

YEAR-END REPORT JANUARY-DECEMBER 2018

WHAT IF packaging could
make a difference?

2019-01-29

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KM7 Gruvön, January 2019

Key highlights

- ▶ Production levels in line with expectations
- ▶ Continued headwind from higher raw material costs
- ▶ Renewed long-term contracts within Liquid Packaging Board
- ▶ KM7 progressing according to plan, start-up in March/April 2019
- ▶ Bergvik Öst; process of finding suitable investors continues as planned
- ▶ Board proposes dividend of SEK 4,30 per share

5%

NET SALES GROWTH Y/Y

14%

EBITDA MARGIN*

9%

ROCE*

2.68

NET DEBT/EBITDA*

Record full year results

PACKAGING PAPER Q4 DEVELOPMENT



- ▶ Net sales + 5% vs Q4-17
 - Increased sales prices
 - Positive currency effects
- ▶ EBITDA + 2% vs Q4-17
 - Better product mix
- ▶ Market expected to remain good
 - Kraft and sack paper to remain good in next quarter

2,264

NET SALES SEK MILLION

411

EBITDA SEK MILLION

18%

EBITDA MARGIN

Renewed agreements

CONSUMER BOARD Q4 DEVELOPMENT



- EBITDA -20% vs Q4-17
 - Increased raw material costs
 - Unchanged prices

- The long-term agreements with our largest customers within liquid packaging board have been renewed, which will have positive effects on margins.

- Market expected to remain good with normal seasonal variations

2,012

NET SALES SEK MILLION

290

EBITDA SEK MILLION

14%

EBITDA MARGIN

Strong result

CORRUGATED SOLUTIONS Q4 DEVELOPMENT



- ▶ Net sales +15% vs Q4-17
 - > Increased sales prices
 - > Positive currency effects
 - > Slightly increased volumes
- ▶ EBITDA +31% vs Q4-17
 - > Increased sales prices and higher result for Managed Packaging
- ▶ Market expected to remain good
 - > Growth in Managed Packaging expected to remain strong

1,161

NET SALES SEK MILLION

278

EBITDA SEK MILLION

24%

EBITDA MARGIN

Unlocking the Potential

SECURE



Successful ramp-up of KM7
Competitive wood supply

IMPROVE



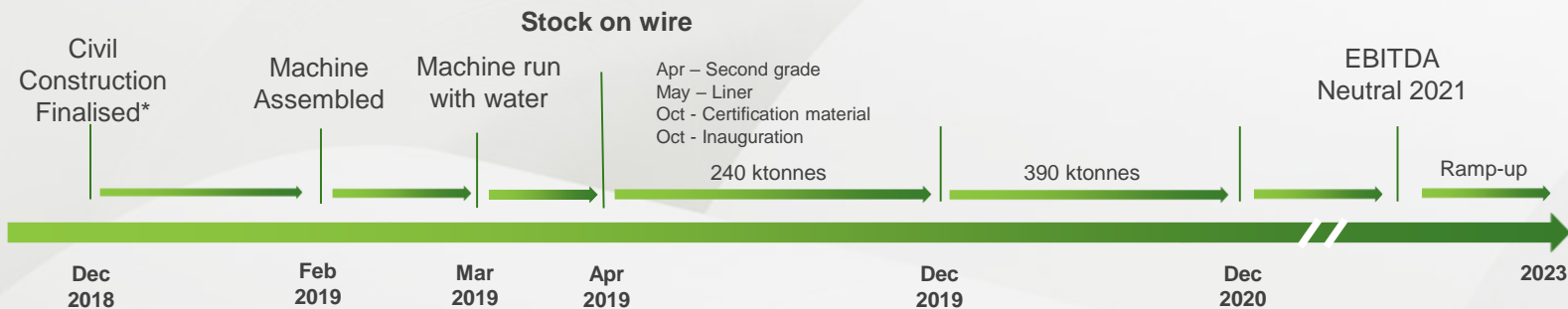
A safe company is a well run company
Stabilise production

ACCELERATE



Innovate for growth
Capture new solutions sales

On schedule towards start-up March-April



* Final inspection Mar 2019

Strategically important agreement

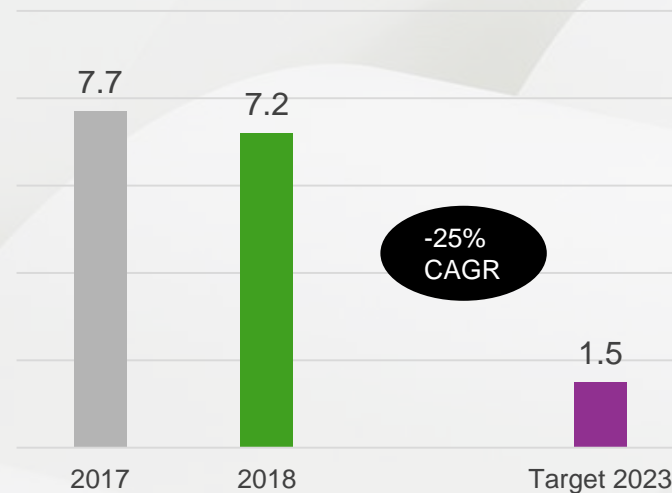
- ④ Finding suitable investors continuing as planned
- ④ The strongly competitive situation continues
- ④ Wood costs expected to flatten out
- ④ Sufficient inventory levels after a challenging year
- ④ Ongoing activities to strengthen the supply base – both domestic and through import



A paradigm shift in safety

- ⦿ All accidents are preventable
- ⦿ Focus on structure, engagement and predictability
- ⦿ Cultural changes – never walk by
- ⦿ A safe company is a well run company
- ⦿ Next generation program LTIFR* ~ 5

Lost time injuries frequency rate, LTIFR*

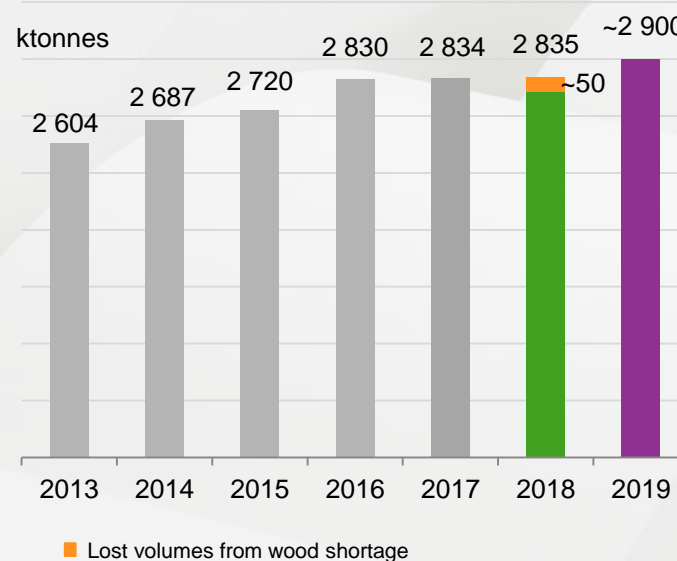


*Number of injuries per 1 000 000 worked hours


Production stability is a key focus



Production levels in line with expectations

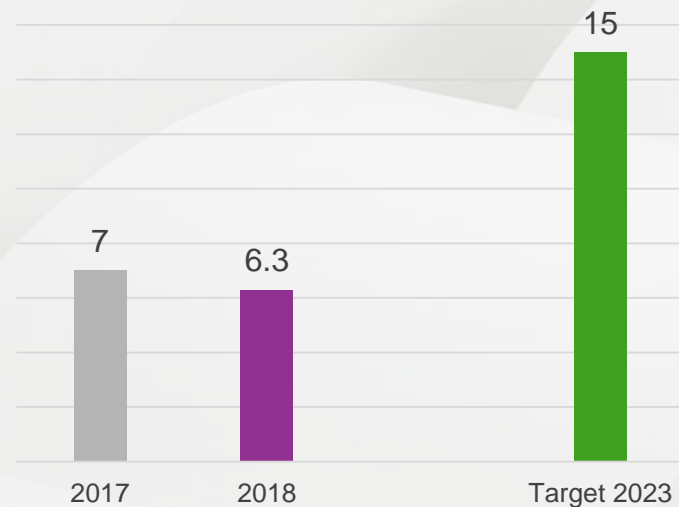


Innovation to support growth

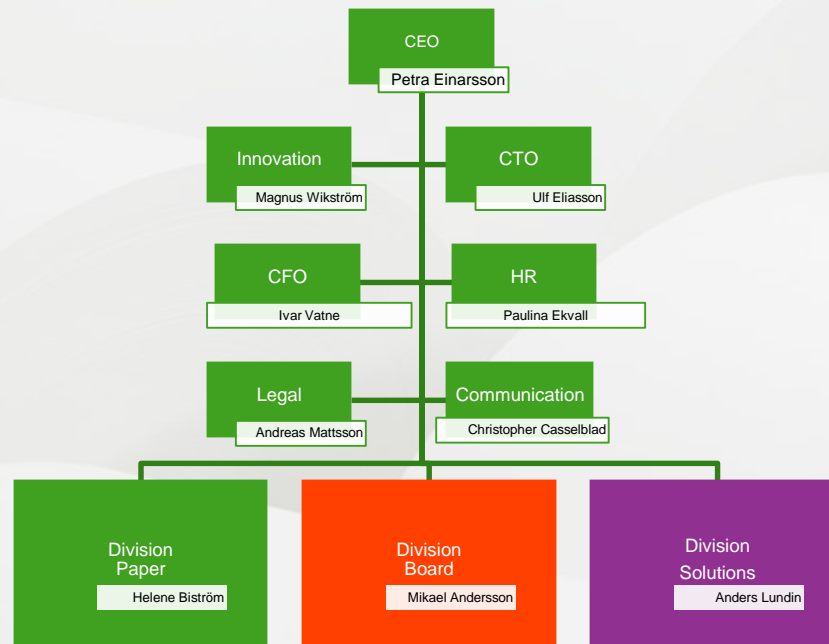
- 
 FibreForm® Cap, made from formable 3D paper, replaces traditional aluminium laminates for sparkling wine



New product ratio, NPR



New organisation and management team in place



Long-term financial targets

Area	FY target	Full year 2018
Net sales growth	3-4%	6%
EBITDA-margin*	>17%	15%
ROCE*	>13%	9%
Net debt/EBITDA*	<2.5	2.68
Dividend policy*	50%	59%**

*Adjusted for items affecting comparability

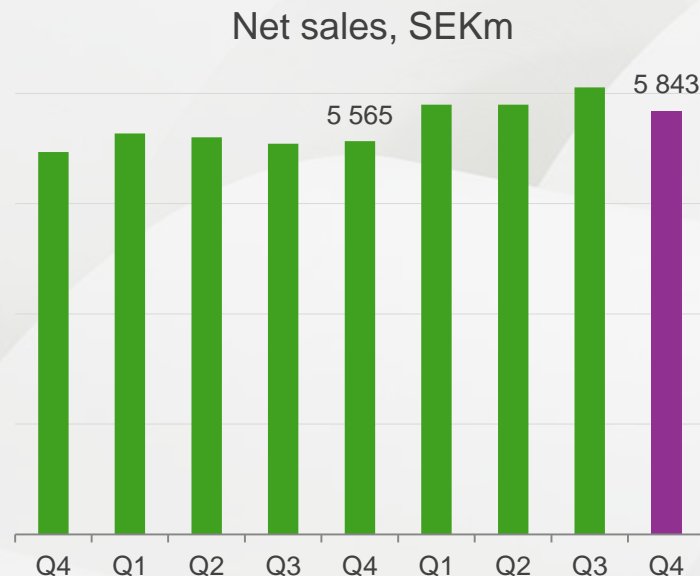
** Board's proposal



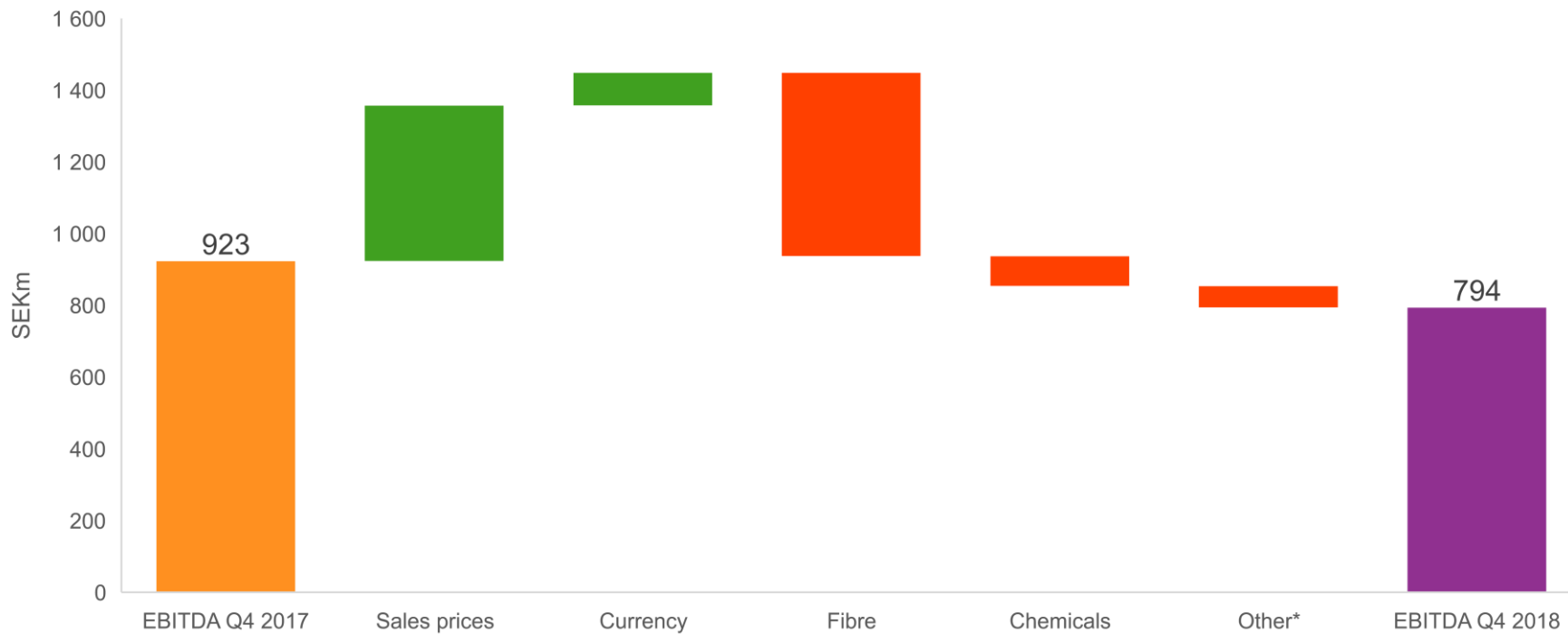
WHAT IF paper packaging
could push new boundaries

Solid underlying top-line growth

- Net sales +5% compared with Q4 2017
- Increased sales price within Packaging Paper and Corrugated Solutions
- Positive currency effects
- Negative effect in Q4 from lower sales volumes due to seasonal fluctuations and inventory build-up



Continued headwinds from higher raw material costs

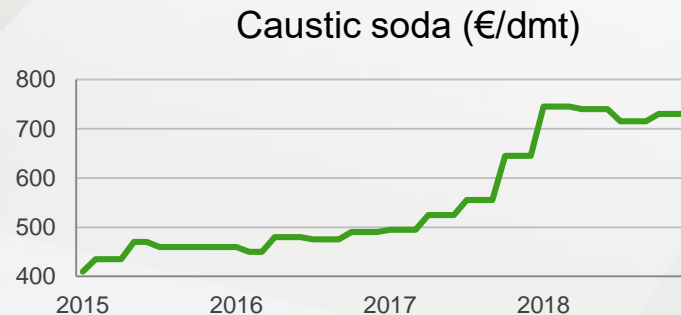


*Transport, energy and fixed costs

Wood cost increase expected to flatten out

- ▶ Costs for pulpwood continued to increase in Q4
 - > ~ +25% 2018

- ▶ Caustic soda flattening out on high levels
 - > ~ +20% 2018



Next Generation program close to completion

- Net debt expected to peak in Q2 2019
- Clear focus on fast deleveraging after completion of investment programmes
- Net debt MSEK 9 333 (5 737)
- Finding suitable investors for Bergvik Öst continues as planned



*Adjusted for items affecting comparability

Outlook 2019

- Focus on safeguarding price levels achieved during 2018
- Wood cost increase expected to flatten out

Summary

- ▶ Production levels in line with expectations
- ▶ Continued headwind from higher raw material costs
- ▶ Renewed long-term contracts within Liquid Packaging Board
- ▶ KM7 progressing according to plan, start up in March/April 2019
- ▶ Bergvik Öst; process of finding suitable investors continues as planned
- ▶ Pro forma figures for new organisational structure will be published in w/c 11 March, 2019



WHAT IF more packaging
cared about the planet



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