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

SHARE OF SALES

Beetham
Frövi/Rockhammar
Gruvön
Gävle
Karlsborg
Pietarsaari
Skärblacka
Tervasaari

4300 NUMBER OF EMPLOYEES

8 PRODUCTION UNITS
(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

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

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

= 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 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

NET SALES MSEK
- Packaging Paper: 8 101
- Consumer Board: 7 436
- Containerboard: 3 148

EBIT MSEK
- Packaging Paper: 701
- Consumer Board: 915
- Containerboard: 416

SALES VOLUME KTON
- Packaging Paper: 1 167
- Consumer Board: 1 004
- Containerboard: 528

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 H1 2015

- OPERATING MARGIN > 10%*
  - 11%

- RETURN ON CAPITAL EMPLOYED > 13%*
  - 12%

- NET DEBT/EQUITY RATIO < 0.9
  - 0.62

- DIVIDEND POLICY:
  - 50% OF NET PROFIT*
  - 51% FOR 2014

* Over a business cycle
Q2 2015 HIGHLIGHTS - STRONG RESULT IMPACTED BY EXTRA COSTS FROM UPGRADE

- Operating profit reached SEK 542 million and operating margin 10%
- Quarter negatively impacted by the planned maintenance shutdown in Gruvön, however upgrade is a success and the quality improvements are above expectations

- Packaging Paper
  - Normal market situation for sack and kraft paper for the season

- Consumer Board
  - As expected a solid market situation with stable prices for liquid packaging board and cartonboard

- Containerboard
  - Strong order books for fluting, white liner stable
KEY HIGHLIGHTS Q2 2015
NET SALES GROWTH 6% YOY, OPERATING PROFIT +25% YOY

NET SALES

OP. PROFIT

Q2 14 Q2 15 Jan-Jun 14 Jan-Jun 15

Q2 14 Q2 15 Jan-Jun 14 Jan-Jun 15

SEKm

SEKm

5 128 5 489 10 538 11 123

5 128 5 489 10 538 11 123

450 542 991 1 240

450 542 991 1 240

7% 6% 10 538 11 123

25% 20% 991 1 240

1 200 1 400

1 200 1 400
KEY HIGHLIGHTS Q2 2015
STRONG CASH FLOW, IMPROVED ROCE AND ND/E IMPACTED BY DIVIDEND

**OP. CASH FLOW**

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<th>Q2 15</th>
<th>Jan-Jun 14</th>
<th>Jan-Jun 15</th>
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<td>SEKm</td>
<td>433</td>
<td>323</td>
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**ROCE**

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**NET DEBT/EQUITY**

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<th>2014</th>
<th>Q2 15</th>
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<tr>
<td>SEKm %</td>
<td>0.79</td>
<td>0.67</td>
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Demand and orders situation for the third quarter is expected to be stable with normal seasonal variances for all business areas.

Average prices in local currency in the third quarter are anticipated to be stable as effects from previously announced price increases for fluting are starting to show.

No changes to wood prices are anticipated for the third quarter.

There are planned maintenance shutdown in Gävle and Karlsborg in the third quarter of 2015.

The divestiture of Latgran will improve net debt/equity with 0.10 and operating profit with approximately SEK 400 million in the third quarter.
CAPITAL MARKETS DAY ON 12 NOVEMBER 2015

Q&A

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE