



## PRESS RELEASE

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July 23, 2009

### **Billerud announces guaranteed rights issue of MSEK 1,000**

- Rights issue of MSEK 1,000 with preferential rights for Billerud's shareholders
- The rights issue is fully guaranteed by Billerud's largest shareholders and a consortium of banks
- The rights issue strengthens Billerud's financial position and ensures that the Group has sufficient financial and strategic flexibility going forward
- The terms of the rights issue, including subscription price, will be announced on August 25, 2009
- Subject to the approval of the rights issue by the Extraordinary General Meeting on August 27, 2009, the subscription period will be from September 4 up to and including September 23, 2009

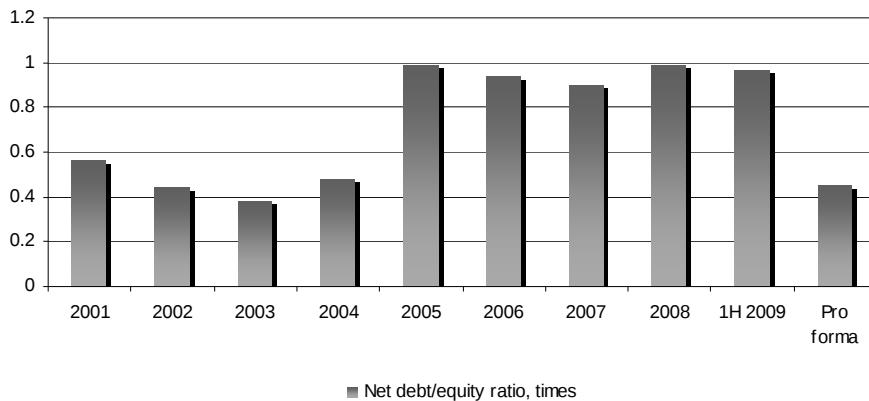
*"The rights issue will provide Billerud with an increased level of flexibility in the current difficult economic climate. The strengthening of the capital base will enable Billerud to take advantage of business opportunities and further enhance the Group's market position", says Ingvar Petersson, chairman of the Board of Directors in Billerud.*

### **Background and Reasons**

#### ***Lowered gearing***

During 2005 and 2006, Billerud AB ("Billerud" or the "Company") invested, in excess of normal investments, approximately SEK 1 billion in expanded production of own energy. These highly profitable investments were financed with bank debt, and resulted in an increase in Billerud's debt level from approximately 0.5 times shareholders' equity to approximately 1.0 times shareholders' equity, i.e. a higher level than Billerud's net debt/equity target of 0.6-0.9. In light of the current weak economic climate and the prevailing uncertainty that is evident in credit markets, Billerud believes it is prudent to return to previously lower levels of gearing by increasing shareholders' equity while reducing debt financing.

**Development of Billerud's net debt/equity ratio, including pro forma figures for the planned rights issue**



***Better conditions for further development of Billerud***

For the past few years, Billerud has been working to strengthen its market positions in prioritised segments within packaging paper, by furthering its knowledge and by working closer to the end customers with quality and product development. By focusing on an improved customer- and product mix, along with the efficiency improvements that have taken place over the years, a solid foundation has been laid to facilitate future profitable growth within Billerud's niche market segments. In addition, the trend of customers increasingly demanding environmentally friendly packaging made from renewable material is expected to increase the long-term demand for Billerud's products.

Despite significant improvements since the fourth quarter of 2008, when demand diminished considerably, Billerud's profits are under short-term pressure due to the current weak economic climate and financial crisis. The operating margin for the first six-month period of 2009 amounted to 0 percent, compared to a margin of 8 percent during the same period last year.

In a changing and highly competitive industry, lower financial gearing is expected to be positive for Billerud's business by increasing the Company's ability to handle uncertainty and enabling the Company to take advantage of business opportunities. It will also make Billerud a stronger and more attractive counterparty for customers and suppliers, as well as in the capital market.

In light of this, the Company's Board of Directors has resolved, subject to approval by the Extraordinary General Meeting, to undertake a rights issue of new shares with preferential rights for the Company's shareholders.

Completion of the rights issue, in which Billerud intends to raise approximately SEK 1.0 billion prior to issue costs, will provide the Company with significant financial and strategic flexibility. The capital injection will also create a sound margin in relation to the Company's financial targets as well as current

financial covenants in existing loan agreements. In combination with Billerud's cost saving initiatives and continued focus on improving the customer- and product mix, this is expected to ensure a continued strong position for Billerud when the economic climate improves.

### **Terms of the Rights Issue**

Existing shareholders will have preferential rights to subscribe for new shares in proportion to their existing holdings. In the event that all shares are not subscribed for with preferential rights, shareholders and others will have the opportunity to subscribe for the remaining shares without preferential rights. Allotment of shares subscribed for without preferential right will primarily be allocated to those who have also subscribed for shares with preferential rights. The record date at Euroclear Sweden AB (formerly VPC) for participation in the rights issue is September 1, 2009. The subscription period is from September 4 up to and including September 23, 2009, or such later date as decided by the Company's Board of Directors.

A number of Billerud's largest shareholders, collectively representing approximately 28 percent of the number of shares and votes, have expressed their support for the rights issue and that they intend to vote in favour of an approval of the rights issue at the Extraordinary General Meeting. In addition, a number of these shareholders, including Frapag Beteiligungsholding AG, have committed, provided that certain terms are met, to subscribe for shares in the rights issue, corresponding to approximately 27 percent of the rights issue. The remainder of the rights issue is, subject to customary conditions, underwritten by Danske Markets, Handelsbanken Capital Markets, Nordea and SEB. Thus, the rights issue is fully committed and underwritten.

The increase of the share capital, the number of shares to be issued, and the subscription price for the new shares, will be determined by the Company's Board of Directors and announced on August 25, 2009.

The rights issue is subject to approval by the Extraordinary General Meeting to be held at 16:00 CET August 27, 2009, at Nalen in Stockholm. As a consequence of the rights issue, the Company's Board of Directors has decided to put forward additional proposals at the Extraordinary General Meeting including amendments to the articles of association and adjustments to the share capital. Notice for the Extraordinary General Meeting will be published through a press release on July 28, 2009 and in Svenska Dagbladet and the Official Swedish Gazette (Post- och Inrikes Tidningar, PoIT) on July 30, 2009 as well as being available at [www.billerud.com](http://www.billerud.com).

## Pro forma financial effects of the rights issue

| Balance sheet<br>MSEK                  | June 30<br>2009  | Rights issue* | Pro forma<br>June 30<br>2009 |
|----------------------------------------|------------------|---------------|------------------------------|
| Fixed assets                           | 5,712            |               | 5,712                        |
| Current assets                         | 2,731            |               | 2,731                        |
| Cash and cash equivalents              | 397              | +1,000        | 1,397                        |
| <b>Total assets</b>                    | <b>8,840</b>     |               | <b>9,840</b>                 |
| Shareholders' equity                   | 2,794            | +1,000        | 3,794                        |
| Interest-bearing liabilities           | 3,105            |               | 3,105                        |
| Other non-interest-bearing liabilities | 2,941            |               | 2,941                        |
| <b>Total equity and liabilities</b>    | <b>8,840</b>     |               | <b>9,840</b>                 |
| Interest-bearing net debt              | 2,708            | -1,000        | 1,708                        |
| Net debt/equity ratio, times           | 0.97             |               | 0.45                         |
| <i>Billerud's financial targets</i>    | <i>0.60-0.90</i> |               | <i>0.60-0.90</i>             |

\* Before issue costs

## Indicative timetable for the rights issue

|                                     |                                                                                                                                                                                                                           |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 25, 2009                     | Subscription price and terms are decided and announced through a press release                                                                                                                                            |
| August 27, 2009                     | Extraordinary General Meeting decides on the rights issue resolved by the Board of Directors                                                                                                                              |
| August 28, 2009                     | First day of trading in the shares, excluding right to participate in the rights issue                                                                                                                                    |
| September 1, 2009                   | Record date for participation in the rights issue, i.e. shareholders who are registered in the Company's share register of Billerud as of this day will receive subscription rights for participation in the rights issue |
| September 1, 2009                   | Estimated day for the publication of the prospectus                                                                                                                                                                       |
| September 4 –<br>September 18, 2009 | Trading in subscription rights                                                                                                                                                                                            |
| September 4 –<br>September 23, 2009 | Subscription period                                                                                                                                                                                                       |

## Financial and legal advisors

Danske Markets, Handelsbanken Capital Markets and Nordea Corporate Finance and SEB Enskilda are acting as financial advisors and joint lead managers for the rights issue and Cederquist as legal advisor to Billerud.

## **Press conference**

Billerud will hold a press conference at Spårvagnshallarna, Birger Jarlsgatan 57 A, in Stockholm at 10:00 CET on the 23 July. The press conference will also be broadcasted live via the Internet at [www.billerud.com](http://www.billerud.com), where also a PowerPoint presentation will be available. It is also possible to participate by telephone, please dial the following number:

From Sweden: +46 8 850 520 270

From UK: +44 208 817 9301

*For further information please contact*

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The information above includes that which Billerud AB (publ) is required to publish under the Swedish Securities Exchange and clearing Operations Act. The information was submitted for publication on July 23, 2009 at 07:30 CET.

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*Billerud is a packaging company with a business concept to supply customers with innovative and high quality packaging paper. A consistent concentration on attractive market segments and a strong customer focus are cornerstones of Billerud's strategy. Billerud focuses on kraft paper and containerboard and has a world-leading position within several product segments. The company's production units are among the most cost-efficient in Europe for these products*  
[www.billerud.com](http://www.billerud.com)

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