



BILLERUD

Carnegie Nordic Forest Seminar 2023

2023-09-19

Ivar Vatne, Acting CEO



Billerud - A pure play packaging innovator with strong ESG credentials

Net sales

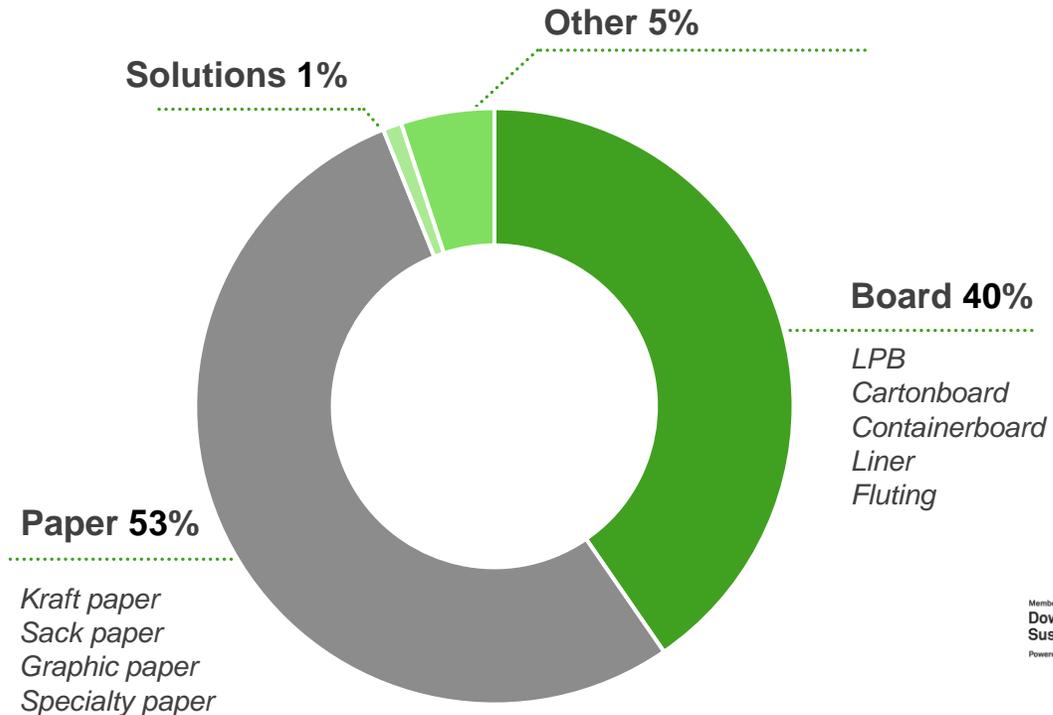


EBITDA



Margin

65% packaging material in product portfolio with a growing share of packaging solutions and systems



Production units

10

Employees

6 000

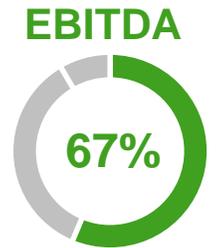
Industry leader



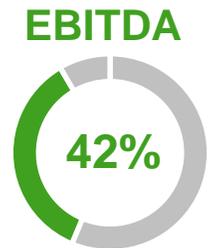
Global leader in superior paper and packaging materials - operating in two geographical regions



Europe



North America



Source: Billerud Q2 report, rolling 12 months

Premium board and paper made of virgin fiber targeting attractive end-markets

Liquid Packaging Board¹



1
Europe

Cartonboard



5
Europe

Liner



5
Europe

Fluting



2
Europe

Graphic paper



2
North America

Sack paper



2
Europe

Kraft paper



2
Europe

Specialty paper



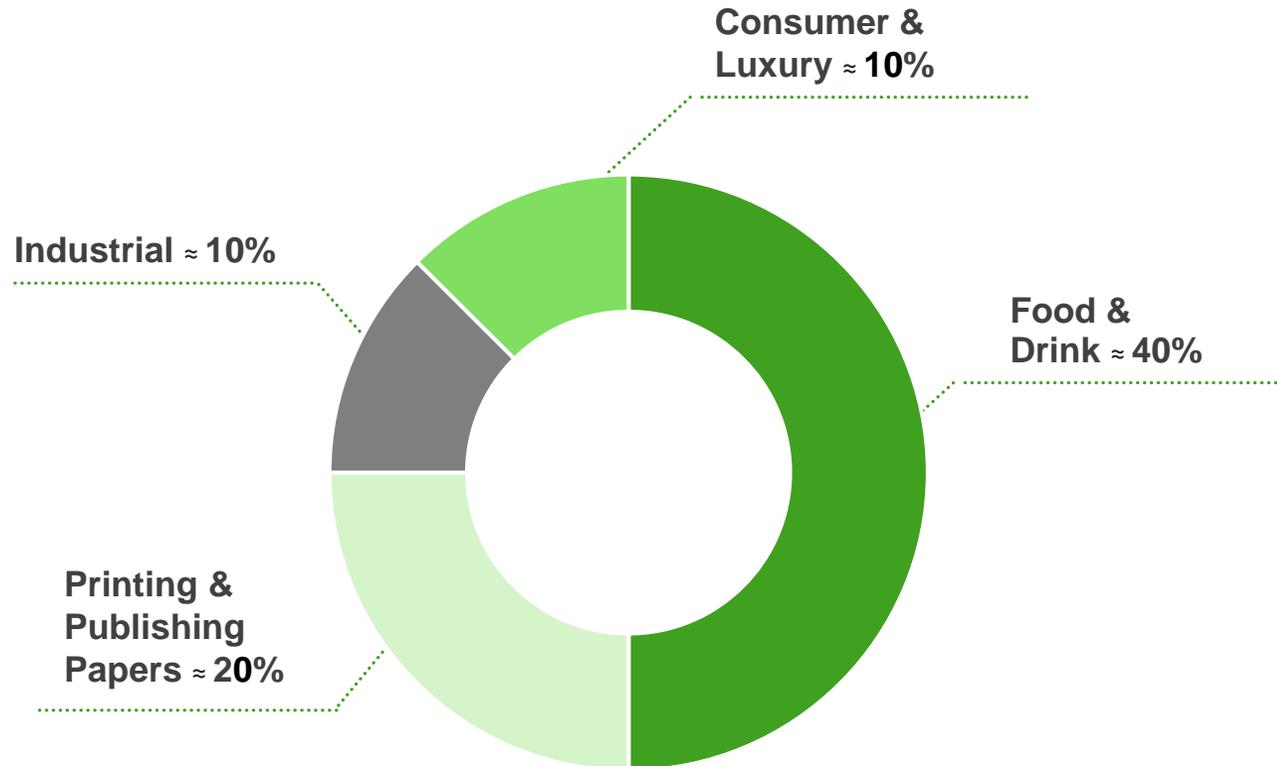
1
North America

Targeting customers and applications requiring light, strong and pure materials

¹ Aseptic packaging, Source: AFRY

Clear position in low-cyclical consumer segments

50% of sales towards consumer segment with stable long-term demand growth



Production footprint in the Nordics and the US. Vertically integrated and sizable board/paper mills



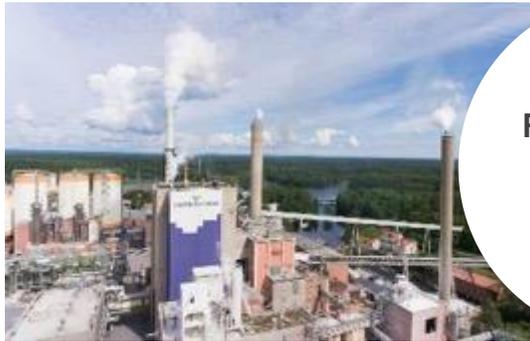
Gruvön
870 kt/year*
Approx. 790
employees



Karlsborg
335 kt/year
Approx. 380
employees



Escanaba
700 kt/year
Approx. 830
employees



**Frövi/
Rockhammar**
500 kt/year
Approx. 540
employees



Pietarsaari
200 kt/year
Approx. 120
employees



Quinnesec
400 kt/year
(paper)
Approx. 420
employees



Gävle
755 kt/year
Approx. 710
employees



Skärblacka
460 kt/year
Approx. 630
employees



**Wisconsin
Rapids**
(Sheeting)

* Production capacity per year

A dark, stormy sky with heavy, grey clouds dominates the upper half of the image. Below the sky, a wide, flat landscape of green and brown fields stretches to the horizon. A gravel road or path leads from the bottom center towards the horizon, flanked by green grass. Power lines are visible on the left side of the road. The overall mood is somber and challenging.

After a stellar performance
last year, **2023 is challenging:**

**Low demand,
slow destocking and
high fibre costs in Europe**

Q2 Headline: Navigating challenging market conditions

All-time low
sales volumes
& high costs

FX neutral
Net Sales growth

-18%

Interest bearing
Net debt/EBITDA

1.3

EBITDA
margin

2%

Challenging markets – most categories and channels are negatively impacted



Sales split, %¹

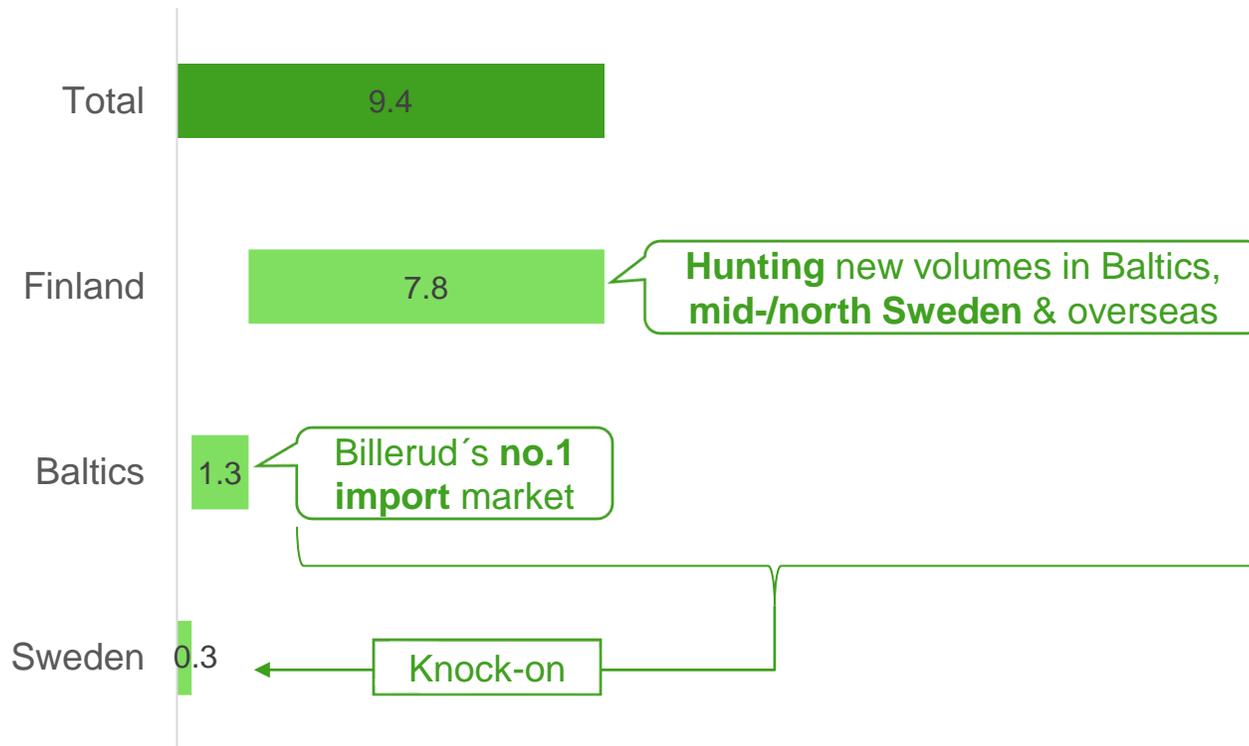
LPB (8.6bn)	100%			
Cartonboard (3.5bn)	25%		75%	
Containerboard (5.5bn)	80%		10%	10%
Kraft & Speciality Paper (5.2bn) ²	50%		30%	10%
Sack Paper (3.9bn)	15%			85%
Graphical Paper (8.6bn)		100%		
Share of Group Net Sales³	~40%	~20%	~10%	~10%
Billerud Market status Q2'23	Stable / Challenging	Challenging	Challenging	Challenging
Billerud Market trend outlook	Stable / Challenging	Challenging	Challenging	Challenging

¹⁾ 2022 Net Sales in bn SEK. ²⁾ Excluding medical paper. ³⁾ Total Group Net Sales include Currency hedging and Solutions & Other, not allocated to end-use segments

Knock-on effects of ban on Russian/Belarus fiber stressed the Swedish fiber market

2021 import of pulpwood, chips and sawlogs from Belarus/Russia to Finland/Sweden/Baltics

Million m³sub



Pre full-scale Russian/Belarus export flows to Baltic Sea region

Arrows corresponding to relative volume



Source: JAY Partners, Billerud analysis

Profit & efficiency enhancement program is on track

- 3-year program focusing on structural profitability improvements
- Activities span across functions in Region Europe
- Target: EBITDA uplift of SEK 1.5 bn end of 2025
- Positive effect and mobilization across organization
- Raised ambition for 2023: from SEK 400 m to SEK 600 m EBITDA impact in 2023
- Continuously identifying activities to build pipeline for 2024-2025

Highlighted initiatives with structural impact from 2023. New ways of working as “One Billerud”

Cross functional value engineering to reduce variable costs

Engage with suppliers to achieve savings and technical improvements

More efficient logistics and optimization of terminal network

Target price point outliers to optimize overall portfolio pricing

Increase the share of field wood purchase in Sweden

SEK 225 m EBITDA impact during first 6 months

Strategy as presented in 2021 is largely intact but needs to be updated on several fronts

SAFETY FIRST. ZERO LOST TIME INJURIES

DELIVER SUSTAINABLE PROFITABLE GROWTH IN PACKAGING MATERIALS

COMMERCIAL

- **Paperboard:** Drive the powerhouse in Europe and deliver growth ambition in North America
- **Liquid packaging board:** Long-term profitable growth with select customers
- **Sack and kraft paper:** Improve mix by growing share of target applications
- **Innovation:** Step up impact led innovation

OPERATIONS

- Improve efficiency to best in class across all mills with one operating framework
- Accelerate KM7 to capacity and release true potential across the three board mills
- Develop and execute the transformation in North America
- Build factory of the future pilot in Norway

WOOD SUPPLY

- Optimise fibre consumption
- Build long-term partnerships
- Secure competitive fibre availability
- Develop lean, green and flexible wood supply chain

SHAPE A SUSTAINABLE FUTURE

WIN WITH OUR PEOPLE

ONE BILLERUD

We continue to strengthen the plans for our Transformation in North America

- Billerud runs a transformation program with the aim to convert one paper machine in Escanaba to a board machine
- Preparations ongoing and the business case being reviewed continuously
- Fundamentals remain very strong:
 - North America is a large and growing market for paperboard made of virgin fiber
 - Billerud has a leading cost position with abundant and competitive wood raw material
 - Superior products (FBB: Cartonboard) and market position is being built with deliveries from Europe
 - Expect to come back with more information towards year end

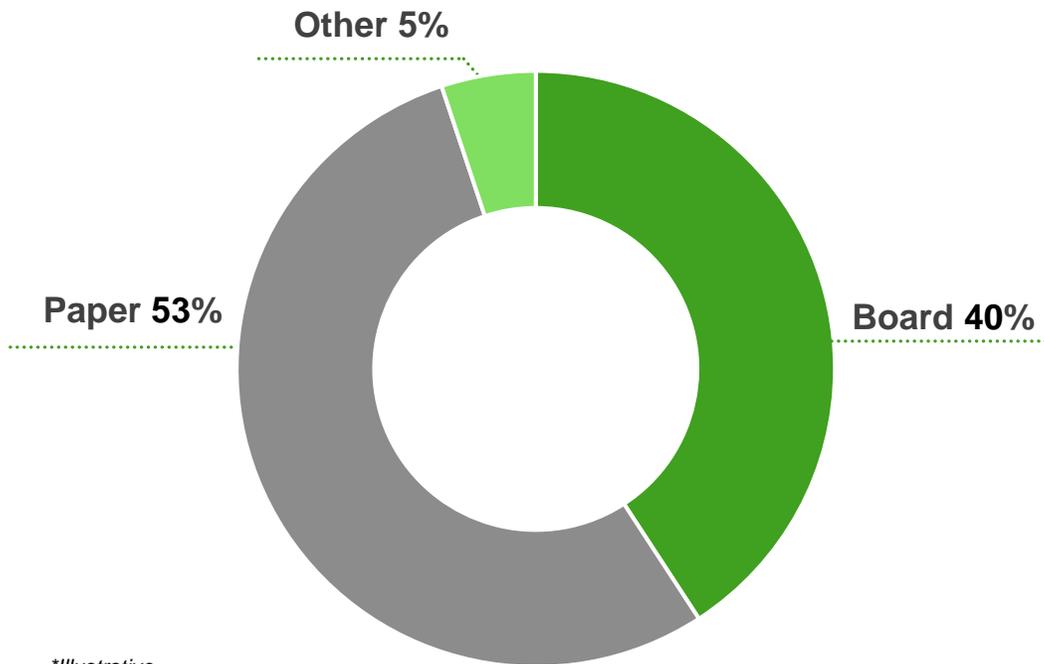


Our US Transformation enables a stronger board presence – paperboard to be our growth locomotive

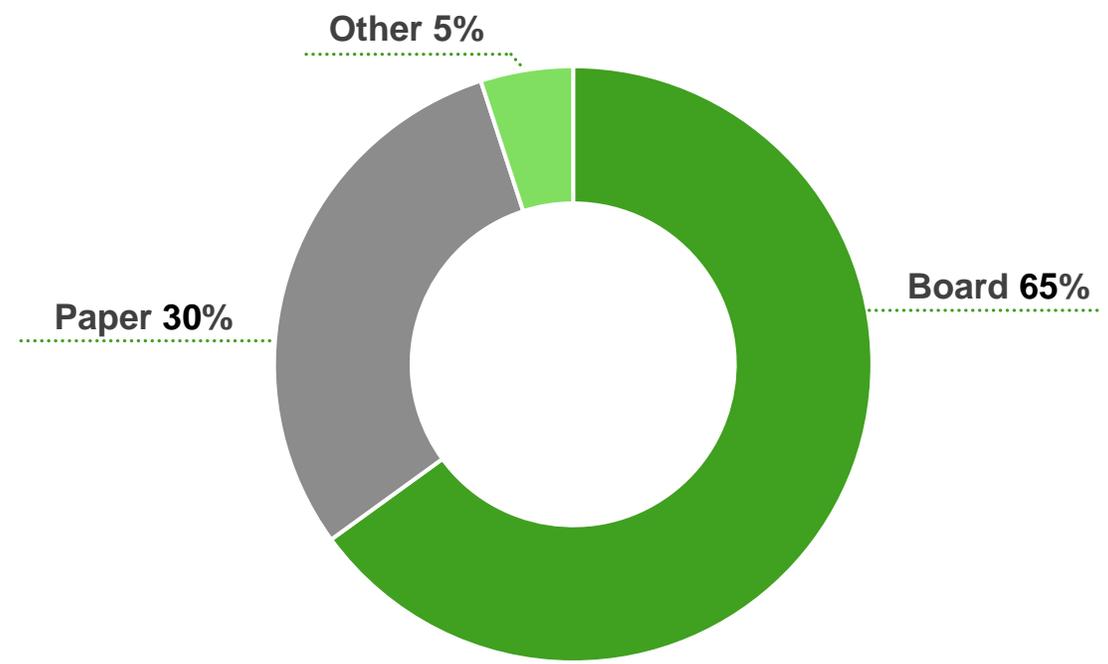
≈65% packaging material in product portfolio with a growing share of packaging solutions and systems

≈85% packaging material in product portfolio with a growing share of packaging solutions and systems

Today



After Transformation*



*Illustrative

Pre-feasibility of our project with Viken Skog is progressing well

- Billerud and Viken Skog (JV 50/50) explore possibilities for joint production of BCTMP at the Follum mill in Norway
- The site has much of the infrastructure needed for such production
- Competitive wood supply and good transports to Billerud's board mills
- Estimated capacity 200 ktonnes / year



New recovery boiler in Frövi is completed on time and below budget

- Investment of around SEK 2.6 bn
- Test runs are ongoing
- Excellent project delivery – ahead of time and budget
- Provides possibilities for:
 - Increased pulp production
 - Increased electricity production
 - Improved environmental performance
 - Enhanced efficiency / availability





Outlook for Q3 2023

- ✓ Weak demand in general but we are starting to see signs of improvement in selective categories
- ✓ Still heavy production curtailment as response to weak demand, especially in North America
- ✓ Input costs starting to come down from peak levels
- ✓ Sales prices under pressure in particular for sack paper, kraft paper, and containerboard
- ✓ Accelerated delivery of the efficiency enhancement program



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Thank you





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Packaging Tomorrow

