



Press Release

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Production problems negatively impact BillerudKorsnäs results for the fourth quarter of 2015

BillerudKorsnäs' fourth quarter results are negatively impacted by production problems and increased maintenance costs. The impact of the problems amounts to approximately SEK 165 million so far.

The company has made extensive rebuilds of KM5 in Frövi during the periodical maintenance shutdown in the fourth quarter. The rebuilds aim at increasing production capacity to support business area Consumer Board's volume growth. During start-up of the machine after the rebuild there were extensive unpredictable technical disturbances which resulted in uneven production volume and major production losses. PM6 in Gruvön have had minor technical problems during the quarter with negative impact on the results. The production unit in Gävle has incurred some additional costs in the fourth quarter following the annual maintenance shutdown in the end of the third quarter. In total, additional costs of approximately SEK 165 million have impacted the fourth quarter compared to normal production rates. The production in Gävle and Gruvön is now going according to plan and no subsequent problems are expected. Production at KM5 in Frövi has improved in the beginning of December and is expected to stabilise during the remaining part of the year.

"We usually do not comment minor production problems but in this case the problems are of such magnitude that they have a major impact on the results for the quarter. The situation is of course unsatisfactory, but we make investments to meet growth in the market and start-up problems can occur in connection with larger rebuilds. We see no changes in the underlying driving forces in our markets. We still have a positive view on the long-term market situation and our strategic plans for sustainable and profitable growth remains as communicated during the capital markets day. We will however for a period of time focus on stabilising production primarily at KM5 in Frövi to ensure volume growth going forward. We maintain our previous market outlook and the only segment where we temporarily expect some decrease in demand and pricing is within the sack paper segment. Overall we see normal seasonal variations in the fourth quarter and likely the temporary "December effect" stemming from the long holidays at the end of the year" says Per Lindberg, President and CEO.

BillerudKorsnäs will publish its year-end report for 2015 at 07:00 CET on 10 February 2016.

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