

Billerud

January – September 2005

Stockholm, November 9



Per Lindberg, CEO

Nils Lindholm, CFO



Highlights – Q3 2005

- Improved orderbook situation
- Lower production and deliveries due to maintenance stop in Gruvön and Karlsborg
- Deliveries 325 000 tonnes, -3% vs Q2-05
- Operating profit MSEK -367, compared to MSEK 20 Q2-05
 - One-off costs organisation change “Billerud 2007” MSEK 376
 - Operating profit MSEK 9 before one-offs
- Pre-tax profit MSEK -390, compared to MSEK 3 Q2 -05
- ROCE -3% (12 months), +6% excluding currency hedging and one-off costs

Market Situation – Kraft Paper

Q3

- Good order book, the market for kraft paper has improved
- Stable prices, improved mix in sack paper
- Deliveries -5% vs. Q2-05, -2% vs. Q3-04

Outlook

- Price increases announced

Market Situation – Containerboard

Q3

- Stable orderbook situation
- Stable prices
- Deliveries -2% vs. Q2-05, -9% vs. Q3-04

Outlook

- Price increases announced for White liner

Market Situation – Market Pulp

Q3

- Market price for NBSK increased during the quarter from USD 590/tonne to USD 600/tonne
- External deliveries -3% vs. Q2-05, +-0% vs. Q3-04

Outlook

- Price increase during rest of the year. USD 620/tonne from November

Organisation cost reduction programme

- 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 MSEK 400, included in January – September accounts
- Programme develops according to plan

Energy cost reduction programme

- 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
- Capex Jan – Sept. 2005 MSEK 444
- Programme develops according to plan

Financials

Key Figures Q3 2005

	Q3 2005	vs Q2 2005	vs Q3 2004
Net sales, MSEK	1,638	-4%	-10%
Operating profit, MSEK	-367	-387	-637
Operating margin	-22%	-23	-37
ROCE ¹⁾	-3%	-14	-21
Profit/share, SEK	-5.47	-5.51	-8.93
Debt/Equity ratio ²⁾	0.86	+0.10	+0.39
Deliveries (ktonnes)	325	-3%	-4%

1) Moving 12 months

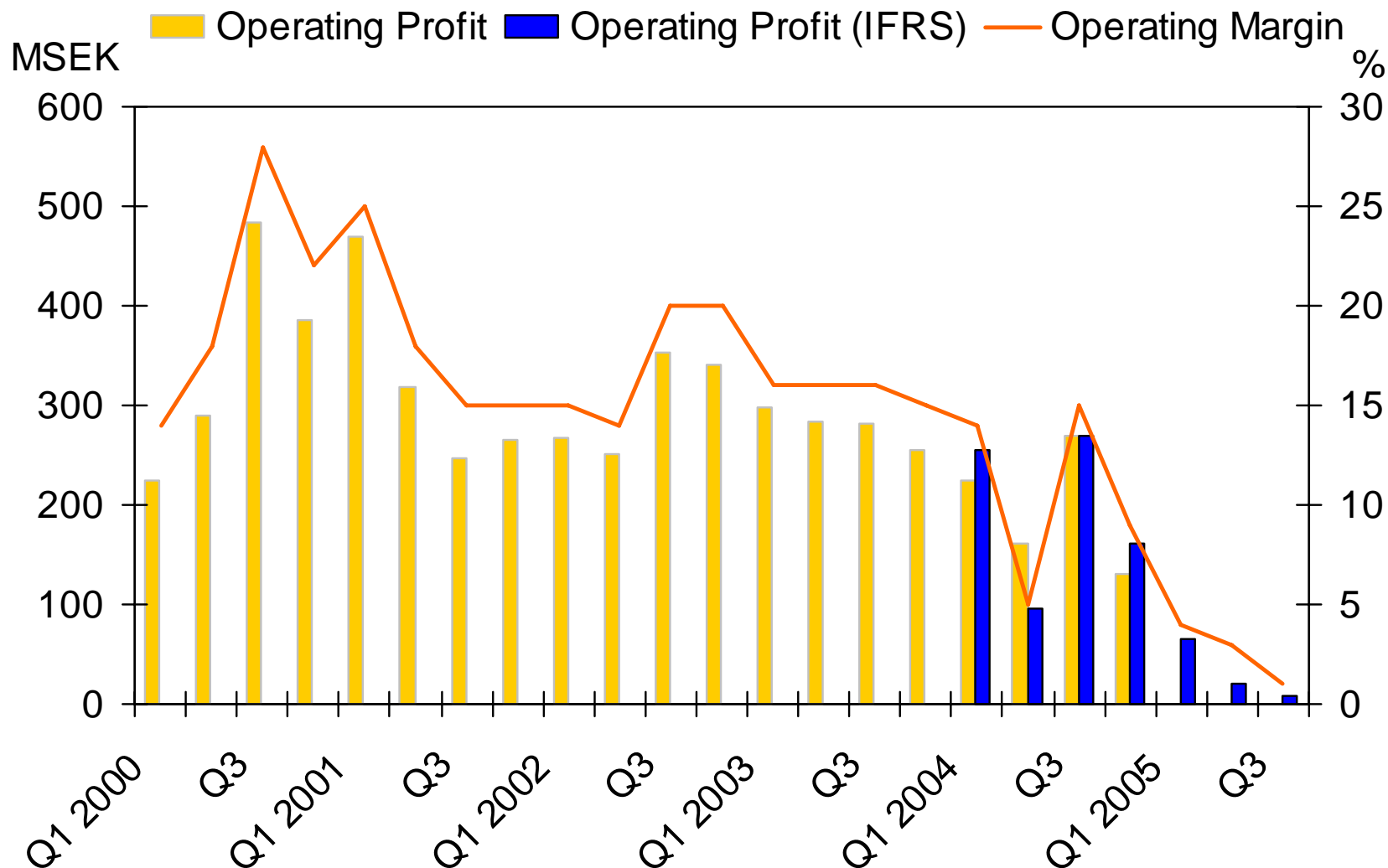
2) End of period

Excluding effects from hedging and “Billerud 2007”

	Jan - Sept. 2005	Jan – Sept 2004	Diff 05. vs. 04
Kraft paper	270	315	-45
Containerboard	41	78	-37
Market Pulp	-25	+42	-67
Total (ex currency hedging)	286	435	-149
Effect of currency hedging	-102	227	-329
Incl. currency hedging	184	662	-478
One-offs “Billerud 2007”	-400	-	-400
Others	-65	-42	-23
Total	-281	620	-901

Operating Margin Development

- Ex one-offs "Billerud 2007"



Cash Flow

MSEK	Q3 2005	J-S 2005	J-S 2004	Year 2004
Operating surplus	78	383	966	1,185
Working capital change	175	171	59	+91
Finance net, taxes	-28	-88	-75	-66
Cash flow from operating activities	225	466	950	1,210
Capex, excl. energy investments	-94	-295	-287	-449
Capex (energy inv.)	-206	-444	-72	-115
Operating cash flow	-75	-273	+591	+646
Acquisition of Billerud Beetham			-213	-213
Dividends/share buy-backs		-334	-575	-663
Other	8	-30	-13	-19
Change in net debt ¹⁾	-67	-637	-210	-249

1) Minus equals increase in net debt

Currency Situation

- Negative profit effect of net flow hedging MSEK -102 for Jan - Sept. 2005 (+227)
- With Billerud's hedging policy and exchange rates beginning of November, hedging of EUR has been increased to about 15 months at a forward rate of about SEK 9.50 per EUR
- Hedged shares of net flows for EUR, USD and GBP. (incl. hedging rates)

Currency		Nov-Dec 2005	Jan-Jun 2006	Jul-Dec 2006	Jan-Jun 2007	Total
EUR	Share of flows	97%	90%	87%	15%	91%
	Rate	9.19	9.38	9.5	9.54	9.41
USD	Share of flows	100%	71%	13%	-	57%
	Rate	7.21	7.27	7.41	-	7.26
GBP	Share of flows	100%	64%	18%	-	55%
	Rate	13.39	13.33	13.80	-	13.4

Financial Objectives

	Target	Achieved Q3
Return on capital employed	$\geq 15\%$ ¹⁾	-3%
Debt/equity ratio	0.6-0.9	0.86
Investments	In line with depreciation	OK, ex. energy investments
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Outlook

Outlook

- Costs for wood raw materials, energy and chemicals are expected to remain high
- The market price of long-fibre market pulp is currently rising and further increases are expected
- The market situation for Billerud's packaging paper has continued to improve, which meant that Billerud has announced higher prices for most paper products from the final quarter of 2005 or the first quarter of 2006
- The operating profit for the full year 2005 is expected to reach around MSEK 150 before one-off costs for restructuring of the organisation (Billerud 2007 project) which are estimated at around MSEK 400
 - After the one-off costs the operating loss is expected to be around SEK 250
- Currency hedging is expected to have a negative effect of MSEK 150 on earnings for the full year 2005

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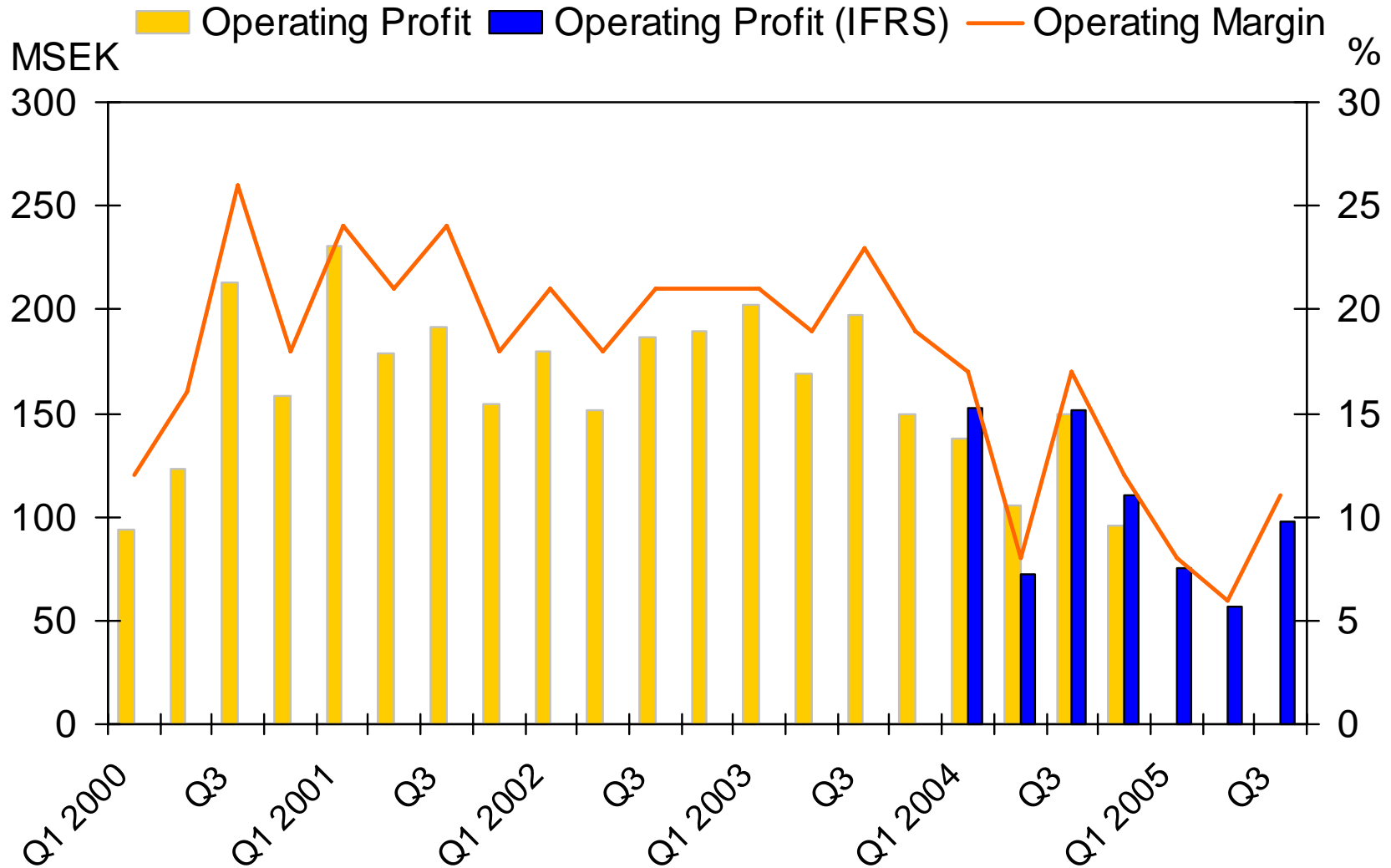
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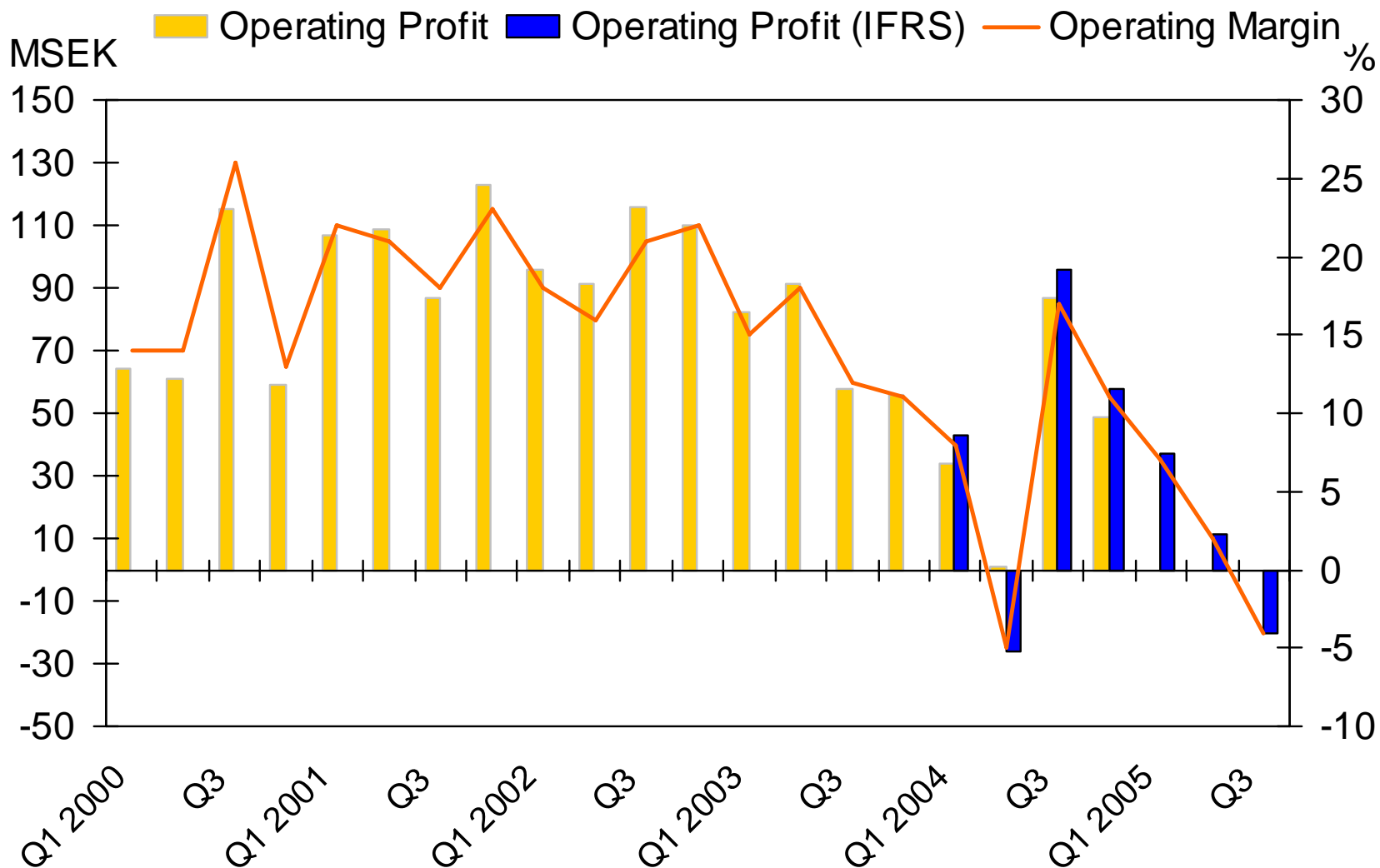
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Operating Margin – Kraft Paper



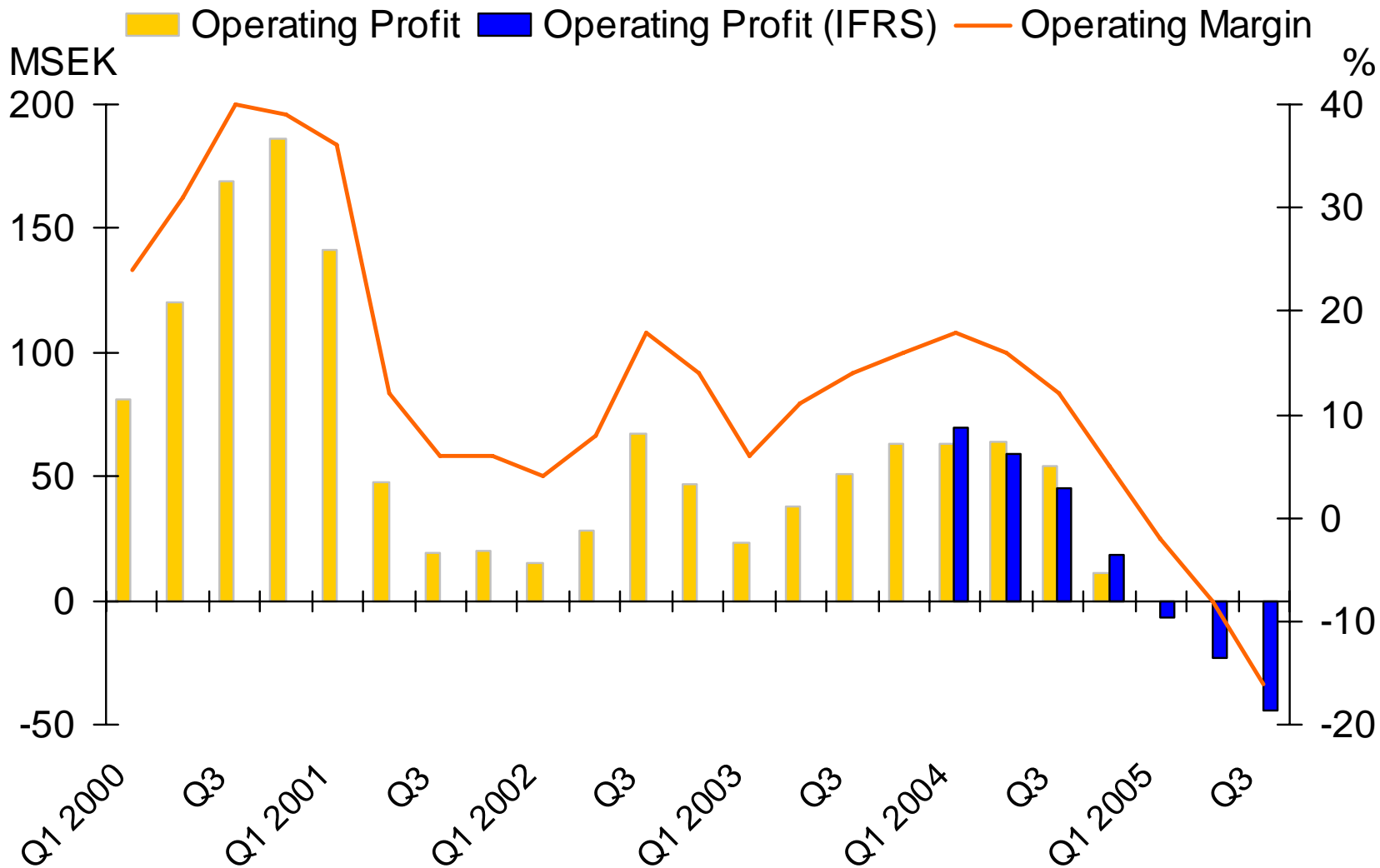
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

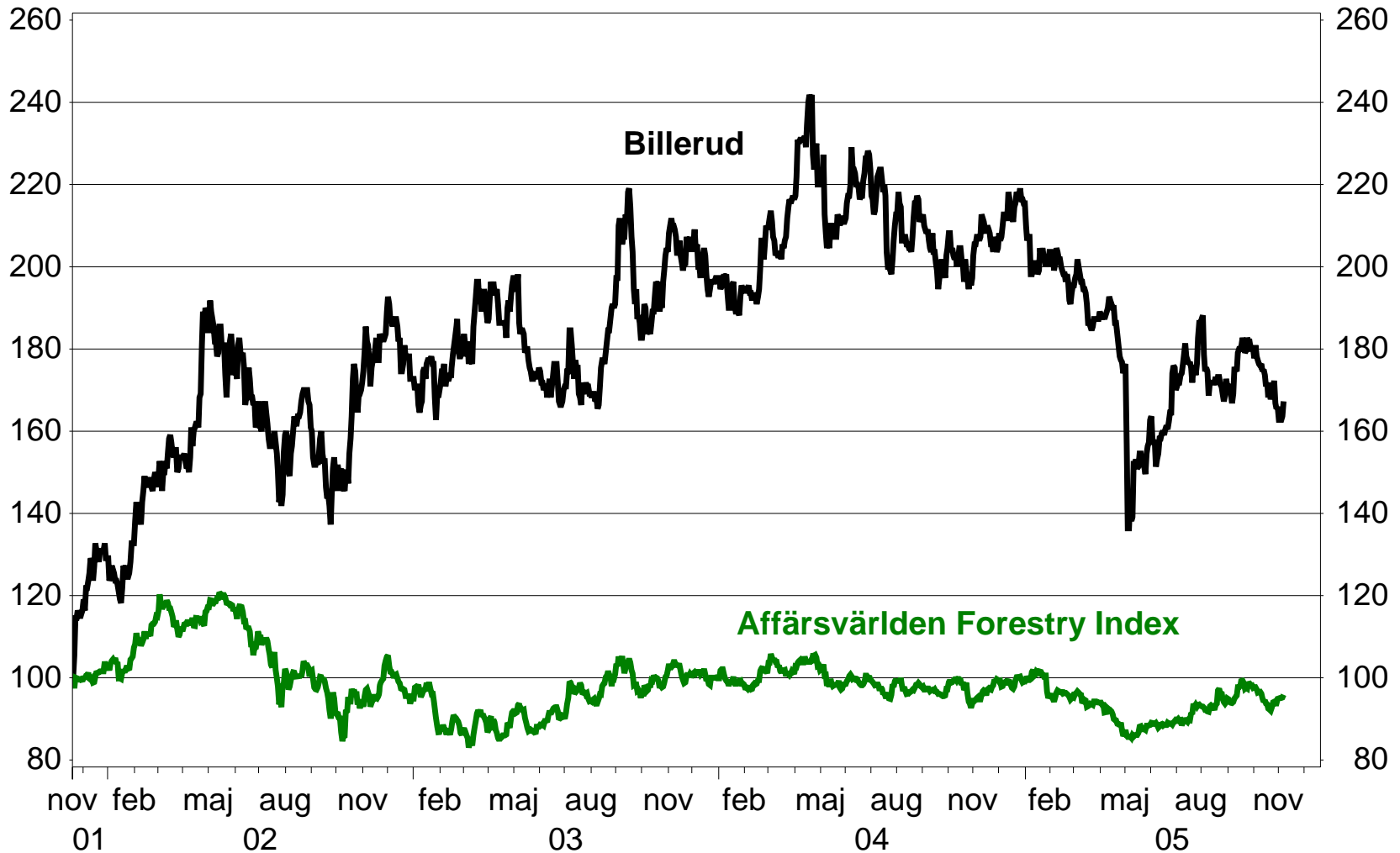
	Average rates per year				Average rates	Hedged rates	Trend
	2001	2002	2003	2004	9M 2005	9M 2005	
EUR/SEK	9,25	9,16	9,12	9,13	9,22	9,20	8,75
USD/SEK	10,33	9,72	8,25	7,35	7,3	7,16	8
GBP/SEK	14,87	14,58	13,27	13,46	13,45	13,03	-
EUR/USD	0,90	0,94	1,11	1,24	1,26	1,28	1,09
Billerud weighted index	112	109	102	99	99	99	99

Source: Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2005			2004	
Ktonnes	Q3	Q2	Q1	Q4	Q3
Kraft paper	127	133	140	131	129
Containerboard	125	128	130	143	137
Market pulp	73	75	79	78	73
Total	325	336	349	352	339

Billerud vs. Forestry index



Source: EcoWin

Index 100 = 2001-11-20. Updated to 2004-11-08