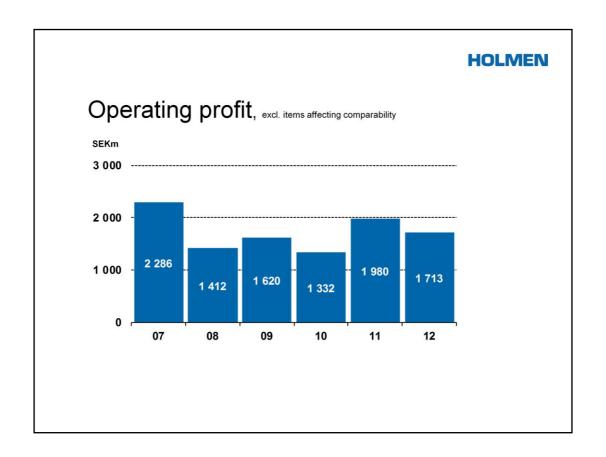


Mr Chairman, esteemed shareholders,

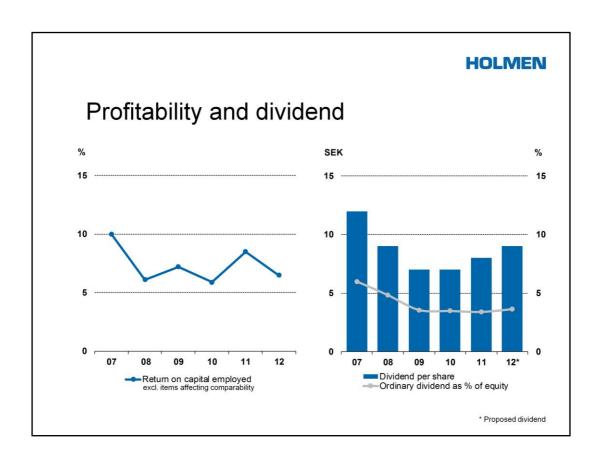
It's no secret that, in some of its business areas, Holmen is in a challenging situation. At the same time, despite the onset of the financial crisis in 2008 and the subsequent economic downturn, we have still managed to make investments and continue to build the Holmen of the future. The big event of the year was the opening of the new recovery boiler and turbine at Iggesund Mill. The new building is on the left, and on the right you can see a picture of the formal opening, at which Lars G Sundblad, former CEO of Iggesund Paperboard and the person behind many of the ideas that Iggesund is founded on, is symbolically pressing the start button together with the Chairman of the Board. The commissioning was a success, even though there are always things that can be improved along the way.

Today, Holmen is well equipped, with modern, efficient facilities. But before I go into more detail about our businesses, I would like to briefly comment on the results for the Group as a whole.

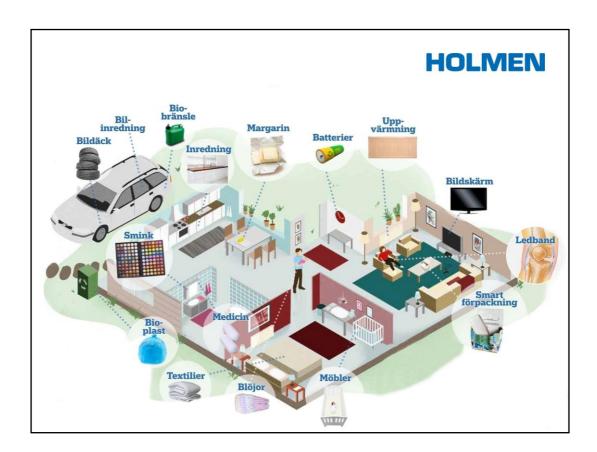


Holmen operates in a world in which the economy has been subject to severe trials over the past year, which has led to weakened demand for several of our products. A greatly strengthened Swedish krona in combination with expiring currency hedges also contributed to the poorer result. Increase in the value of our forests plus a number of cost and efficiency measures, however, had a positive effect on the result.

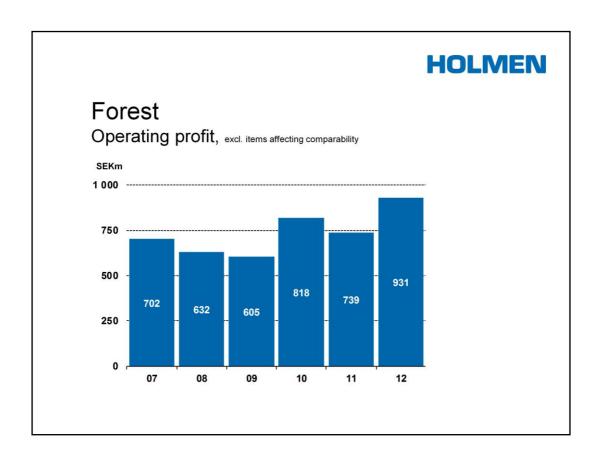
The Group's net sales were down from SEK 18.7 billion to SEK 17.9 billion. Operating profit, excluding items affecting comparability, was down from SEK 2.0 billion to SEK 1.7 billion. The level of investment during the year has been high, at almost SEK 2 billion.



We at Holmen will soon be leaving a period of widespread investment behind us. Ahead lies a period of more restrained investment volumes, with the emphasis instead being on using and reaping the value of the investments made. The lower levels of investment will in turn lay the foundations for greater cash flow. All in all, this means that the Board has decided to propose to the AGM an increase in dividend of SEK 1, bringing the value per share up to SEK 9.



This picture shows a few examples of things in our daily lives that can be made from forest raw materials. A lot of these things already exist today. Some are being developed and may soon become reality. With this picture, I'd like to stress what a fantastic raw material the forest is, and what valuable assets we have in the forest. The basis for many of today's and tomorrow's products is growing on Holmen land.



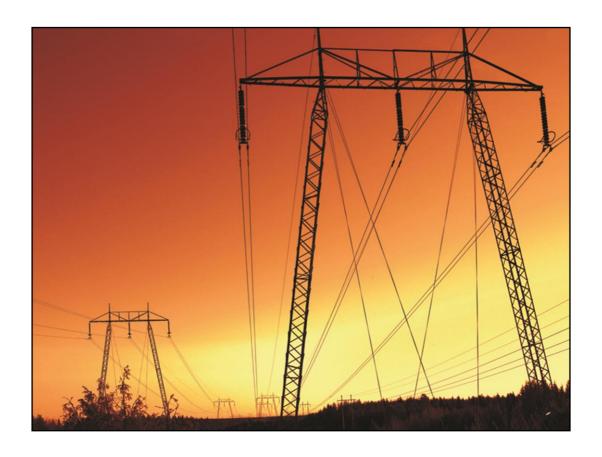
Holmen Skog is one of our two important raw material-oriented business areas. Its task is to manage and develop the Group's over a million hectares of forest land, and to provide our Swedish production units with timber.

Earnings from operations decreased compared to the preceding year from SEK 739 to 581 million due to around 10 per cent lower selling prices and increased costs resulting from the Dagmar storm. However, operating profit, which includes a change in value of SEK 350 million, increased to SEK 931 million. The business area is thus reporting yet another year with excellent results.

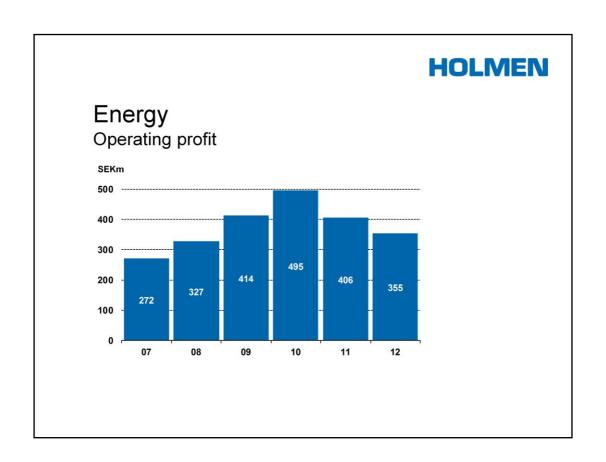
Harvesting in our own forests increased in line with the harvesting plan adopted in 2011.



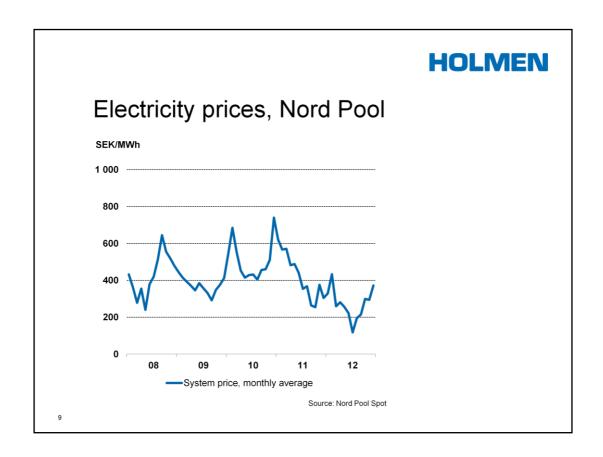
During the year, Friggesund nursery was reopened. This was a slightly smaller but still important investment. At the nursery, Holmen can grow top-quality plant material in one of Europe's most modern facilities. Production is up from 10 to 16 million seedlings per year, which is sufficient to plant out almost 7 000 hectares of forest. At the facility, we have installed a new way of protectively treating plants with wax instead of pesticides.



Holmen Energi is the second of our two raw material-based business areas tasked with managing and developing the Group's existing hydro and wind power assets.



In 2012 production of hydro power in Holmen's power plants was the highest since 2001, but lower market prices for electricity were among the factors that led to operating profit falling by SEK 51 million to SEK 355 million.



Holmen is greatly dependent on electricity, which is why projects that aim to achieve energy efficiency are consistently high up on our agenda. At the same time, the level of self-sufficiency in terms of electric power has gradually increased in recent years and is now up in the region of 40 per cent. The investments in the recovery and biofuel boilers give a considerable increase in the company's own electricity production, which will naturally be of great importance in the future.



Holmen has good potential for generating new wind power on its own land. This increases the value of the land. Wind surveys are underway in several locations, but before investments can take place, positive survey results, thorough profitability testing and of course the requisite permits are required.

During the year, environmental permits were received for the construction of 17 wind turbines on our own land next to Hallsta Paper Mill. An assessment of further work is currently in progress.

The wind power company VindIn, in which Holmen is a partner, has commissioned a further 30 wind turbines at the farm at Trattberget, outside Örnsköldsvik.



Let's move on to our product-oriented business areas, starting with Iggesund Paperboard, which manufactures paperboard aimed at the highest quality segments. For customers with particularly high demands in terms of quality and service, Invercote and Incada, the brands manufactured at the mills in Iggesund and Workington, will be the obvious first choices.



I started off my speech with a few glimpses of the launch and opening of the recovery boiler at Iggesund Mill. Here's a bird's eye view of the mill and, on the right, a close-up of the building that houses the recovery boiler.



Recently, the other major investment at Iggesund Paperboard was commissioned, namely the new biofuel boiler at the mill in Workington, which replaces an old natural gas CHP plant. These two heavy investments mean that we have two extremely well-invested paperboard mills capable of facing stiffening competition in terms of both quality and costs. The investments also have a clear sustainability profile as they make it possible to carry out production without fossil fuels.

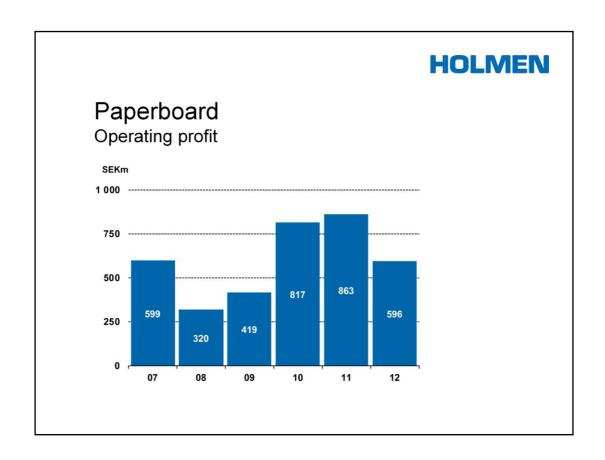
HOLMEN

SBB and FBB

Deliveries from European producers

	2012	2011	2010	2009
Europe	0%	-5%	8%	-9%
Non Europe	7%	-1%	13%	-14%
Total	1%	-4%	9%	-10%

Demand for the paperboard grades that Iggesund Paperboard manufactures remained basically unchanged in 2012 compared to 2011. Deliveries increased somewhat for Iggesund Paperboard, however, which can be seen as a sign of the strong position that Invercote and Incada occupy.



Profit for the year fell considerably compared to the previous year, totalling SEK 596 million. The cause of the deterioration is above all lower contributions from currency hedges, while the high level of deliveries made a positive contribution. The new recovery boiler has contributed to increased depreciation.

During the autumn, an efficiency drive was announced at Iggesund Mill, which will include cutting staff by 10 per cent over a two-year period.

HOLMEN

http://holmenview.com/silk-feeling

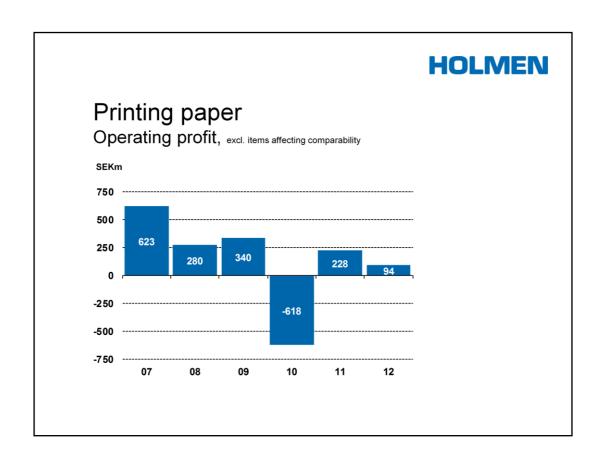
And now it's time for a little film.



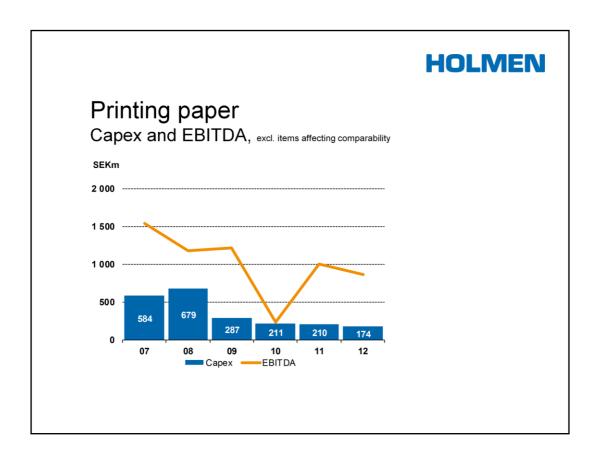
There are many people who question the future of printing paper. I've been working in the paper industry all my life, and I'm convinced that, with the right paper in the right setting, a unique and efficient 'information bearer' can be created. It's precisely this message that we wish to convey with this film. During the year, we have not only launched Holmen VIEW – we've also launched the brand new paper grade Holmen TRND, a challenger in the exclusive magazine segment.

HOLMEN Newsprint and magazine paper Deliveries to Europe 2012 2011 2010 2009 Newsprint -10% -3% 2% -14% MF Magazine 0% 16% -5% -19% Book and TDP -4% -5% -5% -12% SC -4% -3% -1% -9% Coated -9% -5% 11% -22% **Total** -8% -16% -3% 5%

If we look at deliveries to Europe as a whole, there's been no improvement on the horizon over the past year. Deliveries of newsprint fell by 10 per cent. Also for Holmen Paper, the *total* deliveries decreased somewhat, *but* deliveries of the strategic products MF Magazine and book paper increased instead by 10 per cent. This means that the trend from the previous year continues, and that Holmen Paper has cemented its position within these key product areas.



Operating profit excluding items affecting comparability finished up at SEK 94 million, a decline of SEK 134 million compared to the previous year. The contribution from currency hedges is behind this decline, which is partly compensated by efficiency measures performed, an improved product mix and lower prices for recovered paper. The poor result means that Holmen Paper is in an extraordinarily difficult situation in which we are forced to take tough and challenging actions.

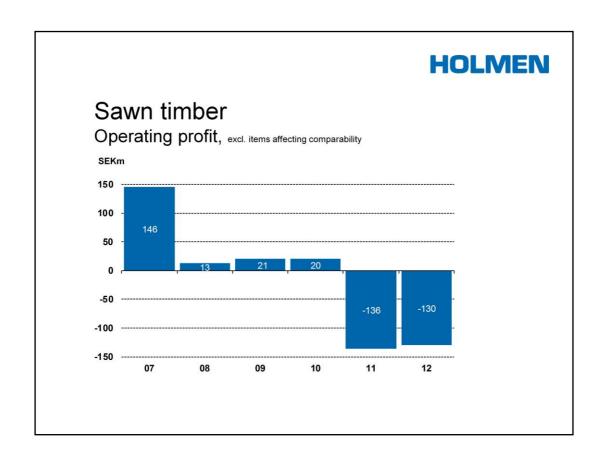


In 2012 further steps were taken with the aim of making the transition from newsprint to speciality paper and reducing fixed costs. A paper machine was closed at Hallsta Paper Mill, while the two remaining machines will continue to manufacture our key strategic products. Comprehensive energy saving investments also enable lower costs.

A few weeks ago, it was announced that we will also be ceasing production on one of the paper machines at Braviken Paper Mill. The volume of newsprint will decrease by 200 000 tonnes, and staff will be cut by 180 while we also concentrate on speciality paper there.

The latest efficiency drive at the mill in Madrid has made it one of the most efficient newsprint mills in the world.

The focus for Holmen Paper is to deliver good cash flow going forward with reasonable earning capacity and low investments.

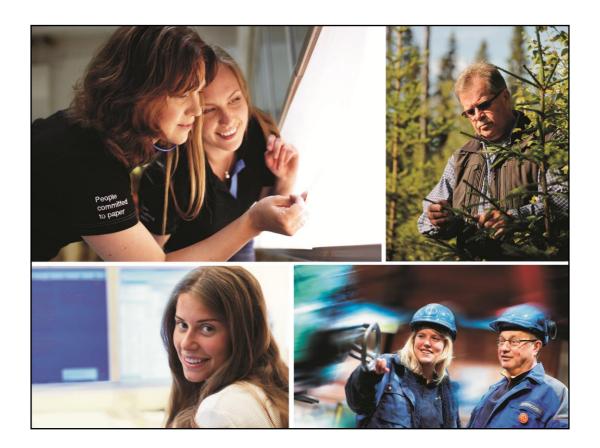


Our sawn timber product area has yet another tough year behind it. Like the industry in general, we are suffering from a weak situation in the market, with high prices for raw materials. There continues to be an operating loss as a result of lower selling prices, a stronger krona and higher levels of depreciation and amortisation. The start-up of the new sawmill in Braviken has worked extremely well, and deliveries have increased during the year. Also, at Iggesund Sawmill, measures have been taken to make the business more efficient.



If anyone is still in any doubt about the future of wood, I'd like to recommend a few pages from Holmen's annual report. Pages 20–21 describe how wood is building the future, and how it's not just climate-smart and energy-saving but also contributes to better quality of life, time savings and lower costs for society as a whole.

Wood has the future ahead of it. This is why I can envisage great opportunities in the fact that Holmen now has two modern, finely tuned sawmills that are ready to meet demand when the economy and market recover.



During the year, Holmen was the only Swedish company to be included in the Carbon Disclosure Project's Carbon Performance Leadership Index. This is an excellent seal of approval for Holmen as a company and for our sustainability work in particular, which to a large extent is dependent on our skilled and committed employees.

Developing new, sustainable products is a major challenge and a future-related issue. From 1 September, Holmen will therefore reinforce with a staff unit for business development that will be led by Ola Schultz-Eklund, most recently head of our paperboard mill in Workington.



What, then, does the future hold?

- The market for printing paper will continue to present a challenge. The year will be defined by major restructuring programmes at two of our three mills.
- Demand for paperboard is stable, but there is increased competition in the market. We can now start to reap the benefits of the energy investments made at both our paperboard mills.
- The sawn timber market continues to be weak, with historically high raw material costs. Both our sawmills are continuing to fine-tune their operations.
- Harvesting in Holmen's forests is expected to remain at the 2012 level.
- Production in our own hydro power plants is expected to remain at a more normal level compared to the high level of production in 2012.
- Investments will decrease compared to recent years.



To sum up, we can confirm that we have a number of challenges ahead of us, but within the company, we are taking on both challenges and opportunities with great enthusiasm. Holmen has great potential to be a strong player in the areas in which we operate.

And with that, ladies and gentlemen, I would like to hand you over to the Chairman.

