



PRESS RELEASE

2 February, 2017, Solna

Preparing for the future

CEO Per Lindberg comments on the development during Q4 2016:

“When we look back at 2016 we are very happy to see that we across the board have record production and sales volumes. The one issue is our lack of growth within Consumer Board due to the production disturbances earlier in the year. Looking forward we have good reason to believe this will not be a concern. We have stabilised our production and the most important event last year, the decision to build a new board machine in Gruvön, gives us the foundation for long term growth. Together with the decision to make Skärblacka a world leading MG-centre it also optimises our production structure. Looking at the markets we are confident we will be able to deliver continued growth in line with our plans and expectations. The foundation of our business is sustainable packaging materials and solutions and the demand is growing across our markets all over the world.”

THE RESULT

We deliver a solid performance with an increase in sales volumes of 1% for the full year 2016 compared to 2015. We have record production and sales volumes and on top of that our cash flow and adjusted EBITDA is at an all-time high and our working capital end of 2016 at an all-time low. We are not satisfied with the growth in the Consumer Board segment during 2016, but we have put the production disturbances related to the rebuilds in 2015 behind us, and the anticipated improvements will come as we now are able to run our capacity on higher levels to match market demand and growth. Worth mentioning is also a strong finish in 2016 for business area Packaging Paper with an all-time high profit.

MARKET OUTLOOK

It is fair to say that both in the packaging industry and among brand owners it is a widespread anticipation that the largest potential disruptive development for packaging going forward is a growing environmental awareness among consumers. We have long seen this when we analyse our markets, in dialogue with our customers and partners but also in growing demand for sustainable packaging. In recent times we have also seen a growing interest in sustainability from investors and owners. In a global political context that is unpredictable we still stand firm in our belief that consumers expect more and more from products and companies in terms of sustainability and that this creates growing market opportunities for us.

For each of our business areas the markets were stable in Q4 and we expect that to continue in Q1.



BILLERUDKORSNÄS

STRATEGY

To seize the long term market opportunities we have a clear strategy of profitable growth that is divided in two main categories – packaging materials and solutions. During 2016 we showed that we are committed to these ambitions. The two major investments announced during the year both underline the intention and provides the platform for growing the materials side of our business. But we have also taken several important steps towards accelerating our growth in solutions. During 2016 we established BillerudKorsnäs Venture AB that will find and invest in young innovative companies with technologies or competence that in combination with our capabilities might create completely new business opportunities. In Q1 we invested in ecoXpac (specialised in advanced 3D-forming) and during Q4 we invested in Kezzler and in Hanhaa (Internet of Packaging). While these investments aim to yield new revenue streams in the long term, solutions are already becoming an important part of the current business areas. This is very evident in Corrugated Solutions with an aggressive growth plan for Managed Packaging – once an acquisition of the company Paccess.

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