



BILLERUDKORSNÄS

Interim report Jan–Sep 2021

**High growth and
significantly improved
earnings and cash flow**

**Q3
2021**

22 October 2021 | Christoph Michalski, CEO and Ivar Vatne, CFO



Q3 performance

- ⊙ High sales growth driven by strong demand
 - › Net sales growth 17% (18% FX neutral)
- ⊙ Price increases more than offset cost inflation
- ⊙ Significantly improved EBITDA margin
 - › Adjusted EBITDA SEK 1 117 million
- ⊙ Continued strong cash flow generation
 - › OCF after investments SEK 669 million

KEY FIGURES

SEKm	Q3-21	Change vs Q3-20
Net sales	6 494	17%
Adjusted EBITDA	1 117	96%
Adjusted EBITDA margin	17%	7 pp
Operating profit	639	643%
EBIT margin	10%	8 pp
Operating cash flow after capex	669	159%

Business status and market outlook



Food & Drink



Medical & Hygiene



Consumer & Luxury



Industrial

Sales split, %

LPB (7.7bn*)

100%

Cartonboard (1.7bn)

15%

85%

Containerboard (3.9bn)

80%

10%

10%

Kraft Paper (3.4bn)

35%

10%

15%

40%

Sack Paper (2.4bn)

20%

15%

65%

Managed Packaging (0.6bn)

100%

Market status Q3'21

Stable



More positive



More positive



More positive



Market trend outlook

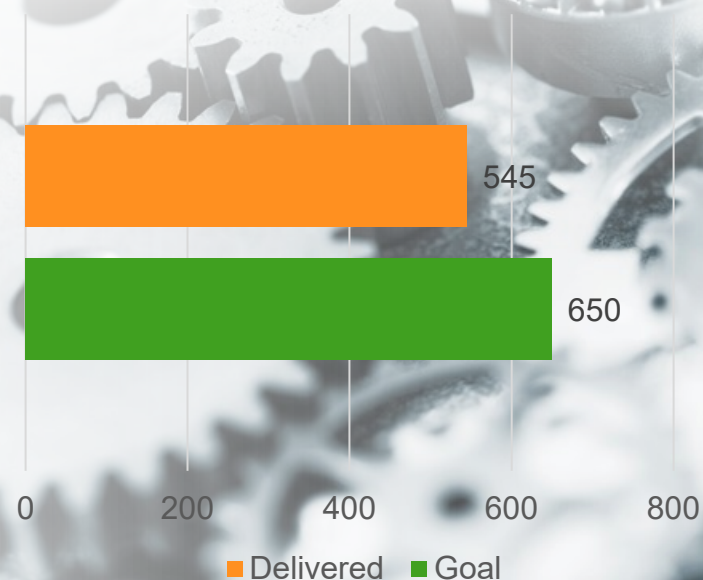


Q3 highlights


- ④ Market conditions for all segments, except LPB, improved with high demand and increasing price levels
- ④ Continued excellent progress on our internal profitability enhancing activities
 - › Another strong quarter in terms of optimizing our Board portfolio (KM7 main driver). Coated volumes increases
 - › Our cost- and efficiency program close to completion
- ④ Unprecedented rainfall caused production disruption in Gävle
 - › Loss of 20K tons production volume
 - › SEK 75 million earnings impact (50m in Q3 // 25m in Q4)

Cost and efficiency programme progressing well

- ④ Additional contribution from cost and efficiency programme in Q3'21 SEK of 70 million
- ④ Programme to date has delivered SEK 545 million of structural savings & efficiencies
- ④ Expect to reach ~620M SEK by end of 2021



Raw material costs in Q3

**Relatively stable
cost for
Fibre** 

Continued good
availability of fibre
expected

**Higher cost for
Chemicals** 

Expected to
increase in Q4

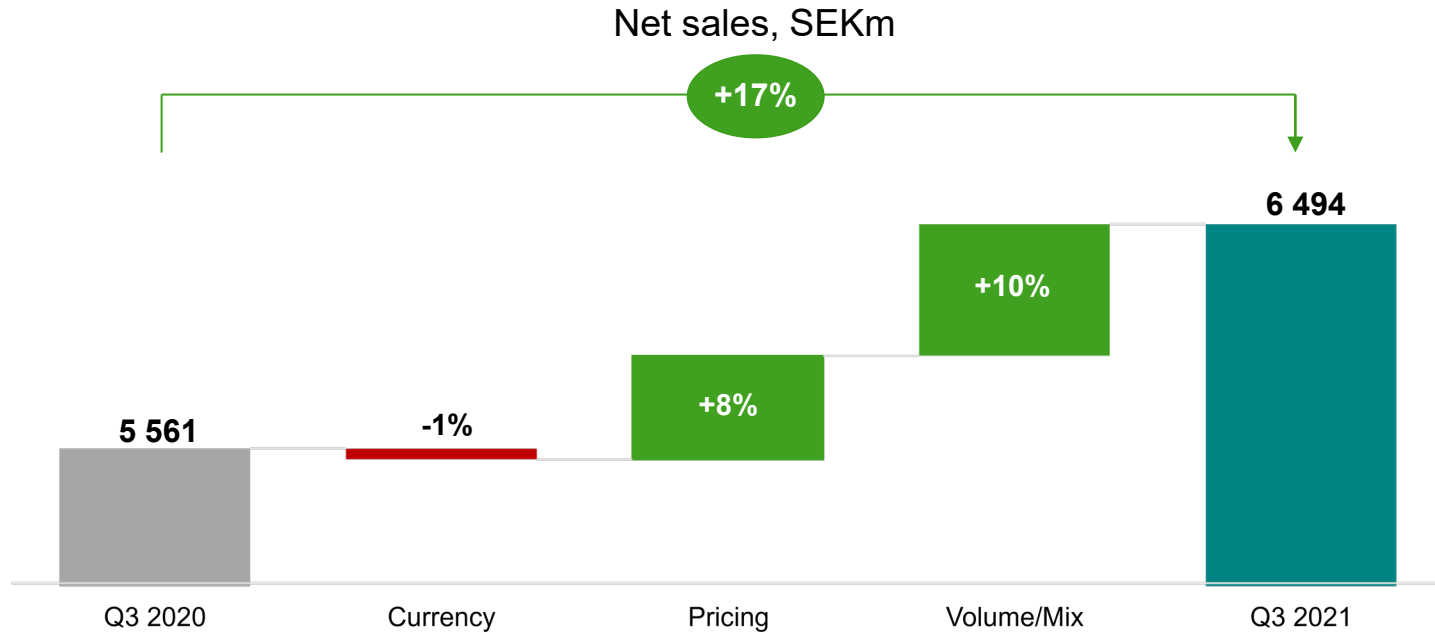
**Purchased
Pulp cost
increased** 

Expected to
stabilize in Q4

**Higher
Energy
cost in Q3** 

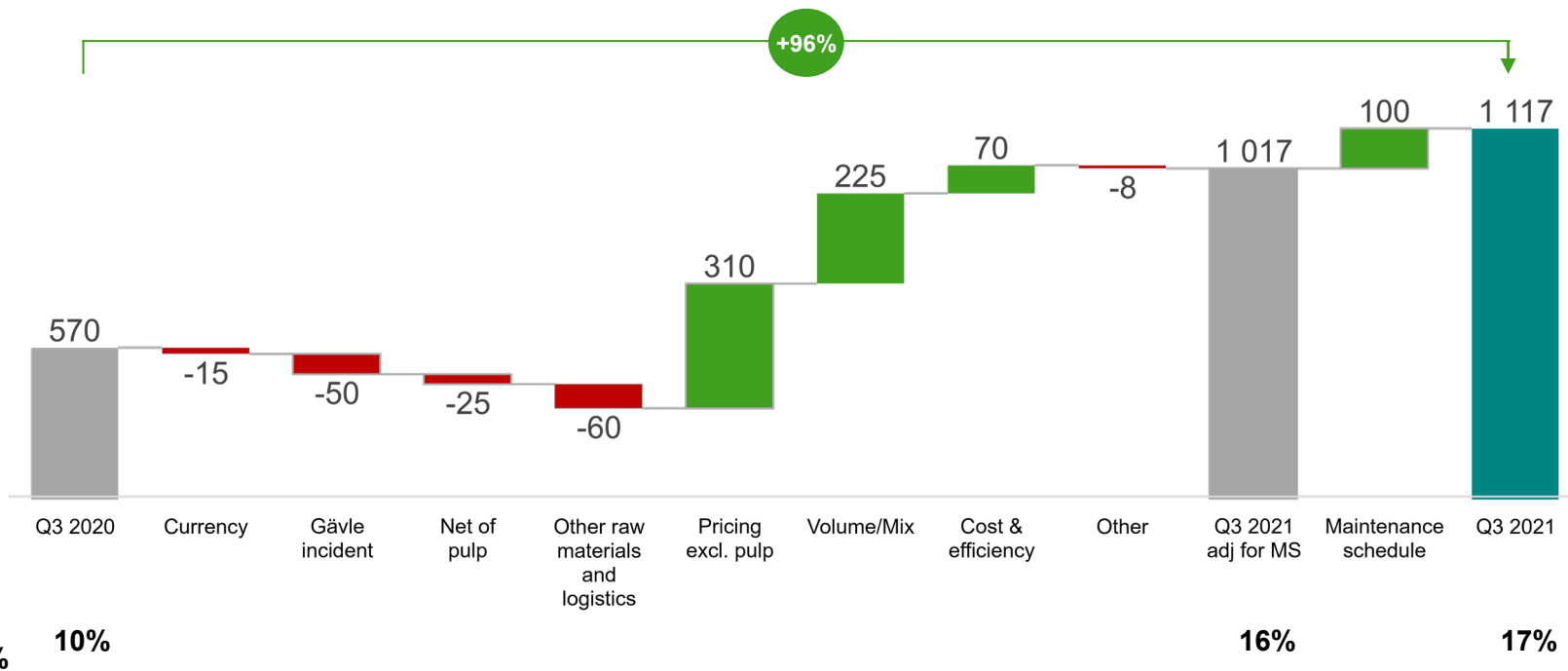
Expected to
increase in Q4

Strongly improved volume and mix coupled with positive market cycle delivering high double digit Net Sales growth



Close to double Earnings on the back of good performance and positive market momentum

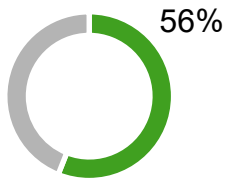
Adj EBITDA, SEKm





Product area Board

Share of net sales
Q3 2021



KEY FIGURES

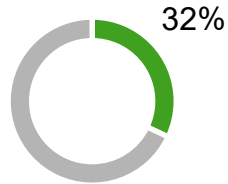
SEKm	Q3-21	Change vs Q3-20
Net sales	3 663	20%
<i>of which liquid packaging board</i>	1 903	12%
<i>of which cartonboard</i>	552	40%
<i>of which containerboard</i>	1 110	22%
Net operating expenses	-2 985	7%
EBITDA	678	255%
EBITDA margin	19%	10 pp

- Ⓢ Strong net sales growth. Excl FX +21% vs LY
- Ⓢ Topline result driven by strong performance across all segments. Gävle disruption impacted LPB availability.
- Ⓢ Solid EBITDA improvement due to pricing, positive mix and cost savings off-set by Gävle disruption



Product area Paper

Share of net sales
Q3 2021



KEY FIGURES

SEKm	Q3-21	Change vs Q3-20
Net sales	2 047	12%
<i>of which sack paper</i>	712	18%
<i>of which kraft paper</i>	901	12%
<i>of which pulp</i>	432	17%
Net operating expenses	-1 633	5%
EBITDA	414	172%
EBITDA margin	20%	7 pp

- Ⓧ Strong net sales growth. Excl FX +14% vs LY
- Ⓧ Topline result driven strong performance across all segments.
- Ⓧ Strong EBITDA growth due to pricing, positive mix and benefits from cost and efficiency programme

Another strong Cash Flow delivery

- Strong cash flow from operating activities due to significantly improved operating surplus and a positive change in working capital

- > ~250M SEK OCF improvement after CAPEX

- Our healthy financial position continues – leverage of 1.3 well below target of <2.5x

- Updated CAPEX estimate for 2021: SEK 1.6 billion (1.2 base CAPEX)

- Updated CAPEX Frövi recovery boiler:

- > 2021: 0.4 billion
 - > 2022 / 2023: 1.0 billion (per year)
 - > 2024: 0.2 billion

SEK m	Q3-21	Q3-20
Operating surplus, etc.	1 049	506
Change in working capital, etc.	69	126
Net financial items, taxes, etc.	-46	55
Cash flow from operating activities	1 072	687
Operative investments	-403	-267
Operating cash flow after operative investments	669	420

SEK m	30 Sep 21	30 Sep 20
Net debt	4 662	6 305
Net debt / adjusted EBITDA	1.3	2.4

Outlook

- ④ Strong market conditions
- ④ Good availability of pulp wood
- ④ Further price increases and mix improvement will be necessary to offset cost inflation
- ④ Business priorities remain:
 - › Health and Safety
 - › Stable production
 - › Ramp up at Gruvön
 - › Competitive wood supply
 - › Cost and efficiency program



CMD 2021

- BillerudKorsnäs invites analysts, investors, and financial media to a Capital Markets Day
- The program will provide an update on BillerudKorsnäs' long-term strategy
- Date: 17 November
- Time: 13:00 to around 15:45 CET, followed by a mingle
- Location: Lilla Cirkus, Djurgården, Stockholm





BILLERUDKORSNÄS