



BILLERUD

Capital Markets Day 2024

“Evolve & Strengthen”



Agenda

13:00

Our Way Forward

Ivar Vatne, CEO

14:45

Embed sustainability in everything we do

Ulrika Wedberg, EVP Sustainability

13:30

Region North America – Evolve

Doug Schwartz, President North America

Brian Boland, SVP Marketing North America

14:55

Financial targets and capital allocation

Andrei Krés, CFO

14:00

Break

15:20

Q&A

14:15

Region Europe – Strengthen

Ivar Vatne, CEO

Gert Larsson, SVP Operations Billerud Europe

16:00

Concluding remarks Mingle and refreshments

Our Way Forward



Ivar Vatne
CEO



This is Billerud...

This is Billerud...



We are a leader in
high performance
paper and packaging
materials

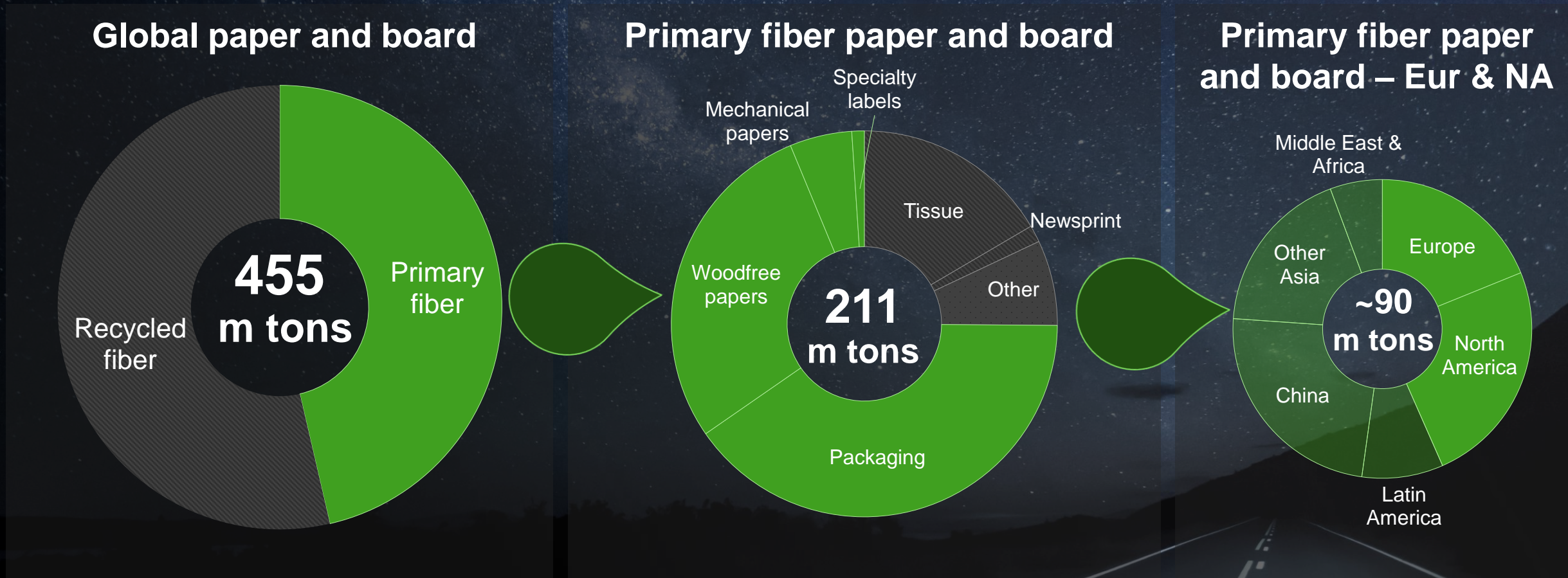
Materials used by millions of people all over the world, every day

Industry know-how and production expertise to develop and produce outstanding material quality

Dedicated to a future where lighter, stronger, more durable, and sustainable materials are the norm, not the exception

This is Billerud...

We are a primary fiber producer and operate in ~20% of the global paper and board universe



This is Billerud...

The expansion to North America has fundamentally strengthened Billerud

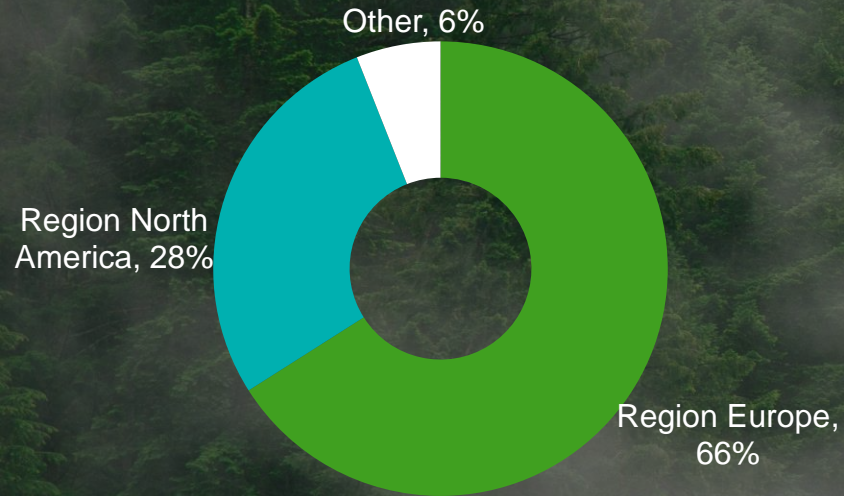
Net sales (SEK bn)



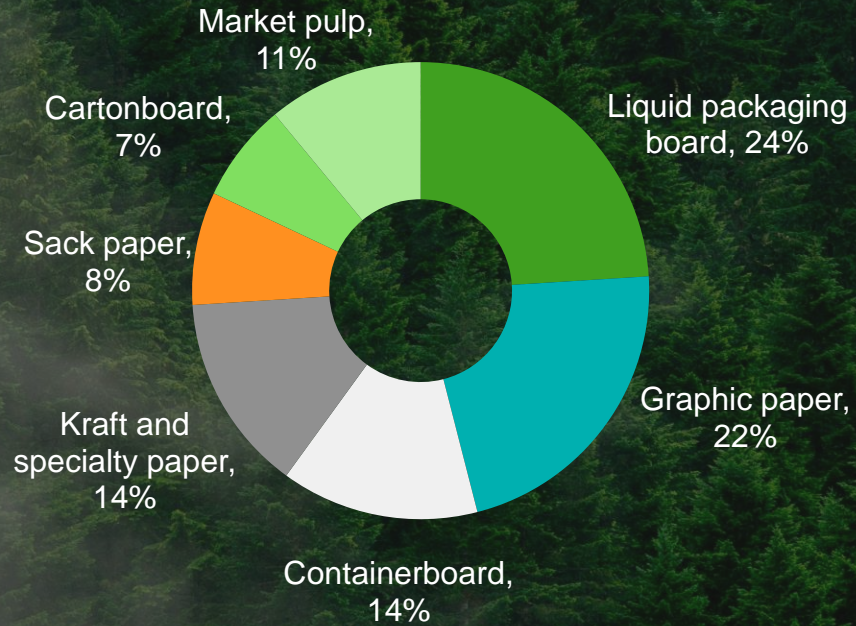
This is Billerud...

...enabling a well diversified business

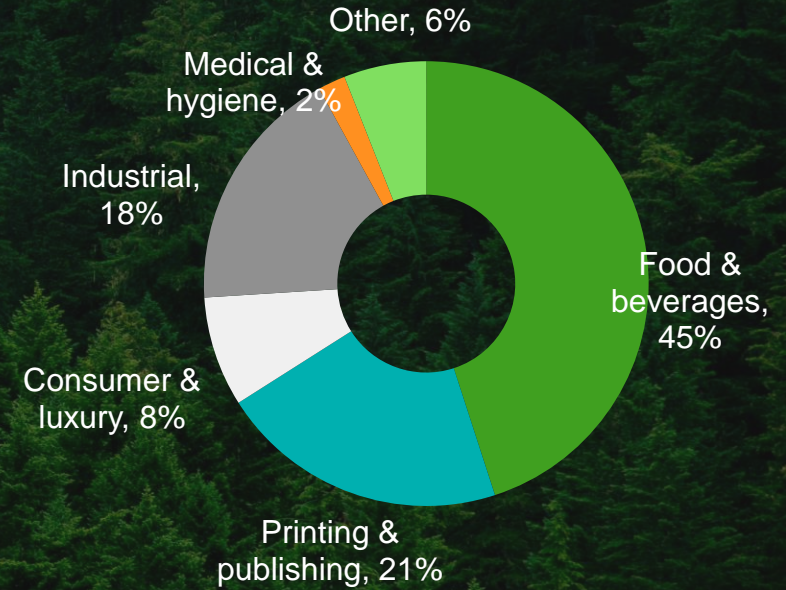
Net sales by region



Net sales by product category

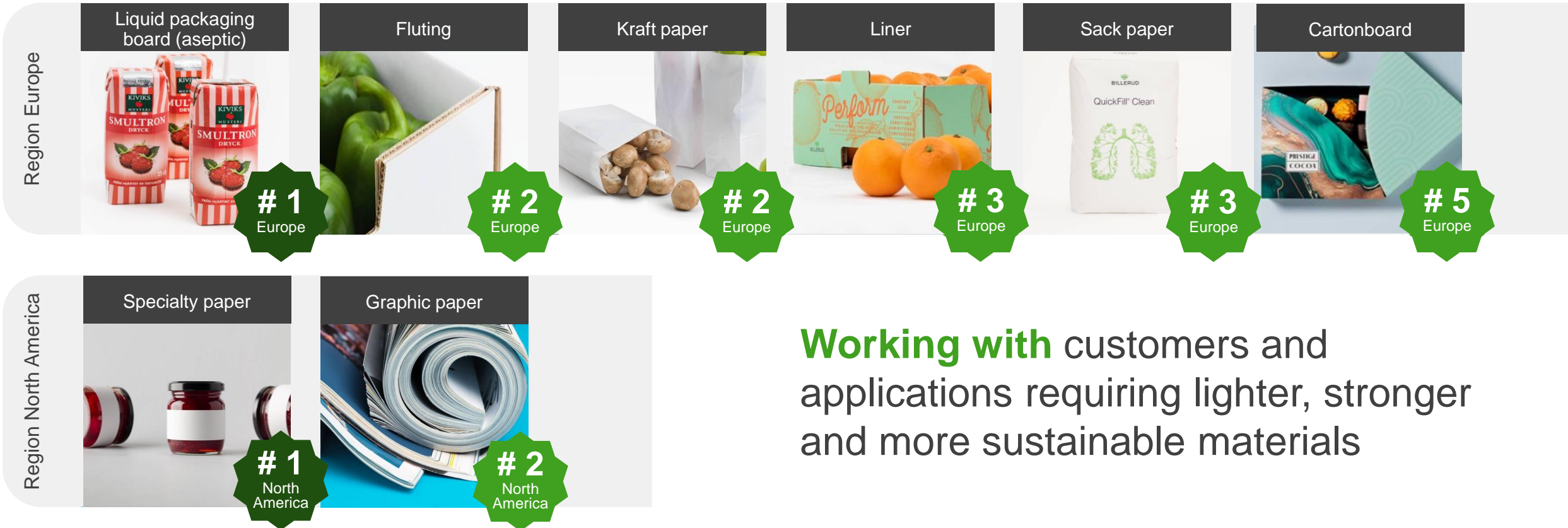


Net sales by channel / customer



This is Billerud...

Strong positions in core markets due to our superior product performance and manufacturing expertise



Working with customers and applications requiring lighter, stronger and more sustainable materials

We asked our customers...

“What are the first attributes you spontaneously think of when hearing the name Billerud?”

This is Billerud...

We are known for our high-quality products

“ Quality. The products that we buy from Billerud are recognized as market leaders.
- Cartonboard Customer

“ They always maintain excellent quality.
- Containerboard Customer

“ I consider them to be the best.
- Paper Customer

“ Product quality is the first thing I think of, and especially that it is consistent.
- Paper Customer

“ The quality is really very good.
- Cartonboard Customer

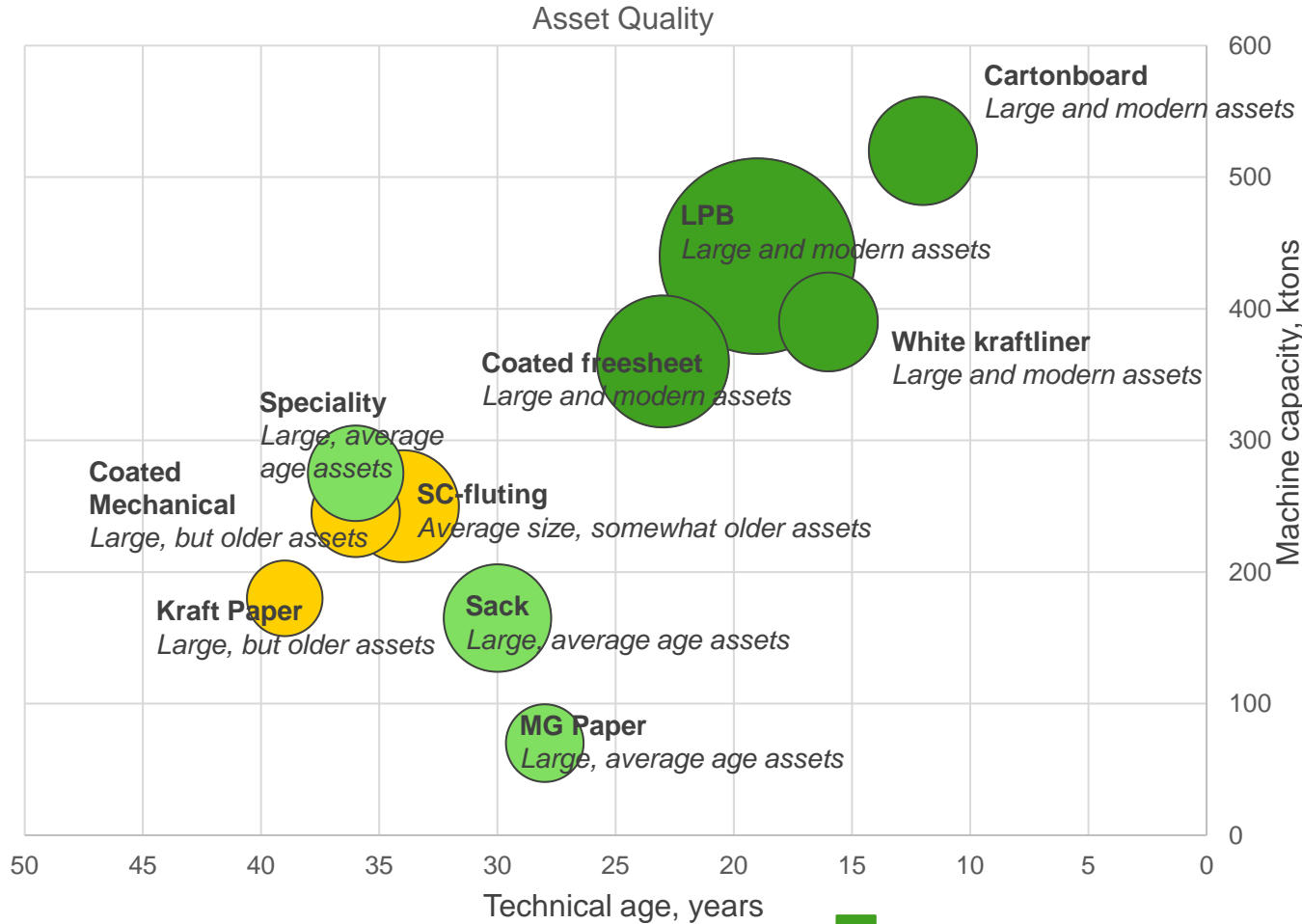
“ The best today on package forming compared with others.
- Liquid Packaging Board Customer

“ They are innovative. They are always finding ways to try and improve their product.
- Paper Customer



This is Billerud...

...empowered by our solid assets



Pulp mills	ktons	Number of pulp lines	Recovery boiler start-up (latest rebuild)
Gruvön	670	3	2000 (2024)
Gävle	700	3	1968 (2010), 1987 (2009)
Frövi	280	2	2023
Skärblacka	450	3	1975 (2013)
Karlsborg	350	1	1980 (2003)
Rockhammar	150	1	-
Quinnesec	475	1	1985 (1995)
Escanaba	430	2	1972 (1996)

Source: AFRY, bubble size indicates grade capacity

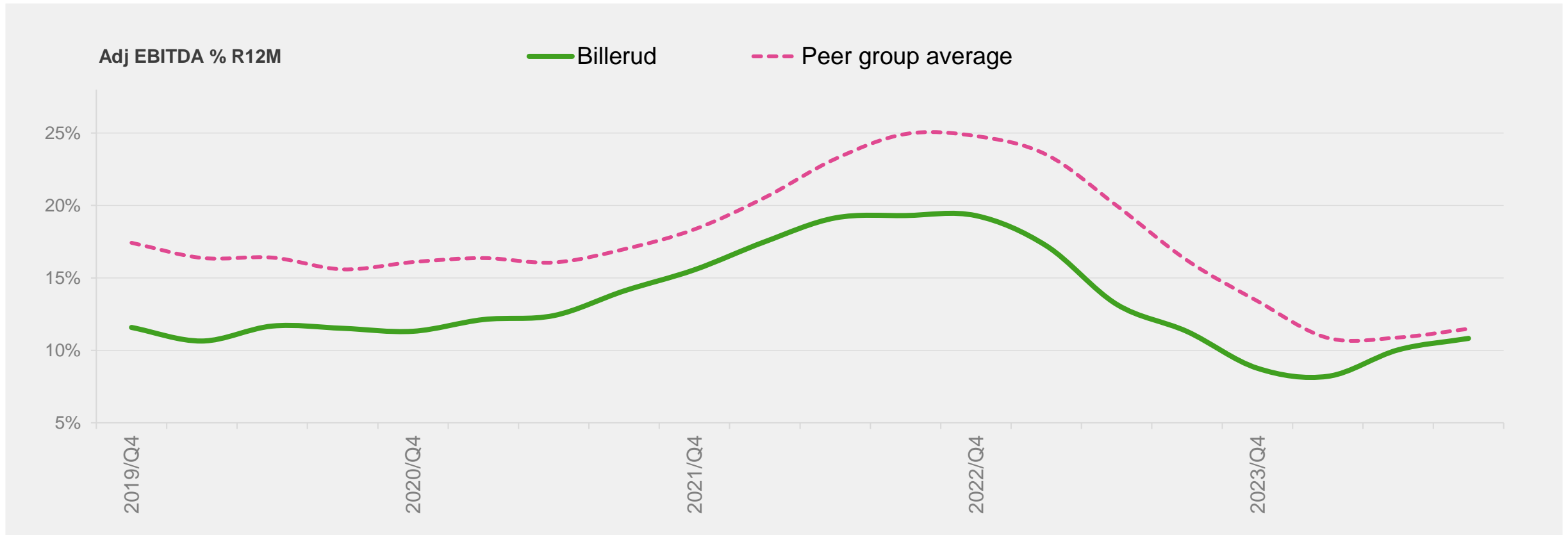
- Large and modern assets
- Large, average age assets
- Large/average size, older than industry assets

An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. The road is the central focus, with its white lane markings and yellow guardrails visible. The surrounding trees are a mix of dark and light greens, suggesting a healthy, mature forest. The lighting is soft, creating a serene and natural atmosphere.

Key deliverables in recent years

Key deliverables in recent years

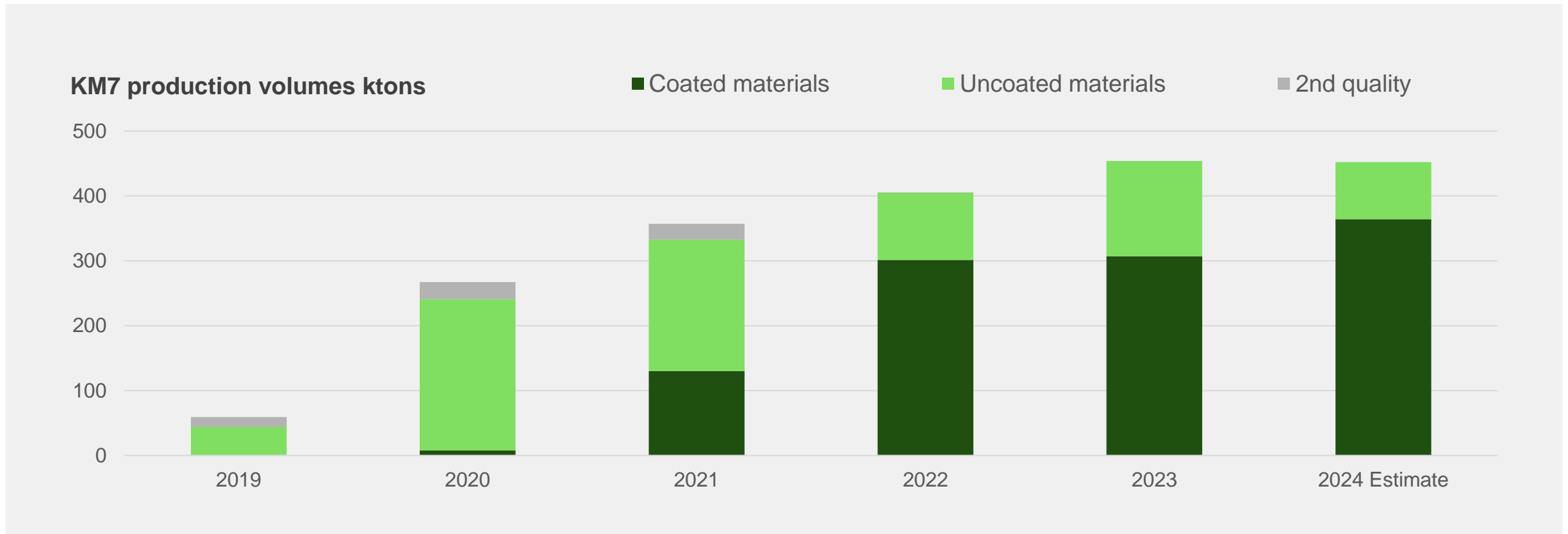
Our relative profitability position has strengthened within the industry



Peer group: Stora Enso Packaging Materials, MetsäBoard, Holmen Board & Paper, SCA Containerboard, Nordic Paper, Mayr-Melnhof Board & Paper

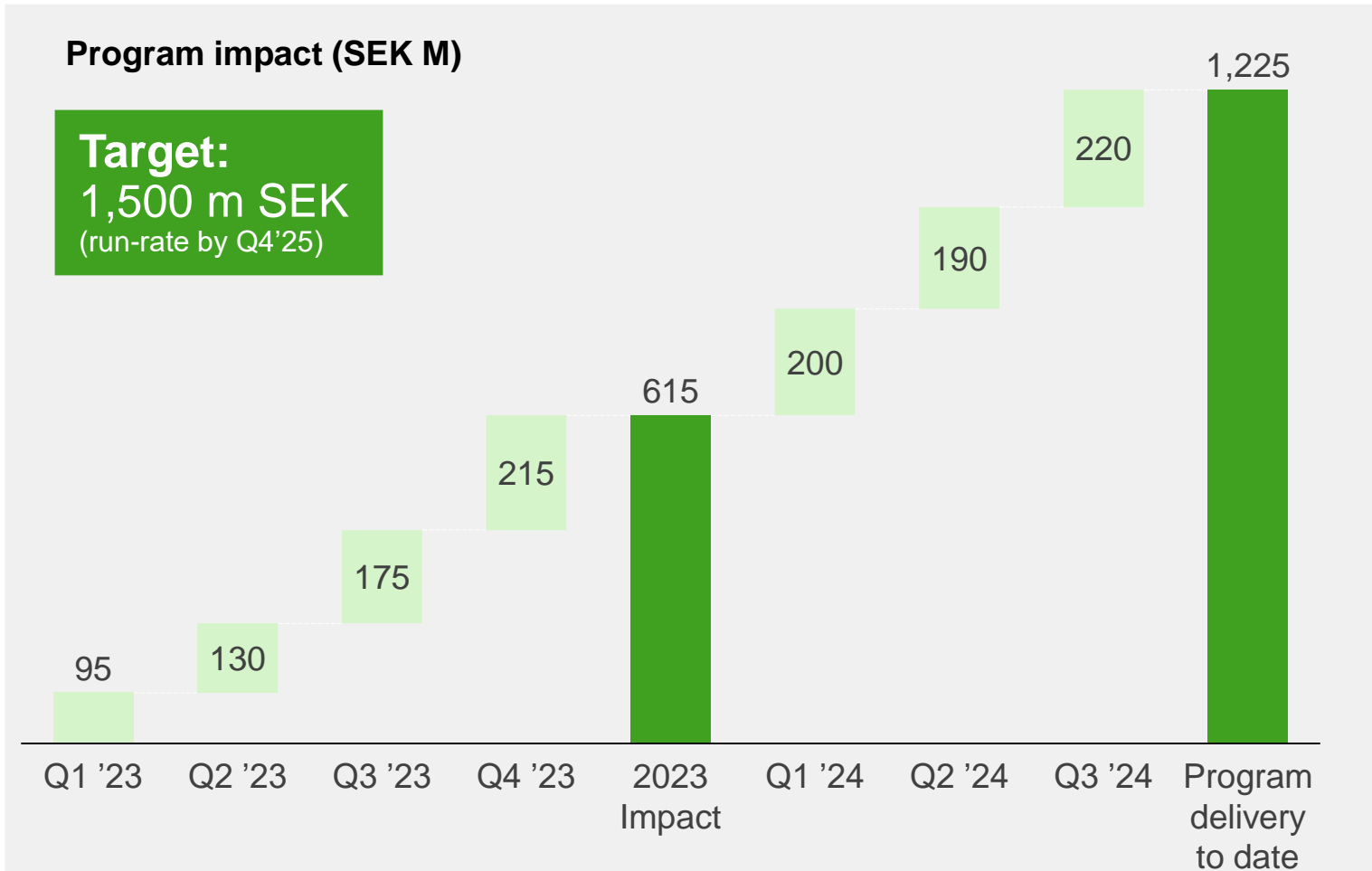
Key deliverables in recent years

Gruvön KM7 ramp-up has gained excellent momentum and there is still more growth potential



Key deliverables in recent years

Efficiency enhancement program delivering ahead of time



190 initiatives across all functions

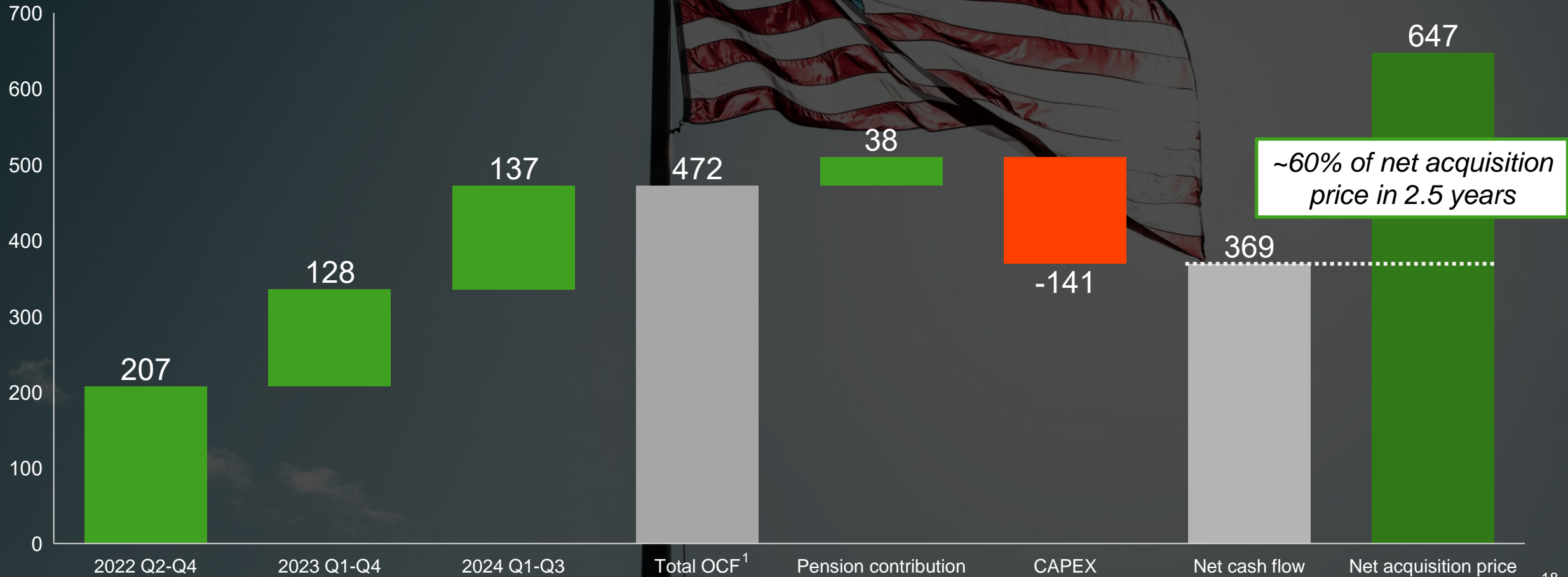
50% of impact delivered from cross-functional activities

>200 employees actively engaged in initiatives

Key deliverables in recent years

Expansion into North America - a success

North America Cash Flow (USD m)



1. Operating cash flow

Key deliverables in recent years

New recovery boiler in Frövi completed

- On time, on specifications, on budget, done safely
- Increased efficiency
- Improved environmental performance
- A platform for further growth



An aerial photograph of a winding asphalt road through a dense forest. The trees are in various stages of autumn, with some showing vibrant yellow and orange leaves, while others remain green. The road curves through the landscape, and the overall scene is captured from a high angle, looking down on the terrain.

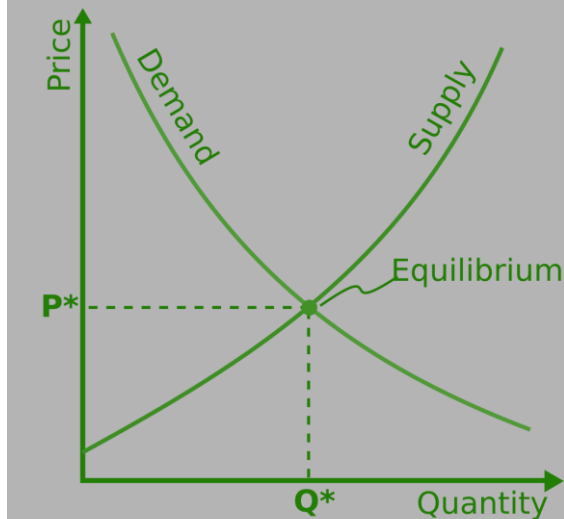
Changing conditions

The operating environment has changed – in Europe in particular

Fiber situation in Nordics is under pressure



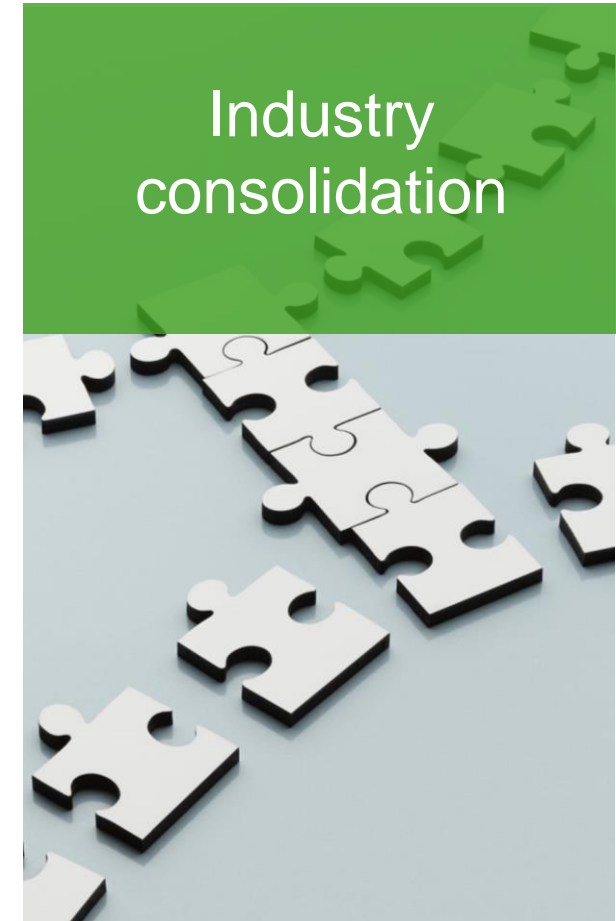
Overcapacity concerns in some segments



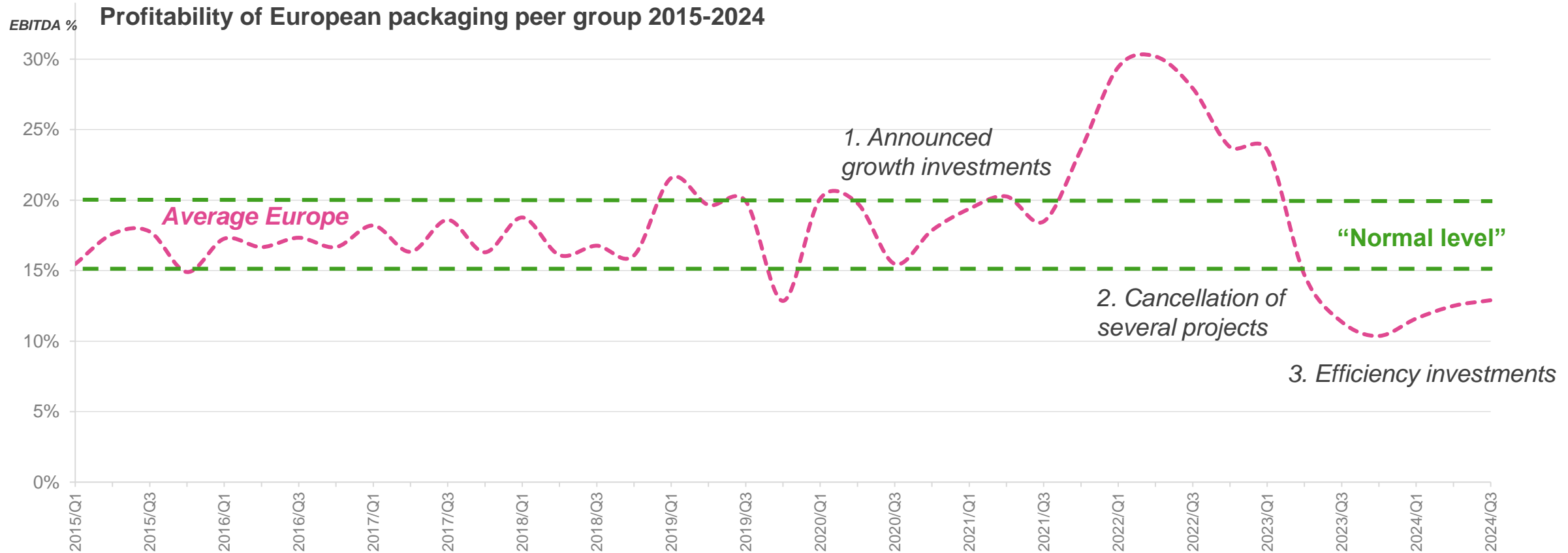
New EU legislation



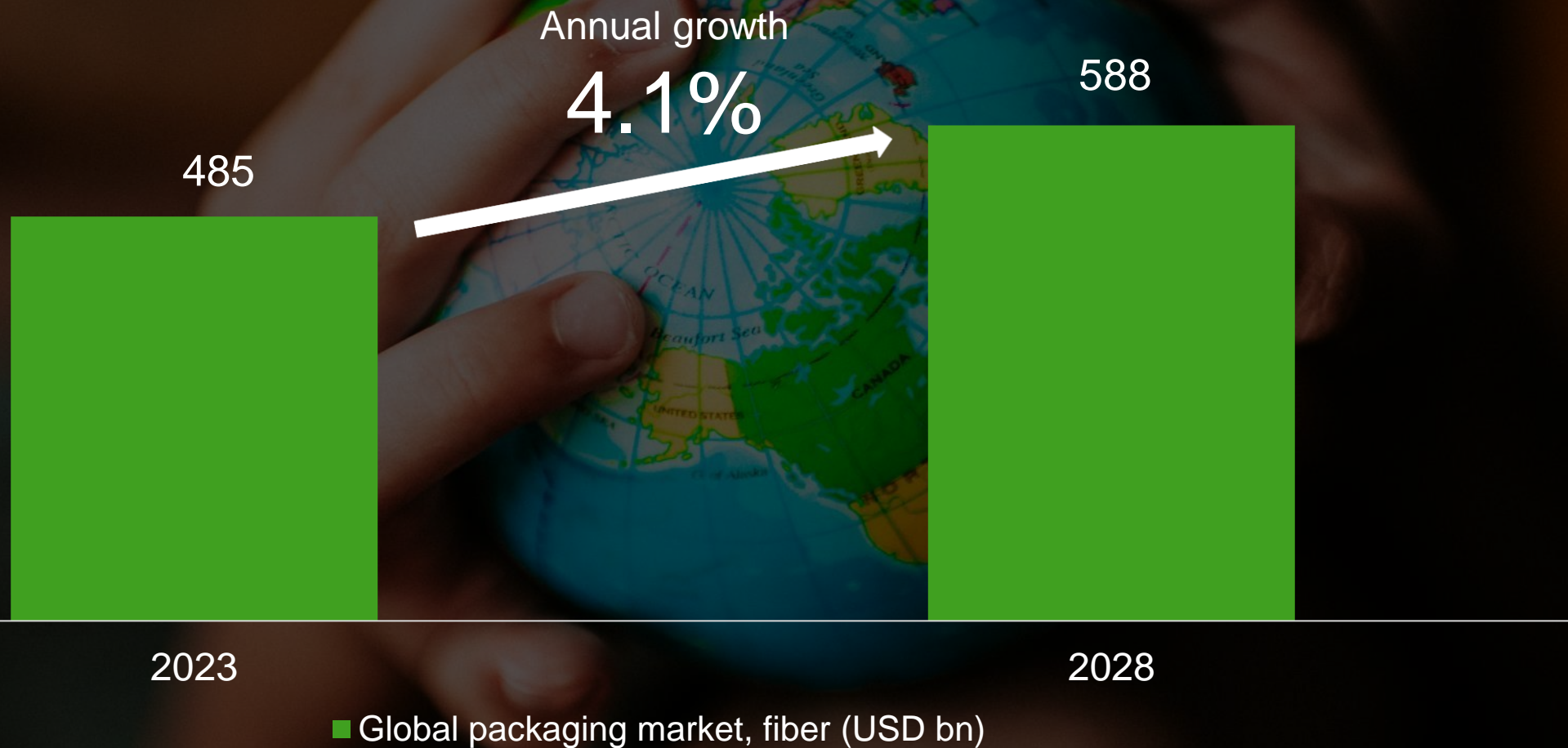
Industry consolidation



The entire European pulp & paper industry is under structural pressure



However, the long-term potential of fiber based packaging is significant



Our Way Forward

Billerud's strategy

- **Safety first:** We choose to be safe every day
- **Our purpose guides us:** *We make high performance packaging materials for a low carbon society*
- **We lean on our values:** “We care for each other” and “We do what we say”



Updated targets with focus on profitability and asset efficiency

FINANCIAL GOALS



ROCE

EBITDA margin

Cash conversion

>11%

>15%

>80%

POLICY



Net debt / EBITDA

Dividend ratio

<2.5

>50% of net profit

SAFETY & CLIMATE IMPACT



LTIFR

CO₂e reduction by 2030

<1.5

42% reduction*

This is Billerud going forward...

- Predictability of our strategic choices
- Continued leader in high performance paper and packaging materials
- Industry leading sustainability performance
- Stronger focus on value creation
- Profitability over sales growth
- Adapt capacity to run at higher efficiency when beneficial
- Modest strategic capex - focus on North America

Region North America – Evolve



Doug Schwartz

President North America

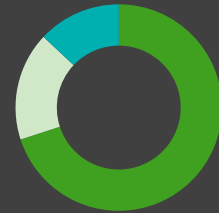


Brian Boland

SVP Marketing North America

We have the capacity to supply over 1 million tons of paper and market pulp per year

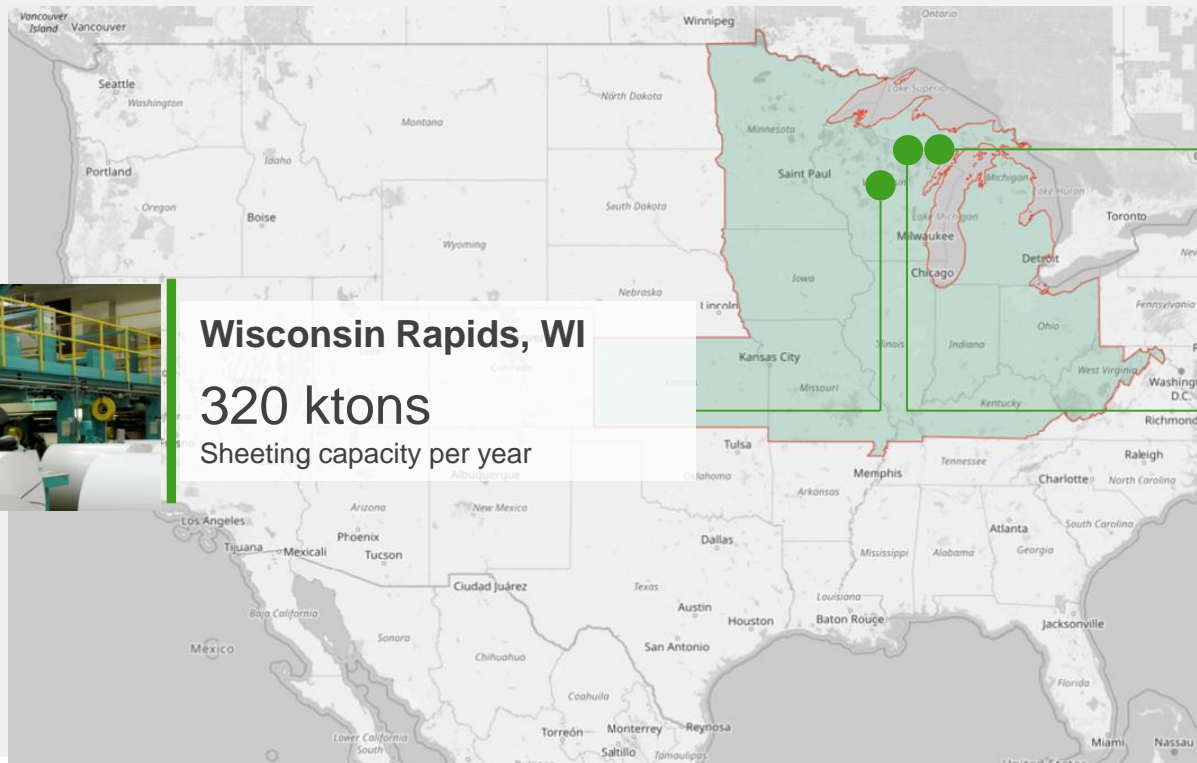
SEK 11.7 bn
Net sales¹



Split by product category¹

- Graphic paper, 70%
- Specialty paper, 17%
- Market pulp, 13%

16%
EBITDA margin¹



Wisconsin Rapids, WI

320 ktons
Sheeting capacity per year



Escanaba, MI

660 ktons
Capacity per year



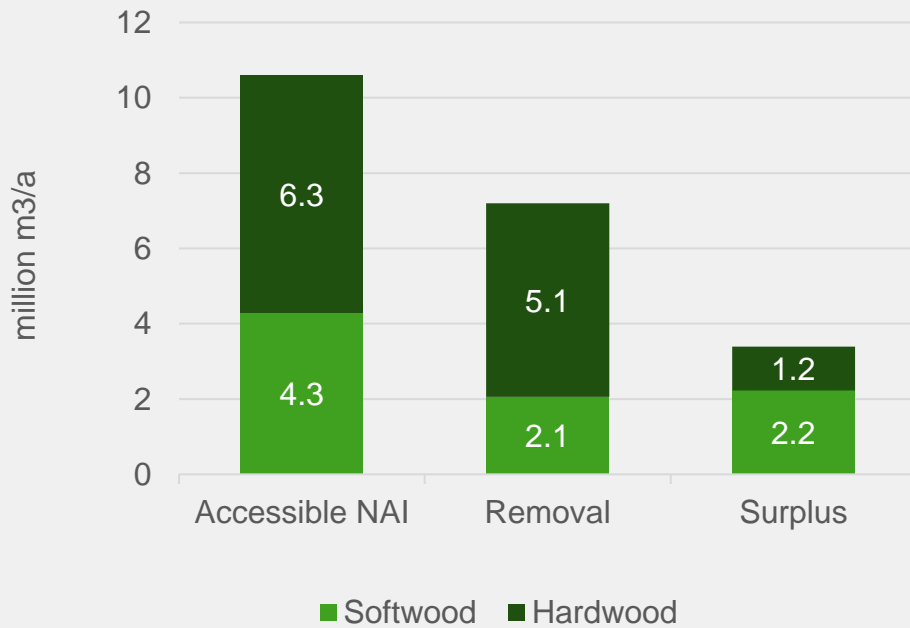
Quinnesec, MI

430 ktons
Paper capacity per year
210 ktons
Market pulp capacity per year

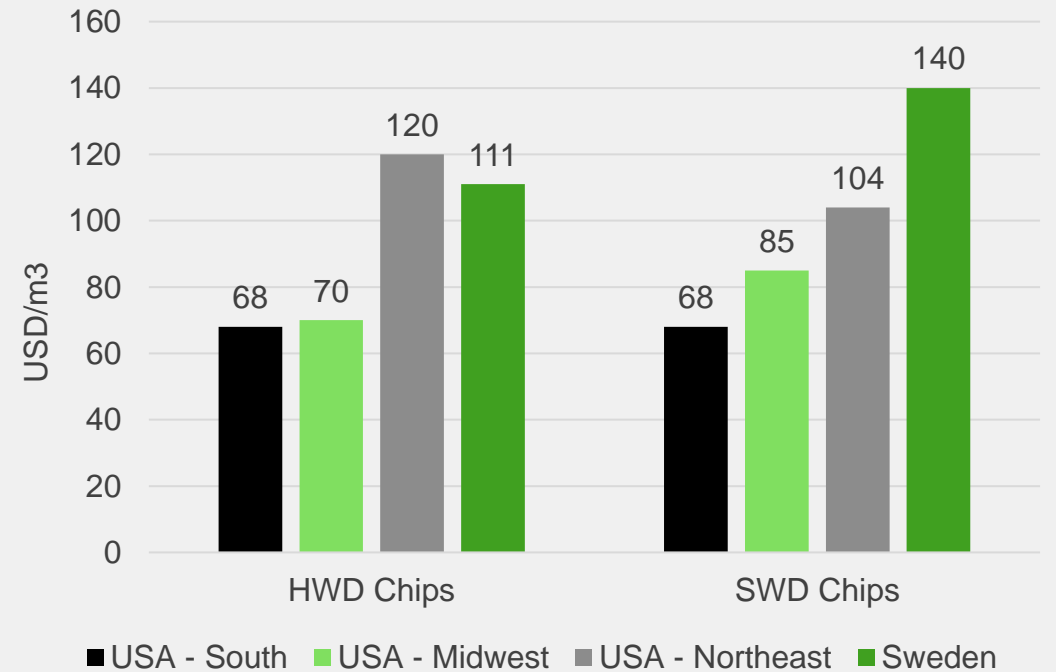
1) L12M Q3 '24

Access to abundant low-cost fiber in the upper Midwest

Net Annual Increment (NAI), removal and surplus
Michigan Upper Peninsula & WI Northeast



Regional fiber procurement costs



Our capability, unique geography and industry structure give us the right to win



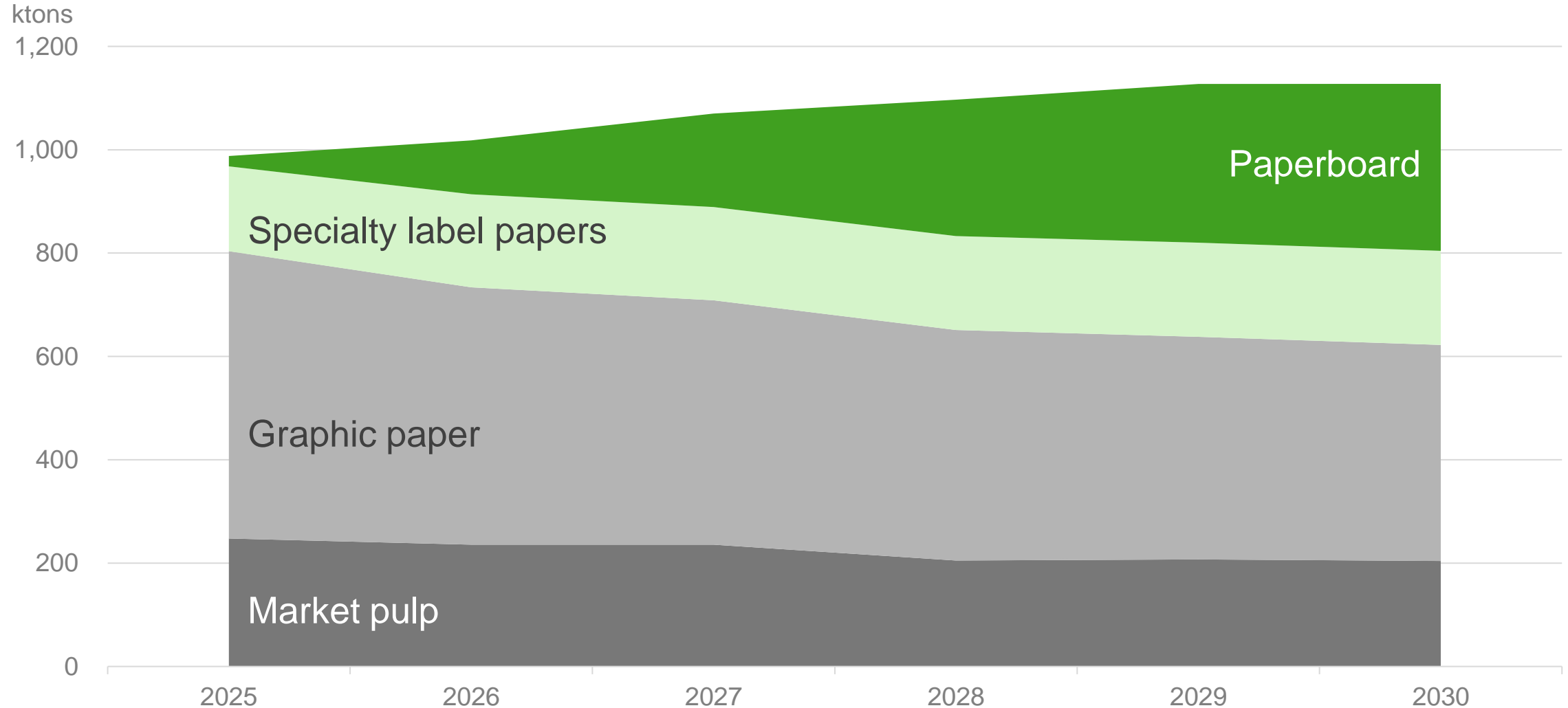
Commitment to graphic and specialty papers

Evolve towards packaging materials with modest capex

Optimize capacity utilization and strengthen profitability

EBITDA >18% over a business cycle

Increasing capacity utilization by expanding into paperboard



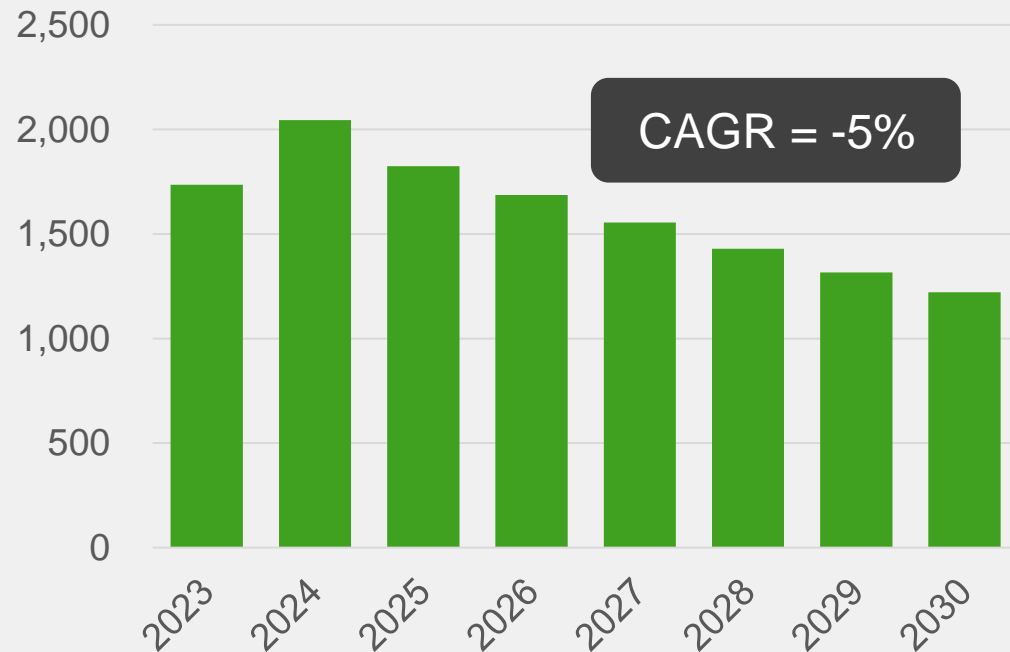
What is Coated freesheet (CFS)?

Coated freesheet papers are used in high quality printed communications, including direct mail, brochures, catalogs, magazines, corporate collateral, and books

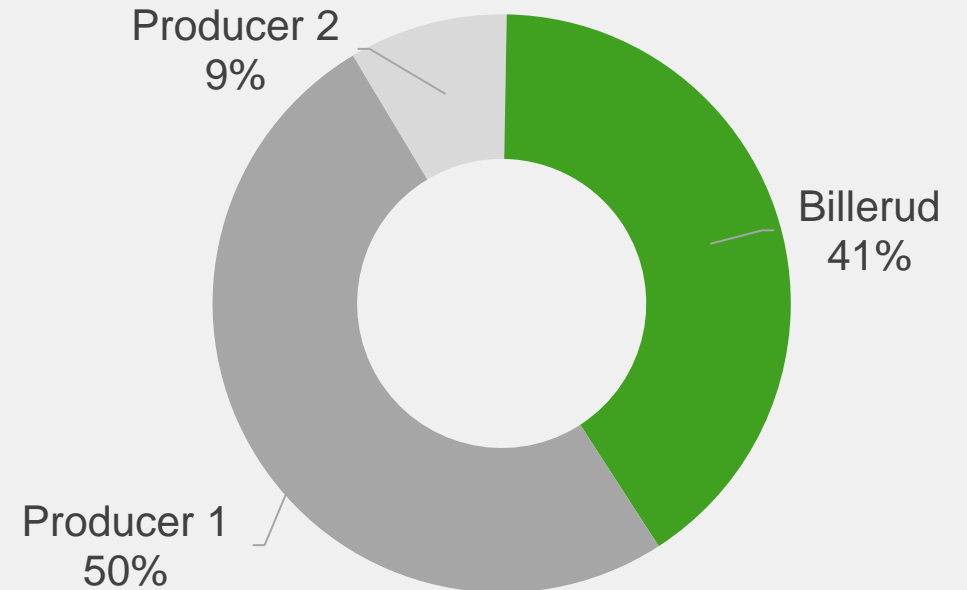
We are a market leader in North American produced coated freesheet

Coated freesheet is in secular decline

NA CFS demand, m metric tons



Majority of CFS capacity held by two producers



~70% of our CFS ships to the Midwest

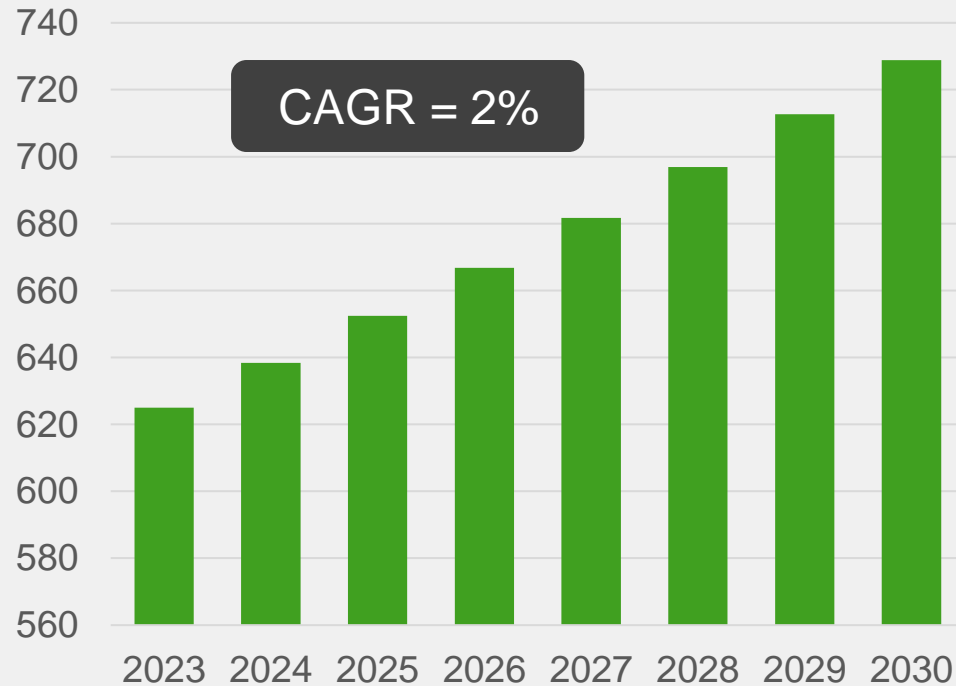
What are specialty label papers?

Our **specialty label papers** include face stock and release liner base papers for pressure sensitive, glue-applied and thermal applications

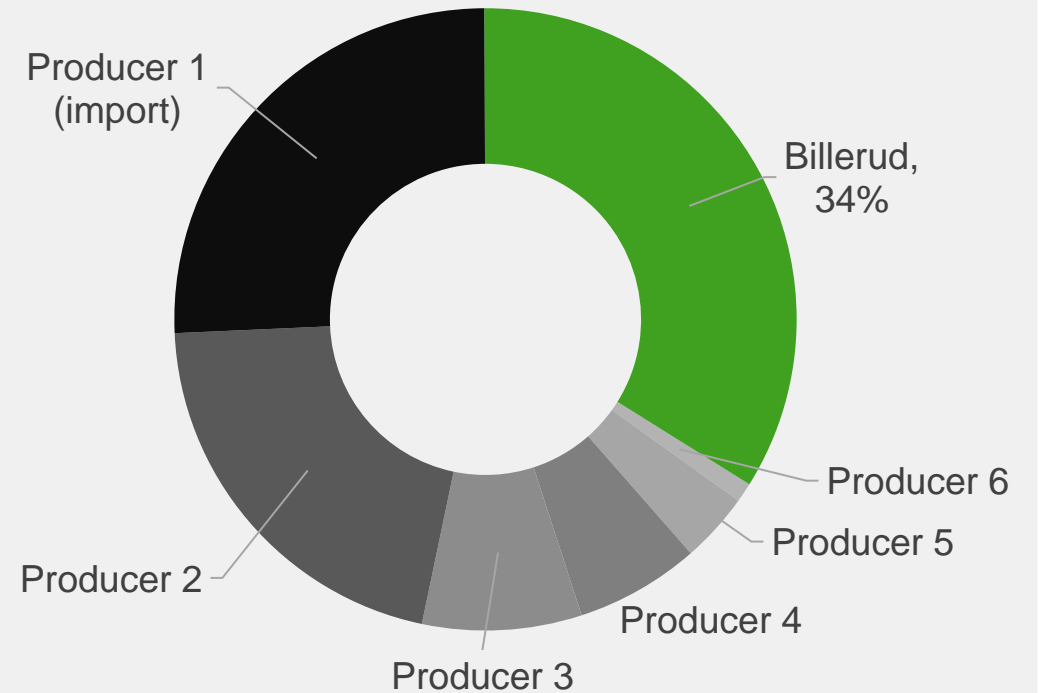
We will also grow our position as a top North American producer of label materials

The specialty label market will grow

NA demand, m metric tons

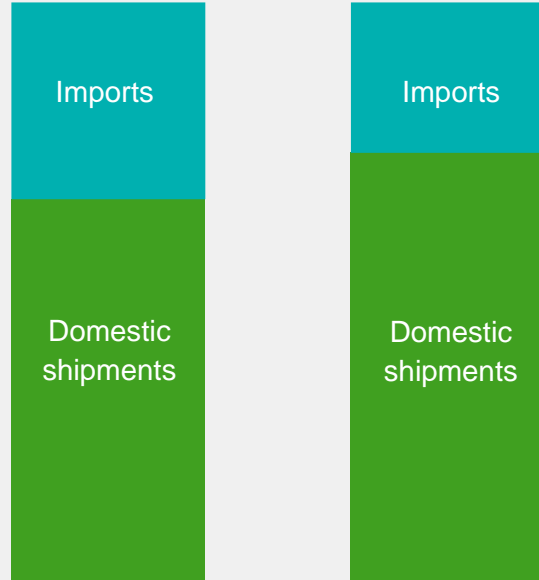


North American market leader in specialty label papers



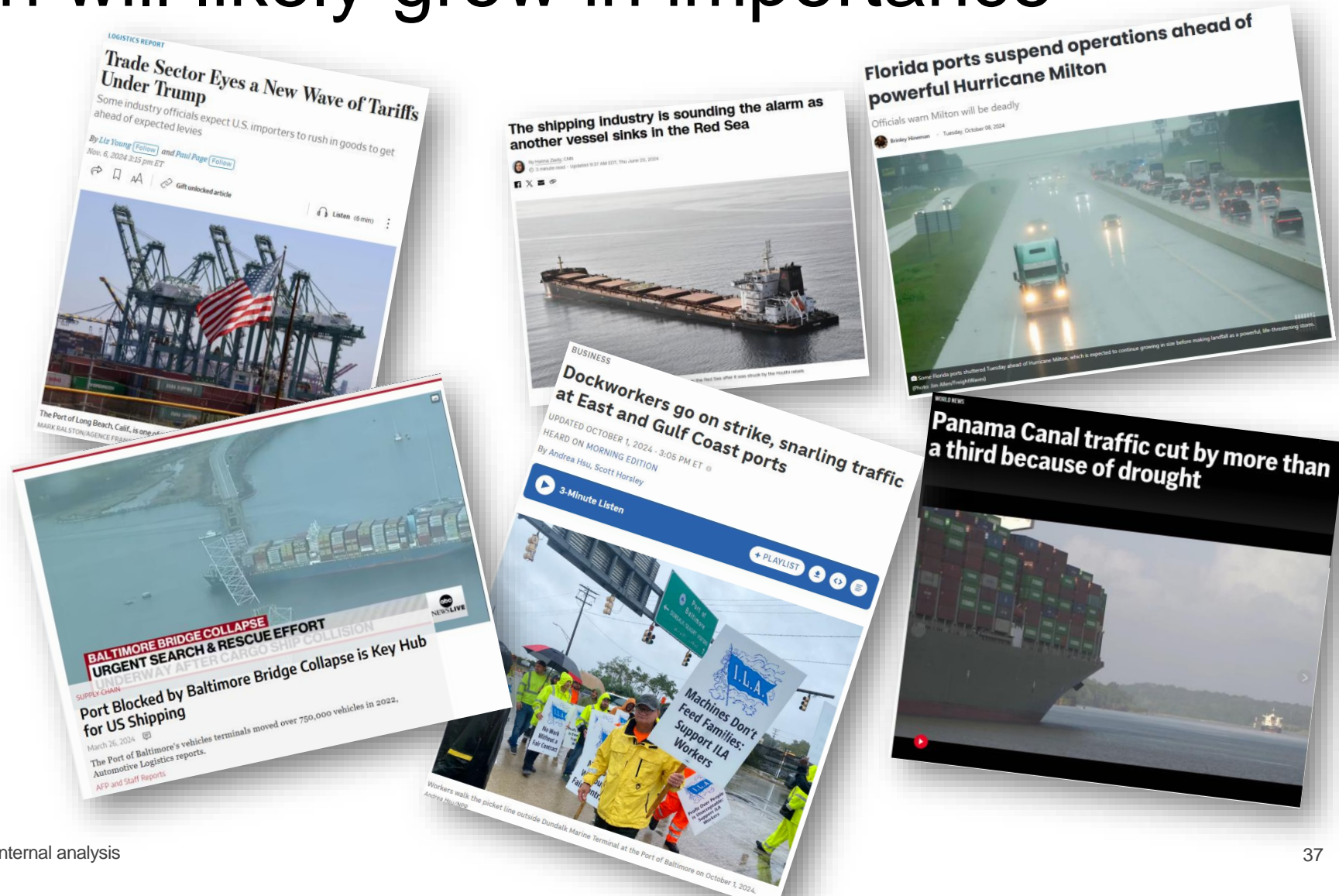
We are well positioned to displace import volume as regionalization will likely grow in importance

Import volumes fill over 25% of NA market demand



Coated fresheet

Specialty label



Evolution towards paperboard

White linerboards – an attractive opportunity



Our opportunity

- One producer ~75% of capacity
- Imports ~300 ktons per year
- No new capacity announcements
- Independent and integrated converters need supply



Growth in white cartonboards driven by plastic substitution and consumer preferences



Our opportunity

- Top 3 producers ~75% of capacity
- Competitor mills in the US South
- Imports ~500 ktons per year
- Strong base of independent converters



Kraftliner is among the largest product categories in NA

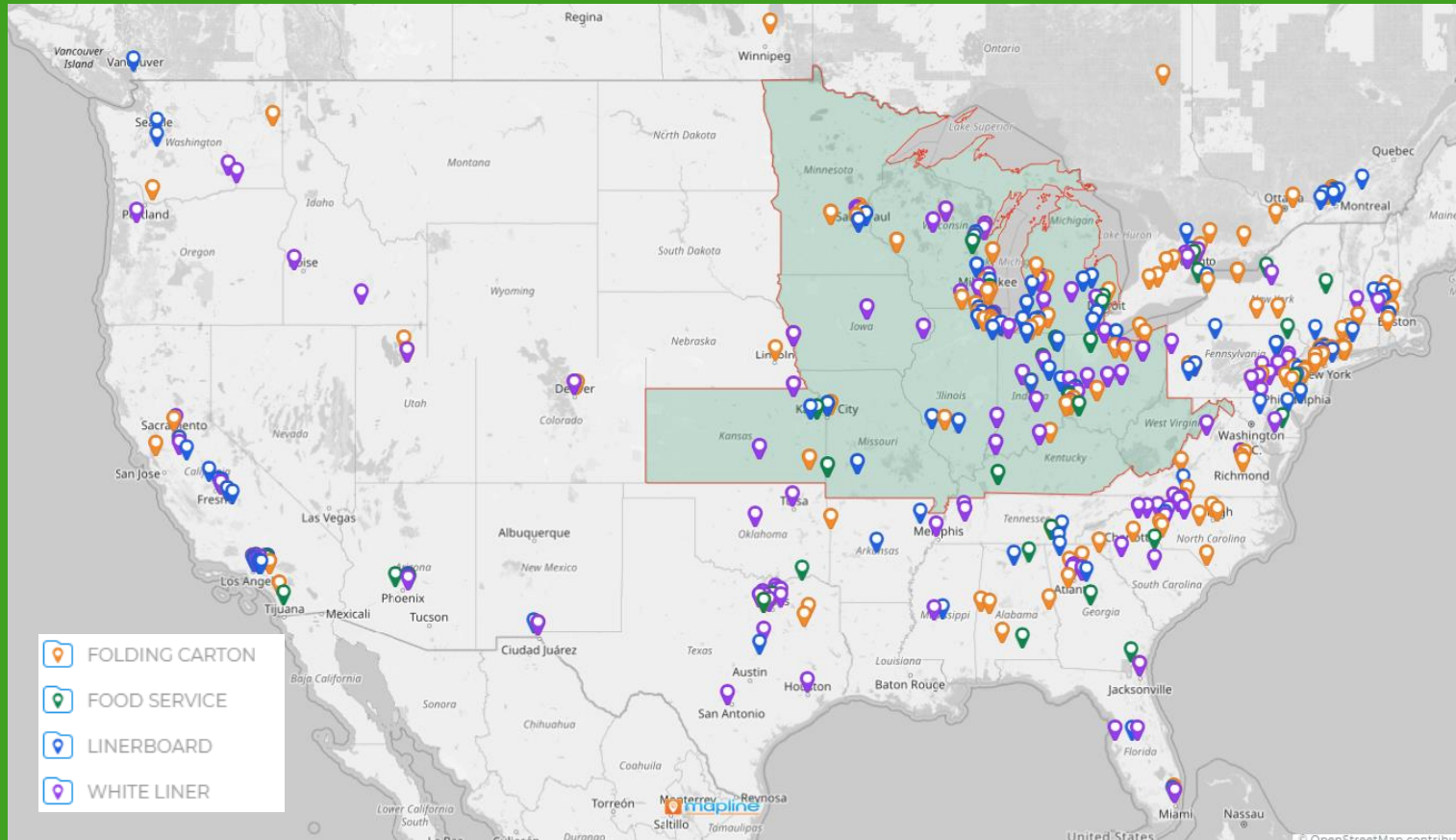


Our opportunity

- Top 4 producers ~90% board, ~80% converting capacity
- Consolidated market
- No new capacity announcements
- Competitor mills in US South
- Large NA independent converter capacity



Midwest: some 145 prospective customers consuming nearly 7 m tons of paperboard per year



Our strengths:

Midwest presence

- Highly competitive asset base
- Service proximity
- Machine flexibility reduces supply risk

Superior product performance

- Superior printing surface
- Strong sustainability performance

Provide options for independent converters

Modest and scalable investments for growth

Escanaba Mill



SEK 1.2 bn

Woodyard upgrade, increase paper basis weights, roll handling, brown pulp to paper machine

Quinnesec Mill



SEK 0.2 bn

Increase paper basis weights, sheet handling

Objective to evolve



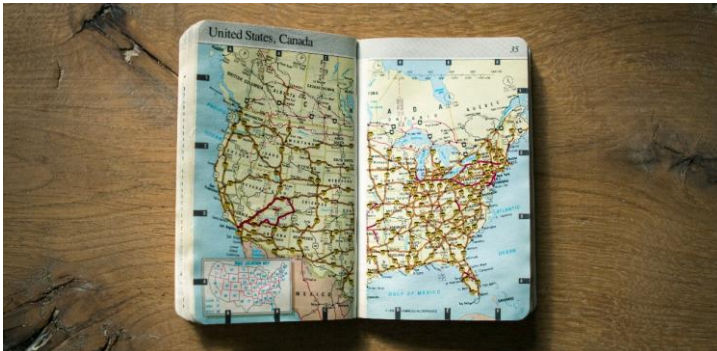
Competitive asset base



Abundant low-cost fiber



Low capital intensity



Midwest advantage



Sustainability leadership



Evolution to paperboard fills capacity

Region Europe – Strengthen



Ivar Vatne
CEO



Gert Larsson
SVP Operations Europe

We have the capacity to supply over 3 million tons from 6 production units to our diverse customer base

SEK 27 bn
Net sales¹



Net sales by product category¹

- Liquid packaging board, 35%
- Sack paper, 11%
- Containerboard, 20%
- Cartonboard, 10%
- Kraft & specialty paper, 14%
- Market pulp, 10%

12%
EBITDA margin¹



Frövi/Rockhammar, SE

500 ktons
Capacity per year



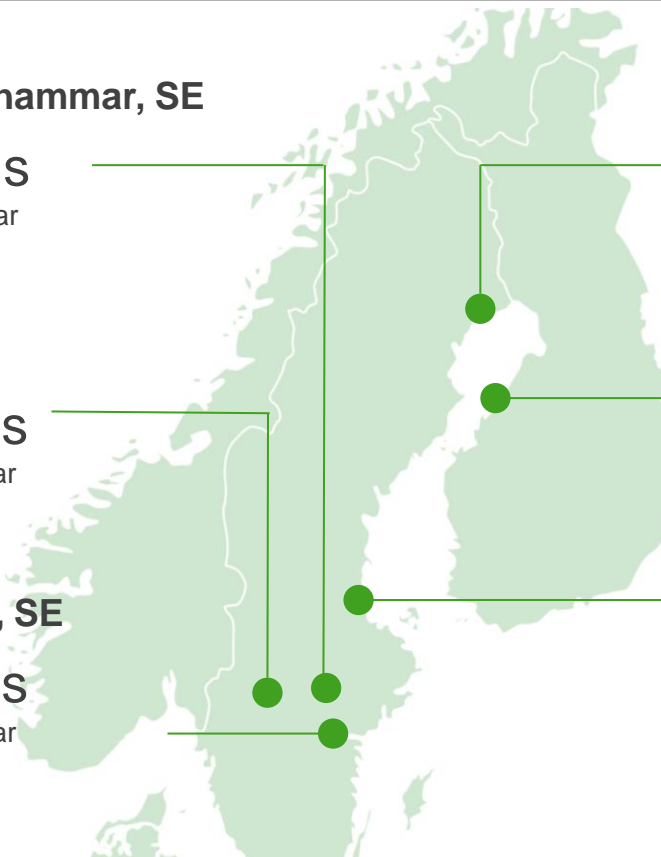
Gruvön, SE

870 ktons
Capacity per year



Skärblacka, SE

460 ktons
Capacity per year



Karlsborg, SE

335 ktons
Capacity per year



Pietarsaari, FI

200 ktons
Capacity per year



Gävle, SE

755 ktons
Capacity per year

There has been a structural change in the industry in Europe

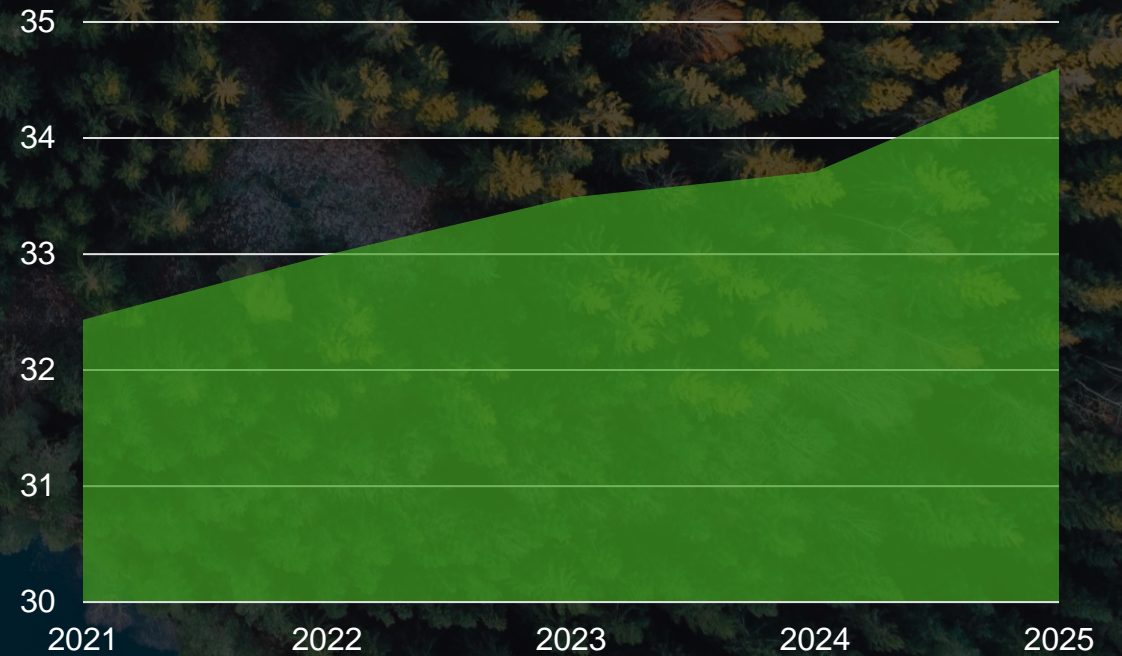
Fiber cost increases

The impact on wood supply from the sanctions on Russia



Additional capacity installed in Nordics

Nordic countries, m tons of market pulp, paper and board capacity








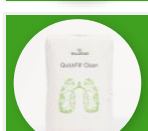





Our objective:
Strengthen performance through existing asset base



EBITDA >15% over a business cycle

We have clarified roles for each category

<p>Focused category positions</p> 		Liquid packaging board	Maintain strong position
		Cartonboard and coated liner	Accelerate growth
		SC fluting	Drive value in selected applications
		MG paper	Drive value with focus on medical/hygiene
		Sack paper	Optimize target applications
<p>Key for maximizing the business over the cycle</p> 		Uncoated liner	
		Other kraft and specialty applications	

We excel in segments with high barriers to entry – underpinned by attractive fundamentals and megatrends

Selected examples

Leader in high quality sack papers



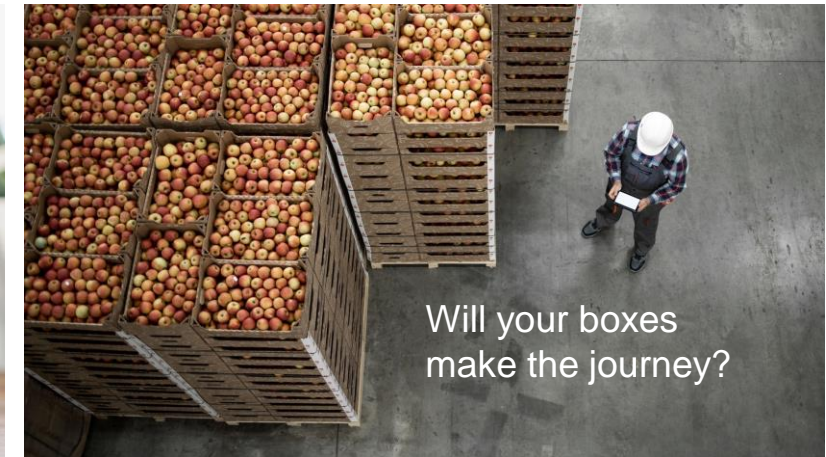
QuickFill® Plus, ultra-breathable, yet very strong sack paper

#1 in aseptic liquid packaging board



Safe and strong liquid packaging board

#1 Nordic SC fluting



Corrugated boxes to meet demanding transport chains, using Billerud Flute®

Our mills are flexible – allowing us to maximize value from our asset base

	LPB	Cartonboard	Fluting	Liner	Sack paper	Kraft paper
Frövi / Rockhammar, SE	✓	✓				
Gruvön, SE	✓	✓	✓	✓		
Gävle, SE	✓			✓		
Karlsborg, SE					✓	✓
Pietarsaari, FI					✓	✓
Skärblacka, SE			✓		✓	✓

These are the selective levers we will focus on to strengthen performance:

01

Secure cost competitive access to fiber in the Nordics

02

Step change in mill operating efficiency

03

Fuel momentum from efficiency enhancement program

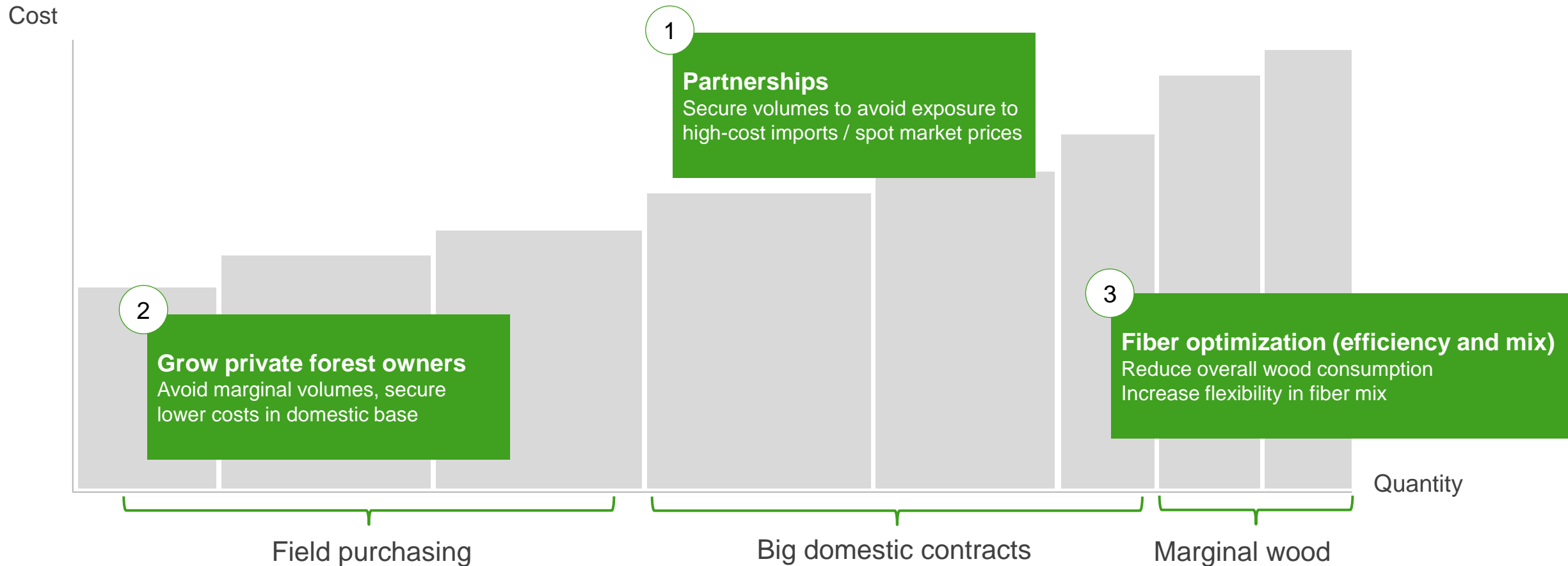
04

Be the preferred choice for our customers



Secure cost competitive access to fiber

Objective: Reduce average cost of wood





Billerud and Sveaskog establish partnership



SVEASKOG

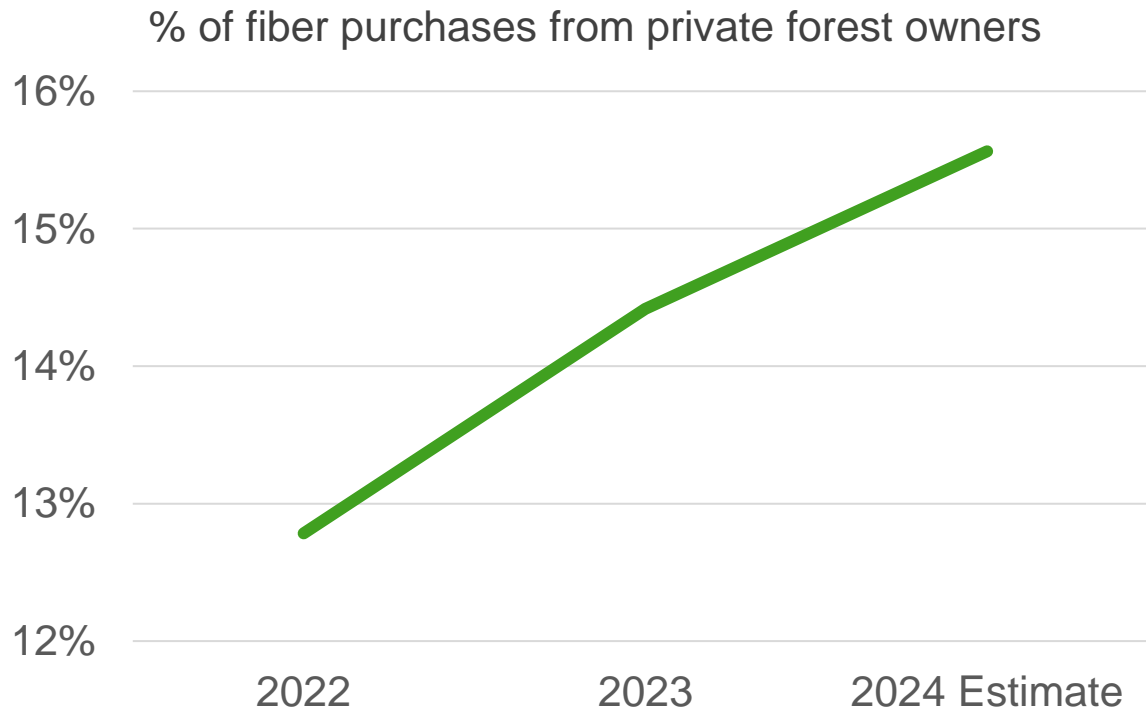
Signed letter of intent
to create stronger ties

Gradually increase wood purchases
across Sweden – including partnering
to utilize Marma Skog forest holdings

Fuelling our joint sustainability agenda
towards even higher standards



Grow with private forest owners



Long term target is 25% of total fiber purchases



“Billerud has a focus that appeals to me. I want to collaborate with sustainable companies that also benefit the local community. My experience of Billerud's work is that they really live up to their commitments.”

Sonja Strömbäck, Norrbotten



Increase fiber efficiency and optimize fiber mix

Develop and improve existing products



Increase flexibility in fiber mix



Reduce fiber losses



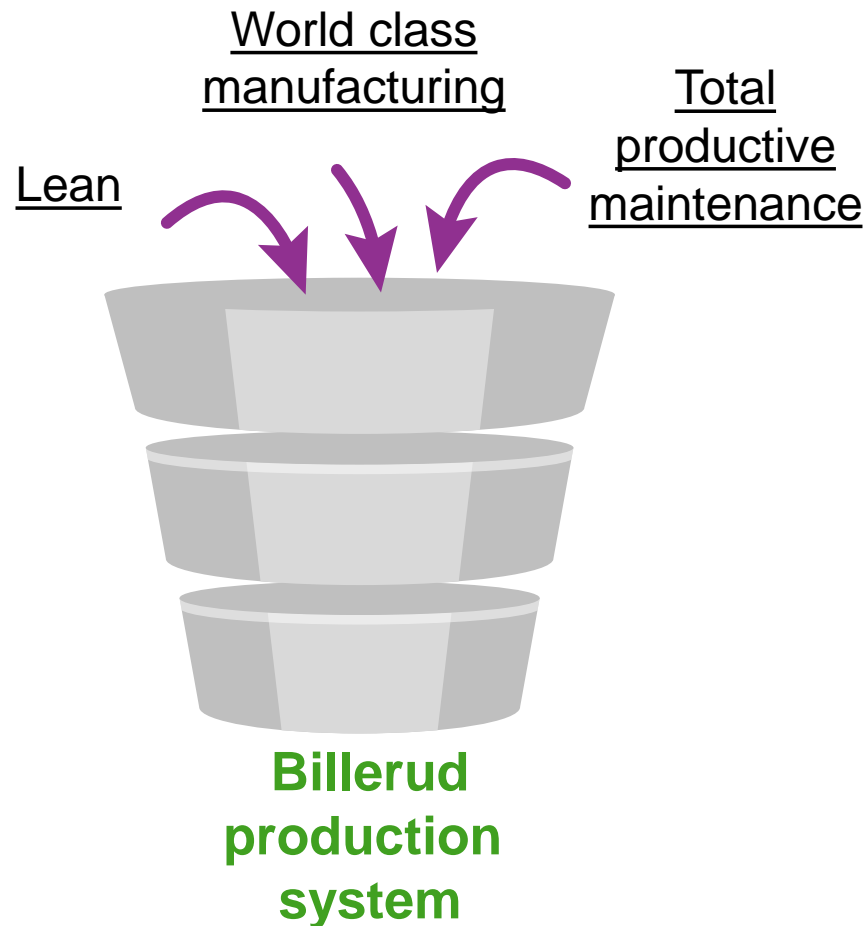


Growth without need for new capital investments

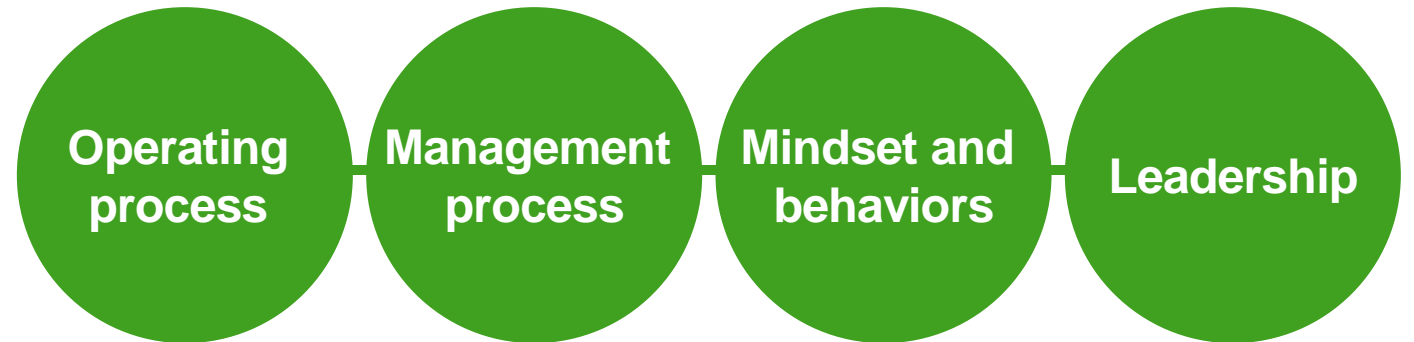




Improved efficiency by implementing the Billerud Production System (BPS)



BPS is based on 4 integrated dimensions that are all critical for success

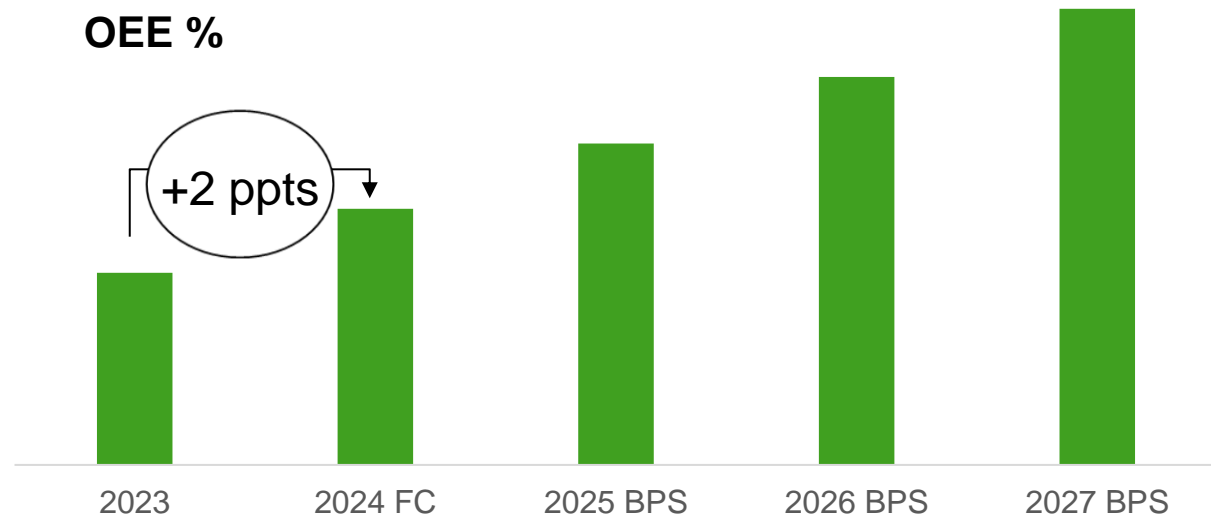




Starting to see results in 2024

- BPS was designed during 2023
- In 2024 we started the process to implement new ways of working in the mills
- All mills will be up and running in 2025

OEE %



Targeted improvement
2 ppt per year

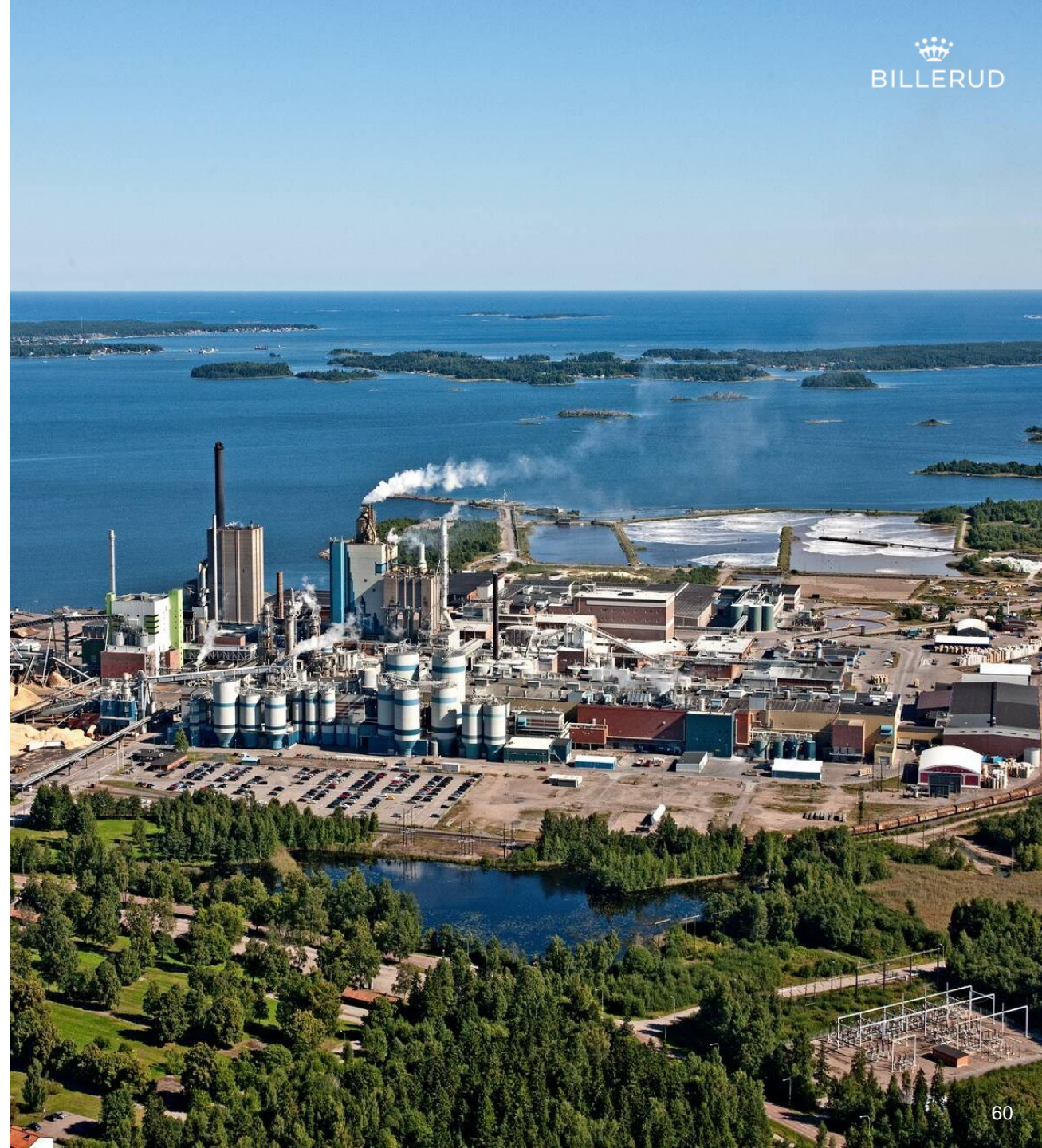
1 ppt ≈ SEK 100 m EBITDA



The only planned sizable investment is a replacement recovery boiler in Gävle

We are exploring different options

Decision planned to be made in 2027





Fuel momentum from our efficiency enhancement program



Pricing excellence

- Value based pricing
- Target pricing solution
- AI generated insights
- Clarified governance



Value engineering

- Unlock potential across functional silos
- Raw material alternatives
- Dosage optimization

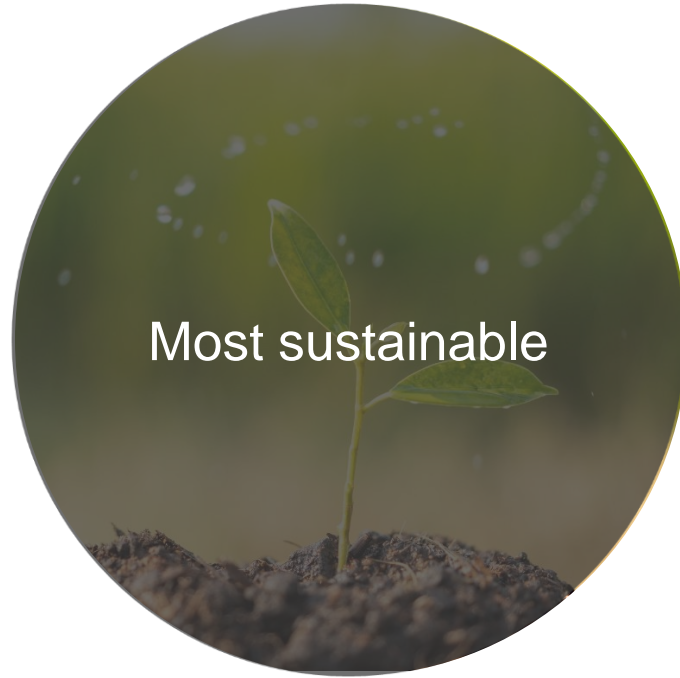


Fixed cost optimization

- Int./ext. benchmarks
- Preventive maintenance
- Enhanced AI focus for automation



We are the preferred customer choice





4. Be the preferred choice for our customers

Outstanding products through innovation led customer dialogue



Superior packaging materials
e.g. strength, porosity, hygienic



Renewable and sustainable alternatives to plastics
e.g. barrier and base papers



Sustainable and efficient usage of materials
e.g. lightweight and fiber efficient processes



Example of superior packaging materials: QuickFill Plus



*vs standard high porosity paper

Example of efficient usage of materials: Billerud Flute and Pure Performance



15%
material
savings

30%
CO₂
reduction

NO
product
waste

*vs customers' current fiber-based solution

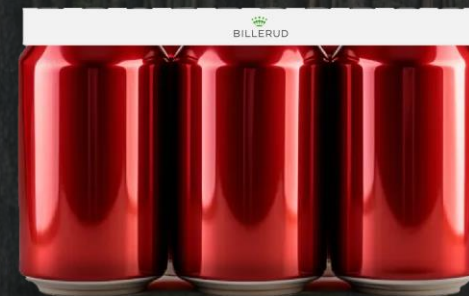
Examples of renewables and sustainable alternatives to plastics:

Kraft paper from Karlsborg with ConFlex Heatseal™



Est. **50% lower** carbon footprint vs plastic wrapping

CrownBoard Craft from Frövi



vs



Est. **50% less** CO₂e vs plastic wrap



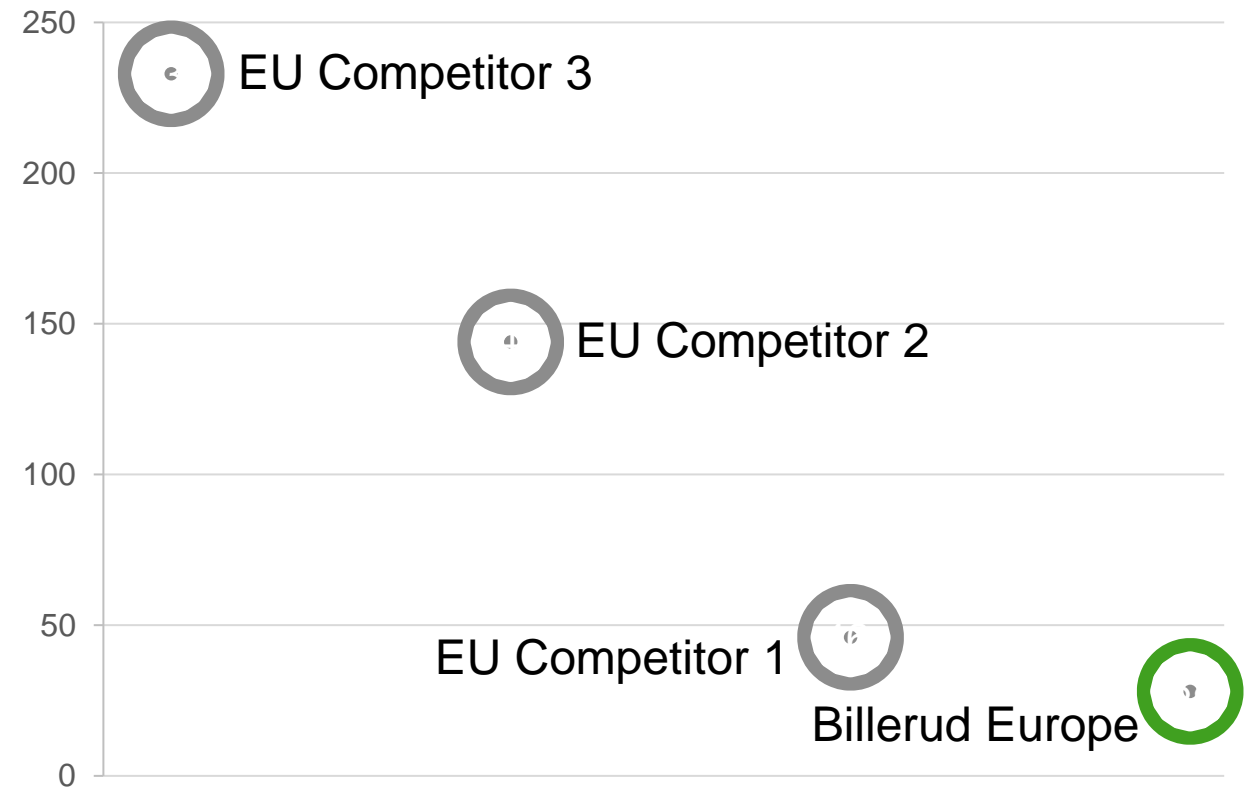
Billerud (Europe) is the top industry performer in terms of carbon production footprint

Helping customers reach their own sustainability goals

- Supporting carbon reduction efforts – Low CO₂ impact
- Supporting smart material choices – shift from plastic to paper
- Materials that are 100% recyclable

Source: Billerud analysis, 2023 annual reports

CO₂e emissions per ton of production – Scope 1 & 2
Kg CO₂e / ton product (2023)





Easy to do business with customer centric focus and commitment



Reliable, robust and efficient supply chain



Category and sustainability expertise and advice



Dedicated technical service and application development teams

Objective to strengthen



Operating environment has changed



Clear role to strengthen performance from existing assets



Clear category choices underpinned by attractive fundamentals



Significant production flexibility



Low capex profile



Four clear priorities to improve performance

Embed sustainability in everything we do



Ulrika Wedberg
EVP Sustainability

Sustainable packaging materials – at the core of our business

Ambitious Science Based Targets since 2018



Wood supply from sustainable managed forests with biodiversity



Plastic to paper driving demand in both regions



EU regulations – opportunities for the business

Products

- › Packaging and Packaging Waste Regulation "PPWR"
- › European Deforestation (Regulation) "EUDR"

Fiber availability

- › Land Use, Land-use Change and Forestry (Regulation) "LULUCF"
- › Nature Restoration Law (Regulation) "NRL"



We plan significant reduction in CO₂ and our greatest potential is in North America

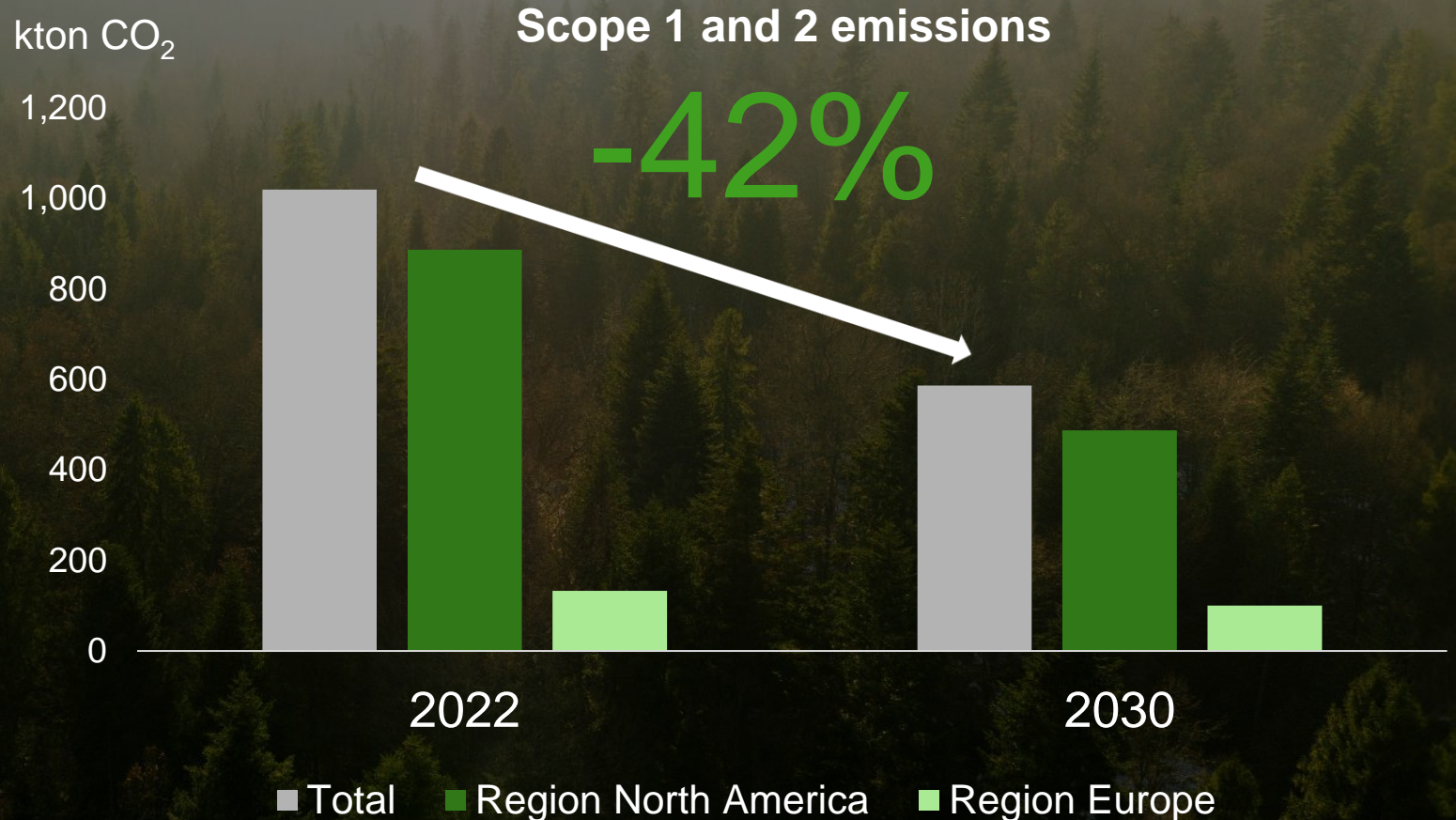
Fossil CO₂ emissions*

Region Europe

28

Region North America

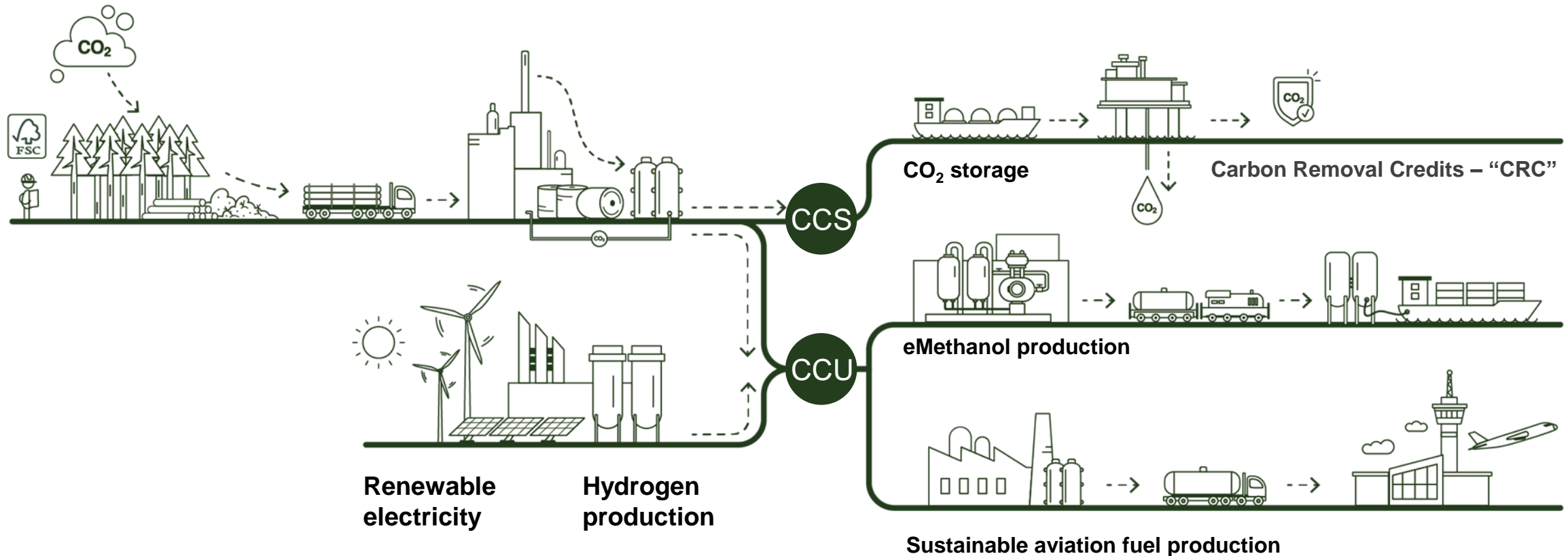
491



* Kg/ton product, 2023

Biogenic carbon capture storage and usage – a future potential business opportunity

Carbon capture at Billerud mills



We will set the bar higher
towards 2040

NET ZERO CARBON BY 2040

It might sound
ambitious – but
that's the point.




BILLERUD

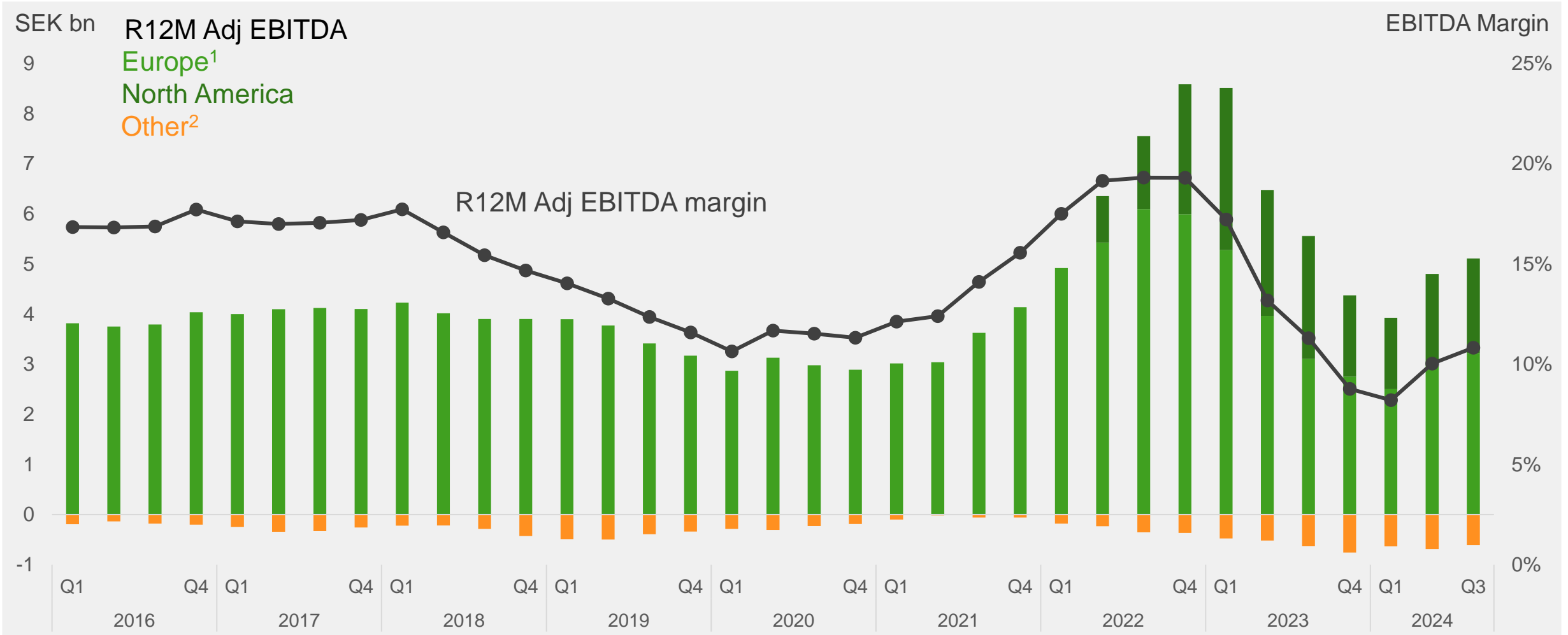
Financial targets and capital allocation



Andrei Krés

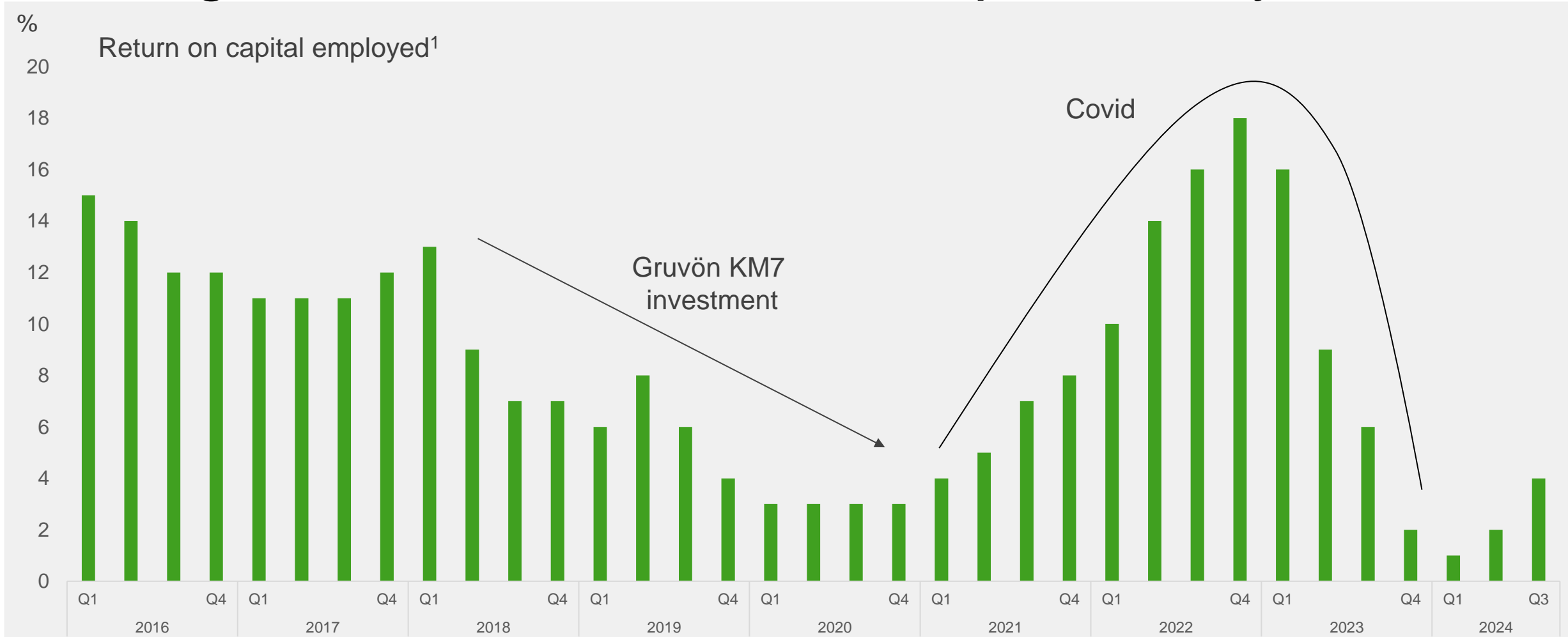
CFO

Mixed financial performance in the wake of structural industry shifts



1. Combined EBITDA for Packaging Paper, Consumer Board and Corrugated Solutions segments for 2016-2018 2. Including currency hedging

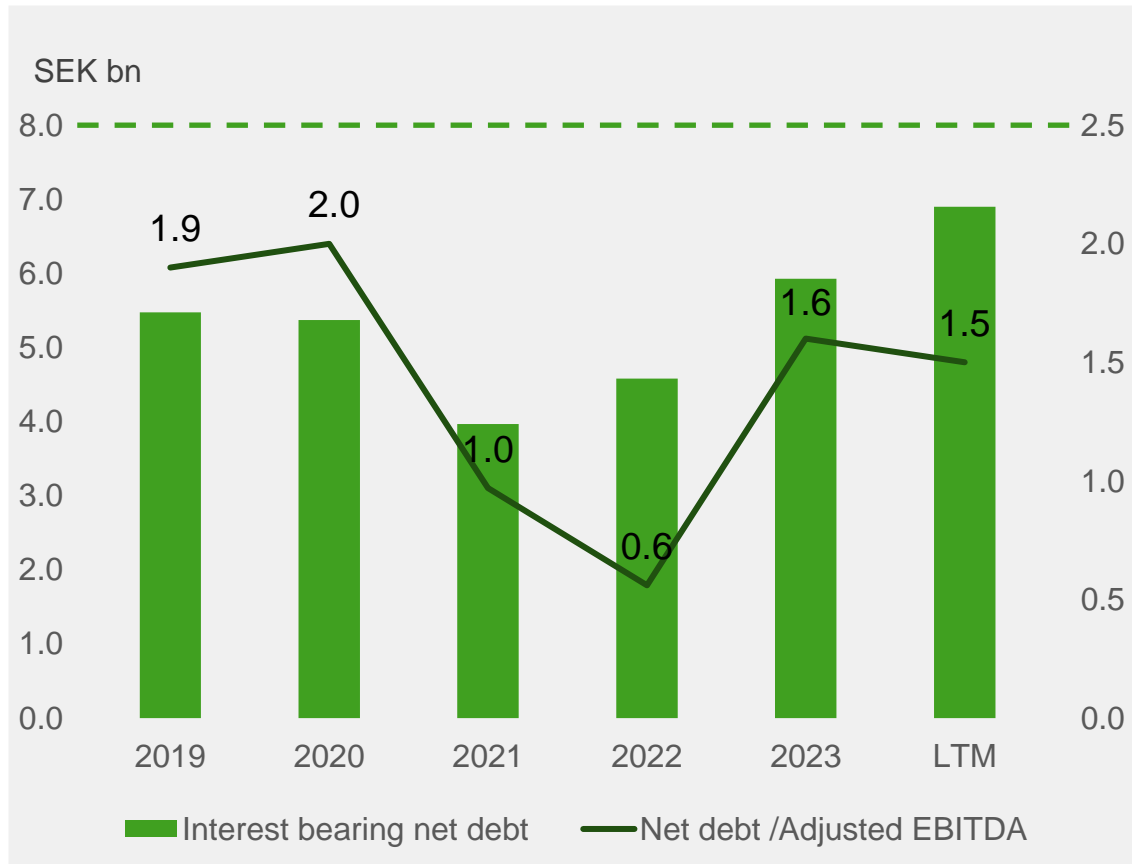
Return on capital employed impacted by recent strategic investments and mixed profitability



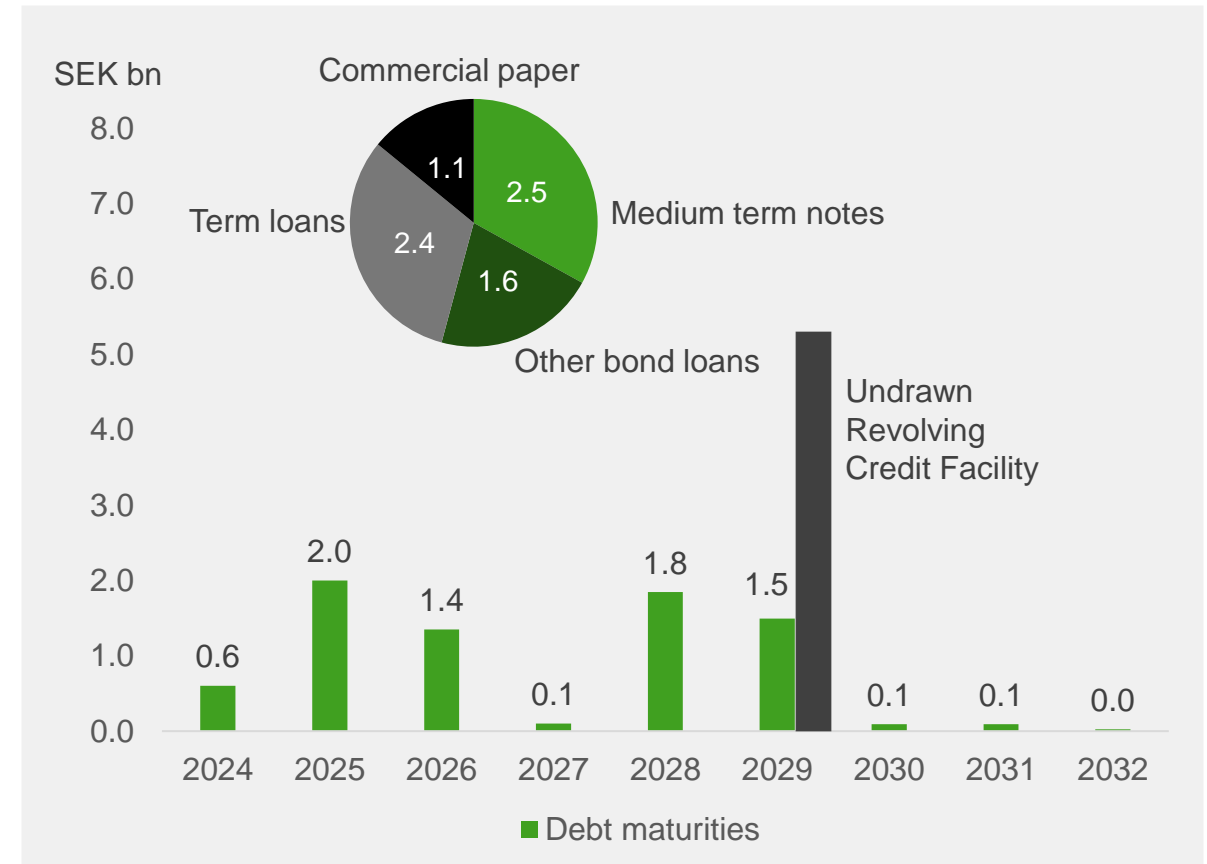
1. Rolling 12 months

We have a strong balance sheet

Net debt leverage well below target



Balanced debt maturity profile and diversified loan portfolio¹

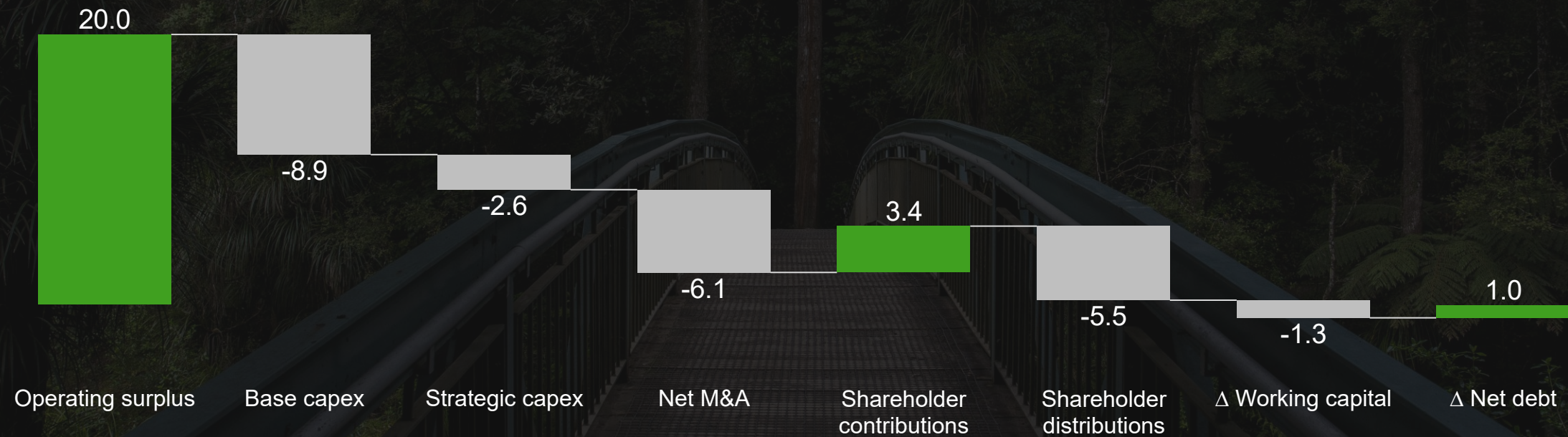


1. As per 30th Sep 2024

Made possible by prudent capital allocation

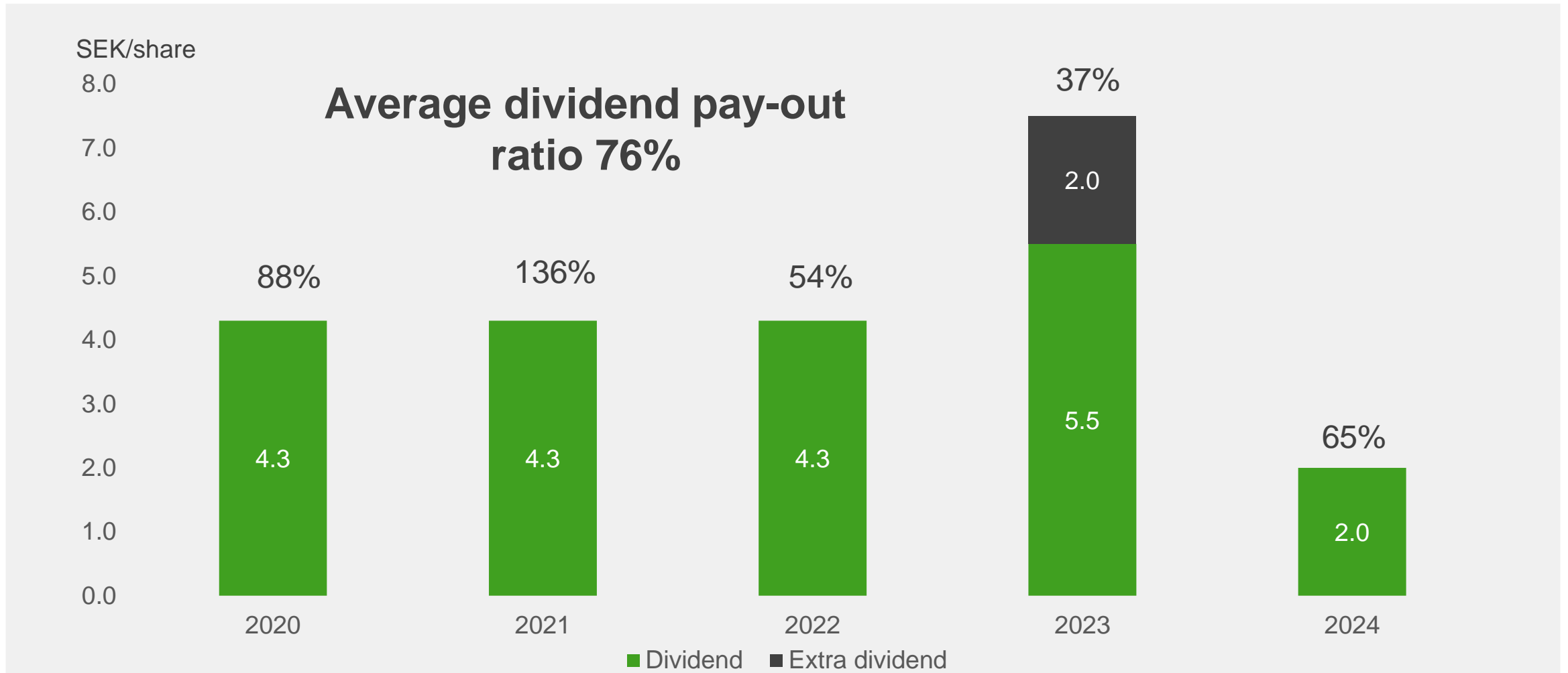
Capital allocation 5 years¹

SEK bn



1. Q4-2019 – Q3-2024

While maintaining high level of shareholder remuneration



New financial targets focusing on profitability and asset efficiency

FINANCIAL GOALS



ROCE

EBITDA
margin

Cash
conversion

>11%

>15%

>80%

POLICY



Net debt /
EBITDA

Dividend ratio

<2.5

>50% of net
profit

SAFETY & CLIMATE IMPACT



LTIFR

CO₂e reduction
by 2030

<1.5

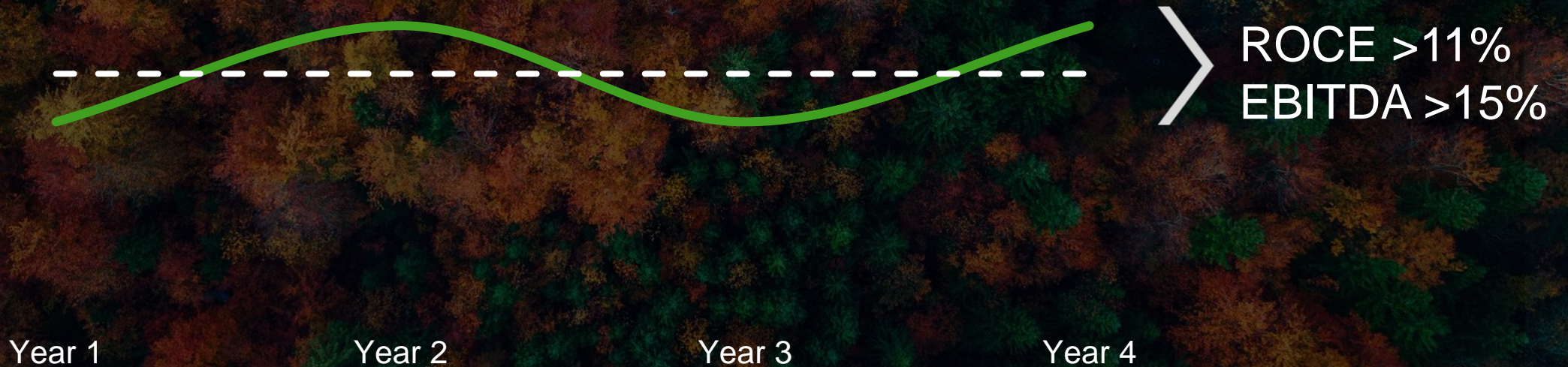
42% reduction*

- **Return on capital employed** is our main financial KPI – securing returns on invested capital
- New **EBITDA margin** target reflects the structural change in the Nordic Pulp & Paper industry
- **Cash conversion** target – maintained focus on cash generation across the Group

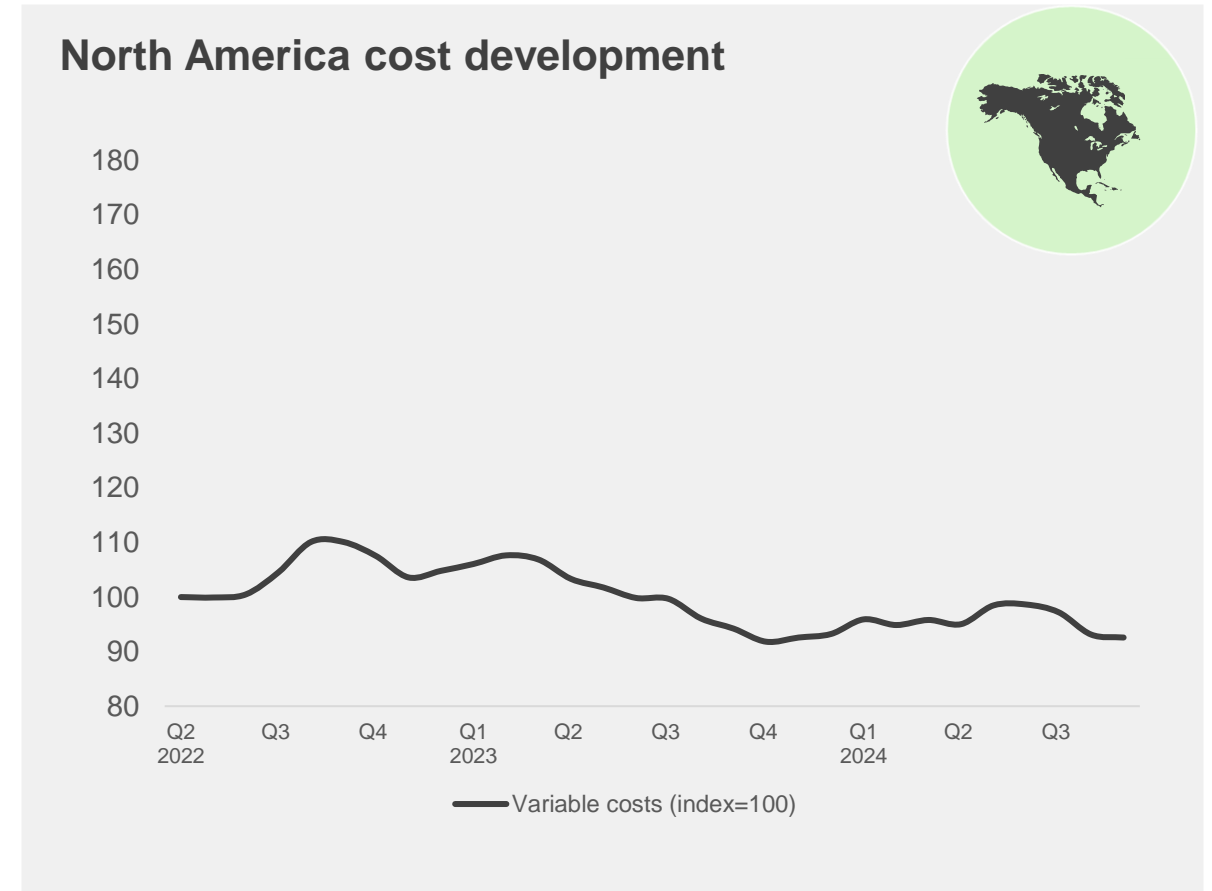
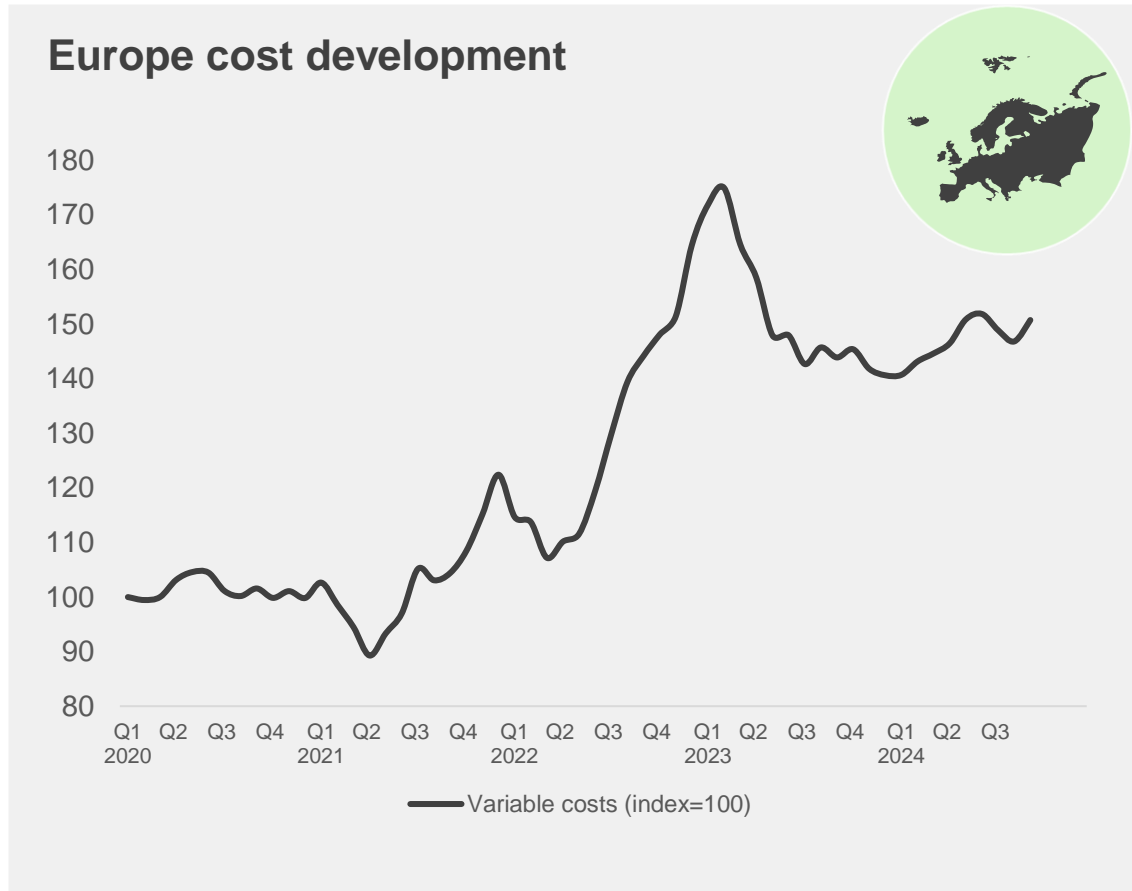
*2022 as base year, Scope 1 and 2

The aim to achieve returns and profitability over a business cycle

Illustrative

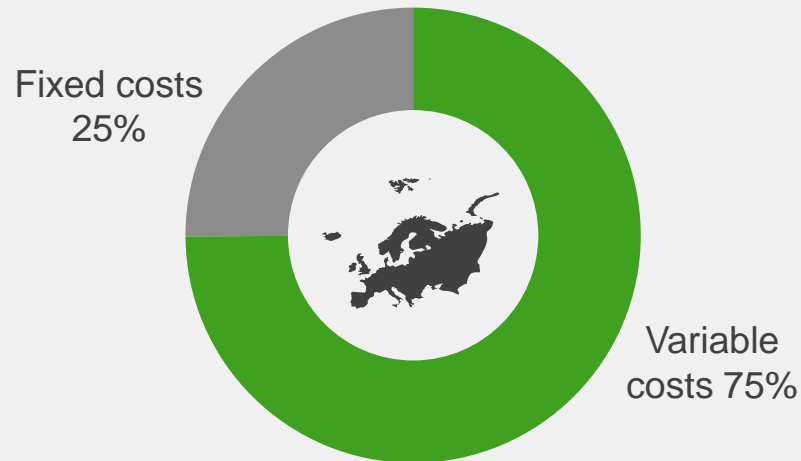


Our two regions are facing different end market and input cost conditions



Profitability levers differ due to different cost structure and capacity utilization

Europe cost composition

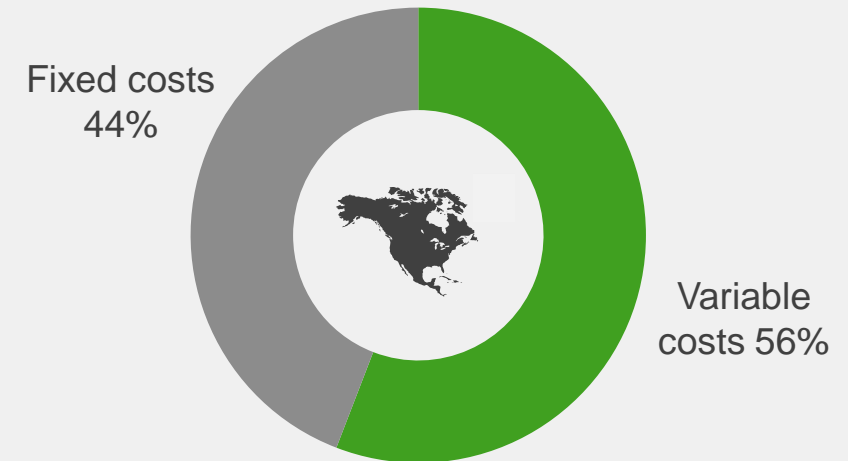


Capacity utilization

2022	2023	2024
87%	85%	85%

Improve gross margin level

North America cost composition

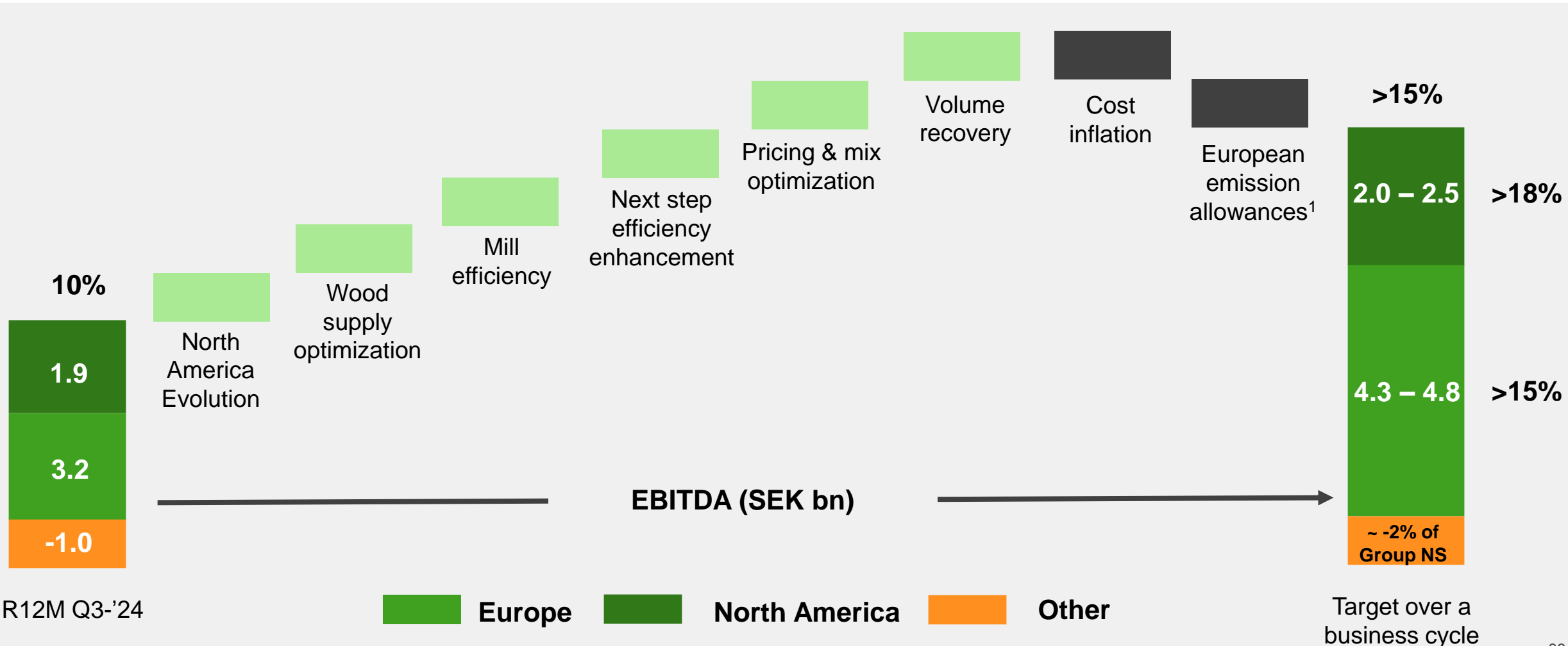


Capacity utilization

2022	2023	2024
89%	57%	68%

Increase capacity utilization

We target an EBITDA > SEK 6 bn per year



¹ From 1st of Jan 2027

We will maintain disciplined capital allocation with selected strategic opportunities

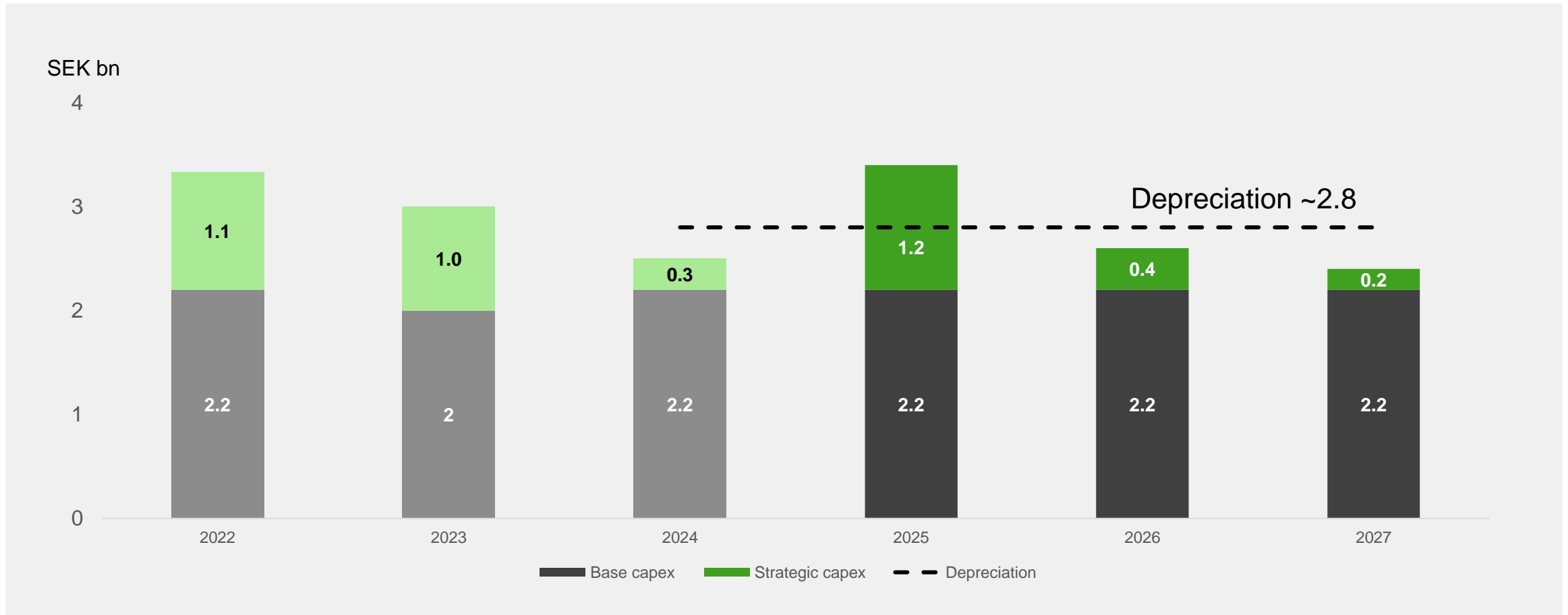
Free cash flow allocation priorities

- 1 Maintain sound financial position to execute on dividend policy
- 2 Evolve North American assets towards packaging materials with modest capex level
- 3 Disciplined capex in Europe, focus on maintaining competitiveness of the existing assets

Strategic capex concentrated to 2025



Mid-term base capex of SEK 2.2 bn per year and select strategic capex focusing on North America



Succeeding with our financial ambition will maintain strong Billerud and is an attractive value proposition

Europe

Strengthen performance through existing asset base

ROCE	EBITDA margin	Cash conversion
>11%	>15%	>80%

North America

Commitment to graphic / specialty papers – Evolve towards packaging materials

Disciplined capital allocation



Continued strong Billerud focusing on value creation

Concluding Remarks



Ivar Vatne
CEO

Key takeaways

- We have strong market positions and flexibility in our production
- Long-term demand for fiber-based packaging is solid and growing
- A more predictable Billerud and Our Way Forward:
 - Evolve the product mix towards Paperboard in North America
 - Strengthen our performance from existing assets in Europe
 - Drive a stronger performance culture
 - Embed sustainability in everything we do
- Target to reach EBITDA >SEK 6 bn (~business cycle) @ 80% cash conversion
- Modest strategic capex – focus on North America



BILLERUD

