WHAT IF packaging could make a difference?
BillerudKorsnäs at a glance

Net sales 2018
23.7 Billion SEK

Operating profit* 2018
2.0 Billion SEK

EBITDA margin* 2018
15%

Production units
- Beetham
- Frövi
- Rockhammar
- Gruvön
- Gävle
- Jakobstad
- Karlsborg
- Skärblacka

Board Share of net sales**
57%

Paper Share of net sales**
39%

Solutions Share of net sales**
4%

Employees
4,500

* Excl items affecting comparability
** Excl Other and Currency Hedging etc
Material that creates clear customer value

Net sales by market segment

- **Food & Beverages**: 54%
- **Consumer & Luxury**: 15%
- **Industrial**: 25%
- **Medical & Hygiene**: 6%

Materials:
- Fluting
- Liner
- Cartonboard
- Kraft paper
- Sack paper
- Liquid packaging board
Megatrends driving growth

- Demographics and urbanisation
- Greater awareness of sustainability
- Digitalisation
- Globalisation
We have invested for future growth

2012

Jakobstad

Tervasaari

UPM acquisition:
Production capacity: ~300 ktonnes

2013-2017

Production capacity increases:
Frövi/Rockhammar: ~95 ktonnes
Skärbäck: ~20 ktonnes
Gruvön: ~40 ktonnes
Gävle: ~25 ktonnes

2018

PM10 Skärbäck:
Production capacity: ~90 ktonnes
Products: MG-papers

2019

KM7 Gruvön:
Production capacity: ~550,000 tonnes
Products: Liquid packaging board, cartonboard and liner
Unlocking the potential

**SECURE**
Successful ramp-up of KM7
Competitive wood supply

**IMPROVE**
A safe company is a well-run company
Stabilise production

**ACCELERATE**
Innovate for growth
Capture new solutions sales
The most modern board machine

- **Machine length**: 350 m
- **Project cost**: SEK 7.6 bn
- **Machine weight**: 17 000 tonnes
- **Concrete piles**: 8 000
- **Cable length**: > 600 km
- **Production capacity**: 550 000 tonnes
Positioned to capture customer demand
Ramp-up proceeding according to plan

Stock on wire

FY 2019 ~240 ktonnes

May-June – Commercial liner
Oct – Certification material

Ramp-up impact on EBITDA SEK 500m

FY 2020 ~390 ktonnes

Ramp-up impact on EBITDA SEK 200m

EBITDA neutral FY 2021

Apr 2019 2019 2020 2021

Ramp-up cont.
Competitive wood supply

- Agreement to acquire Bergvik Skog Öst in November 2018
- The transaction expected to be completed in late May or early June
- The intention to find suitable investors for a significant part of the forest land
- This process is ongoing and interest is high
A safe company is a well-run company

- Unacceptable number of injuries
- All accidents are preventable
- Cultural change is needed – never walk by
- Focus on structure, engagement and predictability

Lost time injury frequency rate, LTIFR*

<table>
<thead>
<tr>
<th></th>
<th>Average Swedish comparable industrial companies</th>
<th>Best in class international comparable company</th>
<th>Outcome 2018 BillerudKorsnäs</th>
<th>KM7 project Q1 2019</th>
<th>Target 2023 BillerudKorsnäs</th>
</tr>
</thead>
<tbody>
<tr>
<td>~9</td>
<td></td>
<td></td>
<td>7,2</td>
<td>3,1</td>
<td>1,5</td>
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* Number of injuries per 1 000 000 worked hours
Source: Company reports
Production stability is the key focus

- Production Excellence Programme (PEX) target to improve OEE* with 4 percentage points by 2020

- Programme drives improvements across all mills
  - Stretched mill specific targets defined and committed
  - Focus on loss eradication and track progress
  - Network and standardised way of working

- Full-year production expected to be 2 900 ktonnes

*Overall equipment efficiency
Innovation through partnership

**Research platforms**

- **Strength**
- **Barrier**
- **Formability**
- **New concepts**

**Flagship projects**

- Paper bottle
- Paper battery
- Liquid packaging board of the future
Expansion in the value chain

- Growth through customized packaging solutions for global brand owners
- New solutions
  - Formable paper
  - Solutions that challenge plastic
  - Brand new solutions
- Investing in the future solutions
- Award-winning packaging solutions
Key highlights Q1 2019

- Good demand and strong sales performance in all divisions
  - Double-digit top-line growth
  - Increased sales prices and positive currency effects
  - Largely unchanged sales volumes

- Solid result despite high fibre costs
  - Total cost of fibre continued to increase
  - Caustic soda at high levels
  - Negative impact from energy prices

- NET SALES GROWTH Y/Y: 10%
- EBITDA MARGIN*: 16%
- ROCE*: 9%

*Adjusted for items affecting comparability
Q1: Double-digit top-line growth

- Net sales up 10% compared with Q1 2018
- Increased sales prices
- Positive currency effects
- Sales volumes largely unchanged
Q1: Solid result despite higher fibre costs

- Adj. EBITDA Q1 2018: 1102
- Sales prices: 1200
- Currency: 1450
- Variable costs: 1600
- Fixed costs: 1000
- Volume/mix: 1035
- Adj. EBITDA Q1 2019: 1035
Balance sheet affected by heavy investments

- Total net debt SEK 9,822 million (6,056) at 31 March 2019
- Clear focus on regaining positive cash flow and deleveraging
- Net debt expected to peak in Q2 2019
- Net debt/EBITDA expected to be in line with target late 2020

**Net debt / EBITDA**

- 2017 Q1: 1.2, Q2: 1.4, Q3: 1.5, Q4: 1.6
- 2018 Q1: 2.2, Q2*: 2.4, Q3*: 2.7, Q4*: 2.9
- 2019 Q1*: Target: <2.5x

*Adjusted for items affecting comparability
### Long-term financial targets and outcome

<table>
<thead>
<tr>
<th>Area</th>
<th>FY target</th>
<th>FY 2018</th>
<th>Q1 2019</th>
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<tbody>
<tr>
<td>Net sales growth</td>
<td>3-4%</td>
<td>6%</td>
<td>10%</td>
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<tr>
<td>EBITDA margin*</td>
<td>&gt;17%</td>
<td>15%</td>
<td>16%</td>
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<tr>
<td>ROCE*</td>
<td>&gt;13%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Net debt/EBITDA*</td>
<td>&lt;2.5</td>
<td>2.68</td>
<td>2.90</td>
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<tr>
<td>Dividend policy</td>
<td>50%</td>
<td>59%</td>
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*Adjusted for items affecting comparability
Summary and outlook

- Well positioned to capture growing customer demand and to expand in the value-chain
- Agenda that focuses on securing, improving and accelerating
- Ramp-up of KM7 is proceeding according to plan
- Process of finding suitable investors for Bergvik Öst is ongoing

**Q2 OUTLOOK**

- Continued good demand for our products
- Increased price pressure is expected – focus on safeguarding current price levels
- Total cost for fibre expected to flatten out at a high level
Next Generation investment programme
The majority of our investment program is completed

- PM10: ~1 300 SEK million
  - Started and undergoing ramp-up
- KM7: ~7 600 SEK million
  - Civil and construction completed
  - Start-up March-April
We are committed to a stable ramp-up of KM7

- Liner will be the major product during the start-up phase
- Increasing LBP production in pace with market growth
- Flexibility to produce premium products to meet change in product demand
New organisation and management team in place