



BILLERUDKORSNÄS



Q2

January–June 2018

INTERIM REPORT JANUARY–JUNE 2018

Quarterly data

- Net sales were SEK 5 898 million (5 600), an increase of 5% mainly as a result of increased local sales prices.
- A provision of SEK 452 million was made in the quarter relating to workplace efficiency and environment and unifying accounting principles.
- EBITDA was SEK 203 million (863), a decrease of 76% mainly as a result of provisions made, increased wood costs and higher than expected costs relating to planned maintenance shutdowns.
- Adjusted EBITDA was SEK 671 million (882), a decrease of 24%.
- The adjusted operating margin was 5% (9%).
- Adjusted operating profit was SEK 309 million (515), a decrease of 40%.
- Earnings per share amounted to SEK -0.64 (1.71).

Key highlights

- Continued strong demand driving increased pricing.
- Production records achieved at four mills.
- Start-up issues relating to planned maintenance shutdowns.
- Negative earnings impact from cost inflation and wood shortage.
- Provision for workplace efficiency and environment initiative, and unified accounting principles, related to spare parts and consumables.
- Strategic investments are progressing according to plan.

KEY FIGURES

SEKm	Q2	Q2	Change	Jan-Jun	Jan-Jun	Change
	2018	2017		2018	2017	
Net sales	5 898	5 600	5%	11 795	11 236	5%
EBITDA	203	863	-76%	1 268	1 786	-29%
EBITDA, %	3%	15%		11%	16%	
Adjusted EBITDA	671	882	-24%	1 773	1 820	-3%
Adjusted EBITDA, %	11%	16%		15%	16%	
Operating profit	-174	489	-136%	503	1 039	-52%
Operating margin, %	-3%	9%		4%	9%	
Adjusted operating profit	309	515	-40%	1 038	1 087	-5%
Adjusted operating margin, %	5%	9%		9%	10%	
Net profit/loss for the period	-133	356	-137%	365	757	-52%
Earnings per share, SEK	-0,64	1,71	-137%	1,76	3,65	-52%
Adjusted earnings per share, SEK	1,18	1,81	-35%	3,78	3,83	-1%
Operating cash flow	-1 191	314		-1 517	20	
ROCE, %	N/A	N/A		9%	11%	
Adjusted ROCE, %	N/A	N/A		12%	13%	
Interest-bearing net debt / EBITDA, multiple	2,52	1,35		2,52	1,35	
Interest-bearing net debt / Adjusted EBITDA, multiple	2,15	1,26		2,15	1,26	

For key figures and a reconciliation of alternative performance measures, see pages 20-22.

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COMMENTS BY CEO

High pace in changes and continued strong growth



Petra Einarsson,
President and CEO

SEK 5 898 million
Net sales

SEK 203 million
EBITDA

SEK 671 million
Adjusted EBITDA

11%
Adjusted EBITDA margin

The second quarter was characterised by continued strong demand for innovative and sustainable packaging. Net sales in the quarter increased by 5% compared with the same period last year, mainly driven by higher sales prices. The increased sales prices have compensated for higher wood costs. However, both raw material costs and wood supply will continue to challenge our result and production.

The production has been stable during the quarter, apart from the start-up issues related to the planned maintenance shutdowns. It is encouraging to note that four of our mills achieved production records, and that our growth investments are progressing according to plan. The new machine at Skärblacka has been started successfully.

Within the scope of the group-wide programme for improved production efficiency, we have decided to implement measures with the aim of strengthening the workplace efficiency and environment at several of our mills. Linked to this, and to unify accounting principles related to spare parts and consumables, a provision of SEK 452 million has been made.

In order to achieve faster decision-making and implementation of our strategy and plans, we have begun negotiations on a new organisational structure that will consist of three business divisions with full profit and loss responsibility.

The result

EBITDA for the quarter amounted to SEK 203 million, a decrease of 76% primarily related to provisions. Net sales increased by 5%, mainly driven by increased prices and a positive currency impact. Variable costs increased, due to demand-driven price increases for wood and chemicals.

The adjusted EBITDA margin was 11%. Production losses due to continued wood shortages had a negative impact of SEK 100 million on EBITDA. The planned and prolonged maintenance shutdowns at Gruvön and Skärblacka were carried out at a total cost of SEK 401 million, which was SEK 66 million higher than expected due to certain start-up issues.

Packaging Paper is delivering a strong result, driven by increased demand and higher prices. Consumer Board had high availability, but EBITDA decreased compared with last year due to contractual unchanged sales prices and increased raw material costs. Managed Packaging, within Corrugated Solutions, is continuing to deliver strong sales growth and is now contributing positively to earnings.

Market outlook

Strong demand within all business areas is expected to continue. Order levels are high with possibilities for selected price increases to offset the rising raw material prices.

In the longer term, the global mega trends of urbanisation, e-commerce and sustainability offer significant opportunities for continued growth. Innovative and sustainable products are gaining an increasingly important role in many brand owners' efforts to make their products more competitive. With a clear innovation focus, we are well positioned to capture that growth. One example is the paper battery enabling energy storage in packaging material, where important steps have been taken lately towards a commercialisation. The long-term aim is to enable large-scale production and the future use of paper batteries for applications in areas such as smart packaging.

Strategy

BillerudKorsnäs has a strategy with a clear direction. To ensure that we are able to take maximum advantage of our excellent position for profitable growth, the company has initiated negotiations on a new organisational set-up consisting of three business divisions with full profit and loss responsibility. Following the implementation, we will have an efficient organisation in place to deliver on said strategy.

Sales and results

EBITDA decreased following provisions and increased maintenance costs.

EBITDA was negatively impacted by increased wood costs and provisions.

Q2 2018 compared with Q1 2018

Net sales were at the same level as in the previous quarter. Prices mainly for sack paper, fluting and pulp continued to improve and the situation was further strengthened by favourable currency effects. The price of pulp continues to be largely driven by China.

During the second quarter, planned maintenance shutdowns at Gruvön and Skärblacka were carried out. In addition, a planned prolonged maintenance shutdown due to rebuilds at Gruvön in connection with the new board machine KM7 affected the results.

Sales volumes decreased by 6% compared with the previous quarter. The main reason for the decrease related to the planned maintenance shutdowns at Gruvön and Skärblacka. No such shutdowns were carried out in Q1.

EBITDA decreased by SEK 862 million, from SEK 1 065 million to SEK 203 million. The decrease is related to the SEK 452 million provision and to the SEK 401 million in impact from planned maintenance shutdowns. The earnings effect of the planned maintenance shutdowns, including the prolonged maintenance shutdown at Gruvön in the quarter, was SEK 66 million more than estimated due to start-up issues. These issues resulted in a negative EBITDA effect which impacted Packaging Paper by SEK 29 million and Corrugated Solutions by SEK 34 million.

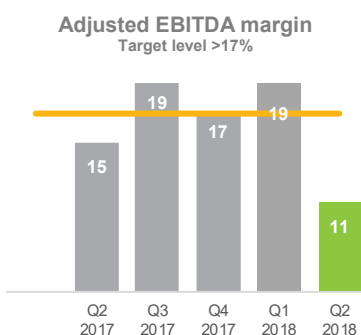
Q2 2018 compared with Q2 2017

Net sales for the second quarter were 5% higher than the same quarter last year. The improvements were due to sustained favourable price development primarily for pulp, fluting, liner and sack paper, combined with favourable currency effects. This was to some extent offset by lower sales volumes. Managed Packaging continued to show strong growth.

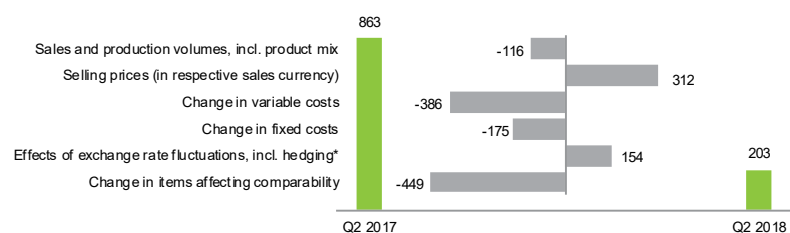
The lower sales volumes than the same quarter last year were the result of the impact from planned maintenance shutdowns at Gruvön and Skärblacka as well as the wood shortage. A prolonged maintenance shutdown was also carried out at Gruvön relating to the new KM7 board machine as part of the Next Generation investment programme. The wood supply situation has improved somewhat compared with Q1, but the dry weather with risk of fire is still a challenge.

The wood shortage mainly affected Packaging Paper and Pulp, and also Corrugated Solutions to some extent. The total impact on earnings from the wood shortage in the second quarter was approximately SEK 100 million or 25 ktonnes including additional logistics costs, compared with the SEK 50 to 75 million previously estimated.

EBITDA was negatively impacted by increased costs for wood and chemicals following a strong market demand, weather-related wood shortage, planned maintenance shutdowns as well as provisions. The total impact from planned maintenance shutdowns amounted to SEK 401 million, compared with SEK 230 million in the corresponding quarter last year. In Q2 2018 the Group made provisions primarily for workplace efficiency and environmental initiatives and for an acceleration of the ongoing implementation of unified accounting principles on spare parts and consumables in the Group.



Change in EBITDA for Q2 2018 compared with Q2 2017, SEK million



*Effects of exchange rate fluctuations totalling SEK 154 million comprise the following components: change in spot rates of SEK 180 million, currency hedging of SEK -88 million and currency effects from the revaluation of trade receivables and payments from customers of SEK 62 million.

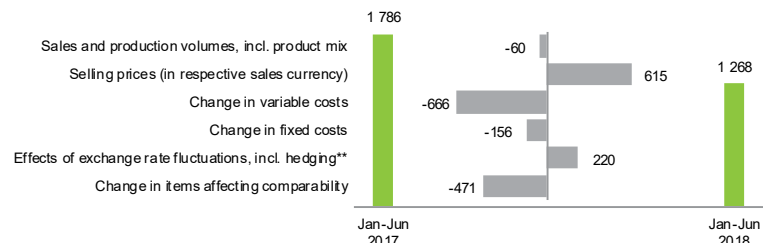
The positive EBITDA effect from higher selling prices and currency was offset by wood-related cost increases and higher planned maintenance costs and provisions.

Jan-Jun 2018 compared with Jan-Jun 2017

Net sales for the first half of 2018 were 5% higher than for the same period last year, driven by increased sales prices with strong positive effects on Packaging Paper and Corrugated Solutions combined with positive currency effects. Prices for Consumer Board remained largely unchanged due to long-term customer contracts. Sales volumes decreased by 6% despite good market conditions across the board. Packaging Paper was impacted by additional effects from planned maintenance shutdowns and the wood shortage, which mostly impacted pulp. For the same reasons, Corrugated Solutions saw a substantial effect on fluting production by PM 6 at Gruvön. This negative impact was partly offset by positive product mix development, as well as continued good growth for Managed Packaging.

EBITDA decreased by SEK 518 million, following substantial wood and chemicals cost increases, impact from the wood shortage, increased costs for maintenance shutdowns and provisions. The higher than estimated negative financial effect from the maintenance shutdowns was mitigated by production records at four other mills. This meant that the increase in wood costs was the single most significant factor in the EBITDA decrease.

Change in EBITDA Jan-Jun 2018 compared with Jan-Jun 2017, SEK million



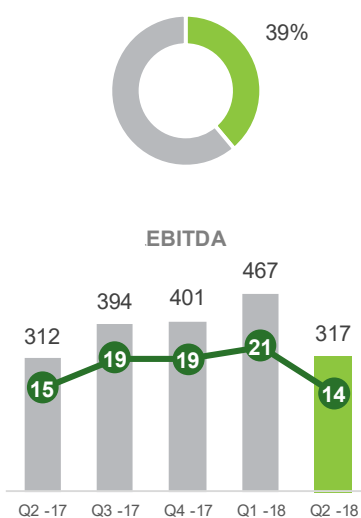
**Effects of exchange rate fluctuations totalling SEK 220 million comprise the following components: change in spot rates of SEK 223 million, currency hedging of SEK -139 million and currency effects from the revaluation of trade receivables and payments from customers of SEK 136 million.

Packaging Paper business area

KRAFT AND SACK PAPER FOR CUSTOMERS WITH TOUGH DEMANDS

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 approximately 100 ktonnes for 2018 and 0 ktonnes in 2021.

Share of Group's net sales for Q2 2018



KEY FIGURES

SEKm	Quarter		Jan-Jun		Full year
	Q2 -18	Q2 -17	2018	2017	2017
Net sales	2 292	2 151	4 568	4 292	8 529
of which kraft paper	940	917	1 871	1 893	3 685
of which sack paper	760	663	1 595	1 300	2 631
Net operating expenses, other	-1 975	-1 839	-3 784	-3 588	-7 030
EBITDA	317	312	784	704	1 499
EBITDA, %	14%	15%	17%	16%	18%
Operating profit/loss	198	196	556	472	1 035
Operating margin, %	9%	9%	12%	11%	12%
Sales volumes, ktonnes	257	288	535	581	1 152

Q2 2018 compared with Q2 2017

Net sales in the second quarter of 2018 were 7% higher than in the same quarter of 2017 as a result of improved sales prices, a better sales mix and favourable currency effects. Sales volumes in the quarter were lower than last year because of the wood shortage and planned maintenance shutdowns.

EBITDA increased by 2% compared with the corresponding quarter last year, owing to higher sales prices and a favourable product mix despite lower sales volumes.

Jan-Jun 2018 compared with Jan-Jun 2017

Net sales for the first half of 2018 increased by 6% compared with the first half of 2017 as a result of a favourable sales mix, higher prices in local currency and favourable currency effects. Sales volumes were lower than the corresponding period due to wood shortage and planned maintenance shutdowns at Skärblacka and Gruvön.

EBITDA increased by 11% compared with the same period last year, owing to a better sales mix, higher prices and favourable currency effects.

Market development

Market conditions were strong during the quarter. Compared with the previous quarter, the market remained favourable for all sack and kraft papers. Prices in local currencies increased for both sack papers and kraft papers.

The market for NBSK pulp remained positive, as in previous quarters. Prices were around USD 1 190 per tonne at the end of the quarter compared with USD 1 090 at the end of the previous quarter. At the end of the second quarter of 2017 the price was USD 890 per tonne.

Outlook

The market for kraft and sack paper is expected to remain strong with possibilities for selected price increases.

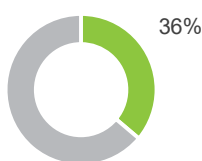


Consumer Board business area

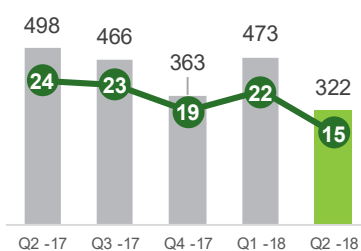
LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES

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
Q2 2018



EBITDA



KEY FIGURES

SEKm	Quarter		Jan-Jun		Full year
	Q2 -18	Q2 -17	2018	2017	2017
Net sales	2 132	2 099	4 296	4 227	8 189
of which liquid packaging board	1 769	1 790	3 586	3 622	6 936
of which cartonboard	358	307	702	601	1 245
Net operating expenses, other	-1 810	-1 601	-3 501	-3 289	-6 422
EBITDA	322	498	795	938	1 767
EBITDA, %	15%	24%	19%	22%	22%
Operating profit/loss	127	299	398	545	983
Operating margin, %	6%	14%	9%	13%	12%
Sales volumes, ktonnes	275	279	556	564	1 081

Q2 2018 compared with Q2 2017

Compared with the second quarter of 2017, net sales increased by 2%. Demand is still strong, but price levels are largely unchanged, which is due to long-term agreements with major customers; together with increased raw material prices, this is putting pressure on margins. Production availability was good over the period, and production is running according to plan.

EBITDA decreased by 35% compared with the second quarter of 2017. The decrease was mainly due to higher prices for wood and externally purchased pulp.

Jan-Jun 2018 compared with Jan-Jun 2017

Net sales increased by 2% compared with the first half of 2017. The increase is mainly due to a more favourable product mix and positive currency effects.

EBITDA decreased by 15% compared with the first half of 2017. The decrease was mainly due to the higher cost of wood and externally purchased pulp.

Market development

Market conditions were strong during the quarter. Prices in local currency were largely unchanged compared with the previous quarter, although Cartonboard prices increased in the second quarter.

Outlook

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

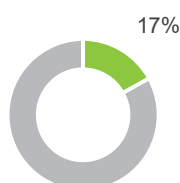


Corrugated Solutions business area

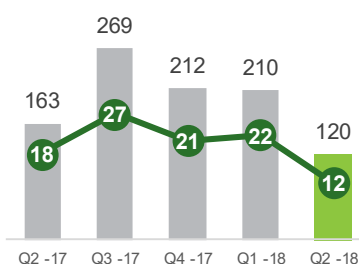
FLUTING AND LINER ADD VALUE

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
Q2 2018



EBITDA



KEY FIGURES

SEKm	Quarter		Jan-Jun		Full year
	Q2 -18	Q2 -17	2018	2017	2017
Net sales	1 002	902	1 955	1 833	3 856
of which fluting	404	375	866	845	1 779
of which liner	337	341	662	688	1 389
of which Managed Packaging	243	179	395	292	662
Net operating expenses, other	-882	-739	-1 625	-1 480	-3 022
EBITDA	120	163	330	353	834
EBITDA, %	12%	18%	17%	19%	22%
Operating profit/loss	76	117	244	262	656
Operating margin, %	8%	13%	12%	14%	17%
Sales volumes, ktonnes	112	121	239	265	542

Q2 2018 compared with Q2 2017

Net sales increased by 11% compared with the corresponding quarter in 2017 as a result of improved prices in local currency, positive currency effects and strong sales within Managed Packaging. Together this offset the effect from lower sales volumes mainly relating to the planned and prolonged maintenance shutdowns.

EBITDA decreased by 26% compared with the second quarter of 2017. The shutdowns impacted with reduced volumes and increased fixed costs, which were to some extent mitigated by a positive contribution from Managed Packaging.

Jan-Jun 2018 compared with Jan-Jun 2017

Net sales increased in the first half of 2018 by 7% compared with the same period in 2017 owing to higher prices in local currency and stronger sales in Managed Packaging, in part offset by lower paper sales volumes.

EBITDA decreased by 7% as a result of higher variable costs linked to wood costs and lower sales and production volumes owing to the wood shortage and the planned and prolonged maintenance shutdowns. This was offset by higher sales prices, and improved Managed Packaging earnings.

Market development

The liner and fluting market remained good with increased prices and high demand in the second quarter, particularly in Europe but also on other markets. Managed Packaging continued to deliver strong sales growth in the quarter.

Outlook

Order levels for fluting and liner are expected to remain stable at a high level. Managed Packaging is expected to continue delivering strong growth.



Currency hedging

SEK -100 million impact on net sales for the quarter.

Currency hedging had a net sales impact of SEK -100 million (-12) for the second quarter and SEK -162 million (-23) for the first half of 2018 (compared with no currency hedging).

The outstanding forward exchange contracts at 30 June 2018 had a market value of SEK -305 million, SEK -57 million of which is the portion of the contracts matched by trade receivables that affected earnings in the second quarter. Accordingly, other contracts had a market value of SEK -248 million.

Hedged portion of forecast currency flows** for EUR, USD and GBP and exchange rates against SEK (30 June 2018).

Currency	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Total 15 months	Q4-19	Q1-20	Q2-20
EUR Share of net flow	80%	80%	80%	80%	80%	80%	49%	49%	33%
Rate	9.51	9.39	9.76	9.97	10.34	9.81	10.30	10.30	10.30
USD Share of net flow	69%	63%	63%	65%	-	51%	-	-	-
Rate	8.35	8.37	8.55	8.63	-	8.48	-	-	-
GBP Share of net flow	27%	-	-	-	-	5%	-	-	-
Rate	11.76	-	-	-	-	11.76	-	-	-
Market value of currency contracts*	-85	-94	-61	-40	-7	-287	-7	-7	-4

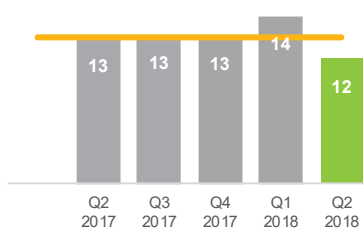
*At 30 June 2018.

**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. During the quarter, BillerudKorsnäs' Board of Directors approved an extension of the EUR/SEK hedging horizon to May 2020.

Adjusted return on capital employed

Target level >13%



Investments and capital employed

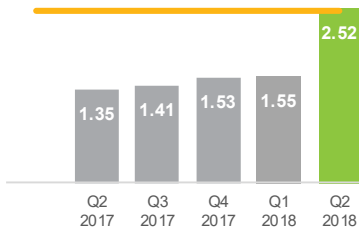
Gross investments amounted to SEK 1 533 million (904) for the second quarter and SEK 2 665 million (1 459) for the first half of 2018. The investments mainly relate to the new board machine at Gruvön.

Capital employed at 30 June 2018 amounted to SEK 21 594 million (17 688). Return on capital employed (ROCE), calculated over the last 12-month period, amounted to 9% (11%). ROCE calculated using adjusted operating profit amounted to 12% (13%).

Return on equity was 9% (11%).

Cash flow and financial position

Net debt/EBITDA
target level <2.5



Summary Cash Flow Statement

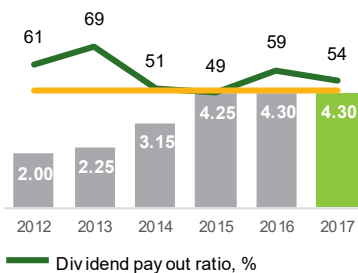
SEKm	Quarter		Jan-Jun	
	Q2 -18	Q2 -17	2018	2017
Operating surplus, etc.	559	837	1 609	1 732
Change in working capital, etc.	-140	458	-223	-27
Net financial items, taxes, etc.	-83	-78	-244	-227
Cash flow from operating activities	336	1 217	1 142	1 478
Current net investments	-1 527	-903	-2 659	-1 458
Operating cash flow	-1 191	314	-1 517	20

Operating cash flow amounted to SEK – 1 191 million (314) in the second quarter and SEK -1 517 million (20) in first half of 2018. Changes in cash flow were mainly due to the investments at Gruvön and Skärblacka. Working capital in relation to sales was 9% for the quarter, which was also the level in the first quarter of 2018.

Interest-bearing net debt at 30 June 2018 amounted to SEK 8 166 million (4 734). The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 2.52 (1.35). If adjusted EBITDA were used in the calculation, the ratio would be 2.15. The target is to have a ratio below 2.5.

Financing

Dividend policy
Target level 50%



On 30 June 2018, interest-bearing debt amounted to SEK 7 746 million, an increase of SEK 1 395 million compared with the previous quarter. During the quarter, a total of SEK 400 million in bond loans, SEK 600 million in commercial paper and SEK 400 in term loans were issued.

Compared with the same period last year, interest-bearing debt increased by SEK 3 036 million.

Loan	Limit, SEKm	Maturity, years			Total utilised
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans		200	256	1 521	1 977
Bond loans within MTN program	7 000		400	4 300	4 700
Commercial paper	3 000	600			600
Term loan, Bomhus Energi AB		46	46	377	469
Group total		846	702	6 198	7 746



Taxes

The tax cost for the first half year of 2018 amounted to SEK 52 million (199), equal to approximately 12% (21%) of profit before tax. The low tax rate is due to revaluation of deferred taxes, principally due to the decision to reduce the tax rate in Sweden. The Swedish tax rate will be reduced from 22% to 21.4% in 2019 and 2020 and to 20.6% from 2021.

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 the second quarter of 2018 was SEK -88 million compared with SEK -57 million for the second quarter of 2017. Operating profit/loss reflect the effects of 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 -100 million (-12) for the second quarter.

The average number of employees was 103 (107). Cash and bank balances, and short-term investments amounted to SEK 156 million (534).

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.

In the second quarter of 2018 planned maintenance shutdowns were carried out at Gruvön and Skärblacka. The total cost, including the prolonged maintenance shutdown due to rebuilds in connection with the new KM7 board machine, amounted to approximately SEK 401 million, which was SEK 66 million more than estimated.

Estimated maintenance shutdown cost

Produktions- enheter	Uppskattad stoppkostnad ¹ MSEK	Uppskattad fördelning av stoppkostnad per affärsområde			Planerade tidpunkter för underhållsstopp		
		Packaging Paper	Consumer Board	Corrugated Solutions	2018	2017	2016
Gävle	~ 140	~ 5%	~ 80%	~ 15%	Kv 3	Kv 3	Kv 3
Gruvön*	~ 140	~ 40%	~ 10%	~ 50%	Kv 2	Kv 2	Kv 2
Frövi	~ 90	0%	100%	0%	Kv 4	Kv 4	Kv 4
Skärblacka	~ 120	~ 85%	0%	~ 15%	Kv 2	Kv 2	Kv 2
Skärblacka	~ 20	100%	0%	0%	-	Kv 3	-
Karlsborg	~ 55	100%	0%	0%	Kv 3	Kv 3	Kv 3
Jakobstad	~ 15	100%	0%	0%	Kv 4	Kv 2	-
Rockhammar	~ 15	0%	100%	0%	Kv 4	Kv 4	Kv 4

¹Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

*In addition to the planned maintenance shutdown at Gruvön in 2018, a prolonged maintenance shutdown due to rebuilds in connection with the new KM7 board machine was carried out at an estimated cost of SEK 75 million.

Largest shareholders

BillerudKorsnäs' 10 largest shareholders (30 June 2018)

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	19 731 403	9.5
Swedbank Robur Funds	12 372 990	6.0
Fourth Swedish National Pension Fund	8 763 857	4.2
Alecta	7 066 200	3.4
Vanguard	4 358 417	2.1
AllianceBernstein	3 785 501	1.8
Handelsbanken Funds	3 627 494	1.8
Nordea Funds	3 546 016	1.7
Dimensional Fund Advisors	2 809 688	1.4
Total 10 largest shareholders	97 361 566	47.0
Total number of shares in the market	207 035 643	100.0

Distribution of shares

Distribution of shares (30 June 2018)

Registered number of shares	208 219 834
Bought back shares	-1 184 191
Total number of shares in the market	207 035 643

Long-term incentive programme

The 2018 AGM resolved that BillerudKorsnäs would introduce a long-term incentive programme ('LTIP 2018') combined with a transfer of individual holdings of own shares. BillerudKorsnäs already has two existing long-term incentive programmes (LTIP 2016 and LTIP 2017).

The purpose of LTIP 2018 is to strengthen BillerudKorsnäs' ability to attract, motivate and retain the best personnel for central leadership positions. The objective is also to encourage senior executives, other key personnel and talent in the BillerudKorsnäs Group to make increased efforts by linking their interests and perspective with that of shareholders. The programme includes up to 100 senior executives, other key personnel and talent in the BillerudKorsnäs Group. LTIP 2018 runs for three years starting in 2018. LTIP 2018 has a similar design to previous long-term incentive programmes (2010–2017). The results depend on the extent to which various financial result requirements are met. The maximum number of BillerudKorsnäs shares included in LTIP 2018 is 335 000, representing about 0.16% of the total number of BillerudKorsnäs shares outstanding and number of votes. The highest estimated costs for LTIP 2018 are calculated at approximately SEK 81.6 million, SEK 50.2 million of which comprises social security costs.

Further information about LTIP 2018 is available in the 2018 AGM documentation, which is available on BillerudKorsnäs' website.

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 68-75 of the 2017 Annual and Sustainability Report.

Related-party transactions

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

Events after the end of the quarter

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

Financial calendar

Capital Markets Day Stockholm – 17 September 2018

Capital Markets Briefing London – 18 September 2018

Q3 2018 – 16 October 2018

Q4 2018 – 29 January 2019

Q1 2019 – 17 April 2019

Q2 2019 – 16 July 2019



The undersigned hereby confirm that this mid-year report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties faced by the parent company and Group companies.

Solna, 17 July 2018

BillerudKorsnäs AB (publ)

Lennart Holm
Chairman of the Board

Michael M.F. Kaufmann
Board Member

Andrea Gisle Joosen
Board Member

Bengt Hammar
Board Member

Jan Åström
Board Member

Kristina Schauman
Board Member

Tobias Auchli
Board Member

Victoria Van Camp
Board Member

Gunnevi Lehtinen Johansson
Board Member

Nicklas Johansson
Board Member

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 and the Swedish Securities Market Act. 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			Jan-Jun		Full year
	Q2 -18	Q1 -18	Q2 -17	2018	2017	2017
Net sales	5 898	5 897	5 600	11 795	11 236	22 345
Other income	77	50	48	127	107	220
Operating income	5 975	5 947	5 648	11 922	11 343	22 565
Change in inventories	16	119	-82	135	-242	-182
Raw materials and consumables	-3 222	-2 984	-2 646	-6 206	-5 252	-10 567
Other external costs	-1 588	-1 129	-1 141	-2 717	-2 295	-4 626
Employee benefits expense	-978	-900	-914	-1 878	-1 765	-3 423
Depreciation and impairment of non-current assets	-377	-388	-374	-765	-747	-1 519
Profit/Loss from participations in associated companies	-	12	-2	12	-3	-7
Operating expenses	-6 149	-5 270	-5 159	-11 419	-10 304	-20 324
Operating profit/loss	-174	677	489	503	1 039	2 241
Financial income and expenses*	-46	-40	-45	-86	-83	-138
Profit/Loss before tax	-220	637	444	417	956	2 103
Taxes	87	-139	-88	-52	-199	-465
Net profit/loss for the period	-133	498	356	365	757	1 638
Profit/Loss attributable to:						
Owners of the parent company	-133	498	356	365	757	1 638
Non-controlling interests	-	-	-	-	-	-
Net profit/loss for the period	-133	498	356	365	757	1 638
Earnings per share, SEK	-0.64	2.40	1.71	1.76	3.65	7.91
Diluted earnings per share, SEK	-0.64	2.40	1.72	1.76	3.65	7.90

Summarised statement of comprehensive income

SEKm	Quarter			Jan-Jun		Full year
	Q2 -18	Q1 -18	Q2 -17	2018	2017	2017
Net profit/loss for the period	-133	498	356	365	757	1 638
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains or losses on defined benefit pension plans	-	-	-	-	-	-29
Change in fair value of shareholding in Bergvik Skog**	-	3	1	3	10	43
Tax attributable to items not to be reclassified to profit or loss	-	-	-	-	-	6
Total items never reclassified to profit or loss	-	3	1	3	10	20
Items that have been or may be reclassified subsequently to profit or loss						
Differences arising from the translation of foreign operations' accounts	17	67	12	84	5	32
Change in fair value of cash flow hedges	151	-87	66	64	55	28
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	-33	19	-14	-14	-12	-6
Total items that have been or may be reclassified subsequently to profit or loss	135	-1	64	134	48	54
Total comprehensive income for the period	2	500	421	502	815	1 712
Attributable to:						
Owners of the parent company	2	500	421	502	815	1 712
Non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the period	2	500	421	502	815	1 712

*Includes write-down of other holdings of SEK 35 million in Q2 2018.

**The classification has been changed from Items that have been or may be reclassified subsequently to profit or loss, to Items that will not be reclassified to profit or loss, as a result of the implementation of IFRS 9.



Summarised balance sheet

SEKm	30 Jun 2018	30 Jun 2017	31 Dec 2017
Intangible assets	2 221	2 291	2 248
Property, plant and equipment	19 680	15 648	17 690
Other non-current assets	1 594	1 497	1 566
Total non-current assets	23 495	19 436	21 504
Inventories	3 088	2 907	2 912
Accounts receivable	2 845	2 636	2 713
Other current assets	1 436	780	899
Cash and cash equivalents	349	732	168
Total current assets	7 718	7 055	6 692
Total assets	31 213	26 491	28 196
Equity attributable to owners of the parent company	13 427	12 952	13 811
Non-controlling interests	-	1	-
Total equity	13 427	12 953	13 811
Interest-bearing liabilities	6 900	2 867	3 586
Provisions for pensions	785	772	784
Other liabilities and provisions	322	250	227
Deferred tax liabilities	3 406	3 406	3 392
Total non-current liabilities	11 413	7 295	7 989
Interest-bearing liabilities	846	1 843	1 551
Accounts payables	3 622	2 765	3 294
Other liabilities and provisions	1 905	1 635	1 551
Total current liabilities	6 373	6 243	6 396
Total equity and liabilities	31 213	26 491	28 196

Summarised statement of changes in equity

SEKm	Jan-Jun 2018	2017	Full year 2017
Opening balance	13 811	13 022	13 022
Comprehensive income for the period	502	815	1 712
Share-based payment to be settled in equity instruments	4	7	10
Buyback of own shares	-	-	-41
Dividend to owners of the parent company	-890	-891	-891
Dividend to non-controlling interests	-	-	-1
Closing balance	13 427	12 953	13 811
Equity attributable to:			
Owners of the parent company	13 427	12 952	13 811
Non-controlling interests	-	1	-
Closing balance	13 427	12 953	13 811

Summarised cash flow statement

SEKm	Quarter			Jan-Jun		Full year
	Q2 -18	Q1 -18	Q2 -17	2018	2017	2017
Operating surplus, etc.*	559	1 050	837	1 609	1 732	3 650
Change in working capital, etc.	-140	-83	458	-223	-27	242
Net financial items, taxes, etc.	-83	-161	-78	-244	-227	-576
Cash flow from operating activities	336	806	1 217	1 142	1 478	3 316
Investments in intangible assets, property, plant and equipment	-1 527	-1 122	-892	-2 649	-1 425	-4 196
Acquisition of financial assets / contribution associated companies	-6	-10	-12	-16	-34	-65
Disposal of financial assets	5	-	-	5	-	-
Sale of subsidiary	-	-	-	-	15	15
Acquisition of subsidiary	-36	-	-	-36	-	-
Disposal of property, plant and equipment	1	-	1	1	1	2
Cash flow from investing activities	-1 563	-1 132	-903	-2 695	-1 443	-4 244
Change in interest-bearing receivables	-	-	-	-	-	-
Change in interest-bearing liabilities	1 389	1 194	-310	2 583	881	1 308
Buy-back of own shares	-	-	-	-	-	-41
Dividend to owners of the parent company	-890	-	-891	-890	-891	-891
Dividend to non-controlling interests	-	-	-	-	-	-1
Cash flow from financing activities	499	1 194	-1 201	1 693	-10	375
Total cash flow (=change in cash and cash equivalents)	-728	868	-887	140	25	-553
Cash and cash equivalents at start of period	1 068	168	1 617	168	708	708
Translation differences in cash and cash equivalents	9	32	2	41	-1	13
Cash and cash equivalents at the end of the period	349	1 068	732	349	732	168

*The amount for the period January–June 2018 takes into account operating profit of SEK 503 million, reversed depreciation of SEK 765 million, earnings from associated companies of SEK -12 million, increase in other provisions of SEK 204, unified accounting principles regarding spare parts and consumables of SEK 176 million, net of produced and sold electricity certificates and sold emission rights of SEK -39 million, incentive programmes of SEK 4 million, scrapping of fixed assets of SEK 36 million, revaluation of current holdings related to business combinations of SEK -30 million, capital loss from sales of business of SEK 2 million. The amount for the period January–June 2017 takes into account operating profit of SEK 1 039 million, reversed depreciation of SEK 747 million, earnings from the sale of businesses of SEK -5 million, earnings from associated companies SEK 3, decrease in pension liabilities of SEK -16 million, other provisions of SEK -25 million, net of produced and sold electricity certificates and sold emission rights of SEK -18 million and incentive programmes of SEK 7 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 is the same as those used in the most recent annual report for 2017, except for IFRS 9 and IFRS 15 which are described below, and see pages 84-90 and page 127 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 23 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

BillerudKorsnäs applies IFRS 9 - *Financial Instruments* from January 1 2018. The new accounting standard involves changes to how financial assets are classified and measured, the new classification are presented in Note 2 Financial assets and liabilities. IFRS 9 has also implied that 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. The implementation of IFRS 9 has not had any significant effect on BillerudKorsnäs financial reports.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* is a comprehensive standard for determining how revenues should be recognized and when such revenues should be recognized. BillerudKorsnäs applies IFRS 15 from January 1 2018. The new accounting standard has not had any effects in the Group or the parent company's earnings or financial position, so a choice of transition method is not applicable.

The performance obligation in a contract mainly consists of providing goods and the revenues from sales of products are recognized when the performance obligation is fulfilled and the control over the product is transferred to the customer. The revenue is recognized at the amount to which BillerudKorsnäs expects to be entitled in change for the transfer of goods.

BillerudKorsnäs have chosen to disclose revenues for larger product groups and the information is presented on page 5-7 where the business areas are described.

IFRS 16 Leases

This standard will replace IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, with application for financial year starting 1 January 2019. For lessees this means that all contracts that meet the definition in this standard of a lease must be recognised as an asset and liability in the balance sheet, with recognition of amortisation and interest expense in profit and loss, with a few exceptions. During 2018, BillerudKorsnäs continues to analyse existing leasing contracts to determine which contracts should be converted by IFRS 16. No updated assessment has yet been made of the impact of the introduction of this standard in terms of amount.

Note 2 Financial assets and liabilities

<i>Valuation classification</i>	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Level 2</i>			<i>Level 3</i>			
Group 30 June 2018						
Other shares and participations	-	-	1 396	-	1 396	1 396
Long-term receivables	130	23	-	-	153	153
Accounts receivable	-	2 845	-	-	2 845	2 845
Other receivables	294	621	-	-	915	915
Cash and cash equivalents ¹	-	349	-	-	349	349
Total	424	3 838	1 396	-	5 658	5 658
Non-current interest-bearing liabilities	-	-	-	6 900	6 900	6 921
Current interest-bearing liabilities	-	-	-	846	846	846
Accounts payables	-	-	-	3 622	3 622	3 622
Other liabilities	389	-	-	270	659	659
Total	389	-	-	11 638	12 027	12 048

<i>Valuation classification</i>	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Level 2</i>			<i>Level 3</i>			
Group 31 December 2017						
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 ¹	-	168	-	-	168	168
Total	150	3 352	1 429	-	4 931	4 931
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
Total	115	-	-	8 573	8 688	8 718

¹ 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

	Jan-Jun		Full year
	2018	2017	2017
Margins			
EBITDA, %	11	16	17
Operating margin, %	4	9	10
Return (rolling 12 months)			
Return on capital employed, %	9	11	12
Return on equity, %	9	11	12
Capital structure at end of period			
Capital employed, SEKm	21 594	17 688	19 548
Working capital, SEKm	1 926	2 077	1 760
Equity, SEKm	13 427	12 953	13 811
Interest-bearing net debt, SEKm	8 166	4 734	5 737
Net debt/equity ratio	0.61	0.37	0.42
Interest-bearing net debt / EBITDA, multiple	2.52	1.35	1.53
Key figures per share			
Earnings per share, SEK	1.76	3.65	7.91
Dividend (for the financial year) per share, SEK	-	-	4.30
Other key figures			
Working capital as percentage of net sales, %	9	10	9
Gross investments, SEKm	2 665	1 459	4 261
Average number of employees	4 477	4 356	4 395

Reconciliation of alternative performance measures

Adjusted EBITDA, SEKm	Quarter			Jan-Jun	Full year	
	Q2 - 18	Q1 - 18	Q2 - 17	2018	2017	2017
Operating profit	-174	677	489	503	1 039	2 241
Depreciation and impairment of non-current assets	377	388	374	765	747	1 519
EBITDA	203	1 065	863	1 268	1 786	3 760
Items affecting comparability	468	37	19	505	34	90
Adjusted EBITDA	671	1 102	882	1 773	1 820	3 850
Adjusted Operating profit, SEKm						
Operating profit	-174	677	489	503	1 039	2 241
Items affecting comparability	483	52	26	535	48	150
Adjusted Operating profit	309	729	515	1 038	1 087	2 391
Adjusted earnings per share, SEK						
Profit attributed to owners of the parent company, SEKm	-133	498	356	365	757	1 638
Items affecting comparability, attributed to owners of the parent company, SEKm	377	40	20	417	37	117
Adjusted profit attributed to owners of the parent company, SEKm	244	538	376	782	794	1 755
Weighted number of outstanding shares, thousands	207 011	206 957	207 186	206 984	207 141	207 114
Adjusted earnings per share	1.18	2.60	1.81	3.78	3.83	8.48
Adjusted Return on capital employed (ROCE), SEKm						
Adjusted Operating profit over 12 months *	2 342	2 548	2 302	2 342	2 302	2 391
Average capital employed over 12 months	19 533	18 731	17 380	19 533	17 380	18 038
Adjusted Return on capital employed	12%	14%	13%	12%	13%	13%
Interest-bearing net debt / Adjusted EBITDA, multiple						
Interest-bearing net debt	8 166	6 056	4 734	8 166	4 734	5 737
Adjusted EBITDA over 12 months*	3 803	4 015	3 754	3 803	3 754	3 850
Interest-bearing net debt / Adjusted EBITDA	2.15	1.51	1.26	2.15	1.26	1.49
Items affecting comparability, SEKm						
MG Investment in Skärblacka (Operating expenses)	-	3	10	3	20	74
New board machine in Gruvön - additional costs (Operating expenses)	16	15	9	31	14	36
New board machine in Gruvön - restructuring (Operating expenses)	-	-	-	-	-	-20
New board machine in Gruvön - depreciation and impairment of existing non-current assets (Depreciation and Impairment of non-current assets)	15	15	7	30	14	60
Restructuring (Operating expenses)	-	19	-	19	-	-
Workplace environment (Operating expenses)	159	-	-	159	-	-
Unification of accounting principles - Spare parts and consumables (Operating expenses)	177	-	-	177	-	-
Other (Operating expenses) **	116	-	-	116	-	-
Items affecting comparability	483	52	26	535	48	150

*12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's amounts for periods exceeding 12 months from the balance sheet date.

**Based on comprehensive review of balance sheet items



Reconciliation of alternative performance measures (cont.)

	30 Jun 2018	30 Jun 2017	31 Dec 2017
Capital employed, SEKm			
Total assets	31 213	26 491	28 196
Accounts payables	-3 622	-2 765	-3 294
Other liabilities and provisions	-2 226	-1 884	-1 778
Deferred tax liabilities	-3 406	-3 406	-3 392
Interest-bearing non-current assets	-16	-16	-16
Cash and Cash equivalents	-349	-732	-168
Capital employed	21 594	17 688	19 548
Working capital, SEKm			
Inventories	3 088	2 907	2 912
Accounts receivables	2 845	2 636	2 713
Other operating receivables	1 436	780	899
Accounts payables	-3 622	-2 765	-3 294
Other operating liabilities (excl provisions)	-1 762	-1 571	-1 527
Tax liabilities	-59	90	57
Working capital	1 926	2 077	1 760
Interest-bearing net debt, SEKm			
Interest bearing provisions	785	772	784
Interest bearing non-current liabilities	6 900	2 867	3 586
Interest bearing current liabilities	846	1 843	1 551
Interest-bearing non-current assets	-16	-16	-16
Cash and Cash equivalents	-349	-732	-168
Interest-bearing net debt	8 166	4 734	5 737

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.

INTEREST-BEARING NET DEBT/ADJUSTED EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months adjusted for items affecting comparability.

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, intangible assets 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		Jan-Jun		Full Year
	Q2 -18	Q2 -17	2018	2017	2017
Operating income	60	77	173	167	402
Operating expenses	-148	-134	-295	-266	-523
Operating profit/loss	-88	-57	-122	-99	-121
Financial income and expenses	-80	-57	-149	-89	-123
Profit/Loss after financial income and expenses	-168	-114	-271	-188	-244
Appropriations	-	-	-	-	2 635
Profit/loss before tax	-168	-114	-271	-188	2 391
Taxes	24	24	48	43	-511
Net profit/loss for the period	-144	-90	-223	-145	1 880

Summarised balance sheet

SEKm	30 Jun 2018	30 Jun 2017	31 Dec 2017
Non-current assets	10 743	10 760	10 748
Current assets	12 445	5 981	10 358
Total assets	23 188	16 741	21 106
Shareholders' equity	7 141	6 264	8 251
Untaxed reserves	1 586	1 031	1 586
Provisions	225	201	208
Liabilities	14 236	9 245	11 061
Total equity and liabilities	23 188	16 741	21 106

Quarterly data

The Group's business is managed and reported according to BillerudKorsnäs' three business areas. Other include results from wood supply, Nine AB (until Q4 -17), 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. Other also include Group-wide functions, Group eliminations and profit/loss from participation in associated companies. 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	Q2 -18	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Jan-Jun 2018	Jan-Jun 2017
Packaging Paper	2 292	2 276	2 147	2 090	2 151	2 141	2 067	2 100	4 568	4 292
Consumer Board	2 132	2 164	1 943	2 019	2 099	2 128	1 988	1 975	4 296	4 227
Corrugated Solutions	1 002	953	1 011	1 012	902	931	989	913	1 955	1 833
Other	510	502	437	422	483	465	463	400	1 012	948
Currency hedging, etc.	-38	2	27	1	-35	-29	-39	5	-36	-64
Total Group	5 898	5 897	5 565	5 544	5 600	5 636	5 468	5 393	11 795	11 236

EBITDA quarterly per business area and for the Group

SEKm	Q2 -18	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Jan-Jun 2018	Jan-Jun 2017
Packaging Paper	317	467	401	394	312	392	421	441	784	704
Consumer Board	322	473	363	466	498	440	336	424	795	938
Corrugated Solutions	120	210	212	269	163	190	241	241	330	353
Other	-517	-87	-78	-80	-75	-70	-267	-74	-604	-145
Currency hedging, etc.	-39	2	25	2	-35	-29	-38	5	-37	-64
Total Group	203	1 065	923	1 051	863	923	693	1 037	1 268	1 786

EBITDA¹ quarterly per business area and for the Group

SEKm	Q2 -18	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Jan-Jun 2018	Jan-Jun 2017
Packaging Paper	534	467	428	469	482	420	421	502	1 001	902
Consumer Board	347	473	478	596	506	446	471	544	820	952
Corrugated Solutions	279	210	212	284	212	231	241	254	489	443
Other	-49	-50	-53	-56	-56	-55	-62	-74	-99	-111
Currency hedging, etc.	-39	2	25	2	-35	-29	-38	5	-37	-64
Total Group	1 072	1 102	1 090	1 295	1 109	1 013	1 033	1 231	2 174	2 122
Costs for maint. shutdowns	-401	-	-140	-215	-227	-75	-135	-194	-401	-302
Items affecting comparability	-468	-37	-27	-29	-19	-15	-205	-	-505	-34
EBITDA	203	1 065	923	1 051	863	923	693	1 037	1 268	1 786

EBITDA-margin¹ quarterly per business area and for the Group

%	Q2 -18	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Jan-Jun 2018	Jan-Jun 2017
Packaging Paper	23	21	20	22	22	20	20	24	22	21
Consumer Board	16	22	25	30	24	21	24	28	19	23
Corrugated Solutions	28	22	21	28	24	25	24	28	25	24
Group	18	19	20	23	20	18	19	23	18	19

Sales volumes quarterly per business area and for the Group

ktonne	Q2 -18	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Jan-Jun 2018	Jan-Jun 2017
Packaging Paper	257	278	282	289	288	293	285	292	535	581
Consumer Board	275	281	252	265	279	285	257	261	556	564
Corrugated Solutions	112	127	132	145	121	144	147	140	239	265
Total Group	644	686	666	699	688	722	689	693	1 330	1 410

¹ 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 76% 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

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

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