

Back to growth, improved profitability and solid cash generation

| Interim report January-June 2024



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BILLERUD

Performance and key highlights

Q2 2024

Underlying EBITDA improvement both sequentially and versus a year ago

Positive pricing and mix effects more than offset sequentially higher input costs

Excellent financial performance in Region North America





Annual maintenance stops in four mills according to plan, cost impact SEK 515 million

Strong cash conversion through continued working capital focus

SEKm	Q2-24	Change vs Q1-24	Change vs Q2-23
Net sales	10,764	+3%	+8%
Adjusted EBITDA	1,003	-14%	+434%
<i>% of net sales</i>	<i>9%</i>	<i>-2 ppt</i>	<i>+7 ppt</i>
Operating profit – EBIT	171	-62%	n/a
<i>% of net sales</i>	<i>2%</i>	<i>-2 ppt</i>	<i>+7 ppt</i>
Operating cash flow before capex	678	+248%	+105%
EPS (SEK)	0.25	-80%	n/a

Market conditions improved for most categories during Q2

Slight improvement expected going into Q3

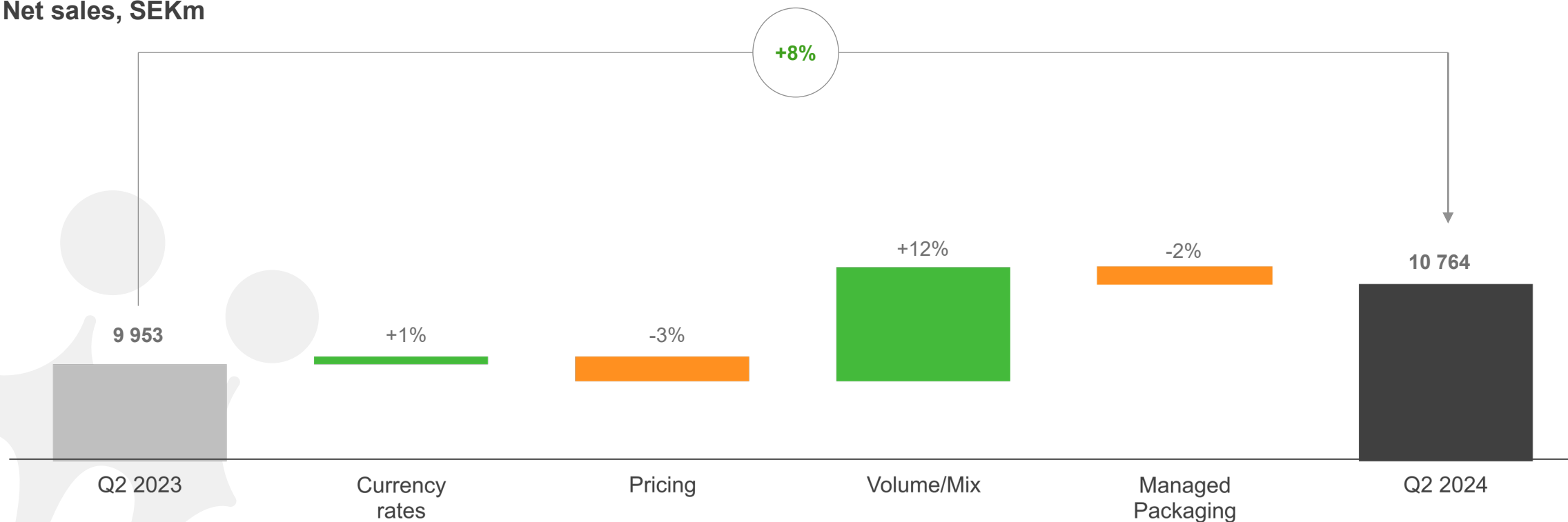
Sales split, % ¹	 Food & Drink	 Printing & Publishing Papers	 Consumer & Luxury	 Industrial
LPB (9.4bn)	100%			
Cartonboard (2.8bn)	25%		75%	
Containerboard (5.4bn)	80%		10%	10%
Kraft & Specialty Paper (5.1bn) ²	50%		30%	10%
Sack Paper (2.9bn)	15%			85%
Graphical Paper (8.3bn)		100%		
Share of Group Net Sales³	~40%	~20%	~10%	~10%
Billerud Market status Q2'24	Normal/Good	Soft	Normal	Normal
Billerud Market trend outlook	Stable	Slightly improving	Stable	Stable

1) 2023 Net Sales in bn SEK. 2) Excluding medical paper. 3) Total Group Net Sales include Currency hedging and Solutions & Other, not allocated to end-use segments

Q2'24:

8% sales increase with higher volumes and improved mix

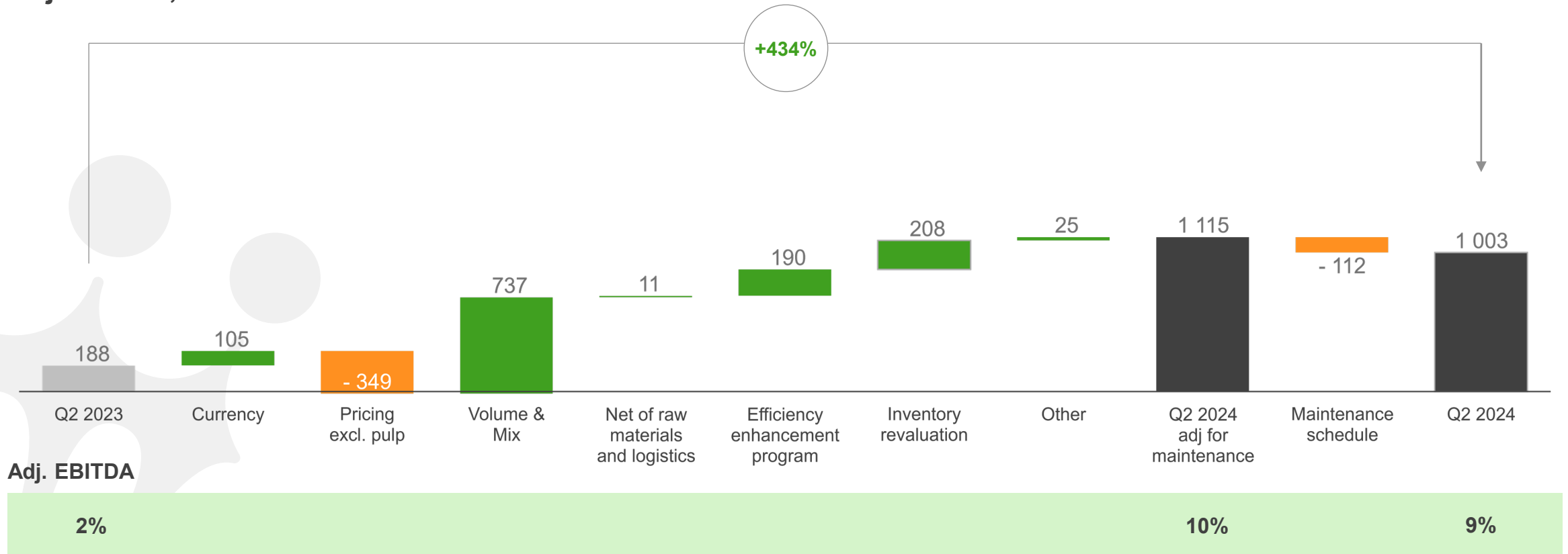
Net sales, SEKm



Q2'24:

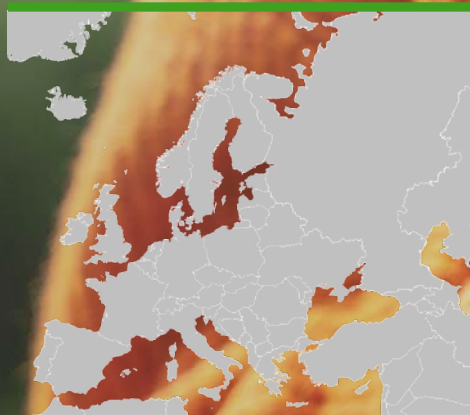
Profitability recovery through volume/mix and help from our efficiency enhancement program

Adj EBITDA, SEKm



REGION

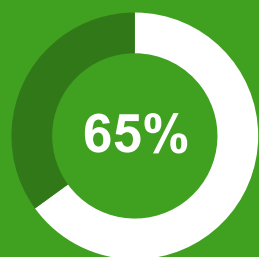
Europe



Region

Europe

- Improved market sentiment, strong order books
- Solid net sales performance (+8% vs year ago) – growth across most categories
- Sequential pricing and mix help fully offset cost inflation
- Heavy maintenance quarter (SEK 400m) – all executed according to plan



Share of net sales
Q2 2024

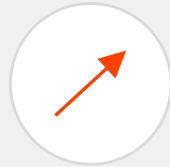
SEKm	Q2-24	Q2-23	Change
Net sales	7,011	6,495	+8%
<i>Liquid packaging board</i>	2,516	2,242	+12%
<i>Containerboard</i>	1,317	1,227	+7%
<i>Kraft and specialty paper</i>	1,029	936	+10%
<i>Sack paper</i>	762	714	+7%
<i>Cartonboard</i>	705	677	+4%
<i>Market pulp</i>	618	634	-3%
Net operating expenses	-6,381	-6,379	0%
EBITDA	630	116	+443%
EBITDA margin	9%	2%	+7 ppt

Higher input costs mainly from pulpwood Pulpwood costs to increase further into Q3, other items stable



Higher cost for fiber

Pulpwood prices reached all-time-high level during the quarter



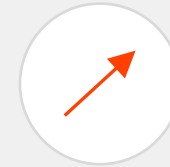
Higher cost for chemicals

Minor increase on chemicals prices



Lower energy costs

Seasonally lower electricity prices in the quarter



Higher logistics costs

Mix driven cost increase in the quarter

REGION

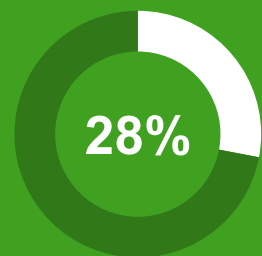
North America



Region

North America

- Market sentiment improved, in particular for specialty paper
- Very strong net sales growth fueled by volume
- Sequential pricing help from pulp with input costs flat
- Excellent profitability despite operating rates <70%
- Maintenance stop in Quinnesec executed according to plan

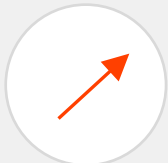


Share of net sales
Q2 2024

SEKm	Q2-24	Q2-23	Change
Net sales	3,046	2,655	+15%
<i>Graphic paper</i>	2,130	1,914	+11%
<i>Specialty paper</i>	560	380	+47%
<i>Market pulp</i>	357	361	0%
Net operating expenses	-2,483	-2,450	+1%
EBITDA	563	205	+175%
EBITDA margin	18%	8%	+10 ppt

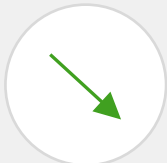
Total input costs remained stable

Minor decline expected into Q3




Higher cost for fiber

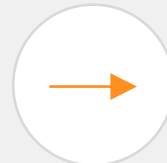
Marginally higher pulpwood costs driven by seasonality



Lower cost for chemicals



Lower energy costs



Stable logistics costs

Improved cash flow delivery and decreasing net debt leverage

Working capital stable vs Q1 despite higher sales

Leverage remain well below target at 1.6x EBITDA

Unchanged capex guidance for 2024

CAPEX of SEK 2.3 bn in 2024

Europe SEK 1.6 bn

North America SEK 0.7 bn

SEKm	Q2-24	Q2-23
Profit before tax	87	-558
Adjustments for non-cash items	717	595
Tax paid	-194	-169
Cash flow from changes in working capital	68	463
Cash flow from operating activities	678	331
Investments in tangible and intangible assets	-629	-798
Operating cash flow after investments in tangible and intangible assets	49	-467

SEKm	Q2-24	Q2-23
Net debt	6,629	7,965
Net debt / adjusted EBITDA	1.6	1.3
Adjusted ROCE %	4%	9%

We challenge
conventional packaging
for a sustainable future


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Printed and converted on Billerud Supreme 175 gsm / 8.5 pt liner and B-flute.


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Efficiency enhancement program: Continued strong momentum On track towards 2024 target

Successful first half of the program

- Incremental impact of SEK 190m in Q2 incl. FTE reduction program (SEK 390m in H1)
- On track to meet expected SEK 700m EBITDA incremental impact in 2024 (vs 2023)
- Accumulated impact of SEK ~1bn halfway through the program

Highlighted initiatives with impact in Q2

- Pricing: Target price point outliers in Sack & Kraft, Containerboard and Cartonboard to optimize portfolio pricing
- Operations & Procurement: Leverage by-product business by improving processes to achieve higher yields as well as optimizing commercial deals
- Fiber efficiency: Maximize yield in the wood rooms and increase repulping of waste

SEK 190m

Impact in Q2

SEK 390m

Impact year-to-date (Jan-Jun)

New direction to transform production in the US towards packaging materials

- Not proceed with plans to convert its Escanaba mill to cartonboard production
- Better than expected flexibility on existing asset base in North America
- Target instead to shift the product mix gradually towards packaging materials with a moderate investment level
- Further plan details and investment estimates will be provided at a Capital Markets Day during Q4 2024





Company priorities for 2024 remain intact: Drive **profitability improvement** and secure **long-term attractive positions**

Proceed with the preparations for strategic investment projects

Execute on updated strategy for Region Europe

Deliver EBITDA uplifts from efficiency enhancement program

Outlook for Q3 2024



Market conditions to improve slightly



Positive price and mix impact to offset higher input costs





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