



## FINANCIAL STATEMENT

### January-March 2002

Corporate Identity No. 556025-5001

[www.billerud.com](http://www.billerud.com)

	Quarter			Full year
	2002 I	2001 IV	2001 I	2001
Net turnover, MSEK	1 756	1 735	1 840	6 910
Operating profit, MSEK	268	265	469	1 299
Operating margin, %	15	15	25	19
Profit after financial items, MSEK	247	230	441	1 181
Earnings per share, SEK	2.82	2.98	5.04	13.81

- Market demand was stable during the first quarter, although prices fell slightly in some segments compared with the final quarter of 2001.
- The market situation is relatively good and order levels have improved in recent months.
- Production efficiency and delivery capability were high at Billerud's mills. No maintenance stoppages were carried out during the quarter.
- Deliveries reached 333 000 tonnes, up 3% on the final quarter of 2001 and up 10% on the first quarter of 2001.
- The operating profit was MSEK 268, up 1% on the final quarter of 2001 but down 43% on the first quarter of 2001.
- The profit after financial items was MSEK 247. Adjusted for one-off items, the result was down MSEK 12 on the previous quarter.
- The return on capital employed during the past 12-month period was 23%.

**A telephone conference in English will be held at 6 p.m. CET, call +44 20 8781 0598  
See a film presentation of the conference on [www.billerud.com](http://www.billerud.com)  
from 9 p.m. CET today.**

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## **Billerud Group**

### **Market**

During the first quarter of the year demand for Billerud's products has generally been stable. The total volume of deliveries reached 333 000 tonnes, which was 3% higher than the final quarter of 2001 and the best quarterly result in recent years. A prerequisite for increased deliveries has been high production efficiency and delivery capability at Billerud's mills. The streamlining project is proceeding according to plan. No maintenance stoppages were carried out during the period.

Small price reductions were made for Billerud's packaging paper during the quarter. Deliveries amounted to 251 000 tonnes, an increase of 6% compared with the final quarter of 2001.

With stocks high, market prices for long-fibre market pulp fell during the quarter from around USD 465 per tonne at the start of January to around USD 435 per tonne at the start of April. However, increases in pulp prices have been announced in recent weeks. Billerud's deliveries of market pulp amounted to 82 000 tonnes during the quarter, 6% down on the previous quarter, partly due to higher internal consumption.

### **Sales and results**

#### ***First quarter***

Net turnover for the period amounted to MSEK 1 756, a 1% increase compared with final quarter of 2001 and a 5% fall compared with the first quarter of 2001.

Operating profit amounted to MSEK 268, an increase compared with the previous quarter of MSEK 3 or 1%, and a decrease compared with the same period last year of MSEK 201 or 43%.

The change in operating profit compared with the final quarter of 2001 was partly due to the fact that one-off costs of MSEK 15 affected the final quarter results and partly due to lower sales prices being balanced by higher delivery volumes and slightly lower costs, mainly for energy and chemicals.

The deterioration in earnings compared with the same period last year is explained by lower prices, expressed in EUR and USD, primarily for market pulp, which accounts for MSEK 126 of the decline. The effect on earnings of price reductions was balanced to a certain extent by the weakened Swedish krona and by increased deliveries.

Comments on the earnings trend for each product area are provided on page 4.

Net financial items amounted to MSEK -21 and mainly comprised interest costs for Billerud's syndicated bank loan. The profit after financial items amounted to MSEK 247. Adjusted for one-off items, the result was down MSEK 12 on the previous quarter.

## Foreign exchange exposure

Because its manufacturing units are located in Sweden and 86% of production is exported, Billerud is exposed to changes in foreign exchange rates, especially the fluctuations in the rate of SEK in relation to EUR and USD. In order to handle this, Billerud hedges around 100% of estimated net flows over 15 months in EUR, USD and GBP at the following rates.

During the first quarter of 2002 net flows have been hedged at the following rates: SEK/EUR 9.49, SEK/USD 10.47 and SEK/GBP 15.04. Currency hedging boosted profits by around MSEK 30.

### Hedged exchange rates against SEK for the next 15 months (5 quarters)

Currency	Q 2 2002	Q 3 2002	Q 4 2002	Q 1 2003	Q 2 2003	Average
SEK/EUR	9.53	9.54	9.42	9.49	9.21	9.43
SEK/USD	10.62	10.64	10.68	10.66	10.61	10.64
SEK/GBP	15.07	15.41	15.09	15.11	14.82	15.10

## Investment and capital employed

Gross investments amounted to MSEK 60, while depreciation during the same period amounted to MSEK 91. Investments relate to small maintenance projects and the projects at Gruvön and Karlsborg announced in the final quarter of 2001.

Billerud's capital employed amounted to MSEK 4 932 as of 31 March 2002, compared with MSEK 4 822 on 31 December 2001. Increased capital employed was explained by a lower tax liability, otherwise only very small changes were recorded during the quarter.

## Cash flow and financial position

Cash flow from operating activities amounted to MSEK 126 during the first quarter. Cash flow was affected by supplementary income tax payments of MSEK 176 for the 2001 tax year. Capex during the quarter produced amounted to MSEK 60. The operating cash flow reached MSEK 66, compared with MSEK 111 for the final quarter of 2001 and MSEK 202 for the first quarter of 2001. The operating cash flow corresponds to the change in Billerud's net debt. The operating cash flow deteriorated (compared with the first quarter of 2001) because of the lower operating surplus which was only partly compensated for by a lower investment level. After amortisation of interest-bearing liabilities (MSEK 1) liquid funds increased by MSEK 65.

The interest-bearing net debt amounted to MSEK 1 665 on 31 March 2002, compared with MSEK 1 731 on 31 December 2001 and MSEK 2 402 on 31 March 2001. The Group's net debt/equity ratio at the end of the period was 0.51 compared with 0.56 on 31 December 2001 and 0.95 on 31 March 2001. The positive operating cash flow for the period April 2001-March 2002 explains the reduced net debt/equity ratio.

## Personnel

The average number of employees during the first quarter amounted to 2 335 compared with 2 351 during the first quarter of 2001. The average number of employees thus decreased by 16 people.

## Product areas

### Net turnover and operating profit

MSEK	Net turnover					Operating profit				
	Q 1 2002	Q 4 2001	% change	Q 1 2001	% change	Q 1 2002	Q 4 2001	% change	Q 1 2001	% change
Kraft paper	875	834	5	972	-10	180	154	17	231	-22
Containerboard	543	541	0	481	13	96	123	-22	107	-10
Market pulp	338	362	-7	387	-13	15	20	-25	141	-89
Other and eliminations	-	-2	-	-	-	-34	-32	-	-10	
<b>Total Group</b>	<b>1 756</b>	<b>1 735</b>	<b>1</b>	<b>1 840</b>	<b>-5</b>	<b>268</b>	<b>265</b>	<b>1</b>	<b>469</b>	<b>-43</b>

### *Kraft paper*

#### *First quarter*

The operating profit for the period was MSEK 180. Compared with the final quarter of 2001 the profit climbed by MSEK 26 or 17%, mainly due to a 6% increase in deliveries. Prices fell slightly. Compared with the same period last year the operating profit was down by MSEK 51 or 22% due to both lower prices and lower volumes. The reduction in volumes is in line with Billerud's strategy described below under "Containerboard".

### *Containerboard*

#### *First quarter*

The operating profit for the period was MSEK 96, a fall of MSEK 27 or 22% compared with the final quarter of 2001. The fall was due to lower prices which were only partly compensated for by volume increases. Compared with the previous year the operating profit was down by MSEK 11 or 10% despite significantly higher volumes. The effect on profits of volume increases, however, has been less than the effect of lower prices. Volume increases are in line with Billerud's strategy of increasing sales of white liner, which will also lead to reduced production and deliveries of unbleached kraft paper.

### *Market pulp*

#### *First quarter*

The operating profit reached MSEK 15, a fall of MSEK 5 compared with the final quarter of 2001. Prices decreased marginally and costs were relatively unchanged between the quarters. Compared with the previous year the operating profit was down by MSEK 126 or 89%, primarily due to lower prices.

## Parent company

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

Net turnover in the first quarter of 2002 amounted to MSEK 838. Profit after financial items amounted to MSEK 117. Fixed-asset investments, excluding shares, amounted to MSEK 32. The average number of employees was 1 100. Liquid assets and short-term investments amounted to MSEK 143.

## Annual General Meeting, share dividend, etc.

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. Notification of participation must be received by the company by 30 April 2002 at the latest.

Billerud's Board of Directors proposes a dividend of SEK 3.50 per share for 2001. The record day for entitlement to the dividend will be Monday 13 May 2002. Payment via VPC (the Swedish Securities Register Centre) is expected on Thursday 16 May.

## Outlook

The market situation for packaging paper is currently relatively good. Billerud has noted an improvement in orders in recent months. The pressure on prices that characterised the market last year has ended. However, price levels are currently somewhat lower than the average for the first quarter. Billerud is considering raising prices in certain markets and segments, which will affect earnings in the latter part of the year.

Demand for market pulp has recently improved. Price levels for short-fibre market pulp were raised on 1 April by around EUR 30 per tonne. Further increases have been announced from 1 May for long-fibre pulp.

The pace of production and delivery capability at Billerud's paper mills are currently good. The annual maintenance stoppage took place at Skärblacka in April. Maintenance stoppages are planned at Karlsborg during the third quarter and at Gruvön in the final quarter.

Stockholm, Sweden  
22 April 2002  
Billerud AB (publ)

Board of Directors

*This interim report has not been reviewed by the Company's auditors.*

## Interim reports in 2002

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. The interim report is prepared in accordance with recommendation RR20 of the Swedish Financial Accounting Standards Council. For details of accounting principles and definitions of key figures, see the 2001 Annual Report pages 25 and 52-55.

Profit and Loss Account	3 months		Full year
	Jan-Mar	Jan-Mar	Jan-Dec
<i>MSEK</i>	<b>2002</b>	2001	<b>2001</b>
Net turnover	1 756	1 840	6 910
Other income	1	5	10
<b>Operating income</b>	<b>1 757</b>	1 845	<b>6 920</b>
Operating expenses	-1 398	-1 291	-5 276
Depreciation	-91	-85	-345
<b>Operating expenses</b>	<b>-1 489</b>	-1 376	<b>-5 621</b>
<b>Operating profit</b>	<b>268</b>	469	<b>1 299</b>
Financial items	-21	-28	-118
<b>Profit after financial items</b>	<b>247</b>	441	<b>1 181</b>
Tax	-70	-125	-314
<b>Net profit for the period</b>	<b>177</b>	316	<b>867</b>
<b>Earnings per share, SEK</b>	<b>2.82</b>	<b>5.04</b>	<b>13.81</b>

## Balance Sheet

<i>MSEK</i>	31 Mar	31 Mar	31 Dec
	2002	2001	2001
Fixed assets	4 324	4 283	4 355
Stocks	664	640	708
Accounts receivable	1 217	1 175	1 118
Other current assets	114	130	115
Cash, bank balances and short-term investments	412	429	347
<b>Total assets</b>	<b>6 731</b>	6 657	6 643
Shareholders' equity	3 268	2 542	3 091
Interest-bearing provisions	77	99	77
Non-interest-bearing provisions	508	431	509
Interest-bearing liabilities	2 000	2 732	2 001
Accounts payable	331	321	412
Other, non-interest-bearing liabilities	547	532	553
<b>Total shareholders' equity, provisions and liabilities</b>	<b>6 731</b>	<b>6 657</b>	6 643
<b>Specification of change in equity</b>	<b>31 Mar</b>	31 Mar	Full year
<i>MSEK</i>	<b>2002</b>	2001	2001
Opening equity	3 091	2 224	2 224
Net profit for the period	177	318	867

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<b>Closing equity</b>	<b>3 268</b>	2 542	3 091
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<b>Cash Flow Statement</b>	<b>31 Mar</b>	31 Mar	Full year
<i>MSEK</i>	<b>2002</b>	2001	2001
Operating surplus	<b>358</b>	554	1 633
Change in working capital, etc.	<b>-36</b>	-213	-146
Net financial items, taxes, etc.	<b>-196</b>	-28	-170
<b>Cash flow from operating activities</b>	<b>126</b>	313	1 317
Investment in fixed assets	<b>-60</b>	-111	-458
Disposal of fixed assets	-	-	2
Change in long-term receivables	-	-	13
<b>Cash flow from investment activities</b>	<b>-60</b>	-111	-443
<b>Operating cash flow (= change in net debt)</b>	<b>66</b>	202	874
Change in pension allocations	-	-3	-26
Change in interest-bearing debt	<b>-1</b>	-499	-1 230
<b>Cash flow from financing activities</b>	<b>-1</b>	-502	-1 256
<b>Total cash flow (= change in liquid assets)</b>	<b>65</b>	-300	-382
<b>Liquid assets at the beginning of the year</b>	<b>347</b>	729	729
<b>Total cash flow</b>	<b>65</b>	-300	-382
<b>Liquid assets at the end of the period</b>	<b>412</b>	429	347

<sup>1)</sup> Historical data not available

<b>Key figures</b>	<b>31 Mar</b>	31 Mar	Full year
	<b>2002</b>	2001	2001
Margins			
Gross margin, %	<b>20</b>	30	24
Operating margin, %	<b>15</b>	25	19
Return			
Return on capital employed, %	<b>23</b> <sup>2)</sup>	34 <sup>2)</sup>	27
Return on equity, %	<b>25</b> <sup>2)</sup>	53 <sup>3)</sup>	32
Capital structure			
Capital employed, MSEK	<b>4 932</b>	4 944	4 822
Shareholders' equity, MSEK	<b>3 268</b>	2 542	3 091
Interest-bearing net debt, MSEK	<b>1 665</b>	2 402	1 731
Net debt/equity ratio, times	<b>0.51</b>	0.95	0.56
Equity ratio, %	<b>49</b>	38	47
Earnings per share, SEK	<b>2.82</b>	5.04	13.81
Equity per share, SEK <sup>1)</sup>	<b>52.08</b>	40.51	49.30
Gross investments, MSEK	<b>60</b>	111	458
Average number of employees	<b>2 335</b>	2 351	2 379

<sup>1)</sup> Number of shares: 62 740 998

<sup>2)</sup> Rolling 12 months

<sup>3)</sup> Historical data not available. The calculation includes the result for the period, adjusted proportionally as a full year value.

## Product areas

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

MSEK	2002	2001				
	I	Full year	IV	III	II	I
Kraft paper	<b>875</b>	3 449	834	797	847	971
Containerboard	<b>543</b>	2 009	541	475	511	482
Market pulp	<b>338</b>	1 454	362	321	384	387
Other and eliminations	-	-2	-2	-	-	-
Total Group	<b>1 756</b>	6 910	1 735	1 593	1 742	1 840

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

MSEK	2002	2001				
	I	Full year	IV	III	II	I
Kraft paper	<b>180</b>	756	154	192	179	231
Containerboard	<b>96</b>	426	123	87	109	107
Market pulp	<b>15</b>	228	20	19	48	141
Other and eliminations	<b>-23</b>	-111 <sup>1)</sup>	-32	-52	-17	-10
Total Group	<b>268</b>	1 299	265	246	319	469

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.

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

%	2001	2001				
	I	Full year	IV	III	II	I
Kraft paper	<b>21</b>	22	18	24	21	24
Containerboard	<b>18</b>	21	23	18	21	22
Market pulp	<b>4</b>	16	6	6	12	36
Group	<b>15</b>	19	15	15	18	25

### Quarterly breakdown of deliveries by product area

000' tonnes	2001	2001				
	I	Full year	IV	III	II	I
Kraft paper	<b>124</b>	463	117	107	109	130
Containerboard	<b>127</b>	449	120	106	115	108
Market pulp	<b>82</b>	310	87	78	81	64
Total	<b>333</b>	1 222	324	291	305	302