



Billerud

January – September 2004

Stockholm, October 22



Bert Östlund, CEO

Nils Lindholm, CFO

Highlights – Q3 2004

- Full capacity utilization, maintenance stop in Karlsborg
- Deliveries 339 000 tonnes, +5% vs Q2-04
- Operating profit MSEK 269, +67% vs Q2-04
 - Higher volumes
 - Lower costs
- Pre-tax profit MSEK 251, +79% vs Q2-04
- ROCE 20% (12 months), 13% excluding currency contracts
- Energy related Capex of MSEK 1050 approved

Market Situation – Kraft Paper

Q3

- Weaker orderbook vs. Q2
- Stable average prices for Technical Kraft Papers
- Some prices increases for sack paper, especially for white
- Deliveries -2% vs. Q2-04, +6% vs. Q3-03
- Single-ply sack paper introduced

Outlook

- Stable demand situation

Market Situation – Containerboard

Q3

- Stable orderbook situation
- Increased prices
- Deliveries +17% vs. Q2-04, +19% vs. Q3-03
- Virgin flute 99 gsm introduced

Outlook

- Stable demand situation

Market Situation – Market Pulp

Q3

- Market price for NBSK decreased during the quarter from USD 660/tonne to USD 590/tonne
- Billeruds average price -4% compared to Q2-04
- Deliveries -1% vs. Q2-04, -14% vs. Q3-03

Outlook

- Price increase to USD 620/tonne up to year end

Billerud invests in cost cutting measures in the energy field

- Decision to invest around MSEK 1 050. On stream gradually from the second half of 2005 up to the end of 2006
- Includes new turbines for backpressure power and rebuilt bark boilers and new electricity supply at Gruvön
- Payback period of less than five years
 - Higher electricity generations & certificates
 - Lower oil consumption
- Project will be outside investment frame = depreciation

Financials

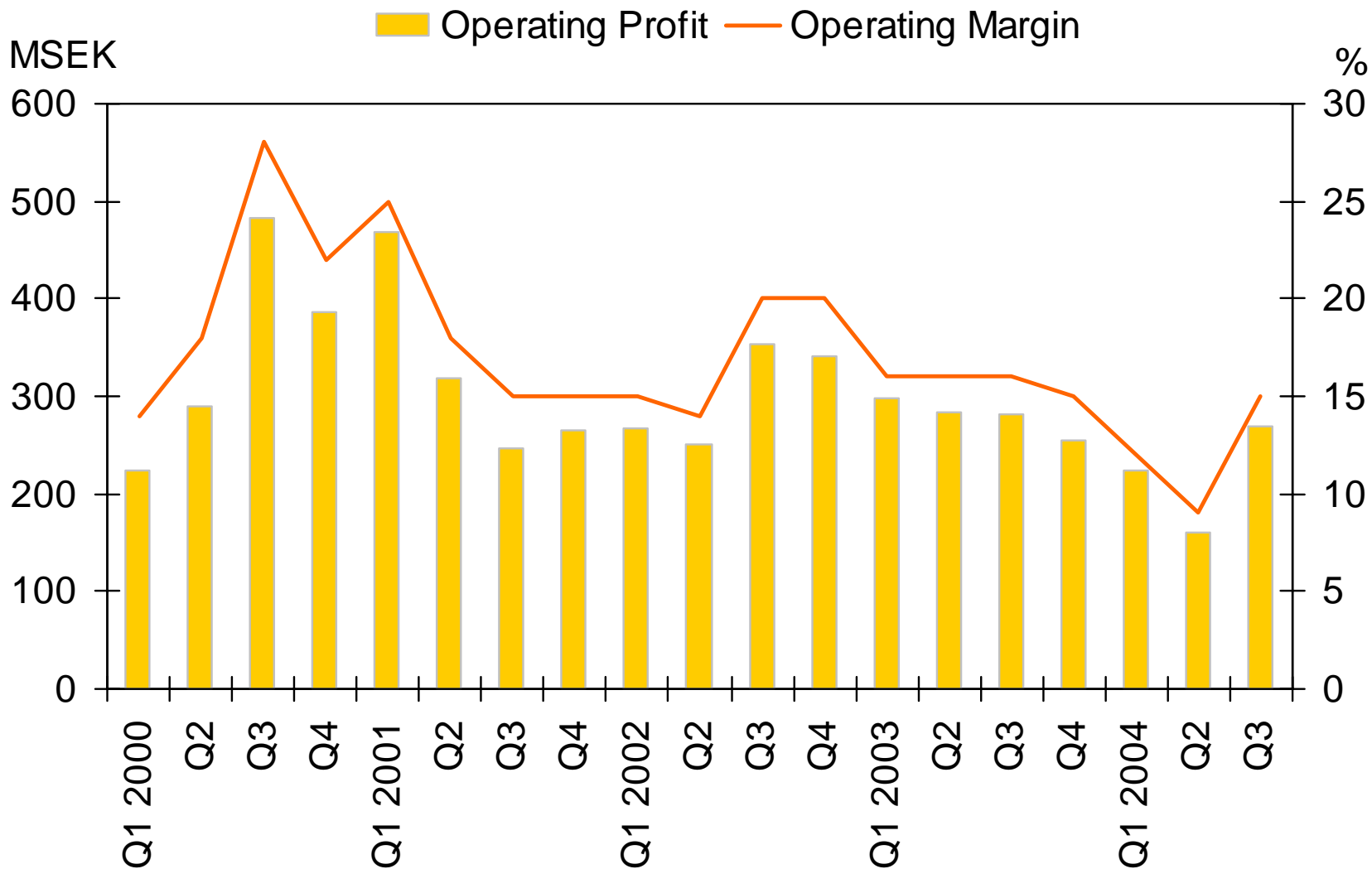
Key Figures Q3 2004

	Q3 2004	vs Q2 2004	vs Q3 2003
Net sales, MSEK	1.822	+3%	+5%
Operating profit, MSEK	269	+67%	-5%
Operating margin	15%	+6	-1
ROCE ¹⁾	20%	+/-0	-6
Profit/share, SEK	3.46	+81%	+5%
Debt/Equity ratio ²⁾	0.47	-0.07	+0.08
Deliveries (ktonnes)	339	+5%	+5%

1) Moving 12 months

2) End of period

Operating Margin Development



Cash Flow

Jan – Sept.

MSEK	Q3 2004	Q2 2004	2004	Year 2003
Operating surplus	375	260	966	1,494
Working capital change	-27	+60	+68	+79
Finance net, taxes	-10	-25	-75	-201
Cash flow from operating activities	338	295	959	1,372
Capex	-129	-152	-359	-380
Operating cash flow	+209	+143	+600	+992
Acquisition of Henry Cooke			-222	
Dividends/share buy-backs	-61	-418	-575	-777
Other	+1	+2	-13	15
Change in net debt ¹⁾	+149	-273	-210	+200

1) Plus equals decrease in net debt

Currency Situation

- 85% of 13 months forward hedging of net flows in EUR, 50% of 12 months in USD and 48% of 12 months in GBP
- Positive profit effect of net flow hedging MSEK 56 for Q3 2004
- Hedging rates at present:

Currency	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Average
EUR/SEK	9.28	9.14	9.22	9.18	9.20	9.21
USD/SEK	8.15	7.55	7.61	7.43		7.84
GBP/SEK	13.29	13.43	13.50	13.42		13.37

Share Buy-Back Programme

- Current programme approved by 2004 AGM and last until 2005 AGM
 - An additional maximum of around 2.0 million shares could be bought back, up to the AGM in 2005
- Status 30 September, 2004

	No. of shares purchased	Average purchase price
May - Sept. 2004	1 133 000	116,30

Financial Objectives

	Target	Achieved Q3
Return on capital employed	$\geq 15\%$ ¹⁾	20%
Debt/equity ratio	0.6-0.9	0.47
		0.45 ²⁾
Investments	In line with depreciation	
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Outlook

Outlook

- Deliveries during the remainder of 2004 are expected to continue at around the current level
- Prices in local currencies for Billerud's packaging paper is expected to remain stable
- Prices for NBSK expected to rise to USD 620 up to year end
- Negative effects of exchange rates
- Seasonal changes in costs and higher wood prices will mean a rise in costs in the final quarter
- Based on the above, the profit after financial items for the full year in 2004 is expected to reach around MSEK 750. The difference compared with previous forecast, MSEK 800, is due to lower pulp prices

Billerud Key Strengths

- Strong market position in attractive segments
 - >50% of turnover in segments where Billerud is No. 1 or 2 in Europe
 - Markets with stable growth and low capacity additions
 - Few focused competitors
- Competitive production
 - Well invested mills
 - Economies of scale
 - Integrated production
 - Profit improvement from optimisation of production and past investments
- Strong cash-flow
 - High profitability
 - Disciplined capital expenditure



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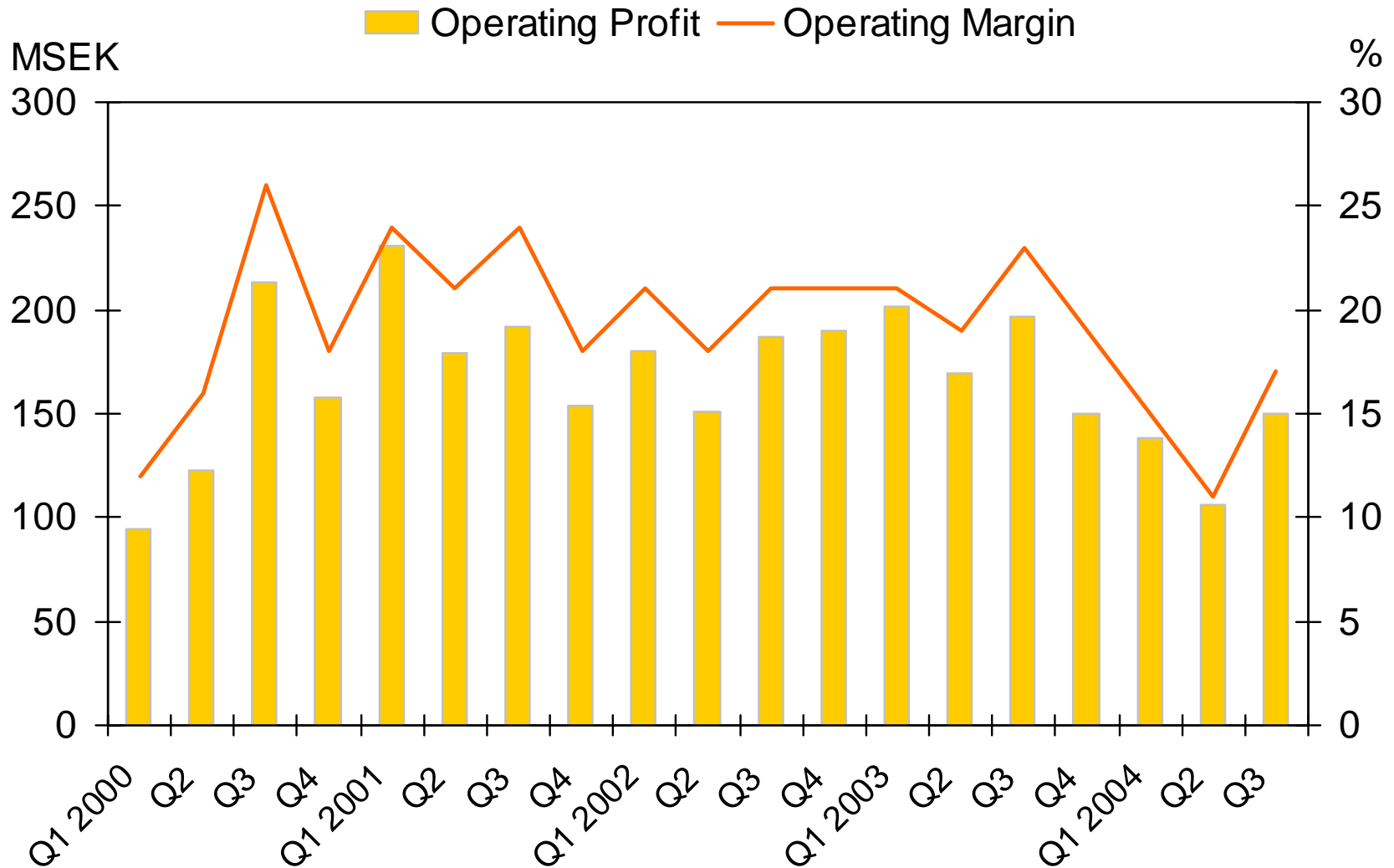


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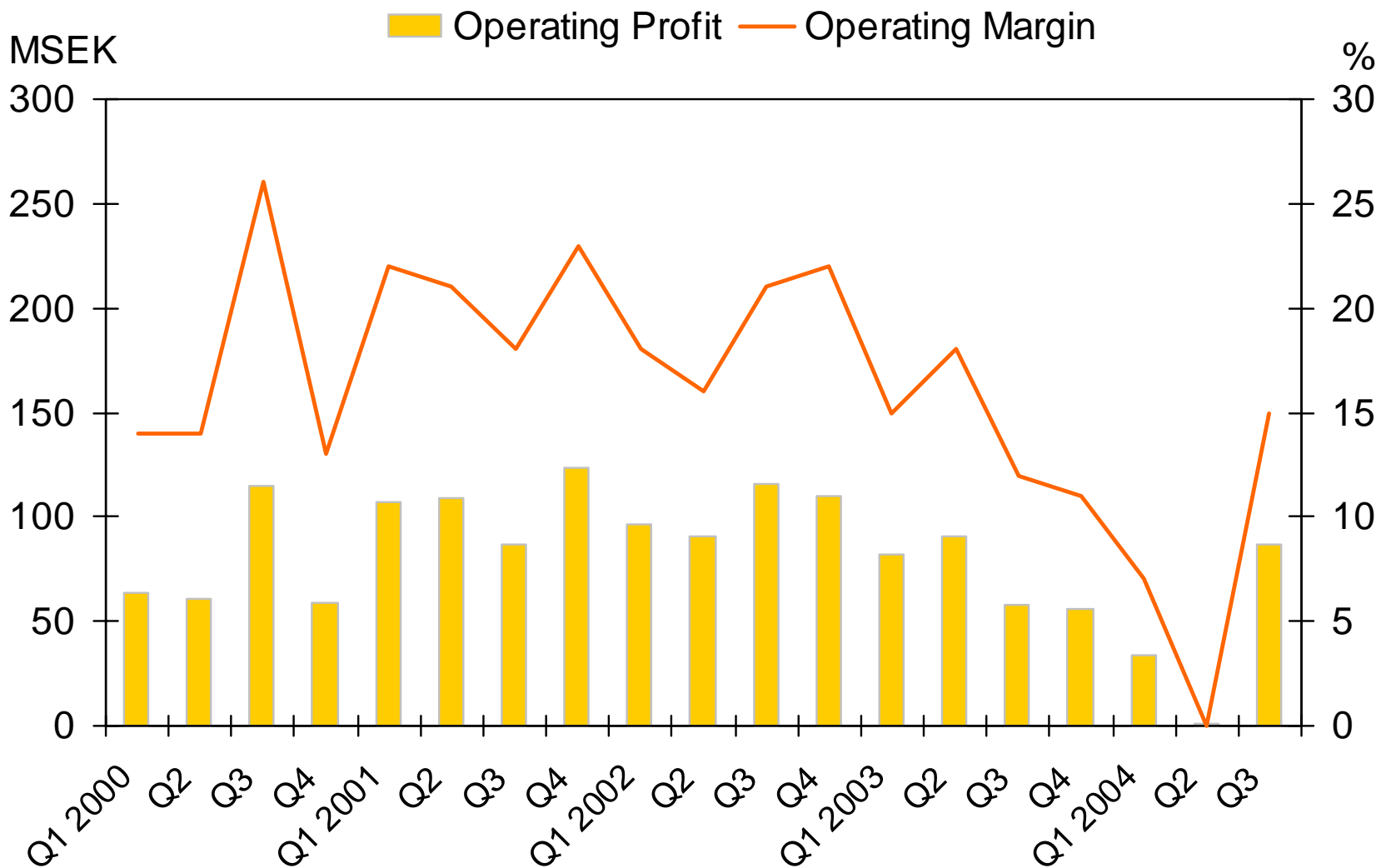
- Appendix -

Operating Margin – Kraft Paper



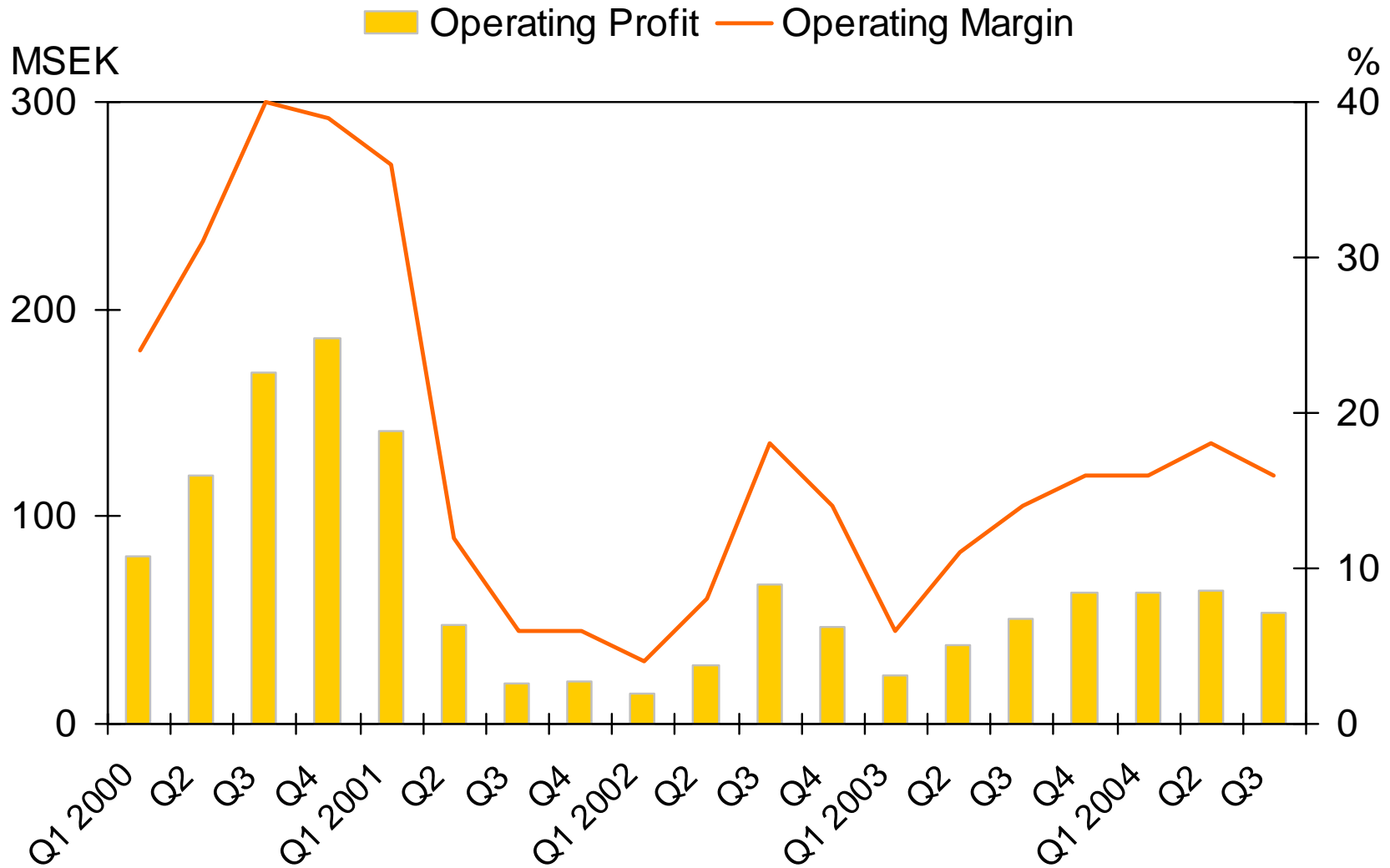
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

	Average rates per year				Average rates	Hedged rates	Trend
	2000	2001	2002	2003	9M 2004	9M 2004	
EUR/SEK	8.44	9.25	9.16	9.12	9.16	9.24	8.75
USD/SEK	9.17	10.33	9.72	8.25	7.48	8.83	8.00
GBP/SEK	13.86	14.87	14.58	13.27	13.61	14.63	-
EUR/USD	0.92	0.90	0.94	1.11	1.22	1.05	1.09
Billerud weighted index	101	112	109	102	100	106	99

Source: Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2004			2003	
Ktonnes	Q3	Q2	Q1	Q4	Q3
Kraft paper	129	132	136	113	122
Containerboard	137	117	134	128	115
Market pulp	73	74	87	86	85
Total	339	323	357	327	322

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2004-10-19. Source: ECOWIN

Profits and loss accounts, summary

Amounts in MSEK	Pro forma ³⁾		2001	2002	2003
	1999	2000			
Net turnover	5 387	6 666	6 910	7 067	6 992
Other income	55	39	10	10	10
Operating income	5 442	6 705	6 920	7 077	7 002
Operating expense	-4 873	-5 019 ¹⁾	-5 276 ²⁾	-5 498	-5 504
Depreciation	-260	-302	-345	-365	-380
Operating expenses	-5 133	-5 321	-5 621	-5 863	-5 884
Operating profit	309	1 384	1 299	1 214	1 118
Net financial items	–	-130	-118	-98	-76
Profit after financial items	–	1 254	1 181	1 116	1 042
Taxes	–	-351	-314	-316	-294
Net profit	–	903	867	800	748
Profit/share			13.81	13.25	13.13

1) Expenses have been reduced by SEK 36 million to adjust for SPP pension insurance refund.

2) Results include MSEK 47 in expenses for building Billerud and stock market listing.

3) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Capital employed, summary

Amounts in MSEK	Pro forma ¹⁾				
	31-dec 1999	31-dec 2000	31-dec 2001	31-dec 2002	31-dec 2003
Fixed assets	3 901	4 257	4 355	4 360	4 364
Inventories	575	633	708	669	690
Accounts receivable	951	1 064	1 118	1 107	1 083
Other current assets	199	176	115	141	154
Total operating assets	5 626	6 130	6 296	6 277	6 291
Less:					
Non-interest-bearing provisions	450	455	509	699	973
Accounts payable	430	508	412	372	383
Other non-interest-bearing liabilities	294	363	553	553	506
Capital employed	4 452	4 804	4 822	4 653	4 429

1) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Cash flow statement, summary

Amounts in MSEK	Pro forma				
	1999	2000	2001	2002	2003
Operating surplus	571	1 707	1 633	1 567	1494
Change in working capital	-69	-1	-146	48	79
Net financial items, taxes e.t.c	–	-230	-170	-276	-201
Cash flow from operating activities²⁾	502	1 476	1 317	1 339	1372
Cash flow from investing activities	-727	-678	-443	-370	-380
Cash flow before financing activities²⁾	-225	798	874	969	992

1) Tax paid is based on the estimated distribution between paid and deferred tax for year 2001 according to a forecast made in September 2001.

2) Cash flow from financial items and paid tax are not included in cash flow from current activities and cash flow after investing activities in the proforma accounts for 1998 -1999