



BILLERUDKORSNÄS

WHAT IF packaging could make a  
difference?

May 15, 2019

Nordea Forest & Products Seminar



BILLERUDKORSNÄS

The challenge  
conv... packaging  
for a... able future

# BillerudKorsnäs at a glance

Net sales 2018

**23.7**

Billion SEK



Employees

**4 500**



Operating profit\* 2018

**2.0**

Billion SEK

EBITDA margin\* 2018

**15%**

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



**8**

Production units

- Beetham
- Frövi
- Rockhammar
- Gruvön
- Gävle
- Jakobstad
- Karlsborg
- Skärblacka

**3** Divisions

**57%**

Board

Share of net sales\*\*

**39%**

Paper

Share of net sales\*\*

**4%**

Solutions

Share of net sales\*\*

\* Excl items affecting comparability

\*\* Excl Other and Currency Hedging etc

# Material that creates clear customer value



Fluting



Liner



Cartonboard



Kraft paper

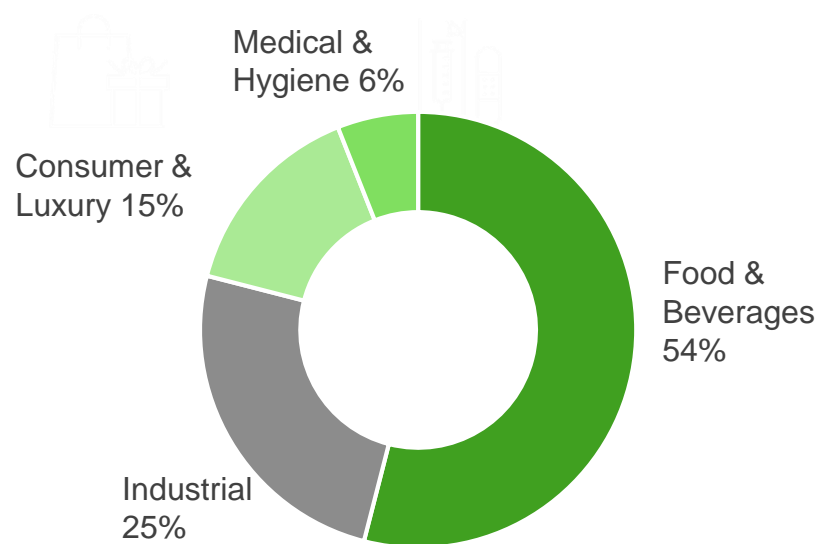


Sack paper



Liquid packaging board

## Net sales by market segment



# Megatrends driving growth



Demographics and urbanisation



Greater awareness of sustainability



Digitalisation



Globalisation



# We have invested for future growth

2012

Jakobstad



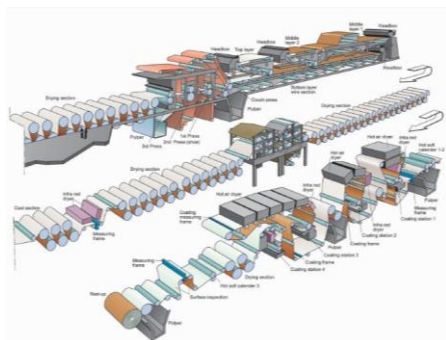
Tervasaari



**UPM acquisition:**

Production capacity: ~300 ktonnes

2013-2017



**Production capacity increases:**

Frövi/Rockhammar: ~95 ktonnes

Skärblacka: ~20 ktonnes

Gruvön: ~40 ktonnes

Gävle: ~25 ktonnes

2018



**PM10 Skärblacka:**

Production capacity: ~90 ktonnes

Products: MG-papers

2019



**KM7 Gruvön:**

Production capacity: ~550,000 tonnes

Products: Liquid packaging board, cartonboard and liner

# Key highlights Q1 2019

- ⊕ Good demand and strong sales performance in all divisions
  - › Double-digit top-line growth
  - › Increased sales prices and positive currency effects
  - › Largely unchanged sales volumes
- ⊕ Solid result despite high fibre costs
  - › Total cost of fibre continued to increase
  - › Caustic soda at high levels
  - › Negative impact from energy prices

**10%**

NET SALES GROWTH Y/Y

**16%**

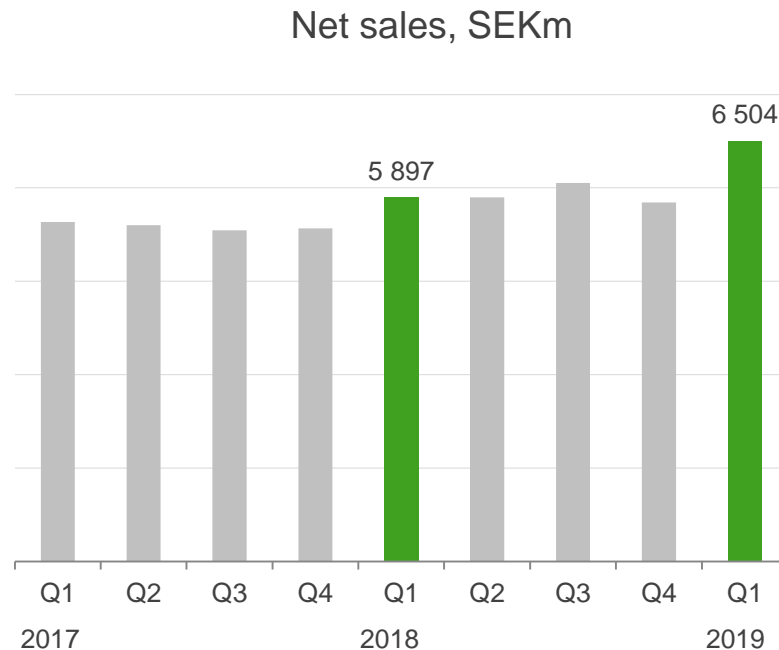
EBITDA MARGIN\*

**9%**

ROCE\*

# Q1: Double-digit top-line growth

- ⌚ Net sales up 10% compared with Q1 2018
- ⌚ Increased sales prices
- ⌚ Positive currency effects
- ⌚ Sales volumes largely unchanged



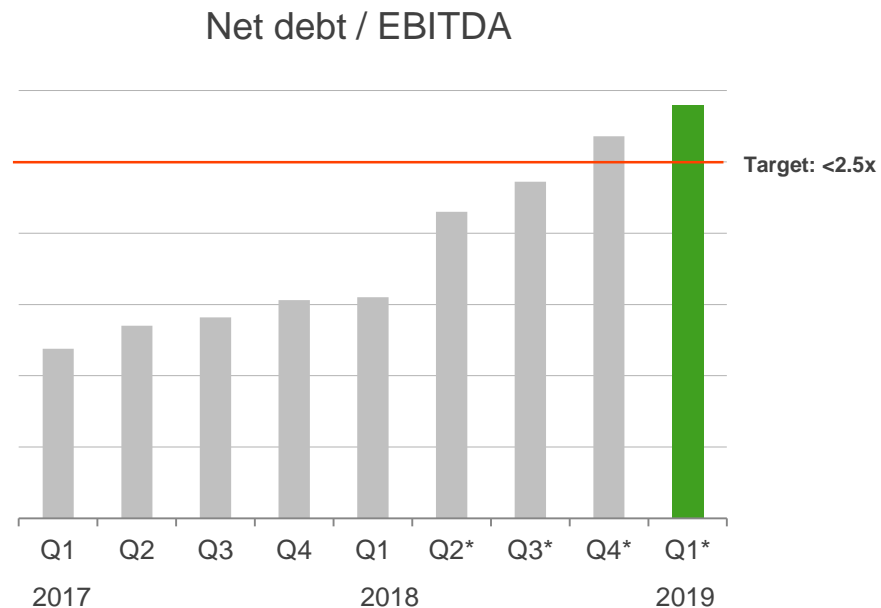


# Q1: Solid result despite higher fibre costs



# Balance sheet affected by heavy investments

- ④ Total net debt SEK 9 822 million (6 056) at 31 March 2019
- ④ Clear focus on regaining positive cash flow and deleveraging
- ④ Net debt expected to peak in Q2 2019
- ④ Net debt/EBITDA expected to be in line with target late 2020



\*Adjusted for items affecting comparability

# Long-term financial targets and outcome

Area	FY target	FY 2018	Q1 2019
Net sales growth	3-4%	6%	10%
EBITDA margin*	>17%	15%	16%
ROCE*	>13%	9%	9%
Net debt/EBITDA*	<2.5	2.68	2.90
Dividend policy	50%	59%	



\*Adjusted for items affecting comparability

# 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

## The most modern cardboard machine

**350 m**

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Machine length

**SEK 7,6 bn**

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Project cost

**17 000 tonnes**

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Machine weight

**8 000**

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Concrete piles

**> 600 km**

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Cable length

**550 000 tonnes**

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Production capacity

# Positioned to capture customer demand



Liquid packaging board



Cartonboard



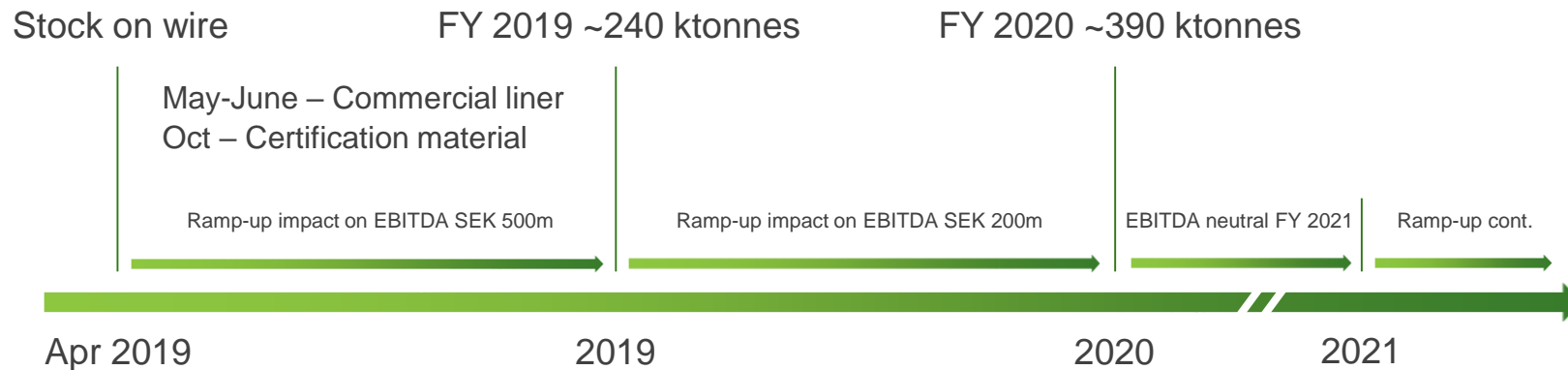
Liner



Cup stock



# Ramp-up proceeding according to plan



# Competitive wood supply

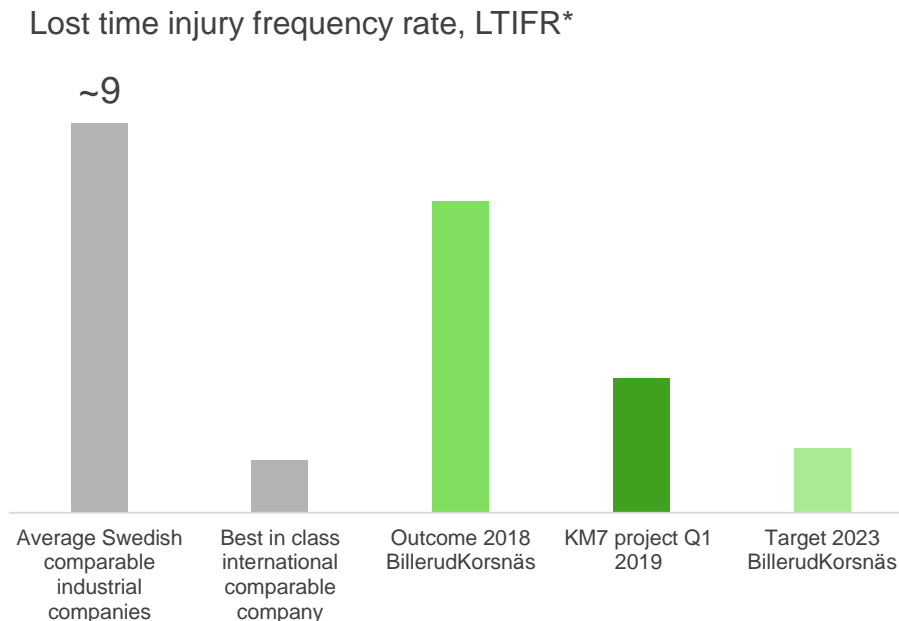
- ④ Agreement to acquire Bergvik Skog Öst in November 2018
- ④ The transaction expected to be completed in late May or early June
- ④ The intention to find suitable investors for a significant part of the forest land
- ④ This process is ongoing and interest is high





# A safe company is a well-run company

- ⦿ Unacceptable number of injuries
- ⦿ All accidents are preventable
- ⦿ Cultural change is needed – never walk by
- ⦿ Focus on structure, engagement and predictability



\* Number of injuries per 1 000 000 worked hours  
 Source: Company reports

# Production stability is the key focus

- ⦿ Production Excellence Programme (PEX) target to improve OEE\* with 4 percentage points by 2020
- ⦿ Programme drives improvements across all mills
  - > Stretched mill specific targets defined and committed
  - > Focus on loss eradication and track progress
  - > Network and standardised way of working
- ⦿ Full-year production expected to be 2 900 ktonnes

OEE\* target setting process



# Innovation through partnership

## Research platforms

- ④ Strength
- ④ Barrier
- ④ Shape ability
- ④ New concepts

## Flagship projects



Paper bottle



Paper battery



Liquid packaging board of the future

# Expansion in the value chain

- ④ Growth through customized packaging solutions for global brand owners
- ④ New solutions
  - > Formable paper
  - > Solutions that challenge plastic
  - > Brand new solutions
- ④ Investing in the future solutions
- ④ Award-winning packaging solutions



# Summary and outlook

- ⦿ Well positioned to capture growing customer demand and to expand in the value-chain
- ⦿ Agenda that focuses on securing, improving and accelerating
- ⦿ Ramp-up of KM7 has started and is proceeding according to plan
- ⦿ Process of finding suitable investors for Bergvik Öst is ongoing

## Q2 OUTLOOK

- ⦿ Continued good demand for our products
- ⦿ Increased price pressure is expected – focus on safeguarding current price levels
- ⦿ Total cost for fibre expected to flatten out at a high level

# Next Generation investment programme

