



# BILLERUDKORSNÄS

Q4  
Preparing for the future

## YEAR-END REPORT January–December 2016

### KEY HIGHLIGHTS

- BillerudKorsnäs reached all-time high sales- and production volumes for the year despite production disturbances earlier in the year.
- Net sales have increased with 5% for the quarter compared to the same period previous year due to less production problems and a weaker SEK.
- Adjusted EBITDA for the quarter show strong improvement due to the problems in production the previous year.
- Earnings per share for the quarter amounted to SEK 0.66 (0.96).
- Decision was taken to build a new board machine in Gruvön.
- The fourth quarter is burdened by SEK 325 million in items affecting comparability.

### OUTLOOK

- Demand and order situation for the first quarter is expected to be stable with normal seasonal variances for all business areas.
- Average prices in local currency in the first quarter are anticipated to be unchanged in all segments except for the impact of previously announced price increases in the sack segment.
- For the coming quarter the wood cost is expected to increase approximately 3% due to higher transportation cost. However no changes to wood prices are expected.
- Investment level 2017 will be approximately SEK 4 300 million.

### PROPOSED DIVIDEND

- The Board of Directors proposes a dividend of SEK 4.30 per share for 2016.

## KEY FIGURES

SEKm	Q4 2016	Q4 2015	Change	Jan-Dec 2016	Jan-Dec 2015	Change
Net sales	5 468	5 213	5%	21 657	21 814	-1%
EBITDA	693	671	3%	3 606	4 003	-10%
Adjusted EBITDA	898	672	34%	3 836	3 661	5%
EBITDA, %	13%	13%		17%	18%	
Adjusted EBITDA, %	16%	13%		18%	17%	
Operating profit	211	320	-34%	2 045	2 586	-21%
Adjusted operating profit	536	321	67%	2 395	2 244	7%
Operating margin, %	4%	6%		9%	12%	
Adjusted operating margin, %	10%	6%		11%	10%	
Net profit/loss for the period	137	199	-31%	1 518	1 968	-23%
Earnings per share, SEK	0.66	0.96	-31%	7.33	8.75	-16%
Adjusted earnings per share, SEK	1.86	0.96	94%	8.65	7.67	13%
Operating cash flow	619	360	72%	2 101	1 957	7%
ROCE, %	N/A	N/A		12%	15%	
Adjusted ROCE, %	N/A	N/A		14%	13%	
Working Capital, % of net sales	11%	10%		11%	10%	
Interest-bearing net debt / EBITDA, multiple	1.08	1.24		1.08	1.24	

Adjusted EBITDA is adjusted for items affecting comparability.

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## Comments by CEO

### Preparing for the future



Per Lindberg,  
President and CEO

**SEK 5 468 m**  
NET SALES

**SEK 693 m**  
EBITDA

**SEK 898 m**  
ADJUSTED EBITDA

**13%**  
EBITDA MARGIN

**16%**  
ADJUSTED EBITDA MARGIN

“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.

#### 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 Paccs.

# Sales and results

**Sales in line with previous quarter, higher costs related to production disturbances and seasonally higher personnel costs led to an adjusted EBITDA decrease by 13%.**

## Q4 2016 COMPARED TO Q3 2016

Net sales for the fourth quarter were 1% higher than the previous quarter. Sales volumes were in line with previous quarter and the group could benefit from a positive currency development. The group saw a minor reduction of sales volumes for Packaging Paper and Consumer Board whereas Corrugated Solutions showed a 5% increase. Packaging Paper had a maintenance stop during Q3 in Karlsborg with related volume losses and Q4 was hampered by the limitation in their environmental production permit. Consumer Board had a maintenance stop during previous quarter in the Gävle mill and the business area was to a great extent negatively impacted during Q4 by the recovery boiler problems in Frövi as well as re-builds and related start-up issues at the Rockhammar pulp mill.

As a consequence of the decision to build a new board machine in Gruvön, costs of SEK 325 million are reported during the quarter. SEK 120 million of these will not impact cash flow. The costs are related to write-down of paper machines, severance pay related to staff reductions and costs for demolition of buildings.

Adjusted EBITDA, adjustment made for above mentioned costs of SEK 325 million, decreased by 13% as compared to Q3 following the previously communicated SEK 100 million impact from the recovery boiler problems in Frövi, disturbances at the Rockhammar mill and seasonally lower personnel costs during the Q3 holiday period. This was to some extent counteracted by reduced maintenance costs and lower costs for Tervasaari following the closure of the mill end of Q3. Total cost for the normal maintenance stop in Frövi and the rebuild in Rockhammar during the quarter amounted to SEK 135 million, and the group's total cost for maintenance stops decreased by SEK 59 million compared to the previous quarter.

**Adjusted EBITDA increased with 34%, following increased sales and production combined with lower costs.**

## Q4 2016 COMPARED TO Q4 2015

Net sales for the quarter were 5% higher than the corresponding period last year. Sales volumes were 3% above previous year and the negative price development mainly for fluting within Corrugated Solutions was more than offset by an improved currency situation and the inclusion of ScandFibre Logistics. Sales for all business areas increased compared to last year and Packaging Paper as well as Corrugated Solutions also recorded increased sales volumes whereas Consumer Board was on par with last year following production-, and related distribution disturbances.

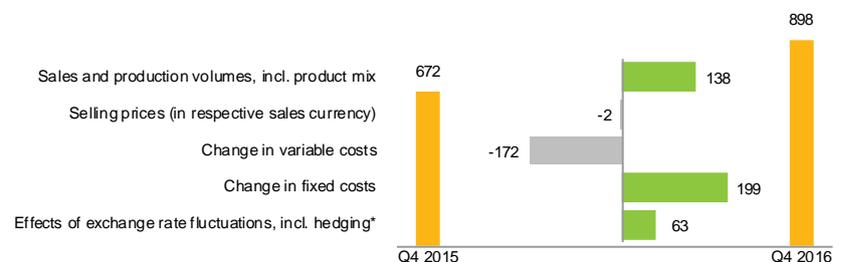
Adjusted EBITDA increased with 34%, driven by increased sales, additional production for Consumer Board to fill up the supply chain, reduced maintenance costs since Skärblacka had their stop already during Q2 this year and reduced costs after the closure of the mill in Tervasaari.

### EBITDA MARGIN

TARGET LEVEL >17%



### CHANGE IN ADJUSTED EBITDA Q4 2016 COMPARED TO Q4 2015, SEKm



\* Effects of exchange rate fluctuations totalling SEK 63 million comprise the following components: change in spot rates SEK 95 million, currency hedging SEK -96 million and currency effects from revaluation of trade receivables and payments from customers SEK 64 million.



**The adjusted EBITDA increased with 5% driven by increased volumes, lower costs and a favourable development of exchange rates.**

**FULL YEAR 2016 COMPARED TO FULL YEAR 2015**

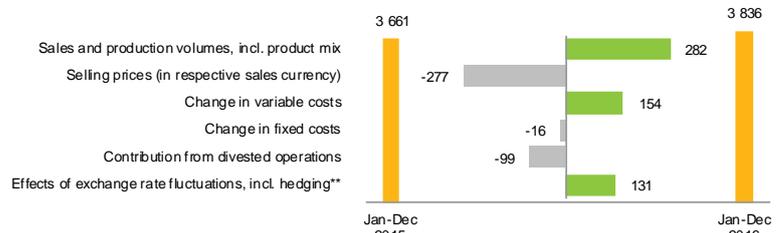
Net sales for the full year were 1% lower than the previous year due to the divestiture of Latgran and lower average prices mainly for fluting and pulp. Sales to the Americas and Africa had a positive development. During 2016 around 29% of all volumes were sold outside of Europe, which is a slight increase compared to 2015. The sales development was somewhat mitigated by a more favourable currency rate. For comparable units\* net sales were in line with last year.

Sales volumes increased with 1% and reached all-time high.

Corrugated Solutions’ net sales developed positively compared to last year due to increased production of fluting related to last year’s rebuild of PM6 in Gruvön as well as continued healthy growth for Managed Packaging. The addition of several new programs and order surge towards year end resulted in December being the best sales month for Managed Packaging to date. Consumer Board recorded sales in line with last year, since production-, and supply disturbances meant that delivery requests from our key customers could not be fully met. Packaging Paper sales were down mainly related to reduced pulp prices and the closure of Tervasaari.

Adjusted EBITDA increased with 5% compared to last year. This was driven by increased volumes, a favourable development of variable costs related to lower raw material costs, mainly wood fibre, and reduced cost after the closure of the Tervasaari mill as well as a positive currency impact. The positive development was dampened by lower selling price and the effect from the divestiture of Latgran. Furthermore, the group’s yearly production outcome is a new overall production record following last year’s rebuilds on several machines, and all integrated mills have produced on a higher level than previously. For comparable units\* adjusted EBITDA increased with 8%. Adjusted operating profit reach an all-time high level.

**CHANGE IN ADJUSTED EBITDA FULL YEAR 2016 COMPARED TO FULL YEAR 2015, SEKm**



\*\* Effects of exchange rate fluctuations totalling SEK 131 million comprise the following components: change in spot rates SEK 6 million, currency hedging SEK 70 million and currency effects from revaluation of trade receivables and payments from customers SEK 55 million.

\*for comparable units the effects from Latgran is deducted in the numbers in 2015 and the effect of ScandFibre Logistics is deducted in the numbers for 2016.

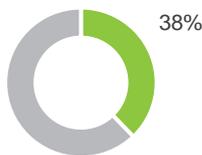
SEKm	2016	2015
Net sales	21 657	21 814
Latgran Jan-Jun 2015		-476
ScandFibre Logistics	-264	
<b>Net sales comparable units</b>	<b>21 393</b>	<b>21 338</b>
Adjusted EBITDA	3 836	3 661
Latgran Jan-Jun 2015		-99
ScandFibre Logistics	1	
<b>Adjusted EBITDA comparable units</b>	<b>3 837</b>	<b>3 562</b>

# Packaging Paper business area

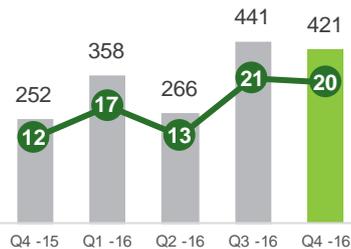
## KRAFT AND SACK PAPER FOR CUSTOMERS WITH TOUGH DEMANDS

Packaging Paper offers kraft and sack paper of premium quality plus smart solutions for customers in the industrial, medical equipment and consumer segments. The business area also sells surplus pulp that BillerudKorsnäs does not use in its own production<sup>1</sup>.

### SHARE OF GROUP'S NET SALES Q4 2016



### EBITDA



### KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -16	Q4 -15	2016	2015
Net sales	2 067	2 020	8 339	8 552
Net operating expenses, other	-1 646	-1 768	-6 853	-7 096
<b>EBITDA</b>	<b>421</b>	<b>252</b>	<b>1 486</b>	<b>1 456</b>
EBITDA, %	20%	12%	18%	17%
Operating profit/loss	298	131	990	971
Operating margin, %	14%	6%	12%	11%
Sales volumes, ktonnes	285	281	1 167	1 163
whereof packaging paper	186	167	746	733

### Q4 2016 COMPARED TO Q4 2015

Due to a good sales mix net sales increased with 2% compared to Q4 2015. EBITDA increased with 67% compared to the same period last year due to higher production in integrated mills and favourable exchange rates and the timing of the maintenance shutdown in Skärblacka during Q4 2015. Higher pulp costs in non-integrated mills were offset by improved market pulp prices due to favourable exchanges rates.

### FULL YEAR 2016 COMPARED TO FULL YEAR 2015

EBITDA for the year reached all time-high and increased with 2% compared to the same period last year, due to lower variable and fixed costs. Net sales for 2016 decreased with 2% due to lower pulp prices and prices on brown sack paper. The lower prices of pulp was partly offset by improved profitability in non-integrated production units.

Tervasaari production unit was shut down in September and the paper machine will be moved to Skärblacka during 2017.

### MARKET DEVELOPMENT

The market situation remained stable during the quarter. The brown sack paper market improved compared to previous quarter. Prices in local currency were unchanged compared to previous quarter for all segments.

The market for NBSK pulp remained stable in the quarter compared to the previous quarter. Prices remained on the level of approximately USD 810 per tonne at the end of the quarter, which is on the same level as the previous quarter. Price level on pulp at the end of Q4 2015 was USD 800 per tonne.

### OUTLOOK

During the next quarter the overall Packaging Paper sales are expected to be on par with the previous quarter. Kraft and sack paper markets remain solid. Prices in local currency are expected to increase for brown and white sack paper. Kraft paper prices are expected to remain stable during the first quarter 2017.

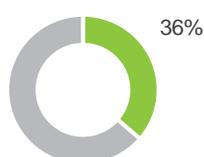
<sup>1</sup> The Packaging Paper business area buys and sells pulp at market price. The Group's net exposure in market pulp is estimated to average approximately 210 ktonnes for 2017, 80 ktonnes 2018 and 0 ktonnes in 2021.

## Consumer Board business area

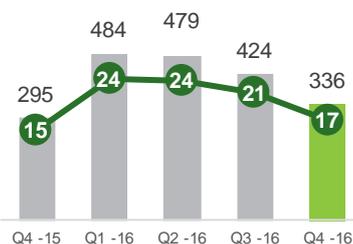
### LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES

Consumer Board delivers packaging materials in high-quality board made from primary fibre for beverages, food products and various other consumer goods. Smart solutions in terms of function, design and material selection create added value for customers.

#### SHARE OF GROUP'S NET SALES Q4 2016



#### EBITDA



#### KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -16	Q4 -15	2016	2015
Net sales	1 988	1 933	8 015	8 006
Net operating expenses, other	-1 652	-1 638	-6 292	-6 349
<b>EBITDA</b>	<b>336</b>	<b>295</b>	<b>1 723</b>	<b>1 657</b>
EBITDA, %	17%	15%	21%	21%
Operating profit/loss	148	120	964	954
Operating margin, %	7%	6%	12%	12%
Sales volumes, ktonnes	257	257	1 051	1 065

#### Q4 2016 COMPARED TO Q4 2015

Due to currency exchange rates and product mix net sales increased almost 3% compared to Q4 2015. Sales volumes were on par with last year. Deliveries were still restricted due to low stock levels following the previous production disturbances.

EBITDA increased with 14% compared to Q4 2015, primarily due to the start-up problems in Frövi 2015 after the rebuild of the board machine KM5. The improvement was achieved despite the substantial problems related to the recovery boiler in Frövi and start-up problems after the rebuild of Rockhammar.

#### FULL YEAR 2016 COMPARED TO FULL YEAR 2015

Due to a more favourable currency exchange rate and a change in product mix net sales are unchanged compared to the same period last year although sales volumes decreased with approximately 1%. Sales volumes decreased due to production disturbances in Frövi mill during the fourth quarter 2015 and the beginning of 2016 and the subsequently reduced stock levels available for deliveries.

EBITDA increased by 4% compared to 2015, primarily due to lower variable costs and a more stable board production.

#### MARKET DEVELOPMENT

The order situation for liquid packaging board and cartonboard in the fourth quarter was stable and satisfactory with normal seasonal variances. Prices in local currency were unchanged compared to the previous quarter.

#### OUTLOOK

Order situation for liquid packaging board and cartonboard are expected to continue to be firm and satisfactory with normal seasonal variances. Stock levels have been recovered in the fourth quarter and the rate of production in Frövi mill has been increased during the second half of the year.

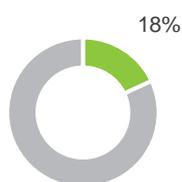


# Corrugated Solutions business area

## STRONG FLUTING AND LINER ADD VALUE

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. The strong and light materials – fluting and liner – are used in corrugated boxes for fragile goods and demanding distribution systems. Smart packaging is delivered via the Managed Packaging concept, which delivers supply chain solutions and packaging optimisations for brand owners, with a view to challenging conventional solutions.

SHARE OF GROUP'S NET SALES  
Q4 2016



EBITDA



## KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -16	Q4 -15	2016	2015
Net sales	989	880	3 620	3 329
Net operating expenses, other	-748	-676	-2 791	-2 605
<b>EBITDA</b>	<b>241</b>	<b>204</b>	<b>829</b>	<b>724</b>
EBITDA, %	24%	23%	23%	22%
Operating profit/loss	194	160	647	551
Operating margin, %	20%	18%	18%	17%
Sales volumes, ktonnes	147	132	554	506

### Q4 2016 COMPARED TO Q4 2015

Net sales increased 12% compared to the same quarter in 2015 because of strong demand for liner. Demand for fluting from Gruvön PM6 was relatively strong, with fluting ending the quarter with good growth over same quarter in 2015.

EBITDA is 18% higher than the same quarter in 2015 despite the price pressure on fluting. This is because of a positive currency effect, higher volume of fluting, lower delivery costs, and lower variable and fixed costs.

### FULL YEAR 2016 COMPARED TO FULL YEAR 2015

Net sales increased 9% as a result of increased volume of fluting and growth in Managed Packaging. 2015 was affected by fluting volume loss during the rebuild of Gruvön PM6.

EBITDA is 15% higher with lower local-currency pricing positively counteracted by increased volume, lower delivery costs, and lower variable costs.

### MARKET DEVELOPMENT

Order books and sales volumes for liner and fluting remain stable. Prices in local currency have remained stable compared to previous quarter. Managed Packaging continues to deliver strong growth.

### OUTLOOK

The demand for fluting and liner is forecasted to continue at normal levels for the coming quarter. Prices for fluting and liner are anticipated to be consistent with the previous quarter. Managed Packaging should continue delivering healthy growth.



## Currency hedging

**SEK -67 million net sales impact for the quarter.**

Currency hedging had an overall net sales impact of SEK -67 million (30) for the fourth quarter and SEK -54 million (-125) for 2016 (compared to no hedging).

The outstanding forward exchange contracts at 31 December 2016 had a market value of SEK -60 million, whereof SEK -24 million is the part of the contracts matched by trade receivables that has affected earnings in the fourth quarter. Accordingly, other contracts had a market value of SEK -36 million.

### HEDGED PORTION OF THE FORECASTED CURRENCY FLOWS\*\* FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (31 DECEMBER 2016)

Currency		Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Total 15 months
EUR	Share of net flow	79%	78%	78%	78%	70%	76%
	Rate	9.51	9.51	9.56	9.56	9.64	9.55
USD	Share of net flow	88%	71%	64%	59%	48%	66%
	Rate	8.49	8.62	8.66	8.89	9.05	8.70
GBP	Share of net flow	31%	-	-	-	-	6%
	Rate	11.50	-	-	-	-	11.50
<b>Market value of currency contracts*</b>		<b>-34</b>	<b>-21</b>	<b>-12</b>	<b>-2</b>	<b>9</b>	<b>-60</b>

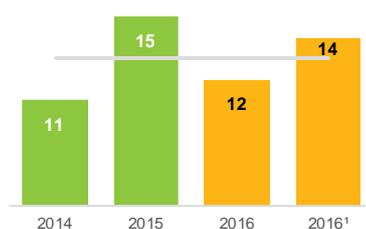
\*On 31 December 2016

\*\* Excluding currency flows from investment in a new board machine at the Gruvön site

The currency hedging policy is to hedge 0-80% of forecasted net flows over the coming 15 months. Any deviation from the policy must be approved by the Board of Directors.

### RETURN ON CAPITAL EMPLOYED

TARGET LEVEL >13%



1 Adjusted Return on capital employed

## Investments and capital employed

During the quarter, the Board of Directors approved an investment of SEK 5.7 billion in a new board machine (KM7) at the Gruvön site. The investment includes the construction of a new board machine and rebuild in the existing pulp mill. Production is expected to start in the first quarter of 2019. The investment will be financed within existing financing facilities.

Gross investments amounted to SEK 746 million (550) for the fourth quarter and SEK 1 645 million (1 710) for the full year 2016. This is approximately SEK 200 million above guidance for the year and is due to timing of a purchase for KM7 equipment.

Capital employed at 31 December 2016 amounted to SEK 16 906 million (17 397). Return on capital employed (ROCE), calculated over the past 12-month period, amounted to 12% (15%). 2016 is influenced by restructuring costs in Gruvön. The figure for 2015 was influenced by the capital gain from the Latgran divestiture. ROCE calculated with adjusted operating profit amounted to 14% (13%).

Return on equity was 12% (16%).

The costs of SEK 325 million consist of severance pay SEK 150 million, demolition costs SEK 55 million and a write-down of machinery of SEK 120 million. The remaining value of machinery needs to be depreciated faster than original plan which will increase depreciations with SEK 60 million for 2017 and 2018 respectively.

# Cash flow and financial position

## NET DEBT/EBITDA

TARGET LEVEL <2.5



## SUMMARY CASH FLOW STATEMENT

SEKm	Quarter		Jan-Dec	
	Q4 -16	Q4 -15	2016	2015
Operating surplus, etc.	931	692	3 781	3 622
Change in working capital, etc.	548	222	332	120
Net financial items, taxes, etc.	-117	-10	-371	-84
<b>Cash flow from operating activities</b>	<b>1 362</b>	<b>904</b>	<b>3 742</b>	<b>3 658</b>
Current net investments	-743	-544	-1 641	-1 701
<b>Operating cash flow</b>	<b>619</b>	<b>360</b>	<b>2 101</b>	<b>1 957</b>

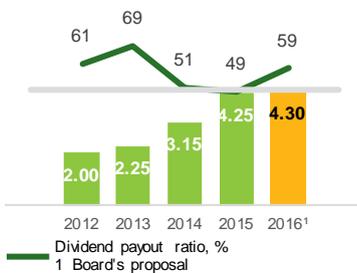
Operating cash flow in 2016 amounted to SEK 2 101 million (1 957). The increase was mainly due to reduction of working capital. Working capital at the end of the quarter was on an all-time low level. Working capital in relation to sales was 11% for the quarter, which is on the same level as previous quarter. Investment level increased due to a purchase of approximately SEK 200 million for KM7 equipment.

Interest-bearing net debt on 31 December 2016 amounted to SEK 3 884 million (4 979). The Group's interest-bearing net debt in relation to EBITDA at the end of the period was 1.08 (1.24). The target is to have a ratio below 2.5.

## Financing

### DIVIDEND POLICY

TARGET LEVEL 50%



Interest-bearing debt amounted to SEK 3 829 million, a decrease with SEK 410 million from the previous quarter. The change was related to repayment of commercial papers, bond loan and Bomhus Energi AB's term loan. Bond loans decreased with SEK 200 million, and commercial papers with SEK 200 million, both recognised as short term debt. Compared to previous year, the interest-bearing debt decreased with SEK 566 million.

The syndicated revolving credit facility of SEK 5 500 million matures in 2019.

Loan	Limit, SEKm	Maturity, years			Total utilized
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		800		700	1 500
Bond loans within MTN program	5 000	300	1 500		1 800
Commercial paper	3 000				-
Term loan, Bomhus Energi AB		42	42	445	529
Other interest-bearing liabilities					
<b>Group total</b>		<b>1 142</b>	<b>1 542</b>	<b>1 145</b>	<b>3 829</b>

The Board of Directors proposes a dividend of SEK 4.30 per share for 2016.



## Taxes

The tax cost 2016 amounted to SEK 419 million (443), equal to approximately 22% (18%) of profit before tax. The low tax cost for 2015 is mainly explained by the non-taxable capital gain from the divestiture of Latgran.

## Parent company

The parent company BillerudKorsnäs AB includes the sales organisation for the Nordic market and markets outside Europe, and the head office functions.

Operating profit for 2016 amounted to SEK -27 million compared with SEK -185 million for 2015. The increase is mainly due to positive impact from hedging contracts and revaluations of accounts receivable.

The parent company hedges both its' own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. This result amounted to SEK -54 million (-125).

The average number of employees was 100 (96). Cash and bank balances and short-term investments amounted to SEK 516 million (10).

# Seasonal effects



BillerudKorsnäs' business is to a relatively limited extent subject to seasonal fluctuations. The greatest impact is from periodic maintenance shutdowns, during which the unit concerned is idle for approximately a week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown.

## PLANNED MAINTENANCE SHUTDOWNS

In addition to on-going maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. In order to carry out maintenance, production of pulp, paper and board is stopped. The cost of a maintenance shutdown mainly comprises the loss of volume related to the shutdown and fixed costs, mainly in the form of costs of maintenance and overtime work, as well as - to some extent - variable costs such as higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.

## ESTIMATED MAINTENANCE SHUTDOWN COST

Production units	Estimated shutdown cost <sup>1</sup>	Estimated breakdown of shutdown cost by business area			Planned dates of maintenance shutdown		
		SEKm	Packaging Paper	Consumer Board	Corrugated Solutions	2017	2016
Gävle	~ 140	~ 5%	~ 80%	~ 15%	Q3	Q3	Q3
Gruvön*	~ 140	~ 40%	~ 10%	~ 50%	Q2	Q2	Q2
Frövi	~ 90	0%	100%	0%	Q4	Q4	Q4
Skärblacka	~ 120	~ 85%	0%	~ 15%	Q2	Q2	Q4
Skärblacka**	~ 20	100%	0%	0%	Q3	-	-
Karlsborg	~ 55	100%	0%	0%	Q3	Q3	Q3
Pietarsaari	~ 15	100%	0%	0%	Q2	-	Q4
Rockhammar	~ 15	0%	100%	0%	Q3	Q4	-

<sup>1</sup> Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

\*Gruvön will have a maintenance shutdown end of March 2017, affecting both Q1 and Q2 financial statement. In Q1 the estimated cost is SEK 60 million and in Q2 SEK 80 million.

\*\*Skärblacka will have an additional maintenance shutdown at PM7, end of September 2017, affecting both Q3 and Q4 financial statement. In Q3 the estimated cost is SEK 5 million and in Q4 SEK 15 million, all affecting business area Packaging Paper.

Costs for planned maintenance shutdown reflect estimated cost impact for 2017. In Q4 2016, Frövi and Rockhammar carried out planned maintenance shutdowns. Total costs for these shutdowns amounted to SEK 135 million which was SEK 45 million more than estimated, due to start-up problems after the rebuild in Rockhammar.

## Largest shareholders

### BILLERUDKORSNÄS' TEN LARGEST SHAREHOLDERS (31 DECEMBER 2016)

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	20 583 373	9.9
Swedbank Robur Funds	9 384 808	4.5
Fourth Swedish National Pension Fund	6 578 034	3.2
Alecta	5 448 000	2.6
Handelsbanken Funds	4 656 994	2.2
DFA Funds (USA)	4 159 482	2.0
Norges Bank Investment Management	4 142 062	2.0
Vanguard	3 272 338	1.6
Lannebo Funds	2 200 000	1.1
<b>Total 10 largest shareholders</b>	<b>91 725 091</b>	<b>44.2</b>
<b>Total number of shares in the market</b>	<b>207 089 336</b>	<b>100.0</b>

## Distribution of shares

### DISTRIBUTION OF SHARES (31 DECEMBER 2016)

Registered number of shares	208 219 834
Bought back shares	-1 130 498
<b>Total number of shares in the market</b>	<b>207 089 336</b>

## Significant risks and uncertainties

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses are in SEK. A more in-depth description of risks and a sensitivity analysis is provided on pages 24-30 of the 2015 Annual Report.

## Related party transactions

No transactions have taken place between BillerudKorsnäs and related parties that significantly affect the company's position and earnings.

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## Events after the end of the quarter

No significant events have occurred after the end of the quarter.

Solna, 1 February 2017

Per Lindberg, CEO



## FINANCIAL CALENDAR

Q1 2017 – 20 April 2017

2017 Annual general Meeting – 10  
May 2017

Q2 2017 – 18 July 2017

Q3 2017 – 17 October 2017

Annual report for 2016 will be  
published in April 2017

This information constituted inside information before publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.

# BillerudKorsnäs Group

## Summarised income statement

SEKm	Quarter			Full year	
	Q4 -16	Q3 -16	Q4 -15	2016	2015
Net sales	5 468	5 393	5 213	21 657	21 814
Other income	48	31	34	155	594
<b>Operating income</b>	<b>5 516</b>	<b>5 424</b>	<b>5 247</b>	<b>21 812</b>	<b>22 408</b>
Change in inventories	76	117	-49	300	-214
Raw materials and consumables	-2 670	-2 608	-2 448	-10 457	-10 597
Other external costs	-1 211	-1 144	-1 223	-4 574	-4 421
Employee benefits expense	-1 017	-752	-850	-3 474	-3 167
Depreciation and impairment of non-current assets	-482	-360	-351	-1 561	-1 417
Profit/Loss from participations in associated companies	-1	-	-6	-1	-6
<b>Operating expenses</b>	<b>-5 305</b>	<b>-4 747</b>	<b>-4 927</b>	<b>-19 767</b>	<b>-19 822</b>
<b>Operating profit/loss</b>	<b>211</b>	<b>677</b>	<b>320</b>	<b>2 045</b>	<b>2 586</b>
Financial income and expenses	-36	-36	-57	-108	-175
<b>Profit/Loss before tax</b>	<b>175</b>	<b>641</b>	<b>263</b>	<b>1 937</b>	<b>2 411</b>
Taxes	-38	-141	-64	-419	-443
<b>Net profit/loss for the period</b>	<b>137</b>	<b>500</b>	<b>199</b>	<b>1 518</b>	<b>1 968</b>
<b>Profit/Loss attributable to:</b>					
Owners of the parent company	137	500	200	1 518	1 811
Non-controlling interests	-	-	-1	-	157
<b>Net profit/loss for the period</b>	<b>137</b>	<b>500</b>	<b>199</b>	<b>1 518</b>	<b>1 968</b>
<b>Earnings per share, SEK</b>	<b>0.66</b>	<b>2.41</b>	<b>0.96</b>	<b>7.33</b>	<b>8.75</b>
<b>Diluted earnings per share, SEK</b>	<b>0.65</b>	<b>2.41</b>	<b>0.96</b>	<b>7.31</b>	<b>8.73</b>

## Summarised statement of comprehensive income

SEKm	Quarter			Full year	
	Q4 -16	Q3 -16	Q4 -15	2016	2015
<b>Net profit/loss for the period</b>	<b>137</b>	<b>500</b>	<b>199</b>	<b>1 518</b>	<b>1 968</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gains or losses on defined benefit pension plans	51	-63	35	-12	-28
Tax attributable to items not to be reclassified to profit or loss	-11	14	-8	3	6
<b>Total items never reclassified to profit or loss</b>	<b>40</b>	<b>-49</b>	<b>27</b>	<b>-9</b>	<b>-22</b>
<b>Items that have been or may be reclassified subsequently to profit or loss</b>					
Differences arising from the translation of foreign operations' accounts	-4	28	-45	53	-82
Change in fair value of shareholding in Bergvik Skog	46	8	454	16	456
Change in fair value of cash flow hedges	83	16	57	76	141
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-19	-3	-13	-17	-31
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>106</b>	<b>49</b>	<b>453</b>	<b>128</b>	<b>484</b>
<b>Total comprehensive income for the period</b>	<b>283</b>	<b>500</b>	<b>679</b>	<b>1 637</b>	<b>2 430</b>
<b>Attributable to:</b>					
Owners of the parent company	283	500	679	1 637	2 278
Non-controlling interests	-	-	-	-	152
<b>Total comprehensive income for the period</b>	<b>283</b>	<b>500</b>	<b>679</b>	<b>1 637</b>	<b>2 430</b>



## Summarised balance sheet

SEKm	31 Dec 2016	30 Sep 2016	31 Dec 2015
Intangible assets	2 335	2 318	2 384
Property, plant and equipment	14 937	14 732	14 812
Other non-current assets	1 439	1 313	1 341
<b>Total non-current assets</b>	<b>18 711</b>	<b>18 363</b>	<b>18 537</b>
Inventories	3 142	3 071	2 842
Accounts receivable	2 612	2 557	2 512
Other current assets	681	658	1 004
Cash and cash equivalents	708	503	188
<b>Total current assets</b>	<b>7 143</b>	<b>6 789</b>	<b>6 546</b>
<b>Total assets</b>	<b>25 854</b>	<b>25 152</b>	<b>25 083</b>
Equity attributable to owners of the parent company	13 021	12 736	12 253
Non-controlling interests	1	-	165
<b>Total equity</b>	<b>13 022</b>	<b>12 736</b>	<b>12 418</b>
Interest-bearing liabilities	2 687	2 698	3 027
Provisions for pensions	778	827	783
Other provisions	252	46	45
Deferred tax liabilities	3 410	3 157	3 186
<b>Total non-current liabilities</b>	<b>7 127</b>	<b>6 728</b>	<b>7 041</b>
Interest-bearing liabilities	1 142	1 541	1 368
Accounts payables	3 049	2 531	2 679
Other liabilities and provisions	1 514	1 616	1 577
<b>Total current liabilities</b>	<b>5 705</b>	<b>5 688</b>	<b>5 624</b>
<b>Total equity and liabilities</b>	<b>25 854</b>	<b>25 152</b>	<b>25 083</b>

## Summarised statement of changes in equity

SEKm	Full year 2016	Jan-Sep 2016	Full year 2015
<b>Opening balance</b>	<b>12 418</b>	<b>12 418</b>	<b>10 704</b>
Comprehensive income for the period	1 637	1 354	2 430
Share-based payment to be settled in equity instruments	11	8	11
Dividend to owners of the parent company	-880	-880	-651
Dividend to non-controlling interests	-164	-164	-76
<b>Closing balance</b>	<b>13 022</b>	<b>12 736</b>	<b>12 418</b>
<b>Equity attributable to:</b>			
Owners of the parent company	13 021	12 736	12 253
Non-controlling interests	1	-	165
<b>Closing balance</b>	<b>13 022</b>	<b>12 736</b>	<b>12 418</b>

## Summarised statement of cash flow

SEKm	Quarter			Full year	
	Q4 -16	Q3 -16	Q4 -15	2016	2015
Operating surplus, etc. *	931	1 014	692	3 781	3 622
Change in working capital, etc.	548	20	222	332	120
Net financial items, taxes, etc.	-117	-17	-10	-371	-84
<b>Cash flow from operating activities</b>	<b>1 362</b>	<b>1 017</b>	<b>904</b>	<b>3 742</b>	<b>3 658</b>
Investments in intangible assets, property, plant and equipment	-708	-322	-514	-1 607	-1 672
Acquisition of financial assets	-38	-	-36	-38	-38
Sales of subsidiary	-	-	-2	-	941
Business combinations	-	-	-	-6	-
Disposal of property, plant and equipment	3	1	6	4	9
<b>Cash flow from investing activities</b>	<b>-743</b>	<b>-321</b>	<b>-546</b>	<b>-1 647</b>	<b>-760</b>
Change in interest-bearing receivables	-4	1	12	2	-
Change in interest-bearing liabilities	-411	-759	-527	-564	-2 687
Dividend to owners of the parent company	-	-	-	-880	-651
Dividend to non-controlling interests	-	-	-	-165	-76
<b>Cash flow from financing activities</b>	<b>-415</b>	<b>-758</b>	<b>-515</b>	<b>-1 607</b>	<b>-3 414</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>204</b>	<b>-62</b>	<b>-157</b>	<b>488</b>	<b>-516</b>
<b>Cash and cash equivalents at start of period</b>	<b>503</b>	<b>551</b>	<b>377</b>	<b>188</b>	<b>737</b>
<b>Translation differences in cash and cash equivalents</b>	<b>1</b>	<b>14</b>	<b>-32</b>	<b>32</b>	<b>-33</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>708</b>	<b>503</b>	<b>188</b>	<b>708</b>	<b>188</b>

\* The amount for the period January-December 2016 takes into account operating profit of SEK 2 045 million, reversed depreciation SEK 1 561 million, result from associated companies SEK 1 million, decrease in pension liabilities SEK -37 million, other provisions SEK 175 million, net of produced and sold electricity certificates and sold emission rights SEK 25 million and incentive programmes SEK 11 million. The amount for the period January-December 2015 takes into account operating profit of SEK 2 586 million, reversed depreciation SEK 1 417 million, capital result SEK 5 million, result from associated companies SEK 6 million, result from sale of Latgran -440 million decrease in pension liabilities SEK -28 million, other provisions SEK 91 million, net of produced and sold electricity certificates and sold emission rights SEK -26 million and incentive programmes SEK 11 million.



## Note 1 Accounting principles

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles applied in this interim report are the same as those used in the most recent annual report for 2015, see pages 40-46 and page 70 for definitions of key indicators. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 21 of this report.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures in accordance with IFRS.

## Note 2 Financial assets and liabilities

<i>Valuation classification</i>	<b>Derivatives in hedge accounting</b>	<b>Accounts and loan receivables</b>	<b>Available for- sale financial assets</b>	<b>Financial liabilities measured at amortised costs</b>	<b>Total carrying amount</b>	<b>Fair value</b>
	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2016</b>						
Other shares and participations	-	-	1 343	-	1 343	1 343
Long-term receivables	-	21	-	-	21	21
Accounts receivable	-	2 612	-	-	2 612	2 612
Other receivables	107	378	-	-	485	485
Cash and cash equivalents <sup>1</sup>	-	708	-	-	708	708
<b>Total</b>	<b>107</b>	<b>3 719</b>	<b>1 343</b>	<b>-</b>	<b>5 169</b>	<b>5 169</b>
Non-current interest-bearing liabilities	-	-	-	2 687	2 687	2 731
Current interest-bearing liabilities	-	-	-	1 142	1 142	1 142
Accounts payables	-	-	-	3 049	3 049	3 049
Other liabilities	129	-	-	193	322	322
<b>Total</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>7 071</b>	<b>7 200</b>	<b>7 244</b>

<i>Valuation classification</i>	<b>Derivatives in hedge accounting</b>	<b>Accounts and loan receivables</b>	<b>Available for- sale financial assets</b>	<b>Financial liabilities measured at amortised costs</b>	<b>Total carrying amount</b>	<b>Fair value</b>
	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2015</b>						
Other shares and participations	-	-	1 289	-	1 289	1 289
Long-term receivables	-	18	-	-	18	18
Accounts receivable	-	2 512	-	-	2 512	2 512
Other receivables	97	637	-	-	734	734
Cash and cash equivalents <sup>1</sup>	-	188	-	-	188	188
<b>Total</b>	<b>97</b>	<b>3 355</b>	<b>1 289</b>	<b>-</b>	<b>4 741</b>	<b>4 741</b>
Non-current interest-bearing liabilities	-	-	-	3 027	3 027	3 081
Current interest-bearing liabilities	-	-	-	1 368	1 368	1 368
Accounts payables	-	-	-	2 679	2 679	2 679
Other liabilities	174	-	-	264	438	438
<b>Total</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>7 338</b>	<b>7 512</b>	<b>7 566</b>

<sup>1</sup> Short-term investments are classified as "Cash and cash equivalents" when they mature less than three months after the acquisition date and are exposed to only a minor risk of fluctuation in value.

## Note 3 Other disclosures

Other disclosures in accordance with IAS 34.16A are disclosed on the pages prior the Income statement and the Statement of comprehensive income. Business area/segment information is disclosed on the pages 5-7, Financing information on page 9, Seasonal effects are disclosed on page 11 and Events after the end of the quarter on page 13.

## Key figures

	Full year	
	2016	2015
<b>Margins</b>		
EBITDA, %	17	18
Operating margin, %	9	12
<b>Return (rolling 12 months)</b>		
Return on capital employed, %	12	15
Return on equity, %	12	16
<b>Capital structure at end of period</b>		
Capital employed, SEKm	16 906	17 397
Working capital, SEKm	1 957	2 243
Equity, SEKm	13 022	12 418
Interest-bearing net debt, SEKm	3 884	4 979
Net debt/equity ratio	0.30	0.40
Interest-bearing net debt / EBITDA, multiple	1.08	1.24
<b>Key figures per share</b>		
Earnings per share, SEK	7.33	8.75
Dividend (for the financial year) per share, SEK	4,30*	4.25
<b>Other key figures</b>		
Working capital as percentage of net sales, %	11	10
Gross investments, SEKm	1 645	1 710
Average number of employees	4 274	4 223

\*Board's proposal.



RECONCILIATION ALTERNATIVE PERFORMANCE MEASURES KEY FIGURES

	Quarter			Full year	
	Q4 - 16	Q3 - 16	Q4 - 15	2016	2015
<b>Adjusted EBITDA, SEKm</b>					
Operating profit	211	677	320	2 045	2 586
Depreciation and impairment of non-current assets	482	360	351	1 561	1 417
<b>EBITDA</b>	<b>693</b>	<b>1 037</b>	<b>671</b>	<b>3 606</b>	<b>4 003</b>
Items affecting comparability	205		1	230	-342
<b>Adjusted EBITDA</b>	<b>898</b>	<b>1 037</b>	<b>672</b>	<b>3 836</b>	<b>3 661</b>
<b>Adjusted Operating profit, SEKm</b>					
Operating profit	211	677	320	2 045	2 586
Items affecting comparability	325		1	350	-342
<b>Adjusted Operating profit</b>	<b>536</b>	<b>677</b>	<b>321</b>	<b>2 395</b>	<b>2 244</b>
<b>Adjusted earnings per share, SEK</b>					
Profit attributed to owners of the parent company, SEKm	137	500	200	1 518	1 811
Items affecting comparability, attributed to owners of the parent company, SEKm	248		-1	273	-224
<b>Adjusted profit attributed to owners of the parent company, SEKm</b>	<b>385</b>	<b>500</b>	<b>199</b>	<b>1 791</b>	<b>1 587</b>
Weighted number of outstanding shares, thousands	207 089	207 089	206 951	207 037	206 889
<b>Adjusted earnings per share</b>	<b>1.86</b>	<b>2.41</b>	<b>0.96</b>	<b>8.65</b>	<b>7.67</b>
<b>Adjusted Return on capital employed (ROCE), SEKm</b>					
Adjusted Operating profit				2 395	2 244
Average capital employed over 12 months				17 350	17 678
<b>Adjusted Return on capital employed</b>				<b>14%</b>	<b>13%</b>
<b>Items affecting comparability, SEKm</b>					
Capital gain from divesture of SIA Latgran * (Other income)			3		-440
Restructuring (Operating expenses)			-2		98
Fraud (Operating expenses)				25	
New board machine, KM7 - restructuring (Operating expenses)	205			205	
New board machine, KM7 - write-down (Impairment of non-current assets)	120			120	
<b>Items affecting comparability</b>	<b>325</b>		<b>1</b>	<b>350</b>	<b>-342</b>
* Attributed to owners of the parent company, SEKm					-302
<b>Capital employed, SEKm</b>				<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Total assets				25 854	25 083
Accounts payables				-3 049	-2 679
Other liabilities and provisions				-1 514	-1 577
Other provisions				-252	-45
Deferred tax liabilities				-3 410	-3 186
Interest-bearing non-current assets				-15	-11
Cash and Cash equivalents				-708	-188
<b>Capital employed</b>				<b>16 906</b>	<b>17 397</b>
<b>Working capital, SEKm</b>				<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Inventories				3 142	2 842
Accounts receivables				2 612	2 512
Other operating receivables				681	1 004
Accounts payables				-3 049	-2 679
Other operating liabilities (excl provisions)				-1 428	-1 463
Tax liabilities				-1	27
<b>Working capital</b>				<b>1 957</b>	<b>2 243</b>
<b>Interest-bearing net debt, SEKm</b>				<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
Interest bearing provisions				778	783
Interest bearing non-current liabilities				2 687	3 027
Interest bearing current liabilities				1 142	1 368
Interest-bearing non-current assets				-15	-11
Cash and Cash equivalents				-708	-188
<b>Interest-bearing net debt</b>				<b>3 884</b>	<b>4 979</b>

# Definitions

## Adjusted key figures

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for.

## Adjusted EBITDA

Operating profit before depreciation and amortisation adjusted for items affecting comparability.

## Adjusted earnings per share

Earnings per share adjusted for items affecting comparability after tax attributable to owners of the parent company.

## Adjusted operating profit

Operating profit adjusted for items affecting comparability.

## Capital employed

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets. The measure is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

## Earnings per share

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

## Equity

Equity at the end of the period.

## EBITDA

Operating profit before depreciation and amortisation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation). EBITDA is a measure of operating performance. It is a profit measure that is close to the operating cash flow.

## EBITDA, %

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales. The measure is used in business review as well as for benchmarking with peer companies.

## Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

## Interest-bearing net debt/ EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

## MF kraft paper

Machine Finished kraft paper.

## MG kraft paper

Machine Glazed kraft paper.

## NBSK

Northern Bleached Softwood Kraft.

## Net debt/equity ratio

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

## Operating cash flow

Cash flow from operating activities including net investments in property, plant and equipment and acquisition of financial assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt and pay dividends to the shareholders.

## Operating margin

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting all operating expenses. The measure is used in business review as well as for benchmarking with peer companies.

## Return on capital employed (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used in business review and benchmarking with peer companies.

## Return on equity

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

## Working capital

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

## Working capital as percentage of net sales

Average working capital for the last three months, divided by annual net sales at year end or annualised net sales during interim-quarter (net sales for the quarter multiplied by four). Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.



## Parent Company

### Summarised income statement

SEKm	Quarter		Full year	
	Q4 -16	Q4 -15	2016	2015
Operating income	78	307	482	256
Operating expenses	-134	-150	-509	-441
<b>Operating profit/loss</b>	<b>-56</b>	<b>157</b>	<b>-27</b>	<b>-185</b>
Financial income and expenses	-34	-55	-121	1 318
<b>Profit/Loss after financial income and expenses</b>	<b>-90</b>	<b>102</b>	<b>-148</b>	<b>1 133</b>
Appropriations	1 291	707	1 291	707
<b>Profit/Loss before tax</b>	<b>1 201</b>	<b>809</b>	<b>1 143</b>	<b>1 840</b>
Taxes	-264	-175	-245	-69
<b>Net profit/loss for the period</b>	<b>937</b>	<b>634</b>	<b>898</b>	<b>1 771</b>

### Summarised balance sheet

SEKm	31 Dec 2016	31 Dec 2015
Non-current assets	10 754	10 764
Current assets	5 747	6 815
<b>Total assets</b>	<b>16 501</b>	<b>17 579</b>
Shareholders' equity	7 292	7 263
Untaxed reserves	1 031	660
Provisions	204	201
Interest-bearing liabilities	7 081	7 410
Other liabilities	893	2 045
<b>Total equity and liabilities</b>	<b>16 501</b>	<b>17 579</b>

## Quarterly data

The Group's business is controlled and reported according to BillerudKorsnäs' three business areas. Other units include results from wood supply, Nine AB, Scandifibre Logistics AB, rental operations, dormant companies and items affecting comparability. For period until Q2 2015, other units also include results from SIA Latgran. Currency hedging etc. includes results from hedging of the Group's net currency flows, revaluation of accounts receivable and payments from customers. The part of currency exposure relating to changes in invoicing rates is included in the business area's profit or loss. Group staff and eliminations comprise Group-wide functions, Group elimination, shares in profits/losses from participations in associated companies and the fraud case that caused a loss of SEK 25 million in Q2 2016.

### Net sales quarterly per business area and for the group

SEKm	Q4 -16	Q3 -16	Q2 -16	Q1 -16	Q4 -15	Q3 -15	Q2 -15	Q1 -15	Jan-Dec 2016	Jan-Dec 2015
Packaging Paper	2 067	2 100	2 085	2 087	2 020	2 174	2 176	2 182	8 339	8 552
Consumer Board	1 988	1 975	2 028	2 024	1 933	2 006	2 044	2 023	8 015	8 006
Corrugated Solutions	989	913	839	879	880	926	722	801	3 620	3 329
Other units	463	400	421	363	387	368	596	661	1 647	2 012
Currency hedging, etc.	-39	5	66	4	-7	4	-49	-33	36	-85
<b>Total Group</b>	<b>5 468</b>	<b>5 393</b>	<b>5 439</b>	<b>5 357</b>	<b>5 213</b>	<b>5 478</b>	<b>5 489</b>	<b>5 634</b>	<b>21 657</b>	<b>21 814</b>

### EBITDA quarterly per business area and for the group

SEKm	Q4 -16	Q3 -16	Q2 -16	Q1 -16	Q4 -15	Q3 -15	Q2 -15	Q1 -15	Jan-Dec 2016	Jan-Dec 2015
Packaging Paper	421	441	266	358	252	406	363	435	1 486	1 456
Consumer Board	336	424	479	484	295	410	486	466	1 723	1 657
Corrugated Solutions	241	241	130	217	204	249	94	177	829	724
Other units	-180	20	14	15	15	365	90	76	-131	546
Currency hedging, etc.	-38	5	66	4	-7	4	-49	-33	37	-85
Group staff and eliminations	-87	-94	-96	-61	-88	-50	-87	-70	-338	-295
<b>Total Group</b>	<b>693</b>	<b>1 037</b>	<b>859</b>	<b>1 017</b>	<b>671</b>	<b>1 384</b>	<b>897</b>	<b>1 051</b>	<b>3 606</b>	<b>4 003</b>

### EBITDA<sup>1</sup> quarterly per business area and for the group

SEKm	Q4 -16	Q3 -16	Q2 -16	Q1 -16	Q4 -15	Q3 -15	Q2 -15	Q1 -15	Jan-Dec 2016	Jan-Dec 2015
Packaging Paper	421	502	415	358	370	458	422	435	1 696	1 685
Consumer Board	471	544	495	484	472	526	500	466	1 994	1 964
Corrugated Solutions	241	254	209	217	219	260	191	177	921	847
Other units	25	20	14	15	16	22	90	76	74	204
Currency hedging, etc.	-38	5	66	4	-7	4	-49	-33	37	-85
Group staff and eliminations	-87	-94	-71	-61	-88	-50	-87	-70	-313	-295
<b>Total Group</b>	<b>1 033</b>	<b>1 231</b>	<b>1 128</b>	<b>1 017</b>	<b>982</b>	<b>1 220</b>	<b>1 067</b>	<b>1 051</b>	<b>4 409</b>	<b>4 320</b>
Costs for maint. shutdowns	-135	-194	-244	-	-310	-179	-170	-	-573	-659
Items affecting comparability	-205	-	-25	-	-1	343	-	-	-230	342
<b>EBITDA</b>	<b>693</b>	<b>1 037</b>	<b>859</b>	<b>1 017</b>	<b>671</b>	<b>1 384</b>	<b>897</b>	<b>1 051</b>	<b>3 606</b>	<b>4 003</b>

### EBITDA margin<sup>1</sup> quarterly per business area and for the group

%	Q4 -16	Q3 -16	Q2 -16	Q1 -16	Q4 -15	Q3 -15	Q2 -15	Q1 -15	Jan-Dec 2016	Jan-Dec 2015
Packaging Paper	20	24	20	17	18	21	19	20	20	20
Consumer Board	24	28	24	24	24	26	24	23	25	25
Corrugated Solutions	24	28	25	25	25	28	26	22	25	25
<b>Group</b>	<b>19</b>	<b>23</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>22</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>20</b>

### Sales volumes quarterly per business area and for the group

ktonne	Q4 -16	Q3 -16	Q2 -16	Q1 -16	Q4 -15	Q3 -15	Q2 -15	Q1 -15	Jan-Dec 2016	Jan-Dec 2015
Packaging Paper	285	292	295	295	281	294	288	300	1 167	1 163
Consumer Board	257	261	268	265	257	262	274	272	1 051	1 065
Corrugated Solutions	147	140	129	138	132	139	106	129	554	506
<b>Total Group</b>	<b>689</b>	<b>693</b>	<b>692</b>	<b>698</b>	<b>670</b>	<b>695</b>	<b>668</b>	<b>701</b>	<b>2 772</b>	<b>2 734</b>

<sup>1</sup> EBITDA and margin are adjusted for the effects of periodical maintenance shutdowns and for items affecting comparability.

# This is **BillerudKorsnäs**

BillerudKorsnäs is one of **the world's leading suppliers of high-quality, packaging materials** based on renewable raw material. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation.

Demand is driven by global megatrends, particularly rising urbanisation, a greater focus on sustainability and changing consumption patterns. Consumer segments, primarily food and beverages, account for 74% of sales. While Europe is the core market, BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

Smart packaging solutions using paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

## **BUSINESS MODEL**

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies. Innovative packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability.

## **STRATEGIC FOCUS**

BillerudKorsnäs' overall objective is sustainable and profitable growth. The target is to grow by 3-4% per year. Our strategy is based on five areas that all interact: **Position, Innovation, Sustainability, Efficiency and Employees.**

*Read more at [billerudkorsnas.com](http://billerudkorsnas.com)*

## **VALUE DRIVERS**

High-performance material based on renewable raw material from responsibly managed forests. Smarter solutions that optimise our customers' business. Leading positions in the growing global packaging market. A holistic approach to the entire packaging value chain from raw material all the way to the end-customer and recycling.



**We challenge  
conventional  
packaging for  
a sustainable future**



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