

# Metsä Board

## Q4 and FY 2016 Results



## Q4 2016 in summary

- Sales declined moderately, and comparable EBIT remained roughly at the same level as in Q3 2016
- Delivery volumes in paperboard and market pulp declined
- The annual maintenance shutdown at Husum was extended by one week
- Average price level in paperboard was supported by an improved price level for Husum's new FBB and the stronger US dollar
- The market situation was stable

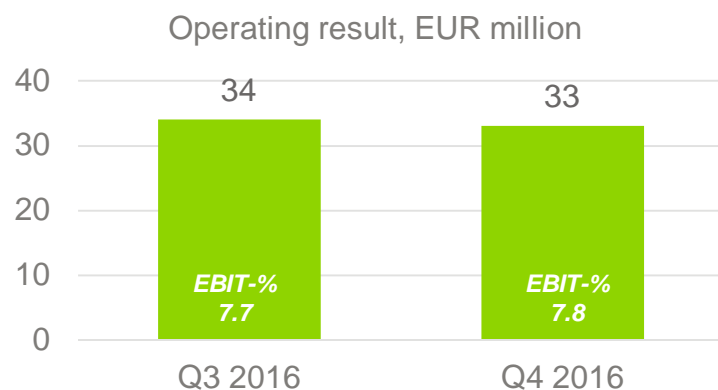


# Key financials

		Q4/16	Q3/16	Change Q4/16 vs. Q3/16	2016	2015	Change 2016 vs. 2015
Sales	EUR million	422	440	-4%	1,720	2,008	-14%
EBITDA, comparable	EUR million	53	59	-11%	231	283	-18%
Operating result, comparable	EUR million	33	34	-4%	137	180	-24%
% of sales	%	7.8	7.7		8,0	9,0	
Result before taxes, comparable	EUR million	23	27	-16%	107	150	-29%
Earnings per share	EUR	0.07	0.05	+40%	0.25	0.39	-36%
ROCE, comparable	%	7.7	8.0		8.1	11.3	
Gross investments	EUR million	43	16	+164%	162	178	-9%
Cash flow from operations	EUR million	55	67	-19%	77	247	-69%
Dividend per share	EUR				0.19*	0.17	+12%

\*) proposal to AGM

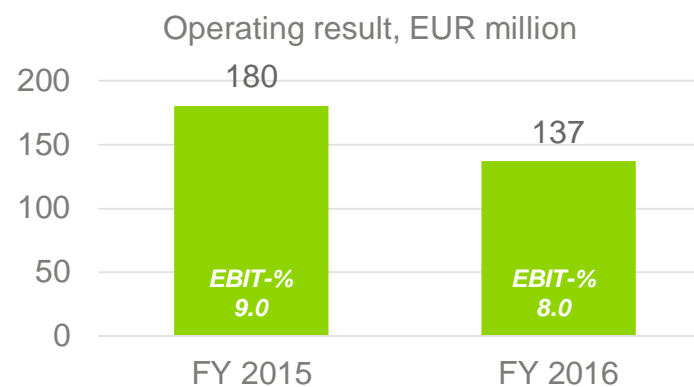
## 2016 operating result mainly impacted by Husum



Improved price of Husum's new FBB, good performance in linerboard business, stronger US dollar



Lower production and delivery volumes, extended maintenance shutdown at Husum

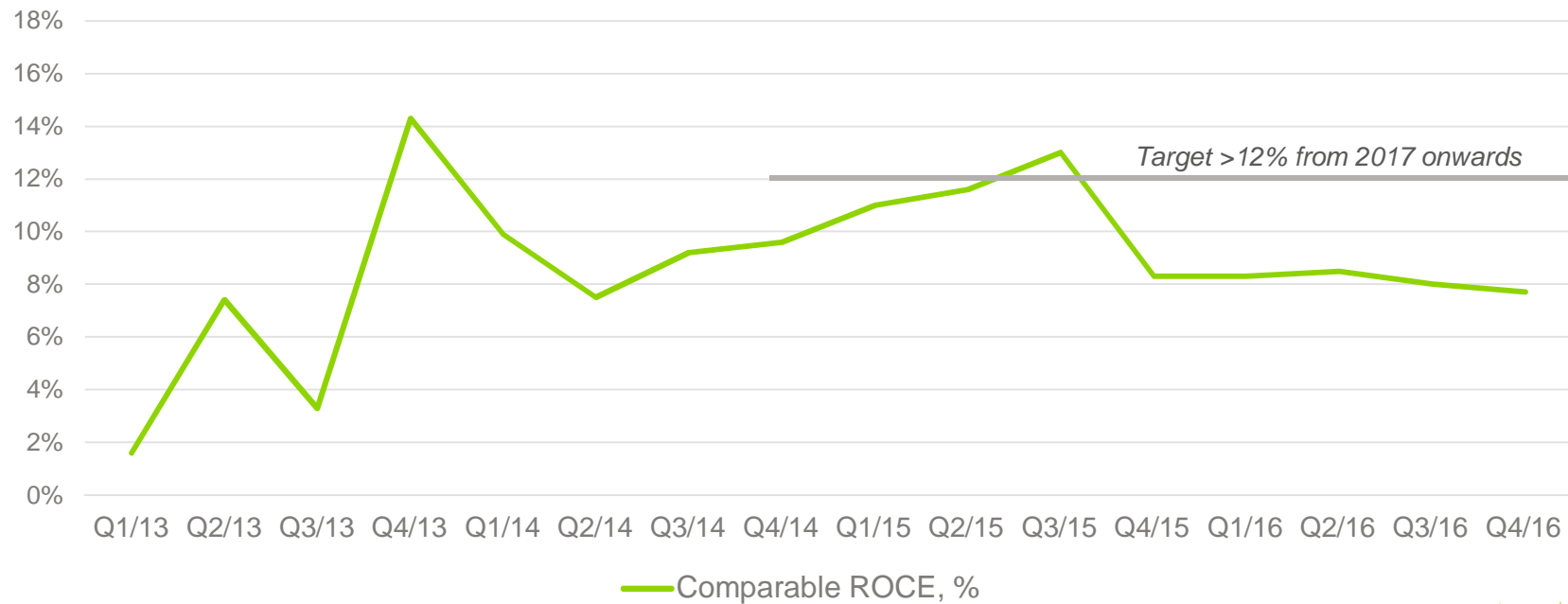


Stable development in Finnish mills, positive impact from FX rates after hedges



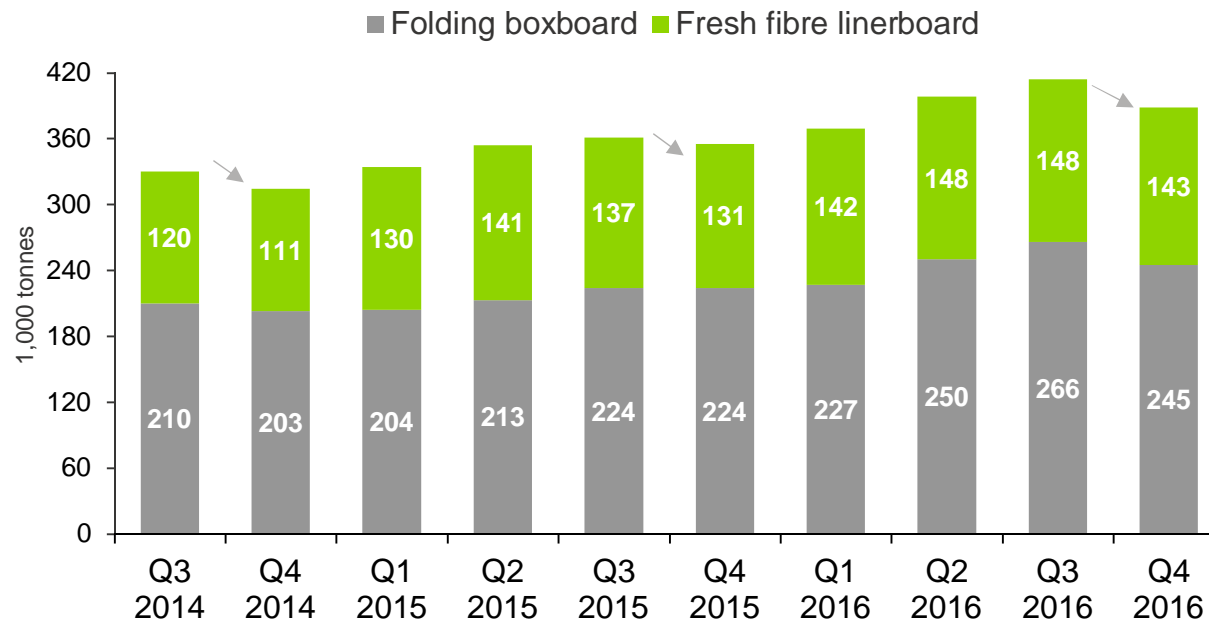
Ramp-up of new FBB machine, technical challenges at Husum, lower avg. price in FBB, declined market pulp prices

## ROCE-% remained at the same level throughout the year



# Paperboard deliveries in 2016 up by 12%

## Seasonal decline in Q4



Change in paperboard deliveries:

**-6%** Q4/16 vs.Q3/16

**+9%** Q4/16 vs.Q4/15

**+12%** FY16 vs.FY15

## New folding boxboard production line at Husum in Sweden

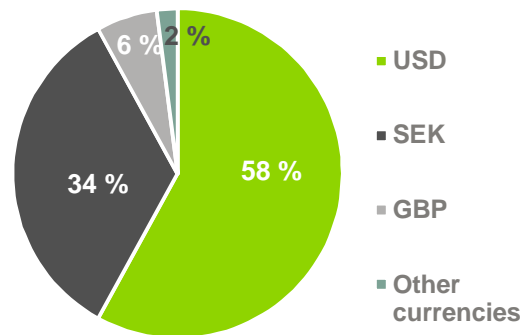
- New folding boxboard production line at Husum started up in February 2016
- Total delivery volume of Husum's folding boxboard was 120,000 tonnes
- Efficiency improvement programme launched in May proceeded as planned
- Own extrusion coating line will start up in H1 2017



# FX exposure and sensitivities

- Updated normal level in hedging from 2017 onwards: 100% of balance sheet position + 50% of annual net FX flows are hedged (previously 25%)

**FX exposure by currency,**  
Annual gross amount EUR 1.2bn



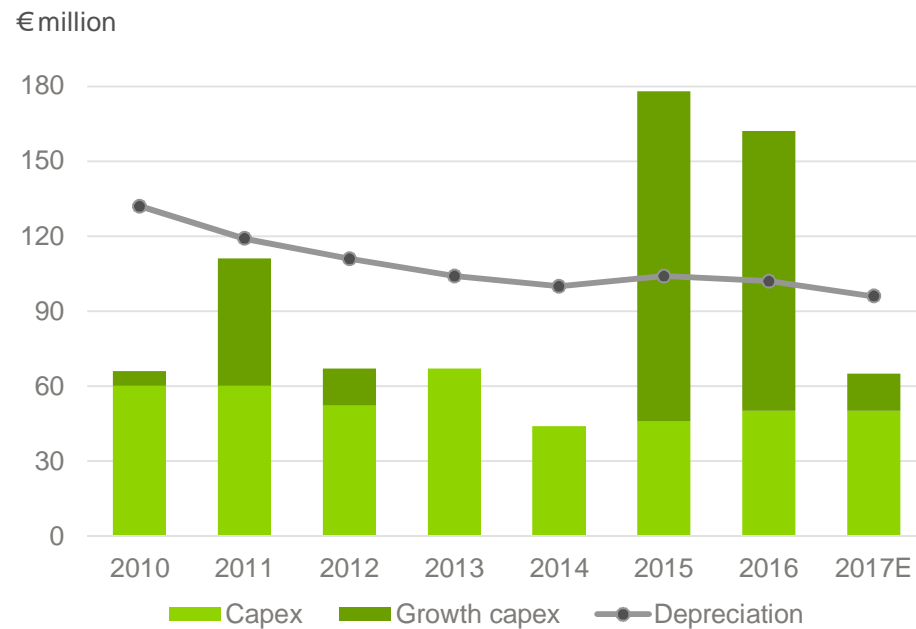
## FX sensitivities before hedges

10 % strengthening of foreign currency vs. EUR will have an impact on Metsä Board's operating result of

Currency	Next 12 months
USD, \$	EUR +70 million
Swedish krona	EUR -40 million
GBP, £	EUR +7 million

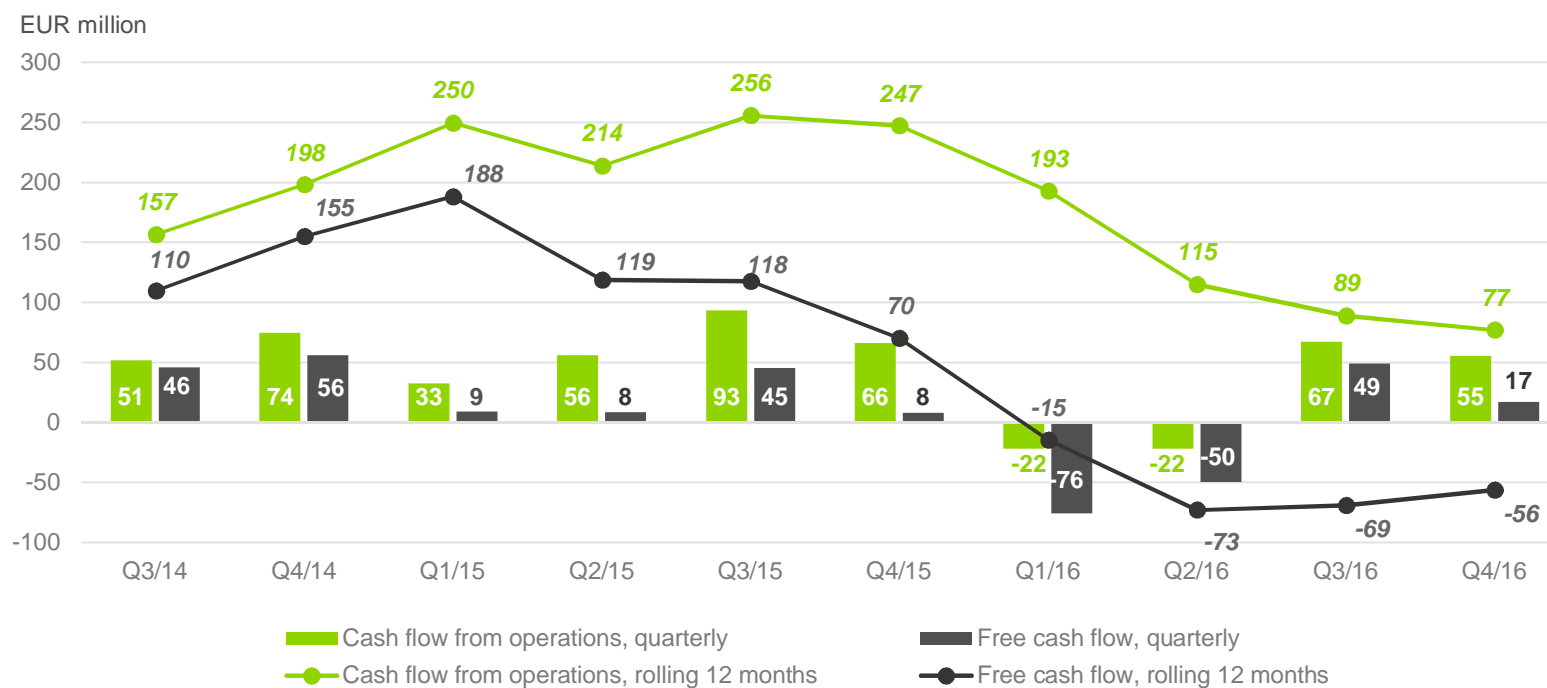


## Total capex in 2016 was EUR 162 million

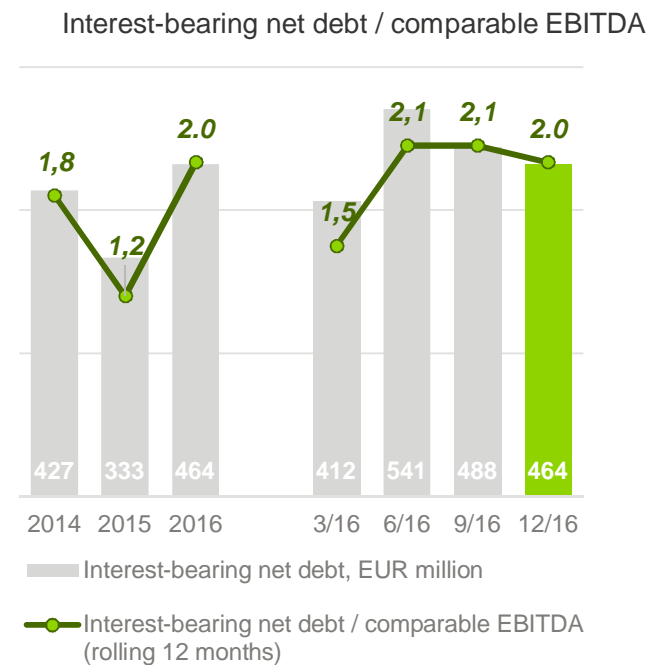
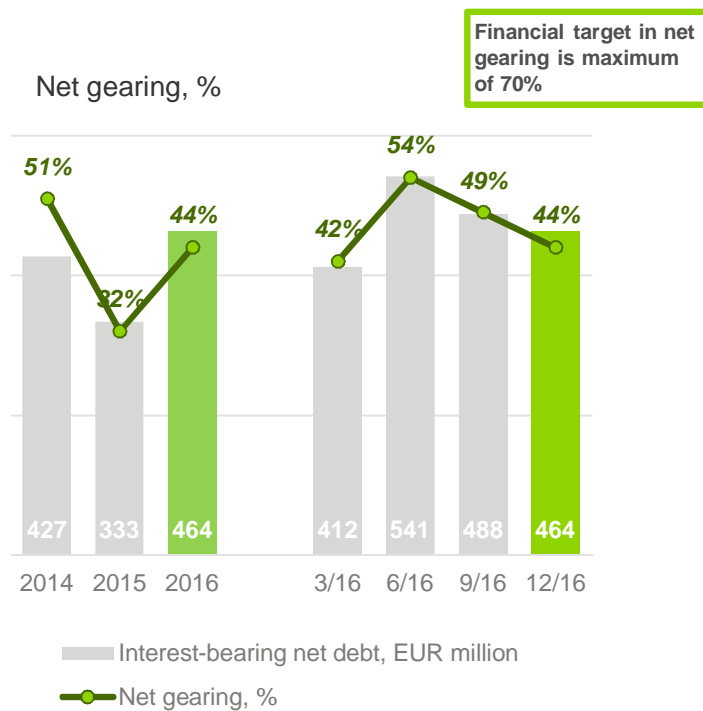


- Main growth capex in 2016 included Husum investment programme, extrusion coating line and equity investment in Metsä Fibre's bioproduct mill
- Estimated capex in 2017 is EUR 65–70 million

# Cash flows turned clearly positive in H2 2016



# Positive cash flow decreased net debt in H2 2016



## Near-term outlook

- Metsä Board's paperboard delivery volumes are expected to increase in Q1
- No planned shutdowns in January–March 2017
- Demand and price levels in fresh fibre paperboards are expected to remain stable



## Profit guidance

Metsä Board's comparable operating result in Q1 2017 is expected to improve from Q4 2016



## Summary

- 2016 profitability was negatively impacted by the ramp-up of new folding boxboard production line in Husum
- Metsä Board's paperboard deliveries are expected to increase
- Cash flow will improve due to stabilised working capital and less investments
- Demand for high-quality fresh fibre paperboard is expected to remain good

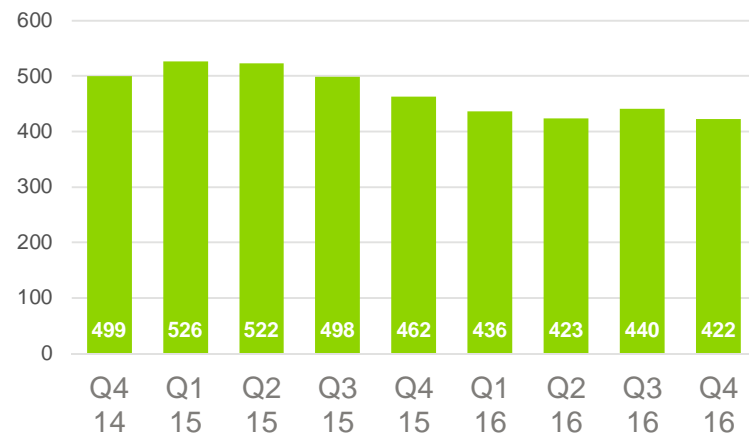


**Appendix**



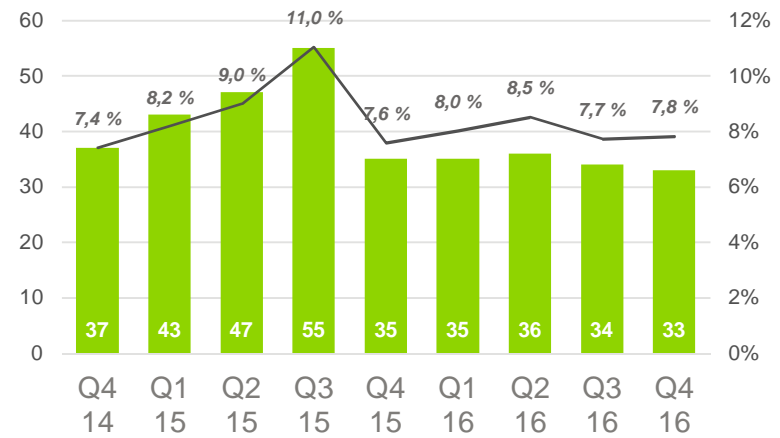
# Quarterly sales and EBIT development

Sales, EUR million



FY 2015: EUR 2,008 million  FY 2016: EUR 1,720 million

Comparable EBIT (EUR mill.) and EBIT-%



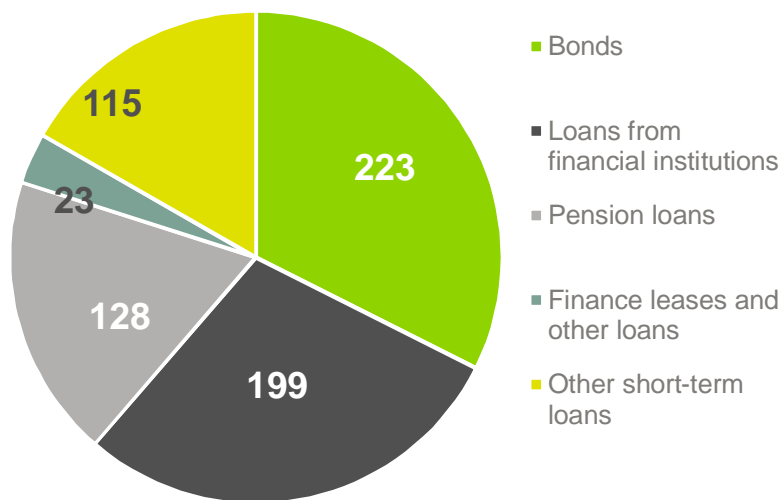
FY 2015: EUR 180 million  FY 2016: EUR 137 million



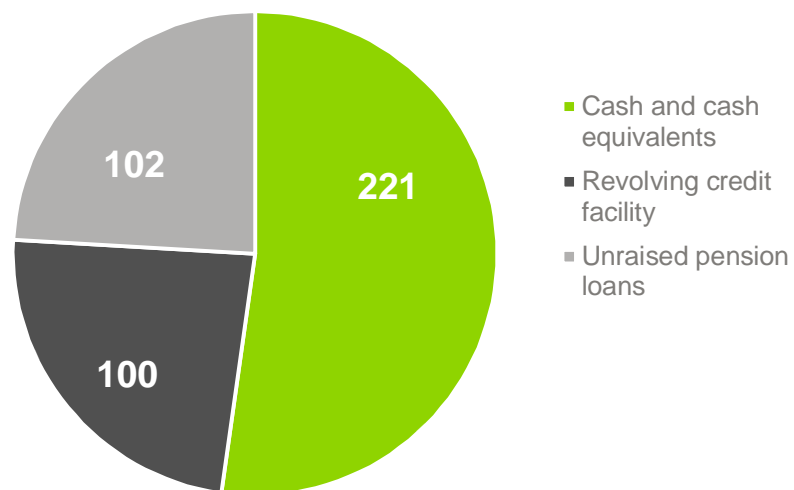
# Debt structure and liquidity

31 December 2016

**Interest-bearing debt,**  
total EUR 688 million



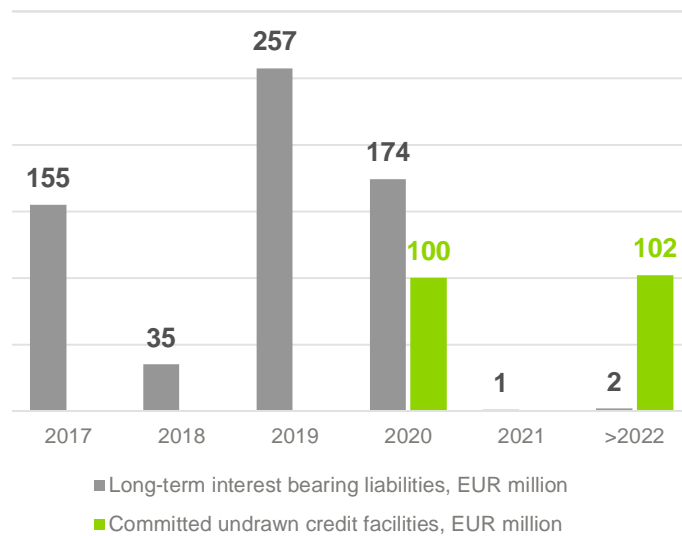
**Available liquidity,**  
total EUR 423 million



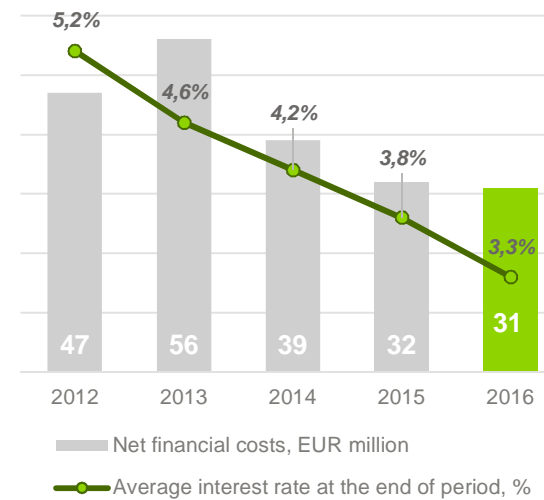
Average maturity of long-term loans at 31 December 2016 was 2.2 years.

# Long-term debt and financial costs

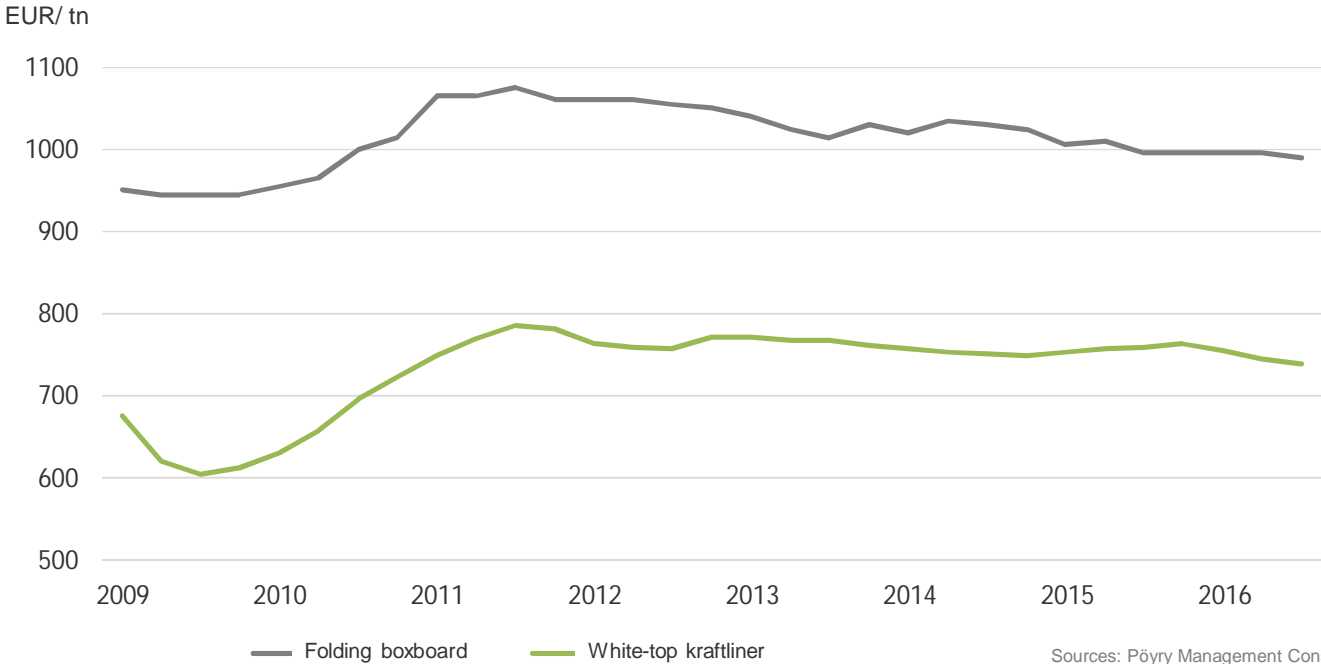
Maturity schedule in long-term IB debt  
EUR million



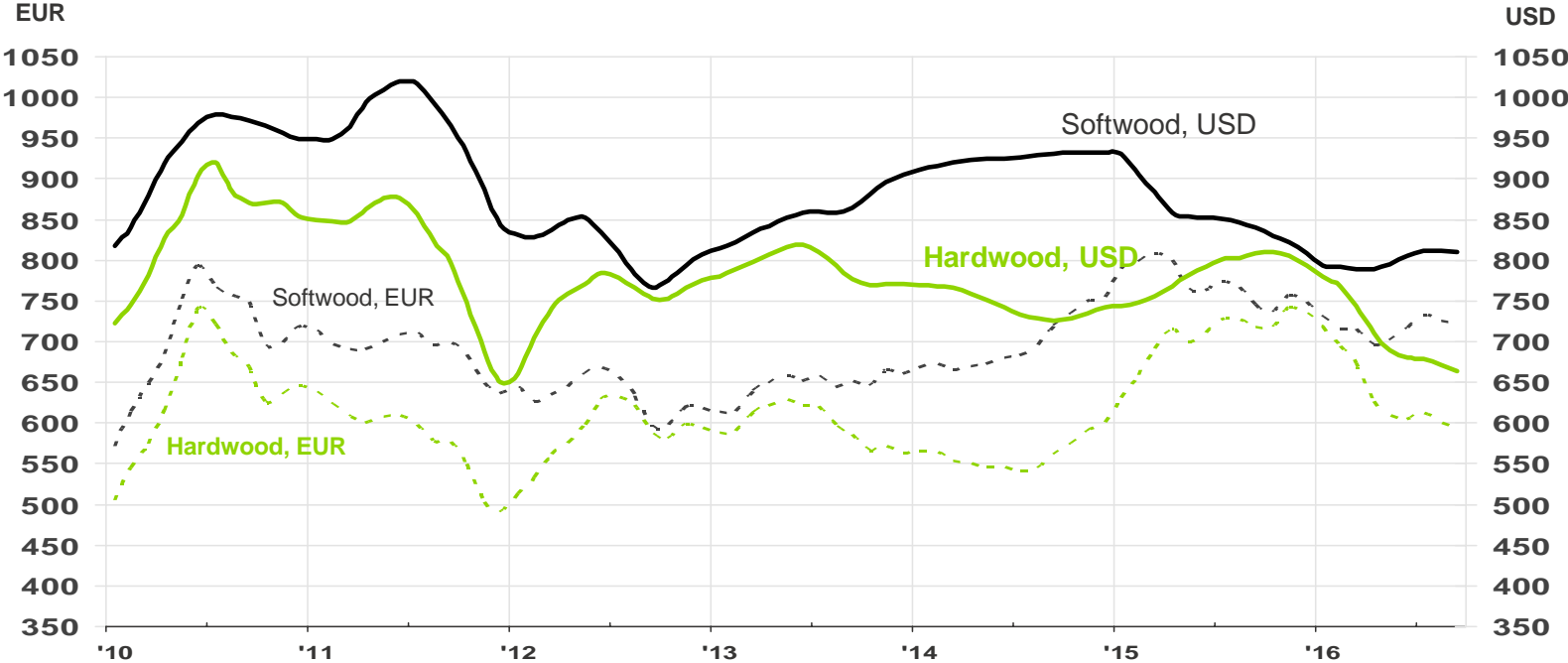
Net financial costs (EUR million) and average interest rate (%)



# Market price development in folding boxboard and white-top kraftliner in Europe



# Pulp price development (PIX)

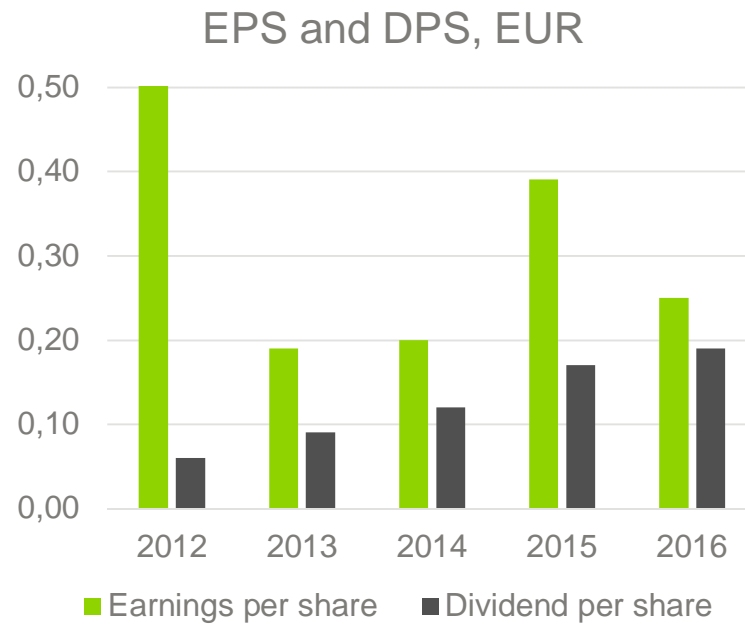


Source: Foex Indexes Ltd



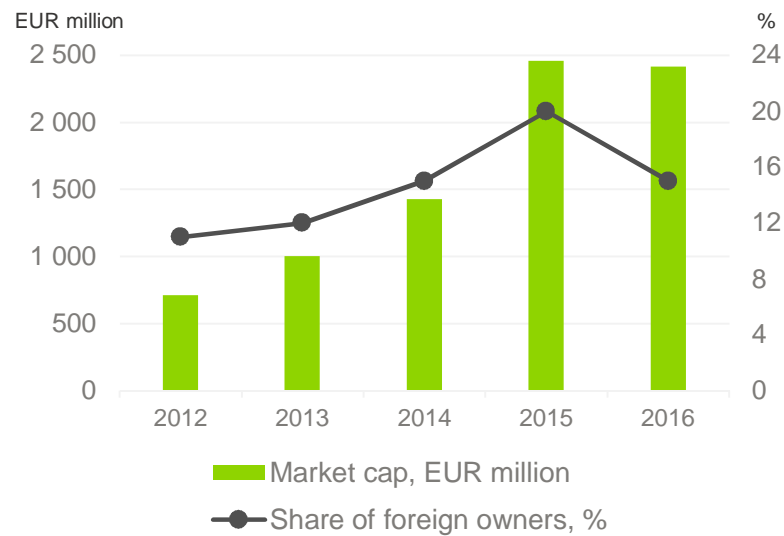
## Dividend proposal for 2016 is EUR 0.19 per share

- Metsä Board's dividend payout target is at least 1/3 of EPS
- Dividend proposal for 2016:
  - 0.19 per share
  - Totalling EUR 68 million
  - Corresponds 76 per cent of EPS and 73 per cent of comparable EPS

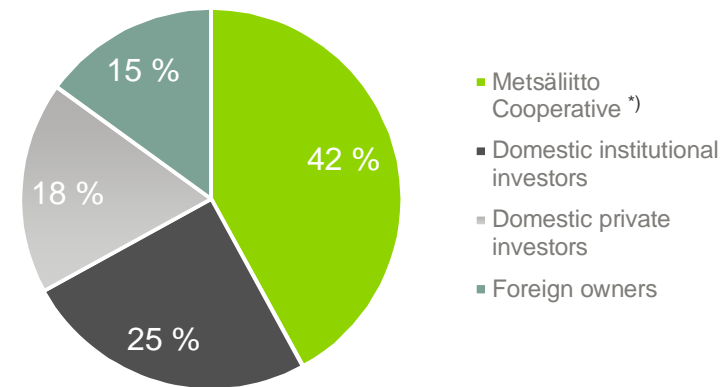


# Market cap and ownership distribution

**Market cap and foreign owners**  
31 December 2016



**Ownership distribution**  
31 December 2016



\*) Metsäliitto Cooperative has 61% of voting rights

**Make the most of Metsä Board**

