CREATING LONG-TERM SHAREHOLDER VALUE
Capital Markets Day 2013
2013-11-14 | Per Lindberg, CEO and President
## KEY HIGHLIGHTS Q3 2013 INTERIM REPORT

<table>
<thead>
<tr>
<th></th>
<th>Q3 2013</th>
<th>vs. Q2 2013</th>
<th>Jan-Sep 2013</th>
<th>vs. Jan-Sep 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, MSEK</td>
<td>4 715</td>
<td>-5%</td>
<td>14 820</td>
<td>+101%</td>
</tr>
<tr>
<td>Adjusted operating profit, MSEK</td>
<td>331</td>
<td>+4%</td>
<td>1 081</td>
<td>+103%</td>
</tr>
<tr>
<td>Return on capital employed, %*</td>
<td>6%</td>
<td>+/-0</td>
<td>6%</td>
<td>-5 p.p.</td>
</tr>
<tr>
<td>Operating cash flow, MSEK</td>
<td>109</td>
<td>+16%</td>
<td>512</td>
<td>+62%</td>
</tr>
<tr>
<td>Net debt/equity, multiple</td>
<td>0.80</td>
<td>-0.05</td>
<td>0.80</td>
<td>+0.60</td>
</tr>
</tbody>
</table>

*Calculated over the past 12-month period.*
FOUR FINANCIAL TARGETS

- Operating margin > 10%*
- Return on Capital Employed > 13%*
- Net debt/Equity ratio < 0.9
- Dividend policy: 50% of net profit*

* Over a business cycle.
OUR COMMITMENT TO LONG-TERM SHAREHOLDER VALUE

- Achieve ROCE >13%
- Restore margins
- Pay down debt
- Achieve profitable growth
- Achieve ROCE >13%

Stated dividend policy

Fulfilment
- Short-term
  - Restore margins
  - Pay down debt
- Mid-term
  - Achieve profitable growth
- Long-term
  - Achieve ROCE >13%
A STRONG PLATFORM WITH INCREASED STABILITY
THE TWO ACQUISITIONS IN 2012 RESULTED IN SIGNIFICANTLY REDUCED MARKET PULP EXPOSURE AND LOWER RELATIVE CURRENCY EXPOSURE
ON TRACK TO ACHIEVE EBIT MARGIN TARGET OF >10%

- Adjusted EBIT margin 9 M 2013*
- Synergy target (MSEK 530)
- Adjusted EBIT margin 9 M 2013 adjusted for synergies of MSEK 530 and NRI

* Adjusted for NRI of MSEK 165
CASH-FLOW GENERATIVE BUSINESS
CASH-FLOW FROM OPERATING ACTIVITIES

Note: FY 2010 figure is combined and FY 2011 and 2012 figures are proforma.
SUPPORTING THE DIVIDEND…
DIVIDEND POLICY TO PAY 50% OF NET PROFIT OVER A BUSINESS CYCLE
... AND PAYING DOWN DEBT
AMBITION TO FIND AN OPTIMAL LONG-TERM CAPITAL STRUCTURE
ACTIONS TO IMPROVE ROCE

1. Capital management
   - Target 10% working capital/net sales
     - As per 30/9-2013 15%
   - Capital expenditure in existing structure in line with depreciation & amortisation
     - Maintenance investments
     - De-bottlenecking
     - Quality enhancement investments

2. Asset review

3. Profitable growth through investments in fixed assets with ROI > 13%

Short-term

Long-term
WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE
ACHIEVING 15-20% ORGANIC GROWTH BY 2018

CONTAINERBOARD

Value growth
- Increase margins on existing portfolio

BA market CAGR
- 2-4% CAGR

Selective growth
- Target growth in selected segments, balancing additional capacity

PACKAGING PAPER

Volume growth
- Increase volume in key markets

- 0-4% CAGR

CONSUMER BOARD

- 4-5% CAGR
DELIVERING SUSTAINABLE PROFITABLE GROWTH
GROW IN LINE WITH THE MARKET

INNOVATION
CAPACITY MANAGEMENT
INVESTMENTS
GEOGRAPHY

15-20% organic growth by 2018
DELIVERING SUSTAINABLE PROFITABLE GROWTH

Q&A
APPENDIX
Capital Markets Day 2013
THREE BUSINESS AREAS

PACKAGING PAPER
Kraft and sack paper

CONSUMER BOARD
Liquid packaging board, cartonboard and Cup Stock

CONTAINERBOARD
Fluting and liner

The combined financial information on this slide for FY 2012 is not financial pro forma information, and has not been audited or otherwise reviewed by the company’s auditor.
PRODUCTION UNITS

<table>
<thead>
<tr>
<th>Unit</th>
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<tbody>
<tr>
<td>BEETHAM</td>
<td>45</td>
</tr>
<tr>
<td>FRÖVI/ROCKHAMMAR</td>
<td>450</td>
</tr>
<tr>
<td>GRUVÖN</td>
<td>685</td>
</tr>
<tr>
<td>GÄVLE</td>
<td>700</td>
</tr>
<tr>
<td>PIETARSAARI</td>
<td>200</td>
</tr>
<tr>
<td>KARLSBORG</td>
<td>300</td>
</tr>
<tr>
<td>SKÄRBLACKA</td>
<td>400</td>
</tr>
<tr>
<td>TERVASAARI</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 880</strong></td>
</tr>
<tr>
<td>LATGRAN*</td>
<td>400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>400</strong></td>
</tr>
</tbody>
</table>

* Pellet production.
INTEGRATED PRODUCTION IN SWEDEN

- 5 units in Sweden with both pulp, paper/board production
- Several benefits of integrated production
  - Controlled process
  - High product quality
  - High self-sufficiency rate in electricity (~50% in the Group)
  - Lower energy consumption
COST STRUCTURE

- Wood raw materials, 36%
- Personnel, 17%
- Freight to customers, 11%
- Chemicals, 8%
- Depreciation, 7%
- Services purchased, 6%
- Other inputs, 4%
- Energy, 4%
- Other, 7%

- No significant forest assets
- Purchases made from handful of major suppliers
  - Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog
  - Large amount of private land owners in Central and Northern Sweden
- The majority of wood raw materials acquired locally
- About 20% of the wood requirement is imported
  - Majority from the Baltics

Note: 2012 FY.
CONSUMER SECTORS ACCOUNT FOR ~75% OF SALES

- **FOOD & BEVERAGES**: 57% of sales*
- **INDUSTRIAL**: 26% of sales*
- **CONSUMER & LUXURY**: 11% of sales*
- **MEDICAL & HYGIENE**: 6% of sales*

*Percentage of Group’s combined net sales in 2012.