



INTERIM REPORT

JANUARY-SEPTEMBER 2010



Per Lindberg, President and CEO

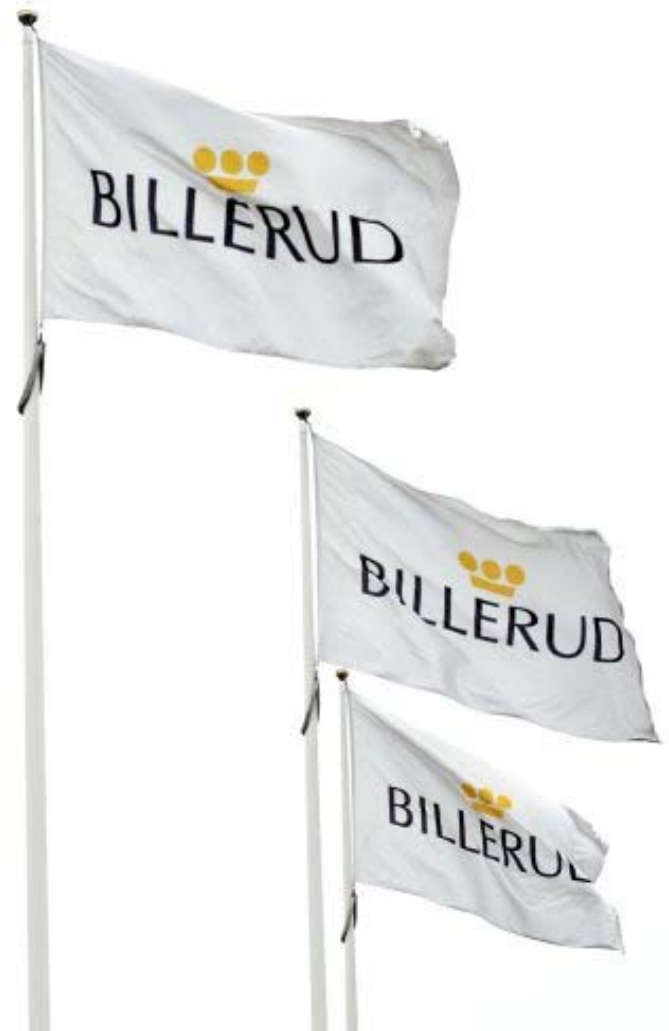
Bertil Carlsén, CFO

29 October, 2010



AGENDA

- Highlights
- Development by Business Area
- Financials
- Outlook





HIGHLIGHTS IN Q3 2010

- Strong Q3 results and underlying earnings for all business areas
 - » Operating profit of MSEK 276, margin 12%
- Strong development for packaging paper
 - » Continued strong demand
 - » ~8% increase in local prices (Q3 vs Q2)
- Good results in Market Pulp
- Two periodic maintenance stops





KEY FIGURES

| | Q3 2010 | Q2 2010 | Q3 2009 | vs. Q2 2010 | vs. Q3 2009 |
|--------------------------|---------|---------|---------|----------------|----------------|
| Deliveries ('000 tonnes) | 332 | 309 | 328 | +7% | +1% |
| Net sales, MSEK | 2,251 | 2,108 | 1,893 | +7% | +19% |
| Operating profit, MSEK | 276 | 201 | 64 | +37% | +331% |
| Operating margin | 12% | 10% | 3% | +2 | +9 |
| Profit/share, SEK | 1.84 | 1.30 | 0.48 | +42% | +283% |
| Net debt/equity ratio | 0.12 | 0.21 | 0.37 | +0.09 | +0.25 |



BUSINESS AREAS & SEGMENTS

PACKAGING & SPECIALITY PAPER

Kraft & Sack Paper



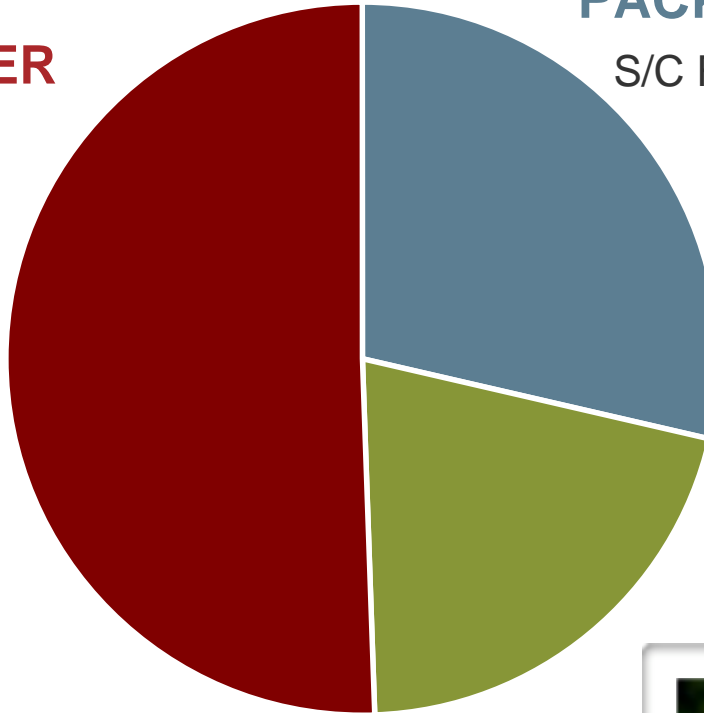
PACKAGING BOARDS

S/C Fluting, Liner, Liquid Board



MARKET PULP

Nordic Bleached
Softwood Kraft Pulp

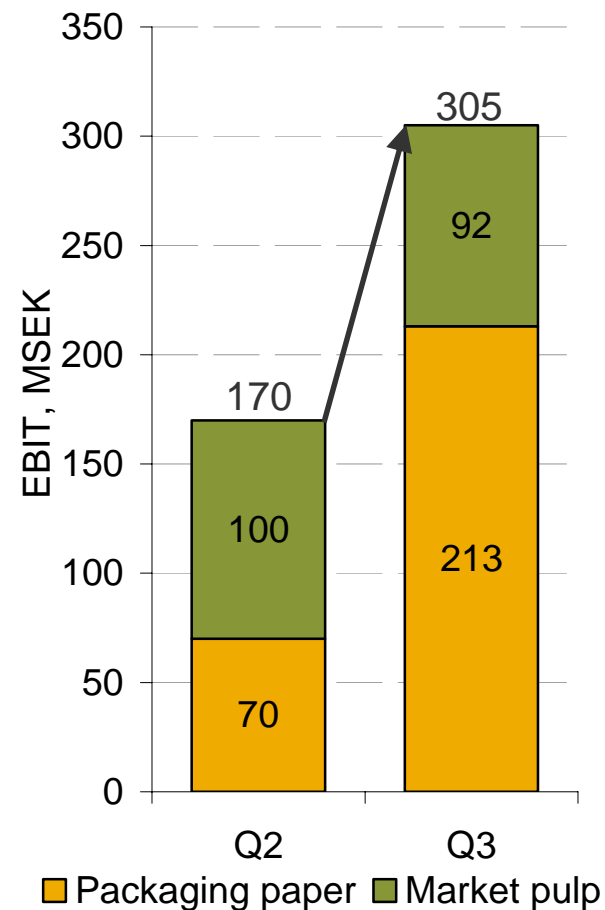


Note: Graph shows sales breakdown per business area for Jan-Sep 2010.



STRONG UNDERLYING RESULTS

| EBIT, MSEK | Q2 2010 | Q3 2010 |
|---------------------------------|------------|------------|
| Packaging paper | 70 | 213 |
| Market pulp | 100 | 92 |
| Total Business Areas | 170 | 305 |
| Currency hedging and other, etc | 31 | -29 |
| Group EBIT | 201 | 276 |





PACKAGING & SPECIALITY PAPER

Market situation in Q3 2010

- Continued very good order situation during the quarter
- Seasonally weaker order books at the end of Q3 compared to Q2 but remained at an historically high level for the season
- Increased price level in local currency for all main products vs. Q2

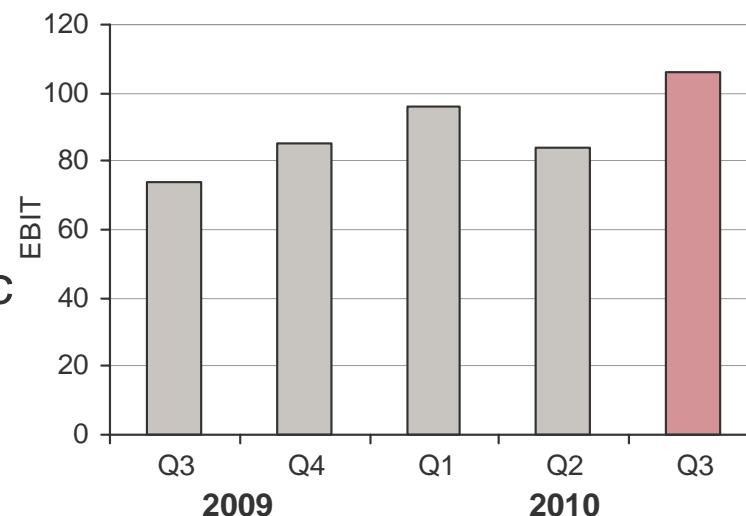




PACKAGING & SPECIALITY PAPER

Financials – Q3 2010 vs. Q2 2010

- Operating profit up by MSEK 22
- Improved prices
- Higher costs mainly due to periodic maintenance shutdowns in Karlsborg and Skärblacka

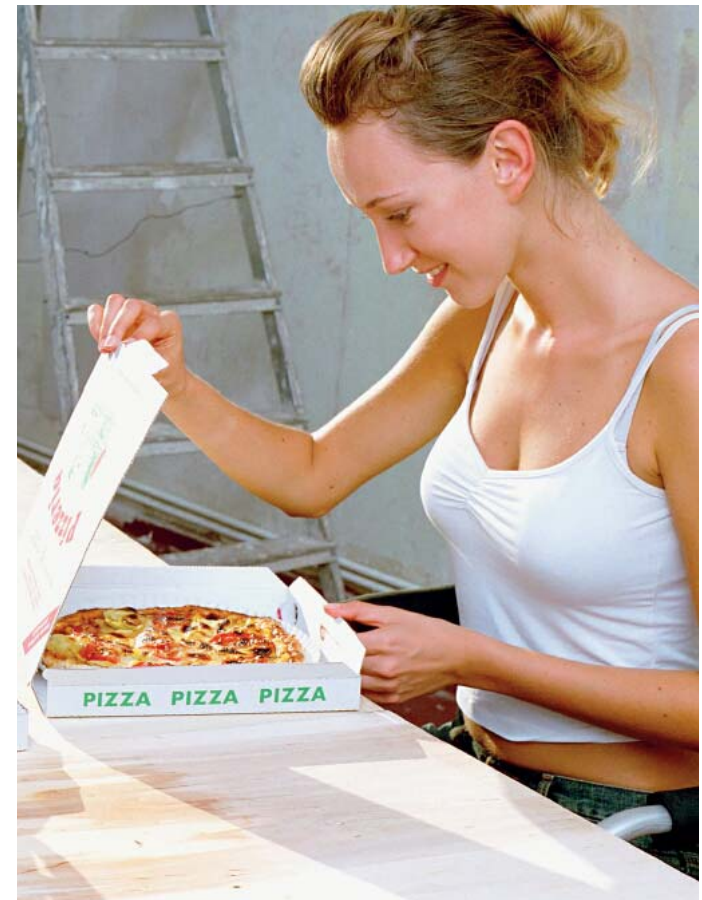


| | Q3 2010 | Q2 2010 | Q3 2009 | FY 2009 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 1,085 | 1,009 | 965 | 3,934 |
| Operating profit, MSEK | 106 | 84 | 74 | 386 |
| Operating margin, % | 10 | 8 | 8 | 10 |

PACKAGING BOARDS

Market situation in Q3 2010

- Continued strong market
- Order books throughout the quarter in line with Q2
- Increased price level in local currency for all products vs. Q2
- Further price increases have been announced

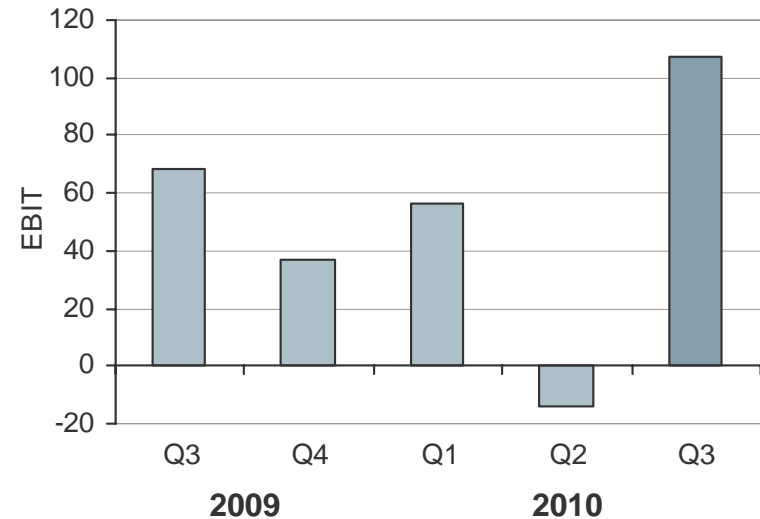




PACKAGING BOARDS

Financials – Q3 2010 vs. Q2 2010

- Operating profit up by MSEK 121
- Lower costs and higher volumes
 - » Maintenance shutdown in Q2 at Gruvön mill
- Improved prices



| | Q3 2010 | Q2 2010 | Q3 2009 | FY 2009 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 649 | 518 | 565 | 2,632 |
| Operating profit, MSEK | 107 | -14 | 68 | 230 |
| Operating margin, % | 16 | -3 | 12 | 10 |



MARKET PULP

Market situation in Q3 2010

- Pulp market remained good
- Lower demand from China
- Stable price level in Europe throughout the quarter
- Price level fell somewhat after the end of the quarter

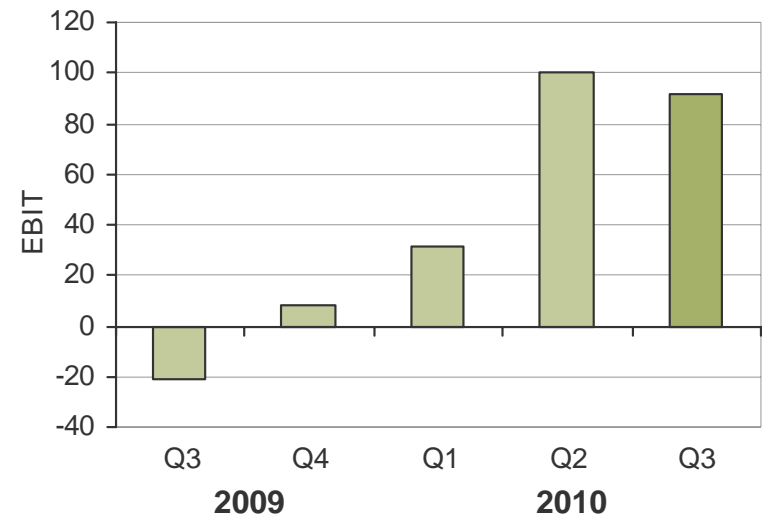




MARKET PULP

Financials – Q3 2010 vs. Q2 2010

- Operating profit down by MSEK 8
- Higher costs due to periodic maintenance shutdown at Karlsborg



| | Q3 2010 | Q2 2010 | Q3 2009 | FY 2009 |
|------------------------|---------|---------|---------|---------|
| Net sales, MSEK | 452 | 445 | 325 | 1,338 |
| Operating profit, MSEK | 92 | 100 | -21 | -148 |
| Operating margin, % | 20 | 22 | -6 | -11 |



Q3 IN SUM

- Strong Q3 results and underlying earnings for all business areas
- Continued strong order situation
- Price increases within all segments
 - » Further price increases for Q4 have been announced for some of the packaging paper grades
- Two periodic maintenance shutdowns
- Product and business development continues
 - » Sack concepts including QuickFill® BioTex

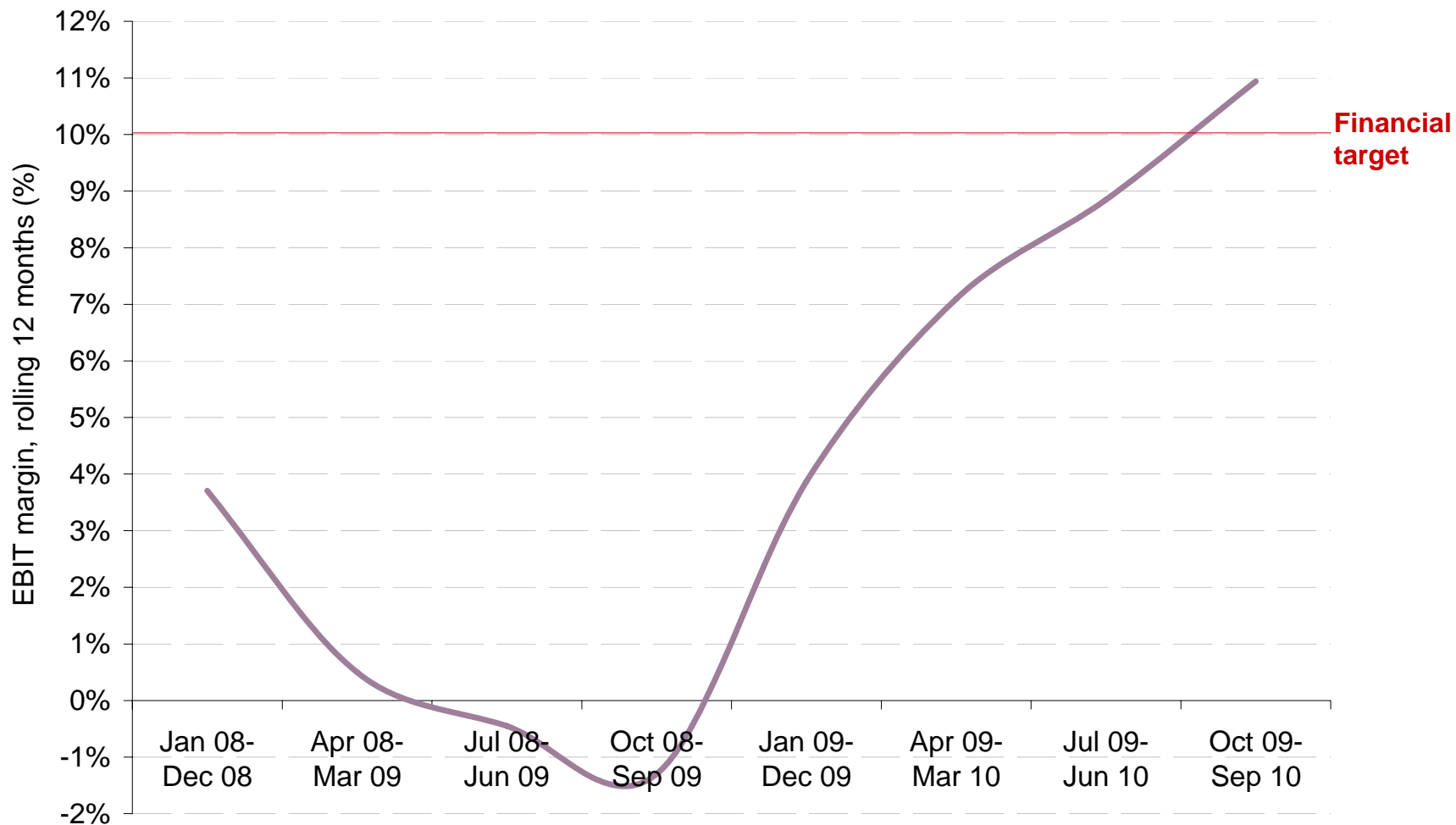


FINANCIALS





STRONG MARGIN RECOVERY



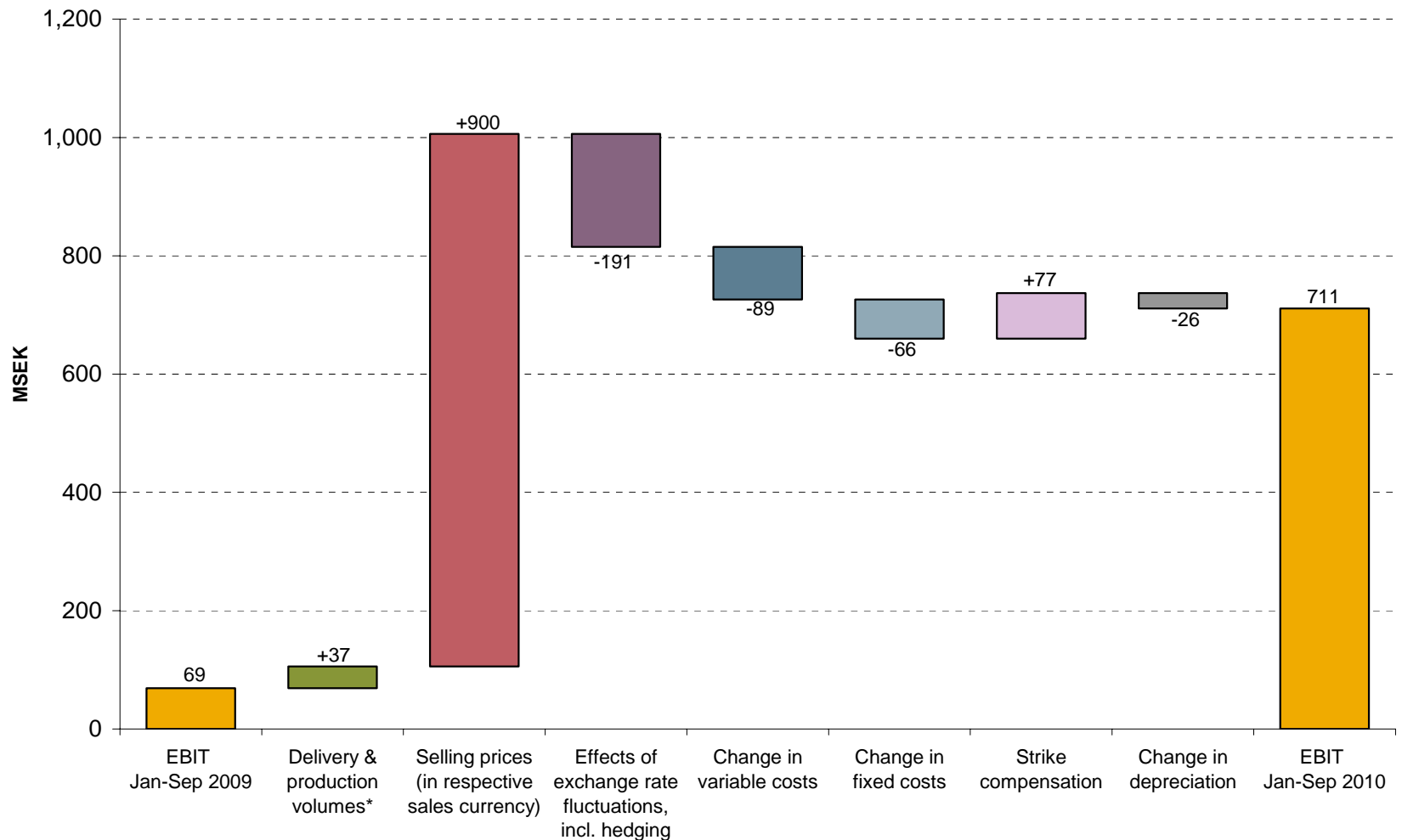


JANUARY-SEPTEMBER KEY FIGURES

| | Jan-Sep 2010 | Jan-Sep 2009 | vs. 2009 |
|--------------------------|--------------|--------------|----------|
| Deliveries ('000 tonnes) | 984 | 976 | +1% |
| Net sales, MSEK | 6,549 | 5,700 | +15% |
| Operating profit, MSEK | 711 | 69 | +930% |
| Operating margin | 11% | 1% | +10 |
| Profit/share, SEK | 4.66 | 0.07 | +6,557% |
| Net debt/equity ratio | 0.12 | 0.37 | +0.25 |



EBIT BRIDGE JAN-SEP 2010 vs. JAN-SEP 2009



* Includes product mix.

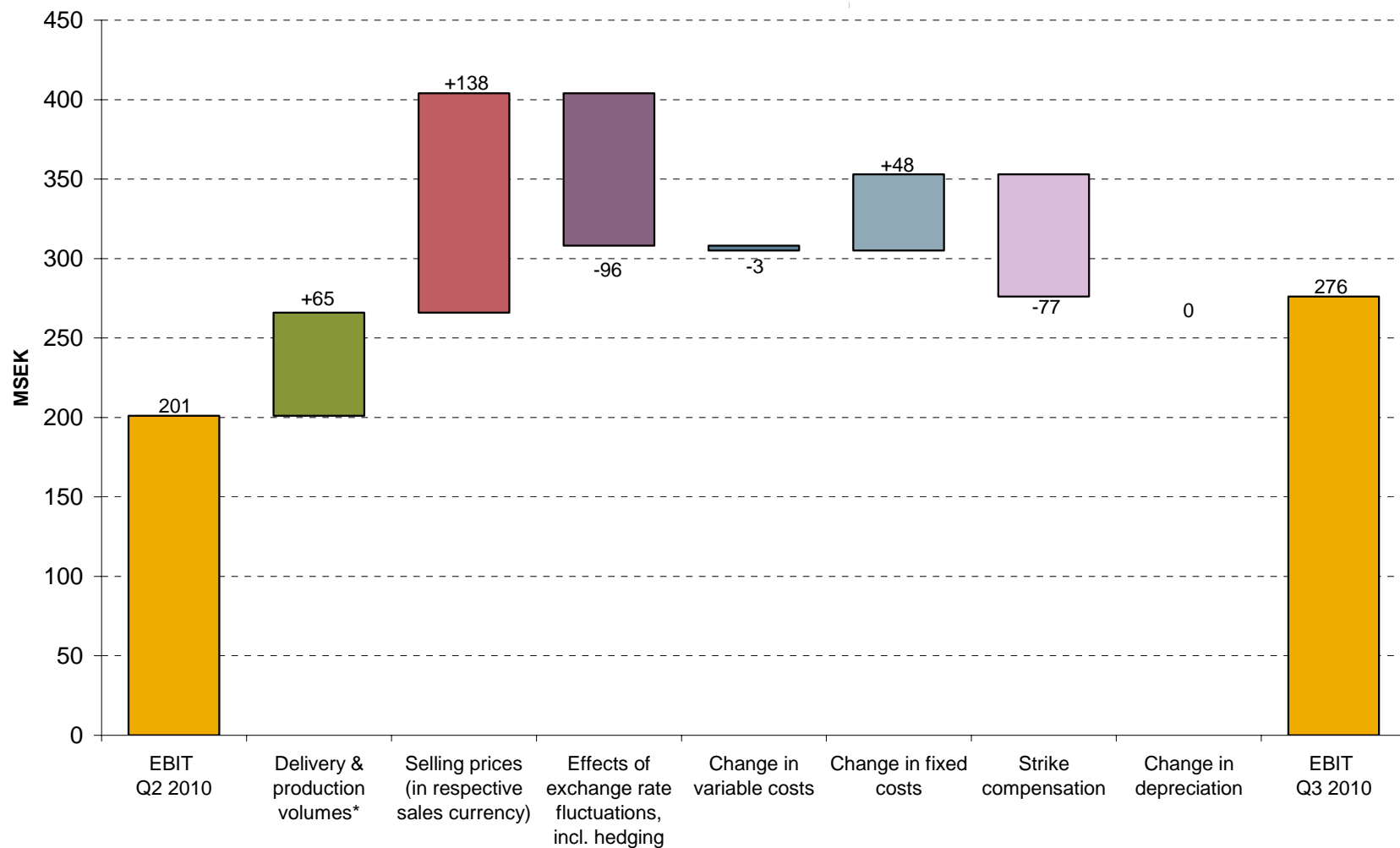


QUARTERLY KEY FIGURES

| | Q3 2010 | Q2 2010 | Q3 2009 | vs. Q2 2010 | vs. Q3 2009 |
|--------------------------|---------|---------|---------|-------------|-------------|
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EBIT BRIDGE Q3 2010 vs. Q2 2010



* Includes product mix.



CURRENCY EFFECT OF A STRONGER SEK

| | Average rate Q3 2010 | Spot rate 30 Sep 2010 | Δ |
|-----|-------------------------|--------------------------|----------|
| EUR | 9.44 | 9.16 | -3% |
| USD | 7.47 | 6.71 | -10% |
| GBP | 11.42 | 10.58 | -7% |

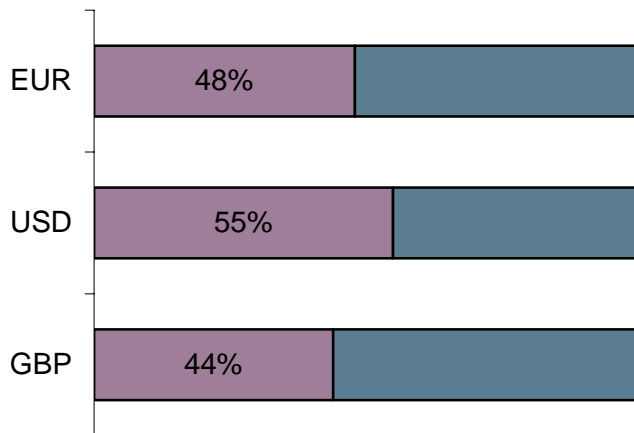
How do we manage?

- Price increases
- Hedging in the short-run
- Customer mix to some extent



CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 119 for Q3 2010 and MSEK 265 for Jan-Sep 2010
- Market value of outstanding contracts not relating to accounts receivables was MSEK 148 (as of 30/9-2010)
- Hedge level 12 months forward:



| | Oct-Dec 2010 | Jan-Mar 2011 | Apr-Jun 2011 | Jul-Sep 2011 | Total 12 months |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|
| Average hedged currency rates (hedged net flows) | 9.88 (87%) | 9.79 (64%) | 9.59 (29%) | 9.43 (11%) | 9.78 (48%) |
| Average hedged currency rates (hedged net flows) | 7.13 (90%) | 7.17 (60%) | 7.78 (36%) | 8.05 (36%) | 7.39 (55%) |
| Average hedged currency rates (hedged net flows) | 11.05 (81%) | 10.91 (57%) | 11.27 (23%) | 11.20 (11%) | 11.05 (44%) |

Note: Data in table and graph are as of 25 October, 2010.



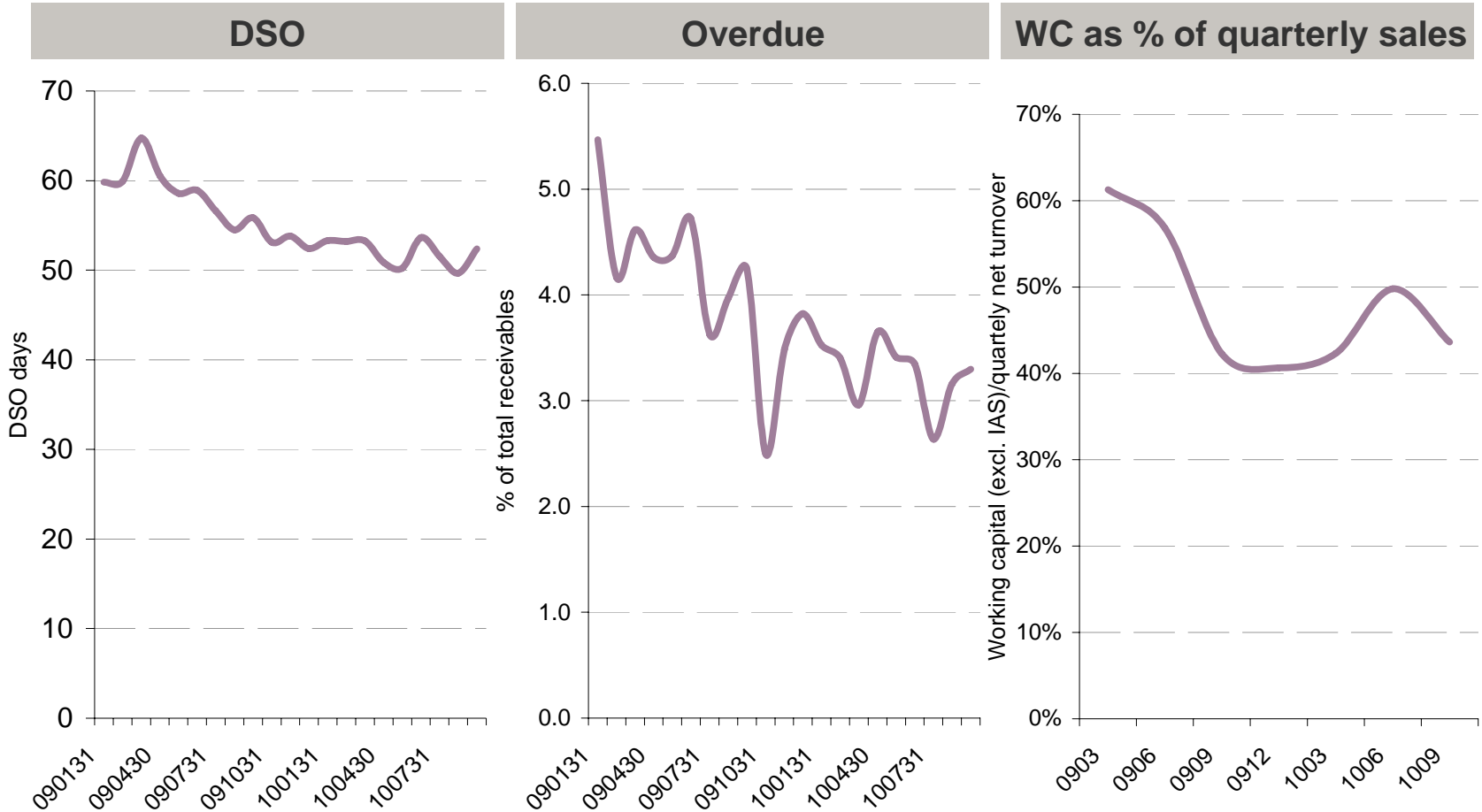
CONTINUED STRONG CASH FLOW

| MSEK | Q3 2010 | Q2 2010 | Q1 2010 |
|--|------------|------------|------------|
| Operating surplus, etc | 417 | 246 | 379 |
| Change in working capital, etc. | 67 | -11 | -88 |
| Net financial items, taxes, etc. | -20 | -28 | -30 |
| Cash flow from operating activities | 464 | 207 | 261 |
| Current net investments | -113 | -87 | -50 |
| Business combinations | - | - | - |
| Operating cash flow | 351 | 120 | 211 |
| Rights issue | - | - | - |
| Dividend | - | -52 | - |
| Other items, not affecting cash flow | 1 | 31 | -35 |
| Change in net debt ¹⁾ | 352 | 99 | 176 |

¹⁾ Minus equals increase in net debt



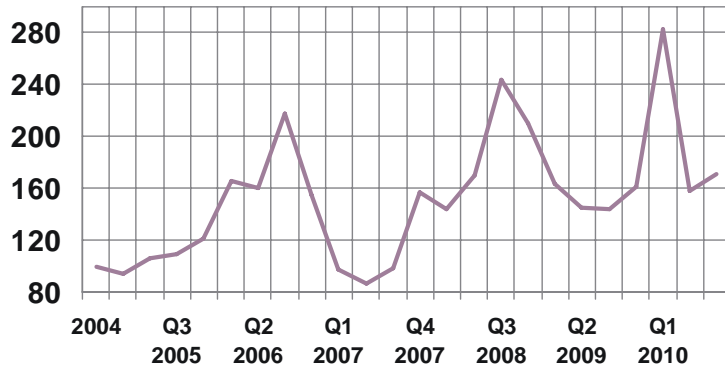
GOOD WORKING CAPITAL DEVELOPMENT





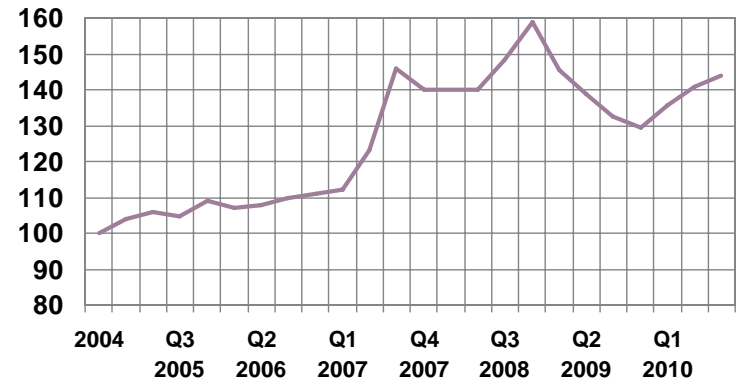
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



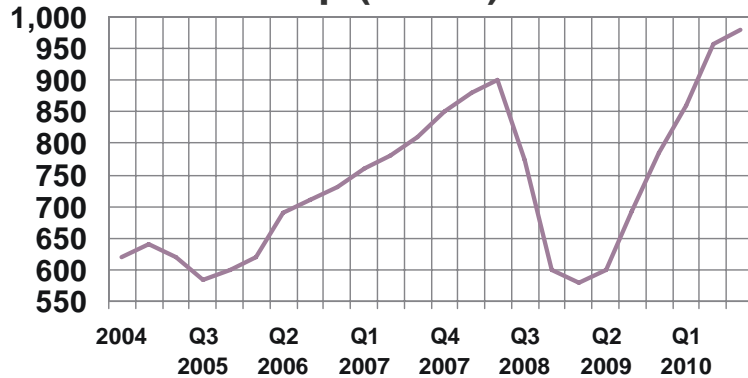
Source: Nordpool. *Price area Sweden

Wood price index



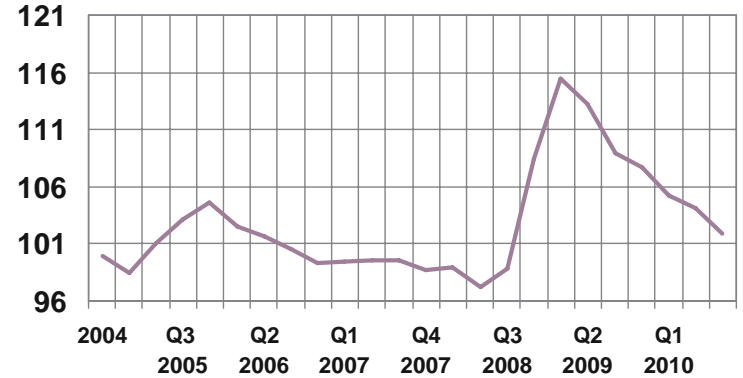
Source: Billerud

Market Pulp (USD/t)



Note: Average price for the quarter

TCW index



Source: Riksbanken



OUTLOOK





OUTLOOK

- The order situation remains good or very good within most of Billerud's packaging paper areas, which should enable a continued positive development within Billerud's segments for packaging paper and packaging paper solutions
- Further price increases for some of Billerud's packaging paper products have been announced for the fourth quarter
- Lower market prices and a weaker USD will have a negative impact on the operating margin for the Market Pulp business area





Q&A

