



FINANCIAL STATEMENT January-December 2001

Corporate Identity No. 556025-5001

www.billerud.com

(All financial information relating to 2000 is pro forma)

	Quarter			Full year	
	2001 IV	2001 III	2000 IV	2001	2000
Net turnover, MSEK	1,735	1,593	1,770	6,910	6,666
Operating profit, MSEK	265	246	386	1,299	1,384
Operating margin, %	15	15	22	19	21
Profit after financial items, MSEK	230	217	- ¹⁾	1,181	1,254
Earnings per share. SEK	2.98	2.45	- ¹⁾	13.81	14.40

1) Historical data not available

- Market demand was stable in the final quarter, but paper prices continued to fall.
- Operating profit in the final quarter was MSEK 19 or 8% higher than the third quarter, due to increased deliveries.
- Operating profit for the full year reached MSEK 1,299 (1,384). After adjustments for non-comparable items, the full year result was MSEK 1,346 (1,348).
- Synergy benefits from the formation of Billerud are calculated to have a positive effect on results of MSEK 55.
- Return on capital employed amounted to 27% (30).adjusted for non-comparable items the return was 28% (29).
- The Billerud share was listed for the first time on 20 November 2001.
- The Board proposes a dividend of SEK 3.50 per share.
- The Board proposes a buy-back of Billerud shares.

**Billerud's CEO Bert Östlund will present this financial statement at Operaterrassen in Stockholm today at 3 p.m.
To participate, please call +46 8 562 08 60 or send an email to hearings@financialhearings.com.
Live telephone conference today at 3 p.m. on +44 20 8241 0004.**

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See a film presentation of the conference on www.billerud.com from 9 p.m. today.

Billerud Group

Market

Demand for Billerud's products was relatively stable during the year with total delivery volumes at the same level as the previous year. The market for Billerud's packaging paper was strong at the beginning of the year, but subsequently weakened gradually. Price reductions were implemented in local currencies but this was offset by the weakening of the Swedish krona. Deliveries of containerboard and market pulp increased compared with 2000, while deliveries of kraft paper decreased.

Demand for market pulp was low throughout the year. Production curtailments by pulp producers meant that stocks fell up to October. However, production picked up during the final months of the year and stocks rose. The price of long-fibre market pulp fell from USD 710 per tonne at the beginning of the year to USD 450 per tonne at the end of September. Prices then rallied a little, but as stocks were built up prices fell back again at the end of the year.

Due to the demand situation, Billerud implemented production curtailments of around 25,000 tonnes during the year, of which around 5,000 tonnes were in the final quarter.

Sales and results

Fourth quarter

Net turnover for the period amounted to MSEK 1,735, an increase of 9% compared with the third quarter. Higher turnover is explained by an 11% increase in deliveries as prices fell.

Operating profit amounted to MSEK 265, an increase compared with the previous quarter of MSEK 19 or 8%. The increase was mainly due to higher delivery volumes.

Comments on the earnings trend for each product area are provided on page 5.

Net financial items amounted to MSEK -35. Earnings for the quarter were charged with non-recurring costs of MSEK 14 for the refinancing of loans, which is described on page 4.

Full year 2001

Compared with 2000, net turnover increased by 4% and amounted to MSEK 6,910. The higher turnover was attributable to approximately unchanged average prices for kraft paper and containerboard (in EUR and USD) and the weakened Swedish krona. This was partly offset by lower prices for market pulp. In total, deliveries increased by 1% compared with 2000.

The operating profit of MSEK 1,299 was MSEK 85 or 6% lower than the figure for 2000. On average, prices (expressed in SEK) increased for Billerud's paper products, which account for around 80% of sales. The effect of higher prices was offset, however, by reduced pulp prices and higher costs, mainly due to higher wood and chemical prices. Overall, the weakness of the Swedish krona in 2001 had a positive effect of around MSEK 400 on the operating profit compared with the previous year.

Earnings were charged with MSEK 47 in non-recurring costs for the formation of Billerud and the stock-exchange listing. In the previous year, an MSEK 36 repayment of funds was received

from SPP. Adjusted for these two non-comparable items, the operating profit amounted to MSEK 1,346 (MSEK 1,348 in 2000).

Net financial items, amounting to MSEK -118, related primarily to interest paid at market rates on loans from the company's owners and to interest and expenses for Billerud's syndicated loans, MSEK 14.

The estimated tax charge was MSEK 314. Deferred tax income was recorded in the final quarter, and the tax charge for the full year corresponds to a tax rate of 27%.

Return on capital employed amounted to 27%, compared with 30% in 2000. Return on equity was 32%.

Synergies

In connection with the formation of Billerud, synergy effects of around MSEK 200 were forecast. To achieve this, a streamlining project was started early in the year (transferring products and getting better use out of existing equipment). This will boost profits by at least MSEK 170 by the end of 2003. An additional MSEK 30 in cost synergies will be obtained, making a total synergy benefit of MSEK 200 by the end of 2003.

During 2001 the synergy benefit is calculated to amount to MSEK 55, consisting of MSEK 25 for the streamlining effect and MSEK 30 for cost synergies.

Foreign exchange exposure

20% of the Group's sales are in Swedish krona (SEK). Invoicing in other currencies is primarily in EUR, USD and GBP. Most sales in SEK, however, are closely related to market pricing in other currencies, primarily USD. The Group's currency hedging takes these underlying flows into account. The majority of costs are in Swedish krona. The Group is therefore exposed to exchange rate fluctuations. In order to manage this, Billerud has hedged exchange rates as shown below. In December the Board decided to extend currency hedging to cover 15 months of estimated net flows.

Hedging as % of forecasted underlying net flows for the next 15 months

Currency	Months 1-3	Months 4-6	Months 7-15	Total	Average rates
EUR	95	100	95	95	9.52
USD	95	95	95	95	10.63
GBP	75	90	80	80	15.24

Investments and capital employed

Gross investments amounted to MSEK 458, while depreciation during the same period amounted to MSEK 345. Most of the investment amount relates to investment projects started before 2001, primarily an evaporation unit and soda recovery boiler at Gruvön. Investment projects decided after year-end 2000 include replacement of washing filters at Skärblacka. During 2001 decisions were made regarding a rebuild of PM4 at Gruvön and investments in environmental measures and capacity at Karlsborg. These projects will be completed up to 2003.

According to Billerud's financial targets, investment levels shall be at the same level as depreciation. During 2001, investment was higher in order to complete several large projects authorised before 2001.

Billerud's capital employed amounted to MSEK 4,822 as of 31 December 2001, virtually unchanged from the pro forma figure of MSEK 4,828 for 1 January 2001. Higher fixed and working capital was offset by higher tax liability.

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 1,317. Investment activities produced a deficit of MSEK 443. The operating cash flow reached MSEK 874, compared with MSEK 798 pro forma for 2000. The operating cash flow corresponds to the change in Billerud's net debt. The operating cash flow improved because a lower investment level more than compensated for the lower operating surplus and higher tied-up working capital. After amortisation of interest-bearing liabilities (MSEK 1,256) the cash change amounted to MSEK -382.

The interest-bearing net debt amounted to MSEK 1,731 on 31 December 2001, compared with MSEK 2,604 pro forma on 1 January 2001. The Group's net debt/equity ratio at the end of the period was 0.56 compared with 1.17 at the beginning of the year. The positive operating cash flow explains the reduced net debt/equity ratio.

Financing

In connection with the stock exchange listing, financing from AssiDomän and Stora Enso was relieved with the help of a short-term bridge financing agreement with SEB. At the end of December a financial agreement was signed with a syndicate of international banks, led by SEB Merchant Banking. The syndicated loan replaces the bridge financing.

The loan amounts to MSEK 2,200 over five years. For borrowings in SEK a margin of STIBOR + 0.8% will be paid, which corresponds to around 5% per year in interest costs at current rates. As of 31 December 2001, MSEK 2,000 of the loan had been utilised.

Personnel

The average number of employees during 2001 amounted to 2,379 compared with 2,442 during 2000. The average number of employees thus decreased by 63 people. During the year 66 people at its sales office and head office were added. The average number of employees at the three paper mills was reduced by 129 people.

Product areas

Net turnover and operating profit

MSEK	Net turnover			Operating profit		
	2001	2000	% change	2001	2000	% change
Kraft paper	3,449	3,282	5	756	588	29
Containerboard	2,009	1,759	14	426	299	42
Market pulp	1,454	1,625	-11	228	553	-59
Other and eliminations	-2	-		-111 ¹⁾	-56	
Total Group	6,910	6,666	4	1,299	1 384 ²⁾	-6

1) Includes MSEK 47 in costs for the build-up of Billerud and stock-exchange listing.

2) Includes MSEK 36 refund from SPP

Kraft paper

Final quarter

The operating profit for the period was MSEK 154. Compared with the third quarter of 2001, the profit fell by MSEK 38 or 20%, mainly due to lower prices.

Full year 2001

Compared with 2000, earnings rose 29% to MSEK 756. Deliveries fell 7%, which was mainly attributable to sack paper volumes and partly a result of a product change and increased production of white liner in accordance with Billerud's strategy. The improved earnings were due to higher prices, which more than compensated for lower deliveries.

Containerboard

Final quarter

Operating profit amounted to MSEK 123, an increase of MSEK 36 or 41% compared with the previous quarter. The improvement is explained by 13% higher deliveries compared with the previous quarter while prices were relatively stable.

Full year 2001

Compared with 2000, earnings increased by 42% to MSEK 426. Prices were higher, but the earnings impact of this was limited by higher costs. Deliveries increased by 3%, mainly due to Billerud's focus on white liner.

Market pulp

Final quarter

Operating profit amounted to MSEK 20, an increase of MSEK 1 from the level in the third quarter. Prices and costs were almost unchanged throughout the two quarters.

Full year 2001

Compared with 2000, deliveries were 10% higher in 2001. Operating profit amounted to MSEK 228, a decrease of 59% mainly due to reduced prices.

Parent Company

Billerud AB comprises Gruvön, the sales organisation for the Nordic market and markets outside Europe, and head office functions.

Net turnover in 2001 amounted to MSEK 3,180. Profit after financial items amounted to MSEK 654. Fixed-asset investments, excluding shares, amounted to MSEK 235. The average number of employees was 1,106. Liquid assets and short-term investments amounted to MSEK 301.

The Billerud share

In May 2001, the Annual General Meeting of AssiDomän AB decided to distribute all of the shares in Billerud AB held by AssiDomän AB to its shareholders. On 17 October 2001, an Extraordinary General Meeting of Billerud AB decided to split the shares and make a bonus issue. The total number of shares in Billerud thereby amounts to 62,740,998.

AssiDomän's Billerud shares were distributed in mid November, and in connection with this Billerud was listed on the O-list of the Stockholm Stock Exchange on 20 November. Sveaskogs's acquisition of AssiDomän involved the use of Billerud shares as part payment, which means that the Swedish State is no longer an owner of Billerud.

Up to the end of December, 28.9 million shares were traded. Up to 6 February a total of 17.7 million shares have been traded in 2002, making a total of 46.6 million shares traded since the listing. The average trading volume of shares per trading day has been around 900,000 shares.

As of 31 December 2001, Stora Enso held 30% of the shares in Billerud. Stora Enso has made a commitment not to sell its Billerud shares before the end of April 2002. Other shareholders mainly include Swedish unit trusts, none of which hold more than 3% of the total shareholding. Around 17% of shares are owned by foreign investors. Billerud has a total of around 207,000 shareholders.

Convertible promissory notes for employees

Billerud's Board of Directors intends to propose to the Annual General Meeting the issuing to Billerud employees of convertible promissory notes.

Annual General Meeting and share dividend

Billerud AB's Annual General Meeting will be held at 4 p.m. on 7 May 2002 in Aula Magna at Stockholms Universitet, Stockholm, Sweden. An announcement will be made in Sweden's national press four weeks at the latest before the meeting.

Billerud's Board of Directors proposes a dividend of SEK 3.50 per share for 2001. The Board will also propose that shareholders authorise the Board to reach a decision regarding buying back shares in Billerud AB.

Record day for entitlement to the dividend will be 13 May 2002. Payment via VPC (the Swedish Securities Register Centre) is expected on 16 May.

Outlook

The market for packaging paper is characterised at present by relatively stable demand for Billerud's products, although there is still a certain amount of downward pressure on prices in certain segments.

For market pulp demand is faltering and prices have begun to weaken again, following a small rise in the final quarter of last year.

A marked improvement cannot be expected until there is an increase in demand following on from improvements in the general economic situation.

The pace of production and delivery capability at Billerud's paper mills are currently good. There are no maintenance stoppages planned for the first quarter of 2002. However, curtailments in production might be required for market reasons.

Stockholm, Sweden
7 February 2002
Billerud AB (publ)

Board of Directors

Interim reports in 2002

First quarter	22 April
Second quarter	18 July
Third quarter	21 October

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Billerud manufactures and markets packaging paper in the form of kraft paper and containerboard, and market pulp. Production is carried out at the Group's integrated pulp and paper mills in Gruvön, Karlsborg and Skärblacka. Billerud has a world-leading position within several well-defined product segments. The main customer base is Europe but also includes the rest of the world. Billerud has annual sales of approximately SEK 7 billion and around 2,400 employees

Appendix

Billerud Group

Accounting principles

The accounts are prepared in accordance with the recommendations of the Swedish Financial Accounting Standards Council.

All financial information relating to 2000 is pro forma. Since until 31 December 2000 the paper mill in Gruvön comprised a profit unit within the then Stora Enso Paperboard AB, it did not have an independent balance sheet with its own loan financing, untaxed reserves and shareholders' equity. The Swedish Financial Accounting Standards Council's recommendation on accounting for income tax (RR 9) is applied with effect from 1 January 2001. A retroactive re-calculation in accordance with RR9 has not been possible with reasonable accuracy, so it has been done starting from 1 January 2001. Against this background, the result is reported in the pro forma profit and loss accounts for October-December 2000 down to the operating profit, and the cash flow analysis for 2000 down to operative cash flow. In the pro forma profit and loss accounts for 2000, financial items and tax have been calculated in accordance with the conditions described on page 29 of the Listing Particulars published on 31 October 2001. With these exceptions, this interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation for interim reports (RR 20).

Information regarding the accounting principles applied and definitions of key figures can be found on pages 34 and 40-41 of the Listing Particulars published on 31 October 2001.

Profit and Loss Account

MSEK	3 months			Full year	
	Oct-Dec 2001	Jul-Sept 2001	Oct-Dec 2000	Jan-Dec 2001	Jan-Dec 2000
Net turnover	1,735	1,593	1,770	6,910	6,666
Other income	2	2	14	10	39
Operating income	1,737	1,595	1,784	6,920	6,705
Operating expenses	-1,386	-1,262	-1,321	-5,276	-5,019
Depreciation	-86	-87	-77	-345	-302
Operating expenses	-1,472	-1,349	-1,398	-5,621	-5,321
Operating profit	265	246	386	1,299	1,384
Financial items	-35	-29	-	-118	-130
Profit after financial items	230	217	-	1,181	1,254
Tax	-43	-63	-	-314	-351
Net profit for the period	187	154	-	867	903
Earnings per share, SEK	2.98	2.45	-	13.81	14.40

Balance Sheet

MSEK	Pro forma 1 Jan	
	31 Dec 2001	2001
Fixed assets	4,355	4,257
Stocks	708	633
Accounts receivable	1,118	1,064
Other current assets	115	176
Cash, bank balances and short-term investments	347	729
Total assets	6,643	6,859
Shareholders' equity	3,091	2,224
Interest-bearing provisions	77	102
Non-interest-bearing provisions	509	431
Interest-bearing liabilities	2,001	3,231
Accounts payable	412	508
Other, non-interest-bearing liabilities	553	363
Total shareholders' equity, provisions and liabilities	6,643	6,859

Specification of change in equity

MSEK	2001
Opening equity	2,224
Net profit for the period	867
Closing equity	3,091

Cash Flow Statement

MSEK	2001	2000
Operating surplus	1,644	1,707
Change in working capital, etc.	-183	-1
Net financial items, taxes, etc.	-144	-230
Cash flow from operating activities	1,317	1,476
Investment in fixed assets	-458	-679
Disposal of fixed assets	2	1
Change in long-term receivables	13	-
Cash flow from investment activities	-443	-678
Operating cash flow (= change in net debt)	874	798
Change in pension allocations	-26	- 1)
Change in interest-bearing debt	-1,230	- 1)
Cash flow from financing activities	-1,256	- 1)
Total cash flow (= change in liquid assets)	-382	- 1)
		-
Liquid assets at the beginning of the year	729	1)
Total cash flow	-382	1)
Liquid assets at the end of the period	347	1)

1) Historical data not available

Key figures

	2001	2000
Margins		
Gross margin, %	24	25
Operating margin, %	19	21
Return		
Return on capital employed, %	27	30
Return on equity, %	32	- 1)
Capital structure		
Capital employed, MSEK	4,822	4,828 2)
Shareholders' equity, MSEK	3,091	2,224 2)
Interest-bearing net debt, MSEK	1,731	2,604 2)
Net debt/equity ratio, times	0,56	1,17 2)
Equity ratio, %	47	32 2)
Earnings per share, SEK ³⁾	13,81	14,40
Equity per share, SEK ³⁾	49,30	35,45 2)
Gross investments, MSEK	458	679
Average number of employees	2,379	2,442

1) Historical data not available

2) Pro forma 1 January 2001

3) Number of shares: 62,740,998

Product areas

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

MSEK	2001					2000				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Kraft paper	3,449	834	797	847	971	3,282	860	830	788	804
Containerboard	2 009	541	475	511	482	1,759	438	448	432	441
Market pulp	1,454	362	321	384	387	1,625	472	418	392	343
Other and eliminations	-2	-2	-	-	-	-	-	-	-	-
Total Group	6,910	1,735	1,593	1,742	1,840	6,666	1,770	1,696	1,612	1,588

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

MSEK	2001					2000				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Kraft paper	756	154	192	179	231	588	158	213	123	94
Containerboard	426	123	87	109	107	299	59	115	61	64
Market pulp	228	20	19	48	141	553	183	169	120	81
Other and eliminations	-111 ¹⁾	-32	-52	-17	-10	-56	-14	-14	-14	-14
Total Group	1,299	265	246	319	469	1,384 ²⁾	386	483	290	225

1) Includes MSEK 47 in costs for building Billerud and the stock exchange listing. Costs totalled MSEK 15 in Q4, MSEK 22 in Q3 and MSEK 10 for Q1 and Q2.

2) Includes MSEK 36 refund from SPP.

Quarterly breakdown of operating margin by product area and for the Group

%	2001					2000				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Kraft paper	22	18	24	21	24	18	18	26	16	12
Containerboard	21	23	18	21	22	17	13	26	14	14
Market pulp	16	6	6	12	36	34	39	40	31	24
Group	19	15	15	18	25	21	22	28	18	14

Quarterly breakdown of deliveries by product area

000' tonnes	2001					2000				
	Full year	IV	III	II	I	Full year	IV	III	II	I
Kraft paper	463	117	107	109	130	500	120	125	123	132
Containerboard	449	120	106	115	108	434	102	102	112	118
Market pulp	310	87	78	81	64	281	72	70	71	68
Total	1,222	324	291	305	302	1,215	294	297	306	318