



# BILLERUDKORSNÄS

Interim Report January – March 2019

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Strong sales performance

Q1  
2019

17 April 2019 | Petra Einarsson, CEO, Kristina Schauman, CFO



WHAT IF packaging could make a difference?

# Key highlights

- ⌚ Good demand and strong sales performance in all divisions
- ⌚ Solid result despite high fibre costs
- ⌚ Ramp-up of KM7 has started and is proceeding according to plan
- ⌚ Process of finding suitable investors for Bergvik Öst ongoing

**10%**

NET SALES GROWTH Y/Y

**16%**

EBITDA MARGIN\*

**9%**

ROCE\*

**2.90**

NET DEBT/EBITDA\*

# Unlocking the potential

## SECURE



Successful ramp-up of KM7  
Competitive wood supply

## IMPROVE



A safe company is a well-run company  
Stabilise production

## ACCELERATE

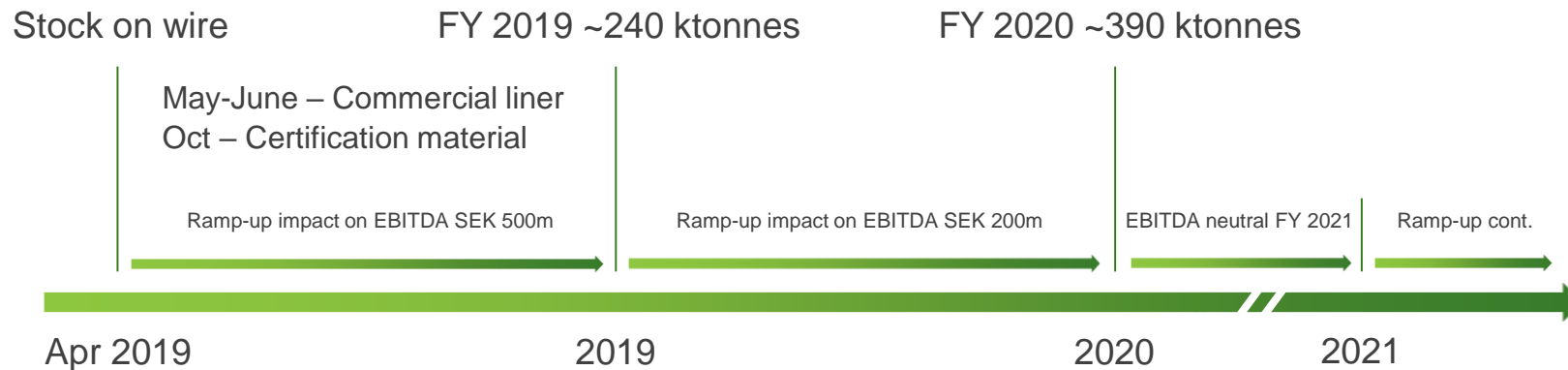


Innovate for growth  
Capture new solutions sales

# Start-up phase initiated



# Ramp-up is proceeding according to plan



# Process of finding suitable investors ongoing

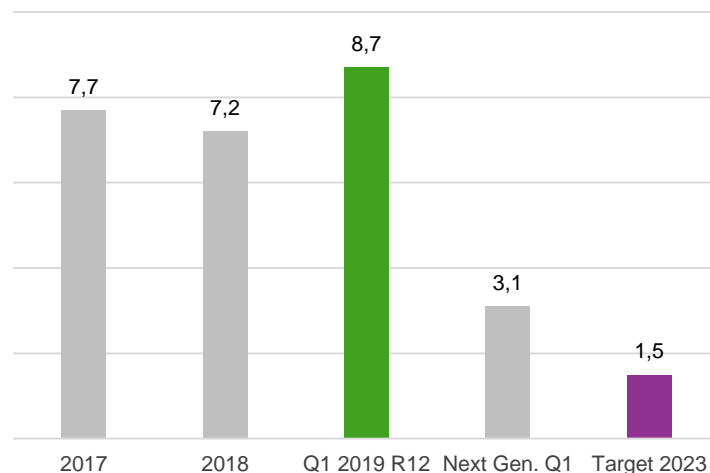
- ⌚ In November 2018 BillerudKorsnäs entered into an agreement to acquire Bergvik Skog Öst
- ⌚ The transaction is expected to be completed in late May, early June
- ⌚ The strategy to advance in the value chain remains unchanged
- ⌚ Key focus when evaluating potential ownership partners is:
  - › Continue to manage the forest land
  - › Long-term wood supply agreement



# A paradigm shift in safety

- ④ Cultural changes – never walk by
- ④ All accidents are preventable
- ④ Focus on structure, engagement and predictability
- ④ A safe company is a well-run company

Lost time injury frequency rate\*, LTIFR



\*Number of injuries per 1 000 000 worked hours

# Production stability is the key focus

- ⦿ Production Excellence Programme (PEX) target to improve OEE\* with 4 percentage points by 2020
- ⦿ Programme drives improvements across all mills
  - > Stretched mill specific targets defined and committed
  - > Focus on loss eradication and track progress
  - > Network and standardised way of working
- ⦿ Full-year production expected to be 2 900 ktonnes

OEE\* target setting process





# One step closer to a fully biobased paper bottle

- ⊕ BillerudKorsnäs and ALPLA are joining forces to fulfill the shared vision of developing fully biobased and recyclable paper bottles
- ⊕ The plan is to continue the development to launch new generations and then scale up production
- ⊕ Subsequent generations will be both fully biobased and have biodegradable barriers thereby fully realising the vision and enabling consumers all over the world to live more sustainably



# Outlook

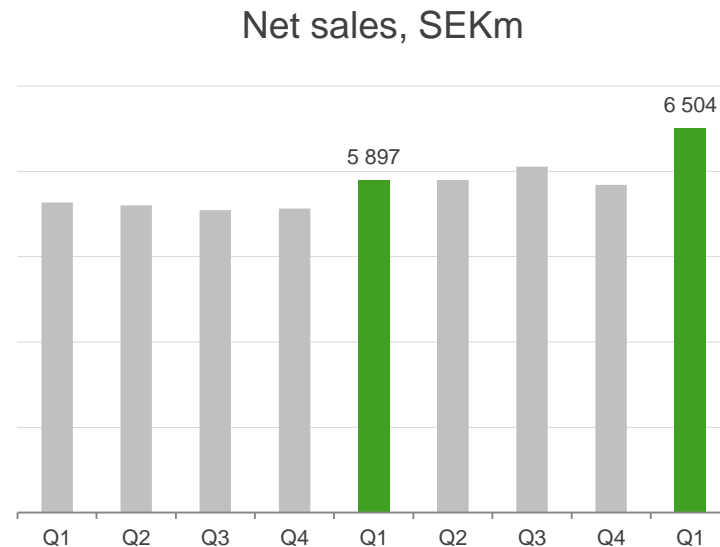
- ⌚ Continued good demand for our products
- ⌚ Increased price pressure is expected – focus on safeguarding current price levels
- ⌚ Total cost of fibre expected to flatten out at high levels



**WHAT IF** innovation  
makes the difference?

# Double-digit top-line growth

- ④ Net sales up 10% compared with Q1 2018
- ④ Increased sales prices
- ④ Positive currency effects
- ④ Sales volumes largely unchanged



# Continued headwind from raw material costs

- ⦿ Total cost of fibre continued to increase in Q1
  - › WCI expected to flatten out on high level
- ⦿ Caustic soda flat at high levels
- ⦿ Negative impact from increased energy prices



# Solid result despite full effect from higher fibre costs



## Division Board

- ⌚ Net sales +12% vs Q1-18
  - › Higher sales volumes
  - › Increased sales prices
  - › Positive currency effects
- ⌚ EBITDA -8% vs Q1-18
  - › Higher fibre costs
- ⌚ Market expected to remain good with normal seasonal variations
  - › Signs of weakness in uncoated liner market

**3 536**

NET SALES SEK MILLION

**19%**

EBITDA MARGIN

**9%**

ROCE



# Division Paper



⌚ Net sales +10% vs Q1-18

- › Increased sales prices
- › Positive currency effects
- › Improved product mix

⌚ EBITDA +9% vs Q1-18

- › Increased sales prices
- › Positive currency effects
- › Improved product mix

⌚ Market expected to remain good with normal seasonal variations

- › Weaker than last year

**2 305**

NET SALES SEK MILLION

**20%**

EBITDA MARGIN

**20%**

ROCE



# Division Solutions

- ④ Net sales +10% vs Q1-18
  - > Positive currency effects
  - > New sales
- ④ EBITDA SEK 13 million
  - > Stronger gross margin in Managed Packaging
- ④ Market expected to remain good
  - > Strong growth within division solutions expected to continue during the year

**206**

NET SALES SEK MILLION

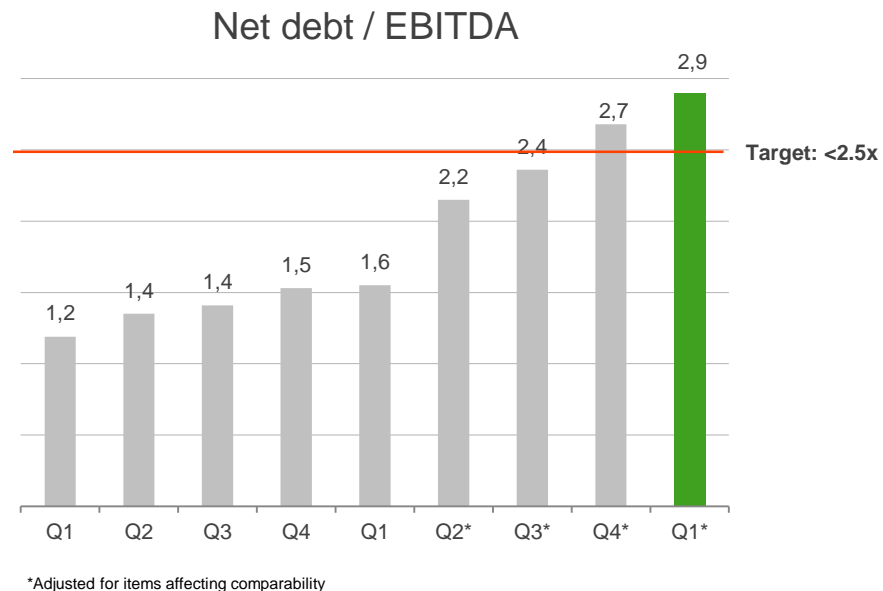
**6%**

EBITDA MARGIN



# Leverage expected to be in line with target late 2020

- ④ Net debt expected to peak in Q2
  - > Total net debt SEK 9 822 (6 056) million
- ④ Well below covenant terms
- ④ Clear focus on regaining positive cash flow and deleveraging



# Long-term financial targets

Area	FY target	Q1 2019
Net sales growth	3-4%	10%
EBITDA margin*	>17%	16%
ROCE*	>13%	9%
Net debt/EBITDA*	<2.5	2.90
Dividend policy*	50%	59%**

\*Adjusted for items affecting comparability

\*\* Board's proposal

# Summary

- ⌘ Good demand and strong sales performance in all divisions
- ⌘ Solid result despite high fibre costs
- ⌘ Ramp-up of KM7 has started and is proceeding according to plan
- ⌘ Process of finding suitable investors for Bergvik Öst ongoing



# BILLERUDKORSNÄS

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