



## PRESS RELEASE

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### Growing again

CEO Per Lindberg comments on the development during Q1 2017:

“The first quarter of 2017 saw growth on the back of high demand in the markets across all business areas. Sales are showing better than expected growth, and our production is in fact at an all-time high for a single quarter. However, our operating profit during the quarter suffered from spillover effects from 2016, and we have as a consequence undertaken significant measures to address both our start-up performance as well as quality performance.

Two of the key elements in our growth strategy and production capacity are our major ongoing investments in Skärblacka and Gruvön. We are glad to see that the start-up of these projects has been successful and that they are well under way. Together with new solution sales initiatives we have laid a strong foundation for continued growth.”

### THE RESULT

Our operating profit SEK 550 million falls short of our expectations. This is due to the ramp up of Rockhammar after the rebuild in 2016 and quality costs emanating from production disturbances during the second half of 2016. Even if the situation has improved and stabilized in Rockhammar, we may experience some minor costs also in the upcoming quarter. However, looking at the current market, we see an overall positive development across the board and a solid performance in terms of sales growth, 5% during the first quarter compared to the same quarter last year. Within Consumer Board we even exceeded our expectations during the beginning of the year, driven by strong sales to all major liquid packaging board customers. During the quarter we were subject to an unexpected inspection under EU competition rules as part of a larger investigation of the market for bleached and unbleached kraft papers. We have no indications of the outcome from the inspection.

### MARKET OUTLOOK

All of our business areas are currently showing a favourable development, partly due to underlying strong demand but also some seasonal improvement in Packaging Paper. We believe this will continue also in the second quarter and we now need to meet this strong demand with high production volume and quality.



The growing demand for sustainable packaging does not only drive demand for sustainable materials. We can also detect an increasing need for holistic packaging solutions throughout the whole value chain of the packaged product, especially in developing markets. Such solutions are necessary to enable a shift toward packaging that help create better packaging performance, especially in terms of sustainability. We are already in a position where we can offer such solutions – Managed Packaging within Corrugated Solutions, Sack Sales and system sales such as Axello Zap within Packaging Paper to name a few. Today these new solutions offerings still constitute a small part of our total business but they are growing more rapidly than material sales and we expect that development to continue and accelerate.

## **STRATEGY**

Our target is to deliver profitable growth through offering both materials and solutions. Sustainability is becoming an increasingly integrated part of our core offer along with cost, protective and appearance performance criteria. It is often an entry ticket to new business and a result of our efforts to challenge customers to choose more sustainable alternatives, BillerudKorsnäs alternatives. One clear example of this is the launch in March of a Sack Sales partnership in Malaysia to serve the market throughout South East Asia. We can through delivering a complete packaging solution based on our material, but by sourcing the converting, provide the market with a product that replaces less sustainable solutions made of plastic. Our solution provides a better carbon footprint but also a much better working environment for the end user which for instance can be cement. Such examples of new sustainable solutions and business models in combination with the growth in production of sustainable materials generated by the large investments in our production structure show that we have the ability to deliver on our strategy for profitable growth.

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