



## **BILLERUD – the innovative packaging paper company**

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## **BILLERUD AT A GLANCE**

- Leading supplier of primary fibre-based packaging paper
- Packaging-optimising services
- Innovation is a core focus
- Integrated and cost-efficient production
- Sales of SEK 9 billion
- 1,000 customers in 100 countries





# WE KNOW **PACKAGING!**

**Kraft paper**



**Sack paper**



**Fluting**



**Liner**



**Liquid board**



**Cup Stock**



**Bio plastic**



**Services**

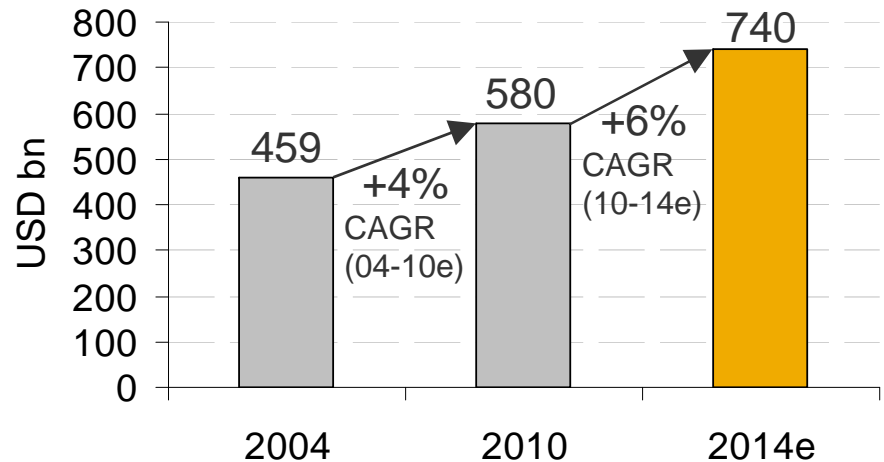




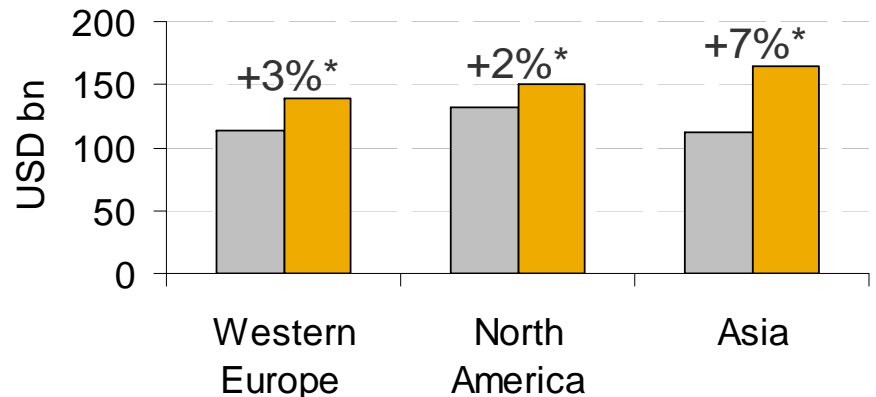
# STEADY GROWTH FOR PACKAGING

- +3% 2010 vs. 2009
- +6% annually until 2014
- Main drivers
  - » Globalisation
  - » Increased prosperity
  - » Changing patterns of consumption and purchasing
- Asia a growth region

Global packaging market



Geographical breakdown





## STRONG TREND FOR PAPER



### Sustainability

- 87% of European consumers prefer paper to plastic in packaging
- Paper only accounts for 12% of the European flexible packaging market
- Legislation promote renewable material



### Product optimisation

- ~EUR 10bn of fruit and vegetables transported in Europe is never sold
- Lighter, stronger boxes with primary fibre



### Product differentiation

- Packaging an effective marketing channel for brand owners
- Material performance is critical for sales



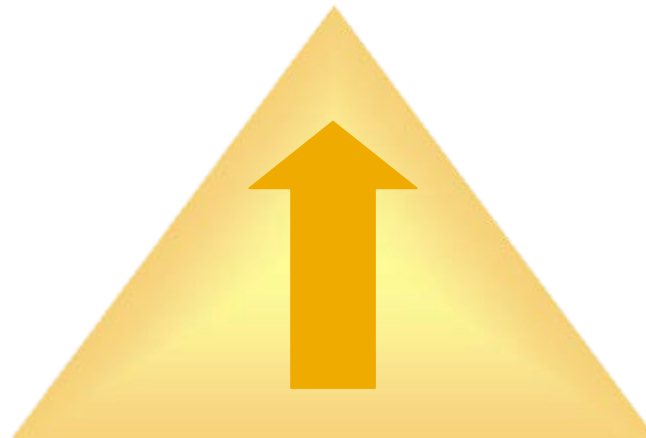
### Product safety

- Certification for food and medicine packaging in the EU
- Primary fibre optimal as material



# STRATEGY

## GROWTH



### Process efficiency

- Focus on cost efficiency
  - » Cost savings of MSEK 750 achieved 2005-2009
- Working capital efficiency

### Customer-focused development

- Successful business development drives growth and improves profitability
  - » Innovation
  - » Customer focus
  - » Sustainability



# INCREASED PRODUCTIVITY



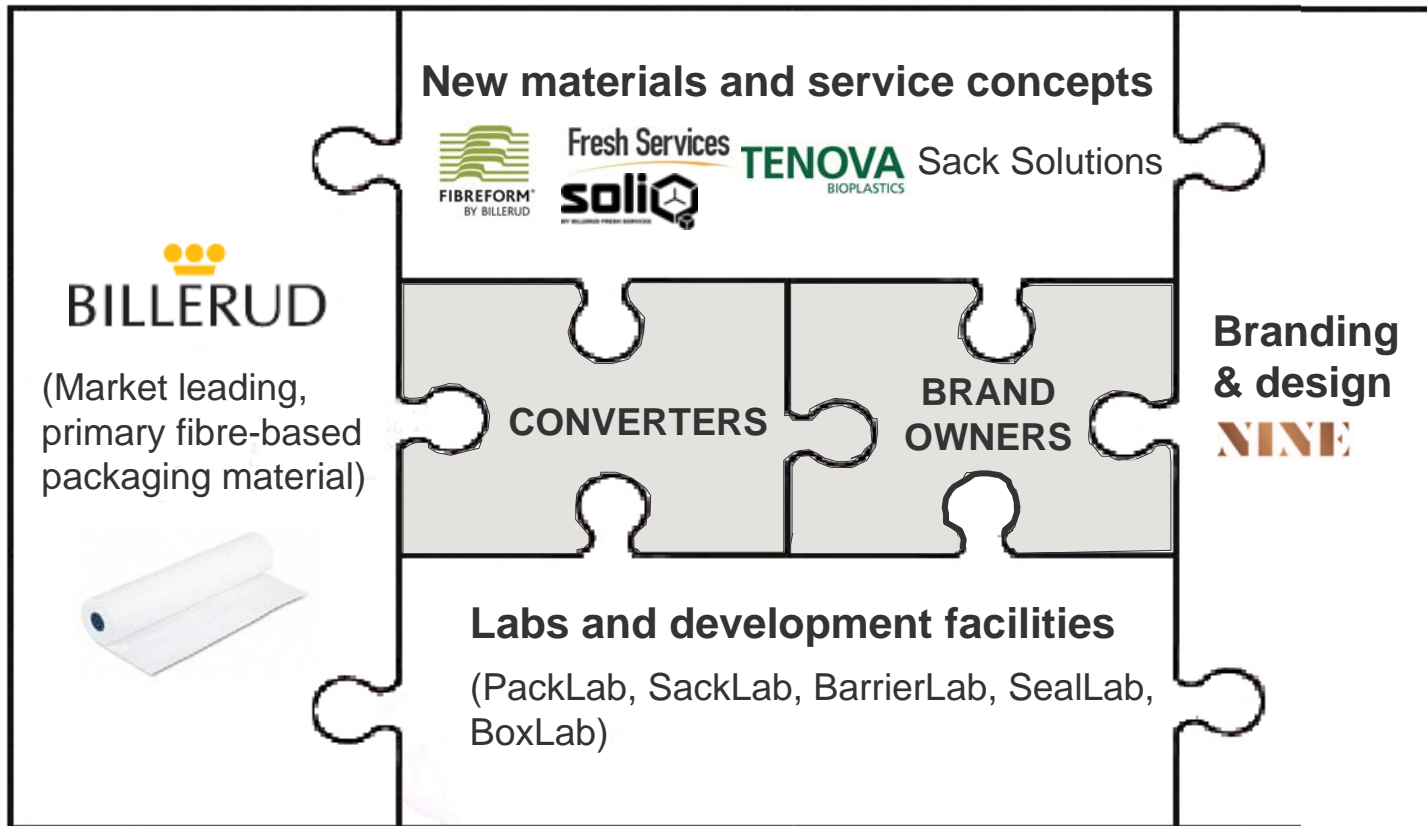
## INCREASE VALUE OF SALES

- Develop the packaging of tomorrow
  - » Material
  - » Function
  - » Design
  - » Sustainability
- Minimise packaging-related losses
- Increased customer focus





# DIFFERENTIATING BUSINESS MODEL





## FRESH FOOD

- Fresh produce worth of EUR 10bn in Europe is destroyed, much due to inadequate packaging
- Aim is to optimising fruit and vegetables packaging
- Fresh Services
  - Minimising packaging-related wastage along the delivery chain
  - Study the entire process; from the grower to the retail store
- SoliQ concept launched April 2011
- Box Lab
  - Creates the optimal box using the right material and structural design



# FOOD & CONSUMER PACKAGING

- Sustainability and product differentiation important drivers
- Billerud FibreForm®
  - Unique elasticity
  - Replace fossil plastic
  - Very large interest from brand owners
  - Received several innovation awards
- Nine
  - Packaging design specialist
- Barriers of bio plastic



## Work Style talking

With extremely high stretchability, FibreForm offers totally new opportunities for developing ideas and designing packaging solutions where previously traditional papers have had their limitations.

FibreForm's unique properties make it possible to design creative, striking and personal packaging solutions in exciting shapes. It is also possible to create very deep embossings that reinforce the brand. An anonymous product can be given a fresh breath of life and thus stand out from the crowd.

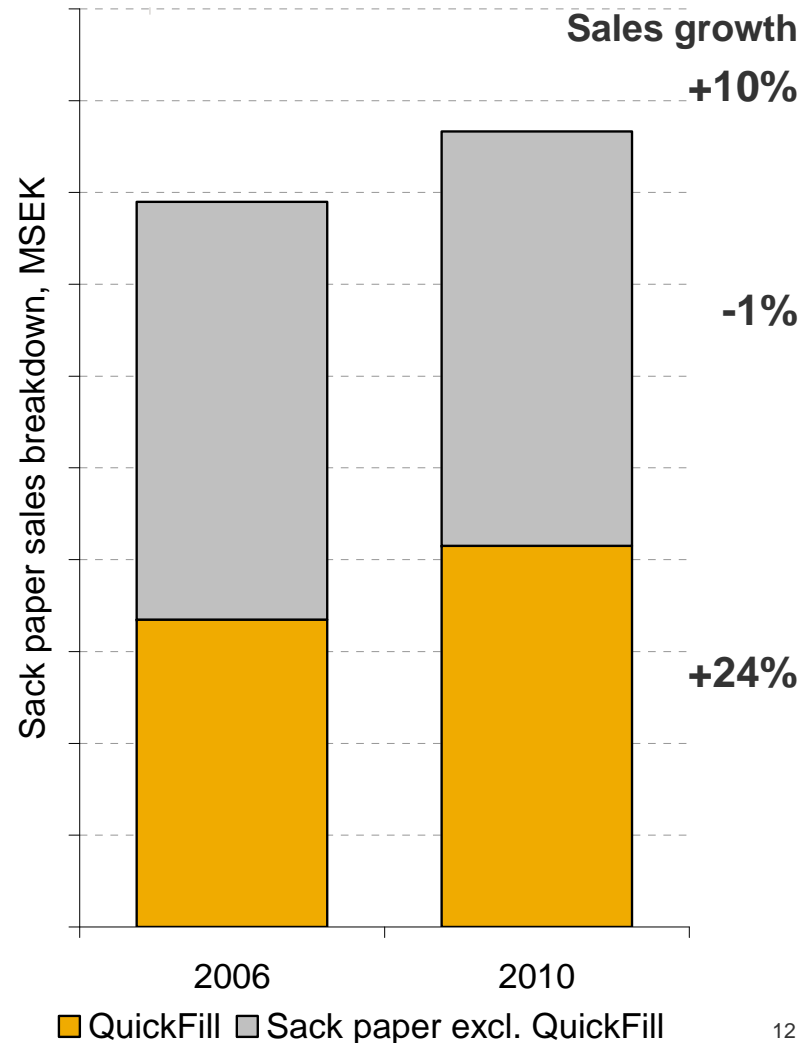
Think outside the box

There is no law of nature that says that a mobile phone must be packed



## SACK SOLUTIONS

- Increase in demand primarily in emerging markets
  - Growth >10% in Asia
- +10% sales increase vs. 2006
- Mix improvement with QuickFill
  - +24% sales increase vs. 2006
- Sack concepts
  - Focus on end-customers and brand owners
- Sack Lab
  - Optimise sack functions along the value chain



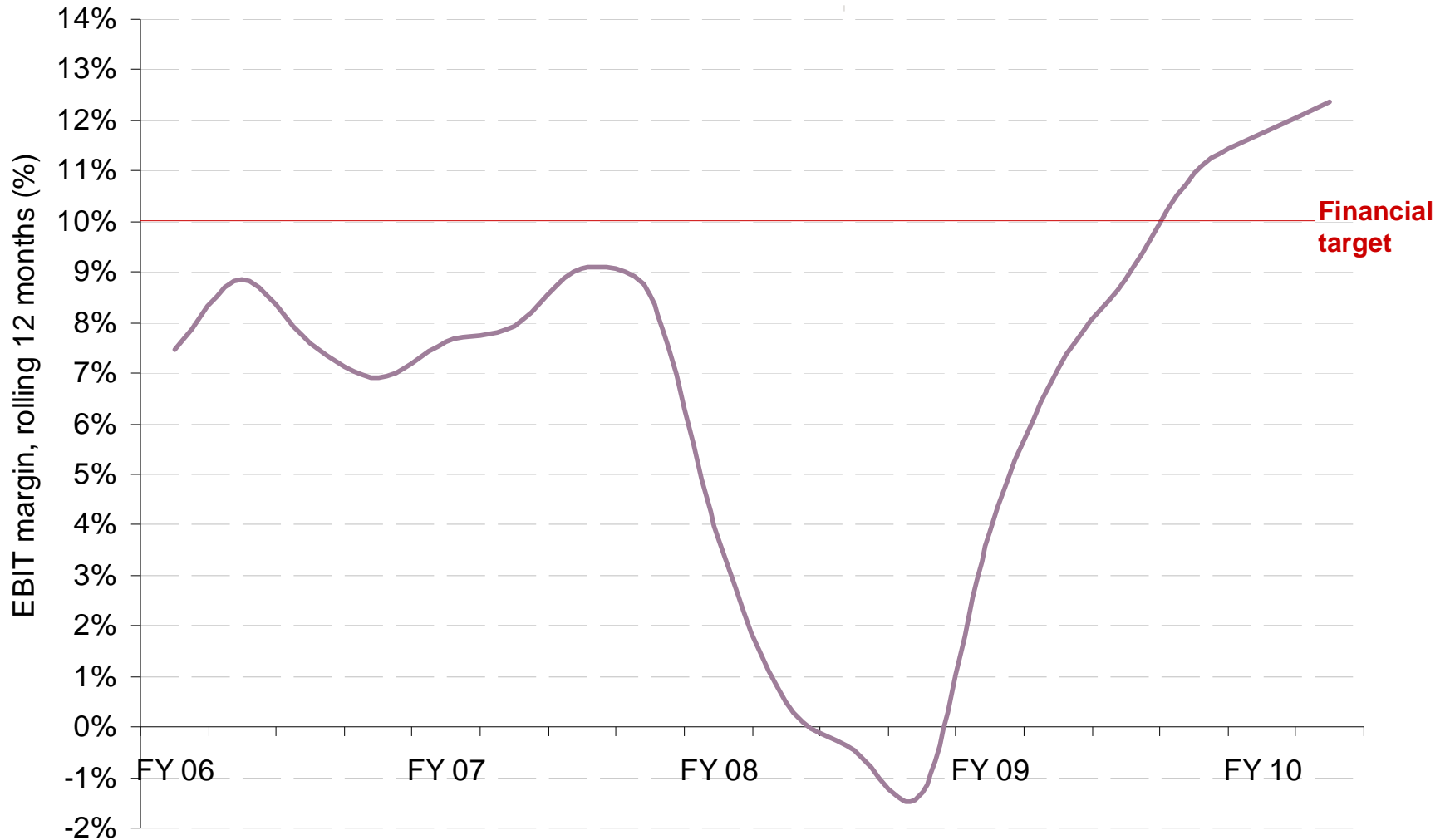


## QUARTERLY KEY FIGURES

	Q1 2011	Q4 2010	Q1 2010	vs. Q4 2010	vs. Q1 2010
Sales volume (ktonnes)	369	323	343	+14%	+8%
Net sales, MSEK	2,547	2,279	2,190	+12%	+16%
Operating profit, MSEK	332	326	234	+2%	+42%
Operating margin	13%	14%	11%	-1 p.p.	+2 p.p.
Profit/share, SEK	2.28	2.19	1.52	+4%	+50%
Net debt/equity ratio	0.05	0.03	0.24	-0.02	+0.19



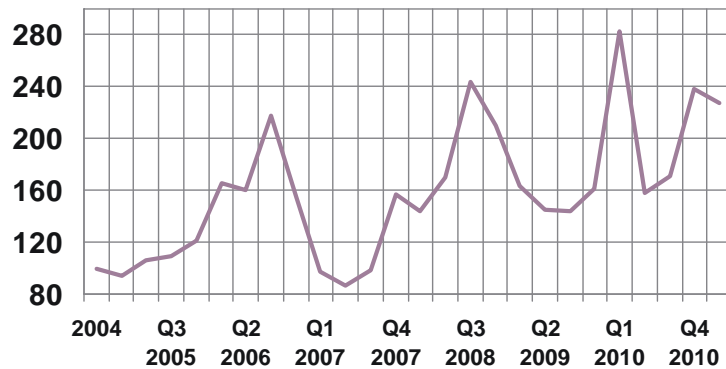
# CONTINUED STRONG MARGIN TREND





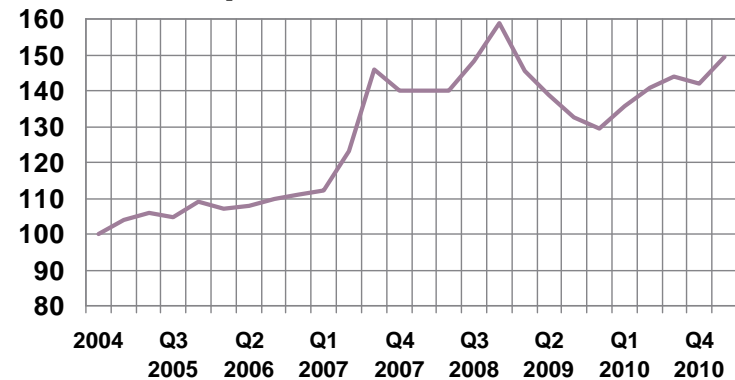
# MARKET PRICES AFFECTING RESULT

### Electricity index (Sweden\*)



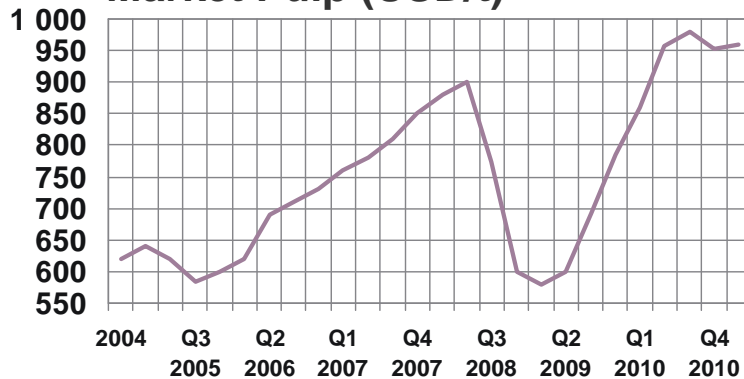
Source: Nordpool. \*Price area Sweden

### Wood price index



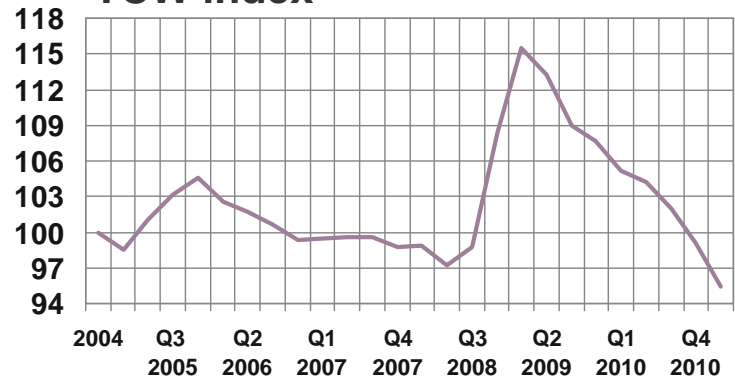
Source: Billerud

### Market Pulp (USD/t)



Note: Average price for the quarter

### TCW index



Source: Riksbanken<sup>15</sup>



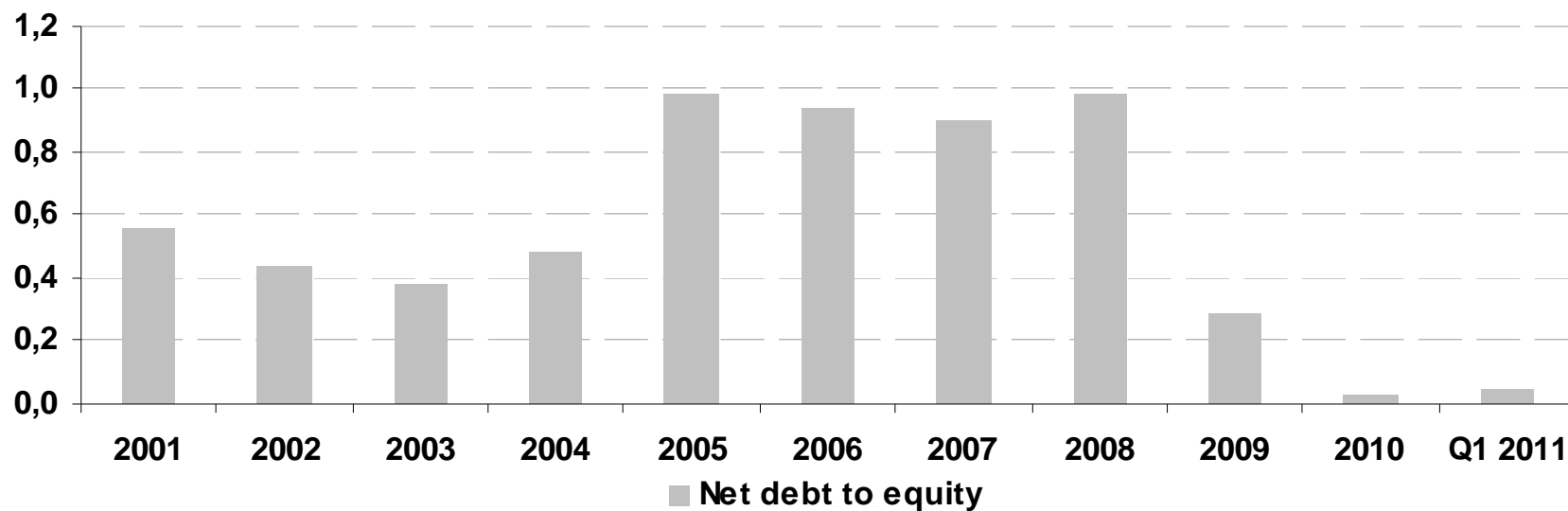
## STRONG CASH FLOW

MSEK	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Operating surplus, etc	802	960	716	862	1,548
Change in working capital, etc.	42	-102	249	116	-70
Net financial items, taxes, etc.	-50	-128	-174	-124	-85
<b>Cash flow from operating activities</b>	<b>794</b>	<b>730</b>	<b>791</b>	<b>854</b>	<b>1,393</b>
<i>% of sales</i>	<i>11%</i>	<i>9%</i>	<i>10%</i>	<i>11%</i>	<i>16%</i>
Current net investments	-628	-656	-612	-257	-331
Business combinations	-	-	-9	-35	-
<b>Operating cash flow</b>	<b>166</b>	<b>74</b>	<b>170</b>	<b>562</b>	<b>1 062</b>
Rights issue	-	-	-	925	-
Dividend	-167	-180	-180	-	-52
Other items, not affecting cash flow	-9	12	0	-22	-13
<b>Change in net debt <sup>1)</sup></b>	<b>-10</b>	<b>-94</b>	<b>-10</b>	<b>1 465</b>	<b>997</b>

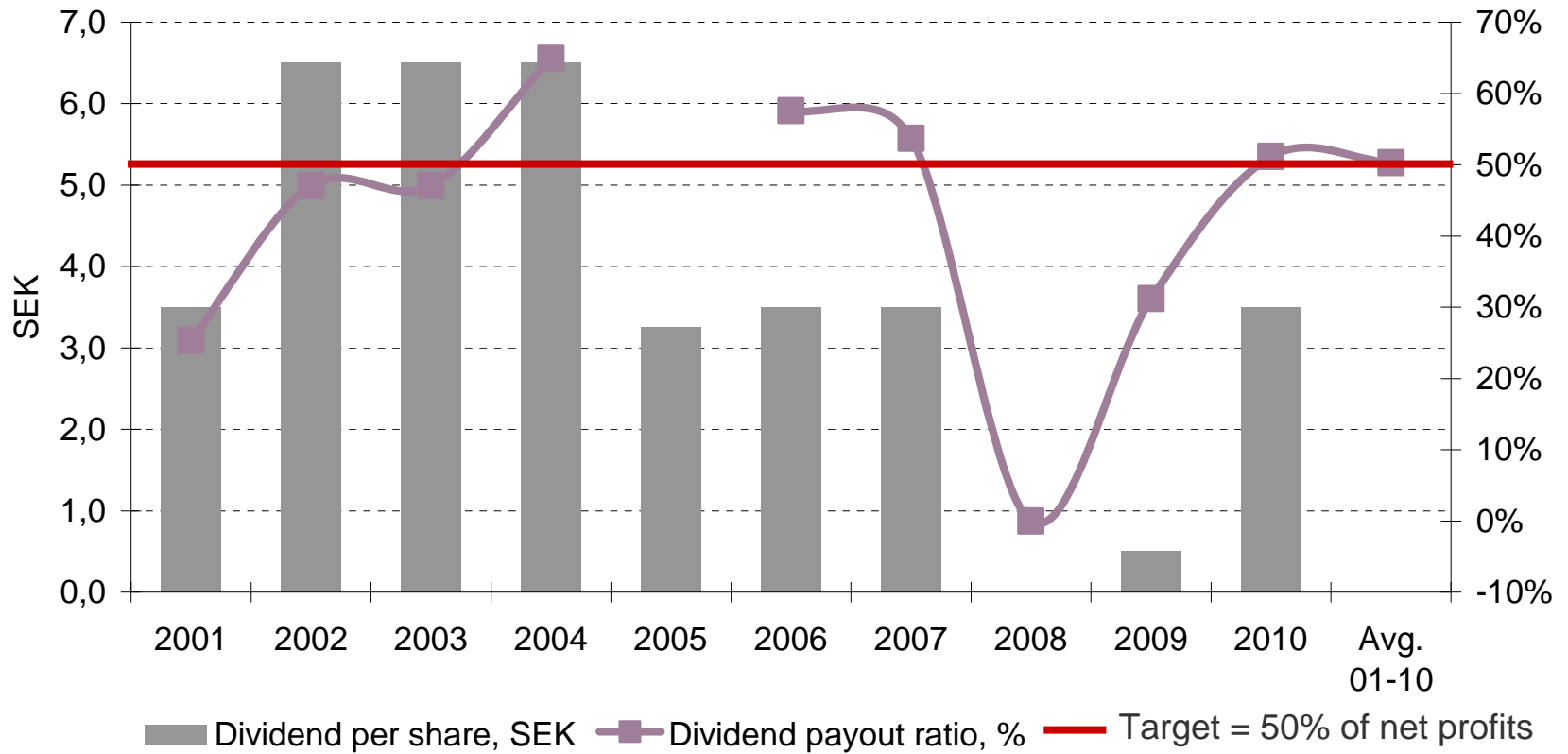
<sup>1)</sup> Minus equals increase in net debt



# STRONG BALANCE SHEET



# DIVIDEND



## OUTLOOK FY 2011

- The order situation remains good or very good in most of Billerud's packaging paper areas. This provides conditions for a stable development within Billerud's packaging paper and packaging paper solutions segments.
- Price increases announced in the first quarter of 2011 are expected to have an impact in the coming quarters.
- The effects of a stronger SEK will be largely compensated by currency hedges.





## Q&A

