



BILLERUD

INTERIM REPORT

JANUARY - SEPTEMBER 2009

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Unique FibreForm paper now commercially available



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In connection with Scanpack, Scandinavia's largest packaging exhibition, Billerud launched FibreForm, a packaging paper with unique elasticity that enables it to challenge plastic in new areas. The paper's formability creates opportunities for special effects and personalised packaging based on renewable raw material that is also both compostable and recyclable.

Billerud FibreForm® will challenge plastic as a packaging material in specially shaped packaging such as trays and blister packs for food and consumer goods. Previously there has not been a renewable material that could undergo thermoforming in food packaging machines, but thanks to its high elasticity, up around 20% compared with normal paper that has elasticity of 2-4%, customers can now use FibreForm without having to make expensive investments.

Another application for FibreForm is packaging with deep embossing and unique design. During 2009 packaging based on FibreForm has won a diploma in the Golden Egg awards and a silver prize in the prestigious Pentawards and during the Scanpack exhibition the Packaging Innovation Award.

FibreForm is manufactured using FSC-certified primary fibre. Billerud meets the requirements for traceability certification in accordance with PEFC. Billerud's Swedish mills and Billerud Skog have FSC certification.

Submitted for publication at 9 a.m. on 28 October 2009

	Quarter			January-September	
	2009 III	2009 II	2008 III	2009	2008
Net turnover, MSEK	1 893	1 907	2 038	5 700	6 083
EBITDA, MSEK	204	181	255	487	831
Operating profit/loss MSEK	64	42	126	69	454
Operating margin, %	3	2	6	1	7
Profit/loss after financial items, MSEK	39	12	89	-18	346
Net profit/loss, MSEK	36	8	63	5	250
Earnings per share, SEK	0.48	0.11	0.85	0.07	3.39

January-September 2009 compared with same period in 2008

- Net turnover was MSEK 5,700 (6,083), down 6%.
- Net profit was MSEK 5 (250).
- Earnings per share were SEK 0.07 (3.39).
- Operating profit was MSEK 69 (454), representing a margin of 1% (7).
- The rights issue has been completed and raised MSEK 928 after issue costs.

July-September 2009 compared with April-June 2009

- Net turnover was MSEK 1,893 (1,907).
- Net profit was MSEK 36 (8), an improvement of MSEK 28.
- Operating profit was MSEK 64 (42), an improvement of MSEK 22, mainly due to lower fixed and variable costs.
- Operating cash flow amounted to MSEK 348 (170).
- The improved order situation noted in the second quarter continued in the third quarter.
- A provision of MSEK 19 has been accounted for relating to The Swedish Environmental Court's ruling regarding incorrect transfers of emissions certificates in 2006. Billerud has appealed the ruling.
- Maintenance stops have been carried out at two mills, however with lower costs than earlier.

Outlook for full year 2009

- The order situation remained positive at the end of the third quarter but uncertainty remains about the effects of general economic conditions on demand as the year reaches its end.
- Price reductions for packaging paper bottomed out during the quarter, and price increases have been announced for most of Billerud's products.
- Lower input prices mainly for wood and chemicals and an improved currency situation are expected to have positive effects on earnings also in the final quarter compared with the same period last year.
- Work on cost savings is progressing according to plan and is expected to produce savings of at least MSEK 250 annually by the end of 2009.
- Inventory levels for market pulp on world markets continued to fall during the third quarter, which has led to an improvement in price levels.

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Billerud's President Per Lindberg and CFO Bertil Carlsén will present the interim report at a press conference on Wednesday 28 October at 2 p.m. Location: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm.

Billerud is a packaging paper company with a business concept to supply customers with innovative and high quality packaging paper. A consistent concentration on attractive market segments and a strong customer focus are cornerstones of Billerud's strategy. Billerud focuses on kraft paper and containerboard and has a world-leading position within several product segments.

The company's production units are among the most cost-efficient in Europe for these products

www.billerud.com

Comment by Per Lindberg, Billerud CEO

"We are very pleased that orders continued to be good in the third quarter and that the operating profit improved to reach MSEK 64, compared with MSEK 42 in the previous quarter. Work on cost savings continues to produce good results.

The trend of falling prices at the start of the year has bottomed out and been followed by the announcement of price increases for most of our products. If the current order situation continues, an important task begins of re-establishing prices to levels that are sustainable over the long term.

The rights issue was completed with a large amount of interest and has given us a strong balance sheet. We now have adequate headroom from which to manage the uncertainty that remains on the market while we also have a good platform to further develop Billerud.

In the next few days we will start the commercial launch of FibreForm[®], a completely new product. This is our response to our customers' requests for an innovative and renewable alternative to moulded plastic packaging and is a result of working on product development in close co-operation with customers."

Billerud Group Market

The order situation has gradually improved during the year and remained good throughout the third quarter. There was no need for market related production curtailments during the quarter. The trend of falling prices has stalled, and instead price increases were announced during the third quarter for most of Billerud's packaging paper. There is still uncertainty whether the improved order situation is a sign of a more long-term change in the market or if it is primarily an effect of low levels of customer inventories on the market at the start of the year.

On the market for Nordic long-fibre sulphate pulp, prices have continued to increase from a low level while world inventory levels have continued to fall for both long-fibre and short-fibre pulp. During the fourth quarter extra capacity is expected on the market as pulp mills that have been taken out of production are re-started.

Deliveries of packaging paper amounted to 253,000 tonnes in the third quarter, an increase of 3% compared with the second quarter of 2009, and an increase of 2% compared with the third quarter of 2008. In the first nine months of 2009 deliveries of packaging paper amounted to 742,000 tonnes, compared with 740,000 tonnes in the same period last year.

Billerud's deliveries of market pulp amounted to 75,000 tonnes in the third quarter, a decrease of 3% compared with the previous quarter, and a decrease of 12% compared with the third quarter of 2008. For the first nine months of 2009 deliveries of market pulp amounted to 234,000 tonnes, compared with 249,000 tonnes in the corresponding period of 2008.

Billerud's total deliveries amounted to 328,000 tonnes in the third quarter, an increase of 2% compared with the second quarter of 2009, and a decrease of 2% compared with the third quarter of 2008. For the first nine months of 2009 total deliveries amounted to 976,000 tonnes, a decrease of 1% compared with the corresponding period in 2008.

Sales and results

Third quarter compared with second quarter

Net turnover in the third quarter amounted to MSEK 1,893, a decrease of MSEK 14 compared with the previous quarter. Volumes rose slightly but price levels in general were lower than the previous quarter due to reduced prices in the second quarter not having full effect until the third quarter.

The operating profit amounted to MSEK 64 (42), an increase of MSEK 22 on the previous quarter mainly due to reduced costs for chemicals and wood materials, and lower fixed costs.

The operating margin for packaging paper was 9% (10) and for market pulp -6% (-19).

Product Area* (proportion of sales)	Operating margin July-Sept 2009	Operating profit/loss MSEK, July-Sept 2009	Deviation MSEK, April-June 2009	Deviation MSEK from July-Sept 2008
Packaging paper (80%)	9%	142	-16	-17
Market pulp (20%)	-6%	-21	37	18
Currency hedging and other	-	-57	1	-63
Total	3%	64	22	-62

* Market pulp refers to the Market Pulp business area, packaging paper refers to the Packaging and Speciality Paper and Packaging Board business areas together. Currency hedging, etc, refers to the specification on page 16.

Net financial items were MSEK -25, an improvement of MSEK 5 compared with the second quarter of 2009.

The profit before tax was MSEK 39. Estimated tax amounted to MSEK -3. The net profit was therefore MSEK 36.

January-September compared with the same period last year

Net turnover amounted to MSEK 5,700, down 6% compared with the corresponding period of last year. The reduction was mainly due to a lower price level.

Operating profit was MSEK 69, a decrease with MSEK 385 compared with the same period last year. The reduction (see table below) is primarily explained by lower prices which were compensated for to some extent by an improved currency situation, lower fixed and variable costs and a better product mix.

	Q1-09/ Q1-08	Q2-09/ Q2-08	Q3-09/ Q3-08	Jan-Sept 09/ Jan-Sept 08
Delivery and production volumes, including product mix	-63	66	40	43
Sales prices (in respective sales currency)	-279	-363	-340	-982
Change in variable costs	-68	43	121	96
Change in fixed costs	37	51	3	91
Change in depreciation	-16	-14	-11	-41
Effects of exchange rate changes, including hedging*	138	145	125	408
Total change in operating profit/loss	-251	-72	-62	-385

* Effects of exchange rate changes totalling MSEK 408 comprise the following: improved spot rates MSEK 673 currency hedging MSEK -89 and other net effects MSEK -176.

The decrease in operating profit of MSEK -385 compared with the previous year is distributed as follows: packaging paper product area MSEK 8, market pulp product area MSEK -121 and effects of currency hedging and other, MSEK -272, (see page 15).

The operating margin for the first nine months of 2009 was 1% (7).

Net financial items were MSEK -87 (-108), an improvement of MSEK 21.

The loss before tax was MSEK -18. Estimated tax was MSEK 23. The net profit was therefore MSEK 5.

Significant risks and uncertainties

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

Billerud's mills have higher capacity for sulphate pulp production than is used to produce packaging paper. In order to produce cost-effectively, Billerud is largely dependent on being able to sell the surplus of sulphate pulp as market pulp. The market for pulp is currently out of balance and prices are unsatisfactorily low, which is why sales of market pulp are generating losses. A lengthy unbalanced period for the pulp market and unchanged cost levels may mean a deteriorating financial position for Billerud.

For an analysis of business sensitivity and further details of risks, see pages 57-61 of Billerud's 2008 Annual Report.

On 10 December 2007 the Swedish Environmental Protection Agency announced that it was fining Billerud MSEK 19 for incorrect reporting of emission rights utilised in 2006. Billerud's assessment is that the company has fulfilled its commitments and that a penalty of MSEK 19 is neither proportionate nor backed by law. Billerud appealed to the Environmental Court, which in September 2009 decided that Billerud should pay the fine in accordance with the verdict of the Swedish Environmental Protection Agency. Billerud has therefore made a provision for this amount in the third quarter 2009 while appealing the decision to the Environmental Court of Appeal.

Transactions with related parties

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

Currency hedging

During the first nine months of 2009 net flows were hedged at the following rates: EUR/SEK 9.93 (9.37), USD/SEK 7.37 (6.44), GBP/SEK 12.17 (12.94) and DKK/SEK 1.34 (1.26). Currency hedging had an overall negative effect on profits of MSEK -93 (-5) (compared with if no hedging had been performed).

Billerud's outstanding currency contracts as of 30 September 2009 had a market value of MSEK 284. The share of contracts corresponding to accounts receivable affected results during the period. Other contracts had a market value of MSEK 244.

Billerud hedges around 50% of forecast net flows over the coming 12-month period, but in line with its financial policy the company has the possibility to increase currency hedging to 100% of net flows over the coming 15 months.

The hedged amount of flows and hedged rates for EUR, USD and GBP as of 19 October 2009 are shown in the table below. DKK accounts for just 0.5% of total hedged flows and is therefore not included in the table.

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

Currency		Oct-Dec 2009	Jan-Mar 2010	Apr-Dec 2010	Total 15 months
EUR	Proportion of total flow	98 %	100 %	72 %	83 %
	Rate	9.91	11.00	10.91	10.69
USD	Proportion of total flow	98 %	97 %	22 %	53 %
	Rate	8.51	8.67	7.61	8.35
GBP	Proportion of total flow	88 %	70 %	18 %	42 %
	Rate	12.27	12.14	12.03	12.16

Investments and capital employed

Gross investment including company acquisitions amounted to MSEK 245 (495). Billerud has acquired 100% of the shares in Tenova Bioplastics AB, a bioplastics development company based in Norrköping, Sweden, which has annual turnover of around MSEK 35.

Billerud's capital employed amounted to MSEK 5,342 as of 30 September 2009, compared with MSEK 5,501 as of 30 June 2009 and MSEK 5,679 as of 30 September 2008.

The return on capital employed over the most recent 12 months was -2% (12). If the effects of currency hedging are not included, the return on capital employed was 4% (12). The return on shareholders' equity after tax was -3% (14).

Cash flow and financial position

MSEK (positive figure indicates a reduction in debt)	Jan-Sept 2009	Jan-June 2009	July-Sept 2009	Jan-Sept 2008
Operating surplus etc	470	263	207	773
Change in working capital etc.	170	-107	277	-177
Net financial items, taxes, etc.	-123	-88	-35	-110
Cash flow from operating activities	517	68	449	486
Current net investments	-205	-103	-102	-494
Company acquisition	-30	-31	1	0
Operating cash flow	282	-66	348	-8
Rights issue	928	-	928	-
Dividend	-	-	-	-180
Other items, not affecting cash flow	-26	-25	-1	-6
Change in net debt during period	1 184	-91	1 275	-194

Cash flow from operating activities in the first three quarters amounted to MSEK 517, compared with MSEK 486 in the same period last year. The increase is due to the positive effect of reduced working capital and lower investment.

Operating cash flow amounted to MSEK 282, compared with MSEK -8 in the corresponding period last year.

Interest-bearing net debt on 30 September 2009 was MSEK 1,433, compared with MSEK 2,708 on 30 June 2009 and MSEK 2,801 on 30 September 2008. The Group's net debt/equity ratio at the end of the period was 0.37, compared with 0.97 on 30 June 2009 and 0.97 on 30 September 2008. According to Billerud's financial targets, the ratio should be between 0.60 and 0.90. After the rights issue, liquid funds amount to MSEK 1,226.

Financing

Billerud's syndicated credit facility amounting to MSEK 1,800 and due in September 2010 was refinanced during the first quarter and replaced with a new, three-year syndicated facility for the same amount and due in April 2012. In connection with this the interest terms and loan terms were adjusted to match the current market situation.

The bond loan of MSEK 350 due in June 2009 has been drawn from the new facility of MSEK 450 established in the final quarter of 2008.

Interest-bearing loans as of 30 September 2009 amounted to MSEK 2,470. This includes utilisation of MSEK 98 of the syndicated credit facilities (maximum: MSEK 1,800), MSEK 450 of the syndicated bank loan, MSEK 1,225 of bond loans, utilisation of MSEK 686 of Billerud's commercial paper programme (maximum: MSEK 1,500) and other interest-bearing liabilities amounting to MSEK 11.

Loan	Maximum credit (MSEK)	Utilised (MSEK)	Maturity
Syndicated credit facility	1 800	98	April 2012
Syndicated bank loan	450	450	Dec 2011
Commercial paper		686	1-6 months
Bond loan 5		150	April 2010
Bond loan 6		250	June 2010
Bond loan 2		150	Sept 2011
Bond loan 4		300	Feb 2013
Bond loan 7		225	June 2013
Bond loan 8		150	March 2016
Total		2 459	

Rights issue

An Extra General Meeting held on 27 August 2009 approved the Board's decision to perform a rights issue with preferential rights for existing shareholders to raise MSEK 978. The rights issue was concluded at the end of September 2009. The subscription ratio was 1:1 and the subscription price was SEK 19. The issue was guaranteed to 27% by existing shareholders and ended with a total subscription of 196%.

Personnel

The average number of employees during the first nine months was 2,257, compared with 2,347 during the same period last year, i.e. a reduction of 90.

Segment information

The Group's business is controlled and reported in business areas as follows. The introduction of IFRS 8 on 1 January 2009 has not affected the reporting of the business areas.

- The Packaging & Speciality Paper business area has responsibility 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 has responsibility for sales of fluting, liner and liquid board with a focus on fruit and vegetables and consumer goods.
- The Market Pulp business area has responsibility for sales of long-fibre market pulp.
- Other business comprises corporate departments such as corporate headquarters, wood supplies and the sales organisation. Other business includes profit shares in the associated companies/joint ventures Nine TPP AB and ScandFibre Logistics AB, and earnings from the subsidiary, Tenova Bioplastics

AB, which was acquired during the year. Other business also includes the results from the hedging of net flows in foreign currencies and eliminations.

Fixed assets and capital investments cannot be broken down by business area because the business areas are integrated in terms of production to a considerable extent.

	Packaging & Speciality Paper		Packaging Boards		Market Pulp		Other business		Group total	
	Jan-Sept 2009	Jan-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Jan-Sept 2009	Jan-Sept 2008
Net turnover	2 981	3 017	1 805	1 808	958	1 165	-44	93	5 700	6 083
Other income							8	10	8	10
Operating costs	-2 472	-2 556	-1 488	-1 488	-1 037	-1 124	-223	-94	-5 220	-5 262
Depreciation and impairment	-208	-194	-124	-101	-77	-76	-9	-6	-418	-377
Profit share in associated companies/JV							-1	0	-1	0
Operating profit/loss	301	267	193	219	-156	-35	-269	3	69	454
Financial items									-87	-108
Tax									23	-96
Net earnings									5	250

For further quarterly data see page 16 of this report.

Business area Packaging & Speciality Paper

January-September

Operating profit increased by MSEK 34, or 13%, to MSEK 301, mainly due to lower costs and a better product mix, which were countered by reduced prices.

Third quarter

Operating profit was MSEK 74, down MSEK 2 compared with the corresponding period last year mainly due to reduced prices which were countered by lower variable costs and a better product mix. Compared with the second quarter of 2009 results were down by MSEK 59, mainly due to reduced prices and lower volumes linked to the planned maintenance stops. The operating margin was 8%, compared with 8% in the third quarter of 2008 and 13% in the second quarter of 2009.

Market development

The order situation remained good in the third quarter and no market-related production curtailments were carried out. Price levels remained unsatisfactory however, although price increases for sack and kraft paper have been announced for the fourth quarter and are expected to have an impact first in the beginning of 2010. Order books remained good at the end of the third quarter, although there is continued uncertainty concerning demand.

Billerud has launched a new packaging paper, FibreForm[®], whose unique elasticity and formability can challenge moulded plastic packaging in new areas. The market for FibreForm[®] will be gradually built up and over time Billerud sees great potential for this product.

Business area Packaging Boards

January-September

Compared with the same period last year, operating profit decreased by MSEK 26, or 12%, to MSEK 193, mainly due to lower prices.

Third quarter

Operating profit was MSEK 68, down MSEK 15 compared with the corresponding period last year mainly due to lower prices, which were however compensated for by an improved currency situation. In relation to the second quarter of 2009 the profit was up by MSEK 43 due to reduced costs and a better product mix which were partly countered by lower prices. The operating margin was 12% compared with 14% in the corresponding period last year and 4% in the second quarter of 2009.

Market development

The market stabilised somewhat during the third quarter, partly due to greater demand and partly due to a slightly improved situation for recycle based products, with falling inventory levels as a result. Because of this, price increases have been announced for both fully-bleached virgin fibre-based liner and for S/C fluting. The order situation improved gradually during the quarter.

Deliveries of the newly launched Billerud Pure Board (cup stock) to selected key customers started during the quarter. This product is expected to have a positive volume development ahead of 2010.

Business area Market Pulp

January-September

The operating profit declined by MSEK 121 compared with the same period last year due to lower prices.

Third quarter

The operating loss was MSEK -21, up by MSEK 18 compared with last year mainly due to lower variable costs. Compared with the second quarter of 2009 the result was MSEK 37 higher, mainly due to improved prices.

Market development

The pulp market was strong during the second quarter which has resulted in price increases. The price was around USD 630 at the end of the second quarter and around USD 730 by the end of the third quarter. The improved balance between supply and demand has continued in the fourth quarter and resulted in a further price rise announcement in November to USD 800. It has been announced that two pulp lines with joint capacity of 800,000 tonnes per year will restart production in the fourth quarter.

Parent company

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

Net turnover in the first nine months of 2009 amounted to MSEK 2,339 (2,705). The operating loss was MSEK -47 (191), a decrease of MSEK 238 compared with last year, mainly due to worsened result from currency hedging and revaluation of receivables in foreign currencies.

The parent company hedges both its own net currency flows, and those of the Group. The parent company's results include the results of these hedging measures. This result amounted to MSEK -93 (-5).

Investment in fixed and intangible assets excluding shares amounted to MSEK 46 (174) in the first nine months of 2009. The average number of employees was 945 (1,034). Liquid assets and current investments amounted to MSEK 1,131 (405).

Seasonal variations

Maintenance stops

In addition to continuous maintenance while machines are running, Billerud's mills normally require more extensive maintenance at some point during the year. To perform this maintenance, production of pulp and paper is stopped during the so-called maintenance stop. Completed and planned maintenance stops are shown below.

Mill	2009	2008
Gruvön	No stop 2009	Q 4, 7 days
Karlsborg	Q 3, 10 days	Q 3, 10 days
Skärblacka	Q 3, 8 days	Q 2, 8 days

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

The effect of the stoppage on earnings varies depending on the extent of measures carried out, their character and the actual length of stoppage. Billerud works continually to spread the cost of maintenance stops more evenly across the year, partly by reducing the scale of measures carried out in connection with the planned maintenance stops.

Other seasonal factors

A significant amount of volumes for Billerud Flute[®] are used to package fruit exports from the Mediterranean region. Demand from this customer group varies with the fruit seasons and is normally highest from September to March. A significant part of Billerud's sack paper and QuickFill[®] sack paper is used to package cement and building materials. Demand for building material in Europe is generally higher from May to October.

Additional measures to reduce costs

During the first quarter of 2008 a decision was taken to carry out a programme of measures within the business in order to reduce Billerud's costs. This work included a review of wood consumption, product recipes and specifications, the production mix, and the identification of additional measures to improve efficiency within production, energy use, as well as improvements in the efficiency of administration processes within the framework of the "One Billerud" project. The implementation of this programme is expected to generate an annual effect of MSEK 150 on earnings compared with cost levels in 2007 and it requires an investment of MSEK 50. The annual rate of implementation at the time of decision was calculated at around MSEK 50 by the end of 2008 and MSEK 150 by the end of 2009. Work has progressed better than expected and as of 30 September 2009 savings of MSEK 176 at an annual rate have been achieved within the framework for these measures. The savings are primarily within variable costs attributable to improved energy efficiency and wood consumption.

Ahead of the approaching economic downturn and a fall in demand, a decision was made in the fourth quarter of 2008 to make further cost reductions of MSEK 100 with a focus on staffing and fixed costs. Measures to achieve these savings were mainly implemented during the most recent two quarters. The savings effects will primarily be achieved in the second half of 2009.

Largest shareholders

As of 30 September 2009 the ten largest shareholders according to Euroclear's register of shares and information from Sanderson Asset Management were as follows (Billerud's ownership of around 1.9 million shares and deposit banks are excluded):

Owners	Number of shares incl. interim shares (millions) (shares = votes)	Proportion of shares on market, %
Frapag Beteiligungsholding AG	21,4	20,8
Avanza Fondkommission/Pension	2,5	2,4
Proad AB	2,0	1,9
SEB Funds/SEB Trygg Liv/Securities	2,0	1,9
Citibank	1,7	1,7
Apoteket AB:s pension foundation	1,6	1,6
Ålandsbanken	1,2	1,2
Credit Suisse	1,2	1,2
Bank of New York	1,2	1,2
Deutsche Bank	1,1	1,1
Total 10 largest	36,0	35,0
Total no. of shares on the market	103,0	100,0

The share of foreign ownership was 41.4% of the total shares on the market. The total number of owners (including nominee-registered) was around 120,200. More information about the shareholder structure is available at www.billerud.com/investors.

Distribution of shares

As of 30 September 2009 the distribution of shares was as follows:

Registered amount of shares	53 343 043
Treasury shares	- 1 851 473
Rights issue	51 491 570
Shares on the market	102 983 140

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

Outlook

The order situation remained positive at the end of the third quarter but uncertainty remains about the effects of general economic conditions on demand as the year reaches its end.

Price reductions for packaging paper stalled during the quarter, and price increases have been announced for most of Billerud's products.

Lower input prices mainly for wood and chemicals and an improved currency situation are expected to have positive effects on earnings also in the final quarter compared with the same period last year.

Work on cost savings is progressing according to plan and is expected to produce savings of at least MSEK 250 annually by the end of 2009.

Inventory levels for market pulp on world markets continued to fall during the third quarter, which has led to an improvement in price levels.

Stockholm
28 October 2009
Billerud AB (publ)

The Board of Directors

This interim report has not been subject to a general review by the company's auditors.

Future financial reports

Year-end report, January-December 2009	11 February 2010
First quarter 2010	29 April 2010
Second quarter 2010	22 July 2010
Third quarter 2010	28 October 2010

The AGM will take place on 4 May 2010.

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

The Billerud Group

Accounting principles

This report is produced in accordance with IAS 34, Interim Financial Reporting, and the annual accounts act. This interim report applies the same accounting principles as used in the most recent annual report for 2008, see pages 62-72 and page 87 for definitions of key indicators, with the following exceptions: IFRS 8 Operating Segments replaces IAS 14, Segment Reporting, and applies for the financial year starting 1 January 2009. Operating segments define the segment and which information is required to be submitted in the financial reporting. No changes have been made to business areas in connection with the introduction of IFRS 8. Reworked IAS 1, Presentation of Financial Statements, is applied from 1 January 2009. The reworked standard divides changes in equity resulting from transactions with owners and other changes. This change means that certain transactions previously reported directly under equity are now presented in a new statement, Statement of comprehensive income. IAS 23 Borrowing costs is applied from 1 January 2009. This standard prescribes that borrowing costs must be capitalised if they are directly attributable to purchasing, construction or production of assets that require significant time to process for intended use or sale. In addition to new requirements for reporting, the changed accounting principles have not had any significant impact on reported amounts. The parent company's interim report is produced in accordance with the annual accounts act.

Profit and Loss Account	3 months			9 months		Full year	
	July-Sept 2009	Apr-June 2009	Jan-March 2009	July-Sept 2008	Jan-Sept 2008		Jan-Dec 2008
MSEK							
Net turnover	1 893	1 907	1 900	2 038	5 700	6 083	7 792
Other operating income	2	2	4	4	8	10	15
Total operating income	1 895	1 909	1 904	2 042	5 708	6 093	7 807
Raw materials and consumables	-937	-945	-1 022	-985	-2 904	-2 956	-3 929
Change in inventories	-10	-16	-28	-80	-54	-5	-46
Other external costs	-413	-410	-422	-417	-1 245	-1 294	-1 727
Staff costs	-330	-357	-330	-305	-1 017	-1 007	-1 309
Depreciation	-140	-139	-139	-129	-418	-377	-507
Profit/Loss from participation in associated companies and joint ventures	-1	0	0	0	-1	0	0
Total operating expenses	-1 831	-1 867	-1 941	-1 916	-5 639	-5 639	-7 518
Operating profit/loss	64	42	-37	126	69	454	289
Financial items	-25	-30	-32	-37	-87	-108	-165
Profit/Loss after financial items	39	12	-69	89	-18	346	124
Tax	-3	-4	30	-26	23	-96	28
Net profit/loss for the period	36	8	-39	63	5	250	152
Earnings per share, SEK	0,48	0,11	-0,53	0,85	0,07	3,39	2,07
Earnings per share after dilution, SEK	0,48	0,11	-0,53	0,85	0,07	3,38	2,07
Statement of comprehensive income	Jan-Sept 2009	Jan-June 2009		Jan-Sept 2008	Jan-March 2009	Full year 2008	
MSEK							
Net profit/los for the period	5	-31		250	-39	152	
Other comprehensive income (after tax)							
Change in translation reserve for the period	-10	11		0	4	2	
Cash flow hedging							
Recognized in other comprehensive income	549	422		-108	230	-131	
Dissolved against profit/loss accounts	-78	-185		-17	-149	-188	
Tax attributable to period's change	124	-62		35	-21	84	
Change in hedge reserve for the period	347	175		-90	60	-235	
Comprehensive profit/loss for the period	342	155		160	25	-81	
Specification of change in equity	Jan-Sept 2009	Jan-June 2009		Jan-Sept 2008	Jan-March 2009	Full year 2008	
MSEK							
Opening balance	2 638	2 638		2 898	2 638	2 898	
Comprehensive profit/loss for the period	342	155		160	25	-81	
Rights issue	928	-		-	-	-	
Share-related remuneration	1	1		1	0	1	
Dividend	-	-		-180	-	-180	
Closing balance, shareholders' equity	3 909	2 794		2 879	2 663	2 638	

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

Balance sheet MSEK	30 Sept 2009	30 Sept 2008	30 June 2009	31 March 2009	31 Dec 2008
Fixed assets ²⁾	5 649	5 824	5 712	5 786	5 824
Inventories	977	1 034	1 046	1 129	1 091
Accounts receivable	1 139	1 449	1 311	1 383	1 294
Other current assets	588	303	374	348	270
Liquid funds	1 226	495	397	303	542
Total assets	9 579	9 105	8 840	8 949	9 021
Shareholders' equity	3 909	2 879	2 794	2 663	2 638
Interest-bearing liabilities	1 377	1 356	1 591	2 256	2 396
Interest-bearing provisions, pensions	189	184	187	185	183
Other provisions	26	25	26	26	25
Deferred tax liabilities ²⁾	1 353	1 334	1 286	1 274	1 254
Total long-term liabilities	2 945	2 899	3 090	3 741	3 858
Interest-bearing liabilities	1 093	1 755	1 327	735	580
Accounts payable	973	615	934	958	1 019
Other liabilities and provisions	659	957	695	852	926
Total current liabilities	2 725	3 327	2 956	2 545	2 525
Total shareholders equity and liabilities	9 579	9 105	8 840	8 949	9 021

Cash Flow Statement MSEK	July-Sept 2009	April-June 2009	Jan-March 2009	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Operating surplus, etc ¹⁾	207	214	49	470	773	716
Change in working capital, etc.	277	56	-163	170	-177	249
Net financial items, taxes, etc.	-35	-42	-46	-123	-110	-174
Cash flow from operating activities	449	228	-160	517	486	791
Investment in fixed assets	-102	-59	-54	-215	-495	-613
Company acquisition	1	-	-31	-30	0	-9
Sale of fixed assets	0	1	9	10	1	1
Cash flow from investing activities	-101	-58	-76	-235	-494	-621
Change in interest-bearing liabilities	-440	-77	-5	-522	-36	-172
Rights issue	928	-	-	928	-	-
Dividend	-	-	-	-	-180	-180
Sale of treasury shares, incentive programme	-	-	-	-	-	-
Cash flow from financing activities	488	-77	-5	406	-216	-352
Total cash flow (= change in liquid assets)	836	93	-241	688	-224	-182
Liquid assets, opening balance	397	303	542	542	718	718
Exchange rate differences in liquid assets	-7	1	2	-4	1	6
Liquid assets, closing balance	1 226	397	303	1 226	495	542

1) The amount for January-September 2009 includes an operating profit of MSEK 69, reversed depreciation of MSEK 418, payment of structural costs of MSEK -5, an increase in pension liabilities of MSEK 1, the net of produced and sold electricity certificates and of sold emissions certificates of MSEK -12, and capital gains of MSEK -1. The amount for the period January-September 2008 includes the operating profit of MSEK 454, reversed depreciation of MSEK 377, payment of structural costs of MSEK -6, an increase in pension liabilities of MSEK 5, capital losses of MSEK 2 and the net of produced and sold electricity certificates of MSEK -59.

2) Surplus value in the form of goodwill in the acquisition of Tenova Bioplastics on 1 February 2009 is reported excluding deferred tax liabilities starting from the closing of the accounts on 30 September 2009. This means that fixed assets and deferred tax liabilities have been reduced by MSEK 12 compared with the quarter's accounts from 31 March and 30 June 2009 respectively.

Key indicators	Jan-Sept 2009	Jan-Sept 2008	Jan-June 2009	Jan-Mar 2009	Full year 2008
<i>Margins</i>					
Gross margin, %	9	14	7	5	10
Operating margin, %	1	7	0	-2	4
<i>Return (rolling 12 months)</i>					
Return on capital employed, %	-2	12	-1	1	5
Return on total capital, %	-1	8	0	0	3
Return on equity, %	-3	14	-2	-1	5
Return on equity after dilution, %	-3	14	-2	-1	5
<i>Capital structure at end of period</i>					
Capital employed, MSEK	5 342	5 679	5 501	5 536	5 255
Shareholders' equity, MSEK	3 909	2 879	2 794	2 663	2 638
Interest-bearing net debt, MSEK	1 433	2 801	2 708	2 873	2 617
Net debt/equity ratio, times	0.37	0.97	0.97	1.08	0.99
Net debt/equity ratio after dilution, times	0.37	0.97	0.97	1.08	0.99
Equity ratio, %	41	32	32	30	29
Equity ratio after dilution, %	41	32	32	30	29
<i>Per share ¹⁾</i>					
Earnings per share, SEK	0.07	3.39	-0.42	-0.53	2.07
Average no. of shares, '000	73 711	73 711	73 711	73 711	73 711
Earnings per share after dilution, SEK	0.07	3.38	-0.42	-0.53	2.07
Average no. of shares after dilution, '000	73 834	73 824	73 711	73 711	73 711
<i>Per share at end of period ¹⁾</i>					
Equity per share, SEK	37.96	39.05	37.90	36.13	35.79
No. of shares, '000	102 983	73 711	73 711	73 711	73 711
Equity per share after dilution, SEK	37.96	39.04	37.90	36.13	35.79
No. of shares, '000	103 069	73 824	73 711	73 711	73 711
Gross investments, MSEK	215	495	114	54	613
Company acquisition, MSEK	30	0	31	31	9
Average no. of employees	2 257	2 347	2 247	2 205	2 322

Key indicators, historical	Jan-Sept 2009	Jan-Sept 2008	2008	2007	2006	2005	2004
Net earnings, MSEK	5	250	152	336	312	-183	509
Earnings per share, SEK ¹⁾	0.07	3.39	2.07	4.56	4.25	-2.49	6.76
Return on capital employed, %	1	8	5	11	11	-4	17
Return on total capital, %	1	5	3	7	7	-3	11
Return on equity, %	0	9	5	12	12	-7	16
Equity ratio, %	41	32	29	31	33	33	43

1) Historic values have been recalculated due to the rights issue in September 2009.

Parent company

Summarised income statement MSEK	3 months		6 months		Full year
	July-Sept 2009	July-Sept 2008	Jan-Sept 2009	Jan-Sept 2008	Jan-Dec 2008
Total operating income	842	908	2 344	2 733	3 443
Total operating expenses	-748	-843	-2 391	-2 542	-3 349
Operating profit/loss	94	65	-47	191	94
Financial items	-17	-36	-77	-100	-147
Profit/loss after financial items	77	29	-124	91	-53
Appropriations	-	-	-	-	1 900
Profit/loss before tax	77	29	-124	91	1 847
Tax	-18	-8	36	-25	-482
Net profit/loss	59	21	-88	66	1 365

Summarised balance sheet MSEK	30 Sept 2009	30 Sept 2008	31 Dec 2008
Fixed assets	4 055	4 137	4 162
Current assets	3 084	3 360	2 995
Total assets	7 139	7 497	7 157
Shareholders' equity	3 136	1 251	2 296
Untaxed reserves	-	1 900	-
Provisions	772	424	806
Interest-bearing liabilities	2 600	3 098	2 959
Other liabilities	631	824	1 096
Total shareholders' equity and liabilities	7 139	7 497	7 157

Business areas

Billerud's net earnings and operating profit/loss are presented below per business area. The results of the business areas are reported excluding the effects of currency hedging and excluding the effect on profit/loss of restating accounts receivable in foreign currency and the currency effects in connection with these payments. These effects are reported separately under 'Currency hedging etc.' The part of currency exposure relating to changes in invoicing rates is included in the business area's results.

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

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

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

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

Quarterly operating margin per business area and for the Group

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

Quarterly delivery volumes per business area

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