

## **New financial targets and an investment program in North America to be presented at Billerud's Capital Markets Day**

**Billerud is today hosting a Capital Markets Day in Stockholm, where the updated strategy will be presented. Ahead of this event, the Board of Directors has decided on new long-term financial targets and on strategic investments in North America.**

Billerud's updated strategy, "Way Forward", reflects the company's ambition to continue to be a leader in high performance paper and packaging materials. It aims to evolve towards paperboard while remaining committed to graphic and specialty paper in Region North America, and to strengthen the performance in Region Europe.

"Going forward we will prioritize profitability over growth and drive performance. We will leverage the growing demand for fiber-based packaging and Billerud's attractive niche positions, strong manufacturing capabilities and flexible production system. Successful delivery on our plans will enable a strong and competitive Billerud. We target to achieve EBITDA of above SEK 6 billion through our strategic initiatives," says Ivar Vatne, President and CEO of Billerud.

### **Focus on capital efficiency, profitability and cash flow**

Billerud's new financial targets emphasize the importance of capital efficiency, profitability and cash flow. Targeted levels for return on capital employed (ROCE) and EBITDA margin are to be achieved over a business cycle. The new targets are:

- Return on capital employed (ROCE) >11%
- EBITDA margin >15 %
- Cash conversion >80%

Billerud's previous financial targets were net sales growth of 3-4% per year, and EBITDA margin of above 17%.

The principles governing the company's indebtedness and return to shareholders remain:

- The ratio of interest-bearing net debt to EBITDA <2.5 (unchanged)
- Dividends >50% of the net profit (unchanged)

"The premises for pulp, paper and packaging production in Europe have changed since the beginning of 2022. As the tight European wood market and elevated fiber costs is a structural change, we revise the EBITDA margin target from 17% to 15%. In parallel, we reintroduce a target for return on capital employed (ROCE) and introduce a target for cash conversion," says Ivar Vatne, President and CEO of Billerud.





### **Investments in paperboard production in North America**

Billerud is committed to maintain its leading positions in the North American markets for graphic paper and specialty label paper, as well as to gradually evolve towards packaging materials to optimize capacity utilization. Billerud's Board of Directors has today decided on a strategic investment program of approximately SEK 1.2 billion in the Escanaba mill and SEK 0.2 billion in the Quinnesec mill. These investments will enable the transition towards paperboard production.

"We have an exciting plan in North America going forward, benefitting on sizable market opportunities, coupled with our attractive Midwest location, competitive assets and excellent paperboard capabilities in Billerud. The evolution investments will be carried out in phases and in alignment with the mills' scheduled maintenance shutdowns to minimize production disruptions. The upgrade of the woodyard in Escanaba is set to begin immediately, with the bulk of the work scheduled for the second half of 2025," says Ivar Vatne, President and CEO of Billerud.

Billerud's total investments in 2024 will amount to around SEK 2.5 billion. In 2025, the total investments are estimated to amount to around SEK 3.4 billion, whereof SEK 1.2 billion is strategic capex. The annual mill maintenance investments (so called "base capex") is estimated to amount to SEK 2.2 billion in the years 2025-2027.

### **Follow the Capital Markets Day**

Billerud's Capital Markets Day 2024 is a physical meeting in Stockholm on 2 December 2024 that will be broadcasted live [here](#). The broadcast will start at around 13:00 CET.

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