



Year-end Report January-December 2022

**Solid result with sizable contribution from
North America ends an outstanding 2022**

27th of Jan 2023

Christoph Michalski, CEO & Ivar Vatne, CFO



Performance and key highlights 2022

- Outstanding topline growth
 - +63% Reported
 - +16% Organic/FX neutral
- All-time-high profitability performance
- Price and mix improvements more than offset cost inflation
- EPS close to tripled vs year ago
- Excellent cash conversion

SEKm	2022	Change vs 2021
Net sales	42,590	+63%
Adjusted EBITDA	8,219	+102%
<i>% of net sales</i>	19%	+3 pp
Operating profit – EBIT	5,687	+186%
<i>% of net sales</i>	13%	+5 pp
Operating cash flow before capex	6,829	+75%
EPS	20.1	+180%

2022 was an outstanding year for Billerud - progress made on several fronts

- ✓ Delivering well on strategic initiatives presented in CMD Nov'21
- ✓ Record net sales growth and level of profitability. All-time-high ROCE
Strong balance sheet – 0.6x net debt / adj EBITDA
- ✓ Successfully completed acquisition of Verso. Several key integration milestones ticked off. SEK 3.5bn rights issue executed.
- ✓ Good progress on US Transformation pre-feasibility and BCTMP
Norway feasibility
- ✓ Recovery boiler in Frövi – on track (time & budget)



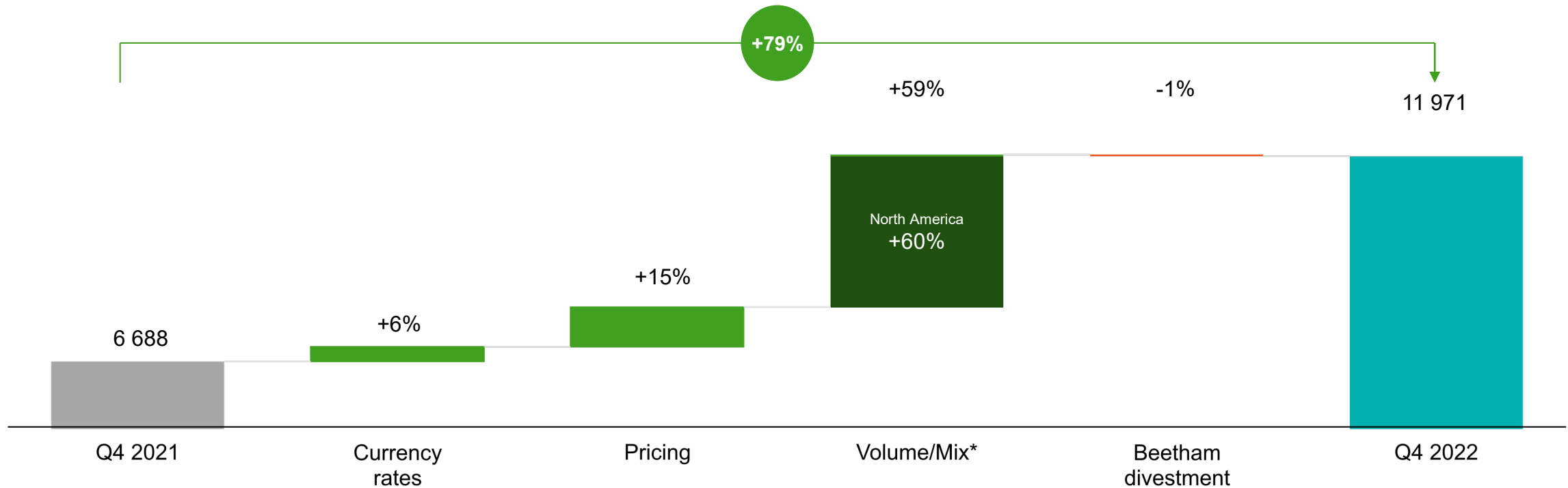
Performance and key highlights Q4 2022

- Continued strong net sales growth
 - +79% Reported
 - +14% Organic/FX neutral
- Strong profitability helped by sizable contribution from North America
- Cost inflation exceeds pricing/mix for region Europe
- Another quarter with great cash conversion and all-time-low net debt leverage

SEKm	Q4-22	Change vs Q4-21
Net sales	11,971	+79%
Adjusted EBITDA	2,092	+95%
<i>% of net sales</i>	17%	+1 pp
Operating profit – EBIT	1,353	+224%
<i>% of net sales</i>	11%	+5 pp
Operating cash flow before capex	1,692	+47%
EPS	3.8	+145%

Net Sales almost doubled through inclusion of our North American business and carry-over pricing positions

Net sales, SEKm

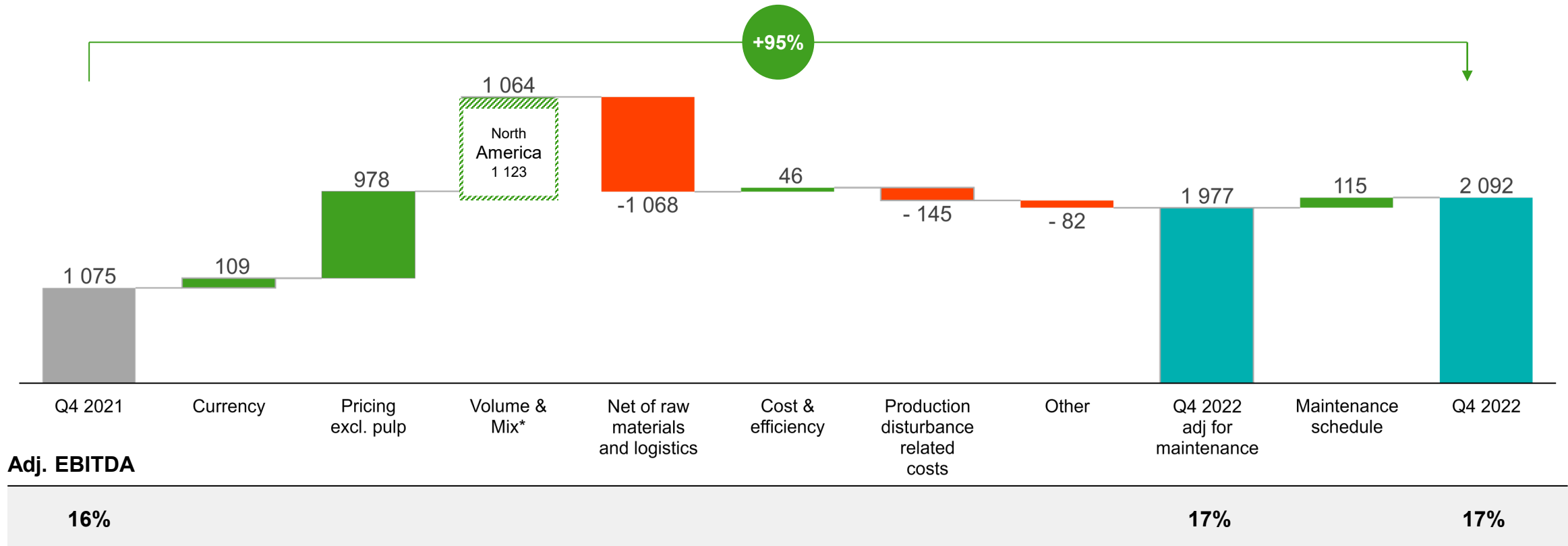


*Consolidation of Verso

Outstanding profitability contribution from North America

Cost inflation exceeds pricing/mix for region Europe





Adj EBITDA, SEKm



*Consolidation of Verso

Market conditions turning less favorable during the quarter

Outlook into Q1 is more challenging with exception being LPB

				
<i>Sales split, %¹</i>				
LPB (8.6bn)	100%			
Cartonboard (3.5bn)	25%		75%	
Containerboard (5.5bn)	80%		10%	10%
Kraft & Speciality Paper (5.2bn) ²	50%		30%	10%
Sack Paper (3.9bn)	15%			85%
Graphical Paper (8.6bn)		100%		
Share of Group Net Sales³	~40%	~20%	~10%	~10%
BK Market status Q4'22	Less favorable	Less favorable	Less favorable	Less favorable
BK Market trend outlook	More challenging	More challenging	More challenging	More challenging

¹⁾ 2022 Net Sales in bn SEK. ²⁾ Excluding medical paper. ³⁾ Total Group Net Sales include Currency hedging and Solutions & Other, not allocated to end-use segments

Stable cost inflation in North America

Pulpwood and chemicals rally cost inflation further in region Europe



**Stable
cost for
fibre**



**Stable
cost for
chemicals**



**Lower
energy
cost**



**Stable
logistics
cost**



**Higher
cost for
fibre**



European wood market continues to be impacted by Russian import stop and high energy prices

**Slightly higher
cost for
chemicals**



Continued sharp price inflation in Europe driven by high energy prices

**Higher
energy
cost**



Majority of electricity consumption hedged

**Stable
logistics
cost**



Product area

Paper

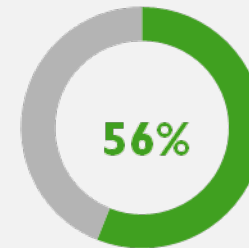


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Product area
Paper

- Net Sales more than tripled – mainly result of inclusion of our North American business
- Organic and FX neutral net sales growth +16% vs previous year
- High double-digit sales growth across all categories
- Volume disappointment due to softer demand and inventory adjustments by some of our customers
- Profitability still on an outstanding level – mainly helped through inclusion of our North American business.



Share of net sales
Q4 2022

SEKm	Q4-22	Q4-21	Change
Net sales	6,710	2,138	214%
<i>of which graphic paper</i>	2,975	–	–
<i>of which kraft and speciality paper</i>	1,634	854	91%
<i>of which sack paper</i>	1,007	756	33%
<i>of which pulp</i>	1,079	517	109%
Net operating expenses	-4,811	-1,792	168%
EBITDA	1,899	346	449%
EBITDA margin	28%	16%	12 pp

Product area

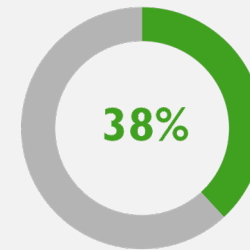
Board



Product area

Board

- Strong sales growth +21% vs previous year.
- FX neutral sales growth +13% vs previous year
- Double digit net sales growth across all categories
- Volume disappointment due to softer demand and inventory adjustments by some of our customers
- Profitability reduction as cost inflation continues to rally while pricing is flat. Some production disturbances imposed extra cost



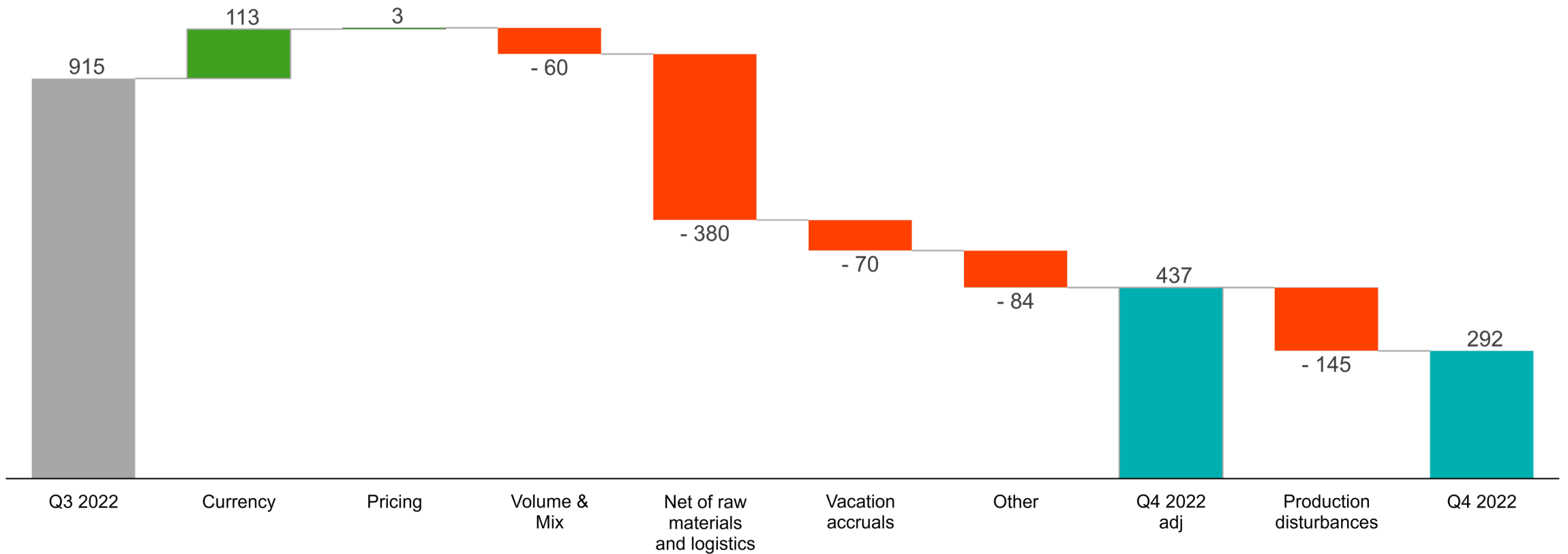
Share of net sales
Q4 2022

SEKm	Q4-22	Q4-21	Change
Net sales	4,564	3,762	21%
<i>of which liquid packaging board</i>	2,224	1,865	19%
<i>of which containerboard</i>	1,447	1,195	21%
<i>of which cartonboard</i>	807	593	36%
Net operating expenses	-4,272	-2,953	45%
EBITDA	292	809	-64%
EBITDA margin	6%	22%	-16 pp

Q4'22 vs Q3'22:

Product Area Board hit by accelerated cost inflation Production disturbances impact result by 3 ppt

EBITDA, SEKm



EBITDA, %

20%

10%

6%

Another quarter with strong cash conversion enables all-time-low net debt leverage. ROCE races to 18%

- Cash flow delivery has been outstanding 2022. Successfully converted most of EBITDA to OCF (83%)
- Strong balance sheet. Net Debt / Adj EBITDA ratio further decreased to 0.6x
- Profitability step-change and inclusion of North America pushing ROCE to all-time-high level of 18%
- Board of Directors proposes an ordinary dividend of SEK 5.5/share and an extraordinary dividend of SEK 2.0/share

Slight change in CAPEX outlook 2023:

- ~ SEK 3.1 bn
 - Base CAPEX SEK 2.2 bn (1.7 Europe // 0.5 NA)
 - Frövi recovery boiler SEK 0.9 bn

SEK m	Q4-22	Q4-21	2022	2021
Operating surplus	2,262	1,185	8,054	3,932
Change in working capital	-644	49	-1,080	197
Net financial items, taxes, etc.	74	-80	-145	-237
Operating Cash Flow (OCF)	1,692	1,154	6,829	3,892
Operative investments	-990	-472	-3,330	-1,526
Operating cash flow after operative investments	702	682	3,499	2,366

SEK m	Q4-22	Q4-21
Net debt	4,581	3,968
Net debt / adjusted EBITDA	0.6	1.0
Adj ROCE %	18%	9%

Billerud launches a new 3-years profit & efficiency enhancement program

1.5 Bn

SEK run rate
end **2025**

... out of which

0.4 Bn SEK
delivered in **2023**





Billerud launches a new 3-years profit- and efficiency enhancement program

- ✓ The cost- and efficiency program we closed in Q4'22 has given us confidence there is much more upside to fulfill company's potential
- ✓ 3 years journey with initiatives that are delivered within and across functions – starting up in region Europe
- ✓ To deliver on our target, we have setup a program office
- ✓ Focus now is to complete the initiative pipeline and secure delivery of already kick-started activities
- ✓ Expect 400M SEK EBITDA impact in 2023. Split 24/2025 TBC






Priorities 2023

No change to our strategic direction

- 
 Deliver on Health and Safety targets
- 
 Deliver on strategic objectives of sales growth through continuous focus on sustainable packaging opportunities and innovation
- 
 Deliver on our strategic profitability goals through focus on mix, price management, production stability and rigorous cost discipline
- 
 Deploy new efficiency program in 2023 delivering SEK 1.5 bn by 2025

Strategic projects and programs well on track

- 
 Frövi recovery boiler (expected start-up Q3 2023)
- 
 Norway BCTMP feasibility ready Q3 2023
- 
 US conversion pre-feasibility ready in H1 2023 defining overall capex needs and timing



Outlook for Q1 2023

- ✔ More challenging market conditions for most product categories, with slower demand for most categories
- ✔ Raw material costs expected to be stable in North America and to increase in Europe
- ✔ Kick-off a 3-years efficiency enhancement programme in region Europe

