

## INTERIM REPORT JANUARY-SEPTEMBER 2012



SEKm	Q3 2012	Q2 2012	Δ, %	Q3 2011	Δ, %	Jan-Sep 2012	Jan-Sep 2011	Δ, %
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.

Billerud's President and CEO Per Lindberg and CFO Susanne Lithander will present the interim report at a press and analyst conference at 10.00 CET on Thursday 25 October 2012.  
Venue: Tändstickspalatset, Västra Trädgårdsgatan 15, Stockholm, Sweden.

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The information in this report is such that Billerud AB (publ) is obliged to disclose under the Swedish Securities Market Act. The information was submitted for publication 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.

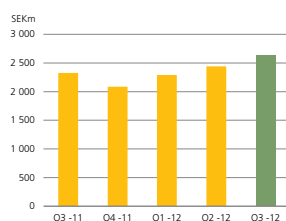
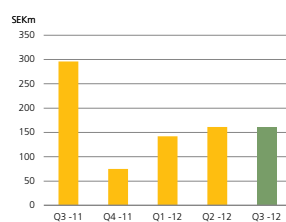
Against that background, we are looking forward to a fourth quarter in which we can launch the next phase in the company’s expansion, with new and exciting opportunities for BillerudKorsnäs. Despite increasing signals of a challenging economic scenario and a currently tougher currency situation, I face 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
<b>Total change in operating profit/loss</b>	<b>67</b>	<b>19</b>	<b>-</b>

\*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.

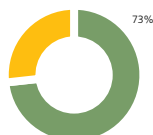
### CHANGE IN OPERATING PROFIT COMPARED WITH THE SAME PERIOD IN THE PREVIOUS YEAR

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
<b>Total change in operating profit/loss</b>	<b>-190</b>	<b>-114</b>	<b>-135</b>	<b>-439</b>

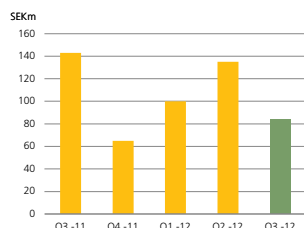
\*Effects of exchange rate fluctuations totalling SEK -133 million comprise the following items: changes in spot rates SEK 22 million, currency hedging SEK -22 million and currency effects from remeasurement of trade receivables and payments from customers SEK -133 million.

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.<sup>1</sup> The business area's largest markets are Europe and Asia.

SEKm	Quarter			Jan-Sep		Full year
	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
<b>Operating profit/loss</b>	<b>84</b>	<b>135</b>	<b>143</b>	<b>319</b>	<b>385</b>	<b>450</b>
Operating margin, %	4%	11%	14%	7%	11%	10%
Sales volumes, ktonnes	283	160	119	579	395	507
<i>whereof packaging paper</i>	<i>202</i>	<i>160</i>	<i>119</i>	<i>498</i>	<i>395</i>	<i>507</i>

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.

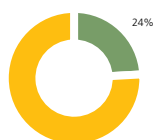
<sup>1</sup> Historically, Billerud has sold approximately 325 ktonnes of market pulp annually. The Packaging & Speciality Paper business area also buys pulp for its paper production in Finland and the UK. As a result, the business area's net exposure in market pulp is estimated to average approximately 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.

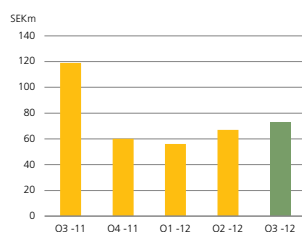
## PACKAGING BOARDS BUSINESS AREA

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
<b>Operating profit/loss</b>	<b>73</b>	<b>67</b>	<b>119</b>	<b>196</b>	<b>310</b>	<b>370</b>
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
<b>Market value of currency contracts*</b>		<b>43</b>	<b>28</b>	<b>14</b>	<b>2</b>	<b>87</b>

\*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.

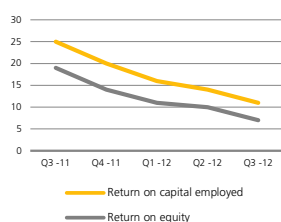
## INVESTMENTS AND CAPITAL EMPLOYED

SEK 277 million in gross investments for the quarter

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)



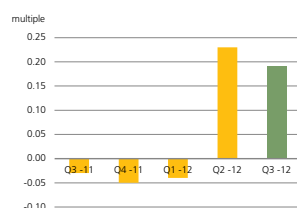
## CASH FLOW AND FINANCIAL POSITION

### 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
<b>Cash flow from operating activities</b>	<b>490</b>	<b>531</b>	<b>820</b>	<b>998</b>
Current net investments	-277	-121	-1 577	-332
<b>Operating cash flow</b>	<b>213</b>	<b>410</b>	<b>-757</b>	<b>666</b>
Dividend	-	-	-361	-361
Other items, not affecting cash flow	-6	-2	-11	-9
<b>Change in net debt during the period</b>	<b>207</b>	<b>408</b>	<b>-1 129</b>	<b>296</b>

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 2013   2012   2011
		PSP	PB	
Gruvön	Appr. 100	Appr. 40%	Appr. 60%	-   Q4   Q4
Pietarsaari	Appr. 15	100%	-	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
<b>Total 10 largest shareholders</b>	<b>31 691 072</b>	<b>30.7</b>
<b>Total number of shares in the market</b>	<b>103 114 299</b>	<b>100.0</b>

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](http://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
<b>Total number of shares in the market</b>	<b>103 114 299</b>

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

SEKm	Quarter			Jan-Sep		Full year
	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
<b>Operating income</b>	<b>2 635</b>	<b>2 448</b>	<b>2 331</b>	<b>7 376</b>	<b>7 266</b>	<b>9 361</b>
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	-
<b>Operating expenses</b>	<b>-2 474</b>	<b>-2 287</b>	<b>-2 035</b>	<b>-6 912</b>	<b>-6 363</b>	<b>-8 383</b>
<b>Operating profit/loss</b>	<b>161</b>	<b>161</b>	<b>296</b>	<b>464</b>	<b>903</b>	<b>978</b>
Financial income and expenses	-23	2	-8	-31	-32	-45
<b>Profit/Loss before tax</b>	<b>138</b>	<b>163</b>	<b>288</b>	<b>433</b>	<b>871</b>	<b>933</b>
Taxes	-37	-44	-79	-117	-233	-250
<b>Net profit/loss for the period</b>	<b>101</b>	<b>119</b>	<b>209</b>	<b>316</b>	<b>638</b>	<b>683</b>
<b>Profit/Loss attributable to:</b>						
Owners of the parent company	101	119	209	316	638	683
Non-controlling interests	-	-	-	-	-	-
<b>Net profit/loss for the period</b>	<b>101</b>	<b>119</b>	<b>209</b>	<b>316</b>	<b>638</b>	<b>683</b>
<b>Earnings per share, SEK</b>	<b>0.99</b>	<b>1.14</b>	<b>2.03</b>	<b>3.07</b>	<b>6.19</b>	<b>6.63</b>
<b>Diluted earnings per share, SEK</b>	<b>0.98</b>	<b>1.15</b>	<b>2.03</b>	<b>3.06</b>	<b>6.17</b>	<b>6.61</b>

## STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Jan-Sep		Full year
	Q3 -12	Q2 -12	Q3 -11	2012	2011	2011
<b>Net profit/loss for the period</b>	<b>101</b>	<b>119</b>	<b>209</b>	<b>316</b>	<b>638</b>	<b>683</b>
<b>Other comprehensive income</b>						
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
<b>Total comprehensive income for the period</b>	<b>70</b>	<b>85</b>	<b>155</b>	<b>267</b>	<b>520</b>	<b>593</b>
<b>Attributable to:</b>						
Owners of the parent company	70	85	155	267	520	593
Non-controlling interests	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>70</b>	<b>85</b>	<b>155</b>	<b>267</b>	<b>520</b>	<b>593</b>

## STATEMENT OF CHANGES IN EQUITY

SEKm	Jan-Sep		Full year
	2012	2011	2011
<b>Opening balance</b>	<b>4 871</b>	<b>4 637</b>	<b>4 637</b>
Comprehensive income for the period	267	520	593
Share-based payment to be settled in equity instruments	-	2	2
Dividends paid	-361	-361	-361
<b>Attributable to owners of the parent company</b>	<b>4 777</b>	<b>4 798</b>	<b>4 871</b>
Non-controlling interests	1	-	1
<b>Closing balance</b>	<b>4 778</b>	<b>4 798</b>	<b>4 872</b>

## BALANCE SHEET

	30 Sep 2012	30 Jun 2012	31 Dec 2011
<b>SEKm</b>			
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
<b>Total assets</b>	<b>10 317</b>	<b>9 780</b>	<b>9 335</b>
Attributable to owners of the parent company	4 777	4 707	4 871
Non-controlling interests	1	1	1
<b>Shareholders' equity</b>	<b>4 778</b>	<b>4 708</b>	<b>4 872</b>
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
<b>Total non-current liabilities</b>	<b>2 004</b>	<b>1 991</b>	<b>2 541</b>
Interest-bearing liabilities	1 014	1 014	-
Accounts payables	1 861	1 345	1 227
Other liabilities and provisions	660	722	695
<b>Total current liabilities</b>	<b>3 535</b>	<b>3 081</b>	<b>1 922</b>
<b>Total equity and liabilities</b>	<b>10 317</b>	<b>9 780</b>	<b>9 335</b>

## 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
<b>Cash flow from operating activities</b>	<b>490</b>	<b>212</b>	<b>531</b>	<b>820</b>	<b>998</b>	<b>1 272</b>
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
<b>Cash flow from investing activities</b>	<b>-277</b>	<b>-805</b>	<b>-171</b>	<b>-1 237</b>	<b>-413</b>	<b>-591</b>
Change in interest-bearing liabilities	-5	493	-131	474	-138	-132
Dividend	-	-361	-	-361	-361	-361
<b>Cash flow from financing activities</b>	<b>-5</b>	<b>132</b>	<b>-131</b>	<b>113</b>	<b>-499</b>	<b>-493</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>208</b>	<b>-461</b>	<b>229</b>	<b>-304</b>	<b>86</b>	<b>188</b>
<b>Cash and cash equivalents at start of period</b>	<b>416</b>	<b>877</b>	<b>597</b>	<b>929</b>	<b>740</b>	<b>740</b>
<b>Translation differences in cash and cash equivalents</b>	<b>-4</b>	<b>-</b>	<b>3</b>	<b>-5</b>	<b>3</b>	<b>1</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>620</b>	<b>416</b>	<b>829</b>	<b>620</b>	<b>829</b>	<b>929</b>

\*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
<b>Margins</b>			
Gross margin, %	13	19	17
Operating margin, %	6	12	10
<b>Return (rolling 12 months)</b>			
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
<b>Capital structure at end of period</b>			
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
<b>Key figures per share</b>			
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
<b>Other key figures</b>			
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

SEKm	Quarter		Jan-Sep		Full Year
	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
<b>Operating profit/loss</b>	<b>96</b>	<b>154</b>	<b>276</b>	<b>515</b>	<b>529</b>
Financial income and expenses	2	-3	16	-9	1 051
<b>Profit/Loss after financial income and expenses</b>	<b>98</b>	<b>151</b>	<b>292</b>	<b>506</b>	<b>1 580</b>
Appropriations	-	-	-	-	-2 212
<b>Profit/loss before tax</b>	<b>98</b>	<b>151</b>	<b>292</b>	<b>506</b>	<b>-632</b>
Taxes	-22	-40	-72	-133	168
<b>Net profit/loss for the period</b>	<b>76</b>	<b>111</b>	<b>220</b>	<b>373</b>	<b>-464</b>

### SUMMARISED BALANCE SHEET

SEKm	30 Sep 2012	30 Sep 2011	31 Dec 2011
Non-current assets	4 894	4 131	4 198
Current assets	3 449	2 825	3 931
<b>Total assets</b>	<b>8 343</b>	<b>6 956</b>	<b>8 129</b>
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
<b>Total equity and liabilities</b>	<b>8 343</b>	<b>6 956</b>	<b>8 129</b>

## 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
<b>Total Group</b>	<b>2 628</b>	<b>2 440</b>	<b>2 291</b>	<b>2 086</b>	<b>2 327</b>	<b>2 383</b>	<b>2 547</b>	<b>2 279</b>	<b>7 359</b>	<b>7 257</b>
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
<b>Total Group</b>	<b>161</b>	<b>161</b>	<b>142</b>	<b>75</b>	<b>296</b>	<b>275</b>	<b>332</b>	<b>326</b>	<b>464</b>	<b>903</b>
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
<b>Group</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>6</b>	<b>12</b>
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
<b>Total</b>	<b>413</b>	<b>374</b>	<b>360</b>	<b>315</b>	<b>335</b>	<b>335</b>	<b>369</b>	<b>323</b>	<b>1 147</b>	<b>1 039</b>
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.