



BILLERUDKORSNÄS

Year-end report January–December 2020

Return to underlying sales growth

Q4 2020

KEY HIGHLIGHTS

- Sales volumes increased by 5%
- Continued positive development of the ramp-up at Gruvön (KM7)
- Cost and efficiency programme exceeding target
- Strong operating cash flow
- The Board of Directors proposes dividend of SEK 4.30 per share

QUARTERLY DATA

- Net sales amounted to SEK 5 803 million (5 815). Excluding currency effects sales grew by 2%
- Adjusted EBITDA* was SEK 568 million (618). Lower sales prices and higher maintenance costs were partly offset by lower fibre costs and a positive trend of the ramp-up at Gruvön
- Operating profit rose to SEK 163 million (103), including SEK 73 million revaluation gain in an associated company
- Net profit from continuing operations was SEK 242 million (283)
- Earnings per share amounted to SEK 1.17 (1.61)

Q1 OUTLOOK

- Stable and improved market conditions for most of our products, however demand in some segments continue to be affected by the coronavirus pandemic
- Positive price movements in selective segments
- Unchanged fibre costs
- Operational efficiencies and continued ramp-up at Gruvön

KEY FIGURES*

SEKm	Q4			Jan-Dec		
	2020	2019	Change	2020	2019	Change
Net sales	5 803	5 815	0%	23 884	24 445	-2%
Adjusted EBITDA	568	618	-8%	2 703	2 831	-5%
Operating profit	163	103	58%	774	1 086	-29%
Adjusted operating profit	90	127	-29%	765	1 087	-30%
Net profit from continuing operations	242	283	-14%	676	1 011	-33%
Adjusted EBITDA, %	10%	11%		11%	12%	
Adjusted operating profit margin, %	2%	2%		3%	4%	
Adjusted ROCE, %	3%	4%		3%	4%	
Operating cash flow after operative investments	943	483		1 081	-549	
Net debt/adjusted EBITDA, multiple	2.0	1.9		2.0	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 19-21 and page 8 for operating cash flow after operative investments.

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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 29 January 2021.

COMMENTS BY THE CEO



SEK 5 803 million

Net sales

SEK 568 million

Adjusted EBITDA

10%

Adjusted EBITDA margin

The year 2020 was an extraordinary period in which the coronavirus pandemic threatened people's health, lives and livelihoods around the world. At BillerudKorsnäs, we have been relatively unscathed and are humbled by the resilience of our business and our employees' ability to handle challenges and adapt to new working conditions. We have taken precautionary measures to prevent the spread of infection and to secure our operations and deliveries. Reduced demand in some end-user markets has meant challenging market conditions, although our largest market segment, packaging material for food and beverages, has been resilient.

BillerudKorsnäs delivered a decent fourth quarter financial results. Net sales excluding currency effects grew as a result of higher sales volumes. Adjusted EBITDA declined due to lower market prices, higher maintenance costs and unfavourable currency effects, while lower fibre costs had a positive impact. The company has a healthy financial position and the Board of Directors proposes a dividend of SEK 4.30 per share.

The year 2021 is looking brighter than the past year thanks to the widespread roll-out of vaccines. It is, however, still too early to celebrate as the coronavirus will continue to affect life in large parts of the world. While the macro-economic outlook remains uncertain, we expect stable market conditions for most of our product segments and price improvements in selective segments in the first quarter. We also anticipate a recovery in liquid packaging board. Demand in some market segments, such as paper for medical and hygiene products and food service, is however expected to remain challenging. The total cost of fibre is expected to be unchanged in the first quarter.

The world is undergoing a rapid transformational shift towards environmentally friendly packaging and e-commerce, and BillerudKorsnäs is perfectly positioned to capture values in that transformation. We are a leading provider of fibre packaging materials in attractive niches and offer innovative packaging solutions. The strength and purity of our materials means they are lightweight and have smaller environmental footprint than alternatives. We are taking a proactive lead on sustainability and have maintained our leading position in the containers and packaging category of the Dow Jones Sustainability Index.

This position provides a good foundation for value creation, and our ambition is to increase growth and profitability. We will continue our work on sustainability, with safety always coming first. It goes without saying that we will strengthen our efforts to further reduce the accident rate in our operation.

Our priorities for the current year are about further increasing customer satisfaction through our continual quality management work, progressing with the ramp-up of our new board machine at Gruvön to achieve increased production volumes and an improved sales mix, pursuing continued cost and efficiency measures, and securing a competitive wood supply. We will also initiate the investment in a new recovery boiler at Frövi. It will ensure continued long-term operation of this mill, improve environmental performance and provide opportunities for enhanced efficiency. The project is planned to be financed by cash flow from operating activities.

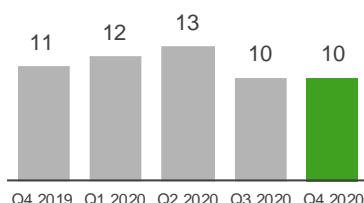
Christoph Michalski
President and CEO

The quarter in review

The EBITDA margin declined due to lower market prices and the timing of maintenance shutdowns

Adjusted EBITDA margin

Target level >17%



SALES AND RESULTS

Net sales for the fourth quarter was almost unchanged and amounted to SEK 5 803 million (5 815). Excluding currency effects sales grew by 2%.

Adjusted EBITDA declined to SEK 568 million (618), negatively impacted by lower market prices and higher maintenance costs compared with last year, and positively impacted by lower fibre costs, reduced negative KM7 ramp-up impact and cost savings.

Items affecting comparability, reported under Other operations, amounted to SEK 73 million (-24) and were related to the result effect of a revaluation of biological assets in the associated company BSÖ Holding AB Group.

MARKET DEVELOPMENT AND OUTLOOK

During the fourth quarter, market conditions were largely unchanged compared with the third quarter. Demand for some of our products and services continued to be affected by Covid-19, mainly within Product area Paper and Managed Packaging. In general, all market segments were stable.

For the first quarter 2021, market conditions are expected to be stable and improved for most of our products, however demand in some segments are expected to continue to be affected by the coronavirus pandemic. Positive price movements in the first quarter are expected in some segments.

EVENTS IN THE QUARTER

On 1 November, Christoph Michalski assumed the position as President and CEO of BillerudKorsnäs. Christoph Michalski was from 2015 CEO and Executive Director of Vinda International Holding Ltd, an Asian producer of high quality and innovative tissue and hygiene products, listed on the Hong Kong stock exchange. Before that, he held a series of senior executive positions in the SCA Group. Christoph has also extensive experience from the fast-moving consumer goods sector as he has held executive positions at Unilever and the New Zealand dairy company Fonterra.

Lennart Holm, who was acting President and CEO of BillerudKorsnäs from 5 November, 2019 to 31 October, 2020 and member of the Board of Directors 2012-2020, whereof Board Chairman 2014-2019, remained in the company until the end of 2020.

For the third year in a row, BillerudKorsnäs maintained its leading position in the Dow Jones Sustainability Index. The results from this year's ranking showed that BillerudKorsnäs is one of the 10% most sustainable companies in the world and the company with the highest score in the Containers & Packaging category.

Annual maintenance shutdowns were carried out at Frövi/Rockhammar, Skärblacka and Pietarsaari in the quarter. The total maintenance costs amounted to SEK 295 million.

At Gruvön, a leak in the soda recovery boiler occurred and was repaired in October. The incident caused two unplanned stops and a total of six days of lost production.

In December, the subsidiary BillerudKorsnäs Venture agreed to divest its 10.1% ownership in BioBag to Novamont. The divestment was completed in January 2021 and does not impact the result in 2021.

From 1 October, BillerudKorsnäs has implemented a new reporting structure as a consequence of organizational changes earlier in the year. The three operating segments are Product area Board, Product area Paper, and Solutions and Other operations. All comparable figures for the full year 2019 and 2020 in this year-end report have been restated according to the new reporting structure.



EVENTS AFTER THE QUARTER

On 11 January, the Nomination Committee announced its decision to propose that Jan Svensson be elected as Chairman of the Board at the 2021 Annual General Meeting. Jan Svensson is a member of the Board of BillerudKorsnäs since 2020 and was the CEO of Latour 2003-2019. Jan Åström has announced that he will not be available for re-election as Chairman of the Board but as a Board member and the Nomination Committee will propose that he is elected to this role.

On 28 January the Board of Directors made a decision to invest in a new recovery boiler at Frövi, planned to be in operation at the end of 2023. A new recovery boiler will improve environmental performance, increase energy production and create possibilities for increased efficiency and integration of the mill. The investment is estimated to total SEK 2.6 billion. The value of the current recovery boiler will be depreciated until it is closed, which will result in additional depreciations of around SEK 25 million per year for 2021-2023. See more information on page 8.

Covid-19 impact

Since the outbreak of Covid-19, BillerudKorsnäs has run its operations without any major disruptions. Precautionary measures have been taken to safeguard the health of individuals, secure deliveries, support customers and develop contingency plans with regard to critical resources. Some outbound logistical challenges have been faced, but they have been overcome satisfactorily.

The financial effects of Covid-19 for BillerudKorsnäs have mainly been related to lower demand and softening of market prices in some segments, as well as delayed maintenance shutdowns. There has been no increases of credit losses.

IMPACT ON DEMAND

Covid-19 has impacted the demand for fibre-based products depending on their end markets. Lower demand has been noticeable for products in the industrial segments as well as in consumer segments for food service, fashion carrier bags, and medical and hygiene products. Demand for packaging solutions from apparel and footwear retailers has also declined. For consumer segments like food retail and DIY, Covid-19 has had a neutral to positive effect.

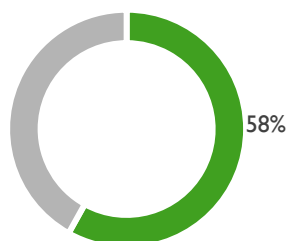
POSTPONED MAINTENANCE

Due to Covid-19, the maintenance shutdowns scheduled in the first half of the year were postponed to the second half of the year. The short notice of rescheduling the maintenance at Grevön caused a negative effect of around SEK 40 million in the first quarter. It was also assessed to imply an increased negative ramp-up effect of KM7 of SEK 100 million in 2020. The delayed maintenance stops at Gävle, Skärblacka and Pietarsaari resulted in a negative effect of SEK 10 million in the third quarter and an additional negative effect of SEK 10 million in the fourth quarter.

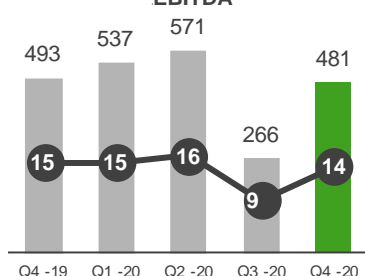
Product area Board

Sales growth supported by higher sales volumes and an improved product mix from our new board machine at Grevön.

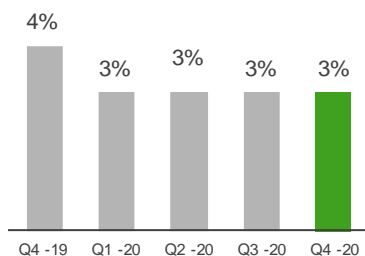
Share of Group's net sales
Q4 2020



EBITDA



ROCE



About Product area Board

Product area Board manufactures liquid packaging board, cartonboard as well as containerboard (fluting and liner). All customers demand high quality and expect materials and services solutions that add value. The mills at Gävle, Grevön and Frövi/Rockhammar belong to this product area.

KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -20	Q4 -19	2020	2019
Net sales	3 370	3 291	13 600	12 861
of which liquid packaging board	1 908	1 972	7 745	7 583
of which cartonboard	436	351	1 659	1 467
of which containerboard	948	877	3 886	3 626
Net operating expenses, other	-2 889	-2 798	-11 745	-11 090
EBITDA	481	493	1 855	1 771
EBITDA, %	14%	15%	14%	14%
Operating profit/loss	149	158	516	662
Operating margin, %	4%	5%	4%	5%
ROCE, %	3%	4%	3%	4%
Sales volumes, ktonnes	460	432	1 842	1 665

SALES AND RESULTS

Net sales for the fourth quarter increased by 2% to SEK 3 370 million (3 291). Excluding currency effects sales rose by 5%, mainly driven by higher volumes in containerboard and cartonboard compared with the same period last year.

EBITDA declined to SEK 481 million (493), negatively affected by lower prices and currency effects, only partially mitigated by lower raw material costs and a positive development of our new board machine at Grevön.

See page 9 about the Next generation programme and the new board machine at Grevön (KM7).

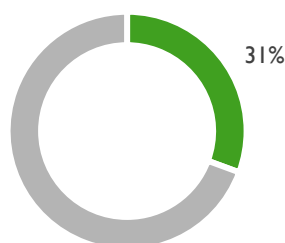
MARKET DEVELOPMENT

In the fourth quarter, market conditions were stable for all of our board grades. The demand for liquid packaging board recovered gradually, following a relatively weak third quarter with inventory adjustments at our customers. Within our segments prices were unchanged during the fourth quarter. For the first quarter 2021, market prices of fluting and kraftliner are expected to increase.

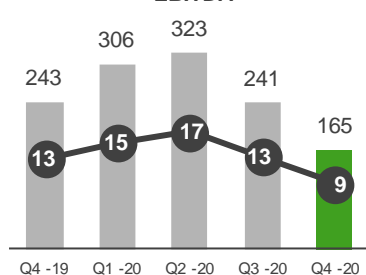
Product area Paper

Increased sales volumes for sack and kraft paper despite continued slow demand and changed maintenance schedule.

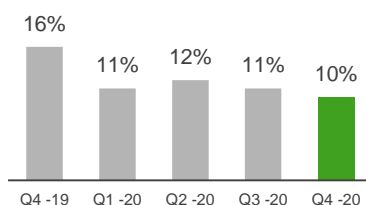
Share of Group's net sales
Q4 2020



EBITDA



ROCE



About Product area Paper

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

KEY FIGURES

SEK m	Quarter		Full year	
	Q4 -20	Q4 -19	2020	2019
Net sales	1 777	1 890	7 576	8 888
of which sack paper	575	535	2 442	2 912
of which kraft paper	814	893	3 435	3 628
of which pulp	386	448	1 669	2 306
Net operating expenses	-1 612	-1 647	-6 541	-7 488
EBITDA	165	243	1 035	1 400
EBITDA, %	9%	13%	14%	16%
Operating profit/loss	51	119	558	885
Operating margin, %	3%	6%	7%	10%
ROCE, %	10%	16%	10%	16%
Sales volumes, ktonnes	227	224	946	1 007

SALES AND RESULTS

Net sales for the fourth quarter declined by 6% to SEK 1 777 million (1 890). Excluding currency effect the sales decline was 2%, mainly due to lower market prices and the changed schedule for maintenance stops. The sales volumes of sack and kraft paper increased compared to last year, while pulp volumes decreased.

EBITDA declined to SEK 165 million (243), negatively affected by lower market prices, changed maintenance schedule as well as negative currency effects. Lower raw material costs and cost savings had a positive impact.

MARKET DEVELOPMENT

In the fourth quarter, market conditions improved somewhat for sack paper, but several end markets for kraft paper remained subdued due to the coronavirus pandemic. The market conditions for kraft paper worsened. Market prices for sack paper maintained on a relatively low level during the quarter. For the first quarter 2021, market prices for sack paper are expected to recover slightly.



Solutions and Other operations

SALES AND RESULTS

Net sales for the fourth quarter amounted to SEK 656 million (634). The increase in sales was mainly due to positive currency hedging effects. Net sales in Managed Packaging decreased due to weak demand for packaging services from brand owners as a consequence of Covid-19.

EBITDA improved to SEK -5 million (-142), mainly as a result of the result effect of SEK 73 million related to the revaluation of the biological assets in the associated company BSÖ Holding AB Group, recognized as an item impacting comparability. The profit improvement was also a result of positive currency hedging effects and a lower cost level in Group functions. Earnings in Managed Packaging were supported by strict cost control.

KEY FIGURES (INCLUDING CURRENCY HEDGING ETC)

SEKm	Quarter		Full year	
	Q4 -20	Q4 -19	2020	2019
Net sales	656	634	2 708	2 696
<i>of which Managed Packaging</i>	168	205	635	822
Net operating expenses, other	-661	-776	-2 886	-3 037
EBITDA	-5	-142	-178	-341
Operating profit/loss	-37	-174	-300	-461

January–December, consolidated

SALES AND RESULTS

Net sales for 2020 declined by 2% to SEK 23 884 million (24 445), mainly due to lower market prices in Product area Paper, while sales volumes increased by 4% and totalled approximately 2.8 million tonnes. Net sales increased in Product area Board and decreased in Product area Paper. Movements in currency rates did not have material impact on net sales.

Adjusted EBITDA decreased by 5% to SEK 2 703 million (2 831). Lower market prices were only partly offset by lower costs for raw materials, higher volumes and cost savings.

Items affecting comparability amounted to SEK 9 million (-1) and were reported under Other.

Net profit amounted to SEK 660 million (6 720). In 2019, net profit included the result from discontinued operations of SEK 5 907 million and dividend from Bergvik Skog AB of SEK 352 million, as a result of the divestment of Bergvik Skog Öst.

Earnings per share amounted to SEK 3.19 (32.50).



Cash flow and financial position

SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter		Jan-Dec	
	Q4 -20	Q4 -19	2020	2019
Operating surplus, etc.	646	669	2 406	2 674
Change in working capital, etc.	517	237	-53	-463
Net financial items, taxes, etc.	89	154	-22	108
Cash flow from operating activities	1 252	1 060	2 331	2 319
Operative investments	-309	-577	-1 250	-2 868
Operating cash flow after operative investments	943	483	1 081	-549

Operating cash flow after operative investments strengthened to SEK 943 million (483) for the fourth quarter and SEK 1 081 million (-549) for 2020. The improved working capital in the fourth quarter was mainly due to removal of collateral deposit obligation for electricity derivatives. For both the quarter and full year, the increased cash flow was mainly due to a normalized investment and working capital level after KM7 project.

Operating cash flow after operative investments include all gross investments in property, plant and equipment, and intangible assets. The measure has a new definition starting in 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.

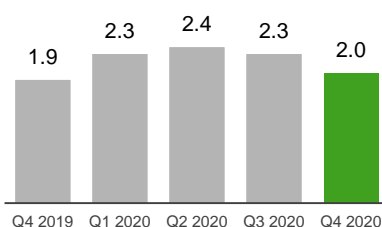
FINANCING

At 31 December 2020, interest-bearing debt amounted to SEK 7 325 million (7 842). Interest-bearing debt decreased with SEK 31 million during the fourth quarter due to revaluation of loans in foreign currency.

Debt portfolio and maturity profile at 31 December 2020

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		89	89	1 247	1 425
Bond loans within MTN program	7 000	800	1 700	1 800	4 300
Other bond loans				1 600	1 600
Commercial paper	4 000				-
Group total		889	1 789	4 647	7 325

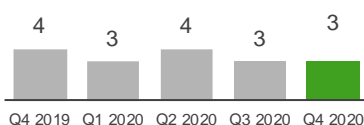
Net debt/Adjusted EBITDA
target level <2.5



Interest-bearing net debt at 31 December 2020 amounted to SEK 5 373 million (5 476).

The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 2.0 (1.9). The ratio of net interest-bearing debt to adjusted EBITDA was also 2.0 (1.9).

Adjusted return on capital employed
Target level >13%



INVESTMENTS AND CAPITAL EMPLOYED

Operative investments in property, plant, equipment and intangible assets amounted to SEK 1 250 million (2 868) for 2020. A large part of the investments in 2019 was related to the new board machine at Gruvön.

An investment in a new recovery boiler at Frövi will be initiated during 2021. The investment is estimated to total SEK 2.6 billion and is planned to be financed by cash flow from operating activities. The negative cash flow effect in 2021 of the Frövi investment is estimated to SEK 700 million.

Capital employed at 31 December 2020 amounted to SEK 24 667 million (24 938). Return on capital employed (ROCE) for the last 12-month period, amounted to 3% (4), and was the same if adjusted operating profit was used in the calculation.

Return on equity was 3% (41) over the last 12 months period. The decrease in the return on equity was due to the sale of BSÖ Holding AB Group in August 2019.

Next generation programme (KM7)

The ramp-up of the new board machine at Gruvön, KM7, with a production capacity of 550 000 tonnes per year, started in the second quarter of 2019. As the machine was brought online, three older machines with a total production capacity of 215 000 tonnes per year, were closed.

In 2020, the negative KM7 ramp-up effect on EBITDA, compared with the base year 2018, was SEK 450 million. Significant progress was made and the machine is now able to produce all intended Board grades within our specifications. However, a combination of Covid-19 related market effects have slowed down the commercial ramp-up. A range of activities have been set in motion with the ambition to counteract. KM7 is expected to be fully ramped up in 2023 and over the course of this process, its premium output will be gradually increasing. It is expected to reach break-even EBITDA during 2021, and will in the coming years deliver a significant profit distribution.

Cost and efficiency programme

BillerudKorsnäs introduced a cost and efficiency programme in 2019 with measures including personnel reductions, purchasing savings and efficiency improvements throughout the business. This programme was initially expected to have a positive run-rate impact of around SEK 600 million by the end of 2021, whereof SEK 250 million of structural savings during 2020. In October 2020, the target for the programme was raised to a positive run-rate impact of around SEK 650 million by the end of 2021, whereof SEK 300 million of structural savings during 2020.

In the fourth quarter 2020, the cost and efficiency programme generated structural savings of SEK 100 million, mainly related to activities within operational efficiencies and procurement, but there was also a sizable contribution from reduced external services, employee reductions and general SG&A efficiency. For 2020, the positive impact of the programme totalled SEK 335 million, accordingly the target for the year was exceeded by SEK 35 million.

Currency hedging

Currency hedging had a net sales impact of SEK 116 million (-10) in the fourth quarter of 2020 and SEK 113 million (-231) for the full year 2020 compared with no currency hedging.

Outstanding forward exchange contracts at 31 December 2020 had a market value of SEK 284 million, SEK 63 million of which is the portion of the contracts matched by trade receivables that affected earnings in the fourth quarter. Accordingly, other contracts had a market value of SEK 221 million.



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

Currency	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Total 15 months
EUR Share of net flow	89%	83%	85%	70%	8%	67%
Rate	10.66	10.80	10.68	10.42	10.46	10.64
USD Share of net flow	78%	70%	52%	15%	-	43%
Rate	9.35	9.71	9.32	9.02	-	9.44
GBP Share of net flow	33%	-	-	-	-	7%
Rate	11.17	-	-	-	-	11.17
Market value of currency contracts*	85	104	67	26	2	284

*At 31 December 2020.

Taxes

The tax cost for 2020 amounted to SEK 3 million (254), equal to approximately 0% (20) of profit before tax. The low effective tax rate was mainly due to additional recognition of a deferred tax asset in Finland, and re-valuation of deferred tax liabilities, mainly related to tax depreciations, as a result of decreased tax rate in Sweden from 21.4% to 20.6%.

The profit before taxes also includes Profits from participations in associated companies of SEK 89 million (-17) that is a net amount after tax, which lowers the effective tax rate.

Parent company

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

Operating profit/loss for 2020 was SEK -129 million (-321). 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 (-231) for 2020.

The average number of employees at 31 December 2020 was 135 (132).

Cash and bank balances, and short-term investments amounted to SEK 2 836 million (3 260).

Sustainability

Sustainability KPIs, rolling 12 months (R12M)

	Q4 -20	Q3 -20	2020 target
Energy efficiency ¹	5.29	5.27	<5.20
Fossil-free production ²	30.0	33.1	<30.0
Gender equality ³	23.8	24.0	>25.0

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

² Defined as preliminary emissions of fossil CO₂ in the manufacturing process (kg/tonne product), R12M.

³ 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. In the last twelve months, fossil CO₂-emissions in production has had a positive trend and amounted preliminary to 30.0 kg/tonne. Preliminary energy consumption was 5.29 MWh/tonne.

GENDER EQUALITY

BillerudKorsnäs' aims to increase the share of women, both overall in the Group 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. The share of female employees was 23.8% during 2020.

QUARTERLY HIGHLIGHTS

BillerudKorsnäs' contribution to the low-carbon economy and actions to cut emissions were recognized as it was rated A for tackling climate change by the global environmental non-profit organization CDP.

Holding of treasury shares

During the second quarter, BillerudKorsnäs transferred 42 140 shares under a long-term incentive programme resolved by the 2017 Annual General Meeting. The number of own shares was 1 430 062 at 31 March, and at the end of June, the holding of treasury shares was 1 387 922. During the second half of the year, the holding of own shares was unchanged. At 31 December 2020, the number of treasury shares amounted to 1 387 922, which corresponds to approximately 0.7% of the total amount of shares. The total amount of shares was 208 219 834 and the number of shares on the market was 206 831 912.

Proposed dividend

For the 2020 fiscal year, the Board of Directors proposes a dividend of SEK 4.30 per share (4.30). The proposal entails a total share dividend of approximately SEK 890 million. The proposed record day is 7 May, 2021.



Annual General Meeting

The Annual General Meeting will be held in Stockholm on 5 May 2021.

A notice convening the Annual General Meeting with further details on how and when to provide notification of participation will be published on BillerudKorsnäs' website, in Svenska Dagbladet and in Post- och Inrikes Tidningar in advance of the Meeting.

The Annual Report for 2020 is planned to be published on the company's website on 8 April 2021.

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.

Covid-19 impacts business activities, consumer behaviour and the overall economy. For BillerudKorsnäs, the direct risks of Covid-19 are related to supply chain disruptions, affecting our possibility to manufacture and supply products to customers, and to local outbreaks near our production sites, which can lead to production issues or that it becomes impossible to perform necessary repair and maintenance work. There are also indirect risks due to Covid-19 of lower demand for BillerudKorsnäs' products and services, which has a negative effect on the Group's sales, results and cash flow. BillerudKorsnäs monitors the development of the pandemic closely and takes measures to follow the authorities' recommendations. Contingency plans have been created and are regularly being updated.

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

Q1 2021 report – 27 April 2021

Annual General Meeting – 5 May 2021

Q2 2021 report – 20 July 2021

Q3 2021 report – 22 October 2021



Solna, 29 January 2021

BillerudKorsnäs AB (publ)

Christoph Michalski

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	
	Q4 -20	Q3 -20	Q4 -19	2020	2019
Net sales	5 803	5 561	5 815	23 884	24 445
Other income	45	49	59	199	169
Operating income	5 848	5 610	5 874	24 083	24 614
Change in inventories	89	-112	182	-76	-169
Raw materials and consumables	-3 058	-2 888	-3 228	-12 637	-12 887
Other external costs	-1 424	-1 304	-1 313	-5 293	-5 061
Employee benefits expense	-886	-741	-912	-3 586	-3 650
Depreciation and impairment of non-current assets	-478	-484	-491	-1 938	-1 744
Change in value of biological assets	-	-	-	132	-
Profit/Loss from participations in associated companies	72	5	-9	89	-17
Operating expenses	-5 685	-5 524	-5 771	-23 309	-23 528
Operating profit/loss	163	86	103	774	1 086
Financial income and expenses*	11	-36	211	-95	179
Profit/Loss before tax	174	50	314	679	1 265
Taxes	68	2	-31	-3	-254
Profit/Loss from continuing operations	242	52	283	676	1 011
Discontinued operations **					
Profit/loss from discontinued operations, net of tax	-	-	50	-16	5 709
Profit/loss for the period	242	52	333	660	6 720
Profit/Loss attributable to:					
Owners of the parent company	242	52	333	660	6 720
Non-controlling interests	-	-	-	-	-
Net profit/loss for the period	242	52	333	660	6 720
Earnings per share, SEK	1.17	0.25	1.61	3.19	32.50
Diluted earnings per share, SEK	1.17	0.25	1.61	3.19	32.47

*Includes dividend from Bergvik Skog AB of SEK 244 million in Q4 2019 and SEK 352 million in full year 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. SEK -16 million is a decrease of the capital gain in 2020.

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year	
	Q4 -20	Q3 -20	Q4 -19	2020	2019
Net profit/loss for the period	242	52	333	660	6 720
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of forest land *	-	-	-	148	-
Actuarial gains or losses on defined benefit pension plans	-4	-	-3	-4	-114
Change in fair value of shareholding in Other Holdings	-7	-	-244	-28	-421
Tax attributable to items not to be reclassified to profit or loss	-	-	1	-30	24
Total items never reclassified to profit or loss	-11	-	-246	86	-511
Items that have been or may be reclassified subsequently to profit or loss					
Differences arising from the translation of foreign operations' accounts	-65	5	-30	-63	28
Change in fair value of cash flow hedges	190	49	135	40	-307
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-40	-10	-29	-8	65
Total items that have been or may be reclassified subsequently to profit or loss	85	44	76	-31	-214
Total comprehensive income for the period	316	96	163	715	5 995
Attributable to:					
Owners of the parent company	316	96	163	715	5 995
Non-controlling interests	-	-	-	-	-
Total comprehensive income for the period	316	96	163	715	5 995

* Effect of changed accounting principles regarding forest land, see Note 1 for more information.

SUMMARISED BALANCE SHEET

SEKm	31 Dec 2020	30 Sep 2020	31 Dec 2019
Intangible assets	1 960	1 974	2 096
Property, plant and equipment, including Right of use assets	22 988	23 132	23 137
Other non-current assets	1 279	1 203	1 205
Total non-current assets	26 227	26 309	26 438
Inventories	3 629	3 625	3 572
Accounts receivable	2 350	2 479	2 408
Other current assets	1 118	1 650	1 056
Cash and cash equivalents	3 036	2 144	3 450
Total current assets	10 133	9 898	10 486
Total assets	36 360	36 207	36 924
Equity attributable to owners of the parent company	19 294	18 978	19 462
Non-controlling interests	-	-	-
Total equity	19 294	18 978	19 462
Interest-bearing liabilities	6 605	6 618	7 493
Provisions for pensions	836	862	871
Other liabilities and provisions	146	206	131
Deferred tax liabilities	3 609	3 599	3 614
Total non-current liabilities	11 196	11 285	12 109
Interest-bearing liabilities	984	987	583
Accounts payables	3 129	3 087	2 937
Other liabilities and provisions	1 757	1 870	1 833
Total current liabilities	5 870	5 944	5 353
Total equity and liabilities	36 360	36 207	36 924

SUMMARISED STATEMENT OF CHANGES IN EQUITY

SEKm	Full year 2020	Jan-Sep 2020	Full year 2019
Opening balance	19 462	19 462	14 355
Changed accounting principles due to IFRS 16	-	-	-5
Comprehensive income for the period	715	399	5 995
Share-based payment to be settled in equity instruments	6	6	6
Dividend to owners of the parent company	-889	-889	-889
Closing balance	19 294	18 978	19 462
Equity attributable to:			
Owners of the parent company	19 294	18 978	19 462
Non-controlling interests	-	-	-
Closing balance	19 294	18 978	19 462

SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter			Full year	
	Q4 -20	Q3 -20	Q4 -19	2020	2019
Operating surplus, etc. *	646	506	669	2 406	2 674
Net financial items, taxes, etc.	89	55	154	-22	108
Change in working capital, etc.	517	126	237	-53	-463
Cash flow from operating activities	1 252	687	1 060	2 331	2 319
Investments in intangible assets, property, plant and equipment	-309	-267	-577	-1 250	-2 868
Acquisition of financial assets / contribution associated companies	-	-	-51	-2	-58
Disposal/repayment of financial assets/other holdings **	-	-	-	24	955
Sale of subsidiary ***	-	-	50	-	7 708
Acquisition of subsidiary ***	-	-	-	-	-3 774
Dividend from associated companies	-	-	-	4	-
Disposal of property, plant and equipment	-	3	-	3	8
Cash flow from investing activities	-309	-264	-578	-1 221	1 971
Change in interest-bearing receivables	-2	-4	-	-6	-
Change in interest-bearing liabilities	-28	-72	-1 098	-602	-421
Dividend to owners of the parent company	-	-	-444	-889	-889
Cash flow from financing activities	-30	-76	-1 542	-1 497	-1 310
Total cash flow (=change in cash and cash equivalents)	913	347	-1 060	-387	2 980
Cash and cash equivalents at start of period	2 144	1 799	4 523	3 450	456
Translation differences in cash and cash equivalents	-21	-2	-13	-27	14
Cash and cash equivalents at the end of the period	3 036	2 144	3 450	3 036	3 450

** Includes dividend from Bergvik Skog AB of SEK 24 million in 2020 and cash proceeds of SEK 935 million from divestment of Bergvik Skog Väst AB in 2019.

*** Mainly the acquisition and sale of Bergvik Skog Öst in 2019.

*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter			Full year	
	Q4 -20	Q3 -20	Q4 -19	2020	2019
Operating profit	163	86	103	774	1 086
Reversed depreciation	478	484	491	1 938	1 744
Earnings from associated companies	-72	-5	9	-89	17
Pension liabilities	-25	-10	-23	-48	-44
Other provisions	-29	-15	-31	-36	-168
Net of produced and sold electricity certificates and sold emission rights	131	-35	103	-5	10
Incentive programmes	-	3	1	6	6
Sale/Scrapping of fixed assets	-	-2	16	-2	8
Discontinued operations	-	-	-	-	15
Revaluation of biological assets	-	-	-	-132	-
Operating surplus, etc	646	506	669	2 406	2 674



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, except for changed application of IAS 16 regarding forest land, which is described below, 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.

Forest assets

Forest assets include two parts, growing trees that are recognized as biological assets in accordance with IAS 41 – Agriculture, and forest land that is recognized in accordance with IAS 16 – Property, Plant and Equipment. From 30 June 2020 BillerudKorsnäs has changed the recognition of forest land from acquisition cost to fair value (the revaluation method). It implies that both biological assets and forest land are recognised at fair value.

The Group's forest assets are recognised at fair value mainly based on the transaction prices for forest properties in those areas where the Group has forests. Fair value measurement is based on measurement level 3. The total value of the forest assets is allocated across growing trees, which are recognised as biological assets, and forest land. Biological assets are recognised according to IAS41. The value allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs but before tax, from harvesting those trees currently growing. Calculation of present value uses a discount rate before tax of 5%. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. Changes in the fair value of biological assets are recognised in profit/loss. Changes in the fair value of forest land are recognised in other comprehensive income and accumulated in a separate component of equity, the revaluation surplus. If the fair value of forest land, however were to be less than cost, the difference would be recognised in profit/loss as an impairment loss.

Revaluation before tax in the second quarter of biological assets in the profit and loss has been recognized as an income amounting to SEK 132 million and revaluation of forest land have had a positive effect of SEK 148 million in other comprehensive income. The total forest assets are valued at SEK 393 million as of 31 December 2020.

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>			
Group 31 December 2020						
Other shares and participations	-	-	108	-	108	108
Long-term receivables	-	26	-	-	26	26
Accounts receivable	-	2 350	-	-	2 350	2 350
Other receivables	295	392	-	-	687	687
Cash and cash equivalents	-	3 036	-	-	3 036	3 036
Total	295	5 804	108	-	6 207	6 207
Non-current interest-bearing liabilities	-	-	-	6 605	6 605	6 634
Current interest-bearing liabilities	-	-	-	984	984	984
Accounts payables	-	-	-	3 129	3 129	3 129
Other liabilities	96	-	-	238	334	334
Total	96	-	-	10 956	11 052	11 081

	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>			
Group 31 December 2019						
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
Total	121	6 292	160	-	6 573	6 573
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
Total	33	-	-	11 298	11 331	11 357

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 product areas/segments can be found on pages 5-7, information regarding financing on pages 8-9, seasonal effects on page 22 and events after the end of the quarter on page 4.

KEY FIGURES

	Full year	
	2020	2019
Margins		
EBITDA, %	11	12
Operating margin, %	3	4
Return (rolling 12 months)		
Return on capital employed, %	3	4
Return on equity, %	3	41
Capital structure at end of period		
Capital employed, SEKm	24 667	24 938
Working capital, SEKm	2 292	2 159
Equity attributable to owners of the parent company, SEKm	19 294	19 462
Interest-bearing net debt, SEKm	5 373	5 476
Net debt/equity ratio	0.28	0.28
Interest-bearing net debt / EBITDA, multiple	2.0	1.9
Key figures per share		
Earnings per share, SEK	3.19	32.50
Dividend (for the financial year) per share, SEK	4.30*	4.30
Other key figures		
Working capital as percentage of net sales, %	11	8
Gross investments, SEKm	1 250	2 868
Average number of employees	4 468	4 596

*Board's proposal



RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Full year	
	Q4 - 20	Q3 - 20	Q4 - 19	2020	2019
Adjusted EBITDA, SEKm					
Operating profit	163	86	103	774	1 086
Depreciation and impairment of non-current assets	478	484	491	1 938	1 744
EBITDA	641	570	594	2 712	2 830
Items affecting comparability	-73	-	24	-9	1
Adjusted EBITDA	568	570	618	2 703	2 831
Adjusted Operating profit, SEKm					
Operating profit	163	86	103	774	1 086
Items affecting comparability	-73	-	24	-9	1
Adjusted Operating profit	90	86	127	765	1 087
Adjusted earnings per share, SEK					
Profit attributed to owners of the parent company, SEKm	242	52	333	660	6 720
Items affecting comparability, attributed to owners of the parent company, SEKm**	-57	-	-31	-5	-5 708
Adjusted profit attributed to owners of the parent company, SEKm	185	52	302	655	1 012
Weighted number of outstanding shares, thousands	206 832	206 832	206 790	206 816	206 761
Adjusted earnings per share	0.89	0.25	1.46	3.17	4.89
Adjusted Return on capital employed (ROCE), SEKm					
Adjusted Operating profit over 12 months *	765	802	1 087	765	1 087
Average capital employed over 12 months	25 116	25 146	24 270	25 116	24 270
Adjusted Return on capital employed	3%	3%	4%	3%	4%
Interest-bearing net debt / Adjusted EBITDA, multiple					
Interest-bearing net debt	5 373	6 305	5 476	5 373	5 476
Adjusted EBITDA over 12 months*	2 703	2 753	2 831	2 703	2 831
Interest-bearing net debt / Adjusted EBITDA	2.0	2.3	1.9	2.0	1.9
Items affecting comparability**, SEKm					
New board machine in Gruvön - additional costs (Operating expenses)	-	-	5	-	40
New board machine in Gruvön - restructuring (Operating expenses)	-	-	-	-	-50
Restructuring (Operating expenses)	-	-	19	36	49
Workplace environment (Operating expenses)	-	-	-	-	-32
Revaluation of biological assets (Change in value of biological assets)	-	-	-	-132	-
UPM - compensation (Raw materials and consumables)	-	-	-	160	-
Revaluation of biological assets in associated companies (Profit from participations in associated companies)	-73	-	-	-73	-
Other (Operating expenses)	-	-	-	-	-6
Items affecting comparability	-73	-	24	-9	1

*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.

** Revenue = -, Cost = +

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONT.)

	31 Dec 2020	31 Dec 2019
Capital employed, SEKm		
Total assets	36 360	36 923
Accounts payables	-3 129	-2 937
Other liabilities and provisions	-1 903	-1 964
Deferred tax liabilities	-3 609	-3 614
Interest-bearing non-current assets	-16	-20
Cash and Cash equivalents	-3 036	-3 450
Capital employed	24 667	24 938
Working capital, SEKm		
Inventories	3 629	3 572
Accounts receivables	2 350	2 408
Other operating receivables	1 118	1 056
Accounts payables	-3 129	-2 937
Other operating liabilities (excl provisions)	-1 690	-1 743
Tax liabilities	14	-197
Working capital	2 292	2 159
Interest-bearing net debt, SEKm		
Interest bearing provisions	836	871
Interest bearing non-current liabilities	6 605	7 493
Interest bearing current liabilities	984	582
Interest-bearing non-current assets	-16	-20
Cash and Cash equivalents	-3 036	-3 450
Interest-bearing net debt	5 373	5 476



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.

In the fourth quarter of 2020 planned maintenance shutdowns were carried out at Frövi/Rockhammar, Skärblacka and Pietarsaari. The total cost amounted to approximately SEK 295 million, which was SEK 5 million more than expected. No planned maintenance shutdowns were carried out in the first six months of 2020. Due to the Covid-19, all planned maintenance shutdowns were postponed until the second half of 2020.

ESTIMATED MAINTENANCE SHUTDOWN COST

Production units	Estimated shutdown cost ¹	Estimated breakdown of shutdown cost		Planned dates of maintenance shutdown		
	SEKm	Board	Paper	2021	2020	2019
Gävle	~ 165	~ 94%	~ 6%	Q3	Q3	Q2
Gruvön	~ 170	~ 92%	~ 8%	Q2	Q3	Q3
Frövi	~ 115	100%		Q4	Q4	Q4
Skärblacka	~ 120	~ 12%	~ 88%	Q2	Q4	Q2
Karlsborg	~ 60		100%	Q3	Q3	Q3
Pietarsaari	~ 15		100%	-	Q4	-
Rockhammar	~ 15	100%		Q4	Q4	Q4

¹Maintenance 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/revaluations, 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	
	Q4 -20	Q4 -19	2020	2019
Operating income*	94	1	402	205
Operating expenses	-150	-170	-531	-526
Operating profit/loss	-56	-169	-129	-321
Financial income and expenses **	-	1 981	-84	1 847
Profit/Loss after financial income and expenses	-56	1 812	-213	1 526
Appropriations	606	679	606	679
Profit/Loss before tax	550	2 491	393	2 205
Taxes	-128	-100	-89	-40
Net profit/loss for the period	422	2 391	304	2 165

* Including currency hedging etc.

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

SUMMARISED BALANCE SHEET

SEKm	31 Dec 2020	31 Dec 2019
Non-current assets	10 695	10 688
Current assets	16 706	20 042
Total assets	27 401	30 730
Shareholders' equity	7 957	8 537
Untaxed reserves	1 516	1 512
Provisions	231	238
Liabilities	17 697	20 443
Total equity and liabilities	27 401	30 730



QUARTERLY DATA

The Group's business has been managed and reported according to BillerudKorsnäs' three divisions until July 31, 2020. The Group is since August 1, 2020, organized on the basis of the functional areas Wood Supply, Operations and Commercial and is governed by two product areas Board and Paper. The comparable figures below have been restated according to the new organization.

Solutions and Other includes Wood Supply, Scandfibre Logistics AB, Managed Packaging, rental operations, 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) 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 product area's profit/loss.

Quarterly net sales per product area and for the Group

SEKm	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	3 370	3 059	3 571	3 600	3 291	3 063	3 210	3 297	13 600	12 861
Product area Paper	1 777	1 835	1 940	2 024	1 890	2 116	2 370	2 512	7 576	8 888
Solutions & Other	667	637	722	724	706	674	751	723	2 750	2 854
Currency hedging, etc.	-11	30	-77	16	-72	-20	-38	-28	-42	-158
Total Group	5 803	5 561	6 156	6 364	5 815	5 833	6 293	6 504	23 884	24 445

Quarterly EBITDA per product area and for the Group

SEKm	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	481	266	571	537	493	374	324	580	1 855	1 771
Product area Paper	165	241	323	306	243	283	311	563	1 035	1 400
Solutions & Other	6	33	-83	-92	-69	-2	-18	-93	-136	-182
Currency hedging, etc.	-11	30	-76	15	-73	-20	-38	-28	-42	-159
Total Group	641	570	735	766	594	635	579	1 022	2 712	2 830

Quarterly EBITDA margin per product area and for the Group

%	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	14	9	16	15	15	12	10	18	14	14
Product area Paper	9	13	17	15	13	13	13	22	14	16
Group	11	10	12	12	10	11	9	16	11	12

Adjusted quarterly EBITDA, including maintenance shutdowns, per product area and for the Group

SEKm	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	645	577	571	537	619	503	484	580	2 330	2 186
Product area Paper	296	329	323	306	243	348	459	563	1 254	1 613
Solutions & Other	-67	33	-44	-67	-45	2	-58	-80	-145	-181
Currency hedging, etc.	-11	30	-76	15	-73	-20	-38	-28	-42	-159
Total Group	863	969	774	791	744	833	847	1 035	3 397	3 459
Costs for maint. shutdowns	-295	-399	-	-	-126	-194	-308	-	-694	-628
Items affecting comparability	73	-	-39	-25	-24	-4	40	-13	9	-1
EBITDA	641	570	735	766	594	635	579	1 022	2 712	2 830

Adjusted quarterly EBITDA margin, including maintenance shutdowns, per product area and for the Group

%	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	19	19	16	15	19	16	15	18	17	17
Product area Paper	17	18	17	15	13	16	19	22	17	18
Total Group	15	17	13	12	13	14	13	16	14	14



Quarterly operating profit/loss, per product area and for the group

SEKm	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	149	-67	233	201	158	48	100	356	516	662
Product area Paper	51	120	202	185	119	152	180	434	558	885
Solutions & Other	-26	3	-113	-122	-101	-31	-48	-122	-258	-302
Currency hedging, etc.	-11	30	-77	16	-73	-20	-38	-28	-42	-159
Total Group	163	86	245	280	103	149	194	640	774	1 086

Quarterly operating margin per product area and for the group

%	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	4	-2	7	6	5	2	3	11	4	5
Product area Paper	3	7	10	9	6	7	8	17	7	10
Total Group	3	2	4	4	2	3	3	10	3	4

Quarterly sales volumes per product area

ktonnes	2020				2019				2020	2019
	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19	Q1 -19	Jan-Dec	Jan-Dec
Product area Board	460	419	472	491	432	404	414	415	1 842	1 665
Product area Paper	227	238	231	250	224	255	262	266	946	1 007
Total Group	687	657	703	741	656	659	676	681	2 788	2 672

This is BillerudKorsnäs

BillerudKorsnäs' mission is to **challenge conventional packaging for a sustainable future**. As a leading supplier 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 the speed in innovation and Expand in the 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

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