

Board statement concerning its proposal for the profit dividend for the 2005 financial year

As reported on page 51 of the 2005 Annual Report, non-restricted equity in the parent company, Billerud AB, amounted to MSEK 418 on 31 December 2005. Billerud's Board proposes that the dividend for 2005 be SEK 3.25 per share, or a total of MSEK 167. It is proposed that the remaining amount be carried forward. The reason for the proposal is as follows:

According to Billerud's financial goals the dividend shall be 50% of the net profit over a business cycle. The Board's proposal means that the dividend for the years 2001 to 2005 will be 53% of the net profit.

At the end of 2005 Billerud's net debt/equity ratio was 0.99 and it is expected to increase slightly in 2006. The fact that the net debt/equity ratio is above the target of 0.6 to 0.9 is due exclusively to the fact that major investments were made in energy equipment in the period 2004 to 2006. These investments have a short payback time and are expected to produce an increase in profit before depreciation of around MSEK 250 per year, starting by the end of 2006. Increased cash flow will mean that the net debt/equity target will be achieved in coming years.