

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE



BillerudKorsnäs | September 2015

Per Lindberg, President and CEO



PRIMARY FIBRE-BASED PACKAGING MATERIALS



- ▶ High performance packaging materials
 - Target customer segments requiring strong, light and/or pure packaging



- ▶ Smarter solutions and sustainable innovation
 - Focus on value added to customers rather than price



- ▶ 75% of sales going to consumer sectors
 - Food & Beverages is largest market segment with ~60% of sales



BILLERUDKORSNÄS IN BRIEF

NET SALES

2014

21

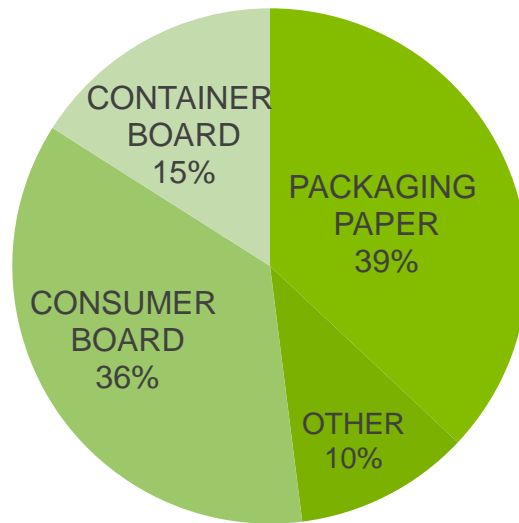
Billion SEK

OPERATING PROFIT

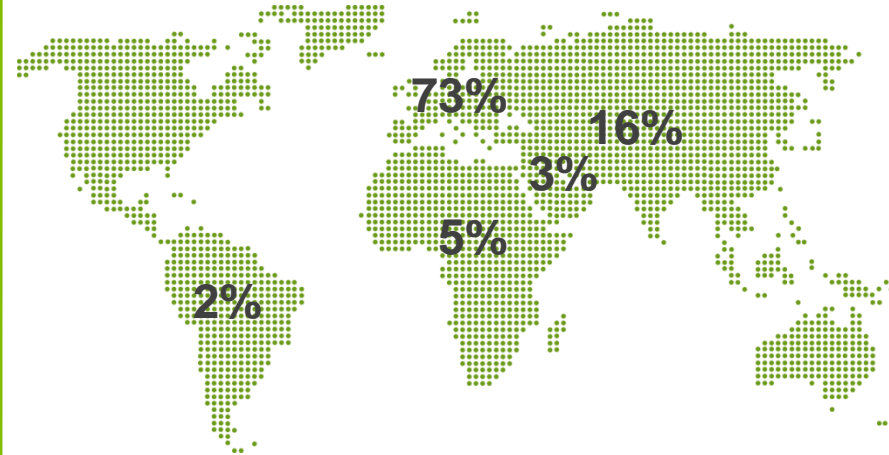
2014

1.9

Billion SEK



SHARE OF SALES



SHARE OF SALES

4 300

NUMBER OF EMPLOYEES

8

PRODUCTION UNITS

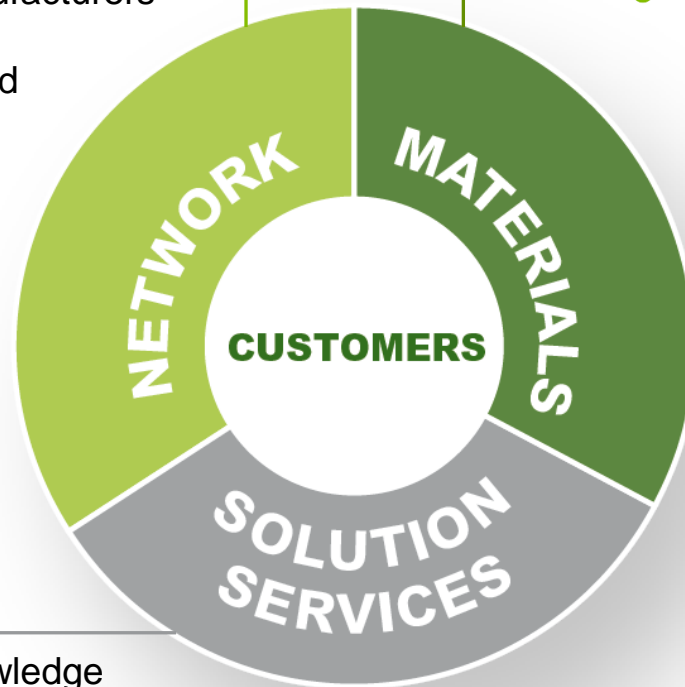
(SWE, FI, UK)

- Beetham
- Frövi/Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Tervasaari



OUR BUSINESS MODEL

- › Packaging and manufacturers
- › Research institutes
- › >2000 customers and packaging partners in more than 100 countries



- › World-class packaging materials
 - › Kraft- and sack paper
 - › Liquid packaging board and cartonboard
 - › Fluting and liner

- › Comprehensive knowledge of the whole value chain
- › Strong technical knowledge of packaging design.
- › Expert assistance in the areas of packaging optimisation, print- and conversion support



OUR VALUE CHAIN





MEGA TRENDS IN OUR FAVOR



DEMOGRAPHIC SHIFTS AND A CHANGING WORLD MAP



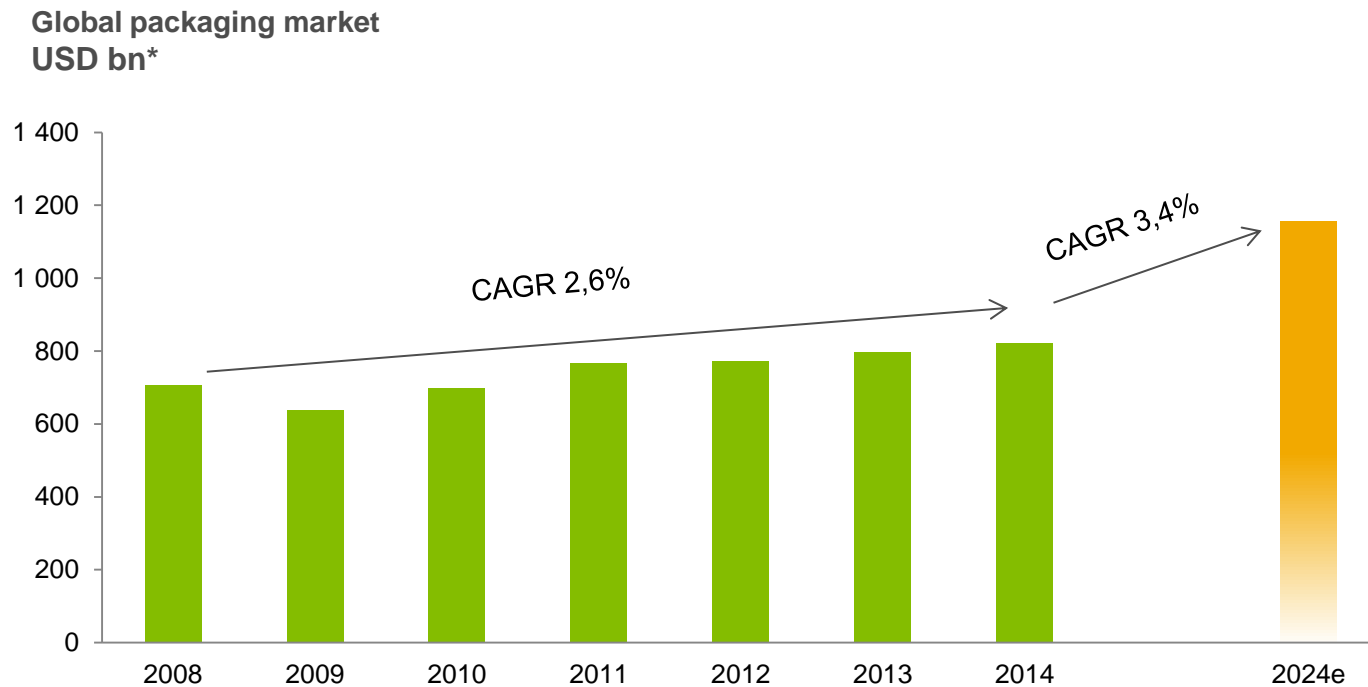
SUSTAINABILITY CONNECTING SEVERAL SUBTRENDS



CONSUMER BEHAVIOUR IS CHANGING



THE PACKAGING MARKET IN OUR FAVOR



* Source: Smithers Pira 2014



OUR STRATEGIC STEPSTONES

**WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE**



WE HAVE AN AMBITIOUS GROWTH AGENDA

**WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE**

PROFITABLE GROWTH

**TARGET 2018
TURNOVER: ~24 BSEK
ORGANIC PROFITABLE
GROWTH: 15 – 20 %***

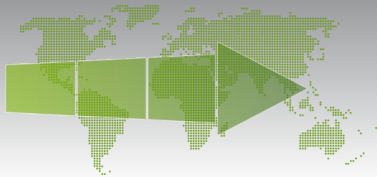
OUR STRATEGIC STEPSTONES

**WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE**

PROFITABLE GROWTH

POSITION

Expand geographically
and in value chain.



INNOVATION

Increase
industry lead.



INNOVATION AGENDA

**GREENER MATERIAL
TECHNOLOGY**

BUSINESS MODEL INNOVATION

SERVICE AND LOGISTICS

SUSTAINABILITY

Drive throughput
value chain.



EFFICIENCY

Improve
continuously.



**INVESTMENTS
+
OPERATIONAL
EXCELLENCE**



OUR STRATEGIC STEPSTONES

**WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE**

PROFITABLE GROWTH

POSITION

Expand geographically
and in value chain.



INNOVATION

Increase industry lead.



SUSTAINABILITY

Drive throughout
value chain.



EFFICIENCY

Improve continuously.



PEOPLE DRIVE CHANGE

Think new – Feel responsibility – Cooperate – Create value



WE ARE INVESTING

SUPPORTING OUR GROWTH AMBITIONS

➤ **BOARD MACHINE (FRÖVI)**

to be largest of its kind in the world (+100 kton)

2014-2017

➤ **FLUTING MACHINE (GRUVÖN)**

to strengthen leading position (+40 kton)

Q2 2015 ✓

➤ **SACK PAPER MACHINE (SKÄRBLACKA)**

to increase volume and improve quality (+20 kton)

Q4 2015

➤ **ENVIRONMENTAL IMPROVEMENTS (GÄVLE)**

to ensure that our products have a minimal environmental impact and increase quality of products

Q3 2015

➤ **INVESTIGATING FURTHER OPPORTUNITIES FOR GROWTH**

to meet demand for sustainable packaging solutions

2015-



INVESTIGATING FURTHER OPPORTUNITIES FOR GROWTH

We are launching two feasibility studies (independent of each other):

1. Possibility of installing a new board machine at the production unit in Gruvön.
2. Possibility of moving MG machine in Tervasaari to Skärblacka. Investigation also includes investment in further value adding surface treatment capacity.



THREE BUSINESS AREAS

PACKAGING PAPER



Kraft paper
Sack paper

CONSUMER BOARD



Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD



Fluting
Liner

PACKAGING PAPER

PACKAGING PAPER



Kraft paper
Sack paper

CONSUMER BOARD



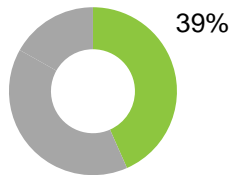
Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD



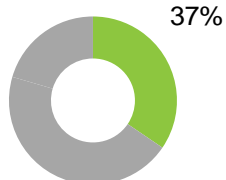
Fluting
Liner

% of Group



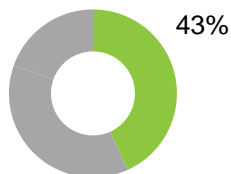
NET SALES

SEKm
8 101



EBIT

SEKm
701



SALES VOLUME

kTON
1 167

SALES PER SEGMENT



- Industrial, 56%
- Food & beverages, 21%
- Medical & Hygiene, 13%
- Consumer & Luxury goods, 10%

Growth target: 0-4% per year

SELECTIVE GROWTH

CONSUMER BOARD

PACKAGING PAPER



Kraft paper
Sack paper

CONSUMER BOARD



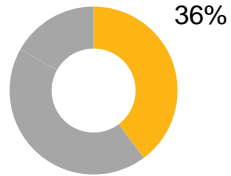
Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD

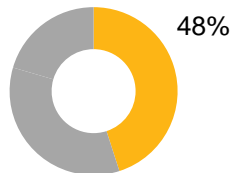


Fluting
Liner

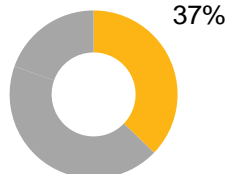
% of Group



NET SALES
SEKm
7 436

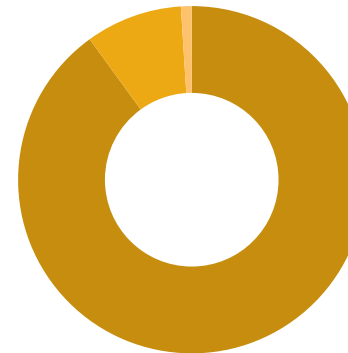


EBIT
SEKm
915



SALES VOLUME
kTON
1 004

SALES PER SEGMENT



- Food & beverages, 90%
- Consumer & Luxury goods, 9%
- Medical & Hygiene, 1%
- Industrial, 0%

Growth target: 4-5% per year
VOLUME GROWTH

CONTAINERBOARD

PACKAGING PAPER



Kraft paper
Sack paper

CONSUMER BOARD



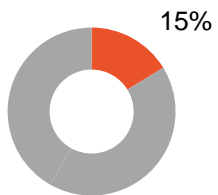
Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD



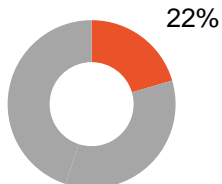
Fluting
Liner

% of Group



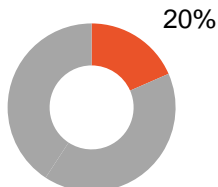
NET SALES

SEKm
3 148



EBIT

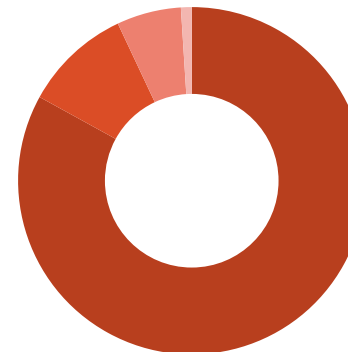
SEKm
416



SALES VOLUME

kTON
528

SALES PER SEGMENT



- Food & beverages, 83%
- Consumer & Luxury goods, 10%
- Industrial, 6%
- Medical & Hygiene, 1%

Growth target: 2-4% per year

VALUE GROWTH



STRATEGIES PER BUSINESS AREA TO ACHIEVE 15-20%* ORGANIC GROWTH BY 2018

BA market CAGR

PACKAGING PAPER



0 - 4% CAGR

SELECTIVE GROWTH

Target growth in selected segments, balancing additional capacity

CONSUMER BOARD



4 - 5% CAGR

VOLUME GROWTH

Increase volume in key markets

CONTAINERBOARD



2 - 4% CAGR

VALUE GROWTH

Increase margins on existing portfolio

* Base year 2013
CAGR (Compound Annual Growth Rate)



FINANCIAL TARGETS AND TARGET FULFILLMENT AFTER H1 2015



**OPERATING
MARGIN > 10%***

11%



**RETURN ON CAPITAL
EMPLOYED > 13%***

12%

NET DEBT/EQUITY RATIO < 0.9



0.62

**DIVIDEND POLICY:
50% OF NET PROFIT*
51% FOR 2014**



SUMMARY

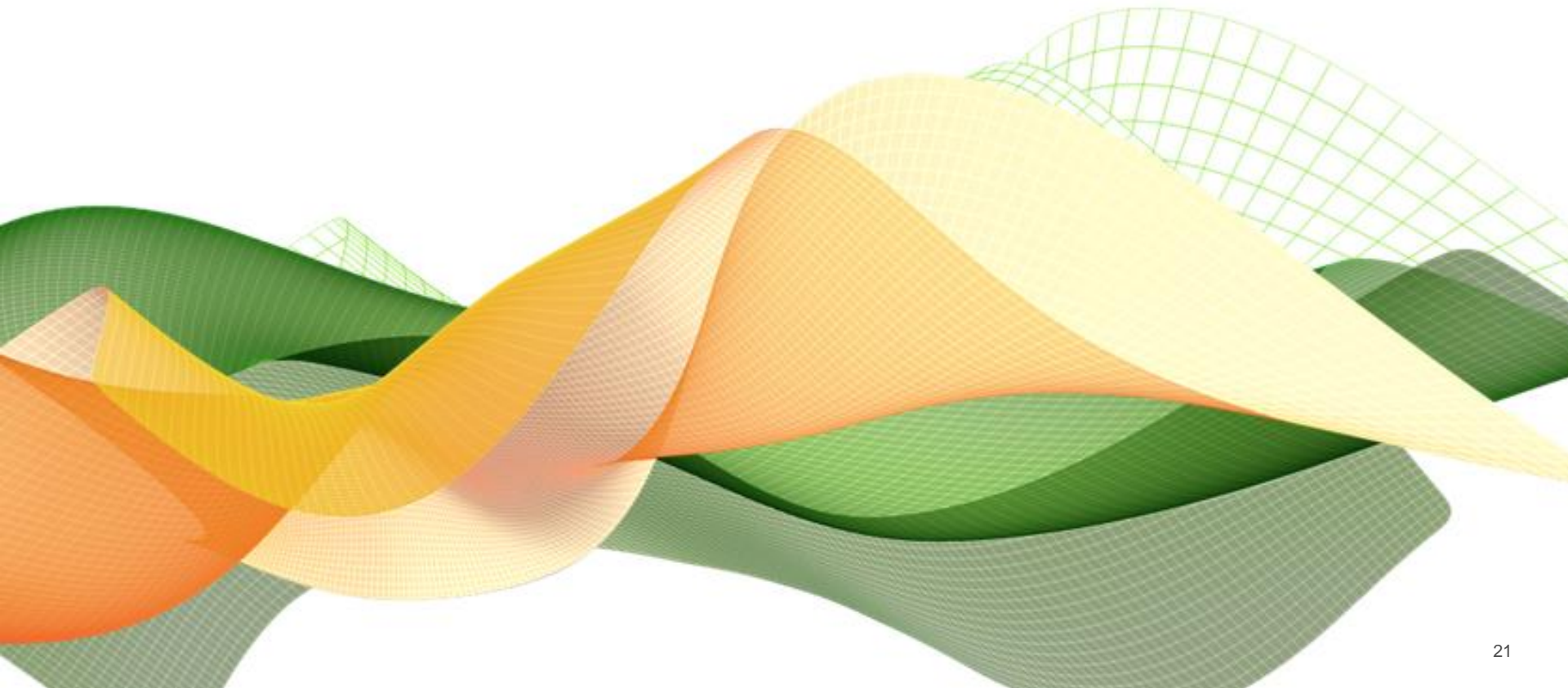
- Global trends imply major growth opportunities
 - Sustainability, demographic shifts, digitalization and changed consumer behavior
- Our four pillar strategy includes:
 - Position expansion, Innovation, Sustainability and Efficiency
- Major growth investments have been done and will continue
- We focus on further growth opportunities
- Business area strategies support organic growth targets
 - Value growth, Selective growth and Volume growth

Capital Markets Day in Stockholm on 12 November 2015

More info will be published on www.billerudkorsnas.com



Q&A





BILLERUDKORSNÄS

