



BILLERUDKORSNÄS

ANNUAL REVIEW 2015

**WE CHALLENGE
CONVENTIONAL
PACKAGING
FOR A SUSTAINABLE
FUTURE**



CONTENTS

Flap Contents	10 Strategy	34 Packaging Paper	54 The BillerudKorsnäs share
Key events 2015	11 Position	38 Consumer Board	56 Glossary
1 BillerudKorsnäs	14 Innovation	42 Corrugated Solutions	57 Addresses
2 CEO's statement	18 Sustainability	46 Headline figures	
4 Four global megatrends	22 Efficiency	48 Quarterly data	
6 Strategic platform	26 Employees	49 Key figure definitions	
8 Mission	30 Three business areas	50 Senior Management Team	
9 Long-term target	32 Market overview	52 Board	



SUSTAINABLE SACK THAT BECOME ONE WITH THE CEMENT
Read more on page 21



LUXURY CHALK-WHITE BOARD HELPS CHAMPAGNE HOUSE TO STAND OUT
Read more on page 41



WORLD'S STRONGEST FLUTING NOW EVEN STRONGER
Read more on page 16



BillerudKorsnäs' Annual Review combines with its Annual Report and Sustainability Report to form the Group's comprehensive reporting for 2015. The Sustainability Report follows the guidelines of GRI G4 and is externally audited.



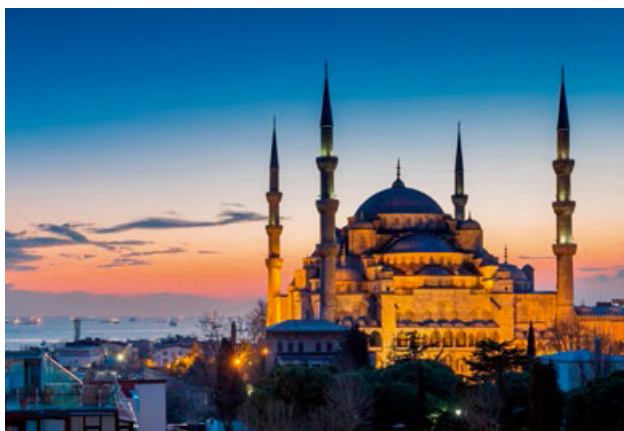
KEY EVENTS 2015

Aggressive growth target **3–4% per year**

BillerudKorsnäs will grow faster than the market for packaging paper and board. 2015 saw the introduction of a long-term target for 3–4% organic growth per year.

FEASIBILITY STUDY ON MOVING A PAPER MACHINE TO SKÄRBLACKA

In order to improve production efficiency in the growing segment of kraft paper, the decision was taken to close the MG-paper machine in Tervasaari, Finland. A feasibility study into potentially moving the machine to Skärblacka in Sweden was launched during the year, and the study will also consider investment in surface treatment capacity for MG-paper. These investments would secure the production unit's position as the most efficient in the world in this particular paper segment.



New sales offices opened in **Durban, South Africa and Istanbul, Turkey.** We also boosted our presence in New Delhi, Miami and Singapore.



World-class climate work

BillerudKorsnäs' extensive climate work was rewarded with a place on CDP's A List – the only Swedish company on the list. The list of companies demonstrating global leadership in climate improvement measures is compiled on behalf of 822 institutional investors that manage EUR 86 000 billion in funds.



HUGE INVESTMENT EXPLORED

2015 saw the launch of a feasibility study into investing SEK 4–6 billion in a new board machine in Gruvön to meet higher demand, for a globally growing market for liquid packaging board and cartonboard.

BREAKTHROUGH FOR SYSTEM SALES

Our joint venture, FreeForm Packaging, sold its first complete system solution comprising a FreeFormPack machine and deliveries of FibreForm material.



INVESTMENTS IMPROVE QUALITY AND CAPACITY

During the year, a paper machine in Gruvön was rebuilt at a cost of SEK 180 million, one in Skärblacka was rebuilt for SEK 260 million and there was a further expansion of capacity on the board machine in Frövi and pulp mill in Rockhammar.

25% INCREASE IN THE NUMBER OF DEVELOPMENT PROJECTS

BillerudKorsnäs strengthened its R&D organisation over the year in order to increase its commitment to innovation and the development of new products.



Photo: F. Latreille

PARTNERSHIP WITH TARA ON PLASTICS CRISIS IN THE OCEANS

As part of our work to promote our packaging solutions as a sustainable alternative, we began a partnership with Tara Expeditions in France. The organisation's work includes basic research and raising public awareness of plastic pollution in the world's oceans.

BALTIC PELLET BUSINESS SOLD

2015 saw the sale of the Baltic pellet manufacturer SIA Latgran, in which BillerudKorsnäs owned a 75% stake. The sale price totalled EUR 104 million.

Containerboard becomes Corrugated Solutions

On 1 January 2016, the Containerboard business area changed its name to Corrugated Solutions. The new name reflects changes in the business area aimed at **increasing the focus on solutions that add value for brand owners around the world.**



-9%

BillerudKorsnäs' emissions of fossil CO₂ from production fell by 9% in 2015

BILLERUDKORSNÄS

– SPECIALISED AND FOCUSED COMPANY

BillerudKorsnäs offers the global packaging market **world-leading paper and board material and smart solutions for optimal and sustainable packaging.**

Leading position in growth markets

The company has leading global and regional positions in growing product segments. Our 2 000 customers are packaging manufacturers, brand owners and large retail and supermarket chains in more than 100 countries.

Innovation a priority area

We challenge conventional packaging by leading industry development and bringing new products and solutions to market. In so doing, we are constantly pushing the boundary of what paper-based products can be used for.

Clear growth strategy

BillerudKorsnäs will grow faster than the market for packaging paper and board. We will achieve this by shifting our position geographically and in the value chain, developing new products, making our production more efficient and offering sustainable alternatives.

Sustainability drives the business

BillerudKorsnäs is driven by sustainability as a natural and integral part of the whole business and value chain. The raw material comes from sustainably managed forests and manufacturing takes place in resource-efficient production units that are constantly improved to minimise their environmental impact. Our products and solutions often assist in solving many of the challenges that the world currently faces.

Focus on long-term value for shareholders

The Group's current financial strength allows for investment in its own structure as well as strategic acquisitions. BillerudKorsnäs' target is to generate a 13% return on capital employed and distribute 50% of net profit to shareholders as dividends.

CUSTOMERS

Packaging manufacturers, brand owners and large retail and supermarket chains.

BUSINESS AREAS ¹

Packaging Paper, 39%
Consumer Board, 37%
Corrugated Solutions, 15%

SALES OFFICES

China, France, Germany, India, Indonesia, Italy, Singapore, South Africa, Spain, Sweden, Thailand, Turkey, United Arab Emirates, United Kingdom and the USA.

PRODUCTION

Sweden, Finland and the UK.

NUMBER OF EMPLOYEES

4 200

NET SALES

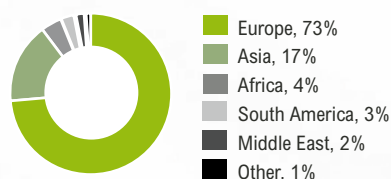
SEK 21.8 billion

OPERATING PROFIT

SEK 2.6 billion

¹ Share of Group net sales

NET SALES BY REGION



NET SALES BY MARKET SEGMENT





CEO'S STATEMENT

2015 was a year that once again clearly showed BillerudKorsnäs' capacity to build value for customers, shareholders and partners. Despite some disruptions to production in the fourth quarter, the year has been successful overall. We were true to our word: we achieved our profit targets, continued the integration work, made advances in the market and saw good results in the development portfolio.

The company is strong and the mood across the organisation is good.

TARGETS EXCEEDED, NEW ONES SET

All the financial targets were achieved – operating margin, return on capital employed and net debt/equity ratio – plus the dividend target and our new target for long-term growth of 3–4% per year. The weakness of the Swedish krona naturally aided the situation, but I am nonetheless very happy with the performance.

Over the year we have established new financial targets that will apply from 2016. The new targets have been set on the basis of growing stability in the underlying results that BillerudKorsnäs has posted in recent years and should be seen as the baseline that is to be achieved regardless of the economic cycle.

INNOVATION TOOK OFF

Over the year, we continued our focus on innovation aimed at adding value for the customer, generating strategic competitive advantages for us and contributing to a lower environmental impact in society. Since 2013, we have increased the number of projects fivefold, doubled the number of employees in research and development and increased investments by 180%.

We have an ambitious target that 20% of our turnover will be generated by new products by the year 2020. Although our current percentage is close to that target, it will take major development initiatives to maintain that high level in the future.

BREAKTHROUGH FOR SYSTEMS

Alongside our traditional product development, which has further contributed to profitable growth, we are also focusing on the development of new service concepts and business models. Over the year, we have worked further on integrating the

business model for “Managed packaging” into the Containerboard business area, which is now changing its name to Corrugated Solutions. Other concrete examples include investment in value-adding systems, which made their breakthrough during the year: two systems for FreeForm Packaging and two systems for Axello Zap were brought to market in 2015. This is a brand new way of advancing up the value chain, which involves BillerudKorsnäs working with machine suppliers to develop optimal packages for the customer's needs, based on our materials and solutions. A total solution for our customers.

CONTINUED EXPANSION

In parallel with the expansion in the value chain, we strengthened our local presence in growth markets, particularly in Asia but also in Africa. New sales offices were opened in Istanbul and Durban.

SUSTAINABILITY INTEGRAL

Our sustainability work was recognised on many fronts over the year, not least by Carbon Disclosure Project (CDP) which put us in the top category of companies demonstrating global leadership in climate improvement measures. When it comes to our role as an attractive employer, we are also coming higher and higher in various rankings.

Since our products – paper and board for packaging – are based on raw material from growing forests, BillerudKorsnäs is part of the solution to many of the world's major challenges in the area of sustainability. Packing goods in paper instead of fossil plastics or metals saves finite resources. We also drive sustainability issues throughout our value chain, together with customers, suppliers and

partners. We aim to maximise our positive contribution to a sustainable future and minimise the negative impact of our business.

DISRUPTIONS TO PRODUCTION

The company's substantial programme of investment in production to increase capacity, quality and sustainability continued over the year. However, these rebuilds and expansions have also created their own problems. Following complex rebuilds, it has taken time to get back to normal production, sometimes longer than planned. This was unfortunately particularly evident during Q4 in Frövi.

As a consequence of this, in 2016 we will be limiting the number of major investments, in order to allow those already implemented to reach planned capacity and performance levels. Another lesson is that we must be even more meticulous in our investment planning and develop the partnership with our contractors.

MAJOR NEW INVESTMENTS

During the year, we took the decision to close the non-integrated production in Tervasaari, Finland. This was a tough decision, not least because the local team has worked particularly hard to improve profitability. Unfortunately, this was not enough to resolve the issue. We are instead now investigating the possibility of moving the machine to Skärblacksa, in order to secure that production unit's position as one of the most efficient in the world in white MG paper. In the long term, the closure and the potential move will improve the structure and margins of the Packaging Paper business area.

We are now conducting a feasibility study into adding a new board machine



We want to improve on every front: **sustainability, innovation, market position and efficiency.** TO MAKE EVERYTHING BETTER.

And this is realised through our employees, through diversity and cooperation.



in Gruvön, to increase long-term capacity in the Consumer Board business area. This would improve the production structure and profitability across the Group and make it possible to grow in line with the strategy for Consumer Board.

PAVED WAY FOR ACQUISITIONS

The company's low and steadily falling levels of debt provide a strong foundation for future opportunities, in terms of both organic growth and acquisitions. What could be of interest would be acquisitions of businesses in the same part of the value chain as BillerudKorsnäs. The long-term priority is to find businesses outside Sweden, in order to reduce currency exposure. However, the weak Swedish krona, combined with high valuations, means that acquisitions outside Sweden

are hard to justify at this moment in time. Right now, we are therefore looking at smaller, complementary acquisitions, which I believe could hold great potential.

MAKE A CONCRETE DIFFERENCE

It is naturally a real challenge to keep the whole company on track with all the developments that are now occurring on many levels in parallel with regular operations. We want to improve on every front: sustainability, innovation, market position and efficiency. To make everything better. And this is realised through our employees, through diversity and cooperation.

The guiding light for everything BillerudKorsnäs does is to challenge. We challenge conventional packaging, we challenge existing business models and we challenge ourselves. Many companies

talk about innovation, sustainability and development, us included, our results show that we can make a real difference. And in so doing, we continue to create added value for customers, owners, partners and society.

I would like to extend my thanks to our customers, owners and partners for their trust and loyalty, and to our employees for their great work during the year.

Solna, March 2016

Per Lindberg
President and CEO

4 GLOBAL MEGATRENDS

The increasingly rapid pace of change in the world is also reflected in the global packaging market, which faces various changes in the different geographical markets. **Increases in global trade, urbanisation, digitalisation and greater awareness of sustainability issues offer major opportunities for BillerudKorsnäs.**

Globalisation

Global trade has risen dramatically in the past 20 years. Growth markets currently account for 42% of global exports, compared with 19% in 1990¹. China has overtaken the USA as the biggest trading nation and Asia stands at the epicentre of global supply chains. Products are composed of parts from several countries and consumption of goods takes place far from the point of manufacture. This creates demand for packaging that can handle distribution over long distances. This trend is driven by lower transport costs, fewer barriers to trade and more efficient and cheaper communications technology. Brand owners' supply chains are becoming increasingly complex, which means there is a market for solutions that simplify and optimise the supply of packaging.

Urbanisation

Over half of the world's population, 54%², now lives in cities and that figure is rising all the time. By 2030 it is predicted that 60% will live in cities, amounting to over 5 billion people². The fastest pace of urbanisation can be found primarily in Asia, Africa and Latin America. A growing urban middle-class with new consumption patterns is steadily emerging. Leisure time is becoming precious, which is leading more people to do their food shopping at supermarkets. This in turn means that supermarkets and retail chains require packaging that is easy to handle, ensures a long shelf-life and attracts consumers. For example, cartonboard for beverages is expected to see annual growth of 3.0–3.5% up until 2025, with Asia accounting for most of that demand⁴. As the number of single-person households rises, demand is also rising for fast food, convenience food, small packs and practical on-the-go packaging for take-away food and beverages.

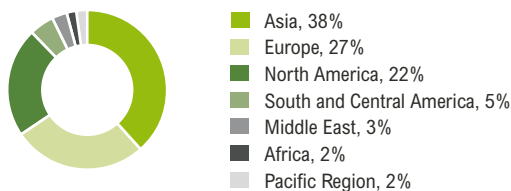
In addition, growing prosperity is leading to a general improvement in the standard of infrastructure and housing, which is creating demand for construction materials that apply cost-effective and sustainable packaging solutions. Annual demand for cement, for example, is growing by 5%, primarily in China and India⁵.

As the population lives longer, with rising economic resources, demand is also increasing for medicines and health products packed in smart, sustainable and safe packaging.



China has overtaken the USA as the biggest trading nation and Asia stands at the epicentre of global supply chains.

GLOBAL PACKAGING MARKET BY REGION³



GLOBAL PACKAGING MARKET BY MARKET SEGMENT³



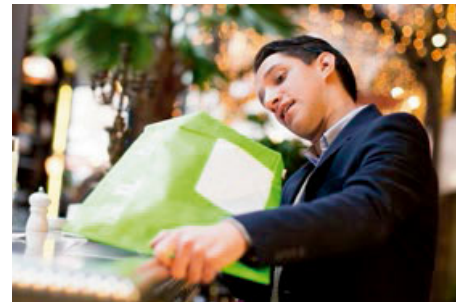
¹ Global trade unbundled, Standard Chartered PLC 2014 ² UN World Urbanization Prospects: The 2014 Revision ³ Smithers Pira, 2014 ⁴ BillerudKorsnäs analysis by Zenith International, 2015 and Pöry, 2015 ⁵ Freedonia World Cement Report, 2013



Over half of the world's population, 54%, now lives in cities and that figure is rising all the time.

Digitalisation

Over 40%⁶ of the world's population has access to the internet, which is fuelling a rise in e-commerce. This, in turn, is radically changing the ground rules for marketing and sales of goods and services. The growth in e-commerce is increasing demand for custom packaging and logistics services. The need for safe, strong and smart packaging that is also easy to open and re-seal for returns, is on the rise.



Scarce resources

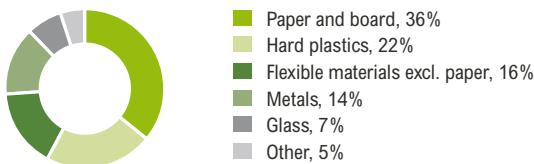
A major challenge for many countries, companies and individuals today is to promote economic, environmental and social sustainability. Awareness that the world's resources are running out has driven up demand for goods and services based on renewable raw materials rather than fossil ones.

More and more countries are introducing tougher packaging legislation, not least the USA and China. Regulations and controls are becoming tougher and this places new requirements on the whole life cycle of packaging. In this context, paper and board have major advantages over plastic, metal and glass.

Food waste also represents an enormous squandering of resources and is a global problem, with estimates suggesting that a quarter of the losses over long periods in transit are due to weak packaging. By 2030, per capita global food waste is to be halved at the retail and consumer level and food losses reduced along production and supply chains under the UN's new Sustainable Development Goals⁷. Packaging also has to meet food safety standards and be part of a system for recycling and waste management.



GLOBAL PACKAGING MARKET BY MATERIAL³



⁶ Digital, Social & Mobile, We are Social, Jan 2015 ⁷ UN Transforming our world: The 2030 Agenda for Sustainable Development, 2015

STRATEGIC PLATFORM

BillerudKorsnäs' strategic platform combined with strategic targets is a powerful tool for the company's future development and success. It was launched towards the end of 2014. It has been rolled out and incorporated across the organisation over the year.

**WE CHALLENGE
CONVENTIONAL PACKAGING FOR
A SUSTAINABLE FUTURE**

page 8

PROFITABLE GROWTH

page 9

<p>POSITION Expand geographically and in value chain.</p> 	<p>INNOVATION Increase industry lead.</p> 	<p>SUSTAINABILITY Drive sustainability throughout value chain.</p> 	<p>EFFICIENCY Improve continuously.</p> 
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page 10

PEOPLE DRIVE CHANGE
Think new – Feel responsibility – Cooperate – Create value

page 26



WHY?

Why is BillerudKorsnäs here?

Our mission is to challenge conventional packaging for a sustainable future. It guides everything we do.

WHAT?

What do we want to achieve?

Our concrete long-term target is profitable growth, which is essential if we are to fulfill our mission.

HOW?

How will this long-term target be achieved?

Profitable growth will be achieved with the help of our strategy, split into four categories:

- Position
 - Expand geographically and in the value chain
- Innovation
 - Improve the company's leading position
- Sustainability
 - Drive sustainability throughout the value chain
- Efficiency
 - Improve continuously

WHO?

Who will drive the processes forward?

The employees will drive the work on managing change. Engaging the workforce and getting everyone on board requires a clear set of values, communicative leadership and an attractive workplace.

KPIs AND TARGETS

In 2015 decisions were taken on which Key Performance Indicators – KPIs – and targets would apply for the different elements of the strategic platform. In 2016, the targets will be broken down for each part of the business in order to effectively measure successes and make necessary adjustments, all with sights firmly set on realising BillerudKorsnäs' mission: **We challenge conventional packaging for a sustainable future.**

Mission

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

The mission reflects BillerudKorsnäs' focus on offering the packaging market sustainable materials and new solutions that increase customers' profitability while at the same time reducing the overall environmental impact. **It is based on three elements: the challenger, the packaging and the future.**

BillerudKorsnäs is the challenger that offers innovative and sustainable packaging material and solutions that can challenge existing business models and add value in a new way.

The key is to be innovative and to question established ways of thinking and working. The starting point is material based on pure, strong, light primary fibre from sustainable forestry in the Nordic region, combined with our know-how

and innovative thinking on process and packaging technology, design, logistics and customer needs.

By applying a holistic approach to packaging systems, BillerudKorsnäs is able to offer customers truly competitive alternatives to conventional, and less sustainable, solutions in plastic, glass and metal.

Underpinning all this is BillerudKorsnäs' broad vision for a sustainable future and a conviction that we can make

a difference. Our products and solutions can often be part of the solution to many of the major challenges currently faced by the world, such as climate change, food waste and pollution. The more our market grows at the cost of the market for conventional packaging solutions, the more we contribute to sustainable development.



Long-term target

PROFITABLE GROWTH

BillerudKorsnäs will grow faster than the directly comparable market for packaging paper and board. **The company's new target is to grow organically by 3–4% per year.** We will achieve this by challenging the broad market for packaging material and solutions that use materials such as plastic, metal and glass. We work continuously to increase profitability by improving the efficiency of our own production structure and product development.

Financial targets

To support BillerudKorsnäs' target for profitable growth and shareholder return, the following financial targets have been introduced for 2016 onwards.

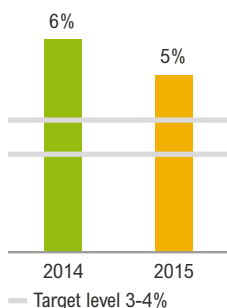
GROWTH TARGET

Long-term target for organic growth of 3–4% per year. This replaces the previous target for organic growth of 15–20% by 2018, compared with 2013.

TARGET

3–4%

OUTCOME **5%**



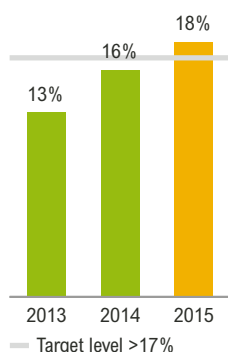
EBITDA MARGIN

The EBITDA margin should exceed 17%. This replaces the previous target that the operating margin should on average exceed 10% over a business cycle.

TARGET

> 17%

OUTCOME **18%**



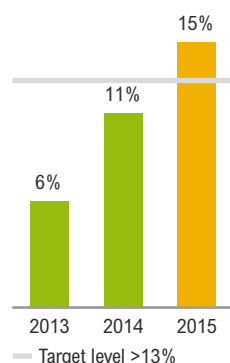
RETURN ON CAPITAL EMPLOYED

Return on capital employed (ROCE) should exceed 13%. This replaces the previous ROCE target over a business cycle.

TARGET

> 13%

OUTCOME **15%**



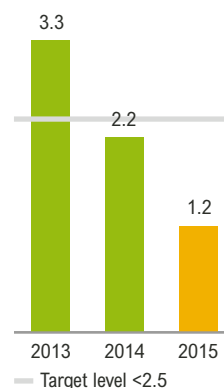
INTEREST-BEARING NET DEBT/EBITDA

Interest-bearing net debt in relation to EBITDA should be below 2.5. This replaces the previous target for the net debt/equity ratio to be below 0.9.

TARGET

< 2.5

OUTCOME **1.2**



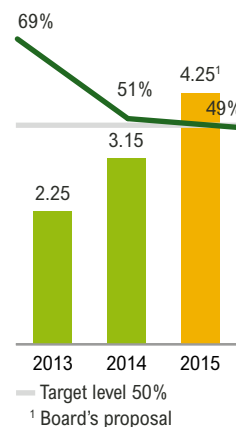
DIVIDEND POLICY

The dividend should amount to 50% of net profit. The dividend policy remains unchanged.

TARGET

50%

OUTCOME **49%¹**



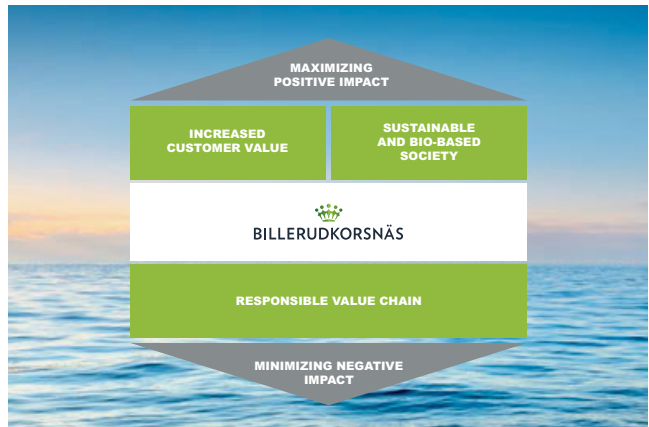
STRATEGY FOR THE FUTURE



Position

BillerudKorsnäs will expand its position geographically, in order to continue establishing a presence in growth markets, and move up the value chain, for example by developing packaging solutions directly with brand owners.

Page 11



Sustainability

BillerudKorsnäs sees a strong link between profitable growth and sustainable business. The ambition is that the whole value chain will be run sustainably in order to increase customer value, reduce negative impacts and maximise our positive contribution to a sustainable future.

Page 18



Innovation

The company is focusing strongly on innovation in order to sharpen its offering, increase the benefit to customers and secure its position in the market.

Page 14



Efficiency

Strategic investments and continuous improvements in structure and efficiency deliver manufacturing with world-class process efficiency.

Page 22

Position

– EXPAND GEOGRAPHICALLY AND IN THE VALUE CHAIN

BillerudKorsnäs has a strong ambition to expand its business. Growth will occur in two dimensions, through an increased presence in growth markets and by moving up the value chain, where our know-how and unique packaging materials and solutions are able to add value.



GEOGRAPHIC EXPANSION

Europe accounts for almost 75% of BillerudKorsnäs' sales – a stable market with relatively low growth overall, although growth levels vary across different segments. To achieve high growth, we continue establishing ourselves in markets outside Europe.

By far the strongest growth is expected in Asia, with its changing social structure and consumption patterns, plus rising demand for sustainable products and solutions.

Over the year, we established a presence in Durban, South Africa and Istanbul, Turkey, as well as further expanding the capabilities of our existing sales offices. BillerudKorsnäs now has a local presence in 15 locations around the world.

Close collaboration with customers and strategic partners all over the globe provides us with a deeper understanding of the various markets and greater opportunities to offer solutions along the whole value chain.

EXPANSION IN THE VALUE CHAIN

Much of BillerudKorsnäs' sales are to packaging manufacturers. The brand owners that purchase packaging solutions from our customers are increasingly conscious decision-makers when it comes to choosing between different materials and solutions, which means that we can get involved and add value, as the focus shifts from the cost of the packaging to the benefits that it brings.

There are also direct business opportunities further along the value chain. For example, we offer global brand owners and retail chains with manufacturing in Asia sustainable and cost-effective packaging and logistics solutions. The offer, called Managed Packaging, reduces the customer's distribution costs, strengthens their brand and guarantees the same quality all the way to the store. This business model means that we are able to quickly deliver global solutions to customers in several different countries.



**KENYA OPENS
DOOR TO
GROWTH MARKET**

BillerudKorsnäs' work in Kenya is now paying off: for example, sales of white paper for dry goods such as flour, sugar and grain have doubled in two years and we have good reason to hope that this strong development will continue.

An important reason why our paper is in particular demand here is its strength. The long fibres are needed to handle the tough stresses that flour packaging, for instance, is subjected to. During the journey from the flour mill to the Kenyan consumer, the packaging may be manually handled up to seven times.

Since the country has also had major problems with corn flour – which can become unfit due to poor storage and distribution – extra high standards are required for the paper's food safety.

These successes in Kenya, and also in South Africa, have boosted our interest in establishing ourselves in more markets in Africa. Starting with these two countries and working via established contacts, we are planning to increase our presence on the African continent.

CASE

Every year one of our customers, an international brand owner, produces millions of garments in Asia, which are then shipped in containers to the European and American markets. Their old packaging was not optimised for containers, which caused unnecessary damage to their products.

BillerudKorsnäs developed a completely new carton system that used almost a maximum 98% of the container. The material was improved, which made it possible to reuse the cartons while reducing packaging weight. We also adapted the packaging for automatic handling at the distribution centre and trained staff in the new packaging system.

For the customer, the result was an annual saving of an impressive USD 50 million – mainly due to lower transport volumes, but also to less consumption of packaging materials and increased reuse of packaging at the distribution centre.

CASE



**PERFECT FOR
DEMANDING
GLOBAL
DELIVERIES**



Innovation

– IMPROVE THE COMPANY’S LEADING POSITION

BillerudKorsnäs’ innovative solutions **sharpen our offering, increase customer benefit, reduce environmental impact and are a strategic success factor.** We find new materials, solutions and business models, often in close collaboration with customers and partners. Innovation is a natural part of the company’s corporate culture and way of working. Since 2013, the number of employees in research and development has doubled, the number of projects has increased fivefold and 180% more money has been invested.

INNOVATION LEVEL

TARGET
2015
15%

OUTCOME
17%

TARGET
2016
>15%

TARGET
2020
20%



RESEARCH AND DEVELOPMENT

The basis of our innovation work is the ongoing research and development work that is conducted within the company. Our business teams, with their expertise in products, markets and research and development, work across organisational boundaries. The teams are connected to the three business areas and are responsible for drawing up plans for new product launches within three to five years. The business areas’ proximity to the market makes it possible to identify concrete wishes and views that create new and improved products.

INNOVATION AGENDA

BillerudKorsnäs is systematically building up increasing capacity for its innovation work. Autumn 2014 saw the launch of the Innovation agenda, which accelerated the pace of new initiatives. The purpose is to raise awareness within the company

and at the same time channel resources towards **three key areas:**

- **GREEN MATERIAL TECHNOLOGIES**

We develop our packaging materials in order to build on our leading market position and contribute even more to sustainability, by making the materials lighter, stronger and stiffer, and improving barrier properties and printability.

- **SERVICES AND LOGISTICS**

We develop new solutions and innovative offerings in order, for example, to further strengthen the service function and improve delivery precision.

- **NEW BUSINESS MODELS**

We strive to develop services and increase the offering further up the value chain, which may be targeted at brand owners or companies that are customers of our customers. A prime example is collabora-

tion on complete systems for the manufacture of packaging based on BillerudKorsnäs FibreForm®.

CHALLENGER PROJECTS

Topping off BillerudKorsnäs’ innovation work, we have chosen to identify a number of truly challenging projects. This may involve developing brand new materials or applications for paper. One example is the Paper Bottle for beverages that have never before been packaged in paper. Another is interactive packaging. In these projects, we challenge ourselves to raise our innovation work to new levels. We will gradually identify and take on projects with the potential for learning and opportunities, over the long term, to generate new revenue streams for us and our customers.

INNOVATION





WORLD'S STRONGEST FLUTING NOW EVEN STRONGER



At the end of October BillerudKorsnäs unveiled New Billerud Flute® at the industry fair in Barcelona. The fluting is used as the middle layer in corrugated box for demanding distribution and climate conditions. The material's already superior strength has been improved by up to 8%, which enables customers to manufacture an equally strong box with considerably less material use. Thanks to this newly developed high-

strength fluting, it is possible to replace heavy wooden or plywood crates with corrugated board solutions.

New Billerud Flute® provides clear environmental and economic benefits: lighter packaging and greater efficiency in every stage of the logistics chain. The product is the result of intensive development work and an investment of SEK 180 million in Gruvön production unit.

CASE



NEW LIQUID PAPER BOARD REPLACES CONVENTIONAL SOLUTIONS

Milk or juice carton for long shelf life in room temperature needs an effective barrier that keeps away light and oxygen which might destroy the product. Aluminum is often used as an efficient barrier for this purpose. Although being an efficient barrier, manufacturing of aluminum foil is energy intensive with its connected CO₂ emissions. BillerudKorsnäs therefore conducts advanced research and development to develop a new type of barrier that would be CO₂ neutral.

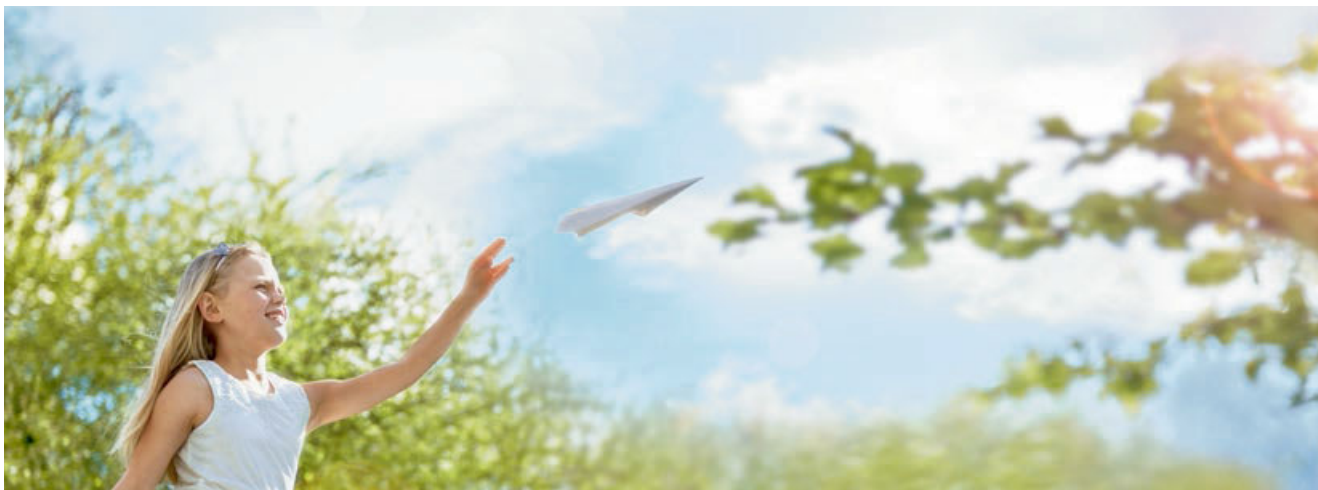
This goes hand in hand with customer developments like the combibloc EcoPlus beverage carton of

SIG Combibloc. By combining liquid paper board from BillerudKorsnäs which provides the necessary light barrier with an adapted polymer coating, SIG Combibloc has been able to create this aluminum-free beverage carton resulting in a significant lower carbon footprint, e.g. 28% less CO₂ for the combiblocSlimline 1 000 ml format.¹



CASE

¹ The key environmental benefit of combibloc EcoPlus, the 28 per cent reduction in CO₂, has been proven in an ISO-compliant lifecycle assessment conducted by the renowned, independent Institut für Energie- und Umweltforschung (IFEU/Institute for Energy and Environmental Research) which is available on www.sig.biz



Sustainability

– DRIVE SUSTAINABILITY THROUGHOUT THE VALUE CHAIN

BillerudKorsnäs conducts active sustainability work along the whole value chain – from the extraction of the raw material in the forest to the recycling of the paper material. **Together with suppliers, partners and customers, we create packaging material and solutions for a sustainable future.** Sustainability is an integral part of and essential to the whole of our operations and business.

GLOBAL COMPACT

The UN Global Compact forms the starting point for BillerudKorsnäs’ sustainability work. We have participated in this global initiative for responsible business since 2009. Our work is well established, structured and based on several leading certified management systems. Successes and setbacks are communicated in a transparent and credible way, with external parties auditing our work. Each year a sustainability report is produced that follows the international guidelines in the field, GRI G4.

PART OF THE SOLUTION

Through our business and our sustainability work, we are involved in solving some of the greatest challenges faced by the world today, with perhaps the greatest of these being climate change. On this front, BillerudKorsnäs wishes to play an active part in the transition to a fossil free society. Our renewable packaging materials are beneficial to the climate, in stark

contrast to alternatives such as plastic, glass and metal. In order to promote and clarify our ambitions concerning sustainability and innovation, a digital branding campaign was carried out during the year, titled “Challenge conventional”.

EFFECTIVE COLLABORATION

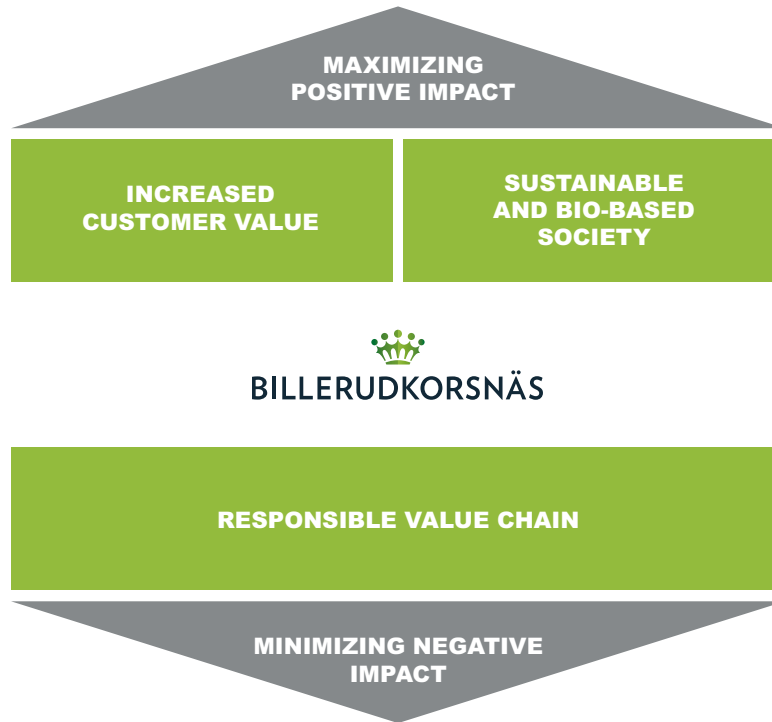
Together we are stronger. Which is why BillerudKorsnäs works in various forms with organisations locally, nationally and globally to learn more about, contribute to and influence developments in the forest industry, packaging and sustainability – and to benefit society at large. The aim is to create concrete results with a sustainable focus.

SUCCESSFUL WORK

We regularly receive confirmation that our sustainability work is on the right track. For the second consecutive year BillerudKorsnäs was awarded a Gold rating by EcoVadis, a system for annual evaluation of sustainability at about 20 000

suppliers to global companies. BillerudKorsnäs also made it onto CDP’s A List of the 5% of companies that showed the best results. The list, for companies that demonstrate global leadership in climate work, is compiled on behalf of institutional investors by an organisation committed to “Driving Sustainable Economies”.





THREE FOCUS AREAS

We have three clear focus areas for our sustainability work: responsible value chain, greater customer value and a sustainable and bio-based society. Within each focus area, we set out two commitments aimed at maximising the positive contribution to a sustainable future, while also minimising the negative impact of the business.

OUR COMMITMENTS FOR RESPONSIBLE VALUE CHAIN

COMMITMENT 1

Promote responsibility in everything from extraction of raw materials and production to recycling.

COMMITMENT 2

Provide engaging workplaces where safety, diversity and human rights are a priority.

OUR COMMITMENTS FOR INCREASED CUSTOMER VALUE

COMMITMENT 3

Strengthen our customers' business through our knowledge of sustainable packaging solutions.

COMMITMENT 4

Encourage the market for renewable packaging materials to grow through innovation.

OUR COMMITMENTS FOR SUSTAINABLE AND BIO-BASED SOCIETY

COMMITMENT 5

Combat climate change along the whole value chain.

COMMITMENT 6

Create value for society by working together, both locally and globally.

Read more in BillerudKorsnäs Sustainability Report 2015.



Photo: A. Deniaud

KEEN TO HELP RESOLVE THE PLASTICS CRISIS IN THE WORLD'S OCEANS

Each year 6.4–8 million tonnes of plastic rubbish is washed into the ocean¹. Nobody really knows what happens to all this plastic and how it affects the sea, animals and people. To fill this knowledge gap, Tara Expeditions, a French non profit organisation, has spent the past 10 years conducting research trips to collect samples and understand the effect of the plastics on the marine ecosystem. In 2015, BillerudKorsnäs and Tara became partners.

“One of our key objectives is to encourage business to develop innovative alternatives to plastic. This makes BillerudKorsnäs, with its primary fibre-based product range, a relevant and appropriate partner for us,” says **Romain Troublé, Secretary General of Tara Expeditions.**

CASE



¹ Tara Expeditions, 2015, and World Economic Forum, Ellen MacArthur Foundation and McKinsey & Company, The New Plastics Economy – Rethinking the future of plastics, 2016

SUSTAINABLE SACK THAT BECOME ONE WITH THE CEMENT

The cement sack, D-sack, literally disappears in the cement mixer. It doesn't even need to be opened, it dissolves seamlessly and becomes one with the cement. This not only makes the job easier for the user, but also ensures a cleaner, healthier and safer workplace.

In addition, having no empty sacks left over means there is no costly waste disposal issue. What's more,

it eliminates cement waste and optimises the time needed for handling and mixing. **The working environment is improved and productivity increases. There are no clumps, dust or empty sacks to make a mess.**

BillerudKorsnäs developed the sack in partnership with LafargeHolcim, and it has already won several awards since its launch in spring 2015.





Efficiency

– CONTINUOUSLY IMPROVE

World-class efficiency is essential for profitable growth. BillerudKorsnäs works on efficiency across the whole business – from structured and long-term work on continuous improvements to strategic investments and streamlining of the production structure.

OPERATIONAL EXCELLENCE

Being world-class requires systematic work on continuous improvements in order to prevent problems, reduce production waste, optimise material use and improve quality and efficiency. It is also vital that the improvements last.

BillerudKorsnäs has long had a focus on improvements, but has now taken an even firmer grip on Operational Excellence. This is a systematic way of working that uses core values, principles, processes and tools to build further on a corporate culture, based on continuous improvements with measurable targets and KPIs. Over the year, a network was established for Operational Excellence as a means of support for the whole organisation in its improvement work.

Read more about the work on continuous improvements on page 24.

STRATEGIC INVESTMENTS

In addition to continuous improvements, BillerudKorsnäs is also investing in developing its operational structure for the future. These investments follow the different growth strategies of the three business areas.

2015 featured major investments in the rebuild of one paper machine in Gruvön and one in Skärblacka. We also worked on expanding the capacity of the unit in Frövi/Rockhammar. The project, which will increase production, includes investments in the board machine in Frövi, making it the biggest machine of its kind in the world. It will have an annual

capacity of 525 000 tonnes of board, while at the same time, pulp production in Rockhammar will rise to 150 000 tonnes of pulp per year.

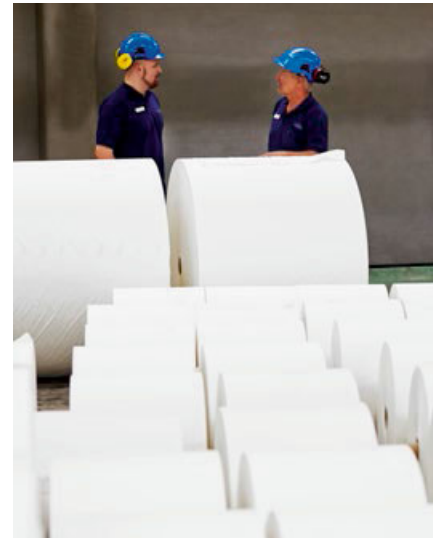
In order to further improve the structure for the future, two strategic feasibility studies were initiated over the year:

- Potential investment in a new board machine in Gruvön.
- Potential move of a paper machine from Tervasaari to Skärblacka and investment in capacity for surface treatment on the existing MG paper production line.

Read more about the completed investment in Skärblacka on page 25.

PRODUCTION IN THREE COUNTRIES

Paper, board and pulp are produced at eight production units in three countries, with approximately 90 percent manufactured at the five Swedish units in Gävle, Gruvön, Frövi/Rockhammar, Skärblacka and Karlsborg. Other production takes place in Pietarsaari and Tervasaari (Finland) and in Beetham (UK). All the Swedish units have integrated production, which means that the manufacture of paper pulp takes place at the same unit that produces paper and board. This enables more cost-effective production with less of an environmental impact. The raw material is primary fibre from wood sourced from sustainable forestry in the Nordic and Baltic countries.



Production capacity 2015

Sweden

- Gävle, 725 ktonnes
- Gruvön, 685 ktonnes
- Frövi/Rockhammar, 470 ktonnes
- Skärblacka, 420 ktonnes
- Karlsborg, 300 ktonnes

Finland

- Pietarsaari, 200 ktonnes
- Tervasaari, 100 ktonnes

United Kingdom

- Beetham, 45 ktonnes



OPERATIONAL EXCELLENCE – BASED ON OUR CORE VALUES, PRINCIPLES, PROCESSES AND TOOLS – **SYSTEMATISES OUR IMPROVEMENT WORK.**





**CREATING
CONTINUOUS
IMPROVEMENTS
THAT LAST**



The operational improvement work within the company varies depending on the production unit, business area or department. The methods used may differ from each other, but they all focus on the same end result – continuous improvements.

A common denominator of all the improvement work conducted within BillerudKorsnäs is that it is based on four principles for lasting change:

- **PDCA (plan-do-check-act) systems in the improvement work and follow-up**
- **Engagement and learning across the whole organisation**
- **Integrated change management**
- **Commitment from the management**

The ambition moving forward is to establish a shared foundation for and follow-up of the business, in order to create systems and continuous improvements that last.

CASE

INVESTING IN SMART SACK PAPER FOR GROWTH MARKETS

During the year, BillerudKorsnäs invested SEK 260 million in rebuild of paper machine at Skärblacka's production unit to meet the demand for high-quality sack paper. **The investment resulted in improved quality and a rise in production from 160 000 to 180 000 tonnes per year of brown sack paper.**

The company sees strong potential for brown sack paper in the growth markets outside Europe.

In South-East Asia, sack paper is used under the QuickFill® brand, which is a quality leader globally.

In these regions, cement and other construction minerals are often packaged in plastic sacks. Sacks made from BillerudKorsnäs' renewable material bring the brand owner considerable benefits with regard to production economy, but also in terms of health and environmental improvements.

CASE



Employees

– PEOPLE DRIVE CHANGE

The **knowledge, commitment and experience** of our employees is crucial for BillerudKorsnäs' business. Offering a stimulating workplace that encourages learning is more important than ever.

CHANGE AND DEVELOPMENT

It is the employees who drive the change work that will lead to BillerudKorsnäs maintaining and strengthening its competitiveness. The direction is set out clearly in our strategic platform, which was introduced into the organisation during the year. KPIs have been drawn up for the various parts of the platform, in order to measure how well the organisation is achieving the set targets.

The managers within the company create clarity and engagement with the targets through communicative leadership. The managers receive support and tools for this work from the Leadership Academy, and through assessment of communicative leadership in the company's employee survey.

GUIDED BY THE CORE VALUES

The company's core values – Think new, Feel responsibility, Cooperate, and Create value – are linked to the strategic platform. It is all about new thinking on a large and small scale, daring to challenge ourselves and to change, develop and improve. Every leader has responsibility for reflecting the core values and setting a good example. These values are one of the elements, alongside targets, skills development and working environment, that are raised during the employees' individual performance reviews.

Read what two employees think about our core values on page 29.

DIVERSITY INCREASES CREATIVITY AND EFFICIENCY

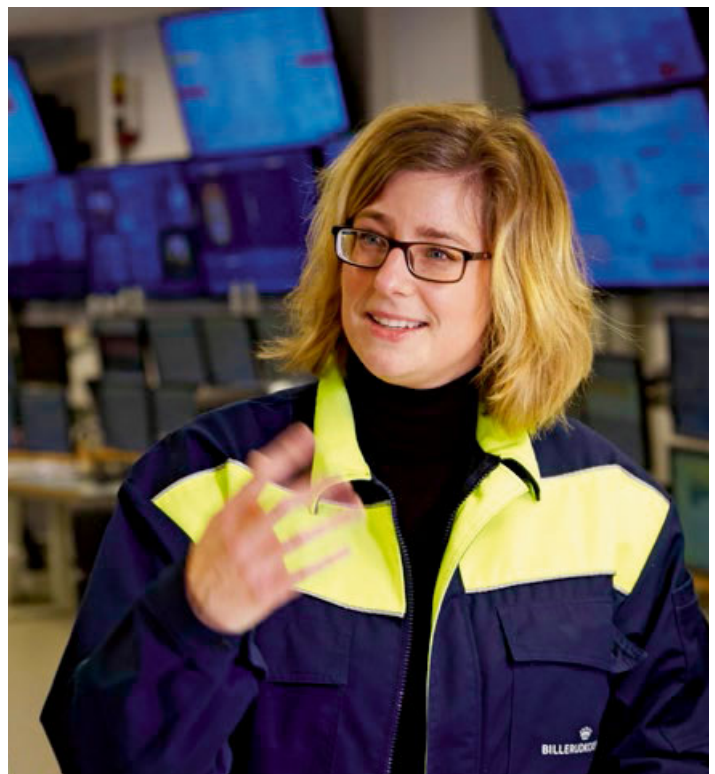
BillerudKorsnäs works actively to broaden diversity among its workforce and to promote an inclusive attitude, in order to benefit from the value of different perspectives. This is supported by a conviction that differences contribute to creativity and more efficient solutions. In the long term, diversity strengthens our competitiveness. A diversity and inclusion initiative was launched in the autumn and is now being rolled out across the company.





OUR CORE VALUES

THINK NEW
Feel responsibility
Cooperate
CREATE VALUE



SAFETY COMES FIRST

Health and safety is given top priority in every context at BillerudKorsnäs. Our challenging vision is to have zero work-related accidents resulting in sick leave.

Company-wide work is under way to create even safer workplaces and to learn

from each other, led by a cross-functional team from different units. The task of the team is to accelerate work to build safety at workplaces, make better risk assessments and develop safety culture.

ATTRACTIVE EMPLOYER

As an employer, it is essential for the company to have employees who are motivated and feel they are developing. It is also vital to be able to attract and retain talented employees who increase the company's competitiveness and contribute to growth and target fulfilment.

Over the year, we received confirmation that our active work to raise awareness and interest in us as an employer among relevant target groups yielded results. BillerudKorsnäs was named:

- Industry No. 1 in the Engineer Barometer (Nyteknik and Swedish Association of Graduate Engineers)
- One of Sweden's Most Attractive Employers 2015 (Universum)
- One of Sweden's 100 Career Companies 2015 (Jobtips)

STRATEGIC TALENT MANAGEMENT

BillerudKorsnäs takes a strategic approach to talent management. This applies not least to recruitment in sales, where we are encountering new challenges as our international presence increases. Competence is also being built up within existing operations and in order to meet the upcoming generational change at the production units. Expansion is also under way within research and development to secure the talent that will contribute to the company's innovation work.





THE CORE VALUES SHOW ME THE WAY

“When I face tasks that have several possible solutions, I turn to **our core values – Think new, Feel responsibility, Cooperate and Create Value – for guidance.** If there is a solution that lines up with these core values, that is probably also the best solution. The values help me in my practical work.”

Valdemar Olsson, Operating Engineer
at the production unit in Skärblacker



IT ADDS VALUE TO MY DAILY WORK

“**Our values mean two things to me, and both are about pride.**

Firstly, I’m proud to be part of a big company that so clearly spells out its core values to us and to the wider community. Secondly, as a manager I try to highlight one of the four values as inspiration now and again.

I’m fascinated by how successfully we’re applying these great messages to our everyday work. It creates added value!”

Jannicke Jensuu,
Business Segment Director Tetra Pak





THREE BUSINESS AREAS

BillerudKorsnäs' operations are organised into **three business areas** with **different growth strategies**, but with the **same focus on sustainability and innovation** along the whole value chain.

Consumer segment 74%

FOOD & BEVERAGES

– **Protecting and preserving flavour and nutrition.**

For example in liquid packaging, bread, sugar and flour bags, cups, trays, corrugated boxes for fruit and vegetables, and packaging for take-away food.

CONSUMER & LUXURY GOODS

– **Adding value and strengthening the brand.**

For example with carrier bags, gift bags, boxes for cosmetics, watches, shoes and drinks, and exclusive chocolate boxes.

MEDICAL & HYGIENE

– **Guarantees purity and safety.**

For example in medical packaging, release liner for self-adhesive hygiene products, and paper for various sterilisation and packaging methods.

Industrial segment 26%

INDUSTRIAL

– **Optimising and improving efficiency.**

For example in sacks for cement and other powdered goods, transport packaging, steel interleaving and speciality papers.

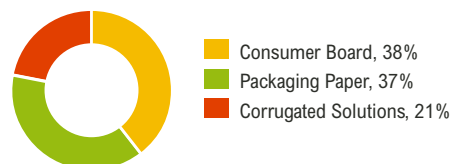
NET SALES BY MARKET SEGMENT, 2015



NET SALES
BY BUSINESS AREA, 2015



OPERATING PROFIT/LOSS
BY BUSINESS AREA, 2015



Pages 34–37

PACKAGING PAPER

Kraft and sack paper for customers with tough demands

Net sales **SEKm 8 552** (8 101)

Operating profit **SEKm 971** (701)

Pages 38–41

CONSUMER BOARD

Liquid packaging board and cartonboard with unique properties

Net sales **SEKm 8 006** (7 436)

Operating profit **SEKm 954** (915)

Pages 42–45

CORRUGATED SOLUTIONS

Fluting and liner add value in corrugated boxes

Net sales **SEKm 3 329** (3 148)

Operating profit **SEKm 551** (416)

MARKET OVERVIEW

Packaging Paper¹

BillerudKorsnäs products	KRAFT PAPER 17% of sales volume	SACK PAPER 11% of sales volume
Key applications	Packaging for: <ul style="list-style-type: none"> • Flour, sugar, grain, etc. • Carrier bags • Flexible packaging • Formable packaging • Medical packaging • Steel interleaving 	Packaging for: <ul style="list-style-type: none"> • Building materials • Industrial minerals • Chemicals • Food • Animal feed
Trends and drivers	The rapidly growing economies in Asia, and Africa, for example, are driving demand for packaged food. Traditional open markets are increasingly being replaced by large retail chains, where the price and sustainability of the packaging is of great importance. The global packaging market for food is expected to grow over 40% by 2024. ²	In countries where bulk distribution of cement is not possible, building materials are packaged in sacks made from either paper or plastic. Increased construction in growth countries is the primary driver of growing demand for sack paper. The cement producers' efficiency requirements and a faster filling process mean that paper sacks, with their porous properties, offer a sustainable alternative to sacks made from other materials.

Consumer Board

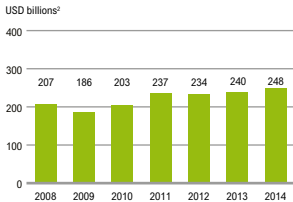
LIQUID PACKAGING BOARD
34% of sales volume

Packaging for:

- Milk
- Juice
- Other drinks and liquid foods
- Preserved foods

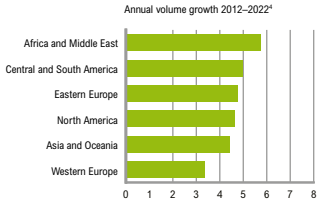
Rising living standards and a growing middle-class primarily in Asia, Africa and South America are driving demand for convenience packaging for food and beverages. There is ever increasing demand for packaging to be easy to carry and open. In growth markets, liquid packaging needs to handle varying temperature conditions as well as giving the contents a long shelf-life.

GLOBAL MARKET VALUE OF FOOD PACKAGING



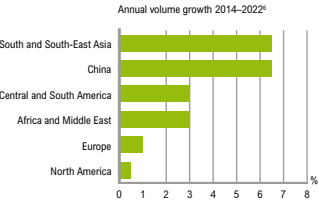
The market for food packaging has grown by around 3% per year since 2008. Growth is forecast at around 3.5% per year up until 2024, with the highest rate in the Middle East, Africa and Asia.²

ANNUAL ESTIMATED GROWTH IN DEMAND FOR CEMENT



Global demand for cement is expected to grow by around 4.6% per year up until 2022.⁴ The greatest growth is expected in regions where cement products are supplied primarily in paper and plastic sacks.

ANNUAL ESTIMATED GROWTH IN DEMAND FOR LIQUID PACKAGING BOARD



Over 60% of the growth in demand is forecast to come from Asia, incl. China. In Western Europe, growth is dependent on innovations, with a focus on new packaging types and applications for liquid packaging board.⁶

BillerudKorsnäs' position	Leading producer of strong, high-quality kraft paper from primary fibre in Europe. ³	Global leader in high-porosity sack paper from primary fibre. ⁵
Competition	The primary competition comes from plastic packaging solutions.	Mainly sack solutions in plastic and from bulk distribution.
Other major manufacturers	Mondi and several of Europe's speciality paper manufacturers.	Mondi, Canfor, Segezha, KapStone and Smurfit Kappa.

One of the world's leading manufacturers of liquid packaging board.⁷

Other packaging materials, mainly plastic but also aluminium.

Stora Enso, Klabin, Evergreen Packaging, WestRock and International Paper.

¹ Packaging Paper includes market pulp, that accounts for approximately 15% of the sales volume
² Smithers Pira, The future of packaging, long term strategic forecast to 2024, 2014

³ Based on statistics from Pöyry Management Consulting and Eurokraft
⁴ World cement, The Freedonia Group, 2013
⁵ BillerudKorsnäs assessment

Corrugated Solutions (FORMERLY CONTAINERBOARD)

CARTONBOARD

4% of sales volume

Packaging for:

- Exclusive drinks
- Beauty and healthcare products
- Confectionery
- Household and industrial goods in the premium segment
- Fashion articles
- Food in the premium segment

Growing interest in the design and appearance of the packaging as a way of differentiating the product and strengthening the brand is driving demand for board in the premium segment. Urbanisation in growth markets is creating new consumption patterns, with greater demand for packaged convenience food and on-the-go food. A greater environmental awareness and sustainability focus is driving demand for cartonboard to replace less sustainable packaging alternatives.

FLUTING

12% of sales volume

Packaging for:

- Fruit and vegetables
- Components for the automotive industry, white goods and electronics
- Transport

Increasing global trade is driving demand for lightweight transport packaging that reduces distribution costs. An ever increasing focus on losses along the transport chain for fruit and vegetables is driving demand for high-quality fluting that can handle tough journeys in varied climate conditions. Greater demand for product safety in the food chain is driving demand for primary fibre-based fluting.

LINER

7% of sales volume

Primary packaging for:

- Exclusive drinks
- Beauty and healthcare products
- Confectionery
- Home electronics

Secondary packaging for:

- Consumer goods

Shelf-ready packaging for:

- Consumer goods

Growing interest in the appearance, design and feel of the packaging as a way of differentiating the product and strengthening the brand. Greater demand for product safety in the food chain is increasing demand for primary fibre-based liner.

MANAGED PACKAGING

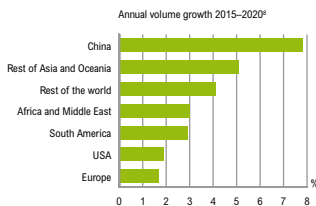
Packaging solutions and services for brand owners with international packaging programmes and logistics.

Managed Packaging offers the following benefits:

- Operational savings
- Management simplicity
- Revenue generation
- Sustainability performance

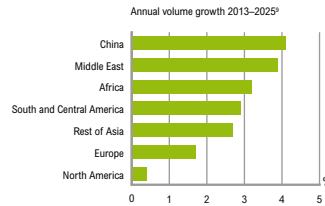
Greater global trade with manufacturing concentrated in Asia. As the brand owners' production structure becomes increasingly global and outsourced, there is a demand for more efficient and standardised packaging as part of the brand's image. Greater demand for cost-effective and sustainable packaging solutions for challenging distribution systems. The importance of the packaging for the brand is constantly rising.

ANNUAL ESTIMATED GROWTH IN DEMAND FOR CARTONBOARD



Global demand for cartonboard is expected to grow by 3.9%, with highest growth rates in China and the rest of Asia. Growth is focused mostly on packaging for cosmetics, pharmaceuticals and packaging for dry and frozen food.

ANNUAL ESTIMATED GROWTH IN DEMAND FOR CORRUGATED MATERIALS (FLUTING AND LINER)



Global demand for corrugated board materials is expected to grow by 2.9% per year up until 2025, largely in China, the Middle East and Asia, due to the concentration of manufacturing to these regions.⁹

One of the largest manufacturers of primary fibre-based cartonboard for the premium segment in Europe.⁷

Other packaging materials, mainly plastic.

In the premium segment: Iggesund, Metsä Board, Stora Enso, WestRock and International Paper.

Quality⁻⁵ and market-leading producer¹⁰ in Europe in the top segment with a strong position in fruit and vegetables.

Recycled fibre-based fluting and other material in plastic and wood.

In primary fibre-based fluting: Stora Enso, Mondi and Powerflute.

Market leader in Europe for pure white primary fibre-based liner⁶ and one of the leaders in coated primary fibre-based liner globally.

Coated and uncoated white top testliner (based on recycled fibre).

Metsä Board, Mondi and Smurfit Kappa.

Unique packaging concept based on a network of production partners for flexibility and market coverage, combined with in-depth material know-how for maximum packaging optimisation and efficiencies.

Independent wholesalers of packaging and major packaging manufacturers with converting in Asia.

⁶ BillerudKorsnäs analysis of data from Zenith International, 2015 and Pöyry, 2015

⁷ Statistics from Pöyry Management Consulting

⁸ BillerudKorsnäs analysis of data from Vision Hunters, 2015

⁹ Pöyry, 2014

¹⁰ World Containerboard Organisation, www.wco-containerboard.org

PACKAGING PAPER

Packaging Paper offers kraft and sack paper of premium quality plus smart solutions for customers in the industrial, medical equipment and consumer segments.

Kraft and sack paper for customers with tough demands



PRODUCTS

Sack Solutions

Millions of tonnes of industrial products (primarily building materials), food and animal feed are packaged in sacks made from our high-quality kraft paper.

The paper, which uses 100% primary fibre from Nordic forests, delivers unique strength. This creates greater efficiency, productivity and reliability for packaging manufacturers and brand owners.

Bag Solutions

Our broad range of kraft paper provides solutions for bags for dry foods such as flour, sugar and grain, and carrier bags for fashion and food. Account has been taken of consumer demand for attractive packaging that is pleasant to handle and offers an environmentally aware alternative to plastic. Our kraft paper also meets US and German standards for food packaging.



Formable Solutions

With its remarkably high elasticity, FibreForm® makes it possible to create entirely new types of sustainable, formable food packaging solution in every imaginable design. With FibreForm® packaging, even the most anonymous product stands out from the crowd.

Speciality Papers

Our technically advanced paper grades have many different applications – everything from release liner for labels and hygiene products to medical packaging and envelopes, and steel interleaving. With an in-depth understanding of the demands inherent in complex product manufacture, we deliver only the very best.

Market Pulp

Pulp that is not used in the company's own production of paper and board is sold on the the market. Known as NBSK, this pulp is made from 100% primary fibre, which guarantees top-quality strength and purity for applications such as filter paper and tissue.

STRATEGY

Sustainable and profitable growth is to be achieved through selective growth in chosen segments, primarily dry foods and medical applications, plus the construction industry in growth markets.

SELECTIVE GROWTH

GROWTH TARGET: 2–4% per year

FOCUS ON:

- Developing production assets to improve profitability
- Creating new opportunities through business development
- Increasing presence in growth markets

SVP:

JOHAN NELLBECK



NET SALES BY MARKET SEGMENT, 2015



NET SALES BY REGION, 2015

Europe 70% (71%)
Asia 14% (13%)
Africa 7% (8%)
South America 4% (4%)
Middle East 2% (2%)
Other 3% (2%)



Drivers

INDUSTRIAL

Demand for BillerudKorsnäs' strong brown sack paper for packaging cement is rising due to major investments in infrastructure and housing, primarily in growth markets outside Europe. The cement sack has many advantages over plastic: it cuts out cement dust, creates a better working environment and is made from renewable material.

Sales of white sack paper for cement are driven by the Do It Yourself trend in the consumer market, largely in Europe. More advanced product mixes for home renovations require good print surfaces for information and pictures. Here the white surface is important in making the statutory warning text on the packaging stand out clearly.

FOOD & BEVERAGES

Greater awareness of just how much food is wasted due to poor packaging is driving demand for our materials and solutions for dry foods.

The EU's decision to reduce the use of disposable plastic carrier bags in society is also causing substantial growth in demand for our paper for bags and carriers.

A strong, but undeveloped, trend is that the new and rapidly expanding middle-class in countries such as India, China and Indonesia are demanding food in packaging – having previously bought it loose. Today that packaging is almost entirely plastic, but we are working to develop competitive alternatives in primary fibre-based paper and to spread knowledge about the whole production chain for packaging.

MEDICAL & HYGIENE

An aging population is increasing demand for pharmaceuticals and healthcare services, which is driving demand for kraft paper for medical applications. The barriers to entry are high in the medical and healthcare industry, but we see great potential to progress much higher than today's levels in this segment.

2015

KEY EVENTS IN 2015

Improved brown sack paper

The paper machine in Skärblacka, which manufactures brown sack paper, underwent a rebuild over the year. The purpose was to further raise the quality and the production volume. The new quality means more efficient sack manufacture for our customers. The production of brown sack paper rose by the end of the year from 160 000 to 180 000 tonnes per year.

Strengthening leading global position

A decision was taken during the year to close the paper machine in Tervasaari, Finland. The machine is one of the largest of its kind, but it lacks integrated pulp production, which brings higher production costs and environmental downsides. In August, we launched a feasibility study to investigate whether the machine could be moved to Skärblacka, which has a surplus of pulp, in order to increase the level of integration of kraft paper production.



Tightly sealed paper packaging for dry foods?

The world's first tightly sealed paper packaging is the product of a partnership between Bosch and BillerudKorsnäs.

Axello Zap – meets the challenge



This would secure Skärblacka's position as one of the world's most efficient production units for white MG paper.

Breakthrough for system sales

Our joint venture **FreeForm packaging** with Italian machine manufacturer Curti sold its first complete system solution in 2015, comprising a venture FreeFormPack machine and deliveries of FibreForm® material.

The business concept is that the FibreForm® material is sold together with the Curtis FreeFormPack machine, providing the purchaser with a total solution from paper reel to packaged goods. FibreForm® offers environmental benefits and is a strong alternative to plastic.

The Dutch customer, Vetipack, is one of Europe's biggest contract packing companies, packing up products for multinational companies. This is a significant breakthrough for our new business model, and it also means that we can demonstrate the solution in a real industrial context and show real products.

Axello Zap with Bosch

In partnership with machine manufacturer Bosch, we are launching a brand new packaging system, Axello Zap, which offers the world's first fully paper-based and tightly sealed food packaging for products such

as flour and sugar. The closure provides a complete seal. The system – which has clear environmental and cost benefits – challenges plastic and is aimed primarily at brand owners in leading growth markets, where new delivery chains are being built up for food products.

Premiere of "own" sack production

For the first time ever, we sold ready-made paper sacks – our award-winning D-Sack – direct to customers. We previously only sold the packaging material. The manufacture of the sacks was outsourced to carefully selected subcontractors that meet the quality requirements set for these unique sacks.

Sack sales are intended to be used primarily with our own patented solutions to create added value for BillerudKorsnäs and to provide a direct channel for communicating the benefits to the end customers.

Segment streamlining

The business area's products for customers in the industrial, medical and consumer sectors are subject to a mix of different circumstances. The sales organisation was redirected during the year to become even more focused on these areas, in order to gather resources and reinforce the marketing work.

New offices outside Europe

Over the year, permanent staff were employed at the sales offices in Istanbul and Durban. We also continued to expand the offices in New Delhi and Miami. This is further improving our local positions outside Europe.

2016

PLANS FOR 2016

- Continue working on selective growth through an increased focus and geographical spread outside Europe.
- Further efficiencies and streamlining of the production structure.
- Continue feasibility studies into moving the MG machine to Skärblacka, Sweden.
- Continue work on business development and existing initiatives.
- Work actively to offer alternatives to plastic packaging.
- Identify new applications for bags, carriers and formable packaging.



**TOTAL
SOLUTION**
– FROM PAPER REEL
TO PACKAGED
PRODUCT



BillerudKorsnäs is now able to offer the customer a complete solution all the way to the packaged product. For the first time, our joint FreeForm packaging venture with Italian machine manufacturer Curti sold a complete system solution comprising a FreeFormPack machine and deliveries of FibreForm® material.

BillerudKorsnäs FibreForm® is a paper with many advantages. Its **high elasticity means** the material can be shaped to produce thermoformed and deep-drawn food and consumer packaging such as trays and blisterpacks.

FibreForm® is also **cost-effective** and offers environmental benefits, making it a strong alternative to plastic.

CASE

CONSUMER BOARD

Consumer Board delivers packaging materials in high-quality board made from primary fibre for beverages, food products and various other consumer goods. Smart solutions in terms of function, design and material selection create added value for customers.

Liquid packaging board and carton-board with unique properties



PRODUCTS

Liquid packaging board

Our high-quality materials for liquid packaging protect and preserve the content. The board is taste and odour neutral, which means that it does not transfer any taste or smell to the contents. The material produces stable beverage packaging with a perfect print surface.

Liquid packaging board can also be used for food packaging, and has major environmental advantages over traditional tins.

Cartonboard

We are well positioned in the premium segment for cartonboard for cosmetics, pharmaceuticals, food, confectionery and luxury drinks. The materials have all the requisite properties for first-class packaging design and sophisticated printing, ensuring optimum attractiveness and a product that meets the very toughest packaging standards.

Cup stock

Cup stock is board for paper cups and plates that require high stiffness, low weight and high purity. It is also suitable for products in direct contact with hot food and all kinds of drinks.

STRATEGY

Sustainable and profitable volume growth in key markets.

VOLUME GROWTH

GROWTH TARGET: 4–5% per year

FOCUS ON:

- Attractive market opportunities
- Investments for growth
- Innovations in partnership with customers and brand owners

SVP:

ULF ELIASSON



NET SALES BY MARKET SEGMENT, 2015



NET SALES BY REGION, 2015

Europe 69% (67%)
Asia 22% (24%)
Middle East 5% (5%)
Africa 2% (2%)
South America 2% (1%)
Other 0% (1%)



Drivers

LIQUID PACKAGING BOARD

Demand for consumer board is rising as a consequence of several major global trends.

For liquid packaging board, the improved global economy – particularly in rapidly growing markets such as Asia, South America and the Middle East – is a significant influence. As families become more prosperous, they have greater opportunities to buy milk packed in liquid packaging board, for example, with a longer shelf-life and better product safety.

CARTONBOARD

The demographic trend in Asia, in particular, is also leading to lifestyle changes. Migration to the cities is increasing, which is creating more single households and a life with little time for leisure. Demand is therefore rising for packaging

that suits people on the go and smaller households. A growing environmental awareness and focus on product safety is also placing new demands on packaging. All this is driving demand for our cartonboard.

2015

KEY EVENTS IN 2015

Feasibility study into new machine in Gruvön

To meet the growing demand for board, a feasibility study has been launched to consider potential investment in a brand new board machine in Gruvön. If this investment is realised, it will have a major impact on the business area's future development. The machine would be one of the most cost-effective in the world, with a capacity of 500 000 tonnes per year,

primarily consumer board. The investment is estimated at SEK 4–6 billion. A decision will be taken towards the end of 2016.

Investments increase capacity in Frövi

Phase 2 of the investment in the board machine in Frövi was completed in 2015. This is part of a major project to increase production of cartonboard and liquid packaging board to 525 000 tonnes per year. The project also includes a brand new factory and fibre line in Rockhammar for the production of 150 000 tonnes of CTMP pulp. In total, this will increase board production by 20% and production of CTMP pulp by around 65%, compared with current levels. In addition to greater volumes, the project will also deliver improved product quality.

Investments in Frövi increase production to
525 000 tonnes of board per year
– a rise of 20% from 2014 to 2018



These investments are a response to customers' growing demand for liquid packaging board and cartonboard. Collaboration with our customers is a key driver of this huge project.

Board machine ramped up in Gävle

Ramp up work took place at the production unit in Gävle, following the rebuild of a board machine, which was completed in 2014. Investment of SEK 490 million in the board machines in Gävle has increased overall capacity by around 10% to 670 000 tonnes per year. This investment has also brought improved cost-efficiency and productivity.

Superb print surface on board

We continued the launch of our next-generation cartonboard with superior printability, for brands that really want to

stand out from the crowd and get noticed on the shelf. The print surface has been significantly improved, particularly on BillerudKorsnäs Light and Carry, and lower basis weights have been introduced for White and Artisan. These improvements make us more competitive and create the potential for new business.

New board for UHT milk

In the middle of the year, Elopak launched the world's first filling machine for gable top packaging for UHT milk. The packaging is made using liquid packaging board from BillerudKorsnäs. UHT milk is a highly sensitive product that requires an advanced filling process and robust packaging design. We have therefore developed our liquid packaging board to meet these higher demands in the value chain.

2016

PLANS FOR 2016

- Continue work on feasibility study into a new board machine in Gruvön and make decision on investment.
- Continue to ramp up the new capacity in Gävle and Frövi.
- Bring new capacity on stream in Rockhammar.



LUXURY
CHALK-WHITE
BOARD HELPS
CHAMPAGNE
HOUSE TO
STAND OUT

BillerudKorsnäs White 400 gsm

As a relative newcomer compared with the big old champagne houses, Champagne Jacquart wanted a modern, elegant touch for its packaging, as they focused on the more expensive price segments and new export markets. The design of the new packaging was to echo and call to mind the mosaic on the facade of the company's former head office, which depicted vineyards and the expertise that goes into blending grapes to make champagne.

The packaging was going to need a seriously high standard of board. After extensive testing of boards from various manufacturers, BillerudKorsnäs White 400 gsm was found to give the best results.

The board stood up to substantial deformation without breaking, it could be printed on, embossed, lacquered and cut with great precision – and it had the right whiteness.

CASE

CORRUGATED SOLUTIONS

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. The strong and light materials – fluting and liner – are used in corrugated boxes for fragile goods and demanding distribution systems. Smart packaging is delivered via the Managed Packaging concept, which delivers supply chain solutions and packaging optimisations for brand owners, with a view to challenging conventional solutions.

Fluting and liner add value in corrugated board



PRODUCTS

Fluting

The world's strongest fluting opens up a wealth of new opportunities for our customers. The packaging material optimises the weight of the finished packaging, without compromising on either strength or function. This makes our fluting perfect for corrugated boxes for long-distance distribution of fruit and vegetables, but also for consumer goods and heavy goods.

Liner

When strength, purity, hygiene and high printability are key factors, our liners are an excellent choice. They have a whole host of different applications – everything from regular pizza boxes to truly exclusive gift packaging for fine wines. They also meet tough US and German standards for food packaging.

Managed Packaging

Our unique service concept for brand owners that want to save money through better packaging. Managed Packaging creates added value primarily through:

- Operational savings
- Management simplicity
- Revenue generation
- Sustainability performance

STRATEGY

Sustainable and profitable growth is to be achieved through value growth, without necessarily investing in the existing production capacity for paper.

VALUE GROWTH

GROWTH TARGET: 2–4% per year

FOCUS ON:

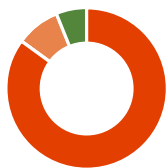
- Strong product portfolio
- Integrating new business model
- Expanded collaboration with brand owners in attractive markets

SVP:

LENNART EBERLEH



NET SALES BY MARKET SEGMENT, 2015



- Food & Beverages, 85%
- Consumer & Luxury Goods, 9%
- Industrial, 6%

NET SALES BY REGION, 2015

- Europe 72% (77%)
- Asia 19% (12%)
- Africa 5% (6%)
- South America 2% (1%)
- Other 2% (5%)



Drivers

FLUTING

The global economy is creating ever more complex and long distribution chains. Fruit and vegetables, for example, are transported in corrugated boxes in demanding humid environments, where the packaging has to protect the products from damage all the way and be solidly stackable. In this context, material made from primary fibre holds a strong position.

Electronic products such as computers are increasingly being distributed by air freight since their life cycle is so short. Light and strong packaging is thus required, in order to minimise freight costs and negative environmental impact.

LINER

Our changing patterns of food consumption – including the rise in fast food such as pizza and other convenience and take-

away food – require taste and odour free packaging that meets tough standards of quality and food safety. Here, strong primary fibre has a clear competitive advantage over recovered fibre. The battle for the consumer's attention in store is also increasing demand for attractive packaging, which in turn requires corrugated boxes that offer excellent printability.

MANAGED PACKAGING

Global brand owners now have to deal with a large number of suppliers of both products and packaging. This complexity creates opportunities for us to apply our expertise and that of our partners and offer total solutions that meet the brand owners' packaging needs. This reduces the complexity of their logistics, while also ensuring the quality and cost-efficiency of their packaging and packaging solutions.

2015

KEY EVENTS IN 2015

New concept creates customer value

Via Paccess, the company offers packaging and distribution solutions to brand owners and major retail chains, often with manufacturing or purchasing in Asia and global sales. The goal is to help brand owners sell more and save money through better packaging. 2015 saw the launch of the Managed Packaging concept, whereby we present the services under four value propositions to explain to brand owners what they can expect from us.

Paccess merges with the business area...

Towards the end of the year, the decision was taken to merge Paccess with the Containerboard business area, in order to create a flatter, stronger and more scalable organisation.

Our total solution for brand owners Managed Packaging

creates added value: **operational savings, management simplicity, revenue generation och sustainability performance**



With the new organisation in place, we will be increasing the proportion of business that is conducted directly with brand owners around the world.

... which changes its name to Corrugated Solutions

In conjunction with Paccess being incorporated into Containerboard, the business area is changing its name to Corrugated Solutions from 1 January 2016.

New Billerud Flute® launched

The world's strongest fluting has become even stronger and was unveiled in the autumn at a customer event in Karlstad plus an industry trade fair in Barcelona. New Billerud Flute® creates the most added value when used as the middle layer in corrugated packaging, primarily for demanding distribution in humid climates. The already superior strength of the material has been boosted by up to 8%, which means that less material is required in the finished packaging. This in turn leads to lighter packaging and higher efficiency in every stage of the logistics chain, generating environmental and cost benefits as well as improvements to the working environment.

With the new fluting, it is even possible to create strong, light corrugated packaging that can replace heavy solid wood or plywood crates. This offers customers in the industrial segment an opportunity to cut both costs and environmental impact. Behind New Billerud Flute® lies an investment of SEK 180 in the rebuild of a paper machine in Gruvön, which also led to a possible rise in production capacity of around 40 000 tonnes per year.

Improved liner in Gävle

The 2014 investment in the Gävle production unit has resulted in improvements to the coated liner, particularly concerning print quality. Thanks to improved smoothness, combined with increased strength and stiffness, the attractiveness of the packaging can be increased – while reducing the weight. This is the result of a development project over many years.

We also launched an upgraded version of coated liner under the names Decor, Design and Supreme.

Pioneering project develops tool

Together with Swedish research institutes, we launched an updated calculation program for packaging which takes account of long-term performance in humid climates. Using the program, we can calculate how packaging should be constructed to achieve the best possible performance and to handle inherent stresses. This allows us to optimise material consumption, which paves the way for cost savings and resource-efficient use of packaging materials.

2016

PLANS FOR 2016

- Implement the new organisation for the business area.
- Create organic growth in packaging sales.
- Achieve full roll-out of new products.





Photo: On

CASE



On, a young shoe brand from Switzerland, who re-invented the running shoe wanted to have their packaging meet their high standards in design. It needed to be made from high quality materials, be resistant and complete the look of the unique running shoe.

BillerudKorsnäs went for a holistic approach. The entire value chain of the shoe manufacturer was examined to give the packaging the desired lift.

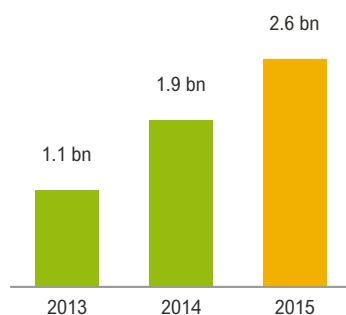
The result: three innovative packaging options were produced, a new packaging manufacturing technique was proposed to increase lifetime and new materials were introduced to cut costs.

For our customer, this resulted in a saving of USD 1 million in freight costs in the first year and a cut of 20% in packaging costs – while boosting the brand.

For more information, visit
www.on-running.com and
www.billerudkorsnas.com

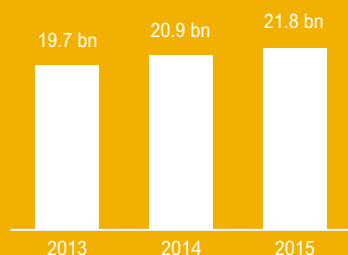
**IMAGE BOOST
FOR GLOBAL
SHOE
MANUFACTURER**

HEADLINE FIGURES



Operating profit
SEK 2.6
billion

Net sales
SEK 21.8
billion



Income statement

SEKm	2015	2014	2013
Net sales	21 814	20 853	19 689
Other income	594	118	130
Operating income	22 408	20 971	19 819
Operating expenses	-18 405	-17 962	-17 243
Depreciation/amortisation	-1 417	-1 378	-1 439
Operating profit/loss	2 586	1 901	1 137
Net finance income/costs	-175	-248	-309
Profit/loss before tax	2 411	1 653	828
Taxes	-443	-352	-142
Net profit/loss	1 968	1 301	686

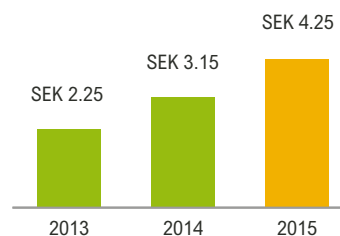
Capital employed

SEKm	2015	2014	2013
Non-current assets, excluding interest-bearing receivables	18 526	18 301	18 170
Inventories	2 842	3 145	3 029
Accounts receivable	2 512	2 601	2 394
Other current assets	1 004	925	849
Total operating assets	24 884	24 972	24 442
Less:			
Deferred tax liabilities	3 186	2 986	2 691
Non-interest-bearing provisions	159	67	108
Accounts payable	2 679	2 502	1 742
Other non-interest-bearing liabilities	1 463	1 589	1 595
Capital employed	17 397	17 828	18 306

Cash flow

SEKm	2015	2014	2013
Operating surplus	3 622	3 248	2 656
Change in working capital	120	236	-452
Net finance income/costs	-168	-232	-265
Tax paid	84	-137	-160
Cash flow from operating activities	3 658	3 115	1 779
Cash flow from investing activities	-760	-1 376	-1 250
Cash flow after investing activities	2 898	1 739	529

BillerudKorsnäs' Board of Directors proposes a dividend of SEK 4.25 per share for the financial year 2015. The proposed dividend corresponds to 49% of net profit for 2015.



SEK
4.25

DIVIDEND
PER SHARE

Key financial ratios

	2015	2014	2013
Margins			
Gross margin, %	18	16	13
Operating margin, %	12	9	6
Return, rolling 12 months			
Return on capital employed, %	15	11	6
Return on equity, %	16	13	7
Capital structure at end of period			
Capital employed, SEKm	17 397	17 828	18 306
Working capital, SEKm	2 243	2 286	2 748
Equity, SEKm	12 418	10 704	9 917
Interest-bearing net debt, SEKm	4 979	7 124	8 389
Net debt/equity ratio, multiple	0.40	0.67	0.85
Net debt/EBITDA, multiple	1.2	2.2	3.3
Investments			
Investments in non-current assets, SEKm	1 710	1 384	1 337
Other key figures			
Capital turnover, multiple	1.2	1.2	1.1
Working capital as a percentage of sales	10	11	13
Human Resources			
Average number of employees	4 223	4 194	4 272

QUARTERLY DATA



Quarterly net sales per business area and for the Group

SEKm	2015					2014				
	Full year	Q 4	Q 3	Q 2	Q 1	Full year	Q 4	Q 3	Q 2	Q 1
Packaging Paper	8 552	2 020	2 174	2 176	2 182	8 101	1 959	2 058	2 016	2 068
Consumer Board	8 006	1 933	2 006	2 044	2 023	7 436	1 768	1 897	1 822	1 949
Corrugated Solutions	3 329	880	926	722	801	3 148	816	773	767	792
Other units	2 012	387	368	596	661	2 197	609	487	512	589
Currency hedging, etc.	-85	-7	4	-49	-33	-29	-28	-24	11	12
Group staff and eliminations	-	-	-	-	-	-	-	-	-	-
Total Group	21 814	5 213	5 478	5 489	5 634	20 853	5 124	5 191	5 128	5 410

Quarterly operating profit/loss per business area and for the Group

SEKm	2015					2014				
	Full year	Q 4	Q 3	Q 2	Q 1	Full year	Q 4	Q 3	Q 2	Q 1
Packaging Paper	971	131	278	245	317	701	183	158	169	191
Consumer Board	954	120	234	310	290	915	186	243	253	233
Corrugated Solutions	551	160	203	51	137	416	120	120	59	117
Other units	484	4	353	71	56	166	28	45	35	58
Currency hedging, etc.	-85	-7	4	-49	-33	-29	-28	-24	11	12
Group staff and eliminations	-289	-88	-46	-86	-69	-268	-29	-92	-77	-70
Total Group	2 586	320	1 026	542	698	1 901	460	450	450	541

Quarterly operating margin per business area and for the Group

%	2015					2014				
	Full year	Q 4	Q 3	Q 2	Q 1	Full year	Q 4	Q 3	Q 2	Q 1
Packaging Paper	11	6	13	11	15	9	9	8	8	9
Consumer Board	12	6	12	15	14	12	11	13	14	12
Corrugated Solutions	17	18	22	7	17	13	15	16	8	15
Group	12	6	19	10	12	9	9	9	9	10

Quarterly sales volumes per business area and for the Group

ktonnes	2015					2014				
	Full year	Q 4	Q 3	Q 2	Q 1	Full year	Q 4	Q 3	Q 2	Q 1
Packaging Paper	1 163	281	294	288	300	1 167	275	288	294	310
Consumer Board	1 065	257	262	274	272	1 004	235	252	249	268
Corrugated Solutions	506	132	139	106	129	528	134	127	128	139
Total	2 734	670	695	668	701	2 699	644	667	671	717

KEY FIGURE DEFINITIONS



Return on equity

Profit/loss for the period as a percentage of average equity, attributable to parent company shareholders.

Return on capital employed

Operating profit calculated over 12 months as a percentage of average capital employed.

EBITDA

Operating profit before depreciation/amortisation as a percentage of net sales. EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity

Equity at the end of the period.

Non-recurring costs

Costs of a non-recurring nature that do not affect the company's annual cost level.

Adjusted EBITDA

Operating profit before depreciation/amortisation adjusted for non-recurring items.

Adjusted earnings per share

Earnings per share adjusted by the parent company shareholders' share of non-recurring items after tax.

Adjusted operating profit/loss

Operating profit adjusted for non-recurring items.

Net debt/equity ratio

Interest-bearing net debt divided by equity.

Earnings per share

Profit/loss for the period, attributable to parent company shareholders, divided by the average number of shares on the market.

Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

Interest-bearing net debt/EBITDA

Interest-bearing net debt at the end of the period divided by operating profit before depreciation/amortisation for the past 12 months.

Working capital

Inventories, accounts receivable and other operating assets less accounts payable and other operating liabilities.

Working capital as a percentage of net sales

Average working capital for the quarter divided by annual net sales.

Operating margin

Operating profit as a percentage of net sales.

Capital employed

Total assets less non-interest-bearing liabilities, non-interest-bearing provisions and interest-bearing assets.



SENIOR MANAGEMENT TEAM



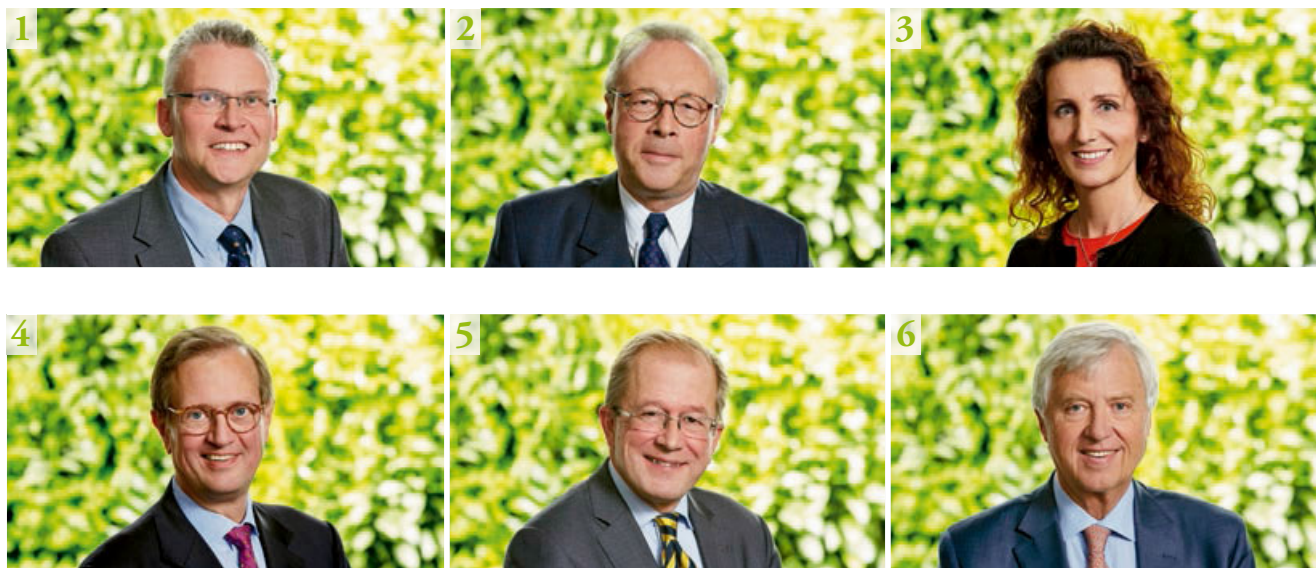
**Top row from left: Ulf Eliasson, Uno Brinnen, Christer Simrén, Henrik Essén, Lennart Eberleh, Susanne Lithander and Magnus Wikström.
Bottom row from left: Karin Hågfeldt, Johan Nellbeck and Per Lindberg.**

PER LINDBERG**President and CEO****Year employed:** 2005**Year born:** 1959**Education:** MSc and PhD, Chalmers University of Technology, Gothenburg.**Background:** CEO, Korsnäs AB. EVP, Investment AB Kinnevik. Management and strategy consultant, Applied Value Corporation, US.**Shareholding¹:** 116 547**CHRISTER SIMRÉN****Executive Vice President, COO****Year employed:** 2012**Year born:** 1961**Education:** MSc and PhD, Chalmers University of Technology, Gothenburg. MSc in Economics and Business, School of Business, Economics and Law, Gothenburg University.**Background:** CEO of Korsnäs AB and Wermland Paper AB. Member of the management team, Kinnevik. Chairman of the board, Grycksbo Paper Holding AB.**Shareholding¹:** 25 200**UNO BRINNEN****Senior Vice President Forestry****Year employed:** 2012**Year born:** 1956**Education:** MSc in Forestry, Swedish University of Agricultural Sciences (SLU), Umeå. Licentiate Degree in Forestry, SLU, Garpenberg.**Background:** Director of Forestry, Korsnäs AB.**Shareholding¹:** 6 500**LENNART EBERLEH****Senior Vice President Corrugated Solutions****Year employed:** 2001**Year born:** 1969**Education:** MSc, Technische Universität Carolo Wilhelmina Braunschweig, Germany. Executive MBA, Mgruppen.**Background:** Sales Manager, Stora Enso Gruvön. Stora Support Team, Stora Kopparberg Bergslags AB. Product Manager, Stora Gruvön.**Shareholding¹:** 20 000**ULF ELIASSON****Senior Vice President Consumer Board****Year employed:** 2012**Year born:** 1962**Education:** MSc, Chalmers University of Technology, Gothenburg.**Background:** Mill Director, Korsnäs AB. Vice President & Site Manager, Rolls-Royce AB. Senior Vice President & CEO, Stora Enso Skoghall AB.**Shareholding¹:** 6 500**HENRIK ESSÉN****Senior Vice President Communication and Sustainability****Year employed:** 2011**Year born:** 1974**Education:** MSc in Engineering, Royal Institute of Technology, Stockholm.**Background:** Senior consultant, ÅF AB. Senior consultant, Pöyry Forest Industry Consulting AB.**Shareholding¹:** 4 000**KARIN HÅGFELDT****Senior Vice President Corporate Human Resources****Year employed:** 2011**Year born:** 1970**Education:** Human Resource Management programme, Umea University. Executive MBA, Stockholm School of Economics.**Background:** HR Lead Global Supply Chain & Strategy, AstraZeneca. Head of HR Sweden Operations, AstraZeneca.**HR Manager, Ericsson.****Shareholding¹:** 11 500**SUSANNE LITHANDER****CFO****Year employed:** 2011**Year born:** 1961**Education:** MSc in Economics and Business, School of Business, Economics and Law, Gothenburg University.**Background:** CEO, Mercuri International Group. Executive Vice President & Head of Advisory Services, BU Global Services, Ericsson AB. Executive Vice President Finance & Operational Development, BU Global Services, Ericsson AB.**Executive Vice President & Head of Business Operations, Ericsson Inc., TX, USA****Shareholding¹:** 3 413**JOHAN NELLBECK****Senior Vice President Packaging Paper****Year employed:** 2006**Year born:** 1964**Education:** MSc in Economics and Business, Uppsala University. Executive MBA, Mgruppen.**Background:** Regional Sales Director, Tele2 Stockholm. Managing Director, AssiDomän Kraft Products Nordic Sales AB. Sales Manager, AssiDomän Scandinavia.**Shareholding¹:** 10 000**MAGNUS WIKSTROM****CTO****Year employed:** 2006**Year born:** 1963**Education:** MSc and PhD in Engineering, Royal Institute of Technology, Stockholm. Executive MBA, Mgruppen.**Background:** R&D Director, Korsnäs AB. Research Manager, Korsnäs Development. Project Area Manager, STFI.**Shareholding¹:** 8 219

¹ Own and closely related persons' shareholdings as of 7 March 2016
For more information about the Senior Management Team, see **BillerudKorsnäs' Annual Report 2015**



BOARD



1. LENNART HOLM

Chairman of the Board since 2014, Board member since 2012, chairman of the investment committee, member of the remuneration committee.
Year born: 1960
Other assignments: Chairman of the Board of Vida AB, Nexam Chemical Holding AB, Chamber Tech AB, Brunkeberg Systems AB, Vigmed Holding AB and Hamnkrogen i Helsingborg Holding AB. Board member of Dermazip AB, Lennart Holm Development AB, Preventic Försäkrings AB, TCBH Göteborg AB and Axolot Solutions AB.
Shareholding¹: 3 000

2. MICHAEL M.F. KAUFMANN

Board member since 2005, member of the remuneration committee.
Year born: 1948
Other assignments: CEO, Frapag Beteiligungsholding AG. CEO, HKW Privatstiftung.
Shareholding¹: 9 500

3. ANDREA GISLE JOOSEN

Board member since 2015.
Year born: 1964
Other assignments: Board member of Dixons Carphone PLC, ICA Gruppen AB and Lighthouse Group AB.
Shareholding¹: 500

4. BENGT HAMMAR

Board member since 2014, member of the investment committee.
Year born: 1951
Other assignments: Director and senior adviser, Pöyry Capital Ltd.
Shareholding¹: 2 000

5. MIKAEL HELLBERG

Board member since 2014, chairman of the remuneration committee, member of the audit committee.
Year born: 1954
Other assignments: Chairman of the Board of Delicato Bakverk AB, Berntson Brands AB, Wallvision AB and Stiftelsen Einar Belvén. Board member of Fresk Försäljning AB, Gärdin & Persson AB and Segeltorp Holding AB.
Shareholding¹: 20 000



6. JAN HOMAN

Board member since 2012, member of the audit committee.
Year born: 1947
Other assignments: Chairman of the board of Frapag Beteiligungs-holding AG. Board member of Constantia Flexibles Group, Erste Group Bank AG and Slovenska Sporitelna. Head of European Aluminium Foil Association and Flexible Packaging Europe.
Shareholding¹: –

7. GUNILLA JÖNSSON

Board member since 2003, member of the investment committee.
Year born: 1943
Other assignments: Senior Professor in Packaging Logistics, Engineering Faculty LTH, Lund University. Member of steering committee for LUFO (LTH Food Studies). Board member of Invest in Skåne AB, chair/member of various scientific boards and IVA Royal Swedish Academy of Engineering Sciences.
Shareholding¹: 3728

8. KRISTINA SCHAUMAN

Board member since 2014, chairman of the audit committee.
Year born: 1965
Other assignments: Board member of ÅF AB, Livförsäkrings-bolaget Skandia, Orexo AB, Apoteket AB, Coor Service Management AB and Ellos Group Holding AB.
Shareholding¹: 1 000

9. STEWE CATO

Deputy Board member since 2015, employee representative Pappers.
Year born: 1953
Other assignments: –
Shareholding¹: –

10. HELÉN GUSTAFSSON

Board member since 2010, employee representative PTK.
Year born: 1971
Other assignments: Production Technician/Personnel Supervisor at BillerudKorsnäs.
Shareholding¹: 517

11. KJELL OLSSON

Board member since 2012, employee representative Pappers.
Year born: 1959
Other assignments: Chairman of Pappers Avd 3 trade union in Gavle.
Shareholding¹: 45

12. TOBIAS SÖDERHOLM

Deputy Board member since 2012, employee representative PTK.
Year born: 1975
Other assignments: Project Manager, R&D, at BillerudKorsnäs.
Shareholding¹: –

¹ Own and closely related persons' shareholdings as of 7 March 2016
 For more information about the Board members, see **BillerudKorsnäs' Annual Report 2015**

THE BILLERUDKORSNÄS SHARE

The BillerudKorsnäs share has been listed since 20 November 2001 and is traded on the Large Cap list of Nasdaq Stockholm. The share ticker symbol is BILL.

On 30 December 2015, the share capital totalled SEK 1 537 642 793, represented by 208 219 834 shares.

The number of shares on the market totalled 206 951 152. Each share on the market entitles its holder to an equal right in the Company's earnings and capital.

SHARE PRICE PERFORMANCE

The BillerudKorsnäs share closed at SEK 157.20 on 30 December 2015, corresponding to a market capitalisation of approximately SEK 32.5 billion. BillerudKorsnäs' share price rose by 40% during 2015. Over the same period, the Nasdaq Stockholm forestry and paper products index (OMX Stockholm Forestry & Paper PI) rose by 19%, while the Nasdaq Stockholm All Share Index (OMX Stockholm PI) rose by 7%.

In 2015, the share recorded its highest closing price, SEK 167.10, on 21 December, and its lowest closing price, SEK 109.90, on 7 January.

TRADING

During 2015, 131.8 million BillerudKorsnäs shares were traded, corresponding to a value of approximately SEK 18 billion. The average number of shares traded each trading day was approximately 525 000, corresponding to a value of SEK 72 million. On average, approximately 1 800 trades were made each trading day.

DIVIDEND

The target is for the dividend to amount to 50% of net profit. The dividend paid to shareholders will depend, for example,



on BillerudKorsnäs' level of profits, its financial position and its future development opportunities.

BillerudKorsnäs' Board of Directors proposes a dividend of SEK 4.25 per share for 2015. The proposed dividend corresponds to approximately 49% of net profit for 2015.

SHAREHOLDER CATEGORIES, VOTES



- Foreign shareholders, 44.5%
- Swedish mutual funds, 23.3%
- Swedish individuals incl. closely held companies, 19.4%
- Swedish institutions, 12.8%

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS, VOTES



- Sweden, 55.6%
- Austria, 15.1%
- USA, 11.5%
- United Kingdom, 7.4%
- Norway, 2.4%
- Other, 8.0%

10 BIGGEST SHAREHOLDERS

Shareholders	No. of shares, millions	Share of votes, %
FRAPAG Beteiligungsholding AG	31.3	15.1
AMF Insurance & Funds	13.6	6.6
Swedbank Robur funds	8.8	4.2
Fourth AP Fund	6.2	3.0
Handelsbanken funds	4.6	2.2
Lannebo funds	4.4	2.1
Norges Bank Investment Management	4.2	2.1
DFA funds (USA)	4.0	2.0
Alecta	4.0	1.9
Catella funds	3.7	1.8
Total top 10 shareholders	84.9	41.0

OWNERSHIP STRUCTURE

Shareholding	No. of shares	% No. of owners	%
1–100	1 374 839	0.7	23 892 24.5
101–500	15 334 835	7.4	59 612 61.1
501–10 000	21 535 803	10.3	13 453 13.8
10 001–50 000	8 180 335	3.9	409 0.4
50 001–	161 794 022	77.7	202 0.2
Total	208 219 834¹	100.0	97 568 100.0

¹ Including the company's own bought-back shares (1 268 682)

Source: Modular Finance AB, 30 December 2015

SHARE PRICE PERFORMANCE 2005–2015



SHARE PRICE PERFORMANCE 2015



— BillerudKorsnäs
— OMX Stockholm PI
— OMX Stockholm Forestry & Paper_PI

ANALYSTS

Company	Analysts	Phone
ABG	Martin Melbye	+47 220 161 37
Carnegie	Robert Redin	+46 8 588 686 47
Danske Bank	Oskar Lindström	+46 8 568 806 12
DNB	Johan Sjöberg	+46 8 473 48 31
Handelsbanken Capital Markets	Mikael Doepel	+358 10 444 2450
Jefferies	Justin Jordan	+44 20 7029 8976
Kepler Cheuvreux	Mikael Jäfs	+46 8 723 51 71
Nordea	Harri Taittonen	+358 9 1655 9924
SEB Enskilda	Linus Larsson	+46 8 522 297 01
Swedbank Markets	Ola Södermark	+46 8 585 902 40

KEY FIGURES PER SHARE

SEK per share, unless stated otherwise	2015	2014	2013
Dividend (for each financial year), actual	4.25 ¹	3.15 ¹	2.25 ¹
Dividend as % of			
- share price (dividend yield)	2.7	2.8	2.8
- profit	49	51	69.4
- equity (closing balance)	7.2	6.1	4.7
Share price/closing balance of equity, %	265	219	170
P/E ratio, multiple	18.0	18.2	25.1
EV/EBITDA, multiple	9.4	9.3	9.8
Share price (closing price, last trading day)	157.2	112.5	81.25

¹ Board's proposal

ANNUAL GENERAL MEETING

BillerudKorsnäs AB's Annual General Meeting will be held at 3:00 p.m. on Tuesday 10 May 2016 at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

Notice of the 2016 Annual General Meeting is posted on the Company's website at www.billerudkorsnas.com.

NOTIFICATION OF ATTENDANCE

Shareholders wishing to take part in the AGM must be registered in the shareholders' register maintained by Euroclear by no later than 3 May 2016 and must notify the Company by no later than Tuesday 3 May 2016.

Notification of attendance can be done by telephone on +46 8 402 402 90, at www.billerudkorsnas.com/anmalan or by post to BillerudKorsnäs AB, Årsstämman, Box 7841, SE-103 98 Stockholm, Sweden.

To be able to participate in the meeting, shareholders whose shares are registered in the name of a nominee must request that their own names are temporarily registered in the shareholders' register kept by Euroclear. This procedure, referred to as voting right registration, must be completed by Tuesday 3 May 2016, which means that shareholders must inform the nominee well before this date.

FINANCIAL INFORMATION

All financial information is available in both Swedish and English and is published on BillerudKorsnäs' website at www.billerudkorsnas.com.

The Annual review is distributed to shareholders and other interested parties who have registered their interest, either through the Company's website or via the form received by each new shareholder.

The Annual report and other financial reports are available on the website.

INTERIM REPORTS

January–March 2016	21 April
January–June 2016	20 July
January–September 2016	21 October



For more info visit
www.billerudkorsnas.com



GLOSSARY

Cup stock

Board specially designed for drink cups.

CTMP

Chemo Thermo Mechanical Pulp. Pulp with chemically treated fibres. Gives a strong, soft pulp for many applications, including liquid packaging board, printing and writing paper, tissue paper and hygiene paper.

FibreForm®

Paper with high elasticity, which can be shaped to produce thermoformed and deep-drawn food and consumer packaging such as trays and blisterpacks.

Fluting

Rippled middle layer in corrugated board, produced from primary or recycled fibre.

Fossil fuels

Fuels based on organic carbon and hydrogen compounds from sediment or sedimented bedrock, primarily coal, oil and natural gas.

Global Compact

UN initiative for responsible business that sets out ten principles on human rights, labour law, the environment and anti-corruption.

GRI

Global Reporting Initiative. Independent international organisation that has drawn up guidelines for transparent sustainability reporting. The fourth version of the guidelines is referred to as GRI G4.

Sustainability report

Voluntary report that gives a balanced picture of an organisation's performance in the area of sustainability.

Sustainable development

Basing decision-making on three united factors – economic growth, social viability and environmental awareness – so that society can meet current demands without compromising its future.

Integrated production

Pulp manufacture takes place at the same production unit that produces paper/board.

MF paper

Machine Finished kraft paper. Paper that is turned into bags for products such as flour and sugar.

MG paper

Machine Glazed paper. Paper that is dried on a large, highly polished Yankee cylinder, thus producing paper that has a glossy surface on one side. Used for packaging with strict hygiene requirements.

NBSK pulp

Northern Bleached Softwood Kraft. Long-fibre pulp.

Operational Excellence

Systematic work with continuous improvements.

Recycled fibre

Fibre material that has previously been used in a paper or board product.

Sack paper

Paper with high strength properties and used for the production of sacks. Made from softwood sulphate pulp.

Liquid packaging board

Board used to manufacture packaging for beverages and other liquid foods.

Corrugated board

Corrugated board is manufactured by gluing together two flat layers of paper (liner) with a rippled layer (fluting) in the middle.

ADDRESSES



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Addresses for our sales offices and production units can be found at www.billerudkorsnas.com

www.billerudkorsnas.com



BILLERUDKORSNÄS



LINA CHOSE
**LOW-CARBON
PAPER**
FOR ITS
CARRIER BAGS

Home delivery of groceries is a strong growing trend. Successful company Linas Matkasse wants to reduce customers' food waste and save the planet's resources with its carefully planned bags of food. When the company was choosing the material for its paper carrier bags – which are packed with a week's worth of food and delivered to the customer's front door – BillerudKorsnäs' kraft paper won the day.

A carrier bag using our paper generates about 50% lower emissions of greenhouse gases¹ overall compared with the equivalent plastic bag. We are part of the solution.

¹ Life cycle assessment, Report U5052, IVL, 2015

CASE