



BILLERUDKORSNÄS

# CEO's presentation





We challenge conventional  
packaging for a sustainable future

# Important events 2019

➤ Divestment of Bergvik Skog Öst



➤ Start of production KM7 at Gruvön



## Results for 2019

**3%**

Growth

**12%**

EBITDA  
margin

**4%**

Return on capital  
employed

**1,9**

Interest-bearing  
net debt/ EBITDA

**13%**

Dividend/  
net profit

**3%**

Lower  
emissions

**7,3**

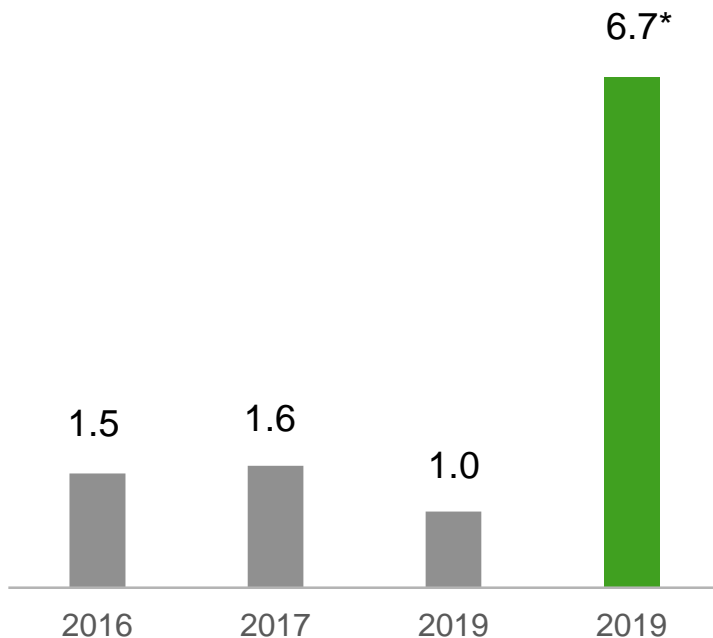
Accidents resulting in  
absence per million  
hours worked

**10%**

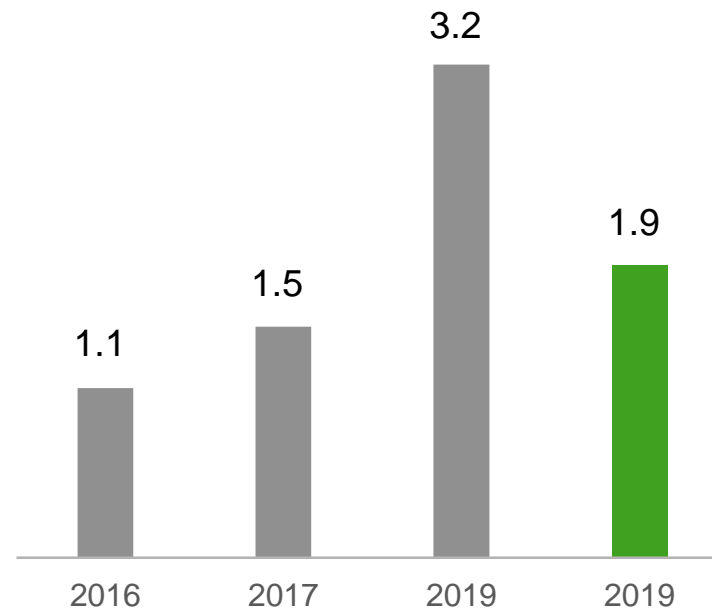
Share of new  
products/  
net sales

# Strong net profits and a solid financial position

Net profit, SEK bn

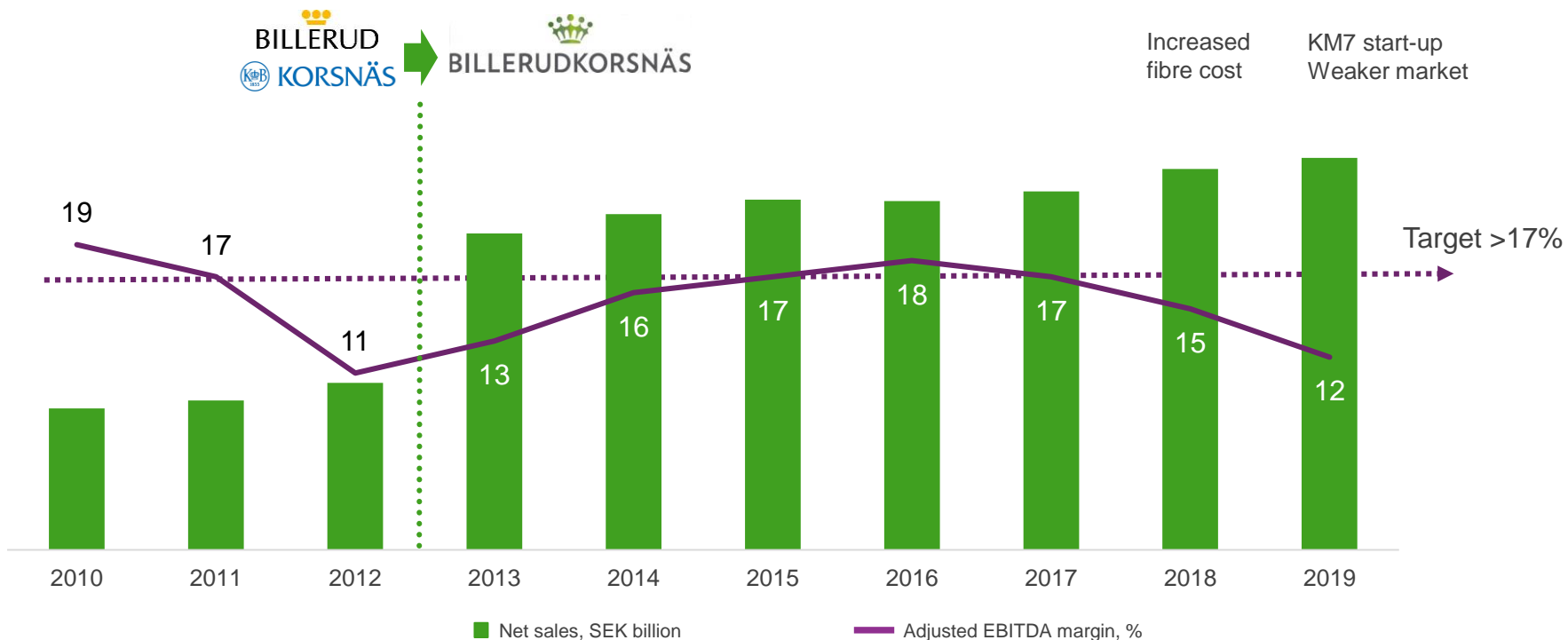


Interest-bearing net debt/EBITDA, multiple



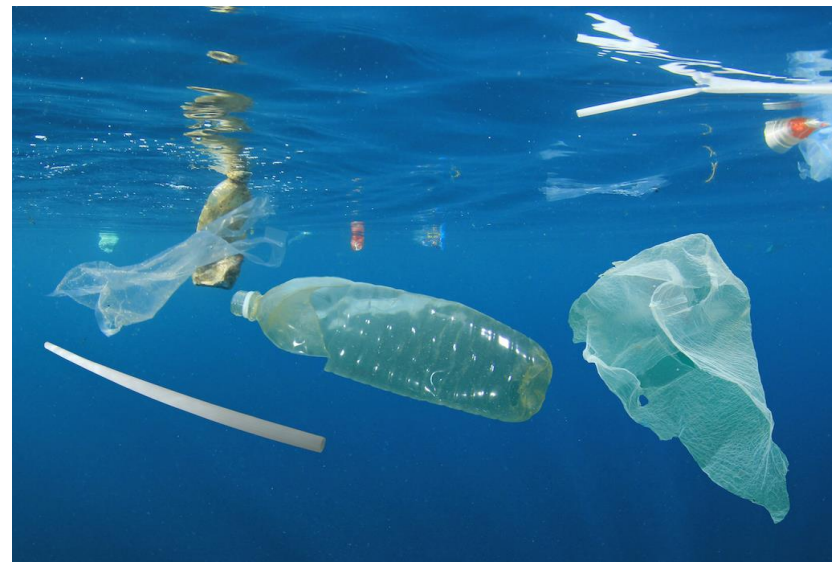
\* Including profit from discontinued operations of approx. SEK 5.7 bn

# Underlying profitability not satisfactory



# Trends create growth for sustainable material and innovative packaging solutions

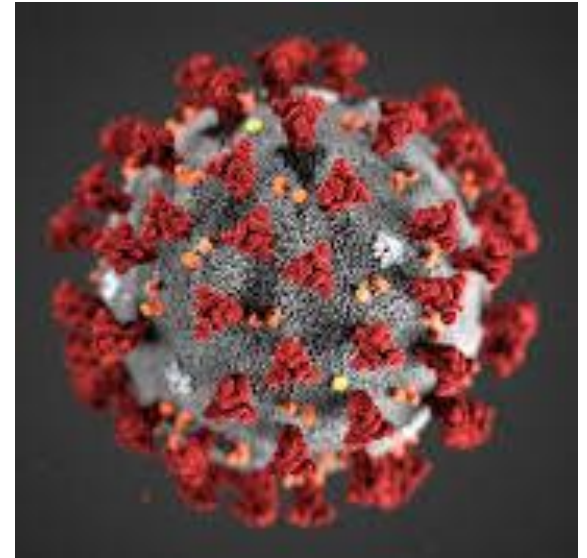
1. Booming middle class and urbanisation
2. Digitalisation is opening up opportunities
3. Increased sustainability awareness
4. Political initiatives for renewable and circular packaging
5. Growing interest in the forest as a source of raw material



Fibre-based material can replace plastics

# Increased uncertainty in the near future

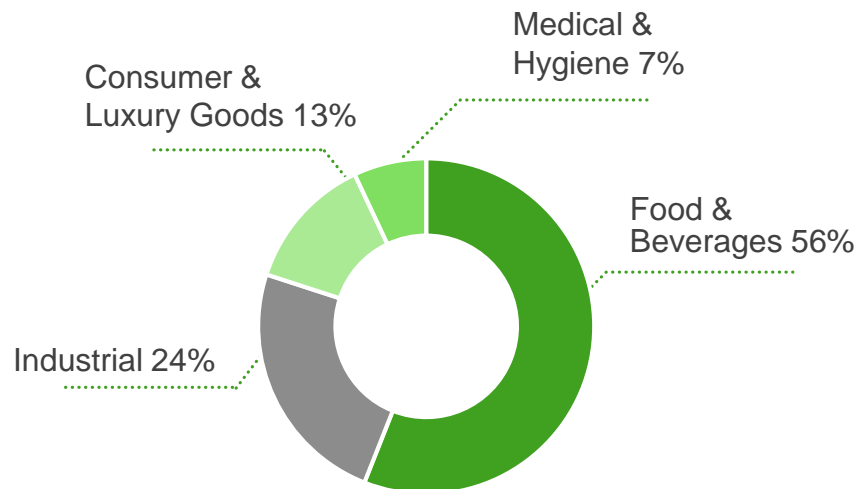
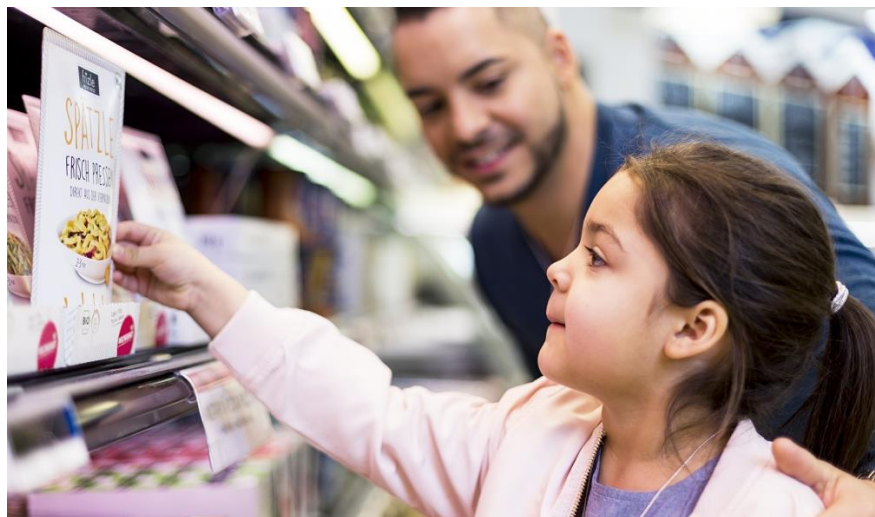
- ⌚ Limited financial effects of Covid-19
- ⌚ Crisis organisation established
- ⌚ Further measures taken to reduce costs and protect liquidity
- ⌚ Division Solutions' sales affected and will weaken further
- ⌚ Maintenance stops that were scheduled during the spring have been postponed to the second half of the year
- ⌚ Proposal of extra dividend was withdrawn





# Resilient and critical products

- ④ Two thirds of revenues is material for consumer segments
- ④ Food & Beverages and Medical & Hygiene account for more than 60%



# Leading positions in high quality segments

Liquid packaging board



# 2 Globally

Cartonboard



Fluting and Liner



Sack paper



# 2 Globally

Kraft paper



# 1 Europe

Focus on light, strong  
and pure materials

# Competitive wood supply

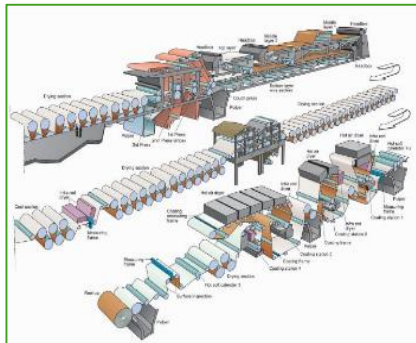
- ⊗ Sweden's largest pulpwood buyer  
– more than 10 million cubic metres  
wood raw material per year
- ⊗ Responsibly managed forests
- ⊗ Cooperation on logistics and transports
- ⊗ Long-term agreement on the volumes  
from Bergvik Skog Öst



# Lower investment rate after a period of major investments

## 2013–2017

- Increased capacity at Frövi/Rockhammar, Gruvön and Skärblackska



## 2018

- World-leading MG centre at Skärblackska



## 2019

- New board machine at Golvön (KM7)

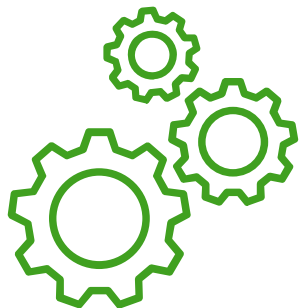


## 2020–2021

- Base investments around SEK 1.3 bn/year
- For 2020, final costs for KM7 are included

# Strategic priorities for profitability and growth

Drive performance



Drive profitable growth by creating customer value



Accelerate the speed of innovation



Expand in the value chain



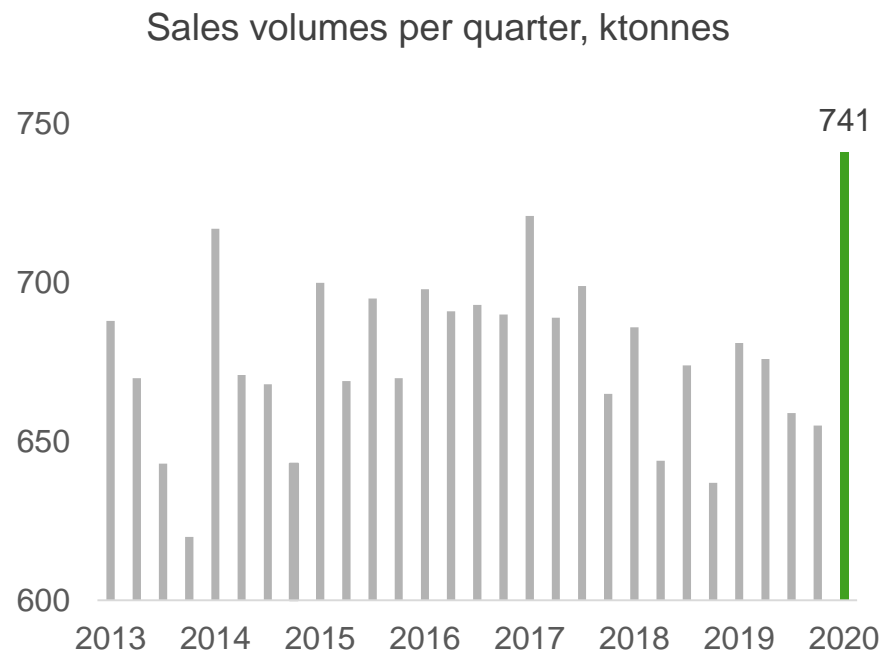
# Continued ramp-up of KM7



- ⌚ Start of production during the summer 2019
- ⌚ In first quarter 2020 the coater started and the process to certify material for liquid packaging board was initiated
- ⌚ Production and quality on decent levels and output centered around uncoated liner and cup stock
- ⌚ Estimated negative effect SEK 350-450 million\* in 2020
- ⌚ From 2020 positive impact\* on EBITDA

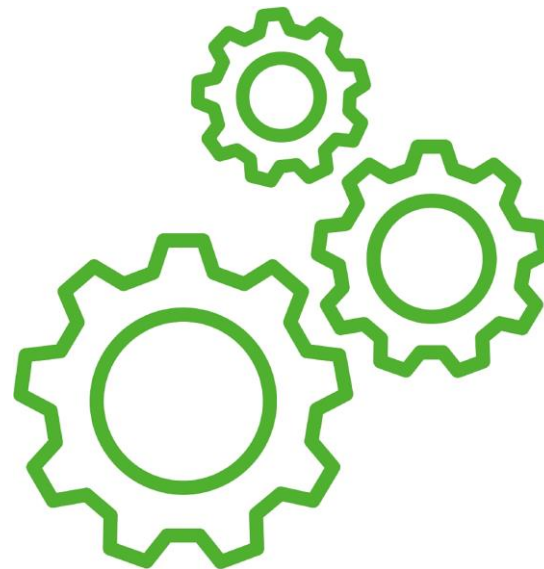
# Safe and stable production

- ⊕ Measures to improve production stability has started to pay off
- ⊕ Safety and production stability go hand in hand
- ⊕ Number of accidents at work decreased



# Cost savings and streamlining

- ⌘ Cost and efficiency programme introduced in 2019
- ⌘ The programme will generate savings of SEK 250 m during 2020
- ⌘ Runs as planned and starts to get effect – SEK 50 m in first quarter 2020





# First quarter 2020

- ⌘ Stable production and solid demand
- ⌘ Record sales volumes, up by 9% compared to last year
- ⌘ Adjusted EBITDA was SEK 791 million (1 035)
- ⌘ Earnings were negatively impacted by lower market prices and ramp-up effects of KM7
- ⌘ Limited effects of Covid-19
- ⌘ Strong financial position

**-2%**  
NET SALES GROWTH

**12%**  
EBITDA MARGIN\*

**3%**  
ROCE\*

**2.3**  
NET DEBT/EBITDA\*

## Q2 Outlook

- ⌚ High uncertainty of Covid-19 impact
- ⌚ Stable market conditions for products designated for Food & Beverage and Medical & Hygiene
- ⌚ Challenging market conditions for the segment Consumer & Luxury Goods
- ⌚ Weaker market conditions for the Industrial segment
- ⌚ Logistical challenges expected
- ⌚ Fibre costs expected to remain flat from Q1
- ⌚ IAS41 valuation of biological assets

