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

- High performance packaging materials
  - Target customer segments requiring strong, light and/or pure packaging
- Stable product portfolio
  - 74% of sales going to consumer sectors
- Sustainable alternatives through innovation
  - Innovation challenging other materials and solutions
- Strong financial position
  - 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%

**OPERATING PROFIT***
- 2.2 SEKbn

**NUMBER OF EMPLOYEES**
- 4,200

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

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

**PACKAGING PAPER**
- 39%
  (Kraft paper, Sack paper, Market pulp)

**CORRUGATED SOLUTIONS**
- 37%
  (Fluting, Liner, Managed packaging)

**CONSUMER BOARD**
- 15%
  (Liquid packaging board, Cartonboard)

*Full year 2015. Excluding non-recurring items
FINANCIAL TARGETS AND TARGET FULFILLMENT
AFTER SECOND QUARTER 2016

ORGANIC GROWTH 3-4 % PER YEAR

EBITDA > 17%

ROCE > 13%

14%

Net Debt / EBITDA < 2.5

1.32

DIVIDEND POLICY: 50% OF NET PROFIT

49% FOR 2015
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%
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

+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.

*Subject to feasibility study results
…TO IMPROVE UNDERLYING PROFITABILITY AND SECURE ORGANIC GROWTH

PACKAGING PAPER
Focusing on growth segments growing by 2-4% per year
Decreasing volumes on oversupplied markets

CONSUMER BOARD
Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

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

SELECTIVE GROWTH

VOLUME GROWTH
Improved underlying EBITDA > 1000 SEKm when fully implemented
Continued organic growth with 3-4% per year

VALUE 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>14%</td>
</tr>
<tr>
<td>2015</td>
<td>17%</td>
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<tr>
<td>2020 Target</td>
<td>20%</td>
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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 plastic\(^1\)

\[
\begin{array}{c}
\text{50-70 \% lower CO}_2 \\
\end{array}
\]

… and through our actions

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\(^1\) Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.
SUMMARY

- BillerudKorsnäs – pure play packaging materials company
- 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