

Mr Chairman, distinguished shareholders, dear ladies and gentlemen. Before I begin to go over our last year, I would like to introduce the company's management team to you. They are all here today. Let's start with the ladies. Susanna Tainio, Senior Vice President, Human Resources. Sari Pajari, Senior Vice President, Sales and Marketing. Ari Kiviranta, Senior Vice President, Development. Harri Pihlajaniemi, Senior Vice President, Production. And Jussi Noponen, Chief Financial Officer. After this presentation, we'll be able to answer your questions, so come and say hi if you feel like it. But let's get this presentation under way.

I'll review what Metsä Board is as a company today. I'll talk about our outlook with regards to profitability and growth. Then a few words about sustainability. And finally, a summary about last year's result and performance.

Today, Metsä Board is Europe's largest producer in folding boxboard and white kraftliners. Globally, we're the number one producer in coated white kraftliners. Global market trends, which I'll talk more about later, increase the demand for our products. So it's a positive thing for us. Our customers are brand-name product manufacturers - in other words the brand owners - converters and merchants. We have strong fibre know-how, which is of strategic importance to us. And at least as important is our high self-sufficiency in pulp through our own production and together with Metsä Fibre. We've got eight production units in the Nordic region with seven in Finland and one in Sweden.

On the right side of the slide is our sales split by product. Over half of our sales, 56 per cent, comes from folding boxboard. White kraftliner's share is 26 per cent and the rest comes from market pulp. EMEA is Europe, the Middle East and Africa, but in practice mainly Europe, and it's our primary market area. The majority of our sales, 74 per cent, came from there. The Americas, which means the USA but also South America, 19 per cent. And the final 8 per cent came from Asia and the Pacific region.

Our vision is to be the preferred supplier of premium paperboards, creating value for our customers globally. As I have often said, all the words in this vision carry meaning. We want to be number one, not number two, three or four. We focus on premium paperboards and our goal is not just to create a buyer-seller relationship with our customers but to act in a way that creates value for our customers and to help them in their business. And we operate globally, which was evident from our sales split.

Now a few words about these global trends. When it comes to globalisation and urbanisation, Metsä Board has excellent products to support this progression. Our

products are recyclable and thus ideal for the circular economy. The next item is sustainability, which is becoming more and more important. Our solution is to use only renewable fresh fibres and we always know where it comes from. Food safety is still important and its importance will increase in the future. Our raw materials are made from fresh fibres and the production process is closely monitored when it comes to product safety and purity. Our products, especially folding boxboard, are a great choice for food packaging. E-commerce is on the rise. Our paperboards, both linerboards and folding boxboard, offer excellent branding experiences in this field as well. So these global trends strengthen and support the performance and growth of our business.

Here you can see our market position in Europe. We have 35 per cent of the folding boxboard capacity in Europe, so we are the biggest player. And we have 32 per cent of the white kraftliner capacity, so we are the biggest player in our other main product as well.

As I said, our production units are located in Finland and Sweden. There you can see Metsäliitto's wood sourcing area, that is the Baltic Region, Finland and nearby areas. That's where our production units get their wood. I won't go over every single unit individually, but our folding boxboard capacity is about 1.3 million tons and our linerboard capacity is about 700.000 tons, so our total paperboard capacity is two million tons. When we take into account the ownership in Metsä Fibre and our own fibre industry, the Husum pulp mill and the BCTMP mills in Joutseno and Kaskinen, our net balance in pulp and BCTMP is about 600.000 tons. This explains why the strong pulp market is supporting our business. But that's not the only reason why this is a good thing. This is also a good thing when it comes to our future growth. When we begin to develop our industry it's possible to be self-sufficient in pulp for years to come.

In 2005, we decided to leave the paper business behind which was an excellent decision. In recent years, focusing on paperboards has created shareholder value as can be seen in the chart on the left. It shows our market capitalization in the Helsinki Stock Exchange and our net debt. You can see that our progress in the last six or seven years has been quite favourable.

And the same can be said about dividends. As our Chairman said earlier, the proposed dividend for this year is 29 eurocents per share. That's 51 per cent of our net profit. Since 2012, our dividend has improved significantly. It's grown on average about 30 per cent in that time period.

Profitability guides our future growth. This chart shows how much we have grown in the last five or six years. On average, our volumes have grown annually about 12 per cent. Our large investment in Husum has supported that growth.

However, now we state that in the future, moderate growth is enough and we'll focus on profitability with regards to our business. Investments have supported our growth. This chart shows our investments. In 2015 and 2016, we made huge investments in Husum, over EUR 200 million. Earlier in this decade, in 2011 and 2012, the investments we made in Finland grew our capacity here by 150.000 tons. Our latest investments can be seen in the right side of the slide. A new baling line in the Kaskinen mill, which means 30.000 tons new BCTMP capacity. And a new sheeting line in Äänekoski, which will be operational in September 2019. It will increase our own sheeting capacity by 35.000 tons.

In recent years, we've grown on average over 10 per cent annually, but now we'll state that in the future we're not making any huge investments in paperboard manufacturing. We'll make small and medium-sized investments in our current production lines and facilities. We'll open bottlenecks and seek moderate growth with a focus on profitability. In the near future, our top priorities are to keep return on capital employed above 12 per cent and to generate the highest possible shareholder value. So profitability comes first.

This chart shows how our return on capital employed has developed in recent years. The goal is to stay above 12 per cent and last year our return on capital employed was 14.4 per cent. So good development there.

Indebtedness is well under control. Here you can see the relationship of net liabilities to the comparable gross margin. The target is to be below 2.5 in all circumstances. At the end of last year, this figure was 1.0. Our net debt was EUR 335 million. In both return on investment and indebtedness, the economic indicators are looking good.

And then on to the next subject: sustainability. It is a significant part of our core business when we are making plans for the future. It has always been, and will always be. We are committed to sustainable development. Here you can see our results from last year with relation to the sustainable development goals.

I will not go through them separately, but for example, in resource efficiency and environmental impact we have seen improvements with relation to these goals. Last year's goals are set to be achieved by the year 2020. Metsä Group has set new goals to be achieved by the year 2030, but for this presentation we are focusing on old goals. When it comes to industrial water, use of water, energy efficiency and fossil fuel carbon dioxide emissions, we are well on our way to achieve these goals.

Last year there was also negative development, and I mean industrial accidents. Our aim is to improve lost-time injury frequency every year by

ten per cent. The ideal would be zero accidents, but last year the figure went up from the year before. It will be a real challenge to lower that figure this year.

In addition to great advancements, in my opinion, towards achieving the sustainable development goals, we have been both praised and awarded prizes in this area from several organisations.

For instance, we made it onto the CDP's water security A List and climate change A List. And our intention is to be just as active in the future, too, because this is highly important and significant to our customers.

As the opening video and chairman Hämälä mentioned, the world needs alternatives to fossil-based packaging materials and other fossil-based products. We also need solutions to prevent climate change and control or stop global warming. Metsä Board has an excellent solution.

Our fresh fibre paperboards offer solutions to overcome these challenges. Our products can replace products from fossil materials. And as you can see from our sustainable development goals, when it comes to climate change, Metsä Board is a responsible company that does the right thing.

Fresh fibre paperboard is the packaging material of the future and it offers innovative paperboard based packaging solutions. A significant part of our clientele consists of brand-name product manufacturers - in other words, brand owners. They are always looking for responsible packaging solutions, and we can offer it to them. Our paperboards can replace non-renewable materials. Thanks to our research and development, we launched an eco-barrier paperboard last year. It achieved the industrial compostability certification. Eco-barrier paperboard is an example of a product that can replace non-renewable solutions or materials. The main focus of our research and development continues to be lightening the weight of paperboards, where we've already been at the forefront for decades, especially with folding boxboard. And we will continue this work.

The other main focus of our research and development is the development of barrier solutions that are moisture, grease and oil resistant. Improving these qualities is going to be our main focus. And of course, the improvements will be based on our solutions.

And so to wrap things up, a summary of last year. As the chairman already mentioned, we have been able to increase the pricing of both folding boxboard and kraftliners.

The delivery quantities reached an all-time high. Never before have we

delivered and sold as much paperboard all around the world in one year as we did last year, which means that we have never before produced as much paperboard as we did last year. We broke several annual output records.

Strong pulp market boosted profitability, especially in the first three quarters. Cost-induced inflation accelerated and the cost of wood continued to rise, in particular in Sweden. In spite of this, Husum's profitability has improved better than expected.

We have invested in a capacity increase at the Kaskinen BCTMP mill. The second baling line was taken into use in the last quarter.

Overall, our turnover grew five per cent from 2017 and our comparable operating result was EUR 252 million. The operating result jumped 30 per cent from the previous year. Like I said, our profitability improved due to strong pulp market and Metsä Fibre's new Äänekoski bioproduct mill. Also the increased delivery volumes improved our profitability.

The delivery volumes of market pulp, particularly in China, declined during the fourth quarter of the year, but there has been a ray of hope in the first quarter of 2019.

It's good to remember that in the long run, particularly in northern bleached softwood kraft, which is Metsä Fibre's forte, demand is increased by the fact that there will not be any new capacity in the near future.

I would like to mention regulations. A great example is China's ban on the import of recycled paper and fibre. There are several strong indicators that the demand of pulp will increase in the long run.

On the right, you can see the price development of pulp and the price drop at the end of the year. But the price level of northern bleached softwood kraft is historically high. As you can see.

Now a few words about production costs and changes in exchange rates. The negative impact of the high price of wood was 30 million euros, of which the lion's share came from Sweden. Transportation costs in the United States increased, and the negative impact was EUR 10 million when compared to year 2017.

General cost inflation accelerated, which is normal during an economic upturn. But it slowed down towards the end of year.

Compared to 2017, the negative impact from the foreign exchange changes in 2018 was 54 million euros. In spite of all these setbacks, our sales were very good. I mean our operating result was very good.

In conclusion, we can say that the global market trends increase the demand for ecological fresh fibre paperboards. The global growth is estimated to be three per cent per year. The delivery volumes and prices have continued to go up. The market outlook for pulp, like I said, is good in the long run. The origin and availability of the wood raw material is an increasingly important competition factor, and that is why it's a good thing that we are self-sufficient in pulp.

In the near future, after several years of ten per cent growth, we are aiming for a more moderate growth. The focus will be on profitability and how to improve it.

That was my presentation. That was year 2018 in a nutshell.

I would like to thank our customers for your trust. Without our clientele, we wouldn't have been able to deliver as much paperboard as we did. I would like to thank our shareholders who have been with us on this journey. I would like to thank the board of directors for productive co-operation and feedback and for great team spirit. I would like to thank the management team for doing a great job. And last but not least, I would like to thank our employees for your excellent work in 2018.

Thank you.