



# Q4

January–December 2017

## YEAR-END REPORT JANUARY–DECEMBER 2017

### Quarterly data

- Net sales for the fourth quarter increased by 2% compared with the same quarter of the previous year, mainly as a result of improved selling prices.
- EBITDA was SEK 923 million (693) which was better than the same quarter of the previous year due to price increases and lower fixed costs.
- Adjusted EBITDA was SEK 950 million (898) which was 6% better.
- EBITDA was affected by costs of SEK 140 million (135) for planned maintenance shutdowns.
- The operating margin was 9%; the adjusted operating margin was 11%.
- Earnings per share amounted to SEK 1.78 (0.66).

### Yearly data

- Record high net sales and all financial targets fulfilled.
- Net sales increased by 3%, while sales volumes were in line with the previous year.
- Favourable price and currency developments were offset by higher variable costs – EBITDA increased by 4%, with an EBITDA margin of 17%.
- The earnings impact from planned maintenance shutdowns in 2017 was SEK 657 million, which was SEK 84 million higher than in 2016 and SEK 62 million higher than expected.
- Project costs for investments at Gruvön and Skärblacka had an impact of SEK 150 million (325) for 2017.
- Earnings per share amounted to SEK 7.91 (7.33).

### Proposed dividend

- The Board proposes a dividend of SEK 4.30 (4.30) per share for 2017.

## KEY FIGURES

| SEKm   | Q4<br>2017 | Q4<br>2016 | Change | Jan-Dec<br>2017 | Jan-Dec<br>2016 | Change |
|--|------------|------------|--------|-----------------|-----------------|--------|
| Net sales                                    | 5 565      | 5 468      | 2%     | 22 345          | 21 657          | 3%     |
| EBITDA                                       | 923        | 693        | 33%    | 3 760           | 3 606           | 4%     |
| Adjusted EBITDA                              | 950        | 898        | 6%     | 3 850           | 3 836           | 0%     |
| EBITDA, %                                    | 17%        | 13%        |        | 17%             | 17%             |        |
| Adjusted EBITDA, %                           | 17%        | 16%        |        | 17%             | 18%             |        |
| Operating profit                             | 521        | 211        | 147%   | 2 241           | 2 045           | 10%    |
| Adjusted operating profit                    | 587        | 536        | 10%    | 2 391           | 2 395           | 0%     |
| Operating margin, %                          | 9%         | 4%         |        | 10%             | 9%              |        |
| Adjusted operating margin, %                 | 11%        | 10%        |        | 11%             | 11%             |        |
| Net profit/loss for the period               | 368        | 137        | 169%   | 1 638           | 1 518           | 8%     |
| Earnings per share, SEK                      | 1.78       | 0.66       | 170%   | 7.91            | 7.33            | 8%     |
| Adjusted earnings per share, SEK             | 2.03       | 1.86       | 9%     | 8.48            | 8.65            | -2%    |
| Operating cash flow                          | -761       | 619        | -223%  | -943            | 2 101           | -145%  |
| ROCE, %                                      | N/A        | N/A        |        | 12%             | 12%             |        |
| Adjusted ROCE, %                             | N/A        | N/A        |        | 13%             | 14%             |        |
| Working Capital, % of net sales              | 9%         | 11%        |        | 9%              | 11%             |        |
| Interest-bearing net debt / EBITDA, multiple | 1.53       | 1.08       |        | 1.53            | 1.08            |        |

For key figures and a reconciliation of alternative performance measures, see pages 19 – 20.

**For further information, please contact** Susanne Lithander, CFO, on +46 8 553 335 00.  
Christopher Casselblad, Investor Relations, +46 8 553 335 08

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This information was submitted for publication, through the agency of the contact persons set out above, on 29 January 2018 at 13.00 CET.

COMMENTS BY CEO

Stable results



Petra Einarsson,  
President and CEO

“Our strong position in a growing market is enabling us to continue reporting high growth and stable earnings. Strong demand is continuing, resulting in increased sales, which are up by just over 3 percent on the previous year. Production volumes are at record-high levels, despite recurring availability problems. Of course, we are not satisfied with being unable to meet the demand that exists, and we are therefore now intensifying our action plan to boost production stability. Going forward, ensuring operating excellence will be one of my focal areas. Our investments for long-term growth have proved to be more expensive than expected. However, the projects are continuing to progress and I believe our initiatives, both to meet customer demand and to increase operational stability, will generate results over the next few years”

**The result**

EBITDA for the full year rose by 4% to SEK 3 760 million. Sales volumes were unchanged compared with the previous year, while net sales increased by 3% owing mainly to increased prices and a positive currency impact. Variable costs increased, in part because of external pulp purchases at the start of the year relating to the rebuild of Rockhammar.

All business areas are continuing to deliver stable earnings. Despite inadequate Consumer Board production availability, growth was 3%, which is in line with the Group’s overall target. Managed Packaging, within Corrugated Solutions, is continuing to deliver strong sales growth – up 50% on the previous year. Packaging Paper delivered record earnings, despite lower capacity owing to the relocation of the MG machine from Tervasaari to Skärblacka.

**Market outlook**

The strong performance in the market by all business areas is expected to continue. We are seeing favourable order levels and opportunities for further price increases, particularly in Packaging Paper and Corrugated Solutions.

The positive picture is reinforced by the fact that we are correctly positioned, with a broad offering of innovative and sustainable packaging and solutions. Demand for a comprehensive offering in which the material plays a key role is growing. Packaging is gaining an increasingly important role in many brand owners’ efforts to make their products more competitive. This continues to give us great confidence in our products and our development.

**Strategy**

Efficiency is a cornerstone of our strategy. Our approach to efficiency is about doing things right, and having efficient processes and practices. It is our customers who principally determine what the right things to do are. That’s why we are increasingly focusing on developing and harmonising our working practices by strengthening group-wide functions within our production organisation. This relates in particular to minimising production disruptions and ensuring our products maintain consistently high quality.

Another important element relates to developing new business models and progressing along the value chain. Managed Packaging is expected to deliver strong sales growth, both through new customers and increased volumes from existing customers.

**SEK 22 345 million**

Net sales

**SEK 3 760 million**

EBITDA

**SEK 3 850 million**

Adjusted EBITDA

**17%**

EBITDA margin

# Sales and results

EBITDA decreased by 12% compared with the third quarter, mainly as a result of higher seasonally related personnel costs.

EBITDA was better than the same period of the previous year, due to improved local prices and lower fixed costs.

## Q4 2017 compared with Q3 2017

Net sales for the fourth quarter were in line with the previous quarter. Lower sales volumes were offset by favourable currency developments and beneficial price developments, in particular for fluting and sack paper.

The lower sales volumes across all business areas were mainly due to production availability challenges. Consumer Board was negatively affected by the maintenance shutdown at Frövi and Rockhammar, while Packaging Paper was negatively impacted by the remaining effects of the fire at Karlsborg. Market conditions, however, remained strong for all business areas in the quarter.

EBITDA decreased by 12%, or SEK 128 million, compared with the third quarter. This was mainly due to seasonally related lower personnel costs during the holiday period in the third quarter, as well as high levels of activity and related costs towards the end of the year. The total cost of planned maintenance shutdowns at Frövi, Rockhammar and Skärblacka in the fourth quarter was SEK 140 million, which is around SEK 75 million lower than the previous quarter. The maintenance shutdown at Skärblacka was an additional shutdown to upgrade the existing machine because of the work to build a world-leading MG centre at Skärblacka.

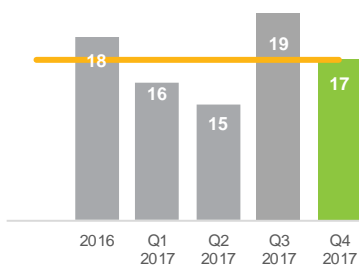
## Q4 2017 compared with Q4 2016

Net sales increased by 2% compared with the same period of the previous year. Improved prices, particularly for sack paper, fluting and pulp, offset negative currency developments. The high market price for pulp is mainly driven by demand from China.

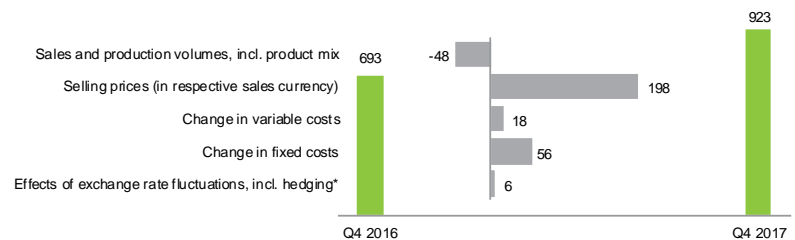
Sales volumes decreased by 3% compared with the same quarter of the previous year. Packaging Paper decreased by 1% as a result of losses of volumes owing to production challenges. Consumer Board decreased by 2%, also because of weaker market performance in the Middle East. Volumes for Corrugated Solutions decreased by 10% because of production problems.

EBITDA improved by SEK 230 million from SEK 693 million to SEK 923 million. The improvement was due to increased local prices and lower fixed costs. The change was due to higher costs from the rebuild of Rockhammar at the end of 2016. Costs for planned maintenance shutdowns amounted to approximately SEK 140 million, compared with SEK 135 million for the same period of the previous year. In the fourth quarter of 2016, a cost of SEK 205 million was also recognised for restructuring as a result of the decision to build a new board machine at Gruvön. The current period was negatively affected by Managed Packaging being impacted by startup costs and increased paper prices in China.

Adjusted EBITDA margin  
Target level >17%



Change in EBITDA for Q4 2017 compared with Q4 2016, SEK million



\*Effects of exchange rate fluctuations totalling SEK -6 million comprise the following components: change in spot rates of SEK -58 million, currency hedging of SEK 49 million and currency effects from the revaluation of trade receivables and payments from customers of SEK 15 million.

| SEKm                                    | Quarter      |              | Jan-Dec       |               |
|---|--------------|--------------|---------------|---------------|
|   | Q4 -17       | Q4 -16       | 2017          | 2016          |
| Net sales                               | 5 565        | 5 468        | 22 345        | 21 657        |
| ScandFibre Logistics AB                 | -            | -            | -380          | -264          |
| SIA Freja                               | -            | -2           | -1            | -7            |
| <b>Net sales comparable units</b>       | <b>5 565</b> | <b>5 466</b> | <b>21 964</b> | <b>21 386</b> |
| Adjusted EBITDA                         | 950          | 898          | 3 850         | 3 836         |
| ScandFibre Logistics AB                 | -            | -            | -             | -1            |
| SIA Freja                               | -            | -1           | -             | -1            |
| <b>Adjusted EBITDA comparable units</b> | <b>950</b>   | <b>897</b>   | <b>3 850</b>  | <b>3 834</b>  |

Favourable pricing and currency developments, partly offset by higher variable costs, led to a 4% improvement in EBITDA.

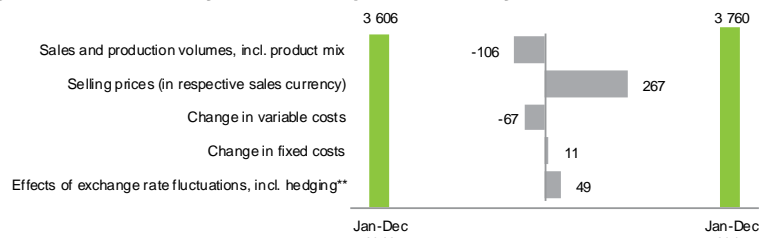
### Full year 2017 compared with full year 2016

Net sales for the full year increased by 3% compared with the previous year, which is also at the same level for comparable units. Sales volumes were in line with the previous year. Consumer Board contributed a 3% increase in sales volumes, which is in line with the Group's overall growth target of 3–4%, while cartonboard achieved record sales in 2017. Packaging Paper was level with the previous year, while Corrugated Solutions decreased by 2%. For Packaging Paper, the negative effect from the closure of Tervasaari was partly offset by continued strong conditions in Europe for sack paper and kraft paper, while demand from China and the rest of Asia remains favourable. Managed Packaging saw growth of 50% compared with the previous year. Favourable currency effects and better market prices in Packaging Paper and Corrugated Solutions also had a positive impact on net sales. For comparable units, excluding Tervasaari, the highest ever annual production volume was achieved.

EBITDA rose by 4%, from SEK 3 606 million to SEK 3 760 million. Favourable pricing and currency developments were offset by higher variable costs, due in part to increased costs at the start of the year for purchases of external pulp for Frövi because of the rebuild of Rockhammar.

Total costs for ordinary maintenance shutdowns in 2017 were SEK 84 million higher than in 2016. Project costs for the new board machine at Gruvön and for making Skärblacka a world-leading MG centre impacted EBITDA by SEK 90 million (205) for 2017.

### Change in EBITDA for full year 2017 compared with full year 2016, SEK million



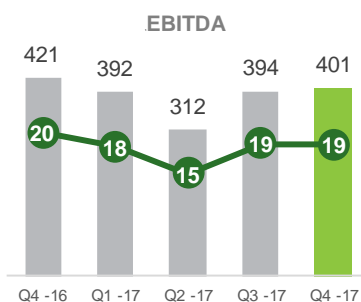
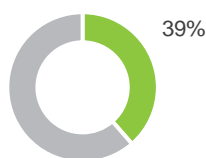
\*\*Effects of exchange rate fluctuations totalling SEK 49 million comprise the following components: change in spot rates of SEK 126 million, currency hedging of SEK 58 million and currency effects from the revaluation of trade receivables and payments from customers of SEK -135 million.

# Packaging Paper business area

## KRAFT AND SACK PAPER FOR CUSTOMERS WITH EXACTING REQUIREMENTS

Packaging Paper offers premium-quality kraft and sack paper, plus smart solutions for customers in the industrial, medical equipment and consumer segments. The business area also sells any surplus of pulp that BillerudKorsnäs does not use in its own production. The Group's net exposure in market pulp is estimated to average approximately 200 ktonnes for 2017, 150 ktonnes for 2018 and 0 ktonnes in 2021.

Share of Group's net sales for Q4 2017



### Key figures

| SEKm                          | Quarter    |            | Full year    |              |
|-------------------------------|------------|------------|--------------|--------------|
|                               | Q4 -17     | Q4 -16     | 2017         | 2016         |
| Net sales                     | 2 147      | 2 067      | 8 529        | 8 339        |
| Net operating expenses, other | -1 746     | -1 646     | -7 030       | -6 853       |
| <b>EBITDA</b>                 | <b>401</b> | <b>421</b> | <b>1 499</b> | <b>1 486</b> |
| EBITDA, %                     | 19%        | 20%        | 18%          | 18%          |
| Operating profit/loss         | 285        | 298        | 1 035        | 990          |
| Operating margin, %           | 13%        | 14%        | 12%          | 12%          |
| Sales volumes, ktonnes        | 282        | 285        | 1 152        | 1 167        |
| whereof packaging paper       | 180        | 186        | 740          | 746          |

### Q4 2017 compared with Q4 2016

Net sales for the fourth quarter of 2017 were 4% higher than in the fourth quarter of 2016, as a result of improved sales prices which were offset by lower sales volumes because of production problems at Gruvön.

EBITDA decreased by 5% compared with the same period of the previous year as a result of lower production volumes and a negative currency effect. This was partly offset by price increases for paper and pulp.

### Full year 2017 compared with full year 2016

Net sales increased by 2% compared with 2016 as a result of a favourable sales mix and higher prices in local currency. Sales volumes were level with the previous year.

EBITDA increased by 1% compared with 2016 owing to a better sales mix and higher prices.

### Market development

Market conditions were stable and favourable during the quarter. Compared with the previous quarter, the market improved for all sack and kraft papers. Prices in local currency increased slightly for both sack papers and kraft papers compared with the previous quarter.

The market for NBSK pulp remained stable and positive in the quarter, in line with the previous quarter. Prices were around USD 1000 per tonne at the end of the quarter compared with USD 910 at the end of the previous quarter. This is a strong increase in prices compared with the end of the fourth quarter of 2016, when the price was USD 810 per tonne.

### Outlook

The market for kraft and sack paper remains stable and strong.

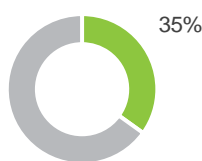


# Consumer Board business area

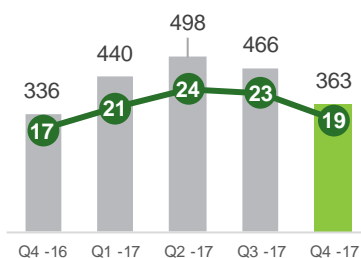
## LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES

Consumer Board delivers packaging materials in high-quality board made from primary fibre for beverages, food products and various other consumer goods. Smart solutions in terms of function, design and material selection create added value for customers.

Share of Group's net sales  
Q4 2017



EBITDA



### Key figures

| SEKm                          | Quarter    |            | Full year    |              |
|-------------------------------|------------|------------|--------------|--------------|
|                               | Q4 -17     | Q4 -16     | 2017         | 2016         |
| Net sales                     | 1 943      | 1 988      | 8 189        | 8 015        |
| Net operating expenses, other | -1 580     | -1 652     | -6 422       | -6 292       |
| <b>EBITDA</b>                 | <b>363</b> | <b>336</b> | <b>1 767</b> | <b>1 723</b> |
| EBITDA, %                     | 19%        | 17%        | 22%          | 21%          |
| Operating profit/loss         | 168        | 148        | 983          | 964          |
| Operating margin, %           | 9%         | 7%         | 12%          | 12%          |
| Sales volumes, ktonnes        | 252        | 257        | 1 081        | 1 051        |

### Q4 2017 compared with Q4 2016

Net sales and sales volumes decreased by 2% compared with the fourth quarter of 2016. The decrease was mainly due to production disruptions and the fact that deliveries were partly made earlier in the year.

EBITDA rose by 8% compared with the fourth quarter of 2016. The increase in earnings was mainly due to the fourth quarter of 2016 being affected by costs for the rebuild and startup of Rockhammar Mill, which supplies Frövi with pulp.

### Full year 2017 compared with full year 2016

Compared with the full year 2016, net sales rose by 2%. The increase in volumes was 3%, which is level with the Group's growth target.

EBITDA rose by 3% compared with the full year 2016. That is higher than the sales increase, despite earnings at the start of 2017 being subject to the negative effects from 2016 in the form of quality-related costs for material produced in 2016 and startup problems at Rockhammar following the rebuild in 2016. The increase in underlying EBITDA was consequently around 7%. The increase was mainly due to improved production stability compared with 2016 and a more favourable exchange rate.

### Market development

We see continued good demand within the Consumer Board business area. Deliveries of cartonboard over the year were the highest since BillerudKorsnäs was formed. Prices in local currency were unchanged compared with the previous quarter.

### Outlook

Orders for Consumer Board are expected to remain stable and satisfactory with normal seasonal variations.



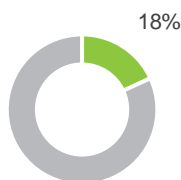


# Corrugated Solutions business area

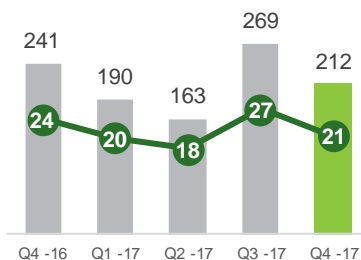
## STRONG FLUTING AND LINER ADD VALUE

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. The strong and light materials – fluting and liner – are used in corrugated boxes for fragile goods and demanding distribution systems. Smart packaging is delivered via the Managed Packaging concept, which provides supply chain solutions and packaging optimisation for brand owners, with a view to challenging conventional solutions.

Share of Group's net sales  
Q4 2017



EBITDA



### KEY FIGURES

| SEKm                          | Quarter    |            | Full year  |            |
|-------------------------------|------------|------------|------------|------------|
|                               | Q4 -17     | Q4 -16     | 2017       | 2016       |
| Net sales                     | 1 011      | 989        | 3 856      | 3 620      |
| Net operating expenses, other | -799       | -748       | -3 022     | -2 791     |
| <b>EBITDA</b>                 | <b>212</b> | <b>241</b> | <b>834</b> | <b>829</b> |
| EBITDA, %                     | 21%        | 24%        | 22%        | 23%        |
| Operating profit/loss         | 168        | 194        | 656        | 647        |
| Operating margin, %           | 17%        | 20%        | 17%        | 18%        |
| Sales volumes, ktonnes        | 132        | 147        | 542        | 554        |

### Q4 2017 compared with Q4 2016

Net sales increased by 2% compared with the same quarter in 2016 as a result of improved prices in local currency and strong Managed Packaging sales.

EBITDA decreased by 12% compared with the fourth quarter of 2016, mainly because of production problems, startup costs relating to the expansion of Managed Packaging, and increased paper prices in China.

### Full year 2017 compared with full year 2016

Net sales for the full year 2017 were 7% higher than in 2016 owing to increased Managed Packaging sales, improved prices in local currency for fluting and liner, and favourable exchange rates.

EBITDA increased by 1% owing to improved pricing and positive currency effects combined with lower delivery costs. Lower sales volumes and increased fixed costs limited the earnings improvement.

### Market development

The liner and fluting order books remained strong, with improved price levels in Europe during the fourth quarter. Managed Packaging continued to deliver strong sales growth in the quarter.

### Outlook

Demand for fluting and liner is expected to remain strong, driven by the business area's expansion into new regions, which is believed to have a positive effect on pricing. It is assessed that challenges concerning raw material flows will impact sales and margins in the first half of 2018.

Managed Packaging is expected to continue delivering sales growth at the same pace as before, both through new customers and increased volumes from existing customers.



## Currency hedging

SEK -18 million impact on net sales for the quarter.

Currency hedging had an overall net sales impact of SEK -18 million (-67) for the fourth quarter and SEK 4 million (-54) for 2017 (compared with no currency hedging).

The outstanding forward exchange contracts at 31 December 2017 had a market value of SEK -51 million, SEK 3 million of which is the portion of the contracts matched by trade receivables that affected earnings in the fourth quarter. Accordingly, other contracts had a market value of SEK -54 million.

### Hedged portion of forecast currency flows\*\* for EUR, USD and GBP and exchange rates against SEK (31 December 2017)

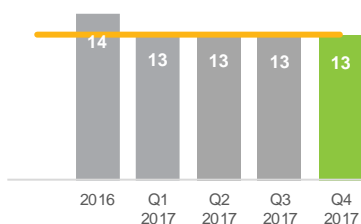
| Currency                                   |                   | Q1-18    | Q2-18      | Q3-18      | Q4-18      | Q1-19     | Total 15 months |
|--|-------------------|----------|------------|------------|------------|-----------|-----------------|
| EUR  | Share of net flow | 84%      | 80%        | 78%        | 77%        | 75%       | 79%             |
|  | Rate              | 9.62     | 9.61       | 9.69       | 9.57       | 9.83      | 9.67            |
| USD  | Share of net flow | 87%      | 60%        | 34%        | 13%        | -         | 40%             |
|  | Rate              | 8.77     | 8.25       | 8.30       | 8.24       | -         | 8.49            |
| GBP  | Share of net flow | 29%      | -          | -          | -          | -         | 6%              |
|  | Rate              | 11.17    | -          | -          | -          | -         | 11.17           |
| <b>Market value of currency contracts*</b> |                   | <b>5</b> | <b>-19</b> | <b>-11</b> | <b>-24</b> | <b>-2</b> | <b>-51</b>      |

\*At 31 December 2017

\*\*Excluding currency flows from investments in a new board machine at Gruvön, which are not currently hedged.

The currency hedging policy is to hedge 0–80% of net flows over the next 15 months. Any deviations from the policy must be approved by the Board of Directors.

### Adjusted return on capital employed Target level >13%



## Investments and capital employed

Gross investments amounted to SEK 1 459 million (746) for the fourth quarter and SEK 4 261 million (1 645) for the full year 2017. Investments in 2017 mainly related to the investment in a new board machine at Gruvön and the MG investment at Skärblacka. In the fourth quarter, updated calculations showed that the estimated investment in Gruvön may increase by approximately 20% compared with the previously announced SEK 5.7 billion.

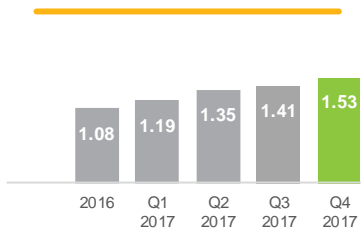
Capital employed at 31 December 2017 amounted to SEK 19 548 million (16 906). Return on capital employed (ROCE), calculated over the last 12-month period, amounted to 12% (12%). ROCE calculated using adjusted operating profit amounted to 13% (14%).

Return on equity was 12% (12%).



## Cash flow and financial position

Net debt/EBITDA  
target level <2.5



### Summary Cash Flow Statement

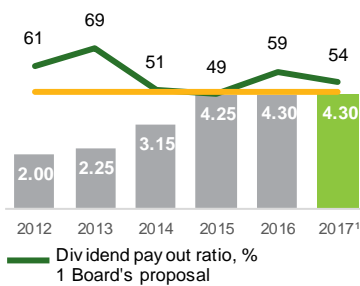
| SEKm                                       | Quarter     |              | Jan-Dec      |              |
|--|-------------|--------------|--------------|--------------|
|  | Q4 -17      | Q4 -16       | 2017         | 2016         |
| Operating surplus, etc.                    | 896         | 931          | 3 650        | 3 781        |
| Change in working capital, etc.            | 68          | 548          | 242          | 332          |
| Net financial items, taxes, etc.           | -266        | -117         | -576         | -371         |
| <b>Cash flow from operating activities</b> | <b>698</b>  | <b>1 362</b> | <b>3 316</b> | <b>3 742</b> |
| Current net investments                    | -1 459      | -743         | -4 259       | -1 641       |
| <b>Operating cash flow</b>                 | <b>-761</b> | <b>619</b>   | <b>-943</b>  | <b>2 101</b> |

Operating cash flow in 2017 amounted to SEK -943 million (2 101). The decrease was mainly due to the level of investment increasing as a result of the investments at Gruvön and Skärblacka. Working capital in relation to sales was 9% for the quarter, which was also the level in the third quarter of 2017.

Net interest-bearing debt at 31 December 2017 was SEK 5 737 million (3 884). The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 1.53 (1.08). The target is to have a ratio below 2.5.

## Financing

Dividend policy  
Target level 50%



Interest-bearing debt amounted to SEK 5 137 million, an increase of SEK 9 million on the previous quarter. Compared with the same period in the previous year, interest-bearing debt increased by SEK 1 308 million, bond loans rose by SEK 1 700 million and bilateral loans decreased by SEK 398 million.

On 22 December 2017, BillerudKorsnäs issued a fixed-rate bond under its MTN programme. The proceeds from the issue, totalling SEK 500 million, were received on 4 January 2018 and will therefore be recognised as a transaction in the first quarter of 2018.

| Loan                               | Limit, SEKm | Maturity, years |            |              | Total utilized |
|------------------------------------|-------------|-----------------|------------|--------------|----------------|
|                                    |             | 0-1             | 1-2        | 2-           |                |
| Syndicated credit facilities       | 5 500       |                 |            |              | -              |
| Term loans                         |             |                 | 226        | 915          | 1 141          |
| Bond loans within MTN program      | 5 000       | 1 500           |            | 2 000        | 3 500          |
| Commercial paper                   | 3 000       |                 |            |              | -              |
| Term loan, Bomhus Energi AB        |             | 45              | 45         | 400          | 490            |
| Other interest-bearing liabilities |             | 6               |            |              | 6              |
| <b>Group total</b>                 |             | <b>1 551</b>    | <b>271</b> | <b>3 315</b> | <b>5 137</b>   |

## Taxes

The tax cost for 2017 amounted to SEK 465 million (419), equal to approximately 22% (22%) of profit before tax.

## Parent company

The parent company BillerudKorsnäs AB includes the sales organisation for the Nordic market and markets outside Europe, and the head office functions.

Operating profit/loss for 2017 was SEK -121 million, compared with SEK -27 million for 2016. The decrease was mainly due to the negative impact from hedging contracts and revaluations of trade receivables.

The parent company hedges both its own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. These earnings were SEK 4 million (-54).

The average number of employees was 107 (100). Cash and bank balances, and short-term investments amounted to SEK 18 million (516).

## Seasonal effects



BillerudKorsnäs' business is subject to seasonal fluctuations to a relatively limited extent. Periodical maintenance shutdowns have the largest impact, as they involve each unit stopping production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. It should also be noted that the Group usually has a somewhat higher cost level in the fourth quarter than in previous quarters.

### Planned maintenance shutdowns

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown involves an assessment of the impact on earnings of a normal shutdown compared with a quarter during which no periodic maintenance shutdown takes place.

### Estimated maintenance shutdown cost

| Production units | Estimated shutdown cost <sup>1</sup> | Estimated breakdown of shutdown cost by business area |                 |                | Planned dates of maintenance shutdown |      |      |
|------------------|--------------------------------------|---|-----------------|----------------|---------------------------------------|------|------|
|                  |                                      | SEKm  | Packaging Paper | Consumer Board | Corrugated Solutions                  | 2018 | 2017 |
| Gävle            | ~ 140                                | ~ 5%  | ~ 80%           | ~ 15%          | Q3                                    | Q3   | Q3   |
| Gruvön*          | ~ 140                                | ~ 40%   | ~ 10%           | ~ 50%          | Q2                                    | Q2   | Q2   |
| Frövi            | ~ 90                                 | 0%  | 100%            | 0%             | Q4                                    | Q4   | Q4   |
| Skärblacka       | ~ 120                                | ~ 85%   | 0%              | ~ 15%          | Q2                                    | Q2   | Q2   |
| Skärblacka**     | ~ 20                                 | 100%  | 0%              | 0%             | -                                     | Q3   | -    |
| Karlsborg        | ~ 55                                 | 100%  | 0%              | 0%             | Q3                                    | Q3   | Q3   |
| Pietarsaari      | ~ 15                                 | 100%  | 0%              | 0%             | Q4                                    | Q2   | -    |
| Rockhammar       | ~ 15                                 | 0%  | 100%            | 0%             | Q4                                    | Q4   | Q4   |

<sup>1</sup> Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

\*Gruvön had a maintenance shutdown at the end of March 2017, affecting the reports for both the first and second quarters. The cost for the first quarter was SEK 75 million and SEK 70 million for the second quarter.

\*\*Skärblacka had an additional maintenance shutdown of PM7 in autumn 2017, affecting both the third-quarter and fourth-quarter reports. The cost for the third quarter was SEK 5 million and SEK 25 million for the fourth quarter, affecting the Packaging Paper business area.

Costs for planned maintenance shutdowns reflect the estimated cost impact for 2017. In the fourth quarter, planned maintenance shutdowns were carried out at Frövi, Skärblacka and Rockhammar. The total cost for maintenance shutdowns in the fourth quarter was approximately SEK 140 million, which was SEK 20 million more than estimated.

## Largest shareholders

### BillerudKorsnäs' ten largest shareholders (at 31 December 2017)

| Shareholder                                 | Number of shares   | Number of votes, % |
|---|--------------------|--------------------|
| FRAPAG Beteiligungsholding AG               | 31 300 000         | 15.1               |
| AMF Insurance & Funds                       | 20 358 395         | 9.8                |
| Swedbank Robur Funds                        | 9 796 131          | 4.7                |
| Fourth Swedish National Pension Fund        | 8 017 899          | 3.9                |
| Alecta                                      | 7 148 000          | 3.4                |
| SEB Funds                                   | 4 381 346          | 2.1                |
| Vanguard                                    | 4 156 873          | 2.0                |
| Handelsbanken Funds                         | 3 146 335          | 1.5                |
| Dimensional Fund Advisors                   | 3 144 008          | 1.5                |
| AFA Insurance                               | 2 973 350          | 1.4                |
| <b>Total 10 largest shareholders</b>        | <b>94 422 337</b>  | <b>45.4</b>        |
| <b>Total number of shares in the market</b> | <b>206 956 668</b> | <b>100.0</b>       |

## Distribution of shares

### Distribution of shares (at 31 December 2017)

|   |                    |
|---|--------------------|
| Registered number of shares                 | 208 219 834        |
| Bought back shares                          | -1 263 166         |
| <b>Total number of shares in the market</b> | <b>206 956 668</b> |

## Significant risks and uncertainties

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses are in SEK. A more detailed description of risks and a sensitivity analysis is provided on pages 84 – 91 of the 2016 Annual and Sustainability Report.

## Related-party transactions

No transactions have taken place between BillerudKorsnäs and related parties that significantly affect the company's position and earnings.

## Events after the end of the quarter

No significant events have occurred after the end of the quarter.

## Financial calendar

Q1 2018 – 20 April 2018

2018 Annual General Meeting – 15 May 2018

Q2 2018 – 18 July 2018

Q3 2018 – 16 October 2018

Solna, 29 January 2018

BillerudKorsnäs AB (publ)

Petra Einarsson  
*President and CEO*

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.

## Group

### Summarised income statement

| SEKm  | Quarter       |               |               | Full year      |                |
|---|---------------|---------------|---------------|----------------|----------------|
|   | Q4 -17        | Q3 -17        | Q4 -16        | 2017           | 2016           |
| Net sales   | 5 565         | 5 544         | 5 468         | 22 345         | 21 657         |
| Other income  | 74            | 39            | 48            | 220            | 155            |
| <b>Operating income</b>                                 | <b>5 639</b>  | <b>5 583</b>  | <b>5 516</b>  | <b>22 565</b>  | <b>21 812</b>  |
| Change in inventories                                   | 151           | -91           | 76            | -182           | 300            |
| Raw materials and consumables                           | -2 759        | -2 556        | -2 670        | -10 567        | -10 457        |
| Other external costs                                    | -1 214        | -1 117        | -1 211        | -4 626         | -4 574         |
| Employee benefits expense                               | -891          | -767          | -1 017        | -3 423         | -3 474         |
| Depreciation and impairment of non-current assets       | -402          | -370          | -482          | -1 519         | -1 561         |
| Profit/Loss from participations in associated companies | -3            | -1            | -1            | -7             | -1             |
| <b>Operating expenses</b>                               | <b>-5 118</b> | <b>-4 902</b> | <b>-5 305</b> | <b>-20 324</b> | <b>-19 767</b> |
| <b>Operating profit/loss</b>                            | <b>521</b>    | <b>681</b>    | <b>211</b>    | <b>2 241</b>   | <b>2 045</b>   |
| Financial income and expenses                           | -33           | -22           | -36           | -138           | -108           |
| <b>Profit/Loss before tax</b>                           | <b>488</b>    | <b>659</b>    | <b>175</b>    | <b>2 103</b>   | <b>1 937</b>   |
| Taxes   | -120          | -146          | -38           | -465           | -419           |
| <b>Net profit/loss for the period</b>                   | <b>368</b>    | <b>513</b>    | <b>137</b>    | <b>1 638</b>   | <b>1 518</b>   |
| <b>Profit/Loss attributable to:</b>                     |               |               |               |                |                |
| Owners of the parent company                            | 368           | 513           | 137           | 1 638          | 1 518          |
| Non-controlling interests                               | -             | -             | -             | -              | -              |
| <b>Net profit/loss for the period</b>                   | <b>368</b>    | <b>513</b>    | <b>137</b>    | <b>1 638</b>   | <b>1 518</b>   |
| <b>Earnings per share, SEK</b>                          | <b>1.78</b>   | <b>2.48</b>   | <b>0.66</b>   | <b>7.91</b>    | <b>7.33</b>    |
| <b>Diluted earnings per share, SEK</b>                  | <b>1.78</b>   | <b>2.47</b>   | <b>0.65</b>   | <b>7.90</b>    | <b>7.31</b>    |

## Summarised statement of comprehensive income

| SEKm   | Quarter    |            |            | Full year    |              |
|--|------------|------------|------------|--------------|--------------|
|  | Q4 -17     | Q3 -17     | Q4 -16     | 2017         | 2016         |
| <b>Net profit/loss for the period</b>  | <b>368</b> | <b>513</b> | <b>137</b> | <b>1 638</b> | <b>1 518</b> |
| <b>Other comprehensive income</b>  |            |            |            |              |              |
| <b>Items that will not be reclassified to profit or loss</b>                                   |            |            |            |              |              |
| Actuarial gains or losses on defined benefit pension plans                                     | -29        | -          | 51         | -29          | -12          |
| Tax attributable to items not to be reclassified to profit or loss                             | 6          | -          | -11        | 6            | 3            |
| <b>Total items never reclassified to profit or loss</b>  | <b>-23</b> | <b>-</b>   | <b>40</b>  | <b>-23</b>   | <b>-9</b>    |
| <b>Items that have been or may be reclassified subsequently to profit or loss</b>              |            |            |            |              |              |
| Differences arising from the translation of foreign operations' accounts                       | 43         | -16        | -4         | 32           | 53           |
| Change in fair value of shareholding in Bergvik Skog   | 25         | 8          | 46         | 43           | 16           |
| Change in fair value of cash flow hedges   | -111       | 84         | 83         | 28           | 76           |
| Tax attributable to items that have been or may be reclassified subsequently to profit or loss | 25         | -19        | -19        | -6           | -17          |
| <b>Total items that have been or may be reclassified subsequently to profit or loss</b>        | <b>-18</b> | <b>57</b>  | <b>106</b> | <b>97</b>    | <b>128</b>   |
| <b>Total comprehensive income for the period</b>   | <b>327</b> | <b>570</b> | <b>283</b> | <b>1 712</b> | <b>1 637</b> |
| <b>Attributable to:</b>  |            |            |            |              |              |
| Owners of the parent company   | 327        | 570        | 283        | 1 712        | 1 637        |
| Non-controlling interests  | -          | -          | -          | -            | -            |
| <b>Total comprehensive income for the period</b>   | <b>327</b> | <b>570</b> | <b>283</b> | <b>1 712</b> | <b>1 637</b> |



## Summarised balance sheet

| SEKm  | 31 Dec<br>2017 | 30 Sep<br>2017 | 31 Dec<br>2016 |
|---|----------------|----------------|----------------|
| Intangible assets                                   | 2 248          | 2 273          | 2 335          |
| Property, plant and equipment                       | 17 690         | 16 594         | 14 937         |
| Other non-current assets                            | 1 566          | 1 533          | 1 439          |
| <b>Total non-current assets</b>                     | <b>21 504</b>  | <b>20 400</b>  | <b>18 711</b>  |
| Inventories   | 2 912          | 2 754          | 3 142          |
| Accounts receivable                                 | 2 713          | 2 684          | 2 612          |
| Other current assets                                | 899            | 925            | 681            |
| Cash and cash equivalents                           | 168            | 899            | 708            |
| <b>Total current assets</b>                         | <b>6 692</b>   | <b>7 262</b>   | <b>7 143</b>   |
| <b>Total assets</b>                                 | <b>28 196</b>  | <b>27 662</b>  | <b>25 854</b>  |
| Equity attributable to owners of the parent company | 13 811         | 13 484         | 13 021         |
| Non-controlling interests                           | -              | -              | 1              |
| <b>Total equity</b>                                 | <b>13 811</b>  | <b>13 484</b>  | <b>13 022</b>  |
| Interest-bearing liabilities                        | 3 586          | 3 584          | 2 687          |
| Provisions for pensions                             | 784            | 768            | 778            |
| Other provisions                                    | 227            | 245            | 252            |
| Deferred tax liabilities                            | 3 392          | 3 415          | 3 410          |
| <b>Total non-current liabilities</b>                | <b>7 989</b>   | <b>8 012</b>   | <b>7 127</b>   |
| Interest-bearing liabilities                        | 1 551          | 1 544          | 1 142          |
| Accounts payables                                   | 3 294          | 3 215          | 3 049          |
| Other liabilities and provisions                    | 1 551          | 1 407          | 1 514          |
| <b>Total current liabilities</b>                    | <b>6 396</b>   | <b>6 166</b>   | <b>5 705</b>   |
| <b>Total equity and liabilities</b>                 | <b>28 196</b>  | <b>27 662</b>  | <b>25 854</b>  |

## Summarised statement of changes in equity

| SEKm  | Full year<br>2017 | Jan-Sep<br>2017 | Full year<br>2016 |
|---|-------------------|-----------------|-------------------|
| <b>Opening balance</b>                                  | <b>13 022</b>     | <b>13 022</b>   | <b>12 418</b>     |
| Comprehensive income for the period                     | 1 712             | 1 385           | 1 637             |
| Share-based payment to be settled in equity instruments | 10                | 10              | 11                |
| Buy-back of own shares                                  | -41               | -41             | -                 |
| Dividend to owners of the parent company                | -891              | -891            | -880              |
| Dividend to non-controlling interests                   | -1                | -1              | -164              |
| <b>Closing balance</b>                                  | <b>13 811</b>     | <b>13 484</b>   | <b>13 022</b>     |
| <b>Equity attributable to:</b>                          |                   |                 |                   |
| Owners of the parent company                            | 13 811            | 13 484          | 13 021            |
| Non-controlling interests                               | -                 | -               | 1                 |
| <b>Closing balance</b>                                  | <b>13 811</b>     | <b>13 484</b>   | <b>13 022</b>     |

## Summarised cash flow statement

| SEKm  | Quarter       |               |              | Full year     |               |
|---|---------------|---------------|--------------|---------------|---------------|
|   | Q4 -17        | Q3 -17        | Q4 -16       | 2017          | 2016          |
| Operating surplus, etc. *   | 896           | 1 022         | 931          | 3 650         | 3 781         |
| Change in working capital, etc.                                     | 68            | 201           | 548          | 242           | 332           |
| Net financial items, taxes, etc.                                    | -266          | -83           | -117         | -576          | -371          |
| <b>Cash flow from operating activities</b>                          | <b>698</b>    | <b>1 140</b>  | <b>1 362</b> | <b>3 316</b>  | <b>3 742</b>  |
| Investments in intangible assets, property, plant and equipment     | -1 457        | -1 314        | -708         | -4 196        | -1 607        |
| Acquisition of financial assets / contribution associated companies | -2            | -29           | -38          | -65           | -38           |
| Sales of subsidiary   | -             | -             | -            | 15            | -             |
| Business combinations   | -             | -             | -            | -             | -6            |
| Disposal of property, plant and equipment                           | -             | 1             | 3            | 2             | 4             |
| <b>Cash flow from investing activities</b>                          | <b>-1 459</b> | <b>-1 342</b> | <b>-743</b>  | <b>-4 244</b> | <b>-1 647</b> |
| Change in interest-bearing receivables                              | 1             | -1            | -4           | -             | 2             |
| Change in interest-bearing liabilities                              | 8             | 419           | -411         | 1 308         | -564          |
| Buy-back of own shares  | -             | -41           | -            | -41           | -             |
| Dividend to owners of the parent company                            | -             | -             | -            | -891          | -880          |
| Dividend to non-controlling interests                               | -             | -1            | -            | -1            | -165          |
| <b>Cash flow from financing activities</b>                          | <b>9</b>      | <b>376</b>    | <b>-415</b>  | <b>375</b>    | <b>-1 607</b> |
| <b>Total cash flow (=change in cash and cash equivalents)</b>       | <b>-752</b>   | <b>174</b>    | <b>204</b>   | <b>-553</b>   | <b>488</b>    |
| <b>Cash and cash equivalents at start of period</b>                 | <b>899</b>    | <b>732</b>    | <b>503</b>   | <b>708</b>    | <b>188</b>    |
| <b>Translation differences in cash and cash equivalents</b>         | <b>21</b>     | <b>-7</b>     | <b>1</b>     | <b>13</b>     | <b>32</b>     |
| <b>Cash and cash equivalents at the end of the period</b>           | <b>168</b>    | <b>899</b>    | <b>708</b>   | <b>168</b>    | <b>708</b>    |

\*The amount for the period January–December 2017 takes into account operating profit of SEK 2 241 million, reversed depreciation of SEK 1 519 million, earnings from the sale of businesses of SEK -5 million, earnings from the sale of fixed assets of SEK 8 million, earnings from associated companies of SEK 7 million, a decrease in pension liabilities of SEK -41 million, other provisions of SEK -90 million, net of produced and sold electricity certificates and sold emission rights of SEK -1 million, a revaluation of Vindin SEK 2 million and incentive programmes of SEK 10 million. The amount for the period January–December 2016 takes into account operating profit of SEK 2 045 million, reversed depreciation of SEK 1 561 million, earnings from associated companies SEK 1, decrease in pension liabilities of SEK -37 million, other provisions of SEK 175 million, net of produced and sold electricity certificates and sold emission rights of SEK 25 million and incentive programmes of SEK 11 million.

## Note 1 Accounting policies

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied in this interim report are the same as those used in the most recent annual report for 2016, see pages 101–107 and page 134 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 21 of this report.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS.

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement from 2008. BillerudKorsnäs has opted not to apply IFRS 9 in advance. IFRS 9 involves changes to how financial assets are classified and measured, an impairment model based on expected credit losses are introduced instead of losses incurred and changes to hedge accounting policies, in part to simplify and increase consistency with companies' internal risk management strategies.

In 2017, BillerudKorsnäs continued to work on mapping the impact of IFRS 9 and found the impact to be marginal. Bad debt losses have been and are expected to be very minor, so the new impairment model will have a limited impact on the financial statements. If the new impairment model had been implemented by year-end 2017, the impact would have amounted to SEK 5 million in the form of additional costs for impairments of accounts receivables.

IFRS 9 results in consequential changes in disclosure requirements under IFRS 7 Financial Instruments: Disclosures, which will affect the disclosures that are made. BillerudKorsnäs will need to update the classification of its financial instruments and update its accounting policies.

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 Revenue from Contracts with Customers is a comprehensive standard for determining how revenues should be recognised and when such revenues should be recognised. This replaces the current guidance, IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is applied for financial years starting 1 January 2018 or later, with earlier adoption permitted. BillerudKorsnäs has opted not to apply IFRS 15 in advance. The new accounting standard is assessed not have any restatement effects for the Group or parent company's earnings or financial position, so a choice of transition method is not applicable. Accounting policies will be updated in accordance with IFRS 15.

## Note 2 Financial assets and liabilities

|  | Derivatives<br>in hedge<br>accounting | Accounts<br>and loan<br>receivables | Available for-<br>sale financial<br>assets | Financial liabilities<br>measured at amortised<br>costs | Total<br>carrying<br>amount | Fair value   |
|--|---------------------------------------|-------------------------------------|--|---|-----------------------------|--------------|
| <i>Valuation classification</i>          | <i>Level 2</i>                        |                                     | <i>Level 3</i>                             |   |                             |              |
| <b>Group 31 December 2017</b>            |                                       |                                     |  |   |                             |              |
| Other shares and participations          | -                                     | -                                   | 1 429                                      | -   | 1 429                       | 1 429        |
| Long-term receivables                    | -                                     | 22                                  | -  | -   | 22                          | 22           |
| Accounts receivable                      | -                                     | 2 713                               | -  | -   | 2 713                       | 2 713        |
| Other receivables                        | 150                                   | 449                                 | -  | -   | 599                         | 599          |
| Cash and cash equivalents <sup>1</sup>   | -                                     | 168                                 | -  | -   | 168                         | 168          |
| <b>Total</b>                             | <b>150</b>                            | <b>3 352</b>                        | <b>1 429</b>                               | <b>-</b>  | <b>4 931</b>                | <b>4 931</b> |
| Non-current interest-bearing liabilities | -                                     | -                                   | -  | 3 586   | 3 586                       | 3 594        |
| Current interest-bearing liabilities     | -                                     | -                                   | -  | 1 551   | 1 551                       | 1 573        |
| Accounts payables                        | -                                     | -                                   | -  | 3 294   | 3 294                       | 3 294        |
| Other liabilities                        | 115                                   | -                                   | -  | 142   | 257                         | 257          |
| <b>Total</b>                             | <b>115</b>                            | <b>-</b>                            | <b>-</b>                                   | <b>8 573</b>  | <b>8 688</b>                | <b>8 718</b> |

|  | Derivatives<br>in hedge<br>accounting | Accounts<br>and loan<br>receivables | Available for-<br>sale financial<br>assets | Financial liabilities<br>measured at amortised<br>costs | Total<br>carrying<br>amount | Fair value   |
|--|---------------------------------------|-------------------------------------|--|---|-----------------------------|--------------|
| <i>Valuation classification</i>          | <i>Level 2</i>                        |                                     | <i>Level 3</i>                             |   |                             |              |
| <b>Group 31 December 2016</b>            |                                       |                                     |  |   |                             |              |
| Other shares and participations          | -                                     | -                                   | 1 343                                      | -   | 1 343                       | 1 343        |
| Long-term receivables                    | -                                     | 21                                  | -  | -   | 21                          | 21           |
| Accounts receivable                      | -                                     | 2 612                               | -  | -   | 2 612                       | 2 612        |
| Other receivables                        | 107                                   | 378                                 | -  | -   | 485                         | 485          |
| Cash and cash equivalents <sup>1</sup>   | -                                     | 708                                 | -  | -   | 708                         | 708          |
| <b>Total</b>                             | <b>107</b>                            | <b>3 719</b>                        | <b>1 343</b>                               | <b>-</b>  | <b>5 169</b>                | <b>5 169</b> |
| Non-current interest-bearing liabilities | -                                     | -                                   | -  | 2 687   | 2 687                       | 2 731        |
| Current interest-bearing liabilities     | -                                     | -                                   | -  | 1 142   | 1 142                       | 1 142        |
| Accounts payables                        | -                                     | -                                   | -  | 3 049   | 3 049                       | 3 049        |
| Other liabilities                        | 129                                   | -                                   | -  | 193   | 322                         | 322          |
| <b>Total</b>                             | <b>129</b>                            | <b>-</b>                            | <b>-</b>                                   | <b>7 071</b>  | <b>7 200</b>                | <b>7 244</b> |

<sup>1</sup> Short-term investments are classified as 'Cash and cash equivalents' where the duration is less than three months and exposure is only to insignificant risk of fluctuations in value.

## Note 3 Other disclosures

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding business areas/segments can be found on pages 5–7, information regarding financing on page 9, seasonal effects on page 11 and events after the end of the quarter on page 13.

## Key figures

|  | Full year |        |
|--|-----------|--------|
|  | 2017      | 2016   |
| <b>Margins</b>                                   |           |        |
| EBITDA, %  | 17        | 17     |
| Operating margin, %                              | 10        | 9      |
| <b>Return (rolling 12 months)</b>                |           |        |
| Return on capital employed, %                    | 12        | 12     |
| Return on equity, %                              | 12        | 12     |
| <b>Capital structure at end of period</b>        |           |        |
| Capital employed, SEKm                           | 19 548    | 16 906 |
| Working capital, SEKm                            | 1 760     | 1 957  |
| Equity, SEKm                                     | 13 811    | 13 022 |
| Interest-bearing net debt, SEKm                  | 5 737     | 3 884  |
| Net debt/equity ratio                            | 0.42      | 0.30   |
| Interest-bearing net debt / EBITDA, multiple     | 1.53      | 1.08   |
| <b>Key figures per share</b>                     |           |        |
| Earnings per share, SEK                          | 7.91      | 7.33   |
| Dividend (for the financial year) per share, SEK | 4,30*     | 4.30   |
| <b>Other key figures</b>                         |           |        |
| Working capital as percentage of net sales, %    | 9         | 11     |
| Gross investments, SEKm                          | 4 261     | 1 645  |
| Average number of employees                      | 4 395     | 4 274  |

\*Board's proposal.

## Reconciliation of alternative performance measures

| Adjusted EBITDA, SEKm   | Quarter     |              |             | Full year          |                    |
|---|-------------|--------------|-------------|--------------------|--------------------|
|   | Q4 - 17     | Q3 - 17      | Q4 - 16     | 2017               | 2016               |
| Operating profit  | 521         | 681          | 211         | 2 241              | 2 045              |
| Depreciation and impairment of non-current assets   | 402         | 370          | 482         | 1 519              | 1 561              |
| <b>EBITDA</b>   | <b>923</b>  | <b>1 051</b> | <b>693</b>  | <b>3 760</b>       | <b>3 606</b>       |
| Items affecting comparability   | 27          | 29           | 205         | 90                 | 230                |
| <b>Adjusted EBITDA</b>  | <b>950</b>  | <b>1 080</b> | <b>898</b>  | <b>3 850</b>       | <b>3 836</b>       |
| <b>Adjusted Operating profit, SEKm</b>  |             |              |             |                    |                    |
| Operating profit  | 521         | 681          | 211         | 2 241              | 2 045              |
| Items affecting comparability   | 66          | 36           | 325         | 150                | 350                |
| <b>Adjusted Operating profit</b>  | <b>587</b>  | <b>717</b>   | <b>536</b>  | <b>2 391</b>       | <b>2 395</b>       |
| <b>Adjusted earnings per share, SEK</b>   |             |              |             |                    |                    |
| Profit attributed to owners of the parent company, SEKm   | 368         | 513          | 137         | 1 638              | 1 518              |
| Items affecting comparability, attributed to owners of the parent company, SEKm   | 52          | 28           | 248         | 117                | 273                |
| Adjusted profit attributed to owners of the parent company, SEKm  | 420         | 541          | 385         | 1 755              | 1 791              |
| Weighted number of outstanding shares, thousands  | 206 957     | 207 218      | 207 089     | 207 114            | 207 037            |
| <b>Adjusted earnings per share</b>  | <b>2.03</b> | <b>2.61</b>  | <b>1.86</b> | <b>8.48</b>        | <b>8.65</b>        |
| <b>Adjusted Return on capital employed (ROCE), SEKm</b>   |             |              |             |                    |                    |
| Adjusted Operating profit over 12 months *  | 2 391       | 2 257        | 2 395       | 2 391              | 2 395              |
| Average capital employed over 12 months   | 18 038      | 17 586       | 17 350      | 18 038             | 17 350             |
| <b>Adjusted Return on capital employed</b>  | <b>13%</b>  | <b>13%</b>   | <b>14%</b>  | <b>13%</b>         | <b>14%</b>         |
| <b>Items affecting comparability, SEKm</b>  |             |              |             |                    |                    |
| MG Investment in Skärblacka (Operating expenses)  | 34          | 20           |             | 74                 |                    |
| New board machine in Gruvön - additional costs (Operating expenses)   | 13          | 9            |             | 36                 |                    |
| Fraud (Operating expenses)  |             |              |             |                    | 25                 |
| New board machine in Gruvön - restructuring (Operating expenses)  | -20         |              | 205         | -20                | 205                |
| New board machine in Gruvön - depreciation and impairment of existing non-current assets (Depreciation and Impairment of non-current assets)  | 39          | 7            | 120         | 60                 | 120                |
| <b>Items affecting comparability</b>  | <b>66</b>   | <b>36</b>    | <b>325</b>  | <b>150</b>         | <b>350</b>         |
| * 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date. |             |              |             |                    |                    |
| <b>Capital employed, SEKm</b>   |             |              |             | <b>31 Dec 2017</b> | <b>31 Dec 2016</b> |
| Total assets  |             |              |             | 28 196             | 25 854             |
| Accounts payables   |             |              |             | -3 294             | -3 049             |
| Other liabilities and provisions  |             |              |             | -1 551             | -1 514             |
| Other provisions  |             |              |             | -227               | -252               |
| Deferred tax liabilities  |             |              |             | -3 392             | -3 410             |
| Interest-bearing non-current assets   |             |              |             | -16                | -15                |
| Cash and Cash equivalents   |             |              |             | -168               | -708               |
| <b>Capital employed</b>   |             |              |             | <b>19 548</b>      | <b>16 906</b>      |
| <b>Working capital, SEKm</b>  |             |              |             | <b>31 Dec 2017</b> | <b>31 Dec 2016</b> |
| Inventories   |             |              |             | 2 912              | 3 142              |
| Accounts receivables  |             |              |             | 2 713              | 2 612              |
| Other operating receivables   |             |              |             | 899                | 681                |
| Accounts payables   |             |              |             | -3 294             | -3 049             |
| Other operating liabilities (excl provisions)   |             |              |             | -1 527             | -1 428             |
| Tax liabilities   |             |              |             | 57                 | -1                 |
| <b>Working capital</b>  |             |              |             | <b>1 760</b>       | <b>1 957</b>       |
| <b>Interest-bearing net debt, SEKm</b>  |             |              |             | <b>31 Dec 2017</b> | <b>31 Dec 2016</b> |
| Interest bearing provisions   |             |              |             | 784                | 778                |
| Interest bearing non-current liabilities  |             |              |             | 3 586              | 2 687              |
| Interest bearing current liabilities  |             |              |             | 1 551              | 1 142              |
| Interest-bearing non-current assets   |             |              |             | -16                | -15                |
| Cash and Cash equivalents   |             |              |             | -168               | -708               |
| <b>Interest-bearing net debt</b>  |             |              |             | <b>5 737</b>       | <b>3 884</b>       |



# Definitions

## ADJUSTED KEY FIGURES

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability include additional project costs for major projects, as well as significant earnings effects from acquisition and disposals.

## ADJUSTED EBITDA

Operating profit before depreciation and amortisation adjusted for items affecting comparability.

## ADJUSTED EARNINGS PER SHARE

Earnings per share adjusted for items affecting comparability after tax attributable to owners of the parent company.

## ADJUSTED OPERATING PROFIT

Operating profit adjusted for items affecting comparability.

## CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets. The measure is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

## EARNINGS PER SHARE

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

## EQUITY

Equity at the end of the period.

## EBITDA

Operating profit before depreciation and amortisation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation). EBITDA is a measure of operating performance. It is a profit measure that is close to the operating cash flow.

## EBITDA, %

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales. The measure is used in business review as well as for benchmarking with peer companies.

## INTEREST-BEARING NET DEBT

Interest-bearing provisions and liabilities less interest-bearing assets. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

## INTEREST-BEARING NET DEBT/ EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

## MF KRAFT PAPER

Machine Finished kraft paper.

## MG KRAFT PAPER

Machine Glazed kraft paper.

## NBSK

Northern Bleached Softwood Kraft.

## NET DEBT/EQUITY RATIO

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

## OPERATING CASH FLOW

Cash flow from operating activities including net investments in property, plant and equipment and acquisition of financial assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt and pay dividends to the shareholders.

## OPERATING MARGIN

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting all operating expenses. The measure is used in business review as well as for benchmarking with peer companies.

## RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used in business review and benchmarking with peer companies.

## RETURN ON EQUITY

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

## WORKING CAPITAL

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

## WORKING CAPITAL AS PERCENTAGE OF NET SALES

Average working capital for the last three months, divided by annual net sales at year end or annualised net sales during interim-quarter (net sales for the quarter multiplied by four). Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.

## Parent company

### Summarised income statement

| SEKm   | Quarter      |              | Full year    |              |
|--|--------------|--------------|--------------|--------------|
|  | Q4 -17       | Q4 -16       | 2017         | 2016         |
| Operating income                                       | 120          | 78           | 402          | 482          |
| Operating expenses                                     | -146         | -134         | -523         | -509         |
| <b>Operating profit/loss</b>                           | <b>-26</b>   | <b>-56</b>   | <b>-121</b>  | <b>-27</b>   |
| Financial income and expenses                          | -59          | -34          | -123         | -121         |
| <b>Profit/Loss after financial income and expenses</b> | <b>-85</b>   | <b>-90</b>   | <b>-244</b>  | <b>-148</b>  |
| Appropriations   | 2 635        | 1 291        | 2 635        | 1 291        |
| <b>Profit/Loss before tax</b>                          | <b>2 550</b> | <b>1 201</b> | <b>2 391</b> | <b>1 143</b> |
| Taxes  | -561         | -264         | -511         | -245         |
| <b>Net profit/loss for the period</b>                  | <b>1 989</b> | <b>937</b>   | <b>1 880</b> | <b>898</b>   |

### Summarised balance sheet

| SEKm                                | 31 Dec<br>2017 | 31 Dec<br>2016 |
|-------------------------------------|----------------|----------------|
| Non-current assets                  | 10 748         | 10 754         |
| Current assets                      | 10 358         | 5 747          |
| <b>Total assets</b>                 | <b>21 106</b>  | <b>16 501</b>  |
| Shareholders' equity                | 8 251          | 7 292          |
| Untaxed reserves                    | 1 586          | 1 031          |
| Provisions                          | 208            | 204            |
| Interest-bearing liabilities        | 10 063         | 7 081          |
| Other liabilities                   | 998            | 893            |
| <b>Total equity and liabilities</b> | <b>21 106</b>  | <b>16 501</b>  |

## Quarterly data

The Group's business is managed and reported according to BillerudKorsnäs' three business areas. As of Q1 2017, Other includes former Other Units and Group Staff and Eliminations. Other units included results from wood supply, Nine AB, Scandfibre Logistics AB, rental operations, dormant companies, result of sale of businesses, items affecting comparability and costs due to larger investments in the production structure. Group staff and eliminations included Group-wide functions, Group eliminations and the share in profits in associated companies. Comparable periods have been adjusted. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of trade receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates for invoicing is included in the business area's profit/loss.

### Net sales quarterly per business area and for the Group

| SEKm                   | Q4 -17       | Q3 -17       | Q2 -17       | Q1 -17       | Q4 -16       | Q3 -16       | Q2 -16       | Q1 -16       | Jan-Dec 2017  | Jan-Dec 2016  |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Packaging Paper        | 2 147        | 2 090        | 2 151        | 2 141        | 2 067        | 2 100        | 2 085        | 2 087        | 8 529         | 8 339         |
| Consumer Board         | 1 943        | 2 019        | 2 099        | 2 128        | 1 988        | 1 975        | 2 028        | 2 024        | 8 189         | 8 015         |
| Corrugated Solutions   | 1 011        | 1 012        | 902          | 931          | 989          | 913          | 839          | 879          | 3 856         | 3 620         |
| Other                  | 437          | 422          | 483          | 465          | 463          | 400          | 421          | 363          | 1 807         | 1 647         |
| Currency hedging, etc. | 27           | 1            | -35          | -29          | -39          | 5            | 66           | 4            | -36           | 36            |
| <b>Total Group</b>     | <b>5 565</b> | <b>5 544</b> | <b>5 600</b> | <b>5 636</b> | <b>5 468</b> | <b>5 393</b> | <b>5 439</b> | <b>5 357</b> | <b>22 345</b> | <b>21 657</b> |

### EBITDA quarterly per business area and for the Group

| SEKm                   | Q4 -17     | Q3 -17       | Q2 -17     | Q1 -17     | Q4 -16     | Q3 -16       | Q2 -16     | Q1 -16       | Jan-Dec 2017 | Jan-Dec 2016 |
|------------------------|------------|--------------|------------|------------|------------|--------------|------------|--------------|--------------|--------------|
| Packaging Paper        | 401        | 394          | 312        | 392        | 421        | 441          | 266        | 358          | 1 499        | 1 486        |
| Consumer Board         | 363        | 466          | 498        | 440        | 336        | 424          | 479        | 484          | 1 767        | 1 723        |
| Corrugated Solutions   | 212        | 269          | 163        | 190        | 241        | 241          | 130        | 217          | 834          | 829          |
| Other                  | -78        | -80          | -75        | -70        | -267       | -74          | -82        | -46          | -303         | -469         |
| Currency hedging, etc. | 25         | 2            | -35        | -29        | -38        | 5            | 66         | 4            | -37          | 37           |
| <b>Total Group</b>     | <b>923</b> | <b>1 051</b> | <b>863</b> | <b>923</b> | <b>693</b> | <b>1 037</b> | <b>859</b> | <b>1 017</b> | <b>3 760</b> | <b>3 606</b> |

### EBITDA<sup>1</sup> quarterly per business area and for the Group

| SEKm                          | Q4 -17       | Q3 -17       | Q2 -17       | Q1 -17       | Q4 -16       | Q3 -16       | Q2 -16       | Q1 -16       | Jan-Dec 2017 | Jan-Dec 2016 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Packaging Paper               | 428          | 469          | 482          | 420          | 421          | 502          | 415          | 358          | 1 799        | 1 696        |
| Consumer Board                | 478          | 596          | 506          | 446          | 471          | 544          | 495          | 484          | 2 026        | 1 994        |
| Corrugated Solutions          | 212          | 284          | 212          | 231          | 241          | 254          | 209          | 217          | 939          | 921          |
| Other                         | -53          | -56          | -56          | -55          | -62          | -74          | -57          | -46          | -220         | -239         |
| Currency hedging, etc.        | 25           | 2            | -35          | -29          | -38          | 5            | 66           | 4            | -37          | 37           |
| <b>Total Group</b>            | <b>1 090</b> | <b>1 295</b> | <b>1 109</b> | <b>1 013</b> | <b>1 033</b> | <b>1 231</b> | <b>1 128</b> | <b>1 017</b> | <b>4 507</b> | <b>4 409</b> |
| Costs for maint. shutdowns    | -140         | -215         | -227         | -75          | -135         | -194         | -244         | -            | -657         | -573         |
| Items affecting comparability | -27          | -29          | -19          | -15          | -205         | -            | -25          | -            | -90          | -230         |
| <b>EBITDA</b>                 | <b>923</b>   | <b>1 051</b> | <b>863</b>   | <b>923</b>   | <b>693</b>   | <b>1 037</b> | <b>859</b>   | <b>1 017</b> | <b>3 760</b> | <b>3 606</b> |

### EBITDA-margin<sup>1</sup> quarterly per business area and for the Group

| %                    | Q4 -17    | Q3 -17    | Q2 -17    | Q1 -17    | Q4 -16    | Q3 -16    | Q2 -16    | Q1 -16    | Jan-Dec 2017 | Jan-Dec 2016 |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|--------------|
| Packaging Paper      | 20        | 22        | 22        | 20        | 20        | 24        | 20        | 17        | 21           | 20           |
| Consumer Board       | 25        | 30        | 24        | 21        | 24        | 28        | 24        | 24        | 25           | 25           |
| Corrugated Solutions | 21        | 28        | 24        | 25        | 24        | 28        | 25        | 25        | 24           | 25           |
| <b>Group</b>         | <b>20</b> | <b>23</b> | <b>20</b> | <b>18</b> | <b>19</b> | <b>23</b> | <b>21</b> | <b>19</b> | <b>20</b>    | <b>20</b>    |

### Sales volumes quarterly per business area and for the Group

| ktonne               | Q4 -17     | Q3 -17     | Q2 -17     | Q1 -17     | Q4 -16     | Q3 -16     | Q2 -16     | Q1 -16     | Jan-Dec 2017 | Jan-Dec 2016 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Packaging Paper      | 282        | 289        | 288        | 293        | 285        | 292        | 295        | 295        | 1 152        | 1 167        |
| Consumer Board       | 252        | 265        | 279        | 285        | 257        | 261        | 268        | 265        | 1 081        | 1 051        |
| Corrugated Solutions | 132        | 145        | 121        | 144        | 147        | 140        | 129        | 138        | 542          | 554          |
| <b>Total Group</b>   | <b>666</b> | <b>699</b> | <b>688</b> | <b>722</b> | <b>689</b> | <b>693</b> | <b>692</b> | <b>698</b> | <b>2 775</b> | <b>2 772</b> |

<sup>1</sup> EBITDA and margin are adjusted for the effects of periodical maintenance shutdowns and for items affecting comparability.

# This is BillerudKorsnäs

BillerudKorsnäs is one of the **world's leading suppliers of high-quality, packaging materials** based on renewable raw material. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation.

Demand is driven by global megatrends, particularly rising urbanisation, a greater focus on sustainability and changing consumption patterns. Consumer segments, primarily food and beverages, account for 74% of sales. While Europe is the core market, BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

Smart packaging solutions using paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

## **BUSINESS MODEL**

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies. Innovative packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability.

## **STRATEGIC FOCUS**

BillerudKorsnäs' overall objective is sustainable and profitable growth. The target is to grow by 3–4% a year. Our strategy is based on five areas that all interact: **Position, Innovation, Sustainability, Efficiency and Employees**. Find out more at [billerudkorsnas.com](http://billerudkorsnas.com)

## **VALUE DRIVERS**

High-performance materials based on renewable raw material from responsibly managed forests. Smarter solutions that optimise our customers' business. Leading positions in the growing global packaging market. A holistic approach to the entire packaging value chain from raw material all the way to the end-customer and recycling.



# **BILLERUDKORSNÄS**

BillerudKorsnäs Aktiebolag (publ) • Postal address: Box 703, SE-169 27 Solna, Sweden • Visitors' address: Frösundaleden 2b  
Company reg. no. 556025-5001 • Tel +46 8 553 335 00 • [ir@billerudkorsnas.com](mailto:ir@billerudkorsnas.com)  
[www.billerudkorsnas.com](http://www.billerudkorsnas.com)