Handelsbanken Nordic Small/Mid Cap Seminar | June 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
37%
PACKAGING PAPER
Share net sales (2013)

36%
CONSUMER BOARD
Share net sales (2013)

16%
CONTAINERBOARD
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

THINK NEW
COOPERATE
FEEL RESPONSIBILITY
CREATE VALUE

WE CHALLENGE CONVENTIONAL
PACKAGING FOR A SUSTAINABLE FUTURE
A STRONG PLATFORM WITH INCREASED STABILITY

THE TWO ACQUISITIONS IN 2012 RESULTED IN SIGNIFICANTLY REDUCED MARKET PULP EXPOSURE AND LOWER RELATIVE CURRENCY EXPOSURE

![Graph showing EBITDA margin and currency exposure](image-url)
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 - Aseptic: #1 Europe
- Liquid Pack. Board - All Types: #2 Europe
- NSSC Fluting: #1 Europe
- Pure White Liner: #1 Europe
- Sack Paper: #2 Globally*
- Liquid Pack. Board - Aseptic: #1 Globally
- Liquid Pack. Board - All Types: #2 Globally
- 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

Value growth
Increase margins on existing portfolio

CONSUMER BOARD

Volume growth
Increase volume in key markets

BA market CAGR

- Value growth
  - Increase margins on existing portfolio

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

- Volume growth
  - Increase volume in key markets

CONTAINERBOARD

SELECTIVE GROWTH

PACKAGING PAPER

VALUE GROWTH

CONSUMER BOARD

VOLUME GROWTH
BUSINESS MODEL
A HOLISTIC APPROACH TO CUSTOMER NEEDS

- CUSTOMERS
- MATERIALS
- SOLUTION SERVICES
- NETWORK

MATERIAL
SOLUTION SERVICES
GLOBAL NETWORK
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
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

Adj. op. profit, SEKm

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

- Q1 13: 277
- Q4 13: 148
- Q1 14: 385

ROCE, %

- Q1 13: 39%
- Q4 13: 160%
- Q1 14: 7%

Net debt/equity

- Q1 13: 0.86
- Q4 13: 0.85
- Q1 14: 0.78

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