

Billerud

January – September 2003

Stockholm, October 21

Bert Östlund, CEO

Nils Lindholm, CFO



Highlights Q3 2003

- Continued weak demand
- Some production downtime, maintenance stop in Gruvön
- Deliveries 322,000 tonnes, +6% vs Q2, flat vs Q3-02
- Operating profit MSEK 282, -1% vs Q2, -20% vs. Q3-02
 - Higher volumes and lower costs
 - Lower average prices
- ROCE 26% (12 months), 15% excluding currency contracts
- Capex projects in Gruvön and Skärblacka decided

Market Situation – Kraft Paper

Q3

- Continued weak demand and orderbook, in line with Q2
- Decline in average prices
- Deliveries +6% vs Q2-03, +2% vs. Q3-02

Outlook

- Price pressure in some segments and markets

Market Situation – Containerboard

Q3

- Continued weak demand and orderbook, in line with Q2
- Competition from overseas producers for liner
- Selective price decreases in some markets
- Deliveries -5% vs. Q2-03, -9% vs. Q3-02

Outlook

- Price pressure in some segments and markets

Market Situation – Market Pulp

Q3

- Market price for NBSK increased during the quarter from USD 520/tonne to USD 530/tonne
- Billeruds average price -10% compared to Q2-03
- Deliveries +25% vs. Q2-03, +13% vs. Q3-02

Outlook

- Price increase in October to USD 545/tonne, further price increases possible in Q4

Financials

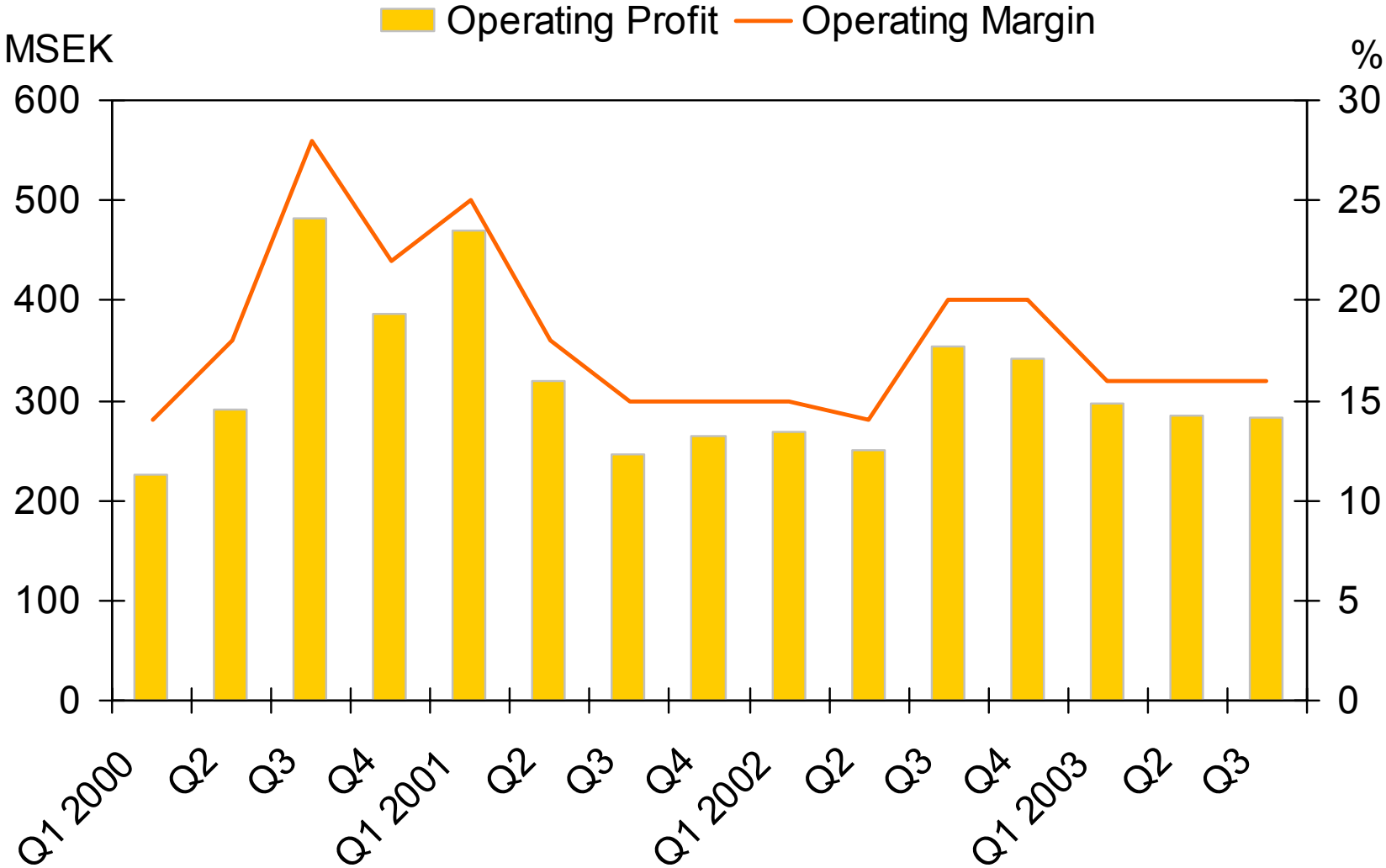
Key Figures Q3 2003

	Q3 2003	vs Q2 2003	vs Q3 2002
Net sales, MSEK	1,728	+/-0%	-4%
Operating profit, MSEK	282	-1%	-20%
Operating margin	16%	+/-0	-4
ROCE ¹⁾	26%	-1	+2
Profit/share, SEK	3.28	-1%	-18%
Debt/Equity ratio ²⁾	0.39	+0.09	+0.18
Deliveries (ktonnes)	322	+6%	+/-0%

1) Moving 12 months

2) End of period

Operating Margin Development



Cash Flow

Jan - Sept

MSEK	Q3 2003	2003	Q3 2002	Year 2002
Operating surplus	376	1,145	444	1,567
Working capital change	+53	+22	+20	+48
Finance net, taxes	-18	-197	-52	-276
Cash flow from operating activities	411	970	412	1,339
Capex	-56	-304	-77	-370
Operating cash flow	+355	+666	+335	+969
Dividends/share buy-backs	-89	-517	-169	-661
Other	-2	-11	--	+3
Change in net debt ¹⁾	+264	+138	+166	+311

1) Plus equals decrease in net debt

Currency Situation

- 15 months forward hedging of net flows in EUR, 14 months in USD and 12 months in GBP
- Positive profit effect of net flow hedging MSEK 107 during Q3
- Hedging rates at present

Currency	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2003	Average
EUR/SEK	9.24	9.20	9.31	9.21	9,27	9.24
USD/SEK	9.69	9.28	8.76	8.44	8,54	8.96
GBP/SEK	14.15	13.98	13.58	13.11	--	13.82

- Total currency effect (including accounts receivables) decreased operating profit in Q3 with MSEK 22 compared to Q2-03

Financial Objectives

	Target	Achieved Q3
Return on capital employed	$\geq 15\%$ ¹⁾	26%
Debt/equity ratio	0.6-0.9	0.39 0.43 ²⁾
Investments	In line with depreciation	Yes (For full year)
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Forecast

Forecast

- Based on current market conditions, operating profit in 2003 will be approximately 10% lower than in 2002

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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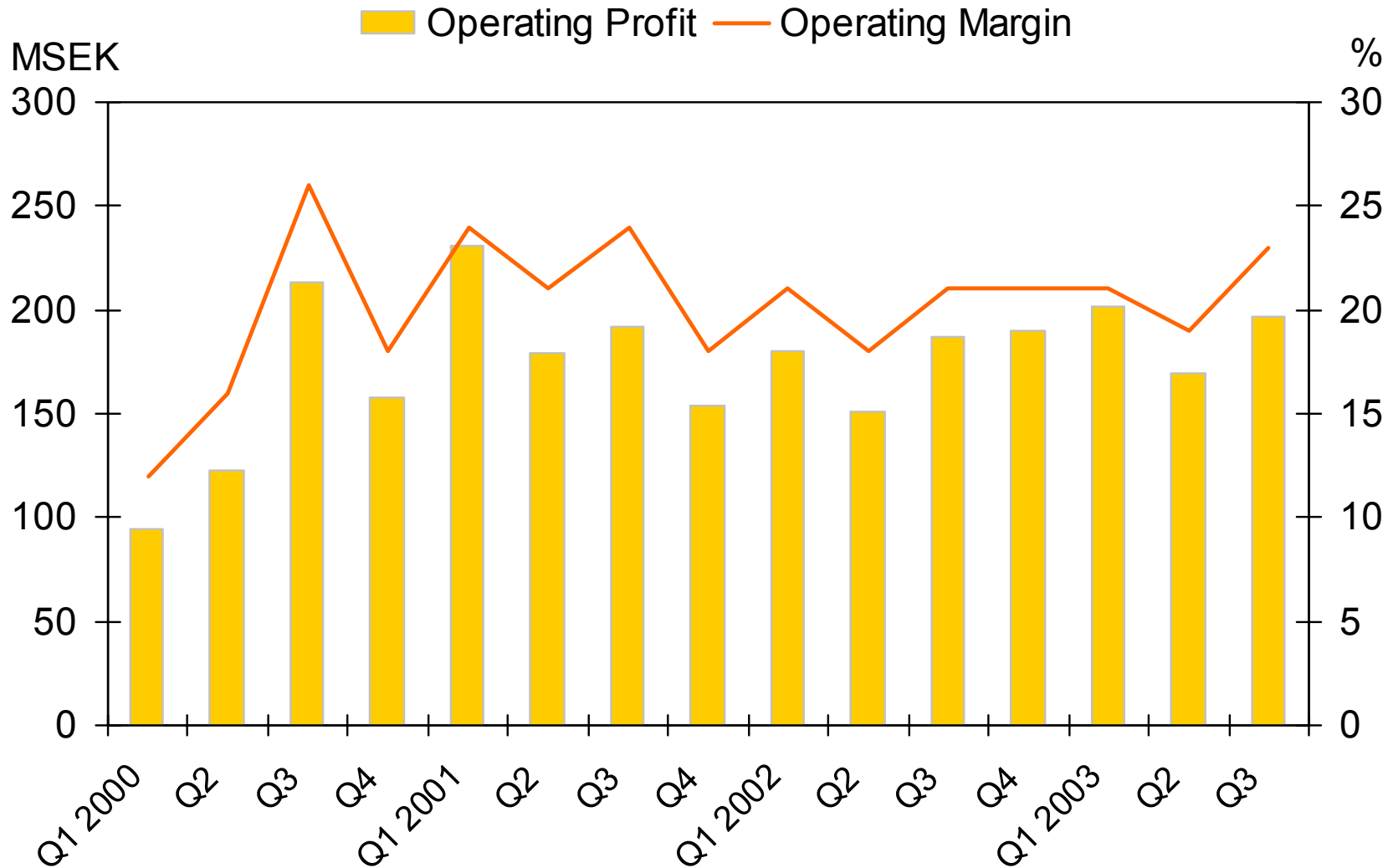
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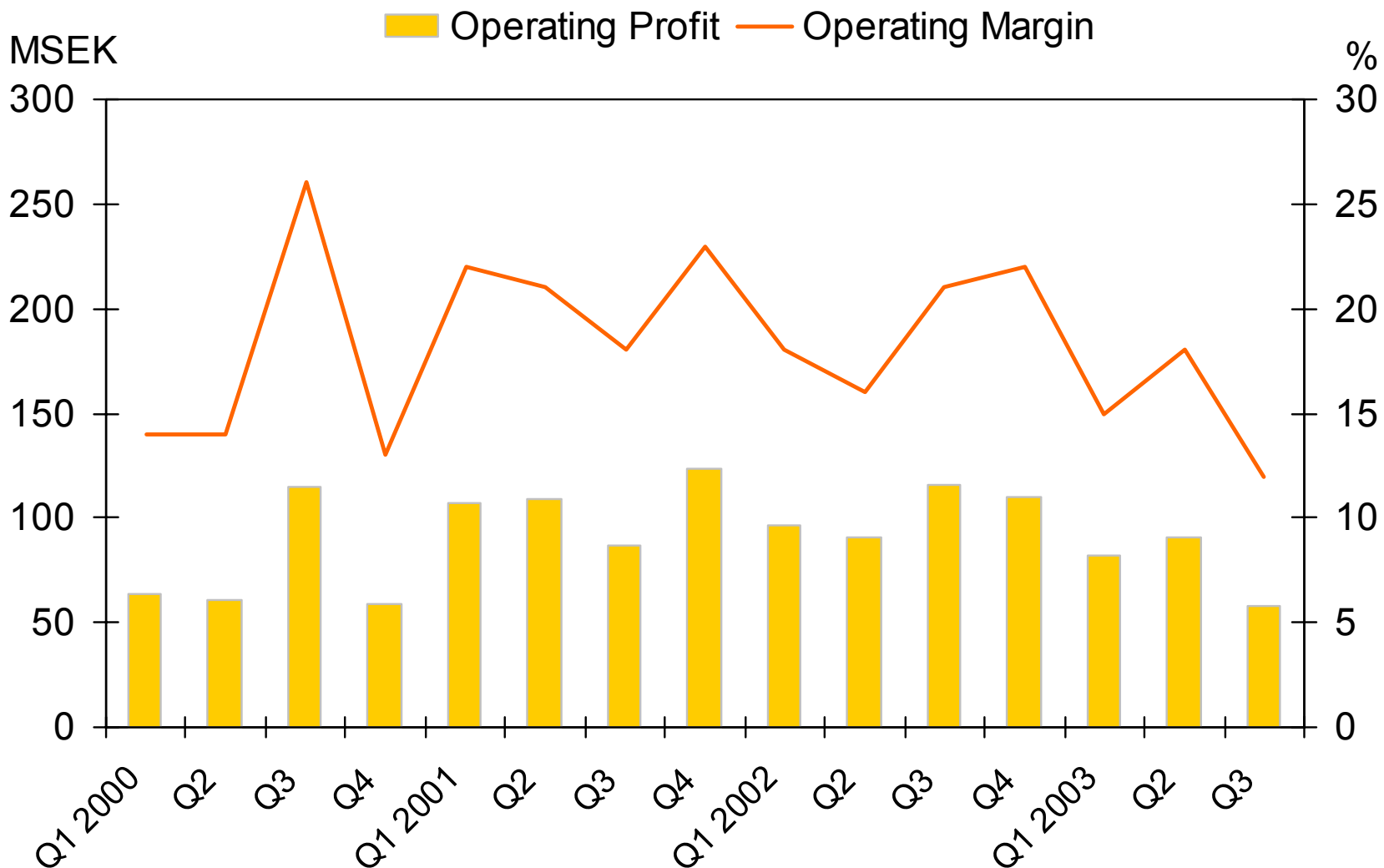
- Appendix -

Operating Margin – Kraft Paper



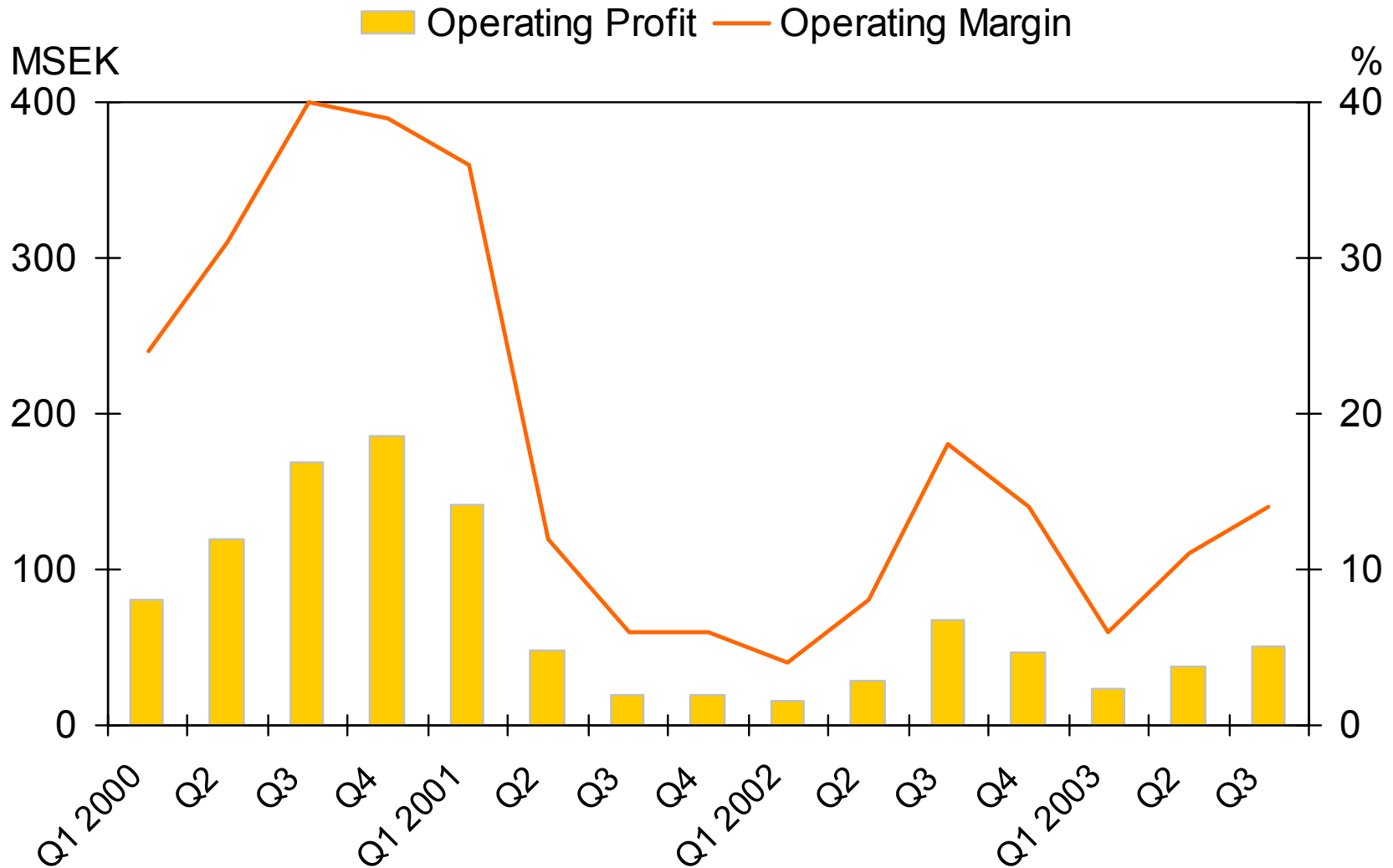
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

	Average rates per year				Average rates	Hedged rates	Trend
	1999	2000	2001	2002	9M 2003	9M 2003	
EUR/SEK	8.80	8.44	9.25	9.16	9.12	9.32	8.75
USD/SEK	8.26	9.17	10.33	9.72	8.25	10.36	8.00
GBP/SEK	13.37	13.86	14.87	14.58	13.27	14.52	-
USD/EUR	1.07	0.92	0.90	0.94	1.11	0.90	1.09
Billerud weighted index	100	101	112	109	102	112	99

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

Delivered Volumes

	2003			2002	
Ktonnes	Q3	Q2	Q1	Q4	Q3
Kraft paper	122	115	126	118	120
Containerboard	115	121	125	112	126
Market pulp	85	69	83	75	75
Total	322	305	334	305	321

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2003-10-16. Source: ECOWIN

Profits and loss accounts, summary

Amounts in MSEK	Pro forma ³⁾				
	1998	1999	2000	2001	2002
Net turnover	5 462	5 387	6 666	6 910	7 067
Other income	36	55	39	10	10
Operating income	5 498	5 442	6 705	6 920	7 077
Operating expense	-4 939	-4 873	-5 019 ¹⁾	-5 276 ²⁾	-5 498
Depreciation	-242	-260	-302	-345	-365
Operating expenses	-5 181	-5 133	-5 321	-5 621	-5 863
Operating profit	317	309	1 384	1 299	1 214
Net financial items	–	–	-130	-118	-98
Profit after financial items	–	–	1 254	1 181	1 116
Taxes	–	–	-351	-314	-316
Net profit	–	–	903	867	800

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 1998	31-dec 1999	31-dec 2000	31-dec 2001	31-dec 2002
Fixed assets	3 435	3 901	4 257	4 355	4 360
Inventories	678	575	633	708	669
Accounts receivable	864	951	1 064	1 118	1 107
Other current assets	142	199	176	115	141
Total operating assets	5 119	5 626	6 130	6 296	6 277
Less:					
Non-interest-bearing provisions	407	450	455	509	698
Accounts payable	460	430	508	412	372
Other non-interest-bearing liabilities	292	294	363	553	554
Capital employed	3 960	4 452	4 804	4 822	4 653

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			2001	2002
	1998	1999	2000		
Operating surplus	559	571	1 707	1 633	1 567
Change in working capital	-251	-69	-1	-146	48
Net financial items	–	–	-130	-118	-70
Tax paid	–	–	-100 ¹⁾	-52	-206
Cash flow from operating activities²⁾	308	502	1 476	1 317	1 339
Cash flow from investing activities	-588	-727	-678	-443	-370
Cash flow after investing activities²⁾	-280	-225	798	874	969

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 pro forma accounts for 1998-1999.