

HOLMEN

PRESS RELEASE

3 February 2004

Holmen to build new paper machine in Spain

The Board of Holmen AB has today decided to go ahead with the previously announced project to build a recycled fibre-based newsprint machine at the Papelera Peninsular in Spain.

The machine will have an annual capacity of 300,000 tonnes. The investment cost amounts to approximately € 295 million (MSEK 2,700). It is planned to bring the machine into production at the beginning of 2006. The primary market region for its products will be southern Europe, where the high rate of growth in consumption is expected to continue. The competitiveness of the project is also based on the development of the already strong presence in the region in combination with low transport costs and a high standard of service.

The investment will create great opportunities to produce highly processed products on other machines, particularly to raise the output of lightly coated magazine paper on the existing machine in Spain, as well as raising the share of special products at the Swedish mills. Newsprint will account for around half of the total net increase in capacity, while the rest of the growth will be in other product areas.

After the enlargement of the Spanish mill, Holmen's total newsprint and magazine paper capacity will be 2,150,000 tonnes per year.

Papelera Peninsular was commissioned in 1998 and acquired by Holmen in 2000. The business consists of a newsprint mill with one machine and the ancillary recovered paper recycling facilities, as well as a power station. The current number of employees is approximately 240, a figure that will rise by around 120 once the investment project is completed.

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