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%
- **Employees**: 4,500
- **3 Divisions**
  - **57%**
    - Board Share of net sales**
  - **39%**
    - Paper Share of net sales**
  - **4%**
    - Solutions Share of net sales**
- **8 Production units**
  - Beetham
  - Frövi
  - Rockhammar
  - Gruvön
  - Gävle
  - Jakobstad
  - Karlsborg
  - Skärblacka

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

- Fluting
- Liner
- Cartonboard
- Kraft paper
- Sack paper
- Liquid packaging board

Net sales by market segment:

- Food & Beverages 54%
- Industrial 25%
- Consumer & Luxury 15%
- Medical & Hygiene 6%
Megatrends driving growth

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

2012

UPM acquisition:
Production capacity: ~300 ktonnes

2013-2017

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

2018

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

2019

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

*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
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
<table>
<thead>
<tr>
<th></th>
<th>Value</th>
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<tbody>
<tr>
<td>Machine length</td>
<td>350 m</td>
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<tr>
<td>Project cost</td>
<td>SEK 7.6 bn</td>
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<tr>
<td>Machine weight</td>
<td>17 000 tonnes</td>
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<tr>
<td>Concrete piles</td>
<td>8 000</td>
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<tr>
<td>Cable length</td>
<td>&gt; 600 km</td>
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<tr>
<td>Production capacity</td>
<td>550 000 tonnes</td>
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Positioned to capture customer demand

KM7 Gruvön

Liquid packaging board  Liner
Cartonboard  Cup stock
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
  - Ramp-up cont.

Apr 2019 2019 2020 2021
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*

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<tr>
<td>Average Swedish</td>
<td>Best in class</td>
<td>Outcome 2018</td>
<td>KM7 project</td>
<td>Target 2023</td>
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<td>comparable industrial</td>
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<td>BillerudKorsnås</td>
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<td>BillerudKorsnås</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
- Shape ability
- 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
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 has started and 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