



INTERIM REPORT

JANUARY-DECEMBER 2010



Per Lindberg, President and CEO
Bertil Carlsén, CFO
15 February, 2011



AGENDA

- Highlights
- Development by Business Area
- Financials
- Outlook



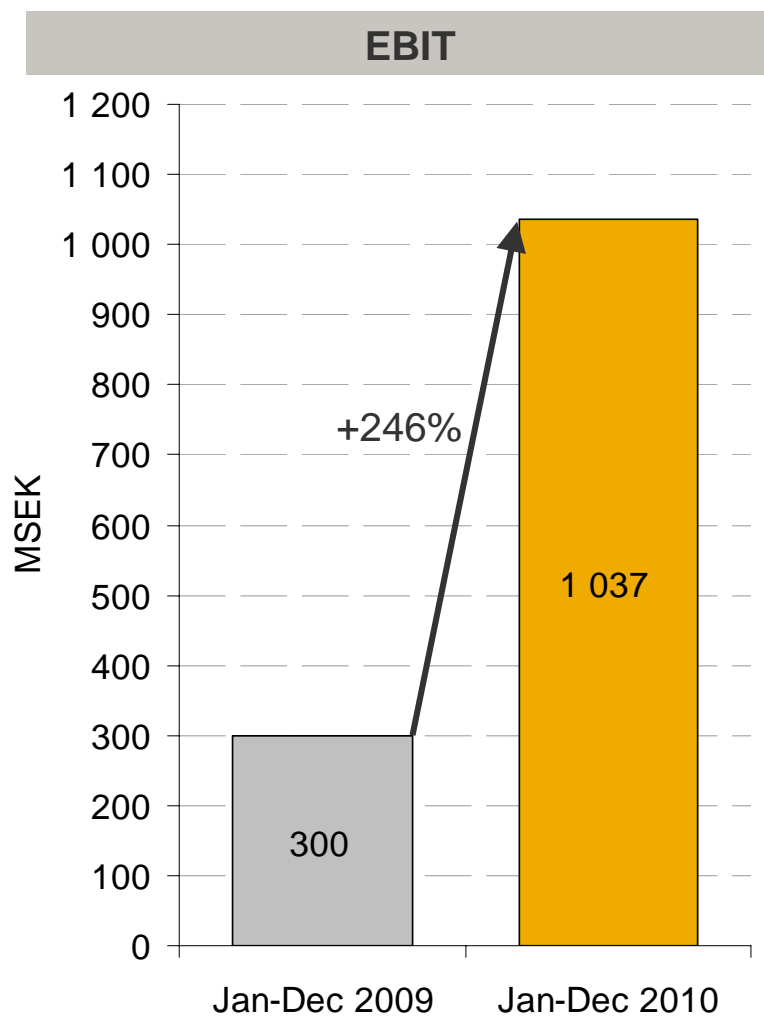
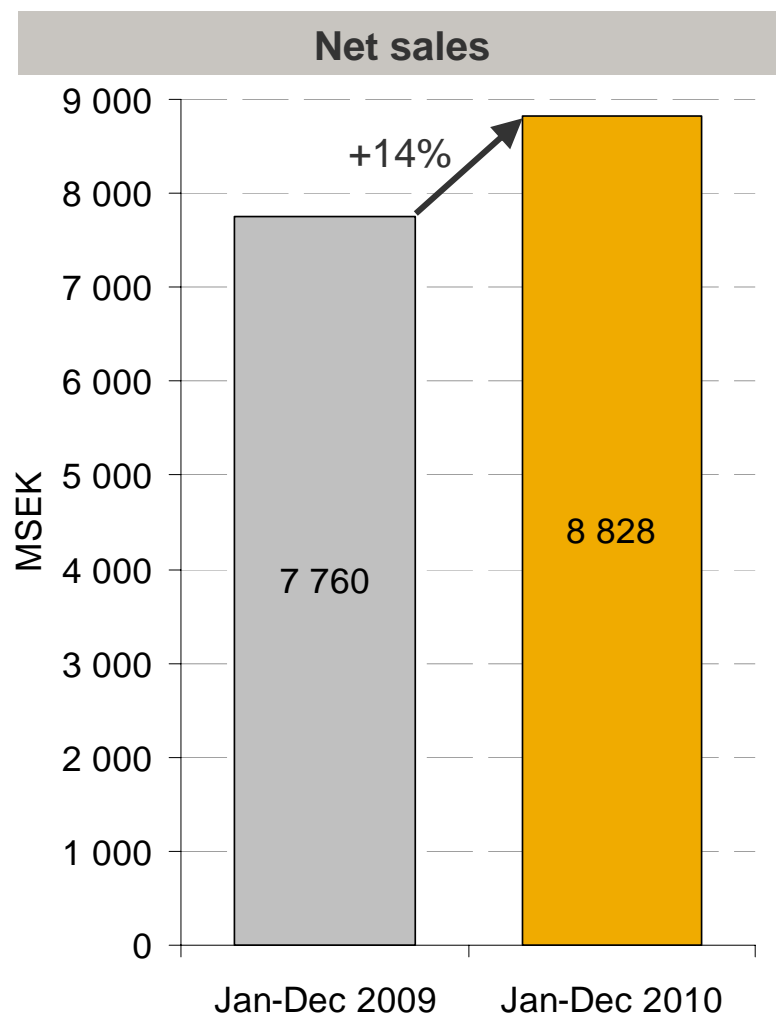
HIGHLIGHTS IN Q4 2010

- Strong Q4 results
 - » Operating profit of MSEK 326, margin 14%
- Continued strong development for packaging paper
 - » Strong demand
 - » ~6% increase in local prices (Q4 vs. Q3)
- Good results in Market Pulp
 - » Pulp market remained favourable
 - » Stable pricing
- 2010 dividend proposed to be SEK 3.50 per share (0.50)



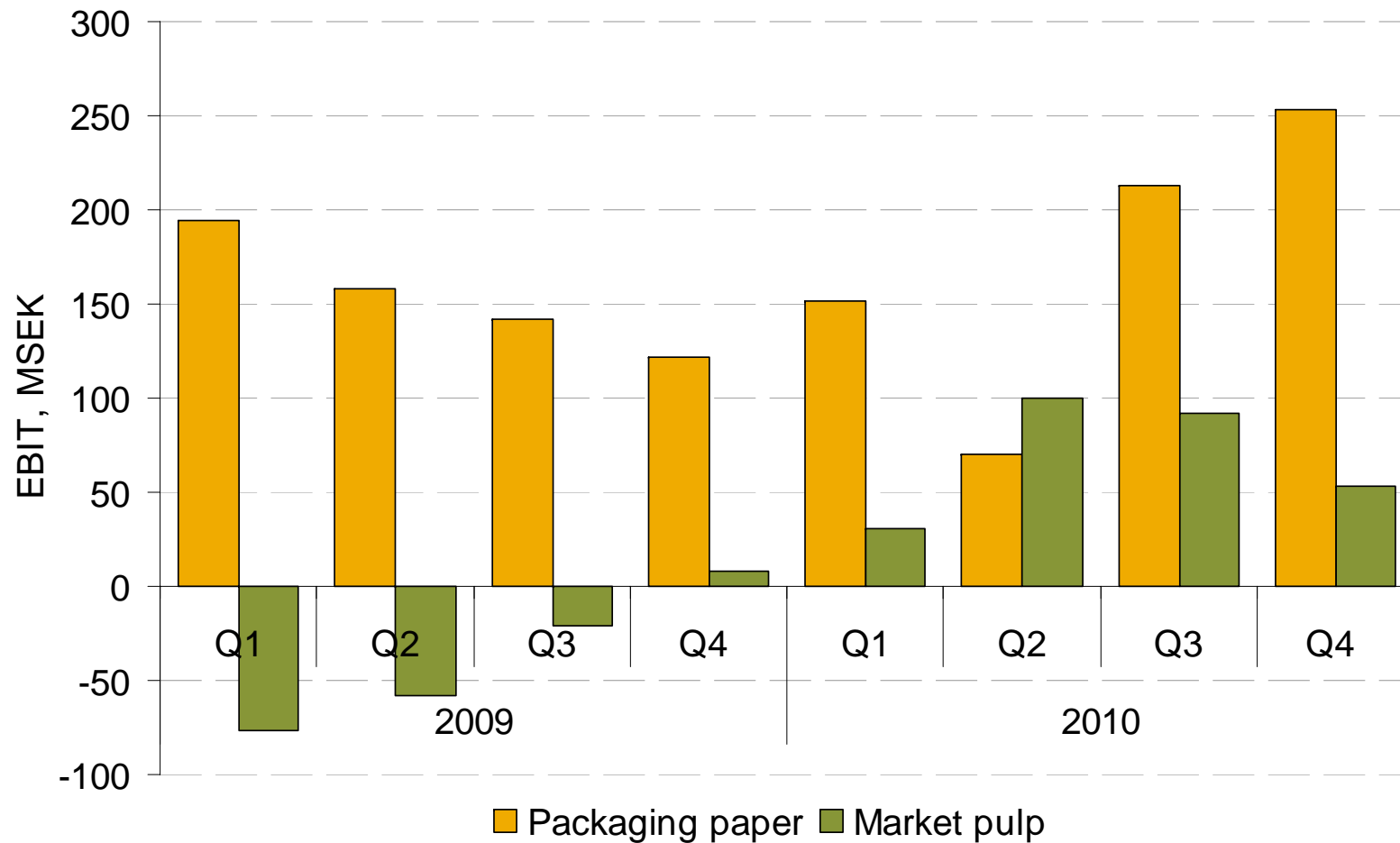


STRONG INCREASE IN NET SALES AND EBIT





STRONG DEVELOPMENT IN **PACKAGING PAPER**





BUSINESS AREAS & SEGMENTS

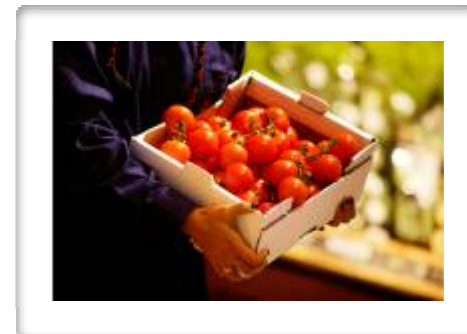
PACKAGING & SPECIALITY PAPER

Kraft & Sack Paper



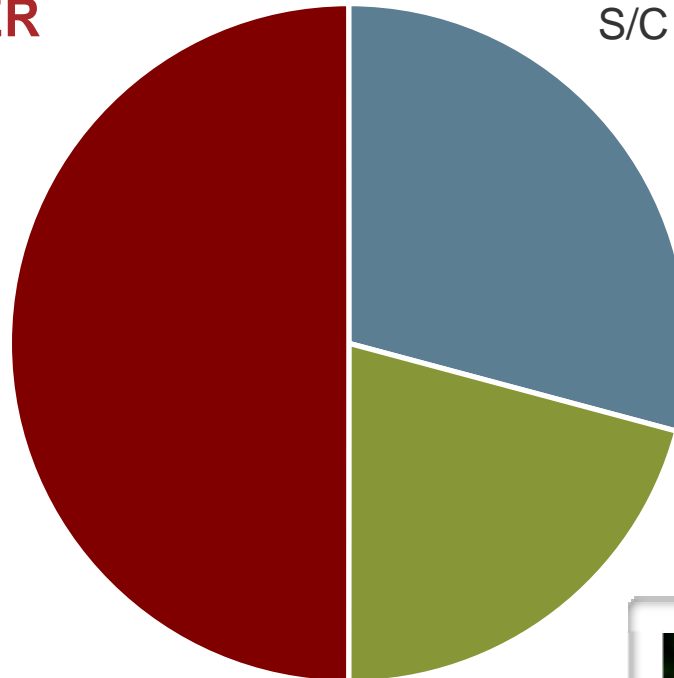
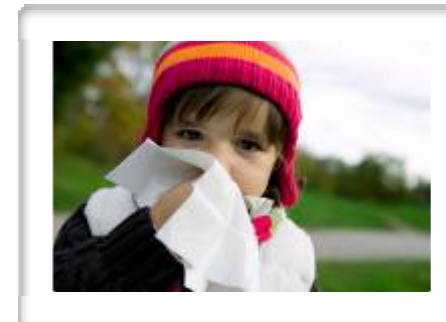
PACKAGING BOARDS

S/C Fluting, Liner, Liquid Board



MARKET PULP

Nordic Bleached
Softwood Kraft Pulp



Note: Graph shows sales breakdown per business area for Jan-Dec 2010.

PACKAGING & SPECIALITY PAPER

Market situation in Q4 2010

- Continued very good order situation during the quarter
- Implementation of announced price increases in Q3 resulted in higher price level in local currency for all products in Q4 vs. Q3
- Good prospects for additional price increases in local currency during H1 2011

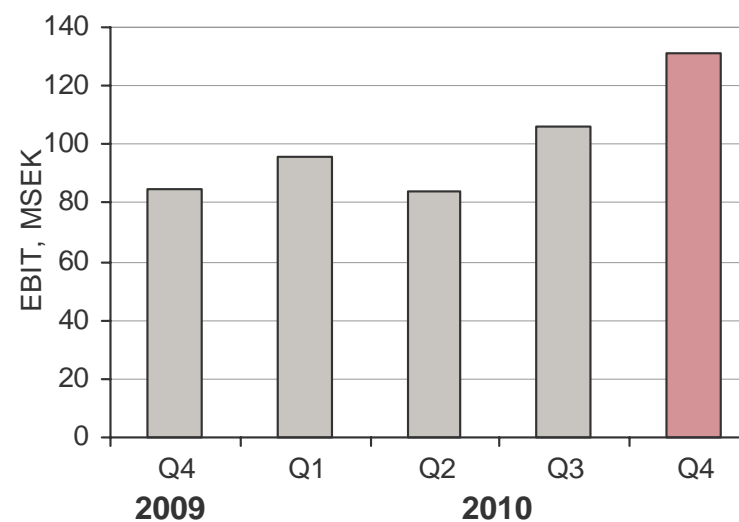




PACKAGING & SPECIALITY PAPER

Financials – Q4 2010 vs. Q3 2010

- Operating profit up by MSEK 25
- Improved prices and production efficiency



| | Q4 2010 | Q3 2010 | Q4 2009 | FY 2010 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 1,020 | 1,085 | 953 | 4,166 |
| Operating profit, MSEK | 131 | 106 | 85 | 417 |
| Operating margin, % | 13 | 10 | 9 | 10 |

PACKAGING BOARDS

Market situation in Q4 2010

- Stable order situation throughout the quarter
- Increased price level in local currency for most of the products vs. Q3
- Favorable development of containerboard market gives good prospects for additional price increases in local currency during H1 2011

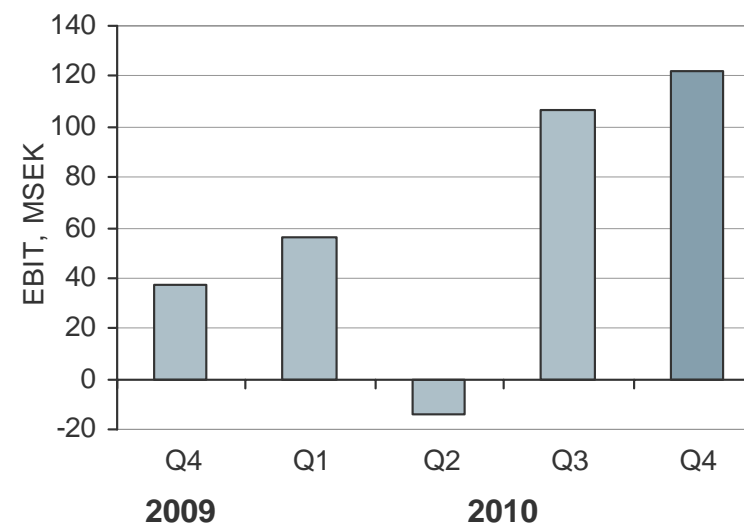




PACKAGING BOARDS

Financials – Q4 2010 vs. Q3 2010

- Operating profit up by MSEK 15
- Improved prices and production efficiency



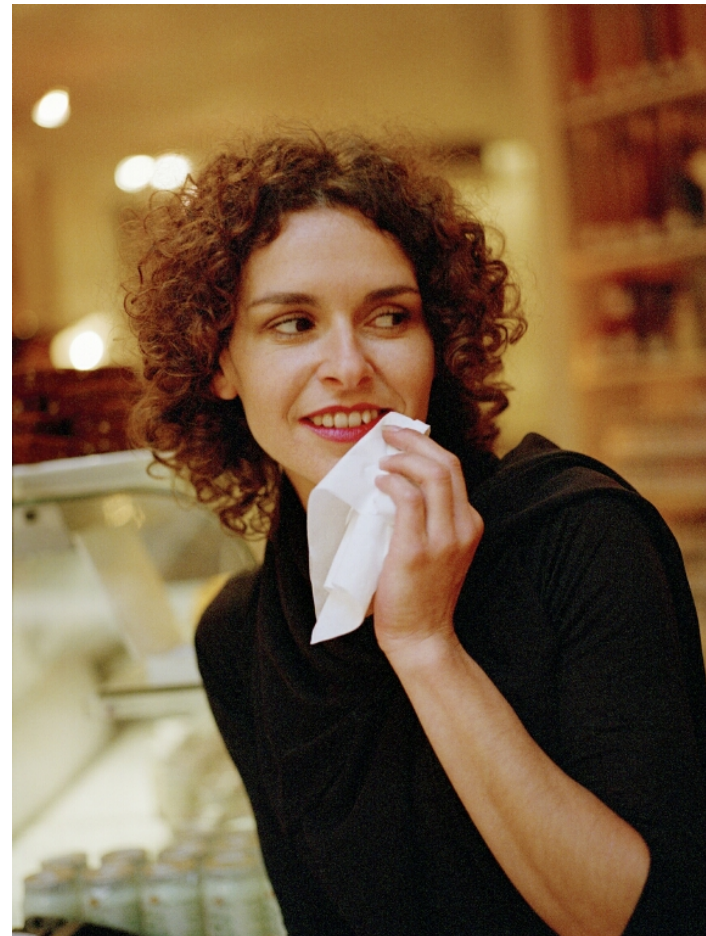
| | Q4 2010 | Q3 2010 | Q4 2009 | FY 2010 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 648 | 649 | 557 | 2,428 |
| Operating profit, MSEK | 122 | 107 | 37 | 271 |
| Operating margin, % | 19 | 16 | 7 | 11 |



MARKET PULP

Market situation in Q4 2010

- Pulp market remained favourable
- Price level in Europe fell somewhat during Q4
 - » 950 USD/ton end of Q4 vs. ~980 USD/ton during Q3
- China increased its purchases
 - » Price increases in the Chinese market

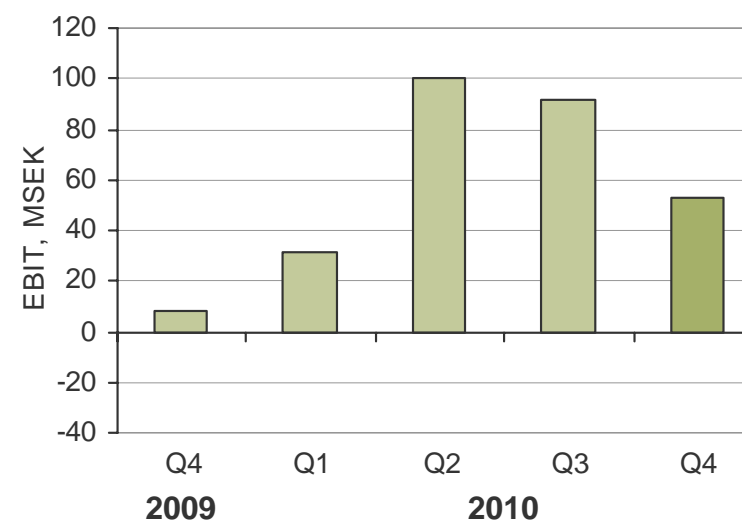




MARKET PULP

Financials – Q4 2010 vs. Q3 2010

- Operating profit down by MSEK 39
- Less favorable prices in local currency
- Stronger SEK vs. USD



| | Q4 2010 | Q3 2010 | Q4 2009 | FY 2010 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 450 | 452 | 380 | 1,731 |
| Operating profit, MSEK | 53 | 92 | 8 | 276 |
| Operating margin, % | 12 | 20 | 2 | 16 |



Q4 IN SUM

- Strong Q4 results
- Continued strong development for packaging paper
 - » Strong order situation
 - » Local price increases of 6% vs. Q3 for packaging paper
- Product and business development continues
 - » Exclusivity agreement signed with Chesapeake





FINANCIALS



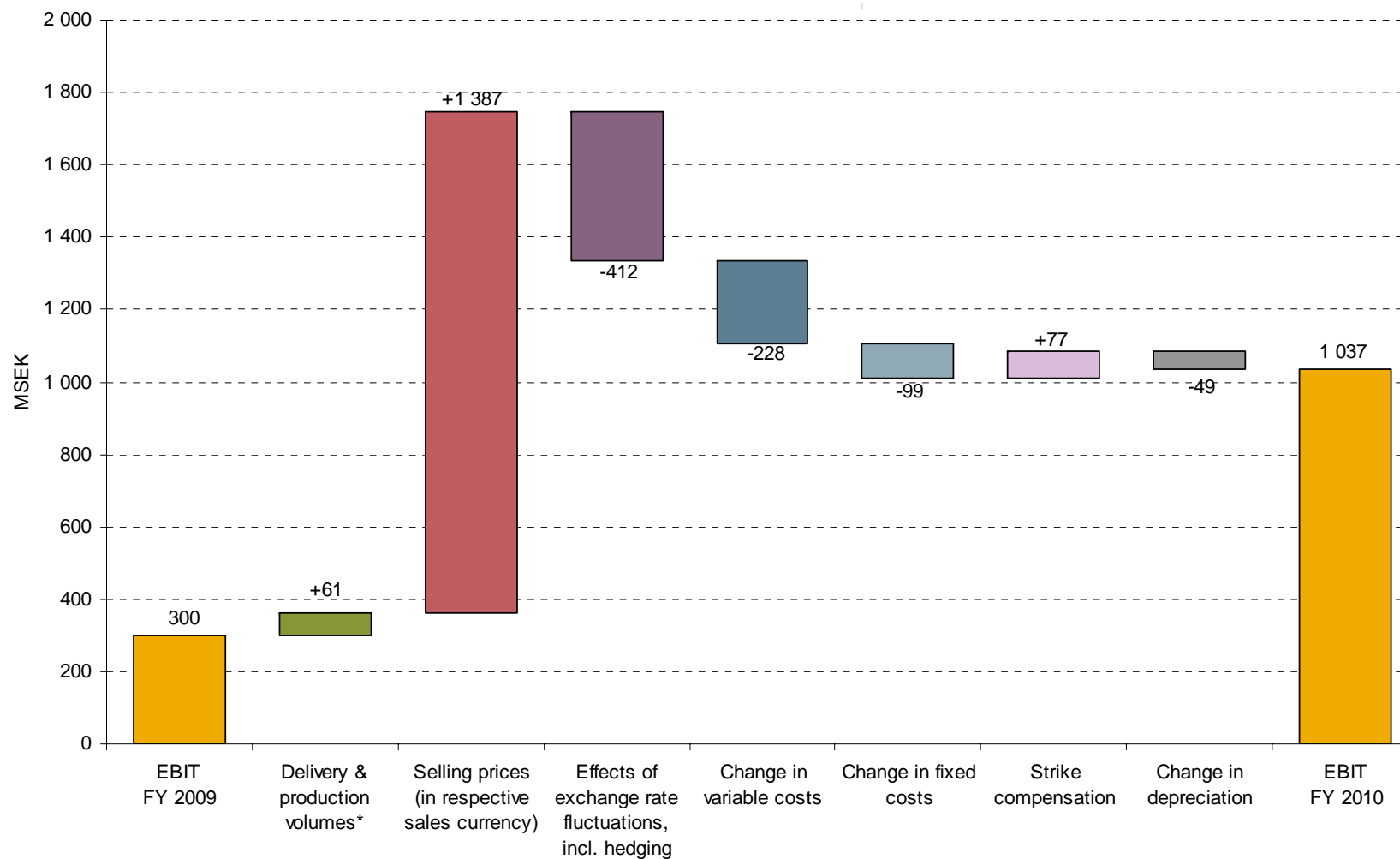


JANUARY-DECEMBER KEY FIGURES

| | Jan-Dec 2010 | Jan-Dec 2009 | vs. 2009 |
|--------------------------|--------------|--------------|----------|
| Deliveries ('000 tonnes) | 1,307 | 1,312 | +0% |
| Net sales, MSEK | 8,828 | 7,760 | +14% |
| Operating profit, MSEK | 1,037 | 300 | +246% |
| Operating margin | 12% | 4% | +8 |
| Profit/share, SEK | 6.84 | 2.04 | +235% |
| Net debt/equity ratio | 0.03 | 0.29 | +0.26 |



EBIT BRIDGE FY 2010 vs. FY 2009



* Includes product mix.

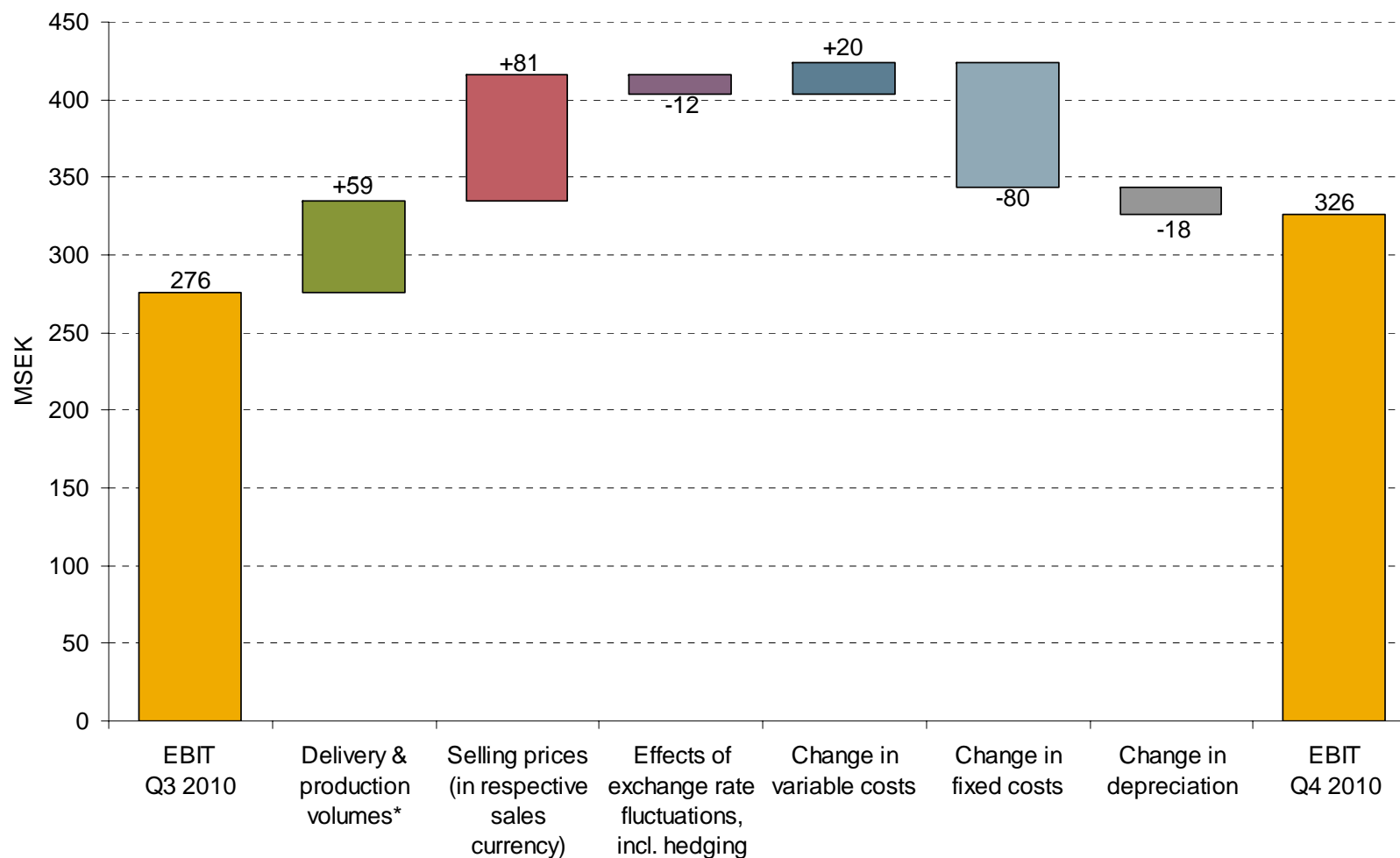


QUARTERLY KEY FIGURES

| | Q4 2010 | Q3 2010 | Q4 2009 | vs. Q3 2010 | vs. Q4 2009 |
|--------------------------|---------|---------|---------|-------------|-------------|
| Deliveries ('000 tonnes) | 323 | 332 | 336 | -3% | -4% |
| Net sales, MSEK | 2,279 | 2,251 | 2,060 | +1% | +11% |
| Operating profit, MSEK | 326 | 276 | 231 | +18% | +41% |
| Operating margin | 14% | 12% | 11% | +2 | +3 |
| Profit/share, SEK | 2.19 | 1.84 | 1.55 | +19% | +41% |
| Net debt/equity ratio | 0.03 | 0.12 | 0.29 | +0.09 | +0.26 |



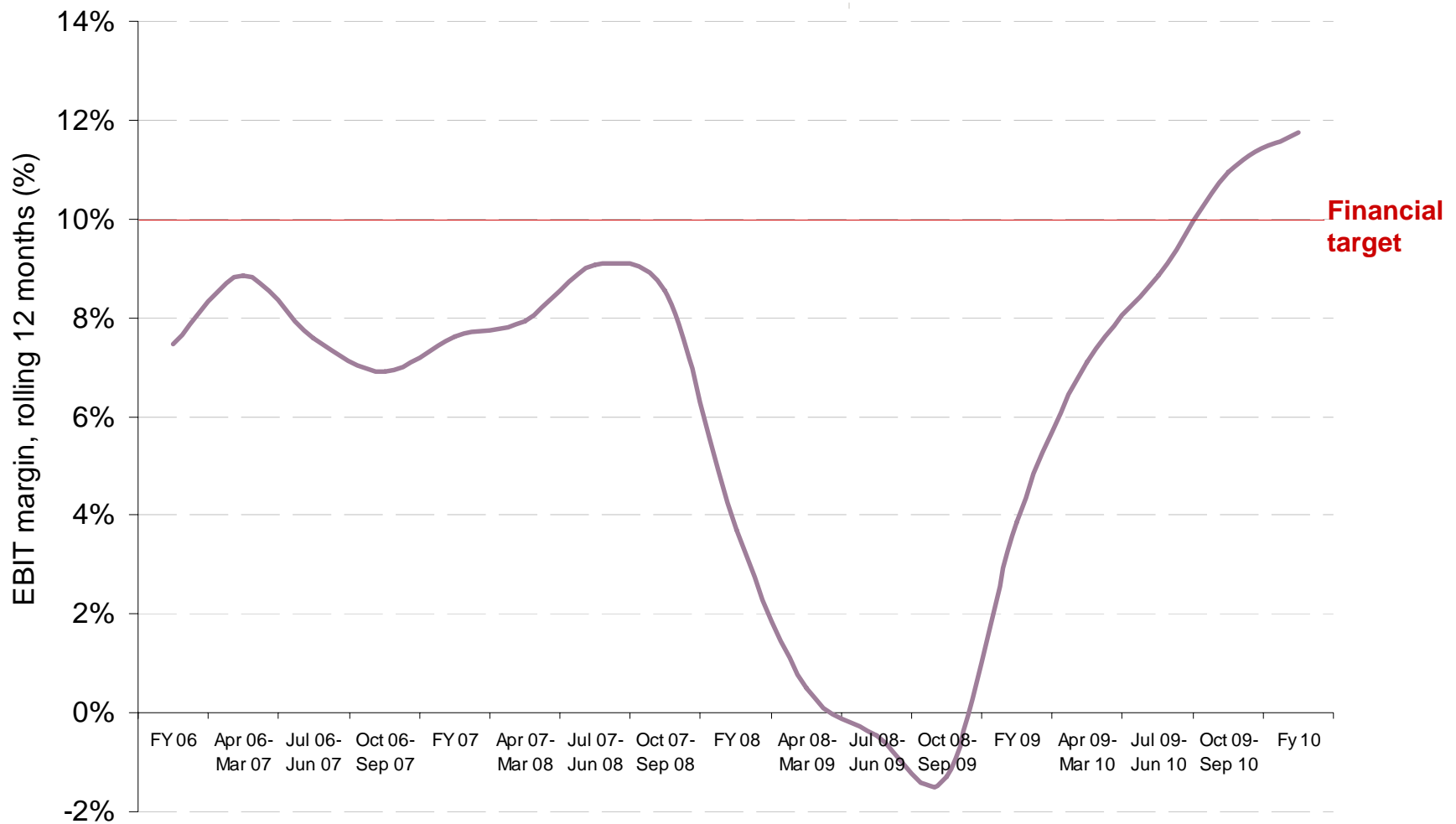
EBIT BRIDGE Q4 2010 vs. Q3 2010



* Includes product mix.



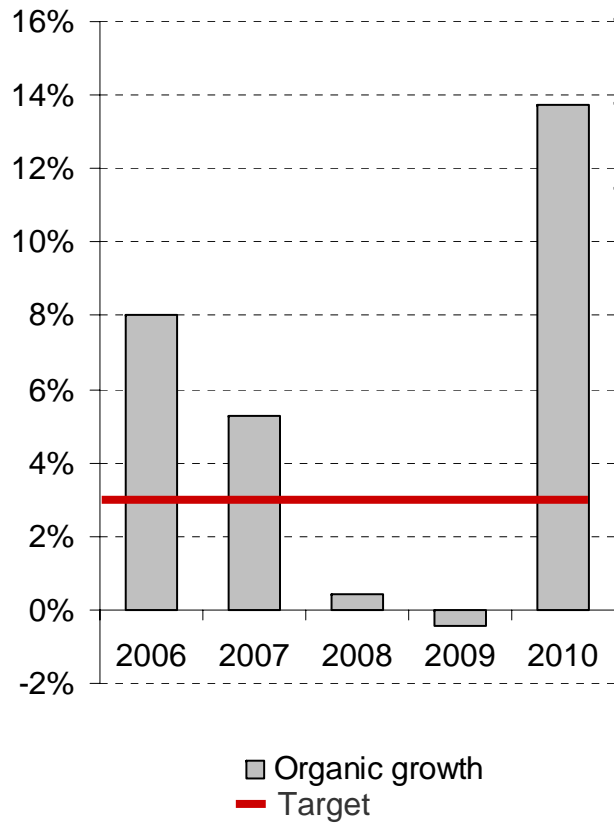
STRONG MARGIN RECOVERY



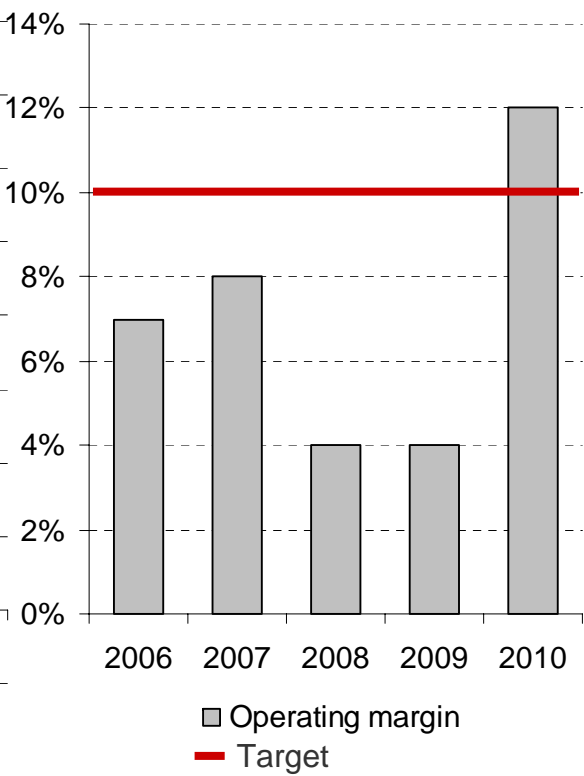


FINANCIALS TARGETS

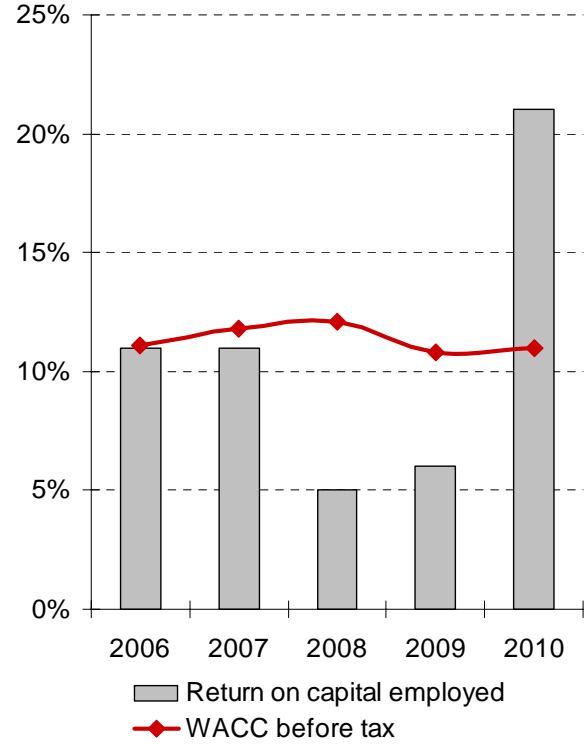
ORGANIC GROWTH



OPERATING MARGIN



RETURN ON INVESTMENTS





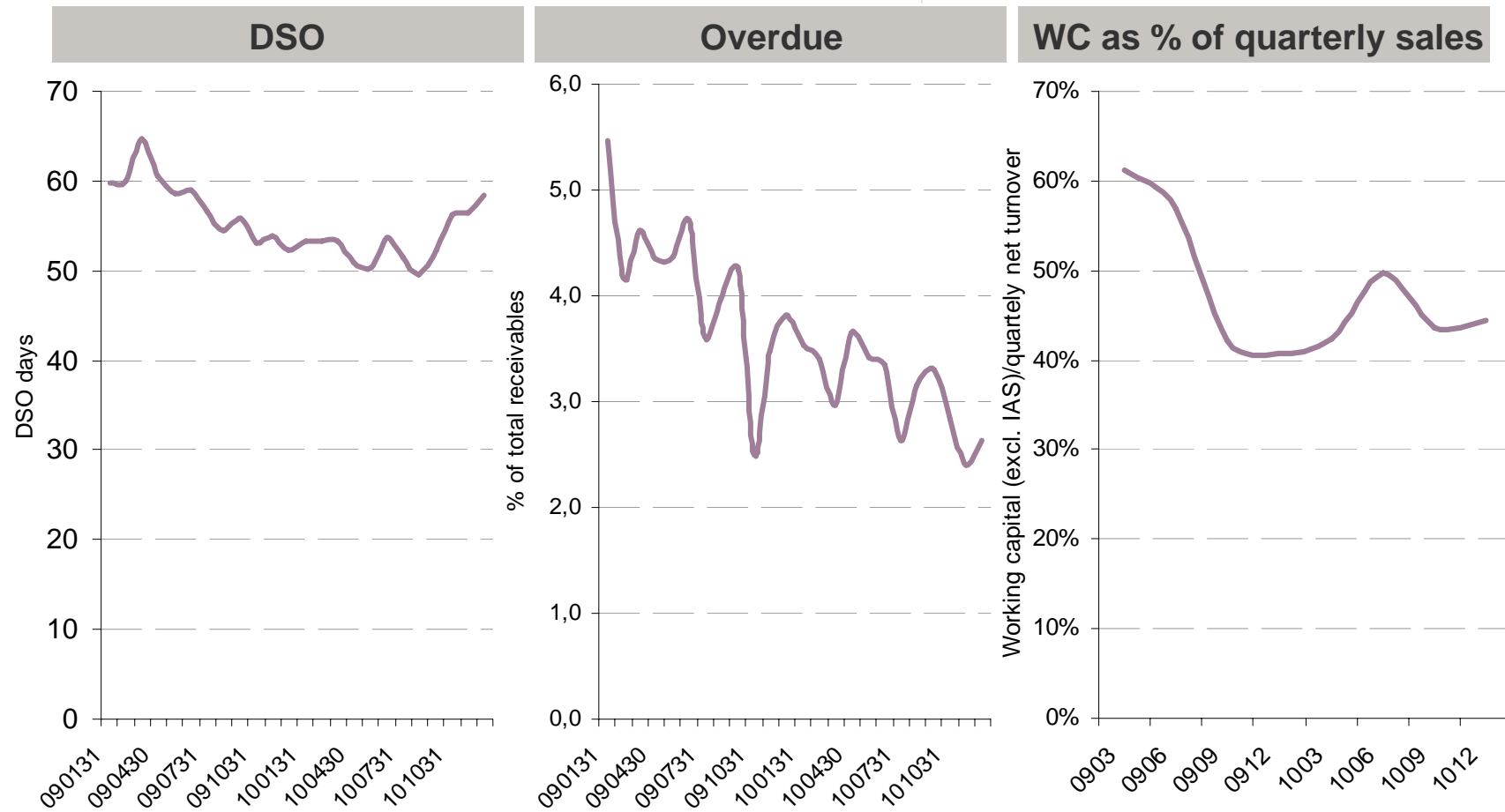
STRONG CASH FLOW

| MSEK | Q4 2010 | Q3 2010 | FY 2010 | FY 2009 |
|--|------------|------------|--------------|--------------|
| Operating surplus, etc | 506 | 417 | 1,548 | 862 |
| Change in working capital, etc. | -38 | 67 | -70 | 116 |
| Net financial items, taxes, etc. | -7 | -20 | -85 | -124 |
| Cash flow from operating activities | 461 | 464 | 1,393 | 854 |
| Current net investments | -81 | -113 | -331 | -257 |
| Business combinations | - | - | - | -35 |
| Operating cash flow | 380 | 351 | 1 062 | 562 |
| Rights issue | - | - | - | 925 |
| Dividend | - | - | -52 | - |
| Other items, not affecting cash flow | -10 | 1 | -13 | -22 |
| Change in net debt ¹⁾ | 370 | 352 | 997 | 1 465 |

¹⁾ Minus equals increase in net debt

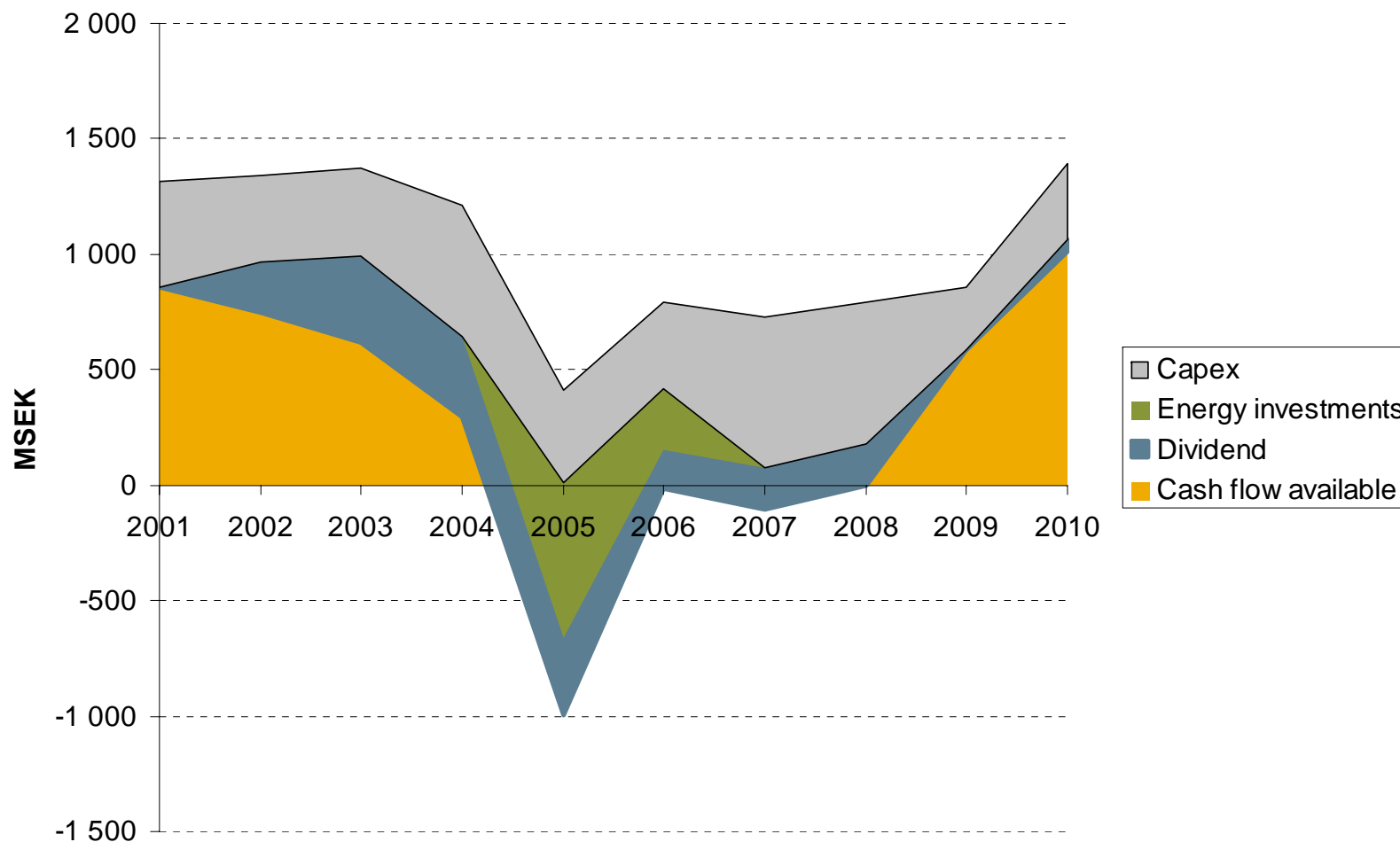


GOOD WORKING CAPITAL DEVELOPMENT





CASH FLOW GENERATION TRACK RECORD



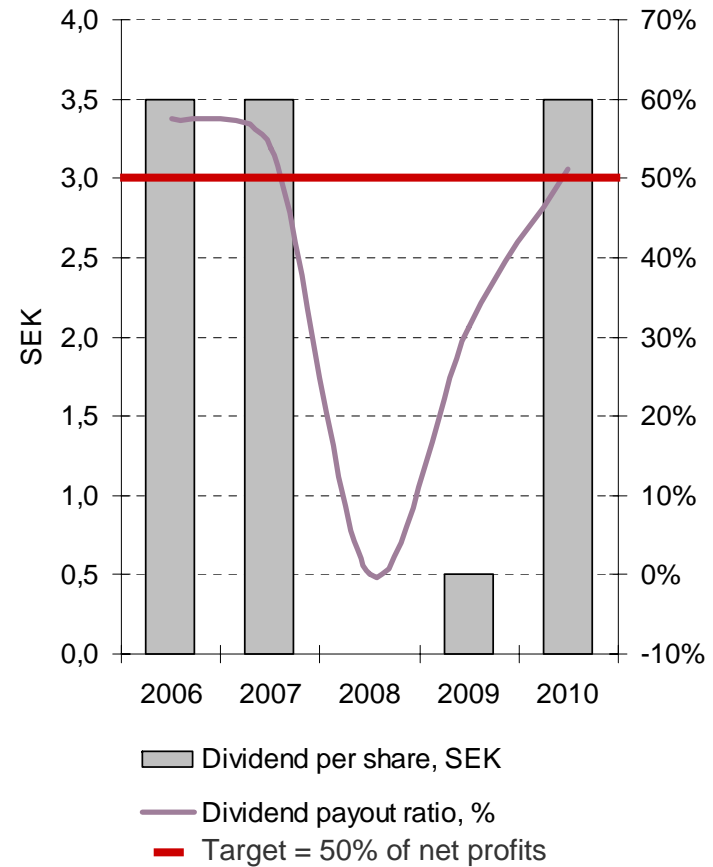


FINANCIALS TARGETS

NET DEBT TO EQUITY



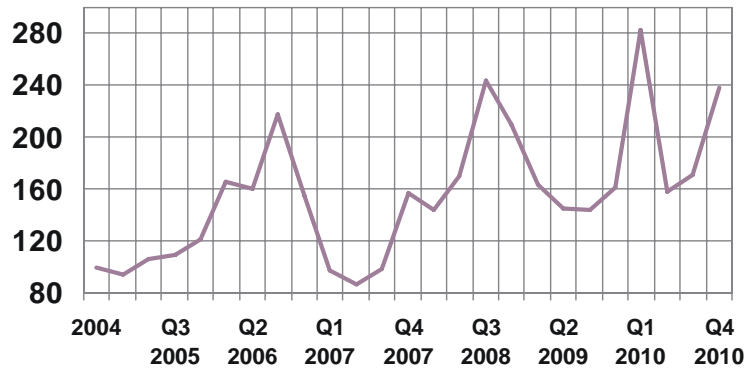
DIVIDEND





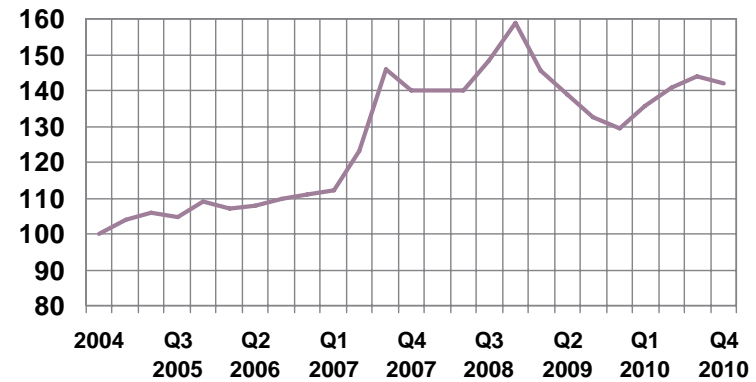
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



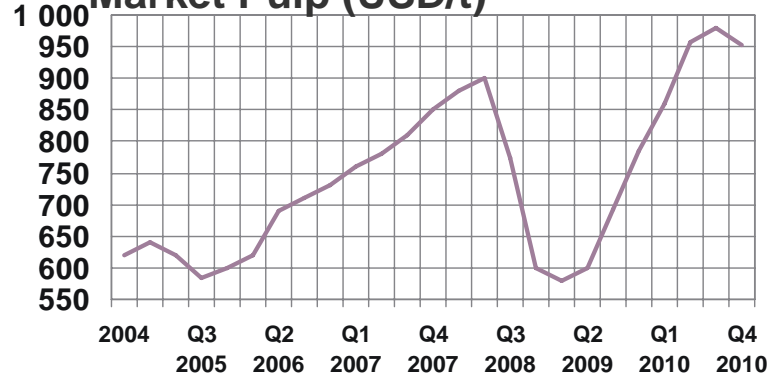
Source: Nordpool. *Price area Sweden

Wood price index



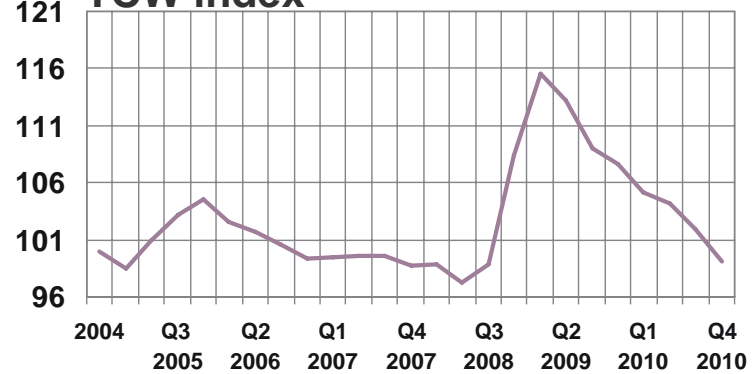
Source: Billerud

Market Pulp (USD/t)



Note: Average price for the quarter

TCW index



Source: Riksbanken



CURRENCY EFFECT OF A STRONGER SEK

| | Average rate Q4 2010 | Spot rate 9 Feb 2011 | Δ |
|-----|-------------------------|-------------------------|----------|
| EUR | 9.22 | 8.79 | -5% |
| USD | 6.78 | 6.44 | -5% |
| GBP | 10.72 | 10.36 | -3% |

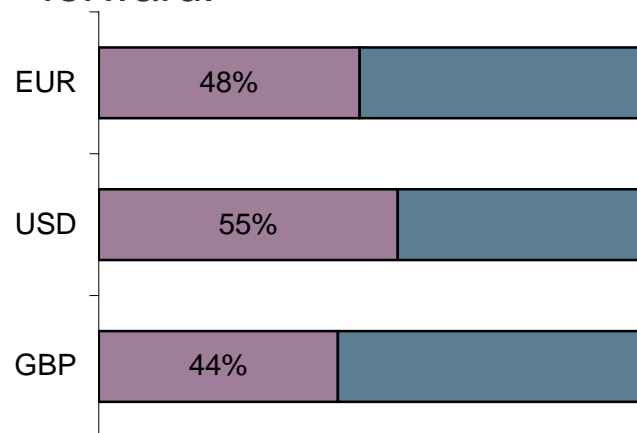
How do we manage?

- Price increases
- Hedging in the short-run
- Customer and market mix to some extent



CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 79 for Q4 2010 and MSEK 344 for FY 2010
- Market value of outstanding contracts not relating to accounts receivables was MSEK 144 (as of 31/12-10)
- Hedge level 12 months forward:



| | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | Oct-Dec 2011 | Jan-Mar 2012 | Total 12 months |
|--|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Average hedged currency rates <i>(hedged net flows)</i> | 9.64 <i>(86%)</i> | 9.43 <i>(54%)</i> | 9.40 <i>(30%)</i> | 9.46 <i>(48%)</i> | 9.48 <i>(48%)</i> | 9.51 <i>(48%)</i> |
| Average hedged currency rates <i>(hedged net flows)</i> | 7.08 <i>(82%)</i> | 7.42 <i>(61%)</i> | 7.97 <i>(38%)</i> | 6.98 <i>(15%)</i> | - | 7.35 <i>(55%)</i> |
| Average hedged currency rates <i>(hedged net flows)</i> | 10.86 <i>(85%)</i> | 11.05 <i>(52%)</i> | 11.03 <i>(31%)</i> | 10.90 <i>(12%)</i> | - | 10.94 <i>(44%)</i> |

Note: Data in table and graph are as of 31 December, 2010.



OUTLOOK



OUTLOOK

- The order situation remain good or very good within most of Billerud's packaging paper areas, which will enable a continued positive development within Billerud's packaging paper and packaging paper solutions segments.
- Good prospects for additional price increases in local currency for packaging paper which counteract the currency effects of a weaker EUR against SEK.
- A weaker USD reduced the operating margin for the Market Pulp business area.





Q&A

