



BILLERUDKORSNÄS

WHAT IF packaging could make a
difference?

June 5, 2019

Handelsbanken Nordic Mid/Small Cap Seminar, Stockholm

BillerudKorsnäs at a glance

Net sales 2018

23.7

Billion SEK



Employees

4 500



Operating profit* 2018

2.0

Billion SEK

EBITDA margin* 2018

15%

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



8

Production units

Beetham
Frövi
Rockhammar
Gruvön
Gävle
Jakobstad
Karlsborg
Skärblacka

3 Divisions

57%

Board

Share of net sales**

39%

Paper

Share of net sales**

4%

Solutions

Share of net sales**

* Excl items affecting comparability

** Excl Other and Currency Hedging etc

Material that creates clear customer value



Fluting



Liner



Cartonboard



Kraft paper

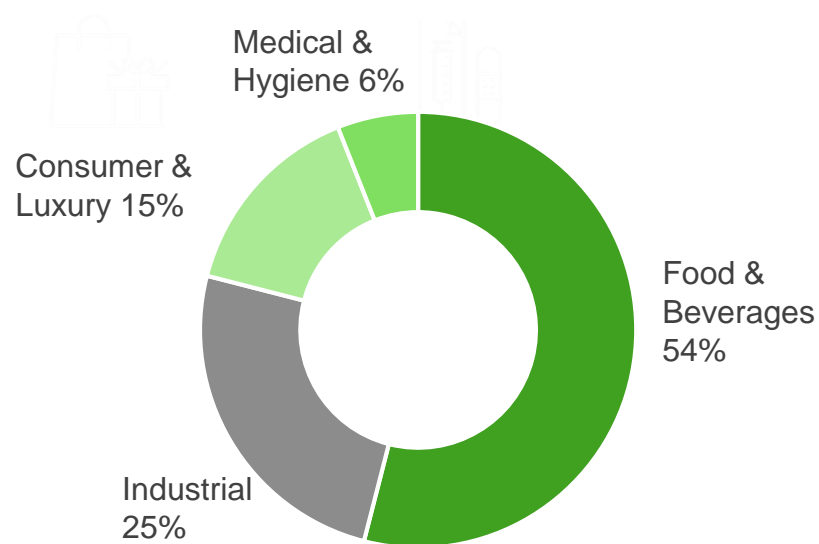


Sack paper



Liquid packaging board

Net sales by market segment



Megatrends driving growth



Demographics and urbanisation



Greater awareness of sustainability



Digitalisation



Globalisation



We have invested for future growth

2012

Jakobstad



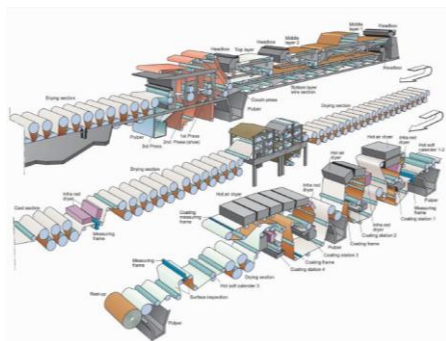
Tervasaari



UPM acquisition:

Production capacity: ~300 ktonnes

2013-2017



Production capacity increases:

Frövi/Rockhammar: ~95 ktonnes
 Skärblacka: ~20 ktonnes
 Gruvön: ~40 ktonnes
 Gävle: ~25 ktonnes

2018



PM10 Skärblacka:

Production capacity: ~90 ktonnes
 Products: MG-papers

2019



KM7 Gruvön:

Production capacity: ~550,000 tonnes
 Products: Liquid packaging board, cartonboard and liner

Unlocking the potential

SECURE



Successful ramp-up of KM7
Competitive wood supply

IMPROVE



A safe company is a well-run company
Stabilise production

ACCELERATE



Innovate for growth
Capture new solutions sales

The most modern board machine

350 m

Machine length

SEK 7,6 bn

Project cost

17 000 tonnes

Machine weight

8 000

Concrete piles

> 600 km

Cable length

550 000 tonnes

Production capacity

Positioned to capture customer demand



Liquid packaging board



Cartonboard



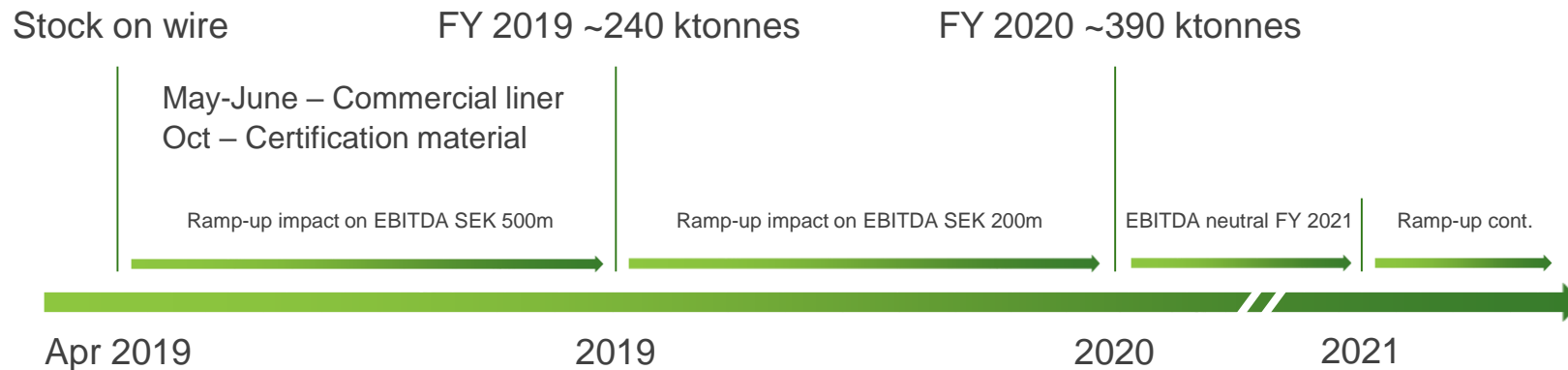
Liner



Cup stock

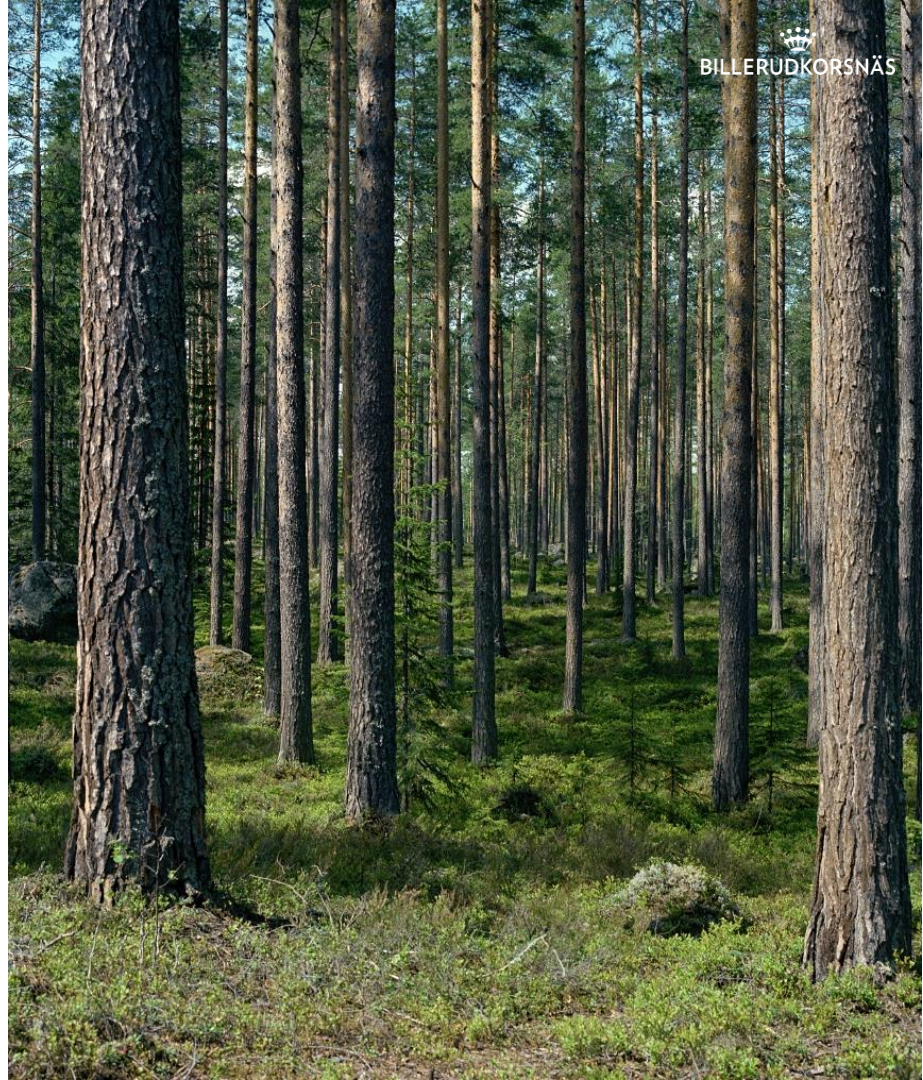


Ramp-up proceeding according to plan



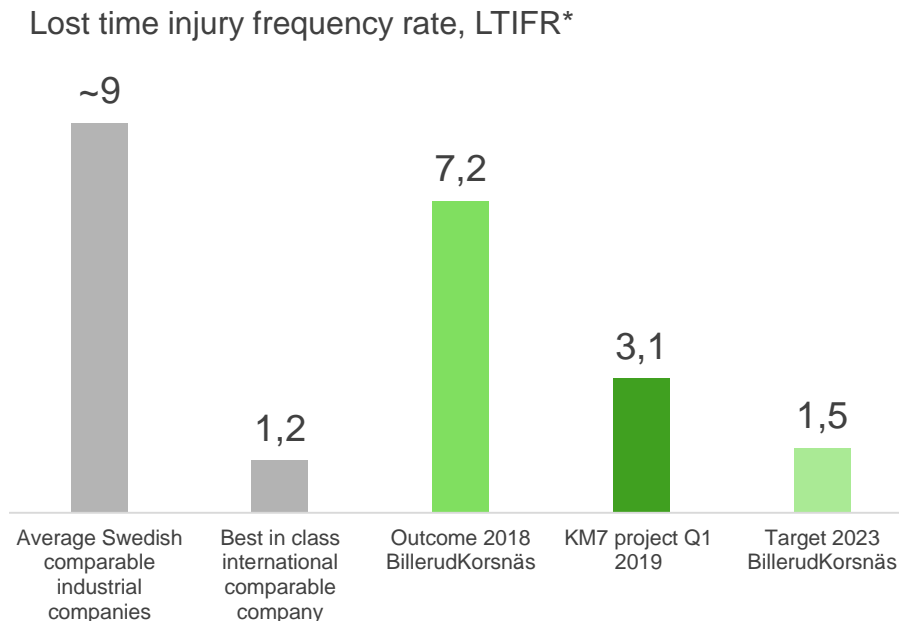
Competitive wood supply

- ⌚ Agreement to acquire Bergvik Skog Öst in November 2018
- ⌚ The transaction expected to be completed in late May or early June
- ⌚ The intention to find suitable investors for a significant part of the forest land
- ⌚ This process is ongoing and interest is high



A safe company is a well-run company

- ⦿ Unacceptable number of injuries
- ⦿ All accidents are preventable
- ⦿ Cultural change is needed – never walk by
- ⦿ Focus on structure, engagement and predictability



* Number of injuries per 1 000 000 worked hours
 Source: Company reports

Production stability is the key focus

- ⦿ Production Excellence Programme (PEX) target to improve OEE* with 4 percentage points by 2020
- ⦿ Programme drives improvements across all mills
 - > Stretched mill specific targets defined and committed
 - > Focus on loss eradication and track progress
 - > Network and standardised way of working
- ⦿ Full-year production expected to be 2 900 ktonnes

OEE* target setting process



Innovation through partnership

Research platforms

- ④ Strength
- ④ Barrier
- ④ Formability
- ④ New concepts

Flagship projects



Paper bottle



Paper battery



Liquid packaging board of the future

Expansion in the value chain

- ④ Growth through customized packaging solutions for global brand owners
- ④ New solutions
 - > Formable paper
 - > Solutions that challenge plastic
 - > Brand new solutions
- ④ Investing in the future solutions
- ④ Award-winning packaging solutions



Key highlights Q1 2019

- ⊕ Good demand and strong sales performance in all divisions
 - › Double-digit top-line growth
 - › Increased sales prices and positive currency effects
 - › Largely unchanged sales volumes
- ⊕ Solid result despite high fibre costs
 - › Total cost of fibre continued to increase
 - › Caustic soda at high levels
 - › Negative impact from energy prices

10%

NET SALES GROWTH Y/Y

16%

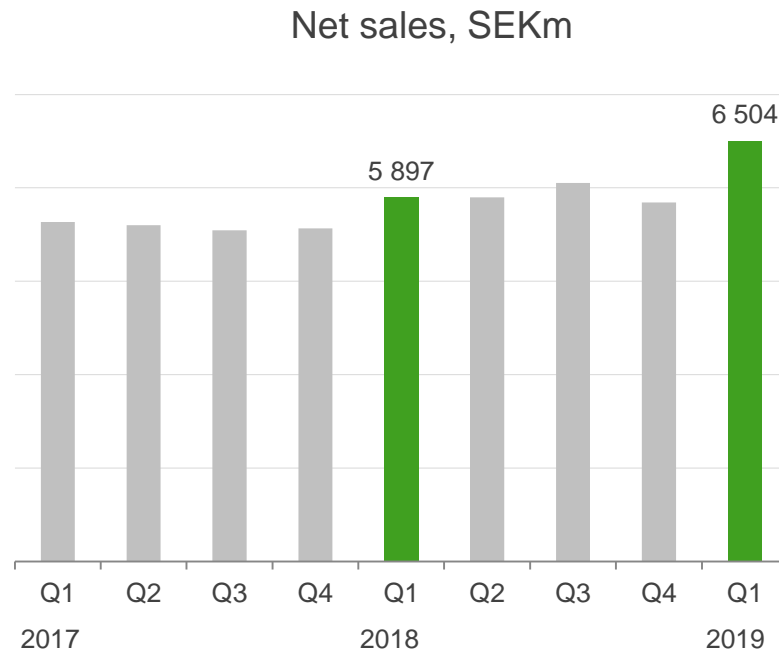
EBITDA MARGIN*

9%

ROCE*

Q1: Double-digit top-line growth

- ⌚ Net sales up 10% compared with Q1 2018
- ⌚ Increased sales prices
- ⌚ Positive currency effects
- ⌚ Sales volumes largely unchanged

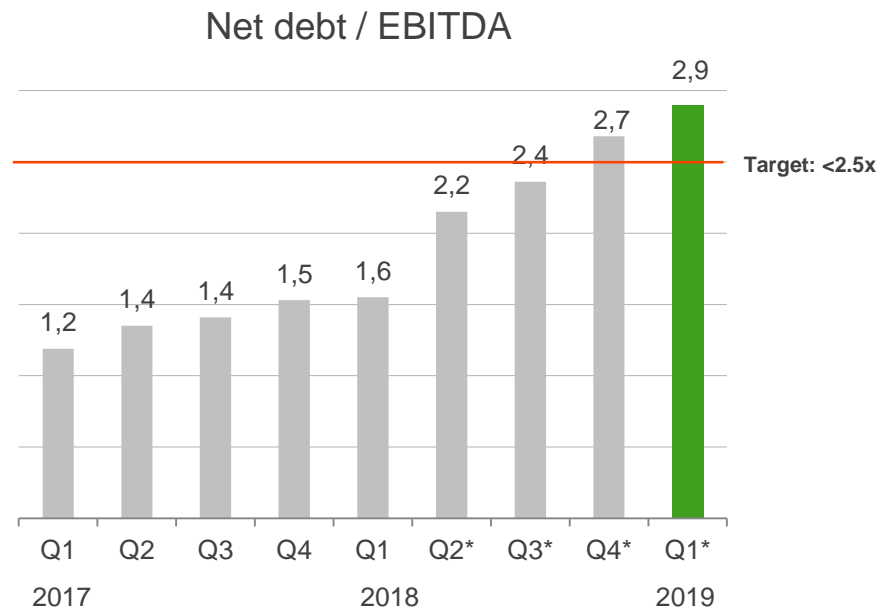


Q1: Solid result despite higher fibre costs



Balance sheet affected by heavy investments

- ⦿ Total net debt SEK 9 822 million (6 056) at 31 March 2019
- ⦿ Clear focus on regaining positive cash flow and deleveraging
- ⦿ Net debt expected to peak in Q2 2019
- ⦿ Net debt/EBITDA expected to be in line with target late 2020



*Adjusted for items affecting comparability

Long-term financial targets and outcome

Area	FY target	FY 2018	Q1 2019
Net sales growth	3-4%	6%	10%
EBITDA margin*	>17%	15%	16%
ROCE*	>13%	9%	9%
Net debt/EBITDA*	<2.5	2.68	2.90
Dividend policy	50%	59%	



*Adjusted for items affecting comparability

Summary and outlook

- ⊗ Well positioned to capture growing customer demand and to expand in the value-chain
- ⊗ Agenda that focuses on securing, improving and accelerating
- ⊗ Ramp-up of KM7 is proceeding according to plan
- ⊗ Process of finding suitable investors for Bergvik Öst is ongoing

Q2 OUTLOOK

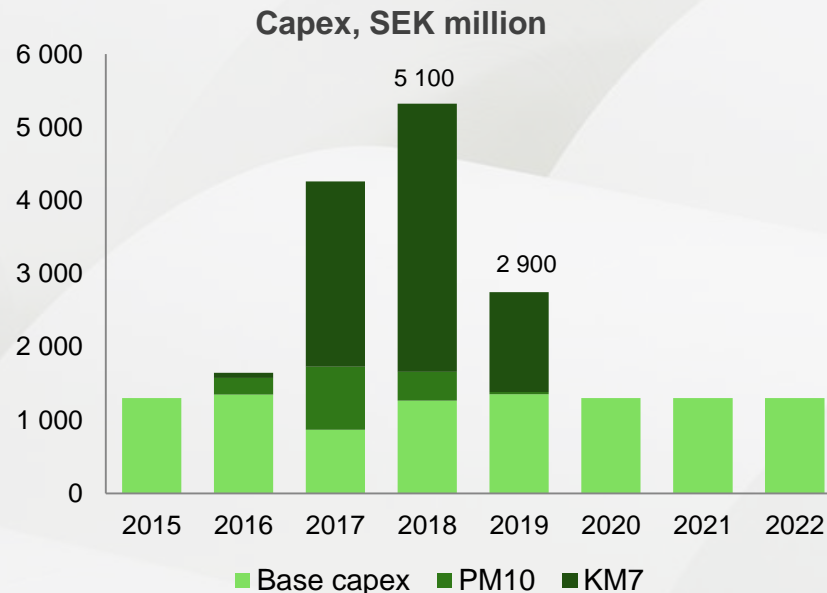
- ⊗ Continued good demand for our products
- ⊗ Increased price pressure is expected – focus on safeguarding current price levels
- ⊗ Total cost for fibre expected to flatten out at a high level

Next Generation investment programme



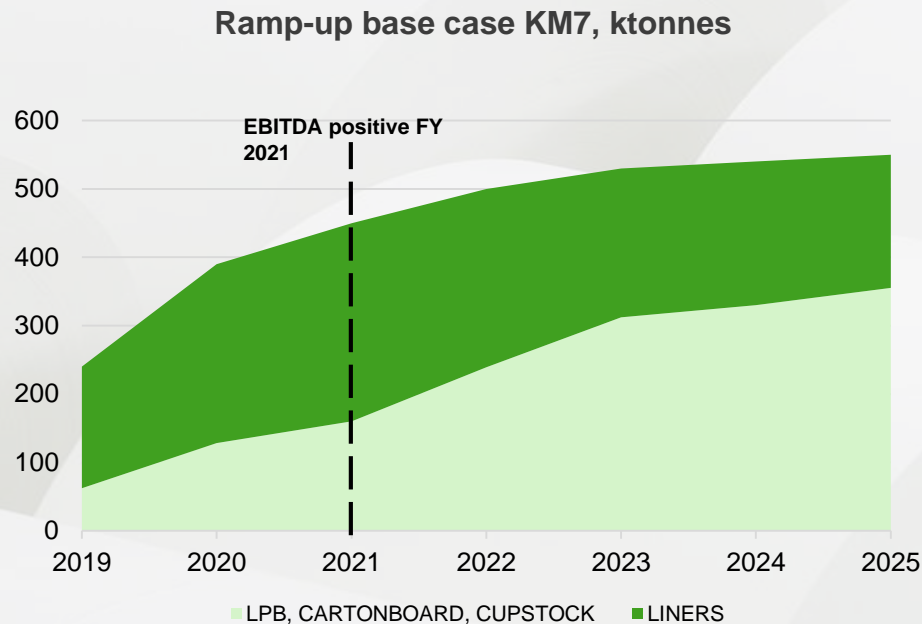
The majority of our investment program is completed

- ⦿ PM10: ~1 300 SEK million
 - > Started and undergoing ramp-up
- ⦿ KM7: ~7 600 SEK million
 - > Civil and construction completed
 - > Start-up March-April



We are committed to a stable ramp-up of KM7

- ⦿ Liner will be the major product during the start-up phase
- ⦿ Increasing LBP production in pace with market growth
- ⦿ Flexibility to produce premium products to meet change in product demand



New organisation and management team in place

