



INTERIM REPORT **JANUARY-MARCH 2010**



Per Lindberg, CEO
Bertil Carlsén, CFO
29 April, 2010

NULLA DIES SINE LINEA
– Not a day without progress!





AGENDA

- Highlights
- Achievements and challenges
- Development by Business Area
- Financials
- Outlook





HIGHLIGHTS IN Q1 2010

- Increased sales and volumes
- 2nd quarter in a row with operating margin exceeding 10%
 - » Operating profit of MSEK 234, margin 11%
- The strong order situation continued



ACHIEVEMENTS AND CHALLENGES IN Q1 2010

Achievements

- Strong deliveries
- Price increases on all of Billerud's products
- New applications and commercial successes the results of continuous product development

Challenges

- Takes time to restore price level
- Increased input costs
 - » Electricity and wood prices MSEK 73 higher compared to Q4 2009





KEY FIGURES

	Q1 2010	Q4 2009	Q1 2009	vs. Q4 2009	vs. Q1 2009
Deliveries ('000 tonnes)	343	336	325	+2%	+6%
Net sales, MSEK	2,190	2,060	1,900	+6%	+15%
Operating profit, MSEK	234	231	-37	+1%	N/A
Operating margin	11%	11%	-2%	+/-0	+13
Profit/share, SEK	1.52	1.55	-0.53	-2%	N/A
Debt/Equity ratio	0.24	0.29	1.08	+0.05	+0.84



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



PACKAGING & SPECIALITY PAPER

Market situation in Q1 2010

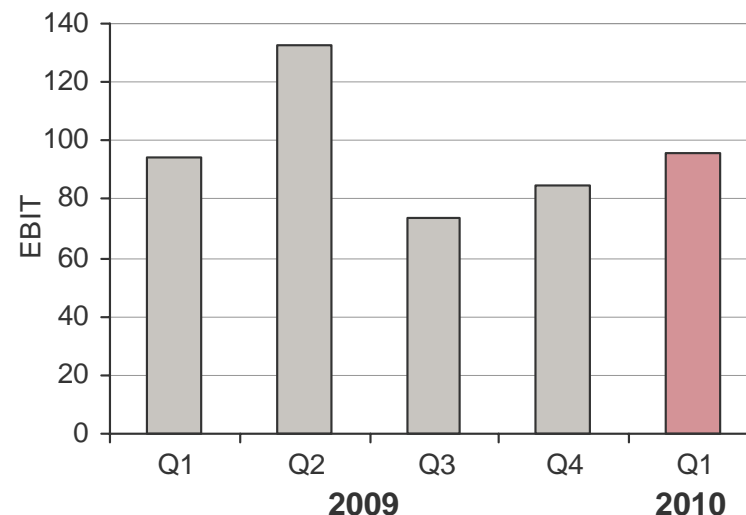
- Continued good order situation throughout the quarter
- Very good deliveries
- Increased price level for most products vs. Q4 2009
- Further price increases have been announced
- Billerud FibreForm® commercially launched



PACKAGING & SPECIALITY PAPER

Financials – Q1 2010 vs. Q4 2009

- Operating profit up by MSEK 11 due to increased volumes
- Price increases in local currency compensated for a deteriorated currency situation
- Increased input cost
- Cost of bad debt of MSEK ~10



	Q1 2010	Q4 2009	Q1 2009	2009
Net sales, MSEK	1,052	953	993	3,934
Operating profit, MSEK	96	85	94	386
Operating margin, %	9	9	9	10

PACKAGING BOARDS

Market situation in Q1 2010

- Continued strong market with good deliveries
- Good order books for liner and very good for S/C fluting throughout the quarter
- Increased prices for all products vs. Q4 2009
- Further price increases have been announced

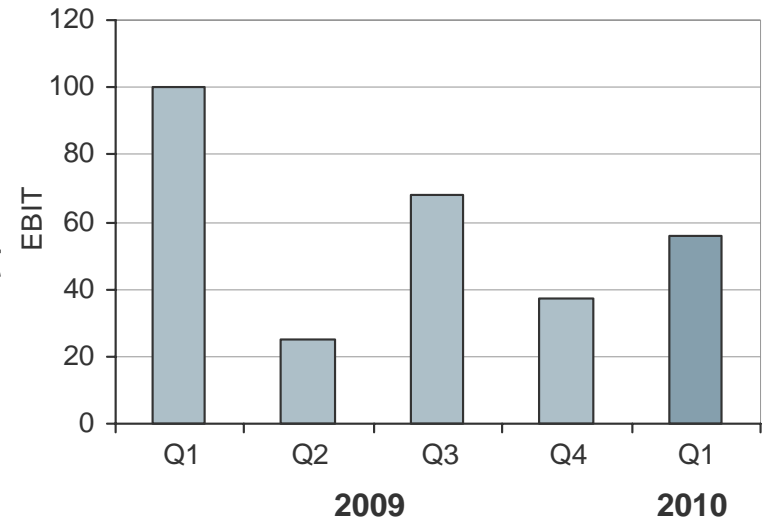




PACKAGING BOARDS

Financials – Q1 2010 vs. Q4 2009

- Operating profit up by MSEK 19
- Price increases in local currency compensated for a deteriorated currency situation and higher input costs



	Q1 2010	Q4 2009	Q1 2009	2009
Net sales, MSEK	613	557	667	2,632
Operating profit, MSEK	56	37	100	230
Operating margin, %	9	7	15	10

MARKET PULP

Market situation in Q1 2010

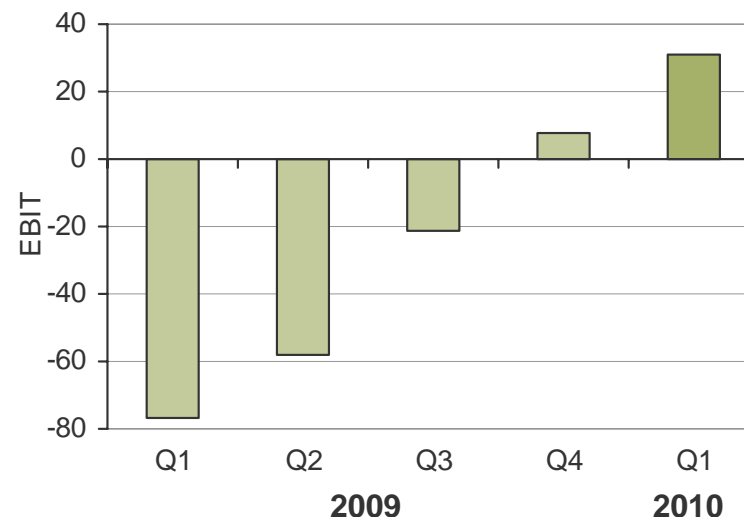
- Continued strong market
- Lower pulp production following earthquake in Chile
- Prices up from USD 800/t at end of Q4 2009 to USD 890/t at end of Q1 2010
- Further price increases have been announced
 - » USD 930/t from 1 April 2010
 - » USD 960/t from 1 May 2010 (announced)



MARKET PULP

Financials – Q1 2010 vs. Q4 2009

- Operating profit up by MSEK 23 primarily due to higher prices
- Lower volume due to a higher proportion of produced packaging paper and a slightly lower total production volume



	Q1 2010	Q4 2009	Q1 2009	2009
Net sales, MSEK	384	380	323	1,338
Operating profit, MSEK	31	8	-77	-148
Operating margin, %	8	2	-24	-11



Q1 IN SUM

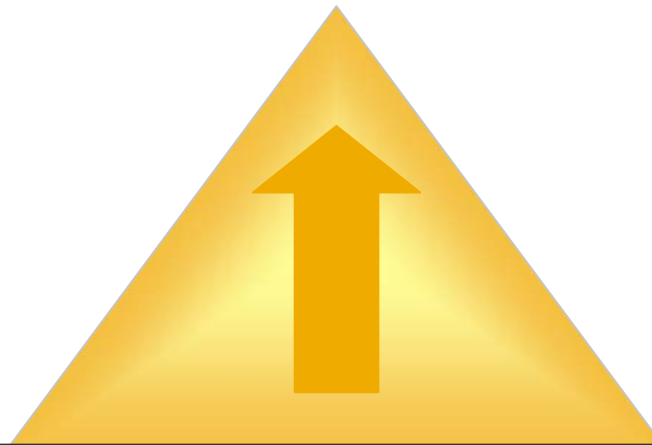
- Second quarter in a row with operating margin exceeding 10%
- Strong deliveries and order books
- Price increases within all segments
- Efforts to restore price levels continue but takes time
- Product and business development continues





STRATEGY – SOLID PLATFORM TO SECURE GROWTH

Growth



Operational Excellence

- Cost savings of MSEK 750 achieved 2005-2009
- Continued focus on cost efficiency
- Working capital efficiency

Sales & Business Development

- Drive innovation
- Increase customer value-added
- Focus on solutions

FINANCIALS



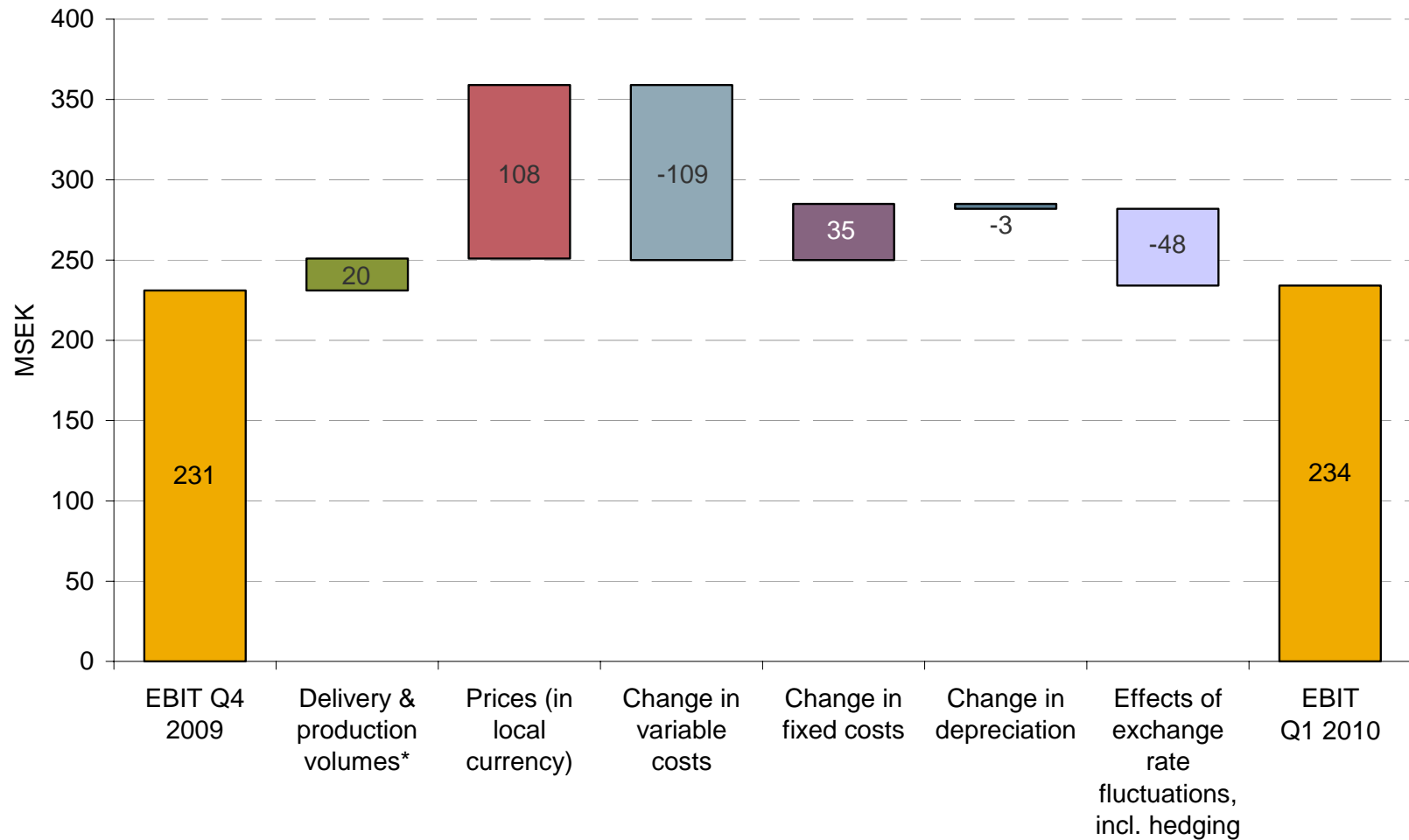


KEY FIGURES

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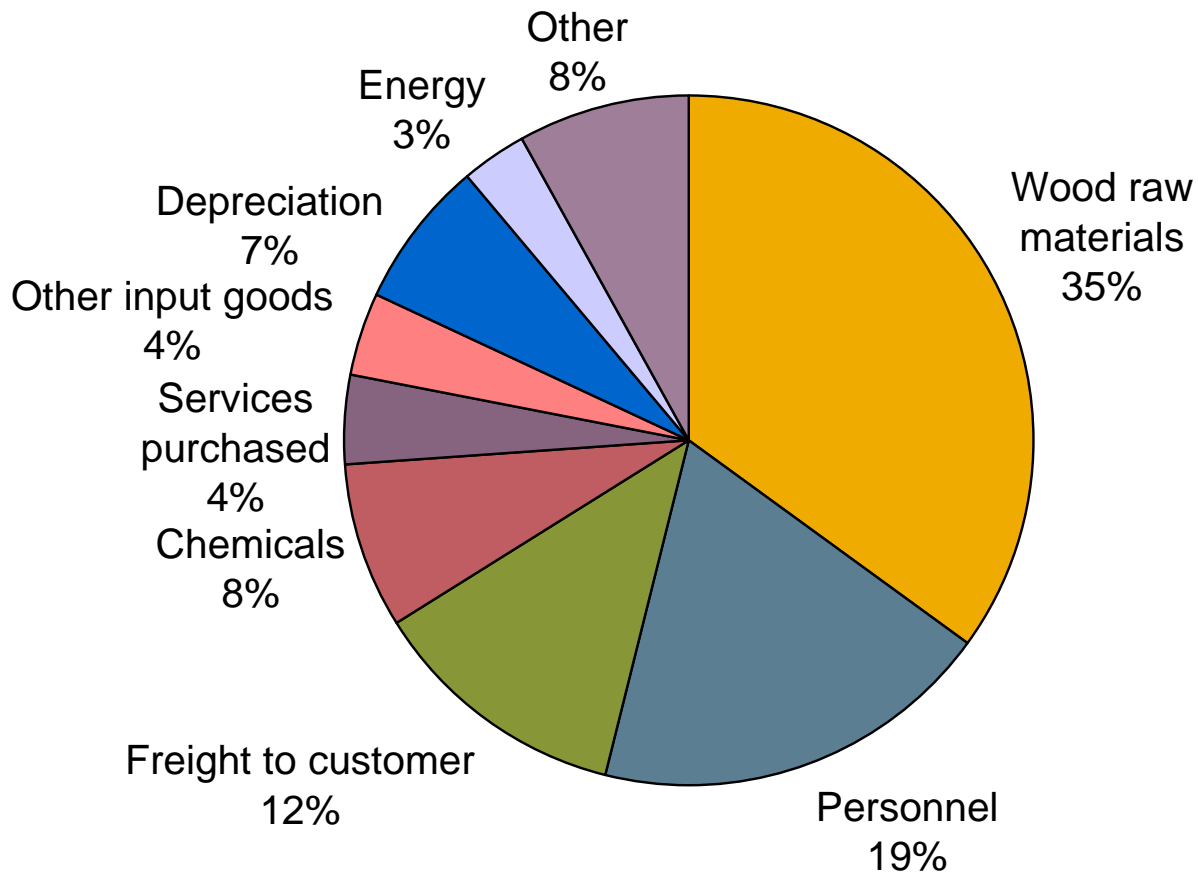
EBIT BRIDGE Q1 2010 vs. Q4 2009



* Includes product mix.



BREAKDOWN OF OPERATING COSTS 2009



Note: As percentage of operating costs.

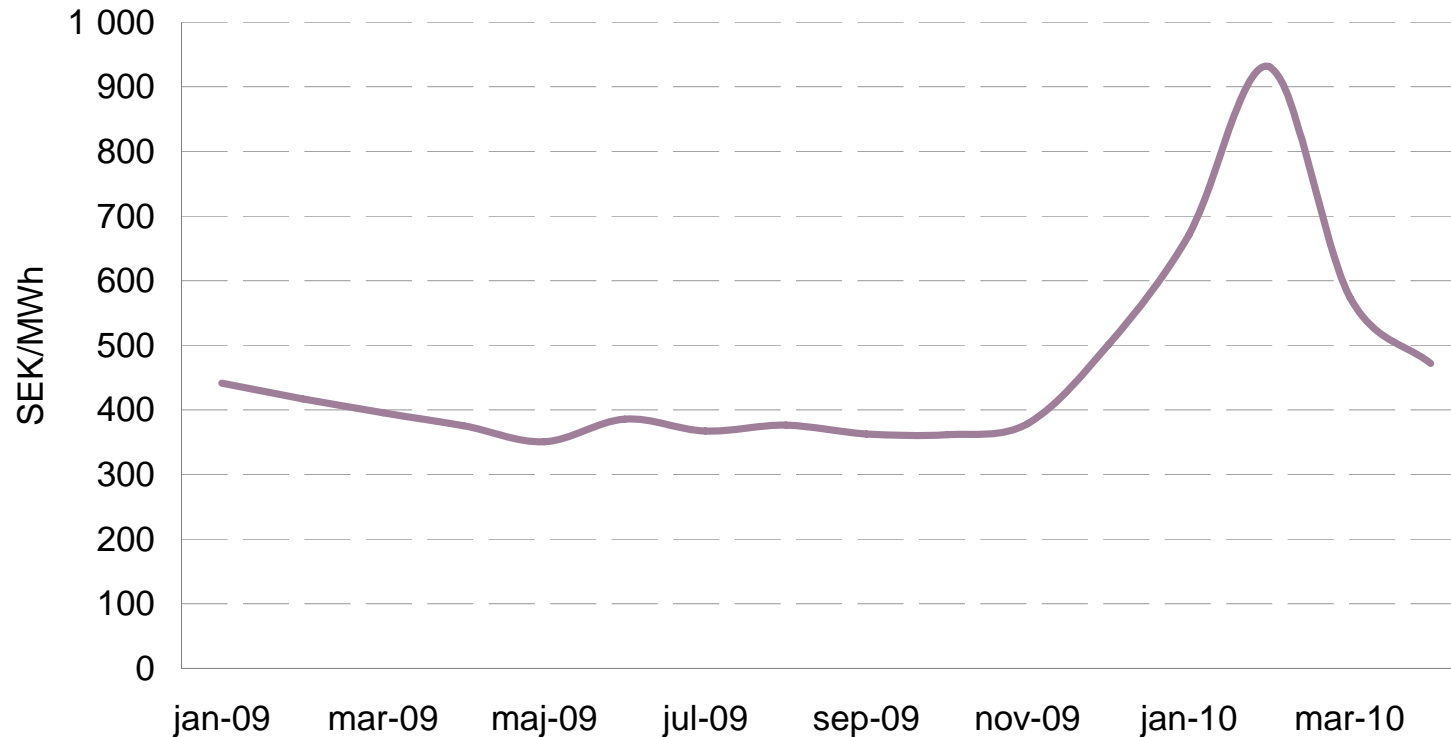


OPERATING COST DEVELOPMENT Q1 2010 vs Q4 2009

- Increase in Wood price by MSEK 30
- Fixed cost and personnel cost lower and average headcount reduction by 30
- Chemicals flat development
- Energy cost increase due to electricity price MSEK 43



ELECTRICITY PRICES

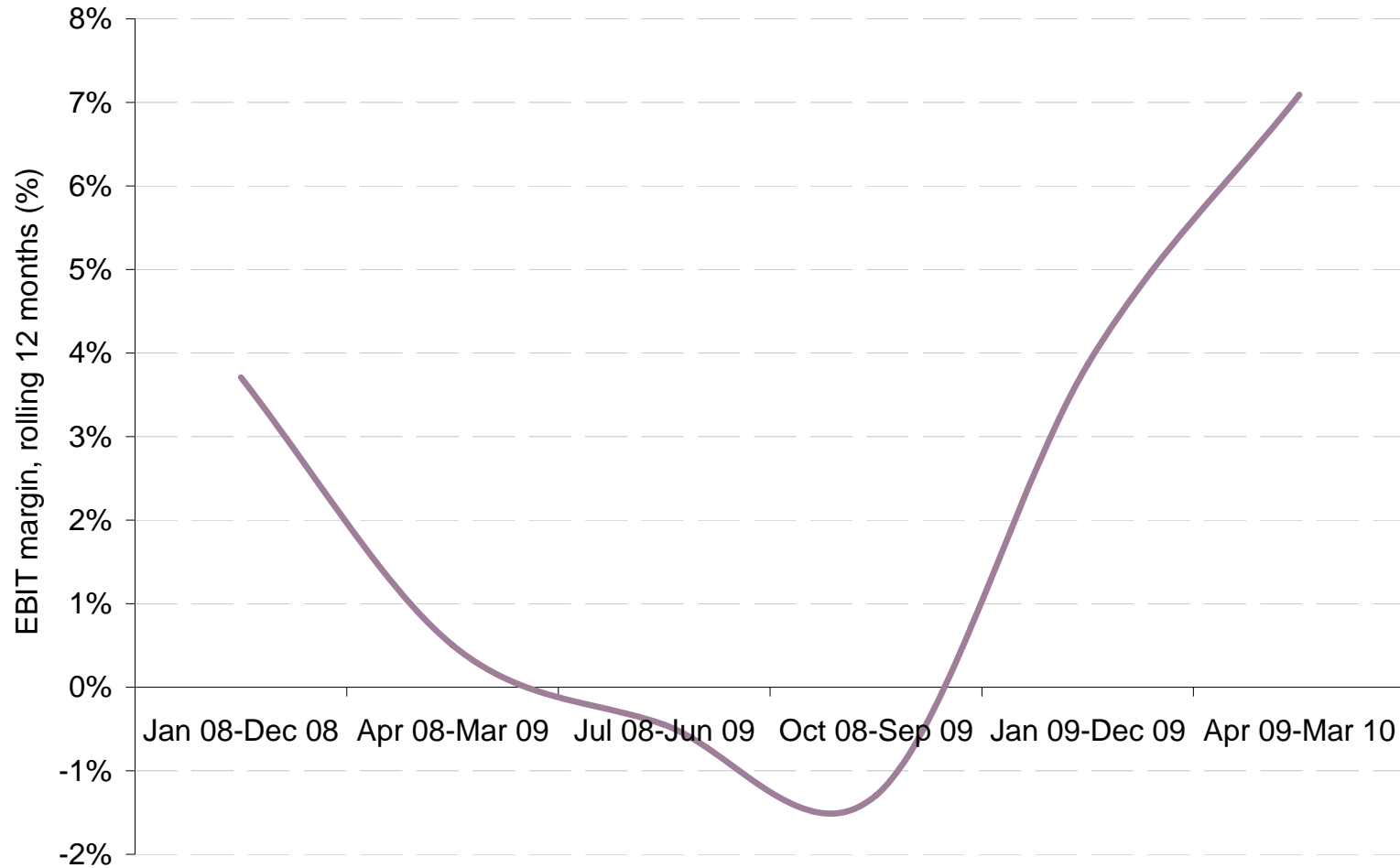


- Effects of peak in electricity due to capacity problems and cold winter during Q1 – affected 25% of electricity consumption with a cost increase of MSEK 43

Note: Spot prices.



STRONG MARGIN RECOVERY





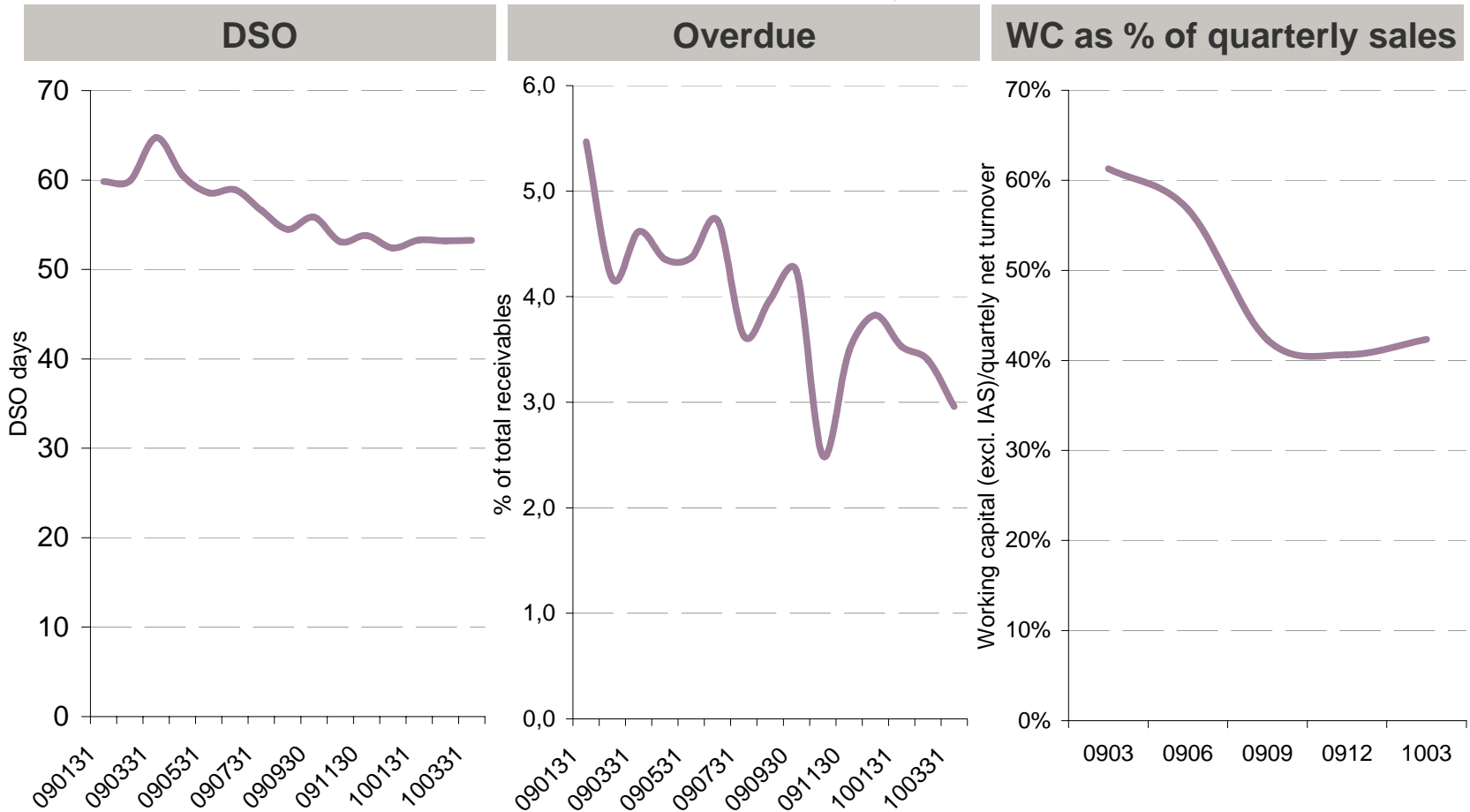
CONTINUED STRONG CASH FLOW

MSEK	Q1 2010	Q1 2009	Q4 2009
Operating surplus etc	379	49	392
Working capital change	-88	-163	-54
Finance net, taxes	-30	-46	-1
Cash flow from operating activities	261	-160	337
Current net investments	-50	-45	-52
Business combinations	-	-36	-5
Net investments of financial assets	-30	-	-
Operating cash flow	181	-241	280
Dividends	-	-	-
Rights issue	-	-	-3
Other	-5	-15	4
Change in net debt ¹⁾	176	-256	281

¹⁾ Minus equals increase in net debt



GOOD WORKING CAPITAL DEVELOPMENT





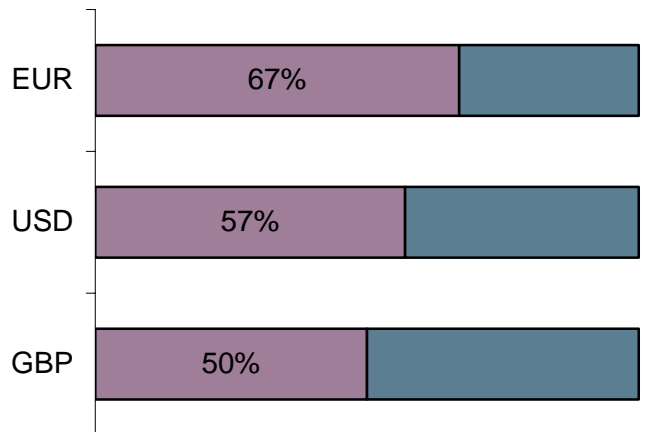
CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 117 for Q1 2010

- Market value of outstanding contracts not relating to accounts receivable as of 31 March 2010 amounted to MSEK 133

- Hedge level 12 months forward:

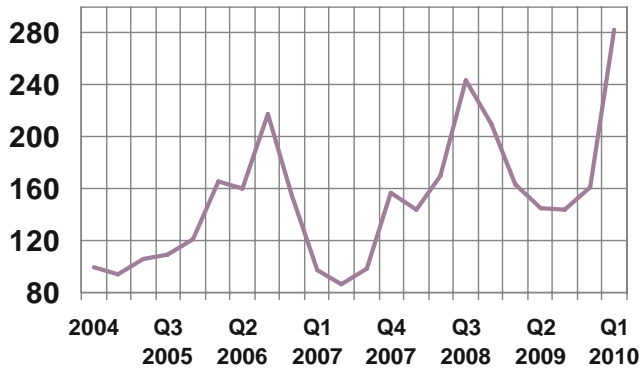
		Jan-Mar 2010	Apr-June 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Total 12 months
	Average current rates	Average hedged currency rates	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>	Average hedged currency rates <i>(hedged flows)</i>
EUR	9.94	10.94	11.03 <i>(91%)</i>	11.02 <i>(73%)</i>	10.37 <i>(72%)</i>	10.52 <i>(31%)</i>	10.79 <i>(67%)</i>
USD	7.19	8.48	7,39 <i>(93%)</i>	7.21 <i>(65%)</i>	7.24 <i>(41%)</i>	7.23 <i>(26%)</i>	7.30 <i>(57%)</i>
GBP	11.21	12.02	11.77 <i>(90%)</i>	11.49 <i>(61%)</i>	11.46 <i>(40%)</i>	11.35 <i>(11%)</i>	11.60 <i>(50%)</i>





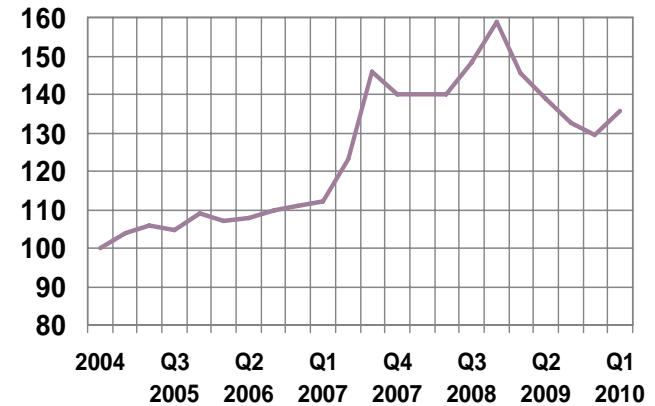
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



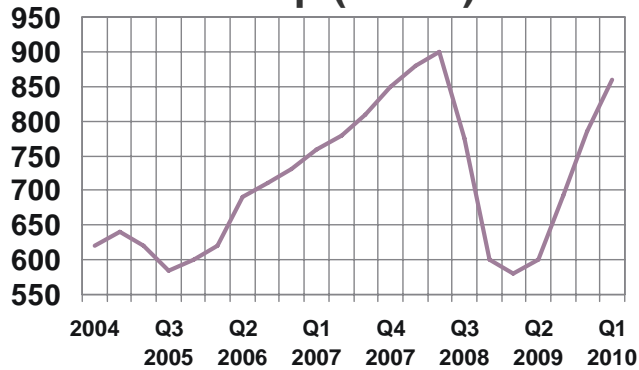
Source: Nordpool. *Price area Sweden

Wood price index



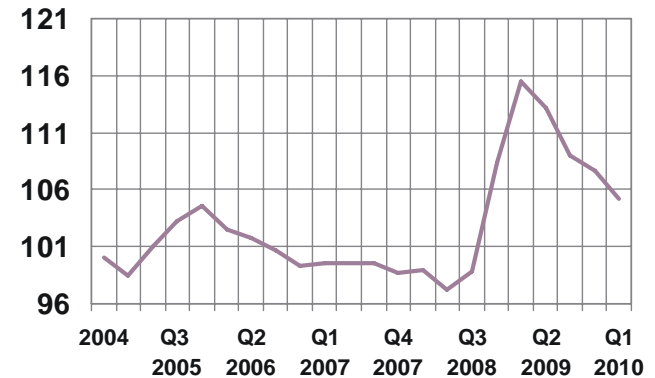
Source: Billerud

Market Pulp (USD/t)



Note: Average price for the quarter

TCW index



Source: Riksbanken

OUTLOOK



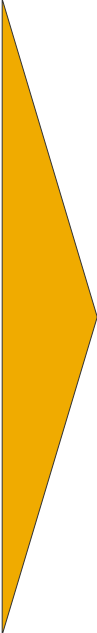
OUTLOOK

- The second quarter of 2010 started with continued good demand within all segments
- Price increases have been implemented for all products and further price increases have been announced in order to gradually restore prices to sustainable levels in the long term
- Strike action during the second quarter will have a negative effect on total deliveries for the full year





NOT A DAY WITHOUT **PROGRESS!**



**Billerud's ambition is
to become the leader
in renewable
packaging solutions**



Q&A

