



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

Investor presentation | 13 February 2017

Per Lindberg, CEO



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PURE PLAY PACKAGING MATERIALS COMPANY

High
performance
packaging
materials

➤ Target customer segments requiring strong, light and/or pure packaging

Stable
product
portfolio

➤ 74% of sales going to consumer sectors

Sustainable
alternatives
through
innovation

➤ Innovation challenging other materials and solutions

Strong
financial
position

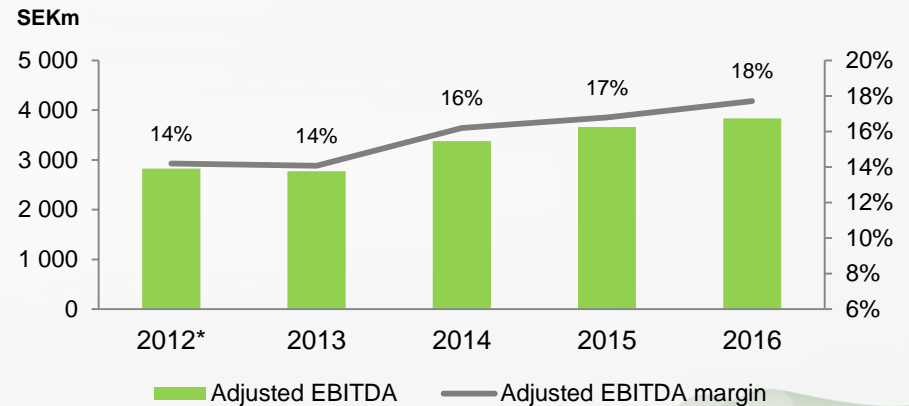
➤ Well-positioned for profitable growth investments

STRONG FINANCIAL DEVELOPMENT AFTER MERGER

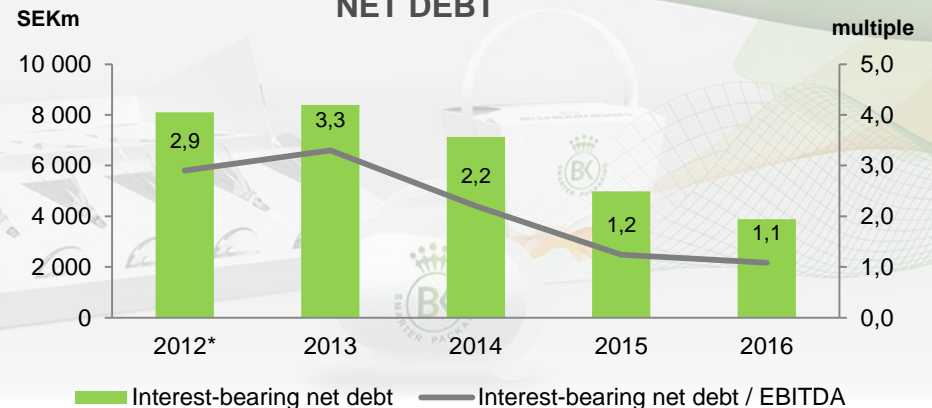
- Successful synergies extraction
- Lower relative currency exposure
- Reduced pulp market exposure
- Broader product portfolio

- Rapid deleveraging:
 - Strong cash flow generation
 - Asset disposal
 - Reduced working capital

ADJUSTED EBITDA



NET DEBT

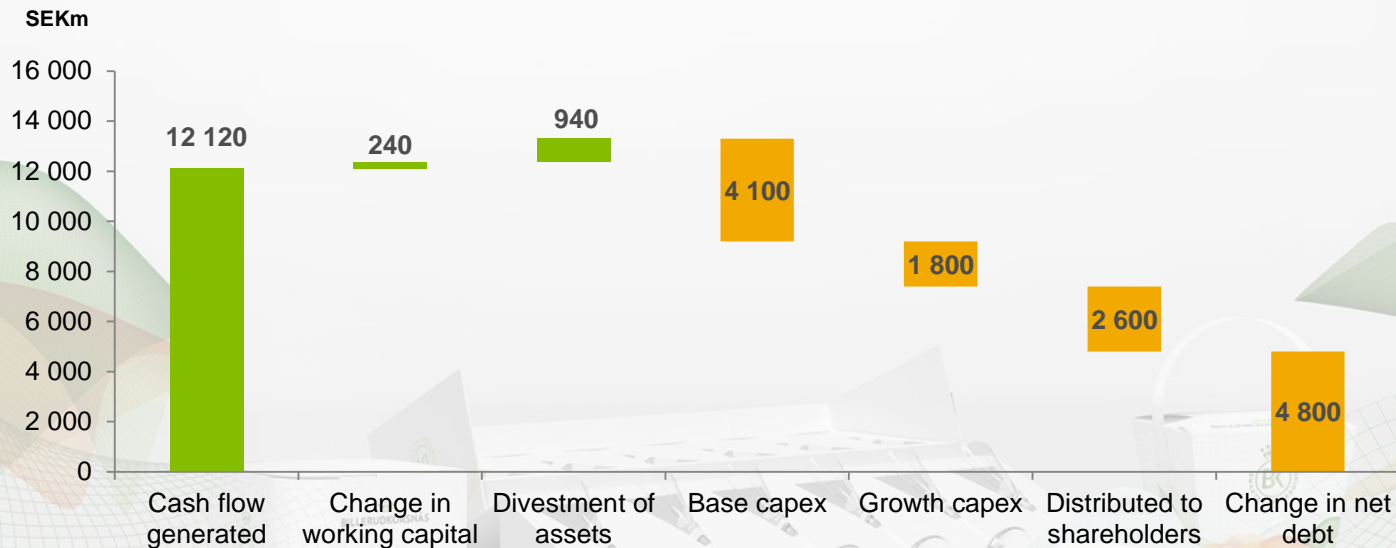




CAPITAL ALLOCATION POST MERGER

FOCUSING ON DEBT REPAYMENT AND DIVIDENDS

CAPITAL ALLOCATION 2013 - 2016





BILLERUDKORSNÄS IN BRIEF

NET SALES



Europe 72%

Asia 17%

Africa 4%

South America 3%

Middle East 2%

Other 2%

EBITDA*



OTHER

PACKAGING PAPER

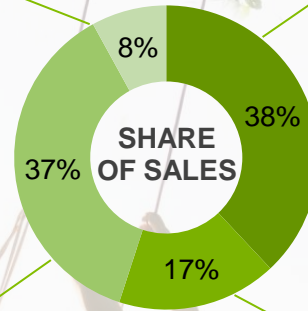
Kraft paper
Sack paper
Market pulp

CONSUMER BOARD

Liquid packaging board
Cartonboard

CORRUGATED SOLUTIONS

Fluting
Liner
Managed Packaging



7

PRODUCTION UNITS
(SWE, FI, UK)

3.0

PRODUCTION CAPACITY
(MILLION TONNES)

4 300

NUMBER OF EMPLOYEES



THREE BUSINESS AREAS WITH STRONG MARKET POSITIONS



PACKAGING PAPER

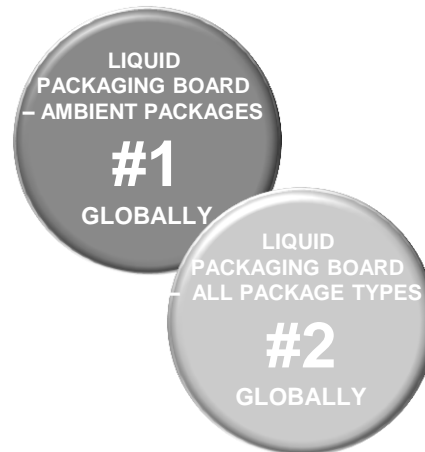
CONSUMER BOARD

CORRUGATED SOLUTIONS

% of business area sales volume:
Kraft paper 60%
Sack paper 40%

% of business area sales volume:
Liquid packaging board 85%
Cartonboard 15%

% of business area sales volume:
Fluting 60%
Liner 40%





AIMING TO CAPTURE GROWTH FROM GLOBAL MEGATRENDS



**Demographic shifts and
a changing world map**



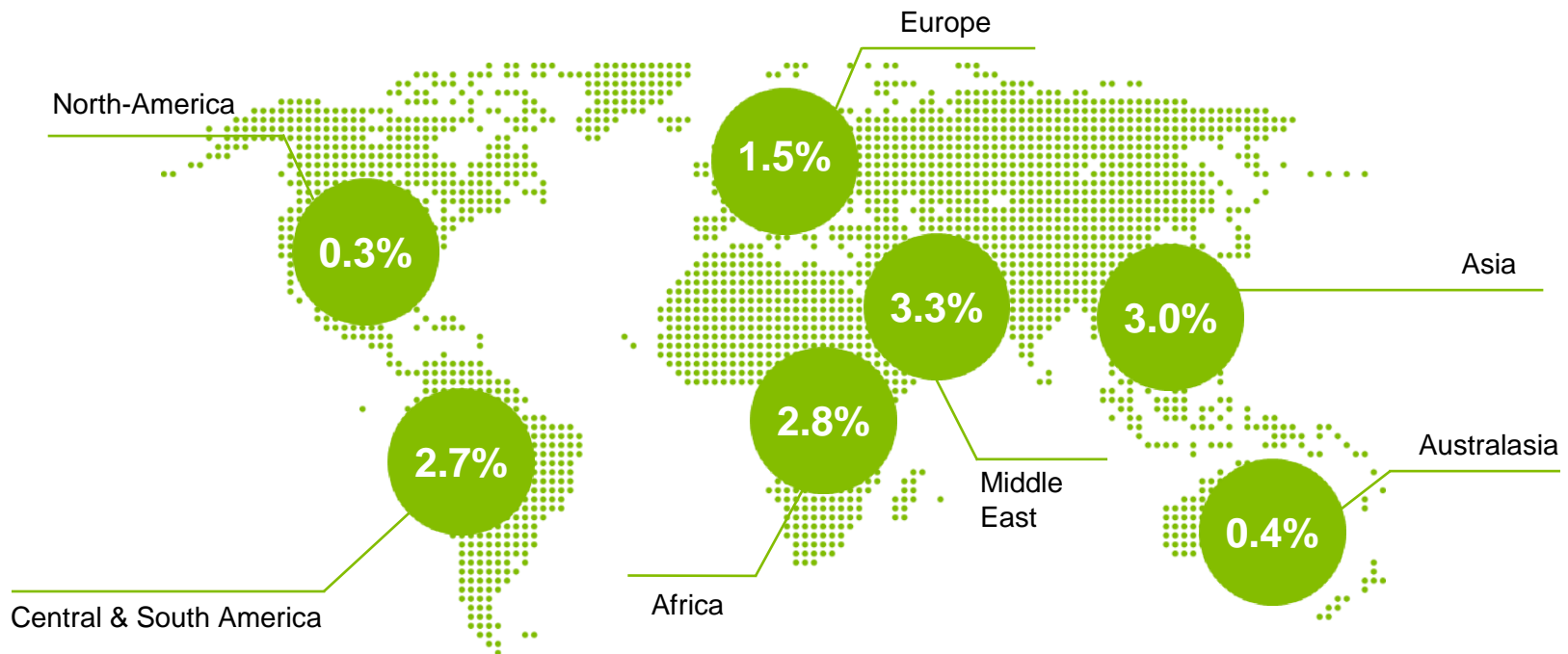
**Sustainability connecting
several subrends**



**Consumers and supply chains
are changing**

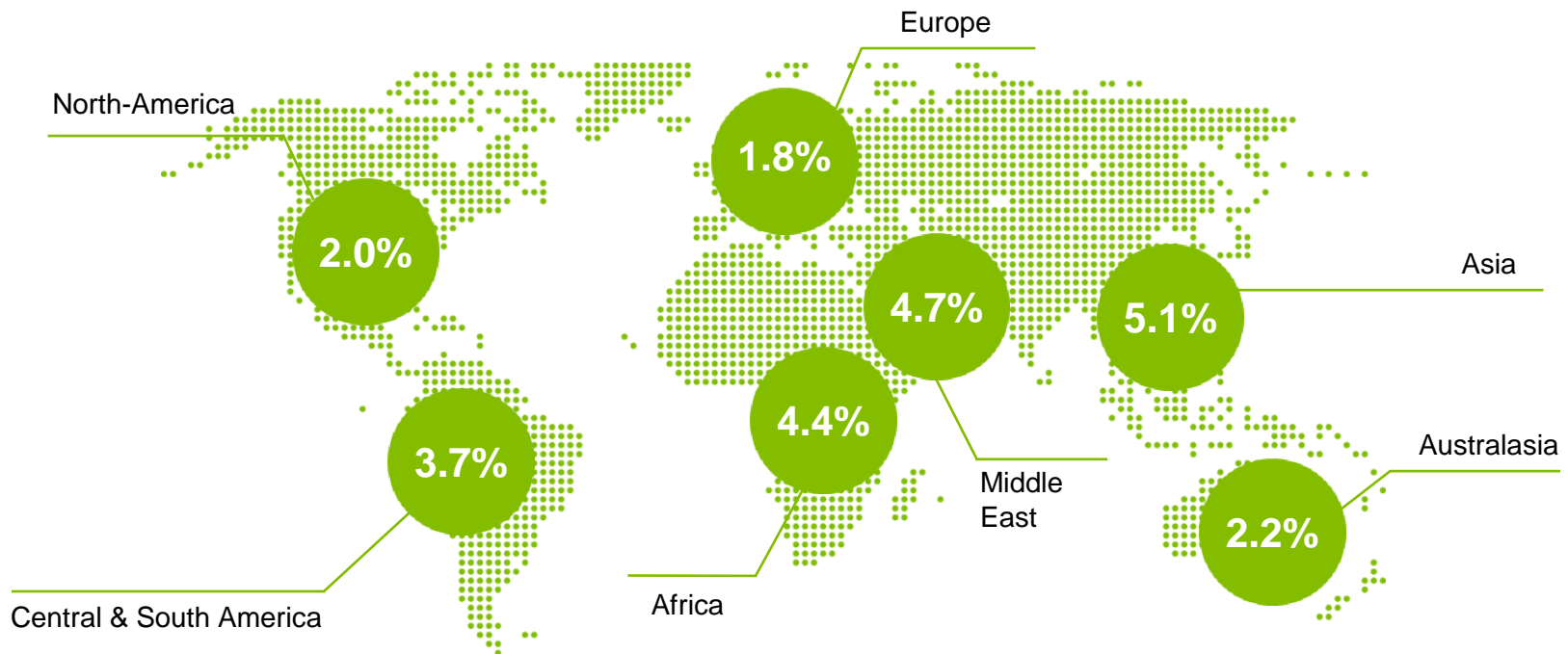


PACKAGING PAPER & BOARD MARKET IS GROWING BY 2.2%





WE TARGET GLOBAL PACKAGING MARKET GROWING BY 3.4%





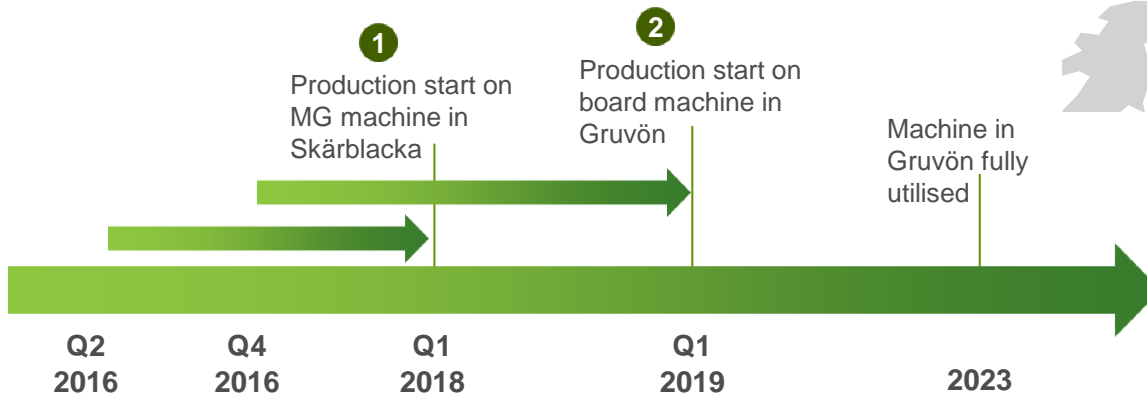
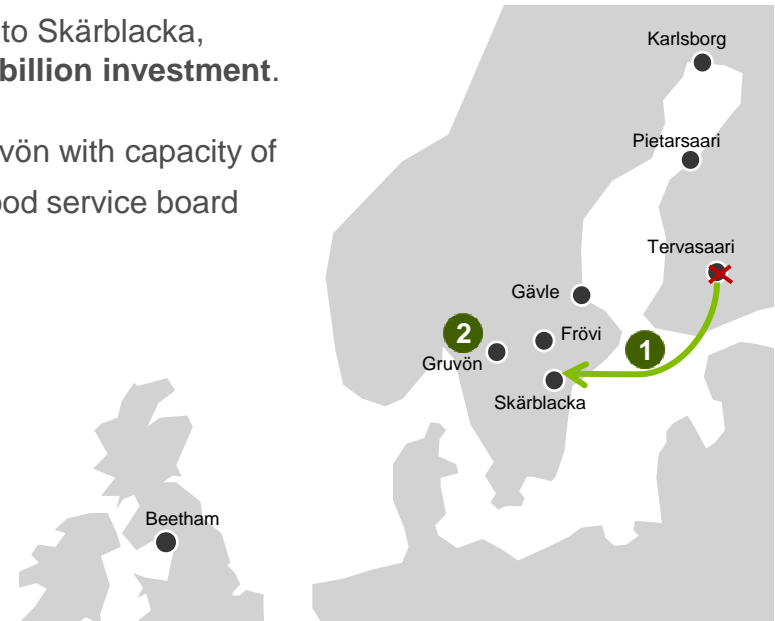
WE HAVE ESTABLISHED A CLEAR GROWTH STRATEGY



2016 – START OF TWO MAJOR RESTRUCTURING PROJECTS

IMPROVING EFFICIENCY AND SECURING GROWTH

- 1 Moving unintegrated MG paper machine from Tervasaari, Finland to Skärblacka, Sweden and making it integrated to the pulp production. **SEK 1,2 billion investment.**
- 2 Building **new board machine** at the production unit in Gruvön with capacity of approx. **550 000 t/a** of liquid packaging board, cartonboard, food service board and white kraftliner. **SEK 5,7 billion investment.**



TO IMPROVE UNDERLYING PROFITABILITY AND SECURE ORGANIC GROWTH

PACKAGING PAPER SELECTIVE GROWTH

Focusing on growth segments growing by 2-4% per year

Decreasing volumes on oversupplied markets

CONSUMER BOARD VOLUME GROWTH

Increasing volumes on growing Liquid Packaging Board and Cartonboard markets

CORRUGATED SOLUTIONS VALUE GROWTH

Expanding solution based sales to brand owners

Exiting oversupplied white liner market

Improved underlying EBITDA > +1 200 SEKm when fully implemented

Continued growth with 3-4% per year

Lower currency exposure
- SEK 2 bn

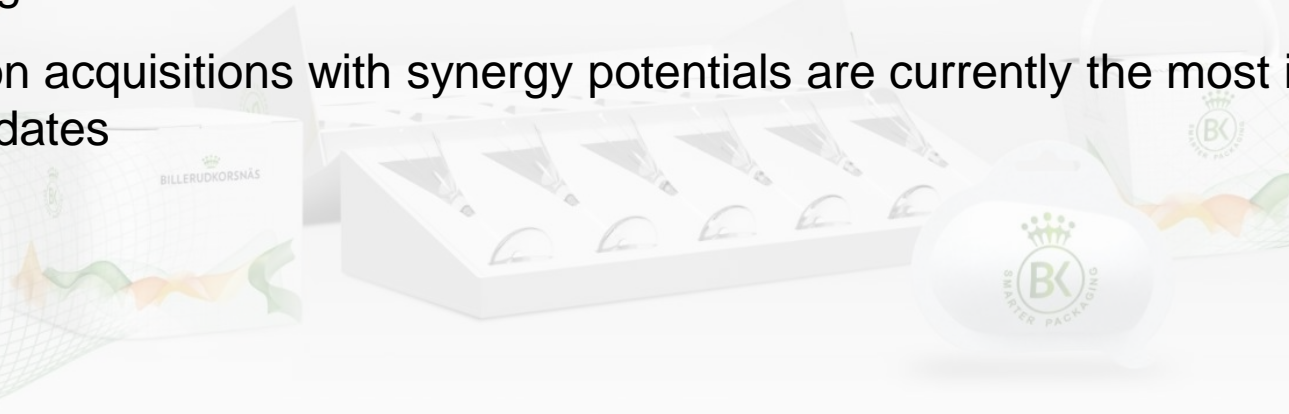
Reduced price volatility in product portfolio

ROI well above our return target of 13%

Limited exposure to pulp market

M&A MAY BOOST LONG-TERM GROWTH

- We have the financial capacity to add M&A growth to organic growth
- We have proven experience in merging businesses and quickly extracting synergies
- Bolt-on acquisitions with synergy potentials are currently the most interesting candidates



WE ARE INVESTING TO MOVE FURTHER UP THE VALUE CHAIN TOWARDS BRAND OWNERS





WE ARE EXPANDING THE REACH OF OUR OFFERING

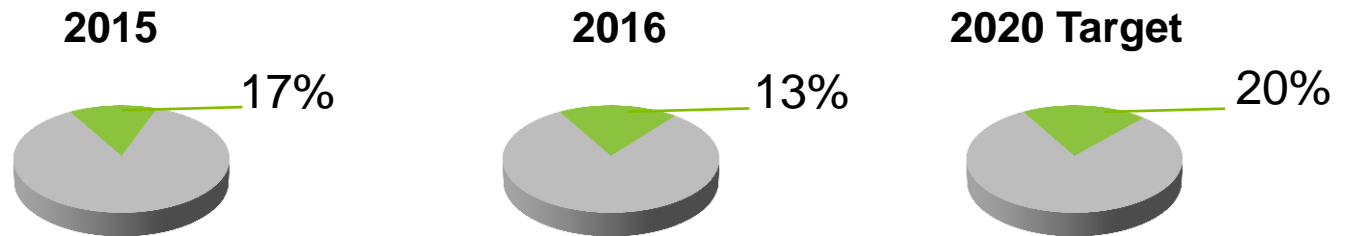
OUR PRESENCE 2013 AND NEW SALES HUBS **2015**



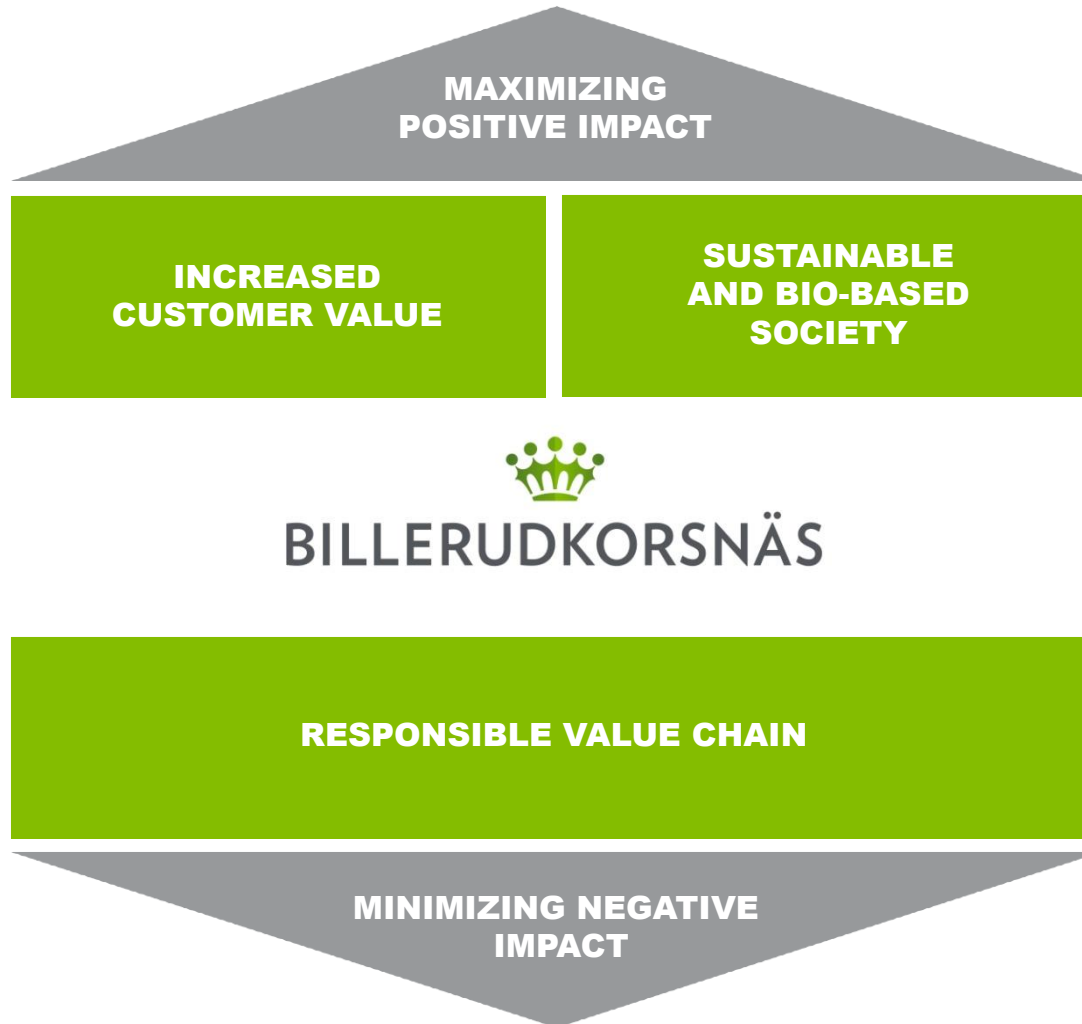
- Sweden
- Finland
- Germany
- UK
- France
- Spain
- Indonesia
- Italy
- UAE
- China
- Singapore**
- Thailand**
- US**
- India**
- Turkey**
- South Africa**

INNOVATION WILL FURTHER BOOST TOP LINE AND MARGINS

Proportion of sales accounted for by new products



SUSTAINABILITY AS A BUSINESS OPPORTUNITY



WE PROVIDE SUSTAINABLE SOLUTIONS

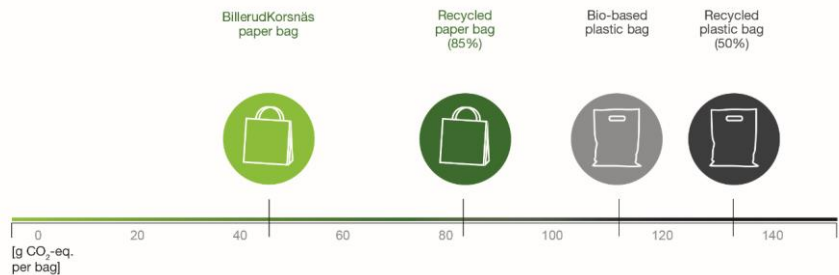
Towards fossil-free production



2015

In 2015 we used 97.6% biofuels and only 2.4% fossil fuels.

Paper bag* Best choice for the climate



*BillerudKorsnäs paper bag from primary fibre, produced in Sweden

Innovation for sustainability



Co-operation for learning



1 Life cycle assessment, Comparative study of virgin fibre based packaging products with competing plastic materials. IVL, 2015.

CREDENTIALS – WE WALK THE TALK

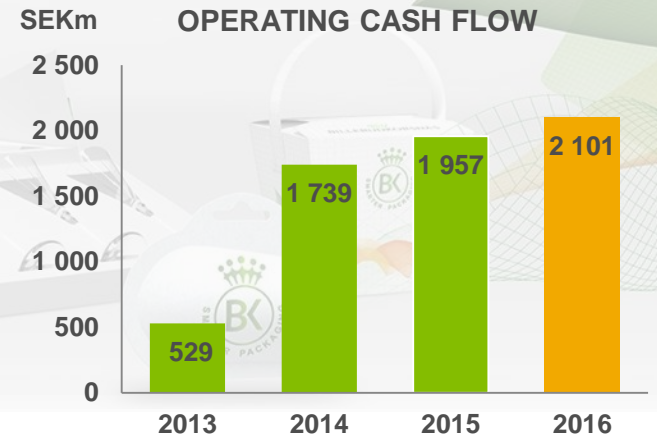
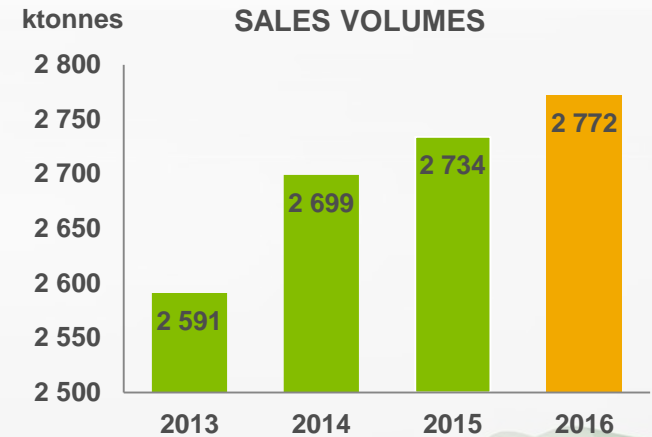
MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM





2016 HIGHLIGHTS

- Record high production and sales volumes
- All-time high cash flow and EBITDA
- Several investments to accelerate growth in solutions sales
- Numerous recognitions for BillerudKorsnäs' leading sustainability position
- Start of two major restructuring projects





FINANCIAL TARGETS AND TARGET FULFILLMENT

FULL YEAR 2016

**ORGANIC GROWTH 3-4 %
PER YEAR**
0.3%¹



EBITDA > 17%
18%²



ROCE > 13%
14%²

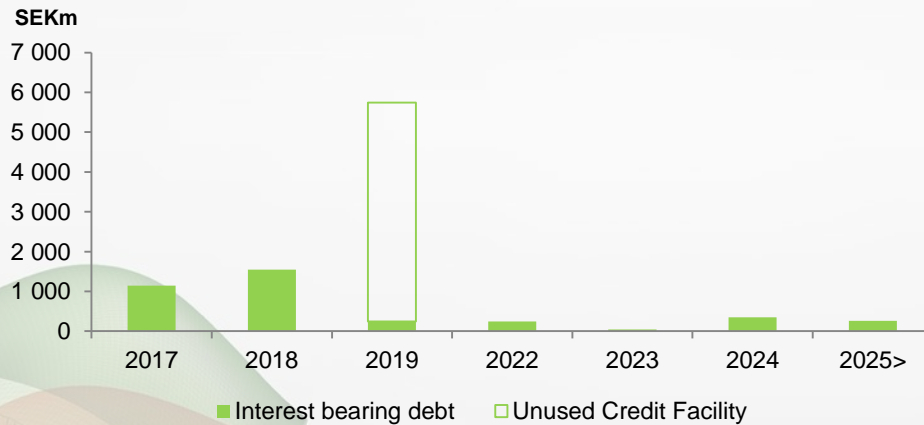


Net Debt / EBITDA < 2.5
1.08

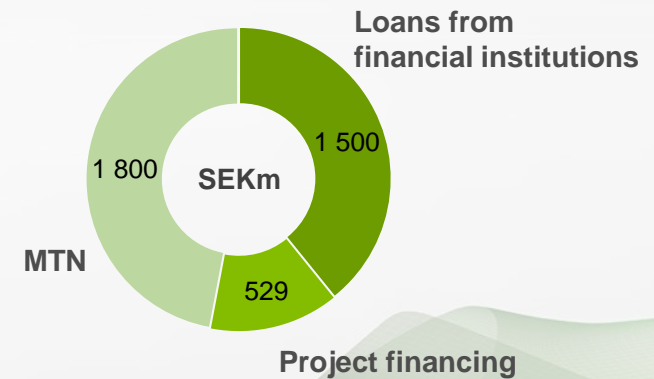
DIVIDEND POLICY: 50% OF NET PROFIT
59% (proposal to the AGM 2017)

DEBT MATURITY AND STRUCTURE

DEBT MATURITY PROFILE



DEBT STRUCTURE



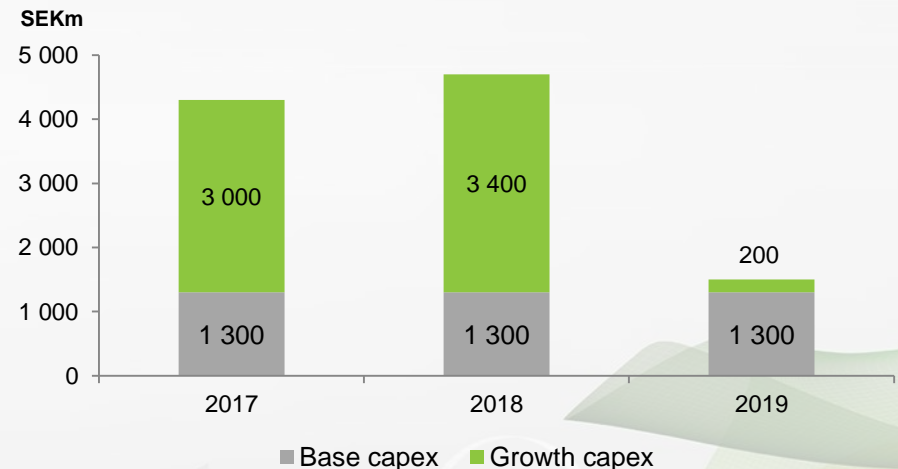
FINANCING CONSIDERATIONS

- Financial target Net Debt / EBITDA < 2.5
- Sources of liquidity in the coming 12 months to exceed uses by a factor of 1.2x

UPCOMING CAPEX NEEDS AND FINANCING STRATEGY

- Capex financing through a mix of:
 - Cash flow
 - Export credit facility
 - Long-term debt
 - Short-term funding sources
- Maintaining financial flexibility throughout investment period
- Diversified funding sources and an even maturity profile

CAPEX 2017-2019



DEBT PROGRAMS AND FACILITIES*

MTN program (5 000 mSEK)

1 800

3 200

Commercial paper program (3 000 mSEK)

3 000

Revolving credit facility (standby facility 5 500 mSEK)

5 500

*As per 2016-12-31



SUMMARY

- Focused product portfolio with leading global and regional positions in growing markets
- Global trends imply major growth opportunities
 - Sustainability, demographic shifts, digitalization and changed consumer behavior
- We invest in all of our four strategic pillars:
 - Position expansion, Innovation, Sustainability and Efficiency
- Two major restructuring projects to increase profitability and secure growth
- Strong financial position with low leverage and a well-balanced leverage policy



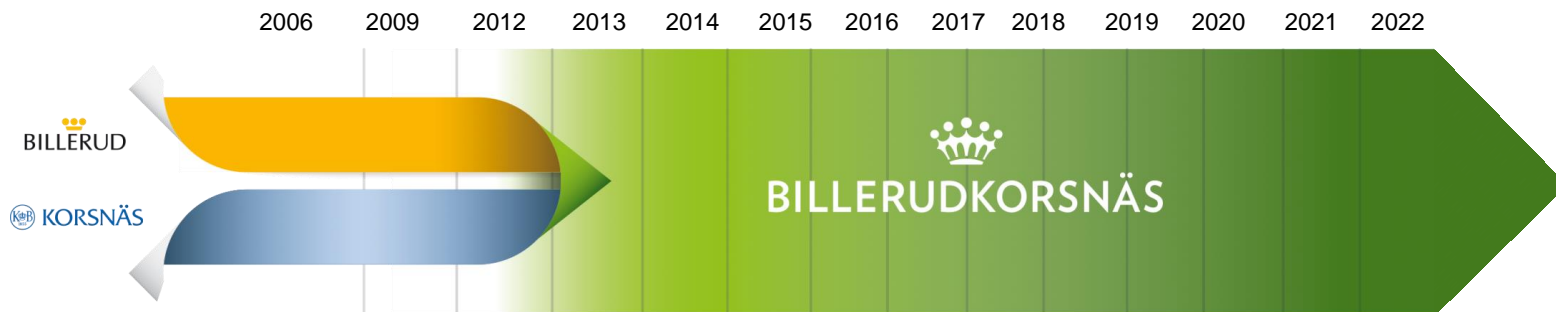


**WE CHALLENGE CONVENTIONAL
PACKAGING FOR A
SUSTAINABLE FUTURE**



APPENDIX

SUCCESSFUL INTEGRATION HAS ENABLED A STRONG PLATFORM FOR GROWTH

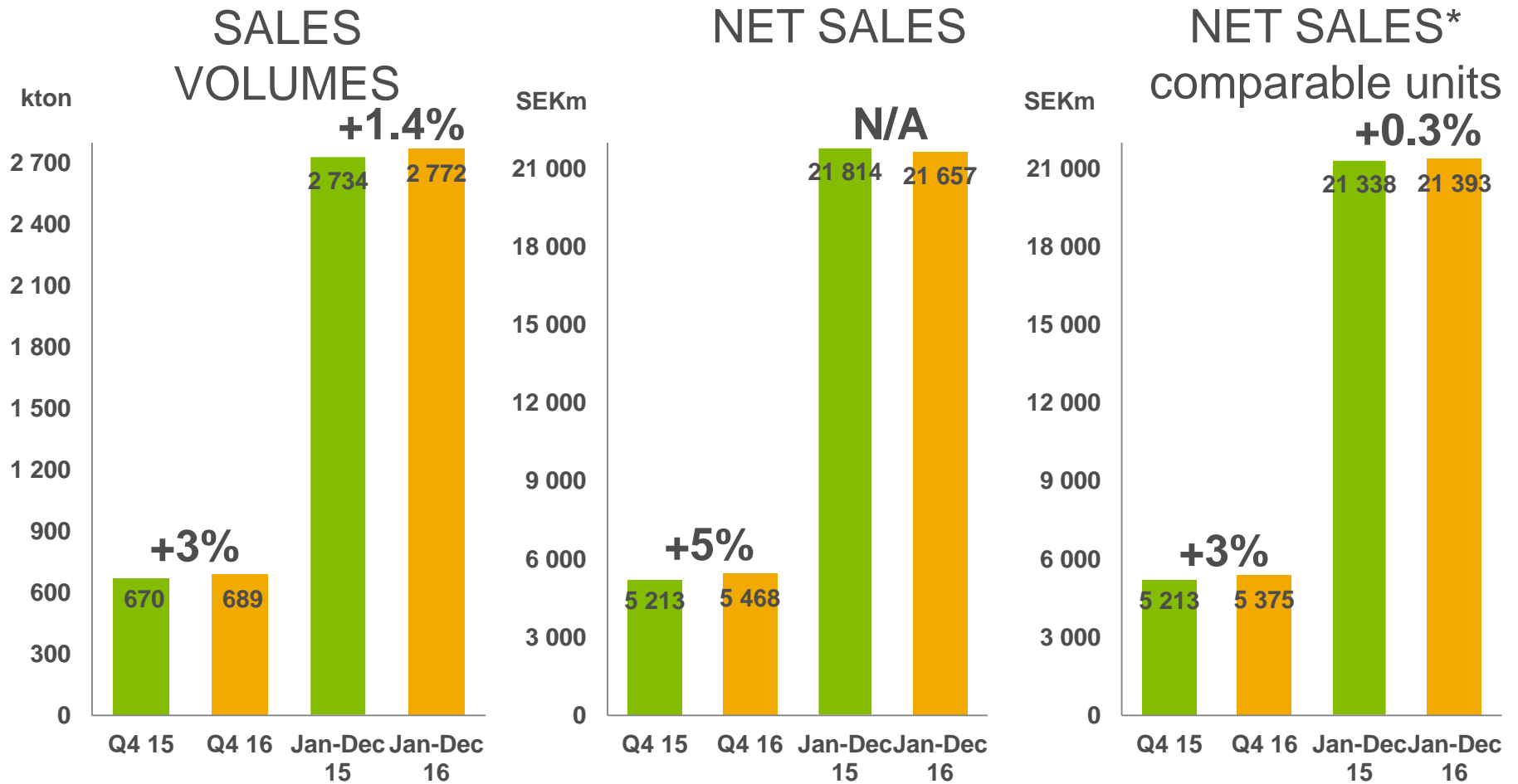


- ▶ Packaging focused materials and solutions provider
- ▶ Broader product portfolio
- ▶ Higher portion of sales to consumer segments
- ▶ Annual synergies of approximately SEK 530 million
- ▶ Sharply reduced pulp market exposure
- ▶ Lower relative currency exposure



Q4 2016

SALES VOLUMES REACHED ALL-TIME HIGH. NET SALES ON THE SAME LEVEL

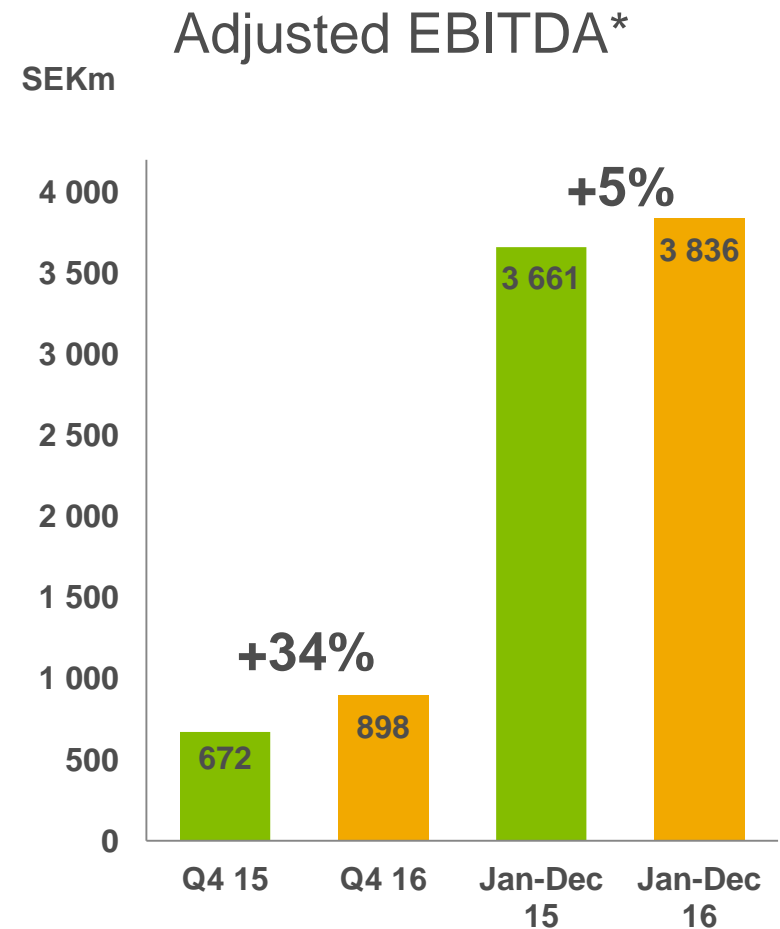
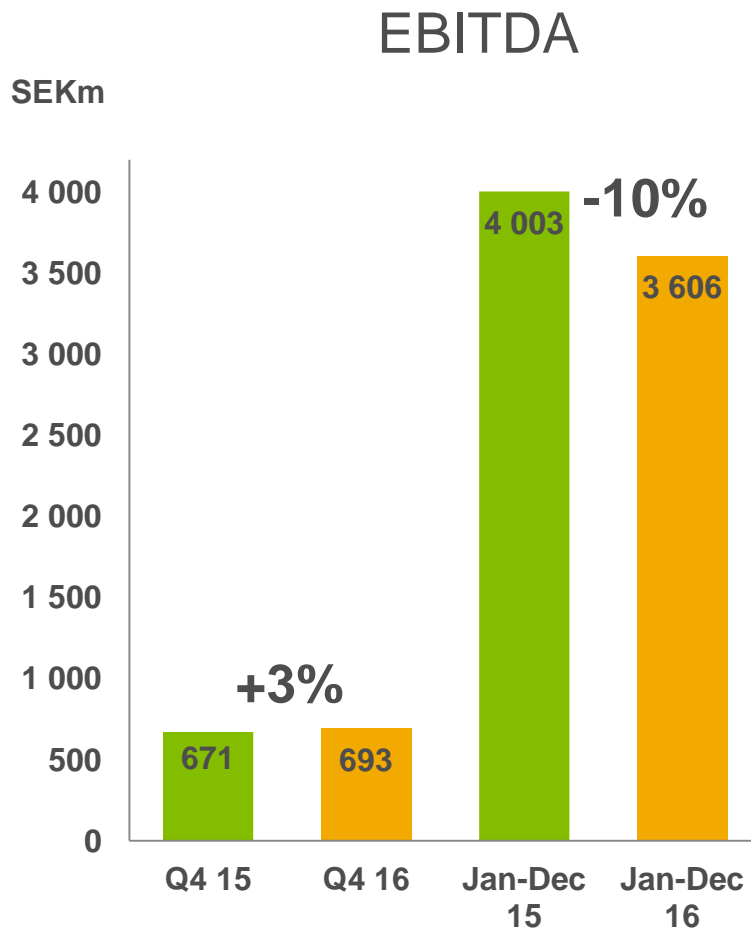


* Excluding divested and acquired operations



Q4 2016 - IMPROVED PROFITABILITY

ONE-OFF COSTS IN Q4 AND LATGRAN DIVESTITURE PREVIOUS YEAR



* Adjusted EBITDA is adjusted for items affecting comparability



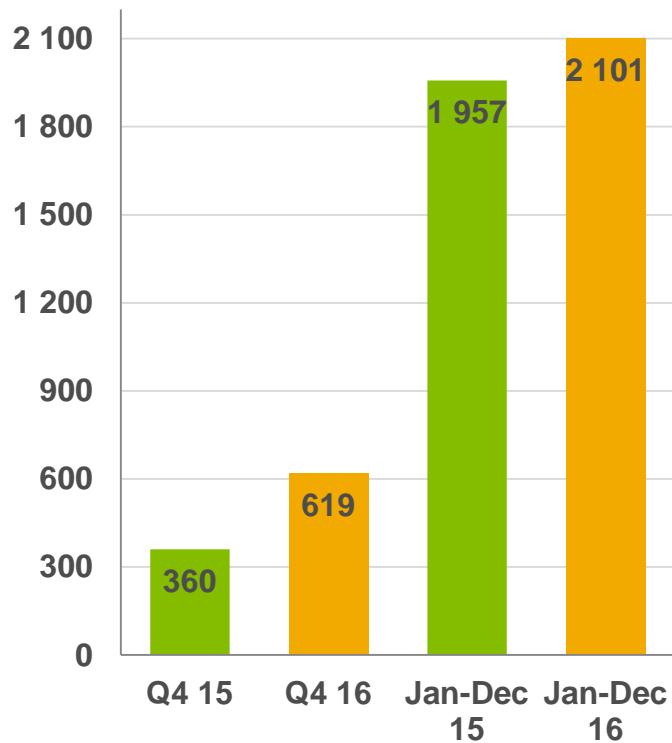
Q4 2016 - FINANCIAL TARGETS

OP. CASH FLOW

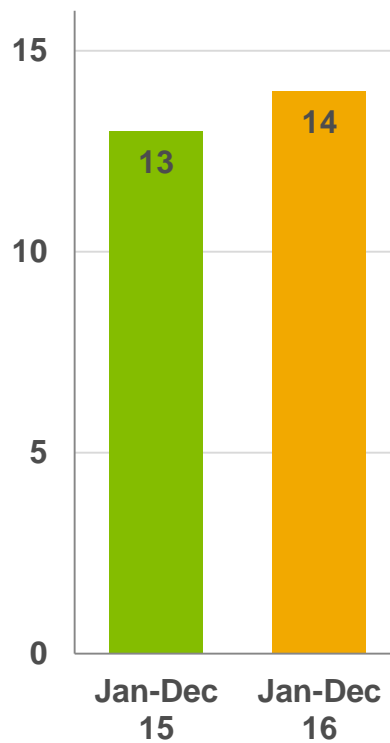
Adjusted ROCE

NET DEBT/EBITDA

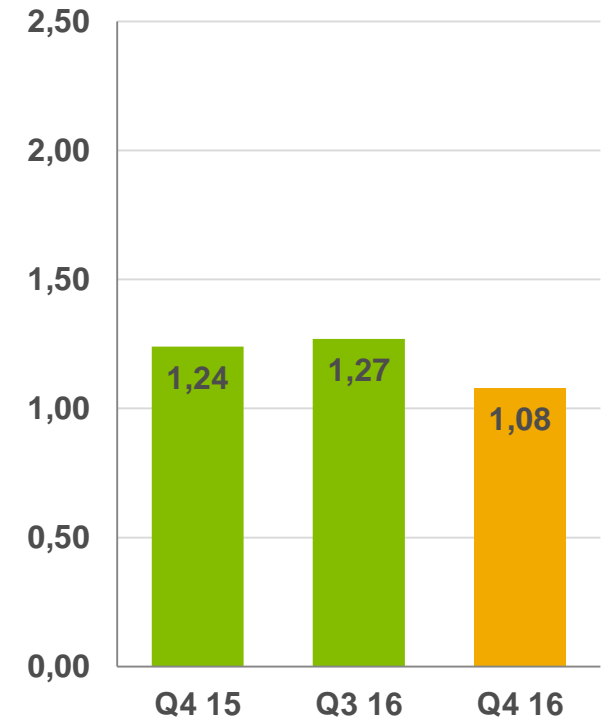
SEKm



%



multiple



ROCE based on rolling 12 months

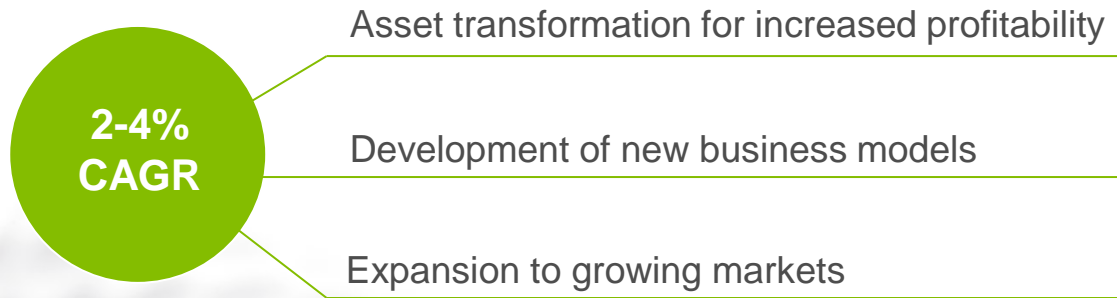


OUTLOOK

- Demand and order situation for the first quarter is expected to be stable with normal seasonal variances for all business areas
- Average prices in local currency in the first quarter are anticipated to be unchanged in all segments except for the impact of previously announced price increases in the sack segment
- For the coming quarter the wood cost is expected to increase approximately 3% due to higher transportation cost. However no changes to wood prices are expected
- Investment level 2017 will be approximately SEK 4 300 million
- The Board of Directors proposes a dividend of SEK 4.30 per share for 2016

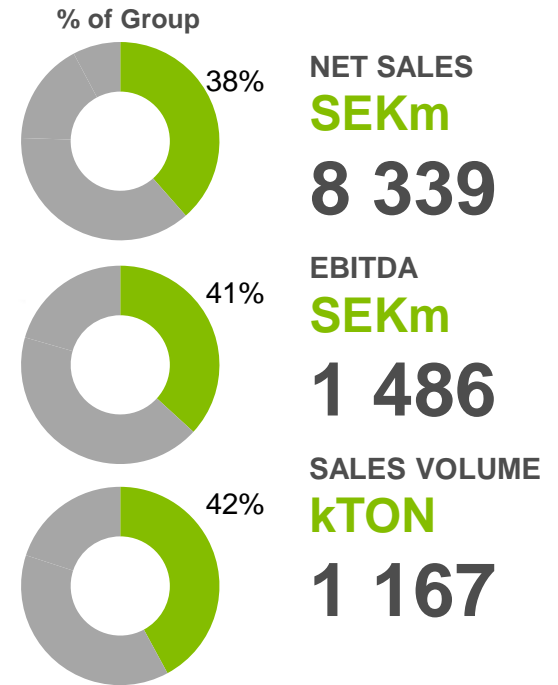
PACKAGING PAPER

SELECTIVE GROWTH



MAIN GROWTH DRIVERS

- Population growth in emerging markets drives demand for food and building materials packaging
- Ageing population drives demand for medical packaging
- Environmental awareness provides opportunities to substitute plastic packaging
- Global cement demand CAGR 5.0%¹
- Global food packaging demand CAGR 3.5%²



Full year 2016

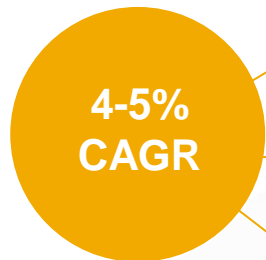
1. Estimated CAGR 2012-2022. Source: Freedonia World Cement Report (2013)

2. Estimated CAGR 2014-2024. Source: Smithers Pira, The Future of Packaging – long-term strategic forecast to 2024 (2014), CAGR



CONSUMER BOARD

VOLUME GROWTH



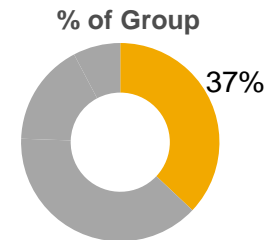
Attractive market providing growth opportunities

Investments for volume growth

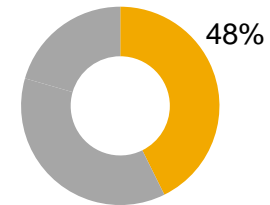
Innovation with customers and brand owners

MAIN GROWTH DRIVERS

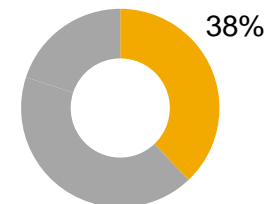
- High urbanization rate, primarily in Asia, drives demand for liquid packaging
- Change in consumer behavior drives demand for smaller packages
- Global liquid packaging board demand CAGR 3.4%¹
- Global cartonboard demand CAGR 4.0%²



NET SALES
SEKm
8 015



EBITDA
SEKm
1 723



SALES VOLUME
kTON
1 051

Full year 2016

1. Estimated CAGR 2014-2025. Source: BillerudKorsnäs analysis on Pöyry 2014 and Zenith International 2015

2. Estimated CAGR 2011-2025. Source: Vision Hunters 2015

CORRUGATED SOLUTIONS

VALUE GROWTH

**2-4%
CAGR**

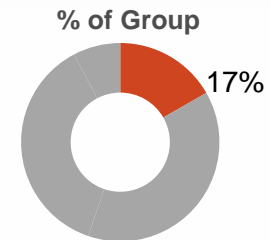
Strong product portfolio setting market standard

Integrating new business model

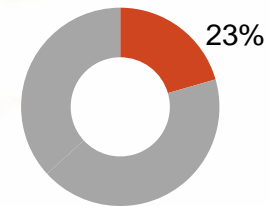
Increasing sales to brand owners

MAIN GROWTH DRIVERS

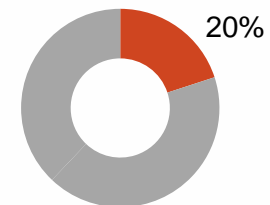
- Increasing e-commerce and fresh food consumption
- Package differentiation
- Changing supply chains require simplification of packaging solutions
- Global containerboard demand CAGR 2.6%¹



NET SALES
SEKm
3 620



EBITDA
SEKm
829



SALES VOLUME
kTON
554

Full year 2016

WE HAVE INVESTED SEK 2 BILLION SINCE 2012 TO INCREASE CAPACITY AND QUALITY LEAD

PACKAGING PAPER

260 SEKm

Brown sack paper

- Improved paper quality restoring leadership
- Increased capacity by 20 000 tonnes



CONSUMER BOARD

1600 SEKm

Liquid Packaging Board
Cartonboard

- Improved quality
- Increased capacity by 200 000 tonnes

CORRUGATED SOLUTIONS

180 SEKm

S/C fluting

- Improved quality enhancing leadership
- Increased capacity by 40 000 tonnes

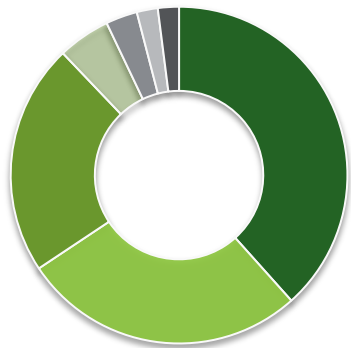


+260 000 tonnes



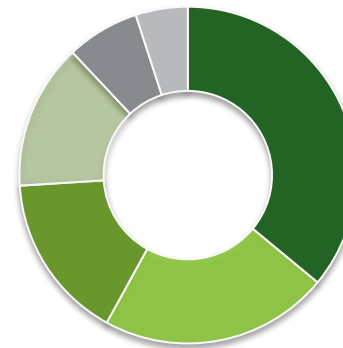
GLOBAL PACKAGING MARKET

GLOBAL PACKAGING MARKET,
BY REGION¹



- Asia, 38%
- Europe, 27%
- North America, 22%
- South and Central America, 5%
- Middle East, 3%
- Africa, 2%
- Pacific Region, 2%

GLOBAL PACKAGING MARKET,
BY MATERIAL¹



- Paper and board, 36%
- Hard plastics, 22%
- Flexible materials excl. Paper, 16%
- Metals, 14%
- Glass, 7%
- Other, 5%



SALES PER REGION

PACKAGING PAPER



CONSUMER BOARD



CORRUGATED SOLUTIONS



SALES PER REGION

- Europe 70%
- Asia 14%
- Africa 7%
- South America 4%
- Middle East 2%
- Other 3%

SALES PER REGION

- Europe 69%
- Asia 22%
- Middle East 5%
- Africa 2%
- South America 2%

SALES PER REGION

- Europe 72%
- Asia 19%
- Africa 5%
- South America 2%
- Other 2%



PRODUCTION UNITS

SWEDEN

Gävle, 725 ktonnes

Gruvön, 710 ktonnes

Frövi/Rockhammar, 470 ktonnes

Skärblacka, 420 ktonnes

Karlsborg, 300 ktonnes

FINLAND

Pietarsaari, 200 ktonnes

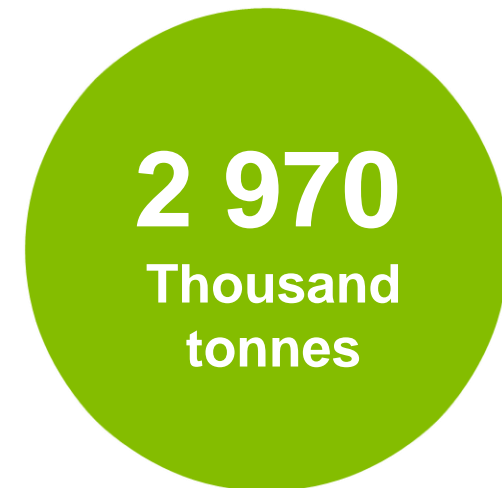
Tervasaari, 100 ktonnes

(mill closed as of end of Q3 2016)

UNITED KINGDOM

Beetham, 45 ktonnes

Total production capacity





SENSITIVITY ANALYSIS

IMPACT ON PROFIT/LOSS BEFORE TAX

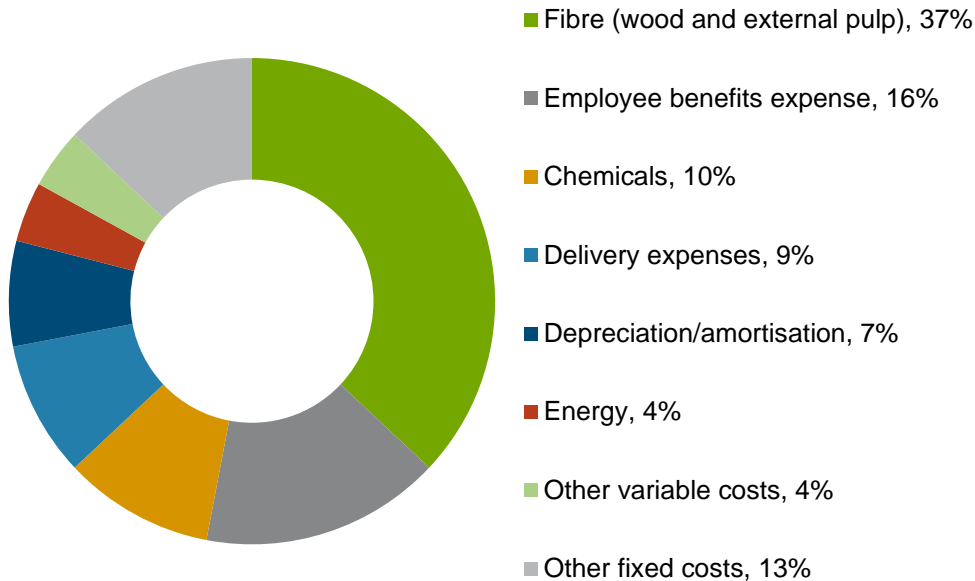
Variable	Change	SEKm
Sales volume	+/- 10%	+/-900
Exchange rate, SEK ¹	+/- 10%	-/+640
Fibre prices	+/- 10%	-/+700
Price of electricity ²	+/- 10%	-/+30
Interest rate on loans ³	+/- 1 percentage point	-/+43

1 Excluding effects of currency hedging.

2 Excluding effects of electricity price hedging.

3 Excluding effects of interest hedging.

COST STRUCTURE

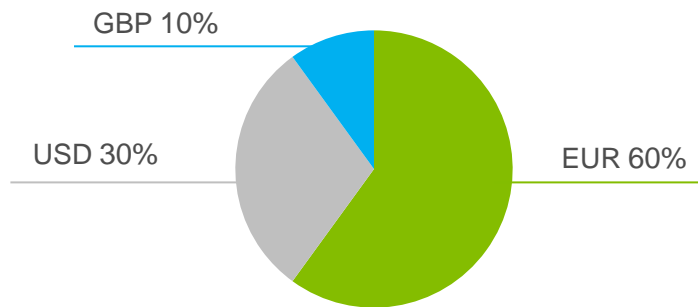


- No significant forest assets
- Purchases made from handful of major suppliers
 - > Bergvik Skog, Holmen, Mellanskog, Stora Enso and Sveaskog
 - > Large amount of private land owners in Central and Northern Sweden
- The majority of wood raw materials acquired locally
- About 20% of the wood requirement is imported
 - > Majority from the Baltics

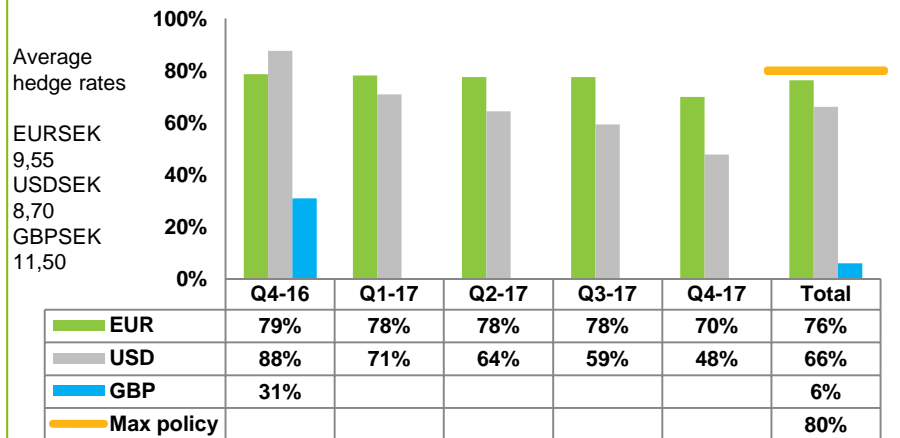


FX RISK

Total net currency exposure of SEK 6.4 billion



FX Hedge (SEK hedge) %



- ▶ BillerudKorsnäs uses Swedish Riksbank's FIXING rate (Month End)
- ▶ During month Sales, AP, AR etc: End of month rate previous month
- ▶ AP and AR: revalued to at end of month using End of month rate.
 - Revaluation of AR booked in "Currency hedging etc"
 - Revaluation of AP in Business areas
- ▶ FX contracts: Market value at month end. Contracts due within two months in Sales ("Currency hedging, etc"), rest is booked in Balance Sheet (OCI).

Net sales quarterly per business area and for the group

SEKm	Q4 -16	Q3 -16	Q2 -16	Q1 -16
Packaging Paper	2 067	2 100	2 085	2 087
Consumer Board	1 988	1 975	2 028	2 024
Corrugated Solutions	989	913	839	879
Other units	463	400	421	363
Currency hedging, etc.	-39	5	66	4
Total Group	5 468	5 393	5 439	5 357

- ▶ FX hedging policy
 - > 0-80% of flows over coming 15 months
 - > 0% is default hedge level
 - > No speculation in FX movements

OWNERSHIP STRUCTURE



- Foreign shareholders, 41.2%
- Swedish mutual funds, 23.7%
- Swedish individuals incl. closely held companies, 19.3%
- Swedish institutions, 15.8%

Shareholder	Number of shares	Percent of votes
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	20 583 373	9.9
Swedbank Robur Funds	9 384 808	4.5
Fourth Swedish National Pension Fund	6 578 034	3.2
Alecta	5 448 000	2.6
Handelsbanken Funds	4 656 994	2.2
DFA Funds (USA)	4 159 482	2.0
Norges Bank Investment Management	4 142 062	2.0
Vanguard	3 272 338	1.6
Lannebo Funds	2 200 000	1.1
Total 10 largest shareholders	91 725 091	44.2
Total excluding share buy-backs	207 089 336	100.0
The company's own bought-back shares	1 130 498	0.0
Total	208 219 834	100.0



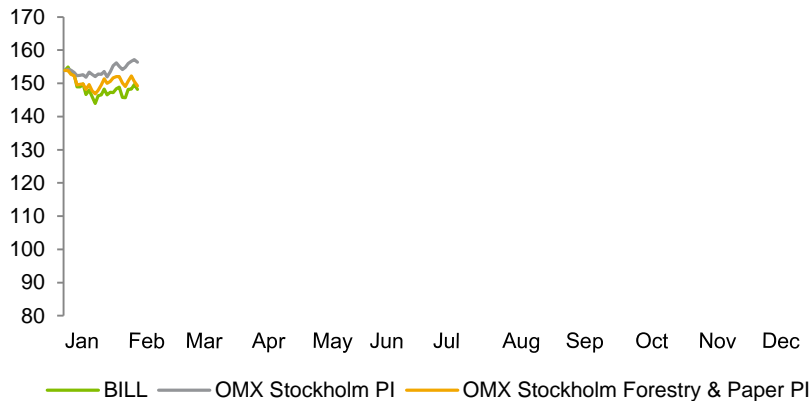
BILLERUDKORSNÄS SHARE

Symbol: BILL

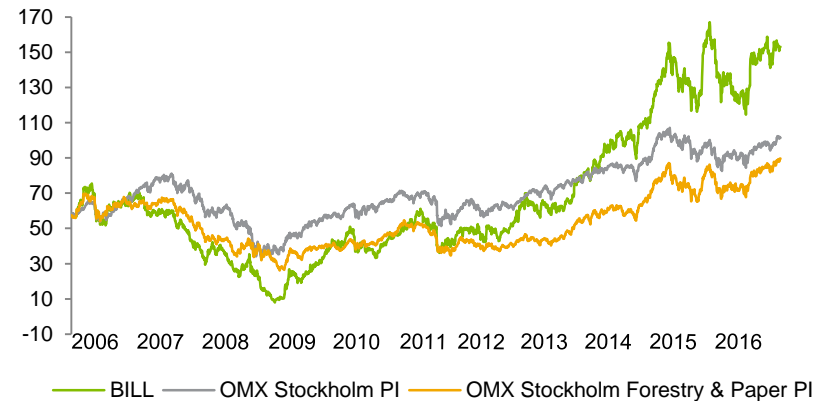
Trading platform: Nasdaq Stockholm

IPO: November 20, 2001

Share performance 2017



Share performance 2006-2016





BILLERUDKORSNÄS