

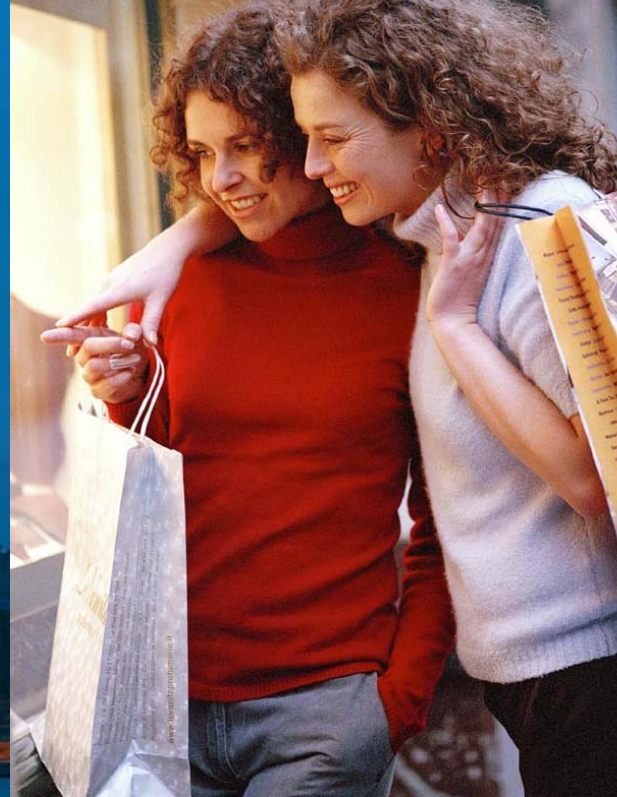
# Billerud

## Year-end Report 2002

Stockholm, January 28

Bert Östlund, CEO

Nils Lindholm, CFO



# 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

# Highlights

- Continued good demand
- Price increases of +6% implemented for packaging paper Q4 vs. Q2
- Full capacity utilization
  - Production record
  - Maintenance stop in Gruvön reduced deliveries
- Deliveries 305,000 tonnes, -5% vs Q3
  - Accumulated Jan – Dec. +6% vs. 2001
- Operating profit MSEK 341, -4% vs Q3, ROCE 25%
  - Additional costs for maintenance stop in Gruvön

# Highlights, cont.

- Synergies effect MSEK 100 vs. 2000
- Proposed dividend SEK 6.50 per share
- Proposal of share buy-backs

# Market Situation – Kraft Paper

- Continued good demand
- Price increased by approx. +5% Q4 vs. Q2
- Deliveries in line with Q3
- Deliveries 2002 vs. 2001 +4%

# Market Situation – Containerboard

- Continued good demand
- Price increased by approx. +7% Q4 vs. Q2
- Billerud deliveries Q4 vs. Q3 -12%
- Deliveries 2002 vs. 2001 +10%

# Market Situation – Market Pulp

- Market price decreased from USD 480/tonne to USD 440/tonne during Q4
- Current price is USD 440/tonne
- Billeruds average price in SEK decreased 10% vs. Q3
- Billerud deliveries same as Q3
- Deliveries 2002 vs. 2001 +2%

# *Financials 2002*

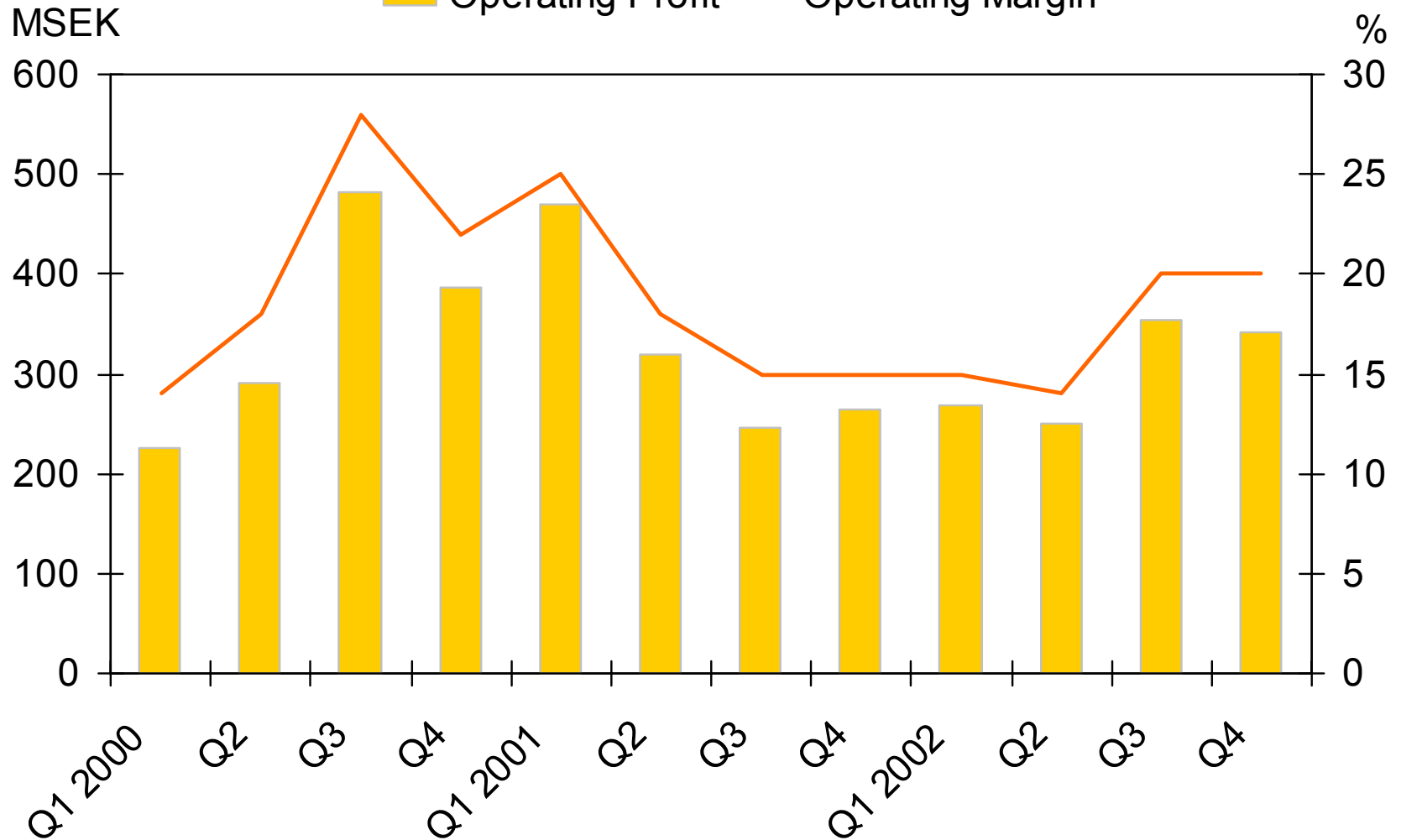
# Key Figures 2002

	<b>Q4</b>	<b>vs Q3</b>	<b>2002</b>	<b>vs 2001</b>
Net sales, MSEK	1,735	-4%	7,067	+2%
Operating profit, MSEK	341	-4%	1,214	-7%
Operating margin	20%	+/- 0	17%	-
Profit/share, SEK	3.85	-4%	13.25	-4%
Debt/Equity ratio <sup>1)</sup>	0.44	-0.13	0.44	-0.1
Deliveries (ktonnes)	305	-5%	1,292	+6%

End of period

# Operating Margin Development

Operating Profit — Operating Margin



# Cash Flow

ISEK	Q4 2002	2002	2001
Operating surplus	<b>428</b>	1,567	1,633
Working capital change	--	+48	-146
Finance net, taxes	<b>-19</b>	-276	-170
Cash flow from operating activities	<b>409</b>	1,339	1,317
Capex etc	<b>-107</b>	-370	-443
Operating cash flow	<b>+302</b>	+969	+874
Dividends/share buy backs		-661	
Other		+3	
Change in net debt <sup>1)</sup>	<b>+302</b>	+311	+874

Plus equals decrease in net debt

# Currency Situation

- Positive profit improvement of currency hedge MSEK 131 during Q4, 2002 MSEK 316
- 15 months forward hedging of net flows
- Hedging rates at present

Currency	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Average
SEK/EUR	9.48	9.21	9.30	9.24	9.20	9.28
SEK/USD	10.63	10.54	10.05	9.69	9.30	9.99
SEK/GBP	15.03	14.71	14.59	14.35	14.26	14.58

- Hedge rates during 2002, EUR 9.48, USD 10.61, GBP 15.15

# Dividend and Share Buy-Backs

- Proposed dividend for 2002, SEK 6.50 per share
- Billerud intends to propose the AGM to authorise a new share buy-back program

# Financial Objectives

	<b>Target</b>	<b>Achieved 2002</b>
Return on capital employed	$\geq 15\%$ <sup>1)</sup>	25%
Debt/equity ratio	0.6-0.9	0.44
Investments	In line with depreciation	Yes
Pay-out ratio	50% <sup>1)</sup>	49%

1) Average over a business cycle

# *Market Outlook*

# Outlook

## Packaging Paper

- Good balance on the market
- Prices are generally stable
- Price increases for sack paper beginning 2003

## Market Pulp

- Temporary improved market balance due to wood supply problems
- Price increase announced by USD 40 to 480 from February.

# Outlook, cont

- Gradually capacity increases up to December by 50 000 tonnes/year
- Based on current market conditions, the capacity increase, existing currency hedges and cost development, profits in 2003 will be in line with 2002

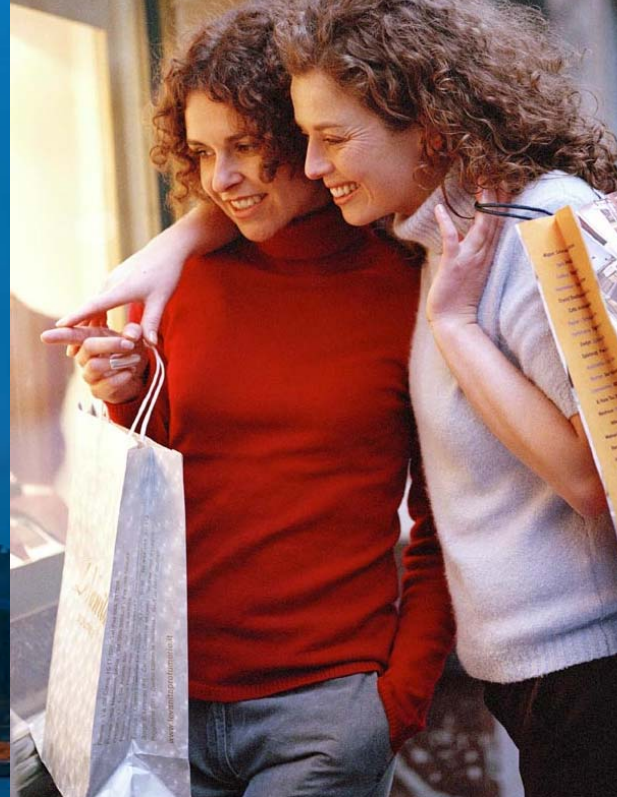
# Billerud

## Year-end Report 2002

Stockholm, February 28

Bert Östlund, CEO

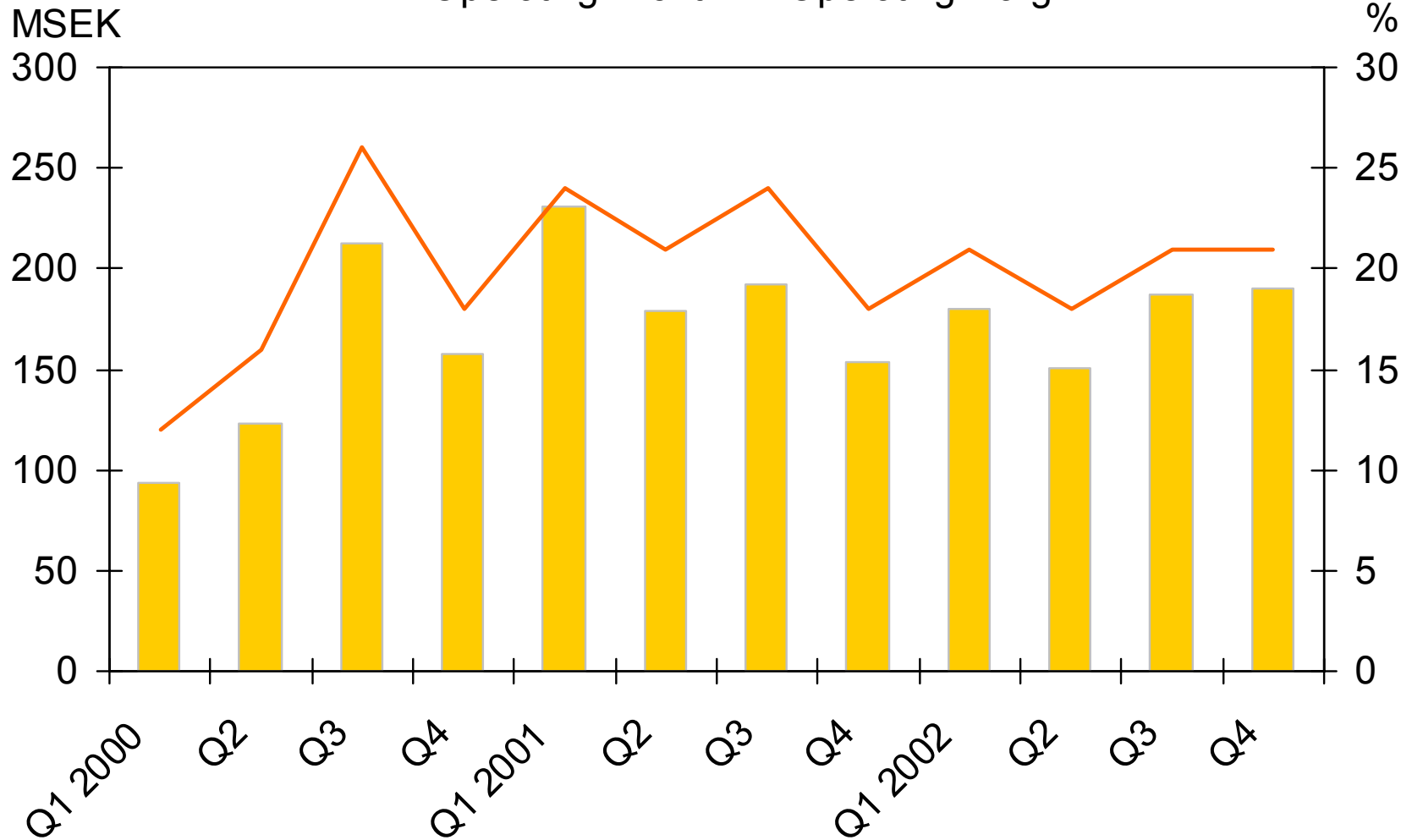
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- *Appendix* -

# Operating Margin – Kraft Paper

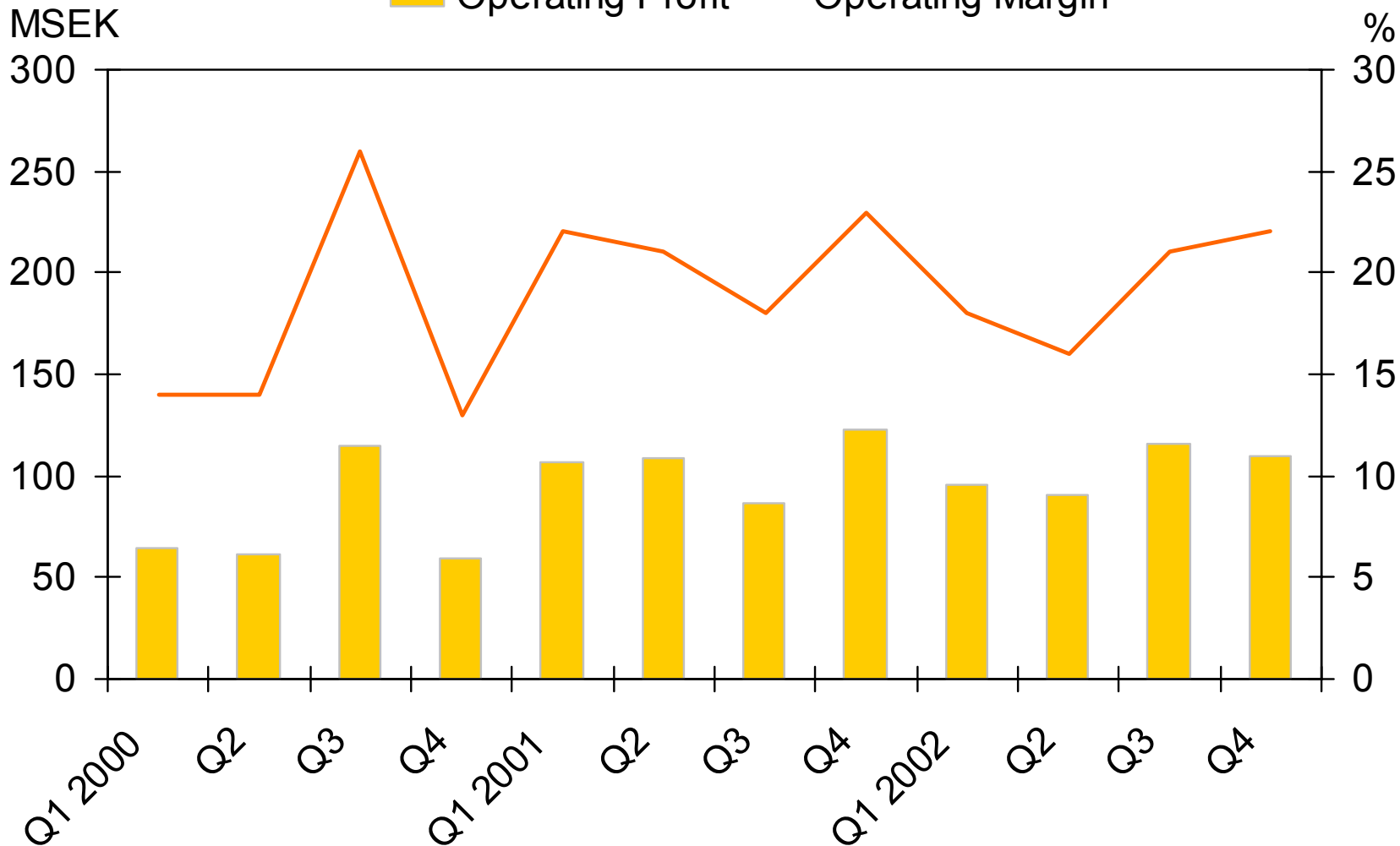
Operating Profit — Operating Margin



Source: Billerud

# Operating Margin – Containerboard

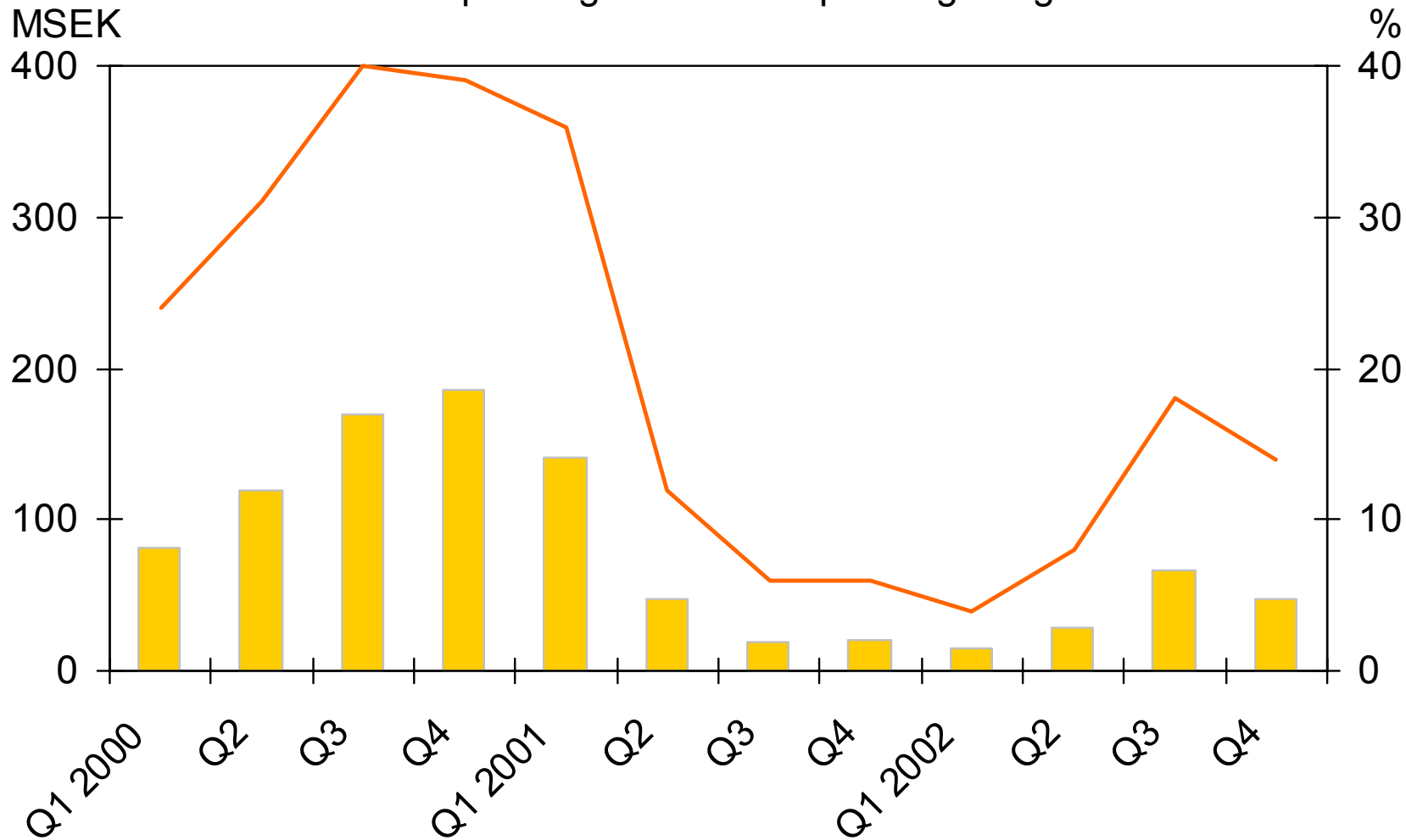
Operating Profit Operating Margin



Source: Billerud

# Operating Margin – Market Pulp

Operating Profit — Operating Margin



Source: Billerud

# Currency Rates

	Average rates per year				Hedged rates	Trend
	1999	2000	2001	2002	2002	
EUR/SEK	8.80	8.44	9.25	9.16	9.48	8.75
USD/SEK	8.26	9.17	10.33	9.72	10.61	8.00
GBP/SEK	13.37	13.86	14.87	14.58	15.15	-
EUR/USD	1.07	0.92	0.90	0.94	0.89	1.09
<b>Billerud weighted index</b>	100	101	112	109	115	99

# Delivered Volumes

	2002				2001
Ktonnes	Q4	Q3	Q2	Q1	Q4
Kraft paper	118	120	120	124	117
Containerboard	112	126	129	127	120
Market pulp	75	75	84	82	87
<b>Total</b>	<b>305</b>	321	333	333	324

# The Billerud share

- Total amount of shareholders is around 172 000
- Average daily turnover during 2002; 393 000 shares
- Repurchase programme
  - Billerud has bought back 4,8 million shares, corresponding to 7,7% of outstanding shares
- During 2002 MSEK 661 has been transferred to the shareholders
  - Dividend MSEK 220
  - Repurchases MSEK 441

# Billerud Share – Ownership

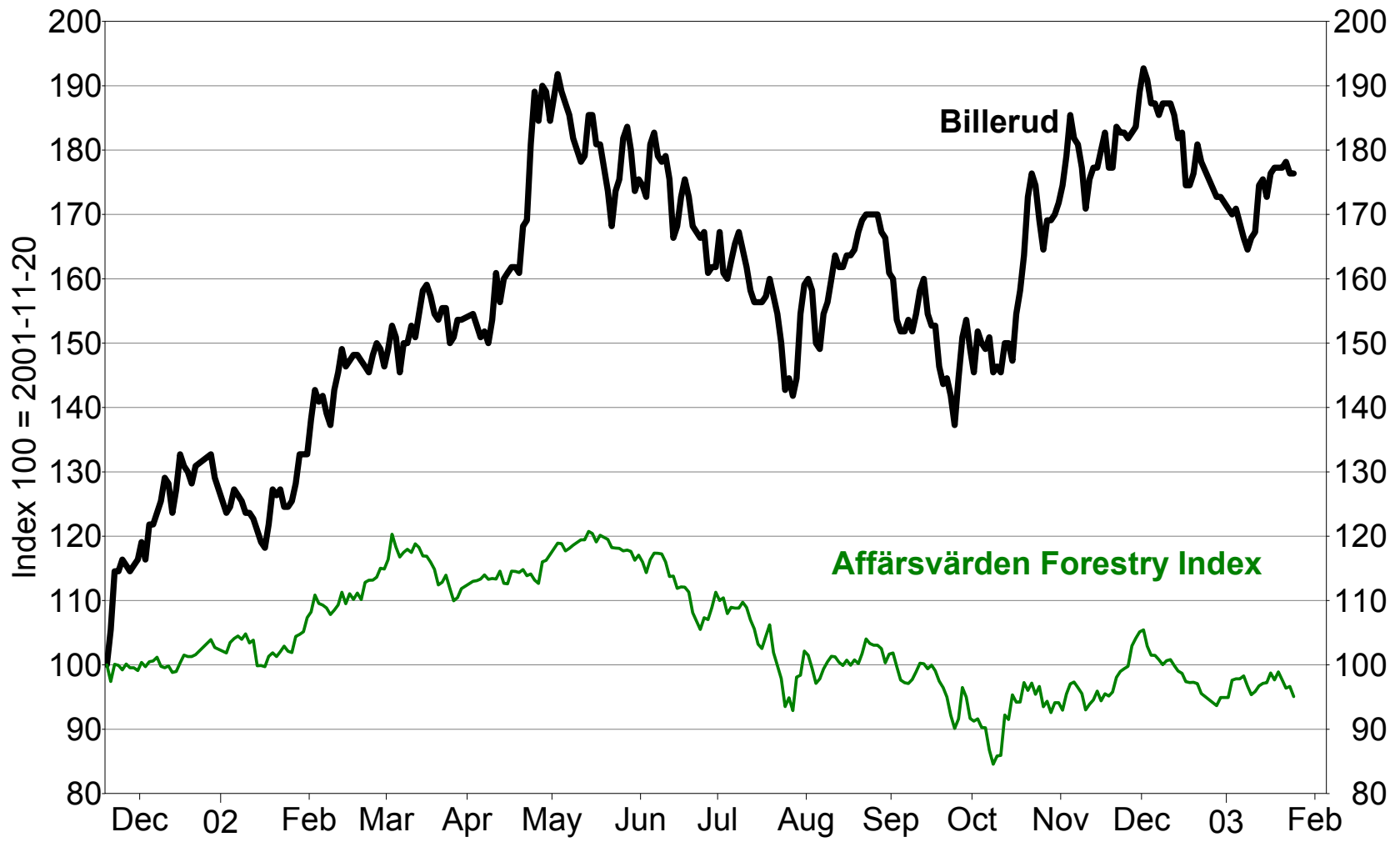
Ownership situation as per December 30, 2002\*

	% of shares and votes
AMF Pensionsförsäkring	5,2
AFA Försäkringar	3,7
SEB Fonder	3,6
GMO Fonder	3,5
Tredje AP-Fonden	3,5
JP Morgan Chase	3,3
State Street Bank & Trust Co	2,7
Skandia	2,4
Boston Safe Deposit And Trust	2,2
Citibank Fonder	2,1

\* Excluding shares repurchased by Billerud (4,831,000)

Source:VPC

# Billerud vs. Forestry index



Index 100 = 2001-11-20. Uppdated to 2003-01-24. Source: ECOWIN