

Billerud

January – September 2002

Stockholm, October 21

Bert Östlund, CEO

Nils Lindholm, CFO



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

Highlights During Q3

- Continued good demand
- Price increases of +5-6% implemented for packaging papers, with full effect during Q4
- Full capacity utilization
 - Maintenance stop in Karlsborg
- Continued high deliveries, 321,000 tonnes
 - Accumulated Jan – Sept. +10% vs. 2001
- Operating profit MSEK 354, +41% vs Q2, ROCE 24%
- Share buy-back programme finalized, total 4.83m shares repurchased

Market Situation – Kraft Paper

- Continued good demand
- Average price increased +3% during Q3 vs. Q2
- Deliveries in line with Q2
- Deliveries 9M 2002 vs. 9M 2001 +5%

Market Situation – Containerboard

- Continued good demand
- Average price increase +4% Q3 vs. Q2
- Billerud deliveries Q3 vs. Q2 -2%
- Deliveries 9M 2002 vs. 9M 2001 +16%
 - Due to focus on white liner

Market Situation – Market Pulp

- Market price increased from USD 480/tonne to USD 490/tonne during Q3, but started to decrease towards the end of the period
- Current price USD 470/tonne
- Billeruds average price increased +14% vs. Q2
- Billerud deliveries Q3 vs. Q2 -11%
- Deliveries 9M 2002 vs. 9M 2001 +8%

Financials

January –September 2002

Key Figures Q3 2002

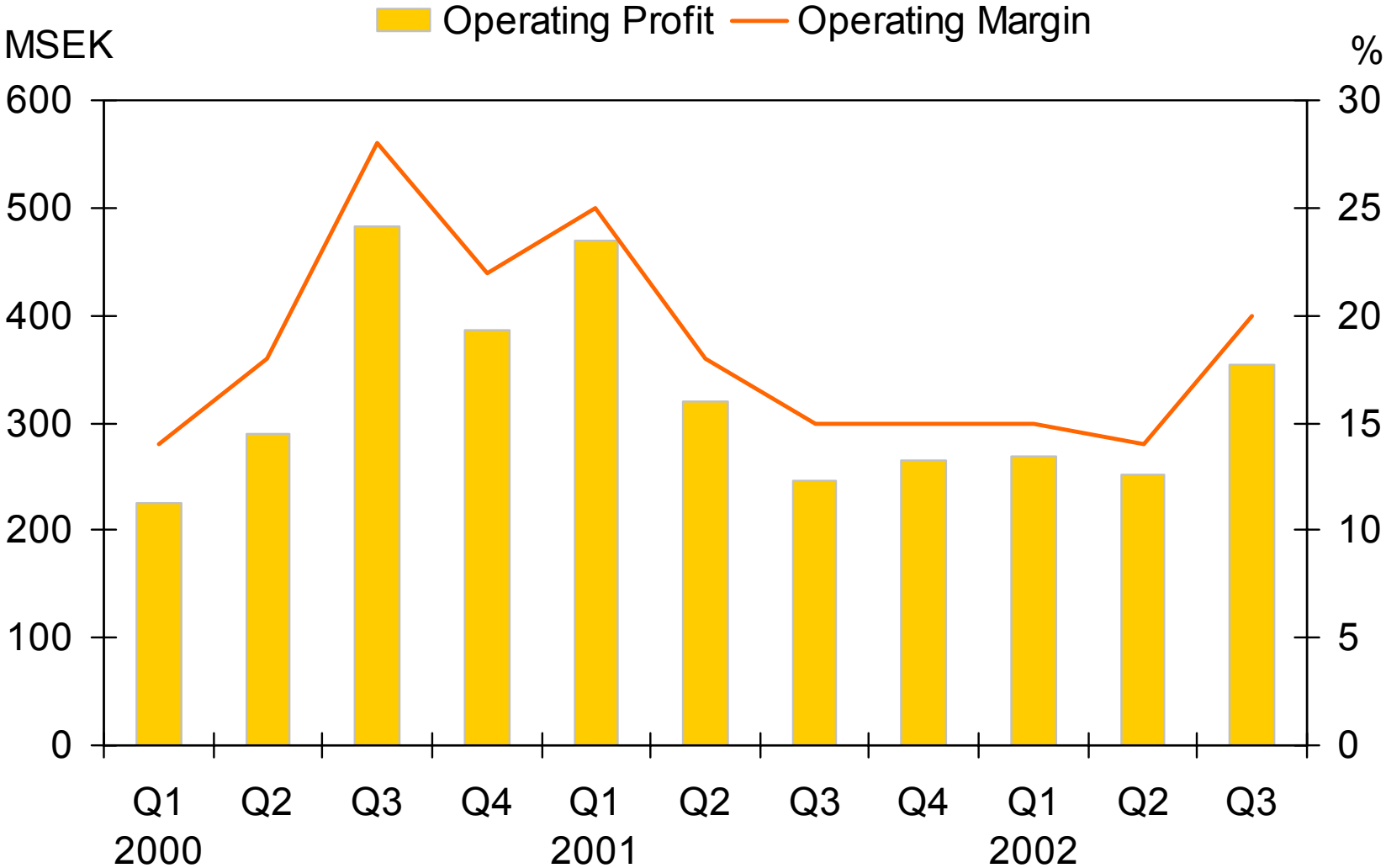
	Q3 2002	vs Q2 2002	9M 2002	vs 9M 2001
Net sales, MSEK	1,804	+2%	5,332	+3%
Operating profit, MSEK	354	+41%	873	-16%
Operating margin, %	20	+6	16	-4
ROCE ¹⁾ , %	24	+3	24	-6
Profit/share, SEK ³⁾	4.02	+52%	9.42	-13%
Debt/Equity ratio ²⁾	0.57	-0.07	0.57	-0.06
Deliveries, ktonnes	321	-4%	987	+10%

1) Moving 12 months

2) End of period

3) Number of shares adjusted for share buy-backs

Operating Margin Development



Cash Flow

MSEK	Q3 2002	9M 2002	9M 2001
Operating surplus	452	1,139	1,292
Working capital change	+13	+48	-174
Finance net, taxes	-52	-257	-83
Cash flow from operating activities	413	930	1,035
Capex etc	-77	-263	-272
Operating cash flow	336	+667	+763
Dividends/share buy backs	-170	-661	
Other		+3	
Change in net debt ¹⁾	+166	+9	+763

¹⁾ Plus equals decrease in net debt

Currency Situation

- Positive profit improvement of currency hedge MSEK 95 during Q3, 9M 2002 MSEK 185
- 15 months forward hedging of net flows
- Hedging rates at present

Currency	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Average
SEK/EUR	9.44	9.49	9.21	9.31	9.24	9.34
SEK/USD	10.68	10.64	10.55	10.07	9.69	10.30
SEK/GBP	15.09	15.12	14.82	14.65	14.39	14.81

Share Buy-Backs

- Share buy-backs
 - Billerud has repurchased 4,831,000 shares or 7,7% of outstanding shares
 - Average price paid was approx. SEK 91, total amount spent was MSEK 441
 - No further repurchases possible due to Swedish company law

Financial Objectives

	Target	Achieved Q3
Return on capital employed	$\geq 15\%$ ¹⁾	24% ²⁾
Debt/equity ratio	0.6-0.9	0.57
Investments	In line with depreciation	Yes
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Moving 12 months

Market Outlook

Outlook

- Market conditions still good for packaging paper
- Full effect of implemented price increases in packaging paper
- Uncertain market situation for market pulp with some price pressure
- Maintenance stop and rebuild of PM 4 in Gruvön during Q4, resulting in lower production and deliveries compared to Q3
- Based on the above, Q4 profits will be in line with Q3

Billerud

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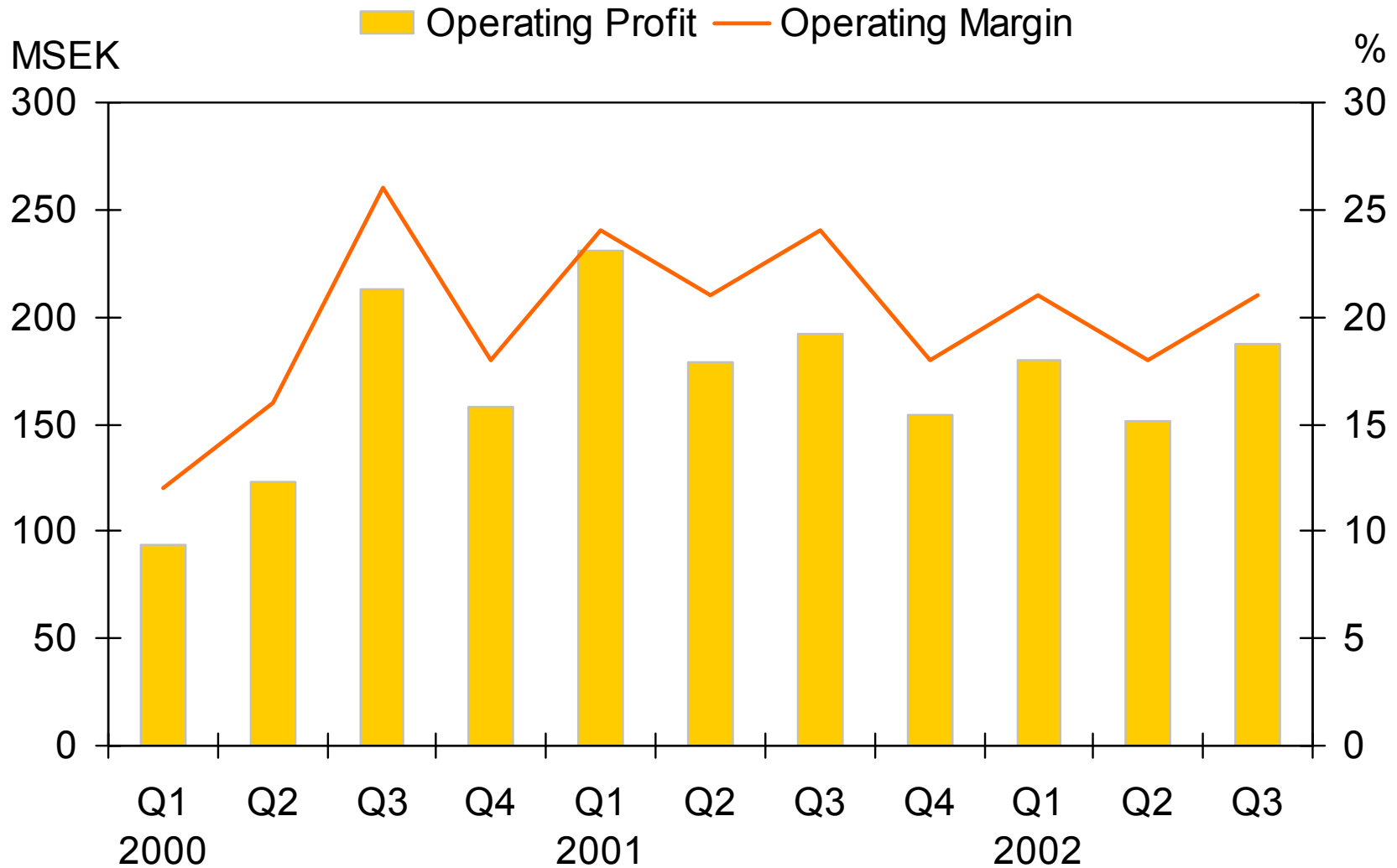
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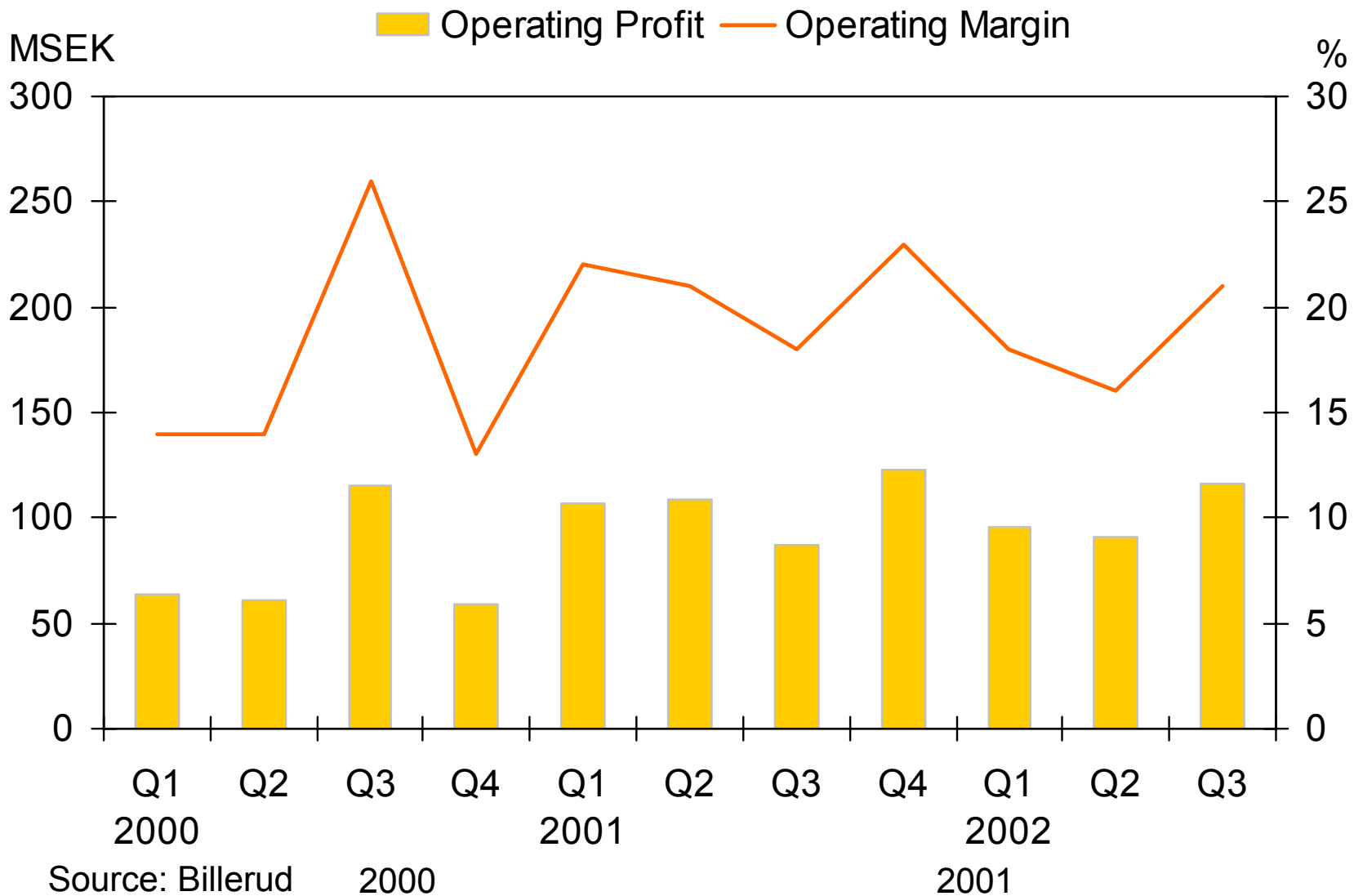
- Appendix -

Operating Margin – Kraft Paper

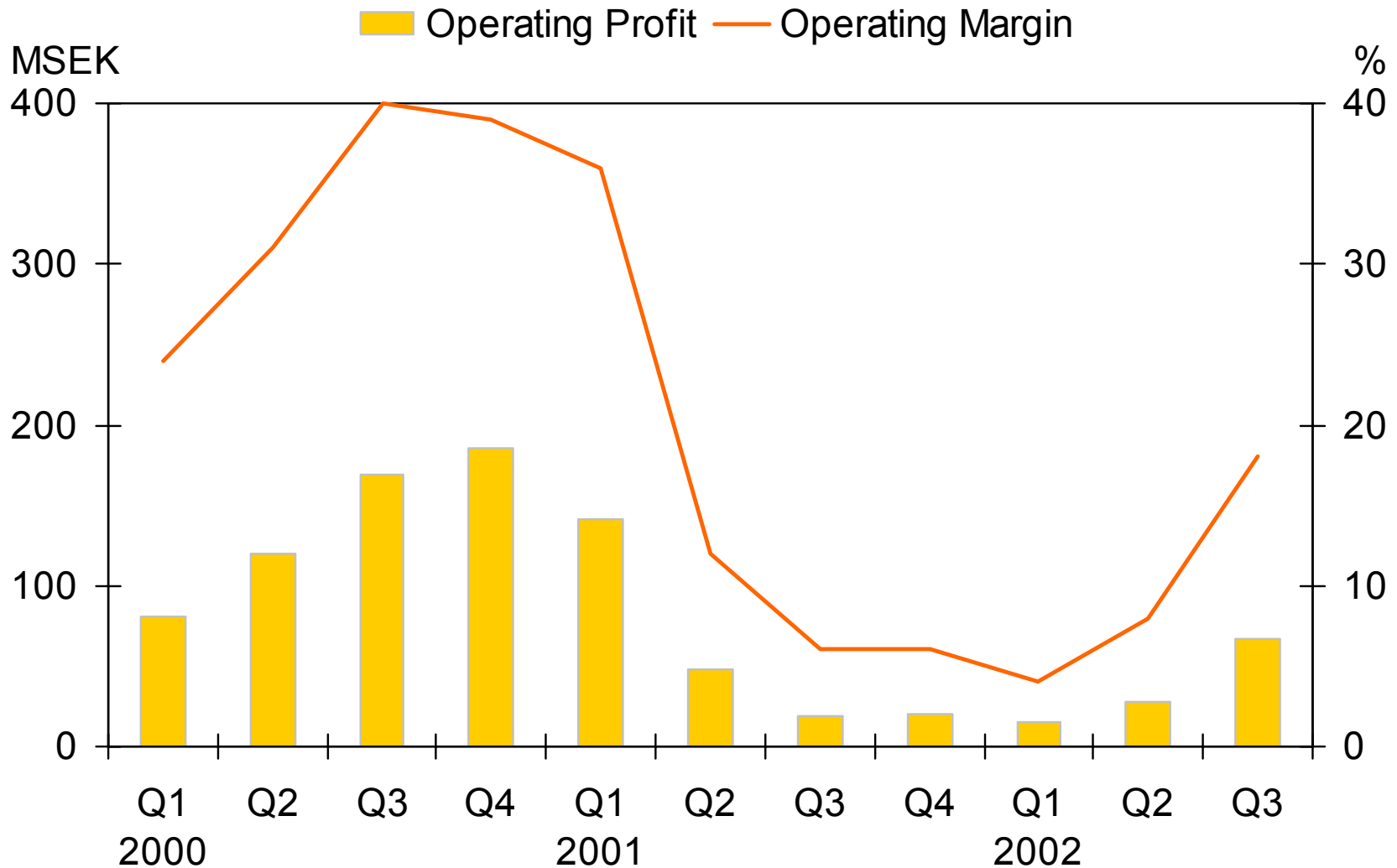


Source: Billerud

Operating Margin – Containerboard



Operating Margin – Market Pulp



Source: Billerud

Currency Rates

	Average rates per year				Average rates	Hedged rates	Trend
	1998	1999	2000	2001	9M 2002	9M 2002	
SEK/EUR	8.93	8.80	8.44	9.25	9.18	9.54	8.75
SEK/USD	7.95	8.26	9.17	10.33	9.93	10.58	8.00
SEK/GBP	13.17	13.37	13.86	14.87	14.67	15.17	-
EUR/USD	1.12	1.07	0.92	0.90	0.92	0.90	1.09
Billerud weighted index	100	100	101	112	110	115	99

Delivered Volumes

	2002			2001	
Ktonnes	Q3	Q2	Q1	Q4	Q3
Kraft paper	120	120	124	117	107
Containerboard	126	129	127	120	106
Market pulp	75	84	82	87	78
Total	321	333	333	324	291