Strong financial position

WHAT IF paper packaging is the solution?
Key highlights

- Underlying sales and profitability growth excluding the KM7 impact
- Sales impacted by weaker market for sack and kraft paper
- Strong balance sheet after sale of a majority stake in Bergvik Skog Öst
- Increased focus on efficiency and profitability
- Fibre costs remained on historic high levels
- Operating profit* of SEK 153 million
- Net profit of SEK 5 754 million, including profit from discontinued operations of SEK 5 677 million

* Adjusted for items affecting comparability
Execution for profitable growth

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

DRIVE PERFORMANCE

PROFITABLE GROWTH BY CREATING CUSTOMER VALUE

ACCELERATE SPEED IN INNOVATION

EXPAND OUR SOLUTIONS BUSINESS

WINNING WITH OUR PEOPLE
Think new – Feel responsibility – Cooperate – Create value
Drive performance

- Safe and stable production
  - Paradigm shift in safety mindset
  - Reach planned capacity increases
  - Production excellence program (PEX)

- Cost reduction program
  - Purchasing effectiveness
  - Efficiency improvements throughout the business
  - Employee reductions

- Footprint

- Standardized way of working

- Competitive wood supply
Profitable growth by creating customer value

- Focus our offer to maximize customer benefits and our profitability
  - Product portfolio optimization
  - Targeting attractive segments
  - Value offering to strengthen customers’ business
  - Deeper relationships and better understanding of customers’ customer

- Increase production capacity
Accelerate speed in innovation

- Increase speed to market
  - Well defined product development and focused commercialization process
  - Fewer but faster

- Execute flagship pipeline
  - Paper battery
  - Paper bottle
  - Flow wrap
  - LPB bio barriers
  - MFC CTMP boost
Expand our solutions business

- Organic growth of solution sales
  - Managed packaging
  - Brand owner partnering
  - New packaging solutions

- Growth through acquisitions
### Q3 Key financial figures

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
<th>Q3 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>5 833</td>
<td>6 054</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>639</td>
<td>893</td>
<td>-28%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA margin</strong></td>
<td>11%</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating profit</strong></td>
<td>153</td>
<td>540</td>
<td>-72%</td>
</tr>
<tr>
<td><strong>Adjusted operating profit margin</strong></td>
<td>3%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>5 754</td>
<td>363</td>
<td>–</td>
</tr>
<tr>
<td><strong>Adjusted ROCE</strong></td>
<td>6%</td>
<td>11%</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted for items affecting comparability
Negative sales impacted by KM7 ramp-up and weaker market for kraft paper and sack

- Primarily driven by KM7 ramp-up – 5% pts of total net sales
- Division Board flat, but underlying still in growth
- Division Paper impacted by weaker market for sack and kraft paper

CAGR = 4%
Long-term target = 3-4%

Net sales growth, %

-2% 5% 5% 3% 3% 2% 5% 5% 9% 10% 7%
Underlying net sales growth (excl KM7)

- Underlying net sales growth (excl KM7): +1%

- Q3 2018: 6,054
  - fx: +2.0%
  - Pricing pulp: -2.1%
  - Pricing other: +0.7%
  - Volume/Mix: +0.4%
- Sub-Total Q3 2019: 6,126
  - KM7 Start-up: -5%
- Q3 2019: 5,833
Profitability heavily impacted by negative volume and mix impact from KM7. Underlying EBITDA growth.
Gearing up to deliver our cost programme

- Short term: Start to see effects coming through in our Q3 results
- Long term: Getting ready to deliver on all project streams as of 2020
- Structural saving targets confirmed
  - 2020: SEK 250 million run-rate impact
  - 2021: SEK 600 million run-rate impact
- Provision of SEK 30 million in Q3’19
Division Board

Share of net sales
Q3 2019

KEY FIGURES*

<table>
<thead>
<tr>
<th></th>
<th>SEKm</th>
<th>Change vs Q3-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3 279</td>
<td>–</td>
</tr>
<tr>
<td>of which liquid packaging board</td>
<td>1 762</td>
<td>-2%</td>
</tr>
<tr>
<td>of which cartonboard</td>
<td>397</td>
<td>18%</td>
</tr>
<tr>
<td>of which fluting &amp; liner</td>
<td>834</td>
<td>-7%</td>
</tr>
<tr>
<td>Net operating expenses, other</td>
<td>-2 895</td>
<td>9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>384</td>
<td>-37%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

① Flat net sales vs previous year – mainly impacted by KM7
  › Board excl KM7 grew by 5%

② EBITDA declined due to KM7 start-up effects and mix (pulp)
  › EBITDA margin excl KM7 17%

* Comparable figures for 2018 restated according to the new division structure
Production started at our new KM7 – company milestone

- Q3 negative EBITDA impact of SEK 280 m
  - Slightly lower than estimated
  - Volume and mix main drivers
  - 2/3 split to Board (1/3 Paper)
  - Volume trend improved in back-half of Q3

- SEK 650 m KM7 impact for FY2019 intact
  - Q4 impact estimated to SEK 180 m

- SEK 200 m KM7 impact for FY2020 intact
Division Paper

Share of net sales Q3 2019:
- 33%

KEY FIGURES*

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q3-19</th>
<th>Change vs Q3-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1 932</td>
<td>-14%</td>
</tr>
<tr>
<td><em>of which sack paper</em></td>
<td>651</td>
<td>-27%</td>
</tr>
<tr>
<td><em>of which kraft paper</em></td>
<td>819</td>
<td>-13%</td>
</tr>
<tr>
<td>Net operating expenses, other</td>
<td>-1 664</td>
<td>-8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>268</td>
<td>-38%</td>
</tr>
<tr>
<td>EBITDA, %</td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

- Net sales declined by 14%
  - Paper excl KM7 grew by -12%

- EBITDA declined due to reduced prices, lower volumes and unfavourable product mix
  - EBITDA margin excl KM7 19%

* Comparable figures for 2018 restated according to the new division structure
Division Solutions

Share of net sales Q3 2019

5%

KEY FIGURES*

<table>
<thead>
<tr>
<th></th>
<th>Q3-19</th>
<th>Change vs Q3-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>266</td>
<td>4%</td>
</tr>
<tr>
<td>of which Managed Packaging</td>
<td>213</td>
<td>-3%</td>
</tr>
<tr>
<td>of which Packaging Solutions</td>
<td>53</td>
<td>47%</td>
</tr>
<tr>
<td>Net operating expenses, other</td>
<td>-249</td>
<td>-5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>17</td>
<td>–</td>
</tr>
<tr>
<td>EBITDA, %</td>
<td>6%</td>
<td>–</td>
</tr>
</tbody>
</table>

Net sales grew by 4%
- Improved sales mix and positive currency effects
- Supported by FibreForm®

EBITDA increased mainly due to improved sales mix

* Comparable figures for 2018 restated according to the new division structure
Strong balance sheet

1. Net debt SEK 5.5 billion at 30 September
2. Net debt EBITDA ratio 1.8 – well below target
3. In November dividend payment of approx. SEK 445 million

Net debt / EBITDA*

Target: <2.5x

* Based on past 12 months EBITDA (Q418-Q319). Adjusted for items affecting comparability.
Summary and Q4 outlook

- Strong financial position and reviewed strategic priorities for the next five years
- The market for Division Board is expected to be stable
- Weaker market conditions in some segments, particularly brown sack paper and kraft paper for industrial use, with increased pricing pressure
- Slightly lower total cost of fibre due to lower pulpwood prices
- KM7 start-up effects of approx. SEK 180 million
- Focus on operational efficiency and cost savings
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