



# BILLERUDKORSNÄS



## INTERIM REPORT January–March 2015

### KEY HIGHLIGHTS Q1

- Net sales was SEK 5 634 million (5 410)
- Earnings per share was SEK 2.38 (1.75)
- Operating profit increased with 29% compared to the same period previous year to a record high SEK 698 million (541).
- Net debt has been reduced with SEK 734 million from previous quarter to SEK 6 390 million due to a very strong cash flow.

### Outlook

- Demand and orders situation for the second quarter is expected to be stable with normal seasonal variances for all business areas.
- Average prices in local currency in the second quarter are anticipated to be stable on the same level as in the first quarter.
- No changes to wood prices are foreseen for the second quarter.
- There is a planned maintenance shutdown in Gruvön including a three week rebuild of PM6 in the second quarter of 2015.

### KEY FIGURES

SEKm	Q1 2015	Q4 2014	Change	Q1 2014	Change
Net sales	5 634	5 124	10%	5 410	4%
EBITDA	1 051	809	30%	885	19%
EBITDA, %	19%	16%	3	16%	3
Operating profit	698	460	52%	541	29%
Operating margin, %	12%	9%	3	10%	2
Net profit/loss for the period	504	329	53%	369	37%
Earnings per share, SEK	2.38	1.56	53%	1.75	36%
Operating cash flow	733	427	72%	385	90%
ROCE, %	11%	11%	0	7%	4
Working Capital, % of net sales	11%	12%	1	13%	2
Net debt/equity ratio	0.57	0.67	0.10	0.78	0.21

### For further information, please contact

Per Lindberg, CEO or Susanne Lithander, CFO, +46 (0)8 553 335 00

The information in this report is such that BillerudKorsnäs AB (publ) is obliged to disclose under the Swedish Securities Market Act and was submitted for publication at 07.00 CET on 21 April 2015.

## Comments by CEO



Per Lindberg,  
*President and CEO*

**SEK 5 634 m**  
NET SALES

**SEK 698 m**  
OPERATING PROFIT

**12%**  
OPERATING MARGIN

### Best quarterly performance ever

“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 Eurozone 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.

#### 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.

# Sales and results

**Increased volumes and positive currency development led to growth in net sales and profit compared to previous quarter.**

## Q1 2015 COMPARED TO Q4 2014

As a result of increased volumes, our customers replenishing their stock and a positive currency exchange development, net sales continued to develop favorably and grew by 10% compared to the seasonally lower previous quarter.

The strong sales development in combination with lower costs, mainly related to that there were no maintenance shutdowns during the quarter, led to a 52% increase in operating profit compared to the previous quarter. Excluding the maintenance shutdown effect, operating profit grew by approximately 20%. Operating margin also developed positively and reached an all-time high of 12%, well above the 10% target.

**Favorable exchange rates drives net sales growth and profit improvement compared to previous year.**

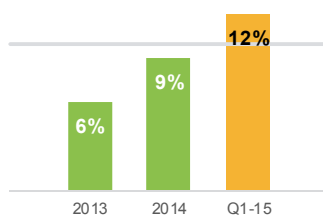
## Q1 2015 COMPARED TO Q1 2014

Volumes were reduced compared to the same period last year within business areas Packaging Paper and Containerboard. For Packaging Paper the reduction was related to increased competition on the MF kraft paper market, whereas Containerboard was negatively affected by the increased capacity and stiffened competition on the liner market. Volumes for Consumer Board grew by 1%. Growth rate was negatively impacted both by temporary production disturbances in the quarter as well as an above normal delivery situation in Q1 2014.

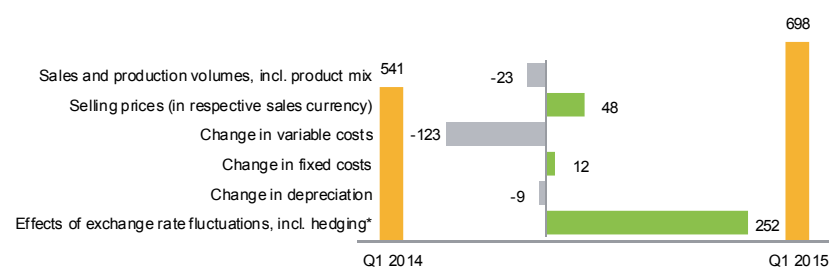
Prices in local currency remained stable for Containerboard, whereas the rest of the Group had a slight price- and mix improvement. The negative effect on variable cost was driven by the currency development on externally purchased raw material as well as on production inputs. Fixed costs were positively affected by an improved performance among our international companies, which to some extent was offset by an increase in number of staff. The positive exchange rate effect was a consequence of the continued strengthening of the Euro and USD.

### OPERATING MARGIN

TARGET LEVEL >10%



### CHANGE IN OPERATING PROFIT Q1 2015 COMPARED TO Q1 2014, SEKm



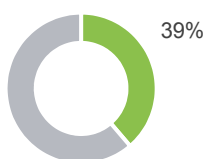
\* Effects of exchange rate fluctuations totalling SEK 252 million comprise the following components: change in spot rates SEK 297 million, currency hedging SEK -102 million and currency effects from revaluation of trade receivables and payments from customers SEK 57 million.

# Packaging Paper business area

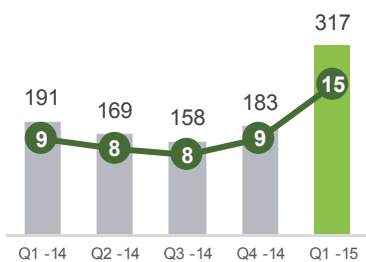
## KRAFT AND SACK PAPER FOR CUSTOMERS WITH TOUGH DEMANDS

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

### SHARE OF GROUP'S NET SALES Q1 2015



### OPERATING PROFIT



### KEY FIGURES

SEKm	Q1 2015	Q4 2014	Q1 2014	Full year 2014
Net sales	2 182	1 959	2 068	8 101
Net operating expenses, other	-1 747	-1 656	-1 763	-6 928
EBITDA	435	303	305	1 173
EBITDA, %	20%	15%	15%	14%
<b>Operating profit/loss</b>	<b>317</b>	<b>183</b>	<b>191</b>	<b>701</b>
Operating margin, %	15%	9%	9%	9%
Sales volumes, ktonnes	300	275	310	1 167
whereof packaging paper	198	173	207	776

### Q1 2015 COMPARED TO Q1 2014

Due to a favourable development of the exchange rate and product mix net sales improved by 5.5% compared to the corresponding quarter last year, despite the sales volume decrease of 3%. The volume loss is due to more capacity and increased competition on the MF kraft paper market. The price level in local currency was slightly above last year.

The good sales development combined with a cost level in line with last year led to an operating profit improvement by 66%. BillerudKorsnäs' integrated paper mills and the profitability of their products were good, whereas BillerudKorsnäs' non-integrated mills suffered from high raw material costs. During Q1 2015 the paper machines in Finland were not running at full capacity utilisation.

The price level on Pulp was about 885 USD (930 USD).

### MARKET DEVELOPMENT

The market situation remained stable during the first quarter. Prices in local currency were slightly above previous quarters.

### OUTLOOK

During next quarter the overall Packaging Paper market is expected to be slower for seasonal reasons and due to the annual maintenance shut down in Gruvön. MF kraft paper market remains slow and the brown sack paper market is expected to stay strong. Prices in local currency are expected to remain on the same level as during the first quarter.

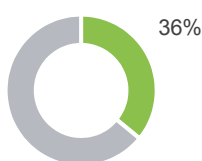
<sup>1</sup> The Packaging Paper business area buys and sells pulp at market price. The business area's net exposure in market pulp is estimated to average approximately 150 ktonnes annually.

# Consumer Board business area

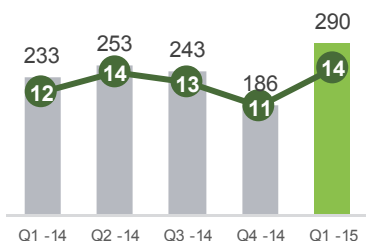
## LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES

The Consumer Board business area delivers packaging solutions made from high-quality cartonboard for beverages, foods and other consumer goods. Smart solutions in function, design and material selection add further value for the customer. Europe is the largest market.

### SHARE OF GROUP'S NET SALES Q1 2015



### OPERATING PROFIT



### KEY FIGURES

SEKm	Q1 2015	Q4 2014	Q1 2014	Full year 2014
Net sales	2 023	1 768	1 949	7 436
Net operating expenses, other	-1 557	-1 414	-1 547	-5 852
EBITDA	466	354	402	1 584
EBITDA, %	23%	20%	21%	21%
<b>Operating profit/loss</b>	<b>290</b>	<b>186</b>	<b>233</b>	<b>915</b>
Operating margin, %	14%	11%	12%	12%
Sales volumes, ktonnes	272	235	268	1 004

### Q1 2015 COMPARED TO Q1 2014

Because of higher prices in local currency, a more favourable currency exchange rate and a higher sales volume, net sales increased by about 4 % compared to Q1 2014. Sales volume increased with 1% which is lower than targeted growth rate and is explained by temporary production problems and a stronger than normal first quarter 2014. The production problems are related to trimming issues after machine rebuild in Gävle and Frövi during end of 2014.

The sales increase, to some extent however offset by higher variable costs, has increased the operating profit by 24%. The increase in variable costs was mainly due to the weaker SEK.

### MARKET DEVELOPMENT

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

### OUTLOOK

Order situation and deliveries for liquid packaging board and cartonboard are expected to continue to be stable and satisfactory with normal seasonal variances.

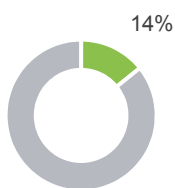


## Containerboard business area

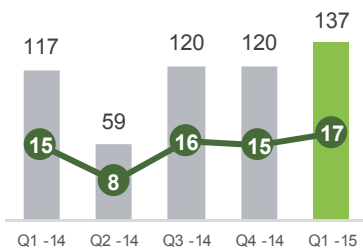
### STRONG FLUTING AND LINER ADD VALUE

Strong and light materials from the Containerboard business area are used in corrugated boxes for fragile goods and demanding distribution systems. Supply chain solutions for packaging optimisation are a key component of the offer. The business area includes Paccess, which strengthens BillerudKorsnäs' position to bring smarter packaging solutions to brand owners, and is a further step in challenging conventional packaging. Europe is the largest market.

#### SHARE OF GROUP'S NET SALES Q1 2015



#### OPERATING PROFIT



#### KEY FIGURES

SEKm	Q1 2015	Q4 2014	Q1 2014	Full year 2014
Net sales	801	816	792	3 148
Net operating expenses, other	-624	-654	-630	-2 560
EBITDA	177	162	162	588
EBITDA, %	22%	20%	20%	19%
<b>Operating profit/loss</b>	<b>137</b>	<b>120</b>	<b>117</b>	<b>416</b>
Operating margin, %	17%	15%	15%	13%
Sales volumes, ktonnes	129	134	139	528

#### Q1 2015 COMPARED TO Q1 2014

Net sales increased with 1% due to more favourable currency rates which was offset by lower deliveries. The liner market continued to be under pressure with new capacity coming on-line and with an increasingly competitive situation. Prices in local currency remained in general on the same level as Q1 2014.

The operating profit increased with 17% or SEK 20 million due to a positive exchange rate effect which was higher than the negative effect from lower sales volume and slightly higher cost.

#### MARKET DEVELOPMENT

Containerboard market picked up after a slow start during the beginning of the quarter. Order intake was stable and the price level was stable for both liner and fluting.

#### OUTLOOK

In general, stocks in the market are coming down and overall production is in line with demand. Demand for fluting continues to be strong and for liner it is expected to be stable. On the basis of the strong demand for fluting, prices are expected to move up during the next quarter.

Maintenance shutdown and rebuild of PM6 in Gruvön will negatively impact sales and operating profit during the next quarter.

## Currency hedging

### SEK -105 million earnings impact for the quarter.

During the first quarter 2015, net flows were hedged at EUR/SEK 9.15 (8.79), USD/SEK 6.91 (6.58) and GBP/SEK 11.25 (10.31). Currency hedging had an overall earnings impact of SEK -105 million (-3) for the first quarter (compared to no hedging).

The outstanding forward exchange contracts at 31 March 2015 had a market value of SEK -90 million, whereof SEK -54 million is the part of the contracts matched by trade receivables that has affected earnings in the first quarter. Other contracts had a market value of SEK -36 million.

### HEDGED PORTION OF CURRENCY FLOW FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (31 MARCH 2015)

Currency		Q2 -15	Q3 -15	Q4 -15	Q1 -16	Q2 -16	Total 15 months
EUR	Share of net flow	94%	90%	91%	63%	37%	74%
	Rate	9.29	9.40	9.49	9.54	9.54	9.43
USD	Share of net flow	64%	61%	55%	48%		57%
	Rate	7.15	7.78	8.19	8.41		7.83
GBP	Share of net flow	53%	30%	10%			31%
	Rate	11.45	11.63	11.67			11.53
<b>Market value of currency contracts*</b>		<b>-73</b>	<b>-30</b>	<b>-2</b>	<b>7</b>	<b>8</b>	<b>-90</b>

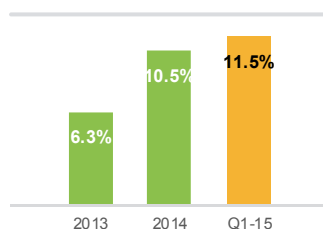
\*On 31 March 2015

In December 2014, BillerudKorsnäs changed the policy regarding currency hedging. The policy is now to hedge 0-80% of net flows over the coming 15 months. Any deviation from the policy must be approved by the Board of Directors.

## Investments and capital employed

### RETURN ON CAPITAL EMPLOYED

TARGET LEVEL >13%



Gross investments amounted to SEK 246 million (280) for the first quarter. In line with the group's strategy for growth, investments for 2015 will amount to approximately SEK 1 700 million.

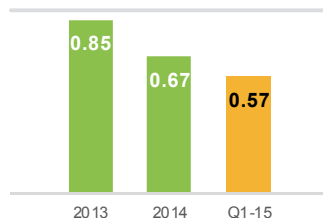
During the first quarter the Board of Directors approved a larger investment in an upgrade of the recovery plant in Skärblacka. The investment of SEK 87 million is for a modernisation of the causticising department that will result in a better work environment and lower the risk for production losses.

Capital employed at 31 March 2015 amounted to SEK 17 606 million (18 294). Return on capital employed, calculated over the past 12-month period, amounted to 11% (7%). Return on equity after tax was 14% (8%).

## Cash flow and financial position

### NET DEBT/EQUITY RATIO

TARGET LEVEL <0.9



### SUMMARY CASH FLOW STATEMENT

SEKm	Quarter	
	Q1 -15	Q1 -14
Operating surplus, etc.	1 021	853
Change in working capital, etc.	-214	-26
Net financial items, taxes, etc.	170	-162
<b>Cash flow from operating activities</b>	<b>977</b>	<b>665</b>
Current net investments	-244	-280
<b>Operating cash flow</b>	<b>733</b>	<b>385</b>

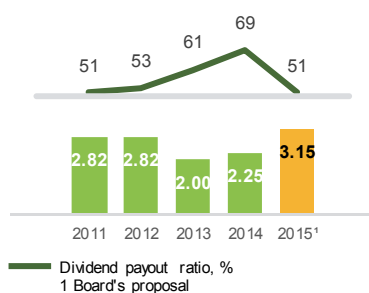
Operating cash flow during the first quarter 2015 amounted to SEK 733 million (385). The increase was mainly due to improved operating profit and repayment of preliminary tax payments of approximately SEK 300 million. As a consequence of the strong sales during the quarter, working capital increased. However, working capital in relation to sales continues to develop favorable and was reduced down to 11%. The Group is therefore well under way of achieving the 10% target.

Net interest-bearing debt on 31 March 2015 was SEK 6 390 million (8 009). The Group's net debt/equity ratio at the end of the period was 0.57 (0.78). This is a decrease from the year end with 0.10 due to positive cash flow during the first quarter. BillerudKorsnäs' financial target for net debt/equity ratio is to be less than 0.90.

## Financing

### DIVIDEND POLICY

TARGET LEVEL >50%



Interest-bearing loans amounted to SEK 6 168 million. Long-term interest-bearing liabilities amount to SEK 3 844 million and consist of utilisation of revolving credit facility of SEK 73 million, bond loans of SEK 2 200 million, SEK 1 000 million in term loans and other long-term liabilities amounting to SEK 571 million. Short-term liabilities amount to SEK 2 324 million and consist of commercial paper program of SEK 1 292 million, SEK 800 million in term loan, SEK 150 million in bonds and SEK 82 million in other short-term liabilities.

Due to strong cash flow during the quarter the group pre-paid a SEK 600 million term loan maturing in 2017. The debt portfolio and the maturity profile are shown in the table below.

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

Loan	Limit, SEKm	Maturity, years			Total utilized
		0-1	1-2	2-	
Syndicated credit facilities	5 649	46		73	119
Term loans		800		1 000	1 800
Bond loans within MTN program	5 000		400	1 800	2 200
Other bond loans		150			150
Commercial paper	3 000	1 292			1 292
Term loan, Bomhus Energi AB		35	37	517	589
Other interest-bearing liabilities		1		17	18
<b>Group total</b>		<b>2 324</b>	<b>437</b>	<b>3 407</b>	<b>6 168</b>



# Market



## GLOBAL MEGATRENDS DRIVE MARKET DEMAND FOR SUSTAINABLE PACKAGING SOLUTIONS

BillerudKorsnäs offers the global packaging market innovative and sustainable products and services. The Group has a leading position in primary fibre-based packaging paper and board. The packaging market shows further positive long-term development primarily due to increased globalisation, urbanisation, greater prosperity and changes in consumption patterns. In addition to packaging materials, BillerudKorsnäs sells the surplus of long-fibre pulp that is not used in its own production, Northern Bleached Softwood Kraft (NBSK).

## 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 – known as a maintenance shutdown. 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 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	Container-board	2016	2015
Gävle	~ 130	~ 5%	~ 80%	~ 15%	Q3	Q3	Q4
Gruvön	~ 120	~ 40%	~ 5%	~ 55%	Q2	Q2	Q2
Frövi	~ 70	0%	100%	0%	Q4	Q4	Q3
Skärblacka	~ 75	~ 85%	0%	~ 15%	Q2	Q4	Q3
Karlsborg	~ 55	100%	0%	0%	Q3	Q3	Q3
Pietarsaari	~ 15	100%	0%	0%	-	Q4	Q2

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

Estimated shutdown costs for Gävle and Frövi production units have been changed to SEK 130 million and SEK 70 million respectively.

## Parent company

Per 31 December 2014 BillerudKorsnäs AB has sold its assets and liabilities in the Gruvön production unit to the subsidiary BillerudKorsnäs Sweden AB and a capital loss of SEK -1 584 million arised. This capital loss is eliminated on group level and has no impact on the Group's income statement or balance sheet.

The parent company BillerudKorsnäs AB includes from 2015 the sales organisation for the Nordic market and markets outside Europe, and the head office functions.

Operating profit for the first quarter amounted to SEK -104 million compared with SEK -82 million for the first quarter 2014 excluding operating profit from the Gruvön production unit.

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 -105 million (-3).

The average number of employees was 92 (84). Cash and bank balances and short-term investments amounted to SEK 296 million (39).

## Largest shareholders

### BILLERUDKORSNÄS' TEN LARGEST SHAREHOLDERS (31 MARCH 2015)

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	18 233 426	8.8
Swedbank Robur Funds	9 497 574	4.6
Nordea Funds	8 904 410	4.3
Lannebo Funds	8 022 451	3.9
Fourth Swedish National Pension Fund	6 733 218	3.3
SHB Funds	5 003 578	2.4
Norges Bank Investment Management	4 956 460	2.4
DFA Funds (USA)	4 471 219	2.2
Alecta	3 606 000	1.7
<b>Total 10 largest shareholders</b>	<b>100 728 336</b>	<b>48.7</b>
<b>Total number of shares in the market</b>	<b>206 788 161</b>	<b>100.0</b>

## Distribution of shares

### DISTRIBUTION OF SHARES (31 MARCH 2015)

Registered number of shares	208 219 834
Bought back shares	-1 431 673
<b>Total number of shares in the market</b>	<b>206 788 161</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 21-26 of the 2014 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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Solna, 20 April 2015

BillerudKorsnäs AB (publ)

Board of Directors



### FINANCIAL CALENDAR

Q2 – 20 July 2015

Q3 – 21 October 2015

2015 Annual General Meeting –  
5 May 2015



## 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 2014, see pages 28-35 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 17 of this report.

The information in this interim report is such that BillerudKorsnäs AB (publ) is obliged to disclose under the Swedish Securities Market Act. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.



The packaging has to stand up to long periods in transit and still look good in the store. Primus chose **BillerudKorsnäs Liner** and, using the liner's unbleached inside face, created a look all of its own.

Paccess develops and offers global packaging solutions that strengthen the brands and reduce costs along the whole distribution chain.



## Sustainable quality that stands out from the crowd

Strong brands stand out even more with innovative retail packaging. Primus, one of the world's biggest brands in outdoor cooking, with stoves, saucepans, mugs and other accessories for everyone who loves the great outdoors, chose Paccess as a partner to implement new packaging design, quality assure it and deliver it to manufacturers in China.

The intensive collaboration involved Primus, the Paccess design lab, customer services, technology and project management at Paccess in Shenzhen and Paccess' production partner in China.

Now all the packaging maintains consistently high quality through Paccess delivering directly to the manufacturers. This has made things easier and more reliable for Primus, with just the one contact point:

"We now have a partner that ensures the same high quality throughout the chain, from manufacturer to store. And the new packaging is guaranteed to stand out on the shelf," says Johan Sollenberg of Primus.



# BillerudKorsnäs Group

## Income statement

SEKm	Quarter			Full year
	Q1 -15	Q4 -14	Q1 -14	2014
Net sales	5 634	5 124	5 410	20 853
Other income	48	41	20	118
<b>Operating income</b>	<b>5 682</b>	<b>5 165</b>	<b>5 430</b>	<b>20 971</b>
Change in inventories	-41	192	-106	63
Raw materials and consumables	-2 804	-2 693	-2 684	-10 490
Other external costs	-1 023	-1 085	-1 016	-4 245
Employee benefits expense	-763	-769	-739	-3 020
Depreciation and impairment of non-current assets	-353	-349	-344	-1 378
Profit/Loss from participations in associated companies	-	-1	-	-
<b>Operating expenses</b>	<b>-4 984</b>	<b>-4 705</b>	<b>-4 889</b>	<b>-19 070</b>
<b>Operating profit/loss</b>	<b>698</b>	<b>460</b>	<b>541</b>	<b>1 901</b>
Financial income and expenses	-53	-49	-72	-248
<b>Profit/Loss before tax</b>	<b>645</b>	<b>411</b>	<b>469</b>	<b>1 653</b>
Taxes	-141	-82	-100	-352
<b>Net profit/loss for the period</b>	<b>504</b>	<b>329</b>	<b>369</b>	<b>1 301</b>
<b>Profit/Loss attributable to:</b>				
Owners of the parent company	492	322	361	1 277
Non-controlling interests	12	7	8	24
<b>Net profit/loss for the period</b>	<b>504</b>	<b>329</b>	<b>369</b>	<b>1 301</b>
<b>Earnings per share, SEK</b>	<b>2.38</b>	<b>1.56</b>	<b>1.75</b>	<b>6.18</b>
<b>Diluted earnings per share, SEK</b>	<b>2.37</b>	<b>1.55</b>	<b>1.75</b>	<b>6.16</b>

## Statement of comprehensive income

SEKm	Quarter		Full year
	Q1 -15	Q1 -14	2014
<b>Net profit/loss for the period</b>	<b>504</b>	<b>369</b>	<b>1 301</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	-	-	-67
Tax attributable to items not to be reclassified to profit or loss	-	-	15
<b>Total items never reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-52</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	-39	2	136
Change in fair value of shareholding in Bergvik Skog	2	4	22
Change in fair value of cash flow hedges	53	-9	-204
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-11	2	45
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>5</b>	<b>-1</b>	<b>-1</b>
<b>Total comprehensive income for the period</b>	<b>509</b>	<b>368</b>	<b>1 248</b>
<b>Attributable to:</b>			
Owners of the parent company	499	360	1 220
Non-controlling interests	10	8	28
<b>Total comprehensive income for the period</b>	<b>509</b>	<b>368</b>	<b>1 248</b>

## Statement of changes in equity

SEKm	Quarter		Full year
	Q1 -15	Q1 -14	2014
<b>Opening balance</b>	<b>10 704</b>	<b>9 917</b>	<b>9 917</b>
Comprehensive income for the period	509	368	1 248
Share-based payment to be settled in equity instruments	2	-	4
Dividends paid	-	-	-465
<b>Closing balance</b>	<b>11 215</b>	<b>10 285</b>	<b>10 704</b>
<b>Equity attributable to:</b>			
Owners of the parent company	11 116	10 216	10 615
Non-controlling interests	99	69	89
<b>Closing balance</b>	<b>11 215</b>	<b>10 285</b>	<b>10 704</b>

## Balance Sheet

SEKm	31 Mar 2015	31 Dec 2014
Intangible assets	2 561	2 580
Property, plant and equipment	14 763	14 873
Other non-current assets	857	848
Inventories	3 140	3 145
Accounts receivable	2 781	2 601
Other current assets	724	925
Cash and cash equivalents	545	737
<b>Total assets</b>	<b>25 371</b>	<b>25 709</b>
Equity attributable to owners of the parent company	11 116	10 615
Non-controlling interests	99	89
<b>Total equity</b>	<b>11 215</b>	<b>10 704</b>
Interest-bearing liabilities	3 844	4 672
Provisions for pensions	767	772
Other provisions	59	67
Deferred tax liabilities	2 991	2 986
<b>Total non-current liabilities</b>	<b>7 661</b>	<b>8 497</b>
Interest-bearing liabilities	2 324	2 417
Accounts payables	2 524	2 514
Other liabilities and provisions	1 647	1 577
<b>Total current liabilities</b>	<b>6 495</b>	<b>6 508</b>
<b>Total equity and liabilities</b>	<b>25 371</b>	<b>25 709</b>

## Statement of cash flow

SEKm	Quarter			Full year
	Q1 -15	Q4 -14	Q1 -14	
Operating surplus, etc.*	1 021	857	853	3 248
Change in working capital, etc.	-214	-33	-26	236
Net financial items, taxes, etc.	170	75	-162	-369
<b>Cash flow from operating activities</b>	<b>977</b>	<b>899</b>	<b>665</b>	<b>3 115</b>
Investments in property, plant and equipment	-246	-480	-280	-1 382
Acquisition of financial assets	-	-	-	-2
Disposal of property, plant and equipment	2	8	0	8
<b>Cash flow from investing activities</b>	<b>-244</b>	<b>-472</b>	<b>-280</b>	<b>-1 376</b>
Change in interest-bearing receivables	-1	-3	-	-3
Change in interest-bearing liabilities	-917	-55	-594	-1 082
Dividend	-	-	-	-465
<b>Cash flow from financing activities</b>	<b>-918</b>	<b>-58</b>	<b>-594</b>	<b>-1 550</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>-185</b>	<b>369</b>	<b>-209</b>	<b>189</b>
<b>Cash and cash equivalents at start of period</b>	<b>737</b>	<b>341</b>	<b>497</b>	<b>497</b>
<b>Translation differences in cash and cash equivalents</b>	<b>-7</b>	<b>27</b>	<b>-</b>	<b>51</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>545</b>	<b>737</b>	<b>288</b>	<b>737</b>

\*The amount for the period January-March 2015 takes into account operating profit of SEK 698 million, reversed depreciation SEK 353 million, decrease in pension liabilities SEK -10 million, other provisions SEK -9 million, net of produced and sold electricity certificates and sold emission rights SEK -13 million and incentive programmes SEK 2 million. The amount for the period January-March 2014 takes into account operating profit of SEK 541 million, reversed depreciation SEK 344 million, decrease in pension liabilities SEK -4 million, other provisions SEK -10 million and net of produced and sold electricity certificates and sold emission rights SEK -18 million.

## Note financial assets and liabilities

Group 31 March 2015	Derivatives in hedge accounting	Accounts and loan receivables	Available for-sale financial assets	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
Other shares and participations	-	-	808	-	808	808
Long-term receivables	-	9	-	-	9	9
Accounts receivable	-	2 782	-	-	2 782	2 782
Other receivables	47	447	-	-	494	494
Cash and cash equivalents <sup>1</sup>	-	545	-	-	545	545
<b>Total</b>	<b>47</b>	<b>3 783</b>	<b>808</b>	<b>-</b>	<b>4 638</b>	<b>4 638</b>
Non-current interest-bearing liabilities	-	-	-	3 844	3 844	3 894
Current interest-bearing liabilities	-	-	-	2 324	2 324	2 324
Accounts payable	-	-	-	2 524	2 524	2 524
Other liabilities	214	-	-	339	553	553
<b>Total</b>	<b>214</b>	<b>-</b>	<b>-</b>	<b>9 031</b>	<b>9 245</b>	<b>9 295</b>

Group 31 December 2014	Derivatives in hedge accounting	Accounts and loan receivables	Available for-sale financial assets	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
Other shares and participations	-	-	806	-	806	806
Long-term receivables	-	9	-	-	9	9
Accounts receivable	-	2 601	-	-	2 601	2 601
Other receivables	-	407	-	-	407	407
Cash and cash equivalents <sup>1</sup>	-	737	-	-	737	737
<b>Total</b>	<b>-</b>	<b>3 754</b>	<b>806</b>	<b>-</b>	<b>4 560</b>	<b>4 560</b>
Non-current interest-bearing liabilities	-	-	-	4 672	4 672	4 735
Current interest-bearing liabilities	-	-	-	2 417	2 417	2 417
Accounts payable	-	-	-	2 513	2 513	2 513
Other liabilities	218	-	-	242	460	460
<b>Total</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>9 844</b>	<b>10 062</b>	<b>10 125</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.



## Key figures

	Jan-Mar	Full year	
	2015	2014	2014
<b>Margins</b>			
Gross margin, %	19	16	16
Operating margin, %	13	10	9
<b>Return (rolling 12 months)</b>			
Return on capital employed, %	11	7	11
Return on equity, %	14	8	13
<b>Capital structure at end of period</b>			
Capital employed, SEKm	17 606	18 294	17 828
Working capital, SEKm	2 575	2 800	2 286
Equity, SEKm	11 215	10 285	10 704
Interest-bearing net debt, SEKm	6 390	8 009	7 124
Net debt/equity ratio	0.57	0.78	0.67
Interest-bearing net debt / EBITDA, multiple	1.90	2.93	2.17
<b>Other key figures</b>			
Working capital as percentage of sales, %	11	13	12
Gross investments, SEKm	246	280	1 384
Average number of employees	4 238	4 175	4 194

## Definitions

### Adjusted operating profit

Operating profit adjusted for non-recurring items.

### Capital employed

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets.

### Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares in the market during the period.

### Earnings per share

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

### Equity

Shareholders' equity at the end of the period.

### Equity per share

Shareholders' equity at the end of the period, attributable to owners of the parent, divided by the number of shares in the market at the end of the period.

### Equity ratio

Shareholders' equity as a percentage of total assets.

### Gross Margin

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales.

### Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

### Interest-bearing net debt/ EBIT

Interest bearing net debt at the end of the period divided by operating profit for the last twelve months.

### Interest-bearing net debt/ EBITDA

Interest bearing net debt at the end of the period divided by operating profit before depreciation for the last twelve months.

### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

### NRI

Non-recurring items. One-time costs not affecting the company's run rate cost level.

### Operating cash flow per share

Operating cash flow divided by the average number of shares in the market during the period.

### Operating margin

Operating profit as a percentage of net sales.

### Return on capital employed

Operating profit as a percentage of average capital employed.

### Return on equity

Profit for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent.

### Return on total capital

Operating profit as a percentage of average total capital.

### Working capital

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities.

### Working capital as percentage of net sales

Average working capital for the quarter, divided by annualised net sales (net sales for the quarter multiplied by four).



## Parent Company

### Summarised income statement

SEKm	Quarter		Full year
	Q1 -15	Q1 -14	2014
Operating income	-16	977	3 806
Operating expenses	-88	-915	-5 152
<b>Operating profit/loss</b>	<b>-104</b>	<b>62</b>	<b>-1 346</b>
Financial income and expenses	-52	-45	-163
<b>Profit/Loss after financial income and expenses</b>	<b>-156</b>	<b>17</b>	<b>-1 509</b>
Appropriations	-	-	950
<b>Profit/loss before tax</b>	<b>-156</b>	<b>17</b>	<b>-559</b>
Taxes	34	-4	133
<b>Net profit/loss for the period</b>	<b>-122</b>	<b>13</b>	<b>-426</b>

### Summarised balance sheet

SEKm	31 Mar 2015	31 Dec 2014
Non-current assets	10 727	10 767
Current assets	3 891	5 020
<b>Total assets</b>	<b>14 618</b>	<b>15 787</b>
Shareholders' equity	6 008	6 129
Untaxed reserves	355	355
Provisions	338	338
Interest-bearing liabilities	6 837	7 206
Other liabilities	1 080	1 759
<b>Total equity and liabilities</b>	<b>14 618</b>	<b>15 787</b>

## Business Areas

The Group's business is controlled and reported according to BillerudKorsnäs' three business areas: Packaging Paper, Consumer Board and Containerboard. Non-current assets and capital investments are not broken down by business area since the business areas are highly integrated in terms of production. Other units include wood supply, sales organisations, Nine AB, the Latgran Group, Bomhus Energi AB, white kraft and sack paper at the Gävle production unit (PM2) until it was sold 1st of August 2013 and dormant companies. 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 and Group eliminations. Group eliminations also include shares in profits/losses from participations in associated companies.

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

SEKm	Q1 -15	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13
Packaging Paper	2 182	1 959	2 058	2 016	2 068	1 758	1 820	1 846
Consumer Board	2 023	1 768	1 897	1 822	1 949	1 659	1 716	1 784
Containerboard	801	816	773	767	792	763	755	758
Other units	661	609	487	512	589	549	470	579
Currency hedging, etc.	-33	-28	-24	11	12	26	-13	38
Group staff and eliminations	-	-	-	-	-	-	-	-
<b>Total Group</b>	<b>5 634</b>	<b>5 124</b>	<b>5 191</b>	<b>5 128</b>	<b>5 410</b>	<b>4 755</b>	<b>4 748</b>	<b>5 005</b>

### Operating profit quarterly per business area and for the group

SEKm	Q1 -15	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13
Packaging Paper	317	183	158	169	191	91	-1	76
Consumer Board	290	186	243	253	233	29	244	126
Containerboard	137	120	120	59	117	98	89	66
Other units	56	28	45	35	58	21	36	20
Currency hedging, etc.	-33	-28	-24	11	12	26	-13	38
Group staff and eliminations	-69	-29	-92	-77	-70	-62	-46	-64
<b>Total Group</b>	<b>698</b>	<b>460</b>	<b>450</b>	<b>450</b>	<b>541</b>	<b>203</b>	<b>309</b>	<b>262</b>

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

SEKm	Q1 -15	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13
Packaging Paper	317	188	305	244	191	168	187	88
Consumer Board	290	303	354	265	233	148	244	241
Containerboard	137	133	140	115	117	151	110	66
Other units	56	28	45	35	58	21	36	20
Currency hedging, etc.	-33	-28	-24	11	12	26	-13	38
Group staff and eliminations	-69	-29	-75	-60	-56	-33	-18	-14
<b>Total Group</b>	<b>698</b>	<b>595</b>	<b>745</b>	<b>610</b>	<b>555</b>	<b>481</b>	<b>546</b>	<b>439</b>
Costs for maintenance shutdowns	-	-135	-227	-143	-	-249	-209	-115
Non-recurring items	-	-	-68	-17	-14	-29	-28	-62
<b>Operating profit</b>	<b>698</b>	<b>460</b>	<b>450</b>	<b>450</b>	<b>541</b>	<b>203</b>	<b>309</b>	<b>262</b>

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

%	Q1 -15	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13
Packaging Paper	15	10	15	12	9	10	10	5
Consumer Board	14	17	19	15	12	9	14	14
Containerboard	17	16	18	15	15	20	15	9
<b>Group</b>	<b>12</b>	<b>12</b>	<b>14</b>	<b>12</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>9</b>

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

ktonne	Q1 -15	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13
Packaging Paper	300	275	288	294	310	263	269	273
Consumer Board	272	235	252	249	268	231	236	242
Containerboard	129	134	127	128	139	126	134	142
<b>Total</b>	<b>701</b>	<b>644</b>	<b>667</b>	<b>671</b>	<b>717</b>	<b>620</b>	<b>639</b>	<b>657</b>

<sup>1</sup> Operating profit and margin are adjusted for the effects of periodical maintenance shutdowns and for non-recurring items.

# 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 75% 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 organically by 15–20% up until 2018, which equates to a figure of around SEK 24 billion in sales. 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



**BILLERUDKORSNÄS**