

# WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE



**Handelsbanken Nordic Mid/Small Cap Seminar | June 2015**

Per Lindberg, CEO and President



# PRIMARY FIBRE-BASED PACKAGING MATERIALS



- ▶ High performance packaging materials
  - ▶ Target customer segments requiring strong, light and/or pure packaging



- ▶ Smarter solutions and sustainable innovation
  - ▶ Focus on value added to customers rather than price



- ▶ 75% of sales going to consumer sectors
  - ▶ Food & Beverages is largest market segment with ~60% of sales



# BILLERUDKORSNÄS IN BRIEF

## NET SALES

2014

**21**

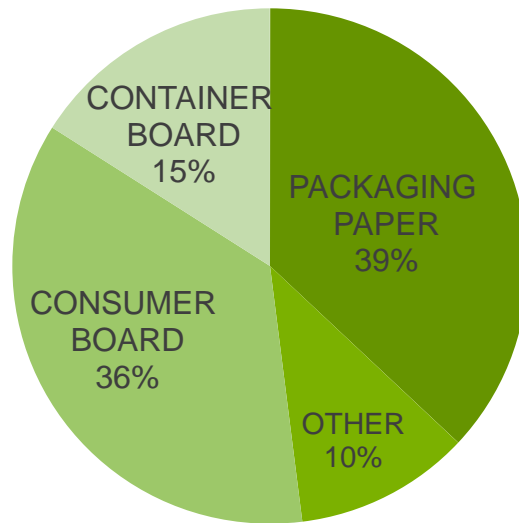
Billion SEK

## OPERATING PROFIT

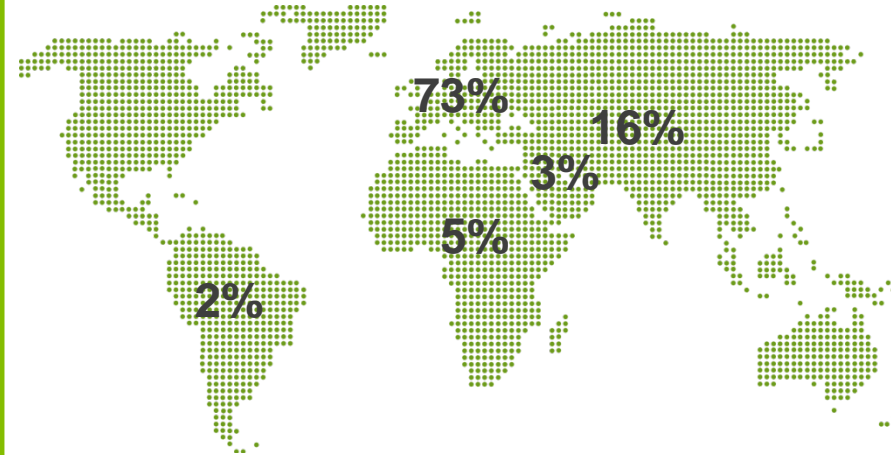
2014

**1.9**

Billion SEK



SHARE OF SALES



SHARE OF SALES

**4 300**

NUMBER OF EMPLOYEES

**8**

PRODUCTION UNITS

(SWE, FI, UK)

- Beetham
- Frövi/Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Tervasaari



# MEGA TRENDS IN OUR FAVOR



**DEMOGRAPHIC SHIFTS AND A CHANGING WORLD MAP**



**SUSTAINABILITY CONNECTING SEVERAL SUBTRENDS**

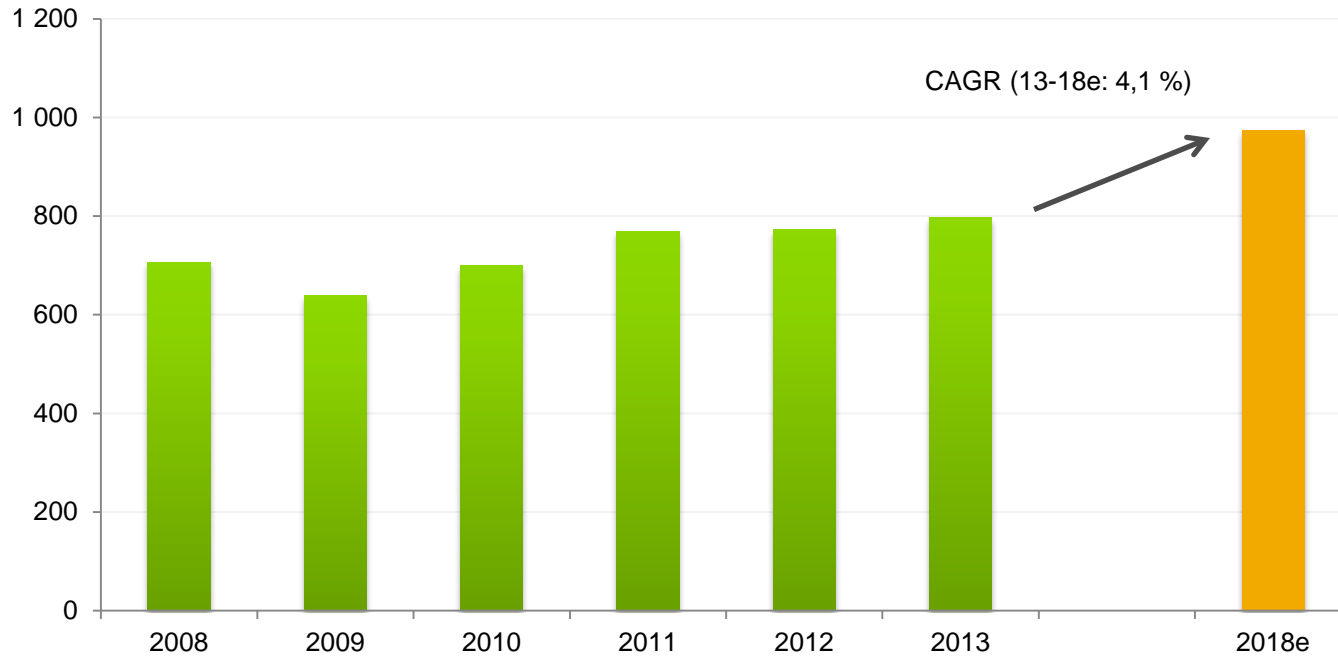


**CONSUMER BEHAVIOUR IS CHANGING**



# THE PACKAGING MARKET IN OUR FAVOR

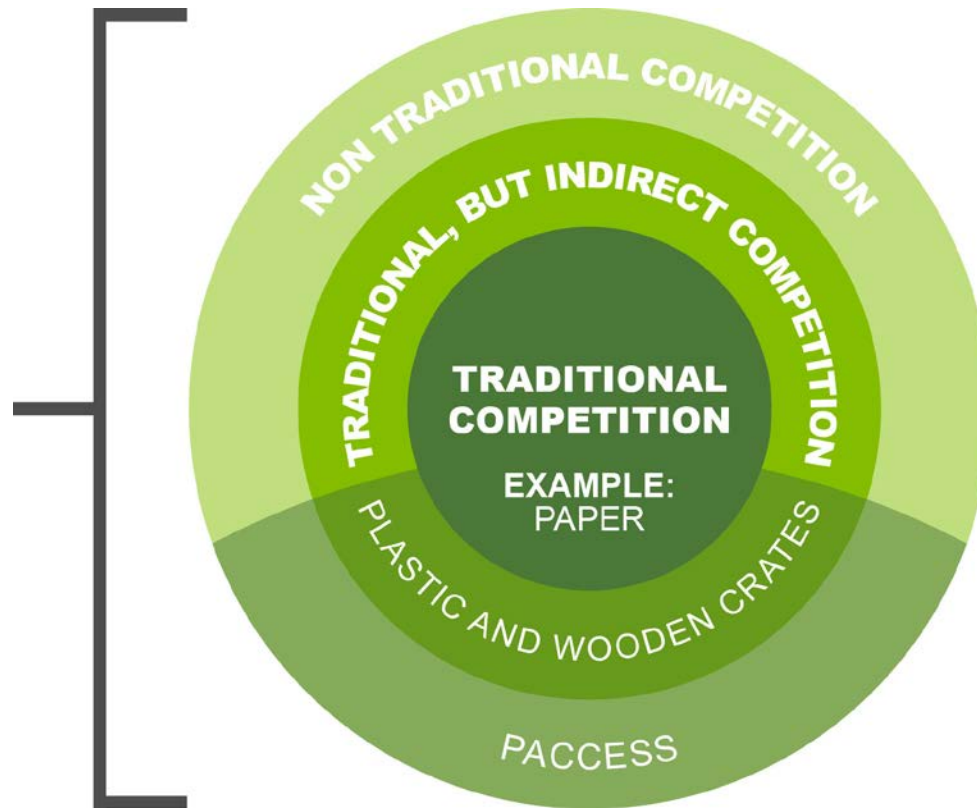
Global packaging market  
USD bn



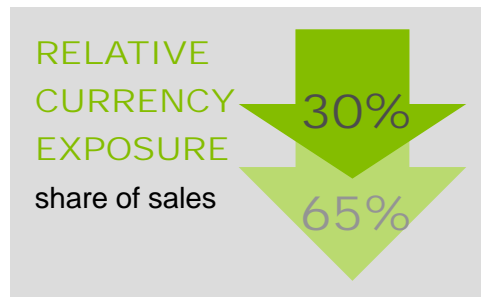
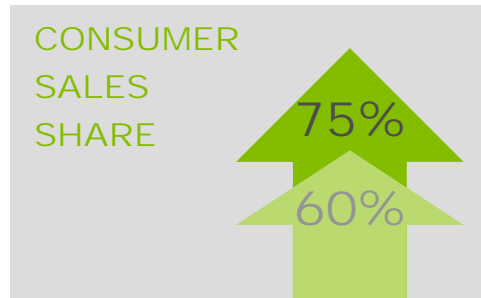


# WE LOOK BEYOND TRADITIONAL MARKETS

SMARTER  
PACKAGING  
SOLUTIONS



# SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH



**STRONG AND STABLE PLATFORM FOR GROWTH**

**=** 530 MSEK in yearly synergy savings. Targets reached way ahead of plan.



# OUR BUSINESS MODEL



## ➤ NETWORK

- Packaging and manufacturers
- Research institutes
- >2000 customers and packaging partners in more than 100 countries

## ➤ MATERIALS

- World-class packaging materials
- Kraft- and sack paper
- Liquid packaging board and cartonboard
- Fluting and liner

## ➤ SOLUTION SERVICES

- Comprehensive knowledge of the whole value chain
- Strong technical knowledge of packaging design
  - Expert assistance in the areas of packaging optimisation, print- and conversion support





# OUR BUSINESS MODEL IN THE VALUE CHAIN





# OUR STRATEGIC STEPSTONES

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

**PROFITABLE GROWTH**

**POSITION**

Expand geographically  
and in value chain.



**INNOVATION**

Increase industry lead.



**SUSTAINABILITY**

Drive throughout  
value chain.



**EFFICIENCY**

Improve continuously.



**PEOPLE DRIVE CHANGE**

Think new – Feel responsibility – Cooperate – Create value



# WE HAVE AN AMBITIOUS GROWTH AGENDA



**TARGET 2018**  
**TURNOVER: ~24 BSEK**  
**ORGANIC PROFITABLE**  
**GROWTH: 15 – 20 %\***


# OUR FOUR STRATEGIC PILLARS

## HOW TO ACHIEVE OUR GROWTH AMBITIONS

**POSITION**  
Expand geographically and in value chain.




**INNOVATION**  
Increase industry lead.



**INNOVATION AGENDA**

- GREENER MATERIAL TECHNOLOGY**
- BUSINESS MODEL INNOVATION**
- SERVICE AND LOGISTICS**

**SUSTAINABILITY**  
Drive throughout value chain.




**EFFICIENCY**  
Improve continuously.



**INVESTMENTS + OPERATIONAL EXCELLENCE**





# WE ARE INVESTING

SUPPORTING OUR GROWTH AMBITIONS.



## INVESTMENT DECISIONS 2014

### ➤ **BOARD MACHINE (FRÖVI)**

To be largest of its kind in the world

450 kton → 550 kton 2017

### ➤ **FLUTING MACHINE (GRUVÖN)**

To strengthen leading position

+ 40 kton 2016

### ➤ **SACK PAPER MACHINE (SKÄRBLACKA)**

To increase volume and improve quality

+ 20 kton 2016

### ➤ **ENVIRONMENTAL IMPROVEMENTS (GÄVLE)**

to ensure that our products have a minimal environmental impact and increase quality of products



# THREE BUSINESS AREAS

## PACKAGING PAPER



Kraft paper  
Sack paper

## CONSUMER BOARD



Liquid packaging board  
Carton board  
Cup stock

## CONTAINERBOARD



Fluting  
Liner

NET SALES  
MSEK



EBIT  
MSEK



SALES VOLUME  
KTON





# STRATEGIES PER BUSINESS AREA TO ACHIEVE 15-20%\* ORGANIC GROWTH BY 2018

## BA market CAGR



**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

**CONTAINERBOARD**

**2 - 4% CAGR**

### **VALUE GROWTH**

Increase margins on existing portfolio

\* Base year 2013  
CAGR (Compound Annual Growth Rate)



# FINANCIAL TARGETS AND TARGET FULFILLMENT

## AFTER FIRST QUARTER 2015



**OPERATING  
MARGIN > 10%\***

**12%**



**RETURN ON CAPITAL  
EMPLOYED > 13%\***

**11%**

**NET DEBT/EQUITY RATIO < 0.9**



**0.57**

**DIVIDEND POLICY:  
50% OF NET PROFIT\*  
51% FOR 2014**





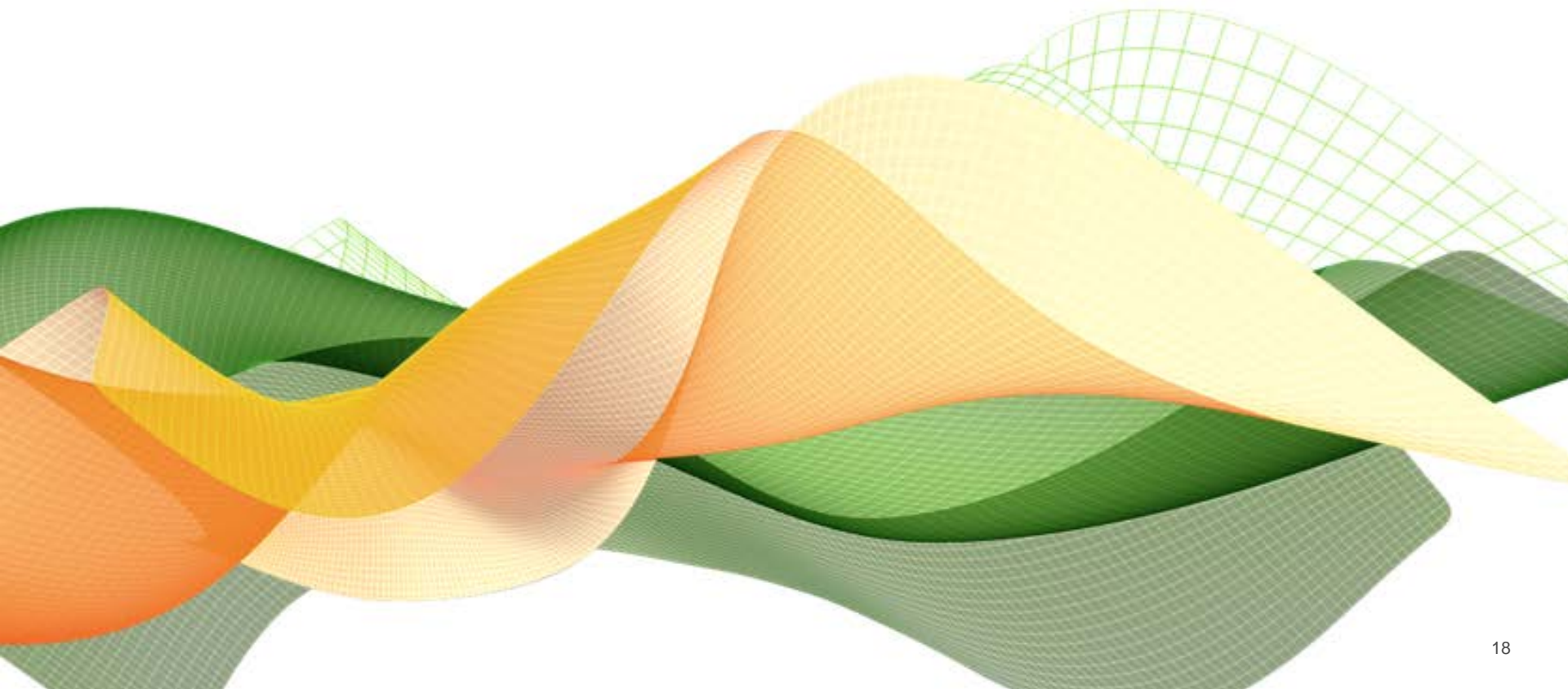
## SUMMARY

- Global trends imply major growth opportunities
  - Sustainability, demographic shifts, digitalization and changed consumer behavior
- We have a strong and stable platform on a growing market
- Major investments have been done and will continue
- Our four pillar strategy includes:
  - Position expansion, Innovation, Sustainability and Efficiency
- Business area strategies support organic growth targets
  - Value growth, selective growth and volume growth
- Potential additional M&A growth in medium term future



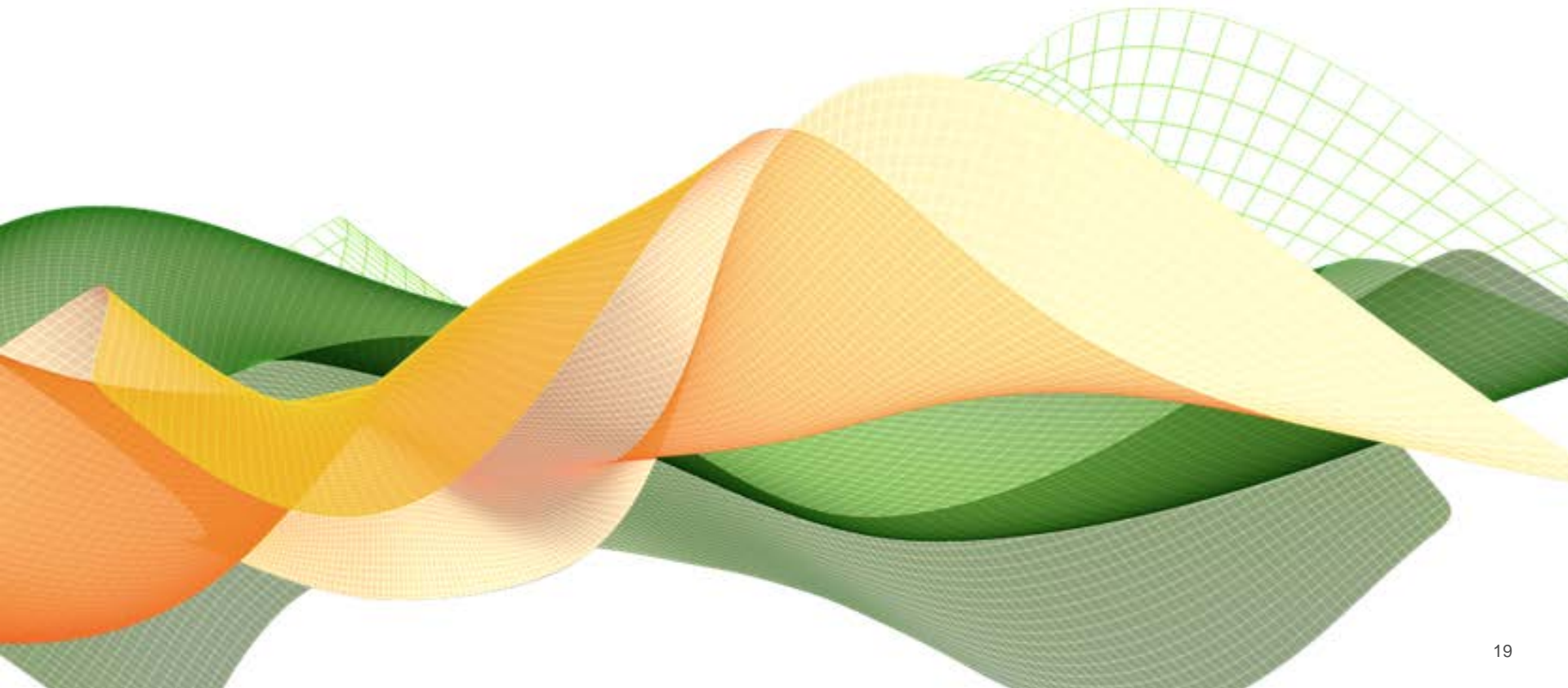
# CAPITAL MARKETS DAY ON 12 NOVEMBER 2015

Capital Markets Day in Stockholm on 12 November 2015.  
More info will be published on [www.billerudkorsnas.com](http://www.billerudkorsnas.com)





# Q&A





# BILLERUDKORSNÄS

