Nordea Small Cap Seminar

13th of Aug 2020   Ivar Vatne, CFO
Billerud Korsnäs - in brief

A leading packaging company offering innovative packaging solutions and sustainable packaging materials made from natural cellulose fibre.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Net sales (SEK bn)</td>
<td>24.4</td>
</tr>
<tr>
<td>EBITDA (SEK bn)</td>
<td>2.8</td>
</tr>
<tr>
<td>Employees</td>
<td>4500</td>
</tr>
</tbody>
</table>
Well positioned with strong positions within Covid-19 resilient segments

~2.7 mt
Sales volume

Light, strong and pure materials
Large part of sales to non-cyclical segments

Net sales 2019 by market segment, %

- Medical & Hygiene, 7%
- Consumer & Luxury, 13%
- Industrial, 24%
- Food & Beverages, 56%
Leading positions in premium segments

- **Liquid packaging board**: #2 Globally
- **Fluting and Liner**: #1 in Europe
  ¹ Primary fiber-based NSSC fluting
- **Cartonboard**: #1 in Europe
  ² Coated primary fibre-based liner
- **Kraft paper**: #1 in Europe
- **Sack paper**: #2 Globally

1. Primary fiber-based NSSC fluting
2. Coated primary fibre-based liner
Efficient production close to the raw material

- 8 production sites, whereof 6 integrated mills
- Total production capacity ~3.2 mt/year

Wood supply, %
- Sweden, 72%
- Baltic region, 10%
- Norway, 8%
- Finland, 8%
- Other, 2%
Last years underlying profitability not satisfactory

- Increased fibre cost
- KM7 start-up
- Weaker market

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales, SEK billion</th>
<th>Adjusted EBITDA margin, %</th>
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<tbody>
<tr>
<td>2010</td>
<td>19</td>
<td>17</td>
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<tr>
<td>2011</td>
<td>17</td>
<td>11</td>
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<tr>
<td>2012</td>
<td>13</td>
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<td>2016</td>
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<td>12</td>
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<td>2018</td>
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<tr>
<td>2019</td>
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Target >17%
Profitability transformation is well anchored in our strategy for the coming years.

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

DRIVE PERFORMANCE

PROFITABLE GROWTH BY CREATING CUSTOMER VALUE

ACCELERATE SPEED IN INNOVATION

EXPAND OUR SOLUTIONS BUSINESS

WINNING WITH OUR PEOPLE
Think new – Feel responsibility – Cooperate – Create value
Improving profitability through 3 programmes:

- KM7 ramp-up
- Cost- and efficiency program
- Safe and stable production
1) Hiked profitability from our strategic investments

1 200 SEK m
positive EBITDA* effect when fully ramped up

*KM7 and PM10 accumulated

- KM7 at Gruvön is a strategic investment to capture stable and profitable liquid board business
- Flexibility to produce premium products to meet change in product demand

As communicated at CMD in 2018:

Ramp-up base case KM7, ktonnes

EBITDA positive FY 2021
Continued ramp-up of KM7

- Start of production during the summer 2019
- Production and quality on decent levels and output centered around uncoated liner and cup stock
- In Q1’20 coater started and process to certify material for liquid packaging board was initiated
- In Q2’20 successful first production of CrownBoard Prestige
- Maintenance stop planned for Q3’20, vital for machine upgrades
- Estimated negative EBITDA impact 2020 SEK 350-450 m* – expect to land high in the interval
- Expectation to become EBITDA neutral during 2021

* Compared with 2018 as base year
2) Cost reductions and efficiency enhancements

- **FTE reduction**
  - Up to 300 positions announced (Sep’19)
  - Impact starting as of Q1’20

- **Purchasing & Development**
  - Centralizing procurement with few preferred suppliers
  - Replacing raw material / ingredients with alternatives

- **End-2-end Supply Chain**
  - Warehouse
  - Logistics
  - Operational savings
  - G2M model

- Cost and efficiency programme SEK 250m in 2020
  - SEK 600m run-rate by Q4 2021
- Roughly 1/3 split per stream
- The programme is on track – savings of SEK 140m in H1
3) Safe and stable production

Safe and stable production is the key priority

4%-points OEE improvement by 2022

Overall Equipment Efficiency (OEE)

Time \( \times \) Speed \( \times \) Material = OEE

1%-point OEE = 
~100 SEK m EBITDA
Solid balance sheet and lower CAPEX after a period of large investments

Net debt / EBITDA ratio* below target

2018

- World-leading MG centre at Skärblacka

2019

- New board machine at Gruvön (KM7)

2020–2021

- Base investments around SEK 1.3 bn/year (final costs for KM7 included)

* 12 months EBITDA adjusted for items affecting comparability
Covid-19 doesn’t change the fundamentals of our strategy, but amplifies need to accelerate faster

- Do more faster (cost- and efficiencies)
- Even stronger focus on working capital
- Tougher choices around investment
Our long-term targets remain

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<tr>
<th>FINANCIAL TARGETS</th>
<th>HIGHLIGHTED SUSTAINABILITY TARGETS</th>
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<tbody>
<tr>
<td>NET SALES GROWTH 3–4%</td>
<td>REDUCED EMISSIONS 59% 2030</td>
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<tr>
<td>EBITDA MARGIN &gt;17%</td>
<td>WORKPLACE SAFETY 3.2 2020</td>
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<tr>
<td>ROCE &gt;13%</td>
<td>NEW PRODUCT RATIO 15%</td>
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<tr>
<td>NET DEBT/EBITDA &lt;2.5</td>
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<td>DIVIDEND RATIO 50%</td>
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Q&A