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INTERIM REPORT JANUARY-JUNE 2018



KEY HIGHLIGHTS

- › Continued **strong demand** driving increased sales prices
- › **Production records** reached at four mills
- › **Start-up issues** related to planned maintenance stops
- › Negative impact on earnings from increased **wood costs and wood shortage**
- › **Strong progress** in ongoing changes
- › Provision for strengthening the **workplace environment** and unified accounting principles
- › Strategic investments are **progressing according to plan**

STRONG PERFORMANCE

PACKAGING PAPER Q2 DEVELOPMENT

- Net sales + 7% vs Q2-17
 - Increased sales prices
 - Better sales mix
 - Positive currency effects
- EBITDA + 2% vs Q2-17
 - Impact from maintenance shutdown and wood shortage
- Market expected to remain strong
 - Potential for selected prices increases



2,292

NET SALES SEK MILLION

317

EBITDA SEK MILLION

14%

EBITDA MARGIN

HIGH DEMAND

CONSUMER BOARD Q2 DEVELOPMENT

- Net sales +2% vs Q2-17
 - Continued strong demand
 - High availability in production
- EBITDA -35% vs Q2-17
 - Increased raw material costs
 - Unchanged prices
- Market expected to remain stable



2,132

NET SALES SEK MILLION

322

EBITDA SEK MILLION

15%

EBITDA MARGIN

INCREASED PRICING

CORRUGATED SOLUTIONS Q2 DEVELOPMENT

- ▶ Net sales +11% vs Q2-17
 - Increased sales prices
 - Positive currency effects
 - Strong sales within Managed Packaging
- ▶ EBITDA -26% vs Q2-17
 - Increased costs for planned maintenance shutdowns
 - Positive contribution from Managed Packaging
- ▶ Market expected to remain stable on a high level
- ▶ Managed Packing expected to continue strong growth



1002

NET SALES SEK MILLION

120

EBITDA SEK MILLION

12%

EBITDA MARGIN

INVESTMENTS PROGRESSING ACCORDING TO PLAN

- Gruvön KM7 keeping time frame – start-up March 2019
- Skärblacka PM10 successfully started in Q2



FOCUS ON OPERATIONAL EXCELLENCE

Production stability

Product quality

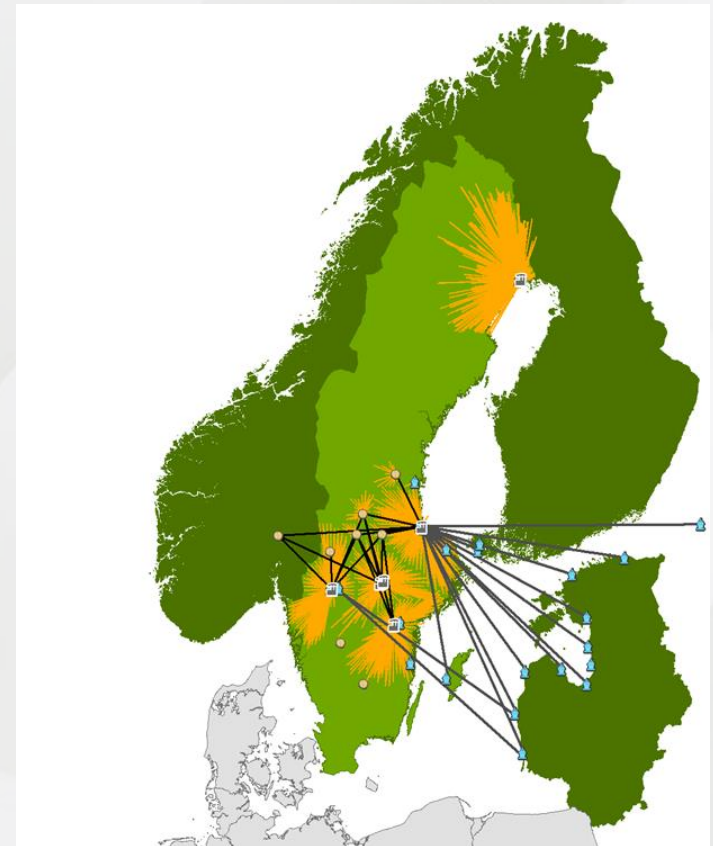
Environmental performance

Occupational Health & Safety

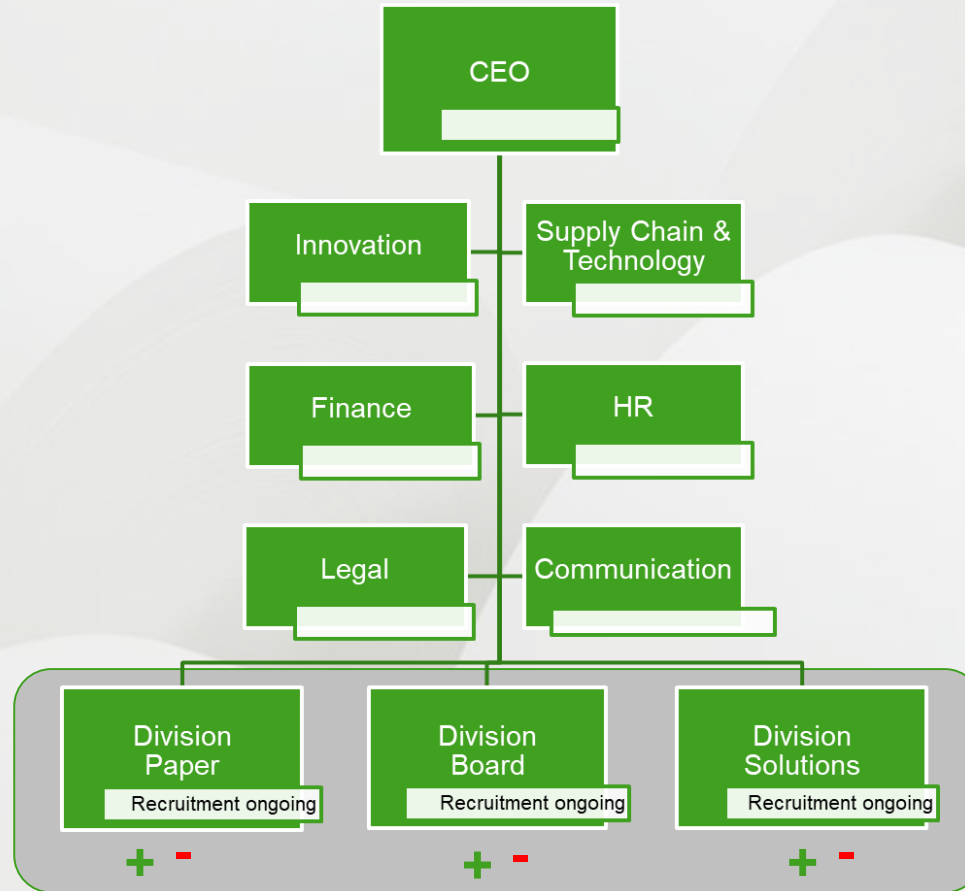
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STRENGTHENING WOOD SOURCING

- Domestic purchases
 - Bergvik Öst
 - Private forest owners
 - New sourcing
- Import
 - Baltic sea region
 - Balance with volumes from remote areas
- Logistic system



NEW DIVISIONALISED ORGANISATION



FINANCIAL TARGETS

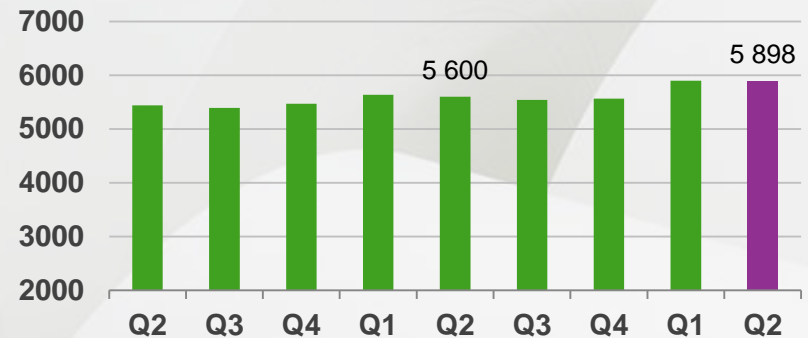
Area	FY target	Outcome Q2 2018	
Growth	3-4%	5%	✓
EBITDA*	>17%	11%	
ROCE*	>13%	12%	
Net debt/EBITDA*	<2.5	2.15	✓

*Adjusted for items affecting comparability

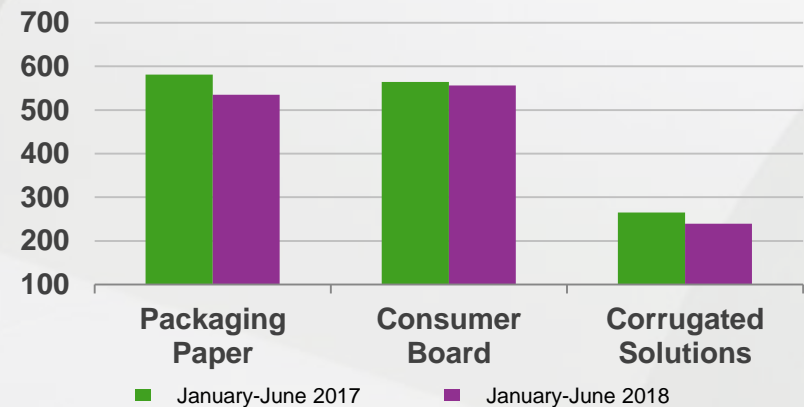
INCREASED NET SALES

- Strong demand in all business areas
- Positive currency effects
- Increased sales prices
 - Unchanged in Consumer Board
- Lower sales volumes
 - Wood shortage
 - Planned maintenance shutdowns
 - Negative mix

Net sales, SEKm



Sales volumes, ktonnes

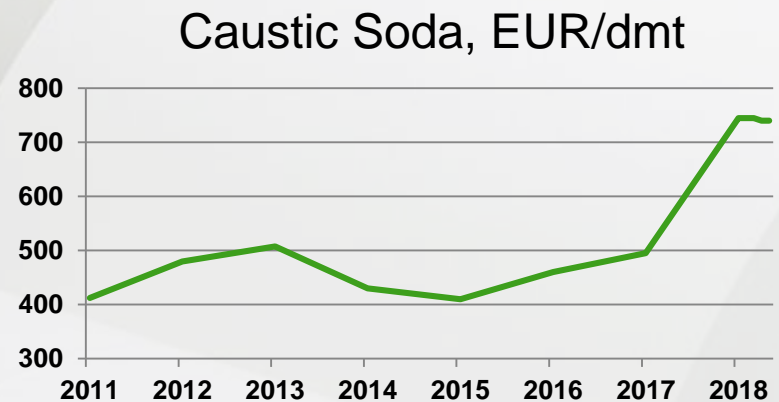


HIGHER RAW MATERIAL COSTS

- Wood prices continue to increase
- Caustic soda stable on high level

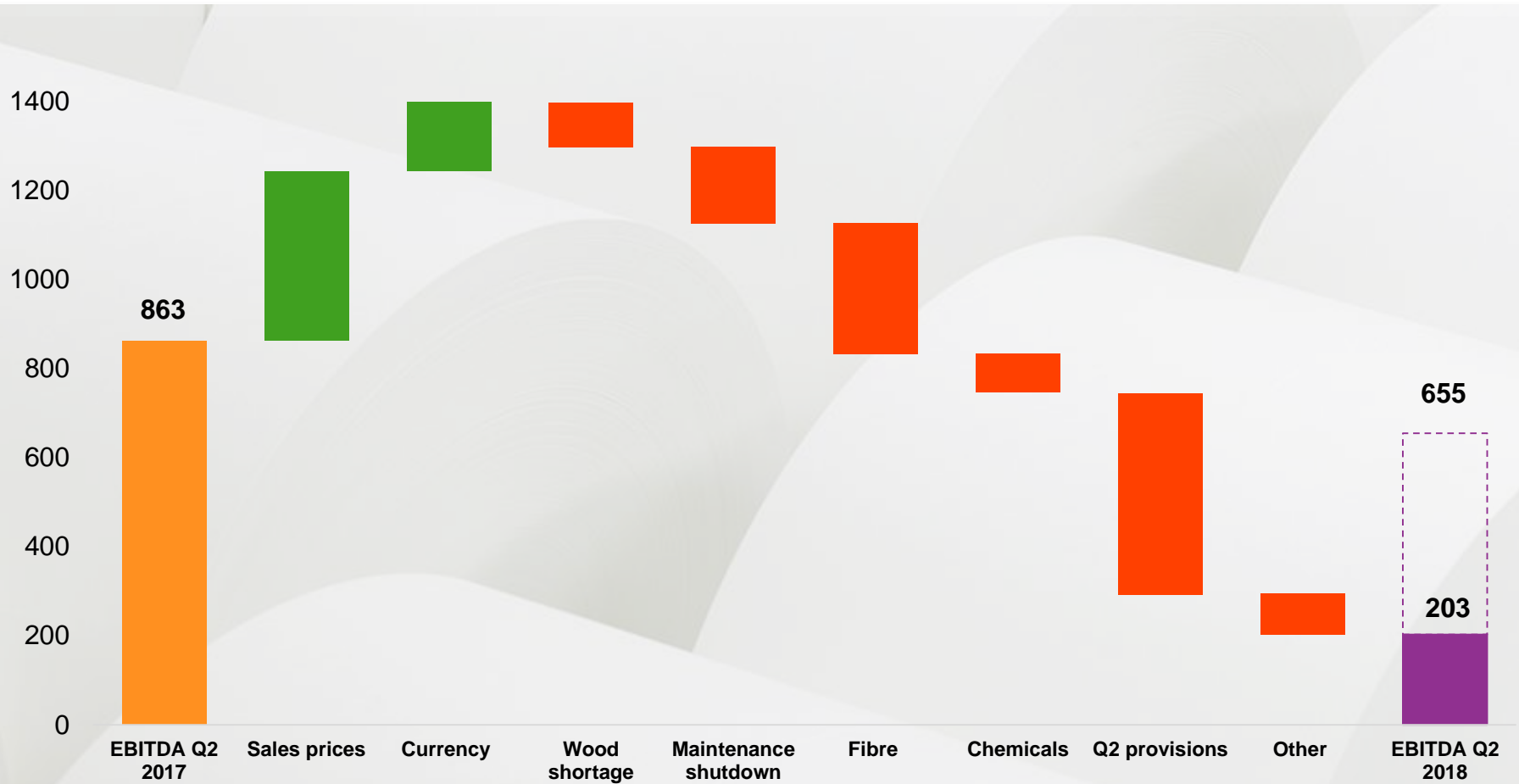


Source: BillerudKorsnäs – Total consumption hard and soft wood



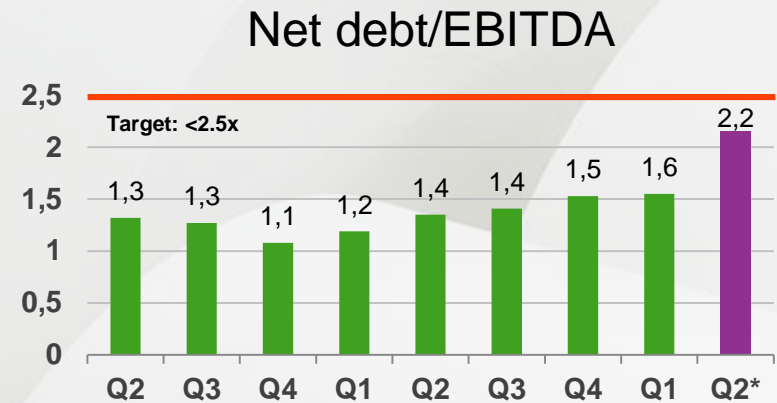
Source: IHS

INCREASED SALES PRICES COMPENSATE FOR HIGHER WOOD COSTS



INCREASED NET DEBT

- ▶ Increased net debt driven by strategic investments
 - Net debt MSEK 8 166 (4 734)
- ▶ Adjusted Net debt/EBITDA 2,15
- ▶ Bergvik Öst deal expected to be finalised end of 2018



2018 OUTLOOK

- Demand and order situation are expected to be strong with normal seasonal variations for all business areas
- Possibilities to selected sales price increases
- Demand-driven wood cost increases expected to continue
- One-off impact on EBIT 2018 from investment project
 - Training, extra personnel etc SEK 75 million
 - Increased depreciations SEK 60 million

SUMMARY

- Continued strong demand in all business areas
- Increased sales prices
- Production records reached at four mills
- Negative effect on sales volumes from start-up issues related to planned maintenance stops and wood shortage
- Strategic investments are progressing according to plan
- Strong progress in ongoing changes

WELCOME TO OUR CMD

- **Capital Markets Day:** Stockholm – Monday 17 September
- **Capital Markets Briefing:** London – Tuesday 18 September

More info is available on www.billerudkorsnas.com



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