WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE
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
BILLERUDKORSNÄS IN FIGURES

**NET SALES**

- **2013**
  - Q1-Q3 2014
  - 20
  - Billion SEK

**OPERATING PROFIT**

- **2013**
  - Q1-Q3 2014
  - 1.1
  - Billion SEK

**SHARE OF SALES**

- **CONSUMER BOARD** 36%
- **CONTAINER BOARD** 16%
- **PACKAGING PAPER** 37%
- **OTHER** 11%

**NUMBER OF EMPLOYEES**

- 4300

**SHARE OF SALES**

- Beetham
- Frövi/Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Tervasaari

**PRODUCTION UNITS**

- 8

Numbers for 2013 unless else stated.
MEGA TRENDS IN OUR FAVOR

- DEMOGRAPHIC SHIFTS AND A CHANGING WORLD MAP
- SUSTAINABILITY CONNECTING SEVERAL SUBTRENDS
- CONSUMER BEHAVIOUR IS CHANGING
THE PACKAGING MARKET IN OUR FAVOR

Global packaging market
USD bn

Source: Smithers Pira 2013
WE LOOK BEYOND TRADITIONAL MARKETS

SMARTER PACKAGING SOLUTIONS
WE HAVE REALIZED A SUCCESSFUL INTEGRATION
BILLERUDKORSNÄS - A STRONG PLATFORM FOR GROWTH

**BUSINESS AREAS**
- 3
- 2

**CONSUMER SALES SHARE**
- 75%
- 60%

**PULP MARKET EXPOSURE**
- 150 Kton
- 300

**RELATIVE CURRENCY EXPOSURE**
- 30%
- 65%

Strong and stable platform for growth

530 MSEK in yearly synergy savings. Targets reached way ahead of plan.
OUR BUSINESS MODEL
OUR BUSINESS MODEL IN THE VALUE CHAIN
OUR STRATEGIC STEPSTONES

WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE

PROFITABLE GROWTH

POSITION
Expand geographically and in value chain.

INNOVATION
Increase industry lead.

SUSTAINABILITY
Drive throughout value chain.

EFFICIENCY
Improve continuously.

PEOPLE DRIVE CHANGE
Think new – Feel responsibility – Cooperate – Create value
WE HAVE AN AMBITIOUS GROWTH AGENDA

GOAL 2018
TURNOVER: ~24 BSEK
ORGANIC GROWTH: 15 – 20 %*

* Base year 2013
WE ARE INVESTING
SUPPORING OUR GROWTH AMBITIONS

- **BOARD MACHINE (FRÖVI)**
  To be largest of its kind in the world
  450 kton → 550 kton 2017

- **FLUTING MACHINE (GRUVÖN)**
  To strengthen leading position
  + 40 kton 2016

- **SACK PAPER MACHINE (SKÄRBLACKA)**
  To increase volume and improve quality
  + 20 kton 2016

- **ENVIRONMENTAL IMPROVEMENTS (GÄVLE)**
  to ensure that our products have a minimal environmental impact and increase quality of products
OUR FOUR STRATEGIC PILLARS
HOW TO ACHIEVE OUR GROWTH AMBITIONS

POSITION
Expand geographically and in value chain.

INNOVATION
Increase industry lead.

SUSTAINABILITY
Drive throughout value chain.

EFFICIENCY
Improve continuously.

INVESTMENTS + OPERATIONAL EXCELLENCE
THREE BUSINESS AREAS

PACKAGING PAPER
- Kraft paper
- Sack paper

CONSUMER BOARD
- Liquid packaging board
- Carton board
- Cup stock

CONTAINERBOARD
- Fluting
- Liner

**NET SALES (MSEK)**
- Packaging Paper: 7,900
- Consumer Board: 7,327
- Containerboard: 3,095

**EBIT (MSEK)**
- Packaging Paper: 609
- Consumer Board: 758
- Containerboard: 394

**SALES VOLUME (KTON)**
- Packaging Paper: 1,155
- Consumer Board: 1,000
- Containerboard: 520

Numbers for 2013 Q4 – 2014 Q3
ACHIEVING 15-20%* ORGANIC GROWTH BY 2018

BA market CAGR

PACKAGING PAPER

SELECTIVE GROWTH
Target growth in selected segments, balancing additional capacity

0 - 4% CAGR

CONSUMER BOARD

VOLUME GROWTH
Increase volume in key markets

4 - 5% CAGR

CONTAINERBOARD

VALUE GROWTH
Increase margins on existing portfolio

2 - 4% CAGR

* Base year 2013
CAGR (Compound Annual Growth Rate)
FINANCIAL TARGETS AND TARGET FULFILLMENT
AFTER THIRD QUARTER 2014

- OPERATING MARGIN > 10%*
  - 10%

- RETURN ON CAPITAL EMPLOYED > 13%*
  - 9%

- NET DEBT/EQUITY RATIO < 0.9
  - ✔ 0.73

- DIVIDEND POLICY:
  - 50% OF NET PROFIT*
    - 69% FOR 2013

* Over a business cycle
SUMMARY

- Global trends (sustainability, demographic shifts, digitalization and changed consumer behavior) imply major growth opportunities
- We have a strong and stable platform on a growing market
- Synergy targets are reached ahead of plan
- Major investments have been done and will continue
- Our four pillar strategy includes:
  - Position expansion, Innovation, Sustainability and Efficiency
- Organic growth targets are supported by business area strategies
- Growth per business area by: Value growth, selective growth and volume growth
- Potential additional M&A growth in medium term future
Q&A
APPENDIX
THE PACKAGING MATERIALS COMPANY
SYNERGY TARGETS ARE REACHED WAY AHEAD OF PLAN
THE INITIAL PLAN WAS TO REACH TARGETS BY 2015
INCREASED STABILITY
BY SIGNIFICANTLY REDUCED MARKET PULP AND RELATIVE CURRENCY EXPOSURE
KEY HIGHLIGHTS Q3 2014 INTERIM REPORT

NET SALES 5 191 MSEK
ADJUSTED OPERATING PROFIT +40% YOY

All 2013 comparable numbers include Bomhus Energi AB.
KEY HIGHLIGHTS Q3 2014 INTERIM REPORT
CASH FLOW 494 MSEK. ROCE 9%. NET DEBT/EQUITY 0.73

OP. CASH FLOW

ROCE

NET DEBT/EQUITY

All 2013 comparable numbers include Bomhus Energi AB.
OUR COMMITMENT TO LONG-TERM SHAREHOLDER VALUE

<table>
<thead>
<tr>
<th>FULFILMENT</th>
<th>FOCUS AREAS</th>
</tr>
</thead>
</table>
| SHORT-TERM | ▪ Restore margins  
             ▪ Pay down debt |
| MID-TERM   | ▪ Achieve profitable growth |
| LONG-TERM  | ▪ Achieve ROCE >13% |
CASH-FLOW GENERATIVE BUSINESS
CASH-FLOW FROM OPERATING ACTIVITIES

Note: FY 2011 and 2012 figures are proforma.
SUPPORTING THE DIVIDEND…
DIVIDEND POLICY TO PAY 50% OF NET PROFIT OVER A BUSINESS CYCLE
FX EXPOSURE
FX EXPOSURE, FX RATES, REVALUATIONS

- BK uses Swedish Riksbank’s FIXING rate (Month End)
- During month Sales, AP, AR etc: End of month rate previous month
- AP and AR: revalued to at end of month using End of month rate.
  - Revaluation of AR booked in “Currency hedging etc”
  - Revaluation of AP in Business areas
- FX contracts: Market value at month end. Contracts due within two months in Sales (“Currency hedging, etc”), rest is booked in Balance Sheet (OCI).

FX Exposure (in MSEK)

FX Hedge (SEK hedge) 2014-09-30

NET SALES QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

<table>
<thead>
<tr>
<th>SEKm</th>
<th>Q3 -14</th>
<th>Q2 -14</th>
<th>Q1 -14</th>
<th>Q4 -13</th>
<th>Q3 -13</th>
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<tbody>
<tr>
<td>Packaging Paper</td>
<td>2 058</td>
<td>2 016</td>
<td>2 068</td>
<td>1 758</td>
<td>1 820</td>
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<tr>
<td>Consumer Board</td>
<td>1 897</td>
<td>1 822</td>
<td>1 949</td>
<td>1 859</td>
<td>1 716</td>
</tr>
<tr>
<td>Containerboard</td>
<td>773</td>
<td>787</td>
<td>792</td>
<td>763</td>
<td>755</td>
</tr>
<tr>
<td>Other units</td>
<td>487</td>
<td>512</td>
<td>580</td>
<td>540</td>
<td>470</td>
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<tr>
<td>Currency hedging, etc.</td>
<td>-24</td>
<td>11</td>
<td>12</td>
<td>26</td>
<td>-13</td>
</tr>
<tr>
<td>Group staff and eliminations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Group</td>
<td>5 191</td>
<td>5 128</td>
<td>5 410</td>
<td>4 755</td>
<td>4 748</td>
</tr>
</tbody>
</table>
Debt maturity profile (SEKm)

### Maturity profile Sep 2014

- **TL short term**
- **CP**
- **Unused overdraft**
- **RCF**
- **RCF unused**
- **Bond**
- **Term loan**
- **MTN**

#### Funding

1. **Syndicated credit facilities**
   - SEK 5,500m RCF maturing June, 2019

2. **Bilateral credit agreements**
   - SEK 800m term loan facility maturing June, 2015
   - Two SEK 600m term loan facilities with separate lenders maturing June, 2017
   - Two SEK 200m term loan facilities, one lender, maturing June 2019 and June 2020

3. **Bonds**
   - One bond of SEK 150m maturing March 2016
   - MTN Bond of SEK 1500m maturing March 2018, where off 500m with fixed interest rate
   - MTN Bonds of SEK 200m and SEK 300m maturing July 2016 and September 2017
   - MTN program total SEK 5000m, issued SEK 2000m SEK

4. **Commercial Paper**
   - CP Program SEK 3000m, issued SEK 1730

5. **Overdraft facility**
   - Overdraft facility Cash pool of 500m SEK

6. **Financial covenants**
   - Net Debt / Equity <1.25 (2014 Q3 at 0.74)
   - EBITDA / Net financial expenses >3.00 (2014 Q3 at 11.1)

7. **Operating lease commitments payable within one year SEK 75 million and total commitment of SEK 265 million**

8. **Financial target Net Debt / Equity < 0.90**

9. **Diversified funding sources and an even maturity profile**
CAPEX varies, but in line with depreciation/amortisation of PPE over time – SEK1,400M

- Baseline CAPEX roughly 600SEKm
- Capex above depreciation levels in the coming two years due to some announced investments

Announced investments
- PM6 Gruvön – SEK180m
- Sustainability investment Gävle – SEK450m
- Frövi/Rockhammar – SEK900m
- PM9 Skärblacka – SEK 260m

1) Based on combination of figures from Billerud and Korsnäs Annual Reports 2008-2012. CAPEX from Finnish assets and Latgran not included
COST STRUCTURE

- Wood raw materials, 34%
- Personnel, 16%
- Freight to customers, 10%
- Chemicals, 9%
- Depreciation, 7%
- Energy, 6%
- Purchased services, 4%
- Other input materials, 2%
- Other, 12%

- 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: BillerudKorsnäs 2013
OWNERSHIP STRUCTURE

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>Percent of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRAPAG Beteiligungsholding AG</td>
<td>31 300 000</td>
<td>15.1</td>
</tr>
<tr>
<td>AMF Insurance &amp; Funds</td>
<td>17 879 190</td>
<td>8.6</td>
</tr>
<tr>
<td>Swedbank Robur funds</td>
<td>12 581 643</td>
<td>6.1</td>
</tr>
<tr>
<td>Nordea funds</td>
<td>11 156 327</td>
<td>5.4</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>8 392 368</td>
<td>4.1</td>
</tr>
<tr>
<td>Lannebo Funds</td>
<td>8 252 855</td>
<td>4.0</td>
</tr>
<tr>
<td>Alecta</td>
<td>7 926 000</td>
<td>3.8</td>
</tr>
<tr>
<td>SHB Funds</td>
<td>5 890 114</td>
<td>2.8</td>
</tr>
<tr>
<td>Norges Bank Investment Management</td>
<td>5 284 142</td>
<td>2.6</td>
</tr>
<tr>
<td>DFA Funds (USA)</td>
<td>4 724 520</td>
<td>2.3</td>
</tr>
<tr>
<td>Total 10 largest shareholders</td>
<td>113 387 159</td>
<td>54.8</td>
</tr>
<tr>
<td>Total excluding share buy-backs</td>
<td>206 788 161</td>
<td>100.0</td>
</tr>
<tr>
<td>The company’s own bought-back shares</td>
<td>1 431 673</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>208 219 834</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: BillerudKorsnäs 2014-09-30