



**THE NATURAL PART IN
SMARTER PACKAGING**

ACQUISITION OF UPM-KYMMENE'S PACKAGING PAPER OPERATION

- Billerud Finland Oy, a wholly-owned subsidiary to Billerud AB, has signed an agreement with UPM-Kymmene (UPM) to acquire UPM's packaging paper operation in Pietarsaari and Tervasaari, Finland
- Transaction amount is MEUR 130 (SEK ~1.2bn)
- Expected to be cash flow positive from closing
- Earnings per share is expected to increase with approximately SEK 1.20 including fully realized synergies
- The transaction is subject to approval by relevant competition authorities

EXCELLENT STRATEGIC FIT

- Strengthen Billerud's platform within smarter packaging
 - Complements Billerud's existing product offerings
 - Strengthen the development of future renewable packaging solutions
 - World-class asset and product quality
- Significantly reduced pulp market exposure
 - Around 85% of the current market pulp exposure virtually hedged
 - Will decrease volatility in Billerud earnings
- Favourable impact on currency exposure
 - Substantially increased cost base in EUR

SYNERGIES AND FINANCIALS

- Annual net synergies of approximately MSEK 30
 - Full effect from end of 2013
 - Non-recurring costs in 2012 of approximately MSEK 22
 - Allows for increased flexibility in production structure and product mix
- Financials 2011 for the acquired operation
 - Sales: approximately MEUR 220 (SEK 2bn)
 - EBITDA: approximately MEUR 18 (MSEK 165)
 - EBITDA margin: approximately 8%

ACQUIRED OPERATION

- PM1 in UPM's Pietarsaari mill, Finland
 - PM1 is physically integrated with one of the largest European pulp mills, which remains in UPM's ownership
 - White and brown sack and kraft paper
 - 200,000 tonnes in annual production capacity
- PM7 in UPM's Tervasaari mill, Finland
 - PM7 is non-integrated
 - White and brown kraft paper
 - 100,000 tonnes in annual production capacity
- Very efficient and well invested assets with low reinvestment needs
- Around 185 employees

LONG-TERM AGREEMENTS SIGNED

- The acquired operation will continue to be dependent on supply of raw materials from UPM
- Long-term agreements have been signed on commercial terms between UPM and Billerud, including:
 - Pulp
 - Steam
 - Electricity
 - Mill services
- Pulp at market price

FULLY FINANCED

- Transaction financed by a combination of cash at hand and debt via existing credit facilities
- Net debt-to-equity (ND/E) ratio will increase by 24 percentage points following the transaction
 - After closing of the transaction, the Group's net debt-to-equity is expected to be below the financial target of 0.6-0.9 ND/E, all other things being equal

Q&A



EMBRACING THE {GOODS}

We believe in embracing what is important to our customers, our company, our employees and the environment. By always giving back more than we take, we are building a company for future generations.