WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

SEB Nordic Seminar | January 2017
Per Lindberg, CEO
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**
- (SWE, FI, UK)

**PRODUCTION CAPACITY**
- (MILLION TONNES)

**SHARE OF SALES**
- 39%
- 37%
- 15%

**PACKAGING PAPER**
- Kraft paper
- Sack paper
- Market pulp

**CORRUGATED SOLUTIONS**
- Fluting
- Liner
- Managed Packaging

*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 WILL INVEST SEK 6,9 BILLION TO INCREASE CAPACITY AND QUALITY LEAD

- Moving unintegrated MG paper machine from Tervasaari, Finland to Skärblacka, Sweden and making it integrated to the pulp production. **SEK 1,2 billion investment.**

- Building **new board machine** at the production unit in Gruvön with capacity of approx. **550 000 t/a** of liquid packaging board, cartonboard, food service board and white kraftliner. **SEK 5,7 billion investment.**
THE LARGEST INVESTMENT IN BILLERUDKORSNÄS’ HISTORY

- One of the largest investments in Sweden in recent years
- The investment will streamline BillerudKorsnäs’ production structure
- New board machine, KM7
  - SEK 5.7 billion investment
  - Production capacity ~550 000 t/a of liquid packaging board, cartonboard, food service board and liner
  - Start up early 2019
  - Fully utilised by 2023
  - Machine EBITDA positive by 2020
- One-off costs to be taken in Q4 2016 of ~SEK 325 million
GRADUAL INCREASE OF PREMIUM PRODUCTS
LIQUID PACKAGING BOARD, CARTONBOARD AND LINER TO BE PRODUCED

ktonnes

~780
~910

Total Gruvön production  Gruvön KM7
Current paper production at Gruvön will gradually be transferred to other plants within the company during ramp up of the new board machine, with the aim of offering customers fully satisfactory alternatives.

Gruvön’s production of high quality fluting will not be affected by the investment.
BILLERUDKORSNÄS CAPEX 2015-2019

CAPEX

SEKm

<table>
<thead>
<tr>
<th>Year</th>
<th>Base capex</th>
<th>Tervasaari move + KM7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1 500m</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1 500m</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4 500m</td>
<td>1 500m</td>
</tr>
<tr>
<td>2018</td>
<td>4 700m</td>
<td>1 500m</td>
</tr>
<tr>
<td>2019</td>
<td>4 500m</td>
<td>1 500m</td>
</tr>
</tbody>
</table>

SEK 4 500m

SEK 4 700m

SEK 1 500m
TO IMPROVE UNDERLYING PROFITABILITY AND SECURE ORGANIC GROWTH

PACKAGING PAPER
SELECTIVE GROWTH

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

CONSUMER BOARD
VOLUME GROWTH

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

CORRUGATED SOLUTIONS
VALUE GROWTH

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

Improved underlying EBITDA > +1 200 SEKm when fully implemented
Continued growth with 3-4% per year

Lower currency exposure - SEK 2 bn
Reduced price volatility in product portfolio
ROI well above our return target of 13%
Limited exposure to pulp market
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
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
Indonesia
Italy
UAE
China
Singapore
Thailand
US
India
Turkey
South Africa
INNOVATION WILL FURTHER BOOST TOP LINE AND MARGINS

Proportion of sales accounted for by new products

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

**Billerud and Korsnäs combine to form BillerudKorsnäs**

- 1950-
- 1968
- 1977
- 1999
- 2001: Billerud listed on Stockholm Stock Exchange
- 2004: Billerud acquires production unit in Beetham
- 2006: Korsnäs acquires AssoDomän Cartonboard in Frövi
- 2009: NINE founded (Billerud)
- 2011: Billerud and Korsnäs combine to form BillerudKorsnäs
- 2012: Billerud acquires UPM’s packaging paper operations in Pietersaari & Tervasaari, Finland
- 2013: BillerudKorsnäs fully acquires Paccolls Packaging
- 2014: Joint venture FibreForm Packaging
- 2015

**Key Products and Innovations**

- Liquid Board
- Billerud Flute®
- Steriflute®
- QuickFill®
- Tetra Recart®
- FibreForm®
- Artisan
- Axello® ZAP
- D-Sack™
- FreeFormPack®
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

Towards fossil-free production

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

Paper bag*
Best choice for the climate

*BillerudKorsnäs paper bag from primary fibre, produced in Sweden

Innovation for sustainability

Co-operation for learning

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

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

CDP A LIST 2016
CLIMATE
ADVANCED LEVEL

THE GLOBAL COMPACT

CSR Rating
GOLD
ecoVadis
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>60%</td>
<td>Liquid packaging board</td>
</tr>
<tr>
<td>Sack paper</td>
<td>40%</td>
<td>Cartonboard</td>
</tr>
<tr>
<td>Fluting</td>
<td>60%</td>
<td>Liner</td>
</tr>
</tbody>
</table>

KRAFT PAPER #1 GLOBALLY
SACK PAPER #2 GLOBALLY
LIQUID PACKAGING BOARD – AMBIENT PACKAGES #1 GLOBALLY
LIQUID PACKAGING BOARD – ALL PACKAGE TYPES #2 GLOBALLY
NSSC FLUTING #1 EUROPE
PURE WHITE LINER #2 EUROPE
COATED WHITE TOP LINER #2 EUROPE

PACKAGING PAPER
SACK PAPER
LIQUID PACKAGING BOARD
NSSC FLUTING
PURE WHITE LINER
COATED WHITE TOP LINER

KRAFT PAPER
SACK PAPER
LIQUID PACKAGING BOARD
NSSC FLUTING
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PACKAGING PAPER
SACK PAPER
LIQUID PACKAGING BOARD
NSSC FLUTING
PURE WHITE LINER
COATED WHITE TOP LINER
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
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
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
PACKAGING PAPER

SELECTIVE GROWTH

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

<table>
<thead>
<tr>
<th>MAIN GROWTH DRIVERS</th>
<th>% of Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population growth in emerging markets drives demand for food and building materials packaging</td>
<td>39%</td>
</tr>
<tr>
<td>Ageing population drives demand for medical packaging</td>
<td>38%</td>
</tr>
<tr>
<td>Environmental awareness provides opportunities to substitute plastic packaging</td>
<td>43%</td>
</tr>
</tbody>
</table>

- Global cement demand CAGR 5.0%¹
- Global food packaging demand CAGR 3.5%²

| 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%
- Global cartonboard demand CAGR 4.0%

% of Group

NET SALES
SEKm
8 006

EBIT
SEKm
954

SALES VOLUME
kTON
1 065

Full year 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 3,329
EBIT SEKm 551
SALES VOLUME kTON 506

¹ Estimated CAGR 2013-2025. Source: Pöyry 2014
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>CORRUGATED SOLUTIONS</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 Cartonboard</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>- Increased capacity by 40 000 tonnes</td>
</tr>
</tbody>
</table>

+260 000 tonnes
Q3 2016
VOLUMES AND SALES BELOW EXPECTATIONS

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

**EBITDA**

![EBITDA chart]

**Adjusted EBITDA**

![Adjusted EBITDA chart]

* Excluding divested and acquired operations
Q3 2016
FINANCIAL TARGETS

**OP. CASH FLOW**

<table>
<thead>
<tr>
<th></th>
<th>SEKm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 15</td>
<td>541</td>
</tr>
<tr>
<td>Q3 16</td>
<td>696</td>
</tr>
<tr>
<td>Jan-Sep 15</td>
<td>1,597</td>
</tr>
<tr>
<td>Jan-Sep 16</td>
<td>1,482</td>
</tr>
</tbody>
</table>

**ROCE**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Sep 15</td>
<td>15</td>
</tr>
<tr>
<td>Jan-Sep 16</td>
<td>12</td>
</tr>
</tbody>
</table>

**NET DEBT/EBITDA**

<table>
<thead>
<tr>
<th></th>
<th>multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 15</td>
<td>1,30</td>
</tr>
<tr>
<td>Q2 16</td>
<td>1,32</td>
</tr>
<tr>
<td>Q3 16</td>
<td>1,27</td>
</tr>
</tbody>
</table>

ROCE based on rolling 12 months
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
BILLERUDKORSNÄS CAPEX 2015-2019

CAPEX
SEKm

<table>
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<tr>
<th>Year</th>
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<td>2015</td>
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<td></td>
</tr>
<tr>
<td>2016</td>
<td>SEK 4 500m</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>SEK 4 700m</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>SEK 4 700m</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>SEK 1 500m</td>
<td></td>
</tr>
</tbody>
</table>
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

- 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(^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.
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 ktonnes

All figures relate to production capacity 2015
Symbol: BILL  
Trading platform: Nasdaq Stockholm  
IPO: November 20, 2001

Share performance 2005-2015

Share performance 2016
FX RISK

Total net currency exposure of SEK 6.4 billion

- BK uses Swedish Riksbank’s FIXING rate (Month End)
- During month Sales, AP, AR etc: End of month rate previous month
- AP and AR: revalued to at end of month using End of month rate.
  - Revaluation of AR booked in "Currency hedging etc"
  - Revaluation of AP in Business areas
- FX contracts: Market value at month end. Contracts due within two months in Sales ("Currency hedging, etc"), rest is booked in Balance Sheet (OCI).

FX hedging policy
- 0-80% of flows over coming 15 months
- 0% is default hedge level
- No speculation in FX movements

Net sales quarterly per business area and for the group

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Q3-16</th>
<th>Q2-16</th>
<th>Q1-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging Paper</td>
<td>2,100</td>
<td>2,085</td>
<td>2,087</td>
</tr>
<tr>
<td>Consumer Board</td>
<td>1,975</td>
<td>2,028</td>
<td>2,024</td>
</tr>
<tr>
<td>Corrugated Solutions</td>
<td>913</td>
<td>839</td>
<td>879</td>
</tr>
<tr>
<td>Other units</td>
<td>400</td>
<td>421</td>
<td>363</td>
</tr>
<tr>
<td>Currency hedging, etc.</td>
<td>5</td>
<td>66</td>
<td>4</td>
</tr>
<tr>
<td>Total Group</td>
<td>5,393</td>
<td>5,439</td>
<td>5,357</td>
</tr>
</tbody>
</table>
DEBT MATURITY AND FUNDING

DEBT MATURITY PROFILE

FUNDING

- Syndicated credit facilities
  - SEK 5,500m RCF maturing June, 2019 – back bone funding

- Bilateral credit agreements
  - Mix of short and long term funding

- Bonds
  - MTN Program frame SEK 5,000m of which SEK 2,000m issued

- Commercial Paper
  - CP Program SEK 3,000m, issued SEK 200m

- Financial covenants
  - Net Debt / Equity <1.25 (2016 Q3 at 0.36)
  - EBITDA / Net financial expenses >3.00 (2016 Q3 at 21.1)

- Operating lease commitments payable within one year
  - SEK 94 million and total commitment of SEK 251 million (year end 2015).

STRATEGY

- Financial target Net Debt / EBITDA < 2.5

- Sources of liquidity in the coming 12 months to exceed uses by a factor of 1.20

- Diversified funding sources and an even maturity profile

2016-09-30
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>Total 10 largest shareholders</td>
<td>90 998 612</td>
<td>43.8</td>
</tr>
<tr>
<td>Total excluding share buy-backs</td>
<td>207 089 336</td>
<td>100.0</td>
</tr>
<tr>
<td>The company’s own bought-back shares</td>
<td>1 130 498</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>208 219 834</td>
<td>100.0</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%