



# BILLERUDKORSNÄS

## INTERIM REPORT JANUARY-SEPTEMBER 2014



SEKm	Q3	Q2	Δ, %	Q3	Δ, %	Jan-Sep	Jan-Sep	Δ, %
	2014	2014		2013		2014	2013	
Net sales	5 191	5 128	1%	4 748	9%	15 729	14 934	5%
EBITDA	792	793	0%	672	18%	2 470	2 027	22%
Adjusted operating profit	518	467	11%	337	54%	1 540	1 099	40%
Adjusted operating margin	10%	9%	1	7%	3	10%	7%	3
Operating profit/loss	450	450	0%	309	46%	1 441	934	54%
Net profit/loss for the period	311	292	7%	186	67%	972	583	67%
Earnings per share, SEK	1.48	1.39	6%	0.88	68%	4.62	2.76	67%
Operating cash flow	494	433	14%	-	N/A	1 312	381	244%

**SEK 5 191m**

Net sales

**SEK 518m**

Adjusted  
operating profit

**10%**

Adjusted  
operating margin

### Third quarter 2014

- Net sales increased with 9% and adjusted operating profit increased with 54% compared to the third quarter 2013 due to synergy realisation and more favourable currency exchange rates.
- Compared to the previous quarter net sales increased 1% and adjusted operating profit increased 11% due to improved exchanged rates and seasonally lower personnel costs.
- Operating profit was negatively impacted with approximately SEK 227 million by periodic maintenance shutdowns in three of the production units.

### January-September 2014 compared with the same period in 2013

- Net sales has increased 5% due to 4% volume growth and more favourable currency exchange rates.
- The adjusted operating profit has improved with SEK 441 million primarily due to synergies and a weakened SEK.
- Synergies of approximately SEK 208 million have impacted the first nine months compared to the same period last year.
- Net debt/equity ratio has declined from 0.87 to 0.73.

### Outlook

- Demand and order situation is expected to decline temporarily for business areas Consumer Board and Packaging Paper in the fourth quarter. The decline is due to seasonal variations. Business area Containerboard is expected to stay on the same level as in the third quarter. In addition, December 2014 is an unusually short delivery month.
- Average prices in local currency are anticipated to be stable.
- Wood prices are expected to stay on current level for the fourth quarter of 2014.
- Capital expenditures is estimated to be approximately SEK 1 550 million in 2014, which is SEK 150 million above the depreciation level. The capex level for 2015 will also be above the depreciation level.
- Full synergies have been reached as of quarter three 2014.

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The information in this report is such that BillerudKorsnäs AB (publ) is obliged to disclose under the Swedish Securities Market Act and was submitted for publication at 07.00 CET on 28 October 2014.



**SEK 5 191m**

Net sales Q3 2014

**10%**

Adjusted operating margin  
Q3 2014



Per Lindberg  
President and CEO, BillerudKorsnäs

Prices in local currency were stable  
compared to the previous quarter.

## COMMENTS BY CEO PER LINDBERG

### CONTINUED EVIDENCE OF STRENGTH IN THIRD-QUARTER

“Our performance in the third quarter was very strong and I am pleased to see an adjusted operating margin for the quarter at 10% and an adjusted operating profit level of SEK 518 million. The quarter contained maintenance shutdowns at three of our production units with a negative impact on profits of approximately SEK 227 million. Year on year our net sales has grown 5% and our sales volume has grown 4%. We have reduced our debts significantly thanks to a strong cash flow and our Net debt/equity ratio is now down to 0.73.

In spite of an uncertain global environment, the overall market for packaging materials has been good for all business areas during the quarter with stable prices and demand. Business area Packaging Paper has kept the prices stable and is seeing opportunities to raise prices for some of the segments in speciality kraft papers. Business area Containerboard has, as expected, experienced pressure from the increased market capacity on the liner side which is reflected in lower sales volume but with continued strong margins. Business area Consumer Board shows stability with sales volumes growing better than planned, 5% compared to last year.

After several consecutive quarters with improved performance, we are temporarily seeing some challenges in the fourth quarter. December will be very short from a delivery perspective and business areas Packaging Paper and Consumer Board both anticipates a seasonal volume decrease. Containerboard continues on a lower than normal volume level for liner in the fourth quarter due to increased market capacity.

During the third quarter we have announced investments in line with our asset review and long term strategy. We are growing in accordance with our profitable growth plans, 4% compared to last year. We have now reached our synergy targets well ahead of plan. Even if we now close our synergy program, we will continue our efforts with driving profit improvements in our daily work to improve our efficiency and operational excellence. We see great opportunities to still learn from each other within the organisation and to create value for our customers, shareholders and employees.”

## MARKET

BillerudKorsnäs offers the global packaging market innovative and sustainable products and services. The Group has a leading position in primary fibre-based packaging paper and board. The packaging market shows further positive long-term development primarily due to increased globalisation, urbanisation, greater prosperity and changes in consumption patterns. In addition to packaging materials, BillerudKorsnäs sells the surplus of long-fibre pulp that is not used in its own production, Northern Bleached Softwood Kraft (NBSK).

The order situation for all business areas continued to be stable. Prices in local currency for the packaging materials segments were unchanged compared to the previous quarter.



## SALES AND RESULTS

### THIRD QUARTER 2014 COMPARED TO SECOND QUARTER

Net sales amounted to SEK 5 191 million, a 1% increase compared to previous quarter due to more favourable currency exchange rates.

Adjusted operating profit reached SEK 518 million, compared with SEK 467 million during previous quarter. The adjusted operating margin was 10% (9%).

Operating profit was SEK 450 million and net financial items amounted to SEK -57 million. Profit before tax was SEK 393 million and estimated tax was SEK -82 million. Net profit reached SEK 311 million.

1% increase in net sales compared to previous quarter due to a weaker SEK.

### CHANGE IN ADJUSTED OPERATING PROFIT COMPARED TO PREVIOUS QUARTER

SEKm	
<b>Adjusted operating profit Q2 -14</b>	<b>467</b>
Sales and production volumes, incl. product mix	-75
Selling prices (in respective sales currency)	35
Change in variable costs	-6
Change in fixed costs	1
Change in depreciation	2
Effects of exchange rate fluctuations, incl. hedging*	43
Reversal of change in non-recurring items	51
<b>Adjusted operating profit Q3 -14</b>	<b>518</b>

\* Effects of exchange rate fluctuations totalling SEK 43 million comprise the following components: change in spot rates SEK 79 million, currency hedging SEK -15 million and currency effects from revaluation of trade receivables and payments from customers SEK -21 million.

The improved adjusted operating profit is mainly explained by improved currency exchange rates. The change in fixed costs are somewhat positive due to seasonally lower personnel costs that are offset by higher maintenance costs. The quarter was negatively impacted by periodic maintenance shutdowns with approximately SEK 227 million.

The increase in profit level is attributable to seasonally lower personnel costs and more favourable currency exchange rates.

### THIRD QUARTER 2014 COMPARED WITH THIRD QUARTER IN 2013

Compared to the third quarter previous year, net sales increased with 9%. The improvement is due to volume growth and more favourable exchange rates. Adjusted operating profit increased with 54% and improved from SEK 337 million to SEK 518 million. The increase was attributable to synergies and more favourable exchange rates.



**JANUARY-SEPTEMBER 2014 COMPARED WITH THE SAME PERIOD IN 2013**

Net sales increased with 5% to SEK 15 729 million. Adjusted operating profit increased with 40% to SEK 1 540 million.

**CHANGE IN ADJUSTED OPERATING PROFIT COMPARED TO THE SAME PERIOD IN THE PREVIOUS YEAR**

<b>SEKm</b>	
<b>Adjusted operating profit Jan - Sep -13</b>	<b>1099<sup>1</sup></b>
Sales and production volumes, incl. product mix	118
Selling prices (in respective sales currency)	-47
Change in variable costs	73
Change in fixed costs	-89
Change in depreciation	72
Effects of exchange rate fluctuations, incl. hedging*	380
Reversal of change in non-recurring items	-66
<b>Adjusted operating profit Jan - Sep -14</b>	<b>1 540</b>

\* Effects of exchange rate fluctuations totalling SEK 380 million comprise the following components: change in spot rates SEK 432 million, currency hedging SEK -181 million and currency effects from revaluation of trade receivables and payments from customers SEK 129 million.

Net sales and profit growth between the years due to volume increase, synergy realisation and improved exchange rates.

Adjusted operating profit has improved with SEK 441 million due to volume growth, synergies and more favourable exchanges rates.

Lower sales prices in local currency negatively impacted operating profit with SEK 47 million. Lower variable costs are due to lower energy and electricity costs but also driven by synergy realisation within purchasing and logistics. Higher fixed costs comes from more periodic maintenance shutdowns in the first nine months of this year.

The lower depreciation level is due to the fact that many machines were fully written off during the period, and that some of the costs for maintenance shutdowns previously were capitalised and depreciated until the next planned maintenance shutdown. As of 1 January 2013 all costs associated with maintenance shutdowns are expensed.

1 Revised amounts taking into account changed accounting principles. From 2014 Bomhus Energi AB is reported as a joint operation in accordance with IFRS 11 and where BillerudKorsnäs recognises its share of Bomhus Energi AB's revenue, expenses, assets and liabilities.



## SYNERGY REALISATION

Synergies, equivalent to an annual pace of approximately SEK 530 million were realised by the end of September. During the third quarter, synergies amounting to approximately SEK 133 million were realised. Non-recurring integration costs of SEK 68 million impacted the results for the quarter. Accumulated non-recurring costs from January to September 2014 amounted to SEK 99 million and accumulated non recurring costs from the start of the integration program amounted to SEK 233 million.

## SYNERGY REALISATION

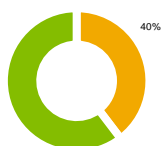
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	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm	2013	2013	2013	2013	2014	2014	2014	2014*
Annual pace at end of resp period	155	260	300	370	445	490	530	530
Quarterly synergies**	32	44	79	90	110	120	133	133

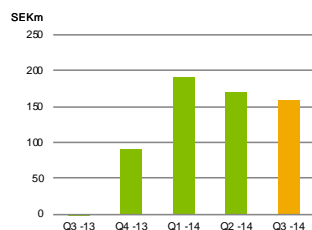
\* Expected annual synergy realisation pace and expected quarterly synergies.

\*\* Synergies and savings realised in the quarter, compared to if the synergy and savings programme had not been initiated.

SHARE OF GROUP'S NET SALES Q3 2014



OPERATING PROFIT



## PACKAGING PAPER BUSINESS AREA

Packaging Paper offers premium-quality kraft and sack paper, as well as functional solutions for many applications, including packaging for food, industrial purposes, medical applications and carrier bags, for customers with demanding requirements. The business area also sells any surplus of pulp that BillerudKorsnäs does not use in its own production.<sup>1</sup> The business area's largest markets are Europe and Asia.

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
Net sales	2 058	2 016	1 820	6 142	5 521	7 279
Net operating expenses, other	-1 781	-1 728	-1 702	-5 272	-4 969	-6 527
<b>EBITDA</b>	<b>277</b>	<b>288</b>	<b>118</b>	<b>870</b>	<b>552</b>	<b>752</b>
Depreciation and impairment	-119	-119	-119	-352	-359	-468
<b>Operating profit/loss</b>	<b>158</b>	<b>169</b>	<b>-1</b>	<b>518</b>	<b>193</b>	<b>284</b>
Operating margin, %	8%	8%	0%	8%	3%	4%
Sales volumes, ktonnes	288	294	269	892	817	1 080
whereof packaging paper	196	200	182	603	580	750

### THIRD QUARTER

Net sales amounted to SEK 2 058 million, an increase of 2% compared with the previous quarter. The increase was attributable to favourable product mix.

Operating profit reached SEK 158 million, a decrease of SEK 11 million compared with the previous quarter. The decrease was due to planned maintenance shutdowns at Skärblacka and Karlsborg production units.

Compared with the third quarter in 2013, net sales increased with 13% and operating profit improved with SEK 159 million, as a result of higher sales volumes, and more favourable currency exchange rates. There was also an exceptionally large maintenance shutdown in Skärblacka in 2013.

### JANUARY – SEPTEMBER

Operating profit increased with SEK 325 million compared to the same period last year. The increase was due to higher sales volumes and more favourable currency exchange rates.

### MARKET DEVELOPMENT

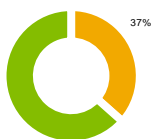
The order situation for sack and kraft paper was on a normal level. Prices in local currency were on the same level as previous quarter.

The market for NBSK pulp improved during the quarter. Prices in Europe rose to approximately USD 930 per tonne at the end of the quarter, compared with approximately USD 925 per tonne at the beginning of the quarter.

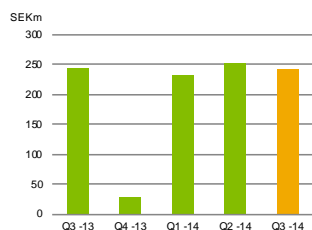
<sup>1</sup> The Packaging Paper business area buys and sells pulp at market price. From 1 August 2013 the business area's net exposure in market pulp is estimated to average approximately 150 ktonnes annually.



SHARE OF GROUP'S NET SALES Q3 2014



OPERATING PROFIT



## CONSUMER BOARD BUSINESS AREA

Consumer Board develops and markets high-quality board for packaging for beverages, yoghurts, refrigerated and frozen food and other consumer products. Smart solutions in function, design and material selection add further value for the customer. Europe is the largest market.

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
Net sales	1 897	1 822	1 716	5 668	5 305	6 964
Net operating expenses, other	-1 488	-1 403	-1 296	-4 438	-4 257	-5 709
<b>EBITDA</b>	<b>409</b>	<b>419</b>	<b>420</b>	<b>1 230</b>	<b>1 048</b>	<b>1 255</b>
Depreciation and impairment	-166	-166	-176	-501	-520	-698
<b>Operating profit/loss</b>	<b>243</b>	<b>253</b>	<b>244</b>	<b>729</b>	<b>528</b>	<b>557</b>
Operating margin, %	13%	14%	14%	13%	10%	8%
Sales volumes, ktonnes	252	249	236	769	728	959

### THIRD QUARTER

Net sales reached SEK 1 897 million in the third quarter, SEK 75 million higher than the previous quarter. This is due to normal variances, a price increase in cartonboard and a weaker Swedish krona.

Operating profit amounted to SEK 243 million which was SEK 10 million lower than the previous quarter. The decrease is mainly attributable to the periodic maintenance shutdown in Frövi. Seasonally lower personnel costs in the third quarter positively impacted profits and offset some of the stop costs.

Compared with the third quarter 2013, net sales grew with 11%, mainly due to higher sales volumes, higher prices in local currency and a weaker Swedish krona. Operating profit was on the same level.

### JANUARY – SEPTEMBER

Net sales reached SEK 5 668 million January to September, SEK 363 million higher than the previous year. This is mainly due to a higher sales volume and more favourable currency exchange rates.

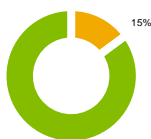
Compared with the first nine months 2013, operating profit improved with SEK 201 million. This is primarily due to volume increase, price increase in cartonboard and more favourable currency exchange rates. The first nine months in 2013 was also affected by a reduction of surplus value in the inventory of finished products acquired amounting to SEK 48 million.

### MARKET DEVELOPMENT

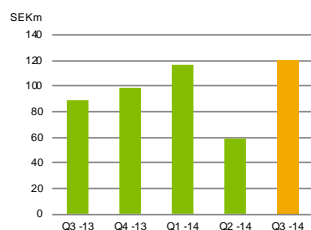
The order situation for liquid packaging board and cartonboard in the third quarter was stable and satisfactory with normal seasonal variances. Prices in local currency were increased for cartonboard and stable for other segments compared to the previous quarter.



SHARE OF GROUP'S NET SALES Q3 2014



OPERATING PROFIT



## CONTAINERBOARD BUSINESS AREA

Containerboard offers corrugated board raw material that provides light but strong packaging for demanding transportation uses and primary packaging. An important part of the offering is consultation for packaging optimisation and efficient logistical flows. The business area includes Paccess which strengthens BillerudKorsnäs' position to bring smarter packaging solutions to brand owners, and is a further step in challenging conventional packaging.

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
Net sales	773	767	755	2 332	2 310	3 073
Net operating expenses, other	-612	-664	-617	-1 906	-1 940	-2 560
<b>EBITDA</b>	<b>161</b>	<b>103</b>	<b>138</b>	<b>426</b>	<b>370</b>	<b>513</b>
Depreciation and impairment	-41	-44	-49	-130	-150	-195
<b>Operating profit/loss</b>	<b>120</b>	<b>59</b>	<b>89</b>	<b>296</b>	<b>220</b>	<b>318</b>
Operating margin, %	16%	8%	12%	13%	10%	10%
Sales volumes, ktonnes	127	128	134	394	426	552

### THIRD QUARTER

Net sales amounted to SEK 773 million, which was at the same level as the previous quarter.

Operating profit reached SEK 120 million, an increase from previous quarter with SEK 61 million. The second quarter was impacted by the maintenance shutdown at Gruvön whereas the corresponding stop during the third quarter at Skärblacka only had a limited financial impact on the business area.

Net sales and operating profit increased compared to the corresponding period last year, largely as a consequence of a more favourable currency exchange rate. Earnings were also positively affected by reduced production costs.

### JANUARY - SEPTEMBER

Compared to the same period in 2013, operating profit increased with SEK 76 million. This is mainly attributable to a weaker SEK but also due to lower production costs.

### MARKET DEVELOPMENT

Order books remained stable except for order intake on white liner, which was weaker due to increased market competition. Prices in local currency for white liner had a negative development mainly driven by increased supply capacity and pressure from price reductions on recycled based paper.





SEK -74 million earnings impact for the quarter.

## CURRENCY HEDGING

During the first nine months of 2014, net flows were hedged at EUR/SEK 8.90 (8.67), USD/SEK 6.59 (6.67) and GBP/SEK 10.54 (10.37). Currency hedging had an overall earnings impact of SEK -74 million (18) for the third quarter and SEK -136 million (45) for the first nine months of 2014 (compared to no hedging).

The outstanding forward exchange contracts at 30 September 2014 had a market value of SEK -105 million, whereof SEK -40 million is the part of the contracts matched by trade receivables that has affected earnings in the third quarter. Other contracts had a market value of SEK -65 million.

### HEDGED PORTION OF CURRENCY FLOW FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK (30 SEPTEMBER 2014)

Currency		Q4 -14	Q1 -15	Q2 -15	Q3 -15	Total 12 months
EUR	Share of net flow	100%	60%	36%	14%	52%
	Rate	9.05	9.09	9.18	9.23	9.09
USD	Share of net flow	90%	60%	36%	13%	50%
	Rate	6.70	6.75	6.81	6.99	6.76
GBP	Share of net flow	90%	60%	36%	13%	50%
	Rate	11.04	11.13	11.35	11.58	11.16
<b>Market value of currency contracts*</b>		<b>-56</b>	<b>-32</b>	<b>-14</b>	<b>-3</b>	<b>-105</b>

\*On 30 Sep 2014.

BillerudKorsnäs continuously hedges approximately 50% of forecasted net flows over the coming 12-month period, but in accordance with its financial policy is also able to extend currency hedging to 100% of net flows over the next 15 months.

SEK 321 million in gross investments for the quarter.

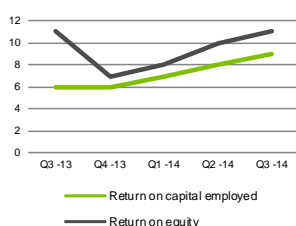
## INVESTMENTS AND CAPITAL EMPLOYED

Gross investments amounted to SEK 321 million (301) for the third quarter and SEK 904 million (968) for the first nine months of 2014.

During the third quarter the board of BillerudKorsnäs approved an investment of approximately SEK 900 million for development of Frövi and Rockhammar production units. This investment is a material part of BillerudKorsnäs' ambitious growth plans. The investment means, among other things, that board production at Frövi will increase from 450,000 tonnes to 550,000 tonnes per year and that Rockhammar's pulp production will increase from 90,000 tonnes to 150,000 tonnes per year.

Capital employed at 30 September 2014 amounted to SEK 17 938 million (18 326). Return on capital employed, calculated over the past 12-month period, amounted to 9% (6%). Return on equity after tax was 11% (11%).

RETURN, % (ROLLING 12 MONTHS)



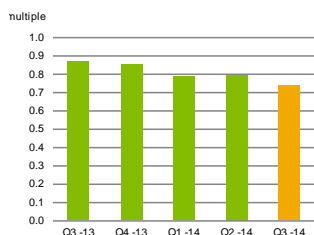


## CASH FLOW AND FINANCIAL POSITION

### SUMMARY CASH FLOW STATEMENT

SEKm	Quarter		Jan-Sep	
	Q3 -14	Q3 -13	2014	2013
Operating surplus, etc.	777	650	2 391	2 130
Change in working capital, etc.	167	-239	269	-388
Net financial items, taxes, etc.	-129	-193	-444	-470
<b>Cash flow from operating activities</b>	<b>815</b>	<b>218</b>	<b>2 216</b>	<b>1 272</b>
Current net investments	-321	-218	-904	-891
<b>Operating cash flow</b>	<b>494</b>	<b>-</b>	<b>1 312</b>	<b>381</b>

DEBT/EQUITY RATIO  
AT THE END OF THE QUARTER



Operating cash flow during the first nine months of 2014 amounted to SEK 1 312 million (381). The increased operating cash flow was mainly due to improved operating profit and reduced working capital.

Net interest-bearing debt on 30 September 2014 was SEK 7 589 million (8 551). The Group's net debt/equity ratio at the end of the period was 0.73 (0.87). This is a decrease from the second quarter with 0.06 due to positive cash flow during the third quarter. BillerudKorsnäs' financial target for net debt/equity ratio is to be less than 0.90.

## FINANCING

Interest-bearing loans amounted to SEK 7 138 million. Long-term interest-bearing liabilities amount to SEK 4 566 million and consist of utilisation of revolving credit facility of SEK 216 million, bond loans of SEK 2 150 million, SEK 1 600 million in term loans and other long-term liabilities amounting to SEK 600 million. Short-term liabilities amount to SEK 2 572 million and consist of commercial paper program of SEK 1 716 million, SEK 800 million in term loan and SEK 56 million in other short-term liabilities.

During the third quarter the group issued two bonds within the MTN program. One two year bond of SEK 200 million and one three year bond of SEK 300 million. The debt portfolio and the maturity profile is shown in the table below.

The syndicated revolving credit facility of SEK 5 500 million matures 2019.

### INTEREST-BEARING LOANS

Loan	Limit, SEKm	Maturity, years			Total utilized
		0-1	1-2	2-	
Syndicated credit facility	5 647		92	124	216
Term loans		800		1 600	2 400
Bond loans within MTN program	5 000		200	1 800	2 000
Other bond loans			150		150
Commercial paper	3 000	1 716			1 716
Term loan, Bomhus Energi AB		41	38	532	611
Other interest-bearing liabilities		15		30	45
<b>Group total</b>		<b>2 572</b>	<b>480</b>	<b>4 086</b>	<b>7 138</b>

## PARENT COMPANY

The parent company BillerudKorsnäs AB includes the Gruvön production unit, the sales organisation for the Nordic market and markets outside Europe, and the head office functions.

Net sales in the first nine months of 2014 amounted to SEK 2 802 million (2 911). Operating profit reached SEK 155 million, which was SEK 1 million lower than for the same period in 2013.

The parent company hedges both its' own and the Group's net currency flows. The parent company's earnings include the results of these hedging measures. In the first nine months of 2014 this result amounted to SEK -136 million (45).

Investments in property, plant and equipment and intangible assets excluding shares in the first nine months of 2014 amounted to SEK 234 million (87). The average number of employees was 913 (955). Cash and bank balances and short-term investments amounted to SEK 121 million (303).

## SEASONAL EFFECTS

BillerudKorsnäs' business is to a relatively limited extent subject to seasonal fluctuations. The greatest impact is from periodic maintenance shutdowns, during which the unit concerned is idle for approximately a week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown.



### MAINTENANCE SHUTDOWNS

In addition to on-going maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. In order to carry out maintenance, production of pulp, paper and board is stopped – known as a maintenance shutdown. The cost of a maintenance shutdown mainly comprises the loss of volume related to the shutdown and fixed costs, mainly in the form of costs of maintenance and overtime work, as well as - to some extent - variable costs such as higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown is an assessment of the impact on earnings of a normal shutdown, compared to a quarter during which no periodic maintenance shutdown takes place.

Production units	Estimated shutdown cost, <sup>1</sup> SEKm	Estimated breakdown of shutdown cost by business area			Planned dates of maintenance shutdown		
		Packaging	Consumer	Container-board	2015   2014   2013		
		Paper	Board				
Gävle	~ 120	~ 5%	~ 80%	~ 15%	Q3	Q4	Q4
Gruvön	~ 120	~ 40%	~ 5%	~ 55%	Q2	Q2	Q4
Frövi	~ 65	0%	100%	0%	Q3	Q3	Q2
Skärblacka	~ 75	~ 85%	0%	~ 15%	Q4	Q3	Q3
Karlsborg	~ 55	100%	0%	0%	Q3	Q3	Q3
Pietarsaari	~ 15	100%	0%	0%	Q3	Q2	Q4

In connection to the maintenance shutdowns in 2014 in Gävle and Frövi, investments for increased capacity of liquid packaging board are planned and the negative impact on operating profit is estimated to be approximately SEK 35 million higher than a "normal" shutdown.

During the third quarter 2014 there have been planned maintenance shutdowns at the production units in Frövi, Karlsborg and Skärblacka. The impact on the quarterly earnings was approximately SEK 227 million. The increase, compared to estimate, was due to start-up problems at Karlsborg and Frövi.

<sup>1</sup> Maintenance shutdowns at Beetham, Rockhammar and Tervasaari have an insignificant effect on BillerudKorsnäs' total earnings.

## LARGEST SHAREHOLDERS

### BILLERUDKORSNÄS' TEN LARGEST SHAREHOLDERS (30 SEPTEMBER 2014)



BillerudKorsnäs is listed on NASDAQ OMX Stockholm.

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	17 879 190	8.6
Swedbank Robur Funds	12 581 643	6.1
Nordea Funds	11 156 327	5.4
Fourth Swedish National Pension Fund	8 392 368	4.1
Lannebo Funds	8 252 855	4.0
Alecta	7 926 000	3.8
SHB Funds	5 890 114	2.8
Norges Bank Investment Management	5 284 142	2.6
DFA Funds (USA)	4 724 520	2.3
<b>Total 10 largest shareholders</b>	<b>113 387 159</b>	<b>54.8</b>
<b>Total number of shares in the market</b>	<b>206 788 161</b>	<b>100.0</b>

Source: SIS Ägarservice AB. Excludes BillerudKorsnäs' approximately 1.4 million bought-back shares and foreign custodian banks.

The total number of shareholders (including nominee-registered) was 99 433. The proportion of foreign ownership was 32.9% of the number of shares in the market. More information about shareholder structure is available at [www.billerudkorsnas.com/investor-relations](http://www.billerudkorsnas.com/investor-relations).

## DISTRIBUTION OF SHARES

### DISTRIBUTION OF SHARES (30 SEPTEMBER 2014)

Registered number of shares	208 219 834
Bought back shares	-1 431 673
<b>Total number of shares in the market</b>	<b>206 788 161</b>

## SIGNIFICANT RISKS AND UNCERTAINTIES

BillerudKorsnäs' products are generally dependent on the business cycle, in terms of both price development and potential sales volumes. The Group is exposed to currency fluctuations, since most revenues are invoiced in foreign currency, while a large part of operating expenses are in SEK. A more in-depth description of risks and a sensitivity analysis is provided on pages 21-26 of the 2013 Annual Report.

## RELATED PARTY TRANSACTIONS

No transactions have taken place between BillerudKorsnäs and related parties that significantly affect the company's position and earnings.

## 2015 ANNUAL GENERAL MEETING

The Annual General Meeting will be held in Stockholm on 5 May 2015. Shareholders wishing to have matters considered at the Annual General Meeting should submit their proposals in writing to BillerudKorsnäs AB (publ), Att: Andreas Mattsson, Corporate Legal Counsel, Box 703, 169 27 Solna, Sweden, at least seven weeks before the Annual General Meeting, in order to be sure that the matter can be included in the convening notice to the Meeting. Notified matters can be included on the agenda of the Annual General Meeting only if they are suitable for decision by the Meeting and if they have been notified in due time. Further details on how and when to notify participation at the Annual General Meeting will be published in advance of the Meeting.



## 2015 NOMINATION COMMITTEE

In accordance with the resolution by the Annual General Meeting of BillerudKorsnäs on 6 May 2014, the Chairman of the Board of Directors has convened a Nomination Committee for the Annual General Meeting 2015, appointed by the major shareholders in the company. The Nomination Committee consists of Michael M.F. Kaufmann, appointed by Frapag Beteiligungsholding AG, Peder Hasslev, appointed by AMF Försäkring & Fonder, Lennart Francke, appointed by Swedbank Robur fonder and Mats Hellström, appointed by Nordea fonder. Information about the work of the Nomination Committee can be found at BillerudKorsnäs website [www.billerudkorsnas.com](http://www.billerudkorsnas.com). Shareholders wishing to make proposals to the Nomination Committee should submit their proposal in writing via e-mail to [valberedningen@billerudkorsnas.com](mailto:valberedningen@billerudkorsnas.com) or by mail to BillerudKorsnäs AB (publ), Att: Valberedningen, Box 703, 169 27 Solna, Sweden.

## EVENTS AFTER THE END OF THE QUARTER

On 8 October, the Supreme Administrative Court announced to reject BillerudKorsnäs appeal regarding the award of electricity certificates due to the rebuilds made in Karlsborg, Skärblacka and Gruvön during the years 2005 and 2006.

## FINANCIAL CALENDAR

Year-end report January-December 2014	10 February 2015
Interim report January-March 2015	28 April 2015
Interim report January-June 2015	21 July 2015
Interim report January-September 2015	26 October 2015

The 2015 Annual General Meeting will be held on 5 May 2015.

## ACCOUNTING PRINCIPLES

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Beginning in 2014, ownership in Bomhus Energi AB is reported as a joint operation in accordance with IFRS 11 and where BillerudKorsnäs recognises its share of Bomhus Energi AB's revenues, expenses, assets and liabilities. Numbers and key figures for 2013 have been recalculated, see Appendix. The accounting principles otherwise applied in this interim report are the same as those used in the most recent annual report for 2013, see pages 27-36 and page 67 for definitions of key indicators. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 24 of this report.



## REVIEW REPORT

### INTRODUCTION

We have reviewed the condensed interim report for BillerudKorsnäs AB (publ) as at September 30, 2014 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 28 October, 2014

Ernst & Young AB

Martin Brenner  
Authorized Public Accountant

The information in this interim report is such that BillerudKorsnäs AB (publ) is obliged to disclose under the Swedish Securities Market Act. This report has been prepared in both a Swedish and an English version.



**BILLERUDKORSNÄS GROUP**  
**INCOME STATEMENT**

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
Net sales	5 191	5 128	4 748	15 729	14 934	19 689
Other income	30	27	30	77	99	130
<b>Operating income</b>	<b>5 221</b>	<b>5 155</b>	<b>4 778</b>	<b>15 806</b>	<b>15 033</b>	<b>19 819</b>
Change in inventories	-102	79	13	-129	-122	-43
Raw materials and consumables	-2 484	-2 629	-2 416	-7 797	-7 707	-10 236
Other external costs	-1 117	-1 027	-1 025	-3 160	-2 958	-4 006
Employee benefits expense	-726	-786	-678	-2 251	-2 219	-2 958
Depreciation and impairment of non-current assets	-342	-343	-363	-1 029	-1 093	-1 439
Profit/Loss from participations in associated companies	-	1	-	1	-	-
<b>Operating expenses</b>	<b>-4 771</b>	<b>-4 705</b>	<b>-4 469</b>	<b>-14 365</b>	<b>-14 099</b>	<b>-18 682</b>
<b>Operating profit/loss</b>	<b>450</b>	<b>450</b>	<b>309</b>	<b>1 441</b>	<b>934</b>	<b>1 137</b>
Financial income and expenses	-57	-70	-79	-199	-233	-309
<b>Profit/Loss before tax</b>	<b>393</b>	<b>380</b>	<b>230</b>	<b>1 242</b>	<b>701</b>	<b>828</b>
Taxes	-82	-88	-44	-270	-118	-142
<b>Net profit/loss for the period</b>	<b>311</b>	<b>292</b>	<b>186</b>	<b>972</b>	<b>583</b>	<b>686</b>
<b>Profit/Loss attributable to:</b>						
Owners of the parent company	306	288	183	955	571	671
Non-controlling interests	5	4	3	17	12	15
<b>Net profit/loss for the period</b>	<b>311</b>	<b>292</b>	<b>186</b>	<b>972</b>	<b>583</b>	<b>686</b>
<b>Earnings per share, SEK</b>	<b>1.48</b>	<b>1.39</b>	<b>0.88</b>	<b>4.62</b>	<b>2.76</b>	<b>3.24</b>
<b>Diluted earnings per share, SEK</b>	<b>1.48</b>	<b>1.38</b>	<b>0.88</b>	<b>4.61</b>	<b>2.76</b>	<b>3.24</b>

**STATEMENT OF COMPREHENSIVE INCOME**

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
<b>Net profit/loss for the period</b>	<b>311</b>	<b>292</b>	<b>186</b>	<b>972</b>	<b>583</b>	<b>686</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gains or losses on defined benefit pension plans	-69	-	101	-69	100	89
Tax attributable to items not to be reclassified to profit or loss	15	-	-22	15	-22	-20
<b>Total items never reclassified to profit or loss</b>	<b>-54</b>	<b>-</b>	<b>79</b>	<b>-54</b>	<b>78</b>	<b>69</b>
<b>Items that have been or may be reclassified subsequently to profit or loss</b>						
Differences arising from the translation of foreign operations' accounts	4	55	-18	61	13	67
Change in fair value of shareholding in Bergvik Skog	-3	6	10	7	32	44
Change in fair value of cash flow hedges	-3	-106	43	-118	1	-23
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	1	23	-9	26	-	5
<b>Total items that have been or may be reclassified subsequently to profit or loss</b>	<b>-1</b>	<b>-22</b>	<b>26</b>	<b>-24</b>	<b>46</b>	<b>93</b>
<b>Total comprehensive income for the period</b>	<b>256</b>	<b>270</b>	<b>291</b>	<b>894</b>	<b>707</b>	<b>848</b>
<b>Attributable to:</b>						
Owners of the parent company	251	264	288	875	695	831
Non-controlling interests	5	6	3	19	12	17
<b>Total comprehensive income for the period</b>	<b>256</b>	<b>270</b>	<b>291</b>	<b>894</b>	<b>707</b>	<b>848</b>



## STATEMENT OF CHANGES IN EQUITY

	Jan-Sep		Full year
	2014	2013	2013
<b>SEKm</b>			
<b>Opening balance</b>	<b>9 917</b>	<b>9 435</b>	<b>9 435</b>
Comprehensive income for the period	894	707	848
Rights issue	-	42	42
Share-based payment to be settled in equity instruments	3	4	5
Dividends paid	-465	-413	-413
<b>Closing balance</b>	<b>10 349</b>	<b>9 775</b>	<b>9 917</b>
<b>Equity attributable to:</b>			
Owners of the parent company	10 269	9 719	9 856
Non-controlling interests	80	56	61
<b>Closing balance</b>	<b>10 349</b>	<b>9 775</b>	<b>9 917</b>

## BALANCE SHEET

	30 Sep	30 Jun	31 Dec
	2014	2014	2013
<b>SEKm</b>			
Intangible assets	2 596	2 615	2 658
Property, plant and equipment	14 687	14 687	14 714
Other non-current assets	820	825	798
Inventories	2 929	3 003	3 029
Accounts receivable	2 604	2 573	2 400
Other current assets	905	869	844
Cash and cash equivalents	341	193	497
<b>Total assets</b>	<b>24 882</b>	<b>24 765</b>	<b>24 940</b>
Equity attributable to owners of the parent company	10 269	10 017	9 856
Non-controlling interests	80	75	61
<b>Total equity</b>	<b>10 349</b>	<b>10 092</b>	<b>9 917</b>
Interest-bearing liabilities	4 566	4 050	5 197
Provisions for pensions	792	730	732
Other provisions	41	40	42
Deferred tax liabilities	2 655	2 676	2 691
<b>Total non-current liabilities</b>	<b>8 054</b>	<b>7 496</b>	<b>8 662</b>
Interest-bearing liabilities	2 572	3 435	2 958
Accounts payables	2 363	2 283	1 745
Other liabilities and provisions	1 544	1 459	1 658
<b>Total current liabilities</b>	<b>6 479</b>	<b>7 177</b>	<b>6 361</b>
<b>Total equity and liabilities</b>	<b>24 882</b>	<b>24 765</b>	<b>24 940</b>





STATEMENT OF CASH FLOW

SEKm	Quarter			Jan-Sep		Full year
	Q3 -14	Q2 -14	Q3 -13	2014	2013	2013
Operating surplus, etc.*	777	761	650	2 391	2 130	2 656
Change in working capital, etc.	167	128	-239	269	-388	-452
Net financial items, taxes, etc.	-129	-153	-193	-444	-470	-425
<b>Cash flow from operating activities</b>	<b>815</b>	<b>736</b>	<b>218</b>	<b>2 216</b>	<b>1 272</b>	<b>1 779</b>
Investments in property, plant and equipment	-321	-301	-294	-902	-974	-1 334
Acquisition of financial assets	-	-2	-	-2	-3	-3
Business combinations	-	-	9	-	9	9
Disposal of property, plant and equipment	-	-	76	-	86	87
<b>Cash flow from investing activities</b>	<b>-321</b>	<b>-303</b>	<b>-209</b>	<b>-904</b>	<b>-882</b>	<b>-1 241</b>
Change in interest-bearing receivables	-	-	-	-	-	1
Change in interest-bearing liabilities	-350	-83	29	-1 027	-267	-466
Dividend	-	-465	-	-465	-413	-413
Rights issue	-	-	-	-	42	42
<b>Cash flow from financing activities</b>	<b>-350</b>	<b>-548</b>	<b>29</b>	<b>-1 492</b>	<b>-638</b>	<b>-836</b>
<b>Total cash flow (=change in cash and cash equivalents)</b>	<b>144</b>	<b>-115</b>	<b>38</b>	<b>-180</b>	<b>-248</b>	<b>-298</b>
<b>Cash and cash equivalents at start of period</b>	<b>193</b>	<b>288</b>	<b>499</b>	<b>497</b>	<b>774</b>	<b>774</b>
<b>Translation differences in cash and cash equivalents</b>	<b>4</b>	<b>20</b>	<b>-6</b>	<b>24</b>	<b>5</b>	<b>21</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>341</b>	<b>193</b>	<b>531</b>	<b>341</b>	<b>531</b>	<b>497</b>

\*The amount for the period January - September 2014 takes into account operating profit of SEK 1 441 million, reversed depreciation SEK 1 029 million, decrease in pension liabilities SEK -16 million, other provisions SEK -35 million, result from associated companies SEK -1 million, net of produced and sold electricity certificates and sold emission rights SEK -30 million and incentive programmes SEK 3 million. The amount for the period January – September 2013 takes into account operating profit of SEK 934 million, reversed depreciation SEK 1 093 million, decrease in pension liabilities SEK -14 million, other provisions SEK 28 million, capital result SEK -7 million, expensed indirect acquisition costs SEK 2 million, net of produced and sold electricity certificates and sold emission rights SEK 90 million and incentive programmes SEK 4 million.



**NOTE FINANCIAL ASSETS AND LIABILITIES**

	Derivatives in hedge accounting	Accounts and loan receivables	Available for- sale financial assets	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<b>Group 30 September 2014</b>						
Other shares and participations	-	-	788	-	788	788
Long-term receivables	-	5	-	-	5	5
Accounts receivable	-	2 604	-	-	2 604	2 604
Other receivables	8	323	-	-	331	331
Cash and cash equivalents <sup>1</sup>	-	341	-	-	341	341
<b>Total</b>	<b>8</b>	<b>3 273</b>	<b>788</b>	<b>-</b>	<b>4 069</b>	<b>4 069</b>
Non-current interest-bearing liabilities	-	-	-	4 566	4 566	4 607
Current interest-bearing liabilities	-	-	-	2 572	2 572	2 572
Accounts payable	-	-	-	2 364	2 364	2 364
Other liabilities	140	-	-	189	329	329
<b>Total</b>	<b>140</b>	<b>-</b>	<b>-</b>	<b>9 691</b>	<b>9 831</b>	<b>9 872</b>
<b>Group 31 December 2013</b>						
Other shares and participations	-	-	781	-	781	781
Long-term receivables	-	3	-	-	3	3
Accounts receivable	-	2 400	-	-	2 400	2 400
Other receivables	27	323	-	-	350	350
Cash and cash equivalents <sup>1</sup>	-	497	-	-	497	497
<b>Total</b>	<b>27</b>	<b>3 223</b>	<b>781</b>	<b>-</b>	<b>4 031</b>	<b>4 031</b>
Non-current interest-bearing liabilities	-	-	-	5 197	5 197	5 166
Current interest-bearing liabilities	-	-	-	2 958	2 958	2 958
Accounts payable	-	-	-	1 745	1 745	1 745
Other liabilities	41	-	-	138	179	179
<b>Total</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>10 038</b>	<b>10 079</b>	<b>10 048</b>

1 Investments in securities etc. are classified as Cash and cash equivalents when they mature less than three months after the acquisition date and are exposed to only a minor risk of fluctuation in value.  
The assessment is that the total carrying amount and fair value is consistent and there is no offset.



## KEY FIGURES

	Jan-Sep		Full year
	2014	2013	2013
<b>Margins</b>			
Gross margin, %	16	13	13
Operating margin, %	9	6	6
<b>Return (rolling 12 months)</b>			
Return on capital employed, %	9	6	6
Return on total capital, %	7	4	5
Return on equity, %	11	11	7
Return on equity after dilution, %	11	11	7
<b>Capital structure at end of period</b>			
Capital employed, SEKm	17 938	18 326	18 306
Equity, SEKm	10 349	9 775	9 917
Interest-bearing net debt, SEKm	7 589	8 551	8 389
Net debt/equity ratio, multiple	0.73	0.87	0.85
Net debt/equity ratio after dilution, multiple	0.73	0.87	0.84
Equity ratio, %	42	39	40
Equity ratio after dilution, %	42	39	40
Interest-bearing net debt / EBITDA, multiple	2.51	3.72	3.26
Interest-bearing net debt / EBIT, multiple	4.62	8.91	7.38
<b>Key figures per share</b>			
Earnings per share, SEK	4.62	2.76	3.24
Average number of shares, thousands	206 753	206 602	206 632
Earnings per share after dilution, SEK	4.61	2.76	3.24
Average number of shares after dilution, thousands	207 210	206 997	207 051
Cash flow from operating activities per share, SEK	10.72	6.16	8.61
Operating cash flow per share, SEK	6.35	1.84	2.56
Equity per share, SEK	49.66	47.01	47.68
Number of shares at the end of the period, thousands	206 788	206 720	206 720
Equity per share after dilution, SEK	49.55	46.92	47.58
Number of shares at the end of the period after dilution, thousands	207 246	207 115	207 139
<b>Other key figures</b>			
Working capital as percentage of sales, %	12	16	14
Gross investments, SEKm	904	977	1 337
Average number of employees	4 180	4 285	4 270



**PARENT COMPANY  
SUMMARISED INCOME STATEMENT**

SEKm	Quarter		Jan-Sep		Full Year
	Q3 -14	Q3 -13	2014	2013	2013
Operating income	963	971	2 818	2 946	3 857
Operating expenses	-827	-885	-2 663	-2 790	-3 652
<b>Operating profit/loss</b>	<b>136</b>	<b>86</b>	<b>155</b>	<b>156</b>	<b>205</b>
Financial income and expenses	-49	-53	-131	-145	-191
<b>Profit/Loss after financial income and expenses</b>	<b>87</b>	<b>33</b>	<b>24</b>	<b>11</b>	<b>14</b>
Appropriations	-	-	-	5	-1 231
<b>Profit/loss before tax</b>	<b>87</b>	<b>33</b>	<b>24</b>	<b>16</b>	<b>-1 217</b>
Taxes	-16	-8	-2	-4	272
<b>Net profit/loss for the period</b>	<b>71</b>	<b>25</b>	<b>22</b>	<b>12</b>	<b>-945</b>

**SUMMARISED BALANCE SHEET**

SEKm	30 Sep 2014	30 Sep 2013	31 Dec 2013
Non-current assets	13 192	13 088	13 109
Current assets	4 201	3 922	4 851
<b>Total assets</b>	<b>17 393</b>	<b>17 010</b>	<b>17 960</b>
Shareholders' equity	6 578	7 978	7 020
Untaxed reserves	2 135	341	2 135
Provisions	477	772	487
Interest-bearing liabilities	7 088	7 288	7 324
Other liabilities	1 115	631	994
<b>Total equity and liabilities</b>	<b>17 393</b>	<b>17 010</b>	<b>17 960</b>



## BUSINESS AREAS

The Group's business is controlled and reported according to BillerudKorsnäs' three business areas: Packaging Paper, Consumer Board and Containerboard. Non-current assets and capital investments cannot be broken down by business area since the business areas are highly integrated in terms of production. Other units include wood supply, sales organisations, Nine AB, the Latgran Group, Bomhus Energi AB, white kraft and sack paper at the Gävle production unit (PM2) until it was sold 1st of August 2013 and dormant companies. Currency hedging etc. includes results from hedging of the Group's net currency flows, revaluation of accounts receivable and payments from customers. The part of currency exposure relating to changes in invoicing rates is included in the business area's profit or loss. Group staff and eliminations comprise Group-wide functions and Group eliminations. Group eliminations also include shares in profits/losses from participations in associated companies.

### NET SALES QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13	Q1 -13	Q4 -12	Jan-Sep 2014	Jan-Sep 2013
Packaging Paper	2 058	2 016	2 068	1 758	1 820	1 846	1 855	1 717	6 142	5 521
Consumer Board	1 897	1 822	1 949	1 659	1 716	1 784	1 805	508	5 668	5 305
Containerboard	773	767	792	763	755	758	797	623	2 332	2 310
Other units	487	512	589	549	470	579	699	183	1 588	1 748
Currency hedging, etc.	-24	11	12	26	-13	38	25	37	-1	50
Group staff and eliminations	-	-	-	-	-	-	-	-	-	-
<b>Total Group</b>	<b>5 191</b>	<b>5 128</b>	<b>5 410</b>	<b>4 755</b>	<b>4 748</b>	<b>5 005</b>	<b>5 181</b>	<b>3 068</b>	<b>15 729</b>	<b>14 934</b>

### OPERATING PROFIT QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13	Q1 -13	Q4 -12	Jan-Sep 2014	Jan-Sep 2013
Packaging Paper	158	169	191	91	-1	76	118	39	518	193
Consumer Board	243	253	233	29	244	126	158	35	729	528
Containerboard	120	59	117	98	89	66	65	23	296	220
Other units	26	16	39	2	17	1	40	9	81	58
Currency hedging, etc.	-24	11	12	26	-13	38	25	37	-1	50
Group staff and eliminations	-73	-58	-51	-43	-27	-45	-43	-118	-182	-115
<b>Total Group</b>	<b>450</b>	<b>450</b>	<b>541</b>	<b>203</b>	<b>309</b>	<b>262</b>	<b>363</b>	<b>25</b>	<b>1 441</b>	<b>934</b>

### OPERATING PROFIT<sup>1</sup> QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

SEKm	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13	Q1 -13	Q4 -12	Jan-Sep 2014	Jan-Sep 2013
Packaging Paper	305	244	191	168	187	88	118	103	740	393
Consumer Board	354	265	233	148	244	241	206	79	852	691
Containerboard	140	115	117	151	110	66	65	70	372	241
Other units	26	16	39	2	17	1	40	9	81	58
Currency hedging, etc.	-24	11	12	26	-13	38	25	37	-1	50
Group staff and eliminations	-56	-41	-37	-14	1	5	-16	-52	-134	-10
<b>Total Group</b>	<b>745</b>	<b>610</b>	<b>555</b>	<b>481</b>	<b>546</b>	<b>439</b>	<b>438</b>	<b>246</b>	<b>1 910</b>	<b>1 423</b>
Costs for maintenance shutdowns	-227	-143	-	-249	-209	-115	-	-119	-370	-324
Non-recurring items	-68	-17	-14	-29	-28	-62	-75	-102	-99	-165
<b>Operating profit</b>	<b>450</b>	<b>450</b>	<b>541</b>	<b>203</b>	<b>309</b>	<b>262</b>	<b>363</b>	<b>25</b>	<b>1 441</b>	<b>934</b>

### OPERATING MARGIN<sup>1</sup> QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

%	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13	Q1 -13	Q4 -12	Jan-Sep 2014	Jan-Sep 2013
Packaging Paper	15	12	9	10	10	5	6	6	12	7
Consumer Board	19	15	12	9	14	14	11	-	15	13
Containerboard	18	15	15	20	15	9	8	11	16	10
<b>Group</b>	<b>14</b>	<b>12</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>12</b>	<b>10</b>

### SALES VOLUMES QUARTERLY PER BUSINESS AREA AND FOR THE GROUP

ktonne	Q3 -14	Q2 -14	Q1 -14	Q4 -13	Q3 -13	Q2 -13	Q1 -13	Q4 -12	Jan-Sep 2014	Jan-Sep 2013
Packaging Paper	288	294	310	263	269	273	275	254	892	817
Consumer Board	252	249	268	231	236	242	250	71	769	728
Containerboard	127	128	139	126	134	142	150	120	394	426
<b>Total</b>	<b>667</b>	<b>671</b>	<b>717</b>	<b>620</b>	<b>639</b>	<b>657</b>	<b>675</b>	<b>445</b>	<b>2 055</b>	<b>1 971</b>

<sup>1</sup> Operating profit and margin are adjusted for the effects of periodical maintenance shutdowns and for non-recurring items.



## APPENDIX

### SUMMARY OF ADJUSTMENTS AND EFFECTS ON INCOME STATEMENT AND BALANCE SHEET DUE TO CHANGED ACCOUNTING PRINCIPLE<sup>1</sup>

	According to earlier accounting principles	Bomhus Energi AB	Revised
<b>INCOME STATEMENT</b>			
<b>SEKm</b>	<b>Full year 2013</b>		<b>Full year 2013</b>
Net sales	19 533	156	19 689
Other income	129	1	130
<b>Operating income</b>	<b>19 662</b>	<b>157</b>	<b>19 819</b>
Change in inventories	-43	-	-43
Raw materials and consumables	-10 181	-55	-10 236
Other external costs	-3 980	-26	-4 006
Employee benefits expense	-2 956	-2	-2 958
Depreciation and impairment of non-current assets	-1 402	-37	-1 439
Profit/Loss from participations in associated companies	13	-13	-
<b>Operating expenses</b>	<b>-18 549</b>	<b>-133</b>	<b>-18 682</b>
<b>Operating profit/loss</b>	<b>1 113</b>	<b>24</b>	<b>1 137</b>
Financial income and expenses	-285	-24	-309
<b>Profit/Loss before tax</b>	<b>828</b>	<b>-</b>	<b>828</b>
Taxes	-142	-	-142
<b>Net profit/loss for the period</b>	<b>686</b>	<b>-</b>	<b>686</b>
<b>BALANCE SHEET</b>			
<b>SEKm</b>	<b>31 Dec 2013</b>		<b>31 Dec 2013</b>
Intangible assets	2 657	1	2 658
Property, plant and equipment	13 797	917	14 714
Other non-current assets	1 127	-329	798
Inventories	3 010	19	3 029
Account receivable	2 380	20	2 400
Other current assets	830	14	844
Cash and cash equivalents	484	13	497
<b>Total assets</b>	<b>24 285</b>	<b>655</b>	<b>24 940</b>
Shareholders equity attributable to owners of parent company	9 856	-	9 856
Non-controlling interests	61	-	61
<b>Shareholders equity</b>	<b>9 917</b>	<b>-</b>	<b>9 917</b>
Interest-bearing liabilities	4 574	623	5 197
Provisions for pensions	732	-	732
Other provisions	42	-	42
Deferred tax liabilities	2 691	-	2 691
<b>Total non-current liabilities</b>	<b>8 039</b>	<b>623</b>	<b>8 662</b>
Interest-bearing liabilities	2 958	-	2 958
Accounts payables	1 726	19	1 745
Other liabilities and provisions	1 645	13	1 658
<b>Total current liabilities</b>	<b>6 329</b>	<b>32</b>	<b>6 361</b>
<b>Total equity and liabilities</b>	<b>24 285</b>	<b>655</b>	<b>24 940</b>

<sup>1</sup> From 2014 Bomhus Energi AB is reported as a joint operation in accordance with IFRS 11 and where BillerudKorsnäs recognises its share of Bomhus Energi AB's revenues, expenses, assets and liabilities.



APPENDIX CONTD.

SUMMARY OF ADJUSTMENTS AND EFFECTS ON INCOME STATEMENT AND BALANCE SHEET DUE TO CHANGED ACCOUNTING PRINCIPLE<sup>1</sup>

	According to earlier accounting principles	Bomhus Energi AB	Revised
<b>INCOME STATEMENT</b>			
<b>SEKm</b>	<b>Jan-Sep 2013</b>		<b>Jan-Sep 2013</b>
Net sales	14 820	114	14 934
Other income	98	1	99
<b>Operating income</b>	<b>14 918</b>	<b>115</b>	<b>15 033</b>
Change in inventories	-122	-	-122
Raw materials and consumables	-7 664	-43	-7 707
Other external costs	-2 942	-16	-2 958
Employee benefits expense	-2 217	-2	-2 219
Depreciation and impairment of non-current assets	-1 064	-29	-1 093
Profit/Loss from participations in associated companies	7	-7	-
<b>Operating expenses</b>	<b>-14 002</b>	<b>-97</b>	<b>-14 099</b>
<b>Operating profit/loss</b>	<b>916</b>	<b>18</b>	<b>934</b>
Financial income and expenses	-215	-18	-233
<b>Profit/Loss before tax</b>	<b>701</b>	<b>-</b>	<b>701</b>
Taxes	-118	-	-118
<b>Net profit/loss for the period</b>	<b>583</b>	<b>-</b>	<b>583</b>

	According to earlier accounting principles	Bomhus Energi AB	Revised
<b>INCOME STATEMENT</b>			
<b>SEKm</b>	<b>Q3 2013</b>		<b>Q3 2013</b>
Net sales	4 715	33	4 748
Other income	29	1	30
<b>Operating income</b>	<b>4 744</b>	<b>34</b>	<b>4 778</b>
Change in inventories	13	-	13
Raw materials and consumables	-2 405	-11	-2 416
Other external costs	-1 020	-5	-1 025
Employee benefits expense	-677	-1	-678
Depreciation and impairment of non-current assets	-353	-10	-363
Profit/Loss from participations in associated companies	1	-1	-
<b>Operating expenses</b>	<b>-4 441</b>	<b>-28</b>	<b>-4 469</b>
<b>Operating profit/loss</b>	<b>303</b>	<b>6</b>	<b>309</b>
Financial income and expenses	-73	-6	-79
<b>Profit/Loss before tax</b>	<b>230</b>	<b>-</b>	<b>230</b>
Taxes	-44	-	-44
<b>Net profit/loss for the period</b>	<b>186</b>	<b>-</b>	<b>186</b>

<sup>1</sup> From 2014 Bomhus Energi AB is reported as a joint operation in accordance with IFRS 11 and where BillerudKorsnäs recognises its share of Bomhus Energi AB's revenues, expenses, assets and liabilities.



## FINANCIAL DEFINITIONS

### Adjusted operating profit

Operating profit adjusted for non-recurring items.

### Capital employed

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets.

### Cash flow from operating activities per share

Cash flow from operating activities divided by the average number of shares in the market during the period.

### Earnings per share

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market.

### Earnings per share after dilution

Profit for the period, attributable to owners of the parent, divided by the average number of shares in the market after estimated utilisation of incentive programmes.

### Equity

Shareholders' equity at the end of the period.

### Equity per share

Shareholders' equity at the end of the period, attributable to owners of the parent, divided by the number of shares in the market at the end of the period.

### Equity per share after dilution

Shareholders' equity at the end of the period, attributable to owners of the parent, plus the effect of estimated utilisation of incentive programmes divided by the number of shares in the market at the end of the period after estimated utilisation of incentive programmes.

### Equity ratio

Shareholders' equity as a percentage of total assets.

### Equity ratio after dilution

Shareholders' equity plus the effect of estimated utilisation of incentive programmes as a percentage of total assets plus the effect of estimated utilisation of incentive programmes.

### Gross Margin

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales.

### Interest-bearing net debt

Interest-bearing provisions and liabilities less interest-bearing assets.

### Interest-bearing net debt/ EBIT

Interest bearing net debt at the end of the period divided by operating profit for the last twelve months.

### Interest-bearing net debt/ EBITDA

Interest bearing net debt at the end of the period divided by operating profit before depreciation for the last twelve months.

### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

### Net debt/equity ratio after dilution

Interest-bearing net debt divided by shareholders' equity plus the effect of estimated utilisation of incentive programmes.

### Non-recurring items

One-time costs not affecting the company's run rate cost level.

### Operating cash flow per share

Operating cash flow divided by the average number of shares in the market during the period.

### Operating margin

Operating profit as a percentage of net sales.

### Return on capital employed

Operating profit as a percentage of average capital employed.

### Return on equity

Profit for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent.

### Return on equity after dilution

Profit for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent, plus the effect of estimated utilisation of incentive programmes.

### Return on total capital

Operating profit as a percentage of average total capital.

### Working capital

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities.

### Working capital as percentage of net sales

Average working capital for the quarter, divided by annualised net sales (net sales for the quarter multiplied by four).



BillerudKorsnäs offers primary fibre-based packaging materials and packaging solutions. The company holds a prominent position in several attractive product segments, both in primary fibre-based materials for consumer packaging and for industrial purposes. Through its business model BillerudKorsnäs focuses on its customers and offers high-quality materials, knowledge of the entire value chain and a global network of customers and packaging partners. The aim is to create values that strengthen customer brands and competitiveness, thereby securing the company's position as the natural partner for smarter packaging. BillerudKorsnäs' strategy is to generate profitable growth through world class process efficiency and customer-focused development. Today, BillerudKorsnäs' biggest market is Europe but the company has a clear focus to grow in other parts of the world.

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