



## **TRANSFORMING OUR BUSINESS THROUGH SMARTER PACKAGING**

Capital Markets Day 2013 – Business Area Containerboard

2013-11-14 | Lennart Eberleh, SVP Business Area Containerboard



# FROM COMMODITY TO SPECIALITY THROUGH SMARTER PACKAGING

**Strong product portfolio in primary fibres**

**Innovation driving the next generation of smarter packaging**

**Well positioned for new business opportunities**

**Value growth  
CAGR 2-4%**





# CONTAINERBOARD IN BRIEF

AFTER PACCESS ACQUISITION, SOLUTION SERVICES ACCOUNT FOR 8% OF SALES

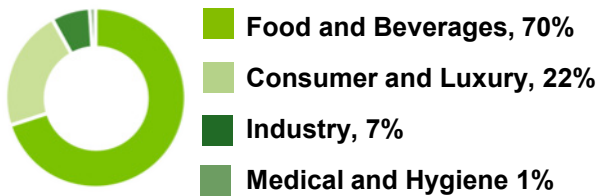
PERCENTAGE OF GROUP'S NET SALES



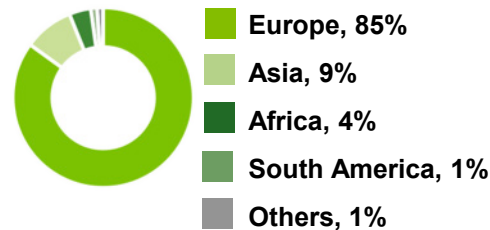
PERCENTAGE OF GROUP'S OPERATING PROFIT



NET SALES PER MARKETING SEGMENT



NET SALES PER GEOGRAPHICAL AREA



FLUTING



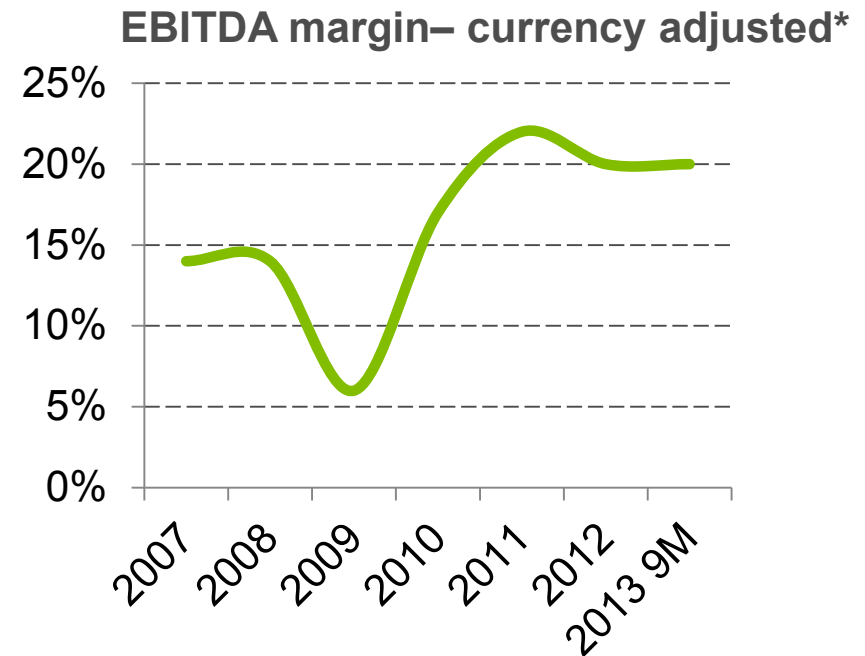
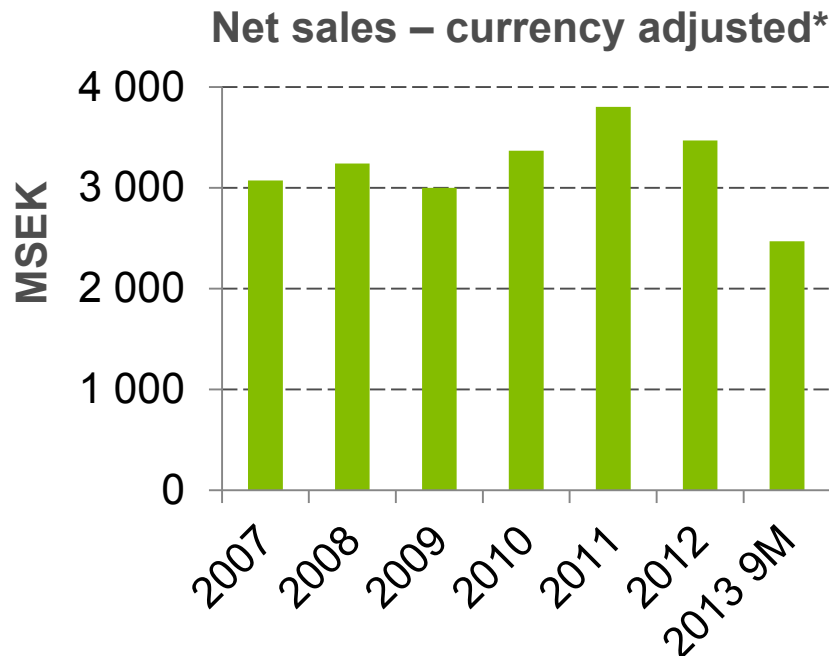
LINER





# GOING FROM MATERIALS TO SOLUTIONS DRIVES REVENUE & MARGINS UP

- Successfully responded to markets' need for better packaging
  - We have the know-how on materials and solutions to make smarter packaging
- Expanded the market through new applications



\*2007 average currency rate applied.

# RESPONDING TO PACKAGING USERS DEMANDS

Packaging that lowers transport costs



Packaging that reduces environmental impact



Packaging that boosts brands and attracts consumers





# STRONG PRODUCT PORTFOLIO IN PRIMARY FIBRES

## FLUTING



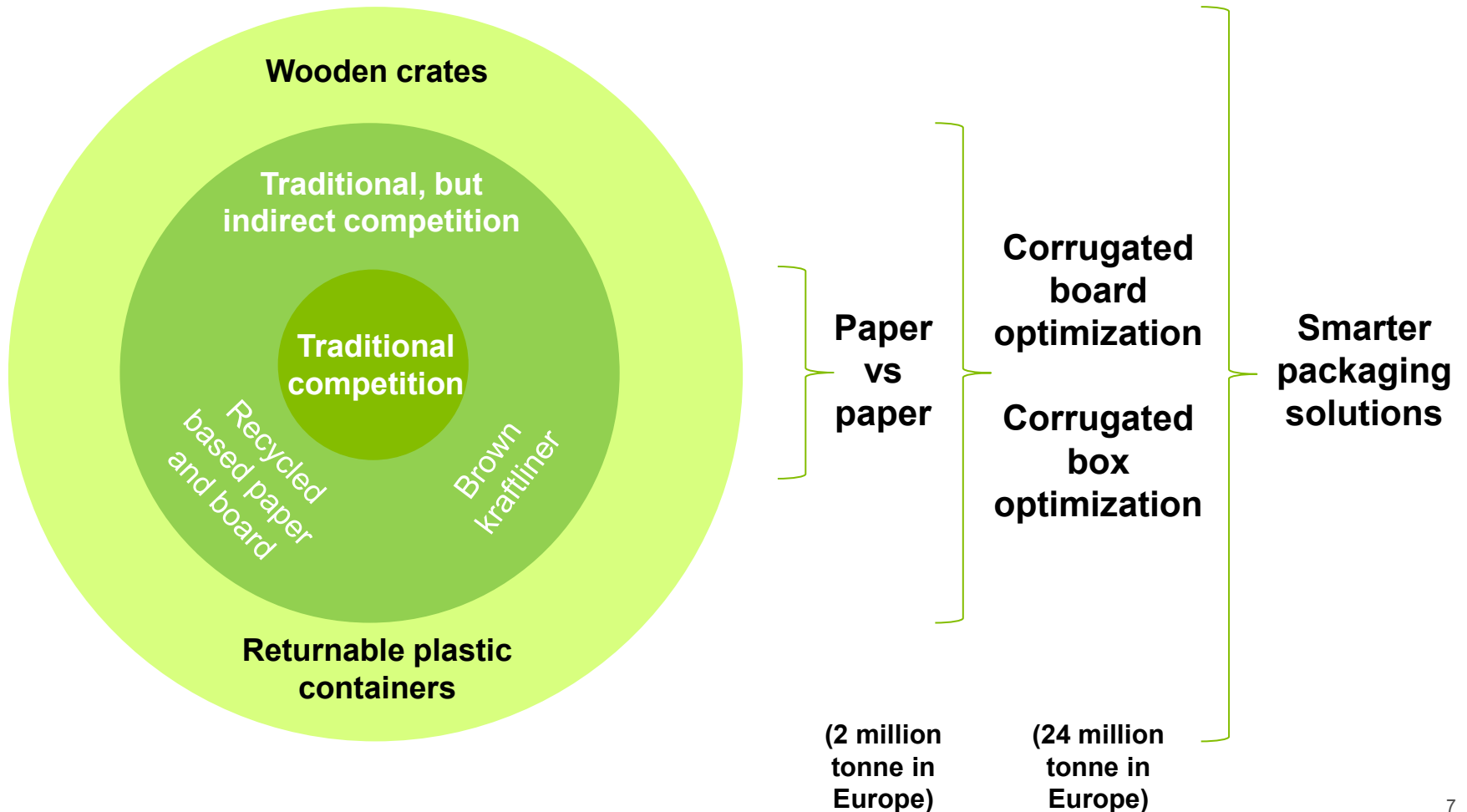
## LINER





# WE LOOK BEYOND TRADITIONAL MARKETS

THE MARKET IS LARGER THAN CORRUGATED PACKAGING

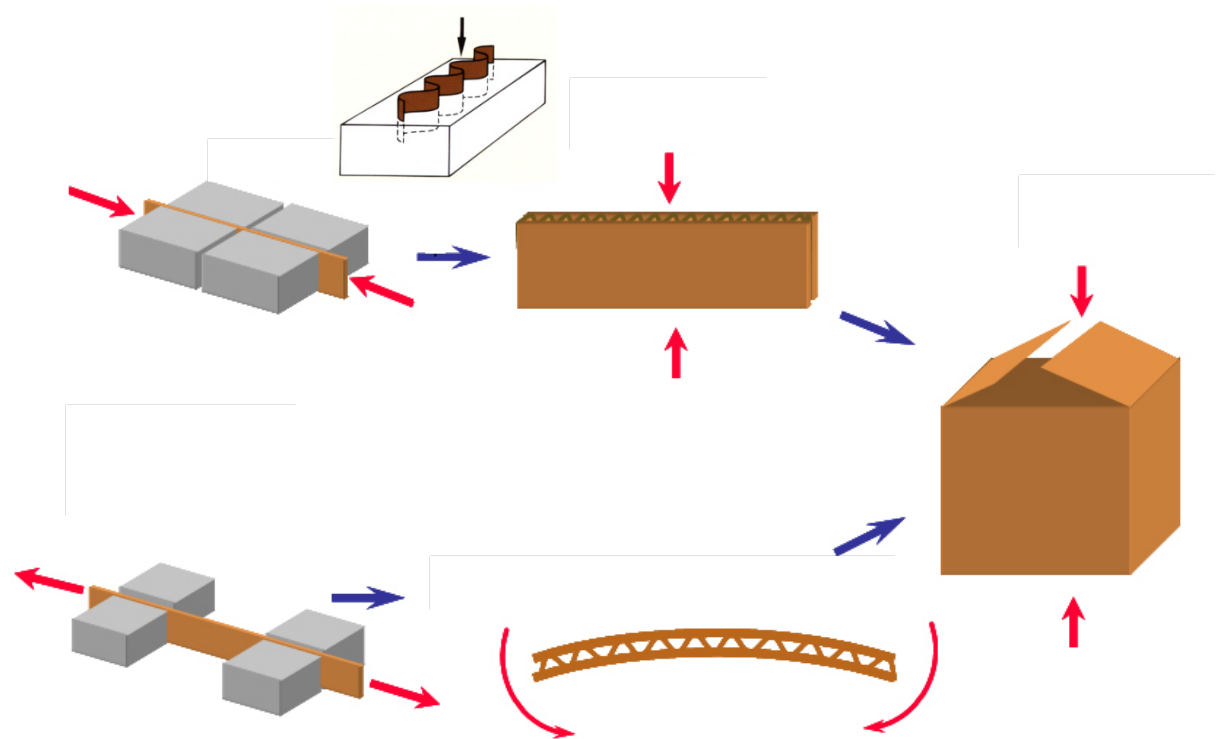




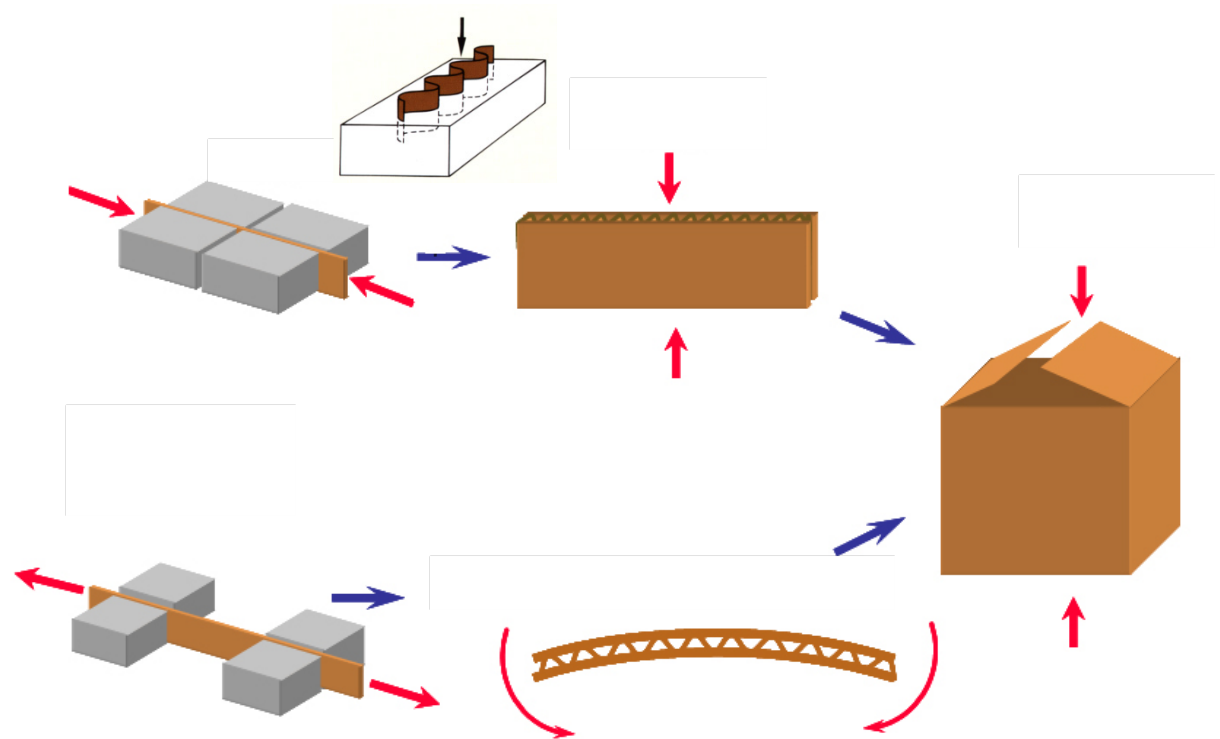
# KNOW-HOW IS KEY TO OFFERING SOLUTION SERVICES

UTILISING OUR MATERIALS FULL POTENTIAL

**Compression strength**



**Bending stiffness**







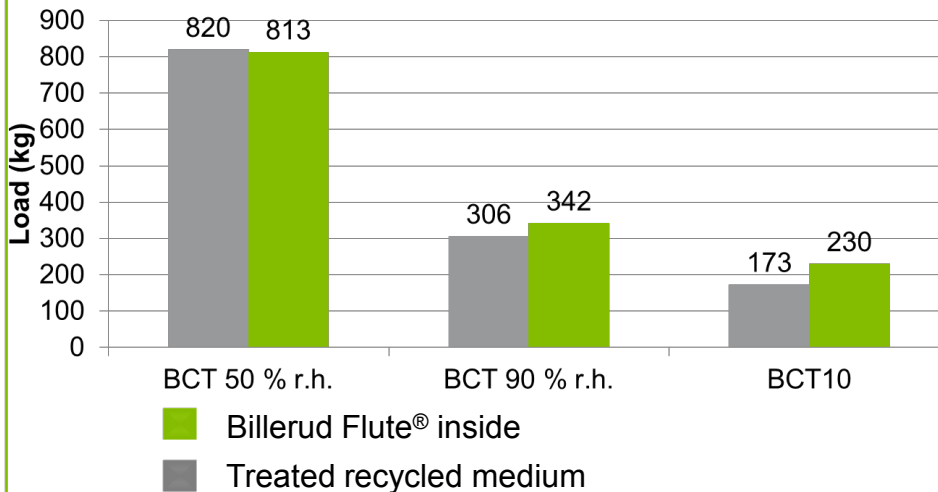
# LIGHTER, STRONGER PACKAGING DRIVES MARKET POTENTIAL

VALUE BASED SALES – UNDERSTAND THE TRUE PERFORMANCE



BillerudKorsnäs' material can make a box

**9% lighter** while carrying **33% more load** for 10 days in 90% r.h.



BillerudKorsnäs' fluting has a **20% better performance** vs brown kraftliner, while kraftliner is 8-10% more expensive.

**Pricing potential <30% for fluting**





# ADDING VALUE THROUGH LOWER AIR FREIGHT COSTS

## SOLIQ AIR

- European flower market USD ~13 bn\*
  - ~70% of the world flower market
- Shipping volume 17 million boxes
  - 2/3 go through Netherlands and 1/3 comes from Kenya
- BillerudKorsnäs together with its partner in Kenya is the only supplier of consistent light and strong quality boxes

### Customer case:

### 10% cost saving delivered

#### TOTAL COST OF OWNERSHIP

Volume	390 000 yearly box vol.	
	<b>Original box</b>	<b>SoliQ Box</b>
Box Price	\$ 2,10	\$ 2,22
Box weight	100%	88%
Air f. cost x kg	\$ 2,00	\$ 2,00
Air freight cost	\$ 3,04	\$ 2,70
<b>TCO x box</b>	<b>\$ 5,14</b>	<b>\$ 4,92</b>
		0,22 USD x box
<b>Savings in % of original box price</b>		<b>10%</b>
<b>TCO Savings on volume</b>		<b>\$ 85 800</b>

\*Management estimates.



# ADDING VALUE THROUGH BOX ENGINEERING

COMBINING BOX PERFORMANCE AND ITS FUNCTIONALITY

- ◉ **Faster and better cooling**

less time in warehouses due to increased ventilation

- ◉ **50% stronger**

box construction, using the same amount of fibers

- ◉ **Less energy consumption**

- ◉ **Less fruit waste, longer shelf life**



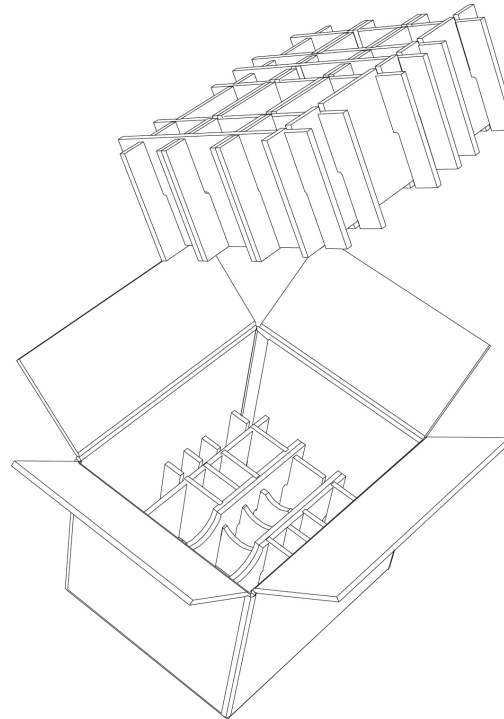


# OPPORTUNITY 1: CHALLENGE WOOD PACKAGING

NEW BUSINESS OPPORTUNITIES WITH NEW PRODUCTS

## Advantages

- Enhanced product protection
- Improved shock absorption
- Not affected by pest regulation
- Printability
- More cost efficient
- Recyclable, no need to return



## Customer case:

The car company reduced packaging costs by 25-30%

The corrugated producer increased margins from 14% to 40%

**Wooden packaging market Europe: EUR 11 billion**



# OPPORTUNITY 2: PACKAGING SOLUTION FOR BAG-IN-BOX – A GROWTH SEGMENT

## NEW BUSINESS OPPORTUNITIES

### Advantages

- > 20% lighter
- Stronger – less or no bulging
- Best possible print result



### Estimated global market potential:

Fluting 200 ktonnes – 30% of European market

Coated Liner 123 ktonnes – 50% of European market



# OPENING UP MARKETS OUTSIDE EUROPE

## NEW BUSINESS OPPORTUNITIES

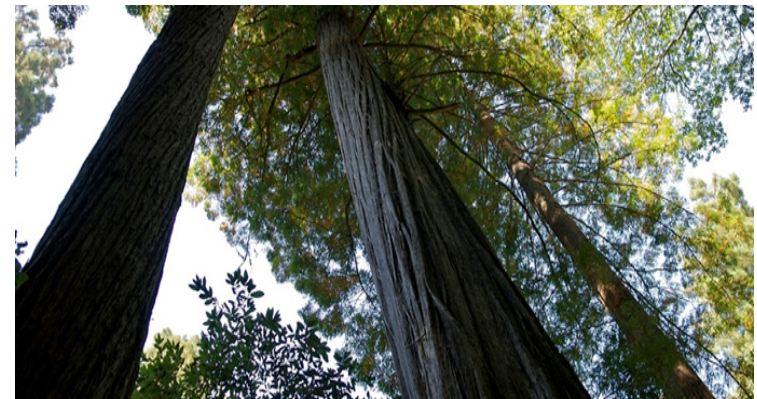
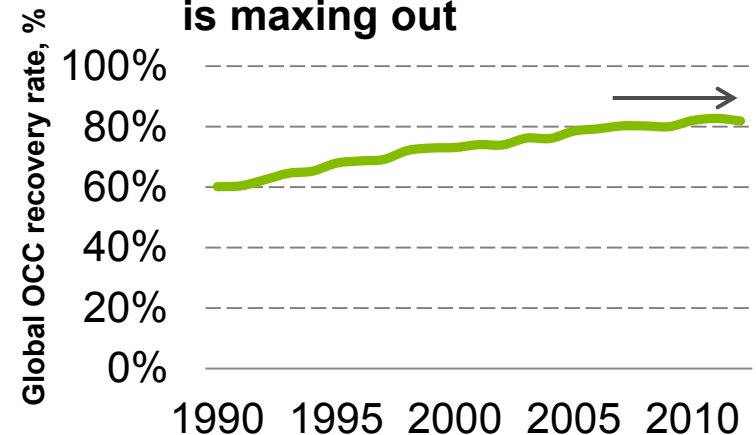
### Opportunities for primary fibre in Asia

- CAGR (01-11) of ~4%\*, mainly driven by China
  - Growth is based on recycled fibres
  - Limited amount of recycled fibres available, driving cost up and quality down

### BillerudKorsnäs well positioned to capture growth

- Strong portfolio within primary-fibre based materials and solutions
  - New office in Bangkok
  - Additional sales resources in Dubai

### Global OCC recovery rate is maxing out



\*Global containerboard market.



# GETTING CLOSER TO THE BRAND OWNERS THROUGH PACCESS ACQUISITION

- Paccess serves international brand owners or their OEM suppliers with solution services, primarily in Asia
  - Set and implement **one** packaging standard
  - Reduce logistic costs and packaging-related waste
  - Safeguard brand appearance



## Portland, Oregon

- *Structural Design*
- *Production Artwork*
- *Prototyping*
- *Color Standards*
- *Consulting*



## Stockholm, Sweden

- *Structural Design*
- *Materials Testing Lab*
- *Prototyping*
- *Color Standards*
- *Consulting*



## Shenzhen, China

- *Structural Design*
- *Production Artwork*
- *Product Photography*
- *Prototyping*
- *Production Sampling*
- *Color Standards*
- *Paper Materials Testing*
- *Quality Assurance*
- *Packaging Sourcing*

- Sales of MSEK ~260 in 2012
- 80 employees



# STRONG SOLUTION SERVICES NETWORK IN ASIA

PACCESS







# TRANSFORMING OUR BUSINESS THROUGH SMARTER PACKAGING



## INNOVATION

- Packaging know-how
- Superior material performance



## CAPACITY MANAGEMENT

- Expanding beyond traditional markets for full utilisation and product mix

Value  
growth  
CAGR 2-4%



## INVESTMENTS

- Further expansion of PACCESS
- Quality



## GEOGRAPHY

- Profitable expansion outside Europe





# DELIVERING SUSTAINABLE PROFITABLE GROWTH



Q  
&  
A



# BILLERUDKORSNÄS

