



Q2

January – June 2017

## INTERIM REPORT JANUARY – JUNE 2017

2017-07-18 Per Lindberg, CEO and President, and Susanne Lithander, CFO



# Q2 2017 RESULTS AT A GLANCE

NET SALES

**5 600**  
SEK million

**3%**

GROWTH

EBITDA

**863**  
SEK million

**15%**

MARGIN

OTHER

CONSUMER BOARD

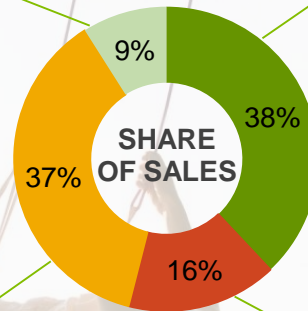
Liquid packaging board  
Cartonboard

PACKAGING PAPER

Kraft paper  
Sack paper  
Market pulp

CORRUGATED SOLUTIONS

Fluting  
Liner  
Managed Packaging





## Q2 2017 KEY HIGHLIGHTS

- Continued high demand across all business areas
- Stable production volumes
- EBITDA affected by one-off and extra costs of SEK 55 million and maintenance shutdown costs of SEK 230 million
- Strong operating cash flow
- Favourable outlook on both short and long term

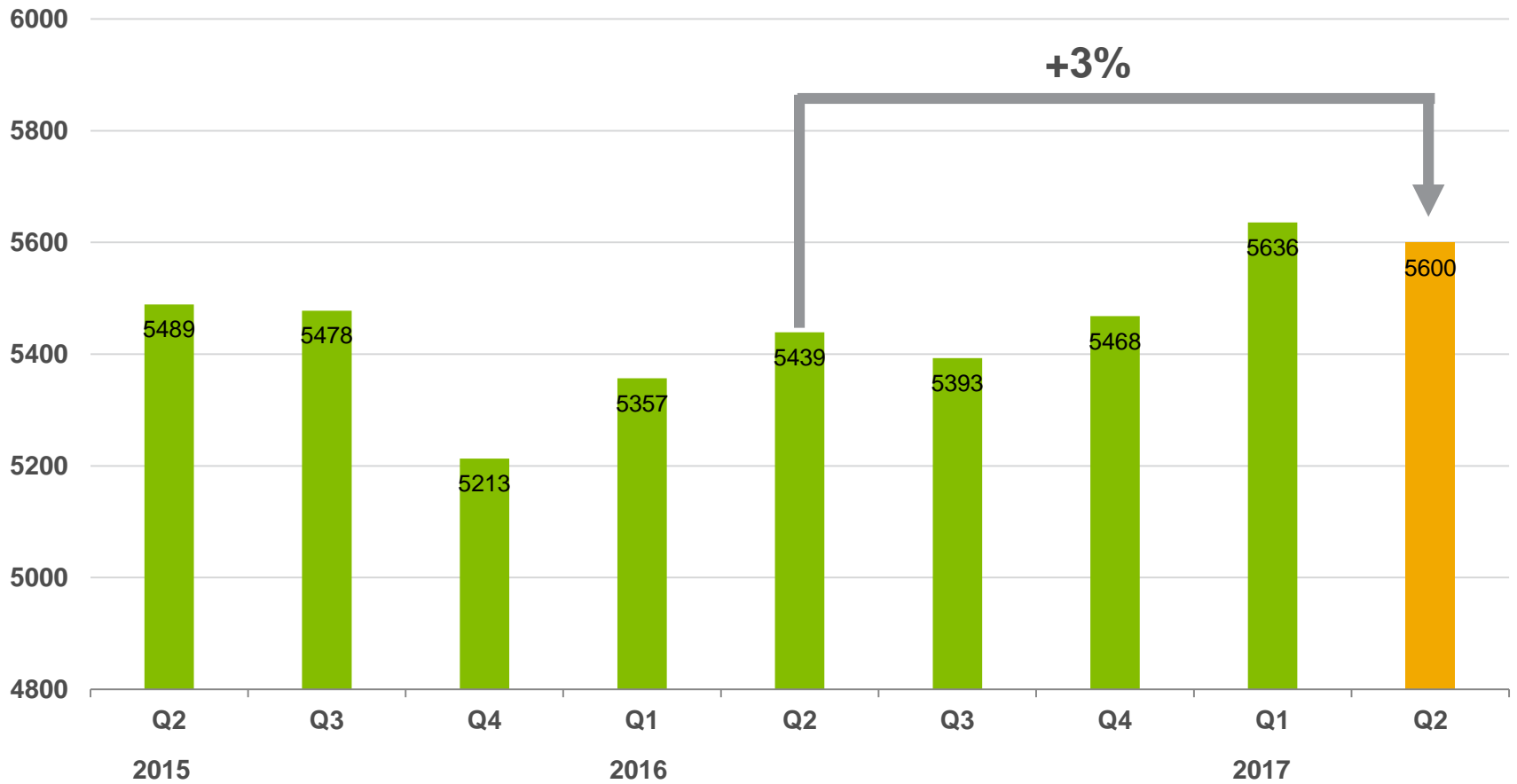


# FINANCIAL DEVELOPMENT



# NET SALES

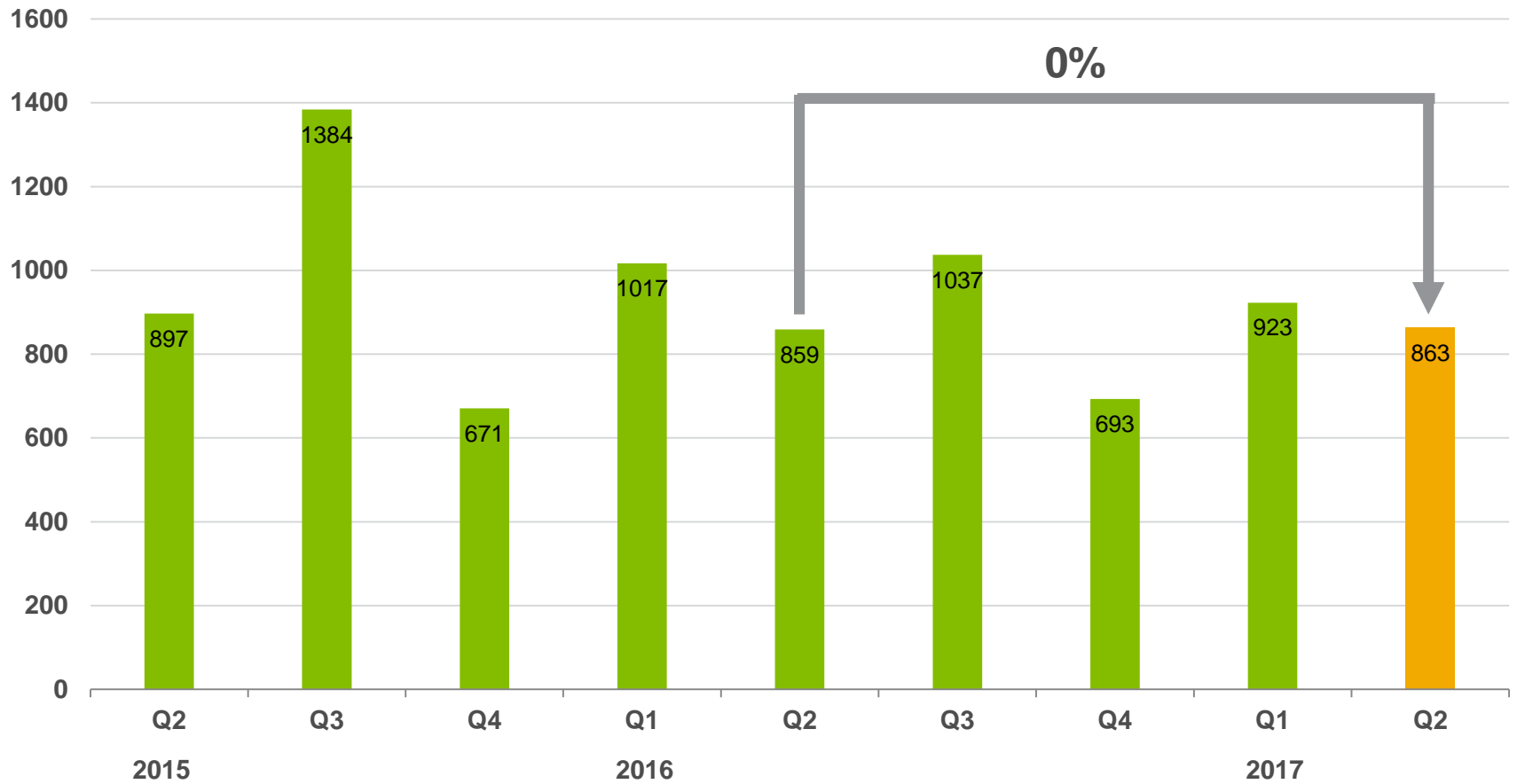
SEK MILLION





# EBITDA

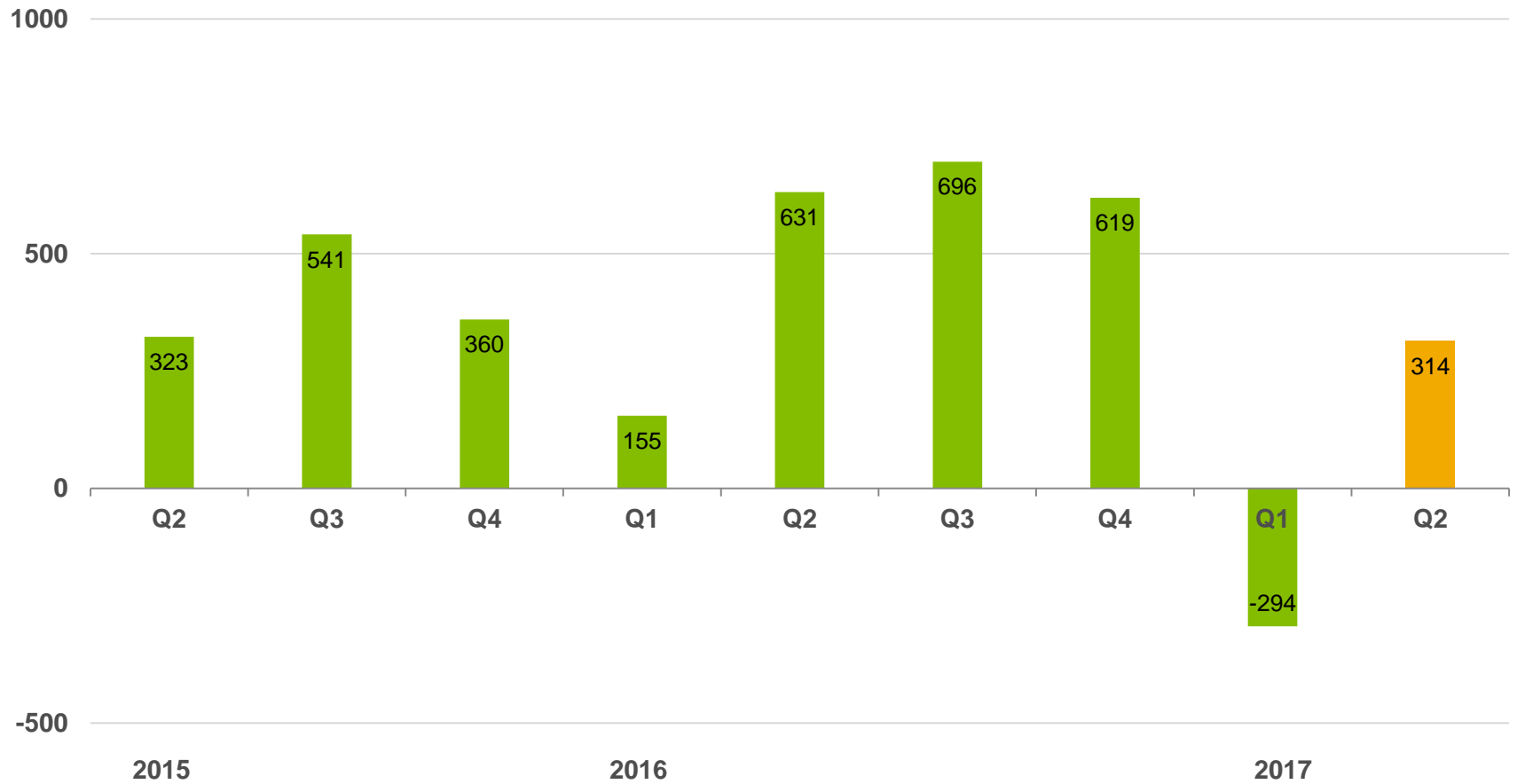
SEK MILLION





# OPERATING CASH FLOW

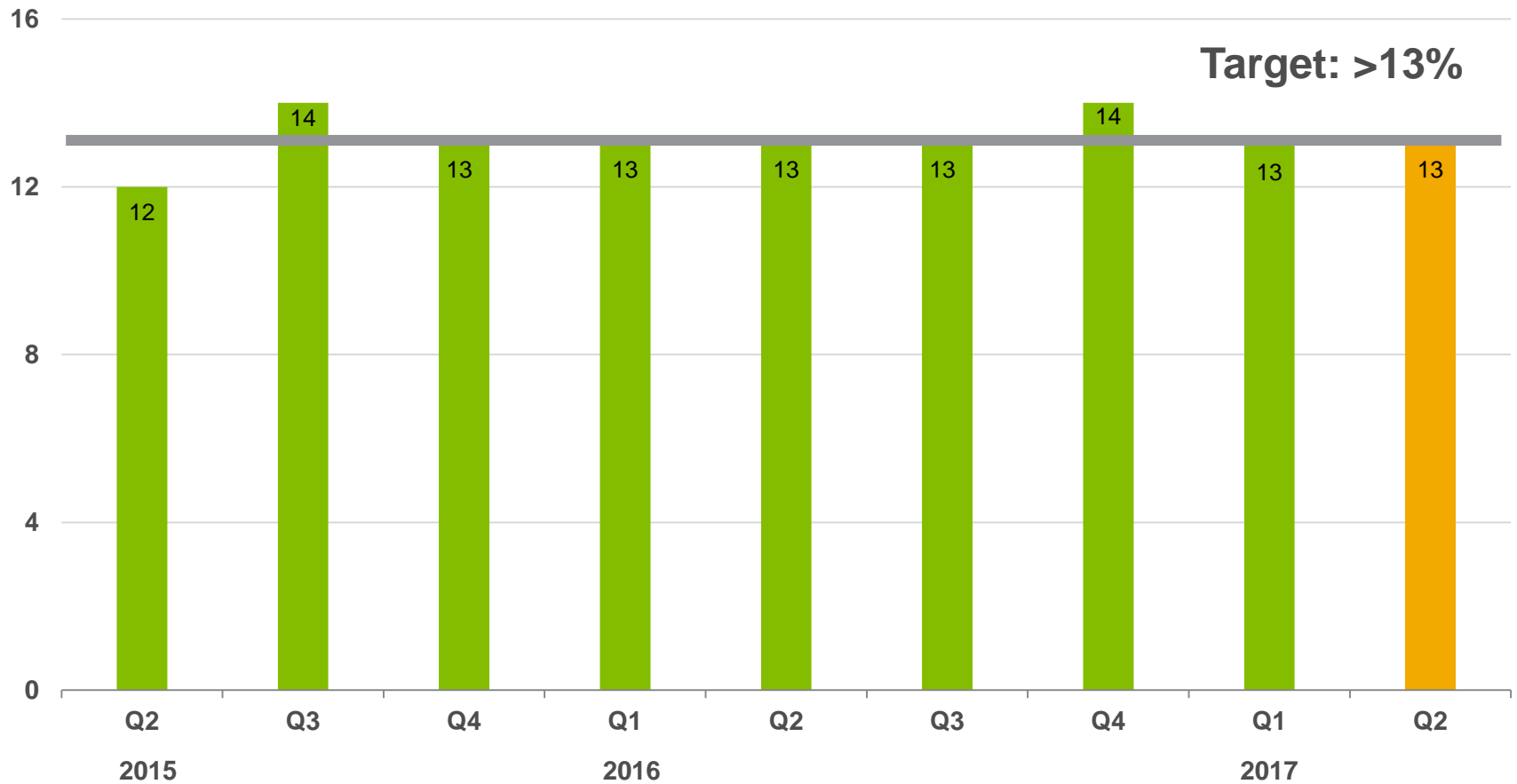
SEK MILLION





# RETURN ON CAPITAL EMPLOYED

ADJUSTED, ROLLING 12 MONTHS (%)

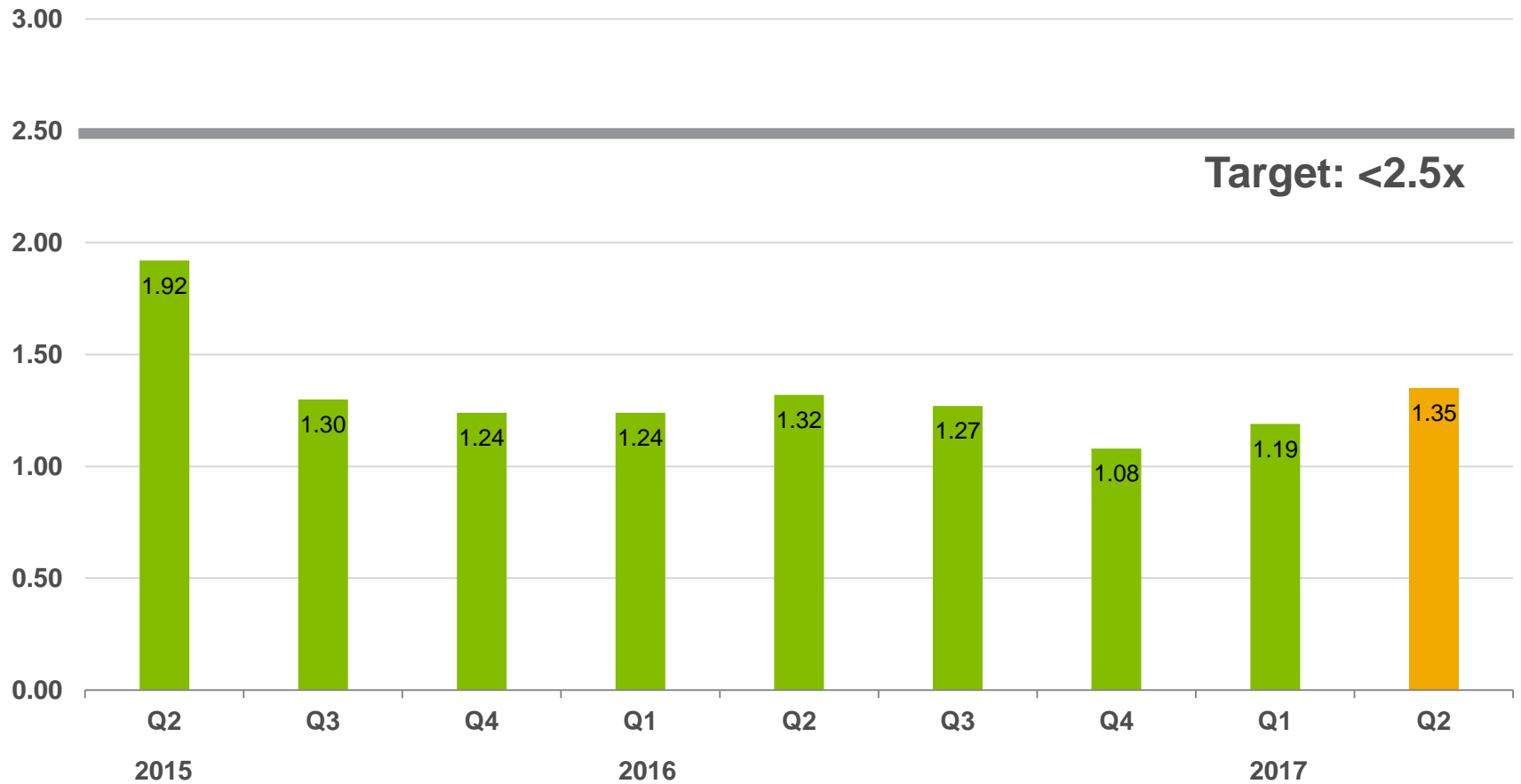






# LEVERAGE

NET DEBT/EBITDA (X)





# BUSINESS AREAS



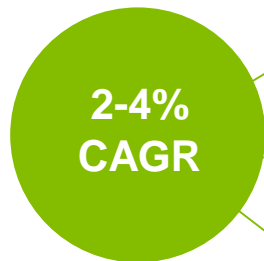
# PACKAGING PAPER BUSINESS AREA

*KRAFT AND SACK PAPER FOR CUSTOMERS WITH TOUGH DEMANDS*



- *Packaging for flour, sugar, carrier bags, medical packaging, building materials, chemicals and more*
- *Growth driven by population growth in emerging markets, ageing population, increasing environmental awareness and more*

## SELECTIVE GROWTH



Asset transformation for increased profitability

Development of new business models

Expansion to growing markets





# PACKAGING PAPER BUSINESS AREA

## Q2 DEVELOPMENT

- ▶ Continued strong performance
- ▶ Net sales +3% vs Q2-16
  - Improved FX and increased local prices
- ▶ EBITDA +17% vs Q2-16
  - Good sales mix, increased local prices and favourable FX
- ▶ Improved market for all kraft and sack papers
- ▶ Q3 sales expected to be on par with Q2
- ▶ Kraft and sack paper markets expected to remain stable with potential to increase prices in local currency

**2 151**

NET SALES SEK MILLION

**312**

EBITDA SEK MILLION

**15%**

EBITDA MARGIN



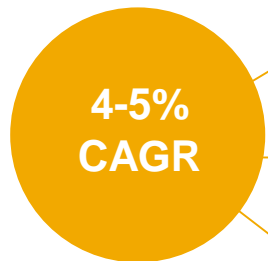
# CONSUMER BOARD BUSINESS AREA

LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES



- *Packaging for milk, juice, preserved foods, beauty and healthcare products, confectionery and more*
- *Growth driven by high urbanization rate, change in consumer behavior and more*

## VOLUME GROWTH



Attractive market providing growth opportunities

Investments for volume growth

Innovation with customers and brand owners





# CONSUMER BOARD BUSINESS AREA

## Q2 DEVELOPMENT

- Continued volume growth
- Net sales +4% vs Q2-16
- EBITDA +4% vs Q2-16
  - Increased sales volumes
- Continued growth in all parts
- Expected continued firm order situation for liquid packaging board with normal season varieties and further improved order situation for cartonboard

**2 099**

NET SALES SEK MILLION

**498**

EBITDA SEK MILLION

**24%**

EBITDA MARGIN



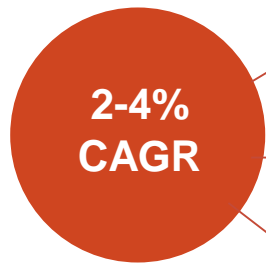
# CORRUGATED SOLUTIONS BUSINESS AREA

FLUTING AND LINER ADD VALUE



- *Packaging for fruit and vegetables, white goods and electronics, exclusive drinks and more*
- *Supply chain solutions and packaging optimisations for brand owners*
- *Growth driven by increasing e-commerce and fresh food consumption, package differentiation and changing supply chains*

## VALUE GROWTH



Strong product portfolio setting market standard

Integrating new business model

Increasing sales to brand owners





# CORRUGATED SOLUTIONS BUSINESS AREA

## Q2 DEVELOPMENT

- Net sales +8% vs Q2-16
  - Improved local prices and FX
- EBITDA +25% vs Q2-16
  - Lower maintenance cost
  - Negative impact from digester breakdown
- Strong order books and increased prices in Europe
- Expected continued strong demand for fluting and liner with potential for local price increases
- Managed Packaging is forecasted to continue delivering consistently strong sales growth

**902**

NET SALES SEK MILLION

**163**

EBITDA SEK MILLION

**18%**

EBITDA MARGIN





# OUTLOOK



## OUTLOOK

- Demand and order situation are expected to be strong in the third quarter with normal seasonal variances for all business areas.
- The Packaging Paper and Corrugated Solutions business areas see opportunities for local price increases in the next quarter.
- Longer transportation of wood is expected to have a 3% negative effect on wood costs in Q3 compared with Q2.
- The situation at the Port of Gothenburg could have an impact on the Group's delivery capacity and costs during Q3.
- Costs for planned maintenance shutdowns in the third quarter are estimated at SEK 215 million.



# SKÄRBLACKA AND GRUVÖN WELL UNDER WAY

## IMPROVING EFFICIENCY AND SECURING GROWTH



*A Yankee cylinder of 160 tons on the move from Tervasaari to Skärblacka*

- Investing in MG integrated to pulp production in Skärblacka, Sweden;  
**SEK 1,3 billion investment.**

- New board machine in Gruvön, Sweden with capacity of approx. 550 000 t/a;  
**SEK 5,7 billion investment.**



# UNDERSTANDING SOLUTION SALES

## CONCEPT DEFINITIONS

### Packaging Solutions

Ready-to-use packaging solutions

- BillerudKorsnäs sells ready-made packaging
- May use BillerudKorsnäs material
- Examples:
  - **Managed Packaging**
  - **Sack Sales**



### Systems Solutions

Product solutions including both materials and machine (and machine service)

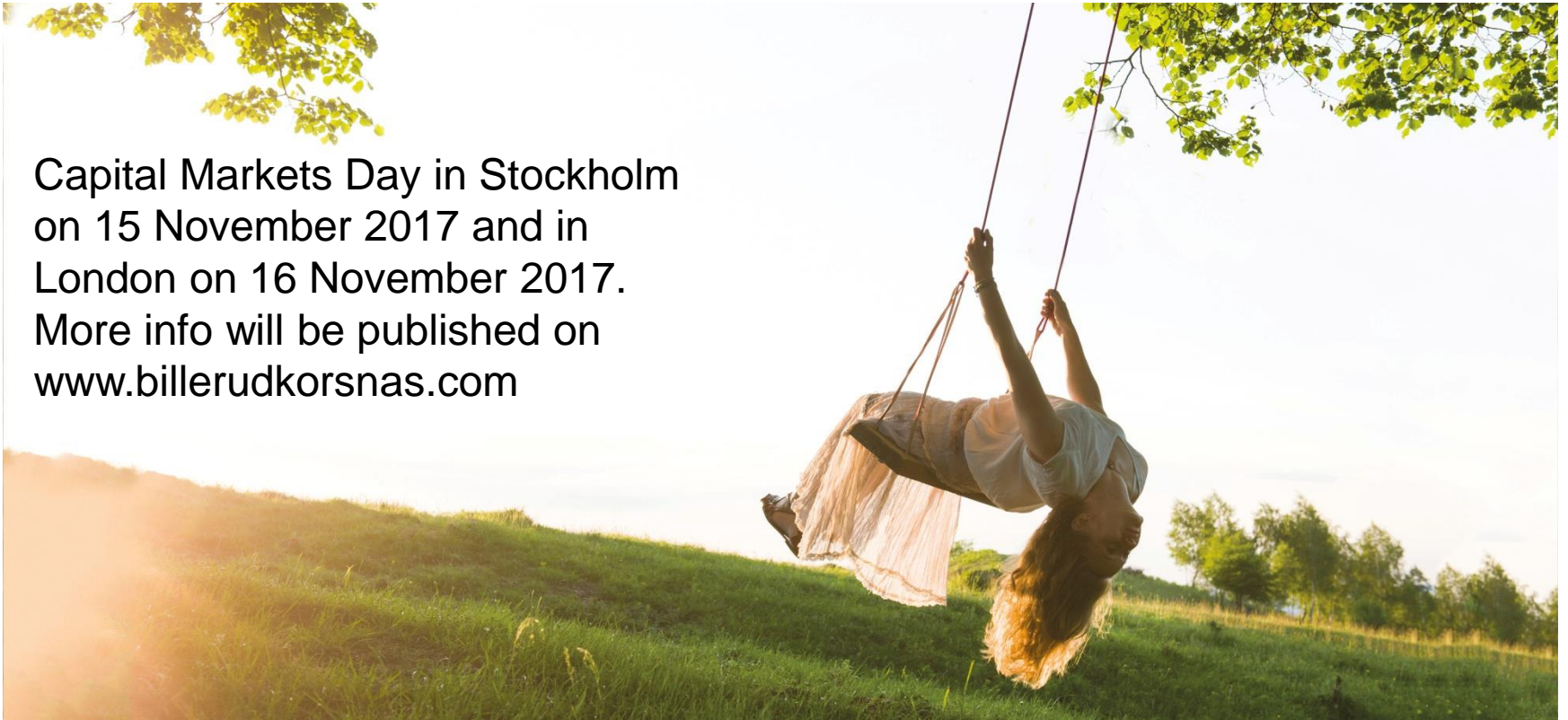
- Products using BillerudKorsnäs material
- Examples:
  - **Axello ZAP**
  - **Formable Solutions**





## CAPITAL MARKETS DAY ON 15-16 NOVEMBER 2017

Capital Markets Day in Stockholm  
on 15 November 2017 and in  
London on 16 November 2017.  
More info will be published on  
[www.billerudkorsnas.com](http://www.billerudkorsnas.com)



**Q&A**

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



**BILLERUDKORSNÄS**