Billerud

Year-end Report 2003

Stockholm, January 27

Bert Östlund, CEO

Nils Lindholm, CFO

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Highlights - Full Year 2003

- Synergies of MSEK 230 have been achieved (plan MSEK 200)
  - Based on annualised figures for December
  - For the full year, the synergy boost was around MSEK 145
- Deliveries 1 288 000 tonnes, flat vs 02
- Operating profit MSEK 1 118, -8% vs 02
- Pre-tax profit MSEK 1 042, -7% vs 02
- ROCE 24% (12 months), 13% excluding currency contracts

Highlights - Full Year 2003, cont

- Capex in line with depreciation
- Proposed dividend SEK 6.50 per share
- Proposal of share buy-back

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Highlights Q4

- Relatively weak demand
- Some production downtime
- Deliveries 327,000 tonnes, +2% vs Q3
- Operating profit MSEK 255, -10% vs Q3
  - Higher volumes and lower costs
  - Lower average prices and non-recurring cost
- Pre-tax profit MSEK 238, -9% vs Q3

Market Situation – Kraft Paper

Q4

- Continued weak demand and orderbook, in line with Q3
- Minor price reductions
- Deliveries -6% vs. Q3-03, -4% vs. Q4-02

Outlook

- Market situation in general is expected to improve second half of 2004

Market Situation – Containerboard

Q4

- Relatively weak demand
- Minor price reductions in some markets
- Deliveries +11% vs. Q3-03, +14% vs. Q4-02

Outlook

- Signs of increased demand
- Market situation in general is expected to improve second half of 2004

Market Situation – Market Pulp

Q4

- Market price for NBSK increased during the quarter from USD 530/tonne to USD 560/tonne
- Billeruds average price +1% compared to Q3-03
- Deliveries +1% vs. Q3-03, +15% vs. Q4-02

Outlook

- Price increase in February to USD 590-600/tonne, further price increases likely during 2004

Financials

Key Figures 2003

	Q4	vs Q3	2003	vs 2002
Net sales, MSEK	1,689	-2%	6,992	-1%
Operating profit, MSEK	255	-10%	1,118	-8%
Operating margin	15%	-1	16%	-1
Profit/share, SEK	3.10	-5%	13.13	-1%
Debt/Equity ratio[1)]	0.38	-0.01	0.38	-0.06
Deliveries (ktonnes)	327	+2%	1,288	+/-0%

1) End of period

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Deviation analysis
- Operating profit 2003 vs. 2002

		MSEK
Increased production volumes		+20
-Including product mix effects		
Increased sales prices (local currency)		+100
Increased costs (excl. depreciation)		-52
- Write down spare parts	-45	
- Electricity certificates	+55	
- Electricity prices	-35	
Increased depreciation		-14
Effect of changed exchange rates		-150
Total change in operating profit		-96

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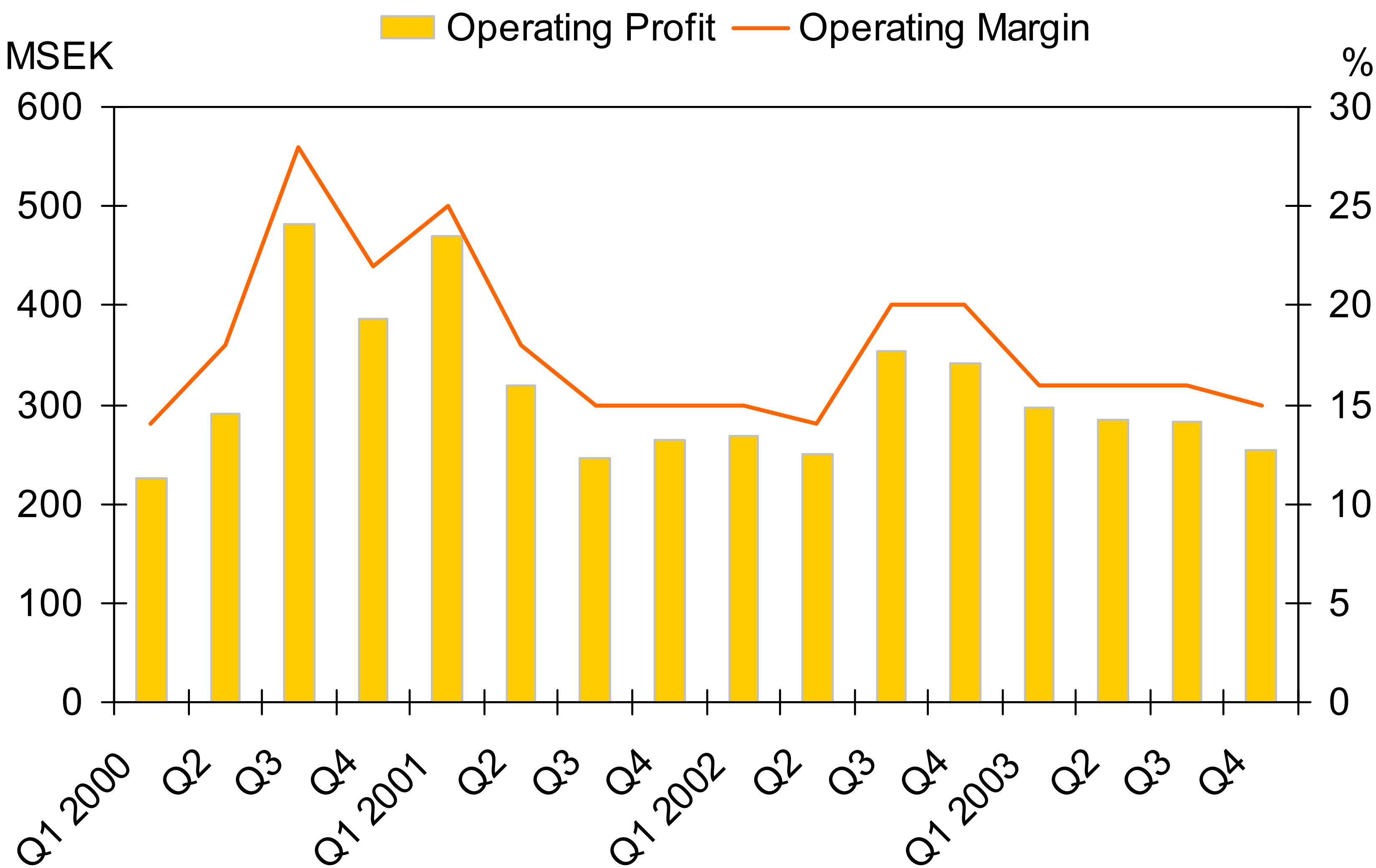
Operating Margin Development



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Cash Flow

MSEK	**Q4 2003**	2003	2002
Operating surplus	**349**	1,494	1,567
Working capital change	**+57**	+79	+48
Finance net, taxes	**-4**	-201	-276
Cash flow from operating activities	**402**	1,372	1,339
Capex etc	**-76**	-380	-370
Operating cash flow	**+326**	+992	+969
Dividends/share buy backs	-260	-777	-661
Other	-4	-15	+3
Change in net debt [1)]	**+62**	+200	+311

[1)] Plus equals decrease in net debt

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Currency Situation

- 15 months forward hedging of net flows in EUR, 87% of 12 months in USD and 60% of 12 months in GPB
- Positive profit effect of net flow hedging MSEK 500 for 2003
- Hedging rates at present:

Currency	Q1 2004	Q2 2004	Q3 2004	Q4 2003	Q1 2005	Average
EUR/SEK	9.21	9.29	9.21	9,27	9,15	9.23
USD/SEK	9.28	8.84	8.44	8,54	--	8.78
GBP/SEK	14,36	13.79	13.11	--	--	13.85

Dividend and Share Buy-Backs

- Proposed dividend for 2003, SEK 6.50 per share
- Billerud intends to propose the AGM to authorise a new share buy-back program
- Share buy-back:
  - Target is to increase debt/equity ratio
  - During 2003, 3.8 million shares were bought, 6.5% of total
  - Restrictions due to legislations

Financial Objectives

	Target	Achieved 2003
Return on capital employed	≥ 15% 1)	24%
Debt/equity ratio	0.6-0.9	0.38
		0.41 2)
Investments	In line with depreciation	Yes
Pay-out ratio	50% 1)	50% 3)

1) Average over a business cycle
2) Average 4 quarters
3) Proposal

Outlook

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Outlook

- General market situation improvement for second half of 2004
- Deliveries expected to increase
- Average price level for Billerud's packaging paper lower beginning 2004 compared to average 2003
- Changes in currency rates will, in spite of existing currency contracts, reduce operating profit by around MSEK 250 compared to 2003
- Billerud estimates that increased deliveries and expected price changes will not fully compensate for the negative effect of changes in currency rates.

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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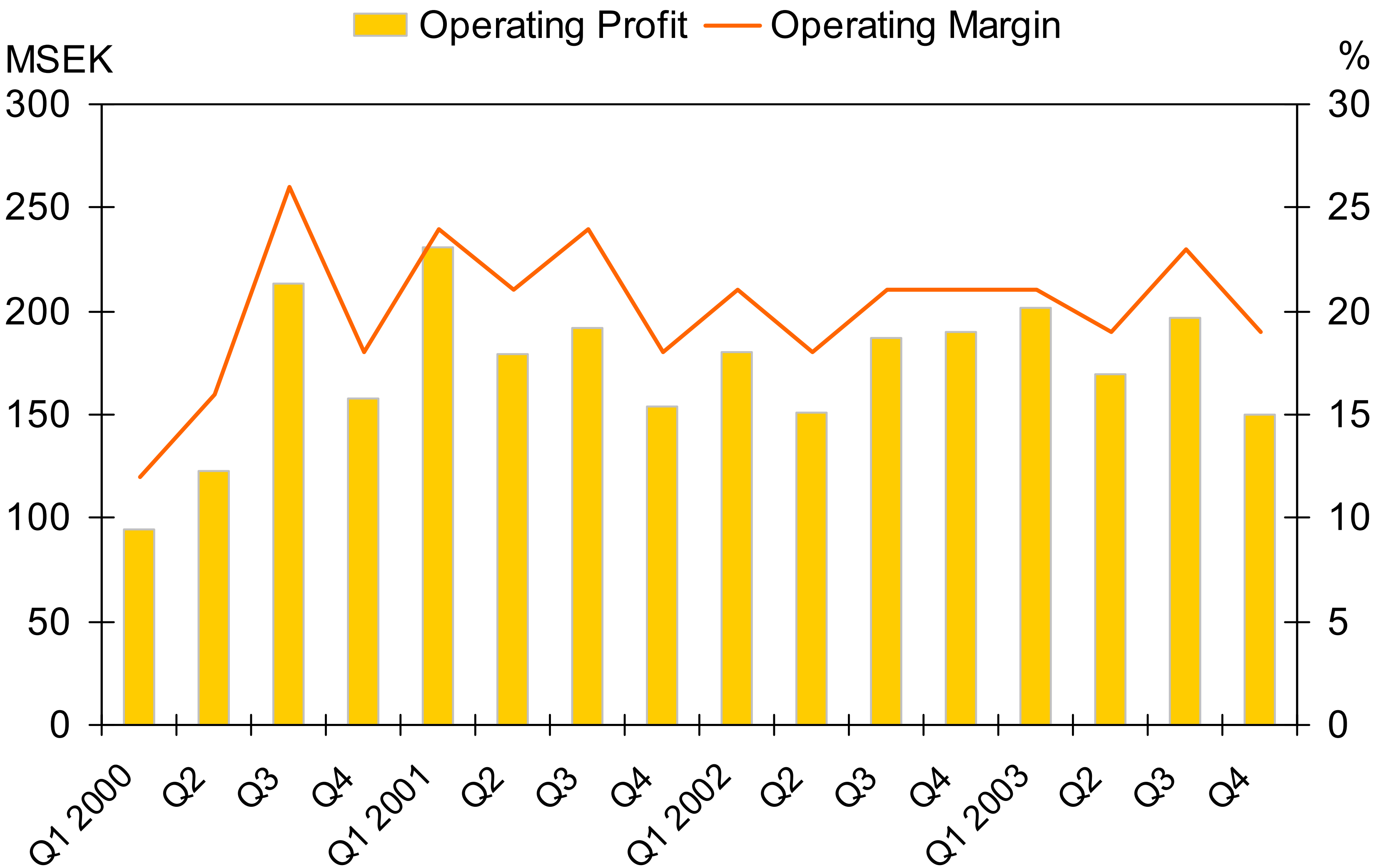
- Appendix -

Operating Margin – Kraft Paper



Source: Billerud

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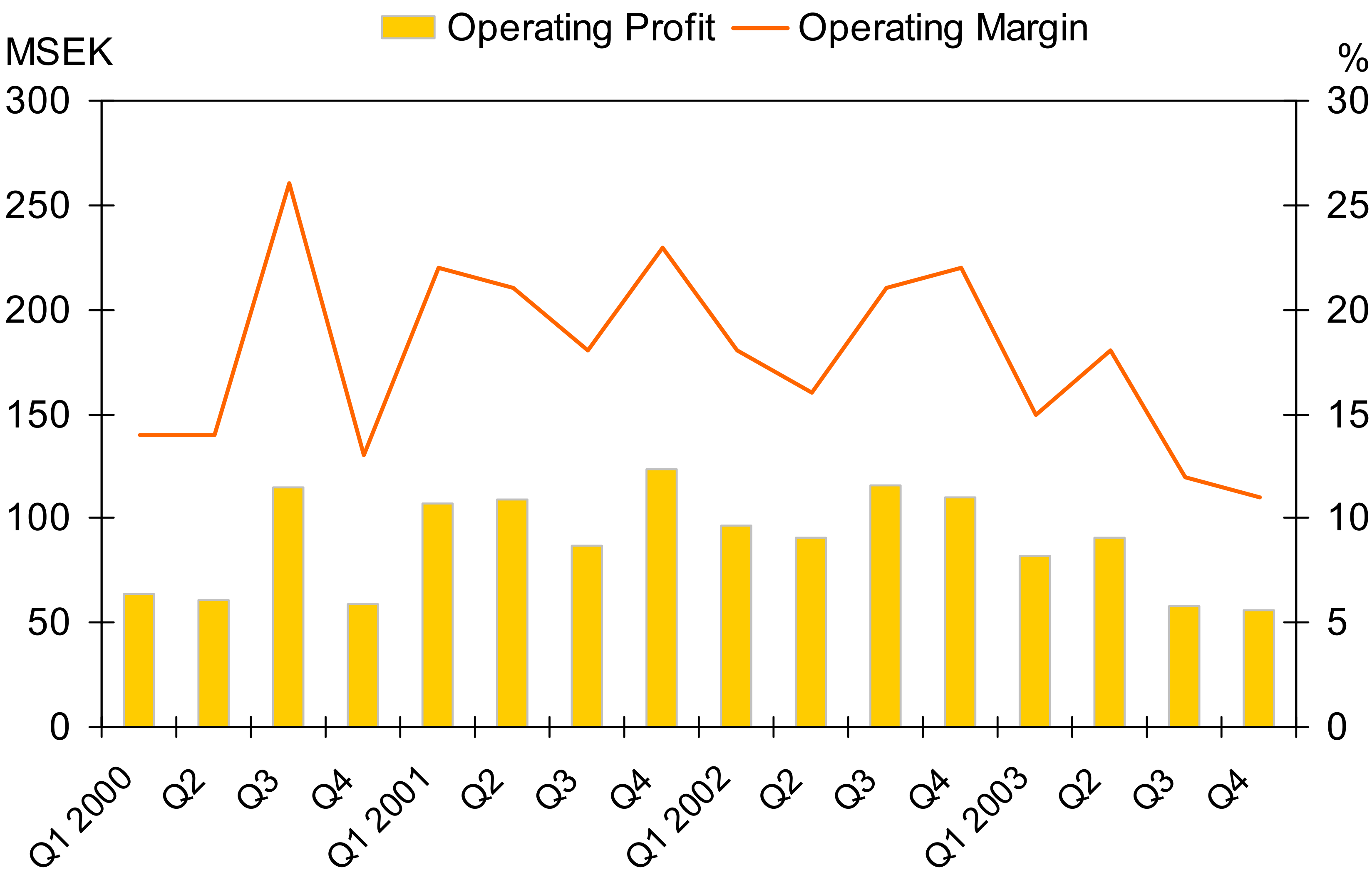
Operating Margin – Containerboard



Source: Billerud

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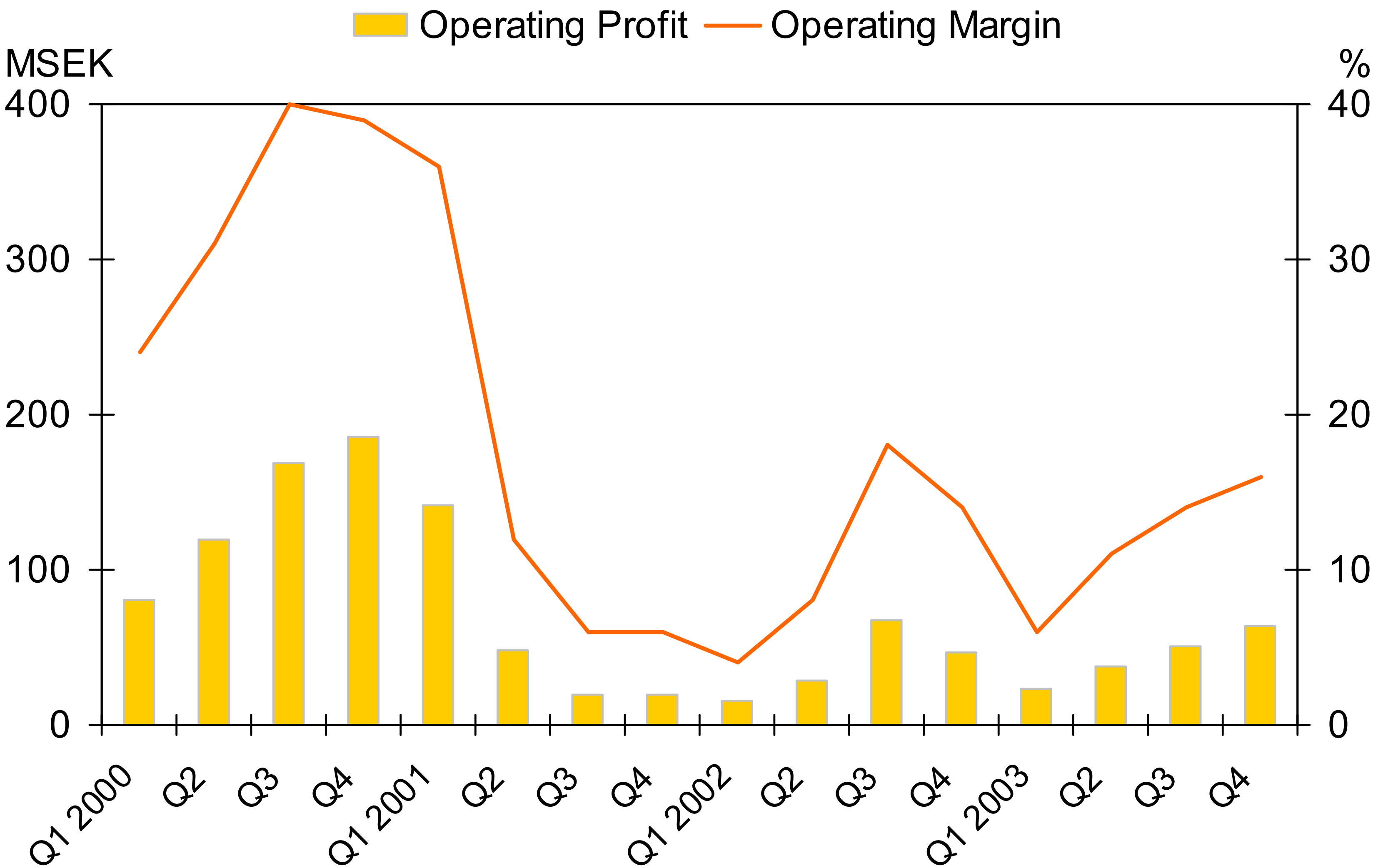
Operating Margin – Market Pulp



Source: Billerud

Currency Rates

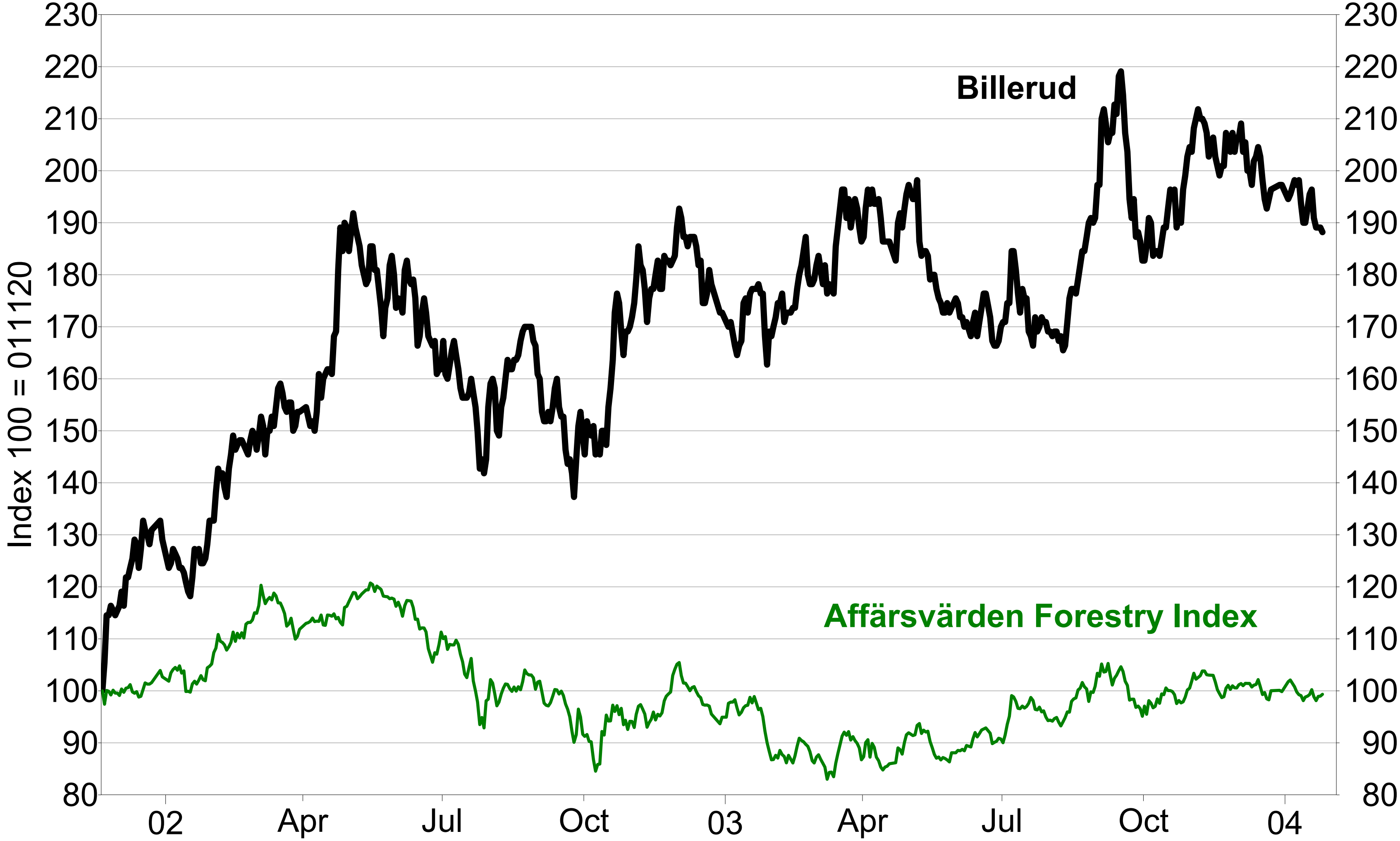
	Average rates per year				Average rates 2003	Hedged rates 2003	Trend
	1999	2000	2001	2002			
EUR/SEK	8.80	8.44	9.25	9.16	9.17	9.30	8.75
USD/SEK	8.26	9.17	10.33	9.72	8.08	10.18	8.00
GBP/SEK	13.37	13.86	14.87	14.58	13.19	14.42	-
USD/EUR	1.07	0.92	0.90	0.94	0.88	0.91	1.09
Billerud weighted index	100	101	112	109	102	111	99

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

Delivered Volumes

	2003				2002
Ktonnes	Q4	Q3	Q2	Q1	Q4
Kraft paper	**113**	122	115	126	118
Containerboard	**128**	115	121	125	112
Market pulp	**86**	85	69	83	75
Total	**327**	322	305	334	305

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2004-01-26. Source: ECOWIN

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Profits and loss accounts, summary

Amounts in MSEK	Pro forma[3)] 1999	Pro forma[3)] 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 w ith the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Capital employed, summary

	Pro forma[1]				
	31-dec	**31-dec**	**31-dec**	**31-dec**	**31-dec**
Amounts in MSEK	**1999**	**2000**	**2001**	**2002**	**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 w ith 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 activities[2)]	**502**	**1 476**	**1 317**	**1 339**	**1372**
Cash flow from investing activities	-727	-678	-443	-370	-380
Cash flow before financing activities[2)]	**-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