

INTERIM REPORT | JANUARY-JUNE 2012

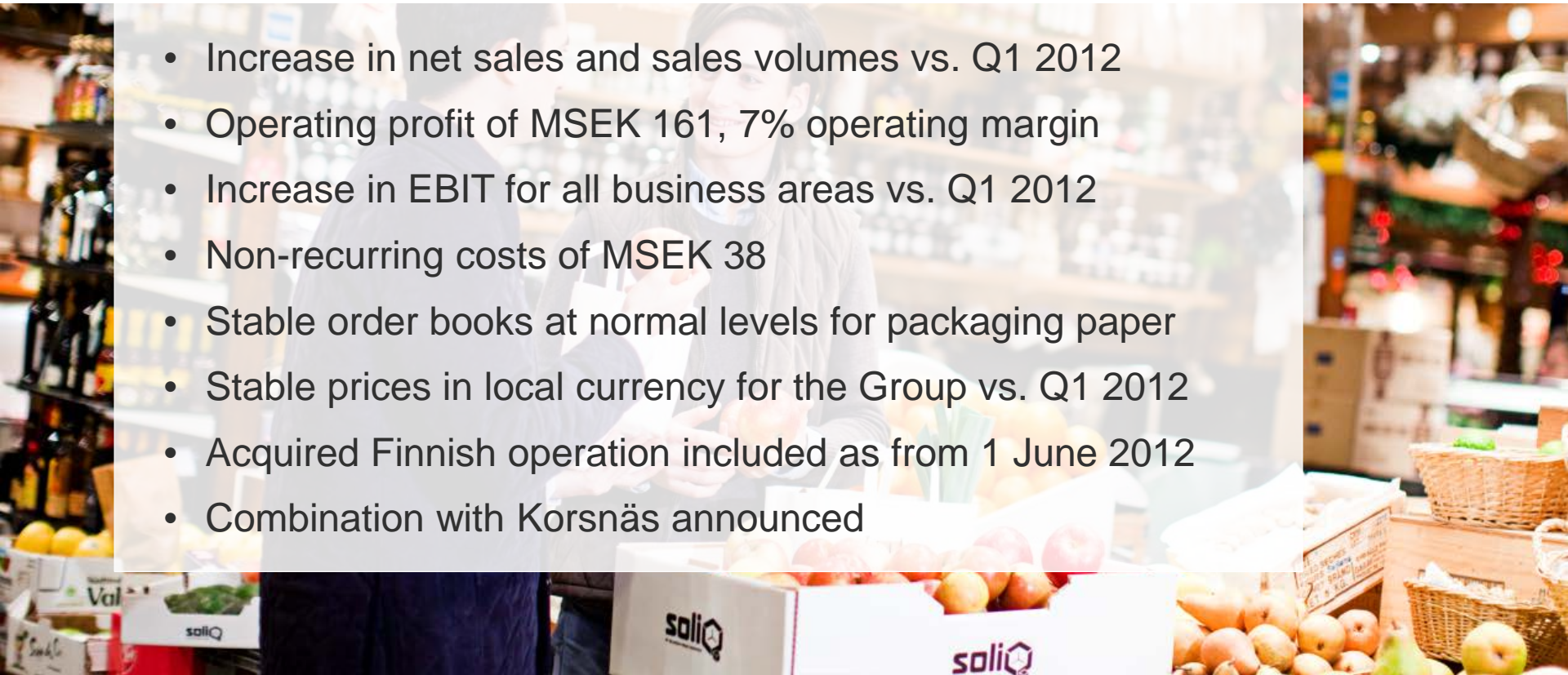


AGENDA

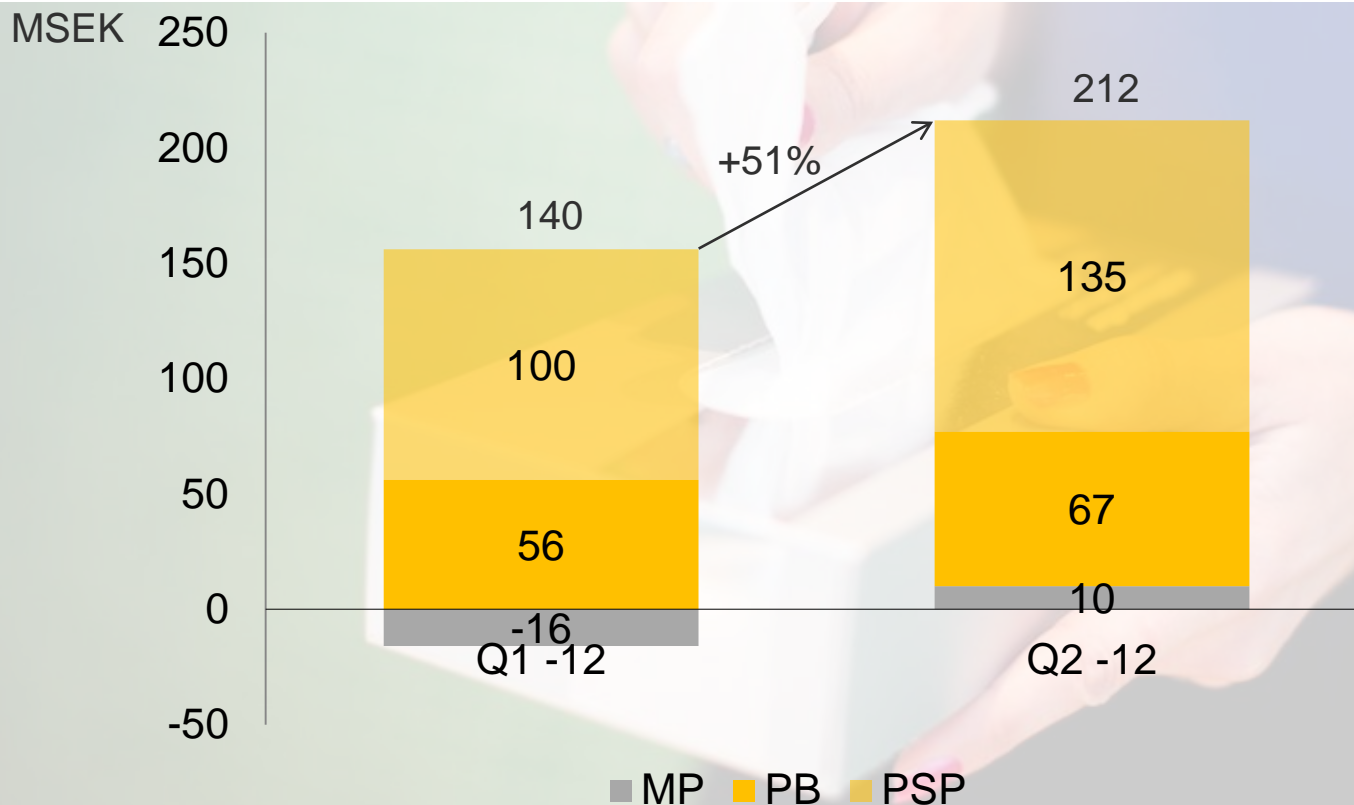
- Highlights
- Development by Business Area
- Financials
- Outlook

HIGHLIGHTS IN Q2 2012

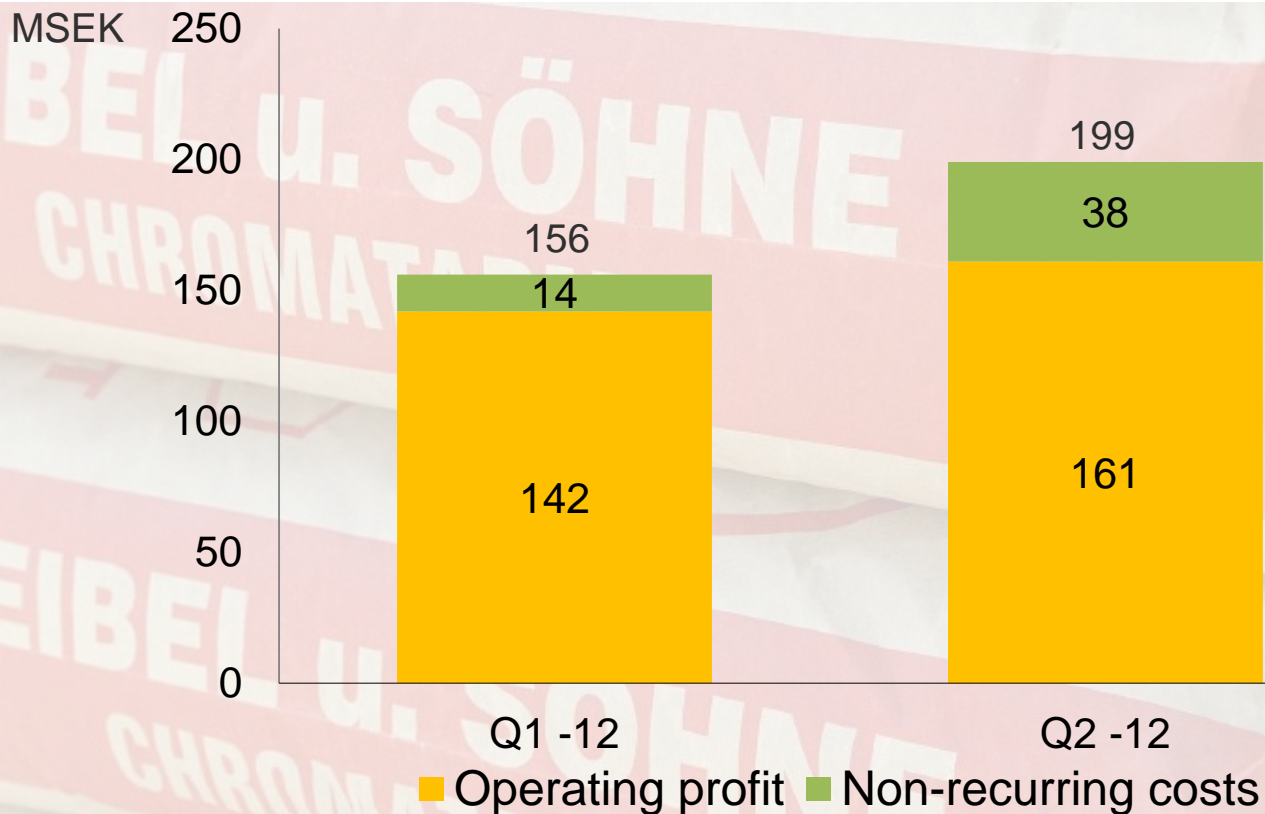
- Increase in net sales and sales volumes vs. Q1 2012
- Operating profit of MSEK 161, 7% operating margin
- Increase in EBIT for all business areas vs. Q1 2012
- Non-recurring costs of MSEK 38
- Stable order books at normal levels for packaging paper
- Stable prices in local currency for the Group vs. Q1 2012
- Acquired Finnish operation included as from 1 June 2012
- Combination with Korsnäs announced



INCREASED OPERATING PROFIT FOR ALL BUSINESS AREAS



ADJUSTED OPERATING PROFIT



THREE BUSINESS AREAS BECOMES TWO IN Q3

**Packaging &
Speciality Paper**



Packaging Boards

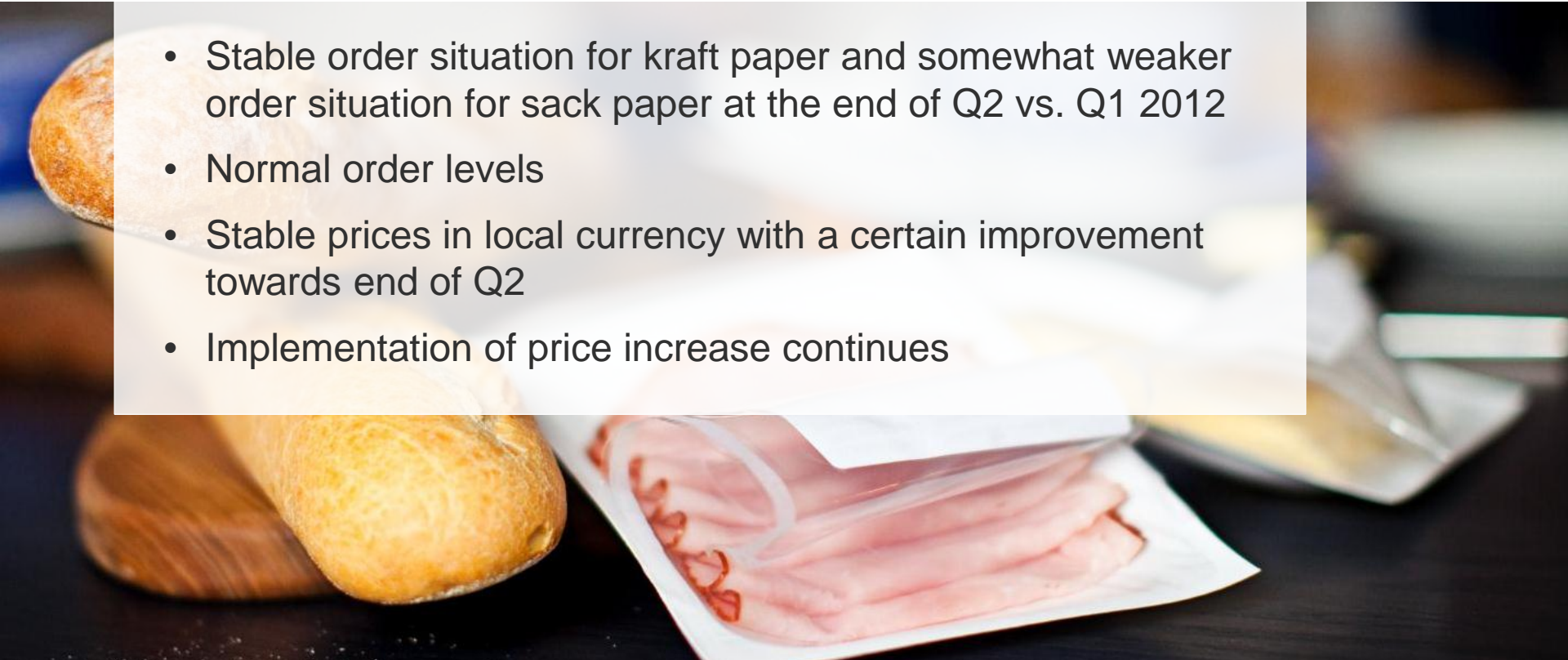


Market Pulp



PACKAGING & SPECIALITY PAPER

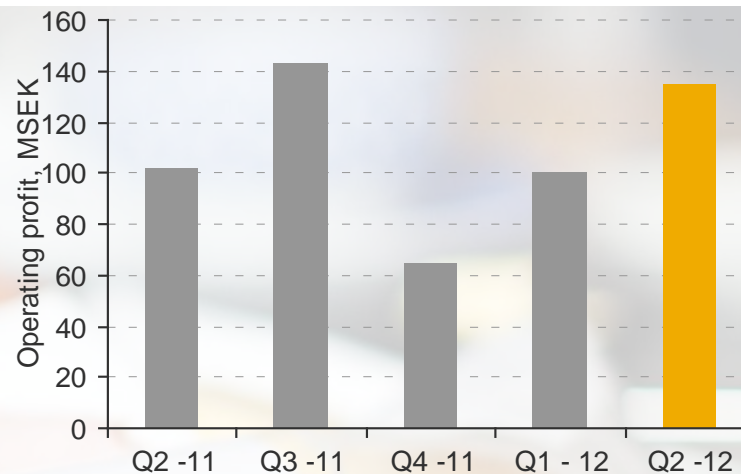
Market situation in Q2 2012

- 
- Stable order situation for kraft paper and somewhat weaker order situation for sack paper at the end of Q2 vs. Q1 2012
 - Normal order levels
 - Stable prices in local currency with a certain improvement towards end of Q2
 - Implementation of price increase continues

PACKAGING & SPECIALITY PAPER

Financials – Q2 2012 vs. Q1 2012

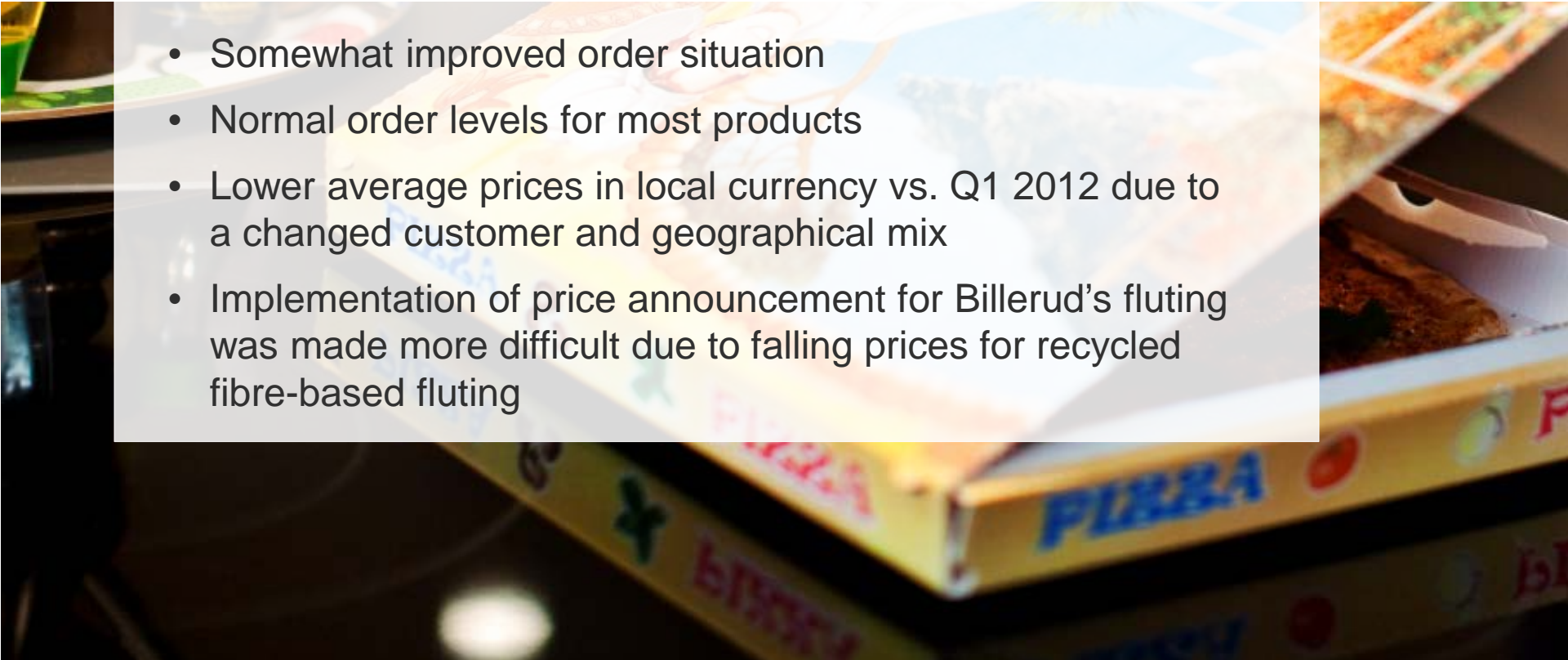
- Operating profit up by MSEK 35
- Higher sales volumes as a result of the acquisition and lower variable costs



	Q2 -12	Q1 -12	Q2 -11	FY 2011
Net sales, MSEK	1,277	1,091	1,079	4,293
Operating profit, MSEK	135	100	102	450
Operating margin, %	11	9	9	10

PACKAGING BOARDS

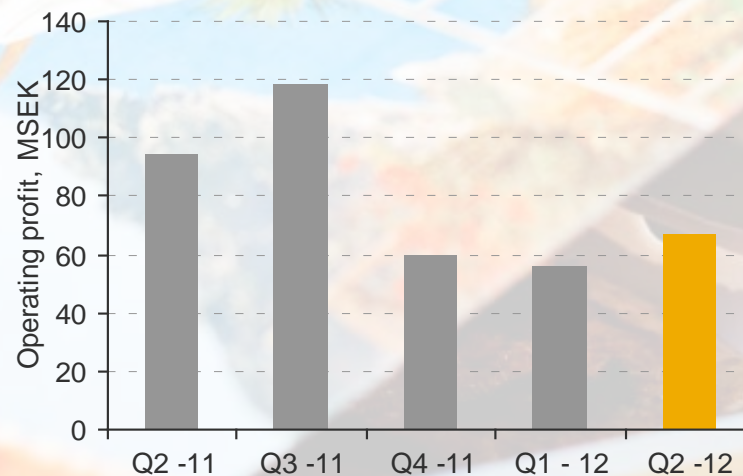
Market situation in Q2 2012

- 
- Somewhat improved order situation
 - Normal order levels for most products
 - Lower average prices in local currency vs. Q1 2012 due to a changed customer and geographical mix
 - Implementation of price announcement for Billerud's fluting was made more difficult due to falling prices for recycled fibre-based fluting

PACKAGING BOARDS

Financials – Q2 2012 vs. Q1 2011

- Operating profit up by MSEK 11
- Higher sales volumes and lower variable costs compensated for lower average prices and higher fixed costs



	Q2 -12	Q1 -12	Q2 -11	FY 2011
Net sales, MSEK	674	663	704	2,772
Operating profit, MSEK	67	56	94	370
Operating margin, %	10	8	13	13

MARKET PULP

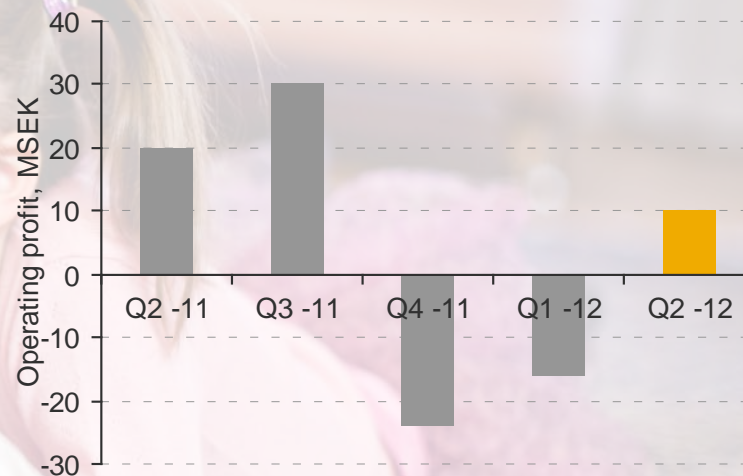
Market situation in Q2 2012

- Unchanged balance between supply and demand
- Producers' pulp stocks relatively stable
- Price decreased to ~830 USD/tonne at end of Q2 2012 from ~850 USD/tonne at end of Q1 2012

MARKET PULP

Financials – Q2 2012 vs. Q1 2012

- Operating profit up by MSEK 26
- Improved average prices in local currency, an improved currency situation and lower variable costs



	Q2 -12	Q1 -12	Q2 -11	FY 2011
Net sales, MSEK	391	436	435	1,752
Operating profit, MSEK	10	-16	20	64
Operating margin, %	3	-4	5	4

BILLERUDKORSNÄS

- A WORLD CLASS PACKAGING MATERIALS COMPANY

*Combining two leading
Swedish packaging
materials companies...*

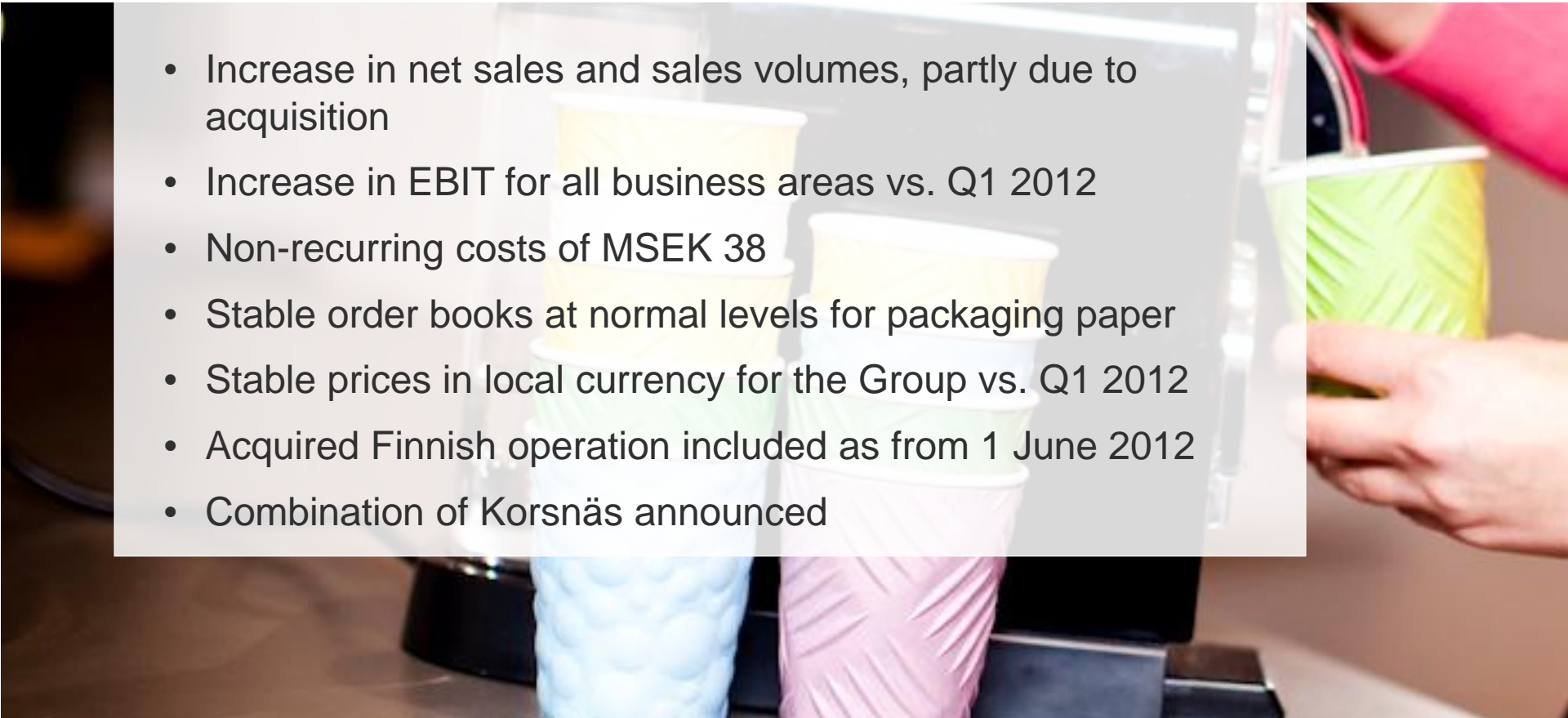
*...into a new entity
under very strong
brand names...*

...with the aim to create:

- Strengthened offering of primary fibre-based packaging materials
- Complete and well balanced product portfolio
- Leading positions within cartonboard, containerboard and packaging paper
- Knowledge base to enhance innovation and smarter solutions
- Strong positions in Food & Beverage, Consumer Goods and Industrial
- Annual synergies of MSEK ~300 identified
- Attractive shareholder returns



Q2 2012 IN SUM

- 
- Increase in net sales and sales volumes, partly due to acquisition
 - Increase in EBIT for all business areas vs. Q1 2012
 - Non-recurring costs of MSEK 38
 - Stable order books at normal levels for packaging paper
 - Stable prices in local currency for the Group vs. Q1 2012
 - Acquired Finnish operation included as from 1 June 2012
 - Combination of Korsnäs announced

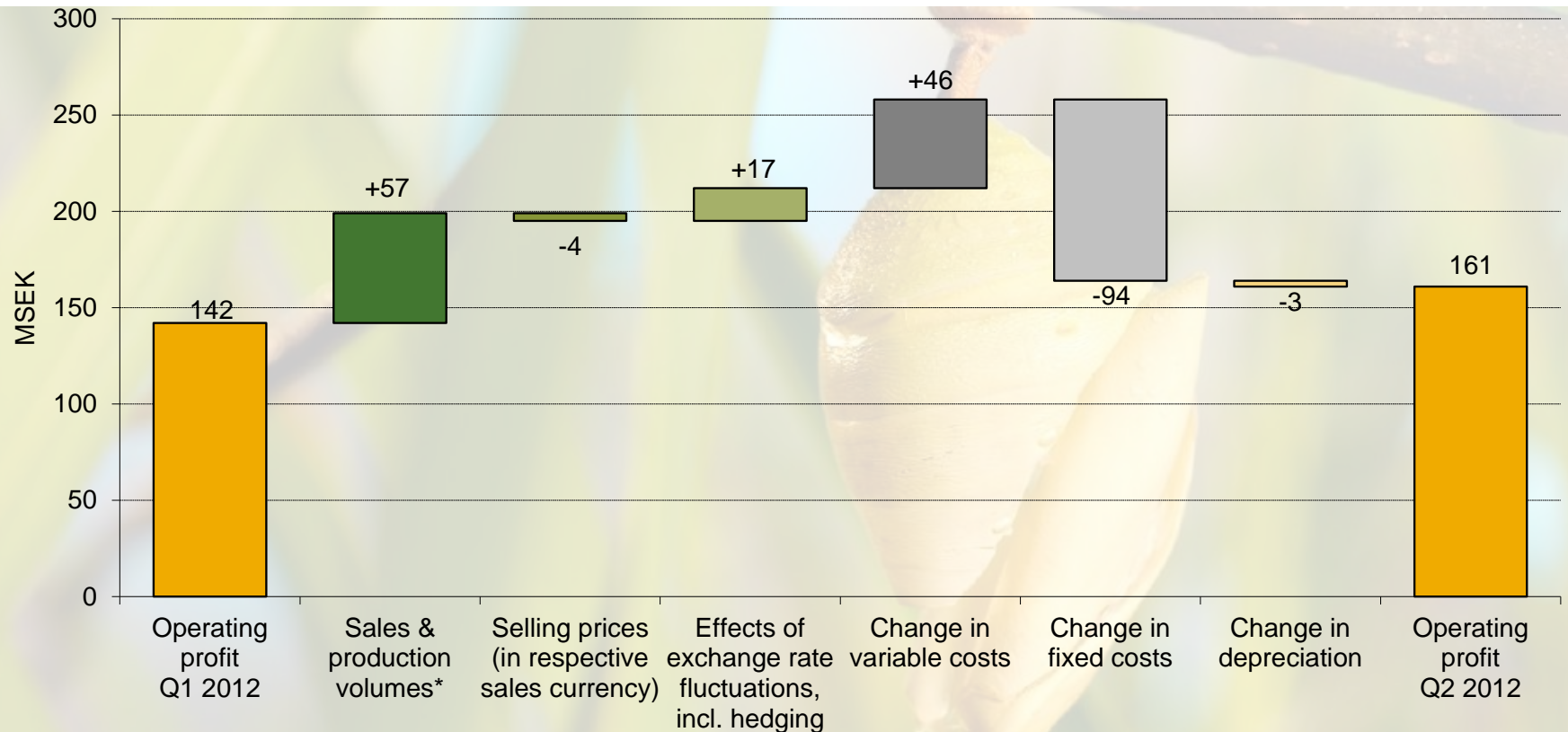
FINANCIAL INFORMATION



QUARTERLY KEY FIGURES

	Q2 -12	Q1 -12	Q2 -11
Net sales, MSEK	2,440	2,291	2,383
Operating profit, MSEK	161	142	275
Operating margin	7%	6%	12%
Profit/share, SEK	1.14	0.94	1.88
Net debt/equity ratio	0.23	-0.04	0.06
Sales volume (ktonnes)	374	360	335

OPERATING PROFIT BRIDGE Q2 2012 vs. Q1 2012

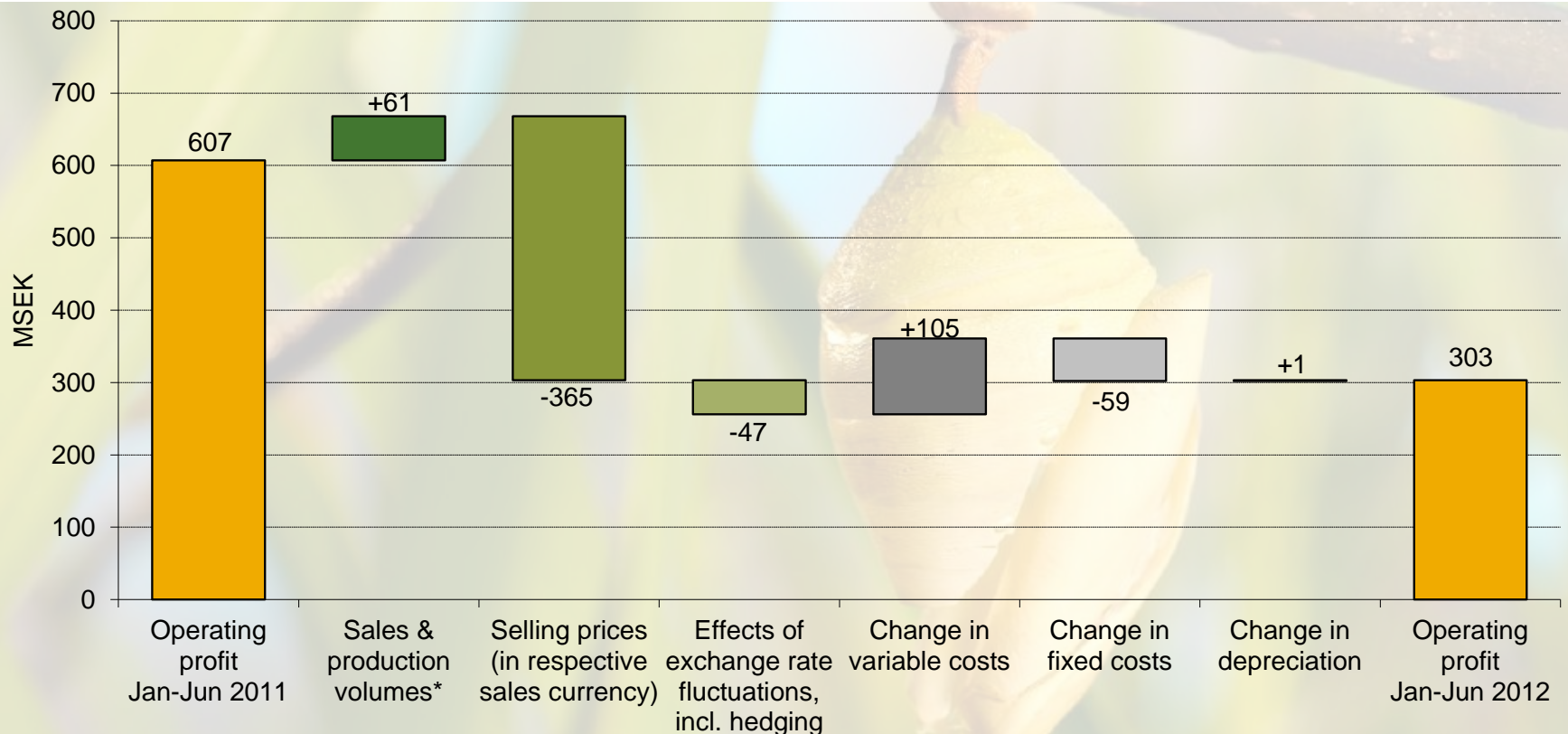


* Includes product mix.

JANUARY-JUNE KEY FIGURES

	Jan-Jun 2012	Jan-Jun 2011	vs. 2011
Net sales, MSEK	4,731	4,930	-4%
Operating profit, MSEK	303	607	-50%
Operating margin	6%	12%	-6 p.p.
Profit/share, SEK	2.08	4.16	-50%
Net debt/equity ratio	0.23	0.06	-0.17
Sales volume (ktonnes)	734	704	+4%

OPERATING PROFIT BRIDGE JAN-JUN 2012 vs. JAN-JUN 2012



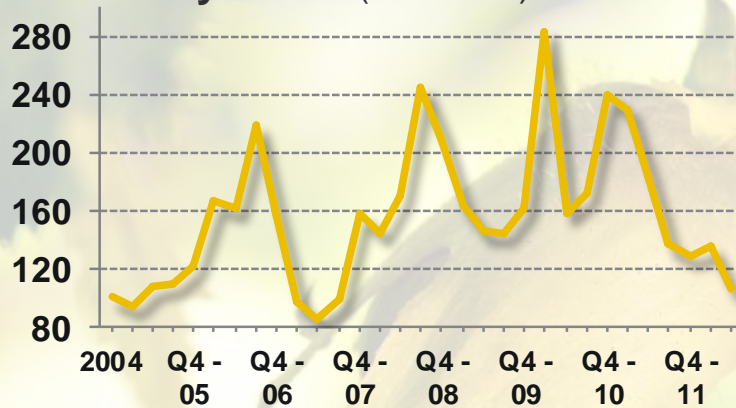
* Includes product mix.

CASH FLOW GENERATION FROM OPERATION

MSEK	Q2 -12	Q1 -12	Q2 -11	Jan-Jun 2012	Jan-Jun 2011
Operating surplus, etc	316	298	421	614	902
Change in working capital, etc.	-54	22	57	-32	-244
Net financial items, taxes, etc.	-50	-202	-10	-252	-191
Cash flow from operating activities	212	118	468	330	467
Current net investments	-1,145	-155	-129	-1,300	-211
Operating cash flow	-933	-37	339	-970	256

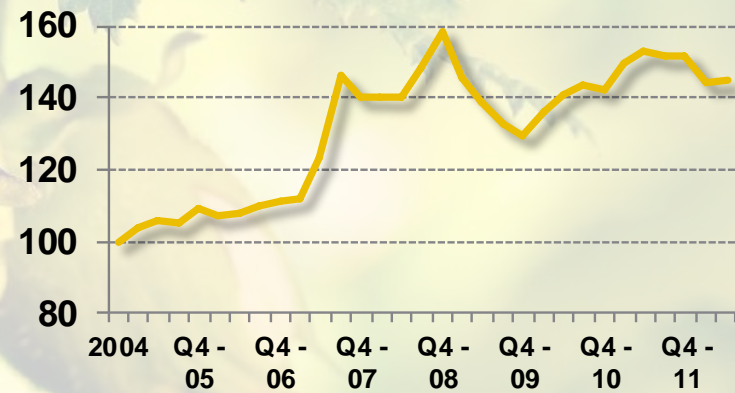
MARKET PRICES AFFECTING RESULT

Electricity index (Sweden*)



Source: Nordpool. *Price area Sweden

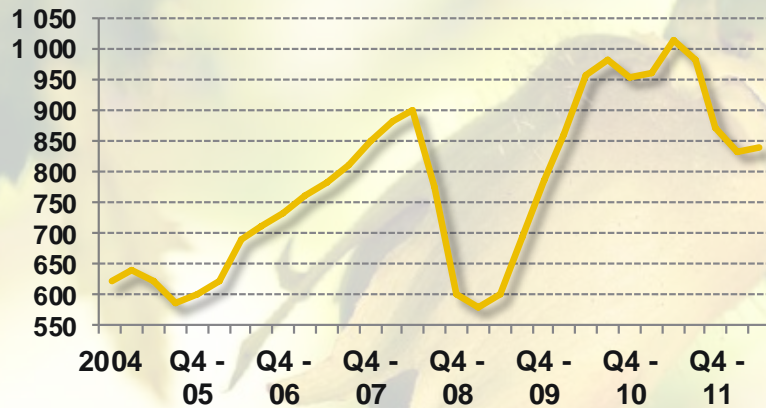
Wood price index



Source: Billerud

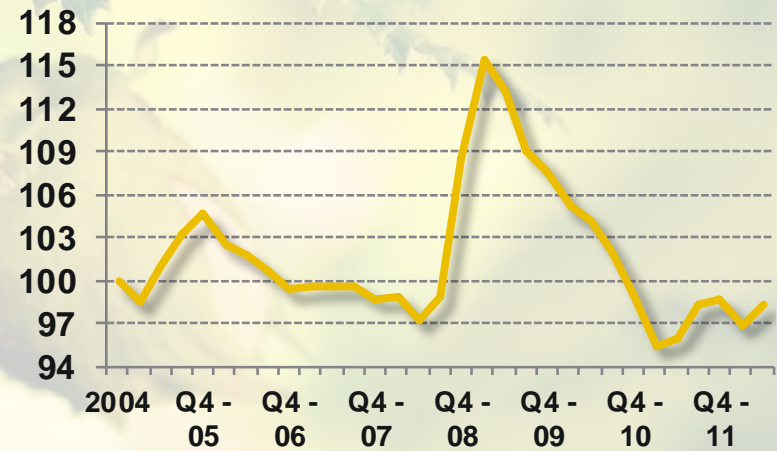
MARKET PRICES AFFECTING RESULT

Market pulp (USD/t)



Note: Average price for the quarter

TCW index*



Source: Riksbanken *Total Competitiveness Weights Index

CURRENCY SITUATION

- Profit effect of net flow hedging MSEK -5 (52) for Q2 2012 and MSEK 38 (151) for Jan-Jun 2012
- Market value of outstanding contracts not relating to trade receivable was MSEK 24*

Hedge level 12 months forward:		Average hedged currency rates (<i>share of net flow</i>)				
		Q3 -12	Q4 -12	Q1 -13	Q2 -13	Total 12 months
EUR	44%	9.11	9.06	9.02	9.04	9.07
		(79%)	(53%)	(32%)	(12%)	(44%)
USD	47%	6.85	6.90	6.95	7.07	6.90
		(79%)	(58%)	(37%)	(12%)	(47%)
GBP	51%	10.82	10.92	10.87	11.10	10.88
		(89%)	(62%)	(35%)	(16%)	(51%)

Note: Data in table and graph are as of 30 June 2012. *As of 30 June 2012.

OUTLOOK



OUTLOOK

- At the beginning of the third quarter 2012, the order situation in the packaging paper segments was on average normal and is anticipated to remain stable over the next quarter
- It is expected that price rises in sack and kraft paper, announced in the second quarter 2012, will show through in the second half of 2012
- Non-recurring transaction costs pertaining to the combination with Korsnäs are thought likely to total approximately SEK 50 million, the major part of which is expected to be charged to the quarter in which the combination will take place. Added to these costs, financing and integration costs of a non-recurring kind will be incurred after the transaction is completed
- Wood prices are anticipated to be lower in 2012 than in 2011

Q&A



EMBRACING THE {GOODS}

We believe in embracing what is important to our customers, our company, our employees and the environment. By always giving back more than we take, we are building a company for future generations.