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
OUR BUSINESS MODEL

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

- World-class packaging materials
  - Kraft- and sack paper
  - Liquid packaging board and cartonboard
  - Fluting and liner

- 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 VALUE CHAIN
MEGA TRENDS IN OUR FAVOR

DEMOCRAPHIC 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 2.6%

CAGR 3.4%

* Source: Smithers Pira 2014
OUR STRATEGIC STEPSTONES

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE
WE HAVE AN AMBITIOUS GROWTH AGENDA

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

PROFITABLE GROWTH

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

* Base year 2013
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.

INVESTMENTS + OPERATIONAL EXCELLENCE

INNOVATION AGENDA
GREENER MATERIAL TECHNOLOGY
BUSINESS MODEL INNOVATION
SERVICE AND LOGISTICS
OUR STRATEGIC STEPSTONES

WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE

PROFITABLE GROWTH

POSITION
Expand geographically and in value chain.

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Increase industry lead.

SUSTAINABILITY
Drive throughout value chain.

EFFICIENCY
Improve continuously.

PEOPLE DRIVE CHANGE
Think new – Feel responsibility – Cooperate – Create value
WE ARE INVESTING
SUPPORTING OUR GROWTH AMBITIONS

- BOARD MACHINE (FRÖVI)
  to be largest of its kind in the world (+100 kton)

- FLUTING MACHINE (GRUVÖN)
  to strengthen leading position (+40 kton)

- SACK PAPER MACHINE (SKÄRBLACKA)
  to increase volume and improve quality (+20 kton)

- ENVIRONMENTAL IMPROVEMENTS (GÄVLE)
  to ensure that our products have a minimal environmental impact and increase quality of products

- INVESTIGATING FURTHER OPPORTUNITIES FOR GROWTH
  to meet demand for sustainable packaging solutions

2014-2017
Q2 2015 ✔
Q4 2015
Q3 2015
2015-
INVESTIGATING FURTHER OPPORTUNITIES FOR GROWTH

We are launching two feasibility studies (independent of each other):

1. Possibility of installing a new board machine at the production unit in Gruvön.

2. Possibility of moving MG machine in Tervasaari to Skärblacka. Investigation also includes investment in further value adding surface treatment capacity.
THREE BUSINESS AREAS

PACKAGING PAPER
Kraft paper
Sack paper

CONSUMER BOARD
Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD
Fluting
Liner
PACKAGING PAPER

Kraft paper
Sack paper

% of Group
39%
37%
43%

NET SALES
SEKm
8 101

EBIT
SEKm
701

SALES VOLUME
kTON
1 167

SALES PER SEGMENT

- Industrial, 56%
- Food & beverages, 21%
- Medical & Hygiene, 13%
- Consumer & Luxury goods, 10%

Growth target: 0-4% per year

SELECTIVE GROWTH

Numbers for 2014
CONSUMER BOARD

PACKAGING PAPER
- Kraft paper
- Sack paper

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

CONTAINERBOARD
- Fluting
- Liner

% of Group
- 36%
- 48%
- 37%

NET SALES
- SEKm
- 7 436

EBIT
- SEKm
- 915

SALES VOLUME
- kTON
- 1 004

SALES PER SEGMENT
- Food & beverages, 90%
- Consumer & Luxury goods, 9%
- Medical & Hygiene, 1%
- Industrial, 0%

Growth target: 4-5% per year

VOLUME GROWTH

Numbers for 2014
CONTAINERBOARD

PACKAGING PAPER
- Kraft paper
- Sack paper

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

CONTAINERBOARD
- Fluting
- Liner

% of Group
- 15%

NET SALES
- SEKm
- 3 148

EBIT
- SEKm
- 416

SALES VOLUME
- kTON
- 528

Growth target: 2-4% per year

VALUE GROWTH

SALES PER SEGMENT
- Food & beverages, 83%
- Consumer & Luxury goods, 10%
- Industrial, 6%
- Medical & Hygiene, 1%

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
SUMMARY

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

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

- Major growth investments have been done and will continue

- We focus on further growth opportunities

- Business area strategies support organic growth targets
  - Value growth, Selective growth and Volume growth

Capital Markets Day in Stockholm on 12 November 2015
More info will be published on www.billerudkorsnas.com
Q&A