



Interim report January-September 2007

Submitted for publication at 12h on 14 November 2007

	Quarter			January-September	
	2007 III	2007 II	2006 III	2007	2006
Net turnover, MSEK	1 874	1 884	1 878	5 690	5 502
Operating profit/loss, MSEK	153	17	205	347	376
Operating margin, %	8	1	11	6	7
Profit/loss after financial items, MSEK	122	-9	179	264	307
Net profit/loss, MSEK	85	-9	129	183	222
Earnings per share, SEK	1.65	-0.17	2.52	3.56	4.33

January-September 2007 compared with January-September 2006

- Net turnover was MSEK 5,690 (5,502).
- Net profit was MSEK 183 (222).
- Earnings per share were SEK 3.56 (4.33).
- The overall market situation remained good and demand was stable.
- Operating profit was MSEK 347 (376), down MSEK 29. The fall was mainly due to an MSEK 256 increase in wood costs, three large maintenance stops being performed compared with two last year, and a deteriorating currency situation.

Outlook for 2007

- Supply and demand are in good balance on most of the markets for Billerud's products, and the market situation is expected to remain good for the rest of this year and the start of next year.
- Considerable increases in prices for wood materials and the changed currency situation means there is pressure to further increase prices for some qualities to historically high levels.
- Price increases have been announced for most paper products as of 1 January 2008 and for pulp from 1 November 2007, and additional measures to improve efficiency are under assessment.
- Work aimed at improving margins to meet targeted profitability levels is becoming harder due to the wood price situation.
- In the final quarter Billerud is not expecting any further increase in Billerud's wood costs per tonne of produced product.

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**Billerud's President Per Lindberg and CFO Bertil Carlsén will present the interim report at a webcasted press conference for analysts and journalists at 3.30 p.m. on 14 November.
Location: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.**

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Billerud is a packaging paper 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.

Billerud Group

Market

The order situation remained good for most of Billerud's packaging paper and for market pulp. Price increases announced in the first half of the year have now been implemented. New products were launched during the quarter to match new customer requirements and to deliver improved production efficiency for our customers and our customers' customers. The new products include Quick-Fill X-run, a sack paper from Billerud's Quick-Fill range that offers improved runability, and MicroWavePac, a packaging paper for frozen microwave meals.

Billerud's total deliveries during the third quarter of 2007 amounted to 318,000 tonnes, down 4% on the second quarter of 2007. Deliveries for the first nine months of 2007 amounted to 992,000 tonnes, down 3% on the same period last year. The decline in both periods is due to lower production caused by more maintenance stops compared to the previous year.

Deliveries of packaging paper during the third quarter amounted to 244,000 tonnes, up 1% on the second quarter of 2007. For the first nine months of 2007 deliveries of packaging paper amounted to 745,000 tonnes, compared with 787,000 tonnes last year. Overall the order situation was stable and positive for all products, except in the MF segment and parts of the MG segment where the order situation deteriorated due to increased supply.

Demand for long-fibre sulphate pulp remained strong. At the end of the third quarter the price for long-fibre sulphate pulp was around USD 830 per tonne. An additional rise to around USD 850 per tonne is expected in the final quarter.

Sales and results

Third quarter

Net turnover for the third quarter was MSEK 1,874, down 1% on the second quarter, mainly due to lower delivery volumes. Stocks climbed to a normal level during the quarter.

The operating profit was MSEK 153, an increase of MSEK 136 on the previous quarter, mainly due to only one maintenance stop being performed in the third quarter whereas two were carried out in the second quarter. Production disruptions associated with the stop at the Gruvön mill in the second quarter also had an impact on production in the third quarter.

See page 5 for comments on the earnings performances of each business area.

Net financial items were MSEK -31. The profit after financial items was MSEK 122 and net profit was MSEK 85.

January-September

Net turnover was MSEK 5,690, up 3% on the same period in 2006. The increase was due to higher prices.

Operating profit was MSEK 347, down MSEK 29 or 8% compared with the same period last year. So far this year maintenance stops have been performed at all three Swedish mills, while only two stops (Skärblacka and Karlsborg) were completed at this stage last year. This affects comparisons regarding fixed costs, volumes and the product mix and to a certain extent variable costs.

The difference was mainly due to the following components (MSEK):

	Q 1-07/ Q 1-06	Q 2-07/ Q 2-06	Q 3-07/ Q 3- 06	Jan-Sep 07/ Jan- Sep 06
Delivery and production volumes, including product mix	0	-40	+5	-35
Sales prices (in respective sales currency)	+183	+199	+163	+545
Change in variable costs	-25	-80	-144	-249
Change in fixed costs	+4	-96	-5	-97
Change in depreciation	-6	-7	-1	-14
Effects of exchange rate changes, including hedging	-43	-66	-70	-179
Total change in earnings	+113	-90	-52	-29

The negative deviation in volumes and product mix of MSEK -35 is the net outcome of a positive deviation in the customer mix and a negative deviation in volume and product mixes. The increase in variable costs is mainly due to higher costs for wood materials (MSEK 256) and for chemicals (MSEK 5). The average price of wood in the first nine months of 2007 was 19% higher than the average price in the final quarter of 2006. Increased variable costs were compensated to some extent by a fall of MSEK 61 in costs for electricity and energy. Fixed costs rose mainly because of higher maintenance costs, primarily for the maintenance stop at Gruvön in 2007. There was no maintenance stop at Gruvön in 2006.

Net financial items were MSEK -83, down MSEK 14, due to higher interest rates.

The estimated tax cost was MSEK 81, representing a tax rate of 31%.

Significant risks and uncertainties

Billerud's products are generally dependent on the business cycle in terms of both price development and delivery volumes. The Group is exposed to changes in currency exchange rates because most of the revenues are invoiced in foreign currency while costs are incurred in SEK.

Billerud does not own forest and purchases wood materials at market rates from a few major suppliers. The price of wood has risen as shortages have occurred.

To meet growing competition for wood, Billerud has formed Billerud Skog AB whose role will be supply raw materials to Billerud's mills.

The wood purchasing department is now being strengthened with resources so that during the final quarter of 2007 it can handle a larger number of suppliers in future. At present reinforcement is focused on the purchasing organisation in northern Sweden and the import market.

For an analysis of business sensitivity and further details of risks, see pages 46-48 of Billerud's 2006 Annual Report.

As previously announced, Billerud has received a letter from the Swedish Environmental Protection Agency announcing its assessment that Billerud has not met the requirements in the prescribed period for reporting of emission rights utilised in 2006. The Agency has notified Billerud that there will be an administrative charge of MSEK 19. Billerud's position is that a penalty of MSEK 19 is neither proportionate nor backed by law. The Agency has not commented further. A financial provision for this issue has not been charged to results for the period.

Transactions with related parties

No transactions have been carried out between Billerud and related parties that would significantly affect the position and results of the company.

Currency hedging

In the first nine months of 2007 net flows were hedged at the following rates: EUR/SEK 9.20 (9.47), USD/SEK 7.00 (7.49), GBP/SEK 13.53 (13.48) and DKK/SEK 1.23 (1.26). Currency hedging had an overall positive effect on profits of MSEK 3 (74) (compared with if no hedging had been performed).

Billerud's outstanding currency contracts as of 30 September 2007 had a market value of MSEK 56 (23). The share of contracts corresponding to accounts receivable affected results during period. Other contracts had a market value of MSEK 41 (5).

The hedged amount of currency flows and exchange rate for SEK in relation to EUR, USD and GBP are shown in the table below. DKK accounts for just 0.7% of total hedged flows and is therefore not included in the table.

Hedged amount of currency flows and exchange rate for SEK in relation to EUR, USD and GBP

Currency		Oct-Dec 2007	Jan-March 2008	Apr-Sep 2008	Total
EUR	Proportion of total flow	94%	73%	35%	59%
	Rate	9.20	9.29	9.33	9.26
USD	Proportion of total flow	94%	59%	14%	45%
	Rate	6.84	6.78	6.83	6.82
GBP	Proportion of total flow	90%	55%	13%	44%
	rate	13.51	13.55	13.48	13.51

As of 15 October 2007, Billerud has hedged around 51% of estimated net flows in EUR over 12 months, around 39% of estimated net flows in USD over 12 months, around 35% of estimated net flows in GBP over 12 months and around 38% of estimated net flows in DKK over 12 months.

Investments and capital employed

Gross investment amounted to MSEK 463 (486).

Depreciation for the first nine months of 2007 amounted to MSEK 360 (346).

Billerud's capital employed amounted to MSEK 5,567 as of 30 September 2007, compared with MSEK 5,190 on 31 December 2006.

The return on capital employed over the most recent 12 months was 10%, compared with 11% for the full year 2006. If the effects of currency hedging are not included, the return on capital employed over the most recent 12-month period was 9%. The return on shareholders' equity after tax was 10%.

Cash flow and financial position

Cash flow from current activities in the first three quarters of 2007 amounted to MSEK 337, compared with MSEK 585 in the same period last year. Lower cash flow was mainly due to reduced earnings and an increase in operating capital because of higher prices and increased wood stocks. Cash flow for investment activities was MSEK -462.

Operating cash flow amounted to MSEK -125, compared with MSEK 113 in the first three quarters of 2006. The dividend for 2006 of SEK 3.50 per share, a total of MSEK 180, was paid in May 2007. Billerud's net debt increased by MSEK 297 in the first nine months of 2007.

On 30 September 2007 interest-bearing net debt amounted to MSEK 2,810, compared with MSEK 2,513 on 31 December 2006 and MSEK 2,562 on 30 September 2006. The Group's

net debt/equity ratio at the end of the period was 1.02, compared with 0.94 at the end of 2006 and 0.98 on 30 September 2006. According to Billerud's financial targets, the ratio should be between 0.6 and 0.9.

During the third quarter net debt climbed by MSEK 102 and the net debt/equity ratio was unchanged on the previous quarter.

Cash flow summary

MSEK (positive figure indicates a reduction in debt)	Jan-Sep 2007	Jan-June 2007	July-Sep 2007	Jan-Sep 2006
Current activities	337	301	36	585
Current net investments, excluding energy projects	-456	-316	-140	-255
Energy project investments	-6	-6		-217
Operating cash flow	-125	-21	-104	113
Dividend	-180	-180	-	-167
Other items not affecting cash flow	8	6	2	-5
Change in net debt during the period	-297	-195	-102	-59

Financing

Interest-bearing loans as of 30 September 2007 amounted to MSEK 2,888. This includes utilisation of MSEK 135 of a syndicated bank loan (maximum: MSEK 1,800), MSEK 1,682 of bond loans and utilisation of MSEK 1,071 of Billerud's certificate programme (maximum: MSEK 1,500).

Personnel

The average number of employees during the first three quarters of 2007 was 2,388, a reduction of 87 compared with the same period last year.

Business areas

Billerud's net turnover and operating profit/loss per business area are reported below. The results of the business areas are reported excluding the effects of currency hedging and, from 2007, excluding the effects on profits of revaluation of accounts receivables in foreign currency and currency effects in connection with payments. These effects are reported on a separate line, Currency hedging etc. The part of currency exposure relating to changes in invoicing rates continues to be included in the results of the business areas. Comparable figures have been adjusted in line with the new definition.

Billerud is monitored and controlled operationally from a business area perspective. This applies for sales, operating profit/loss, product development and market investments. With regard to fixed assets and capital investments a division into business areas with the chosen structure is not possible as the business areas are strongly integrated in terms of production. For accounting purposes and with regard to the definition of business segments in IAS 14, the company will continue to conduct its activities in one business segment.

Net turnover and operating profit

MSEK	Net turnover						Operating profit					
	Q 3 2007	Q 2 2007	% change	Jan- Sep 2007	Jan- Sep 2006	% Change	Q 3 2007	Q 2 2007	% Change	Jan-Sep 2007	Jan-Sep 2006	% Change
Packaging & Speciality Paper	969	960	1	2 917	2 824	3	96	17	465	211	259	-19
Packaging Boards	546	508	7	1 594	1 629	-2	64	-9		108	117	-8
Market Pulp	360	425	-15	1 174	1 029	14	11	16	-31	59	23	157
Currency hedging etc.	-1	-9		5	20		-1	-9		5	20	
Other and eliminations	-	-		-	-		-17	2		-36	-43	
Group total	1 874	1 884	-1	5 690	5 502	3	153	17	800	347	376	-8

Packaging & Speciality Paper

Third quarter

The operating profit for the period was MSEK 96. Compared with the second quarter, profit climbed by MSEK 79, mainly due to lower maintenance costs and higher prices. The operating margin was 10%, compared with 2% in the second quarter.

January-September

Compared with the same period last year, operating profit fell by MSEK 48 or 19% to MSEK 211, because of higher costs mainly for wood and maintenance and negative currency effects which were not fully matched by higher prices.

Market development

The market for sack paper remains positive with stable order books for both brown and white sack paper. Quick-Fill X-run, a new sack paper, was launched in the third quarter and customer tests showed that a productivity increase in sack conversion of up to 20% was possible. For MG and MF kraft paper the market situation remains good within the medical, steel, interleaving and release liner segments. For MF paper and MG paper within bags and Flexible packaging the market is good although there were signs of weakening during the quarter due to increased volumes on the market. To compensate for increased wood costs, price increases of 5-7%, or around EUR 50, have been announced from the start of January for all MF and MG papers, and by around EUR 60 for brown and white sack paper. The packaging development company NINE Total Packaging Partner AB started operations during the quarter. Billerud has a 60% ownership share in the company, with the remaining 40% owned by Swedish design company, No Picnic AB.

Packaging Boards

Third quarter

The operating profit was MSEK 64. Compared with the second quarter of 2007, profit increased by MSEK 73, mainly due to lower maintenance costs, but also to higher prices and slightly higher delivery volumes. The operating margin climbed to 12% compared with -2% in the previous quarter.

January-September

Compared with the same period last year, operating profit fell by MSEK 9 or 8% to MSEK 108, mainly because of reduced deliveries and higher costs, mainly for maintenance and wood, which were not fully matched by higher prices.

Market development

The market for S/C fluting remains good, with a stable order book. The market for white liner is stable with a reasonably good order book. Price rises of EUR 50 have been announced from the first of September 2007 for S/C fluting. Price rises of 5-8% have been announced for white liner from the first of October 2007.

Market Pulp

Third quarter

The operating profit was MSEK 11. Compared with the previous quarter, operating profit fell by MSEK 5, mainly due to lower delivery volumes, higher wood costs and a weaker USD exchange rate.

January-September

Operating profit increased by MSEK 36, compared with the same period last year. Higher volumes and improved prices exceeded higher costs.

Market development

Demand is expected to remain strong on the pulp market during the next quarter and in the start of 2008. At the start of 2007 the price for long-fibre sulphate pulp was USD 730 per tonne. The price rose to around USD 830 per tonne during the third quarter. A further rise to USD 850 per tonne has been announced from 1 November.

Parent company

Billerud AB includes the Gruvön mill, the sales organisation for the Nordic markets and markets outside Europe, and head office staff.

Net turnover in the first nine months of 2007 amounted to MSEK 2,480 (2,455). The operating profit was MSEK 72 (178), a fall of MSEK 106 compared with last year, mainly due to lower delivery volumes and higher maintenance costs caused by the maintenance stop at Gruvön in the second quarter. There was no maintenance stop at Gruvön in 2006.

The parent company hedges both its own net currency flows, and those of the Group. The parent company's results include the results of hedging which also cover flows for the rest of the Group. This result amounted to MSEK 3 (74).

Investment in fixed assets excluding shares amounted to MSEK 266 (217). The average number of employees was 1,083 (1,151). Liquid assets and current investments amounted to MSEK 174 (460). Fixed assets decreased by MSEK 389 compared with 30 September 2006 mainly due to repaid loans within the Group. Increased accounts receivables (MSEK 472) compared with last year are due to the parent company taking over this item from the Swedish mills.

Long-term incentive scheme (LTIP 2007)

The 2007 AGM agreed to introduce a long-term incentive scheme for Billerud and a related transfer of shareholdings. The scheme comprises a share matching programme for all employees involving so-called matching shares, and an incentive scheme with so-called performance shares for senior executives and other key individuals within the Billerud Group. The main purpose of the incentive scheme is to strengthen Billerud's ability to retain and motivate staff. The scheme aims to help Billerud achieve its financial targets and comes into effect as previous schemes come to an end. The purpose of the performance share scheme is to encourage senior executives and other key individuals, whose activities have a direct impact on Billerud's earnings, profitability and growth in value, by linking their interests and perspective with those of the company's shareholders.

In addition to continued employment at Billerud, the option to buy performance shares is linked to financial performance. In 2007 this means that Billerud's operating margin remains between 7 and 11% and is above certain comparable companies. In 2008 Billerud's operating margin must remain between 8 and 12% and be above certain comparable companies. In 2007-2009 overall Billerud's total return to shareholders shall exceed the total return for certain comparable paper industries in the Nordic region.

Within the framework of the scheme, Billerud's employees bought 58,527 shares at a price per share of SEK 104.50 from Billerud during May 2007. An additional maximum 134,002 shares may be acquired during the remaining period of the scheme. The expected outcome is 78,543 shares. This estimate is based on forecast staff turnover and expected utilisation.

The cost of the scheme in accordance with IFRS is calculated at MSEK 6. For the period January-September 2007 earnings were affected by MSEK 0.7.

For further information about the scheme see the press release dated 26 March 2007.

Cost reduction measures

Energy programme and long-term supply agreement

Since the autumn 2004 Billerud has been implementing measures to increase its own energy production and thus reduce energy costs. The investment in energy projects includes new steam turbines for back-pressure and the rebuild of bark boilers at all three Swedish mills and new electricity supply for the Gruvön mill. The total investment sum is MSEK 1,090. The bark boilers were taken into operation at the end of 2005 and the steam turbines were taken into operation in 2006. Some optimisation of electricity generation remains to be performed, but the majority of the project was completed at the start of 2007.

Annual savings before depreciation from the projects, compared with no investment, are in excess of the target of MSEK 250. The effects of the energy projects on Billerud's energy costs for 2007 compared with 2006 are expected to produce savings of around MSEK 90. Depreciation will increase by around MSEK 50 because of the programme.

The investments enable Billerud to generate around 0.9 TWh of electricity from its own production process out of a total requirement of 1.6 TWh. The remainder is currently purchased on the electricity market, with prices hedged for the coming 6 months approximately.

In May Billerud signed a ten-year fixed-price agreement for electricity supplies with Vattenfall. The agreement covers basic power of around 0.4 TWh per year for the period 2008 to 2017. Due to the agreement, Billerud has secured more than 80% of electricity requirements in a satisfactory manner with a balance between internal production and long-term supply agreements. The remainder will be purchased on spot markets or be covered by ongoing energy efficiency improvements.

Organisation

On 8 June 2005 the Board decided to implement a project entitled "Billerud 2007" concerning changes to Billerud's organisation. This will include a reduction of 450 full-time jobs. The proposed staff changes affect all four of the Group's mills; Gruvön, Karlsborg and Skärblacka in Sweden and Beetham in the UK. Staff reductions have now been mostly completed through early retirement.

The programme will reduce annual costs by at least MSEK 250 compared with cost levels in 2004. Implementation started in 2005, and is proceeding largely according to plan. The programme for Skärblacka and Karlsborg was completed at the end of 2006. At Gruvön and Beetham the programme was agreed and negotiations were concluded during the second quarter. Provisions have been adjusted for the remaining costs of the "Billerud 2007" project, which led to a difference of MSEK 27 that was resolved during the second quarter. As of 30 September 2007, 92% of the targeted savings of MSEK 250 had been realised. The full effect on earnings should be noted in the final quarter of 2007.

Process efficiency and further measures to improve efficiency

The Billerud 2007 project was followed by a programme entitled "One Billerud" aimed at continuing work on improving efficiency and introducing shared master-class processes within purchasing, order management, production, control and sales. During the quarter work started aimed at identifying additional measures to improve efficiency and reduce Billerud's wood consumption. This work includes a review of wood consumption figures, recipes and product specifications, the production mix and further opportunities for rationalisation within operations.

Largest shareholders

From this quarter, information about the largest shareholders and distribution of shares is available only from the company's website, www.billerud.com

Distribution of shares

As of 30 September 2007 the distribution of shares was as follows:

Registered amount of shares	53 343 043
<u>Bought-back shares in company ownership</u>	<u>- 1 851 473</u>
Shares on the market	51 491 570

Since the end of 2004 there have been no share buy backs.

As of 22 May, 58,527 shares owned by the company were transferred to employees of the company within the framework of LTIP 2007 as approved by the AGM. Following the transfer, the company owns 1,851,473 of its own shares.

During the first quarter there were two new share issues connected to the exercising of convertible debentures. This resulted in the issue of 63,423 new shares, taking the registered total number of shares to 53,343,043. The convertible scheme for employees ended on 20 June 2007 and no further convertible debt instruments remain outstanding.

Annual General Meeting 2008

The nominations committee for the 2008 AGM has been appointed. More information is available at www.billerud.com. The meeting will take place at Aula Magna, Stockholms universitet at 4 p.m. on 29 April 2008.

Outlook

Supply and demand are in good balance on most of the markets for Billerud's products, and the market situation is expected to remain good for the rest of this year and the start of next year.

Considerable increases in prices for wood materials and the changed currency situation means there is pressure to further increase prices for some qualities to historically high levels.

Price increases have been announced for most paper products as of 1 January 2008 and for pulp from 1 November 2007, and additional measures to improve efficiency are under assessment.

Work aimed at improving margins to meet targeted profitability levels is becoming harder due to the wood price situation.

In the final quarter Billerud is not expecting any further increase in Billerud's wood costs per tonne of produced product.

Stockholm, Sweden
14 November 2007
Billerud AB (publ)

The Board of Directors

Auditors' report

Introduction

We have conducted a review of the financial interim information for Billerud AB at 30 September 2007 and of the nine-month-period ending on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by FAR. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not provide the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim report for the Group, in all material respects, is not prepared in accordance with IAS 34 and the Annual Accounts Act, and the interim report for the Parent Company is not prepared in accordance with the Annual Accounts Act.

Stockholm 14 November 2007

KPMG Bohlins AB

Caj Nackstad

Authorised Public Accountant

Future financial reports

2007 financial statement	12 February 2008
First quarter 2008	29 April 2008
Second quarter 2008	24 July 2008
Third quarter 2008	13 November 2008

The 2008 Annual General Meeting will be held at 4 p.m. on 29 April 2008 at Aula Magna, Stockholm University.

The information is such that under the Swedish Securities Exchange and Clearing Operations Act, Billerud AB is obligated to publish it.

Billerud Group
Accounting principles

Supplement 1

The accounts are prepared in accordance with IAS 34 Interim reports and RR 31 Group Interim Reports. Concerning IAS 14 Segment reporting, see the comments on the business areas on page 5 of this report. The same accounting principles used in the most recent annual report have been used in this interim report. For accounting principles and definitions of key figures see the 2006 Annual Report pages 57-67 and page 93.

Additional information about the parent company is included in this interim report in accordance with new rules about regular financial information for listed companies in the Swedish Securities Exchange and Clearing Operations Act and new rules about interim reports in the Annual Accounts Act.

Profit and Loss Account MSEK	3 months				9 months		Full year
	July- Sep 2007	Apr- June 2007	Jan- March 2007	July- Sep 2006	Jan- Sep 2007	Jan- Sept 2006	Jan- Dec 2006
Net turnover	1 874	1 884	1 932	1 878	5 690	5 502	7 369
Other income	3	3	2	1	8	12	15
Operating income	1 877	1 887	1 934	1 879	5 698	5 514	7 384
Raw materials and consumables	-905	-773	-764	-778	-2 442	-2 318	-3 114
Change in stock	94	-62	-16	1	16	-15	28
Other external expenses	-490	-585	-536	-476	-1 611	-1 479	-1 974
Staff expenses	-303	-329	-321	-303	-953	-980	-1 306
Depreciation	-119	-121	-120	-118	-360	-346	-466
Profit share from associated companies	-1	0	0	0	-1	0	0
Operating expenses	-1 724	-1 870	-1 757	-1 674	-5 351	-5 138	-6 832
Operating profit	153	17	177	205	347	376	552
Financial items	-31	-26	-26	-26	-83	-69	-95
Profit after financial items	122	-9	151	179	264	307	457
Tax	-37	0	-44	-50	-81	-85	-145
Net profit for the period	85	-9	107	129	183	222	312
Earnings per share, SEK	1,65	-0,17	2,08	2,52	3,56	4,33	6,08
Earnings per share after full conversion, SEK	1,65	-0,17	2,07	2,51	3,56	4,32	6,07
Balance Sheet, MSEK		30 Sep 2007	30 Sep 2006	30 June 2007	31 March 2007	31 Dec 2006	
Fixed assets		5 632	5 476	5 618	5 547	5 539	
Stocks		872	730	742	767	727	
Accounts receivable		1 373	1 227	1 402	1 304	1 201	
Other current assets		345	317	280	159	283	
Cash, bank balances and short-term investments		251	641	425	575	443	
Total assets		8 473	8 391	8 467	8 352	8 193	
Shareholders' equity		2 757	2 618	2 643	2 730	2 678	
Interest-bearing liabilities		2 888	3 043	2 964	2 836	2 791	
Interest-bearing provisions, pensions		173	159	170	167	164	
Non-interest-bearing provisions		53	179	86	126	148	
Deferred tax liabilities		1 237	1 120	1 235	1 199	1 225	
Accounts payable		567	653	580	567	591	
Other, non-interest-bearing liabilities		798	619	789	727	596	
Total shareholders' equity, provisions and liabilities		8 473	8 391	8 467	8 352	8 193	
Specification of change in equity, MSEK		Jan-Sep 2007	Jan-Sep 2006	Jan-June 2007	Jan-March 2007	Full year 2006	
Opening equity		2 678	2 526	2 678	2 678	2 526	
Profit/loss for the period		183	222	98	107	312	
A Market value of financial instruments in accordance with IAS 39 used in hedge reserve		63	35	31	-64	6	
Dividend		-180	-167	-180	-	-167	
Convertible loan converted into shares		7	2	7	7	3	
Sale of own shares, incentive scheme		6	-	6	-	-	
Translation difference in shareholders' equity		0	0	3	2	-2	
Closing equity		2 757	2 618	2 643	2 730	2 678	

Cash Flow Statement, MSEK	Jan-Sep 2007	Jan-Sep 2006	July-Sep 2007	Jan-Dec 2006
Operating surplus, etc. 1)	616	557	241	802
Change in working capital, etc.	-201	125	-187	42
Net financial items, taxes, etc.	-78	-97	-18	-50
Cash flow from operating activities	337	585	36	794
Investment in fixed assets	-463	-486	-140	-643
Sale of fixed assets	1	14	0	15
Cash flow from investing activities	-462	-472	-140	-628
Change in interest-bearing debt	108	513	-68	264
Dividend	-180	-167	-	-167
Sale of own shares, incentive scheme	6	-	-	-
Cash flow from financing activities	-66	346	-68	97
Total cash flow (= change in liquid assets)	-191	459	-172	263
Liquid assets at the beginning of the period	443	182	425	182
Translation difference in liquid funds	-1	0	-2	-2
Liquid assets at the end of the period	251	641	251	443

1) The amount for January-September 2007 includes an operating profit of MSEK 347, returned depreciation of MSEK 360, payment of structural costs of MSEK -95, and an increase in pension liabilities of MSEK 4. The amount for the period January-September 2006 includes the operating profit of MSEK 376, returned depreciation of MSEK 346, payment of structural costs of MSEK -166, and other items of MSEK 1.

Key indicators	Jan-Sep 2007	Jan-Sep 2006	Jan-June 2007	Jan-March 2007	Full year 2006
Margins					
Gross margin, %	12	13	11	15	14
Operating margin, %	6	7	5	9	7
Return (rolling 12 months)					
Return on capital employed, %	10	9	11	13	11
Return on equity, %	10	11	12	15	12
Return on equity after full conversion, %	10	11	12	15	12
Capital structure at end of period					
Capital employed, MSEK	5 567	5180	5 352	5 157	5 190
Shareholders' equity, MSEK	2 757	2 618	2 643	2 730	2 678
Interest-bearing net debt, MSEK	2 810	2 562	2 708	2 427	2 513
Net debt/equity ratio, times	1.02	0.98	1.02	0.89	0.94
Net debt/equity ratio after full conversion, times	1.02	0.96	1.02	0.88	0.92
Equity ratio, %	33	31	31	33	33
Equity ratio after full conversion, %	33	32	31	33	33
Per share					
Earnings per share, SEK	3.56	4.33	1.91	2.08	6.08
Average no. of shares, '000	51 450	51 349	51 430	51 401	51 351
Earnings per share after full conversion, SEK	3.56	4.32	1.91	2.07	6.07
Average no. of shares, '000	51 490	51 611	51 450	51 611	51 611
Per share at end of period					
Equity per share, SEK	53.55	50.97	51.33	53.08	52.12
No. of shares, '000	51 492	51 357	51 492	51 433	51 370
Equity per share after full conversion, SEK	53.47	51.27	51.25	53.29	52.41
No. of shares, '000	51 570	51 611	51 570	51 611	51 611
Gross investments, MSEK	463	486	322	126	643
Average number of employees	2 388	2 475	2389	2 317	2 476

Parent company

Summarised income statement MSEK	3 months		9 months	Full year
	Juli-sep	Jan-sep	Jan-sep	Jan-dec
	2007	2007	2006	2006
Operating income	906	2 480	2 455	3 311
Operating expenses	-828	-2 408	-2 277	-3 010
Operating profit/loss	78	72	178	301
Financial items	-49	-97	-50	-110
Profit/loss after financial items	29	-25	128	191
Appropriations	-	-	-	1 330
Profit/loss before tax	29	-25	128	1 521
Tax	-8	9	-36	-432
Net profit/loss	21	-16	92	1 089

Summarised balance sheet, MSEK MSEK	30 Sep	30 Sep	30 June	31 Dec
	2007	2006	2007	2006
Fixed assets	4 137	4 523	4 122	4 136
Current assets	2 180	2 435	2 036	2 189
Total assets	6 317	6 958	6 158	6 325
Shareholders' equity	1 666	1 198	1 645	1 849
Untaxed reserves	-	1 330	-	-
Provisions	684	546	716	754
Long-term liabilities	2 143	2 448	1 970	1 809
Current liabilities	1 824	1 436	1 827	1 913
Total shareholders' equity, provisions and liabilities	6 317	6 958	6 158	6 325

Business Areas

The business areas' results have been re-stated since last year excluding the effects of currency hedging. From 2007 onward the business areas' results are also reported excluding the share of currency effects relating to changes in value of current assets in foreign currency. This currency exposure is managed centrally and is hedged to a large extent and therefore reported in the item for Currency hedging etc. The Currency hedging etc. item therefore shows the net amount of the profit/loss from currency hedging and currency revaluation of current assets including currency effects at the time of payment. Last year's comparable figures have been adjusted for comparison.

The part of currency exposure relating to the effects of currency changes in the invoicing exchange rate will continue to be reported as part of the business areas' profit/loss.

Quarterly breakdown of net turnover by business area and for the Group

MSEK	2007				2006			
	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	969	960	988	3 750	926	948	927	949
Packaging Boards	546	508	540	2 188	559	541	542	546
Market Pulp	360	425	389	1 382	353	355	356	318
Currency hedging etc.	-1	-9	15	49	29	34	14	-28
Other and eliminations	-	-	-	-	-	-	-	-
Total Group	1 874	1 884	1 932	7 369	1 867	1 878	1 839	1 785

Quarterly breakdown of operating profit by business area and for the Group

MSEK	2007				2006			
	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	96	17	98	350	91	116	80	63
Packaging Boards	64	-9	53	175	58	56	18	43
Market Pulp	11	16	32	46	23	23	6	-6
Currency hedging etc.	-1	-9	15	49	29	34	14	-28
Other and eliminations	-17	2	-21	-68	-25	-24	-11	-8
Total Group	153	17	177	552	176	205	107	64

Quarterly operating margin per business area and for the Group

%	2007				2006			
	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	10	2	10	9	10	12	9	7
Packaging Boards	12	-2	10	8	10	10	3	8
Market Pulp	3	4	8	3	7	6	2	-2
Group	8	1	9	7	9	11	6	4

Quarterly delivery volumes per business area

000 tonnes	2007				2006			
	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	130	131	139	535	134	135	132	134
Packaging Boards	114	111	120	515	129	125	131	130
Market Pulp	74	89	84	314	76	78	82	78
Total	318	331	343	1 364	339	338	345	342