



BILLERUDKORSNÄS

Interim report January–March 2021

Sales growth driving EBITDA performance

Q1 2021

KEY HIGHLIGHTS

- Strong net sales
- Ramp-up at Gruvön (KM7) reached EBITDA break-even
- Excellent production quarter with increased operational efficiencies

QUARTERLY DATA

- Net sales grew by 2% to SEK 6 520 million (6 364). Excluding currency effects net sales grew by 5%
- Adjusted EBITDA* increased by 27% to SEK 1 003 million (791), mainly due to the ramp-up at Gruvön
- Operating profit amounted to SEK 528 million (280)
- Net profit was SEK 377 million (164)
- Earnings per share amounted to SEK 1.82 (0.79)

OUTLOOK

- Stable and improved market conditions
- Positive price adjustments in several segments
- Selective cost increases for raw materials and transport
- Continued cost and efficiency measures

KEY FIGURES*

SEKm	Q1	Q1	Change	Q4	Change
	2021	2020		2020	
Net sales	6 520	6 364	2%	5 803	12%
Adjusted EBITDA	1 003	791	27%	568	77%
Operating profit	528	280	89%	163	224%
Adjusted operating profit	528	305	73%	90	487%
Net profit from continuing operations	377	164	130%	242	56%
Adjusted EBITDA, %	15%	12%		10%	
Adjusted operating profit margin, %	8%	5%		2%	
Adjusted ROCE, %	4%	3%		3%	
Operating cash flow after operative investments	165	-438		943	
Interest-bearing net debt/adjusted EBITDA, multiple	1.8	2.3		2.0	

* 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 interest-bearing net debt/adjusted EBITDA, see pages 16-18 and page 6 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 27 April 2021.

Comments by the CEO



SEK 6 520 million

Net sales

SEK 1 003 million

Adjusted EBITDA

15%

Adjusted EBITDA margin

The first quarter has been good. Not only did we have stable and high availability in our production, but our net sales also grew to an all-time high level and earnings improved substantially. The stronger performance is based on deliving within our three focus areas; ramping up the new board machine at Gruvön (KM7), ensuring a safe and stable production, and implementing cost and efficiency measures. The ramp-up at Gruvön reached EBITDA break-even in the first quarter, which is an important milestone for the entire company.

Also market conditions improved during the first three months of this year. Sales momentum was positive in both product areas and our total order pipeline at the end of March was almost 50% higher than the same time last year. Looking forward, we expect stable and improved market conditions and to implement higher prices in several of our segments. We see increasing demand for liquid packaging board for the full year. On the supply side we expect selective cost increases for raw material in the second half of the year and higher costs for overseas transportations as a consequence of the constrained container shipping situation.

Although vaccination programmes are being rolled out widely and at a higher speed, the coronavirus pandemic is not over yet. In all of our operations we need to stay prudent and continue to take preventive actions. The maintenance shutdown at Gruvön in April has been carried out with meticulous precautionary measures to avoid the spread of infection and disease. I am delighted that our colleagues at Gruvön have managed to accomplish this comprehensive shutdown successfully and without compromising the safety of employees and contractors.

The new board machine at Gruvön is gradually increasing its output of high-quality board material and the ramp-up has now entered a stage of product portfolio optimization within the Board product area. The certification of liquid packaging board from the new machine is proceeding in collaboration with our customers, although at a slower rate than we would wish for due to the coronavirus pandemic.

In January, the Board of Directors decided to invest in a new recovery boiler at the Frövi mill. After that, ground work has been initiated and Andritz has been awarded the contract for the recovery boiler. The new boiler will improve environmental performance and provide opportunities for enhanced efficiency and is planned to be in operation by the end of 2023.

Our priorities for the years ahead have not changed. Health and safety is the top priority. We must do everything we can to reduce the accident rate. Furthermore, we will strive to increase customer satisfaction through our constant quality management work, progress with the commercial ramp-up at Gruvön and by ensuring a competitive wood supply. Cost and efficiency measures will continue and the estimated positive effect of our cost and efficiency programme is SEK 250 million in 2021 and SEK 65 million in 2022. We have also initiated a digitalization project to realize opportunities through common ways of working and automated processes.

In parallel with disciplined work with these priorities, we are developing opportunities for profitable growth for the longer term. Sustainability will remain at the core of our strategy and we are committed to playing our part to reduce our carbon footprint in line with the Paris agreement.

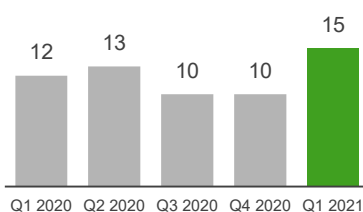
Christoph Michalski
President and CEO

The quarter in review

The EBITDA margin improved mainly as a result of the positive trend of the ramp-up at Gruvön

Adjusted EBITDA margin

Target level >17%



SALES AND RESULTS

Net sales for the first quarter grew by 2% amounted to SEK 6 520 million (6 364). Excluding currency effects sales rose by 5%, driven by higher sales volumes and an improved sales mix.

Adjusted EBITDA increased to SEK 1 003 million (791), mainly due to higher sales as a result of the positive trend of the ramp-up at Gruvön, as well as lower costs for raw materials.

No items affecting comparability impacted the results for the first quarter (25).

MARKET DEVELOPMENT AND OUTLOOK

During the first quarter of 2021, all segments except liquid packaging board and kraft paper improved. The markets for liquid packaging board and kraft paper were stable.

For 2021, all segments are expected to improve except liquid packaging board that is expected to remain stable. Positive price movements are expected in several segments.

EVENTS IN THE QUARTER

On 11 January it was announced that Jan Åström will not be available for re-election as Chairman of the Board, but as a Board member and that the Nomination Committee will propose that he is elected to this role. The Nomination Committee also 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.

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 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 7.

On 1 February the functions Technology, Strategy, Communication & Brand and Legal & Compliance were included in the Executive Management Team. At the same time, Erik Olsson assumed the position as Executive Vice President, Strategy and Ulf Eliasson assumed the position Executive Vice President, Technology.

On 26 February it was announced that Helene Biström, Executive Vice President Commercial, has decided to leave BillerudKorsnäs. On 15 April it was announced that Matthew Hirst has been appointed new Executive Vice President Commercial. He will take office on 16 August and be a member of the Executive Management Team.

At the end of March it was decided to postpone the annual maintenance shutdown at Skärblacka to the fourth quarter, due to the coronavirus pandemic.

EVENTS AFTER THE QUARTER

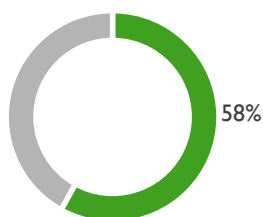
In the second and third week of April, the annual maintenance shutdown at Gruvön was carried out successfully under extensive precautionary measures due to the coronavirus pandemic, such as testing performed by healthcare staff and quarantine periods for foreign contractors. Additional costs for the maintenance shutdown at Gruvön will be around MSEK 20 in the second quarter.

An incident on 21 April at Gävle mill damaged equipment connected to the digester in the bleached pulp mill. After making an initial investigation, necessary repair work is underway but production will be affected for around two to three weeks. While volume loss is estimated to 18 000 tonnes, the net negative financial effect of the incident is not deemed material for the full year result and is currently estimated between SEK 40-75 million.

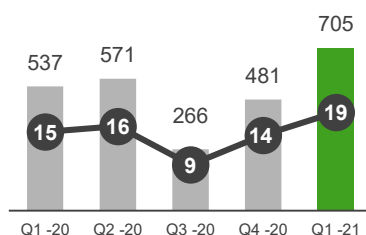


Product area Board

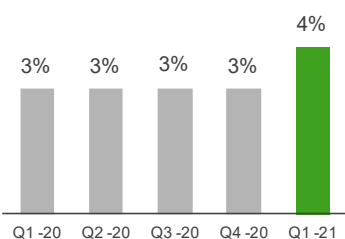
Share of Group's net sales
Q1 2021



EBITDA



ROCE



About Product area Board

The Board product area includes liquid packaging board, cartonboard and containerboard, which are mainly used to produce packaging for liquid food, consumer products and fragile industrial products and food. The mills at Gävle, Gruvön and Frövi/Rockhammar belong to this product area.

KEY FIGURES

SEK m	Q1 2021	Q1 2020	Q4 2020	Full year 2020
Net sales	3 785	3 600	3 370	13 600
of which liquid packaging board	2 073	2 060	1 908	7 745
of which cartonboard	529	399	436	1 659
of which containerboard	1 077	1 017	948	3 886
Net operating expenses, other	-3 080	-3 063	-2 889	-11 745
EBITDA	705	537	481	1 855
EBITDA, %	19%	15%	14%	14%
Operating profit/loss	380	201	149	516
Operating margin, %	10%	6%	4%	4%
ROCE, %	4%	3%	3%	3%
Sales volumes, ktonnes	521	491	460	1 842

SALES AND RESULTS

Net sales for the first quarter increased by 5% to SEK 3 785 million (3 600). Excluding currency effects sales grew by 9%, mainly driven by higher sales volumes of cartonboard and containerboard compared with the same period last year.

EBITDA increased to SEK 705 million (537) as a result of increased sales volumes, high availability in production and lower fibre costs, which more than offset negative currency effects.

See page 8 about the Next generation programme and the new board machine at Gruvön (KM7).

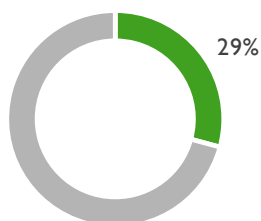
MARKET DEVELOPMENT

In the first quarter of 2021, market conditions for liquid packaging board were stable and improved for containerboard and cartonboard. There was a price increase in containerboard in the first quarter.

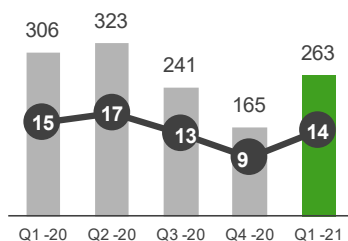


Product area Paper

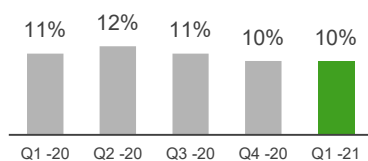
Share of Group's net sales
Q1 2021



EBITDA



ROCE



About Product area Paper

The Paper product area includes premium quality kraft and sack paper, which is mainly used in packaging for medical applications, dry food and the construction industry. The mills at Skärblacka, Karlsborg, Pietarsaari and Beetham belong to this product area.

KEY FIGURES

	Q1 2021	Q1 2020	Q4 2020	Full year 2020
SEKm				
Net sales	1 903	2 024	1 777	7 576
of which sack paper	628	632	575	2 442
of which kraft paper	836	925	814	3 435
of which pulp	426	460	386	1 669
Net operating expenses, other	-1 640	-1 718	-1 612	-6 541
EBITDA	263	306	165	1 035
EBITDA, %	14%	15%	9%	14%
Operating profit/loss	145	185	51	558
Operating margin, %	8%	9%	3%	7%
ROCE, %	10%	11%	10%	10%
Sales volumes, ktonnes	255	250	227	946

SALES AND RESULTS

Net sales for the first quarter declined by 6% to SEK 1 903 million (2 024). Excluding currency effect the sales grew by 1%. Sales volumes of both sack paper and kraft paper increased while the pulp volumes declined.

EBITDA decreased to SEK 263 million (306), negatively impacted by unfavourable currency effects, market prices and changed sales mix, and positively impacted by lower fibre costs and operational efficiencies.

MARKET DEVELOPMENT

In the first quarter of 2021, market conditions for sack paper improved while market conditions for kraft paper were stable. Market prices were unchanged.



Solutions and Other

SALES AND RESULTS

Net sales for the first quarter amounted to SEK 832 million (740). The increase in sales was mainly due to positive currency hedging effects. Net sales in Managed Packaging were on the same level as previous year, as the demand for packaging services from brand owners continued to be relatively weak as a consequence of the coronavirus pandemic.

EBITDA amounted to SEK 35 million (-77). The profit improvement was a result of positive currency hedging effects.

KEY FIGURES (INCLUDING CURRENCY HEDGING ETC)

SEKm	Q1	Q1	Q4	Full year
	2021	2020	2020	2020
Net sales	832	740	656	2 708
<i>of which Managed Packaging</i>	144	147	168	635
Net operating expenses, other	-797	-817	-661	-2 886
EBITDA	35	-77	-5	-178
Operating profit/loss	3	-106	-37	-300

Cash flow and financial position

SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter	
	Q1 -21	Q1 -20
Operating surplus, etc.	929	725
Change in working capital, etc.	-481	-790
Net financial items, taxes, etc.	-83	-91
Cash flow from operating activities	365	-156
Operative investments	-200	-282
Operating cash flow after operative investments	165	-438

Operating cash flow after operative investments strengthened to SEK 165 million (-438) for the first quarter 2021. The improved cash flow was mainly due to improved operating surplus and changes in working capital compared to the first quarter prior year.

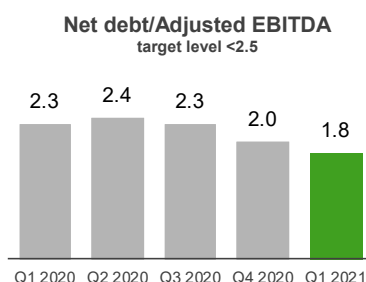
Operating cash flow after operative investments include all gross investments in property, plant and equipment, and intangible assets.

FINANCING

At 31 March 2021, interest-bearing debt amounted to SEK 6 792 million (7 839). Interest-bearing debt decreased with SEK 533 million during the first quarter due to repayment of bond loan within MTN program of SEK 500 million and amortisation of term loan.



Debt portfolio and maturity profile at 31 March 2021



Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		91	91	1 210	1 392
Bond loans within MTN program	7 000	2 000	1 800		3 800
Other bond loans				1 600	1 600
Commercial paper	4 000				-
Group total		2 091	1 891	2 810	6 792

Interest-bearing net debt at 31 March 2021 amounted to SEK 5 234 million (5 951).

The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 1.8 (2.3). The ratio of net interest-bearing debt to adjusted EBITDA was also 1.8 (2.3).

INVESTMENTS AND CAPITAL EMPLOYED

Operative investments in property, plant, equipment and intangible assets amounted to SEK 200 million (282) for the first quarter 2021.

An investment in a new recovery boiler at the Frövi mill has in 2021 been initiated. 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 March 2021 amounted to SEK 24 854 million (25 102). Return on capital employed (ROCE) for the last 12-month period, amounted to 4% (3), and was the same if adjusted operating profit was used in the calculation.

Return on equity was 5% (37) over the last 12 months period. Return on equity during the comparison period was affected by the sale of BSÖ Holding AB Group in August 2019.

The coronavirus pandemic

BillerudKorsnäs has since the outbreak of the coronavirus pandemic 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.

The financial effects of the coronavirus pandemic in the first quarter of 2021 were limited and mainly related to weaker market conditions for some product segments and services depending on their end markets. Some outbound logistical challenges have been faced, but they have been overcome in a satisfactory way. There has been no increases of credit losses.

Additional costs for the annual maintenance shutdown at Gruvön, mainly related to the coronavirus pandemic, will be around MSEK 20 in the second quarter of 2021. The annual maintenance shutdown at Skärblacka has been postponed from the second quarter to the fourth quarter of 2021 due to the coronavirus pandemic.

Read more about risks and uncertainties on page 10.

Cost and efficiency programme

BillerudKorsnäs introduced a cost and efficiency programme in 2019 with measures including employee reductions, purchasing savings and efficiency improvements throughout the business and in 2020 the structural savings under the programme amounted to SEK 335 million.

The estimated delivery under the cost and efficiency programme is positive effects of SEK 250 million in 2021 and SEK 65 million in 2022.

In the first quarter 2021, the structural savings from the programme amounted to SEK 70 million and were mainly related to operational efficiencies and employee reductions.

Next generation programme (KM7)

The new board machine at Gruvön (KM7), with a production capacity of 550 000 tonnes per year, was 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 the first quarter of 2021, KM7 reached break-even EBITDA compared with the base year 2018. After reaching break-even, the new board machine has entered a stage of optimisation of the product portfolio within Product area Board and the separate reporting on the Next generation programme (KM7) will discontinue.

Currency hedging

Currency hedging had a net sales impact of SEK 42 million (-113) in the first quarter of 2021 compared with no currency hedging.

Outstanding forward exchange contracts at 31 March 2021 had a market value of SEK 106 million, SEK 39 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 67 million.

Hedged portion of forecast currency flows for EUR, USD and GBP and exchange rates against SEK (31 March 2021)

Currency	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Total 15 months
EUR Share of net flow	84%	80%	79%	75%	-	64%
Rate	10.80	10.70	10.39	10.22	-	10.53
USD Share of net flow	71%	63%	63%	62%	-	52%
Rate	9.71	9.22	8.59	8.49	-	9.03
GBP Share of net flow	37%	-	-	-	-	7%
Rate	11.75	-	-	-	-	11.75
Market value of currency contracts*	71	40	4	-9	-	106

*At 31 March 2021.



Taxes

The tax cost for the first quarter 2021 amounted to SEK 109 million (38), equal to approximately 22% (19) of profit before tax.

Parent company

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

Operating profit/loss for the first quarter 2020 was SEK 107 million (4). 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 42 million (-113) for the first quarter 2021.

The average number of employees at 31 March 2021 was 142 (133).

Cash and bank balances, and short-term investments amounted to SEK 2 427 million (2 766).

Sustainability

Sustainability KPIs, rolling 12 months (R12M)

	Q1 -21	Q4 -20	2021 target
Energy consumption ¹	5.29	5.29	5.2
Emissions of fossil CO ₂ ²	29.4	30.0	29
Gender equality ³	24.1	23.8	24

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. Fossil CO₂-emissions in production has had a positive trend and amounted preliminary to 29.4 kg/tonne in the last twelve months. Preliminary energy consumption was 5.29 MWh/tonne in the same period.

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 24.1% during the last twelve months.

QUARTERLY HIGHLIGHTS

BillerudKorsnäs has decided to invest in an electrical back-up steam boiler at the Gruvön mill, which will improve the production availability and enable reduced emissions of fossil CO₂ in case of production disturbances. Another investment that will reduce fossil CO₂ emissions is related to the storage of biofuels at Karlsborg.



Tetra Pak and BillerudKorsnäs introduced a new collaboration for innovation aimed at tackling the food packaging industry's sustainability challenges and developing sustainable packaging solutions.

Holding of treasury shares

The holding of treasury shares was unchanged during the first quarter of 2021. At 31 March, 2021 the number of treasury shares amounted to 1 387 922, corresponding to approximately 0.7% of the total amount of shares which amounts to 208 219 834. The number of shares on the market was 206 831 912 at 31 March, 2021.

Annual General Meeting

The Annual General Meeting will be held on 5 May 2021. Due to the coronavirus pandemic, the 2021 Annual General Meeting will be conducted only through postal voting in accordance with temporary legislation. There will be no possibility for shareholders to participate in person or through representatives. The convening notice of the 2021 Annual General Meeting and all related documents are available on BillerudKorsnäs' website.

The Board of Directors proposes a dividend of SEK 4.30 per share (4.30) for 2020. The proposal entails a total share dividend of around SEK 890 million. The last day for trading in BillerudKorsnäs' shares including the right to a dividend is 5 May. The dividend is estimated to be paid on 12 May.

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 63-69 in the 2020 Annual and Sustainability Report.

Direct risks of the coronavirus pandemic for BillerudKorsnäs 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. Indirect risks of the coronavirus pandemic are related to lower demand for the company's products and services, which can have a negative effect on the net sales, results and cash flow. BillerudKorsnäs monitors the development of the coronavirus 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

Annual General Meeting – 5 May 2021

Q2 2021 report – 20 July 2021

Q3 2021 report – 22 October 2021

Solna, 27 April 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
	Q1 -21	Q4 -20	Q1 -20	2020
Net sales	6 520	5 803	6 364	23 884
Other income	35	45	44	199
Change in inventories	-53	89	-67	-76
Raw materials and consumables	-3 245	-3 058	-3 301	-12 637
Other external costs	-1 270	-1 424	-1 306	-5 293
Employee benefits expense	-983	-886	-981	-3 586
Depreciation and impairment of non-current assets	-475	-478	-486	-1 938
Change in value of biological assets	-	-	-	132
Profit/Loss from participations in associated companies	-1	72	13	89
Operating profit/loss	528	163	280	774
Financial income and expenses	-42	11	-78	-95
Profit/Loss before tax	486	174	202	679
Taxes	-109	68	-38	-3
Profit/Loss from continuing operations	377	242	164	676
Discontinued operations				
Profit/loss from discontinued operations, net of tax	-	-	-	-16
Profit/loss for the period	377	242	164	660
Profit/Loss attributable to:				
Owners of the parent company	377	242	164	660
Non-controlling interests	-	-	-	-
Net profit/loss for the period	377	242	164	660
Earnings per share, SEK	1.82	1.17	0.79	3.19
Diluted earnings per share, SEK	1.82	1.17	0.79	3.19

SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year
	Q1 -21	Q4 -20	Q1 -20	2020
Net profit/loss for the period	377	242	164	660
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	-	-4
Change in fair value of shareholding in Other holdings	-4	-7	-21	-28
Tax attributable to items not to be reclassified to profit or loss	-	-	-	-30
Total items never reclassified to profit or loss	-4	-11	-21	86
Items that have been or may be reclassified subsequently to profit or loss				
Differences arising from the translation of foreign operations' accounts	36	-65	72	-63
Change in fair value of cash flow hedges	-105	190	-672	40
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	22	-40	144	-8
Total items that have been or may be reclassified subsequently to profit or loss	-47	85	-456	-31
Total comprehensive income for the period	326	316	-313	715
Attributable to:				
Owners of the parent company	326	316	-313	715
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	326	316	-313	715

SUMMARISED BALANCE SHEET

SEKm	31 Mar	31 Mar	31 Dec
	2021	2020	2020
Intangible assets	1 959	2 076	1 960
Property, plant and equipment, including Right of use assets	22 769	23 006	22 988
Other non-current assets	1 257	1 315	1 279
Total non-current assets	25 985	26 397	26 227
Inventories	3 472	3 657	3 629
Accounts receivable	3 369	2 904	2 350
Other current assets	929	1 370	1 118
Cash and cash equivalents	2 651	2 963	3 036
Total current assets	10 421	10 894	10 133
Total assets	36 406	37 291	36 360
Equity attributable to owners of the parent company	19 620	19 151	19 294
Non-controlling interests	-	-	-
Total equity	19 620	19 151	19 294
Interest-bearing liabilities	4 878	6 980	6 605
Provisions for pensions	833	872	836
Other liabilities and provisions	144	287	146
Deferred tax liabilities	3 583	3 593	3 609
Total non-current liabilities	9 438	11 732	11 196
Interest-bearing liabilities	2 191	1 082	984
Accounts payables	3 284	2 915	3 129
Other liabilities and provisions	1 873	2 411	1 757
Total current liabilities	7 348	6 408	5 870
Total equity and liabilities	36 406	37 291	36 360

SUMMARISED STATEMENT OF CHANGES IN EQUITY

SEKm	Quarter		Full year
	Q1 -21	Q1 -20	2020
Opening balance	19 294	19 462	19 462
Comprehensive income for the period	326	-313	715
Share-based payment to be settled in equity instruments	-	2	6
Dividend to owners of the parent company	-	-	-889
Closing balance	19 620	19 151	19 294
Equity attributable to:			
Owners of the parent company	19 620	19 151	19 294
Non-controlling interests	-	-	-
Closing balance	19 620	19 151	19 294

SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter			Full year
	Q1 -21	Q4 -20	Q1 -20	2020
Operating surplus, etc. *	929	646	725	2 406
Net financial items, taxes, etc.	-83	89	-91	-22
Change in working capital, etc.	-481	517	-790	-53
Cash flow from operating activities	365	1 252	-156	2 331
Investments in intangible assets, property, plant and equipment	-200	-309	-282	-1 250
Acquisition of financial assets/ contribution associated companies	-19	-	-2	-2
Disposal/repayment of financial assets/other holdings **	30	-	-	24
Dividend from associated companies	-	-	-	4
Disposal of property, plant and equipment	-	-	-	3
Cash flow from investing activities	-189	-309	-284	-1 221
Change in interest-bearing receivables	1	-2	1	-6
Change in interest-bearing liabilities	-574	-28	-78	-602
Dividend to owners of the parent company	-	-	-	-889
Cash flow from financing activities	-573	-30	-77	-1 497
Total cash flow (=change in cash and cash equivalents)	-397	913	-517	-387
Cash and cash equivalents at start of period	3 036	2 144	3 450	3 450
Translation differences in cash and cash equivalents	12	-21	30	-27
Cash and cash equivalents at the end of the period	2 651	3 036	2 963	3 036

** Includes the sale of BioBag of SEK 30 million in Q1 2021 and dividend from Bergvik Skog AB of SEK 24 million in 2020.

*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter			Full year
	Q1 -21	Q4 -20	Q1 -20	2020
Operating profit	528	163	280	774
Reversed depreciation	475	478	486	1 938
Earnings from associated companies	1	-72	-13	-89
Pension liabilities	-7	-25	-4	-48
Other provisions	-24	-29	12	-36
Net of produced and sold electricity certificates and sold emission rights	-44	131	-38	-5
Incentive programmes	-	-	2	6
Scrapping of fixed assets	-	-	-	-2
Revaluation of biological assets	-	-	-	-132
Operating surplus, etc	929	646	725	2 406



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 2020, see pages 78-84 and page 129 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act.

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 March 2021						
Other shares and participations	-	-	74	-	74	74
Long-term receivables	-	25	-	-	25	25
Accounts receivable	-	3 369	-	-	3 369	3 369
Other receivables	128	325	-	-	453	453
Cash and cash equivalents	-	2 651	-	-	2 651	2 651
Total	128	6 370	74	-	6 572	6 572
Non-current interest-bearing liabilities	-	-	-	4 878	4 878	4 894
Current interest-bearing liabilities	-	-	-	2 191	2 191	2 194
Accounts payables	-	-	-	3 284	3 284	3 284
Other liabilities	57	-	-	278	335	335
Total	57	-	-	10 631	10 688	10 707

	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

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 4-6, information regarding financing on pages 6-7, seasonal effects on page 19 and events after the end of the quarter on page 3.

KEY FIGURES

	Jan-Mar		Full year
	2021	2020	2020
Margins			
EBITDA, %	15	12	11
Operating margin, %	8	4	3
Return (rolling 12 months)			
Return on capital employed, %	4	3	3
Return on equity, %	5	37	3
Capital structure at end of period			
Capital employed, SEKm	24 854	25 102	24 667
Working capital, SEKm	2 734	2 501	2 292
Equity attributable to owners of the parent company, SEKm	19 620	19 151	19 294
Interest-bearing net debt, SEKm	5 234	5 951	5 373
Net debt/equity ratio	0.27	0.31	0.28
Interest-bearing net debt / EBITDA, multiple	1.8	2.3	2.0
Key figures per share			
Earnings per share, SEK	1.82	0.79	3.19
Dividend (for the financial year) per share, SEK	-	-	4,30*
Other key figures			
Working capital as percentage of net sales, %	10	10	11
Operative investments, SEKm	200	282	1 250
Average number of employees	4 415	4 509	4 468

*Board's proposal

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Full year
	Q1 - 21	Q4 - 20	Q1 - 20	2020
Adjusted EBITDA, SEKm				
Operating profit	528	163	280	774
Depreciation and impairment of non-current assets	475	478	486	1 938
EBITDA	1 003	641	766	2 712
Items affecting comparability**	-	-73	25	-9
Adjusted EBITDA	1 003	568	791	2 703
Adjusted Operating profit, SEKm				
Operating profit	528	163	280	774
Items affecting comparability**	-	-73	25	-9
Adjusted Operating profit	528	90	305	765
Adjusted earnings per share, SEK				
Profit attributed to owners of the parent company, SEKm	377	242	164	660
Items affecting comparability**, attributed to owners of the parent company, SEKm	-	-57	20	-5
Adjusted profit attributed to owners of the parent company, SEKm	377	185	184	655
Weighted number of outstanding shares, thousands	206 832	206 832	206 790	206 816
Adjusted earnings per share	1.82	0.89	0.89	3.17
Adjusted Return on capital employed (ROCE), SEKm				
Adjusted Operating profit over 12 months *	988	765	739	765
Average capital employed over 12 months	25 099	25 116	24 553	25 116
Adjusted Return on capital employed	4%	3%	3%	3%
Interest-bearing net debt / Adjusted EBITDA, multiple				
Interest-bearing net debt	5 234	5 373	5 951	5 373
Adjusted EBITDA over 12 months*	2 915	2 703	2 587	2 703
Interest-bearing net debt / Adjusted EBITDA	1.8	2.0	2.3	2.0
Items affecting comparability**, SEKm				
Restructuring (Operating expenses)	-	-	25	36
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
Items affecting comparability	-	-73	25	-9

*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 Mar 2021	31 Mar 2020	31 Dec 2020
Capital employed, SEKm			
Total assets	36 406	37 291	36 360
Accounts payables	-3 284	-2 915	-3 129
Other liabilities and provisions	-2 017	-2 699	-1 903
Deferred tax liabilities	-3 583	-3 593	-3 609
Interest-bearing non-current assets	-17	-19	-16
Cash and Cash equivalents	-2 651	-2 963	-3 036
Capital employed	24 854	25 102	24 667
Working capital, SEKm			
Inventories	3 472	3 657	3 629
Accounts receivables	3 369	2 904	2 350
Other operating receivables	929	1 370	1 118
Accounts payables	-3 284	-2 915	-3 129
Other operating liabilities (excl provisions)	-1 828	-2 315	-1 690
Tax liabilities	76	-200	14
Working capital	2 734	2 501	2 292
Interest-bearing net debt, SEKm			
Interest bearing provisions	833	872	836
Interest bearing non-current liabilities	4 878	6 980	6 605
Interest bearing current liabilities	2 191	1 081	984
Interest-bearing non-current assets	-17	-19	-16
Cash and Cash equivalents	-2 651	-2 963	-3 036
Interest-bearing net debt	5 234	5 951	5 373



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 2021.

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%	Q4	Q4	Q2
Karlsborg	~ 80		100%	Q3	Q3	Q3
Pietarsaari	~ 15		100%	-	Q4	-
Rockhammar	~ 15	100%		Q3	Q4	Q4

¹ 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/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
	Q1 -21	Q1 -20	2020
Operating income*	237	142	402
Operating expenses	-130	-138	-531
Operating profit/loss	107	4	-129
Financial income and expenses	-41	-79	-84
Profit/Loss after financial income and expenses	66	-75	-213
Appropriations	-	-	606
Profit/loss before tax	66	-75	393
Taxes	-14	18	-89
Net profit/loss for the period	52	-57	304

* Including currency hedging etc.

SUMMARISED BALANCE SHEET

SEKm	31 Mar	31 Mar	31 Dec
	2021	2020	2020
Non-current assets	10 695	10 690	10 695
Current assets	16 569	20 648	16 706
Total assets	27 264	31 338	27 401
Shareholders' equity	8 009	8 482	7 957
Untaxed reserves	1 516	1 512	1 516
Provisions	229	234	231
Liabilities	17 510	21 110	17 697
Total equity and liabilities	27 264	31 338	27 401



QUARTERLY DATA

The Group's business are organized on the basis of the functional areas Wood Supply, Operations and Commercial and is governed by two product areas Board and Paper.

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	2021				2020			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	3 785	3 370	3 059	3 571	3 600	3 291	3 063	3 210
Product area Paper	1 903	1 777	1 835	1 940	2 024	1 890	2 116	2 370
Solutions & Other	696	667	637	722	724	706	674	751
Currency hedging, etc.	136	-11	30	-77	16	-72	-20	-38
Total Group	6 520	5 803	5 561	6 156	6 364	5 815	5 833	6 293

Quarterly EBITDA per product area and for the Group

SEKm	2021				2020			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	705	481	266	571	537	493	374	324
Product area Paper	263	165	241	323	306	243	283	311
Solutions & Other	-101	6	33	-83	-92	-69	-2	-18
Currency hedging, etc.	136	-11	30	-76	15	-73	-20	-38
Total Group	1 003	641	570	735	766	594	635	579

Quarterly EBITDA margin per product area and for the Group

%	2021				2020			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	19	14	9	16	15	15	12	10
Product area Paper	14	9	13	17	15	13	13	13
Group	15	11	10	12	12	10	11	9

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

SEKm	2021				2020			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	705	645	577	571	537	619	503	484
Product area Paper	263	296	329	323	306	243	348	459
Solutions & Other	-101	-67	33	-44	-67	-45	2	-58
Currency hedging, etc.	136	-11	30	-76	15	-73	-20	-38
Total Group	1 003	863	969	774	791	744	833	847
Costs for maint. shutdowns	-	-295	-399	-	-	-126	-194	-308
Items affecting comparability	-	73	-	-39	-25	-24	-4	40
EBITDA	1 003	641	570	735	766	594	635	579

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

%	2021				2020			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	19	19	19	16	15	19	16	15
Product area Paper	14	17	18	17	15	13	16	19
Total Group	15	15	17	13	12	13	14	13



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

	2021	2020			2019			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
SEKm								
Product area Board	380	149	-67	233	201	158	48	100
Product area Paper	145	51	120	202	185	119	152	180
Solutions & Other	-133	-26	3	-113	-122	-101	-31	-48
Currency hedging, etc.	136	-11	30	-77	16	-73	-20	-38
Total Group	528	163	86	245	280	103	149	194

Quarterly operating margin per product area and for the group

%	2021	2020			2019			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	10	4	-2	7	6	5	2	3
Product area Paper	8	3	7	10	9	6	7	8
Total Group	8	3	2	4	4	2	3	3

Quarterly sales volumes per product area

ktonnes	2021	2020			2019			
	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Q4 -19	Q3 -19	Q2 -19
Product area Board	521	460	419	472	491	432	404	414
Product area Paper	255	227	238	231	250	224	255	262
Total Group	776	687	657	703	741	656	659	676

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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