

# Improved sequential performance in the wake of positive market sentiment

Interim report January-March 2024



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# Performance and key highlights

## Q1 2024

Adjusted EBITDA sequentially up more than 50%

Strengthened order books in both regions and improved capacity utilization in North America

Sequentially 6% higher sales volumes (approx. +50 ktons)





Positive pricing and favorable mix changes vs Q4'23

Divestment of idled mill assets in the US

SEKm	Q1-24	Change vs Q4-23	Change vs Q1-23
<b>Net sales</b>	<b>10,423</b>	<b>+9%</b>	<b>-9%</b>
<b>Adjusted EBITDA</b>	<b>1,166</b>	<b>+51%</b>	<b>-21%</b>
<i>% of net sales</i>	<i>11%</i>	<i>+3 ppt</i>	<i>-2 ppt</i>
<b>Operating profit – EBIT</b>	<b>448</b>	<b>n/a</b>	<b>-44%</b>
<i>% of net sales</i>	<i>4%</i>	<i>+5 ppt</i>	<i>-3 ppt</i>
<b>Operating cash flow before capex</b>	<b>195</b>	<b>n/a</b>	<b>n/a</b>
<b>EPS</b>	<b>1.26</b>	<b>n/a</b>	<b>-51%</b>

# Market conditions improved for all categories during Q1

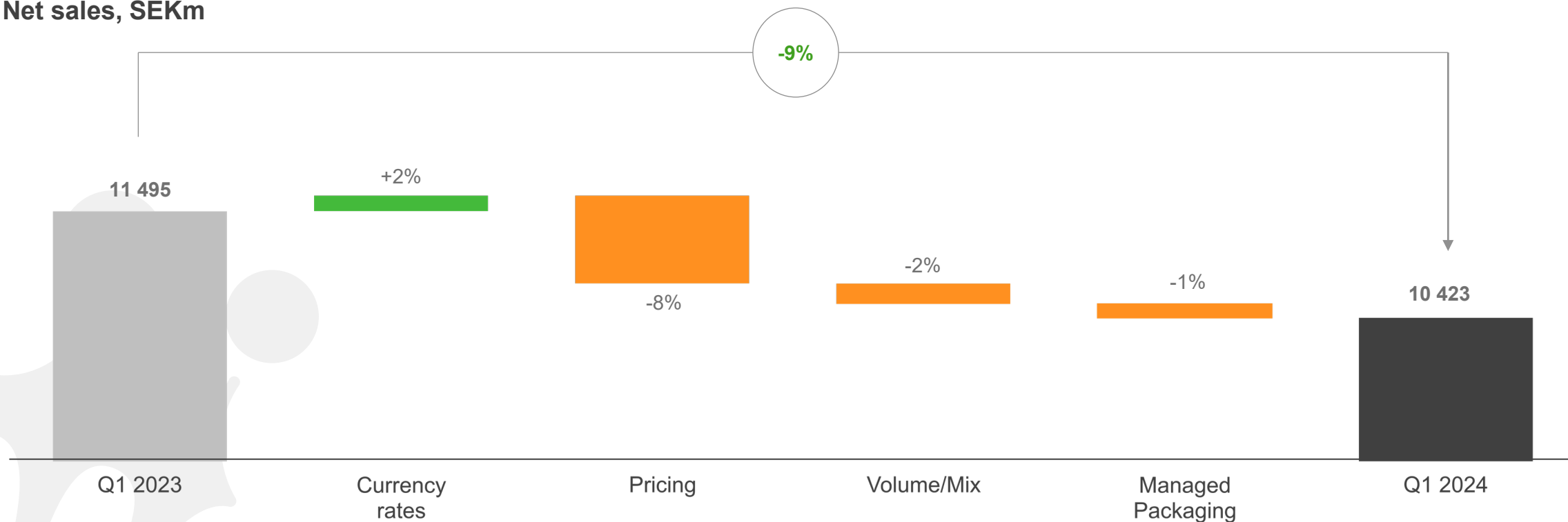
## Further improvement expected into Q2

Sales split, % <sup>1</sup>	 Food & Drink	 Printing & Publishing Papers	 Consumer & Luxury	 Industrial
LPB (9.4bn)	100%			
Cartonboard (2.8bn)	25%		75%	
Containerboard (5.4bn)	80%		10%	10%
Kraft & Speciality Paper (5.1bn) <sup>2</sup>	50%		30%	10%
Sack Paper (2.9bn)	15%			85%
Graphical Paper (8.3bn)		100%		
<b>Share of Group Net Sales<sup>3</sup></b>	<b>~40%</b>	<b>~20%</b>	<b>~10%</b>	<b>~10%</b>
Billerud Market status Q1'24	Improved from weak levels	Improved from weak levels	Improved from weak levels	Improved from weak levels
Billerud Market trend outlook	Stable / improving	Improving	Improving	Improving

1) 2023 Net Sales in bn SEK. 2) Excluding medical paper. 3) Total Group Net Sales include Currency hedging and Solutions & Other, not allocated to end-use segments

# Q1'24: 9% sales decline on the back of price deterioration

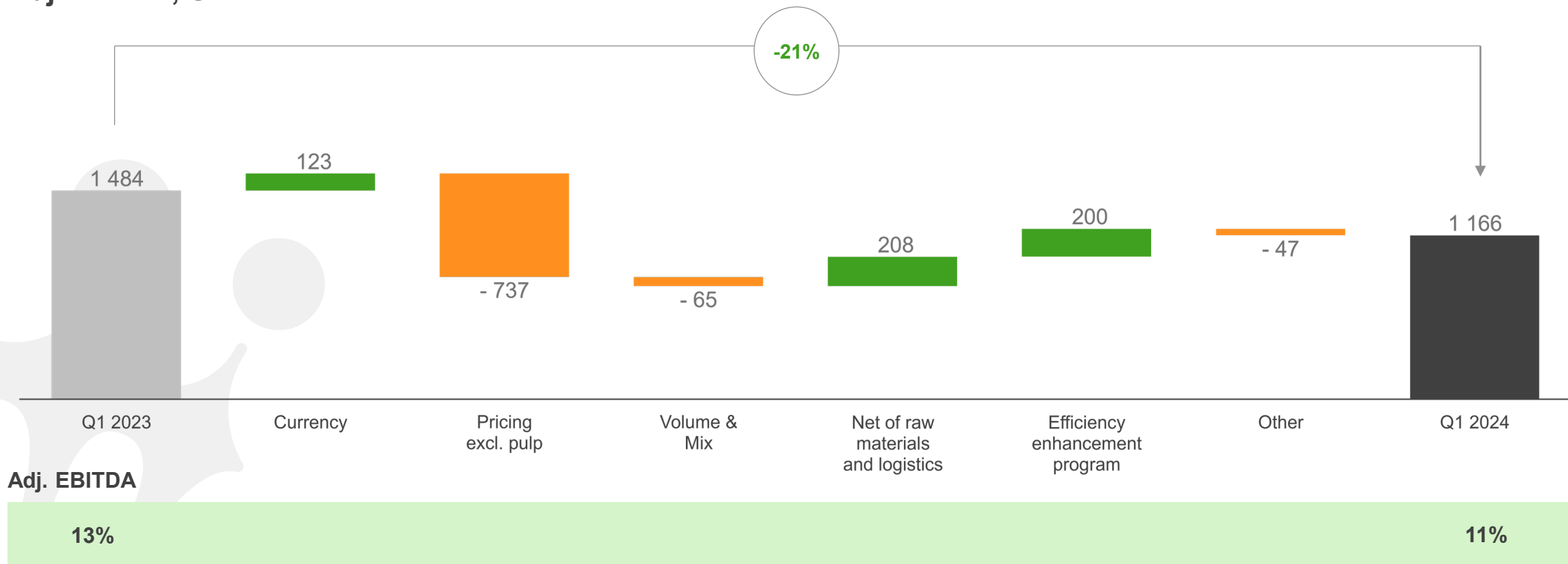
Net sales, SEKm



Q1'24:

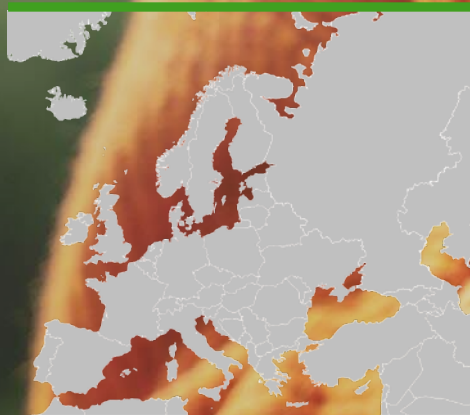
# Solid delivery from efficiency enhancement program and input cost decline unable to off-set sales price deterioration

## Adj EBITDA, SEKm



REGION

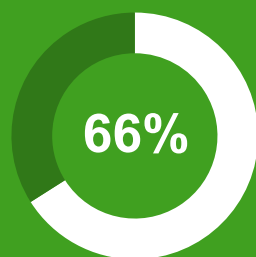
# Europe



Region

# Europe

- Improved market sentiment from weak levels. Order books filling up.
- +6% volume uplift vs previous quarter
- Sequential pricing help and volume growth fully off-set cost inflation and enabled an improved performance
- Liquid packaging board with strong topline growth both vs last year and previous quarter



Share of net sales  
Q1 2024

SEKm	Q1-24	Q1-23	Change
Net sales	6,920	7,466	-7%
<i>Liquid packaging board</i>	2,659	2,479	+7%
<i>Containerboard</i>	1,262	1,424	-11%
<i>Kraft and specialty paper</i>	953	1,108	-14%
<i>Sack paper</i>	784	856	-8%
<i>Cartonboard</i>	662	812	-18%
<i>Pulp</i>	518	718	-28%
Net operating expenses	-6,136	-6,431	-5%
EBITDA	784	1,035	-24%
EBITDA margin	11%	14%	-3 ppt

# Broad-based input cost increase in Q1. Further cost increase expected in coming quarter.



## Higher cost for fiber

Fibre prices turned up  
during the quarter



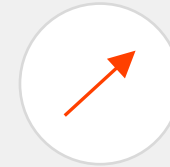
## Lower cost for chemicals

Minor decline on  
chemicals prices



## Higher energy costs

Higher spot prices  
in the quarter



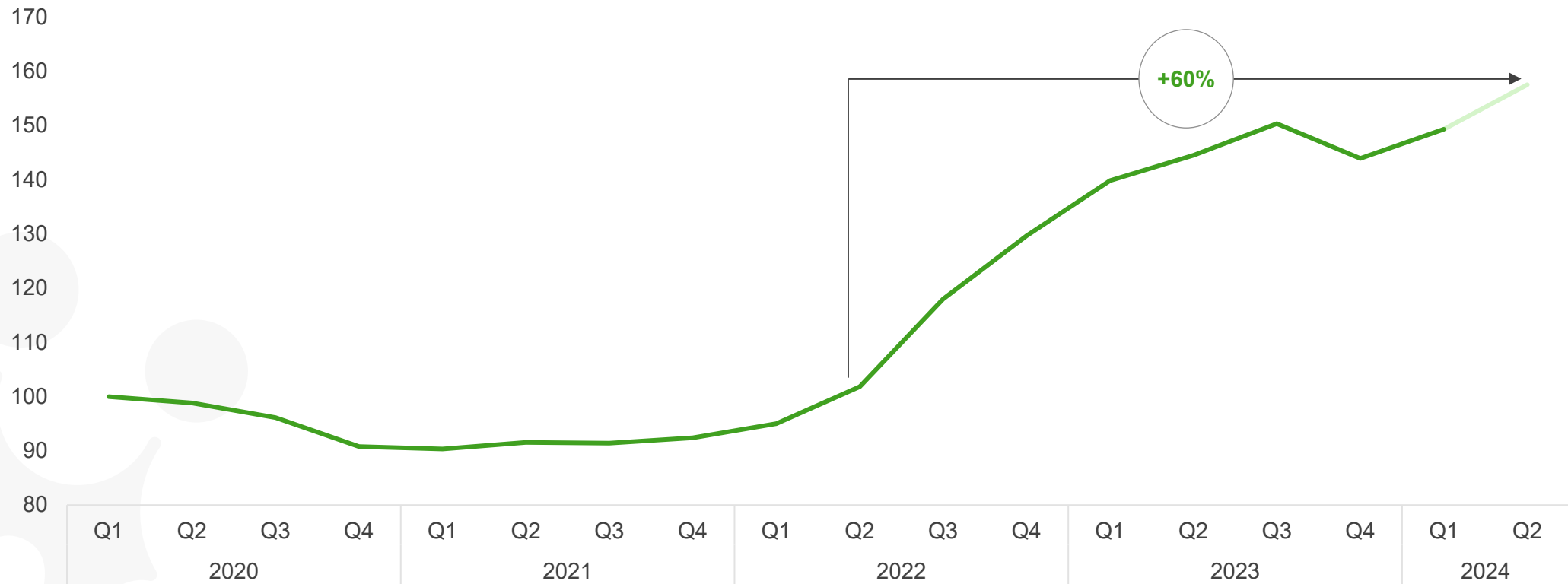
## Higher logistics costs

Logistical challenges  
adding extra costs



# Europe: Pulpwood prices to reach all-time-high level in Q2

**Billerud Pulpwood cost index, (Q1'20 = 100)**



REGION

# North America

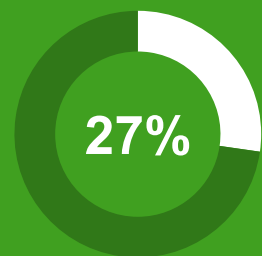
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Region

# North America

- De-stocking phase is completed, positive shift in market sentiment
- +4% sequential volume growth driving solid profitability performance
- Lower input costs fully off-set negative sales prices – both sequentially and vs year ago
- Mills operating rates improving
- Drop in profitability vs year ago explained by lower sales volumes



Share of net sales  
Q1 2024

SEKm	Q1-24	Q1-23	Change
Net sales	2,763	3,311	-17%
<i>Graphic paper</i>	1,962	2,337	-16%
<i>Specialty paper</i>	456	437	+4%
<i>Pulp</i>	344	537	-36%
Net operating expenses	-2,316	-2,671	-13%
EBITDA	447	640	-30%
EBITDA margin	16%	19%	-3 ppt

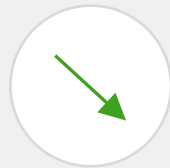
# Marginally lower input costs in North America

## Minor movements expected into Q2



**Lower  
cost for  
fiber**

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**Lower cost  
for  
chemicals**

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**Lower  
energy  
costs**

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**Lower  
logistics  
costs**

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# Improved cash flow delivery despite lower profitability

Cash flow conversion of 17% in the quarter, impacted by working capital build-up in the wake of higher sales

Net debt at 1.9x EBITDA (R12m)

Total dividend payout of SEK 497m in Q2, subject to AGM's approval

Unchanged capex guidance for 2024

## CAPEX of SEK 2.3 bn in 2024

Europe SEK 1.6 bn

North America SEK 0.7 bn

SEKm	Q1-24	Q1-23
Profit before tax	386	726
Adjustments for non-cash items	469	548
Tax paid	-135	-281
Cash flow from changes in working capital	-525	-1,332
<b>Cash flow from operating activities</b>	<b>195</b>	<b>-339</b>
Investments in tangible and intangible assets	-686	-768
<b>Operating cash flow after investments in tangible and intangible assets</b>	<b>-491</b>	<b>-1,107</b>

SEKm	Q1-24	Q1-23
Net debt	6,202	5,757
Net debt / adjusted EBITDA	1.9	0.7
<b>Adjusted ROCE %</b>	<b>1%</b>	<b>16%</b>



## Efficiency enhancement program: Solid start to the year On track for 2024 ambition

### Continued engagement across full European organization

- +200M SEK in Q1 incl. FTE reduction program vs last year
- On track to meet expected 700M SEK EBITDA incremental impact in 2024

### Highlighted initiatives with impact in Q1

- Corporate: FTE reduction program impact included, reducing fixed cost in both regions
- Commercial: Optimize board machine productivity by transferring volumes between mills, replacing products with lower contribution
- Supply Chain: Re-design European terminal and logistics network to reduce costs, CO2 and improve speed and reliability

**200M SEK**

Impact in Q1'24 vs last year

# Wisconsin Rapids sale

Agreement reached to divest idled Wisconsin Rapids mill assets for a cash consideration of approx. SEK 60 million

First quarter result negatively impacted with SEK 6 million, no additional impact expected

Operations at Wisconsin Rapids converting facility unaffected and play a key future role in sheeting of Graphic paper and Cartonboard





# Company priorities for 2024 remain intact: Drive **profitability improvement** and secure **long-term attractive positions**

**Proceed with the preparations for strategic investment projects**

**Execute on updated strategy for Region Europe**

**Deliver EBITDA uplifts from efficiency enhancement program**



# Outlook for Q2 2024



Improved market conditions for both regions



Increased sales prices expected to offset higher input costs mainly driven by higher pulpwood prices



Maintenance shutdowns estimated to have a cost impact of SEK 525 million





**BILLERUD**

