



BILLERUDKORSNÄS

INTERIM REPORT JANUARY-MARCH 2018

2018-04-20 Petra Einarsson, CEO, Susanne Lithander, CFO



KEY HIGHLIGHTS

- **Stable production**
- **Strong results** - adjusted EBITDA margin 19%
- **High demand** - net sales up 5%
- Investments progressing **according to plan**
- **Positive market outlook** in both the short and long term

STRONG DEMAND

PACKAGING PAPER Q1 DEVELOPMENT

- Net sales + 6% vs Q1-17
 - Increased prices
 - Improved product mix
 - Lower production volumes
- EBITDA + 19% vs Q1-17
 - Wood and pulp prices continues to increase
- Market expected to remain solid
 - Potential to increase prices
- Successful relaunch for D-sack



2,276

NET SALES SEK MILLION

467

EBITDA SEK MILLION

21%

EBITDA MARGIN

STABLE PRODUCTION

CONSUMER BOARD Q1 DEVELOPMENT

- Net sales +2% vs Q1-17
 - Stable production
 - Improved product mix
- EBITDA +8% vs Q1-17
 - Cost inflation
- Market expected to remain solid
- Tetra Recart challenges other packaging materials



2,164

NET SALES SEK MILLION

473

EBITDA SEK MILLION

22%

EBITDA MARGIN

SOLID RESULT

CORRUGATED SOLUTIONS Q1 DEVELOPMENT

- ▶ Net sales +2% vs Q1-17
 - Increased prices
 - Improved product mix
 - Lower production volumes
- ▶ EBITDA +11% vs Q1-17
 - Lower fixed costs
- ▶ Market expected to remain solid
 - Potential to increase prices
- ▶ The world's strongest fluting



953

NET SALES SEK MILLION

210

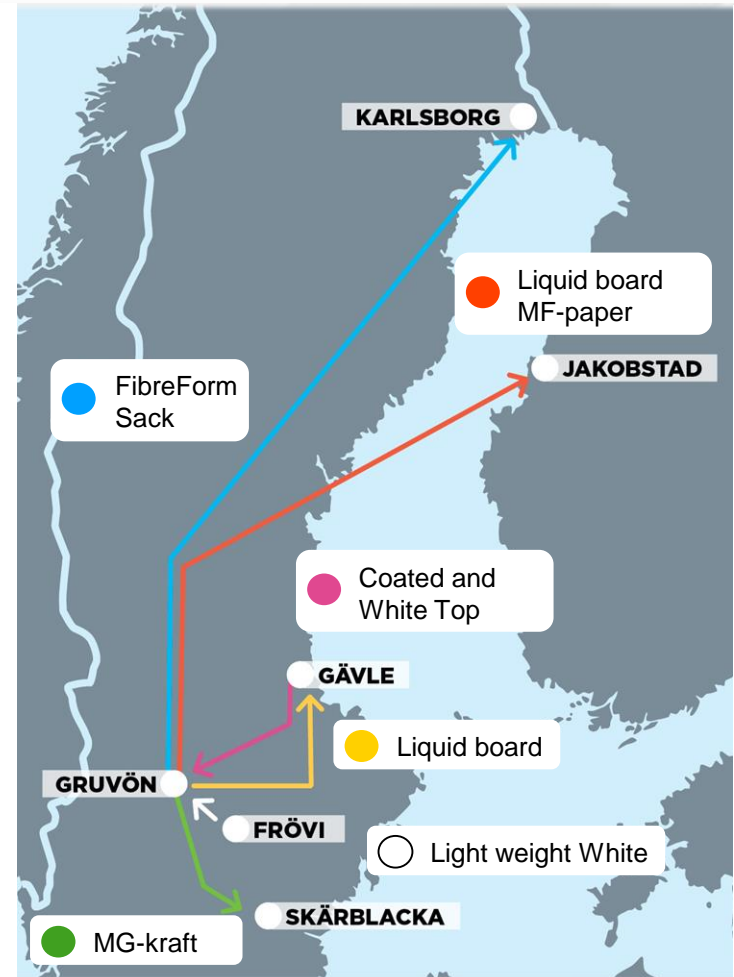
EBITDA SEK MILLION

22%

EBITDA MARGIN

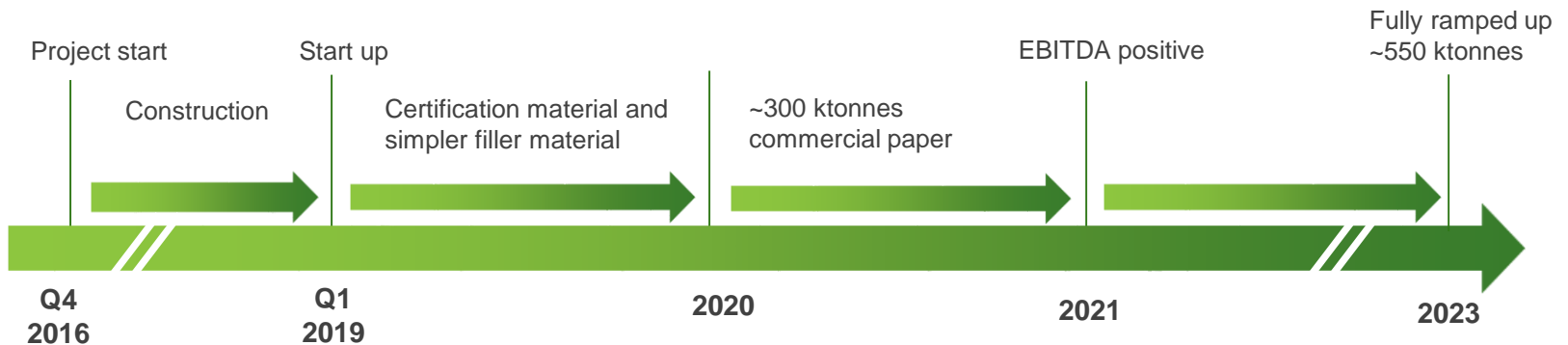
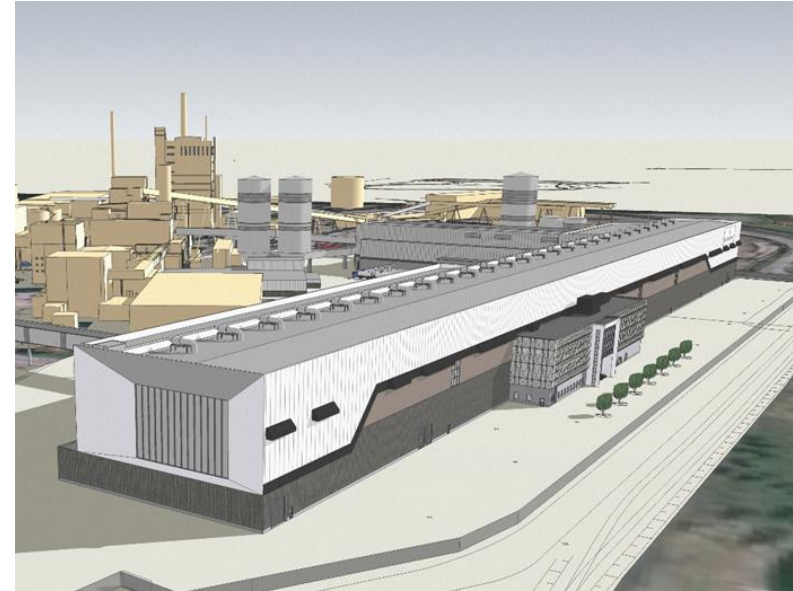
STRONG POTENTIAL IN NEXT GENERATION

- New capacity to capture growth
- Streamlined product portfolio
- More focused production units
- Reduced risks and volatility



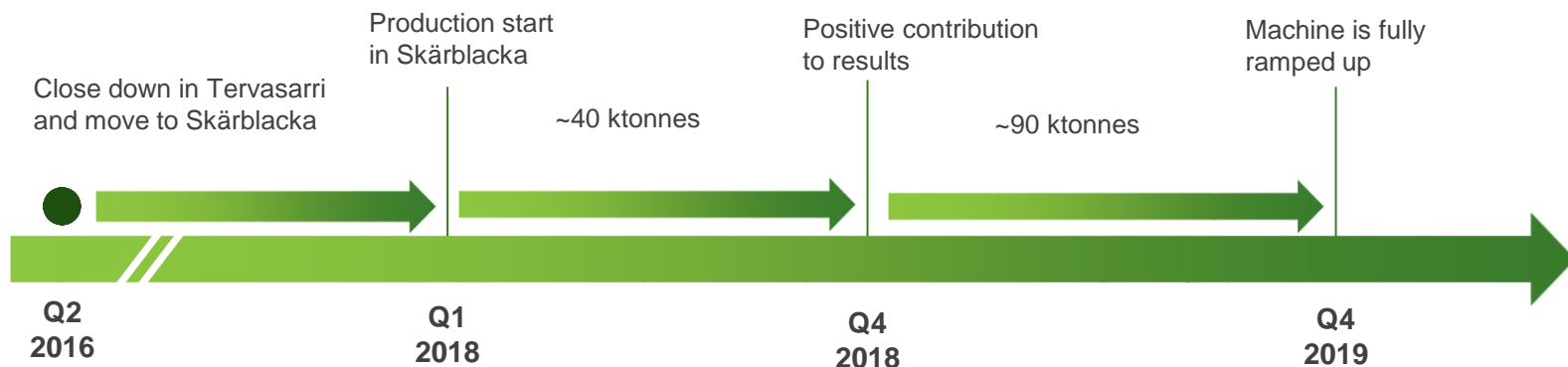
GRUVÖN PROGRESSING ACCORDING TO PLAN

- Keeping time frame
- Reinforced organisation
 - Programme management office
 - Machine ready
 - Mill ready
 - Product ready
 - Business ready



WORLD-LEADING MG CENTRE IN SKÄRBLACKA

- Project on track
- The Tervarsaari machine is under start-up in Skärblacka (PM10)
- The machine is expected to produce ~40 ktonnes this year
- When fully ramped late 2019 PM10 will produce ~90 ktonnes MG paper*



*Machine Glazed – high-gloss paper

FOCUS ON OPERATIONAL EXCELLENCE

- Safety culture programme
- A customer-centric quality process
- Production stability roadmaps



FINANCIAL TARGETS

Area	FY target	Outcome Q1 2018	
Growth	3-4%	5%	✓
EBITDA	>17%	18%	✓
ROCE	>13%	13%	✓
Net debt/EBITDA	<2.5	1.55	✓

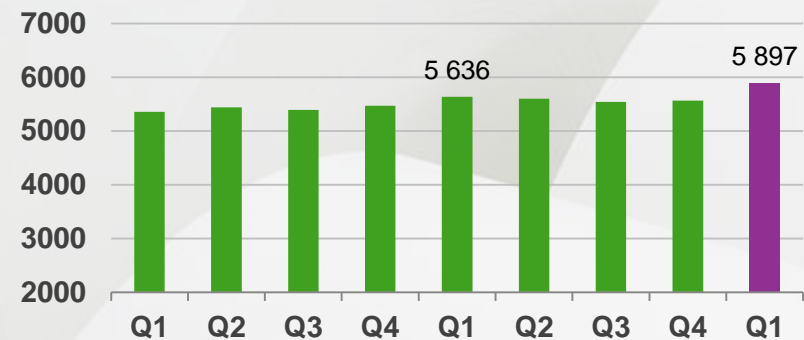
HIGHER SALES PRICES DRIVE EBITDA



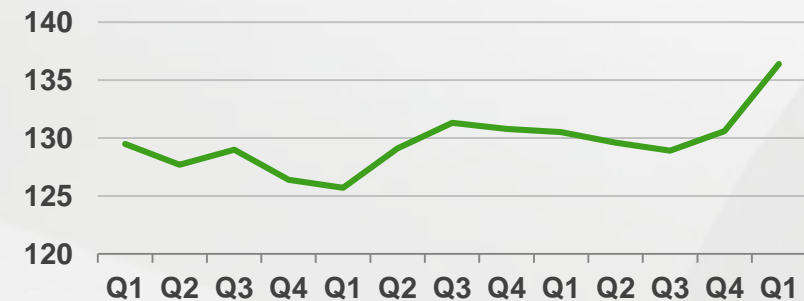
INCREASED NET SALES

- Continued strong demand in all business areas
- Increased sales prices
- Stable production
- Negative effect from shortage of wood
- Positive currency effects

Net sales, SEKm



TCW index



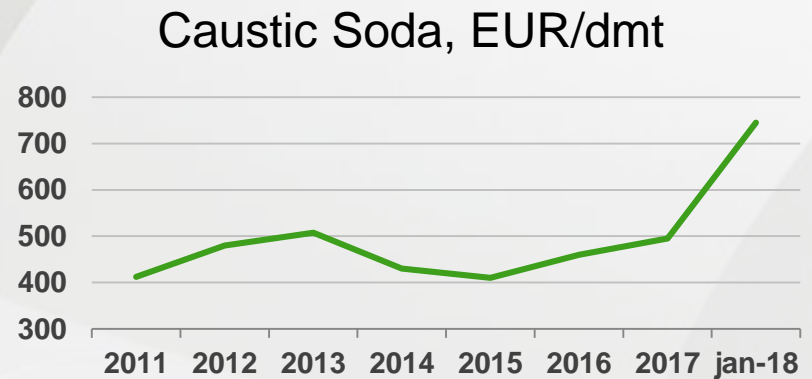
Source: Riksbanken – Total Competitiveness Weight Index

NEGATIVE EFFECTS FROM COST INCREASES

- Demand-driven price increase for wood
- Pulp prices at all-time high levels
- Increased chemical prices



Source: BillerudKorsnäs – Total consumption hard and soft wood

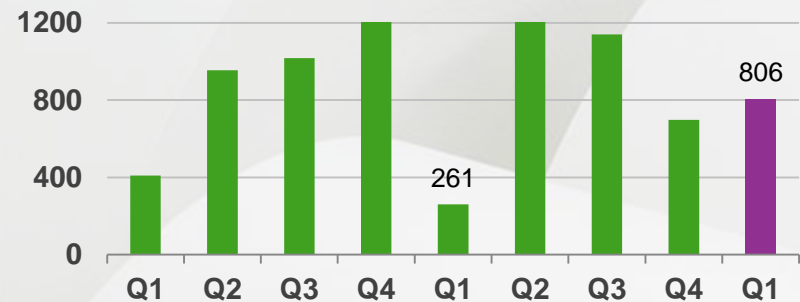


Source: IHS

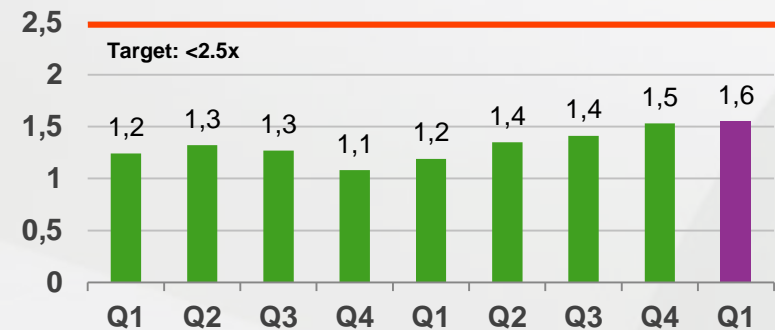
STRONG UNDERLYING CASH FLOW

- Solid cash flow from operations to handle investments
- ROCE in line with target despite increased capital employed
- Net debt increased to MSEK 6,056 (4,165)
- High interest from debt investors
- Bergvik Öst deal expected to be finalised end of 2018

Cash flow from operations, SEKm



Net debt/EBITDA



2018 OUTLOOK

- Demand and order situation are expected to be strong with normal seasonal variations for all business areas
- Demand-driven cost increases expected to continue
- The financial impact on Q2 2018 from wood shortage is estimated to MSEK 50-75
- Overall capacity will remain at 2017 level
 - Increased volume for Consumer Board
 - Reduced volumes for Corrugated Solutions and Packaging Paper due to impact from Gruvön investment
- One-off impact on EBIT from investment project will be SEK ~210 million
 - SEK 75 million due to longer stop in Gruvön
 - SEK 75 million due to education, extra personnel etc.
 - Increased depreciation SEK 60 million

SUMMARY

- **Stable production**
- **Strong results** - adjusted EBITDA margin 19%
- **High demand** - net sales up 5%
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SAVE THE DATE

- › Capital Markets Day: Stockholm – Monday 17 September
- › Capital Markets Briefing: London – Tuesday 18 September

More info will be posted on www.billerudkorsnas.com



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