

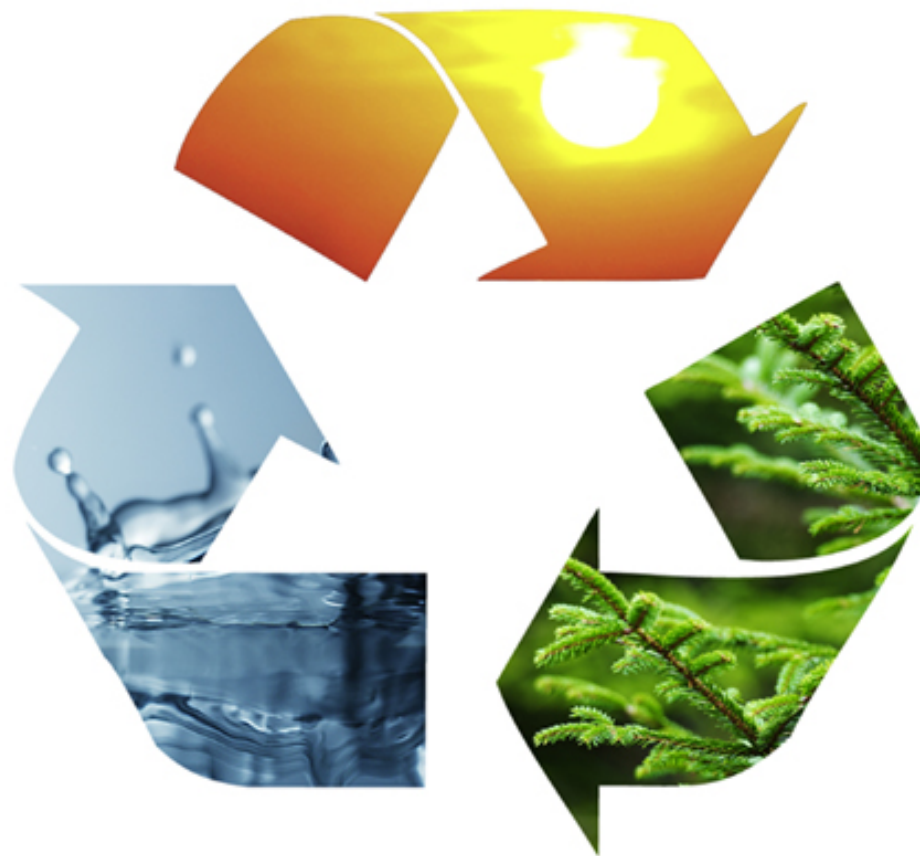


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# YEAR-END **REPORT** JAN-DEC 2009

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Per Lindberg, CEO  
Bertil Carlsén, CFO



11 February, 2010

## JAN-DEC 2009 – AGENDA

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



## HIGHLIGHTS Q4 2009

- Net sales +9% vs. Q3 2009 and +21% vs. Q4 2008
- Deliveries +2% vs. Q3 2009, +16% vs. Q4 2008
- Operating margin 11% (3% Q3 2009, -10% Q4 2008)
  - » Operating profit MSEK 231 (MSEK 64 Q3 2009, MSEK -165 Q4 2008)
- The strong order situation continued
- Proposed dividend of SEK 0.50 per share





## ACHIEVEMENTS IN Q4 2009

- Stronger performance on all fronts
- Strong deliveries
- Cost reduction programs finalised and achieved
- Price increases on all of Billerud's products and segments
- Balance sheet improvements
- Turnaround to positive results for Market Pulp





## KEY FIGURES

	Q4 2009	Q3 2009	Q4 2008	vs. Q3 2009	vs. Q4 2008
Deliveries ('000 tonnes)	336	328	289	+2%	+16%
Net sales, MSEK	2,060	1,893	1,709	+9%	+21%
Operating profit, MSEK	231	64	-165	+261%	N/A
Operating margin	11%	3%	-10%	+8	+21
Profit/share, SEK	1.55	0.48	-1.32	+223%	N/A
Debt/Equity ratio	0.29	0.37	0.99	+0.08	+0.70



## 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

#### Q4

- Strong order situation in a seasonally weaker Q4
- Efforts aimed at restoring price levels continue
- Positive effects from price increases expected in Q1
- Strong interest for Billerud FibreForm®

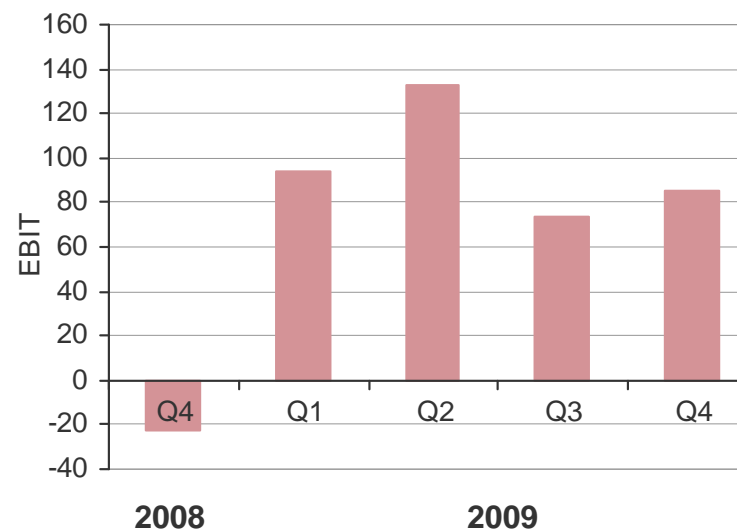




# PACKAGING & SPECIALITY PAPER

## Financials

- Operating profit up compared to Q3 2009 because of improved product mix and lower variable costs



	Q4 2009	Q3 2009	Q4 2008	2009
Net sales, MSEK	953	965	815	3,934
Operating profit, MSEK	85	74	-23	386
Operating margin, %	9	8	-3	10

## PACKAGING BOARDS

### Market situation

#### Q4

- Strong order situation and deliveries
- Prices bottomed out in Q3 2009
- Implemented price increases expected to have a positive effect in Q1 2010
- Strong order books at end of Q4

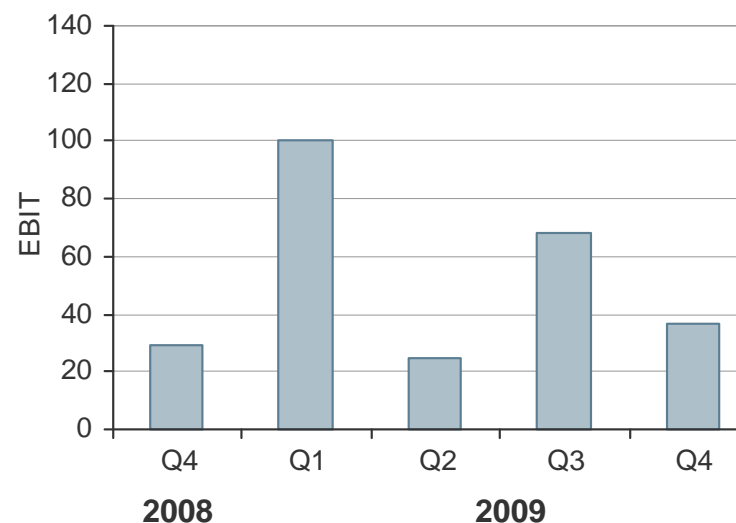




# PACKAGING BOARDS

## Financials

- Operating profit down compared to Q3 2009 entirely due to a higher proportion of fixed costs
- Contribution levels stable and volumes increased



	Q4 2009	Q3 2009	Q4 2008	2009
Net sales, MSEK	557	565	556	2,632
Operating profit, MSEK	37	68	29	230
Operating margin, %	7	12	5	10

## MARKET PULP

### Market situation

#### Q4

- Good market balance
  - » Despite restarted capacity of 700 000 tpa
- Prices up from USD ~730/t end of Q3 2009 to USD ~800/t at end of Q4 2009
- Strong market has resulted in further price increase announcements
  - » USD 860/t from 1 Feb 2010

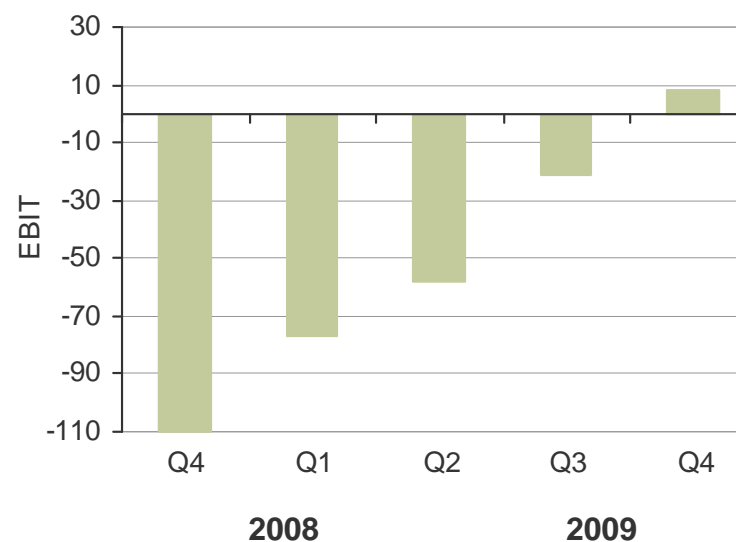




# MARKET PULP

## Financials

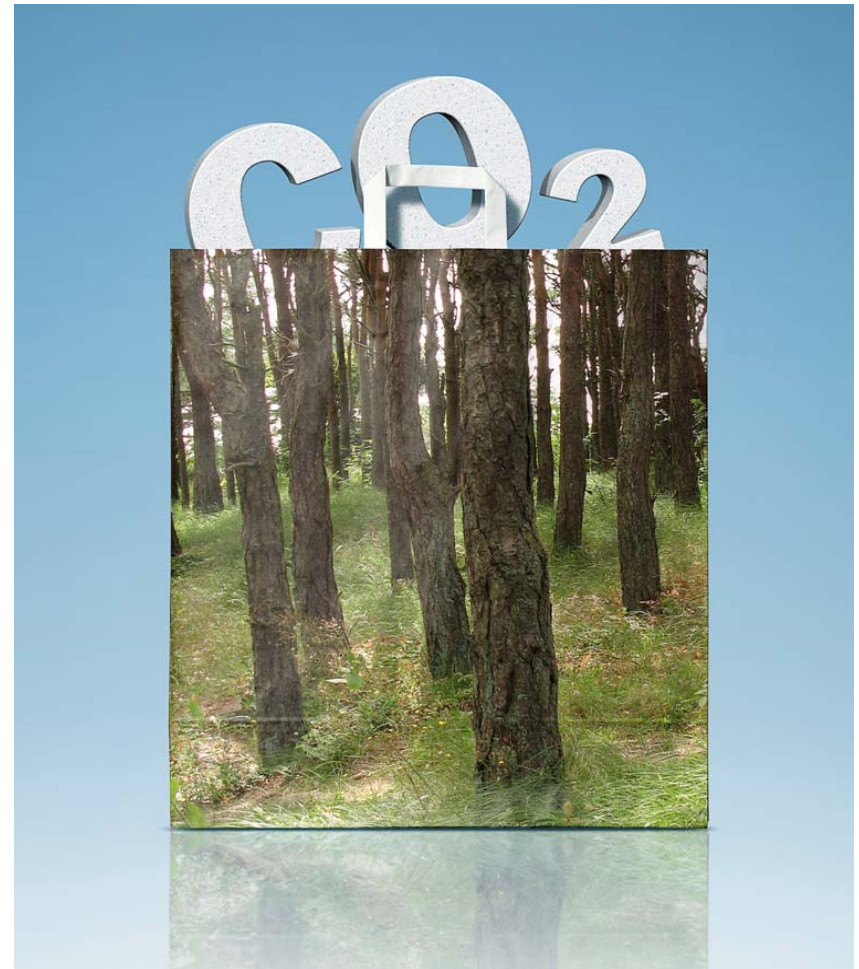
- Operating profit up compared to Q3 2009 primarily due to higher prices and lower variable costs



	Q4 2009	Q3 2009	Q4 2008	2009
Net sales, MSEK	380	325	334	1,338
Operating profit, MSEK	8	-21	-110	-148
Operating margin, %	2	-6	-33	-11

## Q4 IN SUM

- Profit level restored
- Cost reduction programmes finalised and achieved
- Strong deliveries and order books
- Price increases within all segments
- Efforts to restore price levels continue



## BILLERUD IN 2009

- Leveraged our multi machine structure
- Proven our innovative capabilities
  - » Developed our intellectual capital in the form of packaging expertise and newly developed products
- Confirmed our position as an independent quality supplier



# FINANCIALS





## KEY FIGURES

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## MAIN FACTORS BEHIND QonQ RESULT IMPROVEMENT

### MSEK

• Price increases	63
• Reduced variable costs	67
• Positive currency effects	63
• Other net effects	-26
<b>• Total change in EBIT</b>	<b>167</b>



## KEY FIGURES

2009 vs. 2008

	2009	2008	vs. 2008
Deliveries ('000 tonnes)	1,312	1,278	+3%
Net sales, MSEK	7,760	7,792	0%
Operating profit, MSEK	300	289	+4%
Operating margin	4%	4%	0
Profit/share, SEK	2.04	2.07	-1%
Debt/Equity ratio	0.29	0.99	+0.70



## REASON FOR EBIT DEVELOPMENT

2009 vs. 2008

	Full-year 09 vs. 08	Q4 09 vs. 08	Q3 09 vs.08	Q2 09 vs. 08	Q1 09 vs. 08
Delivery and production volumes, including product mix	223	180	40	66	-63
Sales prices (in respective sales currency)	-1,106	-124	-340	-363	-279
Change in variable costs	341	245	121	43	-68
Change in fixed costs	54	-37	3	51	37
Change in depreciation	-54	-13	-11	-14	-16
Effects of exchange rate changes, including hedging*	553	145	125	145	138
Total effect in operating profit	11	396	-62	-72	-251

**Of reduced variable costs of SEK 341 million compared with the previous year, approximately 2/3 consists of lower prices for wood, sodium hydroxide and energy and the remainder is mainly due to efficiency enhancements of variable costs.**



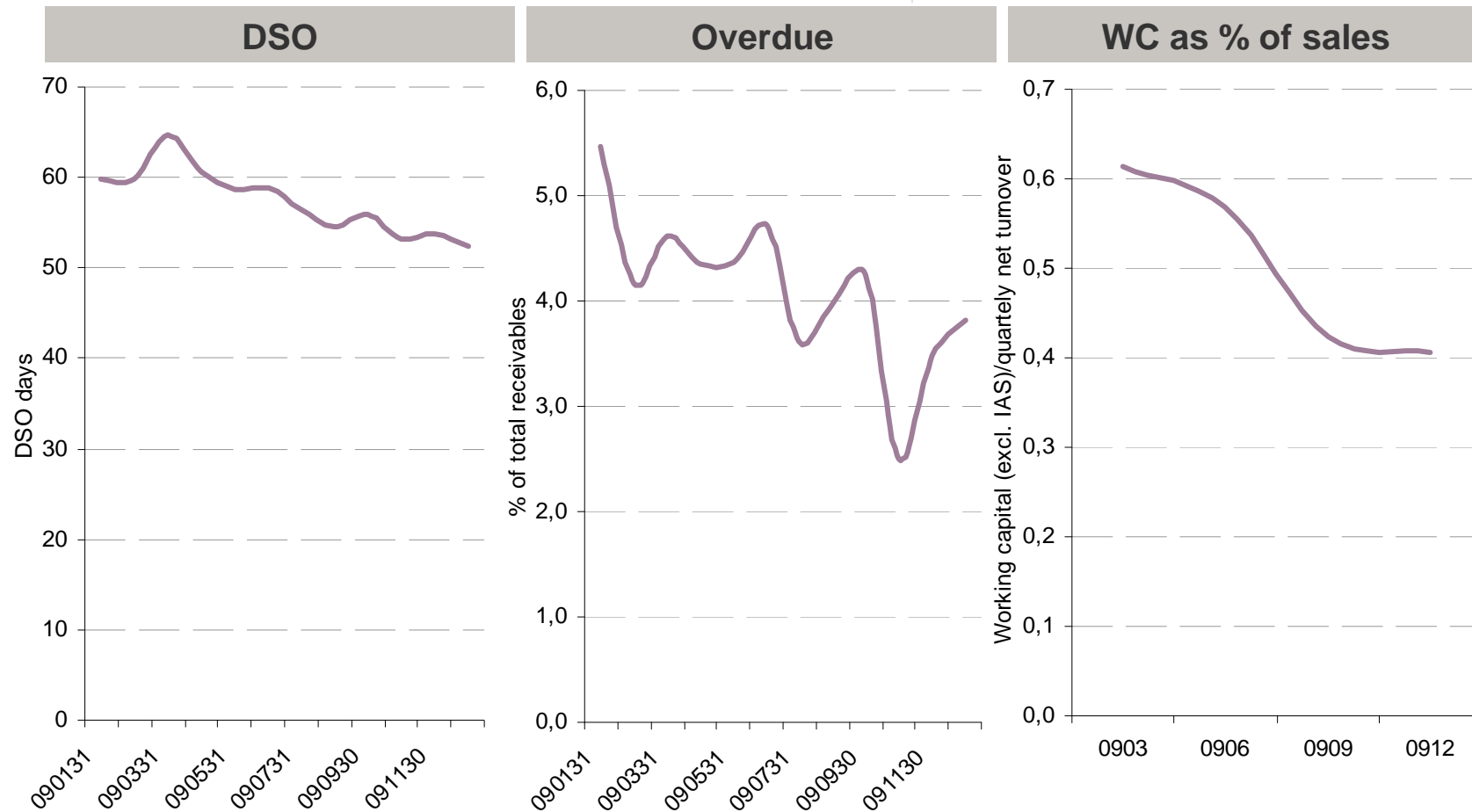
## CASH FLOW

MSEK	Q4 2009	Q3 2009	Full-year 2009	Full-year 2008
Operating surplus etc	392	207	862	716
Working capital change	-54	277	116	249
Finance net, taxes	-1	-35	-124	-174
Cash flow from operating activities	337	449	854	791
Capex	-52	-102	-257	-612
Acquisitions	-5	1	-35	-9
Operating cash flow	280	348	562	170
Dividends	-	-	-	-180
Rights issue	-3	928	925	-
Other	4	-1	-22	0
Change in net debt <sup>1)</sup>	281	1,275	1,465	-10

<sup>1)</sup> Minus equals increase in net debt

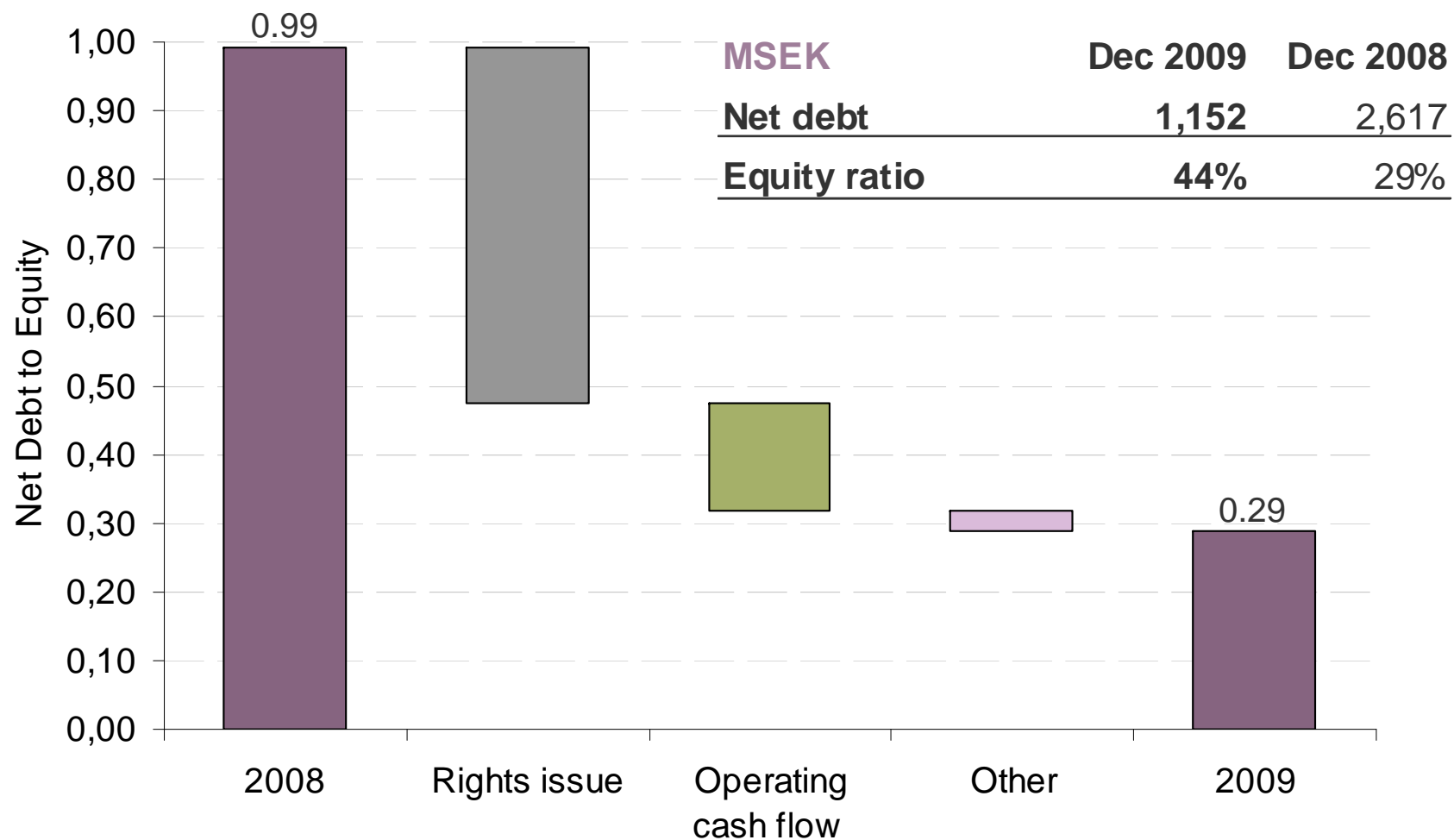


## GOOD WORKING CAPITAL DEVELOPMENT 2009

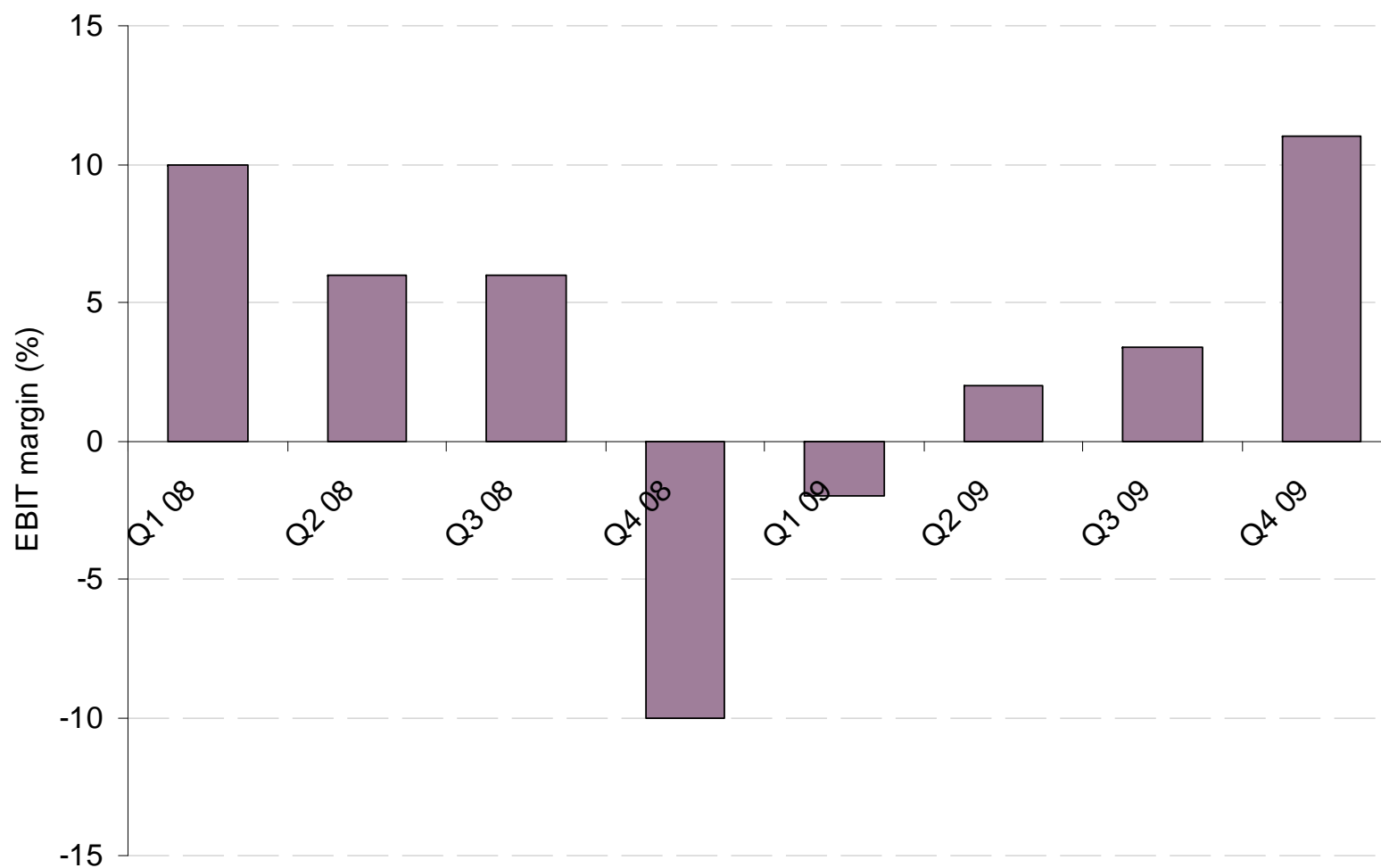




## STRONG BALANCE SHEET

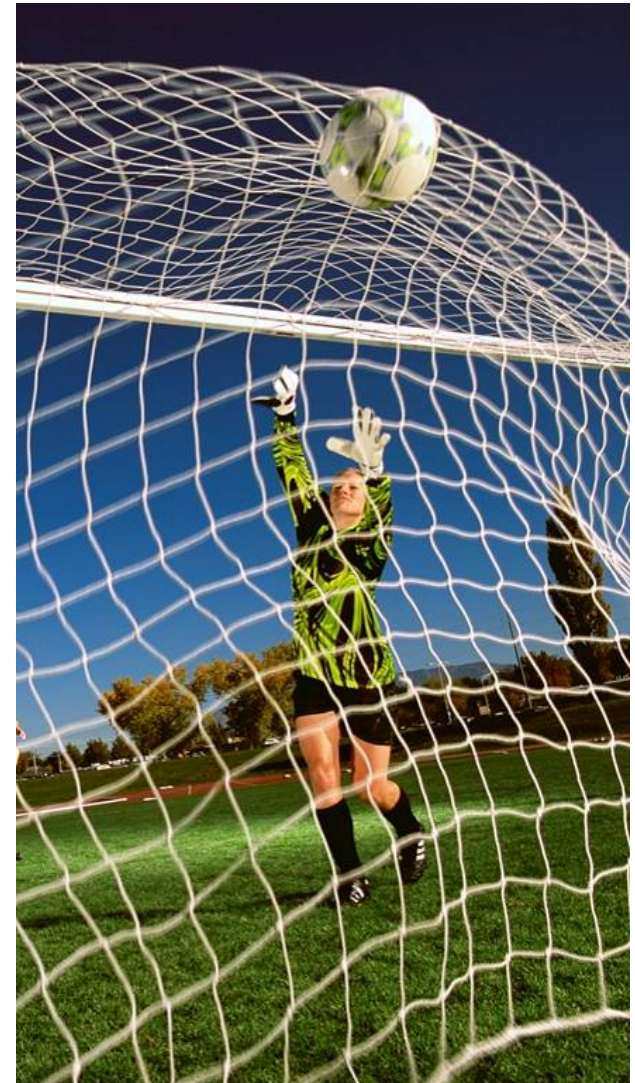


## RESTORED EBIT MARGIN



## FINANCIAL OBJECTIVES

- » Long term organic sales growth rate of at least 3%
- » An EBIT margin of 10% as an average for a business cycle
- » Investments should give a return well above WACC
- » Net debt to equity 0,6-0,9
- » Dividends 50% of net profits over a business cycle





## CURRENCY SITUATION

- Profit effect of net flow hedging MSEK -18 for 2009, MSEK +75 for Q4 2009
- Market value of outstanding contracts not relating to accounts receivable as of 31 December 2009 amounted to MSEK 145
- Hedge level 15 months forward:

	Oct-Dec 2009	Jan-Mar 2010	Apr-June 2010	July-Dec 2010	Jan-Mar 2011	Total 15 months	
	Average hedged currency rates	Average current rates	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>
EUR	9.91	10.35	11.00 <i>(90%)</i>	11.10 <i>(82%)</i>	10.70 <i>(74%)</i>	10.52 <i>(32%)</i>	10.85 <i>(71%)</i>
USD	8.52	7.00	8.48 <i>(96%)</i>	7.43 <i>(78%)</i>	7.20 <i>(41%)</i>	7.12 <i>(4%)</i>	7.75 <i>(53%)</i>
GBP	12.24	11.44	12.04 <i>(84%)</i>	11.93 <i>(68%)</i>	11.50 <i>(41%)</i>	11.41 <i>(4%)</i>	11.81 <i>(48%)</i>

Situation as per 28 jan 2010



## Q4 MARKET PULP RESULTS – SENSITIVITY ANALYSIS

(not including hedging and currency effects on working capital)

	Q4 2009	Current USD	Breakeven USD
USD/SEK average	7.03	7.28	6.51
Pulp price average	785	830	830
Market Pulp			
Sales	380	416*	372**
EBIT	8	65	0
EBIT margin	2%	11%	0%

Calculation example:

Q4 2009 Market Pulp results after implementation of announced price increase of NBSK to USD 830 and at an average USD rate corresponding to 1) The current USD/SEK rate of 7.28 and 2) at a USD/SEK rate of 6.51 (break even level of USD/SEK rate).

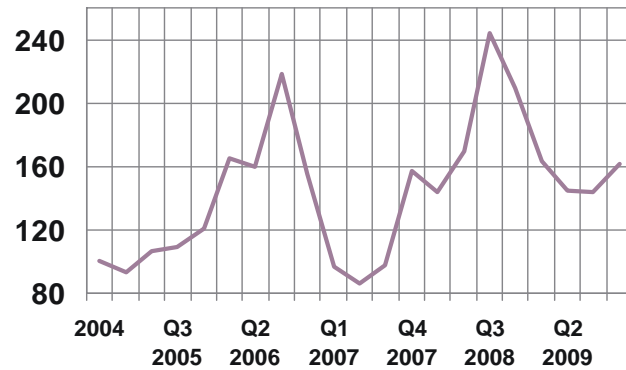
Calculation assumes all other factors including wood costs and production performance are unchanged compared to Q4 2009 and disregards that part of market pulp sales are in other currencies than USD.

\* $380 / 7.03 \times 7.28 / 785 \times 830 = 416$  \*\* $380 / 7.03 \times 6.51 / 785 \times 830 = 372$



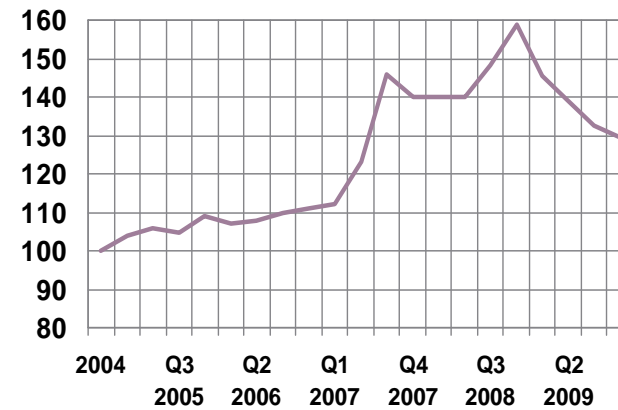
# MARKET PRICES AFFECTING RESULT

### Electricity index (Sweden\*)



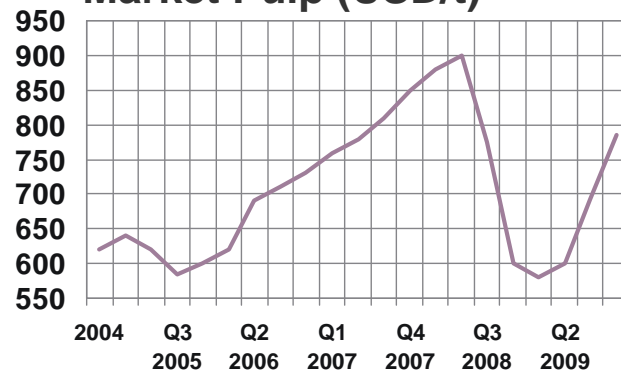
Source: Nordpool. \*Price area Sweden

### Wood price index

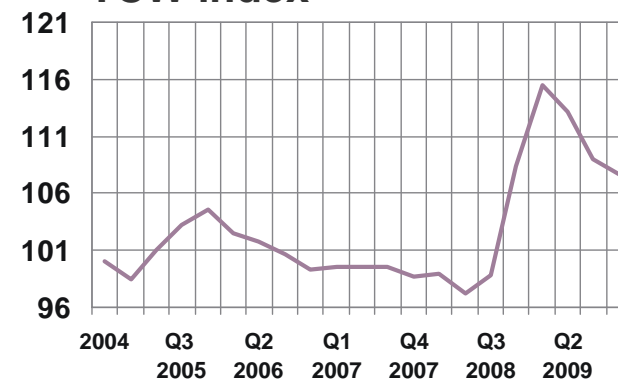


Source: Billerud

### Market Pulp (USD/t)



### TCW index



Source: Riksbanken



# OUTLOOK



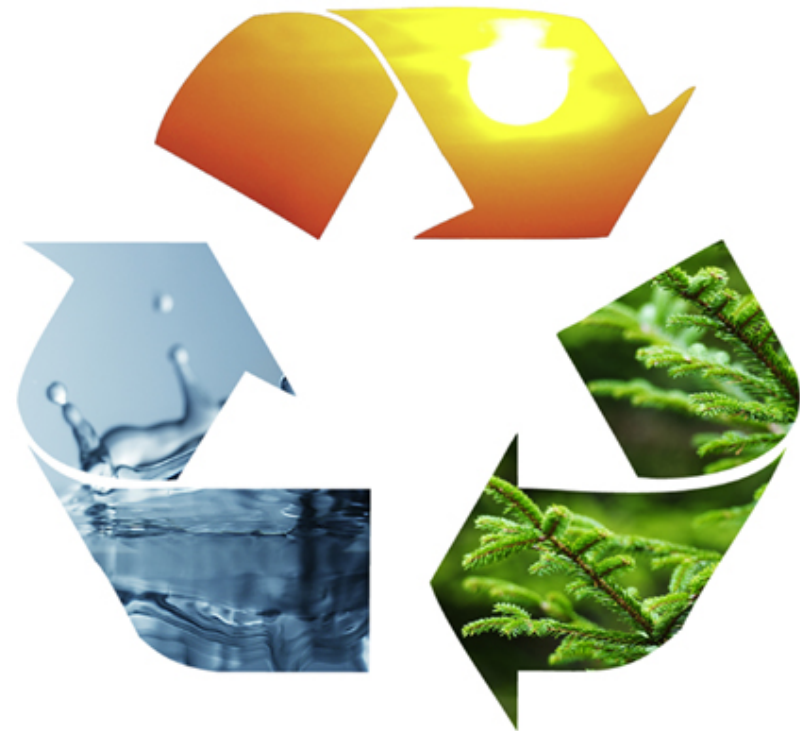
## OUTLOOK

- 2010 started with continued good demand within all segments
- Price increases have been implemented within all product areas and efforts to restore prices from the low levels of 2009 will continue in 2010
- Cost savings of SEK 250 million have been achieved and there will be a continued focus on costs during 2010



## STRATEGY WITH FOCUS ON SUSTAINABILITY

- 93% of European consumers agree that paper is sustainable and therefore paper should be used more for packaging\*
- 87% of European consumers agree that for the same product I could choose between paper and plastic packaging , I'd choose paper\*





# Q&A

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