


# Carnegie Forest Seminar



**WHAT IF** packaging could  
push new boundaries?

September 19, 2018 | Petra Einarsson, President & CEO

# Growing in numbers and reputation

Net sales approx.

**22,3**

Billion SEK



Operating profit approx.

**2,2**

Billion SEK



**4 400**

Number of employees



**8**

Production units

Beetham  
Frövi  
Rockhammar  
Gruvön  
Gävle  
Karlsborg  
Pietarsaari  
Skärblacka

Business areas

**38%**

Packaging Paper  
Share of net sales

**37%**

Consumer Board  
Share of net sales

**17%**

Corrugated  
Solutions  
Share of net sales

A strong platform  
for growth and  
profitability

With a focus on  
customer value,  
innovation and  
sustainability

Creating networks  
with an open mind

WHAT IF  
paper packaging  
is the solution

# Offerings for a sustainable future



Packaging  
materials



Packaging  
services



Packaging  
solutions

## Our four key market segments



59%  
of sales



24%  
of sales



10%  
of sales



7%  
of sales

# First-class materials from the forest



Fluting



Liners



3D Paper



Cartonboard



Kraft Paper  
(Specialty)



Sack Paper



Liquid Packaging  
Board



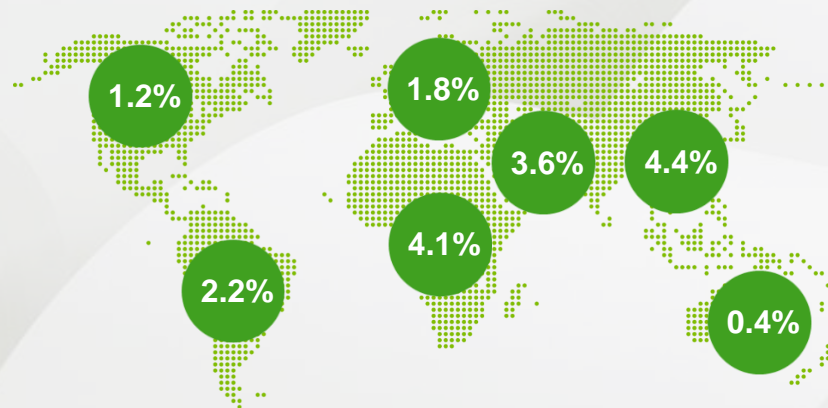
Kraft Paper  
(Bags)



Kraft Paper  
(Medical)

# Global packaging market is growing 3%

- ④ Focus on expanding sales by challenging non-renewable materials
- ④ Key to success capturing growth is sustainable products and new packaging solutions



# Unlocking the Potential

## SECURE



Successful ramp-up of KM7  
Competitive wood supply

## IMPROVE



A safe company is a will run company  
Stabilise production

## ACCELERATE



Innovate for growth  
Capture new solutions sales

# We have invested for future growth...

2012

Jakobstad



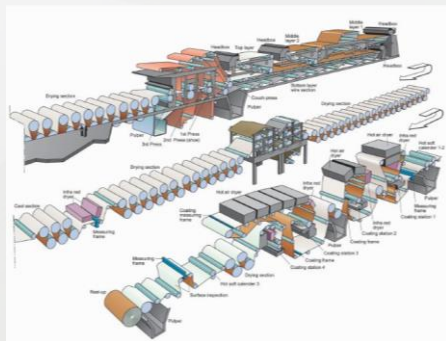
Tervasaari



**UPM acquisition:**

Production capacity: ~300 ktonnes

2013-2017



**Production capacity increases:**

Frövi/Rockhammar: ~95 ktonnes  
 Skärblacka: ~20 ktonnes  
 Gruvön: ~40 ktonnes  
 Gävle: ~25 ktonnes

2018



**PM10 Skärblacka:**

Production capacity: ~90 ktonnes  
 Products: MG-papers

2019



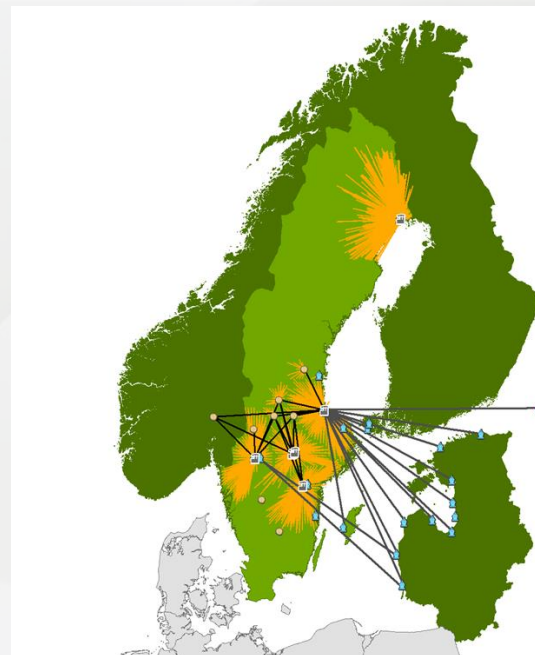
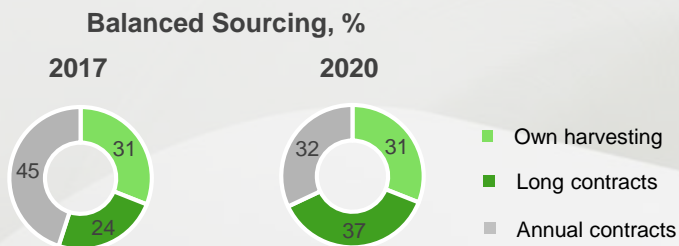
**KM7 Gruvön:**

Production capacity: ~550,000 tonnes  
 Products: Liquid packaging board, cartonboard and liner



# ...and are securing a competitive wood supply

- ④ Domestic purchases
  - > Private forest owners
  
- ④ Import
  - > Baltic sea region
  - > Balance with volumes from remote areas
  
- ④ Logistics system



# A safe company is a well run company

Lost time injury frequency rate, LTIFR\*

7.7 2017

<1.5 2023



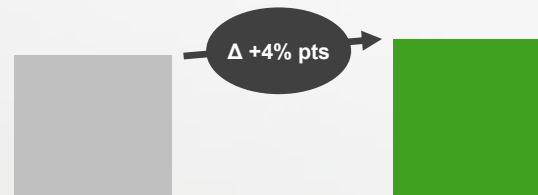
# We are improving production stability



## Overall equipment efficiency , OEE

2018

2020



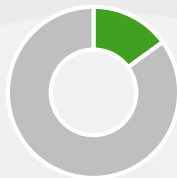
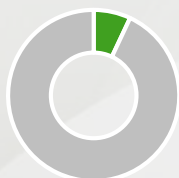
# We are accelerating innovation to double our NPR

- ⊗ Product innovation – new materials
  - > Product development
  - > Application development
  - > Advanced material research
  
- ⊗ Business innovation – new solutions
  - > Solutions in business areas
  - > Ventures

## New product ratio, NPR

7% by 2017

15% by 2023



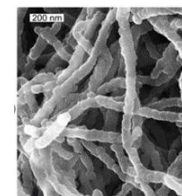
## Long history of award-winning packaging innovations



2013: Axello® ZAP



2015: FreeFormPack®



2018: Paper Battery\*



2014: D-Sack



2016: QuickFill® Clean



2018: Paper Bottle\*

\*Under development



## Innovative solutions

- Carton Solutions
- Corrugated Solutions
- Formable Solutions
- Bag Solutions
- Sterile Barrier Solutions
- Sack Solutions
- Managed Packaging Solutions

# We see increased demand for packaging solutions...

## Managed Packaging

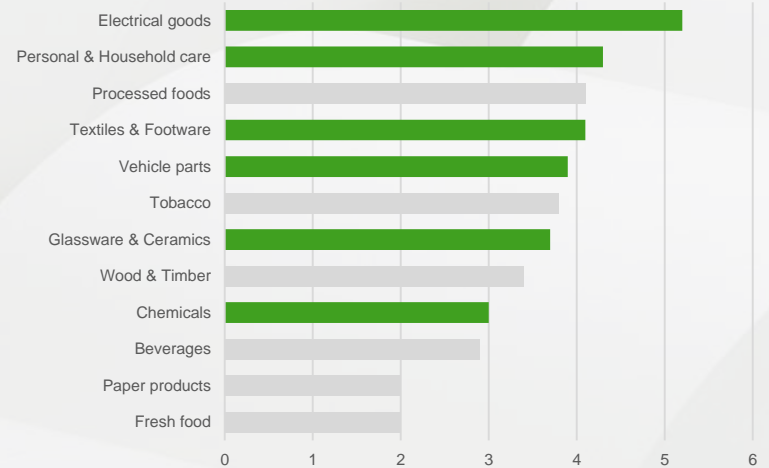
THE COMPLETE PACKAGING DEVELOPMENT AND MANAGEMENT SERVICE



Global development centres | Network in Asia | One contact

## Global Corrugated demand 2018

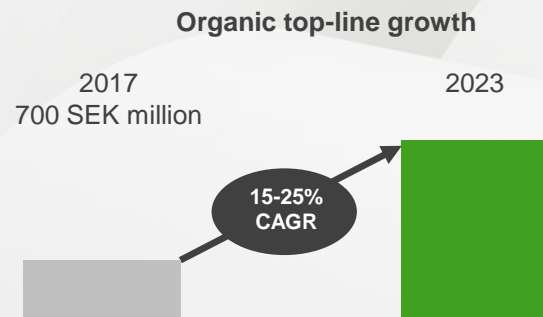
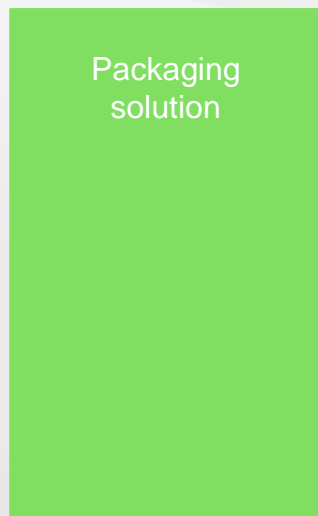
ANNUAL GROWTH RATE (%) BY 2018-2023



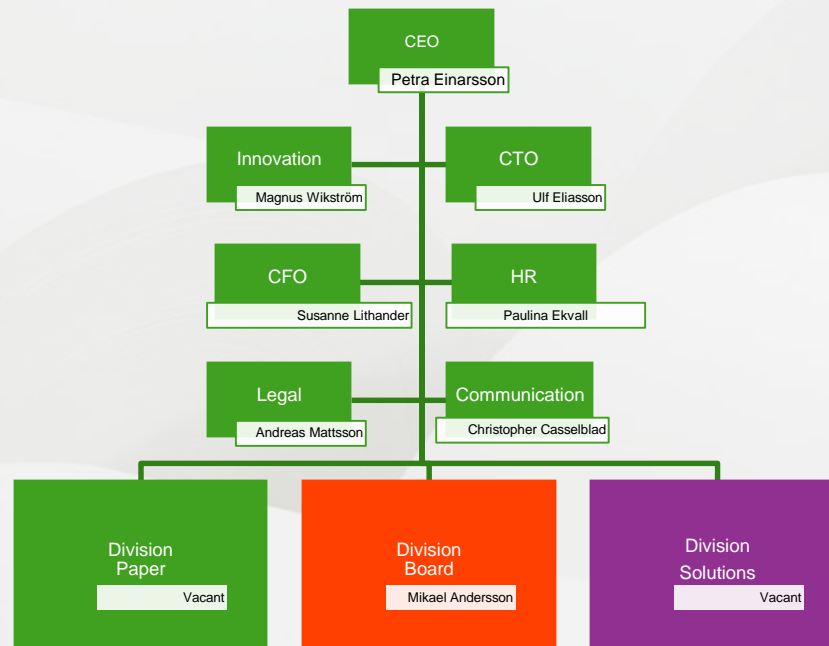
Source: Smithers PIRA

# ...and are reorganising to capture this growth

## Solutions Division



# Reorganising is a key enabler to unlock the potential





# Reiterating our long-term financial targets

	Target
TOP-LINE GROWTH	3-4%
EBITDA	>17%
ROCE	>13%
NET DEBT/EBITDA	<2.5
DIVIDEND PAYOUT RATIO	>50%

# Market outlook

- ④ Demand and order situation are expected to continue to be strong, with normal seasonal variations for all business areas
- ④ Possibilities of selected sales price increases remain
- ④ Demand-driven wood cost increases are expected to continue
- ④ Financial impact on Q3 2018 from the wood shortage is estimated to be -40 SEK million
- ④ Expected total impact on EBITDA from KM7 ramp-up
  - > 2019 -500 SEK million
  - > 2020 -200 SEK million
  - > 2021 EBITDA positive

# Unlocking the Potential

## SECURE



**Successful ramp-up of KM7**  
*Starting March-April 2019*  
**Competitive wood supply**  
*Balanced sourcing*

## IMPROVE



**A safe company is a well run company**  
*LTIFR <1.5 2023*  
**Stabilise production**  
*4%-pts OEE improvement over 2 years*

## ACCELERATE



**Innovate for growth**  
*New product ratio 15% 2023*  
**Capture new solutions sales**  
*Organic top-line growth 15-25% CAGR*

# WHAT IF oceans were full of plankton? Not plastics

- ⊗ In 2014, the global production of plastic packaging was 78 million tonnes.
- ⊗ Only 2 percent of the plastic packages were recycled into new packages.
- ⊗ 40 percent was used for land fill.
- ⊗ 32 percent was leaked into the oceans and the land.





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