



BILLERUDKORSNÄS



Q1

January–March 2018

INTERIM REPORT JANUARY–MARCH 2018

Quarterly data

- Net sales were SEK 5 897 million (5 636), an increase of 5% mainly as a result of increased selling prices.
- EBITDA was SEK 1 065 million (923), an increase of 15% mainly as a result of increased selling prices, which were partly offset by higher wood prices.
- Adjusted EBITDA was SEK 1 102 million (938), an increase of 17%.
- The adjusted operating margin was 12% (10%).
- Adjusted operating profit was SEK 729 million (572), an increase of 27%.
- Earnings per share amounted to SEK 2.40 (1.94).

Key highlights

- Stable production
- Strong earnings driven by increased selling prices
- Continued high demand across all business areas
- Negative earnings impact from cost inflation and wood shortage
- Strategic investments are progressing according to plan
- Positive market outlook in both the short and long term

KEY FIGURES

SEKm	Q1 2018	Q1 2017	Change	Q4 2017	Change
Net sales	5 897	5 636	5%	5 565	6%
EBITDA	1 065	923	15%	923	15%
EBITDA, %	18%	16%		17%	
Adjusted EBITDA	1 102	938	17%	950	16%
Adjusted EBITDA, %	19%	17%		17%	
Operating profit	677	550	23%	521	30%
Operating margin, %	11%	10%		9%	
Adjusted operating profit	729	572	27%	587	24%
Adjusted operating margin, %	12%	10%		11%	
Net profit/loss for the period	498	401	24%	368	35%
Earnings per share, SEK	2.40	1.94	24%	1.78	35%
Adjusted earnings per share, SEK	2.60	2.02	29%	2.03	28%
Operating cash flow	-326	-294		-761	
ROCE, %	13%	11%		12%	
Adjusted ROCE, %	14%	13%		13%	
Interest-bearing net debt / EBITDA, multiple	1.55	1.19		1.53	

For key figures and a reconciliation of alternative performance measures, see pages 18-19.

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This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 07.00 CET on 20 April 2018.

COMMENTS BY CEO

Strong demand



Petra Einarsson,
President and CEO

SEK 5 897 million

Net sales

SEK 1 065 million

EBITDA

SEK 1 102 million

Adjusted EBITDA

19%

Adjusted EBITDA margin

“The quarter was characterised by stable production and a continued strong demand for innovative and sustainable packaging. As the market leader in our selected product areas, we are well positioned to capture growth. Revenues in the quarter increased by 5% compared with the same period last year, which was mainly due to higher selling prices. Owing to the weather-related wood shortage that affected the entire sector, we have had difficulty in fully meeting customer demand during the period.

Our investments are progressing according to plan. The paper machine at Skärblacka is currently undergoing start-up and is expected to make a positive contribution to earnings towards the end of the year. At Gruvön, we have strengthened the programme management and created clearer ownership of each element of the project. As we equip ourselves for the future, we have to not only expand capacity to meet increased demand but also optimise production between our mills. We shall ensure a customer-oriented offering produced in resource-efficient facilities with stable availability and a high level of safety.”

The result

EBITDA for the quarter rose by 15% to SEK 1 065 million. Sales volumes decreased compared with last year, while net sales increased by 5% owing mainly to increased prices and a positive currency impact. Variable costs increased, mainly owing to demand-related price increases for wood and chemicals.

All business areas are continuing to deliver stable earnings. Packaging Paper is delivering strong earnings, driven by increased demand and higher prices. Consumer Board had high availability and EBITDA increased by 8% compared with last year. Managed Packaging, within Corrugated Solutions, is continuing to deliver strong sales growth.

Production availability was good during the quarter. This is essential for profitable growth and continued investments in the future. Disruptions to production or start-up problems directly impact how customers perceive quality, as well as impacting Group profits. To minimise problems in production in the future, a Group unit has been set up to harmonise the work on increasing safety, and to ensure stability and quality at all facilities. The starting point for this work is to adopt a more customer-oriented perspective and focus on preventive actions.

Market outlook

Strong demand across all business areas is expected to continue over the next quarter. We have favourable order levels with opportunities for continued price increases to offset the rising raw material prices that are adversely affecting the entire sector.

In the longer term, the market trends of urbanisation, digitalisation, globalisation and sustainability offer significant opportunities for continued growth. We are correctly positioned, with a broad offering of innovative and sustainable packaging and solutions. Demand for a comprehensive offering, in which the sustainability of materials plays a key role, is growing. Packaging is gaining an increasingly important role in many brand owners’ efforts to make their products more competitive. This continues to give us great confidence in our products and our development.

Strategy

In order to deliver profitable growth of 3–4%, goal-oriented and intensive work is being undertaken in four strategic areas: position, innovation, sustainability and efficiency. There is currently a strong emphasis on capturing growth in selected product areas and supplying our current and future customers with the highest-quality sustainable packaging materials and solutions. Our two major investment projects have not only demonstrated our ambitions to meet the increased needs of the market, but we have also shown our potential to create an efficient production structure.

Sales and results

EBITDA improved by 15% compared with the fourth quarter, despite increased wood costs and a wood shortage.

EBITDA was better than the same period last year, owing to improved local prices and favourable exchange rates.

Q1 2018 compared with Q1 2017

Net sales increased by 5% compared with the same period of last year. Prices mainly for sack paper, fluting and pulp continued to show positive development and the situation was further strengthened by favourable currency movements. High demand from China remains a driver for the price of pulp.

Sales volumes decreased by 5% compared with the same quarter of last year. The main reason for the decrease was the weather-related wood shortage.

EBITDA improved by SEK 142 million, from SEK 923 million to SEK 1 065 million. The improvement was due to higher local prices and an improved currency situation, which was offset by higher wood and chemical prices. The first quarter of last year was impacted by SEK 75 million relating to a maintenance shutdown at Gruvön and SEK 80 million for quality and production disruptions at Rockhammar.

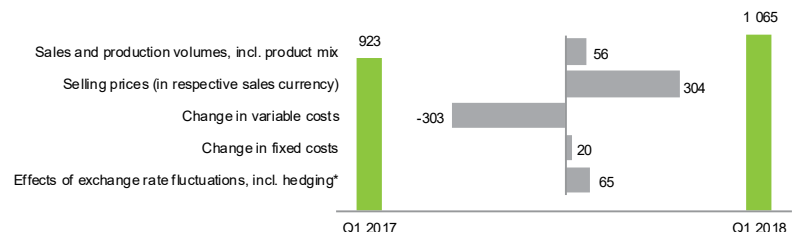
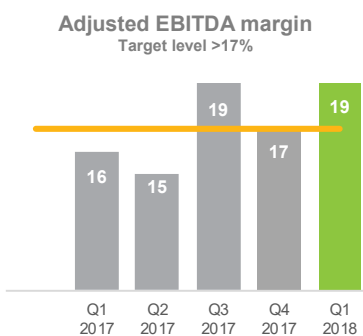
Q1 2018 compared with Q4 2017

Net sales for the first quarter were 6% higher than the previous quarter. The improvements were due to sustained favourable price development primarily for pulp, liner and sack paper, combined with higher sales volumes.

The higher sales volumes than the previous quarter were the result of the continued strong market conditions and the maintenance shutdowns conducted in the previous period at Frövi, Rockhammar and Skärblacka. Offsetting this were production losses due to the continued challenging wood conditions, whereby a weather-related wood shortage initially occurred in the Baltic and affected the Group's imports of hardwood. A difficult late autumn period with high a water level was followed by a snowy winter in Sweden, which also affected the Group's ability to purchase softwood. The greatest impact of the wood shortage was on the mills at Gruvön and Skärblacka, with clear volume losses for Packaging Paper and pulp being most affected, and Corrugated Solutions with an adverse effect on fluting. Consequently, Packaging Paper lost around 20 ktonnes and Corrugated Solutions around 10 ktonnes in the quarter. The total impact on the results from the wood shortage in the first quarter was SEK 116 million, compared with the SEK 80–100 million previously communicated.

EBITDA rose by 15%, SEK 142 million, compared with the fourth quarter. This was due to improved net sales and lower costs for planned maintenance shutdowns, which amounted to SEK 140 million in the previous quarter. Lower set-up costs in Managed Packaging and a positive one-off effects in the Group's US-based operations, have contributed to the increase. During the quarter, however, costs for the Group's wood purchases rose both as a result of changes in economic conditions and higher demand for pulpwood, as well as because of increased costs for alternative supply sources such as imports of eucalyptus.

Change in EBITDA for Q1 2018 compared with Q1 2017, SEK million



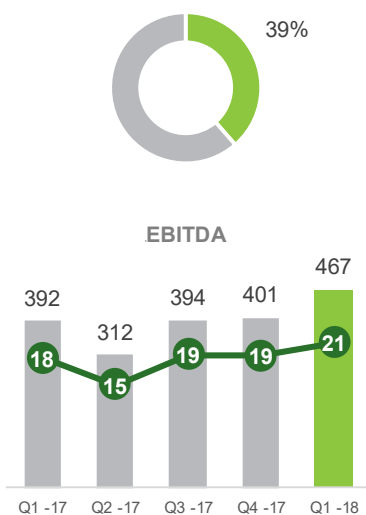
*Effects of exchange rate fluctuations totalling SEK 65 million comprise the following components: change in spot rates of SEK 43 million, currency hedging of SEK -51 million and currency effects from the revaluation of trade receivables and payments from customers of SEK 73 million.

Packaging Paper business area

KRAFT AND SACK PAPER FOR CUSTOMERS WITH TOUGH DEMANDS

Packaging Paper offers premium-quality kraft and sack paper, plus smart solutions for customers in the industrial, medical equipment and consumer segments. The business area also sells any surplus of pulp that BillerudKorsnäs does not use in its own production. The Group's net exposure in market pulp is estimated to average approximately 150 ktonnes for 2018 and 0 ktonnes in 2021.

Share of Group's net sales for Q1 2018



Key figures

SEKm	Q1 2018	Q1 2017	Q4 2017	Full year 2017
Net sales	2 276	2 141	2 147	8 529
<i>whereof kraft paper</i>	931	976	893	3 685
<i>whereof sack paper</i>	835	637	683	2 631
Net operating expenses, other	-1 809	-1 749	-1 746	-7 030
EBITDA	467	392	401	1 499
EBITDA, %	21%	18%	19%	18%
Operating profit/loss	358	276	285	1 035
Operating margin, %	16%	13%	13%	12%
Sales volumes, ktonnes	278	293	282	1 152

Q1 2018 compared with Q1 2017

Net sales in the first quarter of 2018 were 6% higher than in the first quarter of 2017 as a result of improved selling prices and a better sales mix. Sales volumes in the quarter were lower than last year because of the wood shortage.

EBITDA rose by 19% compared with the same period last year, owing to higher selling prices and a favourable product mix.

Q1 2018 compared with Q4 2017

Net sales for the first quarter of 2018 increased by 6% compared with the fourth quarter of 2017 as a result of a favourable sales mix and higher prices in local currency. Sales volumes were level with the previous quarter.

EBITDA rose by 16% compared with the same period last year, owing to a better sales mix, higher prices and lower fixed costs.

Market development

Market conditions were stable and favourable during the quarter. Compared with the previous quarter, the market improved for all sack and kraft papers. Prices in local currency increased for both sack papers and kraft papers compared with the previous quarter.

The market for NBSK pulp remained stable and positive in the quarter, in line with the previous quarter. Prices were around USD 1 090 per tonne at the end of the quarter compared with USD 1 000 at the end of the previous quarter. This is a strong increase in prices compared with the end of the first quarter of 2017, when the price was USD 820 per tonne.

Outlook

The market for kraft and sack paper remains stable and strong.

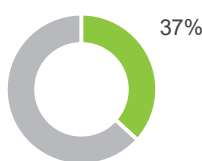


Consumer Board business area

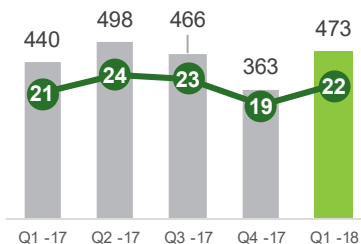
LIQUID PACKAGING BOARD AND CARTONBOARD WITH UNIQUE PROPERTIES

Consumer Board delivers packaging materials in high-quality board made from primary fibre for beverages, food products and various other consumer goods. Smart solutions in terms of function, design and material selection create added value for customers.

Share of Group's net sales
Q1 2018



EBITDA



Key figures

SEKm	Q1 2018	Q1 2017	Q4 2017	Full year 2017
Net sales	2 164	2 128	1 943	8 189
<i>whereof liquid packaging board</i>	1 817	1 832	1 633	6 936
<i>whereof cartonboard</i>	344	294	309	1 245
Net operating expenses, other	-1 691	-1 688	-1 580	-6 422
EBITDA	473	440	363	1 767
EBITDA, %	22%	21%	19%	22%
Operating profit/loss	271	246	168	983
Operating margin, %	13%	12%	9%	12%
Sales volumes, ktonnes	281	285	252	1 081

Q1 2018 compared with Q1 2017

Compared with the first quarter of 2017, net sales increased by 2%. Demand is currently exceeding our ability to deliver, but price levels are stable, which is due to long-term agreements with major customers. Production availability was good over the period, and Frövi's production is going according to plan.

EBITDA increased by 8% compared with the first quarter of 2017. The earnings increase was mainly due to more stable production, a more favourable exchange rate and a better product mix.

Q1 2018 compared with Q4 2017

Compared with the fourth quarter of 2017, net sales increased by 11%. The main reason for the increase was that the fourth quarter is a seasonally weak quarter.

EBITDA rose by 30% compared with the fourth quarter of 2017. The earnings increase was mainly due to the production unit at Frövi having its annual maintenance shutdown in the fourth quarter, along with the fourth quarter being seasonally weaker than the first quarter.

Market development

We see continued good demand within the Consumer Board business area. Prices in local currency were largely unchanged compared with the previous quarter. Cartonboard prices have increased but the full effect will not be felt until the second quarter.

Outlook

Orders for Consumer Board are expected to remain stable and satisfactory with normal seasonal variations.

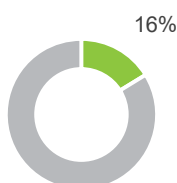


Corrugated Solutions business area

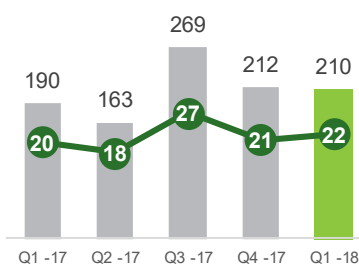
FLUTING AND LINER ADD VALUE

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. The strong and light materials – fluting and liner – are used in corrugated boxes for fragile goods and demanding distribution systems. Smart packaging is delivered via the Managed Packaging concept, which provides supply chain solutions and packaging optimisation for brand owners, with a view to challenging conventional solutions.

Share of Group's net sales
Q1 2018



EBITDA



KEY FIGURES

SEKm	Q1 2018	Q1 2017	Q4 2017	Full year 2017
Net sales	953	931	1 011	3 856
<i>whereof fluting</i>	462	470	459	1 779
<i>whereof liner</i>	325	347	338	1 389
<i>whereof Managed Packaging</i>	152	113	198	662
Net operating expenses, other	-743	-741	-799	-3 022
EBITDA	210	190	212	834
EBITDA, %	22%	20%	21%	22%
Operating profit/loss	168	145	168	656
Operating margin, %	18%	16%	17%	17%
Sales volumes, ktonnes	127	144	132	542

Q1 2018 compared with Q1 2017

Net sales increased by 2% compared with the same quarter in 2017 as a result of improved prices in local currency and strong Managed Packaging sales, which offset the effect from lower sales volumes relating to the wood shortage.

EBITDA increased by 11% compared with the first quarter of 2017, owing mainly to higher selling prices, as well as lower fixed costs which made up for higher variable costs relating to higher wood prices.

Q1 2018 compared with Q4 2017

Net sales decreased in the first quarter of 2018 by 6% compared with the fourth quarter of 2017, owing mainly to seasonally lower Managed Packaging sales.

EBITDA decreased by 1% compared with the fourth quarter of 2017 as a result of higher variable costs linked to wood prices and lower sales and production volumes owing to the wood shortage. This was offset by lower fixed costs and better Managed Packaging earnings.

Market development

The liner and fluting market remained good with strong prices and high demand in the first quarter, particularly in Europe but also on other markets. Managed Packaging continued to deliver strong sales growth in the quarter, which is seasonally weaker because of the Chinese New Year.

Outlook

Order levels are expected to remain stable and the fluting and liner market is expected to remain strong with high demand. Managed Packaging is expected to continue seeing strong growth.



Comparable units

Net sales for comparable units rose by 5%, and EBITDA increased by 17%.

SEKm	Q1-18	Q1-17
Net sales	5 897	5 636
Nine AB	-	-4
SIA Freja	-	-1
Net sales for comparable units	5 897	5 631
Adjusted EBITDA	1 102	938
Nine AB	-	2
SIA Freja	-	-
Adjusted EBITDA, comparable units	1 102	940

Currency hedging

SEK -62 million impact on net sales for the quarter.

Currency hedging had an overall net sales impact of SEK -62 million (-11) for the first quarter (compared with no currency hedging).

The outstanding forward exchange contracts at 31 March 2018 had a market value of SEK -257 million, SEK -47 million of which is the portion of the contracts matched by trade receivables that affected earnings in the first quarter. Accordingly, other contracts had a market value of SEK -210 million.

Hedged portion of forecast currency flows** for EUR, USD and GBP and exchange rates against SEK (31 March 2018).

Currency		Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Total 15 months
EUR	Share of net flow	80%	80%	80%	80%	78%	80%
	Rate	9.60	9.69	9.57	9.83	9.99	9.73
USD	Share of net flow	73%	46%	13%	-	-	24%
	Rate	8.25	8.23	8.24	-	-	8.24
GBP	Share of net flow	29%	-	-	-	-	6%
	Rate	11.29	-	-	-	-	11.29
Market value of currency contracts*		-67	-56	-66	-42	-26	-257

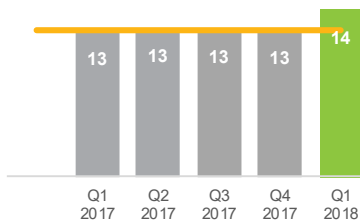
*At 31 March 2018.

**Excluding currency flows from investments in a new board machine at Gruvön, which are not currently hedged.

The currency hedging policy is to hedge 0–80% of net flows over the next 15 months. Any deviations from the policy must be approved by the Board of Directors.

Investments and capital employed

Adjusted return on capital employed
Target level >13%



Gross investments amounted to SEK 1 132 million (555) for the first quarter. The investments mainly relate to the new board machine at Gruvön and the MG machine at Skärblacka.

Capital employed at 31 March 2018 amounted to SEK 20 369 million (17 586). Return on capital employed (ROCE), calculated over the last 12-month period, amounted to 13% (11%). ROCE calculated using adjusted operating profit amounted to 14% (13%).

Return on equity was 13% (11%).

Cash flow and financial position

Net debt/EBITDA
target level <2.5



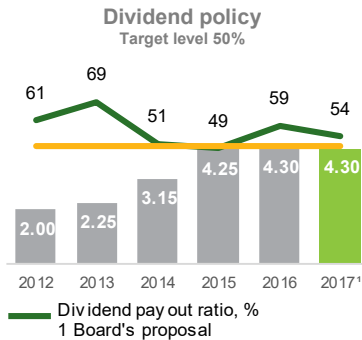
Summary Cash Flow Statement

SEKm	Quarter	
	Q1 -18	Q1 -17
Operating surplus, etc.	1 050	895
Change in working capital, etc.	-83	-485
Net financial items, taxes, etc.	-161	-149
Cash flow from operating activities	806	261
Current net investments	-1 132	-555
Operating cash flow	-326	-294

Operating cash flow in the first quarter amounted to SEK -326 million (-294). Changes in cash flow were mainly due to the investments at Gruvön and Skärblacka. Working capital in relation to sales was 9% for the quarter, which was also the level in the fourth quarter of 2017.

Interest-bearing net debt at 31 March 2018 amounted to SEK 6 056 million (4 165). The Group's net interest-bearing debt in relation to EBITDA at the end of the period was 1.55 (1.19). The target is to have a ratio below 2.5.

Financing



Interest-bearing debt amounted to SEK 6 351 million, an increase of SEK 1 214 million on the previous quarter. During the quarter, a total of SEK 2 300 million of bond loans were issued as part of the MTN programme and SEK 1 500 million was repaid. In March 2018, an agreement for a loan totalling SEK 800 million was signed with the Nordic Investment Bank.

Compared with the same period last year, interest-bearing debt increased by SEK 1 331 million.

Loan	Limit, SEKm	Maturity, years			Total utilized
		0-1	1-2	2-	
Syndicated credit facilities	5 500				-
Term loans			255	1 316	1 571
Bond loans within MTN program	5 000			4 300	4 300
Commercial paper	3 000				-
Term loan, Bomhus Energi AB		46	46	388	480
Group total		46	301	6 004	6 351

Taxes

The tax cost for the first quarter of 2018 amounted to SEK 139 million (111), equal to approximately 22% (22%) of profit before tax.

Parent company

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

Operating profit/loss for the first quarter of 2018 was SEK -34 million compared with SEK -42 million for the first quarter of 2017. Operating profit/loss reflect the effects of hedging contracts and revaluations of trade receivables.

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. These earnings were SEK -62 million (-11).

The average number of employees was 110 (100). Cash and bank balances, and short-term investments amounted to SEK 903 million (1 448).

Seasonal effects



BillerudKorsnäs' business is subject to seasonal fluctuations to a relatively limited extent. Periodical maintenance shutdowns have the largest impact, as they involve each unit stopping production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. It should also be noted that the Group usually has a somewhat higher cost level in the fourth quarter than in previous quarters.

Planned maintenance shutdowns

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some time during the year. Maintenance requires the production of pulp, paper and board to stop. The principal cost items in a maintenance shutdown are loss of volumes arising from the shutdown and fixed costs, mainly maintenance and overtime costs, as well as a certain portion of variable costs including higher consumption of electricity and wood when production is restarted. The effects of shutdowns on earnings vary depending on the extent of the measures carried out, their nature and the actual length of the shutdown. The estimated cost of shutdown involves an assessment of the impact on earnings of a normal shutdown compared with a quarter during which no periodic maintenance shutdown takes place.

No planned maintenance shutdowns were carried out in the first quarter of 2018.

Estimated maintenance shutdown cost

Production units	Estimated shutdown cost ¹	Estimated breakdown of shutdown cost by business area			Planned dates of maintenance shutdown		
		SEKm	Packaging Paper	Consumer Board	Corrugated Solutions	2018	2017
Gävle	~ 140	~ 5%	~ 80%	~ 15%	Q3	Q3	Q3
Gruvön*	~ 140	~ 40%	~ 10%	~ 50%	Q2	Q2	Q2
Frövi	~ 90	0%	100%	0%	Q4	Q4	Q4
Skärblacka	~ 120	~ 85%	0%	~ 15%	Q2	Q2	Q2
Skärblacka**	~ 20	100%	0%	0%	-	Q3	-
Karlsborg	~ 55	100%	0%	0%	Q3	Q3	Q3
Pietarsaari	~ 15	100%	0%	0%	Q4	Q2	-
Rockhammar	~ 15	0%	100%	0%	Q4	Q4	Q4

*Gruvön had a maintenance shutdown at the end of March 2017, affected the reports for both the first and second quarters. The cost for the first quarter was SEK 75 million and SEK 70 million for the second quarter.

**Skärblacka had an additional maintenance shutdown of PM7 in autumn 2017, affected both the third-quarter and fourth-quarter reports. The cost for the third quarter was SEK 5 million and SEK 25 million for the fourth quarter, affected the Packaging Paper business area.

¹Maintenance shutdowns at Beetham have an insignificant effect on BillerudKorsnäs' total earnings.

Largest shareholders

BillerudKorsnäs' ten largest shareholders (31 March 2018)

Shareholder	Number of shares	Number of votes, %
FRAPAG Beteiligungsholding AG	31 300 000	15.1
AMF Insurance & Funds	18 578 342	9.0
Swedbank Robur Funds	9 703 091	4.7
Fourth Swedish National Pension Fund	8 717 237	4.2
Alecta	6 566 200	3.2
Vanguard	4 284 997	2.1
AFA Insurance	4 107 850	2.0
Dimensional Fund Advisors	2 782 352	1.3
Saudi Arabian Monetary Authority	2 736 741	1.3
SEB Funds	2 721 190	1.3
Total 10 largest shareholders	91 498 000	44.2
Total number of shares in the market	206 956 668	100.0

Distribution of shares

Distribution of shares (31 March 2018)

Registered number of shares	208 219 834
Bought back shares	-1 263 166
Total number of shares in the market	206 956 668

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 detailed description of risks and a sensitivity analysis is provided on pages 68-75 of the 2017 Annual and Sustainability Report.

Related-party transactions

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



Events after the end of the quarter

No significant events have occurred after the end of the quarter.

Financial calendar

2018 Annual General Meeting – 15 May 2018

Q2 2018 – 18 July 2018

Capital market day 17 September 2018

Q3 2018 – 16 October 2018

Solna, 19 April 2018

BillerudKorsnäs AB (publ)

Petra Einarsson
President and CEO

This information constituted inside information prior to publication. This is information that BillerudKorsnäs AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. This report has been prepared in both a Swedish and an English version. The report has not been reviewed by the company's auditors.

Group

Summarised income statement

SEKm	Quarter			Full year 2017
	Q1 -18	Q4 -17	Q1 -17	
Net sales	5 897	5 565	5 636	22 345
Other income	50	74	59	220
Operating income	5 947	5 639	5 695	22 565
Change in inventories	119	151	-160	-182
Raw materials and consumables	-2 984	-2 759	-2 606	-10 567
Other external costs	-1 129	-1 214	-1 154	-4 626
Employee benefits expense	-900	-891	-851	-3 423
Depreciation and impairment of non-current assets	-388	-402	-373	-1 519
Profit/Loss from participations in associated companies	12	-3	-1	-7
Operating expenses	-5 270	-5 118	-5 145	-20 324
Operating profit/loss	677	521	550	2 241
Financial income and expenses	-40	-33	-38	-138
Profit/Loss before tax	637	488	512	2 103
Taxes	-139	-120	-111	-465
Net profit/loss for the period	498	368	401	1 638
Profit/Loss attributable to:				
Owners of the parent company	498	368	401	1 638
Non-controlling interests	-	-	-	-
Net profit/loss for the period	498	368	401	1 638
Earnings per share, SEK	2.40	1.78	1.94	7.91
Diluted earnings per share, SEK	2.40	1.78	1.93	7.90

Summarised statement of comprehensive income

SEKm	Quarter			Full year 2017
	Q1 -18	Q4 -17	Q1 -17	
Net profit/loss for the period	498	368	401	1 638
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains or losses on defined benefit pension plans	-	-29	-	-29
Change in fair value of shareholding in Bergvik Skog*	3	25	9	43
Tax attributable to items not to be reclassified to profit or loss	-	6	-	6
Total items never reclassified to profit or loss	3	2	9	20
Items that have been or may be reclassified subsequently to profit or loss				
Differences arising from the translation of foreign operations' accounts	67	43	-7	32
Change in fair value of cash flow hedges	-87	-111	-11	28
Tax attributable to items that have been or may be reclassified subsequently to profit or loss	19	25	2	-6
Total items that have been or may be reclassified subsequently to profit or loss	-1	-43	-16	54
Total comprehensive income for the period	500	327	394	1 712
Attributable to:				
Owners of the parent company	500	327	394	1 712
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	500	327	394	1 712

*The classification has been changed from Items that have been or may be reclassified subsequently to profit or loss, to Items that will not be reclassified to profit or loss, as a result of the implementation of IFRS 9.



Summarised balance sheet

SEKm	31 Mar 2018	31 Mar 2017	31 Dec 2017
Intangible assets	2 212	2 310	2 248
Property, plant and equipment	18 492	15 104	17 690
Other non-current assets	1 637	1 472	1 566
Total non-current assets	22 341	18 886	21 504
Inventories	3 159	3 003	2 912
Accounts receivable	2 812	2 588	2 713
Other current assets	1 012	869	899
Cash and cash equivalents	1 068	1 617	168
Total current assets	8 051	8 077	6 692
Total assets	30 392	26 963	28 196
Equity attributable to owners of the parent company	14 313	13 419	13 811
Non-controlling interests	-	1	0
Total equity	14 313	13 420	13 811
Interest-bearing liabilities	6 305	2 878	3 586
Provisions for pensions	790	778	784
Other liabilities and provisions	232	251	227
Deferred tax liabilities	3 410	3 396	3 392
Total non-current liabilities	10 737	7 303	7 989
Interest-bearing liabilities	46	2 142	1 551
Accounts payables	3 332	2 454	3 294
Other liabilities and provisions	1 964	1 644	1 551
Total current liabilities	5 342	6 240	6 396
Total equity and liabilities	30 392	26 963	28 196

Summarised statement of changes in equity

SEKm	Quarter		Full year
	Q1 -18	Q1 -17	2017
Opening balance	13 811	13 022	13 022
Comprehensive income for the period	500	394	1 712
Share-based payment to be settled in equity instruments	2	4	10
Buy-back of own shares	-	-	-41
Dividend to owners of the parent company	-	-	-891
Dividend to non-controlling interests	-	-	-1
Closing balance	14 313	13 420	13 811
Equity attributable to:			
Owners of the parent company	14 313	13 419	13 811
Non-controlling interests	-	1	-
Closing balance	14 313	13 420	13 811

Summarised cash flow statement

SEKm	Quarter			Full year
	Q1 -18	Q4 -17	Q1 -17	2017
Operating surplus, etc.*	1 050	896	895	3 650
Change in working capital, etc.	-83	68	-485	242
Net financial items, taxes, etc.	-161	-266	-149	-576
Cash flow from operating activities	806	698	261	3 316
Investments in intangible assets, property, plant and equipment	-1 122	-1 457	-533	-4 196
Acquisition of financial assets/ contribution associated companies	-10	-2	-22	-65
Sales of subsidiary	-	-	15	15
Disposal of property, plant and equipment	-	0	-	2
Cash flow from investing activities	-1 132	-1 459	-540	-4 244
Change in interest-bearing receivables	-	1	-	-
Change in interest-bearing liabilities	1 194	8	1 191	1 308
Buy-back of own shares	-	-	-	-41
Dividend to owners of the parent company	-	-	-	-891
Dividend to non-controlling interests	-	-	-	-1
Cash flow from financing activities	1 194	9	1 191	375
Total cash flow (=change in cash and cash equivalents)	868	-752	912	-553
Cash and cash equivalents at start of period	168	899	708	708
Translation differences in cash and cash equivalents	32	21	-3	13
Cash and cash equivalents at the end of the period	1 068	168	1 617	168

*The amount for the period January–March 2018 takes into account operating profit of SEK 677 million, reversed depreciation of SEK 388 million, earnings from associated companies of SEK -12 million, increase in other provisions of SEK 13, net of produced and sold electricity certificates and sold emission rights of SEK -18 million and incentive programmes of SEK 2 million. The amount for the period January–March 2017 takes into account operating profit of SEK 550 million, reversed depreciation of SEK 373 million, earnings from the sale of businesses of SEK -5 million, earnings from associated companies SEK 1, decrease in pension liabilities of SEK -5 million, other provisions of SEK -13 million, net of produced and sold electricity certificates and sold emission rights of SEK -10 million and incentive programmes of SEK 4 million.



Note 1 Accounting policies

The interim report for the Group is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies applied in this interim report is the same as those used in the most recent annual report for 2017, except for IFRS 9 and IFRS 15 which are described below, and see pages 84-90 and page 127 for definitions of key figures. The interim report for the parent company is prepared in accordance with the Swedish Annual Accounts Act. Key figure definitions are provided on page 20 of this report.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS.

IFRS 9 Financial Instruments

BillerudKorsnäs applies IFRS 9 - *Financial Instruments* from January 1 2018. The new accounting standard involves changes to how financial assets are classified and measured, the new classification are presented in Note 2 Financial assets and liabilities. IFRS 9 has also implied that an impairment model based on expected credit losses are introduced instead of losses incurred and changes to hedge accounting policies, in part to simplify and increase consistency with companies' internal risk management strategies. The implementation of IFRS 9 has not had any significant effect on BillerudKorsnäs financial reports.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* is a comprehensive standard for determining how revenues should be recognized and when such revenues should be recognized. BillerudKorsnäs applies IFRS 15 from January 1 2018. The new accounting standard has not had any effects in the Group or the parent company's earnings or financial position, so a choice of transition method is not applicable.

The performance obligation in a contract mainly consists of providing goods and the revenues from sales of products are recognized when the performance obligation is fulfilled and the control over the product is transferred to the customer. The revenue is recognized at the amount to which BillerudKorsnäs expects to be entitled in change for the transfer of goods.

BillerudKorsnäs have chosen to disclose revenues for larger product groups and the information is presented on page 4-6 where the business areas are described.

Note 2 Financial assets and liabilities

<i>Valuation classification</i>	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Level 2</i>			<i>Level 3</i>			
Group 31 March 2018						
Other shares and participations	-	-	1 439	-	1 439	1 439
Long-term receivables	80	22	-	-	102	102
Accounts receivable	-	2 812	-	-	2 812	2 812
Other receivables	135	483	-	-	618	618
Cash and cash equivalents ¹	-	1 068	-	-	1 068	1 068
Total	215	4 385	1 439	-	6 039	6 039
Non-current interest-bearing liabilities	-	-	-	6 305	6 305	6 306
Current interest-bearing liabilities	-	-	-	45	45	45
Accounts payables	-	-	-	3 332	3 332	3 332
Other liabilities	320	-	-	278	598	598
Total	320	-	-	9 960	10 280	10 281

<i>Valuation classification</i>	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Financial liabilities measured at amortised costs	Total carrying amount	Fair value
<i>Level 2</i>			<i>Level 3</i>			
Group 31 December 2017						
Other shares and participations	-	-	1 429	-	1 429	1 429
Long-term receivables	-	22	-	-	22	22
Accounts receivable	-	2 713	-	-	2 713	2 713
Other receivables	150	449	-	-	599	599
Cash and cash equivalents ¹	-	168	-	-	168	168
Total	150	3 352	1 429	-	4 931	4 931
Non-current interest-bearing liabilities	-	-	-	3 586	3 586	3 594
Current interest-bearing liabilities	-	-	-	1 551	1 551	1 573
Accounts payables	-	-	-	3 294	3 294	3 294
Other liabilities	115	-	-	142	257	257
Total	115	-	-	8 573	8 688	8 718

¹ Short-term investments are classified as 'Cash and cash equivalents' where the duration is less than three months and exposure is only to insignificant risk of fluctuations in value.

Note 3 Other disclosures

Other disclosures in accordance with IAS 34.16A can be found on the pages prior to the income statement and the statement of comprehensive income. Information regarding business areas/segments can be found on pages 4–6, information regarding financing on page 9, seasonal effects on page 10 and events after the end of the quarter on page 12.



Key figures

	Jan-Mar		Full year
	2018	2017	2017
Margins			
EBITDA, %	18	16	17
Operating margin, %	11	10	10
Return (rolling 12 months)			
Return on capital employed, %	13	11	12
Return on equity, %	13	11	12
Capital structure at end of period			
Capital employed, SEKm	20 369	17 586	19 548
Working capital, SEKm	1 798	2 486	1 760
Equity, SEKm	14 313	13 420	13 811
Interest-bearing net debt, SEKm	6 056	4 165	5 737
Net debt/equity ratio	0.42	0.31	0.42
Interest-bearing net debt / EBITDA, multiple	1.55	1.19	1.53
Key figures per share			
Earnings per share, SEK	2.40	1.94	7.91
Dividend (for the financial year) per share, SEK	-	-	4,30*
Other key figures			
Working capital as percentage of net sales, %	9	11	9
Gross investments, SEKm	1 132	555	4 261
Average number of employees	4 439	4 327	4 395

*Boards proposal

Reconciliation of alternative performance measures

	Quarter		Full year	
	Q1 - 18	Q4 - 17	Q1 - 17	2017
Adjusted EBITDA, SEKm				
Operating profit	677	521	550	2 241
Depreciation and impairment of non-current assets	388	402	373	1 519
EBITDA	1 065	923	923	3 760
Items affecting comparability	37	27	15	90
Adjusted EBITDA	1 102	950	938	3 850
Adjusted Operating profit, SEKm				
Operating profit	677	521	550	2 241
Items affecting comparability	52	66	22	150
Adjusted Operating profit	729	587	572	2 391
Adjusted earnings per share, SEK				
Profit attributed to owners of the parent company, SEKm	498	368	401	1 638
Items affecting comparability, attributed to owners of the parent company, SEKm	40	52	17	117
Adjusted profit attributed to owners of the parent company, SEKm	538	420	418	1 755
Weighted number of outstanding shares, thousands	206 957	206 957	207 095	207 114
Adjusted earnings per share	2.60	2.03	2.02	8.48
Adjusted Return on capital employed (ROCE), SEKm				
Adjusted Operating profit over 12 months *	2 548	2 391	2 287	2 391
Average capital employed over 12 months	18 731	18 038	17 388	18 038
Adjusted Return on capital employed	14%	13%	13%	13%
Items affecting comparability, SEKm				
MG Investment in Skärblacka (Operating expenses)	3	34	10	74
New board machine in Gruvön - additional costs (Operating expenses)	15	13	5	36
New board machine in Gruvön - restructuring (Operating expenses)		-20		-20
New board machine in Gruvön - depreciation and impairment of existing non-current assets (Depreciation and Impairment of non-current assets)	15	39	7	60
Restructuring (Operating expenses)	19			
Items affecting comparability	52	66	22	150
* 12 months is calculated by adding accumulated amounts for the current year plus full previous year, minus prior year's accumulated amounts for periods exceeding 12 months from the balance sheet date.				
Capital employed, SEKm		31 Mar 2018	31 Mar 2017	31 Dec 2017
Total assets		30 392	26 963	28 196
Accounts payables		-3 332	-2 454	-3 294
Other liabilities and provisions		-2 196	-1 895	-1 778
Deferred tax liabilities		-3 410	-3 396	-3 392
Interest-bearing non-current assets		-17	-15	-16
Cash and Cash equivalents		-1 068	-1 617	-168
Capital employed		20 369	17 586	19 548
Working capital, SEKm		31 Mar 2018	31 Mar 2017	31 Dec 2017
Inventories		3 159	3 003	2 912
Accounts receivables		2 812	2 588	2 713
Other operating receivables		1 012	869	899
Accounts payables		-3 332	-2 454	-3 294
Other operating liabilities (excl provisions)		-1 933	-1 569	-1 527
Tax liabilities		80	49	57
Working capital		1 798	2 486	1 760
Interest-bearing net debt, SEKm		31 Mar 2018	31 Mar 2017	31 Dec 2017
Interest bearing provisions		790	778	784
Interest bearing non-current liabilities		6 305	2 878	3 586
Interest bearing current liabilities		46	2 141	1 551
Interest-bearing non-current assets		-17	-15	-16
Cash and Cash equivalents		-1 068	-1 617	-168
Interest-bearing net debt		6 056	4 165	5 737



Definitions

ADJUSTED KEY FIGURES

Adjusted key figures on EBITDA, Operating profit, Return on capital employed and Earnings per share provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability include additional project costs for major projects, as well as significant earnings effects from acquisition and disposals.

ADJUSTED EBITDA

Operating profit before depreciation and amortisation adjusted for items affecting comparability.

ADJUSTED EARNINGS PER SHARE

Earnings per share adjusted for items affecting comparability after tax attributable to owners of the parent company.

ADJUSTED OPERATING PROFIT

Operating profit adjusted for items affecting comparability.

CAPITAL EMPLOYED

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets. The measure is used to quantify the net total assets used in the operating business, and is used as a component in measuring operating profitability.

EARNINGS PER SHARE

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

EQUITY

Equity at the end of the period.

EBITDA

Operating profit before depreciation and amortisation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation). EBITDA is a measure of operating performance. It is a profit measure that is close to the operating cash flow.

EBITDA, %

Operating profit before depreciation (EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation) as a percentage of net sales. The measure is used in business review as well as for benchmarking with peer companies.

INTEREST-BEARING NET DEBT

Interest-bearing provisions and liabilities less interest-bearing assets. The measure is used to quantify the debt financing, taken the amount of financial assets into account. The measure is used as a component in measuring financial risk.

INTEREST-BEARING NET DEBT/ EBITDA

Interest bearing net debt at the end of the period divided by EBITDA for the last twelve months. The measure shows the size of the interest-bearing net debt compared to the repayment capacity. A higher (lower) ratio indicates a higher (lower) risk.

MF KRAFT PAPER

Machine Finished kraft paper.

MG KRAFT PAPER

Machine Glazed kraft paper.

NBSK

Northern Bleached Softwood Kraft.

NET DEBT/EQUITY RATIO

Interest-bearing net debt divided by equity. The ratio shows the mix between interest-bearing net debt and equity financing. A higher ratio means higher financial leverage and may have positive effects on return on equity, but imply a higher financial risk.

OPERATING CASH FLOW

Cash flow from operating activities including net investments in property, plant and equipment, intangible assets and acquisition of financial assets. The measure shows cash flow generated in the operating business, which provides the amount of cash flows available to repay debt and pay dividends to the shareholders.

OPERATING MARGIN

Operating profit as a percentage of net sales. Operating margin shows the percentage of revenue remaining as operating profit after deducting all operating expenses. The measure is used in business review as well as for benchmarking with peer companies.

RETURN ON CAPITAL EMPLOYED (ROCE)

Operating profit calculated over 12 months as a percentage of average capital employed calculated per quarter. The return on capital employed is a measure that shows how effectively total net operating assets are used in order to generate return in the operating business. The measure takes capital invested in the operating activities into account and is used in business review and benchmarking with peer companies.

RETURN ON EQUITY

Profit calculated over 12 months, attributable to owners of the parent company, as a percentage of average shareholders' equity calculated per quarter, attributable to owners of the parent company. The measure represents total profitability compared to the equity invested by the parent company's shareholders.

WORKING CAPITAL

Inventories, accounts receivables and other operating receivables less accounts payables and other operating liabilities. The measure shows the amount of current net assets that is tied up in the business. Together with non-current assets, working capital constitutes the operating capital employed to generate operating returns.

WORKING CAPITAL AS PERCENTAGE OF NET SALES

Average working capital for the last three months, divided by annual net sales at year end or annualised net sales during interim-quarter (net sales for the quarter multiplied by four). Working capital in relation to net sales shows how effectively the working capital is used. A lower percentage means less capital is tied up to generate a given amount of revenue, and an increased ability to internally finance growth and return to shareholders.

Parent company

Summarised income statement

SEKm	Quarter		Full year
	Q1 -18	Q1 -17	2017
Operating income	113	90	402
Operating expenses	-147	-132	-523
Operating profit/loss	-34	-42	-121
Financial income and expenses	-69	-32	-123
Profit/Loss after financial income and expenses	-103	-74	-244
Appropriations	-	-	2 635
Profit/loss before tax	-103	-74	2 391
Taxes	24	19	-511
Net profit/loss for the period	-79	-55	1 880

Summarised balance sheet

SEKm	31 Mar	31 Mar	31 Dec
	2018	2017	2017
Non-current assets	10 753	10 760	10 748
Current assets	11 772	6 633	10 358
Total assets	22 525	17 393	21 106
Shareholders' equity	8 174	7 241	8 251
Untaxed reserves	1 586	1 031	1 586
Provisions	229	203	208
Liabilities	12 536	8 918	11 061
Total equity and liabilities	22 525	17 393	21 106



Quarterly data

The Group's business is managed and reported according to BillerudKorsnäs' three business areas. Other include results from wood supply, Nine AB (until Q4 -17), Scandfibre Logistics AB, rental operations, dormant companies, result of sale of businesses, items affecting comparability and costs due to larger investments in the production structure. Other also include Group-wide functions, Group eliminations and profit/loss from participation in associated companies. Currency hedging etc. includes results from hedging of the Group's net currency flows and revaluation of trade receivables and payments from customers. The part of the currency exposure that relates to changes in exchange rates for invoicing is included in the business area's profit/loss.

Net sales quarterly per business area and for the Group

SEKm	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Q2 -16
Packaging Paper	2 276	2 147	2 090	2 151	2 141	2 067	2 100	2 085
Consumer Board	2 164	1 943	2 019	2 099	2 128	1 988	1 975	2 028
Corrugated Solutions	953	1 011	1 012	902	931	989	913	839
Other	502	437	422	483	465	463	400	421
Currency hedging, etc.	2	27	1	-35	-29	-39	5	66
Total Group	5 897	5 565	5 544	5 600	5 636	5 468	5 393	5 439

EBITDA quarterly per business area and for the Group

SEKm	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Q2 -16
Packaging Paper	467	401	394	312	392	421	441	266
Consumer Board	473	363	466	498	440	336	424	479
Corrugated Solutions	210	212	269	163	190	241	241	130
Other	-87	-78	-80	-75	-70	-267	-74	-82
Currency hedging, etc.	2	25	2	-35	-29	-38	5	66
Total Group	1 065	923	1 051	863	923	693	1 037	859

EBITDA¹ quarterly per business area and for the Group

SEKm	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Q2 -16
Packaging Paper	467	428	469	482	420	421	502	415
Consumer Board	473	478	596	506	446	471	544	495
Corrugated Solutions	210	212	284	212	231	241	254	209
Other	-50	-53	-56	-56	-55	-62	-74	-57
Currency hedging, etc.	2	25	2	-35	-29	-38	5	66
Total Group	1 102	1 090	1 295	1 109	1 013	1 033	1 231	1 128
Costs for maint. shutdowns	-	-140	-215	-227	-75	-135	-194	-244
Items affecting comparability	-37	-27	-29	-19	-15	-205	-	-25
EBITDA	1 065	923	1 051	863	923	693	1 037	859

EBITDA-margin¹ quarterly per business area and for the Group

%	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Q2 -16
Packaging Paper	21	20	22	22	20	20	24	20
Consumer Board	22	25	30	24	21	24	28	24
Corrugated Solutions	22	21	28	24	25	24	28	25
Group	19	20	23	20	18	19	23	21

Sales volumes quarterly per business area and for the Group

ktonne	Q1 -18	Q4 -17	Q3 -17	Q2 -17	Q1 -17	Q4 -16	Q3 -16	Q2 -16
Packaging Paper	278	282	289	288	293	285	292	295
Consumer Board	281	252	265	279	285	257	261	268
Corrugated Solutions	127	132	145	121	144	147	140	129
Total Group	686	666	699	688	722	689	693	692

¹ EBITDA and margin are adjusted for the effects of periodical maintenance shutdowns and for items affecting comparability.

This is BillerudKorsnäs

BillerudKorsnäs is one of the **world's leading suppliers of high-quality, packaging materials** based on renewable raw material. Our wood raw material comes from sustainable managed forests and manufacturing takes place at resource-efficient, integrated production units.

Our customers are packaging manufacturers, brand owners and large retail and supermarket chains. Through close collaboration with customers and partners all over the world, we are able to offer a customised and broad product portfolio that features a high degree of innovation.

Demand is driven by global megatrends, particularly rising urbanisation, a greater focus on sustainability and changing consumption patterns. Consumer segments, primarily food and beverages, account for 76% of sales. While Europe is the core market, BillerudKorsnäs is gradually strengthening its presence in the leading growth markets of Asia.

Smart packaging solutions using paper or board from BillerudKorsnäs reduce the impact on the climate, cut the use of resources along the whole value chain and contribute to a sustainable future.

BUSINESS MODEL

Our business model is based on high-performance materials from forests in the north, advice, service and the collective knowledge held by a global network of machine suppliers, packaging manufacturers, researchers and design agencies. Innovative packaging solutions are developed in close collaboration with customers all over the world that demand the highest standards of quality, performance and sustainability.

STRATEGIC FOCUS

BillerudKorsnäs' overall objective is sustainable and profitable growth. The target is to grow by 3–4% a year. Our strategy is based on five areas that all interact: **Position, Innovation, Sustainability, Efficiency and Employees**. Find out more at billerudkorsnas.com

VALUE DRIVERS

High-performance materials based on renewable raw material from responsibly managed forests. Smarter solutions that optimise our customers' business. Leading positions in the growing global packaging market. A holistic approach to the entire packaging value chain from raw material all the way to the end-customer and recycling.



BILLERUDKORSNÄS

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