Stable net sales in a tougher market
Key highlights

- Flat net sales, but underlying growth excluding the KM7 impact
- Weaker market conditions continues
- KM7 Q4 impact in line with expectations – final CAPEX SEK 7 950 million
- Our cost and efficiency program on-track
- Proposed ordinary dividend of SEK 4.30/share and extra dividend SEK 4.30/share in the wake of successful Bergvik divestment
- Proposed that mandate is obtained for repurchase of shares
- Operating profit* of SEK 126 million
- Net profit of SEK 333 million, including dividend from Bergvik Skog AB of SEK 244 million

* Adjusted for items affecting comparability
Market perspective and context

**Division Board**: Stable market for Liquid Packaging Board and Cartonboard
- Strong quarter for LPB with improving result and Cartonboard holding up well
- Containerboard volumes stable, but pressure on prices (supply/demand)

**Division Paper**: Continued weakening market / prices and volumes
- Negative trend for Brown Sack Paper continued but trend flattening out
- White Sack Paper volumes and prices deteriorated, but not to same extent as Brown Sack Paper
- Kraft Paper volumes stable but prices under pressure

**Division Solutions**: Stable but weaker market for Managed Packaging
- Managed Packaging repositioning of customer portfolio / trend that market is moving from China to Vietnam
- FibreForm growing both sales and earnings
Board proposes 8.6 SEK/share dividend and launching a share buy-back program

**Dividend proposal**
- 4.30 SEK/share ordinary dividend
- 4.30 SEK/share in extra dividend
- One installment planned paid out during spring 2020

**Share buy-back program**
- Proposal to launch BK share buy-back program
- Up to 10% of all shares in the company
- Subject to AGM 2020 approval
Key financial figures

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>5,815</td>
<td>5,843</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>618</td>
<td>810</td>
<td>-24%</td>
</tr>
<tr>
<td>Adjusted EBITDA margin</td>
<td>11%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating profit</td>
<td>127</td>
<td>443</td>
<td>-71%</td>
</tr>
<tr>
<td>Adjusted operating profit margin</td>
<td>1%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>333</td>
<td>309</td>
<td>+8%</td>
</tr>
<tr>
<td>Adjusted ROCE</td>
<td>4%</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

Adjusted for items affecting comparability
Neutral topline growth in fourth quarter¹

- Market conditions continue to be challenging – especially in Division Paper
- KM7 ramp-up impacting total with -3% pts of total net sales
- Division Board in solid growth – despite impact of KM7 ramp-up

¹ Compared to corresponding quarter previous year
Underlying sales growth +3% (excl KM7) driven by Board. Volume/mix growth off-set by negative pricing
Adj EBITDA impacted by pricing and KM7 ramp-up, partly off-set by volume, cost savings and lower fibre costs.

Adj EBITDA, SEKm
Cost and efficiency program on track

- Positive impact already in Q4 – several program streams underway and progressing
- Still on track to deliver SEK 250 m of cost savings and efficiencies in 2020
- Expect a bit back-heavy delivery during 2020
- Working through additional building-blocks to deliver SEK 600 m run-rate by Q4’21
Division Board

Share of net sales Q4 2019

KEY FIGURES*

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Change vs Q4-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3 414</td>
<td>+7%</td>
</tr>
<tr>
<td>of which liquid packaging board</td>
<td>1 962</td>
<td>+16%</td>
</tr>
<tr>
<td>of which cartonboard</td>
<td>351</td>
<td>+15%</td>
</tr>
<tr>
<td>of which fluting &amp; liner</td>
<td>878</td>
<td>-11%</td>
</tr>
<tr>
<td>Net operating expenses, other</td>
<td>-2 894</td>
<td>+14%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>520</td>
<td>-17%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>15%</td>
<td>-5% pts</td>
</tr>
</tbody>
</table>

Strong net sales growth across most segments
- Both LBP and cartonboard with solid growth
- Containerboard hit by market pricing challenges

Flat underlying EBITDA
- EBITDA margin excl KM7 18%

* Comparable figures for 2018 restated according to the new division structure
## Division Paper

**Share of net sales Q4 2019**
- 31%

**KEY FIGURES***

<table>
<thead>
<tr>
<th></th>
<th>Q4-19</th>
<th>Change vs Q4-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1 776</td>
<td>-13%</td>
</tr>
<tr>
<td><em>of which sack paper</em></td>
<td>537</td>
<td>-32%</td>
</tr>
<tr>
<td><em>of which kraft paper</em></td>
<td>859</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>Net operating expenses, other</strong></td>
<td>-1 556</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>220</td>
<td>-38%</td>
</tr>
<tr>
<td><strong>EBITDA, %</strong></td>
<td>12%</td>
<td>-6% pts</td>
</tr>
</tbody>
</table>

- Another tough quarter for Paper, net sales -13%
  - Further decline in Sack paper sales driven by volume and pricing
- EBITDA impacted by significant pricing pressure and segment mix

* Comparable figures for 2018 restated according to the new division structure
## Division Solutions

**Net sales decline by 3%**
- Managed packaging net sales decreased due to customer portfolio optimization
- Continued strong FibreForm® growth

**Customer mix reduced topline, but helped to improve EBITDA**

* Comparable figures for 2018 restated according to the new division structure

### Share of net sales Q4 2019

<table>
<thead>
<tr>
<th>Solution Type</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>4%</td>
</tr>
</tbody>
</table>

### KEY FIGURES* (SEKm)

<table>
<thead>
<tr>
<th>Category</th>
<th>Q4-19</th>
<th>Change vs Q4-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>250</td>
<td>-3%</td>
</tr>
<tr>
<td>of which Managed Packaging</td>
<td>213</td>
<td>-8%</td>
</tr>
<tr>
<td>of which other solutions</td>
<td>37</td>
<td>+12%</td>
</tr>
<tr>
<td>Net operating expenses, other</td>
<td>-249</td>
<td>-5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>19</td>
<td>+35%</td>
</tr>
<tr>
<td>EBITDA, %</td>
<td>8%</td>
<td>+3% pts</td>
</tr>
</tbody>
</table>

* Comparable figures for 2018 restated according to the new division structure
Strong balance sheet post Bergvik disposal and CAPEX program allows for additional shareholder remuneration

- Net debt SEK 5.5 billion at 31 of Dec
- Net debt EBITDA ratio 1.9 – well below target
- Entering a new phase with lower CAPEX levels
- Proposed* 1 780M SEK dividend in 2020 and initiating a share buy-back program
- Clear ambition to stay <2.5 in net debt ratio – even with extra dividend / share buy-back plan

*Board recommendation – subject to AGM approval

Net debt / EBITDA ratio*

* Based on past 12 months EBITDA. Adjusted for items affecting comparability.
KM7 update
Total KM7 capex SEK 7 950 million

- Most of components are now paid and assets activated
- Out of SEK 7 950m, last adjustments to be paid out in 2020 (SEK 190 m)
- The SEK 7 950m includes a deduction of ~SEK 200m, relating to withheld payments to a supplier in the project. The dispute will be tried in legal proceedings

<table>
<thead>
<tr>
<th>SEKm</th>
<th>2019 Actuals</th>
<th>2020 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base capex</td>
<td>1 231</td>
<td>1 300</td>
</tr>
<tr>
<td>KM7 capex</td>
<td>1 637</td>
<td>190</td>
</tr>
<tr>
<td>Total capex</td>
<td>2 868</td>
<td>1 490</td>
</tr>
</tbody>
</table>

- ~ SEK 400m of depreciation expected for 2020
- KM7 investment clear driver of current low group ROCE (4% 2019)
Q4’19 KM7 EBITDA impact of 170M SEK

- Will take time before KM7 produces sufficient volume output and generates strong margins before starting point is overtaken

- EBITDA impact for Q4’19 – 170M SEK - in line with expectations and significantly down vs Q3’19 impact

- Significant stronger volume output in Q4’19 vs Q3’19

- Total KM7 EBITDA 2019 impact of 640M SEK

- 90,000 ktonnes produced in 2019 (liner & cupstock)
2020 EBITDA impact SEK 150-350 m

- Uncertainty connected to the ramp-up and moving towards more sophisticated grades
- Coating testing and certification initiated in 2020, but significant production output still centered around liner & cupstock
- 150-350M SEK of EBITDA impact expected for 2020 – a clear improvement vs 2019

KM7 EBITDA impact
In M SEK

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>vs 2018</td>
<td>-640</td>
<td>-150 / -350</td>
</tr>
<tr>
<td>vs 2019</td>
<td>+ 490</td>
<td>+ 290</td>
</tr>
</tbody>
</table>

- Negative EBITDA impact 2020 mainly hitting 1H – 2/3 Board 1/3 Paper
First quarter outlook

- Stable demand for liquid packaging board and cartonboard
- Somewhat uncertain market conditions for containerboard, but expected to stabilize
- For sack and kraft paper market conditions are expected to remain weak throughout the first quarter
- The total cost of fibre expected to be reduced due to lower pulpwood prices
Summary

- Divestment of Bergvik Skog Öst resulted in a strong net profit for the year – proposal to increase dividend for 2019
- Weaker market gave a challenging second half year / fourth quarter, especially for Division Paper whereas LPB and Cartonboard remained solid
- KM7: Q4’19 start-up impact in line with expectations // 2020 guidance SEK 150-350M EBITDA impact
- Cost reduction program on track
- Q1-20: Market stabilizing / continued uncertainties for some grades (Division Paper)
WHAT IF oceans were full of plankton?
Not plastics.

WHAT IF packaging could push new boundaries?
Disclaimer statement

This presentation may contain forward-looking statements. Such statements are based on our current expectations and BillerudKorsnäs does not give any assurances that such statements will materialise. Because these forward-looking statements involve both known and unknown risks and uncertainties, the outcome could differ materially from the information set out in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in BillerudKorsnäs’ most recent annual report, which is available at www.billerudkorsnas.com. The forward-looking statements included in this presentation apply only as of the date of the presentation and are subject to change without notice. BillerudKorsnäs undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.