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%
- Middle East 3%
- South America 2%
- Other 1%

21.8 SEKbn

**OPERATING PROFIT***

2.2 SEKbn

**SHARE OF SALES**
- Packaging Paper 39%
- Consumer Board 37%
- Corrugated Solutions 15%
- Other 9%

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

8

**PRODUCTION CAPACITY**
(MILLION TONNES)

2.9

**NUMBER OF EMPLOYEES**

4 200

*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 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 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
WE ARE PLANNING TO INVEST MORE THAN SEK 5 BILLION…

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.
...DURING NEXT THREE YEARS...

- Feasibility studies started: Q3 2015
- Decision on moving Tervasaari machine: Q2 2016
- Decision on new board machine in Gruvön: Q4 2016
- Possible production start on MG machine in Skärblacka*: 2018
- Possible production start on board machine in Gruvön*: 2019

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

Decreasing volumes on oversupplied markets

PACKAGING PAPER

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

CONSUMER BOARD

Expanding solution based sales to brand owners

Exiting oversupplied white liner market

CORRUGATED SOLUTIONS

...TO IMPROVE UNDERLYING PROFITABILITY AND SECURE ORGANIC GROWTH

SELECTIVE GROWTH

VOLUME GROWTH

VALUE GROWTH

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%

+2pp average margin improvement on new products
2015 vs 2013:

- **2x** # employees
- **5x** # projects
- **180%** increased spend

**R&D and product development**

**2013**

**2015**

- **Challenger products**
- **Innovation agenda**
- **R&D and product development**
SUSTAINABILITY AS A BUSINESS OPPORTUNITY

MAXIMIZING POSITIVE IMPACT

INCREASED CUSTOMER VALUE

SUSTAINABLE AND BIO-BASED SOCIETY

RESPONSIBLE VALUE CHAIN

MINIMIZING NEGATIVE IMPACT
WE PROVIDE SUSTAINABLE SOLUTIONS

Through our products…

Environmental impact paper vs plastic¹

50-70 % lower CO₂

…and through our actions

¹ Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.
THREE BUSINESS AREAS

**PACKAGING PAPER**
- % of business area sales volume:
  - Kraft paper: 60%
  - Sack paper: 40%

**CONSUMER BOARD**
- % of business area sales volume:
  - Liquid packaging board: 85%
  - Cartonboard: 15%

**CORRUGATED SOLUTIONS**
- % of business area sales volume:
  - Fluting: 60%
  - Liner: 40%

- Kraft Paper: #1 globally
- Sack Paper: #2 globally
- Liquid Packaging Board - Ambient Packages: #1 globally
- NSSC Fluting: #1 in Europe
- Pure White Liner: #2 in Europe
- Coated White Top Liner: #2 in Europe
- Packaging Paper: Consumer Board
- Corrugated Solutions

PACKAGING PAPER

CONSUMER BOARD

CORRUGATED SOLUTIONS
PACKAGING PAPER

SELECTIVE GROWTH

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

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

Full year 2015

% of Group

- 39%
- 38%
- 43%

NET SALES
SEKm

- 8 552

EBIT
SEKm

- 971

SALES VOLUME
kTON

- 1 163

CONSUMER BOARD

VOLUME GROWTH

4-5% CAGR

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%\(^2\)

NET SALES
SEKm 8 006

EBIT
SEKm 954

SALES VOLUME
kTON 1 065

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

% of Group

- 15%
- 21%
- 19%

Full year 2015

¹ Estimated CAGR 2013-2025. Source: Pöyry 2014
Q1 2016 - STABLE PERFORMANCE DESPITE SLOW RAMP-UP

**NET SALES**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 15</td>
<td>5,634</td>
</tr>
<tr>
<td>Q4 15</td>
<td>5,362*</td>
</tr>
<tr>
<td>Q1 16</td>
<td>5,357</td>
</tr>
</tbody>
</table>

* Excluding divested operations

**EBITDA**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 15</td>
<td>1,051</td>
</tr>
<tr>
<td>Q4 15</td>
<td>995*</td>
</tr>
<tr>
<td>Q1 16</td>
<td>1,017</td>
</tr>
</tbody>
</table>

* Excluding divested operations

+3% vs. 4Q15
+2%* vs. 1Q15
+52% vs. 4Q15

0%* vs. 1Q15
Q1 2016 - STABLE PERFORMANCE DESPITE SLOW RAMP-UP

OP. CASH FLOW

ROCE

NET DEBT/EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>OP. CASH FLOW (SEKm)</th>
<th>ROCE (%)</th>
<th>NET DEBT/EBITDA multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 15</td>
<td>733</td>
<td>11</td>
<td>1.85</td>
</tr>
<tr>
<td>Q4 15</td>
<td>360</td>
<td>15</td>
<td>1.24</td>
</tr>
<tr>
<td>Q1 16</td>
<td>155</td>
<td>15</td>
<td>1.24</td>
</tr>
</tbody>
</table>

ROCE based on rolling 12 months
FINANCIAL TARGETS SUPPORT OUR GROWTH STRATEGY

- Organic growth 3-4% per year
- EBITDA > 17%
- ROCE > 13%
- Net Debt / EBITDA < 2.5
- Dividend policy – distribute 50% of net profit as dividend
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

- Our balance sheet allows organic growth and M&A

- Financial targets support growth strategy
APPENDIX
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

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(^1)</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(^2)</td>
<td>+/- 10%</td>
<td>+/-30</td>
</tr>
<tr>
<td>Interest rate on loans(^3)</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.
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
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
Symbol: BILL
Trading platform: Nasdaq Stockholm
IPO: November 20, 2001

Share performance 2016

Share performance 2005-2015

BILLERUDKORSNÄS SHARE
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>14 623 122</td>
<td>7.1</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>8 144 171</td>
<td>3.9</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>6 345 359</td>
<td>3.1</td>
</tr>
<tr>
<td>Handelsbanken Funds</td>
<td>5 106 343</td>
<td>2.5</td>
</tr>
<tr>
<td>Lannebo Funds</td>
<td>4 677 088</td>
<td>2.3</td>
</tr>
<tr>
<td>Norges Bank Investment Management</td>
<td>4 218 469</td>
<td>2.0</td>
</tr>
<tr>
<td>Alecta</td>
<td>4 000 000</td>
<td>1.9</td>
</tr>
<tr>
<td>DFA Funds (USA)</td>
<td>3 922 599</td>
<td>1.9</td>
</tr>
<tr>
<td>Catella Funds</td>
<td>3 298 171</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Total 10 largest shareholders</strong></td>
<td><strong>85 635 322</strong></td>
<td><strong>41.4</strong></td>
</tr>
<tr>
<td><strong>Total excluding share buy-backs</strong></td>
<td><strong>206 951 152</strong></td>
<td><strong>100.0</strong></td>
</tr>
<tr>
<td>The company’s own bought-back shares</td>
<td>1 268 682</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 2016-03-31