

	3 months			Full year	
	Oct-Dec 2010	Jul-Sep 2010	Oct-Dec 2009	Jan-Dec 2010	Jan-Dec 2009
Net sales, SEKm	2 279	2 251	2 060	8 828	7 760
EBITDA, SEKm	492	425	374	1 647	861
Operating profit/loss, SEKm	326	276	231	1 037	300
Operating margin, %	14%	12%	11%	12%	4%
Profit/Loss before tax, SEKm	308	258	204	960	186
Net profit/loss for the period, SEKm	225	190	160	705	165
Earnings per share, SEK	2,19	1,84	1,55	6,84	2,04

Full-year 2010 compared with the same period in 2009

- Net sales amounted to SEK 8 828 million (7 760), an increase of 14%.
- Profit for the period amounted to SEK 705 million (165).
- Earnings per share amounted to SEK 6.84 (2.04).
- Operating profit amounted to SEK 1 037 million (300), corresponding to a margin of 12% (4).

October-December 2010 compared with July-September 2010

- Net sales amounted to SEK 2 279 million (2 251), an increase of 1%.
- Operating profit amounted to SEK 326 million (276). The 18% increase is mainly attributable to improved prices and improved production efficiency.
- The quarter was charged with non-recurring costs of SEK 19 million.
- Strong order situation continued in the fourth quarter.

Proposed dividend

- The Board of Directors proposes a dividend of SEK 3.50 (0.50) per share for 2010.

Outlook for the full-year 2011

- The order situation remain good or very good within most of Billerud's packaging paper areas, which will enable a continued positive development within Billerud's packaging paper and packaging paper solutions segments.
- Good prospects for additional price increases in local currency for packaging paper which counteract the currency effects of a weaker EUR against SEK.
- A weaker USD reduced the operating margin for the Market Pulp business area.

For further information in connection with this report, please contact Per Lindberg, President and CEO, +46 702 481 517 or Bertil Carlsén, CFO, +46 730 211 092

**Billerud's CEO Per Lindberg and CFO Bertil Carlsén will present the year-end report at a press and analysts conference on Tuesday, 15 February at 10.30 CET.
Venue: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.**

Comments by Billerud's CEO Per Lindberg:

Billerud reports strengthened position

"I am happy, pleased and impressed by our performance during 2010. We leave 2010 with an operating margin of 15% for our packaging paper in the fourth quarter. For the full-year 2010 the Group achieved, for the first time since our financial targets were set in 2006, an operating margin of 12%, well above our 10% target over a business cycle. Demand for our products showed a very strong increase during the year, and we can see that our focused approach has achieved results.

2010 is a year we can look back at and see that we successfully broke new ground. This is particularly gratifying since our line of approach contradicts a widely held notion in the industry that large-scale operations are the key to success. Instead, I believe that the explanation for success is a strong focus on a single area – in our case selected packaging segments – and being in the forefront in development of material and solutions. I am convinced that Billerud has a strong platform from which to offer products that have environmental sustainability as fundamental properties. We will continue to develop our offering with alternatives to traditional plastic in packaging and can see clear signs that our customers and business environment appreciate the route Billerud has chosen. We approach 2011 with confidence and see good opportunities to continue to develop Billerud and create shareholder value from our strengthened position."

Billerud Group

Market

Demand remained strong for the season within all Billerud's packaging paper segments. During the fourth quarter, price increases compared with the previous quarter were implemented for all Billerud's packaging paper products which are priced in local currency. Prices in local currency rose by an average of approximately 6% during the quarter compared with the third quarter.

The pulp market (NBSK) remained favourable during the fourth quarter. The price level in Europe fell to USD 950 per tonne at the end of the quarter compared with USD ~980 per tonne in the third quarter. China increased its purchases during the quarter which, however, resulted in price increases in the Chinese market.

Billerud's total deliveries amounted to 323 000 tonnes in the fourth quarter of 2010, a decrease of 3% compared with the previous quarter and a 4% decrease compared with the same period in the previous year. The lower deliveries during the quarter are mainly attributable to the public holidays around year-end and the fact that snow and cold weather made deliveries difficult towards the end of the quarter. Due to strike action during the second quarter, total deliveries for 2010 were lower than in 2009.

Deliveries of packaging paper totalled 242 000 tonnes during the fourth quarter of 2010, a decrease of 6% compared with the previous quarter and a 5% decrease compared with the same period in 2009.

Market pulp deliveries amounted to 81 000 tonnes during the fourth quarter of 2010, an increase of 9% compared with the previous quarter and a decrease of 1% compared with the same period in the previous year.

Sales and results

Fourth quarter compared with the third quarter

Net sales amounted to SEK 2 279 million, an increase of 1% over the third quarter. Improved prices compensated for lower delivery volumes.

Operating profit amounted to SEK 326 million, an increase of SEK 50 million. The change in operating profit is shown in the table below. The operating margin amounted to 14% (12).

Change in operating profit compared with previous quarter

SEKm	Jan-Mar 10/	Apr-Jun 10/	Jul-Sep 10/	Oct-Dec10/
	Okt-Dec 09	Jan-Mar 10	Apr-Jun 10	Jul-Sep10
Delivery and production volumes, incl. product mix	20	-120	65	59
Selling prices (in respective sales currency)	108	147	138	81
Strike compensation	-	77	-77	-
Change in variable costs	-109	-47	-3	20
Change in fixed costs	35	-39	48	-80
Change in depreciation	-3	-2	0	-18
Effects of exchange rate fluctuations, incl. hedging*	-48	-49	-96	-12
Total change in operating profit/loss	3	-33	75	50

* Effects of exchange rate fluctuations totalling SEK -12 million comprise the following components: changed spot rates SEK -82 million, currency hedging SEK -40 million and currency effects from remeasurement of trade receivables and payments from customers, etc., SEK 110 million.

Despite reduced delivery volumes due to the weather and public holidays at the turn of the year, higher production volumes had a positive impact on operating profit of SEK 59 million. Improved selling prices in local currency had a positive effect of SEK 81 million, which was entirely attributable to packaging paper. The packaging paper segment increased its prices in local currency by an average of approximately 6% compared with the previous quarter. The effect of lower variable costs was SEK 20 million of which the effect of changed wood prices was SEK 4 million while the effect of changed electricity prices amounted to SEK -12 million. Fixed costs increased by SEK 80 million, mainly due to maintenance costs and seasonally higher personnel costs. The quarter was charged with non-recurring costs in the form of impairment of assets of SEK 14 million and an adjustment of pension provisions of SEK 5 million. No periodic maintenance shutdowns took place during the quarter compared with two in the previous quarter.

Operating profit per business area

Business area (share of sales)	Operating margin, %		Operating profit/loss, SEKm		Deviation
	Oct-Dec	Jul-Sep	Oct-Dec	Jul-Sep	
	2010	2010	2010	2010	
Packaging & Speciality Paper and Packaging Boards <i>Packaging paper (approx. 80%)</i>	15%	12%	253	213	40
Market Pulp <i>Market pulp (approx. 20%)</i>	12%	20%	53	92	-39
Currency hedging and other			20	-29	49
Group	14%	12%	326	276	50

In addition to the three business areas, the Group includes Currency hedging, etc. and Other and eliminations according to the specification on page 17.

Operating profit for packaging paper (Packaging & Speciality Paper and Packaging Boards) rose SEK 40 million, corresponding to an increase in the operating margin from 12% to 15% mainly due to improved prices and improved production efficiency. Operating profit for Market Pulp decreased by SEK 39 million as a result of lower prices in local currency and a less

favourable currency situation. The operating margin therefore amounted to 12% during the quarter compared with 20%. For further accounting per business area, see pages 8-9.

Net financial items amounted to SEK -18 million (-18). Profit before tax amounted to SEK 308 million. Estimated tax was SEK -83 million. Net profit therefore amounted to SEK 225 million.

Fourth quarter compared with the same period in 2009

Net sales increased by 11% compared with the same period in the previous year.

Operating profit increased by SEK 95 million mainly due to improved prices (see table below). Operating margin amounted to 14% (11).

Full-year 2010 compared with the same period in 2009

Net sales amounted to SEK 8 828 million, an increase of 14% compared with the same period in the previous year. Despite strike action which resulted in a loss of production of 26 000 tonnes, deliveries in 2010 totalled 1 307 000 tonnes which is on a par with deliveries in 2009. Billerud has received full compensation from the Confederation of Swedish Enterprise for costs related to the strike. The compensation amounting to SEK 77 million was recognised as revenue in the second quarter and paid by the Confederation of Swedish Enterprise to Billerud during the fourth quarter.

Operating profit amounted to SEK 1 037 million, an increase of SEK 737 million, mainly attributable to improved prices and a better product mix. The effect of increased variable costs was SEK -228 million of which the effect of changed wood prices was SEK -110 million while the effect of changed electricity prices amounted to SEK -51 million. Fixed costs increased by SEK 99 million, mainly due to increased costs for maintenance. The operating margin amounted to 12% (4).

Change in operating profit compared with the same period in the previous year

SEKm	Jan-Mar 10/	Apr-Jun 10/	Jul-Sep 10/	Oct-Dec 10/	Jan-Dec 10/
	Jan-Mar 09	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Dec 09
Delivery and production volumes, incl. product mix	122	-70	-15	24	61
Selling prices (in respective sales currency)	122	315	463	487	1 387
Strike compensation	-	77	0	0	77
Change in variable costs	57	-67	-79	-139	-228
Change in fixed costs	-31	-30	-5	-33	-99
Change in depreciation	-7	-10	-9	-23	-49
Effects of exchange rate fluctuations, incl. hedging*	8	-56	-143	-221	-412
Total change in operating profit/loss	271	159	212	95	737

* Effects of exchange rate fluctuations totalling SEK -412 million comprise the following components: changed spot rates SEK -685 million, currency hedging SEK 362 million and currency effects from remeasurement of trade receivables and payments from customers, etc. SEK -89 million.

Net financial items amounted to SEK -77 million (-114), an improvement of SEK 37 million due to lower debt.

Profit before tax amounted to SEK 960 million. Estimated tax amounted to SEK -255 million. Net profit therefore amounted to SEK 705 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.

A more in-depth description of risks and a sensitivity analysis are provided on pages 68-72 of the 2009 Annual Report.

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 2010 net flows were hedged at EUR/SEK 10.56 (9.95), USD/SEK 7.56 (7.58), GBP/SEK 11.46 (12.12) and DKK/SEK 1.45 (1.36). Currency hedging had an overall earnings impact of SEK 344 million (-18) (compared with if no hedging had taken place).

Billerud's outstanding forward exchange contracts at 31 December 2010 had a market value of SEK 202 million. The contracts matched by trade receivables affected earnings in the fourth quarter. Other contracts had a market value of SEK 144 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 up to 100% of net flows over the next 15 months.

The hedged portion of the flows and the hedged rates for EUR, USD and GBP at 31 December 2010 are shown in the table below. DKK only accounts for 0.1% of total hedged flows and is therefore not included in the table.

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

		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Total
Currency		2011	2011	2011	2011	2012	12 month
EUR	Share of net flow	86%	54%	30%	48%	48%	48%
	Rate	9,64	9,43	9,40	9,46	9,48	9,51
USD	Share of net flow	82%	61%	38%	15%	-	55%
	Rate	7,08	7,42	7,97	6,98	-	7,35
GBP	Share of net flow	85%	52%	31%	12%	-	44%
	Rate	10,86	11,05	11,03	10,90	-	10,94

Investments and capital employed

Gross investments in intangible assets and property, plant and equipment, including company acquisitions, in 2010 amounted to SEK 334 million (306).

Billerud's capital employed amounted to SEK 4 792 million at 31 December 2010, compared with SEK 4 930 million at 30 September 2010 and SEK 5 148 million at 31 December 2009.

Return on capital employed, calculated over the past 12-month period, amounted to 21% (6). If the effects of currency hedging are excluded, return on capital employed was 14% (6). Return on equity after tax was 17% (5).

Cash flow and financial position

Summary cash flow statement

	3 months		Full year	
	Oct-Dec 2010	Oct-Dec 2009	Jan-Dec 2010	Jan-Dec 2009
SEKm (positive figure indicates reduction in debt)				
Operating surplus, etc.	506	392	1 548	862
Change in working capital, etc.	-38	-54	-70	116
Net financial items, taxes, etc.	-7	-1	-85	-124
Cash flow from operating activities	461	337	1 393	854
Current net investments	-81	-52	-331	-257
Business combinations	-	0	-	-35
Operating cash flow	380	285	1 062	562
New issue	-	-3	-	925
Dividend	-	-	-52	-
Other items, not affecting cash flow	-10	-1	-13	-22
Change in net debt during the period	370	281	997	1 465

Cash flow from operating activities in 2010 amounted to SEK 1 393 million (854). The increase is due to an improved operating surplus.

Operating cash flow during 2010 amounted to SEK 1 062 million (562).

Interest-bearing net debt at 31 December 2010 amounted to SEK 155 million compared with SEK 525 million at 30 September 2010 and SEK 1 152 million at 31 December 2009. The Group's net debt/equity ratio at the end of the period was 0.03 compared with 0.12 at 30 September 2010 and 0.29 at 31 December 2009. Billerud's financial target for the net debt/equity ratio is between 0.60 and 0.90 over a business cycle. The present net debt/equity ratio is thus lower than the average net debt/equity ratio aimed for over time. Cash and cash equivalents at 31 December 2010 amounted to SEK 740 million.

Financing

During the first quarter of 2010 Billerud reduced its syndicated credit facility which matures in 2012 from SEK 1 800 million to SEK 1 200 million. During the third quarter, a new 7-year credit facility of SEK 800 million maturing in 2017 was raised with the Swedish Export Credit Corporation. The credit facility is currently unutilised. During the fourth quarter the syndicated bank loan was amortised by SEK 150 million. After the end of the year the SEK 1 200 million credit facility which matures in 2012 was replaced with a new 5-year facility of SEK 801 million with a consortium of banks.

Interest-bearing loans amounted to SEK 948 million at 31 December 2010. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 1 200 million) accounted for SEK 121 million, bond loans of SEK 825 million, utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 0 million and other interest-bearing liabilities for SEK 2 million.

Financing at 31 December 2010

Loan	Credit limit, SEKm	Utilised, SEKm	Maturity
Syndicated credit facility	1 200	121	April 2012
Commercial paper		0	1-6 months
Bond loan 2		150	September 2011
Bond loan 4		300	February 2013
Bond loan 7		225	June 2013
Bond loan 8		150	March 2016
SEK credit facility	800	-	July 2017
Total		946	

Personnel

The average number of employees during the year amounted to 2 240 compared with 2 232 in the previous year, an increase of 8 employees.

Segment information

The Group's operations are managed and reported by business area as set out below.

- 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 the subsidiary Tenova Bioplastics AB. Other business also includes results from hedging of the Group's net currency flows, the result of pulp price hedges and group 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.

Summary income statement per business area

SEKm	Packaging & Speciality Paper		Packaging Boards		Market Pulp		Other business		Group total	
	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net sales	4 166	3 934	2 428	2 362	1 731	1 338	503	126	8 828	7 760
Other income	40	-	26	-	12	-	7	32	85	32
Operating expenses, other	-3 461	-3 265	-2 023	-1 967	-1 352	-1 382	-430	-316	-7 266	-6 930
Depreciation and impairment	-328	-283	-160	-165	-115	-104	-7	-9	-610	-561
Share of profits of associates/JV	-	-	-	-	-	-	0	-1	0	-1
Operating profit/loss	417	386	271	230	276	-148	73	-168	1 037	300
<i>Operating margin</i>	<i>10%</i>	<i>10%</i>	<i>11%</i>	<i>10%</i>	<i>16%</i>	<i>-11%</i>			<i>12%</i>	<i>4%</i>
Financial items									-77	-114
Tax									-255	-21
Net profit/loss									705	165

For quarterly data commented on below, see page 17 of this report.

Packaging & Speciality Paper business area

Fourth quarter

Operating profit amounted to SEK 131 million, an increase of SEK 25 million compared with the third quarter of 2010. The increase was mainly a result of improved prices and improved production efficiency.

Compared with the same period in 2009 operating profit increased by SEK 46 million, which was mainly attributable to improved prices.

The operating margin amounted to 13% compared with 10% for the third quarter of 2010 and 9% for the same period in the previous year.

Full year

Operating profit increased by SEK 31 million to SEK 417 million compared with the same period last year. A less favourable currency situation and increased costs were compensated by improved prices in local currency and higher delivery volumes. The operating margin amounted to 10% (10).

Market development

The order situation for sack and kraft paper in the fourth quarter continued to be very good for the season, a situation which continued at the end of the quarter. The price level in local currency increased for all products during the fourth quarter compared with the previous quarter.

Packaging Boards business area

Fourth quarter

Operating profit amounted to SEK 122 million, an increase of SEK 15 million compared with the third quarter of 2010. The change is mainly attributable to improved prices and improved production efficiency.

Compared with the corresponding period in 2009, operating profit increased by SEK 85 million, mainly due to improved prices.

The operating margin amounted to 19% compared with 16% in the third quarter of 2010 and 7% in the same period last year.

Full year

Operating profit increased by SEK 41 million to SEK 271 million compared with the same period in the previous year. Improved prices in local currency compensated for a less favourable currency situation and increased costs. The operating margin amounted to 11% (10).

Market development

The order situation remained stable during the fourth quarter, a situation that still prevailed at the end of the quarter. The price level in local currency increased for most of the products compared with the previous quarter.

Market Pulp business area

Fourth quarter

Operating profit amounted to SEK 53 million, a decrease of SEK 39 million compared with the third quarter of 2010, which was mainly due to less favourable prices in local currency and a worsened currency situation.

Compared with the same period in 2009 operating profit increased by SEK 45 million, mainly due to improved prices which compensated for higher costs.

Operating margin amounted to 12% compared with 20% for the third quarter of 2010 and 2% for the same period in the previous year.

Full year

Operating profit increased by SEK 424 million to SEK 276 million compared with the same period in the previous year, mainly due to improved prices which compensated for increased costs. The operating margin amounted to 16% (-11).

Market development

The pulp market (NBSK) remained favourable during the fourth quarter. The price level in Europe fell to USD 950 per tonne at the end of the quarter compared with USD ~980 per tonne during the third quarter. China increased its purchases during the quarter, however, which resulted in price increases in the Chinese market.

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 during 2010 amounted to SEK 3 760 million (3 278). Operating profit amounted to SEK 525 million (85), an increase compared with the same period in the previous year of SEK 440 million, mainly due to improved results from currency hedges in the parent company and a higher operating result for the Gruvön mill. Earnings include dividends received from subsidiaries of SEK 9 million (44).

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 344 million (-18).

Investments in property, plant and equipment and intangible assets excluding shares in 2010 amounted to SEK 128 million (78). The average number of employees was 924 (933). Cash and bank balances and short-term investments amounted to SEK 644 million (741).

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. So that maintenance can 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	2011	2010
Gruvön	Q 4, 10 days	Q 2, 10 days
Karlsborg	Q 3, 10 days	Q 3, 10 days
Skärblacka	Q 2, 8 days	Q 3, 8 days

Maintenance shutdowns at Beetham have an insignificant effect on Billerud's total 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 year.

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.

Largest shareholders

Billerud's ten largest shareholders at 31 December 2010 according to SIS Ägarservice AB (Billerud's approximately 1.7 million treasury shares and foreign custodian banks are excluded):

Shareholder	Number of shares	Per cent of votes
Frapag Beteiligungsholding AG	21 621 400	21,0
SHB funds	2 940 446	2,9
DFA funds	2 849 203	2,8
Government of Norway	1 777 338	1,7
SEB funds	1 754 138	1,7
Swedbank Robur funds	1 612 534	1,6
DnB/Carlson funds	1 332 550	1,3
Avanza Pension Försäkring AB	1 057 331	1,0
Östersjöstiftelsen	998 602	1,0
CIP-Resolutionasset	987 878	1,0
Total 10 largest shareholders	36 931 420	35,8
Total number of shares in the market	103 114 299	100,0

The proportion of foreign ownership was 44.0% of the number of shares in the market. The total number of owners (including nominee-registered) was approximately 120 733. More information about shareholder structure is available at www.billerud.com/en/investors.

Distribution of shares

At 31 December 2010 the distribution of shares was as follows.

Registered number of shares	104 834 613
Treasury shares	-1 720 314
Total number of shares in the market	103 114 299

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

Events after the end of the quarter

A new syndicated credit facility amounting to SEK 801 million maturing in 2016, was raised and replaced the previous SEK 1 200 million facility maturing in 2012.

The Board of Directors proposes a dividend of SEK 3.50 (0.50) per share for 2010.

Outlook

- The order situation remain good or very good within most of Billerud's packaging paper areas, which will enable a continued positive development within Billerud's packaging paper and packaging paper solutions segments.
- Good prospects for additional price increases in local currency for packaging paper which counteract the currency effects of a weaker EUR against SEK.
- A weaker USD reduced the operating margin for the Market Pulp business area.

Stockholm, 15 February 2011
Billerud AB (publ)
Board of Directors

This information is such that Billerud AB is required to disclose under the Securities Market Act. This report has been prepared in both a Swedish and an English version. In the event of variations between the two, the Swedish version shall take precedence. The report has not been reviewed by the company's auditors.

Financial calendar

Interim report January-March 2011	20 April 2011
Interim report January-June 2011	21 July 2011
Interim report January-September 2011	28 October 2011

The company's Annual Report will be available at the company and on the company's website, www.billerud.com, during the week commencing April 4 2011.

The 2011 Annual General Meeting will be held on 4 May 2011.

Billerud

Business concept and business model

Billerud is a packaging paper company. The business concept is to offer customers packaging material and solutions that promote and protect their products – packaging that is attractive, strong and made of renewable material.

Billerud has a world-leading position within several product segments, both within paper for consumer packaging and for industrial applications. Customers mainly comprise packaging manufacturers. Billerud is increasingly offering packaging solutions direct to end customers and brand owners.

Strategy

Billerud's strategy has three cornerstones: World Class Process Efficiency, Customer-focused Development, and Growth. Billerud is working on three focus areas for growth: Fresh Foods, Food & Consumer Packaging and Sack Solutions.

Value drivers

Billerud's business is favoured by the market's increased need for packaging optimisation, enhanced quality demands, unique design and good cost efficiency. Other key drivers are greater environmental awareness and political decisions against plastic which are increasing interest in paper solutions and renewable raw materials. Billerud is also affected by macroeconomic development, currency fluctuations and other business environment factors.

Billerud Group

Accounting principles

The year-end report for the Group is prepared 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 2009, see pages 73-84 and page 115 for definitions of key indicators with the following exceptions: Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements which result in changes regarding consolidated financial statements and accounting for acquisitions. The revised standards are applied by Billerud with effect from 1 January 2010. The changed accounting principles have not yet had any effect on recognised amounts. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 18.

Income statement SEKm	3 months					Full year	
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jan-Dec	Jan-Dec
	2010	2010	2010	2010	2009	2010	2009
Net sales	2 279	2 251	2 108	2 190	2 060	8 828	7 760
Other income	2	2	79	2	24	85	32
Operating income	2 281	2 253	2 187	2 192	2 084	8 913	7 792
Change in inventories	213	-32	-85	9	80	105	26
Raw materials and consumables	-1 175	-1 045	-977	-1 044	-966	-4 241	-3 870
Other external costs	-455	-427	-425	-446	-461	-1 753	-1 706
Employee benefits expense	-372	-324	-350	-331	-363	-1 377	-1 380
Depreciation and impairment of non-current assets	-166	-149	-149	-146	-143	-610	-561
Profit/Loss from participations in associated companies and joint ventures	0	0	0	0	0	0	-1
Operating expenses	-1 955	-1 977	-1 986	-1 958	-1 853	-7 876	-7 492
Operating profit/loss	326	276	201	234	231	1 037	300
Financial income and expenses	-18	-18	-19	-22	-27	-77	-114
Profit/Loss before tax	308	258	182	212	204	960	186
Taxes	-83	-68	-48	-56	-44	-255	-21
Net profit/loss for the period	225	190	134	156	160	705	165
Earnings per share, SEK	2,19	1,84	1,30	1,52	1,55	6,84	2,04
Deluted earnings per share, SEK	2,18	1,84	1,30	1,51	1,55	6,83	2,03

Statement of comprehensive income SEKm	Jan-Dec 2010	Jan-Sep 2010	Jan-Jun 2010	Jan-Mar 2010	Jan-Dec 2009
Net profit/loss for the period	705	480	290	156	165
Other comprehensive income					
Differences arising from the translation of foreign operations'	-15	-13	-3	-8	-3
Change in fair value of available-for-sale financial assets for the period	0	0	0	0	-
Change in fair value of cash flow hedges	-315	-250	-245	-160	366
Change in fair value of cash flow hedges transferred to net profit/loss for the period	313	238	130	113	-1
Tax attributable to components of other comprehensive income	1	3	30	12	-96
Total comprehensive income for the period	689	458	202	113	431

Statement of changes in equity SEKm	Jan-Dec 2010	Jan-Sep 2010	Jan-Jun 2010	Jan-Mar 2010	Jan-Dec 2009
Opening balance	3 995	3 995	3 995	3 995	2 638
Comprehensive income for the period	689	458	202	113	431
Right issue	-	-	-	-	925
Share-based payment to be settled in equity instruments, IFRS 2	0	0	0	0	1
Sales of treasury shares, incentive programme	5	4	4	-	-
Dividends paid	-52	-52	-52	-	-
Closing balance	4 637	4 405	4 149	4 108	3 995

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	2010	2010	2010	2010	2009
Non-current assets	5 531	5 515	5 507	5 485	5 555
Inventories	1 070	944	927	1 046	1 065
Accounts receivable	1 412	1 381	1 322	1 273	1 152
Other current assets	447	505	417	409	491
Cash and cash equivalents	740	663	422	795	818
Total assets	9 200	9 008	8 595	9 008	9 081
Shareholders' equity	4 637	4 405	4 149	4 108	3 995
Interest-bearing liabilities	798	949	1 112	1 074	1 080
Provisions for pensions	207	199	198	197	193
Other provisions	27	27	27	27	27
Deferred tax liabilities	1 434	1 423	1 359	1 377	1 357
Total non-current liabilities	2 466	2 598	2 696	2 675	2 657
Interest-bearing liabilities	150	200	100	500	697
Accounts payables	1 157	932	926	1 039	1 056
Other liabilities and provisions	790	873	724	686	676
Total current liabilities	2 097	2 005	1 750	2 225	2 429
Total equity and liabilities	9 200	9 008	8 595	9 008	9 081

Statement of cash flow	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Jan-Dec	Jan-Dec
SEKm	2010	2010	2010	2010	2010	2009
Operating surplus, etc. ¹⁾	506	417	246	379	1 548	862
Change in working capital, etc.	-38	67	-11	-88	-70	116
Net financial items, taxes, etc.	-7	-20	-28	-30	-85	-124
Cash flow from operating activities	461	464	207	261	1 393	854
Investments in property, plant and equipment	-83	-114	-87	-50	-334	-271
Acquisition of operations, net effect on cash and cash equivalents	-	-	-	-	-	-35
Acquisition of financial assets	-100	-51	-80	-30	-261	-
Disposal of property, plant and equipment	2	1	0	0	3	14
Cash flow from investing activities	-181	-164	-167	-80	-592	-292
Change in interest-bearing liabilities	-199	-55	-367	-199	-820	-1 207
Share issue	-	-	-	-	-	925
Dividend	-	-	-52	-	-52	-
Sale of treasury shares, incentive programme	1	0	4	-	5	-
Cash flow from financing activities	-198	-55	-415	-199	-867	-282
Total cash flow (=change in cash and cash equivalents)	82	245	-375	-18	-66	280
Cash and cash equivalents at start of period	663	422	795	818	818	542
Translation differences in cash and cash equivalents	-5	-4	2	-5	-12	-4
Cash and cash equivalents at the end of the period	740	663	422	795	740	818

1) The amount for the period January - December 2010 includes operating profit of SEK 1 037 million, reversed depreciation SEK 610 million, increase in pension liabilities SEK 7 million, net of produced and sold electricity certificates and sold emission rights SEK -29 million and compensation from the Confederation of Swedish Enterprise SEK -77 million. The amount for the period January - December 2009 includes operating profit SEK 300 million, reversed depreciation SEK 561 million, payment of restructuring costs SEK -5 million, increase in pension liabilities SEK 5 million, net of produced and sold electricity certificates and sold emission rights SEK 1 million.

Key figures

	Jan-Dec 2010	Jan-Sep 2010	Jan-Jun 2010	Jan-Mar 2010	Jan-Dec 2009
<i>Margins</i>					
Gross margin, %	19	18	17	17	11
Operating margin, %	12	11	10	11	4
<i>Return (rolling 12 months)</i>					
Return on capital employed, %	21	18	14	11	6
Return on total capital, %	12	10	8	6	3
Return on equity, %	17	16	13	10	5
Return on equity after dilution, %	17	16	13	10	5
<i>Capital structure at end of period</i>					
Capital employed, SEKm	4 792	4 930	5 137	5 084	5 148
Equity, SEKm	4 637	4 405	4 149	4 108	3 995
Interest-bearing net debt, SEKm	155	525	877	976	1 152
Net debt/equity ratio, multiple	0,03	0,12	0,21	0,24	0,29
Net debt/equity ratio after dilution, multiple	0,03	0,12	0,21	0,24	0,29
Equity ratio, %	50	49	48	46	44
Equity ratio after dilution, %	50	49	48	46	44
<i>Per share ¹⁾</i>					
Earnings per share, SEK	6,84	4,66	2,82	1,52	2,04
Average number of shares, thousands	103 062	103 047	103 019	102 983	81 029
Earnings per share after dilution, SEK	6,83	4,65	2,81	1,51	2,03
Average number of shares after dilution, thousands	103 254	103 238	103 210	103 139	81 155
Cash flow from operating activities per share, SEK	13,52	9,03	4,54	2,53	10,54
Operating cash flow per share, SEK	7,77	6,62	3,22	2,05	6,94
<i>Per share at end of period ¹⁾</i>					
Equity per share, SEK	44,97	42,72	40,24	39,89	38,80
Number of share, thousands	103 114	103 104	103 100	102 983	102 983
Equity per share after dilution, SEK	44,88	42,64	40,17	39,86	38,75
Number of share, thousands	103 306	103 296	103 292	103 139	103 117
Gross investments, SEKm	334	251	137	51	271
Business combinations, SEKm	-	-	-	-	35
Average number of employees	2 240	2 253	2 226	2 175	2 232

Quarterly key figures

	2010				2009			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Earnings per share, SEK ¹⁾	2,19	1,84	1,30	1,52	1,55	0,48	0,11	-0,53
Cash flow from operating activities per share, SEK ¹⁾	4,49	4,49	2,01	2,53	3,53	6,09	3,09	-2,18
Return on capital employed, %	7	6	4	5	4	1	1	-1
Return on equity, %	5	4	3	4	4	1	0	-2
Equity per share, SEK ¹⁾	44,97	42,72	40,24	39,89	38,80	37,96	37,90	36,13

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

Parent company

Summarised income statement SEKm	3 months		Full year	
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2010	2009	2010	2009
Operating income	1 097	978	3 881	3 322
Operating expenses	-888	-846	-3 356	-3 237
Operating profit/loss	209	132	525	85
Financial income and expenses	-13	3	-61	-74
Profit/Loss after financial income and expenses	196	135	464	11
Appropriations	2 098	-2 098	2 098	-2 098
Profit/loss before tax	2 294	-1 963	2 562	-2 087
Taxes	-605	543	-673	579
Net profit/loss for the period	1 689	-1 420	1 889	-1 508

Summarised balance sheet SEKm	31 Dec	31 Dec
	2010	2009
Non-current assets	4 146	4 018
Current assets	2 927	3 368
Total assets	7 073	7 386
Shareholders' equity	3 915	2 228
Untaxed reserves	-	2 098
Provisions	869	414
Interest-bearing liabilities	1 227	1 975
Other liabilities	1 062	671
Total equity and liabilities	7 073	7 386

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	2010				2009			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Packaging & Speciality Paper	1 020	1 085	1 009	1 052	953	965	1 023	993
Packaging Boards	648	649	518	613	557	565	573	667
Market Pulp	450	452	445	384	380	325	310	323
Currency hedging, etc.	54	-17	52	64	95	-12	-62	-131
Other and eliminations	107	82	84	77	75	50	63	48
Total Group	2 279	2 251	2 108	2 190	2 060	1 893	1 907	1 900

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

SEKm	2010				2009			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Packaging & Speciality Paper	131	106	84	96	85	74	133	94
Packaging Boards	122	107	-14	56	37	68	25	100
Market Pulp	53	92	100	31	8	-21	-58	-77
Currency hedging, etc.	54	-17	52	64	95	-12	-62	-131
Other and eliminations	-34	-12	-21	-13	6	-45	4	-23
Total Group	326	276	201	234	231	64	42	-37

Quarterly operating margin per business area and for the Group

%	2010				2009			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Packaging & Speciality Paper	13	10	8	9	9	8	13	9
Packaging Boards	19	16	-3	9	7	12	4	15
Market Pulp	12	20	22	8	2	-6	-19	-24
Group	14	12	10	11	11	3	2	-2

Quarterly delivery volumes per business area

ktonnes	2010				2009			
	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Packaging & Speciality Paper	121	133	132	138	128	130	132	118
Packaging Boards	121	125	106	130	126	123	114	125
Market Pulp	81	74	71	75	82	75	77	82
Total	323	332	309	343	336	328	323	325

Definitions

Capital employed

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets.

Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares in the market during the period.

Earnings per share

Net profit divided by the average number of shares in the market.

Earnings per share after dilution

Net profit divided by the average number of shares in the market after estimated utilisation of incentive programmes.

Equity

Shareholders' equity at the end of the period.

Equity per share

Shareholders' equity at the end of the period divided by the number of shares in the market at the end of the period.

Equity per share after dilution

Shareholders' equity at the end of the period plus the effect of estimated utilisation of incentive programmes divided by the number of shares in the market at the end of the period after estimated utilisation of incentive programmes.

Equity ratio

Shareholders' equity as a percentage of total assets.

Equity ratio after dilution

Shareholders' equity plus the effect of estimated utilisation of incentive programmes as a percentage of total assets plus the effect of estimated utilisation of incentive programmes.

Fluting

The rippled middle layer in corrugated board, produced from either new or recycled fibre.

Gross Margin

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales.

Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

Market pulp

Pulp which is sold to paper mills that do not produce their own pulp.

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Net debt/equity ratio after dilution

Interest-bearing net debt divided by shareholders' equity plus the effect of estimated utilisation of incentive programmes.

Operating cash flow per share

Operating cash flow divided by the average number of shares in the market during the period.

Operating margin

Operating profit as a percentage of net sales.

Sulphate pulp

Chemical pulp produced by cooking wood under high pressure and at a high temperature in cooking liquor, known as white liquor (sodium hydroxide and sodium sulphide). Sulphate pulp is also known as kraft pulp.

Return on capital employed

Operating profit as a percentage of average capital employed.

Return on equity

Net profit as a percentage of average shareholders' equity.

Return on equity after dilution

Net profit as a percentage of average shareholders' equity plus the effect of estimated utilisation of incentive programmes.

Return on total capital

Operating profit as a percentage of average total capital.

