

BillerudKorsnäs sells a majority stake in Bergvik Skog Öst

BillerudKorsnäs has today entered into an agreement for the sale of a majority stake in Bergvik Skog Öst to the pension company AMF.

BillerudKorsnäs sells 89.9% of Bergvik Skog Öst AB for a price corresponding to an enterprise value of SEK 12.2 billion on a debt free basis. The valuation means a price of approximately SEK 38,500 per hectare of forestland.

Bergvik Skog Öst and BillerudKorsnäs have in connection to the transaction agreed on a 15-year long agreement regarding the supply of wood, whereby BillerudKorsnäs will be the sole buyer of the wood volumes from Bergvik Skog Öst's lands, corresponding to approximately one-tenth of BillerudKorsnäs' total wood supply. At the end of the wood supply agreement BillerudKorsnäs has the right to repurchase Bergvik Skog Öst unless BillerudKorsnäs is offered an extension of the wood supply agreement to the current conditions.

The transaction is conditional on approval from the Swedish Competition Authority and is expected to be completed during the third quarter 2019.

At the time of sale, the net debt in Bergvik Skog Öst will amount to SEK 3.5 billion and the divestment will result in a cash effect of approximately SEK 7.9 billion. BillerudKorsnäs will thereafter have a net debt/EBITDA* of approximately 1.8, which is better than the target of <2.5.

“With the sale of Bergvik Skog Öst and the agreed wood supply contract from this forestland, we are creating good possibilities for a competitive and stable wood supply, both in the short-term and the long-term. We are keeping a minority stake and will have a long-term co-operation with AMF. Also, the sale releases significant capital, which will enable investments and acquisitions. BillerudKorsnäs is well positioned to capture the increasing demand for sustainable packaging solutions,” says Petra Einarsson, President and CEO of BillerudKorsnäs.

*EBITDA April-March 2018-2019 and net debt at 31 May 2019.

About Bergvik Skog Öst

Bergvik Skog Öst will at completion of the sale own approximately 317,000 hectares of forestland (295,000 hectares classified as productive forest land). The eastern parts of the assets are located close to BillerudKorsnäs' production unit in Gävle, and the western parts are located close to saw mills and rail road terminals in Dalarna and Hälsingland. BillerudKorsnäs will until further notice keep approximately 36,000 hectares of land from the original Bergvik Skog Öst.

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BILLERUDKORSNÄS

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