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Good afternoon and welcome to this presentation of Metsä Board's fourth quarter and full year results for 2018.

My name is Mika Joukio, and I'm the CEO of Metsä Board.

Together here with me, I have our CFO, Jussi Noponen, and our Head of Investor Relations, Kati Sundström.

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So, let's start with a summary of the fourth quarter of 2018.

Our paperboard delivery volumes were at a lower level than in the previous quarter, as we earlier estimated, and mainly due to the seasonal decline in December. The average selling prices of folding boxboard and white kraftliners rose slightly.

Uncertainty in the global pulp market increased during the fourth quarter, which decreased market pulp deliveries and prices, particularly in China.

In the Husum integrated mill in Sweden, we had an unexpected machinery breakdown at the pulp mill. This caused extra repair costs and losses in pulp and paperboard production. In an integrated mill, disruptions at the pulp mill negatively affect also paperboard production.

Due to the machinery breakdown and weakened pulp market, we had to take down our earlier given guidance for the fourth quarter operating result in mid December.

At Kaskinen BCTMP mill we invested in a new baling line. The value of the investment was 6 million euros, and it increased the mill's annual BCTMP capacity by 30,000 tonnes. During the fourth quarter, we also announced to increase our own sheeting capacity in Äänekoski mill.

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As already mentioned, our sales in the fourth quarter declined due to the lower delivery volumes of paperboard and market pulp. Naturally, this had an impact also on our operating result.

The negative result impact from the machinery breakdown at the Husum pulp mill and weakened pulp market totalled approximately 10 million euros. The pulp price in China has an impact on Metsä Board's result, given that roughly half of Metsä Board's pulp surplus is sold to China.

The fourth quarter operating result was supported by the sale of emission rights. Exchange rate fluctuations including hedges had a positive result impact of approximately 7 million euros compared to the previous quarter.

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Let's take a closer look at paperboard deliveries. During the fourth quarter, lower delivery volumes were influenced by the seasonal decline in December and a slowdown in economic growth towards the end of the year.

Our total volumes in the second half of the year were at a lower level compared to the first half. We believe that the strong demand in the beginning of the year increased customers' stocks and reduced orders during the second half of the year.

Going forward, we will continue our actions to improve the average price of folding boxboard by optimizing the sales mix.

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Then to the price development of paperboard, which has been favourable to us in all our market areas during 2018.

In white kraftliners, we increased prices twice in Europe and once in the Americas. In particular, the price level of uncoated kraftliners improved clearly during the year.

In folding boxboard in Europe, we announced an increase of 90 euros per tonne at the end of 2017, of which roughly half was achieved. At the end of 2018 we announced an increase of 80 euros per tonne, of which slightly more than a third was achieved, on average, and effective mainly for the beginning of 2019.

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With the exception of the increased uncertainty towards the end of the year, the pulp market was strong in 2018 and improved our profitability. In addition to our own market pulp sales, we gained profits from our associated company Metsä Fibre's increased production and delivery volumes.

We believe that in the long-term, the demand for long-fibre pulp is supported by limited new capacity in the coming years as well as restrictions on recycled paper imports in China.

Our annual pulp balance, including the share from Metsä Fibre, is approximately 600,000 tonnes long in 2019. The majority of that long position is long-fibre pulp, which is sold mostly in Europe and in China.

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Our total investments in 2018 amounted to 70 million euros and were mainly related to maintenance.

In November, we took into use our new baling line at Kaskinen BCTMP mill. The value of the investment was approximately 6 million euros, and it increased the mill's annual capacity by about 30,000 tonnes to 370,000 tonnes. This BCTMP is a key element when improving the properties of folding boxboard, for example, to make the board lighter. In addition to our own use, Kaskinen's high-yield pulp is sold to the market.

At the end of the year, we also announced an investment in a new sheeting line at Äänekoski mill. The new line is expected to be in production in September 2019 and it increases the mill's annual sheeting capacity by 35,000 tonnes to 120,000 tonnes. The total value of the investment is approximately 11 million euros, of which the majority will be allocated to 2019.

In total, we estimate our 2019 investments to be 75 million euros, out of which approximately 5 million euros relates to the new IFRS leasing standard.

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Production costs rose in 2018. The biggest change was in wood costs, as higher wood prices resulted in an over 30 million euro cost increase compared to the previous year. The price increase was particularly steep in terms of wood imported to Sweden from the Baltic countries. Also, more

expensive road transport costs in the US burdened the result by roughly 10 million euros. General cost inflation accelerated in 2018, but slowed down towards the end of the year.

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Our FX exposure grew during 2018 along with higher dollar prices of pulp and paperboard, increased paperboard deliveries to US and increased production in Sweden.

The total impact from FX fluctuations including hedges had a negative effect of approximately 53 million euros on our full year result compared to the previous year.

In the fourth quarter, the impact was 7 million euros positive compared to previous quarter.

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Then to our cash flows, which weakened during the fourth quarter. The main reasons for this were the higher capex and the changes in working capital.

The operating efficiency of our mills was at a good level in 2018, and nearly all of the production lines set new annual production records. December in particular was a strong production month, which led to higher than normal year-end inventories.

Again, it's good to remember that the share of our result generated from Metsä Fibre is a non-cash item. We expect to receive the dividend from Metsä Fibre in the first quarter this year.

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So, our financial targets remained unchanged in 2018. In the medium term, we continue to allocate our capital to moderate growth, taking into account the prevailing market environment. Our decision-making is based on our profitability targets and aims to create the highest possible shareholder value.

Our annual growth in total paperboard deliveries in 2018 was a little less than targeted. Return on capital employed and the leverage ratio both met our targets.

The Board of Directors proposes a distribution of 29 euro cents per share for the year 2018. Out of this, 10 euro cents will be paid as a dividend and 19 euro cents as other distribution of equity. The total distribution corresponds to 51 per cent of the net result.

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Before moving on to the near-term outlook and guidance, I want to highlight the long-term drivers and market trends – globalisation, urbanisation, sustainability, food safety and growing e-commerce - which all increase the demand for Metsä Board's fresh fibre paperboards.

Our products are recyclable. We use only renewable fresh fibre from sustainably managed northern forests. We have good control over our raw materials, which guarantees purity and safety in food contact uses, and our paperboards offer a strong promotion and branding experience in E-commerce.

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As packaging increases, the materials used in packaging become more important. The key thing is to replace the non-renewable packaging materials.

Consumers are more conscious, and Brand-owners seek alternative packaging solutions.

Roughly a year ago, Metsä Board launched a new eco-barrier paperboard mainly for food service use. The non-plastic special barrier treatment improves the grease resistance of the board and makes it an ecological and efficient packaging material. Just recently, our eco-barrier paperboard was given an Industrial compostability certificate. This external certification helps brand-owners to choose packaging materials that truly comply with their disposal requirements.

We will continue our research and development work, keeping the focus on the further lightweighting of our paperboards and developing ecological and compostable barrier boards.

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Once again, we received much external recognition for our actions in sustainability.

Just after the year end, we were highlighted as a global leader in corporate sustainability by CDP, a non-profit global environmental disclosure platform, by achieving a place on the CDP A List for both climate change and water security. This is now the fourth consecutive year that we have been included in the CDP Water A List and the third consecutive year in the CDP Climate A List. In addition, we were recognized as a world leader for supply engagement on climate change. Important recognitions, of which I'm very, very proud.

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Then to the near-term outlook.

We expect our first quarter paperboard deliveries to rise slightly compared to the fourth quarter of 2018.

Also, the prices of folding boxboard in local currencies are expected to increase. Last autumn, we announced an 80 euro per tonne price increase in Europe, of which we achieved slightly more than a third, on average. Higher prices took effect for the most part from the beginning of 2019.

Changes in FX including the hedges will have a positive effect on our first quarter operating result compared to the previous quarter.

And we expect the pulp prices on average to be on a lower level in the first quarter compared to the fourth quarter last year.

In March, there will be a planned maintenance shutdown at Metsä Fibre's Bioproduct mill in Äänekoski.

And finally, continuing uncertainty in the global economy, slowdown in China's economic growth, and reduction of inventory levels in the value chain, will all generate uncertainty in Metsä Board's business operations.

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And based on these assumptions, we expect our operating result in the first quarter of 2019 to remain roughly at the same level as in the fourth quarter 2018.

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Then to summarize:

Market trends, especially sustainability, support demand for ecological fresh fibre paperboards. Renewable packaging materials grow their importance and brand-owners constantly seek more sustainable packaging solutions. Metsä Board's paperboards meet this demand well.

The pulp market is expected to remain uncertain in the near future. However, in the long-term, we see that the global demand especially for long-fibre pulp is supported by limited new capacity, and growing need for pulp in China.

Paperboard price development was favourable in all our market areas and segments in 2018. We succeeded well in our recent price negotiations and therefore we have a good start for the 2019.

During the recent years, we have grown clearly above the average market growth level. In the medium term, we continue to allocate our capital to moderate growth, taking into account the prevailing market environment. Our decision-making is based on our profitability targets and aims to create the highest possible shareholder value.

We also want to continue competitive distributions to our shareholders and maintain our strong financial position. The Board of Directors proposes that the distribution to shareholders from the financial year 2018 is 29 euro cents per share.

So, this was the presentation of Metsä Board's results from year 2018, and we are now ready to answer to your questions. Thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question at this time, please signal by pressing *1 on your telephone keypad. Please ensure the mute function on your telephone is switched off to allow your signal to reach our equipment.

We will now take our first question from Antti Koskivuori, Danske Bank. Please go ahead, sir.

Antti Koskivuori: Yes, thank you, and good afternoon. I would have three questions. Firstly, on paperboard deliveries which you guide to increase slightly from Q4 implying fairly low levels compared to the situation in Q1 last year. What is your understanding of the current inventory levels, which you implied being bit high in Europe? Is this a short issue or should we expect the low paperboard deliveries to last longer than just Q1?

That would be the first question, and secondly, about the folding boxboard price increases, which now you say that one third of the announced 80 euro per tonne increase was – had gone through. This seems a bit low number compared to the indication of 40-50 euro per tonne increase from the trade press. Do you have any ideas or thoughts, why the difference between the two numbers?

Then, thirdly, about the maintenance costs, compared Q1 and to Q4. Now, you have Q1, Äänekoski, just to remind what was impacting in Q4, and how that should evolve going to Q1? Thank you.

Mika Joukio: Okay, Mika Joukio here. Starting from deliveries: when we mentioned that the volumes will be slightly higher, Q1 estimation is that they are slightly higher in Q1 comparing Q4. Still, the first weeks of this year were a bit low as far as the order

inflows are concerned after Christmas. But then, now the order inflows are pretty much normalized, and based on that, the little bit slow start in January, the expectation is that they will be slightly higher now in Q1. So, that is the background.

Then, the prices you mentioned. This year, as I mentioned, we were able to get this roughly 30 euros per tonne on the average, and last year in January it was a little bit more. I mean, market situation was obviously a little bit different at the end of last year than at the end of 2017 and based on that then the increases were different this year comparing than 2018.

And then, maintenance. So, this first quarter normally is, how would I say, it's lighter concerning the maintenance actions, and this year roughly the first quarter is, I would say, all the impact comparing to the other quarters is six million roughly. So, comparing second, third and fourth quarter, than the kind of tailwind for Q1 is roughly six million. And comparing Q4 and Q1, so then to Q1 the costs are, or the impact, is lower than in Q4. I don't have any number for you, but it's lower in Q1.

Antti Koskivuori: Okay, thank you very much.

Operator: We will now take our next question from Mikael Doepel, UBS. Sorry, we'll take the next question from Christian Kopfer, Nordea. Please, go ahead.

Christian Kopfer: Yeah, thanks operator and thanks for taking my questions. So, just short, two short questions from my side. Firstly, on the pulp delivery side. You said that, if I remember correctly around 50 percent of your deliveries went to China and 50 percent to Europe. Have you redirected any of these Chinese and to Europe, when you have a little bit more difficulties to deliver to Chinese customers?

Mika Joukio: Yeah, Mika Joukio here. Not really, so the share is pretty much similar as it has been.

Christian Kopfer: Are you looking to sustain that share also going forward, or do you see opportunities to take market shares in Europe?

Mika Joukio: No plans to change that.

Christian Kopfer: Okay. Than finally for me, on the pulpwood cost. We have seen some indications of lower prices. You haven't seen anything or is it just overall stable in Q1?

Mika Joukio: Yeah, Mika Joukio here again. So it's quite stable. So last year we had this increase and the prices went up, but now the situation is more stable.

Christian Kopfer: Okay, thank you very much.

Operator: We will now take our next question from Mikael Doepel. Please, go ahead.

Mikael Doepel: Thank you. Good afternoon everybody. A couple of questions starting off with Metsä Fibre and the share of associated income that you get from that, which is quite substantial. So, couple of questions regarding that. First of all, the price decline that we saw in Q4 in China. How much of that was visible in your average prices in Q4 and how much of the sequential decline do you expect going into Q1 this year?

And another question there will be that how much incremental volumes should we expect to see from Äänekoski 2019 compared to 2018? Let's start there.

Mika Joukio: So, the Metsä Fibre, if I understood right, your question was, how much we were able to see this pulp rise difference will change to our prices, and of course we didn't see anything, so our prices rose slightly from Q3 in Q4. But coming back to the pulp prices in China, so when they were at the highest, they were at the level of roughly 900 dollars, and then the lowest level was reached in January, and that was roughly 700 dollars per tonne. And now the first increases have been announced. But, of course, now there is the Chinese New Year and remains to be seen what happens after that, and in early March we will know much more concerning the pulp prices.

And, coming back to the Äänekoski Bioproduct mill production. So, obviously this year the volumes will be higher because it's the second full year in production. I don't have the clear number for you, but we are running pretty close to the nominal capacity. And, having said that, then the volumes will be higher this year than last year.

Mikael Doepel: Okay, but just to be clear on the pricing: So you're selling volumes to China, and you say in your report that about 50 percent of those go to China. We saw pretty deep price declines there. Are you saying that you did not see any of those declines in Q4 numbers? And if that's the case, you should see quite a substantial drop going into Q1. Is that the way to interpret it?

Mika Joukio: Yeah, of course we saw the drop in the pulp prices, not paperboard prices, but pulp prices. But then also the volumes were quite low in Q4 when the price went down, because there were this uncertainty. And now, as we have said, the pulp prices in Q1 will be on the average lower than in Q4, because they reached the bottom, so to say, in January.

Mikael Doepel: Okay. Alright, then moving on to folding boxboard and the US market that your growth strategy there. Any comments on that, how things are developing in the US? Are you gaining new customers, and overall, I guess, what are your expectations for that business for 2019?

Mika Joukio: So, since 2014, we have had very strong growth in that market. And also last year we grew nicely. And this year our target is to continue to grow, but a little bit more modest, so to say. And we put a lot of pressure now, and effort, to our sales mix. So, in other words, to increase the average price by improving the sales mix. But, having said that, we continue to grow this year, but the target is not to grow as much as we grew last year.

Mikael Doepel: Okay. And do you see any chance to put a local price SBS there, which basically grades you are competing against, to move up in the US this year?

Mika Joukio: Yeah, the market situation in the US is clearly better than here in Europe. And there has been price increases also. Order inflow is good, and market is strong.

Mikael Doepel: Yeah, okay. Good, and then just a final, maybe bit of a technical one, but the revenue split for 2018. How much of your revenues came from America? Do you have that number already available?

Mika Joukio: Let me... Do you, Jussi, have that number? Maybe you can call Kati or Jussi after this, then we have the number for you.

Mikael Doepel: Yeah, sure. Will do. Alright, thanks a lot.

Operator: Again, press *1 to ask a question. We will now take our next question from Linus Larsson. Please, go ahead.

Linus Larsson: Thank you very much. Coming back to the price increases that you've been able to push through in folding boxboard at the start of 2019, I wonder if you could be a bit clearer, please, on what tonnage that applies to? I know that you ship some 1.2 million tonnes of folding boxboard in the past 12 months, but I also know that you sell to different categories of customers and different geographies as well. So, to what tonnage does this price increase apply?

Mika Joukio: Yeah, so on the average, our volumes to EMEA area, so on the average we were able to increase the volumes by on the average this 30 euros per tonne, and roughly 65–70 per cent of our sales is going to the EMEA market. But then of course we also have these brand owner businesses, so to give you a rough figure it's difficult at this point, but it's maybe roughly half of the business or a little bit more.

Linus Larsson: Okay, so half of the EMEA business?

Mika Joukio: No, no, no, so EMEA folding boxboard business is like 700 000–800 000 tonnes. And for that volume we were able to, on the average, get this 30 euros. Did you get it?

Linus Larsson: Okay. Thank you for that. And then also, another clarification maybe on the maintenance bridge. When we look at Q1 versus Q4 on maintenance costs, and if we for a second disregard what's going on in the associate business Metsä Fibre, if you compare the impact from Husum in the fourth quarter and whatever other maintenance and production disturbances that you single out and compare with the first quarter. Could you please give that bridge, excluding Metsä Fibre?

Mika Joukio: Okay, without Metsä Fibre, so practically all the board mills are running practically full than Q1, I mean without any maintenance shutdowns. So it's pretty much close to this 10 million, but then you need to take this Metsä Fibre into account.

Linus Larsson: Yes, okay, but when you say that 10 million, that's including the extra costs that you had for the machinery breakdown at Husum in the fourth quarter?

Mika Joukio: No, no.

Linus Larsson: Okay, that comes on top, then. So that's another few millions on top of the ten then?

Mika Joukio: Yep.

Linus Larsson: Just one final question. Could you please say also the Metsä Fibre dividend that you expect for the spring of 2019? How much is that?

Mika Joukio: Jussi Noponen takes this.

Jussi Noponen: Yes, it will be slightly over 60 million euros.

Linus Larsson: Okay, thank you very much.

Operator: We will take our next question from Martin Melbye of ABG Oslo. Please, go ahead, sir.

Martin Melbye: Thank you. You've been quite specific earlier on the EBIT improvement from the different projects you were running, like Husum, Äänekoski and maybe also Kaskinen. What is remaining here now for 2019 and 2020? All those projects, in terms of EBIT, you would say?

Mika Joukio: I don't have you a clear EBIT improvement, but still, of course, we have improvement potential in Husum, as we have mentioned earlier. Then we have improvement potential in Kaskinen, because now we have utilized a new investment. And then at the end of the year we will have a small positive impact also from Äänekoski, so there are several areas where we are able to see the improvement. But I don't have a clear number for you at this point. Maybe roughly 20, 30 million all in all.

Martin Melbye: All in all for all those things, or that is Äänekoski and Kaskinen?

Mika Joukio: Maybe a little bit more than 20–30. Maybe Husum alone is roughly that, and then some small improvements then from Kaskinen.

Martin Melbye: Okay. Then, what is the, beyond these projects that you've been doing successfully in the last three years, what is the next so to say?

Mika Joukio: At this point, no news. Of course we are planning different options as always, but at the moment we don't have anything to tell.

Martin Melbye: Okay, excellent. Thank you.

Operator: There are now further questions this time. I would like to turn the call back over to today's speaker for any additional or closing remarks.

Mika Joukio: Okay, everybody, thank you very much for good questions and I wish you a good continuation of the day. Thank you.