

# First Quarter Report

JANUARY - MARCH 2006

Per Lindberg, CEO

Bertil Carlsén, CFO

# Quarterly update & news

- » Highlights
- » Development by Business area
- » Ongoing projects
- » Financials
- » Outlook

# Q1 2006

- » Improved market situation
- » Price increases implemented
- » Energy cost increases
- » Business area organization implemented

# Packaging & Speciality Paper

MG, MF & Sackpaper



# Packaging Boards

S/C Fluting, Liner, Liquid Board



# Market Pulp

Nordic Bleached Softwood Kraft Pulp



# Packaging & speciality paper

## Q1

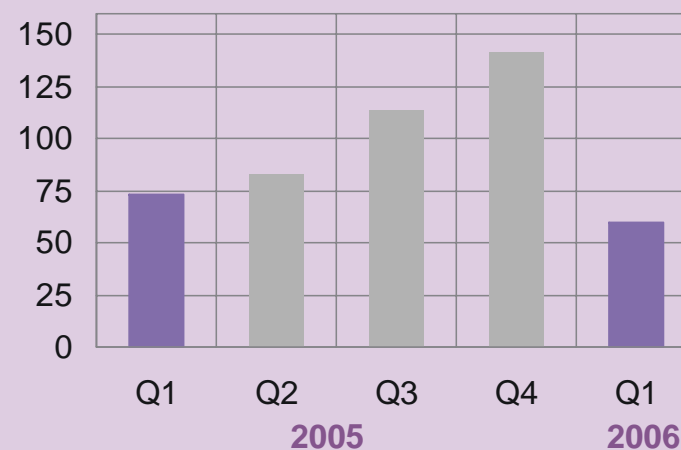
- » Good orderbook
- » Price increases announced



# Financials

» Deliveries -3% vs. Q4-05,  
-4% vs. Q1 2005

EBIT



	Q1, 2006	Q4, 2005	Q1, 2005	2005
Net sales, MSEK	946	980	927	3 751
Operating profit, MSEK	60	141	73	411
Operating margin	6	14	8	11

# Packaging Boards

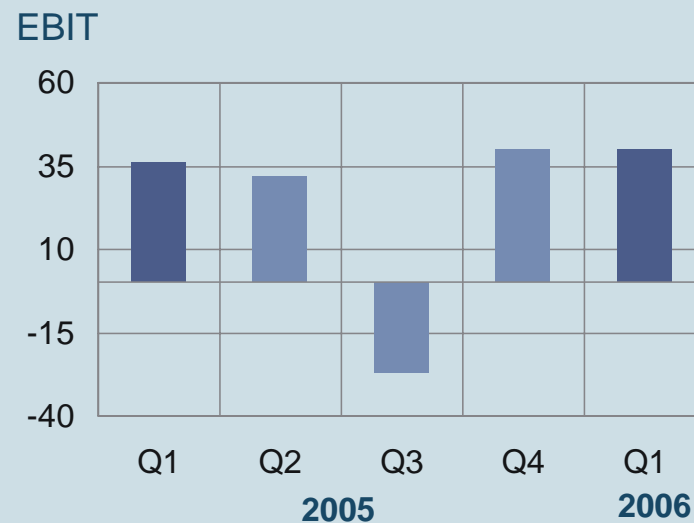
## Q1

- » Strong order book, especially for S/C-fluting
- » Price increases announced



# Financials

» Deliveries -2% vs. Q4-05,  
+/-0 vs. Q1 2005



	Q1, 2006	Q4, 2005	Q1, 2005	2005
Net sales, MSEK	543	542	502	2 058
Operating profit, MSEK	40	40	36	81
Operating margin	7	4	7	4

# Market Pulp

## Q1

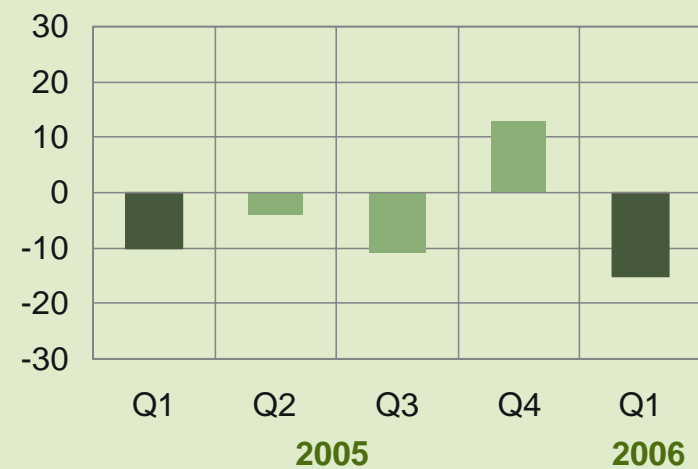
- » Good demand situation for NBSK market pulp, price increase from USD 600 to USD 650
- » Further price increases during rest of 2006



# Financials

» Deliveries +10% vs. Q4-05,  
-1% vs. Q1 2005

EBIT



	Q1, 2006	Q4, 2005	Q1, 2005	2005
Net sales, MSEK	309	301	304	1 197
Operating profit, MSEK	-15	13	-10	-12
Operating margin	-5	4	-3	-1

# Billerud 2007

- » Program develops according to plan
- » Cost savings MSEK 250, of which 1/3 2006
- » One-time cost MSEK 400 charged in 2005



# Energy

- » Develops according to plan
- » Cost savings MSEK 250, higher depreciations MSEK 50
- » Effect 2006 MSEK 100



# Financials

# Key figures Q1 2006

	<b>Q1 - 06</b>	<b>vs. Q4 - 2005</b>	<b>vs. Q1 - 2005</b>
Deliveries ('000 tonnes)	342	+/-0	-2%
Net sales, MSEK	1,785	+2%	+3%
Operating profit, MSEK	64	-21%	-3%
Operating margin	3,6%	-1,0%	-0,2
Profit/share, SEK	0,63	-47%	-7%
Debt/Equity ratio	0,96	-0,03	+0,44

# Cash Flow

MSEK	Q1 2006	Q4 2005	2005
Operating surplus etc	171	188	622
Cash effect of Billerud 2007	-46	-16	-67
Working capital change	126	-215	-44
Finance net, taxes	-36	-10	-98
Cash flow from operating activities	<b>+215</b>	-53	413
Capex, excl. energy investments	-115	-105	-399
Capex (energy inv.)	-90	-226	-670
Capex	<b>-205</b>	-331	-1 069
Operating cash flow	<b>10</b>	-384	-656
Dividends/share buy-backs			-334
Other	<b>1</b>	-13	-44
Change in net debt <sup>1)</sup>	<b>+11</b>	-397	-1 034

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

# Reasons for EBIT development

**Q1 vs Q4  
(-17 Mkr)**

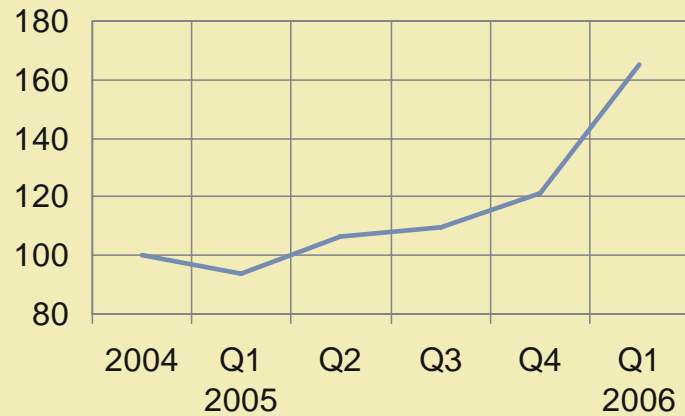
- » Increased electricity cost
- » Higher prices for packaging paper and market pulp
- » Maintenance stop in Skärblacka
- » Increased depreciation

**Q1 vs Q1  
(-2 Mkr)**

- » Increased energy prices (MSEK 50) and wood prices
- » Higher prices for packaging paper, lower pulp prices
- » Better currency situation
- » Maintenance stop in Skärblacka

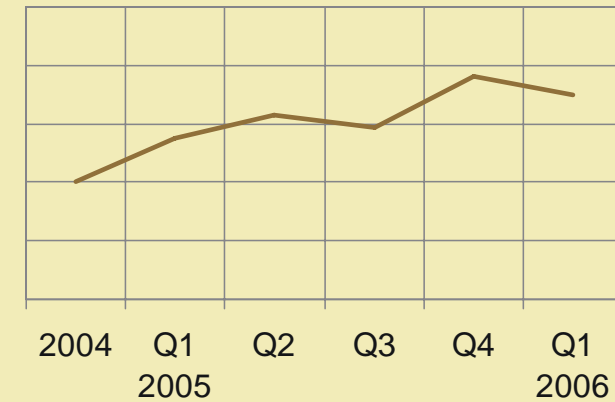
# Market prices affecting result

**Electricity SEK/Mwh (Sweden\*)**



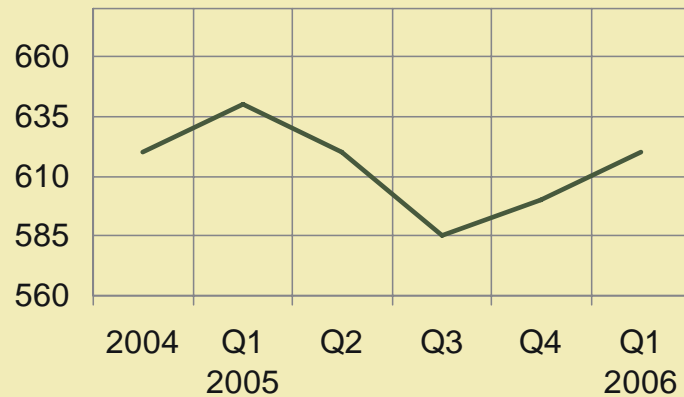
Source: Nordpool. \*Price area Sweden

**Wood price index**



Source: Billerud

**Market Pulp (USD/t)**  
Q1 2006 USD 620/t



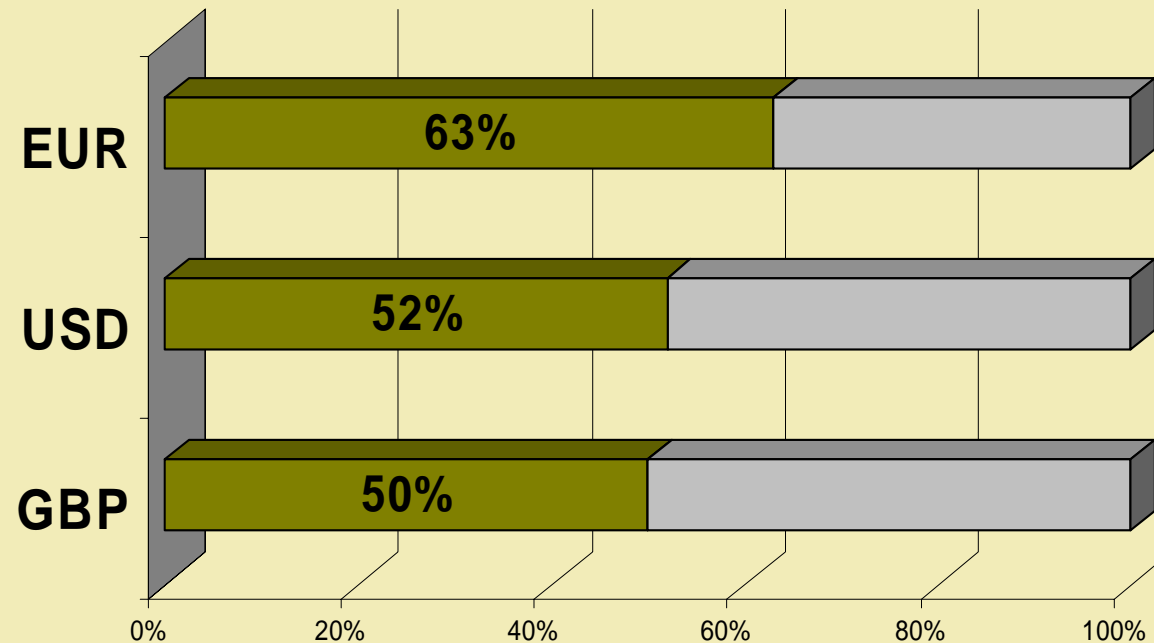
**TCW index**



Source: Riksbanken

# Currency situation

- » Hedged net flows in %
- » Negative profit effect of net flow hedging  
MSEK -13 for January-March 2006



Average  
currency  
rates

**9.48**

**7.62**

**13.49**

# Outlook

- » Good market situation – further price increases expected
- » High cost level
- » Cost reduction programmes develops according to plan



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## Q & A

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