

YEAR-END REPORT JANUARY-DECEMBER 2011



SEKm	Q4 2011	Q3 2011	Δ, %	Q4 2010	Δ, %	Jan-Dec 2011	Jan-Dec 2010	Δ, %
Net sales	2 086	2 327	-10%	2 279	-8%	9 343	8 828	6%
EBITDA	225	456	-51%	492	-54%	1 592	1 647	-3%
Operating profit/loss	75	296	-75%	326	-77%	978	1 037	-6%
Operating margin, %	4%	13%	-9	14%	-10	10%	12%	-2
Profit/Loss before tax	62	288	-78%	308	-80%	933	960	-3%
Net profit/loss for the period	45	209	-78%	225	-80%	683	705	-3%
Earnings per share, SEK	0.44	2.03	-78%	2.19	-80%	6.63	6.84	-3%

SEK 75m

Operating profit

4%

Operating margin

SEK 62m

Profit before tax

SEK 0.44

Earnings per share

Fourth quarter 2011

- Net sales amounted to SEK 2 086 million compared with SEK 2 327 million in the previous quarter.
- Operating profit amounted to SEK 75 million, a decrease of SEK 221 million compared with the previous quarter. The decline is mainly due to less favourable prices and a periodic maintenance shutdown at the Gruvön mill leading to lower volumes and higher fixed costs.
- Price pressure continued during the quarter and prices in local currency for packaging paper decreased by approximately 4% compared with the third quarter.
- Market-related production shutdowns were implemented.

Full year 2011 compared with the same period in 2010

- Net sales increased by 6% to SEK 9 343 million.
- Operating profit amounted to SEK 978 million, a decrease of 6%. Lower operating profit for the Market Pulp business area was partly compensated by higher operating profit for the packaging paper segments.

Proposed dividend

- The Board of Directors proposes a dividend of SEK 3.50 (3.50) per share for 2011.

Outlook

- At present there is uncertainty about the order situation for the Group in the first part of 2012. However, the market is showing signs of more stable development.
- Continued price pressure is expected for the packaging paper segments at the beginning of 2012.
- If required, market-related production shutdowns will be implemented in order to restore the balance in the market.

Billerud's President and CEO Per Lindberg and CFO Susanne Lithander will present the year-end report at a press and analyst conference on Wednesday, 1 February at 10.000 CET. Venue: Spårvagnshallarna, Birger Jarlsgatan 57 A, Stockholm, Sweden.

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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 on 1 February 2012 at 07.30 CET.

6%

 Net sales growth
2011 vs. 2010

10%

Operating margin 2011


 Per Lindberg
President and CEO

Approximately 4% lower prices in local currency for packaging paper compared with the previous quarter

The price of NBSK pulp in Europe decreased by approximately USD 125 per tonne during the quarter

6% lower sales volumes

COMMENTS BY BILLERUD'S CEO PER LINDBERG

TOUGH END TO A GOOD YEAR

“2011 was an interesting and challenging year. It started very positively with high demand and rising prices which resulted in very strong earnings. The year ended more moderately after a fall in demand in the summer and autumn, price pressure on packaging paper, falling pulp prices and decreasing customer stocks. The consequence of this was that we generated an operating margin of only 4% in the fourth quarter. Operating profit was affected by a periodic maintenance shutdown in Gruvön, market-related production shutdowns, a 4% price reduction for packaging paper and an additional fall in pulp prices. Despite this, we are delivering a very strong result for the full year with an operating margin that met our 10% target and a return on capital employed of 20%.

In order to further strengthen our competitiveness going forward a decision was made during the quarter to invest approximately SEK 900 million in the Skärblacka mill. This investment will improve energy efficiency and environmental performance as well as enabling future expansion.

We look forward with confidence to an equally interesting and challenging 2012, with a market which shows signs of stabilising but which remains uncertain and difficult to predict.”

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 the surplus of long-fibre pulp, Northern Bleached Softwood Kraft (NBSK), which is not used in its own production.

For the packaging paper segments the order situation during the quarter was at lower levels than normal. Compared to the previous quarter, the order situation for sack and kraft paper during the quarter was relatively stable and for primary fibre-based containerboard less favourable. As in the previous quarter, customers continued to focus on reducing their capital tied up in stocks. Price pressure continued during the quarter. Prices in local currency decreased by approximately 4% during the quarter compared with the third quarter. In order to restore the balance in the market, Billerud implemented market-related shutdowns during the quarter, primarily relating to sack and kraft paper production. Further market information per business area is provided on pages 5-6.

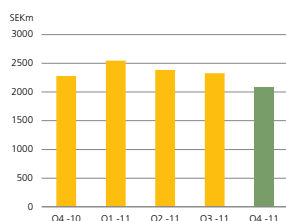
The market for NBSK pulp continued to weaken during the quarter compared with the previous quarter. Several non-integrated producers of NBSK implemented market-related production shutdowns during the quarter in order to restore the market balance. The price level in Europe fell to approximately USD 825 per tonne at the end of the quarter, compared with approximately USD 950 per tonne at the end of the previous quarter.

SALES VOLUMES

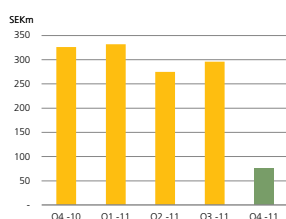
ktonnes	Q4 -11	Q3 -11	Δ, %	Q4 -10	Δ, %
Packaging paper	227	244	-7	242	-6
Market pulp	88	91	-3	81	9
Total	315	335	-6	323	-2

During the fourth quarter of 2011 Billerud's total sales volumes amounted to 315 000 tonnes, a decrease of 6% compared with the previous quarter. The decrease was mainly due to a periodic maintenance shutdown at the Gruvön mill. In addition, market-related production shutdowns were implemented to a greater extent which had a negative impact on volumes for packaging paper. The market-related production shutdowns were intended to restore market balance and mainly affected the Packaging & Speciality Paper business area.

NET SALES



OPERATING PROFIT



The decline in operating profit is mainly due to less favourable prices and a periodic maintenance shutdown at the Gruvön mill leading to lower volumes and higher fixed costs.

8% operating margin for packaging paper and -6% for market pulp

SALES AND RESULTS

FOURTH QUARTER COMPARED WITH THIRD QUARTER

Net sales amounted to SEK 2 086 million, a decrease of 10% compared with the third quarter, mainly attributable to lower sales volumes and less favourable prices.

Operating profit amounted to SEK 75 million, a decrease of SEK 221 million. The change in operating profit is shown in the table below. The operating margin amounted to 4% (13).

CHANGE IN OPERATING PROFIT COMPARED WITH PREVIOUS QUARTER

SEKm	Q1 -11 /Q4 -10	Q2 -11 /Q1 -11	Q3 -11 /Q2 -11	Q4 -11 /Q3 -11
Sales and production volumes, incl. product mix	51	-83	-22	-26
Selling prices (in respective sales currency)	46	81	-35	-111
Change in variable costs	-78	-5	26	-24
Change in fixed costs	49	-51	57	-63
Change in depreciation	13	2	-9	10
Effects of exchange rate fluctuations, incl. hedging*	-75	-1	4	-7
Total change in operating profit/loss	6	-57	21	-221

* Effects of exchange rate fluctuations totalling SEK -7 million comprise the following components: changed spot rates SEK 22 million, currency hedging SEK 49 million and currency effects from remeasurement of trade receivables and payments from customers SEK -78 million.

A periodic maintenance shutdown was charged against the fourth quarter with costs of SEK 97 million compared with SEK 42 million in the third quarter. Lower sales and production volumes had a negative effect on operating profit of SEK 26 million. Changed selling prices in local currency had a negative impact of SEK 111 million. Prices in local currency for the packaging paper segments decreased by an average of 4% compared with the previous quarter. Variable costs increased by SEK 24 million, of which the effect of higher wood prices was SEK 10 million. Fixed costs increased by SEK 63 million, mainly due to maintenance costs and seasonally higher personnel costs.

OPERATING PROFIT PER BUSINESS AREA

Business area (share of sales)	Operating margin, %		Operating profit/loss, SEKm		Deviation
	Q4 -11	Q3 -11	Q4 -11	Q3 -11	
Packaging & Speciality Paper and Packaging Boards <i>Packaging paper (approx. 80%)</i>	8%	15%	125	262	-137
Market Pulp <i>Market pulp (approx. 20%)</i>	-6%	6%	-24	30	-54
Currency hedging and other	na	na	-26	4	-30
Group	4%	13%	75	296	-221

In addition to the three business areas, the Group includes Currency hedging, etc., and Other and eliminations according to the specification on page 15.

Operating profit for packaging paper (Packaging & Speciality Paper and Packaging Boards) decreased by SEK 137 million, corresponding to a decrease in the operating margin from 15% to 8%. The decrease is mainly explained by less favourable prices and higher costs and lower volumes attributable to a periodic maintenance shutdown. Operating profit for Market Pulp decreased by SEK 54 million, mainly due to lower prices. The operating margin amounted to -6% compared with 6%. Further financial information per business area is provided on pages 5-7.

Net financial items amounted to SEK -13 million (-8). Profit before tax amounted to SEK 62 million and estimated tax was SEK -17 million. Net profit therefore amounted to SEK 45 million.

Net sales decreased by 8%

FOURTH QUARTER COMPARED WITH THE SAME PERIOD IN 2010

Net sales decreased by 8% compared with the same period in the previous year.

Operating profit decreased by SEK 251 million

Operating profit decreased by SEK 251 million, which was largely due to less favourable prices, lower sales volumes and higher variable costs (see table below). No periodic maintenance shutdowns took place during the same period in 2010. The operating margin reached 4% (14).

6% growth in net sales

FULL YEAR 2011 COMPARED WITH THE SAME PERIOD IN 2010

Net sales amounted to SEK 9 343 million, an increase of 6% compared with the same period in the previous year. Improved prices and higher sales volumes are the main reasons for the increase.

Operating profit decreased by SEK 59 million

Operating profit amounted to SEK 978 million, a decrease of SEK 59 million. Lower operating profit for the Market Pulp business area was partly compensated by higher operating profit for the packaging paper segments. Information about the changed operating profit items is provided in the table below. Variable costs increased by SEK 243 million, of which the effect of higher wood prices was SEK 212 million. The operating margin amounted to 10% (12).

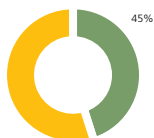
CHANGE IN OPERATING PROFIT COMPARED WITH THE SAME PERIOD IN THE PREVIOUS YEAR

SEKm	Q1 -11 /Q1 -10	Q2 -11 /Q2 -10	Q3 -11 /Q3 -10	Q4 -11 /Q4 -10	Jan-Dec -11 /Jan-Dec -10
Sales and production volumes, incl. product mix	10	80	5	-73	22
Selling prices (in respective sales currency)	481	343	169	-50	943
Strike compensation	-	-77	-	-	-77
Change in variable costs	-88	-57	-28	-70	-243
Change in fixed costs	-22	-36	-26	-8	-92
Change in depreciation	-7	-2	-11	16	-4
Effects of exchange rate fluctuations, incl. hedging*	-276	-177	-89	-66	-608
Total change in operating profit/loss	98	74	20	-251	-59

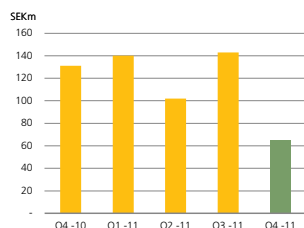
* Effects of exchange rate fluctuations totalling SEK -608 million comprise the following components: changed spot rates SEK -683 million, currency hedging SEK -154 million and currency effects from remeasurement of trade receivables and payments from customers SEK 229 million.

Net financial items amounted to SEK -45 million (-77), an improvement of SEK 32 million which is explained by lower debt. Profit before tax amounted to SEK 933 million and estimated tax was SEK -250 million. Net profit therefore amounted to SEK 683 million.

SHARE OF GROUP'S NET SALES Q4 -11



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. Europe and Asia are the largest markets.

SEKm	Quarter			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Net sales	941	1 056	1 020	4 293	4 166
Other income	-	-	1	-	40
Operating expenses, other	-801	-835	-797	-3 525	-3 461
Depreciation and impairment	-75	-78	-93	-318	-328
Operating profit/loss	65	143	131	450	417
Operating margin, %	7%	14%	13%	10%	10%
Sales volumes, ktonnes	112	119	121	507	524

FOURTH QUARTER

Operating profit amounted to SEK 65 million, a decrease of SEK 78 million compared with the previous quarter. The decrease is mainly explained by lower prices but also by higher costs.

Compared with the same period in 2010 operating profit decreased by SEK 66 million, which is due to lower sales volumes, mainly related to market-related production shutdowns and periodic maintenance shutdown, and higher variable costs.

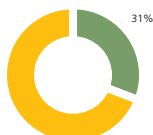
FULL YEAR

Operating profit increased by SEK 33 million to SEK 450 million compared with the same period in the previous year, mainly due to improved prices which compensated for higher variable costs and lower sales volumes.

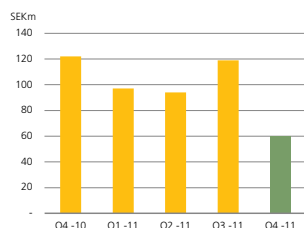
MARKET DEVELOPMENT

The order situation for sack and kraft paper was lower than normal during the quarter. For sack paper the order situation during the quarter was stable compared with the second half of the third quarter. Towards the end of the fourth quarter, the order situation for sack paper improved to some extent. The order situation for kraft paper during the quarter was stable compared with the previous quarter, a situation which still applied at the end of the quarter. As in the previous quarter, customers continued to reduce their capital tied up in stocks. Price pressure continued during the quarter. The price level in local currency deteriorated for all products compared with the previous quarter. In order to restore market balance, market-related production shutdowns were implemented during the quarter.

SHARE OF GROUP'S NET SALES Q4 -11



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			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Net sales	644	696	648	2 772	2 428
Other income	-	-	-	-	26
Operating expenses, other	-542	-537	-485	-2 238	-2 023
Depreciation and impairment	-42	-40	-41	-164	-160
Operating profit/loss	60	119	122	370	271
Operating margin, %	9%	17%	19%	13%	11%
Sales volumes, ktonnes	115	125	121	504	482

FOURTH QUARTER

Operating profit amounted to SEK 60 million, a decrease of SEK 59 million compared with the previous quarter. The decrease is explained by increased costs and lower sales volumes due to the maintenance shutdown at the Gruvön mill, where a large part of the business area's production takes place. The business area has to bear approximately 60% of the total costs for a periodic maintenance shutdown at Gruvön. In addition, lower prices had a negative impact on operating profit.

Compared with the same period in 2010 operating profit decreased by SEK 62 million. The decrease is partly explained by lower sales volumes and higher fixed costs, which are due to the fact that no maintenance shutdown took place at the business area's most important mill, Gruvön, during the same period in the previous year. Furthermore, variable costs increased.

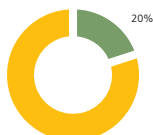
FULL YEAR

Operating profit increased by SEK 99 million to SEK 370 million compared with the same period in the previous year due to improved prices and higher sales volumes.

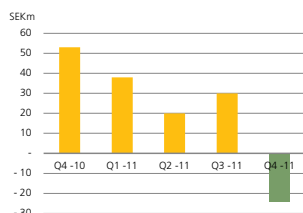
MARKET DEVELOPMENT

The order situation continued to deteriorate during the quarter compared with the previous quarter, a situation which still applied at the end of the quarter. The order situation in the fourth quarter was at lower levels than normal. During the quarter customers reduced their stocks to a greater extent. Price pressure continued during the quarter which led to a less favourable price level in local currency for most products compared with the previous quarter.

SHARE OF GROUP'S NET SALES Q4 -11



OPERATING PROFIT



SEK 44 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 among others manufacturers of tissue, printing and writing paper, and packaging paper. The largest markets are Europe and Asia.

SEKm	Quarter			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Net sales	416	465	450	1 752	1 731
Other income	-	-	-	-	12
Operating expenses, other	-410	-405	-367	-1 574	-1 352
Depreciation and impairment	-30	-30	-30	-114	-115
Operating profit/loss	-24	30	53	64	276
Operating margin, %	-6%	6%	12%	4%	16%
Sales volumes, ktonnes	88	91	81	343	301

FOURTH QUARTER

Operating loss amounted to SEK 24 million, a decrease of SEK 54 million compared with the previous quarter. Less favourable prices in local currency were compensated to some extent by an improved currency situation. The write-down of the value of finished goods stocks due to the less favourable pulp price during the quarter had a negative impact on operating profit.

Compared with the corresponding period in 2010 operating profit fell by SEK 77 million due to lower prices in local currency but also to a less favourable currency situation.

FULL YEAR

Operating profit decreased by SEK 212 million to SEK 64 million compared with the same period in the previous year, mainly due to a less favourable currency situation.

MARKET DEVELOPMENT

The market for NBSK pulp continued to weaken during the quarter compared with the previous quarter. Several non-integrated producers of NBSK implemented market-related production shutdowns during the quarter in order to restore the market balance. The price level in Europe fell to approximately USD 825 per tonne at the end of the quarter, compared with approximately USD 950 per tonne at the end of the previous quarter.

CURRENCY HEDGING

During 2011 net flows were hedged at EUR/SEK 9.28 (10.56), USD/SEK 6.92 (7.56) and GBP/SEK 10.71 (11.46). Currency hedging had an overall earnings impact of SEK 44 million (79) for the fourth quarter and SEK 190 million (344) for 2011 (compared with if no hedging had taken place).

Billerud's outstanding forward exchange contracts at 31 December 2011 had a market value of SEK 35 million. Of this SEK 18 million, which is the part of the contracts matched by trade receivables, affected earnings in the fourth quarter. Other contracts had a market value of SEK 17 million.

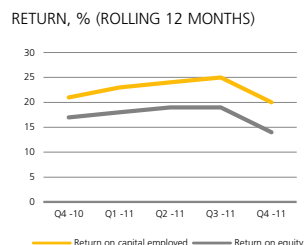
HEDGED PORTION OF CURRENCY FLOW FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (31 DECEMBER 2011)

Currency		Q1 -12	Q2 -12	Q3 -12	Q4 -12	Total 12 months
EUR	Share of net flow	92%	68%	41%	17%	54%
	Rate	9.35	9.19	9.22	9.19	9.26
USD	Share of net flow	92%	60%	41%	19%	53%
	Rate	6.65	6.71	6.79	6.90	6.71
GBP	Share of net flow	85%	60%	38%	15%	50%
	Rate	10.59	10.56	10.68	10.75	10.61
Market value of currency contracts*		21	7	5	2	35

*As of 31 December 2011.

Billerud continuously hedges approximately 50% of forecasted 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 179 million in gross investments for the quarter



INVESTMENTS AND CAPITAL EMPLOYED

Gross investments including company acquisitions for the fourth quarter amounted to SEK 179 million (83) and SEK 512 million (334) for the full year 2011.

Billerud's capital employed at 31 December 2011 amounted to SEK 4 639 million (4 792). Return on capital employed, calculated over the past 12-month period, amounted to 20% (21). If the effects of currency hedging are excluded, return on capital employed was 16% (14). Return on equity after tax was 14% (17).

CASH FLOW AND FINANCIAL POSITION

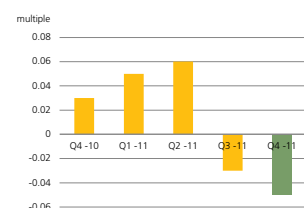
SUMMARY CASH FLOW STATEMENT

SEKm	Quarter		Full year	
	Q4 -11	Q4 -10	Jan-Dec -11	Jan-Dec -10
(positive figure indicates reduction in debt)				
Operating surplus, etc.	238	583	1 604	1 625
Change in working capital, etc.	48	-115	-113	-147
Net financial items, taxes, etc.	-12	-7	-219	-85
Cash flow from operating activities	274	461	1 272	1 393
Current net investments	-178	-81	-510	-331
Operating cash flow	96	380	762	1 062
Dividend	-	-	-361	-52
Other items, not affecting cash flow	-4	-10	-13	-13
Change in net debt during the period	92	370	388	997

Cash flow from operating activities in 2011 amounted to SEK 1 272 million (1 393) and operating cash flow was SEK 762 million (1 062).

Interest-bearing net cash at 31 December 2011 amounted to SEK 233 million, compared with an interest-bearing net debt of SEK 155 million at the end of 2010. The Group's net debt/equity ratio at the end of the period was -0.05 (0.03). 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

A bond loan amounting to SEK 150 million was repaid during the third quarter of 2011.

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

Interest-bearing loans amounted to SEK 819 million at 31 December 2011. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 117 million, bond loans for SEK 675 million, utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 0 million and other interest-bearing liabilities for SEK 27 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 2011 amounted to SEK 4 151 million (3 760). Operating profit amounted to SEK 529 million, an increase compared with the previous year of SEK 4 million.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. This result amounted to SEK 190 million (344) in 2011.

Investments in property, plant and equipment and intangible assets excluding shares in 2011 amounted to SEK 201 million (128). The average number of employees was 937 (924). Cash and bank balances and short-term investments amounted to SEK 842 million (644).

SEASONAL EFFECTS

MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, Billerud's mills normally also require more extensive maintenance at some time during the year. In order to carry out maintenance, production of pulp and paper is stopped – known as a maintenance shutdown. The cost of a maintenance shutdown mainly comprises the loss of volume related to the shutdown and fixed costs, mainly in the form of costs for maintenance and overtime work, as well as to some extent variable costs such as higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. Estimated cost of shutdown is an estimate of the impact on earnings of a normal shutdown in relation to a quarter during which no periodic maintenance shutdown takes place.



Mill	Estimated shutdown cost (SEKm)	Estimated breakdown of shutdown cost by business area			Planned dates of maintenance shutdown 2012 2011 2010
		PSP	PB	MP	
Gruvön	About 100	About 30%	About 60%	About 10%	Q4 Q4 Q2
Karlsborg	About 40	About 50%	0%	About 50%	Q3 Q3 Q3
Skärblacka	About 60	About 70%	About 15%	About 15%	Q3 Q2 Q3

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

OTHER SEASONAL EFFECTS

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

LARGEST SHAREHOLDERS

BILLERUD'S TEN LARGEST SHAREHOLDERS (30 DECEMBER 2011)

Shareholder	Shareholder	Number of votes, %
Frapag Beteiligungsholding AG	21 621 400	21.0
DFA funds	2 918 268	2.8
Government of Norway	2 681 057	2.6
Swedbank Robur funds	2 619 203	2.5
SHB funds	1 927 743	1.9
SEB funds	1 884 538	1.8
Fourth Swedish National Pension Fund	1 532 918	1.5
Nordea funds	1 146 016	1.1
Avanza Pension Insurance	793 982	0.8
The Foundation for Baltic and East European Studies	782 428	0.8
Total 10 largest shareholders	37 907 553	36.8
Total number of shares in the market	103 114 299	100.0

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

The proportion of foreign ownership was 48.6% of the number of shares in the market. The total number of owners (including nominee-registered) amounted to 107 795. More information about shareholder structure is available at www.billerud.com/investors.



DISTRIBUTION OF SHARES

DISTRIBUTION OF SHARES (30 DECEMBER 2011)

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

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

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. Changed conditions from the Swedish Energy Agency relating to allocation of electricity certificates after 2012 may have an impact on earnings. In 2011, the effect of sold electricity certificates affected operating profit by SEK 131 million (162). A more in-depth description of risks and a sensitivity analysis are provided on pages 71-75 of the 2010 Annual Report.

RELATED PARTY TRANSACTIONS

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

EVENTS AFTER THE END OF THE QUARTER

The Board of Directors proposes a dividend of SEK 3.50 (3.50) per share for 2011.

Solna, 1 February 2012
Billerud AB (publ)
Board of Directors

FINANCIAL CALENDAR

Interim report January-March 2012	26 April 2012
Interim report January-June 2012	19 July 2012
Interim report January-September 2012	25 October 2012

Billerud's annual report for 2011 will be available at the company and on www.billerud.com during the week commencing 2 April 2012. The 2012 AGM will be held on 9 May 2012.

ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. A number of amended standards and interpretations came into force with effect from 1 January 2011. None of the amendments that came into force have had any material impact on Billerud's financial statements. In addition to the amendments referred to above, the accounting principles applied in this interim report are the same as those used in the most recent annual report for 2010, see pages 76-84 and page 111 for definitions of key indicators. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 16 of this report. Starting on 1 January 2011, Billerud AB recognises group contributions received as financial income and group contributions provided as a financial expense.

This information in this year-end report is such that Billerud AB (publ) is obliged to publish pursuant to the Swedish Securities Markets Act. This report has been prepared in both a Swedish and an English version. In the event of variations between the two, the Swedish version shall take precedence. The report has not been reviewed by the company's auditors.

BILLERUD GROUP INCOME STATEMENT

SEKm	Quarter			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Net sales	2 086	2 327	2 279	9 343	8 828
Other income	9	4	2	18	85
Operating income	2 095	2 331	2 281	9 361	8 913
Change in inventories	69	0	213	1	105
Raw materials and consumables	-1 095	-1 084	-1 175	-4 480	-4 241
Other external costs	-480	-450	-455	-1 863	-1 753
Employee benefits expense	-363	-341	-372	-1 427	-1 377
Depreciation and impairment of non-current assets	-150	-160	-166	-614	-610
Profit/Loss from participations in associated companies	-1	0	0	0	0
Operating expenses	-2 020	-2 035	-1 955	-8 383	-7 876
Operating profit/loss	75	296	326	978	1 037
Financial income and expenses	-13	-8	-18	-45	-77
Profit/Loss before tax	62	288	308	933	960
Taxes	-17	-79	-83	-250	-255
Net profit/loss for the period	45	209	225	683	705
Profit/Loss attributable to:					
Owners of the parent company	45	209	225	683	705
Non-controlling interests	0	-	-	0	-
Net profit/loss for the period	45	209	225	683	705
Earnings per share, SEK	0.44	2.03	2.19	6.63	6.84
Diluted earnings per share, SEK	0.44	2.03	2.18	6.61	6.83

STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Net profit/loss for the period	45	209	225	683	705
Other comprehensive income					
Differences arising from the translation of foreign operations' accounts	-1	6	-2	3	-15
Change in fair value of available-for-sale financial assets for the period	0	0	0	0	0
Change in fair value of cash flow hedges	-4	-77	-65	-312	-315
Change in fair value of cash flow hedges transferred to net profit/loss for the period	44	-5	75	186	313
Tax attributable to components of other comprehensive income	-11	22	-2	33	1
Total comprehensive income for the period	73	155	231	593	689
Attributable to:					
Owners of the parent company	73	155	231	593	689
Non-controlling interests	-	-	-	-	-
Total comprehensive income for the period	73	155	231	593	689

STATEMENT OF CHANGES IN EQUITY

SEKm	Full year	
	2011	2010
Opening balance	4 637	3 995
Comprehensive income for the period	593	689
Share-based payment to be settled in equity instruments	2	0
Sales of treasury shares, incentive programme	-	5
Dividends paid	-361	-52
Attributable to owners of the parent company	4 871	4 637
Non-controlling interests	1	-
Closing balance	4 872	4 637

BALANCE SHEET

	31 Dec 2011	30 Sep 2011	31 Dec 2010
SEKm			
Non-current assets	5 508	5 480	5 531
Inventories	1 135	1 088	1 070
Accounts receivable	1 391	1 570	1 412
Other current assets	372	269	447
Cash and cash equivalents	929	829	740
Total assets	9 335	9 236	9 200
Attributable to owners of the parent company	4 871	4 798	4 637
Non-controlling interests	1	-	-
Shareholders' equity	4 872	4 798	4 637
Interest-bearing liabilities	819	814	798
Provisions for pensions	219	215	207
Other provisions	36	28	27
Deferred tax liabilities	1 467	1 393	1 434
Total non-current liabilities	2 541	2 450	2 466
Interest-bearing liabilities	0	0	150
Accounts payables	1 227	1 122	1 157
Other liabilities and provisions	695	866	790
Total current liabilities	1 922	1 988	2 097
Total equity and liabilities	9 335	9 236	9 200

STATEMENT OF CASH FLOW

SEKm	Quarter			Full year	
	Q4 -11	Q3 -11	Q4 -10	2011	2010
Operating surplus, etc. 1)	238	464	583	1 604	1 625
Change in working capital, etc.	48	83	-115	-113	-147
Net financial items, taxes, etc.	-12	-16	-7	-219	-85
Cash flow from operating activities	274	531	461	1 272	1 393
Investments in property, plant and equipment	-179	-121	-83	-512	-334
Acquisition of financial assets	-	-50	-100	-81	-261
Disposal of property, plant and equipment	1	0	2	2	3
Cash flow from investing activities	-178	-171	-181	-591	-592
Change in interest-bearing liabilities	6	-131	-199	-132	-820
Dividend	-	-	-	-361	-52
Sale of treasury shares, incentive programme	-	-	1	-	5
Cash flow from financing activities	6	-131	-198	-493	-867
Total cash flow (=change in cash and cash equivalents)	102	229	82	188	-66
Cash and cash equivalents at start of period	829	597	663	740	818
Translation differences in cash and cash equivalents	-2	3	-5	1	-12
Cash and cash equivalents at the end of the period	929	829	740	929	740

1) The amount for the period January - December 2011 includes operating profit of SEK 978 million, reversed depreciation SEK 614 million, increase in pension liabilities SEK 3 million, net of produced and sold electricity certificates and sold emission rights SEK -6 million, change in restructuring provisions SEK 9 million, capital gain SEK 1 million and incentive programme SEK 5 million. The amount for the period January - December 2010 includes operating profit SEK 1 037 million, reversed depreciation SEK 610 million, increase in pension liabilities SEK 7 million, net of produced and sold electricity certificates and sold emission rights SEK -29 million.

KEY FIGURES

	Full year	
	2011	2010
Margins		
Gross margin, %	17	19
Operating margin, %	10	12
Return (rolling 12 months)		
Return on capital employed, %	20	21
Return on total capital, %	11	12
Return on equity, %	14	17
Return on equity after dilution, %	14	17
Capital structure at end of period		
Capital employed, SEKm	4 639	4 792
Equity, SEKm	4 872	4 637
Interest-bearing net debt, SEKm	-233	155
Net debt/equity ratio, multiple	-0.05	0.03
Net debt/equity ratio after dilution, multiple	-0.05	0.03
Equity ratio, %	52	50
Equity ratio after dilution, %	52	50
Key figures per share		
Earnings per share, SEK	6.63	6.84
Average number of shares, thousands	103 114	103 062
Earnings per share after dilution, SEK	6.61	6.83
Average number of shares after dilution, thousands	103 406	103 254
Cash flow from operating activities per share, SEK	12.33	13.52
Operating cash flow per share, SEK	7.39	10.30
Equity per share, SEK	47.24	44.97
Number of share at the end of the period, thousands	103 114	103 114
Equity per share after dilution, SEK	47.11	44.88
Number of share at the end of the period, thousands	103 406	103 306
Other key figures		
Gross investments, SEKm	512	334
Average number of employees	2 277	2 240

QUARTERLY KEY FIGURES

	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Q3 -10	Q2 -10	Q1 -10
Earnings per share, SEK	0.44	2.03	1.88	2.28	2.19	1.84	1.30	1.52
Cash flow from operating activities per share, SEK	2.66	5.15	4.54	-0.01	4.49	4.49	2.01	2.53
Return on capital employed, %	2	6	6	7	7	6	4	5
Return on equity, %	1	4	4	5	5	4	3	4
Equity per share, SEK	47.24	46.53	45.02	47.22	44.97	42.72	40.24	39.89

PARENT COMPANY

SUMMARISED INCOME STATEMENT

SEKm	Quarter		Full year	
	Q4 -11	Q4 -10	2011	2010
Operating income	909	1 097	4 185	3 881
Operating expenses	-895	-888	-3 656	-3 356
Operating profit/loss	14	209	529	525
Financial income and expenses	1 060	-223	1 051	-271
Profit/Loss after financial income and expenses	1 074	-14	1 580	254
Appropriations	-2 212	2 098	-2 212	2 098
Profit/loss before tax	-1 138	2 084	-632	2 352
Taxes	301	-550	168	-618
Net profit/loss for the period	-837	1 534	-464	1 734

2010 Financial income and expenses as well as Taxes are recalculated due to the new principles for recognition of group contributions.

SUMMARISED BALANCE SHEET

SEKm	31 Dec 2011	31 Dec 2010
Non-current assets	4 198	4 146
Current assets	3 931	2 927
Total assets	8 129	7 073
Shareholders' equity	3 090	3 915
Untaxed reserves	2 212	-
Provisions	543	869
Interest-bearing liabilities	1 409	1 227
Other liabilities	875	1 062
Total equity and liabilities	8 129	7 073

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 remeasurement of trade receivables in foreign currency and currency effects in connection with payments. These effects are reported separately on the line Currency hedging, etc. The part of currency exposure relating to changes in invoicing rates is included in the business area's profit or loss.

NET SALES

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Q3 -10	Q2 -10	Q1 -10	Jan-Dec 2011	Jan-Dec 2010
Packaging & Speciality Paper	941	1 056	1 079	1 217	1 020	1 085	1 009	1 052	4 293	4 166
Packaging Boards	644	696	704	728	648	649	518	613	2 772	2 428
Market Pulp	416	465	435	436	450	452	445	384	1 752	1 731
Currency hedging, etc.	16	46	90	78	54	-17	52	64	230	153
Other and eliminations	69	64	75	88	107	82	84	77	296	350
Total Group	2 086	2 327	2 383	2 547	2 279	2 251	2 108	2 190	9 343	8 828

OPERATING PROFIT/LOSS

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Q3 -10	Q2 -10	Q1 -10	Jan-Dec 2011	Jan-Dec 2010
Packaging & Speciality Paper	65	143	102	140	131	106	84	96	450	417
Packaging Boards	60	119	94	97	122	107	-14	56	370	271
Market Pulp	-24	30	20	38	53	92	100	31	64	276
Currency hedging, etc.	16	46	90	78	54	-17	52	64	230	153
Other and eliminations	-42	-42	-31	-21	-34	-12	-21	-13	-136	-80
Total Group	75	296	275	332	326	276	201	234	978	1 037

OPERATING MARGIN

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

%	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Q3 -10	Q2 -10	Q1 -10	Jan-Dec 2011	Jan-Dec 2010
Packaging & Speciality Paper	7	14	9	12	13	10	8	9	10	10
Packaging Boards	9	17	13	13	19	16	-3	9	13	11
Market Pulp	-6	6	5	9	12	20	22	8	4	16
Group	4	13	12	13	14	12	10	11	10	12

SALES VOLUMES

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

ktonnes	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Q3 -10	Q2 -10	Q1 -10	Jan-Dec 2011	Jan-Dec 2010
Packaging & Speciality Paper	112	119	126	150	121	133	132	138	507	524
Packaging Boards	115	125	128	136	121	125	106	130	504	482
Market Pulp	88	91	81	83	81	74	71	75	343	301
Total	315	335	335	369	323	332	309	343	1 354	1 307

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 offers material and services for the packaging of the future. Three business areas, four mills and ten sales offices in nine countries supply more than 1 000 customers in over 100 countries with products and services. 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.