

WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE



BillerudKorsnäs | September 2015

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PRIMARY FIBRE-BASED PACKAGING MATERIALS



- ▶ High performance packaging materials
 - Target customer segments requiring strong, light and/or pure packaging



- ▶ Smarter solutions and sustainable innovation
 - Focus on value added to customers rather than price



- ▶ 75% of sales going to consumer sectors
 - Food & Beverages is largest market segment with ~60% of sales



BILLERUDKORSNÄS IN BRIEF

NET SALES

2014

21

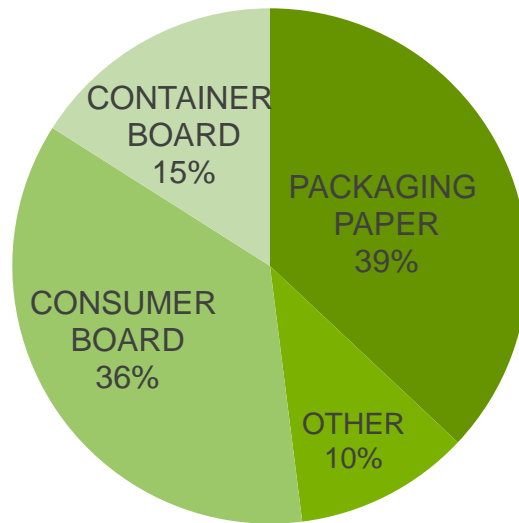
Billion SEK

OPERATING PROFIT

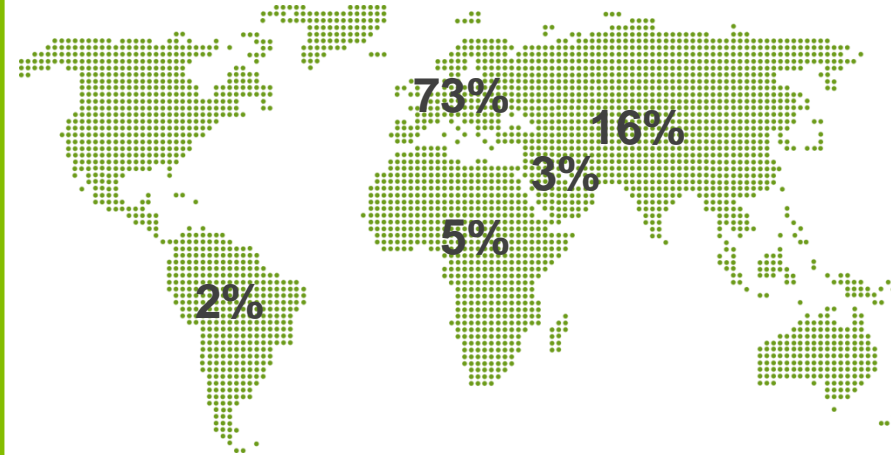
2014

1.9

Billion SEK



SHARE OF SALES



SHARE OF SALES

4 300

NUMBER OF EMPLOYEES

8

PRODUCTION UNITS

(SWE, FI, UK)

- Beetham
- Frövi/Rockhammar
- Gruvön
- Gävle
- Karlsborg
- Pietarsaari
- Skärblacka
- Tervasaari



MEGA TRENDS IN OUR FAVOR



**DEMOGRAPHIC SHIFTS AND A
CHANGING WORLD MAP**



**SUSTAINABILITY CONNECTING
SEVERAL SUBTRENDS**

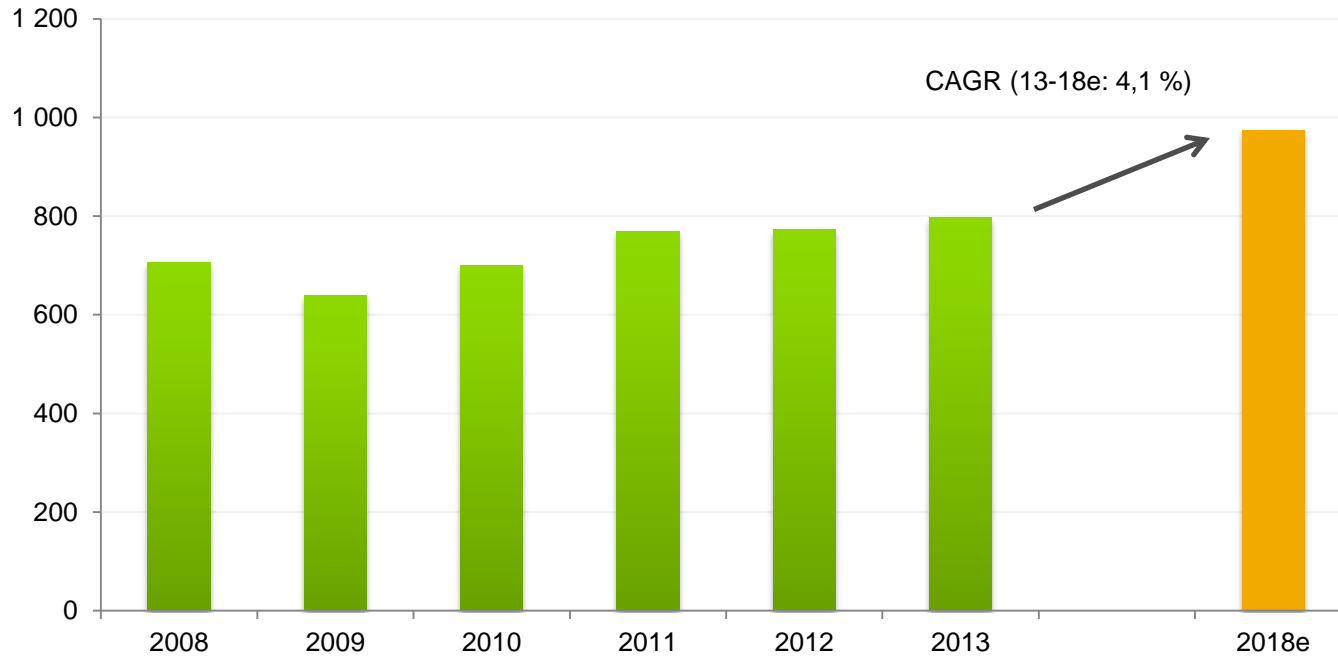


**CONSUMER BEHAVIOUR
IS CHANGING**



THE PACKAGING MARKET IN OUR FAVOR

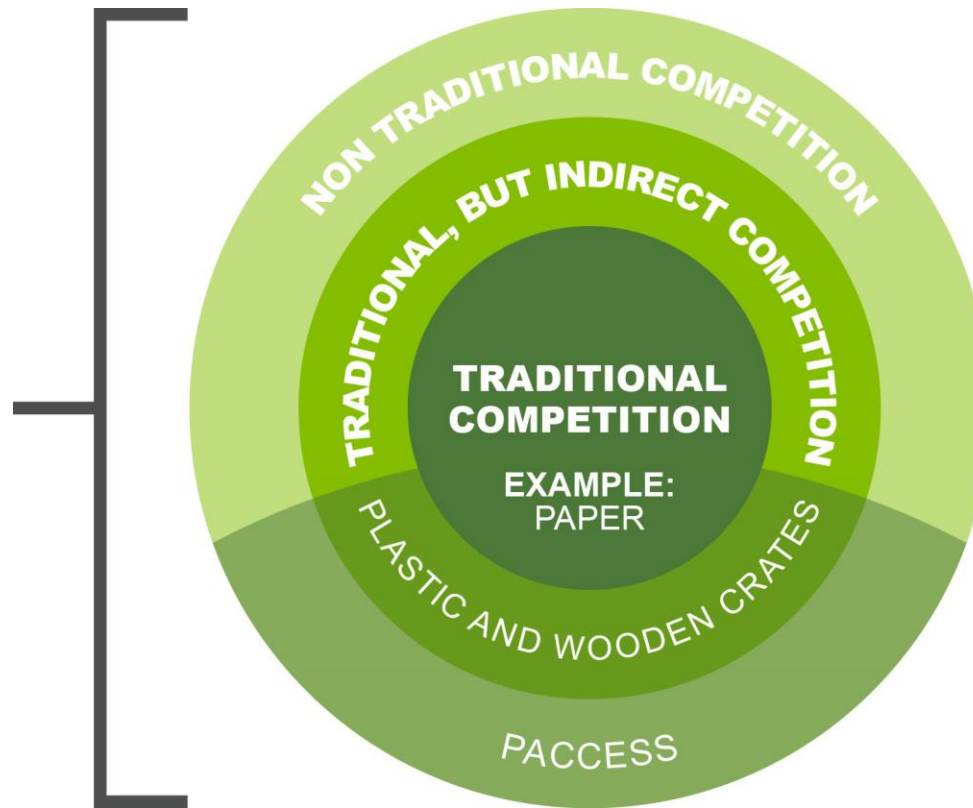
Global packaging market
USD bn



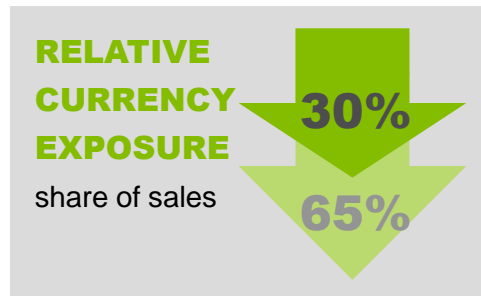
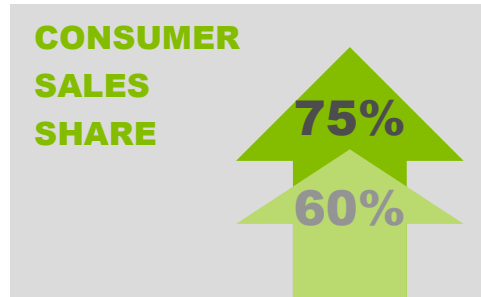
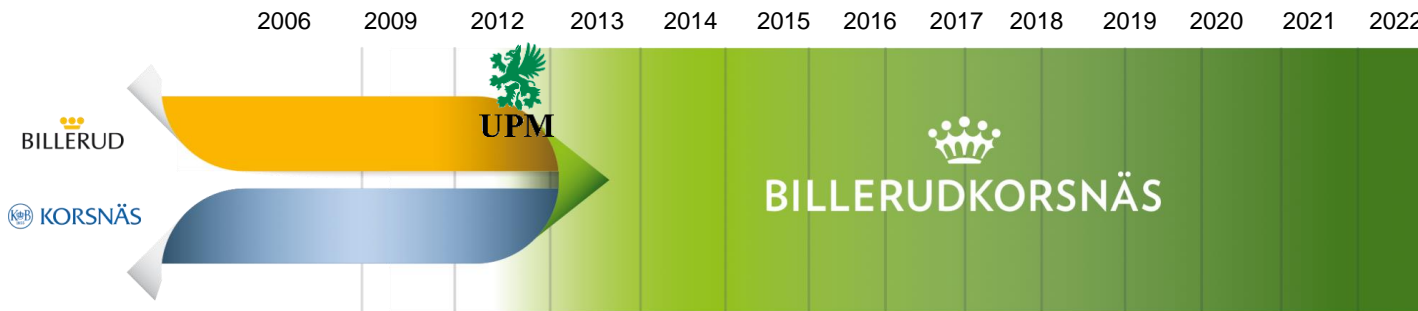


WE LOOK BEYOND TRADITIONAL MARKETS

SMARTER
PACKAGING
SOLUTIONS



SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH



STRONG AND STABLE PLATFORM FOR GROWTH

530 MSEK in yearly synergy savings. Targets reached way ahead of plan.



OUR BUSINESS MODEL



➤ NETWORK

- Packaging and manufacturers
- Research institutes
- >2000 customers and packaging partners in more than 100 countries

➤ MATERIALS

- World-class packaging materials
- Kraft- and sack paper
- Liquid packaging board and cartonboard
- Fluting and liner

➤ SOLUTION SERVICES

- Comprehensive knowledge of the whole value chain
- Strong technical knowledge of packaging design
 - Expert assistance in the areas of packaging optimisation, print- and conversion support



OUR BUSINESS MODEL IN THE VALUE CHAIN





OUR STRATEGIC STEPSTONES

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

PROFITABLE GROWTH

POSITION

Expand geographically
and in value chain.



INNOVATION

Increase industry lead.



SUSTAINABILITY

Drive throughout
value chain.



EFFICIENCY

Improve continuously.



PEOPLE DRIVE CHANGE

Think new – Feel responsibility – Cooperate – Create value



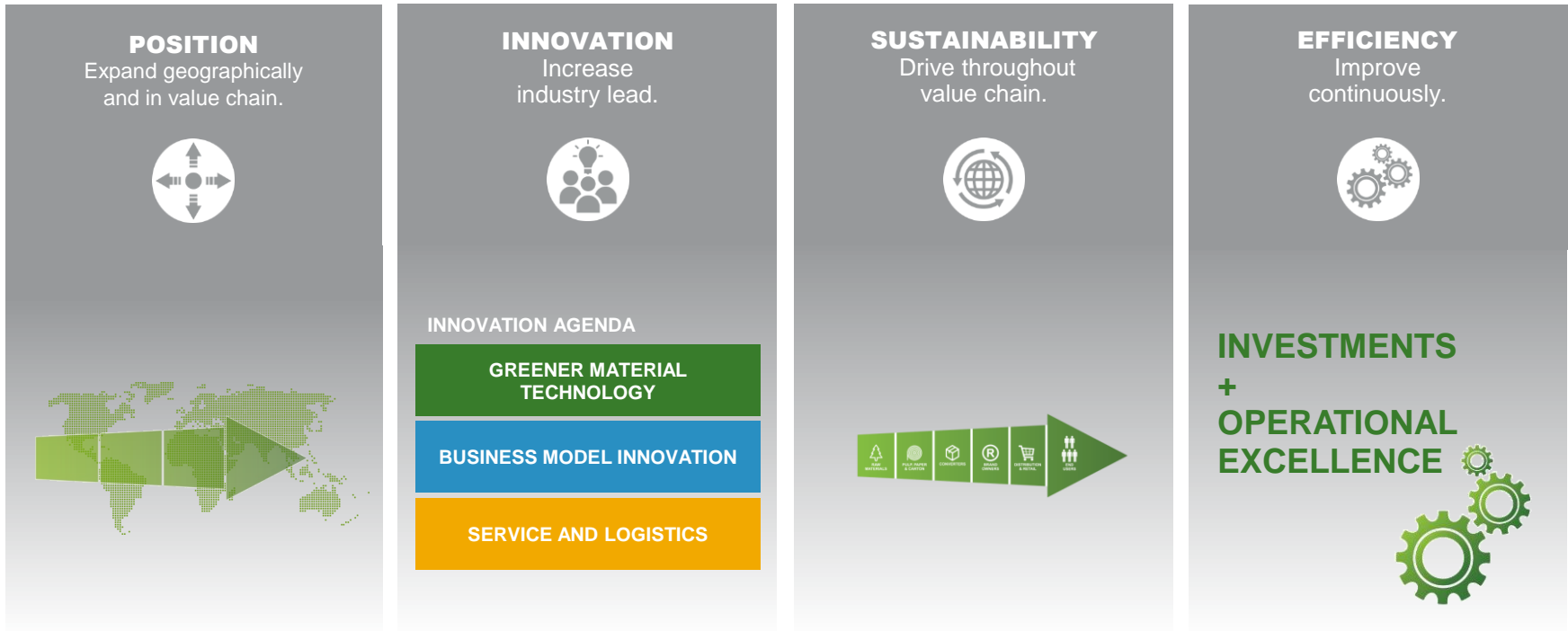
WE HAVE AN AMBITIOUS GROWTH AGENDA



TARGET 2018
TURNOVER: ~24 BSEK
ORGANIC PROFITABLE
GROWTH: 15 – 20 %*

OUR FOUR STRATEGIC PILLARS

HOW TO ACHIEVE OUR GROWTH AMBITIONS





WE ARE INVESTING

SUPPORTING OUR GROWTH AMBITIONS



INVESTMENT DECISIONS 2014

▶ **BOARD MACHINE (FRÖVI)**

To be largest of its kind in the world

450 kton → 550 kton 2017

▶ **FLUTING MACHINE (GRUVÖN)**

To strengthen leading position

+ 40 kton 2016

▶ **SACK PAPER MACHINE (SKÄRBLACKA)**

To increase volume and improve quality

+ 20 kton 2016

▶ **ENVIRONMENTAL IMPROVEMENTS (GÄVLE)**

to ensure that our products have a minimal environmental impact and increase quality of products



THREE BUSINESS AREAS

PACKAGING PAPER



Kraft paper
Sack paper

CONSUMER BOARD



Liquid packaging board
Carton board
Cup stock

CONTAINERBOARD



Fluting
Liner

NET SALES
MSEK



EBIT
MSEK



SALES VOLUME
KTON





STRATEGIES PER BUSINESS AREA TO ACHIEVE 15-20%* ORGANIC GROWTH BY 2018

BA market CAGR



PACKAGING PAPER

0 - 4% CAGR

SELECTIVE GROWTH

Target growth in selected segments, balancing additional capacity

CONSUMER BOARD

4 - 5% CAGR

VOLUME GROWTH

Increase volume in key markets

CONTAINERBOARD

2 - 4% CAGR

VALUE GROWTH

Increase margins on existing portfolio

* Base year 2013
CAGR (Compound Annual Growth Rate)



FINANCIAL TARGETS AND TARGET FULFILLMENT

AFTER H1 2015



**OPERATING
MARGIN > 10%***

11%



**RETURN ON CAPITAL
EMPLOYED > 13%***

12%

NET DEBT/EQUITY RATIO < 0.9



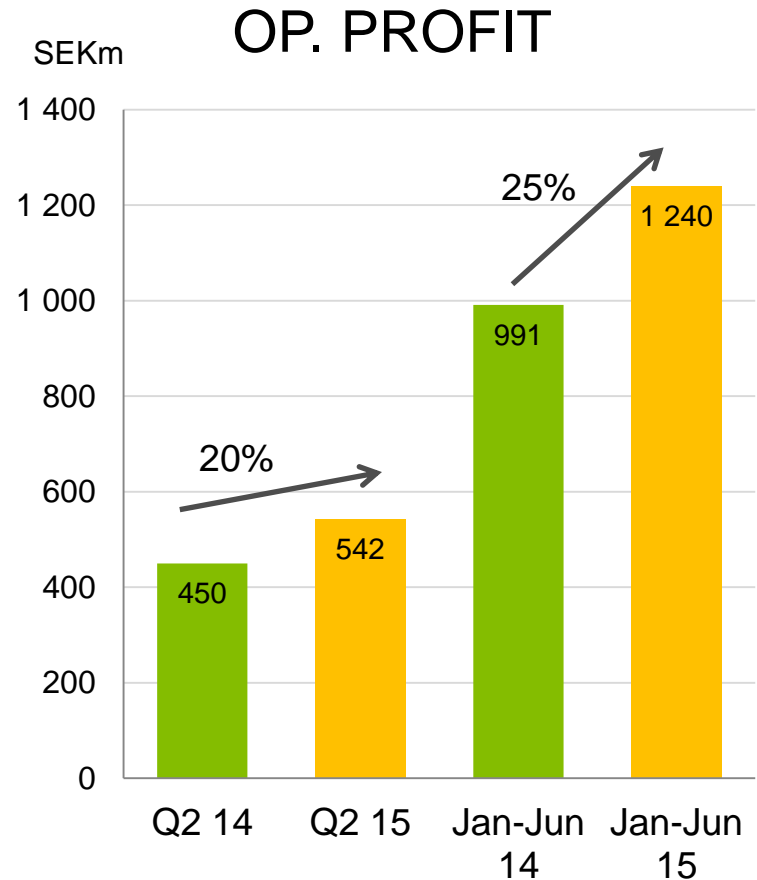
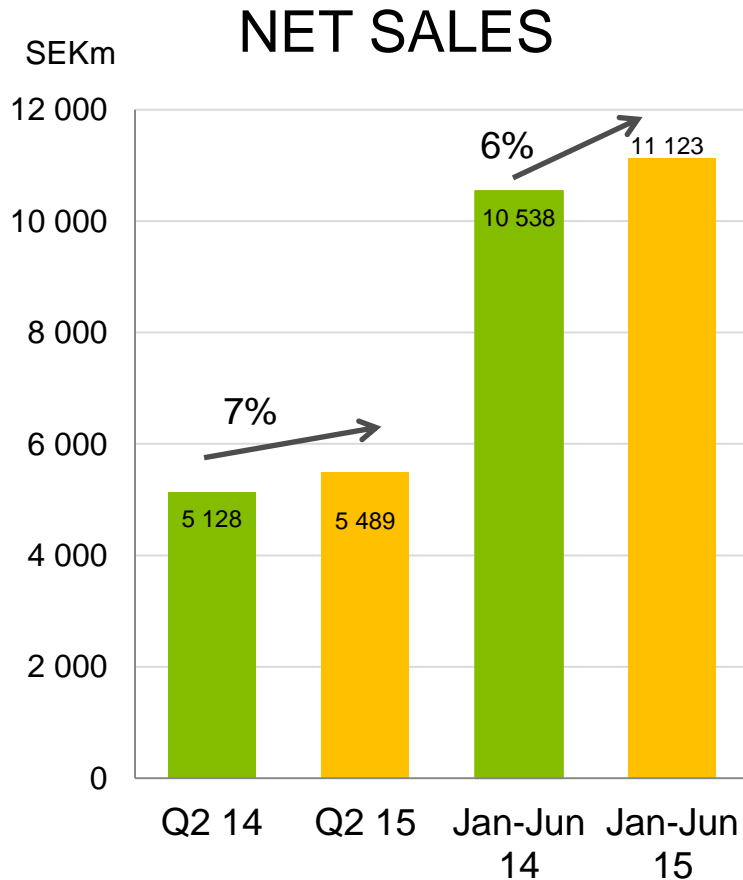
0.62

**DIVIDEND POLICY:
50% OF NET PROFIT*
51% FOR 2014**



KEY HIGHLIGHTS Q2 2015

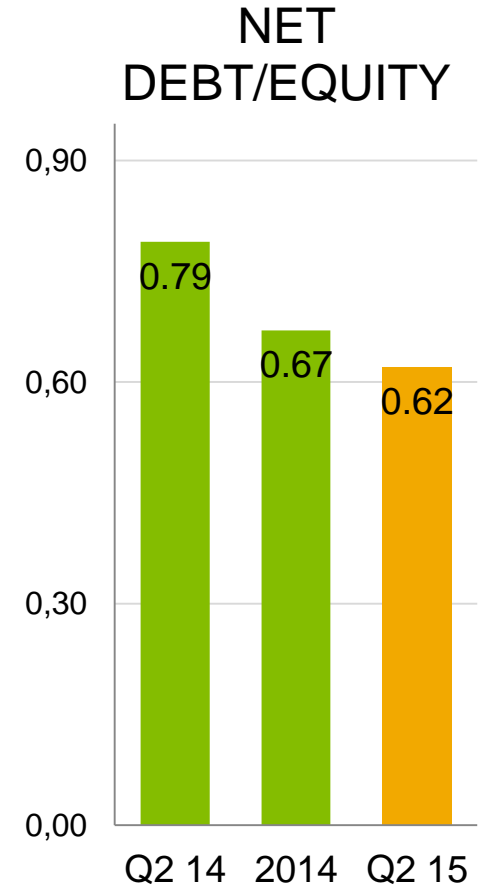
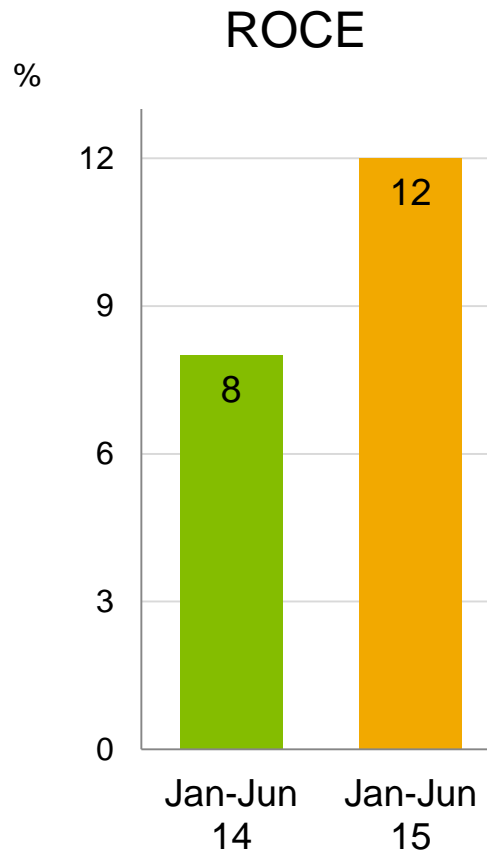
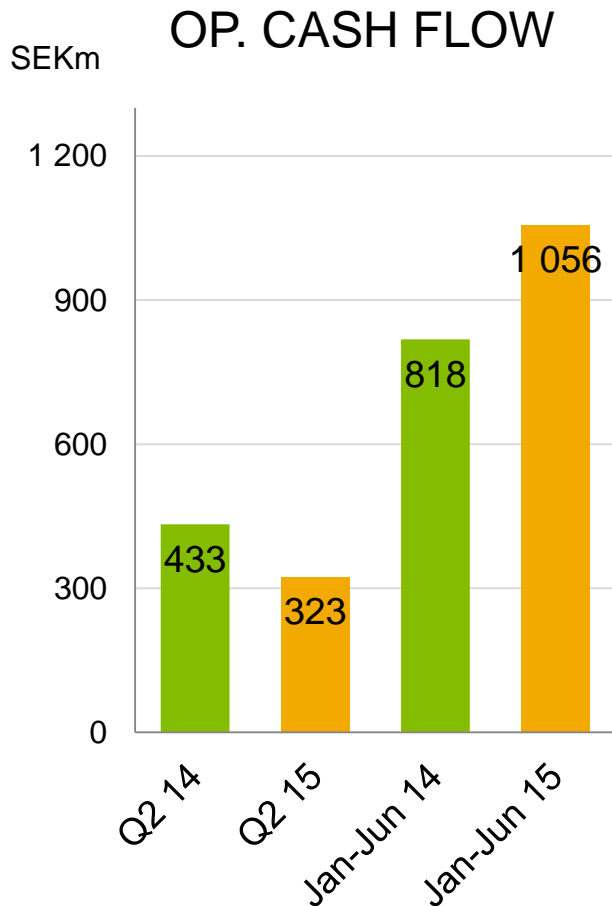
NET SALES GROWTH 6% YOY, OPERATING PROFIT +25% YOY





KEY HIGHLIGHTS Q2 2015

STRONG CASH FLOW, IMPROVED ROCE AND ND/E IMPACTED BY DIVIDEND





SUMMARY

- Global trends imply major growth opportunities
 - Sustainability, demographic shifts, digitalization and changed consumer behavior
- We have a strong and stable platform on a growing market
- Major investments have been done and will continue
- Our four pillar strategy includes:
 - Position expansion, Innovation, Sustainability and Efficiency
- Business area strategies support organic growth targets
 - Value growth, Selective growth and Volume growth
- Potential additional M&A growth in medium term future

Capital Markets Day in Stockholm on 12 November 2015

More info will be published on www.billerudkorsnas.com



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