



BILLERUD



Bertil Carlsén, CFO



BRIEF FACTS

- The modern Billerud was formed in **2001**. Today the production takes place at three Swedish integrated pulp and paper mills and at a British paper mill
- Sales of approx. **SEK 8 billion**
- **2,300** employees in ten countries
- Annual capacity of **1.4 million tons**
- Europe accounts for **80 per cent** of sales
- Billerud has **11 sales offices** all over the world

HIGHLIGHTS Q3 2009

- Operating profit MSEK 64 (Q2 MSEK 42).
 - » Operating margin 3% (Q2 2%)
- Good order situation and satisfying deliveries
- Operating cash flow MSEK 348 (Q2 MSEK 170)
- Continued improved market balance for market pulp has lead to further price increases
- Two maintenance stops carried out with very high cost efficiency
- MSEK 19 in provision for Environmental Court ruling





KEY FIGURES

July-Sept 2009 vs. April-June 2009

	Q3 2009	Q2 2009	vs. Q2 2009
Deliveries ('000 tonnes)	328	323	+2%
Net sales, MSEK	1,893	1,907	-1%
Operating profit, MSEK	64	42	+52%
Operating margin	3%	2%	+1
Profit/share, SEK	0.64	0.16	+300%
Debt/Equity ratio	0.37	0.97	+0.60



BUSINESS AREAS & SEGMENTS

PACKAGING & SPECIALITY PAPER

MG, MF & Sack Paper



PACKAGING BOARDS

S/C Fluting, Liner, Liquid Board



MARKET PULP

Nordic Bleached Softwood Kraft Pulp



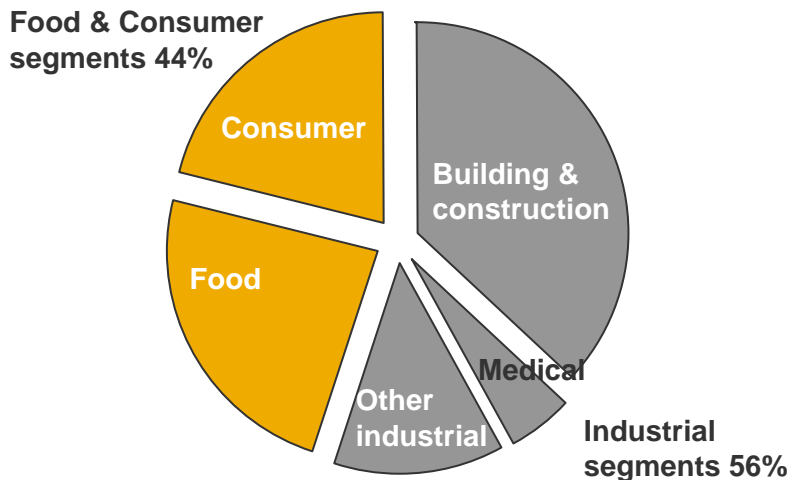


BUSINESS AREAS EXPOSURE TO END USE AREAS

PACKAGING & SPECIALITY PAPER

- » Carrier Bags & Small Bags
- » Packaged Food
- » Medical Areas
- » Release Liner
- » Interleaving
- » Sacks

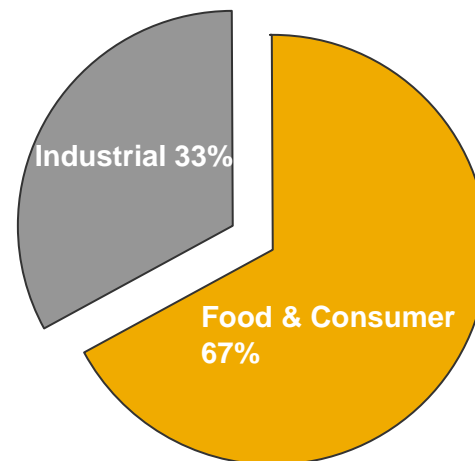
PORTION OF SALES VOLUMES



PACKAGING BOARDS

- » Fresh Fruit and vegetables
- » Milk and other beverages
- » Consumer goods
- » Gifts and cosmetics

PORTION OF SALES VOLUMES





BILLERUD IS OPERATING WITHIN STABLE NICHES

- » Packaging paper strong market positions – relatively more stable volumes
- » Improved currency situation – delayed effects due to hedging
- » Market pulp still a problem but sequential improvement since Q4 2008

EBIT COMPARISON PER PRODUCT AREA

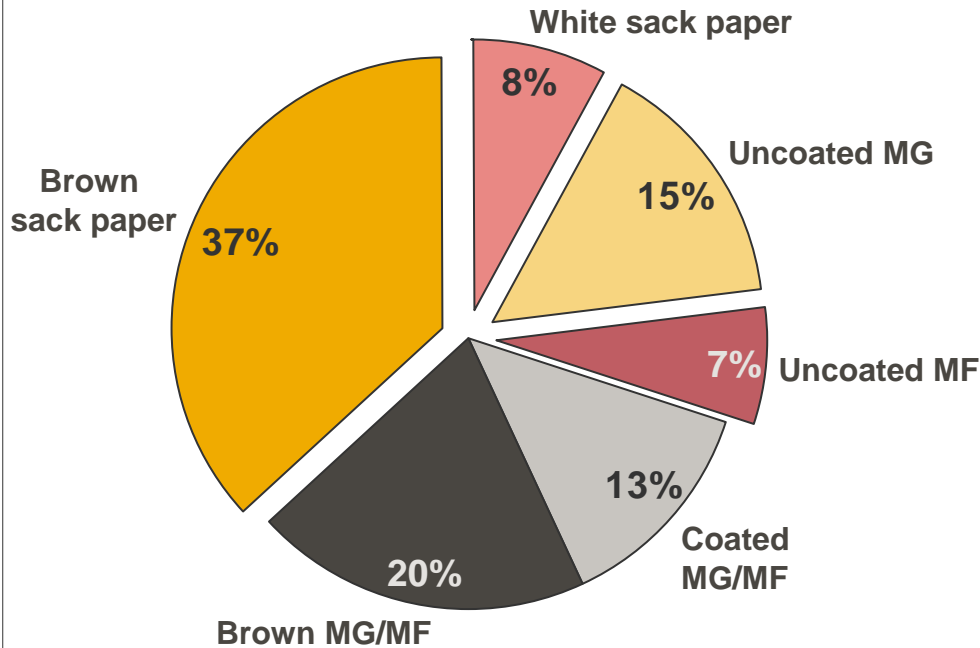
Product area	EBIT Q3 09 (MSEK)	EBIT % Q3 09	EBIT Jan-Sept 09 (MSEK)	EBIT Jan-Sept 09 (%)
Packaging paper (80% of sales)	142	9%	494	10%
Market Pulp (20% of sales)	-21	-6%	-156	-16%
Other incl. currency hedging	-57	-	-269	-
Total	64	3%	69	1%



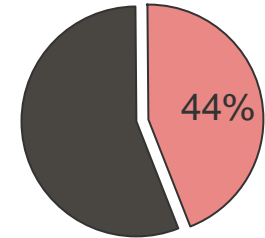
PACKAGING & SPECIALITY PAPER

EUROPEAN MARKET SHARES

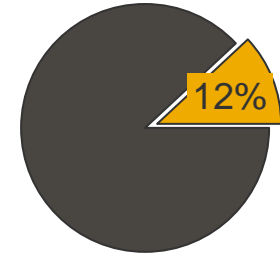
Total market ~ 3,5 million tonnes



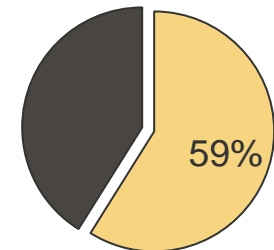
White sack paper – market leading



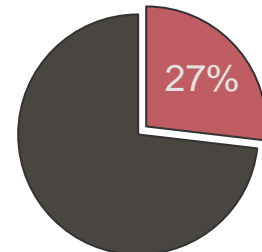
Brown sack paper



Uncoated MG – market leading



Uncoated MF – second largest market share

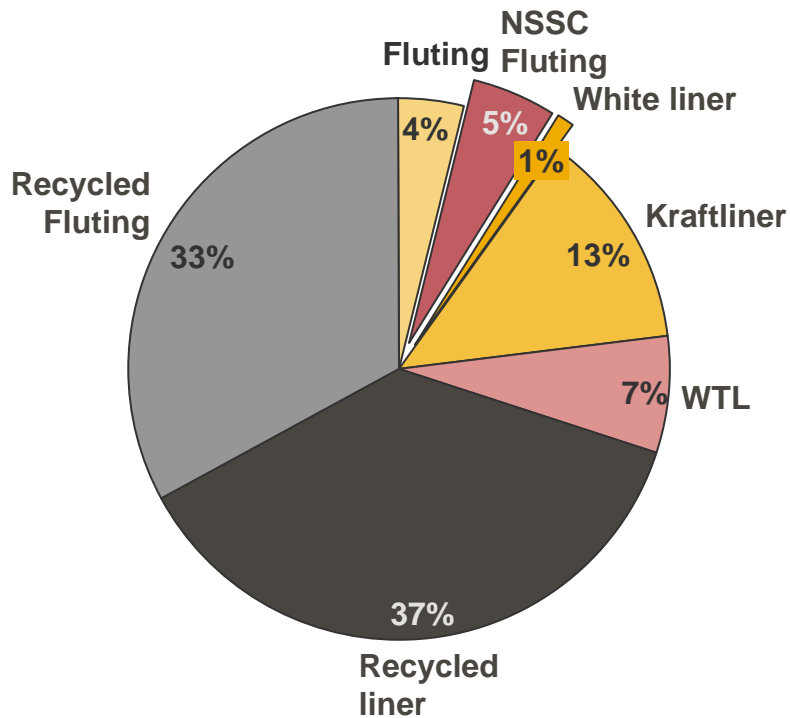




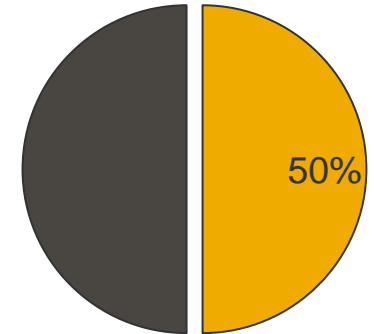
PACKAGING BOARDS

EUROPEAN MARKET SHARES

Total European market ~ 23 million tonnes

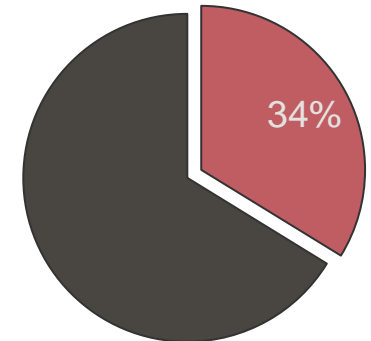


White liner* – market leading



Source: Billerud estimates

NSSC Fluting** – market leading



Source: CEPI Containerboard 2008

*Low grammage
**100% virgin fiber



BILLERUD'S FOCUS AREAS & STRATEGY





LONG TERM BUSINESS DEVELOPMENT FOCUS AREAS



FRESH FOOD

- EUR 100 billion within Europe (10% destroyed, much due to inadequate packaging)
- Billerud Flute® 100% virgin fiber
- **Initiative: Fresh Services, Box Lab**



FOOD & CONSUMER PACKAGING

- Only 15% of the 2,7 million tonnes material used annually for food packaging in Europe is paper
- Global environmental awareness strengthens the arguments for paper as packaging material
- **Initiative: Pack Lab, Nine**



SACK SOLUTIONS

- Increase in demand primarily in emerging markets (growth >10% in Asia)
- Billerud is quality market leading
- **Initiative: Sack Lab, Total Customer Value, Technical Consulting, Training & Seminars**

ENVIRONMENTAL CONCERNS IMPACT DEMAND

- 93% of European consumers agree that paper is sustainable and therefore paper should be used more for packaging*
- 87% of European consumers agree that for the same product I could choose between paper and plastic packaging , I'd choose paper*



GRASPING OPPORTUNITIES

Leveraging multi-machine structure

- » FibreForm
- » CupStock
- » EcoGold
- » QuickFill Single
- » Tea Sachets
- » Etc...

Leveraging business segments

- » Tenova Bioplastics
- » Fresh Services
- » Nine Total Packaging Partner
- » Billerud Pack Lab
- » Billerud Box Lab
- » Etc...





A WORLD OF OPPORTUNITIES

FIBREFORM® PACKAGING SOLUTIONS FOR EVERYONE



TRAYS

Beautify thermoformed packaging while moving to a sustainable material



INNOVATIVE PACKAGING

Branded packaging using innovative shapes



SHAPED BOXES

Unique design with shapes & extended embossing



CARRIER BAGS

Use embossing as design tool to increase brand impact

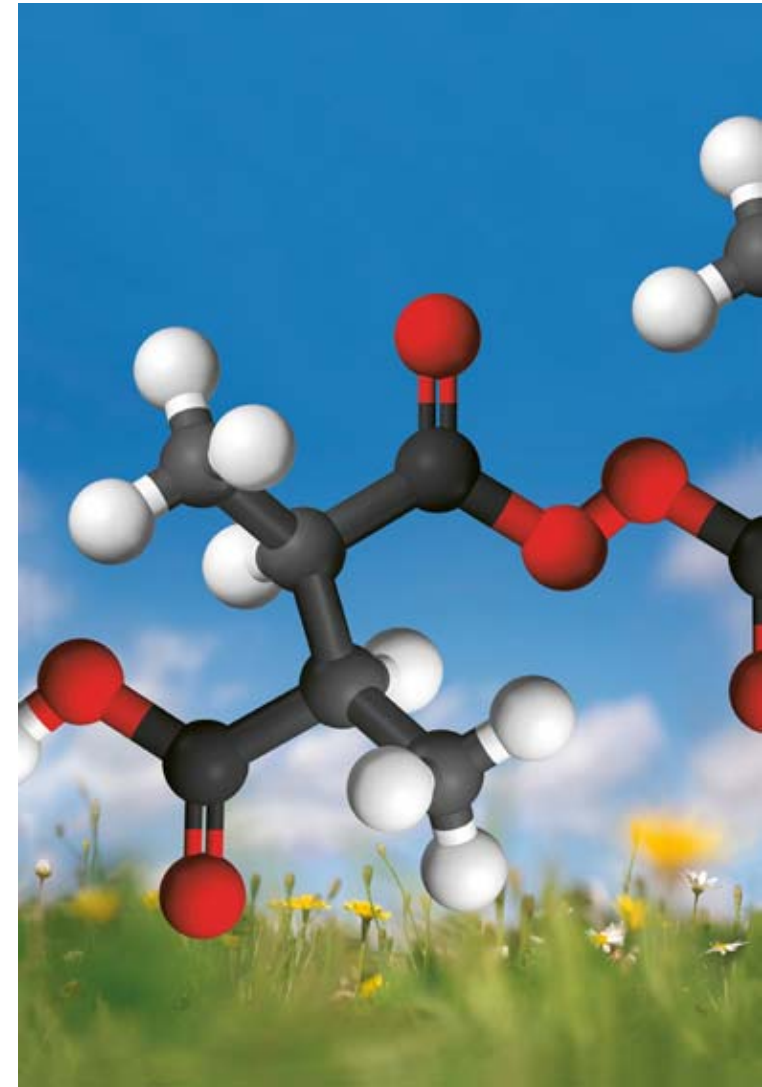


PHARMA BLISTERS

Allow a transfer to sustainable base web material

BIOPLASTICS - ONE BUILDING BLOCK OF BILLERUD'S FUTURE

- Acquisition of Tenova Bioplastics AB
- Tenova gives access to unique expertise within bioplastics
- Strategic step in developing and providing sustainable packaging solutions made from renewable raw materials



FINANCIALS



FINANCIAL OBJECTIVES

- » Long term organic sales growth rate of at least 3%
- » An EBIT margin of 10% as an average for a business cycle
- » Investments should give a return well above WACC
- » Net debt to equity 0,6-0,9
- » Dividends 50% of net profits over a business cycle





HISTORICAL RETURN

- Since listed on the stock market (2001)
 - » Average return on shareholders' equity appr. 15 %
 - » Average return on capital employed appr. 15%
 - » Average EBIT margin appr. 10%
- Past three years
 - » Average return on shareholders' equity appr. 10%
 - » Average return on capital employed appr. 9%
 - » Average EBIT margin appr. 5%
- Past 12 months
 - » Return on capital employed -1% (incl. hedge effects)
 - » Return on capital employed 8% (excl. hedge effects)
 - » Return on shareholders' equity -2% (incl. hedge effects)

COST REDUCTION INITIATIVES

- BILLERUD 2007
 - » Total of MSEK 250 in annual savings (mainly fixed costs)
- ENERGY EFFICIENCY INVESTMENTS 2005-2006
 - » Total of MSEK 1 090 invested – payback time < 5 years
- VARIABLE COST REDUCTION PROGRAMME (initiated Q1 2008)
 - » Total of MSEK 150 in annual savings, whereof MSEK 163 achieved as per Q2 2009
 - » Completed end of 2009
- FIXED COST REDUCTION PROGRAMME (initiated Q3 2008)
 - » Total of MSEK 100 in annual savings
 - » Completed end of 2009



Total savings since 2001 appr. MSEK 750 annually



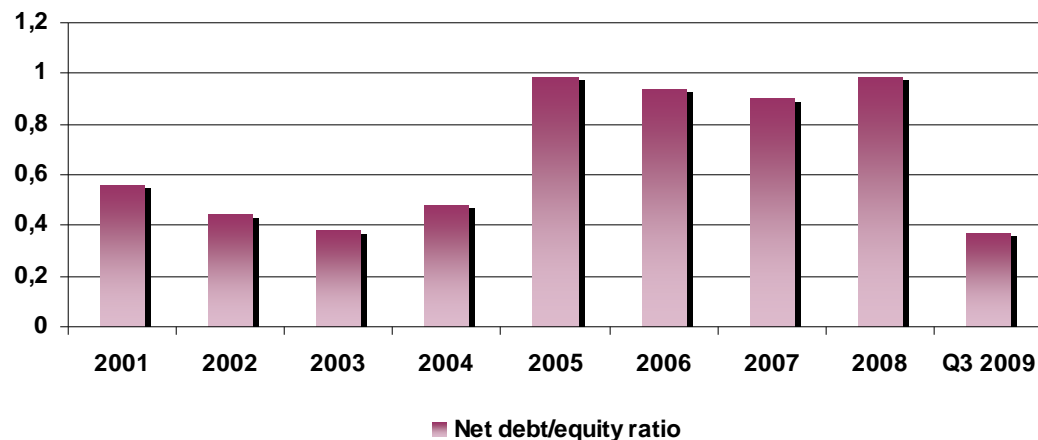
RATIONALE FOR RIGHTS ISSUE

Improved financial position

- Prudent to more quickly return to lower levels of gearing due to the current volatile market environment

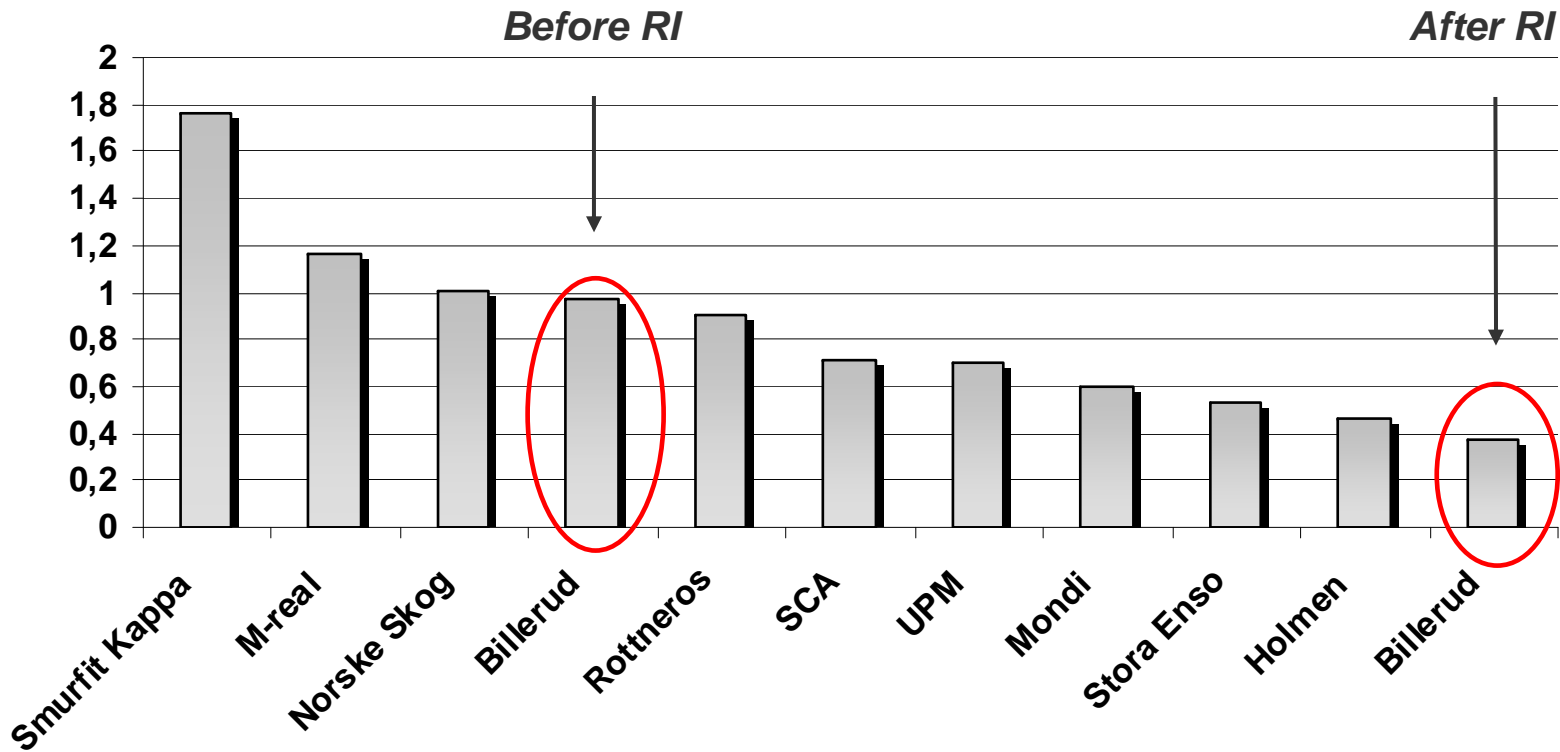
Better conditions for further development of Billerud

- Billerud believes there are significant opportunities for profitable exploitation of packaging market niches and customer segments





INDUSTRY D/E RATIO





CASH FLOW

MSEK	Q3 2009	Q2 2009	Q3 2008	Jan- Sept 2009	Jan- Sept 2008
Operating surplus etc	+207	+214	+229	+470	+773
Working capital change	+277	+56	+69	+170	-177
Finance net, taxes	-35	-42	-29	-123	-110
Cash flow from operating activities	+449	+228	+269	517	+486
Capex	-102	-58	-114	-205	-494
Acquisitions	+1	-	0	-30	0
Operating cash flow	+348	+170	+155	+282	-8
Dividends	-	-	-	-	-180
Rights issue	+928	-	-	+928	-
Other	-1	-5	+6	-26	-6
Change in net debt ¹⁾	+1,275	+165	+161	+1,184	-194

¹⁾ Minus equals increase in net debt



CURRENCY SITUATION

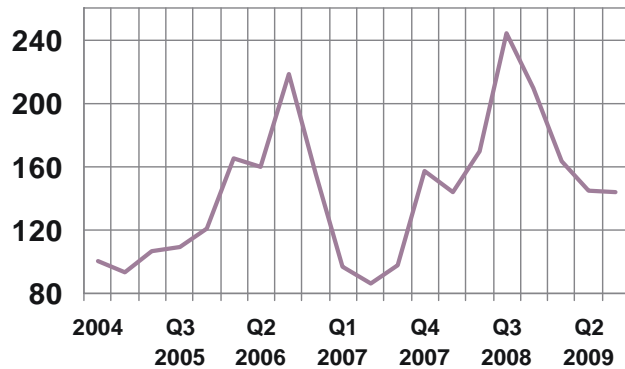
- Profit effect of net flow hedging
MSEK -93 for Jan-Sep 2009,
MSEK 100 for Q3 2009
- Market value of outstanding contracts not relating to accounts receivable as of 30 September 2009 amounted to MSEK 244
- Hedge level 15 months forward:

		July-Sept 2009	Oct-Dec 2009	Jan-Mar 2010	Apr-Dec 2010	Total 15 months
		Average hedged currency rates	Average current rates	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>
EUR	83%	9.93	10.71	9.91 <i>(98%)</i>	11.00 <i>(100%)</i>	10.91 <i>(72%)</i>
USD	53%	7.37	7.86	8.51 <i>(98%)</i>	8.67 <i>(97%)</i>	7.61 <i>(22%)</i>
GBP	42%	12.17	12.09	12.27 <i>(88%)</i>	12.14 <i>(70%)</i>	12.03 <i>(18%)</i>



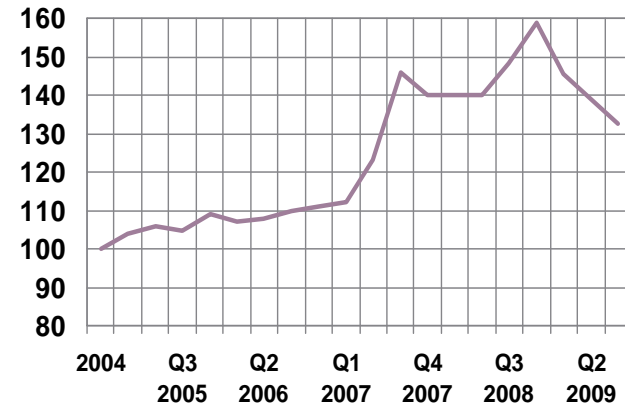
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



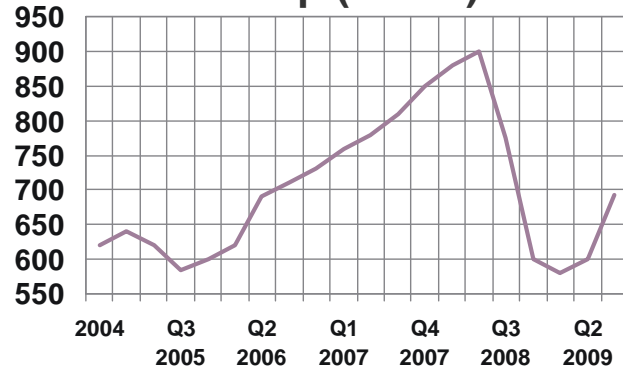
Source: Nordpool. *Price area Sweden

Wood price index

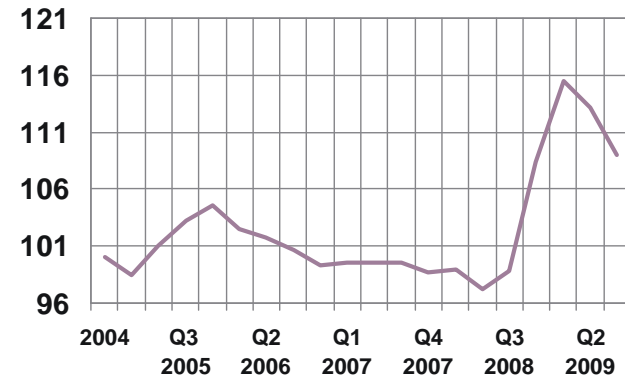


Source: Billerud

Market Pulp (USD/t)



TCW index



Source: Riksbanken