

Mr Chairman, esteemed shareholders,

Holmen has been in a period of considerable change for a while now. During such times it is more important than ever to establish a clear identity and a direction for the future. There has been a sharp focus on the process over the past two years...

Strategy



Holmen shall grow and be the customers' first choice when they need high performance consumer paperboard, innovative printing paper products and high quality base products for building in wood. Production shall be based on wood from sustainably managed forests as an integrated part of Holmen's business, and on a significant proportion of energy from internal renewable sources.



The value of Holmen's forest holdings shall increase through measures to promote growth and by using land for wind power-related business opportunities.



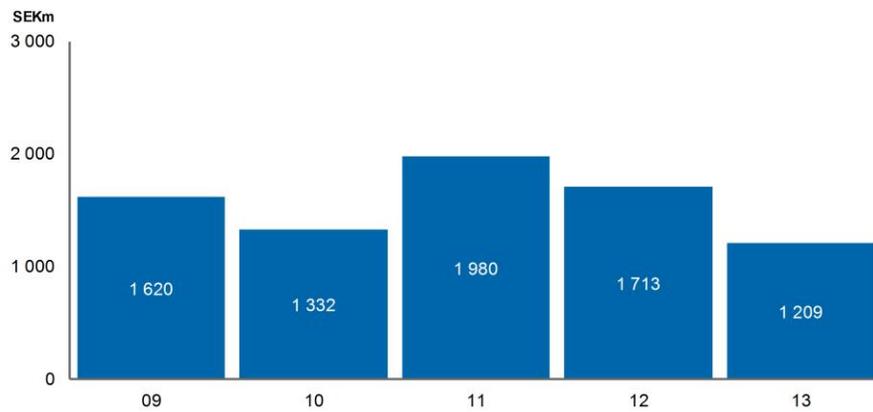
Holmen shall develop new product areas based on wood fibre.

...and here we can see an extract from the Annual Report where we present the strategy that will drive the work forward. At the same time, we have worked intensively with our employees to increase motivation and awareness of the objectives we have for the future.

Now and then, I meet people who say they don't recognise Holmen. And, in a sense, they are right. Today's Holmen is different to the Holmen of a few years ago. We are conscious of the demands for change and are facing the challenge head on. We are now a more agile company. Today I am going to look back on and summarise this change management work.

The Group

Operating profit



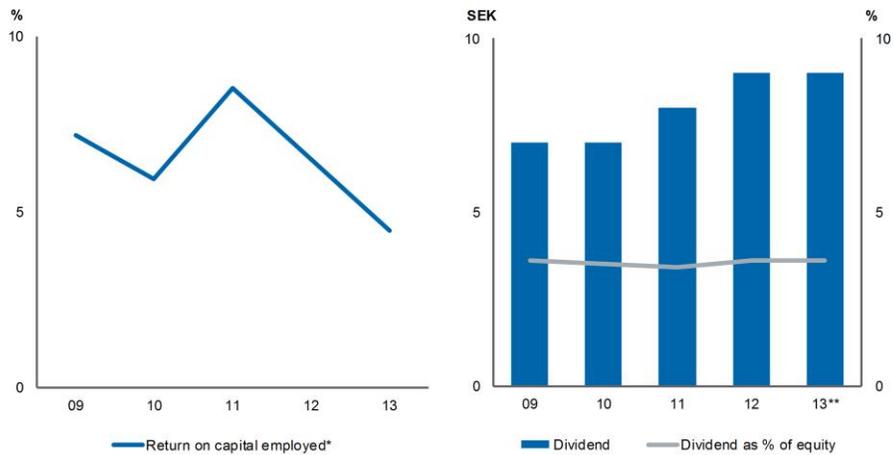
Excl. items affecting comparability

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But let us start by looking at the past year. Holmen has reported weak results for 2013. The Group's net sales were down from SEK 17.9 billion to SEK 16.2 billion. Operating profit, excluding items affecting comparability, was down from SEK 1.7 billion to SEK 1.2 billion. Investments, which stood at SEK 2 billion in 2012, have more than halved to just under SEK 900 million.

As with other export industries, the strong krona has had a negative impact on earnings, as have lower selling prices for printing paper and production disruptions within Iggesund. However, the second half of the year showed a clear improvement on the first half.

Profitability and dividend



* Excl. items affecting comparability
 ** Proposed dividend

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Holmen's Board has established the aim for the Group to have a strong financial position that provides stability and an opportunity to make investment decisions more independently of economic conditions and external financing possibilities. Over the year, the target for the debt/equity ratio has been adjusted to a maximum of 0.5. The debt/equity ratio at year-end was 0.29.

In light of the weak earnings for 2013, the Board proposes an unchanged dividend of SEK 9 per share.

I will now move on to comment on each business area, beginning with Iggesund Paperboard and our paperboard production.



Our strategy is for Holmen to be the customers' first choice for high performance paperboard. For many years now, Iggesund Paperboard has held a market-leading position in the premium paperboard segment. As a result of the major investments that have been made in recent years, conditions are good for consolidating that position.

SBB and FBB

Deliveries from European producers

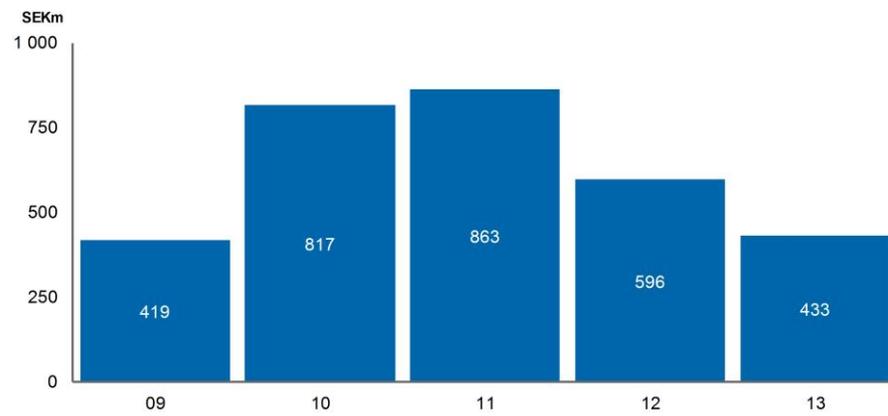
	2013	2012	2011
Europe	5%	0%	5%
Non Europe	6%	7%	-1%
Total	5%	1%	-4%

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As the chart shows, demand in 2013 was good. Iggesund Paperboard's deliveries were, however, slightly down on the previous year, primarily due to production losses from a maintenance shutdown.

Paperboard

Operating profit



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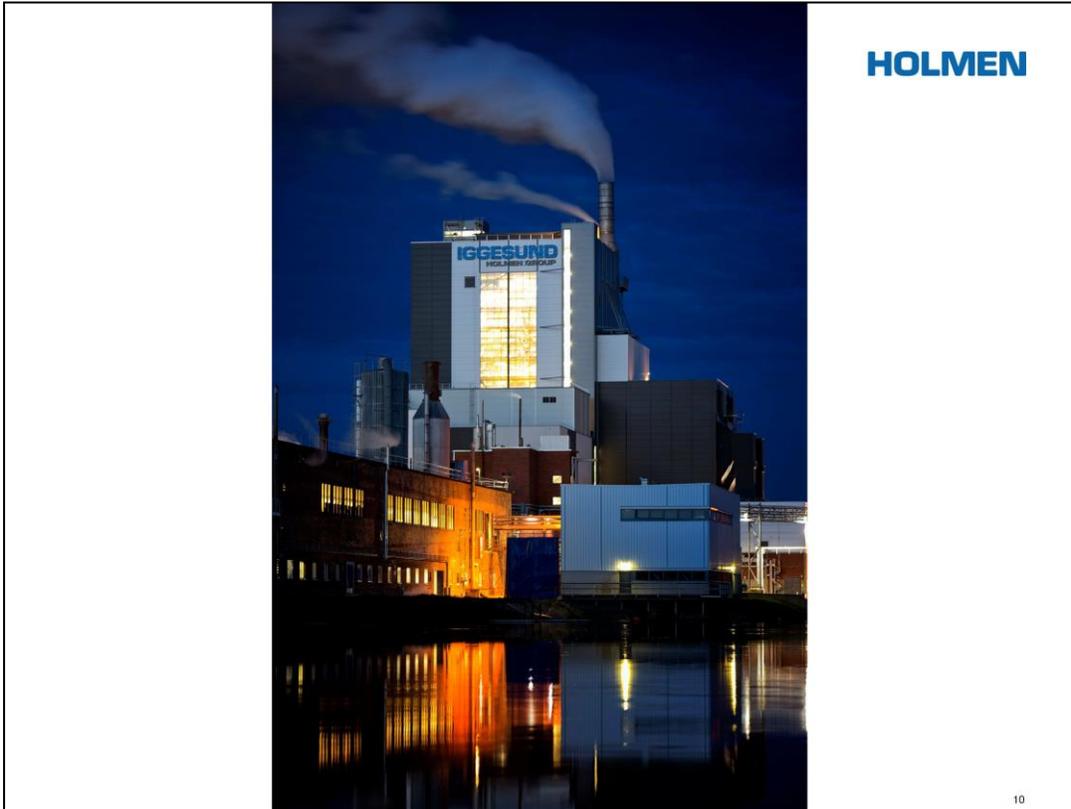
Profit for our paperboard business was also down, due in part to the strong Swedish krona, but also to a major maintenance shutdown at Iggesund Mill and production disruptions. Once these issues had been rectified, production at the pulp mill beat previous records.



Here we can see the new biofuel boiler in Workington, which became operational at the beginning of the year and also made a positive contribution to 2013 earnings.

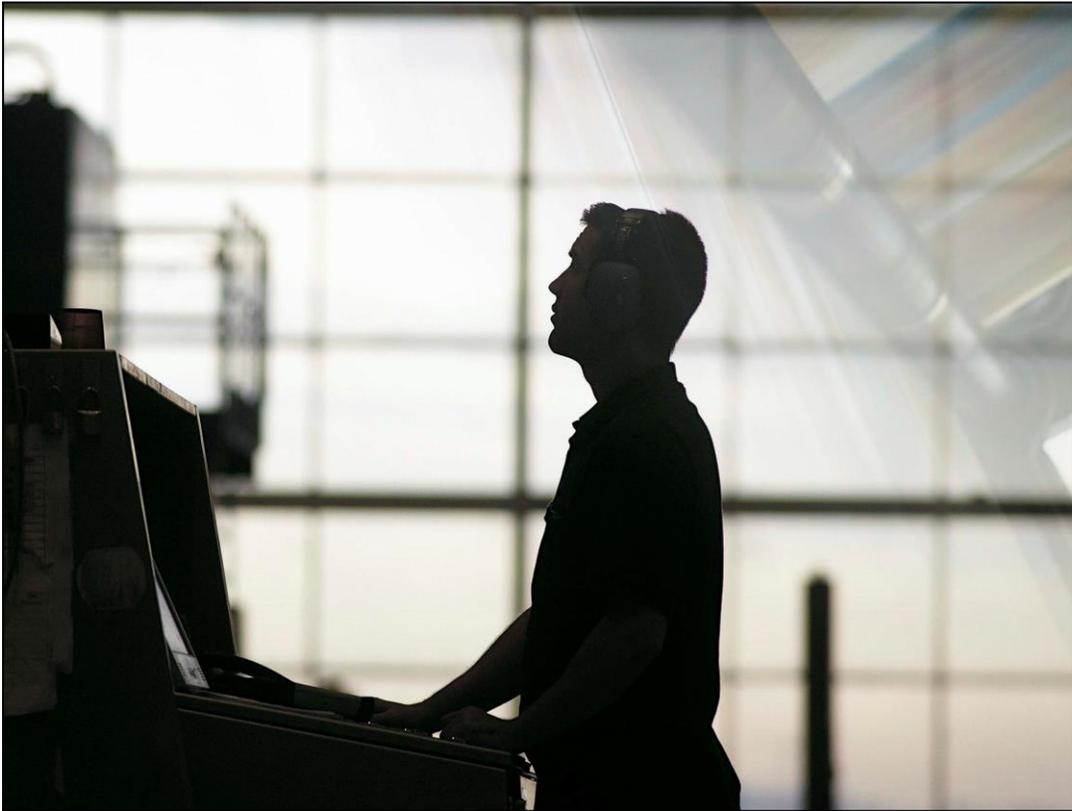


The mill in Workington has undergone major changes over the past few years. The oldest of the mill's two machines was shut down in 2009 and the remaining machine was upgraded at the same time. This action enabled us to shift our market position to a higher quality segment. The number of employees was cut by around 100. Coupled with the recently completed investment in the new boiler, which also has a strong environmental profile, this means the mill in Workington is now a highly competitive unit.



Together with the previous investment in a new recovery boiler and turbine at Iggesund Mill, both our paperboard mills are now well placed to achieve excellent production efficiency and significant environmental benefits.

Iggesund Paperboard has also undergone major organisational change. Annica Bresky took up her position as the new CEO of the business area in the autumn, and we have new mill managers at both the mills. The new team is working intensively to identify further potential for future improvements.



Now let us turn our attention to Holmen Paper and our printing paper business, in which Holmen aims to be the customers' first choice for innovative printing paper products. The strategic direction for Holmen Paper is to be a speciality paper producer that exploits the unique properties of virgin fibre and creates products that give customers greater scope to achieve a balance between quality and price, and so find ways of reducing their costs. This year's annual report is a prime example of this. As in previous years, the cover is printed on our Invercote paperboard, while this year the insert is printed on the new Holmen TRND. The result is light on weight but heavy on content! It offers customers a modern and exciting paper that substantially reduces distribution costs. And more efficient distribution is also good for the environment.

Newsprint and magazine paper

Deliveries to Europe

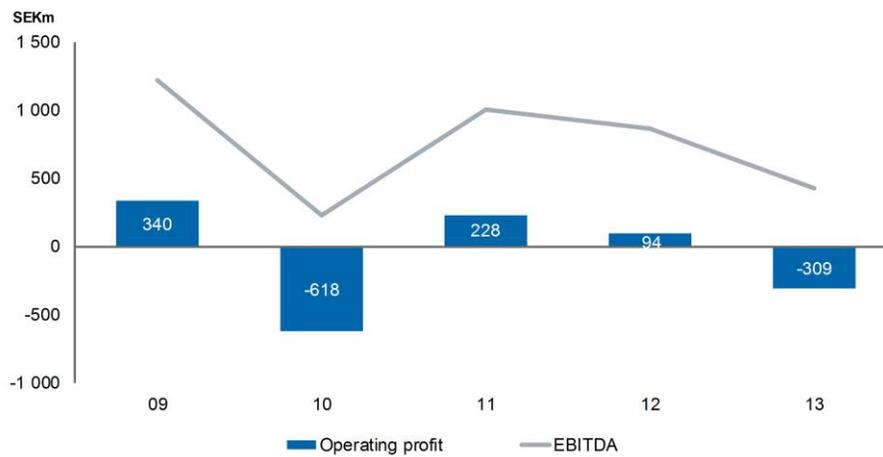
	2013	2012	2011
MF Magazine	7%	-5%	0%
SC paper	-4%	-4%	-3%
Coated	-7%	-9%	-5%
Newsprint	-6%	-10%	-3%
Book and TDP	-3%	-5%	-5%
Total	-5%	-8%	-3%

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Overall demand for printing paper continues to fall, but the market balance for newsprint still improved due to extensive closures. In fact, we closed two paper machines ourselves in the autumn, one for newsprint and one for SC magazine paper. Holmen Paper's deliveries of the strategic products MF Magazine and book paper rose by 10 per cent. Over half of production now comprises speciality paper. In Madrid, where we manufacture newsprint based entirely on recovered paper, the objective is to be in the top quartile in terms of competitiveness.

Printing paper

Operating profit and EBITDA



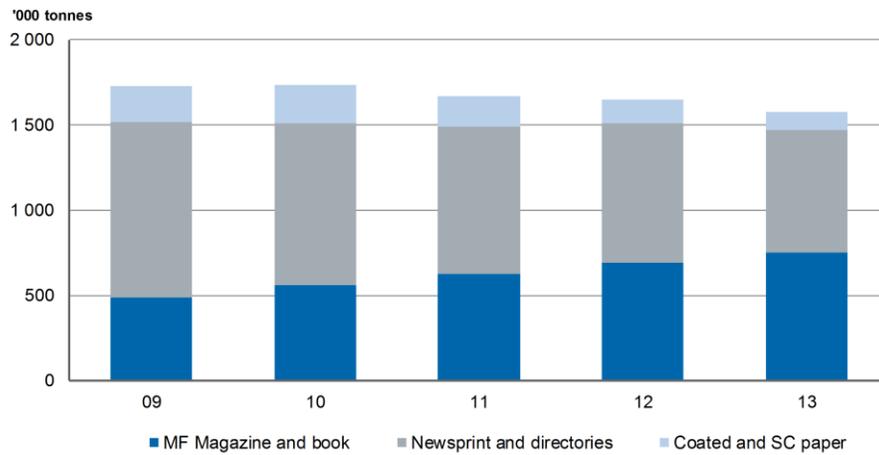
Excl. items affecting comparability

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Holmen Paper has posted a loss overall. This is attributable to the strong Swedish krona, lower volumes and lower selling prices. Rationalisations and lower wood prices have had a positive impact. One glimmer of light was offered by the modest price rises for newsprint that became possible around the end of the year.

Printing paper

Holmen Paper's deliveries



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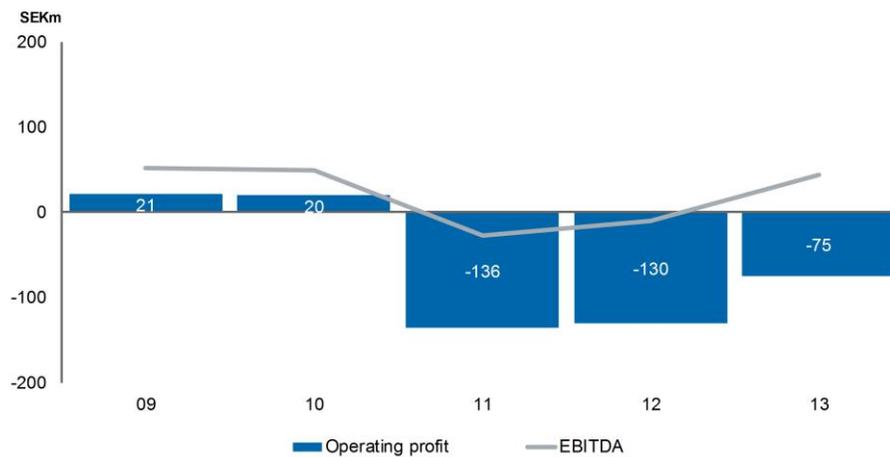
Holmen Paper has undergone substantial restructuring over the past five years. Five out of ten paper machines have been shut down, production capacity has been cut by over 30 per cent, and the number of employees has more than halved. At the same time, the product mix has shifted towards more speciality products. The task of raising the value added and thus increasing profitability is now being driven forward by Nils Ringborg, who is taking over the business area from Henrik Sjölund as he begins his new role of President and CEO of the Holmen Group. Competition will remain tough, but we believe we have a good strategy in place for Holmen's printing paper business.



The strategy for the sawmill business is to be the customers' first choice for high quality base products for building in wood. The aim is also for Holmen Timber to be Scandinavia's most cost-effective producer of sawn timber.

Sawn timber

Operating profit and EBITDA



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The market for sawn timber remained weak during 2013, but there are encouraging signs. Both of Holmen's sawmills produced record volumes and profits improved, especially towards the end of the year. Contributing to this improvement were slightly higher sales prices coupled with lower raw material costs. The strong Swedish krona, however, had a negative impact.



With the construction of Braviken Sawmill, Holmen has broadened its portfolio of sawn timber, enabling the company to capture market share in a new segment. Both our sawmills are also part of an integrated bio co-location with their neighbouring paperboard board and paper mills. In addition, they enjoy an excellent logistical location close to transport routes by sea, road and rail. .



There are also significant synergies in the wood supply chain, making us a good partner for forest owners. This combination of factors provides us with competitive advantages.



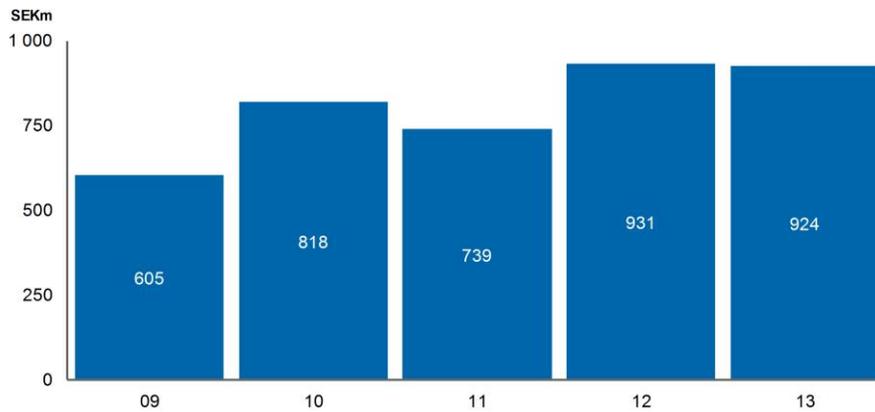
Wood is currently used a great deal in building individual houses, but there are many other applications for wood, including high-rise buildings, sports halls, multi-storey car parks, bridges, and so on. As the applications increase, so new markets open up. Demand is also rising in geographic markets such as North Africa and China. In addition, the benefits of building in wood are becoming ever clearer: wood provides shorter construction times, is a natural material and is supported by the long-term sustainable resource of forests. With these conditions in place, I have no doubt that Johan Padel, who became CEO of Holmen Timber on 1 February this year, will be able to successfully take the business forward, increasing volumes and improving profitability in the business area.



“The value of Holmen’s forest holdings shall increase through measures to promote growth and by using land for wind power-related business opportunities.” This is the strategy for our Holmen Skog business area. The Group’s considerable forest holdings enable it to pursue cost-effective forestry. The foundation of high quality growth is good stewardship.

Forest

Operating profit



Excl. Items affecting comparability

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Compared with the previous year, Holmen Skog's earnings from operations rose, largely due to a high volume of harvesting and lower costs, although selling prices were also lower. Operating profit, which includes a change in value of SEK 264 million, remained essentially unchanged. Overall, our forest holdings give the Group a solid foundation, providing a stable return and good, reliable cash flow.

We will now watch a short film. It is available on the Holmen website, but a shorter version is also being shown on TV4 Östergötland for a number of months. From time to time, forestry and the forest industry are called into question. The aim of this film is to provide a description of the forest industry that we feel is missing from the public debate.

<http://www.youtube.com/watch?v=yEUhLSPPhU1I#t=18>



There we have it. “Growing our future”... But there are those who do not believe this to be the case. Those who assert that consumption of forest raw materials is going to decline, who talk about the forest industry gap between supply and demand. I am not among them. Part of Holmen’s strategy relates specifically to developing “new product areas based on wood fibre”. I am confident that new applications and new products based on forest raw materials will eventually see the light of day. In the first instance, however, it is more natural to focus on increasing growth, and thus the use of wood, in areas other than printing paper.

New Business Development



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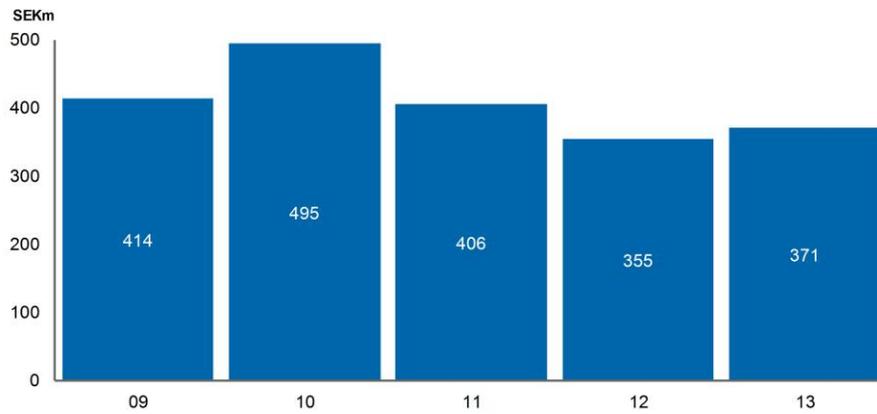
In order to take a more focused approach towards the strategy of seeking out new product areas based on wood fibre, this year saw the establishment of the New Business Development unit within the Group. Its work will be led by Ola Schultz-Eklund, formerly managing director of the Workington mill. Despite the short time they have had, I know that Ola and his colleagues (some of whom are pictured here) have already identified a number of areas worth working on to develop specific commercial projects.



And so, on to Holmen Energi. Holmen's production is to be based on a significant proportion of energy from internal renewable sources. In addition to developing and managing our existing hydro and wind power assets, the business area is tasked with preparing for wind power investments on the Group's own land. These investments may be made together with other partners, as I will come to in a moment.

Energy

Operating profit



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The operating profit for Holmen Energi was slightly up on the previous year. The figure includes SEK +102 million associated with the establishment of a jointly owned wind power company for the wind farm in Varsvik outside Norrtälje. Higher property tax reduced profit by SEK 32 million.



I am delighted that we were able to break ground for Holmen's first wind farm during 2013. The investment is being made by a company jointly owned by Holmen and the French investment fund Eurofideme 2. Holmen now wholly or partially owns 21 hydro power stations and three wind farms. Combined with the energy production at the mills, this makes the Group more than 40 per cent self-sufficient in electricity.



The extensive investments made in recent years have been hugely significant for the Group's profitability and competitiveness, but also for the environment and the climate. They have made a strong contribution towards realising the Group's sustainability targets. The Group's use of fossil fuels, for example, has more than halved since 2005.

During the year, the UN Global Compact introduced a new global stock index for companies judged to be the best in the world at creating good returns through sustainable business practices. Holmen is one of the 100 companies to be listed on this index, providing strong proof that our ambitions are taking us in the right direction.

HOLMEN

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Ladies and gentlemen. This is the 10th time I've stood before the AGM and reported on the Group's operations. It will also be my last as CEO of Holmen. Tomorrow, Henrik Sjölund will take over as President and CEO. I would like to take this opportunity to wish Henrik every success in his new role.

It has been a privilege to be involved with Holmen for the past 29 years and it has of course been particularly exciting during the recent period of significant changes. Holmen is a fantastic company with extremely talented employees and it will always have a place in my heart as I seek out new challenges. Thank you for your trust in me over these past years.

In the beginning of my speech I said that the Holmen we see before us is to some extent a new Holmen. We are leaving behind a long period of extensive restructuring and major investment. It has been challenging, and sometimes difficult, work. However, the reasons for this work have always been crystal clear and I have never been in any doubt: The steps we have taken have paved the way for Holmen to grow further and operate successfully on new terms.

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