

	Quarter			January-September	
	2002 III	2002 II	2001 III	2002	2001
Net turnover, MSEK	1 804	1 772	1 593	5 332	5 175
Operating profit, MSEK	354	251	246	873	1 034
Operating margin, %	20	14	15	16	20
Profit after financial items, MSEK	329	228	217	804	951
Earnings per share, SEK	4.02	2.64	2.45	9.42	10.83

- Market demand continued to be good. Price rises for Billerud's packaging paper were implemented during the third quarter, with full impact on results in the fourth quarter.
- The operating profit in the third quarter reached MSEK 354, up 41% on the previous quarter. The operating profit for the January-September period was MSEK 873, 16% down on the same period last year.
- Results in the final quarter are expected to be at around the same level as the third quarter. Volumes will fall due to the major stoppage planned at Gruvön.
- Production efficiency and delivery capability continued to be good. A maintenance stoppage was performed at Karlsborg during the third quarter. Deliveries during the first nine months of the year reached 987 000 tonnes, 10% up on the same period last year.
- Currency hedging boosted results for the first nine months of the year by MSEK 185, of which MSEK 95 was in the third quarter.
- Return on capital employed during the most recent 12-month period was 24%.
- Billerud has bought back 4.83 million of its own shares, making a total of MSEK 441, which is equal to the available limit for share buy-back.
- Following the dividend and the buyback of shares amounting to MSEK 661, good cash flow has helped to keep the debt/equity ratio unchanged during the first nine months of 2002.

**A telephone conference in English will be held at 6 p.m. CET,
call +44 20 8240 8246 at 17.55 CET**

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Billerud Group

Market

Continued good demand was noted for Billerud's products during the third quarter of 2002 and production capacity was fully utilised. Deliveries reached 321 000 tonnes, 4% down on the second quarter. During the first nine months of the year deliveries amounted to 987 000 tonnes, up 10% on the same period in 2001. Stocks of finished products were reduced by around 15 000 tonnes, or 14%.

Orders received for Billerud's packaging paper were stable during the third quarter at a continued good level. Billerud implemented price rises for nearly all paper grades during the quarter. On average, prices were increased as expected by 5-6%. The full effects will be noted in the final quarter. Deliveries of packaging paper amounted to 746 000 tonnes during the first nine months of 2002, up 11% on the same period in 2001.

Stocks of market pulp increased more than expected during the quarter. The market price for long fibre sulphate pulp was around USD 480 per tonne at the start of the third quarter. It later reached around USD 490 before falling back to its current level of around USD 470. Billerud's deliveries of market pulp amounted to 241 000 tonnes during the first nine months of 2002, up around 8% compared with the same period in 2001.

Sales and results

Third quarter

Net sales for the third quarter amounted to MSEK 1 804, up 2% on the second quarter. The rise was completely due to higher prices in EUR and USD. Delivery volumes were down 4%.

The operating profit was MSEK 354, an increase of MSEK 103, or 41%, on the previous quarter. The increase was predominantly due to the price rises in all product areas and to lower costs, which more than compensated for slightly lower volumes.

Comments on results for each product area are made on page 4.

Net financial items were MSEK -25 and primarily consist of interest costs on Billerud's syndicated bank loan. Higher interest costs compared with the second quarter were due partly to higher market rates and partly to a higher average net loan debt. The profit after financial items was MSEK 329.

January - September

Net sales reached MSEK 5 332, up 3% on the same period last year. The increase was due to higher volumes, especially for Billerud's paper products, but also for market pulp. Prices were lower, however, for all products.

The operating profit reached MSEK 873, down MSEK 161, or 16%, compared with the same period last year. The fall was due to lower prices, which were only partly compensated for by increased volumes. Cost levels were unchanged.

Net financial items were MSEK -69, an improvement of MSEK 14, or 17%, compared with the same period last year, due solely to a lower net debt level.

The estimated tax cost was MSEK 228, representing a tax rate of around 28%.

Foreign exchange exposure

Billerud has hedged around 100% of estimated net flows over 15 months in EUR, USD and GBP at the rates listed below. Of the current hedged amount, 61% is in EUR, 35% in USD and 4% in GBP.

During the first six months of 2002 net flows have been hedged at the following rates: SEK/EUR 9.54, SEK/USD 10.58 and SEK/GBP 15.17. Currency hedging boosted profits by around MSEK 185, of which around MSEK 95 was realised during the third quarter. Of this boost to profits, 50% was due to hedging of EUR, 46% to hedging of USD and 4% to hedging of GBP.

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

Currency	Q 4 2002	Q 1 2003	Q 2 2003	Q 3 2003	Q 4 2003	Average
SEK/EUR	9.44	9.49	9.21	9.31	9.24	9.34
SEK/USD	10.68	10.64	10.55	10.07	9.69	10.30
SEK/GBP	15.09	15.12	14.82	14.65	14.39	14.81

Investment and capital employed

Investments amounted to MSEK 264, while depreciation during the same period amounted to MSEK 274. Investments relate to small maintenance projects and the projects at Gruvön (rebuild of PM4) and Karlsborg (environmental improvements in the pulp mill and rebuild of paper machine) announced in the final quarter of 2001.

Billerud's capital employed amounted to MSEK 4 732 as of 30 September 2002, compared with MSEK 4 822 on 31 December 2001. The return on capital employed, estimated for the most recent 12-month period, was 24%, compared with 27% for the full year in 2001. The return on capital employed after tax was 25%. The return on capital employed, estimated for the first nine months of 2002 only, and then projected on an annual basis, is 24%.

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 930 during the first nine months of 2002. Cash flow was affected by supplementary income tax payments of MSEK 176 for the 2001 tax year. Investments amounted to MSEK 264. The operating cash flow for the first nine months of the year was therefore MSEK 667, compared with MSEK 763 for the same period in 2001. The operating cash flow deteriorated (compared with the same period in 2001) mainly because of the lower operating surplus and higher tax payments, which were compensated for to a certain extent by improvements in operating capital.

During the period a share dividend amounting to MSEK 220 was paid out and the company spent MSEK 441 buying back its own shares. A total of MSEK 661 was therefore paid out in different forms to shareholders. Billerud's net debt level thus decreased by MSEK 9 during the period. Interest-bearing liabilities increased by MSEK 226 while liquid funds rose by MSEK 235.

Interest-bearing debt includes the convertible subordinated loan of MSEK 28. This loan has been assessed at the market rate and amounts to a nominal MSEK 31.

The interest-bearing net debt amounted to MSEK 1 722 on 30 September 2002, compared with MSEK 1 731 on 31 December 2001 and MSEK 1 841 on 30 September 2001. The Group's net debt/equity ratio at the end of the period was 0.57 compared with 0.56 on 31 December 2001 and 0.63 on 30 September 2001.

Personnel

The average number of employees during the first nine months of 2002 amounted to 2 366, compared with 2 357 during the first nine months of 2001. The average number of employees thus increased by 9 people, due to higher numbers involved in product development and customer service.

Product areas

Net turnover and operating profit

	Net turnover						Operating profit					
	Q 3	Q 2	%	Jan-Sept	Jan-Sept	%	Q 3	Q 2	%	Jan-Sept	Jan-Sept	%
MSEK	2002	2002	chang	2002	2001	chang	2002	2002	chang	2002	2001	chang
Kraft paper	878	860	2	2 613	2 615	0	187	151	24	518	602	-14
Containerboard	560	552	1	1 655	1 468	13	116	91	28	303	303	0
Market pulp	367	361	2	1 066	1 092	-2	67	28	139	110	208	-47
Other and eliminations	-1	-1		-2	-		-16	-19		-58	-79 ¹⁾	
Total Group	1 804	1 772	2	5 332	5 175	3	354	251	41	873	1 034	-16

¹⁾ Includes MSEK 32 in costs for forming Billerud and the stock market listing.

Kraft paper

Third quarter

The operating profit for the quarter was MSEK 187, up MSEK 36 or 24% on the second quarter. The climb was due to higher price levels and lower costs compared with the second quarter. Delivery volumes were unchanged.

January-September

The operating profit fell 14% to MSEK 518. The fall was mainly due to reduced prices. An increase in delivery volumes of 5% compensated for large parts of the price reduction.

Containerboard

Third quarter

The operating profit for the quarter was MSEK 116, an increase of MSEK 25, or 28%, compared with the second quarter. Higher prices primarily explains the profit hike. Delivery volumes fell by 2%.

January-September

The operating profit was MSEK 303, which was the same as the previous year. Lower prices were partly compensated for by a 16% increase in volumes.

Market pulp

Third quarter

The operating profit reached MSEK 67, a climb of MSEK 39, or 139%, compared with the second quarter. The increase was due to higher prices and lower costs balanced by an 11% fall in delivery volumes.

January-September

The operating profit was MSEK 110, down MSEK 98, or 47%, on the previous year. The decline was due to strongly reduced prices. The market price for market pulp fell from a level of USD 710 per tonne at the start of 2001 to a low of USD 435 per tonne at the start of April 2002 and then crept back to around USD 490 per tonne. At the end of the third quarter the price was USD 475 per tonne. Delivery volumes climbed by around 8% and partly eased the results decline.

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 nine months of 2002 amounted to MSEK 2 551. Profit after financial items amounted to MSEK 362. Fixed-asset investments, excluding shares, amounted to MSEK 141. The average number of employees was 1 114. Liquid assets and short-term investments amounted to MSEK 491.

Share buy-back and distribution of shares

During the year Billerud has bought back 4 831 000 of its own shares at an average price of around SEK 91 per share. This represents around 7.7% of the total number of shares in the company. The available limit for share buy-back has thus been reached.

The amount of foreign ownership (excluding the company's own shareholding) was 31%. The total number of shareholders (including nominees) is around 172 000.

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

Registered amount of shares	62 740 998
<u>Bought-back shares in company ownership</u>	<u>- 4 831 000</u>
Shares on the market	59 909 998
<u>Convertible debenture loan (on full conversion)</u>	<u>268 047</u>
Shares on the market (after full conversion)	58 178 045

Nominations committee

A nominations committee has been appointed ahead of the 2003 Annual General Meeting. It consists of Sten L. Kottmeier, AMF Pension (chairman), Björn Lind, SEB Fonder and SEB Trygg Liv, and Lars Öhrstedt, AFA. Ingvar Petersson, chairman of the board of Billerud AB, will convene the committee and act as secretary. Shareholders who wish to contact the nominations committee can do so via email (ingvar.petersson@billerud.com) or via post (Billerud AB, Box 703, SE-169 27 Solna, Sweden).

Outlook

Following the 5-6% price increases for packaging paper implemented in the third quarter, prices are expected to remain stable during the final quarter of 2002. Price increases will have their full impact on results during the final quarter. The situation for market pulp is more uncertain as price levels are currently falling. Pulp prices are dependent on production being adapted to the prevailing level of demand.

The pace of production and delivery capability at Billerud's paper mills continue to be good. The annual maintenance stoppage at Gruvön, which will take place during the final quarter, is extensive due to the planned rebuild of a paper machine. Because Gruvön accounts for around half of Billerud's operations, production and deliveries will be lower in the final quarter compared with the third quarter.

Based on the above, final quarter results are expected to be at a similar level to third quarter results.

Stockholm, Sweden
21 October 2002
Billerud AB (publ)

Board of Directors

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

Future financial statements

Full year 2002	28 January 2003
First quarter 2003	22 April 2003
Second quarter 2003	17 July 2003
Third quarter 2003	21 October 2003

The Annual general Meeting will be held on 6 May 2003.

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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 in 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	July- Sept 2002	3 months			9 months		Full year
		Apr-Jun 2002	Jan-Mar 2002	July-Sept 2001	Jan- Sept 2002	Jan-Sept 2001	Jan-Dec 2001
MSEK							
Net turnover	1 804	1 772	1 756	1 593	5 332	5 175	6 910
Other income	3	4	1	2	8	8	10
Operating income	1 807	1 776	1 757	1 595	5 340	5 183	6 920
Operating expenses	-1 360	-1 435	-1 398	-1 262	-4 193	-3 890	-5 276
Depreciation	-93	-90	-91	-87	-274	-259	-345
Operating expenses	-1 453	-1 525	-1 489	-1 349	4 467	-4 149	-5 621
Operating profit	354	251	268	246	873	1 034	1 299
Financial items	-25	-23	-21	-29	-69	-83	-118
Profit after financial items	329	228	247	217	804	951	1 181
Tax	-94	-64	-70	-63	-228	-271	-314
Net profit for the period	235	164	177	154	576	680	867
Earnings per share, SEK	4.02	2.64	2.82	2.45	9.42	10.83	13.81
Earnings per share after full conversion, SEK	4.00	2.64	-	-	9.41	-	-

Balance Sheet

MSEK	30 Sept	30 Sept	30 Jun	31 Mar	31 Dec
	2002	2001	2002	2002	2001
Fixed assets	4 344	4 270	4 360	4 324	4 355
Stocks	635	639	620	664	708
Accounts receivable	1 224	1 142	1 229	1 217	1 118
Other current assets	104	111	142	114	115
Cash, bank balances and short-term investments	582	136	416	412	347
Total assets	6 889	6 298	6 767	6 731	6 643
Shareholders' equity	3 009	2 904	2 943	3 268	3 091
Interest-bearing provisions	77	73	77	77	77
Non-interest-bearing provisions	502	416	504	508	509
Interest-bearing liabilities	2 227	1 904	2 227	2 000	2 001
Accounts payable	365	368	361	331	412
Other, non-interest-bearing liabilities	709	633	655	547	553
Total shareholders' equity, provisions and liabilities	6 889	6 298	6 767	6 731	6 643

Specification of change in equity

MSEK	Jan-Sept	Jan-Sept	Jan-Jun	Jan-Mar	Full year
	2002	2001	2002	2002	2001
Opening equity	3 091	2 224	3 091	3 091	2 224
Net profit for the period	576	680	341	177	867
Dividend	-220	-	-220	-	-
Share buy-back	-441	-	-272	-	-
Convertible debenture loan, difference between market and nominal interest	3	-	3	-	-
Closing equity	3 009	2 904	2 943	3 268	3 091

Cash Flow Statement MSEK	Jan-Sept 2002	Jan-Sept 2001	July-Sept 2002	Full year 2001	
Operating surplus, etc.	1 139	1 292	452	1 633	
Change in working capital, etc.	48	-174	13	-146	
Net financial items, taxes, etc.	-257	-83	-52	-170	
Cash flow from operating activities	930	1 035	412	1 317	
Investment in fixed assets	-264	-272	-78	-458	
Disposal of fixed assets	1	-	1	2	
Change in long-term receivables	-	-	-	13	
Cash flow from investment activities	-263	-272	-77	-443	
Operating cash flow	667	763	335	874	
Change in interest-bearing debt	226	-1 356	-	-1 256	
Dividend	-220	-	-	-	
Share buy-back	-441	-	-169	-	
Convertible debenture loan, difference between market and nominal interest	3	-	-	-	
Cash flow from financing activities	-432	-1 356	-169	-1 256	
Total cash flow (= change in liquid assets)	235	-593	166	-382	
Liquid assets at the beginning of the year	347	729	416	729	
Total cash flow	235	-593	166	-382	
Liquid assets at the end of the period	582	136	582	347	
	Jan-Sept	Jan-Sept	Jan-Jun	Jan-Mar	Full year
Key figures	2002	2001	2002	2002	2001
Margins					
Gross margin, %	22	25	20	20	24
Operating margin, %	16	20	15	15	19
Return (rolling 12 months)					
Return on capital employed, %	24	30	21	23	27
Return on equity, %	25	35 ¹⁾	23	25	32
Return on equity after full conversion, %	25	-	23	-	-
Capital structure at period's end					
Capital employed, MSEK	4 732	4 745	4 831	4 932	4 822
Shareholders' equity, MSEK	3 009	2 904	2 943	3 268	3 091
Interest-bearing net debt, MSEK	1 722	1 841	1 888	1 665	1 731
Net debt/equity ratio, times	0.57	0.63	0.64	0.51	0.56
Net debt/equity ratio after full conversion, times	0.56	-	0.63	-	-
Equity ratio, %	44	46	43	49	47
Equity ratio after full conversion, %	44	-	44	-	-
Per share					
Earnings per share, SEK	9.42	10.83	5.46	2.82	13.81
Earnings per share after full conversion, SEK	9.41	-	5.46	-	-
Per share at period's end					
Equity per share, SEK	51.96	46.28	49.14	52.08	49.30
Number of shares, thousands	57 910	62 741	59 889	62 741	62 741
Equity per share after full conversion, SEK	52.19	-	49.38	-	-
Number of shares, thousands	58 178	-	60 157	-	-
Gross investments, MSEK	264	275	186	60	458
Average number of employees	2 366	2 357	2 382	2 335	2 379

¹⁾ 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				
	III	II	I	Full year	IV	III	II	I
Kraft paper	878	860	875	3 449	834	797	847	971
Containerboard	560	552	543	2 009	541	475	511	482
Market pulp	367	361	338	1 454	362	321	384	387
Other and eliminations	-1	-1	-	-2	-2	-	-	-
Total Group	1 804	1 772	1 756	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				
	III	II	I	Full year	IV	III	II	I
Kraft paper	187	151	180	756	154	192	179	231
Containerboard	116	91	96	426	123	87	109	107
Market pulp	67	28	15	228	20	19	48	141
Other and eliminations	-16	-19	-23	-111 ¹⁾	-32	-52	-17	-10
Total Group	354	251	268	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

%	2002			2001				
	III	II	I	Full year	IV	III	II	I
Kraft paper	21	18	21	22	18	24	21	24
Containerboard	21	16	18	21	23	18	21	22
Market pulp	18	8	5	16	6	6	12	36
Group	20	14	15	19	15	15	18	25

Quarterly breakdown of deliveries by product area

000 tonnes	2002			2001				
	III	II	I	Full year	IV	III	II	I
Kraft paper	120	120	124	463	117	107	109	130
Containerboard	126	129	127	449	120	106	115	108
Market pulp	75	84	82	310	87	78	81	64
Total	321	333	333	1 222	324	291	305	302