



Billerud

January – December 2004

Stockholm, January 27



Bert Östlund, CEO

Nils Lindholm, CFO

Highlights – Q4 2004

- Full capacity utilization
- Deliveries 352 000 tonnes, +4% vs Q3-04
- Operating profit MSEK 131, -51% vs Q3-04
 - Negative effect of currencies
 - Worse product mix and higher costs
- Pre-tax profit MSEK 116, -54% vs Q3-04
- ROCE 17% (12 months), 11% excluding currency hedging
- Organisational review starting up

Market Situation – Kraft Paper

Q4

- Seasonally weaker order book except for brown sack paper
- Generally stable prices
- Price increases overseas (in USD)
- Deliveries +2% vs. Q3-04, +16% vs. Q4-03

Outlook

- Stable demand situation

Market Situation – Containerboard

Q4

- Good orderbook situation
- Some price increases overseas (in USD)
- Deliveries +4% vs. Q3-04, +12% vs. Q4-03
- Coated white liner introduced

Outlook

- Stable demand situation

Market Situation – Market Pulp

Q4

- Market price for NBSK increased during the quarter from USD 590/tonne to USD 620/tonne
- Billeruds average price (SEK) -14% compared to Q3-04
- External deliveries +7% vs. Q3-04, -9% vs. Q4-03

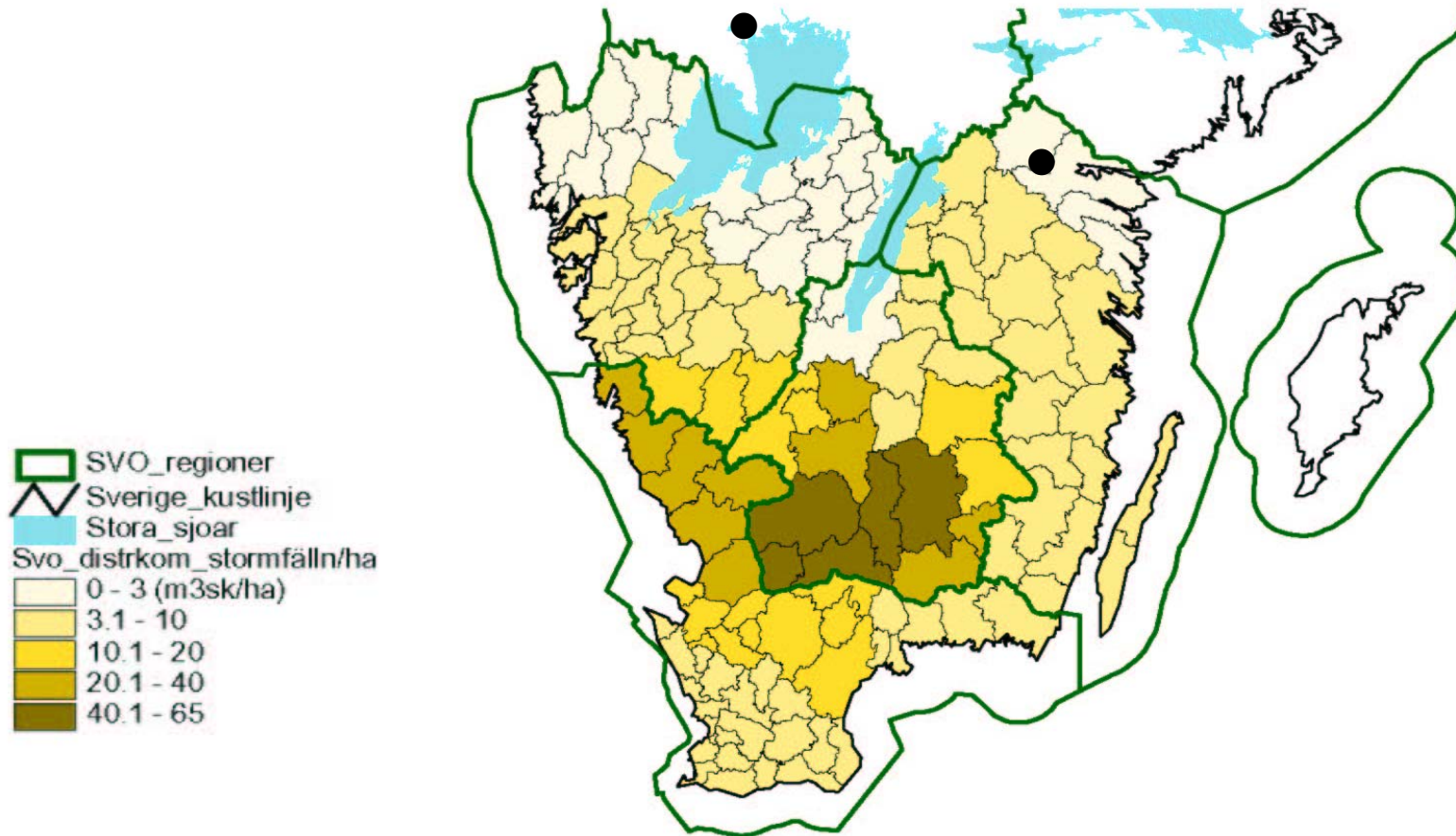
Outlook

- Price increase to USD 660/tonne from Feb. Further price increases at least up to mid-year

Wood fibre situation in Sweden

- Wood fibre approx 30 percent of total cost for Billerud
- Storm damages January 2005 estimated to 80 million m³; about one year's normal cutting
- Changes in wood fibre flows; in three phases
 - Reduced and distorted wood flows short term (winter -05)
 - Surplus of wood fibre mid term (rest of -05 and into -06)
 - Reduced supply some years thereafter
- Difficult to assess the impact on Billerud's wood costs

Forest damages – storm of January 2005



Organizational Review - targets

- Establish **one Billerud** with common world class way of working and ability to be an industry leader
- Secure resources and competencies to achieve **lasting higher profitability** than industry peers
- Achieve **highest possible efficiency in all processes and procedures** with the goal to reduce costs with SEK 250 million (EUR ~25 million)

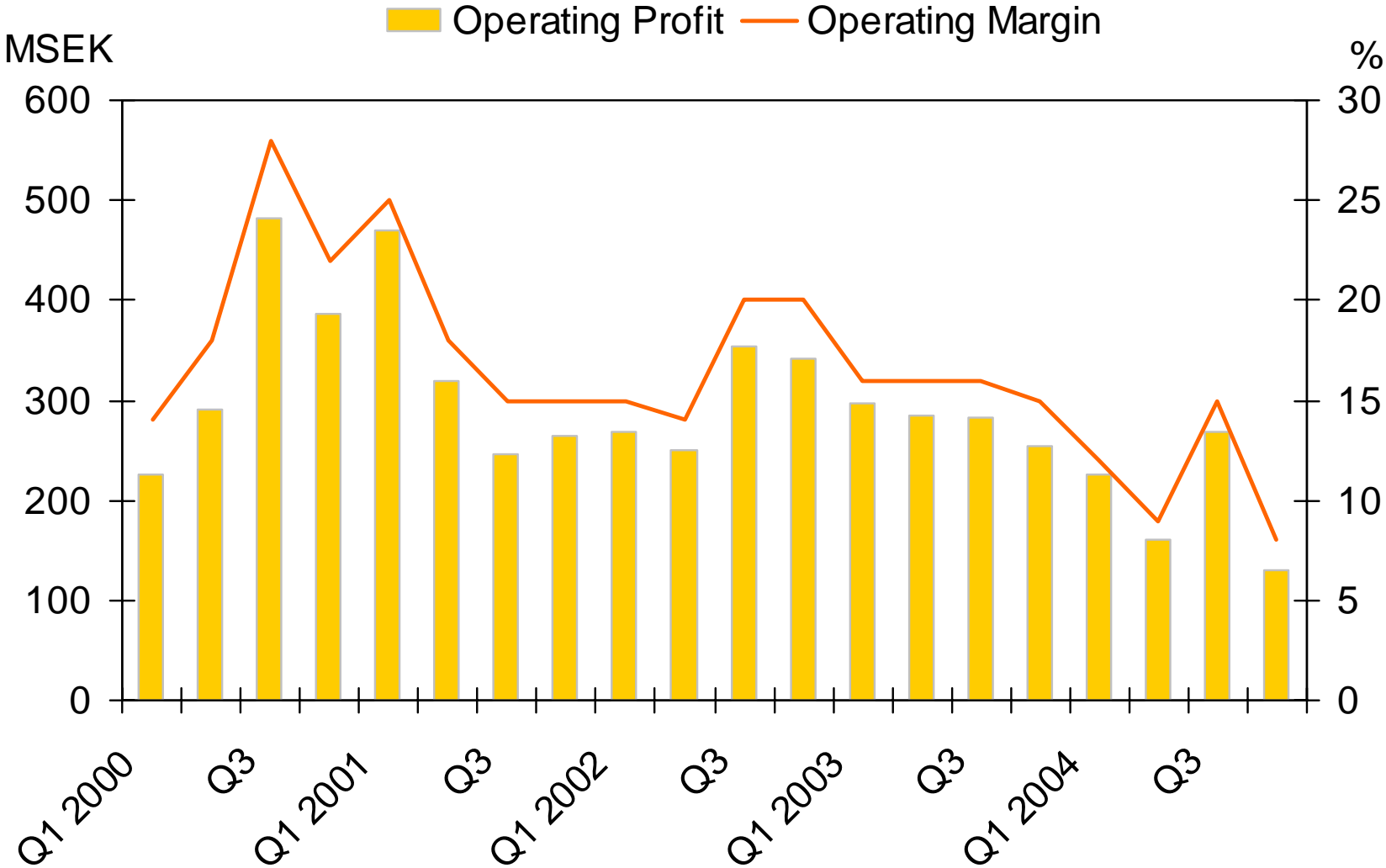
Financials

Key Figures 2004

	Q4	vs Q3	2004	vs 2003
Net sales, MSEK	1,753	-4%	7,159	+2%
Operating profit, MSEK	131	-51%	786	-30%
Operating margin	8%	-7	11%	-5
Profit/share, SEK	1.65	-52%	9,75	-26%
Debt/Equity ratio ¹⁾	0.48	+0.01	0.48	+0.10
Deliveries (ktonnes)	352	+4%	1 371	+6%

1) End of period

Operating Margin Development



Cash Flow

MSEK	Q4 2004	2004	2003
Operating surplus	225	1,191	1,494
Working capital change	+26	+94	+79
Finance net, taxes	9	-66	-201
Cash flow from operating activities	260	1,219	1,372
Capex etc	-205	-564	-380
Operating cash flow	+55	+655	+992
Acquisition Beetham		-222	
Dividends/share buy backs	-88	-663	-777
Other	-6	-19	-15
Change in net debt ¹⁾	-39	-249	+200

¹⁾ Plus equals decrease in net debt

Currency Situation

- 71% of 12 months forward hedging of net flows in EUR, 54% of 12 months in USD and 52% of 12 months in GBP
- Positive profit effect of net flow hedging MSEK 86 for Q4 2004
- Hedging rates at present:

Currency	Q1 2005	Q2 2005	Q2 2005	Q4 2005	Q1 2006	Average
EUR/SEK	9.15	9.24	9.18	9.20	-	9.19
USD/SEK	7.25	7.10	7.09	6.86	6.86	7.08
GBP/SEK	13.17	13.13	12.85	12.67	-	13.01

Share Buy-Back Programme

- Current programme approved by 2004 AGM and last until 2005 AGM. New authorization will be asked for thereafter
- Status 31 December, 2004

	No. of shares purchased	Average purchase price
May - Dec. 2004	1,910,000	115 SEK

Financial Objectives

	Target	Achieved 2004
Return on capital employed	$\geq 15\%$ ¹⁾	17%
Debt/equity ratio	0.6-0.9	0.48
Investments	In line with depreciation	About in line (excl energy)
Pay-out ratio (of net profit)	50% ¹⁾	SEK 6.50 (65%) 2004 44% average 2001-04

1) Average over a business cycle

2) Average 4 quarters

Outlook

Outlook

- Deliveries 2005 about same level as 2004
- Prices for NBSK expected to rise to USD 660 from Feb and continue to increase until at least mid-year
- Pulp price increases normally have a positive effect on packaging papers
- Today difficult to assess the January storm's effect on Billerud's wood cost.
- Other cost item expected to remain at around 2004's level.
- Negative effect of changed exchange rates (if today's rates valid all 2005) approx MSEK 300 on operating profit, compared to 2004

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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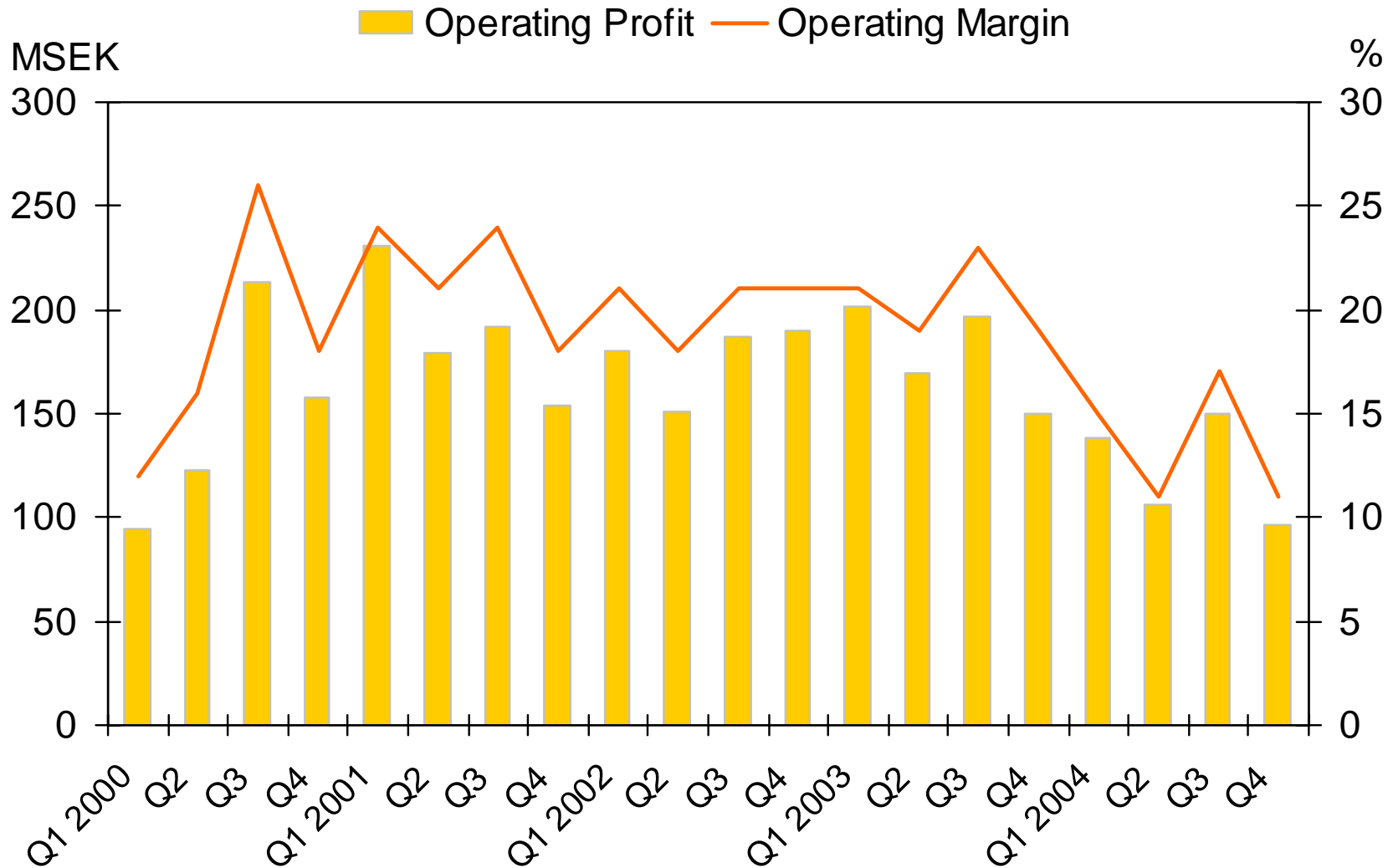


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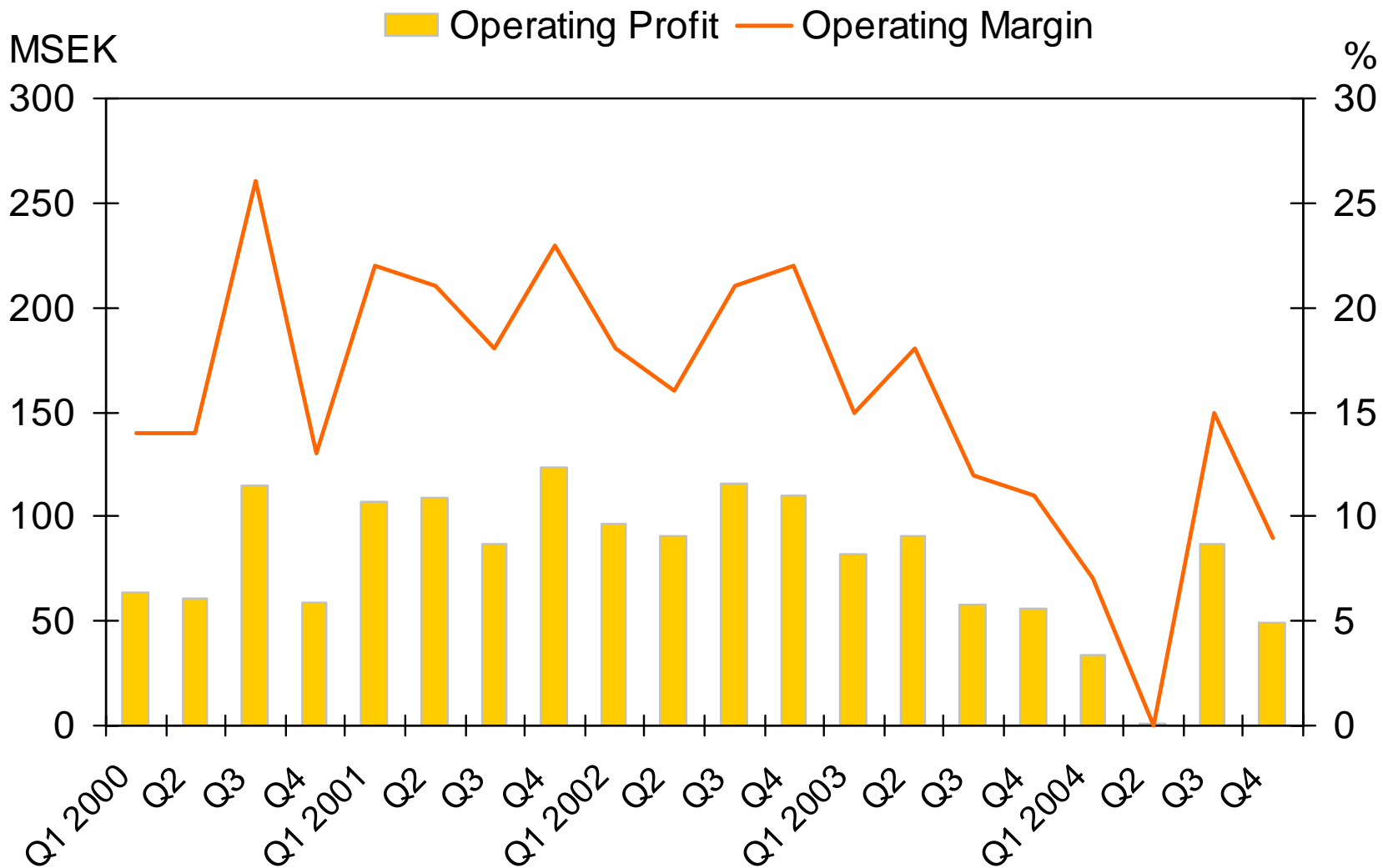
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Operating Margin – Kraft Paper



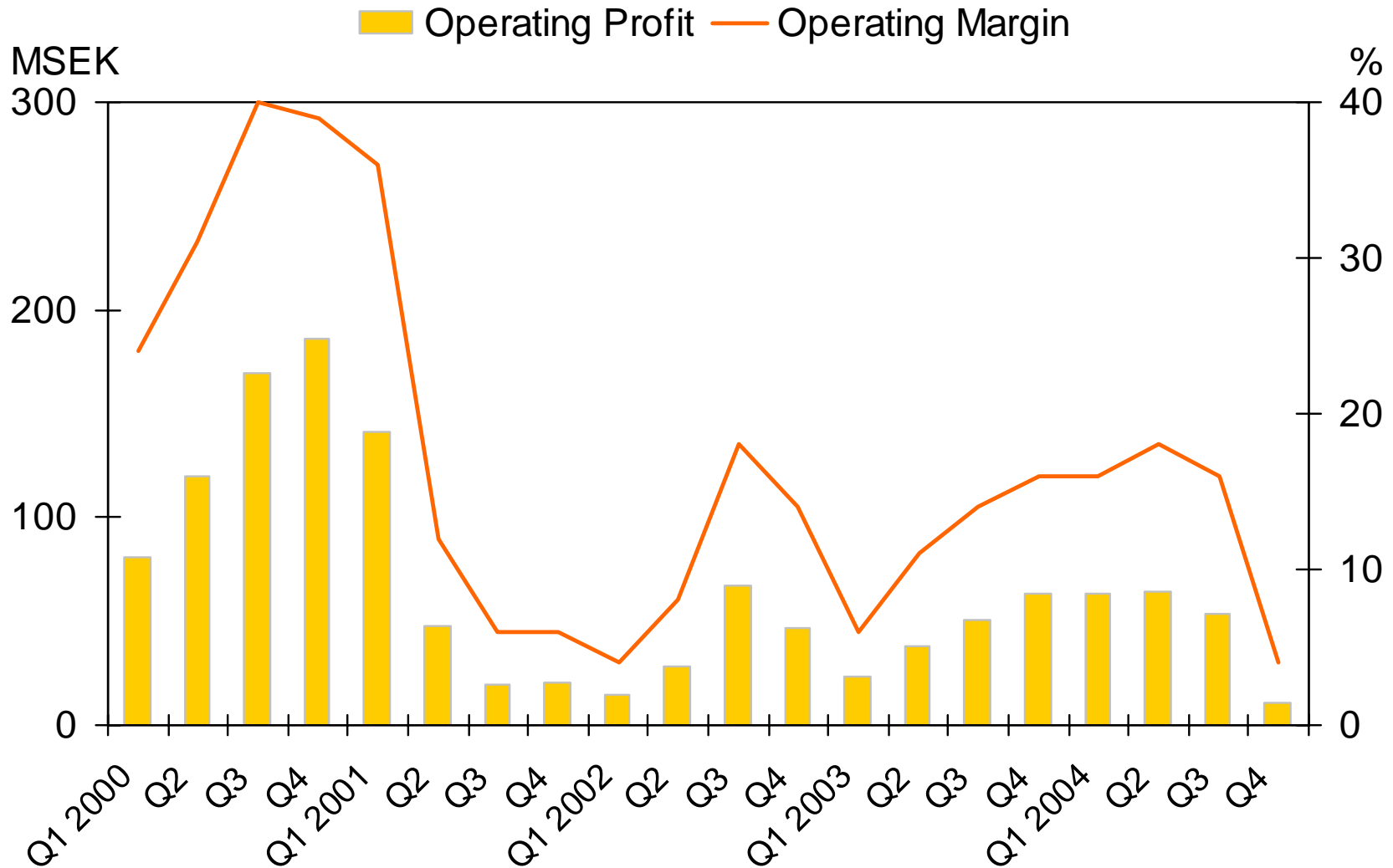
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

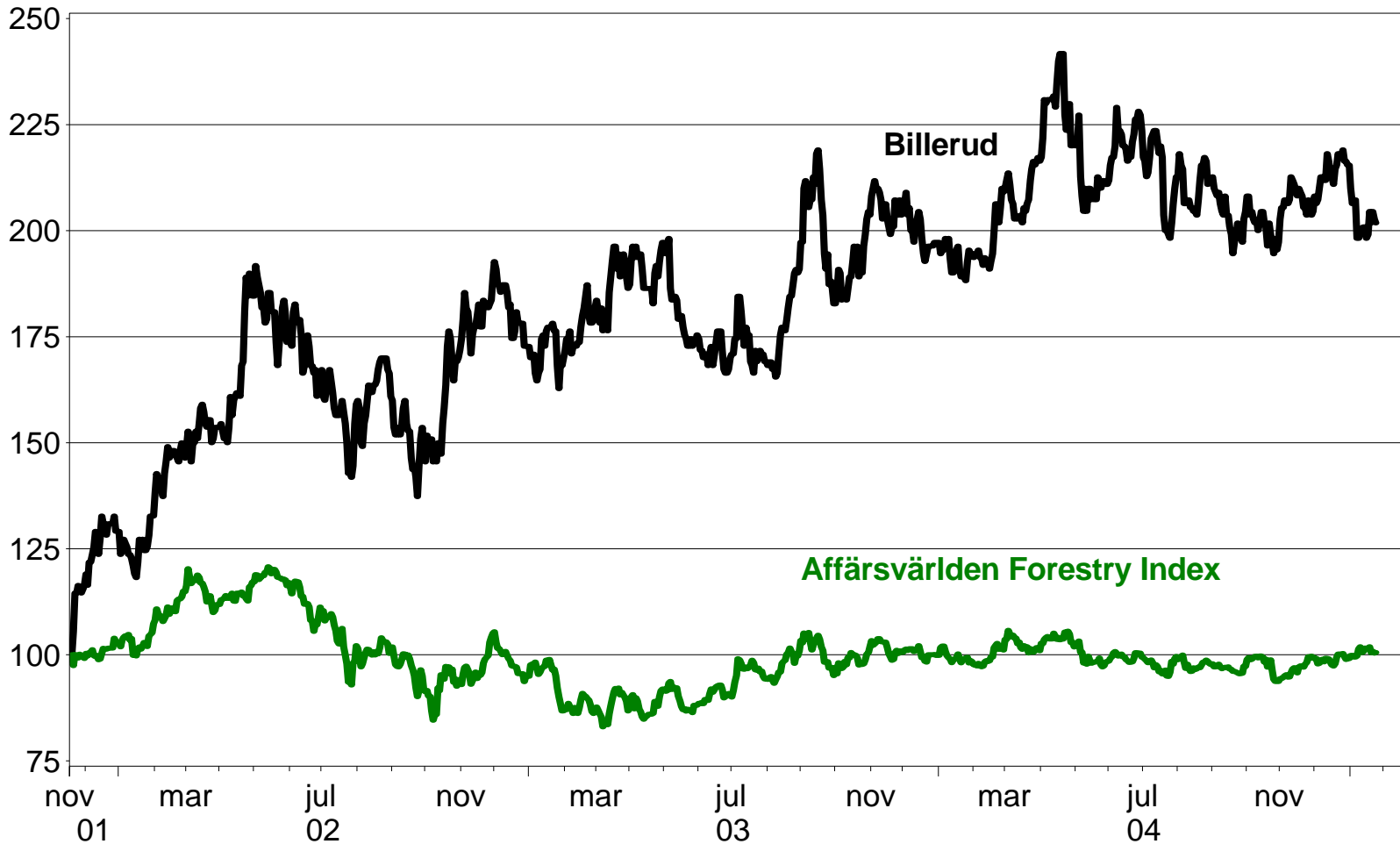
	Average rates per year				Average rates	Hedged rates	Trend
	2000	2001	2002	2003	12M 2004	12M 2004	
EUR/SEK	8,44	9,25	9,16	9,12	9,13	9,25	8,75
USD/SEK	9,17	10,33	9,72	8,25	7,35	8,61	8
GBP/SEK	13,86	14,87	14,58	13,27	13,46	13,54	-
EUR/USD	0,92	0,90	0,94	1,11	0,24	1,07	1,09
Billerud weighted index	101	112	109	102	99	105	99

Source: Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2004				2003	
Ktonnes	Q4	Q3	Q2	Q1	Q4	Q3
Kraft paper	131	129	132	136	113	122
Containerboard	143	137	117	134	128	115
Market pulp	78	73	74	87	86	85
Total	352	339	323	357	327	322

Billerud vs. Forestry index



Source: EcoWin

Index 100 = 2001-11-20. Updated to 2005-01-25. Source: ECOWIN