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
- Beetham: 73%
- Frövi/Rockhammar: 16%
- Gruvön: 5%
- Gävle: 3%
- Karlsborg: 2%
- Pietarsaari: 2%
- Skärblacka: 3%
- Tervasaari: 5%

NUMBER OF EMPLOYEES
4,300

PRODUCTION UNITS
8 (SWE, FI, UK)

Numbers for 2014
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

SMARTER PACKAGING SOLUTIONS
SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH

- BUSINESS AREAS: 3, 2
- CONSUMER SALES SHARE: 75%, 60%
- PULP MARKET EXPOSURE: 150 Kton, 300 Kton
- RELATIVE CURRENCY EXPOSURE: 30%, 65%

TARGETS REACHED WAY AHEAD OF PLAN.

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

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<thead>
<tr>
<th></th>
<th>PACKAGING PAPER</th>
<th>CONSUMER BOARD</th>
<th>CONTAINERBOARD</th>
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<tbody>
<tr>
<td><strong>Kraft paper</strong></td>
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<td><strong>Sack paper</strong></td>
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<td><strong>Liquid packaging board</strong></td>
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<td><strong>Carton board</strong></td>
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<td><strong>Cup stock</strong></td>
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<tr>
<td><strong>Fluting Liner</strong></td>
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<tr>
<th></th>
<th>NET SALES MSEK</th>
<th>EBIT MSEK</th>
<th>SALES VOLUME KTON</th>
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<tbody>
<tr>
<td><strong>Packaging Paper</strong></td>
<td>8 101 MSEK</td>
<td>701 MSEK</td>
<td>1 167 KTON</td>
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<tr>
<td><strong>Consumer Board</strong></td>
<td>7 436 MSEK</td>
<td>915 MSEK</td>
<td>1 004 KTON</td>
</tr>
<tr>
<td><strong>Containerboard</strong></td>
<td>3 148 MSEK</td>
<td>416 MSEK</td>
<td>528 KTON</td>
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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%***: 12%
- **Return on Capital Employed > 13%***: 11%
- **Net Debt/Equity Ratio < 0.9**: 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

Q&A