



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

Investor presentation | November 2016

Susanne Lithander, CFO and Karin Slättborn, IR Manager



PURE PLAY PACKAGING MATERIALS COMPANY

High performance packaging materials

> Target customer segments requiring strong, light and/or pure packaging

Stable product portfolio

> 74% of sales going to consumer sectors

Sustainable alternatives through innovation

> Innovation challenging other materials and solutions

Strong financial position

> Well-positioned for profitable growth investments

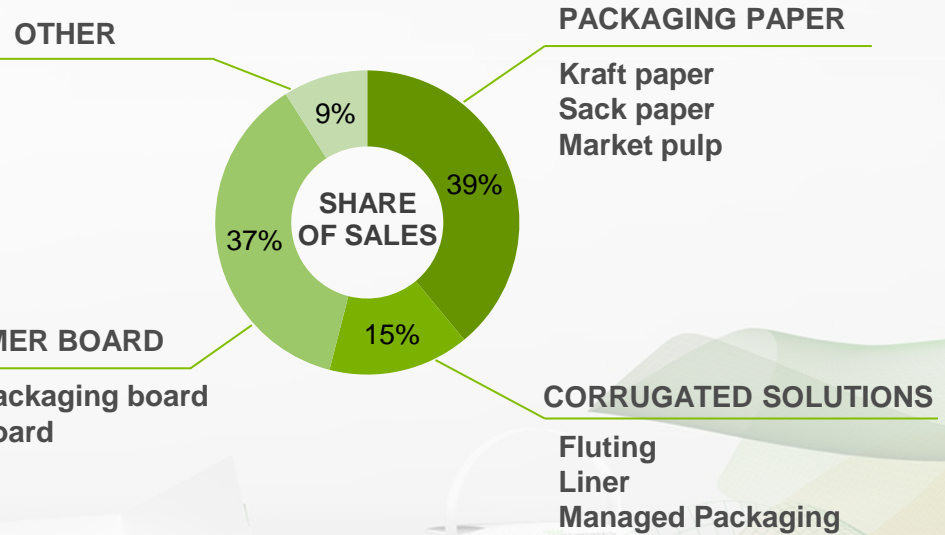
BILLERUDKORSNÄS IN BRIEF

NET SALES*



- Europe 73%
- Asia 17%
- Africa 4%
- South America 3%
- Middle East 2%
- Other 1%

OPERATING PROFIT*



8

PRODUCTION UNITS
(SWE, FI, UK)

2.9

PRODUCTION CAPACITY
(MILLION TONNES)

4 200

NUMBER OF EMPLOYEES

*Full year 2015. Excluding non-recurring items



AIMING TO CAPTURE GROWTH FROM GLOBAL MEGATRENDS



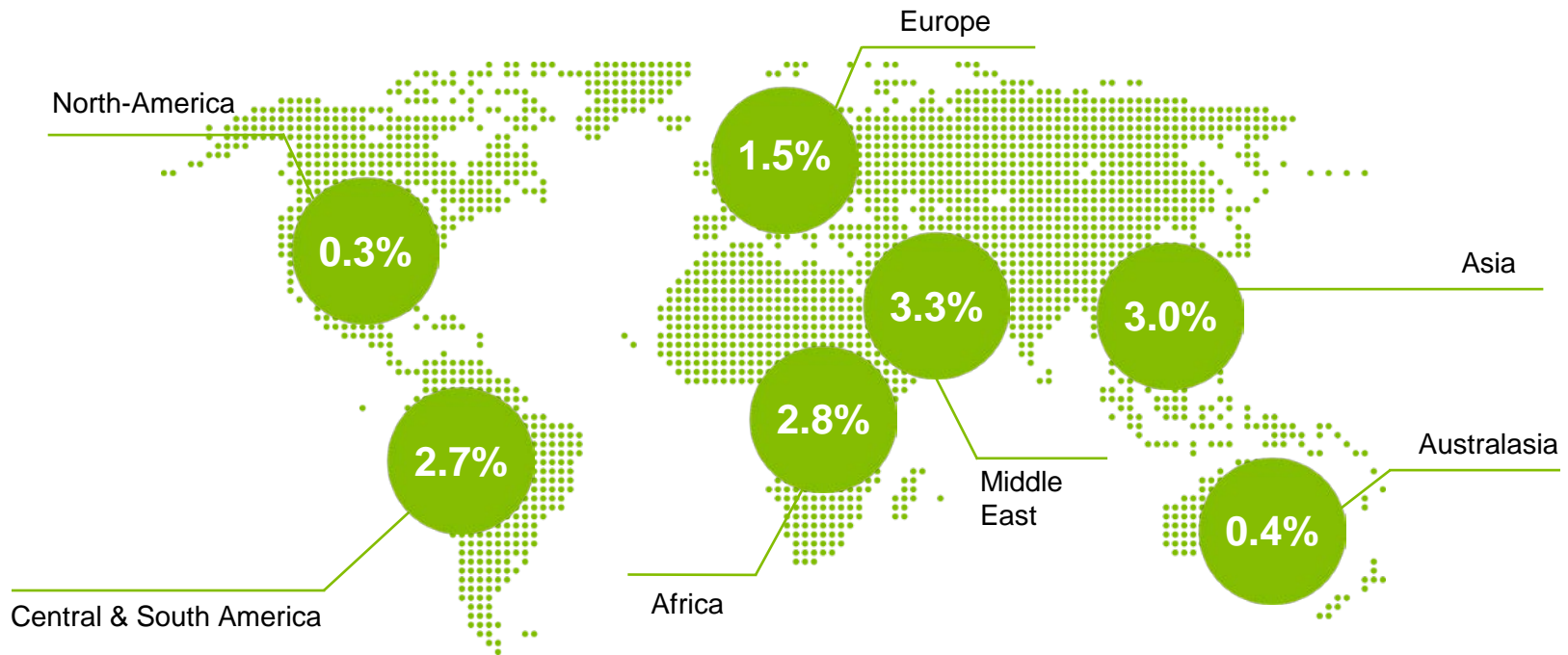
**DEMOGRAPHIC SHIFTS AND
A CHANGING WORLD MAP**

**SUSTAINABILITY CONNECTING
SEVERAL SUBTRENDS**

**CONSUMERS AND SUPPLY
CHAINS ARE CHANGING**

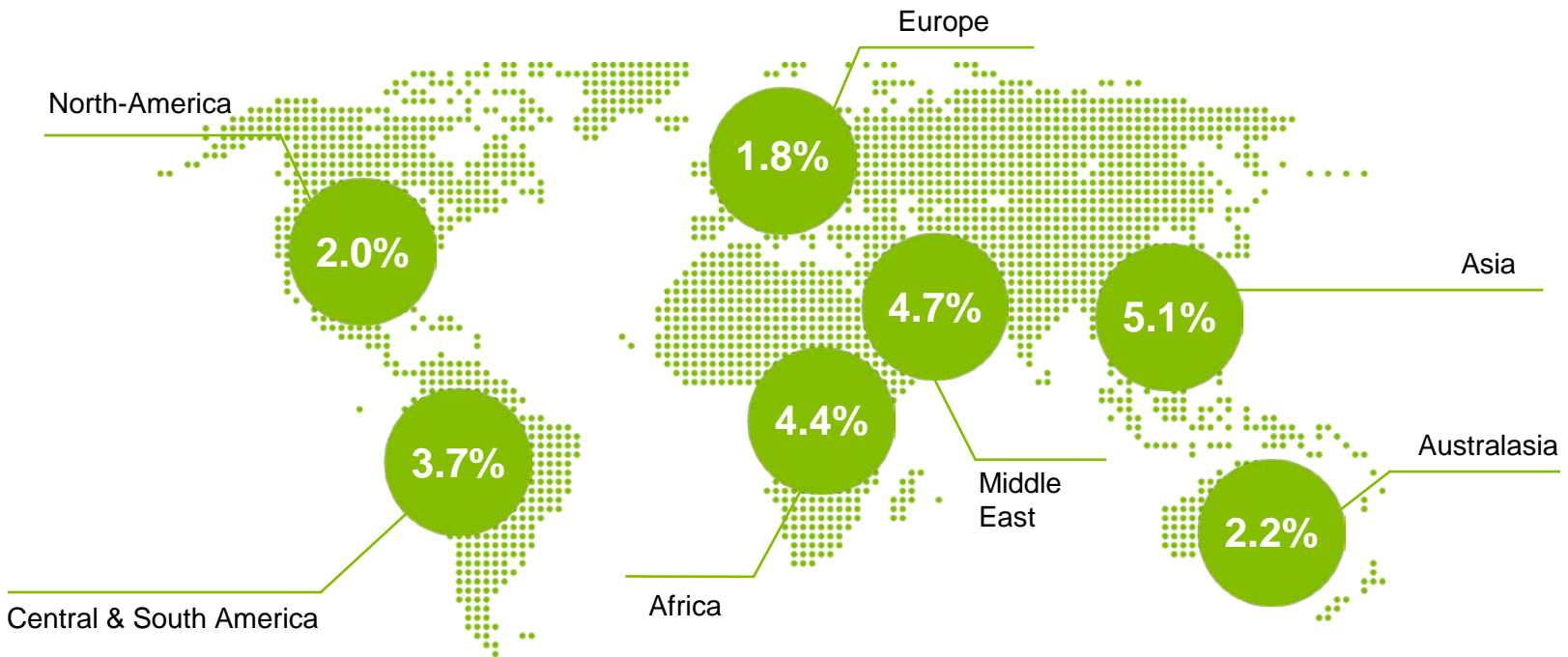


PACKAGING PAPER & BOARD MARKET IS GROWING BY 2.2%





WE TARGET GLOBAL PACKAGING MARKET GROWING BY 3.4%





WE HAVE ESTABLISHED A CLEAR GROWTH STRATEGY



WE ARE INVESTING TO MOVE FURTHER UP THE VALUE CHAIN TOWARDS BRAND OWNERS





WE ARE EXPANDING THE REACH OF OUR OFFERING

OUR PRESENCE **2013** AND NEW SALES HUBS **2015**



- Sweden
- Finland
- Germany
- UK
- France
- Spain
- Italy
- UAE
- China
- Singapore**
- Thailand**
- US**
- India**
- Turkey**
- South Africa**

WE HAVE INVESTED SEK 2 BILLION SINCE 2012 TO INCREASE CAPACITY AND QUALITY LEAD

PACKAGING PAPER

260 SEKm

Brown sack paper

- Improved paper quality restoring leadership
- Increased capacity by 20 000 tonnes



CONSUMER BOARD

1600 SEKm

Liquid Packaging Board
Cartonboard

- Improved quality
- Increased capacity by 200 000 tonnes

CORRUGATED SOLUTIONS

180 SEKm

S/C fluting

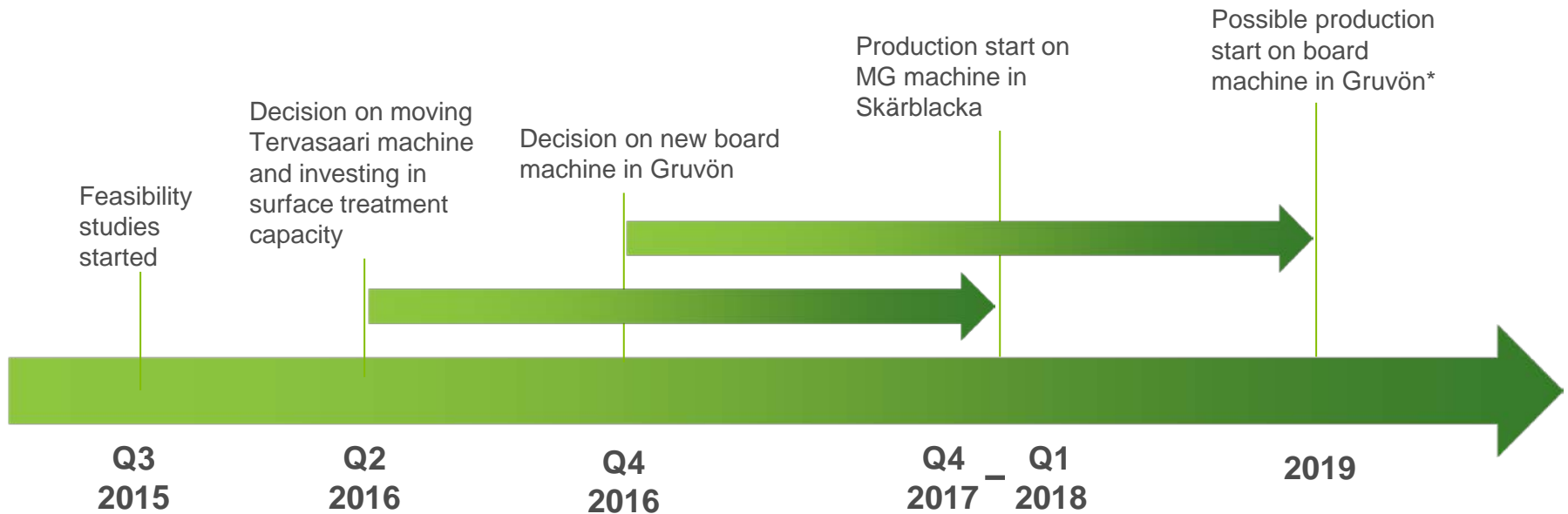
- Improved quality enhancing leadership
- Increased capacity by 40 000 tonnes



+260 000 tonnes

WE ARE PLANNING TO INVEST MORE THAN SEK 5 BILLION...

- Moving unintegrated MG paper machine from Tervasaari, Finland to Skärblacka, Sweden and making it integrated to the pulp production.
- Building new board machine at the production unit in Gruvön with capacity of approx. 500 000 t/a of liquid packaging board, cartonboard, food service board and white kraftliner.



*Subject to feasibility study results

...TO IMPROVE UNDERLYING PROFITABILITY AND SECURE ORGANIC GROWTH

PACKAGING PAPER

Focusing on growth segments growing by 2-4% per year

Decreasing volumes on oversupplied markets

SELECTIVE GROWTH

CONSUMER BOARD

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

VOLUME GROWTH

CORRUGATED SOLUTIONS

Expanding solution based sales to brand owners

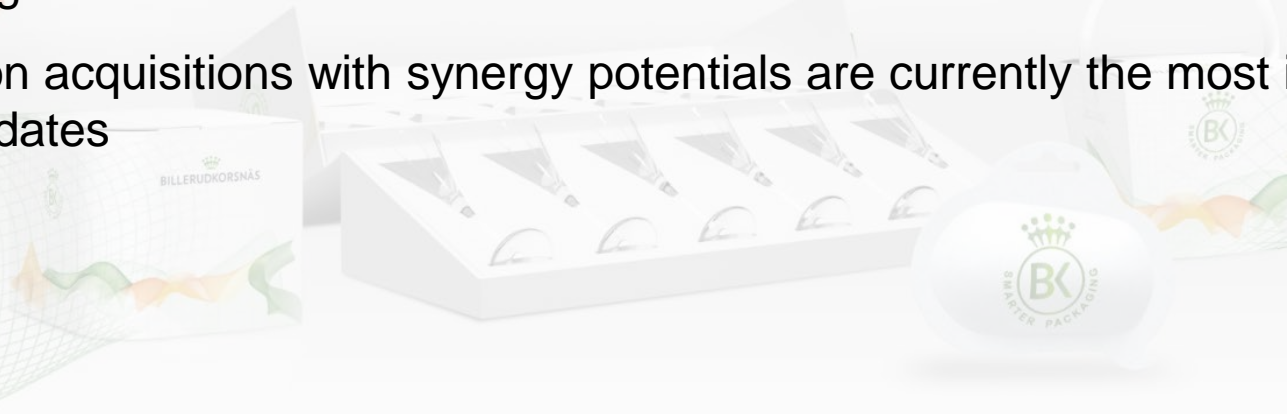
Exiting oversupplied white liner market

VALUE GROWTH

Improved underlying EBITDA > **1000 SEKm** when fully implemented
Continued organic growth with **3-4%** per year

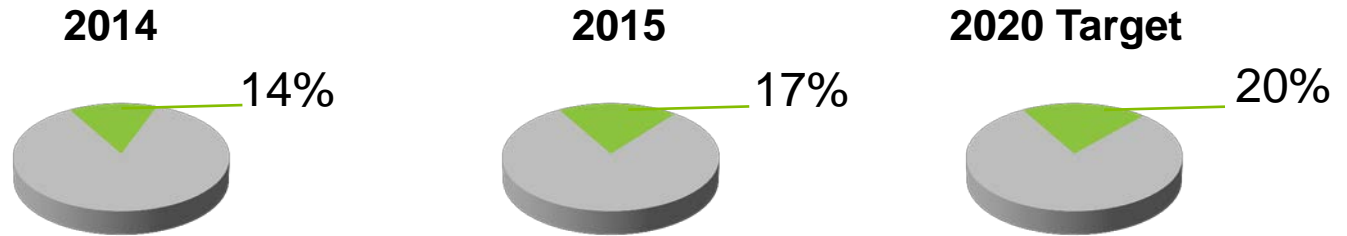
M&A MAY BOOST LONG-TERM GROWTH

- We have the financial capacity to add M&A growth to organic growth
- We have proven experience in merging businesses and quickly extracting synergies
- Bolt-on acquisitions with synergy potentials are currently the most interesting candidates

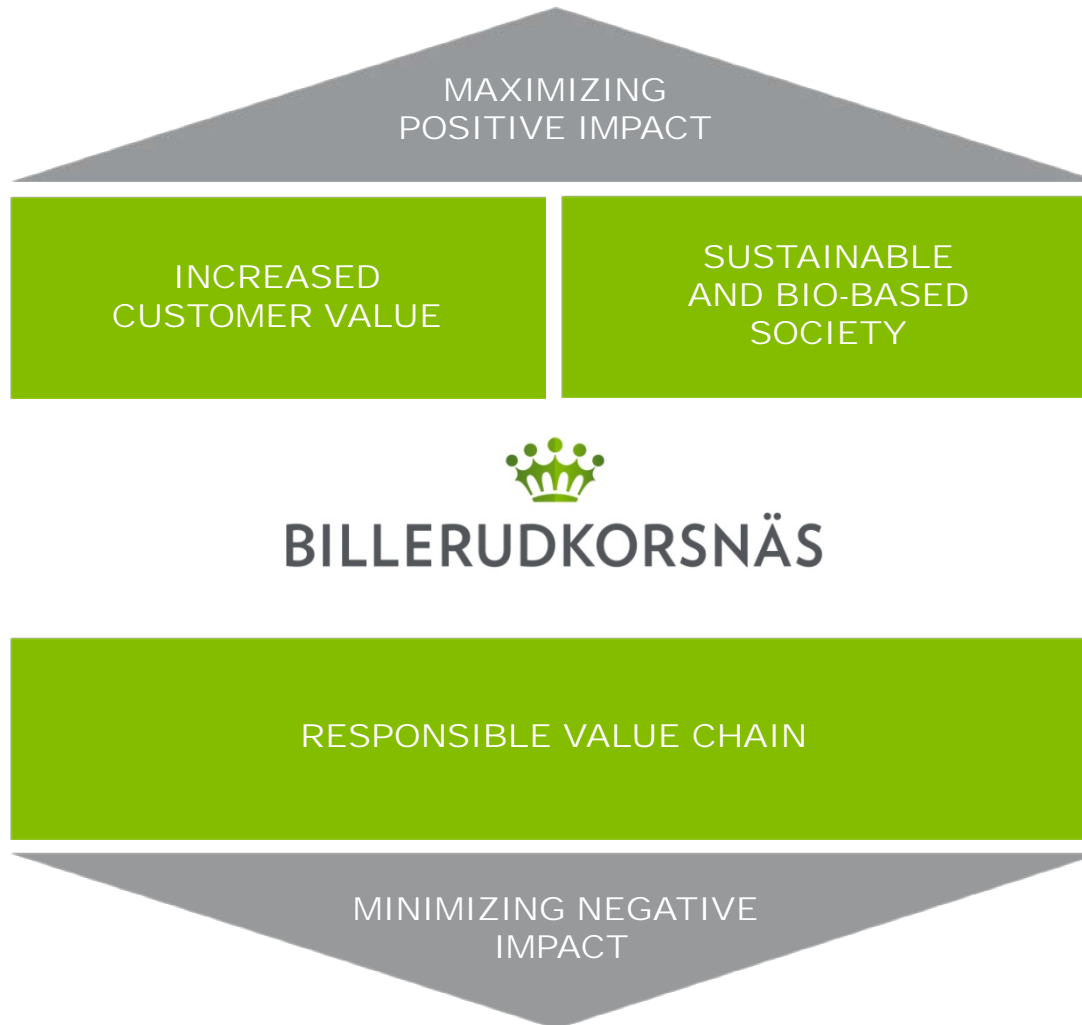


INNOVATION WILL FURTHER BOOST TOP LINE AND MARGINS

Proportion of sales accounted for by new products



SUSTAINABILITY AS A BUSINESS OPPORTUNITY



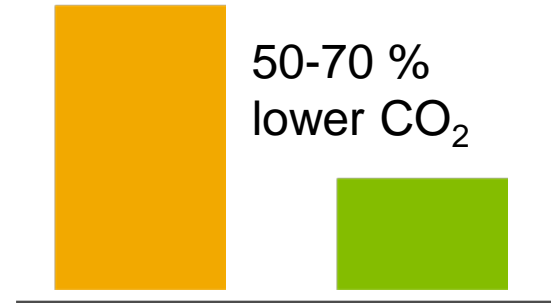
WE PROVIDE SUSTAINABLE SOLUTIONS

Towards fossil-free production



In 2015 we used 97.6% biofuels and only 2.4% fossil fuels.

Environmental impact paper vs plastic¹



Innovation for sustainability



Co-operation for learning



¹ Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.

CREDENTIALS – WE WALK THE TALK

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 





THREE BUSINESS AREAS



PACKAGING PAPER

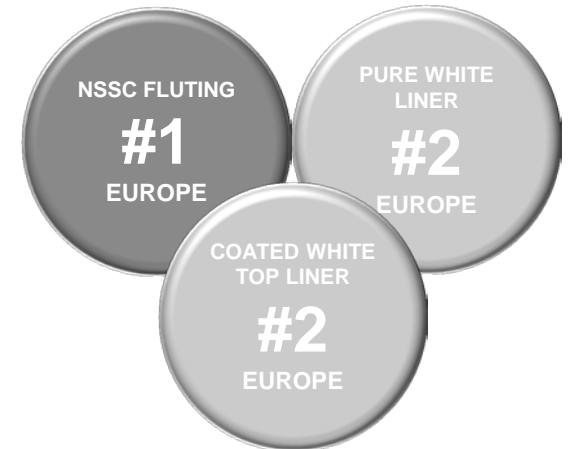
% of business area sales volume:
Kraft paper 60%
Sack paper 40%

CONSUMER BOARD

% of business area sales volume:
Liquid packaging board 85%
Cartonboard 15%

CORRUGATED SOLUTIONS

% of business area sales volume:
Fluting 60%
Liner 40%



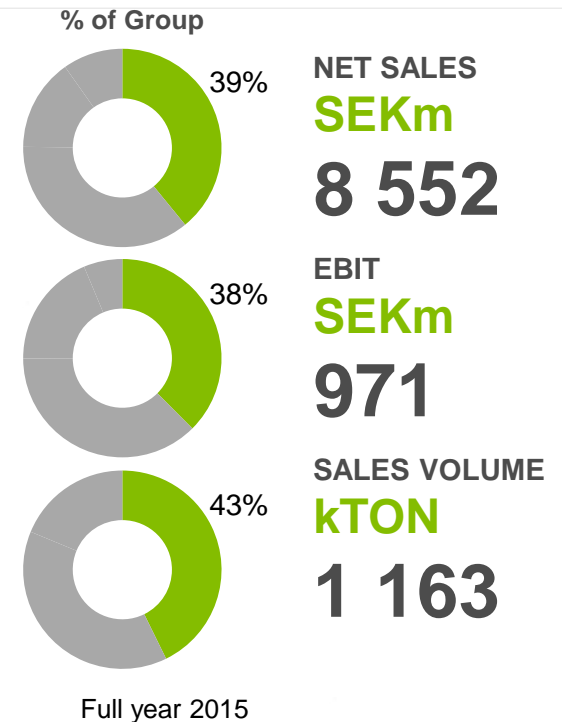
PACKAGING PAPER

SELECTIVE GROWTH



MAIN GROWTH DRIVERS

- Population growth in emerging markets drives demand for food and building materials packaging
- Ageing population drives demand for medical packaging
- Environmental awareness provides opportunities to substitute plastic packaging
- Global cement demand CAGR 5.0%¹
- Global food packaging demand CAGR 3.5%²

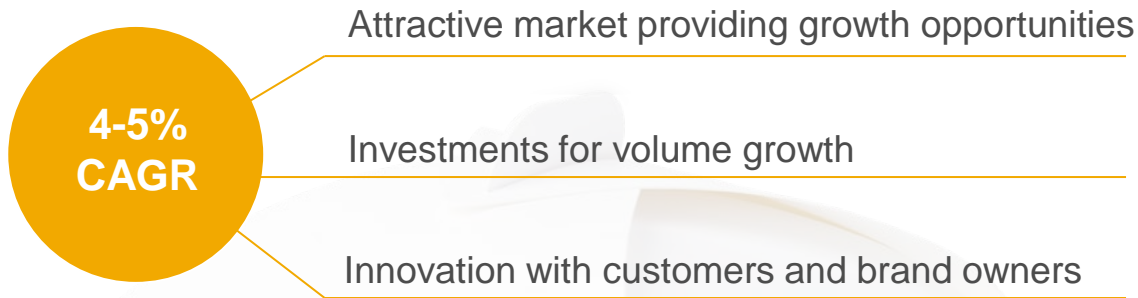


1. Estimated CAGR 2012-2022. Source: Freedonia World Cement Report (2013)

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

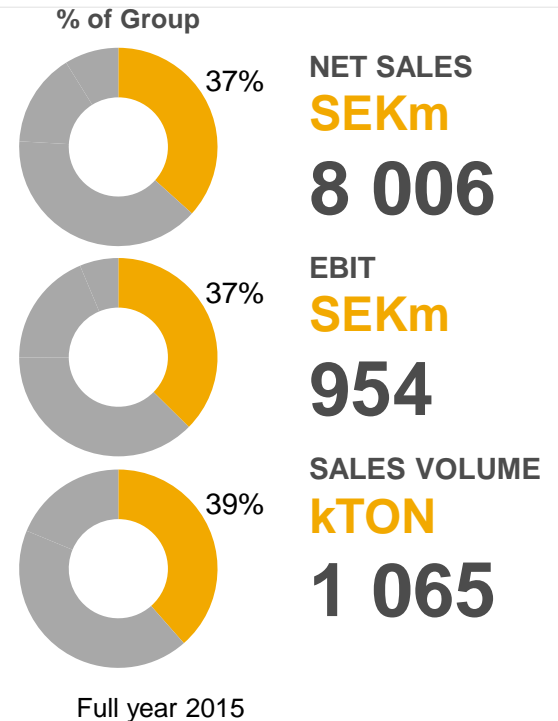
CONSUMER BOARD

VOLUME GROWTH



MAIN GROWTH DRIVERS

- High urbanization rate, primarily in Asia, drives demand for liquid packaging
- Change in consumer behavior drives demand for smaller packages
- Global liquid packaging board demand CAGR 3.4%¹
- Global cartonboard demand CAGR 4.0%²



1. Estimated CAGR 2014-2025. Source: BillerudKorsnäs analysis on Pöyry 2014 and Zenith International 2015

2. Estimated CAGR 2011-2025. Source: Vision Hunters 2015

CORRUGATED SOLUTIONS

VALUE GROWTH

**2-4%
CAGR**

Strong product portfolio setting market standard

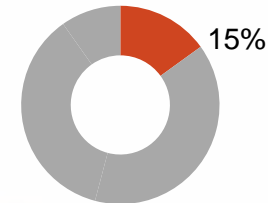
Integrating new business model

Increasing sales to brand owners

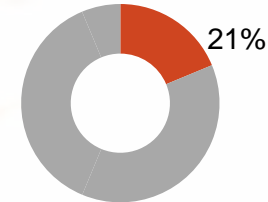
MAIN GROWTH DRIVERS

- Increasing e-commerce and fresh food consumption
- Package differentiation
- Changing supply chains require simplification of packaging solutions
- Global containerboard demand CAGR 2.6%¹

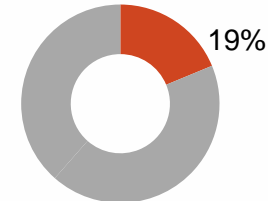
% of Group



NET SALES
SEKm
3 329



EBIT
SEKm
551



SALES VOLUME
kTON
506

Full year 2015



FINANCIAL TARGETS AND TARGET FULFILLMENT

AFTER THIRD QUARTER 2016

**ORGANIC GROWTH 3-4 %
PER YEAR**



**EBITDA > 17%
19%**



**ROCE > 13%
12%**

**Net Debt / EBITDA < 2.5
1.27**

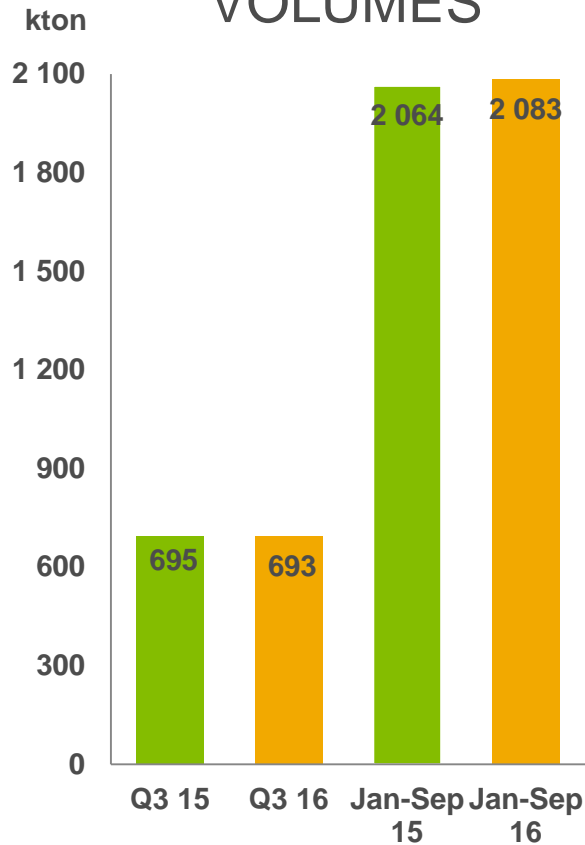
**DIVIDEND POLICY: 50% OF NET PROFIT
49% FOR 2015**



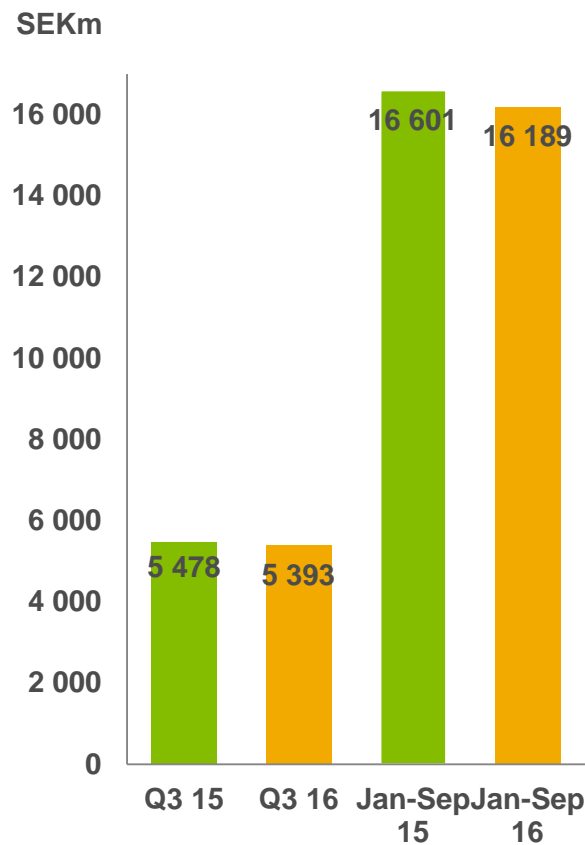
Q3 2016

VOLUMES AND SALES BELOW EXPECTATIONS

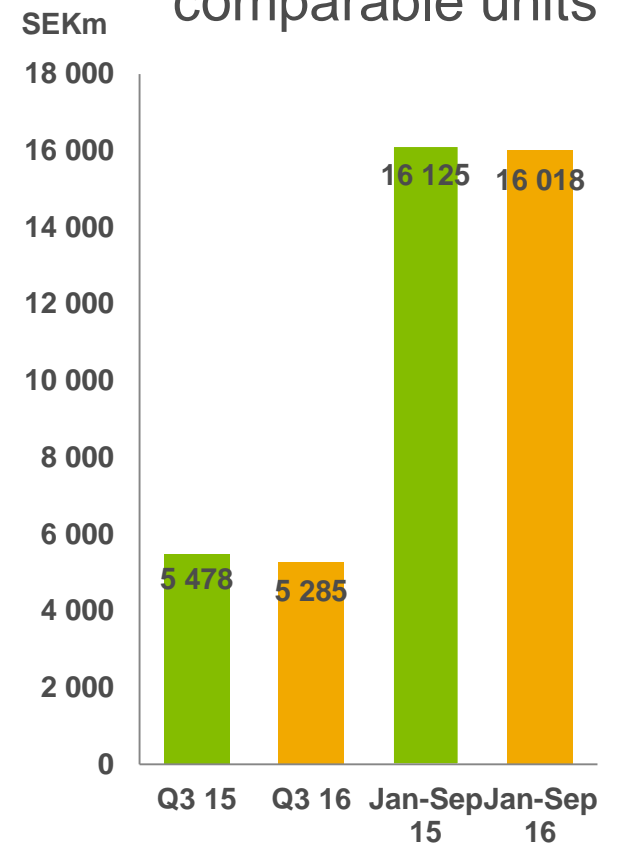
SALES VOLUMES



NET SALES



NET SALES* comparable units



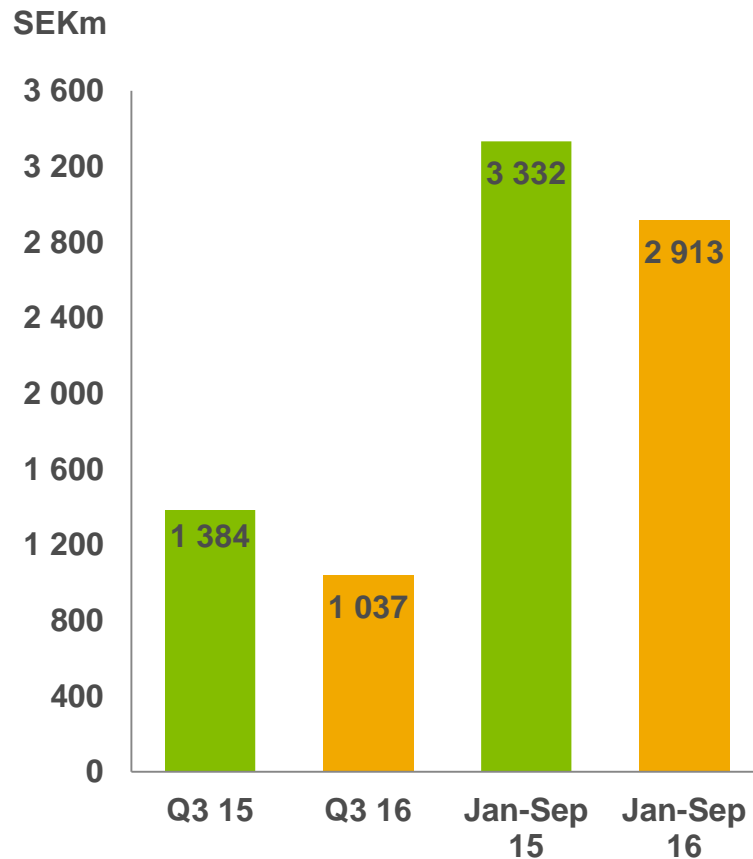
* Excluding divested and acquired operations



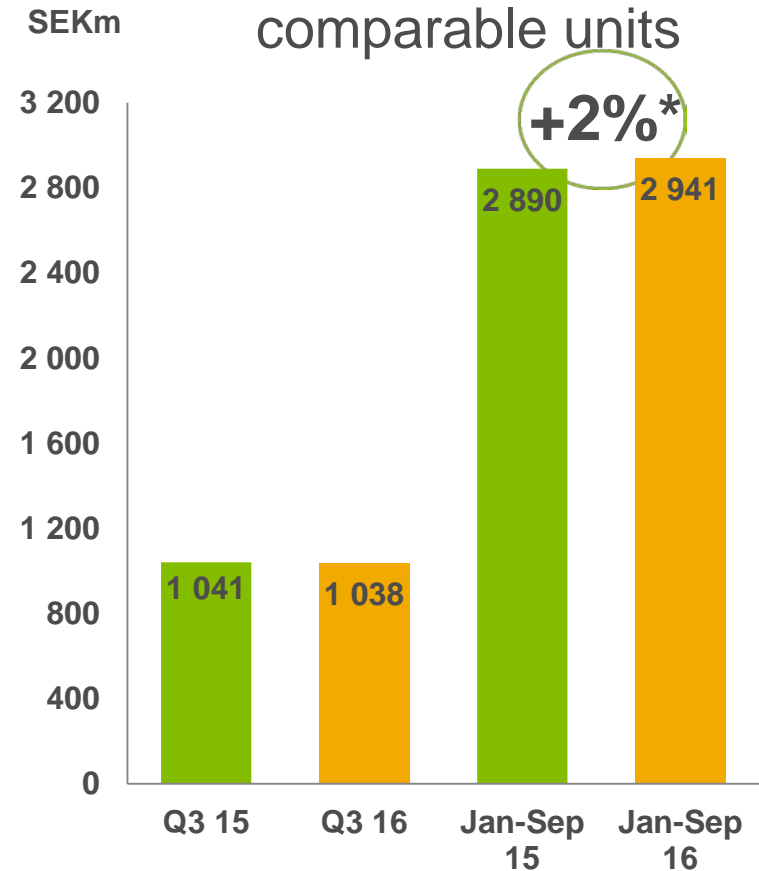
Q3 2016

PROFITABILITY IMPROVED, ACCORDING TO EXPECTATION

EBITDA



Adjusted EBITDA* comparable units



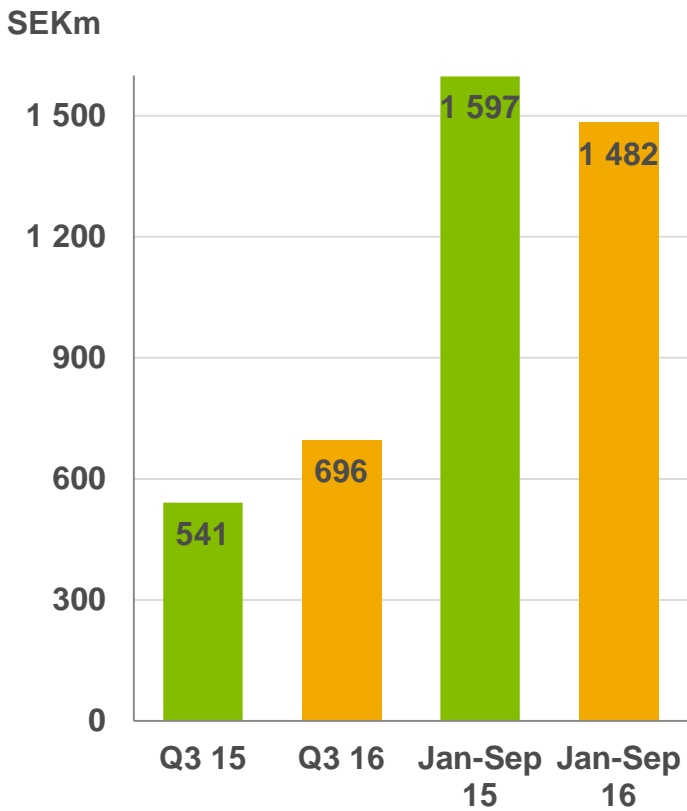
* Excluding divested and acquired operations



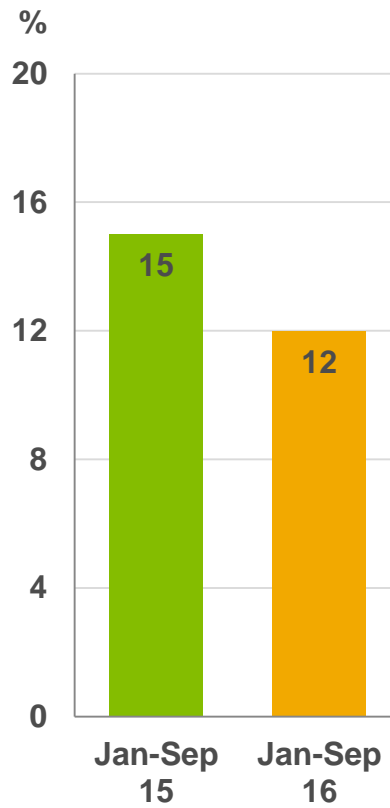
Q3 2016

FINANCIAL TARGETS

OP. CASH FLOW

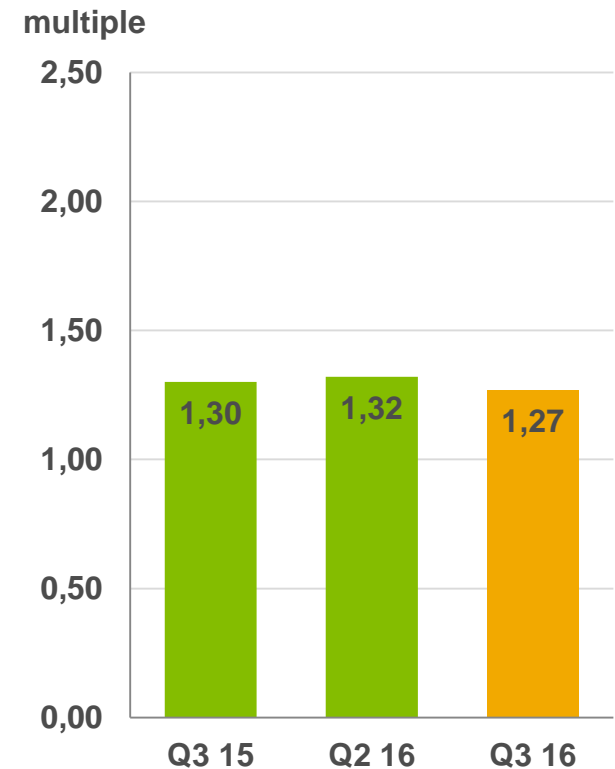


ROCE



ROCE based on rolling 12 months

NET DEBT/EBITDA





SUMMARY

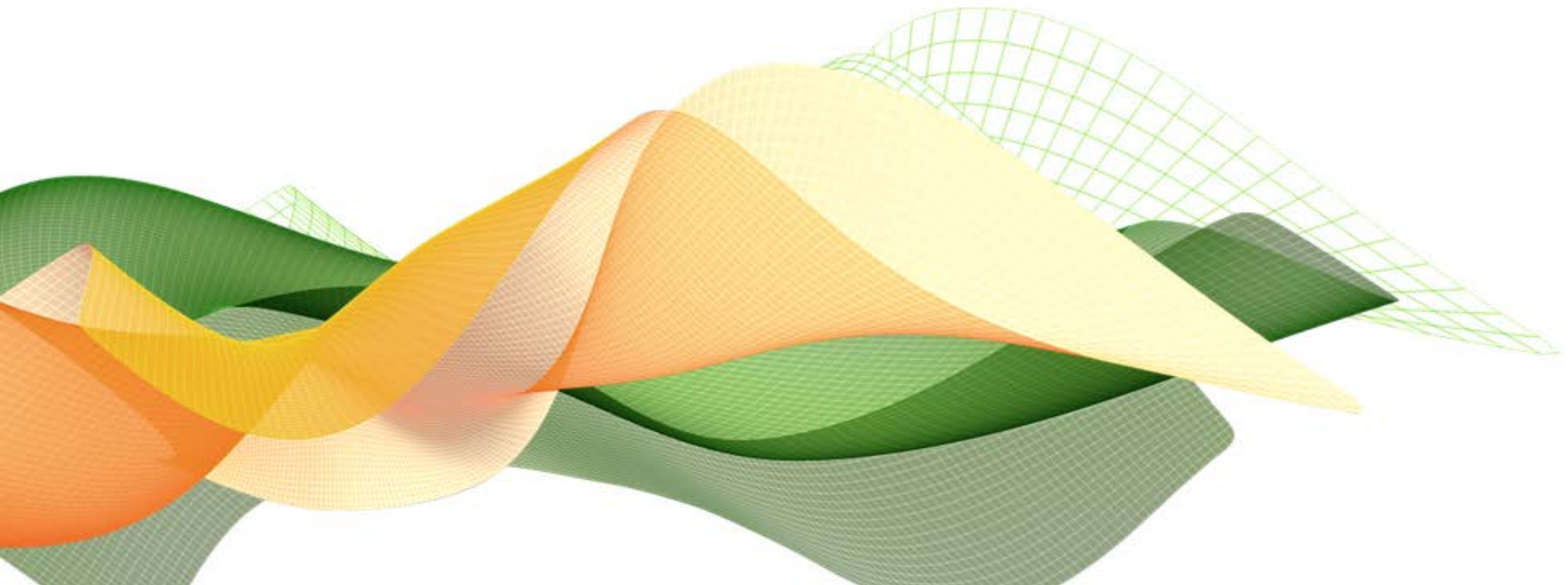
- Global trends imply major growth opportunities
 - Sustainability, demographic shifts, digitalization and changed consumer behavior
- We invest in all of our four strategic pillars:
 - Position expansion, Innovation, Sustainability and Efficiency
- We have set out plans to increase profitability and secure growth
- Business area strategies support organic growth targets
 - Value growth, Selective growth and Volume growth
- Financial targets support growth strategy
- Q3 2016 – Firm performance in line with plans



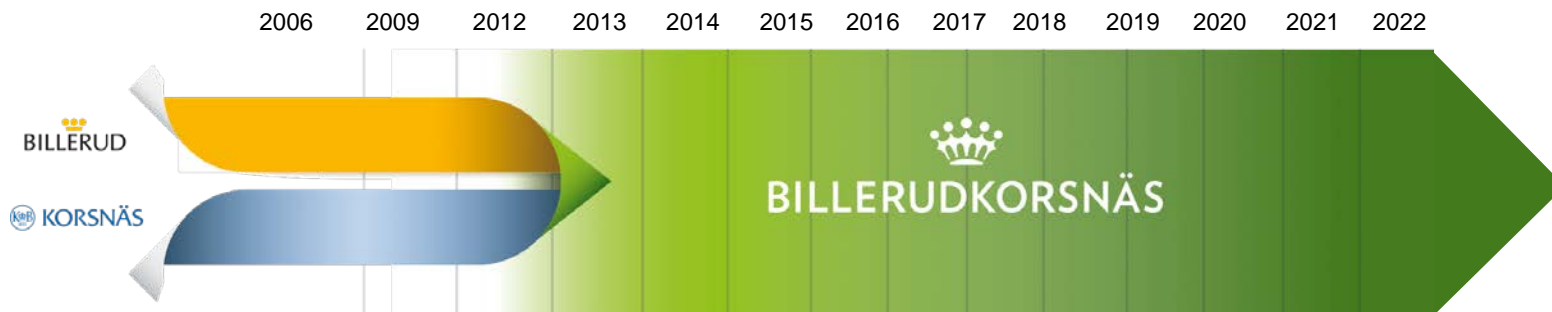
BILLERUDKORSNÄS



APPENDIX



SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH

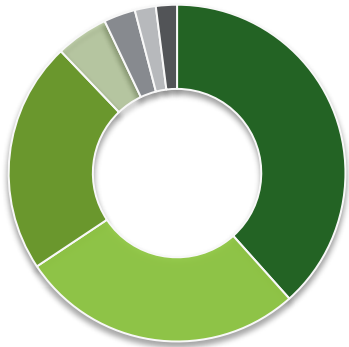


- ▶ Packaging focused materials and solutions provider
- ▶ Broader product portfolio
- ▶ Higher portion of sales to consumer segments
- ▶ Annual synergies of approximately SEK 530 million
- ▶ Sharply reduced pulp market exposure
- ▶ Lower relative currency exposure



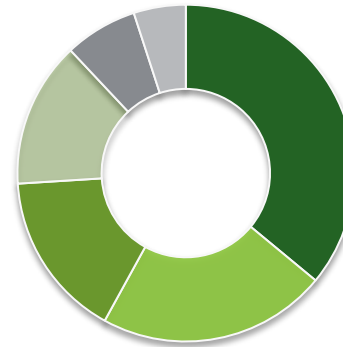
GLOBAL PACKAGING MARKET

GLOBAL PACKAGING MARKET,
BY REGION¹



- Asia, 38%
- Europe, 27%
- North America, 22%
- South and Central America, 5%
- Middle East, 3%
- Africa, 2%
- Pacific Region, 2%

GLOBAL PACKAGING MARKET,
BY MATERIAL¹



- Paper and board, 36%
- Hard plastics, 22%
- Flexible materials excl. Paper, 16%
- Metals, 14%
- Glass, 7%
- Other, 5%

SALES PER REGION



SALES PER REGION

- Europe 70%
- Asia 14%
- Africa 7%
- South America 4%
- Middle East 2%
- Other 3%

SALES PER REGION

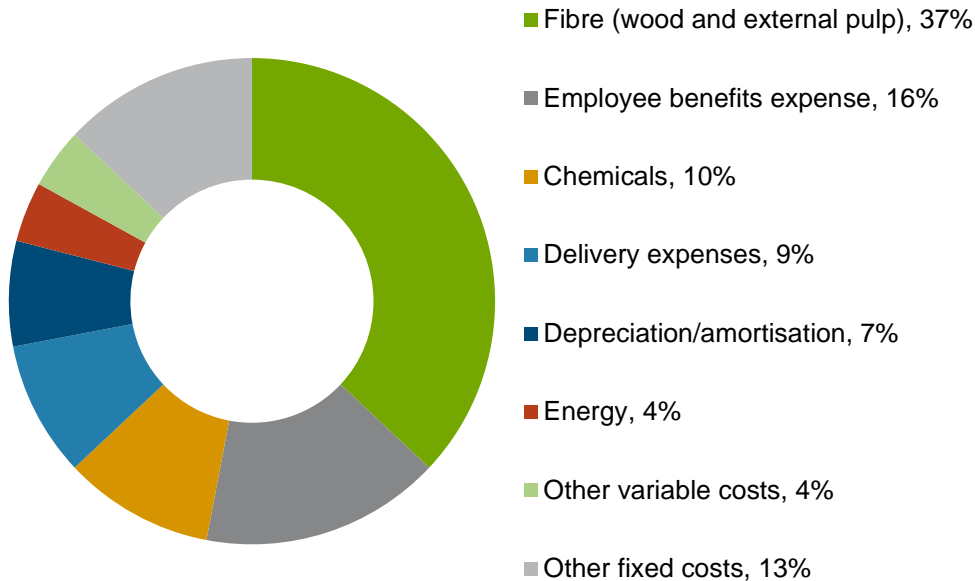
- Europe 69%
- Asia 22%
- Middle East 5%
- Africa 2%
- South America 2%

SALES PER REGION

- Europe 72%
- Asia 19%
- Africa 5%
- South America 2%
- Other 2%



COST STRUCTURE



- No significant forest assets
- Purchases made from handful of major suppliers
 - > Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog
 - > Large amount of private land owners in Central and Northern Sweden
- The majority of wood raw materials acquired locally
- About 20% of the wood requirement is imported
 - > Majority from the Baltics



SENSITIVITY ANALYSIS

IMPACT ON PROFIT/LOSS BEFORE TAX

Variable	Change	SEKm
Sales volume	+/- 10%	+/-900
Exchange rate, SEK ¹	+/- 10%	-/+640
Fibre prices	+/- 10%	-/+700
Price of electricity ²	+/- 10%	-/+30
Interest rate on loans ³	+/- 1 percentage point	-/+43

1 Excluding effects of currency hedging.

2 Excluding effects of electricity price hedging.

3 Excluding effects of interest hedging.



PRODUCTION UNITS

SWEDEN

Gävle, 725 ktonnes

Gruvön, 685 ktonnes

Frövi/Rockhammar, 470 ktonnes

Skärblacka, 420 ktonnes

Karlsborg, 300 ktonnes

FINLAND

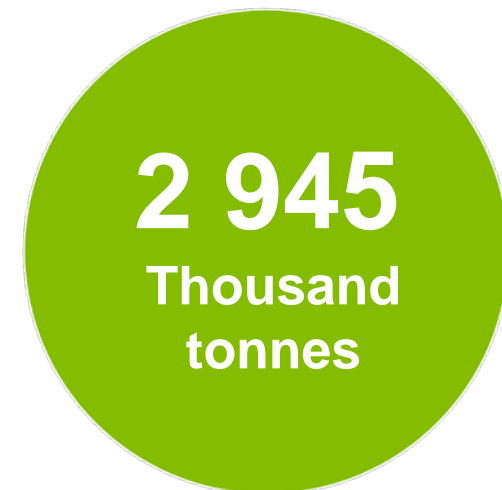
Pietarsaari, 200 ktonnes

Tervasaari, 100 ktonnes

UNITED KINGDOM

Beetham, 45 ktonnes

Total production capacity




PRODUCTION RESTRUCTURING TO IMPROVE PROFITABILITY AND SECURE GROWTH

- 1 Moving unintegrated Tervasaari MG paper machine to Skärblacka and making it integrated to the pulp production. ✓
- 2 Investing in value adding surface treatment capacity at existing MG paper production in Skärblacka. ✓
- 3 a) Building new board machine at the production unit in Gruvön with capacity of approx. 500 000 t/a of liquid packaging board, cartonboard, food service board and white kraftliner.
b) Closing paper mill with current capacity of approx. 300 000 t/a* of kraft paper and liner.
- 4 Moving production of white kraftliner from Gävle to new board machine in Gruvön.
- 5 Shifting profitable kraft paper volumes from Gruvön to Karlsborg, Skärblacka and Pietarsaari to strengthen product mix.



* Approximately 40% kraft paper and 60% liner.

 Approved investments



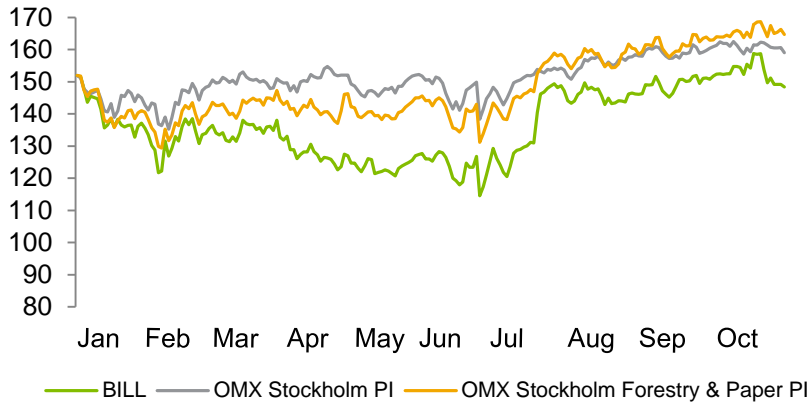
BILLERUDKORSNÄS SHARE

Symbol: BILL

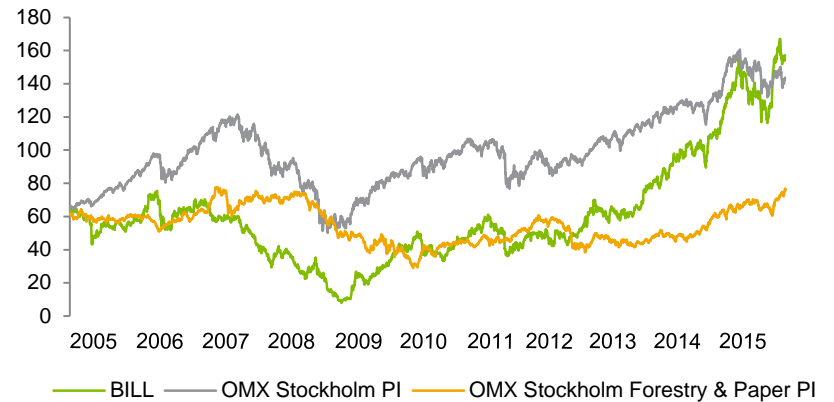
Trading platform: Nasdaq Stockholm

IPO: November 20, 2001

Share performance 2016



Share performance 2005-2015





OWNERSHIP STRUCTURE



- Foreign shareholders, 39.2%
- Swedish mutual funds, 24.6%
- Swedish individuals incl. closely held companies, 19.4%
- Swedish institutions, 16.8%

Shareholder	Number of shares	Percent of votes
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	17 920 420	8.7
Swedbank Robur Funds	9 146 852	4.4
Fourth Swedish National Pension Fund	6 819 766	3.3
Handelsbanken Funds	6 057 945	2.9
Alecta	5 248 000	2.5
Lannebo Funds	4 406 978	2.1
DFA Funds (USA)	3 950 418	1.9
Norges Bank Investment Management	3 574 405	1.7
SEB Funds	2 573 828	1.2
Total 10 largest shareholders	90 998 612	43.8
Total excluding share buy-backs	207 089 336	100.0
The company's own bought-back shares	1 130 498	0.0
Total	208 219 834	100.0



BILLERUDKORSNÄS