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Billerud carries out market-related production curtailment within sack paper – will impact profitability significantly in the fourth quarter

Billerud will stop all production of white and brown sack paper at its Skärblacka and Karlsborg mills during the period 22 December to 7 January. This measure is being carried out in order to adapt production to reduced demand and avoid a build-up in inventories.

Significantly reduced activity in the building sector in southern Europe and high levels of customer inventories have resulted in a strong decline in demand for sack paper.

Together with other production curtailments, this measure will mean that the overall production curtailment in the fourth quarter will amount to around 10% of total production capacity. The total effect of production curtailments and price erosion will in the fourth quarter 2008 render a negative and significantly lower result than previously expected.

Billerud's CEO Per Lindberg comments:

"We consider that continued production would lead to price erosion on the market that would not benefit us in any way, which is why we choose to stop production. In a process industry like ours, production curtailments of this magnitude however have considerable consequences for profitability in the short term."

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