



## PRESS RELEASE

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### Quarterly financials hampered by production problems

CEO Per Lindberg comments on the development during Q4 2015:

“In spite of a strong full-year performance, the isolated result for the fourth quarter is a disappointment. We have had a tough quarter with lost volumes and extra costs, but several of our production units have set new production records, and we have grown in accordance with our targets in business area Consumer board. The overall business situation is satisfactory with stable demand and pricing, and the drop in the Q4 results are due to internal factors only.”

#### THE RESULT

The operating profit for the quarter was SEK 320 million, burdened with approximately SEK 245 million in unplanned extra costs. The extra costs have occurred during rebuilds and cost overruns in maintenance in our mills. We have run into technical problems that have taken longer than planned to fix and caused major cost overruns and loss of volumes, and on top of that a flooding in Beetham. Total extra cost for rebuilds and rebuild related production volume losses is approximately SEK 150 million, and cost increases for maintenance an additional SEK 95 million. We are not at all happy with our fourth quarter performance and we have to learn from this. Hence, we have decided to postpone the final phase of the build-out of the board machine in Frövi that was planned for 2016. Capacity is already built to run 525 ktonnes in 2018. This will make the investment level in 2016 approximately SEK 1 300 million excluding future restructuring projects in Gruvön and Skärblacka.

#### MARKET OUTLOOK

The overall market has been stable and we expect this to continue with normal demand patterns and small variations in local pricing.

For business area Packaging Paper the markets remained stable with seasonal variance during the fourth quarter. As anticipated we saw a lower than normal brown sack paper market. Prices in local currency were stable compared to previous quarter with slight deterioration in brown sack paper. We have not run our production at full capacity during the quarter and we have chosen to produce pulp instead of paper in some units.

In spite of the production problems during the quarter and the associated tight delivery situation in Consumer Board the business area has managed to deliver a 6% volume growth year over year.

Business area Containerboard shows a solid strong performance. Fluting demand continued to be strong with improved prices. The liner segment also showed a stable demand and pricing.



## STRATEGY

A key part of our strategy is innovation. Since 2013, we have five-folded the number of development projects, we have increased our investments in R&D with 180% and doubled the R&D headcount. We will continue this expansion of innovation capability in 2016. We believe that these efforts and projects will be crucial elements to strengthen our product portfolio even further and thereby contribute substantially to our profitable growth.

Our innovation efforts are not only directed towards better and unique materials but also towards expanding new service and business models. One example is the complete incorporation of the “Managed Packaging” business model from Paccess into Containerboard during 2016. This means that we can fully utilize the business model of managed packaging and grow the solution based side of our business, and as a consequence we rename Containerboard to Corrugated Solutions. Other examples of new business models taking off are the two complete packaging systems from FibreForm Packaging and the three Axello Zap systems sold during last year.

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