

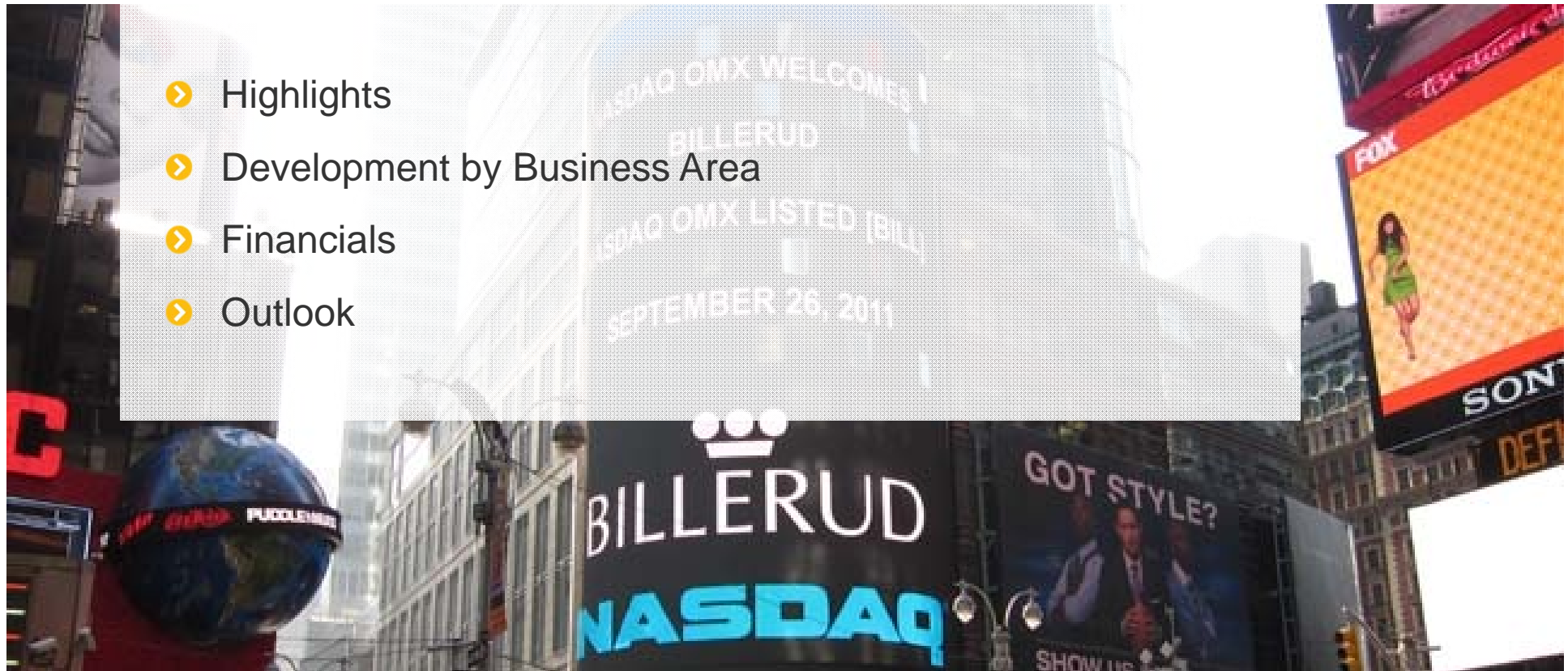
## INTERIM REPORT | JANUARY-SEPTEMBER 2012



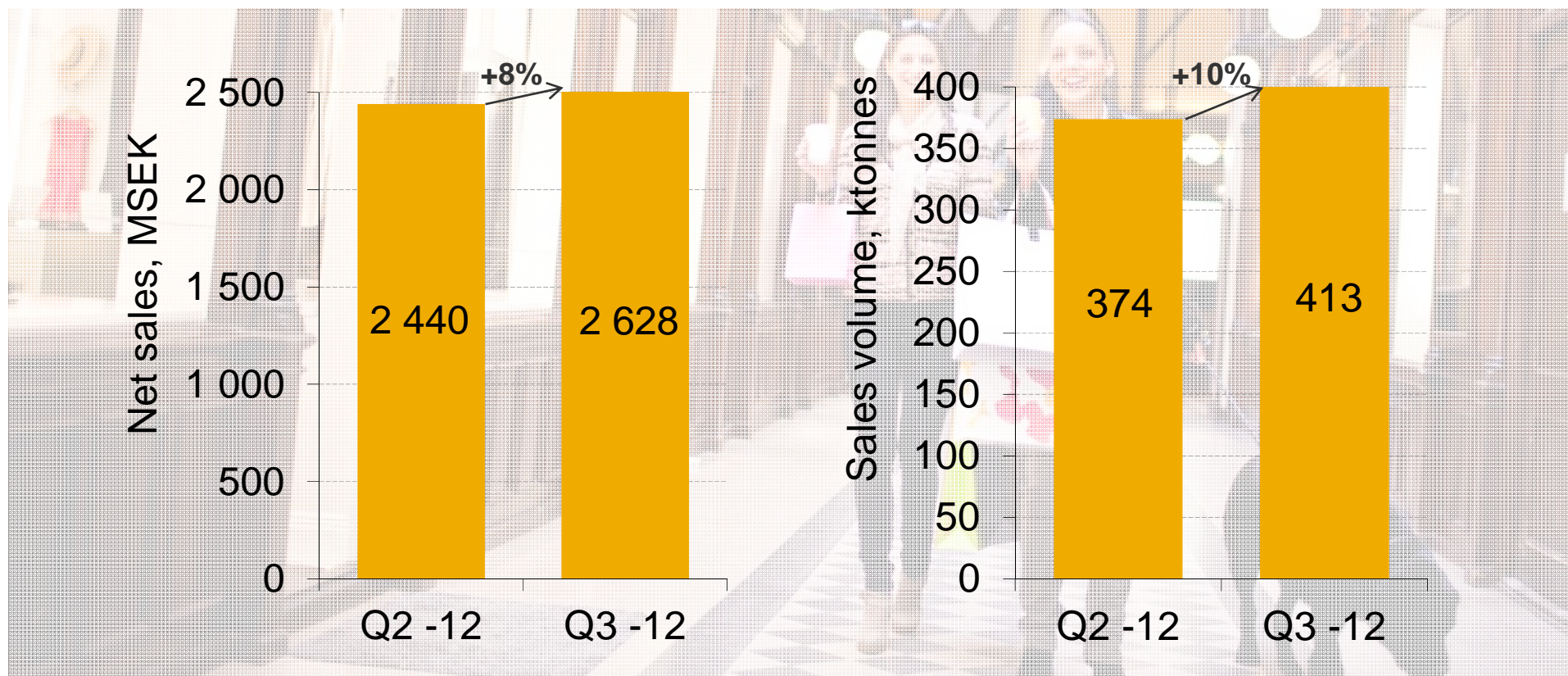
Per Lindberg, CEO and President, and Susanne Lithander, CFO | 25 October, 2012

## AGENDA

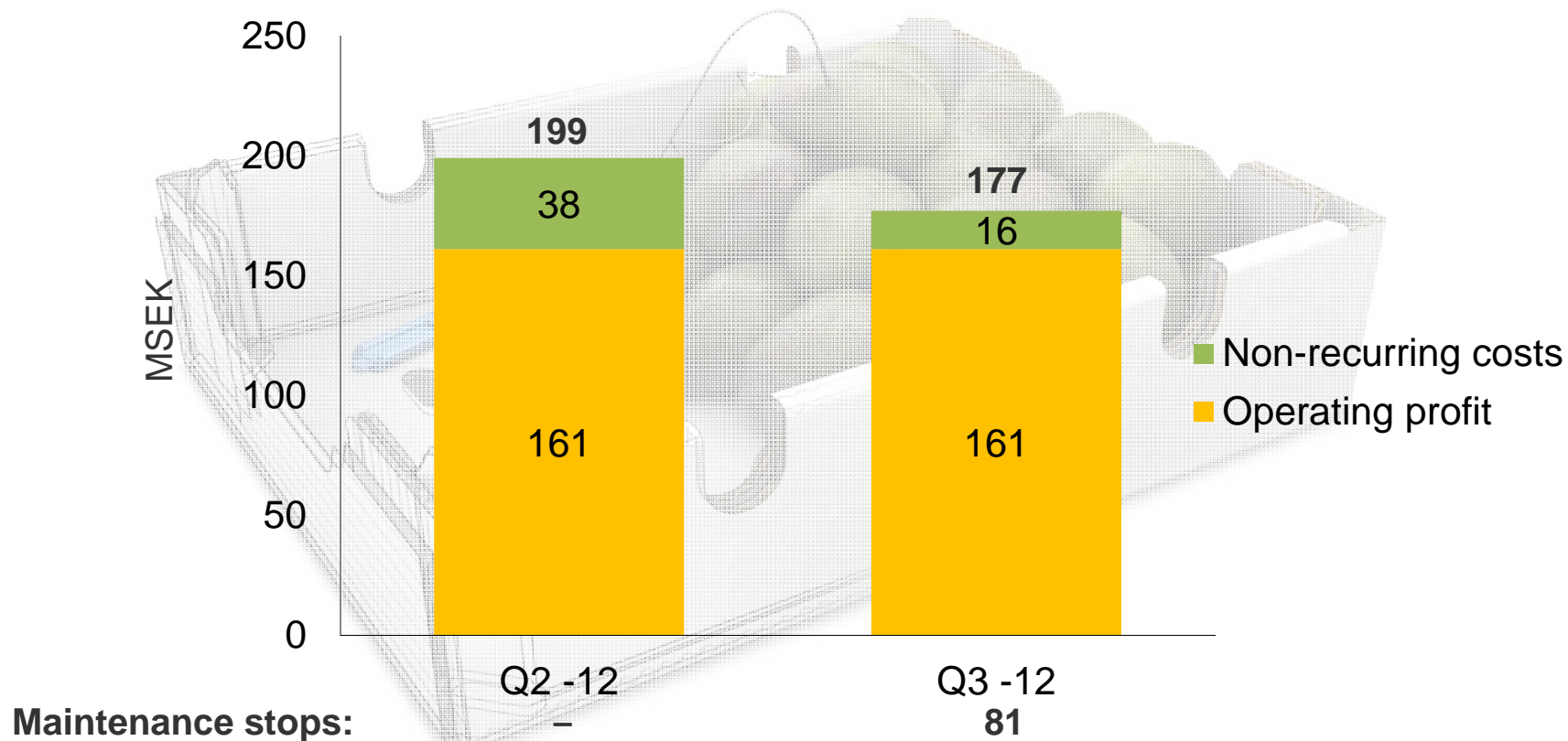
- › Highlights
- › Development by Business Area
- › Financials
- › Outlook



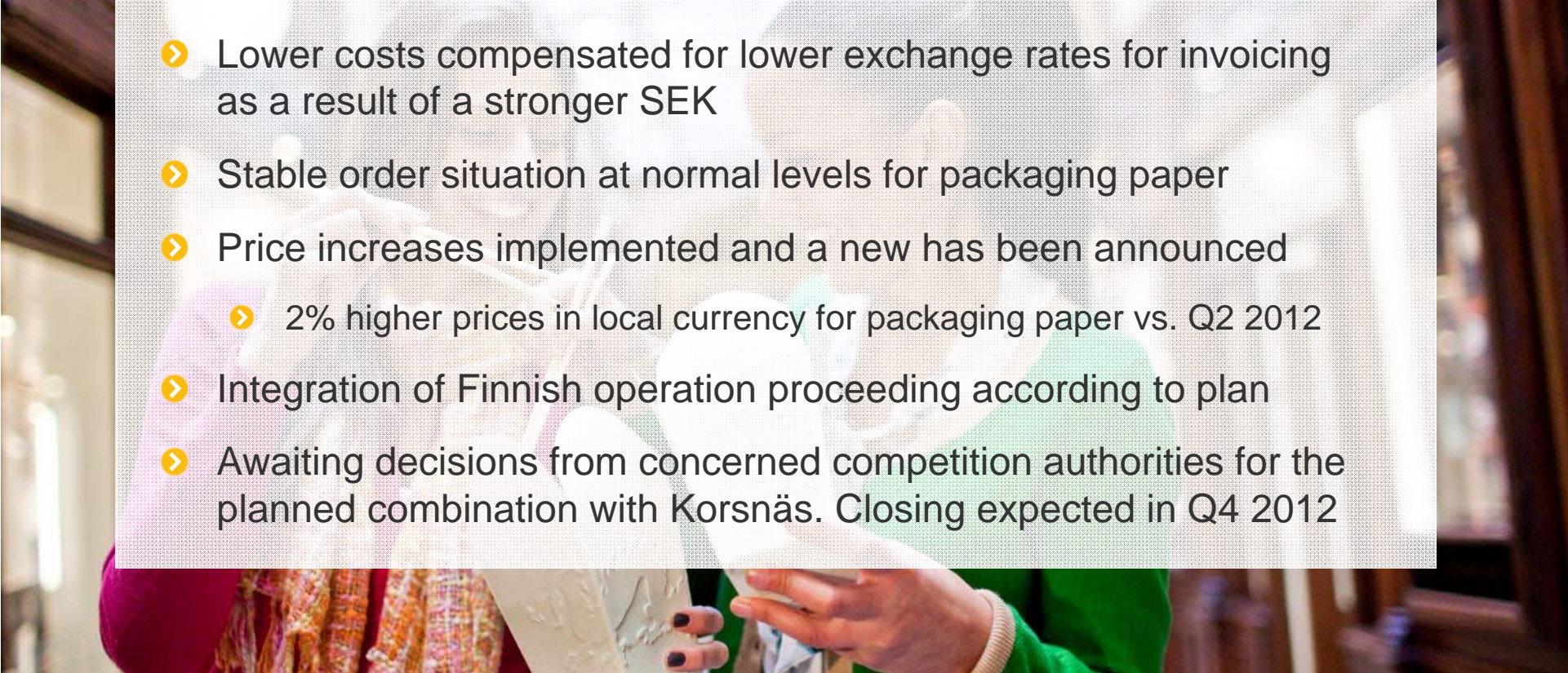
## INCREASED SALES DUE TO HIGHER VOLUMES



## ADJUSTED OPERATING PROFIT



## Q3 2012 IN SUM

- 
- › Lower costs compensated for lower exchange rates for invoicing as a result of a stronger SEK
  - › Stable order situation at normal levels for packaging paper
  - › Price increases implemented and a new has been announced
    - › 2% higher prices in local currency for packaging paper vs. Q2 2012
  - › Integration of Finnish operation proceeding according to plan
  - › Awaiting decisions from concerned competition authorities for the planned combination with Korsnäs. Closing expected in Q4 2012

## THREE BUSINESS AREAS BECOMES TWO IN Q3

**Packaging &  
Speciality Paper**



**Packaging Boards**



**Market Pulp**



## PACKAGING & SPECIALITY PAPER

Market situation in Q3 2012

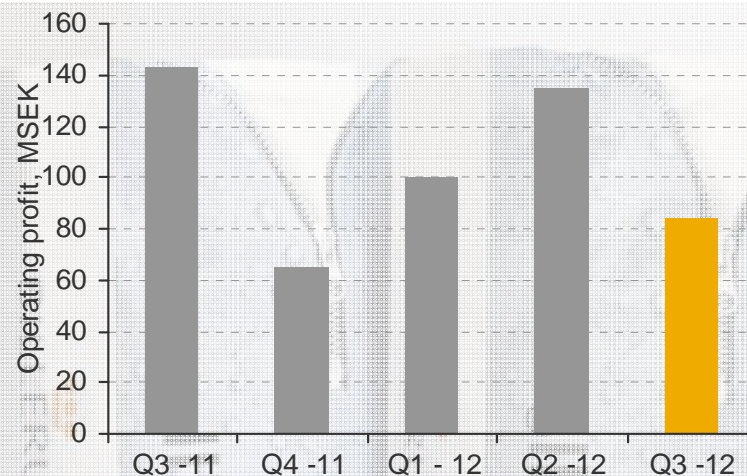
- › Stable order situation for kraft and sack paper
- › Normal order levels
- › Increased prices in local currency vs. Q2 2012



# PACKAGING & SPECIALITY PAPER

## Financials – Q3 2012 vs. Q2 2012

- Operating profit down by MSEK 51
- Maintenance shutdowns
- New operations added – Finland and market pulp
- Increased packaging paper prices in local currency almost offset a less favourable currency situation



	Q3 -12	Q2 -12	Q3 -11	FY 2011
<b>Net sales, MSEK</b>	1 925	1 277	1 056	4 293
<b>Operating profit, MSEK</b>	84	135	143	450
<b>Operating margin, %</b>	4	11	14	10

Note: Financial information presented without restatement of earlier periods.



## PACKAGING BOARDS

### Market situation in Q3 2012

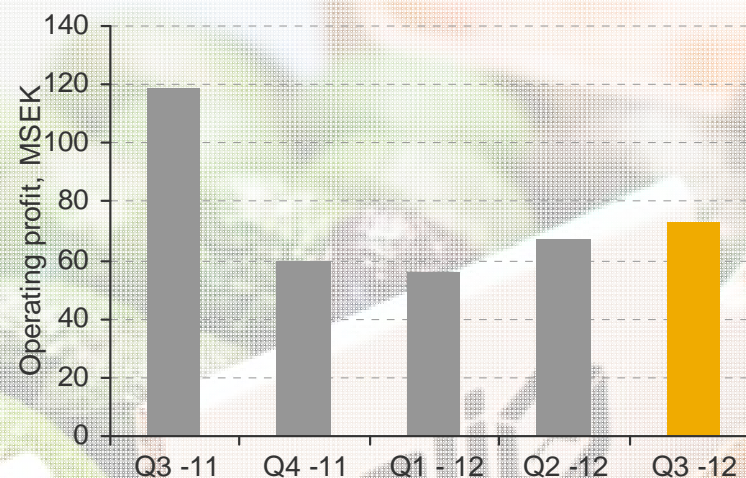
- Stable order situation for containerboard
- Slightly better order levels than normal for the season
- Increased prices in local currency vs. Q2 2012
- Implementation of price increase continues



# PACKAGING BOARDS

## Financials – Q3 2012 vs. Q2 2011

- Operating profit up by MSEK 6
- Lower costs and higher prices in local currency compensated for a less favourable currency situation



	Q3 -12	Q2 -12	Q3 -11	FY 2011
Net sales, MSEK	634	674	696	2 772
Operating profit, MSEK	73	67	119	370
Operating margin, %	12	10	17	13

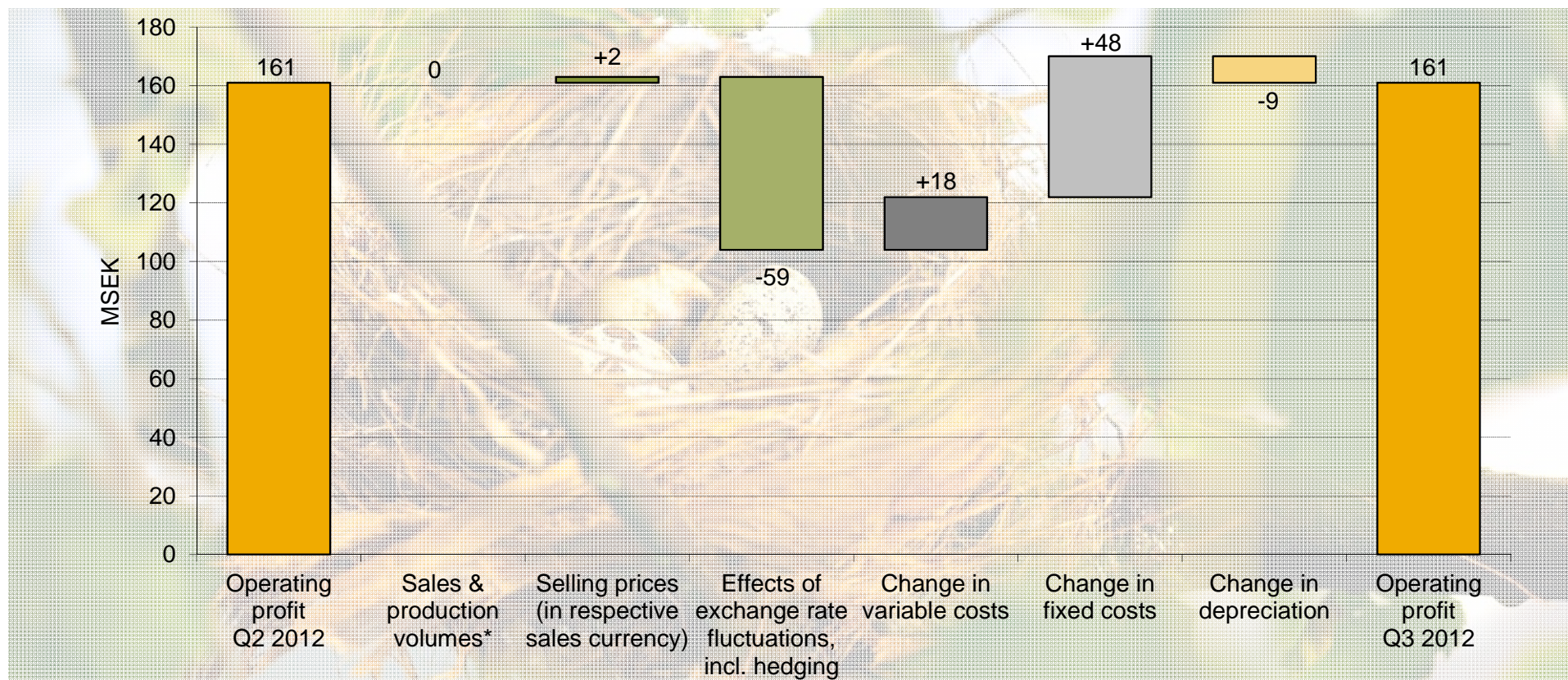
## **FINANCIAL INFORMATION**



## QUARTERLY KEY FIGURES

	Q3 -12	Q2 -12	Q3 -11
Net sales, MSEK	2 628	2 440	2 327
Operating profit, MSEK	161	161	296
Operating margin	6%	7%	13%
Profit/share, SEK	0.99	1.14	2.03
Net debt/equity ratio	0.19	0.23	-0.03
Sales volume (ktonnes)	413	374	335

## OPERATING PROFIT BRIDGE Q3 2012 vs. Q2 2012

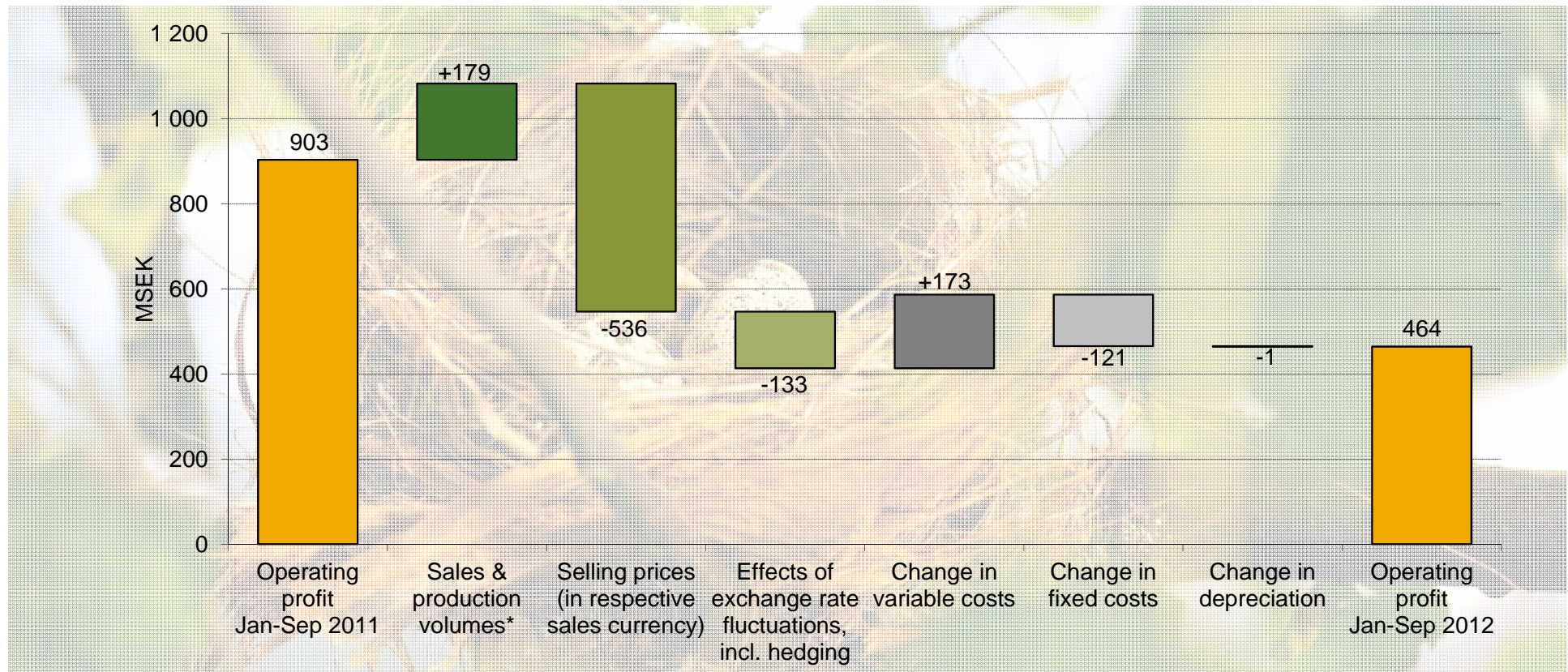


\* Includes product mix.

## JANUARY-SEPTEMBER KEY FIGURES

	Jan-Sep 2012	Jan-Sep 2011	vs. 2011
Net sales, MSEK	7 359	7 257	+1%
Operating profit, MSEK	464	903	-49%
Operating margin	6%	12%	-6 p.p.
Profit/share, SEK	3.07	6.19	-50%
Net debt/equity ratio	0.19	-0.03	-0.22
Sales volume (ktonnes)	1 147	1 039	+10%

# OPERATING PROFIT BRIDGE JAN-SEP 2012 vs. JAN-SEP 2011



\* Includes product mix.

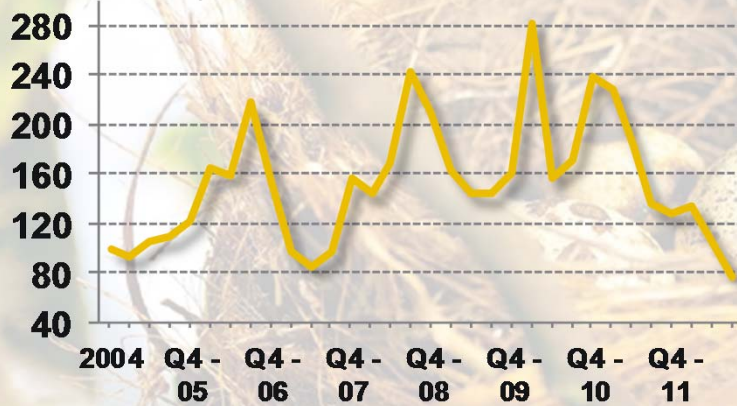
## CASH FLOW GENERATION FROM OPERATION

MSEK	Q3 -12	Q2 -12	Q3 -11	Jan-Sep 2012	Jan-Sep 2011
Operating surplus, etc	359	316	464	973	1 366
Change in working capital, etc.	193	-54	83	161	-161
Net financial items, taxes, etc.	-62	-50	-16	-314	-207
<b>Cash flow from operating activities</b>	<b>490</b>	<b>212</b>	<b>531</b>	<b>820</b>	<b>998</b>
Current net investments	-277	-1 145	-121	-1 577	-332
<b>Operating cash flow</b>	<b>213</b>	<b>-933</b>	<b>410</b>	<b>-757</b>	<b>666</b>



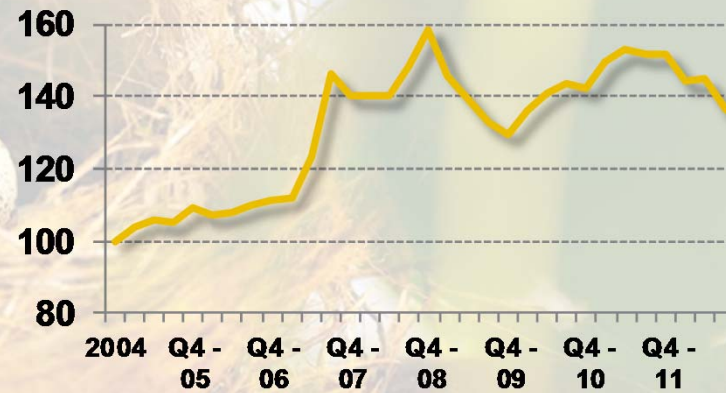
## MARKET PRICES AFFECTING RESULT

**Electricity index (Sweden\*)**



Source: Nordpool. \*Price area Sweden

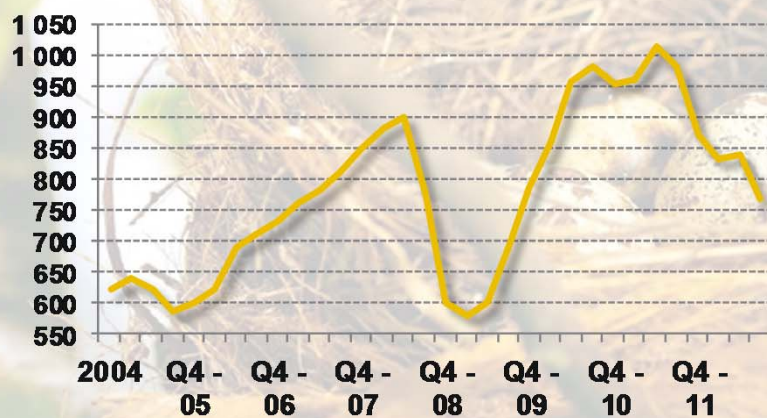
**Wood price index**



Source: Billerud

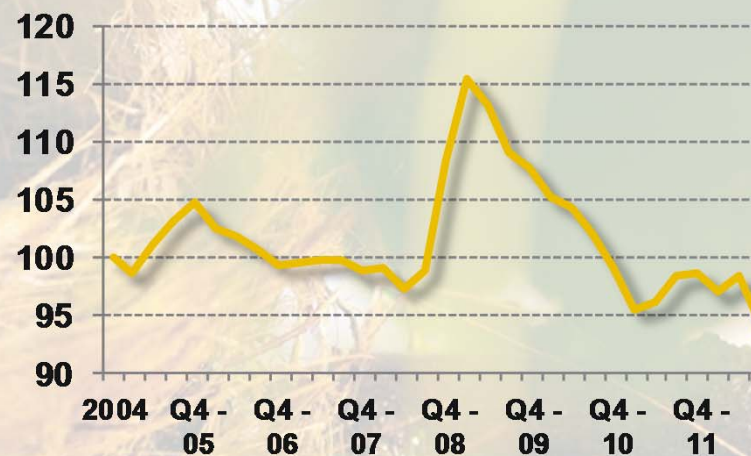
## MARKET PRICES AFFECTING RESULT

Market pulp (USD/t)



Note: Average price for the quarter

TCW index\*

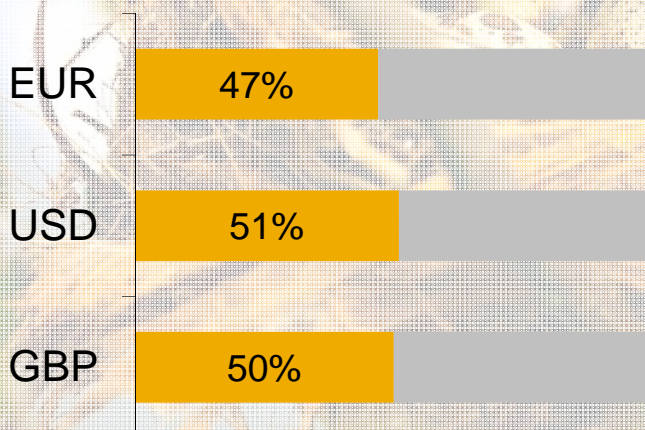


Source: Riksbanken \*Total Competitiveness Weights Index

## CURRENCY SITUATION

- Profit effect of net flow hedging MSEK 85 (-5) for Q3 2012 and MSEK 124 (146) for Jan-Sep 2012
- Market value of outstanding contracts not relating to trade receivable was MSEK 55\*

Hedge level 12 months forward:



### Average hedged currency rates (*share of net flow*)

	Q4 -12	Q1 -13	Q2 -13	Q3 -13	Total 12 months
EUR	8.89 (95%)	8.75 (61%)	8.68 (36%)	8.57 (11%)	8.78 (47%)
USD	6.89 (91%)	6.93 (64%)	6.99 (34%)	6.80 (15%)	6.91 (51%)
GBP	10.91 (91%)	10.85 (59%)	10.99 (35%)	10.73 (14%)	10.90 (50%)

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

# OUTLOOK



## OUTLOOK

- › The order situation in the packaging paper segments at the beginning of the fourth quarter of 2012 was on average normal for the season and is expected to remain so in the majority of the product segments for the rest of 2012
- › The impact of price increases for primary fibre-based containerboard, announced in the third quarter of 2012, is expected to show through during the fourth quarter of 2012
- › Additional non-recurring transaction costs are estimated to add up to approximately SEK 45 million, the major share of which is expected to be charged in the quarter in which the combination with Korsnäs is carried out. In addition to these costs, non-recurring financing and integration costs related to the combination with Korsnäs will also incur after completion of the transaction
- › Wood cost in 2012 is anticipated to be approximately 6% lower than in 2011

## Q&A

# EMBRACING THE {GOODS}

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

