



Billerud

January – June 2004

Stockholm, July 20



Bert Östlund, CEO

Nils Lindholm, CFO

Highlights – Q2 2004

- Stable orderbook situation
- Full capacity utilization, maintenance stops in Gruvön and Skärblacka
- Deliveries 323 000 tonnes, -10% vs Q1-04
- Operating profit MSEK 161, -28% vs Q1-04
 - Higher average prices
 - Lower volumes and higher costs, mainly due to maintenance stops (MSEK 80)
- Pre-tax profit MSEK 140, -32% vs Q1-04
- ROCE 20% (12 months), 11% excluding currency contracts

Market Situation – Kraft Paper

Q2

- Stable orderbook situation
- Stable prices for Technical Kraft Papers
- Improved average prices for sack paper, especially for brown sack paper due to improved customer mix
- Deliveries -3% vs. Q1-04, +15% vs. Q2-03
 - Excluding Billerud Beetham, -10% vs. Q1-04, +4% vs. Q2-03

Outlook

- Stable demand situation
- Price increases announced from July 1

Market Situation – Containerboard

Q2

- Stable demand and orderbook situation
- Increased average prices
- Deliveries -13% vs. Q1-04, -3% vs. Q2-03

Outlook

- Stable demand situation

Market Situation – Market Pulp

Q2

- Market price for NBSK increased during the quarter from USD 620/tonne to USD 660/tonne
- Billeruds average price +8% compared to Q1-04
- Deliveries -15% vs. Q1-04, +7% vs. Q2-03

Outlook

- Price increase to announced level of USD 670/tonne

Financials

Key Figures Q1 2004

	Q2 2004	vs Q1 2004	vs Q2 2003
Net sales, MSEK	1.764	-3%	+2%
Operating profit, MSEK	161	-28%	-43%
Operating margin	9%	-3	-7
ROCE ¹⁾	20%	-3	-7
Profit/share, SEK	1.91	-30%	-42%
Debt/Equity ratio ²⁾	0.54	+0.14	+0.06
Deliveries (ktonnes)	323	-10%	+6%

1) Moving 12 months

2) End of period

Deviation analysis

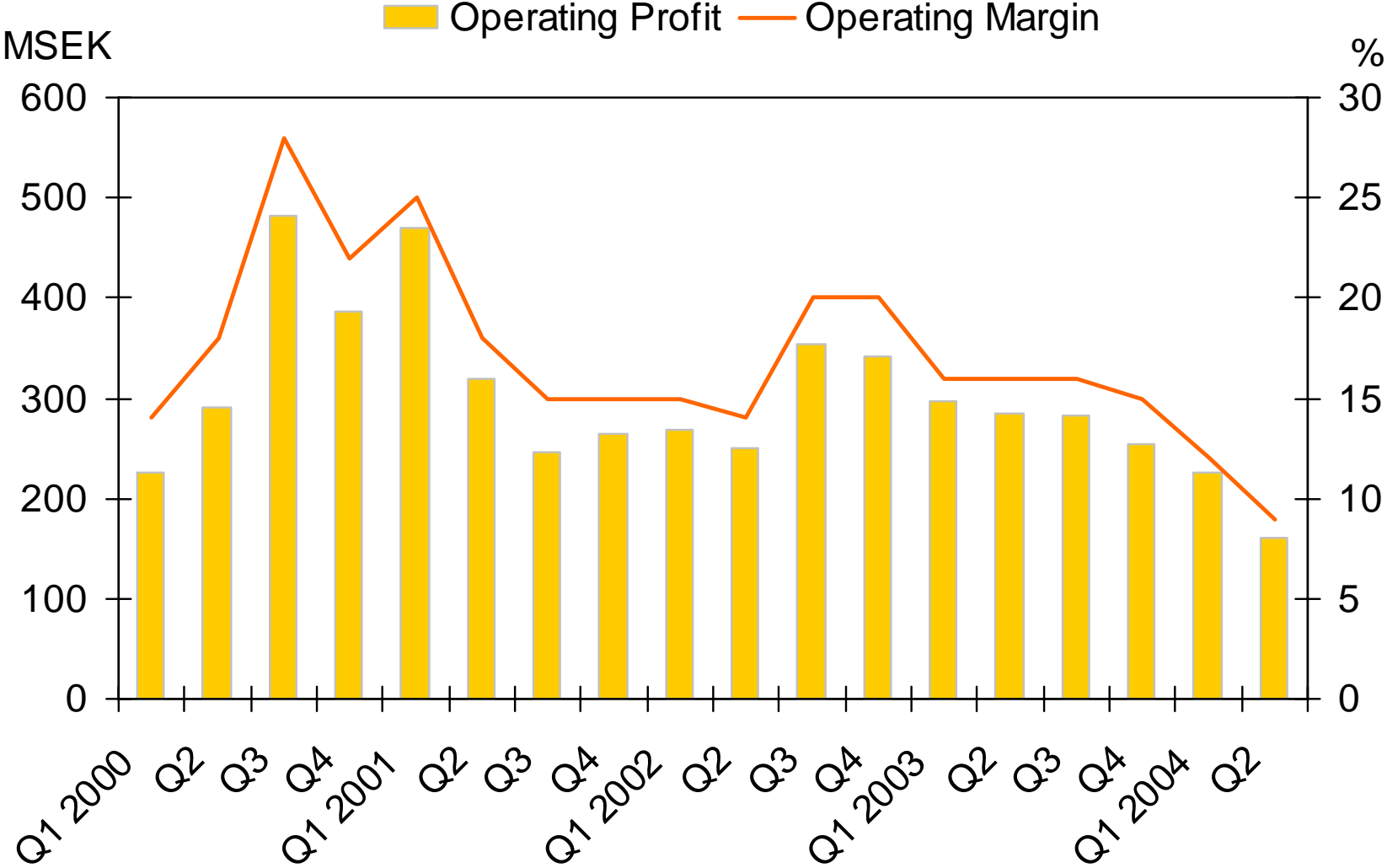
Jan - June 2004 vs. Jan – June 2003

- Operating profit MSEK 386, down MSEK 195 or 34% on the same period in 2003.

(MSEK)

Increased delivery volumes	+80
Lower sales prices, expressed in local currency	-155
Lower costs	+30
Profit fall due to changed exchange rates	-150
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Total fall in profit	-195

Operating Margin Development



Cash Flow

Jan - June

MSEK	Q2 2004	Q1 2004	2004	Year 2003
Operating surplus	260	331	591	1,494
Working capital change	+60	+35	+95	+79
Finance net, taxes	-25	-40	-65	-201
Cash flow from operating activities	295	326	621	1,372
Capex	-152	-78	-230	-380
Operating cash flow	+143	+248	+391	+992
Acquisition of Henry Cooke		-222	-222	
Dividends/share buy-backs	-418	-96	-514	-777
Other	+2	-16	-14	15
Change in net debt ¹⁾	-273	+86	-359	+200

1) Plus equals decrease in net debt

Currency Situation

- 15 months forward hedging of net flows in EUR, 42% of 12 months in USD and 54% of 12 months in GBP
- Positive profit effect of net flow hedging MSEK 91 for Q2 2004
- Hedging rates at present:

Currency	Q3 2004	Q4 2003	Q1 2005	Q2 2005	Q3 2005	Average
EUR/SEK	9.22	9.28	9.14	9.22	9.18	9.21
USD/SEK	8.44	8.50	7.67	7.62		8.34
GBP/SEK	13.23	13.17	13.48	13.53		13.29

Share Buy-Back Programme

- Current programme approved by 2004 AGM and last until 2005 AGM
 - Up to the point in time when the decided reduction procedure is finalised another 531 000 shares could be bought
 - Then an additional maximum of around 1.8 million shares could be bought back, up to the AGM in 2005
- Status 30 June, 2004

	No. of shares purchased	Average purchase price
Jan - June 2004	1 478 000	113,37
Total holding	5 260 000	107,95

Financial Objectives

	Target	Achieved Q2
Return on capital employed	$\geq 15\%$ ¹⁾	20%
Debt/equity ratio	0.6-0.9	0.54
		0.41 ²⁾
Investments	In line with depreciation	
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Outlook

Outlook

- Deliveries H2 equals H1
- The price level for packaging paper is currently higher than in H1
- Price for NBSK expected to rise to USD 670/tonne
- Changes in currency rates minus MSEK 250
- Fibre costs minus MSEK 70. Main effect from Q3
- Maintenance stop in Karlsborg during Q3
- Billerud's profit after financial items in 2004 is expected to reach around MSEK 800, compared to MSEK 1,042 during 2003.

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



Billerud

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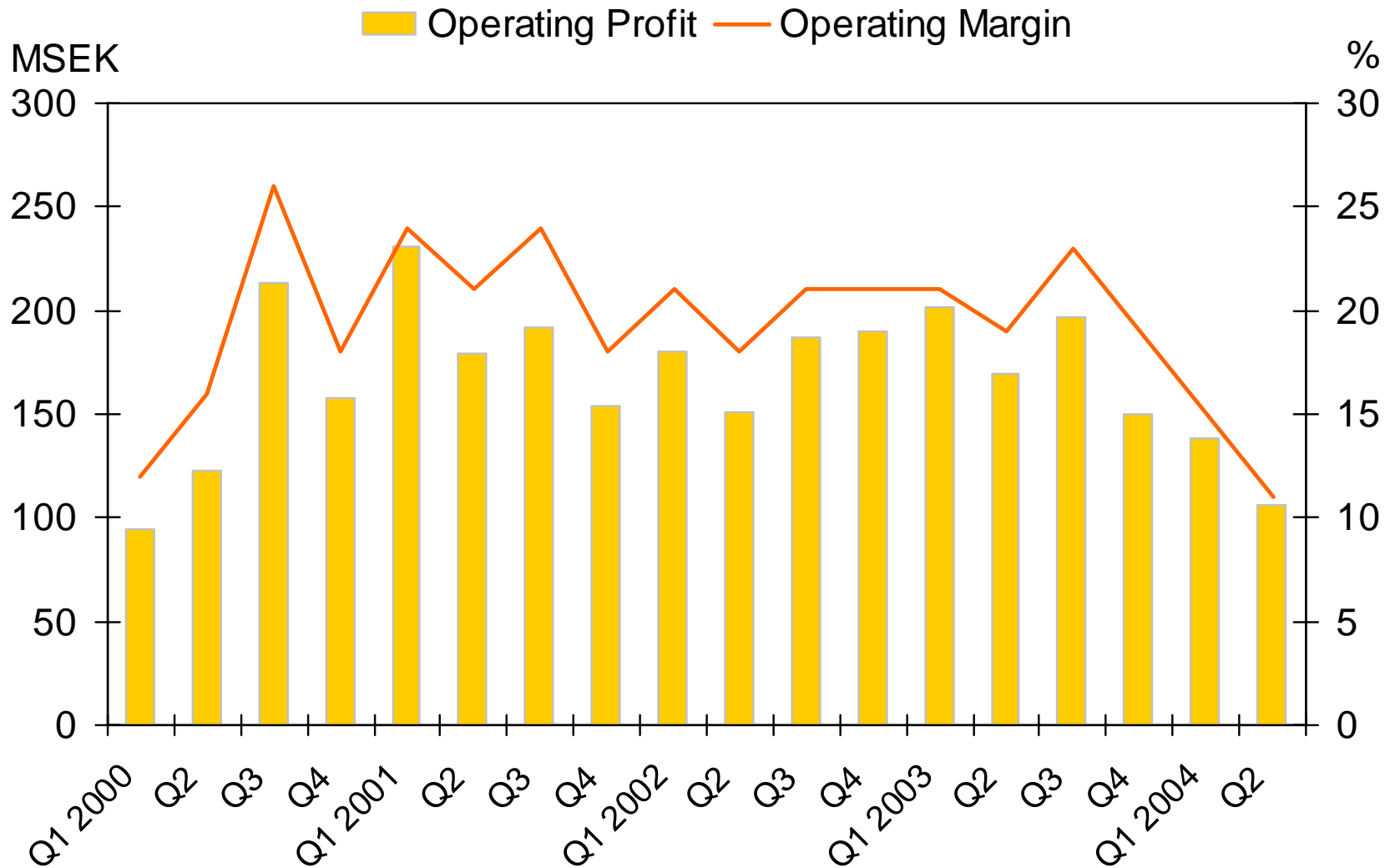


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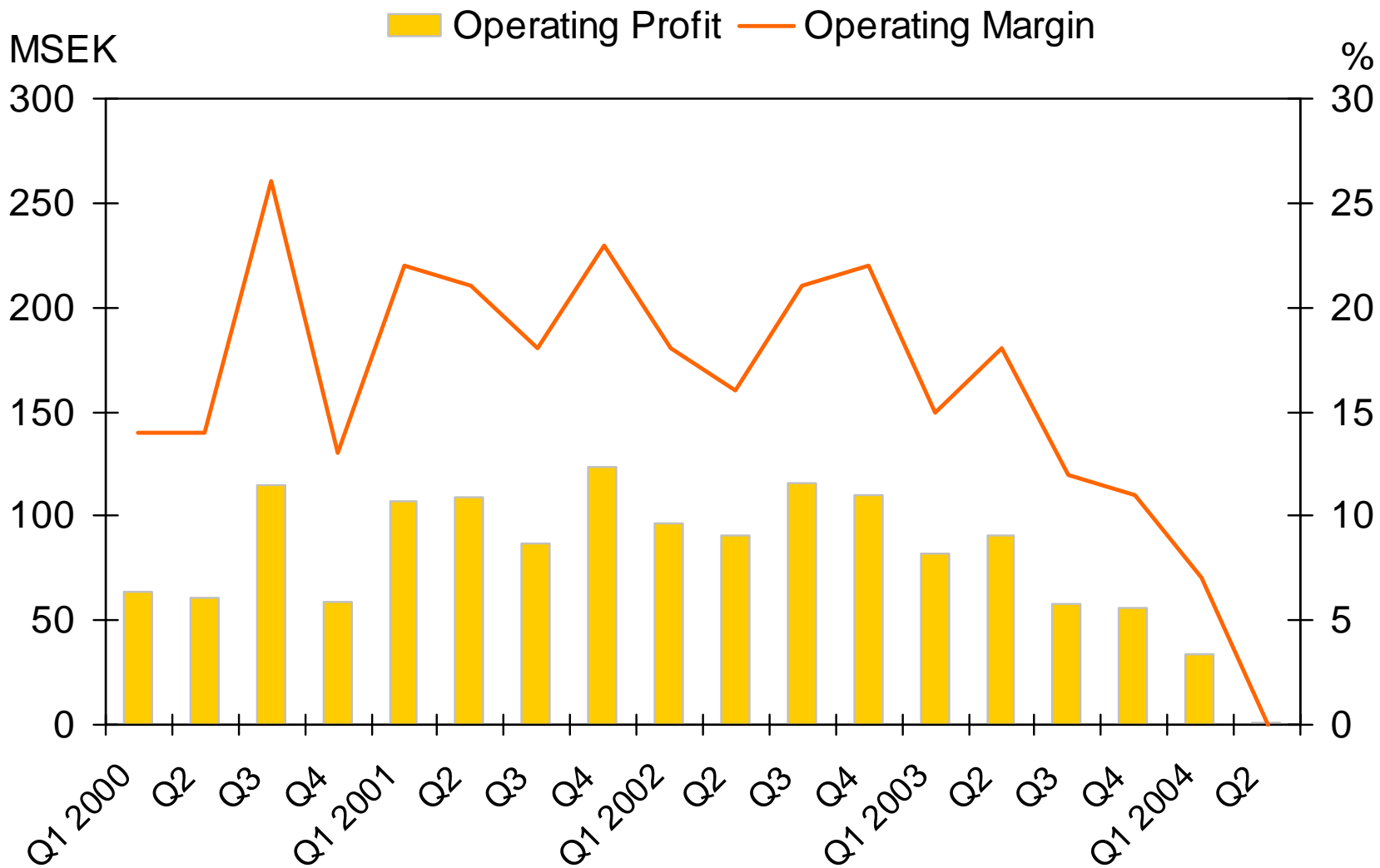
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Operating Margin – Kraft Paper



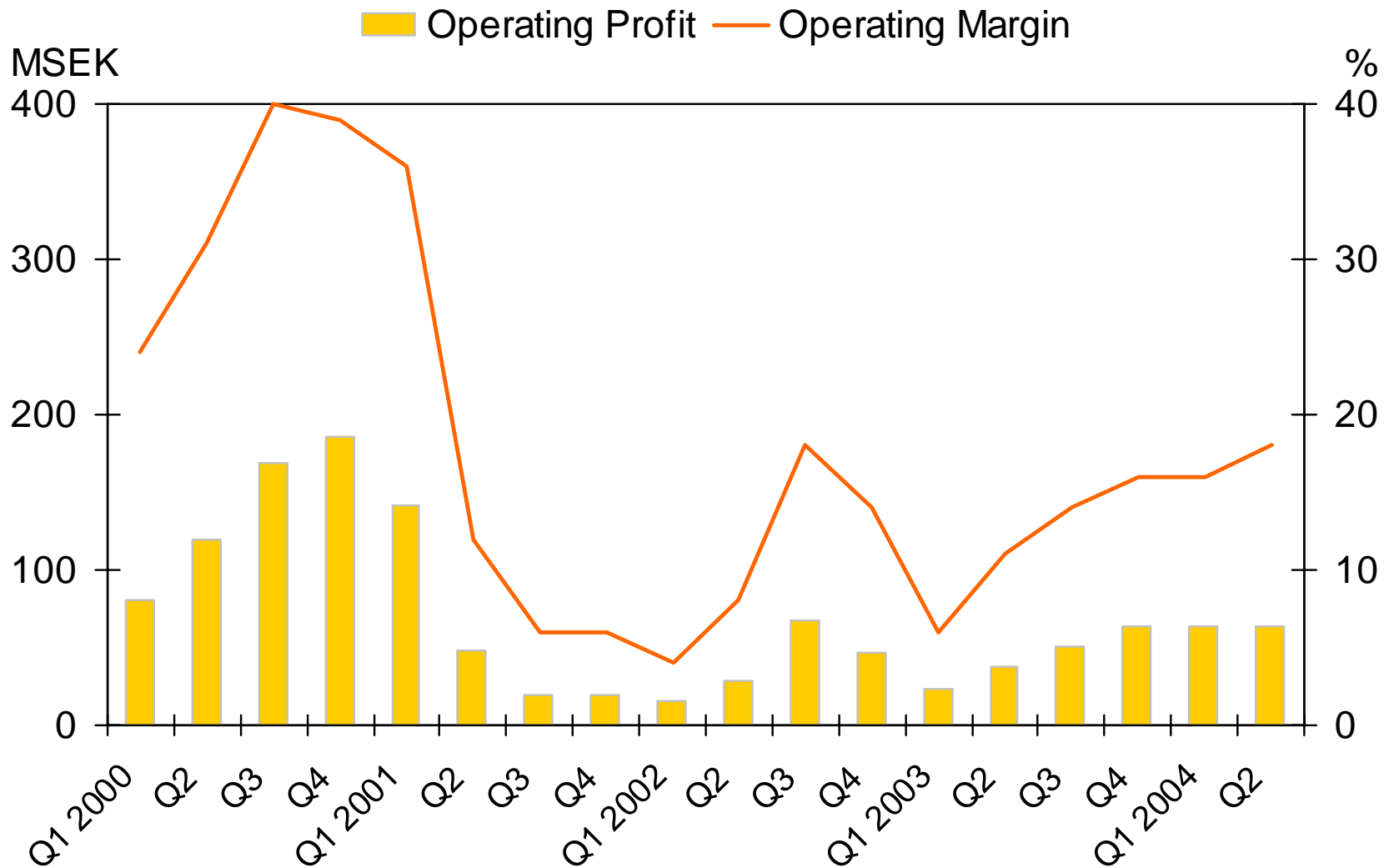
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

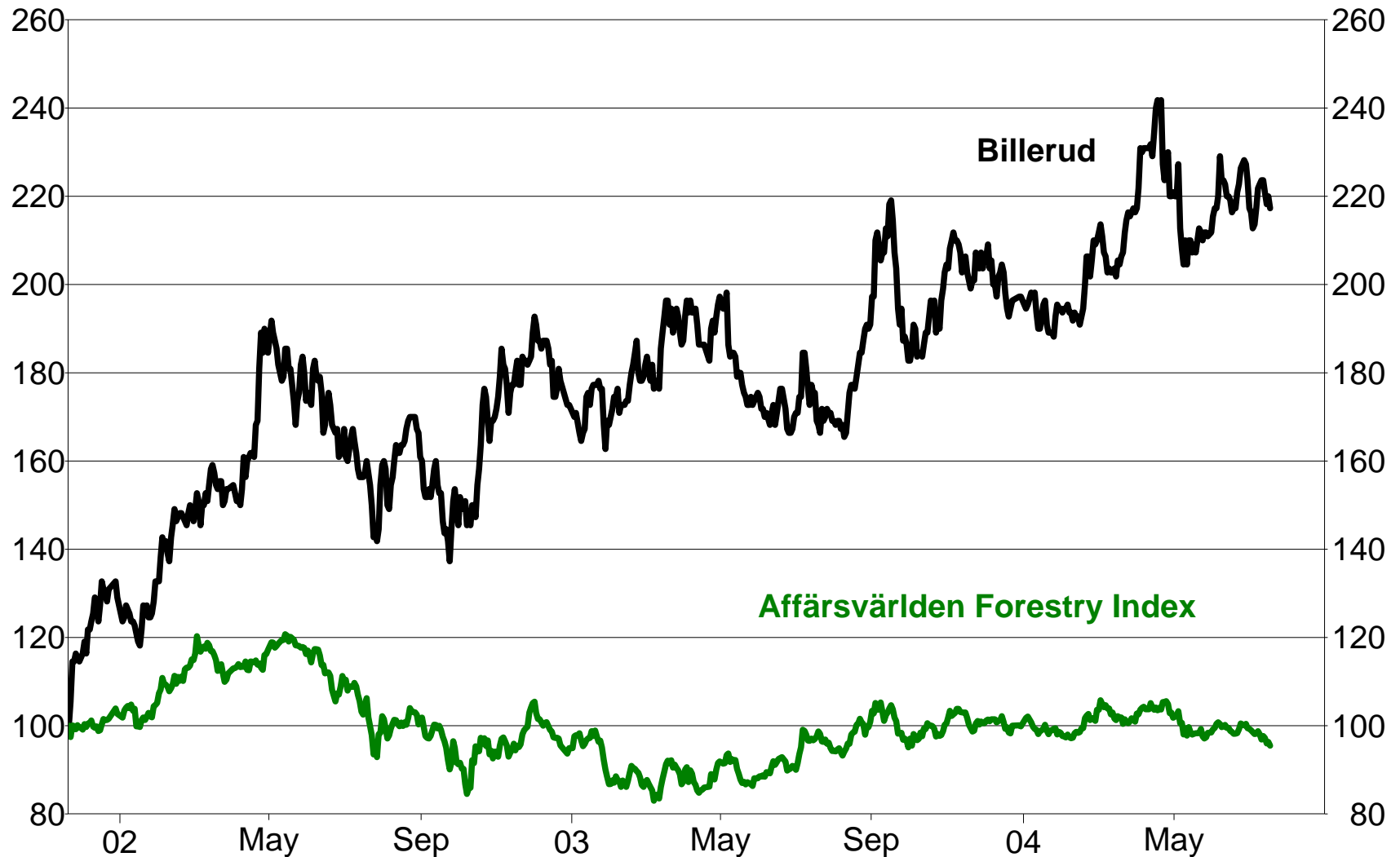
	Average rates per year					Average rates	Hedged rates	Trend
	1999	2000	2001	2002	2003	H1 2004	H1 2004	
EUR/SEK	8.80	8.44	9.25	9.16	9.12	9.17	9.30	8.75
USD/SEK	8.26	9.17	10.33	9.72	8.25	7.47	9.01	8.00
GBP/SEK	13.37	13.86	14.87	14.58	13.27	13.61	14.07	-
EUR/USD	1.07	0.92	0.90	0.94	1.11	1.25	1.03	1.09
Billerud weighted index	100	101	112	109	102	100	107	99

Source: ECOWIN and Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2004		2003		
Ktonnes	Q2	Q1	Q4	Q3	Q2
Kraft paper	132	136	113	122	115
Containerboard	117	134	128	115	121
Market pulp	74	87	86	85	69
Total	323	357	327	322	305

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2004-07-19. Source: ECOWIN

Profits and loss accounts, summary

Amounts in MSEK	Pro forma ³⁾				
	1999	2000	2001	2002	2003
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