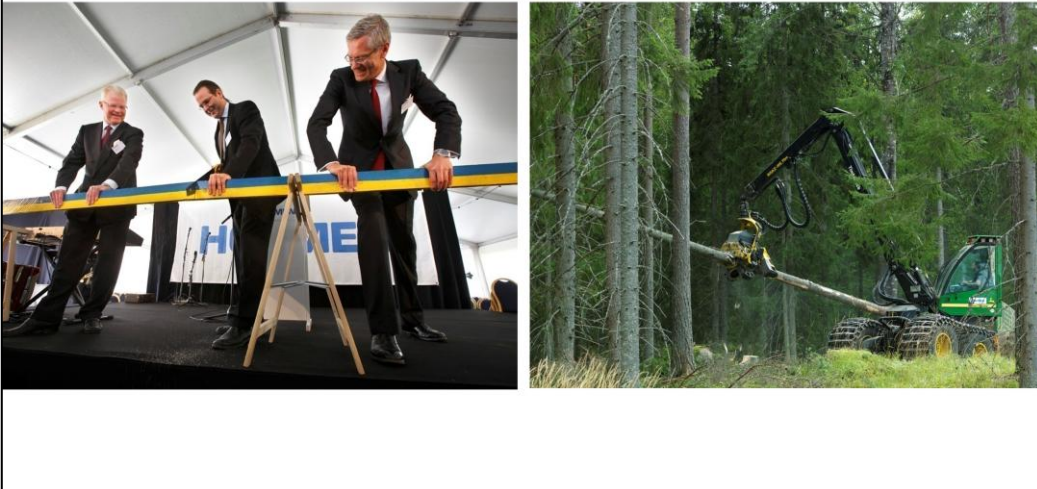


Annual General Meeting



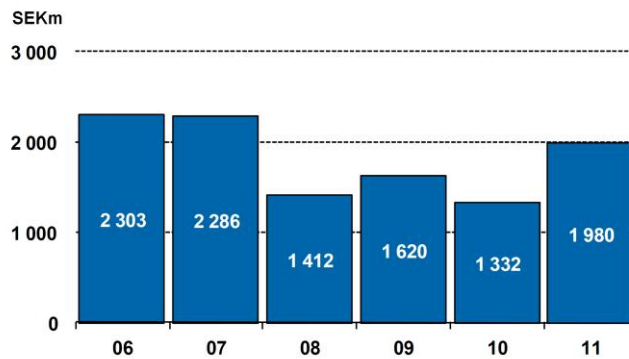
Magnus Hall President and CEO



Mr Chairman, esteemed shareholders, ladies and gentlemen! Two important developments for Holmen during 2011 are illustrated in the images above: the opening of our new, modern and large-scale sawmill in Braviken outside Norrköping, and a revaluation of our forest holdings, which means an upward evaluation of SEK 3.6 billion.

Both of these developments can also help summarise Holmen as it is right now: a company ready to face the challenges of tomorrow and offering modern production solutions while being financially strong and stable.

Operating profit excl non-recurring items

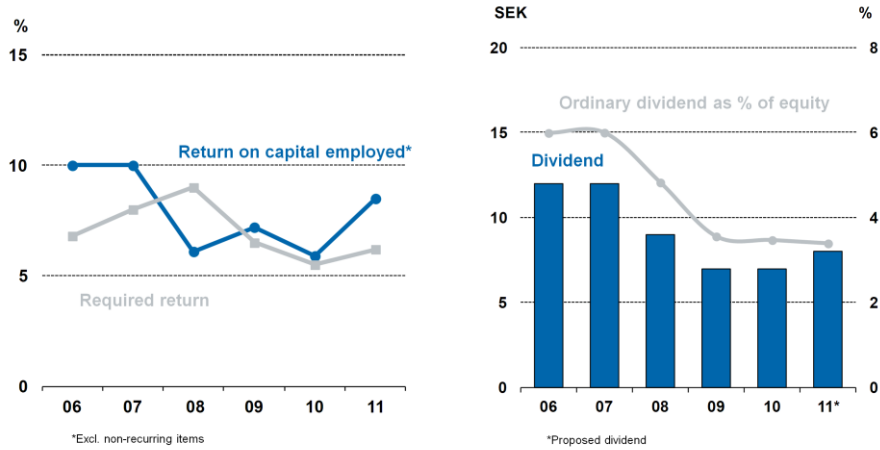


Profitability for the Group as a whole improved during 2011. A contributing factor here was the increase in price of printing paper and paperboard, while the sustained high prices of wood and recovered paper offset to some extent this positive trend.

The Group's net sales were up from SEK 17.6 billion to SEK 18.7 billion. Operating profit, excluding items affecting comparability, was up from SEK 1.3 billion to almost SEK 2.0 billion. Of this amount, just over SEK 0.5 billion consisted of the profits gained through currency hedging measures.

Investment activity remains high within the company. Construction of the new sawmill in Braviken has been followed by two extensive energy investments in the form of the recovery and biofuel boilers at the paperboard mills in Iggesund and Workington.

Profitability and dividend



The company is nearing the end of a period of very large-scale investment. Against this background, and on the basis of the Company's financial stability and the fact that the earnings trend is reasonably good, the Board has decided to propose a dividend of SEK 8, an increase of SEK 1 compared to the previous year.

As you all know, the Holmen group consists of five business areas, and I will now go on to comment in greater detail on the profits generated in these areas.

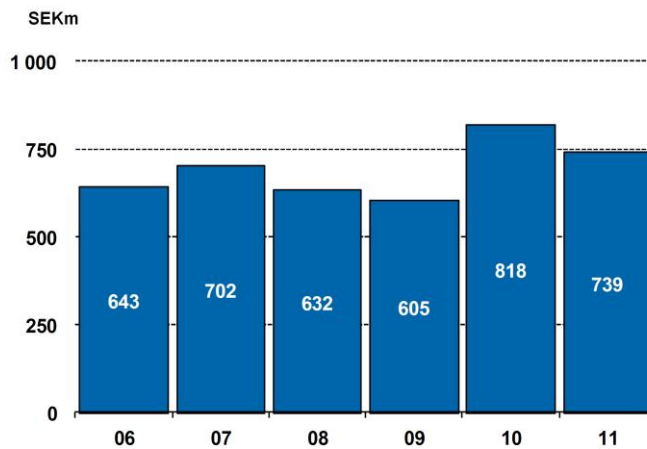


In order to emphasise the significance of the company's assets, I would like to begin this year by describing our raw material-oriented business areas.

I will begin with Forest, represented here by Erik Reis, one of our timber purchasers, who works in the Holmen Skog business area in Uppland. He helps to carry out one of Holmen Skog's most important tasks – that of supplying our units with timber.

Holmen Skog

Operating profit, excl non-recurring items

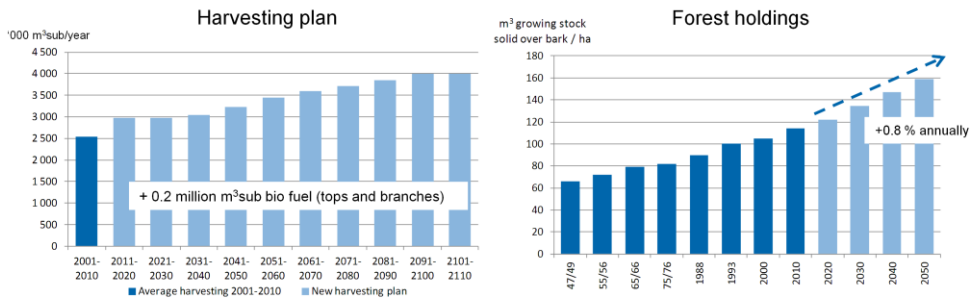


Holmen Skog has yet again shown a good profit, even though this was to some extent down on the previous year.

Prices were on average 8 per cent up on the previous year, while harvesting costs increased. Harvesting remained at the same level as the previous year. It is worth noting that operating profit for 2010 benefited from high profits generated from timber trading, where the figures normally vary from year to year.

This illustration shows operating profit excluding items affecting comparability – that is to say, the revaluation of Holmen’s forest holdings is not shown.

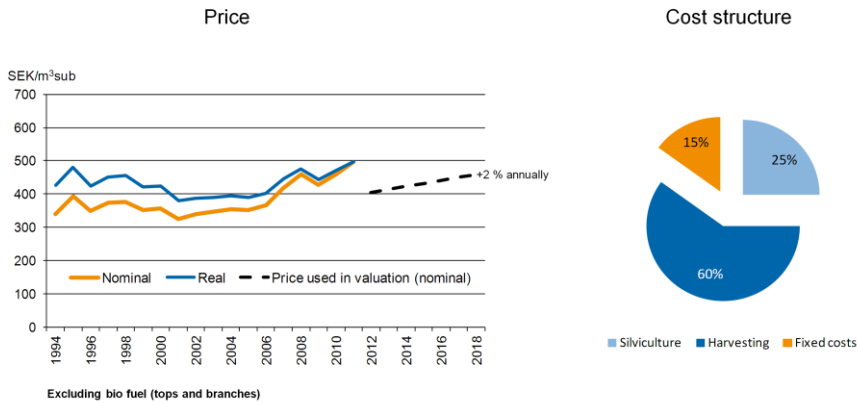
Growth in harvests and forests



Holmen’s forest holdings amount to just over one million hectares of productive forest land, making us Sweden’s fourth largest forest owner. The forest is an extremely valuable asset for us. Managing and developing our forest is one of our most strategically important tasks.

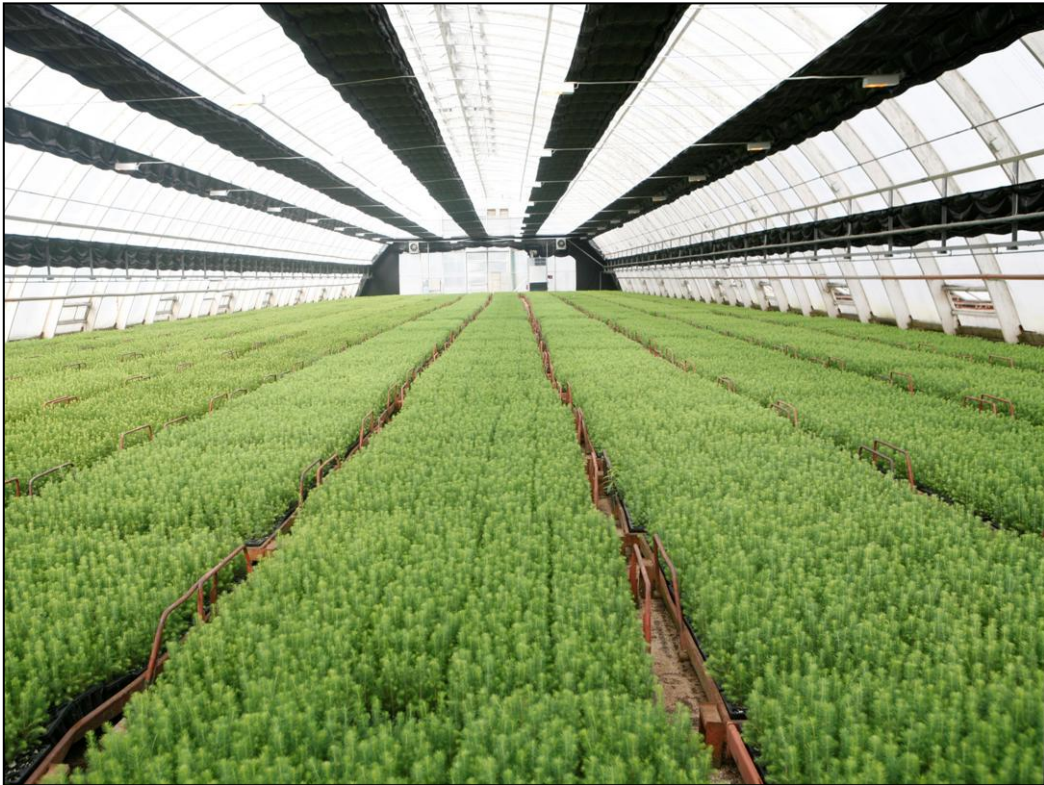
Every ten years, an inventory of our forests is made that forms the basis for calculating our forest assets in terms of forest stand and expected growth. One such calculation was made in 2011, and it indicates that we can expect an increase in growth in the future, thanks in part to several different growth-promoting measures taken during past years.

Valuation assumptions



Our assessment is that interest in the forest will increase. As oil gradually becomes more expensive, all eyes will be on this organic material. Its current use will be supplemented by new applications, not least in the areas of energy and chemistry. Interest in renewable forest raw material allows us to conclude that the market's capacity to pay for wood will persist and increase.

The new harvesting plan and our adjusted price and cost expectations resulted in an upward evaluation of Holmen's forest holdings totalling SEK 3.6 billion before tax.



Yet another pleasing development to report is that, during the year, we began the overhaul of our seedling nursery in Friggesund outside Hudiksvall. This will make it one of the most modern nurseries of its kind in Europe.

Annual production is calculated to amount to 16 million seedlings of the highest quality, and the facility will supply large parts of Holmen with top-quality plant material. In connection with this overhaul, we will be looking into a new method of treating the seedlings with an environmentally friendly wax coating to protect them against the harmful pine weevil. This investment will, in addition, mean less demand for oil and electricity.

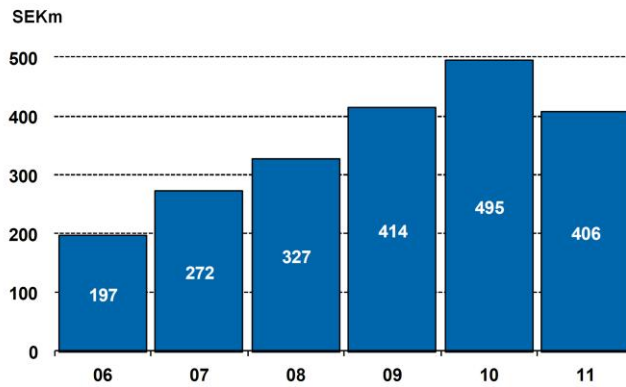
The overhaul will take place in several stages, and the whole production line will be ready in 2013.



I would now like to move on to yet another important asset: energy. The Holmen Energi business area is represented here by Jan Lidström and Brynolf Alexandersson, who are posing in front of one of our hydro power plants.

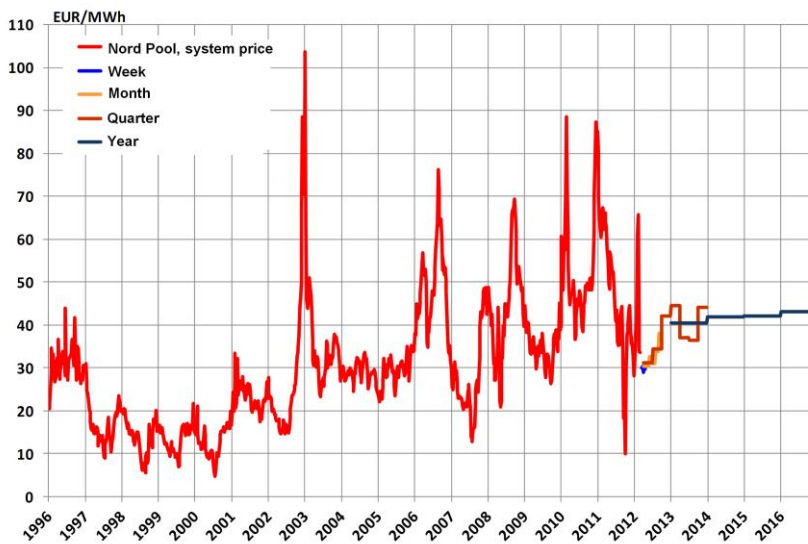
Holmen Energi

Operating profit



Although Holmen Energi is breaking a fantastic trend, the operating profit of SEK 406 million for 2011 is still an extremely good one. Production was 11 per cent higher than during a normal year. The decrease is attributable to a fall in prices of around 20 per cent compared to the very high levels in 2010. Normally, water resources and price levels correlate inversely, so the high water flow during the year resulted in a lower price.

Electricity prices, Nord Pool



Source: Nord Pool, Svensk Energi

Energy supply is essential for the whole of society, and especially for Holmen; today we transform around 3 per cent of Sweden's total electricity supply into valuable products.

Electricity constitutes a major cost item in our production of printing paper. This makes it even more important for us to have our own energy supply. Today, Holmen is approximately 30 per cent self-sufficient, and our investments in the recovery and biofuel boilers have led to increased internal electricity production. On the consumption side, projects for achieving greater energy efficiency are now part and parcel of our everyday work. The way to pay for increased energy prices is to make more efficient use of our resources.

However, our own energy production is not only a question of self-sufficiency but also a very profitable asset, and this is where we see opportunities for expansion.



Right now, Holmen is running a number of preliminary projects regarding wind power. By having access to our own land, we have a number of different opportunities: to make the investments ourselves or together with a partner, or to let an external party develop a wind farm. In our capacity as part-owners of the primary industries' wind power company VindIn AB, Holmen already plays a part in the wind power being produced. Our first major permit for running wind power under our own management, in the form of around 20 turbines on a wind farm, is expected to be ready for undergoing a profitability and investment evaluation in 2012.

During the year, one area in which the organisation boosted its competence was in wind power. Holmen Energi also came under new management when Arne Wallin left his post as head of Holmen Paper to take over Holmen Energi instead. He has considerable experience of working on complex technical projects, and it is precisely this phase which we have now embarked upon. One goal we have set is to generate 1 TWh of wind power by 2020, but naturally this is ultimately dependent on our assessment of its profitability.



At this point, we will leave our raw material businesses and turn to our product-oriented business areas. Petra Arborén, who you can see in the picture, is an operator at Iggesund Mill and is therefore a suitable representative for our paperboard product range.

SBB and FBB

Deliveries from European producers

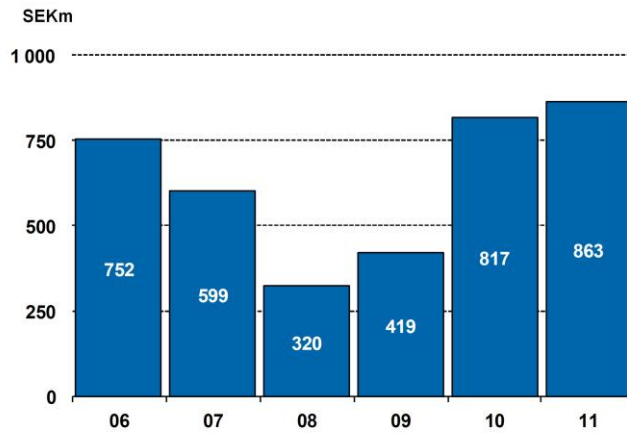
	2011	2010	2009	2008
Europe	-5%	8%	-9%	-2%
Non Europe	-1%	13%	-14%	-8%
Total	-4%	9%	-10%	-3%

Iggesund Paperboard, one of Holmen’s business areas, produces premium paperboard intended for high quality consumer packaging and graphics products. The two brands, Invercote and Incada, continue to be very successful.

Demand fell in both Europe and the rest of the world, which resulted in production limitations during the autumn. Nevertheless, it proved to be yet another good year for both mills in Iggesund and Workington, with roughly the same delivery levels as during the previous year.

Iggesund Paperboard

Operating profit



Implemented price increases meant operating profit was up from SEK 817 million to SEK 863 million. This was despite a rise in costs as a result of maintenance coming to a lengthy standstill, a rise in prices of input goods, and lower levels of production during the second half of the year. Currency hedging was a positive contributing factor.



One of Sweden's largest industrial investments to the tune of SEK 2.3 billion is presently under way at Iggesund Mill.



Since I was there just a few weeks ago, I can confirm that this is a LARGE investment in more ways than one. It will be a new landmark in Iggesund.



The investment will give us the opportunity to further develop a mill that is today already one of our most profitable. It will increase our competitive strength by way of reduced energy costs. The mill will have the potential to become self-sufficient in terms of electricity, and will for the most part be run without the use of fossil fuels.



The construction phase is well advanced, and this summer the new recovery boiler and turbine will be commissioned.



Significant investment is also being made at the paperboard mill in Workington in the form of a biofuel boiler estimated at SEK 1.1 billion. This investment decision was taken in April 2011, and construction is not as far advanced in this case.

The new boiler will cover the mill's total energy requirement, and will mean a radical switch of the mill's energy supply from natural gas to biofuel. The investment will reduce energy costs and provide a sustainable energy supply without fossil carbon emissions.

It is estimated that the biofuel boiler will be commissioned during the first half of 2013.



From production to products! Here we can see one of the well-attended events hosted by Iggesund Paperboard during the year. “The Black Box Project” has involved designers being challenged to do something extraordinary with Invercote paperboard. It has attracted a lot of interest and attention throughout Europe and the United States – further proof that Iggesund Paperboard produces paperboard of world-class quality.



Here you can see Sanna Sundell, who is group manager at our paper mill in Hallstavik. With her help, we will now move on to our product area for printing paper, Holmen Paper.

Newsprint and magazine papers

Deliveries to Europe

	2011	2010	2009	2008
Standard newsprint	-3%	2%	-14%	-3%
MF Magazine	0%	16%	-19%	-1%
Book and TDP	-5%	-4%	-12%	-9%
SC	-3%	-1%	-9%	6%
Coated	-5%	11%	-22%	-4%
Total	-3%	5%	-16%	-2%

The structural changes that have taken place are probably here to stay, and the European market for wood-containing printing paper became to some extent weaker during the past year.

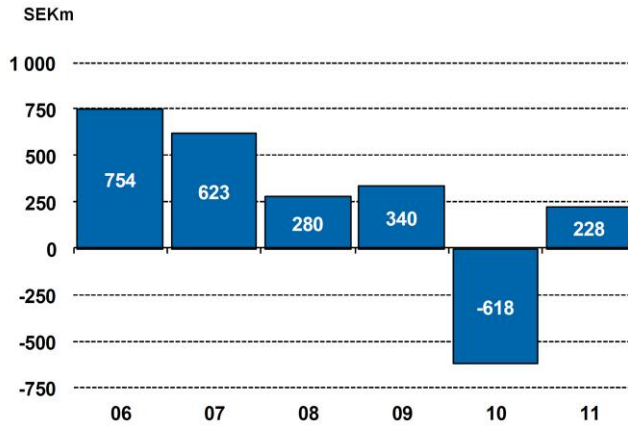
Newsprint consumption in Europe fell by 3 per cent in 2011.

Demand for MF Magazine was to a large extent unchanged. Despite this, Holmen Paper has seen a significant increase in its deliveries within the product group, which points to the strong position we hold today in this strategically important product range.

Holmen Paper's total deliveries were somewhat lower than during the previous year as a result of the closure of the one of the paper machines at the mill in Madrid. Reduced demand at the end of the year led to market-related production stoppages.

Holmen Paper

Operating profit, excl non-recurring items



Despite this negative development, Holmen Paper is once again in the black, mainly due to considerable price increases. This is of course very welcome news, but operating profit is still at an unsatisfactory level, particularly considering the fact that it includes foreign exchange profits. Increased costs for pulpwood and recovered paper have had a negative effect, while streamlining has led to a gradual reduction in fixed costs. Our newsprint mill in Madrid is one of the most efficient in Europe since the closure of one of the paper machines there.



Holmen Paper is continuing with its strategic switch-over from producing standard newsprint to increasingly becoming a producer of speciality paper, such as MF Magazine and book paper. Over the last five years, volume has increased by 10 per cent per year, and the proportion of MF Magazine and book paper has risen to around 40 per cent of total production.

The switch-over is based on the unique properties offered by a supply of virgin fibre. As of 2009, the use of virgin fibre in the Swedish mills has increased from 75 to 90 per cent.

Products such as Holmen VIEW and Holmen XLNT challenge traditional paper choices, and we are now able to take market share in areas of application previously dominated by coated and uncoated magazine paper grades. This applies to items such as product directories, magazines, supplements and direct mail. You can see some examples in the picture. We can see that the products we have developed meet a growing need in several segments where advertising investment in paper is actually on the increase, and where customers are seeking more cost-efficient alternatives.



Changes and streamlining measures are taking place in our mills simultaneously with the switch-over in our products. At the end of the year, notice was given of further cutbacks of around 80 people at the Braviken Paper Mill.

With the closure of the PM 61 at our mill in Madrid, we have closed three paperboard machines in three years, which has contributed to a considerable reduction in fixed costs.

Towards the end of 2012, therefore, production is estimated to be at just over 1 000 tonnes per employee per year, compared to 750 tonnes five years ago.

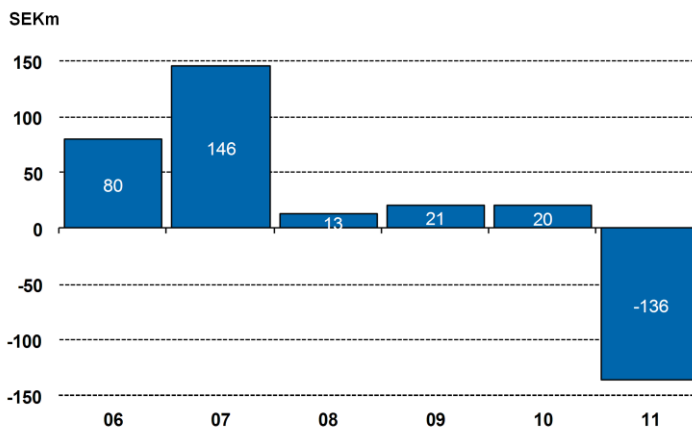
We anticipate that total demand for wood-containing printing paper will continue its downward trend, which means we need to be prepared to a great extent for adjustments in production. This might in the long run mean further restructuring, and we are therefore prepared for this. Measures to streamline operations and reduce costs will continue in all parts of Holmen Paper.



Ulla Eriksson, an operator at Braviken Sawmill, has the pleasure of introducing our third and final product range: sawn timber.

Holmen Timber

Operating profit



The market for sawn timber remained weak during 2011, and prices were kept down. This, together with the high costs of raw materials, meant that profitability was low in the industry as a whole. European consumption of sawn timber is still considerably lower than it was several years ago, and shows no sign of any visible recovery.

Holmen Timber's operating profit was consequently also poor. The operating profit was affected especially by an increase in depreciation of SEK 100 billion per year as a result of the new sawmill.

Deliveries at Iggesund Sawmill increased by 4 per cent, while Braviken Sawmill was still in its infancy. As a result of a weak market, start-up at the new sawmill was fitted in around the absence of planned increases in the number of shifts, and, in addition, there was a production stoppage at the end of the year.



On 12 January, the first log intended for a customer order was sawn at Braviken Sawmill. Here you can see a picture from the mill's inauguration in May, when guests were invited to view the supervision of the log sorting line.

The sawmill, one of Scandinavia's largest and most modern, is constructed from wood using the best possible technology and layout. From a logistical point of view, the location is a favourable one given its proximity to water, road and rail. The raw material is purchased by Holmen Skog, mainly from private forest owners in the vicinity. When it has been completely fine-tuned, production will amount to 550 000 cubic metres of spruce construction timber, which could increase to 750 000 cubic metres by means of minor investments.

TRÄ BYGGDE DENNA VACKRA HUSKROPP

BYGG ETT HÖGHUS PÅ TIO VECKOR!

TRÄ – EN BÄRANDE IDÉ.

FACCAT OCH KLART

SVENSKT TRÄ
FRAMTIDEN VÄXER PÅ TRÄD

SVENSKT TRÄ
FRAMTIDEN VÄXER PÅ TRÄD

Prevailing market conditions have meant a tough start for the new sawmill. However, I am totally convinced that despite this temporary uphill struggle, we are on the right path.

The many advantages offered by wood, not least from the point of view of climate, mean that other construction materials such as steel and concrete are being increasingly pushed into the background. Wood is renewable, organic, climate-smart, tried and tested, easily accessible, easy to maintain, strong in relation to its weight and durable, but, above all, using wood to construct blocks of flats has considerable streamlining potential.

The advertisements you see here are part of a campaign that is currently under way whose aim is to inform and inspire municipalities, building contractors and architects as regards the opportunities presented by modern wood construction. One feature of the campaign is this brochure, *New Construction for New Times*, an excellent publication that I can heartily recommend.

And of course there are signs that developments are heading in the right direction. Wood is the most common form of framework material for new builds in Sweden today. Industrial wood construction, where most of the construction process takes place in a factory, is a business that is taking market share. In Stockholm, four nine-storey wooden buildings are now being built, the first of their kind in the Swedish capital.

With two highly efficient, large-scale saw mills that are finely tuned, we are ready to address the future increase in demand that I am convinced is waiting for us around the corner.



In this address, you have met some of Holmen's many committed and skilled employees. By appointing employees with the right skills and a broad mandate, backed up by committed leadership, we are providing value and generating long-term growth. This is one of the factors contributing to making Holmen a sustainable enterprise.

The three dimensions of sustainability – the economic, environmental and social – are firmly rooted in Holmen's operations and strategy. You will see this in particular when you read our Annual Report, in which our work on sustainability is integrated with our business operations.

And this is exactly how we wish to view issues regarding sustainability. They constitute a natural part of our business. As shareholders, you expect us to stand with both feet firmly planted on the ground, and I can promise you that is the case.



So how do things shape up if we take a look at the near future?

The financial situation, with concerns about the euro and a more uncertain business cycle in general, makes it hard to assess future demand for the Group's products in Europe.

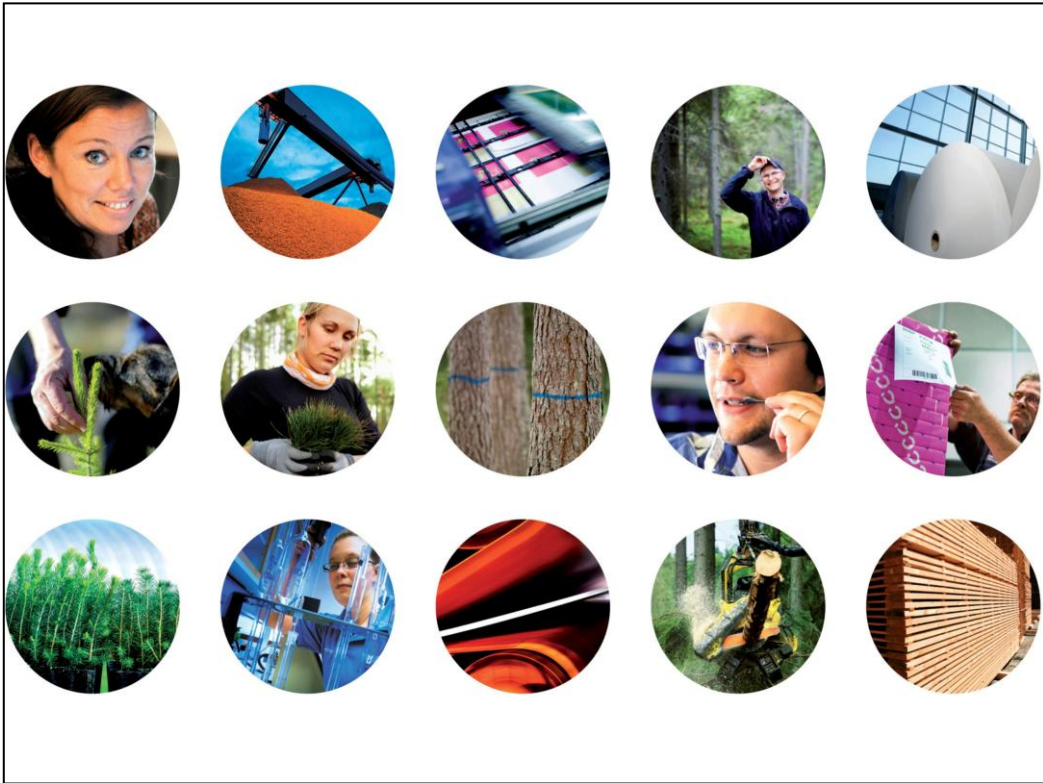
Price negotiations over printing paper have been carried out without any major changes. Continuing streamlining measures are anticipated to bring about cost reductions. At the same time, we must maintain the high level of preparedness for any adjustments in capacity in our printing paper business.

Price reductions in recovered paper have turned into a weak upward trend, but prices for wood are lower, which is favourable to our costs situation.

The situation on the paperboard market is one of wait-and-see with stable prices, and the situation for sawn timber is similar to this.

Harvesting in Holmen's forests is on the increase, which has a positive effect. That said, dealing with windthrown forest means a temporary increase in costs.

The Group's hedging activities will end in 2012, and this has a negative effect on operating profit. The level of investment continues to be high as the result of investment in the two boilers.



I began my address by describing Holmen as a financially strong and stable company, one equipped to face tomorrow's challenges by way of modern and efficient production solutions. With safe raw materials in the form of forest and energy, stable profitability in our paperboard business, and our competitive sawmills, we are setting out from a very strong position. Our printing paper business is pursuing a strategy that we are comfortable with and that offers opportunities for acquiring new market shares. The business should have ample opportunity to provide a cash flow in the future.

HOLMEN

www.holmen.com

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