



BILLERUDKORSNÄS

ANNUAL REVIEW 2014



We challenge
conventional
packaging
for a sustainable
future

Contents



CEO's statement



New strategic platform



Nine commitments for a sustainable future



New cement sack disappears without a trace



Full-scale testing of new material



Three business areas

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BillerudKorsnäs' Annual Review combines with its Annual Report and Sustainability Report to form the Group's comprehensive reporting for 2014. The Sustainability Report is externally audited in accordance with the standard GRI G4.

This is **BillerudKorsnäs**

BillerudKorsnäs is one of **the world's leading suppliers of high-quality, packaging materials** based on renewable raw material. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation.

Demand is driven by global megatrends, particularly rising urbanisation, a greater focus on sustainability and changing consumption patterns. Consumer segments, primarily food and beverages, account for 75% of sales. While Europe is the core market. BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

Smart packaging solutions using paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

We focus on **sustainability, innovation and service** in three business areas

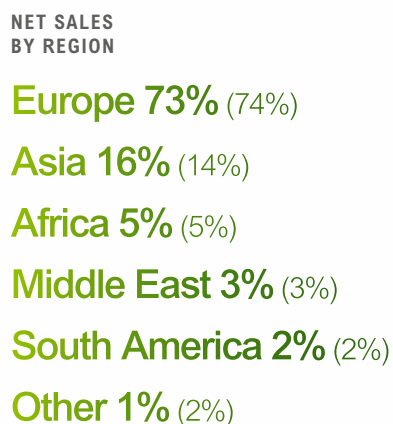
Packaging Paper

The Packaging Paper business area offers premium quality kraft and sack paper, coupled with smart solutions for customers in the industrial, medical and consumer segments.



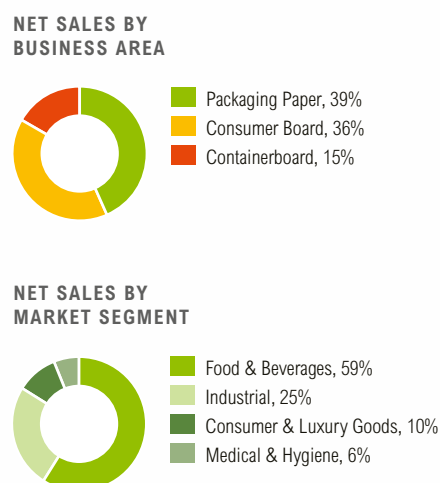
Consumer Board

The Consumer Board business area delivers packaging solutions in high-quality cartonboard for beverages, food products and various other consumer goods.



Containerboard

Strong, light materials from the Containerboard business area are used in corrugated packaging for fragile goods and demanding distribution systems. Solutions for packaging optimisation are a key component of the offer.



Smart and sustainable – becomes strong and profitable

High-performance materials

The renewable raw material comes from responsibly managed forests in the north. A broad product portfolio of high-quality papers and boards meets the needs of demanding customers in different industries.

Smarter solutions

The sustainable packaging solutions of the future are created in close collaboration with customers and partners. Materials, guidance and services as well as a global network combine to give each customer an optimum packaging solution.

Leading position

BillerudKorsnäs leads the way in developing primary fibre-based packaging materials.

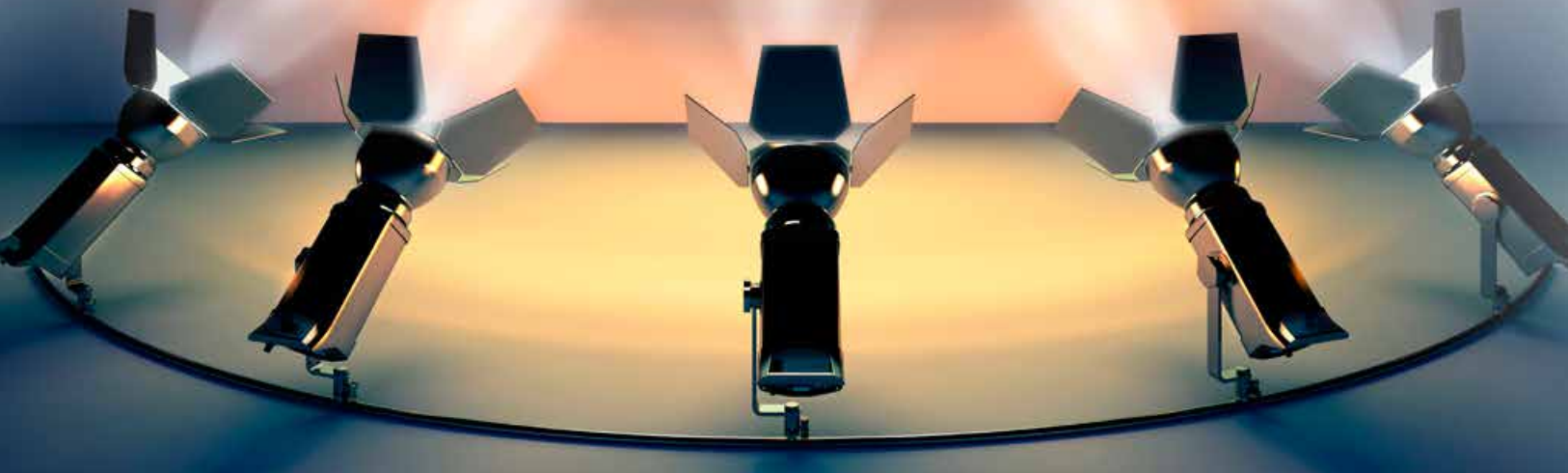
Growing markets

We operate in the growing global packaging market, where the interest in renewable materials and recyclable packaging is increasing.

Sustainable innovation

BillerudKorsnäs contributes to a sustainable future through a holistic approach to the entire packaging value chain, from raw material all the way to the end-customer and recycling.

BillerudKorsnäs delivers **innovative and sustainable packaging solutions** for a growing global market



2014 in brief

We achieved the synergy target

SEK 530

During 2014, we achieved our synergy target of an annual rate of around SEK 530 million, over a year earlier than planned. The whole organisation has played its part in achieving this target.



Innovation Agenda shows the way

Three areas are in focus as BillerudKorsnäs concentrates efforts on an Innovation Agenda:

Green material technologies, Service and logistics and Innovative business models.

New sales and service offices in

Miami

Singapore

New Delhi



We continued our focus on sales offices in Asia and America. Singapore and Miami became operational over the year and we are now establishing a presence in New Delhi.

Winning concept for Spotify

A pop-up shop in BillerudKorsnäs' material, custom-built for fuel stations, turned out to be a winning concept when students at Berghs School of Communication entered a competition on how the digital music service Spotify could physically meet people.



SAVE FOOD 2014

BillerudKorsnäs is involved in SAVE FOOD, a global UN-supported initiative to combat food losses and wastage.

Through its smart packaging solutions, BillerudKorsnäs makes a significant contribution to reducing food waste.



THE NEW CEMENT SACK THAT DISAPPEARS WITHOUT A TRACE

BillerudKorsnäs won this year's product development award for its new sack solution at the Lafarge Global Supplier Awards 2014. Lafarge and BillerudKorsnäs jointly developed a paper sack for cement that can be dissolved in the water when the concrete is being mixed.

1.8

BILLION IN INVESTMENTS

2014 saw decisions taken on several major investments to increase production capacity, quality and environmental performance, with a total value of SEK 1 790 million.



ECOVADIS GIVES TOP MARKS

BillerudKorsnäs is given Gold by EcoVadis in its ranking of 150 suppliers in the same industry.

EcoVadis collects sustainability performance data in an international evaluation system that includes the environment, working conditions, corporate social responsibility and suppliers.



18% less fossil CO₂ per tonne of product

BillerudKorsnäs' direct emissions of greenhouse gases from the use of fuel in production fell to 31 kg per tonne produced, thanks to investments in plants and more efficient processes.



We are building a world-leading company

CEO's statement

It is not every day that I have cause to be truly proud, happy and satisfied. But looking back on 2014, that is just how I feel.

We did exactly what we said we would – we delivered to our shareholders, customers and partners.

I also have no doubt that this is how most people in the company feel, pride and pleasure in what we have created over the year, and in what we are building together over the longer term.

Our sales were up 6%, from SEK 19.7 billion to SEK 20.9 billion, and growth was 6%, which is above our growth target of 3–4% per year. The operating profit rose by 67% from SEK 1 137 million to SEK 1 901 million, spread evenly across the quarters. Capital efficiency also grew, while working capital fell by almost SEK 500 million, and ROCE improved from 6% to 11%. This represents a good, stable trend.

PROFITABLE GROWTH

We are building a world-leading company with an offer that adds value for customers, partners and society as a whole. Following the merger and acquisitions, we said that the focus for 2013 and 2014 would primarily be on consolidation, i.e. realising synergies and reducing debt.

We have now done that. We aimed to reach SEK 330 million in synergies by the end of 2015, but this was changed in 2013 to SEK 530 million. However, looking back, that also proved to be a conservative assessment. We reached SEK 530 million in the third quarter of 2014. This just goes to show the strength and commitment that exists within the company.

A strong operating cash flow of SEK 1 739 million, compared with SEK 529 million in 2013, has enabled us to reduce the indebtedness of the company. The debt-equity ratio is now down at 0.67 and we once again have a strong balance sheet.

We now have the tools for new investment and potentially also for new acquisitions. We have said that we will grow by 15–20% up until 2018, and we are well on the way. Our growth in 2014 reached 6%.

During the year, we decided on a number of investments in production capacity and efficiency, we opened sales offices in Singapore, New Delhi and Miami, we invested heavily in training and we made the company better prepared for increased internationalisation.

We are also actively on the lookout for acquisition opportunities, but they have to fit in with and complement our structure in terms of products, geography and the value chain. And we have high standards.

SUSTAINABLE AND SPECIALISED OFFER

The long-term strength of BillerudKorsnäs lies in our product portfolio and our customer offer. We are currently the only major company globally to offer packaging materials based purely on primary fibre, with no assets in writing and printing paper, no dependence on converting and no major capital tied up in forest ownership.

Our overriding ambition is to challenge conventional packaging – for a sustainable future.

Our packaging materials are part of the solution for the future. Renewable raw materials and recyclable packaging preserve the planet's resources. We work on continuous product development and intensive innovation in order to develop better materials and smarter solutions, never being satisfied and always challenging existing ways of thinking and collaborating.

I have no doubt that this is vital. For too long now, our industry has been driven by an ideal of efficiency and economies of scale. Of course these are both fundamentally important, but without innovation, new approaches and real customer benefit, we will not be capable of adding value moving forward. We will simply be one of the crowd. And that is not what we want, it is simply not in our DNA.

Innovation is a long-term, systematic task that requires resources. Since the merger of Billerud and Korsnäs in late 2012, we have practically doubled the resources that we put into R&D, and in 2014 we began a consolidation of our innovation work under our Innovation Agenda. The aim is to build brand new technology, service and business platforms that will drive development in

line with our established targets and market positions. This is a very exciting process and I look forward to seeing the results, perhaps as soon as 2015.

THREE GLOBAL BUSINESS AREAS

Our three business areas have strong product portfolios and market positions in almost all the segments in which we operate. And all three are showing growth and good profitability.

PACKAGING PAPER

Packaging Paper is our biggest and most diversified business area. It covers several different segments and product areas, with varying growth of 0 to 4% per year. The strategy is to grow selectively in certain segments, regions and product areas, and to gradually reduce dependence on others. Our sights are set on growth outside Europe as a means of exploiting exciting opportunities in South-East Asia, the Middle East and North Africa, and North and South America. Our new sales offices in the USA and Asia, combined with an interesting and evolving portfolio of brand new system offers, will contribute to continued profitable growth in the business area.

CONSUMER BOARD

Consumer Board is enjoying stable and unequivocal global growth of 4–5% per year. Here again, the growth is greatest outside Europe. Advanced products, a good understanding of customers and access to strong Nordic fibre allow us to compete globally with products manufactured in Sweden. The strategy up until 2018 is therefore to achieve organic growth in volumes. Over the year, we took several major decisions that will substantially increase capacity in Gävle and Frövi. This will enable us to defend or increase our market share in several strategically important markets.

CONTAINERBOARD

Containerboard is our smallest business area, and the area that has improved its profitability most over the past few years through a consistent focus on value-based sales. We will be sticking to this strategy in order to continue growing the business area.

- **Net sales** amounted to SEK 20 853 million (19 689), an increase of 6%
- **Operating profit** amounted to SEK 1 901 million (1 137), an increase of 67%
- **Return on capital employed** was 11% (6%)
- **The net debt/equity ratio** was 0.67 (0.85)
- **A dividend** of SEK 3.15 (2.25) per share is the Board's proposal to the Annual General Meeting 2015

The subsidiary Paccess, with its focus on brand owners, packaging solutions and South-East Asia, is one of the keys to this strategy. 2014 saw a certain amount of internal restructuring for Paccess and the company is now ready to make a strong contribution to the business area's growth in 2015 and beyond. The business model for Paccess means that we are able to quickly deliver solutions to customers practically anywhere in the world, providing a prime example of how we can drive innovative business development. To further reinforce our position as market and quality leader, in spring we decided on a major investment in PM6 in Gruvön.

GREAT FUTURE OPPORTUNITIES

I think BillerudKorsnäs is a company with fantastic opportunities. Our business is sustainable in every sense. Smart primary fibre-based packaging solutions offer major benefits to packaging manufacturers, brand owners and retail chains in both existing and new markets. Another way of putting it, is that we are future-proofed. Our ambition is to continue building value for customers, shareholders and partners. 4 300 employees in our markets around the world are working together to achieve our targets and contribute to a sustainable future.

You are more than welcome to join us on the journey!

Solna, March 2015



Per Lindberg,
President and CEO



Our packaging materials
are part of the
solution for the future.

Renewable raw materials and
recyclable packaging
preserve the planet's resources.

Strategic focus

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

PROFITABLE GROWTH

POSITION

Expand geographically
and in value chain.



INNOVATION

Increase industry lead.



SUSTAINABILITY

Drive throughout
value chain.



EFFICIENCY

Improve continuously.



PEOPLE DRIVE CHANGE

Think new – Feel responsibility – Cooperate – Create value

We are building a strong and stable platform for sustainable and profitable growth

BillerudKorsnäs aims to be the challenger that delivers innovative and sustainable packaging solutions to a global market. The starting point is the pure, strong, light primary fibre from sustainable forestry in the north and our considerable expertise in process and packaging technology, design and logistics.

BillerudKorsnäs' overall objective is sustainable and profitable growth. Sales are to grow organically by 15–20%¹ up until 2018, which equates to a figure of around SEK 24 billion in sales. We are also continuously evaluating possible acquisitions in order to further strengthen and improve our position. We are now building a strong and stable platform for sustainable and profitable growth. Our strategy is based on five areas that all interact:

POSITION

We want to expand our business. The growth will be achieved through growing markets and segments where our expertise and our unique material base add value. Europe remains our main market, but we are strengthening our presence in the major growth markets, particularly in Asia. We are also increasing our collaboration with players further along the value chain, such as brand

owners, and retail and supermarket chains, as this provides valuable insights and better grounds for developing the packaging of the future.

INNOVATION

We want to offer innovative solutions that sharpen our offer and increase customer benefit at every level. We develop new materials and solutions in close collaboration with customers and partners. Innovation is a natural part of our corporate culture that is integrated into our way of working. Continuous improvement and product development revitalises our product portfolio, while radical innovations can change business models and open up whole new markets. This future-proofs our business.

SUSTAINABILITY

We see a strong link between profitable growth and sustainable business. Packaging solutions from BillerudKorsnäs are challenging other less environmental friendly materials in more and more applications, and improving sustainability along the whole value chain, from purchasing raw material to eco- and climate-smart recovery and recycling. BillerudKorsnäs' sustainable offer is a valuable part of our – and our customers' – brand.

EFFICIENCY

Underpinning BillerudKorsnäs' strong platform is world-class process efficiency. We are putting significant resources into strategic investments, focusing on increased production capacity, improved environmental performance, product quality, maintenance and safety. New approaches and methods are conserving valuable resources and increasing productivity via continuous improvement throughout the organisation. Customers and employees alike are to be involved in our drive for operational excellence, based on continuous improvement along the whole value chain.

EMPLOYEES

We are convinced that change is driven by and through the people in the organisation. We are building a learning organisation by means of skills development, exchange of experiences and collaboration at all levels. BillerudKorsnäs is to be an attractive employer for everyone who wishes to contribute and develop in an international environment. Our corporate culture is to feature a passion for continuous improvement, with a focus on efficiency, innovation and sustainability.

¹ Base year 2013.

CORE VALUES

Think new
Feel responsibility Cooperate
Create value

Packaging Paper

GROWTH TARGET: 0–4% PER YEAR
SELECTIVE GROWTH
– growth focused on selected segments.

Consumer Board

GROWTH TARGET: 4–5% PER YEAR
VOLUME GROWTH
– increased growth in the key markets.

Containerboard

GROWTH TARGET: 2–4% PER YEAR
VALUE GROWTH
– increased margins for the existing product portfolio.

BillerudKorsnäs' commitments **for a sustainable future**

For BillerudKorsnäs, a sustainable future means operations and value chains built entirely on responsible business practices, focused on products that create value for many people, sustainable production, safe and attractive workplaces, and social wellbeing.

We take a long-term perspective, and our current investments in sustainable business are investments in the future. Nine commitments will guide us in the drive to realise our objective of a sustainable future.

ECONOMIC

Responsible business for products that add value in many ways

1. Drive development for responsible value chains
2. Develop innovative and safe packaging solutions
3. Deliver profitability that creates added value

ENVIRONMENTAL

Renewable and sustainably produced materials in a sound environment

1. Manage forestry and wood supply sustainably
2. Environmentally adapt and develop resource-efficient production
3. Environmentally adapt transport

SOCIAL

Safe, attractive workplaces and social wellbeing

1. Promote commitment, safety and social standards for attractive workplaces
2. Support development initiatives for young people and society
3. Work for ethical responsibility and human rights





Overall, the results showed considerably less of an environmental impact for the paper products, including 50–70% lower emissions of greenhouse gases.

Paper reduces environmental impact

IVL Swedish Environmental Research¹ performed a life cycle analysis on BillerudKorsnäs' products – a cement sack, pasta bag and bottle. The environmental impact of the paper products was compared, for four parameters, with the impact of corresponding plastic products. Overall, the results showed considerably less of an environmental impact for the paper products, including 50–70% lower emissions of greenhouse gases.



Environmental impact of paper packaging compared with plastic

Life cycle analyses¹, from material extraction to end-customer, excluding the recycling phase

Application	Cement sack	Pasta bag	FibreForm Packaging bottle
Greenhouse gases (CO ₂ eq.)	55% lower	65% lower	72% lower

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

See the entire survey in our Sustainability Report at www.billerudkorsnas.com

Partnership and collaboration throughout the value chain



We are expanding our value chain by working directly with brand owners and major retail and supermarket chains, as well as packaging manufacturers. This gives us a deep understanding of the customers' differing needs. Innovation and sustainability drive development along the whole chain from raw material to end-customer.

RAW MATERIAL FROM RESPONSIBLY MANAGED FORESTS

BillerudKorsnäs bases practically all its production on primary fibre and purchases wood raw material from responsibly managed forests, largely in Scandinavia. Felling rights and wood raw material are purchased from forests that are certified under FSC® or PEFC™ or from other sources controlled according to FSC® Chain of Custody/Controlled Wood. We work with suppliers and transport companies to ensure that raw materials are transported as cost-effectively and with as little environmental impact as possible.

Primary fibre from forests in the north has unique qualities that provide pure, strong and light products.

SUSTAINABLE MANUFACTURING

The manufacture of pulp, paper and board takes place at BillerudKorsnäs' eight production units in Sweden, Finland and the UK. All of these hold quality and environmental certification. Processes are continu-

ously improved regarding resource efficiency, quality and environmental performance. Major investments are made to increase capacity and improve quality, and at the same time they contribute to efficiency and environmental improvements of various kinds. All the Swedish plants integrate pulp manufacturing with paper and board production, and the production is based on a very high proportion of self-generated bio-energy from the process residues. Several of the plants deliver their surplus as district heating to their local communities.

VALUABLE SERVICE

Products and services are evaluated in dialogue with customers. More and more companies are striving for a sustainable business and for BillerudKorsnäs, the sustainability performance of the products is a key competitive tool.

Customers are helped to choose the right packaging solution for their products and logistics. Materials, form and functionality are tested in BillerudKorsnäs' own laboratories. The whole logistics chain is simulated in order to reveal weaknesses and enable improvements – with a focus on material, transport and sustainability. The right packaging reduces waste and conserves valuable resources.

GLOBAL CUSTOMERS

Approximately 2 000 customers in over 100 countries – packaging manufacturers, global

brand owners and major retail and supermarket chains – provide a great depth of knowledge about the need for packaging solutions in the chosen market segments. A local presence strengthens the offer and improves the service. There are sales offices in Bangkok, Barcelona, Dubai, Hamburg, Jakarta, Miami, Milan, New Delhi, Nottingham, Paris, Shanghai, Singapore and Stockholm.

Through subsidiary Paccess, BillerudKorsnäs is able to offer global brand owners and retail chains with manufacturing in Asia sustainable and cost-effective packaging and logistics solutions that reduce distribution costs, strengthen the brand and guarantee the quality all the way to the store and consumer.

SATISFIED CONSUMERS

In 2014, the consumer sector, primarily food and beverages, accounted for 75% of sales. Consumers around the globe encounter BillerudKorsnäs' products at every turn – in stores and shopping centres, at home and at work, at breakfast, lunch, when making dinner or collecting a take-away from the local pizzeria.

Industrial customers, primarily in the construction sector, accounted for 25% of sales. BillerudKorsnäs' offer contributes to increased productivity and to a better and safer working environment.

Production in four countries

BillerudKorsnäs produces paper, board and pulp at eight plants.

Five in Sweden (Gävle, Gruvön, Frövi/Rockhammar, Skärblacka and Karlsborg), two in Finland (Pietarsaari and Tervasaari) and one in the UK (Beetham). Four production plants for wood pellets are located in Latvia (subsidiary Latgran).

INVESTMENT DECISIONS 2014

In 2014, major investment decisions were taken concerning increased production capacity, quality and the environment.

- Frövi/Rockhammar, approx. SEK 900 million
- Gävle, approx. SEK 450 million
- Skärblacka, approx. SEK 260 million
- Gruvön, approx. SEK 180 million

OUR PRODUCTION UNITS¹

SWEDEN

1. Stockholm (head office)
2. Gävle, 725 ktonnes
3. Gruvön, 685 ktonnes
4. Frövi/Rockhammar, 450 ktonnes
5. Skärblacka, 400 ktonnes
6. Karlsborg, 300 ktonnes

FINLAND

7. Pietarsaari, 200 ktonnes
8. Tervasaari, 100 ktonnes

UNITED KINGDOM

9. Beetham, 45 ktonnes

LATVIA², (Latgran)

10. Gulbene, Jaunjelgava, Jekabpils, Kraslava, 600 ktonnes

1 All figures relate to production capacity 2014
2 Pellets



SKÄRBLACKA CUTS ITS ENVIRONMENTAL IMPACT

Over a two-year period, SEK 900 million has been invested in environmental and energy improvement measures in Skärblacka. The consumption of external biofuel is down by 80% and fuel oil by 5 000 tonnes, which makes emissions of fossil carbon dioxide 50% lower than before the investment. Emissions of dust from the recovery boiler are also 75% lower. In addition, the working environment has improved and production capacity increased.

Sights have now been set even higher, with an investment of SEK 260 million in improving quality and increasing production of sack paper.



FRÖVI TO BE THE BIGGEST OF ITS KIND IN THE WORLD

In 2014, BillerudKorsnäs decided to invest SEK 900 million in Frövi to increase capacity for high-quality cartonboard and liquid packaging board to 550 000 tonnes per year. Rockhammar will increase its capacity to 150 000 tonnes of CTMP pulp per year for Frövi's production. The application process has begun with a view to bringing the increased production on stream in 2017.



GÄVLE CUTS EMISSIONS TO WATER

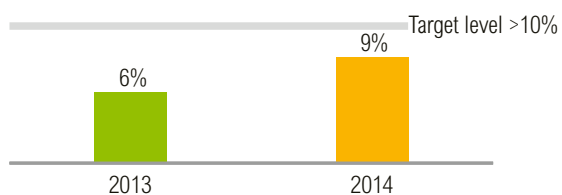
The new investment of SEK 450 million in Gävle aims to cut emissions to water and reduce energy use. The quality of the end-product will also be improved. The investment covers a new sedimentation pond, refitting of the pulp mill and various measures to reduce waste and water use. The new measures will begin taking effect in 2015.

Financial targets

OPERATING MARGIN

Over a business cycle, the operating margin should on average exceed 10%. BillerudKorsnäs operates in an industry that historically has tracked a cyclical pattern, with corresponding variations in earning capacity.

2014 The operating margin reached 9%, compared with 6% in 2013.

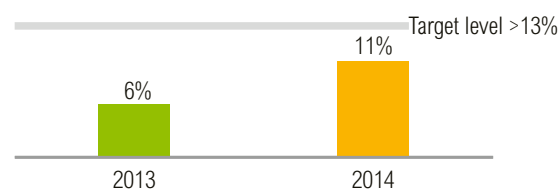


Target level >10% **Outcome 9%**

RETURN ON CAPITAL EMPLOYED

Over a business cycle, the return on capital employed should on average exceed 13%. BillerudKorsnäs shall ensure a return corresponding to the shareholders' expectations while the cost of the company's debt is covered with a margin.

2014 Return on capital employed amounted to 11%, compared with 6% in 2013.

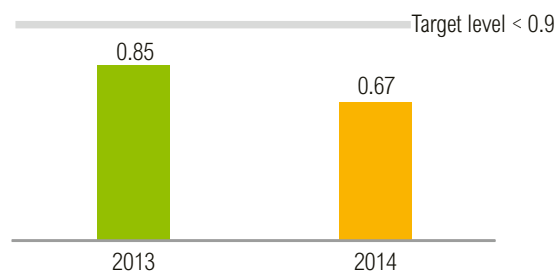


Target level >13% **Outcome 11%**

NET DEBT/EQUITY RATIO

The net debt/equity ratio should be less than 0.9. BillerudKorsnäs' business is influenced by general economic conditions, which means that the operating risk is considerable. Strengthening the financial position in good years is therefore essential in order to sustain the company in bad years.

2014 The net debt/equity ratio was 0.67, compared with 0.85 in 2013.

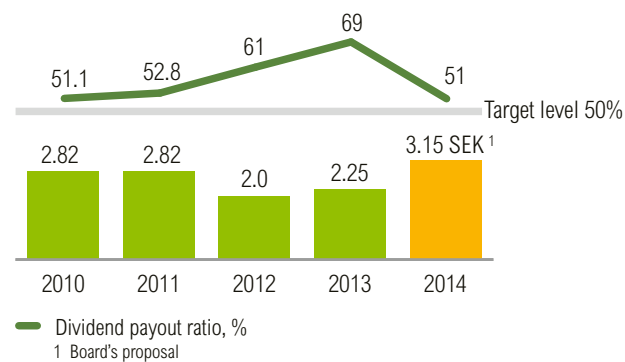


Target level <0.9 **Outcome 0.67**

DIVIDEND POLICY

Over an economic cycle, the dividend should average out at 50% of net profit. The dividend paid to shareholders will depend, for example, on BillerudKorsnäs' level of profits, its financial position and its future development opportunities.

2014 The Board's proposal to the Annual General Meeting 2015 is for a dividend of SEK 3.15 per share, which corresponds to around 51% of net profit.



Target level 50% **Outcome 51%**

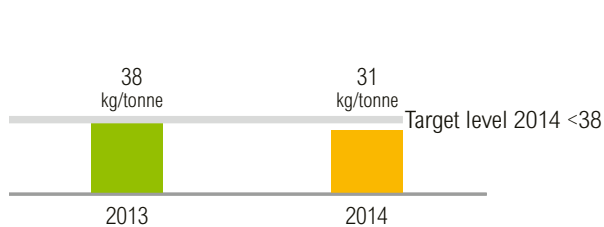
— Dividend payout ratio, %
¹ Board's proposal

Sustainability targets

FOSSIL CARBON DIOXIDE

Emissions of fossil CO₂ from the manufacturing process will be a maximum of 25 kg per tonne of product by 2020. The vision is for entirely fossil free production.

2014 Emissions were 31 kg per tonne of product, a decrease of 18% compared with emissions of 38 kg in 2013. The use of bio-fuel increased slightly and amounted to 97.4% compared with 97% in 2013.



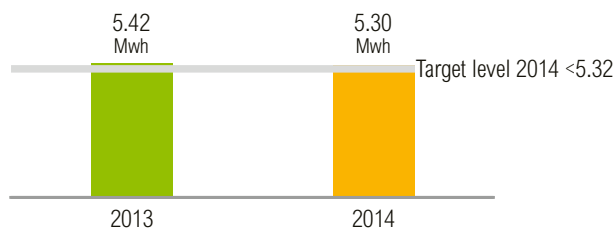
Target level 38 kg/tonne

Outcome 31 kg/tonne

ENERGY CONSUMPTION

Energy consumption will be a maximum of 5.00 MWh per tonne of product by 2020.

2014 Energy consumption per tonne of product was 5.30 MWh, compared with 5.42 MWh in 2013.



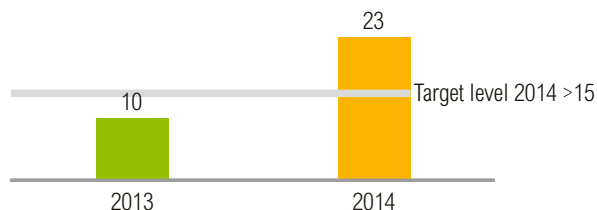
Target level 5,32 MWh

Outcome 5,30 MWh

SUSTAINABILITY IN THE VALUE CHAIN

By 2020, 75% of the purchase value is to be covered by supplier assessments on a rolling three-year schedule.

2014 Physical supplier assessments numbered 23 within Purchasing and Supply Chain, compared with 10 in 2013. In addition, selected suppliers reported 95 self-assessments. Overall, the assessments covered 40% of the purchase value for Purchasing, Pulp and Supply Chain.



Target level 15 meetings

Outcome 23 meetings



For all sustainability targets, see the Sustainability Report 2014.



Global megatrends drive market demand for sustainable packaging solutions



A rapidly growing middle-class and changing consumption patterns place new demands on future packaging solutions.

The global economy will be much larger in 2030 than it is today. The population is expected to increase by 1.2 billion to a total of 8.4 billion¹ and, despite generally lower growth, GDP is expected to increase by 70% up until 2030². Economic development varies significantly between different countries and regions, but the majority expect generally higher living standards and a continued decrease in poverty around the world.

The global packaging industry grew by 4% and had sales of USD 829 billion in 2014. The market in China is expected to grow by 9% per year and India by 11% per year until 2018.

SUSTAINABLE GROWTH

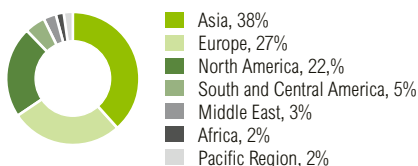
This growth is driven by strong forces: demographic changes, improved infrastructure and rapid urbanisation. The major challenge for countries, companies and individuals is to simultaneously work towards economic, ecological and social sustainability. Innovative and sustainable packaging solutions have a key role to play in this respect. The global market for packaging is affected

by the same megatrends: chiefly the emergence of an urban middle-class with new consumption patterns, increased international trade, growth in e-commerce and a strong focus on sustainability.

THE URBAN REVOLUTION

Over half of the world's population now lives in cities and that figure is rising. By 2030, 60%³ of the global population will live in cities and the urban population will reach 5 billion, with the greatest increase in the cities of Asia, Africa and Latin America. Smaller cities, with up to a million inhabitants, are seeing the fastest growth. The global middle-class is expected to grow by

GLOBAL PACKAGING MARKET, BY REGION⁶



Asia is the largest packaging market, with 38% (37%) of the total in 2014. Asia also has the highest growth rate and is expected to grow twice as fast as the global market generally until 2018.

¹ UN World Population Prospects: The 2012 Revision. ² Outlook 2014:2, Swedish Growth Barometer. ³ UN World Urbanization Prospects: The 2011 Revision/Roland Berger. ⁴ OECD, 2014.



over a billion to 3.2 billion by 2020 and 4.9 billion by 2030⁴.

The urban lifestyle, which for many involves long commutes, makes leisure time extra valuable. Ever more people prefer to shop for food once a week at large supermarkets. Supermarket and retail chains are making inroads into new markets and they require packaging that is easy to handle, has a long shelf-life and attracts consumers.

The number of single-person households is rising all over the world, above all in the cities, which is contributing to increasing demand for fast food, convenience food, small packs and practical on-the-go packaging.

FOCUS ON THE PACKAGING

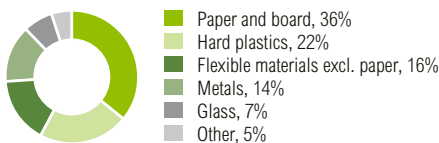
The packaging of a product is becoming increasingly important as more and more products crowd the shelves and compete for attention. Brand owners take great care to create packaging that gives a positive customer experience and strengthens the brand.

There is a growing trend for large retail chains to invest heavily in their own private label brands at various price points. Their premium products are now competing with strong international brands, which places high demands on the materials and packaging design.

RISING GLOBAL TRADE

Global trade has changed dramatically over the past 20 years. The growth markets now account for 42% of global exports, compared with 19% in 1990⁵. China has overtaken the USA as the biggest trading nation, and Asia is at the centre of global supply chains, where products are assembled using parts from many other countries – they are “Made in the world”. This trend is driven by lower transport costs, fewer barriers to trade and more efficient and cheaper communication technology.

GLOBAL PACKAGING MARKET, BY MATERIAL⁶



Paper and board are the most commonly used packaging materials, accounting for 36% (36%) of the total in 2014. Surveys show that consumers prefer paper and board packaging, which is seen as a more eco-friendly alternative.

⁵ Global trade unbundled, Standard Chartered Bank 2014 ⁶ Smithers Pira, 2014..

GLOBAL PACKAGING MARKET, BY MARKET SEGMENT⁵



The global packaging market grew by around 4% and turned over approximately USD 829 billion in 2014.

E-COMMERCE SETS NEW REQUIREMENTS

Over 40%¹ of the world’s population currently has access to the internet, and the rise in e-commerce is radically changing the paradigm for marketing and sales of both goods and services. Asia and the Pacific region, primarily China, Japan and South Korea, have surpassed North America² as the largest online market. Almost half of all e-commerce consumers are located in this territory. China stands in a class of its own, with online sales of consumer goods up 50% in 2014³.

Ever more goods are available on the internet, and growing e-commerce increases demand for customised packaging and logistics services. The purchase is not completed until the product has been received and approved by the customer. The need for safe, strong and smart packaging that is also easy to open and re-seal for returns, is on the rise.

E-commerce is growing by 20% annually and in 2014 it was worth a total of over USD 1 300 billion⁴.

SUSTAINABLE PACKAGES

The message from politicians, public authorities, companies and consumers around the world is: “reduce, reuse and recycle”. The EU has long been at the forefront of advanced packaging legislation and many countries are following its lead. The USA and China are also strengthening their legislation on packaging and waste management. Regulations and controls are becoming tougher and this places new requirements on the whole life cycle of packaging.

Paper and board have major advantages over glass, metal, and plastic – in terms of manufacturing, distribution and consumption. BillerudKorsnäs’ paper, based on pure, strong primary fibre, can be recycled 5–6 times, and the material can be broken down in nature or used as an energy source.

Demand for food packaging is expected to rise 3.6% annually, with even higher growth in Asia, the Middle East and Africa.

Sustainable packaging solutions have a key task in this respect, preserving and protecting the content all the way to the consumer. Throwing away food is an enor-

mous waste and a global problem. There are many reasons for this waste, but around a quarter of the waste generated during long periods in transit occurs due to weak packaging.

Packaging also has to meet food safety standards and be appropriate for a system of recycling and waste management.

New ways of improving packaging, increasing sustainability and keeping food fresh are being investigated. One example is Tetra Recart, the world’s first board-based packaging for food that was traditionally packed in tins. The specially developed packaging material and a custom method for sterilisation of the content in its packaging combines to provide a long shelf-life without the need for preservatives or refrigeration.



The image belongs to Tetra Pak

Our markets are growing

Demand for BillerudKorsnäs products is growing globally. It is driven by strong trends: mainly urbanisation with new patterns of consumption, increased international trade, growing e-commerce, as well as a strong focus on sustainability.

1 Digital, Social & Mobile, We are Social, Jan 2015. 2 eMarketer, Dec 2014. 3 China’s National Bureau of Statistics, Jan 2015. 4 eMarketer, Dec 2014. 5 Smithers Pira, 2014.



The packaging has to stand up to long periods in transit and still look good in the store. Primus chose **BillerudKorsnäs Liner** and, using the liner's unbleached inside face, created a look all of its own.

Paccess develops and offers global packaging solutions that strengthen the brands and reduce costs along the whole distribution chain.



Sustainable quality that stands out from the crowd

Strong brands stand out even more with innovative retail packaging. Primus, one of the world's biggest brands in outdoor cooking, with stoves, saucepans, mugs and other accessories for everyone who loves the great outdoors, chose Paccess as a partner to implement new packaging design, quality assure it and deliver it to manufacturers in China.

The intensive collaboration involved Primus, the Paccess design lab, customer services, technology and project management at Paccess in Shenzhen and Paccess' production partner in China.

Now all the packaging maintains consistently high quality through Paccess delivering directly to the manufacturers. This has made things easier and more reliable for Primus, with just the one contact point:

“We now have a partner that ensures the same high quality throughout the chain, from manufacturer to store. And the new packaging is guaranteed to stand out on the shelf,” says Johan Sollenberg of Primus.



Strong focus on **consumer** sectors



75% Food & Beverages, Consumer & Luxury Goods, Medical & Hygiene

Food & Beverages 59% (60%)

– PROTECTING AND PRESERVING FLAVOUR AND NUTRITION

- Liquid packaging • Bread, sugar and flour bags • Cups
- Trays • Corrugated boxes for fruit and vegetables
- Take-away food and fresh food packaging

In 2014, Food & Beverages accounted for 59% of BillerudKorsnäs' sales, and is the biggest segment. The key customer groups are packaging manufacturers, brand owners and major retail and consumer chains with their own private label products.

FOOD PACKAGING

Food packaging has to be pure and safe, and protect and preserve the content, without the appearance, taste, smell or nutritional content deteriorating. Retail requires packaging that can tolerate longer periods in transit and contribute to a good working environment and viable logistics, as well as reducing losses and waste of resources along the whole chain.

CONVENIENCE FOOD AND SMALL PACKS

Higher employment, more single-person households and a desire for greater convenience are driving demand for time-saving products and packaging. The range of convenience food, take-away food and portion packaging to consume on-the-go is growing for food and beverages.

PRIVATE LABEL

More and more retail and supermarket chains are investing heavily in their own private label products, with a particular focus on design and packaging. In Western Europe, private label products account for 36% of overall sales in retail. The proportion varies greatly, however, between different countries and product groups.

Consumer & Luxury Goods 10% (10%)

– ADDING VALUE AND STRENGTHENING THE BRAND

- Carrier bags • Gift bags • Boxes and corrugated boxes for cosmetics, watches, shoes and drinks
- Exclusive chocolate boxes

Consumer & Luxury accounted for 10% of BillerudKorsnäs' sales in 2014. Customers include packaging manufacturers and leading international brand owners who market their products on a global scale.

PACKAGING THAT SELLS

The shape and design of the packaging makes an immediate impression and has a large impact on the consumer's purchasing decisions. In the competition for attention, the packaging becomes a vital element of the brand and its marketing, whether selling in-store or online. Brand owners are therefore placing an ever greater focus on packaging design with the power to differentiate and sell, and are demanding sustainable, high-quality materials with good printability – in all markets.

Exclusive products in areas such as fashion, cosmetics and electronics are often sold in lavish packaging, which strengthens the sense of luxury and extends the buying experience.





25% Industrial

Medical & Hygiene 6% (6%)

– MAXIMISING PURITY AND SAFETY

- Medical packaging • Release liner for self-adhesive hygiene products • Paper for various sterilisation and packaging methods

In 2014, Medical & Hygiene accounted for around 6% of BillerudKorsnäs' sales. End-customers include the medical technology industry and packaging manufacturers.

GROWING INTEREST IN HEALTH

Increasing prosperity, a growing interest in health and wellbeing and rising numbers of older people are driving demand for hygiene products and pharmaceuticals. The number of older people is growing, not only in the Western world, but also in China, for example, where the number of people over 65 is expected to rise to 171 million by 2020 and 400 million by 2050.

Incorrect dosage is a major health issue that new, smart packaging can prevent. A growing problem is counterfeit pharmaceuticals, an area that is growing exponentially and that poses major health risks. The EU's Falsified Medicines Directive includes several requirements concerning the design and labelling of the packaging in particular.

TOUGH REQUIREMENTS

Healthcare is a highly specialised segment governed by extensive regulation that demands safe, pure and reliable packaging. The sealing and opening properties are vital in keeping the contents sterile, and it also has to be immediately obvious when the packaging has been opened. There is a demand for innovative packaging solutions that can fulfil the ever tougher safety requirements.



Industrial 25% (24%)

– OPTIMISING AND IMPROVING EFFICIENCY

- Sacks for cement and other powdered goods
- Transport packaging • Steel interleaving • Speciality papers

In 2014, Industrial accounted for 25% of BillerudKorsnäs' sales. Sack paper is the biggest product area, and customers tend to be packaging manufacturers or cement producers with their own sack production.

SUSTAINABILITY A GROWING TREND

Investing in optimum, sustainable packaging solutions brings benefits in the form of reduced resource use, increased productivity, more efficient logistics and less loss and wastage. Smart packaging also contributes to a better working environment.

Industrial demand is growing for suppliers who can offer products and services of high quality and who have an in-depth knowledge of processes. Sustainability is a growing trend in both the manufacturing and transport industries.

SACK PAPER TOP

Around two thirds of BillerudKorsnäs' sack paper is used for packaging building materials. BillerudKorsnäs QuickFill® has a strong competitive advantage due to the paper's strength and deaeration properties, which significantly improve efficiency during filling.



Market overview

	Packaging Paper ¹		Consumer Board
BillerudKorsnäs products	KRAFT PAPER 17% of sales volume	SACK PAPER 12% of sales volume	LIQUID PACKAGING BOARD 38% of the sales volume is liquid packaging board and cartonboard
Key applications	<p>Packaging for Food & Beverages, approx. 1/2 of volume</p> <ul style="list-style-type: none"> • Packaging for flour, sugar, grain, etc. • Open bags, bread, etc. • Carrier bags • Flexible packaging • Formable packaging <p>Other applications, approx. 1/2 of volume</p> <ul style="list-style-type: none"> • Medical packaging • Release liner for self-adhesive material • Steel interleaving 	<p>Packaging for building materials, industrial minerals and chemicals, approx. 2/3 of volume</p> <p>Packaging for food and animal feed, etc., approx. 1/3 of volume</p> <p>The majority of BillerudKorsnäs' white sack paper is sold in Europe, while around 3/4 of brown sack paper is sold to growth regions outside Europe, predominantly North Africa and South-East Asia</p>	<p>Packaging for</p> <ul style="list-style-type: none"> • Milk • Juice • Other drinks and liquid foods • Preserved foods
Market segments			
Trends and drivers	<ul style="list-style-type: none"> • Greater prosperity and a growing middle-class • Urbanisation • Demand for increased performance and function • Growing interest in packaging design as a way of differentiating the product and strengthening the brand 	<ul style="list-style-type: none"> • Strong underlying rise in demand due to increased construction in large parts of Asia and Africa • Demand for increased performance, which favours high-quality paper • An improved working environment demands smaller pack sizes and high-performance paper that does not let through dust, for example 	<ul style="list-style-type: none"> • Rising living standards and a growing middle-class, particularly in Asia, Africa and South America • Urbanisation
BillerudKorsnäs' position	Leading producer of strong, high-quality kraft paper from primary fibre in Europe ²	Global leader in high-porosity sack paper from primary fibre ³	One of the world's leading liquid packaging board suppliers ⁴
Competition	<p>The primary competition comes from plastic packaging solutions</p> <p>Other major kraft paper manufacturers include Mondi and several of Europe's speciality paper manufacturers</p>	<p>The primary competition comes from plastic sack solutions and bulk distribution (including ready-mixed cement direct from the truck)</p> <p>Other major sack paper manufacturers are Mondi, Canfor, Segezha and Smurfit Kappa</p>	<p>There is competition from other packaging materials, mainly plastic</p> <p>Other major suppliers of liquid packaging board are Stora Enso, Klabin, Evergreen Packaging, MeadWestvaco and International Paper</p>

1 Packaging Paper includes market pulp, which accounts for around 13% of the sales volume.

2 Based on statistics from Pöyry Management Consulting and Eurokraft.

3 BillerudKorsnäs' assessment.

4 Based on statistics from Pöyry Management Consulting.

5 World Containerboard Organisation, www.wco-containerboard.org

Containerboard

CARTONBOARD

Packaging for

- Exclusive drinks
- Beauty and healthcare products
- Confectionery
- Home electronics and industrial goods
- Chilled and frozen foods



- Growing interest in the design and appearance of the packaging as a way of differentiating the product and strengthening the brand
- Rising living standards and an expanding middle-class are driving growth in the premium segment

One of the largest producers of primary fibre-based cartonboard for the premium segment in Europe ⁴

Other suppliers of cartonboard in the premium segment are Iggesund, Metsä Board, Stora Enso, MeadWestvaco and International Paper

FLUTING

13% of sales volume

Packaging for

- Fruit and vegetables, about 2/3 of volume
- Components for the automotive industry, white goods and electronics
- Transport



- Increasing global trade
- A growing understanding of the impact packaging has on losses along the transport chain for fruit and vegetables
- High-quality fluting provides packaging solutions with low weight that cut transport costs
- Greater demand for product safety in the food chain is increasing demand for primary fibre-based liner

Quality- ³ and market-leading ⁵ producer in Europe in the top segment with a strong position in fruit and vegetables

The competition comes from recovered fibre-based fluting and other materials such as plastic and wood

Other major manufacturers of primary fibre-based fluting are Stora Enso, Mondi and Powerflute

LINER

7% of sales volume

Primary packaging for

- Exclusive drinks
- Beauty and healthcare products
- Confectionery
- Home electronics

Secondary packaging for

- Consumer goods

Shelf-ready packaging

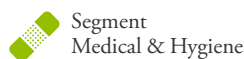
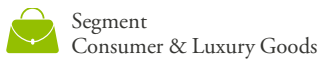
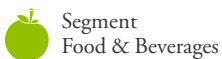


- Growing interest in the appearance, design and feel of the packaging as a way of differentiating the product and strengthening the brand
- Greater demand for product safety in the food chain is increasing demand for primary fibre-based liner

Market leader in Europe for pure white primary fibre-based liner ³ and one of the leading suppliers of coated primary fibre-based liner globally ³

Competition also comes from coated and uncoated white top testliner (based on recycled fibre)

Other major manufacturers include Metsä Board and Mondi



Business model: Focus on the customer

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies.

Innovative packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability. This is how we add value to our customers' products and processes.

Read more about how each business area applies the business model on pages 31–43.



Materials

HIGH-PERFORMANCE MATERIAL FROM SUSTAINABLE FORESTRY

Our products are based on fibre from responsibly managed forests in the north. Slow-growing fibre, predominantly from pine and spruce, has many unique properties that make it possible to replace fossil plastic, for example, in more and more areas. In addition, the fibres can be recycled 5–6 times before they are sent for energy recovery.

BillerudKorsnäs manufactures kraft paper, sack paper, fluting and liner, plus liquid packaging board and cartonboard in a wide range of grades: super light, strong, pure and formable. The production units are quality and environmentally certified, while work on sustainability spans the whole value chain.

BillerudKorsnäs is one of the world's largest suppliers of liquid packaging board and when it comes to food and beverages, hygiene products and medical packaging, there is no purer wood fibre. Light and strong corrugated board protects goods, simplifies handling and reduces distribution costs along the whole chain to the customer and end-user. Elegant packaging enables complicated printing, stands out on the shelf and strengthens valuable brands. Strong and flexible FibreForm kraft paper can be thermoformed and embossed in the same way as plastic.

In collaboration with customers and partners, BillerudKorsnäs is constantly developing new, technically advanced grades with specific properties for a host of different applications that demand high levels of quality, performance and sustainability.

Solution Services

CUSTOMISED SOLUTIONS

All BillerudKorsnäs' customers – whether they are packaging manufacturers, brand owners, retail chains or supermarket chains – receive help in finding the optimum packaging solution for their products and their logistics.

This may involve anything from small improvements to material technology or business innovations. We look at the sustainability and performance of the material choices, design and construction. The aim is for our solutions to contribute to more efficient production, a safer and more secure working environment, simpler handling and sustainable transport solutions all the way to the store. Where it meets the consumer, the packaging is required to help increase sales and improve brand loyalty.

Customer-led development

BillerudKorsnäs' own packaging laboratories help customers with material choices, construction and design, production of prototypes, performance testing and production support and training.

The customer-led approach generates valuable knowledge about selected market segments and helps to increase the proportion of premium products in areas where customers value the high quality and function that BillerudKorsnäs offers.

Network

GLOBAL REACH

BillerudKorsnäs collaborates with a network of machine suppliers, packaging manufacturers, design agencies and universities, researchers and public authorities to jointly offer innovative and sustainable packaging solutions with global reach. Key competitive advantages include fast, quality-assured and reliable deliveries.

Customers and partners in over 100 countries provide access to a unique bank of knowledge and specialist expertise that is used to find solutions to complex packaging challenges.

Quality-assured corrugated board producers deliver BillerudKorsnäs' SoliQ concept in South Africa and in Kenya. A SoliQ labelled box helps to reduce losses in the export of fruit and flowers, bringing major cost savings and reduced manual handling along the whole delivery chain.

The wholly owned subsidiary Paccess offers valuable expertise on packaging solutions for brand owners with global sales and manufacturing in Asia. Paccess has access to a well established network of knowledgeable material and packaging manufacturers across the region and coordinates complex packaging and logistics chains.



BillerudKorsnäs works with a strong global network of customers and partners in over 100 countries, giving us access to a unique knowledge bank. Our own personnel in important and growing markets guarantee the right solutions and customised technical support. We have sales offices in 13 countries. In 2014 new offices were opened in Singapore, New Delhi and Miami.



Sustainable innovation creates value

In an open and creative environment, we work systematically to find the best and most effective packaging solutions for the needs of today and tomorrow. Employees at all levels make their contribution to processes that cover the full customer offer – material, service and solutions.

Sustainable innovation adds value for us and for our customers.

Regularly reviewing and optimising packaging solutions is an investment that quickly brings profitability. There are considerable opportunities here to increase sales, improve sustainability, reduce waste, eliminate the risk of counterfeiting, not least in the pharmaceuticals industry, and cut the cost of transport, storage and distribution.

The packaging is the first thing the customer encounters in the store, and it plays an important role when it comes to marketing and exposure. For the brand owner, which uses the packaging to strengthen its brand, minor changes to the design and material choice can have a major impact.

Burgeoning e-commerce is placing new demands on the packaging industry. The consumer requires shopping online to be convenient, reliable and safe, the packaging has to stand up to automated handling and potential return, and the buying experience has to be just as positive as in the physical store.

A KEY ROLE IN SUSTAINABLE SUPPLY CHAINS

Smart and sustainable packaging, made from renewable material that is recyclable and biodegradable, has a key role to play in future sustainable supply chains: it conserves valuable resources, reduces environmental impact and increases the efficiency of production and distribution. The packaging can also contribute to better health and quality of life. Food waste, a significant problem all over the world, can be cut by up to 50% through smarter packaging. Companies are increasingly looking for more sustainable solutions, a trend that is driven by both consumers and politicians.

BillerudKorsnäs works actively to provide inspiration and information on the many advantages of fibre-based packaging over plastics, glass and metal.

MORE RESOURCES FOR INNOVATION

Since innovation is an important part of BillerudKorsnäs' strategy for profitable growth, the resources put into our innovation work were increased and improved in 2014.

The New Business Lab is the engine for BillerudKorsnäs' innovation development. Its task is to apply a Group perspective in following trends and technologies, evaluating new ideas and establishing strategic collaborations for new business concepts, both internally and externally.

Group-wide projects are conducted as part of a priority focus on testing, commercialising and launching new products and concepts. The R&D organisation has been made stronger and broader, involving employees from Marketing, Production and Supply Chain. A strong culture of innovation is one of the cornerstones of BillerudKorsnäs' core values.

CONTINUOUS IMPROVEMENTS AND RADICAL INNOVATIONS

Continuous upgrades of the product portfolio, adding new and updated products, is the basis for BillerudKorsnäs' product development.

At the same time, we are boosting our resources in order to work on radical innovations. It may be a question of a new application for an existing material, or developing a brand new material for new markets. A classic example is Tetra Recart, a challenger to the traditional tin can that is based on recyclable liquid packaging board and gives food a shelf-life of up to 24 months without refrigeration. BillerudKorsnäs FibreForm is another example, an extremely formable material that provides packaging designers with exciting new three-dimensional possibilities and offers a climate-smart alternative to conventional plastic packaging.

INNOVATION AGENDA SHOWS THE WAY FORWARD

BillerudKorsnäs' Innovation Agenda sets out clear priorities for the innovation work. The focus is on three particular areas: Green material technologies, Service and logistics and Innovative business models.

Green material technologies

Our business is based on primary fibre from sustainable forestry in the north. The tough climate produces unique wood fibre with

various great properties: the fibres are long, strong, pure, durable and extensible.

The product portfolio is constantly being developed in close collaboration with customers. We are making the material lighter, stronger and stiffer, improving barrier properties and printability, and so on.

In parallel, we are developing our technology platform and adding new materials. Microfibrillated cellulose (MFC) is an exciting material, with unique properties, that is now being tested in full-scale production.

See separate article on page 27.

Services and logistics

BillerudKorsnäs is strengthening its collaboration with packaging manufacturers, by developing its service functions and improving the precision of deliveries. Having our own offices in all the key markets provides proximity to the customer and an understanding of local needs and requirements.

Our specialist packaging laboratories test and develop materials and solutions together with customers and partners.

As our centre for consumer packaging, Pack Lab is the place where we measure the strength of carrier bags, sugar bags and flour bags, for example. We can simulate the whole logistics chain all the way to the store shelf and home to the customer, in order to identify weaknesses and potential improvements. Box Lab tests corrugated boxes and corrugated board in order to optimise weight and properties to ensure that they are capable of protecting fragile goods such as fruit and vegetables during demanding distribution. Sack Lab develops high-tech packaging solutions largely for industrial applications.

Innovative business models

BillerudKorsnäs is challenging existing business models and creating new offers aimed at players outside the traditional parameters. One example is the acquisition of Paccess, which now allows BillerudKorsnäs to offer customised packaging solutions for brand owners with manufacturing in Asia and customers all over the world. Another current example is FibreForm Packaging, a collaboration with Italian machine manufacturer Curti aimed directly at brand owners with complete systems – materials, machines and services – for the in-house production of unique packaging based on BillerudKorsnäs FibreForm.



A high level of innovation is one of BillerudKorsnäs' sustainability targets. In 2014, new products accounted for 14% of sales. This year, the company launched its next generation of cartonboard, which is lighter and whiter, with improved printability.





The new cement sack that disappears without a trace

BillerudKorsnäs won this year's product development award for its new sack solution at the Lafarge Global Supplier Awards 2014.

The right sack solution saves both time and money, simplifies work processes and improves the working environment.

In a collaborative project with Lafarge, a top ranking player in the cement industry, BillerudKorsnäs has developed a brand new sack for packing cement. The purpose of the project was to design packaging that disappears or blends into the concrete mix – the dream being that empty sacks would no longer need to be taken care of, saving money and reducing environmental impact.

After more than two years of development, the sack was launched in spring 2015. The new premium sack solution D-Sack™ comprises two layers of a new grade of white QuickFill paper, and includes a patented moisture barrier which enables the sack to disintegrate fully when subjected to mechanical action and water in the concrete mixer.

The target audience is primarily the construction industry, where the demands for efficiency and sustainability are high.


New material in full-scale testing

Microfibrillated cellulose, which is extracted from wood fibre, is an exciting material with fantastic potential in many different areas. Added to paper and board, it produces stronger and lighter products. Microfibrillated cellulose can also be used as an effective and sustainable barrier instead of plastic or aluminium in packaging for drinks, food, hygiene and healthcare products.

In summer 2014, BillerudKorsnäs decided to join forces with Swedish research bodies Innventia and VINNOVA to build a portable demonstration factory in order to test the material in full-scale paper production.

**“We expect great things from this new material,”
says Mikael Ankerfors,
project manager at BillerudKorsnäs.**

**“Microfibrillated cellulose gives paper new and improved
properties, making it stronger, lighter and less porous.
In the future, we also aim to offer our customers this new
material in products other than paper.”**



Microfibrillated cellulose (MFC)
is extracted from wood fibre in a water-based
process that draws out the strongest
components of the fibre.
MFC is fully biodegradable and has huge
potential in a host of different
applications.

Together we make a difference



Our approach is based on collaboration, exchange of experience and continuous improvement on an everyday basis. Always with the focus on the customer.

The employee survey 2014 indicates a strong perception that BillerudKorsnäs has a good working climate and shows that employees identify with the company's core values. Our employees are valuable ambassadors for BillerudKorsnäs.

TRUST GENERATES GOOD BUSINESS

Good business is about more than offering products with the right properties and qualities. Just as importantly, customers need to feel that they can trust us, that we are friendly and professional towards them and that our deliveries are highly reliable. The goal is clear – On Time in Full. Ida Ferone leads a team at the Customer Service Centre in Milan that handles 16 000 orders each year, amounting to 228 000 tonnes. She knows how to build lasting customer relations:

“I am in daily contact with production planning and we do everything we can to deliver what the customer has asked for. Trust is key both within the company and in the relationship with the customer, and we achieve that by being flexible and resolving customers' problems.”

SAFETY AND TEAMWORK ENSURE SUCCESSFUL SHUTDOWNS

Maintenance shutdowns are a natural part of operations at all BillerudKorsnäs' production plants. They provide time for inspections, maintenance work, installations and cleaning of the entire unit. The goal is for a shutdown to be completed safely, quickly and at as low cost as possible. This requires meticulous planning, with all the jobs prepared in advance, materials purchased and services procured. Thomas Nilsson, maintenance manager at Gruvön, works on continuous improvement:

“We have a healthy exchange of experience between the different production units and we learn from each other. The stoppages are an important part of the operation, as they allow us to introduce the innovations that make it possible for us to deliver even smarter packaging material to our customers.”

TEAM-BASED INNOVATION

Sack Solutions works to support sellers and customers with regard to material choice and packaging solutions. Assisting them is Sack Lab in Karlsborg, the world's most advanced laboratory of its kind and a hub for high-tech packaging solutions. Here, a consistent way of working is just as important as access to advanced equipment. Sack Lab focuses on team-based innovation, with team members drawn from different parts of the business. The goal is always to simplify and improve things for the end-user. Jonas Almkvist is head of idea and concept development:

“We've developed an extremely fast process, where we can go from idea to prototype in an hour and then evaluate the packaging solution within 24 hours, in terms of deaeration, filling, drop testing and so on. This is a strong competitive advantage.”





INSPIRING TRAINEE PROGRAMME

Trainees at BillerudKorsnäs get to combine a secure home base with exciting encounters across the Group. The programme includes themed days focusing on subjects such as leadership, strategy, internationalisation, financial targets, innovation and business development. The participants also visit several production units and are stationed at a sales office outside Sweden for one month. The aim is to create an understanding of the entire business, while also gaining a broad and valuable network for a future career within the company. Fifteen new recruits began their training on 1 September. Tim Paradis, who has a job in HR in Solna, is one of the participants:

“I’m really enjoying it, everyone I meet is welcoming and helpful. We work together across job boundaries and we are always trying to do things a little better. The best thing about the training is that you get to see the whole value chain. Not having a technical background, for me it’s particularly exciting and educational to visit the production units.”



Think new
Feel responsibility
Cooperate
Create value

New concept opens up new markets

The packaging concept
offers
the world's first
tightly sealed bag
entirely in paper.

Together with Bosch, one of the world's leading manufacturers of packaging machines, BillerudKorsnäs is developing a whole new concept that can replace plastic with paper packaging. The main applications are dry foods such as flour, rice, sugar and pasta.

The packaging machine is a variation on the regular Vertical Form Fill and Seal (VFFS) machine and the paper is BillerudKorsnäs' pure, strong kraft paper Axello® ZAP, which was developed specifically for this purpose. The system gives a closure that is completely sealed.

The target group is essentially all brand owners looking for a sustainable and cost-effective alternative to plastic. The leading growth markets, which are seeing the development of new delivery chains for food products, constitute large and important markets.

"A highly successful collaboration, built on exchange of knowledge and ideas," says Marcus Velezmoro, Sales Manager, Bosch Packaging Technology.



3

BUSINESS AREAS

Packaging Paper

Kraft and sack paper for customers with tough demands

Consumer Board

Liquid packaging board and cartonboard with unique properties

Containerboard

Strong fluting and liner add value



Packaging Paper

Kraft and sack paper for customers with tough demands

SHARE OF GROUP
NET SALES

SEKm
8 100 (7 300)

39% (37%)

SHARE OF GROUP
OPERATING PROFIT

SEKm
700 (280)

37% (26%)

NET SALES BY
MARKET SEGMENT



- Industrial, 56%
- Food & Beverages, 21%
- Medical & Hygiene, 13%
- Consumer & Luxury Goods, 10%

The Packaging Paper business area offers kraft and sack paper of premium quality plus smart solutions for customers in the industrial, medical and consumer segments.

Sustainable and efficient



Sack Solutions

BillerudKorsnäs' sack solutions are able to reduce paper use by up to 30% and increase filling speeds by up to 25%. A collaborative review of the customers' value chains examines everything from construction, design and printing to manufacture, filling, distribution and end-use.



Bag Solutions

The Bag Solutions business segment offers a broad range of sustainable materials and solutions for attractive bagging of dry foods such as flour, sugar and grain, as well as carrier bags for food or fashion.

Consumer Laminates

BillerudKorsnäs has a well established offer of uncoated kraft paper that contributes strength and stiffness to laminates for flexible food packaging. BillerudKorsnäs FibreForm® is an example of a unique material with high formability that allows plastics to be replaced with sustainable and exciting packaging made from renewable fibre.



Speciality Papers

A broad range of advanced kraft paper for various areas of use, including medical applications, interleaving for the steel industry and release liner for hygiene products. BillerudKorsnäs' kraft paper is strong, pure and effective.

Pulp

The pulp not used in BillerudKorsnäs' own production of paper and board is sold on the open market as NBSK pulp, based on 100% primary fibre.



We're seeing a fantastic response as customers understand how our materials and solutions can improve the cost-efficiency of their processes and improve environmental performance.

Johan Nellbeck, SVP Packaging Paper

STRATEGY

Sustainable and profitable growth is to be achieved through selective growth in chosen segments, primarily dry foods and medical, plus the construction industry in growth markets.

The business area will focus on:

- Innovative product development with a clear focus on the value chain and an emphasis on system sales
- Remaining the quality leader in selected segments
- Flexible production capacity
- Expansion in growth markets outside Europe

Growth target: 0–4% per year

SELECTIVE GROWTH

BUSINESS MODEL

Materials

BillerudKorsnäs' sack paper and kraft paper are strong, pure, and certain products are formable, with numerous desirable properties that challenge plastic and other materials in a host of different applications.

Sack paper

Sack paper is used primarily for industrial purposes, for example in cement sacks. High-quality paper has major advantages over plastic. BillerudKorsnäs' premium grade QuickFill combines strength and porosity, saving up to 30% on material, while also enabling an increase in the filling speed of potentially as much as 25%.

Kraft paper

Many consumers prefer eco-friendly alternatives to fossil plastics and more and more countries are banning the use of thin plastic carrier bags. Their use in the EU, for example, is to be cut by 80% by the year 2025. To meet the growing demand for sustainable paper carrier bags and paper bags more generally, 2014 saw the launch of new product families with a good environmental profile and superb strength and printability.

Medical kraft paper

Kraft paper for medical packaging has been specifically developed to meet healthcare standards for packaging and sterilising methods. BillerudKorsnäs is actively involved in developing more efficient sterile barriers for single-use items and multi-use items in the healthcare sector. BillerudKorsnäs Sterikraft® lets through the sterilising medium and acts as an effective long-term barrier against microorganisms, so that as long as the packaging remains unopened, the product is kept sterile for five years. Several exciting development projects are under way concerning medical applications, including testing of a reinforced paper that can replace plastic packaging for heavier implements with sharp edges, plus a paper with antimicrobial properties that inhibits bacterial growth by over 99 percent.

Solution Services

Packaging manufacturers and brand owners are given help in tailoring materials and solutions to their particular needs. As one of the world's most advanced sack laboratories, BillerudKorsnäs' Sack Lab tests materials, construction and design to ensure that the printability, durability, permeability, filling capacity and barrier properties are suitable for a specific use. The results are then used to optimise and develop new, efficient sacks.

Pack Lab is our development centre for consumer packaging, where we measure the strength of carrier bags and bags for dry foods such as flour, sugar, rice and grain, amongst other tasks. We can simulate the whole logistics chain all the way to the store shelf and home to the consumer, in order to

identify weaknesses and potential improvements.

Pack Lab also develops packaging solutions using BillerudKorsnäs' uniquely formable FiberForm®. A Multivac line for prototype testing checks forming, filling and sealing in industrial production.

BillerudKorsnäs has its own barrier lab that measures the barrier properties of different material combinations and how they affect the shelf-life of a product.

Network

BillerudKorsnäs collaborates in various constellations to keep itself at the leading edge of development.

Innovative products and solutions are often created in close collaboration with a strong network of machine manufacturers, packaging producers, brand owners and research institutes.

One current example is the collaboration with Lafarge, one of the world's biggest suppliers of building materials, which has resulted in a brand new packaging solution for cement sacks.

Read more on page 26.

In partnership with Bosch, a whole new concept for packaging dry foods is under development. Both the machine and the paper, BillerudKorsnäs Axello® ZAP, are developed specifically for the purpose. The system gives a closure that is completely sealed. The new concept challenges plastic and is aimed primarily at brand owners and the major growth markets, where new delivery chains are being developed for food products.

Read more on page 30.

NET SALES BY REGION

- Europe 71% (70%)
- Asia 13% (14%)
- Africa 8% (8%)
- South America 4% (3%)
- Middle East 2% (1%)
- Other 2% (4%)



MARKETS

BillerudKorsnäs is a world leader in sack paper for sack solutions for building materials, industrial minerals, chemicals and other powdered products.

The market is fragmented, with many manufacturers and customers. The market trend for sack paper was positive over the year, driven by the construction industry in many markets in Europe, but above all by the major growth markets in Asia and Latin America. These markets still largely use sacks made from plastic or recovered fibre. An increased focus on sustainability and the working environment is a strong sales argument for high-quality paper sacks.

BillerudKorsnäs is strengthening its presence and service in the growing markets of Asia, with its own sales and service offices in Singapore and New Delhi. An office has also been opened in Miami as a means of getting closer to the markets of North and Latin America.

The market for kraft paper for consumer products is competitive, particularly when it comes to simpler applications, with an increasing range being offered in recovered paper and from manufacturers that are switching from newsprint to packaging materials. At the same time, demand for all kinds of packaging and fibre-based material, as a replacement for fossil plastic in particular, continues to grow.

BillerudKorsnäs is strengthening its position in the growing market for medical applications, which is characterised by high entry thresholds, long-term relationships and high-quality deliveries.

FIBREFORM PACKAGING

FibreForm Packaging is a joint venture with the Italian machine manufacturer Curti. Brand owners get a complete system for manufacturing sustainable, effective, functional and extremely formable packaging solutions.

The offer is based on BillerudKorsnäs FibreForm, and makes it possible to replace plastic, glass or metal with attractive and exciting packaging in a fully renewable material.

The new concept has been launched in Europe, the USA and Asia. The opportunity to strengthen a brand with entirely unique packaging has received an extremely positive response, with around 10 projects launched in 2014. A letter of intent has been signed with brand owners in Europe and in Asia, for delivery over the course of the next year.

2014 IN BRIEF

- Net sales increased by 11% to SEK 8 101 million
- Operating profit increased by SEK 417 million to SEK 701 million
This increase was due to larger volumes in Skärblacka, following the extensive refit in 2013, higher pulp prices and a favourable exchange rate.
- The operating margin was 9%, compared with 4% in the previous year.

KEY EVENTS

- The decision was taken to invest SEK 260 million in the production unit in Skärblacka as part of the selective growth strategy for Packaging Paper. The investment is being made in order to increase the production volume and quality of brown sack paper for the construction sector, where we see major potential for growth.
- New offices were set up in Singapore, New Delhi and Miami.



Sustainable and uniquely formable packaging solutions from FibreForm Packaging.



New offices were set up in Singapore, New Delhi and Miami.



Extremely formable FibreForm, which has won numerous awards around the world since its launch in 2010, opens up brand new applications for fibre-based board.

A smart gift for all children and their parents



It can be difficult enough to open the parcel – and then there is the almost impossible task of releasing the toy, which is so securely fixed with robust ties. This creates frustration in children and adults alike. Not to mention unnecessary waste. But now BillerudKorsnäs has a solution.

The major British department store Marks & Spencer had long been looking for an alternative to plastic and metal ties that is just as strong but easier to tear apart, while also meeting the company's strict environmental requirements. Together with a team from Design Futures, they discovered BillerudKorsnäs' strong and extensible FibreForm. And the rest is – not history – but the future. The new packaging is already in the stores and the response has been very positive.

“Our design team discovered a strong new paper material that could be used to keep products in place in their packaging. The material now makes it easier to open the packaging, while also benefiting the environment.

**It has been exciting to see how M&S has developed our idea and taken it to the market.”
John Kirkby, Creative Director, Design Futures**

Consumer Board

Liquid packaging board and cartonboard with unique properties

SHARE OF GROUP
NET SALES

SEKm
7 400 (7 000)

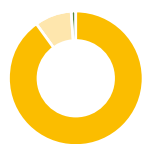
36% (36%)

SHARE OF GROUP
OPERATING PROFIT

SEKm
920 (560)

48% (50%)

NET SALES BY
MARKET SEGMENT



- Food & Beverages, 90%
- Consumer & Luxury Goods, 9%
- Medical & Hygiene, 1%
- Industrial, 0%

The Consumer Board business area delivers packaging solutions made from high-quality cartonboard for beverages, foods and other consumer goods.

Pure and safe



Liquid packaging board

BillerudKorsnäs' high-quality liquid packaging board is used for beverages in chilled or aseptic packaging and other foods. The board is pure, taste-neutral, formable and stiff, with a good print surface, which produces stable, easily handled, attractive and recyclable packaging.

Cup stock

Cup stock is board for paper cups and paper plates that require high stiffness, low weight and high purity. It is also suitable for products that come into direct contact with hot food and all kinds of drinks.



Cartonboard

Our cartonboard combines strength, low weight, high formability and an exclusive print surface in a manner that is unique in the market. This offers brand owners huge opportunities to promote and differentiate their packaging.





We're following our customers out into the world. Strategic investments in increased capacity and improved products and services position us for continued growth in a global market.

Ulf Eliasson, SVP Consumer Board

STRATEGY

Sustainable and profitable growth is to be achieved through volume growth in the key markets.

The business area will focus on:

- Growth markets around the world, combined with maintaining a strong position in Europe
- Investing in increased capacity to meet the rapidly growing demand in chosen market segments
- Innovative ways of working closely with the customer to create ever better materials and solutions, tailored to customer needs, with a focus on the whole value chain

Growth target: 4–5% per year

VOLUME GROWTH

BUSINESS MODEL

Materials

Liquid packaging board

Considerable resources are being put into research and technical development of liquid packaging board in close collaboration with customers. Customers have high demands in terms of product safety, sustainability and materials that are able to offer exclusive printing options, exciting forms and high production efficiency. This requires strong, pure fibre from slow-growing forests. Over the year, the decision was taken to invest a total of SEK 900 million in Frövi/Rockhammar for even better product quality and higher volumes.

Cartonboard

BillerudKorsnäs' unique cartonboard is used primarily for exclusive consumer goods such as cosmetics, confectionery and beverages. The product's competitive edge lies in its superior material properties, with excellent formability, surface finish and printability, combined with a high service level.

In 2014 BillerudKorsnäs launched the next generation of cartonboard. The range has also been expanded to include grades of lower weight that are suitable for smaller pack sizes – an adaptation to the global trend towards more small households and single-person households.

Solution Services

Product development is key and BillerudKorsnäs' labs support customers in developing packaging solutions. Material choice, construction and design help to increase attractiveness and customer loyalty. Delivery precision is also becoming increasingly important.

Liquid packaging board is being developed in close and creative collaboration with customers in development and improvement activities large and small. The board has to withstand fast conversion processes and be customisable for specific applications.

Carton Solutions is BillerudKorsnäs' knowledge centre for cartonboard, with a strong emphasis on relationships and personal service. The focus here is on creating innovative solutions that optimise the packaging for high efficiency along the whole value change.

Network

BillerudKorsnäs is part of a network of universities, colleges and industry organisations that are positioned at the leading edge of development and has itself initiated a network of designers and technicians as a means of spreading knowledge about the possibilities of the material.

In partnership with universities and colleges in Sweden, France and Germany, each year BillerudKorsnäs runs the Packaging Impact Design Award (PIDA). Its aim is in part to help spread information and improve knowledge through events and

seminars in conjunction with the award ceremony. This year's theme, "Breaking the Code", was about the reimagining of champagne packaging for a younger target group.

MARKETS

BillerudKorsnäs is one of the world's leading suppliers of liquid packaging board and has longstanding agreements with major customers with sales and production all over the world.

A growing population, increased prosperity and changing consumption patterns are driving up demand for packaged beverages all over the world. Consumption of dairy products, for example, is expected to rise 36% globally by 2024.

The market is dominated by a small number of large players that work together in integrated value chains, with high demands in terms of quality, product development and reliability of deliveries.

BillerudKorsnäs holds a strong position in the European market for primary fibre-based cartonboard and is growing in the Asian market.

The market for cartonboard is fragmented as regards both supply and demand. The strong demand for exclusive cartonboard is driven by the status of the packaging as a brand carrier with a growing role in companies' market communications and sales.

NET SALES BY REGION

- Europe 67% (67%)
- Asia 24% (22%)
- Middle East 5% (7%)
- Africa 2% (2%)
- South America 1% (1%)
- Other 1% (1%)



2014 IN BRIEF

- Net sales increased by 7% to SEK 7 436 million.
- Operating profit increased by SEK 358 million to SEK 915 million. The main causes are volume increases, price rises in local currency and more favourable exchange rates.
- The operating margin reached 12%, compared to 8% in the previous year.

KEY EVENTS

- The refit of a board machine at the production unit in Gävle increased capacity by around 10% and helped to drive up cost-efficiency and product quality.
- The decision was taken to invest SEK 900 million in the production units in Frövi and Rockhammar to increase capacity and improve product quality.
- Launch of the next generation of carton-board, with superb print results for brands that want to stand out in retail environments.



GOLD AWARD

DuPont Design
Innovation Awards
Delaware, USA

- NO. 1,
German Packaging Award 2012
- The audience award category
Best New Product Convenience
Biofach in Nürnberg, Germany, 2013
- The audience award
category
Best New Product (chilli flavour)
Biofach in Nürnberg, Germany, 2013



As good as home-made

Spätzle is a German speciality, noodles made with egg, flour, water and salt. The tastiest version has to be home-made, according to Frizle's founders, Martin Sluk and Thomas Spieler, who have created a brand new product and a new way to cook spätzle. Frizle's "spätzle press" in board is filled with fresh dough that is pressed out through small holes directly into boiling water.

The challenge was to create packaging that ensured a long shelf-life, while also retaining the great taste. The packaging also had to be easy to open and to handle. And – last but not least – it had to shout "organic product".

In close collaboration with packaging designer Thomas Reissig of VerDeSoft, converter Spiegel Verpackungen and BillerudKorsnäs, the material chosen was BillerudKorsnäs Light 250 g.

"The smart packaging has received a great deal of attention and won several prestigious awards. The most important thing for us is that it reinforces Frizle's organic brand," says Martin Sluk, CEO of Frizle.



Containerboard

Strong fluting and liner add value

SHARE OF GROUP
NET SALES

SEKm

3 100 (3 100)

15% (16%)

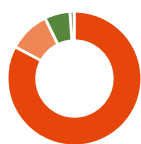
SHARE OF GROUP
OPERATING PROFIT

SEKm

420 (320)

22% (29%)

NET SALES BY
MARKET SEGMENT



- Food & Beverages, 83%
- Consumer & Luxury Goods, 10%
- Industrial, 6%
- Medical & Hygiene, 1%

Strong and light materials from the Containerboard business area are used in corrugated boxes for fragile goods and demanding distribution systems. Supply chain solutions for packaging optimisation are a key component of the offer.

Strong and light



Liner

BillerudKorsnäs' white liner and coated white top liner are strong, pure and hygienic, with high printability. Applications include everything from pizza boxes to exclusive gift packaging for perfumes, beauty products and beverages.



Fluting

BillerudKorsnäs' strong fluting optimises packaging without compromising on strength, function and performance. Fluting based on primary fibre is perfect for corrugated boxes for fruit and vegetables, consumer goods and heavy or fragile goods.



Of the fruit and vegetables transported in Europe, around 10% never reaches consumers. BillerudKorsnäs' strong fluting and liner reduce waste by optimising the whole delivery chain – from farm to supermarket. SoliQ™ packaging uses the right materials and the right design for this specific job, with sensors that monitor conditions while in transit.



We look at what we can offer further along the chain in order to exploit the full potential of the materials and the concepts. There are huge opportunities to optimise the whole and provide sustainable solutions.

Lennart Eberleh, SVP Containerboard

STRATEGY

Sustainable and profitable growth is to be achieved through value growth, which means increasing margins for the existing product portfolio.

The business area will focus on:

- Expansion in new markets and applications that suit the product mix and allow for higher margins
- An innovative way of working that gives brand owners smarter packaging solutions based on superior material properties
- Investments with a focus on quality, plus continued expansion for Paccess
- Growing markets outside Europe

Growth target: 2–4% per year

VALUE GROWTH

BUSINESS MODEL

Materials

The Containerboard business area offers high-quality liner and fluting for the production of light and strong corrugated boxes. The materials are developed and improved in collaboration with customers and partners. BillerudKorsnäs has enviable expertise and a complete concept that covers the whole process. In a drive to further improve the qualities of the materials, particularly with regard to strength, the decision was taken in 2014 to invest SEK 180 million in quality improvements and higher production volumes.

Fluting

BillerudKorsnäs' fluting is extremely strong and durable, with the capability to withstand heat and high humidity. Billerud Flute, made using 100% primary fibre from Nordic birch, is the world's strongest fluting, making it ideal for extremely demanding applications such as heavy goods or transport of fruit and vegetables in a warm and humid climate. The boxes need to protect the content, stand up to stacking and look smart in the stores, even after long periods in transit.

Liner

BillerudKorsnäs' 2-layer liner is perfect for printing and meets stringent requirements concerning food packaging. The main target applications are those that require high standards of design or purity. Coated liner was further enhanced over the year, particularly with regard to printability.

Solution Services

BillerudKorsnäs is moving closer to the market and to the end-customer. By having its own staff in key markets we get a local presence that increases understanding of customers' needs. It also provides greater opportunities to highlight the benefits and added value, as well as providing technical support.

The company's own Box Lab tests materials and designs, and adapts each solution to the customer's specific needs. A customer-focused approach leads to sustainable packaging solutions that reduce use of materials, increase productivity and cut waste along the whole value chain. Box Lab is able to simulate the whole logistics chain, in order to test and improve the performance of the corrugated box.

Network

BillerudKorsnäs has built up the Fresh Box Alliance, a network of quality-assured

suppliers of packaging solutions for products such as cut flowers, fruit and vegetables. The members deliver BillerudKorsnäs' SoliQ, a unique service concept that optimises the delivery chain for fruit and vegetables from producer countries, primarily in Africa, to markets in Europe. Corrugated boxes are subject to strict quality requirements. Combining BillerudKorsnäs' fluting with the right design makes it possible to reduce the use of materials by around 15% and waste by around 10%.

MARKETS

BillerudKorsnäs holds a strong position as market leader in the European market for primary fibre-based fluting and liner and is consolidating its position in the major growth markets of Asia, with its own offices in Bangkok and Dubai.

The market for fluting is driven largely by increased international trade, a greater environmental focus and demand for sustainable packaging that withstands the rigours of long journeys. BillerudKorsnäs' unique fluting grades are a huge marketing success and demand is rising.

White liner is subject to increased price competition, mainly as a result of increased capacity in the market – as printing paper manufacturers switch to packaging materials – and the fall in recovered paper prices.

NET SALES BY REGION

Europe 76% (83%)
Asia 12% (8%)
Africa 6% (6%)
South America 1% (1%)
Other 5% (2%)



PACCESS STRENGTHENS THE OFFER

Paccess, which has been a wholly owned subsidiary of BillerudKorsnäs since 2013, offers packaging and distribution solutions to brand owners and major retail chains that have manufacturing in Asia and global customers. Paccess simplifies and quality assures the whole supply chain from design to production and distribution. It has offices in Portland (USA), Stockholm (Sweden) and Shenzhen (China), with an Indian office also in the pipeline. The company works with over 2 000 OEM factories in China and South-East Asia.

Paccess simplifies the customer's processes, saves money and resources, improves sustainability performance and drives up revenues. Having the right packaging from the start saves on time and resources.

2014 saw the launch of a new packaging mainly for textiles, where the traditional plastic liner is replaced with an integrated moisture barrier. The aim is to grow along with existing customers, but also to attract new business.

2014 IN BRIEF

- Net sales increased by 2% to SEK 3 148 million.
- Operating profit increased by SEK 98 million to SEK 416 million. Lower production costs, combined with more favourable exchange rates, were partially offset by a lower volume of sales.
- The operating margin was 13%, compared with 10% in the previous year.

KEY EVENTS

- The decision was taken to invest SEK 180 million in Gruvön, with a view to increasing capacity and further improving the quality of the next-generation fluting
- Paccess is broadening its platform in Asia by establishing a presence in India.



Paccess is broadening its platform in Asia by establishing a presence in India.



To show how smart our packaging solutions are, we conducted a really tough test. Six delicate crystal glasses were sent across Europe, then on to America and Asia, before returning to Sweden.

How did it go? Not a crack or a scratch to be seen – proof of the strength in combining the world's strongest paper with smart design and construction.



**BILLERUD FLUTE
THE WORLD'S
STRONGEST FLUTING**

Made using 100%
primary fibre from
Nordic birch.
Perfect for strong,
stiff and shock-absorbent
corrugated boxes for
heavy goods.

Strong corrugated boxes for the automotive industry

Thousands of suppliers are involved in the automotive industry's global distribution chains, which place high demands on the quality and precision of deliveries. Wooden crates, which have long been the standard for transporting heavy components, have not always proven ideal, but there has been a shortage of alternatives.

Together with a German corrugated board producer, BillerudKorsnäs has developed an extremely strong fluting that makes it possible to replace wooden crates, even for heavy freight. This brings numerous benefits: lower weight results in easier handling, reduced environmental impact and lower transport costs, the material offers better printability, plus it absorbs shocks and is easy to recycle.

The new material is a prime example of customer-driven product development with a focus on innovation and sustainability.

“We're very pleased with the collaboration. The new material makes it possible to construct corrugated boxes that can handle 5 000 kilos. This will allow us to expand into entirely new markets,” explains the German packaging producer.

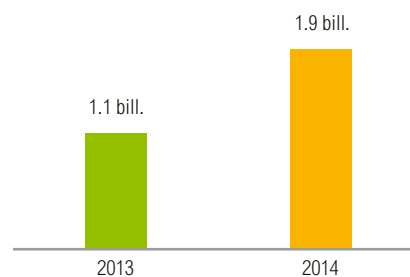


We take a long-term perspective, and our current investments in sustainable business are investments in the future.

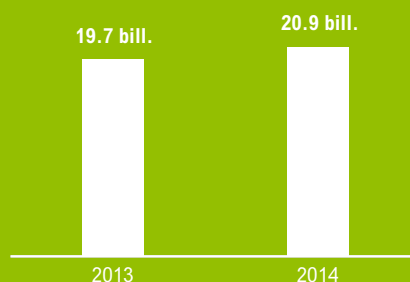


Headline figures

**SEK 1.9
BILLION
Operating
profit**



**SEK 20.9
BILLION
Net sales**



Income statement

SEKm	2014	2013
Net sales	20 853	19 689
Other income	118	130
Operating income	20 971	19 819
Operating expenses	-17 692	-17 243
Depreciation/amortisation	-1 378	-1 439
Operating profit/loss	1 901	1 137
Net financial income and expenses	-248	-309
Profit/loss before tax	1 653	828
Taxes	-352	-142
Net profit/loss	1 301	686

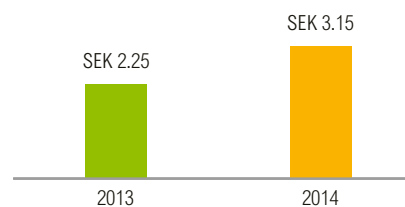
Capital employed

SEKm	31 Dec 2014	31 Dec 2013
Non-current assets, excluding interest-bearing receivables	18 301	18 170
Inventories	3 145	3 029
Accounts receivable	2 601	2 394
Other current assets	925	849
Total operating assets	24 972	24 442
Less:		
Deferred tax liabilities	2 986	2 691
Non-interest-bearing provisions	67	108
Accounts payable	2 502	1 742
Other non-interest-bearing liabilities	1 589	1 595
Capital employed	17 828	18 306

Cash flow

SEKm	2014	2013
Operating surplus	3 234	2 656
Change in working capital	238	-452
Net financial income/expenses	-233	-265
Tax paid	-124	-160
Cash flow from operating activities	3 115	1 779
Cash flow from investing activities	-1 376	-1 250
Cash flow after investing activities	1 739	529

BillerudKorsnäs' Board of Directors proposes a dividend of SEK 3.15 per share for the financial year 2014. The proposed dividend corresponds to 51% of net profit for 2014.



SEK
3.15
DIVIDEND
PER SHARE

Key financial ratios

	2014	2013
Margins		
Gross margin, %	16	13
Operating margin, %	9	6
Return, rolling 12 months		
Return on capital employed, %	11	6
Return on shareholders' equity, %	13	7
Capital structure at end of period		
Capital employed, SEKm	17 828	18 306
Working capital, SEKm	2 286	2 748
Shareholders' equity, SEKm	10 704	9 917
Interest-bearing net debt, SEKm	7 124	8 389
Net debt/equity ratio, multiple	0.67	0.85
Interest-bearing net debt/operating profit before depreciation/amortisation, multiple	2.2	3.3
Investments		
Investments in non-current assets, SEKm	1 384	1 337
Acquisitions, SEKm	-	-9
Other key-figures		
Capital turnover, multiple	1.2	1.1
Working capital as a percentage of sales	12	14
Human Resources		
Average number of employees	4 194	4 272

Quarterly data



Quarterly net sales per business area and in total

SEKm	2014					2013				
	Full year	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Full year	Q4 -13	Q3 -13	Q2 -13	Q1 -13
Packaging Paper	8 101	1 959	2 058	2 016	2 068	7 279	1 758	1 820	1 846	1 855
Consumer Board	7 436	1 768	1 897	1 822	1 949	6 964	1 659	1 716	1 784	1 805
Containerboard	3 148	816	773	767	792	3 073	763	755	758	797
Other units	2 197	609	487	512	589	2 297	549	470	579	699
Currency hedging, etc.	-29	-28	-24	11	12	76	26	-13	38	25
Group staff and eliminations	-	-	-	-	-	-	-	-	-	-
Total Group	20 853	5 124	5 191	5 128	5 410	19 689	4 755	4 748	5 005	5 181

Quarterly operating profit/loss per business area and for the Group

SEKm	2014					2013				
	Full year	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Full year	Q4 -13	Q3 -13	Q2 -13	Q1 -13
Packaging Paper	701	183	158	169	191	284	91	-1	76	118
Consumer Board	915	186	243	253	233	557	29	244	126	158
Containerboard	416	120	120	59	117	318	98	89	66	65
Other units	166	28	45	35	58	136	21	36	20	59
Currency hedging, etc.	-29	-28	-24	11	12	76	26	-13	38	25
Group staff and eliminations	-268	-29	-92	-77	-70	-234	-62	-46	-64	-62
Total Group	1 901	460	450	450	541	1 137	203	309	262	363

Quarterly operating margin per business area and for the Group

%	2014					2013				
	Full year	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Full year	Q4 -13	Q3 -13	Q2 -13	Q1 -13
Packaging Paper	9	9	8	8	9	4	5	-	4	6
Consumer Board	12	11	13	14	12	8	2	14	7	9
Containerboard	13	15	16	8	15	10	13	12	9	8
Group	9	9	9	9	10	6	4	7	5	7

Quarterly sales volumes per business area and for the Group

ktonnes	2014					2013				
	Full year	Q4 -14	Q3 -14	Q2 -14	Q1 -14	Full year	Q4 -13	Q3 -13	Q2 -13	Q1 -13
Packaging Paper	1 167	275	288	294	310	1 080	263	269	273	275
Consumer Board	1 004	235	252	249	268	959	231	236	242	250
Containerboard	528	134	127	128	139	552	126	134	142	150
Total	2 699	644	667	671	717	2 591	620	639	657	675

Key figure definitions

MARGINS

Gross margin

Operating profit before depreciation (EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales.

Operating margin

Operating profit as a percentage of net sales.

RETURN

Return on capital employed

Operating profit as a percentage of average capital employed. (ROCE)

Return on shareholders' equity

Profit/loss for the year, attributable to parent company shareholders, as a percentage of average equity, attributable to parent company shareholders.

CAPITAL STRUCTURE

Capital employed

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets.

Capital turnover rate

Net sales divided by average capital employed.

Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

Shareholders' equity

Shareholders' equity at the end of the period.

¹ For number of shares, see page 54.

PER SHARE DATA¹

Earnings per share

Profit/loss for the year, attributable to parent company shareholders, divided by the average number of shares on the market.

EV/EBITDA

Market capitalisation plus interest-bearing net debt, divided by operating profit before depreciation, amortisation and impairment losses (EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation).

P/E ratio

Share price at year-end divided by earnings per share.

Shareholders' equity per share

Shareholders' equity at the end of the period, attributable to owners of the parent company, divided by the number of shares on the market at the end of the period.





Senior Management Team



Top row, from left: Christer Simrén, Lennart Eberleh, Susanne Lithander, Johan Nellbeck, Ulf Eliasson.
Bottom row, from left: Magnus Wikström, Karin Hågfeldt, Per Lindberg, Uno Brinnen and Henrik Essén.

PER LINDBERG

President and CEO

Education: MSc and PhD, Chalmers University of Technology, Gothenburg.

Year employed: 2005

Year born: 1959

Other assignments: Board member of Nordstjernan AB, SP Technical Research Institute of Sweden, Bergvik Skog AB and Middlepoint AB. Chairman of the Swedish Forest Industries Federation and member of IVA Royal Swedish Academy of Engineering Sciences Division VIII – Forest Technology. **Background:** Managing Director, Korsnäs AB. Vice President, Investment AB Kinnevik. Management and strategy consultant, Applied Value Corporation, US. **Shareholding**¹: 86 547

CHRISTER SIMRÉN

Executive Vice President, COO

Education: MSc and PhD, Chalmers University of Technology, Gothenburg. MSc in Economics and Business, School of Business, Economics and Law, Gothenburg University.

Year employed: 2012

Year born: 1961

Other assignments: – **Background:** CEO of Korsnäs AB and Wermland Paper AB. Member of the management team of Kinnevik. Chairman of the Board of Grycksbo Paper Holding AB. **Shareholding**¹: 25 200

UNO BRINNEN

Senior Vice President Forestry

Education: MSc in Forestry, Sweden's Agricultural University, Umeå. Licentiate Degree in Forestry, Swedish University of Agricultural Sciences, Garpenberg.

Year employed: 2012

Year born: 1956

Other assignments: Board member of Svenska FSC® and Skogforsk. Member of KSLA.

Background: Director of Forestry, Korsnäs AB.

Shareholding¹: 6 700

LENNART EBERLEH

Senior Vice President Containerboard

Education: MSc in Engineering, Technische Universität Carolo Wilhelmina Braunschweig, Germany. Executive MBA, Mgruppen.

Year employed: 2001

Year born: 1969

Other assignments: –

Background: Sales Manager, Stora Enso Gruvön. Stora Support Team, Stora Kopparberg Bergslags AB. Product Manager, Stora Gruvön.

Shareholding¹: 18 125

ULF ELIASSON

Senior Vice President Consumer Board

Education: MSc in Engineering, Chalmers University of Technology, Gothenburg.

Year employed: 2012

Year born: 1962

Other assignments: Board member of Bomhus Energi Aktiebolag, Board member of SPCI (Swedish Society of Paper and Cellulose Engineers), Board member of ACE (Alliance for Beverage Cartons and the Environment).

Background: Mill Director Korsnäs AB, Vice President & Site Manager Rolls-Royce AB, Senior Vice President & CEO Stora Enso Skoghall AB.

Shareholding¹: 6 500

HENRIK ESSÉN

Senior Vice President Communication and Sustainability

Education: MSc in Engineering, Royal Institute of Technology, Stockholm.

Year employed: 2011

Year born: 1974

Other assignments: –

Background: Senior consultant at ÅF AB and Pöyry Forest Industry Consulting AB.

Shareholding¹: 2 800

KARIN HÅGFELDT

Senior Vice President Corporate Human Resources

Education: Human Resource Management programme, Umeå University. Executive MBA, Stockholm School of Economics.

Year employed: 2011

Year born: 1970

Other assignments: –

Background: HR Lead Global Supply Chain & Strategy, AstraZeneca. Head of HR Sweden Operations, AstraZeneca. HR Manager, Ericsson.

Shareholding¹: 5 875

SUSANNE LITHANDER

CFO

Education: MSc in Economics and Business, School of Business, Economics and Law, Gothenburg University.

Year employed: 2011

Year born: 1961

Other assignments: Board member of Acando AB and Eltel AB.

Background: CEO, Mercuri International Group. Executive Vice President & Head of Advisory Services, BU Global Services, Ericsson AB. Executive Vice President Finance & Operational Development, BU Global Services, Ericsson AB. Executive Vice President & Head of Business Operations, Ericsson Inc., TX, USA.

Shareholding¹: 975

JOHAN NELLBECK

Senior Vice President Packaging Paper

Education: MSc in Economics and Business, Uppsala University. Executive MBA, Mgruppen.

Year employed: 2006

Year born: 1964

Other assignments: Board member of CEPI Eurokraft.

Background: Regional Sales Director, Tele2 Stockholm. Managing Director, AssiDomän Kraft Products Nordic Sales AB. Sales Manager, AssiDomän Scandinavia.

Shareholding¹: 16 000

MAGNUS WIKSTRÖM

Senior Vice President Technology & Strategic Development

Education: MSc and PhD in Engineering, Royal Institute of Technology, Stockholm. Executive MBA, Mgruppen.

Year employed: 2006

Year born: 1963

Other assignments: Board member of Innventia AB, Board member of Awaparent AB.

Background: R&D Director Korsnäs AB, Research Manager Korsnäs Development, Project Area Manager STFI.

Shareholding¹: 16 719

¹ Own and closely related persons' shareholdings as of 6 March 2015.

Board of Directors



1. LENNART HOLM

Chairman of the Board since 2014, Board member since 2012, chairman of the investment committee, member of the remuneration committee

Education: MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg. Degree in Finance, University of Gothenburg.

Year born: 1960

Other assignments: Chairman of the Board of Vida AB, Nexam Chemical Holding AB, Chamber Tech AB, Brunkeberg Systems AB, Vigmed Holding AB and Hamnkrogen i Helsingborg Holding AB. Board member of BMC Management AB, Chamber Bygg Sweden AB, Dermazip AB, Hempel A/S, Lennart Holm Development AB, Neco Norden AB, Preventic Försäkrings AB and SOS Barnbyar Sverige.

Background: Chairman of the Board and CEO of the Perstorp Group, active at Stora Enso and partner in PAI Partners SAS.

Shareholding¹: 3 000

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

2. BENGT HAMMAR

Board member since 2014 and member of the investment committee

Education: BA and MA in International Economy and Politics, Princeton University, New Jersey, United States

Year born: 1951

Other assignments: Director and senior adviser, Pöyry Capital Ltd.

Background: Managing Director, Head of Global Forest Products & Packaging, Barclays De Zoete Wedd Ltd. Executive Director, Head of European Forest Products & Packaging, Morgan Stanley & Co. Int.

Shareholding¹: 1 100

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

3. MIKAEL HELLBERG

Board member since 2014, chairman of the remuneration committee, member of the audit committee

Education: BSc in Economics, University of Minnesota, United States. Studies at Stockholm School of Economics.

Year born: 1954

Other assignments: Chairman of the Board of Delicato Bakverk AB, Berntson Brands AB and Wallvision AB. Board member of Cederroth International AB, Lomond Industrier AB and Fresk Försäljning AB.

Background: CEO of Wasabröd AB, Pripps Bryggerier/Carlsberg Sverige AB, Alcro-Beckers AB and Nordic Head of Procter & Gamble HABC. Chairman of the Board of several companies, including AB Annas Pepparkakor, Björnkälder AB, NCS Colour AB, Mobeon AB and Anticimex AB.

Shareholding¹: 20 000

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

4. JAN HOMAN

Board member since 2012 and member of the audit committee

Education: Business studies, University of Commerce, Vienna, Austria.

Year born: 1947

Other assignments: Chairman of the Board of Frapag Beteiligungsholding AG. Board member of Constantia Flexibles Group, Allianz Elementar Versicherungs AG, Erste Group Bank AG and Slovenska Sportelna. Head of European Aluminium Foil Association and Flexible Packaging Europe.

Background: CEO of Constantia Flexibles Group and CEO of Constantia Teich Group.

Shareholding¹: –

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

5. GUNILLA JÖNSON

Board member since 2003 and member of the investment committee

Education: MSc and PhD in Mechanical Engineering, Chalmers University of Technology, Gothenburg.

Year born: 1943

Other assignments: Senior Professor in Packaging Logistics, Engineering Faculty LTH, and senior advisor to the Vice Chancellor of Lund University. Chairman of International Institute for Industrial Environmental Economics (IIIEE). Board member of SIK, Invest in Skåne AB and Chalmers Industrietechnik. Member of IVA Royal Swedish Academy of Engineering Sciences, Division VIII – Forest Technology.

Background: Dean of Faculty of Engineering, Lund University.

Various executive and other positions at SCA Packaging. Research Director, Swedish Packaging Research Institute.

Shareholding¹: 3 528

Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.



6. MICHAEL M.F. KAUFMANN

Board member since 2005, member of the remuneration committee
Education: MBA, Universities of Stuttgart and Erlangen-Nürnberg.
Year born: 1948
Other assignments: CEO, Frapag Beteiligungsholding AG. CEO, HKW Privatstiftung.
Background: Formerly held various managerial positions in Frantschach/Mondi, Vienna, Austria.
Shareholding¹: 9 500
Independent/Not independent: Independent of the Company and management, not independent of the Company's major shareholders.

7. KRISTINA SCHAUMAN

Board member since 2014, chairman of the audit committee
Education: MSc in Economics and Business, Stockholm School of Economics
Year born: 1965
Other assignments: Board member of ÅF AB, Livförsäkringsbolaget Skandia, Orexo AB and Apoteket AB. Member of Save the Children's advisory board in Sweden.
Background: Various financial managerial positions in Stora Enso, ABB and Investor and top executive positions in OMX AB, Carnegie Investment bank and Apoteket AB.
Shareholding¹: –
Independent/Not independent: Independent of the Company and management, independent of the Company's major shareholders.

8. KJELL OLSSON

Board member since 2012, employee representative Pappers
Year born: 1959
Other assignments: Chairman of Pappers Avd 3 trade union in Gävle.
Background: –
Shareholding¹: 45
Independent/Not independent: Independent of management and the Company's major shareholders, not independent of the Company (employed).

9. KURT LINDVALL

Deputy Board member since 2001, employee representative Pappers
Year born: 1951
Other assignments: Operator at BillerudKorsnäs.
Background: –
Shareholding¹: –
Independent/Not independent: Independent of management and the Company's major shareholders, not independent of the Company (employed).

10. HELÉN GUSTAFSSON

Board member since 2010, employee representative PTK
Education: Degree in Chemical Engineering, Institute of Technology, Linköping University.
Year born: 1971
Other assignments: Production Technician/Personnel Supervisor at BillerudKorsnäs.
Background: –
Shareholding¹: 517
Independent/Not independent: Independent of management and the Company's major shareholders, not independent of the Company (employed).

11. TOBIAS SÖDERHOLM

Deputy Board member since 2012, member of the audit committee, employee representative PTK
Education: MSc in Chemical Engineering, Chalmers University of Technology, Gothenburg.
Year born: 1975
Other assignments: Project Manager, R & D, at BillerudKorsnäs.
Background: –
Shareholding¹: –
Independent/Not independent: Independent of management and the Company's major shareholders, not independent of the Company (employed).

¹ Own and closely related persons' shareholdings as of 6 March 2015.

The BillerudKorsnäs share



The 8th of December 2014 BillerudKorsnäs rang the Closing Bell at Nasdaq New York. From left: Karin Slättborn, Per Lindberg, Susanne Lithander.

The BillerudKorsnäs share has been listed since 20 November 2001 and is traded on the Large Cap list of Nasdaq Stockholm. The share's ticker symbol is BILL.

On 30 December 2014, the share capital totalled SEK 1 537 642 793, represented by 208 219 834 shares.

The number of shares on the market totalled 206 788 161. Each share on the market entitles its holder to an equal right in the Company's earnings and capital.

SHARE PRICE PERFORMANCE

The BillerudKorsnäs share closed at SEK 112.50 on 30 December 2014, corresponding to a market capitalisation of around SEK 23.3 billion. BillerudKorsnäs' share price rose by 38% during 2014. Over the same period, the Nasdaq Stockholm forestry and paper products index (OMX Stockholm Forestry & Paper PI) rose by 22%, while the Nasdaq Stockholm All Share Index (OMX Stockholm PI) rose by 12%.

In 2014, the share recorded its highest closing price, SEK 112.70, on 29 December, and its lowest closing price, SEK 77.45, on 4 February.

TRADING

During 2014, 92.5 million BillerudKorsnäs shares were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 9 billion. The average number of shares traded each trading day was about 372 000, corresponding to a value of SEK 36 million. On average, about 967 trades were made each trading day.

DIVIDEND

The goal is for the dividend to average 50% of net profit over a business cycle. The dividend paid to shareholders will depend, for example, on BillerudKorsnäs' level of profits, its financial position and its future development opportunities.

BillerudKorsnäs' Board of Directors proposes a dividend of SEK 3.15 per share for 2014. The proposed dividend corresponds to around 51% of net profit for 2014.

SHAREHOLDER CATEGORIES, VOTES



Foreign shareholders, 34.8%
Swedish institutions, 21.9%
Swedish mutual funds, 21.6%
Swedish individuals incl. closely held companies, 21.6%

GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS, VOTES



Sweden, 65.0%
Austria, 15.2%
USA, 9.0%
Norway, 3.2%
UK, 2.9%
Other, 4.7%

10 LARGEST SHAREHOLDERS

Shareholders	No. of shares, millions	Share of votes, %
Frapag Beteiligungsholding AG	31.3	15.1
AMF Insurance & Funds	20.1	9.7
Swedbank Robur Funds	10.9	5.2
Nordea Funds	10.3	4.9
Lannebo Funds	7.9	3.8
Fourth Swedish National Pension Fund	7.4	3.6
Alecta	5.4	2.6
SHB Funds	5.3	2.5
Norges Bank Investment Management	5.2	2.5
DFA Funds (USA)	4.4	2.2
Total top 10 shareholders	108.2	52.1

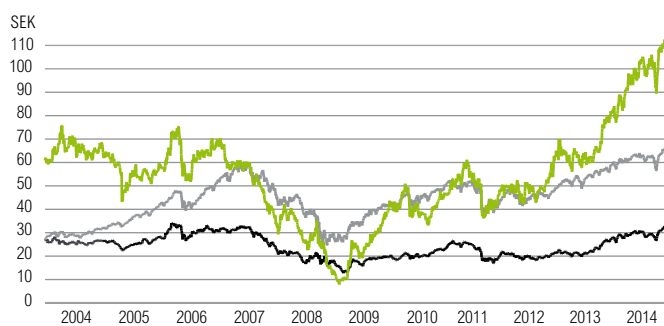
OWNERSHIP STRUCTURE¹

Shareholding	No. of shares	%	No. of owners	%
1–100	1 369 445	0.7	23 589	24.0
101–500	15 757 773	7.5	61 390	62.3
501–10 000	21 114 257	10.1	12 920	13.1
10 001–50 000	8 433 680	4.1	408	0.4
50 001–	161 544 679	77.6	226	0.2
Total	208 219 834	100.0	98 533	100.0

¹ Including BillerudKorsnäs' treasury shares.

Source: SIS Ågarservice, 30 December 2014.

SHARE PRICE PERFORMANCE 2004 – 2014



SHARE PRICE PERFORMANCE 2014



ANALYSTS

Company	Analyst	Phone
ABG	Martin Melbye	+47 220 161 37
Carnegie	Fredrik Villard	+46 8 588 687 47
Danske Bank	Oskar Lindström	+46 8 568 806 12
DNB	Johan Sjöberg	+46 8 473 48 31
Handelsbanken Capital Markets	Mikael Doepel	+358 10 444 2450
Kepler Cheuvreux	Mikael Jäfs	+46 8 723 51 71
Nordea	Harri Taittonen	+358 9 1655 9924
SEB Enskilda	Linus Larsson	+46 8 522 297 01
Swedbank Markets	Ola Södermark	+46 8 585 902 40

KEY FIGURES PER SHARE

SEK per share, unless stated otherwise	2014	2013
Dividend (for each financial year), actual	3.15 ¹	2.25
Dividend as % of		
- share price (dividend yield)	2.8	2.8
- profit	51.0	69.4
- shareholders' equity (closing balance)	6.1	4.7
Share price/closing balance of shareholders' equity, %	219	170
P/E ratio, multiple	18.2	25.1
EV/EBITDA, multiple	9.3	9.8
Share price (closing price, last trading day)	112.50	81.25

¹ Board's proposal.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

BillerudKorsnäs AB's Annual General Meeting will be held at 2:00 p.m. on Tuesday 5 May 2015 at Hotel Rival, Mariatorget 3, Stockholm, Sweden.

Notice of the 2015 Annual General Meeting is posted on the Company's website at www.billerudkorsnas.com.

NOTIFICATION OF ATTENDANCE

Shareholders wishing to take part in the AGM must be registered in the shareholders' register maintained by Euroclear by no later than 28 April 2015 and must notify the Company by no later than 4:00 p.m. on Tuesday 28 April 2015.

Notification can be made by telephone to +46 8 402 90 62, via the Company's website at www.billerudkorsnas.com/anmalan or by post to BillerudKorsnäs AB, Årsstämman, Box 7841, SE-103 98 Stockholm, Sweden.

To be able to participate in the meeting, shareholders whose shares are registered in the name of a nominee must request that their own names are temporarily registered in the shareholders' register kept by Euroclear. This procedure, referred to as voting right registration, must be completed by 28 April 2015, which means that the shareholder must inform the nominee well before this date.

FINANCIAL INFORMATION

All financial information is available in both Swedish and English and is published on BillerudKorsnäs' website at www.billerudkorsnas.com.

The year's review is distributed to shareholders and other interested parties who have registered their interest, either through the Company's website or via the form received by each new shareholder.

The annual report and other financial reports are available on the website. There is also an html version, including Excel files for downloading.

INTERIM REPORTS

January–March 2015
21 April

January–June 2015
20 July

January–September 2015
21 October

IR APP

www.billerudkorsnas.com



Glossary

Aseptic packaging

Aseptic packaging is sterilised before being filled with food treated at Ultra High Temperature (UHT), which produces products that last for over six months.

Biofuels

Renewable fuels originating from the plant kingdom, for example from wood, including black liquor and bark.

CO₂

Carbon dioxide.

Corrugated board

Corrugated board is manufactured by gluing together two flat layers of paper (liner) with a rippled layer (fluting) in the middle.

Cup stock

Board specially designed for drink cups.

FibreForm®

Paper with high elasticity, which can be shaped to produce thermoformed and deep-drawn food and consumer packaging such as trays and blisterpacks.

Fluting

The wavy middle layer of corrugated board. Produced from primary or recycled fibre.

Fossil fuels

Fuels based on organic carbon and hydrogen compounds from sediment or sedimented bedrock – primarily coal, oil and natural gas.

Liquid packaging board

Board used to manufacture packaging for beverages and other liquid foods.

Market pulp

Pulp that is sold to paper mills that do not produce their own pulp.

Pulpwood

In Sweden this is primarily softwood (spruce and pine) and birch used to make paper pulp.

Recycled fibre

Fibre material that has previously been used in a paper or board product.

Sack paper

Paper with high strength properties and used for the production of sacks. Made from softwood sulphate pulp.

Sustainable development

Basing decision-making on three united factors – economic growth, social viability and environmental awareness – so that society can meet current demands without compromising its future.

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Addresses



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www.billerudkorsnas.com

Addresses for our sales offices and production units can be found at
www.billerudkorsnas.com

www.billerudkorsnas.com



BILLERUDKORSNÄS



Studies show that liquid packaging board causes around 40% lower CO₂ emissions than a PET bottle.

Innovative and sustainable for food & beverages

BillerudKorsnäs is one of the world's leading suppliers of liquid packaging board. The board is pure and taste-neutral, making it ideal for packaging drinks and food products. Formable and stiff, it is suitable for complex printing and high-speed processes. The fibre can be recycled 5–6 times, after which the material can be broken down in nature or used as an energy source.

BillerudKorsnäs has manufactured liquid packaging board for over 40 years, and the material has been improved and adapted for new needs and new generations of consumers.

Innovative packaging is constantly being developed through long and close customer relationships. Our liquid packaging board is highly appreciated by packaging manufacturers. It is also good for the environment. Studies show that liquid packaging board causes around 40% lower CO₂ emissions than a PET bottle.