WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

CONTINUING TO DELIVER STABLE SHAREHOLDER RETURNS
Capital Markets Day 2015
2015-11-12 | Susanne Lithander, CFO
CONTINUING TO DELIVER STABLE SHAREHOLDER RETURNS

- We have delivered on our commitments to shareholders
- Revised financial targets better support our growth strategies
- Our balance sheet allows organic growth and M&A
Q3 RESULTS SHOW CONTINUING STABLE PERFORMANCE

+6%  Net sales vs 2014

14%  Adjusted return on capital employed

12%  Adjusted operating margin

+22%  Operating cash flow vs 2014

0.46  Net debt/Equity
New hedging policy
- Default hedging is 0
- Management mandated to hedge 0-80% of net flows over 15 months
- Hedging committee (CEO, CFO and Treasury) set levels for hedging and report to Audit committee and Board of Directors

Disclosure in Q-reports regarding hedging position

10% change in SEK rates affects EBIT by SEK 640 million
WE CONTINUE TO REWARD OUR INVESTORS

Total shareholder return 382%  
SEK 1.9 billion in dividends  
SEK 22 billion in market cap

Dividend policy remains unchanged – distribute 50% of net profit

Total shareholder return calculated based on participation in 2012 rights issue
WE DELIVER ON OUR COMMITMENT TO SHAREHOLDER VALUE FROM CMD 2013

1. **RESTORE MARGINS** ✔

   ![Graph showing EBIT margin progression from 2013 to R12M Sep 2015.](image)

   - 2013: 7%
   - 2014: 9%
   - R12M Sep 2015: 11%

2. **PAY DOWN DEBT** ✔

   ![Graph showing Net debt/Equity progression from 2013 to R12M Sep 2015.](image)

   - 2013: 0.85
   - 2014: 0.67
   - 2015 Q3: 0.46

3. **ACHIEVE PROFITABLE GROWTH** ✔

   ![Graph showing Net Sales progression from 2013 to R12M Sep 2015.](image)

   - 2013: 18 SEKbn
   - 2014: +5%
   - R12M Sep 2015: +4%

4. **ACHIEVE ROCE >13%** ✔

   ![Graph showing ROCE progression from 2013 to YTD Sep 2015.](image)

   - 2013: 6%
   - 2014: 11%
   - YTD Sep 2015: 14%

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1 Excluding divested operations and non-recurring items
2 Excluding non-recurring items
REVISED FINANCIAL TARGETS BETTER SUPPORT GROWTH STRATEGY

GROWTH

- Previously communicated target of 15-20% organic growth between 2013 and 2018
- Growth target above estimated market growth

Excluding divested operations
REVISED FINANCIAL TARGETS BETTER SUPPORT GROWTH STRATEGY

MARGIN
- EBITDA close to cash focusing on cash generation
- Better benchmarking across units

EBITDA-MARGIN > 17% - NEW

Excluding divested operations and non-recurring items

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>14%</td>
</tr>
<tr>
<td>2014</td>
<td>16%</td>
</tr>
<tr>
<td>R12M 2015</td>
<td>17%</td>
</tr>
</tbody>
</table>
REVISED FINANCIAL TARGETS BETTER SUPPORT GROWTH STRATEGY

RETURN
- Capturing efficient use of capital employed
- Targeting long term excess returns

ROCE > 13% - REMAINS

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>11%</td>
</tr>
<tr>
<td>YTD Sep 2015</td>
<td>14%</td>
</tr>
</tbody>
</table>

Excluding non-recurring items
REVISED FINANCIAL TARGETS BETTER SUPPORT GROWTH STRATEGY

RISK
- Simple risk measurement
- Better reflects M&A potential
- Target investment grade rating

<table>
<thead>
<tr>
<th>Year</th>
<th>NET DEBT / EBITDA</th>
<th>2013</th>
<th>2014</th>
<th>YTD Sep 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3.3</td>
<td>2.2</td>
<td>1.3</td>
</tr>
</tbody>
</table>

2013 2014 YTD Sep 2015
REVISED FINANCIAL TARGETS BETTER SUPPORT GROWTH STRATEGY
AMBITION LEVEL IRRESPECTIVE OF BUSINESS CYCLES

- Organic growth 3-4% per year
- EBITDA > 17%
- ROCE > 13%
- Net Debt / EBITDA < 2.5

Dividend policy remains unchanged – distribute 50% of net profit as dividend
OUR BALANCE SHEET ALLOWS ORGANIC GROWTH AND M&A

WE CAN INVEST IN OUR OWN STRUCTURE AND STILL MAKE BOLT-ON ACQUISITIONS

NET DEBT HEADROOM\(^1\)

1 Not a forecast from the company
WELL POSITIONED TO FINANCE GROWTH

DEBT MATURITY PROFILE

- Commited facilities
- Bank Debt
- Market Debt
HISTORIC CAPITAL ALLOCATION FOCUSED ON DIVIDEND AND DEBT REDUCTION

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount (SEKm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated</td>
<td>7,600</td>
</tr>
<tr>
<td>Divestments of assets</td>
<td>900</td>
</tr>
<tr>
<td>Invested in asset base</td>
<td>3,800</td>
</tr>
<tr>
<td>Distributed to shareholders</td>
<td>1,500</td>
</tr>
<tr>
<td>Change in net debt</td>
<td>3,200</td>
</tr>
</tbody>
</table>

CAPITAL ALLOCATION, 2013 - SEP 2015
NOW, CAPITAL ALLOCATION FOCUSES ON GROWTH
WE HAVE CLEAR PRIORITIES

1. Maintain a capital structure and liquidity position that secure execution of dividend policy

2. Investing in organic growth based on the strategy

3. M&A to support strategy

4. Excess capital return to shareholders
CONTINUING TO DELIVER STABLE SHAREHOLDER RETURNS

We will continue to deliver on our commitments to shareholders

Revised financial targets better support our growth strategies

Our capital allocation focuses on growth and our balance sheet allows for investment in our own structure as well as bolt-on acquisitions
PRODUCTION UNITS

SWEDEN
Gävle, 725 ktonnes
Gruvön, 685 ktonnes
Frövi/Rockhammar, 450 ktonnes
Skärblacka, 400 ktonnes
Karlsborg, 300 ktonnes

FINLAND
Pietarsaari, 200 ktonnes
Tervasaari, 100 ktonnes

UNITED KINGDOM
Beetham, 45 ktonnes

Total production capacity
2 905 Thousand tonnes

All figures relate to production capacity 2014
THREE BUSINESS AREAS

PACKAGING PAPER

% of Group
- NET SALES MSEK: 39%
- EBIT MSEK: 38%
- SALES VOLUME kTON: 43%

CONSUMER BOARD

% of Group
- NET SALES MSEK: 36%
- EBIT MSEK: 37%
- SALES VOLUME kTON: 39%

CONTAINERBOARD

% of Group
- NET SALES MSEK: 15%
- EBIT MSEK: 19%
- SALES VOLUME kTON: 19%

All data rolling 12 months September 2015
BREAKDOWN OF OPERATING COSTS

- Fibre (wood and external pulp), 37%
- Chemicals, 10%
- Customer delivery expenses, 9%
- Energy, 5%
- Other variable costs, 3%
- Employee benefit expense, 16%
- Depreciation/amortisation, 7%
- Other fixed costs, 13%

Full year 2014
## SENSITIVITY ANALYSIS

### IMPACT ON PROFIT/LOSS BEFORE TAX

<table>
<thead>
<tr>
<th>Variable</th>
<th>Change</th>
<th>SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales volume</td>
<td>+/- 10%</td>
<td>+/-850</td>
</tr>
<tr>
<td>Exchange rate, SEK¹</td>
<td>+/- 10%</td>
<td>+/-640</td>
</tr>
<tr>
<td>Fibre prices</td>
<td>+/- 10%</td>
<td>+/-700</td>
</tr>
<tr>
<td>Price of electricity²</td>
<td>+/- 10%</td>
<td>+/-40</td>
</tr>
<tr>
<td>Interest rate on loans³</td>
<td>+/- 1 percentage point</td>
<td>+/-43</td>
</tr>
</tbody>
</table>

1 Excluding effects of currency hedging.  
2 Excluding effects of electricity price hedging.  
3 Excluding effects of interest hedging.