

13 November 2008

Billerud reported an operating margin of 7% for the first three quarters of 2008 but announces new measures to meet a weakened market situation

Today Billerud presented its result for January - September 2008. Net turnover increased with 7% compared to the corresponding period 2007, and operating profit amounted to MSEK 454. Market demand has however continued weakening. Market-related production curtailments have been carried out and further measures for cost reduction are launched.

Billerud's CEO Per Lindberg comments:

"We have delivered an operating margin of 7% for the first three quarters of the year and 12% in return on capital employed for the rolling 12-month period, which is a good result given the current conditions.

The economic downturn continued during the third quarter and affected demand on most of our product markets. European demand within Billerud's industrial segment has weakened significantly, while more consumer-related segments were affected to a limited extent. The largest part of the market weakening is related to sack paper and general demand for market pulp with lower volumes for sack paper and decreasing prices for pulp.

Our work with cost reduction continues. During the third quarter we have achieved just over MSEK 70 of the MSEK 150 annual savings in variable costs in accordance with the cost savings programme. However, at present we consider it possible to reduce variable costs beyond our current targets. Since we expect to see continued tough times on our markets we have also decided to reduce fixed costs including staff costs by a further MSEK 100 annually. A number of new initiatives will therefore be launched during the fourth quarter in order to achieve this.

Within some product areas we have carried out market-related production curtailments in the third quarter corresponding to around 3% of total capacity. To meet reduced demand we will continue to adapt the customer and market mix, introduce new products and further curtail production.

Our efforts aimed at reducing costs, developing Billerud's products and working close to end-customers continue and will become increasingly important as the market situation worsens."

Stockholm, 13 November 2008

Billerud AB (publ)

Per Lindberg
President and CEO

For further information please see full interim report January – September 2008 at www.billerud.com or contact:
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Billerud is a packaging paper company with a business concept to supply customers with innovative and high quality packaging paper. A consistent concentration on attractive market segments and a strong customer focus are cornerstones of Billerud's strategy. Billerud focuses on kraft paper and containerboard and has a world-leading position within several product segments. The company's production units are among the most cost-efficient in Europe for these products.

www.billerud.com