



YEAR END REPORT

JANUARY - DECEMBER 2009

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Strategy with focus on sustainable development



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Packaging paper and energy-efficient packaging solutions using renewable material have a prominent position in a society where environmental awareness is high on the agenda.

During the year Billerud has adopted a collective, formalised position on sustainability issues which have long been a natural and integrated part of day-to-day operations.

Billerud has also joined the UN Global Compact and thus adopted a clear position on issues relating to human rights, social conditions and environmental consideration. The 2009 Annual Report will include the company's first sustainability report in accordance with Global Reporting Initiative (GRI) guidelines.

This is just the beginning. The Board and Senior Management aim to ensure that sustainability initiatives will continue to be professional, effective and long-term.

	Quarter			Full year	
	2009 IV	2009 III	2008 IV	2009	2008
Net sales, SEKm	2 060	1 893	1 709	7 760	7 792
EBITDA, SEKm	374	204	-35	861	796
Operating profit/loss, SEKm	231	64	-165	300	289
Operating margin, %	11%	3%	-10%	4%	4%
Profit/loss after financial items, SEKm	204	39	-222	186	124
Net profit/loss, SEKm	160	36	-98	165	152
Earnings per share, SEK	1,55	0,48	-1,32	2,04	2,07

Full-year 2009 compared with same period in 2008

- Net sales totalled SEK 7 760 million (7 792).
- Net profit amounted to SEK 165 million (152).
- Earnings per share amounted to SEK 2.04 (2.07).
- Operating profit amounted to SEK 300 million (289), which corresponded to a margin of 4% (4).
- Completed rights issue provided Billerud with SEK 925 million after issue costs.

October-December 2009 compared with July-September 2009

- Net sales totalled SEK 2 060 million (1 893).
- Net profit amounted to SEK 160 million (36), an improvement of SEK 124 million.
- Operating profit amounted to SEK 231 million (64), an improvement of SEK 167 million, mainly due to improved prices, lower costs for input materials and positive currency effects.
- Strong order bookings continued in the fourth quarter.

Proposed dividend

- The Board of Directors proposes a dividend of SEK 0.50 (0) per share for 2009.

Outlook for the full-year 2010

- 2010 started with continued good demand within all segments.
- Price increases have been implemented within all product areas and efforts to restore prices from the low levels of 2009 will continue in 2010.
- Cost savings of SEK 250 million have been achieved and there will be a continued focus on costs during 2010.

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Billerud's CEO Per Lindberg and CFO Bertil Carlsén will present the year-end report at a press conference on 11 February 2010 at 14.00 CET. Venue: Summit, Grev Turegatan 30, Stockholm.

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.

www.billerud.com

Comments by Billerud CEO Per Lindberg:

Stronger performance on all fronts

"We improved our performance on all fronts during the fourth quarter. We increased our operating profit to SEK 231 million, which represents an improvement of SEK 167 million compared with the third quarter. This corresponds to an increase in the operating margin of 8 percentage points, from 3% to 11%. Packaging paper continued to deliver stable earnings and at the same time, after six quarters of negative earnings, we could finally report a return to profit for the Market Pulp business area.

We can thus look back on a challenging year in 2009, when we had to handle a recession, financial crisis and falling demand. We did succeed, however, in dealing with this development which means that taken overall I am very pleased with the year. As a result of hard work with cost-cutting measures and intensive sales efforts we succeeded in delivering an operating profit for 2009 of SEK 300 million which is an improvement over the previous year.

We strengthened Billerud's balance sheet during the year, partly through a successful rights issue, and partly through a strengthened cash flow. Our packaging expertise was further improved and this led to a number of newly developed products. My assessment is that we are entering 2010 as a stronger company."

Billerud Group

Market

The order situation improved steadily during the year from a very weak level at the end of 2008. During the last two quarters order bookings were good for Billerud's products and an improvement of product and customer mix could be implemented. Billerud's market shares in general strengthened during the year.

Price falls in the first half of the year stopped in the third quarter and were followed by announced price increases for almost all Billerud's products. Work has started to restore prices to sustainable, long-term levels.

In the market for Nordic long-fibre sulphate pulp current prices in USD rose during the year from a very low level in the second quarter. At the same time, global inventory levels decreased for both long-fibre and short-fibre pulp from an abnormally high level in the second quarter to a normal level at year-end. Additional capacity following the restart of pulp mills temporarily out of operation, did not lead to any appreciable change in market balance during the fourth quarter.

Deliveries of packaging paper amounted to 254 000 tonnes in the fourth quarter, which is on a par with the third quarter of 2009 and an increase of 20% over the fourth quarter of 2008. For the full-year 2009 deliveries of packaging paper totalled 996 000 tonnes compared with 951 000 tonnes in the previous year, an increase of 5%.

Billerud's market pulp deliveries amounted to 82 000 tonnes during the quarter, an increase of 9% compared with the immediately preceding quarter, and an increase of 5% compared with the fourth quarter of 2008. Deliveries of market pulp totalled 316 000 tonnes for the full-year 2009 compared with 327 000 tonnes in the previous year, a decrease of 3%.

Billerud's total deliveries amounted to 336 000 tonnes in the fourth quarter of 2009, an increase of 2% compared with the third quarter of 2009 and an increase of 16% compared with the fourth quarter of 2008. Deliveries for the full-year 2009 totalled 1 312 000 tonnes, which represents an increase of 3% compared with the previous year.

Sales and results

Full-year 2009

Net sales amounted to SEK 7 760 million, which is at the same level as the previous year.

Operating profit reached SEK 300 million, an increase of SEK 11 million compared with the previous year. The operating margin for 2009 amounted to 4% (4). Operating profit for the packaging paper product area increased by SEK 124 million, corresponding to an increased operating margin from 8% to 10%. Operating profit for market pulp decreased by SEK 3 million and the margin amounted to -11% compared with -10% in the previous year.

Product area* (share of sales)	Operating margin		Operating profit/loss		Deviation
	2009	2008	2009	2008	
Packaging paper (approx. 80%)	10%	8%	616	492	124
Market pulp (approx. 20 %)	-11%	-10%	-148	-145	-3
Currency hedging and other			-168	-58	-110
Total	4%	4%	300	289	11

* Market Pulp refers to the Market Pulp business area, packaging paper refers to the Packaging & Speciality Paper and Packaging Boards business areas together, currency hedging relates to the lines Currency hedging, etc., and Other and eliminations according to the specification on page 16.

Deviation in operating profit is broken down into the following components (SEKm):

	Q1-09/ Q 1-08	Q 2-09/ Q 2-08	Q 3-09/ Q 3-08	Q 4-09/ Q 4-08	Jan-Dec 09/ Jan-Dec 08
Delivery and production volumes, including product mix	-63	66	40	180	223
Selling prices (in respective sales currency)	-279	-363	-340	-124	-1 106
Change in variable costs	-68	43	121	245	341
Change in fixed costs	37	51	3	-37	54
Change in depreciation	-16	-14	-11	-13	-54
Effects of exchange rate fluctuations, including hedging*	138	145	125	145	553
Total change in operating profit/loss	-251	-72	-62	396	11

* Effects of exchange rate fluctuations totalling SEK 553 million comprise the following components: improved spot rates SEK 688 million, currency hedging SEK 191 million and exchange rate effects from revaluation of accounts receivables and customer payments SEK -326 million.

Of reduced variable costs of SEK 341 million compared with the previous year, approximately 2/3 consists of price effects related to wood, sodium hydroxide and energy and the remainder is mainly due to efficiency enhancements of variable costs.

Net financial items amounted to SEK -114 million (-165), an improvement of SEK 51 million due to lower debt.

Profit before tax amounted to SEK 186 million. Estimated tax was SEK -21 million. Net profit therefore amounted to SEK 165 million.

Fourth quarter compared with corresponding period in 2008

Net sales amounted to SEK 2 060 million (1 709), an increase of SEK 351 million mainly due to higher volumes.

Operating profit amounted to SEK 231 million (-165), an increase of SEK 396 million mainly due to higher volumes and an improved product mix, lower variable costs and positive currency effects.

Fourth quarter compared with third quarter

Net sales rose 9% (SEK 167 million) which was primarily due to higher volumes and improved prices in particular for market pulp.

Operating profit increased by 261% (SEK 167 million) compared with the third quarter due to improved prices (SEK 63 million), reduced variable costs (SEK 67 million), positive currency

effects (SEK 63 million) and other effects (SEK -26 million). The operating margin thus rose from 3% to 11% between the quarters. The margin per product area improved from -6% to 2% for market pulp and decreased from 8% to 9% for packaging paper. The lower operating margin for packaging paper was entirely due to accrual effects, since the business areas' earnings for the fourth quarter were charged with a larger proportion of the year's fixed costs than in the third quarter.

Net financial items amounted to SEK -27 million, a decrease compared with the third quarter of 2009 of SEK 2 million.

Profit before tax amounted to SEK 204 million. Estimated tax amounted to SEK -44 million. Net profit therefore amounted to SEK 160 million.

Significant risks and uncertainties

Billerud's products are generally dependent on the business cycle, in terms of both price development and potential delivery volumes. The Group is exposed to currency fluctuations since most revenues are invoiced in foreign currency while most operating expenses are in SEK.

Billerud's mills have a higher capacity for sulphate pulp production than is used in production of packaging paper. To ensure cost-effective production, Billerud is largely dependent on being able to sell its surplus sulphate pulp as market pulp. A more in-depth description of risks and a sensitivity analysis are provided on pages 57-61 of the 2008 Annual Report.

On 10 December 2007 the Swedish Environmental Protection Agency decided to impose a sanction on Billerud of SEK 19 million for inaccurate reporting of emission rights for 2006. Billerud's assessment is that the company met its commitments and that the SEK 19 million sanction lacks legal basis and is not proportionate. Billerud lodged an appeal against the decision to the Environmental Court, which ruled in September 2009 that Billerud should pay the fine in accordance with the Swedish Environmental Protection Agency's decision. Billerud therefore made a provision for this amount in the third quarter of 2009 but also appealed against the decision to the Environmental Court of Appeal. Leave to appeal has been granted by the Environmental Court of Appeal.

Related party transactions

No transactions have taken place between Billerud and related parties that significantly affect the company's position and earnings.

Currency hedging

During 2009 net flows were hedged at EUR/SEK 9.95 (9.43), USD/SEK 7.58 (6.43), GBP/SEK 12.12 (12.68) and DKK/SEK 1.36 (1.26). Currency hedging had an overall negative earnings impact of SEK -18 million (-208) (compared with if no hedging had taken place).

Billerud's outstanding forward currency contracts at 31 December 2009 had a market value of SEK 215 million. The contracts matched by trade receivables affected earnings in the fourth quarter. Other contracts had a market value of SEK 145 million.

Billerud continuously hedges approximately 50% of forecast net flows over the next 12-month period, but in accordance with the financial policy is also able to extend currency hedging to 100% of net flows over the next 15 months.

The hedged proportion of flows and hedged rates for EUR, USD and GBP at 28 January are shown in the table below. Since DKK only accounts for 0.4% of total hedged flows, it is not included in the table.

Hedged portion of currency flows for EUR, USD and GBP, and exchange rates against SEK

Currency		Jan-Mar 2010	Apr-Jun 2010	Jul-Dec 2010	Jan-Mar 2011	Total 15 months
EUR	Share of flow	90%	82%	74%	32%	71%
	Rate	11,00	11,10	10,70	10,52	10,85
USD	Share of flow	96%	78%	41%	4%	53%
	Rate	8,48	7,43	7,20	7,12	7,75
GBP	Share of flow	84%	68%	41%	4%	48%
	Rate	12,04	11,93	11,50	11,41	11,81

Investments and capital employed

Gross investments including company acquisitions amounted to SEK 306 million (622). Billerud acquired 100% of the shares in Tenova Bioplastics AB, a bioplastics development company based in Norrköping, Sweden. The company's sales amounted to SEK 39 million in 2009.

Billerud's capital employed amounted to SEK 5 148 million at 31 December 2009, compared with SEK 5 342 million at 30 September 2009 and SEK 5 255 million at 31 December 2008.

Return on capital employed, calculated over the past 12-month period, amounted to 6% (5). If the effects of currency hedging are excluded, return on capital employed was 6% (9). Return on equity after tax was 5% (5).

Cash flow and financial position

Summary cash flow statement

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
SEKm (positive figure indicates reduction in debt)				
Operating surplus, etc.	392	-57	862	716
Change in working capital, etc.	-54	426	116	249
Net financial items, taxes, etc.	-1	-64	-124	-174
Cash flow from operating activities	337	305	854	791
Current net investments	-52	-118	-257	-612
Business combinations	-	-9	-35	-9
Operating cash flow	285	178	562	170
New issue	-3	-	925	-
Dividend	-	-	-	-180
Other items, not affecting cash flow	-1	6	-22	0
Change in net debt during the period	281	184	1 465	-10

Cash flow from operating activities in 2009 amounted to SEK 854 million compared with SEK 791 million in the previous year.

Operating cash flow amounted to SEK 562 million compared with SEK 170 million in the previous year.

Interest-bearing net amounted to SEK 1 152 million at 31 December 2009, compared with SEK 1 433 million at 30 September 2009 and SEK 2 617 million at 31 December 2008. The Group's net debt/equity ratio at the end of the period was 0.29 compared with 0.37 at 30 September 2009 and 0.99 at 31 December 2008. Billerud's financial target for the debt/equity ratio is between 0.60 and 0.90 over a business cycle. Cash and cash equivalents amounted to SEK 818 million at year-end.

Financing

Billerud's syndicated credit facility of SEK 1 800 million, which matures in September 2010, was refinanced in the first quarter of 2009 and replaced by a new three-year syndicated facility for the same amount which matures in April 2012. In conjunction with this, interest and loan terms were adjusted to the prevailing market situation.

The SEK 350 million bond loan which matured in June 2009 was drawn from the new SEK 450 million credit facility raised in the fourth quarter of 2008, which was partly repaid during the second half of 2009.

Interest bearing loans amounted to SEK 1 777 million at 31 December 2009. Of this amount, utilisation of the syndicated credit facility (maximum SEK 1 800 million) accounted for SEK 102 million, the syndicated bank loan for SEK 150 million, bond loans for SEK 1 225 million, and utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 297 million and other interest-bearing liabilities for SEK 3 million.

Loan	Credit limit	Utilised	Maturity
Syndicated credit facility	1 800	102	April 2012
Syndicated bank loan	450	150	December 2011
Commercial paper		297	1-6 months
Bond loan 5		150	April 2010
Bond loan 6		250	June 2010
Bond loan 2		150	September 2011
Bond loan 4		300	February 2013
Bond loan 7		225	June 2013
Bond loan 8		150	March 2016
Total		1 774	

Rights issue

An extraordinary general meeting held on 27 August 2009 approved the Board's decision on a SEK 978 million new issue with preferential rights for existing shareholders. The rights issue was completed at the end of September 2009. The subscription ratio was 1:1 with a subscription price of SEK 19. The issue was guaranteed to 27% by existing shareholders, was oversubscribed to 196% and provided the company with SEK 925 million after deduction of issue costs.

Personnel

The average number of employees during the year was 2 232 compared with 2 322 in the previous year, i.e. a reduction of 90.

Segment information

The Group's business is managed and reported by business area as set out below. The introduction of IFRS 8 on 1 January 2009 did not lead to any change in accounting for the business areas.

- The Packaging & Speciality Paper business area is responsible for sales of sack paper and kraft paper with a focus on packaged food, paper carrier bags, sack solutions and industrial applications.
- The Packaging Boards business area is responsible for sales of fluting, liner and liquid board with a focus on fruit and vegetables and consumer goods.
- The Market Pulp business area is responsible for sales of long-fibre market pulp.
- Other business comprises group-wide functions such as corporate headquarters, wood supplies and the sales organisations. Other business also reports profit shares in

associates/joint ventures, Nine TPP AB and ScandFibre Logistics AB, as well as earnings from the subsidiary Tenova Bioplastics AB which was acquired during the year. Other business also includes results from hedging of the Group's net currency flows and eliminations.

Non-current assets and capital investments cannot be broken down by business area since the business areas are highly integrated in terms of production.

	Packaging & Speciality Paper		Packaging Boards		Market Pulp		Other business		Group total	
	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Net sales	3 934	3 832	2 362	2 364	1 338	1 499	126	97	7 760	7 792
Other income	-	-	-	-	-	-	32	14	32	14
Operating expenses, other	-3 265	-3 330	-1 967	-1 978	-1 382	-1 541	-316	-161	-6 930	-7 010
Depreciation and impairment	-283	-258	-165	-138	-104	-103	-9	-8	-561	-507
Share of profits of associates/JV	-	-	-	-	-	-	-1	0	-1	0
Operating profit/loss	386	244	230	248	-148	-145	-168	-58	300	289
Financial items									-114	-165
Tax									-21	28
Net profit/loss									165	152

For quarterly data commented below, see page 16 of this report.

Packaging & Speciality Paper business area

January-December

Operating profit increased by SEK 142 million or 58% to SEK 386 million, mainly due to lower variable costs, higher volumes and an improved product mix, although this was counteracted by a less favourable price level.

Fourth quarter

Operating profit amounted to SEK 85 million, an increase of SEK 108 million compared with the same period in the previous year, mainly due to lower variable costs and higher volumes, although these were counteracted to some extent by a less favourable price level. Compared with the third quarter of 2009, operating profit increased by SEK 11 million, mainly due to an improved product mix and lower variable costs. The operating margin amounted to 9%, compared with -3% in the fourth quarter of 2008 and 8% in the previous quarter.

Market development

Deliveries were strong during the fourth quarter, despite a seasonally weaker quarter. Order bookings remained good for sack and kraft paper at the end of the quarter. Efforts to restore prices from the low level in the third quarter will continue in 2010. Implemented price increases are expected to have a positive earnings impact in the first quarter of 2010.

The launch of Billerud FibreForm[®], with its unique elasticity and formability, is proceeding according to plan and has attracted considerable attention.

Packaging Boards business area

January-December

Operating profit decreased by SEK 18 million to SEK 230 million compared with the previous year, mainly due to a less favourable price level, although this was compensated by lower variable costs, higher volumes and an improved product mix.

Fourth quarter

Operating profit amounted to SEK 37 million, an increase of SEK 8 million compared with the same period in the previous year mainly due to lower variable costs and increased volumes, although these were counteracted by a less favourable price level. Compared with the third quarter of 2009, operating profit decreased by SEK 31 million. The decrease was entirely due to a higher proportion of fixed costs in the fourth quarter compared with the third. The operating margin was 7% compared with 5% in the same period in the previous year and 12% for the third quarter of 2009.

Market development

Order bookings were strong during the quarter resulting in good deliveries of both fully bleached virgin fibre-based liner and S/C fluting. Prices bottomed out during the previous quarter due to an improved balance in the market which resulted in the announcement of price increases. The price increases have been implemented and are expected to have a positive effect on results during the first quarter of 2010. Order books were also strong at the end of the fourth quarter.

Market Pulp business area

January-December

Operating profit decreased by SEK 3 million compared with the previous year due to a less favourable price level.

Fourth quarter

Operating profit amounted to SEK 8 million, an increase of SEK 118 million compared with the same period in the previous year mainly due to lower variable costs and an improved price level. Compared with the third quarter of 2009, operating profit rose SEK 29 million, mainly due to improved prices and lower variable costs.

Market development

The market for market pulp remained strong during the fourth quarter and additional price increases were implemented. The price at the end of the third quarter was approximately USD 730, and around USD 800 at the end of the fourth quarter. In the fourth quarter annual production of 700 000 tonnes was resumed from the previously closed NBSK capacity. This increase in production was absorbed well by the market which remains well balanced and a further price increase to USD 860 was announced on 1 February 2010.

Parent company

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

Net sales in 2009 amounted to SEK 3 278 million (3 448). Operating profit was SEK 85 million (94), a decrease of SEK 9 million compared with the previous year, mainly due to negative currency effects although these were compensated by improved volumes and lower variable costs. This result included dividends received from subsidiaries of SEK 44 million (4).

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. This result amounted to SEK -18 million (-208).

Investments in property, plant and equipment and intangible assets excluding shares amounted to SEK 78 million (248) in 2009. The average number of employees was 933 (1 011). Cash and cash equivalents amounted to SEK 741 million (443).

Seasonal effects

Maintenance shutdowns

In addition to ongoing maintenance during production, Billerud's mills normally also require more extensive maintenance at some time during the year. In order for maintenance to be carried out production of pulp and paper is stopped – known as a maintenance shutdown. An estimation of planned maintenance shutdowns and those already carried out are shown below.

Mill	2010	2009
Gruvön	Q 2, 10 days	No shutdown 2009
Karlsborg	Q 3, 10 days	Q 3, 10 days
Skärblacka	Q 3, 8 days	Q 3, 8 days

Maintenance shutdowns at Beetham have an insignificant effect on Billerud's overall earnings.

The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. Billerud works continually to spread the cost of maintenance shutdowns more evenly across the quarters.

Other seasonal effects

A significant part of Billerud Flute® volumes are used to package fruit exports from the Mediterranean area. Demand from this customer group varies with the fruit export season and is normally highest from September to March each year. A significant portion of Billerud's sack paper and QuickFill® sack paper is used as packaging for cement and building materials. Demand for building materials in Europe is generally higher during the period May to October.

Measures to reduce costs

In the first quarter of 2008 a decision was made to carry out a programme of measures within the business designed to reduce Billerud's costs. This work included a review of wood consumption, product recipes and specifications, the production mix, and identification of additional efficiency enhancements within manufacture, energy consumption, as well as improved efficiency within the administrative processes within the framework of the "One Billerud" project. These measures were expected to provide an annual earnings impact of SEK 150 million compared with cost levels in 2007 and to involve investments of approximately SEK 50 million.

Ahead of the approaching weaker business climate and reduced demand, a decision was made in the fourth quarter of 2008 to make further cost reductions of SEK 100 million with a focus on employees and fixed costs.

Work on implementation of these cost savings has gone well and the target savings of a total of SEK 250 million had been met in full by 31 December 2009.

Largest shareholders

At 31 December 2009, Billerud's ten largest shareholders according to Euroclear's register (Billerud's approximately 1.9 million treasury shares and custodian banks are excluded):

Shareholders	Number of shares (millions) (shares= votes)	Proportion of shares in market, %
Frapag Beteiligungsholding AG	21,4	20,8
Citibank	3,1	3,0
Government of Norway	2,2	2,1
Proad AB	2,0	1,9
Mellon	1,7	1,7
SEB Funds/SEB Trygg Liv/Securities	1,6	1,5
Handelsbanken Funds	1,5	1,4
Swedbank incl. Robur Funds	1,3	1,3
Avanza	1,3	1,2
Apoteket AB:s pension foundation	1,1	1,0
Total 10 largest	37	36
Total number of shares in the market	103	100

The proportion of foreign ownership was 43.1% of the number of shares in the market. The total number of owners (included nominee-registered) was approximately 122 200. More information about shareholder structure is available at www.billerud.se/investerare.

Distribution of shares

At 31 December 2009 the distribution of shares was as follows.

Registered number of shares	53 343 043
Treasury shares	- 1 851 473
<u>Rights issue</u>	<u>51 491 570</u>
Shares in the market	102 983 140

No treasury shares have been purchased since year-end 2004.

Outlook

2010 has started with continued good demand within all segments.

Price increases have been implemented within all product areas and efforts to restore prices from the low levels of 2009 will continue in 2010.

Cost savings of SEK 250 million have been achieved and a continued focus on costs will prevail during 2010.

Stockholm, 11 February 2010
Billerud AB (publ)

Board of Directors

This year-end report has not been reviewed by the company's auditors.

Financial calendar

Interim report January-March 2010

29 April 2010

Interim report January-June 2010

22 July 2010

Interim report January-September 2010

28 October 2010

The 2010 Annual General Meeting will be held on 4 May 2010.

This information is such that Billerud AB is required to disclose under the Securities Market Act.

Billerud Group

Accounting principles

The year-end report for the Group is produced in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles applied in this interim report are the same as those used in the most recent annual report for 2008, see pages 62-72 and page 87 for definitions of key indicators, with the following exceptions: IFRS 8 Operating Segments replaces IAS 14 Segment Reporting, and applies for the financial year starting on 1 January 2009. Operating Segments define what constitutes an operating segment and the information that must be disclosed on these in the financial statements. No changes to business areas have been made in connection with the introduction of IFRS 8. Revised IAS 1, Presentation of Financial Statements, is applied from 1 January 2009. The revised standard divides changes in equity resulting from transactions with owners and other changes. The amendment means that certain transactions previously recognised directly in equity are now recognised in a new financial statement, Statement of Comprehensive Income. IAS 23 Borrowing Costs, is applied from 1 January 2009. The standard prescribes that borrowing costs must be capitalised if they are directly attributable to purchase, construction or production of assets that require a significant time to complete for their intended use or sale. Apart from new disclosure requirements, the amended accounting principles have not had a significant impact on carrying amounts. The Parent Company's interim report is prepared in accordance with the Swedish Annual Accounts Act.

Income statement	3 months					Full year	
	Oct-Dec 2009	Jul-Sep 2009	Apr-Jun 2009	Jan-Mar 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
SEKm							
Net sales	2 060	1 893	1 907	1 900	1 709	7 760	7 792
Other income	24	2	2	4	5	32	15
Operating income	2 084	1 895	1 909	1 904	1 714	7 792	7 807
Raw materials and consumables	-966	-937	-945	-1 022	-973	-3 870	-3 929
Change in inventories	80	-10	-16	-28	-41	26	-46
Other external costs	-461	-413	-410	-422	-433	-1 706	-1 727
Staff costs	-363*	-330	-357	-330	-302	-1 380	-1 309
Depreciation	-143	-140	-139	-139	-130	-561	-507
Share of profits of associates and joint ventures	0	-1	0	0	0	-1	0
Operating expenses	-1 853	-1 831	-1 867	-1 941	-1 879	-7 492	-7 518
Operating profit/loss	231	64	42	-37	-165	300	289
Financial items	-27	-25	-30	-32	-57	-114	-165
Profit/loss after financial items	204	39	12	-69	-222	186	124
Tax	-44	-3	-4	30	124	-21	28
Net profit/loss for the period	160	36	8	-39	-98	165	152
Earnings per share, SEK	1,55	0,48	0,11	-0,53	-1,32	2,04	2,07
Earnings per share after dilution, SEK	1,55	0,48	0,11	-0,53	-1,32	2,03	2,07

*The increase in staff costs compared with the previous year is mainly attributable to accrual effects in connection with provision for profit sharing.

Statement of comprehensive income	Jan-Dec 2009	Jan-Sep 2009	Jan-Jun 2009	Jan-Mar 2009	Full year 2008
SEKm					
Net profit/loss for the period	165	5	-31	-39	152
Other comprehensive income					
Change in translation reserve for the period	-3	-10	11	4	2
Cash flow hedges					
Recognised in other comprehensive income	366	549	422	230	-131
Reversed in profit or loss	-1	-78	-185	-149	-188
Tax attributable to hedges for the period	-96	-124	-62	-21	84
Change in hedging reserve for the period	269	347	175	60	-235
Comprehensive income for the period	431	342	155	25	-81

Statement of changes in equity	Jan-Dec 2009	Jan-Sep 2009	Jan-Jun 2009	Jan-Mar 2009	Full year 2008
SEKm					
Opening balance	2 638	2 638	2 638	2 638	2 898
Comprehensive income for the period	431	342	155	25	-81
New issue	925	928	-	-	-
Share-related payments	1	1	1	0	1
Dividend	-	-	-	-	-180
Closing equity	3 995	3 909	2 794	2 663	2 638

There are no minority interests in profit for the period or equity.

Balance sheet	31 Dec	30 Sep	30 Jun	31 Mar	31 Dec
SEKm	2009	2009	2009	2009	2008
Non-current assets	5 555	5 649	5 712	5 786	5 824
Inventories	1 065	977	1 046	1 129	1 091
Trade receivables	1 152	1 139	1 311	1 383	1 294
Other current assets	491	588	374	348	270
Cash, bank and short-term investments	818	1 226	397	303	542
Total assets	9 081	9 579	8 840	8 949	9 021
Equity	3 995	3 909	2 794	2 663	2 638
Interest-bearing liabilities	1 080	1 377	1 591	2 256	2 396
Interest-bearing provisions, pensions	193	189	187	185	183
Other provisions	27	26	26	26	25
Deferred tax liabilities	1 357	1 353	1 286	1 274	1 254
Total non-current liabilities	2 657	2 945	3 090	3 741	3 858
Interest-bearing liabilities	697	1 093	1 327	735	580
Trade payables	1 056	973	934	958	1 019
Other liabilities and provisions	676	659	695	852	926
Total current liabilities	2 429	2 725	2 956	2 545	2 525
Total equity and liabilities	9 081	9 579	8 840	8 949	9 021

Statement of cash flows	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Full year	Full year
SEKm	2009	2009	2009	2009	2009	2008
Operating surplus, etc. ¹⁾	392	207	214	49	862	716
Change in working capital, etc.	-54	277	56	-163	116	249
Net financial items, taxes, etc.	-1	-35	-42	-46	-124	-174
Cash flows from operating activities	337	449	228	-160	854	791
Investments in property, plant and equipment	-56	-102	-59	-54	-271	-613
Business combinations	-	1	-	-36	-35	-9
Sale of property, plant and equipment	4	0	1	9	14	1
Cash flows from investing activities	-52	-101	-58	-81	-292	-621
Change in interest-bearing liabilities	-690	-440	-77	0	-1 207	-172
New issue	-3	928	-	-	925	-
Dividend	-	-	-	-	-	-180
Sale of treasury shares, incentive programme	-	-	-	-	-	-
Cash flows from financing activities	-693	488	-77	0	-282	-352
Total cash flows (=change in cash and cash equivalents)	-408	836	93	-241	280	-182
Cash and cash equivalents at start of period	1 226	397	303	542	542	718
Translation differences in cash and cash equivalents	0	-7	1	2	-4	6
Cash and cash equivalents at the end of the period	818	1 226	397	303	818	542

1) The amount for the period January - December 2009 includes operating profit of SEK 300 million, reversed depreciation SEK 561 million, payment of restructuring costs SEK -5 million, increase in pension liabilities SEK 5 million, the net of produced and sold electricity certificates and sold emission rights SEK 1 million. The amount for the period January - December 2008 includes operating profit SEK 289 million, reversed depreciation SEK 507 million, payment of restructuring costs SEK -5 million, increase in pension liabilities SEK 2 million, the net of produced and sold electricity certificates SEK -79 million and other items SEK 2 million.

Key figures	Full year 2009	Jan-Sep 2009	Jan-Jun 2009	Jan-Mar 2009	Full year 2008
<i>Margins</i>					
Gross margin, %	11	9	7	5	10
Operating margin, %	4	1	0	-2	4
<i>Return (rolling 12 months)</i>					
Return on capital employed, %	6	-2	-1	1	5
Return on total capital, %	3	-1	0	0	3
Return on equity, %	5	-3	-2	-1	5
Return on equity after dilution, %	5	-3	-2	-1	5
<i>Capital structure at end of period</i>					
Capital employed, SEKm	5 148	5 342	5 501	5 536	5 255
Equity, SEKm	3 995	3 909	2 794	2 663	2 638
Interest-bearing net debt, SEKm	1 152	1 433	2 708	2 873	2 617
Net debt/equity ratio, multiple	0,29	0,37	0,97	1,08	0,99
Net debt/equity ratio after dilution, multiple	0,29	0,37	0,97	1,08	0,99
Equity ratio, %	44	41	32	30	29
Equity ratio after dilution, %	44	41	32	30	29
<i>Per share ¹⁾</i>					
Earnings per share, SEK	2,04	0,07	-0,42	-0,53	2,07
Average number of shares, thousands	81 029	73 711	73 711	73 711	73 711
Earnings per share after dilution, SEK	2,03	0,07	-0,42	-0,53	2,07
Average number of shares after dilution, thousands	81 155	73 834	73 711	73 711	73 711
<i>Per share at end of period ¹⁾</i>					
Equity per share, SEK	38,80	37,96	37,90	36,13	35,79
Number of share, thousands	102 983	102 983	73 711	73 711	73 711
Equity per share after dilution, SEK	38,75	37,96	37,90	36,13	35,79
Number of share, thousands	103 117	103 069	73 711	73 711	73 711
Gross investments, SEKm	271	215	114	54	613
Business combinations, SEKm	35	35	36	36	9
Average number of employees	2 232	2 257	2 247	2 205	2 322

Key figures, 5 years	2009	2008	2007	2006	2005	2004
Net profit/loss, SEKm	165	152	336	312	-183	509
Earnings per share, SEK ¹⁾	2,04	2,07	4,56	4,25	-2,49	6,76
Return on capital employed, %	6	5	11	11	-4	17
Return on total capital, %	3	3	7	7	-3	11
Return on equity, %	5	5	12	12	-7	16
Equity ratio, %	44	29	31	33	33	43

1) Historic figures recalculated taking the rights issue in September 2009 into account.

Parent Company

Summarised income statement	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEKm	2009	2008	2009	2008
Operating income	978	710	3 322	3 443
Operating expenses	-846	-807	-3 237	-3 349
Operating profit/loss	132	-97	85	94
Financial items	3	-47	-74	-147
Profit/loss after financial items	135	-144	11	-53
Appropriations	-2 098	1 900	-2 098	1 900
Profit/loss before tax	-1 963	1 756	-2 087	1 847
Tax	543	-457	579	-482
Net profit/loss for the period	-1 420	1 299	-1 508	1 365

Summarised balance sheet	31 Dec	30 Sep	31 Dec
SEKm	2009	2009	2008
Non-current assets	4 018	4 055	4 162
Current assets	3 368	3 084	2 995
Total assets	7 386	7 139	7 157
Equity	2 228	3 136	2 296
Untaxed reserves	2 098	-	-
Provisions	414	772	806
Interest-bearing liabilities	1 975	2 600	2 959
Other liabilities	671	631	1 096
Total equity and liabilities	7 386	7 139	7 157

Business areas

Billerud's net sales and operating profit/loss by business area are presented below. The results of the business areas are reported excluding the effects of currency hedging and excluding the effect on profit/loss of remeasurement of trade receivables in foreign currency and currency effects in connection with payments. These effects are reported separately on the line Currency hedging, etc. The part of currency exposure relating to changes in invoicing rates is included in the business area's profit or loss.

Quarterly net sales per business area and for the Group

SEKm	2009					2008				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	3 934	953	965	1 023	993	3 832	815	1 008	976	1 033
Packaging Boards	2 362	557	565	573	667	2 364	556	598	566	644
Market Pulp	1 338	380	325	310	323	1 499	334	385	366	414
Currency hedging, etc.	-110	95	-12	-62	-131	28	-33	38	37	-14
Other and eliminations	236	75	50	63	48	69	37	9	4	19
Total Group	7 760	2 060	1 893	1 907	1 900	7 792	1 709	2 038	1 949	2 096

Quarterly operating profit/loss per business area and for the Group

SEKm	2009					2008				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	386	85	74	133	94	244	-23	76	50	141
Packaging Boards	230	37	68	25	100	248	29	83	50	86
Market Pulp	-148	8	-21	-58	-77	-145	-110	-39	-15	19
Currency hedging, etc.	-110	95	-12	-62	-131	28	-33	38	37	-14
Other and eliminations	-58	6	-45	4	-23	-86	-28	-32	-8	-18
Total Group	300	231	64	42	-37	289	-165	126	114	214

Quarterly operating margin per business area and for the Group

%	2009					2008				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	10	9	8	13	9	6	-3	8	5	14
Packaging Boards	10	7	12	4	15	10	5	14	9	13
Market Pulp	-11	2	-6	-19	-24	-10	-33	-10	-4	5
Group	4	11	3	2	-2	4	-10	6	6	10

Quarterly delivery volumes per business area

ktonnes	2009					2008				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Packaging & Speciality Paper	508	128	130	132	118	482	103	128	123	128
Packaging Boards	488	126	123	114	125	469	108	121	113	127
Market Pulp	316	82	75	77	82	327	78	85	79	85
Total	1 312	336	328	323	325	1 278	289	334	315	340