

INTERIM REPORT JANUARY-JUNE 2012



| SEKm | Q2 2012 | Q1 2012 | Δ, % | Q2 2011 | Δ, % | Jan-Jun 2012 | Jan-Jun 2011 | Δ, % |
|--------------------------------|------------|------------|------|------------|------|-----------------|-----------------|------|
| Net sales | 2 440 | 2 291 | 7% | 2 383 | 2% | 4 731 | 4 930 | -4% |
| EBITDA | 314 | 292 | 8% | 426 | -26% | 606 | 911 | -33% |
| Operating profit/loss | 161 | 142 | 13% | 275 | -41% | 303 | 607 | -50% |
| Operating margin, % | 7% | 6% | 1 | 12% | -5 | 6% | 12% | -6 |
| Profit/Loss before tax | 163 | 132 | 23% | 263 | -38% | 295 | 583 | -49% |
| Net profit/loss for the period | 119 | 96 | 24% | 194 | -39% | 215 | 429 | -50% |
| Earnings per share, SEK | 1.14 | 0.94 | 21% | 1.88 | -39% | 2.08 | 4.16 | -50% |

SEK 161m
Operating profit

7%
Operating margin

SEK 163m
Profit before tax

SEK 1.14
Earnings per share

Second quarter 2012

- Net sales amounted to SEK 2 440 million, compared with SEK 2 291 million in the previous quarter.
- Operating profit amounted to SEK 161 million, an increase of SEK 19 million compared with the previous quarter. All three business areas reported higher operating profit than in the previous quarter.
- Results for the quarter were charged with acquisition-related non-recurring costs of SEK 38 million. Adjusted for these non-recurring costs, operating profit totalled SEK 199 million.
- The company completed its acquisition of UPM's packaging paper operation in Pietarsaari and Tervasaari, Finland.
- It was announced that Billerud and Korsnäs were to combine. The new company, BillerudKorsnäs, will be a leading player in primary fibre-based packaging materials and packaging solutions, with annual sales of approximately SEK 20 billion.

January-June 2012 compared with the same period in 2011

- Net sales totalled SEK 4 731 million, down 4%.
- Operating profit was halved to SEK 303 million, mainly as a result of lower prices.
- The 2012 AGM approved the Board of Directors' proposed dividend of SEK 3.50 (3.50) per share for 2011.

Outlook

- At the beginning of the third quarter 2012, the order situation in the packaging paper segments was on average normal and is anticipated to remain stable over the next quarter.
- It is expected that price rises in sack and kraft paper, announced in the second quarter 2012, will show through in the second half of 2012.
- Non-recurring transaction costs pertaining to the combination with Korsnäs are thought likely to total approximately SEK 50 million, the major part of which is expected to be charged to the quarter in which the combination will take place. Added to these costs, financing and integration costs of a non-recurring kind will be incurred after the transaction is completed.
- Wood prices are anticipated to be lower in 2012 than in 2011.

Billerud's President and CEO Per Lindberg and CFO Susanne Lithander will present the interim report at a press and analyst conference at 11.00 CET on Thursday 19 July 2012. Venue: Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm.

For further information, please contact:

Per Lindberg, President and CEO +46 70 248 15 17,
Susanne Lithander, CFO, +46 730 370 874

The information in this report is such that Billerud AB (publ) is obliged to disclose under the Swedish Securities Market Act. The information was submitted for publication at 9.45 CET on 19 July 2012.

7%

 Net sales growth
Q2 2012 v. Q1 2012

7%

Operating margin Q2 2012


 Per Lindberg
President and CEO

COMMENTS BY BILLERUD'S CEO PER LINDBERG

HISTORIC FIRST HALF-YEAR

“The first half-year of 2012 will go to history as the period in which we successfully concluded negotiations on two major strategic acquisitions. In January, we acquired UPM’s packaging paper operation, with ownership being transferred in June on approval by the competition authorities. This generated sales of SEK 168 million and an operating profit of SEK 10 million in the second quarter. On 20 June, we announced the combination with Korsnäs. In the transaction, Billerud will acquire Korsnäs shares from the current holder, Kinnevik, in exchange for cash and shares in Billerud. The combination represents a natural progression in consolidating the successful businesses of Billerud and Korsnäs in packaging materials and packaging solutions, with the objective of creating a strong international player in the packaging industry. The deal is conditional on approval by the AGM and the competition authorities.

It is pleasing to note that Billerud’s three business areas are performing better than in the first quarter and that the operating margin for our packaging papers is higher than 10%. Overall, Billerud reports sales of SEK 2 440 million and an operating margin of 7%. Our price increases are not yet reflected in earnings. Their impact is only expected to emerge during the next half-year.

Through our acquisitions, Billerud will become an even stronger partner for our customers. We would like our customers to see our expansion and strengthened position as something greatly to be welcomed. Billerud’s focus going forward will be to integrate our acquisitions in such a way as to offer customers an extended product portfolio and improved service and to the shareholders deliver the increased return that they expect.”

MARKET

Billerud offers the global packaging market innovative and sustainable products and services. The Group has a leading position in primary fibre-based packaging paper. The packaging market shows continued positive long-term development primarily due to increased globalisation, greater prosperity and changed consumption patterns. In addition to packaging paper, Billerud sells long-fibre pulp, Northern Bleached Softwood Kraft (NBSK), which is not used in its own production.

During the quarter, the order situation for Billerud’s packaging paper segments was relatively stable compared to the previous quarter, and was on normal levels. Prices in local currency fell by approximately 1% during the quarter, compared with the first quarter, mainly as a result of changes in the customer and geographical mix in the Packaging Boards business area. Prices in local currency for sack and kraft paper were stable, with a certain improvement emerging at the end of the quarter, compared to the first quarter, as a result of the increase in prices that had been announced to take effect from 1 June 2012. Work towards implementation of the price increase continues. Further market information per business area is provided on pages 5-6.

During the quarter, the balance between supply and demand in market pulp (NBSK) remained more or less unchanged from the level in the first quarter. Consequently, pulp stocks held by producers remained more or less stable during the quarter. The price level in Europe fell to approximately USD 830 per tonne at the end of the quarter, compared with approximately USD 850 per tonne at the beginning of the quarter.

Relatively stable order situation for packaging paper compared with the previous quarter

The price of NBSK pulp in Europe fell by approximately USD 20 per tonne during the quarter

SALES VOLUMES

| ktonnes | Q2 -12 | Q1 -12 | Δ, % | Q2 -11 | Δ, % |
|-----------------|------------|------------|----------|------------|-----------|
| Packaging paper | 292 | 264 | 11 | 254 | 15 |
| Market pulp | 82 | 96 | -15 | 81 | 1 |
| Total | 374 | 360 | 4 | 335 | 12 |

Sales volumes 4% up

During the second quarter, Billerud’s total sales volumes amounted to 374 ktonnes, up 4% from the previous quarter. The increase for packaging paper was mainly attributable to the

acquisition of UPM's packaging paper operation in Pietarsaari and Tervasaari in Finland, which contributed 23 ktonnes.

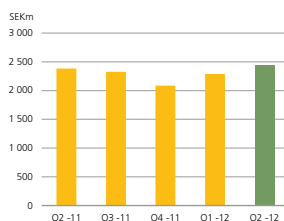
SALES AND RESULTS

SECOND QUARTER COMPARED WITH FIRST QUARTER

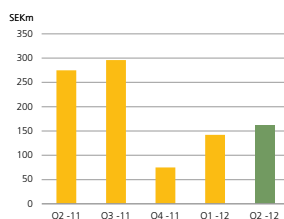
Net sales amounted to SEK 2 440 million, 7% (SEK 149 million) higher than in the first quarter. The acquisition in Finland accounted for SEK 168 million of net sales in the quarter.

Operating profit totalled SEK 161 million, a rise of SEK 19 million. Adjusted to discount acquisition-related non-recurring costs of SEK 27 million in consulting fees and SEK 11 million in separation costs, the operating profit totalled SEK 199 million. The change in operating profit is shown in the table below. The operating margin totalled 7% (6).

NET SALES



OPERATING PROFIT



All three business areas reported higher operating profit than in the previous quarter.

CHANGE IN OPERATING PROFIT COMPARED WITH PREVIOUS QUARTER

| SEKm | Q1 -12 /Q4 -11 | Q2 -12 /Q1 -12 |
|-------------------------------------------------------|----------------|----------------|
| Sales and production volumes, incl. product mix | 69 | 57 |
| Selling prices (in respective sales currency) | -56 | -4 |
| Change in variable costs | 37 | 46 |
| Change in fixed costs | 41 | -94 |
| Change in depreciation | - | -3 |
| Effects of exchange rate fluctuations, incl. hedging* | -24 | 17 |
| Total change in operating profit/loss | 67 | 19 |

*Effects of exchange rate fluctuations totalling SEK 17 million comprise the following components: change in spot rates SEK 21 million, currency hedging SEK -49 million and currency effects from remeasurement of trade receivables and payments from customers SEK 45 million.

All three business areas reported higher operating profit than in the previous quarter.

Higher sales and production volumes had a positive effect of SEK 57 million on operating profit. The improvement was partially attributable to the acquisition of the Finnish operation.

Changes in selling prices in local currency had a negative impact of SEK 4 million. Prices in local currency for the packaging paper segments fell by on average approximately 1% compared with the previous quarter, mainly as a result of changes in the customer and geographical mix in the Packaging Boards business area.

Variable costs fell by SEK 46 million. Lower electricity price and lower costs for other energy such as fuel oil and bark had a positive impact of SEK 27 million on operating profit. Lower wood prices and revaluation of the wood stockpile resulted in lower costs for wood, making a positive contribution of SEK 13 million.

Fixed costs increased by SEK 94 million, partly due to seasonally higher personnel costs and higher maintenance costs. As a result of the acquisition of the Finnish operation, higher fixed costs were incurred because the operation was not included in the Billerud Group in the preceding quarter. In addition, there were non-recurring costs related to consultation and separation.

OPERATING PROFIT PER BUSINESS AREA

| Business area (share of sales) | Operating margin, % | | Operating profit/loss, SEKm | | Deviation |
|-------------------------------------------------------------------------------------------|---------------------|-----------|--------------------------------|------------|-----------|
| | Q2 -12 | Q1 -12 | Q2 -12 | Q1 -12 | |
| Packaging & Speciality Paper and Packaging Boards <i>Packaging paper (approx. 80%)</i> | 10% | 9% | 202 | 156 | 46 |
| Market Pulp <i>Market pulp (approx. 20%)</i> | 3% | -4% | 10 | -16 | 26 |
| Currency hedging and other | na | na | -51 | 2 | -53 |
| Group | 7% | 6% | 161 | 142 | 19 |

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

10% operating margin for packaging paper and 3% for market pulp

Operating profit for packaging paper (Packaging & Speciality Paper and Packaging Boards) rose by SEK 46 million, corresponding to an increase in the operating margin from 9 to 10%. The increase is attributable mainly to higher sales volumes and lower variable costs. The operating profit for Market Pulp increased by SEK 26 million, mainly as a result of higher average prices and lower variable costs. The operating margin amounted to 3% compared with -4%. Further financial information per business area is provided on pages 5-7.

Net financial items totalled SEK 2 million (-10). The improvement was attributable to exchange rate gains arising from forward contracts. Profit before tax was SEK 163 million and estimated tax SEK -44 million. Net profit therefore amounted to SEK 119 million.

2% growth in net sales

SECOND QUARTER COMPARED WITH THE SAME PERIOD IN 2011

Net sales were 2% higher than in the same period in the previous year.

Operating profit declined by SEK 114 million

Operating profit fell by SEK 114 million, mainly because of lower prices (see table below). The operating margin reached 7% (12).

Net sales were down 4%

JANUARY-JUNE 2012 COMPARED WITH THE SAME PERIOD IN 2011

Net sales totalled SEK 4 731 million, a fall of 4%. Lower prices were the main factor underlying this development.

Operating profit was halved to SEK 303 million, mainly as a result of lower prices.

Operating profit totalled SEK 303 million. The fall of SEK 304 million was attributable mainly to lower prices. The lower prices in local currency adversely affected operating profit in the amount of SEK 365 million. Higher sales volumes contributed SEK 61 million, partly through the acquisition and partly because no maintenance shutdown took place during the period, unlike in the corresponding period in 2011. Variable costs were SEK 105 million lower, including the effect of lower wood prices, SEK 79 million, and the effect of lower electricity prices and the cost of other energy, SEK 49 million. The acquisition in Finland and higher personnel costs, partly due to seasonal factors, led to an increase of SEK 59 million in fixed costs. The operating margin reached 6% (12).

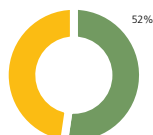
CHANGE IN OPERATING PROFIT COMPARED WITH THE SAME PERIOD IN THE PREVIOUS YEAR

| SEKm | Q1 -12 /Q1 -11 | Q2 -12 /Q2 -11 | Jan-Jun -12 /Jan-Jun -11 |
|-------------------------------------------------------|-------------------|-------------------|-----------------------------|
| Sales and production volumes, incl. product mix | -34 | 95 | 61 |
| Selling prices (in respective sales currency) | -149 | -216 | -365 |
| Change in variable costs | 29 | 76 | 105 |
| Change in fixed costs | -9 | -50 | -59 |
| Change in depreciation | 3 | -2 | 1 |
| Effects of exchange rate fluctuations, incl. hedging* | -30 | -17 | -47 |
| Total change in operating profit/loss | -190 | -114 | -304 |

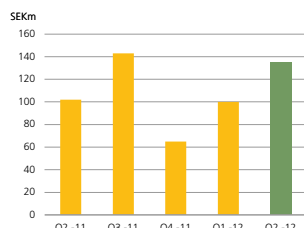
*Effects of exchange rate fluctuations totalling SEK -47 million comprise the following items: changes in spot rates SEK 80 million, currency hedging SEK -113 million and currency effects from remeasurement of trade receivables and payments from customers SEK -14 million.

Net financial items totalled SEK -8 million (-24). The SEK 16 million improvement resulted from a lower syndicated credit facility fee and from exchange rate gains under forward contracts, which compensated for higher interest costs. Profit before tax was SEK 295 million and estimated tax SEK -80 million. Net profit thus amounted to SEK 215 million.

SHARE OF GROUP'S NET SALES Q2 2012



OPERATING PROFIT



PACKAGING & SPECIALITY PAPER BUSINESS AREA

Packaging & Speciality Paper offers technically advanced kraft and sack paper for packaging for food, industrial applications and carrier bags, as well as services within packaging optimisation and design. The largest markets are Europe and Asia.

| SEKm | Quarter | | | Jan-Jun | | Full year |
|------------------------------|------------|------------|------------|------------|------------|------------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Net sales | 1 277 | 1 091 | 1 079 | 2 368 | 2 296 | 4 293 |
| Other income | - | - | - | - | - | - |
| Operating expenses, other | -1 059 | -915 | -895 | -1 974 | -1 889 | -3 525 |
| Depreciation and impairment | -83 | -76 | -82 | -159 | -165 | -318 |
| Operating profit/loss | 135 | 100 | 102 | 235 | 242 | 450 |
| Operating margin, % | 11% | 9% | 9% | 10% | 11% | 10% |
| Sales volumes, ktonnes | 160 | 136 | 126 | 296 | 276 | 507 |

SECOND QUARTER

The business acquired from UPM was consolidated as of 1 June 2012, and is included in the Packaging & Speciality Paper business area. In the second quarter, the acquired operation accounted for SEK 168 million of net sales, SEK 10 million of operating profit and 23 ktonnes of sales volumes by the business area. Further financial information on the acquisition is provided on pages 16, 18 and 19.

Operating profit for Packaging & Speciality Paper in the second quarter amounted to SEK 135 million, SEK 35 million higher than in the previous quarter. The increase is mainly attributable to higher sales volumes as a result of the acquisition and to lower variable costs. Higher fixed costs impacted negatively on the operating profit. Prices in local currency were stable.

Compared with the same period in 2011, operating profit was up SEK 33 million, mainly as a result of lower variable costs and higher sales volumes through the acquisition, but also because no maintenance shutdown took place during the quarter, unlike in the second quarter in 2011. Lower prices impacted negatively on the operating profit.

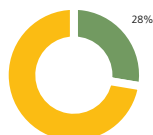
JANUARY-JUNE

Operating profit declined by SEK 7 million to SEK 235 million compared with the same period in the previous year. The acquisition led to higher sales volumes, which, taken in conjunction with lower variable costs and an improved currency situation, partly compensated for lower prices in local currency and higher fixed costs.

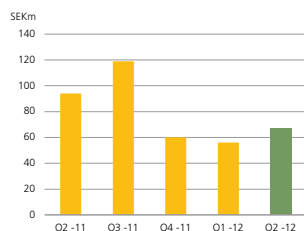
MARKET DEVELOPMENT

The order situation for kraft paper was stable during the quarter compared with the previous quarter and remained on a normal level, a situation that still applied at the end of the quarter. The order situation for sack paper weakened somewhat towards the end of the quarter, to normal levels. Prices in local currency for sack and kraft paper were stable, with a certain improvement emerging at the end of the quarter, compared to the first quarter, as a result of the increase in prices that had been announced to take effect from 1 June 2012. Work towards implementation of the price increase continues.

SHARE OF GROUP'S NET SALES Q2 2012



OPERATING PROFIT



PACKAGING BOARDS BUSINESS AREA

The Packaging Boards business area develops and sells containerboard for packaging for fruit and vegetables, consumer goods and transport packaging. The offering also includes liquid board and board for paper cups (Cup Stock), as well as packaging optimisation services. Europe is the largest market.

| SEKm | Quarter | | | Jan-Jun | | Full year |
|------------------------------|-----------|-----------|-----------|------------|------------|------------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Net sales | 674 | 663 | 704 | 1 337 | 1 432 | 2 772 |
| Other income | - | - | - | - | - | - |
| Operating expenses, other | -565 | -563 | -568 | -1 128 | -1 159 | -2 238 |
| Depreciation and impairment | -42 | -44 | -42 | -86 | -82 | -164 |
| Operating profit/loss | 67 | 56 | 94 | 123 | 191 | 370 |
| Operating margin, % | 10% | 8% | 13% | 9% | 13% | 13% |
| Sales volumes, ktonnes | 132 | 128 | 128 | 260 | 264 | 504 |

SECOND QUARTER

Operating profit amounted to SEK 67 million, up SEK 11 million on the previous quarter. The increase is attributable to higher sales volumes and lower variable costs, which compensated for lower average prices and higher fixed costs.

Compared with the same period in 2011 operating profit fell by SEK 27 million. This resulted from lower prices, which were partially offset by lower variable costs and higher sales volumes.

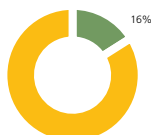
JANUARY-JUNE

Operating profit declined by SEK 68 million to SEK 123 million compared with the same period in the previous year, mainly as a result of lower prices. Lower variable costs impacted favourably on operating profit.

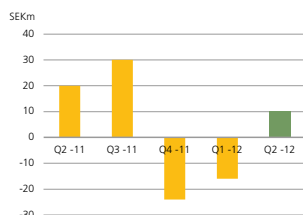
MARKET DEVELOPMENT

The order situation improved somewhat during the quarter compared with the previous one. The order levels for most of the business area's product grades were normal, a situation that still applied at the end of the quarter. Average prices in local currency declined during the quarter as a result of changes in the customer and geographical mix. During the quarter a price increase was announced for Billerud's primary fibre-based fluting, effective 1 June 2012. The size increase was to vary according to the geographical market concerned. However, implementation of the increase was made more difficult by a fall in the price of recycled-fibre based fluting during the quarter.

SHARE OF GROUP'S NET SALES Q2 2012



OPERATING PROFIT



SEK -5 million earnings impact for the quarter

MARKET PULP BUSINESS AREA

The Market Pulp business area is responsible for sales of long-fibre market pulp to customers including manufacturers of tissue, printing and writing paper and packaging paper. The largest markets are Europe and Asia.

| SEKm | Quarter | | | Jan-Jun | | Full year |
|------------------------------|-----------|------------|-----------|-----------|-----------|-----------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Net sales | 391 | 436 | 435 | 827 | 871 | 1 752 |
| Other income | - | - | - | - | - | - |
| Operating expenses, other | -354 | -424 | -389 | -778 | -759 | -1 574 |
| Depreciation and impairment | -27 | -28 | -26 | -55 | -54 | -114 |
| Operating profit/loss | 10 | -16 | 20 | -6 | 58 | 64 |
| Operating margin, % | 3% | -4% | 5% | -1% | 7% | 4% |
| Sales volumes, ktonnes | 82 | 96 | 81 | 178 | 164 | 343 |

SECOND QUARTER

Operating profit amounted to SEK 10 million, an improvement of SEK 26 million compared with the previous quarter. The increase was attributable to higher average prices in local currency, an improved currency situation and lower variable costs.

Compared with the same period in 2011, operating profit fell by SEK 10 million, mainly as a result of lower prices. Lower variable costs impacted favourably on operating profit.

JANUARY-JUNE

Operating profit declined by SEK 64 million to SEK -6 million compared with the same period in the previous year. Lower prices were partly balanced by higher sales volumes and lower variable costs.

MARKET DEVELOPMENT

During the quarter, the balance between supply and demand in market pulp (NBSK) remained more or less unchanged from the level in the first quarter. Consequently, pulp stocks held by producers remained more or less stable during the quarter. The price level in Europe fell to approximately USD 830 per tonne at the end of the quarter, compared with approximately USD 850 per tonne at the beginning of the quarter.

CURRENCY HEDGING

During the first half of 2012, net flows were hedged at EUR/SEK 9.31 (9.38), USD/SEK 6.70 (7.05) and GBP/SEK 10.60 (10.80). Currency hedging had an overall earnings impact of SEK -5 million (52) for the second quarter and SEK 38 million (151) for the first half of 2012 (compared with if no hedging had taken place).

Billerud's outstanding forward exchange contracts at 30 June 2012 had a market value of SEK 35 million. Of this amount, SEK 11 million - the part of the contracts matched by trade receivables - affected earnings in the second quarter. Other contracts had a market value of SEK 24 million.

HEDGED PORTION OF CURRENCY FLOW FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (30 JUNE 2012)

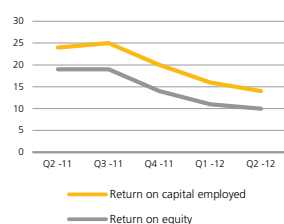
| Currency | | Q3 -12 | Q4 -12 | Q1 -13 | Q2 -13 | Total 12 months |
|--------------------------------------------|-------------------|-----------|----------|----------|----------|-----------------|
| EUR | Share of net flow | 79% | 53% | 32% | 12% | 44% |
| | Rate | 9.11 | 9.06 | 9.02 | 9.04 | 9.07 |
| USD | Share of net flow | 79% | 58% | 37% | 12% | 47% |
| | Rate | 6.85 | 6.90 | 6.95 | 7.07 | 6.90 |
| GBP | Share of net flow | 89% | 62% | 35% | 16% | 51% |
| | Rate | 10.82 | 10.92 | 10.87 | 11.10 | 10.88 |
| Market value of currency contracts* | | 15 | 9 | 7 | 4 | 35 |

*As of 30 June 2012.

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.

SEK 1 146 million in gross investments for the quarter

RETURN, % (ROLLING 12 MONTHS)



INVESTMENTS AND CAPITAL EMPLOYED

Gross investments including company acquisitions amounted to SEK 1 146 million (129) for the second quarter and SEK 1 311 million (212) for the first half of 2012. The environmental and energy investment at Skärblacka mill accounted for SEK 99 million in the second quarter and SEK 192 million in the first half of 2012. UPM's packaging paper operation was acquired in the second quarter at a cost of SEK 1 039 million.

Billerud's capital employed at 30 June 2012 amounted to SEK 5 811 million (4 909). Return on capital employed, calculated over the past 12-month period, amounted to 14% (24). If the effects of currency hedging are discounted, return on capital employed was 12% (17). Return on equity after tax was 10% (19).

CASH FLOW AND FINANCIAL POSITION

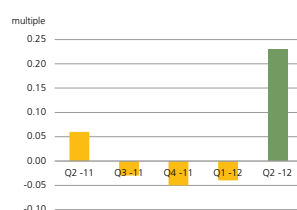
SUMMARY CASH FLOW STATEMENT

| SEKm (positive figure indicates reduction in debt) | Quarter | | Jan-Jun | |
|-------------------------------------------------------|---------------|------------|---------------|-------------|
| | Q2 -12 | Q2 -11 | 2012 | 2011 |
| Operating surplus, etc. | 316 | 421 | 614 | 902 |
| Change in working capital, etc. | -54 | 57 | -32 | -244 |
| Net financial items, taxes, etc. | -50 | -10 | -252 | -191 |
| Cash flow from operating activities | 212 | 468 | 330 | 467 |
| Current net investments | -1 145 | -129 | -1 300 | -211 |
| Operating cash flow | -933 | 339 | -970 | 256 |
| Dividend | -361 | -361 | -361 | -361 |
| Other items, not affecting cash flow | - | -1 | -5 | -7 |
| Change in net debt during the period | -1 294 | -23 | -1 336 | -112 |

Cash flow from operating activities during the first half of 2012 amounted to SEK 330 million (467) and the operating cash flow was SEK -970 million (256).

Interest-bearing net debt on 30 June amounted to SEK 1 103 million (267). The Group's net debt/equity ratio at the end of the period was 0.23 (0.06). 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 therefore lower than the average net debt/equity ratio aimed for over time.

NET DEBT/EQUITY RATIO AT THE END OF THE QUARTER



FINANCING

Interest-bearing loans amounted to SEK 1 294 million at 30 June 2012. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 115 million, bond loans for SEK 675 million, utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 489 million and other interest-bearing liabilities for SEK 15 million. Billerud also has an unutilised credit facility of SEK 800 million.

PARENT COMPANY

The 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 the first half of 2012 amounted to SEK 2 178 million (2 239). Operating profit amounted to SEK 180 million, SEK 181 million lower than in the corresponding period in the previous year. The decline was mainly attributable to a weaker operating profit at Gruvön mill and a lower gain from currency hedges.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the result of these hedging measures. In the first half of 2012, this result was SEK 38 million (151).

Investments in property, plant and equipment and intangible assets, excluding shares, in the first half of 2012 amounted to SEK 51 million (43). The average number of employees was 942 (935). Cash, bank balances and short-term investments totalled SEK 333 million (505).

SEASONAL EFFECTS

MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, Billerud's production units normally also require more extensive maintenance at some time during the year. In order to carry out maintenance, production of pulp and paper is stopped; this is 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 of 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. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.



| Production units | Estimated shutdown cost, SEKm | Estimated breakdown of shutdown cost by business area | | Planned dates of maintenance shutdown 2012 2011 2010 |
|------------------|-------------------------------|-------------------------------------------------------|-----------|-------------------------------------------------------------|
| | | PSP | PB | |
| Gruvön | Appr. 100 | Appr. 40% | Appr. 60% | Q4 Q4 Q2 |
| Pietarsaari | Appr. 15 | 100% | 0% | Q4 |
| Karlsborg | Appr. 40 | 100% | 0% | Q3 Q3 Q3 |
| Skärblacka | Appr. 60 | Appr. 85% | Appr. 15% | Q3 Q2 Q3 |

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

OTHER SEASONAL EFFECTS

A significant part of Billerud Flute® volumes is used to package fruit exports from the Mediterranean area. Demand from this customer group varies according to 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.



On 20 June 2012, the Boards of Directors of Billerud AB (publ) and Investment AB Kinnevik (publ) announced a combination between Billerud and Korsnäs. Left to right: Christer Simrén – President and CEO Korsnäs, Per Lindberg, President and CEO Billerud and Mia Brunell Livfors – President and CEO Kinnevik.

LARGEST SHAREHOLDERS

BILLERUD'S TEN LARGEST SHAREHOLDERS (30 JUNE 2012)

| Shareholder | Number of shares | Number of votes, % |
|-----------------------------------------------------|--------------------|--------------------|
| FRAPAG Beteiligungsholding AG | 21 621 400 | 21.0 |
| SHB Funds | 2 794 885 | 2.7 |
| Swedbank Robur Funds | 2 355 245 | 2.3 |
| Government of Norway | 2 139 753 | 2.1 |
| Fourth Swedish National Pension Fund | 1 507 918 | 1.5 |
| SEB Funds | 1 176 460 | 1.1 |
| DFA Funds | 935 962 | 0.9 |
| Evli Funds | 755 859 | 0.7 |
| The Foundation for Baltic and East European Studies | 709 928 | 0.7 |
| Avanza Pension Insurance AB | 653 446 | 0.6 |
| Total 10 largest shareholders | 34 650 856 | 33.6 |
| Total number of shares in the market | 103 114 299 | 100.0 |

Source: SIS Ägarservice AB. Billerud's approximately 1.7 million bought back shares and foreign custodian banks are excluded.

The total number of owners (including nominee-registered) amounted to 107 152. The proportion of foreign ownership was 48.2% of the number of shares in the market. More information about shareholder structure is available at www.billerud.com/Investor-Relations.

DISTRIBUTION OF SHARES

DISTRIBUTION OF SHARES (30 JUNE 2012)

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

No bought back shares have been purchased since year-end 2004.

LONG-TERM INCENTIVE PROGRAMME 2012

At the 2012 AGM, it was resolved that a long-term incentive programme (LTIP 2012) should be introduced at Billerud, combined with a transfer of individual holdings of own shares. Billerud has a further two existing long-term incentive programmes (LTIP 2010 and LTIP 2011).

The objective of LTIP 2012 is to underpin Billerud's ability to retain its best talents for critical leadership positions, as well as to spur those participating into redoubled efforts, by linking their interests and viewpoints with those of the shareholders. The programme extends to a maximum of 20 senior executives and other key people in the Billerud Group. LTIP 2012 runs for three years starting in 2012. Its outcome will be determined by the extent to which various financial performance requirements are achieved. The maximum number of Billerud shares encompassed by LTIP 2012 is 299,800, corresponding to approximately 0.3% of the total number of Billerud shares outstanding and the number of votes to be cast. The maximum estimated cost of LTIP 2012 is estimated at approximately SEK 27 million, including social security costs of SEK 17 million.

More information on LTIP 2012 is available in Billerud's press release dated 2 April 2012, as well as in the documents for the 2012 AGM, which are available on Billerud's website.

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 69-73 of the 2011 Annual Report.

RELATED PARTY TRANSACTIONS

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

EVENTS AFTER THE END OF THE QUARTER

Effective 1 July 2012, market pulp sales will not be reported independently in a separate business area (Market Pulp) but will be included in the Packaging and Speciality Paper business area. Niklas Söderström, formerly Business area director, Market Pulp, will remain a member of Billerud's Group management, with the new title of Director Pulp Sales.

The undersigned hereby confirm that this mid-year report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Solna, 19 July 2012
Billerud Aktiebolag (publ)

| | | |
|-------------------------------------|--------------------------------------------------|------------------------------------------|
| Ingvar Petersson <i>Chairman</i> | Michael M.F. Kaufmann, <i>Deputy chairman</i> | Helena Andreas <i>Member</i> |
| Stewe Cato <i>Member</i> | Helén Gustafsson <i>Member</i> | Mikael Hellberg <i>Member</i> |
| Lennart Holm <i>Member</i> | Jan Homan <i>Member</i> | Gunilla Jönson <i>Member</i> |
| Ewald Nageler <i>Member</i> | Yngve Stade <i>Member</i> | Per Lindberg <i>President and CEO</i> |

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, 2012 and the related condensed summary of income, changes in equity and cash-flows for the six-month period then ended. Our review includes pages 1-17 in this interim report. The Board of Directors and the Managing Director 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 Authorized 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, 2012 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, 19 July, 2012

Ernst & Young AB

Lars Träff
Authorized Public Accountant

FINANCIAL CALENDAR

| | |
|---------------------------------------|-----------------|
| Interim report January-September 2012 | 25 October 2012 |
| Year-end report January-December 2012 | 31 January 2013 |
| Interim report January-March 2013 | 25 April 2013 |
| Interim report January-June 2013 | 18 July 2013 |
| Interim report January-September 2013 | 29 October 2013 |

The 2013 AGM will be held on 7 May 2013.

ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The amended standards and interpretations that came into force on 1 January 2012 have not had any material impact on Billerud's financial statements. In addition to these amendments, the accounting principles applied in this interim report are the same as those used in the most recent annual report for 2011, see pages 74-82 and page 109 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 20 of this report.

The information in this interim report is such that Billerud Aktiebolag (publ) is obliged to disclose under the Swedish 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.

BILLERUD GROUP INCOME STATEMENT

| SEKm | Quarter | | | Jan-Jun | | Full year |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Net sales | 2 440 | 2 291 | 2 383 | 4 731 | 4 930 | 9 343 |
| Other income | 8 | 2 | 2 | 10 | 5 | 18 |
| Operating income | 2 448 | 2 293 | 2 385 | 4 741 | 4 935 | 9 361 |
| Change in inventories | 24 | -77 | -1 | -53 | -68 | 1 |
| Raw materials and consumables | -1 233 | -1 114 | -1 113 | -2 347 | -2 301 | -4 480 |
| Other external costs | -520 | -448 | -476 | -968 | -933 | -1 863 |
| Employee benefits expense | -406 | -362 | -370 | -768 | -723 | -1 427 |
| Depreciation and impairment of non-current assets | -153 | -150 | -151 | -303 | -304 | -614 |
| Profit/Loss from participations in associated companies | 1 | - | 1 | 1 | 1 | - |
| Operating expenses | -2 287 | -2 151 | -2 110 | -4 438 | -4 328 | -8 383 |
| Operating profit/loss | 161 | 142 | 275 | 303 | 607 | 978 |
| Financial income and expenses | 2 | -10 | -12 | -8 | -24 | -45 |
| Profit/Loss before tax | 163 | 132 | 263 | 295 | 583 | 933 |
| Taxes | -44 | -36 | -69 | -80 | -154 | -250 |
| Net profit/loss for the period | 119 | 96 | 194 | 215 | 429 | 683 |
| Profit/Loss attributable to: | | | | | | |
| Owners of the parent company | 119 | 96 | 194 | 215 | 429 | 683 |
| Non-controlling interests | - | - | - | - | - | - |
| Net profit/loss for the period | 119 | 96 | 194 | 215 | 429 | 683 |
| Earnings per share, SEK | 1.14 | 0.94 | 1.88 | 2.08 | 4.16 | 6.63 |
| Diluted earnings per share, SEK | 1.15 | 0.93 | 1.86 | 2.08 | 4.14 | 6.61 |

STATEMENT OF COMPREHENSIVE INCOME

| SEKm | Quarter | | | Jan-Jun | | Full year |
|----------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Net profit/loss for the period | 119 | 96 | 194 | 215 | 429 | 683 |
| Other comprehensive income | | | | | | |
| Differences arising from the translation of foreign operations' accounts | -22 | -3 | 1 | -25 | -2 | 3 |
| Change in fair value of available-for-sale financial assets for the period | -1 | 1 | - | - | - | - |
| Change in fair value of cash flow hedges | -9 | -19 | -135 | -28 | -231 | -312 |
| Change in fair value of cash flow hedges transferred to net profit/loss for the period | -6 | 44 | 51 | 38 | 147 | 186 |
| Tax attributable to components of other comprehensive income | 4 | -7 | 22 | -3 | 22 | 33 |
| Total comprehensive income for the period | 85 | 112 | 133 | 197 | 365 | 593 |
| Attributable to: | | | | | | |
| Owners of the parent company | 85 | 112 | 133 | 197 | 365 | 593 |
| Non-controlling interests | - | - | - | - | - | - |
| Total comprehensive income for the period | 85 | 112 | 133 | 197 | 365 | 593 |

STATEMENT OF CHANGES IN EQUITY

| SEKm | Jan-Jun | | Full year |
|---------------------------------------------------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2011 |
| Opening balance | 4 871 | 4 637 | 4 637 |
| Comprehensive income for the period | 197 | 365 | 593 |
| Share-based payment to be settled in equity instruments | - | 1 | 2 |
| Dividends paid | -361 | -361 | -361 |
| Attributable to owners of the parent company | 4 707 | 4 642 | 4 871 |
| Non-controlling interests | 1 | - | 1 |
| Closing balance | 4 708 | 4 642 | 4 872 |

BALANCE SHEET

| | 30 Jun 2012 | 31 Mar 2012 | 31 Dec 2011 |
|----------------------------------------------|----------------|----------------|----------------|
| SEKm | | | |
| Non-current assets | 5 982 | 5 512 | 5 508 |
| Inventories | 1 090 | 1 066 | 1 135 |
| Accounts receivable | 1 986 | 1 414 | 1 391 |
| Other current assets | 306 | 301 | 372 |
| Cash and cash equivalents | 416 | 877 | 929 |
| Total assets | 9 780 | 9 170 | 9 335 |
| Attributable to owners of the parent company | 4 707 | 4 983 | 4 871 |
| Non-controlling interests | 1 | 1 | 1 |
| Shareholders' equity | 4 708 | 4 984 | 4 872 |
| Interest-bearing liabilities | 280 | 504 | 819 |
| Provisions for pensions | 225 | 223 | 219 |
| Other provisions | 37 | 37 | 36 |
| Deferred tax liabilities | 1 449 | 1 470 | 1 467 |
| Total non-current liabilities | 1 991 | 2 234 | 2 541 |
| Interest-bearing liabilities | 1 014 | 300 | - |
| Accounts payables | 1 345 | 1 056 | 1 227 |
| Other liabilities and provisions | 722 | 596 | 695 |
| Total current liabilities | 3 081 | 1 952 | 1 922 |
| Total equity and liabilities | 9 780 | 9 170 | 9 335 |

STATEMENT OF CASH FLOW

| SEKm | Quarter | | | Jan-Jun | | Full year |
|---------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | Q2 -12 | Q1 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Operating surplus, etc.* | 316 | 298 | 421 | 614 | 902 | 1 604 |
| Change in working capital, etc. | -54 | 22 | 57 | -32 | -244 | -113 |
| Net financial items, taxes, etc. | -50 | -202 | -10 | -252 | -191 | -219 |
| Cash flow from operating activities | 212 | 118 | 468 | 330 | 467 | 1 272 |
| Investments in property, plant and equipment | -107 | -165 | -129 | -272 | -212 | -512 |
| Acquisition of financial assets | - | - | -31 | - | -31 | -81 |
| Disposal of financial assets | 340 | - | - | 340 | - | - |
| Business combinations | -1 039 | - | - | -1 039 | - | - |
| Disposal of property, plant and equipment | 1 | 10 | - | 11 | 1 | 2 |
| Cash flow from investing activities | -805 | -155 | -160 | -960 | -242 | -591 |
| Change in interest-bearing liabilities | 493 | -14 | -2 | 479 | -7 | -132 |
| Dividend | -361 | - | -361 | -361 | -361 | -361 |
| Cash flow from financing activities | 132 | -14 | -363 | 118 | -368 | -493 |
| Total cash flow (=change in cash and cash equivalents) | -461 | -51 | -55 | -512 | -143 | 188 |
| Cash and cash equivalents at start of period | 877 | 929 | 650 | 929 | 740 | 740 |
| Translation differences in cash and cash equivalents | - | -1 | 2 | -1 | - | 1 |
| Cash and cash equivalents at the end of the period | 416 | 877 | 597 | 416 | 597 | 929 |

*The amount for the period January - June 2012 includes operating profit of SEK 303 million, reversed depreciation SEK 303 million, increase in pension liability and other allocations SEK 3 million, net of produced and sold electricity certificates and sold emission rights SEK 5 million. The amount includes, for the period January - June 2011, operating profit of SEK 607 million, reversed depreciation SEK 304 million, increase in pension liabilities SEK 1 million, net of produced and sold electricity certificates and sold emission rights SEK -10 million.

KEY FIGURES

| | Jan-Jun | | Full year |
|-----------------------------------------------------|---------|---------|-----------|
| | 2012 | 2011 | 2011 |
| Margins | | | |
| Gross margin, % | 13 | 18 | 17 |
| Operating margin, % | 6 | 12 | 10 |
| Return (rolling 12 months) | | | |
| Return on capital employed, % | 14 | 24 | 20 |
| Return on total capital, % | 7 | 13 | 11 |
| Return on equity, % | 10 | 19 | 14 |
| Return on equity after dilution, % | 10 | 19 | 14 |
| Capital structure at end of period | | | |
| Capital employed, SEKm | 5 811 | 4 909 | 4 639 |
| Equity, SEKm | 4 708 | 4 642 | 4 872 |
| Interest-bearing net debt, SEKm | 1 103 | 267 | -233 |
| Net debt/equity ratio, multiple | 0.23 | 0.06 | -0.05 |
| Net debt/equity ratio after dilution, multiple | 0.23 | 0.06 | -0.05 |
| Equity ratio, % | 48 | 51 | 52 |
| Equity ratio after dilution, % | 48 | 51 | 52 |
| Key figures per share | | | |
| Earnings per share, SEK | 2.08 | 4.16 | 6.63 |
| Average number of shares, thousands | 103 114 | 103 114 | 103 114 |
| Earnings per share after dilution, SEK | 2.08 | 4.14 | 6.61 |
| Average number of shares after dilution, thousands | 103 406 | 103 406 | 103 406 |
| Cash flow from operating activities per share, SEK | 3.21 | 4.53 | 12.33 |
| Operating cash flow per share, SEK | -9.40 | 2.48 | 7.39 |
| Equity per share, SEK | 45.65 | 45.02 | 47.24 |
| Number of share at the end of the period, thousands | 103 114 | 103 114 | 103 114 |
| Equity per share after dilution, SEK | 45.53 | 44.89 | 47.11 |
| Number of share at the end of the period, thousands | 103 406 | 103 406 | 103 406 |
| Other key figures | | | |
| Gross investments, SEKm | 272 | 212 | 512 |
| Business combinations, SEKm | 1 039 | - | - |
| Average number of employees | 2 304 | 2 264 | 2 277 |

QUARTERLY KEY FIGURES

| | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 | Q4 -10 | Q3 -10 |
|----------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Earnings per share, SEK | 1.14 | 0.94 | 0.44 | 2.03 | 1.88 | 2.28 | 2.19 | 1.84 |
| Cash flow from operating activities per share, SEK | 2.07 | 1.14 | 2.66 | 5.15 | 4.54 | -0.01 | 4.49 | 4.49 |
| Return on capital employed, % | 3 | 3 | 2 | 6 | 6 | 7 | 7 | 6 |
| Return on equity, % | 2 | 2 | 1 | 4 | 4 | 5 | 5 | 4 |
| Equity per share, SEK | 45.65 | 48.33 | 47.24 | 46.53 | 45.02 | 47.22 | 44.97 | 42.72 |

PARENT COMPANY

SUMMARISED INCOME STATEMENT

| SEKm | Quarter | | Jan-Jun | | Full Year |
|--------------------------------------------------------|------------|------------|------------|------------|--------------|
| | Q2 -12 | Q2 -11 | 2012 | 2011 | 2011 |
| Operating income | 1 059 | 1 107 | 2 027 | 2 229 | 4 185 |
| Operating expenses | -947 | -938 | -1 847 | -1 868 | -3 656 |
| Operating profit/loss | 112 | 169 | 180 | 361 | 529 |
| Financial income and expenses | 16 | -3 | 14 | -6 | 1 051 |
| Profit/Loss after financial income and expenses | 128 | 166 | 194 | 355 | 1 580 |
| Appropriations | - | - | - | - | -2 212 |
| Profit/loss before tax | 128 | 166 | 194 | 355 | -632 |
| Taxes | -33 | -43 | -50 | -93 | 168 |
| Net profit/loss for the period | 95 | 123 | 144 | 262 | -464 |

SUMMARISED BALANCE SHEET

| SEKm | 30 Jun | 30 Jun | 31 Dec |
|-------------------------------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2011 |
| Non-current assets | 4 938 | 4 108 | 4 198 |
| Current assets | 3 333 | 2 618 | 3 931 |
| Total assets | 8 271 | 6 726 | 8 129 |
| Shareholders' equity | 2 874 | 3 816 | 3 090 |
| Untaxed reserves | 2 212 | - | 2 212 |
| Provisions | 549 | 885 | 543 |
| Interest-bearing liabilities | 1 780 | 1 234 | 1 409 |
| Other liabilities | 856 | 791 | 875 |
| Total equity and liabilities | 8 271 | 6 726 | 8 129 |

BUSINESS COMBINATIONS

On 1 June 2012, Billerud Finland Oy - a wholly owned subsidiary of Billerud AB - acquired two paper machines from UPM and a certain portion of the associated working capital. The acquisition amounted in all to SEK 1 039 million (EUR 116 million), of which SEK 877 million was attributed to machinery and equipment and SEK 162 million to working capital.

The acquisition considerably reduces Billerud's pulp exposure and expands its offering in the packaging paper sector. It also reduces the company's currency exposure.

The business acquired was consolidated as of 1 June 2012, and is included in the Packaging & Speciality Paper business area. Effective 1 July 2012, market pulp sales will not be reported independently but will be included in the Packaging and Speciality Paper business area. For more financial information, see pages 18-19.

BUSINESS AREAS

The Group's operations are governed and reported per Billerud's three business areas - Packaging & Speciality Paper, Packaging Boards and Market Pulp. Non-current assets and capital investments cannot be broken down by business area since the business areas are highly integrated in terms of production.

Other business comprises group-wide functions such as corporate headquarters, wood supplies and the sales organisations. Other business also reports profit shares in the associated company ScandFibre Logistics AB, as well as the subsidiaries Tenova Bioplastics AB, Nine TPP AB and Billerud Inc. Other business also includes results from hedging of the Group's net currency flows, the result of pulp price hedges and group eliminations.

The results of the business areas are reported excluding the effects of currency hedging and excluding the effect on profit/loss of revaluation 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.

NET SALES

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 | Q4 -10 | Q3 -10 | Jan-Jun 2012 | Jan-Jun 2011 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|-----------------|
| Packaging & Speciality Paper | 1 277 | 1 091 | 941 | 1 056 | 1 079 | 1 217 | 1 020 | 1 085 | 2 368 | 2 296 |
| Packaging Boards | 674 | 663 | 644 | 696 | 704 | 728 | 648 | 649 | 1 337 | 1 432 |
| Market Pulp | 391 | 436 | 416 | 465 | 435 | 436 | 450 | 452 | 827 | 871 |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 | 54 | -17 | 41 | 168 |
| Other and eliminations | 79 | 79 | 69 | 64 | 75 | 88 | 107 | 82 | 158 | 163 |
| Total Group | 2 440 | 2 291 | 2 086 | 2 327 | 2 383 | 2 547 | 2 279 | 2 251 | 4 731 | 4 930 |

OPERATING PROFIT

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 | Q4 -10 | Q3 -10 | Jan-Jun 2012 | Jan-Jun 2011 |
|------------------------------|------------|------------|-----------|------------|------------|------------|------------|------------|-----------------|-----------------|
| Packaging & Speciality Paper | 135 | 100 | 65 | 143 | 102 | 140 | 131 | 106 | 235 | 242 |
| Packaging Boards | 67 | 56 | 60 | 119 | 94 | 97 | 122 | 107 | 123 | 191 |
| Market Pulp | 10 | -16 | -24 | 30 | 20 | 38 | 53 | 92 | -6 | 58 |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 | 54 | -17 | 41 | 168 |
| Other and eliminations | -70 | -20 | -42 | -42 | -31 | -21 | -34 | -12 | -90 | -52 |
| Total Group | 161 | 142 | 75 | 296 | 275 | 332 | 326 | 276 | 303 | 607 |

OPERATING MARGIN

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| % | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 | Q4 -10 | Q3 -10 | Jan-Jun 2012 | Jan-Jun 2011 |
|------------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------------|
| Packaging & Speciality Paper | 11 | 9 | 7 | 14 | 9 | 12 | 13 | 10 | 10 | 11 |
| Packaging Boards | 10 | 8 | 9 | 17 | 13 | 13 | 19 | 16 | 9 | 13 |
| Market Pulp | 3 | -4 | -6 | 6 | 5 | 9 | 12 | 20 | -1 | 7 |
| Group | 7 | 6 | 4 | 13 | 12 | 13 | 14 | 12 | 6 | 12 |

SALES VOLUMES

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| ktonnes | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 | Q4 -10 | Q3 -10 | Jan-Jun 2012 | Jan-Jun 2011 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------------|-----------------|
| Packaging & Speciality Paper | 160 | 136 | 112 | 119 | 126 | 150 | 121 | 133 | 296 | 276 |
| Packaging Boards | 132 | 128 | 115 | 125 | 128 | 136 | 121 | 125 | 260 | 264 |
| Market Pulp | 82 | 96 | 88 | 91 | 81 | 83 | 81 | 74 | 178 | 164 |
| Total | 374 | 360 | 315 | 335 | 335 | 369 | 323 | 332 | 734 | 704 |

COMBINED FINANCIAL INFORMATION

The business acquired from UPM was consolidated as of 1 June 2012, and is included in the Packaging & Speciality Paper business area. Effective 1 July 2012, market pulp sales will not be reported independently but will be included in the Packaging and Speciality Paper business area. Net sales, operating profit and sales volumes are shown below as if the acquisition had been completed on 1 January 2011 and as if the Market Pulp business area had been included in the Packaging & Speciality Paper business area on 1 January 2011.

The unaudited financial information presented below is information from the accounts of the particular company, with any differences in accounting policies that may occur. The combined financial information is a simple compilation of this financial information regarding the various operations in the various periods, in order to provide an indication of the new Group's sales and profits, on the basis that the operations had been included in the same group from the beginning of the respective period. The compilation is based on a hypothetical situation and should not be interpreted as a set of pro forma accounts, in that no adjustment has been made to show the effects of acquisition analyses, differing accounting policies and transaction costs. In addition, no future synergies have been taken into account. The financial information has not been audited or in any other way examined by the company's auditors.

NET SALES - RECOGNISED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Packaging & Speciality Paper | 1 277 | 1 091 | 941 | 1 056 | 1 079 | 1 217 |
| Packaging Boards | 674 | 663 | 644 | 696 | 704 | 728 |
| Market Pulp | 391 | 436 | 416 | 465 | 435 | 436 |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 |
| Other and eliminations | 79 | 79 | 69 | 64 | 75 | 88 |
| Total Group | 2 440 | 2 291 | 2 086 | 2 327 | 2 383 | 2 547 |

NET SALES - ADJUSTMENTS

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Packaging & Speciality Paper | 806 | 966 | 831 | 976 | 981 | 981 |
| Packaging Boards | | | | | | |
| Market Pulp | -391 | -436 | -416 | -465 | -435 | -436 |
| Currency hedging, etc. | | | | | | |
| Other and eliminations | | | | | | |
| Total Group | 415 | 530 | 415 | 511 | 546 | 545 |

NET SALES - COMBINED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Packaging & Speciality Paper | 2 083 | 2 057 | 1 772 | 2 032 | 2 060 | 2 198 |
| Packaging Boards | 674 | 663 | 644 | 696 | 704 | 728 |
| Market Pulp | - | - | - | - | - | - |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 |
| Other and eliminations | 79 | 79 | 69 | 64 | 75 | 88 |
| Total Group | 2 855 | 2 821 | 2 501 | 2 838 | 2 929 | 3 092 |

OPERATING PROFIT - RECOGNISED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|------------|------------|-----------|------------|------------|------------|
| Packaging & Speciality Paper | 135 | 100 | 65 | 143 | 102 | 140 |
| Packaging Boards | 67 | 56 | 60 | 119 | 94 | 97 |
| Market Pulp | 10 | -16 | -24 | 30 | 20 | 38 |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 |
| Other and eliminations | -70 | -20 | -42 | -42 | -31 | -21 |
| Total Group | 161 | 142 | 75 | 296 | 275 | 332 |

OPERATING PROFIT - ADJUSTMENTS

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Packaging & Speciality Paper | 26 | 55 | 3 | 70 | 55 | 59 |
| Packaging Boards | | | | | | |
| Market Pulp | -10 | 16 | 24 | -30 | -20 | -38 |
| Currency hedging, etc. | | | | | | |
| Other and eliminations | | | | | | |
| Total Group | 16 | 71 | 27 | 40 | 35 | 21 |

OPERATING PROFIT - COMBINED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| SEKm | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Packaging & Speciality Paper | 161 | 155 | 68 | 213 | 157 | 199 |
| Packaging Boards | 67 | 56 | 60 | 119 | 94 | 97 |
| Market Pulp | - | - | - | - | - | - |
| Currency hedging, etc. | 19 | 22 | 16 | 46 | 90 | 78 |
| Other and eliminations | -70 | -20 | -42 | -42 | -31 | -21 |
| Total Group | 177 | 213 | 102 | 336 | 310 | 353 |

SALES VOLUMES - RECOGNISED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| ktonnes | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Packaging & Speciality Paper | 160 | 136 | 112 | 119 | 126 | 150 |
| Packaging Boards | 132 | 128 | 115 | 125 | 128 | 136 |
| Market Pulp | 82 | 96 | 88 | 91 | 81 | 83 |
| Total | 374 | 360 | 315 | 335 | 335 | 369 |

SALES VOLUMES - ADJUSTMENTS

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| ktonnes | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Packaging & Speciality Paper | 149 | 170 | 140 | 155 | 150 | 156 |
| Packaging Boards | | | | | | |
| Market Pulp | -82 | -96 | -88 | -91 | -81 | -83 |
| Total | 67 | 74 | 52 | 64 | 69 | 73 |

SALES VOLUMES - COMBINED

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

| ktonnes | Q2 -12 | Q1 -12 | Q4 -11 | Q3 -11 | Q2 -11 | Q1 -11 |
|------------------------------|------------|------------|------------|------------|------------|------------|
| Packaging & Speciality Paper | 309 | 306 | 252 | 274 | 276 | 306 |
| Packaging Boards | 132 | 128 | 115 | 125 | 128 | 136 |
| Market Pulp | - | - | - | - | - | - |
| Total | 441 | 434 | 367 | 399 | 404 | 442 |

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

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

Earnings per share after dilution

Profit for the period, attributable to owners of the parent, 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, attributable to owners of the parent, 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, attributable to owners of the parent, 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 primary 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

Profit for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent.

Return on equity after dilution

Profit for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent, plus the effect of estimated utilisation of incentive programmes.

Return on total capital

Operating profit as a percentage of average total capital.

THE NATURAL PART IN SMARTER PACKAGING

Billerud supplies more than 1 000 customers in over 100 countries with materials and services for innovative packaging. The offering is summarised by the concept smarter packaging, solutions which attract more consumers, boost productivity, cut transport costs and reduce waste of resources and environmental impact. Billerud has a world-leading market position within primary fibre-based packaging paper.

Through its business model Billerud focuses on its customers and offers high-quality materials, knowledge of the entire value chain, as well as a global network of customers and packaging partners. Billerud's strategy is to generate profitable growth through World Class Process Efficiency, and Customer-focused Development.

The global packaging market is showing continued positive long-term development primarily due to increased globalisation, greater prosperity and changed consumption patterns.