

Billerud announces lower second quarter result than current market expectations, accelerated delivery of efficiency program and a new financial reporting structure

Billerud expects the EBITDA for the 2023 second quarter to be SEK 100-200 million. The lower result is mainly due to significantly lower sales volume and revaluation of finished goods inventory. Billerud also announces a raised ambition for its efficiency program and a changed financial reporting structure.

Market conditions remain weak with low demand and slower than expected customer destocking. There are mainly two reasons behind the lower result for the second quarter:

- Significantly lower sales volumes due to lower demand resulting in even further production curtailments. The volume drop is mainly attributed to North America and the result effect is estimated to SEK -280 million. This volume loss is in addition to the idling of the Escanaba mill, which successfully resumed operations as planned on 8 May.
- Revaluation of finished goods inventory compared to at the end of the first quarter. This cost impact compared to the first quarter is not affecting the cash flow and is estimated to SEK -310 million.

Increased target for efficiency enhancement program

To improve the profitability, Billerud is accelerating the delivery of the efficiency enhancement program that was launched in January, with an increased ambition for its EBITDA uplift during 2023 from SEK 400 million to SEK 600 million. The effects from the program will mostly come during the second half of the year.

Effects of the efficiency enhancement program are achieved across Billerud's supply chain, production and commercial operations. Some initiatives pushed forward at a faster pace are a higher share of field wood purchases, further acceleration of efficiency gains from board mill optimization, as well as actions to improve the customer and product mix.

Changed financial reporting structure

As of 1 April 2023, Billerud has implemented a changed financial reporting structure according to which business performance is reviewed and governed (IFRS 8). In the January-June 2023 interim report, the Group's paper and packaging materials' net sales, EBITDA, operating profit and sales volumes will be reported in two operating segments based on the region in which the products are manufactured: Region Europe and Region North America. Comparable figures for prior periods will be restated in the January-June 2023 interim report.

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