

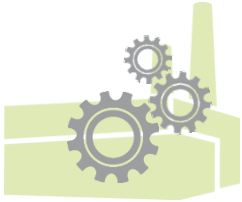


## **FOCUSING ON SELECTIVE GROWTH TO IMPROVE PROFITABILITY**

Capital Markets Day 2015 – Business Area Packaging Paper

2015-11-12 | Johan Nellbeck, SVP Business Area Packaging Paper

# KEY FOCUS AREAS TO ENABLE **SELECTIVE GROWTH** TO **IMPROVE PROFIT**



**Transforming assets for increased profitability**



**Creating new opportunities through business development**

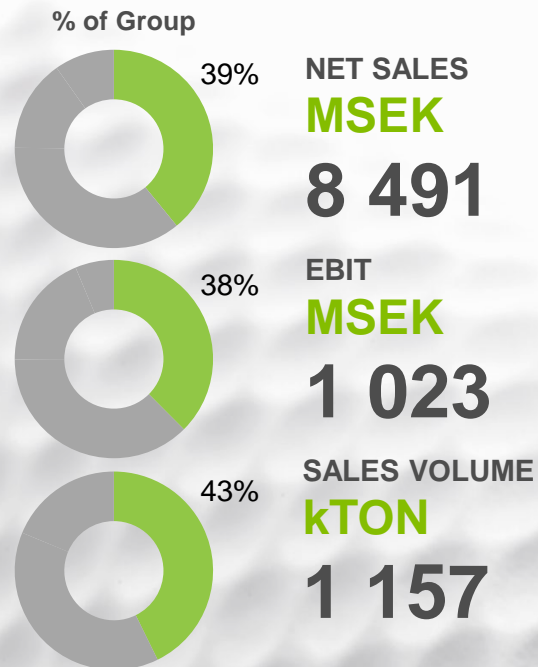


**Expanding footprint in growing markets**

**Growth +2-4%  
CAGR**

**Major profit  
improvement**

# PACKAGING PAPER IN BRIEF



## SALES BY MARKET SEGMENT

- Industrial, 56%
- Food & Beverages, 21%
- Medical & Hygiene, 13%
- Consumer & Luxury goods, 10%

## SALES PER REGION

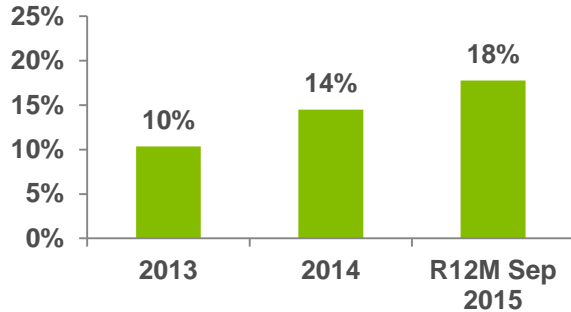
- Europe 71%
- Asia 13%
- Africa 8%
- South America 4%
- Middle East 2%
- Other 2%





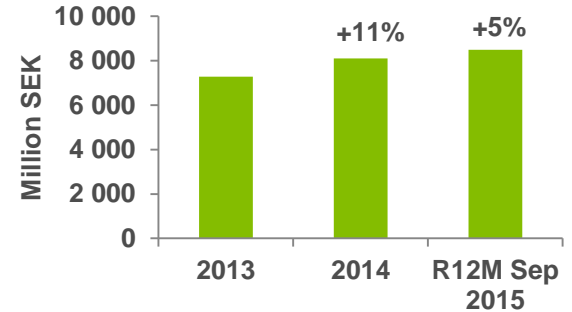
# DELIVERING ON OUR SELECTIVE GROWTH STRATEGY

### EBITDA margin

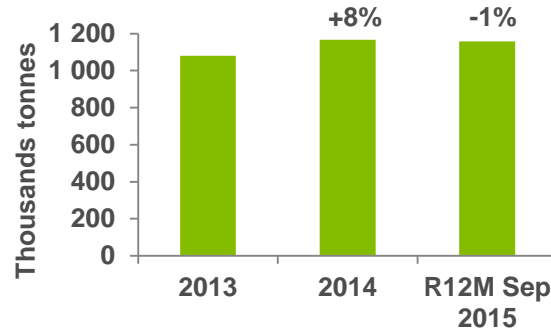


Selective growth  
**2-4%  
CAGR**

### Net sales



### Sales volume



# PACKAGING FOR BUILDING MATERIALS AND FOOD DOMINATE THE PORTFOLIO



# GLOBAL MEGATRENDS ARE THE BASIS FOR OUR SELECTIVE GROWTH STRATEGY

## Focus areas

## Trends

## Growth indications



### Building Materials

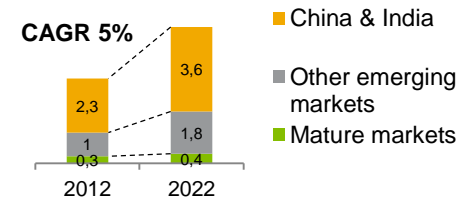
- Population growth in emerging markets
- Replacing plastics
- High quality grades take market share



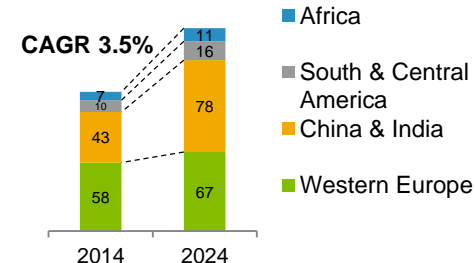
### Food & Medical

- Growing urban middle-class in emerging markets
- Replacing/reducing plastics
- Ageing population

### Cement demand<sup>1</sup> billion tonnes



### Food packaging demand<sup>2</sup> USD billion



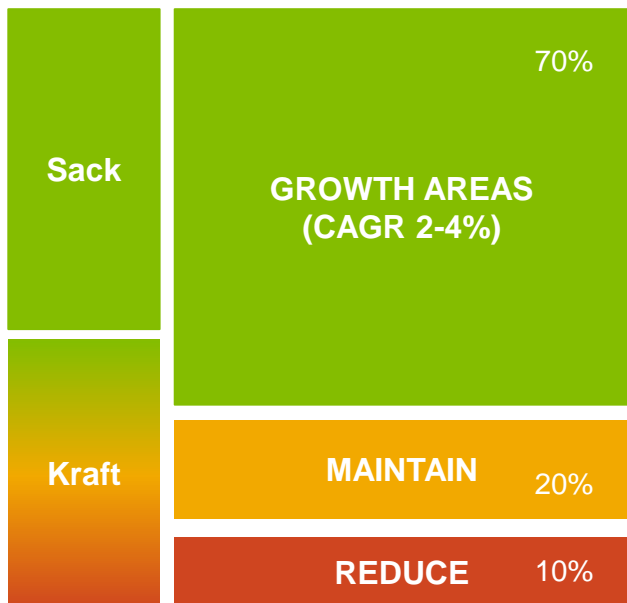
1. Freedonia World Cement Report (2013)

2. Smithers Pira, The Future of Packaging – long-term strategic forecast to 2024 (2014)



# WE CONTINUE TO IMPROVE THE SALES MIX

## Share of net sales 2014



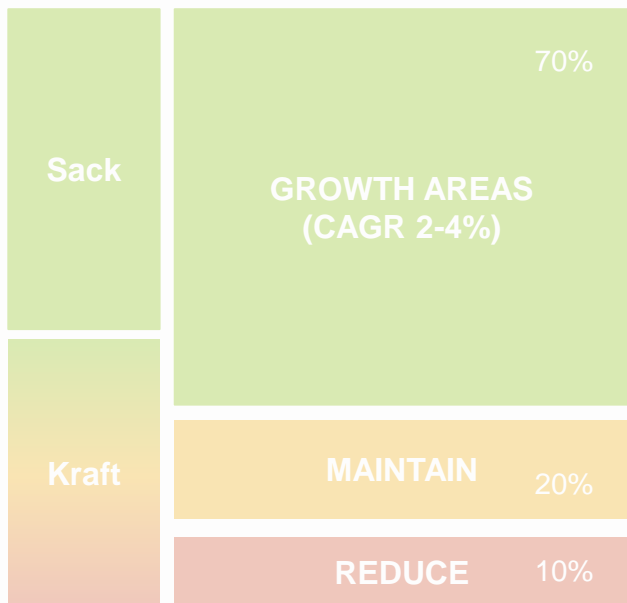
## End-use areas

- ▶ **Building Materials**
  - › Cement
  - › Dry mix mortar
- ▶ **Food & Medical**
  - › Dry food bags
  - › Flexible packaging
  - › Medical devices
- ▶ **Niche/Specialties**
  - › Release liner
  - › Interleaving
- ▶ **Commodity**
  - › Tail reduction



# DEVELOP ENABLERS TO DELIVER IMPROVED PROFIT

Share of net sales 2014



- ▶ Transforming assets for increased profitability
- ▶ Creating new opportunities through business development
- ▶ Expanding footprint in growing markets



**Growth areas from 70% to >80% by 2020**





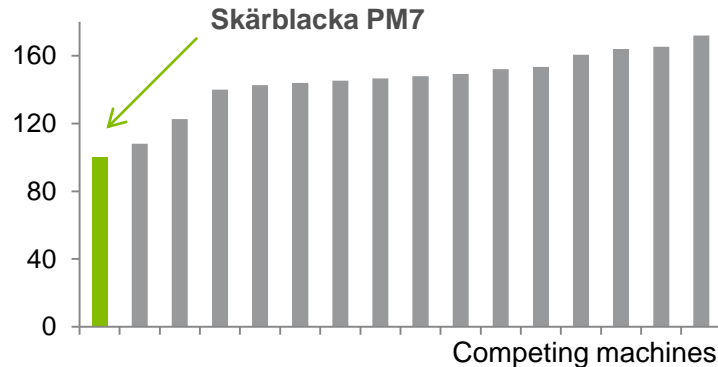
# TO ENABLE SELECTIVE GROWTH WE HAVE TO DEVELOP OUR KEY ASSETS

	End use area	Asset development needs	Way forward
SACK	<p><b>BUILDING MATERIALS</b></p>	<ul style="list-style-type: none"> <li>• Expand volume</li> <li>• Improve quality</li> </ul>	<ul style="list-style-type: none"> <li>• Investment Skärblacka Q4 2015, +20 000 tonnes</li> </ul>
KRAFT	<p><b>MEDICAL</b></p>		



# UPGRADED SKÄRBLACKA PM7 WOULD BECOME A COST LEADER IN HIGH VALUE SEGMENTS

Selected global grease-resistant paper producers<sup>1</sup>



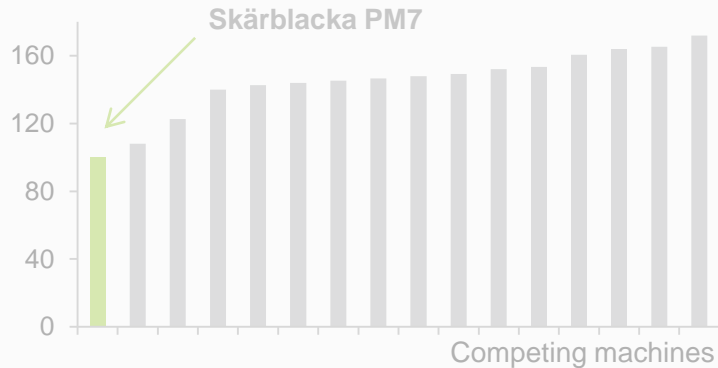
Production and delivery costs per tonne, Index 100

1. Source: Pöyry, cost level Q4 2014, delivery to Frankfurt



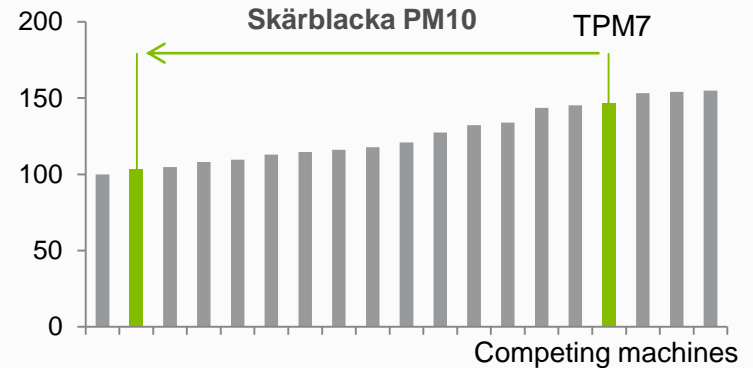
# TERVASAARI PM MOVED TO SKÄRBLACKA WOULD CREATE A COST LEADERSHIP POSITION

Selected global grease-resistant paper producers<sup>1</sup>



Production and delivery costs per tonne, Index 100

Selected European white uncoated MG paper producers<sup>1</sup>



Production and delivery costs per tonne, Index 100

1. Source: Pöyry, cost level Q4 2014, delivery to Frankfurt

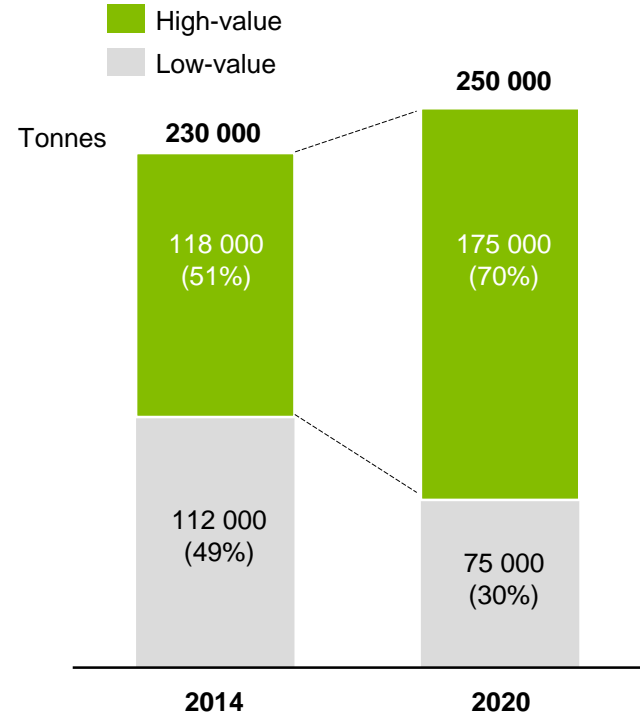


# THE COMBINED INVESTMENTS CREATE A STRONG BUSINESS CASE

- Solid future structure
- Cost leadership
- Quality leadership

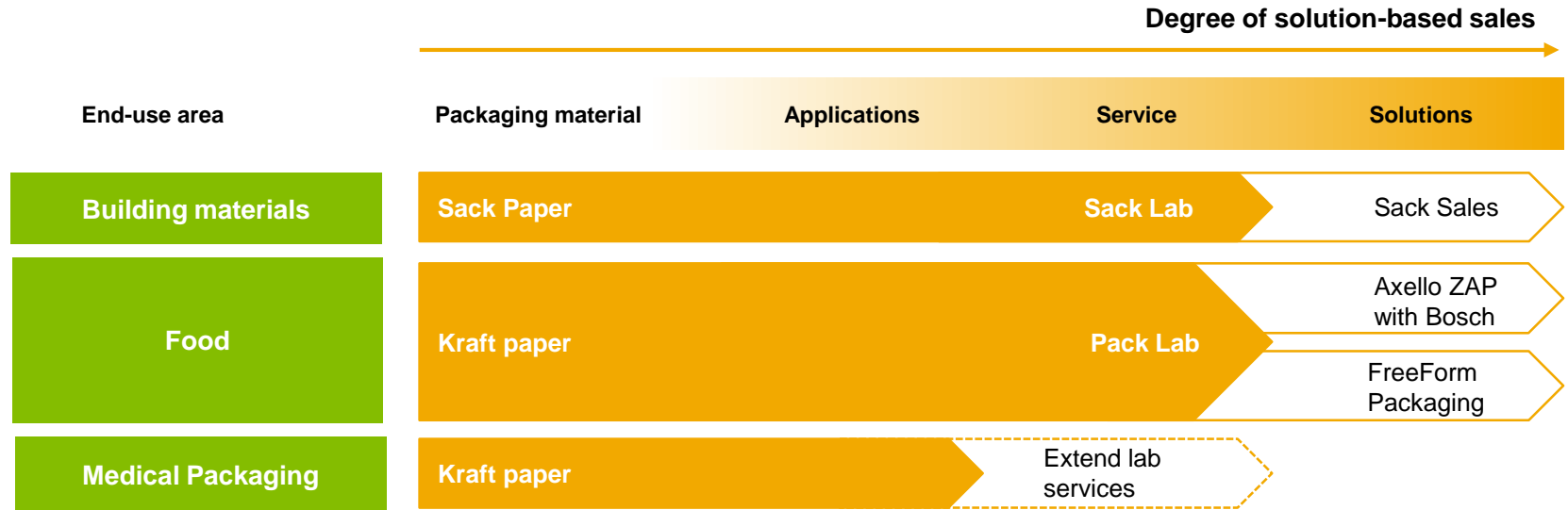
  
**Leading Market Position**

**Total MG Sales Volume by Market**





# MOVING UP THE VALUE CHAIN TO IMPROVE PROFITABILITY





# WITH **D-SACK**, WE SELL SACKS DIRECTLY TO BRAND-OWNERS

- Sack disintegrates into concrete
- No cost for waste handling
- Efficiency in work process





# AXELLO ZAP WITH BOSCH

WORLD'S FIRST AIR TIGHT PAPER BAG SYSTEM, OFFERING SHELF STAND OUT,  
SUSTAINABILITY AND COST BENEFITS





# FIBREFORM PACKAGING

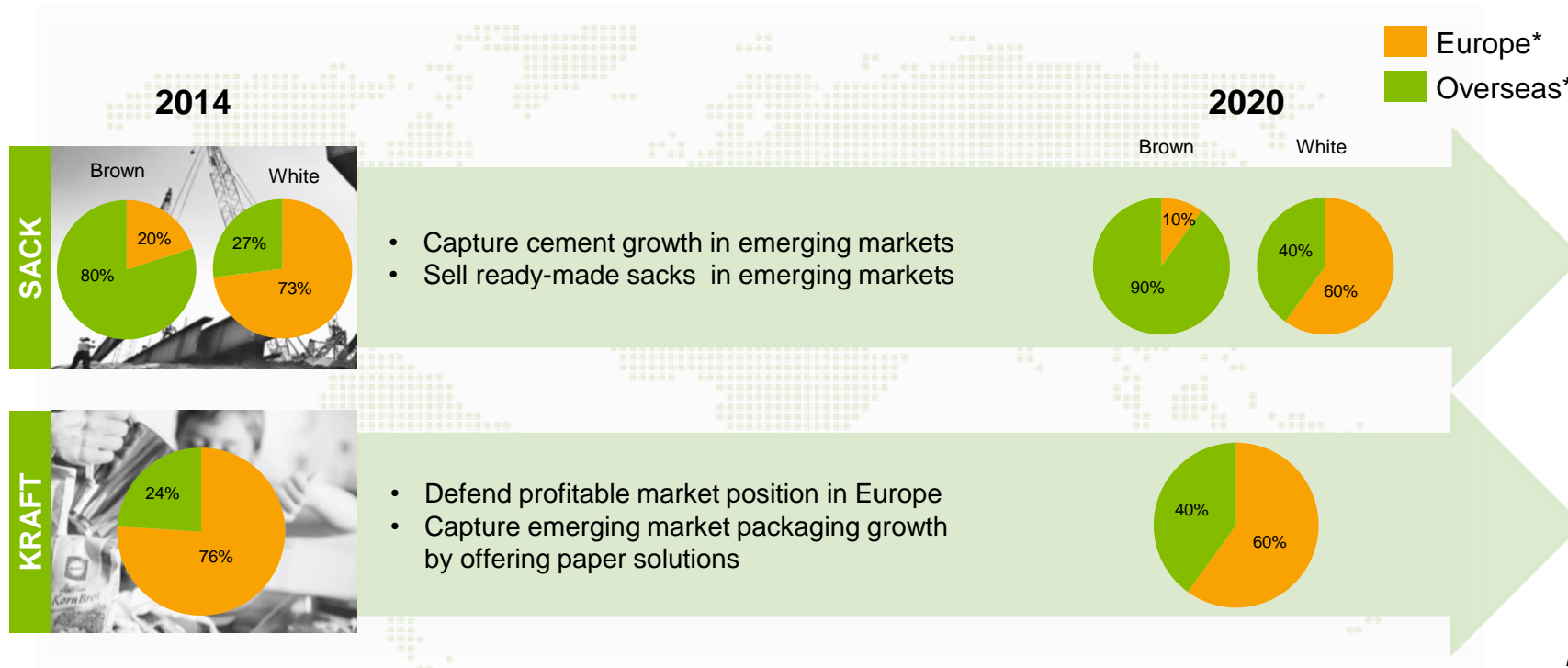
FreeFormPack™ - A COMPLETE SYSTEM FOR PAPER CONTAINERS THAT HAS AN ENVIRONMENTAL POSITIVE IMPACT AND A STRONG ALTERNATIVE TO PLASTIC





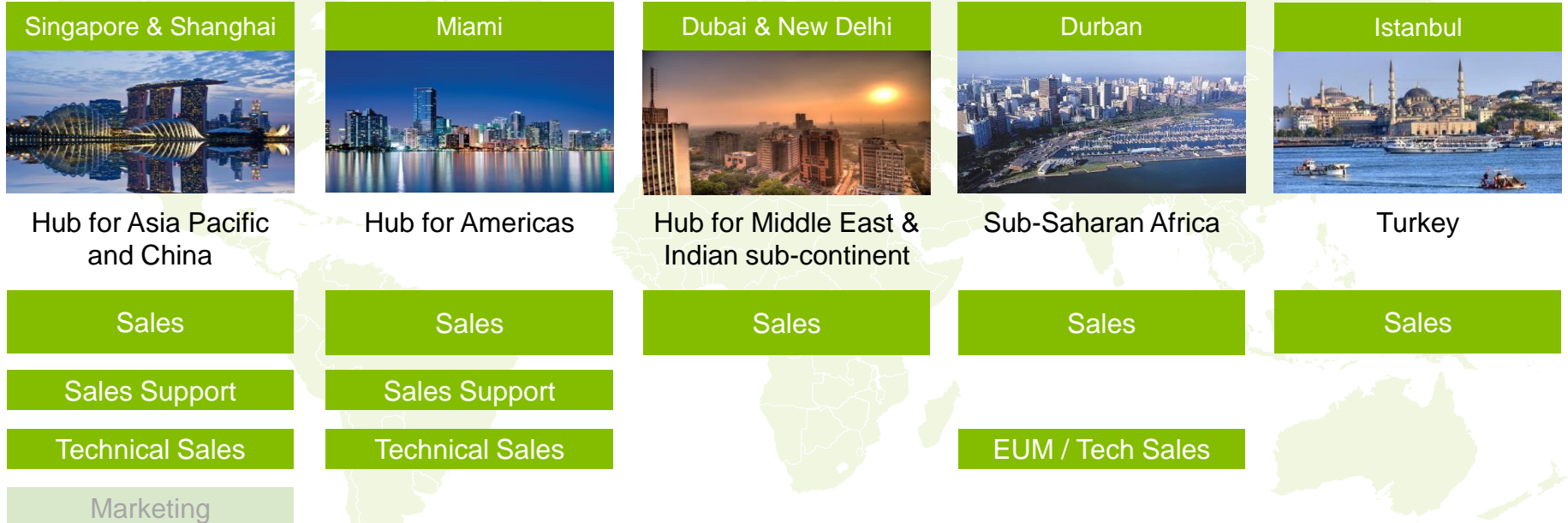


# PROTECT LEADERSHIP IN EUROPE AND GROW IN EMERGING MARKETS

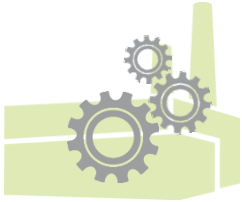




# STRENGTHENING OUR GLOBAL PRESENCE: CREATING STRONG HUBS FOR FUTURE EXPANSION



# KEY STRATEGIC DEVELOPMENT AREAS TO REACH SELECTIVE GROWTH FOR IMPROVED PROFIT



## Transforming assets for increased profitability

- Consolidating assets, reducing production costs
- Adding value to products
- Adding kraft sack volumes



## Creating new opportunities through business development

- Improving margins by developing new business models



## Expanding footprint in growing markets

- Replacing low value volumes in Europe with growing high value segments outside Europe

Growth +2-4%  
CAGR

Major profit  
improvement



## Q&A





**BILLERUDKORSNÄS**

