



BILLERUD

- Company presentation -

October 15, 2001



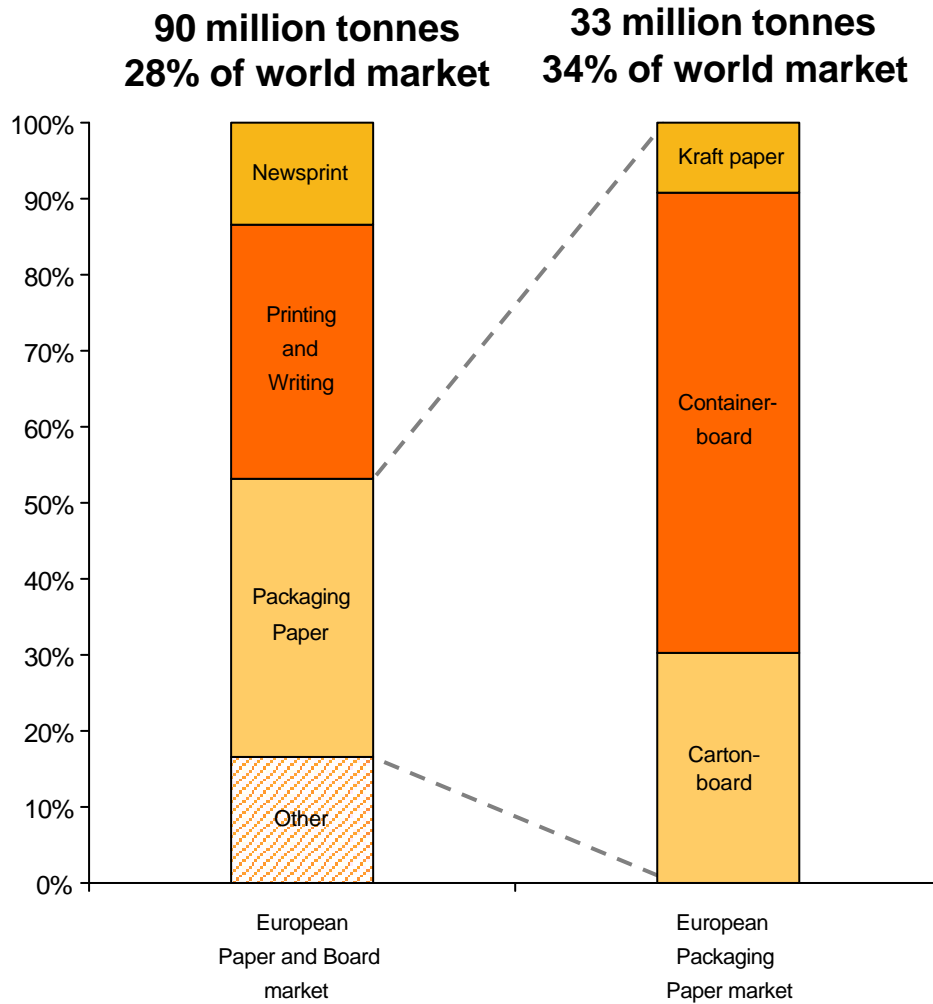
Billerud at a glance

- Billerud was established in the beginning of 2001 through the merger of Stora Enso's Gruvön and AssiDomän's Karlsborg and Skärblacka mills
- Billerud is a leading producer within certain niches of kraft paper and containerboard in Europe
- Billerud had net sales of SEK 6.7 billion and an EBIT margin of 21 percent during 2000

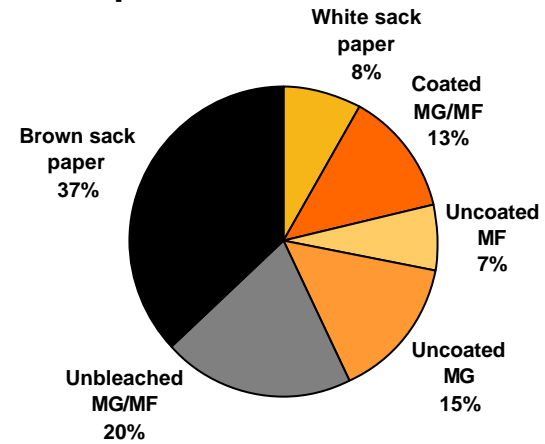
Billerud – investment considerations

- Strong market position
 - Leading positions in attractive segments
- Competitive production
 - Well invested mills
 - Economies of scale
 - Integrated production
 - Profit improvement from optimisation of production and past investments
- Significant pay-out to shareholders
 - High profitability
 - Disciplined capital expenditure

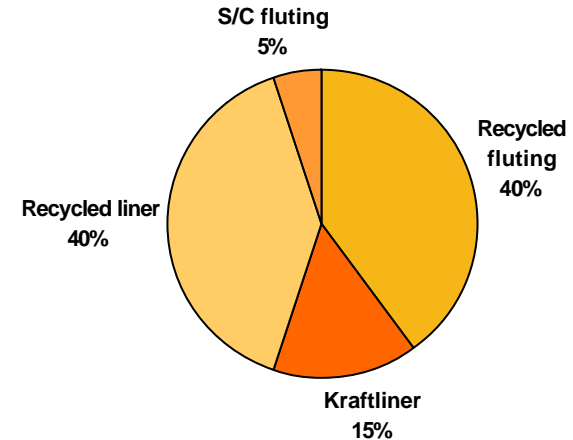
Billerud is a leading European packaging paper producer



Kraft Paper – 3 million tonnes



Containerboard – 20 million tonnes



Source : Jaakko Pöyry and Billerud

Examples of products

Kraft paper



Containerboard



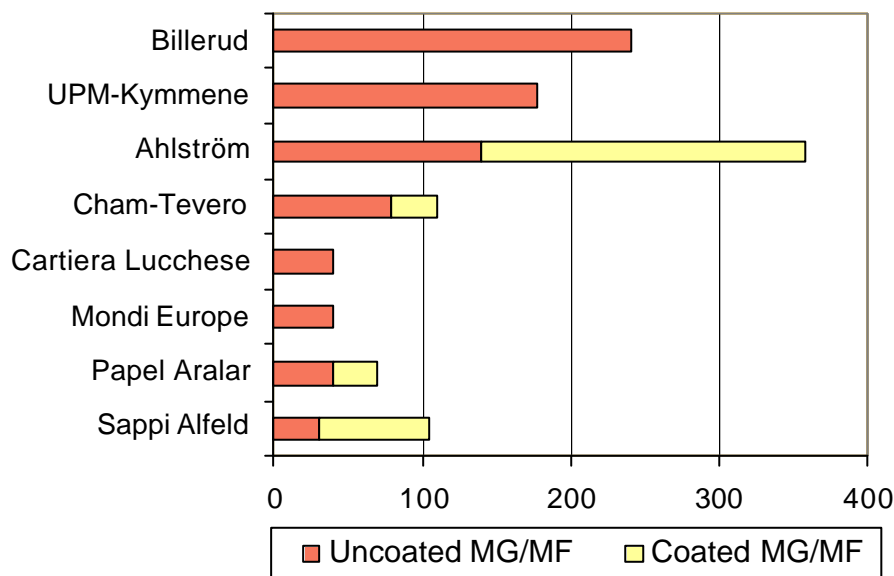
Market position

- Half of Billerud's sales are in product segments where the company has a no 1 or no 2 position in Europe
- In Kraft papers, Billerud is the largest supplier of uncoated MG/MF paper and of white sack paper
- In containerboard, Billerud has a strong position in certain niche segments, such as semi-chemical fluting and white liner

Competitive landscape - Kraft paper

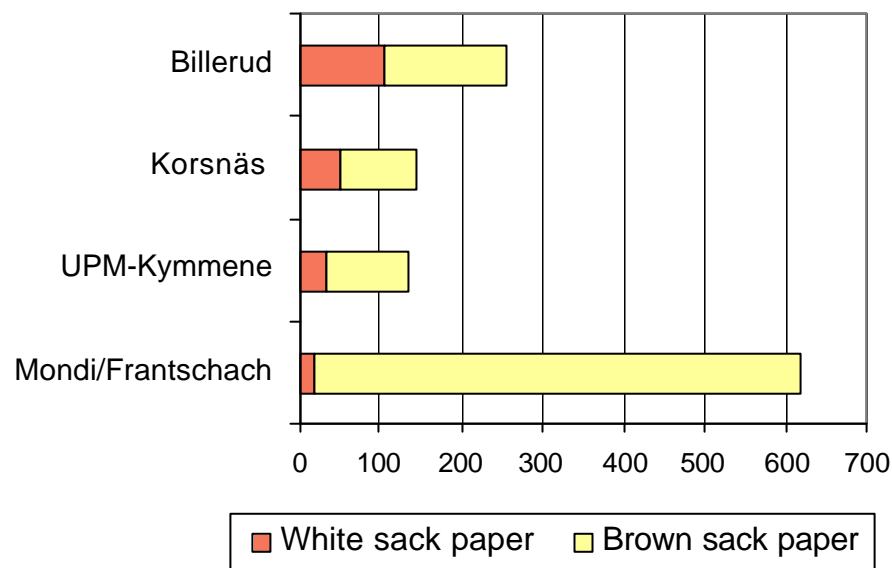
Technical kraft paper

European capacity (1 000 tonnes)



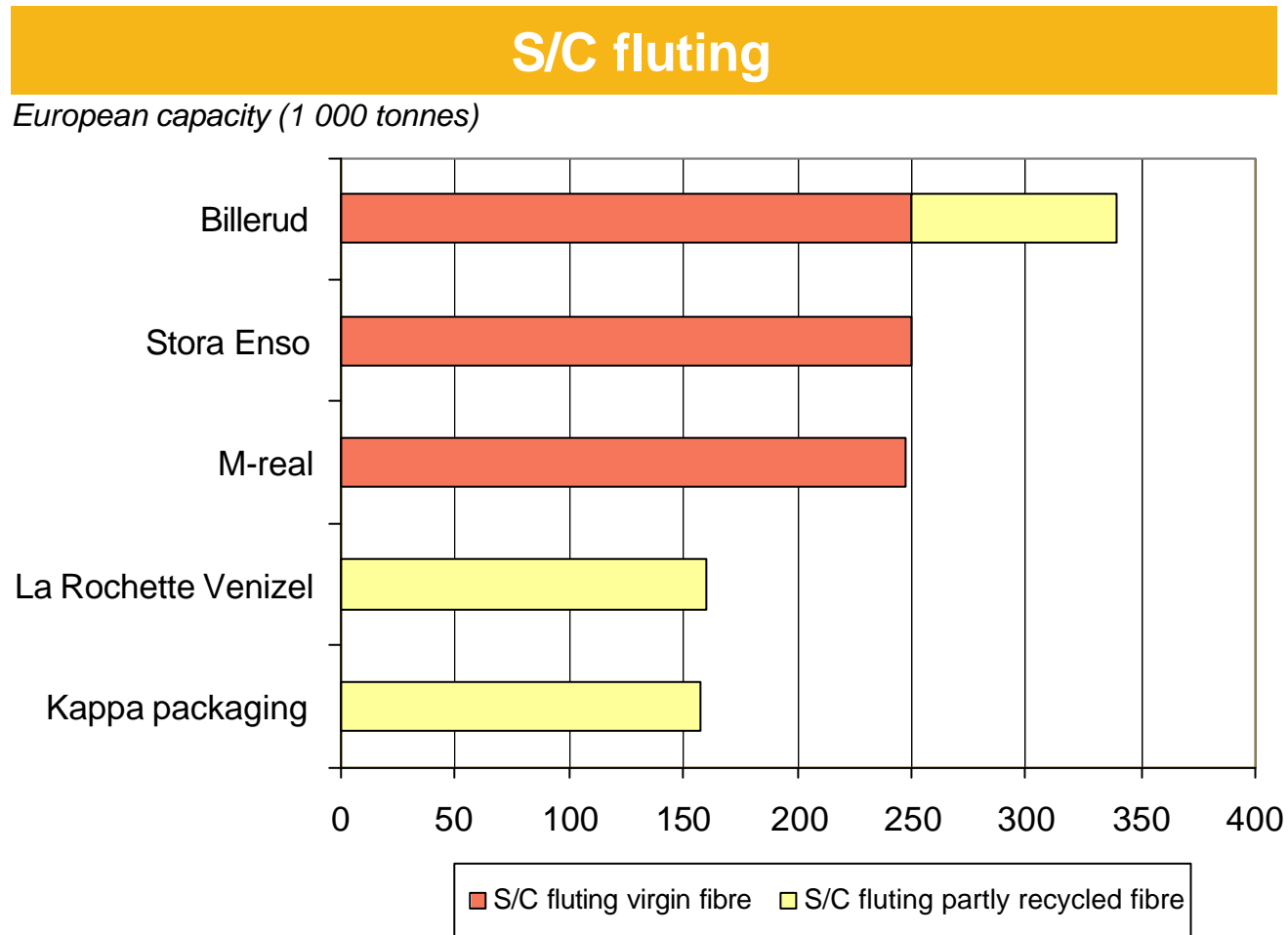
Sack paper

European capacity (1 000 tonnes)



Source : Jaakko Pöyry

Competitive landscape - Container board



Source : Jaakko Pöyry

Competitive production

- Well invested mills
 - SEK 4 billion invested during 1996–2000 (3.5× depreciation) increasing capacity and quality
- Economies of scale
- Integrated pulp and paper production creates cost advantage
- Profit improvement SEK 200 million (~3% of sales) from optimisation of production and past investments

Production facilities

		Gruvön	Skärblacka	Karlsborg	Total
Capacity (tonnes)	Containerboard	370 000	90 000	-	460 000
	Kraft paper	175 000	205 000	110 000	490 000
	Market pulp	85 000	80 000	165 000	330 000
Number of employees		1 090	750	500	2 340

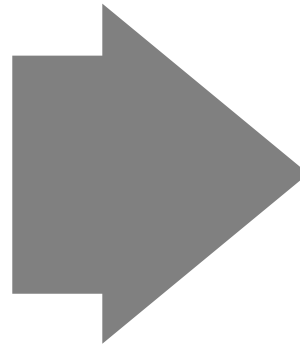
- Billerud has invested SEK 4 024 million in the production facilities during 1996-2000
- The mills have high technical standards
 - all mills certified according to ISO9001
 - Karlsborg and Skärblacka also certified according to EMAS and ISO14001
 - Karlsborg certified according to the FSCs Chain of custody

Significant pay-out to shareholders

Strong profitability

- Strong market positions
- Competitive production

Disciplined capital
expenditure

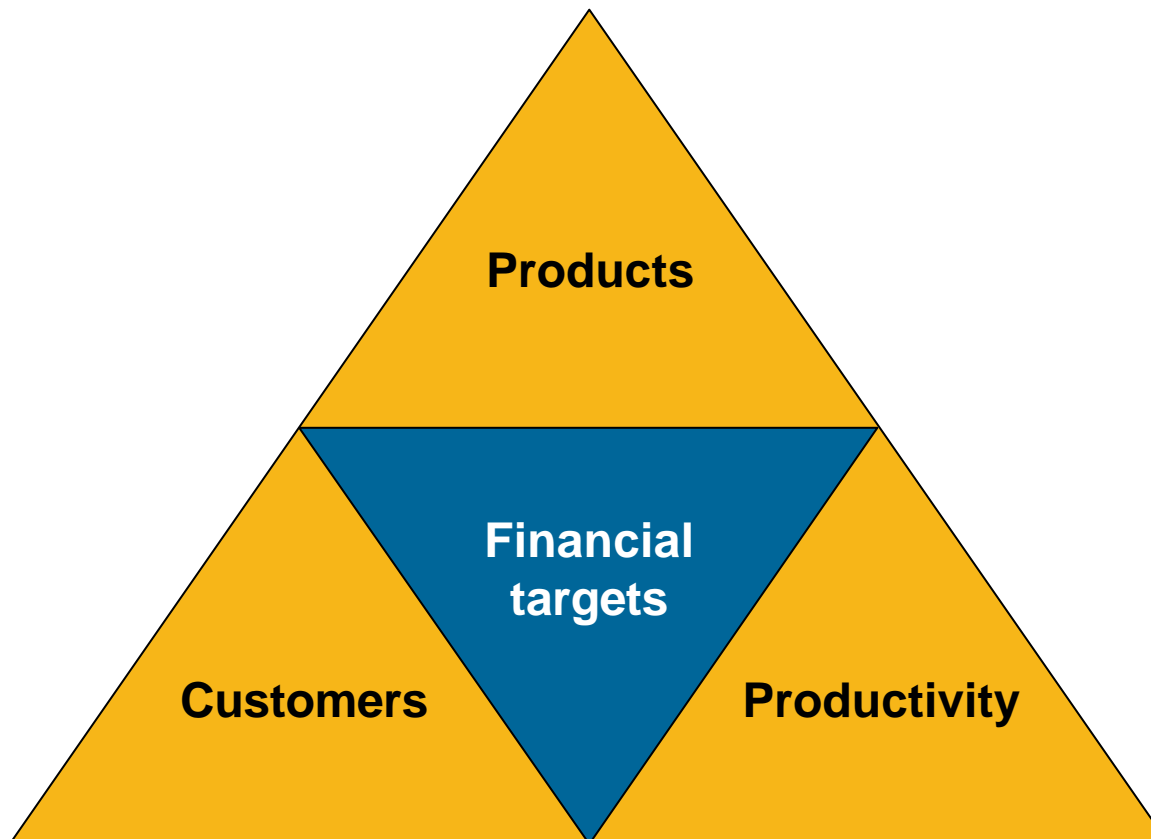


Strong cash flow enables
significant pay-out to
shareholders

Financial objectives

- Financial targets
 - Average return on capital employed over a business cycle ≥ 15 percent (based on average historical exchange rates and trend prices)
 - Debt/equity ratio over a business cycle: 0.6–0.9
 - Investments in line with depreciation
- Pay-out ratio
 - 50 percent over a business cycle
- Buy-back programme
 - Billerud intends to propose the general meeting to authorise a buy-back programme

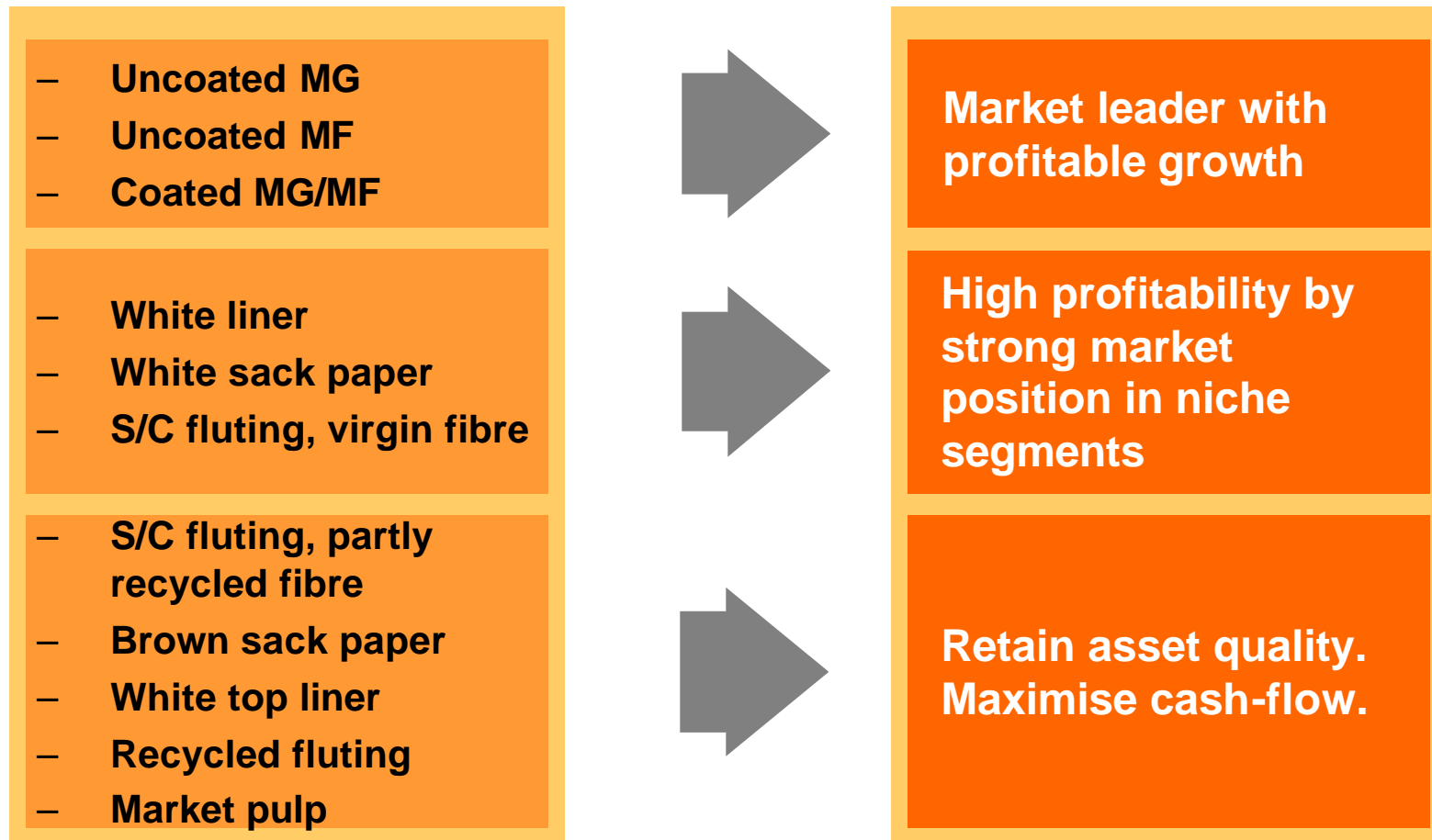
Strategy



Segment positioning for product portfolio

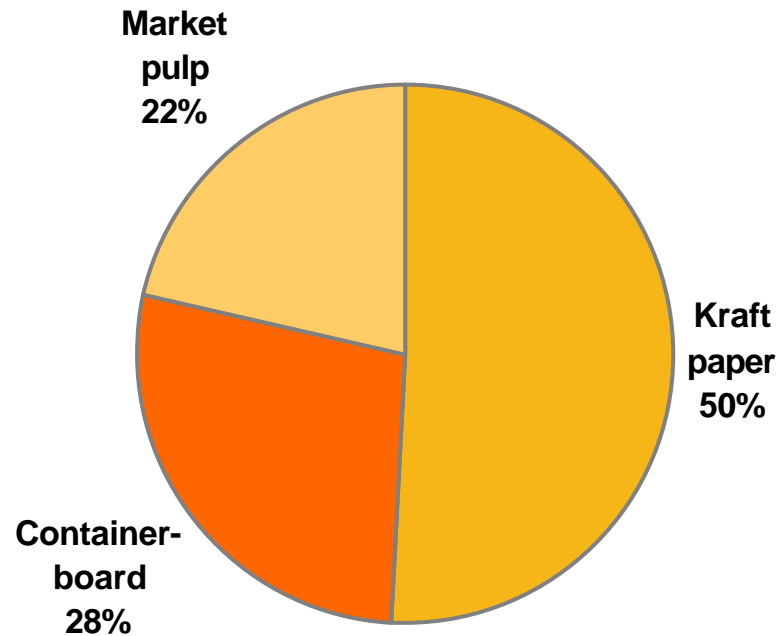
- All product segments where Billerud is a supplier have been judged regarding market attractiveness and Billerud's position in the segment
- As a conclusion, the segments are divided into three groups (see next page), each with a different strategy
- The strategy will guide investments, market activities and application development. Over time, products may also move between the groups.

Product strategy

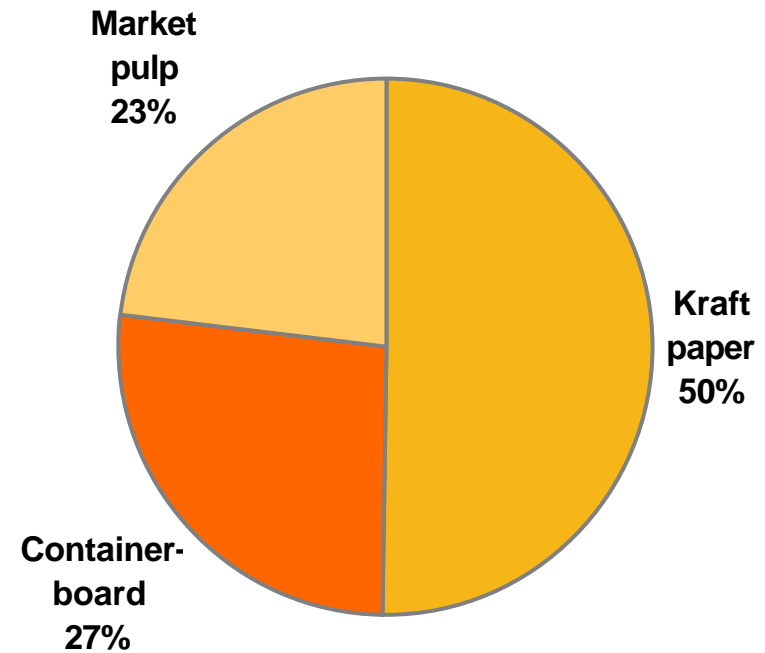


Distribution of sales

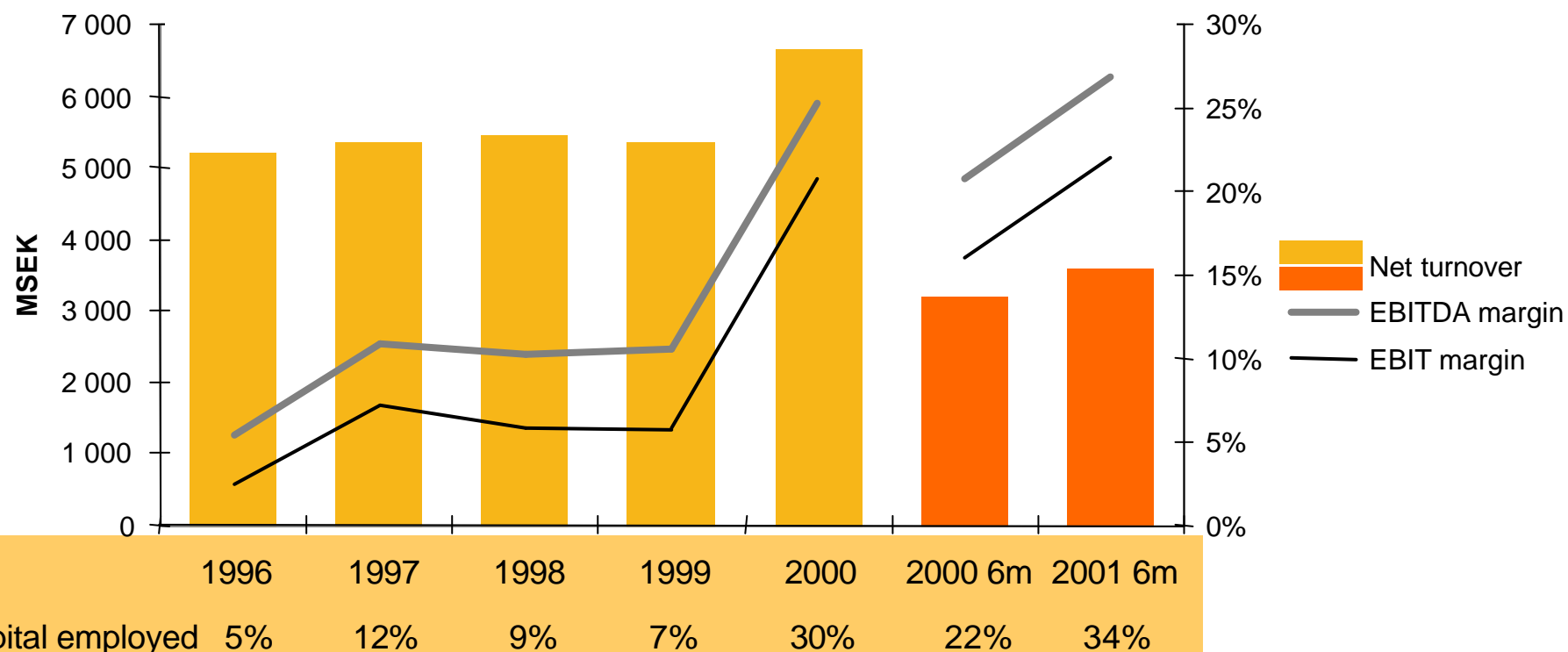
Proforma sales per product area,
Jan–Jun, 2001



Proforma EBIT per product area,
Jan–Jun, 2001

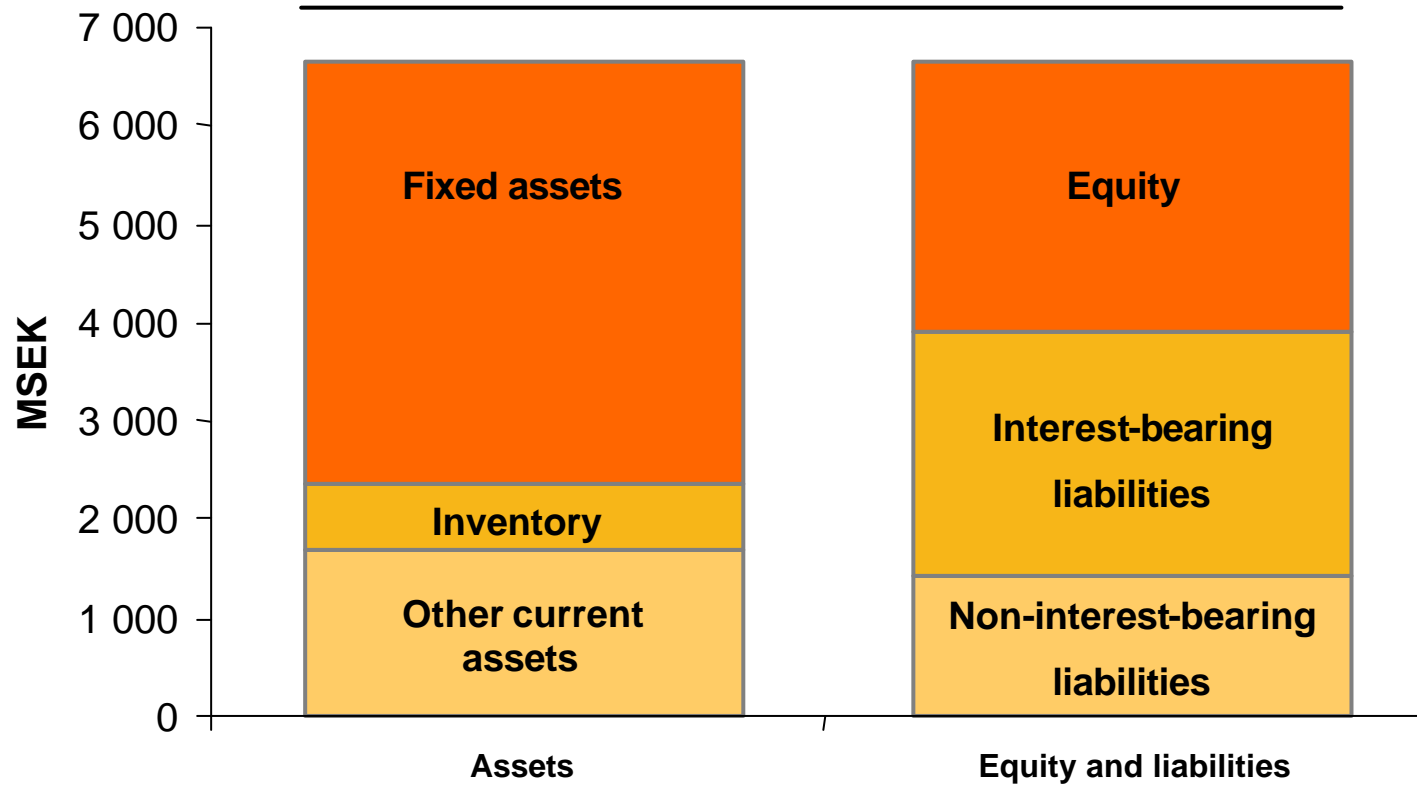


Key P&L figures



Key balance sheet figures

30 June, 2001



Debt/equity ratio, times 0.8

Equity/Asset ratio, % 41

Profit & loss accounts

(MSEK)	Proforma					Actual
	1996	1997	1998	1999	2000	2001 6m
Net turnover	5 210	5 363	5 462	5 387	6 666	3 582
EBITDA	278	584	559	569	1 686	961
<i>margin</i>	5%	11%	10%	11%	25%	27%
EBIT	131	386	317	309	1 384	788
<i>margin</i>	3%	7%	6%	6%	21%	22%
Net profit	-	-	-	-	903	525

Balance sheets

(MSEK)	Proforma Jan 1, 2001	Actual Jun 30, 2001
Fixed assets	4 257	4 282
Inventories	633	676
Account receivables	1 064	1 209
Other current assets	176	139
Cash, bank balances and short term investments	729	331
Total assets	6 859	6 637
Shareholders' equity	2 224	2 749
Interest-bearing provisions	102	74
Non-interest-bearing provisions	431	448
Interest-bearing liabilities	3 231	2 361
Accounts payables	508	354
Other non-interest-bearing liabilities	363	651
Total equity, provisions and liabilities	6 859	6 637

Key figures

(MSEK)	Proforma					Actual
	1996	1997	1998	1999	2000	2000 6m
Margins						
Gross margin, %	5	11	10	11	25	27
EBIT marginal, %	3	7	6	6	21	22
Return						
Return on capital employed, %	5	12	9	7	30	34
Return on equity, %	-	-	-	-	41	42
Capital structure						
Capital employed	2 908	3 473	3 960	4 452	4 828	4 853
Capital turnover, times	1.8	1.7	1.5	1.3	1.4	-
Debt/equity ratio, times	-	-	-	-	1.2	0.8
Equity asset ratio, %	-	-	-	-	32	41
Cash flow and liquidity						
Cash flow before financing activity excluding financial items and tax	-569	-248	-280	-225	1 028	-
Cash flow before financing activity	-	-	-	-	798	500
Investments						
Investments in assets	1,055	970	592	728	679	198
Personnel						
Average number of employees	2 778	2 593	2 563	2 497	2 442	2 412

Currency rates

	1998	1999	2000	Jan-Sep 2000	Jan-Sep 2001	Oct 5 2001	Trend
SEK/USD	7.95	8.26	9.17	8.92	10.25	10.63	7.95
SEK/EUR	8.93	8.80	8.44	8.39	9.17	9.74	8.67
SEK/GBP	13.17	13.37	13.86	13.72	14.75	15.71	-
EUR/USD	1.12	1.07	0.92	0.95	0.90	0.92	1.09
Billerud weighted index	100	100	101	100	111	117	98

Currency exposure

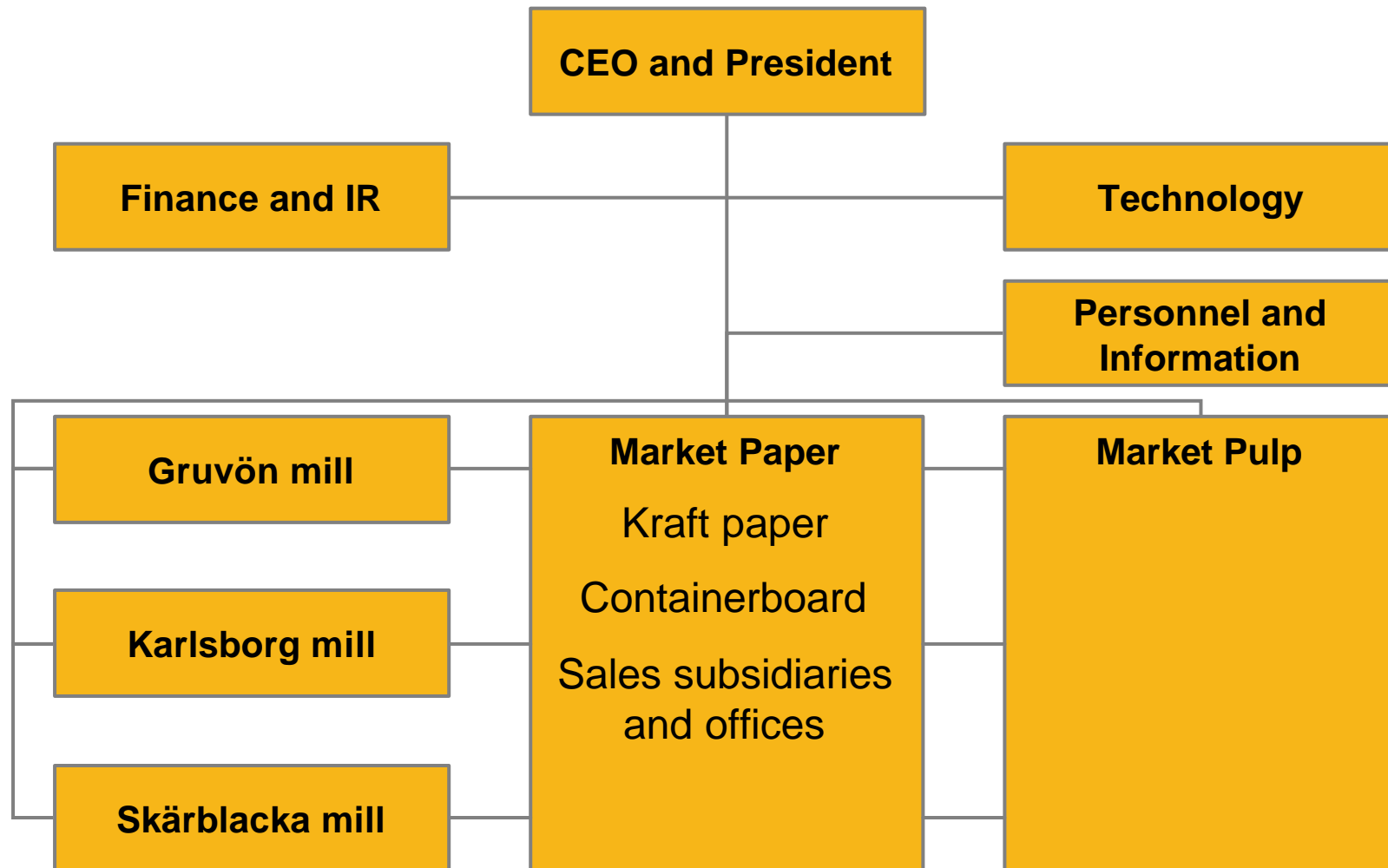
- Approximately 80% of costs in SEK
- Approximately 75% of sales in foreign currencies
- Limited translation exposure

Currency	Share of sales, 2000
Euro	40%
SEK	25%
USD	20%
GBP	5%
Other	10%
Total	100%

Write downs

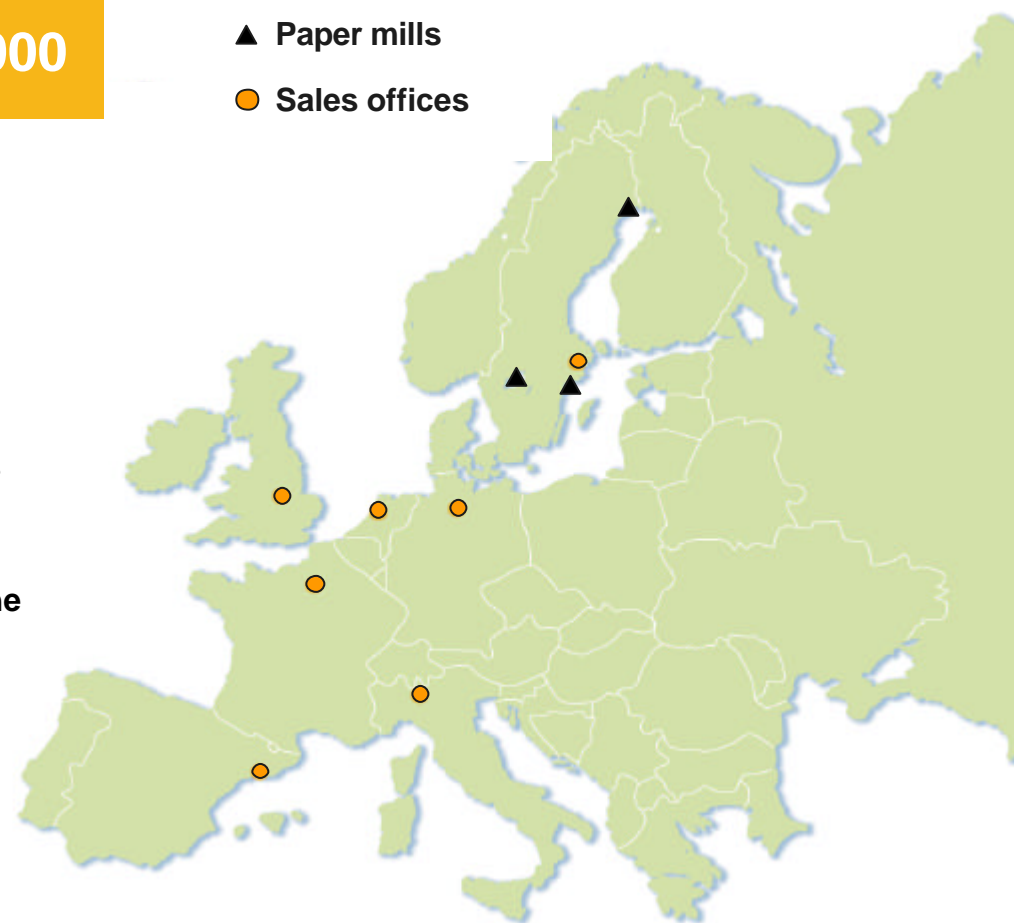
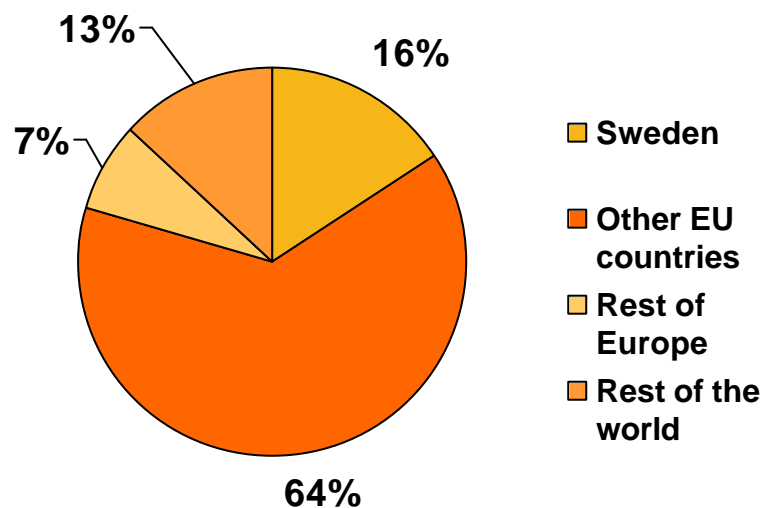
- During 1998-2000, Billerud have made write downs of SEK 1.4 billion
- Gruvön
 - SEK 400 million during 1998
 - SEK 600 million during 2000
- Skärblacka
 - SEK 394 million during 1999

Organisation



Sales organisation

Proforma sales per market, 2000



Executive summary

