



PRESS RELEASE

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Good prospects

CEO Per Lindberg comments on the development during Q2 2017:

“The market for sustainable packaging materials and solutions remains very encouraging. We delivered a stable result in the second quarter, despite the pressure from costs of external factors and the major disruption at Gruvön, which was communicated in May.

Looking ahead, we see that the path we have chosen is the right one. Markets are performing strongly over the short term, and in the long term the trend points to companies being ambitious in their sustainability efforts both in their business operations and their products. The prospects for growth are good.”

THE RESULT

We delivered solid operating profit of SEK 489 million. Production was relatively stable and we had planned maintenance shutdowns at three of our production units over the quarter, which cost SEK 25 million more than we had estimated. In addition, we had SEK 25 million in costs for the shutdown of the pulp line for the fluting machine at Gruvön, which we communicated separately, as well as additional costs related to Rockhammar of approximately SEK 30 million. Our results were also negatively affected by increased costs of deliveries due to the strike at the Port of Gothenburg.

The business areas showed stable performance over the quarter on a strong market and we see some positive development in local prices. Consumer Board is showing volume growth of around 6% compared with the first half of last year.

MARKET OUTLOOK

The strong performance in the market by all business areas is expected to continue over the next quarter. The outlook is good and there are opportunities for further price increases, particularly in the Packaging Paper and Corrugated Solutions business areas.

Primary fibre-based material with high sustainability performance is our core business, but alongside this, our solutions-based offerings are growing rapidly. This is being driven by both demand for a comprehensive offering in which the material is a key component, and by other types of solutions and packaging services. We are seeing a trend of packaging gaining an increasingly important role in many brand owners' efforts to make their products more competitive. The sustainability performance of packaging is particularly important. This continues to give us great confidence in our products and our development.



STRATEGY

We are continually reviewing and updating our growth strategy, but our chosen approach remains in place and we are firm in our belief in our clear focus on the effectiveness, sustainability and innovation of both new materials and new solutions and offerings. Achieving long-term growth requires resources and investments, along with a balance between a strong proactive approach and a focus on the right initiatives.

Packaging generates significant value for virtually all product value chains, and BillerudKorsnäs aims to shift its position forward in these chains. These efforts have created opportunities to develop new end-to-end solutions together with other companies such as our cooperation with Bosch on Axello Zap. This solution, which has only been in place for a year, is an example of where we see growing interest in end-to-end solutions with the potential to replace conventional packaging with more sustainable options. Also, it recently won a prize at Packaging Europe's Sustainability Awards in the Bio-based Packaging category.

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