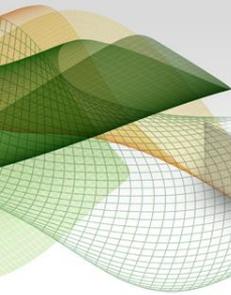


WE **CHALLENGE CONVENTIONAL**
PACKAGING FOR A
SUSTAINABLE FUTURE

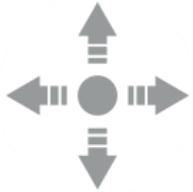


Annual General Meeting 2016 – CEO presentation
2016-05-10 | Per Lindberg, CEO & President



2015

2015 – A VERY GOOD YEAR



- We reached all financial targets



- Several production and delivery records
 - Production records in Gruvön, Gävle, Skärblacka, Karlsborg



- Continued innovation for sustainable solutions

2015 – BILLERUDKORSNÄS IN NUMBERS

	Target	2015	2014
Net sales, SEKm	24 000 (2018)	21 814	20 853
Operating profit, SEKm	n/a	2 586	1 901
Operating margin	> 10%	12%	9%
Return on capital employed,%*	> 13%	15%	11%
Operating cash flow, SEKm	n/a	1 957	1 739
Net debt/equity ratio	< 0,9	0,40	0,67
Dividend	50% of net profit	4.25 (49%)**	3.15 (51%)

*Based on rolling 12 months

**Board's proposal

NEW FINANCIAL TARGETS FOR PROFITABLE GROWTH

Organic growth
3-4% per year
2015: 5%

EBITDA margin
>17%
2015: 18%

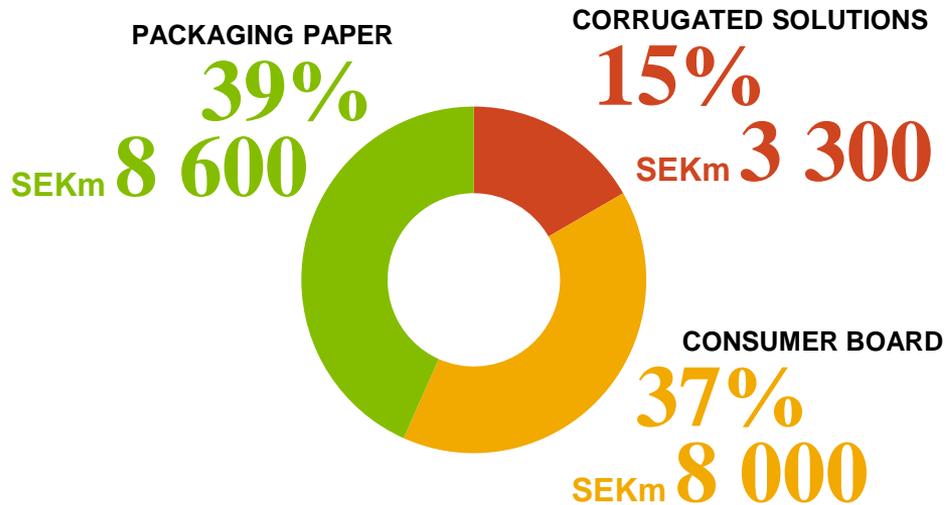
**Return on
capital employed**
>13%
2015: 15%

Net debt/EBITDA
< 2,5
2015: 1.2

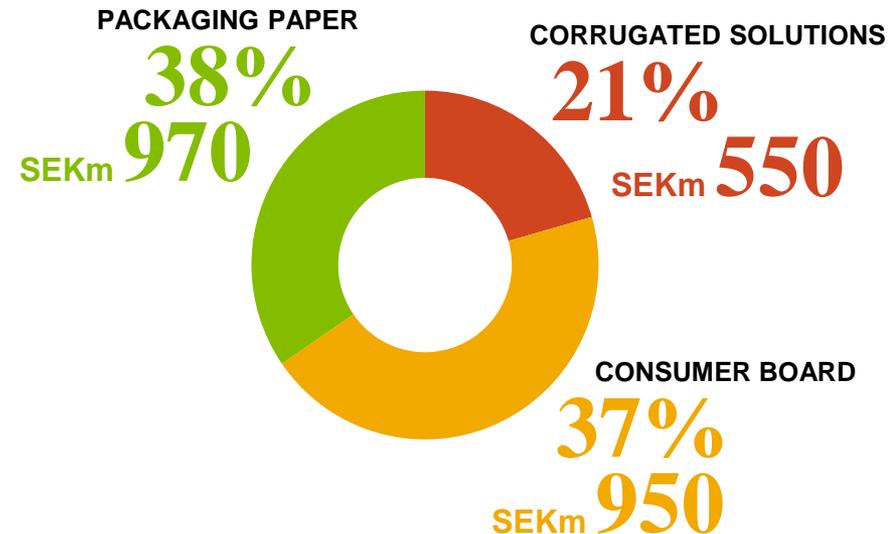
Dividend policy: 50% of net profit
2015: 49%*

BUSINESS AREAS IN SHORT

SHARE OF GROUP NET SALES



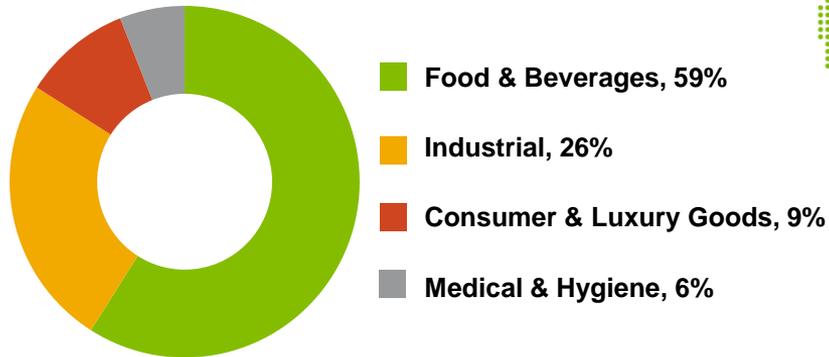
SHARE OF GROUP OPERATING PROFIT



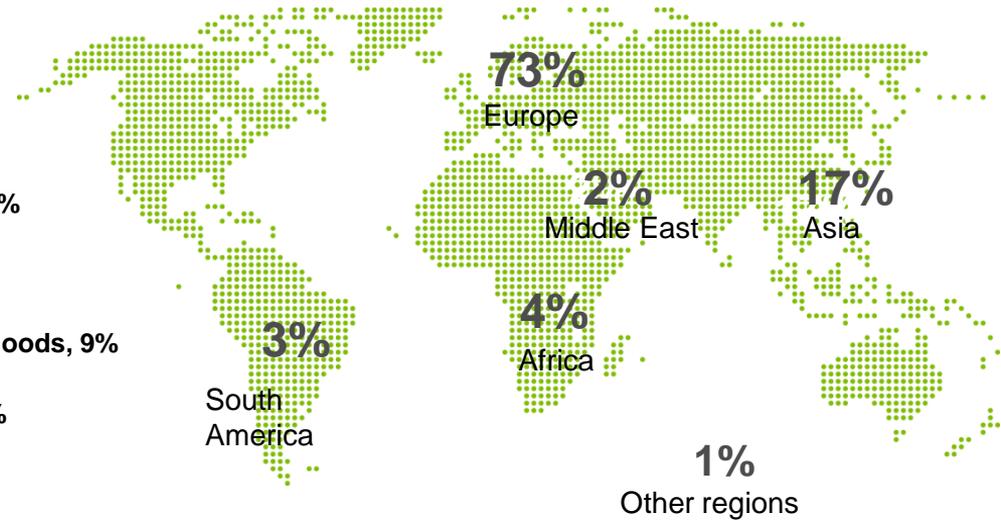
Only numbers for Business Areas, the total does not add up to 100%

MARKET SEGMENTS & REGIONS IN SHORT

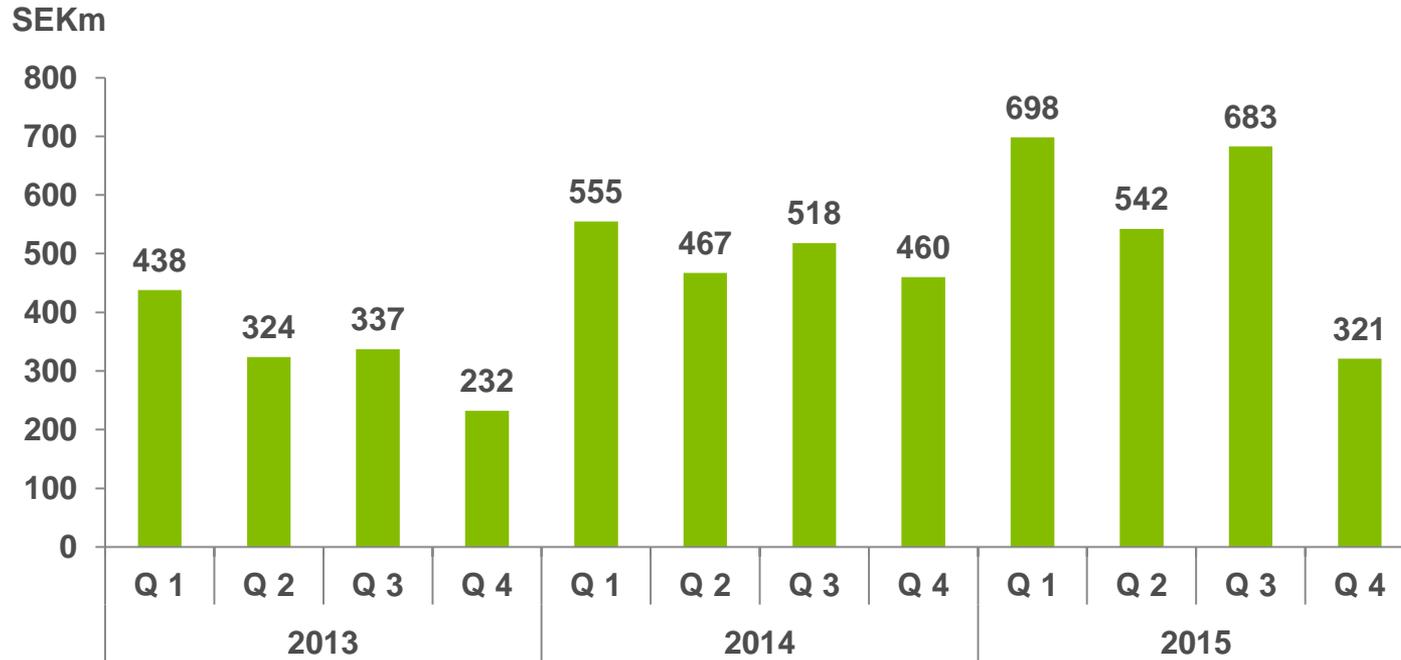
NET SALES BY MARKET SEGMENT



NET SALES PER REGION



OPERATING PROFIT* PER QUARTER



*Excluding non recurring items

WHAT HAPPENED IN Q4 2015?

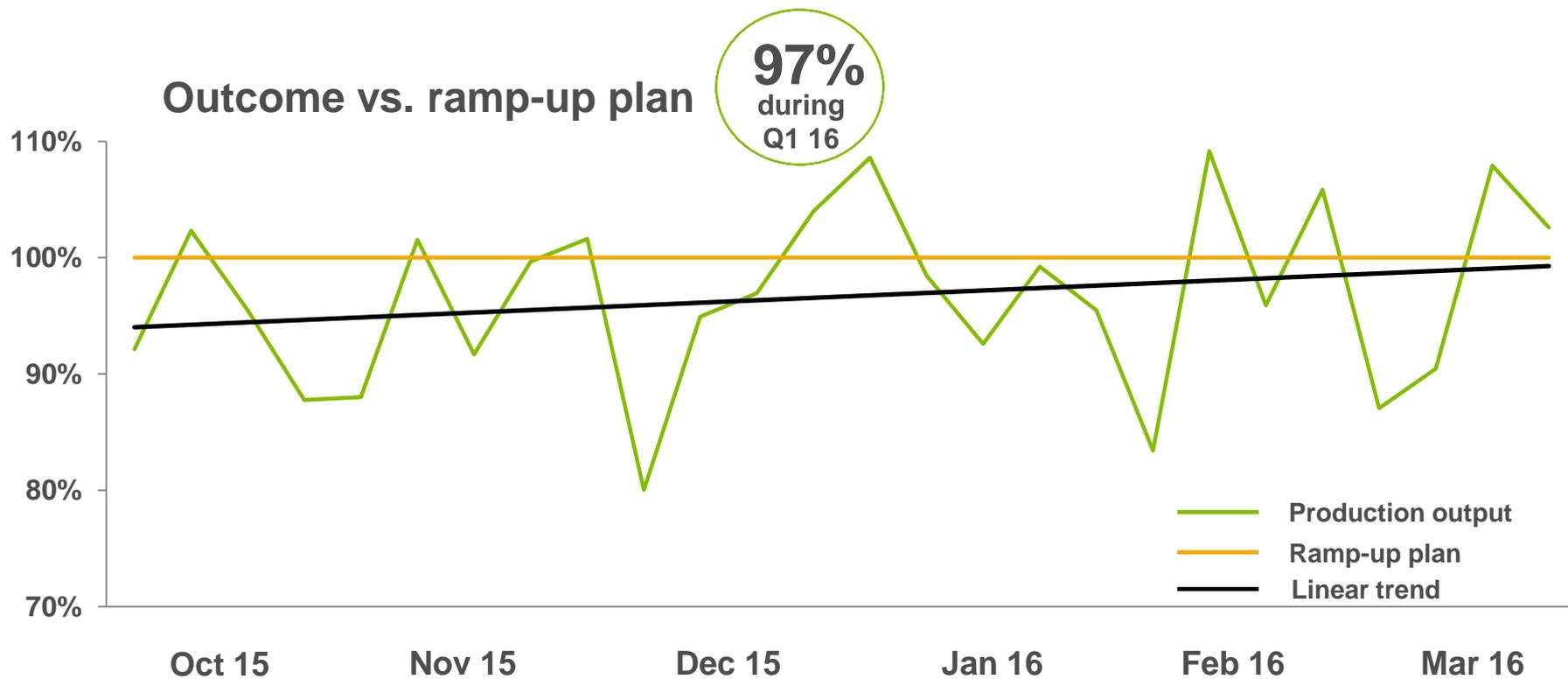
	SEKm
Planned maintenance costs in quarter	-156
Rebuild related costs and start-up delays	-154
Additional unexpected maintenance costs and production losses	-95
Total impact on quarterly results	-405

Approximate impact per business area	SEKm
Packaging Paper	-142
Consumer Board	-238
Corrugated Solutions	-25
	-405

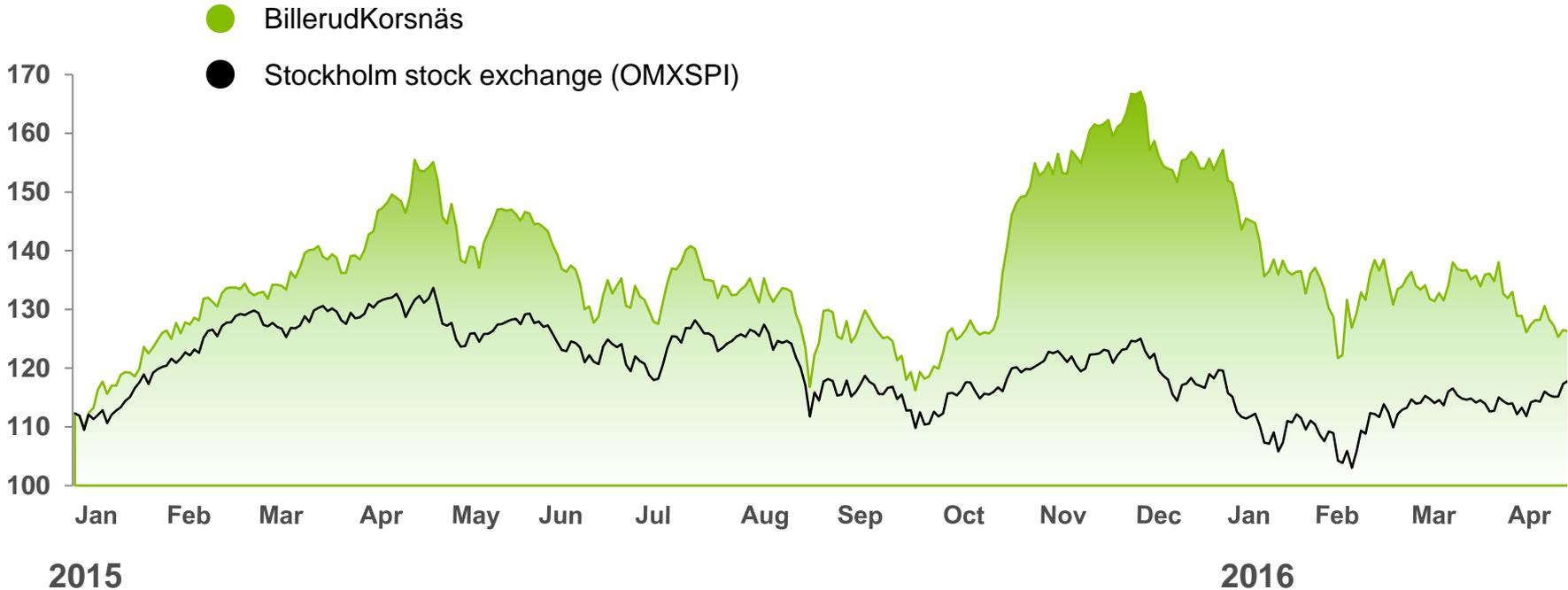
DECIDED ACTIONS

- 2016 final rebuild stage of KM5 in Frövi postponed
- Investments for 2016 estimated to SEK 1 300 million, excluding future restructuring projects in Gruvön and Skärblacka.
- Focus on stability and cost efficiency in production

TOTAL PRODUCTION OUTPUT IMPROVING

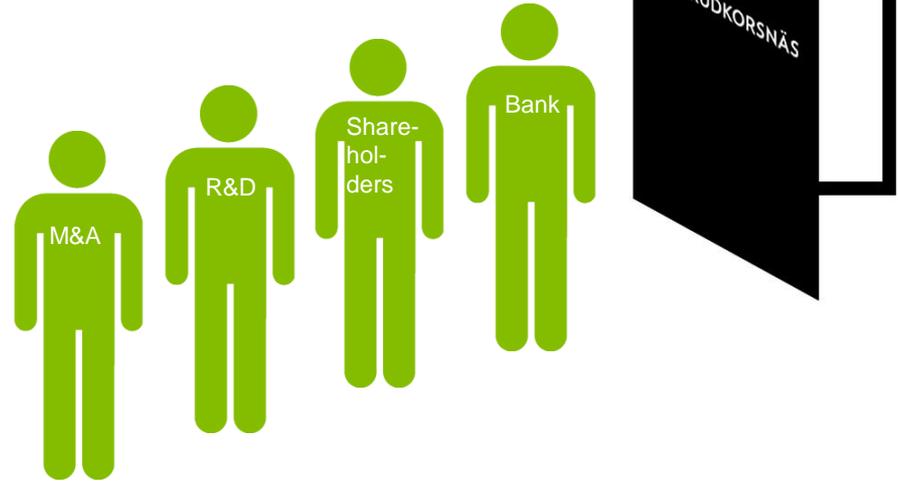


PRODUCTION PROBLEMS AFFECT SHARE PRICE



OUR CASH FLOW USES

- Reduce debt
- Dividend to shareholders
- Development investments
- Acquisitions





FUTURE – 3 PHASES

PHASE 1 – ESTABLISHED A STRONG COMPANY



- Packaging focused company
- Broader product portfolio
- Synergies
- Capacity for investments
- Capacity for innovation
- Sustainability part of core business

PHASE 1 – ESTABLISHED A STRONG BRAND



The image shows a screenshot of a web browser displaying the website <http://www.challengeconventional.com/>. The main heading reads "WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE". Below the heading are several content tiles:

- GIVING TRADITIONAL FOOD A MODERN FLAVOUR**: A tile showing a person holding a bowl of nuts, with a paper airplane flying above it.
- HOW DO YOU PACKAGE AN EMOTION?**: A tile showing a person in a kitchen setting.
- HIGHLIGHTS FROM SCANPACK 2015**: A tile showing a night view of a city skyline.
- PACKAGING IS THE HERO – FIND OUT WHY**: A tile showing a box of oranges.
- CHALLENGE YOUR ECO-FOOTPRINT**: A tile showing a beach with footprints in the sand.

WE HAVE INVESTED SEK 2 BILLION SINCE 2012 TO INCREASE CAPACITY AND QUALITY LEAD

PACKAGING PAPER

260 SEKm
Brown sack paper

CONSUMER BOARD

1600 SEKm
Liquid Packaging Board
Cartonboard

CORRUGATED SOLUTIONS

180 MSEK
S/C fluting

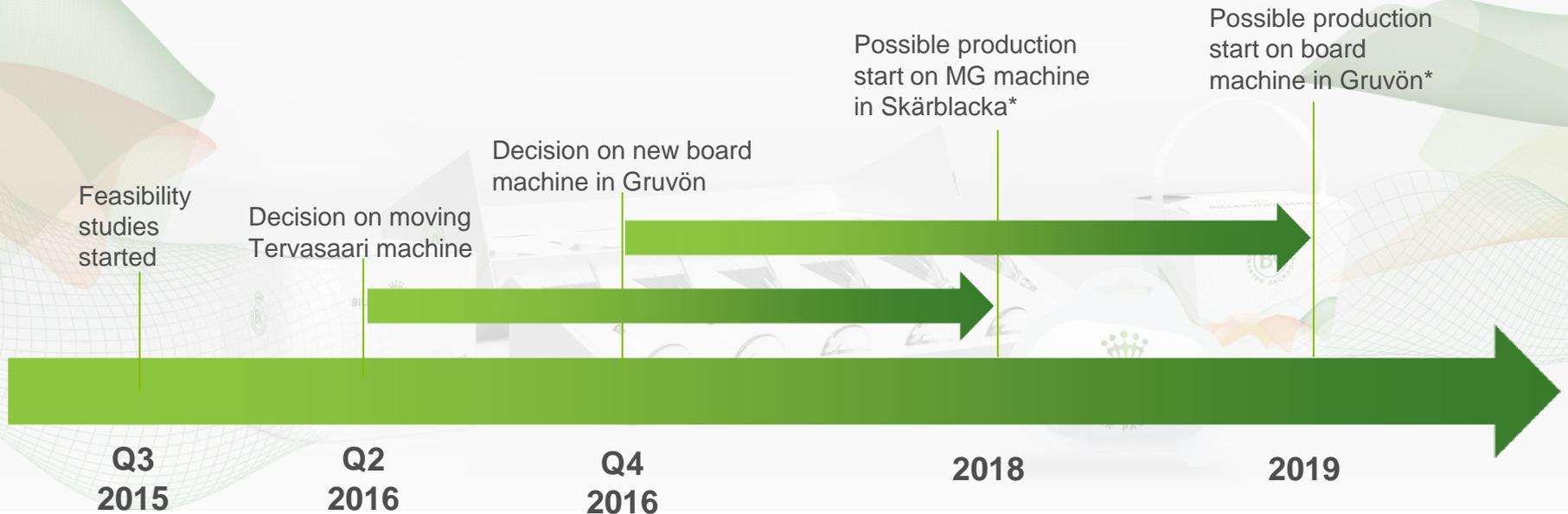
+ **260** thousand tonnes

PHASE 2 – WE ARE PLANNING TO INVEST MORE THAN SEK 5 BILLION...

- Moving MG paper machine from Tervasaari to Skärblacka
- Building a new board machine at Gruvön production unit
- Optimisation of capacity within whole production system
- Investment rationale is to improve profitability and secure organic growth
 - In accordance with Business Areas' growth strategies
 - Improved EBITDA >1000 MSEK when fully implemented
 - Continued organic growth with 3-4% per year



...DURING NEXT THREE YEARS



*Subject to feasibility study results

PHASE 3 – M&A MAY BOOST LONG TERM GROWTH

- We have the financial capacity
- We have proven experience in merging businesses and quickly extracting synergies
- Bolt-on acquisitions with synergy potentials are currently the most interesting candidates
- Right valuation and availability are prerequisites for larger acquisitions

PHASE 3 – INVESTING IN INNOVATION – ON THREE LEVELS

2015 vs 2013:

2x # employees

5x # projects

180 % increased spend

2013

**R&D and product
development**



2015

**Challenger
products**

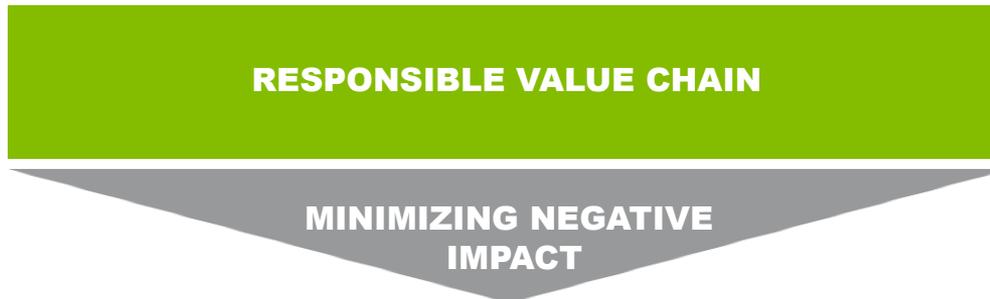
Innovation agenda

**R&D and product
development**

PHASE 3 – SUSTAINABILITY– A BUSINESS OPPORTUNITY




BILLERUDKORSNÄS



WE PROVIDE SUSTAINABLE ALTERNATIVES

Through our products...

Environmental impact paper vs plastic¹



... and through our actions



¹ Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.



BILLERUDKORSNÄS

