



INTERIM REPORT

JANUARY-JUNE 2011



Per Lindberg, President and CEO
Bertil Carlsén, CFO
21 July, 2011

INVESTMENT IN **PACCESS PACKAGING**

- Investment corresponding to 30% in PACCESS Packaging
 - » ~60 employees and sales of MUSD ~27
- Core expertise in developing packaging for production and delivery in Asia
 - » Customers primarily multinational brand owners
- Create a strong platform for future growth in Asia
 - » Access to customer and supplier base



AGENDA

- Highlights
- Development by Business Area
- Financials
- Outlook



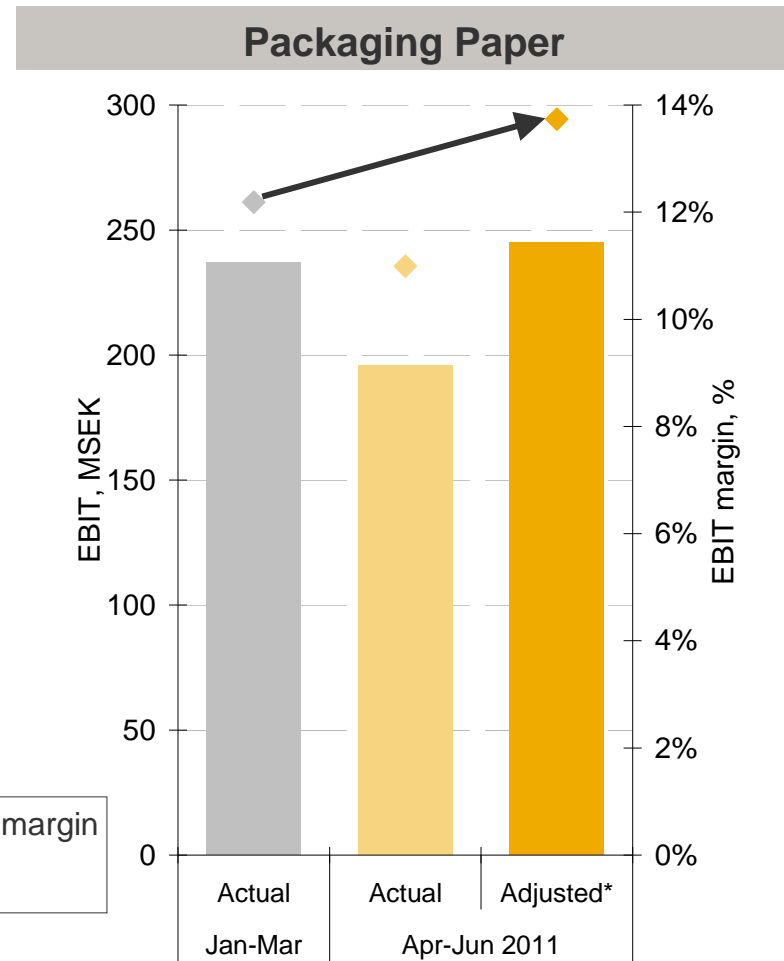
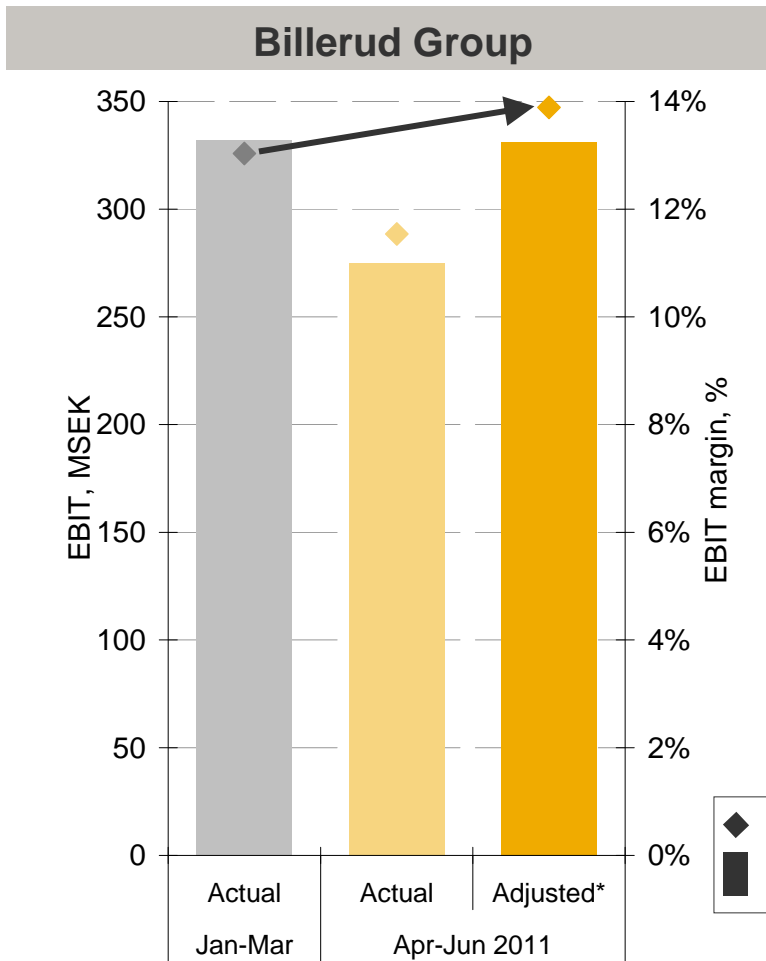
HIGHLIGHTS IN Q2 2011

- Strong Q2 result
 - » EBIT of MSEK 275, margin 12%
 - » The lower EBIT vs. Q1 mainly corresponds to the periodic maintenance shutdown in Skärblacka (MSEK 56)
- Strong underlying earnings for packaging paper
 - » Order situation remained good, although at a lower and more normal level
 - » Over 3% increase in local prices (Q2 vs. Q1)
- Price increases compensated for higher costs and a stronger SEK





CONTINUED STRONG RESULTS



*Excluding cost for the periodic maintenance shutdown at Skärblacka.⁵



BUSINESS AREAS & SEGMENTS

PACKAGING & SPECIALITY PAPER

Kraft & Sack Paper



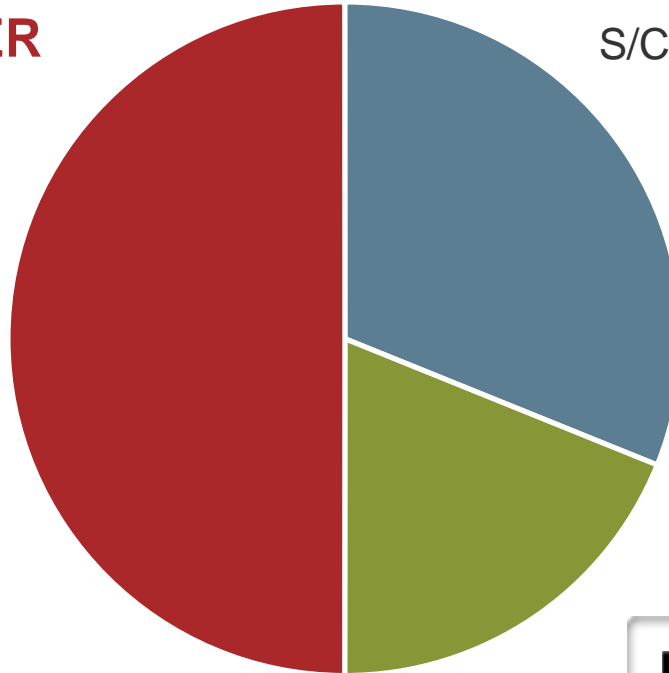
PACKAGING BOARDS

S/C Fluting, Liner, Liquid Board



MARKET PULP

Nordic Bleached
Softwood Kraft Pulp



Note: Graph shows sales breakdown per business area for January-June 2011.

PACKAGING & SPECIALITY PAPER

Market situation in Q2 2011

- Order situation for sack and kraft paper returned to a more normal level
- Stock levels were reduced after being built up in Q1
- Increased price level in local currency for all products vs. Q1

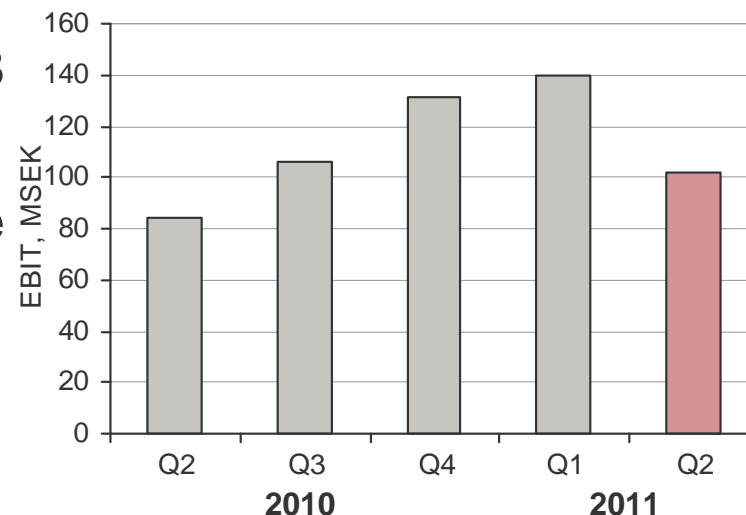




PACKAGING & SPECIALITY PAPER

Financials – Q2 2011 vs. Q1 2011

- Operating profit down by MSEK 38
- Increased fixed costs and lower sales volumes due to maintenance shutdown
 - » Carries ~70% of a Skärblacka shutdown cost
- Improved prices



	Q2 2011	Q1 2011	Q2 2010	FY 2010
Net sales, MSEK	1,079	1,217	1,009	4,166
Operating profit, MSEK	102	140	84	417
Operating margin, %	9	12	8	10

PACKAGING BOARDS

Market situation in Q2 2011

- Order situation remained good but with some seasonal decline
- Increased price level in local currency for all products vs. Q1

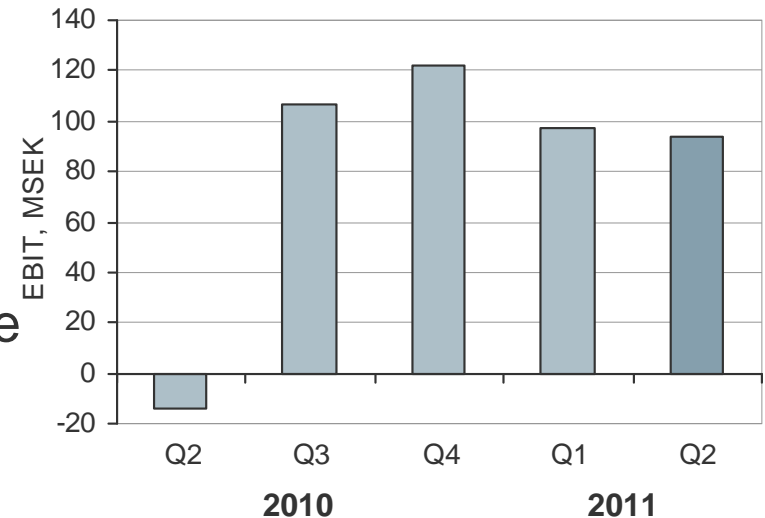




PACKAGING BOARDS

Financials – Q2 2011 vs. Q1 2011

- Operating profit down by MSEK 3
- Improved prices
- Higher fixed costs and lower sales volumes, partly due to maintenance shutdown
- Q2 is generally seasonally weaker than Q1

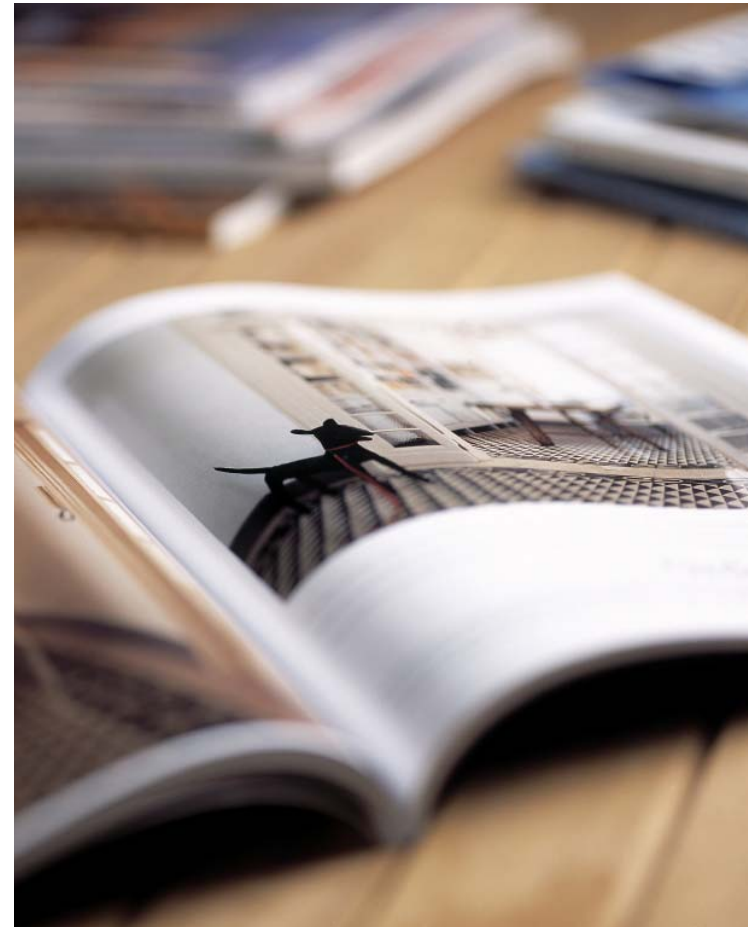


	Q2 2011	Q1 2011	Q2 2010	FY 2010
Net sales, MSEK	704	728	518	2,428
Operating profit, MSEK	94	97	-14	271
Operating margin, %	13	13	-3	11

MARKET PULP

Market situation in Q2 2011

- Demand for NBSK remained good
- ~45 USD/tonne price increase in Europe
- Two price increase were announced for Europe
 - » 1,010 USD/tonne for April
 - » 1,040 USD/tonne for June
- The June price increase was not fully implemented but stayed at ~1,025 USD/tonne

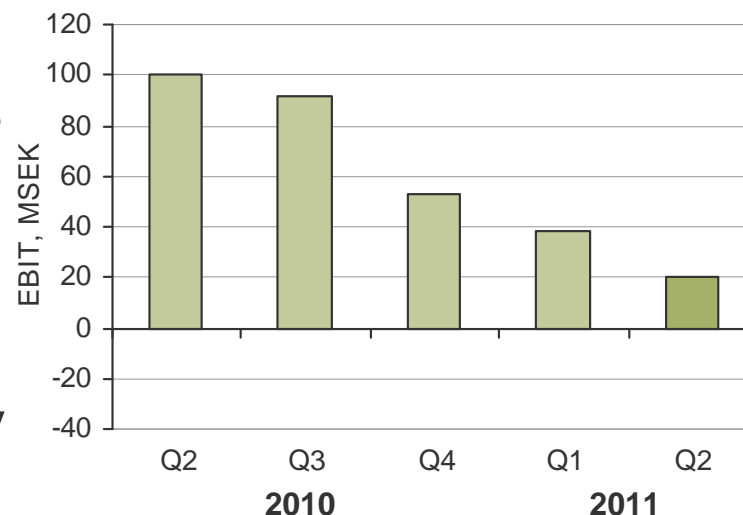




MARKET PULP

Financials – Q2 2011 vs. Q1 2011

- Operating profit down by MSEK 18
- Improved prices in local currency compensated for lower USD rate
- Lower sales and product volumes as well as higher fixed costs, partly due to maintenance shutdown



	Q2 2011	Q1 2011	Q2 2010	FY 2010
Net sales, MSEK	435	436	445	1,731
Operating profit, MSEK	20	38	100	276
Operating margin, %	5	9	22	16



Q2 IN SUM

- Strong Q2 result given maintenance shutdown
 - » EBIT margin of 12%
 - » Return on equity of 19%
- Strong underlying earnings for packaging paper





FINANCIALS



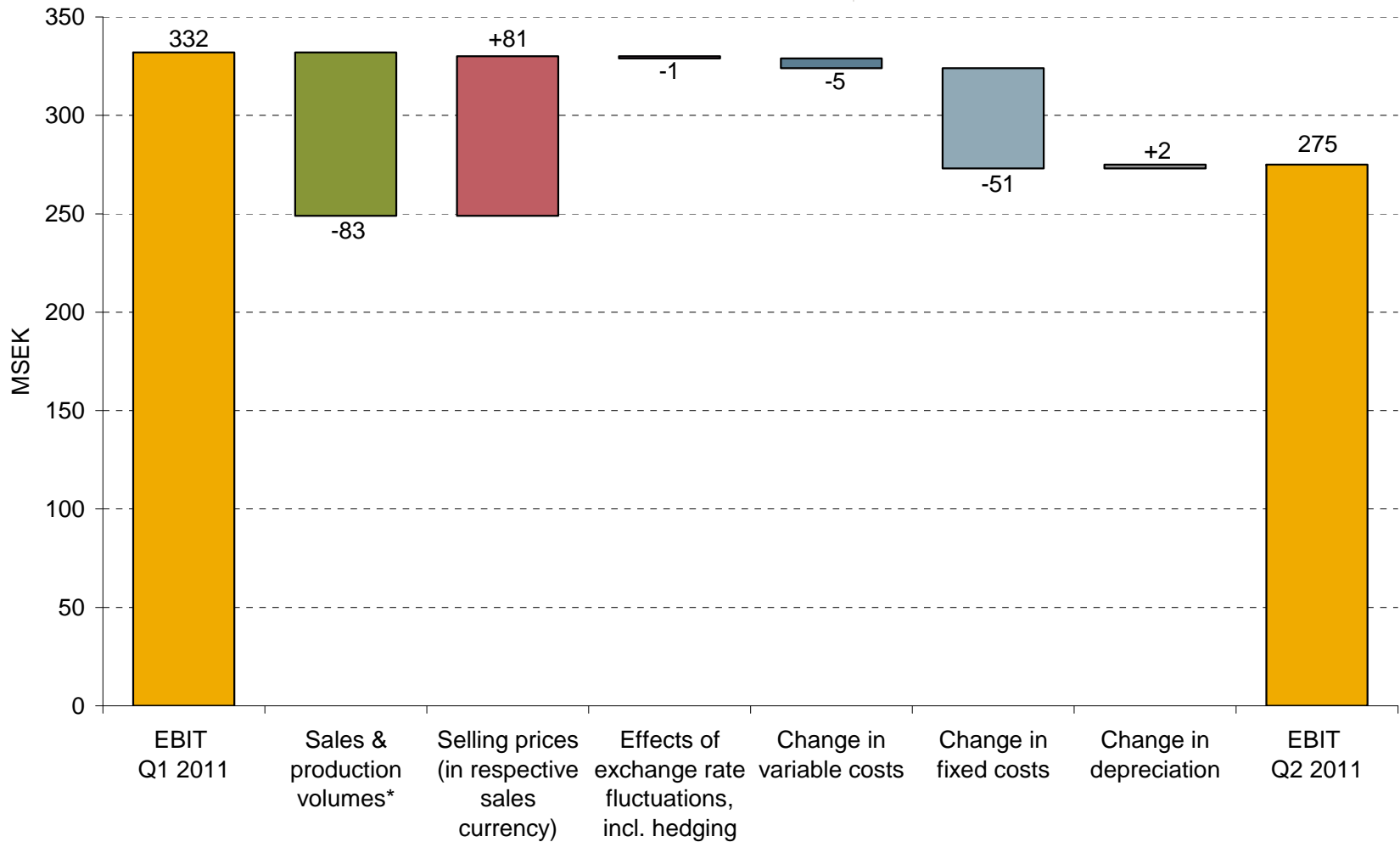


QUARTERLY KEY FIGURES

	Q2 2011	Q1 2011	Q2 2010
Sales volume (ktonnes)	335	369	309
Net sales, MSEK	2,383	2,547	2,108
Operating profit, MSEK	275	332	201
Operating margin	12%	13%	10%
Profit/share, SEK	1.88	2.28	1.30
Net debt/equity ratio	0.06	0.05	0.21



EBIT BRIDGE Q2 2011 vs. Q1 2011



* Includes product mix.



JANUARY-JUNE KEY FIGURES

	Jan-Jun 2011	Jan-Jun 2010	vs. 2010
Sales volume (ktonnes)	704	652	+8%
Net sales, MSEK	4,930	4,298	+15%
Operating profit, MSEK	607	435	+40%
Operating margin	12%	10%	+2 p.p.
Profit/share, SEK	4.16	2.82	+48%
Net debt/equity ratio	0.06	0.21	+0.15



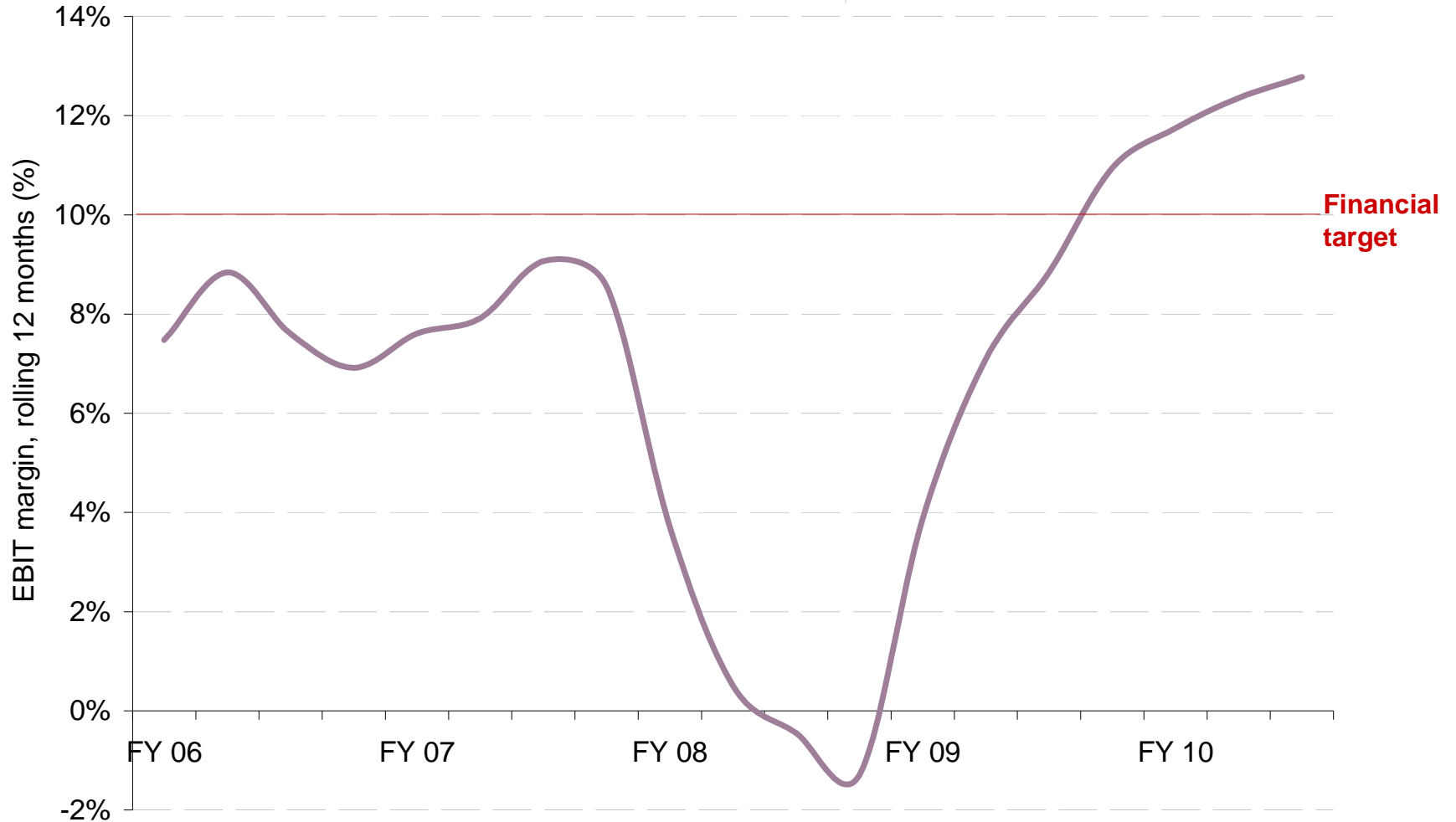
SEASONALITY RELATED TO PERIODIC SHUTDOWNS

Mill	Estimated shutdown cost	Estimated breakdown of shutdown cost by business area			Planned date of shutdown
	MSEK	PSP	PB	MP	2011
Gruvön	~100	~30%	~60%	~10%	Q4
Karlsborg	~40	~50%	0%	~50%	Q3
Skärblacka	~60	~70%	~15%	~15%	Q2

¹⁾ Minus equals increase in net debt

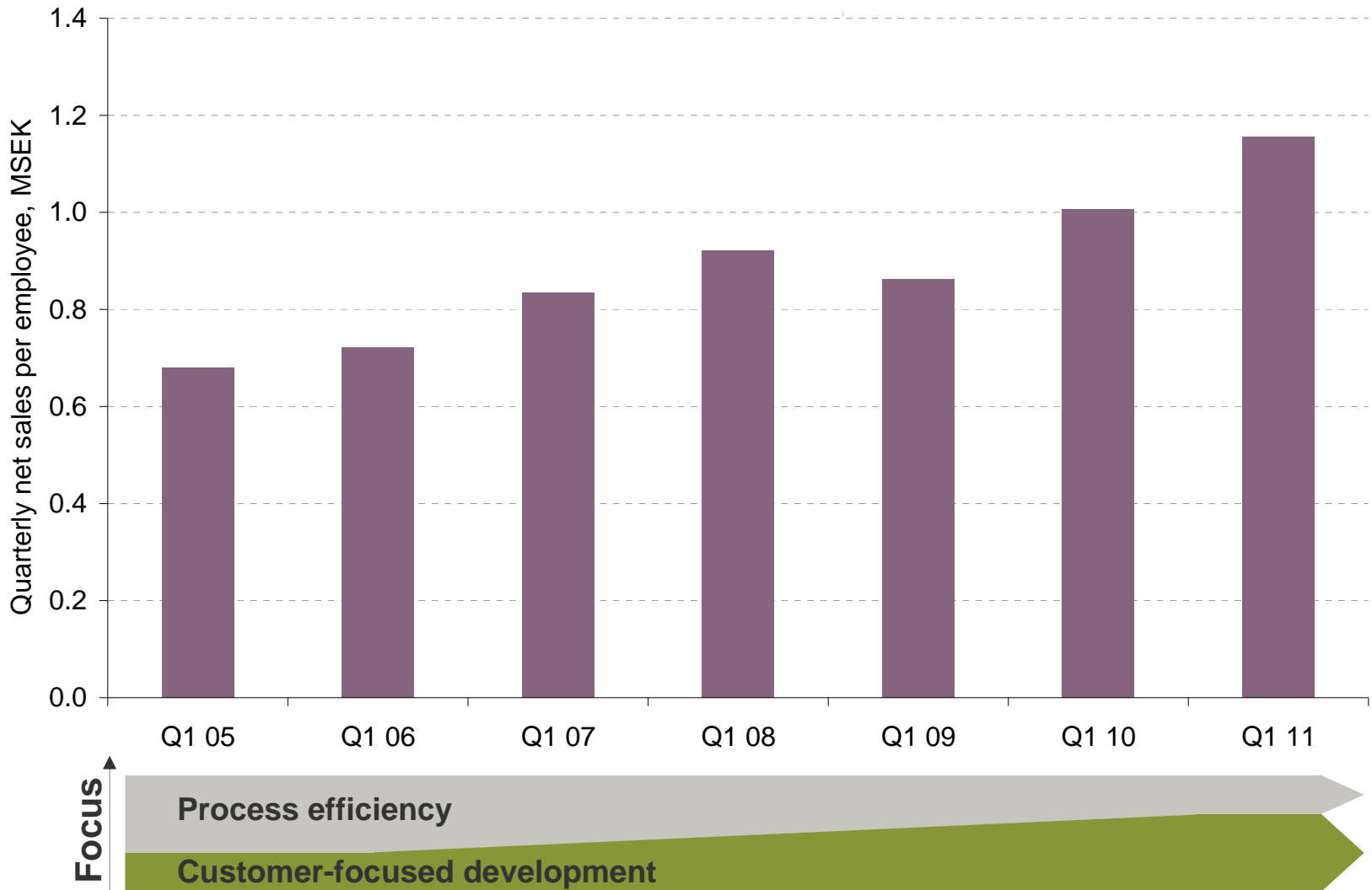


FINANCIAL TARGETS MET 4 CONSECUTIVE QUARTERS



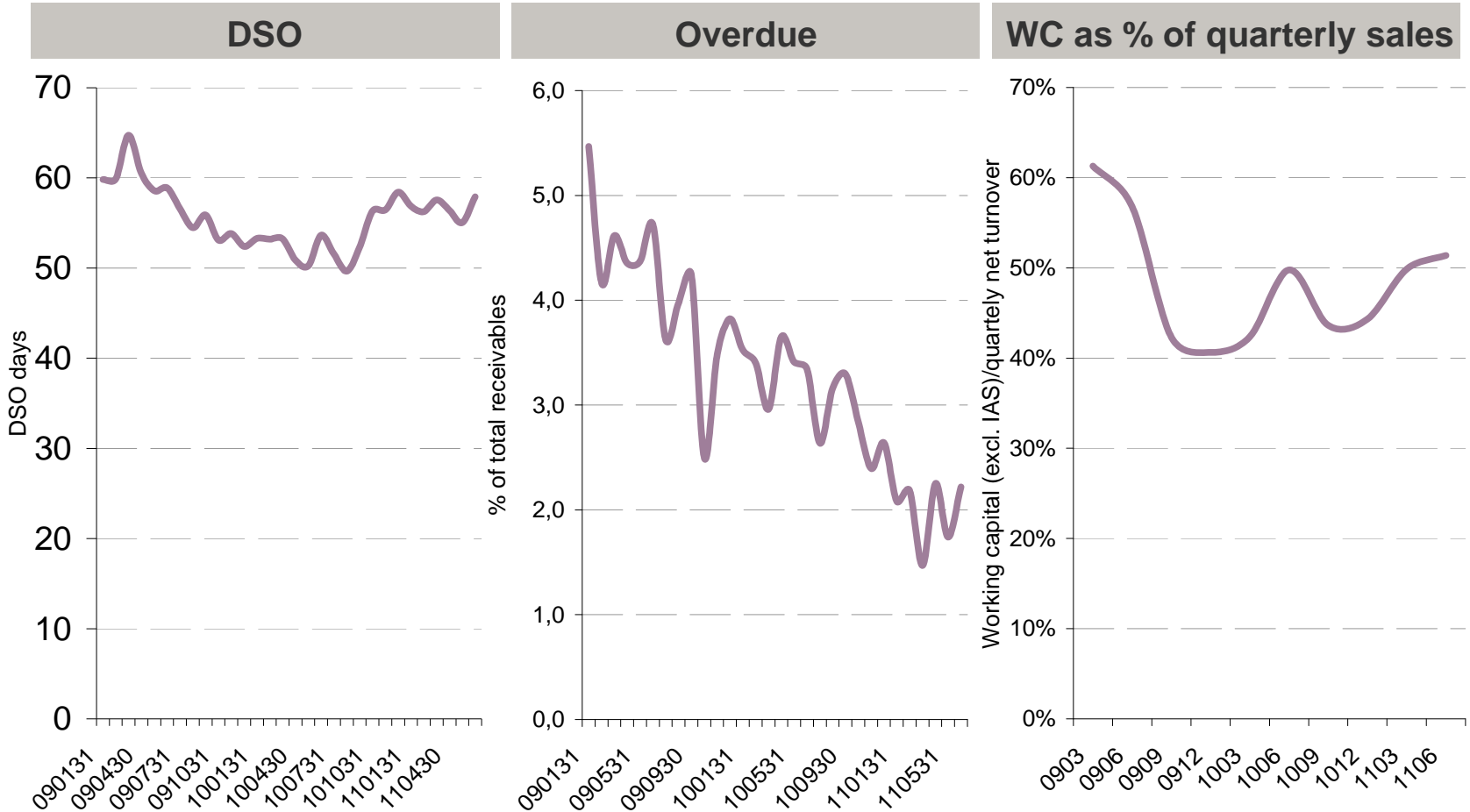


INCREASED PRODUCTIVITY





WORKING CAPITAL KEY RATIOS





CASH FLOW

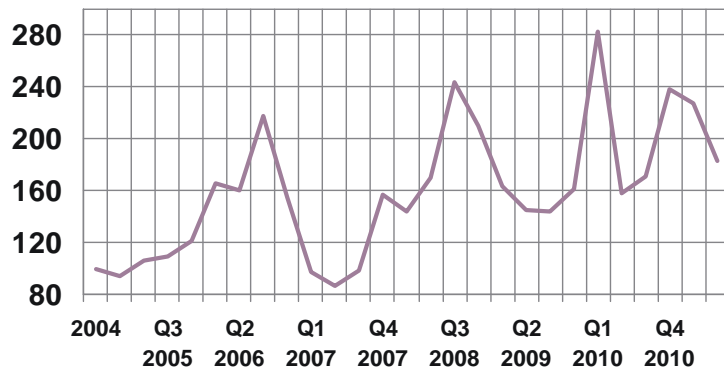
MSEK	Q2 2011	Jan-Jun 2011	Jan-Jun 2010
Operating surplus, etc	421	902	625
Change in working capital, etc.	57	-244	-99
Net financial items, taxes, etc.	-10	-191	-58
Cash flow from operating activities	468	467	468
Current net investments	-129	-211	-137
Operating cash flow	339	256	331
Dividend	-361	-361	-52
Other items, not affecting cash flow	-1	-7	-4
Change in net debt ¹⁾	-23	-112	275

¹⁾ Minus equals increase in net debt



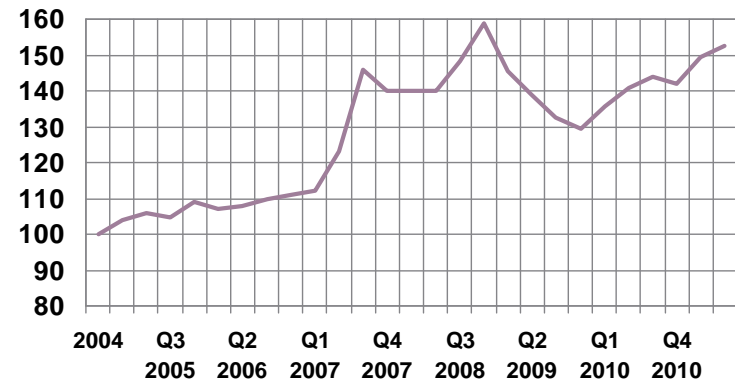
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



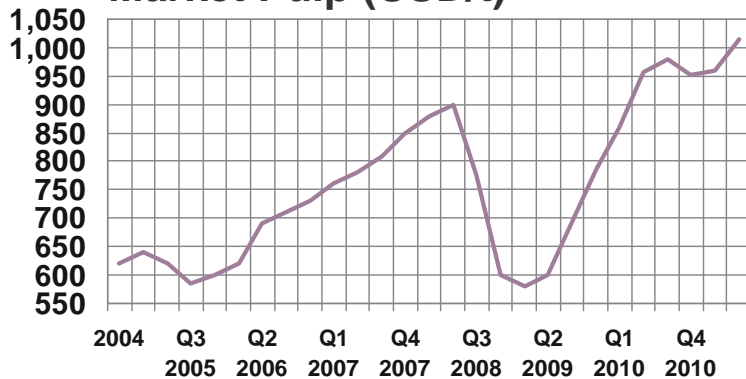
Source: Nordpool. *Price area Sweden

Wood price index



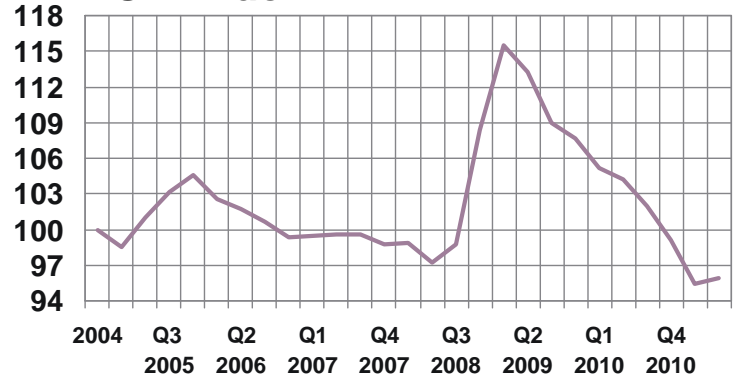
Source: Billerud

Market Pulp (USD/t)



Note: Average price for the quarter

TCW index*



Source: Riksbanken *Total Competitiveness Weights Index



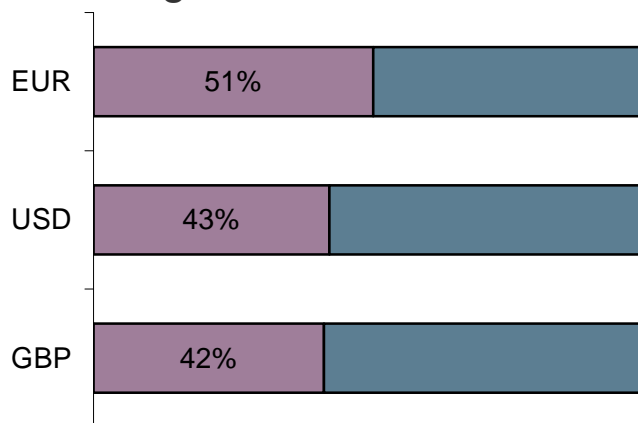
EASENED SEK STRENGTH

	Average rate Q2 2011	Average rate Q1 2011	Spot rate 18 July 2011	Q2 2011 vs. Q1 2011	18 July 2011 vs. Q2 2011
EUR	9.02	8.87	9.25	+2%	+3%
USD	6.26	6.48	6.59	-3%	+5%
GBP	10.22	10.39	10.62	-2%	+4%



CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 52 for Q2 2011 (29) and MSEK 151 for Jan-Jun 2011 (146)
- Market value of outstanding contracts not relating to accounts receivables was MSEK 49 (as of 30/6-11)
- Hedge level 12 months forward:



	Jul-Sep 2011	Oct-Dec 2011	Jan-Mar 2012	Apr-Jun 2012	Total 12 months
Average hedged currency rates (hedged net flows)	9.12 (86%)	9.33 (61%)	9.43 (46%)	9.21 (11%)	9.25 (51%)
Average hedged currency rates (hedged net flows)	7.06 (82%)	6.66 (57%)	6.57 (22%)	6.51 (10%)	6.85 (43%)
Average hedged currency rates (hedged net flows)	10.65 (83%)	10.64 (56%)	10.64 (20%)	10.51 (10%)	10.64 (42%)

Note: Data in table and graph are as of 30 June 2011.



OUTLOOK



OUTLOOK FY 2011

- The order situation at the start of the third quarter remains good and at normal levels
- Additional price increases have not been announced
- Continued stable development expected in the third quarter
- Unease in the financial market and its effect on the business cycle make development in the subsequent period somewhat more uncertain





Q&A

