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

**Divisions**

3

**Board Share of net sales**

57%

**Paper Share of net sales**

39%

**Solutions Share of net sales**

4%

* 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%
- Consumer & Luxury 15%
- Medical & Hygiene 6%
- Industrial 25%
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
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>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machine length</td>
<td>350 m</td>
</tr>
<tr>
<td>Project cost</td>
<td>SEK 7,6 bn</td>
</tr>
<tr>
<td>Machine weight</td>
<td>17 000 tonnes</td>
</tr>
<tr>
<td>Concrete piles</td>
<td>8 000</td>
</tr>
<tr>
<td>Cable length</td>
<td>&gt; 600 km</td>
</tr>
<tr>
<td>Production capacity</td>
<td>550 000 tonnes</td>
</tr>
</tbody>
</table>
Positioned to capture customer demand
Ramp-up proceeding according to plan

Stock on wire
- FY 2019 ~240 ktonnes
  - 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 acquisition completed 31 May 2019
- 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>LTIFR*</td>
<td>~9</td>
<td>1,2</td>
<td>7,2</td>
<td>3,1</td>
<td>1,5</td>
</tr>
</tbody>
</table>

* 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

- **10%**
  - Net sales growth Y/Y

- **16%**
  - EBITDA margin*

- **9%**
  - ROCE*

*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

**Net sales, SEKm**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
</tr>
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<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td>6,194</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td>5,897</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,504</td>
<td></td>
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</tr>
</tbody>
</table>
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

Q1 2017: 1.2
Q2 2017: 1.4
Q3 2017: 1.4
Q4 2017: 1.5
Q1 2018: 1.6
Q2 2018: 2.2
Q3 2018: 2.4
Q4 2018: 2.7
Q1 2019: 2.9

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>
</tr>
</thead>
</table>
| Net sales growth         | 3-4%      | 6%      | 10%     | ✔  
| EBITDA margin*           | >17%      | 15%     | 16%     |  
| ROCE*                    | >13%      | 9%      | 9%      |  
| Net debt/EBITDA*         | <2.5      | 2.68    | 2.90    |  
| Dividend policy          | 50%       | 59%     |         | ✔  

*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

CEO
Petra Einarsson

CTO
Ulf Eliasson

Innovation
Magnus Wikström

CFO
Ivar Vatne

Legal
Andreas Mattsson

HR
Paulina Ekvall

Communication
Christopher Casselblad

Division Paper
Helene Biström

Division Board
Mikael Andersson

Division Solutions
Anders Lundin