

Year-end report 2011

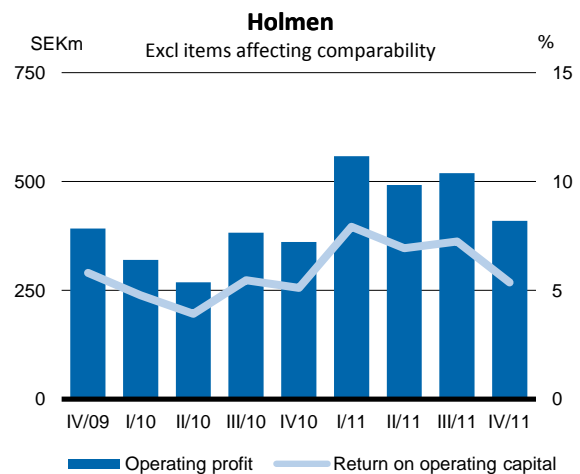
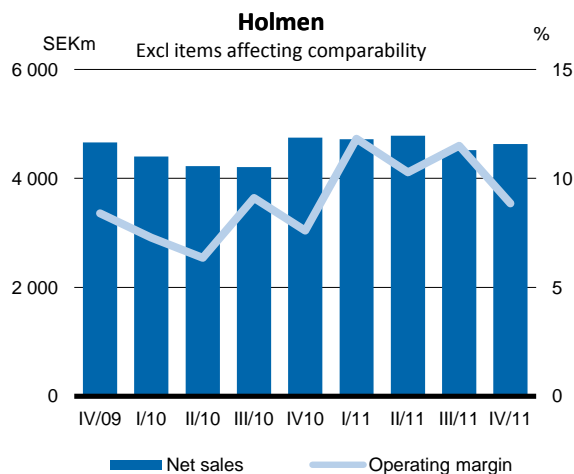
SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net turnover	4 630	4 518	4 747	18 656	17 581
EBITDA*	729	838	937	3 240	2 583
Operating profit*	410	519	361	1 980	1 332
Profit after tax	2 939	343	176	3 955	704
Earnings per share, SEK	35.0	4.1	2.1	47.1	8.4
Return on equity, %	64.0	8.1	4.2	23.1	4.2

*Excluding items affecting comparability: Q4 2011 + SEK 3 539 million due to revaluation of forest. Q4 2010 net + SEK 264 million.

- Profit after tax for 2011 was SEK 3 955 million (2010: SEK 704 million). Revaluation of forest affected profit after tax for the year in the amount of SEK 2 648 million.
- Earnings per share totalled SEK 47.1 (8.4), including SEK 31.5 from revaluation of forest. Return on equity was 23.1 per cent (4.2).
- The Board of Directors proposes a dividend of SEK 8 (7) per share.
- Operating profit, excluding items affecting comparability, totalled SEK 1 980 million (1 332). The improvement is explained by higher prices for printing paper and paperboard, while higher costs for wood and recovered paper had an adverse impact on the result.

Compared to the third quarter, operating profit declined by SEK 109 million to SEK 410 million as a result of seasonally higher costs and market related production limitations.

- Demand in Europe for printing paper, paperboard and sawn timber remained weak in the fourth quarter.



Holmen Paper SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	2 144	2 102	2 223	8 631	8 142
Operating costs	-1 955	-1 802	-2 157	-7 629	-7 913
EBITDA	189	300	66	1 002	229
Depreciation and amortisation according to plan	-192	-195	-207	-774	-847
Items affecting comparability	-	-	-786	-	-786
Operating profit	-3	105	-927	228	-1 404
<i>Operating profit excl. items affecting comp.</i>	-3	105	-141	228	-618
Investments	61	52	45	210	211
Operating capital	6 606	6 855	6 954	6 606	6 954
Operating margin, % *	0	5	-6	3	-8
Return on operating capital, % *	0	6	-8	3	-8
Production, '000 tonnes	395	416	452	1 673	1 713
Deliveries, '000 tonnes	422	402	465	1 668	1 731

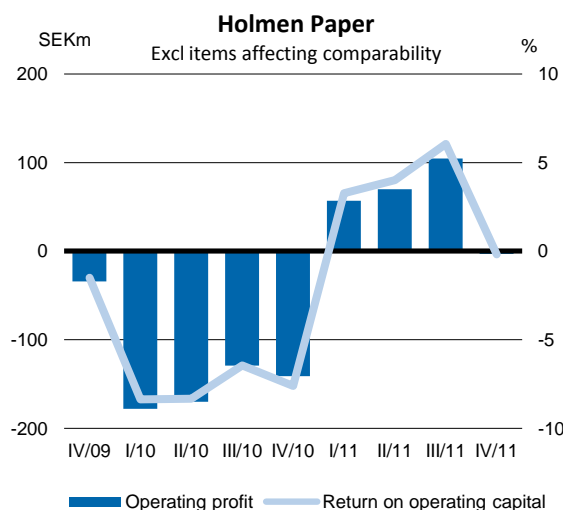
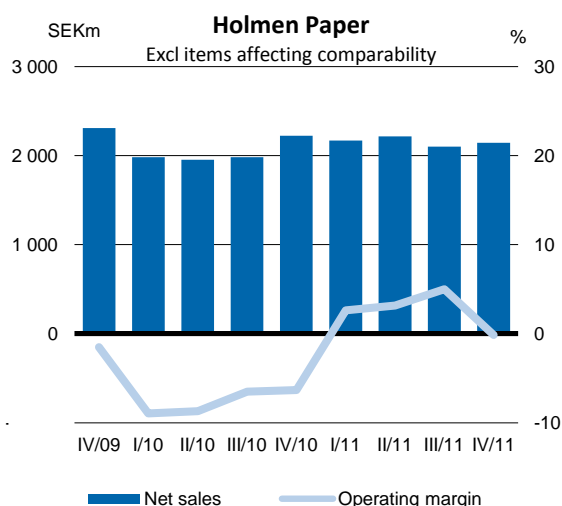
* Excl. Items affecting comparability. Q4 2010 SEK -786 million, SEK -555 million referring to impairment of fixed assets and SEK -231 million referring to restructuring costs.

Demand for newsprint in Europe remained weak in the fourth quarter. Full year deliveries over the full year were down by 3 per cent compared to 2010. After a strong start to the year, demand for MF Magazine tapered off during the autumn, and the volume of deliveries over the full year was unchanged from 2010. Price negotiations for the first half of 2012 are in progress.

Deliveries by Holmen Paper in 2011 totalled 1 668 000 tonnes, slightly lower than last year, as a result of the shut-down of PM 61 in Madrid. In the fourth quarter, deliveries increased due to seasonal factors, but weak demand still led to market-related production stoppages.

The operating profit for 2011 was SEK 228 million (-618) excluding items affecting comparability. Substantial price rises had a positive impact on profit, while the costs of wood and recovered paper rose. Implemented rationalisation initiatives have reduced fixed costs.

Profit for the fourth quarter was down by SEK 108 million and a loss of SEK -3 million was reported, as a result of seasonally higher staff and maintenance costs, together with production limitations.



Iggesund Paperboard SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	1 216	1 296	1 291	5 109	4 849
Operating costs	-953	-1 016	-978	-3 923	-3 708
EBITDA	263	279	313	1 186	1 141
Depreciation and amortisation according to plan	-82	-80	-82	-323	-324
Operating profit	182	199	231	863	817
Investments	380	336	264	1 120	521
Operating capital	5 041	4 705	4 313	5 041	4 313
Operating margin, %	15	15	18	17	17
Return on operating capital, %	15	17	22	19	20
Production, paperboard, '000 tonnes	112	108	117	471	463
Deliveries, paperboard, '000 tonnes	109	121	121	474	464

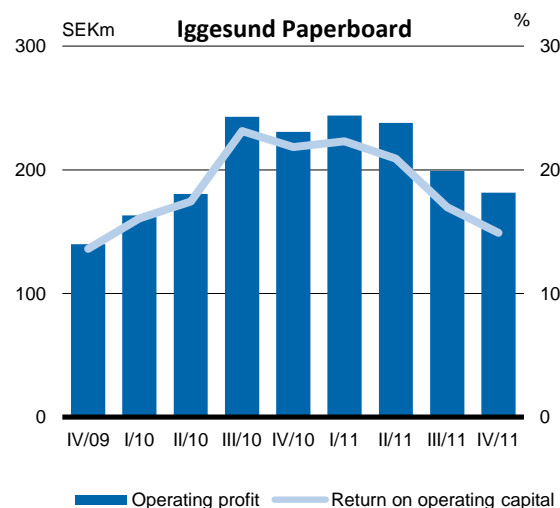
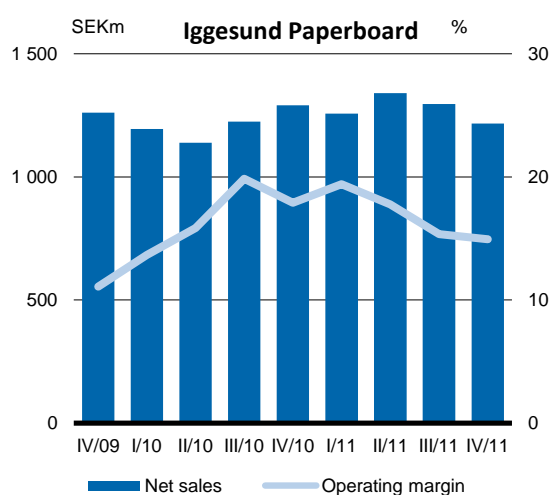
Demand for SBB and FBB board remained weak in the fourth quarter. Deliveries to Europe from European producers were 5 per cent lower than in 2010, despite a good start to the year.

Iggesund Paperboard's deliveries amounted to 474 000 tonnes, 10 000 tonnes higher than in the preceding year.

Operating profit for 2011 totalled SEK 863 million (817). Profit improved as a result of higher selling prices, while costs increased because of a major maintenance stoppage, rising prices for input goods and weak production in the second half year.

Relative to the third quarter, profit fell by SEK 17 million to SEK 182 million. Deliveries were at a low level and production costs rose in connection with start-up after a major maintenance stoppage. Staff costs increased due to seasonal factors, while maintenance costs fell from a high level in the preceding quarter.

The two major investment projects, a new recovery boiler and turbine at Iggesund Mill and a new biofuel boiler in Workington, are proceeding as planned. SEK 1.3 billion out of a total of SEK 3.4 billion has been paid and operation is estimated to start in mid-2012 and spring 2013 respectively. The projects will cut energy costs and improve the mills' competitiveness.



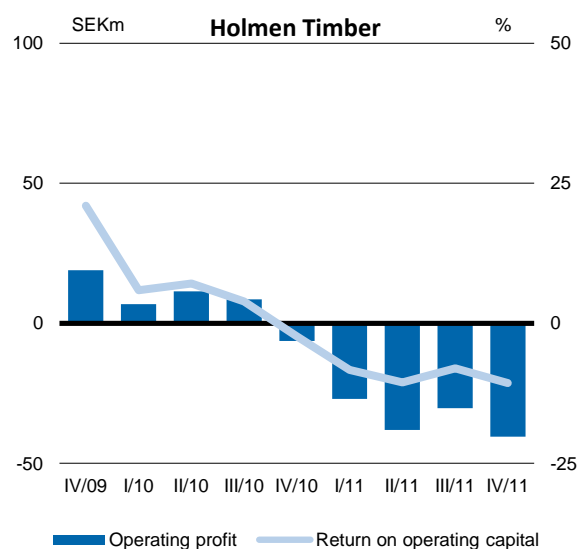
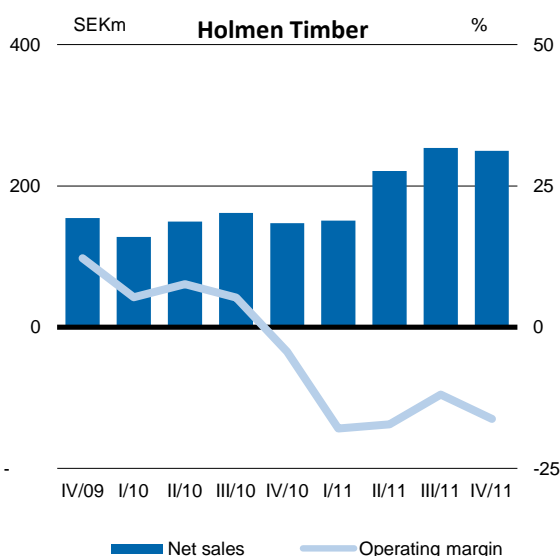
Holmen Timber SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	249	254	147	875	586
Operating costs	-262	-252	-147	-902	-537
EBITDA	-13	2	0	-26	49
Depreciation and amortisation according to plan	-28	-32	-7	-109	-29
Operating profit	-40	-30	-6	-136	20
Investments	31	20	248	365	800
Operating capital	1 507	1 526	1 192	1 507	1 192
Operating margin, %	-16	-12	-4	-16	4
Return on operating capital, %	-11	-8	-2	-9	3
Production, '000 m ³	157	152	72	560	285
Deliveries, '000 m ³	145	141	74	487	285

The market for sawn timber remained weak in the fourth quarter and prices fell to some extent.

Holmen Timber's deliveries amounted to 487 000 cubic metres during 2011, of which 190 000 cubic metres consisted of spruce from the new sawmill in Braviken, where annual production reached 257 000 cubic metres. Because of weakness in the market, this production increased more slowly than had initially been planned.

Holmen Timber reported an operating loss of SEK -136 million for 2011 (profit of SEK 20 million). The weak result was due to high raw material prices and a weak market with pressure on prices. Depreciation increased by SEK 80 million as a result of the new sawmill at Braviken.

Compared with the third quarter, operating profit was down by SEK 10 million and a loss of SEK -40 million was reported. Prices were slightly lower and staff costs rose due to seasonal factors. Production was limited for market-related reasons.



Holmen Skog SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	1 589	1 469	1 456	6 348	5 585
<i>of which from own forests</i>	387	357	368	1 457	1 357
Operating costs	-1 404	-1 309	-1 245	-5 579	-4 791
Depreciation and amortisation according to plan	-9	-7	-10	-30	-28
Earnings from operations	176	153	200	739	766
Change in value of forests*	3 593	11	1 053	3 593	1 102
Operating profit	3 769	164	1 253	4 332	1 868
<i>Operating profit excl. items affecting comp.*</i>	176	164	203	739	818
Investments	1	26	-8	42	-3
Operating capital	16 278	12 654	12 597	16 278	12 597
Return on operating capital, %	5	5	7	6	7
Harvesting company forests, '000 m ³	798	734	762	2 988	2 999

*Revaluation of forests amounts in Q4 2011 to SEK 3 593 million and in Q4 2010 to SEK 1 050 million, and is stated as items affecting comparability.

Demand for timber and pulpwood weakened during the autumn, and prices are declining from a high level.

Holmen Skog's operating profit for 2011 was SEK 4 332 million (1 868). The operating profit includes SEK 3 593 million (1 050) from revaluation of Holmen's forest holdings resulting from a new harvesting plan, together with changes in price and cost assumptions (see also page 6). The earnings from operations (before the forest revaluation) amounted to SEK 739 million (766). Prices were on average

8 per cent higher than in the previous year. The costs of harvesting increased. Profits for the preceding year benefited from a high result from wood trading.

Relative to the third quarter, earnings from operations rose by SEK 23 million to SEK 176 million, mainly as a result of seasonally lower costs for silviculture and a higher volume of harvesting.

Holmen Energi SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	440	437	556	1 807	1 932
<i>of which from own Hydropower</i>	164	142	166	552	626
Operating costs	-319	-324	-423	-1 383	-1 416
Depreciation and amortisation according to plan	-5	-5	-5	-19	-21
Operating profit	116	108	127	406	495
Investments	5	4	38	16	65
Operating capital	3 253	3 246	3 235	3 253	3 235
Return on operating capital, %	14	13	16	13	15
Production of company hydro power, GWh	378	342	299	1 230	1 145

Holmen Energi reports an operating profit of SEK 406 million (495) for 2011. The decline is due to a fall in prices of approximately 20 per cent compared to the very high levels last year. Production was 11 per cent higher than during a normal year.

Compared to the third quarter, operating profit climbed by SEK 8 million to SEK 116. Just as in the third quarter, production was very high, as a result of a plentiful inflow into Holmen's reservoirs. However, prices for additional production were low. At the end of December, reservoir levels were somewhat higher than normal for the time of year.

Revaluation of forest

Growing forest is recognised at fair value under international accounting standard IAS 41. In the fourth quarter Holmen revalued its forest in the amount of SEK +3 593 million, based on a new harvesting plan (SEK +2 386 million) and on changes in price and cost assumptions (SEK +1 207 million). Thanks to active forest management and a better age structure, harvesting can be increased to 3.2 million cubic metres annually, nearly 20 per cent higher than the average for the past ten years. It is anticipated that the new level of harvesting will remain largely unchanged for the next 40 years and will then gradually be raised to just over 4 million cubic metres in the year 2100. Despite the higher rate of harvesting, it is estimated that the volume of standing timber will increase by 40 per cent over the next forty years. Assumptions regarding future selling prices and costs also play a major role in determining the recognised value of the forest. In recent years, both prices and costs have increased by more than earlier forecasts. As a result, the levels assumed for future price and cost inflation have been raised in the valuation. The valuation is based on a long-term trend price that is on par with the average price over the past ten years. The trend price is adjusted upwards annually by 2 per cent. The costs are based on present-day levels and are adjusted upwards by just over 2 per cent per year. The cash flows are discounted using an interest rate of 5.5 per cent.

Following the revaluation, Holmen's forest holdings are recognised at SEK 15 771 million before tax. A deferred tax liability of SEK 4 194 million relating to this item is recognised, which represents the tax that is expected to be charged against the earnings from harvesting in the future. This means that the growing forest, net after tax, is recognised at SEK 11 577 million.

Holmen Skog's operating profit is made up of earnings from the forest that is harvested (earnings from operations) and the change in the recognised value of its forest assets (change in value). Based on current valuation assumptions, the recognised value of the forest rises by around 2 per cent annually as a result of assumed price inflation and gradually increasing harvesting volumes. Any change in any of the valuation assumptions would affect the recognised value of the forest.

Net financial items and financing

Net financial items for 2011 amounted to SEK -244 million (-208). During the year, interest expense of SEK 35 million (24) was capitalised in connection with major investment projects, reducing the recognised interest expense. The cost of borrowing rose to 4.4 per cent (3.9), mainly due to higher market interest rates.

Cash flow from operating activities totalled SEK 2 101 million. The cash flow from investing activities was SEK -1 733 million. SEK 588 million in dividends was paid in the second quarter.

During the year, the Group's net financial debt increased by SEK 487 million to SEK 6 259 million. The debt/equity ratio was 0.32 and the equity/assets ratio 53 per cent. Financial liabilities including pension provisions totalled SEK 6 499 million, of which SEK 2 822 million were current liabilities. Cash, cash equivalents and financial receivables totalled SEK 240 million. The Group has unused long-term

contractually agreed credit facilities of SEK 5 434 million, maturing in 2016–2017.

Equity

In 2011, the Group's equity increased by SEK 2 861 million to SEK 19 773 million. Profit for the period totalled SEK 3 955 million. The dividend paid was SEK 588 million. In addition, other comprehensive income totalled SEK -506 million. This is mainly attributable to the fact that transaction hedges with a positive fair value matured during the period.

Tax

The recognised tax in 2011 totalled SEK -1 374, including SEK -945 million in deferred tax liability arising from revaluation of forest. The recognised tax in relation to profit before tax was 26 per cent.

Hedging exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2011 includes currency hedges of SEK 570 million (227).

Of the Group's estimated net EUR-to-SEK flows for January–April 2012, about 90 per cent was hedged at year-end at an exchange rate of SEK 10.1. The fair value of currency hedges not yet recognised as income amounted to SEK 129 million at year-end.

About 90 per cent of the price of the Group's estimated net consumption of electricity in Sweden has been hedged for 2012, while approximately 80 per cent has been hedged for 2013–2015 and about 30 per cent for 2016–2021.

Investments

Cash flow from investing activities in 2011 was SEK -1 733 million (-1 597). Scheduled depreciation and amortisation totalled SEK 1 260 million (1 251). The majority of the investments were in the new sawmill at Braviken, the new recovery boiler and turbine at Iggesund Mill and the new biofuel boiler in Workington.

Personnel

The average number of employees (full-time equivalents) in the Group was 4 041 (4 241). The reduction is mainly attributable to cutbacks in Holmen Paper.

Share buy-backs

At the 2011 AGM, the Board received authorisation to be able to purchase up to 10 per cent of the company's shares. No buy-backs took place during the year. The company already owns 0.9 per cent of all shares to secure the company's commitments pursuant to the call option scheme for employees.

The Board proposes that the AGM to be held on 29 March 2012 authorises the Board to buy back and transfer up to 10 per cent of all the company's shares.

Dividend

The Board proposes that the AGM to be held on 29 March 2012 resolves in favour of paying a dividend of SEK 8 (7) per share, corresponding to 3.4 per cent of shareholders' equity. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for dividend is 3 April 2012.

Nomination committee proposals to the 2012 AGM

Holmen's nomination committee proposes the re-election of the current board members: Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Carl Bennet, Magnus Hall, Lars G Josefsson, Carl Kempe, Hans Larsson, Louise Lindh, Ulf Lundahl and Göran Lundin.

The committee also proposes that KPMG AB be re-elected as the company's auditors.

The nomination committee's other proposals will be presented in the notice to the AGM.

Prior to the 2012 AGM, Holmen's nomination committee is made up of Mats GuldbRAND, L E Lundbergföretagen, Johan Kempff, Kempestiftelserna, Ramsay Brufer, Alecta and Fredrik Lundberg, Chairman. The chairman of the nomination committee is Mats GuldbRAND.

Material risks and uncertainties

The Group's and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of key input goods, and

changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2010 (pages 36–39 and note 26).

Transactions with related parties

There were no transactions between Holmen and related parties that had a significant effect on the company's financial position and performance.

Stockholm, 2 February 2012
Holmen AB (publ)

Magnus Hall
President and CEO

The report has not been reviewed by the company's auditors.

Interim report for January–March 2012 will be published on 8 May 2012.

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Accounting principles

The year-end report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting, the Swedish Annual Accounts Act and the Swedish Securities Market Act. For the Parent company the year-end report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which complies with Recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. An amendment to RFR2 concerning recognition of Group contributions has been applied by the parent company retroactively from the beginning of the fourth quarter. Otherwise, the parent company's and the Group's accounting policies used in the report are unchanged from the latest published annual report. The figures in the table have been rounded off accordingly.

The Group

Income statement, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Net sales	4 630	4 518	4 747	18 656	17 581
Other operating income	182	66	278	661	862
Change in inventories	-33	10	-53	176	0
Raw materials and consumables	-2 512	-2 315	-2 652	-10 280	-9 800
Staff costs	-674	-560	-834	-2 477	-2 689
Other operating costs	-920	-898	-983	-3 580	-3 616
Depreciation and amortisation according to plan	-319	-319	-312	-1 260	-1 251
Impairment losses	-	-	-555	-	-555
Change in value of biological assets	3 593	11	1 053	3 593	1 102
Interest in earnings of associates	56	6	-63	84	-38
Operating profit	4 003	519	625	5 573	1 596
Finance income	1	4	6	12	12
Finance costs	-59	-68	-53	-256	-220
Profit before tax	3 945	455	578	5 328	1 388
Tax	-1 005	-112	-402	-1 374	-684
Profit for the period	2 939	343	176	3 955	704
Earnings per share, basic, SEK	35.0	4.1	2.1	47.1	8.4
Earnings per share, diluted, SEK	35.0	4.1	2.1	47.1	8.4
Operating margin, % *	8.9	11.5	7.6	10.6	7.6
Return on capital employed, % *	6.7	9.0	6.4	8.5	5.9
Return on equity, %	64.0	8.1	4.2	23.1	4.2

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Profit for the period	2 939	343	176	3 955	704
Other comprehensive income					
Cash flow hedging	-19	-180	-1	-523	686
Actuarial gains and losses in respect of pensions, incl. special employer's contribution	-99	-79	0	-184	97
Translation difference on foreign operation	-113	110	-62	-4	-631
Hedging of currency risk in foreign operation	76	-21	40	31	472
Tax attributable to other comprehensive income	7	74	-11	174	-333
Total other comprehensive income	-149	-96	-34	-506	292
Total comprehensive income	2790	247	142	3448	996

* Excl. items affecting comparability.

The Group

Balance sheet, SEKm	2011 31 December	2011 30 September	2010 31 December
Non-current assets			
Intangible non-current assets	26	16	19
Property, plant and equipment	12 516	12 246	11 877
Biological assets	15 771	12 177	12 161
Interests in associates	1 815	1 785	1 748
Other shares and participating interests	13	12	12
Non-current financial receivables	82	104	188
Deferred tax assets	194	189	210
Total non-current assets	30 416	26 530	26 216
Current assets			
Inventories	3 556	3 650	3 340
Trade receivables	2 366	2 470	2 518
Current tax receivable	26	9	4
Other operating receivables	694	637	1 088
Current financial receivables	46	37	73
Cash and cash equivalents	112	105	193
Total current assets	6 800	6 909	7 216
Total assets	37 217	33 438	33 432
Equity	19 773	16 983	16 913
Non-current liabilities			
Non-current financial liabilities	3 319	3 399	3 666
Pension provisions	358	244	213
Other provisions	472	459	459
Deferred tax liabilities	6 630	5 684	5 910
Total non-current liabilities	10 780	9 788	10 247
Current liabilities			
Current financial liabilities	2 822	2 776	2 349
Trade payables	2 655	2 473	2 453
Current tax liability	13	94	112
Provisions	157	185	270
Other operating liabilities	1 016	1 139	1 088
Total current liabilities	6 663	6 667	6 273
Total liabilities	17 443	16 455	16 520
Total equity and liabilities	37 217	33 438	33 432
Debt/equity ratio, times	0.32	0.36	0.34
Equity/assets ratio, %	53.1	50.8	50.6
Operating capital	32 469	28 652	28 385
Capital employed	26 032	23 157	22 684
Net financial debt	6 259	6 174	5 772
Pledged collateral	6	6	17
Contingent liabilities	118	122	135

The Group

Change in equity, SEKm	Full year	
	2011	2010
Opening equity	16 913	16 504
Profit for the period	3 955	704
Other comprehensive income	-506	292
Total comprehensive income	3 448	996
Dividends paid	-588	-588
Closing equity	19 773	16 913

Share structure

Share	Votes	No. of shares	No. of votes	Quota value	SEKm
A	10	22 623 234	226 232 340	50	1 131.2
B	1	62 132 928	62 132 928	50	3 106.6
Total number of shares		84 756 162	288 365 268		4 237.8
Holding of own B shares bought back		-760 000	-760 000		
Total number of shares in issue		83 996 162	287 605 268		

Issued call options, B shares (exercise period 2013) 758 300

The Group

Cash flow analysis, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Operating activities					
Profit before tax	3 945	455	578	5 328	1 388
Adjustments for non-cash items *	-3 364	285	-5	-2 561	811
Paid income taxes	-161	-161	-11	-557	-704
Cash flow from operating activities before changes in working capital	419	579	562	2 210	1 495
Cash flow from changes in working capital					
Change in inventories	70	-259	-174	-237	-428
Change in trade receivables and other operating receivables	11	309	-95	64	-139
Change in trade payables and other operating liabilities	-35	96	370	63	595
Cash flow from operating activities	465	726	663	2 101	1 523
Investing activities					
Acquisition of non-current assets	-547	-449	-631	-1 849	-1 692
Disposal of non-current assets	40	2	27	58	107
Change in non-current financial receivables	17	0	1	58	-12
Cash flow from investing activities	-490	-446	-602	-1 733	-1 597
Financing activities					
Change in financial liabilities and current financial receivables	34	-279	24	139	681
Dividends paid to the shareholders of the parent company	-	-	-	-588	-588
Cash flow from financing activities	34	-279	24	-448	93
Cash flow for the period	10	0	85	-80	19
Opening cash and cash equivalents	105	104	109	193	182
Exchange difference in cash and cash equivalents	-2	0	-	-1	-8
Closing cash and cash equivalents	112	105	193	112	193

Change in net financial debt, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Opening net financial debt	-6 174	-6 345	-5 955	-5 772	-5 683
Cash flow from operating activities	465	726	663	2 101	1 523
Cash flow from investing activities (excl financial receivables)	-507	-446	-604	-1 791	-1 585
Dividends paid	-	-	-	-588	-588
Actuarial revaluation of pension liability	-100	-77	-3	-182	94
Foreign exchange effects and changes in fair value	57	-32	127	-28	468
Closing net financial debt	-6 259	-6 174	-5 772	-6 259	-5 772

* The adjustments consist primarily of depreciation according to plan and write-downs of fixed assets, change in value of biological assets, change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

The Parent Company

Income statement, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Operating income	4 173	3 869	3 763	16 434	13 990
Operating costs	-4 281	-3 606	-3 737	-15 616	-13 537
Operating profit	- 108	264	27	818	453
Net financial items	162	299	399	855	263
Profit after net financial items	54	563	426	1 673	716
Appropriations	74	-45	-88	-41	-155
Profit before tax	127	518	338	1 632	561
Tax	-42	-139	-131	-443	-195
Profit for the period	85	379	207	1 189	366

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-11	3-11	4-10	2011	2010
Profit for the period	85	379	207	1 189	366
Other comprehensive income					
Cash flow hedging	-150	-207	200	-811	923
Tax attributable to other comprehensive income	39	55	-53	213	-243
Total other comprehensive income	-110	-153	148	-598	680
Total comprehensive income	-25	226	355	591	1 046

Balance sheet, SEKm	2011	2011	2010
	31 December	30 September	31 December
Non-current assets	20 324	20 302	19 666
Current assets	5 724	5 818	5 896
Total assets	26 048	26 120	25 562
Restricted equity	5 915	5 915	5 915
Non-restricted equity	5 238	5 263	5 235
Untaxed reserves	2 559	2 632	2 518
Provisions	1 389	1 411	1 663
Liabilities	10 946	10 899	10 231
Total equity and liabilities	26 048	26 120	25 562
Pledged collateral	6	6	6
Contingent liabilities	95	114	177

Sales to Group companies in 2011 accounted for SEK 102 million (124) of operating income.

Net financial items include the result from hedging equity in foreign subsidiaries totalling SEK 31 million (472) and Group contributions of SEK 1 091 million (-8).

The parent company's investments in property, plant and equipment and intangible non-current assets totalled SEK 33 million (39).

The Group

Quarterly figures, SEKm	2011				2010				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2011	2010
Income statement										
Net sales	4 630	4 518	4 787	4 721	4 747	4 205	4 227	4 400	18 656	17 581
Operating costs	-3 956	-3 686	-3 983	-3 875	-4 078	-3 516	-3 650	-3 782	-15 501	-15 026
Depreciation and amortisation according to plan	-319	-319	-316	-306	-312	-314	-318	-308	-1 260	-1 251
Interest in earnings of associates	56	6	5	18	4	7	8	9	84	28
Items affecting comparability*	3 593	-	-	-	264	-	-	-	3 593	264
Operating profit	4 003	519	492	558	625	383	268	320	5 573	1 596
Net financial items	-58	-64	-64	-58	-48	-54	-55	-52	-244	-208
Profit before tax	3 945	455	428	501	578	329	214	268	5 328	1 388
Tax	-1 005	-112	-125	-131	-402	-113	-81	-89	-1 374	-684
Profit for the period	2 939	343	302	370	176	216	133	178	3 955	704
Diluted earnings per share, SEK	35.0	4.1	3.6	4.4	2.1	2.6	1.6	2.1	47.1	8.4
Net sales										
Holmen Paper	2 144	2 102	2 215	2 170	2 223	1 982	1 955	1 982	8 631	8 142
Iggesund Paperboard	1 216	1 296	1 340	1 257	1 291	1 225	1 139	1 195	5 109	4 849
Holmen Timber	249	254	221	151	147	162	150	128	875	586
Holmen Skog	1 589	1 469	1 594	1 697	1 456	1 281	1 441	1 408	6 348	5 585
Holmen Energi	440	437	436	494	556	419	408	549	1 807	1 932
Elimination of intra-group net sales	-1 008	-1 038	-1 020	-1 047	-924	-863	-864	-862	-4 113	-3 513
Group	4 630	4 518	4 787	4 721	4 747	4 205	4 227	4 400	18 656	17 581
Operating profit/loss										
Holmen Paper**	-3	105	70	57	-141	-129	-170	-178	228	-618
Iggesund Paperboard	182	199	238	244	231	243	180	163	863	817
Holmen Timber	-40	-30	-38	-27	-6	8	11	7	-136	20
Holmen Skog**	176	164	178	221	203	212	214	189	739	818
Holmen Energi	116	108	75	107	127	96	90	182	406	495
Group-wide costs	-27	-27	-36	-37	-52	-45	-46	-45	-126	-188
Elimination of internal operating profit/loss	6	1	5	-7	0	-3	-11	2	6	-12
Items affecting comparability*	3 593	-	-	-	264	-	-	-	3 593	264
Group	4 003	519	492	558	625	383	268	320	5 573	1 596
Operating margin, % **										
Holmen Paper	-0.1	5.0	3.1	2.6	-6.3	-6.5	-8.7	-9.0	2.6	-7.6
Iggesund Paperboard	14.9	15.4	17.8	19.4	17.9	19.8	15.8	13.7	16.9	16.9
Holmen Timber	-16.2	-12.0	-17.2	-17.9	-4.3	5.2	7.6	5.3	-15.5	3.5
Group	8.9	11.5	10.3	11.8	7.6	9.1	6.4	7.3	10.6	7.6
Return on operating capital, % **										
Holmen Paper	-0.2	6.1	4.0	3.3	-7.6	6.4	-8.3	-8.4	3.3	-7.7
Iggesund Paperboard	14.9	17.0	20.9	22.3	21.8	23.1	17.4	16.1	18.7	19.7
Holmen Timber	-10.7	-8.1	-10.6	-8.4	-2.3	3.9	7.1	5.9	-9.5	2.7
Holmen Skog	4.9	5.2	5.7	7.0	6.7	7.4	7.5	6.6	5.7	7.1
Holmen Energi	14.3	13.3	9.2	13.2	15.7	12.0	11.2	22.6	12.5	15.4
Group	5.4	7.2	6.9	7.9	5.1	5.5	3.9	4.8	6.8	4.8
Key indicators										
Return on capital employed, % **	6.7	9.0	8.7	9.9	6.4	6.7	4.8	5.8	8.5	5.9
Return on equity, %	64.0	8.1	7.3	8.8	4.2	5.2	3.2	4.3	23.1	4.2
Deliveries										
New sprint and magazine paper, '000 tonnes	422	402	426	419	467	425	420	421	1 668	1 731
Paperboard, '000 tonnes	109	121	127	118	121	118	110	115	474	464
Sawn timber, '000 m ³	145	141	123	78	74	77	71	62	487	285
Harvesting company forests, '000 m ³	798	734	792	664	762	711	882	643	2 988	2 999
Production of company hydro power, GWh	378	342	234	276	299	268	255	323	1 230	1 145

* Items affecting comparability in the fourth quarter 2011 refers to revaluation of forest. 2010 refers to write-down of fixed assets, provisions for restructuring and revaluation of forest.

** Excl. items affecting comparability.

The Group

Full year review, SEKm										
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Income statement										
Net sales	18 656	17 581	18 071	19 334	19 159	18 592	16 319	15 653	15 816	16 081
Operating costs	-15 501	-15 025	-15 175	-16 630	-15 548	-14 954	-13 205	-12 570	-12 306	-12 205
Depreciation and amortisation according to plan	-1 260	-1 251	-1 320	-1 343	-1 337	-1 346	-1 167	-1 156	-1 166	-1 153
Interest in earnings of associates	84	28	45	50	12	11	20	25	-6	-10
Items affecting comparability *	3 593	264	-	-361	557	-	-	-	-	-
Operating profit	5 573	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713
Net financial items	-244	-208	-255	-311	-261	-247	-233	-206	-212	-149
Profit before tax	5 328	1 388	1 366	740	2 582	2 056	1 734	1 746	2 126	2 564
Tax	-1 374	-684	-360	-98	-1 077	-597	-478	-471	-675	-605
Profit for the year	3 955	704	1 006	642	1 505	1 459	1 256	1 275	1 451	1 959
Diluted earnings per share, SEK	47.1	8.4	12.0	7.6	17.8	17.2	14.8	15.1	17.5	23.6
Operating profit by business area										
Holmen Paper**	228	-618	340	280	623	754	631	487	747	1 664
Iggesund Paperboard	863	817	419	320	599	752	626	809	1 001	818
Holmen Timber**	-136	20	21	13	146	80	13	5	18	-6
Holmen Skog**	739	818	605	632	702	643	537	586	516	450
Holmen Energi	406	495	414	327	272	197	301	178	193	-26
Group-wide costs and eliminations	-120	-200	-178	-159	-56	-123	-141	-113	-137	-187
Items affecting comparability *	3 593	264	-	-361	557	-	-	-	-	-
Group	5 573	1 596	1 620	1 051	2 843	2 303	1 967	1 952	2 338	2 713
Balance sheet										
Non-current assets	30 334	26 028	25 694	26 506	26 153	25 354	25 793	23 381	20 940	21 357
Current assets	6 642	6 950	6 075	7 268	6 549	6 138	5 709	5 149	4 743	4 922
Financial receivables	240	454	407	828	541	649	712	459	675	688
Total assets	37 217	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967
Equity	19 773	16 913	16 504	15 641	16 932	16 636	16 007	15 635	15 366	15 185
Deferred tax liability	6 630	5 910	5 045	4 819	5 482	5 030	5 143	5 177	4 557	4 370
Financial liabilities and interest-bearing provisions	6 499	6 227	6 091	8 332	6 518	6 634	7 351	5 335	4 044	4 496
Operating liabilities	4 313	4 382	4 536	5 809	4 310	3 841	3 713	2 842	2 391	2 916
Total equity and liabilities	37 217	33 432	32 176	34 602	33 243	32 141	32 214	28 989	26 358	26 967
Cash flow										
Operating activities	2 101	1 523	2 873	1 660	2 476	2 358	2 471	2 331	2 443	3 498
Investing activities	-1 733	-1 597	-818	-1 124	-1 315	-947	-3 029	-1 195	-726	-1 810
Cash flow after investments	368	-74	2 054	536	1 161	1 411	-558	1 136	1 717	1 688
Key indicators										
Return on capital employed, % **	9	6	7	6	10	10	9	10	12	16
Return on equity, %	23	4	6	4	9	9	8	8	10	14
Debt/equity ratio	0.32	0.34	0.34	0.48	0.35	0.36	0.41	0.31	0.22	0.25
Dividend										
Ordinary dividend, SEK	8***	7	7	9	12	12	11	10	10	11
Extra dividend, SEK	-	-	-	-	-	-	-	-	30	-

* Items affecting comparability in 2011 refers to revaluation of forest. 2010 refers to write-down of fixed assets (SEK -555 million), provisions for restructuring (SEK -231 million) and revaluation of forest (SEK +1050 million). 2008 refers to provisions and costs due to restructure and closure of mills and result effects from fire (SEK -361 million). 2007 relate to a write-down of goodwill and tangible fixed assets of SEK -1 603 million within Holmen Paper, a reversed write-down of SEK 60 million within Holmen Timber, and a positive revaluation of forests by SEK 2 100 million within Holmen Skog.

** Excl. items affecting comparability.

*** Proposed by the board

Stated in accordance with IFRS from 2004. As far as Holmen is concerned, the principal difference between IFRS and previous accounting principles is that forest assets are valued and stated in the accounts at fair value, that goodwill is no longer depreciated according to plan, and that the fair value of financial assets and liabilities that are hedged are taken into the balance sheet.

Holmen in brief

Holmen's business concept is to develop and run profitable business within three product-oriented business areas for printing paper, paperboard and sawn timber as well as two raw material-oriented business areas for forest and energy. Europe is the key market.

The business area **Holmen Paper** manufactures printing paper for magazines, directories, advertising material, books and daily newspapers at two Swedish mills and one Spanish mill. **Iggesund Paperboard** produces paperboard for consumer packaging and graphics printing at one Swedish and one English mill. **Holmen Timber** produces sawn timber at two Swedish sawmills. Annual production capacity is 1 750 000 tonnes of printing paper, 530 000 tonnes of paperboard and 860 000 cubic metres of sawn timber.

Holmen Skog manages the Group's forests covering just over one million hectares. The annual volume harvested in company forests is some 3.2 million cubic metres. **Holmen Energi** is responsible for the Group's hydro power assets and for developing the Group's business within the energy sector. Normal yearly production amounts to some 1 100 GWh of electric power at wholly and partly owned hydro power stations in Sweden. Holmen Skog and Holmen Energi are also responsible for the Group's wood and electricity supply in Sweden.

Press and analyst conference

On the publication of the interim report, a press and analyst conference will be held at 14.30 CET on Thursday, February 2. **Venue: Grand Hôtel, Blasieholmshamnen 8, Stockholm.** Holmen President and CEO Magnus Hall will present and comment on the report. The presentation will be held in English.

The conference is also directly available as a webcast on Holmen's website, www.holmen.com. You may also participate in the conference by telephone, by calling +46 (0)8 505 598 53 (within Sweden), +44 (0)203 043 24 36 (from the rest of Europe) or +1 866 458 40 87 (from the US) no later than 14.25 CET.

Financial reports in reports in 2012

8 May 2012	Interim report January-March
14 August 2012	Interim report January-June
26 October 2012	Interim report January-September

In its capacity as issuer, Holmen AB is releasing the information in this year-end report 2011 in accordance with Chapter 17 of the Swedish Securities Market Act (2007:528). The information was distributed to the media for publication at 12.30 CET on Thursday February 2 2012.

This is a translation of the Swedish year-end report of Holmen Aktiebolag (publ.). In the event of inconsistency between the English and the Swedish versions, the Swedish version shall prevail.