Nordea Forest Products & Paper Seminar | May 2014
Per Lindberg, CEO and President, and Susanne Lithander, CFO
WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE
BILLERUDKORSNÄS IN FACTS & FIGURES

NET SALES (2013)
20 Billion SEK

OPERATING PROFIT (2013)
1.1 Billion SEK

8 PRODUCTION UNITS (packaging paper, consumer board, containerboard and pulp)
- Beetham
- Frövi/Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Tervasaari

BUSINESS AREAS

PACKAGING PAPER
37%
Share of net sales (2013)

CONSUMER BOARD
36%
Share of net sales (2013)

CONTAINERBOARD
16%
Share of net sales (2013)

A STRONGER PLATFORM FOR GROWTH AND PROFITABILITY
WITH A FOCUS ON CUSTOMER VALUE, INNOVATION AND SUSTAINABILITY
CREATING NETWORKS WITH AN OPEN MIND

NUMBER OF EMPLOYEES
4 300
CREATING A PLATFORM FOR THE FUTURE
FOCUSING ON PRIMARY FIBRE-BASED PACKAGING MATERIALS

- High performance packaging materials
  - Target customer segments requiring strong, light and/or pure packaging

- Smarter solutions
  - Focus on value added to customers rather than price

- 75% of sales going to consumer sectors
  - Food & Beverages is largest market segment with ~60% of sales

- Sustainable innovation is key
  - Consumers prefer paper over plastics*

LEADING POSITIONS

PACKAGING PAPER
- KRAFT PAPER
  - #1 EUROPE
- SACK PAPER
  - #2 EUROPE
- LIQUID PACK. BOARD
  - #1 EUROPE
  - ASEPTIC
- LIQUID PACK. BOARD
  - #2 EUROPE
  - ALL TYPES
- NSSC FLUTING
  - #1 EUROPE
- PURE WHITE LINER
  - #1 EUROPE
- SACK PAPER
  - #2 GLOBALLY*
- LIQUID PACK. BOARD
  - #1 GLOBALLY
  - ASEPTIC
- LIQUID PACK. BOARD
  - #2 GLOBALLY
  - ALL TYPES
- COATED WHITE TOP LINER
  - #2 EUROPE

* For High-Porosity Sack Paper
OUR MARKETS ARE GROWING FASTER THAN THE AVERAGE PACKAGING MARKET

BILLERUDKORSNÄS MARKETS
GLOBAL MARKET

- Liquid packaging board: CAGR 5%
- Cartonboard: CAGR 5%
- Brown sack paper (premium grade): CAGR 4%
- Containerboard: CAGR 3%
- Packaging: CAGR 3%
- Paper and Board: CAGR 3%

OUR ROAD MAP TO SUSTAINABLE PROFITABLE GROWTH
GROW IN LINE WITH THE MARKET

Building a strong platform for growth

Using innovation to drive competitiveness

Accelerating growth through strategic investments

15-20% organic growth by 2018
ACHIEVING 15-20% ORGANIC GROWTH BY 2018

CONTAINERBOARD

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

PACKAGING PAPER

0-4% CAGR
- Value growth
  - Increase margins on existing portfolio

CONSUMER BOARD

4-5% CAGR
- Selective growth
  - Target growth in selected segments, balancing additional capacity
- Volume growth
  - Increase volume in key markets

BA market CAGR

2-4% CAGR
- Value growth
  - Increase margins on existing portfolio
BUSINESS MODEL
A HOLISTIC APPROACH TO CUSTOMER NEEDS

NETWORK
CUSTOMERS
MATERIALS
SOLUTION SERVICES
GLOBAL NETWORK
SOLUTION SERVICES
MATERIAL
WORLD-CLASS PACKAGING MATERIALS

**PACKAGING PAPER**
- Kraft paper
- Sack paper

**CONSUMER BOARD**
- Liquid Packaging Board
- Cartonboard

**CONTAINERBOARD**
- Fluting
- Liner
SOLUTION SERVICES

- Comprehensive knowledge of the whole value chain
- Strong technical knowledge of packaging design
  - Expert assistance in the areas of packaging optimisation, print support and conversion support
GLOBAL NETWORK

Packaging manufacturers
Machine manufacturers
Research institutes

More than 2 000 customers and packaging partners in more than 100 countries
STRONG DEMAND FOR HIGH PERFORMANCE MOVING FORWARD

CONSUMERS

BRAND OWNERS

PACKAGING MANUFACTURERS

(procurement, sales, production, r&d)
BRAND OWNER BENEFITS

Stretch boundaries  
**FRESHER THINKING**

Increase productivity  
**GREATER RESULTS**

Lower transport costs  
**SMOOTHER JOURNEYS**

Reduce environmental impact  
**BRIGHTER FUTURES**

Boost brands. Attract consumers  
**SHARPER BRANDS**
KEY HIGHLIGHTS Q1 2014 INTERIM REPORT
NET SALES SEK 5 410 MILLION. ADJUSTED OPERATING PROFIT SEK 555 MILLION

Net sales, SEKm

<table>
<thead>
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<th>Quarter</th>
<th>Net Sales, SEKm</th>
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<tbody>
<tr>
<td>Q1 13</td>
<td>5 181</td>
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<tr>
<td>Q4 13</td>
<td>4 755</td>
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<tr>
<td>Q1 14</td>
<td>5 410</td>
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Adj. op. profit, SEKm

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<tr>
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<td>555</td>
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All 2013 comparable numbers include Bomhus Energi AB.
KEY HIGHLIGHTS Q1 2014 INTERIM REPORT
CASH FLOW SEK 385 MILLION. ROCE 7%, NET DEBT/EQUITY 0.78

Op. cash flow, SEKm

ROCE, %

Net debt/equity

All 2013 comparable numbers include Bomhus Energi AB.
ON TRACK TO REACH SYNERGY TARGETS AHEAD OF PLAN
ANNUAL PACE OF MSEK ~445 AS PER END OF Q1 2014

*Synergies and savings realised in the quarter, compared to if the synergy and savings programme had not been initiated.
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.
OUTLOOK

- Demand and order situation is expected to remain stable during the second quarter 2014 for all business areas.
- Average prices in local currency are anticipated to stay on current level for the second quarter 2014 for all business areas.
- Wood prices are expected to stay on current level for the second quarter of 2014.
- The target of approximately SEK 530 million in annual synergies and savings is unchanged, and is expected to be reached by the end of 2014.
Q&A