



**THE NATURAL PART IN  
SMARTER PACKAGING**

**COMBINATION OF BILLERUD AND KORSNÄS | PRESS CONFERENCE JUNE 20, 2012**

# **BILLERUDKORSNÄS**

**- A WORLD CLASS PACKAGING MATERIALS COMPANY**

*Combining two leading  
Swedish packaging  
materials companies...*

*...into a new entity  
under very strong  
brand names...*

*...with the aim to create:*

- Strengthened offering of virgin fibre based packaging materials
- Complete and well balanced product portfolio
- Leading positions within cartonboard, containerboard and packaging paper
- Knowledge base to enhance innovation and smarter solutions
- Strong positions in Food & Beverage, Consumer Goods and Industrial
- Attractive shareholder returns



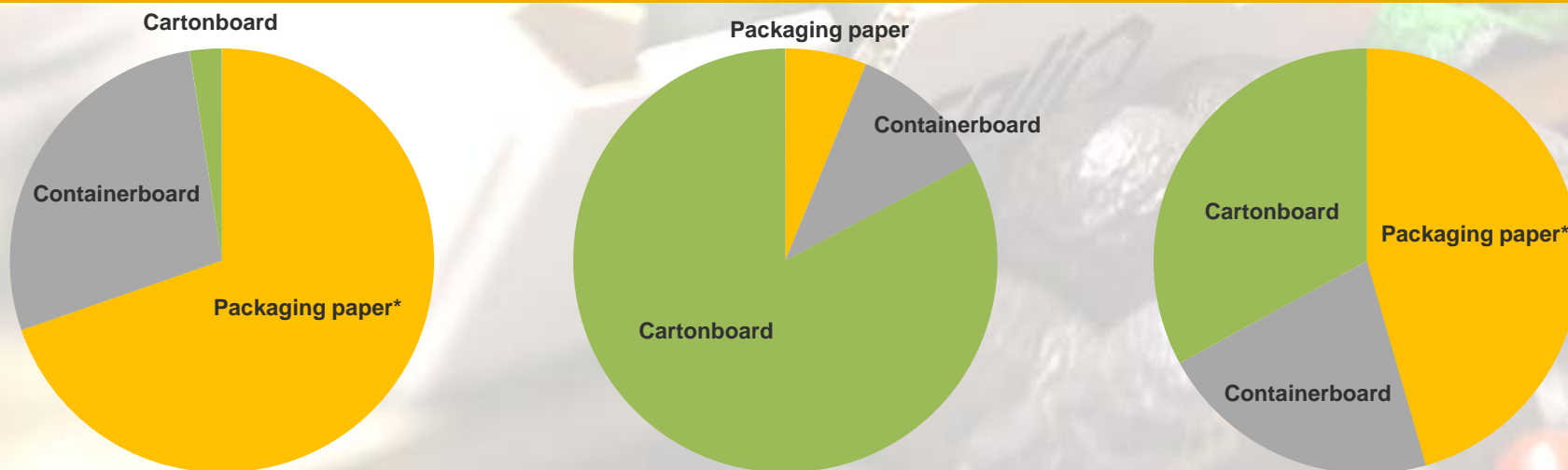
## COMBINATION IN SUMMARY

- Annual synergies of MSEK ~300 identified – full effect within three years from completion of the Transaction
- Consideration to Kinnevik in cash and shares in Billerud
- Kinnevik will become the largest owner of BillerudKorsnäs with an ownership of 25.1% and Frapag will be the second largest owner with 15.7%
- Financing
  - Committed credit facilities of SEK 10.5 bn from SEB and SHB
  - Directed Issue to Kinnevik
  - Rights issue to shareholders in Billerud-Korsnäs of MSEK 2,000 after completion of Transaction
- Subject to approval from relevant competition authorities and the shareholders' approval at the Extraordinary General Meeting in Billerud, which is expected to be held in Aug/Sep 2012
- A natural step to strengthen the companies' successful operations and create a strong platform for international growth

# BILLERUDKORSNÄS AT A GLANCE

Billerud (inkl. UPM's packaging paper operation)		Korsnäs (incl. Latgran)		BillerudKorsnäs combined	
Net sales 2011 (SEK bn)	EBITDA 2011 (SEK bn)	Net sales 2011 (SEK bn)	EBITDA 2011 (SEK bn)	Net sales 2011 (SEK bn)	EBITDA 2011 (SEK bn)
11.36	1.79	8.57	1.56	19.93	3.35

## Sales volume 2011 breakdown



Note: Net sales and EBITDA figures on this slide are combined.

\*Market pulp sales volumes of 343 ktonnes are included.

## GROUP STRUCTURE

### Cartonboard



Net sales: SEK ~6.1 bn  
Sales volume: ~870 ktonnes

### Containerboard



Net sales: SEK ~3.1 bn  
Sales volume: ~570 ktonnes

### Packaging paper



Net sales\*: SEK ~8.5 bn  
Sales volume\*: ~1,200 ktonnes

Note: Combined net sales and sales volume for BillerudKorsnäs for 2011 are shown per segment. In addition to the segment net sales, other operation includes external sales of forest raw material, pellet as well as currency hedging.

\* Whereof market pulp accounts for SEK ~1.8 bn of the combined net sales for Packaging paper in 2011 and 343 ktonnes of the combined sales volume 2011.

## COMBINED PLANT STRUCTURE



Capacity overview (Billerud)	ktonne
Billerud Gruvön	685
Billerud Skärblacka	400
Billerud Karlsborg	300
Billerud Beetham	45
Billerud Pietarsaari	300
Billerud Tervasaari	
<b>Total</b>	<b>1,730</b>

Capacity overview (Korsnäs)	ktonne
Korsnäs Gävle	700
Korsnäs Frövi	430
Korsnäs Rockhammar <sup>1</sup>	0
<b>Total</b>	<b>1,130</b>

1) Internal pulp supply of 90 ktonne, included in the capacity at Frövi

## SYNERGIES

- MSEK ~300 estimated in annual synergies
  - 60% in purchasing processes
  - 25% in selling and administration costs
  - 15% in production optimisation
- Full effect of synergies expected within 3 years from completion
- The realisation of synergies and the integration made easier by a geographical and cultural proximity between the companies
- MSEK 110 estimated in implementation cost to achieve synergies
  - Majority will be accounted for during the first year from completion

# THE BILLERUDKORSNÄS GROWTH STRATEGY





## **CORPORATE GOVERNANCE**

- Company name BillerudKorsnäs
  - Combination of two well known trade marks with strong heritage
- Headquarter in Stockholm
- Management
  - CEO: Per Lindberg, current CEO of Billerud
  - COO: Christer Simrén, current CEO of Korsnäs
  - CFO: Susanne Lithander, current CFO of Billerud

## TRANSACTION OVERVIEW

- Combination of Billerud and Korsnäs
  - Transaction includes Korsnäs' 5% holding in Bergvik and Kinnevik's 75% holding in Latgran
- Consideration;
  - Gross cash payable to Kinnevik of MSEK 3,200
  - Directed Issue of shares to Kinnevik corresponding to approximately 25% of the shares
  - In connection with the Transaction, Billerud will assume net debt in Korsnäs amounting to MSEK 5,650
- The Transaction is fully financed through new bank facilities and existing bonds in Billerud
- In order to strengthen the capital structure post the Transaction, Billerud's Board of Directors will propose a rights issue of MSEK 2,000 subsequent to the Transaction
  - Kinnevik has committed to subscribe for shares to the amount of MSEK 500
  - Frapag has committed to subscribe for its pro rata shares
  - Net cash payable amounting to MSEK 2,700 in the Transaction

## OWNERSHIP

Following the Directed Issue of shares to Kinnevik and assuming full pro rata subscription in the Rights issue

Owner	
Investment AB Kinnevik	25.1%
FRAPAG Beteiligungsholding AG	15.7%
DFA funds (USA)*	2.2%
Norwegian government*	2.2%
SHB funds*	1.9%

## INDICATIVE TIME TABLE

- July/August 2012: Convening notice for the EGM
- Around three weeks prior to the EGM: Information material published
- August/September 2012: EGM
- Fourth quarter 2012: Transaction closing
- Fourth quarter 2012: Board of Directors decides on the Rights Issue based on authorisation granted at the EGM

## COMBINED FINANCIALS

(SEK billion)	Billerud incl. acquisition of the packaging paper business from UPM	Korsnäs incl. Latgran	BillerudKorsnäs combined
<b>Jan-Dec 2011</b>			
Net sales	11.36	8.57	19.93
EBITDA	1.79	1.56	3.35
<i>EBITDA-margin</i>	15.7%	18.2%	16.8%
EBIT	1.10	0.94	2.04
<i>EBIT-margin</i>	9.7%	11.0%	10.2%
<b>Jan-Mar 2012</b>			
Net sales	2.84	2.34	5.18
EBITDA	0.37	0.42	0.79
<i>EBITDA-margin</i>	13.2%	17.8%	15.3%
EBIT	0.21	0.26	0.47
<i>EBIT-margin</i>	7.4%	11.0%	9.0%

- BillerudKorsnäs' net gearing (net debt/equity ratio) will, upon completion of the Transaction and the Rights Issue, be increased by approx. 0.75 compared to Billerud's current gearing of approx. 0.20

## Q&A



# EMBRACING THE {GOODS}

We believe in embracing what is important to our customers, our company, our employees and the environment. By always giving back more than we take, we are building a company for future generations.

## **APPENDIX**



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# FINANCIALS

	<b>Billerud</b>					<b>Korsnäs</b>				
(SEKbn)	2009*	2010*	2011	Q1 2011	Q1 2012	2009**	2010**	2011	Q1 2011	Q1 2012
<b>Sales</b>	7.76	8.83	11.36	3.09	2.84	8,039	8,178	8.57	2.24	2.34
<b>EBITDA</b>	0.86	1.65	1.79	0.52	0.37	1,462	1,528	1.56	0.43	0.42
<b>EBITDA margin</b>	11.1%	18.7%	15.7%	16.9%	13.2%	18.2%	18.7%	18.2%	19.3%	17.8%
<b>EBIT</b>	0.30	1.04	1.10	0.35	0.21	851	926	0.94	0.28	0.26
<b>EBIT margin</b>	3.9%	11.8%	9.7%	11.4%	7.4%	10.6%	11.3%	11.0%	12.4%	11.0%

\*Reported financials excluding the acquisition of the packaging paper business from UPM

\*\* Reported financials excluding Latgran



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