



BILLERUDKORSNÄS

Nordea Small Cap Seminar

13th of Aug 2020 Ivar Vatne, CFO

Billerud Korsnäs - in brief

A leading packaging company offering innovative packaging solutions and sustainable packaging materials made from natural cellulose fibre



24.4

Net sales (SEK bn)

2.8

EBITDA (SEK bn)

4 500

Employees

Well positioned with strong positions within Covid-19 resilient segments



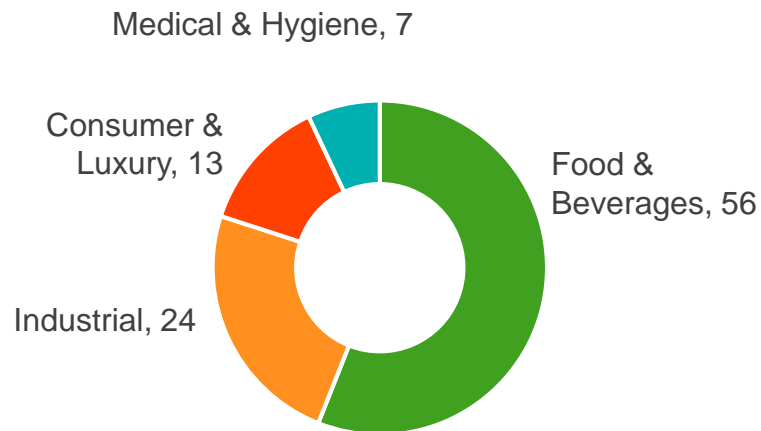
~2.7 mt

Sales volume

Light,
strong and
pure
materials

Large part of sales to non-cyclical segments

Net sales 2019 by market segment, %



Leading positions in premium segments

Liquid packaging board



2
Globally

Fluting and Liner



1
Europe¹

¹ Primary fiber-based NSSC fluting

Cartonboard



1
Europe²

² Coated primary fibre-based liner

Kraft paper



1
Europe

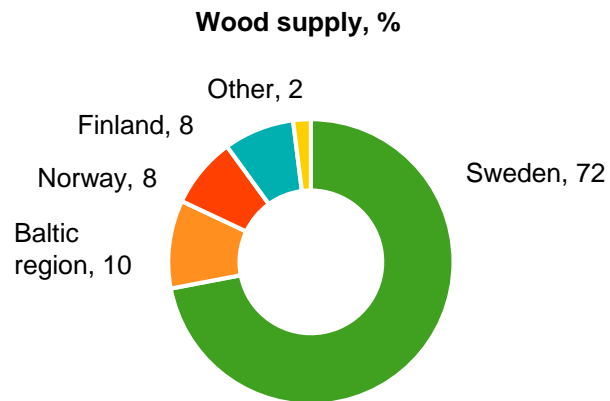
Sack paper



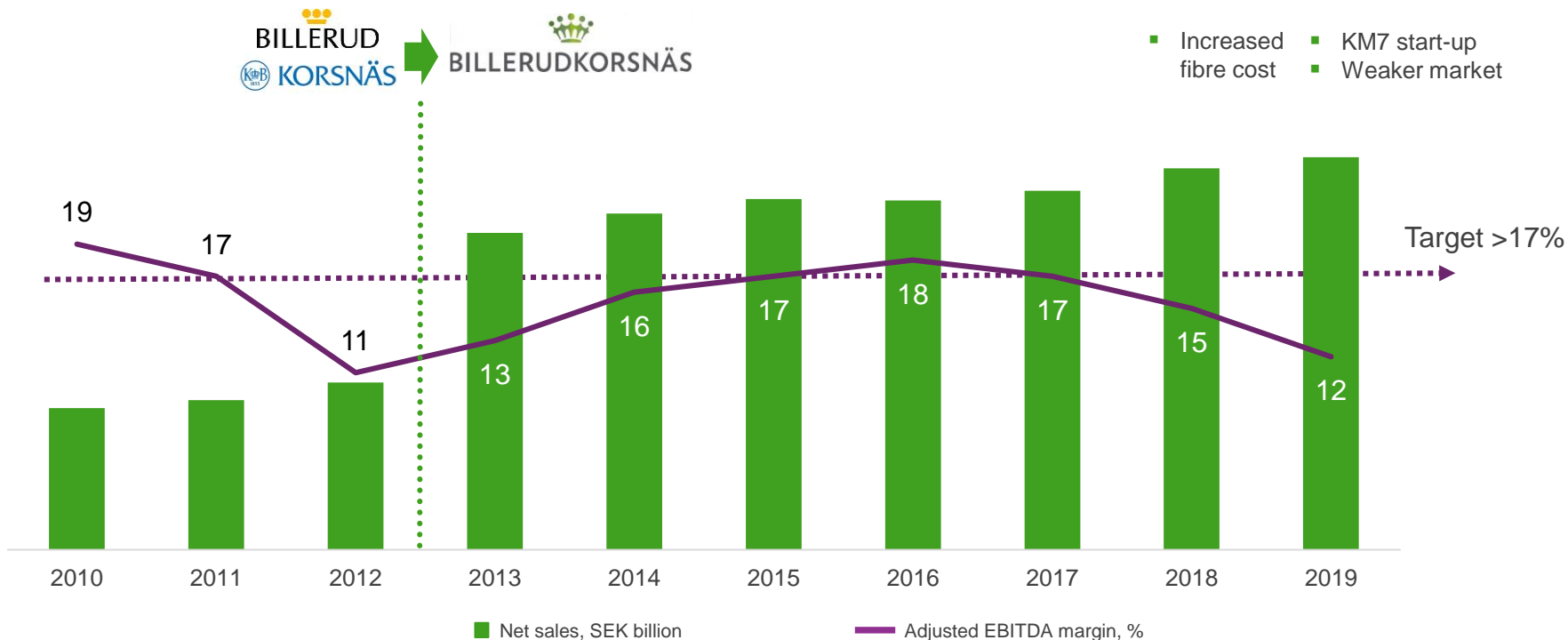
2
Globally

Efficient production close to the raw material

- 8 production sites, whereof 6 integrated mills
- Total production capacity ~3.2 mt/year



Last years underlying profitability not satisfactory



Profitability transformation is well anchored in our strategy for the coming years

WE CHALLENGE CONVENTIONAL
PACKAGING FOR A SUSTAINABLE FUTURE

DRIVE PERFORMANCE



PROFITABLE GROWTH
BY CREATING
CUSTOMER VALUE



ACCELERATE SPEED IN
INNOVATION



EXPAND OUR
SOLUTIONS BUSINESS



WINNING WITH OUR PEOPLE

Think new – Feel responsibility – Cooperate – Create value

Improving profitability through 3 programmes:



KM7 ramp-up



Cost- and efficiency program



Safe and stable production

1) Hiked profitability from our strategic investments

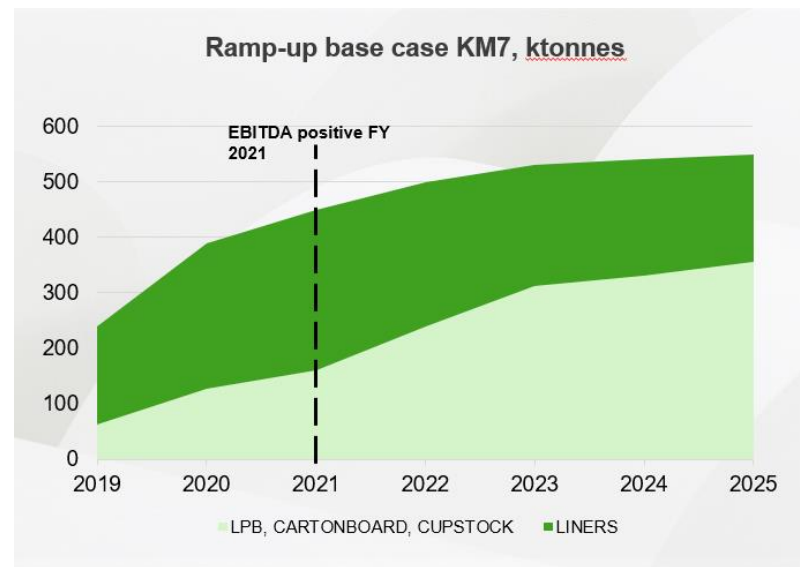
1 200 SEK m

positive EBITDA* effect when fully ramped up

*KM7 and PM10 accumulated

- ④ KM7 at Gruvön is a strategic investment to capture stable and profitable liquid board business
- ④ Flexibility to produce premium products to meet change in product demand

As communicated at CMD in 2018:



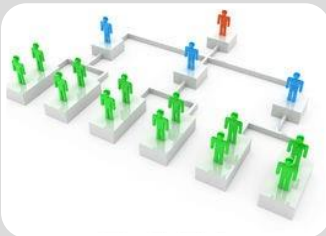
Continued ramp-up of KM7



- ⦿ Start of production during the summer 2019
- ⦿ Production and quality on decent levels and output centered around uncoated liner and cup stock
- ⦿ In Q1'20 coater started and process to certify material for liquid packaging board was initiated
- ⦿ In Q2'20 successful first production of CrownBoard Prestige
- ⦿ Maintenance stop planned for Q3'20, vital for machine upgrades
- ⦿ Estimated negative EBITDA impact 2020 SEK 350-450 m*
– expect to land high in the interval
- ⦿ Expectation to become EBITDA neutral during 2021

* Compared with 2018 as base year

2) Cost reductions and efficiency enhancements



FTE reduction

- Up to 300 positions announced (Sep'19)
- Impact starting as of Q1'20



Purchasing & Development

- Centralizing procurement with few preferred suppliers
- Replacing raw material / ingredients with alternatives



End-2-end Supply Chain

- Warehouse
- Logistics
- Operational savings
- G2M model

- ⌚ Cost and efficiency programme SEK 250m in 2020
SEK 600m run-rate by Q4 2021
- ⌚ Roughly 1/3 split per stream
- ⌚ The programme is on track
– savings of SEK 140m in H1

3) Safe and stable production

Safe and stable production is the key priority
4%-points OEE improvement by 2022

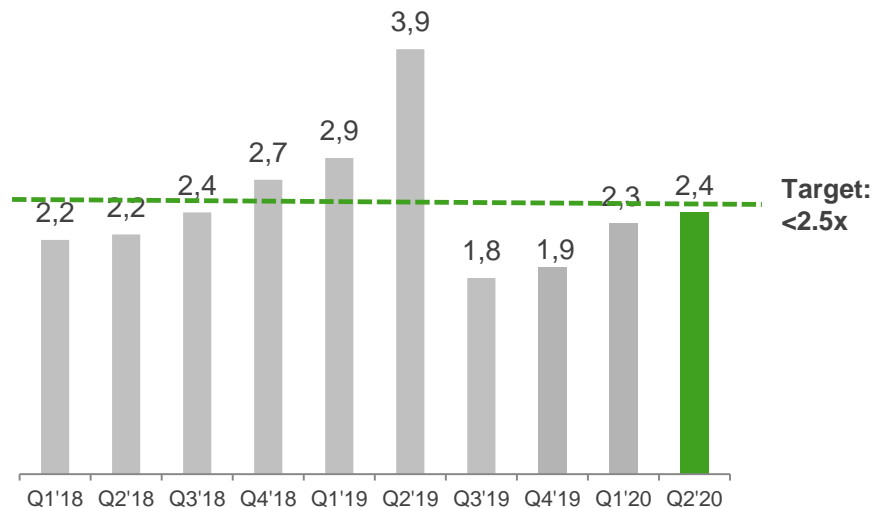
Overall Equipment Efficiency (OEE)



1%-point OEE =
 ~100 SEK m EBITDA

Solid balance sheet and lower CAPEX after a period of large investments

Net debt / EBITDA ratio* below target



2018

- World-leading MG centre at Skärblacka

2019


- New board machine at Gruvön (KM7)

2020–2021


- Base investments around SEK 1.3 bn/year (final costs for KM7 included)

* 12 months EBITDA adjusted for items affecting comparability

Covid-19 doesn't change the fundamentals of our strategy, but amplifies need to accelerate faster



Do more
faster
(cost- and
efficiencies)



Even
stronger
focus on
working
capital



Tougher
choices
around
investment

Our long-term targets remain

FINANCIAL TARGETS

NET SALES GROWTH 3–4%

EBITDA MARGIN >17%

ROCE >13%

NET DEBT/EBITDA <2.5

DIVIDEND RATIO 50%

HIGHLIGHTED SUSTAINABILITY TARGETS

REDUCED EMISSIONS 59% 2030

WORKPLACE SAFETY 3.2 2020

NEW PRODUCT RATIO 15%

Q&A

