



Billerud

January – March 2004

Stockholm, April 22



Bert Östlund, CEO

Nils Lindholm, CFO

Highlights - Q1 2004

- Improved demand situation and orderbook
- Full capacity utilization, no maintenance stops
- Deliveries 357 000 tonnes, +9% vs Q4-03
- Operating profit MSEK 225, -12% vs Q4-03
 - Lower prices packaging papers, negative currency effects
 - Higher volumes, increased pulp prices
 - Low and stable costs
- Pre-tax profit MSEK 205, -14% vs Q4-03
- ROCE 23% (12 months), 12% excluding currency contracts
- Acquisition of Henry Cooke Ltd, now Billerud Beetham

Market Situation – Kraft Paper

Q1

- Improved demand and orderbook
- Stable prices for Technical Kraft Papers
- Reduced average prices for sack paper, especially for brown sack paper
- Deliveries +19% vs. Q4-03, +8% vs. Q1-03

Outlook

- Improved demand situation
- Improved customer mix leading to increased average prices

Market Situation – Containerboard

Q1

- Improved demand and orderbook
- Reduced average prices
- Deliveries +5% vs. Q4-03, +7% vs. Q1-03

Outlook

- Improved demand situation
- Announced price increases in Europe from April 1, EUR 50/tonne partly implemented

Market Situation – Market Pulp

Q1

- Market price for NBSK increased during the quarter from USD 560/tonne to USD 620/tonne
- Billeruds average price +3% compared to Q4-03
- Deliveries +1% vs. Q4-03, +5% vs. Q1-03

Outlook

- Price increase in April to USD 640/tonne, further price increases likely during 2004

Financials

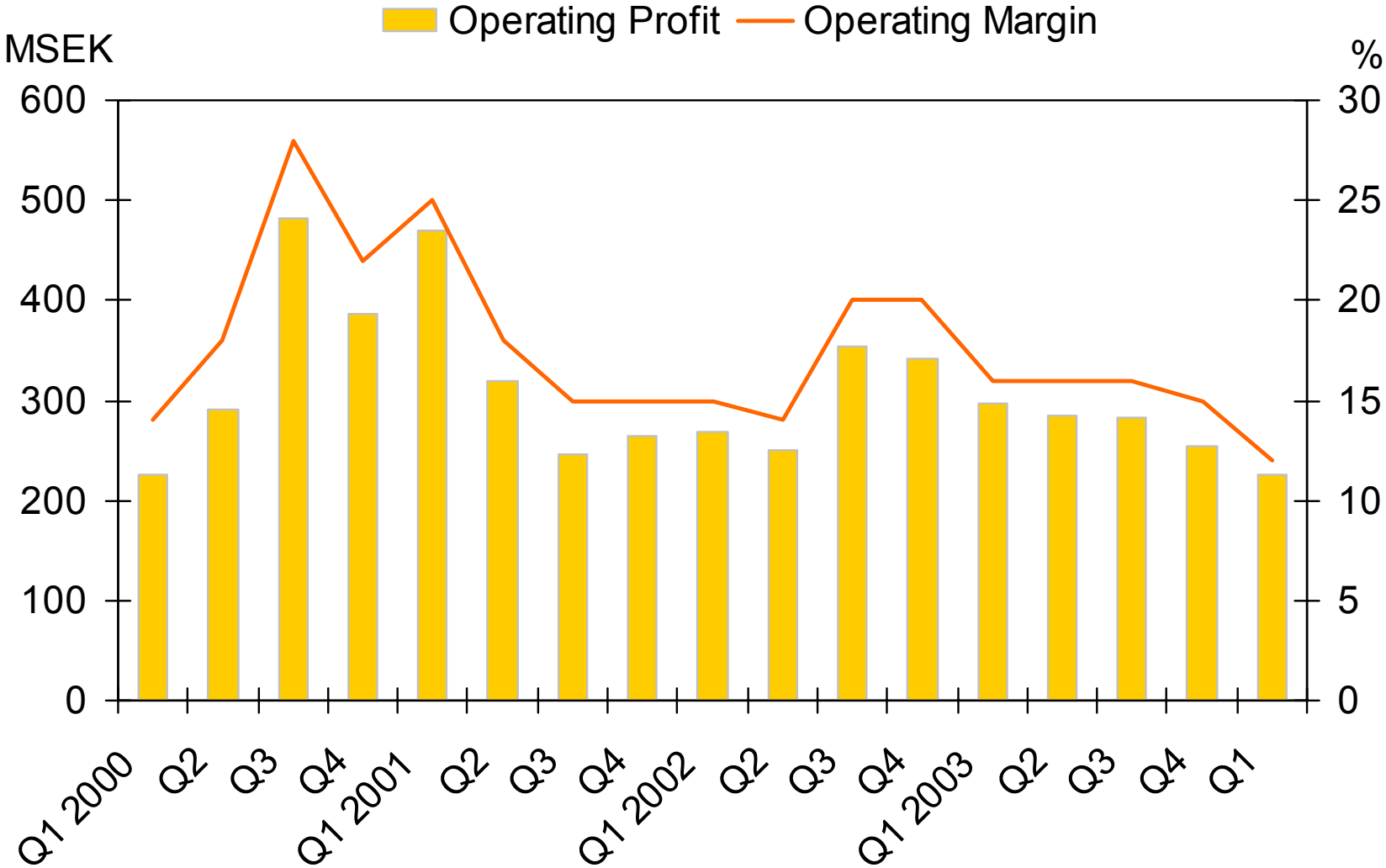
Key Figures Q1 2004

	Q1 2004	vs Q4 2003	vs Q1 2003
Net sales, MSEK	1.820	+8%	-1%
Operating profit, MSEK	225	-12%	-24%
Operating margin	12%	-3	-4
ROCE ¹⁾	23%	-1	-3
Profit/share, SEK	2.73	-12%	-21%
Debt/Equity ratio ²⁾	0.40	+0.02	+0.01
Deliveries (ktonnes)	357	+9%	+7%

1) Moving 12 months

2) End of period

Operating Margin Development



Cash Flow

MSEK	Q1 2004	Q4 2003	Q1 2003	Year 2003
Operating surplus	338	349	392	1,494
Working capital change	+28	+57	+12	+79
Finance net, taxes	-40	-4	-146	-201
Cash flow from operating activities	326	402	258	1,372
Capex	-78	-76	-163	-380
Operating cash flow	+248	+326	+95 ²⁾	+992
Acquisition of Henry Cooke	-222			
Dividends/share buy-backs	-96	-260		-777
Other	-16	-4	-3	15
Change in net debt ¹⁾	-86	+62	+92	+200

1) Plus equals decrease in net debt

2) Equals MSEK 240 if adjusted for unequal capex and tax payments

Currency Situation

- 15 months forward hedging of net flows in EUR, 65% of 12 months in USD and 50% of 12 months in GBP
- Positive profit effect of net flow hedging MSEK 101 for Q1 2004
- Hedging rates at present:

Currency	Q2 2004	Q3 2004	Q4 2003	Q1 2005	Q2 2005	Average
EUR/SEK	9.33	9.21	9.27	9.14	9.22	9.23
USD/SEK	8.76	8.44	8.54	--	--	8.59
GBP/SEK	13.68	13.02	13.03	--	--	13.34

Acquisition Henry Cooke

- Acquired Feb 27, 2004, consolidated from March 1
- Renamed to Billerud Beetham
- Annual figures
 - Capacity 45 000 tonnes of Technical Kraft paper
 - Deliveries 40 000 tonnes
 - Sales MSEK 400
 - Employees 180

Acquisition Henry Cooke, cont

- Acquisition price MSEK 209, incl. net debt in company
- Including MSEK 6 in costs and MSEK 7 in restructuring of market organisation, total cash out is MSEK 222
- Net effect on Billerud sales in Q1 (1 month) is MSEK 24 and deliveries 2 ktonnes
- Positive EPS contribution in 2004
- 15% ROCE will be reached after integration in Billerud

Financial Objectives

	Target	Achieved Q1
Return on capital employed	$\geq 15\%$ ¹⁾	23%
Debt/equity ratio	0.6-0.9	0.40 0.41 ²⁾
Investments	In line with depreciation	
Pay-out ratio	50% ¹⁾	

1) Average over a business cycle

2) Average 4 quarters

Outlook

Outlook

- The improvement in demand for Billerud's packaging paper is expected to continue
 - Deliveries in 2004 are expected to increase compared to 2003
 - Prices have risen from the average level in the first quarter and the rise is expected to continue
- The assessment is that pulp prices will rise further during rest of the year
- Changes in currency rates will, in spite of existing currency contracts, reduce operating profit by around MSEK 250 compared to 2003
- Maintenance stoppages in 2004 are planned at Gruvön and Skärblacka during the second quarter
- Billerud estimates that increased deliveries and expected price changes will not fully compensate for the negative effect of changes in currency rates, which means that the forecast made in the Financial Statement dated January remains in effect

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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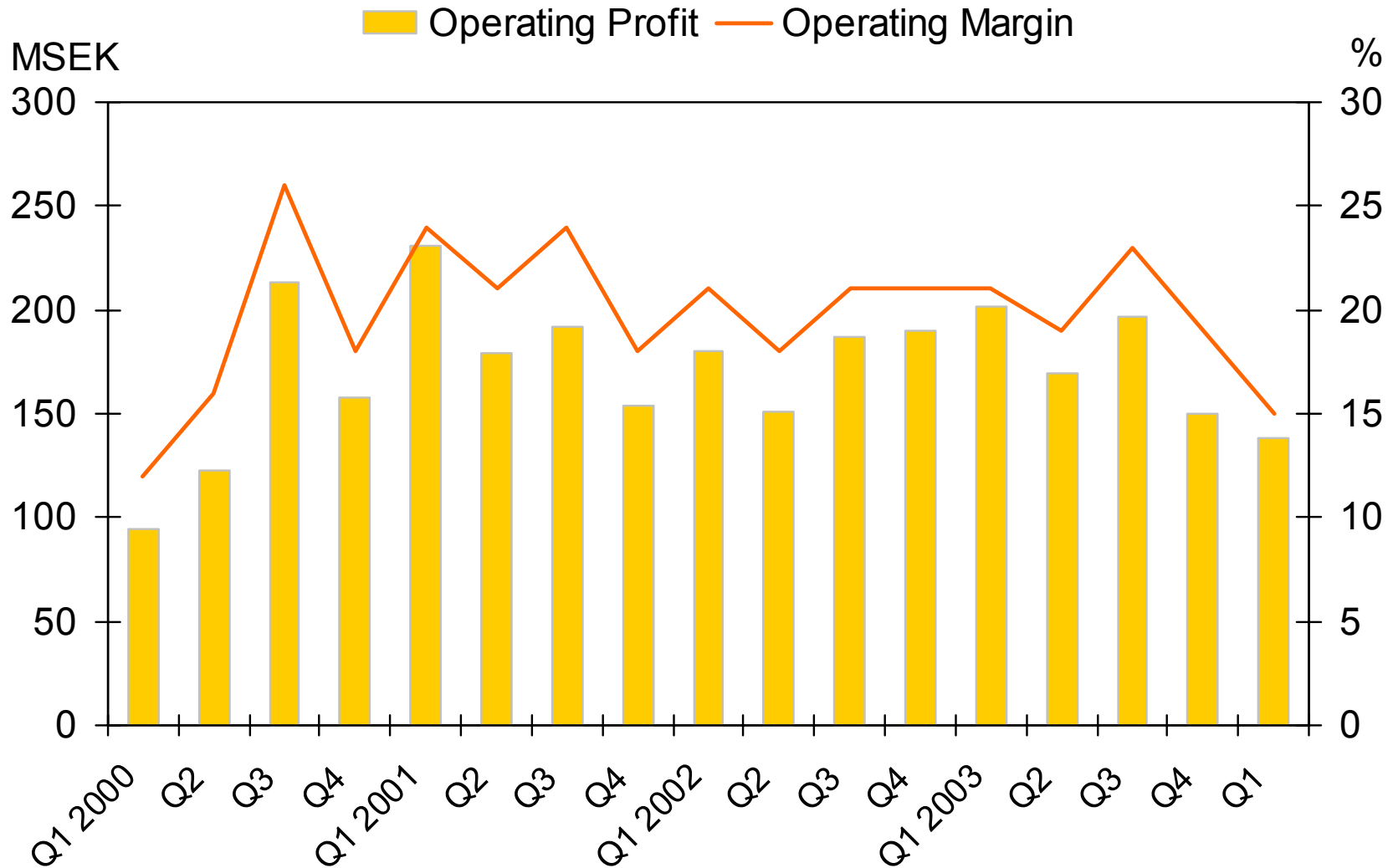


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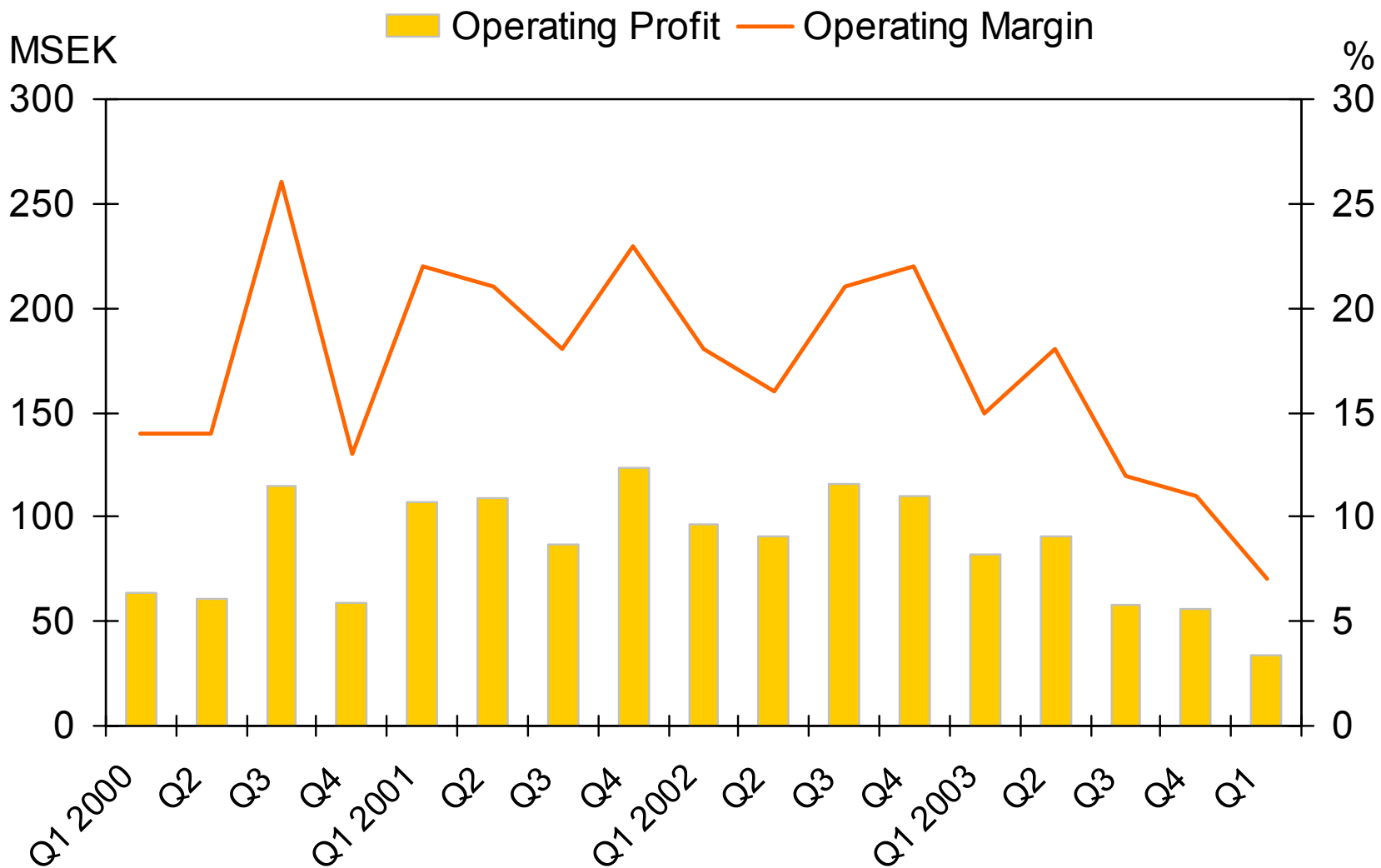
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Operating Margin – Kraft Paper



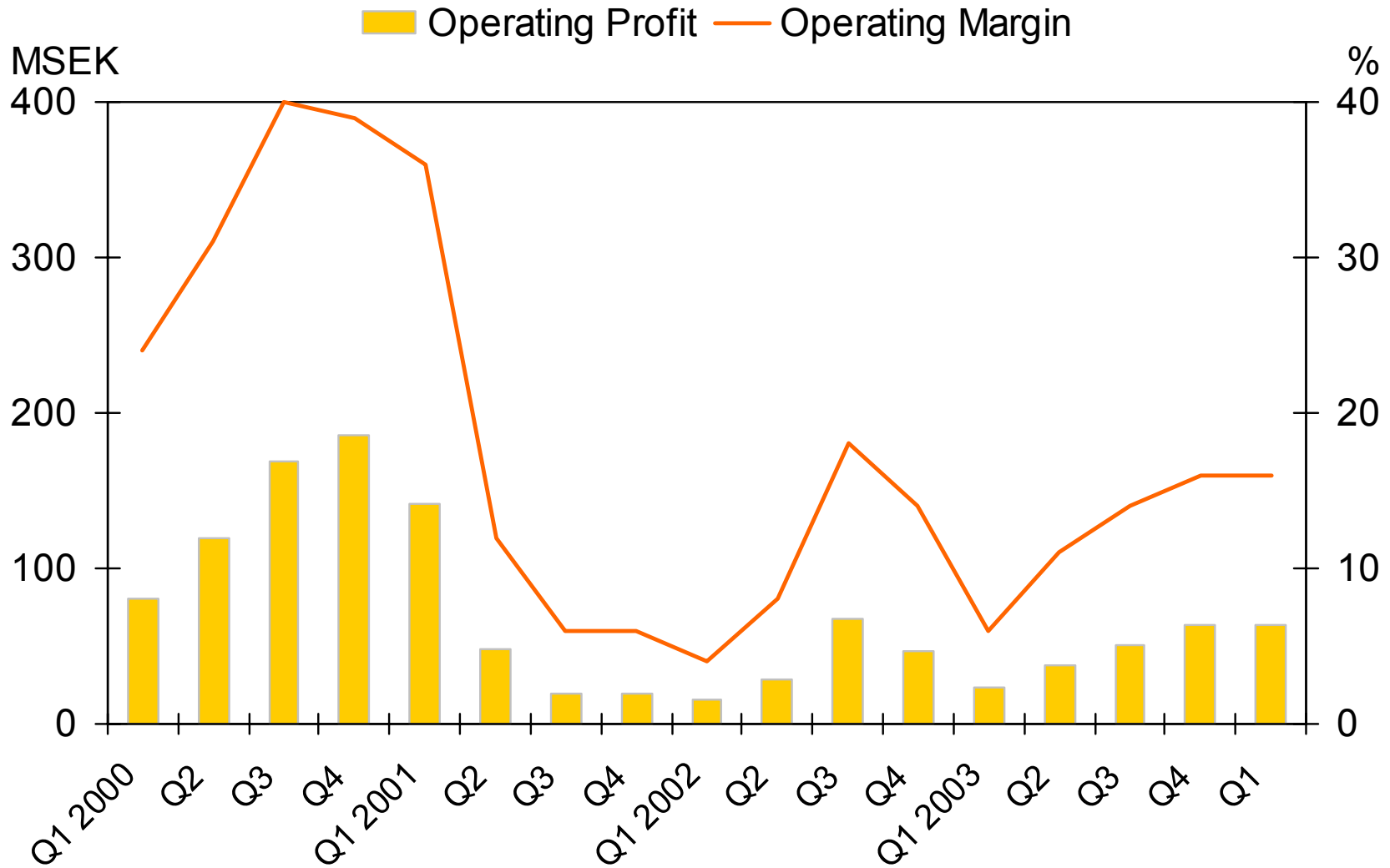
Source: Billerud

Operating Margin – Containerboard



Source: Billerud

Operating Margin – Market Pulp



Source: Billerud

Currency Rates

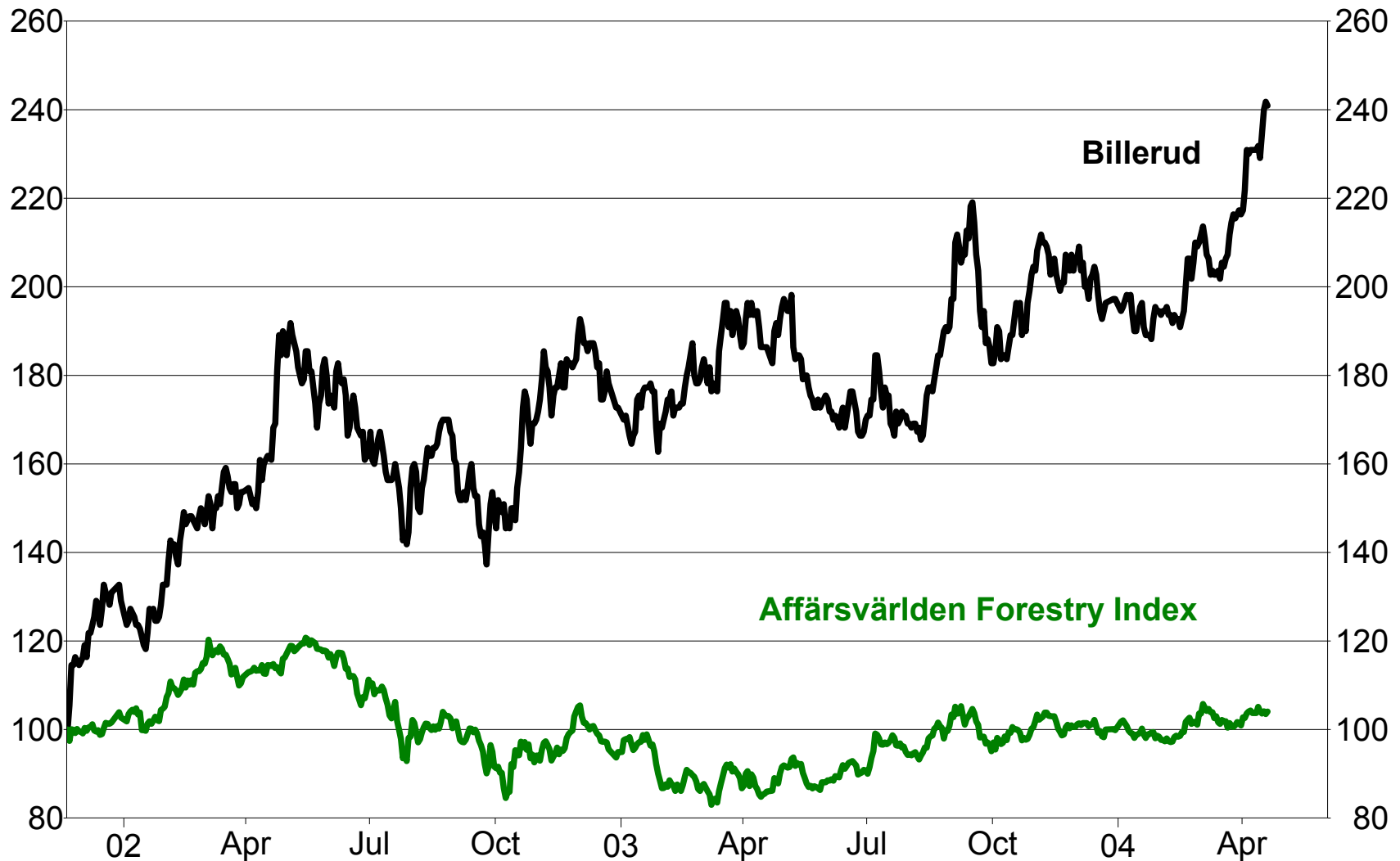
	Average rates per year					Average rates	Hedged rates	Trend
	1999	2000	2001	2002	2003	Q1 2004	Q1 2004	
EUR/SEK	8.80	8.44	9.25	9.16	9.12	9.18	9.21	8.75
USD/SEK	8.26	9.17	10.33	9.72	8.25	7.34	9.28	8.00
GBP/SEK	13.37	13.86	14.87	14.58	13.27	13.50	14.36	-
EUR/USD	1.07	0.92	0.90	0.94	1.11	1.25	0.99	1.09
Billerud weighted index	100	101	112	109	102	0.99	107	99

Source: ECOWIN and Sveriges Riksbank (www.riksbanken.se)

Delivered Volumes

	2004	2003			
Ktonnes	Q1	Q4	Q3	Q2	Q1
Kraft paper	136	113	122	115	126
Containerboard	134	128	115	121	125
Market pulp	87	86	85	69	83
Total	357	327	322	305	334

Billerud vs. Forestry index



Index 100 = 2001-11-20. Updated to 2004-04-20. Source: ECOWIN

Profits and loss accounts, summary

Amounts in MSEK	Pro forma ³⁾		2001	2002	2003
	1999	2000			
Net turnover	5 387	6 666	6 910	7 067	6 992
Other income	55	39	10	10	10
Operating income	5 442	6 705	6 920	7 077	7 002
Operating expense	-4 873	-5 019 ¹⁾	-5 276 ²⁾	-5 498	-5 504
Depreciation	-260	-302	-345	-365	-380
Operating expenses	-5 133	-5 321	-5 621	-5 863	-5 884
Operating profit	309	1 384	1 299	1 214	1 118
Net financial items	–	-130	-118	-98	-76
Profit after financial items	–	1 254	1 181	1 116	1 042
Taxes	–	-351	-314	-316	-294
Net profit	–	903	867	800	748
Profit/share			13.81	13.25	13.13

1) Expenses have been reduced by SEK 36 million to adjust for SPP pension insurance refund.

2) Results include MSEK 47 in expenses for building Billerud and stock market listing.

3) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Capital employed, summary

Amounts in MSEK	Pro forma ¹⁾				
	31-dec 1999	31-dec 2000	31-dec 2001	31-dec 2002	31-dec 2003
Fixed assets	3 901	4 257	4 355	4 360	4 364
Inventories	575	633	708	669	690
Accounts receivable	951	1 064	1 118	1 107	1 083
Other current assets	199	176	115	141	154
Total operating assets	5 626	6 130	6 296	6 277	6 291
Less:					
Non-interest-bearing provisions	450	455	509	699	973
Accounts payable	430	508	412	372	383
Other non-interest-bearing liabilities	294	363	553	553	506
Capital employed	4 452	4 804	4 822	4 653	4 429

1) Pro forma accounts have been made in accordance with the conditions described on pages 28-29 of the listing particulars published on 31 October 2001.

Cash flow statement, summary

Amounts in MSEK	Pro forma				
	1999	2000	2001	2002	2003
Operating surplus	571	1 707	1 633	1 567	1494
Change in working capital	-69	-1	-146	48	79
Net financial items, taxes e.t.c	–	-230	-170	-276	-201
Cash flow from operating activities²⁾	502	1 476	1 317	1 339	1372
Cash flow from investing activities	-727	-678	-443	-370	-380
Cash flow before financing activities²⁾	-225	798	874	969	992

1) Tax paid is based on the estimated distribution between paid and deferred tax for year 2001 according to a forecast made in September 2001.

2) Cash flow from financial items and paid tax are not included in cash flow from current activities and cash flow after investing activities in the proforma accounts for 1998 -1999