

Billerud has been formed through the merger of AssiDomän's Skärblacka and Karlsborg paper mills and Stora Enso's Gruvön paper mill. Today, Billerud is jointly owned by AssiDomän and Stora Enso, each with a 50-percent ownership interest.

Report on operations for the three months ended March 31, 2001

Net sales and earnings

Net sales for the first quarter of 2001 totaled SEK 1,840 M, up 16 percent on the corresponding quarter of the preceding year. Operating profit rose to SEK 469 M, compared with SEK 225 M for Q1 2000. The improvement was due to higher average prices combined with a favorable exchange-rate trend. Expressed in tonnes, deliveries were slightly lower than for the corresponding quarter of the preceding year.

Income Statement, including operating profit, in summary:

(SEK M)	Actual Jan-March 2001	Pro forma 2000	Pro forma Jan-March 2000
Net sales	1,840	6,666	1,588
Other revenues	5	39	3
Operating expenses	-1,291	-5,019 ¹⁾	-1,291
Depreciation	-85	-302	-75
Operating profit	469	1,384	225

¹⁾ Operating expenses have been reduced by SPP refund of SEK 36 M.

The below table shows net sales and operating profit for the first quarter of 2001 per product area (preliminary distribution):

(SEK M)	Net sales		Operating profit	
	Actual Jan-March 2001	Pro forma Jan-March 2000	Actual Jan-March 2001	Pro forma Jan-March 2000
Kraft paper	972	804	231	94
Containerboard	481	441	107	64
Market pulp	387	343	141	81
Other	0	0	-10	-14
Total	1,840	1,588	469	225

Balance Sheet, in summary

(SEK M)	Actual March 31, 2001	Pro forma January 1, 2001
<i>Assets</i>		
Fixed assets	4,283	4,257
Other current assets	1,945	1,873
Cash and bank balances	429	729
Total assets	6,657	6,859
<i>Shareholders' equity, provisions and liabilities</i>		
Shareholders' equity	2,542	2,224
Interest-bearing provisions	99	102
Interest-free provisions	431	431
Interest-bearing liabilities	2,732	3,231
Interest-free liabilities	853	871
Total shareholders' equity, provisions and liabilities	6,657	6,859

At the beginning of the year, the company's net debt/equity ratio was close to a multiple of 1.2. As a result of the strong cash flow during the first quarter, net indebtedness declined to approximately SEK 2.4 billion at the same time as shareholders' equity increased to SEK 2.5 billion. Accordingly, the net debt/equity ratio slightly exceeded a multiple of 0.9. The interest-bearing liabilities relate to debts to the current owners and will be refinanced during the year.

Investments

Investments in plant amounted to SEK 111 M and depreciation amounted to SEK 85 M. Most of the investments related to decisions made in preceding years, and in particular to an evaporation plant at Billerud Gruvön.

Key data

	Actual Jan-March 2001	Pro forma 2000	Pro forma Jan-March 2000
Gross margin, %	30	25	19
Operating margin, %	25	21	14
Capital employed, SEK M	4,944	4,804	4,689
Average number of employees ¹⁾	2,351	2,442	2,480

1) Excluding personnel employed in sales companies outside Sweden that belong to Stora Enso and AssiDomän. The approximately 50 employees concerned will be transferred to Billerud during the current year.

Gross margin: Operating profit before depreciation as a percentage of net sales.

Operating margin: Operating profit as a percentage of net sales.

Capital employed: Total assets less cash and bank balances and interest-free liabilities and provisions. As at the end of the period.

Integration work

A number of projects were initiated at the beginning of the year to capitalize on the coordination potential identified between the Gruvön, Karlsborg and Skärblacka paper mills. The work, organized through different working groups, is progressing energetically. The largest structural coordination gains relate to the production and sales areas. The combination of three mills with a similar product mix creates significant opportunities for efficiency and coordination improvements. In addition, there is the effect of the increased capacity contributed by recently implemented investments, which has yet to be fully utilized. Combined, the coordination gains and higher capacity are expected to generate a positive impact of approximately SEK 200 M on Billerud's earnings, which will be fully realized during 2003, subject to normal capacity utilization.

Market outlook

Demand declined gradually during the first three months of the year. This particularly applied to market pulp, for which deliveries were low and producer pulp inventories have risen. During the quarter, the price of Nordic long-fiber pulp dropped from USD 710 per tonne to USD 580-600 per tonne and the downward trend is continuing. Demand for containerboard was also weak. Towards the end of the quarter, softer demand was also noted for kraft paper. The fall in pulp prices depressed the price of kraft paper. To meet the prevailing demand situation, Billerud has implemented production cutbacks and further curtailments are anticipated during the next few quarters. Earnings will therefore be lower.

Share listing planned

In accordance with a proposal to the Annual General Meeting, AssiDomän intends to spin off its entire holding in Billerud to shareholders. This transaction is expected to be implemented at the end of 2001. In conjunction with the spin off, the Billerud shares will be listed on the O List of Stockholmsbörsen. Further information will be available in the listing prospectus.

All figures related to 2000 are pro forma.

Stockholm, April 27, 2001
Billerud AB (publ)

Board of directors

The interim report contained in this press release has been reviewed by the company's auditors.

For further information, please contact:
Bert Östlund, President and CEO, telephone +46 8 655 92 54, +46 70 518 27 57