

BILLERUDKORSNÄS

– SPECIALISED AND FOCUSED COMPANY

BillerudKorsnäs offers the global packaging market **world-leading paper and board material and smart solutions for optimal and sustainable packaging.**

Leading position in growth markets

The company has leading global and regional positions in growing product segments. Our 2 000 customers are packaging manufacturers, brand owners and large retail and supermarket chains in more than 100 countries.

Innovation a priority area

We challenge conventional packaging by leading industry development and bringing new products and solutions to market. In so doing, we are constantly pushing the boundary of what paper-based products can be used for.

Clear growth strategy

BillerudKorsnäs will grow faster than the market for packaging paper and board. We will achieve this by shifting our position geographically and in the value chain, developing new products, making our production more efficient and offering sustainable alternatives.

Sustainability drives the business

BillerudKorsnäs is driven by sustainability as a natural and integral part of the whole business and value chain. The raw material comes from sustainably managed forests and manufacturing takes place in resource-efficient production units that are constantly improved to minimise their environmental impact. Our products and solutions often assist in solving many of the challenges that the world currently faces.

Focus on long-term value for shareholders

The group's current financial strength allows for investment in its own structure as well as strategic acquisitions. BillerudKorsnäs' target is to generate a 13% return on capital employed and distribute 50% of net profit to shareholders as dividends.

CUSTOMERS

Packaging manufacturers, brand owners and large retail and supermarket chains.

BUSINESS AREAS¹

Packaging Paper, 39%
Consumer Board, 37%
Corrugated Solutions, 15%

SALES OFFICES

China, France, Germany, India, Indonesia, Italy, Singapore, South Africa, Spain, Sweden, Thailand, Turkey, United Arab Emirates, United Kingdom and the USA.

PRODUCTION

Sweden, Finland and the UK.

NUMBER OF EMPLOYEES

4 200

NET SALES

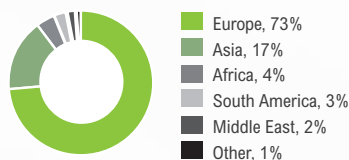
SEK 21.8 billion

OPERATING PROFIT

SEK 2.6 billion

¹ Share of Group net sales

NET SALES BY REGION



NET SALES BY MARKET SEGMENT





CEO'S STATEMENT

2015 was a year that once again clearly showed BillerudKorsnäs' capacity to build value for customers, shareholders and partners. Despite some disruptions to production in the fourth quarter, the year has been successful overall. We were true to our word: we achieved our profit targets, continued the integration work, made advances in the market and saw good results in the development portfolio.

The company is strong and the mood across the organisation is good.

TARGETS EXCEEDED, NEW ONES SET

All the financial targets were achieved – operating margin, return on capital employed and net debt/equity ratio – plus the dividend target and our new target for long-term growth of 3–4% per year. The weakness of the Swedish krona naturally aided the situation, but I am nonetheless very happy with the performance.

Over the year we have established new financial targets that will apply from 2016. The new targets have been set on the basis of growing stability in the underlying results that BillerudKorsnäs has posted in recent years and should be seen as the baseline that is to be achieved regardless of the economic cycle.

INNOVATION TOOK OFF

Over the year, we continued our focus on innovation aimed at adding value for the customer, generating strategic competitive advantages for us and contributing to a lower environmental impact in society. Since 2013, we have increased the number of projects fivefold, doubled the number of employees in research and development and increased investments by 180%.

We have an ambitious target that 20% of our turnover will be generated by new products by the year 2020. Although our current percentage is close to that target, it will take major development initiatives to maintain that high level in the future.

BREAKTHROUGH FOR SYSTEMS

Alongside our traditional product development, which has further contributed to profitable growth, we are also focusing on the development of new service concepts and business models. Over the year, we have worked further on integrating the business model for "Managed packaging" into the

Containerboard business area, which is now changing its name to Corrugated Solutions. Other concrete examples include investment in value-adding systems, which made their breakthrough during the year: two systems for FreeForm Packaging and two systems for Axello Zap were brought to market in 2015. This is a brand new way of advancing up the value chain, which involves BillerudKorsnäs working with machine suppliers to develop optimal packages for the customer's needs, based on our materials and solutions. A total solution for our customers.

CONTINUED EXPANSION

In parallel with the expansion in the value chain, we strengthened our local presence in growth markets, particularly in Asia but also in Africa. New sales offices were opened in Istanbul and Durban.

SUSTAINABILITY INTEGRAL

Our sustainability work was recognised on many fronts over the year, not least by Carbon Disclosure Project (CDP) which put us in the top category of companies demonstrating global leadership in climate improvement measures. When it comes to our role as an attractive employer, we are also coming higher and higher in various rankings.

Since our products – paper and board for packaging – are based on raw material from growing forests, BillerudKorsnäs is part of the solution to many of the world's major challenges in the area of sustainability. Packing goods in paper instead of fossil plastics or metals saves finite resources. We also drive sustainability issues throughout our value chain, together with customers, suppliers and partners. We aim to maximise our positive contribution to a sustainable future and minimise the negative impact of our business.

DISRUPTIONS TO PRODUCTION

The company's substantial programme of investment in production to increase capacity, quality and sustainability continued over the year. However, these rebuilds and expansions have also created their own problems. Following complex rebuilds, it has taken time to get back to normal production, sometimes longer than planned. This was unfortunately particularly evident during Q4 in Frövi.

As a consequence of this, in 2016 we will be limiting the number of major investments, in order to allow those already implemented to reach planned capacity and performance levels. Another lesson is that we must be even more meticulous in our investment planning and develop the partnership with our contractors.

MAJOR NEW INVESTMENTS

During the year, we took the decision to close the non-integrated production in Tervasaari, Finland. This was a tough decision, not least because the local team has worked particularly hard to improve profitability. Unfortunately, this was not enough to resolve the issue. We are instead now investigating the possibility of moving the machine to Skärblacka, in order to secure that production unit's position as one of the most efficient in the world in white M paper. In the long term, the closure and the potential move will improve the structure and margins of the Packaging Paper business area.

We are now conducting a feasibility study into adding a new board machine in Gruvön, to increase long-term capacity in the Consumer Board business area. This would improve the production structure and profitability across the Group and make it possible to grow in line with the strategy for Consumer Board.



We want to improve on every front: sustainability, innovation, market position and efficiency. **TO MAKE EVERYTHING BETTER**

And this is realised through our employees, through diversity and cooperation.

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PAVED WAY FOR ACQUISITIONS

The company's low and steadily falling levels of debt provide a strong foundation for future opportunities, in terms of both organic growth and acquisitions. What could be of interest would be acquisitions of businesses in the same part of the value chain as BillerudKorsnäs. The long-term priority is to find businesses outside Sweden, in order to reduce currency exposure. However, the weak Swedish krona, combined with high valuations, means that acquisitions outside Sweden are hard to justify at this moment in time. Right now, we are therefore looking at smaller, complementary acquisitions, which I believe could hold great potential.

MAKE A CONCRETE DIFFERENCE

It is naturally a real challenge to keep the whole company on track with all the developments that are now occurring on many levels in parallel with regular operations. We want to improve on every front: sustainability, innovation, market position and efficiency. To make everything better. And this is realised through our employees, through diversity and cooperation.

The guiding light for everything BillerudKorsnäs does is to challenge. We challenge conventional packaging, we challenge existing business models and we challenge ourselves. Many companies talk about innovation, sustainability and development, us included, our results show that we can make a real difference. And in so doing, we continue to

create added value for customers, owners, partners and society.

I would like to extend my thanks to our customers, owners and partners for their trust and loyalty, and to our employees for their great work during the year.

Solna, March 2016

Per Lindberg

Per Lindberg
President and CEO

Directors' Report

The Board and CEO of BillerudKorsnäs AB (publ), corporate identity number 556025-5001, herewith submit the annual report and the consolidated annual accounts for the 2015 financial year. Figures for the previous year are stated in brackets, 2015 (2014). This English version is a translation of the Swedish original.

BillerudKorsnäs' operating profit improved in 2015 to SEK 2 586 million. This was SEK 685 million, or 36%, higher than in 2014. The increase was mainly due to the sale of the pellet business in Latvia (SIA Latgran) and a weaker Swedish krona. The decision was taken to close the non-integrated Finnish production at Tervasaari, and to examine the possibility of moving the machine to Skärblacka.

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 cartonboard. The packaging market is showing continued positive long-term development, primarily as a result of greater globalisation through increased world trade, urbanisation, digitisation and greater awareness of sustainability. In addition to packaging materials, BillerudKorsnäs sells surplus long-fibre pulp, Northern Bleached Softwood Kraft (NBSK), which is not used in its own production. BillerudKorsnäs' base is in Europe, but we are continuing to become established in other markets, including in Asia.

During 2015 operations were divided into the three business areas: Packaging Paper, Consumer Board and Containerboard. On 1 January 2016, the Containerboard business area changed its name to Corrugated Solutions, which is the name used in this annual report.

Packaging Paper offers kraft and sack paper of premium quality plus smart solutions for customers with exacting demands in the industrial, medical equipment and consumer sectors. The business area also sells any surplus of pulp that BillerudKorsnäs does not use in its own production.

Consumer Board delivers packaging materials in high-quality board made from primary fibre for beverages, food products and various other consumer goods.

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. Strong and light materials, fluting and lining, are used in corrugated boxes for fragile goods and demanding distribution systems. Supply chain solutions for packaging optimisation are a key component of the offering.

Overall, order levels remained stable for all business areas during the year. There was seasonally lower demand in Packaging Paper for white and brown sack paper in the fourth quarter. Corrugated Solutions saw strong demand for fluting and stable demand for liner during the year. Demand for Consumer Board's products was satisfactory during the year, with normal seasonal variations.

Prices in local currency were largely unchanged compared with the previous year, with the exception of pulp prices, which fell in 2015. An improvement in the currency situation meant a significant increase in prices in Swedish kronor. For further market information, see the relevant business area section.

In 2015, BillerudKorsnäs' total sales volume amounted to 2 734 ktonnes, an increase of 1% compared with the previous year. The increase is mainly attributable to higher sales volumes of paperboard from the Consumer Board business area, while both Corrugated Solutions and Packaging Paper had lower sales volumes compared with the previous year. The decrease in Packaging Paper was due to lower sales volumes of brown sack paper at the end of the year.

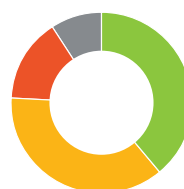
The decrease in Corrugated Solutions was mainly attributable to the production problems at PM6 at Gruvön during the year.

SALES VOLUMES BY BUSINESS AREA

ktonnes	2015	2014
Packaging Paper	1 163	1 167
Consumer Board	1 065	1 004
Corrugated Solutions	506	528
Total	2 734	2 699

NET SALES BY BUSINESS AREA

SEKm	2015	2014
Packaging Paper	8 552	8 101
Consumer Board	8 006	7 436
Corrugated Solutions	3 329	3 148
Other units	2 012	2 197
Currency hedging, etc.	- 85	- 29
Group staff and eliminations	-	-
Total	21 814	20 853



■ Packaging Paper, 39%
■ Consumer Board, 37%
■ Corrugated Solutions, 15%
■ Other, 9%

NET SALES BY REGION

SEKm	2015	2014
Sweden	2 477	2 733
Germany	2 866	2 596
Italy	1 931	1 896
United Kingdom	1 431	1 305
Spain	1 118	892
France	1 113	1 185
Rest of Europe	5 017	4 650
Rest of the world	5 861	5 596
Total	21 814	20 853



■ Sweden, 11%
■ Germany, 13%
■ Italy, 9%
■ UK, 7%
■ Spain, 5%
■ France, 5%
■ Rest of Europe, 23%
■ Rest of the world, 27%

Financial targets

To support BillerudKorsnäs' target for profitable growth and shareholder dividends, the following financial targets have been introduced for 2016 onwards.

- Long-term target for organic growth of 3–4% per year.
- The EBITDA margin should exceed 17%. This target replaces previous operating margin targets.
- Return on capital employed (ROCE) should exceed 13%.
- Interest-bearing net debt in relation to EBITDA should be less than a multiple of 2.5. This target replaces previous targets for the net debt/equity ratio.
- The dividend policy is unchanged – the dividend should amount to 50% of net profit

In recent years, BillerudKorsnäs has shown stable underlying earnings, despite market conditions varying between business areas. As a result of this, the aim is to achieve the financial targets irrespective of the economic cycle.

BillerudKorsnäs' long-term financial targets through December 2015 were:

- Over an economic cycle, the operating margin should exceed 10%.
- Over an economic cycle, the return on capital employed should exceed 13%.
- The net debt/equity ratio should be less than 0.9
- Over an economic cycle, the dividend should average 50% of net profit

Sales and earnings

Net sales amounted to SEK 21 814 million, an increase of 5%, mainly as a result of more favourable exchange rates.

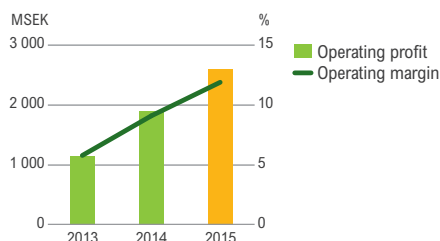
Operating profit rose to SEK 2 586 million, mainly as a result of the sale of the pellet business in Latvia and a weaker Swedish krona. The gross margin was 18% (16) and the operating margin was 12% (9).

Net financial items totalled SEK –175 million (–248). Profit before tax was SEK 2 411 million (1 653) and estimated tax SEK –443 million (–352). Net profit totalled SEK 1 968 million (1 301).

Return on equity for the period was 16% (13) and return on capital employed was 15% (11). A dividend of SEK 4.25 per share is proposed (3.15).

SUMMARY INCOME STATEMENT

	2015	2014
Net sales, SEKm	21 814	20 853
Operating profit before depreciation/amortisation, SEKm	4 003	3 279
Gross margin, %	18	16
Operating profit/loss, SEKm	2 586	1 901
Operating margin, %	12	9
Return on capital employed, %	15	11
Profit/Loss before tax, SEKm	2 411	1 653
Net profit/loss, SEKm	1 968	1 301
Earnings per share, SEK	8.75	6.18



OPERATING PROFIT/MARGIN PER BUSINESS AREA

	2015		2014	
	SEKm	%	SEKm	%
Packaging Paper	971	11	701	9
Consumer Board	954	12	915	12
Corrugated Solutions	551	17	416	13
Other units	484		166	
Currency hedging, etc.	–85		–29	
Group staff and eliminations	–289		–268	
Total	2 586	12	1 901	9

For quarterly data, see page 66.



Earnings per operating segment

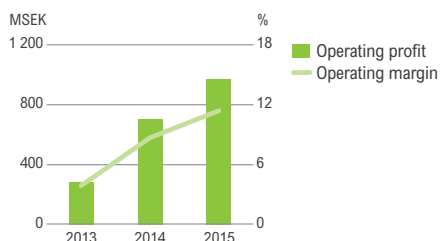
BillerudKorsnäs' operating segments in accordance with IFRS 8 have been identified and reflect its three business areas: Packaging Paper, Consumer Board and Corrugated Solutions. See 'Accounting policies' on page 40.

Packaging Paper

Packaging Paper offers kraft and sack paper of premium quality plus smart solutions for customers with exacting demands in the industrial, medical equipment and consumer sectors. The business area also sells any surplus of pulp that BillerudKorsnäs does not use in its own production. The business area's largest markets are in Europe and Asia.

Packaging Paper

SEKm	2015	2014
Net sales	8 552	8 101
Operating expenses, net	-7 096	-6 928
Operating profit before depreciation/amortisation	1 456	1 173
Depreciation, amortisation and impairment losses	-485	-472
Operating profit/loss	971	701
Gross margin	17%	14%
Operating margin	11%	9%
Sales volumes, ktonnes	1 163	1 167
<i>of which packaging paper</i>	<i>733</i>	<i>776</i>



Operating profit increased by SEK 270 million to SEK 971 million compared with 2014. The increase was principally due to a more favourable exchange rate and product mix. Sales volumes were at the same level as the previous year. Higher sales volumes for market pulp compensated for temporary lower sales volumes of sack paper at the end of the year. Prices of packaging paper in local currency were stable during the year, while prices in local currency for market pulp decreased in the year.

Market Development

Order levels for both sack and kraft paper were normal for most of 2015. In the final quarter of the year, however, orders decreased for seasonal products such as sack paper.

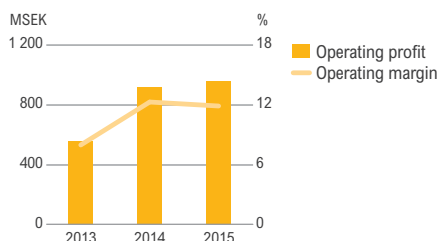
The market for NBSK pulp deteriorated steadily throughout the year. Prices in Europe dropped to approximately USD 800 per tonne at year-end, compared with approximately USD 930 per tonne at the beginning of the year.

Consumer Board

Consumer Board supplies packaging materials consisting of high-quality liquid board and packaging 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. Europe is the largest market.

Consumer Board

SEKm	2015	2014
Net sales	8 006	7 436
Operating expenses, net	-6 349	-5 852
Operating profit before depreciation/amortisation	1 657	1 584
Depreciation, amortisation and impairment losses	-703	-669
Operating profit/loss	954	915
Gross margin	21%	21%
Operating margin	12%	12%
Sales volumes, ktonnes	1 065	1 004



Operating profit increased by SEK 39 million compared with the previous year. Increased sales volumes were partly offset by higher variable costs as a result of the stronger Swedish krona. The rebuilding of the KM5 paperboard machine in Frövi in the fourth quarter led to production losses and higher maintenance costs in this business area, which had a negative impact on the business area's operating profit.

Market Development

Orders received for liquid and packaging board were stable and satisfactory during the year with normal seasonal variations. The business area experienced delivery pressure from its largest markets in the second half of the year. Prices in local currency were in level with the previous year.

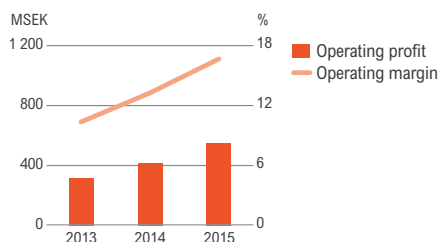
Corrugated Solutions

Corrugated Solutions supplies materials to corrugated board manufacturers and packaging solutions to brand owners. Strong and light materials, fluting and line, are used in corrugated boxes for fragile goods and demanding distribution systems. Supply chain solutions for packaging optimisation are a key component of the offering.

The name change as of 1 January 2016 from Containerboard to Corrugated Solutions reflects the organisational and strategic changes being made in this business area in order to fully integrate the solutions sales business model and to increase the proportion of sales to brand owners internationally.

Corrugated Solutions

SEKm	2015	2014
Net sales	3 329	3 148
Operating expenses, net	-2 605	-2 560
Operating profit before depreciation/amortisation	724	588
Depreciation, amortisation and impairment losses	-173	-172
Operating profit/loss	551	416
Gross margin	22%	19%
Operating margin	17%	13%
Sales volumes, ktonnes	506	528



Operating profit rose by SEK 135 million compared with the previous year, corresponding to an increase of 32%. The improvement was chiefly the result of a more favourable exchange rate and an increased contribution from Paccess.

Market Development

Market position and orders for fluting were strong during the year. For liner, orders were stable with slightly lower prices in local currency than the previous year. Paccess continued to grow and generate new business during the year.

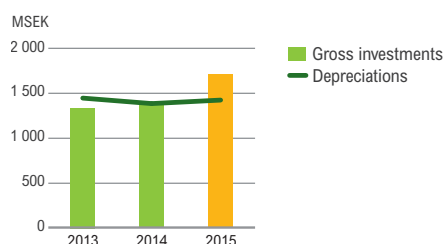
Investments and capital employed

Gross investments in 2015 amounted to SEK 1 710 million (1 384). In line with the Group's ambitious growth plans, the following major planned rebuilding work took place during the year: An investment of around SEK 180 million in PM6 at Gruvön to increase fluting quality and capacity. This investment will enable production capacity to be increased gradually over the next two years by 40 000 tonnes a year. An investment was made of approximately SEK 260 million in PM9 at Skärblacka to increase brown sack paper quality and capacity. It will be possible to increase production capacity by 20 000 tonnes a year from 2016. Investments in the Frövi and Rockhammar production units of around SEK 430 million for increased capacity of paperboard. The investments made at these production units will enable paperboard capacity to be increased from 450 000 tonnes a year in 2014 to 525 000 tonnes a year by 2018. In addition to investments to improve capacity and quality, investments totalling approximately SEK 450 million in environmental improvement measures at the production unit in Gävle were made over the year.

In 2016, investments are expected to amount to approximately SEK 1 300 million excluding the restructuring projects at Gruvön and Skärblacka.

BillerudKorsnäs' capital employed at 31 December 2015 totalled SEK 17 397 million (17 828). Return on capital employed, calculated over the past 12-month period, amounted to 15% (11). Return on equity was 16% (13).

Working capital in the fourth quarter totalled 10% (11) in relation to net sales. During the year, extensive work was undertaken to reduce the level of working capital to a long-term sustainable level of 10% in relation to net sales.



**Cash Flow and Financial Position****STATEMENT OF CASH FLOWS, SUMMARY**

SEKm	2015	2014
Operating surplus, etc.	3 622	3 248
Change in working capital, etc.	120	236
Net financial items, taxes, etc.	-84	-369
Cash flow from operating activities	3 658	3 115
Current net investments	-1 701	-1 376
Operating cash flow	1 957	1 739

Cash flow from operating activities in 2015 amounted to SEK 3 658 million (3 115) and operating cash flow was SEK 1 957 million (1 739). The increase was chiefly due to improved operating profit, reduced working capital and the repayment of preliminary tax of approximately SEK 300 million.

Interest-bearing net debt at 31 December 2015 was SEK 4 979 million (7 124). The group's net debt/equity ratio at the end of the period was 0.40 (0.67). BillerudKorsnäs' financial target for its net debt/equity ratio was that it should be less than 0.90.

Financing

At 31 December 2015 interest-bearing loans amounted to SEK 4 395 million (7 089). Of the interest-bearing loans, bond loans accounted for SEK 2 200 million (2 350), commercial paper programmes utilised by BillerudKorsnäs (with a maximum limit of SEK 3 000 million) for SEK 349 million (1 481) and other interest-bearing debt accounted for SEK 1 846 million (3 130). Of the bond loans, SEK 400 million is due in 2016, SEK 300 million in 2017 and SEK 1 500 million in 2018.

The syndicated credit facility with a maximum limit of SEK 5 500 million, due in 2019, was unused at year-end. At the end of 2014, SEK 128 million was utilized.

CAPITAL STRUCTURE, SUMMARY

31 December	2015	2014
Capital employed, SEKm	17 397	17 828
Financing:		
Interest-bearing net debt, SEKm	4 979	7 124
Equity, SEKm	12 418	10 704
Net debt/equity ratio, multiple	0.40	0.67

Currency hedging

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.

Currency hedging had an overall earnings impact of SEK -125 million (-253) for 2015 (compared with if no hedging had taken place).

BillerudKorsnäs' outstanding foreign exchange forward contracts at 31 December 2015 had a market value of SEK 117 million.

Of this amount, SEK 24 million had an impact on the valuation of accounts receivable. Remaining contracts had a market value of SEK 93 million.

The hedged amount of currency flows and the SEK exchange rates for EUR, USD and GBP at 31 December 2015 are shown in the table below.

HEDGED PROPORTIONS OF CURRENCY FLOWS FOR EUR, USD AND GBP AND EXCHANGE RATES AGAINST SEK

Currency	Q1 -16	Q2 -16	Q3 -16	Q4 -16	Q1 -17	Total 15 months
EUR						
Proportion of net flow	79%	78%	74%	22%	–	51%
Exchange rate	9.51	9.49	9.51	9.57		9.51
USD						
Proportion of net flow	75%	68%	56%	12%	–	43%
Exchange rate	8.48	8.49	8.54	8.63		8.51
GBP						
Proportion of net flow	30%	–	–	–	–	6%
Exchange rate	13.04					13.04
Market value of currency contracts ¹	36	34	35	12	–	117

¹ The table shows the situation at 31 December 2015.

Taxes

BillerudKorsnäs' effective tax rate is estimated at about 21–23% normally. The tax expense for 2015 is estimated at SEK 443 million, equivalent to a tax rate of 18.4%. The tax expense for 2014 was SEK 352 million, corresponding to 21.3%. The low tax rate for 2015 was mainly due to a non-taxable capital gain from the sale of SIA Latgran.

Environment and permit issues

BillerudKorsnäs has six production units in Sweden, two in Finland and one in the UK that require permits under environmental legislation. These permits apply to the production of pulp and paper. BillerudKorsnäs has all official permits necessary to conduct operations at the volumes produced in 2015. The environmental impact of operations is mainly in the form of emissions to air and water and the creation of waste and noise.

BillerudKorsnäs' Swedish production units have been awarded emission rights for carbon dioxide within the EU. The allocation for the eight-year period that began in 2013 exceeds total projected emissions.

Product and process development

The costs of product and process development, to the extent attributable to research activities, are charged to profit in the year that they arise. In the past year, such costs accounted for approximately 0.5% (0.3) of BillerudKorsnäs' operating costs.

Seasonal factors

BillerudKorsnäs' business is to a relatively limited extent subject to seasonal fluctuations. Periodical maintenance shutdowns have the largest impact, as each production unit halts production for around one week. The loss of production results in somewhat lower deliveries over an extended period before, during and after the shutdown. BillerudKorsnäs' costs are relatively stable throughout the year. Fixed costs are slightly lower in the summer, due to fewer maintenance projects and vacation. Energy costs are slightly higher in the winter because of higher energy consumption and normally higher energy prices, especially for electricity.

Maintenance shutdowns

In addition to ongoing maintenance during production, BillerudKorsnäs' production units normally also require more extensive maintenance at some point during the year. In order to carry out maintenance, production of pulp and paper is stopped in what are known as maintenance shutdowns. The principal items of cost in a maintenance shutdown are loss of volume arising from the shut-

down and fixed costs, mainly costs of maintenance and overtime work, 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 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 with a quarter during which no periodic maintenance shutdown takes place.

Other seasonal effects

A considerable share of volumes for BillerudKorsnäs Flute® are used for packaging for exporting fruit from the Mediterranean area. Demand by this group of customers varies with the fruit export season and is ordinarily highest in September–March.

A considerable share of BillerudKorsnäs' sack paper and Quick-Fill® sack paper goes to packaging for cement and building materials. The demand for building materials in Europe is generally higher in May–October.

MAINTENANCE SHUTDOWNS

Production unit	Estimated shutdown cost SEKm	Estimated distribution of shutdown costs by business area			Planned times for maintenance shutdowns		
		Packaging Paper	Consumer Board	Corrugated Solutions	2016	2015	2014
Gävle	~ 140	~ 5%	~ 80%	~ 15%	Q3	Q3	Q4
Gruvön	~ 130	~ 40%	~ 5%	~ 55%	Q2	Q2	Q2
Frövi	~ 90	–	100%	–	Q4	Q4	Q3
Skärblacka	~ 90	~ 85%	–	~ 15%	Q2	Q4	Q3
Karlsborg	~ 55	100%	–	–	Q3	Q3	Q3
Pietarsaari	~ 15	100%	–	–	–	Q4	Q2

Maintenance shutdowns at Beetham, Rockhammar and Tervasaari do not have a significant effect on BillerudKorsnäs' total earnings.

Share structure

At 31 December 2015, share capital totalled SEK 1 537 642 793, represented by 208 219 834 shares. The number of shares on the market totalled 206 951 152.

No shares have been repurchased since year-end 2004.

ALLOCATION OF SHARES

31 December	2015
Registered number of shares at start of year	208 219 834
Repurchased shares in Company treasury	–1 268 682
Shares on the market	206 951 152

Shareholder information

The share capital of BillerudKorsnäs AB is represented by 208 219 834 ordinary shares, of which 1 268 682 are owned by BillerudKorsnäs AB. Each share carries an entitlement to one vote at the AGM. Transfer of shares is not restricted by law or by the Company's articles of association.

The largest shareholder, Frapag Beteiligungsholding AG, owned 31 300 000 shares, corresponding to 15.1% of shares in the market. No other shareholder owned 10% or more of the total number of shares at 31 December 2015. The Company knows of no agreements between shareholders that may restrict the right to transfer shares. Appointment and dismissal of Board members, and changes to the articles of association, are subject to approval by the AGM. Agreements exist between the Company, other Group companies and senior executives that entail compensation if they were to resign, be dismissed without reasonable grounds or if their employment were to end due to a public bid to acquire shares in the Company. These agreements are described in note 24. Agreements between the Company and other employees that regulate their own resignation or dismissal by the Company conform with normal labour market practice.



Parent company

From 2015, the parent company BillerudKorsnäs AB includes the sales organisation for the Nordic market and markets outside Europe, and the head office function

On 31 December 2014, Gruvön's assets and liabilities were sold to the subsidiary BillerudKorsnäs Sweden AB, resulting in a capital loss of SEK -1 584 million. The capital loss was eliminated at group level and had no impact on consolidated profit/loss or the balance sheet.

Operating income for 2015 was SEK -185 million, compared with SEK -400 million for 2014, excluding operating profit for the Gruvön production unit and excluding the above mentioned capital loss. The increase was mainly due to amended policies on the allocation of the parent company's costs to subsidiaries and positive effects of hedging contracts and evaluations of accounts receivable.

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. This result amounted to SEK -125 million (-253) in 2015.

The parent company is responsible for the Group's financing issues and most of the Group's external interest-bearing debt is raised by the parent company.

For 2016, the parent company has hedged prices for around one-third of the net surplus of NBSK pulp.

The average number of employees was 96 (91).

Cash and bank balances and short-term investments amounted to SEK 10 million (499).

Risk management in parent company

For a description of the Group's risk management, see the 'Risk management and sensitivity analysis' section. The description applies, where appropriate, to both the Group and parent company. Specific differences concerning the parent company are commented on under this heading.

For an understanding of the risk exposure in the parent company, the following should be taken into account.

Customer credit

The parent company's accounts receivable represent more than 80% of the Group's accounts receivable, because a large share of the production units accounts receivable are taken over by the parent company after invoicing and the monies collected by the parent company. However, the risk of any bad debt losses remains with the invoicing company. Of total provision within the Group for doubtful accounts receivable in 2015, SEK 0 million (0) was attributable to the parent company.

Exchange rate exposure

All foreign exchange forward contracts for the Swedish operations are held by the parent company, while the exposure to payment flows in foreign currency is borne by all the Swedish and Finnish production units. Exposure for the parent company is thus lower than that of the forward contracts signed. This applies up to the invoicing date, because the parent company takes over the accounts receivable for the Swedish and Finnish production units. At year-end 2015, foreign exchange contracts not yet recognised in profit/loss for the parent company nominally totalled SEK 2 672 million (3 124) and all foreign exchange contracts will be recognised in profit/loss in 2016

Interest rate risk

The group's borrowing is conducted primarily via the parent company and accounted for 87% of the Group's total borrowing at 31 December 2015. As a result, the parent company has largely the same exposure to changes in interest rates as the Group. Interest rate derivatives are used to change fixed interest periods in the debt portfolio. The majority of interest rate derivatives are attributable to the parent company.

Proposed allocation of profit

As shown on page 62 of this annual report, non-restricted equity in the parent company, BillerudKorsnäs AB, amounted to SEK 5 577 million at 31 December 2015.

According to BillerudKorsnäs' financial targets that apply until year-end 2015, the dividend should equal 50% of net profit per share over a business cycle and the net debt/equity ratio should be less than 0.90. At the end of 2015, the Group's net debt/equity ratio was 0.40 (0.67). BillerudKorsnäs' Board of Directors proposes that, of the earnings per share of SEK 8.75, SEK 4.25 per share be paid to shareholders and that the remaining amount be carried forward.

Events after the close of the financial year

No events that materially affect the Company's financial position have occurred after the close of the financial year.

Outlook

Demand and the order situation are expected to improve seasonally in the first quarter of 2016, compared with the fourth quarter of 2015.

Average prices in local currency are expected to remain generally stable.

Investments are estimated to amount to around SEK 1 300 million in 2016, excluding possible future restructuring projects at Gruvön and Skärblacka.