

Q1 2025 pre-close summary

Outlook for the first quarter of 2025

- Solid market conditions for Region North America
- Normal conditions for Region Europe except for cartonboard and coated liner that will remain weak
- Pricing continues to offset input cost increase
- Temporarily lower sales volumes in Region Europe

Billerud expects normal market conditions for most categories in Region Europe except for coated liner and cartonboard which are expected to remain weak. Sales volumes in Region Europe are estimated to be 30–60 ktons lower than in the fourth quarter of 2024. Prices for liquid packaging board have been raised from 1 January. Solid conditions for graphic and specialty paper in North America are expected and Billerud announced a price increase on coated freesheet reels (graphical paper) in January. Total input costs are expected to increase, mainly for wood in Europe and logistics in the US, as well as seasonally higher energy costs in both regions.

Volume development

The sequential decline in sales volumes for Region Europe (-30-60 ktons) is expected to be in the market pulp and liquid packaging board segments. Pulp sales in Europe were higher than normal in the fourth quarter of 2024. Liquid packaging board sales volumes are expected to decrease temporarily due to high inventory levels in Asia at the beginning of the year.

Price development

Region Europe: In the first quarter there will be price increases on our liquid packaging board segment, which will be partly offset by price declines in our paperboard and sack and kraft segments. In total for Region Europe, we expect a positive pricing impact of approximately 1% in the first quarter of 2025 compared to the fourth quarter of 2024. We have announced price increases on containerboard grades (10-14%) and sack paper (6-8%) from 1 March, which will have a positive impact from the second quarter 2025 and onwards.

Region North America: We expect no pricing impact in the first quarter compared with the fourth quarter of 2024. We have announced up to 5% price increase for coated freesheet reels, which represent approximately 60% of our total graphical sales in the region. This price increase will have a positive impact from the second quarter 2025 and onwards. We have also announced a price increase on NBHK pulp of 80 USD/ton, which will have a positive impact from the second quarter 2025 and onwards.

Cost development

We expect sequentially higher fiber costs in Region Europe in the first quarter 2025 due to full quarter impact from price list changes in the fourth quarter. We anticipate a sequential negative impact of approximately SEK 30 million on input costs in Europe in the first quarter 2025. In February and March 2025 there have been several price list increases in the Swedish pulpwood market, which are expected to increase fiber costs for Billerud from the second quarter 2025 and onwards.

We expect sequentially SEK 30-40 million higher input costs in Region North America in the first quarter 2025, primarily due to higher energy costs and freight rates.

The effect of fixed costs under-absorption in the fourth quarter of 2024 was approximately SEK -150 million and this effect is expected to be reversed in the first quarter of 2025.

Costs for the annual maintenance shutdown in Gruvön in the first quarter 2025 are estimated to SEK 50 million. Compared with the fourth quarter of 2024, when total annual maintenance shutdown costs were SEK 109 million, maintenance shutdowns in the first quarter of 2025 will thus have a positive sequential impact of around SEK 60 million.

The financial net in the first quarter of 2025 is expected to be approximately SEK 80-120 million.

Currency effects

FX rates (major currency exposures)

Currency	Average FX rates Q4'24	Average FX rates Q1'25	FX rates on 31 Dec'24	Estimated FX rates on 31 Mar'25*
USDSEK	10,6	10,9	11,0	10,1
EURSEK	11,5	11,4	11,5	11,0

*Spot rates on 24 March 2025.

The net result of currency flows and revaluation of accounts payables is expected to have a positive impact on the result of Region Europe of approximately SEK 50-80 million compared to the fourth quarter 2024.

The translation impact for Region North America is expected to have a positive impact of approximately SEK 10-30 million compared to the fourth quarter 2024 (based on the regions profitability level in the fourth quarter of 2024).

For the first quarter of 2025, Billerud has hedged 83% of the EUR net exposure and 79% of the USD net exposure. Based on the difference between the spot exchange rates on 24th March compared with the hedge rates provided in the latest interim report, the net result of currency hedging and revaluation of accounts receivables, reported on the row "Currency hedging etc" in the segment Other is estimated to approximately SEK -130-150 million in the first quarter of 2025. Since the corresponding result in the fourth quarter of 2024 was SEK 36 million, the sequential negative change of "Currency hedging etc" result is expected to be approximately SEK -170-190 million.

Estimated currency impact from major currency exposures, per region and business segment

Region & Business Segment	Estimated earnings impact Q1'25 vs Q4'24
Europe	+50-80
North America	+10-30
Currency hedging etc.	-170-190

Impact of US tariffs

Billerud's results in the first quarter of 2025 are not expected to be impacted by the introduced US tariffs. Tariffs imposed on imports from Canada may have a positive impact on our North American operations as it may increase our capacity utilization and paper sales in the US. Billerud makes limited purchases of chemicals, pulpwood and electricity from Canada, the imposed tariffs may lead to slightly higher costs for Region North America.

Additional escalation of tariffs between US and its trading partners could impact the macro-economy and the global pulp, paper and packaging industry. Billerud's exports from the EU to the US represent 2% of Group total net sales.

Items affecting comparability

No items affecting comparability are expected for the first quarter of 2025. Items affecting comparability in the fourth quarter of 2024 amounted to SEK 373 million.