

Billerud

January – March 2003

Stockholm, April 22

Bert Östlund, CEO

Nils Lindholm, CFO



Highlights Q1 2003

- Stable demand and orderbook
- Full capacity utilization, maintenance stop in Skärblacka
- Deliveries 334,000 tonnes, +10% vs Q4, equal to Q1-02
- Operating profit MSEK 297, -13% vs Q4, +11% vs. Q1-02
 - Lower average prices for containerboard and market pulp
 - Higher energy costs
 - Lower exchange rates
- ROCE 26% (12 months), 17% excluding currency contracts

Market Situation – Kraft Paper

Q1

- Stable demand and orderbook
- Price increases initiated for sack paper, other kraft paper stable
- Deliveries +7% vs Q4-02, +2% vs. Q1-02

Outlook

- Full effect of price increases in sack paper, other kraft paper continued stable

Market Situation – Containerboard

Q1

- Stable demand but increased supply and competition from overseas producers
- Selective price decreases and negative customer mix for Billerud
- Deliveries +12% vs. Q4-02, -2% vs. Q1-02

Outlook

- Price increases announced for waste based containerboard which reduces the price pressure on virgin fibre products
- Competitive pressure on liner products still high in some markets

Market Situation – Market Pulp

Q1

- Market price for NBSK increased during the quarter from USD 440/tonne to USD 520/tonne
- Billeruds average price lower than Q4-02
- Deliveries +11% vs. Q4-02, +1% vs. Q1-02

Outlook

- Continued price increases to USD 560/tonne announced from April 1 and mainly also carried out
- Pulp prices could come down after summer, if supply is not adjusted to existing demand

Financials

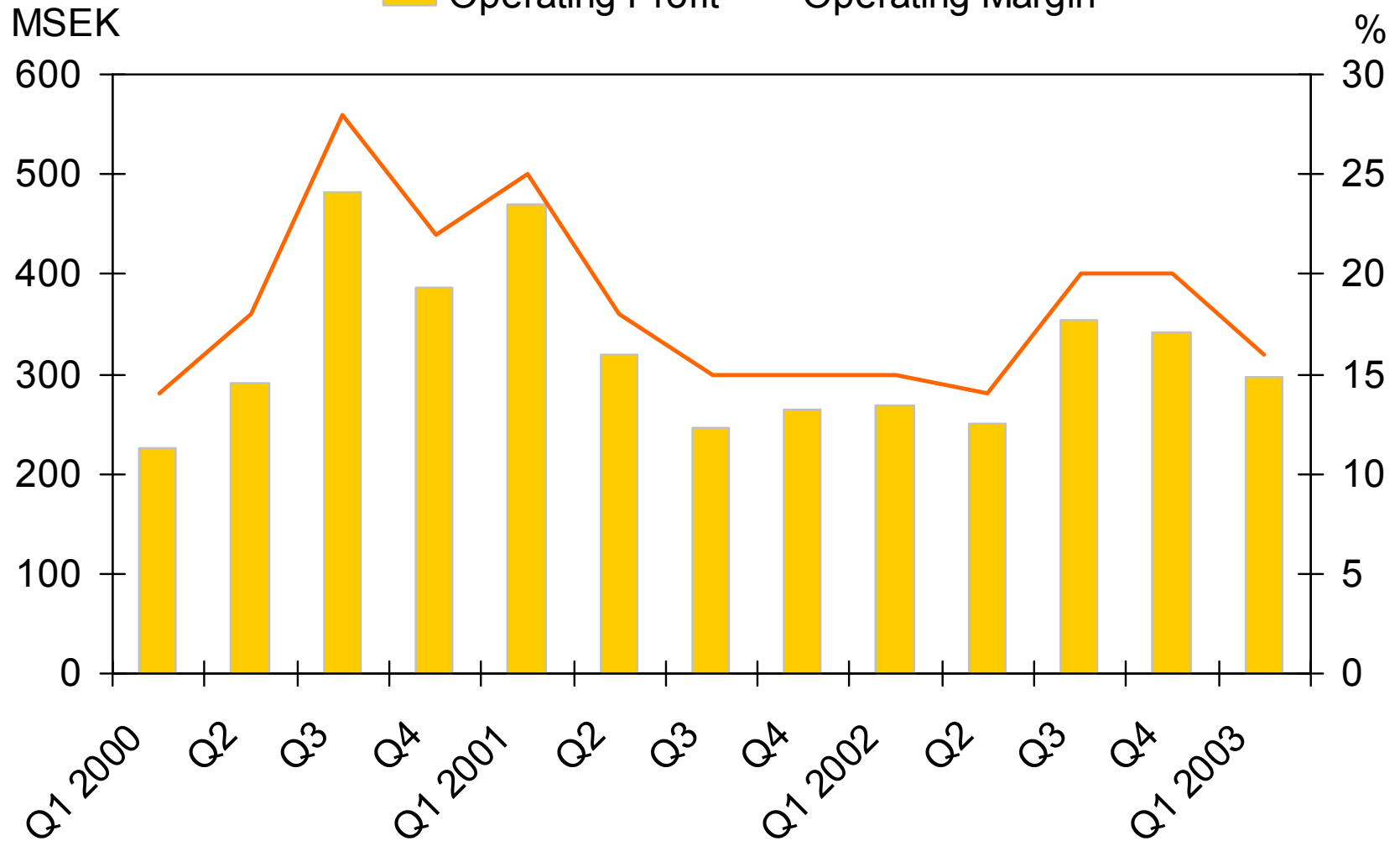
Key Figures Q1 2003

	Q1 2003	vs Q4 2002	vs Q1 2002
Net sales, MSEK	1.844	+6%	+5%
Operating profit, MSEK	297	-13%	+11%
Operating margin	16%	-4	+1
ROCE ¹⁾	26%	+1	+3
Profit/share, SEK	3.45	-10%	+22%
Debt/Equity ratio ²⁾	0.39	-0.05	-0.12
Deliveries (ktonnes)	334	+10%	+/-0%

Moving 12 months
End of period

Operating Margin Development

Operating Profit — Operating Margin



Cash Flow

MSEK	Q1 2003	Q4 2002	Q1 2002	Year 2002
Operating surplus	392	428	358	1,567
Working capital change	+12	---	-36	+48
Finance net, taxes	-146	-19	-196	-276
Cash flow from operating activities	258	409	126	1,339
Capex	-163	-107	-60	-370
Operating cash flow	+95²⁾	+302	+66	+969
Dividends/share buy-backs				-661
Other				+3
Change in net debt ¹⁾	+95	+302	+66	+311

Plus equals decrease in net debt

Equals MSEK 240 if adjusted for unequal capex and tax payments

Currency Situation

- 15 months forward hedging of net flows
- Positive profit effect of net flow hedging MSEK 129 during Q1
- Hedging rates at present

Currency	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Average
EUR/SEK	9.21	9.30	9.24	9.20	9.31	9.25
USD/SEK	10.54	10.09	9.69	9.29	8.76	9.58
GBP/SEK	14.71	14.55	14.26	14.26	13.63	14.26

- Accounts receivables also valued at hedged rates. Including this revaluation, changed currency rates decreased operating profit in Q1 with MSEK 17 compared to Q4-02

Financial Objectives

	Target	Achieved Q1
Return on capital employed	$\geq 15\%$ ¹⁾	26%
Debt/equity ratio	0.6-0.9	0.39 0.51 ²⁾
Investments	In line with depreciation	Yes (For full year)
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Forecast

Forecast

- Based on current market conditions, profits in 2003 will be in line with 2002

Billerud Key Strengths

- Strong market position in attractive segments
 - >50% of turnover in segments where Billerud is No. 1 or 2 in Europe
 - Markets with stable growth and low capacity additions
 - Few focused competitors
- Competitive production
 - Well invested mills
 - Economies of scale
 - Integrated production
 - Profit improvement from optimisation of production and past investments
- Strong cash-flow
 - High profitability
 - Disciplined capital expenditure

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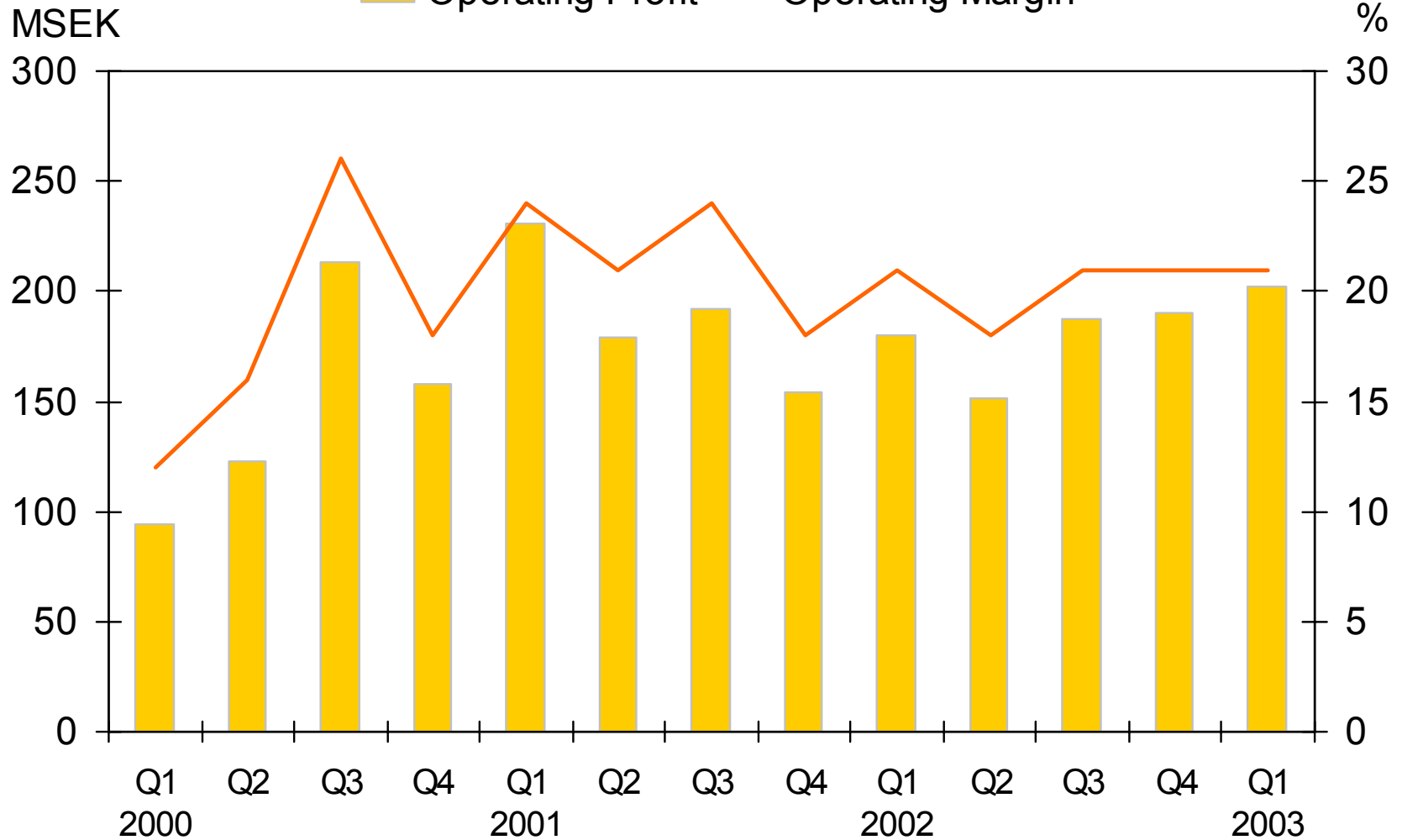
Nils Lindholm, CFO



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Operating Margin – Kraft Paper

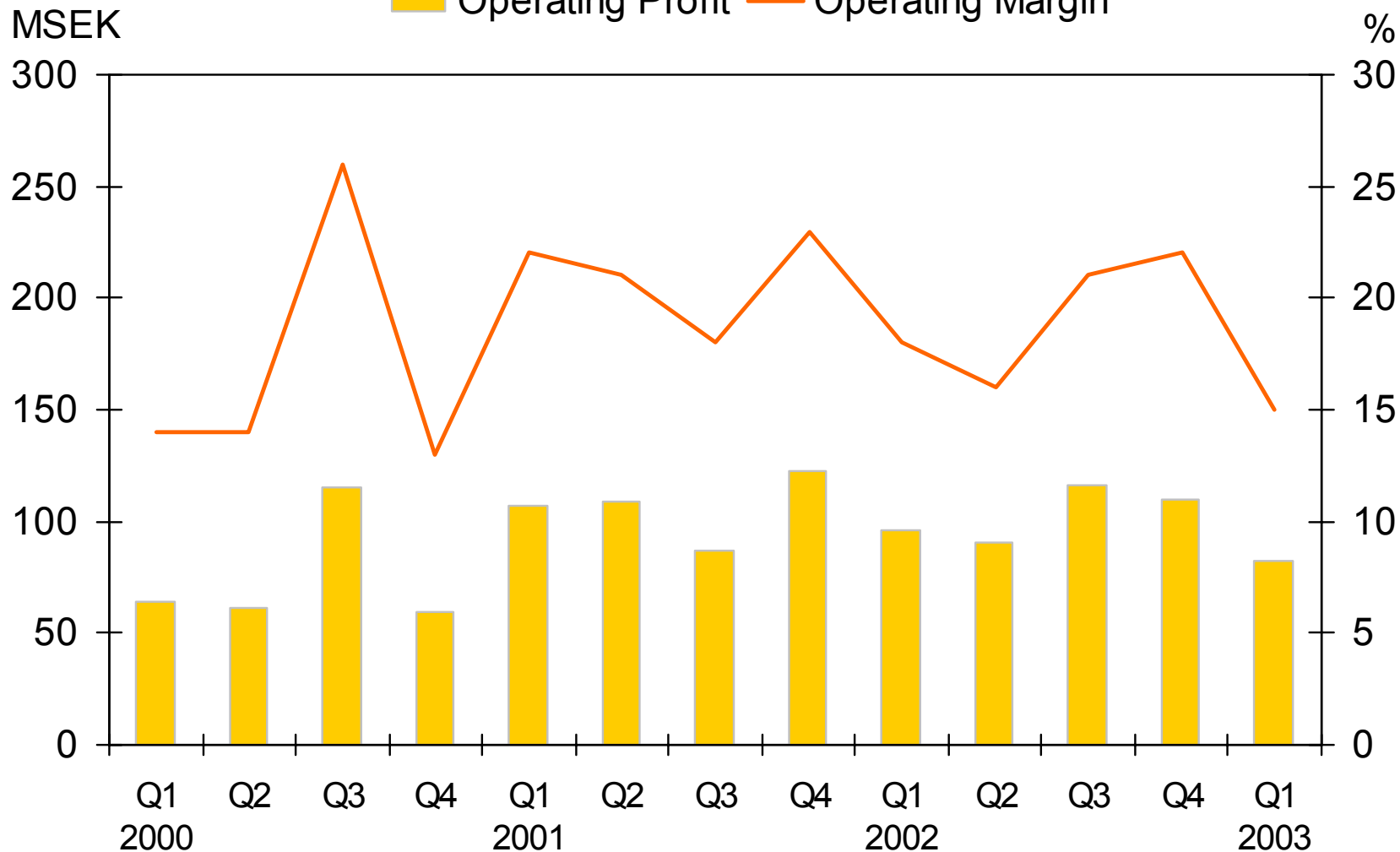
Operating Profit — Operating Margin



Source: Billerud

Operating Margin – Containerboard

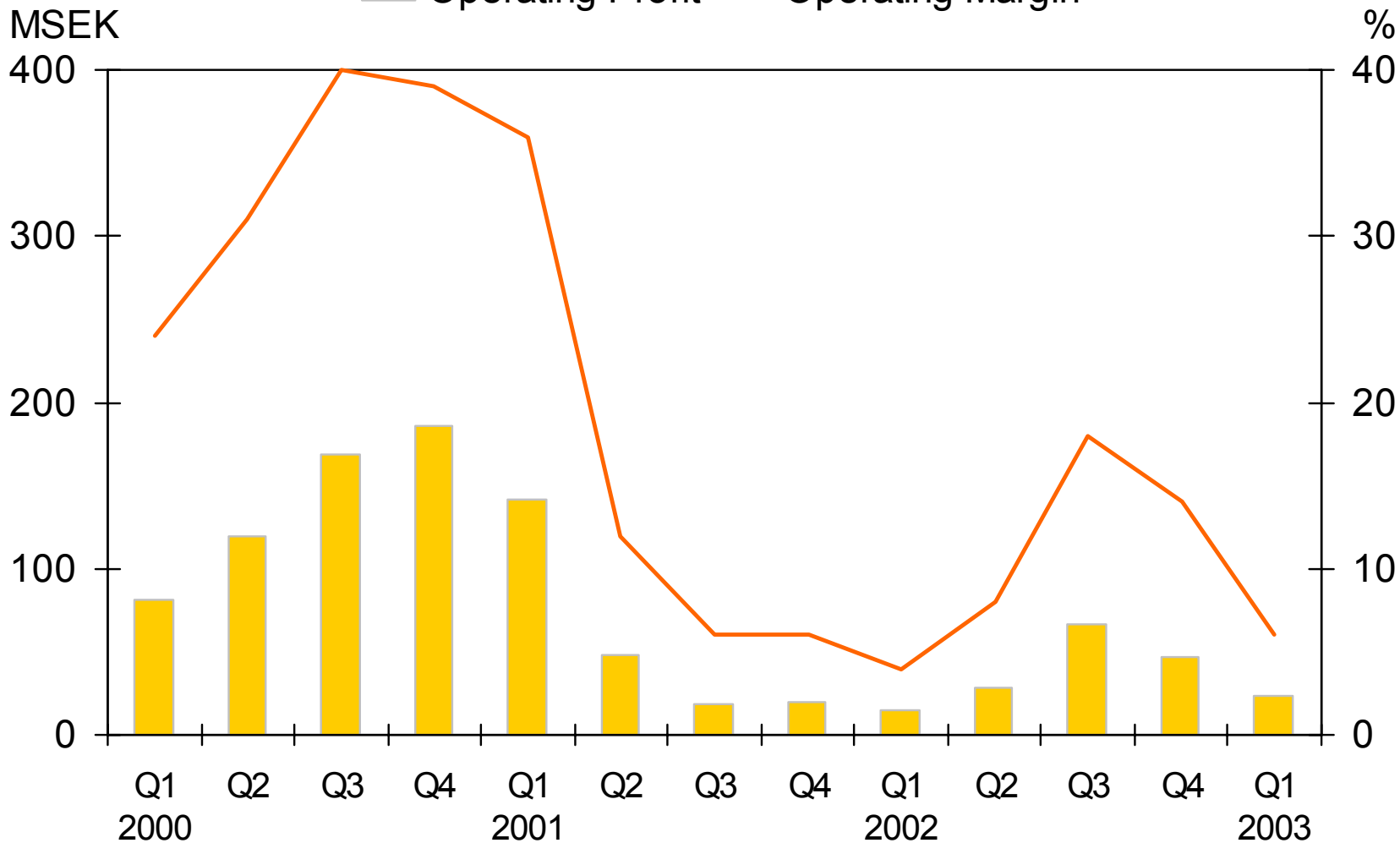
Operating Profit Operating Margin



Source: Billerud

Operating Margin – Market Pulp

Operating Profit Operating Margin



Source: Billerud

Currency Rates

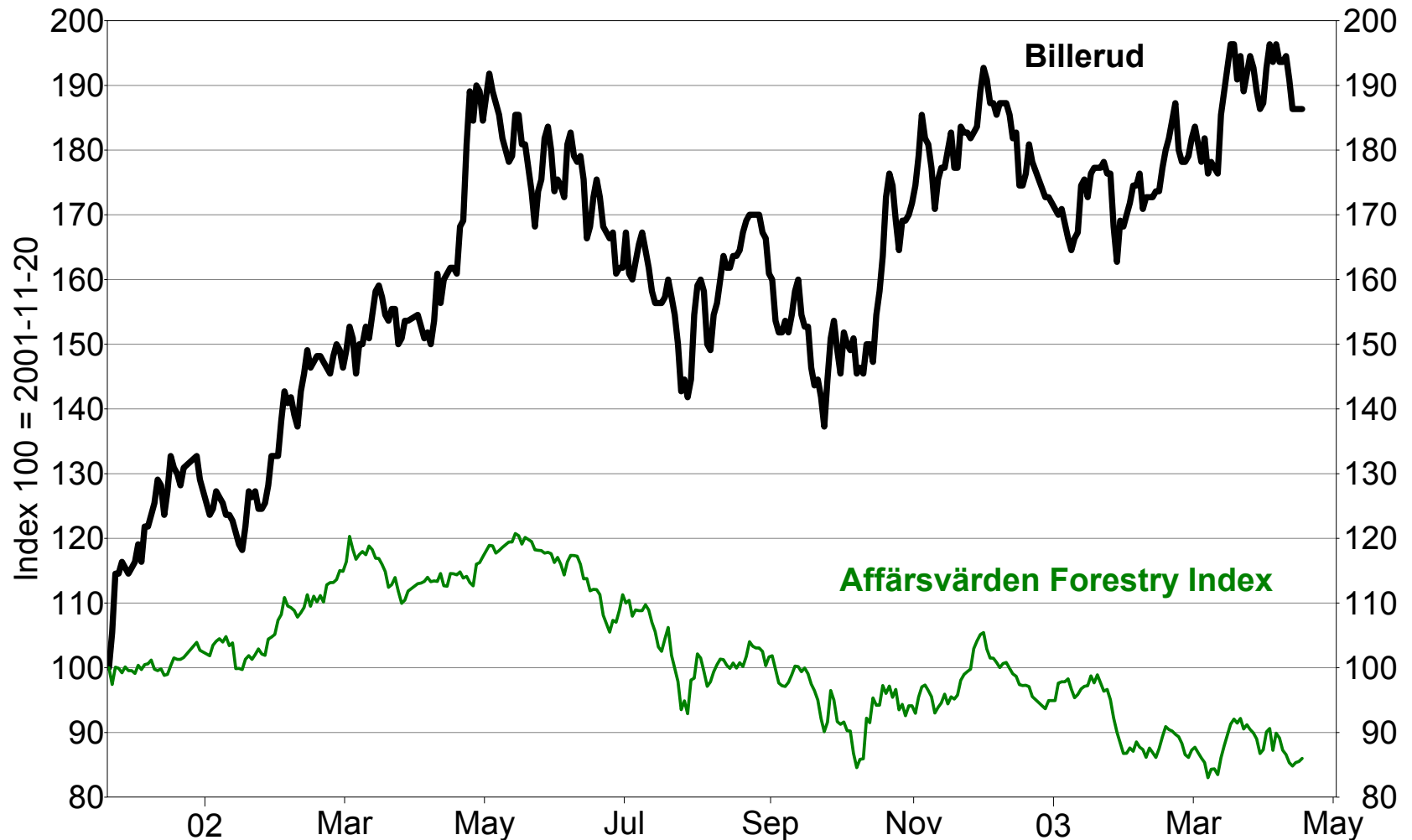
	Average rates per year				Average rates	Hedged rates	Trend
	1999	2000	2001	2002	Q1 2003	Q1 2003	
EUR/SEK	8.80	8.44	9.25	9.16	9.18	9.47	8.75
USD/SEK	8.26	9.17	10.33	9.72	8.55	10,52	8.00
GBP/SEK	13.37	13.86	14.87	14.58	13.72	14.73	-
USD/EUR	1.07	0.92	0.90	0.94	1.07	0.90	1.09
Billerud weighted index	100	101	112	109	104	114	99

Source: Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2003	2002			
Ktonnes	Q1	Q4	Q3	Q2	Q1
Kraft paper	126	118	120	120	124
Containerboard	125	112	126	129	127
Market pulp	83	75	75	84	82
Total	334	305	321	333	333

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2003-04-17. Source: ECOWIN

Profits and loss accounts, summary

Amounts in MSEK	Pro forma ³⁾				
	1998	1999	2000	2001	2002
Net turnover	5 462	5 387	6 666	6 910	7 067
Other income	36	55	39	10	10
Operating income	5 498	5 442	6 705	6 920	7 077
Operating expense	-4 939	-4 873	-5 019 ¹⁾	-5 276 ²⁾	-5 498
Depreciation	-242	-260	-302	-345	-365
Operating expenses	-5 181	-5 133	-5 321	-5 621	-5 863
Operating profit	317	309	1 384	1 299	1 214
Net financial items	–	–	-130	-118	-98
Profit after financial items	–	–	1 254	1 181	1 116
Taxes	–	–	-351	-314	-316
Net profit	–	–	903	867	800

1) Expenses have been reduced by SEK 36 million to adjust for SPP pension insurance refund.

2) Results include MSEK 47 in expenses for building Billerud and stock market listing.

3) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Capital employed, summary

Amounts in MSEK	Pro forma ¹⁾				
	31-dec 1998	31-dec 1999	31-dec 2000	31-dec 2001	31-dec 2002
Fixed assets	3 435	3 901	4 257	4 355	4 360
Inventories	678	575	633	708	669
Accounts receivable	864	951	1 064	1 118	1 107
Other current assets	142	199	176	115	141
Total operating assets	5 119	5 626	6 130	6 296	6 277
Less:					
Non-interest-bearing provisions	407	450	455	509	698
Accounts payable	460	430	508	412	372
Other non-interest-bearing liabilities	292	294	363	553	554
Capital employed	3 960	4 452	4 804	4 822	4 653

1) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Cash flow statement, summary

Amounts in MSEK	Pro forma				
	1998	1999	2000	2001	2002
Operating surplus	559	571	1 707	1 633	1 567
Change in working capital	-251	-69	-1	-146	48
Net financial items	–	–	-130	-118	-70
Tax paid	–	–	-100 ¹⁾	-52	-206
Cash flow from operating activities²⁾	308	502	1 476	1 317	1 339
Cash flow from investing activities	-588	-727	-678	-443	-370
Cash flow after investing activities²⁾	-280	-225	798	874	969

1) Tax paid is based on the estimated distribution between paid and deferred tax for year 2001 according to a forecast made in September 2001.

2) Cash flow from financial items and paid tax are not included in cash flow from current activities and cash flow after investing activities in the pro forma accounts for 1998-1999.