

BillerudKorsnäs has entered into an agreement to acquire Bergvik Skog Öst

BillerudKorsnäs has today entered into a binding agreement with all shareholders of Bergvik Skog AB concerning a split of Bergvik Skog AB's forest assets, including BillerudKorsnäs' acquisition of Bergvik Skog Öst AB. The acquisition contributes to securing BillerudKorsnäs' future wood supply through direct deliveries and more efficient logistics flows and by making the company a strong player on the Swedish wood market.

BillerudKorsnäs announced on 27 November 2017 that it had signed a letter of intent to acquire Bergvik Skog Öst AB, which comprises approximately 350,000 hectares of forest land in Sweden. Since the signing of the letter of intent, the company has carried out due diligence of Bergvik Skog Öst AB and negotiated the final terms of the acquisition agreement.

BillerudKorsnäs acquisition of Bergvik Skog Öst AB is part of a restructuring of Bergvik Skog's forest holdings, which in addition to Bergvik Skog Öst AB mainly consists of Bergvik Skog Väst AB. Bergvik Skog Väst AB will be distributed to the shareholders of Bergvik Skog AB, with BillerudKorsnäs receiving approximately 5 percent of the shares in Bergvik Skog Väst AB. BillerudKorsnäs has today also signed an agreement to transfer these 5 percent to Stora Enso. After such transfer, Bergvik Skog Väst AB will be subject to a demerger between the remaining shareholders in the company.

The transactions, which inter alia are conditional upon approval by the Swedish Competition Authority, upon the distribution of Bergvik Skog Väst AB and upon the establishment and registration of a final demerger plan for Bergvik Skog Väst AB, are expected to be completed during the first half of 2019.

“Our acquisition of Bergvik Skog Öst is an important part of ensuring long-term competitive and stable wood supply and thus we have added another important piece of the puzzle to reach BillerudKorsnäs' full potential. However, the company's strategy to advance in the value chain remains unchanged, why we in a next step intend to evaluate the possibility of including one or more partners in ownership of our forest assets,” says Petra Einarsson, CEO and President, BillerudKorsnäs.

The purchase price for Bergvik Skog Öst AB amounts to approximately SEK 6.4 billion on a debt free basis and after reduction of deferred tax, corresponding to approximately SEK 18,000 per hectare of forestland. The cash effect of the acquisition of Bergvik Skog Öst AB, net after the sale of 5 percent of the shares in Bergvik Skog Väst AB, is expected to amount to approximately SEK 5.4 billion. The acquisition is financed with bank loans. BillerudKorsnäs' long term financial target, that interest-bearing net debt relative to EBITDA should be less than a multiple of 2.5, remains unchanged.

BillerudKorsnäs will until further notice remain as owner of 5 percent of the shares in Bergvik Skog AB, with the assets and liabilities that remain therein after the distribution of Bergvik Skog Väst AB and the sale of Bergvik Skog Öst AB. The intention is to unwind Bergvik Skog AB when practically possible, and in connection therewith BillerudKorsnäs is expected to receive a dividend.

About Bergvik Skog AB

Bergvik Skog AB is one of the largest forest owners in Europe. In Sweden the company owns 2.3 million hectares of land, primarily in mid-Sweden. The annual harvest volume is about 6 million m³sub. Bergvik Skog AB's Swedish forest assets are divided into Bergvik Skog Öst AB and Bergvik Skog Väst AB. BillerudKorsnäs currently owns 5 percent of Bergvik Skog AB's shares.





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