



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

Nordea Forest Products & Paper Seminar – May 25, 2010



**Per Lindberg, CEO**

## BILLERUD AT A GLANCE

- **Niche player** within **packaging paper**
- Sales of **SEK ~8 billion**
- Strong focus on **innovation**
- **3 integrated pulp and paper mills** in Sweden and **1 paper mill** in UK
- **Owns no forest** land of its own
- **2,300** employees in 10 countries
- **1,100 customers** in 100 countries
- **Europe** accounts for **~75%** of sales





# PACKAGING PAPER SUPPLIER

~80%

## Packaging & Speciality Paper

MG, MF & Sack Paper



## Packaging Boards

S/C Fluting, Liner, Liquid Board



~20%

## Market Pulp

Nordic Bleached Softwood Kraft Pulp





# NOT A DAY WITHOUT **PROGRESS!**



**Billerud's ambition is  
to become the leader  
in renewable  
packaging solutions**



# STRATEGY – SOLID PLATFORM TO SECURE GROWTH

**Growth**



<p><b>Operational Excellence</b></p>	<p><b>Sales &amp; Business Development</b></p>
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- Cost savings of MSEK 750 achieved 2005-2009
- Continued focus on cost efficiency
- Working capital efficiency

- Drive innovation
- Increase customer value-added
- Focus on solutions



# STRATEGIC INITIATIVES



## Focus area

### FRESH FOOD

## Driver/Challenge

- Food worth of EUR 10bn in Europe is destroyed, much due to inadequate packaging

## Initiatives

- Fresh Services
- Box Lab



### FOOD & CONSUMER PACKAGING

- ~15% of the European food packaging market is paper
- Environmental awareness an important driver

- Pack Lab
- Nine
- Sustainable Packaging Solutions
- Tenova



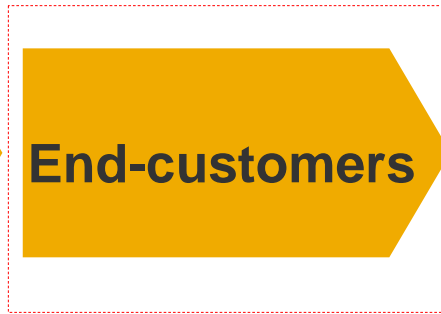
### SACK SOLUTIONS

- Increase in demand primarily in emerging markets
  - Growth >10% in Asia

- Sack Lab
- Total Customer Value
- Technical Consulting
- Training & Seminars

# END-CUSTOMER FOCUS

 BILLERUD



## Consumers



New unit Sustainable Packaging Solutions established year-end 09/10 focusing on approaching end users such as brand owners, goods producers and retailers with packaging solutions

- Increased focus on sustainability
- 87% of European consumers would choose paper if they could choose between paper and plastic packaging\*



# PACKAGING AND SPECIALITY PAPER



**RELEASE LINER**



**FLEXIBLE PACKAGING**



**CARRIER BAGS**



**FORM & FILL**



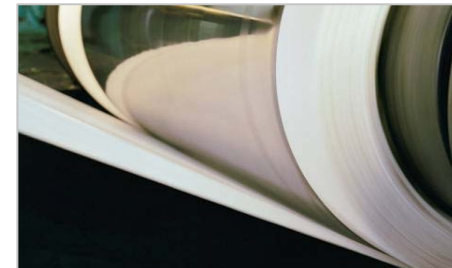
**MEDICAL PACKAGING**



**SACKS**



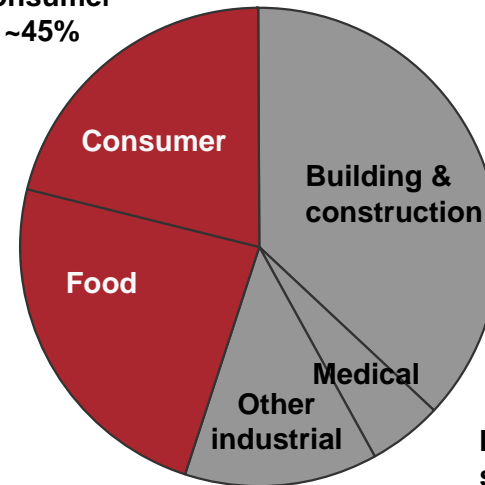
**PROTECTIVE WRAPPING**



**INTERLEAVING**

## Sales volumes breakdown

Food & Consumer segments ~45%

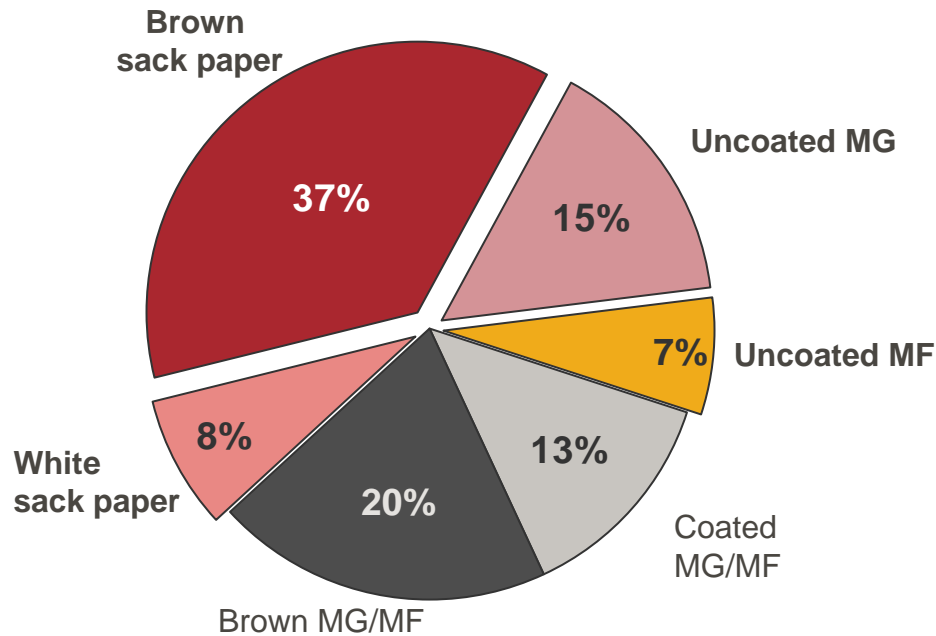


Industrial segments ~55%



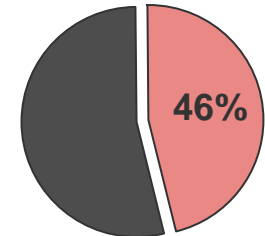
# EUROPEAN LEADING NICHE PRODUCER

Total market ~ 3.5 million tonnes

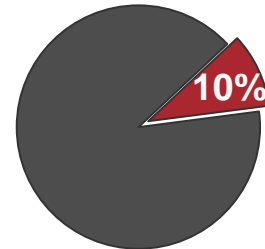


Market shares

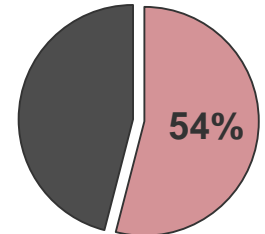
White sack paper – market leading



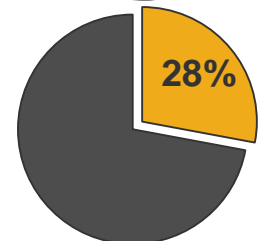
Brown sack paper – largest non-integrated player



Uncoated MG – market leading



Uncoated MF – 2nd largest market share





# PACKAGING BOARDS



**FRUIT AND VEGETABLES**



**FOOD PACKAGING**

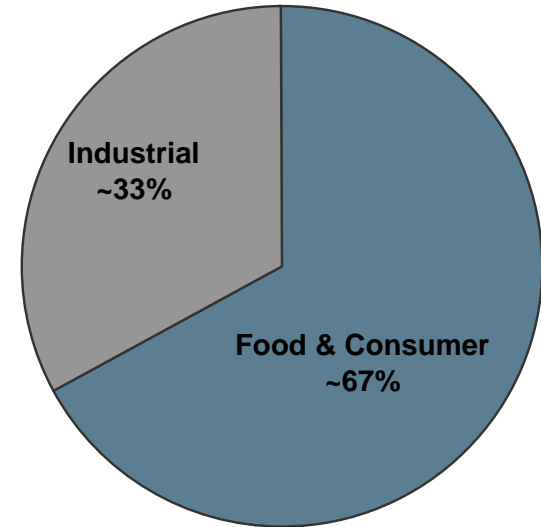


**LIQUID PACKAGING**



**PROMOTION PACKAGING**

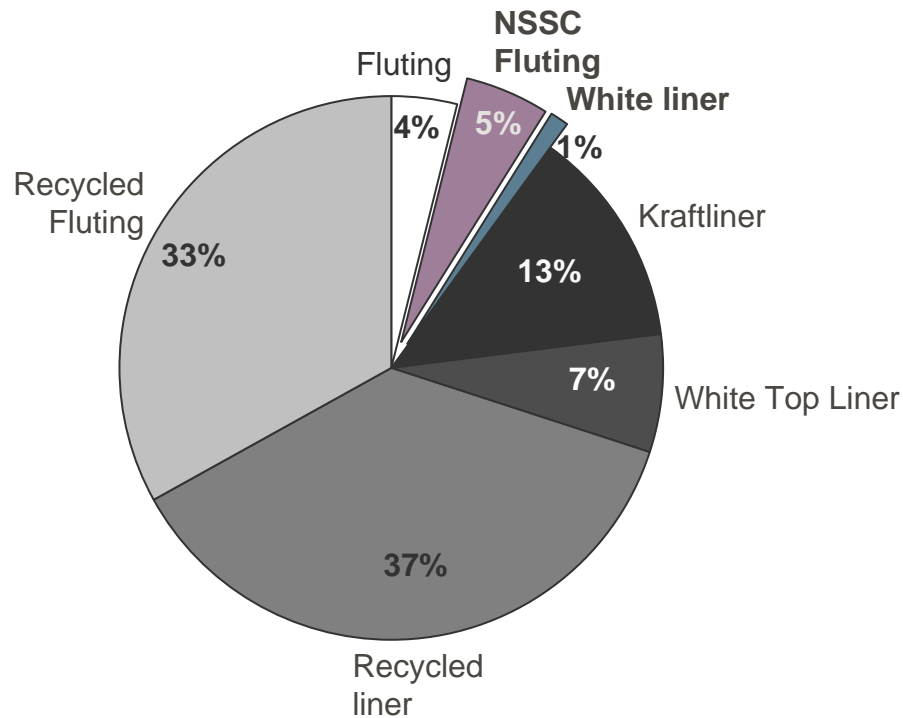
## Sales volumes breakdown



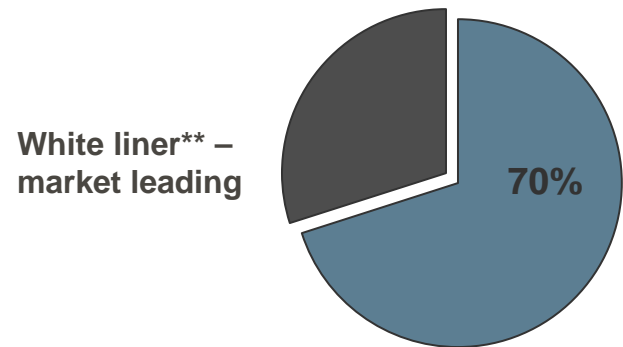
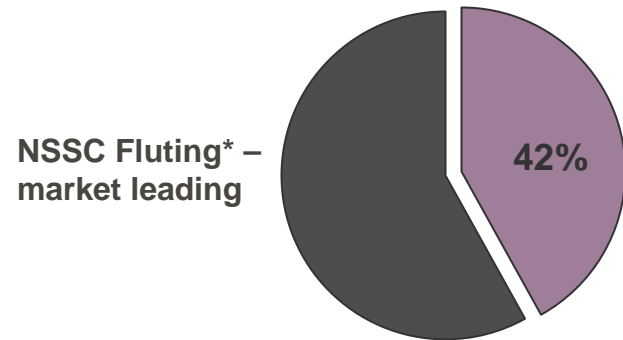


# EUROPEAN LEADING NICHE PRODUCER

**Total market ~ 23 million tonnes**



**Market shares**

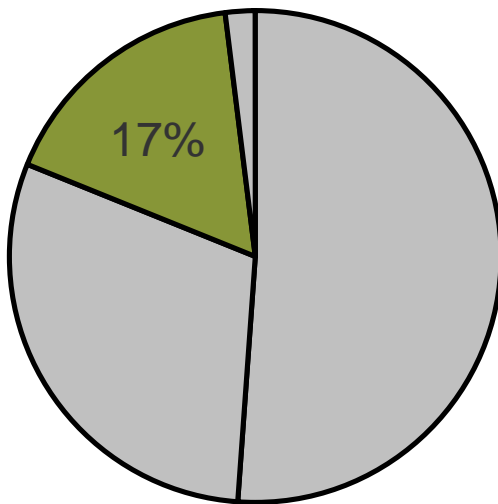




## MARKET PULP

- Long-fibre market pulp
- Key markets are Europe and Asia
- ~100 customers

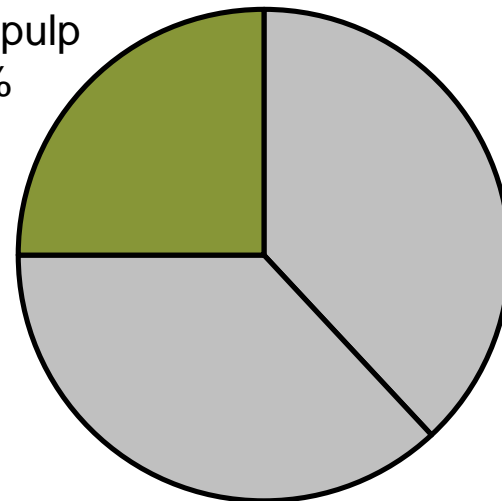
**Net sales breakdown**



Sales 2009: SEK 1,338 million

**Deliveries breakdown**

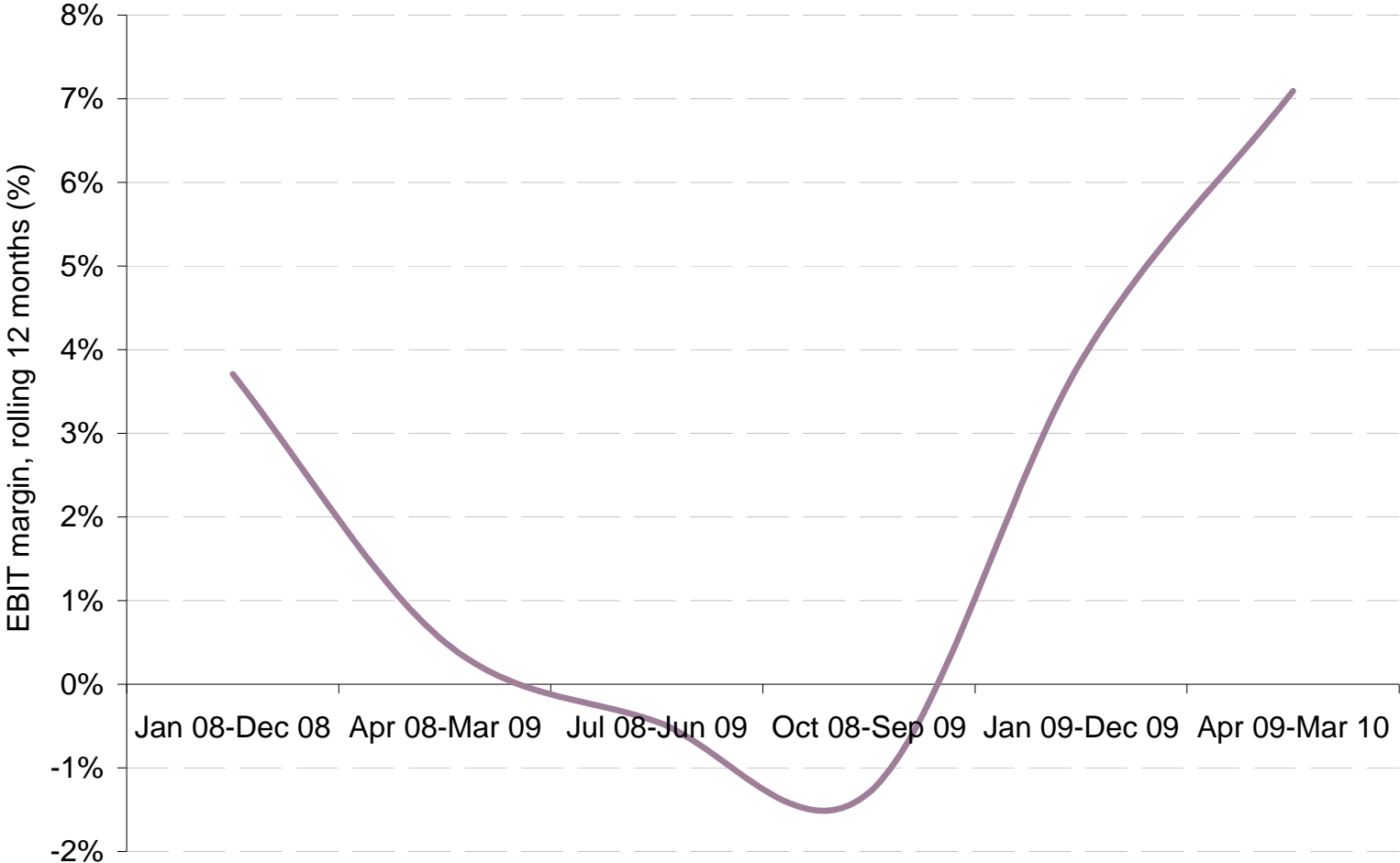
Market pulp  
25%



Deliveries 2009: 316 ktonnes



# STRONG MARGIN RECOVERY



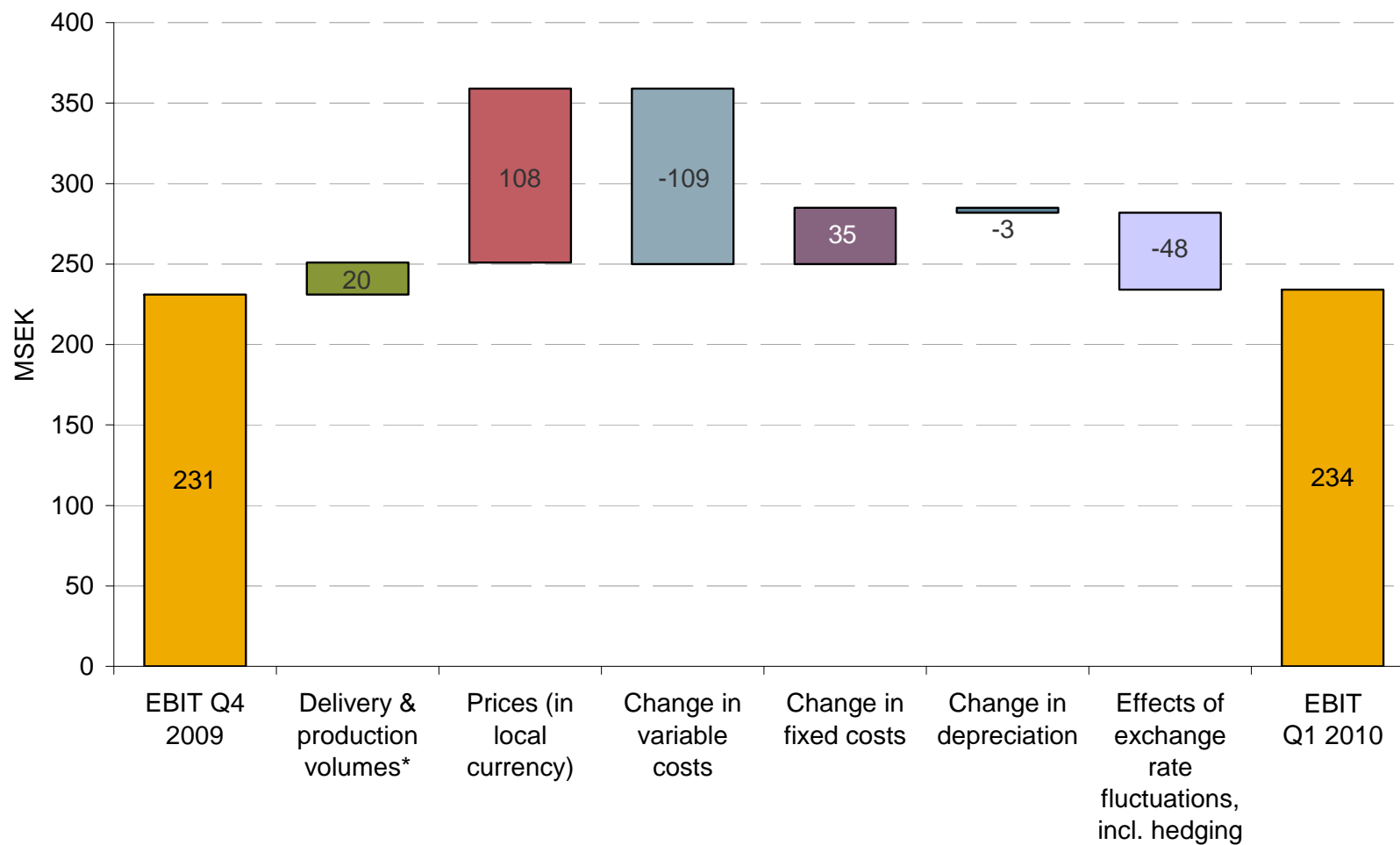


## KEY FIGURES

	Q1 2010	Q4 2009	Q1 2009	vs. Q4 2009	vs. Q1 2009
Deliveries ('000 tonnes)	343	336	325	+2%	+6%
Net sales, MSEK	2,190	2,060	1,900	+6%	+15%
Operating profit, MSEK	234	231	-37	+1%	N/A
Operating margin	11%	11%	-2%	+/-0	+13
Profit/share, SEK	1.52	1.55	-0.53	-2%	N/A
Debt/Equity ratio	0.24	0.29	1.08	+0.05	+0.84



## EBIT BRIDGE Q1 2010 vs. Q4 2009

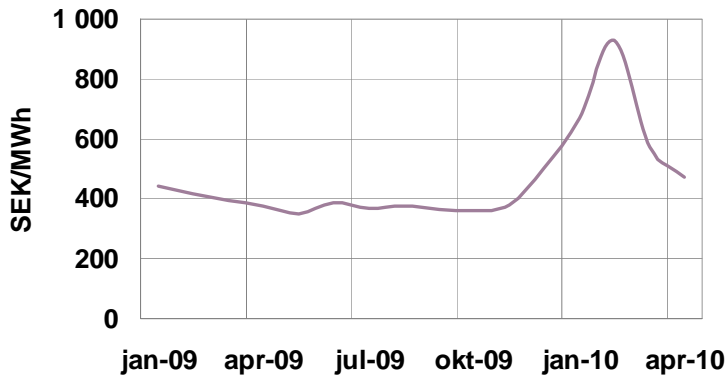


\* Includes product mix.



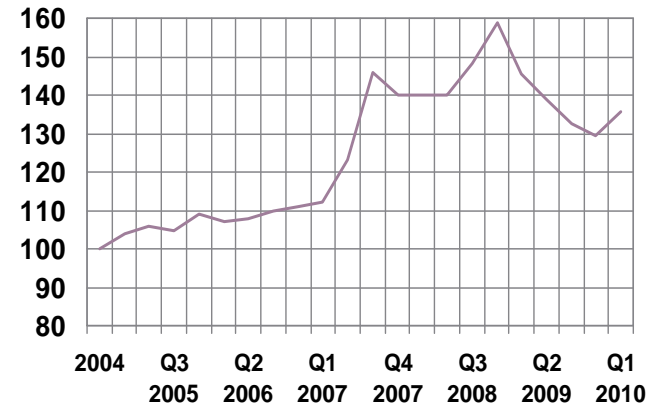
# MARKET PRICES AFFECTING RESULT

## Electricity prices\*



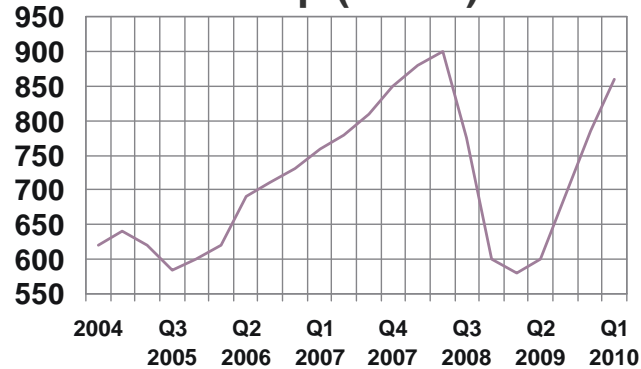
\*Spot prices

## Wood price index



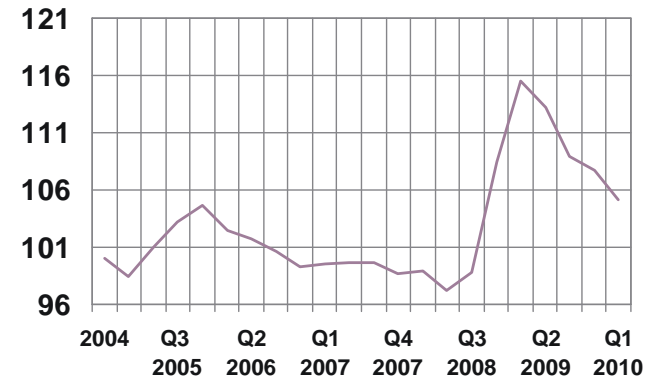
Source: Billerud

## Market Pulp (USD/t)



Note: Average price for the quarter

## TCW index



Source: Riksbanken

Note: Total Competitiveness Weights index



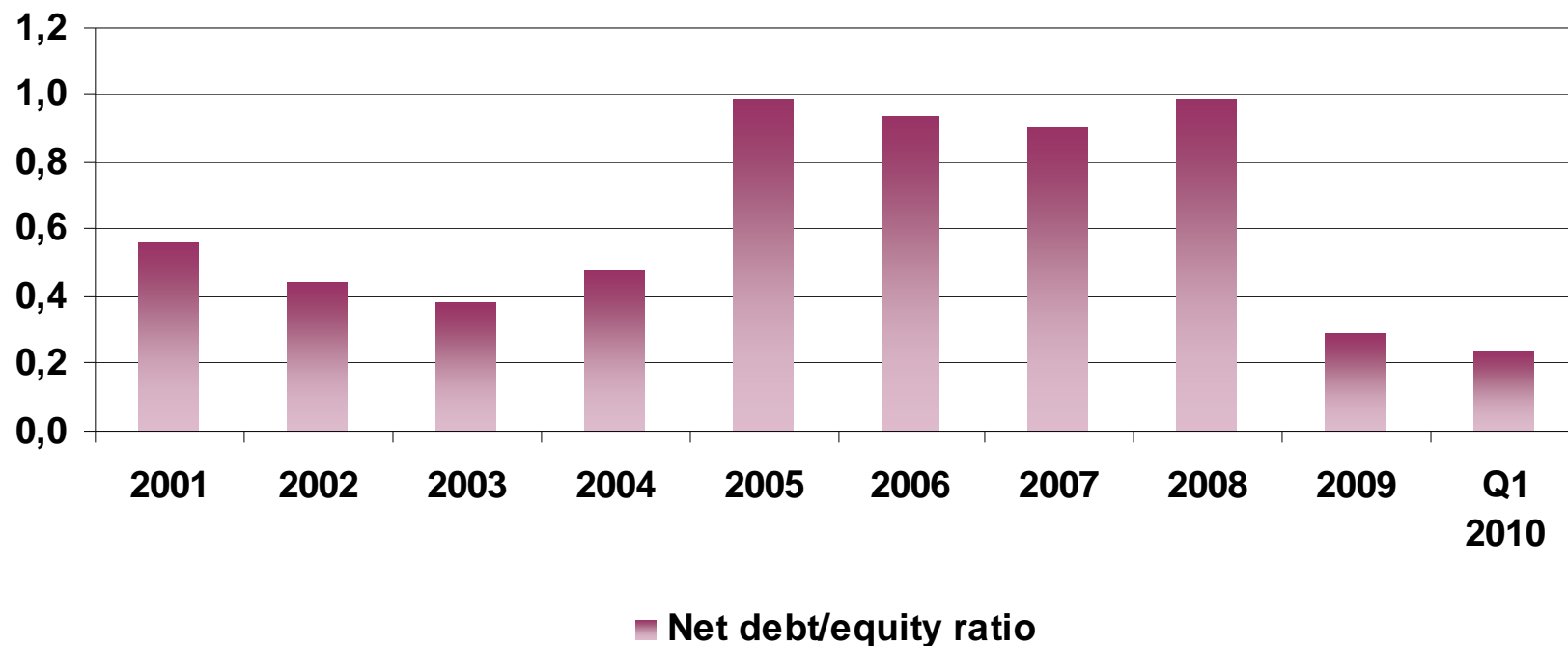
## CONTINUED STRONG CASH FLOW

MSEK	Q1 2010	Q1 2009	FY 2009
Operating surplus etc	379	49	862
Working capital change	-88	-163	116
Finance net, taxes	-30	-46	-124
<b>Cash flow from operating activities</b>	<b>261</b>	<b>-160</b>	<b>854</b>
Current net investments	-50	-45	-257
Business combinations	-	-36	-35
Net investments of financial assets	-30	-	-
<b>Operating cash flow</b>	<b>181</b>	<b>-241</b>	<b>562</b>
Rights issue	-	-	925
Other	-5	-15	-22
<b>Change in net debt <sup>1)</sup></b>	<b>176</b>	<b>-256</b>	<b>1 465</b>

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



# NET DEBT/EQUITY RATIO DEVELOPMENT



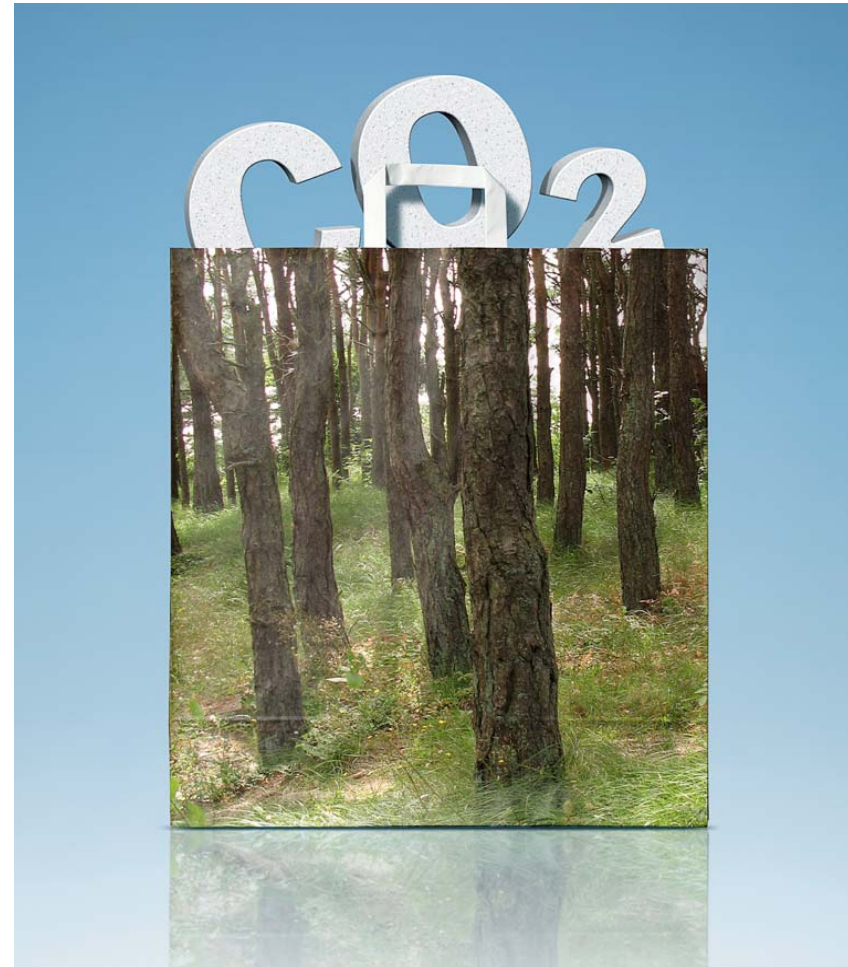
## OUTLOOK

- The second quarter of 2010 started with continued good demand within all segments
- Price increases have been implemented for all products and further price increases have been announced in order to gradually restore prices to sustainable levels in the long term
- Strike action during the second quarter will have a negative effect on total deliveries for the full year



## KEY MESSAGES

- Leading market niche positions
- Strong customer focus
- Ambition to drive innovation
- Packaging solutions a new offering
- Integrated and cost-efficient pulp and paper mills
- Environmental concern impacts demand





# Q&A

