



INTERIM **REPORT** JAN-SEPT 2009

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JAN-SEPT 2009 – AGENDA

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



HIGHLIGHTS Q3 2009

- Operating profit MSEK 64 (Q2 MSEK 42).
 - » Operating margin 3% (Q2 2%)
- Good order situation and satisfying deliveries
- Operating cash flow MSEK 348 (Q2 MSEK 170)
- Continued improved market balance for market pulp has lead to further price increases
- Two maintenance stops carried out with very high cost efficiency
- MSEK 19 in provision for Environmental Court ruling





ACHIEVEMENTS IN Q3 2009

- Good deliveries
- Cost reductions continued
- Announced price increases on majority of Billerud's paper grades
- Lower prices for fibre and chemicals
- Significantly improved operating cash flow



CHALLENGES

- Low prices
- 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 Q3 2008

EBIT COMPARISON PER PRODUCT AREA

Product area	EBIT Q3 09 (MSEK)	EBIT % Q3 09	Deviation vs. Q2 09 (MSEK)	Deviation vs. Q3 08 (MSEK)
Packaging paper (80% of sales)	142	9%	-16	-17
Market Pulp (20% of sales)	-21	-6%	37	18
Other incl. currency hedging	-57	-	1	-63
Total	64	3%	22	-62



KEY FIGURES

July-Sept 2009 vs. April-June 2009

	Q3 2009	Q2 2009	vs. Q2 2009
Deliveries ('000 tonnes)	328	323	+2%
Net sales, MSEK	1,893	1,907	-1%
Operating profit, MSEK	64	42	+52%
Operating margin	3%	2%	+1
Profit/share, SEK	0.64	0.16	+300%
Debt/Equity ratio	0.37	0.97	+0.60



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

Q3

- Lower average price level than Q2, however price increases announced on most grades
- Demand and deliveries solid
- The improved order book during Q2 2009 is maintained in Q3, however continued uncertainty about future demand
- Billerud FibreForm® commercially launched

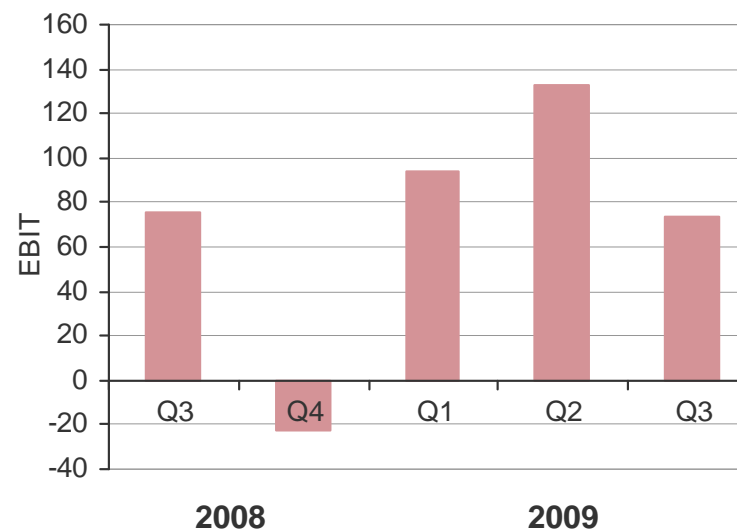




PACKAGING & SPECIALITY PAPER

Financials

- Sales and profit down compared to Q2 2009 because of lower prices and lower deliveries due to planned maintenance stops



	Q3 2009	Q2 2009	Q3 2008	2008
Net sales, MSEK	965	1,023	1,008	3,832
Operating profit, MSEK	74	133	76	244
Operating margin, %	8	13	8	6

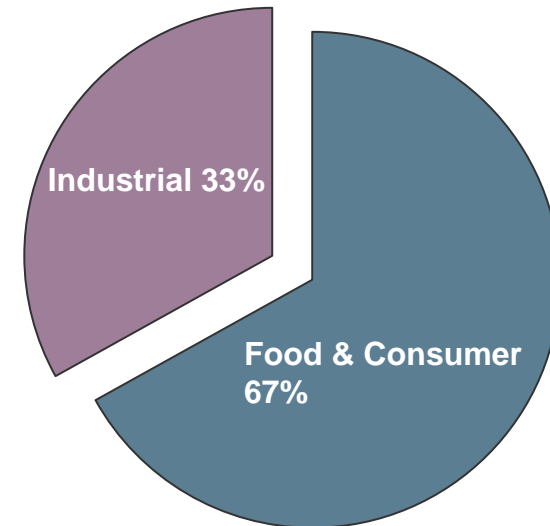
PACKAGING BOARDS

Market situation

Q3

- Deliveries up by 8% compared to Q2 2009
- Order situation improved gradually during the quarter
- More stable market during Q3 due to better demand and slightly improved situation for recycled qualities which has led to falling inventory levels
- Price increases announced for both S/C fluting and white liner
- Deliveries of Billerud Pure Board (cup stock) started during the quarter

Portion of sales volumes

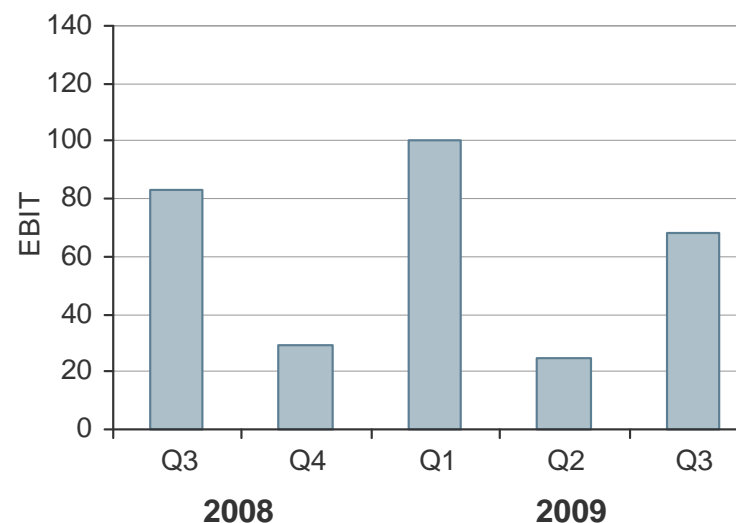




PACKAGING BOARDS

Financials

- Profit up compared to Q2 2009 due to lower costs and better product mix, however partly countered by lower prices



	Q3 2009	Q2 2009	Q3 2008	2008
Net sales, MSEK	565	573	598	2,364
Operating profit, MSEK	68	25	83	248
Operating margin, %	12	4	14	10



MARKET PULP

Market situation

Q3

- Strong market that has resulted in price increases
- Prices up from USD ~630/t end of Q2 2009 to USD ~730/t at end of Q3 2009
- Price increase announcements in Q4 2009 to USD 800

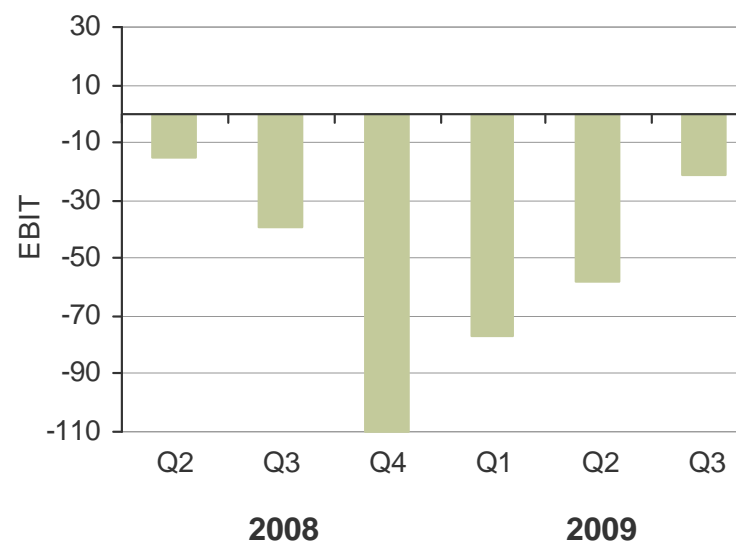




MARKET PULP

Financials

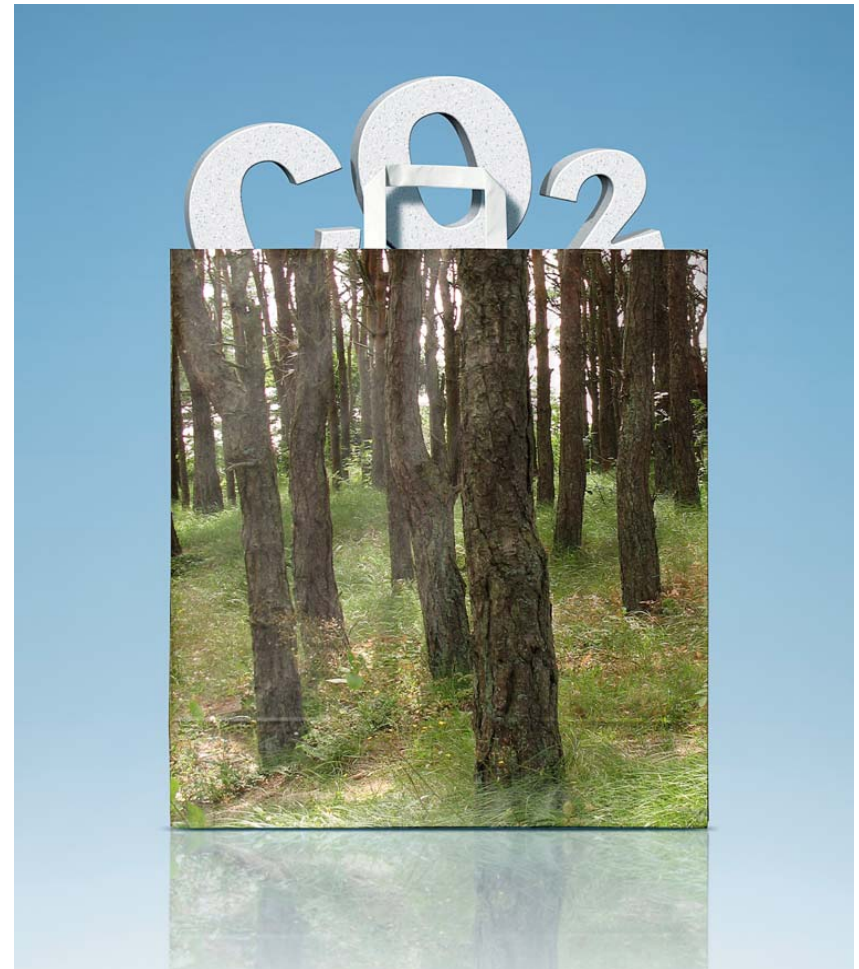
- Earnings up compared to Q2 2009 primarily due to higher prices



	Q3 2009	Q2 2009	Q3 2008	2008
Net sales, MSEK	325	310	385	1,499
Operating profit, MSEK	-21	-58	-39	-145
Operating margin, %	-6	-19	-10	-10

Q3 IN SUM

- Further profit improvements primarily due to cost reductions and strong deliveries
- Improved deliveries and order books, however continued uncertainty about future demand
- Price decreases have bottomed out and price increases have been announced for most products





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





KEY FIGURES

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Profit/share, SEK	0.64	0.16	+300%
Debt/Equity ratio	0.37	0.97	+0.60



MAIN FACTORS BEHIND QonQ RESULT IMPROVEMENT

- Reduced input costs (wood and chemicals)
- Volume and product mix improvement
- Cost reduction efforts



KEY FIGURES

Jan-Sept 2009 vs. Jan-Sept 2008

	Jan-Sept 2009	Jan-Sept 2008	vs. Jan-Sept 2008
Deliveries ('000 tonnes)	976	989	-1%
Net sales, MSEK	5,700	6,083	-6%
Operating profit, MSEK	69	454	-85%
Operating margin	1%	7%	-6
Profit/share, SEK	0.09	4.85	-98%
Debt/Equity ratio	0.37	0.97	+0.60



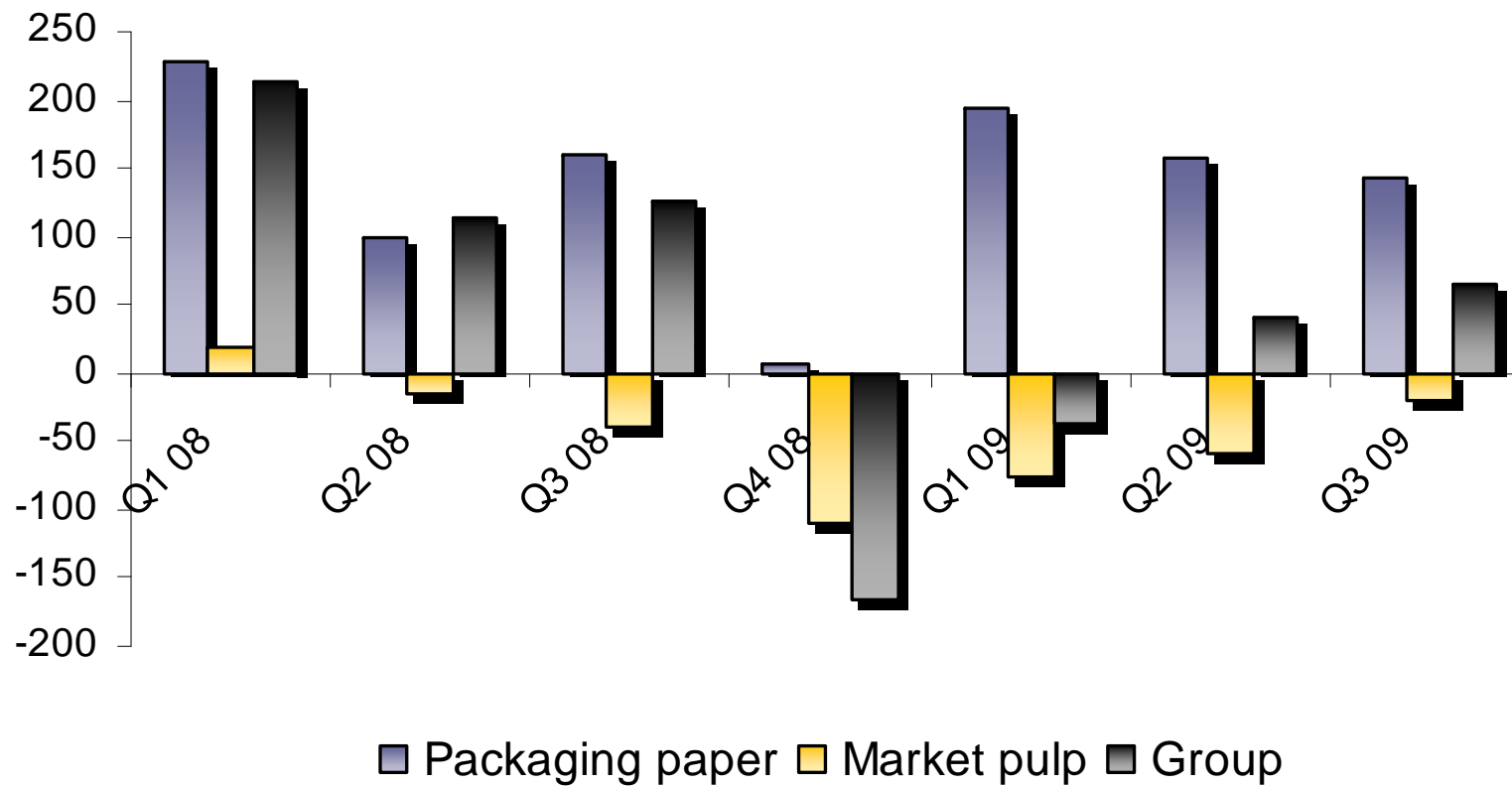
REASON FOR EBIT DEVELOPMENT

Jan-Sept 2009 vs. Jan-Sept 2008

	Jan-Sept 09 vs. 08	Q3 09 vs.08	Q2 09 vs. 08	Q1 09 vs. 08
Delivery and production volumes, including product mix	43	40	66	-63
Sales prices (in respective sales currency)	-982	-340	-363	-279
Change in variable costs	96	121	43	-68
Change in fixed costs	91	3	51	37
Change in depreciation	-41	-11	-14	-16
Effects of exchange rate changes, including hedging*	408	125	145	138
Total effect in operating profit	-385	-62	-72	-251

* Effects of exchange rate changes amounting to MSEK 408 are divided into the following components: improved spot rates MSEK 673, currency hedging MSEK -89 and other effects net MSEK -176.

OPERATING PROFIT DEVELOPMENT - by product area





CASH FLOW

MSEK	Q3 2009	Q2 2009	Q3 2008	Jan- Sept 2009	Jan- Sept 2008
Operating surplus etc	+207	+214	+229	+470	+773
Working capital change	+277	+56	+69	+170	-177
Finance net, taxes	-35	-42	-29	-123	-110
Cash flow from operating activities	+449	+228	+269	517	+486
Capex	-102	-58	-114	-205	-494
Acquisitions	+1	-	0	-30	0
Operating cash flow	+348	+170	+155	+282	-8
Dividends	-	-	-	-	-180
Rights issue	+928	-	-	+928	-
Other	-1	-5	+6	-26	-6
Change in net debt ¹⁾	+1,275	+165	+161	+1,184	-194

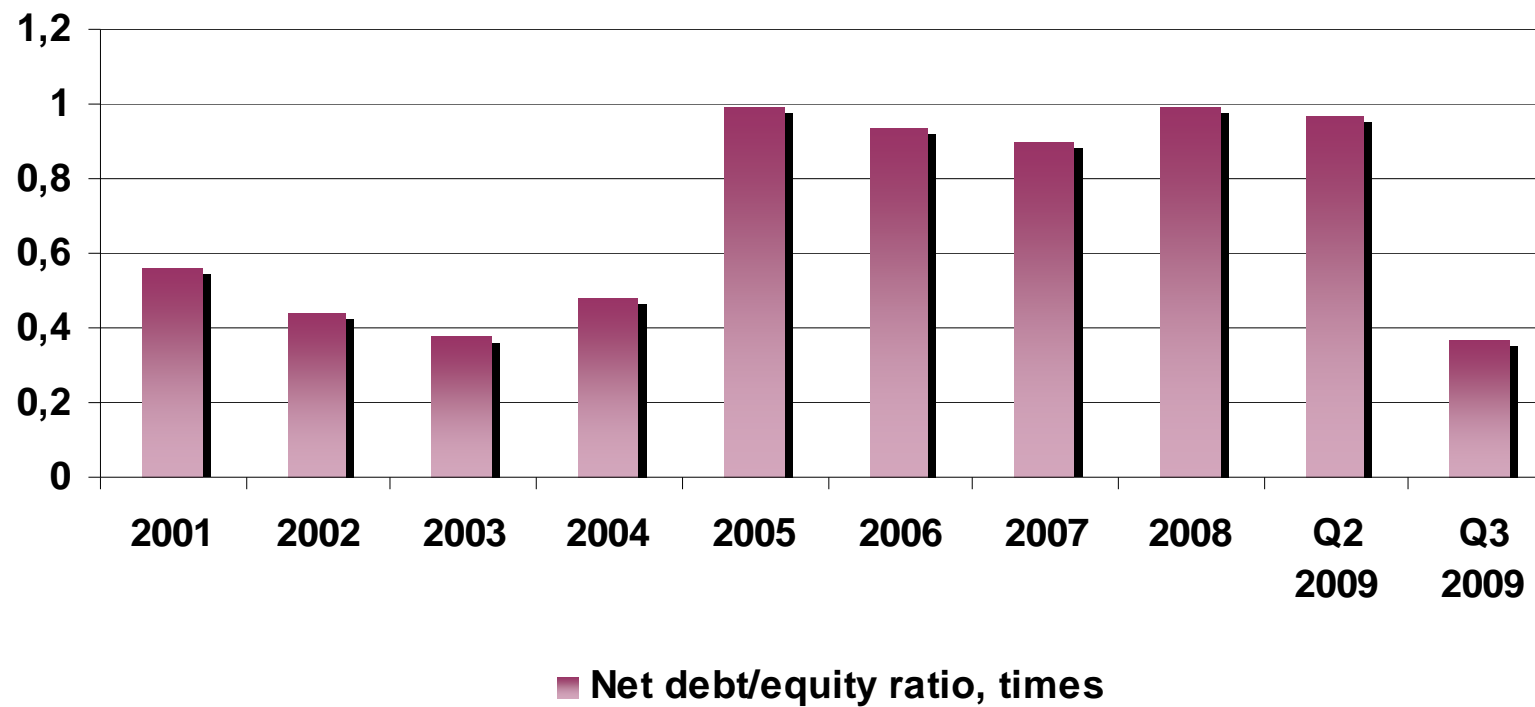
¹⁾ Minus equals increase in net debt



CASH FLOW EFFECT OF CHANGE IN WORKING CAPITAL Q3 VS. Q2 2009

Decrease in inventory	+69
Decrease in accounts receivables	+172
Increase in accounts payable and other liabilities	+36
<hr/>	
Total effect of change in working capital during Q3	+277

STRONG BALANCE SHEET





FINANCING SITUATION

Debt	Credit facility (MSEK)	Utilized (MSEK)	Due date
Syndicated loan	1,800	98	April 2012
Term loan facility	450	450	Dec 2011
Commercial paper		686	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		2,459	
Net interest-bearing debt		1,433	



CURRENCY SITUATION

- Profit effect of net flow hedging
MSEK -93 for Jan-Sep 2009,
MSEK 100 for Q3 2009
- Market value of outstanding
contracts not relating to accounts
receivable as of 30 September 2009
amounted to MSEK 244
- Hedge level 15 months forward:

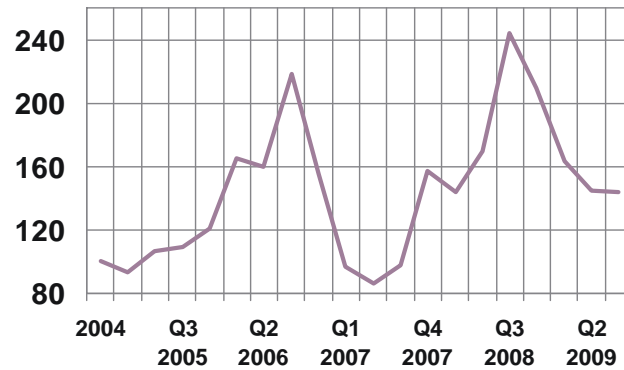
		July-Sept 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-Dec 2010	Total 15 months	
	Average hedged currency rates	Average current rates	Average hedged currency rates (hedged flows)	Average hedged currency rates (hedged flows)	Average hedged currency rates (hedged flows)	Average hedged currency rates (hedged flows)	
EUR	83%	9.93	10.71	9.91 (98%)	11.00 (100%)	10.91 (72%)	10.69 (83%)
USD	53%	7.37	7.86	8.51 (98%)	8.67 (97%)	7.61 (22%)	8.35 (53%)
GBP	42%	12.17	12.09	12.27 (88%)	12.14 (70%)	12.03 (18%)	12.16 (42%)

Situation as per 19 Oct 2009



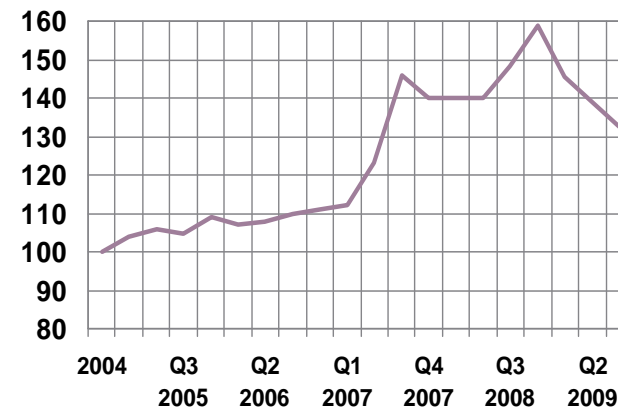
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



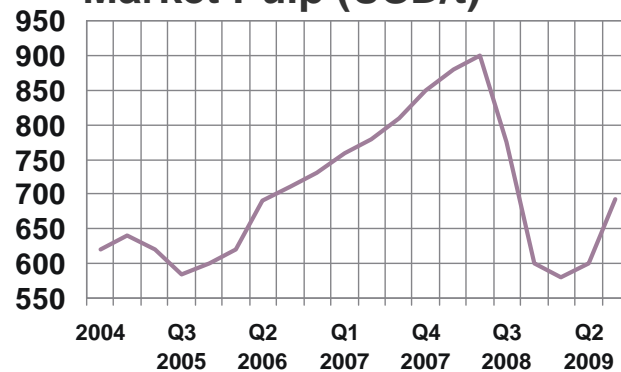
Source: Nordpool. *Price area Sweden

Wood price index

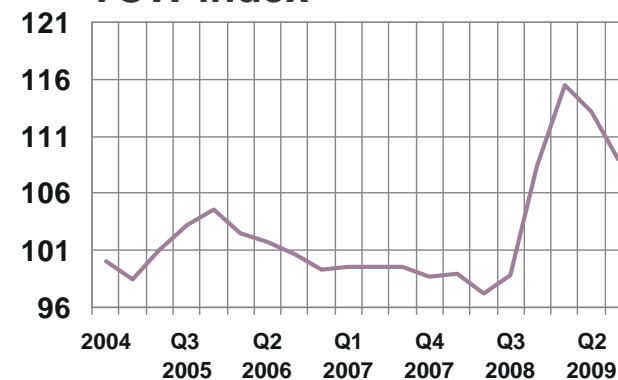


Source: Billerud

Market Pulp (USD/t)



TCW index



Source: Riksbanken

OUTLOOK



OUTLOOK

- Order situation remained positive at the end of the third quarter but uncertainty remains about the effects of general economic conditions on demand as the year reaches its end.
- Price reductions for packaging paper stalled during the quarter, and price increases have been announced for most of Billerud's products.
- Lower input prices mainly for wood and chemicals and an improved currency situation are expected to have positive effects on earnings also in the final quarter compared with the same period last year.
- Work on cost savings is progressing according to plan and is expected to produce savings of at least MSEK 250 annually by the end of 2009.
- Inventory levels for market pulp on world markets continued to fall during the third quarter, which has led to an improvement in price levels.





Q&A