



BILLERUDKORSNÄS

WHAT IF packaging  
could make a difference?

# BillerudKorsnäs at a glance

Net sales 2018

**23.7**

Billion SEK



Employees 2018

**4 500**



Operating profit\* 2018

**2.0**

Billion SEK

EBITDA margin\* 2018

**15%**

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM

Production capacity

**3.0**

M Tonnes per year

**8**

Production units

Frövi, Rockhammar  
Gruvön, Gävle  
Skärblacka, Karlsborg,  
Jakobstad, Beetham

Divisions

**57%**

Board

Share of net sales\*\*

**39%**

Paper

Share of net sales\*\*

**4%**

Solutions

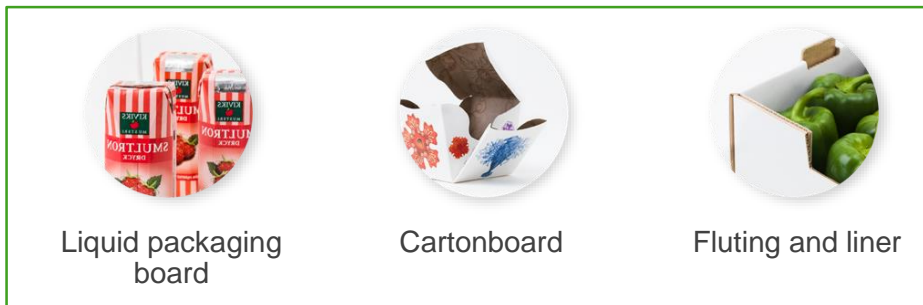
Share of net sales\*\*

\* Excl items affecting comparability

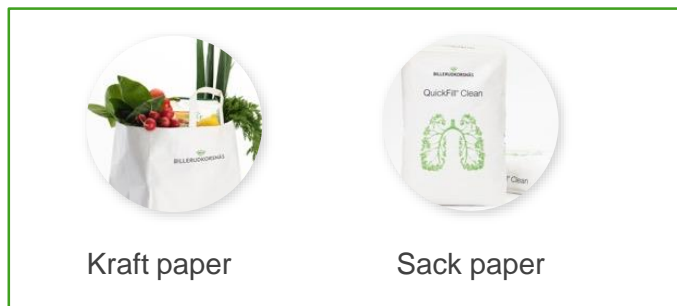
\*\* Excl Other and Currency Hedging etc

# Leading position in first-class material segments

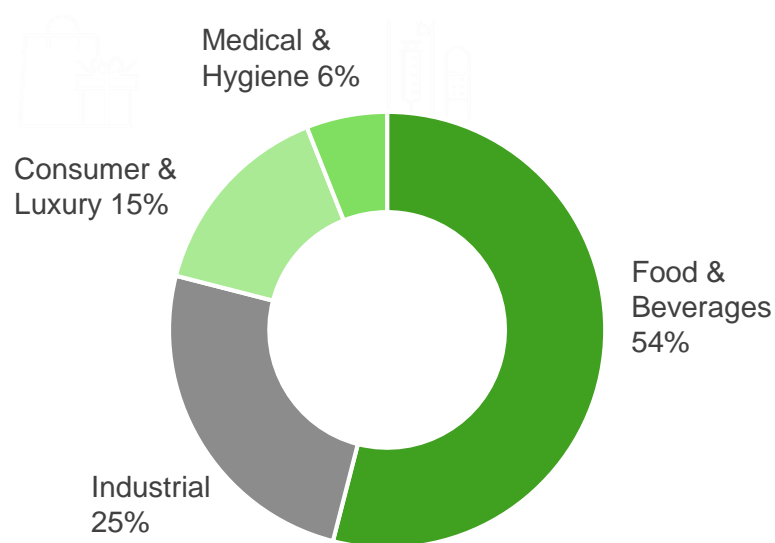
## Division Board



## Division Paper



## Net sales by market segment



# Division Solutions drives asset-free packaging solutions

- ⦿ **Managed packaging** – single contact for full control of the brand owners' package supply chain
- ⦿ **Packaging solutions** – leverage our strength of paper competence – ideally direct contact with brand owners
- ⦿ **Ventures** – focus on entering promising start-ups further down the value chain as an active owner – capture & adopt learnings and new industry trends



# Megatrends driving growth for renewable packaging



Demographics and urbanisation



Sustainability awareness



Digitalisation



Globalisation





# Well invested for future growth

2012

Jakobstad



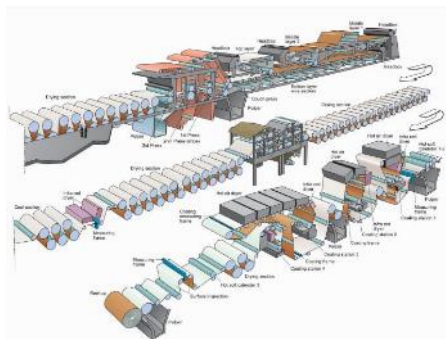
Tervasaari



**UPM acquisition:**

Production capacity: ~300 ktonnes

2013-2017



**Production capacity increases:**

Frövi/Rockhammar: ~95 ktonnes  
 Skärblacksa: ~20 ktonnes  
 Gruvön: ~40 ktonnes  
 Gävle: ~25 ktonnes

2018



**PM10 Skärblacksa:**

Production capacity: ~90 ktonnes  
 Products: MG-papers

2019



**KM7 Gruvön:**

Production capacity: ~550,000 tonnes  
 Products: Liquid packaging board, cartonboard and liner

# Long-term financial targets

Net sales growth	3-4%
EBITDA margin	>17%
ROCE	>13%
Net debt/EBITDA	<2.5
Dividend ratio	50%

# Execution for profitable growth

WE CHALLENGE CONVENTIONAL  
PACKAGING FOR A SUSTAINABLE FUTURE

DRIVE PERFORMANCE



PROFITABLE GROWTH  
BY CREATING  
CUSTOMER VALUE



ACCELERATE SPEED IN  
INNOVATION



EXPAND OUR  
SOLUTIONS BUSINESS



WINNING WITH OUR PEOPLE

Think new – Feel responsibility – Cooperate – Create value



# Drive performance

- ④ Safe and stable production
  - › Paradigm shift in safety mindset
  - › Reach planned capacity increases
  - › Production excellence program (PEX)
- ④ Cost reduction program
  - › Purchasing effectiveness
  - › Efficiency improvements throughout the business
  - › Employee reductions
- ④ Footprint
- ④ Standardized way of working
- ④ Competitive wood supply



# Profitable growth by creating customer value

- ④ Focus our offer to maximize customer benefits and our profitability
  - › Product portfolio optimization
  - › Targeting attractive segments
  - › Value offering to strengthen customers' business
  - › Deeper relationships and better understanding of customers' customer
- ④ Increase production capacity



# Accelerate speed in innovation

- ④ Increase speed to market
  - › Well defined product development and focused commercialization process
  - › Fewer but faster
- ④ Execute flagship pipeline
  - › LPB bio barriers
  - › MFC CTMP boost
  - › Paper bottle
  - › Flow wrap
  - › Paper battery

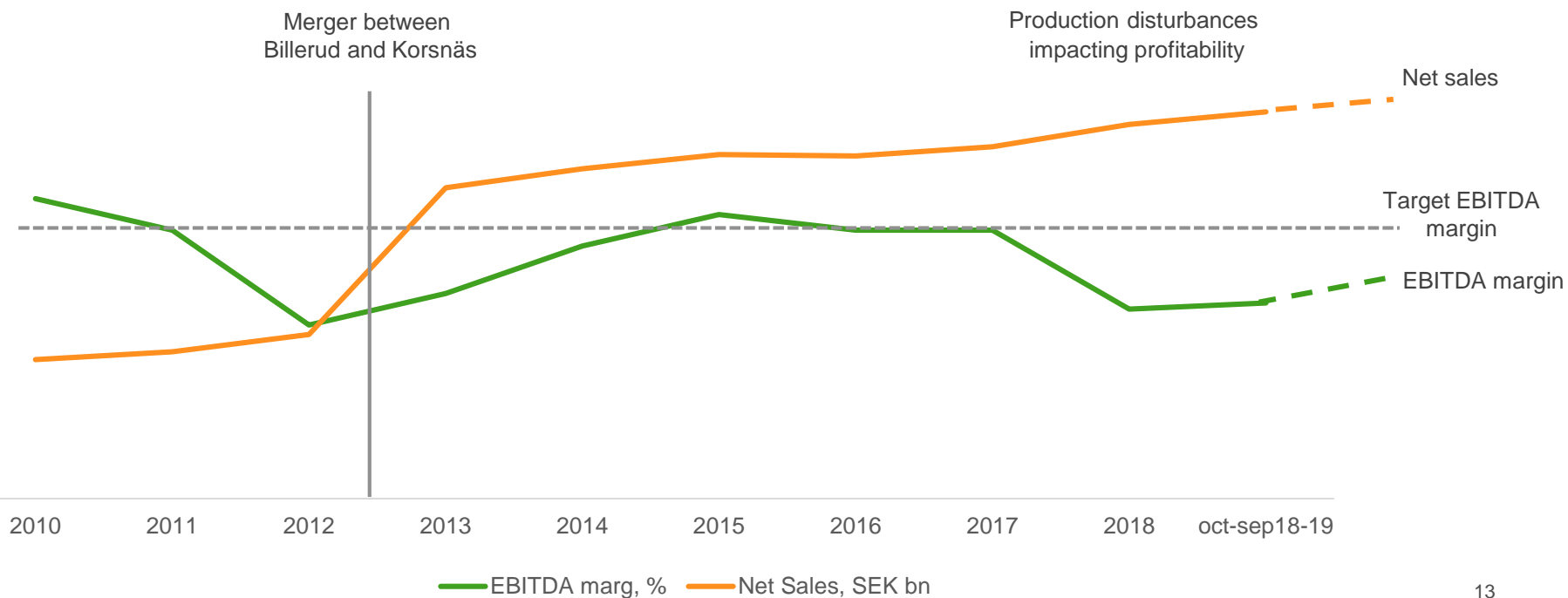


# Expand our solutions business

- 🕒 Organic growth of solution sales
  - › Managed packaging
  - › Brand owner partnering
  - › New packaging solutions
- 🕒 Growth through acquisitions

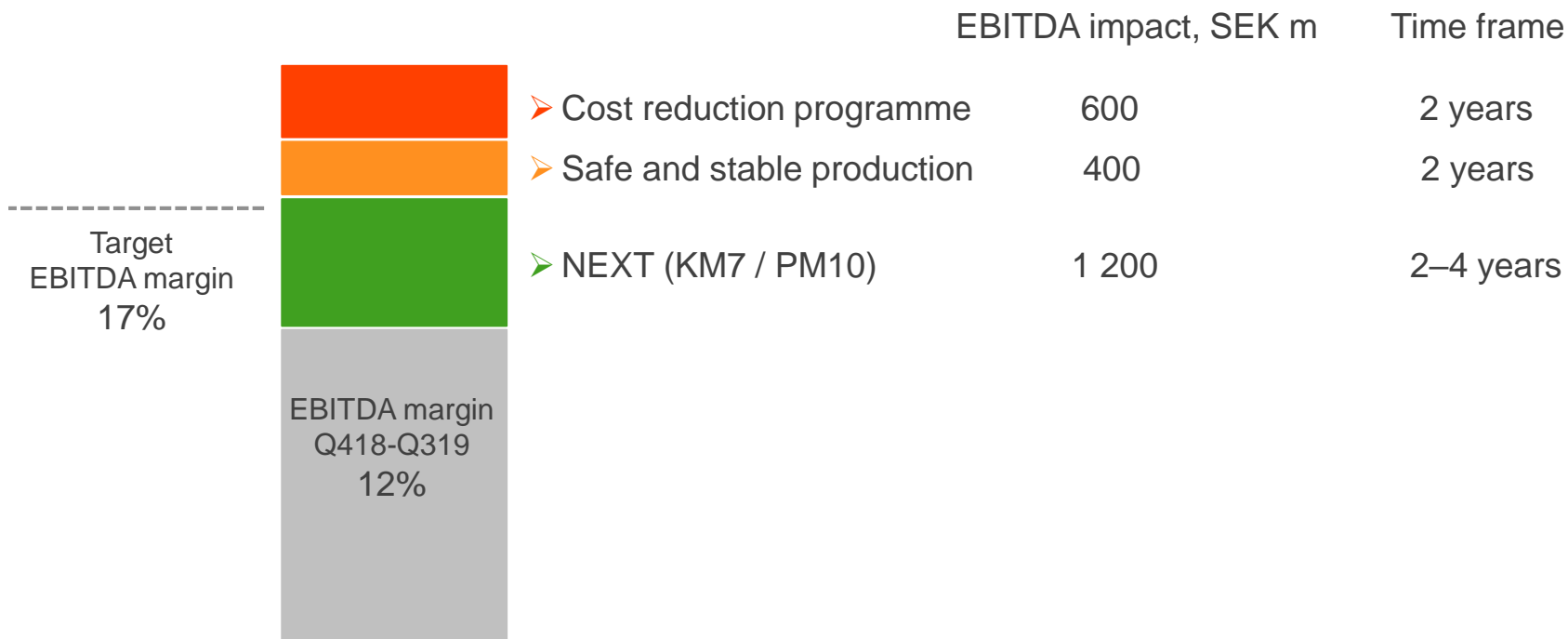


# Growth and profitability until today





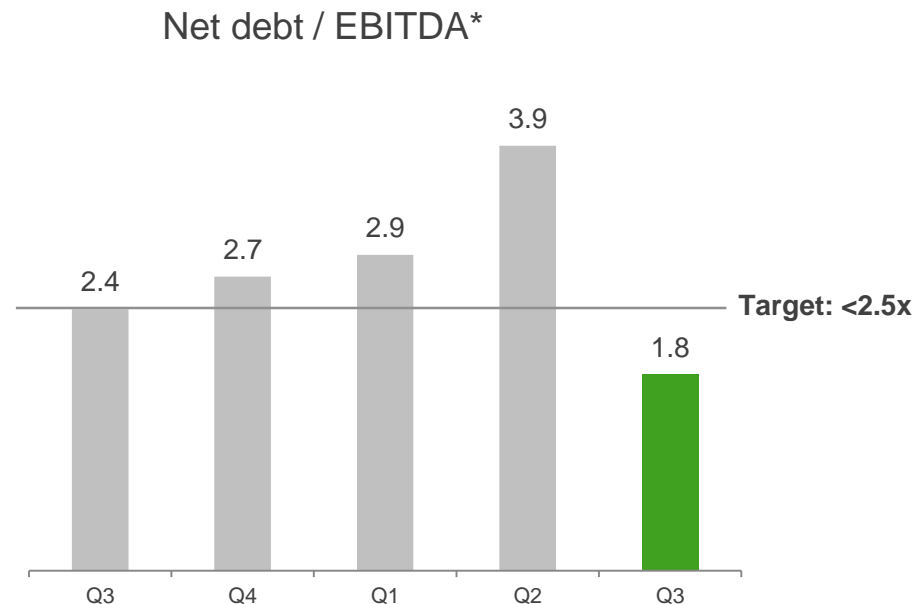
# Our plan for execution on profitable growth





# Strong balance sheet

- ⌚ Net debt EBITDA ratio well below target
- ⌚ At 30 September net debt SEK 5.5 billion
- ⌚ Dividend payment approx. SEK 445 million 18<sup>th</sup> November



\* Based on past 12 months EBITDA (Q418-Q319). Adjusted for items affecting comparability.

# Summary and Q4 outlook

- ⌚ Strong financial position and reviewed strategic priorities for the next five years
- ⌚ The market for Division Board is expected to be stable
- ⌚ Weaker market conditions in some segments, particularly brown sack paper and kraft paper for industrial use, with increased pricing pressure
- ⌚ Slightly lower total cost of fibre due to lower pulpwood prices
- ⌚ KM7 start-up effects of approx. SEK 180 million
- ⌚ Focus on operational efficiency and cost savings

# Q&A





# BILLERUDKORSNÄS

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