



BILLERUDKORSNÄS

WHAT IF packaging
could make a difference?

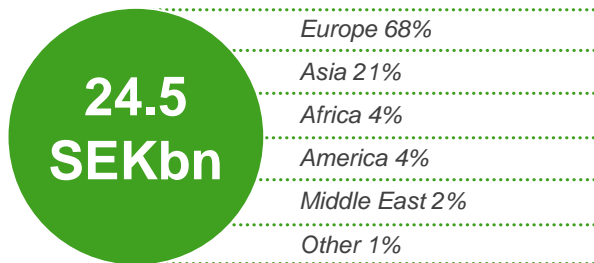
7th of January 2020

SEB Nordic Seminar 2020

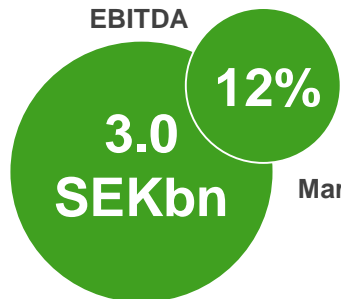
Lennart Holm CEO, Ivar Vatne CFO

BillerudKorsnäs - A pure play packaging innovator

Net sales

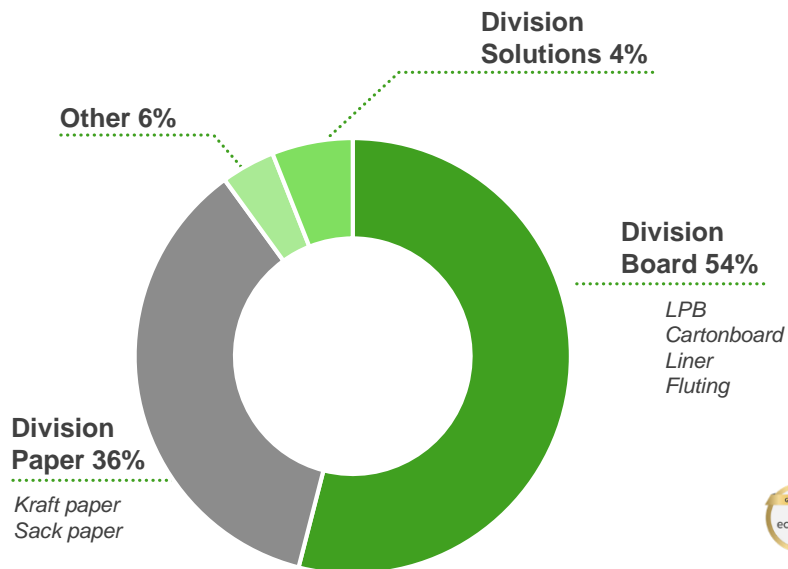


EBITDA



Margin

95% packaging material in product portfolio with a growing share of packaging solutions and systems



Production units

8

Employees

4 500

Industry leader



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

BillerudKorsnäs - Leading position in selected high-quality segments

Targeting customers and applications requiring light, strong and pure materials

Kraft paper



Liquid packaging board



Fluting



Sack paper

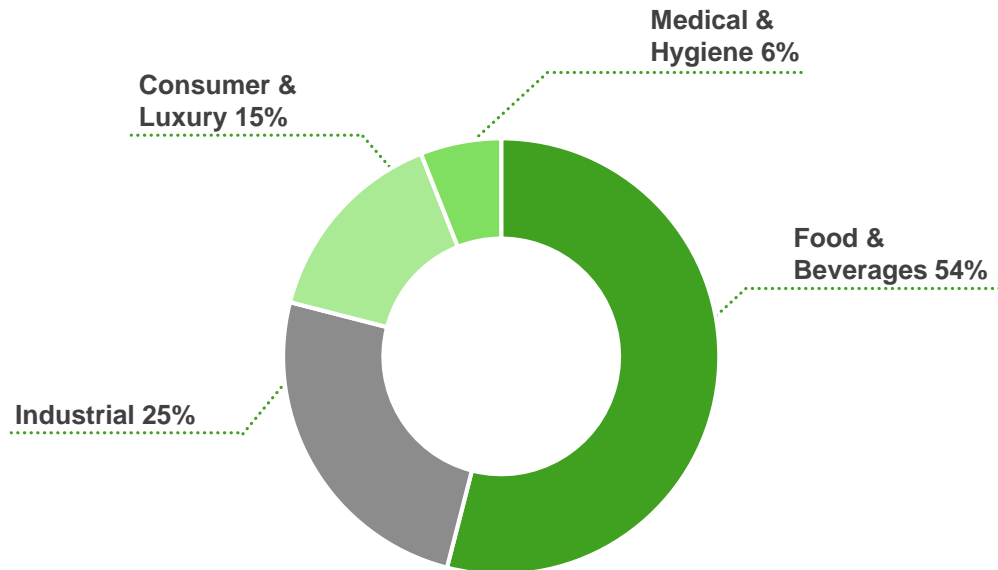


Cartonboard

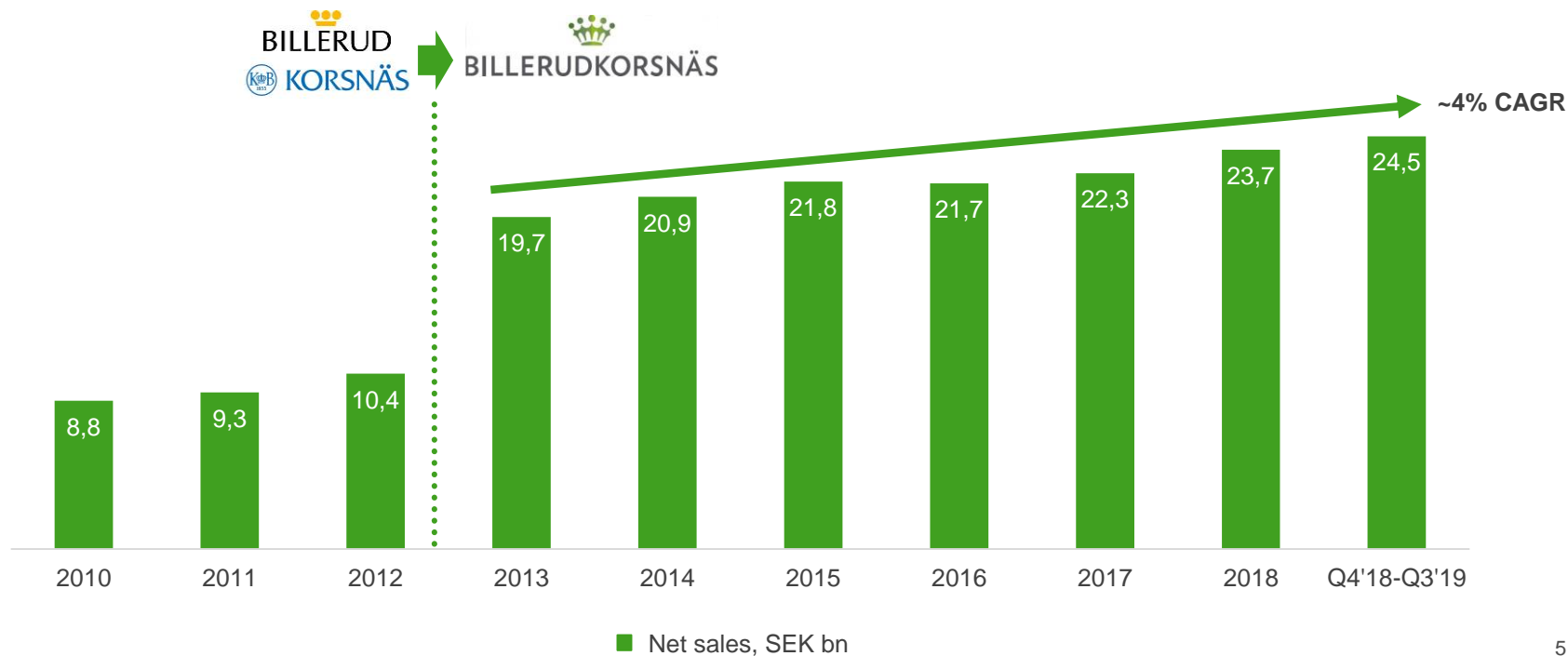


Clear focus on low-cyclical consumer segment

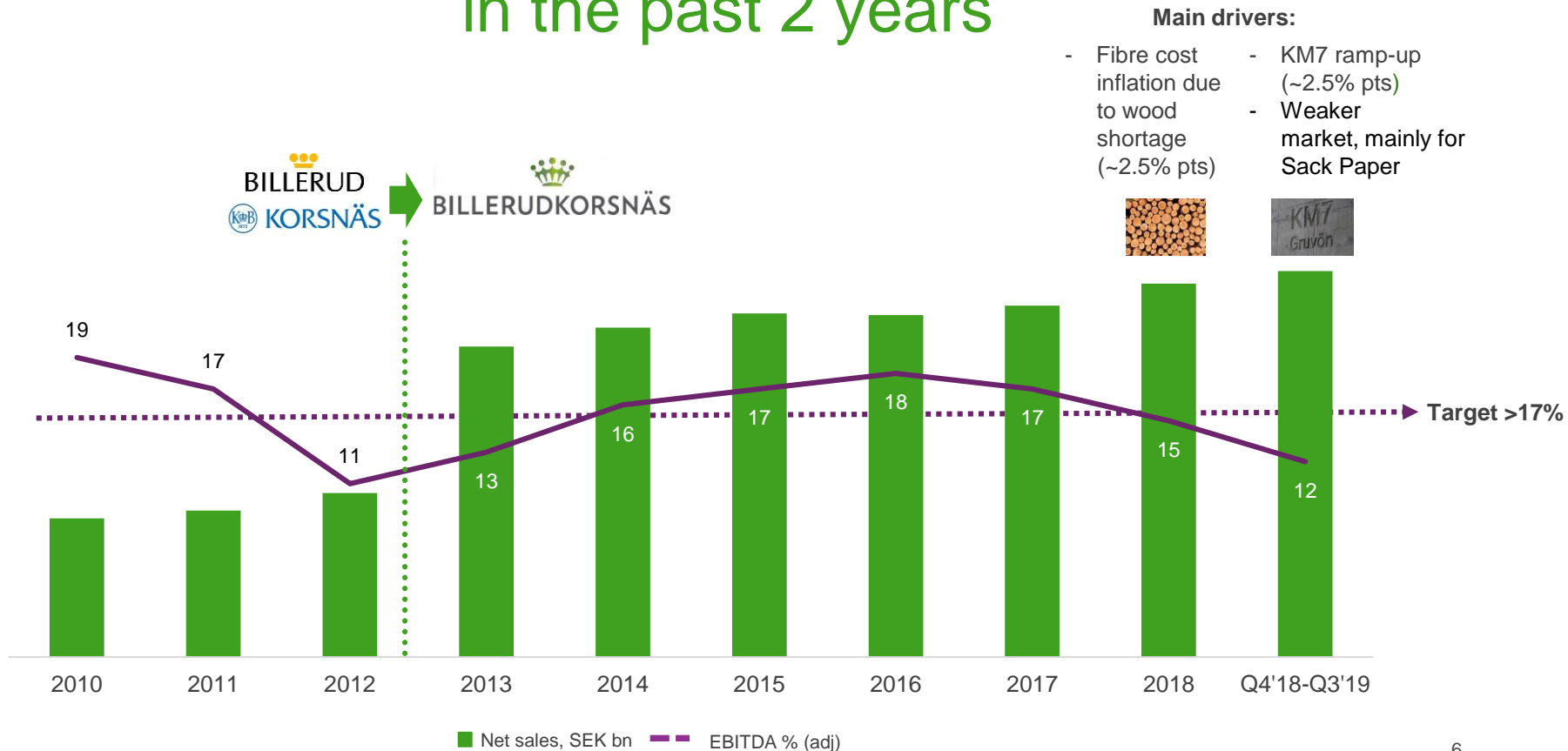
75% of sales towards consumer segment with stable long-term demand growth



Consistent net sales growth since the merger



Unsatisfactory profitability in the past 2 years



Going forward - Value creation in a world full of uncertainty

Significant uncertainty after a long period of global economic expansion

- Political / Economical / Environmental



- Rapid change creates both opportunities and threats
- Paper & Board is essentially an asset and margin management business
- Global megatrends create opportunities provided we act wisely and decisively

Megatrends driving growth for renewable packaging



Demographics and urbanisation



Sustainability awareness



Digitalisation



Globalisation

Clear strategy to capture the potential in our business

WE CHALLENGE CONVENTIONAL
PACKAGING FOR A SUSTAINABLE FUTURE

DRIVE PERFORMANCE



PROFITABLE GROWTH
BY CREATING
CUSTOMER VALUE



ACCELERATE SPEED IN
INNOVATION



EXPAND OUR
SOLUTIONS BUSINESS



WINNING WITH OUR PEOPLE

Think new – Feel responsibility – Cooperate – Create value

Expand sales and margins by challenging conventional packaging

- **KEY:** New capacity from KM7 enables growth
- Sustainability a driver of growth and profitability
 - Renewable resource / recyclable / biodegradable / energy efficient
- Focus on growth segments/niches with high entry barriers
 - LPB, Form & Fill, Flexible packaging, FibreForm, Flow wrap, Paper bottle, etc.
- Active partnerships with customers and key stakeholders throughout the value chain to leverage opportunities
 - Solutions / active partnerships with brand owners
- Product development / accelerated innovation
 - Biobarriers
 - Lightweighting
 - Conceptualization (E-ComBag, Paper bottle, Flow wrap, etc.)



Drive performance

Maximizing utilization of existing asset base

Key actions:

- Further enhance a sustainable and competitive wood supply
- Utilize the full potential of existing production capacity (KM 7 + Safe and Stable Operations)
- Reduce fixed costs by developing/implementing a more efficient way of working
- Further develop/implement critical KPI's and efficient tools for measurement and follow-up



Entering a new financial phase



Solid balance sheet in the wake of Bergvik divestment



Lower future CAPEX expected



Improved EBITDA % helped by 3 initiatives

- KM7 // Cost and efficiency // Production Excellence

1. Solid balance sheet in the wake of a successful Bergvik divestment

SEK26 10 JUNE 2019

Billerud Korsnäs säljer Bergvik Skog till AMF

Billerud Korsnäs säljer 89,9 procent av Bergvik Skog Öst till AMF Pensionsförsäkringar till ett pris som motsvarar ett bolagsvärde på 12,7 miljarder kronor, räknat till skuldfri basis. Det innebär 38 500 kronor per hektar skogsmark.

NEWS
Billerud Korsnäs: Swedish Competition Authority approves sale of Bergvik Skog Öst

10 JUN 2019 - Bergvik
 Skog Öst comprises 250,000 hectares of forestland. Pension fund AMF will acquire 89,9% of the company's shares for SEK12,2bn.

Billerud Korsnäs has received the green light from Swedish Competition Authority to sell its majority stake in Bergvik Skog Öst to the pension fund AMF. Billerud Korsnäs plans to complete the transaction on 30 August.



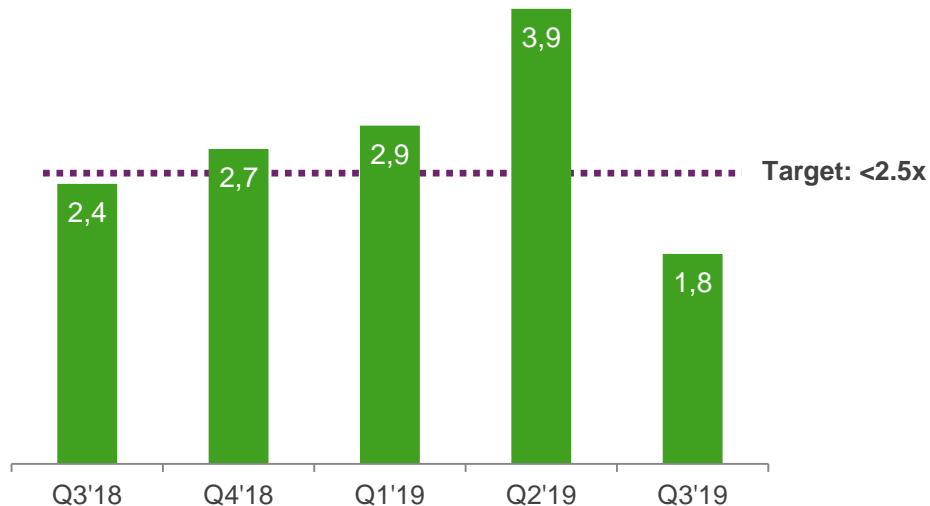
AMF makes first direct forestry investment with €1bn deal

BY MAGNEL FRIEDEN | 10 JUNE 2019

Sweden's third biggest pension fund is making its first direct investment in forestry, in a deal worth an estimated SEK10bn (€1bn).

AMF - which manages SEK422bn in assets - announced this week that it was to acquire 89,9% of the outstanding shares of BSO Holding from Swedish pulp and paper manufacturer BillerudKorsnäs. Skog & Industri, BSO Holding's subsidiary Bergvik Skog Öst owns over 272,000 hectares of woodland in central Sweden.

Net debt / EBITDA ratio*



* Based on past 12 months EBITDA (Q418-Q319). Adjusted for items affecting comparability.

- ⊕ Net debt EBITDA ratio well below target
- ⊕ Q3'19: Net debt SEK 5.5 billion SEK

2. Main production footprint investments completed - returning to a more normalized CAPEX level

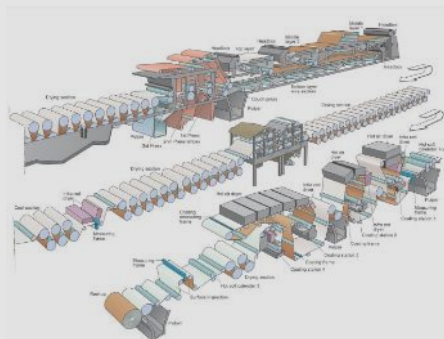
- Production expansion phase completed / focus on realizing full capacity potential

2012

2013-2017

2018

2019



UPM acquisition:

Production capacity: ~300 ktonnes

Production capacity increases:

Frövi/Rockhammar: ~95 ktonnes

Skärblacksa: ~20 ktonnes

Gruvön: ~40 ktonnes

Gävle: ~25 ktonnes

PM10 Skärblacksa:

Production capacity: ~90 ktonnes

Products: MG-papers

KM7 Gruvön:

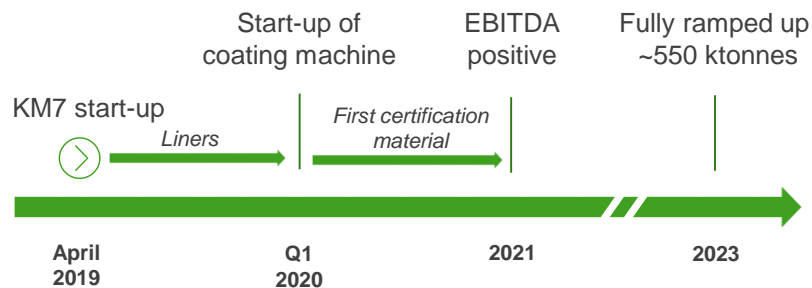
Production capacity: ~550,000 tonnes

Products: Liquid packaging board,
cartonboard and liner

3a. Hiked profitability from our biggest strategic investments

1 200 SEK m

positive EBITDA* effect when fully ramped up



- ⦿ KM7 at Gruvön mill is a strategic investment to capture stable and profitable liquid board business
- ⦿ Flexibility to produce premium products to meet change in product demand



*KM7 & PM10 accumulated

3b. Large untapped potential from improved asset output

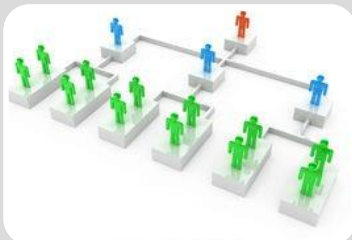
Safe and stable production is the key priority
4%-points OEE improvement by 2022

Overall Equipment Efficiency (OEE)



1%-point OEE =
 ~100 SEK m EBITDA

3c. SEK 600 million of extra EBITDA contribution by 2022



FTE reduction

- Up to 300 positions announced (Sep'19)
- Negotiations with unions in final stages
- Impact starting as of Q1'20

Purchasing & Development

- Centralizing procurement with few preferred suppliers
- Replacing raw material / ingredients with alternatives

End-2-end Supply Chain

- Warehouse
- Logistics
- Operational savings
- G2M model

- ⊗ All streams contributing to our cost- and efficiency program
- ⊗ 250 SEK m incremental EBITDA 2020 vs 2019
- ⊗ 600 SEK m incremental EBITDA Q4'2021 run-rate vs 2019
- ⊗ Roughly 1/3 split contribution per stream

Summary

- ④ Solid long-term demand for renewable packaging solutions
- ④ Short-term demand weaker in some segments
- ④ Strong financial position and clear strategic priorities for the next five years
- ④ Exciting product portfolio driven by demands for sustainable and efficient solutions
- ④ Untapped potential from increased operational efficiency and cost savings
- ④ Hiked profitability from strategic investments





WHAT IF packaging could
push new boundaries?





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