



# **Light-Weight Concept in Paperboard Business Offers Great Growth Opportunities for Metsä Board**

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CMD  
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# Metsä Board Today

Metsä Board



# Metsä Board Is the Leading European Fresh Forest Fibre Paperboard Producer

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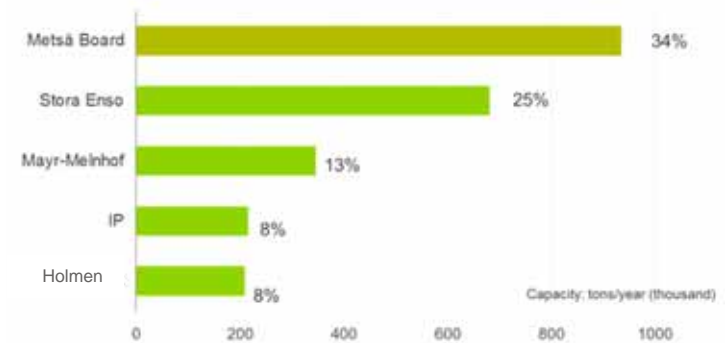
- Annual sales about 2.0 b€
- Europe's largest in folding boxboard. World's largest in coated white-top fresh forest fibre linerboard
- Major uncoated fine and printing paper as well as market pulp supplier
- Valuable holdings in Metsä Fibre and Pohjolan Voima
- Main customers are brand owners, printers, corrugated packaging manufacturers, merchants and office products suppliers
- Global sales and customer service network in over 70 countries and nine production units in Finland, Sweden and Germany



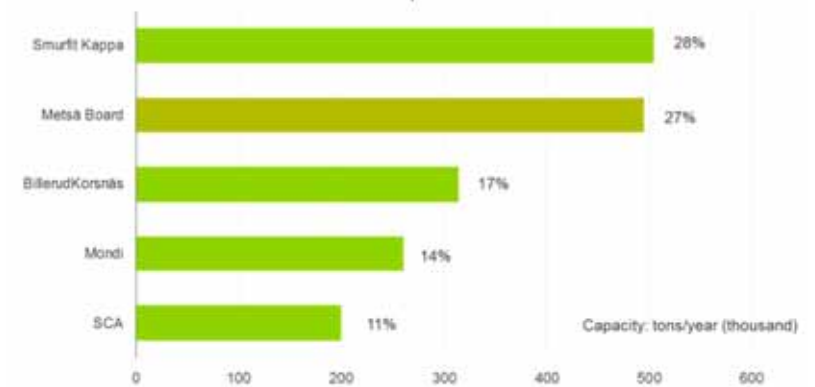
# Consistent Strategy

- Paperboard is Metsä Board's core business
  - Focus on high-quality paperboards
- Smaller but healthier paper business
  - Heavy re-engineering and successful divestments
- Extensive fibre know-how and pulp self-sufficiency
  - Metsä Board's role in Metsä Fibre's planned new pulp mill in Äänekoski to be clarified latest early next year
- Continuous development towards Super Productivity

Largest Folding Boxboard Producers in Europe



Largest White Top Kraftliner and Fully Bleached Kraftliner Producers in Europe

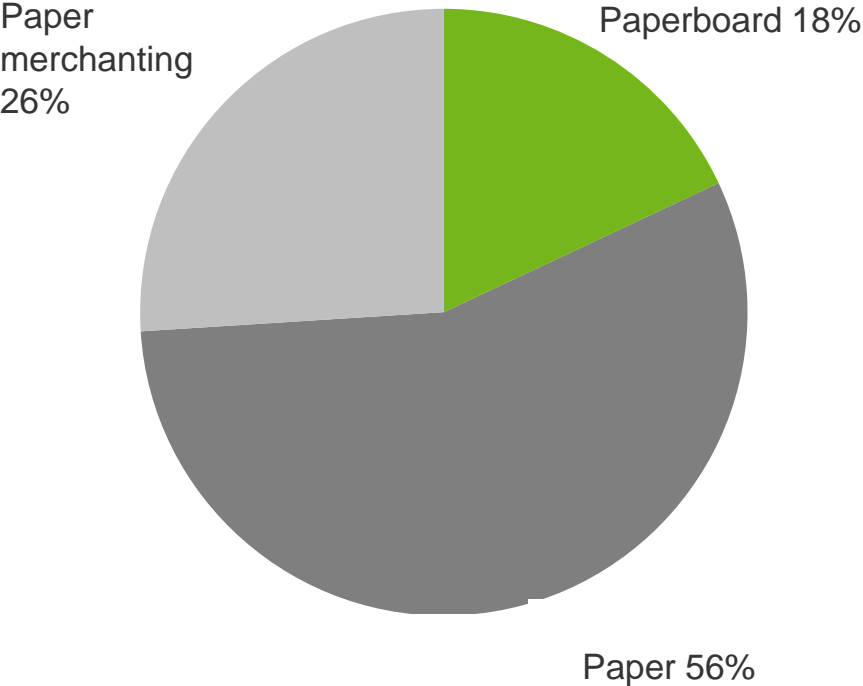


Source: Metsä Board, Pöyry Management Consulting Oy

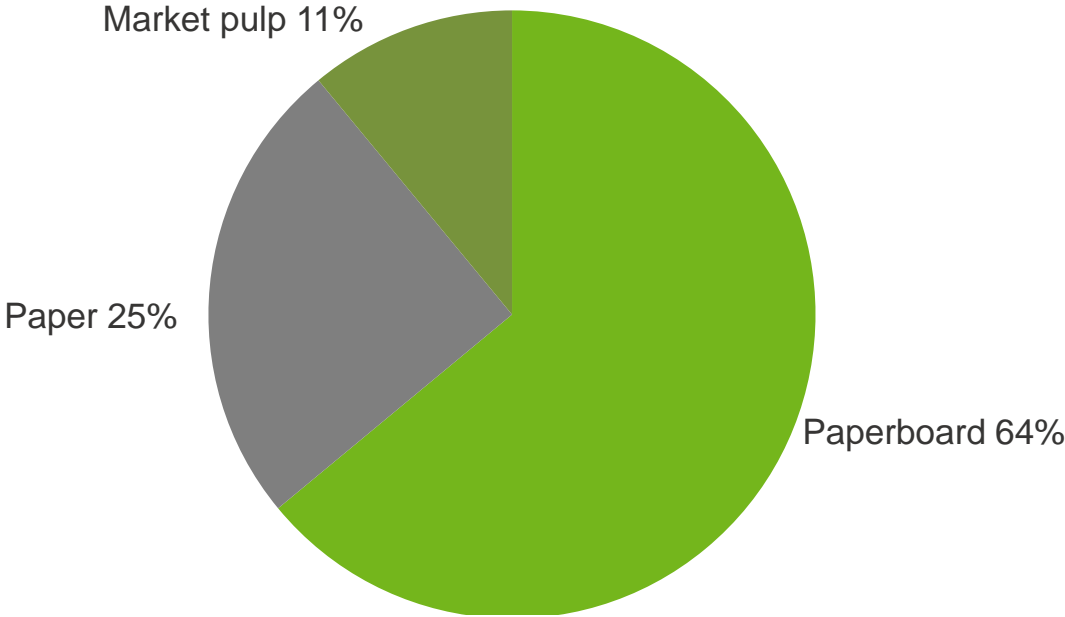
# Paperboard incl. Market Pulp Accounted Already About 75 per cent of Sales

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Sales distribution 2006

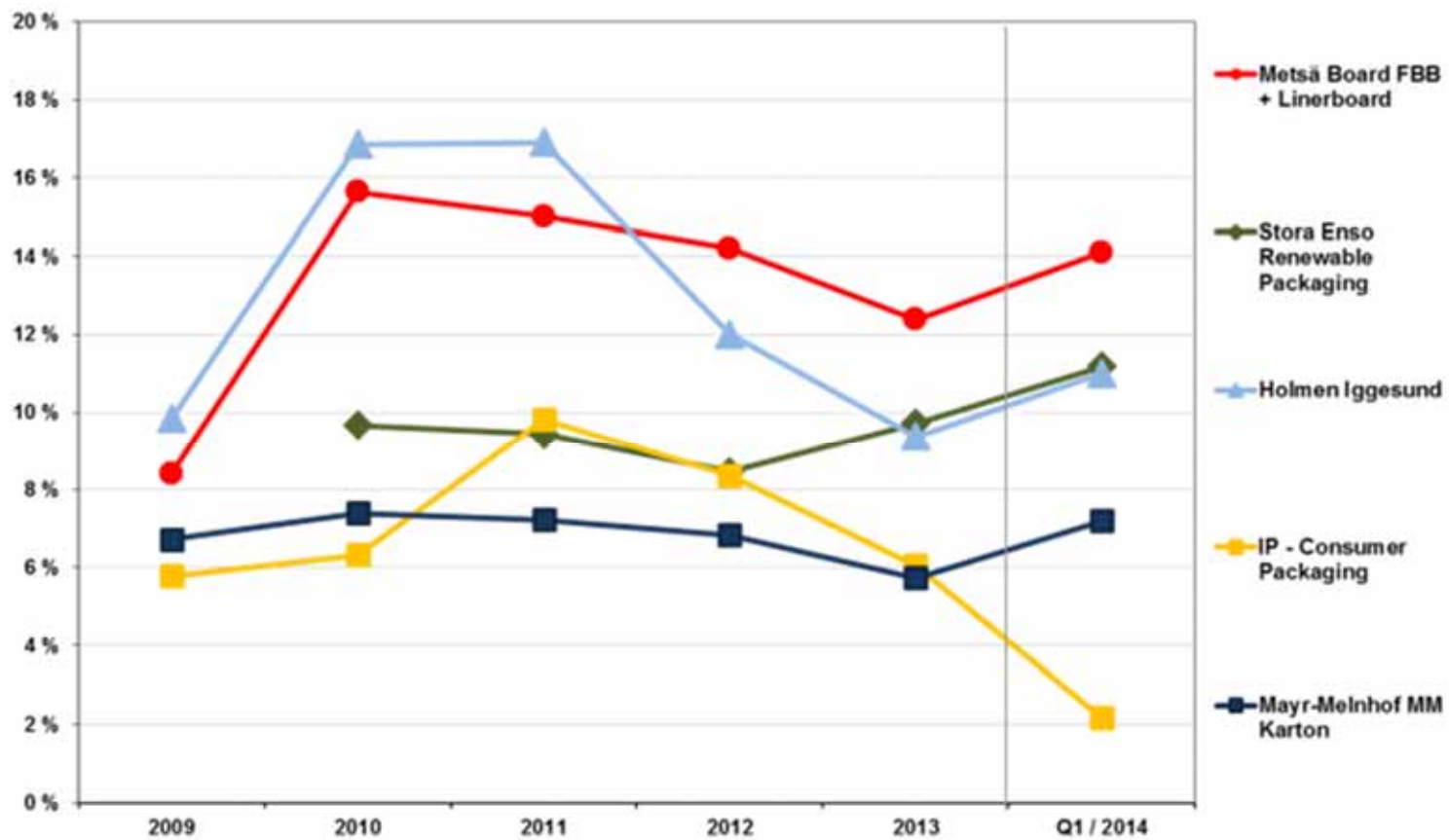


Sales distribution 1Q 2014



# Profitability of Metsä Board's Core Business is Best in its Field

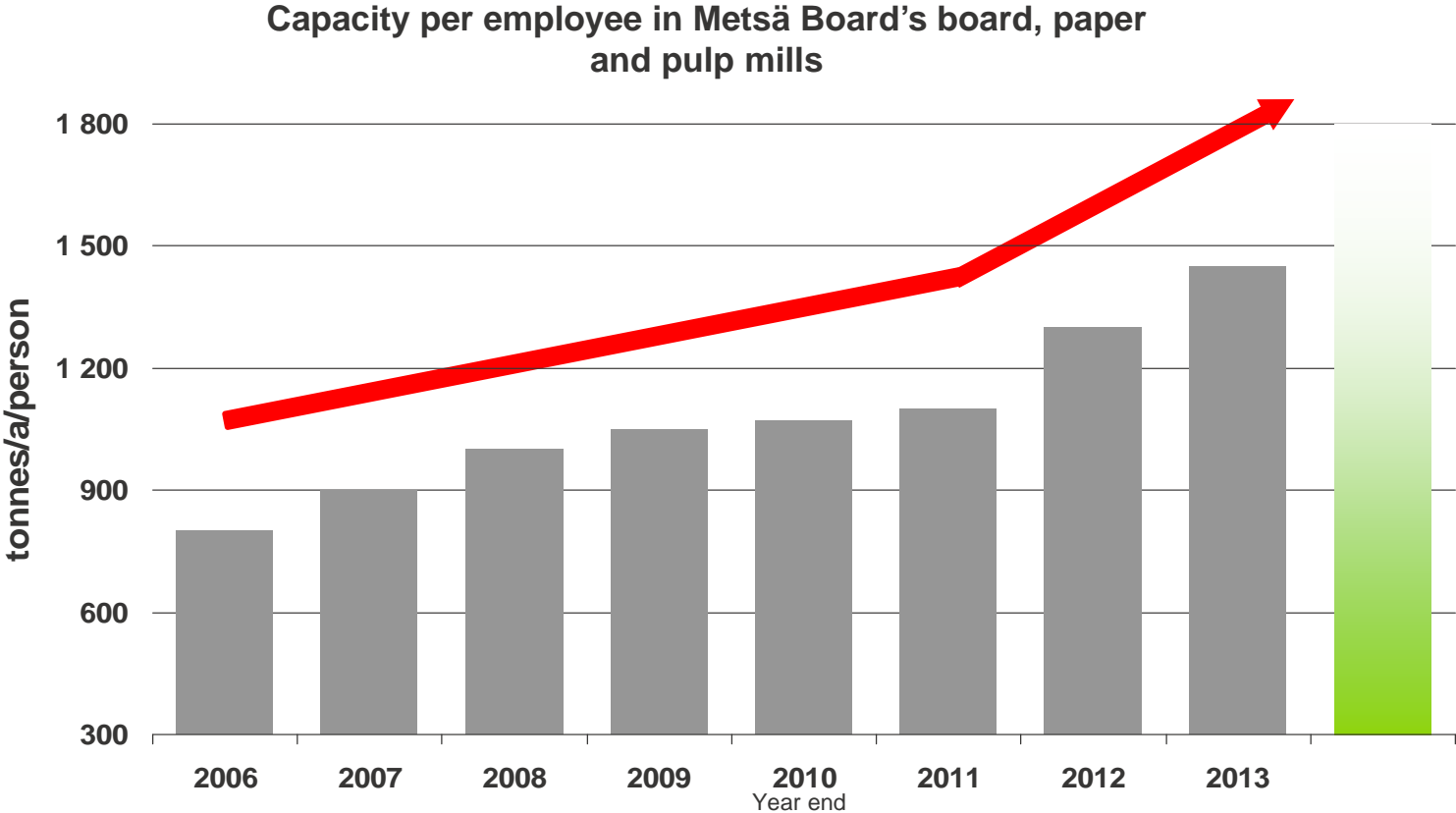
Operating result excluding non-recurring items, % of sales



Metsä Board



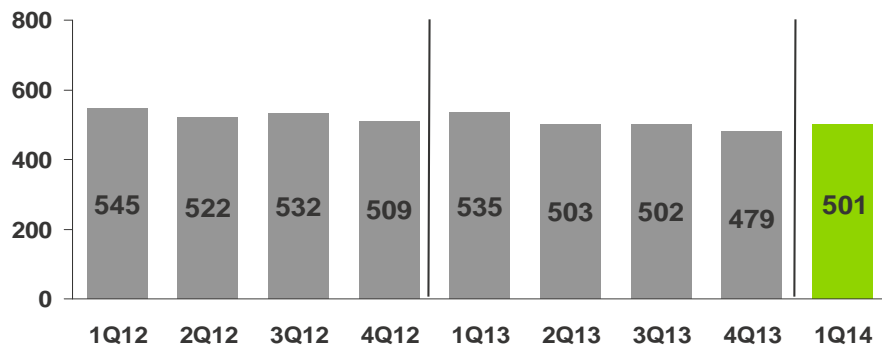
# Metsä Board's Productivity Has Been Improved by Almost 70 per cent Since 2006



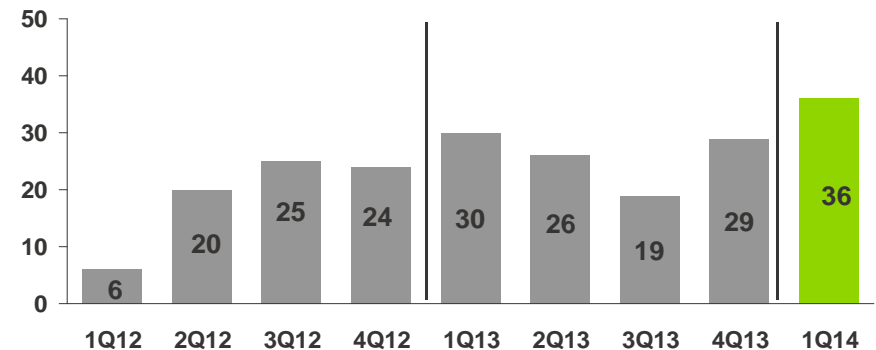


# Results Gradually Improving as the Strategy Implementation Proceeds

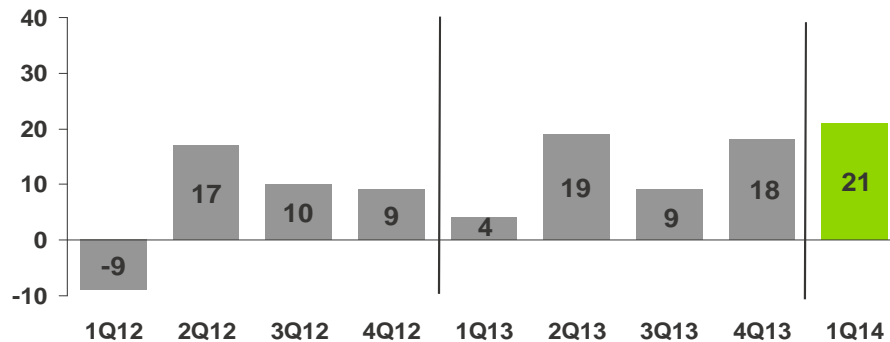
Sales, m€



Operating result excl. non-rec. items, m€



Result before taxes excl. non-rec. items, m€



*” Metsä Board’s operating result, excluding non-recurring items, is in the second quarter of 2014 expected to weaken from the first quarter of 2014 due to the annual maintenance shutdowns at Husum mill integrate and at the associated company Metsä Fibre’s Joutseno and Äänekoski pulp mills ”*



# Profitable Growth

# Packaging Materials Is about EUR 600 Billion Business Globally and It Is Growing Strong

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- Growing population
- Urbanization
- Environmental awareness
- Safety

Highest growth in paperboard packaging, accounting for the largest share of the total

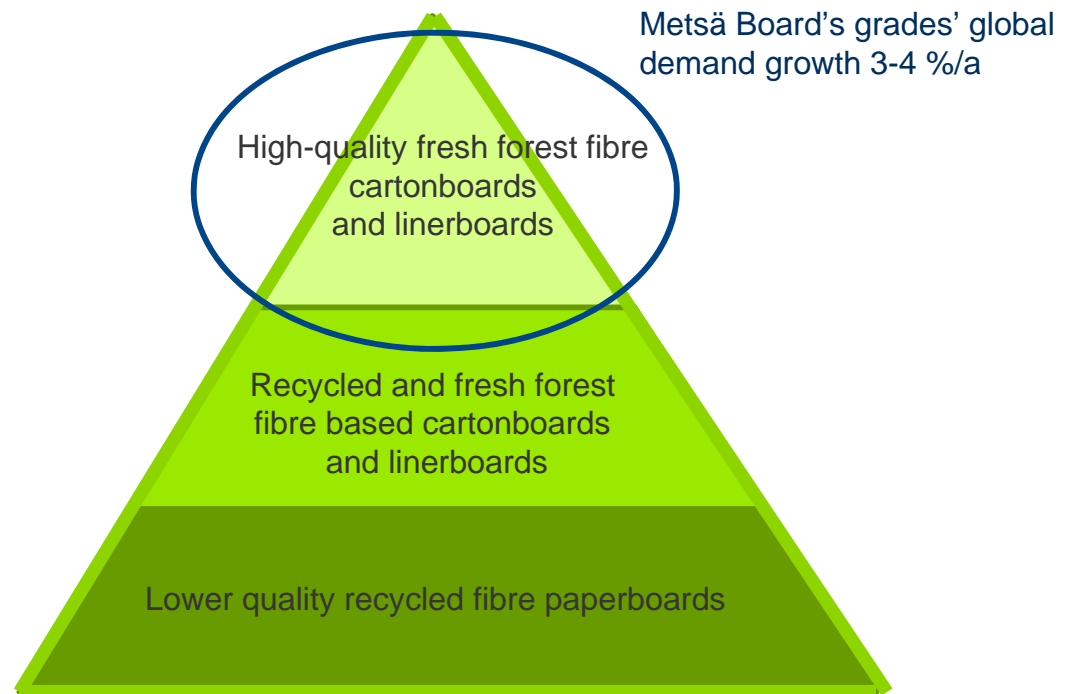


Source: Smithers Pira

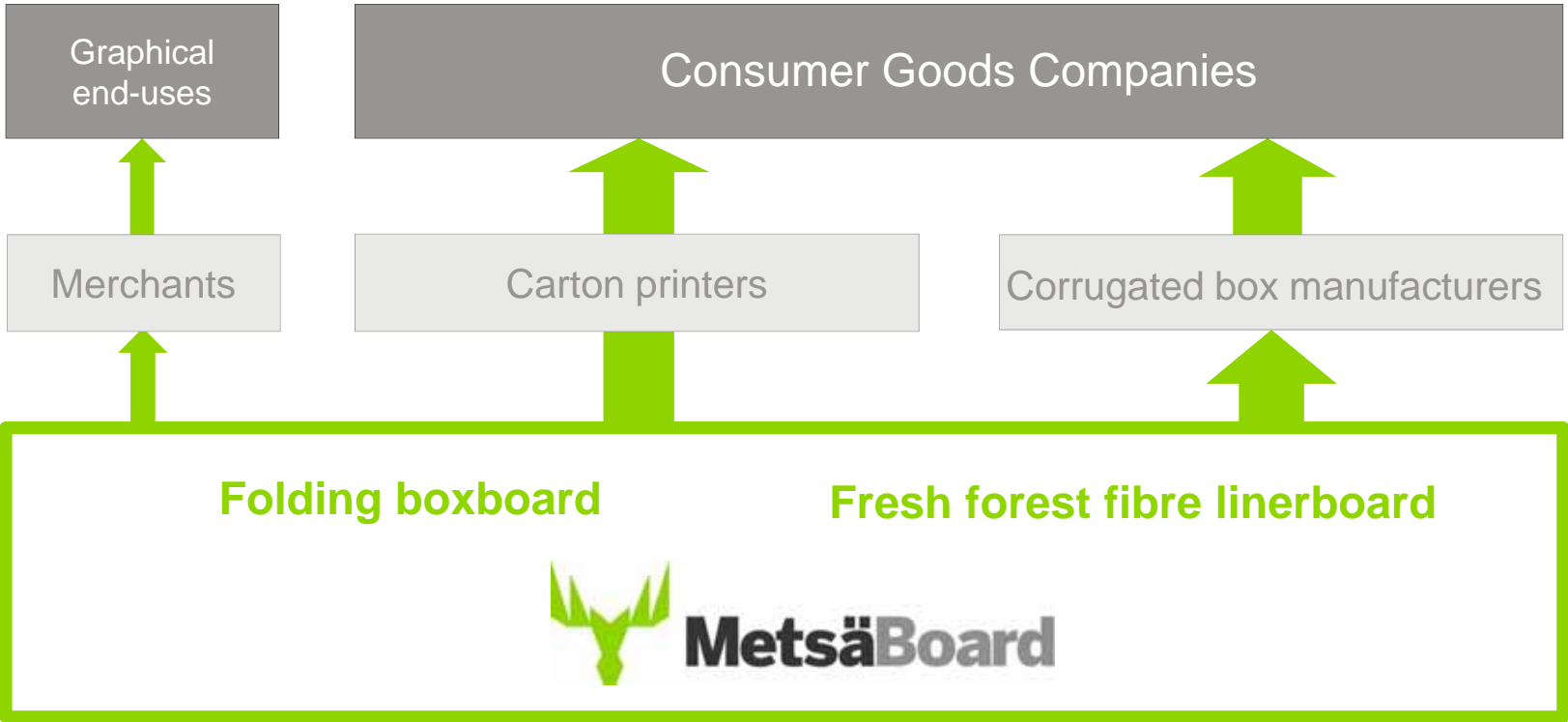
# Metsä Board's High-Quality Paperboards Help the World's Leading Consumer Goods Companies to Succeed

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- Increasing sales
- Improving sustainability
- Securing product safety
- Decreasing costs



# Metsä Board's Renewed Fresh Forest Fibre Based Paperboard Portfolio Fits Well to Consumer Goods Companies' Demand



# As the FBB Market Leader Metsä Board Continues Steady Organic Growth and Responsible Pricing in the Domestic Markets in Europe

- Metsä Board continues to offer an ecological, safe and cost competitive option for brand owners to replace plastics and recycled fibre board
- Totally new business from food service and cup stock end uses
  - Large and fast growing segment
- Best-in class customer service concept
  - New advanced supply chain model
  - Good technical service
- Healthy price levels a key priority for Metsä Board also in the future

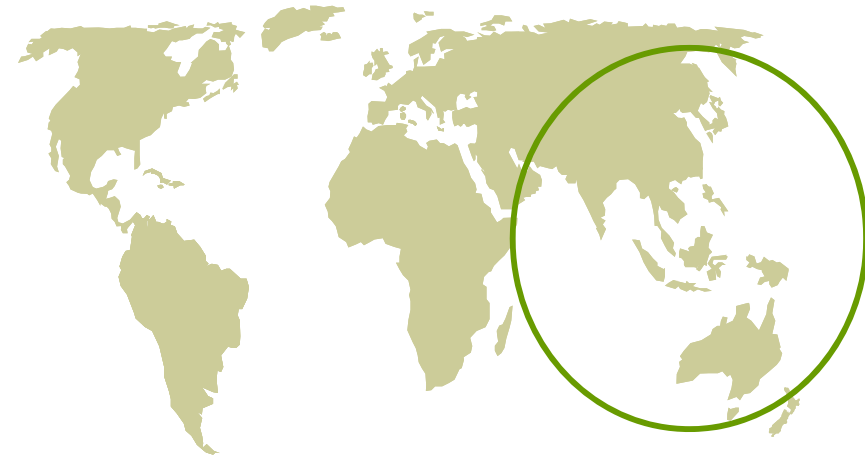


Total cartonboard market	7 million t/a
Demand growth	2 %/a
WLC	50%
<b>FBB</b>	<b>35%</b>
SBS	7%
CUK	8%

Sources: Smithers Pira & Metsä Board

# Metsä Board Continues Good Growth in the Highest Quality Segment in Asia. Timing not Good for Aggressive Growth

- Metsä Board is the cartonboard quality benchmark in Asia
- Responsible consumer goods companies promote good packaging
  - Sustainability
  - Traceable raw materials
  - Product safety
- Leading Chinese producers not in general targeting the highest quality segment
  - Fast demand growth in commodity segment
  - Lack of high quality raw material
- Metsä Board continues to grow in Chinese high quality segment and increases activities in other main Asian markets



Total cartonboard market	15 million t/a
Demand growth	5%/a
WLC	73%
<b>FBB</b>	<b>22%</b>
Others	5%

Sources: Metsä Board & Risi

# Metsä Board Offers a Sustainable, Safe and Cost-Competitive Option for Consumer Goods Companies in North America

- Sustainability and safety increasingly important also for North American brand owners
- Consumption mainly in conventional heavy cartonboards
- Four leading cartonboard producers dominate US market and most of them are integrated to converting
  - Product development has not been in focus
  - No investments in new technology and capacity
  - Difficult position for independent non-integrated converters
- Timing is perfect for Metsä Board to become a strong long-term partner for local brand owners and converters
  - Metsä Board's FBB even over 30% lighter in weight
  - Customer service ability as good as best local players'



Total cartonboard market	6,5 million t/a
Demand growth	1 %/a
WLC	34%
SBS	34%
CUK	27%
<b>FBB</b>	<b>5%</b>

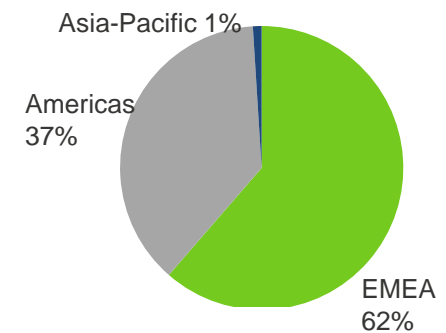
Sources: Smithers Pira & Metsä Board



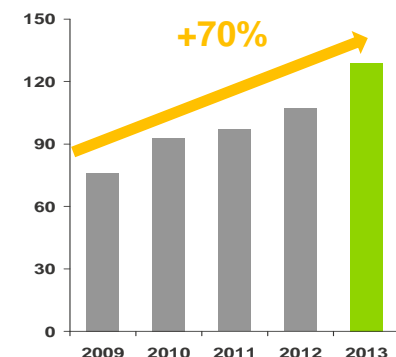
# In Addition to Folding Boxboard Metsä Board Develops Strongly and Successfully Its Linerboard Business

- Successful transformation of Kemi mill to high end doublecoated segment
  - Profitability to a totally new level
  - Fully booked for several years
- Husum's light weight fully bleached linerboards complete Metsä Board's offering enabling growth in totally new end uses
  - Steady decrease of unprofitable paper volumes in Husum
- 70 % growth in North America during the past 5 years
  - USA today the biggest single market
  - All leading corrugated box manufacturers as main customers

**Metsä Board's fresh forest fibre linerboard deliveries in 2013**



**Metsä Board's fresh forest fibre linerboard deliveries to North America, 1,000 tonnes**



# Threshold for New Producers to Enter High Quality Paperboard Segment Is High

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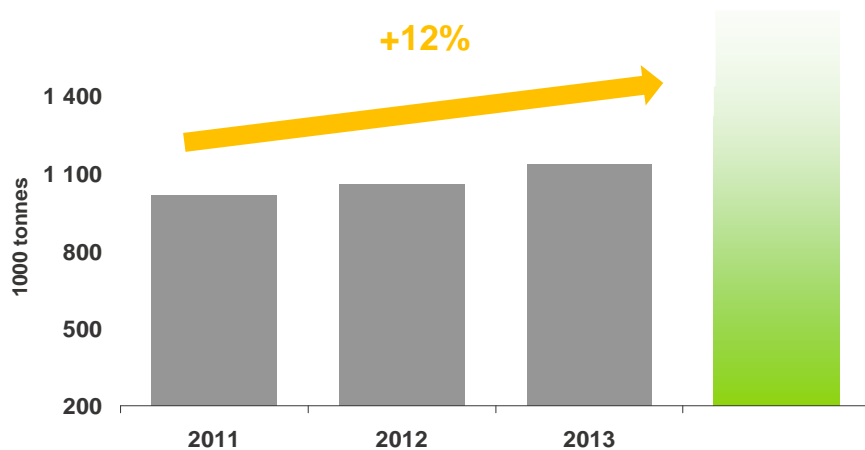
- Limited availability of high quality fibre
  - Sustainably harvested high quality fresh forest fibres are a must
  - Own state of art chemical, mechanical and BCTMP pulping capacity vital competitive factors
- Leading global consumer goods companies and corrugated box manufacturers not willing to change paperboard suppliers easily in the high-quality segments
  - High speed packaging lines very quality sensitive
  - Requirements for uniform brand look and feel globally
  - Sustainability and product safety aspects
- Skilled people and organizations a crucial success factor
  - High-quality paperboard companies have traditions from several generations



# Conclusions

# Growth Accelerating by Expansion to North America and Entering New End Use Segments Combined with Steady Organic Growth in Europe

Paperboard deliveries, 1,000 tonnes



## Folding boxboard

- Continued steady growth in Europe
- Aggressive growth in North America to over 200 000 t/a in mid-term
- Food service and cup stock deliveries to over 100 000 t/a in mid-term

## Fresh forest fibre linerboard

- Fully utilize Kemi's new doublecoated products market potential
- Maximize Husum's light-weight linerboard volumes
- Total linerboard sales to exceed 650 000 t/a in mid-term



**Thank you!**

**QA**