



INTERIM REPORT JANUARY-JUNE 2010

Per Lindberg, President and CEO

Bertil Carlsén, CFO

22 July, 2010



AGENDA

- Highlights
- Development by Business Area
- Financials
- Outlook



HIGHLIGHTS IN Q2 2010

- 3rd quarter in a row with operating margin of 10%
 - » Operating profit of MSEK 201, margin 10%
- Continued very strong demand
- Increasing prices
 - » ~6% increase in local prices for packaging paper Q2 2010 vs Q1 2010
- Good results in Market Pulp



HIGHLIGHTS IN Q2 2010 cont.

- Industrial dispute
 - » Lost production volumes of ~26,000 tonnes
 - » MSEK 77 in estimated strike compensation
 - » Compensation recognised as Other income in Q2 2010
 - » Expected to be paid during Q3 2010
- Periodic maintenance shutdown at Gruvön mill
 - » MSEK ~110 in total cost
 - » More expensive and complicated than expected partly due to 18-month interval





KEY FIGURES

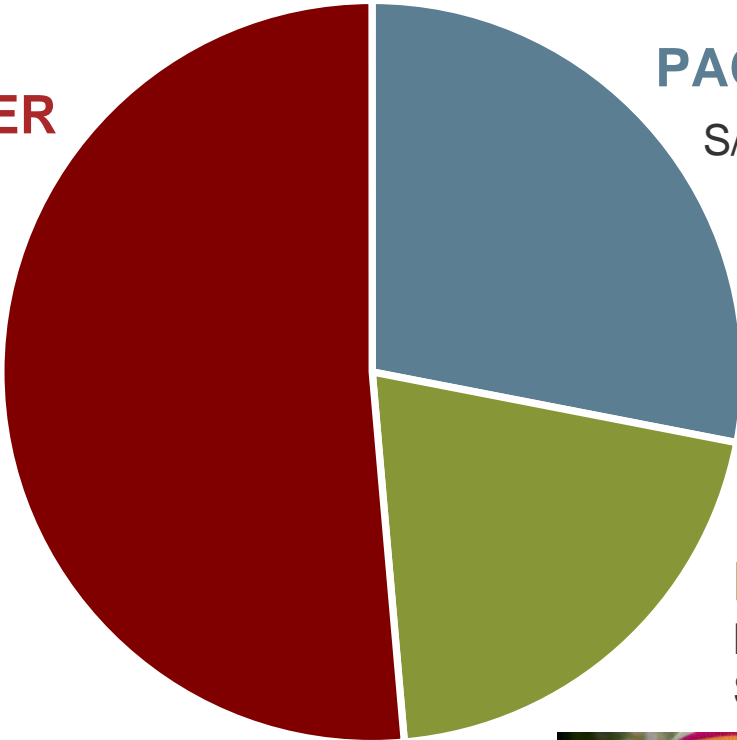
	Q2 2010	Q1 2010	Q2 2009	vs. Q1 2010	vs. Q2 2009
Deliveries ('000 tonnes)	309	343	323	-10%	-4%
Net sales, MSEK	2,108	2,190	1,907	-4%	+11%
Operating profit, MSEK	201	234	42	-14%	+379%
Operating margin	10%	11%	2%	-1	+8
Profit/share, SEK	1.30	1.52	0.11	-14%	+1,082%
Debt/Equity ratio	0.21	0.24	0.97	+0.03	+0.76



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-Jun 2010.



PACKAGING & SPECIALITY PAPER

Market situation in Q2 2010

- Continued very good order situation throughout the quarter
- Increased price level in local currency for all products vs. Q1 2010
- Further price increases have been announced
- FibreForm[®] – “Technology Innovation Award 2010” in China

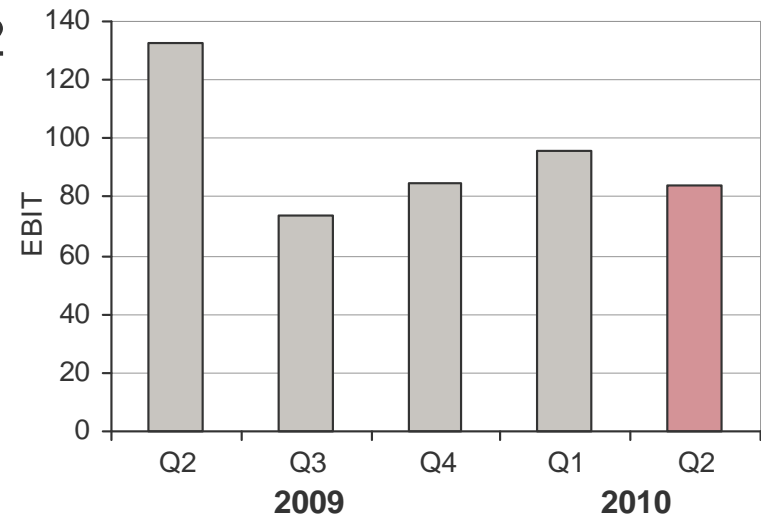




PACKAGING & SPECIALITY PAPER

Financials – Q2 2010 vs. Q1 2010

- Operating profit down by MSEK 12
- Improved prices
- Higher costs and lower delivery volumes due to maintenance shutdown



	Q2 2010	Q1 2010	Q2 2009	FY 2009
Net sales, MSEK	1,009	1,052	1,023	3,934
Operating profit, MSEK	84	96	133	386
Operating margin, %	8	9	13	10

PACKAGING BOARDS

Market situation in Q2 2010

- Continued strong market
- Q2 seasonally slower than Q1
- Good order books for liner and very good for S/C fluting throughout the quarter
- Increased price level in local currency for all products vs. Q1 2010
- Further price increases have been announced

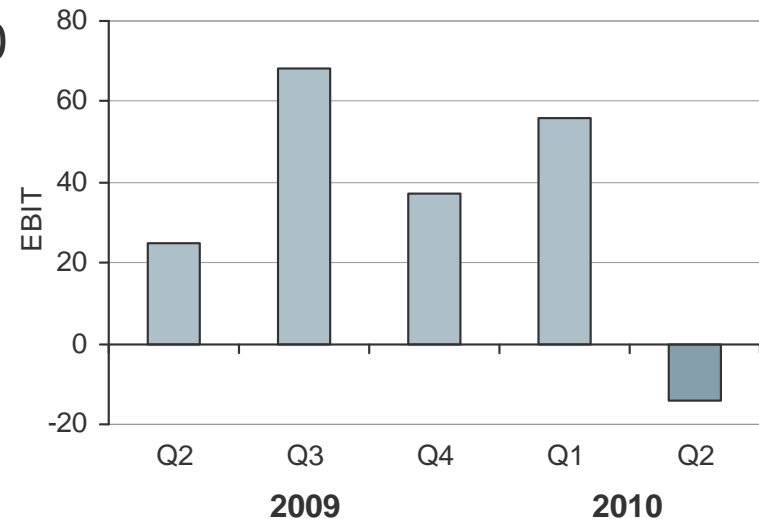




PACKAGING BOARDS

Financials – Q2 2010 vs. Q1 2010

- Operating profit down by MSEK 70
- MSEK ~65 in maintenance shutdown cost
 - » Increased costs and considerably lower delivery volumes
- Improved prices



	Q2 2010	Q1 2010	Q2 2009	FY 2009
Net sales, MSEK	518	613	573	2,632
Operating profit, MSEK	-14	56	25	230
Operating margin, %	-3	9	4	10

MARKET PULP

Market situation in Q2 2010

- Continued strong overall market
- Slowdown in demand from China
- Global stock levels at producers and consumers remain low
- Chilean producers have restarted their operations
- Price of USD 980/t end of Q2 2010
 - » Increase of USD 90/t vs. end of Q1 2010

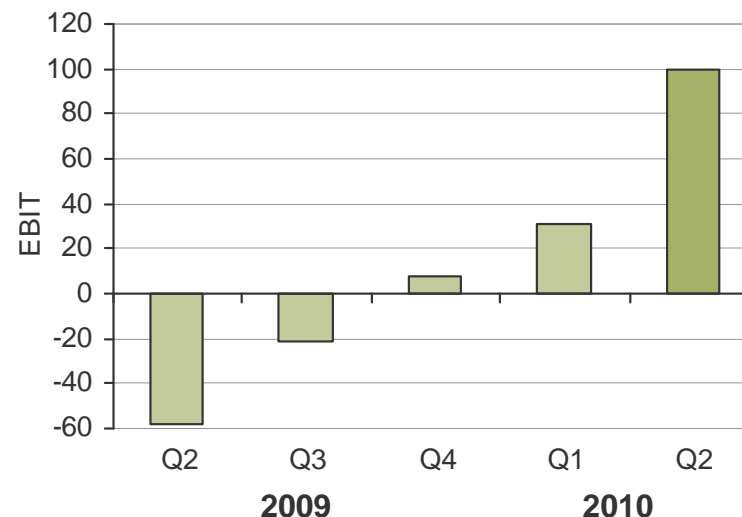




MARKET PULP

Financials – Q2 2010 vs. Q1 2010

- Operating profit up by MSEK 69
- Improved prices in local currency and an improved currency situation



	Q2 2010	Q1 2010	Q2 2009	FY 2009
Net sales, MSEK	445	384	310	1,338
Operating profit, MSEK	100	31	-58	-148
Operating margin, %	22	8	-19	-11



Q2 IN SUM

- 3rd quarter in a row with operating margin of 10%
- Continued very strong demand
- Price increases in local currency within all segments
 - » Further price increases announced for all main packaging paper grades
- Extraordinary costs and volume loss due to:
 - » Industrial dispute
 - » Periodic maintenance shutdown at Gruvön mill
- Product and business development continues
 - » FibreForm®
 - » New test method CCT10



FINANCIALS



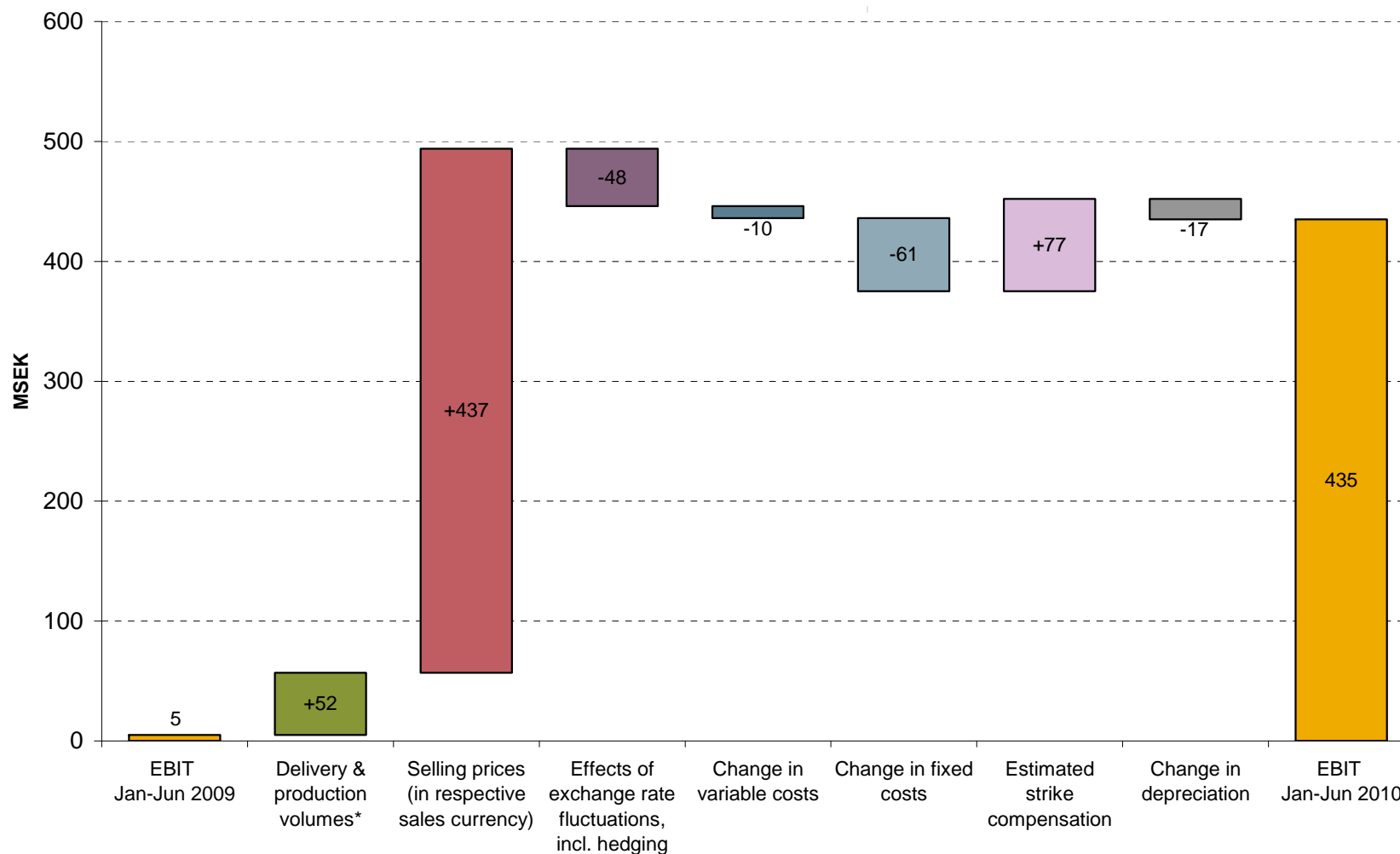


JANUARY-JUNE KEY FIGURES

	Jan-Jun 2010	Jan-Jun 2009	vs. 2009
Deliveries ('000 tonnes)	652	648	+1%
Net sales, MSEK	4,298	3,807	+13%
Operating profit, MSEK	435	5	+8,600%
Operating margin	10%	0%	+10
Profit/share, SEK	2.82	-0.42	<i>na</i>
Debt/Equity ratio	0.21	0.97	+0.76



EBIT BRIDGE JAN-JUN 2010 vs. JAN-JUN 2009



* Includes product mix.

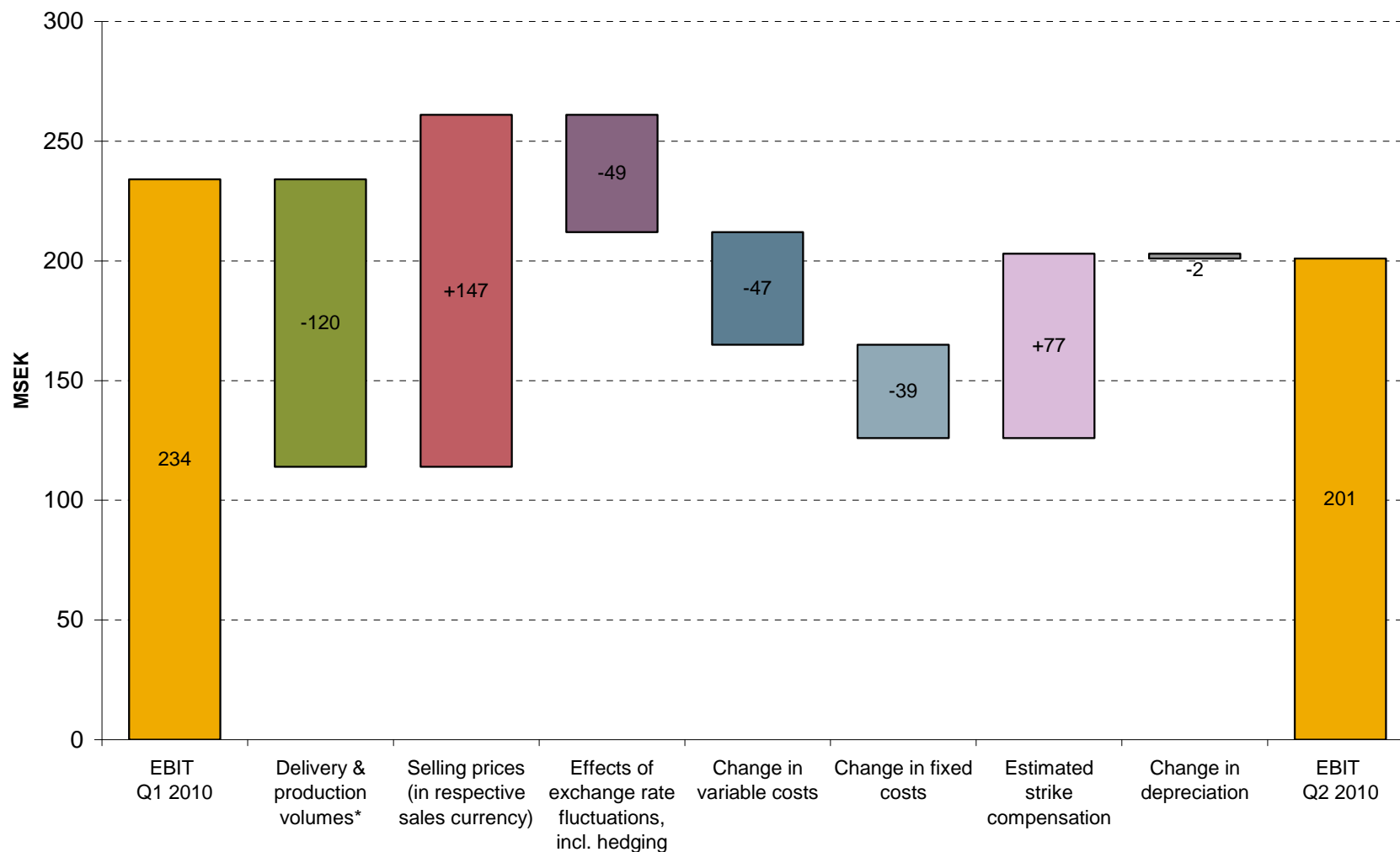


QUARTERLY KEY FIGURES

	Q2 2010	Q1 2010	Q2 2009	vs. Q1 2010	vs. Q2 2009
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EBIT BRIDGE Q2 2010 vs. Q1 2010



* Includes product mix.

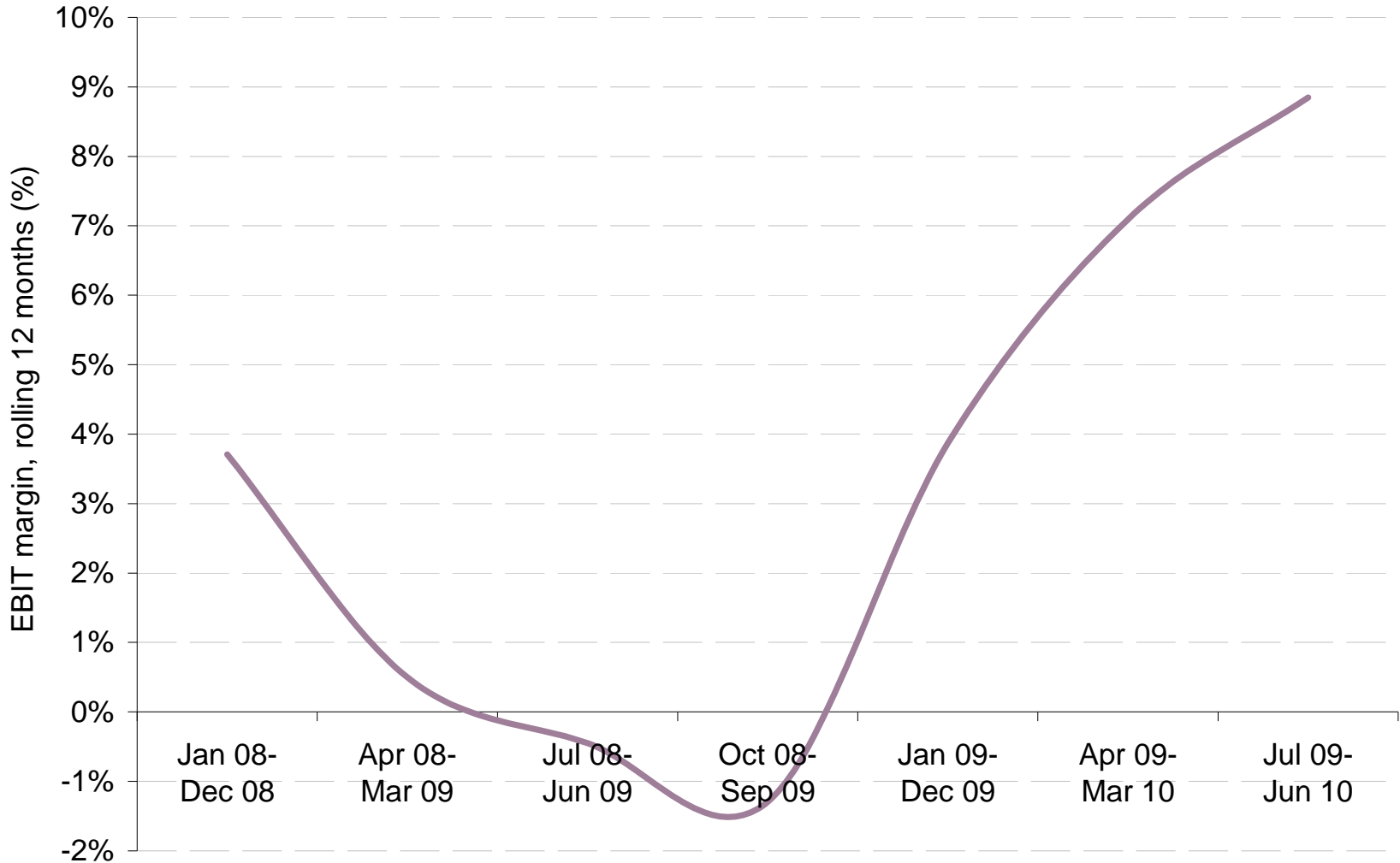


QUARTERLY COMPARISON ADJUSTED FOR MAINTENANCE SHUTDOWN IN GRUVÖN

MSEK	Actual EBIT Q2 2010	Shutdown costs	Adjusted EBIT Q2 2010	Actual EBIT Q1 2010	Deviation
Packaging paper	70	~100	~170	152	~+18
Market pulp	100	~10	~110	31	~+79



STRONG MARGIN RECOVERY





CONTINUED STRONG CASH FLOW

MSEK	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Operating surplus etc	246	214	625	263
Working capital change	-11	56	-99	-107
Finance net, taxes	-28	-42	-58	-88
Cash flow from operating activities	207	228	468	68
Current net investments	-87	-58	-137	-103
Business combinations	-	0	-	-36
Operating cash flow	120	170	331	-71
Rights issue	-	-	-	-
Dividends	-52	-	-52	-
Other items, not affecting cash flow	31	-5	-4	-20
Change in net debt ¹⁾	99	165	275	-91

¹⁾ Minus equals increase in net debt



STRONG FINANCIAL POSITION AND IMPROVED DURATION

- Lower debt

	Jan-Jun 2010 (Jan-Jun 2009)
» D/E	0.21 (0.97)
» Equity ratio	48% (32%)
» Total debt portfolio, MSEK	1,200 (2,900)

- Improved duration including new 7 year credit facility of MSEK 800 signed July 12, 2010

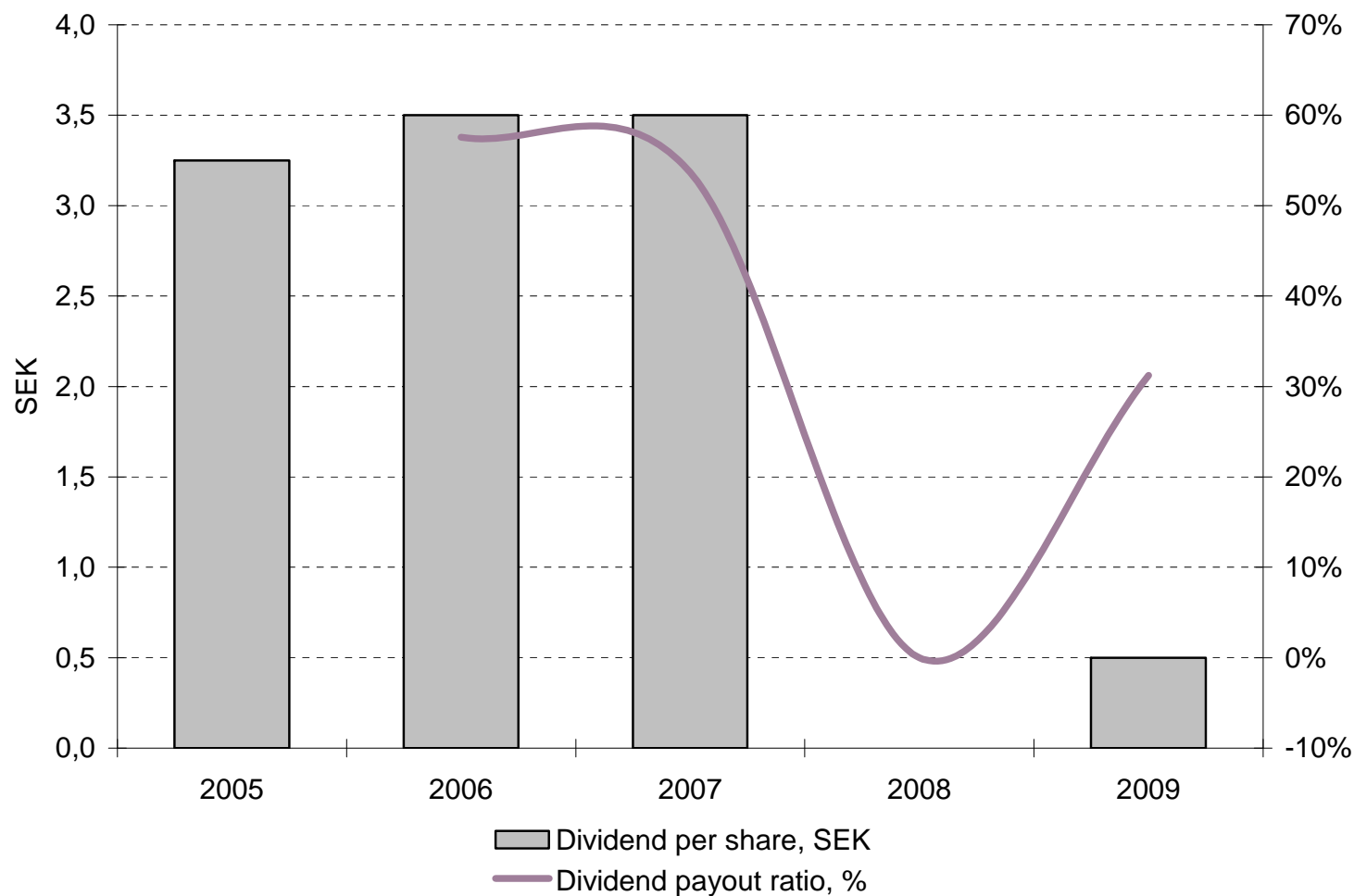
- » Average credit duration of debt portfolio now 6 years (3 years)

- Improved flexibility

	Today	One year ago
Total debt, MSEK	1,200	2,900
% bond financing	68%	42%
Number of standby credit facilities	2	1
Maturities	2013, 2017	2012
Total standby credit facility amount, MSEK	2,000	1,800



DIVIDEND

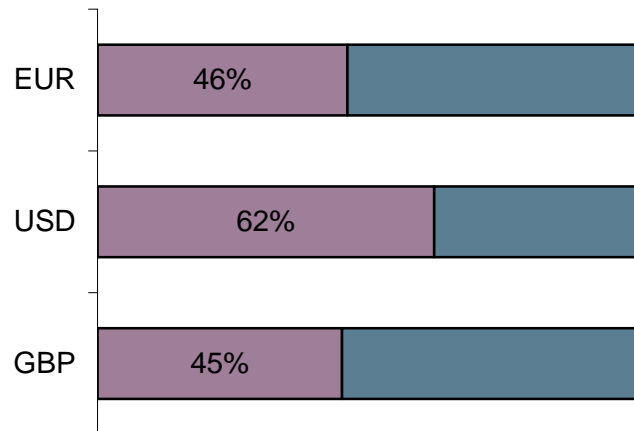


Note: Dividend per share and dividend payout ratio are not recalculated taking the rights issue in 2009 into account but are based on actual figures.



CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 29 for Q2 2010 and MSEK 146 for Jan-Jun 2010
- Market value of outstanding contracts not relating to accounts receivables as of 30 June 2010 amounted to MSEK 64
- In Q2 2010, USD hedging was extended to at least 50% of net flows in each month for 15 months
- Hedge level 15 months forward:

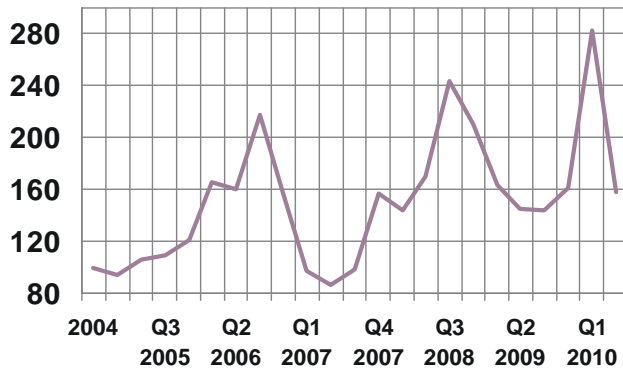


	Jul-Sep 2010	Oct-Dec 2010	Jan-Jun 2011	Jul-Sep 2011	Total 15 months
Average hedged currency rates (hedged flows)	10.70 (97%)	10.37 (71%)	10.16 (31%)	- (0%)	10.45 (46%)
Average hedged currency rates (hedged flows)	7.36 (95%)	7.40 (68%)	7.61 (50%)	8.05 (50%)	7.56 (62%)
Average hedged currency rates (hedged flows)	11.41 (91%)	11.46 (65%)	11.36 (34%)	- (0%)	11.41 (45%)



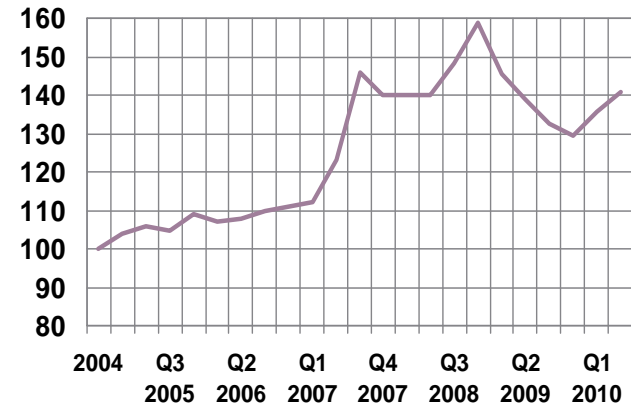
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



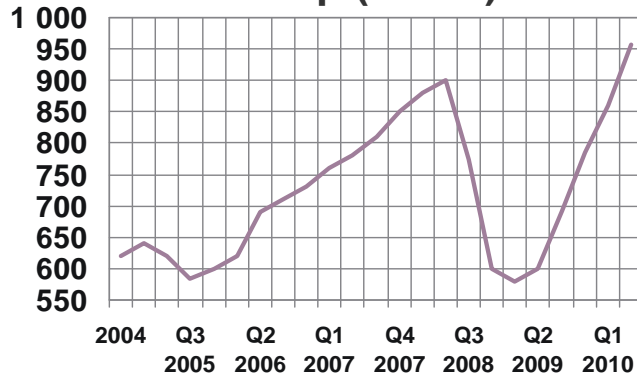
Source: Nordpool. *Price area Sweden

Wood price index



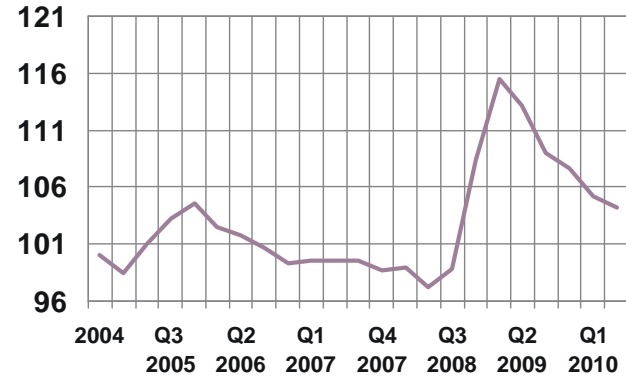
Source: Billerud

Market Pulp (USD/t)



Note: Average price for the quarter

TCW index



Source: Riksbanken

OUTLOOK



OUTLOOK

- The third quarter of 2010 started with continued good demand within all segments
- Price increases have been implemented for all products and additional increases have been announced in order to gradually restore prices to levels prevailing end of 2008
- Strike action in the second quarter will result in lower total deliveries for the full year





Q&A

