Billerud

January – June 2005

Stockholm, August 3

Per Lindberg, CEO

Nils Lindholm, CFO

Highlights – Q2 2005

- Improved orderbook situation
- Some production problems, maintenance stop in Skärblacka
- Deliveries 336 000 tonnes, -4% vs Q1-05
- Change in ownership situation and new CEO appointed
- Operating profit MSEK 20, -70% vs Q1-05
  - Maintenance stop (MSEK 70)
- Pre-tax profit MSEK 3, -94% vs Q1-05
- ROCE 11% (12 months), 9% excluding currency contracts

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Market Situation – Kraft Paper

Q2

- Improved order book
- Stable prices, improved mix in sack paper
- Deliveries -5% vs. Q1-05, +1% vs. Q2-04

Outlook

- The market for kraft paper has improved

Market Situation – Containerboard

Q2

- Stable orderbook situation
- Stable prices
- Deliveries -2% vs. Q1-05, +9% vs. Q2-04

Outlook

- Stable demand situation

Market Situation – Market Pulp

<u>Q2</u>

- Market price for NBSK decreased during the quarter from USD 645/tonne to USD 590/tonne
- External deliveries -5% vs. Q1-05, +1% vs. Q2-04

<u>Outlook</u>

- Price increase during rest of the year

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Cost reduction programme decided

- Organisation cost will be cut by at least MSEK 250 per year
- Reduction of 450 employees
- The programme will come into immediate effect and should be completed by the end of 2006. The full effects will be noted in 2007
- One-off costs for the programme are calculated at MSEK 400
- Negotiations with trade unions initiated

Change in ownership situation

- Frapag acquired approx. 14% of Billerud
- Austrian family owned holding company, with long history in the paper industry
- Long term owner, interest to develop Billerud

Ownership structure June 2005

Frapag	14%
Institutional investors	36% *
Private investors	46% **
Treasury shares	4%
	100%

* Largest single holding approx. 4%

** Aprox. 163 000 individual shareholders

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Financials

Key Figures Q1 2005

	Q2 2005	vs Q1 2005	vs Q2 2004
Net sales, MSEK	**1.704**	-2%	-3%
Operating profit, MSEK	**20**	-70%	-79%
Operating margin	**1%**	-3	-4
ROCE[1)]	**11%**	-2	-9
Profit/share, SEK	**0.04**	-94%	-96%
Debt/Equity ratio[2)]	**0.76**	+0.24	+0.22
Deliveries (ktonnes)	**336**	-4%	+4%

1) Moving 12 months
2) End of period

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Operating profit, 2005 vs. 2004 (Jan-June)

MSEK	
Deliveries and prod. volumes, incl. product mix	+/-0
Sales prices (in local currencies)	+/-0
Variable costs	-100
Fixed costs	+40
Effect of unfavourable exchange rates	- 200
Total effect on results (rounded off)	-260

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Operating profit by product area (Januari - June)

MSEK	2005	2004	Excl. hedging effects 2005	Excl. hedging effects 2004
Kraft paper	132	224	156	187
Containerboard	48	17	68	-4
Market pulp	-30	129	-14	49
Other	-64	-20	-64	-20
Total	86	350	146	212

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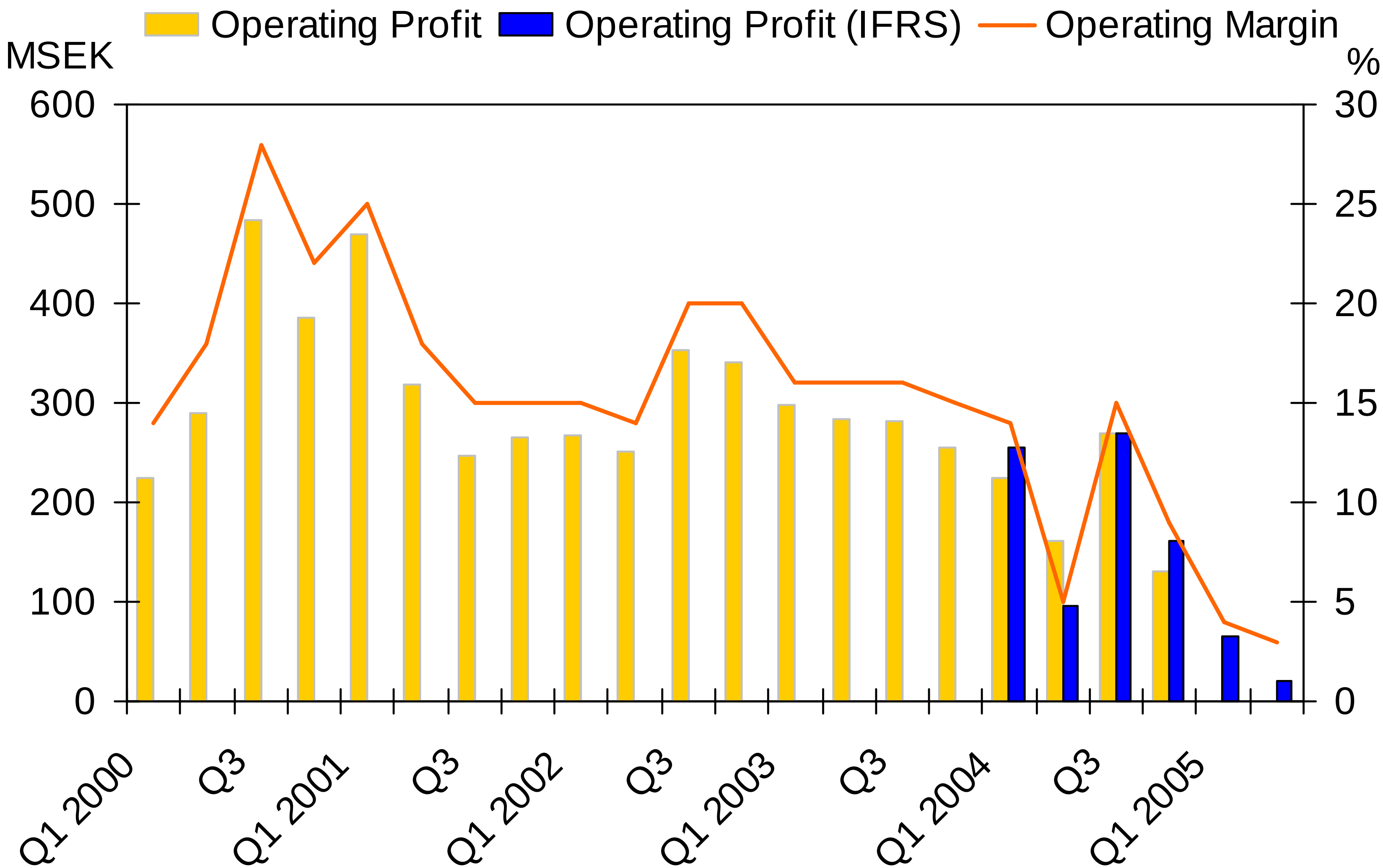
Operating Margin Development



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Cash Flow

MSEK	**Q2 2005**	Q1 2005	H1 2004	Year 2004
Operating surplus	**122**	183	305	1,185
Working capital change	**55**	-59	-4	+91
Finance net, taxes	**-27**	-33	-60	-66
Cash flow from operating activities	**150**	91	241	1,210
Capex, excl. energy investments	**-108**	-93	-201	-449
Capex (energy inv.)	**-128**	-110	-238	-115
Operating cash flow	**-86**	-112	-198	+646
Acquisition of Henry Cooke				-213
Dividends/share buy-backs	**-334**		-334	-663
Other	**-25**	-13	-38	-19
Change in net debt [1)]	**-445**	-125	-570	-249

1) Minus equals increase in net debt

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Currency Situation

- Negative profit effect of net flow hedging MSEK -60 for Jan-June 2005

Currency	Hedged net flows in %	Average
EUR/SEK	54%	9.19
USD/SEK	59%	7.10
GBP/SEK	49%	13.09
DKK/SEK	52%	1.23

Financial Objectives

	Target	Achieved Q2
Return on capital employed	$\geq$ 15% [1)]	11%
Debt/equity ratio	0.6-0.9	0.76
Investments	In line with depreciation	OK, ex. energy investments
Pay-out ratio	50% [1)]	

1) Average over a business cycle

2) Average 4 quarters

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Outlook

Outlook

- Full-year forecast for operating profit 2005 is MSEK 150, (incl. one-off costs of MSEK 45 in Jan-June)
- In addition, one off-costs of MSEK 400 covering organisational rationalisation will be charged to the result during the remainder of 2005 and in 2006
- Reasons for deviation from earlier forecasts are lower pulp prices (minus MSEK 50) and speed up of organisational rationalisation
- The market for kraft paper has improved while the containerboard market is stable
- Continued high cost level for wood, energy and chemicals

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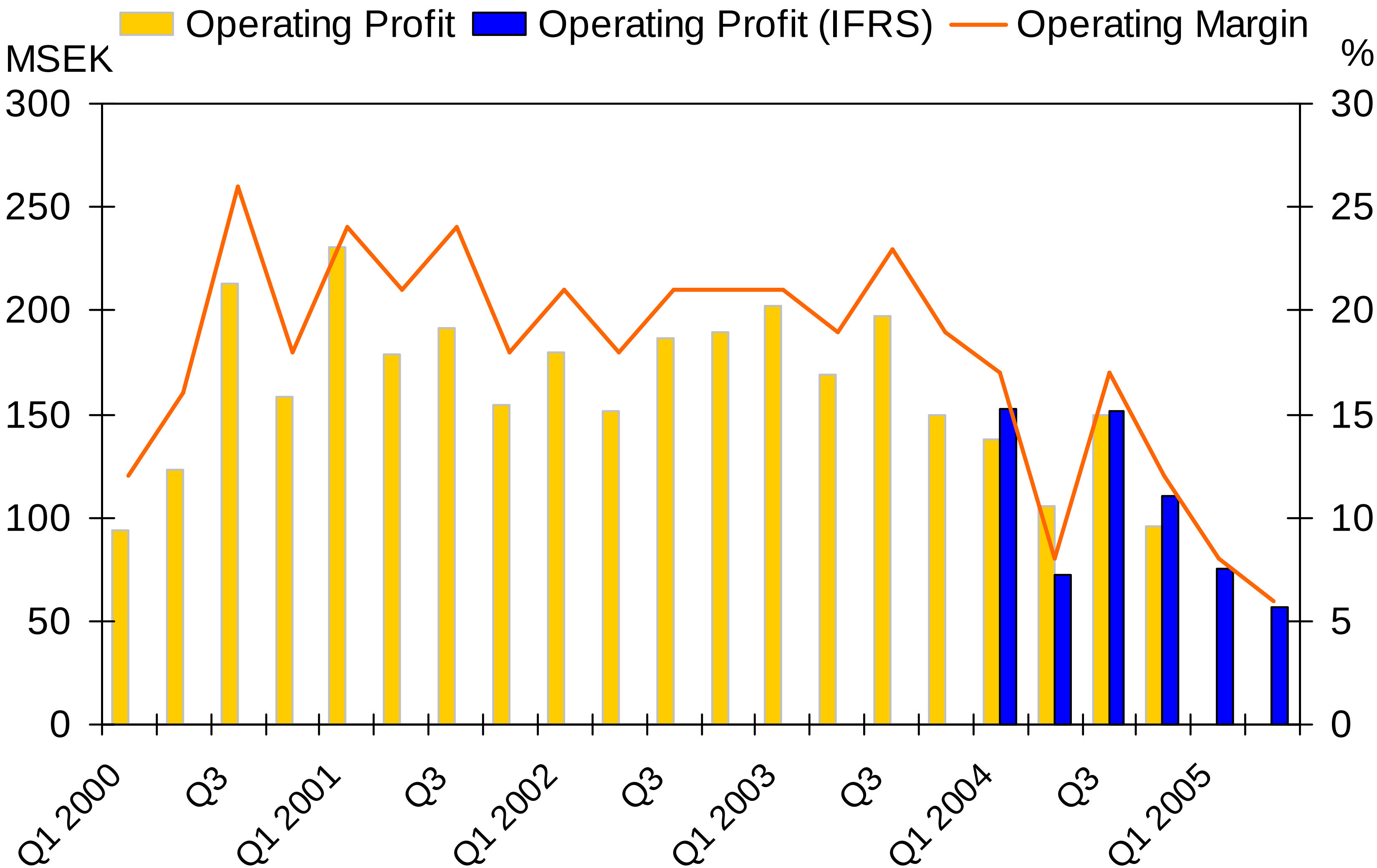
- Appendix -

Operating Margin – Kraft Paper



Source: Billerud

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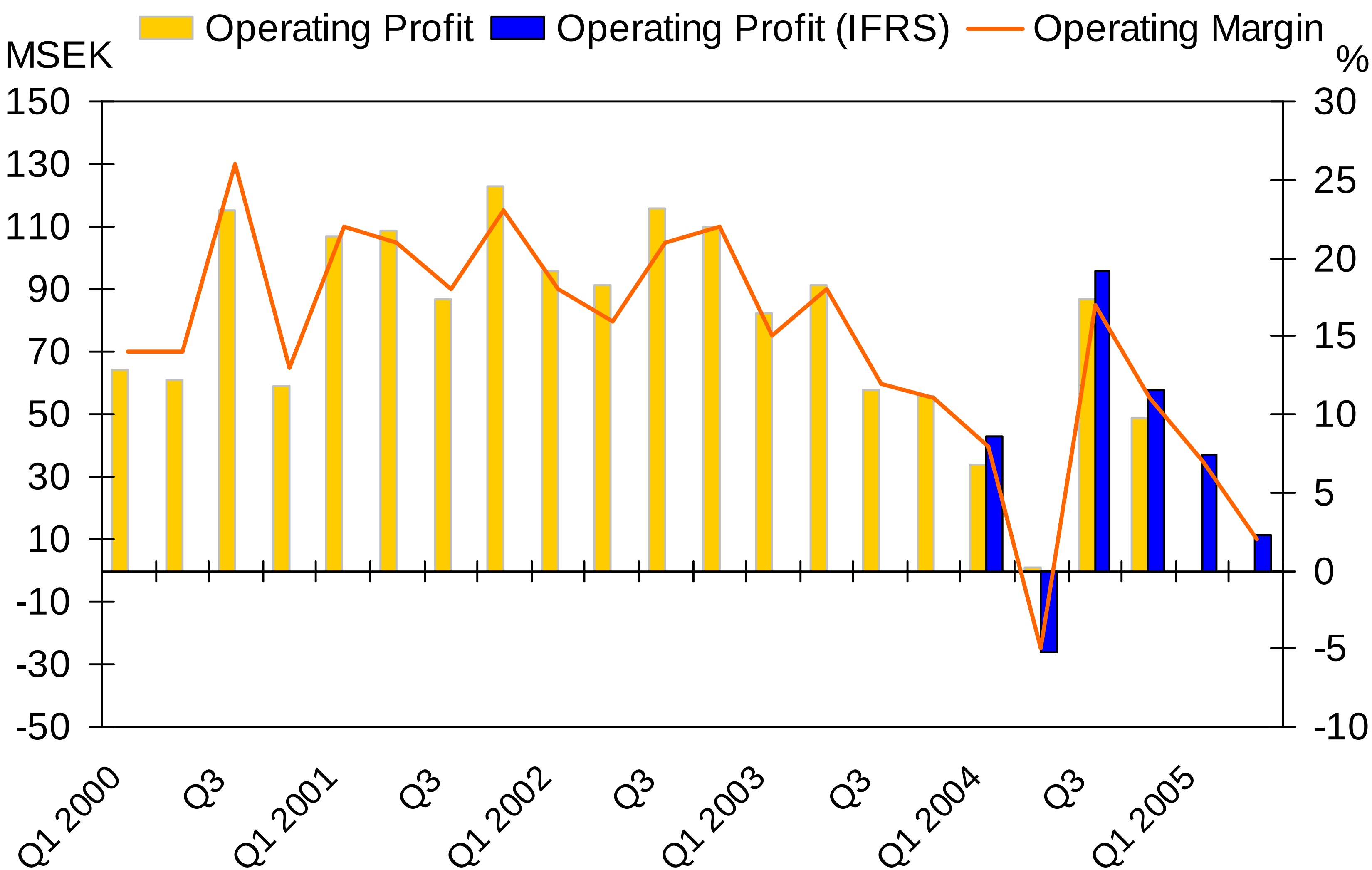
Operating Margin – Containerboard



Source: Billerud

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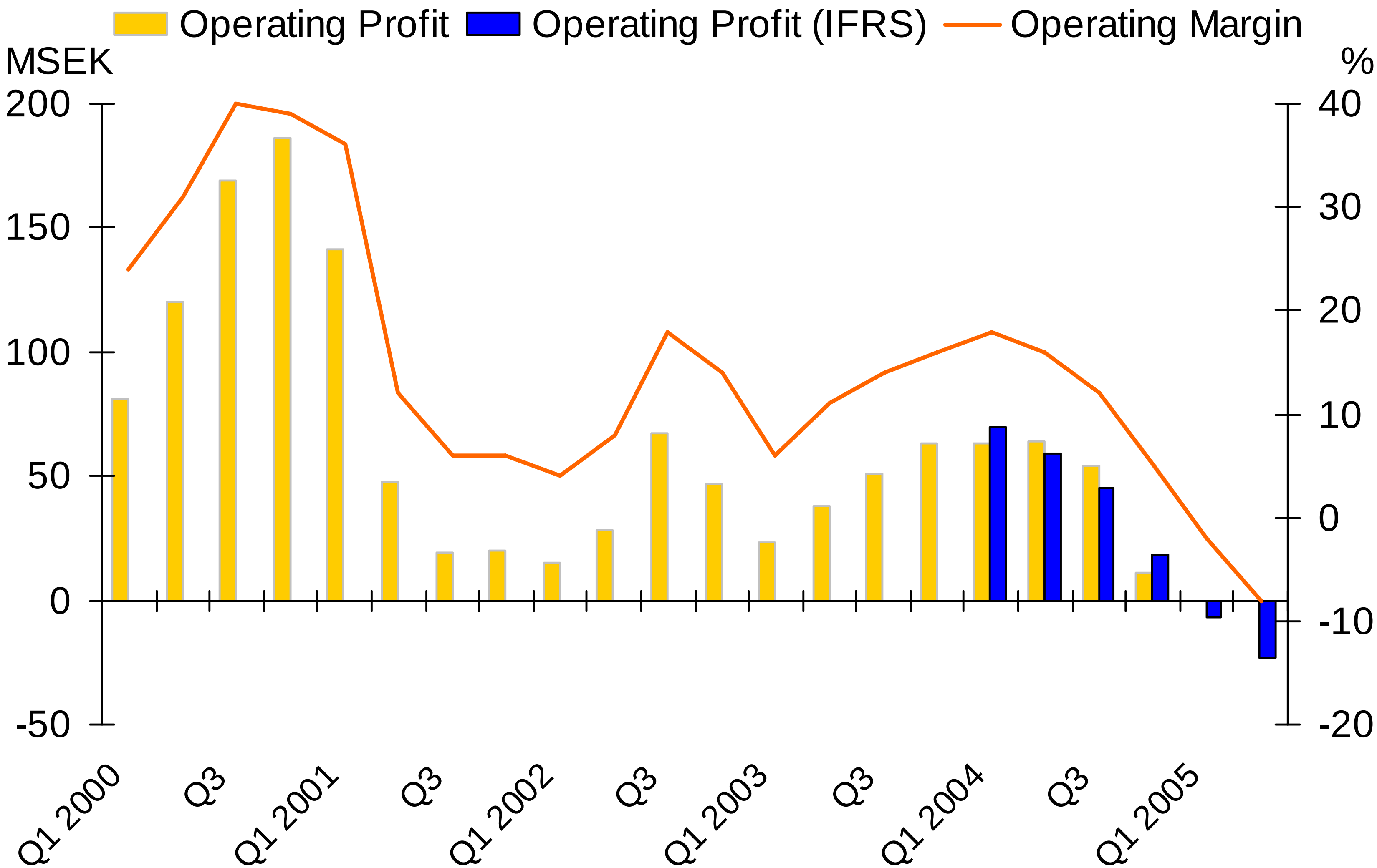
Operating Margin – Market Pulp



Source: Billerud

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Currency Rates

	Average rates per year				Average rates	Hedged rates	
	2001	2002	2003	2004	6M 2005	6M 2005	Trend
EUR/SEK	9,25	9,16	9,12	9,13	9,14	9,20	8,75
USD/SEK	10,33	9,72	8,25	7,35	7,11	7,19	8
GBP/SEK	14,87	14,58	13,27	13,46	13,32	13,12	-
EUR/USD	0,90	0,94	1,11	1,24	1,29	1,28	1,09
Billerud weighted index	112	109	102	99	98	99	99

Source: Sveriges Riksbank (www.riksbanken.se)

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Delivered Volumes

	2005		2004		
Ktonnes	**Q2**	Q1	Q4	Q3	Q2
Kraft paper	**133**	140	131	129	132
Containerboard	**128**	130	143	137	117
Market pulp	**75**	79	78	73	74
Total	**336**	349	352	339	323

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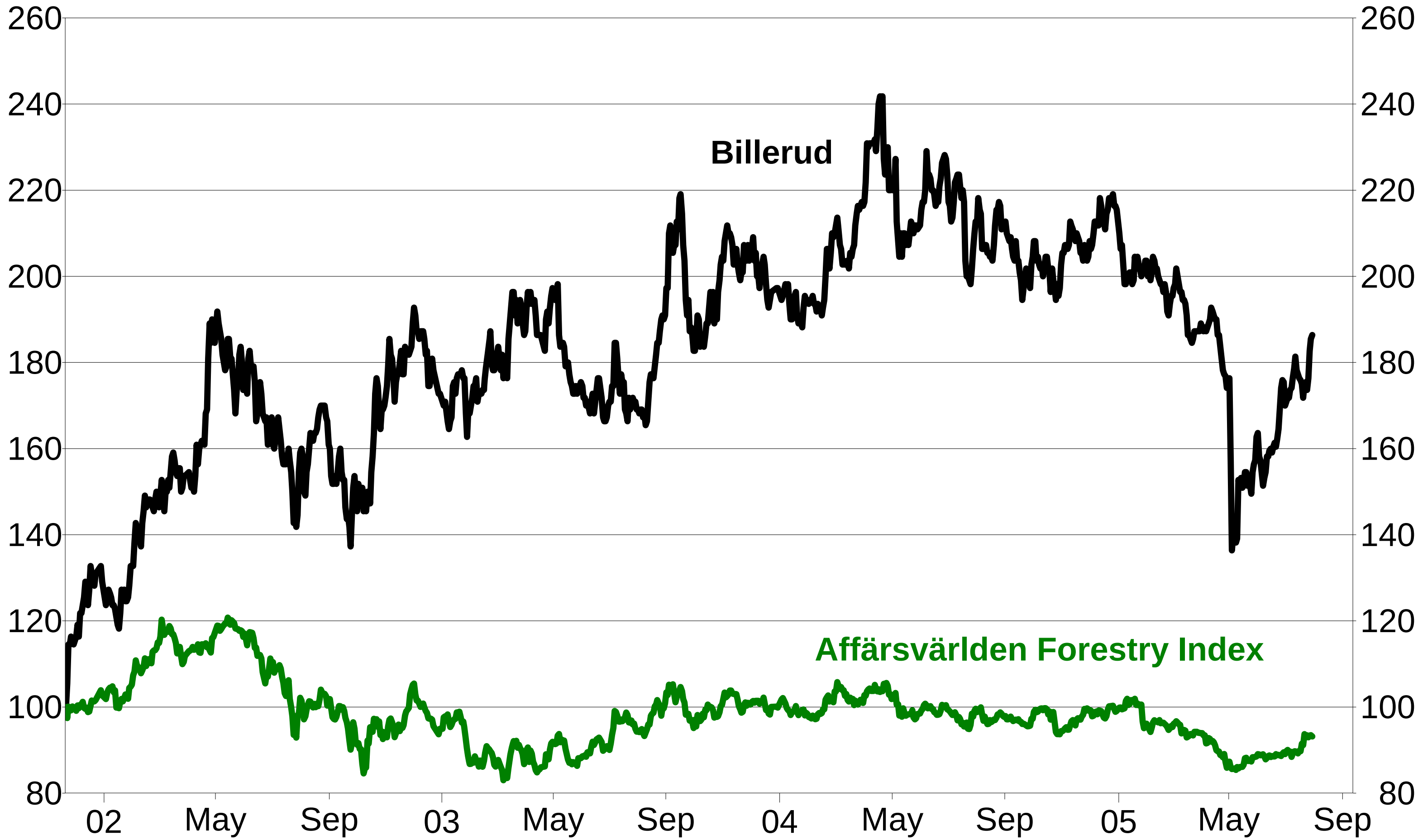
Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2005-08-02 Source: ECOWIN

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