WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE
PURE PLAY PACKAGING MATERIALS COMPANY

- Target customer segments requiring strong, light and/or pure packaging
- 74% of sales going to consumer sectors
- Innovation challenging other materials and solutions
- Well-positioned for profitable growth investments
BILLERUDKORSNÄS IN BRIEF

**NET SALES**
- Europe 73%
- Asia 17%
- Africa 4%
- South America 3%
- Middle East 2%
- Other 1%

21.8 SEKbn

**OPERATING PROFIT**

2.2 SEKbn

**SHARE OF SALES**
- Packaging Paper 39%
- Consumer Board 37%
- Other 9%

**NUMBER OF EMPLOYEES**

4,200

**PRODUCTION UNITS**
- (SWE, FI, UK)
- 8

**PRODUCTION CAPACITY**
- (MILLION TONNES)
- 2.9

*Full year 2015. Excluding non-recurring items*
AIMING TO CAPTURE GROWTH FROM GLOBAL MEGATRENDS

- DEMOGRAPHIC SHIFTS AND A CHANGING WORLD MAP
- SUSTAINABILITY CONNECTING SEVERAL SUBTRENDS
- CONSUMERS AND SUPPLY CHAINS ARE CHANGING
PACKAGING PAPER & BOARD MARKET IS GROWING BY 2.2%

Estimated demand CAGR 2013-2030, combined market for cartonboard, containerboard and sack paper. Source: Pöyry 2014
WE TARGET GLOBAL PACKAGING MARKET GROWING BY 3.4%

Estimated CAGR 2014-2024, for all packaging materials. Source: Smithers Pira 2014
WE HAVE ESTABLISHED A CLEAR GROWTH STRATEGY
WE ARE INVESTING TO MOVE FURTHER UP THE VALUE CHAIN TOWARDS BRAND OWNERS

- Packaging material: 50-85% of the cost
- Price
- Payment terms
- Runability
- Delivery terms

- Packaging material: 2-5% of the cost
- Brand image
- Package solution
- Sustainability
- Shelf appearance
WE ARE EXPANDING THE REACH OF OUR OFFERING
OUR PRESENCE 2013 AND NEW SALES HUBS 2015

- Sweden
- Finland
- Germany
- UK
- France
- Spain
- Italy
- UAE
- China
- Singapore
- Thailand
- US
- India
- Turkey
- South Africa
WE HAVE INVESTED SEK 2 BILLION SINCE 2012 TO INCREASE CAPACITY AND QUALITY LEAD

PACKAGING PAPER
260 SEKm
Brown sack paper
- Improved paper quality restoring leadership
- Increased capacity by 20 000 tonnes

CONSUMER BOARD
1600 SEKm
Liquid Packaging Board Cartonboard
- Improved quality
- Increased capacity by 200 000 tonnes

CORRUGATED SOLUTIONS
180 SEKm
S/C fluting
- Improved quality enhancing leadership
- Increased capacity by 40 000 tonnes

+260 000 tonnes
WE ARE PLANNING TO INVEST MORE THAN SEK 5 BILLION…

- Moving unintegrated MG paper machine from Tervasaari, Finland to Skärblacka, Sweden and making it integrated to the pulp production.
- Building new board machine at the production unit in Gruvön with capacity of approx. 500 000 t/a of liquid packaging board, cartonboard, food service board and white kraftliner.

Q3 2015: Feasibility studies started
Q2 2016: Decision on moving Tervasaari machine and investing in surface treatment capacity
Q4 2016: Decision on new board machine in Skärblacka
Q4 2017 - Q1 2018: Production start on MG machine in Skärblacka
2019: Possible production start on board machine in Gruvön*

*Subject to feasibility study results
Focusing on growth segments growing by 2-4% per year
Decreasing volumes on oversupplied markets

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

Expanding solution based sales to brand owners
Exiting oversupplied white liner market

Improved underlying EBITDA > 1000 SEKm when fully implemented
Continued organic growth with 3-4% per year
M&A MAY BOOST LONG-TERM GROWTH

- We have the financial capacity to add M&A growth to organic growth
- We have proven experience in merging businesses and quickly extracting synergies
- Bolt-on acquisitions with synergy potentials are currently the most interesting candidates
INNOVATION WILL FURTHER BOOST TOP LINE AND MARGINS

Proportion of sales accounted for by new products

2014: 14%
2015: 17%
2020 Target: 20%


- Billerud listed on Stockholm Stock Exchange
- Billerud acquires production unit in Beetham
- Korsnäs acquires AssiDomän
- Cartonboard in Forv
- NINE founded (Billerud)
- Billerud and Korsnäs combine to form BillerudKorsnäs
- Billerud acquires UPM’s packaging paper operations in Pietersaari & Tervasaari, Finland
- BillerudKorsnäs fully acquires Paccora Packaging
- Joint venture BillerudKorsnäs FibreForm Packaging
SUSTAINABILITY AS A BUSINESS OPPORTUNITY

MAXIMIZING POSITIVE IMPACT

INCREASED CUSTOMER VALUE

SUSTAINABLE AND BIO-BASED SOCIETY

RESPONSIBLE VALUE CHAIN

MINIMIZING NEGATIVE IMPACT
Towards fossil-free production

Environmental impact paper vs plastic\(^1\)

In 2015 we used 97.6% biofuels and only 2.4% fossil fuels.

50-70 % lower CO\(_2\)

1 Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.
CREDENTIALS – WE WALK THE TALK
THREE BUSINESS AREAS

<table>
<thead>
<tr>
<th>PACKAGING PAPER</th>
<th>CONSUMER BOARD</th>
<th>CORRUGATED SOLUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of business area sales volume:</td>
<td>% of business area sales volume:</td>
<td>% of business area sales volume:</td>
</tr>
<tr>
<td>Kraft paper</td>
<td>Liquid packaging board</td>
<td>Fluting</td>
</tr>
<tr>
<td>60%</td>
<td>85%</td>
<td>60%</td>
</tr>
<tr>
<td>Sack paper</td>
<td>Cartonboard</td>
<td>Liner</td>
</tr>
<tr>
<td>40%</td>
<td>15%</td>
<td>40%</td>
</tr>
</tbody>
</table>

KRAFT PAPER
- #1 GLOBALLY

SACK PAPER
- #2 GLOBALLY

LIQUID PACKAGING BOARD
- #1 GLOBALLY
- AMBIENT PACKAGES

NSSC FLUTING
- #1 EUROPE

PURE WHITE LINER
- #2 EUROPE

COATED WHITE TOP LINER
- #2 EUROPE
PACKAGING PAPER

SELECTIVE GROWTH

Asset transformation for increased profitability
Development of new business models
Expansion to growing markets

0-4% CAGR

MAIN GROWTH DRIVERS

» Population growth in emerging markets drives demand for food and building materials packaging
» Ageing population drives demand for medical packaging
» Environmental awareness provides opportunities to substitute plastic packaging
» Global cement demand CAGR 5.0%\(^1\)
» Global food packaging demand CAGR 3.5%\(^2\)

39% of Group

Full year 2015

NET SALES
SEKm
8 552
EBIT
SEKm
971
SALES VOLUME
kTON
1 163

CONSUMER BOARD

VOLUME GROWTH

- Attractive market providing growth opportunities
- Investments for volume growth
- Innovation with customers and brand owners

MAIN GROWTH DRIVERS

- High urbanization rate, primarily in Asia, drives demand for liquid packaging
- Change in consumer behavior drives demand for smaller packages
- Global liquid packaging board demand CAGR 3.4\%\(^1\)
- Global cartonboard demand CAGR 4.0\%\(^2\)

- Full year 2015

NET SALES
SEKm
8,006

EBIT
SEKm
954

SALES VOLUME
kTON
1,065

\(^1\) Estimated CAGR 2014-2025. Source: BillerudKorsnäs analysis on Pöyry 2014 and Zenith International 2015
CORRUGATED SOLUTIONS

VALUE GROWTH

- Strong product portfolio setting market standard
- Integrating new business model
- Increasing sales to brand owners

2-4% CAGR

MAIN GROWTH DRIVERS

- Increasing e-commerce and fresh food consumption
- Package differentiation
- Changing supply chains require simplification of packaging solutions
- Global containerboard demand CAGR 2.6%\(^1\)

NET SALES
SEKm
3 329

EBIT
SEKm
551

SALES VOLUME
kTON
506

Full year 2015

FINANCIAL TARGETS AND TARGET FULFILLMENT
AFTER THIRD QUARTER 2016

- ORGANIC GROWTH 3-4% PER YEAR
- EBITDA > 17%
  - 19%
- ROCE > 13%
  - 12%
- Net Debt / EBITDA < 2.5
  - 1.27
- DIVIDEND POLICY: 50% OF NET PROFIT
  - 49% FOR 2015

✔
Q3 2016
VOLUMES AND SALES BELOW EXPECTATIONS

SALES VOLUMES

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Jan-Sep 15</th>
<th>Jan-Sep 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volumes</td>
<td>695</td>
<td>693</td>
<td>2064</td>
<td>2083</td>
</tr>
</tbody>
</table>

NET SALES

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Jan-Sep 15</th>
<th>Jan-Sep 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,478</td>
<td>5,393</td>
<td>16,601</td>
<td>16,189</td>
</tr>
</tbody>
</table>

NET SALES*

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Jan-Sep 15</th>
<th>Jan-Sep 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>5,478</td>
<td>5,285</td>
<td>16,125</td>
<td>16,018</td>
</tr>
</tbody>
</table>

* Excluding divested and acquired operations
Q3 2016
PROFITABILITY IMPROVED, ACCORDING TO EXPECTATION

EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Jan-Sep 15</th>
<th>Jan-Sep 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEKm</td>
<td>1,384</td>
<td>1,037</td>
<td>3,332</td>
<td>2,913</td>
</tr>
</tbody>
</table>

Adjusted EBITDA*

<table>
<thead>
<tr>
<th></th>
<th>Q3 15</th>
<th>Q3 16</th>
<th>Jan-Sep 15</th>
<th>Jan-Sep 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEKm</td>
<td>1,041</td>
<td>1,038</td>
<td>2,890</td>
<td>2,941</td>
</tr>
</tbody>
</table>

* Excluding divested and acquired operations
Q3 2016
FINANCIAL TARGETS

OP. CASH FLOW

SEKm

0 300 600 900 1,200 1,500
Q3 15 Q3 16 Jan-Sep 15 Jan-Sep 16

ROCE

% 0 4 8 12 16
Jan-Sep 15 Jan-Sep 16

NET DEBT/EBITDA

multiple 0,00 0,50 1,00 1,50 2,00 2,50
Q3 15 Q2 16 Q3 16

ROCE based on rolling 12 months
SUMMARY

- Global trends imply major growth opportunities
  - Sustainability, demographic shifts, digitalization and changed consumer behavior
- We invest in all of our four strategic pillars:
  - Position expansion, Innovation, Sustainability and Efficiency
- We have set out plans to increase profitability and secure growth
- Business area strategies support organic growth targets
  - Value growth, Selective growth and Volume growth
- Financial targets support growth strategy
- Q3 2016 – Firm performance in line with plans
SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH

- Packaging focused materials and solutions provider
- Broader product portfolio
- Higher portion of sales to consumer segments
- Annual synergies of approximately SEK 530 million
- Sharply reduced pulp market exposure
- Lower relative currency exposure
GLOBAL PACKAGING MARKET

GLOBAL PACKAGING MARKET, BY REGION

- Asia, 38%
- Europe, 27%
- North America, 22%
- South and Central America, 5%
- Middle East, 3%
- Africa, 2%
- Pacific Region, 2%

GLOBAL PACKAGING MARKET, BY MATERIAL

- Paper and board, 36%
- Hard plastics, 22%
- Flexible materials excl. Paper, 16%
- Metals, 14%
- Glass, 7%
- Other, 5%

1. Source: Smithers Pira 2014
SALES PER REGION

PACKAGING PAPER
• Europe 70%
• Asia 14%
• Africa 7%
• South America 4%
• Middle East 2%
• Other 3%

CONSUMER BOARD
• Europe 69%
• Asia 22%
• Middle East 5%
• Africa 2%
• South America 2%

CORRUGATED SOLUTIONS
• Europe 72%
• Asia 19%
• Africa 5%
• South America 2%
• Other 2%

All figures relate to sales in 2015
COST STRUCTURE

- No significant forest assets
- Purchases made from handful of major suppliers
  - Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog
  - Large amount of private land owners in Central and Northern Sweden
- The majority of wood raw materials acquired locally
- About 20% of the wood requirement is imported
  - Majority from the Baltics

- Fibre (wood and external pulp), 37%
- Employee benefits expense, 16%
- Chemicals, 10%
- Delivery expenses, 9%
- Depreciation/amortisation, 7%
- Energy, 4%
- Other variable costs, 4%
- Other fixed costs, 13%

All figures relate to cost structure 2015
## 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>+/-900</td>
</tr>
<tr>
<td>Exchange rate, SEK&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+/- 10%</td>
<td>-/+640</td>
</tr>
<tr>
<td>Fibre prices</td>
<td>+/- 10%</td>
<td>-/+700</td>
</tr>
<tr>
<td>Price of electricity&lt;sup&gt;2&lt;/sup&gt;</td>
<td>+/- 10%</td>
<td>-/+30</td>
</tr>
<tr>
<td>Interest rate on loans&lt;sup&gt;3&lt;/sup&gt;</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.
PRODUCTION UNITS

SWEDEN
Gävle, 725 ktonnes
Gruvön, 685 ktonnes
Frövi/Rockhammar, 470 ktonnes
Skärblacka, 420 ktonnes
Karlsborg, 300 ktonnes

FINLAND
Pietarsaari, 200 ktonnes
Tervasaari, 100 ktonnes

UNITED KINGDOM
Beetham, 45 ktonnes

Total production capacity
2 945 Thousand tonnes

All figures relate to production capacity 2015
PRODUCTION RESTRUCTURING TO IMPROVE PROFITABILITY AND SECURE GROWTH

1. Moving unintegrated Tervasaari MG paper machine to Skärblacka and making it integrated to the pulp production.

2. Investing in value adding surface treatment capacity at existing MG paper production in Skärblacka.

3. a) Building new board machine at the production unit in Gruvön with capacity of approx. 500,000 t/a of liquid packaging board, cartonboard, food service board and white kraftliner.  
   b) Closing paper mill with current capacity of approx. 300,000 t/a* of kraft paper and liner.

4. Moving production of white kraftliner from Gävle to new board machine in Gruvön.

5. Shifting profitable kraft paper volumes from Gruvön to Karlsborg, Skärblacka and Pietarsaari to strengthen product mix.

*Approximately 40% kraft paper and 60% liner.

Approved investments
BILLETUDKORSNÄS SHARE

Symbol: BILL
Trading platform: Nasdaq Stockholm
IPO: November 20, 2001

Share performance 2005-2015
Share performance 2016
OWNERSHIP STRUCTURE

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>Percent of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRAPAG Beteiligungsholding AG</td>
<td>31 300 000</td>
<td>15.1</td>
</tr>
<tr>
<td>AMF Insurance &amp; Funds</td>
<td>17 920 420</td>
<td>8.7</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>9 146 852</td>
<td>4.4</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>6 819 766</td>
<td>3.3</td>
</tr>
<tr>
<td>Handelsbanken Funds</td>
<td>6 057 945</td>
<td>2.9</td>
</tr>
<tr>
<td>Alecta</td>
<td>5 248 000</td>
<td>2.5</td>
</tr>
<tr>
<td>Lannebo Funds</td>
<td>4 406 978</td>
<td>2.1</td>
</tr>
<tr>
<td>DFA Funds (USA)</td>
<td>3 950 418</td>
<td>1.9</td>
</tr>
<tr>
<td>Norges Bank Investment Management</td>
<td>3 574 405</td>
<td>1.7</td>
</tr>
<tr>
<td>SEB Funds</td>
<td>2 573 828</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total 10 largest shareholders</strong></td>
<td><strong>90 998 612</strong></td>
<td><strong>43.8</strong></td>
</tr>
<tr>
<td><strong>Total excluding share buy-backs</strong></td>
<td><strong>207 089 336</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>The company’s own bought-back shares</td>
<td>1 130 498</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>208 219 834</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Ownership structure per 2016-09-30

- Foreign shareholders. 39.2%
- Swedish mutual funds, 24.6%
- Swedish individuals incl. closely held companies, 19.4%
- Swedish institutions, 16.8%

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