



INTERIM REPORT

JANUARY-JUNE 2011



Trainee programme 2011
New talent in place to develop Billerud

Trainee programme 2011

New talent in place to develop Billerud

Billerud is establishing new contacts and co-operation further down the value chain. This involves continuing to strengthen the organisation's skills, both at the mills and in the business areas, in order to meet these new challenges. If the company is to remain competitive and innovative, the ability to recruit and retain competent and motivated employees is key.

It is therefore highly gratifying that for the second consecutive year Billerud attracted a very large number of applicants for the 2011 trainee programme. In September, ten selected talents will be welcomed to the programme and contribute to Billerud's future development.

	3 months			6 months	
	Apr-Jun 2011	Jan-Mar 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Net sales, SEKm	2 383	2 547	2 108	4 930	4 298
EBITDA, SEKm	426	485	350	911	730
Operating profit/loss, SEKm	275	332	201	607	435
Operating margin, %	12%	13%	10%	12%	10%
Profit/Loss before tax, SEKm	263	320	182	583	394
Net profit/loss for the period, SEKm	194	235	134	429	290
Earnings per share, SEK	1,88	2,28	1,30	4,16	2,82

January-June 2011 compared with the same period in 2010

- Net sales amounted to SEK 4 930 million (4 298), an increase of 15%.
- Operating profit amounted to SEK 607 million (435), corresponding to a margin of 12% (10).
- Profit for the period amounted to SEK 429 million (290).
- Earnings per share amounted to SEK 4.16 (2.82).
- The 2011 Annual General Meeting resolved in accordance with the Board's proposal to issue a dividend of SEK 3.50 (0.50) per share for 2010.

April-June 2011 compared with January-March 2011

- Net sales amounted to SEK 2 383 million (2 547).
- Operating profit amounted to SEK 275 million (332). The decrease corresponds to the extra costs incurred in the second quarter due to implementation of a periodic maintenance shutdown at the Skärblacka mill.
- The order situation remained good although at a lower and more normal level.
- Price increases announced for the quarter for packaging paper resulted in higher prices in local currency with an average of over 3% compared with the first quarter.

Outlook for the full-year 2011

- The order situation at the start of the third quarter remains good and at normal levels.
- Additional price increases have not been announced.
- Continued stable development expected in the third quarter.
- Unease in the financial market and its effect on the business cycle make development in the subsequent period somewhat more uncertain.

For further information in connection with this report, please contact Per Lindberg, President and CEO, +46 70 248 15 17 or Bertil Carlsén, CFO, +46 730 211 092

**Billerud's CEO Per Lindberg and CFO Bertil Carlsén will present the interim report at a press and analyst conference on Thursday, 21 July at 13.00 CET.
Venue: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.**

Comments by Billerud's CEO Per Lindberg:

Another strong quarter

"Billerud's earnings remain strong. We have an operating margin of 12%, a cash flow from operating activities of 20% of sales and a return on equity of 19%. The SEK 57 million lower operating profit compared with the first quarter mainly corresponds to costs for the periodic maintenance shutdown in Skärblacka which was carried out in the second quarter. So underlying earnings for the second quarter were just as strong as in the previous quarter. The market situation remained favourable with a good balance in the markets. The very strong order books and sold volumes during the first quarter are now down at more normal levels, however. Price increases announced in the first quarter have had an effect and the increases implemented compensated for higher costs and the stronger Swedish krona.

Efforts to strengthen Billerud's competence and understanding of end customers' requirements for packaging and packaging solutions are ongoing. During the second quarter we accepted ten new, young trainees to our trainee programme which was started last year. They start their training in the autumn together with a number of internally recruited talents. Our further development of the product FibreForm® has led to a number of new customer contacts with whom we are working to develop new packaging solutions.

Billerud is strengthening its position within the packaging industry by investing in a minority stake in PACCESS Packaging, a US based company with numerous operations throughout Asia. This investment marks an additional step for Billerud to become a more customer- and solution-driven company. We see that packaging optimisation with regard to function, material, design and sustainability are becoming increasingly important to brand owners. With Billerud's expertise with renewable materials and PACCESS Packaging's established customer base, broad knowledge of packaging development and deep experience in Asia, we will create a strong platform for future growth. We will immediately expand our position in Asia, a key growth market.

I see good opportunities for a continued positive development for Billerud, in both the short term and going forward."

Billerud Group

Market

Billerud offers the global packaging market innovative and sustainable products and services. The Group has a leading position in new-fibre based packaging paper. The packaging market shows continued positive development primarily due to increased globalisation, greater prosperity and changed consumption patterns.

Demand within most of Billerud's packaging paper segments was good during the second quarter. The order situation remained good although at a lower and more normal level. Prices in local currency increased by an average of over 3% during the quarter compared with the first quarter.

Demand for market pulp (NBSK) remained good during the second quarter. Two price increases were announced for Europe during the quarter – USD 1 010 per tonne for April and USD 1 040 per tonne for June. The price increase announced for June was not fully implemented but stayed at approximately USD 1 025 per tonne, due to lower demand from China and seasonally lower demand in Europe. Furthermore the EUR/USD strengthened after the announcement of the June price increase. The price level in Europe thus increased by approximately USD 45 per tonne during the quarter.

Billerud's total sales volumes amounted to 335 000 tonnes in the second quarter of 2011, a decrease of 9% compared with the previous quarter. The lower sales volumes in the second quarter are due to a periodic maintenance shutdown at Skärblacka mill and to volumes which

should have been delivered in December 2010 being delivered in the first quarter of 2011. This resulted in higher volumes during the first quarter. Compared with the same period in the previous year sales volumes rose 8%.

During the quarter sales volumes for packaging paper amounted to 254 000 tonnes, a decrease of 11% compared with the previous quarter and an increase of 7% compared with the same period in the previous year.

During the quarter sales volumes of market pulp amounted to 81 000 tonnes, a decrease of 2% compared with the previous quarter and an increase of 14% compared with the same period in the previous year.

Sales and results

Second quarter compared with first quarter

Net sales amounted to SEK 2 383 million, a decrease of 6% compared with the first quarter. The decrease is due to lower sales volumes due to the periodic maintenance shutdown in Skärblacka and the fact that sales volumes in the previous quarter were historically very high. Improved prices had a positive effect on net sales.

Operating profit amounted to SEK 275 million, a decrease of SEK 57 million. The change in operating profit is shown in the table below. The operating margin amounted to 12% (13).

Change in operating profit compared with previous quarter

SEKm	Jan-Mar 11/ Okt-Dec 10	Apr-Jun 11/ Jan-Mar 11
Sales and production volumes, incl. product mix	51	-83
Selling prices (in respective sales currency)	46	81
Change in variable costs	-78	-5
Change in fixed costs	49	-51
Change in depreciation	13	2
Effects of exchange rate fluctuations, incl. hedging*	-75	-1
Total change in operating profit/loss	6	-57

* Effects of exchange rate fluctuations totalling SEK -1 million comprise the following components: changed spot rates SEK -12 million, currency hedging SEK -47 million and currency effects from remeasurement of trade receivables and payments from customers SEK 58 million.

The periodic maintenance shutdown at Skärblacka is estimated to have charged the second quarter with costs of SEK 56 million. Lower sales and production volumes had a negative impact on operating profit of SEK 83 million. Improved selling prices in local currency had a positive impact of SEK 81 million. The packaging paper segment increased its prices in local currency by an average of over 3% compared with the first quarter. Variable costs rose by SEK 5 million, of which the effect of increased wood prices was SEK 1 million. Fixed costs increased by SEK 51 million. The increase was mainly attributable to maintenance work, as a result of the periodic maintenance shutdown at Skärblacka and other maintenance work.

Operating profit per business area

Business area (share of sales)	Operating margin, %		Operating profit/loss, SEKm		Deviation
	Apr-Jun	Jan-Mar	Apr-Jun	Jan-Mar	
	2011	2011	2011	2011	
Packaging & Speciality Paper and Packaging Boards <i>Packaging paper (approx. 80%)</i>	11%	12%	196	237	-41
Market Pulp <i>Market pulp (approx. 20%)</i>	5%	9%	20	38	-18
Currency hedging and other	na	na	59	57	2
Group	12%	13%	275	332	-57

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) decreased by SEK 41 million, corresponding to a decrease in the operating margin from 12% to 11%. The decrease is entirely due to the periodic maintenance shutdown in Skärblacksa. Operating profit for Market Pulp decreased by SEK 18 million and the operating margin amounted to 5% compared with 9%. Half of the decrease of MSEK 18 is due to the same maintenance shutdown. Further financial information per business area is provided on pages 6-9.

Net financial items amounted to SEK -12 million (-12).

Profit before tax amounted to SEK 263 million. Estimated tax was SEK -69 million. Net profit therefore amounted to SEK 194 million.

Second quarter compared with same period in 2010

Net sales increased by 13% compared with the same period in the previous year.

Operating profit increased by SEK 74 million, due to improved prices and higher sales volumes (see table below). Operating margin amounted to 12% (10).

January-June compared with the same period in 2010

Net sales amounted to SEK 4 930 million, an increase of 15% compared with the same period in the previous year.

Operating profit amounted to SEK 607 million. The SEK 172 million increase is explained by improved prices and higher sales volumes. Variable costs increased by SEK 145 million, of which the effect of higher wood prices was SEK 135 million. The operating margin amounted to 12% (10).

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

SEKm	Jan-Mar 11/	Apr-Jun 11/	Jan-Jun 11/
	Jan-Mar 10	Apr-Jun 10	Jan-Jun 10
Sales and production volumes, incl. product mix	10	80	90
Selling prices (in respective sales currency)	481	343	824
Strike compensation	-	-77	-77
Change in variable costs	-88	-57	-145
Change in fixed costs	-22	-36	-58
Change in depreciation	-7	-2	-9
Effects of exchange rate fluctuations, incl. hedging*	-276	-177	-453
Total change in operating profit/loss	98	74	172

* Effects of exchange rate fluctuations totalling SEK -453 million comprise the following components: changed spot rates SEK -503 million, currency hedging SEK 5 million and currency effects from remeasurement of trade receivables and payments from customers SEK 45 million.

Net financial items amounted to SEK -24 million (-41), an improvement of SEK 17 million which is explained by lower debt.

Profit before tax amounted to SEK 583 million. Estimated tax was SEK -154 million. Net profit therefore amounted to SEK 429 million.

Significant risks and uncertainties

Billerud's products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations since most revenues are invoiced in foreign currency while a large part of operating expenses are in SEK. A more in-depth description of risks and a sensitivity analysis are provided on pages 71-75 of the 2010 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 the first half of 2011 net flows were hedged at EUR/SEK 9.38 (10.94), USD/SEK 7.05 (7.95) and GBP/SEK 10.80 (11.89). Currency hedging had an overall earnings impact of SEK 151 million (146) (compared with if no hedging had taken place).

Billerud's outstanding forward exchange contracts at 30 June 2011 had a market value of SEK 77 million. The contracts matched by trade receivables affected earnings in the second quarter. Other contracts had a market value of SEK 49 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 portion of the flows and the hedged rates for EUR, USD and GBP at 30 June 2011 are shown in the table below.

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

		Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Currency		2011	2011	2012	2012	12 month
EUR	Share of net flow	86%	61%	46%	11%	51%
	Rate	9,12	9,33	9,43	9,21	9,25
USD	Share of net flow	82%	57%	22%	10%	43%
	Rate	7,06	6,66	6,57	6,51	6,85
GBP	Share of net flow	83%	56%	20%	10%	42%
	Rate	10,65	10,64	10,64	10,51	10,64

Investments and capital employed

Gross investments including company acquisitions in the first half of 2011 amounted to SEK 212 million (137).

Billerud's capital employed amounted to SEK 4 909 million at 30 June 2011, compared with SEK 5 113 million at 31 March 2011 and SEK 5 137 million at 30 June 2010.

Return on capital employed, calculated over the past 12-month period, amounted to 24% (14). If the effects of currency hedging are excluded, return on capital employed was 17% (8). Return on equity after tax was 19% (13).

Cash flow and financial position

Summary cash flow statement

	3 months		6 months	
	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
SEKm (positive figure indicates reduction in debt)				
Operating surplus, etc.	421	246	902	625
Change in working capital, etc.	57	-11	-244	-99
Net financial items, taxes, etc.	-10	-28	-191	-58
Cash flow from operating activities	468	207	467	468
Current net investments	-129	-87	-211	-137
Operating cash flow	339	120	256	331
Dividend	-361	-52	-361	-52
Other items, not affecting cash flow	-1	31	-7	-4
Change in net debt during the period	-23	99	-112	275

Cash flow from operating activities in the first half of 2011 amounted to SEK 467 million (468).

Operating cash flow during the first half of 2011 amounted to SEK 256 million (331).

Interest-bearing net debt at 30 June 2011 amounted to SEK 267 million, compared with SEK 244 million at 31 March 2011 and SEK 877 million at 30 June 2010. The Group's net debt/equity ratio at the end of the period was 0.06 compared with 0.05 at 31 March 2011 and 0.21 at 30 June 2010. Billerud's financial target for the debt/equity ratio is between 0.60 and 0.90 over a business cycle. The present net debt/equity ratio is therefore lower than the average net debt/equity ratio aimed for over time. Cash and cash equivalents at 30 June 2011 amounted to SEK 597 million, compared with SEK 422 million at 30 June 2010.

Financing

During the first quarter of 2011 the SEK 1 200 million syndicated credit facility which matures in 2012 was replaced with a new 5-year facility amounting to SEK 801 million with a consortium of banks.

Interest-bearing loans amounted to SEK 943 million at 30 June 2011. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 116 million, bond loans amounted to 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.

Personnel

The average number of employees during the first half of 2011 amounted to 2 264 compared with 2 226 during the same period in 2010, an increase of 38 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

	Packaging & Speciality Paper		Packaging Boards		Market Pulp		Other business		Group total	
	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
SEKm										
Net sales	2 296	2 061	1 432	1 131	871	829	331	277	4 930	4 298
Other income	-	39	-	26	-	12	5	4	5	81
Operating expenses, other	-1 889	-1 765	-1 159	-1 035	-759	-654	-218	-195	-4 025	-3 649
Depreciation and impairment	-165	-155	-82	-80	-54	-56	-3	-4	-304	-295
Share of profits of associates/JV	-	-	-	-	-	-	1	0	1	0
Operating profit/loss	242	180	191	42	58	131	116	82	607	435
<i>Operating margin</i>	<i>11%</i>	<i>9%</i>	<i>13%</i>	<i>4%</i>	<i>7%</i>	<i>16%</i>			<i>12%</i>	<i>10%</i>
Financial items									-24	-41
Tax									-154	-104
Net profit/loss									429	290

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

Packaging & Speciality Paper business area

Second quarter

Operating profit amounted to SEK 102 million, a decrease of SEK 38 million compared with the first quarter of 2011. Packaging & Speciality Paper accounts for a large part of production at Skärblacka mill and during maintenance shutdowns at the mill bears approximately 70% of the costs of the shutdown. The maintenance shutdown which took place during the quarter had a negative impact on the business area's operating profit in the form of increased fixed costs and lower sales volumes. Improved prices, however, had a positive impact.

Compared with the same period in 2010 operating profit increased by SEK 18 million. Improved prices in local currency and an improved product mix compensated for a less favourable currency situation and increased costs.

Operating margin amounted to 9% compared with 12% for the first quarter of 2011 and 8% for the same period in the previous year.

January-June

Operating profit increased by SEK 62 million to SEK 242 million compared with the same period in the previous year, mainly due to improved prices which compensated for increased costs.

Market development

In general the order situation for sack and kraft paper weakened during the quarter and returned to a more normal level, a situation that also prevailed at the end of the quarter. Stock levels which were gradually built up during the first quarter were reduced during the second quarter. The price level in local currency increased for all products compared with the previous quarter.

Packaging Boards business area

Second quarter

Operating profit amounted to SEK 94 million, a decrease of SEK 3 million compared with the first quarter of 2011. Improved prices had a positive effect on operating profit while higher fixed costs and lower sales volumes, partly due to the maintenance shutdown in Skärblacka, had a negative impact. The second quarter is generally seasonally weaker than the first quarter.

Compared with the same period in 2010 operating profit rose by SEK 108 million. The increase is partly explained by higher sales volumes, which are due to a maintenance shutdown at the business area's most important mill, Gruvön, during the same period in the previous year. Prices also improved.

Operating margin amounted to 13% compared with 13% in the first quarter of 2011 and -3% in the same period last year.

January-June

Operating profit increased by SEK 149 million to SEK 191 million compared with the same period last year, mainly due to improved prices and higher sales volumes.

Market development

The order situation remained good during the second quarter. There was some seasonal decline, however. The price level in local currency increased for all products compared with the previous quarter.

Market Pulp business area

Second quarter

Operating profit amounted to SEK 20 million, a decrease of SEK 18 million compared with the first quarter of 2011. The decrease was mainly a result of lower sales and product volumes as well as increased fixed costs, partly due to the maintenance shutdown. Improved prices in local currency compensated, however, for a less favourable currency situation.

Compared with the corresponding period in 2010 operating profit decreased by SEK 80 million, mainly due to a lower USD rate.

Operating margin amounted to 5% compared with 9% in the first quarter of 2011 and 22% in the same period last year.

January-June

Operating profit decreased by SEK 73 million to SEK 58 million compared with the same period in the previous year. Improved prices in local currency and higher sales volumes partly compensated for a less favourable currency situation and increased costs.

Market development

Demand for market pulp (NBSK) remained good during the second quarter. Two price increases were announced for Europe during the quarter – USD 1 010 per tonne for April and USD 1 040 per tonne for June. The price increase announced for June was not fully implemented but stayed at approximately USD 1 025 per tonne, due to lower demand from China and seasonally lower demand in Europe. Furthermore the EUR/USD strengthened after the announcement of the June price increase. The price level in Europe thus increased by approximately USD 45 per tonne during the quarter.

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 for the first half of 2011 amounted to SEK 2 239 million (1 759). Operating profit amounted to SEK 361 million, an increase compared with the previous year of SEK 193 million, mainly due to an improved operating profit for the Gruvön mill.

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 151 million (146) in the first half of 2011.

Investments in property, plant and equipment and intangible assets excluding shares in the first half of 2011 amounted to SEK 43 million (86). The average number of employees was 935 (926). Cash and bank balances and short-term investments amounted to SEK 505 million (338).

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. The cost of a maintenance shutdown mainly comprises the loss of volume related to the shutdown and fixed costs, mainly in the form of costs for maintenance and overtime work, as well as to some extent variable costs such as higher consumption of electricity and wood when production is restarted. 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. Estimated cost of shutdown is an estimate of the impact on earnings of a normal shutdown in relation to a quarter during which no periodic maintenance shutdown takes place.

Mill	Estimated shutdown cost (SEKm)	Estimated breakdown of shutdown cost by business area			Planned date of maintenance shutdown 2011 (2010)
		PSP	PB	MP	
Gruvön	~100	~30%	~60%	~10%	Q4, 10 days (Q2, 10 days)
Karlsborg	~40	~50%	0%	~50%	Q3, 10 days (Q3, 10 days)
Skärblacka	~60	~70%	~15%	~15%	Q2, 8 days (Q3, 8 days)

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

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 30 June 2011 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	3 146 838	3,1
DFA funds	2 920 336	2,8
SEB funds	1 915 138	1,9
Swedbank Robur funds	1 852 555	1,8
Government of Norway	1 777 338	1,7
Nordea funds	1 221 074	1,2
Fourth Swedish National Pension Fund	1 218 659	1,2
Skandia Life Insurance	1 018 405	1,0
The Foundation for Baltic and East European Studies	967 702	0,9
Total 10 largest shareholders	37 659 445	36,5
Total number of shares in the market	103 114 299	100,0

The proportion of foreign ownership was 45.3% of the number of shares in the market. The total number of owners (including nominee-registered) amounted to 108 968. More information about shareholder structure is available at www.billerud.se/en/investors.

Distribution of shares

At 30 June 2011 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.

Long-term incentive programme (LTIP 2011)

The 2011 Annual General Meeting resolved on the introduction of a long-term incentive programme (LTIP 2011) for Billerud and in connection with this a transfer of Billerud's holding of treasury shares. Billerud already has another long-term incentive programme (LTIP 2010).

LTIP 2011 is intended to strengthen Billerud's capability to retain the best talent for key leadership positions. The objective is further to encourage those participating in the programme to make greater efforts by aligning their interests and perspectives with those of the company's shareholders. The programme covers a maximum of 20 senior executives and other key people within the Billerud Group. LTIP 2011 will run for three years starting in 2011 and the result will depend on the achievement of various financial performance requirements. The maximum number of Billerud shares included in LTIP 2011 amounts to 265 600, which corresponds to approximately 0.3% of the total number of outstanding Billerud shares and the number of outstanding votes. The maximum estimated cost of LTIP 2011 is estimated to amount to approximately SEK 24 million, including SEK 14 million in social security costs.

Additional information about LTIP 2011 is available in the press release dated 30 March 2011 as well as in the documentation for the 2011 Annual General Meeting which is available on Billerud's website.

Events after the end of the quarter

Billerud has signed an agreement to do an investment corresponding to 30% in the packaging company PACCESS Packaging, a division of PACCESS LLC. PACCESS Packaging has established operations in the major export countries in Asia. The company has approximately 60 employees and sales of approximately MUS\$ 27. Billerud's intention is over time to increase its ownership in PACCESS Packaging.

Susanne Lithander has been appointed as the new CFO of Billerud and will take up her position on 1 September, when the present CFO Bertil Carlsén will leave his position.

Outlook for the full-year 2011

- The order situation at the start of the third quarter remains good and at normal levels.
- Additional price increases have not been announced.
- Continued stable development expected in the third quarter.
- Unease in the financial market and its effect on the business cycle make development in the subsequent period somewhat more uncertain.

The undersigned hereby confirm that this six-month report provides a true and fair overview of the parent company's and the Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, 21 July 2011
Billerud AB (publ)

Ingvar Petersson
Chairman

Michael M.F. Kaufmann,
Deputy Chairman

Helena Andreas
Board Member

Stewe Cato
Board Member

Helén Gustafsson
Board Member

Mikael Hellberg
Board Member

Gunilla Jönson
Board Member

Ewald Nageler
Board Member

Yngve Stade
Board Member

Per Lindberg
CEO

Review Report

To the Board of Directors of Billerud AB (publ)

Introduction

We have reviewed the accompanying condensed balance sheet of Billerud AB (publ) as of 30 June, 2011 and the related condensed summary of income, changes in equity and cash-flows for the six-month period then ended. The Board of Directors and the President are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of the Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorised Public Accountants. 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 International Standards on Auditing, ISA, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material aspects, the financial position of the entity as at 30 June, 2011 and its financial performance and its cash flows for the six-month period then ended, for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Stockholm, 21 July 2011

Ernst & Young AB

Lars Träff
Authorised Public Accountant

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.

Financial calendar

Interim report January-September 2011	28 October 2011
Year-end report January-December 2011	1 February 2012
Interim report January-March 2012	26 April 2012
Interim report January-June 2012	19 July 2012
Interim report January-September 2012	25 October 2012

The 2012 Annual General Meeting will be held on 9 May 2012.

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 interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. A number of amended standards and interpretations came into force with effect from 1 January 2011. None of the amendments that came into force have had any material impact on Billerud's financial statements. In addition to the amendments referred to above, the accounting principles applied in this interim report are the same as those used in the most recent annual report for 2010, see pages 76-84 and page 111 for definitions of key indicators. 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 of this report.

Income statement SEKm	3 months			6 months		Full year	
	Apr-Jun 2011	Jan-Mar 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Dec 2010	
Net sales	2 383	2 547	2 108	4 930	4 298	8 828	
Other income	2	3	79	5	81	85	
Operating income	2 385	2 550	2 187	4 935	4 379	8 913	
Change in inventories	-1	-67	-85	-68	-76	105	
Raw materials and consumables	-1 113	-1 188	-977	-2 301	-2 021	-4 241	
Other external costs	-476	-457	-425	-933	-871	-1 753	
Employee benefits expense	-370	-353	-350	-723	-681	-1 377	
Depreciation and impairment of non-current assets	-151	-153	-149	-304	-295	-610	
Profit/Loss from participations in associated companies and joint ventures	1	0	0	1	0	0	
Operating expenses	-2 110	-2 218	-1 986	-4 328	-3 944	-7 876	
Operating profit/loss	275	332	201	607	435	1 037	
Financial income and expenses	-12	-12	-19	-24	-41	-77	
Profit/Loss before tax	263	320	182	583	394	960	
Taxes	-69	-85	-48	-154	-104	-255	
Net profit/loss for the period	194	235	134	429	290	705	
Earnings per share, SEK	1,88	2,28	1,30	4,16	2,82	6,84	
Deluted earnings per share, SEK	1,87	2,28	1,30	4,14	2,81	6,83	
Statement of comprehensive income SEKm				Jan-Jun 2011	Jan-Jun 2010	Jan-Mar 2011	Jan-Dec 2010
Net profit/loss for the period				429	290	235	705
<i>Other comprehensive income</i>							
Differences arising from the translation of foreign operations'				-2	-3	-3	-15
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				-231	-245	-96	-315
Change in fair value of cash flow hedges transferred to net profit/loss for the period				147	130	96	313
Tax attributable to components of other comprehensive income				22	30	0	1
Total comprehensive income for the period				365	202	232	689
Statement of changes in equity SEKm				Jan-Jun 2011	Jan-Jun 2010	Jan-Mar 2011	Jan-Dec 2010
Opening balance				4 637	3 995	4 637	3 995
Comprehensive income for the period				365	202	232	689
Share-based payment to be settled in equity instruments, IFRS 2				1	0	0	0
Sales of treasury shares, incentive programme				-	4	-	5
Dividends paid				-361	-52	-	-52
Closing balance				4 642	4 149	4 869	4 637

There are no non-controlling interests in profit for the period or equity.

Balance sheet	30 Jun	30 Jun	31 Mar	31 Dec
SEKm	2011	2010	2011	2010
Non-current assets	5 468	5 507	5 458	5 531
Inventories	1 086	927	1 145	1 070
Accounts receivable	1 584	1 322	1 586	1 412
Other current assets	348	417	588	447
Cash and cash equivalents	597	422	650	740
Total assets	9 083	8 595	9 427	9 200
Shareholders' equity	4 642	4 149	4 869	4 637
Interest-bearing liabilities	793	1 112	794	798
Provisions for pensions	212	198	210	207
Other provisions	28	27	28	27
Deferred tax liabilities	1 415	1 359	1 434	1 434
Total non-current liabilities	2 448	2 696	2 466	2 466
Interest-bearing liabilities	150	100	150	150
Accounts payables	1 060	926	970	1 157
Other liabilities and provisions	783	724	972	790
Total current liabilities	1 993	1 750	2 092	2 097
Total equity and liabilities	9 083	8 595	9 427	9 200

Statement of cash flow	Apr-Jun	Jan-Mar	Jan-Jun	Jan-Jun	Jan-Dec
SEKm	2011	2011	2011	2010	2010
Operating surplus, etc. ¹⁾	421	481	902	625	1 625
Change in working capital, etc.	57	-301	-244	-99	-147
Net financial items, taxes, etc.	-10	-181	-191	-58	-85
Cash flow from operating activities	468	-1	467	468	1 393
Investments in property, plant and equipment	-129	-83	-212	-137	-334
Acquisition of financial assets	-31	-	-31	-110	-261
Disposal of property, plant and equipment	0	1	1	0	3
Cash flow from investing activities	-160	-82	-242	-247	-592
Change in interest-bearing liabilities	-2	-5	-7	-566	-820
Dividend	-361	-	-361	-52	-52
Sale of treasury shares, incentive programme	-	-	-	4	5
Cash flow from financing activities	-363	-5	-368	-614	-867
Total cash flow (=change in cash and cash equivalents)	-55	-88	-143	-393	-66
Cash and cash equivalents at start of period	650	740	740	818	818
Translation differences in cash and cash equivalents	2	-2	0	-3	-12
Cash and cash equivalents at the end of the period	597	650	597	422	740

1) The amount for the period January - June 2011 includes operating profit of SEK 607 million, reversed depreciation SEK 304 million, increase in pension liabilities SEK 1 million and net of produced and sold electricity certificates and sold emission rights SEK -10 million. The amount for the period January - June 2010 includes operating profit SEK 435 million, reversed depreciation SEK 295 million, net of produced and sold electricity certificates and sold emission rights SEK -28 million and compensation from the Confederation of Swedish Enterprise SEK -77 million.

Key figures

	Jan-Jun 2011	Jan-Jun 2010	Jan-Mar 2011	Jan-Dec 2010
<i>Margins</i>				
Gross margin, %	18	17	19	19
Operating margin, %	12	10	13	12
<i>Return (rolling 12 months)</i>				
Return on capital employed, %	24	14	23	21
Return on total capital, %	13	8	13	12
Return on equity, %	19	13	18	17
Return on equity after dilution, %	19	13	18	17
<i>Capital structure at end of period</i>				
Capital employed, SEKm	4 909	5 137	5 113	4 792
Equity, SEKm	4 642	4 149	4 869	4 637
Interest-bearing net debt, SEKm	267	877	244	155
Net debt/equity ratio, multiple	0,06	0,21	0,05	0,03
Net debt/equity ratio after dilution, multiple	0,06	0,21	0,05	0,03
Equity ratio, %	51	48	52	50
Equity ratio after dilution, %	51	48	52	50
<i>Per share ¹⁾</i>				
Earnings per share, SEK	4,16	2,82	2,28	6,84
Average number of shares, thousands	103 114	103 019	103 114	103 062
Earnings per share after dilution, SEK	4,14	2,81	2,28	6,83
Average number of shares after dilution, thousands	103 406	103 210	103 306	103 254
Cash flow from operating activities per share, SEK	4,53	4,54	-0,01	13,52
Operating cash flow per share, SEK	2,48	3,22	-0,80	10,30
<i>Per share at end of period ¹⁾</i>				
<i>Equity per share, SEK</i>	45,02	40,24	47,22	44,97
Number of share, thousands	103 114	103 100	103 114	103 114
Equity per share after dilution, SEK	44,89	40,17	47,13	44,88
Number of share, thousands	103 406	103 292	103 306	103 306
Gross investments, SEKm	212	137	83	334
Business combinations, SEKm	-	-	-	-
Average number of employees	2 264	2 226	2 202	2 240

Quarterly key figures

	2011		2010		2009			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Earnings per share, SEK ¹⁾	1,88	2,28	2,19	1,84	1,30	1,52	1,55	0,48
Cash flow from operating activities per share, SEK ¹⁾	4,54	-0,01	4,49	4,49	2,01	2,53	3,53	6,09
Return on capital employed, %	6	7	7	6	4	5	4	1
Return on equity, %	4	5	5	4	3	4	4	1
Equity per share, SEK ¹⁾	45,02	47,22	44,97	42,72	40,24	39,89	38,80	37,96

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

Parent company

Summarised income statement SEKm	3 months		6 months		Full year
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
	2011	2010	2011	2010	2010
Operating income	1 107	804	2 229	1 789	3 881
Operating expenses	-938	-785	-1 868	-1 621	-3 356
Operating profit/loss	169	19	361	168	525
Financial income and expenses	-3	-21	-6	-41	-61
Profit/Loss after financial income and expenses	166	-2	355	127	464
Appropriations	-	-	-	-	2 098
Profit/loss before tax	166	-2	355	127	2 562
Taxes	-43	0	-93	-33	-673
Net profit/loss for the period	123	-2	262	94	1 889

Summarised balance sheet SEKm	30 Jun	30 Jun	31 Dec
	2011	2010	2010
Non-current assets	4 108	4 087	4 146
Current assets	2 618	2 748	2 927
Total assets	6 726	6 835	7 073
Shareholders' equity	3 816	2 274	3 915
Untaxed reserves	-	2 098	-
Provisions	885	451	869
Interest-bearing liabilities	1 234	1 318	1 227
Other liabilities	791	694	1 062
Total equity and liabilities	6 726	6 835	7 073

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	2011		2010		2009			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Packaging & Speciality Paper	1 079	1 217	1 020	1 085	1 009	1 052	953	965
Packaging Boards	704	728	648	649	518	613	557	565
Market Pulp	435	436	450	452	445	384	380	325
Currency hedging, etc.	90	78	54	-17	52	64	95	-12
Other and eliminations	75	88	107	82	84	77	75	50
Total Group	2 383	2 547	2 279	2 251	2 108	2 190	2 060	1 893

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

SEKm	2011		2010		2009			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Packaging & Speciality Paper	102	140	131	106	84	96	85	74
Packaging Boards	94	97	122	107	-14	56	37	68
Market Pulp	20	38	53	92	100	31	8	-21
Currency hedging, etc.	90	78	54	-17	52	64	95	-12
Other and eliminations	-31	-21	-34	-12	-21	-13	6	-45
Total Group	275	332	326	276	201	234	231	64

Quarterly operating margin per business area and for the Group

%	2011		2010		2009			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Packaging & Speciality Paper	9	12	13	10	8	9	9	8
Packaging Boards	13	13	19	16	-3	9	7	12
Market Pulp	5	9	12	20	22	8	2	-6
Group	12	13	14	12	10	11	11	3

Quarterly sales volumes per business area

ktonnes	2011		2010		2009			
	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep
Packaging & Speciality Paper	126	150	121	133	132	138	128	130
Packaging Boards	128	136	121	125	106	130	126	123
Market Pulp	81	83	81	74	71	75	82	75
Total	335	369	323	332	309	343	336	328

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.

