



# BILLERUDKORSNÄS

## Interim report January–March 2020

### Record sales volumes and continued price pressure

# Q1 2020

#### KEY HIGHLIGHTS

- Stable production and a solid demand enabled all-time high sales volumes
- Net sales and earnings impacted by continued lower market prices and ramp-up effects of KM7
- Limited effects of Covid-19

#### QUARTERLY DATA

- Net sales declined by 2% to SEK 6 364 million (6 504)
- Sales volume increased by 9% compared to first quarter last year
- Adjusted EBITDA\* of SEK 791 million (1 035), negatively affected by KM7 start-up effects of SEK 200 million
- Operating profit of SEK 280 million (640)
- Net profit of SEK 164 million (451)
- Earnings per share amounted to SEK 0.79 (2.18)

#### Q2 OUTLOOK

- High uncertainty of Covid-19 impact
- Stable market conditions expected for products designated for Food & Beverages and Medical & Hygiene
- Market conditions for Consumer & Luxury Goods could become more challenging
- Weaker market conditions expected for the Industrial segment
- Logistical challenges expected
- Fibre cost expected to remain flat from Q1

#### KEY FIGURES\*

SEKm	Q1	Q1	Change	Q4	Change
	2020	2019		2019	
Net sales	6 364	6 504	-2%	5 815	9%
Adjusted EBITDA	791	1 035	-24%	618	28%
Operating profit	280	640	-56%	103	172%
Adjusted operating profit	305	653	-53%	127	140%
Net profit	164	451	-64%	333	-51%
Adjusted EBITDA, %	12%	16%		11%	
Adjusted operating profit margin, %	5%	10%		2%	
Adjusted ROCE, %	3%	9%		4%	
Operating cash flow after operative investments	-438	-94		483	
Net debt/adjusted EBITDA, multiple	2.3	2.9		1.9	

\*For key figures and a reconciliation of alternative performance measures including adjusted EBITDA, adjusted operating profit, adjusted EBITDA margin, adjusted operating profit margin, adjusted ROCE and net debt/adjusted EBITDA, see pages 17-19 and page 7 for operating cash flow after operative investments.

#### For further information, please contact:

Ivar Vatne, CFO, +46 8 553 335 07

Lena Schattauer, Head of Investor Relations, +46 8 553 335 10

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07.00 CET on 24 April 2020.

## COMMENTS BY CEO



**SEK 6 364 million**

Net sales

**SEK 791 million**

Adjusted EBITDA

**12%**

Adjusted EBITDA margin

The financial effects of the Covid-19 pandemic on our company have so far been limited, but looking forward the degree of uncertainty is significant. We continue to run our operations without any major disruptions and the demand for our products has remained solid. Most important, precautions have been implemented to mitigate health risks for our employees, and so far – to the best of my knowledge – none of us have been seriously ill in Covid-19 and the sickness absence is on normal levels.

The fight against the Corona virus has only started. To mitigate the effects and protect our employees, customers and business partners, we have established a group-wide Corona crisis organization that operates under my direct lead. Measures are taken to safeguard the health of our employees, secure deliveries and support our customers, develop contingency plans with regard to critical resources, implement strict cost control and protect liquidity. Additionally, the Board of Directors, as a precautionary measure, has withdrawn their proposal for an extra dividend.

Due to the circumstances with Covid-19 and to ensure the safety of our employees and suppliers, we have postponed or minimized the maintenance stops scheduled at our mills for the first half of the year.

The demand for our products has overall been strong throughout the first quarter. However, prices for several of our grades continued to deteriorate, which is a continuation of the trend in the previous quarter. The impact of this on our net sales and profitability has been significant. Our biggest challenge continues to be Division Paper where lower prices resulted in declining sales and margins. Division Board performed well and Division Solutions had a decent first quarter considering the fact that a significant part of the business is depending on China.

Our focus areas for 2020 continue to be ramping up KM7, ensuring a safe and stable production, delivering on our cost and efficiency programme and now also dealing with the consequences of Covid-19.

The ramp-up of KM7 is progressing much according to plan. Production and quality are now on fully acceptable levels for uncoated grades. During the quarter, we successfully started up the coater, produced sellable volumes of coated material and initiated the process of certifying material for liquid packaging board. We are still in a phase performing test runs, but volumes and the share of higher-value products are gradually increasing.

Production during the quarter was excellent in all mills and we managed to deliver the highest quarterly sales volume ever recorded, up by 9% compared to last year. Actions taken to increase production stability are starting to kick in, although we recognize more work is needed. It is also satisfying to see that our safety program is starting to show positive results. The number of work-related accidents (LTIFR) is clearly decreasing compared to last year in several of our mills.

Our cost and efficiency programme is delivering according to plan. As we expect negative effects related to Covid-19, additional cost reductions are under implementation.

For the next quarter, the market conditions for our products in Food & Beverages and Medical & Hygiene are estimated to remain stable, while conditions for our segments in Consumer & Luxury Goods could become more challenging. For materials designated for the Industrial segment we expect weaker market conditions.

Despite all current uncertainties, I firmly believe that BillerudKorsnäs' development over the next few years at large is in our own hands. The strategy and direction are firm. We have a solid financial and cash position. Furthermore, our products are sustainable and relatively resilient also in times of economic downturn. A large share of our revenues comes from products that, regardless of business cycle, are vital for individuals and entire communities. Packaging materials for food, medical and hygiene provide a high degree of stability to our business.

*Lennart Holm*  
*Acting President and CEO*

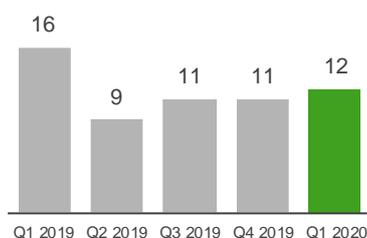


# The quarter in review

The EBITDA margin was impacted by negative price development and start-up effects for KM7

## Adjusted EBITDA margin

Target level >17%



## SALES AND RESULTS

Net sales for the first quarter declined by 2% to SEK 6 364 million (6 504). Higher sales volumes were offset by lower sales prices compared to last year, primarily in Division Paper. Net sales for the quarter were positively impacted by currency effects by 2%.

Adjusted EBITDA decreased to SEK 791 million (1 035), mainly due to reduced sales prices as well as KM7 start-up effects of SEK 200 million. Lower fibre costs, currency effects and cost savings had all a positive impact on the result. Logistics challenges due to Covid-19 were mitigated without any significant effects.

Costs affecting comparability, reported under Other, amounted to SEK 25 million (13) and included an additional provision for restructuring costs related to the cost and efficiency programme launched in 2019.

## MARKET DEVELOPMENT AND OUTLOOK

Market conditions for liquid packaging board continued to be strong throughout the first quarter. For cartonboard and containerboard conditions were stable. The market for sack and kraft paper stabilized at comparatively low price levels. Price reductions compared to the previous quarter were mainly a consequence of contracts entered into in fourth quarter 2019 now being fully reflected in the first quarter.

For the next quarter, market conditions for products designated to Food & Beverages and Medical & Hygiene applications are estimated to remain stable (liquid packaging board and relevant niches of containerboard, kraft and sack paper). Market conditions for Consumer & Luxury Goods could become more challenging (cartonboard and relevant niches of containerboard, sack and kraft paper). Market conditions are expected to weaken for the Industrial segment (relevant niches of sack and kraft paper and containerboard).

## EVENTS IN THE QUARTER

BillerudKorsnäs announced on March 17 that the maintenance stop at Gruvön which was scheduled for the second quarter would be postponed to the third quarter due to the prevailing circumstances with Covid-19. The short notice of the rescheduling caused a negative financial effect of around SEK 40 million in the first quarter. The deferred maintenance stop will have implications for our KM7 ramp-up in 2020, in particular what product mix the machine will generate. The additional negative financial impact for the KM7 ramp-up, caused by the delayed maintenance shutdown is estimated to SEK 100 million..

On March 25, the Board of Directors decided to withdraw the proposal for an extra dividend. The Board's proposal for a dividend of SEK 4.30 per share remains and so does the proposal that a mandate be granted for the buy-back of the company's own shares. Provided that the uncertainty has decreased and the visibility in the market has improved, the Board of Directors has the ambition to summon the shareholders to an extraordinary general meeting later this year, to resolve on an extra dividend.

For the sixth consecutive year, BillerudKorsnäs received in January the highest rating level in EcoVadis assessment of how well a company has integrated the principles of CSR into their business and management system. BillerudKorsnäs' environmental and supply chain work scores high, not least as a result of the commitment to reduce carbon emissions in line with the Paris Agreement.

## EVENTS AFTER THE QUARTER

A mechanical failure in a digester at Skärblacka caused lost production in the first half of April with an estimated negative financial impact of SEK 30 million. Measures were taken and production has resumed.

In April, the maintenance stops that were scheduled for the second quarter at Gävle, Skärblacka and Pietarsaari were postponed to the second half of the year due to the prevailing circumstances with Covid-19. The financial effects of these measures are estimated to SEK 35 million, affecting the second and the third quarter.

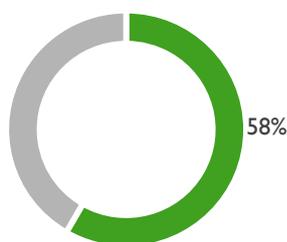
See page 20 for more information about the maintenance stops.



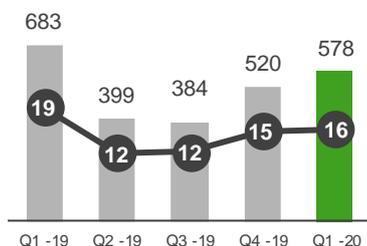
# Division Board

A strong quarter in terms of production and sales. KM7 passed two milestones with start-up of the coater and initiation of certification for liquid packaging board.

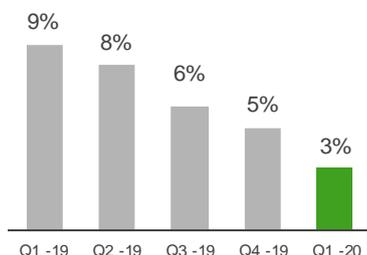
Share of Group's net sales for Q1 2020



EBITDA



ROCE



## About Division Board

Division Board manufactures liquid packaging board, cartonboard as well as fluting and liner. All customers demand high quality and expect materials and services solutions that add value. The mills at Gävle, Gruvön and Frövi/Rockhammar belong to this division. At Gruvön, BillerudKorsnäs has made a strategic investment under the Next generation programme in a state-of-the-art board machine. The KM7 board machine will have an annual production capacity of 550 000 tonnes of premium material.

## KEY FIGURES

	Q1 2020	Q1 2019	Q4 2019	Full year 2019
<b>SEKm</b>				
Net sales	3 712	3 536	3 414	13 692
of which liquid packaging board	2 060	1 989	1 972	7 583
of which cartonboard	399	346	351	1 467
of which fluting & liner	1 017	953	878	3 626
Net operating expenses, other	-3 134	-2 853	-2 894	-11 706
<b>EBITDA</b>	<b>578</b>	<b>683</b>	<b>520</b>	<b>1 986</b>
EBITDA, %	16%	19%	15%	15%
Operating profit/loss	232	441	174	811
Operating margin, %	6%	12%	5%	6%
ROCE, %	3%	9%	5%	5%
Sales volumes, ktonnes	515	454	456	1 815

## RESULTS

Net sales for the first quarter increased by 5% to SEK 3 712 million (3 536), driven mainly by higher sales volumes in all segments due to improved availability at all mills and the production ramp-up of the new board machine, KM7, at Gruvön.

EBITDA decreased to SEK 578 million (683). Higher production efficiency, increased sales volumes and lower raw material costs could not compensate for negative pricing impact, changed customer mix and ramp-up effects of KM7. The total KM7 ramp-up effect was SEK 200 million. Net operating expenses increased mainly due to heavy volume growth.

ROCE declined to 3% mainly due to lower EBITDA in the past twelve months.

See page 8 for more information about the Next generation programme (KM7).

## MARKET DEVELOPMENT AND OUTLOOK

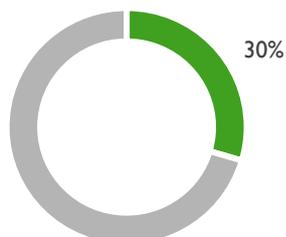
Market conditions were strong for liquid packaging board in the first quarter. For cartonboard and containerboard the market conditions were stable. Prices for BillerudKorsnäs' segments in containerboard held up relatively well.

For the next quarter, market conditions for products designated for Food & Beverage applications (liquid packaging board and relevant niches of containerboard) are expected to remain stable, while conditions for our segments in Consumer & Luxury Goods (cartonboard and relevant niches of containerboard) could become more challenging. In the Industrial segment (relevant niches of containerboard) market conditions are expected to weaken.

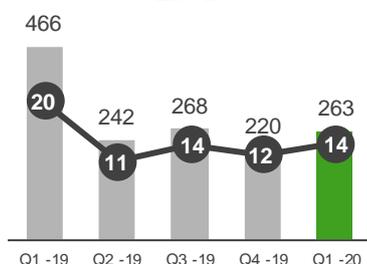
# Division Paper

*Still under pressure from low prices. We continue to adapt our production and focus on efficiency measures, putting emphasis on maximising customer value and adding new applications.*

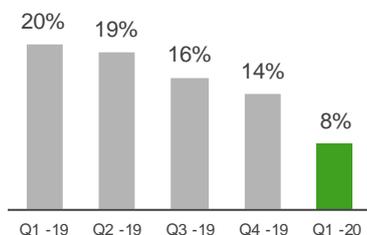
Share of Group's net sales  
Q1 2020



EBITDA



ROCE



## About Division Paper

Division Paper manufactures and sells high-performance, premium-grade kraft and sack paper to selected segments in the manufacturing, medical equipment and consumer segments. The division also sells surplus paper pulp on the open market. The mills at Skärblacka, Karlsborg, Pietarsaari and Beetham belong to this division.

## KEY FIGURES

SEKm	Q1 2020	Q1 2019	Q4 2019	Full year 2019
Net sales	1 880	2 305	1 776	8 142
of which sack paper	633	936	537	2 918
of which kraft paper	878	931	859	3 504
Net operating expenses, other	-1 617	-1 839	-1 556	-6 946
<b>EBITDA</b>	<b>263</b>	<b>466</b>	<b>220</b>	<b>1 196</b>
EBITDA, %	14%	20%	12%	15%
Operating profit/loss	153	356	107	752
Operating margin, %	8%	15%	6%	9%
ROCE, %	8%	20%	14%	14%
Sales volumes, ktonnes	227	233	205	882

## RESULTS

Net sales for the first quarter declined by 18% to SEK 1 880 million (2 305). The decline was mainly driven by significantly lower prices than last year and a negative change in product mix. The deteriorating prices have been primarily in sack paper, while kraft paper has held up much better.

EBITDA decreased to SEK 263 million (466), mainly through lower prices and an unfavourable product mix, offset only partly by lower raw material prices, positive currency effects and a stricter cost control.

Net sales and profitability improved compared with the fourth quarter 2019.

ROCE declined to 8% mainly due to lower EBITDA in the past twelve months.

## MARKET DEVELOPMENT AND OUTLOOK

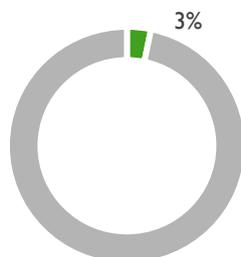
Market conditions in the first quarter were stable for both sack and kraft paper. Prices for most segments in Division Paper declined from the previous quarter, mainly due to full quarter impact. The only exception was white sack, where prices stabilized compared with the fourth quarter 2019.

For the next quarter, market conditions for sack and kraft paper in the Industrial segment are expected to weaken. For sack and kraft paper in Consumer & Luxury Goods the conditions could become more challenging, while stable market conditions are expected for relevant niches in Food & Beverages and Medical & Hygiene.

# Division Solutions

Our long-term focus is to create growth. However, short term focus is on efficiency measures to mitigate Covid-19 effects on our business.

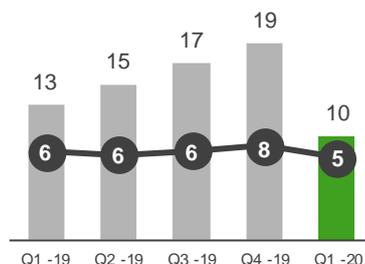
Share of Group's net sales  
Q1 2020



## KEY FIGURES

	Q1 2020	Q1 2019	Q4 2019	Full year 2019
<b>SEKm</b>				
Net sales	205	206	250	990
of which Managed Packaging	147	175	205	822
of which Solutions Other	58	32	45	168
Net operating expenses, other	-195	-193	-231	-926
<b>EBITDA</b>	<b>10</b>	<b>13</b>	<b>19</b>	<b>64</b>
EBITDA, %	5%	6%	8%	6%
Operating profit/loss	8	11	16	54
Operating margin, %	4%	5%	6%	5%

EBITDA



## RESULTS

Net sales for the first quarter were almost unchanged and amounted to SEK 205 million (206). The negative effect of Covid-19 on Managed Packaging's business was offset by higher sales in Other Solutions, increased pricing and positive currency effects.

EBITDA declined to SEK 10 million (13) and the comparison with the past year is affected by a favourable outcome of a technical claims in the first quarter 2019. Earnings were supported by an improved sales mix.

## MARKET DEVELOPMENT AND OUTLOOK

Demand for Division Solutions' products and services remained stable during the first quarter despite low sales in China during the lock-down period. Along with European and US quarantine measures, the demand decreased however towards the end of the quarter.

There is still some inflow of new customers but we expect a significantly weaker second quarter due to lower demand and delayed programme implementations. Cost-saving measures will be implemented to protect profitability.

In a normalized market the potential for Division Solution's offering continues to be significant and the sales pipeline continues to support growth.

## About Division Solutions

Division Solutions meets brand owners' growing demand for sustainable and effective packaging solutions and systems. The division's business is growing in two areas, the largest of which is currently Managed Packaging, which help global brand owners take control of their packaging needs in Asia.



## Other operations

Net sales for Other in the first quarter 2020 amounted to SEK 551 million (485) and comprised of sales of fibre and related services to third parties.

Adjusted EBITDA for Other amounted to SEK -75 million (-99). Higher result was due to lower cost level in Group common functions and increased profit from associated companies.

## Cash flow and financial position

### SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter	
	Q1 -20	Q1 -19
Operating surplus, etc.	725	984
Change in working capital, etc.	-790	-334
Net financial items, taxes, etc.	-91	74
<b>Cash flow from operating activities</b>	<b>-156</b>	<b>724</b>
Operative investments	-282	-818
<b>Operating cash flow after operative investments</b>	<b>-438</b>	<b>-94</b>

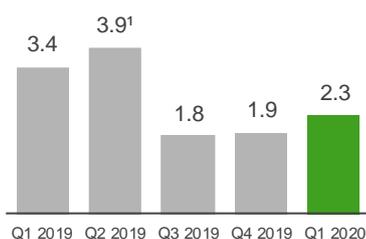
Operating cash flow after operative investments amounted to SEK -438 million (-94) for the first quarter. Operating cash after operative investments include all gross investments in property, plant and equipment, and intangible assets. The measure has a new definition starting in Q1 2020, and shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt, acquire and invest in other businesses and pay dividends to the shareholders.

The negative change in operating cash flow from operating activities was mainly due to a collateral deposit for negative value of electricity derivatives of SEK 400 million (purchased for hedging purposes) and some increased accounts receivables. In addition, net financial items included a tax refund in 2019. The decrease in operative investments is linked to lower KM7 investments in 2020.

### FINANCING

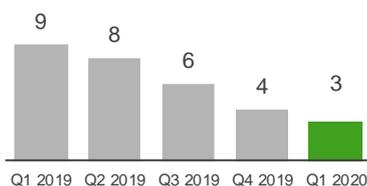
At 31 March 2020, interest-bearing debt amounted to SEK 7 839 million (9 409). Interest-bearing debt remained at the same level as previous quarter, SEK 7 842 million, as no financing activities, except repayment of scheduled amortisations, were carried out during the quarter.

### Net debt/EBITDA target level <2.5



<sup>1</sup> Excluding discontinued operations

### Adjusted return on capital employed Target level >13%



## Debt portfolio and maturity profile at 31 March 2020

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		92	92	1 355	1 539
Bond loans within MTN program	7 000	900	2 000	1 800	4 700
Other bond loans				1 600	1 600
Commercial paper	4 000				-
<b>Group total</b>		<b>992</b>	<b>2 092</b>	<b>4 755</b>	<b>7 839</b>

Interest-bearing net debt at 31 March 2020 amounted to SEK 5 951 million (9 822).

The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 2.3 (3.4). The ratio of net interest-bearing debt to adjusted EBITDA was 2.3 (2.9).

## INVESTMENTS AND CAPITAL EMPLOYED

Operative investments in property, plant, equipment and intangible assets amounted to SEK 282 million (818) for the first quarter. A large part of the investments in 2019 was related to the new board machine at Gruvön.

Capital employed at 31 March 2020 amounted to SEK 25 102 million (24 407). Return on capital employed (ROCE) for the last 12-month period, amounted to 3% (6). ROCE calculated using adjusted operating profit amounted to 3% (9).

Return on equity was 37% (7) over 12 months. The increase in the return on equity was due to the sale of Bergvik Skog Öst AB in August 2019.

## Next generation programme (KM7)

The ramp-up process of BillerudKorsnäs' new board machine at Gruvön, KM7, started in the second quarter of 2019. As KM7 was brought online, three machines (PM1, PM2 and PM5), with a total production capacity of 215 000 tonnes per year, were closed. The share of the machine's output of premium grades is increasing gradually over the course of the ramp-up process. During the first quarter 2020, production of the first volumes of coated grades started and the process to certify materials for liquid packaging board was initiated. When fully ramped up in 2023, the machine is expected to produce 550 000 tonnes per year.

The negative start-up effect of KM7 for the full year 2020 is now assessed to be in the interval of SEK 350-450 million compared to the base year 2018. During the first quarter, the ramp-up resulted in a negative effect of SEK 200 million. For the remaining nine months 2020, the negative start-up effect is assessed to be SEK 150-250 million. From 2021, the KM7 investment is expected to have a positive effect on EBITDA.

Out of the total investment for KM7 of approximately SEK 7 950 million, the last SEK 190 million will be paid during 2020. The investment amount includes a deduction of approximately SEK 200 million relating to withheld payments to a supplier in the project. The supplier has raised claims against BillerudKorsnäs for the withheld payments. BillerudKorsnäs has raised claims against the supplier exceeding the withheld payments. The dispute will be tried in legal proceedings.



## Holding of forest land

Following the completion of Bergvik Skog Öst transactions during 2019, BillerudKorsnäs holds approximately 35 000 hectares of forest (of which 18 000 hectares are productive), and expects to own another 15 400 hectares (5 500 hectares productive) when the cadastral processes are finalized.

BillerudKorsnäs is reviewing and expects to complete an IAS41 valuation of the biological assets for the first approximately 35 000 hectares (18 000 productive) during the second quarter 2020.

## Cost and efficiency programme

To ensure long-term efficiency and profitability BillerudKorsnäs introduced a cost and efficiency programme in the third quarter 2019. Measures include personnel reductions, purchasing savings and efficiency improvements throughout the business. The programme is expected to have a run-rate of approximately SEK 600 million by the end of 2021, of which approximately SEK 250 million will affect the result in 2020.

During the first quarter of 2020 the cost and efficiency programme generated savings of SEK 50 million. The savings were mainly related to activities within operational efficiencies and procurement, but there was also a sizable contribution from reduced external services, employee reductions and a generally lower level of SG&A activity.

## Currency hedging

Currency hedging had a net sales impact of SEK -113 million (-80) in the first quarter of 2020 (compared with no currency hedging).

Outstanding forward exchange contracts at 31 March 2020 had a market value of SEK -272 million, SEK -57 million of which is the portion of the contracts matched by trade receivables that affected earnings in the first quarter. Accordingly, other contracts had a market value of SEK -215 million.

### Hedged portion of forecast currency flows for EUR, USD and GBP and exchange rates against SEK (31 March 2020).

Currency	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Total 15 months
EUR Share of net flow	80%	79%	78%	80%	79%	79%
Rate	10.64	10.73	10.76	10.66	10.80	10.71
USD Share of net flow	70%	67%	65%	63%	59%	65%
Rate	9.13	9.27	9.42	9.35	9.73	9.37
GBP Share of net flow	24%	-	-	-	-	5%
Rate	12.34	-	-	-	-	12.34
<b>Market value of currency contracts*</b>	<b>-79</b>	<b>-55</b>	<b>-51</b>	<b>-56</b>	<b>-31</b>	<b>-272</b>

\*At 31 March 2020.



# Taxes

The tax cost for 2020 amounted to SEK 38 million (155), equal to approximately 19% (26) of profit before tax. The high tax rate in the first quarter 2019 was mainly due to recognition of deferred taxes related to retained earnings in the Baltics and losses in Finland on which deferred tax receivables were not accounted for in 2019.

# Parent company

The parent company BillerudKorsnäs AB includes head office and support functions.

Operating profit/loss for the first quarter 2020 was SEK 4 million (-78). The operating result includes the effects of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. These earnings were SEK -113 million (-80) for the first quarter 2020.

The average number of employees at 31 March 2020 was 133 (125).

Cash and bank balances, and short-term investments amounted to SEK 2 766 million (522).

# Sustainability

## Sustainability KPIs, rolling 12 months (R12M)

	Q1 -20	Q4 -19	2020 target
Energy efficiency <sup>1</sup>	5.29	5.32	<5,10
Fossil-free production <sup>2</sup>	35.3	37.5	<25,0
Gender equality <sup>3</sup>	23.9	23.7	>25,0

<sup>1</sup> Defined as preliminary energy consumption (MWh/tonne product), R12M.

<sup>2</sup> Defined as preliminary emissions of fossil CO<sub>2</sub> in the manufacturing process (kg/tonne product), R12M.

<sup>3</sup> Defined as female employees (%).

## ENVIRONMENT

BillerudKorsnäs is working towards a vision of fossil-free production and minimising emissions throughout the value chain. This work is mainly aimed at phasing out fossil fuels from production, along with investments in energy efficiency and reducing indirect emissions. During the last twelve months fossil CO<sub>2</sub>-emissions in production amounted to 35.3 kg/tonne and the energy consumption was 5.29 MWh/tonne. The improvements were mainly a result of a stable production and a mild winter.

## GENDER EQUALITY

BillerudKorsnäs' aim is to increase the proportion of women in the group, both overall and at managerial level. This is challenging in an industry that is traditionally dominated by men. BillerudKorsnäs has undertaken several initiatives aimed at addressing the under-representation of women in operational activities and at senior levels within the Group. The share of female employees was 23.9% during the past twelve months.

## QUARTERLY HIGHLIGHTS

A life cycle assessment study, performed by Research Institutes of Sweden (RISE), showed that mailing bags made of BillerudKorsnäs' unbleached paper Xpression E-com can reduce fossil emissions by 50% compared to mailing bags made of virgin plastic.



In CDP's annual evaluation on the disclosure, awareness and management of climate, forest and water issues, BillerudKorsnäs got the assessments Climate A-, Forestry A- and Water B-. CDP also highlights BillerudKorsnäs as one of the 3% top companies in engaging with its suppliers on climate change.

## Distribution of shares

The holding of treasury shares was unchanged during the first quarter of 2020. At 31 March, 2020 the number of treasury shares amounted to 1 430 062, corresponding to approximately 0.7% of the total amount of shares which amounts to 208 219 834. The number of shares on the market amounted to 206 789 772 at the end of the first quarter.

## Annual General Meeting 2020

The Annual General Meeting will be held at Norra Latin, Stockholm City Conference Center, in Stockholm on 5 May 2020 at 15:00. The convening notice of the Annual General Meeting and all related documents are available on the company's website.

The Board of Directors proposes a dividend of SEK 4.30 per share (4.30) for the 2019 fiscal year. The proposal entails a total share dividend of around SEK 889 million, corresponding to approximately 13% of net profit for 2019. The proposed record day is 7 May and the final day for trading in BillerudKorsnäs' shares including the right to a dividend is 5 May. The dividend is estimated to be paid the 12 May.

The Board proposes to the AGM 2020 that the Board be mandated to decide on the acquisition of own shares via Nasdaq Stockholm to an extent that the company's treasury holding does not at any time exceed 10% of all the shares in the company. The Board also proposes that it be mandated by the AGM 2020 to up until the next AGM make decisions to transfer or cancel the company's own shares that are not needed to fulfill the company's long term share based incentive programs.

## Risks and uncertainties

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses are in SEK. A more detailed description of risks and a sensitivity analysis is provided on pages 74-81 of the 2019 Annual and Sustainability Report.

The Covid-19 pandemic has a large impact with significant measures in many countries to prevent the spread of infection. A following economic downturn could lead to BillerudKorsnäs' result being severely impacted. However, political initiatives are being taken to support affected industries and economic growth. Transportation of goods continue to be permitted for most regions and the production of chemicals has been considered critical and permitted to continue in countries with lock-downs. BillerudKorsnäs is following the situation closely and has taken measures to follow the authorities' advice and to minimize the exposure to infection. Contingency plans have been created and are regularly being updated.



BillerudKorsnäs has been working on measures to mitigate possible negative effects of different Brexit scenarios. Based on accumulated sales in 2019 the Group's net sales exposed to Brexit amount to approximately SEK 1 250 million from the EU to the UK and SEK 200 million from the UK to the EU.

In the EU countries, the EU Directive on Single Use Plastic will result in a changed regulatory landscape for packaging. Changes in legislation and its implications for BillerudKorsnäs are monitored closely.

## Related-party transactions

No transactions took place between BillerudKorsnäs and related parties that significantly affected the Group's position and earnings.

## Financial calendar

Annual General Meeting – 5 May 2020

Q2 2020 report – 17 July 2020

Q3 2020 report – 22 October 2020

Solna, 24 April 2020

BillerudKorsnäs AB (publ)

Lennart Holm  
*Acting President and CEO*

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.



## SUMMARISED INCOME STATEMENT

SEKm	Quarter			Full year
	Q1 -20	Q4 -19	Q1 -19	2019
Net sales	6 364	5 815	6 504	24 445
Other income	44	59	38	169
<b>Operating income</b>	<b>6 408</b>	<b>5 874</b>	<b>6 542</b>	<b>24 614</b>
Change in inventories	-67	182	-6	-169
Raw materials and consumables	-3 301	-3 228	-3 421	-12 887
Other external costs	-1 306	-1 313	-1 163	-5 061
Employee benefits expense	-981	-912	-928	-3 650
Depreciation and impairment of non-current assets	-486	-491	-382	-1 744
Profit/Loss from participations in associated companies	13	-9	-2	-17
<b>Operating expenses</b>	<b>-6 128</b>	<b>-5 771</b>	<b>-5 902</b>	<b>-23 528</b>
<b>Operating profit/loss</b>	<b>280</b>	<b>103</b>	<b>640</b>	<b>1 086</b>
Financial income and expenses*	-78	211	-34	179
<b>Profit/Loss before tax</b>	<b>202</b>	<b>314</b>	<b>606</b>	<b>1 265</b>
Taxes	-38	-31	-155	-254
<b>Profit/Loss from continuing operations</b>	<b>164</b>	<b>283</b>	<b>451</b>	<b>1 011</b>
<b>Discontinued operations**</b>				
Profit/loss from discontinued operations, net of tax	-	50	-	5 709
<b>Profit/loss for the period</b>	<b>164</b>	<b>333</b>	<b>451</b>	<b>6 720</b>
<b>Profit/Loss attributable to:</b>				
Owners of the parent company	164	333	451	6 720
Non-controlling interests	-	-	-	-
<b>Net profit/loss for the period</b>	<b>164</b>	<b>333</b>	<b>451</b>	<b>6 720</b>
<b>Earnings per share, SEK</b>	<b>0.79</b>	<b>1.61</b>	<b>2.18</b>	<b>32.50</b>
<b>Diluted earnings per share, SEK</b>	<b>0.79</b>	<b>1.61</b>	<b>2.18</b>	<b>32.47</b>

\*Includes dividend from Bergvik Skog AB of SEK 352 million in 2019.

\*\* Discontinued operations include the operations from Bergvik Skog Öst June 1 - August 30, 2019, and a capital gain of the sale of Bergvik Skog Öst of SEK 5 694 million in 2019.

## SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year
	Q1 -20	Q4 -19	Q1 -19	2019
<b>Net profit/loss for the period</b>	<b>164</b>	<b>333</b>	<b>451</b>	<b>6 720</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains or losses on defined benefit pension plans	-	-3	-61	-114
Change in fair value of shareholding in Other holdings	-21	-244	19	-421
Tax attributable to items not to be reclassified to profit or loss	-	1	13	24
<b>Total items never reclassified to profit or loss</b>	<b>-21</b>	<b>-246</b>	<b>-29</b>	<b>-511</b>
<b>Items that have been or may be reclassified subsequently to profit or loss</b>				
Differences arising from the translation of foreign operations' accounts	72	-30	25	28
Change in fair value of cash flow hedges	-672	135	-280	-307
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	144	-29	60	65
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>-456</b>	<b>76</b>	<b>-195</b>	<b>-214</b>
<b>Total comprehensive income for the period</b>	<b>-313</b>	<b>163</b>	<b>227</b>	<b>5 995</b>
<b>Attributable to:</b>				
Owners of the parent company	-313	163	227	5 995
Non-controlling interests	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-313</b>	<b>163</b>	<b>227</b>	<b>5 995</b>

## SUMMARISED BALANCE SHEET

SEKm	31 Mar 2020	31 Mar 2019	31 Dec 2019
Intangible assets	2 076	2 236	2 096
Property, plant and equipment, including Right of use assets	23 006	22 196	23 137
Other non-current assets	1 315	1 750	1 205
<b>Total non-current assets</b>	<b>26 397</b>	<b>26 182</b>	<b>26 438</b>
Inventories	3 657	3 725	3 572
Accounts receivable	2 904	2 965	2 408
Other current assets	1 370	969	1 056
Cash and cash equivalents	2 963	687	3 450
<b>Total current assets</b>	<b>10 894</b>	<b>8 346</b>	<b>10 486</b>
<b>Total assets</b>	<b>37 291</b>	<b>34 528</b>	<b>36 924</b>
Equity attributable to owners of the parent company	19 151	14 576	19 462
Non-controlling interests	-	9	-
<b>Total equity</b>	<b>19 151</b>	<b>14 585</b>	<b>19 462</b>
Interest-bearing liabilities	6 980	7 839	7 493
Provisions for pensions	872	851	871
Other liabilities and provisions	287	279	131
Deferred tax liabilities	3 593	3 572	3 614
<b>Total non-current liabilities</b>	<b>11 732</b>	<b>12 541</b>	<b>12 109</b>
Interest-bearing liabilities	1 082	1 839	583
Accounts payables	2 915	3 617	2 937
Other liabilities and provisions	2 411	1 946	1 833
<b>Total current liabilities</b>	<b>6 408</b>	<b>7 402</b>	<b>5 353</b>
<b>Total equity and liabilities</b>	<b>37 291</b>	<b>34 528</b>	<b>36 924</b>

## SUMMARISED STATEMENT OF CHANGES IN EQUITY

SEKm	Quarter		Full year
	Q1 -20	Q1 -19	2019
<b>Opening balance</b>	<b>19 462</b>	<b>14 355</b>	<b>14 355</b>
Changed accounting principles due to IFRS 16	-	-5	-5
Comprehensive income for the period	-313	227	5 995
Share-based payment to be settled in equity instruments	2	-1	6
Dividend to owners of the parent company	-	-	-889
Non-controlling interest through acquisition	-	9	-
<b>Closing balance</b>	<b>19 151</b>	<b>14 585</b>	<b>19 462</b>
<b>Equity attributable to:</b>			
Owners of the parent company	19 151	14 576	19 462
Non-controlling interests	-	9	-
<b>Closing balance</b>	<b>19 151</b>	<b>14 585</b>	<b>19 462</b>

## SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter			Full year
	Q1 -20	Q4 -19	Q1 -19	2019
Operating surplus, etc. *	725	669	984	2 674
Net financial items, taxes, etc.	-91	154	74	108
Change in working capital, etc.	-790	237	-334	-463
<b>Cash flow from operating activities</b>	<b>-156</b>	<b>1 060</b>	<b>724</b>	<b>2 319</b>
Investments in intangible assets, property, plant and equipment	-282	-577	-818	-2 868
Acquisition of financial assets/ contribution associated companies	-2	-51	-2	-58
Disposal of financial assets / other holdings**	-	-	13	955
Sales of subsidiary	-	50	-	7 708
Business combinations	-	-	-45	-3 774
Disposal of property, plant and equipment	-	-	7	8
<b>Cash flow from investing activities</b>	<b>-284</b>	<b>-578</b>	<b>-845</b>	<b>1 971</b>
Change in interest-bearing receivables	1	-	-	-
Change in interest-bearing liabilities	-78	-1 098	340	-421
Dividend to owners of the parent company	-	-444	-	-889
<b>Cash flow from financing activities</b>	<b>-77</b>	<b>-1 542</b>	<b>340</b>	<b>-1 310</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>-517</b>	<b>-1 060</b>	<b>219</b>	<b>2 980</b>
<b>Cash and cash equivalents at start of period</b>	<b>3 450</b>	<b>4 523</b>	<b>456</b>	<b>456</b>
<b>Translation differences in cash and cash equivalents</b>	<b>30</b>	<b>-13</b>	<b>12</b>	<b>14</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2 963</b>	<b>3 450</b>	<b>687</b>	<b>3 450</b>

\*\* Includes cash proceeds of SEK 935 million from divestment of Bergvik Skog Väst AB in second quarter of 2019.

## \*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter			Full year
	Q1 -20	Q4 -19	Q1 -19	2019
Operating profit	280	103	640	1 086
Reversed depreciation	486	491	382	1 744
Earnings from associated companies	-13	9	2	17
Pension liabilities	-4	-23	1	-44
Other provisions	12	-31	-18	-168
Net of produced and sold electricity certificates and sold emission rights	-38	103	-16	10
Incentive programmes	2	1	-1	6
Scrapping of fixed assets	-	16	-6	8
Discontinued operations	-	-	-	15
<b>Operating surplus, etc</b>	<b>725</b>	<b>669</b>	<b>984</b>	<b>2 674</b>



## NOTE 1 ACCOUNTING POLICIES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied in this interim report are the same as those used in the most recent annual report for 2019, see pages 90-96 and page 138 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 21 of this report.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS.

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES

	Fair value through profit or loss - hedge accounting	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 March 2020</b>						
Other shares and participations	-	-	139	-	139	139
Long-term receivables	2	26	-	-	28	28
Accounts receivable	-	2 904	-	-	2 904	2 904
Other receivables	29	734	-	-	763	763
Cash and cash equivalents	-	2 963	-	-	2 963	2 963
<b>Total</b>	<b>31</b>	<b>6 627</b>	<b>139</b>	<b>-</b>	<b>6 797</b>	<b>6 797</b>
Non-current interest-bearing liabilities	-	-	-	6 980	6 980	6 956
Current interest-bearing liabilities	-	-	-	1 082	1 082	1 080
Accounts payables	-	-	-	2 915	2 915	2 915
Other liabilities	658	-	-	284	942	942
<b>Total</b>	<b>658</b>	<b>-</b>	<b>-</b>	<b>11 261</b>	<b>11 919</b>	<b>11 893</b>

	Fair value through profit or loss - hedge accounting	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2019</b>						
Other shares and participations	-	-	160	-	160	160
Long-term receivables	16	27	-	-	43	43
Accounts receivable	-	2 408	-	-	2 408	2 408
Other receivables	105	407	-	-	512	512
Cash and cash equivalents	-	3 450	-	-	3 450	3 450
<b>Total</b>	<b>121</b>	<b>6 292</b>	<b>160</b>	<b>-</b>	<b>6 573</b>	<b>6 573</b>
Non-current interest-bearing liabilities	-	-	-	7 493	7 493	7 519
Current interest-bearing liabilities	-	-	-	582	582	582
Accounts payables	-	-	-	2 937	2 937	2 937
Other liabilities	33	-	-	286	319	319
<b>Total</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>11 298</b>	<b>11 331</b>	<b>11 357</b>

## NOTE 3 OTHER DISCLOSURES

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding divisions/segments can be found on pages 4-6, information regarding financing on page 7-8, seasonal effects on page 20 and events after the end of the quarter on page 3.

## KEY FIGURES

	Jan-Mar		Full year
	2020	2019	2019
<b>Margins</b>			
EBITDA, %	12	16	12
Operating margin, %	4	10	4
<b>Return (rolling 12 months)</b>			
Return on capital employed, %	3	6	4
Return on equity, %	37	7	41
<b>Capital structure at end of period</b>			
Capital employed, SEKm	25 102	24 407	24 938
Working capital, SEKm	2 501	2 252	2 159
Equity attributable to owners of the parent company, SEKm	19 151	14 576	19 462
Interest-bearing net debt, SEKm	5 951	9 822	5 476
Net debt/equity ratio	0.31	0.67	0.28
Interest-bearing net debt / EBITDA, multiple	2.3	3.4	1.9
<b>Key figures per share</b>			
Earnings per share, SEK	0.79	2.18	32.50
Dividend (for the financial year) per share, SEK	-	-	4.30*
<b>Other key figures</b>			
Working capital as percentage of net sales, %	10	10	8
Operative investments, SEKm	282	818	2 868
Average number of employees	4 509	4 588	4 596

\*Board's proposal.



## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Full year
	Q1 - 20	Q4 - 19	Q1 - 19	2019
<b>Adjusted EBITDA, SEKm</b>				
Operating profit	280	103	640	1 086
Depreciation and impairment of non-current assets	486	491	382	1 744
<b>EBITDA</b>	<b>766</b>	<b>594</b>	<b>1 022</b>	<b>2 830</b>
Items affecting comparability	25	24	13	1
<b>Adjusted EBITDA</b>	<b>791</b>	<b>618</b>	<b>1 035</b>	<b>2 831</b>
<b>Adjusted Operating profit, SEKm</b>				
Operating profit	280	103	640	1 086
Items affecting comparability	25	24	13	1
<b>Adjusted Operating profit</b>	<b>305</b>	<b>127</b>	<b>653</b>	<b>1 087</b>
<b>Adjusted earnings per share, SEK</b>				
Profit attributed to owners of the parent company, SEKm	164	333	451	6 720
Items affecting comparability, attributed to owners of the parent company, SEKm**	20	-31	10	-5 708
<b>Adjusted profit attributed to owners of the parent company, SEKm</b>	<b>184</b>	<b>302</b>	<b>461</b>	<b>1 012</b>
Weighted number of outstanding shares, thousands	206 790	206 790	206 701	206 761
<b>Adjusted earnings per share</b>	<b>0.89</b>	<b>1.46</b>	<b>2.23</b>	<b>4.89</b>
<b>Adjusted Return on capital employed (ROCE), SEKm</b>				
Adjusted Operating profit over 12 months *	739	1 087	1 945	1 087
Average capital employed over 12 months	24 553	24 270	22 502	24 270
<b>Adjusted Return on capital employed</b>	<b>3%</b>	<b>4%</b>	<b>9%</b>	<b>4%</b>
<b>Interest-bearing net debt / Adjusted EBITDA, multiple</b>				
Interest-bearing net debt	5 951	5 476	9 822	5 476
Adjusted EBITDA over 12 months*	2 587	2 831	3 383	2 831
<b>Interest-bearing net debt / Adjusted EBITDA</b>	<b>2.3</b>	<b>1.9</b>	<b>2.9</b>	<b>1.9</b>
<b>Items affecting comparability, SEKm</b>				
New board machine in Gruvön - additional costs (Operating expenses)	-	5	17	40
New board machine in Gruvön - restructuring (Operating expenses)	-	-	-	-50
Restructuring (Operating expenses)	25	19	-	49
Workplace environment (Operating expenses)	-	-	-	-32
Acquisition costs Bergvik	-	-	2	-
Other (Operating expenses)	-	-	-6	-6
<b>Items affecting comparability</b>	<b>25</b>	<b>24</b>	<b>13</b>	<b>1</b>

\*12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date.

\*\* Includes adjustment for discontinued operations in 2019.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONT.)

	31 Mar 2020	31 Mar 2019	31 Dec 2019
<b>Capital employed, SEKm</b>			
Total assets	37 291	34 528	36 923
Accounts payables	-2 915	-3 617	-2 937
Other liabilities and provisions	-2 699	-2 225	-1 964
Deferred tax liabilities	-3 593	-3 572	-3 614
Interest-bearing non-current assets	-19	-20	-20
Cash and Cash equivalents	-2 963	-687	-3 450
<b>Capital employed</b>	<b>25 102</b>	<b>24 407</b>	<b>24 938</b>
<b>Working capital, SEKm</b>			
Inventories	3 657	3 725	3 572
Accounts receivables	2 904	2 965	2 408
Other operating receivables	1 370	968	1 056
Accounts payables	-2 915	-3 617	-2 937
Other operating liabilities (excl provisions)	-2 315	-1 833	-1 743
Tax liabilities	-200	44	-197
<b>Working capital</b>	<b>2 501</b>	<b>2 252</b>	<b>2 159</b>
<b>Interest-bearing net debt, SEKm</b>			
Interest bearing provisions	872	851	871
Interest bearing non-current liabilities	6 980	7 839	7 493
Interest bearing current liabilities	1 081	1 839	582
Interest-bearing non-current assets	-19	-20	-20
Cash and Cash equivalents	-2 963	-687	-3 450
<b>Interest-bearing net debt</b>	<b>5 951</b>	<b>9 822</b>	<b>5 476</b>

## Seasonal effects

BillerudKorsnäs' business is subject to seasonal fluctuations to a relatively limited extent. Periodical maintenance shutdowns have the largest impact, as they involve each unit stopping production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. It should also be noted that the Group usually has a somewhat higher cost level in the fourth quarter than in previous quarters.

### PLANNED MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown involves an assessment of the impact on earnings of a normal shutdown compared with a quarter during which no periodic maintenance shutdown takes place.

No planned maintenance shutdowns were carried out in the first quarter of 2020. Due to the current situation with Covid-19 pandemic, all planned maintenance shutdowns during the second quarter have been postponed until the second half of 2020.

### ESTIMATED MAINTENANCE SHUTDOWN COST

Production units	Estimated shutdown cost <sup>1</sup>	Estimated breakdown of shutdown cost by division			Planned dates of maintenance shutdown		
	SEKm	Division Board	Division Paper	Division Solution	2020	2019	2018
Gävle	~ 150	100%			Q3	Q2	Q3
Gruvön	~ 155	~ 95%	~ 2%	~ 3%	Q3	Q3	Q2
Frövi	~ 110	100%			Q4	Q4	Q4
Skärblacka	~ 150	~ 10%	~ 90%		Q4	Q2	Q2
Karlsborg	~ 55		~ 98%	~ 2%	Q3	Q3	Q3
Pietarsaari	~ 15		100%		Q4	-	Q4
Rockhammar	~ 15	100%			Q4	Q4	Q4

<sup>1</sup>Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

# Definitions

## ADJUSTED KEY FIGURES

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include additional project costs for major projects, major restructuring/write-downs, litigations, specific impact due to strategic decisions, and significant earnings effects from acquisition and disposals.

## ADJUSTED EBITDA

Operating profit before depreciation and amortisation adjusted for items affecting comparability.

## ADJUSTED EARNINGS PER SHARE

Earnings per share adjusted for items affecting comparability after tax attributable to owners of the parent company.

## ADJUSTED OPERATING PROFIT

Operating profit adjusted for items affecting comparability.

## CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets. The measure is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

## EARNINGS PER SHARE

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

## EQUITY

Equity at the end of the period.

## EBITDA

Operating profit before depreciation and amortisation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation). EBITDA is a measure of operating performance. It is a profit measure that is close to the cash flow from operating activities.

## EBITDA, %

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales. The measure is used in business review as well as for benchmarking with peer companies.

## INTEREST-BEARING NET DEBT

Interest-bearing provisions and liabilities less interest-bearing assets. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

## INTEREST-BEARING NET DEBT/ EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

## INTEREST-BEARING NET DEBT/ADJUSTED EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months adjusted for items affecting comparability.

## NET DEBT/EQUITY RATIO

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

## OPERATING CASH FLOW AFTER OPERATIVE INVESTMENTS

Cash flow from the operating activities, including gross investments in property, plant and equipment, and intangible assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt, acquire and invest in other businesses and pay dividends to the shareholders.

## OPERATING MARGIN

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting all operating expenses. The measure is used in business review as well as for benchmarking with peer companies.

## RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used in business review and benchmarking with peer companies.

## RETURN ON EQUITY

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

## WORKING CAPITAL

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

## WORKING CAPITAL AS PERCENTAGE OF NET SALES

Average working capital for the last three months, divided by annual net sales at year end or annualised net sales during interim-quarter (net sales for the quarter multiplied by four). Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.



# Parent company

## SUMMARISED INCOME STATEMENT

SEKm	Quarter		Full year
	Q1 -20	Q1 -19	2019
Operating income*	142	41	205
Operating expenses	-138	-119	-526
<b>Operating profit/loss</b>	<b>4</b>	<b>-78</b>	<b>-321</b>
Financial income and expenses **	-79	-51	1 847
<b>Profit/Loss after financial income and expenses</b>	<b>-75</b>	<b>-129</b>	<b>1 526</b>
Appropriations	-	-	679
<b>Profit/loss before tax</b>	<b>-75</b>	<b>-129</b>	<b>2 205</b>
Taxes	18	27	-40
<b>Net profit/loss for the period</b>	<b>-57</b>	<b>-102</b>	<b>2 165</b>

\* Including currency hedging etc.

\*\* Financial income includes an anticipated dividend from BillerudKorsnäs Skog & Industri AB of SEK 2 000 million in 2019.

## SUMMARISED BALANCE SHEET

SEKm	31 Mar	31 Mar	31 Dec
	2020	2019	2019
Non-current assets	10 690	10 687	10 688
Current assets	20 648	13 325	20 042
<b>Total assets</b>	<b>31 338</b>	<b>24 012</b>	<b>30 730</b>
Shareholders' equity	8 482	7 154	8 537
Untaxed reserves	1 512	1 526	1 512
Provisions	234	227	238
Liabilities	21 110	15 105	20 443
<b>Total equity and liabilities</b>	<b>31 338</b>	<b>24 012</b>	<b>30 730</b>

## QUARTERLY DATA

The Group's business is managed and reported according to BillerudKorsnäs' three divisions. Other includes results from wood supply, Scandfibre Logistics AB, rental operations, tech centres, logistics, parts of strategic and project purchasing, dormant companies, income from the sale of businesses, items affecting comparability and costs due to increased investments in the production structure. Other also includes Group-wide functions, Group eliminations (including IFRS 16 starting in Q1 2019) and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates for invoicing is included in the division's profit/loss.

### Quarterly net sales per division and for the Group

SEKm	2020		2019			2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	3 712	3 414	3 279	3 463	3 536	3 178	3 268	3 079
Division Paper	1 880	1 776	1 932	2 129	2 305	2 048	2 244	2 127
Division Solutions	205	250	266	268	206	257	256	279
Other	551	447	376	471	485	436	383	451
Currency hedging, etc.	16	-72	-20	-38	-28	-76	-97	-38
<b>Total Group</b>	<b>6 364</b>	<b>5 815</b>	<b>5 833</b>	<b>6 293</b>	<b>6 504</b>	<b>5 843</b>	<b>6 054</b>	<b>5 898</b>

### Quarterly EBITDA per division and for the Group

SEKm	2020		2019			2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	578	520	384	399	683	629	608	474
Division Paper	263	220	268	242	466	359	431	298
Division Solutions	10	19	17	15	13	14	-7	10
Other	-100	-92	-14	-39	-112	-133	-53	-540
Currency hedging, etc.	15	-73	-20	-38	-28	-75	-98	-39
<b>Total Group</b>	<b>766</b>	<b>594</b>	<b>635</b>	<b>579</b>	<b>1 022</b>	<b>794</b>	<b>881</b>	<b>203</b>

### Quarterly EBITDA margin per division and for the Group

%	2020		2019			2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	16	15	12	12	19	20	19	15
Division Paper	14	12	14	11	20	18	19	14
Division Solutions	5	8	6	6	6	5	-3	4
<b>Group</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>16</b>	<b>14</b>	<b>15</b>	<b>3</b>

### Adjusted quarterly EBITDA, including maintenance shutdowns, per division and for the Group

SEKm	2020		2019			2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	578	646	521	567	683	763	757	658
Division Paper	263	220	324	382	466	373	490	515
Division Solutions	10	19	18	15	13	14	-7	10
Other	-75	-68	-10	-79	-99	-117	-41	-72
Currency hedging, etc.	15	-73	-20	-38	-28	-75	-98	-39
<b>Total Group</b>	<b>791</b>	<b>744</b>	<b>833</b>	<b>847</b>	<b>1 035</b>	<b>958</b>	<b>1 101</b>	<b>1 072</b>
Costs for maint. shutdowns	-	-126	-194	-308	-	-148	-208	-401
Items affecting comparability	-25	-24	-4	40	-13	-16	-12	-468
<b>EBITDA</b>	<b>766</b>	<b>594</b>	<b>635</b>	<b>579</b>	<b>1 022</b>	<b>794</b>	<b>881</b>	<b>203</b>

### Adjusted quarterly EBITDA margin, including maintenance shutdowns, per division and for the Group

%	2020		2019			2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	16	19	16	16	19	24	23	21
Division Paper	14	12	17	18	20	18	22	24
Division Solutions	5	8	7	6	6	5	-3	4
<b>Total Group</b>	<b>12</b>	<b>13</b>	<b>14</b>	<b>13</b>	<b>16</b>	<b>16</b>	<b>18</b>	<b>18</b>



## Quarterly operating profit/loss, per division and for the group

SEKm	2020	2019				2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	232	174	41	155	441	383	367	225
Division Paper	153	107	157	132	356	248	320	191
Division Solutions	8	16	13	14	11	11	-10	7
Other	-129	-121	-42	-69	-140	-152	-67	-558
Currency hedging, etc.	16	-73	-20	-38	-28	-76	-97	-39
<b>Total Group</b>	<b>280</b>	<b>103</b>	<b>149</b>	<b>194</b>	<b>640</b>	<b>414</b>	<b>513</b>	<b>-174</b>

## Quarterly operating margin per division and for the group

%	2020	2019				2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	6	5	1	4	12	12	11	7
Division Paper	8	6	8	6	15	12	14	9
Division Solutions	4	6	5	5	5	4	-4	3
<b>Total Group</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>10</b>	<b>7</b>	<b>8</b>	<b>-3</b>

## Quarterly sales volumes per division

ktonnes	2020	2019				2018		
	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Q4 -18	Q3 -18	Q2 -18
Division Board	515	456	448	457	454	426	437	417
Division Paper	227	205	221	223	233	214	243	233
Other (intra group volume sales elimination)	-1	-5	-10	-4	-6	-4	-5	-6
<b>Total Group</b>	<b>741</b>	<b>656</b>	<b>659</b>	<b>676</b>	<b>681</b>	<b>636</b>	<b>675</b>	<b>644</b>

# This is BillerudKorsnäs

BillerudKorsnäs' mission is to **challenge conventional packaging for a sustainable future**. As one of the world's leading suppliers of innovative packaging solutions and high-quality packaging material based on renewable raw material, sustainability forms the foundation for continued profitable growth. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation and a clear sustainability focus.

Demand is driven by global megatrends, particularly a significantly greater awareness of sustainability, rising urbanisation and changing consumption patterns. Consumer segments, account for about three-quarters of sales. While Europe is the core market, BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia, as well as in the Americas.

Innovative packaging solutions and renewable packaging materials from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

## BUSINESS MODEL

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies. Innovative and sustainable packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability.

## STRATEGIC FOCUS

BillerudKorsnäs' overall objective is sustainable and profitable growth. Our strategy is based on four priorities: **Drive performance, Drive profitable growth by creating customer value, Accelerate speed in innovation and Expand our value chain**. In addition we view our employees as our most important resource in terms of driving change and realising our strategy and vision.

## VALUE DRIVERS

- Smarter packaging solutions that optimise our customers' offering.
- High-performance materials based on renewable raw material from responsibly managed forests.
- Leading position in the growing global packaging market.
- A sustainability-focused holistic approach to the entire packaging value chain, from raw material all the way to the end-customer and recycling.

Find out more at [billerudkorsnas.com](http://billerudkorsnas.com)

BillerudKorsnäs Aktieföretag (publ) • Postal address: Box 703, SE-169 27 Solna, Sweden • Visitors' address: Frösundaleden 2b

Company reg. no. 556025-5001 • Tel +46 8 553 335 00 • [ir@billerudkorsnas.com](mailto:ir@billerudkorsnas.com)

[www.billerudkorsnas.com](http://www.billerudkorsnas.com)

