EXPANDING FOOTPRINT IN CONSUMER PACKAGING
Capital Markets Day 2013 – Business Area Consumer Board
2013-11-14 | Christer Simrén, COO & SVP Business Area Consumer Board
EXPANDING FOOTPRINT IN CONSUMER PACKAGING

- Attractive market opportunities
- Strong track record
- Product innovation in focus

Volume growth CAGR 4-5%
CONSUMER BOARD IN BRIEF

PERCENTAGE OF GROUP’S NET SALES
34%
MSEK 6700

NET SALES PER MARKETING SEGMENT
- Food and Beverages, 91%
- Consumer and Luxury, 7%
- Industry, 1%
- Medical and Hygiene, 1%

PERCENTAGE OF GROUP’S OPERATING PROFIT
48%
MSEK 620

NET SALES PER GEOGRAPHICAL AREA
- Europe, 69%
- Asia, 21%
- Middle East, 2%
- Africa, 7%
- South America, 2%

LIQUID PACKAGING BOARD

CARTONBOARD

CUP STOCK

Note: Combined financial information for FY 2012.
**HEALTHY AND STABLE PROFITABILITY**

*2007 average currency rate applied. Figures for Korsnäs Industry for the period FY 2007-2012. Korsnäs Industri also includes kraft and sack paper as well as White top liner, which is not the case for BA Consumer Board.*
MAJOR GROWTH OPPORTUNITIES WITHIN GLOBAL FOOD PACKAGING

Demographics
- Growing population
- Urbanisation
- Aging population

Economy
- Economic development
- Growing middle class
- Globalisation

Sustainability
- Resources
- Environment
- Technology
TWO DISTINCT PRODUCT AREAS

CARTONBOARD

LIQUID PACKAGING BOARD

Pictures: Tetra Pak and BillerudKorsnäs.
CARTONBOARD
BRAND EQUITY IS A STRONG DRIVER
CARTONBOARD

Highly diversified end-market

Consumer driven development

Very high requirements on:
  - Product appearance in shelf
  - Consumer friendly solutions
  - Product safety and sustainability
  - Delivery security

Successful product development has enabled BillerudKorsnäs to strengthen market position within the most advanced customer applications

+5% growth expected USD 38bn global cartonboard market
WORLD-CLASS MATERIAL...
CARTONBOARD

- Excellent product portfolio
  - Unique and tailor-made board composition
  - High end quality consistency providing efficient solutions all through the value chain
  - Product properties developed to maximise packaging performance

- Optimal for premium end segments
  - Luxury drinks, beauty and health care, confectionery and fashion, etc.

- Frontrunner with superior functionality and extensive track-record
  - Launched a new white concept solution with improved product features

Unique board composition

- Coating for excellent printing results
- Bleached fibres for print result and smoothness
- Bleached fibres reinforced by strong chemical pulp and bleached CTMP for designability, grip stiffness and material optimization
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- Bleached fibres for reverse side whiteness
... WITH STRONG SERVICE OFFERING
CARTONBOARD

- Proactive business support in the value chain
  - Cooperation with converters, brand owners and retailers to understand the business needs and develop solutions

- Carton solutions – Packaging design centre
  - Increase attractiveness by maximising packaging exposure
  - Increase consumer loyalty through user friendly packaging solutions
  - Increase efficiency through packaging optimisation

- Logistics solutions:
  - Delivery concept
    - Secure availability & precision
    - Materials
INNOVATING TO MEET CHANGING CUSTOMER DEMANDS
CARTONBOARD – PRODUCT INNOVATION IN FOCUS

BillerudKorsnäs White
- Light weighting
- Whiter surface
- Improved consistency

BillerudKorsnäs Artisan
- Tactility with a silk smooth surface
- Old fashion appeal
LIQUID PACKAGING BOARD
PORTION PACKS EXPECTED TO GROW BY 6%

Global aseptic liquid packaging board market

- Million units
- CAGR 6%
- CAGR 4%

Portion packs annual growth (2012-2016)

- North America: 1%
- West Europe: 2%
- East Europe: 4%
- Asia (excl. central Asia): 8%
- Africa, Middle East, Central Asia: 8%
- Latin America: 3%

Source: BillerudKorsnäs, Zenith&Warrick.
GROWING MARKET IN NEED OF PREMIUM QUALITY SUPPLIERS
LIQUID PACKAGING BOARD

- Capacity increases needed given expected growth
- Additional capacity will be needed at time when it comes operationally
- Important to have access to sustainable raw materials base

Global liquid packaging board market

3.8 million tonnes
2013

4-5%
CAGR (2013-18)

4.7 million tonnes
2018

Source: BillerudKorsnäs analysis on Zenith&Warrick’s data.
WE ARE IDEALLY POSITIONED TO CAPTURE GROWTH
LIQUID PACKAGING BOARD

- Market leading product portfolio
- Broad range from pouches, portion packs to family packs
- Extensive experience
  - 50 years track record
- Ideal machine set-up to produce the full product range
  - Working as contingency back-up to each other
  - 3 board machines with production capacity of 1.1 million tonne
- Continuous evolution to meet higher demand and speed in converting lines and filling processes
WE HAVE THE KNOW-HOW AND ASSETS TO DRIVE PROFITABLE GROWTH
LIQUID PACKAGING BOARD

Increased board machine capacity

Improved board surface roughness

Increased package converting speed
DE-BOTTLENECKING IS INCREASING CAPACITY
SHORT-TERM
LIQUID PACKAGING BOARD

Gävle
• +70 ktonne to 660 ktonne (annual)
• Improved quality (print surface)
• MSEK 270 investment in 2012 and MSEK 220 in 2014

Frövi
• +50 ktonne to 450 ktonne (annual)
• Improved quality (print surface)
• MSEK 250 investment in 2013

+12% in annual production capacity (2015 vs 2011)
PRODUCT INNOVATION IN FOCUS
LIQUID PACKAGING BOARD

- Tailor made board meeting the expectations from the whole value chain
  - Board to advanced and diversified packages
- Close customer cooperation regarding innovation
- New openings & closures require superior packaging material performance
- Responding to food safety and sustainability demands a core competence
- From packaging of beverages to adding food
  - Retortable board
EXPANDING FOOTPRINT IN CONSUMER PACKAGING

**INNOVATION**
- Tailor-made materials
- Packaging solutions

**CAPACITY MANAGEMENT**
- Capacity increase

**INVESTMENTS**
- World-class technology and production

**GEOGRAPHY**
- We deliver where the global growth is

Volume growth CAGR 4-5%
CUSTOMER DIALOGUE WITH TETRA RECARD
DELIVERING SUSTAINABLE PROFITABLE GROWTH