WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

SEB Nordic Seminar | January 2016
Susanne Lithander, CFO
PURE PLAY PACKAGING MATERIALS COMPANY

- Target customer segments requiring strong, light and/or pure packaging
- 75% of sales going to consumer sectors
- Focus on value adding solutions to our customers
- Well-positioned for profitable growth investments
BILLERUDKORSNÄS IN BRIEF

NET SALES* 21.7 SEKbn

OPERATING PROFIT* 2.4 SEKbn

SHARE OF SALES
- Kraft paper 39%
- Sack paper 36%
- Market pulp 10%
- Other 15%

PRODUCTION UNITS (SWE, FI, UK) 8

PRODUCTION CAPACITY (MILLION TONNES) 2.9

NUMBER OF EMPLOYEES 4,300

*Rolling 12 months September 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

- Price
- Payment terms
- Runability
- Delivery terms

Packaging material
50-85% of the cost

Brand image
Package solution
Sustainability
Shelf appearance

Packaging material
2-5% of the cost
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

<table>
<thead>
<tr>
<th>PACKAGING PAPER</th>
<th>CONSUMER BOARD</th>
<th>CONTAINERBOARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>260 SEKm</td>
<td>1600 SEKm</td>
<td>180 SEKm</td>
</tr>
<tr>
<td>Brown sack paper</td>
<td>Liquid Packaging Board</td>
<td>S/C fluting</td>
</tr>
<tr>
<td>- Improved paper quality</td>
<td>- Improved quality</td>
<td>- Improved quality</td>
</tr>
<tr>
<td>- Restoring leadership</td>
<td>- Increased capacity by 200 000 tonnes</td>
<td>- Enhancing leadership</td>
</tr>
<tr>
<td>- Increased capacity by 20 000 tonnes</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Increased capacity by 200 000 tonnes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Increased capacity by 40 000 tonnes</td>
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</table>
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…

- 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

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

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

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**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 Q3**: 19%
- **2020 Target**: 20%

**+2%** average margin improvement on new products
INVESTING IN INNOVATION – ON THREE LEVELS

2015 vs 2013:

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

2013

R&D and product development

2015

Challenger products

Innovation agenda

R&D and product development
INNOVATION PROVIDES WORLD LEADING SUSTAINABLE ALTERNATIVES

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 & pulp: 60%
  - Sack paper: 40%

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

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

**KRAFT PAPER**
- #1 GLOBALLY

**SACK PAPER**
- #2 GLOBALLY

**LIQUID PACKAGING BOARD**
- #1 GLOBALLY
  - AMBIENT PACKAGES

**LIQUID PACKAGING BOARD**
- #2 GLOBALLY
  - ALL PACKAGE TYPES

**NSSC FLUTING**
- #1 EUROPE
- #2 EUROPE

**PURE WHITE LINER**
- #2 EUROPE

**COATED WHITE TOP LINER**
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

Rolling 12 months September 2015

NET SALES
SEKm
8 491

EBIT
SEKm
1 023

SALES VOLUME
kTON
1 157

CONSUMER BOARD

VOLUME GROWTH

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

4-5% CAGR

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
7 841

EBIT
SEKm
1 020

SALES VOLUME
kTON
1 043

Rolling 12 months September 2015

CORRUGATED SOLUTIONS

VALUE GROWTH

- 2-4% CAGR
- Strong product portfolio setting market standard
- Integrating new business model
- Increasing sales to brand owners

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 3 265

EBIT
SEKm 511

SALES VOLUME
kTON 508

% of Group
- 15%
- 19%
- 19%

Rolling 12 months September 2015

NEW FINANCIAL TARGETS TO SUPPORT OUR GROWTH STRATEGY
TARGET FULFILMENT ROLLING 12M SEPTEMBER 2015

<table>
<thead>
<tr>
<th>Organic growth 3-4% per year</th>
<th>EBITDA &gt; 17%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%*</td>
<td>17%*</td>
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</table>

<table>
<thead>
<tr>
<th>ROCE &gt; 13%</th>
<th>Net Debt / EBITDA &lt; 2.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%**</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Dividend policy – distribute 50% of net profit as dividend

51% of FY 2014 net profit

* Excluding divested operations and non-recurring items

** Excluding non-recurring items
CAPITAL ALLOCATION FOCUS ON GROWTH

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
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

- New financial targets to support growth strategy

- Capital allocation strategy focusing on growth
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 REGION¹
- Asia, 38%
- Europe, 27%
- North America, 22%
- South and Central America, 5%
- Middle East, 3%
- Africa, 2%
- Pacific Region, 2%

GLOBAL PACKAGING MARKET, BY MATERIAL¹
- 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 71%
- Asia 13%
- Africa 8%
- South America 4%
- Middle East 2%
- Other 2%

CONSUMER BOARD
- Europe 67%
- Asia 24%
- Middle East 5%
- Africa 2%
- South America 1%
- Other 1%

CONTAINERBOARD
- Europe 76%
- Asia 12%
- Africa 6%
- South America 1%
- Other 5%
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%
- Customer delivery expenses, 9%
- Depreciation/amortisation, 7%
- Energy, 5%
- Other variable costs, 3%
- Other fixed costs, 13%

All figures relate to cost structure 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, 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>+/-40</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.
DEBT MATURITY
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
BILLEURUDKORNSÄS SHARE

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

Share performance 2015

Share performance 2004-2014
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>16 538 412</td>
<td>8.0</td>
</tr>
<tr>
<td>Swedbank Robur Funds</td>
<td>9 261 961</td>
<td>4.5</td>
</tr>
<tr>
<td>Fourth Swedish National Pension Fund</td>
<td>6 585 129</td>
<td>3.2</td>
</tr>
<tr>
<td>Lannebo Funds</td>
<td>5 835 129</td>
<td>2.8</td>
</tr>
<tr>
<td>Norges Bank Investment Management</td>
<td>4 692 793</td>
<td>2.3</td>
</tr>
<tr>
<td>Alecta</td>
<td>4 415 000</td>
<td>2.1</td>
</tr>
<tr>
<td>SHB Funds</td>
<td>4 281 973</td>
<td>2.1</td>
</tr>
<tr>
<td>DFA Funds (USA)</td>
<td>4 163 170</td>
<td>2.0</td>
</tr>
<tr>
<td>Länsförsäkringar Fund Management</td>
<td>2 754 542</td>
<td>1.3</td>
</tr>
<tr>
<td>Total 10 largest shareholders</td>
<td>89 828 109</td>
<td>43.4</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>
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Ownership structure per 2015-09-30