INTERIM REPORT JAN-JUNE 2009

Per Lindberg, CEO
Bertil Carlsén, CFO

23 July, 2009

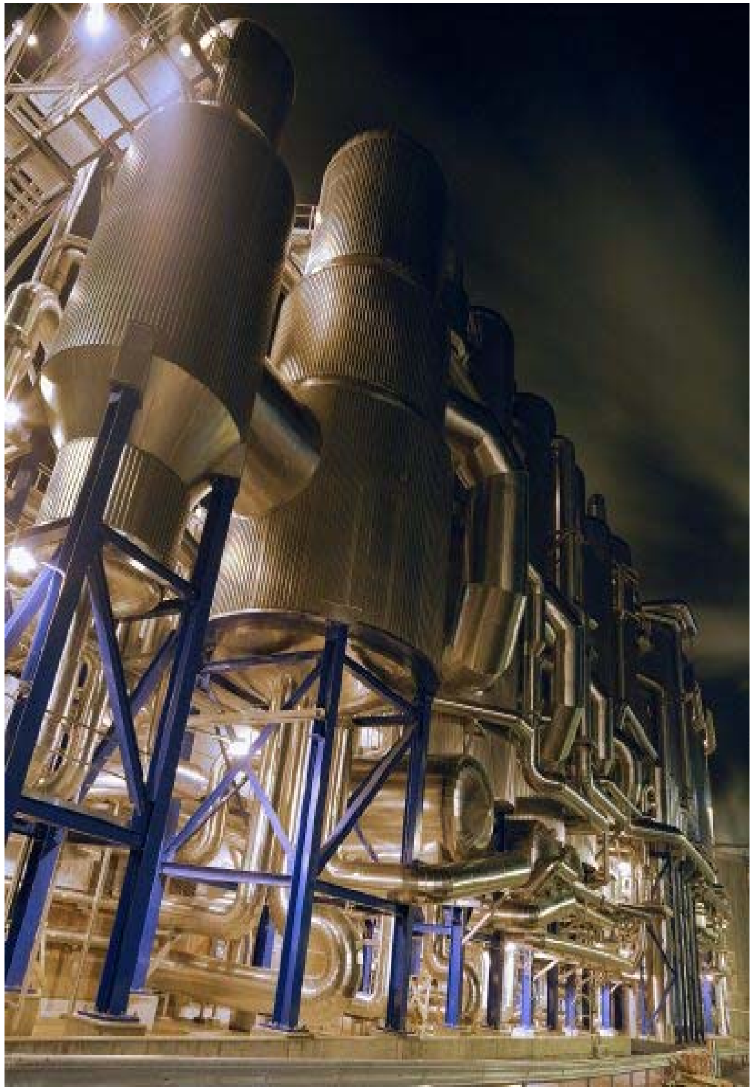
BILLERUD

JAN-JUNE 2009 – AGENDA

- Highlights
- Challenges & Actions
- Development by Business area
- Financials
- Outlook
- Rights Issue

HIGHLIGHTS Q2 2009

- Turnaround to positive results
  - » Operating profit MSEK 42 in Q2 (Q1 MSEK -37).
  - » Operating margin 2% in Q2 (Q1 -2%)
- Deliveries in line with corresponding period last year (both Jan-June and Q2)
- Improved market balance for market pulp has lead to price increases
- Proposed rights issue of MSEK 1 000



ACHIEVEMENTS IN Q2 2009

- Increased volumes for kraft paper
- Lower input prices
- Cost reductions continued

BILLERUD

CHALLENGES

- Prices under pressure
- Continued uncertainty about future demand
- Profitability within market pulp

BILLERUD IS OPERATING WITHIN STABLE NICHES

- » Packaging paper strong market positions – relatively more stable volumes
- » Improved currency situation – delayed effects due to hedging
- » Market pulp still a problem but sequential improvement since Q4 2008

EBIT COMPARISON PER PRODUCT AREA

Product area	EBIT Q2 09 (MSEK)	EBIT % Q2 09	Deviation vs. Q1 09 (MSEK)	Deviation vs. Q2 08 (MSEK)
Packaging paper (80% of sales)	158	10%	-36	58
Market Pulp (20% of sales)	-58	-19%	19	-43
Other incl. currency hedging	-58	-	96	-87
Total	**42**	**2%**	**79**	**-72**

KEY FIGURES

April-June 2009 vs. Jan-March 2009

	Q2 2009	Q1 2009	vs. Q1 2009
Deliveries (‘000 tonnes)	323	325	0%
Net sales, MSEK	1,907	1,900	0%
Operating profit, MSEK	42	-37	NA
Operating margin	2%	-2%	+4
Profit/share, SEK	0.16	-0.76	NA
Debt/Equity ratio	0.97	1.08	+0.11

BUSINESS AREAS & SEGMENTS

Packaging & Speciality Paper

MG, MF & Sack Paper



Packaging Boards

S/C Fluting, Liner, Liquid Board



Market Pulp

Nordic Bleached Softwood Kraft Pulp

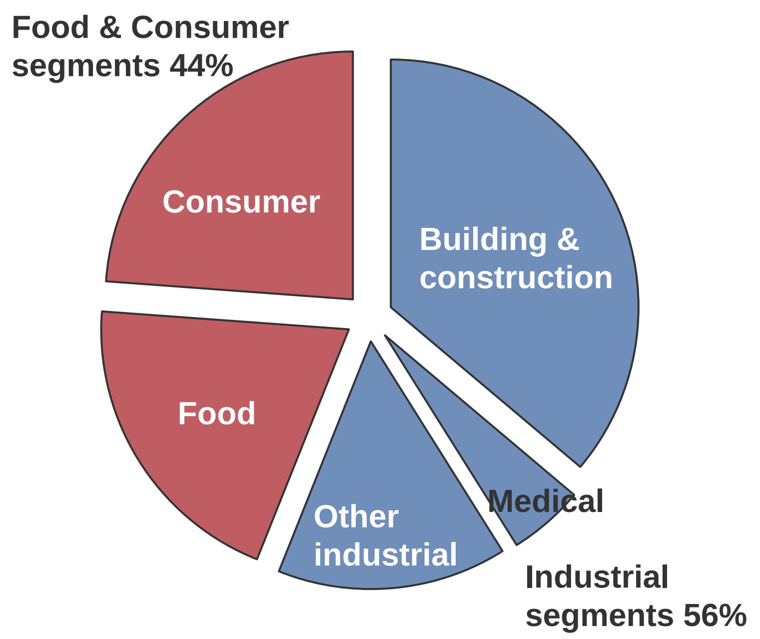

PACKAGING & SPECIALITY PAPER

Market situation

Q2

- Deliveries up 12% compared to Q1 2009
- No market related production curtailments
- Price pressure within many segments
- Both demand and deliveries at satisfactory levels – customers have confirmed Billerud’s position as leading independent quality supplier

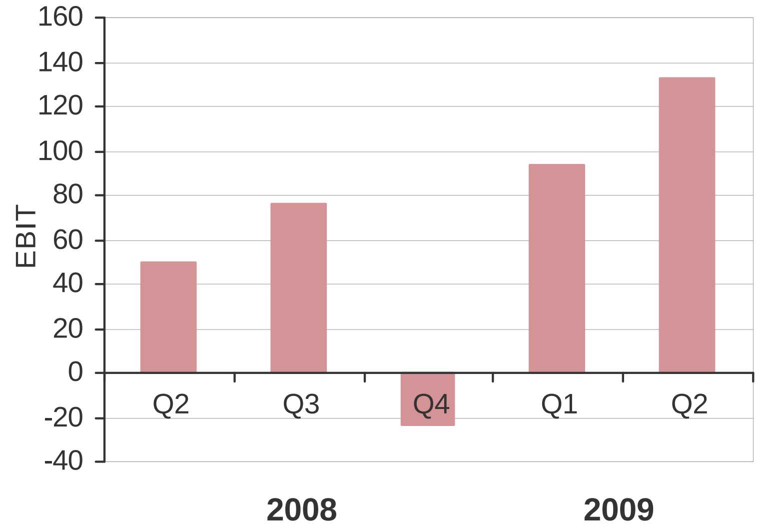
Portion of sales volumes



PACKAGING & SPECIALITY PAPER

Financials

- Sales and profit up compared to Q1 2009 due to higher volumes, better product- and customer mix and lower variable costs.



	Q2 2009	Q1 2009	Q2 2008	2008
Net sales, MSEK	1,023	993	976	3,832
Operating profit, MSEK	133	94	50	244
Operating margin, %	13	9	5	6

BILLERUD

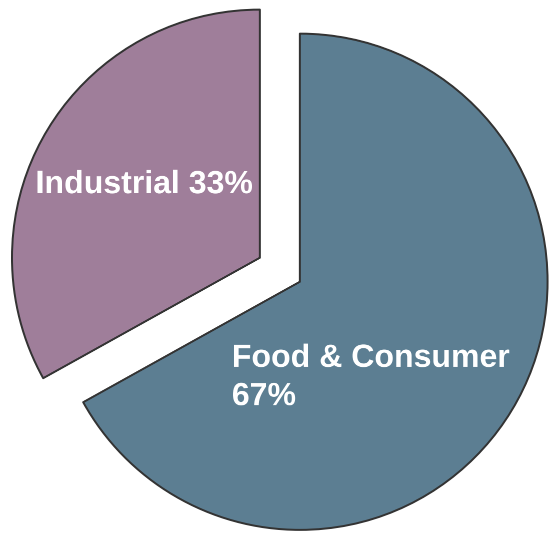
PACKAGING BOARDS

Market situation

Q2

- Deliveries down by 9% compared to Q1 2009, partly due to seasonal variation and partly due to general decline in demand on corrugated market
- Prices under pressure, however early indications that price decline has flattened out
- Deliveries of fully bleached kraftliner at same level as Q1 2009, despite pressure from testliner over capacity
- Partnership deal signed with Rigesa on fruit exports from Brazil and India to Europe

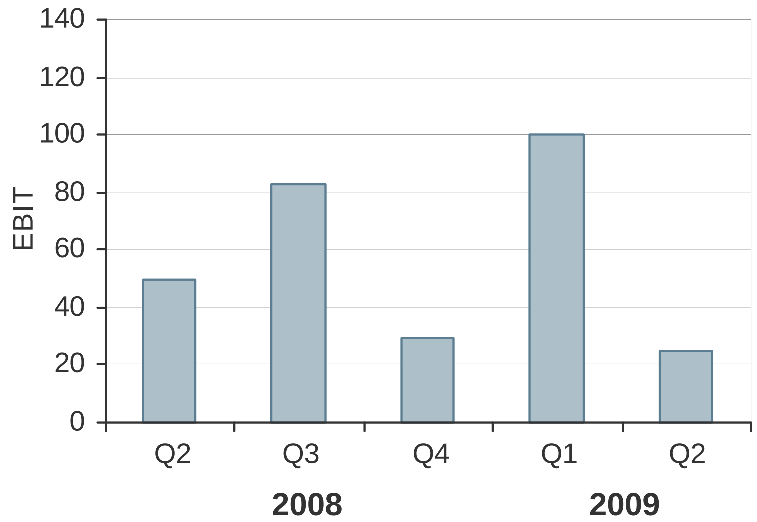
Portion of sales volumes



BILLERUD

PACKAGING BOARDS
Financials

- Sales and profit down compared to Q1 2009 due to lower volumes and lower prices.



	Q2 2009	Q1 2009	Q2 2008	2008
Net sales, MSEK	573	667	566	2,364
Operating profit, MSEK	25	100	50	248
Operating margin, %	4	15	9	10

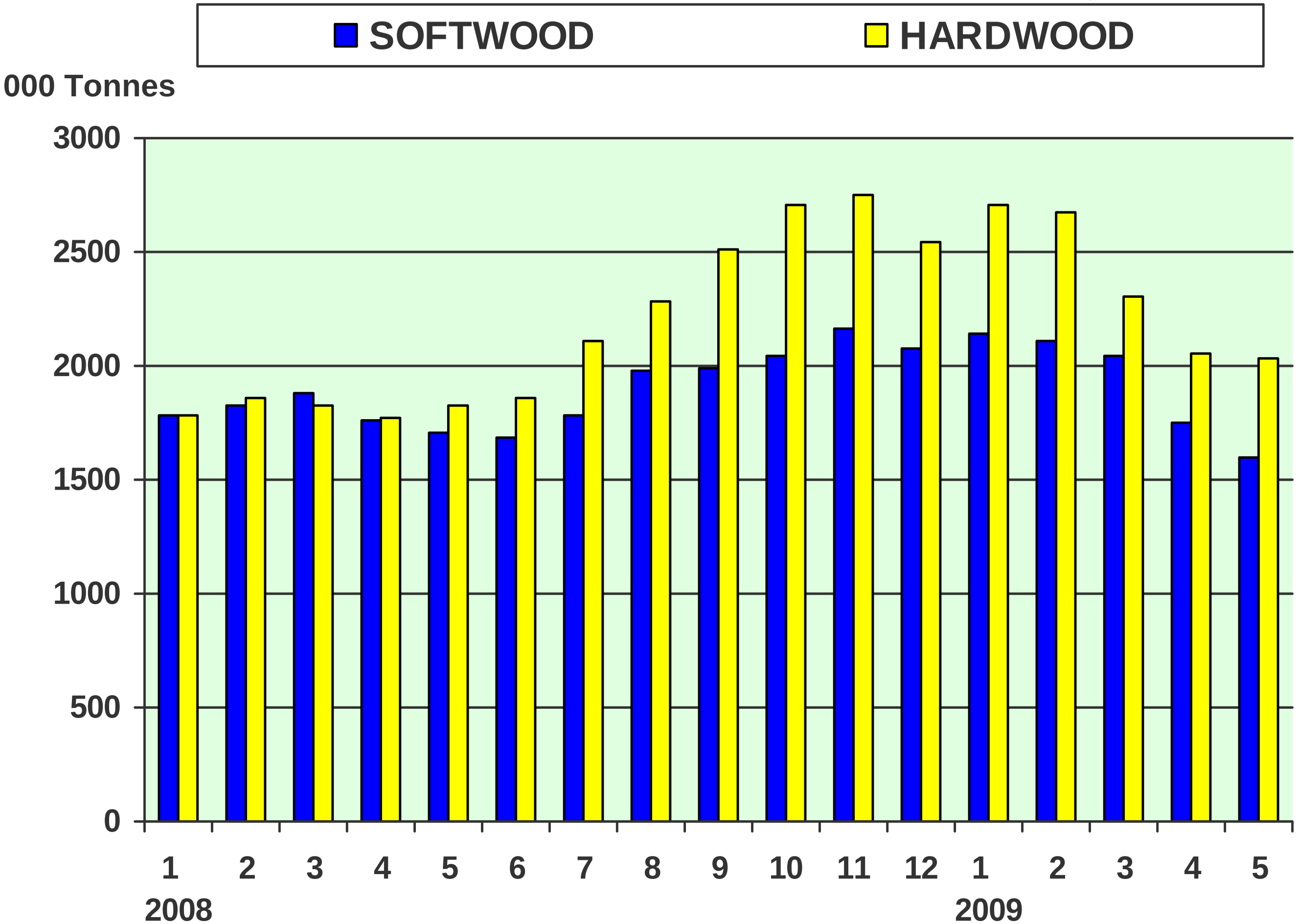
MARKET PULP
Market situation

Q2

- Improved balance on market as capacity reductions give effect
- Prices up from USD ~580/t in Q1 2009 to USD ~630/t at end of Q2 2009
- Prices increase in July to USD 660

BILLERUD

WORLD STOCKS AND DAYS OF SUPPLY BSKP AND BHKP BY MONTH 2008-2009



SOFTWOOD

	Monthly Capacity 000 tonnes	Stocks end of month	Days of supply (PMC)	Days of demand (3M,SHIPMENT)
May-08	1936	1702	27	29
June	1874	1682	27	29
July	1960	1786	28	31
Aug	1960	1982	32	36
Sep	1848	1990	32	36
Oct.	1910	2044	33	38
Nov.	1848	2158	35	41
Dec-08	1910	2074	35	40
Jan-09	1860	2138	36	43
Feb	1680	2108	35	41
Mar	1860	2045	34	40
Apr	1820	1754	29	32
May-09*	**1855**	**1595**	**27**	**29**

*) New capacity

HARDWOOD

	Monthly Capacity 000 tonnes	Stocks end of month	Days of supply (PMC)	Days of demand (3M,SHIPMENT)
May-08	1800	1823	31	34
June	1684	1856	32	35
July	1740	2104	37	41
Aug	1755	2281	41	47
Sep	1723	2507	44	54
Oct.	1780	2704	47	59
Nov.	1723	2747	48	60
Dec-08	1780	2541	44	52
Jan-09	1780	2707	47	56
Feb.	1610	2670	47	53
Mar.	1780	2302	41	46
Apr.	1740	2051	36	38
May-09*	**1870**	**2035**	**34**	**38**

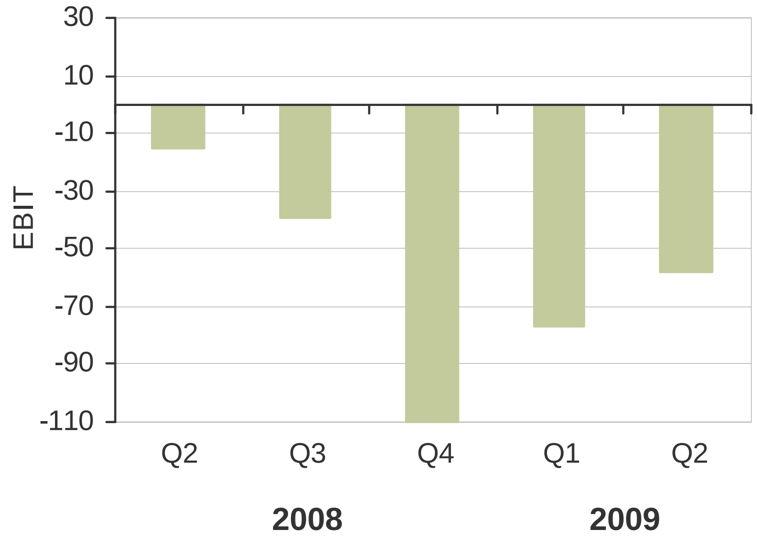
*) New capacity

Source: Market Pulse 2009 06 24
D13 ppt

May figure is estimated and will be revised when raw data is available, this will happen when the June data will be released.

MARKET PULP
Financials

- Earnings up compared to Q1 2009 due to somewhat higher prices and lower variable costs.

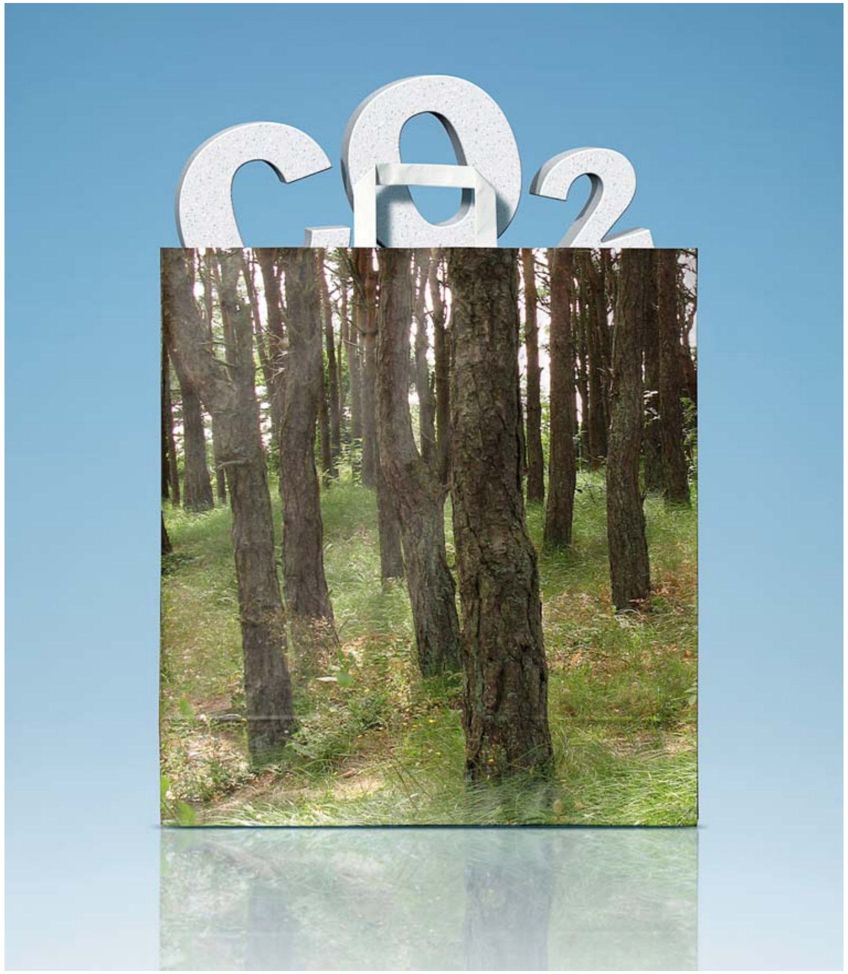


	Q2 2009	Q1 2009	Q2 2008	2008
Net sales, MSEK	310	323	366	1,499
Operating profit, MSEK	-58	-77	-15	-145
Operating margin, %	-19	-24	-4	-10

BILLERUD

Q2 IN SUM

- Positive results
- Improved deliveries and order books
- Continued uncertainty about future demand
- Proposed rights issue of MSEK 1 000
- Confirmed position as leading independent quality supplier



BILLERUD

CONFIRMED POSITION
AS INDEPENDENT QUALITY SUPPLIER

- » Tenova Bioplastics
- » Fresh Services
- » Nine Total Packaging Partner
- » Billerud Pack Lab
- » Billerud Box Lab
- » Etc…

GRASPING OPPORTUNITIES

-Leveraging our multi machine structure

To further improve market position

- FibreForm
- CupStock
- EcoGold
- QuickFill Single
- Tea Sachets
- Etc…

FINANCIALS

BILLERUD

KEY FIGURES
Jan-June 2009 vs. Jan-June 2008

	Jan-June 2009	Jan-June 2008	vs. Jan-June 2008
Deliveries (‘000 tonnes)	648	655	-1%
Net sales, MSEK	3,807	4,045	-6%
Operating profit, MSEK	5	328	-96%
Operating margin	0%	8%	-8
Profit/share, SEK	-0.60	3.63	NA
Debt/Equity ratio	0.97	1.02	+0.05

REASON FOR EBIT DEVELOPMENT
Jan-June 2009 vs. Jan-June 2008

	Jan-June 09 vs. 08	Q2 09 vs. 08	Q1 09 vs. 08
Delivery and production volumes, including product mix	3	66	-63
Sales prices (in respective sales currency)	-642	-363	-279
Change in variable costs	-25	43	-68
Change in fixed costs	88	51	37
Change in depreciation	-30	-14	-16
Effects of exchange rate changes, including hedging*	283	145	138
Total effect in operating profit	-323	-72	-251

*** Effects of exchange rate changes amounting to MSEK 283 are divided into the following components: improved spot rates MSEK 499, currency hedging MSEK -259 and other effects net MSEK 43.**

EBIT COMPARISON PER PRODUCT AREA

Product area	EBIT Jan-July 09 (MSEK)	EBIT % Jan-July 09	Deviation vs. Jan-July 2008 (MSEK)
Packaging paper (80% of sales)	352	11%	+25
Market Pulp (20% of sales)	-135	-21%	-139
Other incl. currency hedging	-212	-	-209
Total	**5**	**0%**	**-323**

BILLERUD

KEY FIGURES

April-June 2009 vs. Jan-March 2009

	Q2 2009	Q1 2009	vs. Q1 2009
Deliveries (‘000 tonnes)	323	325	0%
Net sales, MSEK	1,907	1,900	0%
Operating profit, MSEK	42	-37	NA
Operating margin	2%	-2%	+4
Profit/share, SEK	0.16	-0.76	NA
Debt/Equity ratio	0.97	1.08	+0.11

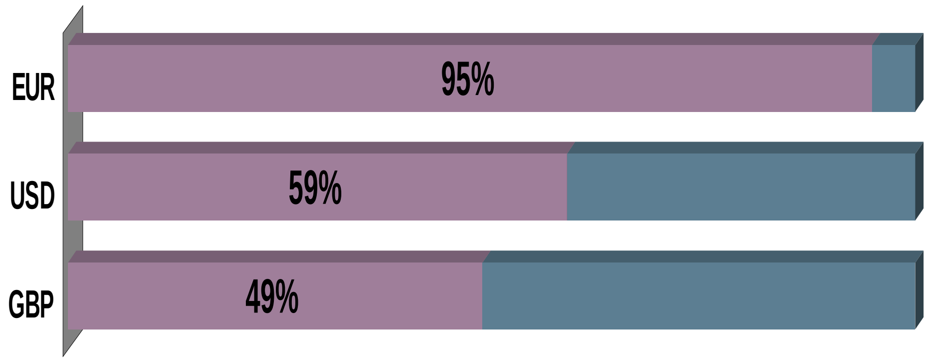
MAIN FACTORS BEHIND QonQ RESULT IMPROVEMENT

- Reduced negative effect of currency hedging
- Volume and product mix improvement (kraft paper)
- Input cost (wood, chemicals, electricity)
- Cost reduction efforts

BILLERUD

CURRENCY SITUATION

- Negative profit effect of net flow hedging MSEK -193 for Jan-June 2009, MSEK -42 for Q2 2009
- Market value of outstanding contracts not relating to accounts receivable as of 30 June 2009 amounted to MSEK 20
- Hedge level 15 months forward:



April-June 2009		Oct-Dec 2009	Jan-June 2010	July-Sept 2010	Total 15 months
Average hedged currency rates	Average current rates	Average hedged currency rates *(hedged flows)*	Average hedged currency rates *(hedged flows)*	Average hedged currency rates *(hedged flows)*	Average hedged currency rates *(hedged flows)*
9.87	10.78	9.91	11.05	11.02	10.53
		(100%)	*(98%)*	*(82%)*	*(95%)*
7.53	7.92	8.38	8.46	7.96	8.26
		(91%)	*(50%)*	*(4%)*	*(59%)*
12.32	12.27	12.39	12.47	12.85	12.42
		(73%)	*(39%)*	*(4%)*	*(49%)*

Situation as per 13 July 2009

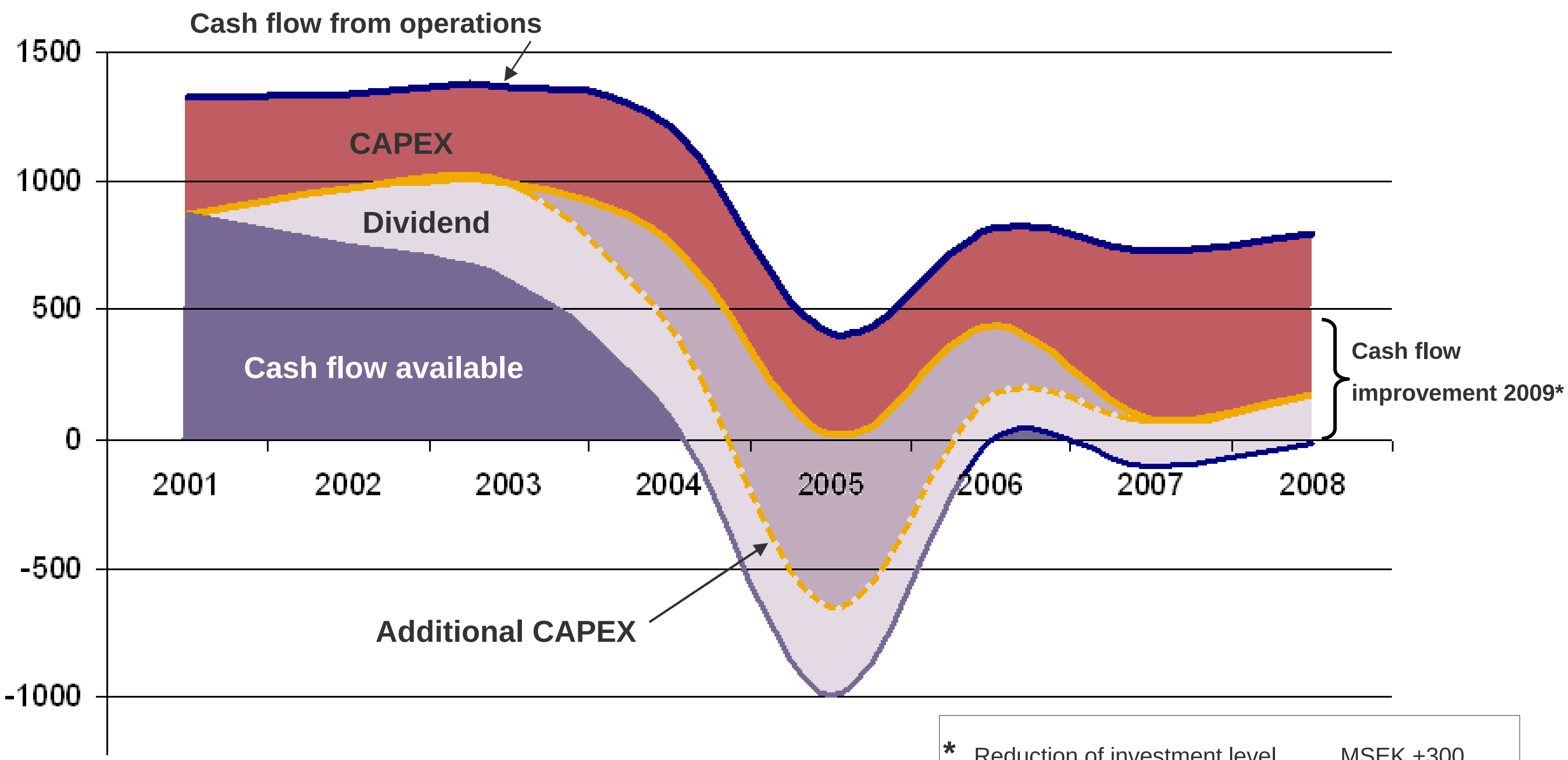
CASH FLOW

MSEK	Q2 2009	Q1 2009	Q2 2008	Jan-June 2009	Jan-June 2008
Operating surplus etc	+214	+49	+198	+263	+544
Working capital change	+56	-163	+10	-107	-246
Finance net, taxes	-42	-46	-47	-88	-81
Cash flow from operating activities	+228	-160	+161	+68	+217
Capex	-58	-45	-216	-103	-380
Acquisitions	-	-31	0	-31	0
Operating cash flow	+170	-236	-55	-66	-163
Dividends	-	-	-180	-	-180
Other	-5	-20	-17	-25	-12
Change in net debt [1)]	+165	-256	-252	-91	-355

[1)] Minus equals increase in net debt

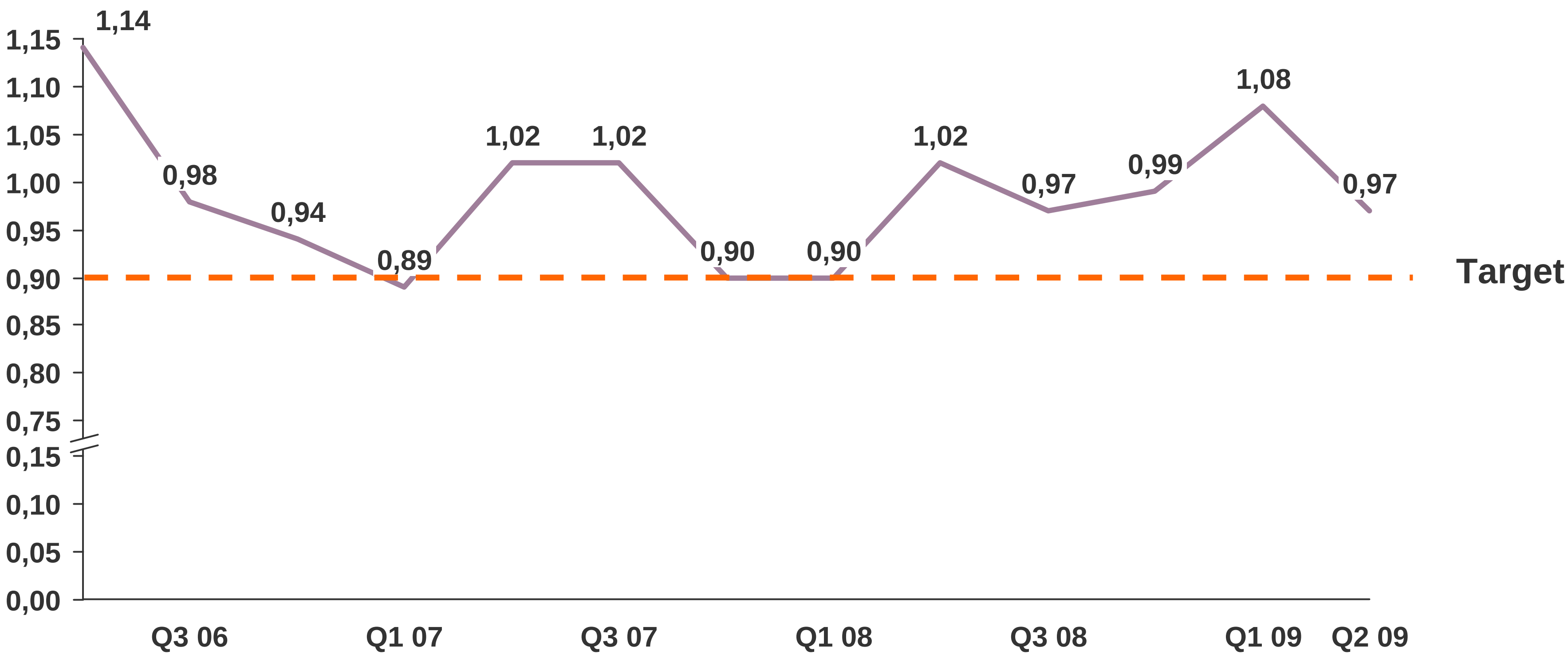
BILLERUD

CASH FLOW GENERATION AND CAPEX



* Reduction of investment level	MSEK +300
No dividend paid	MSEK +180
Total	**MSEK +480**

D/E RATIO DEVELOPMENT

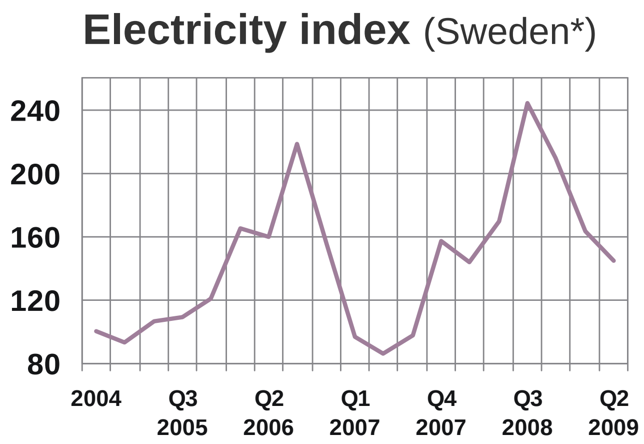


FINANCING SITUATION

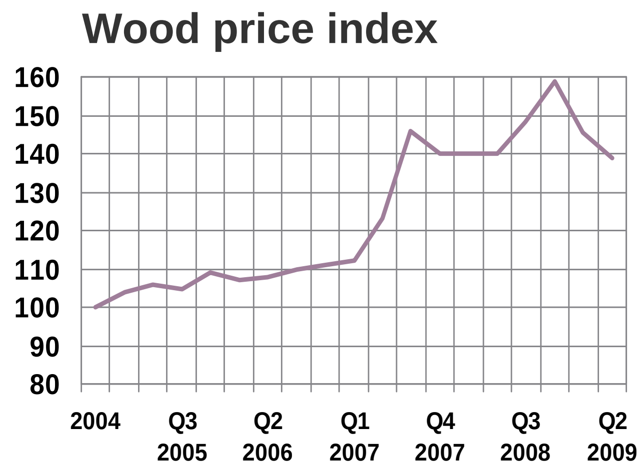
Debt	Credit facility (MSEK)	Utilized (MSEK)	Due date
Syndicated loan	1,800	312	April 2012
Term loan facility	450	450	Dec 2011*
Commercial paper		919	1-6 months
Bond loan 5		150	Apr 2010
Bond loan 6		250	Jun 2010
Bond loan 2		150	Sep 2011
Bond loan 4		300	Feb 2013
Bond loan 7		225	Jun 2013
Bond loan 8		150	Mar 2016
Sum		**2,906**	

** Equals final due date. Average duration including amortization is 19 months*

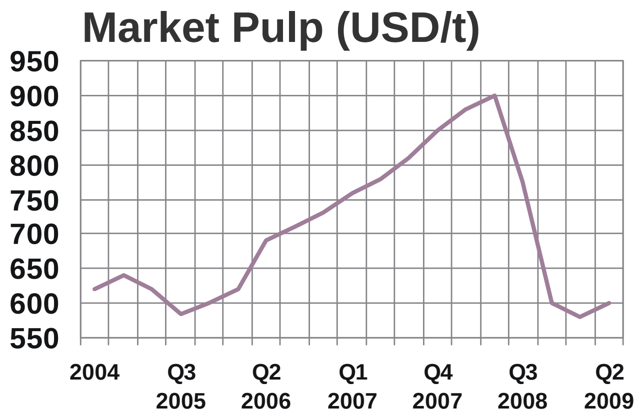
MARKET PRICES AFFECTING RESULT

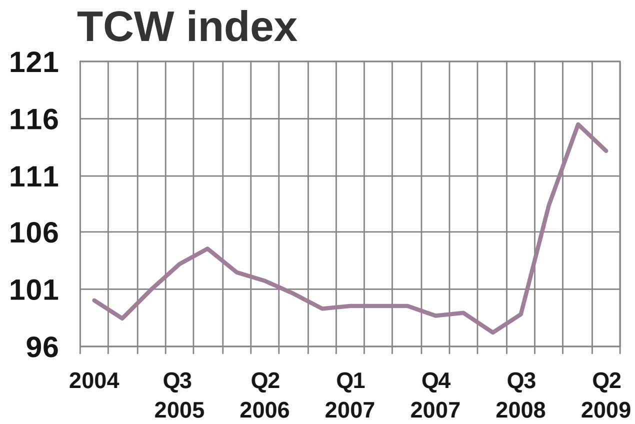


*Source: Nordpool. *Price area Sweden*



Source: Billerud





Source: Riksbanken

OUTLOOK

OUTLOOK

- Order situation remained positive at the end of the second quarter, although uncertainty remains about the impact of the economic downturn on demand in the remainder of the year.
- Prices in respective sales currencies remain under pressure.
- Lower input prices together with a significantly improved currency situation are expected to have a positive impact on profits as lower prices come into effect and old currency hedges are replaced with new ones.
- Cost savings are continuing according to plan - expected to amount to at least MSEK 250 annually by end of 2009.
- Global inventories of market pulp have fallen in the second quarter, which helped to improve price levels.

RIGHTS ISSUE

IMPORTANT INFORMATION

In certain jurisdictions, the publication or distribution of the information in this Investor Presentation may be subject to legal restrictions and all persons obtaining the information therein should inform themselves about and abide by such legal restrictions.

The information in this Investor Presentation may not be published or distributed, directly or indirectly, in or to the United States, Canada, Australia, Hong Kong, Japan or any other country where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, other offer documentation, registrations or other actions in addition to what follows from Swedish law. Nor may the information be forwarded, reproduced or disclosed in such a manner that contravenes such restrictions. Failure to comply with this instruction may result in a violation of the United States Securities Act of 1933 ("Securities Act") or laws applicable in other jurisdictions.

The information in the Investor Presentation does not contain or constitute an invitation or an offer to acquire, sell, subscribe for or otherwise trade in shares, subscription rights or other securities in Billerud AB. No subscription rights, BTAs (interim shares) or new shares will be registered in accordance with the Securities Act or any provincial act in Canada and may not be transferred or offered for sale in the United States or Canada or to persons resident there or on account of such persons other than in such exempt cases that do not require registration in accordance with the Securities Act or any provincial act in Canada.

MSEK 1,000 FULLY UNDERWRITTEN RIGHTS ISSUE

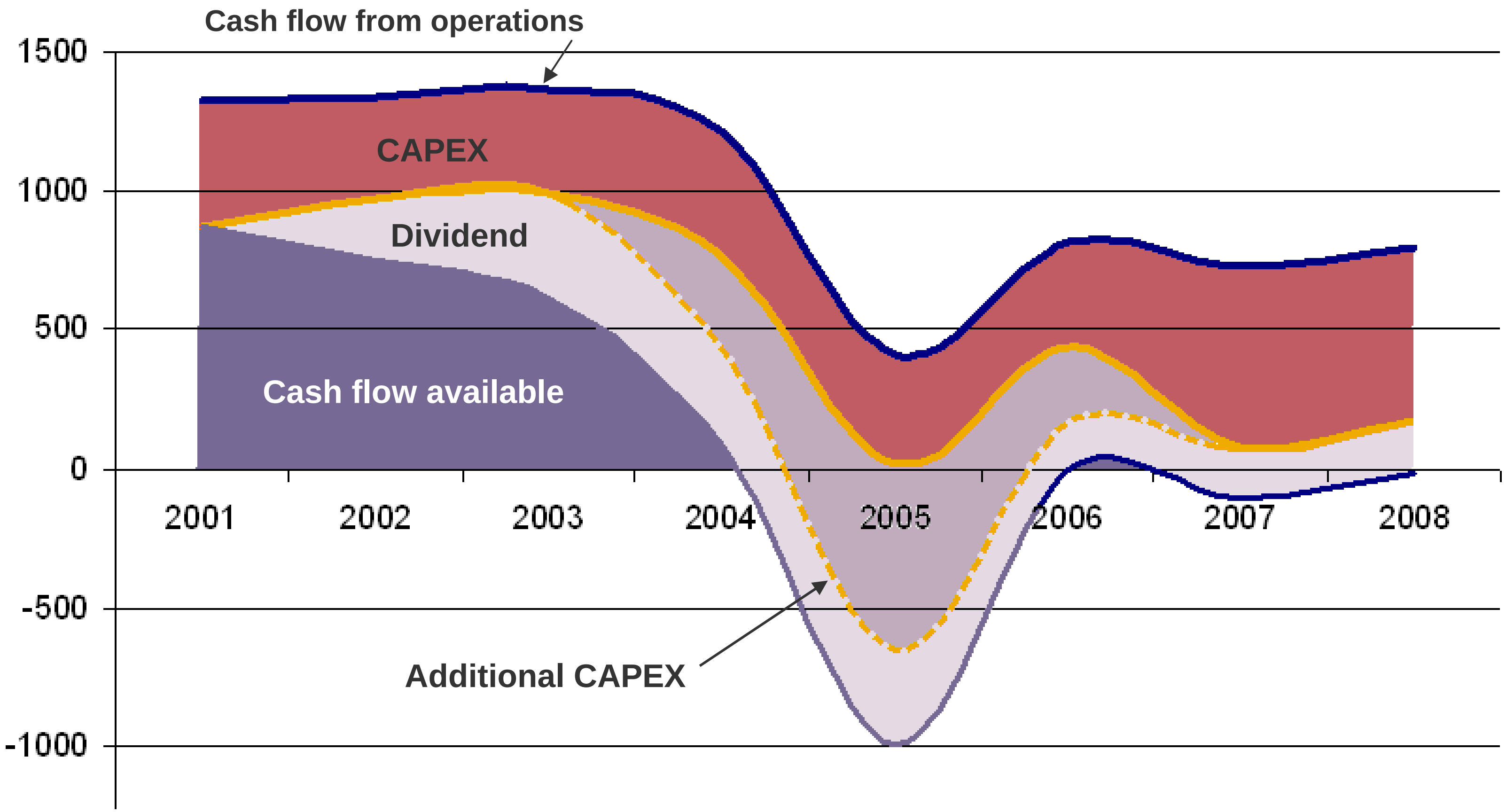
- The Board of Directors has resolved on a MSEK 1,000 rights issue with preferential rights for existing shareholders
- Improves Billerud's financial position and increases flexibility and potential for further development
- The rights issue is fully committed and underwritten by larger shareholders and a consortium of banks
- Terms, including subscription price and offer ratio, will be announced on August 25, 2009
- The rights issue is subject to approval by the extraordinary general meeting planned on August 27, 2009

RATIONALE FOR RIGHTS ISSUE

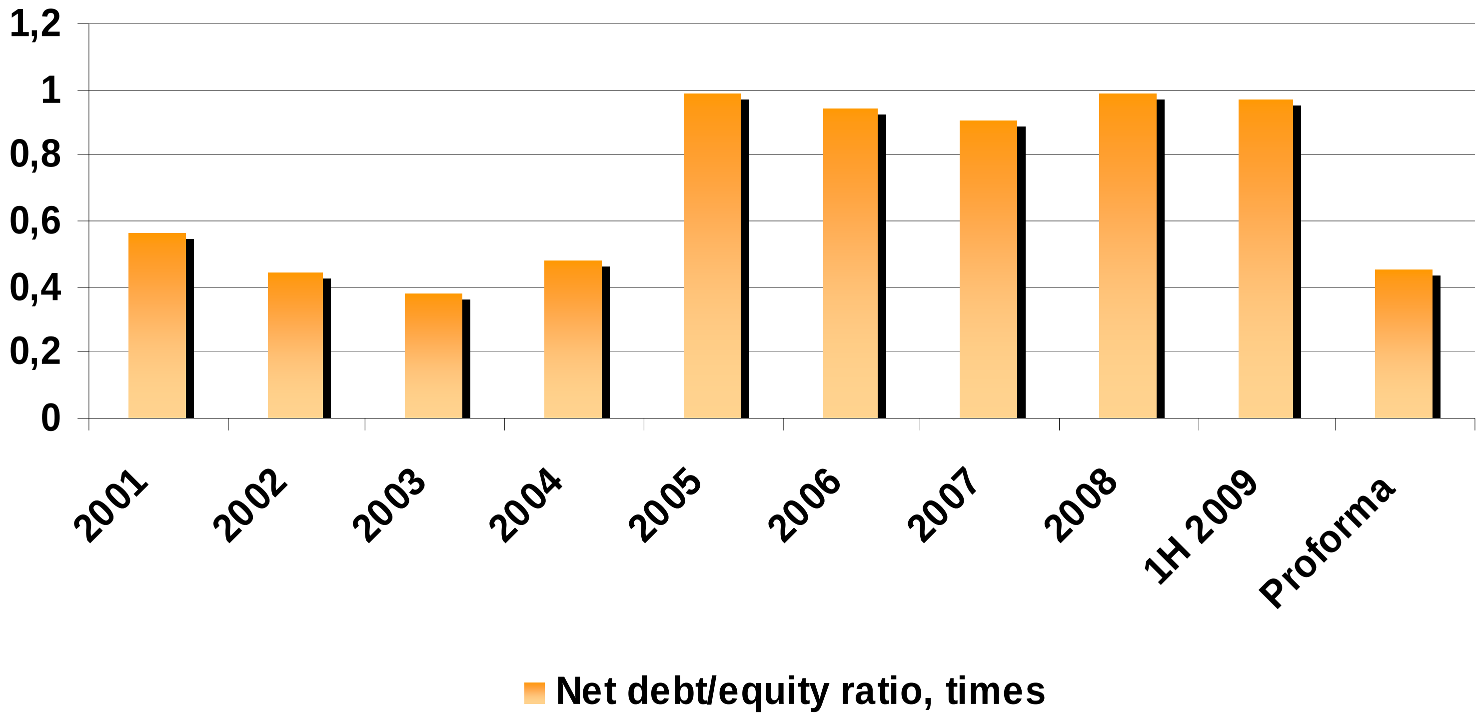
Improved financial position

- Proceeds will be used for bringing down net debt
- Strengthens Billerud's balance sheet and reduces gearing
- Highly profitable investments in own energy production in 2005-2006 financed through bank debt increased the net debt/equity ratio above Billerud's target
- Prudent to more quickly return to lower levels of gearing due to the current volatile market environment
- Ensures that the net debt/equity ratio is kept below maximum of 0.90

CASH FLOW GENERATION AND CAPEX



NET DEBT/EQUITY RATIO DEVELOPMENT



RATIONALE FOR RIGHTS ISSUE (CONT.)

Better conditions for further development of Billerud

- Billerud believes there are significant opportunities for profitable exploitation of packaging market niches and customer segments
- Billerud has actively worked to strengthen its market position in prioritised segments and focused on improving its customer and product mix
- However, despite recent improvements, profits are under short-term pressure due to the current weak economic climate thus compromising long-term development of the company
- Lower financial gearing increases Billerud's ability to handle uncertainty and enables the company to take advantage of business opportunities
- Ensures that Billerud is well positioned when the economy improves

HISTORICAL RETURN

- Since listed on the stock market (2001)
  - » Average return on shareholders' equity appr. 15 %
  - » Average return on capital employed appr. 15%
- Past three years
  - » Average return on shareholders' equity appr. 10%
  - » Average return on capital employed appr. 9%
- Past 12 months
  - » Return on capital employed -1% (incl. hedge effects
  - » Return on capital employed 8% (excl. hedge effects)
  - » Return on shareholders' equity -2% (incl. hedge effects)

BILLERUD

PRO FORMA FINANCIAL EFFECTS

MSEK	30 June 2009	Adjustment for rights issue[1)]	Pro forma 30 June 2009
Fixed assets	5,712		5,712
Current assets	2,731		2,731
Cash and cash equivalents	397	+1,000	1,397
Total assets	**8,840**	**+1,000**	**9,840**
Shareholders' equity	2,794	+1,000	3,794
Interest-bearing liabilities	3,105		3,105
Other non-interest-bearing liabilities	2,941		2,941
Total shareholders' equity and liabilities	**8,840**	**+1,000**	**9,840**
Interest-bearing net debt	**2,708**	**-1,000**	**1,708**
Net debt / equity ratio	**0.97**		**0.45**

1) Before issue costs

COMMITMENTS AND UNDERWRITERS

- A number of Billerud's largest shareholders, collectively representing appr. 28% of total number of shares and votes, have expressed their support for the rights issue and that their intention to vote in favor of an approval at the EGM
- In addition, a number of these shareholders, including Frapag Beteiligungsholding AG, have also committed to subscribe for shares in the rights issue, corresponding to appr. 27 % of total number of shares and votes
- The remainder of the rights issue, subject to customary conditions, is underwritten by a bank consortium consisting of Danske Markets, Handelsbanken Capital Markets, Nordea and SEB, subject to customary terms and conditions

INDICATIVE TIMETABLE FOR RIGHTS ISSUE

July 30	EGM notice published
August 25	Announcement of rights issue terms
August 27	EGM to vote on Board's resolution for rights issue
August 28	First day of trading excluding subscription rights to participate in rights issue
September 1	Record date for rights issue Prospectus published
Sep. 4 – Sep. 18	Trading in subscription rights
Sep. 4 – Sep. 23	Subscription period

Q&A