



BILLERUDKORSNÄS

Interim report Jan–Jun 2021

**Continued profitable growth
and strong cash generation**

Q2
2021

20 July 2021



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Q2 performance

④ High sales growth driven by strong demand

- › +9% growth excluding FX

④ Profit improvement

- › EBITDA +14% growth

④ Strong cash generation

- › OCF after investments +694M SEK

④ First deliveries of liquid packaging board from Gruvön

- › Ahead of plan and earlier estimate

Q2'21: Key financials

	M SEK	vs previous year
Net Sales	6 504	+6% // +9% FX adj
Adj EBITDA	883	+14%
<i>in %</i>	<i>14%</i>	<i>+1% ppt</i>
Adj EBIT	404	+42%
<i>in %</i>	<i>6%</i>	<i>+1% ppt</i>
OCF after CAPEX	850	+694M SEK

Business status and market outlook



Food & Drink



Medical & Hygiene



Consumer & Luxury



Industrial

Sales split, %

LPB (7.7bn*)

100%

Cartonboard (1.7bn)

15%

85%

Containerboard (3.9bn)

80%

10%

10%

Kraft Paper (3.4bn)

35%

10%

15%

40%

Sack Paper (2.4bn)

20%

15%

65%

Managed Packaging (0.6bn)

100%

Market trend Q2'21

Stable ●

More positive ●

More positive ●

More positive ●

Market outlook

Stable ●

More positive ●

More positive ●

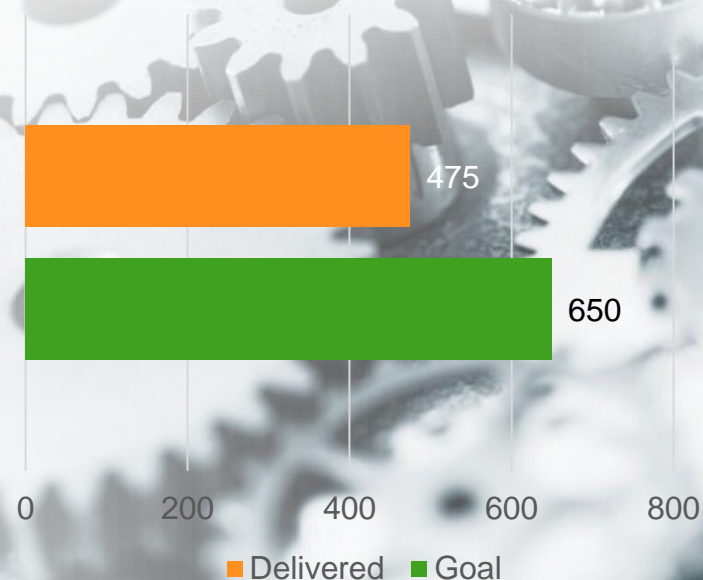
More positive ●

Q2 highlights

- ④ Market conditions for all segments, except LPB, improved with high demand and increasing price levels
- ④ Maintenance shutdown at Grevön carried out under extensive precautions due to the pandemic
- ④ An unfortunate incident at the Gävle mill
 - › Loss of 22K tons production volume
 - › Led to significant delivery disruptions across all Board products
- ④ Excellent progress for the new board machine at Grevön (KM7)
 - › Qualification and first deliveries of liquid packaging board – ahead of plan
 - › Sizable increase of coated volumes

Cost and efficiency programme progressing well

- ④ Additional contribution from cost and efficiency programme in Q2'21 SEK of 70 million
- ④ Programme to date has delivered SEK 475 million of structural savings & efficiencies
- ④ Expect to reach ~600M SEK by end of 2021 with the remaining 50 million as carry-over effect in 2022




Raw material costs in Q2

**Relatively stable
cost for
Pulpwood** 

Price pressure in
Q3, but good
availability of fibre

**Higher cost for
Chemicals** 

Expected to further
increase in Q3

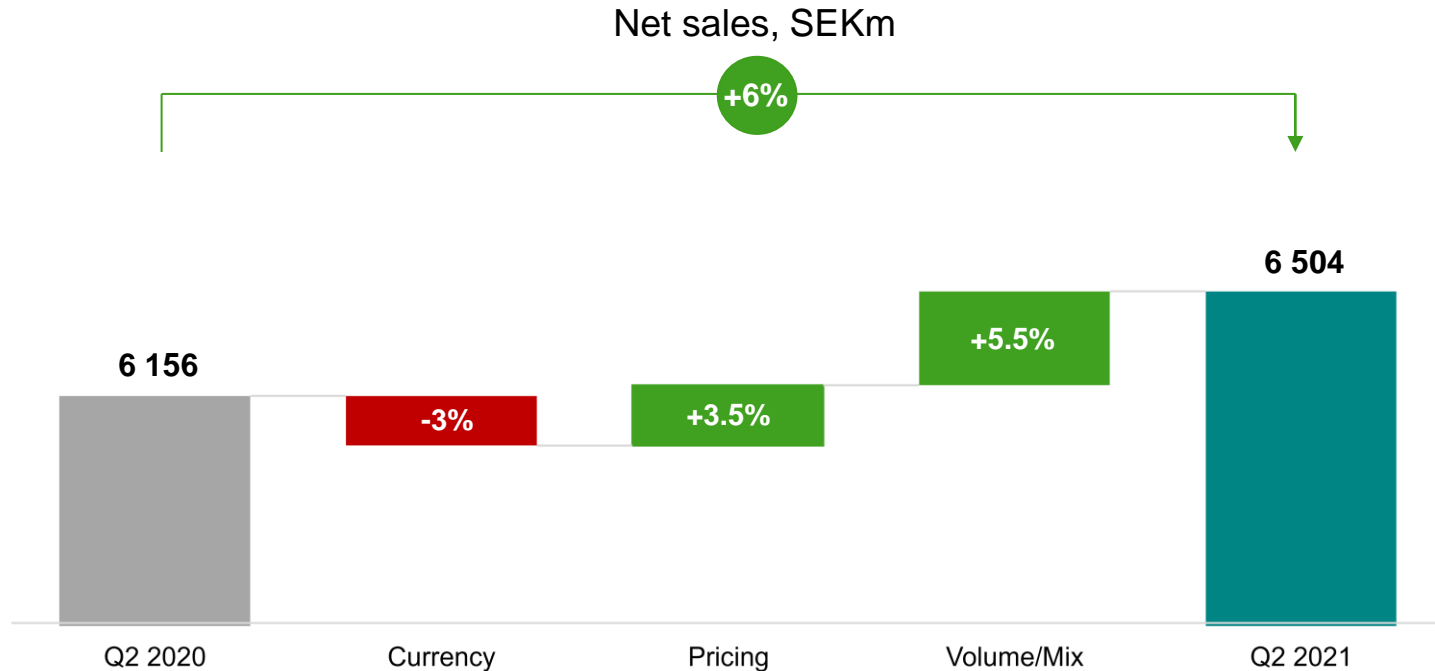
**Purchased
Pulp cost
increased** 

Expected to
stabilize in Q3

**Lower
Energy
cost in Q2** 

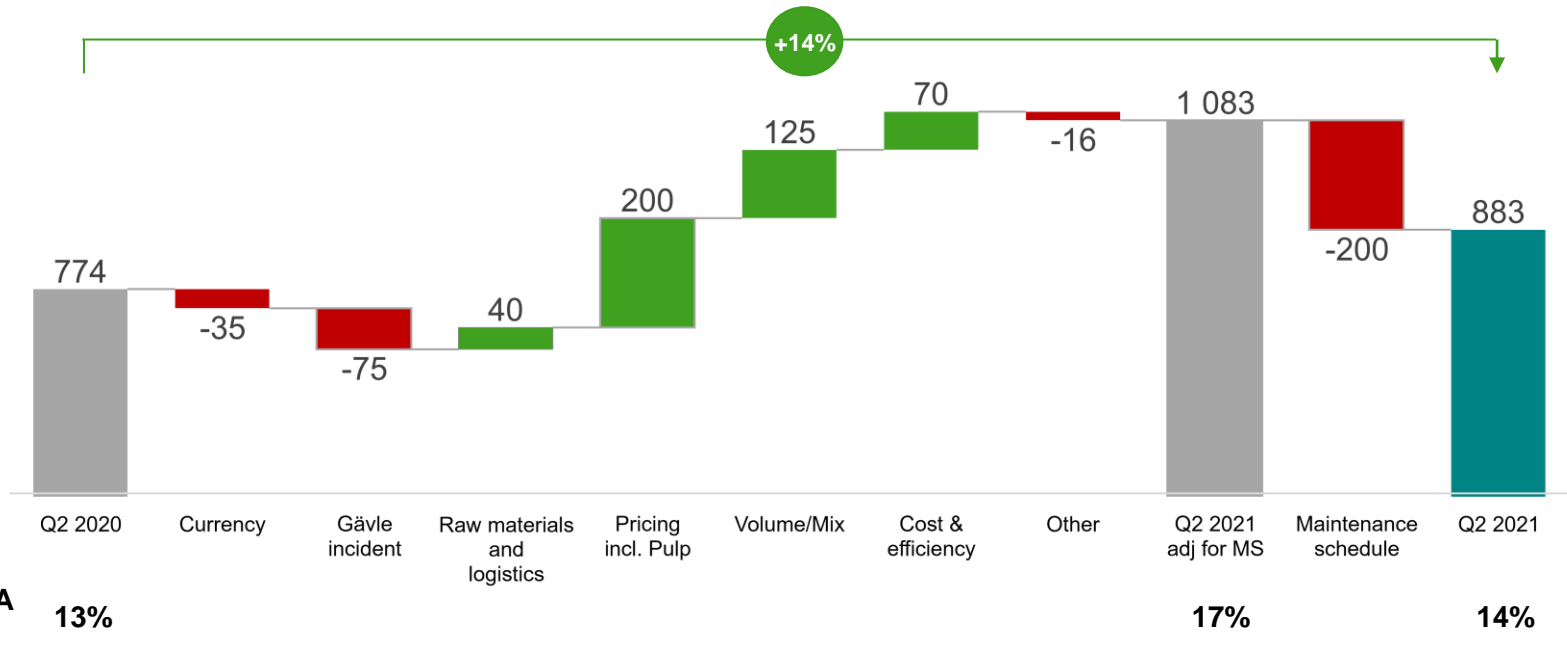
Expected to remain
unchanged in Q3

Positive market momentum and improved mix impact fuelling strong net sales growth



Pricing, volume/mix and continued delivery of our cost and efficiency programme drives profitability improvement

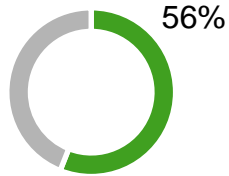
Adj EBITDA, SEKm





Product area Board

Share of net sales
Q2 2021



KEY FIGURES

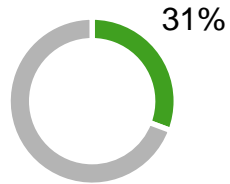
SEKm	Q2-21	Change vs Q2-20
Net sales	3 642	2%
<i>of which liquid packaging board</i>	2 009	-3%
<i>of which cartonboard</i>	554	29%
<i>of which containerboard</i>	984	-2%
Net operating expenses, other	-3 086	3%
EBITDA	556	-3%
EBITDA margin	15%	-1%ppt

- Ⓢ Strong net sales growth. Excl FX +6% vs LY
- Ⓢ Topline result driven by excellent Cartonboard growth. Gävle incident impacted LPB availability.
- Ⓢ Lower EBITDA with pricing, mix impact, lower input cost and cost savings off-set by Gruvön annual stop & Gävle incident



Product area Paper

Share of net sales
Q2 2021



KEY FIGURES

SEKm	Q2-21	Change vs Q2-20
Net sales	2 039	5%
<i>of which sack paper</i>	630	0%
<i>of which kraft paper</i>	920	4%
<i>of which pulp</i>	480	17%
Net operating expenses, other	-1 674	4%
EBITDA	365	13%
EBITDA margin	18%	1%ppt

- ④ Strong net sales growth in the wake of positive market momentum. Excl FX +12% vs LY
- ④ Strong EBITDA growth due to volume, pricing and benefits from cost and efficiency programme

Another strong Cash Flow delivery

- ⌚ Strong cash flow from operating activities due to improved operating surplus and a positive change in working capital
 - > ~700M SEK OCF improvement after CAPEX
- ⌚ Our healthy financial position continues – leverage of 1.7 well below target of <2.5x
- ⌚ Updated CAPEX estimate for 2021: SEK 1.8 billion (1.3 base CAPEX // 0.5 Frövi recovery boiler)

SEK m	Q2-21	Q2-20
Operating surplus, etc.	769	529
Change in working capital, etc.	560	94
Net financial items, taxes, etc.	-28	-75
Cash flow from operating activities	1 301	548
Operative investments	-451	-392
Operating cash flow after operative investments	850	156

SEK m	30 Jun 21	30 Jun 20
Net debt	5 290	6 710
Net debt / adjusted EBITDA	1.7	2.5

Sustainability and Innovation



Towards a fossil free production

- ⌚ Our production is today 97% fossil free
- ⌚ CO2 reduction targets approved in line with the Paris Agreement
- ⌚ A climate roadmap is in place to achieve the CO2 targets by 2030
 - › Next upcoming investment is an electrical back-up steam boiler at Gruvön (approx. SEK 60m)



Recent product launches

- ⌚ Pure DecorX™
 - › 3-ply and light coated white top liner
 - › Light, strong and climate smart
- ⌚ CrownBoard Prestige®
 - › Coated cartonboard with bleached primary fibre in the top layer
 - › Made for optimized consumer appeal

Outlook

- ⊕ Continued strong market conditions
- ⊕ Good availability of pulp wood
- ⊕ Higher input costs compensated by price increases
- ⊕ Business priorities remain:
 - › Health and Safety
 - › Stable production
 - › Ramp up at Gruvön
 - › Competitive wood supply
 - › Cost and efficiency program





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