



EXPANDING FOOTPRINT IN CONSUMER PACKAGING

Capital Markets Day 2013 – Business Area Consumer Board
2013-11-14 | Christer Simrén, COO & SVP Business Area Consumer Board



EXPANDING FOOTPRINT IN CONSUMER PACKAGING

Attractive market opportunities

Strong track record

Product innovation in focus

**Volume growth
CAGR 4-5%**





CONSUMER BOARD IN BRIEF

PERCENTAGE OF GROUP'S NET SALES



34%
MSEK **6 700**

PERCENTAGE OF GROUP'S OPERATING PROFIT



48%
MSEK **620**

NET SALES PER MARKETING SEGMENT



- Food and Beverages, 91%
- Consumer and Luxury, 7%
- Industry, 1%
- Medical and Hygiene, 1%

NET SALES PER GEOGRAPHICAL AREA



- Europe, 69%
- Asia, 21%
- Middle East, 2%
- Africa, 7%
- South America, 2%

LIQUID PACKAGING BOARD



CARTONBOARD



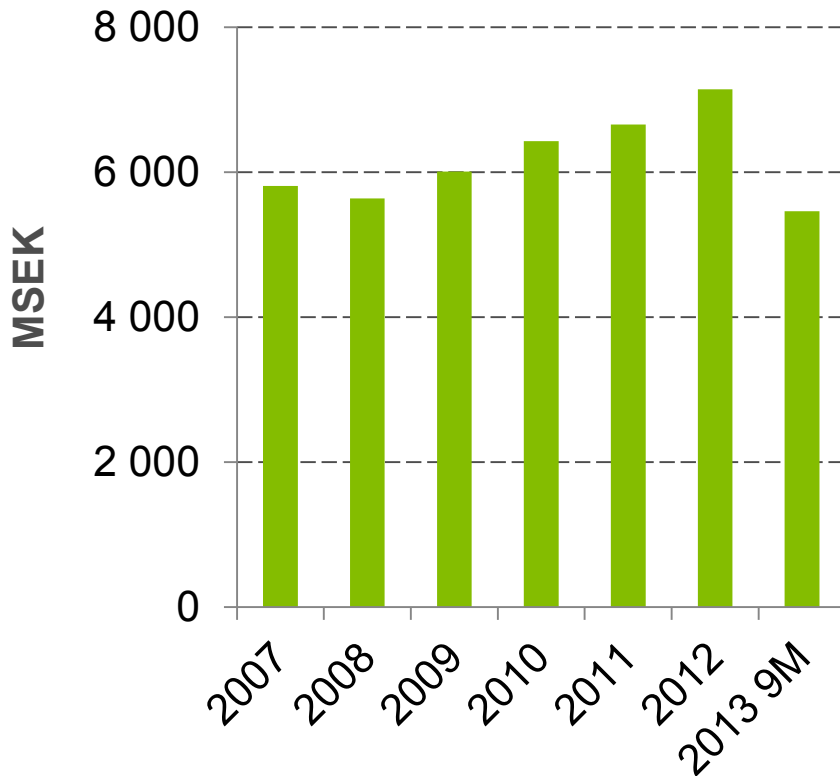
CUP STOCK



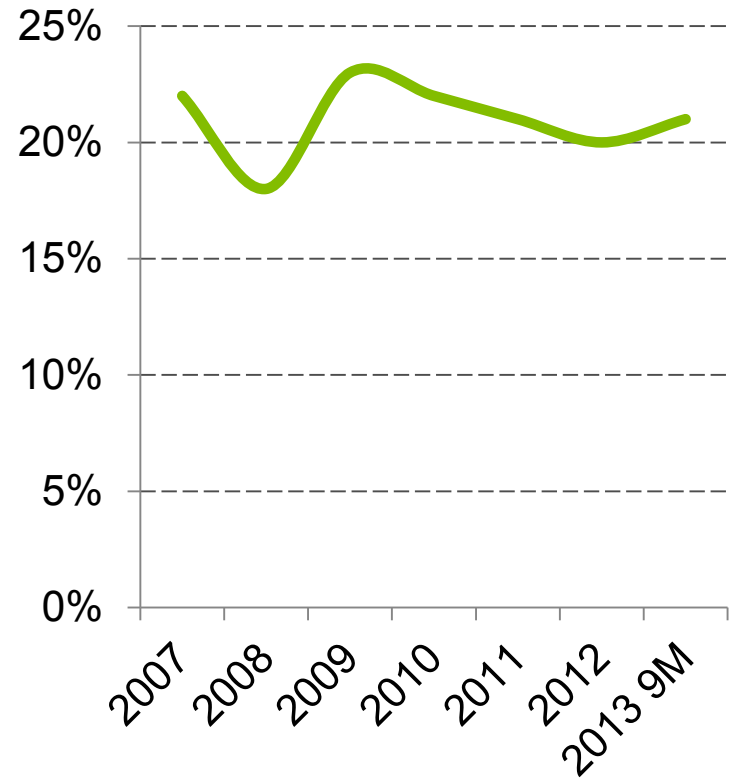


HEALTHY AND STABLE PROFITABILITY

Net sales – currency adjusted*



EBITDA margin – currency adjusted*



*2007 average currency rate applied. Figures for Korsnäs Industry for the period FY 2007-2012. Korsnäs Industri also includes kraft and sack paper as well as White top liner, which is not the case for BA Consumer Board.



MAJOR GROWTH OPPORTUNITIES WITHIN GLOBAL FOOD PACKAGING



Demographics

- Growing population
- Urbanisation
- Aging population



Economy

- Economic development
- Growing middle class
- Globalisation



Sustainability

- Resources
- Environment
- Technology



TWO DISTINCT PRODUCT AREAS

CARTONBOARD



LIQUID PACKAGING BOARD





CARTONBOARD





BRAND EQUITY IS A STRONG DRIVER

CARTONBOARD

- Highly diversified end-market
- Consumer driven development
- Very high requirements on:
 - Product appearance in shelf
 - Consumer friendly solutions
 - Product safety and sustainability
 - Delivery security
- Successful product development has enabled BillerudKorsnäs to strengthen market position within the most advanced customer applications





WORLD-CLASS MATERIAL...

CARTONBOARD

- Excellent product portfolio
 - Unique and tailor-made board composition
 - High end quality consistency providing efficient solutions all through the value chain
 - Product properties developed to maximise packaging performance
- Optimal for premium end segments
 - Luxury drinks, beauty and health care, confectionery and fashion, etc.
- Frontrunner with superior functionality and extensive track-record
 - Launched a new white concept solution with improved product features

Unique board composition

Coating for excellent printing results
Bleached fibres for print result and smoothness
Bleached fibres reinforced by strong chemical pulp and bleached CTMP for designability, grip stiffness and material optimization
Bleached fibres reinforced by strong chemical pulp and bleached CTMP for designability, grip stiffness and material optimization
Bleached fibres for reverse side whiteness



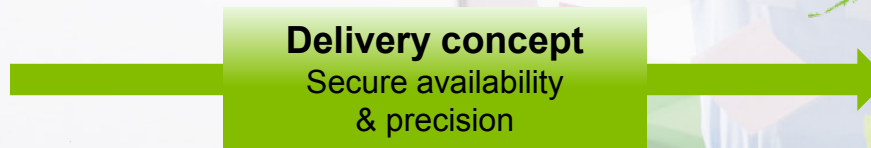
... WITH STRONG SERVICE OFFERING

CARTONBOARD

- Proactive business support in the value chain
 - Cooperation with converters, brand owners and retailers to understand the business needs and develop solutions
- Carton solutions – Packaging design centre
 - Increase attractiveness by maximising packaging exposure
 - Increase consumer loyalty through user friendly packaging solutions
 - Increase efficiency through packaging optimisation
- Logistics solutions:



Materials





INNOVATING TO MEET CHANGING CUSTOMER DEMANDS

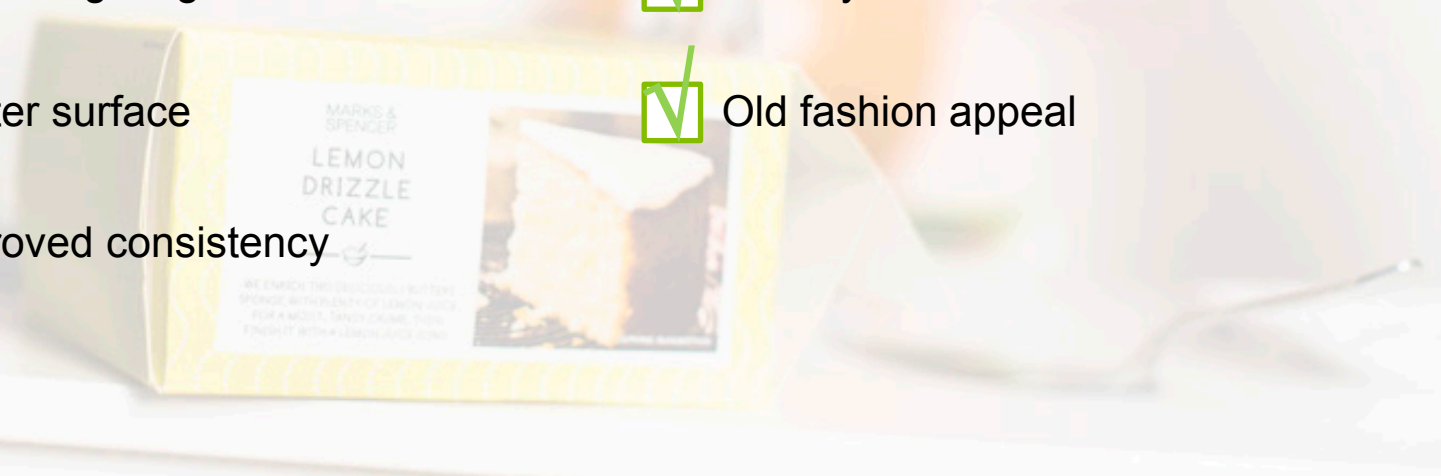
CARTONBOARD – PRODUCT INNOVATION IN FOCUS

BillerudKorsnäs White

- Light weighting
- Whiter surface
- Improved consistency

BillerudKorsnäs Artisan

- Tactility with a silk smooth surface
- Old fashion appeal





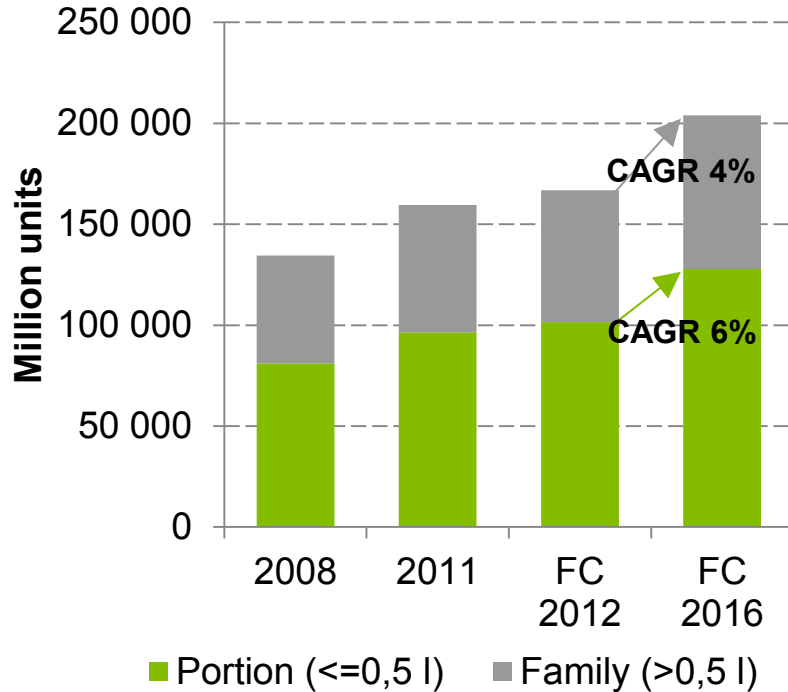
LIQUID PACKAGING BOARD



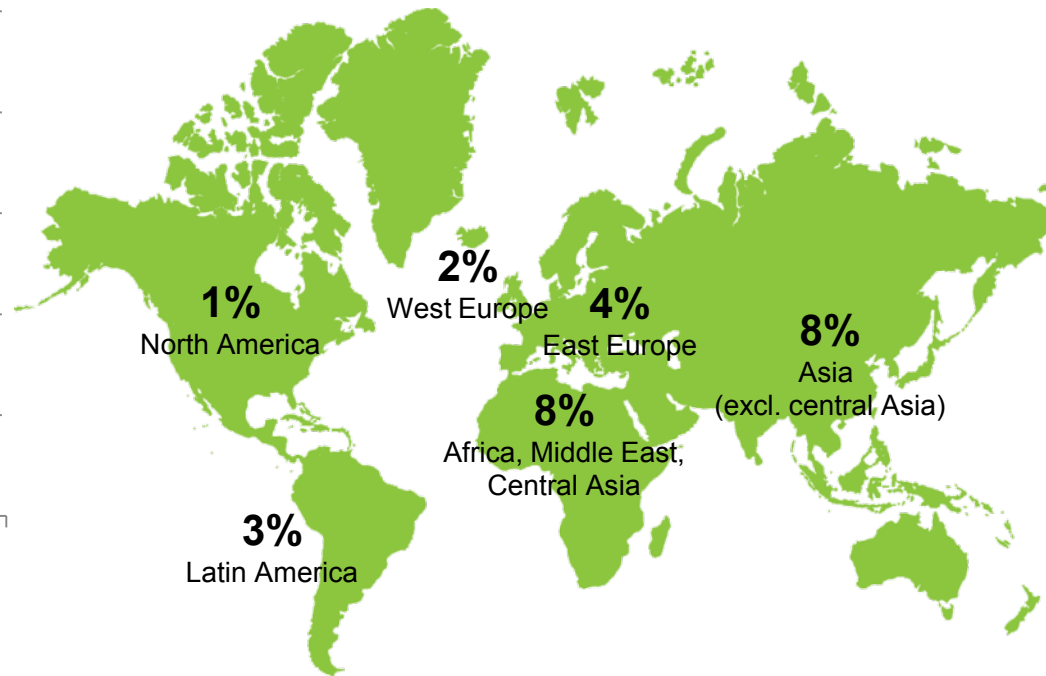


PORTION PACKS EXPECTED TO GROW BY 6%

Global aseptic liquid packaging board market



Portion packs annual growth (2012-2016)

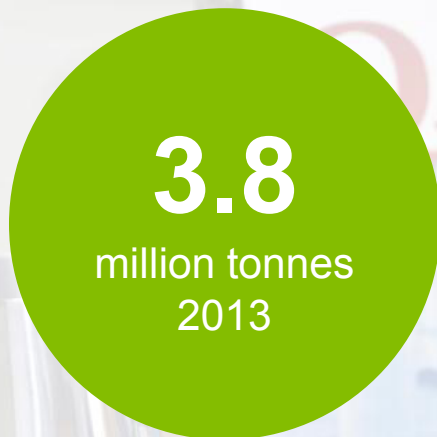




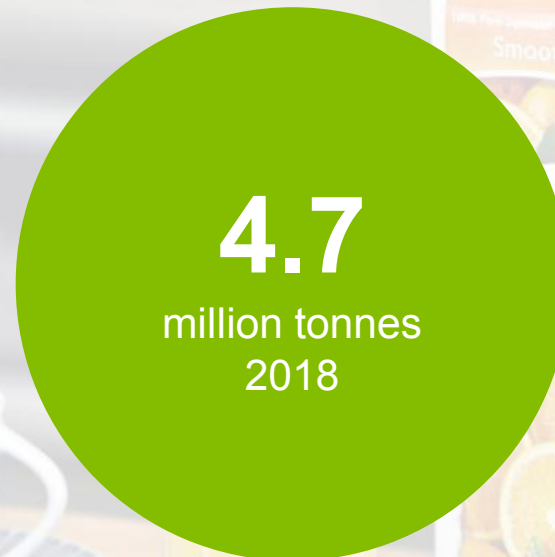
GROWING MARKET IN NEED OF PREMIUM QUALITY SUPPLIERS

LIQUID PACKAGING BOARD

- Capacity increases needed given expected growth
- Additional capacity will be needed at time when it comes operationally
- Important to have access to sustainable raw materials base



4-5%
CAGR (2013-18)



Global liquid packaging board market



WE ARE IDEALLY POSITIONED TO CAPTURE GROWTH

LIQUID PACKAGING BOARD

- Market leading product portfolio
- Broad range from pouches, portion packs to family packs
- Extensive experience
 - 50 years track record
- Ideal machine set-up to produce the full product range
 - Working as contingency back-up to each other
 - 3 board machines with production capacity of 1.1 million tonne
- Continuous evolution to meet higher demand and speed in converting lines and filling processes

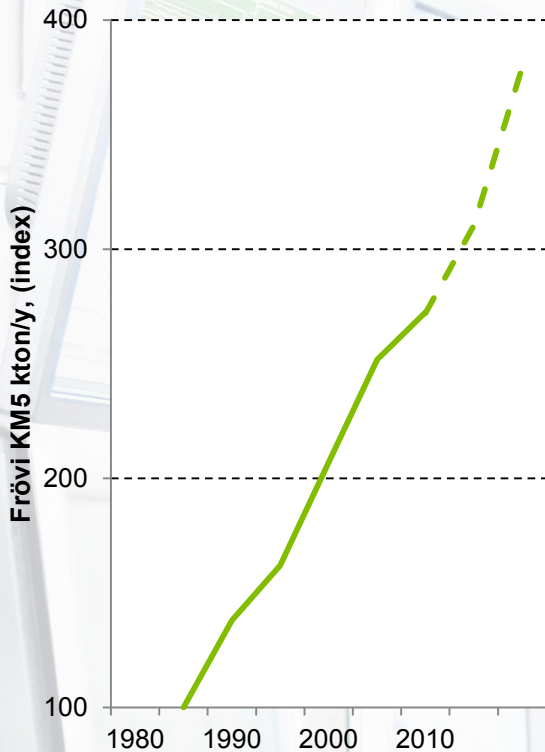




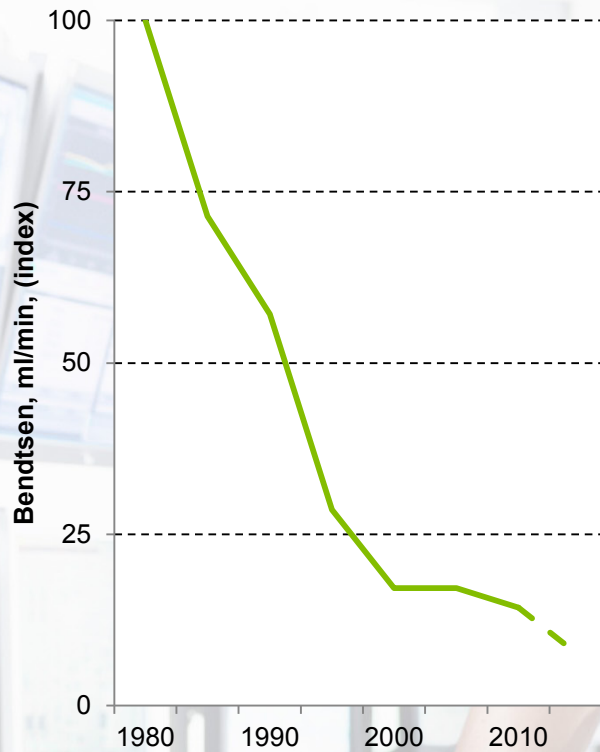
WE HAVE THE KNOW-HOW AND ASSETS TO DRIVE PROFITABLE GROWTH

LIQUID PACKAGING BOARD

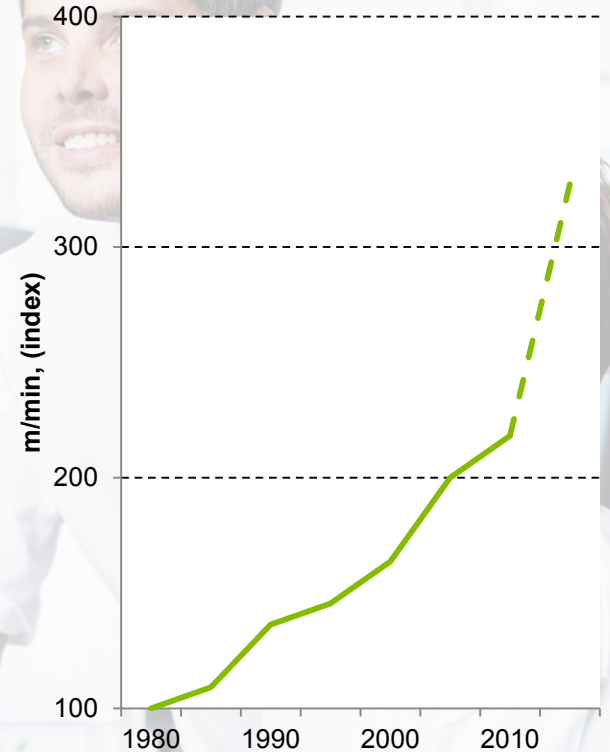
Increased board machine capacity



Improved board surface roughness



Increased package converting speed





DE-BOTTLENECKING IS INCREASING CAPACITY SHORT-TERM

LIQUID PACKAGING BOARD

Gävle

- +70 ktonne to 660 ktonne (annual)
- Improved quality (print surface)
- MSEK 270 investment in 2012 and MSEK 220 in 2014

Frövi

- +50 ktonne to 450 ktonne (annual)
- Improved quality (print surface)
- MSEK 250 investment in 2013

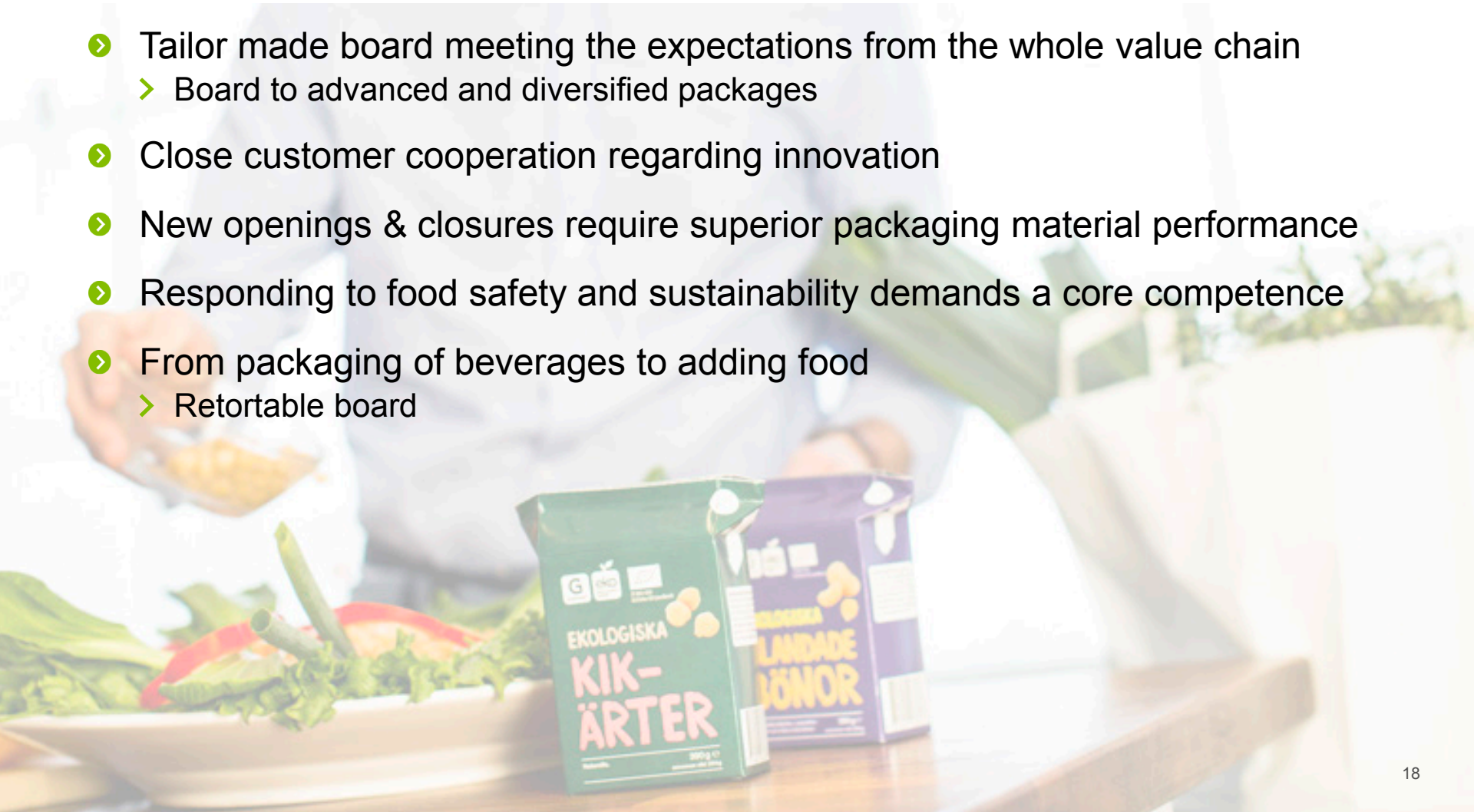
+12%
in annual
production capacity
(2015 vs 2011)



PRODUCT INNOVATION IN FOCUS

LIQUID PACKAGING BOARD

- Tailor made board meeting the expectations from the whole value chain
 - Board to advanced and diversified packages
- Close customer cooperation regarding innovation
- New openings & closures require superior packaging material performance
- Responding to food safety and sustainability demands a core competence
- From packaging of beverages to adding food
 - Retortable board





EXPANDING FOOTPRINT IN CONSUMER PACKAGING



INNOVATION

- Tailor-made materials
- Packaging solutions



CAPACITY MANAGEMENT

- Capacity increase

Volume growth
CAGR 4-5%



INVESTMENTS

- World-class technology and production



GEOGRAPHY

- We deliver where the global growth is





CUSTOMER DIALOGUE WITH TETRA RE CART





DELIVERING SUSTAINABLE PROFITABLE GROWTH



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&
A



BILLERUDKORSNÄS

