

INTERIM REPORT JANUARY-SEPTEMBER 2018

WHAT IF packaging could
make a difference?

Key highlights

- ▶ **Solid sales performance** in all business areas
- ▶ Positive effects from **increased sales prices** and currency
- ▶ Continued headwinds from **increased raw material costs**
- ▶ Strategic investments are **progressing according to plan**

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9%

NET SALES GROWTH Y/Y

15%

EBITDA MARGIN

11%

ROCE

2.36

NET DEBT/EBITDA

Strong Performance

PACKAGING PAPER Q3 DEVELOPMENT



- ▶ Net sales + 16% vs Q3-17
 - ▶ Increased sales prices
 - ▶ Positive currency effects
- ▶ EBITDA + 20% vs Q3-17
 - ▶ Better product mix
- ▶ Market expected to remain strong
 - ▶ Possibilities for selected price increases

2,424

NET SALES SEK MILLION

472

EBITDA SEK MILLION

19%

EBITDA MARGIN

Continued strong demand

CONSUMER BOARD Q3 DEVELOPMENT



- Net sales +6% vs Q3-17
 - Continued strong demand
- EBITDA -40% vs Q3-17
 - Increased raw material costs
 - Unchanged prices
- Market expected to remain stable

2,145

NET SALES SEK MILLION

278

EBITDA SEK MILLION

13%

EBITDA MARGIN

Increased sales prices

CORRUGATED SOLUTIONS Q3 DEVELOPMENT



- ▶ Net sales +12% vs Q3-17
 - > Increased sales prices
 - > Positive currency effects
 - > Strong sales within Managed Packaging
- ▶ EBITDA -1% vs Q3-17
 - > Increased raw material costs
- ▶ Market expected to remain stable

1,135

NET SALES SEK MILLION

266

EBITDA SEK MILLION

23%

EBITDA MARGIN

Unlocking the Potential

SECURE



Successful ramp-up of KM7
Competitive wood supply

IMPROVE



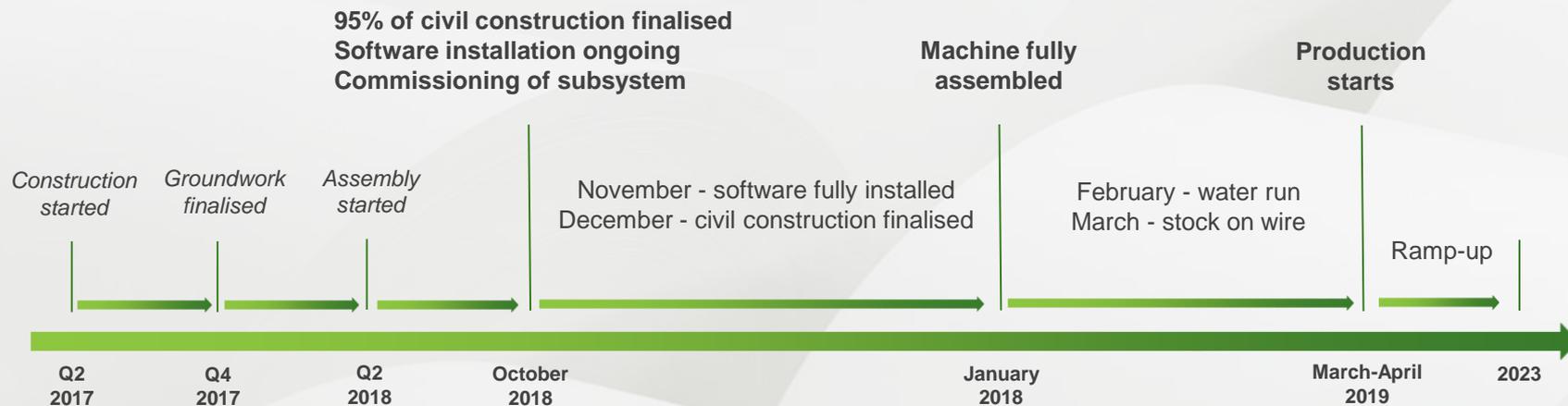
A safe company is a well run company
Stabilise production

ACCELERATE



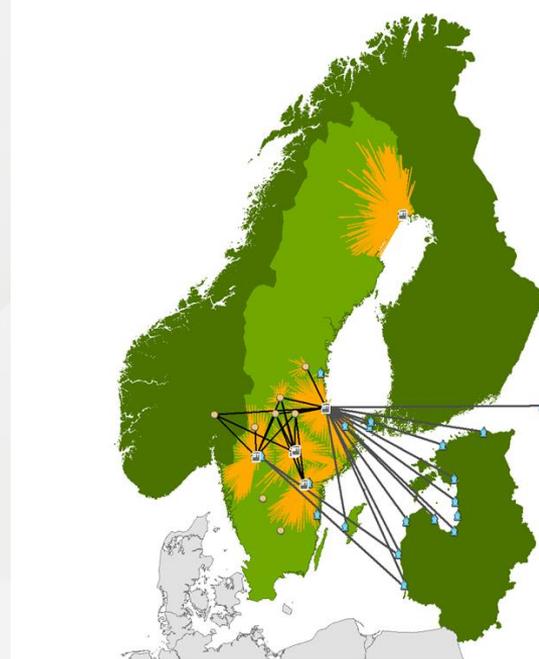
Innovate for growth
Capture new solutions sales

On schedule towards start-up March-April



Securing a competitive wood supply

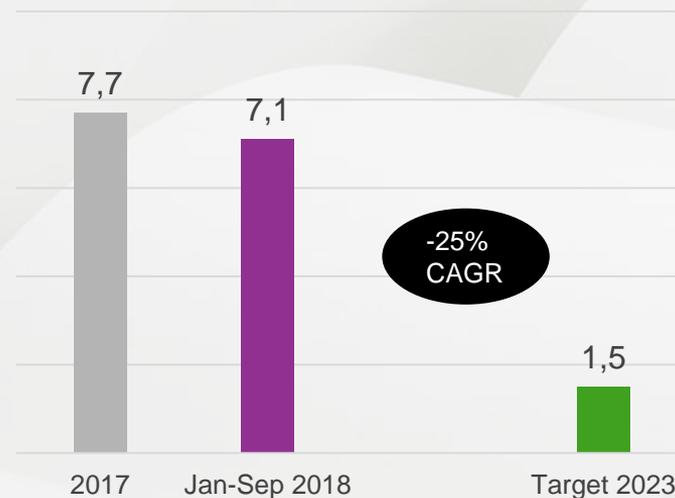
- ④ The strongly competitive situation continues
- ④ Inventories normalised after a challenging year
- ④ Ongoing activities to strengthen the supply base - both domestic and through import
- ④ Focus on finalising the Bergvik Öst transaction



Continued efforts in workplace safety

- ⦿ All accidents are preventable
- ⦿ Focus on structure, engagement and predictability
- ⦿ Cultural changes – never walk by
- ⦿ A safe company is a well run company

Lost time injuries frequency rate, LTIFR*

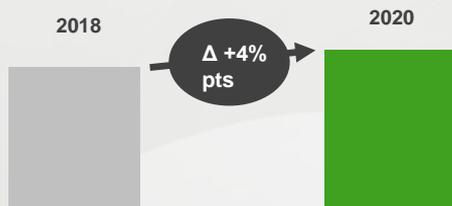


*Number of injuries per 1 000 000 worked hours

Production stability is a key focus

- ⌚ Start-up performance
- ⌚ Mitigating production disturbances

Overall equipment efficiency, OEE

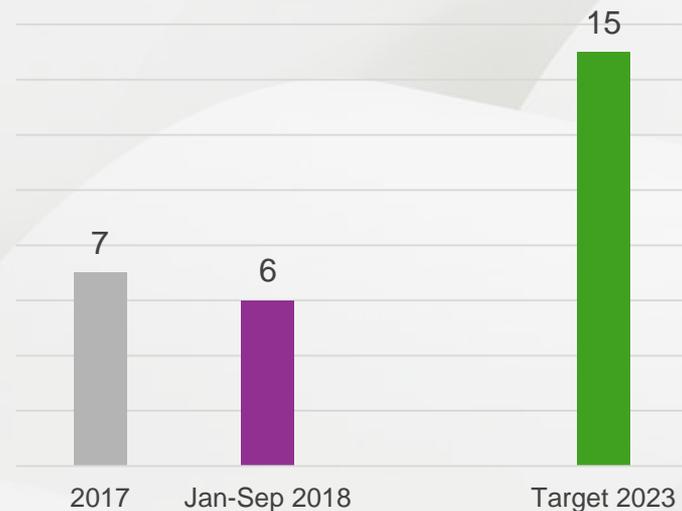


Accelerating innovation to support growth

- ④ Xpression Fine launched in Q3
 - › Capturing retail demand for higher printability on high-end paper bags



New product ratio, NPR



Long-term targets

Area	FY target	Q3
Growth	3-4%	9%
EBITDA*	>17%	15%
ROCE*	>13%	11%
Net debt/EBITDA*	<2.5	2.36

*Adjusted for items affecting comparability



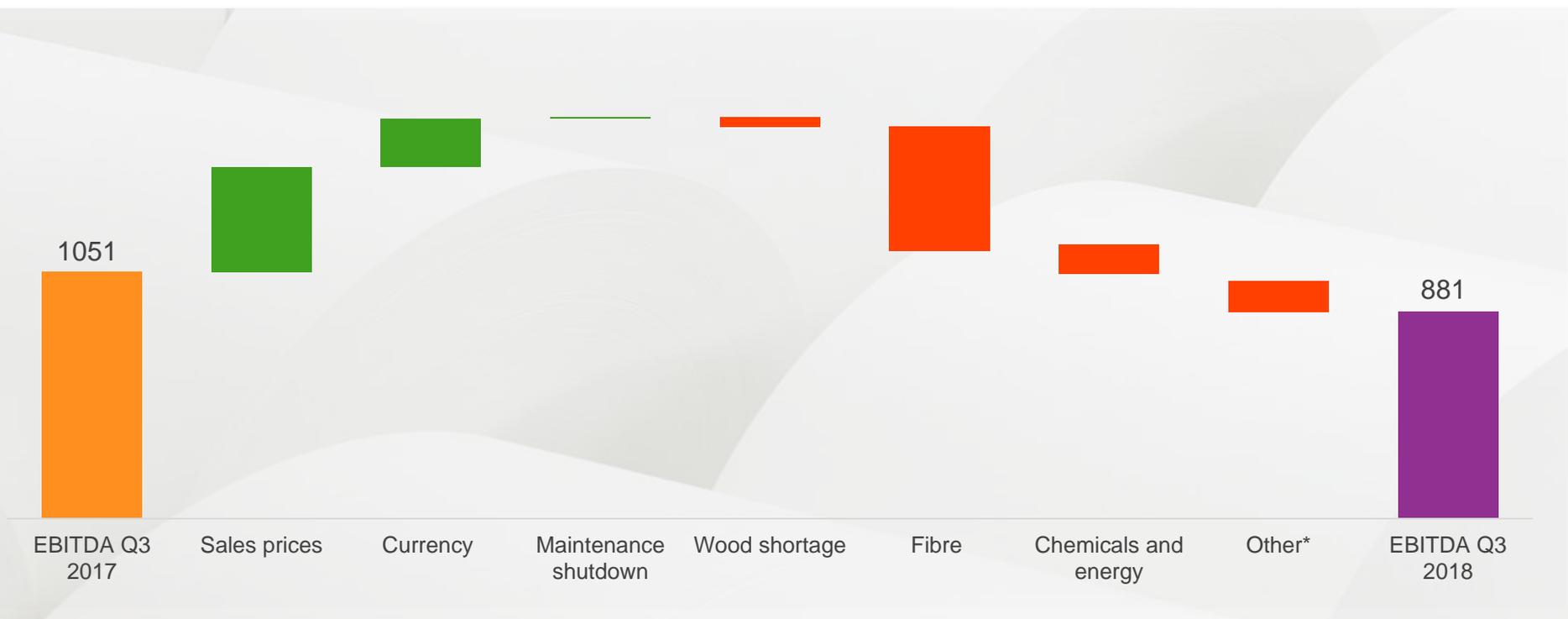
WHAT IF paper packaging
could push new boundaries

Continued strong top-line growth

- ▶ Net sales +9% compared with Q3 2017
- ▶ Solid sales performance
- ▶ Continued increased sales prices
 - Unchanged in Consumer Board
- ▶ Positive currency effects



Raw material costs put pressure on earnings



*Transport and fixed costs

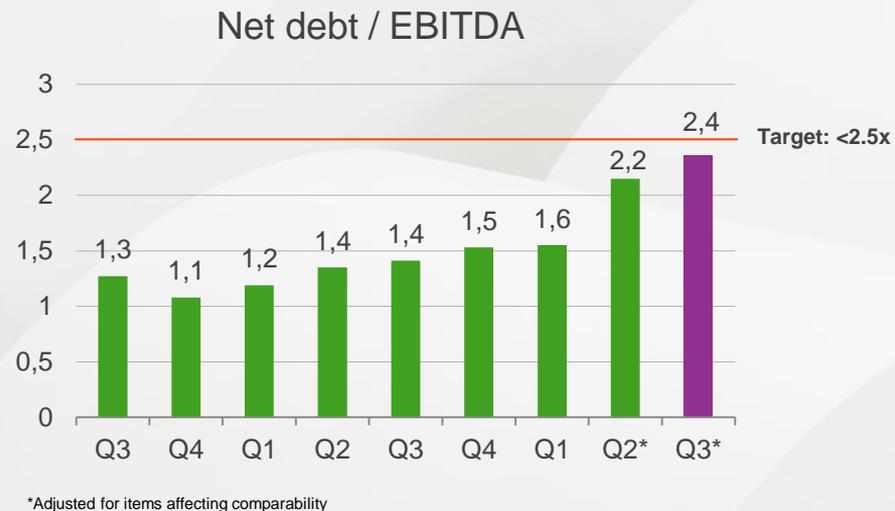
Sharp increase of raw material costs

- ▶ Costs for pulpwood are +30% Q3 2018 vs Q3 2017
 - Sharp increase expected to continue in Q4
- ▶ Costs for caustic soda are +30% Q3 2018 vs Q3 2017
 - Flattening out on high levels
- ▶ The result was also affected by comparatively high prices on the pulp supply to the non-integrated mill in Jakobstad



Increased net debt driven by strategic investments

- Adjusted Net debt / EBITDA within target
- Net debt MSEK 8 520 (4 982)
- Expected to peak mid 2019
- Focus on fast deleveraging after completion of strategic investment programmes



Outlook Q4

- ▶ Strong demand within all business areas is expected to continue
- ▶ Limited possibilities for further sales price increases
- ▶ Sharp increase in wood costs is expected to continue

Summary

- Solid sales performance in all business areas
- Continued strong demand and increased sales prices
- Sharp increase in raw material costs
- KM7 on schedule for start-up in March-April
- Continued focus on unlocking the potential

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WHAT IF more packaging
cared about the planet



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