

PRESS RELEASE**INTERIM REPORT JANUARY – SEPTEMBER 2002**

MSEK	Quarter		January-September	
	3-02	2-02	2002	2001
Net turnover	3,996	4,027	11,961	12,312
Operating profit	716	616	2,075	2,275
Profit after financial items	676	572	1,953	2,166
Profit after tax	510	514	1,523	1,958
Earnings per share (before dilution), SEK	6.37	6.43	19.04	24.48
Return on equity, %	14.2	14.8	14.5	19.3

- The Group's profit after financial items for January-September was MSEK 1,953 (January-September 2001: 2,166). Holmen Paper's operating profit declined by MSEK 515, while Iggesund Paperboard's rose by MSEK 263.
- The third-quarter profit amounted to MSEK 676 (Q2 2002: 572). Holmen Paper's third-quarter profit was MSEK 129 higher than in the second quarter, and Iggesund Paperboard's was MSEK 42 higher.
- Profit after tax for January-September was MSEK 1,523 (1,958), which corresponds to earnings per share of SEK 19.04 (24.48). The return on equity was 14.5 per cent (19.3).
- The market for newsprint and magazine paper remained weak during the third quarter. Holmen Paper's deliveries rose slightly, but production was still curtailed due to the order situation. Prices were unchanged.

Demand for paperboard was stable in Europe. Iggesund Paperboard's deliveries rose. Price increases have been announced.

HOLMEN

PRESS RELEASE

BUSINESS AREAS

Holmen Paper	Quarter		January-September		Full year
	3-02	2-02	2002	2001	2001
Net turnover, MSEK	2,122	2,029	6,045	6,474	8,757
Operating profit, MSEK	493	364	1,327	1,842	2,410
Operating margin, %	23	18	22	28	28
Return on operating capital, %	20	15	18	27	26
Production, 1,000 tonnes	403	376	1,141	1,198	1,586
Deliveries, 1,000 tonnes	396	383	1,124	1,131	1,525

The market for newsprint and magazine paper remained weak during the third quarter. Total deliveries of newsprint to Western Europe were eight per cent lower during January-September than for the corresponding period last year. However, the decline in deliveries from West European producers was only four per cent, owing to higher exports. Demand for SC and coated paper has been more stable, but additions to capacity have reduced the level of capacity utilisation.

Holmen Paper's deliveries remained unchanged during January-September in relation to the corresponding period of last year. During the third quarter, deliveries rose by three per cent on the second quarter, but production was still curtailed due to the order situation. Prices were unchanged.

The operating profit for January-September was MSEK 1,327 (1,842). The decline in the result is mainly due to lower prices, which was partly offset by the positive currency effects. A net amount of some MSEK 60 is included on account of the higher costs associated with the start-up of the new paper machine and income from the sale of the old machine at Hallsta Paper Mill.

The third-quarter operating profit amounted to MSEK 493 (Q2 2002: 364). The improvement is mainly due to higher volumes and seasonally low costs.

PRESS RELEASE

Iggesund Paperboard	Quarter		January-September		Full year
	3-02	2-02	2002	2001	2001
Net turnover, MSEK	1,270	1,209	3,684	3,286	4,467
Operating profit, MSEK	232	190	608	345	455
Operating margin, %	18	16	16	10	10
Return on operating capital, %	23	18	19	9	9
Production, paperboard, 1,000 tonnes	116	115	337	297	403
Deliveries, paperboard, 1,000 tonnes	121	110	341	304	410

The consumption of virgin fibre-based paperboard in Western Europe was stable during the third quarter. Deliveries of virgin fibre-based paperboard from West European producers were four per cent higher during January-September than in the previous year, due to higher deliveries outside Western Europe.

Iggesund Paperboard's deliveries during January-September were twelve per cent higher than for the corresponding period in 2001. During the third quarter, deliveries rose by nine per cent in relation to the previous quarter. Iggesund Paperboard has announced increases in the prices of solid bleached board and folding boxboard to come into effect in the fourth quarter.

The operating profit for January-September amounted to MSEK 608 (345). The improvement is due to higher deliveries, positive currency effects and lower costs.

The operating profit for the third quarter amounted to MSEK 232 (Q2 2002: 190). The improvement is mainly due to higher deliveries.

Iggesund Timber	Quarter		January-September		Full year
	3-02	2-02	2002	2001	2001
Net turnover, MSEK	134	148	439	551	712
Operating loss, MSEK	-1	-2	-9	-55	-79
Production, 1,000 m ³	38	55	149	236	299
Deliveries own sawmills, 1,000 m ³	51	54	168	251	322

The market for redwood products improved during the third quarter as a result of firmer demand. The operating result for January-September was a loss of MSEK 9 (loss 55). The improvement is mainly due to lower costs. The third-quarter result was a loss of MSEK 1 (Q2 2002: loss 2).

HOLMEN

PRESS RELEASE

Holmen Skog	Quarter		January-September		Full year
	3-02	2-02	2002	2001	2001
Net turnover, MSEK	739	929	2,616	2,985	3,982
of which external customers	404	561	1,529	1,696	2,306
Operating profit, MSEK	62	105	295	262	455
Wood consumption at Group's Swedish mills, 1,000 m ³	977	946	2,868	3,140	4,144
Harvesting from company forests, 1,000 m ³	575	639	1,744	1,461	2,394

The operating profit for January-September amounted to MSEK 295 (262). The improvement in the result was due to a higher level of harvesting from company forests, which was, however, offset by lower prices and higher harvesting costs. In the third quarter the result declined by MSEK 43 to MSEK 62, partly due to lower volumes harvested from company forests.

Holmen Skog's result is largely generated by the sale of wood harvested from company forests.

Holmen Kraft	Quarter		January-September		Full year
	3-02	2-02	2002	2001	2001
Net turnover, MSEK	247	247	789	822	1,108
of which external customers	72	85	280	326	439
Operating profit/loss, MSEK	-25	-2	-9	56	49
Electric power consumption at Group's Swedish mills, GWh	1,037	971	2,890	3,009	3,998
Group production of electric power, GWh	221	333	1,013	1,181	1,578

The operating result for January-September was a loss of MSEK 9 (profit 56). The deterioration in the result is mainly due to lower production of electricity at the company's power stations. In relation to the second quarter, the result declined by MSEK 23 to a loss of MSEK 25, owing to lower electricity production at company-owned power stations.

Holmen Kraft's result is mainly generated by electricity production at wholly and partly owned hydroelectric power stations.

FINANCING

Cash flow before capital expenditure and dividend was MSEK 2,674 for January-September. Capital expenditure amounted to MSEK 1,247 and the dividend to MSEK 800. The third-quarter cash flow before capital expenditure amounted to MSEK 946 and capital expenditure was MSEK 182.

The Group's net financial debt amounted to MSEK 2,510 at 30 September. (31 December 2001: 3,161). The debt/equity ratio was 0.17 (0.22). The equity ratio was 58.8 per cent (56.4).

Holmen's sales consist to a large extent of exports from Sweden. Currency exposure has been hedged for the remainder of 2002, approximately 80 per cent for 2003, some 40 per cent for 2004 and some 5 per cent for 2005.

HOLMEN

PRESS RELEASE

CAPITAL EXPENDITURE

The Group's capital expenditure during January-September amounted to MSEK 1,247 (1,270), of which MSEK 747 relates to the new paper machine at Hallsta Paper Mill. Depreciation according to plan amounted to MSEK 863 (842).

EMPLOYEES

The average number of employees in the Group was 5,108 (full year 2001: 5,238).

IMPORTANT EVENTS

- The processing of certain permits that are necessary for the investment in a new paper machine at Holmen's Papelera Peninsular paper mill outside Madrid has taken longer than expected. This means that the decision to invest can now be expected during the first quarter of 2003. Other preparations are proceeding as planned. The new machine will have an annual capacity of 400,000 tonnes. As a result of planned transfer of products to other machines the net addition to standard newsprint will be some 200,000 tonnes.
- In previous annual reports, Holmen has noted that in 1995 the EU Commission launched an investigation into the European newsprint market in order to determine the existence or not of restrictive practices in contravention of Article 81 in the Treaty of Rome. In August 2002, the Commission announced that this investigation had been dropped.

Stockholm 29 October 2002

Göran Lundin
President and CEO

The interim report has not been subject to examination by the company's auditors.
The year-end report for 2002 will be released on 5 February 2003.

For further information please contact:

Göran Lundin, President and CEO, tel +46 8 666 21 00

Anders Almgren, CFO, tel +46 8 666 21 16

Christer Lewell, Public Relations Director, tel +46 8 666 21 15.

Holmen is a forest products industry group with the capacity to produce 2.3 million tonnes of paper and paperboard per year. The EU countries, which account for some 85 per cent of the Group's turnover, are by far the largest market. Holmen Paper produces paper for daily newspapers, magazines, directories and advertising matter at three Swedish mills and one Spanish mill. Iggesund Paperboard produces paperboard for packaging and graphic purposes at two Swedish mills and one English mill. Iggesund Timber produces sawn timber at one Swedish sawmill. Holmen Skog manages the Group's one million hectares of forests. The annual volume harvested from company forests is 2.5 million m³. Holmen Kraft produces some 1,100 GWh of electricity at wholly and partly owned hydroelectric power stations in Sweden.

HOLMEN

PRESS RELEASE

ACCOUNTING PRINCIPLES

The interim report is made up in accordance with the Swedish Financial Accounting Standards Council's Recommendations RR 20 Interim Reports. As for the rest the report has been made up in accordance with the Swedish Financial Accounting Standards Council's Recommendations. No accounting principles that have an effect on this report have been changed from the principles that were applied in the last annual report.

PROFIT AND LOSS ACCOUNT, MSEK	Quarter		January-September		Full year
	3-02	2-02	2002	2001	
Net turnover	3,996	4,027	11,961	12,312	16,655
Operating costs	-2,983	-3,127	-9,026	-9,197	-12,460
Depreciation according to plan	-297	-287	-863	-842	-1,126
Items affecting comparability	-	-	-	-	-620
Interest in earnings of associate companies	-	3	3	2	-3
Operating profit	716	616	2,075	2,275	2,446
Net financial items	-40	-44	-122	-109	-152
Profit after financial items	676	572	1,953	2,166	2,294
Tax	-166	-58	-430	-208	-108
Profit for the period	510	514	1,523	1,958	2,186
Operating margin, %	17.9	15.2	17.3	18.5	18.4
Return on capital employed*, %	16.5	14.3	16.0	17.7	17.7
Return on equity, %	14.2	14.8	14.5	19.3	16.0
Earnings per share, SEK					
Before dilution	6.37	6.43	19.04	24.48	27.33
After dilution	6.13	6.19	18.33	23.65	26.41
Information for calculation of earnings per share					
Profit for the period, MSEK	510	514	1,523	1,958	2,186
Interest convertible loan, MSEK	3	4	10	13	13
Adjusted profit, MSEK	513	518	1,533	1,971	2,199
Average number of shares (million)					
Before dilution	80.0	80.0	80.0	80.0	80.0
After dilution	83.7	83.6	83.6	83.2	83.3

MSEK	NET TURNOVER				OPERATING PROFIT/LOSS			
	Quarter		Jan-Sept		Quarter		Jan-Sept	
	3-02	2-02	2002	2001	3-02	2-02	2002	2001
Holmen Paper	2,122	2,029	6,045	6,474	493	364	1,327	1,842
Iggesund Paperboard	1,270	1,209	3,684	3,286	232	190	608	345
Iggesund Timber	134	148	439	551	-1	-2	-9	-55
Holmen Skog	739	929	2,616	2,985	62	105	295	262
Holmen Kraft	247	247	789	822	-25	-2	-9	56
Group adjustments and other	-	-	-	-	-45	-39	-137	-175
	4,512	4,562	13,573	14,118	716	616	2,075	2,275
Intra-group sales	-516	-535	-1,612	-1,806	-	-	-	-
	3,996	4,027	11,961	12,312	716	616	2,075	2,275

* In the calculation of capital employed, deductions have been made for deferred tax.

HOLMEN

PRESS RELEASE

BALANCE SHEET, MSEK	2002	2001	
	30 Sept	30 Sept	31 Dec
ASSETS			
Fixed assets			
Intangible	588	666	634
Tangible	18,261	18,511	17,972
Financial	519	458	544
Current assets			
Inventories	2,212	2,419	2,380
Current receivables	2,946	3,133	2,986
Financial receivables	54	30	33
Liquid funds	412	301	399
	24,992	25,518	24,948
EQUITY AND LIABILITIES			
Equity	14,695	14,017	14,072
Deferred tax liability	4,173	4,117	4,014
Financial liabilities	2,976	4,464	3,593
Operating liabilities	3,148	2,920	3,269
	24,992	25,518	24,948
Debt/equity ratio	0.17	0.29	0.22
Equity ratio, %	58.8	54.9	56.4
Pledged assets	51	10	52
Contingent liabilities	407	574	467

CHANGE IN EQUITY, MSEK	2002	2001	
	Jan-Sept	Jan-Sept	Jan-Dec
Opening equity	14,072	17,014	17,014
Dividend paid to shareholders	-800	-5,518	-5,518
Translation differences of foreign Group and associate companies	-100	563	390
Profit for the period	1,523	1,958	2,186
Closing equity	14,695	14,017	14,072

SHARE STRUCTURE			
Share	Votes	No. of shares	No. of votes
A	10	22,623,234	226,232,340
B	1	57,349,217	57,349,217
Shares in total		79,972,451	283,581,557
Convertibles, B*	1	3,201,419	3,201,419
Warrants, B*	1	1,014,000	1,014,000
Total number of shares*		84,187,870	287,796,976

* After full conversion and subscription.

HOLMEN

PRESS RELEASE

CASH FLOW ANALYSIS, MSEK	2002	2001	
	Jan-Sept	Jan-Sept	Full year
Operating profit	2,075	2,275	2,446
Adjustments for items not included in cash flow*	922	808	1,725
Change in working capital	188	-287	61
Net financial items	-122	-109	-152
Paid tax	-389	-261	-248
Cash flow before capital expenditure	2,674	2,426	3,832
Capital expenditure	-1,247	-1,270	-1,715
Cash flow before dividend	1,427	1,156	2,117
Ordinary dividend	-800	-720	-720
Extra dividend	-	-4,798	-4,798
Cash flow	627	-4,362	-3,401
Currency effects	24	-65	-54
Change in net financial liability	651	-4,427	-3,455
Liquid funds	412	301	399
Financial receivables	54	30	33
Financial liabilities	-2,976	-4,464	-3,593
Net financial liability	-2,510	-4,133	-3,161
Opening liquid funds	399	2,000	2,000
Change in liquid funds	19	-1,715	-1,611
Currency effects	-6	16	10
Closing liquid funds	412	301	399

* The adjustments consist primarily of depreciation according to plan, interest in earnings of associate companies and certain items affecting comparability.

HOLMEN

PRESS RELEASE

QUARTERLY FIGURES	2002			2001				2001 Full year
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	
Profit and loss account, MSEK								
Net turnover	3,996	4,027	3,938	4,343	4,099	4,097	4,116	16,655
Operating costs	-2,983	-3,127	-2,916	-3,263	-2,908	-3,156	-3,133	-12,460
Depreciation according to plan	-297	-287	-279	-284	-280	-281	-281	-1,126
Items affecting comparability	-	-	-	-620	-	-	-	-620
Interest in earnings of associate companies	-	3	-	-5	-2	3	1	-3
Operating profit	716	616	743	171	909	663	703	2,446
Net financial items	-40	-44	-38	-43	-52	-53	-4	-152
Profit after financial items	676	572	705	128	857	610	699	2,294
Tax	-166	-58	-206	100	184	-183	-209	-108
Profit for the period	510	514	499	228	1,041	427	490	2,186
Key figures								
Operating margin, %	17.9	15.2	18.9	18.3	22.2	16.1	17.1	18.4
Return on capital employed, %	16.5	14.3	17.3	17.6	20.7	15.7	16.8	17.7
Return on equity, %	14.2	14.8	14.4	6.5	31.1	13.7	13.4	16.0
Earnings per share (before dilution), SEK	6.37	6.43	6.24	2.84	13.02	5.34	6.13	27.33
Net turnover, MSEK								
Holmen Paper	2,122	2,029	1,894	2,283	2,260	2,173	2,041	8,757
Iggesund Paperboard	1,270	1,209	1,205	1,181	1,131	1,053	1,102	4,467
Iggesund Timber	134	148	157	161	175	196	180	712
Holmen Skog	739	929	948	997	808	1,005	1,172	3,982
Holmen Kraft	247	247	295	286	263	251	308	1,108
	4,512	4,562	4,499	4,908	4,637	4,678	4,803	19,026
Intra-group sales	-516	-535	-561	-565	-538	-581	-687	-2,371
	3,996	4,027	3,938	4,343	4,099	4,097	4,116	16,655
Profit/loss, MSEK								
Holmen Paper	493	364	470	568	750	597	495	2,410
Iggesund Paperboard	232	190	186	110	150	53	142	455
Iggesund Timber	-1	-2	-6	-24	-19	-20	-16	-79
Holmen Skog	62	105	128	193	83	79	100	455
Holmen Kraft	-25	-2	18	-7	15	5	36	49
Group adjustments and other	-45	-39	-53	-49	-70	-51	-54	-224
	716	616	743	791	909	663	703	3,066
Items affecting comparability	-	-	-	-620	-	-	-	-620
Operating profit	716	616	743	171	909	663	703	2,446
Operating margin, %								
Holmen Paper	23	18	25	25	33	27	24	28
Iggesund Paperboard	18	16	15	9	13	5	13	10
Iggesund Timber	-1	-2	-4	-16	-11	-11	-9	-11
Group	18	15	19	18	22	16	17	18
Deliveries								
Newsprint and magazine paper, 1,000 tonnes	396	383	345	394	388	374	369	1,525
Paperboard, 1,000 tonnes	121	110	110	106	103	97	104	410
Sawn timber, 1,000 m ³	51	54	63	71	74	92	85	322