



BILLERUDKORSNÄS



INVITATION TO SUBSCRIBE FOR SHARES IN BILLERUDKORSNÄS AB ➤

PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE AN ECONOMIC VALUE.

In order not to lose the value of the Subscription Rights, holders must either:

- Exercise the Subscription Rights received and subscribe for new Shares no later than 21 December 2012; or
- Sell the Subscription Rights received, but not exercised, no later than 18 December 2012.

Please note that for shareholders with nominee-registered shareholdings, subscription for new Shares is made through the nominee or, where applicable, nominees.



BILLERUDKORSNÄS

IMPORTANT INFORMATION

Notice to investors

This prospectus has been prepared in compliance with the standards and requirements of the Swedish Financial Instruments Trading Act (*Sw: lagen (1991:980) om handel med finansiella instrument*) (the "Trading Act"), Directive 2003/71/EC of the European Parliament and the Council (together with any applicable implementing measures, including Directive 2010/73/EC, in each members state referred to as the "Prospectus Directive") and the Commission Regulation (EC) No. 809/2004 (including the Commission Regulation (EC) No. 486/2012).

A prospectus in the Swedish language has been approved and registered by the Swedish Financial Supervisory Authority (*Sw: Finansinspektionen*) ("SFS") pursuant to the Provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFS does not imply that the SFS guarantees that the factual information provided in the Swedish language or herein is correct and complete.

In the event of any inconsistency between the Swedish original and this English translation of the prospectus, the Swedish original shall prevail.

To the extent permitted by applicable law, the prospectus and the offering pursuant to the prospectus or any connected legal relation are governed by Swedish law. To the extent permitted by applicable law, the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this prospectus or the offering.

This prospectus has been prepared by BillerudKorsnäs based on its own information and information from other sources that BillerudKorsnäs believes to be reliable. No representation or warranty, expressed or implied, is made by the Joint Lead Managers as to the accuracy or completeness of any of the information set out in the prospectus and nothing in the prospectus is or shall be relied upon as a promise or representation, whether as to the past or the future, as the Joint Lead Managers have conducted no independent verification of the information.

When an investor makes an investment decision, the investor must rely on its own assessment of BillerudKorsnäs and the offering under the prospectus, including the merits and risks involved, and investors must rely solely on the information in this prospectus and any supplements to the prospectus. No person is or has been authorised to give any information or make any representations regarding this offering other than those contained in the prospectus and, if nevertheless given or made, such information or representations must not be relied upon as having been authorised by BillerudKorsnäs. Neither BillerudKorsnäs nor any of the Joint Lead Managers, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Securities (see definition below) regarding the legality of an investment in the Securities by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Investors shall make an independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Securities. Each investor should consult its own advisors before subscribing for or purchasing the Securities. The distribution of this prospectus does not mean that the information contained herein is current as of any date other than the date of this prospectus, or that the business, earnings or financial position of BillerudKorsnäs have remained unchanged since this date. In the event that the information contained in the prospectus is subject to any material change during the period starting with the publication and ending with the first trading day, such material change will be announced in accordance with the provisions in the Trading Act (being the relevant legislation regarding the publication of supplements to prospectuses).

As a condition for exercising an offer or sale of the Subscription Rights or new Shares pursuant to the offering in the prospectus, each exercising holder or purchaser will be deemed to have made, or, in some cases, be required to make, certain representations and warranties that will be relied upon by BillerudKorsnäs, the Joint Lead Managers and others, see the chapter "Restriction on sale and transfer etc.". BillerudKorsnäs reserves the right, in its sole and absolute discretion, to reject or revoke any exercise or purchase of Securities that it or its agents believe may give rise to a breach or violation of any law, rule or regulation.

In a number of countries, in particular in Australia, Canada, Hong Kong, Japan, and, subject to certain exceptions, the United States (including its territories and possessions, any state of the United States and the District of Columbia) (the "United States"), the distribution of this prospectus, the exercise of the Subscription Rights, the offer of the new Shares, as well as the sale of the new Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). The offer to subscribe for the new Shares does not include persons resident in Australia, Canada, Hong Kong, Japan, and, subject to certain exceptions, the United States, or any other jurisdiction where such an offer would be illegal. The prospectus does not constitute an offer to sell the Securities to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Securities from a person in a jurisdiction in which it is unlawful to make such solicitation. No action has been or will be taken by BillerudKorsnäs or the Joint Lead Managers to permit the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement. Accordingly, the prospectus may not be distributed or published in any country or any jurisdiction where the distribution or publishing of the prospectus or the offering requires such measures or would conflict with regulations in such country or jurisdiction. Persons into whose possession this prospectus may come are required to inform themselves about and abide such restrictions, in particular not to publish or distribute the prospectus in violation of applicable securities regulations. Any failure to abide such restrictions may result in a violation of applicable securities regulations. Furthermore, acquisitions of Securities in violation of the restrictions described above may be void. Distribution of this prospectus to any person other than the offerees specified by BillerudKorsnäs and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of BillerudKorsnäs, is prohibited. Any reproduction or distribution of this prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This prospectus is personal to each offeree. Investors agree to the foregoing by accepting delivery of this prospectus. For more information, please see the chapter "Restriction on sale and transfer etc."

The information contained on BillerudKorsnäs' website is not incorporated in this prospectus and does not form part of this prospectus.

Available information

If, at any time, BillerudKorsnäs is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, BillerudKorsnäs will, upon request, provide to any owner of the new Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. In such cases, BillerudKorsnäs will also provide to each such owner all notices of shareholders' meetings and other reports and communications that are made generally available by BillerudKorsnäs to its shareholders.

Forward-looking statements and market data

The prospectus contains certain forward-looking statements that reflect BillerudKorsnäs' current views or expectations with respect to future events and financial and operational development, including statements relating to the Transaction, the Directed Issue and the Rights Issue and statements relating to guidance, plans, prospects, goals and strategies. The words "intend", "estimate", "expect", "may", "plan", "anticipate" or similar expressions regarding indications or prognoses of future developments or trends and which are not statements based on historical facts constitute forward-looking information. Although BillerudKorsnäs believes that these statements are based on reasonable assumptions and expectations, BillerudKorsnäs cannot give any assurances that such statements will materialise. Because these forward-looking statements involve both known and unknown risks and uncertainties, the outcome could differ materially from the information set out in the forward-looking statements. Other factors that could cause BillerudKorsnäs' actual results of operations or performance to differ from the forward-looking statements include, but are not limited to, those described in the chapter "Risk factors". The forward-looking statements included in this prospectus speak only as of the date of the prospectus and are subject to change without notice. BillerudKorsnäs undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. The prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. Although BillerudKorsnäs regards these sources as reliable, the information contained in them has not been independently verified. Certain data is also derived from estimates made by BillerudKorsnäs. Certain financial and other numerical information presented in this prospectus have been subject to rounding adjustments for the purpose of making this prospectus more easily accessible for the reader. As a result, the figures in tables may not sum up to the stated totals.

With the exception of the Billerud's and Korsnäs' respective audited consolidated financial statements for 2009, 2010 and 2011, and the reviewed pro forma financial statements on page 44–48 in the chapter "Pro forma financial information", no other information in the prospectus has been reviewed or audited by the Billerud's, Korsnäs' or BillerudKorsnäs' auditors.



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This document is a translation of the original published in Swedish. In case of any discrepancies between the Swedish original and the English translation, or in any other context, the Swedish original shall have precedence.

THE RIGHTS ISSUE IN BRIEF

Preferential right

The person who on the record date 6 December 2012 is a registered shareholder in BillerudKorsnäs is entitled to receive Subscription Rights in the Rights Issue. For every Share held in BillerudKorsnäs the holder is entitled to one (1) Subscription Right. Two (2) Subscription Right entitles the holder to subscribe for one (1) new Share.

Subscription price

SEK 29 per Share

Subscription and payment with preferential right

Subscription takes place during the subscription period through simultaneous cash payment. Please note that Subscription Rights that shareholders does not intend to exercise must be sold no later than 18 December 2012 in order not to lose their value.

Subscription and payment without preferential right

To the extent that new Shares not have been subscribed for with Preferential Rights, shareholders and other investors are invited to subscribe for new Shares.

Registration for subscription without preferential right shall be made to SEB no later than 21 December 2012 on a special application form that can be obtained from any branch of SEB in Sweden or from www.sebgroup.com/prospectuses or from www.billerudkorsnas.com. Payment for allotted Shares shall be made in cash in accordance

with the instructions on the notice of allotment. Custody account holders with nominees shall instead register with and act in accordance with instructions from their nominee or nominees.

IMPORTANT DATES

Record date for participation in the Rights Issue

6 December 2012

Subscription Period

7 December 2012 – 21 December 2012

Trading in Subscription Rights

7 December 2012 – 21 December 2012

Trading in BTAs

7 December 2012 – 8 January 2013

OTHER INFORMATION

Ticker

● Shares	BILL
● Subscription Rights	BILL TR
● BTA	BILL BTA

ISIN-codes

● Shares	SE0000862997
● Subscription Rights	SE0004927168
● BTA	SE0004927176

Interim Reports

- Jan–Dec 2012: 8 February 2013
- Jan–Mar 2013: 23 April 2013
- Jan–Jun 2013: 18 July 2013
- Jan–Sep 2013: 30 October 2013

● Questions relating to the Rights Issue is answered on telephone: +46 (0) 8 553 335 00

DEFINITIONS

“Share” refers to share with the rights stated in the articles of association of BillerudKorsnäs

“BTA” refers to paid subscribed Shares in BillerudKorsnäs

“SEK” refers to Swedish kronor and “SEKm” refers to millions of Swedish kronor

“EUR” refers to Euro and “EURm” refers to millions of Euros

“BillerudKorsnäs”, the “Company” respectively the “Group” refers to BillerudKorsnäs AB (publ), corporate registration number 556025-5001, as well as its subsidiaries including Korsnäs if nothing else is stated

“Billerud” refers to Billerud AB (publ), corporate registration number 556025-5001, as well as its subsidiaries, until completion of the acquisition date 29 November 2012, if nothing else is stated

“Bomhus” refers to Bomhus Energi AB, corporate registration number 556793-5217, a company that BillerudKorsnäs holds 50% in

“Korsnäs” refers to Korsnäs AB, corporate registration number 556023-8338, as well as its subsidiaries, until completion of the acquisition date 29 November 2012, if nothing else is stated

“Kinnevik” refers to Investment AB Kinnevik, corporate registration number 556047-9742

“Frapag” refers to Frapag Beteiligungsholding AG, corporate registration number FN 113828 w

“Bergvik Skog” refers to Bergvik Skog AB, corporate registration number 556610-2959, a company that BillerudKorsnäs holds 5% in

“Latgran” refers to Latgran Biofuels AB, corporate registration number 556811-4184, a company that BillerudKorsnäs holds 75% in

“Euroclear” refers to Euroclear Sweden AB

the “Rights Issue” refers to the offer to subscribe for Shares in accordance to the terms, conditions and instructions stated in this prospectus

the “Directed Issue” refers to the issue of 34 551 592 Shares issued to Kinnevik as part of the consideration in the acquisition of Korsnäs

“Subscription Right” refers to a subscription right for newly issued Shares in BillerudKorsnäs

the “Transaction” refers to the combination of Billerud and Korsnäs, announced on 20 June 2012, and completed on 29 November 2012 through Billerud's acquisition of all shares in Korsnäs from Kinnevik

“Joint Lead Managers” refers to SEB Enskilda, Skandinaviska Enskilda Banken AB (“SEB Enskilda”) and Handelsbanken Capital Markets, a business segment within Svenska Handelsbanken AB (“Handelsbanken Capital Markets”)

“NASDAQ OMX” refers to NASDAQ OMX Stockholm AB



SUMMARY

A prospectus summary follows a set structure, consisting of items that must include certain information. The presented items in sections A–E (A.1–E.7) have been numbered.

This Summary contains the specific items which are required to be included in a summary relating to the admission of shares for trading on a regulated market. As certain items are not required to be included in this Summary there are some gaps in the numbering of items.

Although information relating to a specific item may be required, it may be so that no relevant information is available. In such cases, the Summary contains a brief description of the information requirement together with the statement “Not applicable”.

SECTION A – INTRODUCTION AND WARNINGS		
Item	Information required	Information
A.1	Introduction and warnings	<p>This summary shall be regarded as an introduction to the prospectus. Each decision to invest in the securities shall be based on an assessment of the prospectus in its entirety from the investors’ point of view.</p> <p>Investors that file a lawsuit in a court of law on account of information in the prospectus may be liable for costs in connection with translation of the prospectus previous to any legal procedures taken place.</p> <p>Civil liability can only be required of the persons responsible for the summary and translations, however only if the translation is misleading, incorrect or incompatible with the other parts of the prospectus or if it does not together with the other parts of the prospectus provide necessary information to help investors who consider investing in such securities.</p>

SECTION B – ISSUER																						
Item	Information required	Information																				
B.1	Name of the Company and ticker	The Company’s registered legal name is BillerudKorsnäs Aktiebolag (publ) and its ticker is BILL.																				
B.2	Registered office of the Issuer and legal form	The Company has its registered office in Stockholm and its legal form is “aktiebolag”. The Company was founded in Sweden and its articles of association are regulated by the Swedish Companies Act (2005:551).																				
B.3	Main operation of the Issuer	<p>BillerudKorsnäs offers primary fibre-based packaging material and packaging solutions. The overall target is to generate profitable growth. Through its business model BillerudKorsnäs 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. The Company has a prominent position within several product segments including primary fibre-based material for consumer packaging and industrial applications. The Company’s aim is to create value that strengthens the customers’ brands and competitiveness, and thereby secures the Company’s position as the natural partner in smarter packaging. Today, Europe is BillerudKorsnäs most important market.</p> <p>BillerudKorsnäs has three business areas:</p> <ul style="list-style-type: none">➤ Packaging Paper: The Packaging Paper business area offers customers technically advanced primary fibre-based kraft and sack paper, as well as smart solutions in function, design and material choice. All grades are strong and have excellent printability and runability which contributes to increased conversion process productivity for the customers.➤ Consumer Board: The Consumer Board business area develops and sells high-quality board made from primary fibre to several segments, including beverages and consumer goods, which demand efficient, attractive and functional packaging. The business area also offers customers delivery service and application expertise solutions.➤ Containerboard: The Containerboard business area offers containerboard made from primary fibre that meets stringent demands on strength, hygiene and printing. Advice on packaging optimisation helps brand owners identify the right packaging for the majority of items and logistics chains. <div><div>NET SALES BY BUSINESS AREA ¹⁾</div><div><table><tr><th>Business Area</th><th>Percentage</th></tr><tr><td>Packaging Paper</td><td>43%</td></tr><tr><td>Consumer Board</td><td>31%</td></tr><tr><td>Containerboard</td><td>16%</td></tr><tr><td>Other</td><td>10%</td></tr></table></div><div><div>EBITDA ²⁾ BY BUSINESS AREA ¹⁾</div><div><table><tr><th>Business Area</th><th>Percentage</th></tr><tr><td>Packaging Paper</td><td>36%</td></tr><tr><td>Consumer Board</td><td>39%</td></tr><tr><td>Containerboard</td><td>18%</td></tr><tr><td>Other</td><td>7%</td></tr></table></div></div><p>1) The combined financial information for 2011 is not financial pro forma information and has not been audited or reviewed by the Company’s auditor. 2) Operating profit before depreciation and amortisation.</p></div>	Business Area	Percentage	Packaging Paper	43%	Consumer Board	31%	Containerboard	16%	Other	10%	Business Area	Percentage	Packaging Paper	36%	Consumer Board	39%	Containerboard	18%	Other	7%
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B.4a	<i>Tendencies to affect the issuer and the industry in which it operates</i>	The global packaging market is primarily driven by continuously improved living standards for many people around the world. This reflects on growing consumption of goods that are being transported and sometimes consumed in its packaging. The global packaging market is expected to continue to grow until 2016 according to Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016".																																																																																																												
B.5	<i>Decription of the Group and the issuers position in the Group</i>	BillerudKorsnäs is the parent company in the Group consisting of the subsidiaries Korsnäs AB (556023-8338) (which holds a stake in Latgran Biofuels (556811-4184)), Billerud Skog AB (556724-5641), Billerud Karlsborg AB (556310-4198), Billerud Skärblacka AB (556190-3179), Billerud Beetham Ltd (69606) and Billerud Finland Oy (2392774-9).																																																																																																												
B.6	<i>Major shareholders, control of the Company and insiders</i>	The Company's two major shareholders, Kinnevik with an ownership share of 25.1% (excluding own-held Shares) and Frapag with an ownership share of 15.7% (excluding own-held Shares) may exert a significant influence of BillerudKorsnäs. As per 30 September 2012, considering changes in the number of own-held Shares and the Directed Issue, there are no other individual or legal person holding 5% or more of the capital of the Company, and because of this has an reporting obligation in accordance with chapter 4 of the Swedish Financial Instruments Trading Act (<i>Sw: lag om handel med finansiella instrument</i>). Cristina Stenbeck is chairman of the board and indirect major shareholder of Kinnevik and must thereby in accordance with the Swedish Reporting Obligation for Certain Holdings of Financial Instruments Act (<i>Sw: lag om anmälningsskyldighet för vissa innehav av finansiella instrument</i>) report her shareholding in the Company to the Swedish Financial Supervisory Authority (<i>Sw: Finansinspektionen</i>), whereby Shares owned by Kinnevik, in accordance with the aforementioned act, are to be equated as Cristina Stenbeck's own. As per 30 September 2012, considering changes in the number of own-held shares and the Directed Issue, there are no other individual holding, or in accordance with the aforementioned act deemed to hold, 10% or more of the capital of the Company, and thus has an reporting duty in accordance with the aforementioned act.																																																																																																												
B.7	<i>Summary of financial information and explanatory description</i>	<table><tr><td colspan="6">Summary Income statements</td></tr><tr><td></td><td colspan="2">Jan-Sep</td><td colspan="3">Full Year</td></tr><tr><td>SEKm</td><td>2012</td><td>2011</td><td>2011</td><td>2010</td><td>2009</td></tr><tr><td>Net sales</td><td>7 359</td><td>7 257</td><td>9 343</td><td>8 828</td><td>7 760</td></tr><tr><td>Other income</td><td>17</td><td>9</td><td>18</td><td>85</td><td>32</td></tr><tr><td>Operating income</td><td>7 376</td><td>7 266</td><td>9 361</td><td>8 913</td><td>7 792</td></tr><tr><td>Change in inventories</td><td>-73</td><td>-68</td><td>1</td><td>105</td><td>26</td></tr><tr><td>Raw materials and consumables</td><td>-3 734</td><td>-3 385</td><td>-4 480</td><td>-4 241</td><td>-3 870</td></tr><tr><td>Other external costs</td><td>-1 513</td><td>-1 383</td><td>-1 863</td><td>-1 753</td><td>-1 706</td></tr><tr><td>Employee benefits expense</td><td>-1 128</td><td>-1 064</td><td>-1 427</td><td>-1 377</td><td>-1 380</td></tr><tr><td>Depreciation and impairment of non-current assets</td><td>-465</td><td>-464</td><td>-614</td><td>-610</td><td>-561</td></tr><tr><td>Profit/Loss from participations in associated companies</td><td>1</td><td>1</td><td>-</td><td>-</td><td>-1</td></tr><tr><td>Operating expenses</td><td>-6 912</td><td>-6 363</td><td>-8 383</td><td>-7 876</td><td>-7 492</td></tr><tr><td>Operating profit/loss</td><td>464</td><td>903</td><td>978</td><td>1 037</td><td>300</td></tr><tr><td>Financial income and expenses</td><td>-31</td><td>-32</td><td>-45</td><td>-77</td><td>-114</td></tr><tr><td>Profit/Loss before tax</td><td>433</td><td>871</td><td>933</td><td>960</td><td>186</td></tr><tr><td>Taxes</td><td>-117</td><td>-233</td><td>-250</td><td>-255</td><td>-21</td></tr><tr><td>Net profit/loss for the period</td><td>316</td><td>638</td><td>683</td><td>705</td><td>165</td></tr></table>	Summary Income statements							Jan-Sep		Full Year			SEKm	2012	2011	2011	2010	2009	Net sales	7 359	7 257	9 343	8 828	7 760	Other income	17	9	18	85	32	Operating income	7 376	7 266	9 361	8 913	7 792	Change in inventories	-73	-68	1	105	26	Raw materials and consumables	-3 734	-3 385	-4 480	-4 241	-3 870	Other external costs	-1 513	-1 383	-1 863	-1 753	-1 706	Employee benefits expense	-1 128	-1 064	-1 427	-1 377	-1 380	Depreciation and impairment of non-current assets	-465	-464	-614	-610	-561	Profit/Loss from participations in associated companies	1	1	-	-	-1	Operating expenses	-6 912	-6 363	-8 383	-7 876	-7 492	Operating profit/loss	464	903	978	1 037	300	Financial income and expenses	-31	-32	-45	-77	-114	Profit/Loss before tax	433	871	933	960	186	Taxes	-117	-233	-250	-255	-21	Net profit/loss for the period	316	638	683	705	165
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B.7	Summary of financial information and explanatory description, cont'd	Summary balance sheets				
			30 Sep		31 Dec	
		SEKm	2012	2011	2011	2010
		Non-current assets	5 977	5 480	5 508	5 531
		Inventories	1 024	1 088	1 135	1 070
		Accounts receivable	2 289	1 570	1 391	1 412
		Other current assets	407	269	372	447
		Cash and cash equivalents	620	829	929	740
		Total assets	10 317	9 236	9 335	9 200
		Attributable to owners of the parent company	4 777	4 798	4 871	4 637
		Non-controlling interests	1	–	1	–
		Shareholders' equity	4 778	4 798	4 872	4 637
		Interest-bearing liabilities	275	814	819	798
		Provisions for pensions	227	215	219	207
		Other provisions	38	28	36	27
		Deferred tax liabilities	1 464	1 393	1 467	1 434
		Total non-current liabilities	2 004	2 450	2 541	2 466
		Interest-bearing liabilities	1 014	–	–	150
		Accounts payables	1 861	1 122	1 227	1 157
		Other liabilities and provisions	660	866	695	790
		Total current liabilities	3 535	1 988	1 922	2 097
		Total equity and liabilities	10 317	9 236	9 335	9 200
		Summary cash flow statements				
			Jan–Sep		Full Year	
		SEKm	2012	2011	2011	2010
		Operating surplus, etc.	973	1 366	1 604	1 625
		Change in working capital, etc.	161	–161	–113	–147
		Net financial items, taxes, etc.	–314	–207	–219	–85
		Cash flow from operating activities	820	998	1 272	1 393
		Investments in property, plant and equipment	–515	–333	–512	–334
		Acquisitions of financial assets	–	–81	–81	–261
		Disposal of financial assets	340	–	–	–
		Business combinations	–1 073	–	–	–
		Disposal of property, plant and equipment	11	1	2	3
		Cash flow from investing activities	–1 237	–413	–591	–592
		Change in interest-bearing liabilities	474	–138	–132	–820
		Rights issue	–	–	–	–
		Dividend	–361	–361	–361	–52
		Sale of bought back shares, incentives programme	–	–	–	5
		Cash flow from financing activities	113	–499	–493	–867
		Total cash flow (= change in cash and cash equivalents)	–304	86	188	–66



B.7	Summary of financial information and explanatory description, cont'd	Key figures	Jan-Sep		Full Year		
			2012	2011	2011	2010	2009
		Margins					
		Gross margin, %	13	19	17	19	11
		Operating margin, %	6	12	10	12	4
		Return (rolling 12 months)					
		Return on capital employed, %	11	25	20	21	6
		Return on equity, %	7	19	14	17	5
		Return on equity after dilution, %	7	19	14	17	5
		Capital structure at end of period					
		Capital employed, SEKm	5 674	4 657	4 639	4 792	5 148
		Equity, SEKm	4 778	4 798	4 872	4 637	3 995
		Interest-bearing net debt, SEKm	896	–141	–233	155	1 152
		Net debt/equity ratio, multiple	0,19	–0.03	–0.05	0.03	0.29
		Net debt/equity ratio after dilution, multiple	0,19	–0.03	–0.05	0.03	0.29
		Equity ratio, %	46	52	52	50	44
		Equity ratio after dilution, %	46	52	52	50	44
		Per Share data					
		Earnings per Share, SEK	3,07	6.19	6.63	6.84	2.04
		Earnings per Share after dilution, SEK	3,06	6.17	6.61	6.83	2.03
		Dividend per Share, SEK			3.50	3.50	0.50
		Per Share, end of period					
		Equity per Share, SEK	46,33	46.53	47.24	44.97	38.80
		Equity per Share after dilution, SEK	46,21	46.40	47.11	44.88	38.75
		Other key figures					
		Gross investments, SEKm	515	333	512	334	271
		Business combinations, SEKm	1 073	–	–	–	35
		Average number of employees	2 366	2 279	2 277	2 240	2 232



B.8

Selected pro forma financial statements

The purpose of the pro forma consolidated financial statements is to show the hypothetical impact which the acquisition, the changes in connected loan financing, the Directed Issue and the Rights Issue would have had on BillerudKorsnäs' consolidated profit and financial position. The pro forma financial statements below have been prepared in order to illustrate:

- profit or loss for the 2011 fiscal year and the nine-month period ending 30 September 2012 under the assumptions that the acquisition of Korsnäs and the Rights Issue had been completed and the loan financing facilities agreement had been implemented as of 1 January 2011 and 1 January 2012, respectively and
- the financial position under the assumptions that the acquisition of Korsnäs and the Rights Issue had been completed and that the loan financing facilities agreement had been implemented as of 30 September 2012.

The pro forma financial describe a hypothetical situation and have been produced solely for illustrative purposes. The information is neither intended to present the profit or loss and financial position that the business would actually have achieved nor is it intended to indicate the future profit or loss of BillerudKorsnäs or the Company's financial position at any future point in time. No synergies or integration costs have been taken into consideration in the pro forma financial statements.

Income Statements pro forma 2011

SEKm	Billerud	Korsnäs	Acquisition	Adjustments	Pro forma
Net sales	9 343	8 254	319	550	18 466
EBITDA	1 592	1 516	47	−118	3 037
EBITDA margin, %	17	18	15		16
Operating profit/loss	978	907	32	−268	1 649
Operating margin, %	10	11	10		9
Profit/Loss for the period	683	663	25	−325	1 046

Income statements pro forma January–September 2012

SEKm	Billerud	Korsnäs	Acquisition	Adjustments	Pro forma
Net sales	7 359	6 526	1 216	425	15 526
EBITDA	929	1 231	153	−148	2 165
EBITDA margin, %	13	19	13		14
Operating profit/loss	464	764	117	−261	1 084
Operating margin, %	6	12	10		7
Profit/Loss for the period	316	485	93	−263	631

Balance sheet pro forma – 30 September 2012

SEKm	Billerud	Korsnäs	Acquisition of Korsnäs	Adjustments	Rights Issue	Pro forma
Fixed assets	5 977	8 066	8 023	−4 707		17 359
Interest bearing receivable on Kinnevik		2 173	−2 173			–
Current assets excl liquid funds	3 720	2 754		38		6 512
Liquid funds	620	63	−230			453
Total assets	10 317	13 056	5 625	−4 669	–	24 329
<i>Shareholders' equity</i>	<i>4 778</i>	<i>5 346</i>	<i>2 068</i>	<i>−5 306</i>	<i>1 985</i>	<i>8 866</i>
Interest bearing debt incl pension liabilities	1 516	5 286	3 057	56	−1 485	8 430
Interest bearing liability to Kinnevik			500		−500	–
Other liabilities and provisions	4 023	2 424		581		7 028
<i>Total liabilities</i>	<i>5 539</i>	<i>7 710</i>	<i>3 557</i>	<i>637</i>	<i>−1 989</i>	<i>15 458</i>
Total shareholders' equity and liabilities	10 317	13 056	5 620	−4 669	–	24 324
Interest bearing external debt	896	5 223	3 287	56	−1 489	7 977
Interest bearing net debt / Equity	19%					90%



B.9	<i>Result guidance</i>	Not applicable. The Company has not published any guidance on results.
B.10	<i>Remark from the auditors</i>	Not applicable. There are no remarks in the auditors report.
B.11	<i>Insufficient working capital</i>	<p>It is BillerudKorsnäs' view, that the existing working capital is not sufficient for the present requirements for the coming 12 months given current credit facilities and term structure.</p> <p>Some of the Company's credit facilities will mature during the second quarter of 2013. The Company estimates that other available credit facilities together with cash flow from operations are not sufficient to give the Company liquid funds required to fulfill the payment obligations when these credit facilities matures, without being complemented by other sources. The estimated financing requirement is up to SEK 3 billion.</p> <p>To give the Company the required financial resources the board decided on 29 November 2012, based on authorisation from the extraordinary general meeting on 14 September 2012, to implement the Rights Issue. The Rights Issue will, if fully subscribed, provide the Company with SEK 1 981 million after transaction costs. The Company's largest shareholders, Kinnevik and Frapag, have committed to subscribe for Shares corresponding to in total approximately 41% of the Rights Issue.</p> <p>The Company also intends to implement a bond issue of approximately SEK 1 500 million during the first six month of 2013 under a new bond programme.</p> <p>BillerudKorsnäs believes that the Rights Issue and the issue of bonds, together with the Company's cash flow from operations, will give the Company sufficient working capital to cover the needs for the coming 12 months. In the case of the Rights Issue and/or the issue of bonds is not carried through, the Company will consider alternative solutions to secure the Company's long-term funding, for example renegotiation of current bank financing.</p>



SECTION C – SECURITIES		
Item	Information required	Information
C.1	<i>Securities offered</i>	The offer concerns a preferential rights issue of Shares in BillerudKorsnäs (ISIN-code SE0000862997).
C.2	<i>Denomination</i>	The Shares are denominated in SEK
C.3	<i>Total number of Shares in the Company</i>	The Company's equity value amounts to SEK 774 173 065 before the Directed Issue and the Rights Issue, distributed over 104 834 613 Shares. Each Share has a par value of approximately SEK 7.38. The board of directors has decided on 29 November 2012, based on authorisation from the extraordinary general meeting on 14 September 2012, to expand its equity base through the Directed Issue as well as the Rights Issue. Upon implementation of the Directed Issue and Rights Issue, the equity value of the Company amounts to SEK 1 537 642 792, distributed over 208 219 834 number of Shares. Each Share will have a par value of approximately SEK 7.38.
C.4	<i>Rights associated to the securities</i>	Each Share entitles every shareholder to one vote at the general meeting. All Shares give the same right in sharing of profits and possible surplus upon liquidation. Decision on dividend is taken at the general meeting and is paid by Euroclear. Dividend rights will be attributable to those who are registered as shareholders in Euroclear's share register on the record date for dividend, decided upon by the general meeting.
C.5	<i>Restriction on sale and transfer</i>	Not applicable. Shares are not subject to any restriction on sale and transfer.
C.6	<i>Admission</i>	The new Shares will be subject to trade on NASDAQ OMX.
C.7	<i>Dividend policy</i>	Over a business cycle, the dividend should average 50% of net profit. The dividend paid to shareholders will be dependent on, among other factors, BillerudKorsnäs' profit level, financial position and future development opportunities.

SECTION D – RISKS		
Item	Information required	Information
D.1	<i>Significant risks associated to the issuer or the industry</i>	Prior to the subscription of Shares in BillerudKorsnäs, an investor should thoroughly analyse the significant risks associated with the Company's and the Share's future performance. These risks include among other, sector and market-related risk factors such as risks related to competition and price pressure, economic climate sensitivity, exposure to wood prices and access to wood raw materials, exposure to major customers, integration problems in relation to the combination with Korsnäs and the acquisition of UPM's packaging paper business, that the condition set by the European Commission, as a requirement for approving the combination, not being fulfilled, increased energy prices, increased cost of other inputs than wood and energy, increased usage of alternative packaging materials, environmental responsibilities, disruptions in the production, dependence upon key employees, intellectual property rights and technology, disputes, tax risks and financial risks such as currency risk, financing risk, credit risk and interest rate risk. There may also be risks related to BillerudKorsnäs or the industry that are not known to BillerudKorsnäs at this time.
D.3	<i>Significant risks associated to the securities</i>	Risks related to the Shares and the Rights Issue include share-related risks, risks related to the Rights Issue not being guaranteed and the subscription undertakings are non-secured, shareholders with substantial influence, trading in Subscription Rights and dilution. There may also be risks related to the securities that are not known to BillerudKorsnäs at this time.



SECTION E – THE OFFER		
Item	Information required	Information
E.1	Issue amount and issuing costs	The Rights Issue will contribute with a maximum of SEK 1 996 million to BillerudKorsnäs prior to issuance costs. Issue expenses will be deducted from the issue amount, and are approximated to SEK 15 million.
E.2a	Motive for and use of the issue proceeds	The purpose of the Rights Issue is to strengthen the Company's capital structure. Senior management and the Board of Directors are aware that the net debt of the Company increased as a result of the acquisition of the shares in Korsnäs and the Company will even after the inflow of the proceeds from the Rights Issue have a considerable net debt. The proceeds will therefore be used by BillerudKorsnäs to pay off debt.
E.3	Type and conditions of offer	<p>General – The offer consists of 68 833 629 Shares and is primarily targeted to existing shareholders in BillerudKorsnäs who will be allotted Subscription Rights.</p> <p>Subscription price – The new Shares in BillerudKorsnäs will be issued at a price of SEK 29 per Share. No commission will be charged.</p> <p>Record date – The record date at Euroclear Sweden to determinate who is entitled to receive Subscription Rights in the Rights Issue is 6 December 2012.</p> <p>Subscription period – Subscription of new Shares shall take place from 7 December 2012 and to, and including, 21 December 2012.</p> <p>Trading in Subscription Rights – Trading in Subscription Rights will be conducted at NASDAQ OMX during the period from and including 7 December 2012 up to and including 18 December 2012. The ISIN-code for the Subscription Rights is SE0004927168.</p> <p>In order not to forfeit the value of Subscription Rights received, a shareholder must either: Exercise the Subscription Rights received, and subscribe for new Shares no later than 21 December 2012; or sell the Subscription Rights received and not exercised no later than 18 December 2012.</p> <p>Allotment – If not all Shares has been subscribed for pursuant to preferential the board of director shall decide about allotment of new Share without preferential rights.</p> <p>Settlement date – Estimated settlement date for share subscribed for without preferential right is 9 January 2013.</p>
E.4	Interests affecting the offering	There are no family ties between the members of the board or members of the senior management. Mia Brunell Livfors is CEO and President, Mikael Larsson is CFO and Wilhelm Klingspor is board member of BillerudKorsnäs' largest shareholder Kinnevik which holds more than 10% of the Shares in BillerudKorsnäs. Michael M.F. Kaufmann is CEO of BillerudKorsnäs' second largest shareholder, Frapag, which holds more than 10% of the Shares in BillerudKorsnäs.
E.5	Lock-up agreement	Not applicable. No lock-up agreements have been entered into.
E.6	Dilution effect	The effect of the Directed Issue and the Rights Issue, if fully subscribed for, will be that the amount of Shares in the Company will increase from 104 834 613 to 208 219 834 Shares, which corresponds to an increase of approximately 98.6%. For those shareholders who refrain from subscribing for Shares in the Rights Issue, a dilution effect of a total maximum of 103 385 221 new Shares will occur following the Directed Issue and the Rights Issue, corresponding to approximately 49.7% of the total number of Shares in the Company after the Directed Issue and the Rights Issue.
E.7	Costs imposed on the investor or the issuer offeror	Not applicable. The Issuer does not impose any costs on investors.



RISK FACTORS

An investment in Subscription Rights, BTA and/or new Shares in BillerudKorsnäs is associated with risks. The Group's operations are affected by a number of factors, which are, wholly or partially, not within BillerudKorsnäs' control. These factors could have a negative impact on the Group's operations, earnings and financial position or cause the value of BillerudKorsnäs' Shares, BTA and Subscription Rights to be reduced, and investors could lose part or all of their investment. A number of risk factors are presented below which could have an impact on BillerudKorsnäs' prospects. The order in which the risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their effects. The presentation does not claim to be exhaustive. All factors are not described in detail and accordingly a complete assessment containing all the information in this prospectus, as well as a general evaluation of external factors must be made. Further risks and uncertainties which BillerudKorsnäs are currently not aware of or which are currently not considered to be material could develop into factors which may materially affect the Group's operations, earnings or financial position.

SECTOR AND MARKET-RELATED RISK FACTORS

Competition and price pressure

BillerudKorsnäs' operations are conducted in a competitive industry. The market for packaging material is characterised by price competition as well as by other competitive factors such as innovation, design, quality and service. Increased competition in these areas may have an adverse impact on the Company's operations, financial position and earnings.

The market for BillerudKorsnäs' products is further affected by changes in the production capacity and supply of the competitors. Historically, there have been periods of excess supply that have led to volatility in prices. Additional new capacity has often been an important cause for such fluctuations. Accordingly, the industry has from time to time experienced periods of significant excess supply, and it cannot be ruled out that this will happen in the future. In the absence of sufficient economic growth with increased demand to reduce such effect, periods of local excess supply may arise which may lead to falling market prices.

Economic climate sensitivity

BillerudKorsnäs' products are in general affected by the business cycle, both in terms of pricing and possible sales volumes. BillerudKorsnäs' operations, financial position and earnings are affected by conditions in the global capital markets and the economy in general in Europe, the United States and the rest of the world. Negative changes in the economy in general in Europe, the United States and the rest of the world may have an adverse effect on BillerudKorsnäs' turnover, financial position and earnings.

Exposure to wood prices and access to wood raw materials

The supply of fresh wood fibre is essential for the Group's paper and board production. Purchases are made from a few major suppliers as well as from a large number of private land owners. Approximately 20% of the wood requirements are imported, mainly from the Baltic countries. The Company has, based on commercial considerations, entered into supply agreements regarding purchase of wood with, among others, Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog. Pricing in accordance with these agreements are based on the development of market prices resulting in a price exposure and limited predictability. Furthermore, there is a risk that the agreements in the future could be terminated or be amended to BillerudKorsnäs' disadvantage, with a negative effect on the Group's earnings and competitive situation as a result. Material supply problems of wood raw materials, for example, as a result of disputes with labour unions or similar, may have similar consequences.

The price on wood raw material that has been increasing for several years has fallen over the past year. Prices are mainly affected by demand in the pulp industry, which means that changes in production in the pulp industry in the Nordic countries can lead to a change in cost for wood raw materials over time. Other applications, such as sawn timber products and wood fuel, primarily in connection with the use of biofuels for electricity- or heat production, may also affect pulpwood prices indirectly. The price of imported wood is also affected by changes in customs duties. To the extent a potential increase in prices cannot be compensated by increasing the prices of BillerudKorsnäs' products, the earnings of the Group may be negatively affected.

Exposure to major customers

In 2011 (pro forma) BillerudKorsnäs' five largest customers accounted for approximately one third of the Group's turnover. The single largest customer, a customer of liquid packaging board, represented a significant part of the Group's turnover. The agreement with this customer has an agreed contract term. There is no guarantee that all major customers will continue to purchase BillerudKorsnäs' products to the same extent as before. If BillerudKorsnäs loses any of its major customers, or if sales to a major customer are significantly reduced, this may adversely affect BillerudKorsnäs' sales and earnings.

The combination with Korsnäs and the acquisition of UPM's packaging paper business

The Company completed the acquisition of UPM's packaging paper business in the second quarter of 2012 and, furthermore, the acquisition of the shares in Korsnäs from Kinnevik was completed in November 2012. Through the combination with Korsnäs and the acquisition of UPM's packaging paper business, the turnover of the Group increases with over SEK 10 billion, the number of production units in the Group increases from four to eight and the Group obtains three pellet plants. Delays and difficulties arising in connection with the process of integrating the acquired businesses may affect BillerudKorsnäs. In connection with the integration, the acquired businesses' relationships with customers, suppliers and senior management and key employees may be affected. There are no guarantees for when and if calculated and communicated synergies can be realised. Delayed or more costly integration of Korsnäs and UPM's packaging papers business may adversely affect BillerudKorsnäs' operations, financial position and earnings.

Conditions relating to the European Commission's approval of the combination between Billerud and Korsnäs.

The combination between Billerud and Korsnäs was, among other things, conditional upon the approval from the relevant competition authorities. The European Commission, one of the relevant competition authorities, has in order to approve the Transaction required the divestment of a paper machine located at the production facility in Gävle (PM 2), where the Group, among other things, produces white kraft and sack paper. The sales of white kraft and



sack paper products manufactured at PM 2 amounted to approximately 2% of the new Group's total combined sales volume for the year 2011. Furthermore, BillerudKorsnäs will during a limited period of time offer to deliver certain supply inputs such as pulp, steam and electricity to the paper machine.

If the divestment, in accordance with the conditions stated by the European Commission, does not occur within a certain time frame and is not made to a player considered appropriate by the European Commission, the European Commission may require the sale of another production capacity. The Group may also incur costs as a result of fines imposed by the European Commission. Under extraordinary circumstances and if no other pro-competitive measures are found to be available, the European Commission may ultimately challenge the validity of the Transaction. Penalties ensuing as a result of the conditions of the European Commission's decision not being fulfilled may adversely affect BillerudKorsnäs operations, financial position and earnings. For further information on the European Commission's decision to approve the combination and, as well as the monitoring and enforcement of the decision, see the chapter "Legal considerations and supplementary information" under the heading "Conditions for the European Commission's approval of the Transaction."

Energy prices

Energy costs represent a major component of the manufacturing costs. The main part of the production is located in Sweden. BillerudKorsnäs consumes electricity, bio-fuel, oil and small amounts of other sources of energy.

As of 1 November 2011, Sweden is divided into four areas for electricity. The Karlsborg production unit is in the LUL bidding area and the production units in Skärblacka, Gruvön, Gävle and Frövi/Rockhammar are in the STO bidding area. Prices can vary between the areas and, as an estimate, prices will be lower in the north and higher in the south. Increased energy prices may result in higher operating expenses for the Group and have a negative effect on the operating earnings.

BillerudKorsnäs is entitled to the allocation of electricity certificates for the electricity produced at the Group's biofuel plants until the end of 2012. BillerudKorsnäs sells the allocated electricity certificates on an ongoing basis and in 2011 this had an effect on the Group's results of SEK 131 million, not including the acquisitions of Korsnäs and UPM's packaging paper business that were completed during 2012.

In 2005 and 2006, the Group rebuilt and carried out investments in its biofuel plants to increase the environmentally friendly

electricity production, and thus increase its allocation of electricity certificates. The Group therefore applied to the Swedish energy agency for new allocation of electricity certificates for the allocation period of 15 years (valid from 2006). The cause for the applications is that the relevant biofuel plants – after the rebuildings and investments – according to the Group are to be considered on as new units. Accordingly, pursuant to the Electric Certificates Act (*Sw: lagen (2011:1200) om elcertifikat*) the new units shall entitle to new allocation periods. However the Swedish energy agency has decided not to approve the applications on the grounds that the rebuildings and investments have not resulted in that the biofuel plants are to be considered as new units. The Group has appealed to the county administrative court in Linköping, which now will reexamine the matter whether or not the Group is entitled to allocation for the new allocation periods. If electric certificates for the new allocation periods are not allocated to the Group there is a risk that the Group's energy costs will increase after the end of 2012, which may adversely affect the Group's earnings and financial position.

Cost of other inputs

Besides wood and energy, process chemicals such as sodium hydroxide, sodium chlorate and latex, packaging material and machine covers are used in the manufacture of BillerudKorsnäs' products. The market prices for these inputs vary over time, which may adversely affect the Group's earnings.

Alternative packaging materials

BillerudKorsnäs is active in the market for packaging paper, board and containerboard. While the paper and board industry continually develops the quality and characteristics, new alternatives to paper and board as packaging materials evolve. If the use of alternative packaging materials such as plastic, glass and metal in some fields of application would increase at the expense of paper or board or if the use of packaging in general would decrease, BillerudKorsnäs' turnover and earnings may be adversely affected.

Environmental responsibilities

BillerudKorsnäs' production of pulp, paper and board entails considerable environmental aspects. There are emissions of various substances to water and air. The production process also results in certain types of waste.

The Group's activities are regulated by extensive environmental legislation and require permits. The permits allow the production units to produce a certain amount of pulp and paper/board but also include several conditions regarding, among other things, emissions to water and air, noise as well as waste and chemicals management. A materi-

al environmental risk lies in the consequences that would follow if BillerudKorsnäs does not meet the terms in its production permit during normal production. This could lead to a production shortfall for a period and costs for, inter alia, new investments or costs for other measures which must be taken to overcome the problems. If permit terms are breached, criminal liability can arise, for responsible individuals employed by the Company. Furthermore, companies in the Group may be imposed other sanctions, such as corporate fines. The permitting authority may also withdraw a permit if the permit is not complied with and the deviation is not of insignificant importance. To the extent that environmental damage has been determined, BillerudKorsnäs could, in such cases, also be liable for costs for restoration and other follow-up measures. In certain situations, sanction fees could also be imposed, for example, if BillerudKorsnäs should fail in its self-control.

Obtained environmental permits have to be renewed within certain timeframes and there are no guarantees that new permits will be granted.

In Sweden and internationally, the trend is towards increasingly stricter environmental legislation, in which new permits normally stipulate lower thresholds for maximum environmental impact. Such rule changes can lead to requirements for major new investments to enable production to continue. Even if BillerudKorsnäs is meeting legal requirements, there is a risk of negative reactions from the community. This trend may also entail that the legislative requirements are sharpened. The environmental legislation in Sweden today requires that the conductor of the business, to a reasonable extent, uses the best possible technology. A trend which involves a stricter approach towards environmental impact may entail that the demand for the best possible technology in the future are sharpened, which may entail that new investments or other measures to make continued production possible are required.

A person conducting a business which has caused an environmental damage has strict responsibility for such damage in accordance with the Swedish environmental legislation. This implies a responsibility to pay damages for BillerudKorsnäs, even if the damage has not been caused by the Group's or its employees' negligent actions. The risk for environmental damages is evident in BillerudKorsnäs' operations. Claims for compensation or injunctions concerning post-restoration as a result of possible damages which have been caused by the operations conducted by BillerudKorsnäs today or which BillerudKorsnäs earlier has conducted, are difficult to foresee and may amount to significant amounts. Environmentally affecting operations have



been conducted during a long time on the real property where BillerudKorsnäs' production units are located today. The possibility that BillerudKorsnäs will be under the injunction to investigate, perform post-restoration or otherwise bear the costs for post-restoration concerning affected properties where operations are or have been conducted, cannot be ruled out. Other similar costs, may also arise with respect to properties owned by, or previously owned by, BillerudKorsnäs.

Finally, the Group is affected by economic instruments within the environmental area such as carbon dioxide emission allowance, nitrogen dioxide fees and waste taxes, which can lead to both earnings and costs and there is no guarantee that future rule changes will not affect BillerudKorsnäs' turnover and earnings.

Disruptions in the production

BillerudKorsnäs' production operation consist of a series of processes where interruption or disruptions at some stage of the process, for example, break downs, weather conditions, geographical conditions, disputes with labour organisations, acts of terror or natural disasters, may have consequences for BillerudKorsnäs' ability to fulfill its undertakings towards its customers. Such interruptions or disruptions may have a negative impact on the Company's operations, financial position and earnings.

BillerudKorsnäs' production units operate 24 hours a day, every day of the year. The continuous operation means high efficiency in the utilisation of capital, but it also increases the sensitivity for unplanned disruptions. If the operation is disrupted, implying a larger production short fall, this may entail reduced sales for BillerudKorsnäs.

Dependence upon key employees

The ability to attract and retain qualified personnel and management is important for BillerudKorsnäs. Key employees have a significant impact on the future development of BillerudKorsnäs. If key employees leave the Group or if BillerudKorsnäs is unable to attract qualified employees, this may affect the Group's operations, financial position and earnings.

Intellectual property rights and technology

BillerudKorsnäs has previously, and will henceforth, continue to invest significantly in product development. To secure return on these investments, companies within the Group actively claim their rights and monitor competitors' activities closely. However, it cannot be guaranteed that BillerudKorsnäs

will be able to protect its granted patents, trademarks and other intellectual property rights, or that tendered registration applications will be approved. Furthermore, the sectors in which BillerudKorsnäs is active demonstrate, in several aspects, rapid technological development. This entails a risk of new technologies and products being developed that circumvent or replace BillerudKorsnäs' intellectual property rights. BillerudKorsnäs cannot guarantee that companies within the Group cannot be considered or alleged to infringe upon intellectual property rights of others. Disputes regarding infringement of intellectual property rights can, as with disputes in general, be costly and time consuming and, accordingly, may adversely affect the Group's operations, financial position and earnings.

Disputes

Companies within the Group are occasionally involved in disputes in the ordinary course of business and are subject to the risk, similar to other industrial companies, of becoming subject to claims regarding, for example, contractual matters, product liability, alleged defects in delivery of goods and services, environmental issues and intellectual property rights. Such disputes and claims may prove time-consuming, disrupt normal operations, involve large amounts and result in significant costs. In addition, the outcome of complicated disputes may be difficult to foresee. For additional information on the disputes and other liability issues in which BillerudKorsnäs is currently involved, see the chapter "Legal considerations and supplementary information".

Tax risks

BillerudKorsnäs conducts its operations through companies in a number of countries. The business, including transactions between Group companies, is conducted in accordance with BillerudKorsnäs' interpretation of prevailing tax legislation, tax agreements and regulations in the various concerned countries and demands by relevant tax authorities. Even if BillerudKorsnäs and its advisers have processes and a framework prepared for transactions that may have tax effects, the possibility that BillerudKorsnäs' interpretation of applicable laws, tax treaties and regulations, or the affected relevant authorities' interpretation of these or administrative practice is not entirely correct, or that such regulations change, potentially with retroactive effect, cannot be ruled out. BillerudKorsnäs' tax situation may change through decisions by the relevant authorities which may have a negative impact on the Group's financial position and earnings.

Financial risks

In its operations, BillerudKorsnäs is exposed to different types of financial risks which in essence include currency-, financing-, interest rate- and credit risk. For additional information on these risks and the Group's work in minimising them, see the chapter "Capital structure and other financial information" under the section "Financial exposure and risk management".

Currency risk

Currency risk refers to the risk that currency exchange rate fluctuations will have on income and balance of the Group. The currency risk is divided into transaction exposure, i.e. the risk that exchange rate on export sales and import costs affects the value of BillerudKorsnäs' earnings and assets adversely, and translation exposure, i.e. the risk that BillerudKorsnäs is exposed to when profit and loss accounts and balance sheets of non-Swedish subsidiaries is translated into SEK.

BillerudKorsnäs is structurally exposed to currency changes as most of the earnings are invoiced in foreign currencies. However, most operating costs are in SEK with the primary exceptions of production costs in Finland, the UK and the Baltic countries, freight costs and costs for imported wood raw materials and chemicals, which are mainly affected by EUR and USD. The Group's net currency exposure is considerable and is mainly restricted to EUR, USD and GBP.

BillerudKorsnäs is also exposed to translation exposure as the Group has assets in other currency than SEK, primarily through its subsidiaries in Finland, the UK and Latvia.

The Group's currency exposure means that currency exchange rate fluctuations may have a negative effect on BillerudKorsnäs' operations, earnings and financial position.

Financing risk

Financing risk means the risk that finance cannot be arranged, or only at significantly increased costs. As a result of the acquisition of the shares in Korsnäs, BillerudKorsnäs' net debt increased and the Group will even after the proceeds from the Rights Issue have a significant net debt. BillerudKorsnäs' interest-bearing debt comprises bank loans and pension liabilities and other long-term benefits to employees. The indebtedness could have significant consequences affecting shareholders including that BillerudKorsnäs will use the proceeds from the Rights Issue and a large part of the cash flow for paying off debt, which reduces the funds for financing operations, investments, working capital



and other, general, corporate objectives, and that the Group's flexibility is limited when it comes to meeting changes in the packaging business.

Access to further financing is affected by a number of factors, including market conditions, the general availability of credit and BillerudKorsnäs' creditworthiness and credit capacity. In addition, access to further financing will be affected by any negative perceptions that customers, suppliers or lenders may acquire about BillerudKorsnäs' long- and short-term financial prospects. Disruptions and uncertainty in the capital and credit markets may also limit availability to the capital needed to operate the business.

A deterioration of BillerudKorsnäs' profitability or financial position may seriously affect the BillerudKorsnäs' ability to meet its obligations under applicable loan agreements and as a result thereof (for example as an increased cost of financing, refinancing or that a credit is terminated and due for payment), have an adverse effect on BillerudKorsnäs' operations, earnings and financial position.

Credit risk

Credit risk refers to when a counterpart in a financial transaction cannot meet its commitments. If BillerudKorsnäs' measures to minimise the credit risk would not be sufficient, this may have an adverse effect on BillerudKorsnäs' financial position and earnings.

Interest rate risk

The interest rate risk corresponds to the profit and loss effect that a change in interest rates causes. The speed with which a change in interest rates affects profit and loss depends on the interest rate refixing periods of the loans and investments. To ensure cost-efficient financing and avoid excessive impacts on the earnings from large negative changes in interest rates, the norm for BillerudKorsnäs is that the average refixing period for the borrowing portfolio shall be 18 months, with a permitted deviation of +/-12 months. Interest rate derivatives, preferably interest rate swaps, are used to achieve this norm. Price risks are defined as the profit

and loss effect changes in prices of outstanding capital instruments may pursue. BillerudKorsnäs is a net borrower and invests only as an exception in listed instruments and investments are made with short refixing periods. Even though BillerudKorsnäs' exposures to interest rate changes and other interest risks are reduced to some extent by such guidelines, it cannot be guaranteed that such guidelines are efficient or sufficient enough in order for BillerudKorsnäs' financial position and earnings not to be adversely affected.

RISKS RELATED TO THE SHARES AND THE RIGHTS ISSUE

Share-related risks

Risk and risk-taking is an inevitable part of investing in shares. Since a share investment may increase or decrease in value, there can be no guarantee that an investor will have its invested capital returned in full. The price of the Shares may fall below the subscription price in the Rights Issue. A person that decides to subscribe for new Shares in the Rights Issue could make a loss on the sale of such Shares. The progress of the share price depends on a number of factors, some of which are company specific and others that are related to the stock market in general. Such factors may also increase the volatility of the share price. It is impossible for BillerudKorsnäs to control all the factors that may affect its share price and, accordingly, all decisions to invest in the new Shares should be preceded by a thorough research.

The Rights Issue is not guaranteed and the subscription undertakings are non-secured

The Rights Issue is not guaranteed. However, the two major shareholders of BillerudKorsnäs – Kinnevik, which has an ownership share of 25.1% ¹⁾ after the Directed Issue, and Frapag, which has an ownership share of 15.7% ²⁾ after the Directed Issue – have undertaken to subscribe for Shares in the Rights Issue. Kinnevik has committed to subscribe for Shares to an amount of SEK 500 million and Frapag has committed to subscribe for Shares corresponding to its pro rata share. The subscription commitments are not secured through a bank guar-

antee, collateral or otherwise. Against this background, BillerudKorsnäs cannot guarantee that the Rights Issue will be wholly subscribed for or that the major shareholders' subscription undertakings will be fulfilled and, accordingly, that the anticipated proceeds from the Rights Issue of approximately SEK 2 billion will accrue to the Company.

Shareholders with substantial influence

Assuming that all Subscription Rights under the Rights Issue are utilised to subscribe for new Shares, and that the major shareholders subscribe for new Shares in accordance with their subscription commitments, Kinnevik will hold 25.1% ¹⁾ of the Shares and Frapag will hold 15.7% ²⁾ of the Shares. The aforementioned major shareholders may increase their individual shareholdings in BillerudKorsnäs in the event of The Rights Issue not being subscribed in full. Therefore, the major shareholders may, also after the Rights Issue, exercise a significant influence over the Company in matters subject to shareholder approval. It cannot be ruled out that Kinnevik's and Frapag's interests thus may differ from the interests of other shareholders.

Trading in Subscription Rights

Subscription Rights for the new Shares will be traded on NASDAQ OMX in the period from 7 December 2012 until 21 December 2012, both dates inclusive. There can be no guarantee that active trading in the Subscription Rights develops, or that there will be sufficient liquidity. If active trading develops, the price of Subscription Rights will be dependent on factors including the price performance of the Shares may be subject to greater volatility than such Shares.

Dilution

As a result of the Directed Issue, other shareholders will have lower proportion of BillerudKorsnäs' share capital and votes. Further, shareholders that choose not to exercise their Subscription Rights in the Rights Issue will have a lower proportion of BillerudKorsnäs' share capital and votes as a result of that the total number of Shares and votes in the Company will increase when Shares are allotted in the Rights Issue.

1) 25.0% of the Shares in BillerudKorsnäs outstanding in the market and own-held Shares reserved for long term incentive programs.

2) 15.6% of the Shares in BillerudKorsnäs outstanding in the market and own-held Shares reserved for long term incentive programs.



INVITATION

The Shareholders in BillerudKorsnäs are hereby invited to, with preferential right, subscribe for new Shares in BillerudKorsnäs in accordance with the terms and conditions outlined in this prospectus.

On 19 June 2012 Billerud and Kinnevik agreed on a combination between Billerud and Korsnäs. This combination was completed on 29 November 2012 through Billeruds' acquisition of all shares in Korsnäs. In connection with this combination, and in order to strengthen BillerudKorsnäs financial position, the Board of Directors of BillerudKorsnäs resolved on 29 November 2012, with the authorisation of the extraordinary general meeting on 14 September 2012, to increase the Group's share capital by way of the Rights Issue.

The Rights Issue, if fully subscribed for, will increase the Company's share capital by SEK 508 316 290 by issuance of 68 833 629 Shares. The Company's existing shareholders will have preferential right to subscribe for new Shares in BillerudKorsnäs in proportion to their existing holdings in the Company. The record date to determine which shareholders are entitled to subscribe with preferential right is Thursday 6 December 2012. Subscription for Shares with preferential rights can be made from 7 December 2012 up to and including 21 December 2012, or such later date as decided by the Company's Board of Directors and in accordance with what is stated in the chapter "Terms, conditions and instructions".

The Rights Issue resolution means that shareholders are entitled to subscribe for one new Share for every two existing Shares held in BillerudKorsnäs. Should all Shares not be subscribed for by preferential right, the Board of Directors should decide on allotment of Shares to those who have subscribed for Shares without preferential right, in accordance with what is stated in "Terms, conditions and instructions". Allotment of Shares subscribed for without preferential rights will primarily be made to those who have also subscribed for Shares with preferential right. The subscription price has been set at SEK 29 per Share, which means that the Company will raise, if the Rights Issue is fully subscribed, approximately SEK 1 996 million before issue costs.¹⁾ The new Shares will carry the same rights as the existing Shares in BillerudKorsnäs.

For shareholders who choose not to participate in the Rights Issue, there will be a dilution effect of approximately 33.1%²⁾. However, shareholders can gain economic compensation for this dilution by selling their Subscription Rights.

Subscription undertakings³⁾

BillerudKorsnäs' largest shareholders, Kinnevik and Frapag have committed to subscribe for Shares in the Rights Issue. Kinnevik has agreed to subscribe for Shares corresponding to a value of SEK 500 million. Frapag has agreed to subscribe for Shares corresponding to its existing ownership in BillerudKorsnäs. Their commitments corresponds to approximately 41% of the Rights Issue.⁴⁾

Stockholm 29 November 2012

BillerudKorsnäs AB (publ)

The Board of Directors

1) From the proceeds of the Rights Issue of approximately SEK 1 996 million, deductions for costs related to remuneration to the issuing department, the underwriters and other transaction costs in connection to the Rights Issue (issue costs). These costs are estimated to approximately SEK 15 million. Net of issuance costs the Company is estimated to raise approximately SEK 1 981 million.

2) Dilution effect is based on total number of Shares including BillerudKorsnäs own holding of 1 718 947 Shares.

3) For further information, please see chapter "Legal considerations and supplementary information".

4) The subscription commitments are not secured. For further information, please see chapter "Risk factors" under the section "Risks related to the Shares and the Rights Issue".



BACKGROUND AND REASONS

The operations of Billerud and Korsnäs complement each other very well, and the combination is a natural step in the development of both companies.

On 29 November 2012, the new company BillerudKorsnäs was created through the combination between Billerud and Korsnäs. Through this and the acquisition of UPM's packaging paper operations in Finland completed in June 2012, Billerud has undergone its greatest change ever. In 2012, the Company has taken the step from being a medium-sized Swedish industrial group to an important European player in packaging materials.

The agreement regarding a combination between Billerud and Korsnäs was announced on 20 June 2012. The combination was subject to certain conditions, such as the approval of the extraordinary general meeting in Billerud and relevant competition authorities. On 14 September 2012, the extraordinary general meeting of Billerud approved the combination and on 27 November all conditions for the combination had been met, whereupon Billerud acquired the shares in Korsnäs from Kinnevik on 29 November 2012, thus creating the new company BillerudKorsnäs.

The operations of Billerud and Korsnäs complement each other very well, and the combination is a natural step in the development of both companies. The combination creates a strong platform for further expansion on new markets and a renewed offering, which is fundamental to sustainable profitability going forward. Following the integration of Billerud and Korsnäs, the BillerudKorsnäs product portfolio will contain what the market demands in packaging paper, consumer board and containerboard. BillerudKorsnäs will also have a more extensive knowledge base, enabling a higher pace of innovation and development of smart solutions for present and new customers.

The Board of BillerudKorsnäs is of the opinion that the combination creates a stronger company that will be even better positioned to offer its customers competitive products and solutions, and attract and keep the best staff. The transaction is hence deemed to have solid fundamentals to create an attractive return for BillerudKorsnäs' shareholders. Estimated synergies in BillerudKorsnäs are approximately SEK 300 million annually, mainly through the coordination of raw materials supply and other purchasing, and through optimising development, production, logistics and sales. It is estimated that the full effect of the synergies will be achieved three years after completion of the Transaction, with half being realised within the first 18 months of completion of the Transaction.

The combination has taken place by means of Billerud acquiring all shares in Korsnäs from Kinnevik. The consideration consisted partly of new Shares in BillerudKorsnäs, and partly of a cash payment. The combined company, BillerudKorsnäs, has also assumed Korsnäs' net debt. To finance the purchase price and to refinance existing interest-bearing debt financing, BillerudKorsnäs secured bank financing totalling around SEK 10.5 billion when the combination agreement was entered into. At the same time, it was also announced that the Company intended to carry out a Rights Issue of approximately SEK 2.0 billion to strengthen the capital structure and provide the new company with a reasonable level of leverage. The net proceeds from the Rights Issue will thus be used to repay part of the debt raised in connection with the acquisition of Korsnäs.

The Board of BillerudKorsnäs is responsible for the content of this prospectus. The Board of Directors hereby provides an assurance that all reasonable care has been taken to ensure that the information contained in this prospectus is, as far as the Board of Directors knows, true and that nothing has been omitted that could affect its meaning.

Stockholm 29 November 2012

BillerudKorsnäs AB (publ)

The Board of Directors



TERMS, CONDITIONS AND INSTRUCTIONS

This chapter is about terms, conditions and instructions regarding the Right Issue. For more information about the newly issued Shares, see chapter “Share capital and ownership structure”.

PREFERENTIAL RIGHT AND SUBSCRIPTION RIGHTS

Those who, on the record date of 6 December 2012, are registered as BillerudKorsnäs shareholders have a preferential right to subscribe for new Shares in proportion to the number of Shares held on the record date.

Persons who are registered as shareholders in BillerudKorsnäs on the record date of 6 December 2012 will therefore receive one (1) Subscription Right for each one (1) share held in BillerudKorsnäs. The Subscription Rights entitle the holder to, with preferential right, subscribe for Shares, in which two (2) Subscription Rights entitles to subscribe for one (1) new issued Share.

For shareholders who choose not to participate in the Rights Issue, there will be a dilution effect of approximately 33.1%.

Application to subscribe can be made for Shares not subscribed for by preferential right, please see the section “Subscription for Shares without preferential rights”.

CENTRAL SALE OF EXCESS SUBSCRIPTION RIGHTS

For shareholders who are entitled to a number of Subscription Rights not equally divisible by two (2) will, in addition to those Subscription Rights equally divisible by two (2), receive one (1) excess Subscription Right. Excess Subscription Rights will be withdrawn from such shareholders’ VP accounts on 7 December, 2012, whereupon such Subscription Rights will be sold centrally at the prevailing market price. The sale will be effected by SEB on instruction from BillerudKorsnäs. The sale proceeds will be distributed to each shareholder through Euroclear. No commission will be charged for the central sale of excess Subscription Rights.

Note that after excess Subscription Rights have been withdrawn, shareholders with any remaining Subscription Rights on their VP accounts will have a holding that is equally divisible by two (2). If shareholders wish to purchase Subscription Rights to subscribe for more Shares, such purchases should total a number that is evenly divisible by two (2).

SUBSCRIPTION PRICE

The new Shares in BillerudKorsnäs will be issued at a price of SEK 29 per share. No commission will be charged.

RECORD DATE

The record date at Euroclear Sweden to determine who is entitled to receive Subscription Rights in the Rights Issue is 6 December 2012. BillerudKorsnäs Shares will be traded excluding right to participate in the Rights Issue commencing 4 December 2012. The final day for trading inclusive of the right to participate was 3 December 2012.

SUBSCRIPTION PERIOD

Subscription of new Shares shall take place from 7 December 2012 and to, and including, 21 December 2012 as specified below.

ISSUE STATEMENTS

Directly registered shareholders

Prospectus and a pre-printed issue statement with attached bankgiro form will be sent to directly registered shareholders and representatives of shareholders, who, on the record date, are registered in the share register maintained by Euroclear Sweden on behalf of BillerudKorsnäs.

The issue statement includes, for example, the number of Subscription Rights received and the number of Shares that may be subscribed for with preferential right.

No securities notification (*Sw: VP-avi*) will be sent out regarding the registration of Subscription Rights on securities accounts.

Those who are included in the special list of pledge holders and trustees that is maintained in connection with the share register will not receive any issue statement, however they will be informed separately.

Nominee-registered shareholdings

Shareholders whose holdings are nominee-registered at a bank or other nominee will not receive a prospectus and an issue statement but must, in order to use their preferential right to subscribe for new Shares, follow the instructions from their nominee or, in the case the Shares are registered by more than one nominee, from each of these.

Shareholders resident in certain unauthorised jurisdictions

The allotment of Subscription Rights and the issuance of new Shares by exercise of Subscription Rights to persons who are resident outside Sweden, may be affected by the securities legislation in the country of residence, see chapter “Restrictions on sale and transfer etc”. Consequently, subject to certain potential exceptions, shareholders whose Shares in BillerudKorsnäs are registered directly in a securities account and whose registered address is in Australia, Hong Kong, Japan, Canada or the United States will not receive this prospectus. Nor will they receive any Subscription Rights on their respective securities accounts. The Subscription Rights that otherwise would have been delivered to such shareholders will be sold and the sales proceeds, less a deduction for costs, will be paid to such shareholders. Amounts of less than SEK 250 will not be paid out.

TRADING IN SUBSCRIPTION RIGHTS

Trading in Subscription Rights will be conducted at NASDAQ OMX during the period from and including 7 December 2012 up to and including 18 December 2012. SEB

Enskilda and other securities institutions in possession of the required licences will provide brokerage services in connection with the purchase and sale of Subscription Rights. The ISIN-code for the Subscription Rights is SE0004927168. Subscription Rights that are not intended for exercise by the holder are required to be sold no later than 18 December 2012 in order to avoid losing their value at maturity. When subscription is transferred/sold the right to subscribe for new Shares is transferred to the new owner.

SUBSCRIPTION PURSUANT TO PREFERENTIAL RIGHT

Subscription of new Shares pursuant to preferential right will take place during the period from and including 7 December 2012 up to and including 21 December 2012. On expiry of the Subscription Period, unexercised Subscription Rights will expire and will be deleted from the securities accounts without notification from Euroclear Sweden.

In order not to forfeit the value of Subscription Rights received, a shareholder must either:

- Exercise the Subscription Rights received, and subscribe for new Shares no later than 21 December 2012; or
- sell the Subscription Rights received and not exercised no later than 18 December 2012.

BillerudKorsnäs’ Board of Directors is entitled to extend the Subscription Period. Subscription for new Shares pursuant to preferential rights is irrevocable and a shareholder may not cancel or modify a subscription for new Shares.

Directly registered shareholders resident in Sweden

Subscription for new Shares pursuant to preferential rights will be effected via payment in cash, either by use of the pre-printed bank giro form or a special application form with simultaneous payment in accordance with one of the options below:

- The bank giro form is used if all Subscription Rights, designated as evenly subscribable, in the issue statement from Euroclear Sweden are to be exercised. No additions or changes may be done on the bank giro form.
- The application form is used if Subscription Rights have been purchased or transferred from another securities account or if, for some other reason, the number of Subscription Rights to be exercised for subscription differs from the number on the pre-printed issue statement.



BILLERUDKORSNÄS

Application forms may be obtained from SEB Emissioner or any SEB branch in Sweden.

Directly registered shareholders not resident in Sweden

Shareholders eligible for Subscription Rights who are not resident in Sweden and who cannot use the pre-printed bank giro form must use the application form sent out in order to subscribe for Shares. On submission of the form to the address indicated below, payment must be made in SEK to the Swedish bank account indicated below.

SEB
Emissioner R B6
SE-106 40 Stockholm, Sweden
Bank account number: 5865-10 031 61
IBAN: SE9550000000058651003161
BIC: ESSESESS

On payment, the subscriber's name, address and the securities account number (*Sw: VP-konto*) or payment identity in accordance with the issue statement must be quoted. Application form and payment must be received by SEB Emissioner no later than 21 December 2012. Application forms are available at SEB's website www.sebgroup.com/prospectuses as well as BillerudKorsnäs' website www.billerudkorsnas.com.

Nominee-registered shareholdings

Subscription of and payment for Shares subscribed for pursuant to preferential right shall be made to the respective nominee and in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of these.

PAID SUBSCRIBED SHARES (BTAs)

A few days after payment and subscription, Euroclear Sweden will send a securities notification confirming that the paid subscribed Shares (*Sw: betalda tecknade aktier, "BTAs"*) have been registered on the securities account. The newly subscribed Shares are entered as BTAs on the securities account until such time as the issue has been registered with the Swedish Companies Registration Office. It is expected that Shares subscribed for with preferential right through payment will be registered on or around 7 January 2013. Subsequently BTAs will be re-registered as ordinary Shares, which is expected to take place on or around 11 January 2013. No securities notification will be sent out in connection with this re-classification. Custody account holders represented by a nominee will receive BTAs and information according to each respective nominee's procedures.

TRADING IN BTAs

Trading in BTAs on NASDAQ OMX is expected to take place during the period from and including 7 December 2012 up to and including 8 January 2013. Note that no trading in BTAs or new Shares will take place on 9 January 2013 in order to execute the transformation of BTAs to new Shares.

SEB Enskilda and other securities institutions in possession of the required licences will provide brokerage services in connection with the purchase and sale of BTAs. The ISIN-code for BTAs is SE0004927176.

SUBSCRIPTION FOR SHARES WITHOUT PREFERENTIAL RIGHTS

Application can also be made for subscription for Shares without preferential right.

Directly registered shareholders and others

Application for subscription for Shares without preferential right must be made on a special application form named "Subscription for Shares without preferential right". More than one application form may be submitted, although only the most recently dated form will be considered. Application forms are available at all SEB branches in Sweden and on SEB's website at www.sebgroup.com/prospectuses as well as from BillerudKorsnäs website at www.billerudkorsnas.com. The completion form may be sent to SEB, Emissioner R B6, SE-106 40 Stockholm, Sweden, or may be handed in at any SEB branch in Sweden.

The application form must be received by SEB no later than 21 December 2012. BillerudKorsnäs' Board of Directors is entitled to extend the Subscription Period.

Nominee-registered shareholdings

Subscription of and payment for Shares subscribed for without preferential right shall instead be made to the respective nominee and in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of these.

Allotment of Shares subscribed for without preferential right

If not all Shares has been subscribed for pursuant to preferential the Board of Directors shall decide about allotment of new Shares without preferential rights. The Shares will be allotted in the following order:

1. Firstly, allotment of Shares subscribed for without Subscription Rights shall be made to those that have also subscribed for Shares with Subscription Rights, regardless if the subscriber was registered as a shareholder on the record day or not. In the event that full allotment to these cannot be made, allotment shall be made pro rata in proportion to the number of Subscription Rights that have been used for subscription of Shares and, to the extent this cannot be done, through drawing of lots.
2. Secondly, allotment of Shares subscribed for without Subscription Rights shall be made to others that only have subscribed for Shares without Subscription Rights. In such case where full allotment to these cannot be made, allotment shall be made pro rata in proportion to the number of Shares that each one has subscribed for and, to the extent this cannot be done, through drawing of lots.

As confirmation of the allotment of Shares subscribed for without preferential right, a settlement note will be sent directly to registered shareholders and others with a securities account (*Sw: VP-konto*). Shares subscribed for and allotted must be paid for in cash no later than 9 January 2013. Shareholders whose holdings are nominee-registered will receive confirmation of the allotment in accordance with the procedure of the respective nominee. Estimated settlement date is 9 January 2013. No confirmation will be sent to those who have not been allotted new Shares. The subscription of new Shares is binding. If payment is not completed when due, the Shares will be allotted to others. In case the maturity price of the Shares is below that of the new Shares at issuance, the initial holder of the new Shares is responsible for paying the entire or part of the difference.

Newly issued Shares will be delivered as soon as the required registration has taken place at the Swedish Companies Registration Office. This is expected to take place on or around 10 January 2013. A securities notification will be sent to the directly registered shareholders or nominees as confirmation that the Shares have been registered on the securities account.

LISTING OF THE NEW SHARES

BillerudKorsnäs Shares are listed on NASDAQ OMX. After registration with the Swedish Companies Registration Office, the new Shares will be traded on the NASDAQ OMX.

RIGHT TO DIVIDEND

The new Shares will carry right to dividend commencing from the first record date for dividend occurring after the Rights Issue has been registered at the Swedish Companies Registration Office.

ANNOUNCEMENT OF SUBSCRIPTION TAKE-UP IN THE RIGHTS ISSUE

The preliminary subscription take-up in the Rights Issue will be announced through a press release from the Company on or around 4 January 2013. The final subscription take-up will be announced through a press release from the Company on or around 10 January 2013.

OTHER INFORMATION

An incomplete or incorrectly completed application form may be rejected. Furthermore, if the subscription payment is made late or is insufficient, the subscription application may be rejected. In such case, the subscription payment will be refunded.

Questions regarding the Rights Issue will be answered through: +46 (0) 8 553 335 00.



HOW TO PROCEED

On 29 November 2012, the combination of Billerud and Korsnäs was completed and Billerud changed its name to BillerudKorsnäs. As a consequence, shareholders in Billerud hold Shares in the new Group BillerudKorsnäs. Each former Share in Billerud has become a Share in BillerudKorsnäs. This will take place without any action from the shareholder. Persons holding Shares in BillerudKorsnäs on the record date 6 December 2012 will receive Subscription Rights in the Rights Issue.

➤ TERMS AND CONDITIONS

For each Share in BillerudKorsnäs, you will receive one (1) Subscription Right. Two (2) Subscription Rights provides an entitlement to subscribe for one (1) new Share in BillerudKorsnäs.

➤ SUBSCRIPTION PRICE

SEK 29 per Share

➤ RECORD DATE FOR THE RECEIVING OF SUBSCRIPTION RIGHTS

6 December 2012

➤ SUBSCRIPTION PERIOD

7 December – 21 December 2012

➤ TRADING IN SUBSCRIPTION RIGHTS

7 December – 18 December 2012

 **QUESTIONS REGARDING THE RIGHTS ISSUE CAN BE ANSWERED BY PHONE: +46 (0) 8 553 335 00**

SUBSCRIPTION PURSUANT TO PREFERENTIAL RIGHT

1. You will be allotted Subscription Rights

For each Share in BillerudKorsnäs you hold on 6 December 2012...

Share

...you will receive one (1) Subscription Right.

Subscription Right

2. How to exercise your Subscription Rights

Two (2) Subscription Rights...

Subscription Rights



SEK 29

... gives one (1) new Share in BillerudKorsnäs

Share

3. Are you a directly registered shareholder or are your holdings nominee-registered?

You have a securities account, i.e directly registered

You are a Swedish resident

➤ If you want to exercise all Subscription Rights, use the pre-printed bank giro form from Euroclear Sweden.

➤ If you have purchased, sold or transferred Subscription Rights to/from your securities account, use the special subscription form available at all SEB branches in Sweden. Payment can be made at any Swedish bank office.

You are not a Swedish resident ¹⁾

➤ Use the sent out application form. The application form must be sent to the address stated on the application form and in the chapter "Terms, conditions and instructions", and payment must be made in SEK to the Swedish bank account also stated on the application form and in the chapter "Terms, conditions and instructions".

You have a custody account, i.e nominee-registered

➤ If your BillerudKorsnäs Shares are held in one or more custody accounts at a bank or other securities institution, your nominee(s) will inform you of the number of Subscription Rights that you have received.

➤ Follow the instructions you receive from your nominee(s).

SUBSCRIPTION FOR REMAINING SHARES WITHOUT PREFERENTIAL RIGHT (BY SHAREHOLDERS AND OTHERS) ²⁾

You have a securities account, i.e directly registered

➤ Use the special application form available at all SEB branches in Sweden, as well as from SEB's website www.sebgroup.com/prospectuses and from BillerudKorsnäs' website www.billerudkorsnas.com. Completed forms may be sent to SEB Emissioner R B6, SE-106 40 Stockholm, Sweden, or may be handed in at any SEB branch in Sweden, however it must be received by SEB 21 December 2012, at the latest.

You have a custody account, i.e nominee-registered

➤ Subscription and payment for Shares should be made to the respective nominee.

➤ Follow the instructions you receive from your nominee(s).

1) Please note the rules regarding shareholders resident in Australia, Hong Kong, Japan, Canada or the United States, in chapter "Terms, conditions and instructions" under the section "Shareholders resident in certain unauthorised jurisdictions".

2) Allotment will be made as described in chapter "Terms, conditions and instructions" under the section "Allotment of Shares subscribed for without preferential right".



THE COMBINATION OF BILLERUD AND KORSNÄS

On 29 November 2012, the combination between Billerud and Korsnäs was completed through Billerud acquiring all shares in Korsnäs from Kinnevik. The new Company, BillerudKorsnäs, is a leading player in primary fibre-based packaging materials and packaging solutions with an annual turnover of approximately SEK 20 billion.

RATIONALE FOR THE COMBINATION

The packaging market is showing a positive long term trend, mainly attributable to increased globalisation, prosperity and changed consumption patterns. The combination between Billerud and Korsnäs creates a strong and focused player in packaging materials and packaging solutions through:

- a strengthened offering in primary fibre-based packaging materials through a widened product portfolio, providing a competitive alternative to non-renewable packaging solutions
- leading positions in packaging paper, consumer board and containerboard
- good opportunities for cross-selling
- a higher proportion of sales to consumer related businesses, which is believed to lead to more stable earnings and a less cyclical profitability
- an extended knowledge base enabling a higher pace of innovation and development of smart packaging solutions
- a strong platform for growth and international expansion
- improved conditions for sustainable profitability
- realisation of synergies in purchasing, raw materials supply, production, administration, sales, development and logistics

Korsnäs' high proportion of sales in Swedish krona, gives BillerudKorsnäs a more balanced currency exposure than that of Billerud before the combination. Combined with the earlier acquisition of UPM's packaging paper operations, which has sharply reduced Billerud's pulp exposure, it is believed that this creates the fundamentals for increased stability in BillerudKorsnäs' future profitability.

In summary, BillerudKorsnäs is of the belief that the combination creates a stronger company that will be even better positioned to offer its customers competitive products and solutions, and attract and keep the best staff. BillerudKorsnäs is hence assessed to have good fundamentals to create an attractive return for its shareholders.

SYNERGIES

BillerudKorsnäs is of the opinion that the combination creates a possibility for cost savings and efficiency improvements, and that it lays the foundation for future growth through increased sales to new and existing markets.

In total, synergies are estimated to approximately SEK 300 million annually and are mainly attributable to the consolidation of purchasing of raw materials and consumables, and optimising logistics, production, development and sales. It is also believed that economies of scale will create

opportunities to reduce BillerudKorsnäs' total administrative costs.

Out of the total synergies, it is estimated that approximately 60% is attributable to purchasing processes. This also includes the effects of optimising inward and outward bound logistics. Furthermore, it is believed that approximately 25% is attributable to the reduction in selling and administrative costs, while the remainder of approximately 15% is believed to be primarily derived from production optimisation.

Synergy realisation is facilitated by both geographical and cultural proximity between the companies. The majority of manufacturing is based in Sweden and, attributable to their previous experience, the company management teams of Billerud and Korsnäs have in-depth knowledge about each other's companies and market segments. It is projected that the full effect of the synergies will be achieved three years after completion of the Transaction, with half of the synergies being realised within 18 months of completion of the Transaction.

Integration costs and other one-off costs to realise the synergies have been preliminarily estimated at around SEK 110 million, the majority of which will be charged to profit in 2013.

Although the expected synergies and calculated costs savings are based on





assumptions which, according to the Board of BillerudKorsnäs, are reasonable and reflect the best available calculation and estimation, these are uncertain by nature. For further information, please see chapter "Risk factors" under the section "The combination with Korsnäs and the acquisition of UPM's packaging paper business".

THE TRANSACTION IN BRIEF

The combination has been completed through Billerud's acquisition of all Korsnäs shares from Kinnevik. The acquisition also includes 5% of the shares in Bergvik Skog, one of Sweden's largest forest owners, as well as 75% of Latgran's pellets production in Latvia.

The consideration for Korsnäs consists of Shares in BillerudKorsnäs, cash payment and a take-over of debt. The consideration, which was established through a relative valuation of the Billerud and Korsnäs businesses, will according to the combination consist of the following components.

- Newly issued Shares in BillerudKorsnäs correspondent to an ownership share of 25.1% ¹⁾ in BillerudKorsnäs after the Transaction
- Cash payment to Kinnevik of SEK 3 200 million ²⁾
- BillerudKorsnäs assumes existing external net debt in Korsnäs of SEK 5 650 million in connection with the Transaction

The cash payment shall, according to the combination agreement, be adjusted depending on actual levels of external net debt, working capital and investments as of the date of the completion of the Transaction. In conjunction with the completion of the Transaction on 29 November 2012 a preliminary consideration was paid based on an estimate of the items stated above as of the completion date. The cash consideration was adjusted to SEK 3 253 ³⁾ million, as estimated external net debt in Korsnäs as of 29 November 2012 amounts to SEK 5 799 million, a deviation of SEK 149 million (compared to the calculated level of net debt on the day of signing of the combination agreement of SEK 5 650 million) and as estimated working capital in Korsnäs as of 29 November is SEK 202 million higher than an agreed, normalised level. ⁴⁾

As a result of the completion of the Transaction, Kinnevik is now the largest owner of BillerudKorsnäs with 25.1% ownership. The second largest owner is Frapag with 15.7% ⁵⁾ ownership. In connection with the completion of the Transaction, it was also announced that the new Company intended to carry out a Rights Issue of approximately SEK 2.0 billion to strengthen the capital structure and provide the new Company with reasonable level of leverage. Kinnevik has undertaken to subscribe for Shares to a value of SEK 500 million in the Rights Issue. Frapag has undertaken to subscribe for Shares corresponding to its ownership stake.

The Transaction was, among other things, conditional upon the approval from the relevant competition authorities. The European Commission, one of the relevant competition authorities, has in order to approve the Transaction required the divestment of a particular paper machine located at the production facility in Gävle (PM 2). The sales of white kraft and sack paper products manufactured at PM 2 amounted to approximately 2% of the new Group's total combined sales volume for the year 2011. For further information on the European Commission's decision to approve the combination of Billerud and Korsnäs, as well as the monitoring and enforcement of the decision, see the chapter "Risk Factors" under the heading "Conditions for the European Commission's approval of the combination between Billerud and Korsnäs" and the chapter "Legal considerations and supplementary information" under the heading "Conditions for the European Commission's approval of the Transaction".

For further information about the combination agreement, please see chapter "Legal considerations and supplementary information" under the section "The combination agreement between Billerud and Kinnevik".



Picture from Tetra Pak

- 1) Kinnevik's ownership will amount to 25.0% if the number of Shares is calculated including the dilution effect ensuing from Billerud's long-term incentive programmes (LTIP).
- 2) Of which SEK 500 million is in the form of a vendor note to Kinnevik, which will be used to subscribe for Shares in the Rights Issue.
- 3) Billerud has in addition to this paid SEK 2 579 million in compensation for Korsnäs' receivable on Kinnevik of the equivalent amount, which has been settled in conjunction with completion of the Transaction.
- 4) The adjustments made to the consideration as a consequence of deviations in net debt, working capital and investments are preliminary. The cash payment will ultimately be fixed based on an actual balance sheet for Korsnäs as of 29 November 2012.
- 5) Frapag's ownership will amount to 15.6% if the number of Shares is calculated including the dilution effect ensuring from Billerud's long term incentive programmes (LTIP).



CEO'S STATEMENT

BillerudKorsnäs offers its customers worldwide, smart packaging solutions that will attract consumers, increase productivity among our customers, lower transportation costs, reduce waste of resources and lower environmental impact.



About ten years ago on 20 November 2001, Billerud was listed on the Stockholm stock exchange. Billerud was a company that had been formed through a merger of Stora Enso's Gruvön paper mill and AssiDomän's Skärblacka and Karlsborg paper mills.

In the last five years, Billerud has focused on profitability and growth through innovation. We have invested in new products and services for our customers, built up and invested in new knowledge-intensive companies and strengthened the structure by acquiring UPM's packaging paper business.

The journey from being a production-focused paper supplier to a value-creating partner on the packaging market has been fast and exciting and something we are proud of. Billerud is a strong company with a good reputation and world-leading position in several areas. It has also generated the industry's best total return for shareholders since the IPO in 2001 from a Nordic perspective.

Billerud's combination with Korsnäs, with its leading position in for instance liquid packaging board, is a natural next step in the development of both Billerud and Korsnäs. Korsnäs adds core expertise in development, manufacturing and sale of grades and solutions to Billerud's strong market-related initiatives and focus on efficiency, enabling the combined company to provide the market with a broader and sharper offering. The combined Company enjoys reputed and strong brands, a valuable customer base and efficient and well invested production units.

The new Company, BillerudKorsnäs, has approximately 4 400 employees with manufacturing at eight units in Sweden, Finland and the UK. We are present in packaging paper, consumer board and containerboard. BillerudKorsnäs offers its customers worldwide, smart packaging solutions that will attract consumers, increase productivity among our customers, lower transportation costs, reduce waste of resources and lower environmental impact.

Korsnäs and Billerud know each other well and have shared values regarding many aspects of the operations. I therefore have great confidence in the integration work proceeding smoothly and that the estimated synergies will be realised according to plan.

As part of the financing of the Korsnäs acquisition, BillerudKorsnäs is carrying out a Rights Issue for existing shareholders aimed at reducing the net debt/equity ratio.

BillerudKorsnäs' ultimate goal is, as before, to create solid value growth in the long term.

The industrial logic in this transaction is very strong, and I am convinced that the new company will create value for you as a shareholder.

Solna 29 November 2012

Per Lindberg
President and CEO



MARKET OVERVIEW

BillerudKorsnäs' primary fibre-based materials and solutions are used for packaging, mainly for the food and beverages sector, but also for industrial, consumer and luxury goods as well as medical and hygiene. The global packaging market is growing and its importance to brand owners and consumers is on the rise.

GROWING MARKET

The global packaging market has grown in recent years and, according to BillerudKorsnäs, is expected to amount to more than USD 700 billion in 2012. Research company Pira International forecasts that the market will continue to grow, reaching around USD 820 billion by 2016. That represents an expected annual growth of over 3%. ¹⁾

The single largest packaging market is Europe, closely followed by Asia. Europe is BillerudKorsnäs' most important market today. Growth in Europe and North America is expected to be almost 2% per year until 2016. During the same period, the growth rate in Asia is expected to remain high, estimated at around 6% annually. ²⁾

GREATER DEMAND FOR PACKAGING

The most important trends affecting the packaging market are globalisation, greater prosperity world-wide, changed consumption patterns and increased environmental awareness. ³⁾

As a result of globalisation, production and consumption take place in different locations, which in turn brings about the need for more and longer transportation and thus a demand on efficient packaging.

As an effect of improved global prosperity, consumption levels in growth regions are approaching those of the West. The middle class in the Asia-Pacific region is expected to increase from 0.5 billion people in 2009 to 3.2 billion in 2030. ⁴⁾ Rising consumption increases the use of packaging.

Demand for packaging is also increasing due to higher real incomes and changing consumption habits particularly in the West. Modern lifestyle and increased time pressure have prompted more and more people to opt for portion-packed food and beverages and take-away food, and make more internet purchases online.

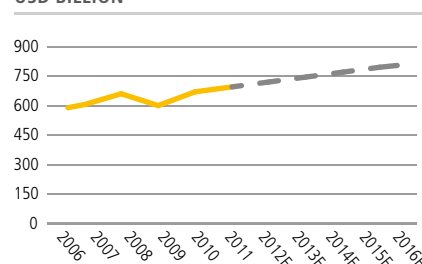
Increased environmental awareness leads to demands for renewable materials and climate-smart packaging solutions. This is partly a result of customers' increased environmental responsibility in their own operations, and the desire of end consumers to help curb environmental impact.

PAPER AND BOARD COMES TOP

In 2011, packaging in paper and board accounted for 36% of the global packaging market, making it the main type of material. Hard plastic made up 22%, flexible materials and metal 15% each and glass 7%.

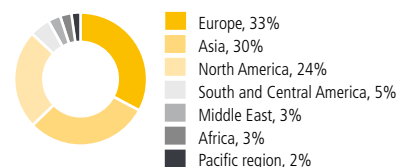
Globally, packaging made from paper and board is forecast to grow by an average of around 3% per year until 2016. Asia, the Middle East, Africa, South and Central America and Eastern Europe are expected to display the highest growth. In terms of the national markets, primarily China and India are expected to fuel growth. This is in line with the way that the global packaging market is expected to develop. ⁵⁾

GLOBAL PACKAGING MARKET, USD BILLION



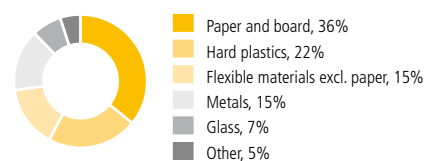
Source: Pira International, 2011 ⁶⁾.

GLOBAL PACKAGING MARKET, BY REGION



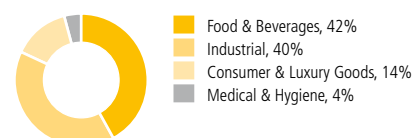
Source: Pira International, 2011.

GLOBAL PACKAGING MARKET, BY MATERIAL



Source: Pira International, 2011.

GLOBAL PACKAGING MARKET, BY MARKET SEGMENT



Source: Pira International, 2011.

1) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016". Constant 2010 prices and exchange rates.

2) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016".

3) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016" and BillerudKorsnäs.

4) OECD, 2010, statistic database.

5) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016".

6) The estimates for 2012–2015 are linear interpolations between Pira International's market estimates for 2011 and 2016.



FOUR IMPORTANT SEGMENTS

BillerudKorsnäs engages with the market in four segments with varying needs for smarter packaging solutions: Food & Beverages, Industrial, Consumer & Luxury Goods and Medical & Hygiene.

The information about BillerudKorsnäs' combined net sales for 2011 by market segment is an estimate by the Company and excludes the forestry operations, Latgran and the packaging paper operation acquired from UPM in June 2012. The information regarding net sales by market segment has not been reviewed by the Company's auditor.



FOOD & BEVERAGES

The global market for the Food & Beverages segment amounted to approximately USD 290 billion in 2011, which equals about 42% of the global packaging market. Europe constitutes the largest market. Growth countries such as India and China are expected to grow substantially in the coming years, at almost 10% annually.¹⁾

Higher prosperity and a growing middle class is leading to increased consumption

and more transportation. At the same time, more and more people want to help safeguard the environment. This gives rise to increased requirements on packaging because it has to withstand longer transports while contributing to good transport economy and lower waste, not affect the flavour or smell of its content and be manufactured in a resource-efficient and eco-friendly manner. Surveys clearly show that consumers prefer packaging made from renewable materials over non-renewable, i.e. fossil plastics.²⁾

The Company estimates that Food & Beverages accounted for approximately 58% of BillerudKorsnäs' combined net sales in 2011.

The Company's materials and solutions are used for liquid packaging for milk, juice and other beverages, sugar and flour packaging, cups and corrugated boxes for transporting fruit and vegetables. Customers include manufacturers of beverage packaging, corrugated boxes, carrier bags and bread, flour and sugar bags.



▶ ▶ ▶ About 75% of BillerudKorsnäs' sales are consumer related, of which Food & Beverages is the largest market segment. The Company's strategy is to further increase the proportion of sales to these industries, reducing the cyclical impact on the Company's earnings and enabling a more stable growth and profitability.

1) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016".

2) www.paperimpact.org, 2007, www.Technomic.com, 2011.



INDUSTRIAL

The global market for the Industrial segment amounted to approximately USD 275 billion in 2011, which equals about 40% of the global packaging market. Asia is the largest market and is expected to grow at an annual rate of almost 7% until 2016. ¹⁾

A growing construction industry in, for instance, Asia, North Africa and the Middle East contributes to greater demand for sack paper, which is BillerudKorsnäs' largest product area in the segment. BillerudKorsnäs' view is that the industry increasingly demands in-depth process expertise and products of high-quality and high strength which help enhance productivity.

The Company estimates that the Industrial segment accounted for approximately 25% of BillerudKorsnäs' combined net sales in 2011.

The customer offering includes sack paper, release liners, steel interleaving and other types of speciality paper. Customers include converters and cement producers with their own sack production.



CONSUMER & LUXURY GOODS

The global market for the Consumer & Luxury Goods segment amounted to approximately USD 100 billion in 2011, which equals about 14% of the global packaging market. Growth regions such as Asia and Africa are expected to display the highest growth ahead. ¹⁾

Producers and brand owners in retail are placing greater focus and resources on attractive packaging that helps market their products. ²⁾ It is primarily within consumer related markets that the interest and knowledge about the role of packaging has grown in the last few years.

The Company estimates that Consumer & Luxury Goods accounted for approximately 11% of BillerudKorsnäs' combined net sales in 2011.

The customer offering includes kraft paper for exclusive carrier bags or gift bags, and cartonboard and liner for packaging for cosmetics, watches and shoes. End customers include leading multinational brand owners with global marketing of their products.



MEDICAL & HYGIENE

The global market for the Medical & Hygiene segment amounted to approximately USD 30 billion in 2011, which equals about 4% of the global packaging market. This segment is expected to grow faster than the packaging market as a whole. ¹⁾

Rising prosperity and an ageing population in the West increase the use of hygiene products and healthcare. ¹⁾ Consequently, demand for disposable packaging for medical products, with stringent requirements in terms of hygiene and safety, has increased in the last few years.

The Company estimates that Medical & Hygiene accounted for approximately 6% of BillerudKorsnäs' combined net sales in 2011. ³⁾

Customers are offered solutions and materials for medical packaging and hygiene products. The end users in this segment are the pharmaceutical industry, the medical technology industry, clinics and manufacturers of tissue products.



MARKET AND INDUSTRY INFORMATION

This prospectus contains historical financial data as well as market and industry information. The market and industry information in this prospectus has been obtained by methods deemed by BillerudKorsnäs to be reliable in order to obtain assurance that the information is correctly presented. To the extent that BillerudKorsnäs may know and obtain assurance through comparison with other information published by a concerned third party, no information has been omitted such that it would render the presented information erroneous or misleading. However, no independent verification of the information itself has been performed, and the accuracy or completeness of the information can thus not be guaranteed by BillerudKorsnäs. The market and industry information is uncertain and does not necessarily reflect actual market conditions.

The prospectus also contains market information and information about BillerudKorsnäs' competitive position on the markets where it operates. This information is based on BillerudKorsnäs' own assessments, which are in turn based on, for instance, public information from other players on the market as well as other information obtained by BillerudKorsnäs from e.g. customers and suppliers. Calculations and other information about the market have not been verified by an independent expert or a third party, and BillerudKorsnäs can therefore not guarantee that another party would arrive at the same conclusions.

Statements about the Company's or products' absolute or relative attributes and positions in this chapter, are based on the Company's own assessment unless stated otherwise.

1) Pira International, 2011, "The Future of Global Packaging – Market Forecasts to 2016".

2) Resumé, "13 designmiljarder – branschen jublar", 16 May 2012.

3) Pulp accounts for approximately half of net sales within Medical & Hygiene.



BUSINESS DESCRIPTION – BILLERUDKORSNÄS

The combination with Korsnäs broadens Billerud's operations and makes the new Company even more attractive to new and existing customers. BillerudKorsnäs can offer its customers a complete solution consisting of high-quality primary fibre-based packaging materials, smart solutions and a global network, thereby enhancing opportunities for further expansion.

Statements about the Company's or products' absolute or relative attributes and positions in this chapter, are based on the Company's own assessment unless stated otherwise.

STRATEGIC FOCUS

BillerudKorsnäs will lead the development in primary fibre-based packaging materials with the overall objective of generating profitable growth.

CUSTOMER-FOCUSED DEVELOPMENT

BillerudKorsnäs will create added value for customers. By specialising in the specific needs of customers and end users in selected niche segments, BillerudKorsnäs can constantly help enhance the business of its customers. Continuous development will be pursued to increase the share of value-added products. With a strong focus on customer benefit, innovation and sustainability, BillerudKorsnäs will be cutting edge in terms of understanding and meeting every aspect of the market's need for smarter packaging.

WORLD-CLASS PROCESS EFFICIENCY

World-class process efficiency will be achieved by means of systematic improvement of process- and cost-efficiency in production, sales and administration with the focus on quality. In this way, BillerudKorsnäs will secure long-term competitiveness and generate strong cash flows which can be used for profitable growth.

RENEWABLE PACKAGING MATERIALS

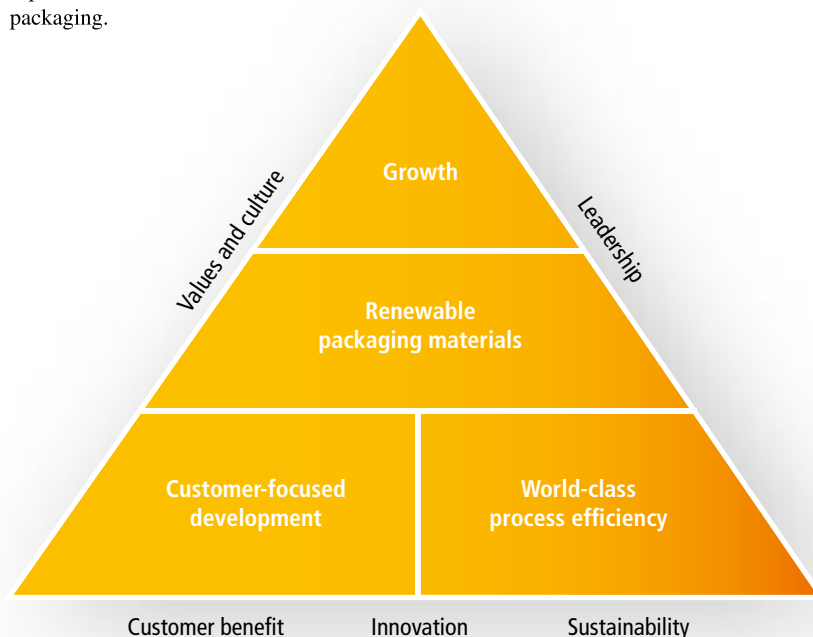
The operations will be streamlined towards renewable packaging materials made from primary fibre. Based on this position in the value chain, the Company can create the greatest value by working together with converters, packaging manufacturers and brand owners. By offering packaging solutions besides materials, BillerudKorsnäs strengthens its customer offering and becomes a natural smarter packaging partner.

GROWTH IN CONSUMER SEGMENTS

The Company's efforts will continue to focus on enhancing exposure to consumer segments to reduce the cyclical impact. There will also be initiatives on non-European markets in order to capitalise on the generally higher growth there. A changed product and market mix over time is expected to lead to growth following the combination.

VALUES AND CULTURE

One of management's priority areas following the combination is to draw up and create shared core values and a common culture. This means capturing what is valuable for customers, the operations, the people working in the Company and the environment. By always giving back more than one takes, BillerudKorsnäs builds a company for future generations.





BUSINESS MODEL

The business model is founded on materials, solution services and networks and starts from a customer perspective.

The offering is summed up by the concept of 'smarter packaging' – solutions that attract more consumers, increase productivity, decrease transportation costs and reduce waste of resources and environmental impact. BillerudKorsnäs can offer customers a complete solution comprising high-quality materials, advanced advice and global reach.

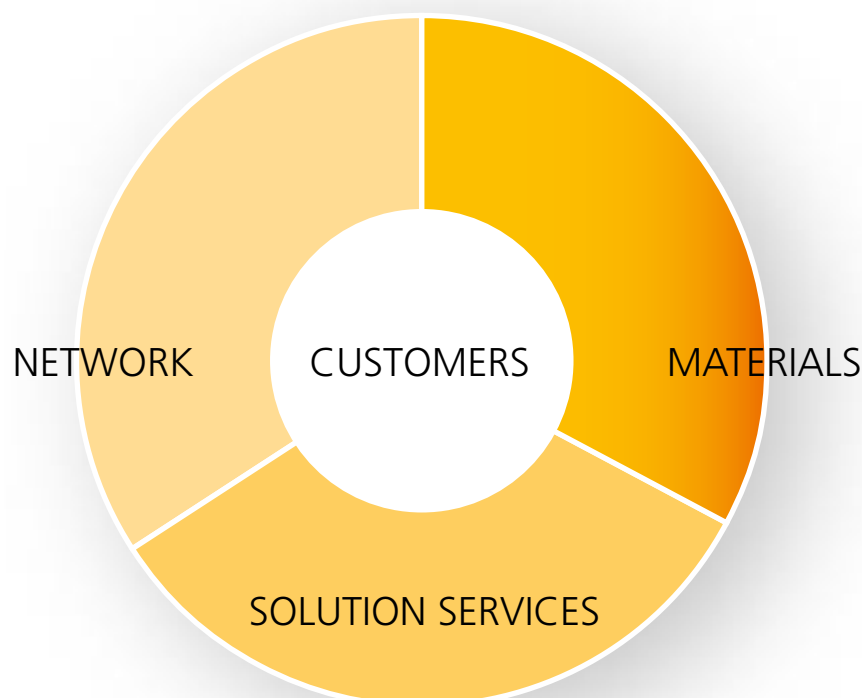
HIGH-QUALITY MATERIALS

The strategy to increase the share of value-added products has been a success, and the proportion of premium products has increased in areas where customers value high quality and function.

There are several examples of this in the Company, some of which are highlighted here. High-porosity sack paper QuickFill increases productivity and reduces the total cost for the customer through materials savings. FibreForm is a stretchable paper that can replace fossil plastics in most common applications such as trays for cold meat, cheese etcetera. The paper improves the environment profile of brand owners and strengthens the role of the packaging as a marketing tool for the product. BillerudKorsnäs' liquid packaging board, which is the result of 40 years of joint development with customers, creates attractive packaging with high hygiene standards. A recent focus area is board for long-term storage of liquid foods. BillerudKorsnäs' cartonboard has been developed to combine stringent demands on printability and formability without affecting the flavour or smell of the packaged goods. In containerboard, the Company specialises in segments that require a high strength performance in humid environments.

EXPERTISE – SOLUTION SERVICES

BillerudKorsnäs has in-depth and extensive knowledge about the value chain for packaging, mainly in Food & Beverages. The Company possesses expertise in areas including sustainability, efficient production, transport optimisation, consumer behaviour and the role of packaging in customers' business and marketing of their products. This benefits customers by means of close collaboration



in the areas packaging optimisation, printing support and conversion support, and specialist efforts throughout the entire innovation chain from idea and prototype through materials specification and dimensioning to practical tests and evaluation of new packaging. The Company's development centres test and develop packaging solutions and support product development and customer support.

GLOBAL NETWORK

With over 1 500 customers and packaging partners in over 100 countries, BillerudKorsnäs has a global network, providing benefits such as global reach, shorter time to market and reliable quality and delivery.

Working more closely with selected packaging manufacturers enables the Company to deliver smart packaging solutions to brand owners and end users. The network also includes other suppliers to the packaging industry, such as manufacturers of packaging and filling machines.



🔗 🔗 🔗 BillerudKorsnäs develops packaging solutions and materials characterised by insight, innovation and sustainability. Within the Company there is a profound knowledge about the value chain for packaging. The Company works closely with its customers in the role of an advisor and develops smarter solutions. With the help of networks and alliances the Company's reach and possibilities to supply markets with different materials and services are extended.



FINANCIAL TARGETS

The Board of Directors of BillerudKorsnäs has decided on the following financial targets for the new Company.

TARGET	DESCRIPTION
<p>OPERATING MARGIN</p> <p>> 10%</p>	<p>Over a business cycle, the operating margin should on average exceed 10%.</p> <p>BillerudKorsnäs operates in an industry that historically has tracked a cyclical pattern, with corresponding variations in earning capacity.</p>
<p>RETURN ON CAPITAL EMPLOYED</p> <p>> 13%</p>	<p>Over a business cycle, the return on capital employed (ROCE) should on average exceed 13%.</p> <p>BillerudKorsnäs shall ensure a return corresponding to the shareholders' return expectations while the cost for the Company's debt is covered with a margin.</p>
<p>NET DEBT/EQUITY RATIO</p> <p>< 0.9</p>	<p>The net debt/equity ratio should be below 0.9.</p> <p>BillerudKorsnäs' business is influenced to a large extent by the general economic climate, which means that the operating risk is considerable. Strengthening the financial position in good years is therefore essential in order to sustain the Group in bad years.</p>
<p>DIVIDEND POLICY</p> <p>50%</p>	<p>Over a business cycle, the dividend should on average amount to 50% of net profit.</p> <p>The dividend paid to shareholders will be dependent on, among other factors, BillerudKorsnäs' profit level, financial position and future development opportunities.</p>

BUSINESS AREAS

BillerudKorsnäs has three business areas – Packaging Paper, Consumer Board and Containerboard. The business areas develop and market high-quality materials and smarter solutions to packaging manufacturers, converters and brand owners.

The combined financial information for BillerudKorsnäs in 2011 on this page is not financial pro forma information and has not been audited or reviewed by the Company's auditor. ¹⁾



PACKAGING PAPER

Kraft and sack paper

Net sales: SEK 8.5 bn
EBITDA ²⁾: SEK 1.2 bn
Sales volume: 1 200 ktonnes

Billerud's previous business area Packaging & Specialty Paper and Korsnäs' kraft and sack paper ³⁾



CONSUMER BOARD

Liquid packaging board, cartonboard and Cup Stock

Net sales: SEK 6.1 bn
EBITDA ²⁾: SEK 1.3 bn
Sales volume: 870 ktonnes

New business area – liquid packaging board and cartonboard from Korsnäs, Cup Stock (paper cup board) and liquid packaging board from Billerud



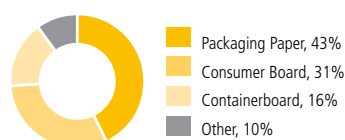
CONTAINERBOARD

Fluting and liner

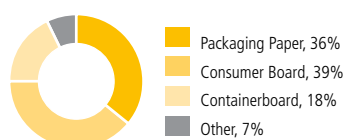
Net sales: SEK 3.1 bn
EBITDA ²⁾: SEK 0.6 bn
Sales volume: 570 ktonnes

Billerud's previous business area Packaging Boards, excluding liquid packaging board and Cup Stock, and Korsnäs' White Top Liner (WTL)

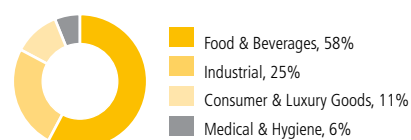
NET SALES BY BUSINESS AREA



EBITDA ²⁾ BY BUSINESS AREA



NET SALES BY MARKET SEGMENTS ⁴⁾



1) Combined net sales and EBITDA for BillerudKorsnäs in 2011 includes the packaging paper business of UPM. Other activities include external sales of forest raw material and pellets, as well as currency hedges. Packaging paper includes market pulp, which accounts for approximately SEK 1.8 billion of combined net sales of packaging paper in 2011, approximately SEK 0.2 billion of EBITDA and 343 ktonnes of the sales volume. The unaudited financial information is information from the accounts of the particular company, with any differences in accounting policies that may occur. The combined financial information is a simple compilation of this financial information regarding the various operations in 2011, in order to provide an indication of the new Group's sales and profits, on the basis that the operations had been included in the same group from the beginning of 2011. The compilation is based on a hypothetical situation and should not be interpreted as a set of pro forma accounts, in that no adjustment has been made to show the effects of acquisition analyses, differing accounting policies and transaction costs. In addition, no future synergies have been taken into account. The financial information has not been audited or in any other way examined by the Company's auditor.

2) Operating profit before depreciation and amortisation.

3) The European Commission's decision to approve the combination is conditional upon the divestment of a paper machine located at the production facility in Gävle (PM 2). For further information please see the chapter "Legal considerations and supplementary information" under the section "Conditions relating to the European Commission's approval of the Transaction".

4) The information about BillerudKorsnäs' combined net sales for 2011 by market segment is an estimation by the Company and excludes the forestry operations, Latgran and the packaging paper operation acquired from UPM in June 2012. The information regarding net sales by market segment has not been reviewed by the Company's auditor.



PACKAGING PAPER

The Packaging Paper business area offers customers technically advanced primary fibre-based kraft and sack paper, as well as smart solutions in function, design and material choice. All grades are strong and have excellent printability and runability which contributes to increased conversion process productivity for the customers.

OFFERING

Packaging Paper develops and markets kraft and sack paper and FibreForm.

The business area also provides customers and brand owners with a broad offering of packaging optimisation services and solutions. Suggested technical improvements regarding material, function and construction, coupled with design solutions, help to increase the customer's productivity, improve the performance of the packaging, reduce environmental impact, make the packaging more unique and attract consumers.

The business area also sells the surplus market pulp not used by BillerudKorsnäs in its own production.

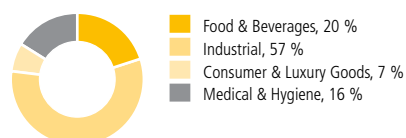
Kraft paper

BillerudKorsnäs is a leading player in primary fibre-based kraft paper in Europe ¹⁾ and offers a broad range for different customer segments. The food industry is the largest with areas of use including bags for flour, spices and powdered food as well as carrier bags. The kraft paper is also used for medical packaging, as steel interleaving and as a release liner that protects the adhesive layer on items such as stickers. Primary fibre-based kraft paper has several advantages, such as efficient packaging manufacture, high strength and purity.

SHARE OF BILLERUDKORSNÄS' NET SALES ²⁾



NET SALES BY MARKET SEGMENT ³⁾



Sack paper

BillerudKorsnäs is a global market leader in high-porosity sack paper made from primary fibre. ⁴⁾ The paper is used to make sacks for powdered products such as building materials, minerals and chemicals, as well as foods.

The strong, high-porosity sack paper is a premium product with added value from material savings – since the strength of the paper allows sacks to be made using fewer layers – faster filling processes and a dust-free work environment.

BillerudKorsnäs' white sack paper provides a good print surface and is therefore particularly in demand for building materials for the growing DIY market, where distinctive packaging is a competitive advantage.

FibreForm

FibreForm is an entirely unique highly elastic, primary fibre-based paper that is approved for contact with food. It can be shaped in the same thermoforming machines that are used for fossil plastic trays, for example for sliced cold meats. The paper can also be compression moulded, embossed and laminated with the appropriate barrier. Other areas of use are heat-insulating cup sleeves with embossing and packaging for luxury and consumer goods.

With very high elastic characteristics, purity and premium quality feel, FibreForm is an alternative to fossil plastic. Several international retail traders use FibreForm for thin trays for sliced cold meats. The material has the ability to be shaped in creative and custom shapes, giving a compelling packaging that differentiate the product.

¹⁾ Based on statistics from Pöyry Management Consulting and Eurostat.

²⁾ Based on combined net sales for 2011 that has not been reviewed or audited by the Company's auditor.

³⁾ The information about BillerudKorsnäs' combined net sales for 2011 by market segment is an estimate by the Company and excludes the forestry operations, Latgran and the packaging paper operation acquired from UPM in June 2012. The information regarding net sales by market segment has not been reviewed by the Company's auditor.

⁴⁾ BillerudKorsnäs.



Market pulp

The pulp surplus produced by BillerudKorsnäs is sold in the Packaging Paper business area. However, Packaging Paper also buys pulp for its paper production in Finland and the UK, so the business area's net exposure for market pulp is estimated at an average of around 30 ktonnes annually.

CUSTOMERS

Mainly located in Europe and Asia, customers are packaging manufacturers and converters that finish the paper, for example with print and barrier coatings, and then produce packaging or sell the product on to other packaging manufacturers.

In certain customer segments, the brand owner both manufactures and fills the packaging, known as "form & fill". This is the case with the cement industry, which makes its own sacks, manufacturers of medical products and sugar and flour producers.

Market pulp customers mainly produce writing, printing and packaging paper as well as tissue.

For further information about BillerudKorsnäs' customers, please refer to chapter "Risk factors" under the section "Exposure to major customers" and to chapter "Legal considerations and supplementary information" under the section "Supplier and customer contracts".

TRENDS AND DRIVERS

Increasing global prosperity

Global prosperity is increasing and driving demand for hygiene products, medical products and portion packaging. All these areas require clean and safe products made from primary fibre.

Growing construction industry

The construction industry is continuing to grow in regions including Asia, North Africa and the Middle East, which affects demand for paper for cement sacks. BillerudKorsnäs' sack paper has a leading position globally in terms of quality.²⁾

Increased demand for product optimisation

The business area's products are benefiting from industry demands for product optimisation that concentrates on cost-efficiency and

high runability. BillerudKorsnäs' sack paper offers for example improved functionality and faster filling.

Packaging as a marketing tool

The market's increased focus on product differentiation and attractive packaging is driving demand for kraft and sack paper with good printability. Interest and appreciation of the marketing power of packaging has grown, particularly in consumer markets.

Environment increasingly important

Care for the environment is gaining ground and markets' interest in sustainable packaging with a lower carbon footprint is rising. This is particularly prominent in consumer goods.

There are proposals in many parts of the world against non-degradable plastic bags. This is the case in Italy, for example, which is one of Europe's largest plastic bag users with 20 billion bags annually or around 20% of total European consumption.¹⁾ Bags made from kraft paper have a major advantage in

that they are stronger than both biodegradable plastics and other paper alternatives on the market.

STRATEGY

The business area places great emphasis on product and service development, with a focus on production efficiency, functionality, design, strength properties and sustainability. BillerudKorsnäs' materials and solutions are to reduce environmental impact and support customers' environmental efforts.

The business area is focused on increasing sales outside Europe, where there are interesting growth opportunities for kraft and sack paper. For example, in Asia and North Africa building materials such as cement are packed in 50 kg sacks, which demands a high degree of strength and porosity from the sack paper.

The business area works actively on building up networks with converters and packaging producers to jointly develop smarter packaging.



▶▶▶ BillerudKorsnäs' sack concepts enable the growing construction industry to increase productivity and improve quality. Good filling characteristics in combination with efficient moisture barriers that prolongs the life span of powder products is important to customers. The business area works continuously with product and service development.

1) Fondazione Legambiente Innovazione, 2010, "Stop ai sacchetti di plastica".

2) BillerudKorsnäs.



CONSUMER BOARD

The Consumer Board business area develops and sells high-quality board made from primary fibre to several segments, including beverages and consumer goods, which demand efficient, attractive and functional packaging. The business area also offers delivery service and application expertise solutions to customers.

OFFERING

Consumer Board's product portfolio within liquid packaging board and cartonboard creates added value for customers in terms of both enhanced product exposure and efficient processes.

Customers are offered customised delivery service concepts with personal contacts which ensure reliable, fast and flexible product availability. Technical assistance is also offered to create packaging and solutions with high impact that are user-friendly while optimising materials and process utilisation.

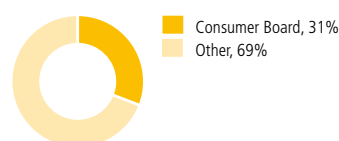
Liquid packaging board

BillerudKorsnäs is a leading player in liquid packaging board and the second largest producer globally. ¹⁾ The Company is at the front edge in terms of technical development.

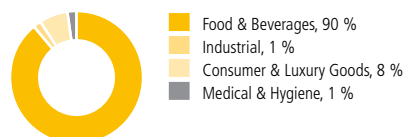
Liquid packaging board is used to manufacture packaging for beverages and other liquid foods. BillerudKorsnäs' liquid packaging board is made from 100% primary fibre, which makes it hygienic, means that it does not affect the flavour and smell of the contents and is sufficiently formable and stiff to provide a stable packaging product that is easy to hold. The surface is coated, enabling high-quality printing that captures consumers' attention.

Cup Stock is a type of liquid packaging board with low grammage, high purity and stiffness especially developed for paper cup production.

SHARE OF BILLERUDKORSNÄS' NET SALES ²⁾



NET SALES BY MARKET SEGMENT ³⁾



Cartonboard

BillerudKorsnäs is one of the larger producers of cartonboard in Europe ¹⁾ with a broad offering in selected segments for the packaging of beauty and healthcare products, exclusive beverages, confectionery, industrial goods and refrigerated and frozen food. Cartonboard provides customers with the means to create packaging where shape, structure and graphic design help to capture consumers' attention.

CUSTOMERS

Europe is the business area's most important market. Liquid packaging board customers are mainly manufacturers of beverage packaging and in this segment BillerudKorsnäs has established relations with all major manufacturers and has multi-year agreements with a number of major clients. Cup Stock is purchased by paper cup producers.

Cartonboard is sold to packaging manufacturers and converters, which refine the board into finished packaging for brand owners. End customers are mostly producers of beauty and healthcare products, exclusive beverages and confectionery and retail companies.

For further information about BillerudKorsnäs' customers, please refer to chapter "Risk factors" under the section "Exposure to major customers" and to chapter "Legal considerations and supplementary information" under the section "Supplier and customer contracts".



➤ ➤ ➤ Changes in demand is picked up in the close collaboration with customers and solutions are developed to provide both quality and environmental benefits.

¹⁾ Based on statistics from Pöyry Management Consulting, 2012.

²⁾ Based on combined net sales for 2011 that has not been reviewed or audited by the Company's auditor.

³⁾ The information about BillerudKorsnäs' combined net sales for 2011 by market segment is an estimate by the Company and excludes the forestry operations, Latgran and the packaging paper operation acquired from UPM in June 2012. The information regarding net sales by market segment has not been reviewed by the Company's auditor.



TRENDS AND DRIVERS

Increased consumption

One of the main driving forces behind liquid packaging board demand comes from higher living standards and a growing middle class in growth countries, mainly Asia and South America.

Changed consumption patterns

Changing lifestyles, such as increased consumption of take-away foods and drinks, are fuelling demand for the business area's products.

The surface is increasingly important

The ability of the packaging to handle graphic design is key to strengthening a brand. More customers and consumers demand attractive and yet functional packaging.

Environmental awareness in focus

Environmental awareness in consumer industries remains strong and is still increasing, which is an advantage for renewable packaging materials.

STRATEGY

BillerudKorsnäs works in close collaboration with its largest customers, with the aim to grow alongside them. In many cases, this process unfolds in direct collaboration projects with the whole value chain as a starting point. The development initiatives hence focus on the product characteristics that converters, printers, brand owners, retailers and end customers want. The business area focuses on creating added value for customers and intensifying launches of new smart solutions.

The business area's long-term strategy is to maintain its strong position in Europe and focus on selected growth markets outside of Europe. Consumer Board will also offer differentiated and niche products that meet stringent demands on strength, purity, print result, formability and runability in conversion. This requires ongoing product and service development, which is a priority area for the Company.



Picture from Tetra Pak

▶▶▶ BillerudKorsnäs is one of the world's leading liquid packaging board producers. ¹⁾ Technical development and close cooperation with customers are key factors behind the success. The demand for liquid packaging board is driven by improved living standards and a growing middle-class in primarily Asia and South America.

1) Based on statistics from Pöyry Management Consulting, 2012.



▶▶▶ The ability of packaging to handle graphical design is essential to strengthen brands, particularly in consumer related industries. BillerudKorsnäs' cartonboard gives good picture reproduction and print results and is therefore used with advantage to package beauty and health products, exclusive beverages, confectionary as well as refrigerated and frozen food.



CONTAINERBOARD

Corrugated board is one of the most commonly used packaging materials in the world. Most consumer goods are packed in corrugated boxes in transit. The Containerboard business area offers containerboard made from primary fibre that meets stringent demands on strength, hygiene and printing. Advice on packaging optimisation helps brand owners identify the right packaging for items and logistics chains.

OFFERING

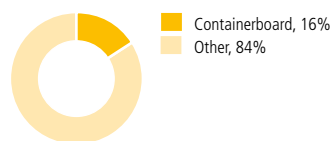
The business area offers containerboard in the form of fluting and liner, which are both used in corrugated board production.

Containerboard offers its customers services and solutions in areas such as material choice and structural design. Customers and brand owners are assisted in evaluating the function and performance of the material and packaging, and in optimising raw materials choice for the packaging product based on specific requirements, whether the focus is on replacing packaging that currently uses a material other than paper or on adjusting a design that is not sustainable enough.

Fluting

Fluting is used as the middle layer in corrugated board. BillerudKorsnäs is a leading player in primary fibre-based fluting in Europe ¹⁾ and offers one of the world's strongest fluting products with high long-term performance. ²⁾ Thanks to these qualities, the packaging is extremely resilient to high humidity, long periods in transit and high stacking. The material is particularly suitable for transporting fragile goods such as fruit, vegetables and capital goods, as well as heavy goods such as automotive components.

SHARE OF BILLERUDKORSNÄS' NET SALES ³⁾



NET SALES BY MARKET SEGMENT ⁴⁾



▶▶▶ SoliQ branded packaging has been developed especially to withstand demanding transports of fruits and vegetables. With fluting from BillerudKorsnäs and the right construction, the material use can be reduced by approximately 15% in production of the packaging while reducing waste in transports and improving transportation costs.

1) World Containerboard Organisation, www.wco-containerboard.org.

2) Based on CEPI Containerboard's list of grades.

3) Based on combined net sales for 2011 that has not been reviewed or audited by the Company's auditor.

4) The information about BillerudKorsnäs' combined net sales for 2011 by market segment is an estimate by the Company and excludes the forestry operations, Latgran and the packaging paper operation acquired from UPM in June 2012. The information regarding net sales by market segment has not been reviewed by the Company's auditor.



Liner

Liner is used as the surface layer of corrugated board. BillerudKorsnäs offers a wide range of liner: pure white kraft liner and coated and uncoated WTL (White Top Liner). The materials enhance the attractiveness of the packaging and help differentiate and market the goods inside, which makes the paper popular for luxury and consumer items.

SoliQ

The SoliQ service concept is purpose-designed packaging for transporting fruit and vegetables. SoliQ reduces wastage by analysing the entire delivery chain from grower to retailer.

The starting point is what needs to be transported and how. The longer the shipment, the higher demand must be on the packaging solution. By choosing primary fibre-based fluting and the correct construction, the material usage can decrease, and still enhance the performance. Sensors are used to monitor the transport conditions.

CUSTOMERS

Europe is the business area's most important geographic market, benefiting from well established customer relations and geographic proximity. Around two thirds of BillerudKorsnäs' fluting is used in packaging for fruit and vegetables, with customers in the Mediterranean region dominating.

The vast majority of customers are manufacturers of corrugated board for particularly demanding applications.

For further information about BillerudKorsnäs' customers, please refer to chapter "Risk factors" under the section "Exposure to major customers" and to chapter "Legal considerations and supplementary information" under the section "Supplier and customer contracts".

TRENDS AND DRIVERS

More numerous and more efficient transportation

Overall, globalisation is bringing forth more transportation of goods over longer distances, which is increasing demand for corrugated packaging. The market's constant need for efficient handling and lower levels of

waste favours primary fibre-based containerboard, which enables cost savings thanks to reductions in materials, while also improving the performance of the packaging. For the food industry in particular, efficient transportation and durable packaging that protects the goods is becoming more and more critical.

Demand for purity and hygiene

Primary fibre also benefits from the demand for product safety and pure, hygienic packaging, as knowledge increases about the effect of packaging on its contents.

The marketing power of packaging

Customers and brand owners are becoming increasingly aware that the appearance of the packaging is crucial to the sale of the goods. This increases demand for liner with first-class printability that make the brand stand out.

STRATEGY

Containerboard will develop materials and services demanded by customers. The business area is increasingly approaching brand owners directly or in partnership with a packaging manufacturer, in order to jointly identify optimum solutions for a specific logistics chain. Containerboard works on product optimisation – finding the right packaging for the right goods for different modes of transport.

The business area is active in striving to increase the market's awareness that primary fibre offers a better alternative, that is, stronger, purer and often material-saving alternative at a lower overall cost across the entire value chain.

The business area is also focused on increasing sales outside Europe. New markets enable opting for niches and differentiation strategies that generate the most benefits for customers and the Company.






👉👉👉 The clean and safe liner from BillerudKorsnäs is used to an advantage in food packaging. With its good printability it is also in demand to luxury- and consumer products.



► PACKAGING PAPER ¹⁾

► CONSUMER BOARD

Products	Kraft paper (18% of sales volumes)	Sack paper (14% of sales volumes)	Liquid packaging board (29% of sales volumes)
Customers	<p>Converters and manufacturers of packaging for the food industry – around 3/5 of the volume</p> <ul style="list-style-type: none"> • Packaging for flour, sugar, grain, etc. • Open bags (for bread, etc.) • Carrier bags • Flexible packaging • Formable packaging <p>Converters and manufacturers of industrial applications – around 2/5 of the volume</p> <ul style="list-style-type: none"> • Medical packaging • Release liners for stickers, stamps or hygiene products • Steel interleaving 	<p>Converters and sack manufacturers that supply producers of powdered goods such as</p> <ul style="list-style-type: none"> • Building materials • Minerals and chemicals • Food <p>The cement industry, with its own sack production and integrated filling processes</p> <p>Around 2/3 of sack paper sales goes to construction material, industrial minerals and chemicals</p> <p>The majority of BillerudKorsnäs' white sack paper is sold in Europe, while around 3/4 of brown sack paper is sold to growth regions outside Europe, predominantly North Africa and South-East Asia</p>	<p>Converters of packaging for</p> <ul style="list-style-type: none"> • Milk • Juice • Other beverages and liquid foods • Preserved foods
Market segments			
Driving forces and market outlook ²⁾	<p>Increased focus on sustainability is positive</p> <ul style="list-style-type: none"> • Eco-awareness and political decisions against fossil plastics strengthen the position of paper packaging • Increased demand for product optimisation • Prosperity is increasing and driving demand for hygiene products, medical products and disposable consumer packaging • The economic growth in Asia is driven by manufacturing, with China now being the world's largest steel producer • Increased demand for attractive packaging • Paper has unique environmental properties and is renewable, compostable and biodegradable 	<p>Good sack quality creates added value</p> <ul style="list-style-type: none"> • Increased construction in growth regions is boosting demand • Requirements for cost reduction, improved functionality and more rapid air release increase demand for high-porosity sack paper • In-store sales are placing greater demands on the appearance and printability of sacks • Continued expansion in the construction industry, with increased consumption of cement, etc. particularly in Asia and other growth markets 	<p>Improved living standards fuel demand</p> <ul style="list-style-type: none"> • Improved living standards and a growing middle class, mainly in Asia and South America • Customers' increased demands on print quality on finished packaging • Demand for a hygienic, high and even product quality • Strong and still increasing eco-awareness in consumer industries • Eco-friendly alternatives offer a competitive advantage to fossil plastics in consumer industries
Billerud-Korsnäs' position	Leading producer of strong, high-quality kraft paper of primary fibre in Europe ³⁾	Global leader in high-porosity sack paper of primary fibre ²⁾	One of the world's leading liquid packaging board suppliers ⁴⁾
Main competitors	<p>The primary competition comes from plastic packaging solutions</p> <p>Other major kraft paper producers include Ahlstrom, Arjowiggins, Mondi, Nordic Paper and Papel Aralar</p>	<p>The primary competition comes from plastic sack solutions and bulk (i.e. direct filling from trucks)</p> <p>Other major sack paper producers are Mondi, Canfor, Segezha Packaging and Smurfit Kappa</p>	<p>Other major suppliers of liquid packaging board are Klabin, Rank Group, Stora Enso, MeadWestvaco and International Paper</p> <p>There is also competition from other packaging materials, mainly plastic</p>

¹⁾ Packaging Paper includes market pulp, which accounts for approximately 13% of the sales volume.

²⁾ BillerudKorsnäs' assessment.

³⁾ Based on statistics from Pöyry Management Consulting and Eurostat.

⁴⁾ Based on statistics from Pöyry Management Consulting.

⁵⁾ World Containerboard Organisation, www.wco-containerboard.org.



CONTAINERBOARD

Cartonboard (4% of sales volumes)	Fluting (13% of sales volumes)	Liner (9% of sales volumes)
Converters of packaging for <ul style="list-style-type: none"> • Exclusive beverages • Beauty and healthcare products • Confectionery • Home electronics and industrial goods • Refrigerated and frozen foods 	Producers of <ul style="list-style-type: none"> • Corrugated boxes for fruit and vegetables around 2/3 of the fluting volume • Packaging for components for the automotive industry, white goods and electronics • Packaging for directly-packaged fast food • Transport packaging in corrugated board 	Producers of <ul style="list-style-type: none"> • Primary packaging for e.g. consumer goods such as perfume, exclusive beverages, confectionery and also home electronics • Secondary packaging of corrugated board • Shelf-ready packaging
		
Increased consumption is positive for cartonboard <ul style="list-style-type: none"> • Increased focus on the appearance and design of packaging, which strengthen products' brands • Improved living standards and a growing middle class in growth regions • Increased private consumption in the premium segment where lifestyle consumption fuels growth • Strong and still increasing eco-awareness in consumer industries 	Optimised structure cuts wastage <ul style="list-style-type: none"> • Increased demand for optimised packaging that protects the goods • Increased awareness of the importance of packaging for the environment • Globalisation has brought about increased transport of goods • Growing population, stricter environmental requirements and greater focus on profitability and on reducing resource wastage increase demand for optimised packaging 	Increased focus on the sales value of packaging <ul style="list-style-type: none"> • Consumers' changing purchasing choices require packaging with excellent printability that stands out on the store shelf • Increased demand for sustainable packaging solutions • Increased focus on product safety and hygiene • Increased focus on materials savings, packaging appearance and good quality ensures a sustained stable trend • Product safety is expected to be a future issue, which bodes well for demand for primary fibre-based liner
Major producer of primary fibre-based cartonboard in Europe ⁴⁾	Quality ²⁾ and market-leading ⁵⁾ producer in Europe in the top segment with a strong position in fruit and vegetables	Market leader in Europe for pure white kraft-liner (low grammage) ²⁾ and one of the leading suppliers of coated White Top Liner globally ²⁾
Other suppliers of cartonboard in the premium segment are Iggesund, Metsä Board, Stora Enso, MeadWestvaco and International Paper	The primary competition comes from recycled fibre-based fluting Other major producers of primary fibre-based fluting are Stora Enso, Mondi and Powerflute	Competition from specialist players on the low-grammage liner market including Metsä Board and Mondi Metsä Board is a major producer of coated WTL. Competition also comes from coated and uncoated White Top Testliner (based on recycled fibre)



OTHER BUSINESS

Other business includes business development operations, Group raw materials supply and a certain degree of external sales.

When BillerudKorsnäs was created, the partly owned business Latgran was also acquired, which produces pellets from forest raw materials at three production plants in Latvia.

Pellets are used to generate electricity at power stations and heating and electricity at combined power and heating plants.

Customers are North European energy companies. The pellets production enables BillerudKorsnäs to refine the parts of the tree that are not used for saw timber or pulpwood. Reducing the amount of wastage in production and contributing towards an alternative energy source are in line with BillerudKorsnäs' overall environmental initiative (for further information, please see the "Sustainability" section).

DEVELOPMENT AND INNOVATION

Innovation underpins BillerudKorsnäs' development of products and services. The primary goal is to identify customers' needs in terms of the material's qualities, function, sustainability and cost-efficiency. The ability to translate this expertise into products and services that are efficient in terms of both costs and production is key to BillerudKorsnäs' future ability to be an industry leader that stands out from competitors.

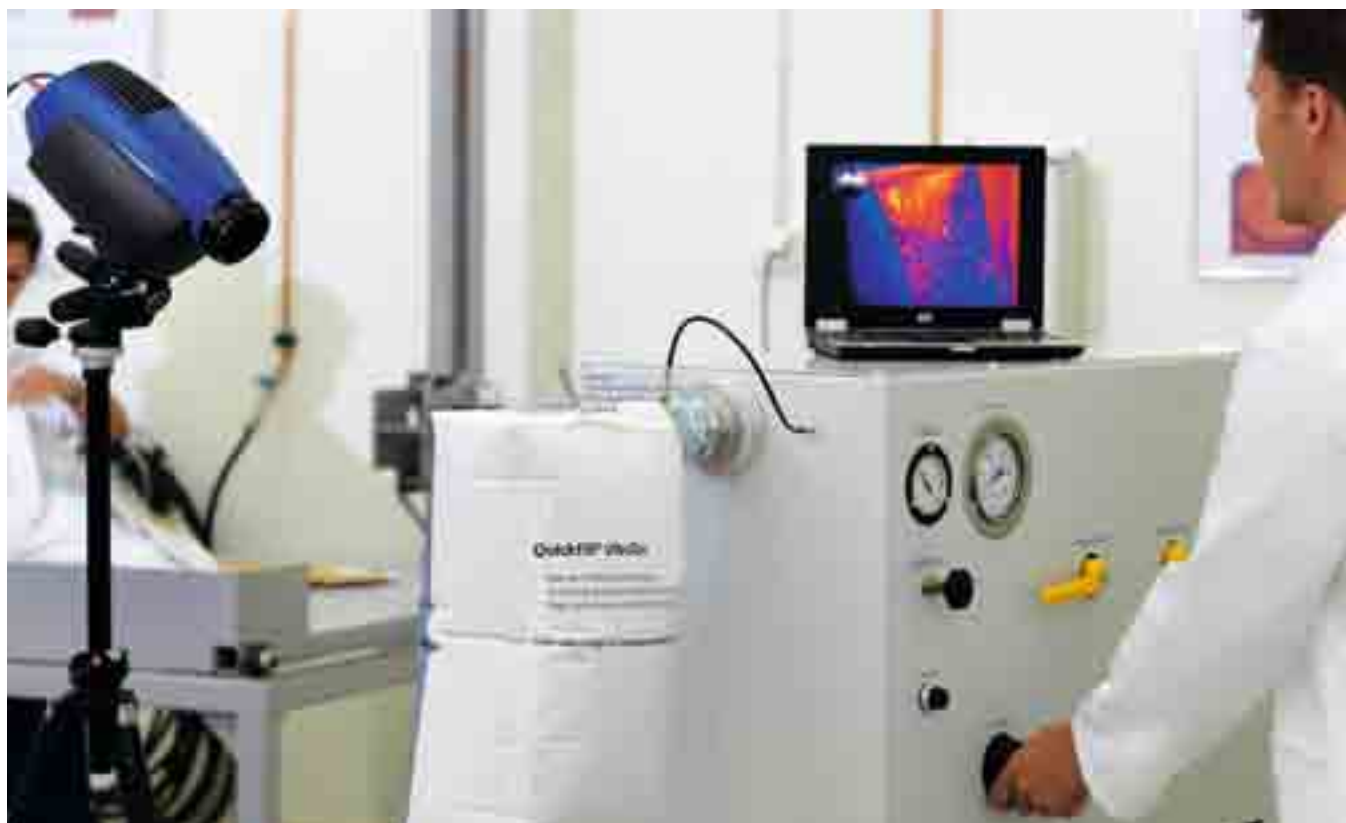
DEVELOPMENT CLOSE TO THE CUSTOMER

BillerudKorsnäs' development involves customers and partners such as design agencies, brand owners, universities, technical colleges and research institutes. The Company's specialists increasingly participate in customers' in-house development and innovation processes in several areas, such as production, technical customer service, market initiatives, et cetera.

KNOWING THE WHOLE VALUE CHAIN

Thanks to its in-depth knowledge about the entire value chain from raw material to finished products, BillerudKorsnäs can offer packaging solutions with new qualities and new business models. The objective is to provide customers with added value in the form of enhanced profitability and user-friendliness, improved product quality and strengthened brands. Many of the advantages also benefit consumers, and offer them an eco-friendly alternative.

BillerudKorsnäs' development initiatives are geared to processes and materials and packaging solutions alike. Materials development is based on the benefits, such as purity and strength, that characterise primary fibre from Nordic forests. Focus is on sustainable usage in the long term of this raw material in the development of new packaging materials. There are development centres with extensive expertise at BillerudKorsnäs' production facilities. The results form the basis of BillerudKorsnäs' proposals for solutions to customers' needs.



▶▶▶ Through tests and analyses tomorrow's packaging materials, solutions and processes are developed in the Company's development centres. The work also involves customers and partners.



PRODUCTION

Paper and board production takes place at eight production units – Gävle, Gruvön, Frövi/Rockhammar, Skärblacka and Karlsborg in Sweden, Pietarsaari and Tervasaari in Finland and Beetham in the UK. All the production units maintain a very high standard of technology, productivity and environmental awareness. They have ISO 9001 quality certification and ISO 14001 environmental certification.

INTEGRATED PRODUCTION

Production at the Swedish units is integrated, which means that they have pulp, paper and board production. Integrated production has several key advantages:

- High product quality: Complete control over the production process ensures high product quality.
- High level of self-sufficiency in electricity: Pulp production produces an energy surplus, which is used in the paper and board manufacturing process.
- Reduced energy consumption: The pulp can be used directly in the paper and board manufacturing process, and needs neither drying nor soaking, which saves energy.

PRODUCTION CAPACITY, KTONNES

Production unit	
Gävle	700 ¹⁾
Gruvön	685
Frövi/Rockhammar	430
Skärblacka	400
Karlsborg	300
Pietarsaari	200
Tervasaari	100
Beetham	45
Total	2 860

EIGHT PRODUCTION UNITS



UNITED KINGDOM



1) The European Commission's decision to approve the combination is conditional upon the divestment of a paper machine located at the production facility in Gävle (PM 2). For further information please see chapter "Legal considerations and supplementary information" under the section "Conditions relating to the European Commission's approval of the Transaction".



➤ Gävle, Sweden

Liquid packaging board, WTL and kraft and sack paper are produced in Gävle. The products meet stringent demands on runability and printability in customers' conversion processes.

Production capacity:

700 ktonnes/year

Number of employees:

990 ¹⁾

Products:

Liquid packaging board, WTL, kraft and sack paper

➤ Gruvön, Sweden

The unit at Gruvön mainly produces fluting and liner for corrugated board as well as kraft and sack paper. There are two development centres at Gruvön, one for fresh produce packaging (where corrugated box performance is tested in different conditions) and one for consumer packaging.

Production capacity:

685 ktonnes/year

Number of employees:

879 ¹⁾

Products:

Kraft and sack paper, containerboard (fluting, liner), liquid packaging board, Cup Stock, market pulp

➤ Frövi/Rockhammar, Sweden

Primarily cartonboard and liquid packaging board are produced at Frövi/Rockhammar. Via the development centre, customers are offered expert assistance in the areas packaging optimisation, printing support and conversion support.

Production capacity:

430 ktonnes/year

Number of employees:

631 ¹⁾

Products:

Liquid packaging board, cartonboard

➤ Skärblacka, Sweden

The Skärblacka unit mainly develops and manufactures strong, porous sack paper, while the kraft paper offers customers excellent printing qualities.

Production capacity:

400 ktonnes/year

Number of employees:

655 ¹⁾

Products:

Kraft and sack paper, containerboard (fluting), market pulp

➤ Karlsborg, Sweden

Kraft and sack paper are developed and manufactured in Karlsborg. There is also a development centre for sack solutions which tests, analyses and develops sack concepts.

Production capacity:

300 ktonnes/year

Number of employees:

431 ¹⁾

Products:

Kraft and sack paper, market pulp

➤ Pietarsaari, Finland

Kraft and sack paper for cement sacks, flour and sugar packaging, carrier bags and technical applications such as sand paper, roll and ream wrap are produced in Pietarsaari.

Production capacity:

200 ktonnes/year

Number of employees:

102 ¹⁾

Products:

Kraft and sack paper

➤ Tervasaari, Finland

Kraft paper is produced at the Tervasaari unit. The paper is developed to cope with the demands of an array of applications such as food packaging, envelopes and technical applications.

Production capacity:

100 ktonnes/year

Number of employees:

57 ¹⁾

Products:

Kraft paper

➤ Beetham, UK

Kraft paper for medical packaging, food packaging and different types of industrial applications is produced at the Beetham unit. Intensive development efforts in the medical field are pursued closely alongside customers.

Production capacity:

45 ktonnes/year

Number of employees:

143 ¹⁾

Products:

Kraft paper



➤ ➤ ➤ Production at the Swedish units is integrated, which means that they have pulp, paper and board production. The effect is increased quality and a considerable decrease of use of energy resources.

1) 30 September 2012.



ORGANISATION AND EMPLOYEES

OPERATIONAL STRUCTURE

BillerudKorsnäs' operations are organised into three business areas with paper and board production at eight units. Each business area is responsible for sales, marketing and development in its own product and service area.

EMPLOYEES

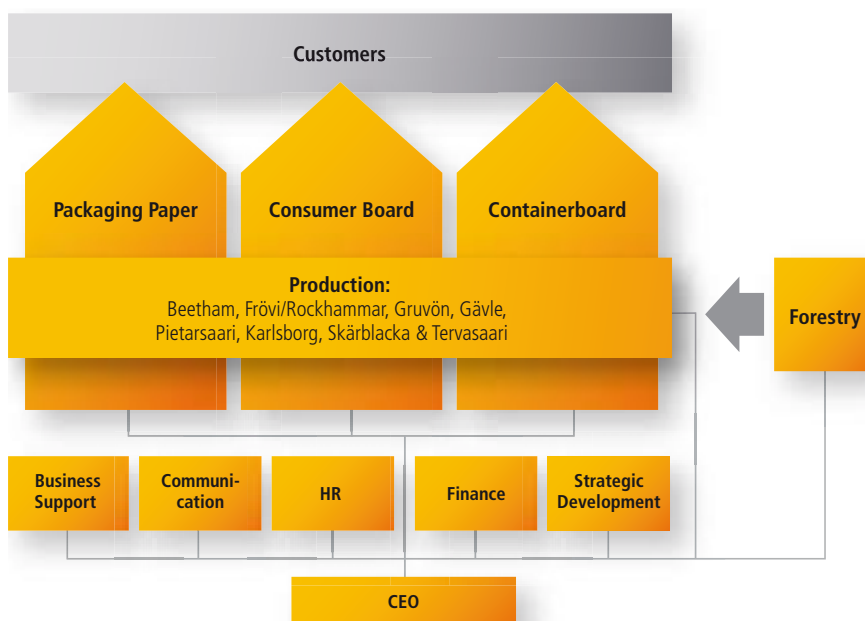
At 30 September 2012 Billerud had 2 490 employees and Korsnäs 1 883. BillerudKorsnäs thus has a total of around 4 400 employees.

NUMBER OF EMPLOYEES, 30 SEPTEMBER 2012

Country	Billerud	Korsnäs
Sweden	2 068	1 621
Latvia *)	3	245
Finland	176	–
United Kingdom	153	5
Other	90	12
Total	2 490	1 883

*) Mainly employees within the wood supply operation and pellets production.

ORGANISATION CHART



WOOD SUPPLY

BillerudKorsnäs total annual timber purchasing amounts to almost 12 million m³ sub (solid under bark), of which almost 10 million m³ sub is used for in-house production. The portion of the purchased forest raw materials that is not used for in-house production is sold mainly to sawmills and spruce fibre users in Sweden and Latvia.

BillerudKorsnäs has no significant forest assets but has an organisation of its own responsible for purchasing timber and fibre for the production process, and for conducting forestry services according to agreements with Bergvik Skog. The largest suppliers of wood raw materials to BillerudKorsnäs are Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog, and the Company's business relationships with these have been longstanding and stable.

Out of total purchasing, around 80% comes from Sweden, around 19% is purchased in euro, mainly from Finland and the Baltics, and other purchasing comes from Norway and the UK. Wood raw materials

come exclusively from forests managed responsibly and with a long-term approach. A significant share of wood purchasing is Chain of Custody certified according to FSC®¹⁾ and/or PEFC™²⁾. The part that is not certified is verified according to FSC® Controlled Wood and PEFC™ Due Diligence.

The Company owns 5% of the shares in Bergvik Skog, which is one of Sweden's largest forest-owning companies with an annual harvesting volume of 6.8 million m³ sub. The productive forestland area is 1.9 million hectares in Sweden and approximately 60 000 hectares in Latvia. Bergvik Skog owns three forest nurseries with annual production of around 55–60 million seedlings.

For more information about BillerudKorsnäs' wood supply, see section "Sustainability" and the chapter "Legal considerations and supplementary information".



BillarudKorsnäs is Sweden's largest purchaser of pulpwood. All wood purchased comes from forests managed with a long-term approach and complies with the criteria for FSC® Controlled Wood and PEFC™ Due Diligence.

1) FSC® – Forest Stewardship Council – is an independent, international membership organization that promotes environmentally appropriate, socially responsible and economically viable management of the world's forests.

2) PEFC™ – Programme for Endorsement of Forest Certification – is an international system for sustainable forestry. It covers forestry standards, environmental standards and social standards. PEFC™ has mainly been used by smaller forest owners but has gradually also been adopted by several of the large forestry companies.



SUSTAINABILITY

BillerudKorsnäs' combined values and approach involve long-term, sustainable cooperation with customers, employees and the environment. BillerudKorsnäs develops renewable materials and packaging solutions that promote sustainable development in a close-knit dialogue with customers. The Company is governed based on quantified sustainability targets.

ENVIRONMENT

BillerudKorsnäs conducts production from tree to finished packaging material. Sensible use of resources is a key factor for BillerudKorsnäs' profitability as well as for global climate change.

For further information about BillerudKorsnäs' environmental responsibility and permits, please see the chapter "Risk factors" under section "Environmental responsibilities", as well as the chapter "Legal consideration and supplementary information" under section "Environmental issues".

Certified forestry

All wood purchasing comes from forests managed responsibly and with a long-term approach. A significant share of wood purchasing is Chain of Custody certified according to FSC® and/or PEFC™. The remainder, which is not certified, is verified according to FSC® Controlled Wood and PEFC™ Due Diligence. The Chain of Custody enables identifying the origin of the timber.

BillerudKorsnäs' own forest holdings are small and are largely for the purpose of conservation. However, BillerudKorsnäs manages forest owned by Bergvik Skog and thus has extensive forestry operations, mainly in central Sweden. In this entire area, raw materials are also bought from several small private forest owners, among which BillerudKorsnäs harvests trees, performs forestry work and provides advice and service. In addition to statutory requirements and those stipulated by forestry certification, in these operations BillerudKorsnäs also sets its own targets with the support of ISO 14001 and BillerudKorsnäs' environmental policy. BillerudKorsnäs strives for sustained environmental initiatives; over the years it has worked with reducing land damage, quality assurance of thinning, and analysing fuel consumption. Similarly, BillerudKorsnäs buys from local landowners in the Norrbotten region of northern Sweden.

Demand for certified products is on the rise. It is therefore BillerudKorsnäs' ambition to increase the share of certified timber in its overall timber consumption. The company's goal to increase the area of certified land among private forest owners is a way of concentrating efforts to offer an increasing number of certified products.

Energy

BillerudKorsnäs strives for high energy efficiency and towards optimal self-sufficiency in electricity. BillerudKorsnäs' self-sufficiency at full production following its investment in Bomhus Energy, is estimated at around 50%.

Environmental efforts

The environmental standard at BillerudKorsnäs' production units is high, as a result of ongoing environmental initiatives spanning many years. All production units have certified management systems for the environment, quality and energy. The units each have an environment manager responsible for operational work and contact with the supervisory authorities. The site manager bears main responsibility for ensuring that the production units comply with the permit criteria, and other managers in the line organisation are responsible for the environment related work in their respective areas. The production units work together in an environmental network.

Employees at BillerudKorsnäs have undergone training in basic environmental knowledge, and this also forms part of the introduction training for new employees. Key staff are given more in-depth environmental training to enable them to tackle ongoing environmental issues.

Investments for the future

Over the years, BillerudKorsnäs has invested in measures mainly aimed at rendering resource and energy utilisation more efficient.

In the last five years, the fossil carbon load per product tonne has decreased by 40%, and is estimated to come down further thanks to energy and environment-related investments.



👉👉👉 Currently a significant proportion of wood purchasing is Chain of Custody certified in accordance to FSC® and/or PEFC™ standards. The ambition of BillerudKorsnäs is to increase the share further in order to meet the demand for certified products.



BILLERUDKORSNÄS

In 2012 and 2013, investments in Skärblacka are also being made in the amount of SEK 900 million to upgrade the recovery boiler and its flue gas treatment, and in a new evaporation facility to enhance energy efficiency at the production unit. This will bring about a reduction in consumption of fossil oil and external biofuels, and thus in energy costs too.

The bioenergy facility at Billerud-Korsnäs' industrial zone in Gävle is a project run jointly with Gävle Energi AB in the co-owned company Bomhus Energi AB. As of 2013, the bio facility will provide eco-friendly electricity and steam to Billerud-Korsnäs' production unit in Gävle, and district heating to Gävle Energi's customers. The investment in 50% of shares and a debenture loan in Bomhus Energi will total around SEK 320 million, of which SEK 274 million has been paid out to date.

A new external water treatment facility is also planned in Gävle to come on stream in June 2015 at the latest. It is estimated that the investment is around SEK 200–300 million.

Permits

BillerudKorsnäs has permits for the production of all its units, covering maximum production volumes, emissions to air and water and dealing with noise, chemicals and waste. These permits apply for the production of pulp, paper and board. The environmental impact of operations is mainly in the form of emissions to air and water and the creation of waste and noise.

CLEAR PRODUCT RESPONSIBILITY

BillerudKorsnäs offers a wide array of packaging materials for food and medical applications, both of which place stringent demands on product safety. This involves BillerudKorsnäs setting stringent requirements on checks of inputs such as chemicals. Finished products undergo testing for chemical and microbiological purity, smell and flavour. BillerudKorsnäs works systematically to increase employee awareness about product safety. For instance, it has established a Group-wide product safety group.

BillerudKorsnäs complies with the relevant legislation and regulations on product safety. The integrated management systems facilitate good control of production management, quality control, traceability and documentation to verify that the products are safe for consumers and the environment.

AN ACTIVE ROLE IN LOCAL COMMUNITIES

BillerudKorsnäs' ambition is to be a good corporate citizen globally and locally by valuing and working to develop the Company's importance to industry, employment and infrastructure both locally and regionally. BillerudKorsnäs is therefore firmly committed to sporting and educational matters, especially as regards activities that stimulate the interest of young people in technology. For example, BillerudKorsnäs is one of the main partners in Reach for Change, a pro-

gramme that has local ties with a global angle which supports social entrepreneurs with sustainable ideas about how to make life better for children and youths.

EXPERTISE AND LEADERSHIP IN FOCUS

Skills development for BillerudKorsnäs' staff aims to secure the right expertise, which is considered to be fundamental to the Company's present and future success. The goal is for BillerudKorsnäs employees to be able to constantly develop their skills and receive personal feedback on their development and performance.

A world in constant change demands modern, tuned-in leadership. Leadership development is therefore a prioritised and strategic issue that will contribute towards the Company's success and profitability.

BillerudKorsnäs works actively on contacts with schools, trade fairs and targeted mailshots to attract the next generation of employees and increase the proportion of women.

A SAFE WORKPLACE IS KEY

A safe and smoothly functioning workplace is always paramount. BillerudKorsnäs constantly strives to develop working methods and follow-up systems that will prevent all work-related accidents in the long term.



Bill BillerudKorsnäs takes responsibility for its products. Inspections, tests and analyses is carried out on products in terms of chemical and microbiological purity, smell and taste.



Focus on safety measures and continuous reporting of incidents helps to prevent injuries and improve safety for employees.



PRO FORMA FINANCIAL INFORMATION

PURPOSE OF THE PRO FORMA FINANCIAL INFORMATION

The purpose of the pro forma consolidated financial statements is to show the hypothetical impact which the acquisition, the loan financing, the Directed Issue and the Rights Issue would have had on BillerudKorsnäs' consolidated profit or loss and financial position. The pro forma financial statements below have been prepared in order to illustrate:

- profit or loss for the 2011 fiscal year and the nine-month period ending 30 September 2012 under the assumptions that the acquisition of Korsnäs and the loan financing facilities agreement had been implemented as of 1 January 2011 and 1 January 2012, respectively, and the Rights Issue had been completed one and a half months after these dates, and
- the financial position under the assumptions that the acquisition of Korsnäs and the Rights Issue had been completed and that the new loan financing facilities agreement had been implemented as of 30 September 2012.

The pro forma financial statements describe a hypothetical situation and have been produced solely for illustrative purposes. The information is neither intended to present the profit or loss and financial position that the business would actually have achieved nor is it intended to indicate the future profit or loss of BillerudKorsnäs or the Company's financial position at any future point in time. No synergies or integration costs have been taken into consideration.

BASIS FOR THE PRO FORMA FINANCIAL INFORMATION

The pro forma balance sheet information is based on Billerud and Korsnäs' reviewed balance sheets as of 30 September 2012. As of this date, Billerud's balance sheet includes the acquisition of UPM's packaging paper business and Latgran is included in Korsnäs' balance sheet.

The pro forma income statements are based on Billerud and Korsnäs' audited income statements for the 2011 fiscal year and the reviewed income statements for the nine-month period ending 30 September 2012. Billerud's profit or loss includes UPM's packaging paper business from 1 June 2012. Therefore, profit or loss from this business in January through May 2012

has been added in the pro forma income statements. The profit or loss of UPM's packaging paper business in June–September 2012 was included in the review of Billerud's financial reports for the third quarter of 2012. The information provided for that review of profit or loss of UPM's packaging paper business has also allowed for a review of profit or loss for the period January–May 2012. Information in internal management accounts for UPM's packaging paper business in the fiscal year of 2011 cannot be sufficiently verified in order to be incorporated in the 2011 pro forma income statements.

Latgran's profit or loss is included in Korsnäs' profit or loss from 1 July 2012. Therefore, Latgran's profit or loss is added in the pro forma income statements for the 2011 fiscal year and the six-month period ending 30 June 2012. The added profit or loss information for Latgran is based on financial reporting performed within the Kinnevik group. The financial information has not been audited.

The financial information provided is based on IFRS, as endorsed by the EU, and the pro forma financial statements have been prepared in accordance with Billerud's accounting principles as described in the annual report for 2011.

PRO FORMA ADJUSTMENTS

The pro forma adjustments are described more in detail in the notes to the income statements and balance sheet provided below. The following description presents an overview of the adjustments.

Acquisition of Korsnäs and other businesses

Acquisitions during the six-month period ending 30 June 2012 – UPM's packaging paper business and Latgran

Since UPM's packaging paper business and Latgran are included in the balance sheets of Billerud and Korsnäs, respectively, as of 30 September 2012, adjustments are only made to the income statements. As described above in the section on the basis for the pro forma financial information, adjustments to both income statements have been carried out for the periods when Latgran is not already included as well as to the income statement for the nine-month period ending 30 September 2012 for the period when UPM's packaging paper business is not already included.

The acquisition of Korsnäs and the effects of changed financing

The amount of interest-bearing debt in BillerudKorsnäs is affected in connection with the Transaction by the raising of new loan financing and the settlement of parts of the existing loans. The net effect of cash payments in connection with the Transaction and with the loan restructuring is an increase of interest-bearing debt by SEK 3 557 million, relative to Billerud and Korsnäs' existing loans. This amount is mainly used for payment of the cash elements in the acquisition price of Korsnäs' shares.

The Rights Issue amount after transaction costs (transaction costs adjusted for a tax effect of approximately SEK 4 million) of SEK 1 985 million is used to settle Kinnevik's vendor loan note of SEK 500 million and to reduce debt with SEK 1 485 million. After the Rights Issue, BillerudKorsnäs' interest-bearing debt will have increased by SEK 1 572 million, to SEK 7 663 million, compared to the amount of interest-bearing debt held by Billerud and Korsnäs prior to the Transaction.

Prior to the Transaction, Billerud and Korsnäs' interest-bearing debt amounted to SEK 1 289 million and SEK 4 802 million, respectively, in total SEK 6 091 million. In comparison to Billerud's debt financing prior to the acquisition, interest-bearing debt increases by SEK 6 374 million; from the addition of Korsnäs' interest-bearing debt and by SEK 1 572 million from net addition of debt financing. In addition to interest-bearing debt, the financial items on the consolidated balance sheet are mainly affected by settlement of Korsnäs' receivable with Kinnevik of SEK 2 173 million in connection with the Transaction. Since Billerud, simultaneously with this settlement, pays the corresponding amount to Kinnevik the Group's net debt is not affected.

Out of the total interest-bearing debt of SEK 7 663 million, after settlement of the vendor loan note and debt repayment in connection with the Rights Issue, bridge financing of SEK 1 500 million is to be replaced with a new bond loan within short. The Group's equity financing rises by SEK 4 048 million, net of transaction costs, in connection with the Transaction and Rights Issue. The Directed Issue carried out at the time of the Transaction contributes with SEK 2 063 million, while the subsequent Rights Issue makes up the remaining amount of SEK 1 985 million.



In the income statements amounts of financial expense are reduced with interest on loans that are repaid and of financial income are reduced with interest on Korsnäs' Kinnevik related receivable, while interest and loan expenses increase in relation to the new debt financing. These adjustments are described in notes to the income statements. Financial may change in future periods, for instance due to the replacement during 2013 of bridge financing of SEK 1 500 million with a new bond loan.

Adjustments

Adjustments for fair value of acquired assets

In accordance with IFRS, the fair values of acquired identifiable assets and liabilities are measured on the acquisition date (commonly referred to as purchase price allocation). Acquired values that do not relate to identifiable assets and liabilities are recognised as goodwill. The difference between the acquisition price for Korsnäs' shares (i.e. shareholders' equity) of SEK 8 023 million, which is decomposed in note 1 of the pro forma balance sheet, and the book value of Korsnäs' equity of SEK 5 306 million amounts to SEK 2 717 million. The allocation of this difference on identifiable

assets and liabilities, and goodwill is specified in note 2 of the pro forma balance sheet.

Values allocated to property, plant and equipment and customer contracts are depreciated/amortised over these assets' useful lives. Expenses for depreciation and amortisation increase as a consequence. These adjustments are described in note 4 to the pro forma income statements. Also, operating expenses are increased in relation to an extra value identified for inventory. This value affects expenses when the goods are sold.

Differences in IFRS application and elimination of internal sales

Adjustments have also been made to adapt Korsnäs' applied accounting principles to Billerud's. In the income statements sales and operating expenses are increased by identical amounts due to Korsnäs recording sales net of expenses such as freight, while Billerud records sales as a gross amount and freight as an operating expense. The elimination of internal sales between Korsnäs and Latgran has also affected the adjustments in the income statements. The balance sheet is adjusted with immaterial amounts. For further specifications see the notes to the pro forma financial statements.

Rights Issue

In relation to the acquisition and with the purpose of strengthening BillerudKorsnäs' capital structure, the board of directors resolved on 29 November 2012, as authorised by the extraordinary general meeting on 14 September 2012, to increase the Company's equity by carrying out a Rights Issue. In the pro forma financial statements, it has been assumed that the Rights Issue amounting to SEK 1 996 million is fully subscribed and paid in one and a half months after the Transaction. At the time of the Rights Issue, the vendor loan note to Kinnevik of SEK 500 million is settled and interest-bearing debt is reduced by the remaining amount SEK 1 485 million after transactions costs.



INCOME STATEMENTS PRO FORMA FULL YEAR 2011

SEKm	Billerud	Korsnäs	Acquisition ¹⁾	Adjustments ²⁾	Pro forma
Net sales	9 343	8 254	319	550 ³⁾	18 466
Other operating income	18	138	3	–6 ³⁾	153
Total operating income	9 361	8 392	322	544	18 619
Change in inventories	1	290	28	–65 ⁴⁾	254
Raw materials and consumables	–4 480	–4 936	–238	105 ³⁾	–9 549
Other external costs	–1 863	–1 053	–52	–702 ³⁾	–3 670
Employee benefits expense	–1 427	–1 177	–13	–	–2 617
Depreciation, amortisation and impairment of non-current assets	–614	–609	–15	–150 ⁴⁾	–1 388
Total operating expenses	–8 383	–7 485	–290	–812	–16 970
Operating profit/loss	978	907	32	–268	1 649
Financial income and expense	–45	–53	–6	–154 ⁵⁾	–258
Profit/Loss before tax	933	854	26	–422	1 391
Taxes	–250	–191	–1	97 ⁶⁾	–345
Profit/Loss for the period	683	663	25	–325	1 046
Profit/Loss attributable to:					
Owners of the parent company	683	663	25	–325	1 046
Non-controlling interests	–	–	–	–	–
Profit/Loss for the period	683	663	25	–325	1 046
EBITDA ⁷⁾	1 592	1 516	47	–118	3 037
EBITDA margin, %	17	18	15		16
Operating margin, %	10	11	10		9

1) Latgran's income statement for the fiscal year 2011 is based on SEK amounts used within the Kinnevik group. The average LVL/SEK exchange rate during 2011 was 12,79.

2) The adjustments are related to the additional asset values (excess values) identified and measured in the purchase price allocation, the effect on net financial income and expense resulting from the changed loan financing, adjustments relating to adapting Korsnäs' accounting principles to Billerud's, and the elimination of sales between Korsnäs and Latgran.

3) The net increase in sales of SEK 550 million result partly from adding freight and other costs, which Korsnäs reported as a reduction in net sales of SEK 661 million (of which freight represents SEK 616 million), and partly from the elimination of sales between Korsnäs and Latgran totalling SEK 111 million. The elimination of internal sales has also reduced other operating income with SEK 6 million.

The adjustment of the recognition of sales net of freight and other costs of SEK 661 million has increased other external costs by SEK 649 million and raw materials and consumables by SEK 12 million. The elimination of internal sales has reduced the costs for raw materials and consumables by SEK 117 million. Other external costs have been increased by SEK 53 million related to the costs incurred in acquiring Korsnäs, which is a non-recurring cost.

4) The effect on change in inventories is due to the excess value identified in a purchase price allocation performed as of 1 January, 2011. The increase in value results in an increase to costs of SEK 65 million when the inventory is sold. This is a non-recurring cost.

The adjustments are due to the depreciation and amortisation of the excess values of fixed assets identified in the purchase price allocation (see note 2 after the balance sheet). The excess values of property, plant, and equipment are depreciated over 20 years, which result in annual depreciation of SEK 75 million. The fair value allocated to customer contract is amortised over an 8 year period resulting in annual amortisation of SEK 75 million. The trademark has been determined to have an indefinite useful life and accordingly no amortisation is recorded.

5) The adjustment to financial income and expense is comprised of the following (see note 1 for the pro forma balance sheet regarding changes in the debt structure):

a. Financial expenses related to existing loans in Billerud and Korsnäs are eliminated to the extent they are replaced with new loan financing. Interest income is also eliminated on the interest-bearing receivables in Korsnäs with Kinnevik, which is settled in connection with the Transaction. The net effect of eliminating these is an increase by SEK 77 million of financial income and expense.

b. Interest and other costs related mainly to the amounts drawn on the new and old loan facilities and to the short-term loan that is planned to be replaced with a new bond loan are estimated to amount to SEK 231 million and represent an increase in financial expenses.

6) The pro forma adjustments are related to Swedish operations and accordingly a tax rate of 26.3% has been applied. The acquisition costs of SEK 53 million are considered to be non-deductible and no tax effect has been recorded.

7) Operating profit before depreciation and amortisation (earnings before interest, taxes, depreciation, and amortisation).



INCOME STATEMENTS PRO FORMA – JANUARY – SEPTEMBER 2012

SEKm	Billerud	Korsnäs	Acquisition ¹⁾	Adjustments ²⁾	Pro forma
Net sales	7 359	6 526	1 216	425 ³⁾	15 526
Other operating income	17	47	2	–3 ³⁾	63
Total operating income	7 376	6 573	1 218	422	15 589
Change in inventories	–73	–157	–134	–95 ⁴⁾	–459
Raw materials and consumables	–3 734	–3 481	–764	48 ³⁾	–7 931
Other external costs	–1 513	–753	–103	–523 ³⁾	–2 892
Employee benefits expense	–1 128	–951	–64	–	–2 143
Depreciation, amortisation and impairment of non-current assets	–465	–467	–36	–113 ⁴⁾	–1 081
Profit/Loss from participations in associated companies	1	–	–	–	1
Total operating expenses	–6 912	–5 809	–1 101	–683	–14 505
Operating profit/loss	464	764	117	–261	1 084
Financial income and expense	–31	–114	–3	–77 ⁵⁾	–225
Profit/Loss before tax	433	650	114	–338	859
Taxes	–117	–165	–21	75 ⁶⁾	–228
Profit/Loss for the period	316	485	93	–263	631
Profit/Loss attributable to:					
Owners of the parent company	316	484	93	–263	630
Non-controlling interests	–	–	–	–	1
Profit/Loss for the period	316	485	93	–263	631
EBITDA ⁷⁾	929	1 231	153	–148	2 165
EBITDA margin, %	13	19	13		14
Operating margin, %	6	12	10		7

1) Income statement for UPM's paper packaging business for the period 1 January 2012 to 31 May 2012 (average EUR/SEK exchange rate during the period: 8.88) and Latgran's income statement for the six months ending 30 June 2012 (average LVL/SEK exchange rate during the period: 12.72). Net sales distribution: UPM's packaging paper business SEK 943 million, Latgran SEK 273 million. EBITDA distribution: UPM's packaging paper business SEK 112 million, Latgran SEK 41 million. Operating profit distribution: UPM's packaging paper business SEK 87 million, Latgran SEK 30 million.

2) The adjustments are related to the additional asset values (excess values) identified and measured in the purchase price allocation, the effect on net financial income and expense resulting from the changed loan financing, adjustments relating to adapting Korsnäs' accounting principles to Billerud's, and the elimination of sales between Korsnäs and Latgran.

3) The net increase in sales of SEK 425 million result partly from adding freight and other costs, which Korsnäs reported as a reduction in net sales of SEK 484 million (of which freight represents SEK 454 million), and partly the elimination of sales between Korsnäs and Latgran totalling SEK 59 million. The elimination of internal sales has also reduced other operating income with SEK 3 million.

The adjustment of the recognition of sales net of freight and other costs of SEK 484 million has increased other external costs by SEK 470 million and raw materials and consumables by SEK 14 million. The elimination of internal sales has reduced the costs for raw materials and consumables SEK 62 million. Other external costs have been increased by SEK 53 million related to the costs incurred in acquiring Korsnäs, which is a non-recurring cost.

4) The effect on change in inventories is due to the excess value identified in a purchase price allocation performed as of January 1, 2012. The increase in value results in an increase to costs of SEK 95 million, when the inventory is sold. This is a non-recurring cost.

The adjustments are due to the depreciation and amortisation of the excess values of fixed assets identified in the purchase price allocation (see note 2 after the balance sheet). The excess values of property, plant, and equipment are depreciated over 20 years, which result in depreciation of just over SEK 56 million for the nine-month period. The fair value allocated to customer contract is amortised over an 8 year period resulting in amortisation of just over SEK 56 million for the nine-month period. The trademark has been determined to have an indefinite useful life and accordingly no amortisation is recorded.

5) The adjustment to financial income and expense is comprised of the following (see note 1 for the pro forma balance sheet regarding changes in the debt structure):

a. Financial expenses related to existing loans in Billerud and Korsnäs are eliminated to the extent they are replaced with new loan financing. Interest income is also eliminated on the interest-bearing receivables in Korsnäs with Kinnevik which is settled in connection with the Transaction. The net effect of eliminating these is an increase of financial income and expenses by SEK 85 million, including elimination of transaction costs of MSEK 17 million related to a temporary facility that was available during a period in 2012.

b. Interest and other costs related mainly to the amounts drawn on the new and old loan facilities and to the short-term loan that is planned to be replaced with a new bond loan are estimated to amount to SEK 163 million and represent an increase in financial expenses. There is also a minor effect of SEK 1 million due to the effect of a revaluation of Korsnäs' pension plans.

6) The pro forma adjustments are related to Swedish operations and accordingly a tax rate of 26.3% has been applied. The acquisition costs of SEK 53 million are considered to be non-deductible and no tax effect has been recorded.

7) Operating profit before depreciation and amortisation (earnings before interest, taxes, depreciation, and amortisation).



BALANCE SHEETS PRO FORMA – 30 SEPTEMBER 2012

SEKm	Billerud	Korsnäs	Acquisition Korsnäs ¹⁾	Adjustments ²⁾	Rights Issue ³⁾	Pro forma
Intangible assets	39	879	–	1 816	–	2 734
Property, plant and equipment	5 866	6 242	–	1 500	–	13 608
Other fixed assets	72	945	8 023	–8 023	–	1 017
Interest-bearing receivable from Kinnevik	–	2 173	–2 173	–	–	–
Inventories	1 024	1 838	–	38	–	2 900
Accounts receivable	2 289	705	–	–	–	2 994
Other current assets	407	211	–	–	–	618
Cash and cash equivalents	620	63	–230	–	–	453
Total assets	10 317	13 056	5 620	–4 669	–	24 324
Attributable to owners of the parent company	4 777	5 306	2 063	–5 306	1 985	8 825
Non-controlling interests	1	40	–	–	–	41
Shareholders' equity	4 778	5 346	2 063	–5 306	1 985	8 866
Interest-bearing liabilities	275	4 798	550	–	–	5 623
Provisions for pensions	227	484	–	56	–	767
Other provisions	38	43	–	–	–	81
Deferred tax liabilities	1 464	1 062	–	581	–	3 107
Total non-current liabilities	2 004	6 387	550	637	–	9 578
Interest-bearing liabilities	1 014	4	2 507	–	–1 485	2 040
Interest-bearing liability to Kinnevik	–	–	500	–	–500	–
Accounts payable	1 861	858	–	–	–	2 719
Other liabilities and provisions	660	461	–	–	–	1 121
Total current liabilities	3 535	1 323	3 007	–	–1 985	5 880
Total equity and liabilities	10 317	13 056	5 620	–4 669	–	24 324
Interest bearing external net debt	896	5 223	3 287	56	–1 485	7 977
Interest bearing net debt / Equity	19%	–	–	–	–	90%

1) Acquisition Korsnäs includes effects of the purchase price of SEK 8 023 million, based on conditions as of 30 September, for the shares in Korsnäs and of the financing of the purchase. The purchase price is based on the Directed Issue to Kinnevik totalling SEK 2 116 million (based on the Billerud share price of SEK 61.25 as of 30 September); compensation to Kinnevik for settlement of Korsnäs' receivable with Kinnevik of SEK 2 173 million; an agreed cash payment of SEK 2 700 million; the issue of a vendor loan note of SEK 500 million; a cash payment of SEK 427 million resulting from lower external net debt than originally estimated; and a cash payment of SEK 107 million as an adjustment for increased levels of working capital. Korsnäs' net debt amounts as of 30 September to SEK 3 050 million, which is composed of external net debt of SEK 5 223 million and the receivable with Kinnevik of SEK 2 173 million. The enterprise value thus amounts to SEK 11 073 million.

Equity is increased by SEK 2 063 million from the Directed Issue after the reduction for cash payment of acquisition costs of SEK 53 million. The abovementioned cash payments of SEK 2 700 million, SEK 427 million, SEK 107, and the acquisition cost payments of SEK 53 million – in total SEK 3 287 million – are assumed to be financed with the new debt financing described in the next paragraph and with existing cash of SEK 230 million. In connection with drawing the new financing existing loans are also replaced.

The new loan financing drawn amounts to SEK 7 773 million (before the Rights Issue with attached debt repayments) in the pro forma estimations. This debt financing consists of SEK 3 473 million drawn from a recently negotiated long-term facility, SEK 800 million drawn from a previously existing long-term facility, a short-term loan of SEK 1 500 million that is to be replaced with the issuance of a bond loan in 2013, and a short-term loan of SEK 1 500 million and the vendor loan note of SEK 500 million that are repaid in connection with the Rights Issue. In this restructuring, existing non-current loans of SEK 3 723 million and current loans of SEK 493 million are repaid. The net effect on non-current debt in connection with the Transaction is an increase by SEK 550 million and on current interest-bearing liabilities is an increase by SEK 3 007 million, which in total increases interest-bearing liabilities by SEK 3 557 million.

2) The adjustments are primarily related to the purchase price allocation of fair values and elimination of the shares in Korsnäs and equity in Korsnäs. The investment in Korsnäs shares of SEK 8 023 million is eliminated as well as the equity attributable to the parent owners of Korsnäs totalling SEK 5 306 million. The difference of SEK 2 717 million has been allocated as follows in the preliminary purchase price allocation (in SEK million):

Adjustment to fair value of reported value of property, plant, and equipment	1 500
Fair value of customer contract	600
Fair value of trademark	70
Adjustment to fair value of reported value of inventory	94
Adjustment to fair value of reported value of defined benefit pension obligation	–56
Deferred taxes on above adjustments (tax rate 26.3%)	–581
Goodwill	1 090
Total	2 717

In addition to the above adjustments, SEK 56 million has been reclassified from inventory to intangible assets as Korsnäs has classified electric certificates as inventory whereas Billerud records such assets as intangible.

3) The Rights Issue of SEK 1 996 million increases equity by SEK 1 985 million after transactions costs of SEK 11 million after tax. After settlement of Kinnevik's vendor loan note of SEK 500 million the remaining SEK 1 485 million is used to repay a short-term loan raised in connection with the Transaction.



THE AUDITOR'S REPORT ON PRO FORMA FINANCIAL INFORMATION

*To the Board of Directors in BillerudKorsnäs Aktiebolag (publ)
Reg no 556025-5001*

We have examined the pro forma financial information set out on pages 44–48 in BillerudKorsnäs' prospectus dated 29 November, 2012. The pro forma financial information has been prepared for illustrative purposes only to provide information about how the acquisition of Korsnäs AB might have affected the consolidated balance sheet for BillerudKorsnäs as of 30 September 2012 and/or the consolidated income statement for BillerudKorsnäs for the periods 1 January – 31 December 2011 and 1 January – 30 September 2012.

THE BOARD OF DIRECTORS' RESPONSIBILITY

It is the Board of Directors' responsibility to prepare the pro forma financial information in accordance with the requirements of the EC Regulation 809/2004/EC.

THE AUDITOR'S RESPONSIBILITY

It is our responsibility to provide an opinion required by Annex II item 7 of EC Regulation 809/2004/EC. We are not responsible for expressing any other opinion on the pro forma financial information or of any of its constituent elements. In particular, we do not accept any responsibility for any financial information used in the compilation of the pro forma financial information beyond that responsibility we have for auditor's reports regarding historical financial information issued in the past.

WORK PERFORMED

We have performed our work in accordance with FAR's Recommendation RevR 5 Examination of Prospectuses. Our work consisted primarily of comparing the unadjusted financial information with the historical information, assessing the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the management of the company. Our work involved no independent examination of any of the underlying financial information. We have planned and performed our work so as to obtain the information and explanations we considered necessary in order to obtain reasonable assurance that the pro forma financial information has been compiled on the basis stated on pages 44–48, and in accordance with the accounting principles applied by the company.

STATEMENT

In our opinion, the pro forma financial information has been properly compiled on the basis stated on pages 44–48 and in accordance with the accounting principles applied by the company.

Stockholm, 29 November 2012

Ernst & Young AB
Lars Träff
Authorised public accountant



SELECTED FINANCIAL INFORMATION BILLERUD

FINANCIAL OVERVIEW

FULL YEARS 2009–2011 TOGETHER WITH INTERIM PERIOD JANUARY TO SEPTEMBER FOR 2011 AND 2012

Annual reports for Billerud's three most recent fiscal years are incorporated through reference and can be accessed through the Billerud-Korsnäs website www.billerudkorsnas.com. The annual reports can also be ordered from BillerudKorsnäs through e-mail enquiry: emission@billerudkorsnas.com, or through phone +46 (0)8 553 335 00.

Billerud's annual reports for 2009, 2010 and 2011 has been audited by Ernst & Young AB, along with supervising auditor Lars Träff (member of FAR). The auditors report for 2009, 2010 and 2011 are

included in the corresponding annual reports. The auditor reports are conducted according to the standard framework and contain no remarks. Billerud's interim report for the period January to September 2012 inclusive, has been examined by Ernst & Young AB, where the audit report follows the standard framework and contains no remarks.

Apart from the audit of annual and interim reports that are part of the historical financial information of Billerud, the auditors of Billerud have not audited any information in this prospectus. The tables in this section should be viewed together with section "Comments on Billerud's financial development".

The information below is retrieved from audited annual and interim reports for the current periods.

INCOME STATEMENT FOR THE GROUP

SEKm	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Net sales	7 359	7 257	9 343	8 828	7 760
Other income	17	9	18	85	32
Operating income	7 376	7 266	9 361	8 913	7 792
Change in inventories	-73	-68	1	105	26
Raw materials and consumables	-3 734	-3 385	-4 480	-4 241	-3 870
Other external costs	-1 513	-1 383	-1 863	-1 753	-1 706
Employee benefits expense	-1 128	-1 064	-1 427	-1 377	-1 380
Depreciation and impairment of non-current assets	-465	-464	-614	-610	-561
Profit/Loss from participations in associated companies	1	1	-	-	-1
Operating expenses	-6 912	-6 363	-8 383	-7 876	-7 492
Operating profit/loss	464	903	978	1 037	300
Financial income and expenses	-31	-32	-45	-77	-114
Profit/Loss before tax	433	871	933	960	186
Taxes	-117	-233	-250	-255	-21
Net profit/loss for the period	316	638	683	705	165
Profit/Loss attributable to:					
Owners of the parent company	316	638	683	705	165
Non-controlling interests	-	-	-	-	-
Net profit/loss for the period	316	638	683	705	165
Earnings per Share, SEK	3,07	6.19	6.63	6.84	2.04
Diluted earnings per Share, SEK	3,06	6.17	6.61	6.83	2.03
Average number of Shares, millions	103,1	103.1	103.1	103.1	81.0
Diluted average number of Shares, millions	103,4	103.4	103.4	103.3	81.2



BILLERUDKORSNÄS

BALANCE SHEET FOR THE GROUP

SEKm	30 Sep		31 Dec		
	2012	2011	2011	2010	2009
Non-current assets	5 977	5 480	5 508	5 531	5 555
Inventories	1 024	1 088	1 135	1 070	1 065
Accounts receivable	2 289	1 570	1 391	1 412	1 152
Other current assets	407	269	372	447	491
Cash and cash equivalents	620	829	929	740	818
Total assets	10 317	9 236	9 335	9 200	9 081
Shareholders equity attributable to owners of the parent company	4 777	4 798	4 871	4 637	3 995
Non-controlling interests	1	–	1	–	–
Shareholders' equity	4 778	4 798	4 872	4 637	3 995
Interest-bearing liabilities	275	814	819	798	1 080
Provisions for pensions	227	215	219	207	193
Other provisions	38	28	36	27	27
Deferred tax liabilities	1 464	1 393	1 467	1 434	1 357
Total non-current liabilities	2 004	2 450	2 541	2 466	2 657
Interest-bearing liabilities	1 014	–	–	150	697
Accounts payables	1 861	1 122	1 227	1 157	1 056
Other liabilities and provisions	660	866	695	790	676
Total current liabilities	3 535	1 988	1 922	2 097	2 429
Total equity and liabilities	10 317	9 236	9 335	9 200	9 081

CASH FLOW STATEMENT FOR THE GROUP

SEKm	Jan–Sep		Full Year		
	2012	2011	2011	2010	2009
Operating surplus, etc. ¹⁾	973	1 366	1 604	1 625	862
Change in working capital, etc.	161	–161	–113	–147	116
Net financial items, taxes, etc.	–314	–207	–219	–85	–124
Cash flow from operating activities	820	998	1 272	1 393	854
Investments in property, plant and equipment	–515	–333	–512	–334	–271
Acquisitions of financial assets	–	–81	–81	–261	–
Disposal of financial assets	340	–	–	–	–
Business combinations	–1 073	–	–	–	–35
Disposal of property, plant and equipment	11	1	2	3	14
Cash flow from investing activities	–1 237	–413	–591	–592	–292
Change in interest-bearing liabilities	474	–138	–132	–820	–1 207
Rights issue	–	–	–	–	925
Dividend	–361	–361	–361	–52	–
Sale of bought back Shares, incentives programme	–	–	–	5	–
Cash flow from financing activities	113	–499	–493	–867	–282
Total cash flow (= change in cash and cash equivalents)	–304	86	188	–66	280

1) In the operating surplus, the operating profit SEK 464 million, for interim period January – September 2012 is included along with reversed depreciation SEK 465 million, increase in pension obligation SEK 3 million and other provisions SEK 1 million, indirect expensed acquisition costs SEK 34 million, net produced and sold electricity certificates and emissions SEK 6 million.

In the operating surplus, the operating profit SEK 903 million, for interim period January – September 2011 is included along with reversed depreciation SEK 464 million, increase in pension obligation SEK 2 million, net produced and sold electricity certificates and emissions SEK –7 million, change in structural provisions SEK 1 million, incentive programs SEK 2 million and capital gains SEK 1 million.

In the operating surplus, the operating profit SEK 978 million, for January – December 2011 is included along with reversed depreciation SEK 614 million, increase in pension obligation SEK 3 million, net produced and sold electricity certificates and emissions SEK –6 million, change in structural provisions SEK 9 million, capital gains SEK 1 million and incentive programs SEK 5 million.

In the operating surplus, the operating profit SEK 1 037 million, for January – December 2010 is included along with reversed depreciation SEK 610 million, increase in pension obligation SEK 7 million, net produced and sold electricity certificates and emissions SEK –29 million.

In the operating surplus, the operating profit SEK 300 million, for January – December 2009 is included along with reversed depreciation SEK 561 million, payment of structural provisions SEK –5 million, increase in pension obligation SEK 5 million, net produced and sold electricity certificates and emissions SEK 1 million.



KEY FIGURES

	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Margins					
Gross margin, %	13	19	17	19	11
Operating margin, %	6	12	10	12	4
Return (rolling 12 months)					
Return on capital employed, %	11	25	20	21	6
Return on equity, %	7	19	14	17	5
Return on equity after dilution, %	7	19	14	17	5
Capital structure at end of period					
Capital employed, SEKm	5 674	4 657	4 639	4 792	5 148
Equity, SEKm	4 778	4 798	4 872	4 637	3 995
Interest-bearing net debt, SEKm	896	-141	-233	155	1 152
Net debt/equity ratio, multiple	0,19	-0.03	-0.05	0.03	0.29
Net debt/equity ratio after dilution, multiple	0,19	-0.03	-0.05	0.03	0.29
Equity ratio, %	46	52	52	50	44
Equity ratio after dilution, %	46	52	52	50	44
Per Share data					
Earnings per Share, SEK	3,07	6.19	6.63	6.84	2.04
Earnings per Share after dilution, SEK	3,06	6.17	6.61	6.83	2.03
Dividend per Share, SEK			3.50	3.50	0.50
Per Share, end of period					
Equity per Share, SEK	46,33	46.53	47.24	44.97	38.80
Equity per Share after dilution, SEK	46,21	46.40	47.11	44.88	38.75
Other key figures					
Gross investments, SEKm	515	333	512	334	271
Business combinations, SEKm	1 073	—	—	—	35
Average number of employees	2 366	2 279	2 277	2 240	2 232

DEFINITIONS

Margins

Gross Margin

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales.

Operating margin

Operating profit as a percentage of net sales.

Return

Return on capital employed

Operating profit as a percentage of average capital employed.

Return on equity

Profit/Loss 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/loss 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.

Capital Structure

Capital employed

Total assets less non-interest-bearing liabilities, non-interest-bearing provisions and interest-bearing assets.

Equity

Shareholders equity at the end of the period.

Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

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.

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.

Per Share Data

Earnings per Share

Profit/loss 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/loss 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 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 plus the effect of estimated utilisation of incentive programmes.



FINANCIAL INFORMATION PER BUSINESS AREA

	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Net sales, SEKm					
Packaging & Speciality Paper	4 293	3 352	4 293	4 166	3 934
Packaging Boards	1 971	2 128	2 772	2 428	2 362
Market Pulp	827	1 336	1 752	1 731	1 338
Currency hedging, etc.	58	214	230	153	-110
Other and eliminations	210	227	296	350	236
Total Group	7 359	7 257	9 343	8 828	7 760
Packaging & Speciality Paper ¹⁾	5 120	4 688			

	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Operating profit/loss, SEKm					
Packaging & Speciality Paper	319	385	450	417	386
Packaging Boards	196	310	370	271	230
Market Pulp	-6	88	64	276	-148
Currency hedging, etc.	58	214	230	153	-110
Other and eliminations	-103	-94	-136	-80	-58
Total Group	464	903	978	1 037	300
Packaging & Speciality Paper ¹⁾	313	473			

	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Operating margin, %					
Packaging & Speciality Paper	7	11	10	10	10
Packaging Boards	10	15	13	11	10
Market Pulp	-1	7	4	16	-11
Group	6	12	10	12	4
Packaging & Speciality Paper ¹⁾	6	10			

	Jan-Sep		Full Year		
	2012	2011	2011	2010	2009
Sales volumes, ktonnes					
Packaging & Speciality Paper	579	395	507	524	508
Packaging Boards	390	389	504	482	488
Market Pulp	178	255	343	301	316
Total Group	1 147	1 039	1 354	1 307	1 312
Packaging & Speciality Paper ¹⁾	757	650			

1) Including sales from market pulp. As of 1 July 2012, sales from market pulp (previously business area Market Pulp) are recognised in business area Packaging & Speciality Paper.



COMMENTS ON BILLERUD'S FINANCIAL DEVELOPMENT

JANUARY – SEPTEMBER 2012 IN COMPARISON WITH JANUARY – SEPTEMBER 2011

Figures inside brackets refer to the same period in the previous year.

For further comments regarding the first nine months of the 2012 financial year, see the chapter "Interim report January – September 2012".

Net sales and profits

Net sales amounted to SEK 7 359 million, an increase of 1%, as a result of higher volumes during the period.

Operating profit totalled SEK 464 million. The fall of SEK 439 million was mainly due to lower prices. Lower prices in local currency impacted negatively on operating profit in the amount of SEK 536 million. Higher sales volumes, mainly attributable to the Finnish acquisition, contributed SEK 179 million. Variable costs fell by SEK 173 million, partly as a result of lower wood prices, calculated at SEK 136 million. Fixed costs increased by SEK 121 million. Acquisition of the Finnish business resulted in higher fixed costs, as the business was not part of the Billerud Group in the same period in 2011. In addition, non-recurring acquisition-related costs were incurred for consultation and in connection with separation/integration measures. Currency effects arising from remeasurement of trade receivables and payments from customers impacted negatively on operating profit in the amount of SEK 133 million. An operating margin of 6% (12) was recorded.

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

SEKm	Jan–Sep 2012/Jan–Sep 2011
Sales and production volumes, incl. product mix	179
Selling prices (in respective sales currency)	–536
Change in variable costs	173
Change in fixed costs	–121
Change in depreciation	–1
Effects of exchange rate changes, including hedging ^{*)}	–133
Total change in operating profit/loss	–439

^{*)} Effects of exchange rate fluctuations totalling SEK –133 million comprise the following items: changes in spot rates SEK 22 million, currency hedging SEK –22 million and currency effects from remeasurement of trade receivables and payments from customers SEK –133 million.

Net financial items totalled SEK –31 million (–32). Profit before tax was SEK 433 million and estimated tax SEK –117 million. Net profit therefore amounted to 316 million.

Profit by business area

Packaging & Speciality Paper

Operating profit fell by SEK 66 million to SEK 319 million compared with the same period in the previous year. The decrease arose mainly because of lower prices, which were partly offset by lower variable costs. In addition, volumes and fixed costs rose, mainly as result of the acquisition of the Finnish business and because market pulp was transferred to Packaging & Speciality Paper effective 1 July.

Packaging Boards

Operating profit fell by SEK 114 million to SEK 196 million compared with the same period in the previous year. The decline was mainly due to lower prices. However, lower variable costs impacted favourably on operating profit.

Investments and capital employed

Gross investments including company acquisitions amounted to SEK 1 588 million (333) in the nine-months period 2012.

Environmental and energy investments at Skärblackska amounted to SEK 267 million in the nine-months period 2012. The acquisition of UPM's packaging paper business took place during the nine-months period 2012 at a cost of SEK 1 073 million.

Billerud's capital employed on 30 September 2012 amounted to SEK 5 674 million (4 657). Return on capital employed, calculated over the past 12-month period, amounted to 11% (25). If the effects of currency hedging are excluded, return on capital employed was 7% (21). Return on equity after tax was 7% (19).

Cash flow and financial position

Cash flow from operating activities during the nine-months period 2012 totalled SEK 820 million (998) and the operating cash flow was SEK –757 million (666).

Interest-bearing net debt on 30 September 2012 was SEK 896 million (–141). The Group's net debt/equity ratio at the end of the period was 0.19 (–0.03). Billerud's financial target for its net debt/equity ratio is between 0.60 and 0.90 over a business cycle.

Interest-bearing loans amounted to SEK 1 289 million at 30 September 2012. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 111 million, bond loans for SEK 675 million, utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 489 million and other interest-bearing liabilities for SEK 14 million. Billerud also has an unutilised credit facility of SEK 800 million, plus bridging finance of SEK 10 500 million relating to the planned acquisition of Korsnäs.

2011 IN COMPARISON WITH 2010

Figures inside brackets refer to the same period in the previous year.

Net sales and profits

Net sales amounted to SEK 9 343 million (8 828), an increase of 6% compared with full-year 2010. Despite market-related production shutdowns, sales volumes for 2011 amounted to 1 354 000 tonnes (1 307 000), 4% higher than for 2010.

Billerud's operating profit deteriorated in 2011 and decreased by SEK 59 million, or 6% compared with 2010 to SEK 978 million (1 037). A significantly lower operating profit for the Market Pulp business area was partly offset by an improved operating profit for the packaging paper segments. Variable costs rose SEK 243 million, of which the effect attributable to higher wood prices was SEK 212 million.

The deviation in operating profit was broken down by the following components:

CHANGE IN OPERATING PROFIT FROM CORRESPONDING PERIOD PREVIOUS YEAR

SEKm	2011–2010	2010–2009
Sales and production volumes, including product mix	22	61
Selling prices in respective sales currency	943	1 387
Compensation for strike	–77	77
Change in variable costs	–243	–228
Change in fixed costs	–92	–99
Change in depreciation, amortisation and impairment	–4	–49
Effects of exchange rate changes, including hedging ¹⁾	–608	–412
Total change in operating profit	–59	737

¹⁾ Effects of exchange rate changes totalling SEK –608 million comprise the following components: change in spot rates SEK –683 million, currency hedging SEK –154 million and exchange rate effects from revaluation of accounts receivable and customer payments, etc. SEK 229 million.



The year had a very positive start, with continued good or very good demand in all packaging paper segments. Even during the second quarter, the demand was healthy in most of Billerud's packaging paper segments with a continued good order intake. The second half of the year started with uncertainty on the market, with worsen demand and order situation for kraft and sack paper, partly due to seasonal trends. Order situation for primary fibre-based containerboard also deteriorated slightly in the third quarter. At the end of the year, order situation for kraft and sack paper stabilised at a lower level than normal, and order situation for primary fibre-based containerboard continued to weaken.

Prices in local currencies for the packaging segments increased in the first half of the year by around 5%, were stable in the third quarter and decreased in the last quarter by around 4% compared to the previous quarter. As a result of the worsen market conditions in the second half of the year, Billerud implemented several market-related production shutdowns, mainly regarding kraft and sack paper, in order to restore the market balance.

In the market for Nordic long-fibre sulphate pulp, the demand remained good in the first half of the year. In the third quarter, pulp inventories among producers increased, resulting in a weakening pulp market. Nevertheless, demand was relatively healthy at the beginning of the second half of the year. During the last quarter, the market weakened further. The prices of NBSK pulp in Europe increased continuously during the first half of the year, from USD 950 per tonne at the beginning of the year to USD 1 025 per tonne at the end of the second quarter. With less fortunate market conditions in the second half of the year, prices dropped to USD 950 per tonne at the end of the third quarter, and continued downwards to USD 825 per tonne at the end of the year.

Net financial income/expense amounted to SEK -45 million (-77), an improvement of SEK 32 million as a result of less debt. Profit before tax amounted to SEK 933 million (960) and estimated tax amounted SEK -250 million (-255). Net profit thus totalled SEK 683 million (705), representing a drop of 3% from the prior year.

Profit by business area

Packaging & Speciality Paper

Operating profit increased SEK 33 million, or 8% compared to the previous year, to SEK 450 million (417). The increase was primarily a result of improved prices, which offset higher variable costs and lower sales volumes. The operating margin was 10% (10).

At the beginning of the year, the order situation for sack paper remained very strong for the season, and slightly below the level of the corresponding period the previous year for kraft paper. In general, order situation for kraft and sack paper weakened in the second quarter and returned to a more normalised level. Inventory levels among customers, which had been gradually built up in the first quarter, were reduced in the second. Further weakening occurred in the third quarter, partially due to seasonal variations. Customers continued to reduce their inventory levels, which primarily affected the sack paper market and, to a certain extent, some kraft paper grades. In the third quarter, market-related production shutdowns were carried out, mainly regarding sack paper, aimed to restore the market balance. In the final quarter, order situation for both kraft and sack paper were lower than usual, yet stable compared with the preceding quarter. At the end of the year, order situation for sack paper improved slightly. As in the previous quarter, customers continued to focus on reducing inventory capitalization. Market-related production shutdowns were carried out again in the fourth quarter, aimed to restore the market balance.

The price level in local currencies increased for the majority of products in the first half of the year. Price pressure emerged in the third quarter and persisted throughout the rest of the year. This led to price increases coming to an end in the third quarter, and at the end of the year prices dropped in local currencies for all products.

Packaging Boards

Operating profit increased with SEK 99 million compared to the previous year, to SEK 370 million (271), or 37%. Improved prices and higher sales volumes are the reasons for the increase. The operating margin was 13% (11).

Order situation remained healthy in the first half of the year, although a certain seasonal slowdown occurred towards the end of the first half of the year. In the third quarter, order situation weakened slightly from the preceding period, with an increasing uncertainty in terms of demand. Towards the end of the year, order situation continued to weaken and were at lower levels than normal in the fourth quarter. In the fourth quarter, customers reduced their inventories to a greater extent.

The price level in local currencies increased for the majority of products in the first half of the year. In the third quarter, the prices in local currency for primary fibre-based containerboard were stable. However, towards the end of the quarter, price pressure heightened for primary fibre-based containerboard as a consequence of lower prices for recycled fibre-based grades. The price pressure continued in the fourth quarter, resulting in poorer price levels in local currency for most products compared with the previous quarter.

Market Pulp

Operating profit decreased by SEK 212 million compared to the previous year to SEK 64 million (276), a reduction of 77%, primarily as a result of less favourable currency situation. The operating margin amounted to 4% (16).

Demand for NBSK pulp remained good in the first half of the year. Pulp inventories among producers increased in the second half of the year, with a consequent weakening of the pulp market, but were relatively healthy initially. The market for NBSK pulp continued to weaken in the fourth quarter compared to the previous quarter. During the quarter, several non-integrated producers of NBSK carried out market-related production shutdowns aimed at restoring the market balance.

The price level in Europe increased to USD 1 025 per tonne at the end of the second quarter, compared to USD 950 per tonne at the beginning of the year. In the second half of the year, the price level in Europe decreased to approximately USD 825 per tonne at the end of the year.

Investments and capital employed

Gross investment in tangible and intangible assets including company acquisitions amounted to SEK 512 million (334).

Billerud's capital employed amounted to SEK 4 639 million (4 792) at 31 December 2011. 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

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

At 31 December 2011, interest-bearing net cash amounted to SEK 233 million compared to interest-bearing net debt of SEK 155 million at 31 December 2010. The Group's net debt/equity ratio at the end of the period was -0.05x (0.03). Billerud's financial target for the debt/equity ratio is between 0.60x and 0.90x over a business cycle. At the end of the 2011 financial year, the net debt/equity ratio was thus substantially below the target. Cash and cash equivalents were SEK 929 million (740) at 31 December 2011.



2010 COMPARED TO 2009

The figures inside brackets refer to the same period in the previous year.

Net sales and profits

Net sales totalled SEK 8 828 million (7 760), an increase of 14% compared to the previous year. Despite strike measures caused production losses of about 26 000 tonnes, 2010 sales volumes totalled 1 307 000 tonnes (1 312 000). Billerud received full compensation from the Confederation of Swedish Enterprise (*Sw: Svenskt Näringsliv*) for costs related to the strike. Compensation of SEK 77 million was paid by the Confederation to Billerud in the fourth quarter.

Billerud's operating profit improved significantly in 2010, increasing to SEK 1 037 million, up SEK 737 million from 2009 or 246%. This was mainly attributable to significantly improved sales price and a better product mix. The impact of higher variable costs equalled SEK –228 million, including SEK –110 million due to changes in wood prices and SEK –51 million to changes in electricity prices. Fixed costs increased SEK 99 million, primarily as a result of increased maintenance costs. The operating margin equalled 12% (4).

The deviation in operating profit was broken down by the following components:

CHANGE IN OPERATING PROFIT FROM CORRESPONDING PERIOD PREVIOUS YEAR

SEKm	2010–2009	2009–2008
Sales and production volumes, including product mix	61	223
Selling prices in respective sales currency	1 387	–1 106
Compensation for strike	77	–
Change in variable costs	228	341
Change in fixed costs	–99	54
Change depreciation, amortisation and impairment	–49	–54
Effects of exchange rate changes, including hedging*)	–412	553
Total change in operating profit	737	11

*) The effects of exchange rate changes of a total of SEK –412 million is comprised by the following components: Change in spot rates SEK –685 million, hedging SEK 362 million and exchange rate changes at revaluation exchange rate of receivables and payables SEK –89 million.

The year began with sound demand in all segments for packaging paper and with gradual price increases. Demand strengthened further during the year for some segments and remained strong for the remainder of the year. Further price increases have been implemented for all products in the packaging paper area. Thus efforts to restore prices to sustainable long term levels were successful.

In the market for Nordic long-fibre sulphate pulp, demand remained robust at the beginning of the year. However, global production decreased, mainly due to the earthquake in Chile in February that caused the Chilean pulp mills to temporarily shut down production. This led to consumers and producers having extremely low inventory levels. During the second and third quarters, demand from Asia – mainly China – decreased, but consumers and producers continued to report low inventory levels. The pulp market remained healthy towards year-end, and demand from China increased in the last quarter. Prices for Nordic long-fibre sulphate pulp in USD continuously rose during the year from a relatively high level to a very high level during the third quarter. Towards the end of the year the prices in USD came down slightly.

Net income amounted to SEK –77 million (–114), an improvement of SEK 37 million as a result of lower debt. Profit before tax amounted to SEK 960 million (186). Estimated tax was SEK –255 million (–21). Net profit thus amounted to SEK 705 million (165); an improvement of 327%.

Profit by business area

Packaging & Speciality Paper

Operating profit increased SEK 31 million, or 8%, to SEK 417 million. A less favourable currency situation and increased costs were offset by improved prices in local currency and higher delivery volumes. The operating margin amounted to 10% (10).

The market trend for orders and deliveries improved at the beginning of the year but stagnated somewhat during the rest of the year, compared with the previous year. However, order situation remained very good for kraft and sack paper at the end of the year.

Efforts to restore prices from the low level of 2009 continued throughout 2010. Prices on all products gradually increased in local currency in 2010 compared with the previous year.

Packaging Boards

Operating profit increased SEK 41 million to SEK 271 million compared with the previous year. Improved prices in local currency offset a less favourable currency situation and increased costs. The operating margin was 11% (10).

Early in the year, the market trend was strong, and that set the tone for all of 2010. Price increases were implemented at the end of 2009 and had a positive impact on earnings in the first quarter of 2010. The price level for all products subsequently gradually increased in local currency during the year.

Market Pulp

Operating profit increased SEK 424 million, to SEK 276 million compared with the previous year, primarily as a result of greatly improved prices that offset slightly higher costs. Exchange rates had a negative impact but not to the same extent as for paper products. The operating margin was 16% (–11).

The market for market pulp (NBSK) remained strong at the beginning of the year and improved gradually during the year. Despite a slight slowdown at the end of the year, the market remained healthy. The improvement resulted in increased prices. The price at the beginning of the year was about USD 800 per tonne and peaked at USD 980 per tonne in the third quarter. At the end of the fourth quarter, the price decreased to about USD 950 per tonne.

Investments and capital employed

Gross investment in tangible and intangible assets including company acquisitions totalled SEK 334 million (306).

Billerud's capital employed totalled SEK 4 792 million at 31 December 2010, compared with SEK 5 148 million at 31 December 2009. Return on capital employed, calculated over the past 12-month period, amounted to 21% (6). If the effects of currency hedging are excluded, return on capital employed was 14% (6). Return on equity after tax was 17% (5).

Cash flow and financial position

Cash flow from operating activities totalled SEK 1 393 million in 2010, compared with SEK 854 million in the previous year. Operating cash flow totalled SEK 1 062 million, compared with SEK 562 million in the previous year.

Interest-bearing net debt equalled SEK 155 million at 31 December 2010 compared with SEK 1 152 million at 31 December 2009. The Group's net debt/equity ratio at the end of the period was 0.03x compared with 0.29x at 31 December 2009. Billerud's financial target for the debt/equity ratio is between 0.60x and 0.90x over a business cycle. At the end of 2010, the net debt/equity ratio was thus substantially lower than the average debt/equity ratio targeted over time. Cash and cash equivalents were SEK 740 million (818) at 31 December 2010.



SELECTED FINANCIAL INFORMATION KORSNÄS

FINANCIAL OVERVIEW

FULL YEARS 2009–2011 TOGETHER WITH INTERIM PERIOD JANUARY TO SEPTEMBER FOR 2011 AND 2012

Korsnäs' financial statements for the last three financial years are incorporated in this prospectus by reference. All reports are available at BillerudKorsnäs' website www.billerudkorsnas.com. The reports can also be ordered from BillerudKorsnäs by e-mail: emission@billerudkorsnas.com or by phone +46 (0)8 553 335 00.

The information for the period 2009–2011 is based on Korsnäs' annual reports for the relevant periods, which have been prepared in accordance with IFRS and are audited by Korsnäs' auditor Ernst & Young AB, with Thomas Forslund as the responsible auditor. The audit reports follow the standard formats and are unqualified. The information regarding the first nine months, 1 January – 30 September 2012 and 2011 is based on Korsnäs' management reports and have not been audited or reviewed by Korsnäs' auditor. Latgran is included in Korsnäs as of 14 June 2012. ¹⁾ The tables in this section should be read together with the section "Comments on Korsnäs' financial development" and for complete information please see Korsnäs' annual reports for the period 2009–2011.

INCOME STATEMENT

SEKm	Jan–Sep		Full year		
	2012	2011	2011	2010	2009
Revenue	6 526	6 241	8 254	8 178	8 039
Cost of goods and services	–5 520	–5 237	–7 100	–7 022	–6 821
Gross profit	1 006	1 004	1 154	1 156	1 218
Selling costs	– 91	–96	–124	–128	–144
Administration costs	– 142	–135	–182	–179	–202
Research and development costs	– 57	–57	–76	–76	–49
Other operating income	47	72	138	311	224
Other operating expenses	– 1	–4	–4	–158	–196
Operating profit	762	784	907	926	851
Financial income and expenses	– 114	–81	–53	–6	–63
Profit/Loss before tax	648	703	852	919	787
Taxes	– 165	–158	–191	–218	–197
Net profit/loss for the period	483	545	661	701	590
Attributable to equity holders of the Parent Company	481	545	661	701	590

1) Latgran is included in Korsnäs' balance sheet as of 30 June 2012 and in the income statement as of 1 July 2012.



BALANCE SHEET

	30 Sep		31 Dec		
SEKm	2012	2011	2011	2010	2009
Non-current assets	10 239	9 473	9 553	10 007	9 674
Inventories	1 838	1 949	2 048	1 576	1 635
Accounts receivable	705	763	607	656	596
Other current assets	211	236	397	390	279
Cash and cash equivalents	63	49	76	86	81
Total assets	13 056	12 470	12 681	12 715	12 265
Shareholders equity attributable to owners of the parent company	5 306	5 098	4 829	4 605	4 227
Non-controlling interests	40	–	–	–	–
Shareholders' equity	5 346	5 098	4 829	4 605	4 227
Interest-bearing liabilities	4 798	4 370	4 366	4 481	4 458
Provisions for pensions	484	486	496	504	541
Other provisions	17	6	5	22	41
Deferred tax liabilities	1 062	1 069	1 052	1 115	1 139
Total non-current liabilities	6 361	5 931	5 919	6 122	6 179
Interest-bearing liabilities	4	2	1	–	1
Accounts payables	848	914	945	937	807
Other liabilities and provisions	497	525	987	1 051	1 052
Total current liabilities	1 349	1 441	1 933	1 988	1 859
Total equity and liabilities	13 056	12 470	12 681	12 715	12 265

CASH FLOW STATEMENT

	Jan–Sep		Full year		
SEKm	2012	2011	2011	2010	2009
Operating profit	762	785	907	926	851
Adjustment for depreciation etc.	473	406	552	528	593
Taxes paid	–60	–154	–189	–253	17
Change in working capital	186	–444	–438	113	337
Cash flow from operations	1 361	593	832	1 314	1 798
Investments in joint ventures	–	–50	–112	–115	–
Investments in tangible and biological fixed assets	–412	–395	–687	–604	–642
Investments in shares and other securities	–	–	–	–	–1
Sales of tangible and biological fixed assets	13	8	7	7	–
Business combinations	–228	–	–	–	–147
Change in long-term receivables	–47	–	–	2	–2
Dividends and interest received	4	4	5	5	8
Cash flow from investing activities	–670	–433	–787	–705	–784
Change in interest-bearing liabilities	–555	–31	167	–470	–1 025
Interest paid	–172	–166	–222	–134	–114
Cash flow from financing activities	–727	–197	–55	–604	–1 139
Total cash flow (=change in cash and cash equivalents)	–36	–37	–10	5	–125
Cash and cash equivalents at start of period	76	86	86	81	206
Translation differences in cash and cash equivalents	–	–	–	–	–
Cash and cash equivalents included in business combinations	23	–	–	–	–
Cash and cash equivalents at the end of the period	63	49	76	86	81



BILLERUDKORSNÄS

KEY FIGURES

	Jan-Sep		Full year		
	2012	2011	2011	2010	2009
Margins					
Operating margin, %	12	13	11	11	11
Return					
Return on operational capital employed, %	12	13	11	12	11
Capital structure					
Operational capital employed, average, SEKm	8 665	8 146	8 251	7 810	7 849
Equity, at the end of the period, SEKm	5 346	5 098	4 829	4 605	4 227
Net debt, SEKm	3 002	2 785	2 948	2 322	2 504
Net debt/equity ratio, multiple	0.57	0.55	0.61	0.50	0.59
Equity ratio, %	41	41	38	36	34
Other key figures					
Average number of employees	1 814	1 771	1 772	1 760	1 811

DEFINITIONS

Margins

Operating margin

Operating profit as a percentage of revenues.

Return

Return on operational capital employed

Operating profit divided by average operational capital employed.

Capital structure

Operational capital employed

Average intangible and tangible fixed assets, investment in companies accounted for using the equity method, inventory and current non-interest-bearing receivables after deductions for other provisions and short-term non interest-bearing liabilities.

Equity

Shareholders' equity at the end of the period.

Net debt

Interest-bearing liabilities including provisions for pensions less total interest-bearing receivables, short-term investments and cash and cash equivalents.

Net debt/equity ratio

Net debt divided by shareholders' equity.

Equity ratio

Shareholders' equity as a percentage of total assets.



COMMENTS ON KORSNÄS' FINANCIAL DEVELOPMENT

COMPARISON OF THE PERIODS JANUARY – SEPTEMBER 2012 AND JANUARY – SEPTEMBER 2011 ¹⁾

Figures in parentheses refer to the same period last year.

Revenue and profits

Total revenue for the period 1 January to 30 September 2012 amounted to SEK 6 526 million compared to SEK 6 241 million during the same period 2011. The increase in revenue is partly explained by increased delivery volumes and price increases implemented in accordance with agreements with major customers within liquid packaging board as well as price increases within the product areas kraft and sack paper and White Top Liner. The effect from price increases has been offset by negative currency effects. Delivery volumes amounted to 800 ktonnes compared to 764 ktonnes during the same period 2011.

Korsnäs' operating profit for the period 1 January to 30 September 2012 amounted to SEK 762 million, compared to SEK 784 million during the same period 2011. Operating profit for the first nine months 2012 was positively impacted by increased delivery volumes and lower costs for pulpwood and energy. Lower production volumes together with increased costs for chemicals and a rise in fixed costs had a negative impact on the operating profit.

The explanatory items are presented in the table below.

SEKm	Jan–Sep 2012
Operating profit 2011	784
Delivery and production volumes and changed product mix	–28
Sales prices including currency effects	–4
Cost changes for energy	119
Cost changes for pulpwood and external pulp	49
Cost changes for chemicals	–65
Change in fixed costs	–99
Other	6
Operating profit 2012	762

Financial income and expenses for the period 1 January to 30 September 2012 amounted to SEK –114 million (–81). Financial income and expenses includes interest expenses and other financial expenses of SEK –174 million (–166), interest income and other financial income of SEK 45 million (53), change in fair value of financial assets of SEK 11 million (28) and dividends received of SEK 4 million (4).

Reported tax amounted to SEK –165 million (–158).

Investments and operational capital employed

Investments in tangible fixed assets for the period 1 January to 30 September 2012 amounted to SEK 412 million (395). During the period 1 January to 30 September 2012, SEK 47 million were paid for the investment in Bomhus and SEK 26 million of the energy investments in the existing plant for delivery of waste heat which is further described in the comparison between 2011 and 2010.

At the production facility in Gävle, a SEK 270 million investment in the refurbishment of a machine (PM 5) is ongoing, of which SEK 100 million has been paid out during 2012. The installation in the machinery will be performed during the scheduled stoppage in the autumn of 2012 and is an offensive investment to improve the surface quality of the cartonboard.

In the second quarter of 2012, a decision was made to invest SEK 250 million in the refurbishment of a machine (KM5) in Frövi, of which SEK 21 million has been paid out during 2012.

Depreciation and amortization for the period 1 January to 30 September 2012 amounted to SEK 467 million (454). Korsnäs average operating capital for the period 1 January to 30 September 2012 amounted to SEK 8 665 million compared to SEK 8 146 million during the same period 2011. Return on operating capital for the period 1 January to 30 September 2012 was 11.9%, compared to 12.8% during the same period 2011.

Cash flow and financial position

Cash flow from operating activities for the period 1 January to 30 September 2012 amounted to SEK 1 361 million (593).

Net debt amounted to SEK 3 002 million (2 785) at 30 September, 2012. Korsnäs' equity ratio was 41% (41%) at the end of the period.

COMPARISON OF THE 2011 AND 2010 FINANCIAL YEARS

Figures in parentheses refer to the same period last year.

Revenue and profits

Total revenue for 2011 amounted to SEK 8 254 million compared to SEK 8 178 million in 2010. The increase in revenue is partly explained by price increases implemented in accordance with agreements with major customers within liquid packaging board as well as price increases within other product areas. Delivery volumes amounted to 1 002 ktonnes compared to 1 021 ktonnes in 2010.

Korsnäs' operating profit for the full-year 2011 amounted to SEK 907 million, compared to SEK 926 million in 2010. Operating profit for 2011 includes insurance compensation of SEK 45 million pertaining to a damage on a soda recovery boiler in Frövi, which caused shorter production shutdowns in 2009 and 2010. Operating profit for 2011 was adversely impacted by a breakdown of a turbine in Gävle (included below in energy costs). The breakdown is estimated to have caused additional costs of SEK 40 million. Operating profit was also negatively impacted by higher costs for wood and chemicals that were not fully offset by higher sales prices. Despite the negative effects from the breakdown of the turbine, energy costs were lower than the preceding year mainly due to energy investments in Gävle and lower electricity prices. The result for 2010 included strike remuneration of SEK 84 million from the Confederation of Swedish Enterprise as compensation for direct costs resulting from a dispute with labour unions.

The explanatory items are presented in the table below.

SEKm	Jan–Dec 2011
Operating profit 2010	926
Delivery and production volumes and changed product mix	76
Cost changes for chemicals	–73
Cost changes for pulp wood and external pulp	–182
Cost changes for energy	95
Sales prices including currency effects	142
Change in fixed costs	–63
Insurance compensation	45
Received strike compensation 2010	–84
Other	25
Operating profit 2011	907

Financial income and expenses amounted to SEK –53 million (–6) in 2011. Financial income and expenses include interest expenses and other financial expenses of SEK –224 million (–135), interest income and other financial income of SEK 70 million (61), change in fair value of financial assets of SEK 97 million (64) and dividends received of SEK 4 million (4). Profit before tax for the full year 2011 amounted to SEK 852 million compared to SEK 919 million in 2010.

Reported tax amounted to SEK –191 million (–218).

1) Including Latgran for the period July to September 2012.



Investments and operational capital employed

Investments in tangible fixed assets amounted to SEK 687 million (604) in 2011. In March 2010, Korsnäs signed an agreement with Gävle Municipality regarding investment in Bomhus, a jointly owned company that will invest in a new bio-energy plant on Korsnäs' industrial area in Gävle. The objective of the new bio-energy plant is to ensure delivery of environmentally friendly electricity and steam to Korsnäs and district heating to Gävle Energi's customers starting in 2013. For Korsnäs, the investment in 50% of the shares and debenture loan in Bomhus will amount to about SEK 320 million, of which SEK 115 million were paid in 2010 and SEK 112 million in 2011. In addition to investments in Bomhus, Korsnäs will make further energy investments of about SEK 145 million in the existing plant for delivery of waste heat to Gävle Energi, of which SEK 66 million were paid in 2010 and SEK 29 million in 2011.

Depreciation and amortization amounted to SEK 608 million (602) in 2011. Korsnäs' average operating capital amounted to SEK 8 251 million in 2011 compared to SEK 7 810 million in 2010. Return on operating capital for 2011 was 11.0%, compared to 11.9% for the full year 2010.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 832 million (1 314) in 2011.

Net debt amounted to SEK 2 948 million (2 322) at 31 December, 2011. Korsnäs' equity ratio was 38% (36%) at the end of the period.

COMPARISON OF THE 2010 AND 2009 FINANCIAL YEARS

Figures in parentheses refer to the same period last year.

Revenue and profits

Total revenue for 2010 amounted to SEK 8 178 million compared to SEK 8 039 million in 2009. The increase in revenue is mainly due to increased prices on all products and an increase in demand for liquid packaging board and cartonboard compared to 2009. The effects of the implemented price increases during the year were, however, offset by the strong SEK. Delivery volumes amounted to 1 021 ktonnes compared to 1 034 ktonnes in 2009.

Korsnäs' operating profit amounted to SEK 926 million (851) for the full year 2010, an increase of 9%. The operating profit includes strike compensation of SEK 84 million from the Confederation of Swedish Enterprise. The increase in operating profit is primarily attributable to increased sales prices in local currencies, increased production and higher delivery volumes (less strike impact), which were counteracted by effects of a strengthened exchange rate and increased costs for energy.

The explanatory items are presented in the table below.

SEKm	Jan-Dec 2010
Operating profit 2009	851
Delivery and production volumes and changed product mix	21
Cost changes for chemicals	35
Cost changes for pulp wood and external pulp	3
Cost changes for energy	-80
Sales prices including currency effects	15
Change in fixed costs	-13
Received strike compensation 2010	84
Other	10
Operating profit 2010	926

Financial income and expenses amounted to SEK -6 million (-63) in 2010. Financial income and expenses include interest expenses and other financial expenses of SEK -135 million (-116), interest income and other financial income of SEK 61 million (7), change in fair value of financial assets of SEK 64 million (40) and dividends received of SEK 4 million (6). Profit before tax for the full year 2010 amounted to SEK 919 million compared to SEK 787 million in 2009.

Reported tax amounted to SEK -218 million (-197).

Investments and operational capital employed

Investments in tangible fixed assets amounted to SEK 604 million (740)¹⁾ in 2010. During 2010, SEK 115 million were paid for the investment in Bomhus and SEK 66 million of the energy investments in the existing plant for delivery of waste heat which is further described in the comparison between 2011 and 2010. These investments results in a significant reduction of Korsnäs' oil consumption while electricity production and the use of waste heat from Korsnäs' production facility increases. As a result of the investments, Korsnäs' production facility in Gävle will increase the proportion of internally produced electricity from approximately 38% to approximately 45%.

In May 2010, a new evaporation plant for the pulp production in Gävle was put in operation. The investment amounted to a total of approximately SEK 550 million, of which SEK 190 million affected cash flow in 2010. In connection with the annual maintenance stop at the production facility in Gävle in October 2010, the paperwaste and backwater system on a machine (PM5) was rebuilt for approximately SEK 75 million.

Depreciation and amortization amounted to SEK 602 million (611) in 2010.

Korsnäs' average operating capital amounted to SEK 7 810 million in 2010 compared to SEK 7 849 million in 2009. Return on operating capital for 2010 was 11.9%, compared to 10.8% for the full year 2009.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 1 314 million (1 798) in 2010.

Net debt amounted to SEK 2 322 million (2 504) at 31 December, 2010. Korsnäs' equity ratio was 36% (34%) at the end of the period.

1) Investments in tangible fixed assets of SEK 740 million in 2009 include SEK 99 million which is part of the purchase price for Rockhammars Bruk that has been allocated to property, plant and equipment.



SUMMARY FINANCIAL INFORMATION LATGRAN ¹⁾

FINANCIAL OVERVIEW

The information for the period 2009–2011 is based on SIA Latgran's annual reports for the relevant periods ¹⁾. For complete information please see SIA Latgran's annual reports for the period 2009–2011 that are available at BillerudKorsnäs' website www.billerudkorsnas.com ²⁾. The information regarding the first nine months, 1 January – 30 September 2012 and 2011 is based on SIA Latgran's management reports and have not been audited or reviewed by Latgran's auditor. Latgran is included in Korsnäs as of 14 June 2012 ³⁾.

INCOME STATEMENT ⁴⁾

SEKm	Jan–Sep		Full year		
	2012	2011	2011	2010	2009
Net sales	341	215	319	299	265
Operating profit	37	24	32	54	36
Net profit for the period	32	20	25	44	28

BALANCE SHEET ⁴⁾

SEKm	30 Sep		31 Dec		
	2012	2011	2011	2010	2009
Assets	384	387	391	318	264
Equity	160	134	136	110	79
Liabilities	224	254	255	207	185
Total equity and liabilities	384	387	391	318	264

CASH FLOW STATEMENT ⁴⁾

SEKm	Jan–Sep		Full year		
	2012	2011	2011	2010	2009
Cash flow from operations	31	31	5	55	19
Cash flow from investing activities	–2	–61	–69	–74	–7
Cash flow from financing activities	–25	13	35	42	–2

1) Latgran Biofuels AB is the parent company in the Latgran Biofuels Group that produces biofuels through its wholly owned subsidiary SIA Latgran. Latgran Biofuels AB has, for the period included in the historical financial information and with reference to the special provisions in the Annual Accounts Act (chapter 7, 2 §), not prepared consolidated financial statements. There are no material differences between the financial information in SIA Latgran's annual reports and the Latgran Biofuels Group. The financial information in this prospectus is therefore based on SIA Latgran's annual reports that have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports which have been audited by SIA Latgran's auditors. The auditor's opinion for 2009 is unqualified and contains no comments. The auditor's opinion for 2010 is qualified and contains a comment. As the financials for 2010 are included as a comparative year in the annual report for 2011, the auditor's report for 2011 contains the same comment as in the auditor's report for 2010. The comment is included in its entirety below where "the Company" refers to SIA Latgran, "us" refers to SIA Latgran's auditors SIA Ernst & Young Baltic and "LVL" refers to Latvian lats.

"At the beginning of the year 2010 after the approval and publication of the financial statements for the year ended 31 December 2009, the Company carried out an inventory count which showed excess inventory of LVL 265 thousand; the Company expensed the said amount as a reduction of cost of goods sold in the income statement for the year ended 31 December 2010. Excess inventory identified by us should be attributed to the year 2009 and corrected retrospectively. Had excess inventory been booked in the correct period, the current year profit would have been by LVL 265 000 smaller with the respective increase in the retained earnings."

2) Latgran's annual reports are only available in English.

3) Latgran is included in Korsnäs' balance sheet as of 30 June 2012 and in the income statement as of 1 July 2012.

4) SIA Latgran's accounting currency is Latvian lats (LVL) and the following exchange rates have been used in the conversion to SEK:

	Income statement/Cash flow statement	Balance sheet
2009	15.0500	14.6000
2010	13.4600	12.6800
2011	12.7912	12.7900
Jan–Sep 2011	12.7300	13.0700
Jan–Sep 2012	12.5170	12.1220



COMMENTS ON LATGRAN'S FINANCIAL DEVELOPMENT

Comparison of the periods January – September 2012 and January – September 2011

Figures in parentheses refer to the same period last year.

Net sales for the period January – September 2012 amounted to SEK 341 million compared to SEK 215 million during the same period 2011, an increase of 59%. The increase in net sales is primarily explained by a third pellets plant that was brought into operation during the third quarter in 2011 and through increased sales prices in accordance with the multi-year contracts the company has with its major customers.

The operating profit for the period 1 January to 30 September amounted to SEK 37 million (24). The operating margin was unchanged compared to the same period in 2011 and amounted to 11%. The increased sales prices have compensated for the increased costs for energy and other input goods.

Comparison of the 2011 and 2010 financial years

Figures in parentheses refer to the same period last year.

Net sales for 2011 amounted to SEK 319 million compared to SEK 299 million in 2010, an increase of 7%. The increase in net sales is primarily explained by a third pellets plant that was brought into operation during the third quarter.

The operating profit for the full year 2011 amounted to SEK 31 million, compared to SEK 52 million in 2010. The operating margin decreased to 10% compared to 17% in 2010. The decrease in the operating margin is primarily explained by increased costs for raw material and energy, which were not fully compensated by price increases.

The investment in the company's third pellets plant totalled approximately EUR 14 million and the plant will have a planned annual production of approximately 140 ktonnes.

Comparison of the 2010 and 2009 financial years

Figures in parentheses refer to the same period last year.

Net sales for 2010 amounted to SEK 299 million (265), an increase of 13%. The increase in net sales is primarily explained by an increase in demand for pellets during 2010 and multi-year agreements that Latgran signed with a number of existing and new customers during the year.

The operating profit for the full year 2010 amounted to SEK 52 million (35). Latgran's operating margin was 17% in 2010 compared to 13% in 2009. The improved operating margin is primarily explained by increased production and stable raw material prices.



CAPITAL STRUCTURE AND OTHER FINANCIAL INFORMATION

CAPITALISATION AND DEBT

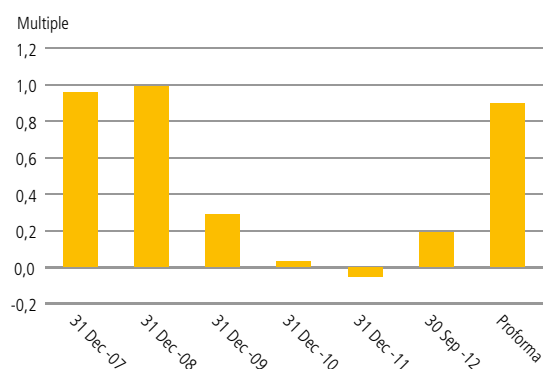
The tables in this section provide information regarding Billerud's equity and debt at 30 September 2012. It should be noted that the Company's financial position changes significantly through the combination with Korsnäs. The information about the Company's equity and debt in this section is also presented on a pro forma basis for the acquisition of Korsnäs and the Rights Issue. For further information about the financial effects of the Transaction, please refer to the chapter "Pro forma financial information".

SEKm	30 SEP 2012	PRO FORMA ¹⁾ 30 SEP 2012
Total current interest-bearing debt	1 014	2 036
Guaranteed	—	—
Secured	—	—
Unguaranteed/unsecured	1 014	2 036
Total non-current interest-bearing debt	502	6 390
Guaranteed	227	2 233
Secured	—	—
Unguaranteed/unsecured	275	4 157
Shareholders' equity	4 778	8 866
Share capital	774	1 537
Additional contributed capital	903	4 241
Reserves	1 721	1 721
Profit brought forward incl. profit/loss for the year	1 379	1 327
Minority interest	1	41

Billerud's net debt at 30 September 2012 is shown below.

SEKm	30 SEP 2012	PRO FORMA ¹⁾ 30 SEP 2012
(A) Cash	—	—
(B) Cash equivalents	618	451
(C) Easily realisable securities	2	2
(D) Total liquidity (A)+(B)+(C)	620	453
(E) Current receivables	—	—
(F) Current bank debt	489	1 511
(G) Current portion of non-current liabilities	525	525
(H) Other current financial liabilities	—	—
(I) Total current liabilities (F)+(G)+(H)	1 014	2 036
(J) Net current indebtedness (I)–(E)–(D)	394	1 583
(K) Non-current bank loans	111	5 473
(L) Issued bonds	150	150
(M) Other non-current loans	241	767
(N) Non-current indebtedness (K)+(L)+(M))	502	6 390
(O) Net indebtedness (J)+(N)	896	7 973

At 30 September 2012, the net debt/equity ratio was 0.19. If the acquisition of Korsnäs and the Rights Issue had taken place on 30 September 2012, the net debt/equity ratio would have been 0.90 ²⁾, all else being equal. The following diagram shows the Group's net debt/equity ratio since 2007.



1) The 30 September 2012 pro forma information has not been reviewed by the Company's auditor.

2) Assumes the Rights Issue is fully subscribed and excludes any costs related to the Rights Issue.



FINANCIAL RESOURCES

At 30 September 2012, interest-bearing loans amounted to SEK 1 289 million. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 111 million, bond loans for SEK 675 million, utilisation of the Company's commercial paper programme (maximum: SEK 1 500 million) for SEK 489 million and other interest-bearing liabilities for SEK 14 million. At 30 September 2012, the Company had an unutilised credit facility of SEK 800 million.

For further information about the Company's financial liabilities prior to the combination with Korsnäs, please see notes 20 and 21 in the Group's annual report for 2011.

BillerudKorsnäs' financial resources following the combination

The following describes BillerudKorsnäs' available financial resources after completion of the combination on 29 November 2012. For further information about BillerudKorsnäs' credit agreements, please refer to chapter "Legal considerations and supplementary information" under section "Credit agreements".

The Company has entered into two loan agreements regarding credit facilities with two separate syndicates consisting of banks, and one loan agreement with a bilateral lender.

The total facilities amount to SEK 9 300 million. The loan agreements agreed upon with the syndicates is dated on 19 June 2012 and on 2 November 2012, and consists of credit facilities of SEK 3 000 million and of one revolving credit facility of SEK 5 500 million.

Out of these facilities SEK 1 500 million relates to a bridge financing facility for the part of the proceeds in the Rights Issue attributable to the Company's shareholders prior to the Directed Issue to Kinnevik. The bilateral loan agreement, dated on 12 July 2010 relates to a credit facility of SEK 800 million. The facilities relating to one of the syndicate agreements falls due on 19 April 2013 and on 19 June 2013, and the facility relating to the revolving syndicate loan agreement falls due on 2 November 2015. Provided that all creditors approve, there are possibilities to extend all of the facilities, even the syndicate loan agreements. The bilateral loan agreement falls due on 12 July 2017.

In addition to the loans described above, BillerudKorsnäs' non-current interest-bearing liabilities also include three bond loans issued as private investments to a total loan amount of SEK 675 million, and two loan agreements with two different lenders each regarding a credit facility of SEK 600 million. The bond loans fall due for payment as of 2013 and of 2016 and the bilateral loan agreement taken by Korsnäs falls due on 3 June 2017.

The majority of BillerudKorsnäs' current interest-bearing liabilities consists of the Company's commercial paper programme which runs from 18 June 2003 and enables BillerudKorsnäs to issue commercial papers with a nominal value of SEK 1 000 000 or EUR 100 000 up to a limit of SEK 1 500 million or the equivalent in EUR. The commercial papers shall run for at least one day and at most one year.

STATEMENT REGARDING WORKING CAPITAL IN THE GROUP

In BillerudKorsnäs view the existing working capital is not sufficient for the present requirements for the coming 12 months given current credit facilities and term structure.

Some of the Company's credit facilities will mature during the second quarter of 2013 (see section "BillerudKorsnäs' financial resources following the combination" above). The Company estimates that other available credit facilities together with cash flow from operations are not sufficient to give the Company liquid funds required to fulfill the payment obligations when these credit facilities matures, without being complemented by other sources. The estimated financing needs are up to SEK 3 billion.

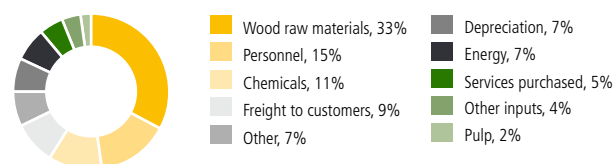
To give the Company the required financial resources the Board decided on 29 November 2012, based on authorisation from the extraordinary general meeting on 14 September 2012, to implement the Rights Issue. The Rights Issue will, if fully subscribed, provide the Company with SEK 1 981 million after transaction costs. The Company's largest shareholders, Kinnevik and Frapag, has committed to subscribe for Shares corresponding to in total approximately 41% of the Rights Issue. See also chapter "Risk factors" under the section "The Rights Issue is not guaranteed and the subscription undertakings are non-secured" and chapter "Legal considerations and supplementary information" under the section "Subscription undertakings".

The Company also intends to implement a bond issue of approximately SEK 1.5 billion during the first six month of 2013 under a new bond programme.

BillerudKorsnäs believes that the Rights Issue and the issue of bonds, together with the Company's cash flow from operations, will give the Company sufficient working capital to cover the needs for the coming 12 months. In the case the Rights Issue and/or the issue of bonds is not carried through, the Company will consider alternative solutions to secure the Company's long-term funding, for example renegotiation of current bank financing.

COST STRUCTURE

An approximate breakdown of BillerudKorsnäs' cost mass is shown in the following diagram:



Wood raw materials

BillerudKorsnäs has no significant forest assets but buys wood raw materials in competition with other players on the timber market. Purchases are made from a handful of major suppliers such as Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog, and also from a large amount of private land owners in Central and Northern Sweden. The majority of wood raw materials is acquired locally in the vicinity of each production unit. About 20% of the wood requirement is imported. Most of the imported wood comes from the Baltics.

Personnel

Wages and salary costs are primarily regulated by collective agreements, payroll taxes and other related legal requirements. In recent years, wage costs have risen through agreements by approximately 3% per year.

Chemicals

Certain process chemicals are by-products from chemical processes and their price can therefore vary significantly from year to year. Prices for other chemicals have been much more stable. Overall, however, chemical price trends have been stable.

Freight to customers

About 38% of the freight costs of BillerudKorsnäs' production units is rail freight. Goods are otherwise shipped by sea or road freight. Freight costs are fixed annually through agreements, and are affected by competition between freight companies, energy prices and wage trends.



BILLERUDKORSNÄS

Energy

BillerudKorsnäs consumes electricity, oil, biofuel and small amounts of other types of energy. In 2011, about 1.8 TWh of electricity was purchased from external suppliers.

Changed conditions from the Swedish Energy Agency regarding the allocation of electricity certificates after 2012 could affect earnings. For further information, please see the chapter "Risk factors".

Services purchased

Purchased services mainly comprise maintenance services in connection with the periodical maintenance shutdowns, and regular maintenance. The prices of services are primarily affected by wage cost trends in Sweden.

Other inputs

Spare parts, maintenance materials, packaging materials and machine covers are inputs that have been relatively stable historically in terms of price.

Pulp

The BillerudKorsnäs facilities have for the most part, integrated production of pulp. Purchase of pulp from external suppliers is mainly done to the production units in Finland and the UK. The Company buys NBSK pulp, Northern Bleached Softwood Kraft. The price of pulp has shown significant fluctuations over the years. The production and sale of pulp in BillerudKorsnäs means that the Company is a net seller of pulp amounting to approximately 15 ktonnes annually.

SEASONAL VARIATIONS

BillerudKorsnäs' activities are relatively unaffected by seasonal variations. Periodical maintenance shutdowns have the largest impact, as each unit stops production for approximately one week. This means that deliveries are somewhat lower for quite some time before, during and after the shutdown.

BillerudKorsnäs' costs are relatively stable throughout the year. Fixed costs are slightly lower in the summer, however, due to fewer maintenance projects and lower seasonal employee benefits expense. Energy costs are slightly higher in the winter because of higher energy consumption and normally higher energy prices, especially for electricity.

Maintenance shutdowns

In addition to ongoing maintenance while machines are running, BillerudKorsnäs' production units normally requires a more extensive maintenance at some point during the year. To perform this maintenance, production of pulp, paper and board is stopped – known as a maintenance shutdown. The cost of a maintenance shutdown chiefly consists of lost volumes related to the shutdown and fixed costs, primarily in the form of costs of maintenance and overtime. It also comprises variable costs to a certain extent, for instance higher consumption of electricity and wood when production starts up again. The effect of the shutdown on earnings varies depending on the extent of measures carried out, their character and the actual length of shutdown. The estimated cost of the shutdown is an assessment of the impact on earnings of a normal shutdown in relation to a quarter without a periodical maintenance shutdown.

MAINTENANCE SHUTDOWNS

Production units	Estimated shutdown cost, SEKm	Estimated distribution of shutdown cost by business area			Planned times of maintenance shutdowns		
		Packaging Paper	Consumer Board	Containerboard	2013	2012	2011
Gävle	Approx. 100	Approx. 10%	Approx. 70%	Approx. 20%	Q4	Q4	Q4
Gruvön	Approx. 100	Approx. 40%	Approx. 5%	Approx. 55%	–	Q4	Q4
Frövi	Approx. 55	0%	100%	0%	Q2	Q2	Q2
Skärblacka	Approx. 60	Approx. 85%	0%	Approx. 15%	Q3	Q3	Q2
Karlsborg	Approx. 40	100%	0%	0%	Q3	Q3	Q3
Pietarsaari	Approx. 15	100%	0%	0%	Q4	Q4	Q4

Maintenance shutdowns at Beetham, Rockhammar and Tervasaari have an insignificant impact on BillerudKorsnäs' overall earnings.

INVESTMENTS

BillerudKorsnäs' investments chiefly consist of quality-enhancing measures and energy and environmental investments at the production units in Sweden and, to a lesser extent, at the units in Finland and the UK. BillerudKorsnäs will finance its current and decided investments in the framework of existing credit facilities and from the cash flow generated by its operations.

Billerud

During 2009 to 2011, Billerud's major investments consisted of an update of the systems for the recycling of chemicals, electricity production and electricity supply in Gruvön, an improved system for packaging of paper rolls in Skärblacka, as well as a new electrostatic percipator for effective removal of dust particles from the exhaust gases and improved recycling of chemicals in Karlsborg.

INVESTMENTS BILLERUD

SEKm	Jan–Sep		Full year		
	2012	2011	2011	2010	2009
Investments in intangible assets	–	–	1	1	8
Investments in property, plant and equipment	515	333	465	333	262
Total ordinary investments	515	333	466	334	270



Korsnäs

During 2009 to 2011, Korsnäs major investments consisted of a new evaporation plant in Gävle, the investment in Bomhus that will build a new bio-energy plant and further energy investments in the existing plant for delivery of waste heat to Gävle Energi.

INVESTMENTS KORSNÄS

SEKm	Jan-Sep		Full year		
	2012	2011	2011	2010	2009
Investments in intangible assets	–	–	–	–	–
Investments in property, plant and equipment *)	412	395	687	604	740
Total ordinary investments	412	395	687	604	740

*) Including the part of the purchase price that has been allocated to property, plant and equipment in the purchase price allocation.

Current and decided investments

Billerud

In the fourth quarter of 2011, a decision was made regarding an environmental and energy investment at the Skärblacka production unit. The aim is to strengthen the facility for the future by improving environmental performance and energy efficiency, as well as enabling future expansion. The investment includes upgrading the recovery boiler and its flue gas treatment to the best technology available. A new evaporation facility is also being built to enhance energy efficiency at the mill. This will involve a sharp reduction in consumption of fossil oil and external biofuels. The investment is estimated to amount to SEK 900 million of which is distributed through approximately 50% in 2012, approximately 40% in 2013, and approximately 10% in 2014. SEK 249 million had been paid out by 30 September 2012.

Korsnäs

At Korsnäs' industrial area in Gävle, a project is under way regarding a new bioenergy facility (Bomhus). All the main components have been procured within the framework of the budget and work on assembling the equipment is proceeding according to plan. For Korsnäs, the investment in Bomhus amounts to approximately SEK 320 million, of which SEK 274 million has been paid out to date. The bioboiler is operational and delivers steam to Korsnäs' production unit in Gävle. The flue gas condenser was put into operation in the beginning of October and now supplies waste heat to Gävle Energi. In addition to the investment in Bomhus, Korsnäs is carrying out further energy investments amounting to approximately SEK 145 million in the existing facility for delivering waste heat to Gävle Energi AB, of which SEK 121 million had been paid out by 30 September 2012.

A decision has also been made to invest SEK 270 million in the refurbishment of a machine (PM5) in Gävle, of which SEK 133 million had been paid out by 30 September 2012. The rebuilding of the machinery was performed during the scheduled stoppage in the autumn 2012 and is an offensive investment to improve the surface quality of the cartonboard.

In the second quarter of 2012, a decision was made to invest SEK 250 million in the refurbishment of a machine (KM5) in Frövi. All major contracts are completed and the refurbishment will be performed during the scheduled maintenance stoppage in the spring of 2013. The rebuilding will improve the appearance and printability of the board and enable increased stiffness.

Further, a new external purification facility for water is planned to be put into operation at the pulp mill in Gävle at the latest in June 2015. The investment is estimated to amount to approximately SEK 200–300 million.

THE EFFECT OF PUBLISHED BUT NOT YET APPLICABLE ACCOUNTING PRINCIPLES

In Bomhus, Korsnäs and Gävle Energi own 50% each of the shares. Korsnäs records this joint venture using the equity method, which means that Korsnäs' portion of Bomhus equity is recorded as an asset and its share of Bomhus profit or loss for the period is recorded as a line item in Korsnäs' profit and loss account. When the new accounting principles in IFRS 10 and 11 become applicable in the future, currently expected on 1 January 2014, Korsnäs' holding in Bomhus needs to be classified as a joint operation, joint venture, or subsidiary. Based on current circumstances, classification as joint operation is most likely, which would imply that the equity method must be replaced by a consolidation of Korsnäs' proportional interest in Bomhus individual assets, liabilities, sales, and expenses.

This would entail that rather than recording Korsnäs' portion in Bomhus equity net as a single asset, the proportional interest in each asset and liability should be recorded gross in BillerudKorsnäs' balance sheet. Correspondingly, the proportional interest in each type of sales and expenses should be included in the profit and loss account rather than recording the share of net income as a single line item.

Only the balance sheet would be significantly affected. Based on a proportional interest of 50% and financial information as of 30 September 2012, BillerudKorsnäs' assets would increase by SEK 642 million, interest-bearing debt would rise by SEK 577 million, and short-term liabilities would increase by SEK 65 million.

ACQUISITIONS

Billerud

Billerud's main investments in Group companies and associated companies since 2009 are described below.

ACQUISITIONS MADE BY BILLERUD 2009–2012

Company	Date	Sales	Country
Tenova Bioplastics AB	1 February 2009	SEK 35 million	Sweden
Paccess Packaging LLC (30%)	20 July 2011	USD 27 million	USA
UPM's packaging paper operation	1 June 2012	EUR 220 million	Finland
Korsnäs AB	29 November 2012	SEK 8 573 million	Sweden



On 1 June 2012 Billerud Finland Oy, a wholly owned subsidiary of Billerud AB, acquired two paper machines from UPM and a certain portion of related working capital. The acquisition totalled SEK 1 073 million, of which SEK 911 million was assigned to machinery and inventory and SEK 162 million to working capital. The transaction significantly reduces Billerud's pulp exposure and strengthens its offering in the packaging paper area. Currency exposure is also reduced. The acquired operations were consolidated as of 1 June 2012 and are included in the Packaging & Speciality Paper business area. For further information, please refer to the chapter "Legal considerations and supplementary information" under section "Asset transfer agreement between Billerud and UPM".

In June 2012 Billerud entered an agreement regarding a merger with Korsnäs. The combination was completed on 29 November 2012.

For further information, please refer to the chapter "The combination of Billerud and Korsnäs" and the chapter "Legal considerations and supplementary information" under section "The combination agreement between Billerud and Kinnevik".

Korsnäs

Listed below are Korsnäs' principal investments in group companies since 2009.

ACQUISITIONS MADE BY KORSNÄS 2009–2012

Company	Date	Sales	Country
Rockhammars Bruk	1 April 2009	SEK 260 million	Sweden
Latgran	14 June 2012	LVL 25 million	Latvia

Korsnäs' acquired 75% in Latgran from Kinnevik on June 14 2012. For further information on Latgran, see the chapters "Information about Korsnäs" and "Summary financial information Korsnäs". On April 1 2009 Korsnäs acquired Rockhammars Bruk from Rottneros AB. The consideration amounted to SEK 145 million and through the acquisition, Korsnäs became in principal self-sufficient in pulp to all its paper and board production.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment chiefly consists of plant and equipment. For information about mortgages on these assets please refer to note 29 of Billerud's 2011 annual report and note 25 of Korsnäs' annual report. For further information about Billerud's property, plant and equipment, please refer to note 10 of Billerud's 2011 annual report and note 10 in Korsnäs' annual report.

PRODUCT AND PROCESS DEVELOPMENT

The costs of product and process development, to the extent attributable to research activities, are charged to profit in the year that they occur and in 2011 they corresponded to approximately 0.5% of Billerud's operating costs. In addition to this, resources are allocated to product and business development and to process development in the operations on an ongoing basis.

SENSITIVITY ANALYSIS

The effect on profit before tax from an isolated change in some of the most important income and expense factors for 2011 is shown below.

Billerud's sensitivity has been adjusted for the acquisition of the packaging paper machines from UPM.

SENSITIVITY ANALYSIS

Approximate effects on earnings before tax, 2011			
Variable	Change	Billerud (SEKm)	Korsnäs (SEKm)
Volume of sales	+/-10%	+/-400	+/-325
Price of pulp	+/-10%	+/-50	-
Exchange rates, SEK *)	+/-10%	+/-600	+/-60
Price of wood	+/-10%	-/+320	-/+ 280
Price of electricity	+/-10%	-/+20	-/+ 25

*) Excluding effects of currency hedging.

FINANCIAL EXPOSURE AND RISK MANAGEMENT

General

Described below are BillerudKorsnäs' policies regarding financial risk management. These policies conform with Billerud's policies prior to the combination. The policies are applied on a permanent basis, but following the combination the Board of BillerudKorsnäs will evaluate the existing policies during 2013, which could lead to possible changes.

The Group attaches great importance to minimising both the financing risk and the interest rate risk in borrowing. It also strives to avoid dependence on individual financing sources, and to have a conservative approach with respect to counterparties when investing any surplus liquidity. In order to manage the financial risks, a number of overall rules have been drawn up for the Group. Work on reducing financial risks proceeds in accordance with a finance policy adopted annually by the Board. Responsibility for the Group's financing and financial risk management is centralised to the Group's finance department. The Group's main financial risk exposure consists of currency risk, financing risk and interest rate risk. Another financial risk is counterparty risk, also known as credit risk. Counterparty relationships and counterparty risks with respect to financial derivatives are regulated in the framework of the applicable finance policy. Real values for these instruments are obtained from stock exchanges and other organised marketplaces. If a price cannot be obtained directly, valuation is carried out by means of valuation models, in which future cash flows are discounted by current market rates.

Currency risk

Currency risk is the balance- and result effect that a fluctuation in foreign exchange rates causes. BillerudKorsnäs is structurally exposed to fluctuation in foreign exchange rates as the majority of sales is invoiced in foreign currencies. A majority of the variable costs are denominated in SEK. The exception is primarily made up of the variable costs attributable to the operations in Finland, the United Kingdom and the Baltics, freight, costs of imported wood raw materials and chemicals, of which a majority is effected by EUR and USD. The Group's net exchange rate exposure is significant and mainly attributable to EUR, USD and GBP.

The table below states the approximate currency exposure in BillerudKorsnäs.

NET CURRENCY EXPOSURE

Net currency exposure as a share of total sales	Approx 30%
Share of net currency exposure in European currencies (mainly EUR)	Approx 3/4
Share of net currency exposure in currencies from outside of Europe (mainly USD)	Approx 1/4



Currency risk – transaction exposure

Transaction exposure is the risk of changes in exchange rates for export revenues and import expenses negatively affecting BillerudKorsnäs' operating profit and acquisition cost of its fixed assets.

To reduce the consequences of currency exposure, the Company continuously hedges forecast net flows in foreign currencies. Under the finance policy adopted by the Board, around 50% of flows over the coming 12-month period must always be hedged. However, this figure may rise to 100% of flows over the coming 15 months if it is deemed appropriate with regard to profitability and the currency situation.

Control of BillerudKorsnäs' business areas is based on exchange rates current at any one time, in order to continually adjust commercial terms to the prevailing currency situation. The main target for each business area is the operating margin, which is measured net of the earnings effects of hedging currency flows. The earnings effects of exchange rate changes in operating capital are managed centrally and matched against corresponding earnings for currency hedging.

Currency risk – translation exposure

Translation exposure is the risk to which BillerudKorsnäs is exposed when foreign subsidiaries' income statements and balance sheets are translated into SEK.

BillerudKorsnäs also has assets in foreign currency, chiefly through owning assets in the UK, Finland and Latvia.

At 30 September 2012, capital employed in foreign currency was SEK 1 341 million, of which SEK 1 366 million was financed by shareholders' equity.

Of the net assets in GBP, SEK 145 million, 29% was hedged through loans raised by the parent company. No hedging was arranged for net assets in other currencies.

Financing risk

The financing risk is the risk of a major loan requirement arising in a strained credit market situation, and thus of failing to obtain financing, or obtaining financing at sharply increased costs. To ensure that the Group always has access to external financing, the finance department must ensure that short- and long-term credit commitments are available. Maximum cost-efficiency within established limits shall be the goal. The lender base shall also be reasonably diversified to avoid excessive dependency on individual sources of financing. The repayment structure of Group loans shall be adapted so that loans maturing are spread evenly over a period. Financial investments may only be made in certain types of instruments with low risk, and the fixed interest term may not exceed six months.

Interest rate risk

The interest rate risk corresponds to the effect on earnings brought about by a change in interest rates. The speed at which a change in the interest rate trend affects earnings depends on the fixed interest term of loans and investments.

To ensure cost-efficient financing for the Group and avoid excessive variations in earnings in the event of a major negative interest rate change, the norm for the Company is that the average fixed interest term for the loan stock shall be 18 months, with a permitted deviation of +/-12 months. To achieve this norm, interest rate derivatives, mainly interest swaps, are used. Price risk is defined as the effect on earnings that may be caused by changes in the prices of outstanding capital instruments. The Company is a net borrower and only invests in listed instruments in exceptional cases. Short-term investments are also made in order to reduce the interest rate risk.

Credit risk

Credit risk is the risk that a counterpart in a transaction does not have the means to fulfill its commitments. If BillerudKorsnäs actions to minimise the credit risk is not sufficient this may have a negative effect on BillerudKorsnäs' financial position and result.

To avoid such a scenario as stated above it is defined in the financial policy of the Company how excess liquidity shall be allocated if such was to occur.

TRENDS AND SIGNIFICANT CHANGES SINCE PUBLISHING THE INTERIM REPORT FOR THE PERIOD JANUARY – SEPTEMBER 2012

Billerud's combination with Korsnäs was completed on 29 November 2012. For further information, please refer to pages 20–21.

The combination creates a stronger company, better positioned to offer its customers competitive products and solutions on the growing global packaging market.

For more information about current trends for the Company, please see the chapter "Interim report January – September 2012" and the chapter "Selected financial information Korsnäs" under the section "Comparison of the periods January – September 2012 and January – September 2011".

Besides the combination with Korsnäs, there have been no significant changes in the Company's financial position or market position since the publishing of the interim report for the period January – September 2012.

The Swedish Parliament approved a reduction of corporate tax rates from 26.3% to 22.0% on 21 November 2012. The lower tax rate will have a non recurring effect on the accounts of BillerudKorsnäs with a reduction of deferred tax liabilities and a corresponding increase in equity being accounted for through current earnings. Based on the 30 September 2012 balance sheet, the non recurring effect is estimated to be SEK 506 million. As a result, the interest bearing net debt/equity ratio would be reduced from 90% to 85%.



BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITOR

This chapter contains information regarding the board of directors, the senior management and auditor of BillerudKorsnäs.

BOARD OF DIRECTORS

Board of directors' composition since completion of the combination on 29 November 2012 ¹⁾

NAME	BORN	ELECTED	POSITION	SHAREHOLDING*
Hannu Ryöppönen	1952	2012	Chairman	8 960
Mia Brunell Livfors	1965	2012	Member	–
Lennart Holm	1960	2012	Member	–
Jan Homan	1947	2012	Member	–
Gunilla Jönson	1943	2003	Member	2 250
Michael M.F. Kaufmann	1948	2005	Member	9 500
Wilhelm Klingspor	1962	2012	Member	–
Mikael Larsson	1968	2012	Member	2 000
Helén Gustafsson	1971	2010	Employee board member	517
Kjell Olsson	1959	2012	Employee board member	–
Kurt Lindvall	1951	2001	Alternate employee board member	–
Tobias Söderholm	1975	2012	Alternate employee board member	–

*) Own and closely related parties' holdings.

HANNU RYÖPPÖNEN

Chairman of the board since 2012, chairman of the remuneration committee and member of the integration committee

Born: 1952

Education: Bachelor of Business Administration, Hanken School of Economics, Helsinki.

Other assignments: Chairman of the board of Hakon Invest Aktiebolag and Altor's Private Equity-funds and vice chairman of the board of Rautaruukki Oyj. Board member of Neste Oil Oyj, Novo Nordisk A/S, Amer Sport Corporation Oyj and Value Creation Investments Ltd. Hannu Ryöppönen is also a member of Citi Nordic Advisory Board.

Previous assignments in the past five years/

Background: Chairman of the board of Tiimari Oyj. CFO and vice CEO of Stora Enso Oyj and board member of Korsnäs and Portendo AB. Hannu Ryöppönen has a background as CFO and vice CEO of Royal Ahold and as CFO of IK Investment Partners (previously, Industri Kapital) and the IKEA group. Furthermore, he has been board member of ICA AB and has also had a number of assignments within Chemical Bank and Alfa Laval.

Shareholding in BillerudKorsnäs: 8 960 Shares through his wholly-owned investment company Pecun, Inc.

Independent towards the Company and the senior management, independent towards the Company's major shareholders.

MIA BRUNELL LIVFORS

Board member since 2012 and member of the remuneration committee

Born: 1965

Education: Studies Business Administration, University of Stockholm.

Other assignments: CEO and President of Kinnevik.

Chairperson of the board of Metro International S.A. Board member of Tele2 AB, Millicom International Cellular S.A., Modern Times Group MTG AB, Efva Attling Stockholm Aktiebolag, H & M Hennes & Mauritz AB and CDON Group AB and a number of assignments within the Kinnevik group.

Previous assignments in the past five years/

Background: Board member of Korsnäs, Transcom WorldWide S.A., Bergvik Skog and Attling Holding AB and a number of assignments within the Kinnevik and Korsnäs group.

Shareholding in BillerudKorsnäs: –

Independent towards the Company and the senior management, not independent towards the Company's major shareholders.

LENNART HOLM

Board member since 2012 and member of the audit committee and chairman of the integration committee

Born: 1960

Education: MSc, chemical engineering, Chalmers University of Technology, Gothenburg. Degree in economics, Gothenburg University.

Other assignments: Chairman of the board of Vida Aktiebolag, Nexam Chemical AB, SI Technology Investments AB and Chamber Tech AB. Board member of BioMass C Holding AB, Nattaro Labs AB, Hempel A/S, Vigmed AB, Lahega Kemi Aktiebolag, Croviva Invest AB and of Lennart Holm Development AB where he also is CEO and owner. Lennart Holm is also vice chairman of SOS Barnbyar Sweden.

Previous assignments in the past five years/

Background: Chairman of the board of Perstorp Holding AB, Financiere Foret Ett AB, Financiere Foret Två AB, Financiere Foret Trois AB, UGI partners AB, Polygiene AB and Croviva Invest AB. Board member of Vatus Medical AB and Chr Hansen A/S. Lennart Holm has a background as board member of Industrifonden and CEO of Perstorp Holding AB. He has previously been working within Stora Enso and has been partner in PAI partners SAS.

Shareholding in BillerudKorsnäs: –

Independent towards the Company and the senior management, independent towards the Company's major shareholders.

1) At the annual general meeting 2012 board members Ingvar Petersson, Helena Andreas, Mikael Hellberg, Gunilla Jönson, Michael M.F. Kaufmann, Ewald Nageler and Yngve Stade were re-elected. Lennart Holm and Jan Homan were elected new board members. When Billerud closed the acquisition of the shares in Korsnäs and once the appointment of the new board members Hannu Ryöppönen, Mia Brunell Livfors, Wilhelm Klingspor and Mikael Larsson took effect, Ingvar Petersson, Helena Andreas, Mikael Hellberg, Ewald Nageler and Yngve Stade resigned as board members.



BILLERUDKORSNÄS

JAN HOMAN

Board member since 2012 and member of the audit committee

Born: 1947

Education: Studies in economics, University of Commerce, Wien.

Other assignments: Chairman of the board of Constantia Flexibles Group. Board member of Allianz Elementar Versicherungs AG, Erste Group Bank AG and Slovenska Sporitelna. President of European Aluminium Foil Association and chairman of Flexible Packaging Europe.

Previous assignments in the past five years/

Background: CEO of Constantia Flexibles Group. Jan Homan also has a background as CEO of Constantia Teich Group.

Shareholding in BillerudKorsnäs: –

Independent towards the Company and the senior management, independent towards the Company's major shareholders.

GUNILLA JÖNSON

Board member since 2003

Born: 1943

Education: MSc and PhD in mechanical engineering, Chalmers University of Technology, Gothenburg.

Other assignments: Chairman of the board of International Institute for Industrial Environmental Economics (IIIEE). Vice chairman of the board of Chalmers Tekniska Högskola Aktiebolag. Board member of CIT Synergo Aktiebolag, SIK – Institutet för Livsmedel and Bioteknik AB, Invest in Skåne AB, Packbridge AB (svb), CIT (the Foundation Chalmers Industriteknik) and Blekinge Institute of Technology. Professor in packaging logistics at Lund Institute of Technology.

Previous assignments in the past five years/

Background: Board member of Innovationsbron Syd AB, Lund University Development AB and VINNOVA, the Innovation Authority of Sweden. Gunilla Jönson has a background as dean at Lund Institute of Technology and as director of environment and product safety at SCA Packaging.

Shareholding in BillerudKorsnäs: 2 250 Shares

Independent towards the Company and the senior management, independent towards the Company's major shareholders.

MICHAEL M.F. KAUFMANN

Board member since 2005 and member of the remuneration committee

Born: 1948

Education: MBA, Universities of Stuttgart and Erlangen-Nürnberg.

Other assignments: Chairman of the board and CEO of Frapag.

Previous assignments in the past five years/

Background: Vice chairman of the board in Billerud. Board member of Hirsch Servo AG and Immofinanz Immobilien Anlagen AG and a number of assignments within Frantschach/Mondi.

Shareholding in BillerudKorsnäs: 9 500 Shares

Independent towards the Company and the senior management, not independent towards the Company's major shareholders.

WILHELM KLINGSPOR

Board member since 2012

Born: 1962

Education: Forester, Sweden's Agricultural University, Skinnskatteberg and studies in economics.

Other assignments: Board member and CEO of Hellekis Säteri Aktiebolag. Board member of Kinnevik, Handelsbanken in Lidköping, Hellekis Energi AB, Epikuré Fastigheter AB, Utvecklingsaktiebolaget Ullersbro and Apotek Vita Hästen AB.

Previous assignments in the past five years/

Background: Board member of Korsnäs and assignments within the Korsnäs group.

Shareholding in BillerudKorsnäs: –

Independent towards the Company and the senior management, not independent towards the Company's major shareholders.

MIKAEL LARSSON

Board member since 2012 and chairman of the audit committee

Born: 1968

Education: Graduate in Business Administration, Uppsala University

Other assignments: CFO of Kinnevik. Board member of Transcom WorldWide S.A. and Bergvik Skog and a number of assignments within the Kinnevik group.

Previous assignments in the past five years/

Background: A number of assignments within the Kinnevik and Korsnäs group.

Shareholding in BillerudKorsnäs: 2 000 Shares

Independent towards the Company and the senior management, not independent towards the Company's major shareholders.

HELÉN GUSTAFSSON

Employee board member, PTK, since 2010

Born: 1971

Education: BSc, technical chemistry, The Institute of Technology, Linköping University.

Other assignments: –

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: 517 Shares

Independent towards the senior management and the Company's major shareholders, not independent towards the Company.

KJELL OLSSON

Employee board member, Pappers, since 2012

Born: 1959

Education: Trade union education.

Other assignments: –

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: –

Independent towards the senior management and the Company's major shareholders, not independent towards the Company.

KURT LINDVALL

Alternate employee board member, Pappers, since 2001 and member of the audit committee

Born: 1951

Education: –

Other assignments: –

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: –

Independent towards the senior management and the Company's major shareholders, not independent towards the Company.

TOBIAS SÖDERHOLM

Alternate employee board member, PTK, since 2012

Born: 1975

Education: MSc, chemical engineering, Chalmers University of Technology, Gothenburg

Other assignments: Employee board member in Kinnevik.

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: –

Independent towards the senior management and the Company's major shareholders, not independent towards the Company.

SENIOR MANAGEMENT

Senior management composition since completion of the combination on 29 November 2012

NAME	BORN	SENIOR MANAGEMENT IN BILLERUD OR KORSNÄS SINCE	POSITION	SHARE- HOLDING *
Per Lindberg	1959	2005	President and CEO	24 182
Christer Simrén	1961	2008	Executive Vice President, COO and Senior Vice President Consumer Board	1 000
Per Bjurbom	1961	2007	Senior Vice President Production	6 000
Uno Brinnen	1956	2001	Senior Vice President BillerudKorsnäs Forestry	–
Lennart Eberleh	1969	2006	Senior Vice President Containerboard	4 000
Karin Hågfeldt	1970	2011	Senior Vice President Human Resources	2 000
Susanne Lithander	1961	2011	CFO	650
Johan Nellbeck	1964	2006	Senior Vice President Packaging Paper	10 000
Per Persson	1951	2006	Senior Vice President Supply Chain Management & IT	–
Ulrika Späls	1973	2010	Senior Vice President Communication & Change Management	–
Mikael Westerberg	1964	2006	Senior Vice President Business Support	–
Magnus Wikström	1963	2010	Senior Vice President Technology & Strategic Development	5 000

*) Own and closely related parties' holdings.

PER LINDBERG

President and CEO

President and CEO of Billerud since 2005

Born: 1959

Education: MSc, mechanical engineering and PhD, industrial management, Chalmers University of Technology, Gothenburg.

Other assignments: Chairman of the board of YKI, Ytkemiska Institutet AB. Board member of VindIn AB and Middlepoint AB and a number of assignments within the BillerudKorsnäs group.

Previous assignments in the past five years/

Background: Board member of Hammar Invest AB and partner of Pelicon HB. Per Lindberg has a background as CEO of Korsnäs and vice CEO of Kinnevik.

Shareholding in BillerudKorsnäs: 24 182 Shares

UNO BRINNEN

Senior Vice President BillerudKorsnäs Forestry

Member of the senior management of Korsnäs since 2001

Born: 1956

Education: MSc, forestry, Sweden's Agricultural University, Umeå. Licentiate-degree, forestry, Sweden's Agricultural University, Garpenberg.

Other assignments: Board member of Future Position X Service AB.

Previous assignments in the past five years/

Background: Director of forestry of Korsnäs and a number of assignments within the Korsnäs group.

Shareholding in BillerudKorsnäs: –

CHRISTER SIMRÉN

Executive Vice President, COO and Senior Vice President Consumer Board

CEO of Korsnäs since 2008

Born: 1961

Education: Dr.Sc, industrial management and economics and MSc, electrical and computer engineering, Chalmers University of Technology, Gothenburg. BA Accounting and Management Control, Gothenburg School of Economics.

Other assignments: Chairman of the board of Bomhus Energi Aktiebolag and Vireo Energy AB. Board member of Aktiebolaget Geveko.

Previous assignments in the past five years/

Background: Member of the management team of Kinnevik. Chairman of the board of Grycksbo Paper Holding AB. Board member of Handelskammaren Värmland Service AB, Åmotfors Energi AB and Nordic Paper AB. Christer Simrén has also been CEO of Wermland Paper AB and Korsnäs and has had a number of assignments within the Korsnäs group.

Shareholding in BillerudKorsnäs: 1 000 Shares

LENNART EBERLEH

Senior Vice President Containerboard

Member of the senior management of Billerud since 2006

Born: 1969

Education: MSc, Technical University Carolo Wilhelmina, Braunschweig. Executive MBA, Mgruppen.

Other assignments: Board member of Paccess Packaging LLC and a number of assignments within the Billerud group.

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: 4 000 Shares

PER BJURBOM

Senior Vice President Production

Member of the senior management of Billerud since 2007

Born: 1961

Education: MSc, chemical engineering, Royal Institute of Technology, Stockholm.

Other assignments: –

Previous assignments in the past five years/

Background: Board member of The Paper Province ekonomisk förening and a number of assignments within the Billerud group.

Shareholding in BillerudKorsnäs: 6 000 Shares

KARIN HÅGFELDT

Senior Vice President Human Resources

Member of the senior management of Billerud since 2011

Born: 1970

Education: Human Resource Management and Development, Umeå University. Executive MBA, Stockholm School of Economics.

Other assignments: –

Previous assignments in the past five years/

Background: A number of assignments within i.a. HR and supply chain for AstraZeneca AB.

Shareholding in BillerudKorsnäs: 2 000 Shares



BILLERUDKORSNÄS

SUSANNE LITHANDER

CFO

CFO of Billerud since 2011

Born: 1961

Education: Graduate in Business Administration
Gothenburg School of Economics.

Other assignments: Board member of Acando AB,
Susanne Lithander Consulting AB and a number of
assignments within the BillerudKorsnäs group.

Previous assignments in the past five years/

Background: Chairman of the board of Mercuri
International Sverige Aktiebolag and Ericsson TEMS AB.
Board member of SCF i Gothenburg AB, Sälj and
Marknadshögskolan i Sverige AB and Säljuniversitetet i
Sverige AB. CEO and president of Mercuri International
Group AB, vice CEO and Head of Product Area Advise, BU
Global Services at Ericsson AB and vice CEO and project
leader for One-Company-Project at SCA.

Shareholding in BillerudKorsnäs: 650 Shares

ULRIKA SPÅLS

Senior Vice President Communication & Change Management

Member of the senior management of Korsnäs since 2010

Born: 1973

Education: BSc, engineering and planning and studies in
psychology, University of Gävle. Senior management-
programme, IMD, Lausanne.

Other assignments: Board member of BRC Utvecklings-
partner AB and Föreningen Svenska Re.

Previous assignments in the past five years/

Background: HR-director of Korsnäs including
responsibility for Communication and business development
according to WCM (World Class Manufacturing) and HR- and
talent-manager of Sandvik Materials Technology where she
also worked with business system development.

Shareholding in BillerudKorsnäs: –

JOHAN NELLBECK

Senior Vice President Packaging Paper

Member of the senior management of Billerud since 2006

Born: 1964

Education: BSc, Business Administration, Uppsala
University. Executive MBA, Mgruppen.

Other assignments: Board member of CEPI Eurokraft,
PaperImpact and Lennart Nellbeck Consult Aktiebolag and
assignments within the Billerud group.

Previous assignments in the past five years/

Background: –

Shareholding in BillerudKorsnäs: 10 000 Shares

MIKAEL WESTERBERG

Senior Vice President Business Support

Member of the senior management of Korsnäs since 2006

Born: 1964

Education: BSc, Business Administration, Uppsala
University. MBA, University of Warwick.

Other assignments: –

Previous assignments in the past five years/

Background: Director Strategic Planning and a number of
assignments within the Korsnäs group.

Shareholding in BillerudKorsnäs: –

PER PERSSON

Senior Vice President Supply Chain Management & IT

CFO of Korsnäs since 2006

Born: 1951

Education: BSc, Business Administration, Uppsala
University.

Other assignments: Board member of Bomhus Energi
Aktiebolag.

Previous assignments in the past five years/

Background: Board member of Karskär Energi Aktiebolag
and ScanFibre Logistics. CFO of Korsnäs and a number of
assignments within the Korsnäs group.

Shareholding in BillerudKorsnäs: –

MAGNUS WIKSTRÖM

Senior Vice President Technology & Strategic Development

Member of the senior management of Billerud since 2010

Born: 1963

Education: MSc, Chemical Engineering, PhD and ass. prof.,
Paper Technology, Royal Institute of Technology, Stockholm.
Executive MBA, Mgruppen.

Other assignments: Board member of INNVENTIA AB and
a number of assignments within the Billerud group.

Previous assignments in the past five years/

Background: Board member of YKI, Ytkemiska Institutet AB
(YKI, Institute for Surface Chemistry AB).

Shareholding in BillerudKorsnäs: 5 000 Shares

AUDITOR

At the annual general meeting 2009 the registered
accounting firm Ernst & Young AB with postal address
Box 7850, 103 99 Stockholm, Sweden was elected the new
auditor of the Company until the close of the annual general
meeting 2013. The authorised public accountant Lars Träff is
auditor-in-charge. Lars Träff is born in 1954 and is a member
of FAR and has participated in the audits of Billerud since
2009.



OTHER INFORMATION REGARDING THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

All members of the board of directors and members of the senior management can be reached at the postal address, Billerud-Korsnäs AB, Box 703, 169 27 Solna, Sweden.

BillerudKorsnäs' board is, according to the Company, compliant with the Swedish Code of Corporate Governance's requirements regarding independence in relation to the Company, the senior management and the Company's major shareholders. Mia Brunell Livfors is CEO and President, Mikael Larsson is CFO and Wilhelm Klingspor is board member of Billerud-Korsnäs' largest shareholder Kinnevik which holds more than 10% of the Shares in BillerudKorsnäs. Michael M.F. Kaufmann is chairman of the board and CEO of BillerudKorsnäs' second largest shareholder, Frapag, which holds more than 10% of the Shares in BillerudKorsnäs. For more information regarding the ownership structure, see the chapter "Share capital and ownership structure".

There are no family ties between the members of the board or members of the management. None of the board members or members of the senior management have during the past five years, except as is stated above, been a board member, CEO or member of a company's administration, management or supervisory bodies or been partner in any company. No board member or member of the senior management has been convicted in relation to fraudulent offences. No board member or member of the senior management has been involved in bankruptcy, liquidation or receivership in their capacity as a member of a company's administration, management or supervisory bodies or as partner of such company. There are no, and have not been any, accusations and/or sanctions by statutory or regulatory authorities or designated professional bodies towards any member of the board or member of the senior management during the past

five years. Such members has neither been disqualified by a court from acting as a member of the administrative, senior management or supervisory body of a company or from acting in the management or conduct of the affairs of any company during the past five years.

No potential conflict of interest exists with any board member or member of the senior management, meaning that no board member or member of the senior management has any personal interest that may be in conflict with the interests of BillerudKorsnäs. As stated above in this chapter there are however board members and members of the senior management with financial interests in BillerudKorsnäs as a consequence of their shareholdings in the Company. Furthermore, the Company has entered into an agreement with Kinnevik and Frapag, see the chapter "Legal considerations and supplementary information" under the section "Subscription undertakings". The Company has also entered into an agreement with Kinnevik regarding the acquisition of the shares in Korsnäs as is described in the chapter "Legal considerations and supplementary information" under the section "The combination agreement between Billerud and Kinnevik". As stated above under this section, Mia Brunell Livfors and Mikael Larsson are members of the management team of Kinnevik and the board member Wilhelm Klingspor is, together with the other members of the Klingspor family, one of the larger shareholders in Kinnevik. Wilhelm Klingspor is also a board member of Kinnevik. Michael M.F. Kaufmann is chairman of the board and CEO in Frapag. It may occur that Kinnevik (under the said combination agreement or the said subscription agreement) respectively Frapag (under the said subscription agreement) have, or in the future will have, interests that are different from BillerudKorsnäs' under these agreements. A subsidiary of Frapag is a competitor to the Group's largest customer, which is a customer within liquid packaging board and represents a significant part of the

Group's turnover. Accordingly, it might occur that Frapag has, or in the future will have, opposing interests from Billerud-Korsnäs with respect to the business relation with the Group's largest customer.

As stated, a condition for fulfillment of the Transaction was the shareholders approval, at an extraordinary general meeting in Billerud. An additional condition was that an extraordinary general meeting in Billerud elected the board members who, at the time of this prospectus, constitute the Company's board (the board members were elected at the extraordinary general meeting on 14 September 2012). There has, in addition to the above stated, been no specific agreement entered into between the Company and major shareholders, customers, suppliers or other parties under which any board member or member of the senior management has been appointed as a board member or given a position within the senior management.

No company in the Group has entered into an agreement giving any of the board members or member of the senior management benefits after an assignment or employment has been concluded (members of the senior management may have the right to benefits for a certain time after a termination, see the chapter "Corporate Governance" under the section "Guidelines for remuneration to senior management etc."). This, as well as other information regarding remuneration and benefits to the board members and members of the senior management of BillerudKorsnäs is accounted for, see the chapter "Corporate Governance".

There are no lockup agreements with respect to the board members' or members of the senior management's holdings of Shares in the Company apart from that those members of the senior management participating in the Company's long term incentive programs must, in accordance with the terms of the programs, keep Shares allocated under the programs for three years during the so called vesting period in order to be allocated Shares under the programs.



CORPORATE GOVERNANCE

Corporate governance in BillerudKorsnäs emanates from Swedish legislation, the articles of association, NASDAQ OMX's Rulebook for Issuers and listing agreement and rules and recommendations published by relevant organisations. BillerudKorsnäs applies the Swedish Code of Corporate Governance (the "Code"). The Code is based on the principle of "comply or explain". This implies that a company which applies the Code may deviate from a rule, but, if doing so, has to provide an explanation through which the grounds for the deviation are disclosed. BillerudKorsnäs will account for the following deviations from the Code in 2012. The vice chairman of the board, Michael M.F. Kaufmann, was also chairman of the nomination committee for the annual general meeting 2012 and for the annual general meeting 2013 Mia Brunell Livfors has been appointed chairperson of the nomination committee. This deviates from the Code's rule that a board member shall not be the chairman of the nomination committee. The deviations are in accordance with the 2011 and 2012 annual general meetings' resolutions that the chairman of the nomination committee shall be the member of the nomination committee representing the largest shareholder. The resolutions are in the Company's and all shareholders interests and a natural consequence of Michael M.F. Kaufmann and Mia Brunell Livfors' connection with the Company's largest shareholder at that time.

GENERAL MEETING OF SHAREHOLDERS

The right of the shareholders to make decisions in the affairs of BillerudKorsnäs is exercised at the general meeting which, according to the Swedish Companies Act, is the Company's highest decision-making body. Rules regulating the general meeting can be found, inter alia, in the Swedish Companies Act, the Code and § 8 and 9 of the articles of association.

All shareholders registered in the share register on the record date and who have notified their intention to attend in due time are entitled to attend the meeting and vote for the total number of Shares held. Convening notice of a general meeting of shareholders shall be announced on the Company's website as well as in the Official Swedish Gazette (*Sw: Post- och Inrikes Tidningar*). Information that notice has been made shall be announced in Svenska Dagbladet at the same time as the convening notice is issued.

A shareholder requesting that a matter shall be addressed at a general meeting shall request this in writing to the board. The matter will be addressed at the general meeting, if the request is received by the board no later than seven weeks before the annual general meeting. At the general meeting all shareholders have the right to ask questions to the Company regarding items on the agenda and the Company's and the Group's financial situation.

The annual general meeting is to be held in Stockholm within six months from the end of the financial year. The Company's financial year runs from 1 January through 31 December and the annual general meeting is usually held in the month of April or May. The annual general meeting resolves, inter alia, on the adoption of the Company's annual report, the disposition of the Company's profit or loss, and discharge of liability for the board and the CEO. The annual general meeting also elects the members of the board and auditors and resolves on the establishment of a nomination committee, fees to board members and auditors and guidelines for salaries and other remuneration to the CEO and the senior management.

Resolutions at the general meeting are normally adopted with simple majority except in cases where the Swedish Companies Act imposes requirements on a higher proportion of the shares represented and votes cast, e.g. a decision to amend the articles of association. Decisions resolved on at the general meeting are made public after the meeting through a press release, and the minutes of the meeting are held available on the Company's website.

EXTRAORDINARY GENERAL MEETING 2012

On 14 September 2012, Billerud held an extraordinary general meeting with respect to the proposed combination with Korsnäs. The meeting resolved, in accordance with the board's proposal, to approve the acquisition of Korsnäs along with other related proposals to amend the articles of association and to authorise the board to execute the Directed Issue and the Rights Issue.

Furthermore, it was resolved, in accordance with Frapag's proposal, that the number of board members elected by the general meeting shall be eight with no deputies. The meeting further elected, in accordance with Frapag's proposal, Hannu Ryöppönen (chairman), Mia Brunell Livfors, Wilhelm Klingspor and Mikael Larsson as new board

members for the period until the end of the next annual general meeting. Since the annual general meeting on 9 May 2012, Jan Homan, Lennart Holm, Gunilla Jönson and Michael M.F. Kaufmann were part of the board. They are also elected as board members until the next annual general meeting. The other members of the board which had been elected by the 2012 annual general meeting resigned from their assignments upon completion of the Transaction. In addition to the board members elected by the annual general meeting, the board comprises two employee representatives with two deputies.

The extraordinary general meeting further resolved to amend the fees for board and committee work. For further information see the section "Fees to board members and remuneration to members of the board's committees."

The nomination committee

According to the Code, the Company shall have a nomination committee and the Company's annual general meeting decides on the procedure for appointing the members of the nomination committee and guidelines for the work of the nomination committee to prepare proposals to the next annual general meeting.

The nomination committee for the annual general meeting 2013

At the annual general meeting on 9 May 2012 a procedure for appointing a nomination committee for the annual general meeting 2013 was adopted. This remains unchanged apart from the two following changes adopted at the extraordinary general meeting on 14 September 2012.

- The nomination committee shall comprise four members (according to the resolution at the annual general meeting 2012 the nomination committee shall comprise no more than four members), and
- The nomination committee shall be appointed for a term of office commencing at the time of the announcement of the composition of the nomination committee and ending when a new nomination committee is formed (according to the resolution at the annual general meeting 2012 the term of office of the nomination committee ended at the close of the next annual general meeting).



In accordance with the 2012 annual general meeting's decision, the nomination committee comprises four members and was formed by the chairman of the board, after contacting the major shareholders during the autumn. The nomination committee for the 2013 annual general meeting comprises Mia Brunell Livfors (chairman), appointed by Kinnevik, Michael M.F. Kaufmann, appointed by Frapag, Frank Larsson, appointed by Handelsbanken Funds and Björn Franzon, appointed by Swedbank Robur funds. No remuneration is paid to the chairman or the other members of the nomination committee.

The nomination committee shall produce proposals for the following items to be decided by the 2013 annual general meeting:

- (a) proposal for chairman of the meeting,
- (b) proposals for number of board members in the Company's board,
- (c) proposal for nomination of board members, chairman and alternate chairman of the board,
- (d) proposal for nomination of auditors,
- (e) proposals for board fees and distribution between chairman and alternate chairman of the board and other members, and possible remuneration for committee work,
- (f) proposal for fees to auditors,
- (g) proposal for procedures for appointing the nomination committee.

Under the part Nomination Committee under the section Corporate Governance on the Company's website there is information regarding how shareholders can submit proposals to the nomination committee as well as the procedure for appointing the nomination committee.

THE BOARD

Composition

The board of BillerudKorsnäs shall, in accordance with the articles of association, be composed of at least six and at most ten members, with at most six deputies. Board members are appointed for one year at a time. At the extraordinary general meeting on 14 September 2012 it was resolved that the board for the period until the next annual general meeting shall comprise eight board members elected by a general meeting without deputies.

For the period until the next annual general meeting the board, consists of Hannu Ryöppönen (chairman), Mia Brunell Livfors, Jan Homan, Lennart Holm, Gunilla Jönson, Michael M.F. Kaufmann, Wilhelm Klingspor and Mikael Larsson. Jan Homan, Lennart Holm, Gunilla Jönson and Michael M.F. Kaufmann have been part of the board

before the combination between Billerud and Korsnäs while the other board members were elected at the aforementioned extraordinary general meeting. In addition, the trade unions have appointed two employee board members to the board. These are Kjell Olsson and Helén Gustafsson with alternates Kurt Lindvall and Tobias Söderholm. In addition to the employee board members and their alternates, none of the board members are employed by the Group. The composition of the board meets the Code's independence requirements in relation to both the Company and the senior management as well as the Company's major shareholders.

For information regarding the board member's assignments outside the Group and shareholdings in BillerudKorsnäs, see the chapter "Board of directors, senior management and auditor".

As stated in the named chapter:

- Four board members have been part of the board of Billerud, whereof three are independent towards both the Company/senior management and the Company's major shareholders,
- Three board members have been members of the board of Korsnäs, whereof one is independent towards both the Company/senior management and the Company's major shareholders, and
- One board member has had no position as member of the board in Billerud or Korsnäs but is CFO of Korsnäs former parent company Kinnevik and is independent towards the Company/senior management but not independent towards the Company's major shareholders.

As set forth above, most board members have been active in Billerud or Korsnäs for a considerable time and have knowledge of the business/organisation in Korsnäs respectively Billerud and has also been involved in the preparation of annual reports for Korsnäs respectively Billerud.

The work of the board

The board is the Company's second highest corporate body under the general meeting. The board shall, inter alia, take responsibility for the Company's organisation and management of the Company's affairs, ensure that the organisation of the Company is designed so that accounting, asset management and the Company's economic conditions in general are controlled in a reliable manner and continually assess the Company's economic situation. The board shall primarily address overall, long-term issues and issues that are of unusual character or of major significance for the Group and the Company.

The work of the board follows written rules of procedure, in order to ensure that the board receives comprehensive information and that all Company activities concerning the board are dealt with.

The board has also established a number of general policies for the Company's operations. These policies are revised when necessary. They include policies on corporate governance, finance and communications and a policy covering quality, the environment and the community. The latter policy covers BillerudKorsnäs' approach to ethical business conduct and the environment.

The board's committees

The board has presently three committees; an audit committee, a remuneration committee and an integration committee, which is of temporary nature. The board appoints the members of the committees.

The audit committee and audit issues

The audit committee's main function is to contribute to good financial reporting and ensure that the external audit of the Company is efficient and independent and performed by suitably qualified professionals. The audit committee shall, without prejudice to the board's responsibilities and tasks in general, assess all important audit issues that affect the quality of the Company's financial reporting. With respect to the financial reporting, the effectiveness of the Company's internal control and risk management shall particularly be monitored. It is the responsibility of the audit committee to keep itself informed about the audit of the annual report and to review and monitor the impartiality and independence of the auditor. In doing so, special attention shall be paid to as to whether the auditor provides the Company other services than auditing services. The audit committee shall also assist in the preparation of proposals to the annual general meeting regarding election of auditors and remuneration to the auditors.

To ensure that the board and audit committee acts in a structured way and to satisfy the board's information needs, the Company's auditor reports on certain occasions directly to the committee and the board. The Company's auditor shall, within its reporting duties, report to the audit committee on significant matters that emerged during the audit, in particular with respect to any deficiencies in the Company's internal control of the financial reporting. In addition, the Company's auditor shall, if there is any circumstance that could materially and adversely affect the confidence for his or her impartiality or independence, consult with the audit committee and provide information on what measures that have been taken. The auditor shall in this respect, to the audit



committee, annually submit a written declaration of its impartiality and independence, and also provide the audit committee annual information on what other non-audit services it has provided the Company.

The audit committee comprises the members Mikael Larsson (chairman), Lennart Holm, Jan Homan and Kurt Lindvall.

The remuneration committee

The remuneration committee's main tasks are to prepare the board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior management, monitor and evaluate programs for variable remuneration, both ongoing and those that have ended during the year, for the senior management and monitor and evaluate the application of the guidelines for remuneration that the annual general meeting is legally obliged to establish, as well as the current remuneration structures and levels.

More specifically, the committee's tasks are, inter alia, to propose an overall policy for salaries, remuneration and other employment conditions generally within Billerud-Korsnäs and approve the CEO's proposals for salaries and remuneration to the senior management within the framework of this policy. The committee makes proposals to the board, which then makes a decision regarding the CEO's salary and remuneration.

The remuneration committee comprises the members Hannu Ryöppönen (chairman), Mia Brunell Livfors and Michael M.F. Kaufmann.

The integration committee

The board may also resolve that issues may be rendered by ad hoc committees dealing with specific matters and has due to the combination between Billerud and Korsnäs established an integration committee of temporary nature.

The integration committee comprises the members Lennart Holm (chairman) and Hannu Ryöppönen.

Fees to board members and remuneration to members of the board's committees

At the annual general meeting 2012 the meeting resolved that the annual fee shall be paid with SEK 570 000 to the chairman of the board, with SEK 430 000 to the vice chairman of the board and with SEK 270 000 to each of the other board members elected by a general meeting and that remuneration for committee work shall be paid with SEK 80 000 to the chairman of the audit committee and with SEK 40 000 to each of the other members of the committee and with SEK 50 000 to the chairman of the remuneration committee and with SEK 25 000 to each of the other members of the committee.

The extraordinary general meeting on 14 September 2012 resolved that the annual fee for the period until the next annual general meeting (which is planned to be held in the spring of 2013) to each of the board members elected by the general meeting shall be paid with SEK 400 000 and to the chairman of the board with SEK 1 000 000. Remuneration for work in board committees shall be paid with SEK 150 000 to the chairman of the audit committee and with SEK 75 000 to each of the members of the audit committee, and with SEK 50 000 to the chairman of the remuneration committee and SEK 25 000 to each of the members of the remuneration committee. Further, remuneration shall be paid with SEK 50 000 to each member of the integration committee, a committee formed specifically for the integration between Billerud and Korsnäs, which shall be of a temporary nature. The new fee levels refer to fees on a yearly basis. Fees to members of the board which were board members prior to the Transaction will be paid based on the levels resolved on the annual general meeting 2012 for the period from the annual general meeting 2012 until the time of the completion of the Transaction. From the completion of Transaction until the close of the annual general meeting 2013 fees to named board members will be

paid based on the levels resolved upon at the extraordinary general meeting on 14 September 2012. Fees to the new board members whose appointment took effect at completion of the Transaction, are paid in proportion to the length of the mandate period, based on the levels resolved upon the extraordinary general meeting on 14 September 2012 from the time of the Transaction until the close of the annual general meeting 2013.¹⁾

Fees to employee board members, and alternate employee board members, are SEK 33 000 paid on a yearly basis, regardless if the employee board member respective alternate board member has been member of a board committee.

CEO AND SENIOR MANAGEMENT

The CEO is responsible for the day-to-day management of the Company and the Group's operations pursuant to the instructions and regulations issued by the board. The board appoints the CEO. Per Lindberg is CEO and at the constitutive board meeting on 29 November 2012 Christer Simrén was appointed executive vice president and COO.

The CEO also operates as president and makes decisions in consultation with the senior management which, besides the CEO and vice CEO, consists of ten members; the CFO, and the Senior Vice Presidents for Production, BillerudKorsnäs Forestry, Containerboard, Human Resources, Packaging Paper, Supply Chain Management & IT, Communication & Change Management, Business Support and Technology & Strategic Development.

Within the framework of directives set by the board, the senior management is responsible for planning and following up investments, company acquisitions and sales, establishing and monitoring strategies and budgets, allocating resources, supervising activities and preparing matters addressed by the board.

1) Ingvar Petersson (chairman), Helena Andreas, Mikael Hellberg, Ewald Nageler and Yngve Ståde who resigned as board members once the appointment of the new board members took effect have from the period from the annual general meeting 2012 until their resignations on 29 November 2012 obtained fees in proportion to the length of the mandate period, based on the levels resolved upon at the annual general meeting 2012. For more information regarding remuneration paid to the board members and members of the boards' committees of Billerud and Korsnäs respectively during the 2009–2011 financial years, see Billerud's and Korsnäs' audited annual reports 2009, 2010 and 2011 for the groups and the parent companies (including the auditors' reports) incorporated by reference and constituting part of this prospectus.



GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT ETC. ¹⁾

BillerudKorsnäs shall set the remuneration levels and employment terms that are appropriate in order to recruit and keep a senior management team with a high level of competence and the capability to achieve established goals. Remuneration shall motivate the senior executives to do their utmost to secure shareholders' interests. Remuneration may be in the form of fixed salary, variable salary, long-term incentive programs and other benefits such as pension or company car. Fixed and variable salary shall be set in relation to competence, area of responsibility and performance. Variable remuneration will be based on outcomes in relation to established targets and shall be a maximum of a fixed percentage of annual fixed salary and vary between 30% and 45%. However, variable remuneration shall only be paid on condition that the Company's operating result is positive. Long-term incentive programs within the Company shall primarily

be linked to certain pre-determined financial and share price related performance criteria. The programs shall ensure long-term commitment to the development of the Company and shall be implemented on market terms. Long-term incentive programs shall run for at least three years. Pension benefits shall either be defined-benefit or defined-contribution, and normally give an entitlement to pension from age 65. In some cases the retirement age may be lower, although 62 is the lowest retirement age. Six to twelve months is the normal notification period for termination of employment, and severance pay shall be a maximum of 12 months' salary in the event of dismissal by the company.

Remuneration and employment terms for the CEO are prepared by the remuneration committee and decided by the board. Remuneration and employment terms for members of the senior management team are decided by the CEO, after approval from the remuneration committee.

The board of BillerudKorsnäs has the right to deviate from these guidelines in individual cases if there is a good reason.

In addition to these guidelines, as resolved upon at the annual general meeting on 9 May 2012, and the current application of these, the following can be mentioned. As a result of employment contracts, concluded within Korsnäs before the Company's acquisition of Korsnäs, with members of the senior management containing terminal payment equal to 18 months, and a variable salary equal to 50% of the fixed annual salary. Furthermore, the Company has before the combination entered into a contract with a senior executive entitling a terminal payment for 24 months.

During the financial year 2011, remuneration to the CEO and the senior management has been disbursed in accordance with the table below.

REMUNERATION TO THE CEO AND SENIOR MANAGEMENT DISBURSED DURING THE FINANCIAL YEAR 2011, KSEK

Name	Fixed salary ¹⁾	Variable salary	Other benefits	Pension cost	Total
Per Lindberg, CEO	5 169	1 878	244	1 153	8 444
The senior management Billerud (6) ^{**}	8 175	1 751	501	2 169	12 596
The senior management Korsnäs (5) ^{**}	10 134	2 571	1 213	2 436	16 354

* In addition to the fixed salary, holiday pay, allowance for expenses and lunch subventions with kSEK 125 are included.

** Includes employees which, prior to the Transaction were members of the senior management of Billerud or Korsnäs (including executive vice President, COO and Senior Vice President Consumer Board Christer Simrén) and that after the Transaction will be members of the senior management of the new group BillerudKorsnäs. For more information about the members of the senior management, please see the chapter "Board of directors, senior management and auditor". For more information regarding remuneration paid to the senior management of Billerud and Korsnäs respectively during the 2009 and 2010 financial years, see Billerud's and Korsnäs' audited annual reports 2009 and 2010 for the groups and the parent companies (including the auditors' reports) incorporated by reference and constituting part of this prospectus.

Comments to the table

The variable remuneration for 2011 refers to amounts to be paid out in 2012 but charged to 2011. The actual amounts are based on financial and individual targets linked to the development of the business and based on profit for 2011.

Other benefits include company car, housing and other taxable benefits.

Pension plans are of the defined-benefit and defined-contribution types. Pension costs refer to the costs charged to profit/loss for the year.

The Company's long-term incentive programs (LTIP 2010, LTIP 2011 and LTIP 2012) comprise no rights to acquire Shares at a discount during a redemption period after a vesting period. Instead, participants are allocated a certain number of Shares free of charge after a three-year vesting period, provided certain criteria are met.

Information regarding the number of Shares the CEO and the other senior management participate with in the LTIPs can be found in Billerud's 2010 and 2011 annual reports which are incorporated by reference and constitute a part of this prospectus. ²⁾

All participants can achieve a 4:1 exchange ratio. Each saving share entitles the holder to: 1 right to matching shares and 3 rights to performance shares (one share right for the operating margin, one share right for the relative margin and one share right for total return).

1) Senior management refer to the CEO and president, the executive vice president and COO and other management team members.

2) Members of the senior management which, prior to the combination, were employed by Korsnäs are not presently participating in the ongoing long term incentive programs. The board has declared that the intention is to invite these persons to participate in future long term incentive programs.



AUDITOR

The auditor shall report to the audit committee concerning significant errors in the auditing work and any suspicions of irregularity. The auditor shall, together with the committee, once a year in connection with the inspection of the annual accounts present a special report of its work to the Company's board. The auditor also participates at the annual general meeting to present the auditor's report which describes the audit work and observations which have been made.

The registered accounting firm Ernst & Young AB was elected as auditor at the annual general meeting 2009 until the end of the annual general meeting 2013. The authorised public accountant Lars Träff is auditor-in-charge.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

BillerudKorsnäs has set the following goals for its internal control and the same goals apply to the new Group.

1. Compliance with regulations

It shall ensure that BillerudKorsnäs complies with applicable laws and regulations.

2. Financial reporting

It shall ensure that BillerudKorsnäs' financial reporting is reliable and provides managers, the board and shareholders with information adequate for assessing the Company's performance and development

3. Operational activities

It shall ensure that the Company's operational activities are effective, efficiently organised and performed in such a way that the risk of the business not achieving its financial and operational targets is assessed and dealt with continually. To achieve these goals, work is carried out in a process based on the framework for internal control published by the committee of the Sponsoring Organisations of the Treadway Commission (COSO). The process includes a control environment that provides the discipline and structure for the other four components in the process – risk assessment, control activities, information & communication, and monitoring – which are described in more detail below. It is governed at the overall level by the board and audit committee and at an operational level by the CEO, senior management team and other staff. Special attention is paid in the process to ensuring that the application of internal controls achieves a balance between the control activities and the development of an effective control environment with individual accountability throughout the organisation.

CONTROL ENVIRONMENT

The Board adopts

- Accounting and reporting instructions
- Finance policy
- Financial targets
- CEO and Company management



External financial reporting

The following report has been prepared in accordance with the Swedish Code of Corporate Governance and current instructions to the Code and constitutes the board's report on internal control for financial reporting. The purpose of internal control for financial reporting is to provide suitable safeguards as to the reliability of external financial reports in the form of interim reports, year-end reports and annual reports, and to ensure that external financial reports are prepared in compliance with all laws, applicable accounting standards and other requirements for listed companies.

Control environment

Solid internal control is fundamental to the proper functioning of the board. The rules of procedure for the board and board committees as well as the instructions for the CEO are intended to establish a clear division of roles and responsibilities that will facilitate the efficient management of risks identified in operations.

The board has also established a series of fundamental policies significant to internal control activities, such as accounting and reporting instructions, a finance policy and financial goals, and has adopted a suitable organisation, including the Company's senior management. The senior management reports regularly to the board based on predetermined procedures. The audit committee also reports to the board.

The senior management is responsible for ensuring that internal control is implemented as necessary to manage significant risks in day-to-day activities. This includes

guidelines for how the individual employee shall understand his or her role in maintaining good internal control.

Risk assessments and control activities

The Company uses a model for assessing the risk of errors in financial reporting. It continually monitors items where there is an aggravated risk of material error, and ensures that adequate control activities are in place.

Information and communication

Key guidelines, manuals and the likes which are significant to financial reporting are kept up-to-date and communicated continually to the staff involved. Both formal and informal information channels carry important information from staff to the senior management team and the board. Guidelines for external communication ensure that the Company meets the strict requirements on accurate information for financial markets.

Monitoring

The audit committee prepares information that the senior management and auditor submit prior to the board's assessment. The audit committee's tasks include ensuring, on behalf of the board, that actions are taken concerning the errors and proposed actions identified in the external audit.

Internal audit

Considering the monitoring performed by the accounting and controller organisation and the organisation for internal control, the board has decided that a special internal audit or review function is not necessary at present.



SHARE CAPITAL AND OWNERSHIP STRUCTURE

SHARE CAPITAL ETC.

Under its current registered articles of association, adopted at the extraordinary general meeting on 14 September 2012, the Company's share capital shall be at least SEK 750 000 000 and at most SEK 3 000 000 000 divided into at least 100 000 000 and at most 400 000 000 Shares. The Company has one series of Shares. Each Share entitles the holder to one vote and each shareholder is at a general meeting entitled to vote for the full number of Shares that such shareholder holds, or represents, in the Company, without limitation of voting power. All Shares carry equal rights to the Company's assets, dividend and potential surplus in the event of liquidation. BillerudKorsnäs' articles of association contain a CSD clause and the Shares are cleared through Euroclear, who is administrating the share register and registers the Shares to persons. No share certificates have been issued with respect to the current Shares or will be issued with respect to the new Shares. The ISIN-code of the Shares is SE0000862997.

The Company's registered share capital, before the Directed Issue and the Rights Issue, was SEK 774 173 065 divided into 104 834 613 Shares, of which 1 718 947 Shares are held by the Company as per registration of this prospectus.¹⁾ Each Share has a quota value of approximately SEK 7.38. The Shares in BillerudKorsnäs have been issued in accordance with, and are

regulated by, Swedish legislation. Shareholder's rights, including the rights of minority shareholders, can only be changed in accordance with the procedure stated in the Swedish Companies Act (2005:551). The Shares of the Company are denominated in SEK.

Authorisations for the board to execute the Directed Issue and the Rights Issue

At an extraordinary general meeting on 14 September 2012 the board was authorised to execute the Directed Issue and the Rights Issue. The board has, by making use of the authorisation, at the board meeting on 29 November 2012, resolved to execute the Directed Issue and the Rights Issue.

The Directed Issue

The Shares issued in connection with the Directed Issue carry the same rights as the existing Shares of BillerudKorsnäs. The Shares entitles to dividend as from the time they are recorded in the shareholders' register held by Euroclear.

The Directed issue comprised 34 551 592 Shares, representing 25% of outstanding Shares²⁾ in BillerudKorsnäs after the Directed Issue, resulting in an increase of SEK 255 153 438 of the Company's share capital, from SEK 774 173 065 to SEK 1 029 326 503, results in an increase in the share capital of 33.0% and a dilution effect of 24.8%.

The total number of Shares after the Directed Issue amount to 139 386 205.

The new Shares are estimated to be admitted to trading at NASDAQ OMX on 7 December 2012.

The Rights Issue

The new Shares issued in connection with the Rights Issue carry the same rights as the existing Shares of BillerudKorsnäs. The new Shares will entitle to dividends as from the time the Shares are recorded in the shareholders' register held by Euroclear.

Given that the Rights Issue is fully subscribed for, the number of Shares of BillerudKorsnäs will increase with 68 833 629 Shares and the share capital will increase from SEK 1 029 326 503, after the Directed Issue, to SEK 1 537 642 792.

The Rights Issue corresponds to a total share capital increase of 49.4%. For shareholders who refrain from exercising their Subscription Rights to subscribe for new Shares, there will be a dilution effect corresponding to 33.1%. However, these shareholders can gain economic compensation for the dilution by selling their Subscription Rights.

The Directed Issue and the Rights Issue will together entail an increase of the share capital of 98.6% and a dilution effect corresponding to 49.7%.

DEVELOPMENT OF THE SHARE CAPITAL 2000–2012

Year	Occasion	Number of Shares	Share capital, SEK	Total number of Shares	Total Share capital, SEK	Quota value, SEK*
2000		—	—	3 500 000	350 000 000	100.00
2001	Issue against contribution in-kind	3 500 000	350 000 000	7 000 000	700 000 000	100.00
2001	Split	49 000 000	—	56 000 000	700 000 000	12.50
2001	Bonus issue	6 740 998	84 262 475	62 740 998	784 262 475	12.50
2003	Buyback Shares annulled	–4 831 000	–60 387 500	57 909 998	723 874 975	12.50
2004	Buyback Shares annulled	–4 657 000	–58 212 500	53 252 998	665 662 475	12.50
2006	Debentures converted	10 701	133 763	53 263 699	665 796 238	12.50
2006	Debentures converted	3 045	38 062	53 266 744	665 834 300	12.50
2006	Debentures converted	12 876	160 950	53 279 620	665 995 250	12.50
2007	Debentures converted	4 350	54 375	53 283 970	666 049 625	12.50
2007	Debentures converted	59 073	738 413	53 343 043	666 788 038	12.50
2009	Reduction of share capital	—	–400 072 823	53 343 043	266 715 215	5.00
2009	Rights Issue 2009	51 491 570	257 457 850	104 834 613	524 173 065	5.00
2009	Bonus issue	—	250 000 000	104 834 613	774 173 065	7.38
2012	Directed Issue	34 551 592	255 153 438	139 386 205	1 029 326 503	7.38
2012	Rights Issue 2012**	68 833 629	508 316 290	208 219 834	1 537 642 792	7.38

*) "Quota value" was prior to the year 2006 called "nominal value".

**) Based on the assumption that the Rights Issue is fully subscribed for.

1) The Shares held in treasury have not been booked at any value on the balance sheet.

2) Outstanding Shares refer in this context to Shares in BillerudKorsnäs outstanding in the market and own-held Shares reserved for long term incentive programs.



BILLERUDKORSNÄS

Amendments in the maximum and minimum share capital and number of shares stated in the articles of association by reason of the Directed Issue and the Rights Issue

In order to adjust the minimum and maximum share capital and number of shares stated in the articles of association to the proposed authorisations for the board to execute the Directed Issue and the Rights Issue the extraordinary general meeting on 14 September 2012 resolved in accordance with the board's proposal to amend the mini-

mum and maximum share capital stated in the articles of association from at least SEK 500 000 000 and at most SEK 2 000 000 000 to at least SEK 750 000 000 and at most SEK 3 000 000 000 and to amend the minimum and maximum number of shares from at least 80 000 000 and at most 320 000 000 to at least 100 000 000 and at most 400 000 000. For further information, please see § 3 and 4 in the articles of association included in the chapter "Articles of association etc."

Ownership structure

Prior to the Directed Issue, Frapag was the largest shareholder of the Company, with an ownership share of 21%. After the Directed Issue Kinnevik and Frapag are the major shareholders of the new Group. Kinnevik has an ownership share of 25.1% (excluding BillerudKorsnäs' own Shares)¹⁾ and Frapag has an ownership share of 15.7% of the share capital and votes (excluding BillerudKorsnäs' own Shares).²⁾

The Directed Issue was executed before the record date for the right to obtain Subscription Rights in the Rights Issue. Accordingly, Kinnevik has been allotted Subscription Rights in the Rights Issue and has undertaken to subscribe for new Shares to an amount of SEK 500 million. Frapag has committed to subscribe for Shares corresponding to its pro rata share. The major shareholders will thus after the Rights Issue still have a major influence over BillerudKorsnäs. The influence is limited by the minority shareholder rights provisions of the Swedish Companies Act.

The tables below show, according to information from SIS Ownerservice, the Company's largest shareholders and ownership structure as per 30 September 2012, adjusted in accordance with changes, known for the Company, occurred thereafter, and that the Directed Issue has been executed but not the Rights Issue.

MAJOR SHAREHOLDERS^{*)}

Shareholders	Number of Shares	Share of votes, %
Kinnevik	34 551 592	25.1
Frapag	21 621 400	15.7
SHB Funds	1 995 047	1.4
Swedbank Robur Funds	1 755 242	1.3
Fourth Swedish National Pension Fund	1 498 608	1.1
Evli Funds	1 056 797	0.8
Second Swedish National Pension Fund	1 050 534	0.8
AFA Insurance	935 171	0.7
SEB Funds	915 536	0.7
Avanza Pension Insurance	661 525	0.5
Total, ten largest shareholders	66 041 452	48.0
Total, other shareholders	71 625 806	52.0
Total, all shareholders, BillerudKorsnäs' own holdings excluded **)	137 667 258	100.0

*) Source: SIS Ownerservice 30 September 2012, adjusted in accordance with own holdings as per registration of this prospectus and the Directed Issue.

**) Own holdings as per registration of this prospectus, 1 718 947.

OWNERSHIP STRUCTURE^{*) **)}

Shareholding	Number of Shares	%	Number of shareholders	%
1 – 100	2 381 922	1.7	37 489	35.2
101 – 500	13 215 473	9.5	59 096	55.5
500 – 10 000	16 279 540	11.7	9 573	8.9
10 001 – 50 000	5 530 282	4.0	274	0.3
50 001 –	101 978 988	73.1	151	0.1
Total	139 386 205	100.0	106 583	100.0

*) Source: SIS Ownerservice 30 September 2012, adjusted in accordance with own holdings as per registration of this prospectus and the Directed Issue.

**) Including BillerudKorsnäs' own holdings of 1 718 947 Shares as per registration of this prospectus.

OWNERSHIP BY COUNTRY^{*) **)}

Country	Proportion of total number of Shares, %
Sweden	52.2
Austria	15.5
Great Britain	8.8
USA	6.7
Other countries	16.8
Total	100.0

*) Source: SIS Ownerservice 30 September 2012, adjusted in accordance with own holdings as per registration of this prospectus and the Directed Issue.

**) Including BillerudKorsnäs' own holdings of 1 718 947 Shares as per registration of this prospectus.

Shareholders' agreement

To the best of the board's knowledge, no shareholders' agreements or equivalent agreements exist between shareholders in BillerudKorsnäs with the objective of creating a joint influence over the Company. To the best of the board's knowledge, there are no agreements or equivalent arrangements that may lead to a change in control over the Company.

Insiders

In addition to the members of the board, senior management, auditors Lars Träff and Martin Brenner and a number of employees/contractors as well as persons with certain functions in the Group that have a position that normally can be assumed to entail access to non-disclosed price-sensitive information and in accordance with the information below, Cristina Stenbeck, there are no persons with a reporting obligation according to the Swedish Act on Reporting Obligation for Certain Holdings of Financial Instruments (*Sw: lag om anmälningsskyldighet för vissa innehav av finansiella instrument*). Cristina Stenbeck is chairman of the board and indirect major shareholder of Kinnevik and

1) 25.0% of the Shares in BillerudKorsnäs outstanding in the market and own-held Shares reserved for long term incentive programs.

2) 15.6% of the Shares in BillerudKorsnäs outstanding in the market and own-held Shares reserved for long term incentive programs.



must thereby report her shareholding in the Company to the Swedish Financial Supervisory Authority (*Sw: Finansinspektionen*), whereby Shares owned by Kinnevik are to be equated as Cristina Stenbeck's own.

In addition to the aforementioned persons and major shareholders there is currently no other person holding 10% or more of the share capital and votes in the Company and thus has a reporting duty.

Authorisation for the board to resolve on transfer of own Shares

At the annual general meeting on 9 May 2012, the shareholders decided to authorise the board to, during the period up to the next annual general meeting, on one or more occasions and with deviation from preferential rights for shareholders, resolve on the transfer of, at most, the number of Shares that the Company holds at the time of the board's decision, either to a third party as consideration in connection with acquisition of companies, and/or as a transfer on the stock exchange in order to raise liquid funds for consideration in connection with acquisitions. Consideration for transferred Shares may be made in cash, and for a transaction other than via the stock exchange, through contribution of property or set-off of a claim against the Company. A transfer on NASDAQ OMX may only be carried out at a price per Share within the range of share prices registered for the Company at any given time. Any other transfer may take place at market value, as a minimum, determined by the board. The reason for enabling the board to deviate from the principle of preferential rights for existing shareholders is to give the board the required capacity to carry out acquisitions of other companies and businesses or parts of other companies and businesses.

At the time of registration of the prospectus, the board had not made use of the authorisation.

Long term incentive programs

Three long term incentive programs for the senior management and other key employees within the Group, LTIP 2010, LTIP 2011 and LTIP 2012, have been formed in order for the remuneration to be dependent on the creation of long-term value for the shareholders and fulfillment of the Company's financial goals. The programs have essentially the same structure and are, in essence, formed as follows:

To participate in the LTIPs, the employees have purchased Shares in the Company which have been allocated to the programs. For each Share the employee has allocated to the programs the employee has, free of charge, been allotted so called "Matching Share Rights" and "Performance Share Rights". Each Share right gives the participants the right to, after a three-year vesting period, be awarded Shares in the Company. The right to be awarded Shares is conditional upon fulfillment of certain economic terms and that the participant, at the end of the vesting period, remains employed within the Group and that the private investment of Shares allocated to the programs have been retained.

For more information about the programs such as terms, participation, the number of issued and outstanding Shares etc., see the Billerud's 2010 and 2011 annual reports which are incorporated by reference and constitute a part of this prospectus.

Members of the senior management which, prior to the Transaction, were employed by Korsnäs are not presently participating in the ongoing long term incentive programs of the Company. The board has declared that the intention is to invite these persons to participate in future long term incentive programs.

Dividends and dividend policy

BillerudKorsnäs' goal is for the dividend to correspond to an average of 50% of the net profit over a business cycle. Dividends to shareholders will be dependent on the profit level, financial position and future development opportunities etc. In accordance with the board's proposal, the annual general meeting on 9 May 2012 resolved on dividends of SEK 3.50 per Share. The proposed dividend corresponds to approximately 53% of the net profit 2011.

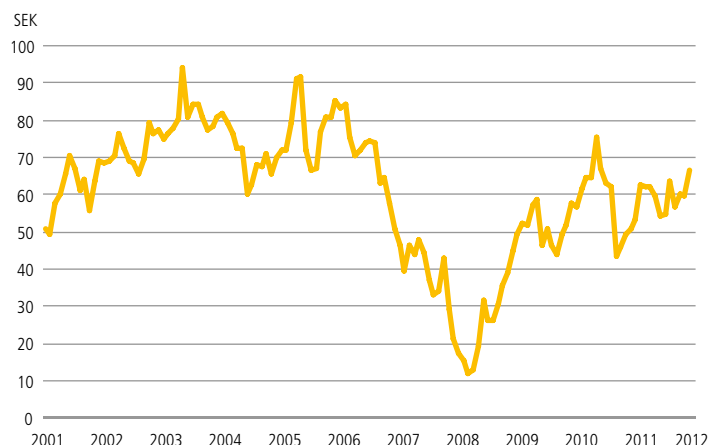
Dividends in Swedish companies are decided upon by the general meeting. Dividends may only be made if the Company, after such dividends, still enjoys full coverage of its restricted equity and further to the extent that such dividends appear justified taking into consideration the demands with respect to the size of the equity capital which are imposed by the nature, scope and risks associated with the operations and the Company's need to strengthen its balance sheet, liquidity and financial position in general (the prudence rule). As a general rule, the shareholders may not decide upon larger dividends than those proposed or approved by the board.

Dividends are normally paid to shareholders as an amount in cash per Share, through Euroclear. The right to dividends vests in any person who is registered as a shareholder on the record date (determined by the general meeting) in the share register maintained by Euroclear. If a shareholder cannot be contacted through Euroclear, the shareholder's claim on the Company with respect to the dividend remains and is limited only by the statute of limitations rule (10 years). Where the statute of limitations applies, the dividend amount accrues to the Company. Neither the Swedish Companies Act nor BillerudKorsnäs' articles of association contain any restriction on the right to dividends with respect to shareholders domiciled outside of Sweden. Other than in case of possible restrictions in connection with bank or clearing systems in the concerned jurisdictions, payments of dividends to such shareholders are made in the same way as to other shareholders domiciled in Sweden. However, in relation to shareholders who are subject to restricted taxation in Sweden, normally a Swedish withholding tax is payable, see the chapter "Certain tax issues in Sweden".

Share price development

The Share is listed since 20 November 2001 and is since 2 October 2006 traded on NASDAQ OMX Mid Cap. The Share's ticker symbol is BILL. The chart illustrates the monthly share price development since the listing of the Shares up to 28 November 2012.

SHARE PRICE DEVELOPMENT IN THE COMPANY SINCE THE LISTING





ARTICLES OF ASSOCIATION ETC.

This is an in-house translation of the Company's Articles of Association. In case of any discrepancies between the Swedish original Articles of Association and this translation, the Swedish original shall prevail.

ARTICLES OF ASSOCIATION OF BILLERUDKORSNÄS AKTIEBOLAG (PUBL) (556025-5001)

Adopted at the extraordinary general meeting 14 September 2012

§ 1 Name of the Company

The name of the company shall be Billerud-Korsnäs Aktiebolag (publ).

§ 2 Object

The object of the company's business is to directly and indirectly carry out forest industry operations, in particular the manufacture and sale of pulp and paper, and to carry out other associated operations.

§ 3 Share Capital

The company's share capital shall be at least SEK 750 000 000 and at most SEK 3 000 000 000.

§ 4 Number of shares

The number of shares shall be at least 100 000 000 and at most 400 000 000.

§ 5 Registered office

The registered office of the Board of Directors is in Stockholm, Sweden.

§ 6 Board of directors

The Board of Directors shall be composed of at least six members and at most ten members, with at most six deputies.

§ 7 Auditors

One or two auditors and at most two deputy auditors, or a registered firm of auditors, shall be appointed.

§ 8 Annual General Meeting

An Annual General Meeting shall be held each year within six months of the end of the financial year.

The following items of business shall be addressed at the Annual General Meeting:

1. Election of a Chairman of the Meeting;
2. Preparation and approval of a list of voters;
3. Approval of the agenda;
4. Election of one or two persons to check the Minutes;
5. Examination as to whether the Meeting has been duly convened;
6. Presentation of the Annual Report and the Auditors' report, and as necessary, of the Consolidated Annual Report and the Consolidated Auditors' Report;
7. Resolutions on
 - a) adoption of the Income Statement and Balance Sheet, and as necessary, of the Consolidated Income Statement and Consolidated Balance Sheet,
 - b) distribution of the Company's profit or loss in accordance with the adopted Balance Sheet,
 - c) discharge from liability for the members of the Board and the Managing Director;
8. Determination of the number of Board members and deputies to be elected by the Meeting and, as necessary, determination of the number of auditors and deputy auditors to be elected by the Meeting, or alternatively, determination of whether a registered firm of auditors shall be elected;
9. Determination of fees payable to the Board of Directors and, as necessary, to the auditors;
10. Election of members of the Board and deputies, and as necessary, election of auditors and deputy auditors or registered firm of Auditors;
11. Any other business to be on the agenda of the Meeting pursuant to the Swedish Companies Act (2005:551) or Articles of Association.

§ 9 Notice

Notice of a general meeting of shareholders shall be made in the form of an announcement in the Official Gazette (Post och Inrikes Tidningar) and on the company's website. Confirmation that notice has been given shall be announced in Svenska Dagbladet.

Shareholders who wish to participate in negotiations at the general meeting must be included in the printout or other presentation of the full share register as per 5 days prior to the Meeting and must notify the company of their intention to participate by 4 p.m. at the latest on the day indicated in the announcement of the meeting. The latter date shall not be a Sunday, holiday, Saturday, midsummer eve, Christmas eve, New Year's eve and shall not be earlier than five working days before the meeting.

Shareholders may be accompanied by one or two assistants at the meeting provided that the shareholder has notified the company in accordance with the above paragraph.

§ 10 Financial year

The calendar year will be the financial year of the company.

§ 11 Record day provision

The company's shares shall be recorded on a control register in accordance with the law (1998:1479) on the accounting of financial instruments.

The shareholder or shareholder's representative entered on the established record day in the share register and the control register in accordance with chapter 4 of the law (1998:1479) on the accounting of financial instruments, or the person listed in the control account in accordance with chapter 4 § 18, first paragraph, lines 6–8, of the aforementioned law, shall be considered authorised to exercise the rights expressed in chapter 4 § 39 of the Swedish Companies Act (2005:551).



LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

SUPPLIER AND CUSTOMER CONTRACTS

BillerudKorsnäs' supplier and customer contracts are entered into in the ordinary course of business.

Supplier contracts

BillerudKorsnäs and its subsidiaries are not dependent on any single supplier contract. A loss of an important supplier could, in the short term, result in increased costs and, as a result, losses, but would not entail a material impact on the Group as a whole, since there are, essentially, always alternative suppliers. BillerudKorsnäs' most important supplier contracts include its contracts for supply of wood raw materials with Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog. Generally, under these agreements, prices are agreed on a quarterly or semi-annual basis. The intention is that these suppliers shall continue to supply the majority of the wood raw material to BillerudKorsnäs for a foreseeable future, but there is no guarantee that these agreements will not be terminated or changed to BillerudKorsnäs' disadvantage in the future. Other important supplier contracts include BillerudKorsnäs' three contracts for electricity supply with Vattenfall AB. Two of these agreements concern a fixed power output, of which one, concluded by Billerud, is valid until 31 December 2017, and the other, which is concluded by Korsnäs, is valid until 31 December 2012. The third agreement concerns spot deliveries (valid until 31 December 2012). The price in the agreement on fixed power output concluded by Billerud is fixed, but is indexed and can be adjusted depending on certain external circumstances, including inflation. The price in the agreement on fixed power output concluded by Korsnäs corresponds to the price on the spot market with a minor premium.

Customer contracts

BillerudKorsnäs and its subsidiaries have more than 1 500 active customers, of which the five largest customers represent approximately one third of the Group's turnover. The customer base is continuously changing. A large part of BillerudKorsnäs' customer agreements are very informal and only contain provisions on indicative volumes and terms of payment, which is customary for the business. Customer agreements rarely contain detailed provisions regarding term

and termination. Customer agreements are in many cases regularly re-negotiated semi-annually or annually. An exception is however the majority of the customer agreements concerning liquid packaging board, which constitutes a significant part of BillerudKorsnäs' turnover pro forma during 2011. Within this area, the agreements are often running over several years and contain agreed provisions on volumes, prices and terms of payment. The Group's single largest customer, a customer of liquid packaging board, represented a significant share of the Group's turnover during 2011 (pro forma). The agreement with this customer has an agreed contract term.

OTHER IMPORTANT CONTRACTS

The following section includes a description of material contracts, other than contracts entered into in the ordinary course of business, which BillerudKorsnäs or its subsidiaries have entered into during the last two years. In addition, it also includes a description of other contracts, other than contracts entered into in the ordinary course of business, under which BillerudKorsnäs or its subsidiaries have a right or an obligation which is of material importance.

The combination agreement between Billerud and Kinnevik

Billerud and Kinnevik entered into an agreement on 19 June 2012 regarding the combination of Billerud and Korsnäs, through Billerud's acquisition of all shares in Korsnäs.

The consideration for Korsnäs consists of Shares in BillerudKorsnäs, cash payment and assumption of debts. The consideration was determined through a relative valuation of the businesses of Billerud and Korsnäs respectively and shall, according to the combination agreement, comprise the following components:

- Newly issued Shares in BillerudKorsnäs, corresponding to a owner share of 25.1%¹⁾ in BillerudKorsnäs after the Transaction
- Cash payment to Kinnevik of SEK 3 200 million²⁾
- BillerudKorsnäs assumes Korsnäs' existing external net debt of SEK 5 650 million in connection with the Transaction.

According to a provision in the combination agreement the cash payment shall be adjusted to the real levels of external net debt, working capital, capital and expenditure range as per the completion date. In conjunction with the completion of the Transaction on 29 November 2012 a preliminary consideration was paid based on an estimate of the items stated above as of the completion date. The cash consideration was adjusted to SEK 3 253³⁾ million, as estimated external net debt in Korsnäs as of 29 November 2012 amounts to SEK 5 799 million, a deviation of SEK 149 million (compared to the calculated level of net debt on the day of signing of the combination agreement of SEK 5 650 million) and as estimated working capital in Korsnäs as of 29 November is SEK 202 million higher than an agreed, normalised level.⁴⁾

When determining the consideration, it has been taken into account that BillerudKorsnäs plans to conduct the Rights Issue of which Kinnevik has committed to subscribe for Shares to an amount of approximately SEK 500 million (see the section "Subscription undertakings").

The newly issued Shares amounted to a number of 34 551 592, representing an owner share of 25.1% in BillerudKorsnäs.

Kinnevik has issued certain limited warranties as regards Korsnäs and Billerud has issued certain limited warranties as regards its own operations. The parties' liability for the warranties are limited to a period of eight months from the closing of the Transaction and a maximum financial responsibility of SEK 270 million, with the exception of certain warranties concerning Kinnevik's ownership of Korsnäs, where the warranty period is two years from the closing of the Transaction and the maximum financial liability is SEK 2 700 million. In connection with the closing of the Transaction, there have been certain re-arrangements with respect to forest real estates owned by Korsnäs and its subsidiaries. The re-arrangements entail that the forest real estates are accumulated in a subsidiary group of which BillerudKorsnäs and Kinnevik will own 50% each.

1) Kinnevik's owner share will amount to 25% if the dilution from Billerud's long-term incentive programs (LTIPs) is included in the calculation of the Shares.

2) Whereof SEK 500 million was paid by the issuance of a so called vendor note to Kinnevik which will be used to subscribe for Shares in the Rights Issue.

3) Billerud has in addition to this paid SEK 2 579 million in compensation for Korsnäs' receivable on Kinnevik of the equivalent amount, which has been settled in conjunction with completion of the Transaction.

4) The adjustments made to the consideration as a consequence of deviations in net debt, working capital and investments are preliminary. The cash payment will ultimately be fixed based on an actual balance sheet for Korsnäs as of 29 November 2012.



Conditions for the European Commission's approval of the Transaction

As described in the chapter "Background and reasons," the Transaction was made conditional upon, among other things, the relevant competition authorities approving the Transaction. On 27 November 2012 all relevant competition authorities had approved the Transaction.

The European Commission, one of the relevant competition authorities, has as previously announced, stated that its decision to approve of the combination of Billerud and Korsnäs is conditional upon the divestment of a paper machine located at the production facility in Gävle (PM 2), where the Group, among other things, produces white kraft and sack paper. In the opinion of the European Commission, the divestment is necessary as the Transaction would otherwise allow the Group to become too dominant in the production of white kraft and sack paper. The sales of white kraft and sack paper products manufactured at PM 2 amounted to approximately 2% of the new Group's total combined sales volume for the year 2011. The divestment will include the transfer to the buyer of some equipment, employees and customer contracts related to the paper machine. Furthermore, Billerud-Korsnäs will during a limited period of time offer to deliver certain supply inputs such as pulp, steam and electricity to the paper machine. The fulfillment of the above conditions will be monitored by an independent third party, a so-called trustee.

The European Commission's decision to approve the Transaction is conditional on the divestment being completed within a certain time frame and that the divestment is made to an appropriate player. The appropriateness of the buyer will be determined by the European Commission. If the divestment is not made to an appropriate player within the time frame the trustee is, in accordance with the European Commission's decision, authorised to divest the paper machine. If the trustee is unable to sell the paper machine, and the conditions contained in the European Commission's decision are therefore not fulfilled, the European Commission may require the sale of another production capacity. The Group may also incur costs as a result of fines imposed by the European Commission. Under extraordinary circumstances and if no other pro-competitive measures are found to be available, the European Commission may ultimately challenge the validity of the Transaction.

Asset transfer agreement between Billerud and UPM

On 1 February 2012, Billerud, through its wholly owned subsidiary Billerud Finland Oy, entered into a transfer agreement with UPM on the acquisition of two of UPM's paper machines in Pietarsaari and Tervasaari, both in Finland. The transaction was completed on 1 June 2012 after approval from relevant competition authorities and the purchase price amounted to approximately EUR 130 million. The agreement contains a customary list of warranties. UPM's liability for warranty breaches is limited to EUR 25 million, except for breaches of warranties regarding, inter alia, ownership of assets, the transfer rights of these assets and some environmental- and fiscal obligations. UPM's total liability under the agreement is limited to EUR 50 million. The warranty period is one year, except for tax and environment where a longer warranty period applies.

Billerud and UPM has also entered into an agreement governing the services that UPM will provide to Billerud in connection with taking over the paper machines from UPM, during a transitional period of six months from the closing of the transaction. Examples of such services are IT, HR, logistics and purchasing services.

The parties have also entered into long-term commercial agreements, under which UPM, among other things, shall deliver supply inputs such as pulp, steam and electricity to the two paper machines. If a party does not meet its delivery or purchase obligation, the other party is entitled to claim penalties. Under the agreement concerning pulp delivery, delivery shall be made at market price and the agreement includes volume commitments from both parties. Furthermore, the parties have entered into lease agreements for certain facilities with a term of 99 years, agreements governing location services, such as logistics and construction services, which UPM shall provide to Billerud and agreements governing the allocation of environmental rights and environmental liabilities between the parties. Billerud has, at termination of the lease agreements, a far-reaching responsibility for pollutions on the leased property incurred during the leasing period.

Credit agreements

The Company has entered into two credit agreements on credit facilities with two separate syndicates of banks and one credit agreement with a bilateral lender. The funds made available under the aforementioned facilities aggregate to a total amount of SEK 9 300 million. The syndicated credit agreements are dated 19 June 2012 and

2 November 2012 and relate to SEK 3 000 million term loan facilities and a SEK 5 500 million revolving credit facility. The bilateral credit agreement, originally dated 12 July 2010, relates to a SEK 800 million term loan facility. The facilities under one of the syndicated term loan credit agreements terminates on 19 April 2013 and on 19 June 2013 respectively and the facility under the syndicated revolving credit agreement terminates on 2 November 2015. Subject to the approval by all lenders, the termination date of each facility under the syndicated credit agreements may be extended. The bilateral credit agreement terminates on 12 July 2017.

In addition to the aforementioned credit agreements, the Group's long term interest-bearing debts include three bond loans issued as private placements with an aggregate amount of SEK 675 million, and two SEK 600 million bilateral term loan facility agreements entered into with two separate lenders with Korsnäs as borrower and the Company as guarantor. The bond loans mature during 2013 and 2016 and the bilateral loans incurred by Korsnäs terminate on 3 June 2017.

The credit agreements and bond loan agreements mentioned above incurs obligations of the Company to immediately notify the lenders of any event which may have a material adverse effect on the development of the Company or the Group and of any material change in the ownership structure of BillerudKorsnäs. Furthermore, all credit agreements contain provisions relating to any changes of the majority owners (i.e. "change of control" provisions), pursuant to which the Company must promptly notify the lenders if any person, or group of people acting in concert, gains control over (i) 30% or more of the votes in the Company at that time (with exception for, amongst others, the majority owner of Frapag and Kinnevik) and (ii) a larger share of votes than what is held by, amongst others, the majority owner of Frapag and Kinnevik together. The bilateral credit agreements with Korsnäs as borrower further contain provisions stipulating that the relevant lender must be informed should Korsnäs cease to be a wholly owned subsidiary of the Company or if the Company would no longer control Korsnäs. At the event of a prospective change to the ownership structure described in this paragraph, the Company and Korsnäs, as applicable, must engage in renegotiations with the lenders under each credit agreement. If an arrangement thereupon cannot be reached, the lenders are entitled to cancel the commitments under each relevant credit agreement and declare all outstanding amounts under such credit agreements due and payable.

1) Earnings before interest, taxes, depreciation and amortization.



In addition to the information undertakings mentioned above, the credit agreements also contain other customary obligations and standard terms and conditions such as financial covenants relating to net debt in relation to equity and EBITDA ¹⁾ in relation to financial expenses, in both cases calculated on basis of the Group. Under each bilateral credit agreement, the relevant lender is entitled to require that any amendments made to the syndicated revolving credit agreement, in connection with a refinancing of the same, which are more advantageous to the lenders under that agreement, also shall be incorporated in the relevant bilateral credit agreement.

Further to the aforementioned long term interest bearing debts, the subsidiary Sia Latgran is borrower under credit agreements relating to a EUR 4 million term loan facility and a EUR 16 million revolving credit facility.

The short term interest-bearing debt in BillerudKorsnäs mainly consists of a certificate program established on 18 June 2003 which entails a possibility for Billerud to issue certificates denominated in nominal amounts of either SEK 1 000 000 or EUR 100 000 under an aggregate frame value of SEK 1 500 million or the equivalent value in EUR. The certificates must have a maturity date between one day and one year from the date of issuance. As of 30 September 2012, MSEK 498 was outstanding under the certificate program. Furthermore, BillerudKorsnäs is party to two agreements with two separate banks relating to purchases of receivables (i.e. factoring) from the largest customer of the Group. These agreements are regularly prolonged on a short-term basis and include all receivables in relation to the customer from time to time up to a certain maximum amount.

For further information regarding the financial debts of the Group, see the chapter "Capital structure and other financial information" in this prospectus and the Company's 2011 annual report incorporated by reference and constitutes a part of this prospectus.

Subscription undertakings

Kinnevik, which represents approximately 25% of the share capital of BillerudKorsnäs, has undertaken to subscribe for Shares in the Rights Issue to an amount of SEK 500 million. The other major shareholder, Frapag has committed to subscribe for Shares in the Rights Issue equivalent to its pro rata share, which corresponds to 15.7% of the new Shares and a new investment in BillerudKorsnäs of approximately SEK 320 million. The subscription undertakings hence correspond to approximately 41% of the new Shares under the Rights Issue. The subscrip-

tion undertakings are not secured, and consequently there is a risk that the respective commitments will not be met. For additional information, see the chapter "Risk factors" under the section "The Rights Issue is not guaranteed and the subscription undertakings are non-secured".

ADDITIONAL INFORMATION

In addition to the matters accounted for and to what is stated in the chapter "Board of directors, senior management and auditor", none of the persons involved in the Rights Issue has any additional financial or otherwise relevant interests of importance in the Rights Issue.

DISPUTES AND LEGAL PROCEEDINGS

Companies within the Group are from time to time involved in disputes as part of the normal operations of the business and are subject to the risk, similar to other parties on BillerudKorsnäs' market, that they can become subject of various kinds of claims. Apart from the legal proceedings accounted for below, the Group is not, and has during the past twelve months not been, a party to any legal proceedings before a court or in any arbitration proceeding that is expected to have a significant impact on the Group's financial position or profitability. BillerudKorsnäs is not aware of any such potential procedure.

Through a resolution dated 10 December, 2007 the Swedish Environmental Protection Agency (*Sw: Naturvårdsverket*) charged the Group's subsidiaries approximately SEK 19.5 million in fees for alleged neglect to request transfer of emission rights from the Group's transaction accounts to the national transaction account for the administration of emission rights. The reason for the Environmental Protection Agency's decision is that the Group, according to the Environmental Protection Agency, has not in a correct manner submitted emission rights corresponding to emissions made by 30 April, 2007 and that, according to the Environmental Protection Agency, there is no acceptable excuse for this. The Group has appealed these fees to the Supreme Environmental Court, which is the final authority in these cases, which rejected the appeals. The Group subsequently applied to the Supreme Court (*Sw: Högsta domstolen*) for a new trial and claim over grave procedural error regarding the Supreme Environmental Court's ruling. The Supreme Court has not yet passed a decision regarding this matter. Measures have been taken by the Group to avoid that disputes about the transfer of emission rights shall occur again. Among other things, an electronic reminder system has been implemented.

The Group has also appealed the Swedish energy agency's decision to not allocate the Group electric certificates for new allocation periods to the County Administrative Court in Linköping. For further information with respect to the legal proceedings regarding the electric certificates, see the chapter "Risk factors" under the section "Energy prices".

COMPLIANCE WITH REGULATIONS ETC.

The board is of the opinion that BillerudKorsnäs complies with applicable rules and regulations and has the necessary permits with regards to the conducted business.

ENVIRONMENTAL ISSUES

BillerudKorsnäs complies with applicable environmental requirements and laws and have the necessary permits with regards to the conducted business. For further information about environmental issues and environmental work within BillerudKorsnäs, see the chapter "Business description – BillerudKorsnäs" under the section "Sustainability" and the chapter "Risk factors" under the section "Environmental responsibilities".

INSURANCE

The board is of the opinion that BillerudKorsnäs has a satisfactory insurance protection with regards to the risks involved in the Group's business. There is no part of the business for which insurance protection cannot be obtained on reasonable terms and conditions.

TRANSACTIONS WITH CLOSELY RELATED PARTIES

To the extent that Group companies deliver products or provide services to other Group companies, such transactions are performed at market price and on market terms.

As concerns Billerud, the most significant transactions with closely related parties consist of remuneration to key employees of the senior management as set out in Billerud's annual reports of 2009, 2010 and 2011 (incorporated by reference to this prospectus). As concerns Korsnäs, the most significant transactions with closely related parties consist of remuneration to key employees of the senior management as set out in Korsnäs's annual reports of 2009, 2010 and 2011 (incorporated by reference to this prospectus). As regards fees and remuneration to the board and CEO, see the chapter "Corporate Governance" under the section "Fees to board members and remuneration to members of the board's committees" and "Guidelines for remuneration to senior management etc."



BILLERUDKORSNÄS

Furthermore, the Company has entered into agreements with major shareholders of the Company in connection with the acquisition of Korsnäs. The combination agreement with Kinnevik, including amendment agreement and the vendor note issued in connection with the closing, is described under the section “The combination agreement between Billerud and Kinnevik”. Subscription commitments issued by Kinnevik and Frapag are described in this chapter under the section “Subscription undertakings”. As stated in the description, Kinnevik and Frapag not entitled to compensation for their subscription commitments.

Except for what has been stated above, the Company and its subsidiaries have not granted any loans or provided any guarantees to or for the benefit of any member of the board, any member of the senior management or auditors of the Group. None of these persons have participated directly or indirectly in any transaction with the Company or its subsidiaries that is, or was, of an unusual nature or that has, or had, unusual terms.

GROUP STRUCTURE

Since the combination, BillerudKorsnäs AB (publ) is the parent company of a group consisting of the old Billerud group and the old Korsnäs group with Korsnäs as former parent. The table below set forth the largest subsidiaries.

INTELLECTUAL PROPERTY RIGHTS

BillerudKorsnäs’ most important intellectual property rights consists of the Group’s patents and licensing agreements for the use of patents, which are central to the Group’s operations. The most important patents are related to the sale of the paper product FibreForm®, the patent family “Sack paper” related to the production of the high, porous sack paper quality Quick Fill® and the patent families related to the production of

coated and uncoated liquid packaging board for long-term storage of food. In addition, the patent family is related to formable packaging structures, which support the sales of FibreForm® and the patent families for long nip hot calendering relevant to the Group. Furthermore, BillerudKorsnäs has a series of patents that have not yet been commercialised. BillerudKorsnäs most important licensing agreement is with the Italian innovation company Gruppo X di X Gruppo (SRL) which gives the Group an exclusive right in Europe and a non-exclusive right outside Europe for a whole patent family related to conversion and products made of FibreForm®. The agreement shall be valid until the last of the patents expires.

OTHER INFORMATION

BillerudKorsnäs Aktiebolag AB (publ), corporate registration number 556025-5001, is a public limited liability company with registered office in Stockholm. The Company was founded in Sweden on 22 December 1926 and was registered with the Swedish Companies Registration Office on 29 December 1926. The Company has conducted business since that date. The legal form of the Company is regulated by, and the shareholders rights may only be changed in accordance with, the Swedish Companies Act (2005:551). The articles of association was adopted by the extraordinary general meeting on 14 September 2012.

Information incorporated by reference

The following documents, which have been made public and are kept available at BillerudKorsnäs’ website www.billerudkorsnas.com are incorporated by reference and will constitute part of this prospectus.

- Billerud’s audited annual reports for the group and the parent company for 2009, 2010 and 2011, including the auditor’s reports.

The following documents are incorporated by reference and will constitute part of this prospectus and are kept available on BillerudKorsnäs’ website www.billerudkorsnas.com during the subscription period.

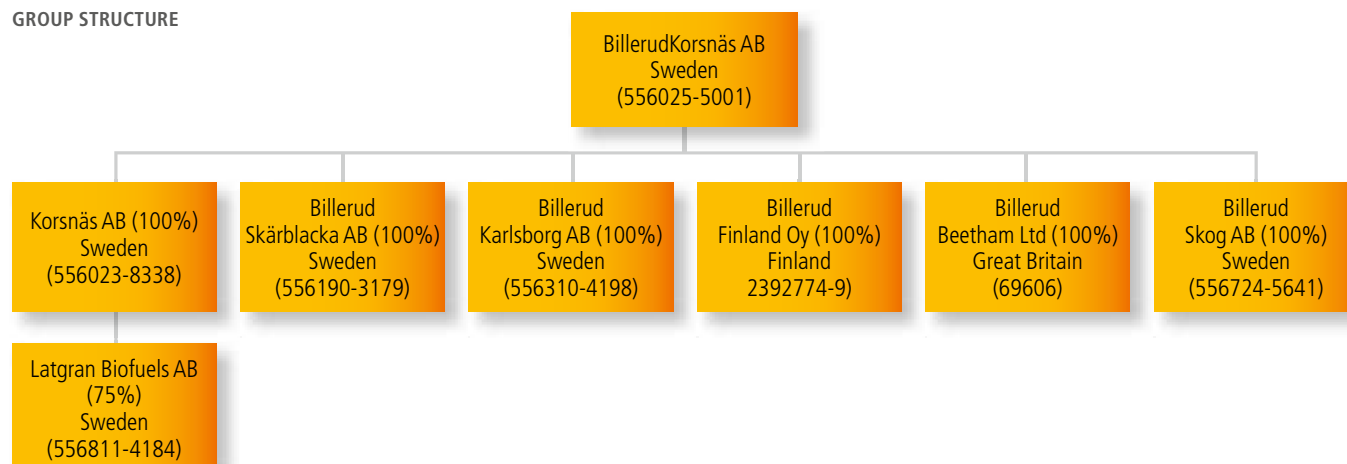
- Korsnäs’ audited annual reports for the group and the parent company for 2009, 2010 and 2011, including the auditor’s reports.

PROVIDED DOCUMENTS

Copies of the following documents are under the prospectus’s term of validity held available for review at BillerudKorsnäs’ headquarters on Frösundaleden 2 b, 169 27 Solna, on weekdays during regular business hours and on BillerudKorsnäs’ website www.billerudkorsnas.com:

1. The articles of association of BillerudKorsnäs, adopted at the extraordinary general meeting on 14 September 2012,
2. The audited annual reports of Billerud with respect to the financial years 2009–2011, including the auditor’s reports and Billerud’s interim financial report for the period 1 January – 30 September 2012,
3. The audited annual reports of Korsnäs with respect to the financial years 2009–2011, including the auditor’s reports, and
4. This prospectus.

GROUP STRUCTURE



INFORMATION ABOUT BILLERUD

At the time of the publication of this prospectus the process of integrating Billerud's and Korsnäs' businesses has just begun. Hence, information regarding Billerud's and Korsnäs' operations, markets, business areas et cetera is presented as it was prior to the Transaction. These sections should be viewed as a complement to the description of the new group's operations in the section "Business description – BillerudKorsnäs".

Statements about Billerud or products' absolute or relative attributes and positions in this chapter, are based on the company's own assessment unless stated otherwise.

Billerud is a leading supplier of strong primary fibre-based packaging paper and packaging solutions. Thanks to its combination of world-class packaging materials, knowledge about the entire value chain and a global partner network, Billerud helps enhance the competitiveness of converters, packaging manufacturers and brand owners.

Innovation is a core focus at Billerud, which constantly works to develop materials and services that add value for customers.

The aim of Billerud's business development work is to drive growth and improve profitability.

Smarter packaging also involves smarter ways of safeguarding the environment. Billerud's offering to the market is founded on a way of working that is sustainable in the long term. The products, manufactured from renewable raw materials using a large proportion of bioenergy, contribute towards sustainable development. Since 2009

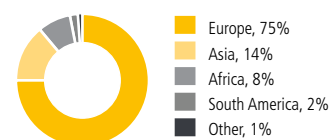
Billerud has been reporting in accordance with the Global Reporting Initiative (GRI), which is the most widely used tool globally for sustainability reporting. Billerud's complete GRI report is available at www.billerudkorsnas.com.

The company consists of two business areas: Packaging & Speciality Paper and Packaging Boards.

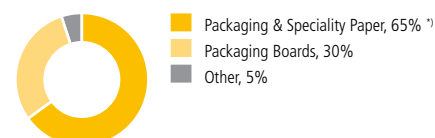
Billerud's primary geographic market is Europe, which accounted for 75% of its net sales in 2011. Asia represented 14% and Africa 8%.



NET SALES BY REGION, 2011



NET SALES BY BUSINESS AREA, 2011



*) Includes net sales 2011 for business area Market Pulp.

👉👉👉 Around the world, restrictions on non-biodegradable plastic bags are proposed. Kraft paper gives durable bags that are stronger than both biodegradable plastics and other paper alternatives on the market.



BUSINESS AREAS

For further information about the market, driving forces, customers and market position of the various products, please refer to the chapter "Business description – BillerudKorsnäs".

PACKAGING & SPECIALITY PAPER

The Packaging & Speciality Paper business area offers technically advanced kraft and sack papers for food packaging, industrial applications and carrier bags, as well as services in packaging optimisation and design. The grades are strong, with high printability and runability. The business area is the leading player in primary fibre-based kraft and sack paper. There are also sales of long-fibre pulp to producers of tissue, writing and printing paper and packaging paper.

The main markets are Europe and Asia. The business area accounted for 53% ¹⁾ of Billerud's operating profit in 2011.

PACKAGING BOARDS

The Packaging Boards business area sells containerboard such as fluting (the middle layer in corrugated board) and white liner (the outer layer of corrugated board) for packaging for fruit and vegetables, consumer goods, transit goods, and so on. Packaging Boards is a market-leading player in Europe in primary fibre-based pure white liner and fluting. The offering also includes liquid packaging board, board for paper cups (Cup Stock) as well as packaging optimisation services.

The primary market is Europe. The business area accounted for 38% of Billerud's operating profit in 2011.

PRODUCTION

Billerud has six production units: Gruvön, Skärblacka and Karlsborg in Sweden, Beetham in the UK and Pietarsaari and Tervasaari in Finland. Production at the Swedish units is integrated, which results in an array of advantages, such as full control of the production process and a high level of self-sufficiency in electricity. Billerud is headquartered in Solna, Sweden. For further information about the production units, please refer to the chapter "Business description – BillerudKorsnäs" under the section "Production".

PRODUCTION CAPACITY 2011, KTONNES

Production unit	
Gruvön	685
Skärblacka	400
Karlsborg	300
Pietarsaari	200
Tervasaari	100
Beetham	45
Total	1 730

ORGANISATION AND EMPLOYEES

OPERATIONAL STRUCTURE

Billerud's operations are organised into two business areas with production at six units. Both business areas are responsible for sales, marketing and development in their own product areas, as well as being accountable for their own profits, based on precalculated production costs. The CEO leads the work of the senior management team and makes decisions in consultation with them. Support

functions of the operations include business development, HR/communication, accounting, finance, IT and supply chain management. The Group also includes Billerud Skog, which is responsible for Group wood supply.

EMPLOYEES

Billerud had 2 490 employees in 30 September 2012. The average number of employees for the first nine months of the 2012 financial year was 2 366 people. The majority of employees work in Sweden.

NUMBER OF EMPLOYEES 30 SEPTEMBER 2012

Country	
Sweden	2 068
Finland	176
United Kingdom	153
Other countries	93
Total	2 490

BILLERUD FORESTRY

The main raw material for production is wood. Billerud owns no forest land of its own and all wood is bought in through its subsidiary Billerud Forestry. In 2011, Billerud purchased a total of 5.85 million m³ sub, of which 5.35 million m³ sub was used for its own production. Wood raw materials come solely from forests managed responsibly and with a long-term approach. In 2011, 41% of purchased wood was also Chain of Custody certified according to FSC[®] and/or PEFC[™].

In 2011, 80% of wood was purchased from Sweden, 10% from Norway and Finland and the remaining 10% from the Baltics. These purchases are made from a small number of major suppliers, chiefly Sveaskog, Holmen and Stora Enso, as well as from a large number of private land owners in northern Sweden.

HISTORY

Billerud dates back to the 19th century. Billerud as it is today was formed in 2001 through the merger of AssiDomän's Skärblacka and Karlsborg paper mills, and Stora Enso's Gruvön paper mill. On 20 November 2001, Billerud shares were listed on the Stockholm stock exchange (now NASDAQ OMX). In 2004, the Beetham production unit in the UK was acquired. In 2012, UPM's packaging paper operations in Pietarsaari and Tervasaari in Finland were acquired. The combination with Korsnäs took place in the same year and Billerud-Korsnäs was formed.



Approximately two thirds of Billerud's fluting is used for corrugated boxes for fruit and vegetables. With the SoliQ services concept, the transport waste is minimised.

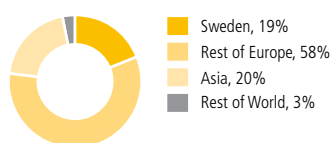
¹⁾ Includes operating profit 2011 for business area Market Pulp.

INFORMATION ABOUT KORSNÄS

This chapter contains information about Korsnäs' operations prior to the combination with Billerud and should be viewed as supplementary information to the business description of the new BillerudKorsnäs group provided in the chapter "Business description – BillerudKorsnäs".

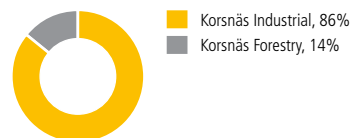
Statements about Korsnäs or products' absolute or relative attributes and position in this chapter, are based on the Company's assessment unless stated otherwise.

REVENUE ^{*)} BY REGION, 2011

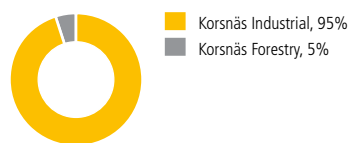


*) Revenue by geographic market is split according to the buyers domicile.

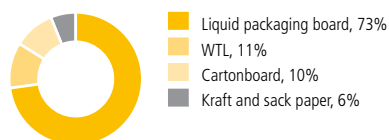
SALES BY SEGMENT, 2011



OPERATING PROFIT BY SEGMENT, 2011



SALES VOLUME BY PRODUCT AREA ^{*)}, 2011

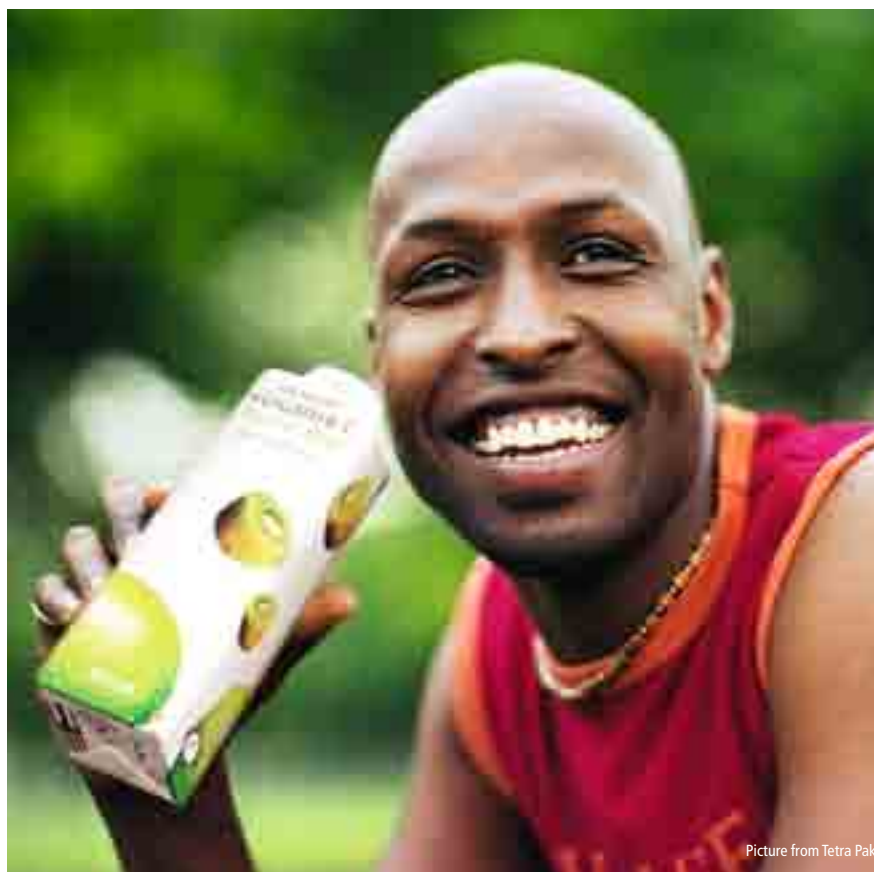


*) Refers to Korsnäs Industrial.

Korsnäs is one of the leading manufacturers of primary fibre-based packaging materials, particularly for consumer products. Its business concept is to deploy its world-class expertise and resources to develop top-rate primary fibre-based materials for today's and tomorrow's advanced packaging solutions. These solutions help companies save resources, develop brands and increase profitability, and help consumers to safeguard the environment while providing increased user-friendliness, better product quality and increased customer satisfaction.

The operations are made up of two operating segments, Korsnäs Industrial and Korsnäs Forestry. Korsnäs also owns 5% of the shares in Bergvik Skog and 75% of the shares in Latgran.

Over 90% of Korsnäs' packaging materials are exported, mainly to Europe, where Germany, France and the UK are major markets. Asia is also an important high-growth market.



Picture from Tetra Pak

👉👉👉 Korsnäs has manufactured liquid packaging board for over 40 years and acquired extensive knowledge about the product. Today, Korsnäs is one of the leading suppliers and the second largest producer of liquid packaging board in the world. ¹⁾

1) Pöyry Management Consulting.



KORSNÄS INDUSTRIAL

Korsnäs embarked on a transition towards manufacturing value-added products as early as at the beginning of the 1960s, and offers liquid packaging board, Cartonboard, WTL and kraft and sack paper. Through constant focus on research and development, Korsnäs has gained leading positions in several attractive product areas.

The advanced packaging materials manufactured by Korsnäs make up one part of its customer offering. The expertise offered by Korsnäs through various services bears an equally important role. Korsnäs Packaging Performance Service comprises expert assistance in the areas of packaging optimisation, print support and conversion support. For example, tests, measurements and analyses of material properties are performed, providing customers with scientifically based benchmark materials. Korsnäs also offers specialist know-how throughout the entire innovation chain from idea and prototype through materials specification and dimensioning to practical tests and evaluation of new packaging.

LIQUID PACKAGING BOARD

Korsnäs has been manufacturing liquid packaging board for over 40 years and is today one of the leading suppliers and the second largest producer globally. ¹⁾ Korsnäs' liquid packaging board is used to produce packaging for milk products, juice and other beverages. It is mainly coated and made from 100% primary fibre, and is neutral in terms of smell and taste. In 2011, liquid packaging board accounted for 73% of Korsnäs' sales volume.

Market

The liquid packaging board market is consolidated with a handful of suppliers and purchasers. Customers are mainly beverage



➤ ➤ ➤ Increased competition in the retail sector makes compelling packaging more important. With Korsnäs packaging board, packaging is created where form, construction and graphical design contributes to increased attention among consumers.

1) Pöyry Management Consulting.

2) BillerudKorsnäs' assessment.

packaging producers and the end customers are consumers. Korsnäs has multi-year agreements with a number of major customers regarding liquid packaging board deliveries, and works closely alongside these customers on product development.

The liquid packaging board market is showing continued growth, mainly in Asia and South America. Growth is primarily taking place in coated liquid packaging board due to customers' increased demands on the print quality of finished packaging. Korsnäs estimates the long-term annual market growth for liquid packaging board is about 3%. Demand for liquid packaging board is less cyclical than most other product segments in the paper and packaging market. Increased living standards and a growing middle class mainly in Asia and South America increase liquid packaging board demand. Other general driving forces are demands for a pure, high and even product quality, as well as sustained strong and steadily increasing environmental awareness in consumer related industries.

CARTONBOARD

Korsnäs Cartonboard is used in selected segments for packaging food, cosmetics, exclusive beverages and confectionery. Korsnäs is one of the larger producers of primary fibre-based Cartonboard in Europe ¹⁾ and a leading player in Cartonboard with a brown reverse side and a white, coated top side. ²⁾ In 2011, Cartonboard accounted for 10% of Korsnäs' sales volume.

Korsnäs Cartonboard comprises four product offerings with different applications:

- Korsnäs Light is a moisture-resistant Cartonboard used for packaging dry, frozen and refrigerated foods
- Korsnäs Carry is a strong Cartonboard used to make attractive and functional packaging with qualities such as windows and smart locking designs
- Korsnäs White is a premium Cartonboard with high printability, good imaging and very high formability used to package beauty and healthcare products, perfume, exclusive beverages and confectionery
- Korsnäs Artisan is a specially developed multi-layer Cartonboard with a lightly coated print surface and uncoated reverse side and is mainly used for various luxury products

Market

Korsnäs' primary market is Europe, with the UK and Germany being the largest single markets. Customers are mainly producers of beauty and healthcare products, exclusive confectionery and companies operating within retail with stringent demands on functional and high-quality packaging that

must be attractive and help create a positive consumer experience.

Korsnäs estimates that the Cartonboard market in Europe is growing 2–3% annually. Lifestyle-related consumption is one of the main driving forces for consumer goods. Cartonboard packaging in the premium segment. Cartonboard is also increasingly highlighted as an eco-friendly and climate-friendly alternative from a sustainability point of view.

WTL

WTL is used as the surface layer on corrugated board packaging and is the surface used for printing. Korsnäs primarily focuses on fully coated WTL made from primary fibre, in which segment the company is the second largest producer in the world. ²⁾ In 2011, WTL accounted for 11% of Korsnäs' sales volume.

There are four types of Korsnäs WTL to meet customers' demands and needs in terms of formability, strength and print quality:

- Korsnäs Decor is a lightly coated WTL with higher print quality than uncoated WTL
- Korsnäs Design is a fully coated WTL with superior image reproduction thanks to the stiffness of the material
- Korsnäs Supreme has been specially developed for sophisticated graphic design and has excellent image reproduction
- Korsnäs Classic is an uncoated WTL mainly used in the food industry

Market

Korsnäs' sales are mainly on the European market where the UK, France and Germany are the single largest markets. Korsnäs' customers include producers of exclusive beverages and confectionery as well as of cosmetics and perfume.

Korsnäs estimates the long-term annual market growth in Europe for coated WTL to approximately 2–3%. Customers and brand owners are increasingly aware of the relationship between packaging design and sale of goods, which has a positive impact on demand. Korsnäs benefits from this trend in its capacity as a supplier of WTL with high print quality and image reproduction.

KRAFT AND SACK PAPER

Korsnäs' kraft and sack paper is made from primary fibre and is used for sacks, carrier bags and food packaging. Kraft and sack paper is Korsnäs' smallest product area and accounted for 6% of the sales volume in 2011.



►►► Korsnäs produces approximately 1.1 million tonnes of board and paper annually at its two production facilities.

Market

Korsnäs' main market is Europe, where white kraft and sack paper with a good printing surface is in demand to create attractive packaging for in-store sales. Customers are mainly in segments such as building materials, foods, carrier bags and pulp packaging.

PRODUCTION

Korsnäs has two integrated units for board and paper production – one in Gävle and one in Frövi/Rockhammar.

GÄVLE

Liquid packaging board is mainly produced in Gävle on two of the facility's three paper machines. Kraft and sack paper is mainly produced on the third paper machine. WTL is also produced in Gävle. At 30 September 2012, there were 990 employees in Gävle.

PRODUCTION CAPACITY 2011, KTONNES

Sulphate pulp	700
Paper and board	700

FRÖVI/ROCKHAMMAR

The plant in Frövi/Rockhammar produces liquid packaging board and Cartonboard on one board machine in Frövi and CTMP pulp¹⁾ for internal use in Rockhammar. At 30 September 2012, there were 631 employees in Frövi/Rockhammar.

PRODUCTION CAPACITY 2011, KTONNES

Sulphate pulp	300
CTMP pulp	90
Paper and board	430

KORSNÄS FORESTRY

Korsnäs Forestry is responsible for purchasing timber and fibre for Korsnäs' production units and for performing forestry services according to agreements with Bergvik Skog. Korsnäs Forestry's external customers are mainly sawmills and spruce fibre users in Central Sweden and Latvia. Korsnäs Forestry purchases around 5.8 million m³ sub of timber raw materials annually, of which around 4.1 million m³ sub are used internally within Korsnäs. Korsnäs also owns 5% of the shares in Bergvik Skog, one of Sweden's largest forest-owning companies with an annual harvesting volume of 6.8 million m³ sub. The productive forestland area is 1.9 million hectares in Sweden and approximately 60 000 hectares in Latvia. Bergvik Skog owns three forest nurseries with annual production of around 55–60 million seedlings.

LATGRAN

Latgran produces pellets from forest raw materials at three production facilities in Latvia, and the company's pellets are used to generate electricity at major power stations and to produce heat and electricity at combined power and heating plants. All production is exported to several industrial customers in Scandinavia and the rest of Northern Europe. Korsnäs is a major wood purchaser in Latvia today, and there are significant

synergies between Korsnäs' paper and board production and Latgran's pellets manufacturing, mainly in raw materials procurement.

Latgran has three production facilities located in Jaunjelgava, Jekabpils and Kraslava with an annual production capacity of almost 400 000 tonnes. Latgran is included in Korsnäs as of 14 June 2012.

EMPLOYEES

At 30 September 2012, Korsnäs had 1 883 employees in total, the majority of whom were employed in Sweden. Korsnäs' employees in Latvia mainly work in the wood supply operations and the pellets production.

NUMBER OF EMPLOYEES, 30 SEPTEMBER 2012

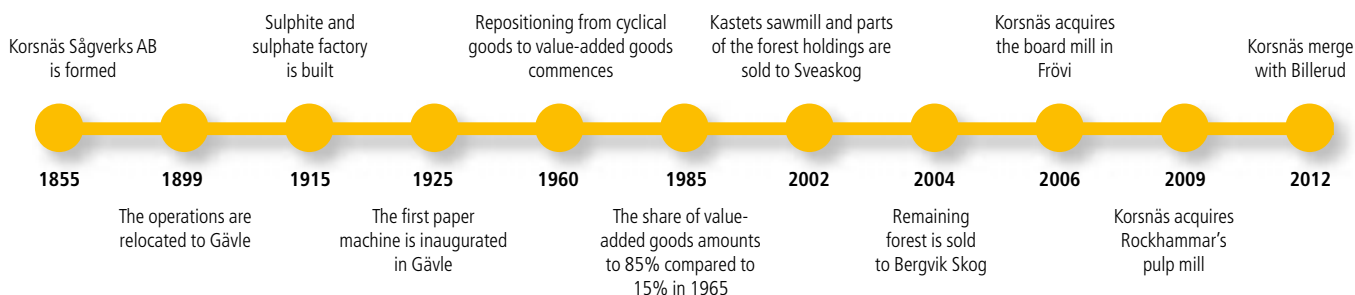
Country	
Sweden	1 621
Latvia	245
Other countries	17
Total	1 883

SUSTAINABILITY AND ENVIRONMENT

For Korsnäs, environmental initiatives are an enhancement process constantly in motion and the aim is to work in a sustainable balance with nature. All of Korsnäs' products are based on renewable forest materials. This places demands on regard for the environment in the operations and in forests alike. Although not a major forest owner, Korsnäs nevertheless has significant influence on forests through its forestry organisation, such as in the production of board and paper.

Since 2010 Korsnäs has been reporting in accordance with the Global Reporting Initiative (GRI), which is the most widely used tool globally for sustainability reporting. Korsnäs' complete GRI report is available at www.korsnas.se.

HISTORY



1) In CTMP (chemo thermo mechanical) pulp, the fibres are chemically treated. Chemically treated fibres are long and flexible, giving a board product that is strong and dense.



CERTAIN TAX ISSUES IN SWEDEN

The following chapter summarizes a number of Swedish tax rules which are applicable due to the new share issue planned by the Company. This summary is based on current legislation and is intended only as general information to shareholders who are subject to taxation in Sweden, if not otherwise specified. This summary does not include:

- Situations where securities are treated as inventory in business activities
- Situations where securities are held i.a. by partnerships, investment companies (*Sw: Investmentföretag*), insurance companies or investment funds
- The special rules regarding tax-exempt capital gains (including capital losses not being deductible) and dividends in the corporate sector where the investor holds shares which are for tax purposes deemed to be shares held for business purposes
- The special rules which may be applicable on shares acquired on the basis of shares in closely held companies
- Foreign companies maintaining business activities from a permanent establishment in Sweden or foreign companies that previously were Swedish companies
- The special rules for taxation of funds deposited in investment savings accounts (*Sw: Investeringssparkonto*)

The tax effects that arise for each individual owner of securities partly depend on the particular individual circumstances in each case. The financial instruments that now are to be issued are subscription rights and shares. Each holder of such securities should consult with tax advisors regarding the potential tax consequences that acquisitions and disposals of shares and subscription rights may entail for their part, including the application and effects of foreign tax rules and tax treaties, as well as any other rule that may be applicable. Subscription rights, listed shares and certain other share based instruments (including BTA-shares), are covered by the Swedish legal term “share based instruments” (*Sw: Deläggarrätter*). In the below summary, the term share based instruments are used for the above mentioned types of financial instruments, unless otherwise stated.

GENERAL INFORMATION ON THE DISPOSAL OF SHARES Calculation of capital gains and capital losses

Shareholders who sell shares, subscription rights or other share based instruments are in general subject to tax on any capital gains that may arise. Capital gains and capital losses are normally calculated as the sales price less the sales costs, such as brokerage, and the acquisition cost. The acquisition cost includes expenses associated with the initial acquisition, such as brokerage. Any acquisition cost for subscription rights utilized to subscribe for shares shall be added to the acquisition cost for the subscribed shares.

The acquisition cost is calculated using the average method. This method implies that the acquisition cost per instrument amounts to the average cost for all instruments of the same kind and class based on the historical acquisition cost of each purchase and taking into account changes during the holding period. It should be noted that BTA are not considered to constitute shares of the same kind and class as the existing shares in the Company until the new share issue has been registered with the Swedish Companies Registration Office (*Sw: Bolagsverket*).

For listed shares and acquired subscription rights that are listed, the standardized method may be used as an alternative when calculating the acquisition cost. This alternative method prescribes that 20% of the sales proceeds, less sales costs, may be used as the acquisition cost.

Individuals

Capital gains are subject to 30% tax for individuals and estates of deceased persons. Capital losses on sales of listed share based instruments, apart from shares in investment funds that only include Swedish receivables, are for the fiscal year fully deductible against capital gains on listed share based instruments and against the taxable part of capital gains on unlisted shares. For remaining capital losses, 70% are deductible against other taxable capital income.

If the capital losses incurred for a fiscal year exceed all capital income, a tax reduction is granted against the tax on salary income, business activities income as well as real estate tax and municipal real estate fee. The tax reduction amounts to 30% of the loss that does not exceed SEK 100 000 and 21% of the remaining loss. Losses cannot be carried forward.

Legal entities

Limited liability companies (*Sw: AB*) and other legal entities apart from estates are in general taxed on capital gains as business income with a tax rate of 26.3% (from 2013, 22.0%). Deductions for capital losses on share based instruments are only allowed against capital gains on share based instruments. If a capital loss cannot be deducted by the company that has incurred the loss, it can be deducted against capital gains on share based instruments earned by other companies in the same group, provided that the companies can exchange group contributions and that both companies apply for this treatment for the same fiscal year. Capital losses on share based instruments that are not utilized in one fiscal year can be carried forward and set off against capital gains on other share based instruments in future years. Losses may be brought forward indefinitely.

Shareholders domiciled outside Sweden

Owners of share based instruments, that are subject to a limited taxation in Sweden, and do not carry out business activities from a permanent establishment in Sweden, are generally not taxed on capital gains upon disposal of share based instruments. Individuals may, however, be subject to Swedish taxation on capital gains from a sale of share based instruments if they, at any time during the previous 10 calendar years, have been domiciled in Sweden, or if they during the described period have had their habitual abode in Sweden. The applicability of this rule may be limited due to existing tax treaties between Sweden and other countries in order to limit double taxation.



DISPOSAL AND UTILIZATION OF SUBSCRIPTION RIGHTS

Sale of subscription rights

Owners of subscription rights that do not participate in the new share issue and instead dispose of acquired or received subscription rights will be subject to taxation. The taxable capital gain or deductible capital loss is calculated by use of the same methods as described above. Each subscription right which has been received based on an existing share is considered to be acquired at SEK 0. It is not possible to use the standardized method to calculate the acquisition cost in this case. The entire sales proceeds, less sales costs, are therefore subject to taxation. The acquisition cost of the original shares in the Company is not affected.

For subscription rights that have been purchased the compensation paid is considered to be the acquisition value for the subscription rights and the acquisition cost shall be calculated according to the average method. The standardized method may be used for listed subscription rights as described above. Concerning the right to deduct capital gains on listed subscription rights same rules apply as for listed share based instruments described above.

Utilization of subscription rights

Owners of subscription rights who utilize their right to acquire BTA will not be subject to immediate taxation. A subscription right that is neither utilized nor sold by expiration date will be considered disposed of at SEK 0. Any capital loss will be deductible per the rules described above.

SALE OF BTA

A sale of BTA before the share issue has been registered with the Swedish Companies Registrations Office will be subject to taxation. BTA is a share based instrument upon which a taxable capital gain or deductible capital loss will be calculated according to the methods described above. In instances when BTA have been acquired through purchased subscription rights, any acquisition price for the rights should be added to the acquisition cost for BTA.

TAXATION OF DIVIDENDS

Swedish shareholders

Individuals and estates of deceased individuals that are fully subject to taxation in Sweden are taxed on dividends on listed shares as capital income with a tax rate of 30%. They are also subject to preliminary tax which is normally withheld by Euroclear, or in the case of nominee registered shares, by the nominee.

For limited liability companies and other legal entities, dividends received on listed shares are generally subject to business income taxation with a tax rate of 26.3% (from 2013, 22.0%).

Foreign shareholders

Shareholders that are subject to a limited taxation in Sweden and who receive dividends on shares listed in Sweden are in general subject to a withholding tax of 30%. The tax rate can be reduced according to tax treaties which Sweden have concluded with other countries in order to avoid double taxation. This withholding tax shall be withheld by Euroclear, or in the case of nominee registered shares, by the nominee.



INTERIM REPORT JANUARY – SEPTEMBER 2012



INTERIM REPORT JANUARY-SEPTEMBER 2012



	Q3 2012	Q2 2012	Δ, %	Q3 2011	Δ, %	Jan-Sep 2012	Jan-Sep 2011	Δ, %
SEKm								
Net sales	2 628	2 440	8%	2 327	13%	7 359	7 257	1%
EBITDA	323	314	3%	456	-29%	929	1 367	-32%
Operating profit/loss	161	161	0%	296	-46%	464	903	-49%
Operating margin, %	6%	7%	-1	13%	-7	6%	12%	-6
Profit/Loss before tax	138	163	-15%	288	-52%	433	871	-50%
Net profit/loss for the period	101	119	-15%	209	-52%	316	638	-50%
Earnings per share, SEK	0.99	1.14	-13%	2.03	-51%	3.07	6.19	-50%

SEK 161m
Operating profit

6%
Operating margin

SEK 138m
Profit before tax

SEK 0.99
Earnings per share

Third quarter 2012

- Net sales amounted to SEK 2 628 million, compared with SEK 2 440 million in the previous quarter.
- Operating profit totalled SEK 161 million, on a par with the previous quarter. Lower costs compensated for lower exchange rates for invoicing as a result of a stronger SEK.
- Results for the quarter were charged with non-recurring acquisition-related costs of SEK 16 million. Adjusted to reflect these non-recurring costs, operating profit totalled SEK 177 million.
- Prices in local currency for packaging paper improved on average by about 2% compared with previous quarter due to implementation of earlier announced price increases.

January-September 2012 compared with the same period in 2011

- Net sales amounted to SEK 7 359 million, a rise of 1%.
- Operating profit fell to SEK 464 million, mainly as a result of lower prices.
- Non-recurring acquisition-related costs totalled SEK 68 million (0).
- The extraordinary general meeting approved the acquisition of Korsnäs and authorised the Board to carry out the share issues relating to the acquisition. A new Board was elected, to take office at completion of the acquisition.

Outlook

- The order situation in the packaging paper segments at the beginning of the fourth quarter of 2012 was on average normal for the season and is expected to remain so in the majority of the product segments for the rest of 2012.
- The impact of price increases for primary fibre-based containerboard, announced in the third quarter of 2012, is expected to show through during the fourth quarter of 2012.
- Additional non-recurring transaction costs are estimated to add up to approximately SEK 45 million, the major share of which is expected to be charged in the quarter in which the combination with Korsnäs is carried out. In addition to these costs, non-recurring financing and integration costs related to the combination with Korsnäs will also incur after completion of the transaction.
- Wood cost in 2012 is anticipated to be approximately 6% lower than in 2011.

For further information, please contact:

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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 at 07.00 CET on 25 October 2012.



8%

Net sales growth
Q3 2012 v. Q2 2012

6%

Operating margin Q3 2012



Per Lindberg
President and CEO

COMMENTS BY BILLERUD'S CEO PER LINDBERG

STABLE EARNINGS

"The year's third quarter shows continued stability of order bookings, net sales of SEK 2 628 million and an operating profit of SEK 161 million. I am fairly satisfied with this result, as it takes into account two maintenance shutdowns and the impact of a stronger Swedish krona. During the quarter we announced price increases for containerboard. Price increases announced earlier for kraft and sack paper show through in third quarter earnings, although at a level somewhat below expectations. This was a factor in a 2% price increase for packaging paper during the quarter.

The contribution of our Finnish production units to the business is developing according to plan and benefits from the acquisition are shown. In the course of the next quarter, our short-term service agreement with UPM expires. We will then operate independently in order processing, IT systems and operations. This will create better opportunities to obtain synergies from the acquisition. Because the Finnish acquisition sharply reduces our exposure to the market pulp market, we will no longer report our sales of market pulp separately. Instead, as of this quarter, this business will form part of the Packaging & Speciality Paper business area.

Work on preparations to complete the combination with Korsnäs and plan for integration of the companies is in full swing. We await decisions from the competition authorities concerned in mid-November. The combination is still assessed to take place during the fourth quarter of 2012.

Against that background, we are looking forward to a fourth quarter in which we can launch the next phase in the company's expansion, with new and exciting opportunities for BillerudKorsnäs. Despite increasing signals of a challenging economic scenario and a currently tougher currency situation, I face the future full of confidence."

MARKET

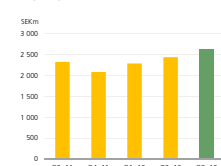
Billerud offers the global packaging market innovative and sustainable products and services. The Group has a leading position in primary fibre-based packaging paper. The packaging market shows continued positive long-term development primarily due to increased globalisation, greater prosperity and changed consumption patterns. In addition to packaging paper, Billerud sells long-fibre pulp, Northern Bleached Softwood Kraft (NBSK), which is not used in its own production.

The order situation for Billerud's packaging paper segments was stable during the quarter, compared with the second quarter, and remained at a normal level. In the case of certain product grades, such as primary fibre-based fluting and pure white liner, the order situation was slightly better than normal for the season. Prices in local currency for packaging paper was on average approximately 2% higher during the quarter than in the previous quarter, owing to implementation of price increases announced earlier. The process of implementing the price increase for containerboard announced in the third quarter continues. Further market information per business area is provided on pages 5-6.

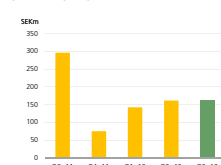
Approximately 2% higher prices in local currency and a stable order situation for packaging paper compared with the previous quarter.



NET SALES



OPERATING PROFIT



Lower costs compensated for lower exchange rates for invoicing as a result of a stronger SEK.

SALES AND RESULTS

THIRD QUARTER COMPARED TO THE SECOND QUARTER

Net sales amounted to SEK 2 628 million, 8% higher than in the second quarter. The increase arose through higher sales volumes, as a result of the business acquired in Finland, which was consolidated into the Group on 1 June 2012.

Operating profit totalled SEK 161 million, on a par with the previous quarter. Adjusted to reflect non-recurring acquisition-related costs of SEK 6 million for consultation and SEK 10 million for separation/integration measures, operating profit totalled SEK 177 million (199). The change in operating profit is shown in the table below. The operating margin totalled 6% (7).

CHANGE IN OPERATING PROFIT COMPARED WITH PREVIOUS QUARTER

SEKm	Q1 -12 /Q4 -11	Q2 -12 /Q1 -12	Q3 -12 /Q2 -12
Sales and production volumes, incl. product mix	69	57	-
Selling prices (in respective sales currency)	-56	-4	2
Change in variable costs	37	46	18
Change in fixed costs	41	-94	48
Change in depreciation	-	-3	-9
Effects of exchange rate fluctuations, incl. hedging*	-24	17	-59
Total change in operating profit/loss	67	19	-

*Effects of exchange rate fluctuations totalling SEK -59 million comprise the following items: changes in spot rates SEK -57 million, currency hedging SEK 90 million and currency effects from remeasurement of trade receivables and payments from customers SEK -92 million.

Periodic maintenance shutdowns were charged to third-quarter results with SEK 81 million, as a result of lower volumes and higher fixed costs. Further costs of approximately SEK 7 million attributable to these maintenance shutdowns will be charged to fourth quarter results. No maintenance shutdowns took place in the second quarter.

Sales volumes increased by 39 ktonnes. The contribution of the Finnish acquisition was higher in terms of volume in that the business formed part of the Group for the entire quarter, rather than for just one month in the preceding quarter. This amply compensated for the loss of volume arising from the periodic maintenance shutdowns during the quarter. However, operating profit was adversely affected by revaluation of stocks of finished products.

Improved selling prices in local currency provided a positive contribution of SEK 2 million. Prices in local currency for Billerud's packaging paper rose by approximately 2% on average compared with the previous quarter as a result of implementation of price rises announced earlier. Lower spot rates as a result of a stronger SEK had a negative impact of SEK 57 million on operating profit.

Variable costs fell by SEK 18 million, mainly as a result of lower wood prices (SEK 19 million), lower electricity prices and lower costs for other energy such as fuel oil and bark (SEK 16 million). Revaluation of the wood stockpile negatively impacted operating profit with SEK 14 million.

Fixed costs fell by SEK 48 million. Seasonally lower personnel costs and lower non-recurring acquisition-related costs amply offset higher maintenance costs arising from periodic shutdowns.

Net financial items totalled SEK -23 million (2). Exchange rate gains arising from forward contracts had a beneficial impact in the second quarter, which was not the case in the third quarter. Profit before tax was SEK 138 million and estimated tax SEK -37 million. Net profit therefore amounted to SEK 101 million.



Net sales growth of 13%

THIRD QUARTER COMPARED WITH THE SAME PERIOD IN 2011

Net sales were 13% higher than in the same period in the previous year.

Operating profit fell by
SEK 135 million

Operating profit fell by SEK 135 million, mainly because of lower prices (see table below). The increase in fixed costs was attributable primarily to the acquisition of the Finnish business, as well as higher maintenance costs arising from the fact that two periodic maintenance shutdowns were performed during the quarter as against one in the same period in 2011. An operating margin of 6% (13) was recorded.

Net sales growth of 1%

JANUARY-SEPTEMBER 2012 COMPARED WITH THE SAME PERIOD IN 2011

Net sales amounted to SEK 7 359 million, an increase of 1%, as a result of higher volumes.

Operating profit fell by
SEK 439 million, mainly as
a result of lower prices.

Operating profit totalled SEK 464 million. The fall of SEK 439 million was mainly due to lower prices. Lower prices in local currency impacted negatively on operating profit in the amount of SEK 536 million. Higher sales volumes, mainly attributable to the Finnish acquisition, contributed SEK 179 million. Variable costs fell by SEK 173 million, partly as a result of lower wood prices, calculated at SEK 136 million. Fixed costs increased by SEK 121 million. Acquisition of the Finnish business resulted in higher fixed costs, as the business was not part of the Billerud Group in the same period in 2011. In addition, non-recurring acquisition-related costs were incurred for consultation and in connection with separation/integration measures. Currency effects arising from remeasurement of trade receivables and payments from customers impacted negatively on operating profit in the amount of SEK 133 million. An operating margin of 6% (12) was recorded.

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

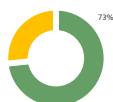
SEKm	Q1 -12 /Q1 -11	Q2 -12 /Q2 -11	Q3 -12 /Q3 -11	Jan-Sep -12 /Jan-Sep -11
Sales and production volumes, incl. product mix	-34	95	118	179
Selling prices (in respective sales currency)	-149	-216	-171	-536
Change in variable costs	29	76	68	173
Change in fixed costs	-9	-50	-62	-121
Change in depreciation	3	-2	-2	-1
Effects of exchange rate fluctuations, incl. hedging*	-30	-17	-86	-133
Total change in operating profit/loss	-190	-114	-135	-439

*Effects of exchange rate fluctuations totalling SEK -133 million comprise the following items: changes in spot rates SEK 22 million, currency hedging SEK -22 million and currency effects from remeasurement of trade receivables and payments from customers SEK -133 million.

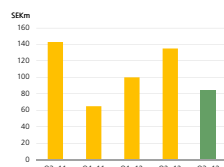
Net financial items totalled SEK -31 million (-32). Profit before tax was SEK 433 million and estimated tax SEK -117 million. Net profit therefore amounted to 316 million.



SHARE OF GROUP'S NET SALES Q3 2012



OPERATING PROFIT



PACKAGING & SPECIALITY PAPER BUSINESS AREA

Packaging & Speciality Paper offers technically advanced primary fibre-based kraft and sack paper for packaging for food, industrial applications and carrier bags, as well as services within packaging optimisation and design. The business area also sells any surplus of pulp that Billerud does not use in its own production.¹ The business area's largest markets are Europe and Asia.

	Quarter			Jan-Sep		Full year
SEKm	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
Net sales	1 925	1 277	1 056	4 293	3 352	4 293
Other income	-	-	-	-	-	-
Operating expenses, other	-1 721	-1 059	-835	-3 695	-2 724	-3 525
Depreciation and impairment	-120	-83	-78	-279	-243	-318
Operating profit/loss	84	135	143	319	385	450
Operating margin, %	4%	11%	14%	7%	11%	10%
Sales volumes, ktonnes	283	160	119	579	395	507
whereof packaging paper	202	160	119	498	395	507

The Finnish business acquired from UPM was consolidated as of 1 June 2012, and is included in Packaging & Speciality Paper. Effective 1 July 2012, sales of market pulp (formerly accounted for in the Market Pulp business area) are reported in the Packaging & Speciality Paper business area. The table above presents financial information without restatement of earlier periods. However, restatement of earlier periods is presented on page 15.

THIRD QUARTER

The operating profit for Packaging & Speciality Paper in the third quarter totalled SEK 84 million, SEK 51 million down on the result for the previous quarter. During the quarter, periodic maintenance shutdowns took place at the Skärblacka and Karlsborg units, where Packaging & Speciality Paper accounts for the major share of production at Skärblacka and all production at Karlsborg. The business area is generally charged with just over 90% of the overall cost of these two shutdowns. The maintenance shutdowns that took place during the quarter impacted negatively on the operating profit for the business area with lower volumes and higher fixed costs. No periodic maintenance shutdowns were performed in the previous quarter. Despite the maintenance shutdowns, volumes were higher than in the previous quarter because the Finnish business formed part of the business area throughout the quarter, rather than for just one month in the previous quarter. In addition, from this quarter on, sales of market pulp are accounted for within the Packaging & Speciality Paper business area. Furthermore, organisational changes entailed higher fixed costs and depreciation charges for similar reasons as for the volumes. Higher prices in local currency for packaging paper compensated for the major share of the impact of a less favourable currency situation.

Compared with the same period in 2011, operating profit fell by SEK 59 million, mainly as a result of lower prices and higher fixed costs.

JANUARY-SEPTEMBER

Operating profit fell by SEK 66 million to SEK 319 million compared with the same period in the previous year. The decrease arose mainly because of lower prices, which were partly offset by lower variable costs. In addition, volumes and fixed costs rose, mainly as result of the acquisition of the Finnish business and because market pulp was transferred to Packaging & Speciality Paper effective 1 July.

MARKET DEVELOPMENT

The order situation for kraft and sack paper was stable during the quarter, compared with the second quarter, and remained at a normal level. This situation still prevailed at the end of the quarter. Prices in local currency improved for all of the business area's kraft and sack products, compared with the previous quarter, as a result of the price increase that was announced to take effect on 1 June 2012. However, the effect achieved from the price increase did not match expectations.

¹ Historically, Billerud has sold approximately 325 ktonnes of market pulp annually. The Packaging & Speciality Paper business area also buys pulp for its paper production in Finland and the UK. As a result, the business area's net exposure in market pulp is estimated to average approximately 30 ktonnes annually.

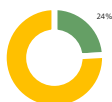


The market for NBSK pulp weakened in the quarter, compared with the previous quarter. Prices in Europe fell to approximately USD 760 per tonne at the end of the quarter, compared with approximately USD 830 per tonne at the beginning of the quarter. However, prior to the fourth quarter a price increase to USD 790 per tonne was announced for the European market.

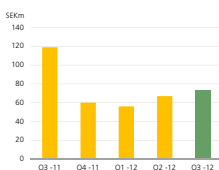
PACKAGING BOARDS BUSINESS AREA

The Packaging Boards business area develops and sells primary fibre-based containerboard for packaging for fruit and vegetables, consumer goods and transport packaging. The offering also includes liquid packaging board and board for paper cups (Cup Stock), as well as packaging optimisation services. Europe is the largest market.

SHARE OF GROUP'S NET SALES Q3 2012



OPERATING PROFIT



SEKm	Quarter			Jan-Sep		Full year
	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
Net sales	634	674	696	1 971	2 128	2 772
Other income	-	-	-	-	-	-
Operating expenses, other	-518	-565	-537	-1 646	-1 696	-2 238
Depreciation and impairment	-43	-42	-40	-129	-122	-164
Operating profit/loss	73	67	119	196	310	370
Operating margin, %	12%	10%	17%	10%	15%	13%
Sales volumes, ktonnes	130	132	125	390	389	504

THIRD QUARTER

Operating profit totalled SEK 73 million, SEK 6 million higher than in the previous quarter. The increase is attributable mainly to lower costs and higher prices in local currency, which compensated for a less favourable currency situation.

Compared with the same period in 2011 operating profit fell by SEK 46 million. Lower prices were partly offset by lower variable costs.

JANUARY-SEPTEMBER

Operating profit fell by SEK 114 million to SEK 196 million compared with the same period in the previous year. The decline was mainly due to lower prices. However, lower variable costs impacted favourably on operating profit.

MARKET DEVELOPMENT

The order situation remained stable during the quarter, compared with the previous quarter. In the case of certain product grades, such as primary fibre-based fluting and pure white liner, the order situation was slightly better than normal for the season, but was normal for other grades. This was also the situation at the end of the quarter. Prices in local currency improved during the quarter for the majority of the products. The increase arose both through the price increase for primary fibre-based fluting that was announced during the second quarter and the 10% price increase for primary fibre-based fluting and liner that was announced to take effect on 1 September 2012. The process of implementing the price increase announced in the third quarter continues. In addition, the customer/geographical mix improved relative to the previous quarter, which favourably affected average prices between the quarters.



SEK 85 million earnings impact for the quarter

CURRENCY HEDGING

During the first nine months of 2012, net flows were hedged at EUR/SEK 9.21 (9.28), USD/SEK 6.76 (7.02) and GBP/SEK 10.67 (10.75). Currency hedging had an overall earnings impact of SEK 85 million (-5) for the third quarter and SEK 124 million (146) for the nine-months period 2012 (compared with if no hedging had taken place).

Billerud's outstanding forward exchange contracts at 30 September 2012 had a market value of SEK 87 million. Of this amount, SEK 32 million - the part of the contracts that was matched by trade receivables - affected earnings in the third quarter. Other contracts had a market value of SEK 55 million.

HEDGED PORTION OF CURRENCY FLOW FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (30 SEPTEMBER 2012)

Currency	Q4 -12	Q1 -13	Q2 -13	Q3 -13	Total 12 months
EUR Share of net flow	95%	61%	36%	11%	47%
Rate	8.89	8.75	8.68	8.57	8.78
USD Share of net flow	91%	64%	34%	15%	51%
Rate	6.89	6.93	6.99	6.80	6.91
GBP Share of net flow	91%	59%	35%	14%	50%
Rate	10.91	10.85	10.99	10.73	10.90
Market value of currency contracts*	43	28	14	2	87

*As on 30 September 2012.

Billerud continuously hedges approximately 50% of forecast net flows over the next 12-month period but in accordance with its financial policy is also able to extend currency hedging to 100% of net flows over the next 15 months.

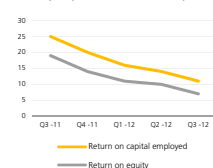
SEK 277 million in gross investments for the quarter

INVESTMENTS AND CAPITAL EMPLOYED

Gross investments including company acquisitions amounted to SEK 277 million (121) in the third quarter and SEK 1 588 million (333) in the nine-months period 2012. Environmental and energy investments at Skärblacka amounted to SEK 75 million in the third quarter and SEK 267 million in the nine-months period 2012. The acquisition of UPM's packaging paper business took place during the nine-months period 2012 at a cost of SEK 1 073 million.

Billerud's capital employed on 30 September 2012 amounted to SEK 5 674 million (4 657). Return on capital employed, calculated over the past 12-month period, amounted to 11% (25). If the effects of currency hedging are excluded, return on capital employed was 7% (21). Return on equity after tax was 7% (19).

RETURN, % (ROLLING 12 MONTHS)



CASH FLOW AND FINANCIAL POSITION

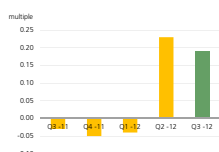
SUMMARY CASH FLOW STATEMENT

SEKm	Quarter		Jan-Sep	
(positive figure indicates reduction in debt)	Q3 -12	Q3 -11	2012	2011
Operating surplus, etc.	359	464	973	1 366
Change in working capital, etc.	193	83	161	-161
Net financial items, taxes, etc.	-62	-16	-314	-207
Cash flow from operating activities	490	531	820	998
Current net investments	-277	-121	-1 577	-332
Operating cash flow	213	410	-757	666
Dividend	-	-	-361	-361
Other items, not affecting cash flow	-6	-2	-11	-9
Change in net debt during the period	207	408	-1 129	296

Cash flow from operating activities during the nine-months period 2012 totalled SEK 820 million (998) and the operating cash flow was SEK -757 million (666).



NET DEBT/EQUITY RATIO AT THE END OF THE QUARTER



Net interest-bearing debt on 30 September 2012 was SEK 896 million (-141). The Group's net debt/equity ratio at the end of the period was 0.19 (-0.03). Billerud's financial target for its net debt/equity ratio is between 0.60 and 0.90 over a business cycle.

FINANCING

Interest-bearing loans amounted to SEK 1 289 million at 30 September 2012. Of this amount, utilisation of the syndicated credit facility (maximum: SEK 801 million) accounted for SEK 111 million, bond loans for SEK 675 million, utilisation of Billerud's commercial paper programme (maximum: SEK 1 500 million) for SEK 489 million and other interest-bearing liabilities for SEK 14 million. Billerud also has an unutilised credit facility of SEK 800 million, plus bridging finance of SEK 10 500 million relating to the planned acquisition of Korsnäs.

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 for the nine-months period 2012 amounted to SEK 3 126 million (3 272). Operating profit totalled 276 million, which was SEK 239 million lower than in the same period in the previous year. The decline was mainly attributable to a weaker operating profit at the Gruvön mill and a lower gain from currency hedges.

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. In the nine-months period 2012, this result amounted to SEK 124 million (146).

Investments in property, plant and equipment and intangible assets, excluding shares, in the nine-months period 2012 amounted to SEK 77 million (91). The average number of employees was 947 (944). Cash and bank balances and short-term investments amounted to SEK 539 million (734).

SEASONAL EFFECTS

MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, Billerud's production units 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; this is 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 of 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. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.

Production units	Estimated shutdown cost, SEKm	Estimated breakdown of shutdown cost by business area		Planned dates of maintenance shutdown		
		PSP	PB	2013	2012	2011
Gruvön	Appr. 100	Appr. 40%	Appr. 60%	-	Q4	Q4
Pietarsaari	Appr. 15	100%	-	Q4	Q4	Q4
Karlsborg	Appr. 40	100%	-	Q3	Q3	Q3
Skärblacka	Appr. 60	Appr. 85%	Appr. 15%	Q3	Q3	Q2

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

OTHER SEASONAL EFFECTS

A significant part of Billerud Flute® volumes is used to package fruit exports from the Mediterranean area. Demand from this customer group varies according to 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.



Billerud shares are listed on NASDAQ OMX Stockholm.

LARGEST SHAREHOLDERS

BILLERUD'S TEN LARGEST SHAREHOLDERS (30 SEPTEMBER 2012)

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	21 621 400	21.0
SHB Funds	1 995 047	1.9
Swedbank Robur Funds	1 755 242	1.7
Fourth Swedish National Pension Fund	1 498 608	1.5
Evli Funds	1 056 797	1.0
Second Swedish National Pension Fund	1 050 534	1.0
AFA Insurance	935 171	0.9
Avanza Pension Insurance	661 525	0.6
Crafoord Foundation	560 612	0.5
SEB Funds	556 136	0.5
Total 10 largest shareholders	31 691 072	30.7
Total number of shares in the market	103 114 299	100.0

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

The total number of owners (including nominee-registered) amounted to 106 582. The proportion of foreign ownership was 49.6% of the number of shares in the market. More information about shareholder structure is available at www.billerud.com/Investor-Relations.

DISTRIBUTION OF SHARES

DISTRIBUTION OF SHARES (30 SEPTEMBER 2012)

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

No bought back 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. A more in-depth description of risks and a sensitivity analysis are provided on pages 69-73 of the 2011 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 combination between Billerud and Korsnäs has been referred to the appropriate competition authorities for investigation. An application to the EU Commission was delivered on 5 October 2012.

Solna, 25 October 2012
Billerud Aktiebolag (publ)
Board of Directors



REVIEW REPORT

To the Board of Directors of Billerud AB (publ)

INTRODUCTION

We have reviewed the condensed interim report for Billerud AB (publ) as at 30 September, 2012 and for the nine-months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the Swedish Standard on Review Engagements, SÖG 2410 Review of Interim Reports Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 25 October, 2012

Ernst & Young AB

Lars Träff

Authorized Public Accountant

FINANCIAL CALENDAR

Year-end report January-December 2012	31 January 2013
Interim report January-March 2013	25 April 2013
Interim report January-June 2013	18 July 2013
Interim report January-September 2013	29 October 2013
The 2013 AGM will be held on 7 May 2013.	

ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The amended standards and interpretations that came into force on 1 January 2012 have not had any material impact on Billerud's financial statements. In addition to these amendments, the accounting principles applied in this interim report are the same as those used in the most recent annual report for 2011, see pages 74-82 and page 109 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.

The information in this interim report is such that Billerud Aktiebolag (publ) is obliged to disclose under the Swedish Securities Market 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.



BILLERUD GROUP INCOME STATEMENT

	Quarter			Jan-Sep		Full year
SEKm	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
Net sales	2 628	2 440	2 327	7 359	7 257	9 343
Other income	7	8	4	17	9	18
Operating income	2 635	2 448	2 331	7 376	7 266	9 361
Change in inventories	-20	24	-	-73	-68	1
Raw materials and consumables	-1 387	-1 233	-1 084	-3 734	-3 385	-4 480
Other external costs	-545	-520	-450	-1 513	-1 383	-1 863
Employee benefits expense	-360	-406	-341	-1 128	-1 064	-1 427
Depreciation and impairment of non-current assets	-162	-153	-160	-465	-464	-614
Profit/Loss from participations in associated companies	-	1	-	1	1	-
Operating expenses	-2 474	-2 287	-2 035	-6 912	-6 363	-8 383
Operating profit/loss	161	161	296	464	903	978
Financial income and expenses	-23	2	-8	-31	-32	-45
Profit/Loss before tax	138	163	288	433	871	933
Taxes	-37	-44	-79	-117	-233	-250
Net profit/loss for the period	101	119	209	316	638	683
Profit/Loss attributable to:						
Owners of the parent company	101	119	209	316	638	683
Non-controlling interests	-	-	-	-	-	-
Net profit/loss for the period	101	119	209	316	638	683
Earnings per share, SEK	0.99	1.14	2.03	3.07	6.19	6.63
Diluted earnings per share, SEK	0.98	1.15	2.03	3.06	6.17	6.61

STATEMENT OF COMPREHENSIVE INCOME

	Quarter			Jan-Sep		Full year
SEKm	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
Net profit/loss for the period	101	119	209	316	638	683
Other comprehensive income						
Differences arising from the translation of foreign operations' accounts	-52	-22	6	-77	4	3
Change in fair value of available-for-sale financial assets for the period	-	-1	-	-	-	-
Change in fair value of cash flow hedges	-58	-9	-77	-86	-308	-312
Change in fair value of cash flow hedges transferred to net profit/loss for the period	86	-6	-5	124	142	186
Tax attributable to components of other comprehensive income	-7	4	22	-10	44	33
Total comprehensive income for the period	70	85	155	267	520	593
Attributable to:						
Owners of the parent company	70	85	155	267	520	593
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	70	85	155	267	520	593

STATEMENT OF CHANGES IN EQUITY

	Jan-Sep		Full year
SEKm	2012	2011	2011
Opening balance	4 871	4 637	4 637
Comprehensive income for the period	267	520	593
Share-based payment to be settled in equity instruments	-	2	2
Dividends paid	-361	-361	-361
Attributable to owners of the parent company	4 777	4 798	4 871
Non-controlling interests	1	-	1
Closing balance	4 778	4 798	4 872



BALANCE SHEET

SEKm	30 Sep 2012	30 Jun 2012	31 Dec 2011
Non-current assets	5 977	5 982	5 508
Inventories	1 024	1 090	1 135
Accounts receivable	2 289	1 986	1 391
Other current assets	407	306	372
Cash and cash equivalents	620	416	929
Total assets	10 317	9 780	9 335
Attributable to owners of the parent company	4 777	4 707	4 871
Non-controlling interests	1	1	1
Shareholders' equity	4 778	4 708	4 872
Interest-bearing liabilities	275	280	819
Provisions for pensions	227	225	219
Other provisions	38	37	36
Deferred tax liabilities	1 464	1 449	1 467
Total non-current liabilities	2 004	1 991	2 541
Interest-bearing liabilities	1 014	1 014	-
Accounts payables	1 861	1 345	1 227
Other liabilities and provisions	660	722	695
Total current liabilities	3 535	3 081	1 922
Total equity and liabilities	10 317	9 780	9 335

STATEMENT OF CASH FLOW

SEKm	Quarter			Jan-Sep		Full year
	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
Operating surplus, etc.*	359	316	464	973	1 366	1 604
Change in working capital, etc.	193	-54	83	161	-161	-113
Net financial items, taxes, etc.	-62	-50	-16	-314	-207	-219
Cash flow from operating activities	490	212	531	820	998	1 272
Investments in property, plant and equipment	-243	-107	-121	-515	-333	-512
Acquisition of financial assets	-	-	-50	-	-81	-81
Disposal of financial assets	-	340	-	340	-	-
Business combinations	-34	-1 039	-	-1 073	-	-
Disposal of property, plant and equipment	-	1	-	11	1	2
Cash flow from investing activities	-277	-805	-171	-1 237	-413	-591
Change in interest-bearing liabilities	-5	493	-131	474	-138	-132
Dividend	-	-361	-	-361	-361	-361
Cash flow from financing activities	-5	132	-131	113	-499	-493
Total cash flow (=change in cash and cash equivalents)	208	-461	229	-304	86	188
Cash and cash equivalents at start of period	416	877	597	929	740	740
Translation differences in cash and cash equivalents	-4	-	3	-5	3	1
Cash and cash equivalents at the end of the period	620	416	829	620	829	929

*The amount for the period January - September 2012 takes into account operating profit of SEK 464 million, reversed depreciation SEK 465 million, increase in pension liabilities SEK 3 million, other provisions SEK 1 million, expensed indirect acquisition costs SEK 34 million and net of produced and sold electricity certificates and sold emission rights SEK 6 million. The amount for the period January - September 2011 takes into account operating profit of SEK 903 million, reversed depreciation SEK 464 million, increase in pension liabilities SEK 2 million, net of produced and sold electricity certificates and sold emission rights SEK -7 million, change in structural provisions SEK 1 million, incentive programme SEK 2 million and capital gain SEK 1 million.



KEY FIGURES

	Jan-Sep		Full year
	2012	2011	2011
Margins			
Gross margin, %	13	19	17
Operating margin, %	6	12	10
Return (rolling 12 months)			
Return on capital employed, %	11	25	20
Return on total capital, %	6	13	11
Return on equity, %	7	19	14
Return on equity after dilution, %	7	19	14
Capital structure at end of period			
Capital employed, SEKm	5 674	4 657	4 639
Equity, SEKm	4 778	4 798	4 872
Interest-bearing net debt, SEKm	896	-141	-233
Net debt/equity ratio, multiple	0.19	-0.03	-0.05
Net debt/equity ratio after dilution, multiple	0.19	-0.03	-0.05
Equity ratio, %	46	52	52
Equity ratio after dilution, %	46	52	52
Key figures per share			
Earnings per share, SEK	3.07	6.19	6.63
Average number of shares, thousands	103 114	103 114	103 114
Earnings per share after dilution, SEK	3.06	6.17	6.61
Average number of shares after dilution, thousands	103 406	103 406	103 406
Cash flow from operating activities per share, SEK	7.95	9.68	12.33
Operating cash flow per share, SEK	-7.34	6.45	7.39
Equity per share, SEK	46.33	46.53	47.24
Number of share at the end of the period, thousands	103 114	103 114	103 114
Equity per share after dilution, SEK	46.21	46.40	47.11
Number of share at the end of the period, thousands	103 406	103 406	103 406
Other key figures			
Gross investments, SEKm	515	333	512
Business combinations, SEKm	1 073	-	-
Average number of employees	2 366	2 279	2 277

QUARTERLY KEY FIGURES

	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10
Earnings per share, SEK	0.99	1.14	0.94	0.44	2.03	1.88	2.28	2.19
Cash flow from operating activities per share, SEK	4.74	2.07	1.14	2.66	5.15	4.54	-0.01	4.49
Return on capital employed, %	3	3	3	2	6	6	7	7
Return on equity, %	2	2	2	1	4	4	5	5
Equity per share, SEK	46.33	45.65	48.33	47.24	46.53	45.02	47.22	44.97



PARENT COMPANY SUMMARISED INCOME STATEMENT

	Quarter		Jan-Sep		Full Year
SEKm	Q3 -12	Q3 -11	2012	2011	2011
Operating income	969	1 047	2 996	3 276	4 185
Operating expenses	-873	-893	-2 720	-2 761	-3 656
Operating profit/loss	96	154	276	515	529
Financial income and expenses	2	-3	16	-9	1 051
Profit/Loss after financial income and expenses	98	151	292	506	1 580
Appropriations	-	-	-	-	-2 212
Profit/loss before tax	98	151	292	506	-632
Taxes	-22	-40	-72	-133	168
Net profit/loss for the period	76	111	220	373	-464

SUMMARISED BALANCE SHEET

	30 Sep 2012	30 Sep 2011	31 Dec 2011
SEKm			
Non-current assets	4 894	4 131	4 198
Current assets	3 449	2 825	3 931
Total assets	8 343	6 956	8 129
Shareholders' equity	2 950	3 927	3 090
Untaxed reserves	2 212	-	2 212
Provisions	551	887	543
Interest-bearing liabilities	1 588	1 275	1 409
Other liabilities	1 042	867	875
Total equity and liabilities	8 343	6 956	8 129



BUSINESS AREAS

The Group's operations are governed and reported per Billerud's two business areas - Packaging & Speciality Paper and Packaging Boards. Effective 1 July 2012, Market Pulp is incorporated into the Packaging & Speciality Paper business area. The following tables show net sales, operating profit, operating margin and sales volumes, with and without recalculation of earlier periods. 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 revaluation 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	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Jan-Sep 2012	Jan-Sep 2011
Packaging & Speciality Paper	1 925	1 277	1 091	941	1 056	1 079	1 217	1 020	4 293	3 352
Packaging Boards	634	674	663	644	696	704	728	648	1 971	2 128
Market Pulp	-	391	436	416	465	435	436	450	827	1 336
Currency hedging, etc.	17	19	22	16	46	90	78	54	58	214
Other and eliminations	52	79	79	69	64	75	88	107	210	227
Total Group	2 628	2 440	2 291	2 086	2 327	2 383	2 547	2 279	7 359	7 257
Packaging & Speciality Paper*	1 925	1 668	1 527	1 357	1 521	1 514	1 653	1 470	5 120	4 688

OPERATING PROFIT

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Jan-Sep 2012	Jan-Sep 2011
Packaging & Speciality Paper	84	135	100	65	143	102	140	131	319	385
Packaging Boards	73	67	56	60	119	94	97	122	196	310
Market Pulp	-	10	-16	-24	30	20	38	53	-6	88
Currency hedging, etc.	17	19	22	16	46	90	78	54	58	214
Other and eliminations	-13	-70	-20	-42	-42	-31	-21	-34	-103	-94
Total Group	161	161	142	75	296	275	332	326	464	903
Packaging & Speciality Paper*	84	145	84	41	173	122	178	184	313	473

OPERATING MARGIN

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

%	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Jan-Sep 2012	Jan-Sep 2011
Packaging & Speciality Paper	4	11	9	7	14	9	12	13	7	11
Packaging Boards	12	10	8	9	17	13	13	19	10	15
Market Pulp	-	3	-4	-6	6	5	9	12	-1	7
Group	6	7	6	4	13	12	13	14	6	12
Packaging & Speciality Paper*	4	9	6	3	11	8	11	13	6	10

SALES VOLUMES

QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

ktonnes	Q3 -12	Q2 -12	Q1 -12	Q4 -11	Q3 -11	Q2 -11	Q1 -11	Q4 -10	Jan-Sep 2012	Jan-Sep 2011
Packaging & Speciality Paper	283	160	136	112	119	126	150	121	579	395
Packaging Boards	130	132	128	115	125	128	136	121	390	389
Market Pulp	-	82	96	88	91	81	83	81	178	255
Total	413	374	360	315	335	335	369	323	1 147	1 039
Packaging & Speciality Paper*	283	242	232	200	210	207	233	202	757	650

*The historical data has been recalculated and incorporates Market Pulp.



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 supplies more than 1 000 customers in over 100 countries with materials and services for innovative packaging. 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.



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RESTRICTION ON SALE AND TRANSFER ETC.

The grant of Subscription Rights and the offer to subscribe for new Shares, or acquire BTAs, in BillerudKorsnäs by virtue of Subscription Rights as well as without Subscription Rights (the “Offering”) may be affected by the laws of various jurisdictions. Investors should consult professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to acquire BTAs or new Shares by virtue of Subscription Rights or without Subscription Rights.

GENERAL

BillerudKorsnäs is not taking any action to permit a public offering of the BTAs or new Shares being offered in the Offering (through the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Sweden. Receipt of the prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for informational purposes only and must not be copied or redistributed.

Except as otherwise disclosed in the prospectus, if an investor receives a copy of this prospectus, the investor may not treat the prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights, BTAs or the new Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights, BTAs or the new Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of the prospectus, the investor should not distribute or send the same, or transfer Subscription Rights, BTAs or new Shares, to any person in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If any person (including a financial intermediary) forwards this prospectus into any such territories (whether under a contractual or legal obligation or otherwise), such person should draw the recipient’s attention to the contents of this section. Except as otherwise expressly noted in this prospectus:

- I. the Subscription Rights, BTAs and new Shares being granted or offered, respectively, in the Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Relevant Member States (as

defined below) unless pursuant to applicable exemptions under the Prospectus Directive, Canada, Australia, Hong Kong, Japan and, subject to certain exceptions, the United States (including its territories and possessions, any state of the United States and the District of Columbia) (the “United States”), or any other jurisdiction in which it would not be permissible to offer the Subscription Rights, BTAs or new Shares or where such action would require additional prospectuses, other offer documentation, registrations or other actions in addition to what follows from Swedish law (each an “Ineligible Jurisdiction” and, together, the “Ineligible Jurisdictions”);

- II. the prospectus may not be sent to any person in any Ineligible Jurisdiction; and

- III. the crediting of Subscription Rights, BTAs or new Shares to an account of a shareholder or other person in an Ineligible Jurisdiction or a citizen or resident of an Ineligible Jurisdiction (referred to as “Ineligible Persons”) does not constitute an offer to such persons of the Subscription Rights, BTAs or new Shares, and Ineligible Persons may not exercise Subscription Rights. If an investor receives, takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to acquire BTAs or new Shares or trades or otherwise deals in Subscription Rights, BTAs or the new Shares being granted or offered, respectively, in the Offering, that investor will be deemed to have made, or, in some cases, be required to make, the following representations and warranties to BillerudKorsnäs and any person acting on BillerudKorsnäs’ behalf, unless such requirement is waived by BillerudKorsnäs:

- a. the investor is not located in an Ineligible Jurisdiction;
- b. the investor is not an Ineligible Person;
- c. the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- d. unless the investor is a shareholder and a “qualified institutional buyer” (“QIB”) as defined under Rule 144A (“Rule 144A”) of the United States Securities Act of 1933, as amended (the “Securities Act”), the investor is located outside the United States, and

any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Subscription Rights, BTAs or new Shares, the investor and any such person will be located outside the United States;

- e. the investor understands that neither the Subscription Rights nor the BTAs or the new Shares being granted and offered, respectively, in the Offering have been or will be registered under the Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allotted, taken up or otherwise transferred within the United States or to or for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act; and
- f. the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights, BTAs and the new Shares being offered in the Offering in the jurisdiction in which it resides or is currently located.

BillerudKorsnäs and any persons acting on behalf of BillerudKorsnäs will rely upon the investor’s representations and warranties. Any potential provision or false information or subsequent breach of these representations and warranties may void a transaction in the Subscription Rights, BTAs or the new Shares and subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights, (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to BillerudKorsnäs with respect to the exercise of Subscription Rights on behalf of the holder. If such person does not or is unable to provide the foregoing representations and warranties, BillerudKorsnäs will not be bound to authorise the allocation of any of the Subscription Rights, BTAs or the new Shares to that person or the person on whose behalf the other is acting.

Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians and trustees) wishes to exercise or otherwise deal in Subscription Rights, BTAs or subscribe for new Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite govern-



mental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the BTAs or new Shares, such investor should consult a professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of shareholders that hold Shares in BillerudKorsnäs through such intermediaries as of the record date 6 December 2012. A financial intermediary may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to certify the same.

Subject to certain exceptions, financial intermediaries are not permitted to send this prospectus or any other information about the Offering into any Ineligible Jurisdiction or to any Ineligible Person. The crediting of Subscription Rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of the Subscription Rights, BTAs or new Shares to such persons. Financial intermediaries, which include banks, brokers, custodians and nominees, holding for Ineligible Persons may consider selling any or all Subscription Rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions or certifications regarding subscriptions sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid, and the Subscription Rights, BTAs or new Shares being offered in the Offering will not be delivered to an addressee in any Ineligible Jurisdiction. BillerudKorsnäs reserves the right to reject any exercise or revoke any accepted exercise made in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such BTAs or new Shares, who does not or is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to BillerudKorsnäs or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction.

Furthermore, BillerudKorsnäs reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appear to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this prospectus, BillerudKorsnäs reserves the right to permit a holder to exercise its Subscription Rights if BillerudKorsnäs in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, BillerudKorsnäs does not accept any liability for any actions that a holder takes or for any consequences that such holder may suffer by BillerudKorsnäs' acceptance of the holder's exercise of Subscription Rights.

UNITED STATES

The Subscription Rights, BTAs and the new Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or on account of such persons other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or jurisdiction in the United States. No public offerings of the Subscription Rights, BTAs or new Shares is being made in the United States. The Subscription Rights and new Shares are being offered and sold (i) in the United States only to persons that are QIBs as defined in Rule 144A under the Securities Act in reliance on exemptions from registration under the Securities Act and (ii) outside the United States in compliance with Regulation S ("Regulation S") under the Securities Act. Additionally, the Subscription Rights, BTAs and the new Shares may only be offered or sold by BillerudKorsnäs within the United States to existing shareholders who are reasonably believed to be QIBs and who have executed an investor letter, in the designated form, to BillerudKorsnäs and the Joint Lead Managers.

Until 40 days after the commencement of the Offering, an offer, sale or transfer of the Subscription Rights, BTAs or new Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act, if such offer or sale is not made otherwise than in accordance with Rule 144A.

Each person exercising Subscription Rights or subscribing for or purchasing BTAs or new Shares within the United States, by accepting delivery of the prospectus, will be deemed to have represented, agreed and acknowledged, on its behalf and on behalf of any investor accounts for which it is acquiring Subscription Rights, BTAs or new Shares, as the case may be, that (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

1. it is a QIB, and, if it is acquiring Subscription Rights, BTAs or new Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, it has full investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account;
2. it is acquiring Subscription Rights, BTAs or new Shares for its own account, or for the account or accounts of QIBs, in each case, for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the new Shares;
3. it understands, and each beneficial owner has been advised, that the Subscription Rights, BTAs and the new Shares have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws, and are being offered and issued or sold to it (or such beneficial owner) in a transaction not involving a public offering in the United States within the meaning of the Securities Act that is exempt from the registration requirements of the Securities Act;
4. it understands that the Subscription Rights, BTAs and the new Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depositary receipt facility, unless at the time of deposit such Subscription Rights, BTAs and new Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.
5. it is not subscribing for the new Shares or purchasing Subscription Rights or BTAs on the secondary market on the NASDAQ OMX as a result of any general solicitation or general advertising within the meaning of Rule 502 under the Securities Act, including advertisements, articles, notices, or other communications published in any newspaper,



magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising within the meaning of Rule 502 under the Securities Act;

6. it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Subscription Rights, BTAs and the new Shares, and it has the financial ability to bear the economic risk of investment in the Subscription Rights, BTAs and the new Shares;
7. if it wishes to reoffer, resell, pledge or otherwise transfer any of the Subscription Rights, BTAs or the new Shares, it will not do so except in accordance with any applicable U.S. federal or state securities laws, and it certifies that either: (a) it will transfer the Subscription Rights, BTAs and the new Shares in a transaction exempt from the registration requirements of the Securities Act under Rule 144(e) or Rule 144(k) (a “Rule 144 Transaction”) (if available) and provide an opinion of counsel reasonably satisfactory to BillerudKorsnäs that states that the transfer is exempt from the registration requirements of the Securities Act and that the securities, as the case may be, following such transfer are freely transferable; (b) it will transfer the Subscription Rights, BTAs and the new Shares to a person who it reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act (a “Rule 144A Transaction”); (c) it will transfer the Subscription Rights, BTAs and the new Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act (a “Regulation S Transaction”); (d) it will transfer the Subscription Rights, BTAs and the new Shares in a transaction exempt from the registration requirements of the Securities Act other than a Rule 144 Transaction (if available), a Rule 144A Transaction or a Regulation S Transaction and provide an opinion of counsel reasonably satisfactory to BillerudKorsnäs which states that the transfer is exempted from the registration requirements of the Securities Act provided that the person to whom such Subscription Rights, BTAs and new Shares are transferred delivers a letter to BillerudKorsnäs making the foregoing acknowledgements, representations and agreements; or (e) it will transfer the

Subscription Rights, BTAs and the new Shares pursuant to an effective registration statement under the Securities Act; any such “restricted securities” may not be deposited into any unrestricted depositary receipt facility in respect of such shares established or maintained by a depositary bank; and

8. it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of BillerudKorsnäs, and is not acting on behalf of an affiliate of BillerudKorsnäs;
9. BillerudKorsnäs and the Joint Lead Managers and their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements.

Persons receiving the prospectus are hereby notified that the sellers of Subscription Rights, BTAs or new Shares may be relying on an exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Existing shareholders who hold Shares through a nominee, custodian or other financial intermediary may be required to adhere to subscription deadlines that are shorter than the end of the subscription period.

THE SUBSCRIPTION RIGHTS AND NEW SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON THE MERITS OF THE OFFERING OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE DISCLOSURE IN THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY
NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION

OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE SUBSCRIBER, PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Enforcement of civil liabilities

BillerudKorsnäs is a public limited liability company incorporated under the laws of Sweden, with its registered office in Stockholm, Sweden. None of the members of the board of directors of BillerudKorsnäs or management are residents of the United States and all or a substantial portion of the assets of such persons and of BillerudKorsnäs are located outside of the United States. As a result, it may not be possible for investors to affect service of process within the United States upon BillerudKorsnäs or such other persons or to enforce against them in United States courts judgments obtained in such courts based on the civil liability provisions of the United States securities laws.

The United States and Sweden do not currently have a treaty providing for reciprocal recognition and enforcement of judgments rendered in connection with civil and commercial disputes. As a result, a final judgment for the payment of damages based on civil liability rendered by a United States court, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in Sweden. If the party in whose favor the final judgment is rendered brings a new suit in a competent Swedish court, the party may submit to the Swedish court the final judgment that has been rendered in the United States. Such judgment will only be regarded by a Swedish court as evidence of the outcome of the dispute to which the judgment relates, and a Swedish court may choose to rehear the dispute ab initio.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), an offer to the public of any Subscription Rights, BTAs or new Shares may not be made in that Relevant Member State (other than the offers contemplated in the prospectus in Sweden once the prospectus has been approved by the competent authority and published in



accordance with the Prospectus Directive as implemented in Sweden), except that an offer to the public in that Relevant Member State of any Subscription Rights, BTAs or new Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- a. to any legal entity that is a “qualified investor” (as defined in the Prospectus Directive);
- b. to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Lead Managers for any such offer; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

This provides that no such offer of Subscription Rights, BTAs or new Shares results in a requirement for the publication by BillerudKorsnäs or any Joint Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive. Neither BillerudKorsnäs nor the Joint Lead Managers have authorised, nor will they authorise, the making of any offer of Subscription Rights and new Shares through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of Securities contemplated in this prospectus. Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this prospectus in Sweden who receives any communication in respect of, or

who acquires the Subscription Rights, BTAs or new Shares under, the Offering will be deemed to have represented, warranted and agreed to and with BillerudKorsnäs and each Joint Lead Manager that:

- a. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- b. in the case of any Subscription Rights, BTAs or new Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Subscription Rights, BTAs or new Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State, other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Lead Managers has been given to the offer or resale; or (ii) where Subscription Rights, BTAs or new Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Subscription Rights, BTAs or new Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer to the public” in relation to any Subscription Rights, BTAs or new Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Subscription Rights, BTAs or new Shares to be offered so as to enable an investor to decide to acquire

any Subscription Rights, BTAs or new Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and, the expression “Prospectus Directive” means Directive 2003/71/EC together with any applicable implementing measures, including in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

In the United Kingdom, this prospectus is being distributed only to and is directed only at (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”), (ii) persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iii) other persons to whom this prospectus may otherwise be lawfully communicated (all such persons together being referred to as “relevant persons”). This prospectus is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person.

Canada, Australia, Hong Kong and Japan

The offering pursuant to this prospectus is not directed to persons domiciled in Canada, Australia, Hong Kong and Japan or in any other jurisdiction where participation would require additional prospectuses, other offer documentation, registrations or other actions in addition to what follows from Swedish law.



GLOSSARY

➤ **Biofuels**

Renewable fuels originating from the plant kingdom, for example from wood, including black liquor and bark.

➤ **Converter**

Companies that further refine the material with for example print and barrier coating and after that sells the material to other packaging manufacturers.

➤ **Corrugated board**

Corrugated board is manufactured by gluing two flat layers of paper (liner) with a rippled layer (fluting) in the middle.

➤ **Cup Stock**

Board especially designed for drink cups.

➤ **Environmental Management System**

Part of the main management system that describes the structure, principles, procedures and resources for systematic implementation of the company's environmental policy.

➤ **FibreForm**

Paper with high elasticity, which can be shaped to produce thermoformed and deep-drawn food and consumer packaging such as trays, blisterpacks, etc.

➤ **Fluting**

The rippled middle layer in corrugated board. Produced from primary or recycled fibre.

➤ **ISO 14001**

The standard of the International Organization for Standardisation (ISO) for an environmental management system.

➤ **Kraftliner**

Liner produced from primary fibre.

➤ **Liner**

The surface layer on wellpapp.

➤ **Market pulp**

Pulp sold to paper mills without own production of such pulp.

➤ **NBSK**

Northern Bleached Softwood Kraft Pulp is long-fibre pulp made from conifers from the Northern Hemisphere.

➤ **Pulpwood**

In Sweden this is primarily softwood (spruce and pine) and birch used to make pulp.

➤ **Recycled fibre**

Fibre material that has previously been used in a paper or board product.

➤ **Solid cubic metres under bark (m³ sub)**

Volume of solid wood under bark.

➤ **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.

➤ **Test liner**

Liner produced from recycled fibre.

➤ **Tissue**

Soft paper such as toilet paper, paper towels, tissues and napkins.

➤ **White Top Liner (WTL)**

WTL consists of two layers – a white finish and a brown interior.



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