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
Frövi/Rockhammar
Gruvön
Gävle
Karlsborg
Pietarsaari
Skärblacka
Tervasaari

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%

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

GLOBAL NETWORK

MATERIALS

SOLUTION SERVICES

OUR CUSTOMERS

OUR PRODUCTION UNITS

GLOBAL NETWORK

MATERIALS

RAW MATERIALS

PULP, PAPER & CARTON

OUR CUSTOMERS

SOLUTION SERVICES

CONVERTERS

BRAND OWNERS

DISTRIBUTION & RETAIL

END USERS
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.

SUATNABILITY
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

<p>| NET SALES | EBIT | SALES VOLUME |</p>
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<tr>
<th>MSEK</th>
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<td>8 101</td>
<td>701</td>
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<td>7 436</td>
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<td>3 148</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 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
KEY HIGHLIGHTS Q2 2015
NET SALES GROWTH 6% YOY, OPERATING PROFIT +25% YOY
KEY HIGHLIGHTS Q2 2015
STRONG CASH FLOW, IMPROVED ROCE AND ND/E IMPACTED BY DIVIDEND

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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 in Stockholm on 12 November 2015
More info will be published on www.billerudkorsnas.com