



PRESS RELEASE

21 April, 2015, Solna

Best quarterly performance ever

CEO Per Lindberg comments on the development during Q1 2015:

“We are proud to report our best quarter so far in our short history as BillerudKorsnäs. Our operating profit in the quarter reached a level of SEK 698 million and the operating margin was over 12%.”

THE RESULT

The financial performance for the first quarter this year was very strong. On top of a very strong operating result, our operating cash flow was excellent, SEK 733 million, and we have further improved our net debt/equity ratio which is now down to 0.57. Return on capital employed is improving and closing in on our 13% target, but still rounded to 11% and hence we are above all our financial targets except ROCE. Of course, no planned maintenance shutdowns and a weakened SEK had a significant positive impact on the quarter, but I am still very pleased. The one area where we in Q1 fall a little short is volume growth as compared to last year. But keeping in mind that the beginning of last year was exceptional and that production and delivery volume ramp-up rarely is linear, I am still confident in our ability to reach our longer-term growth targets.

MARKET OUTLOOK

The overall market has been stable during the quarter. We expect the stability to continue with quite good demand and little changes in local prices. The pulp price in USD seems to have peaked, but the relative strength of the USD versus other currencies have compensated for the USD nominated price fall.

The relatively high pulp price contributes both to stability and to our own profitability. However, the high pulp cost pressures unintegrated production capacity in the Euro-zone and Sweden. We also see some competitors being forced to take action due to profit squeeze. Meanwhile, and on the balance, we now have a slightly more positive market outlook for our business areas Packaging Paper and Containerboard than we previously expected, whereas the Consumer Board market continues to be stable.

Looking in further detail we can see that within the MF segment in Packaging Paper increased competition pressures local prices and we have not been able to utilise our full capacity during the quarter. This was expected and will most likely continue. On the other hand, the brown sack paper segment shows strength and is trending more positively than expected. Within Containerboard, the fluting segment is currently very strong, with strong order books and we may be looking at price hikes during Q2. In the liner segment competition continues to increase with increased capacity on the market. Even if prices have been kept quite stable during the quarter, white liner continues to be somewhat of a concern.



BILLERUDKORSNÄS

STRATEGY

I feel that we have prepared the company well both financially and operationally to be ready to take an additional step towards becoming the leading player in the primary fibre packaging market. Our mid-term strategic target is to grow the company organically with 3-4% per year until 2018. This requires debottleneck investments, and several decisions have already been made and I expect more to come. Looking beyond mere organic growth, we have by now strengthened our balance sheet enough to also consider additional growth by acquisitions or significant investments. However, shareholder value will not be compromised and any such step will be subject to utmost scrutiny.

Our mission is to challenge conventional packaging for a sustainable future. In order to emphasize the importance of sustainability we are partnering with the Tara expedition. We share the vision of a future where plastics floating in the oceans are a memory only, and what brings us together is that we constantly seek new answers to sustainability challenges. We want to be active in driving the development towards a more sustainable future, and several lessons from this cooperation will be fed into our own product development.

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