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 and sustainable innovation
  - 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
BILLERUDKORSNÄS IN BRIEF

NET SALES
2014
21 Billion SEK

OPERATING PROFIT
2014
1.9 Billion SEK

SHARE OF SALES

CONSUMER BOARD 36%
PACKAGING PAPER 39%
CONTAINER BOARD 15%
OTHER 10%

SHARE OF SALES

73%
5%
3%
16%
2%

Numbers for 2014

4 300
NUMBER OF EMPLOYEES

8
PRODUCTION UNITS
(SWE, FI, UK)

Beetham
Frövi/Rockhammar
Gruvön
Gävle
Karlsborg
Pietarsaari
Skärblacka
Tervasaari
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

CAGR (13-18e: 4.1 %)

Source: Smithers Pira 2013
WE LOOK BEYOND TRADITIONAL MARKETS

SMATER PACKAGING SOLUTIONS

TRADITIONAL COMPETITION

EXAMPLE: PAPER

PLASTIC AND WOODEN CRATES

PACCESS

NON TRADITIONAL COMPETITION

TRADITIONAL, BUT INDIRECT COMPETITION
SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH


BUSINESS AREAS

CONSOMER SALES SHARE

PULP MARKET EXPOSURE

RELATIVE CURRENCY EXPOSURE

STRONG AND STABLE PLATFORM FOR GROWTH
530 MSEK in yearly synergy savings. Targets reached way ahead of plan.
OUR BUSINESS MODEL

NETWORK
- Packaging and manufacturers
- Research institutes
- >2000 customers and packaging partners in more than 100 countries

MATERIALS
- World-class packaging materials
- Kraft- and sack paper
- Liquid packaging board and cartonboard
- Fluting and 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- and conversion support
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

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

* Base year 2013
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.

INNOVATION AGENDA

- GREENER MATERIAL TECHNOLOGY
- BUSINESS MODEL INNOVATION
- SERVICE AND LOGISTICS

INVESTMENTS + OPERATIONAL EXCELLENCE
WE ARE INVESTING
SUPPORTING OUR GROWTH AMBITIONS.

INVESTMENT DECISIONS 2014

» 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
THREE BUSINESS AREAS

PACKAGING PAPER
- Kraft paper
- Sack paper

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

CONTAINERBOARD
- Fluting
- Liner

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Numbers for 2014
STRATEGIES PER BUSINESS AREA TO ACHIEVE 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 FIRST QUARTER 2015

- Operating Margin > 10%*
  - Fulfillment: 12%

- Return on Capital Employed > 13%*
  - Fulfillment: 11%

- Net Debt/Equity Ratio < 0.9
  - Fulfillment: 0.57

- Dividend Policy:
  - 50% of net profit*
  - 51% for 2014

* Over a business cycle
SUMMARY

- Global trends imply major growth opportunities
  - Sustainability, demographic shifts, digitalization and changed consumer behavior

- We have a strong and stable platform on a growing market

- Major investments have been done and will continue

- Our four pillar strategy includes:
  - Position expansion, Innovation, Sustainability and Efficiency

- Business area strategies support organic growth targets
  - Value growth, selective growth and volume growth

- Potential additional M&A growth in medium term future
CAPITAL MARKETS DAY ON 12 NOVEMBER 2015

More info will be published on www.billerudkorsnas.com
Q&A