



# CREATING LONG-TERM SHAREHOLDER VALUE

## Capital Markets Day 2013

2013-11-14 | Per Lindberg, CEO and President



## KEY HIGHLIGHTS Q3 2013 INTERIM REPORT

	Q3 2013	vs. Q2 2013	Jan-Sep 2013	vs. Jan-Sep 2012
Net sales, MSEK	4 715	-5%	14 820	+101%
Adjusted operating profit, MSEK	331	+4%	1 081	+103%
Return on capital employed, %*	6%	+/-0	6%	-5 p.p.
Operating cash flow, MSEK	109	+16%	512	+62%
Net debt/equity, multiple	0.80	-0.05	0.80	+0.60

\*Calculated over the past 12-month period.



## FOUR FINANCIAL TARGETS

Operating margin  $> 10\%^*$

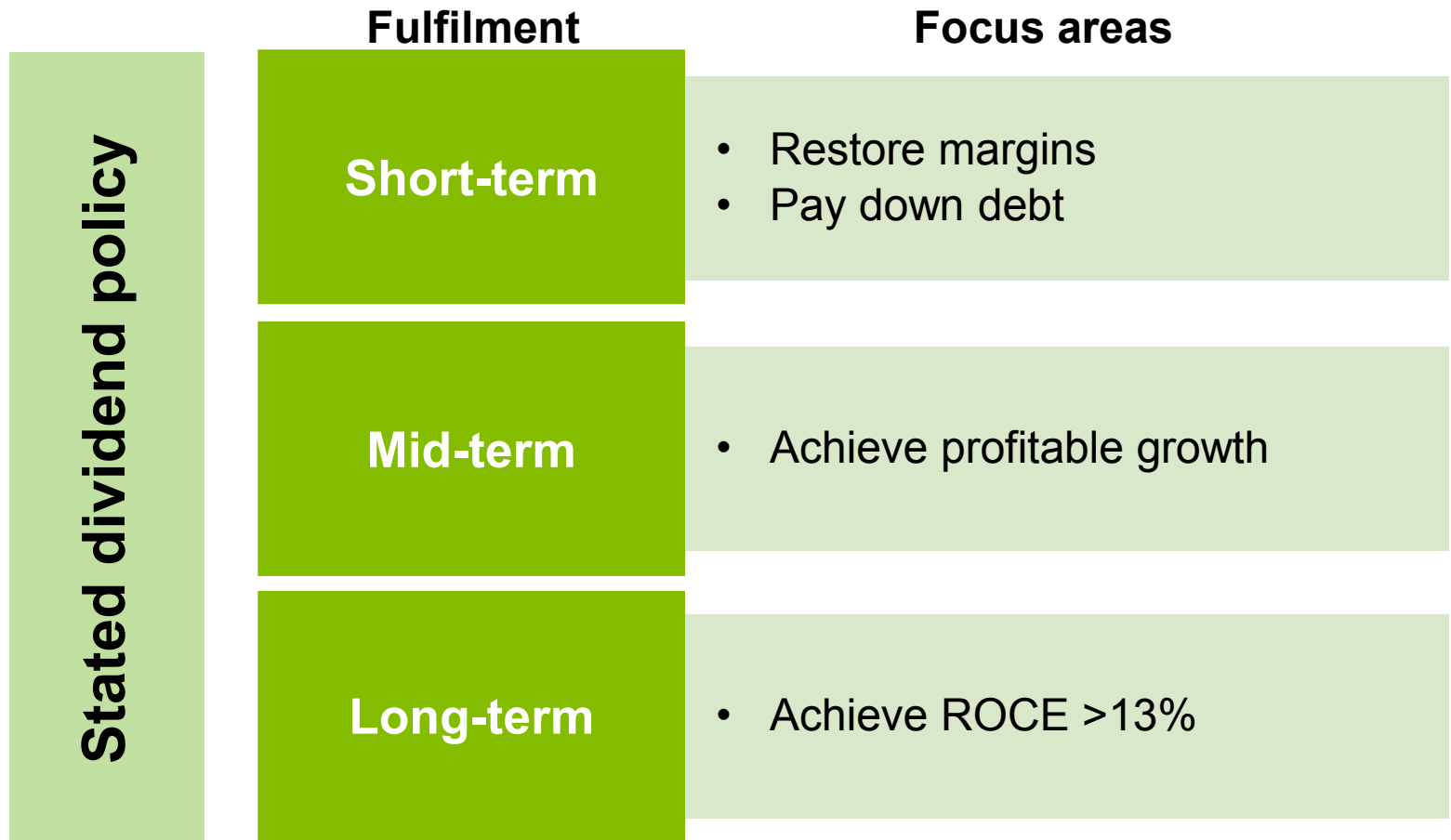
Return on Capital  
Employed  $> 13\%^*$

Net debt/Equity ratio  
 $< 0.9$

Dividend policy:  
50% of net profit\*



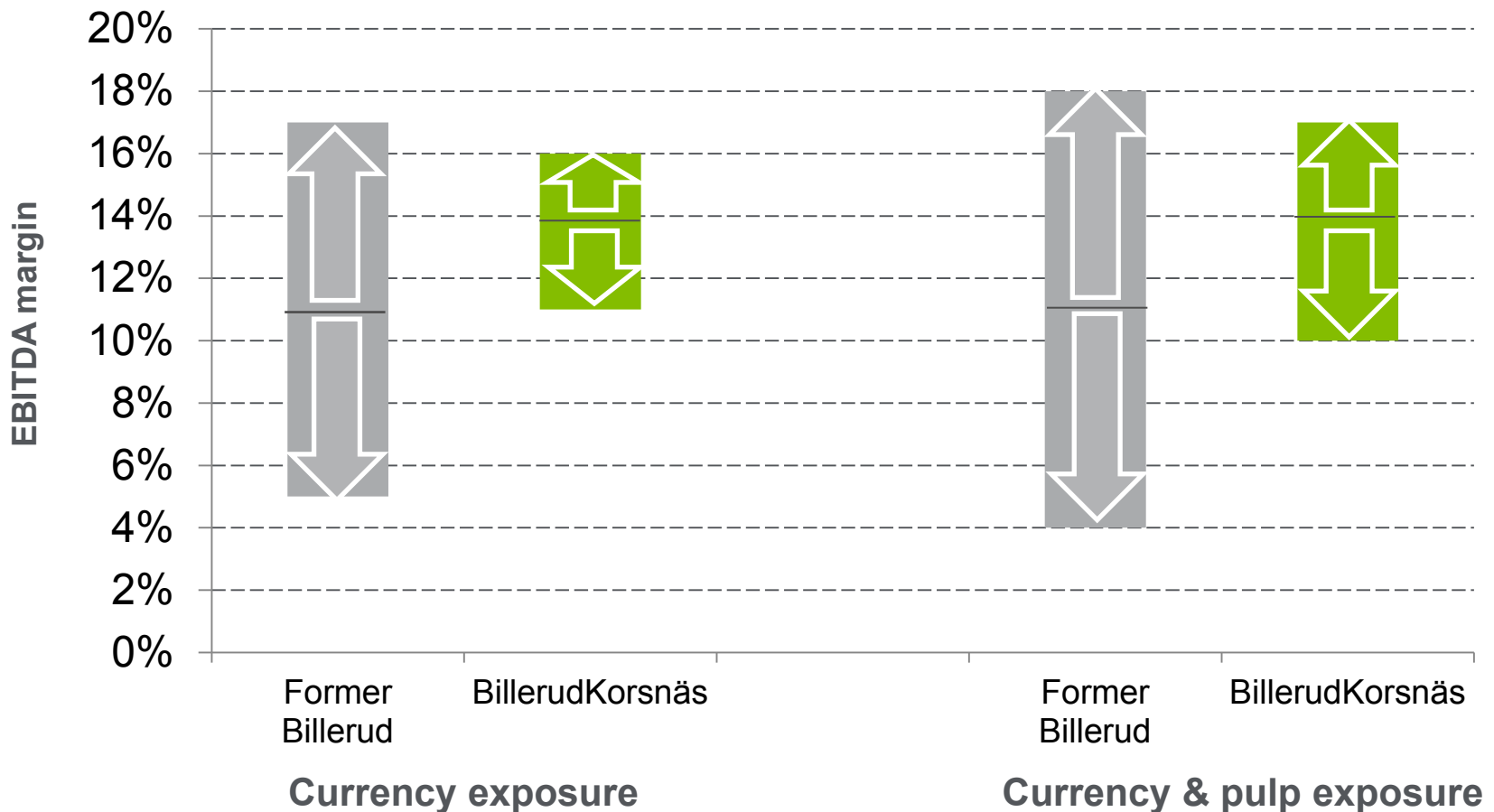
# OUR COMMITMENT TO LONG-TERM SHAREHOLDER VALUE





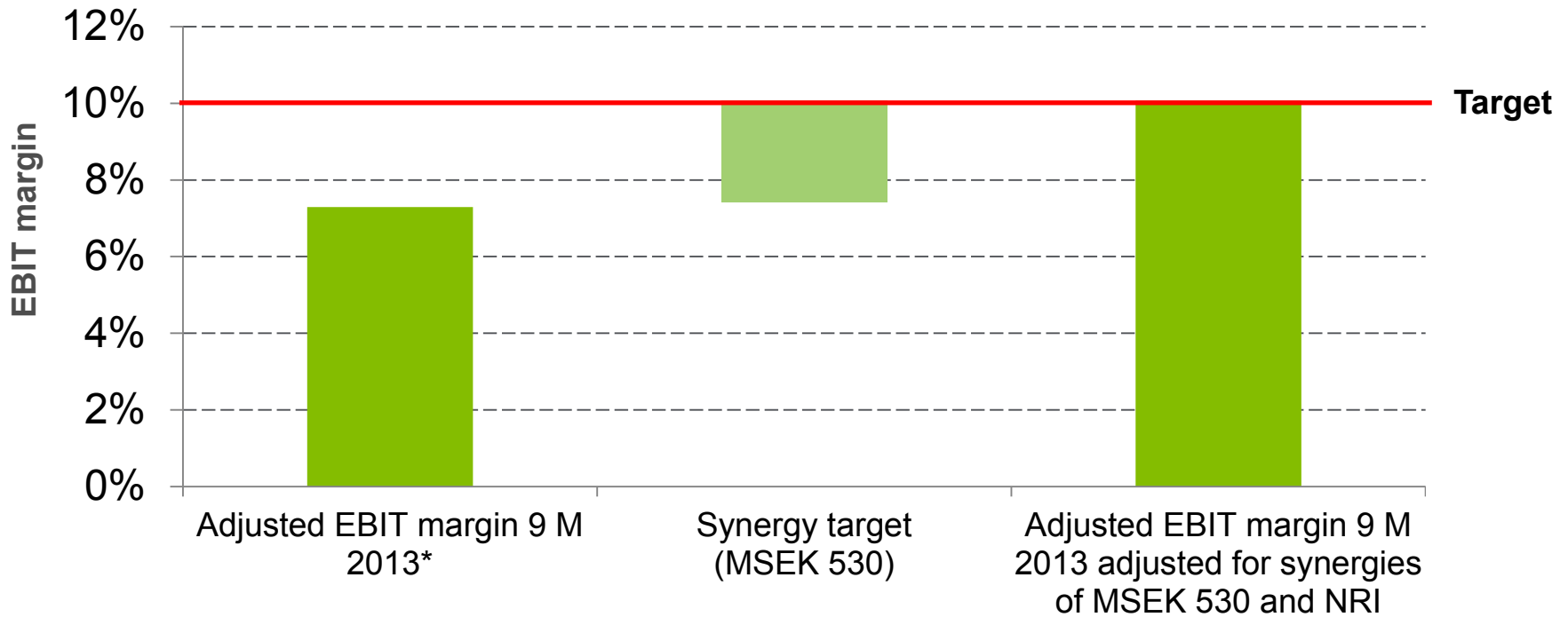
# A STRONG PLATFORM WITH INCREASED STABILITY

THE TWO ACQUISITIONS IN 2012 RESULTED IN SIGNIFICANTLY REDUCED MARKET PULP EXPOSURE AND LOWER RELATIVE CURRENCY EXPOSURE





# ON TRACK TO ACHIEVE EBIT MARGIN TARGET OF >10%

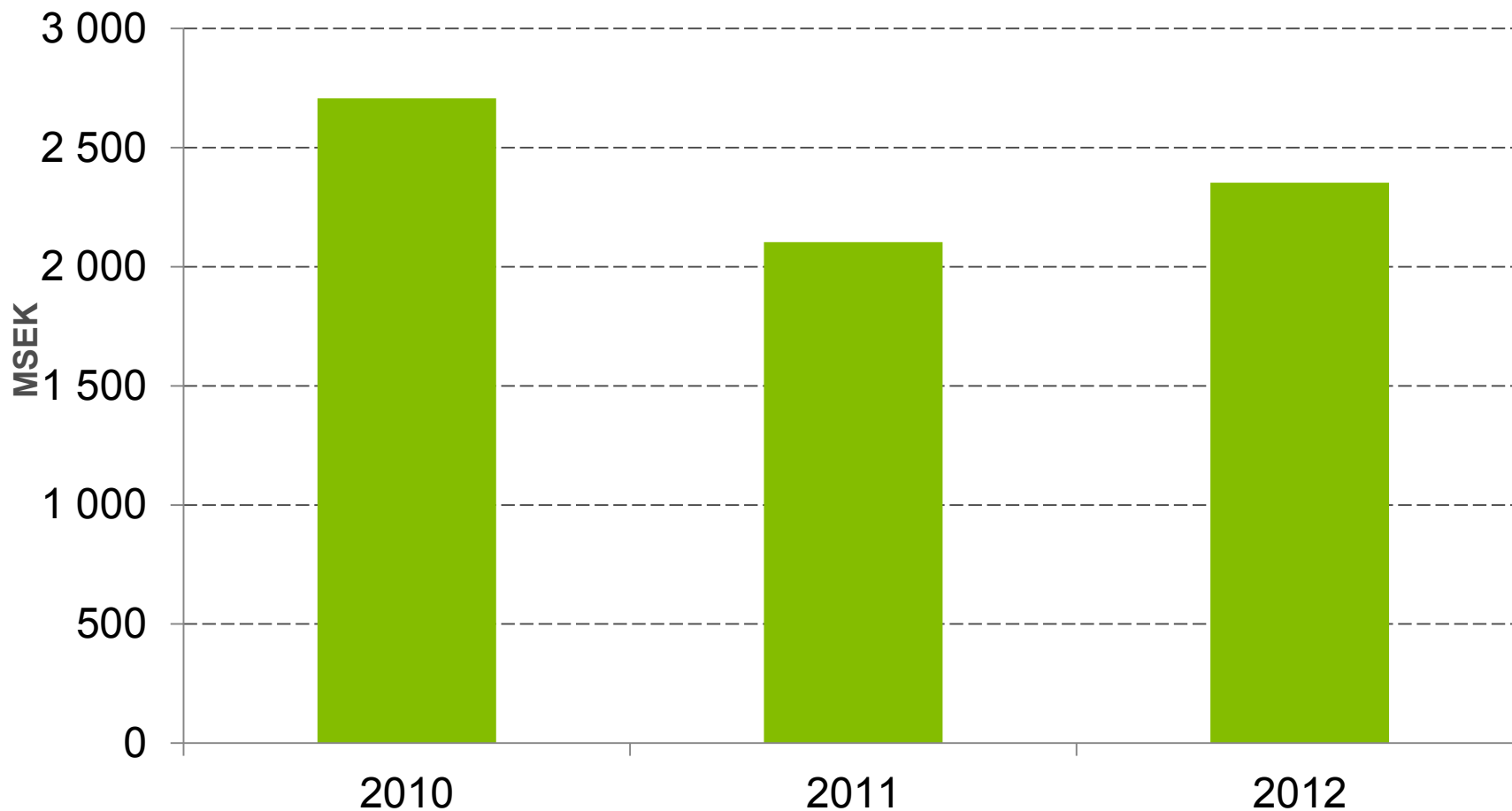


\* Adjusted for NRI of MSEK 165

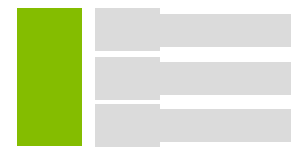


# CASH-FLOW GENERATIVE BUSINESS

## CASH-FLOW FROM OPERATING ACTIVITIES

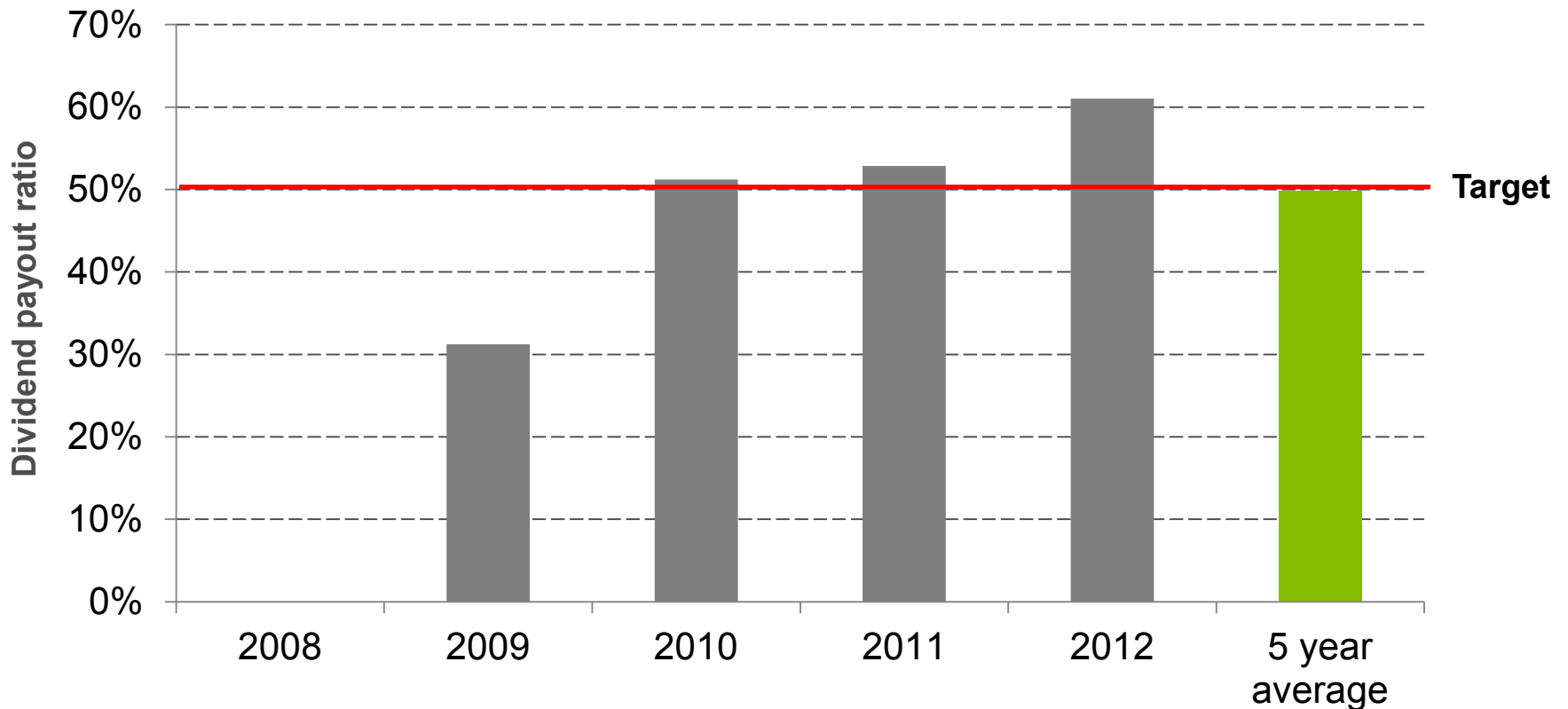


Note: FY 2010 figure is combined and FY 2011 and 2012 figures are proforma.



# SUPPORTING THE DIVIDEND...

DIVIDEND POLICY TO PAY 50% OF NET PROFIT OVER A BUSINESS CYCLE

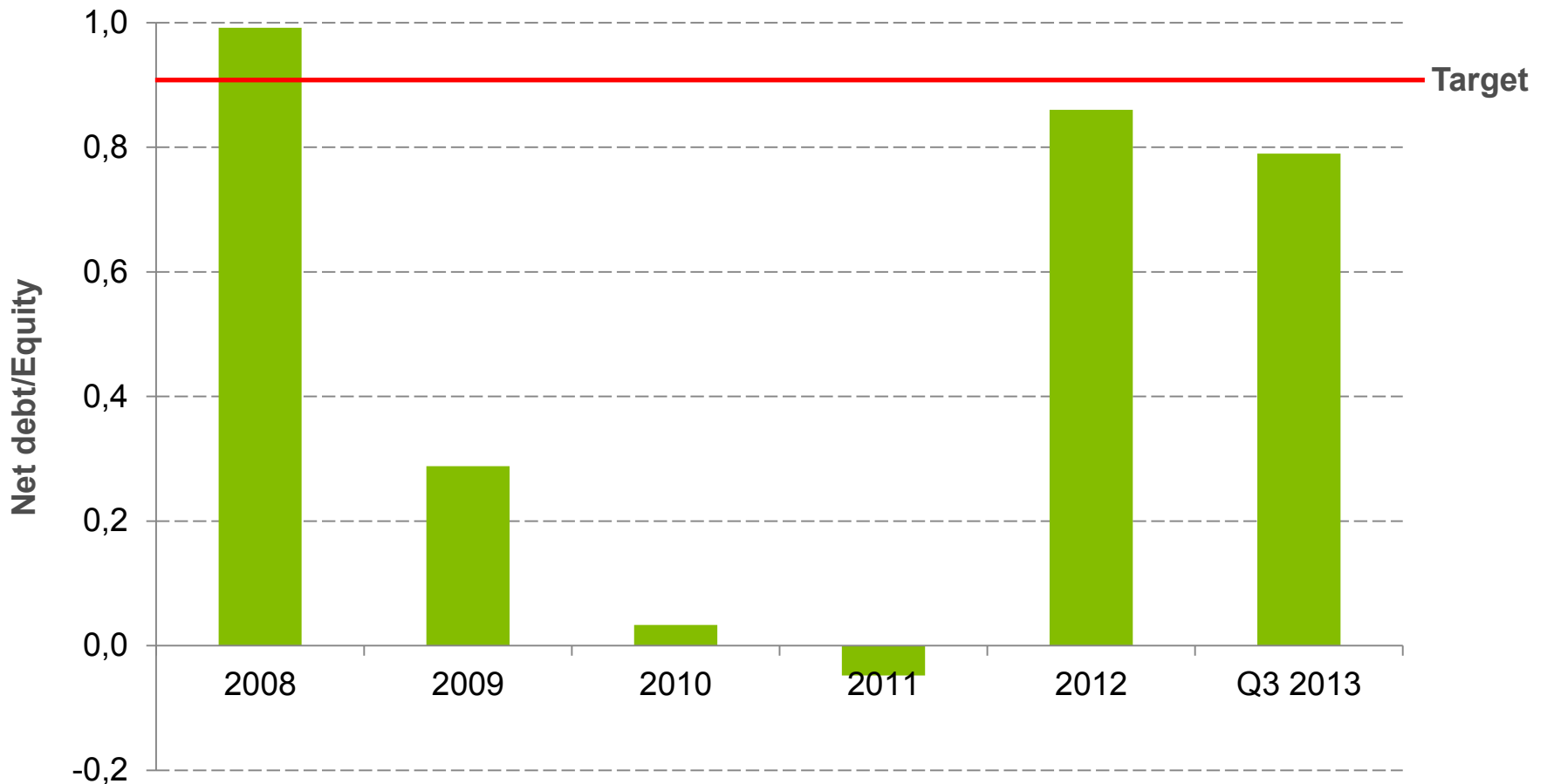






## ... AND PAYING DOWN DEBT

AMBITION TO FIND AN OPTIMAL LONG-TERM CAPITAL STRUCTURE





## ACTIONS TO IMPROVE ROCE

Short-term

1

### Capital management

- Target 10% working capital/net sales
  - As per 30/9-2013 15%
- Capital expenditure in existing structure in line with depreciation & amortisation
  - Maintenance investments
  - De-bottlenecking
  - Quality enhancement investments

2

### Asset review

Long-term

3

### Profitable growth through investments in fixed assets with ROI > 13%



BILLERUDKORSNÄS

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# WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE





# ACHIEVING 15-20% ORGANIC GROWTH BY 2018

## CONTAINERBOARD



## BA market CAGR

2-4% CAGR

- Value growth
  - Increase margins on existing portfolio

## PACKAGING PAPER



0-4% CAGR

- Selective growth
  - Target growth in selected segments, balancing additional capacity

## CONSUMER BOARD



4-5% CAGR

- Volume growth
  - Increase volume in key markets



# DELIVERING SUSTAINABLE PROFITABLE GROWTH

GROW IN LINE WITH THE MARKET

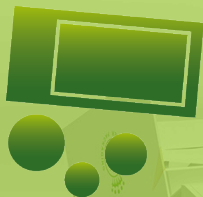


INNOVATION



CAPACITY  
MANAGEMENT

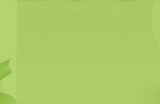
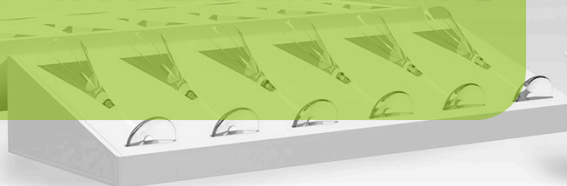
**15-20% organic  
growth by 2018**



INVESTMENTS



GEOGRAPHY





# DELIVERING SUSTAINABLE PROFITABLE GROWTH



Q  
&  
A





## APPENDIX

### Capital Markets Day 2013

# THREE BUSINESS AREAS

**PACKAGING PAPER**  
*Kraft and sack paper*



**CONSUMER BOARD**  
*Liquid packaging board, cartonboard and Cup Stock*



**CONTAINERBOARD**  
*Fluting and liner*



**Sales volumes**



**Net sales**



**EBIT**



■ Packaging Paper   
 ■ Consumer Board   
 ■ Containerboard





# PRODUCTION UNITS



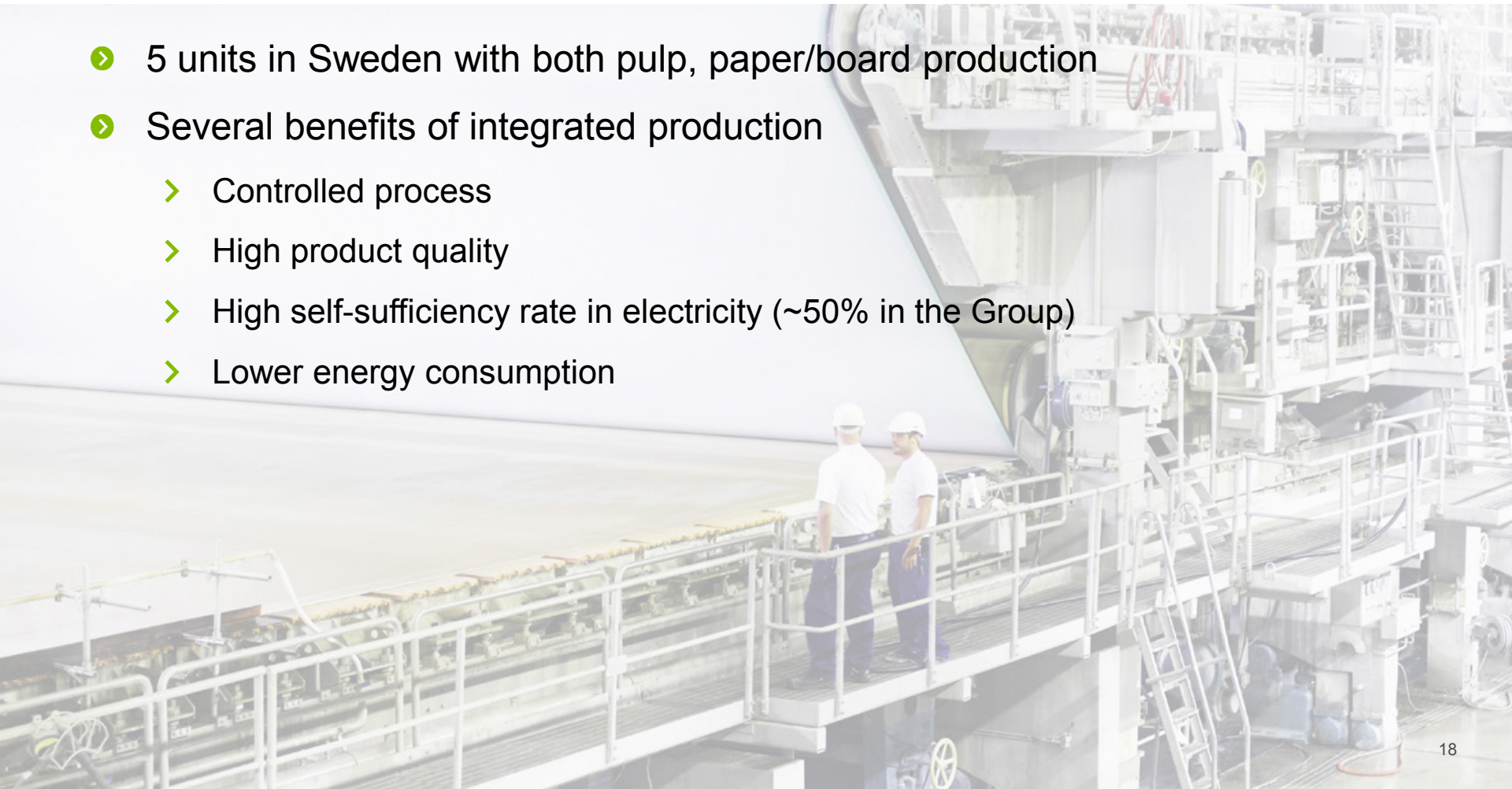
Unit	ktons
BEETHAM	45
FRÖVI/ROCKHAMMAR	450
GRUVÖN	685
GÄVLE	700
PIETARSAARI	200
KARLSBORG	300
SKÄRBLACKA	400
TERVASAARI	100
<b>Total</b>	<b>2 880</b>
LATGRAN*	400
<b>Total</b>	<b>400</b>

\* Pellet production.



# INTEGRATED PRODUCTION IN SWEDEN

- 5 units in Sweden with both pulp, paper/board production
- Several benefits of integrated production
  - Controlled process
  - High product quality
  - High self-sufficiency rate in electricity (~50% in the Group)
  - Lower energy consumption





# COST STRUCTURE



- Wood raw materials, 36%
- Personnel, 17%
- Freight to customers, 11%
- Chemicals, 8%
- Depreciation, 7%
- Services purchased, 6%
- Other inputs, 4%
- Energy, 4%
- Other, 7%

- No significant forest assets
- Purchases made from handful of major suppliers
  - Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog
  - Large amount of private land owners in Central and Northern Sweden
- The majority of wood raw materials acquired locally
- About 20% of the wood requirement is imported
  - Majority from the Baltics



## CONSUMER SECTORS ACCOUNT FOR ~75% OF SALES



FOOD & BEVERAGES

**57%**  
of sales\*



INDUSTRIAL

**26%**  
of sales\*



CONSUMER & LUXURY

**11%**  
of sales\*



MEDICAL & HYGIENE

**6%**  
of sales\*



# BILLERUDKORSNÄS

