

# METSÄ BOARD

FINANCIAL STATEMENTS BULLETIN

2019



**MetsäBoard**

## METSÄ BOARD'S COMPARABLE OPERATING RESULT IN 2019 WAS EUR 184 MILLION

### JANUARY–DECEMBER 2019 (1–12/2018)

- Sales were EUR 1,931.8 million (1,944.1).
- Comparable operating result was EUR 184.4 million (251.9), or 9.5% (13.0%) of sales. Operating result was EUR 180.8 million (246.3).
- Comparable earnings per share were EUR 0.41 (0.58), and earnings per share were EUR 0.41 (0.57).
- Comparable return on capital employed was 10.4% (14.4%).

### OCTOBER–DECEMBER 2019 (7–9/2019)

- Sales were EUR 478.4 million (489.2).
- Comparable operating result was EUR 39.1 million (42.5), or 8.2% (8.7%) of sales. Operating result was EUR 20.0 million (42.5).
- Comparable earnings per share were EUR 0.09 (0.09), and earnings per share were EUR 0.05 (0.09).
- Comparable return on capital employed was 8.9% (9.7%).

### EVENTS IN OCTOBER–DECEMBER 2019

- Cash flow from operations was strong due to lower working capital.
- Paperboard deliveries declined from the previous quarter due to the seasonal decline in December. The average sales prices of folding boxboard and white kraftliner remained stable.
- The market prices of pulp continued to decline, particularly in Europe. Lower pulp costs in the paperboard business reduced the negative impact, but the overall impact on operating result was negative.
- Metsä Board began investing in the first phase of the renewal of the Husum pulp mill, before the final investment decision. In October–December, the investments in the project amounted to EUR 21 million. The total value of the first phase of the investment is approximately EUR 320 million.

- The finishing area of Kyro's board machine is going to be modernised. The cost of the modernisation is roughly EUR 20 million, and it includes a new reeler and winder, as well as the renewal of the reel broke handling system. The modernisation is expected to be completed in 2021.
- Metsä Board adopted Metsä Group's Green Finance Framework, which links sustainability and climate change mitigation to Metsä Board's future financing activities.
- For the third year in a row, Metsä Board achieved the "Gold" level in EcoVadis's sustainability and social responsibility evaluation. Metsä Board is included among the top 1% of paperboard manufacturers and converters in EcoVadis's evaluation.

### EVENTS AFTER THE PERIOD

- Finnish Paper Union launched a paper industry strike in Finland on 27 January 2020, which ended on 10 February 2020. The strike affected all Metsä Board's mills in Finland and the pulp mills of its associated company Metsä Fibre. Metsä Board estimates that the strike will have a negative impact on its operating result of approximately EUR 20 million, affecting mainly the first quarter of the year.
- CDP selected Metsä Board for its Climate A-list in recognition of company's efforts to reduce fossil CO2 emissions, minimize climate risks and develop low carbon solutions. In the CDP's Water Program and Forest Program and in the Supply Chain Engagement category, Metsä Board was awarded the Leadership status A-.

### RESULT GUIDANCE FOR JANUARY–MARCH 2020

Metsä Board's comparable operating result for the first quarter of 2020 is expected to weaken compared to the fourth quarter of 2019 due to strikes at mills in Finland.

### BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND AND CAPITAL DISTRIBUTION

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2020 that a dividend of EUR 0.10 per share and a capital distribution of EUR 0.14 per share be paid for the 2019 financial period.

The proposed dividend and capital distribution, totalling EUR 0.24 per share, corresponds to 59% of the result per share for 2019.

**Metsä Board's CEO Mika Joukio:**

“October–December developed according to our expectations, and our comparable operating result was EUR 31.9 million. In addition to lower paperboard delivery volumes, our profitability was burdened by market pulp prices, which weakened compared to the previous quarter, particularly in Europe. Our sales prices of folding boxboard and white kraftliner remained stable and lower maintenance costs together with the sales of emission allowances improved the result.

The planned renewal of the Husum pulp mill is progressing. The equipment suppliers for the new recovery boiler and turbine have been selected, and we made the first investments related to the project at the end of the year. We expect to make the final investment decision, which awaits the amendment to the environmental permit issued by the Swedish authorities, during the second quarter of 2020. The renewal will enable the long-term development of our paperboard business at the Husum integrated mill. It will also improve our energy efficiency and is a remarkable step toward our goal of fossil-free mills.

Our comparable operating result in 2019 was EUR 184.4 million. The higher average prices of paperboards, especially in folding boxboard, improved our profitability. In white kraftliners, we defended our prices successfully, particularly in Europe's muted demand. The total paperboard delivery volumes were lower than

in the previous year. Our market pulp position is large through our holding in Metsä Fibre, due to which the decline in the pulp market prices had a significant negative impact on our results. The cash flow from our operations, EUR 200.5 million, was clearly better than in the previous year, and our balance sheet remained strong.

In 2019, we focused on product development: In the spring, we renewed our folding boxboard portfolio, and in the autumn, we introduced a new, plastic-free eco-barrier paperboard. Both have generated a lot of interest among our customers, and I believe strongly in their commercial success.

The importance of sustainability cannot be over-emphasised. We are committed to slowing down climate change and have set ourselves ambitious targets through which we aim, among other things, to have fossil-free mills and raw materials by 2030. Sustainability is important for our customers, and I believe that fossil-free products will provide us with a significant competitive edge in the long run.

Our strategy and financial targets remained unchanged in 2019. We will continue to focus on premium fresh fiber paperboards, and our future growth is strongly guided by our profitability targets. We are a forerunner in sustainability and are increasingly investing in developing innovative and sustainable packaging solutions in cooperation with our customers.

I want to thank our personnel, customers and other stakeholders for the past year.”

**KEY FIGURES**

	2019	2019	2019	2019	2018	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q1–Q4	Q1–Q4
Sales, EUR million	478.4	489.2	477.1	487.1	458.0	1931.8	1,944.1
EBITDA, EUR million	59.5	62.1	73.6	99.3	81.2	294.5	338.2
comparable, EUR million	59.4	62.1	68.1	89.3	81.2	279.0	343.8
EBITDA, % of sales	12.4	12.7	15.4	20.4	17.7	15.2	17.4
comparable, % of sales	12.4	12.7	14.3	18.3	17.7	14.4	17.7
Operating result, EUR million	20.0	42.5	46.4	71.9	60.1	180.8	246.3
comparable, EUR million	39.1	42.5	41.0	61.8	60.1	184.4	251.9
Operating result, % of sales	4.2	8.7	9.7	14.8	13.1	9.4	12.7
comparable, % of sales	8.2	8.7	8.6	12.7	13.1	9.5	13.0
Result before taxes, EUR million	17.0	38.8	41.9	67.9	55.8	165.6	224.2
comparable, EUR million	36.1	38.8	36.4	57.9	55.8	169.2	229.7
Result for the period, EUR million	16.2	32.5	36.3	59.6	50.2	144.6	203.4
comparable, EUR million	31.2	32.5	31.9	50.2	50.2	145.8	207.8
Earnings per share, EUR	0.05	0.09	0.10	0.17	0.14	0.41	0.57
comparable, EUR	0.09	0.09	0.09	0.14	0.14	0.41	0.58
Return on equity, %	4.9	10.1	11.4	18.4	15.5	10.9	16.3
comparable, %	9.5	10.1	10.0	15.5	15.5	11.0	16.7
Return on capital employed, %	4.6	9.7	10.9	16.7	13.7	10.2	14.0
comparable, %	8.9	9.7	9.7	14.4	13.7	10.4	14.4
Equity ratio at end of period, %	59	58	57	56	58	59	58
Net gearing ratio at end of period, %	23	27	30	23	25	23	25
Interest-bearing net liabilities/comparable EBITDA	1.1	1.2	1.2	0.9	1.0	1.1	1.0
Shareholders' equity per share at end of period, EUR	3.76	3.65	3.60	3.57	3.72	3.76	3.72
Interest-bearing net liabilities at end of period, EUR million	307.8	351.8	380.2	296.6	334.6	307.8	334.6
Investments in owned property, plant and equipment, EUR million	53.8	17.0	17.6	6.4	33.9	94.9	70.3
Investments in leased property, plant and equipment, EUR million	3.0	0.8	0.2	0.0	-	4.1	-
Net cash flow from operations, EUR million	89.6	43.8	30.7	36.4	30.4	200.5	150.9
Personnel at end of period	2,351	2,382	2,591	2,382	2,352	2,351	2,352

**DELIVERY AND PRODUCTION VOLUMES**

	2019	2019	2019	2019	2018	2019	2018
1,000 t	Q4	Q3	Q2	Q1	Q4	Q1–Q4	Q1–Q4
Delivery volumes							
Paperboards	440	466	445	440	426	1,791	1,830
Metsä Board's market pulp	137	104	109	109	95	460	457
Metsä Fibre's pulp <sup>1)</sup>	180	207	166	192	172	745	701
Production volumes							
Paperboards	468	442	446	460	470	1,816	1,866
Metsä Board's pulp	332	343	352	346	338	1,373	1,363
Metsä Fibre's pulp <sup>1)</sup>	186	182	186	181	193	734	740

<sup>1)</sup> Equal to Metsä Board's 24.9 per cent holding in Metsä Fibre.

**FINANCIAL STATEMENTS BULLETIN FOR  
1 January – 31 December 2019****SALES AND RESULT****October–December 2019 (vs. 7–9/2019)**

Metsä Board's sales declined from the previous quarter and were EUR 478.4 million (489.2). Folding boxboard accounted for 58% of sales, while 23% derived from white kraftliner, 14% from market pulp and 5% from other operations.

The comparable operating result was EUR 39.1 million (42.5), and the operating result was EUR 20.0 million (42.5). Items affecting comparability included a EUR -19.1 million impairment loss recognised in the assets of the Husum pulp mill, where the company plans to replace the recovery boiler and turbine during the first phase of the pulp mill's renewal.

Total deliveries of paperboard declined and were 440,000 (466,000) tonnes. The decline was due to the seasonally slower December. Deliveries of folding boxboard amounted to 300,000 (305,000) tonnes, and deliveries of white kraftliner totalled 140,000 (161,000) tonnes. Metsä Board's market pulp deliveries grew from the previous quarter and were 137,000 (104,000) tonnes.

In addition to lower paperboard delivery volumes, the comparable operating result was weakened by the prices of market pulp, which continued to decline. The negative impact that pulp had on the result was reduced by lower pulp costs in the paperboard business.

Profitability improved due to lower annual maintenance costs of mills compared to previous two quarters, slightly lower wood costs and the sales of emission allowances.

Exchange rate fluctuations including hedges had a nearly neutral impact on results compared to the previous quarter.

Metsä Board's share of the result of its associated company Metsä Fibre was EUR 1.0 million (5.9).

Financial income and expenses totalled EUR -3.1 million (-3.7), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR -0.1 million (-0.3).

The result before taxes was EUR 17.0 million (38.8). The comparable result before taxes was EUR 36.1 million (38.8). Income taxes amounted to EUR 0.8 million (6.3).

Earnings per share were EUR 0.05 (0.09). The return on equity was 4.9% (10.1%), and the comparable return

on equity was 9.5% (10.1%). The return on capital employed was 4.6% (9.7%), and the comparable return on capital employed was 8.9% (9.7%).

**January–December 2019 (vs. 1–12/2018)**

Metsä Board's sales amounted to EUR 1,931.8 million (1,944.1). Folding boxboard accounted for 57% of sales, while 25% of sales derived from white kraftliner, 13% from market pulp and 5% from other operations.

The comparable operating result was EUR 184.4 million (251.9), and the operating result was EUR 180.8 million (246.3). Items affecting comparability during the financial period totalled EUR -3.6 million and comprised the following items: a EUR 3.3 million capital gain on a non-operating investment in shares; the Äänevoima shares sold to Metsä Fibre, which had a net impact of EUR 6.8 million on the operating result; EUR 5.5 million from the sale of a land area not related to business operations; and a EUR -19.1 million impairment recognised in the assets of the Husum pulp mill, where the company plans to replace the recovery boiler and turbine during the first phase of the pulp mill's renewal.

Total deliveries of paperboard declined and were 1,791,000 (1,830,000) tonnes. Folding boxboard deliveries were 1,207,000 (1,215,000) tonnes, of which 71% was delivered to the EMEA region, 20% to the Americas, and 9% to the APAC region. Deliveries of white kraftliner declined and were 584,000 (615,000) tonnes, of which 66% was delivered to the EMEA region, 33% to the Americas, and 1% to the APAC region. Muted demand, particularly in Europe, during the first half of the year decreased the delivery volumes of Metsä Board's white kraftliner. Metsä Board's market pulp deliveries remained stable and were 460,000 (457,000) tonnes.

The higher sales prices of paperboards, especially in folding boxboard, had a positive effect on the operating result in 2019. Correspondingly, profitability was weakened by market pulp prices, which declined globally. The negative impact that pulp had on the result was reduced by lower pulp costs in the paperboard business. Nevertheless, the overall impact that the decline in pulp prices had on Metsä Board's operating result was clearly negative.

The production costs of paperboard and pulp grew from the previous year. Cost inflation in 2018 was rapid, and the prices of raw materials remained high in 2019. Wood costs were at a higher level than the year before, but declined slightly towards the end of the year.

Exchange rate fluctuations including hedges had a positive effect of EUR 48 million on the operating result of the financial year, compared to the previous year.

Metsä Board's share of the comparable operating result of its associated company Metsä Fibre was EUR 45.3 million (124.5). In addition to the low price of market pulp, Metsä Fibre's result was burdened by the weak profitability of the sawmill business and the increased production costs of pulp.

Financial income and expenses totalled EUR -15.4 million (-22.3), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR -1.6 million (-3.1).

The result before taxes for the financial period was EUR 165.6 million (224.2). Comparable result before taxes was EUR 169.2 million (229.7). Income taxes amounted to EUR 21.0 million (20.8).

Earnings per share were EUR 0.41 (0.57). Comparable earnings per share were EUR 0.41 (0.58). The return on equity was 10.9% (16.3%), and the comparable return on equity was 11.0% (16.7%). The return on capital employed was 10.2% (14.0%), and the comparable return on capital employed was 10.4% (14.4%).

## MARKET DEVELOPMENT

Sources: *Fastmarkets FOEX, Fastmarkets RISI, CEPI Cartonboard, CEPI Containerboard, AFPA*

### October–December 2019 (vs. 7–9/2019)

Deliveries by European folding boxboard producers declined by 5% and market prices remained stable compared to the previous quarter. Deliveries by producers of white kraftliner declined by 6% and market prices declined slightly.

In the United States, the production of solid bleached boxboard for local consumption remained stable, while the production of food service paperboard for local consumption declined compared to the previous quarter. Market prices remained stable.

In Europe, the dollar-denominated market price of long-fibre pulp decreased by 10% compared to the previous quarter, calculated from the difference between the average quarterly prices. The dollar-denominated market price of short-fibre pulp decreased by 15%. In China, the dollar-denominated market price of long-fibre pulp declined by 1% and that of short-fibre pulp by 7%.

### January–December 2019 (vs. 1–12/2018)

Deliveries by European producers of folding boxboard declined by 3%, and market prices increased from the previous year. Correspondingly, deliveries by producers of white kraftliner increased by 1%, and market prices declined.

Metsä Board's share of the total deliveries by European folding boxboard producers was 36% (33%), and in exports from Europe it was 59% (57%).

In the United States, the production of solid bleached boxboard for local consumption declined, and the production of food service paperboard increased from the previous year. The market prices of solid bleached boxboard remained stable, and the market prices of food service paperboard increased slightly.

In Europe, the dollar-denominated market price of long-fibre pulp decreased by 16% compared to the previous year, calculated from the difference between the average yearly prices. The dollar-denominated market price of short-fibre pulp decreased by 17%. In China, the dollar-denominated market price of long-fibre pulp declined by 28% and that of short-fibre pulp by 25%.

## CASH FLOW

Net cash flow from operations in January–December was EUR 200.5 million (1–12/2018: EUR 150.9 million). Working capital increased by EUR 43.0 million (1–12/2018: increased by EUR 62.4 million). In 2019, cash flow from operations was strengthened by higher dividends from Metsä Fibre.

## INVESTMENTS

Investments in January–December 2019 in owned property, plant and equipment were EUR 94.9 million (1-12/2018: EUR 70.3 million), and investments in leased property, plant and equipment were EUR 4.1 million (0.0). Out of total investments, maintenance investments accounted for roughly 60% and development investments roughly 40%.

At the Äänekoski mill, Metsä Board invested in a new sheeting line, which increased the annual capacity of the mill's sheeting facility by 35,000 tonnes to 120,000 tonnes. The investment's value was approximately EUR 11 million, and it was allocated mainly to 2019.

Investments in the first phase of the renewal of the Husum pulp mill in 2019 amounted to EUR 21 million. The total value of the investment is around EUR 320 million.

In December, Metsä Board decided to modernise the finishing area of Kyro's board machine. The modernisation is expected to be completed in 2021. The value of the investment is approximately EUR 20 million.

## BALANCE SHEET AND FINANCING

Metsä Board's equity ratio at the end of the year was 59% (31 December 2018: 58%), and its net gearing ratio was 23% (31 December 2018: 25%). The ratio of interest-bearing net liabilities to comparable EBITDA in the previous 12 months was 1.1 at the end of the review period (31 December 2018: 1.0).

At the end of the year, interest-bearing liabilities totalled EUR 444.9 million (31 December 2018: 447.2). Loans in foreign currency accounted for 2% of loans and floating-rate loans for 18%, with the rest being fixed-rate loans. At the end of the year, the average interest rate on loans was 2.5% (31 December 2018: 3.3%), and the average maturity of long-term loans was 6.4 years (31 December 2018: 5.5). The interest rate maturity of loans at the end of the year was 56.0 months (31 December 2018: 60.0). During the review period, the company repaid the remaining EUR 60.3 million share of the bond it issued in 2014.

At the end of the year, net interest-bearing liabilities totalled EUR 307.8 million (31 December 2018: 334.6).

Metsä Board's liquidity has remained strong. At the end of the review period, the available liquidity was EUR 524.3 million (31 December 2018: 425.4), consisting of the following items: liquid assets and investments of EUR 134.2 million, a syndicated credit facility (revolving credit facility) of EUR 200.0 million, and undrawn pension premium (TyEL) funds of EUR 190.1 million. Of the liquid assets, EUR 127.1 million consisted of short-term deposits with Metsä Group Treasury, and EUR 7.1 million were cash funds and investments. Other interest-bearing receivables amounted to EUR 2.9 million. In addition, Metsä Board's liquidity reserve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million.

At the end of September, Metsä Board agreed on a bank financing arrangement consisting of an approximately five-year drawn loan of EUR 150 million and an approximately five-year multicurrency revolving credit facility of EUR 200 million, with two 1-year extension options and an increase option of EUR 50 million. The margin of the revolving credit facility is partly tied to sustainability targets based on selected targets among Metsä Board's sustainability targets for 2030. The funds from the new arrangement were withdrawn at the beginning of October, and they replaced the drawn loan of EUR 50 million and the undrawn revolving credit facility of EUR 150 million, maturing in March 2020.

The fair value of long-term investments was EUR 255.1 million at the end of the review period (31 December 2018: 270.1). The change in the fair value is related to the decrease in the fair value of Pohjolan Voima Oyj's shares.

At the end of the review period, an average of 7.8 months of the net foreign currency exposure was hedged, including the hedging of the balance sheet position of trade receivables and trade payables (31 December 2018: 7.3). The degree of hedging during the period varied between seven and eight months, on average. In addition to the balance sheet position, half of the projected annual net foreign currency exposure at the normal level is hedged. The amount of hedging may deviate from the normal level by 40% in either direction. When hedging is at the normal level, the aim is to allocate the hedges primarily to the following two quarters.

In 2019, Metsä Board adopted Metsä Group's Green Finance Framework, which links sustainability and climate change mitigation to Metsä Board's future financing arrangements.

Metsä Board has investment grade credit ratings by S&P Global and Moody's Investor Service. The company's rating by S&P Global is BBB-, with a stable outlook. The company's rating by Moody's is Baa3, with a stable outlook.

## PERSONNEL

At the end of the year, the number of personnel was 2,351 (31 December 2018: 2,352), of whom 1,414 (1,361) were based in Finland. In January–December, Metsä Board employed 2,433 people on average (1–12/2018: 2,435). Personnel expenses in January–December totalled EUR 194.9 million (1–12/2018: 203.1). The figure for the comparison year includes cost provisions related to the operational efficiency programme of the Husum mill.

## BUSINESS DEVELOPMENT

### Development of paperboard sales

Metsä Board is Europe's largest producer of folding boxboard and white kraftliner. The company's shares of Europe's folding boxboard capacity and white kraftliner capacity are 35% and 30%, respectively.

Demand for folding boxboard in 2019 remained stable in the EMEA region, and Metsä Board's delivery volumes rose slightly from the previous year. The price increases that took effect at the beginning of the year improved the average price of folding boxboard. Demand for white kraftliner remained muted in the first half of the year, but picked up towards the end of the year. Metsä Board defended its prices successfully in the weaker market situation, and the average price of white kraftliner improved slightly from the previous year. Delivery volumes to the EMEA region, on the other hand, declined clearly.

Metsä Board's deliveries to the Americas consist of folding boxboard and coated white kraftliner. The company has a strong market position in both of its main products. In 2019, Metsä Board's deliveries of folding boxboard to the Americas declined slightly and the delivery volumes of white kraftliner increased. Sales optimisation improved the average price of folding boxboard. The average price of coated white kraftliner remained stable.

In the APAC region, Metsä Board focuses on demanding end uses in cooperation with international brand owners, primarily in folding boxboard. In 2019, deliveries of Metsä Board's folding boxboard to the APAC region declined from the previous year.

#### **Development of market pulp sales**

Metsä Board's annual market pulp position, composed of the company's own pulp production and consumption, as well as of its 24.9% holding in Metsä Fibre, shows a surplus of approximately 600,000 tonnes. A significant portion of the surplus pulp is chemical long-fibre pulp, sold primarily to Europe and China.

In 2019, the average market prices of pulp declined by 16% in Europe and by 28% in China, compared to the previous year. The price decreases had a significant negative impact on Metsä Board's profitability.

The delivery volumes of Metsä Board's own market pulp in 2019 remained at the previous year's level. Most of Metsä Board's market pulp is sold to Europe. The pulp delivery volumes of Metsä Board's associated company Metsä Fibre increased from 2018. Some 50% of Metsä Fibre's market pulp is sold in the EMEA region and 50% in the APAC region, where China makes up a significant share.

#### **Production**

The production volume of Metsä Board's paperboards in 2019 was 1,816,000 tonnes (2018: 1,866,000). In Kemi, the production of white kraftliner was curtailed, particularly during the second quarter, to meet with market demand. In August, production was again increased to the normal level. The combined production volume of pulp and high-yield pulp amounted to 1,373,000 tonnes (1,363,000).

Annual production reached record high levels at the folding boxboard lines of the Äänekoski, Tako and Husum mills as well as the BCTMP mills of Kaskinen and Joutseno in 2019.

## **PRE-ENGINEERING PROJECTS OF MAJOR INVESTMENTS**

### **Metsä Board: Renewal of the Husum pulp mill**

On 26 April 2019, Metsä Board announced the launch a pre-engineering project related to the renewal of the Husum pulp mill in Sweden. The investment's first phase includes a new recovery boiler and a new turbine. In August, the company announced that it was applying for an amendment to its current environmental permit. The final investment decision on the first phase will be made once the company has secured the environmental permit, i.e. during the second quarter of 2020, at the earliest.

In 2019, Metsä Board invested a total of EUR 21 million in the project. In addition, the company recognised a EUR 19 million impairment in the assets of the Husum pulp mill, which the company plans to replace with a new recovery boiler and new turbine during the first phase of the pulp mill's renewal.

The total value of the investment's first phase is approximately EUR 320 million, which will be spread over 2019–2022. Following its completion, the investment is expected to generate an annual cash flow improvement of roughly EUR 35 million, of which some EUR 30 million consists of an EBITDA improvement and EUR 5 million less maintenance capex.

The second phase of the investment, in the 2020s, is planned to include the replacement of the existing fibre lines with a new fibre line.

The pulp mill's renewal will enable the long-term development and growth of competitive paperboard business operations at the Husum integrated mill over the coming years. In addition, the investment aims to further develop Metsä Board's pulp and energy production and promote a shift towards fossil-free mills.

### **Metsä Fibre: New bioproduct mill and pine sawmill**

Metsä Board's associated company Metsä Fibre started a pre-engineering phase concerning the construction of a bioproduct mill in Kemi and the construction of a pine sawmill in Rauma. The value of the bioproduct mill investment would be approximately EUR 1.5 billion. The final investment decision is expected in the summer of 2020, at earliest. The value of the Rauma pine mill investment would be around EUR 200 million. The final investment decision is expected in early 2020.

In September, Metsä Fibre filed the bioproduct mill's environmental permit application with the Regional State Administrative Agency for Northern Finland.



## SUSTAINABILITY

In August, Metsä Board announced its new sustainability targets for 2030. Among other things, the company is aiming for the use of completely fossil-free energy by 2030. Its mills will use fossil-free fuels (Scope 1), and all the energy it purchases must also be fossil-free (Scope 2). The raw materials used by Metsä Board should likewise be fossil-free by 2030. The company will further improve its water and energy efficiency, and will seek to increase the proportion of certified fibre of all the fibre it uses. Metsä Board's sustainability targets for 2030 are available in full on its website at [www.metsaboard.com/sustainability](http://www.metsaboard.com/sustainability).

Metsä Board has achieved good grades in a number of environmental, social and governance (ESG) assessments carried out by MSCI, Sustainalytics and ISS-ekom, among others. CDP has selected Metsä Board on its Water A and Climate A lists, and the company has achieved the A- level in the forest programme. CDP has also selected Metsä Board among the world's best companies in terms of supply chain commitment to combating climate change.

In 2019, Metsä Board achieved the "Gold" level in EcoVadis's sustainability and social responsibility evaluation for the third consecutive year. The company is included among the top one per cent of paperboard manufacturers and converters in EcoVadis's evaluation.

## R&D, INNOVATIONS AND NEW PRODUCTS

In the spring, Metsä Board renewed and improved its folding boxboard portfolio in order to produce more environmentally friendly, sustainable and visually attractive packaging. At the same time, the selection of folding boxboard was streamlined, which further improved the consistently high quality and delivery reliability of its paperboards.

In September, the company launched a new, plastic-free eco-barrier paperboard that can be recycled among other paperboard packaging. The eco-barrier paperboard provides a medium-strong barrier against moisture and grease, due to which it is ideal for food and food service packaging.

Metsä Board is establishing an Excellence Centre in Äänekoski focused on paperboard and packaging innovations. The new excellence centre will combine expertise in packaging design with research and development, facilitating the development of future paperboards and packaging solutions. The new excellence centre is scheduled to start operations in 2020.

Metsä Board's Kyro mill uses artificial intelligence in the folding boxboard machine's quality management. The

aim is to improve the machine's production efficiency and quality consistency.

## STRATEGY AND FINANCIAL TARGETS

Metsä Board is a leading European producer of fresh fibre paperboards and a leader in sustainability. The company focuses on lightweight, premium fresh fibre paperboards used in consumer goods, retail-ready and food service packaging. Metsä Board expects global demand for premium fresh fibre paperboard to grow by around 2–3% a year.

In the medium-term, Metsä Board aims to moderate growth, taking into account the prevailing market situation. The growth is based on skilled people, the industry's leading products and innovative packaging solutions.

Decision-making is guided by profitability targets and the increase of shareholder value. Metsä Board focuses on efficiency and businesses which benefit from the high performance of the company's products and services. The company also aims to retain a strong balance sheet.

In 2019, the company removed the target of growing faster than the markets do on average from its financial targets. In other respects, the financial targets and dividend policy remained unchanged.

- A comparable return on capital employed (ROCE) of, at minimum, 12%.  
Actual in 2019 was 10.4%.
- A ratio of interest-bearing net liabilities to comparable EBITDA of, at maximum, 2.5.  
Actual in 2019 was 1.1.

Metsä Board aims to distribute at least 50% of the result for the financial period in dividends every year. The Board of Directors' proposal to the Annual General Meeting in terms of the 2019 dividend and capital distribution corresponds with 59% of the result for the financial period.

## DECISIONS MADE AT THE 2019 ANNUAL GENERAL MEETING

The Annual General Meeting held on 28 March 2019 adopted the company's financial statements for the financial year 2018, and decided to distribute a dividend of EUR 0.10 per share and capital in the amount of EUR 0.19 per share from the reserve for invested non-restricted equity, totalling EUR 0.29 per share.

The Annual General Meeting decided to keep the Board of Directors' annual remuneration unchanged in such a

way that the Chair of the Board of Directors is paid annual remuneration of EUR 95,000, the Deputy Chair is paid EUR 80,000 and each member of the Board is paid EUR 62,500, and that a meeting fee of EUR 700 is paid for each meeting of the Board and committees of the Board that a member attends. The Annual General Meeting decided to pay roughly half of the remuneration in the form of the company's B shares acquired through public trading. Furthermore, the Annual General Meeting decided to pay the Chair of the Audit Committee monthly remuneration of EUR 800.

The Annual General Meeting confirmed the number of members of the Board of Directors as nine (9) and elected the following individuals as members of the Board of Directors: Hannu Anttila, M.Sc. (Econ.); Martti Asunta, metsäneuvos (Finnish honorary title); Ilkka Hämälä, M.Sc. (Eng.); Kirsi Komi, LL.M.; Kai Korhonen, M.Sc. (Eng.); Liisa Leino, teollisuusneuvos (Finnish honorary title); Jussi Linnaranta, M.Sc. (Agriculture and Forestry); Juha Niemelä, vuorineuvos (Finnish honorary title); and Veli Sundbäck, ambassador. At its constitutive meeting, the Board of Directors elected Ilkka Hämälä as its Chair and Martti Asunta as its Vice Chair. The Board members' term of office expires at the end of the next Annual General Meeting.

Further information on the decisions of the Annual General Meeting, the constitution of the Board of Directors, and introductions of the Board members is available on Metsä Board's website at <https://www.metsaboard.com/Investors/General-Meeting/Pages/default.aspx#General-meeting>.

## LEGAL PROCEEDINGS

In the autumn of 2015 as a part of Metsä Board Oyj's 2014 tax assessment Finnish Tax Administration refused to accept the deductibility of a French subsidiary's losses transferred in a cross-border merger. Metsä Board has appealed the decision issued by the Tax Administration, as the company believes the losses are deductible. The Board of Adjustment dismissed the company's appeal in March 2018. The company has appealed against the decision to the Administrative Court of Helsinki.

## SHARES

At the end of the financial period, the price for Metsä Board's B share on the Nasdaq Helsinki was EUR 6.00. The share's highest and lowest prices in 2019 were EUR 6.65 and EUR 3.86, respectively. At the end of the financial period, the price for Metsä Board's A share on the Nasdaq Helsinki was EUR 6.14. The share's highest and lowest prices in 2019 were EUR 7.98 and EUR 5.46, respectively.

In 2019, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were 880,683 shares and 2,778 shares, respectively. The total trading volumes of the B and A shares were EUR 1,158.8 million and EUR 4.6 million, respectively.

In addition to the Nasdaq Helsinki, Metsä Board's shares are traded on other marketplaces, such as Chi-X and BATS. The Nasdaq Helsinki's share of total trading in 2019 was 74%.

In 2019, a total of 2,271,147 of Metsä Board Corporation's A shares were converted to B shares. At the end of the year, there were 33,087,647 A shares and 322,425,099 B shares.

At the end of the financial period, the market value of all Metsä Board's shares was EUR 2.14 billion, of which the market value of the B shares and the A shares accounted for EUR 1.93 billion and EUR 0.2 billion, respectively.

Metsäliitto Cooperative increased its holding in Metsä Board during the year. In 2019, its holding grew from 41% to 46% and the votes conferred by the shares from 62% to 66%. At the end of the year, international and nominee-registered investors held 15% of all the shares (31 December 2018: 21%). The company does not hold any treasury shares.

## NEAR-TERM RISKS AND UNCERTAINTIES

Considerable uncertainties still exist in the global economy. If realised, they may result in weakened demand and reduced prices for paperboard and pulp products. An imbalance in supply and demand may impact the prices of end products and Metsä Board's profitability.

Metsä Board is focusing on the active development and growth of its paperboard business. The growth of the paperboard business and the introduction of new products to the markets depend on the success of sales. Increasing sales on a global scale also involves cost and exchange rate risks.

Various countries have imposed import duties and other trade restrictions on each other's products, but these have not had a direct impact on Metsä Board's business operations so far. Negative developments in world trade could, if continued, weaken Metsä Board's result.

There are several geopolitical risk concentrations around the world, and forecasting developments in them is difficult. Changes in these areas may be very sudden and unpredictable. There have been, and will continue to be, international sanctions related to these crises, and they may also have a direct or indirect impact on the demand for paperboards and, therefore, on Metsä Board's result.

Majority of Metsä Board's production is in Finland. In the past, there have been several labor disputes in Finland both in the forest industry and in the distribution chain of forest industry products. These can adversely affect production volumes and customer deliveries, as well as the company's competitive position and profitability.

Wood accounts for more than a quarter of Metsä Board's total costs. The availability of the wood raw material becoming more difficult or a sudden increase in prices would have a negative effect on Metsä Board's result.

Metsä Board's climate risks concern particularly forests, as well as the use of energy and water. Regulation may steer the future use of forests. In addition, regulation aiming to mitigate climate change and reduce greenhouse gas emissions may, furthermore, increase costs and result in substantial change requirements applicable to production technology. The supply and demand of products in a low-carbon economy may differ from the current situation. Climate change may cause an increasing number of extreme weather phenomena, such as storms, floods and drought, and weaken the availability of the process water and electricity required by mills and result in breaks in production. Extreme weather conditions may also limit the availability of the wood raw material. Should they materialise, climate risks could have a negative impact on Metsä Board's profitability.

Changes in the market price of pulp have a significant impact on Metsä Board's profitability. Metsä Board's annual overall pulp position shows a surplus of roughly 600,000 tonnes. A 10% decline (increase) in the price of market pulp would have an approximately EUR 30 million negative (positive) impact on the company's annual operating result.

The US dollar strengthening by 10% against the euro would have a positive impact of approximately EUR 63 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 39 million. The British pound strengthening by 10% would have a positive impact of approximately EUR 9 million. The impact of weakened exchange rates would be the opposite. The sensitivities do not include the impact of hedging.

The forward-looking estimates and statements in this financial statements bulletin are based on current plans and estimates. For this reason, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them. In the short term, Metsä Board's result will be particularly affected by the price of and demand for finished products, raw material and transportation costs, the price of energy, and the

exchange rate development of the euro compared to the company's other main currencies.

Further information on long-term risks and risk management is available on pages 24–25 and 110–111 of Metsä Board's 2018 Annual Report.

## NEAR-TERM OUTLOOK

The total impact of the Paper Union strike on operating result is approximately EUR 20 million and it will mainly affect the first quarter of 2020.

Metsä Board's paperboard deliveries in the first quarter are expected to be approximately at the same level as in the fourth quarter of 2019.

The market prices of folding boxboard and white kraftliner in local currencies are expected to remain stable.

The supply and demand of long-fibre pulp is expected to remain balanced, and prices are not expected to decline further.

No significant maintenance shutdowns will take place during January–March at Metsä Board's mills. The annual maintenance of the associated company Metsä Fibre's Äänekoski bioproduct mill will begin at the end of March and end at the beginning of April.

Changes in exchange rates, including the impact of hedges, during the first quarter will have a slightly positive impact compared to the fourth quarter of 2019 and a positive impact compared to the first quarter of 2019.

Production costs are expected to remain stable. The prolonged mild winter may complicate harvesting and increase wood costs.

## EVENTS AFTER THE PERIOD

Finnish Paper Union launched a paper industry strike in Finland on 27 January 2020, which ended on 10 February 2020. The strike affected all Metsä Board's mills in Finland and the pulp mills of its associated company Metsä Fibre. Metsä Board estimates that the strike will have a negative impact on its operating result of approximately EUR 20 million, affecting mainly the first quarter of the year.

CDP selected Metsä Board for its Climate A-list in recognition of company's efforts to reduce fossil CO<sub>2</sub> emissions, minimize climate risks and develop low carbon solutions. In the CDP's Water Program and Forest Program and in the Supply Chain Engagement category, Metsä Board was awarded the Leadership status A-.

## RESULT GUIDANCE FOR JANUARY– MARCH 2020

Metsä Board's comparable operating result for the first quarter of 2020 is expected to weaken compared to the fourth quarter of 2019 due to strikes at mills in Finland.

## BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND AND CAPITAL DISTRIBUTION

The distributable funds of the parent company on 31 December 2019 were EUR 545.1 million, of which the retained earnings for the financial year are EUR 227.8 million.

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2020 that a dividend of EUR 0.10 per share and a capital distribution from the reserve for invested non-restricted equity of EUR 0.14 per share, totalling EUR 0.24, be paid for the 2019 financial period.

The proposed dividend and capital distribution, totalling EUR 0.24 per share, corresponds with 59% of the result per share for 2019. The amount of dividend and capital distribution total EUR 85.3 million.

The dividend and capital distribution will be paid to shareholders who are registered in the company's shareholders register held by Euroclear Finland on the dividend payment and capital distribution record date of 30 March 2020. The Board of Directors proposes 7 April 2020 as the dividend payment and capital distribution date.

## METSÄ BOARD CORPORATION

Espoo, Finland, 12 February 2020  
BOARD OF DIRECTORS

### Further information:

Jussi Noponen, CFO  
tel. +358 10 465 4913

Katri Sundström, VP, Investor Relations,  
tel. +358 10 462 0101

Further information will be available as of 1 p.m. on 12 February 2020.

A conference call held for investors and analysts in English will begin at 3 p.m. Conference call participants are requested to dial in and register a few minutes earlier on the following numbers:

Finland: +358 9 7479 0361

Sweden: +46 8 5033 6574

The United Kingdom: +44 330 336 9105

The United States: +1 323-701-0225

The conference ID is 7352059.

### Metsä Board's financial reporting in 2020:

29 April 2020: Interim Report for January–March 2020

30 July 2020: Half-year Financial Report for January–June 2020

29 October 2020: Interim Report for January–September 2020

### Other events:

26 March 2020: Annual General Meeting

1 September 2020: Capital Markets Day, Helsinki

## CALCULATION OF KEY RATIOS

Return on equity (%)	=	(Result before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments re- ceived)
Net gearing ratio (%)	=	(Interest-bearing borrowings - liquid funds - interest-bearing receivables) per (Shareholders' equity)
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders' equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of period)

## COMPARABLE PERFORMANCE MEASURES

European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures define alternative performance measures as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework, in Metsä Board's case International Financial Reporting Standards as adopted in the EU pursuant to Regulation (EC) No 1606/2002. With the exception of Result per share defined in IAS 33 Earnings Per Share, performance measures provided in the financial statements bulleting all qualify as alternative performance measures under the ESMA guidelines.

Metsä Board sees the presentation of alternative performance measures as providing users of financial statements with an improved view of the company's financial performance and position, including among other things the efficiency of its capital utilization, operational profitability and debt servicing capabilities.

Exceptional and material items outside the ordinary course of business have been eliminated from the comparable operating result. Metsä Board has defined operating result as follows: Result for the period presented in IFRS income statement before income taxes, financial income and expense as well as share of result of associate companies and joint ventures.

Reconciliation of operating result under IFRS and comparable operating result as well as EBITDA and comparable EBITDA is presented in this financial statements bulleting. Comparable return on capital employed has been calculated using the same adjustments as the comparable operating result, and it has been further adjusted with items of financial income affecting comparability when applicable. Metsä Board considers that key figures derived in this manner improve comparability between reporting periods.

None of these key figures with items affecting comparability eliminated are key figures used in IFRS reporting, and they cannot be compared with other companies' key figures identified with the same names. Typical items affecting comparability include material gains and losses on disposals of assets, impairments and impairment reversals in accordance with IAS 36 Impairment of Assets, restructuring costs and their adjustments as well as items arising from legal proceedings.

In Metsä Board's view, comparable performance measures better reflect the underlying operational performance of the company by eliminating the result effect arising from items and transactions outside ordinary course of business.

**FINANCIAL STATEMENTS**
**AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	Note	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
<b>Sales</b>	<b>2, 6</b>	<b>478.4</b>	<b>458.0</b>	<b>1,931.8</b>	<b>1,944.1</b>
Change in stocks of finished goods and work in progress		-6.3	32.5	3.8	-32.2
Other operating income	<b>2, 6</b>	17.3	16.0	51.7	25.6
Material and services	<b>6</b>	-339.6	-367.9	-1,389.8	-1,374.4
Employee costs		-51.4	-48.4	-194.9	-203.1
Share of result of associated company		1.0	32.5	43.1	124.5
Depreciation, amortisation and impairment losses		-39.4	-21.1	-113.7	-91.8
Other operating expenses		-39.9	-41.4	-151.1	-146.3
<b>Operating result</b>	<b>2</b>	<b>20.0</b>	<b>60.1</b>	<b>180.8</b>	<b>246.3</b>
Share of results of associated companies and joint ventures		0.0	0.1	0.1	0.1
Net exchange gains and losses		-0.1	0.3	-1.6	-3.1
Other net financial items	<b>2, 6</b>	-3.0	-4.7	-13.8	-19.2
<b>Result before income tax</b>		<b>17.0</b>	<b>55.8</b>	<b>165.6</b>	<b>224.2</b>
Income taxes	<b>3</b>	-0.8	-5.5	-21.0	-20.8
<b>Result for the period</b>		<b>16.2</b>	<b>50.2</b>	<b>144.6</b>	<b>203.4</b>

EUR million	Note	Q4 2019	Q4 2018	Q1–Q4 2019	Q1–Q4 2018
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gains/losses on defined pension plans		3.9	-3.2	-3.5	1.2
Financial assets at fair value through other comprehensive income	8	-4.5	-4.4	-14.7	29.9
Share of other comprehensive income of associated company		0.0	-0.1	0.2	0.2
Income tax relating to items that will not be reclassified		-0.9	2.1	2.8	-5.6
<b>Total</b>		<b>-1.5</b>	<b>-5.7</b>	<b>-15.1</b>	<b>25.8</b>
<b>Items that may be reclassified to profit or loss</b>					
Cash flow hedges		17.6	2.7	-10.1	10.7
Translation differences		6.0	2.8	-3.4	-7.6
Share of other comprehensive income of associated company		4.1	-0.7	1.7	-4.0
Income tax relating to components of other comprehensive income		-3.5	-0.6	2.2	-2.3
<b>Total</b>		<b>24.3</b>	<b>4.2</b>	<b>-9.6</b>	<b>-3.1</b>
<b>Other comprehensive income. net of tax</b>		<b>22.8</b>	<b>-1.4</b>	<b>-24.8</b>	<b>22.6</b>
<b>Total comprehensive income for the period</b>		<b>39.0</b>	<b>48.8</b>	<b>119.8</b>	<b>226.0</b>
<b>Result for the period attributable to</b>					
Shareholders of parent company		16.2	50.2	144.6	203.4
Non-controlling interests		-	-	0.0	-
<b>Total comprehensive income for the period attributable to</b>					
Shareholders of parent company		39.0	48.8	119.8	226.0
Non-controlling interests		-	-	0.0	-
Total		39.0	48.8	119.8	226.0
<b>Earnings per share for result attributable to shareholders of parent company (EUR/share)</b>		<b>0.05</b>	<b>0.14</b>	<b>0.41</b>	<b>0.57</b>

The accompanying notes are an integral part of the audited condensed financial statements bulleting.

**AUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

EUR million	Note	31.12. 2019	31.12. 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		12.4	12.4
Other intangible assets		8.8	10.1
Tangible assets	4	742.0	753.2
Investments in associated companies and joint ventures		392.4	411.3
Other investments	8	255.1	270.1
Other non-current financial assets	6, 8	16.6	28.5
Deferred tax receivables	2	6.7	5.5
		<b>1,434.0</b>	<b>1,491.0</b>
<b>Current assets</b>			
Inventories		379.5	365.6
Accounts receivables and other receivables	6, 8	322.8	317.9
Cash and cash equivalents	6, 8	134.2	109.7
		<b>836.4</b>	<b>793.2</b>
<b>Total assets</b>		<b>2,270.4</b>	<b>2,284.2</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Equity attributable to shareholders of parent company		1,338.0	1,322.9
Non-controlling interests		-	0.0
		<b>1,338.0</b>	<b>1,322.9</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		105.6	104.5
Post-employment benefit obligations	2	13.8	13.6
Provisions	5	4.2	7.2
Borrowings	8	412.9	342.4
Other liabilities	8	4.9	3.4
		<b>541.5</b>	<b>471.0</b>
<b>Current liabilities</b>			
Provisions	5	1.6	4.0
Current borrowings	6, 8	32.0	104.8
Accounts payable and other liabilities	6, 8	357.4	381.4
		<b>391.0</b>	<b>490.2</b>
<b>Total liabilities</b>		<b>932.4</b>	<b>961.3</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,270.4</b>	<b>2,284.2</b>

The accompanying notes are an integral part of the audited condensed financial statements bulleting.



**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested un-restricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2019		557.9	-26.4	194.0	383.1	214.4	1,322.9	0.0	1,322.9
<b>Comprehensive income for the period</b>									
Result for the period						144.6	144.6	0.0	144.6
Other comprehensive income net of tax total			-2.7	-18.4		-3.6	-24.8		-24.8
<b>Comprehensive income total</b>			<b>-2.7</b>	<b>-18.4</b>		<b>140.9</b>	<b>119.8</b>	<b>0.0</b>	<b>119.8</b>
Share based payments						-1.6	-1.6		-1.6
<b>Related party transactions</b>									
Dividend and capital distribution						-67.5	-35.6		-103.1
<b>Shareholders' equity, 31 December 2019</b>		<b>557.9</b>	<b>-29.1</b>	<b>175.5</b>	<b>315.5</b>	<b>318.2</b>	<b>1,338.0</b>	<b>0.0</b>	<b>1,338.0</b>

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested un-restricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 31 December 2017		557.9	-17.8	164.3	383.1	79.9	1,167.4	0.0	1,167.3
IFRS 2 standard amendment						2.9	2.9		2.9
IFRS 9 standard adoption						-0.2	-0.2		-0.2
Shareholders' equity, 1 January 2018		557.9	-17.8	164.3	383.1	82.6	1,170.1	0.0	1,170.1
<b>Comprehensive income for the period</b>									
Result for the period						203.4	203.4		203.4
Other comprehensive income net of tax total			-8.6	29.6		1.6	22.6		22.6
<b>Comprehensive income total</b>			<b>-8.6</b>	<b>29.6</b>		<b>205.0</b>	<b>226.0</b>		<b>226.0</b>
Share based payments						1.4	1.4		1.4
<b>Related party transactions</b>									
Dividend						-74.7	-74.7		-74.7
<b>Shareholders' equity, 31 December 2018</b>		<b>557.9</b>	<b>-26.4</b>	<b>194.0</b>	<b>383.1</b>	<b>214.4</b>	<b>1,322.9</b>	<b>0.0</b>	<b>1,322.9</b>

The accompanying notes are an integral part of these audited condensed financial statements..

**AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

EUR million	Note	Q1–Q4 2019	Q1–Q4 2018	Q4 2019
Result for the period		144.6	203.4	16.2
Total adjustments	7	70.6	5.0	34.6
Change in working capital		-43.0	-62.4	44.8
Net financial items	7	46.4	20.1	-6.3
Income taxes paid		-18.1	-15.2	0.4
<b>Net cash flow from operating activities</b>		<b>200.5</b>	<b>150.9</b>	<b>89.6</b>
Investments in intangible and tangible assets		-94.3	-67.7	-53.1
Disposals and other items	6, 7	28.0	11.9	8.5
<b>Net cash flow from investing activities</b>		<b>-66.3</b>	<b>-55.8</b>	<b>-44.5</b>
Changes in non-current loans and in other financial items	6	-7.5	-131.9	-18.2
Paid dividend and capital distribution		-103.1	-74.7	0.0
<b>Net cash flow from financing activities</b>		<b>-110.6</b>	<b>-206.5</b>	<b>-18.2</b>
<b>Changes in cash and cash equivalents</b>		<b>23.6</b>	<b>-111.4</b>	<b>26.9</b>
Cash and cash equivalents at beginning of period	6	109.7	215.1	106.3
Translation difference in cash and cash equivalents		0.9	6.0	0.9
Changes in cash and cash equivalents		23.6	-111.4	26.9
<b>Cash and cash equivalents at end of period</b>	6	<b>134.2</b>	<b>109.7</b>	<b>134.2</b>

The accompanying notes are an integral part of these audited condensed financial statements.

## NOTES TO THE AUDITED YEAR-END FINANCIAL REPORT

### NOTE 1 – BACKGROUND AND BASIS OF PREPARATION

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh fibre cartonboards and linerboards. Metsä Board Corporation, the parent company, is domiciled in Helsinki and the registered address of the company is Revontulenpuisto 2, 02100 Espoo, Finland. Metsä Board's ultimate parent company is Metsäliitto Cooperative.

This audited year-end financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2018 IFRS financial statements. The effects of foreign exchange changes on review period operating result vis-à-vis comparison period result have been calculated based on estimated review period net cash flows in relevant currencies and taking into account the realized effects of foreign exchange hedges.

The same accounting policies have been applied as in the 2018 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been adjusted between the quarters when applicable in order to correspond with the distribution of the economic benefit of the asset between quarters.

The Group has adopted the following new standards and amendments to existing standards on 1 January 2019:

**IFRS 16 Leases.** The new standard replaces IAS 17 and the related interpretations. IFRS 16 requires lessees to recognise lease agreements on the balance sheet as a lease obligation and a right-to-use asset related to the lease obligation. Asset recognition resembles greatly the accounting treatment applied to finance leases under IAS 17.

As a result of the change, the Group has recognised currently valid leases related to lands, properties, equipment and vehicles on the balance sheet. An exception to this are the exemptions provided in the standard that concern short-term leases and low-value assets. Leases with a remaining lease term of 12 months or less on 1 January 2019 have been treated as short-term leases.

The Group has applied the definition of new leases in accordance with IFRS 16 to new and amended agreements signed during or after the transition period. The Group has applied hindsight in the determination of a lease term when the lease includes extension or termination options. Simplified approach has been applied to adoption of the standard. Comparative information has not been adjusted.

#### Reconciliation of lease liability, EUR million

Rent and lease commitments arising from operating leases presented in notes to consolidated financial statements 31 Dec 2018 under section 8.1	
Contingent liabilities, assets and commitments	16.2
Deduct: short-term lease contracts recognised as expenses on a straight line basis	-0.1
Deduct: lease contracts covering low value ICT equipment recognised as expenses on a straight line basis	-1.8
	14.3
Discounted at Group's weighted average incremental borrowing rate of 2.17 %	12.8
Add: finance lease liabilities recognised at 31 Dec 2018	8.6
Add: Adjustments arising from different treatment of extension options in lease contracts	1.8
Add: Adjustments arising from different treatment of lease contracts with indefinite lease term	2.1
Add: Other adjustments	0.2
<b>Lease liability recognised at 1 Jan 2019</b>	<b>25.5</b>

The change only has a minor effect on the Group's result key figures. The new rules have an effect on the classification of expenses in the income statement and cash flow statement.

In the income statement the rent costs in January–September (EUR 7.8 million) is recognised as depreciation of right-of-use assets in the operating result (EUR 7.7 million) and as interest expense in financial income and expenses (EUR 0.6 million). In the cash flow statement the amortisations of lease agreement liabilities (EUR 7.1 million) are presented in cash flow arising from financial activities and the interest expenses (EUR 0.6 million) in cash flow from operating activities. The above figures include the effects of leases recognised in the balance sheet as at 31 December 2018 in accordance with IAS 17 and leases recognised in accordance with IFRS 16 at 1 January 2019 and thereafter. Lease liabilities are included in financial liabilities in the balance sheet.

Other new or amended standards have no effect on Group's consolidated accounts.

All amounts in the year-end financial report are presented in millions of euros, unless otherwise stated.

This year-end financial report was authorised for issue by the Board of Directors of Metsä Board on 12 February 2020.

**NOTE 2 – SEGMENT INFORMATION**

The Corporate Management Team is the chief operational decision-maker monitoring business operations performance based on the operating segments.

Metsä Board's business operations consist solely of folding boxboard, fresh fibre linerboard and market pulp businesses. Metsä Board reports on its financial performance in one reporting segment.

**GEOGRAPHICAL DISTRIBUTION OF SALES**

	Q4	Q4	Q1–Q4	Q1–Q4
EUR Million	2019	2018	2019	2018
EMEA	334.5	337.8	1,369.1	1,429.7
Americas	95.3	87.8	403.5	361.2
APAC	48.6	32.4	159.3	153.2
<b>Total</b>	<b>478.4</b>	<b>458.0</b>	<b>1,931.8</b>	<b>1,944.1</b>

**RECONCILIATION OF OPERATING RESULT AND EBITDA**

	Q4	Q4	Q1–Q4	Q1–Q4
EUR Million	2019	2018	2019	2018
<b>Operating result</b>	<b>20.0</b>	<b>60.1</b>	<b>180.8</b>	<b>246.3</b>
Depreciation, amortisation and impairment losses	39.4	21.1	113.7	91.8
<b>EBITDA</b>	<b>59.5</b>	<b>81.2</b>	<b>294.5</b>	<b>338.2</b>
Items affecting comparability:				
Gains and losses on disposal in other operating income and expenses	0.0	-	-17.8	-
Employee costs	-	-	-	4.1
Share of results of associated companies	-	-	2.2	-
Other operating expenses	-	-	-	1.5
Total	-	-	-15.5	5.6
<b>EBITDA, comparable</b>	<b>59.4</b>	<b>81.2</b>	<b>279.0</b>	<b>343.8</b>
Depreciation, amortisation and impairment losses	-39.4	-21.1	-113.7	-91.8
Items affecting comparability:	19.1	-	19.1	-
Impairment charges and reversals of impairments				
<b>Operating result, comparable</b>	<b>39.1</b>	<b>60.1</b>	<b>184.4</b>	<b>251.9</b>

“+” sign items = expense affecting comparability

“-” sign items = income affecting comparability

Item affecting comparability in the fourth quarter was a EUR -19.1 million impairment recognised in the assets of the Husum pulp mill, where the company plans to replace the recovery boiler and turbine during the first phase of the pulp mill's modernisation.

Items affecting comparability in 2019 totaled EUR -3.6 million and comprised disposal gains from shares in Liaison Technologies Inc. reported under other investments (EUR 3.3 million), Äänevoima Oy shares sold to Metsä Fibre (net effect on operating result EUR 6.8

million), disposal gains from sold non-business related land area (EUR 5.5 million) as well as the EUR -19.1 million impairment recognised in the assets of the Husum pulp mill.

Items affecting comparability in the comparison period and in 2018 amounted to EUR 5.6 million and consisted of EUR 4.1 million employee costs arising from efficiency improvement programme at Husum mill as well as other costs affecting comparability of EUR 1.5 million, mainly comprising the amount paid to Pohjolan Voima with regard to the divestment of TVO's Meri-Pori coal-fired power plant.

**NOTE 3 – INCOME TAXES**

EUR million	Q1–Q4 2019	Q1–Q4 2018
Taxes for the current period	16.9	9.5
Taxes for the prior periods	0.1	-0.1
Change in deferred taxes	4.1	11.4
<b>Total income taxes</b>	<b>21.0</b>	<b>20.8</b>

**NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

EUR million	Q1–Q4 2019	Q1–Q4 2018
Carrying value at beginning of period	753.2	788.6
IFRS 16 implementation	16.9	-
Capital expenditure to fixed assets	93.4	69.3
Capital expenditure to right-to-use assets	4.1	-
Decreases	-7.1	-0.1
Depreciation, amortization and impairment losses	-111.2	-89.0
Translation difference	-7.3	-15.6
<b>Carrying value at end of period</b>	<b>742.0</b>	<b>753.2</b>

Metsä Board investments in modernisation of the Husum pulp mill where the company plans to replace the recovery boiler and turbine. When the investment is completed, some of the pulp mill's old machinery and

equipment will be taken out of service. The company recognised a EUR 19.1 million impairment in the old assets of the Husum pulp mill. There were no impairments recognised in the previous year.

**NOTE 5 – PROVISIONS**

EUR million	Restructuring	Environmental obligations	Other provisions	Total
<b>1 Jan 2019</b>	<b>4.0</b>	<b>5.5</b>	<b>1.7</b>	<b>11.2</b>
Translation differences	-0.1	-	-0.0	-0.1
Increases	-	0.0	0.0	0.0
Utilised during the year	-2.7	-0.1	-0.5	-3.3
Unused amounts reversed	-	-2.0	-	-2.0
<b>31 Dec 2019</b>	<b>1.2</b>	<b>3.5</b>	<b>1.2</b>	<b>5.8</b>

The non-current part of provisions was EUR 4.2 million and the current part EUR 1.6 million, total provisions amount to EUR 5.8 million. Non-current provisions are estimated to be utilised mainly by the end of 2025. The decrease in restructuring provision relates to usage of

Husum plant efficiency improvement program 2018 provision. Decrease in environmental obligations is mainly due to updated estimate of fair value of environmental provision.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

Related parties include Metsä Board's ultimate parent company Finnish Metsäliitto Cooperative, other subsidiaries of Metsäliitto, associated companies and joint ventures as well as Metsäliitto Employees' Pension Foundation. The members of The Board of Directors and Metsä Group's Executive Management Team and Metsä Board's Corporate Management Team as well as their close family members are also included in related parties.

Metsä Board enters into a significant number of transactions with related parties for the purchases of inventories, sale of goods, corporate services as well as financial transactions. Arm's length pricing has been followed in product and service transactions undertaken and interest rates set between Metsä Board and the related parties.

**Transactions with parent and sister companies**

EUR million	Q1–Q4 2019	Q1–Q4 2018
Sales	101.1	92.1
Other operating income	14.2	5.7
Purchases	682.5	714.8
Share of result from associated company	43.1	124.5
Interest income	0.1	0.0
Interest expenses	1.9	1.8
Accounts receivables and other receivables	32.8	40.7
Cash and cash equivalents	127.1	98.2
Accounts payable and other liabilities	54.6	58.9

Metsä Fibre's net result is included within operating result line item "Share of result from associated company" and transactions with Metsä Fibre are included in transactions with sister companies.

Metsä Fibre paid a dividend of EUR 63.3 million to Metsä Board in the review period, and Metsä Board recognised a gain of EUR 9.0 million in other operating

income on disposal to Metsä Fibre of shares in Äänevoima Oy and a related adjustment of EUR -2.2 million to share of result from associated company.

Cash and cash equivalents include interest-bearing receivables comparable to cash funds and available from Metsä Group's internal bank Metsä Group Treasury Oy.

**Transactions with associated companies and joint ventures**

EUR million	Q1–Q4 2019	Q1–Q4 2018
Sales	0.5	0.7
Purchases	5.3	5.7
Other non-current financial assets	-	-
Accounts receivables and other receivables	0.4	0.3
Accounts payable and other liabilities	0.6	1.4

**NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT**
**Adjustments to the result for the period**

EUR million	Q1–Q4 2019	Q1–Q4 2018	Q4 2019
Taxes	21.0	20.8	0.8
Depreciation, amortization and impairment charges	113.7	91.8	39.4
Share of result from associated companies and joint ventures	-43.2	-124.6	-1.0
Gains and losses on sale of fixed assets	-33.3	-10.5	-8.1
Finance costs, net	15.5	22.3	3.1
Provisions	-3.5	2.7	-0.6
Other adjustments	0.5	2.6	0.8
<b>Total</b>	<b>70.6</b>	<b>5.0</b>	<b>-34.6</b>

**Net financial items**

Net financial items in consolidated cash flow statement for the review period include a dividend of EUR 63.3 million paid by Metsä Fibre (1–12/2018: EUR 34.9 million).

**Disposals and other items**

Disposals and other items reported for the review period were EUR 27.9 million in total. They consisted of proceeds amounting to EUR 14.1 million from emission right sales, sales proceeds of EUR 5.6 million from sale of non-business related land area, cash flow effect of EUR 4.2 million from divestment of Äänevoima Oy shares, EUR 3.3 million from sale of Liaison Technologies Inc. shares reported as other investments as well as other sale proceeds amounting to EUR 0.7 million.

Disposals and other items in 2018 amounted to EUR 11.9 million and included proceeds of EUR 10.4 million from sale of emission allowances, EUR 0.6 million from divestment of subsidiary Metsä Board Shanghai Ltd, about EUR 0.4 million proceeds from other asset disposals as well as a EUR 0.6 million change in long-term receivables.

**NOTE 8 – FINANCIAL INSTRUMENTS**

Financial assets and liabilities and their fair values classified according to IFRS 9 at 31 December 2019:

**Financial assets 31 December 2019**

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Other non-current investments	3.7	251.4		255.1
Other non-current financial assets			15.2	15.2
Accounts receivables and other receivables			303.8	303.8
Cash and cash equivalent	0.0		134.2	134.2
Derivative financial instruments	0.7	17.9		18.6
<b>Total carrying amount</b>	<b>4.4</b>	<b>269.4</b>	<b>453.2</b>	<b>726.9</b>
<b>Total fair value</b>	<b>4.4</b>	<b>269.4</b>	<b>453.2</b>	<b>726.9</b>

**Financial liabilities 31 December 2019**

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Non-current interest-bearing financial liabilities			412.9	412.9
Other non-current financial liabilities			0.3	0.3
Current interest-bearing financial liabilities			32.0	32.0
Accounts payable and other financial liabilities			315.4	315.4
Derivative financial instruments	0.3	10.6		10.9
<b>Total carrying amount</b>	<b>0.3</b>	<b>10.6</b>	<b>760.6</b>	<b>771.4</b>
<b>Total fair value</b>	<b>0.3</b>	<b>10.6</b>	<b>789.4</b>	<b>800.3</b>



Financial assets and liabilities and their fair values classified according to IFRS 9 at 31 December 2018:

**Financial assets 31 December 2018**

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Other non-current investments	3.9	266.1		270.1
Other non-current financial assets			19.4	19.4
Accounts receivables and other receivables			303.0	303.0
Cash and cash equivalent			109.7	109.7
Derivative financial instruments	1.8	19.9		21.7
<b>Total carrying amount</b>	<b>5.8</b>	<b>286.0</b>	<b>432.1</b>	<b>723.9</b>
<b>Total fair value</b>	<b>5.8</b>	<b>286.0</b>	<b>432.1</b>	<b>723.9</b>

**Financial liabilities 31 December 2018**

EUR million	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
Non-current interest-bearing financial liabilities			342.4	342.4
Other non-current financial liabilities			0.2	0.2
Current interest-bearing financial liabilities			104.8	104.8
Accounts payable and other financial liabilities			347.9	347.9
Derivative financial instruments	2.2	1.1		3.3
<b>Total carrying amount</b>	<b>2.2</b>	<b>1.1</b>	<b>795.2</b>	<b>798.5</b>
<b>Total fair value</b>	<b>2.2</b>	<b>1.1</b>	<b>796.4</b>	<b>799.7</b>

Accounts receivables and other receivables do not include advance payments, accrued tax receivables and periodisations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, accrued tax liabilities and periodisations of employee costs.

In Metsä Board, all interest-bearing liabilities are valued in the balance sheet at amortised cost based on

effective interest method. Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 0.3–2.1 per cent (31 December 2018: 0.3–2.7). The fair values of accounts and other receivables and accounts payable and other liabilities do not materially deviate from their carrying amounts in the balance sheet.

**Fair value hierarchy of financial assets and liabilities as of 31 December 2019**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Other non-current investments	0.0		255.1	255.1
Derivative financial assets	8.1	10.6		18.6
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	2.0	8.8		10.9
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalent		134.2		134.2
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing financial liabilities		412.9		412.9
Current interest-bearing financial liabilities		32.0		32.0

**Fair value hierarchy of financial assets and liabilities as of 31 December 2018**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Other non-current investments	0.0		270.1	270.1
Derivative financial assets	19.9	1.8		21.7
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	1.8	1.5		3.3
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalent		109.7		109.7
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing financial liabilities		342.2		342.2
Current interest-bearing financial liabilities		106.2		106.2

**Other non-current investments at fair value based on Level 3**

	<b>2019</b>	<b>2018</b>
<b>EUR million</b>	<b>31.12.</b>	<b>31.12.</b>
Opening balance 1.1.	270.1	240.3
Total gains and losses in profit or loss	3.2	-0.1
Total gains and losses in other comprehensive income	-14.7	29.9
Purchases	-	-
Disposals	-3.5	-0.1
Closing balance 31.12.	255.1	270.1

Financial assets and liabilities measured at fair value have been categorised according to *IFRS 7 Financial Instruments: Disclosures*.

**Level 1** Fair value is based on quoted prices in active markets.

**Level 2** Fair value is determined by using valuation techniques that use observable price information from market.

**Level 3** Fair value are not based on observable market data, but company's own assumptions.

The fair values of electricity, natural gas, propane, fuel oil derivatives are determined by using public price quotations in an active market (Level 1).

The fair values of currency forwards and options are determined by using the market prices of the closing date of the reporting period. The fair values of interest rate swaps are determined by using the present value of expected payments, discounted using a risk adjusted discount rate, supported by market interest rates and other market data of the closing date of the reporting period (Level 2).

For financial instruments not traded on an active market, the fair value is determined by valuation techniques. Judgment is used when choosing the different techniques and making assumptions, which are mainly

based on circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

The valuation techniques are described in more detail in the Annual report.

The most significant asset at fair value not traded on an active market is the investment in Pohjolan Voima Oyj shares classified as a financial asset at fair value through other comprehensive income. The valuation technique applied to Pohjolan Voima shares is described in more detail in the 2018 Annual report. The WACC used in Pohjolan Voima share valuation on 31 December 2019 was 1.37 percent (31.12.2018: 1.97) and 2.37 percent (2.97) for the Olkiluoto 3 under construction. The acquisition cost of shares in Pohjolan Voima Oyj on 31 December 2019 is EUR 38.0 million (38.0) and the fair value EUR 251.4 million (266.1).

The carrying value of other investments as of 31.12.2019 is estimated to change by EUR 1.6 million should the rate used for discounting the cash flows change by 10 percent from the rate estimated by management. The carrying value of other investments is estimated to change by EUR 38.8 million should the energy prices used in calculating the fair value differ by 10 percent from the prices estimated by management.

**Derivatives 31 December 2019**

EUR million	Nominal value	Fair value			Fair value	
		Derivative Assets	Liab.	Fair value Net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	100.0		3.1	-3.1		-3.1
<b>Interest rate derivatives</b>	<b>100.0</b>		<b>3.1</b>	<b>-3.1</b>		<b>-3.1</b>
Currency forward contracts	959.9	10.3	4.7	5.6	0.4	5.2
Currency option contracts	480.3	0.2	0.1	0.1		0.1
<b>Currency derivatives</b>	<b>1,440.2</b>	<b>10.6</b>	<b>4.8</b>	<b>5.8</b>	<b>0.4</b>	<b>5.3</b>
Electricity derivatives	17.1	7.5	1.4	6.1		6.1
Oil derivatives	7.6	0.5	0.5	0.0		0.0
Other commodity derivatives	8.5	0.1	1.1	-1.0		-1.0
<b>Commodity derivatives</b>	<b>33.2</b>	<b>8.1</b>	<b>3.0</b>	<b>5.1</b>		<b>5.1</b>
<b>Derivatives total</b>	<b>1,573.4</b>	<b>18.6</b>	<b>10.9</b>	<b>7.8</b>	<b>0.4</b>	<b>7.3</b>

**Derivatives 31 December 2018**

EUR million	Nominal value	Fair value			Fair value	
		Derivative Assets	Liab.	Fair value Net	Fair value through profit and loss	Fair value through other comprehensive income
Interest rate swaps	100.0		1.5	-1.5	-0.7	-0.8
<b>Interest rate derivatives</b>	<b>100.0</b>		<b>1.5</b>	<b>-1.5</b>	<b>-0.7</b>	<b>-0.8</b>
Currency forward contracts	1,155.8	1.8		1.8	0.3	1.5
Currency option contracts	471.6	0.0		0.0		0.0
<b>Currency derivatives</b>	<b>1,627.4</b>	<b>1.8</b>		<b>1.8</b>	<b>0.3</b>	<b>1.5</b>
Electricity derivatives	30.9	19.9		19.9		19.9
Oil derivatives	11.8		1.5	-1.5		-1.5
Other commodity derivatives	2.6		0.2	-0.2		-0.2
<b>Commodity derivatives</b>	<b>45.3</b>	<b>19.9</b>	<b>1.8</b>	<b>18.1</b>		<b>18.1</b>
<b>Derivatives total</b>	<b>1,772.7</b>	<b>21.7</b>	<b>3.3</b>	<b>18.5</b>	<b>-0.3</b>	<b>18.8</b>

**NOTE 9 – COMMITMENTS AND GUARANTEES**

EUR million	31.12.2019	31.12.2018
Liabilities secured by collateral	24.1	56.6
Pledges granted	138.7	145.4
Real estate mortgages	232.8	232.8
Total pledges and mortgages	371.5	378.2
Guarantees and counter-indemnities	9.1	14.0
Off-balance sheet rent and leasing commitments	1.6	16.2
Commitments on behalf of associated companies and joint ventures	0.1	0.1
Commitments on behalf of others	-	-
<b>Total</b>	<b>382.1</b>	<b>408.5</b>

Securities and guarantees include pledges, real estate mortgages and guarantee liabilities. Starting from 1 January 2019, rent and leasing commitments include

liabilities arising from contracts for low value items and short term leases excluded from the scope of IFRS 16.

**OPEN DERIVATIVE CONTRACTS**

EUR million	31.12.2019	31.12.2018
Interest rate derivatives	100.0	100.0
Currency derivatives	1,440.2	1,627.4
Other derivatives	33.2	45.3
<b>Total</b>	<b>1,573.4</b>	<b>1,772.7</b>

**COMMITMENTS RELATED TO PROPERTY, PLANT AND EQUIPMENT**

EUR million	31.12.2019	31.12.2018
Payments due in following 12 months	60.2	0.0
Payments due later	-	-
<b>Total</b>	<b>60.2</b>	<b>0.0</b>

Investment commitments relate to the first phase of the modernisation of the Husum pulp mill.