



# BILLERUDKORSNÄS

## Year-end report January–December 2021

# Strong fourth quarter to end a successful 2021

# Q4 2021

### KEY HIGHLIGHTS

- 15% net sales growth
- Strong production in the quarter
- Record-high earnings for 2021
- Another strong cash flow delivery
- The Board of Directors proposes a dividend of SEK 4.30 per share

### QUARTERLY DATA

- Net sales grew by 15% to SEK 6 688 million (5 803). Currency effects had a marginal impact on net sales
- Adjusted EBITDA\* increased to SEK 1 075 million (568), corresponding to an adjusted EBITDA margin of 16% (10%)
- Operating profit was SEK 418 million (163), including items impacting comparability of SEK -177 million (73)
- Net profit was SEK 320 million (242)
- Earnings per share amounted to SEK 1.55 (1.17)

### OUTLOOK FOR Q1

- Strong market conditions expected to prevail
- Higher costs for logistics, energy, and chemicals
- Marginally increased pulpwood prices and good fibre availability
- Continued focus on mix, efficiencies and price management to counteract cost inflation

### KEY FIGURES\*

SEKm	Q4			Jan-Dec		
	2021	2020	Change	2021	2020	Change
Net sales	6 688	5 803	15%	26 206	23 884	10%
Adjusted EBITDA	1 075	568	89%	4 078	2 703	51%
Operating profit	418	163	156%	1 989	774	157%
Adjusted operating profit	595	90	561%	2 166	765	183%
Net profit	320	242	32%	1 485	660	125%
Adjusted EBITDA, %	16%	10%		16%	11%	
Adjusted operating profit margin, %	9%	2%		8%	3%	
Adjusted ROCE, %	9%	3%		9%	3%	
Operating cash flow after operative investments	682	943		2 366	1 081	
Interest-bearing net debt/adjusted EBITDA, multiple	1.0	2.0		1.0	2.0	

\* For key figures and a reconciliation of alternative performance measures including adjusted EBITDA, adjusted operating profit, adjusted EBITDA margin, adjusted operating profit margin, adjusted ROCE and interest-bearing net debt/adjusted EBITDA, see pages 18-20 and page 8 for operating cash flow after operative investments.

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## Comments by the CEO



**SEK 6 688 million**

Net sales

**SEK 1 075 million**

Adjusted EBITDA

**16%**

Adjusted EBITDA margin

The fourth quarter was another quarter of solid growth and strong performance, driven by strong market conditions. Higher prices, product mix improvements, continued cost program delivery and productivity increases offset cost inflation for logistics, chemicals and energy in the fourth quarter. Net sales excluding currency effects and adjusted for Beetham, which was divested on 31 October 2021, increased by 17%. The adjusted EBITDA margin was 16% and the cash flow generation continued to be strong.

In the year 2021 we made important progress. Both the injury frequency rate (LTIFR) and the overall production stability improved, despite two major unplanned production stops in Gävle. Our net sales excluding currency effects grew by an impressive 12% and adjusted EBITDA were the highest in the company's history. Operating profit strengthened and the net debt decreased. The Board of Directors proposes a dividend for the year of SEK 4.30 per share, which corresponds to 60% of the net profit.

As communicated at our capital markets day in November, we have set a strategy for profitable growth to 2030. Whilst Europe will still be our home market, we see great opportunities for growth in North America, specifically with cartonboard and containerboard. We will accelerate growth in liquid packaging board with selected opportunities. For sack and kraft paper we will continue to improve mix by focusing on the most profitable applications. All areas are supported by innovation where we are enhancing the impact and relevance to our core business. To achieve our ambitions, production needs to be highly efficient, and therefore, we will increase investments in mill maintenance and development. To secure a competitive wood supply we aim to optimize fibre consumption, build long term sourcing partnerships, secure competitive fibre availability and build a lean, green and flexible supply chain.

The merger agreement with Verso that was announced in December is fully in line with this strategy. Verso will mean a platform for expansion in North America, creating growth opportunities for the next ten years and beyond. We will continue to serve the existing customers while sequentially converting two paper machines into board machines. We will thereby create one of the most cost-effective paperboard production structures in North America. The combination of BillerudKorsnäs' expertise in high-quality packaging products and Verso's attractive assets in a region with abundant and competitive fibre supply will form one of the largest companies in primary fibre packaging and paper with both quality and cost advantages. We expect the transaction to be completed in the second quarter of 2022.

Going into 2022 we expect the strong market conditions to prevail in the near future. We will continue to gradually increase board volumes and improve the sales mix. We foresee good availability of fibre and marginally increased wood costs. However, we anticipate logistic costs to increase, mainly due to overheated oversea shipping markets and higher fuel prices for road transports. We also expect costs for energy and chemicals to rise. To counteract the cost inflation, we will continue to focus on price and mix management and improved efficiencies.

Our priorities for 2022 are to continue to deliver our strategy in commercial, operations and wood supply, as well as to close the deal with Verso and deliver the integration work. For the past year, I would like to thank all customers, employees and other stakeholders for your support.

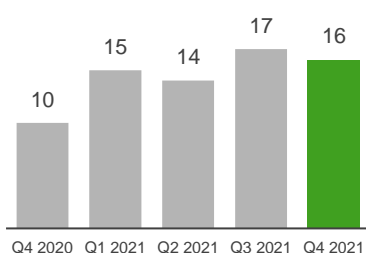
Christoph Michalski  
*President and CEO*

# The quarter in review

The adjusted EBITDA margin was 16% for the fourth quarter

## Adjusted EBITDA margin

Target level >17%



## SALES AND RESULTS

Net sales for the fourth quarter grew by 15% to SEK 6 688 million (5 803), driven by higher prices and an improved product mix. Net sales excluding currency effects increased by 15%. The Beetham mill, which was divested on 31 October 2021, had sales of SEK 78 million in the period November–December 2020.

Adjusted EBITDA increased to SEK 1 075 million (568). The strengthened earnings were a result of higher prices, improved product mix and productivity, and continued delivery under the cost and efficiency program. Cost inflation for logistics, energy and chemicals had an adverse effect.

Items affecting comparability amounted to SEK -177 million (73) and included the negative result from the divestment of Beetham of SEK 123 million (-), acquisition-related costs of SEK 135 million (-), and the positive result of revaluation of biological assets in the associated company BSÖ Holding AB Group of SEK 81 million (73).

## MARKET DEVELOPMENT AND OUTLOOK

During the fourth quarter of 2021, market conditions for all product segments were strong. Implemented price increases had effect across all segments in paperboard and sack and kraft paper.

The market outlook for the next quarters is positive. The strong market conditions are expected to prevail. Higher costs for logistics, energy and chemicals are anticipated and will need to be compensated by further price increases in the quarters to come.

## EVENTS IN THE QUARTER

Annual maintenance was carried out at Frövi and Skärblacka under extensive precautionary measures due to the coronavirus pandemic. The total maintenance shutdown costs in the fourth quarter amounted to SEK 284 million.

On 31 October, it was announced that BillerudKorsnäs had agreed with the British investment firm Inspirit regarding the divestment of the Beetham mill and that the transaction was completed the same day. The strategic importance of Beetham to the rest of the group had been reduced since the machine glazed (MG) paper business was focused to Skärblacka. The divestment of Beetham resulted in a negative result effect of SEK 123 million in the fourth quarter results.

On 17 November, BillerudKorsnäs presented a new strategy to 2030 at a capital markets day. It was announced that the strategy for profitable and sustainable growth in packaging materials focuses on attractive markets with good growth opportunities and product segments where the company has strong abilities to compete. New opportunities will be explored, specifically for paperboard in America, and possibilities to increase capacity at existing facilities or via mergers and acquisitions will be evaluated. Operational efficiency will be critical to maximise the growth opportunity, and therefore, investments in maintenance and development of the mills will increase to SEK 1.5-1.7 billion on an annual basis for the current mills. Transformation towards a professional sourcing organisation for wood supply is an integral part of the strategy.

On 20 December, it was announced that BillerudKorsnäs had entered into a merger agreement with Verso Corporation (Verso), according to which BillerudKorsnäs had agreed to acquire Verso for a cash consideration of approximately USD 825 million. Verso is a leading producer of coated papers in North America. The company has paper mills in Midwestern U.S., strategically located in a region with abundant and cost-effective fibre supply. For the last twelve months ended 30 September 2021 Verso's net sales amounted to USD 1 264 million, and the adjusted EBITDA was USD 158 million. The company has around 1 700 employees.



BillerudKorsnäs aims to convert Verso's largest facility, the Escanaba mill, into a world-class, integrated paperboard production site and thereby build one of the most cost-efficient and sustainable paperboard platforms in North America. One machine is estimated to be converted to board production by 2025 and a second machine by 2029. The investment for the conversion is estimated to be up to SEK 9 billion. The increased net capacity of 400 ktonnes together with a more profitable product mix will create significant shareholder value over time.

Verso's Board of Directors, acting upon the recommendation of a special committee, has unanimously approved, and resolved to recommend the transaction to Verso's shareholders. The transaction is expected to be completed during the second quarter of 2022, subject to the approval of Verso's shareholders as well as the receipt of applicable regulatory approvals and satisfaction of other customary closing conditions.

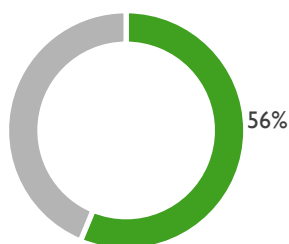
The merger with Verso and the business transformation are planned to be financed through a combination of additional debt, a rights issue and operating cash flow. BillerudKorsnäs has a new credit facility of SEK 6 billion, planned to be used for this purpose and to be refinanced by issuance of debt instruments and a rights issue. The Board of Directors intends to propose to a general meeting of BillerudKorsnäs' shareholders that it is authorized to resolve upon a rights issue of up to SEK 3.5 billion, to be carried out in 2022 following completion of the acquisition of Verso.

### **EVENTS AFTER THE QUARTER**

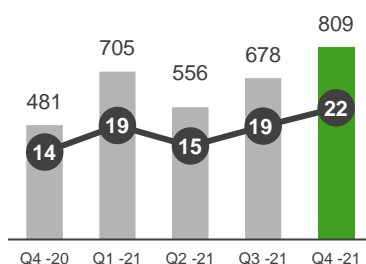
BillerudKorsnäs' production in Pietarsaari is from 1 January 2022 affected by the strike at UPM's nearby pulp mill, which supplies the operation with pulp, purified water, steam and compressed air. Although production in Pietarsaari is ongoing, there are still production interruptions due to the strike. The strike is estimated to negatively affect BillerudKorsnäs' first quarter result by around SEK 10 million.

# Product area Board

Share of Group's net sales  
Q4 2021



EBITDA



## About Product area Board

The Board product area includes liquid packaging board, cartonboard and containerboard, which are mainly used to packaging products for liquid food, consumer products and fragile industrial products and food. The mills at Gävle, Gruvön and Frövi/Rockhammar belong to this product area.

## KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -21	Q4 -20	2021	2020
Net sales	3 762	3 370	14 852	13 600
of which liquid packaging board	1 865	1 908	7 850	7 745
of which cartonboard	593	436	2 228	1 659
of which containerboard	1 195	948	4 366	3 886
Net operating expenses, other	-2 953	-2 889	-12 104	-11 745
<b>EBITDA</b>	<b>809</b>	<b>481</b>	<b>2 748</b>	<b>1 855</b>
EBITDA, %	22%	14%	19%	14%
Operating profit/loss	486	149	1 451	516
Operating margin, %	13%	4%	10%	4%
Sales volumes, ktonnes	456	460	1 917	1 842

## SALES AND RESULTS

Net sales for the fourth quarter increased by 12% to SEK 3 762 million (3 370). Net sales of cartonboard increased by 36% and containerboard net sales grew by 26%, while net sales of liquid packaging board declined slightly. Excluding currency effects sales grew by 13%, driven by higher prices and an improved product mix.

EBITDA improved to SEK 809 million (481), corresponding to an EBITDA margin of 22%. The improvement was a result of increased share of coated products, continued good result from the cost and efficiency program as well as higher sales prices. The fourth quarter result was negatively impacted by around SEK 25 million by the unplanned production stoppage at Gävle in the third quarter due to extreme and unprecedented rainfall and flooding in the Gävle area.

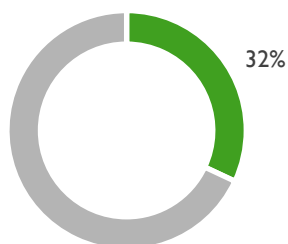
## MARKET DEVELOPMENT

In the fourth quarter of 2021, the demand for primary fibre paperboard was strong. For liquid packaging board market conditions were stable. Price increases for our containerboard and cartonboard products were implemented and realized in the quarter. New price increases were announced.

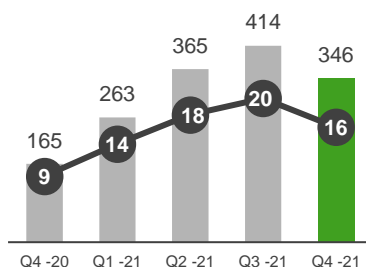


# Product area Paper

Share of Group's net sales  
Q4 2021



EBITDA



## About Product area Paper

The Paper product area includes premium quality kraft and sack paper, which is mainly used in packaging for medical applications, dry food and the construction industry. The mills at Skärblacka, Karlsborg and Pietarsaari belong to this product area.

## KEY FIGURES

SEKm	Quarter		Full year	
	Q4 -21	Q4 -20	2021	2020
Net sales	2 138	1 777	8 127	7 576
of which sack paper	756	575	2 726	2 442
of which kraft paper	854	814	3 511	3 435
of which pulp	517	386	1 855	1 669
Net operating expenses	-1 792	-1 612	-6 739	-6 541
<b>EBITDA</b>	<b>346</b>	<b>165</b>	<b>1 388</b>	<b>1 035</b>
EBITDA, %	16%	9%	17%	14%
Operating profit/loss	224	51	906	558
Operating margin, %	10%	3%	11%	7%
Sales volumes, ktonnes	231	227	960	946

## SALES AND RESULTS

Net sales for the fourth quarter increased by 20% to SEK 2 138 million (1 777). Excluding currency effects sales grew by 21%, driven by increased prices, an improved mix and higher sales volumes. The Beetham mill, which was divested on 31 October 2021, had sales volumes of around 5 ktonnes, and sales of SEK 78 million in the period November–December 2020.

EBITDA increased to SEK 346 million (165), mainly driven by higher sales, improved productivity and continued delivery of our cost and efficiency program. Higher costs for purchase of market pulp and energy had an adverse effect.

## MARKET DEVELOPMENT

In the fourth quarter of 2021, market conditions were favourable for both sack and kraft paper. Price increases were realized across all product segments and new price increases were announced. The market price for pulp declined slightly towards the end of the quarter but remained at a comparatively high level.

# Solutions and Other

## SALES AND RESULTS

Net sales for the fourth quarter amounted to SEK 788 million (656). The sales growth was mainly due to wood sourcing operations, hedging result from changes in currency rates and increased sales in Managed Packaging.

EBITDA amounted to SEK -257 million (-5). The deteriorating result was mainly due to items impacting comparability totalling SEK -177 million (73). Items affecting comparability included a negative result from the divestment of Beetham of SEK 123 million, acquisition-related costs related of SEK 135 million, and a positive effect of revaluation of biological assets in the associated company BSÖ Holding AB Group of SEK 81 million (73). The negative change was also due to costs associated with Group development projects and annual bonus related adjustments.

## KEY FIGURES (INCLUDING CURRENCY HEDGING ETC)

SEKm	Quarter		Full year	
	Q4 -21	Q4 -20	2021	2020
Net sales	788	656	3 227	2 708
<i>of which Managed Packaging</i>	211	168	744	635
Net operating expenses, other	-1 045	-661	-3 462	-2 886
<b>EBITDA</b>	<b>-257</b>	<b>-5</b>	<b>-235</b>	<b>-178</b>
Operating profit/loss	-292	-37	-368	-300

# January – December, consolidated

## SALES AND RESULTS

Net sales for 2021 increased by 10% to SEK 26 206 million (23 884). Net sales grew in both product areas. The sales growth was supported by strong market conditions, price increases and an increase in sales volume of around 90 ktonnes.

Adjusted EBITDA improved by 51% to SEK 4 078 million (2 703), mainly due higher prices, an improved product mix and increased volumes.

Items affecting comparability amounted to SEK -177 million (9) and were reported in Solutions and Other.

Net profit amounted to SEK 1 485 million (660).

Earnings per share amounted to SEK 7.18 (3.19).



# Cash flow and financial position

## SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter		Jan-Dec	
	Q4 -21	Q4 -20	2021	2020
Operating surplus, etc.	1 185	646	3 932	2 406
Change in working capital, etc.	49	517	197	-53
Net financial items, taxes, etc.	-80	89	-237	-22
<b>Cash flow from operating activities</b>	<b>1 154</b>	<b>1 252</b>	<b>3 892</b>	<b>2 331</b>
Operative investments	-472	-309	-1 526	-1 250
<b>Operating cash flow after operative investments</b>	<b>682</b>	<b>943</b>	<b>2 366</b>	<b>1 081</b>

Operating cash flow after operative investments amounted to SEK 682 million (943) for the fourth quarter and to SEK 2 366 million (1 081) for 2021. The improved cash flow for the year was mainly a result of improved operating surplus.

Operating cash flow after operative investments includes all gross investments in property, plant and equipment, and intangible assets.

## FINANCING

On 31 December 2021, interest-bearing debt amounted to SEK 6 446 million (7 325). Interest-bearing debt remained in line with the end of the previous quarter.

## Debt portfolio and maturity profile on 31 December 2021

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		91	91	1 164	1 346
Bond loans within MTN program	7 000	1 700	1 800		3 500
Other bond loans				1 600	1 600
Commercial paper	4 000				-
<b>Group total</b>		<b>1 791</b>	<b>1 891</b>	<b>2 764</b>	<b>6 446</b>

The interest-bearing net debt on 31 December 2021 amounted to SEK 3 968 million (5 373).

The net interest-bearing debt in relation to EBITDA at the end of the period was 1.0 (2.0). The ratio was the same when adjusted EBITDA was used.

## INVESTMENTS AND CAPITAL EMPLOYED

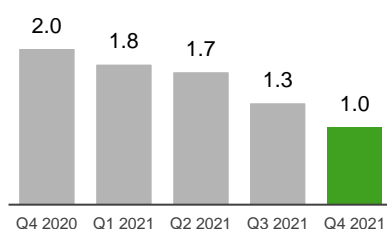
Operative investments in property, plant, equipment, and intangible assets amounted to SEK 1 526 million (1 250) for 2021. The increase was due to the start of the investment in the new recovery boiler at Frövi.

The investment in a new recovery boiler at the Frövi mill was initiated in 2021. The new boiler will improve environmental performance and provide opportunities for enhanced efficiency and is planned to be in operation by the end of 2023. The investment is estimated to total SEK 2.6 billion. The capital expenditure for this project was around SEK 400 million in 2021 and is estimated to amount to approximately SEK 1.0 billion in 2022.

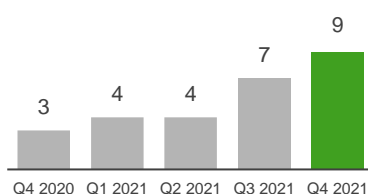
Capital employed on 31 December 2021 amounted to SEK 24 008 million (24 667). Return on capital employed (ROCE) for the last twelve months amounted to 8% (3). Adjusted ROCE amounted to 9% (3).

Return on equity was 8% (3) for the last twelve-months period.

Net debt/Adjusted EBITDA  
target level <2.5



Adjusted return on capital employed





## The coronavirus pandemic

BillerudKorsnäs has since the outbreak of the coronavirus pandemic run its operations without any major disruptions. Precautionary measures to safeguard the health of individuals, secure deliveries, support customers and develop contingency plans with regards to critical resources have been taken and will be continued until further notice.

The financial effects of the coronavirus pandemic during 2021 were limited. Logistical challenges have been overcome in a satisfactory way, although logistic costs increased in the second half of the year. There have been no increases of credit losses.

Additional costs for the maintenance shutdown at Gruvön in the second quarter of 2021 related to Covid-19 pandemic precautions, were around SEK 10 million. The annual maintenance shutdown at Skärblacka was postponed from the second quarter to the fourth quarter of 2021 due to the pandemic.

## Cost and efficiency programme

BillerudKorsnäs introduced a cost and efficiency programme in 2019 with measures including employee reductions, purchasing savings and efficiency improvements throughout the business. By the end of 2021 the programme has delivered a total of SEK 650 million of structural savings and efficiencies.

During the fourth quarter 2021, the target for the accumulated delivery of the cost and efficiency programme was raised from SEK 650 million to SEK 750 million by the end of 2022.

## Currency hedging

Currency hedging had a net sales impact of SEK -13 million (116) in the fourth quarter of 2021 and SEK 135 million (113) for the year 2021 compared with no currency hedging.

Outstanding forward exchange contracts on 31 December 2021 had a market value of SEK -72 million, SEK -15 million of which is the portion of the contracts matched by trade receivables that affected earnings in the fourth quarter. Accordingly, other contracts had a market value of SEK -57 million.

### Hedged portion of forecast currency flows for EUR, USD and GBP and exchange rates against SEK (31 December 2021)

Currency	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Total 15 months
EUR Share of net flow	82%	78%	82%	77%	73%	78%
Rate	10.22	10.17	10.25	10.17	10.35	10.23
USD Share of net flow	66%	65%	63%	62%	62%	64%
Rate	8.52	8.41	8.65	8.85	9.03	8.69
GBP Share of net flow	36%	-	-	-	-	7%
Rate	12.05	-	-	-	-	12.05
<b>Market value of currency contracts*</b>	<b>-22</b>	<b>-29</b>	<b>-14</b>	<b>-12</b>	<b>5</b>	<b>-72</b>

\*On 31 December 2021.



In addition to the currency hedging presented above, BillerudKorsnäs has entered into a hedging position related to the announced acquisition of Verso. The hedging position is contingent on the acquisition being completed. The market value of the hedging position at 31 December 2021 was SEK -78 million, and is accounted for as a current other liability and in Other comprehensive Income.

## Taxes

The tax cost for 2021 amounted to SEK 391 million (3), equal to approximately 21% (0) of profit before tax. The low tax rate in 2020 was mainly due to additional recognition of a deferred tax asset in Finland, and re-valuation of deferred tax liabilities, mainly related to tax depreciations, as a result of decreased tax rate in Sweden from 21.4% to 20.6% between 2020 and 2021.

## Parent company

The parent company BillerudKorsnäs AB includes head office and support functions.

Operating profit/loss for 2021 was SEK 164 million (-129). The operating result includes the effects of hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's result includes the results of these hedging measures. These effects were SEK 135 million (113) for 2021.

The average number of employees on 31 December 2021 was 135 (135).

Cash and bank balances, and short-term investments amounted to SEK 3 175 million (2 836).

## Sustainability

### Sustainability KPIs, rolling 12 months (R12M)

	Q4 -21	Q3 -21	2021 target
Energy consumption <sup>1</sup>	5.12	5.15	5.2
Emissions of fossil CO <sub>2</sub> <sup>2</sup>	30.5	30.8	29

<sup>1</sup> Defined as preliminary energy consumption (MWh/tonne product).

<sup>2</sup> Defined as preliminary emissions of fossil CO<sub>2</sub> in the manufacturing process (kg/tonne product).

BillerudKorsnäs is working towards a vision of fossil-free production and achieving science-based targets for 2030 and 2050. The company has developed a plan to achieve its science-based targets by 2030, systematically making all mills fossil free over the period. This work is mainly aimed at phasing out fossil fuels from production, along with investments in energy efficiency and reducing indirect emissions.

Preliminary fossil CO<sub>2</sub>-emissions in production amounted to 30.5 kg CO<sub>2</sub>e/tonnes in the last twelve months. Preliminary energy consumption was 5.12 MWh/tonne in the same period.



## Holding of treasury shares

During the second quarter, BillerudKorsnäs transferred 38 875 shares under the long-term incentive program resolved by the 2018 Annual General Meeting. The amount of treasury shares was 1 387 922 on 31 March, and at the end of June, the holding of treasury shares was 1 349 047. During the second half of the year, the holding of own shares was unchanged. On 31 December 2021, the number of own shares amounted to 1 349 047, which corresponds to approximately 0.65% of the total amount of shares. The total amount of shares in BillerudKorsnäs was 208 219 834 and the number of shares on the market was 206 870 787.

## Proposed dividend

For the 2021 fiscal year, the Board of Directors proposes a dividend of SEK 4.30 per share (4.30). The proposal entails a total share dividend of approximately SEK 890 million. The proposed record day is 12 May 2022.

## Annual General Meeting

The Annual General Meeting will be held in Stockholm on 10 May 2022.

A notice convening the Annual General Meeting with further information on how and when to provide notification of participation will be published on BillerudKorsnäs' website, in Svenska Dagbladet and in Post- och Inrikes Tidningar in advance of the meeting.

The Annual Report for 2021 is planned to be published on the company's website on 8 April 2022.

## Risks and uncertainties

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses is in SEK. A more detailed description of risks and a sensitivity analysis, with estimated profit impact of changed sales volumes and price changes affecting operating costs, is provided on pages 63-69 in the 2020 Annual and Sustainability Report.

Direct risks of the coronavirus pandemic for BillerudKorsnäs are related to supply chain disruptions, and to local outbreaks near our production sites, which can lead to production issues or that it becomes impossible to perform necessary repair and maintenance work. Indirect risks of the coronavirus pandemic are related to lower demand for the company's products and services. BillerudKorsnäs monitors the development of the coronavirus pandemic closely and takes measures to follow the authorities' recommendations. Contingency plans have been created and are regularly being updated.



In the EU countries, the EU Directive on Single Use Plastic will result in a changed regulatory landscape for packaging. There are also EU policy initiatives that may affect forestry in the member states. Changes in legislation and its implications for BillerudKorsnäs are monitored closely.

## Related-party transactions

No transactions took place between BillerudKorsnäs and related parties that significantly affected the Group's position and earnings.

## Financial calendar

Q1 2022 report – 26 April 2022

Annual General Meeting – 10 May 2022

Q2 2022 report – 20 July 2022

Q3 2022 report – 25 October 2022

Solna, 28 January 2022

BillerudKorsnäs AB (publ)

Christoph Michalski

*President and CEO*

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.



## SUMMARISED INCOME STATEMENT

SEKm	Quarter			Full year	
	Q4 -21	Q3 -21	Q4 -20	2021	2020
Net sales	6 688	6 494	5 803	26 206	23 884
Other income	72	22	45	211	199
Change in inventories	479	23	89	296	-76
Raw materials and consumables	-3 617	-3 180	-3 058	-13 172	-12 637
Other external costs, Note 3	-1 901	-1 335	-1 424	-5 856	-5 293
Employee benefits expense	-914	-907	-886	-3 873	-3 586
Depreciation and impairment of non-current assets	-480	-478	-478	-1 912	-1 938
Change in value of biological assets	-	-	-	-	132
Profit from participations in associated companies	91	-	72	89	89
<b>Operating profit</b>	<b>418</b>	<b>639</b>	<b>163</b>	<b>1 989</b>	<b>774</b>
Financial income and expenses	-18	-31	11	-113	-95
<b>Profit before tax</b>	<b>400</b>	<b>608</b>	<b>174</b>	<b>1 876</b>	<b>679</b>
Taxes	-80	-131	68	-391	-3
<b>Profit from continuing operations</b>	<b>320</b>	<b>477</b>	<b>242</b>	<b>1 485</b>	<b>676</b>
<b>Discontinued operations</b>					
Profit/loss from discontinued operations, net of tax	-	-	-	-	-16
<b>Profit for the period</b>	<b>320</b>	<b>477</b>	<b>242</b>	<b>1 485</b>	<b>660</b>
<b>Profit attributable to:</b>					
Owners of the parent company	320	477	242	1 485	660
Non-controlling interests	-	-	-	-	-
<b>Net profit for the period</b>	<b>320</b>	<b>477</b>	<b>242</b>	<b>1 485</b>	<b>660</b>
<b>Earnings per share, SEK</b>	<b>1.55</b>	<b>2.31</b>	<b>1.17</b>	<b>7.18</b>	<b>3.19</b>
<b>Diluted earnings per share, SEK</b>	<b>1.55</b>	<b>2.29</b>	<b>1.16</b>	<b>7.17</b>	<b>3.19</b>

## SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

SEKm	Quarter			Full year	
	Q4 -21	Q3 -21	Q4 -20	2021	2020
<b>Net profit/loss for the period</b>	<b>320</b>	<b>477</b>	<b>242</b>	<b>1 485</b>	<b>660</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Revaluation of forest land	-	-	-	-	148
Actuarial gains or losses on defined benefit pension plans	-17	-	-4	-17	-4
Change in fair value of shareholding in Other Holdings	-4	-	-7	-6	-28
Tax attributable to items not to be reclassified to profit or loss	4	-	-	4	-30
<b>Total items never reclassified to profit or loss</b>	<b>-17</b>	<b>-</b>	<b>-11</b>	<b>-19</b>	<b>86</b>
<b>Items that have been or may be reclassified subsequently to profit or loss</b>					
Differences arising from the translation of foreign operations' accounts	7	11	-65	39	-63
Change in fair value of cash flow hedges	37	129	190	177	40
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-24	-27	-40	-53	-8
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>20</b>	<b>113</b>	<b>85</b>	<b>163</b>	<b>-31</b>
<b>Total comprehensive income for the period</b>	<b>323</b>	<b>590</b>	<b>316</b>	<b>1 629</b>	<b>715</b>
<b>Attributable to:</b>					
Owners of the parent company	323	590	316	1 629	715
Non-controlling interests	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>323</b>	<b>590</b>	<b>316</b>	<b>1 629</b>	<b>715</b>

## SUMMARISED BALANCE SHEET

<b>SEKm</b>	31 Dec 2021	30 Sep 2021	31 Dec 2020
Intangible assets	1 957	1 958	1 960
Property, plant and equipment, including Right of use assets	22 689	22 739	22 988
Other non-current assets	1 525	1 382	1 279
<b>Total non-current assets</b>	<b>26 171</b>	<b>26 079</b>	<b>26 227</b>
Inventories	3 836	3 419	3 629
Accounts receivable	3 047	2 918	2 350
Other current assets	1 366	1 392	1 118
Cash and cash equivalents	3 558	2 887	3 036
<b>Total current assets</b>	<b>11 807</b>	<b>10 616</b>	<b>10 133</b>
<b>Total assets</b>	<b>37 978</b>	<b>36 695</b>	<b>36 360</b>
Equity attributable to owners of the parent company	20 041	19 714	19 294
Non-controlling interests	-	-	-
<b>Total equity</b>	<b>20 041</b>	<b>19 714</b>	<b>19 294</b>
Interest-bearing liabilities	4 824	4 841	6 605
Provisions for pensions	816	824	836
Other liabilities and provisions	91	93	146
Deferred tax liabilities	3 962	3 651	3 609
<b>Total non-current liabilities</b>	<b>9 693</b>	<b>9 409</b>	<b>11 196</b>
Interest-bearing liabilities	1 902	1 899	984
Accounts payables	3 809	3 422	3 129
Other liabilities and provisions	2 533	2 251	1 757
<b>Total current liabilities</b>	<b>8 244</b>	<b>7 572</b>	<b>5 870</b>
<b>Total equity and liabilities</b>	<b>37 978</b>	<b>36 695</b>	<b>36 360</b>

## SUMMARISED STATEMENT OF CHANGES IN EQUITY

<b>SEKm</b>	Full year 2021	Jan-Sep 2021	Full year 2020
<b>Opening balance</b>	<b>19 294</b>	<b>19 294</b>	<b>19 462</b>
Comprehensive income for the period	1 629	1 306	715
Share-based payment to be settled in equity instruments	7	4	6
Hedgingresult transferred to acquisition cost in fixed assets	1	-	-
Dividend to owners of the parent company	-890	-890	-889
<b>Closing balance</b>	<b>20 041</b>	<b>19 714</b>	<b>19 294</b>
<b>Equity attributable to:</b>			
Owners of the parent company	20 041	19 714	19 294
Non-controlling interests	-	-	-
<b>Closing balance</b>	<b>20 041</b>	<b>19 714</b>	<b>19 294</b>

## SUMMARISED CASH FLOW STATEMENT

SEKm	Quarter			Full year	
	Q4 -21	Q3 -21	Q4 -20	2021	2020
Operating surplus, etc. *	1 185	1 049	646	3 932	2 406
Net financial items, taxes, etc.	-80	-46	89	-237	-22
Change in working capital, etc.	49	69	517	197	-53
<b>Cash flow from operating activities</b>	<b>1 154</b>	<b>1 072</b>	<b>1 252</b>	<b>3 892</b>	<b>2 331</b>
Investments in intangible assets, property, plant and equipment	-472	-403	-309	-1 526	-1 250
Acquisition of financial assets / contribution associated companies	-24	-	-	-43	-2
Disposal/repayment of financial assets/other holdings	-	-	-	30	24
Divestment of subsidiary, Note 3	29	-	-	29	-
Dividend from associated companies	-	-	-	10	4
Disposal of property, plant and equipment	-	1	-	1	3
<b>Cash flow from investing activities</b>	<b>-467</b>	<b>-402</b>	<b>-309</b>	<b>-1 499</b>	<b>-1 221</b>
Change in interest-bearing receivables	2	3	-2	8	-6
Change in interest-bearing liabilities	-30	-80	-28	-1 014	-602
Dividend to owners of the parent company	-	-	-	-890	-889
<b>Cash flow from financing activities</b>	<b>-28</b>	<b>-77</b>	<b>-30</b>	<b>-1 896</b>	<b>-1 497</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>659</b>	<b>593</b>	<b>913</b>	<b>497</b>	<b>-387</b>
<b>Cash and cash equivalents at start of period</b>	<b>2 887</b>	<b>2 289</b>	<b>2 144</b>	<b>3 036</b>	<b>3 450</b>
<b>Translation differences in cash and cash equivalents</b>	<b>12</b>	<b>5</b>	<b>-21</b>	<b>25</b>	<b>-27</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3 558</b>	<b>2 887</b>	<b>3 036</b>	<b>3 558</b>	<b>3 036</b>

## \*RECONCILIATION OF OPERATING SURPLUS

SEKm	Quarter			Full year	
	Q4 -21	Q3 -21	Q4 -20	2021	2020
Operating profit	418	639	163	1 989	774
Reversed depreciation	479	479	478	1 912	1 938
Earnings from associated companies	-91	-	-72	-89	-89
Pension liabilities	-19	-8	-25	-43	-48
Other provisions	3	61	-29	13	-36
Net result from electricity certificates and emission rights	269	-124	131	20	-5
Incentive programmes	3	2	-	7	6
Sale/Scrapping of fixed assets	-	-	-	-	-2
Capital gain/loss from divestment of subsidiary	123	-	-	123	-
Revaluation of biological assets	-	-	-	-	-132
<b>Operating surplus, etc</b>	<b>1 185</b>	<b>1 049</b>	<b>646</b>	<b>3 932</b>	<b>2 406</b>



## NOTE 1 ACCOUNTING POLICIES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied in this interim report are the same as those used in the most recent annual report for 2020, see pages 78-84 and page 129 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act.

## NOTE 2 FINANCIAL ASSETS AND LIABILITIES

	Fair value hedging instruments	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2021</b>						
Other shares and participations	-	-	70	-	70	70
Long-term receivables	94	37	-	-	131	131
Accounts receivable	-	3 047	-	-	3 047	3 047
Other receivables	363	435	-	-	798	798
Cash and cash equivalents	-	3 558	-	-	3 558	3 558
<b>Total</b>	<b>457</b>	<b>7 077</b>	<b>70</b>	<b>-</b>	<b>7 604</b>	<b>7 604</b>
Non-current interest-bearing liabilities	-	-	-	4 824	4 824	4 844
Current interest-bearing liabilities	-	-	-	1 901	1 901	1 905
Accounts payables	-	-	-	3 809	3 809	3 809
Other liabilities	159	-	-	304	463	463
<b>Total</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>10 838</b>	<b>10 997</b>	<b>11 021</b>

	Fair value hedging instruments	Amortised cost	Fair value through other compre- hensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Valuation classification</i>	<i>Level 2</i>		<i>Level 3</i>			
<b>Group 31 December 2020</b>						
Other shares and participations	-	-	108	-	108	108
Long-term receivables	-	26	-	-	26	26
Accounts receivable	-	2 350	-	-	2 350	2 350
Other receivables	295	392	-	-	687	687
Cash and cash equivalents	-	3 036	-	-	3 036	3 036
<b>Total</b>	<b>295</b>	<b>5 804</b>	<b>108</b>	<b>-</b>	<b>6 207</b>	<b>6 207</b>
Non-current interest-bearing liabilities	-	-	-	6 605	6 605	6 634
Current interest-bearing liabilities	-	-	-	984	984	984
Accounts payables	-	-	-	3 129	3 129	3 129
Other liabilities	96	-	-	238	334	334
<b>Total</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>10 956</b>	<b>11 052</b>	<b>11 081</b>



### NOTE 3 DIVESTMENT OF SUBSIDIARY

On 31 October 2021, BillerudKorsnäs divested the Beetham mill to the British investment firm Inspirit. The divestment resulted in a capital loss of SEK 123 million. The capital loss includes a positive effect of accumulated exchange rate differences of SEK 6 million. No value has been assessed to the Contingent consideration with a maximum value of GBP 2.4 million, dependent on Beetham's performance the coming 2 years after the transaction.

SEKm	2021
<b>Group</b>	
<b>Divested assets and liabilities</b>	
Other non-current assets	60
Current assets	205
<b>Total Assets</b>	<b>265</b>
<b>Liabilities</b>	
Non-current liabilities	4
Current liabilities	91
<b>Total liabilities</b>	<b>95</b>
<b>Selling price</b>	
Consideration, less selling costs	47
Deferred selling price	-18
Less: Cash in the divested business	-
<b>Effect on cash and cash equivalents</b>	<b>29</b>
<b>Capital result</b>	
Consideration, less selling costs	47
Assets sold	-265
Liabilities sold	95
<b>Capital result</b>	<b>-123</b>

### NOTE 4 OTHER DISCLOSURES

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding product areas/segments can be found on pages 5-7, information regarding financing on page 8, seasonal effects on page 21 and events after the end of the quarter on page 4.

## KEY FIGURES

	Full year	
	2021	2020
<b>Margins</b>		
EBITDA, %	15	11
Operating margin, %	8	3
<b>Return (rolling 12 months)</b>		
Return on capital employed, %	8	3
Return on equity, %	8	3
<b>Capital structure at end of period</b>		
Capital employed, SEKm	24 008	24 667
Working capital, SEKm	2 017	2 292
Equity attributable to owners of the parent company, SEKm	20 041	19 294
Interest-bearing net debt, SEKm	3 968	5 373
Net debt/equity ratio	0.20	0.28
Interest-bearing net debt / EBITDA, multiple	1.0	2.0
<b>Key figures per share</b>		
Earnings per share, SEK	7.18	3.19
Dividend (for the financial year) per share, SEK	4.30*	4.30
<b>Other key figures</b>		
Working capital as percentage of net sales, %	9	11
Gross investments, SEKm	1 526	1 250
Average number of employees	4 370	4 468

\*Board of Directors' proposal



## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter			Full year	
	Q4 - 21	Q3 - 21	Q4 - 20	2021	2020
<b>Adjusted EBITDA, SEKm</b>					
Operating profit	418	639	163	1 989	774
Depreciation and impairment of non-current assets	480	478	478	1 912	1 938
<b>EBITDA</b>	<b>898</b>	<b>1 117</b>	<b>641</b>	<b>3 901</b>	<b>2 712</b>
Items affecting comparability	177	-	-73	177	-9
<b>Adjusted EBITDA</b>	<b>1 075</b>	<b>1 117</b>	<b>568</b>	<b>4 078</b>	<b>2 703</b>
<b>Adjusted Operating profit, SEKm</b>					
Operating profit	418	639	163	1 989	774
Items affecting comparability	177	-	-73	177	-9
<b>Adjusted Operating profit</b>	<b>595</b>	<b>639</b>	<b>90</b>	<b>2 166</b>	<b>765</b>
<b>Adjusted earnings per share, SEK</b>					
Profit attributed to owners of the parent company, SEKm	320	477	242	1 485	660
Items affecting comparability, attributed to owners of the parent company, SEKm**	177	-	-57	177	-5
<b>Adjusted profit attributed to owners of the parent company, SEKm</b>	<b>497</b>	<b>477</b>	<b>185</b>	<b>1 662</b>	<b>655</b>
Weighted number of outstanding shares, thousands	206 871	206 832	206 790	206 858	206 761
<b>Adjusted earnings per share</b>	<b>2.40</b>	<b>2.31</b>	<b>0.89</b>	<b>8.03</b>	<b>3.17</b>
<b>Adjusted Return on capital employed (ROCE), SEKm</b>					
Adjusted Operating profit over 12 months *	2 166	1 661	765	2 166	765
Average capital employed over 12 months	24 463	24 718	25 116	24 463	25 116
<b>Adjusted Return on capital employed</b>	<b>9%</b>	<b>7%</b>	<b>3%</b>	<b>9%</b>	<b>3%</b>
<b>Interest-bearing net debt / Adjusted EBITDA, multiple</b>					
Interest-bearing net debt	3 968	4 662	5 373	3 968	5 373
Adjusted EBITDA over 12 months*	4 078	3 572	2 703	4 078	2 703
<b>Interest-bearing net debt / Adjusted EBITDA</b>	<b>1.0</b>	<b>1.3</b>	<b>2.0</b>	<b>1.0</b>	<b>2.0</b>
<b>Items affecting comparability**, SEKm</b>					
Capital loss from the sale of Beetham (Operating expenses)	123	-	-	123	-
Acquisition costs, Verso (Operating expenses)	135	-	-	135	-
Restructuring (Operating expenses)	-	-	-	-	36
Revaluation of biological assets (Change in value of biological assets)	-	-	-	-	-132
UPM - compensation (Raw materials and consumables)	-	-	-	-	160
Revaluation of biological assets in associated companies (Profit from participations in associated companies)	-81	-	-73	-81	-73
<b>Items affecting comparability</b>	<b>177</b>	<b>-</b>	<b>-73</b>	<b>177</b>	<b>-9</b>

\*12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date.

\*\* Revenue = -, Cost = +

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONT.)

	31 Dec 2021	31 Dec 2020
<b>Capital employed, SEKm</b>		
Total assets	37 978	36 360
Accounts payables	-3 809	-3 129
Other liabilities and provisions	-2 626	-1 903
Deferred tax liabilities	-3 962	-3 609
Interest-bearing non-current assets	-15	-16
Cash and Cash equivalents	-3 558	-3 036
<b>Capital employed</b>	<b>24 008</b>	<b>24 667</b>
<b>Working capital, SEKm</b>		
Inventories	3 836	3 629
Accounts receivables	3 047	2 350
Other operating receivables	1 366	1 118
Accounts payables	-3 809	-3 129
Other operating liabilities (excl provisions)	-2 430	-1 690
Reduction of Tax liabilities/receivables	7	14
<b>Working capital</b>	<b>2 017</b>	<b>2 292</b>
<b>Interest-bearing net debt, SEKm</b>		
Interest bearing provisions	816	836
Interest bearing non-current liabilities	4 824	6 605
Interest bearing current liabilities	1 901	984
Interest-bearing non-current assets	-15	-16
Cash and Cash equivalents	-3 558	-3 036
<b>Interest-bearing net debt</b>	<b>3 968</b>	<b>5 373</b>

## Seasonal effects

BillerudKorsnäs' business is subject to seasonal fluctuations to a relatively limited extent. Periodical maintenance shutdowns have the largest impact, as they involve each unit stopping production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. It should also be noted that the Group usually has a somewhat higher cost level in the fourth quarter than in previous quarters.

### PLANNED MAINTENANCE SHUTDOWNS

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown involves an assessment of the impact on earnings of a normal shutdown compared with a quarter during which no periodic maintenance shutdown takes place.

In the fourth quarter of 2021 planned maintenance shutdown was carried out at Frövi and Skärblacka. The total cost amounted to around SEK 284 million.

### ESTIMATED MAINTENANCE SHUTDOWN COST

Production units	Estimated shutdown cost	Estimated breakdown of shutdown cost		Planned dates of maintenance shutdown		
	SEKm	Board	Paper	2022	2021	2020
Gävle	~ 165	~ 94%	~ 6%	Q3	Q3	Q3
Gruvön	~ 200	~ 92%	~ 8%	Q2	Q2	Q3
Frövi	~ 115	100%		Q4	Q4	Q4
Skärblacka	~ 130	~ 12%	~ 88%	Q2	Q4	Q4
Karlsborg	~ 90		100%	Q3	Q3	Q3
Pietarsaari	~ 15		100%	Q2	-	Q4
Rockhammar	~ 15	100%		Q4	Q3	Q4

# Definitions

## **ADJUSTED KEY FIGURES**

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include additional project costs for major projects, major restructuring/write-downs/revaluations, litigations, specific impact due to strategic decisions, and significant earnings effects from acquisition and disposals.

## **ADJUSTED EBITDA**

Operating profit before depreciation and amortisation adjusted for items affecting comparability.

## **ADJUSTED EARNINGS PER SHARE**

Earnings per share adjusted for items affecting comparability after tax attributable to owners of the parent company.

## **ADJUSTED OPERATING PROFIT**

Operating profit adjusted for items affecting comparability.

## **CAPITAL EMPLOYED**

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets. The measure is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

## **EARNINGS PER SHARE**

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

## **EQUITY**

Equity at the end of the period.

## **EBITDA**

Operating profit before depreciation and amortisation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation). EBITDA is a measure of operating performance. It is a profit measure that is close to the cash flow from operating activities.

## **EBITDA, %**

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales. The measure is used in business review as well as for benchmarking with peer companies.

## **INTEREST-BEARING NET DEBT**

Interest-bearing provisions and liabilities less interest-bearing assets. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

## **INTEREST-BEARING NET DEBT/ EBITDA**

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

## **INTEREST-BEARING NET DEBT/ADJUSTED EBITDA**

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months adjusted for items affecting comparability.

## **NET DEBT/EQUITY RATIO**

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

## **OPERATING CASH FLOW AFTER OPERATIVE INVESTMENTS**

Cash flow from the operating activities, including gross investments in property, plant and equipment, and intangible assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt, acquire and invest in other businesses and pay dividends to the shareholders.

## **OPERATING MARGIN**

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting all operating expenses. The measure is used in business review as well as for benchmarking with peer companies.

## **RETURN ON CAPITAL EMPLOYED (ROCE)**

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used in business review and benchmarking with peer companies.

## **RETURN ON EQUITY**

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

## **WORKING CAPITAL**

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

## **WORKING CAPITAL AS PERCENTAGE OF NET SALES**

Average working capital for the period, divided by annualized net sales. Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.



# Parent company

## SUMMARISED INCOME STATEMENT

SEKm	Quarter		Full year	
	Q4 -21	Q4 -20	2021	2020
Operating income*	120	94	634	402
Operating expenses	-117	-150	-470	-531
<b>Operating profit/loss</b>	<b>3</b>	<b>-56</b>	<b>164</b>	<b>-129</b>
Financial income and expenses	-99	-	-143	-84
<b>Profit/Loss after financial income and expenses</b>	<b>-96</b>	<b>-56</b>	<b>21</b>	<b>-213</b>
Appropriations	289	606	289	606
<b>Profit/Loss before tax</b>	<b>193</b>	<b>550</b>	<b>310</b>	<b>393</b>
Taxes	-57	-128	-74	-89
<b>Net profit/loss for the period</b>	<b>136</b>	<b>422</b>	<b>236</b>	<b>304</b>

\* Including currency hedging etc.

## SUMMARISED BALANCE SHEET

SEKm	31 Dec 2021	31 Dec 2020
Non-current assets	10 668	10 695
Current assets	16 588	16 706
<b>Total assets</b>	<b>27 256</b>	<b>27 401</b>
Shareholders' equity	7 309	7 957
Untaxed reserves	1 341	1 516
Provisions	253	231
Liabilities	18 353	17 697
<b>Total equity and liabilities</b>	<b>27 256</b>	<b>27 401</b>



## QUARTERLY DATA

The Group's business is organized on the basis of the functional areas Wood Supply, Operations and Commercial and is governed by two product areas Board and Paper.

Solutions and Other includes Wood Supply, Scandfibre Logistics AB, Managed Packaging, rental operations, dormant companies, income from the sale of businesses, items affecting comparability and costs due to increased investments in the production structure. Other also includes Group-wide functions, Group eliminations (including IFRS 16) and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of accounts receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates for invoicing is included in the product area's profit/loss.

### Quarterly net sales per product area and for the Group

SEKm	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	3 762	3 663	3 642	3 785	3 370	3 059	3 571	3 600	14 852	13 600
Product area Paper	2 138	2 047	2 039	1 903	1 777	1 835	1 940	2 024	8 127	7 576
Solutions & Other	757	725	772	696	667	637	722	724	2 950	2 750
Currency hedging, etc.	31	59	51	136	-11	30	-77	16	277	-42
<b>Total Group</b>	<b>6 688</b>	<b>6 494</b>	<b>6 504</b>	<b>6 520</b>	<b>5 803</b>	<b>5 561</b>	<b>6 156</b>	<b>6 364</b>	<b>26 206</b>	<b>23 884</b>

### Quarterly EBITDA per product area and for the Group

SEKm	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	809	678	556	705	481	266	571	537	2 748	1 855
Product area Paper	346	414	365	263	165	241	323	306	1 388	1 035
Solutions & Other	-288	-34	-89	-101	6	33	-83	-92	-512	-136
Currency hedging, etc.	31	59	51	136	-11	30	-76	15	277	-42
<b>Total Group</b>	<b>898</b>	<b>1 117</b>	<b>883</b>	<b>1 003</b>	<b>641</b>	<b>570</b>	<b>735</b>	<b>766</b>	<b>3 901</b>	<b>2 712</b>

### Quarterly EBITDA margin per product area and for the Group

%	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	22	19	15	19	14	9	16	15	19	14
Product area Paper	16	20	18	14	9	13	17	15	17	14
<b>Group</b>	<b>13</b>	<b>17</b>	<b>14</b>	<b>15</b>	<b>11</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>11</b>

### Adjusted quarterly EBITDA, including maintenance shutdowns, per product area and for the Group

SEKm	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	954	859	744	705	645	577	571	537	3 262	2 330
Product area Paper	485	525	381	263	296	329	323	306	1 654	1 254
Solutions & Other	-111	-34	-89	-101	-67	33	-44	-67	-335	-145
Currency hedging, etc.	31	59	51	136	-11	30	-76	15	277	-42
<b>Total Group</b>	<b>1 359</b>	<b>1 409</b>	<b>1 087</b>	<b>1 003</b>	<b>863</b>	<b>969</b>	<b>774</b>	<b>791</b>	<b>4 858</b>	<b>3 397</b>
Costs for maint. shutdowns	-284	-292	-204	-	-295	-399	-	-	-780	-694
Items affecting comparability	-177	-	-	-	73	-	-39	-25	-177	9
<b>EBITDA</b>	<b>898</b>	<b>1 117</b>	<b>883</b>	<b>1 003</b>	<b>641</b>	<b>570</b>	<b>735</b>	<b>766</b>	<b>3 901</b>	<b>2 712</b>

### Adjusted quarterly EBITDA margin, excluding maintenance shutdowns, per product area and for the Group

%	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	25	23	20	19	19	19	16	15	22	17
Product area Paper	23	26	19	14	17	18	17	15	20	17
<b>Total Group</b>	<b>20</b>	<b>22</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>17</b>	<b>13</b>	<b>12</b>	<b>19</b>	<b>14</b>





## Quarterly operating profit/loss, per product area and for the group

SEKm	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	486	354	231	380	149	-67	233	201	1 451	516
Product area Paper	224	293	244	145	51	120	202	185	906	558
Solutions & Other	-323	-67	-122	-133	-26	3	-113	-122	-645	-258
Currency hedging, etc.	31	59	51	136	-11	30	-77	16	277	-42
<b>Total Group</b>	<b>418</b>	<b>639</b>	<b>404</b>	<b>528</b>	<b>163</b>	<b>86</b>	<b>245</b>	<b>280</b>	<b>1 989</b>	<b>774</b>

## Quarterly operating margin per product area and for the group

%	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	13	10	6	10	4	-2	7	6	10	4
Product area Paper	10	14	12	8	3	7	10	9	11	7
<b>Total Group</b>	<b>6</b>	<b>10</b>	<b>6</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>3</b>

## Quarterly sales volumes per product area

ktonnes	2021				2020				2021	2020
	Q4 -21	Q3 -21	Q2 -21	Q1 -21	Q4 -20	Q3 -20	Q2 -20	Q1 -20	Jan-Dec	Jan-Dec
Product area Board	456	466	474	521	460	419	472	491	1 917	1 842
Product area Paper	231	229	245	255	227	238	231	250	960	946
<b>Total Group</b>	<b>687</b>	<b>695</b>	<b>719</b>	<b>776</b>	<b>687</b>	<b>657</b>	<b>703</b>	<b>741</b>	<b>2 877</b>	<b>2 788</b>

# This is BillerudKorsnäs

BillerudKorsnäs' mission is to **challenge conventional packaging for a sustainable future**. As a leading supplier of high-quality packaging material based on renewable raw material, sustainability forms the foundation for continued profitable growth. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we offer a product portfolio that features a high degree of innovation and a clear sustainability focus.

Demand is driven by global megatrends, particularly a significantly greater awareness of sustainability, rising urbanisation and changing consumption patterns. Consumer segments, account for about three-quarters of sales. While Europe is the core market, we have global sales with customers in over 100 countries.

Renewable packaging materials and innovating packaging solutions from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the value chain and contribute to a sustainable future.

Find out more at [billerudkorsnas.com](http://billerudkorsnas.com)

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