



# Metsä Board Corporation

**January–March 2018**  
**Interim report**  
Presentation material

3 May 2018

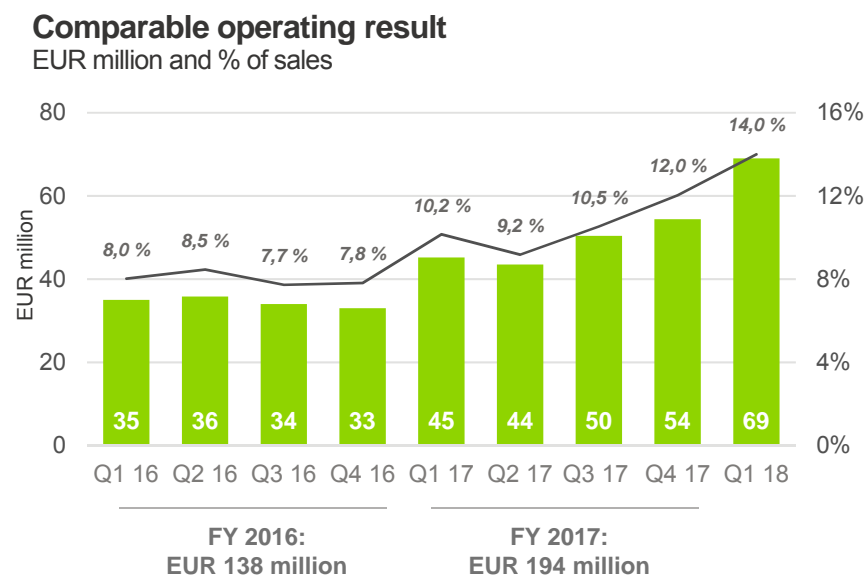
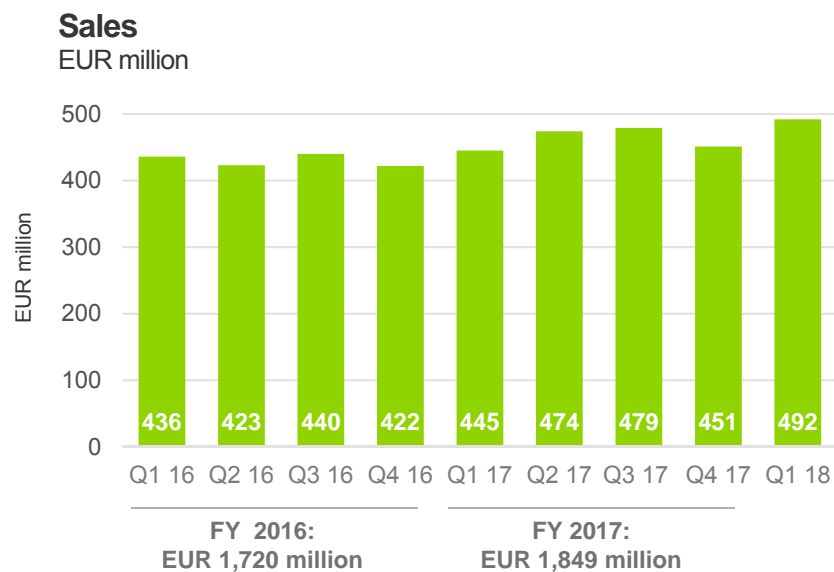
# Q1 2018: The best quarter in years

## Q1 2018 vs. Q4 2017

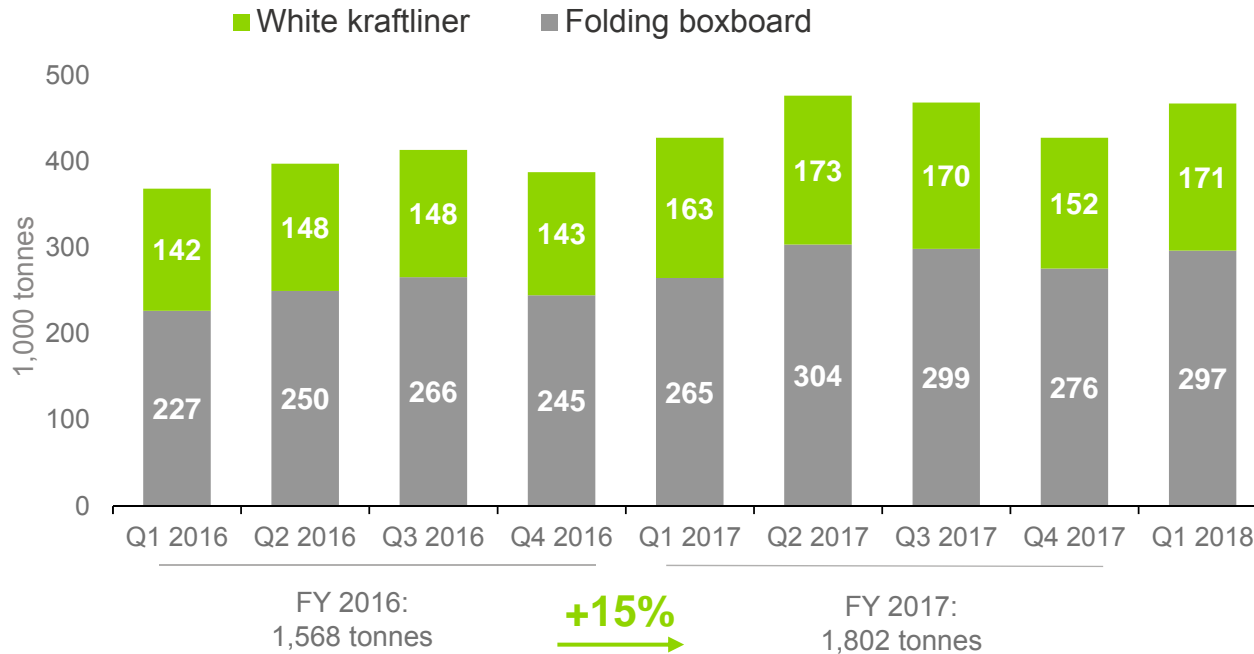
- Rising market prices of paperboards fully compensated unfavourable FX development
- Production and delivery volumes of paperboard and market pulp increased
- No major maintenance shutdowns during the quarter
- Production efficiency of the mills was good
- Strong pulp market supported profitability
- S&P upgraded Metsä Board to investment grade



# Increased sales and strong profitability development



# Total paperboard deliveries up by 40,000 tonnes compared to the previous quarter



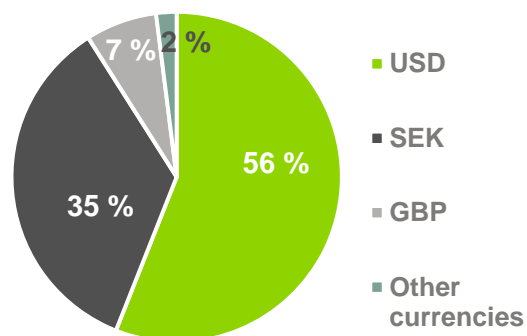
Annual global demand growth for folding boxboard and white kraftliners is estimated to be 3–4%

Source: Metsä Board's own research

# Weakened USD caused headwind in Q1

- Impacts of FX rate changes including hedges:
  - Q1 2018 vs. Q4 2017: EUR 12 million negative
  - Q1 2018 vs. Q1 2017: EUR 15 million negative
- FX impacts will be small in Q2/2018 compared to Q1, further headwind in Q3
- Hedging policy: 50% of annual transaction exposure and 100% of balance sheet position

**12 month transaction exposure  
EUR 1.09 billion**

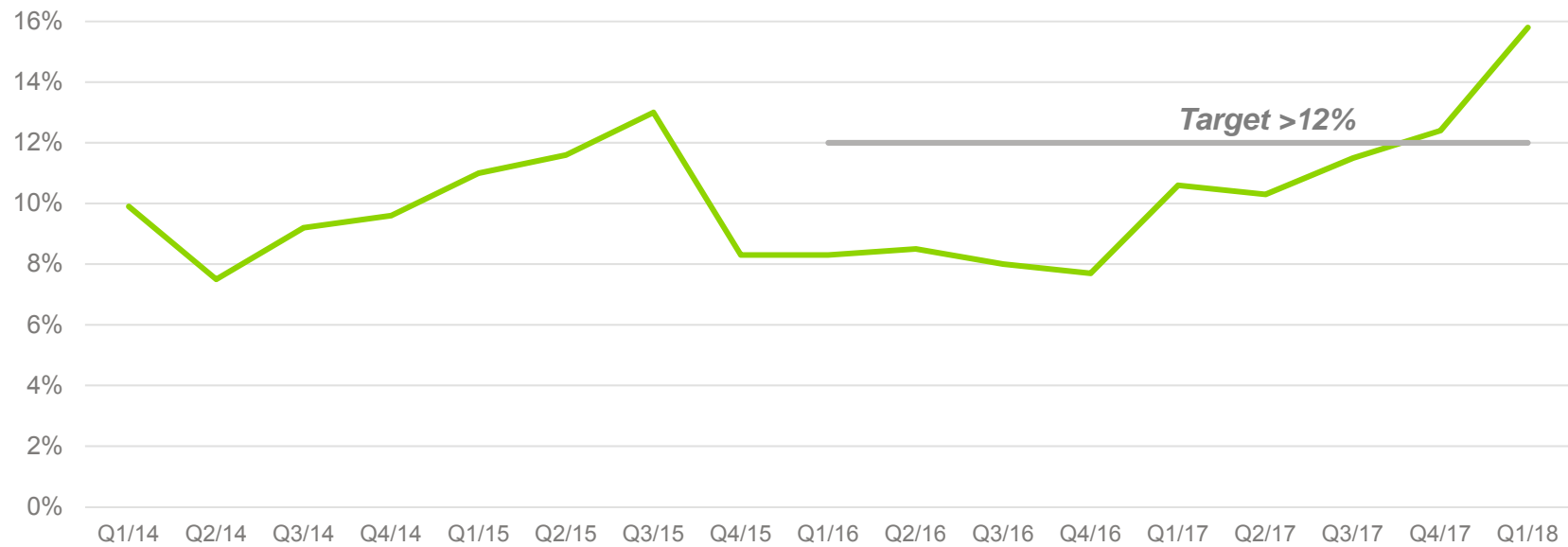


**FX sensitivities excluding hedges**

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

Currency	Next 12 months
USD, \$	EUR +65 million
SEK	EUR -39 million
GBP, £	EUR +7 million

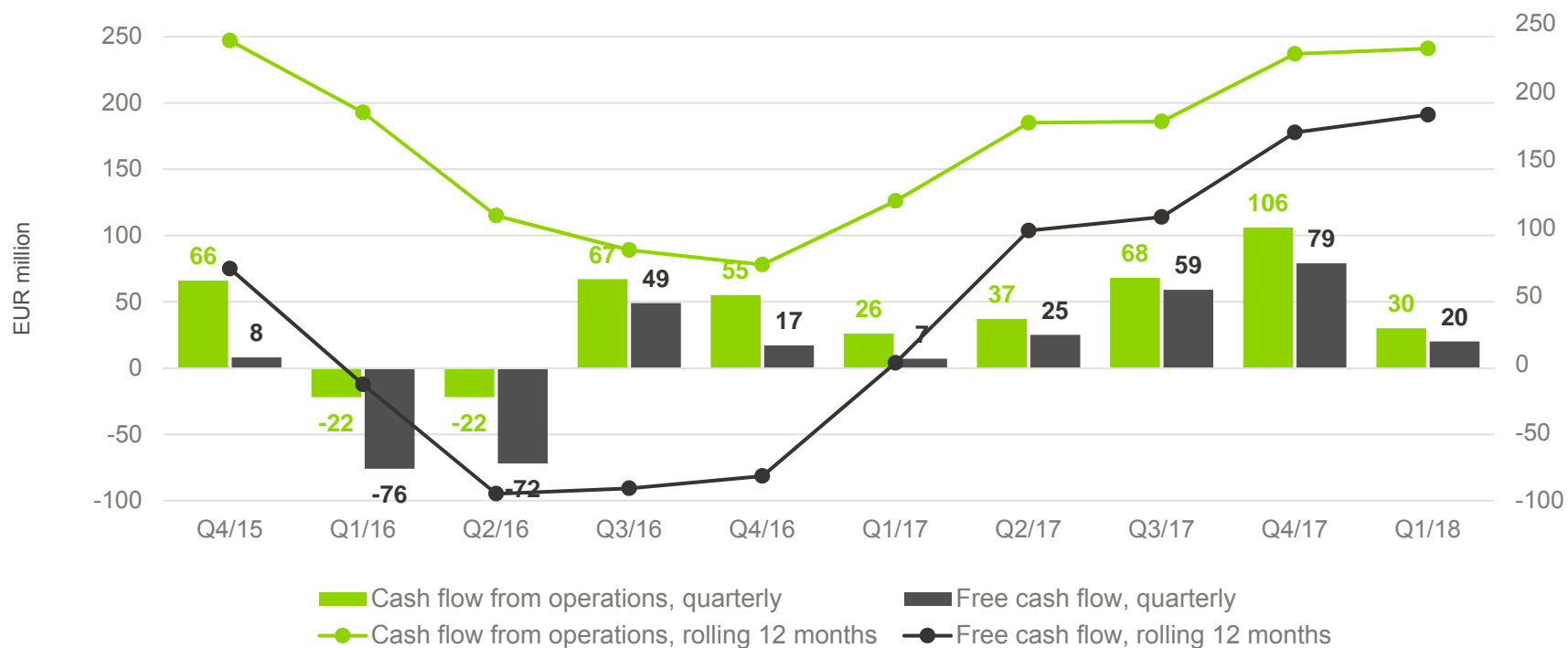
## Q1/2018 ROCE nearly 16%



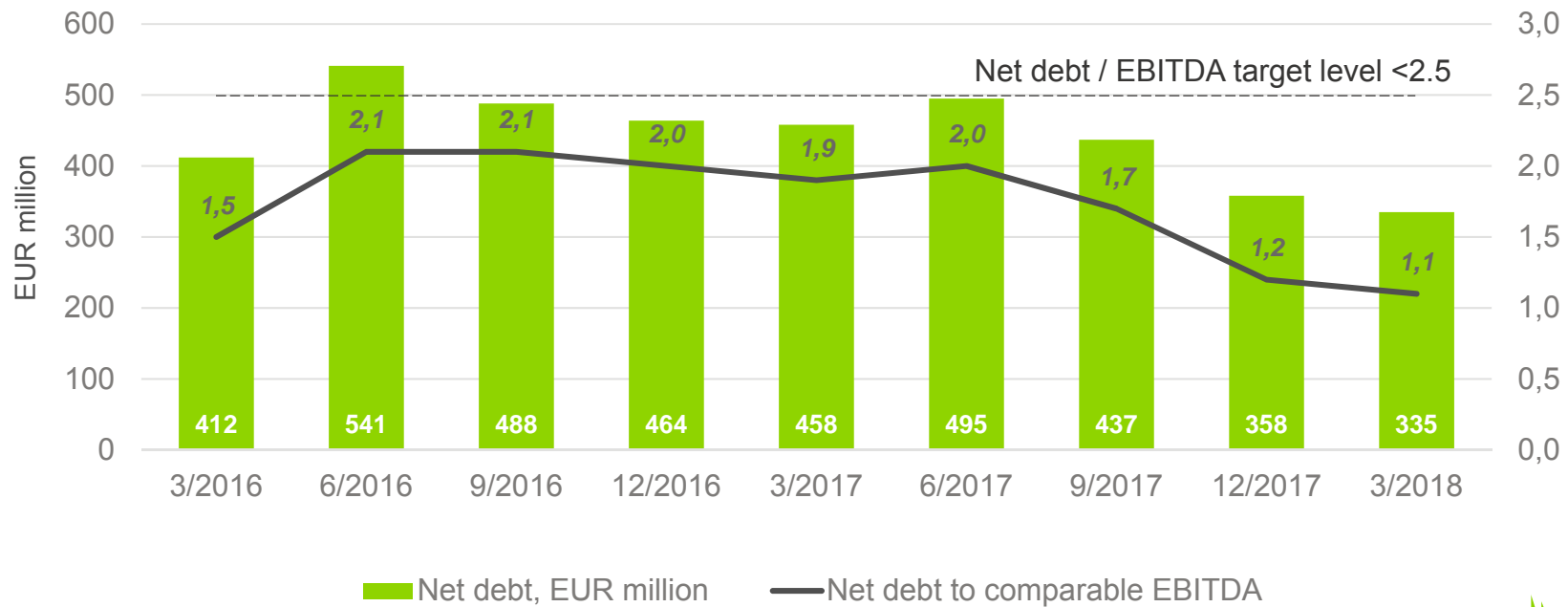
— Comparable ROCE-%, Quarterly

# Cash flow from operations EUR 241 million

(Rolling 12 months)



## Strong financial position, leverage at 1.1x





## Lightweighting and barrier solutions are the key focus areas for R&D

- Metsä Board is a forerunner in lightweight paperboards
- In January, Metsä Board launched a biobased, fully recyclable and biodegradable eco-barrier paperboard
- The company continues to develop other barrier solutions, and is investigating the utilisation of biobased coatings



## Near-term outlook

- Good demand in fresh fibre paperboards, market prices are expected to be stable or rising
- Total paperboard delivery volumes are expected to increase slightly in Q2 2018 compared to Q1
- Several maintenance shutdowns at Finnish mills in Q2
- Negative impact from weakened USD against EUR will continue
- FY 2018 production costs estimated to rise



## Result guidance for Q2 2018

Metsä Board's comparable operating result in the second quarter of 2018 is expected to weaken compared to the first quarter of 2018.



## Summary

- Strong performance continues after the excellent first quarter
- Weakened USD will have a negative result impact at least until end of Q3
- Still potential to improve profitability of Husum's FBB
- Good market situation in fresh fibre paperboard is expected to continue



# Appendices



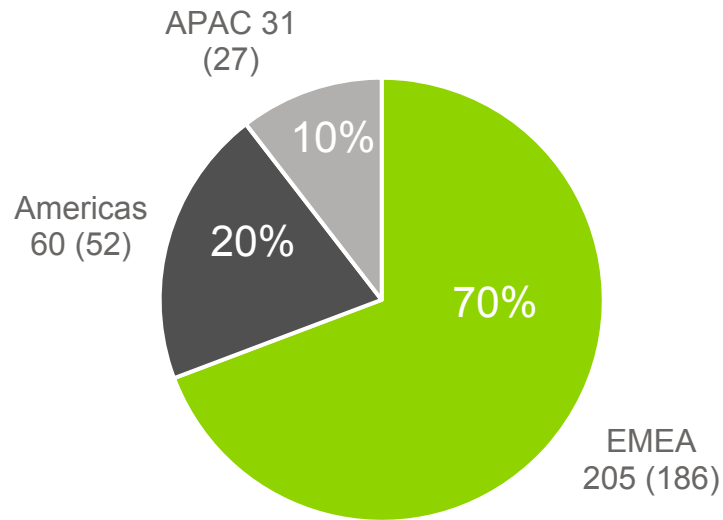
## Key financials

		Q1/18	Q4/17	Change Q1/18 vs. Q4/17	Q1/17	Change Q1/18 vs Q1/17	FY 2017
Sales	EUR, m	492	451	9 %	445	11 %	1,849
EBITDA*	EUR, m	94	78	21 %	69	37 %	289
Operating result*	EUR, m	69	54	27 %	45	53 %	194
<i>% of sales</i>	%	14.0	12.0		10.2		10.5
Result before taxes*	EUR, m	61	47	30 %	40	53 %	157
Earnings per share	EUR	0.15	0.12	25 %	0.10	50 %	0.42
ROCE*	%	15.8	12.4		10.6		11.2
Capex	EUR, m	11	27	-61 %	19	-45 %	65
Cash flow from operations	EUR, m	30	106	-72 %	26	18 %	236
IB Net debt, at end of period	EUR, m	335	358	-7 %	458	-27 %	358

\*comparable

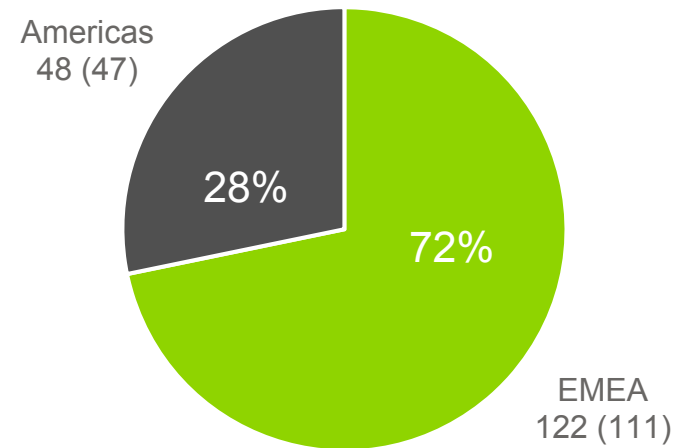
# Paperboard delivery split in Q1 2018

**Folding boxboard deliveries in Q1/18 (Q1/17)**  
1,000 tonnes



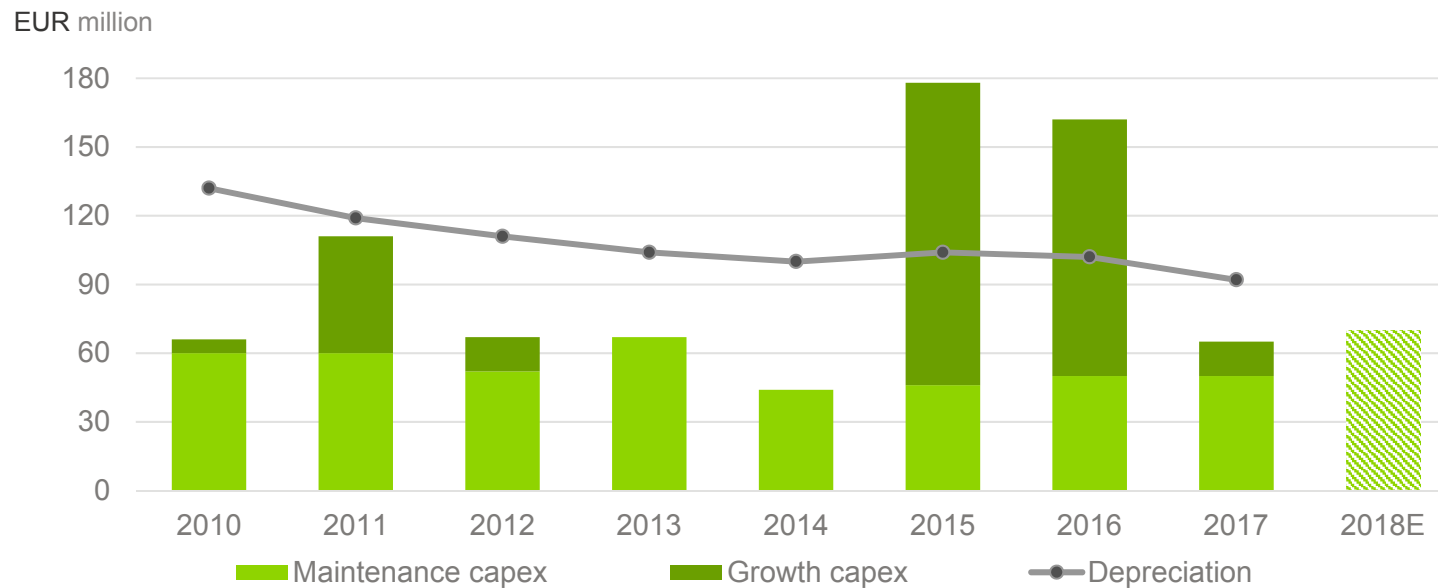
Total FBB deliveries  
grew by **12%**

**White kraftliner deliveries in Q1/18 (Q1/17)**  
1,000 tonnes



Total WKL deliveries  
grew by **5%**

## Estimated capex for 2018 is EUR 70 million



Main growth in capex in 2015–2016: Husum investment programme, extrusion coating line and equity investment in Metsä Fibre's bioproduct mill



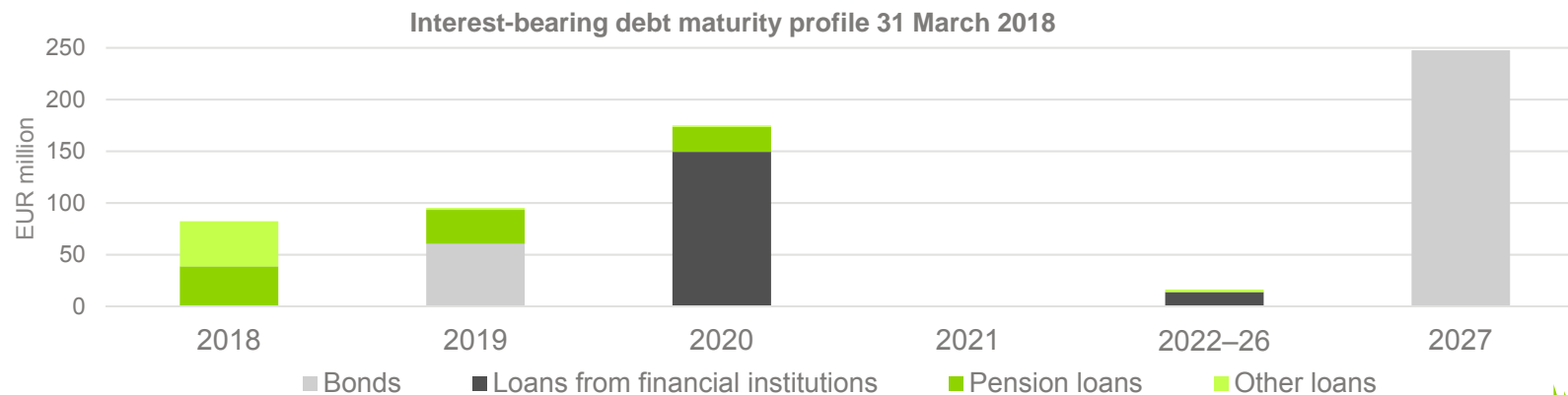
# Debt maturity

31 March 2018

- Total interest-bearing debt on 31 March was EUR 617 million (31 Dec 2017: EUR 577 million)
- After the review period, Metsä Board repaid EUR 100 million of its existing term loan maturing in 2020

## Metsä Board's credit ratings

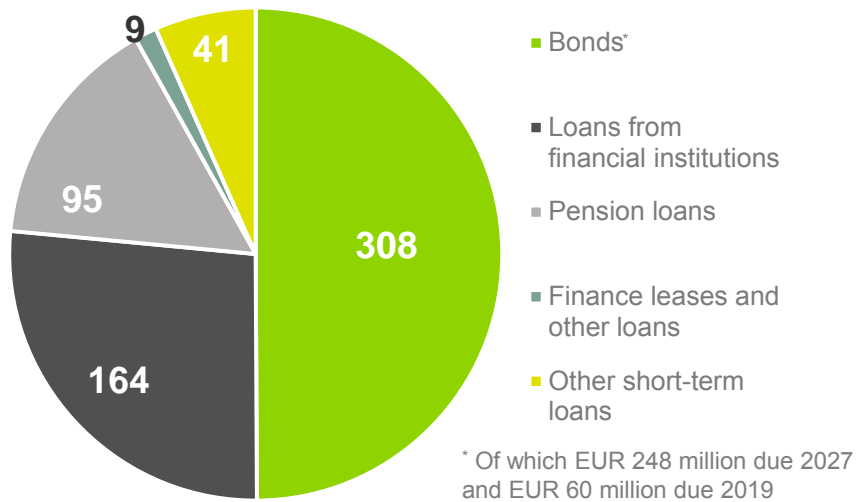
Rating agency	Rating and outlook	Last update
Standard & Poor's	BBB-stable	02/2018 Upgrade from BB+
Moody's	Ba1 positive	04/2018 Upgrade from stable outlook



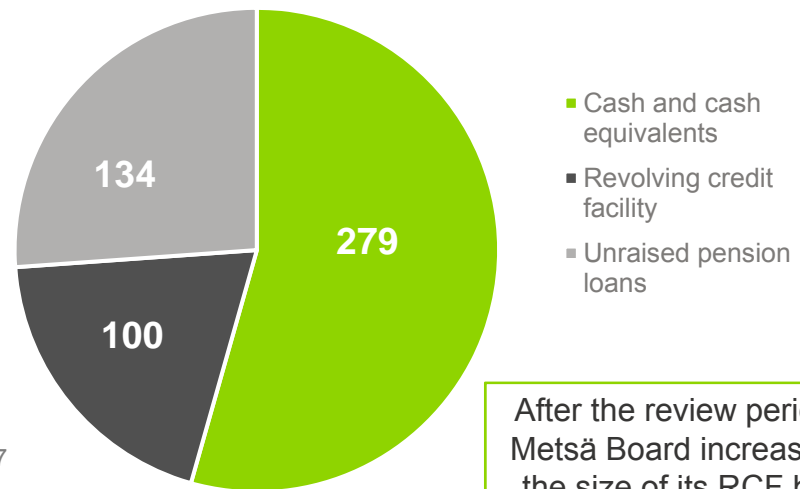
# Debt structure and liquidity

31 March 2018

**Interest-bearing debt,**  
total EUR 617 million



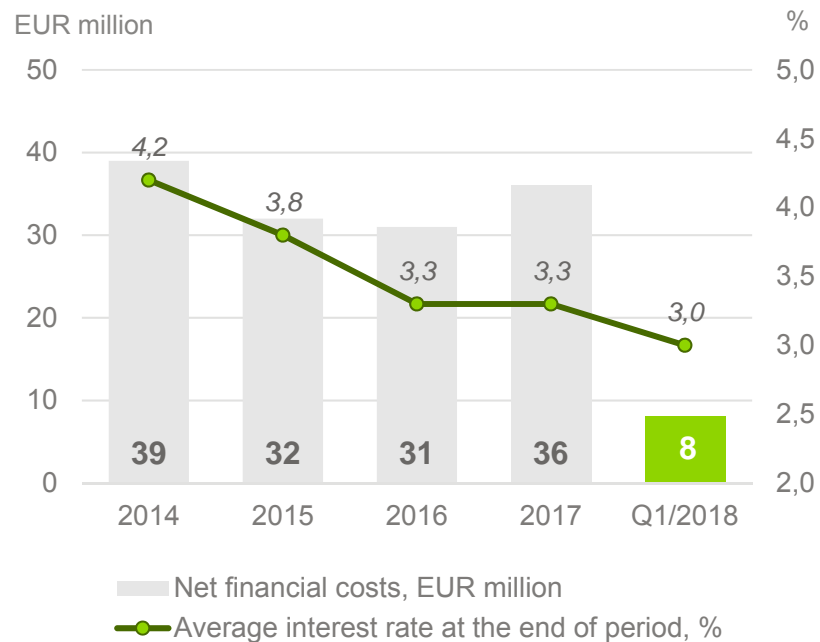
**Available liquidity,**  
total EUR 513 million



After the review period  
Metsä Board increased  
the size of its RCF by  
EUR 50 million

Average maturity of long-term loans on 31 March 2018 was 5.1 years.

## Net financial costs January–March 2018



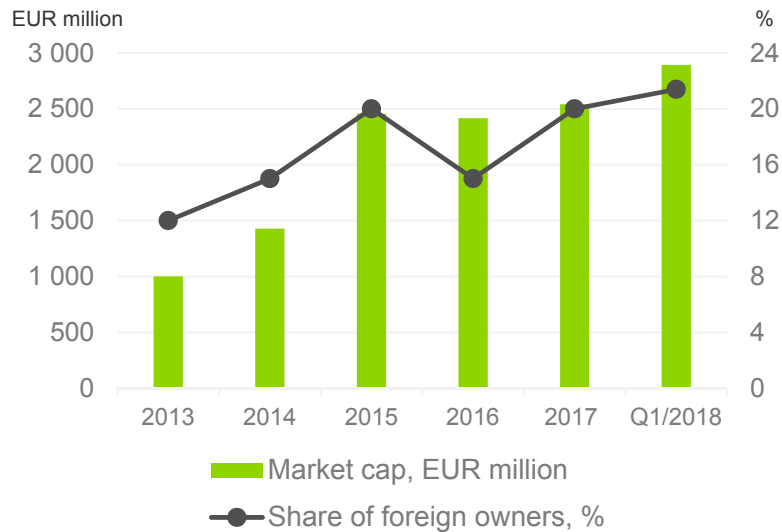
- Net financial costs (including foreign exchange rate differences) in 1–3/2018 were EUR 8 million (1–3/17: EUR 5 million)
- At the end of March, the average interest rate on loans was 3.0%

# Market cap and ownership distribution

Metsä Board shares (METSB, METSA) are listed on Nasdaq Helsinki

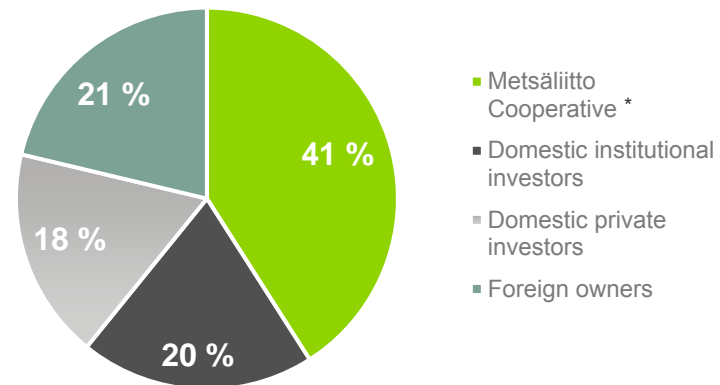
### Market cap and foreign owners

31 March 2018



### Ownership distribution

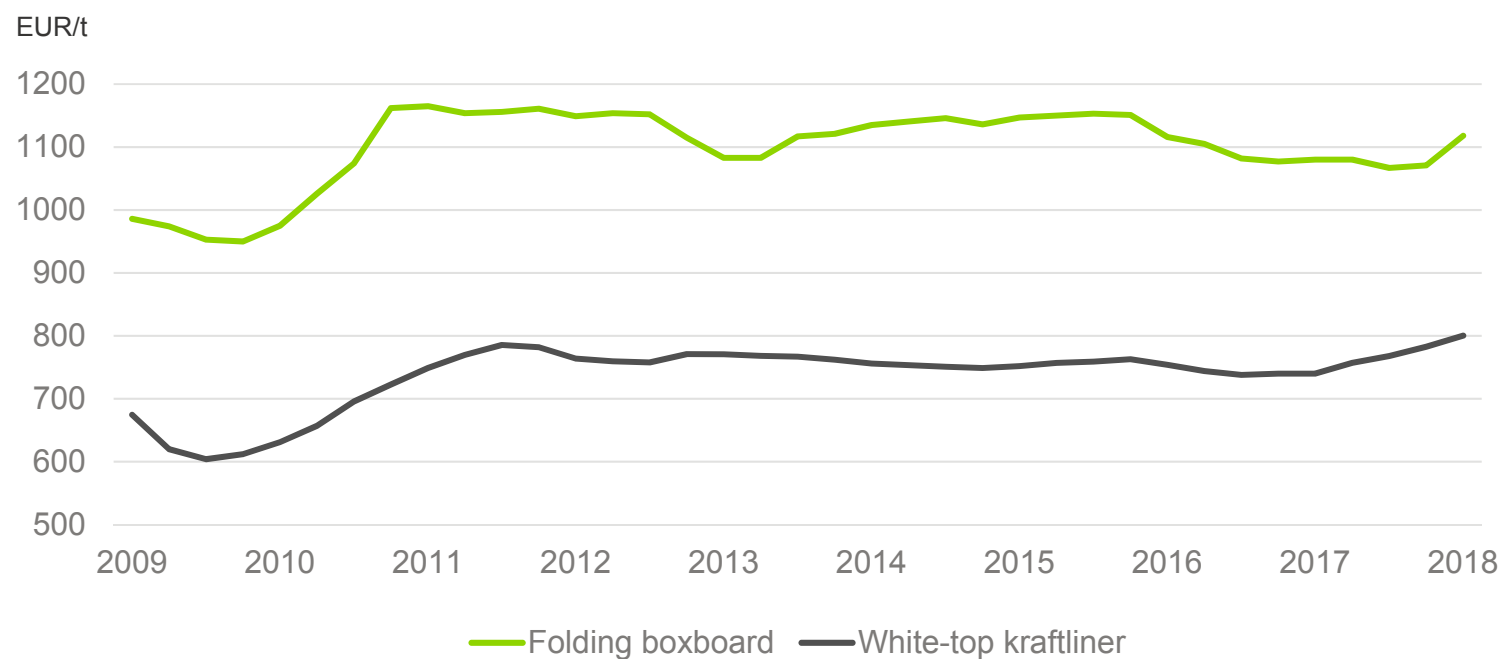
31 March 2018



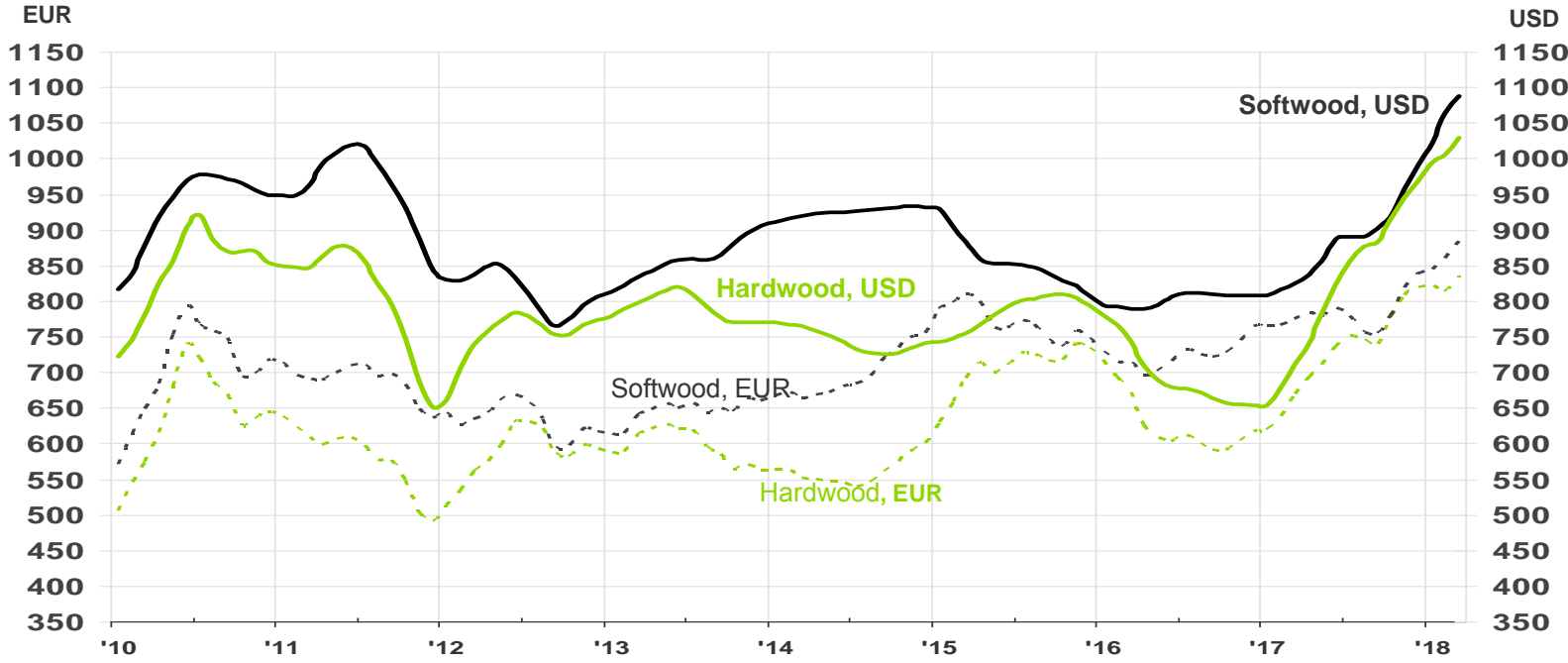
\* Metsäliitto Cooperative has 61% of voting rights

# Market price development in Europe

## Folding boxboard and white kraftliner



# Pulp price development (PIX)



# Sustainability is a significant part of Metsä Board's core operations

- Metsä Board's commitment to sustainable business is widely recognized by CDP and EcoVadis, among others.
- In Q1/2018 CDP included Metsä Board on both its Supplier Climate A and Supplier Water A lists. Metsä Board is the only Finnish company on these lists and globally the only forest industry company on the Supplier Climate A list.



**Make the most of Metsä Board**

