



Carnegie Small & Mid Cap Seminar | September 2014

Per Lindberg, CEO and President, and Susanne Lithander, CFO

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE





BILLERUDKORSNÄS IN FACTS & FIGURES

NET SALES
(2013)

20

Billion SEK

OPERATING PROFIT
(2013)

1.1

Billion SEK

8

PRODUCTION UNITS

(packaging paper, consumer board,
containerboard and pulp)

Beetham
Frövi/Rockhammar
Gruvön
Gävle
Karlsborg
Pietarsaari
Skärblacka
Tervasaari

4 300

NUMBER OF EMPLOYEES

BUSINESS AREAS

37%

PACKAGING PAPER

Share of net sales
(2013)

36%

CONSUMER BOARD

Share of net sales
(2013)

16%

CONTAINERBOARD

Share of net sales
(2013)

A STRONGER PLATFORM
FOR GROWTH AND
PROFITABILITY

WITH A FOCUS ON
CUSTOMER VALUE,
INNOVATION AND
SUSTAINABILITY

CREATING NETWORKS
WITH AN OPEN MIND

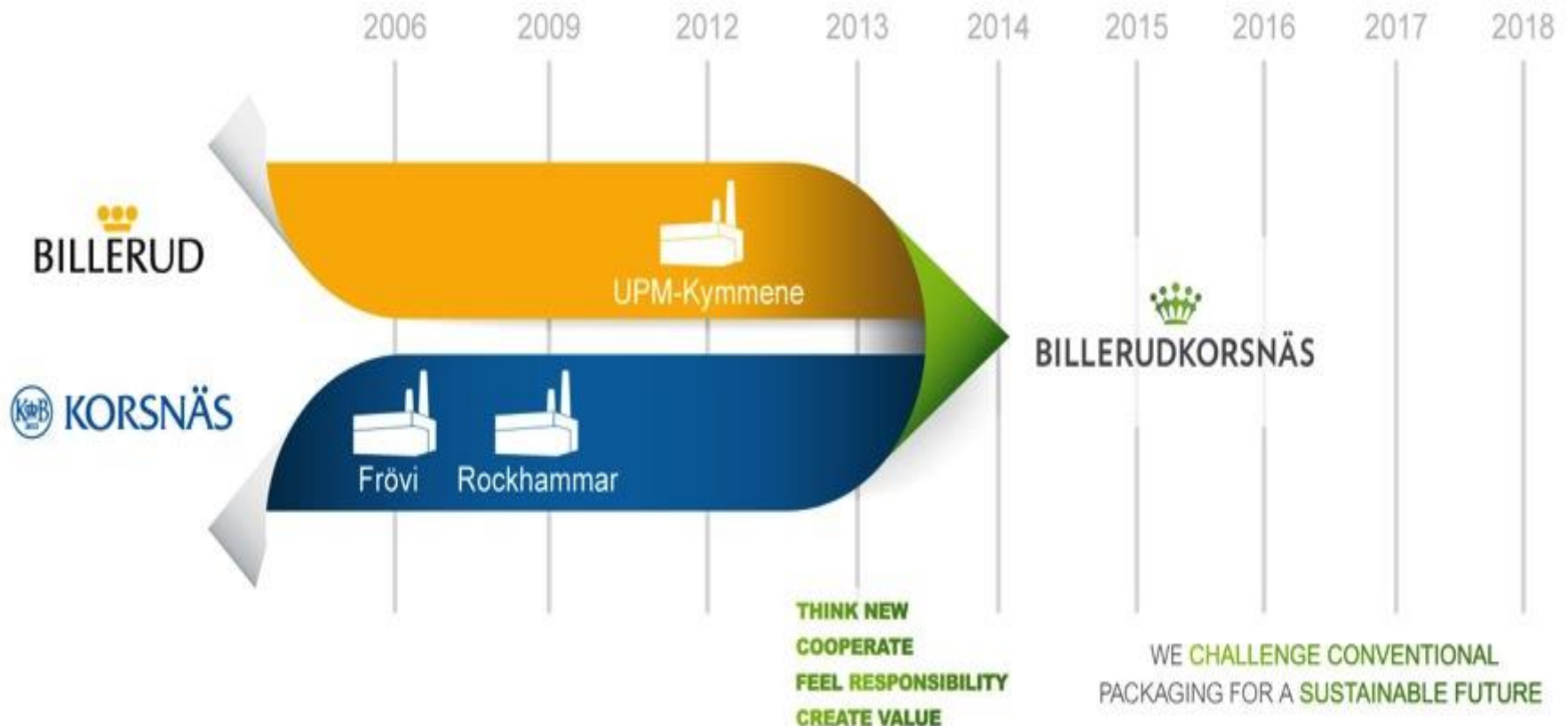


BILLERUDKORSNÄS IN FACTS & FIGURES



* Of the Group's net sales 2013

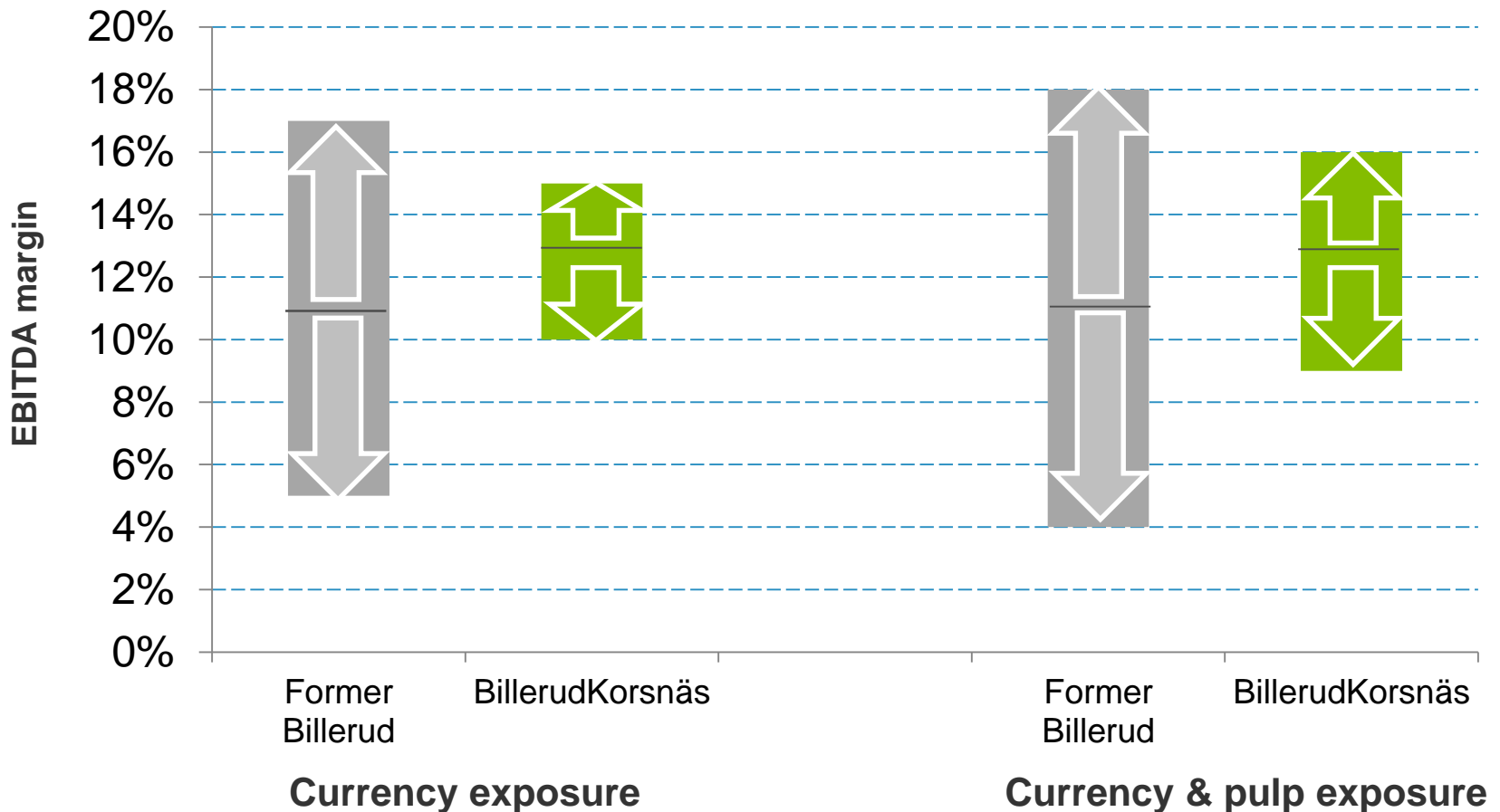
CREATING A PLATFORM FOR THE FUTURE





A STRONG PLATFORM WITH INCREASED STABILITY

THE TWO ACQUISITIONS IN 2012 RESULTED IN SIGNIFICANTLY REDUCED MARKET PULP EXPOSURE AND LOWER RELATIVE CURRENCY EXPOSURE





FOCUSING ON PRIMARY FIBRE-BASED PACKAGING MATERIALS



- High performance packaging materials
 - Target customer segments requiring strong, light and/or pure packaging



- Smarter solutions
 - Focus on value added to customers rather than price



- 75% of sales going to consumer sectors
 - Food & Beverages is largest market segment with ~60% of sales



- Sustainable innovation is key
 - Consumers prefer paper over plastics*



OUR MARKETS ARE GROWING FASTER THAN THE AVERAGE PACKAGING MARKET

BILLERUDKORSNÄS MARKETS GLOBAL MARKET

Liquid packaging board

➤ CAGR **5%**

Cartonboard

➤ CAGR **5%**

Brown sack paper (premium grade)

➤ CAGR **4%**

Containerboard

➤ CAGR **3%**

Packaging

➤ CAGR **3%**

Paper and Board

➤ CAGR **3%**



OUR ROAD MAP TO SUSTAINABLE PROFITABLE GROWTH

GROW IN LINE WITH THE MARKET

Building a strong platform for growth

Using innovation to drive competitiveness

Accelerating growth through strategic investments

15-20% organic growth by 2018





ACHIEVING 15-20% ORGANIC GROWTH BY 2018

CONTAINERBOARD



BA market CAGR

2-4% CAGR

- Value growth
 - Increase margins on existing portfolio

PACKAGING PAPER



0-4% CAGR

- Selective growth
 - Target growth in selected segments, balancing additional capacity

CONSUMER BOARD



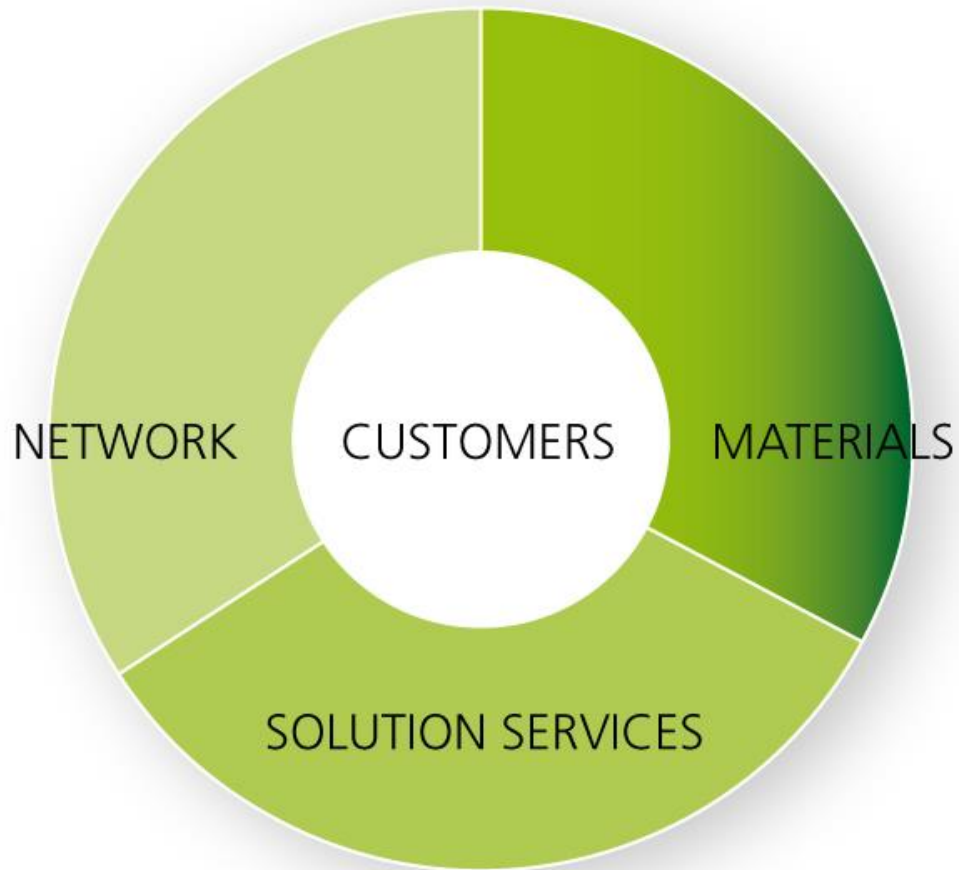
4-5% CAGR

- Volume growth
 - Increase volume in key markets



BUSINESS MODEL

A HOLISTIC APPROACH TO CUSTOMER NEEDS



MATERIAL



SOLUTION SERVICES



GLOBAL NETWORK

WORLD-CLASS PACKAGING MATERIALS LEADING POSITIONS



MATERIAL

PACKAGING PAPER

45*/55

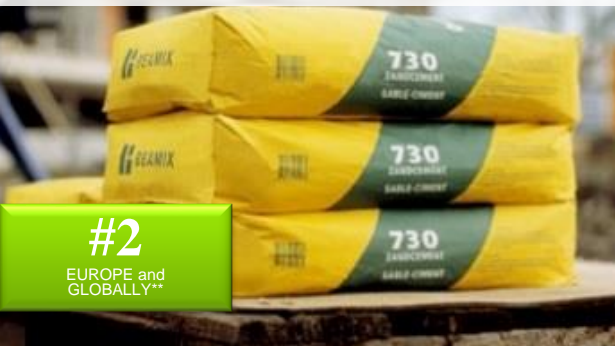
Kraft paper



#1

EUROPE

Sack paper



#2

EUROPE and GLOBALLY**

CONSUMER BOARD

100*

Liquid Packaging Board



LIQUID PACK. BOARD - ASEPTIC

#1

EUROPE and GLOBALLY

LIQUID PACK. BOARD - ALL TYPES

#2

EUROPE and GLOBALLY

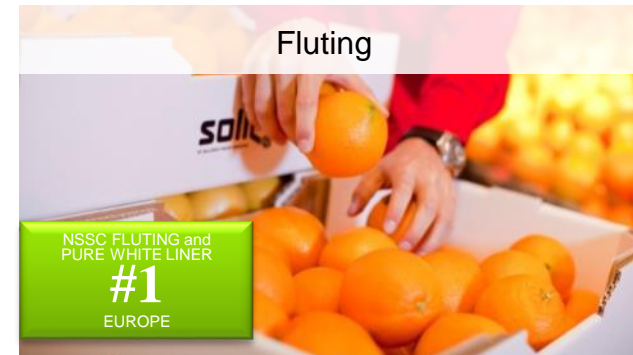
Cartonboard



CONTAINERBOARD

94*/6

Fluting



NSSC FLUTING and PURE WHITE LINER

#1

EUROPE

Liner



COATED WHITE TOP LINER

#2

EUROPE

* Share to Consumer segment
** For High-Porosity Sack Paper



SOLUTION SERVICES



SOLUTION
SERVICES

- Comprehensive knowledge of the whole value chain
- Strong technical knowledge of packaging design
 - Expert assistance in the areas of packaging optimisation, print support and conversion support



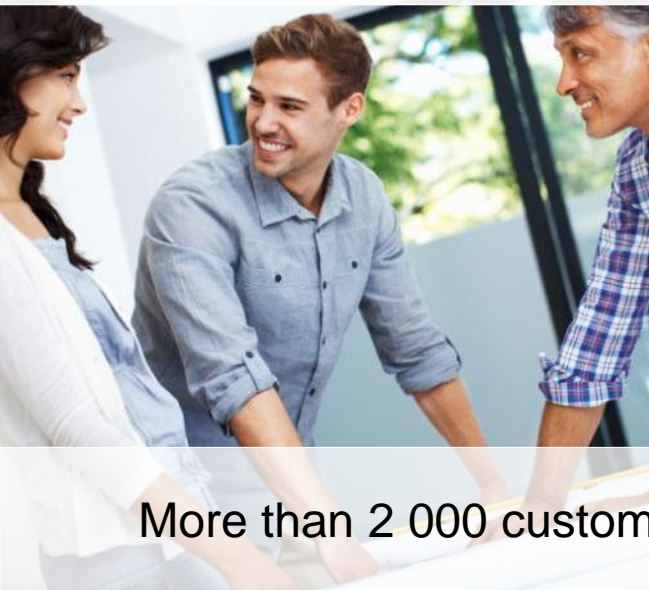


GLOBAL NETWORK



GLOBAL
NETWORK

Packaging manufacturers



Machine manufacturers



Research institutes



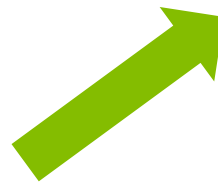
More than 2 000 customers and packaging partners in more than 100 countries



MOVING CLOSER TO THE END-CUSTOMER



BILLERUDKORSNÄS



Brand owners



Packaging material
2–5% of the cost



Consumers



**Packaging
manufacturers**

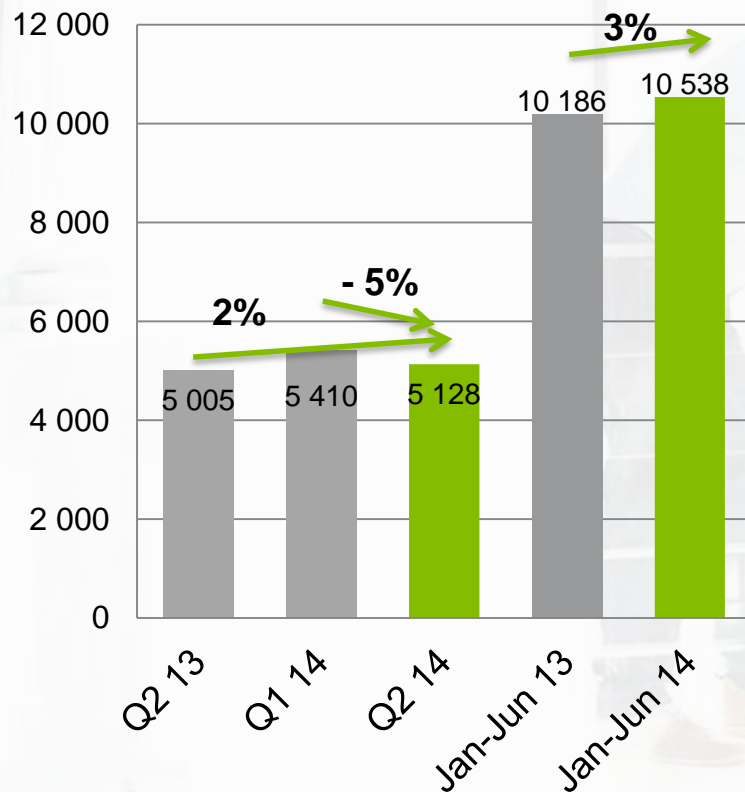
Packaging material
50–85% of the cost



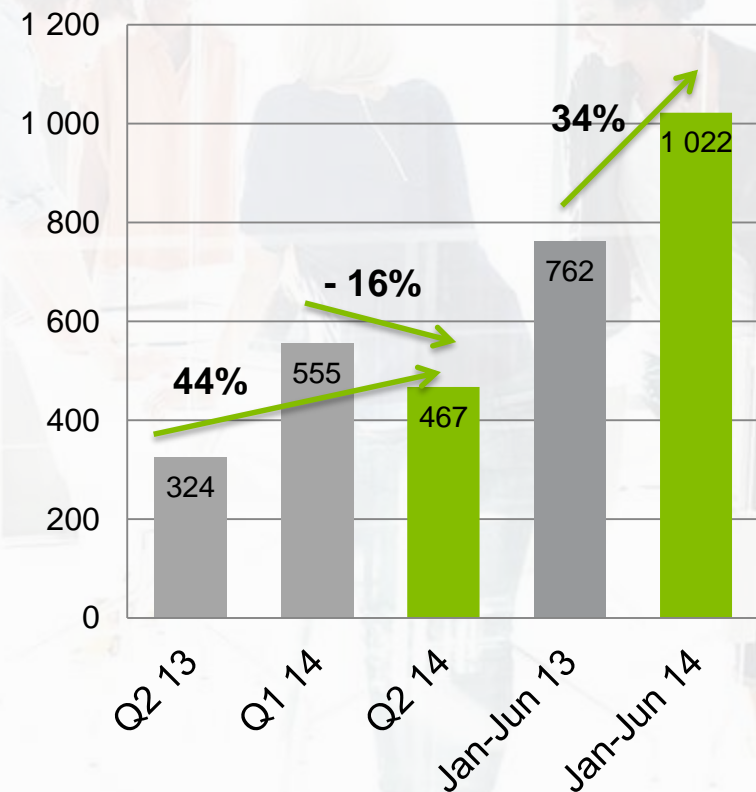
KEY HIGHLIGHTS Q2 2014 INTERIM REPORT

NET SALES SEK 5 128 MILLION. ADJUSTED OPERATING PROFIT SEK 467 MILLION

Net sales, SEKm



Adj. op. profit, SEKm

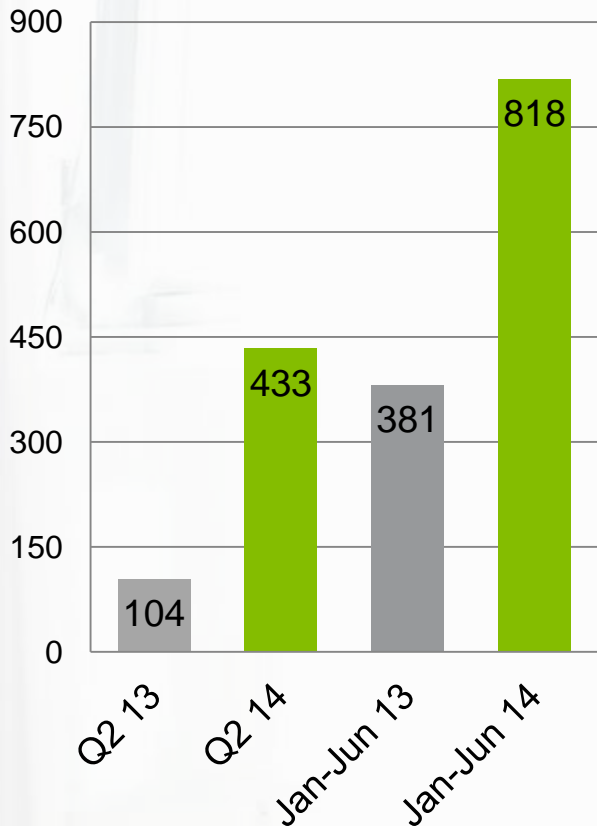




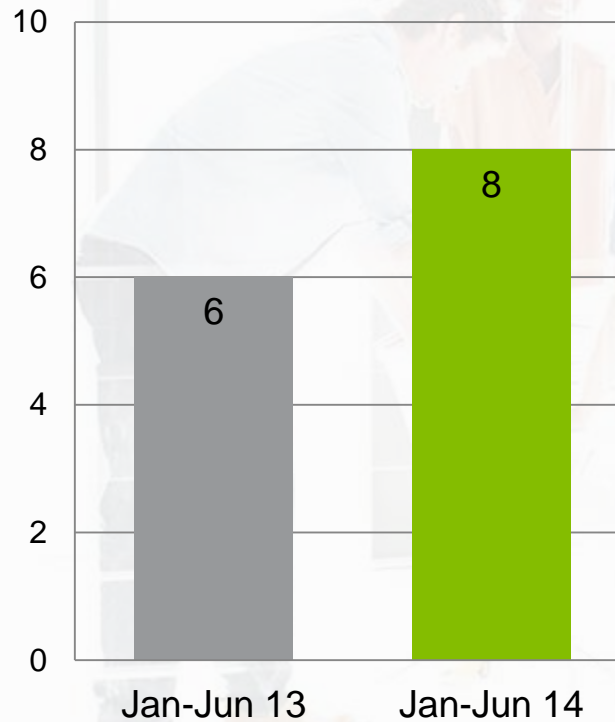
KEY HIGHLIGHTS Q2 2014 INTERIM REPORT

CASH FLOW SEK 433 MILLION. ROCE 8%, NET DEBT/EQUITY 0.79

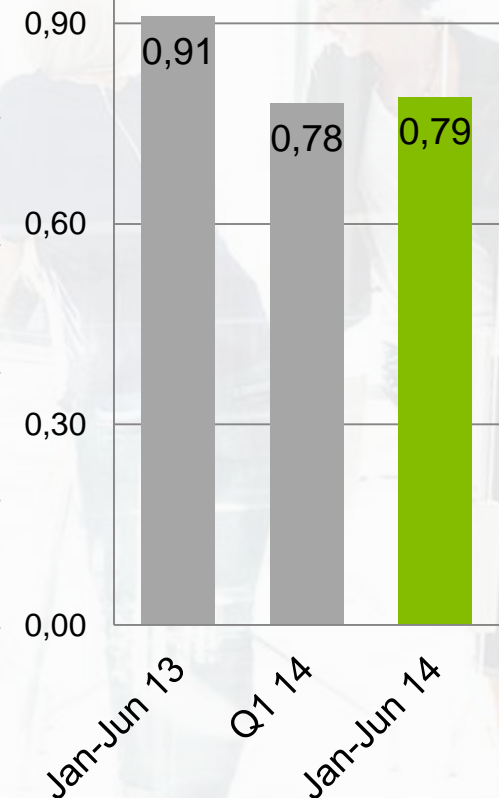
Op. cash flow, SEKm



ROCE, %



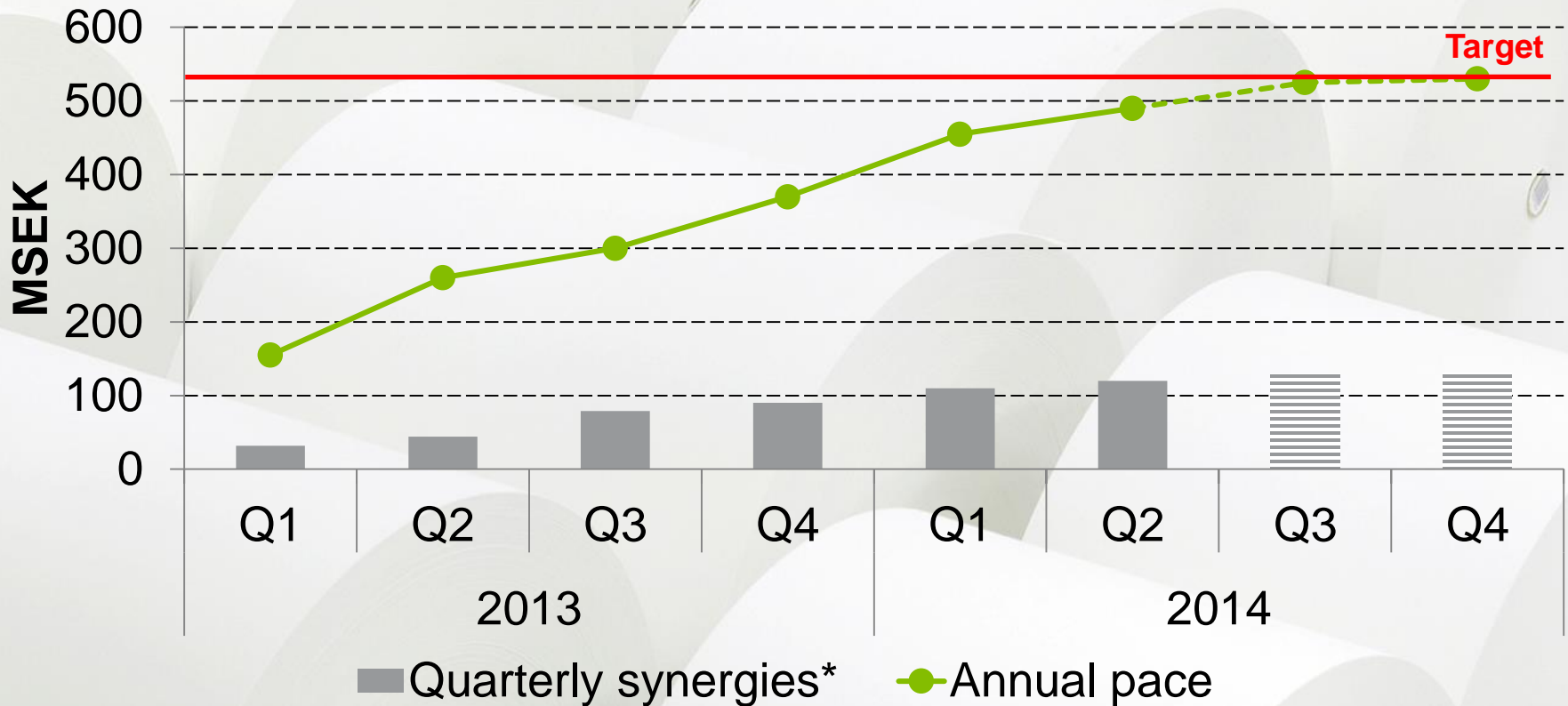
Net debt/equity





ON TRACK TO REACH SYNERGY TARGETS AHEAD OF PLAN

ANNUAL PACE OF MSEK ~490 AS PER END OF Q2 2014



*Synergies and savings realised in the quarter, compared to if the synergy and savings programme had not been initiated.



FOUR FINANCIAL TARGETS

Operating margin $> 10\%^*$

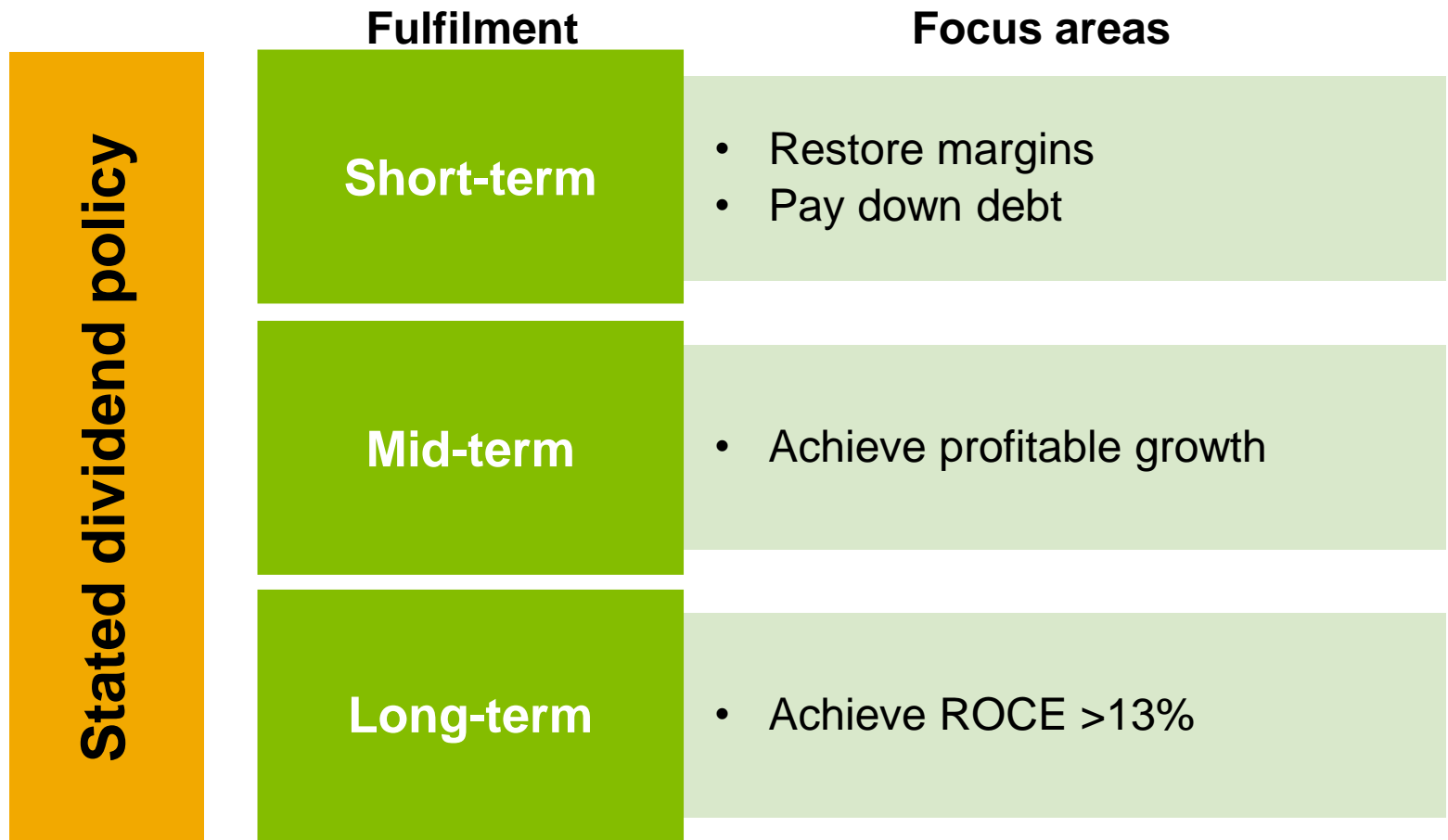
Return on Capital
Employed $> 13\%^*$

Net debt/Equity ratio
 < 0.9

Dividend policy:
50% of net profit*



OUR COMMITMENT TO LONG-TERM SHAREHOLDER VALUE



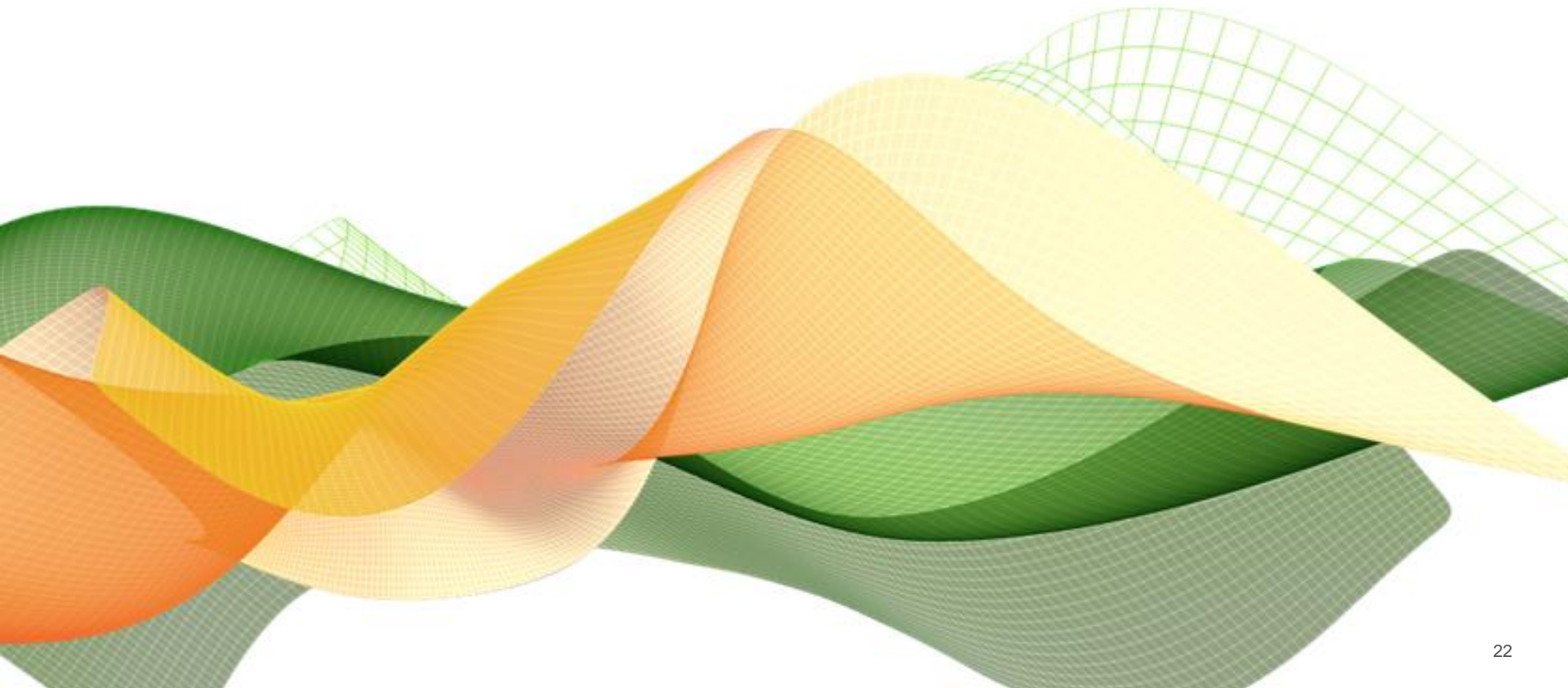


OUTLOOK

- Demand and order situation is expected to remain stable during the third quarter 2014 for all business areas
- Average prices in local currency are anticipated to stay on current level for the third quarter 2014 for Packaging Paper and Consumer Board. Pressure on primary fibre based prices within business area Containerboard
- Wood prices are expected to stay on current level for the second half of 2014
- The target of approximately SEK 530 million in annual synergies and savings is unchanged, and is expected to be reached during 2014. Estimated non-recurring costs for realising the synergies increased to approximately SEK 225 million



Q&A





BILLERUDKORSNÄS

