



# ABGSC Nordic Materials 2023



Ivar Vatne, CFO and Deputy CEO

# Billerud in brief

Net sales

**42.6**

SEK bn

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

Sales volume

**3.6**

million tonnes



**6,100**

employees



**9**

Production units

Gruvön  
Gävle  
Frövi/Rockhammar  
Skärblacka  
Karlsborg  
Pietarsaari  
Escanaba  
Quinnesec  
Wisconsin Rapid

Share of net sales

**51%**

Product area Paper

**42%**

Product area Board

**7%**

Solutions & Other

# High-quality packaging material of virgin fibre

## PRODUCT AREA BOARD ~ 40% of total Net Sales



Fluting



Liner



3D Paper



Cartonboard



Liquid Packaging Board

## PRODUCT AREA PAPER ~55% of total Net Sales



Graphic Paper



Sack Paper



Kraft paper  
(speciality paper)



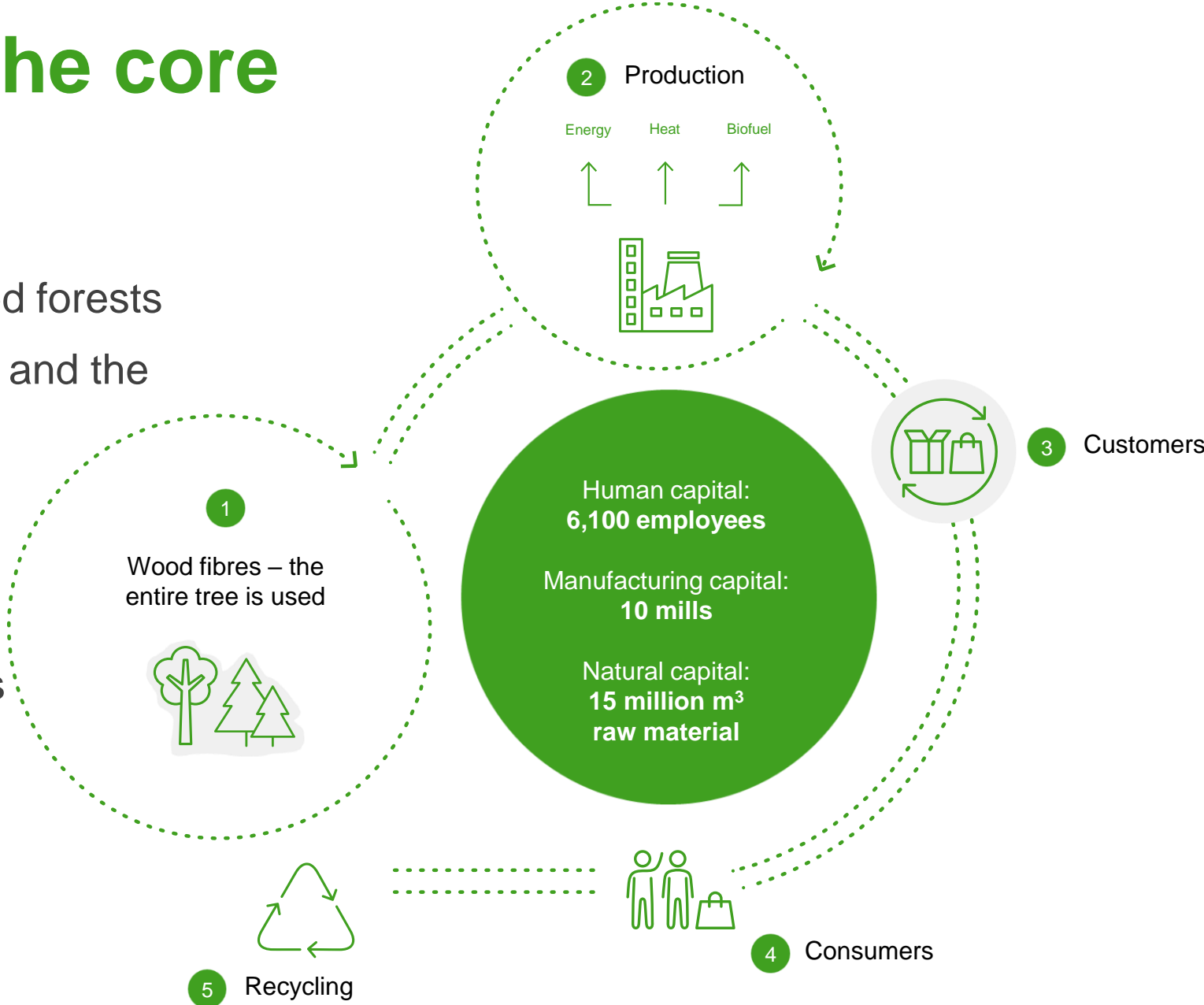
Kraft Paper  
(bags)




Kraft Paper  
(medical)

# Sustainability at the core of our business

- 1. Wood from sustainably managed forests
- 2. Most production run on biofuels and the process creates green energy
- 3. Products that replace less sustainable alternatives
- 4. Biodegradable material
- 5. Recycling creates new products



# Trends affecting our industry and fuels positive category growth



Need for higher sustainability and circularity

Increased need for packaged goods

Digitalisation offer opportunities

Focus on health and safety

Forest as a valuable resource

# 9 production sites in Nordics and US



**Gruvön**  
870 kt/year\*  
Approx. 790  
employees



**Karlsborg**  
335 kt/year  
Approx. 380  
employees



**Escanaba**  
700 kt/year  
Approx. 830  
employees



**Frövi/  
Rockhammar**  
500 kt/year  
Approx. 540  
employees



**Pietarsaari**  
200 kt/year  
Approx. 120  
employees



**Quinnesec**  
400 kt/year  
(paper)  
Approx. 420  
employees



**Gävle**  
755 kt/year  
Approx. 710  
employees



**Skärblacka**  
460 kt/year  
Approx. 630  
employees



**Wisconsin  
Rapids**  
(Sheeting)

\* Production capacity per year

2022

**Macro-economic uncertainty  
in the aftermath of the  
pandemic**

A pair of hands is shown holding a small, colorful globe of the Earth. The globe is centered on the Americas, with North and South America visible. The hands are positioned around the globe, with fingers gently gripping it. The background is dark and out of focus, emphasizing the hands and the globe. The overall mood is one of care and global concern.

# 2022

## Excellent financial results

Organic and currency-  
neutral growth

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**16%**

EBITDA,  
SEK bn

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**8.2**

EBITDA margin

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**19%**

Interest-bearing net  
debt/EBITDA

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**0.6**



# 2022

## Key events during the year

Joint Venture with  
Viken Skog



Acquisition of Verso



Name change



# 2022

## Proposed shareholder dividend

**Ordinary dividend SEK 5.50 and extraordinary dividend SEK 2.00**

- 174% increase compared with 2021
- 28% increase of ordinary dividend



# Strategy for a sustainable, profitable growth

SAFETY FIRST. ZERO LOST TIME INJURIES

DELIVER SUSTAINABLE PROFITABLE GROWTH IN PACKAGING MATERIALS

## COMMERCIAL

- **Paperboard:** Drive the powerhouse in Europe and deliver growth ambition in North America
- **Liquid packaging board:** Long-term profitable growth with select customers
- **Sack and kraft paper:** Improve mix by growing share of target applications
- **Innovation:** Step up impact led innovation

## OPERATIONS

- Improve efficiency to best in class across all mills with one operating framework
- Accelerate KM7 to capacity and release true potential across the three board mills
- Develop and execute the transformation in North America
- Build factory of the future pilot in Norway

## WOOD SUPPLY

- Optimise fibre consumption
- Build long-term partnerships
- Secure competitive fibre availability
- Develop lean, green and flexible wood supply chain

SHAPE A SUSTAINABLE FUTURE

WIN WITH OUR PEOPLE

ONE BILLERUD



# New recovery boiler in Frövi

- A new recovery boiler in Frövi will improve environmental performance and provide opportunities for enhanced efficiency
- The project is proceeding in line with budget and schedule
- Investment amounts to around SEK 2.6 bn, whereof around SEK 900 million during 2023
- Planned to be in operation by the end of 2023



# Joint venture med Viken Skog

- Billerud and Viken Skog explore possibilities for joint production of BCTMP at the Follum mill in Norway
- The site has much of the infrastructure needed for such production
- Competitive wood supply and good transports to Billerud's board mills
- Estimated capacity 200 ktonnes per year

# Expansion in North America



- The acquisition of Verso was the starting point for an expansion in the attractive American market. Creates growth opportunities to 2030 and beyond
- Leading cost position in graphic and speciality paper
- Abundant and competitive wood raw material
- Large and growing market for cartonboard made of virgin fibre
- Billerud's board sales in the US is growing with deliveries from Europe
- Pre-feasibility about the conversion of at least one paper machine to a board machine in Escanaba

The start of 2023...

**Challenging with soft demand  
and all-time high input costs**

# Q1

## Weak demand and high raw material costs

Organic and currency-  
neutral growth

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**6%**

EBITDA,  
SEK bn

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**1.5**

EBITDA margin

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**13%**

Interest-bearing net  
debt/EBITDA

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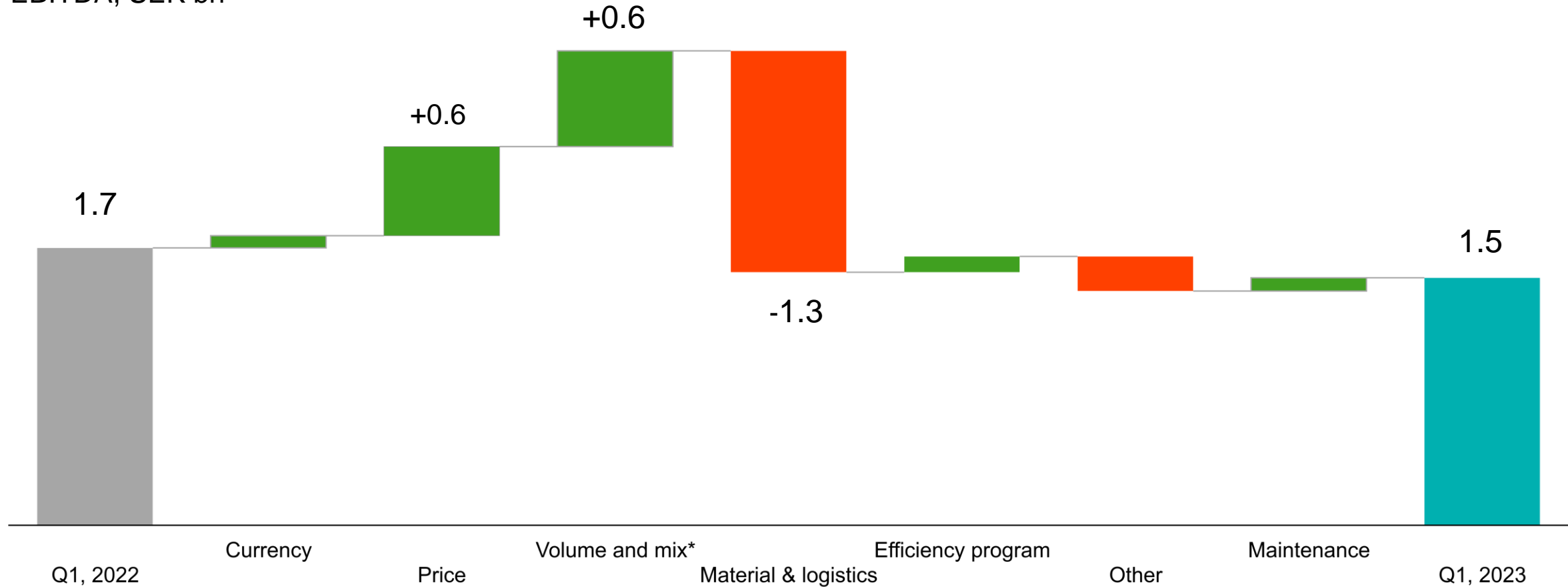
**0.7**



# Q1

The positive impact from price, volume and mix were not enough to offset higher costs

EBITDA, SEK bn



\*Inklusive Billerud North America

# Blastomycosis outbreak - the worst is behind us

- The Escanaba mill was temporarily idled on 14 April to perform additional deep cleaning
- On 8 May resumption of operations started
- Our top priority is protecting the health and safety of our employees and contractors
- We continue to work closely with and follow the recommendations of local, state and federal health experts





## Q2 result will be weak

- ✓ Continued weak market conditions – very slow demand. Customers' destocking still ongoing
- ✓ Some help from raw materials prices coming down, but we see as well sales prices coming down in certain categories
- ✓ Escanaba mill back in production after idling for 3 weeks
- ✓ Annual shuts in Gruvön and Skärblacka completed
- ✓ Expect to land EBITDA SEK 100-200M

# Priorities for the rest of 2023

- ✓ Deliver and accelerate our efficiency enhancement programme  
- Raised the ambition to 600M SEK delivery for 2023
- ✓ Selective curtailments in combination with a focus on price and mix management
- ✓ Cash flow conversion with tight control on working capital
- ✓ Tough choices on cost and investments may result in postponed activities

## Strategiska projekt på god väg

- Frövi recovery boiler, expected start-up Q3
- Norway BCTMP feasibility study, ready Q3
- US conversion pre-feasibility, ready later in 2023 defining overall capex needs and timing

