



BILLERUD

# ABGSC Nordic Opportunities Seminar

CFO Ivar Vatne

18<sup>th</sup> of Nov 2022



A photograph of a forest path. The path is covered in fallen yellow and brown leaves. A section of the path on the right is made of dark grey gravel. The trees are green, suggesting a late summer or early autumn setting. The text "I: Dawn of a new Billerud era" is overlaid in white on the left side of the path.

I: Dawn of a new Billerud era

# This is “new” Billerud

Combined Net sales approx.  
(2021)

**37.2\***

Billion SEK

Combined Sales Volumes approx.  
(2021)

**4.1**

Million tonnes



**9**

Production units

**~50%**

Product Area  
Paper  
Share of net sales

**~40%**

Product area  
Board  
Share of net sales

**~10%**

Solutions and  
other  
Share of net sales

Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



**5 800**

Number of employees

# High quality virgin fibre based materials. Most of our products are used for essential product applications



Fluting



Liner



3D Paper



Cartonboard



Kraft Paper  
(Specialty)



Graphical paper



Sack paper



Liquid Packaging  
Board



Kraftpaper  
(Bags)



Kraft paper  
(Medical)

# Adding 2 sizeable mills in North America to our existing Nordic production footprint



**Gruvön**  
870 kt/year \*  
Approx. 790 employees



**Karlsborg**  
335 kt/year  
Approx. 380 employees



**Escanaba**  
700 kt/year  
Approx. 830 employees



**Frövi/  
Rockhammar**  
500 kt/year  
Approx. 540 employees



**Pietarsaari**  
200 kt/year  
Approx. 120 employees



**Quinnesec**  
400 kt/year  
paper  
Approx. 420 employees



**Gävle**  
755 kt/year  
Approx. 710 employees



**Skärblacka**  
460 kt/year  
Approx. 630 employees

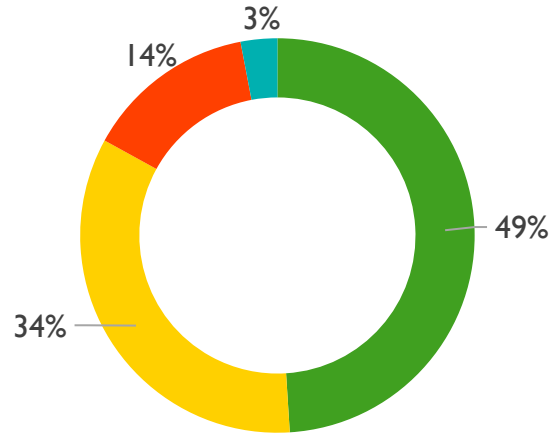


**Wisconsin Rapids**  
(Sheets converting facility)

\* Capacity per year

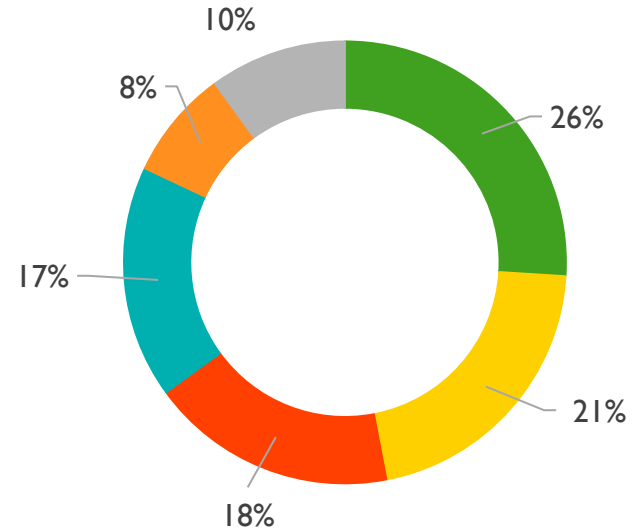
# Well diversified geographic and category portfolio post the acquisition of Verso

Combined Net Sales by region\*



■ Europe ■ America ■ Asia ■ Others





Combined Nets Sales by category\*



■ Graphic & Speciality paper ■ Liquid Packaging Board  
 ■ Paperboard ■ Sack & kraft  
 ■ Market pulp ■ Others


\*Reported net sales for 2021. Calculation based on USD/SEK exchange rate 8.60 (average during 2021).

# Strong exposure to attractive and resilient channels

	 <b>Food &amp; Drink</b>	 <b>Printing &amp; Publishing Papers</b>	 <b>Consumer &amp; Luxury</b>	 <b>Industrial</b>
<i>Sales split, %<sup>1</sup></i>				
LPB (7.9bn)	<b>100%</b>			
Cartonboard (2.2bn)	<b>25%</b>		<b>75%</b>	
Containerboard (4.4bn)	<b>80%</b>		<b>10%</b>	<b>10%</b>
Kraft & Speciality Paper (5.4bn) <sup>2</sup>	<b>50%</b>		<b>30%</b>	<b>10%</b>
Sack Paper (2.6bn)	<b>15%</b>			<b>85%</b>
Graphical Paper (7.5bn)		<b>100%</b>		
<b>Share of Group Net Sales<sup>3</sup></b>	<b>40%</b>	<b>20%</b>	<b>10%</b>	<b>10%</b>

<sup>1)</sup> 2021 Net Sales in bn SEK. <sup>2)</sup> Excluding medical paper. <sup>3)</sup> Total Group Net Sales include Currency hedging and Solutions & Other, not allocated to end-use segments

# Category and channel attractiveness fuelled by impactful market trends



Demand for sustainable packaging is growing

New ground rules as the value chain changes

Digitalisation is opening up opportunities

Sustainability requirements are becoming stricter

Growing interest in the forest as a source of raw material



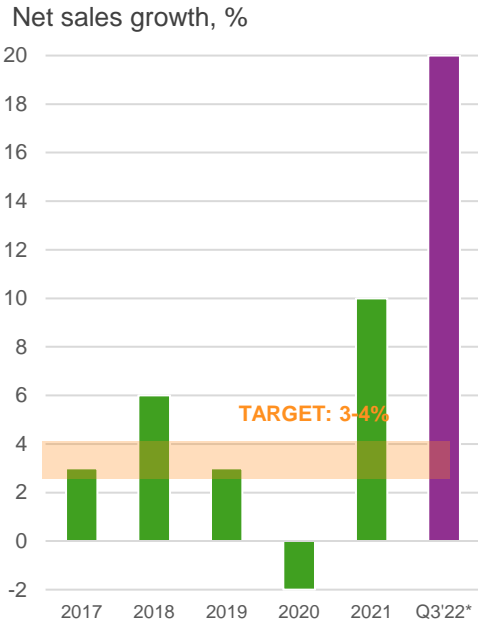
The background of the slide is a complex financial chart. It features a grid of dashed lines in blue and green. Overlaid on this grid are several data series: a prominent blue line that trends downwards from left to right, and a series of vertical bars in green and blue, resembling a candlestick or bar chart. The overall color palette is dominated by blue and green, with a slight gradient from top to bottom.

II: Significantly improved financial performance

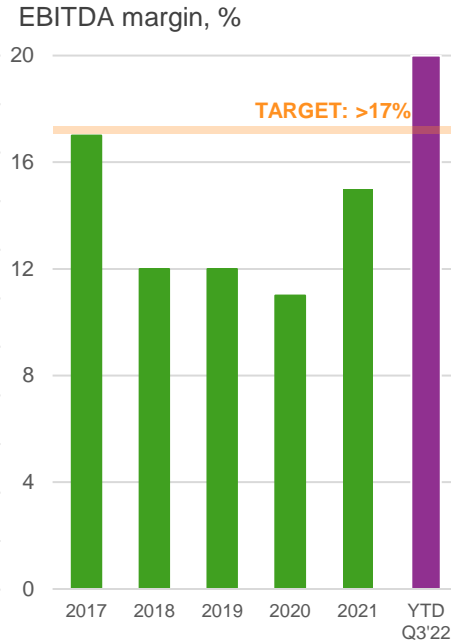
# Step-changed financial performance past years

## After a challenging period, we are delivering strongly vs targets

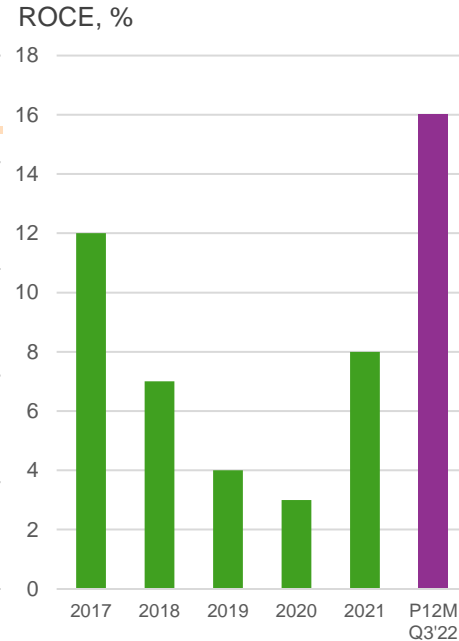
### NET SALES



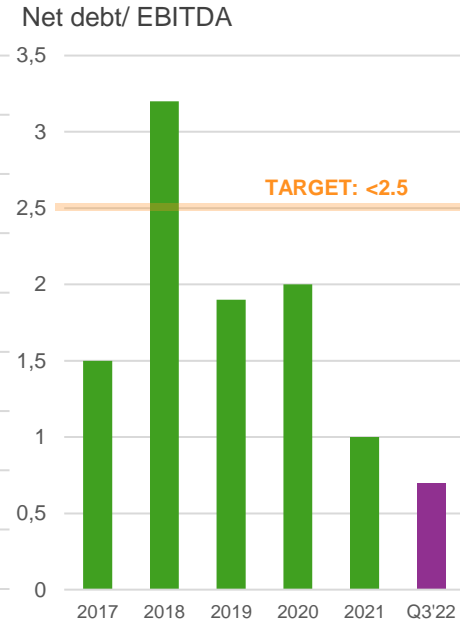
### EBITDA MARGIN



### ROCE



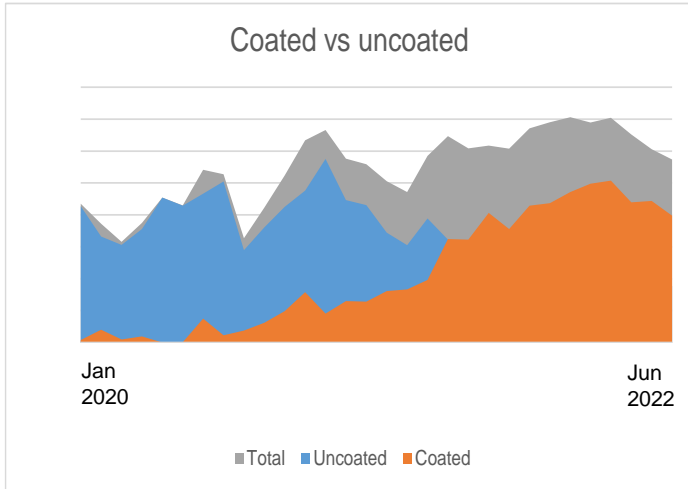
### NET DEBT LEVERAGE



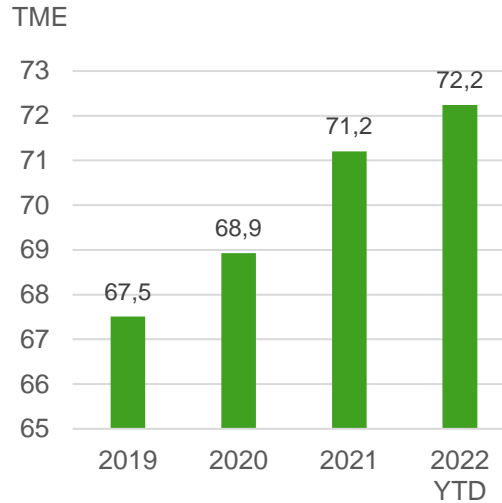
\*Net sales growth excluding currency effect, the acquisition of Verso and the divestment of Beetham

# Excellent delivery of 3 company priorities we mobilized around in 2019

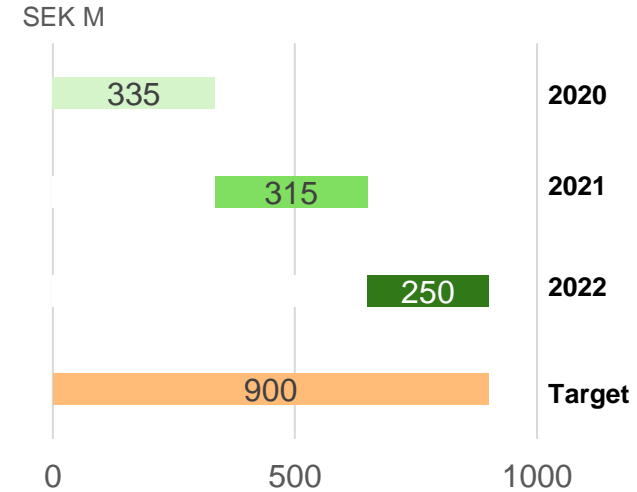
## 1. KM7 ramp-up / mix



## 2: Stable production



## 3. Cost and efficiency





# III: Billerud's 2030 Strategy and way forward

# Billerud's 2030 strategy

Our vision

WE CHALLENGE  
CONVENTIONAL  
PACKAGING FOR  
A SUSTAINABLE  
FUTURE

Our main goals

**SAFETY FIRST: ZERO LOST TIME INJURIES**

**DELIVER SUSTAINABLE PROFITABLE GROWTH  
IN PACKAGING MATERIALS (2020-2030)**

Strategic priorities in the  
business flow

COMMERCIAL

OPERATIONS

WOOD SUPPLY

Our foundation

SHAPE A SUSTAINABLE FUTURE

WIN WITH OUR PEOPLE

ONE BILLERUD

# WE CHALLENGE CONVENTIONAL PACKAGING FOR A SUSTAINABLE FUTURE

**SAFETY FIRST: ZERO LOST TIME INJURIES**

**DELIVER SUSTAINABLE PROFITABLE GROWTH IN PACKAGING MATERIALS (2020-2030)**

## COMMERCIAL

- With Europe as powerhouse ignite growth for **Paperboard** in North America
- Accelerate growth with select opportunities for **LPB**
- Improve the mix through profitable applications in **sack and kraft paper**
- Step up impact led **innovation**

## OPERATIONS

- Improve efficiency to best in class
- Realize the potential across the three board mills
- Explore possibilities to boost capacity

## WOOD SUPPLY

- Optimise fibre consumption
- Build long-term partnerships
- Secure competitive fibre availability
- Develop lean, green and flexible wood supply chain

**SHAPE A SUSTAINABLE FUTURE**

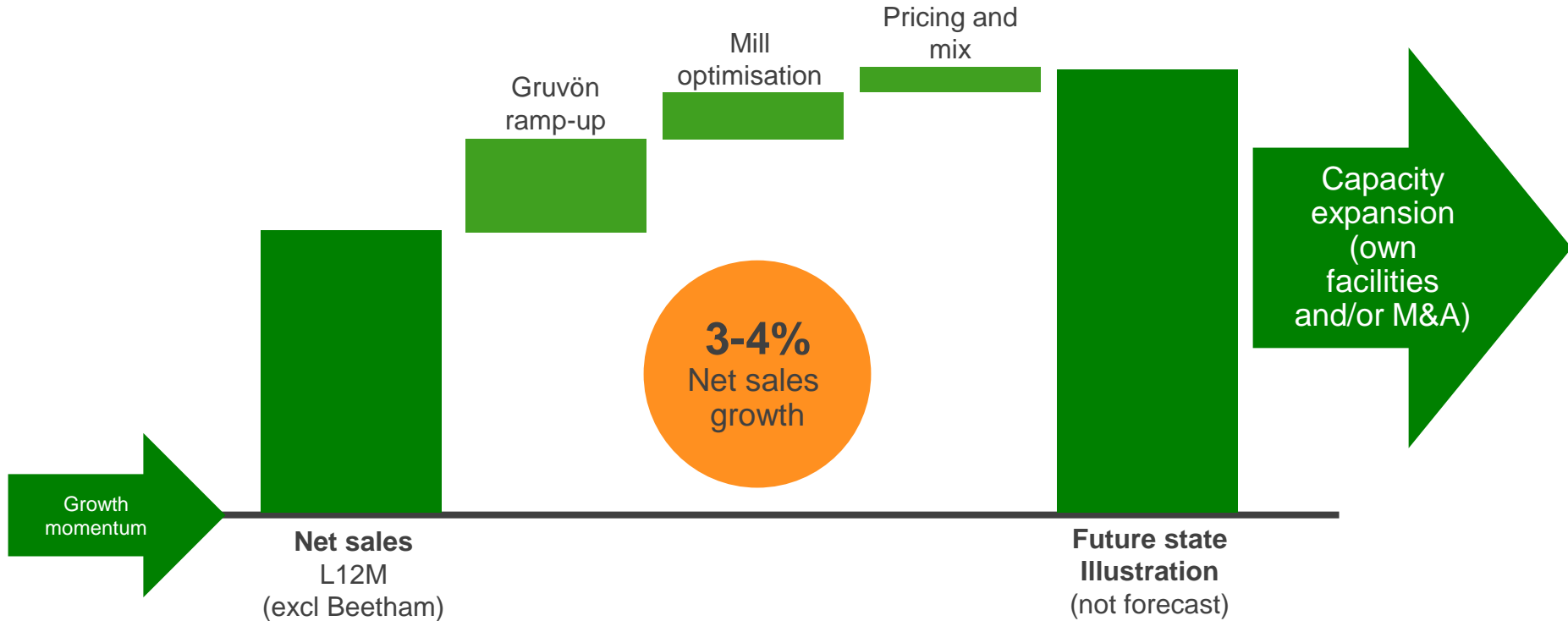
**WIN WITH OUR PEOPLE**

**ONE BILLERUD**

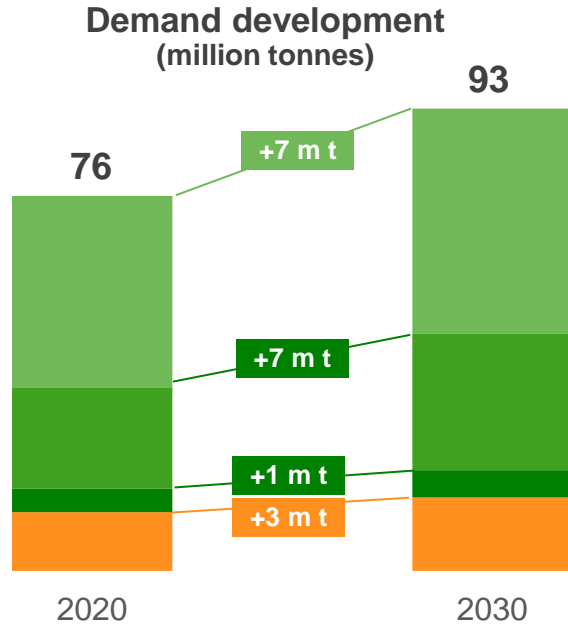
Re-cap from Capital Market Day Nov'21:

# Room to meet our net sales target range until 2025

## Thereafter, new capacity needed to continue growth momentum



We will prioritise board over paper in view of our market position, growth opportunities, attractiveness and competitive dynamics

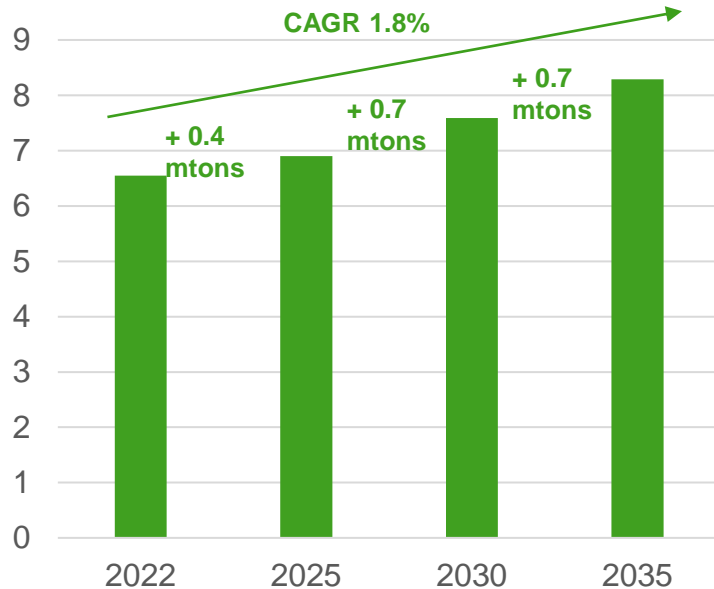


Product category	Market growth rate	BillerudKorsnäs' market position 2020
Containerboard	2% (primary fibre)	#2 Semi-chemical fluting, Europe #4 White kraftliner, Europe
Cartonboard	3%	#5 Cartonboard, Europe
LPB	1-2%	#1 LPB, long-life ambient packaging, globally #2 LPB, all types of packaging, globally
Sack&Kraft	1% (Sack) 3% (Kraft)	#5 Kraft paper, globally #1 MG paper, globally #4 Sack paper, globally

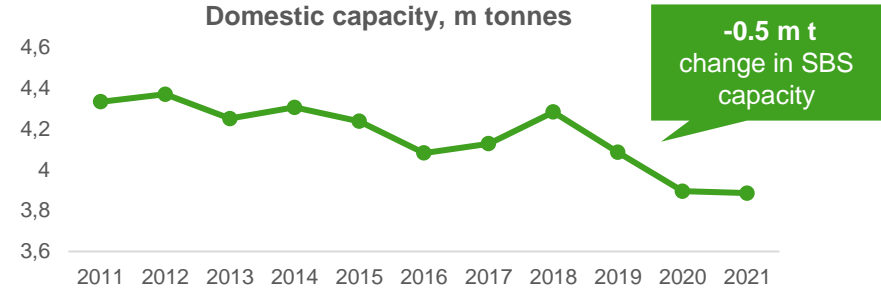


# North America is an attractive market and our largest growth opportunity

Primary fibre cartonboard market, m tonnes

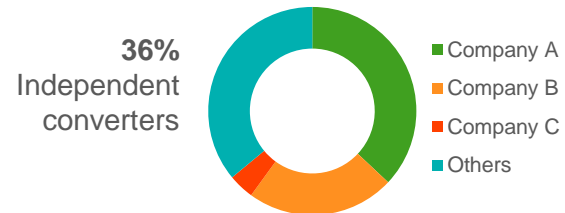


Supply of local SBS is reducing



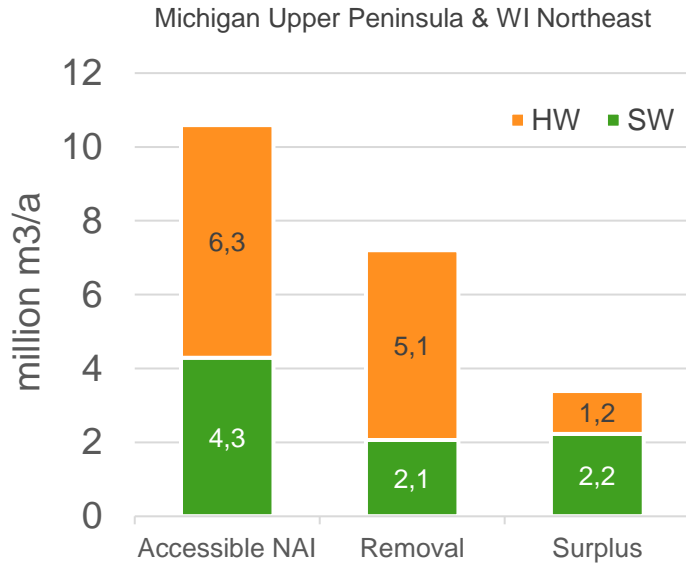
Market for independent converters is large

Folding carton converters

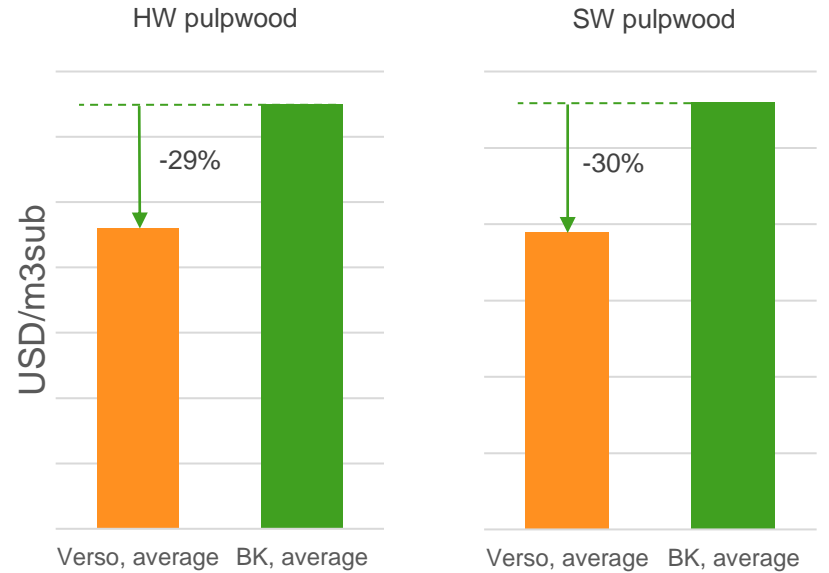


# Verso has large surplus of low-cost fibre with excellent properties

## Net Annual Increment (NAI), Removal and Surplus




## Pulpwood Delivered Cost (2020) – Verso vs Billerud





# Acquisition of Verso great fit to Billerud's ambition for profitable and sustainable growth

- Verso will be the cornerstone of our expansion in the attractive North American market and provide sustainable capacity opportunity for ten years and beyond
- Market proximity to one of the largest and growing markets in primary fibre containerboard and cartonboard
- World-class cost base: lowest cost producer in the US and in top quintile cost base for export to Europe or Asia
- Conversion into state-of the art paperboard production with fully integrated pulp supply, situated in North Americas' prime quality abundant and cost competitive wood basket
- The acquisition and conversion will create significant shareholder value over time with a more profitable product mix



IV: Going into 2023

# Priorities going into 2023

- ✓ Deliver on strategic objectives of sales growth through continuous focus on sustainable packaging opportunities and innovation
- ✓ Deliver on our strategic profitability goals through focus on mix, price management and rigorous cost discipline
- ✓ Develop new efficiency program for 2023 and beyond by focusing on those areas that are in our control

## Strategic projects and programs well on track

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- Frövi recovery boiler (expected start-up end'23)
- Norway BCTMP pre-feasibility
- US conversion pre-feasibility
- Key aspects of integration Billerud North America to be completed by end of 2022



## Outlook for Q4 2022

- ✔ Still solid demand for our products, but sentiment is changing towards being less favorable in Europe; stability in North America
- ✔ Accelerated cost inflation in Europe with higher costs for wood and chemicals. Flat costs in North America
- ✔ Continued focus on price and mix management to mitigate cost inflation





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