BILDERUDKORSNÄS IN BRIEF

PURE PLAY PACKAGING COMPANY

NET SALES

21.7 SEKbn

Europe 73%
Asia 17%
Africa 4%
South America 3%
Middle East 2%
Other 1%

EBITDA

3.6 SEKbn

17%

MARGIN

SHARE OF SALES

37%
8%
38%

SHARE OF SALES

OTHER

PACKAGING PAPER

Kraft paper
Sack paper
Market pulp

CONSUMER BOARD

Liquid packaging board
Cartonboard

CORRUGATED SOLUTIONS

Fluting
Liner
Managed Packaging

PRODUCTION UNITS

8
(SWE, FI, UK)

PRODUCTION CAPACITY

3.0
(MILLION TONNES)

NUMBER OF EMPLOYEES

4,300

Full year 2016
THREE BUSINESS AREAS

PACKAGING PAPER
Kraft and sack paper for customers with tough demands
- Packaging for flour, sugar, carrier bags, medical packaging, building materials, chemicals and more
- Growth driven by population growth in emerging markets, ageing population, increasing environmental awareness and more

CONSUMER BOARD
Liquid packaging board and cartonboard with unique properties
- Packaging for milk, juice, preserved foods, beauty and healthcare products, confectionary and more
- Growth driven by high urbanization rate, change in consumer behavior and more

CORRUGATED SOLUTIONS
Fluting and liner add value
- Packaging for fruit and vegetables, white goods and electronics, exclusive drinks and more
- Supply chain solutions and packaging optimisations for brand owners
- Growth driven by increasing e-commerce and fresh food consumption, package differentiation and changing supply chains

SELECTIVE GROWTH
Asset transformation for increased profitability
- 2-4% CAGR
- Development of new business models
- Expansion to growing markets

VOLUME GROWTH
Attractive market providing growth opportunities
- 4-5% CAGR
- Investments for volume growth
- Innovation with customers and brand owners

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

1. Leading position in our segments
2. Growth segments backed up by global megatrends
3. Clear growth strategy to capture market potential
4. Clear innovation focus for a sustainable future
5. Stable earnings and shareholder returns
LEADING POSITION IN OUR SEGMENTS

Only primary fibre in portfolio targeting customers and applications requiring light, strong and pure materials.

95%

packaging material in product portfolio with a growing share of services and solutions.

75%

of sales towards consumer segment with stable long-term demand growth.

No 1 or 2 within niches where we operate.

Packaging Paper

- Kraft Paper #1 globally
- Sack Paper #2 globally

Consumer Board

- Liquid Packaging Board – Ambient Packages #1 globally
- Liquid Packaging Board – All Package Types #2 globally

Corrugated Solutions

- NSSC Fluting #1 Europe
- Pure White Liner #2 Europe
- Coated White Top Liner #2 Europe
2. Growth segments backed by global megatrends

GROWTH SEGMENTS BACKED UP BY GLOBAL MEGATRENDS

- Global megatrends driving long-term demand for packaging material
  - Urbanisation
  - E-commerce

- Sustainability awareness is increasing demand for renewable packaging material
2. Growth segments backed by global megatrends

TARGETING THE GLOBAL PACKAGING MARKET

- Global market for packaging paper & board has a growth of 2.2%
- We aim to expand sales in the global packaging market…
- …with a growth of 2.9%
- Key to success is new packaging solutions and sustainable products

Global Packaging Market: Estimated CAGR 2016-2022, for all packaging materials. Source: Smithers Pira 2017
3. Clear growth strategy to capture market potential

CLEAR GROWTH STRATEGY TO CAPTURE MARKET POTENTIAL

POSITION
Expand in the value chains

INNOVATION
Turn good ideas into new solutions and materials

SUSTAINABILITY
Integrate and improve in everything we do

EFFECTIVENESS
Drive a customer focused approach

- Increasing sales of solutions to brand owners and improve market mix
- Increasing innovation efforts to develop new packaging solutions expanding potential market segments
- Maximizing customer value by offering sustainable products challenging alternative materials
- Continuously improving production efficiency

Aim to reach profitable growth of 3-4% per year
WE ARE INVESTING TO MOVE FURTHER UP THE VALUE CHAIN TOWARDS BRAND OWNERS

3. Clear growth strategy to capture market potential

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

PACKAGING

- Raw materials
- Recycling
- Converters

BRAND OWNERS

- Brand image
- Package solution
- Sustainability
- Shelf appearance

PACKAGING MATERIAL

- 2-5% of the cost

DISTRIBUTION & RETAIL

END USERS
TWO MAJOR RESTRUCTURING PROJECTS
IMPROVING EFFICIENCY AND SECURING GROWTH

1. Moving unintegrated MG paper machine from Tervasaari, Finland to Skärblacka, Sweden and making it integrated to the pulp production. SEK ~1.3 billion investment.

2. 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 ~7 billion investment.
PRODUCTION AND CAPEX IMPACT

PRODUCTION

ktonnes

2019 2020 2021 2022 2023 2024 2025

~780

~910

330

550

Gruvön production

Gruvön KM7

CAPEX

SEKm

2015 2016 2017 2018 2019

1 300

1 645

4 300

4 700

1 800

Base capex

Tervasaari move + KM7

3. Clear growth strategy to capture market potential
3. Clear growth strategy to capture market potential

INVESTMENTS 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 in line with our return target of 13%
- Limited exposure to pulp market
CLEAR INNOVATION FOCUS FOR A SUSTAINABLE FUTURE

- Long history of award winning packaging innovations
- Challenging boundaries of fibre based packaging in order to reduce usage of fossil materials
- Innovation will strengthen top line and margins

Proportion of sales accounted for by new products

<table>
<thead>
<tr>
<th>Year</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>QuickFill® Clean</td>
</tr>
<tr>
<td>2015</td>
<td>FreeFormPack®</td>
</tr>
<tr>
<td>2014</td>
<td>D-Sack</td>
</tr>
<tr>
<td>2013</td>
<td>Axello® ZAP</td>
</tr>
</tbody>
</table>
WE PROVIDE SUSTAINABLE SOLUTIONS

Paper bag* - Best choice for the climate

Walk the talk

MEMBER OF Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Towards fossil-free production

97.5%

Biofuels used in 2016

4. Clear innovation focus for a sustainable future

*BillerudKorsnäs paper bag from primary fibre, produced in Sweden
Stable earnings and shareholder returns

- Stable underlying earnings over recent years
- Average ROCE of 13% during the history of the company
- Average TSR of 23% per year for past 5 years
- Proven track record of accretive investments
## FINANCIAL TARGETS AND TARGET FULFILLMENT

### FULL YEAR 2016

<table>
<thead>
<tr>
<th>Area</th>
<th>Target</th>
<th>Outcome 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>3-4%</td>
<td>0.3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>&gt;17%</td>
<td>18%</td>
</tr>
<tr>
<td>ROCE</td>
<td>&gt;13%</td>
<td>14%</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>&lt;2.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Dividend policy</td>
<td>50%</td>
<td>59%</td>
</tr>
</tbody>
</table>

1. For comparable units (excluding divested and acquired operations)
2. Excluding non-recurring items
summary

- Focused product portfolio with leading global and regional positions in growing markets
- Global trends imply 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
- Two major restructuring projects to increase profitability and secure long-term growth
- Strong financial position with low leverage and a well-balanced leverage policy