



BILLERUDKORSNÄS

Interim report Jan–Mar 2021

**Sales growth driving
EBITDA performance**

Q1
2021

27 April 2021

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Key highlights Q1

- ⦿ “All-time-high” net sales, excluding currency effect, +5% vs LY
- ⦿ EBITDA margin improved by 3 p.p. to 15%
- ⦿ Delivering on our Top 3 company priorities
 - › Ramp-up at Gruvön (KM7) reached EBITDA break-even
 - › High availability in production
 - › Continued operational efficiencies and cost savings driving margin expansion

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 trend Q1'21

Mixed ●

Stable ●

More positive ●

More positive ●

Market outlook

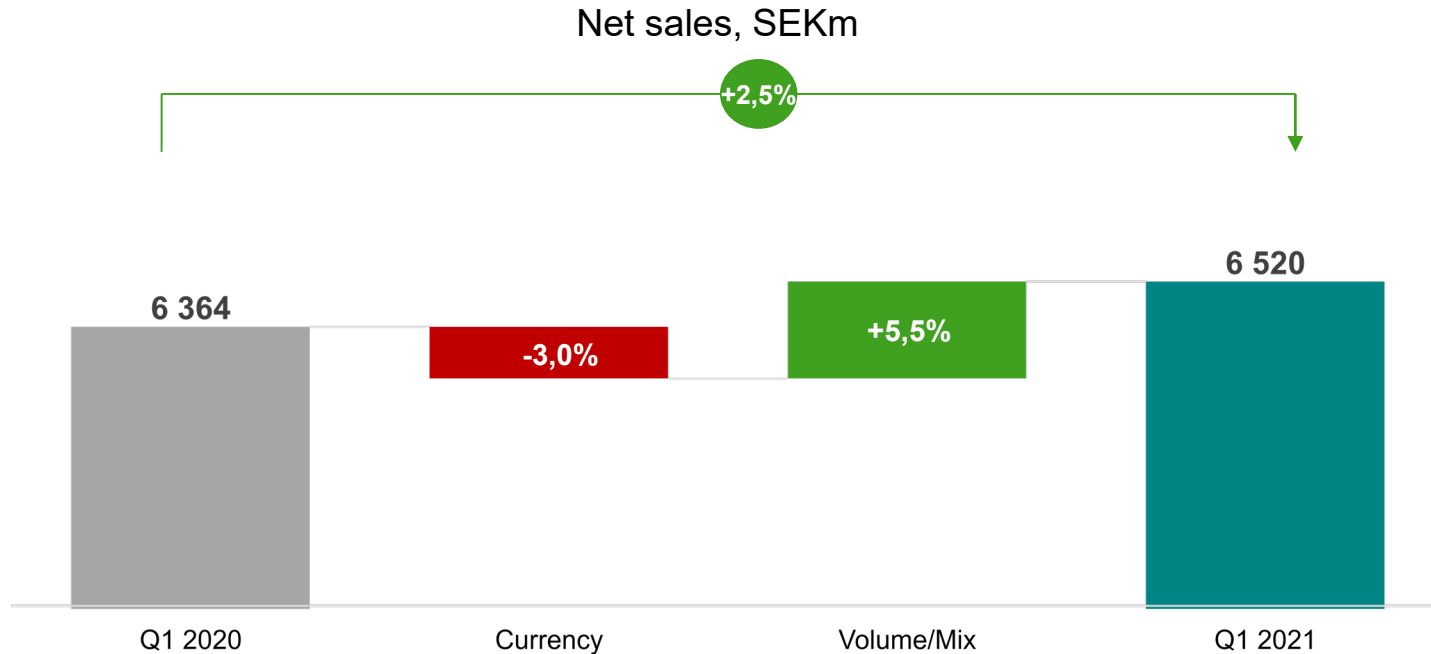
Mixed ●

More positive ●

More positive ●

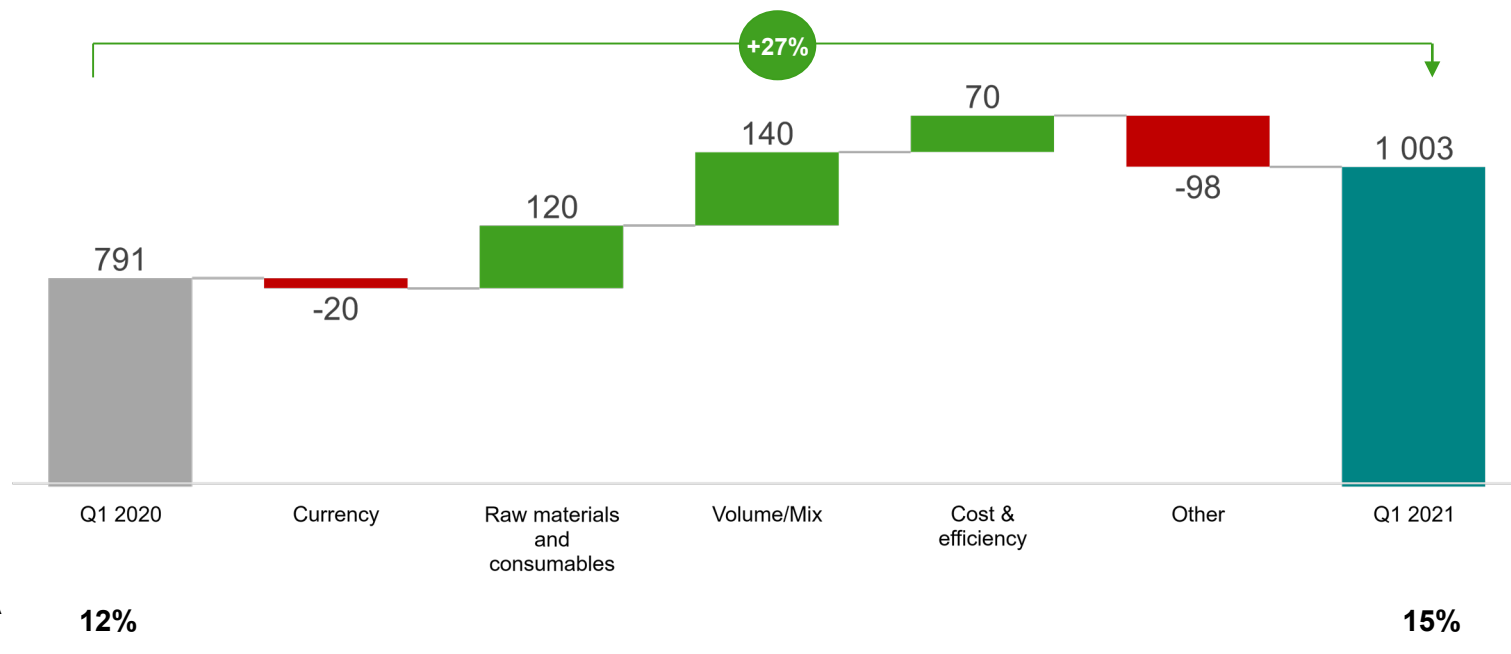
More positive ●

Strong volume/mix growth fuelling “all-time-high” net sales result



Sales growth and lower raw materials costs driving strong EBITDA improvement

Adj EBITDA, SEKm



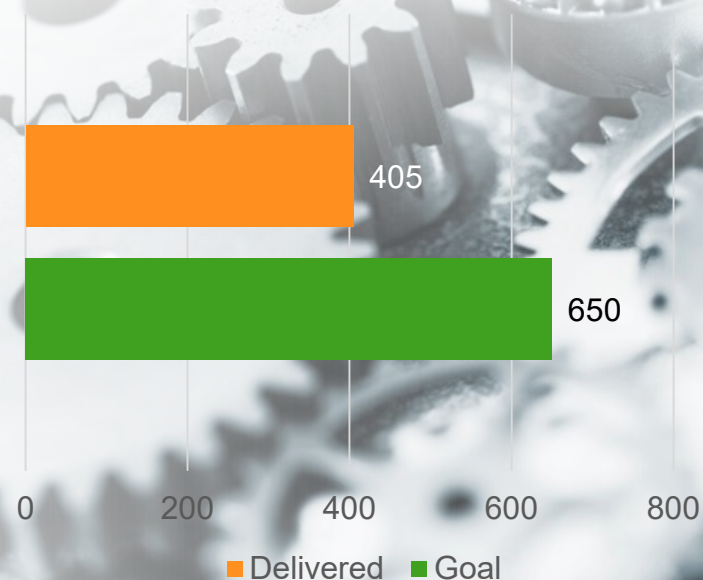
Ramp-up at Gruvön (KM7)

- ⌚ Break-even EBITDA already reached in Q1
- ⌚ Continued commercial ramp-up with the aim to:
 - › Improve mix towards higher value segments
 - › Increase speed for higher output
 - › Perform test runs to qualify LPB for 2022
- ⌚ Positive EBITDA contribution expected for 2021
- ⌚ Additional costs for the annual maintenance shutdown in Q2 of SEK 20 million




Cost and efficiency programme


- ⌚ Additional contribution from cost and efficiency programme in Q1'21 SEK of 70 million
- ⌚ Programme to date has delivered SEK 405 million of structural savings & efficiencies
- ⌚ Confirmed ambition to achieve 650 million for the programme remains, with 250 million being delivered in 2021 and the remaining 65 million as carry-over effect in 2022



Raw material costs in Q1

Slight cost reduction for Pulpwood 


Price pressure in Q2, but still good availability of fiber

Unchanged cost for Chemicals 

Expected to remain unchanged in Q2 yet risk for volatility remains

Purchased Pulp cost increased 

Expected to increase in Q2

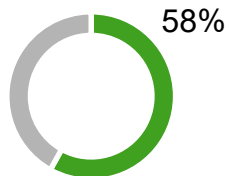
Unchanged Energy cost in Q1 

Expected to remain unchanged in Q2



Product area Board

Share of net sales
Q1 2021



KEY FIGURES

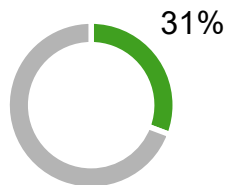
SEKm	Q1-21	Change vs Q1-20
Net sales	3 785	5%
<i>of which liquid packaging board</i>	2 073	1%
<i>of which cartonboard</i>	529	33%
<i>of which containerboard</i>	1 077	6%
Net operating expenses, other	-3 080	1%
EBITDA	705	31%
EBITDA margin	19%	+4%pt

- Ⓢ Strong net sales growth for Board. Excl FX +9% vs LY
- Ⓢ Topline result driven by cartonboard and containerboard growth in the wake of successful Gruvön ramp-up
- Ⓢ Significant EBITDA improvement driven by Gruvön ramp-up, pricing and lower fibre costs, offsetting negative FX effects



Product area Paper

Share of net sales
Q1 2021



KEY FIGURES

SEKm	Q1-21	Change vs Q1-20
Net sales	1 903	-6%
<i>of which sack paper</i>	628	-1%
<i>of which kraft paper</i>	836	-10%
<i>of which pulp</i>	426	-7%
Net operating expenses, other	-1 640	-2%
EBITDA	263	-32%
EBITDA, %	14%	-1%ppts

- ⌚ Net sales decline, but flat vs LY excl FX. Higher volumes for sack and kraft paper offset by full-year negative pricing
- ⌚ EBITDA declined due to negative pricing and mix effects, partially off-set by lower fibre costs and cost savings

Cash flow and financial position

- ⌚ Strong cash flow from operating activities due to improved operating surplus and a positive change in working capital
- ⌚ Healthy financial position – leverage well below target of <2.5x
- ⌚ Proposed dividend of SEK 889 million estimated to be paid on 12 May 2021
- ⌚ Total CAPEX for 2021 estimated to SEK 2.0 billion (1.3 base CAPEX // 0.7 Frövi recovery boiler)

SEK m	Q1-21	Q1-20
Operating surplus, etc.	929	725
Change in working capital, etc.	-481	-790
Net financial items, taxes, etc.	-83	-91
Cash flow from operating activities	365	-156
Operative investments	-200	-156
Operating cash flow after operative investments	165	-438

SEK m	31 Mar 21	31 Mar 20
Net debt	5 234	5 951
Net debt / adjusted EBITDA	1.8	2.3

Outlook

- ⊗ Improved market conditions expected for most categories with positive price adjustments
- ⊗ Selective raw materials and transport cost increases
- ⊗ Gävle production disturbance result impact approx MSEK 40-75
- ⊗ Our company Top priorities:
 - › Gruvön ramp-up
 - › Safe & Stable production
 - › Cost & Efficiency programme
 - › Identifying growth opportunities for 2025 and beyond





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