



## PRESS RELEASE

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### Stability and production platform investment

CEO Per Lindberg comments on the development during Q2 2016:

”After a couple of troublesome quarters we are now back on track with production running according to plans. The second quarter performance is in line with our own expectations. During the quarter it was decided to proceed with the investment in Skärblacka. The investment will enable further growth in attractive market segments and at the same time streamline the company’s production structure. The investment program will develop the Skärblacka production unit in Sweden into a world leading center for machine glazed, MG, kraft paper production, hence creating a competitive future platform for Packaging Paper to enable the selective growth strategy”

#### THE RESULT

Net sales for comparable units increased 2% compared to Q2 last year and year on year net sales show a slight increase of 1%. Adjusted EBITDA for comparable units improved with 3% compared to the first six months last year, in spite of approximately SEK 74 million higher costs for periodic maintenance shutdowns this year. Results improved in both Consumer Board and Corrugated Solutions business areas. The item affecting comparability is related to a fraud case that caused a loss of SEK 25 million in June, this is something we treat very seriously and we work diligently to try to recover the money. Our return on capital employed reached 14% which is above our target and our working capital in relation to sales improved from previous quarter from 12% to 11%. Our net debt to EBITDA ratio increased due to dividend payout to 1.32, but is significantly lower than our target of below 2.5.

#### MARKET OUTLOOK

Overall the market was stable and we anticipate that to continue.

For Business area Packaging Paper the brown and white sack paper markets strengthened seasonally. The pulp price was down compared to Q2 last year. The remaining segments in Packaging Paper had a stable market development with no changes to local prices.

Consumer Board delivered lower sales volumes than the first six months last year as a consequence of the problems in production in Q4 last year and the previous quarter. But as we now are back on track in production we anticipate that we will reach our growth targets during the second half of the year.



# BILLERUDKORSNÄS

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Business area Corrugated Solutions shows a continued strong performance in spite of the fact that the market did not develop as we anticipated during the quarter where liner has been stronger than expected and fluting a bit tougher than anticipated.

## **STRATEGY**

Part of our strategy for creating long-term profitable growth is to expand our position in the value chain as well as geographically. Based on our focus and expertise in the packaging area we want both to develop and complement our sustainable materials with packaging solutions to a larger extent. It is a natural development but also necessary. In new markets, complete solutions are often required in order to introduce new materials.

During the past six months, the former subsidiary PACCESS (now Managed Packaging), with a business model fully based on packaging solutions, was fully integrated into BillerudKorsnäs. Even more recently a complete packaging system was launched together with Bosch. The latter is a unique solution for sealed packaging of dry foods based fully on renewable material. The development toward more packaging solutions is a natural evolution within each business area. In addition there is room for more revolutionary solution development in the newly formed subsidiary BillerudKorsnäs Venture AB.

### **For further information, please contact:**

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