



Metsä Board Capital Markets Day 2022

Agenda

Metsä Board
Capital Markets Day 2022

- 14:00 **Opening remarks**
Katri Sundström, VP, Investor relations
- 14:05 **Growing sustainably in fibre-based packaging materials**
Mika Joukio, CEO
- 14:30 **Continuing growth in Americas**
Jussi Noponen, SVP, Sales and Supply Chain
- 14:50 **Taking the resource efficiency to the next level for long-term performance**
Ari Kiviranta, SVP, Technology
- 15:15 **Break**
- 15:30 **Strong financial position and self-sufficiency in pulp creates solid platform for future growth**
Henri Sederholm, CFO
- 15:50 **Sustainable growth in wood-based bioproducts**
Ismo Nousiainen, CEO, Metsä Fibre
- 16:10 **Metsä Group's unique ownership base secures sustainable, long-term wood supply**
Juha Jumppanen, EVP, Metsä Forest
- 16:30 Closing remarks by Mika Joukio



Metsä

Growing sustainably in fibre-based packaging materials

Mika Joukio
CEO

Metsä Board Capital Markets Day 2022

2022

The world
has changed
in many ways



Global economy



Geopolitical situation



Supply chain instability



Consumer price inflation



Key takeaways from CMD 2020

01

Focus on premium paperboards

02

Excellent track record in sustainability

03

Future growth is secured with sustainable investments and innovations



Our strategy highlights sustainable growth ...

STRATEGY

We grow in fibre-based packaging materials and renew our industrial operations.

OUR STRATEGIC PROGRAMMES

Premium supplier

Effective innovation

Safe and efficient operations and organic growth

Leader in sustainability

Motivated people

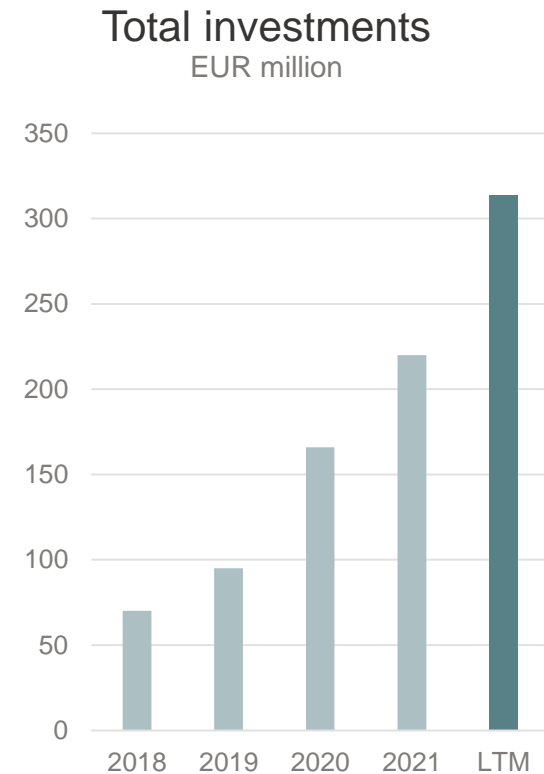
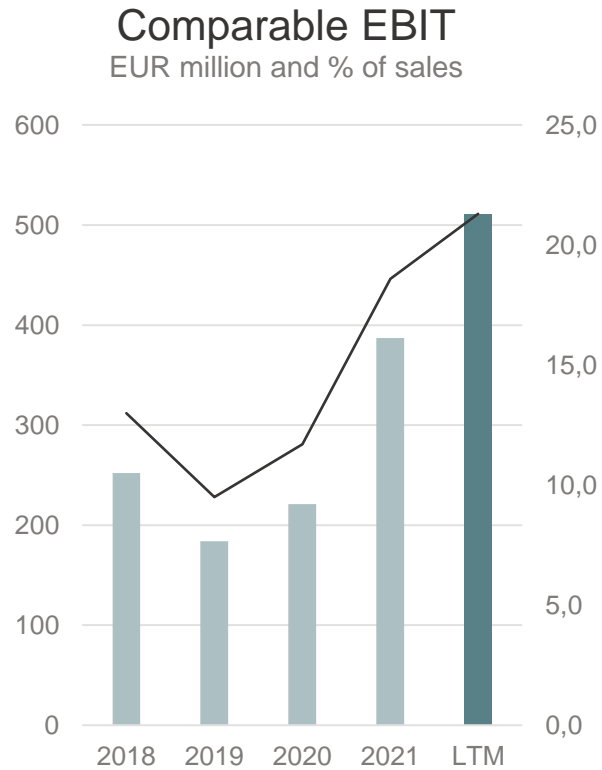
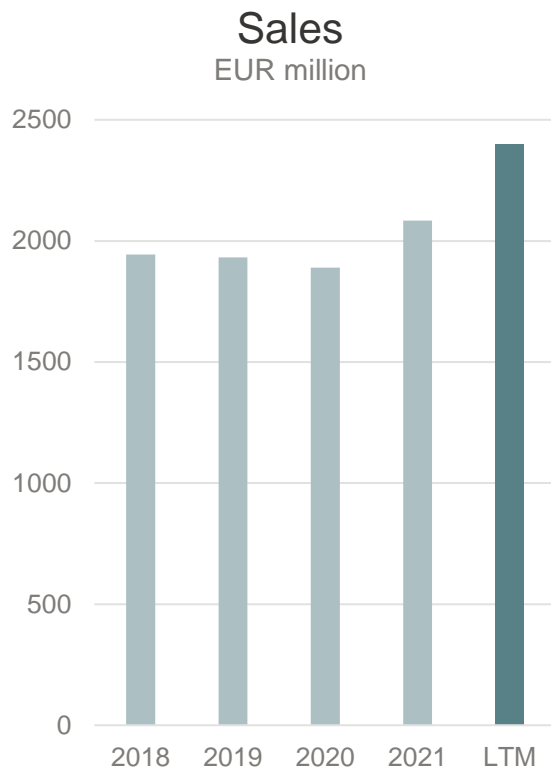
PURPOSE:

Advancing the bioeconomy and circular economy by sustainably and efficiently processing northern wood into first-class products.

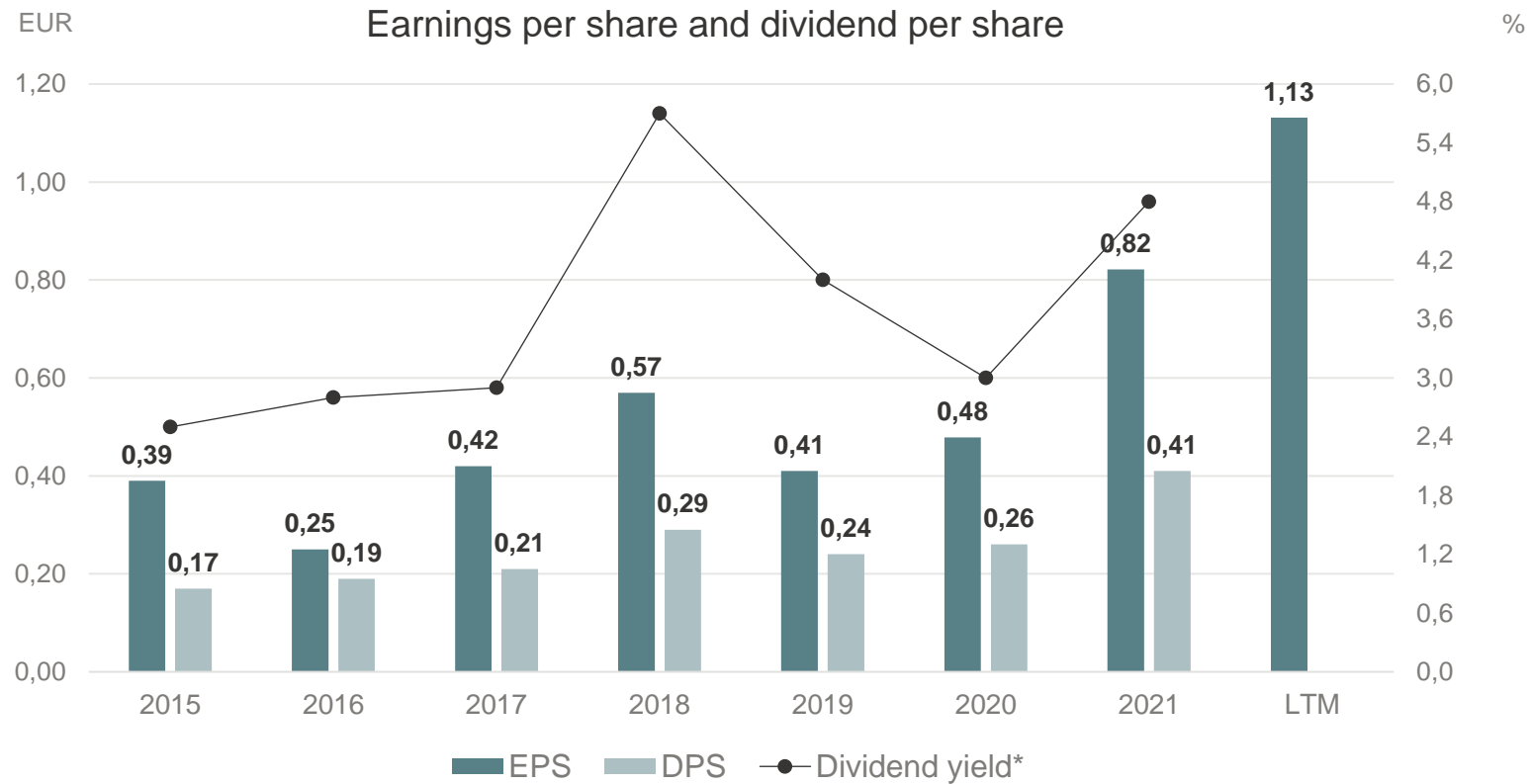
VISION:

Preferred supplier of innovative and sustainable fibre-based packaging solutions, creating value for customers globally.

.. and it has proven to be resilient and successful in a turbulent operating environment



Our goal remain to maintain a strong financial position and distribute competitive dividends



CAGR in 2015-21

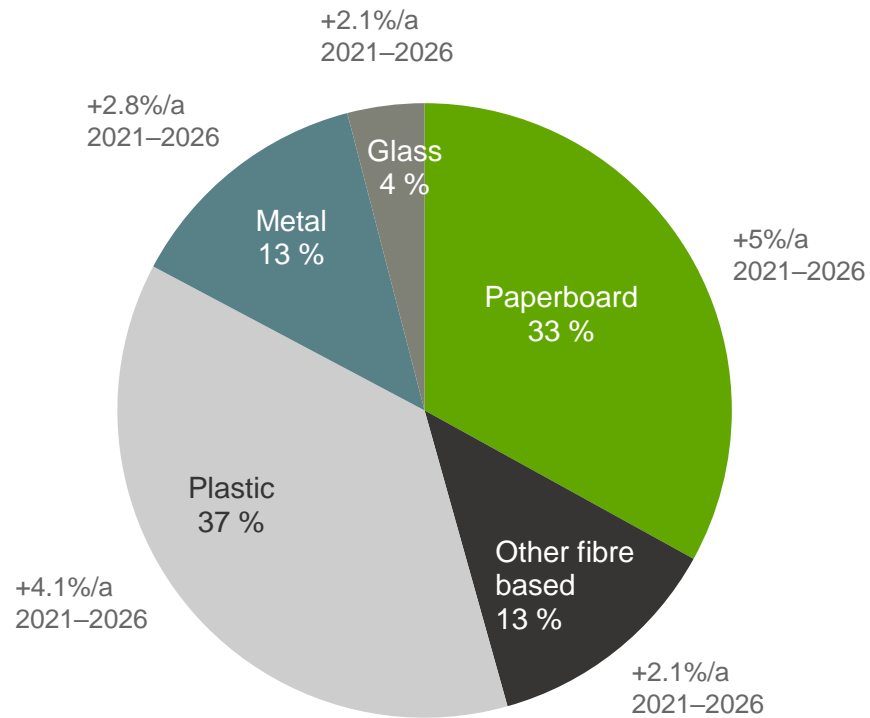
EPS: 13%
DPS: 16%

Dividend policy:

To distribute at least 50% of net result as dividends

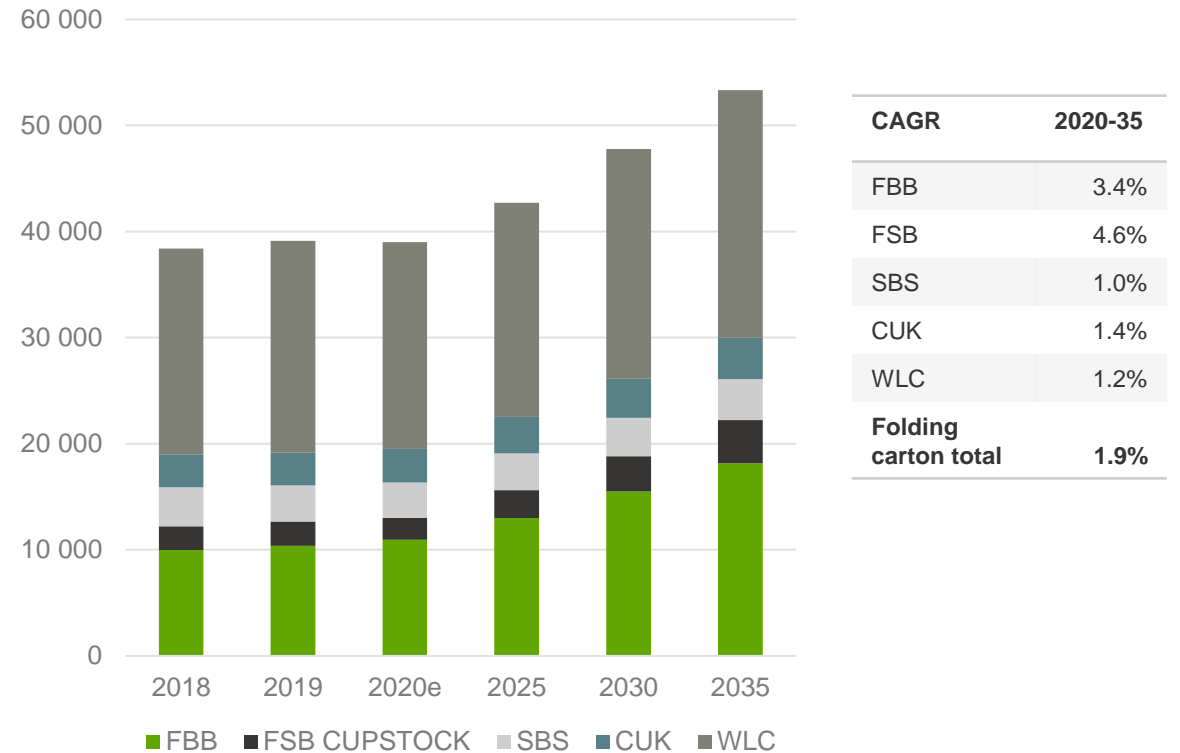
Need for packaging is growing ...

Paperboard has the highest growth rate out of total packaging...



The global packaging market, measured by end value, is USD 1,015 billion growing at 3.9% p.a

...and FBB & FSB are growing fastest in total folding cartonboard



... and we see strong long-term demand drivers for fresh fibre paperboards

Population growth, urbanisation and rising living standards drive packaging

The requirements of the circular economy become more specific and guide the development of the sector

Availability and quality of recycled fibre is declining

Global e-commerce continues to grow

Regulation and consumer preferences favour fossil free packaging materials

We have an industry-leading target
based on science

ZERO FOSSIL CO₂ EMISSIONS

Fossil free production and products by the end of 2030



Safety at work and resource efficiency are high on our agenda

TARGET*

0

Accidents at work, TRIF

+10%

Energy efficiency

-30%

Process water used

>90%

Certified wood fibre

ACTUAL

7.7

1-9/2022

+5.1%

Q3 2022

-13.6%

Q3 2022

82%

1-9/2022

All sustainability targets are set on 2030. On energy efficiency and process water used comparison year is 2018.

TRIF = Total Recordable Injury Frequency per million hours worked.

Our own commitments together with external recognition enhance our leadership in sustainability

The image displays a collection of external recognition and commitment logos. The top row includes CDP A List 2021 (Climate, Forests, Water), CDP Supplier Engagement Leader 2021, Corporate ESG Performance Prime (Rated by ISS ESG), UN Global Compact, and Ecovadis 2022 Sustainability Rating (Platinum, Top 1%). The middle row features MSCI ESG Ratings (AAA), Vigeo Eiris, and Sustainalytics (a Morningstar company). The bottom row shows seven Sustainable Development Goals: 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 12 (Responsible Consumption and Production), 13 (Climate Action), and 15 (Life on Land).



We plan and implement growth
over the long term



Summary



01

Our strategy has proven its resilience and success

02

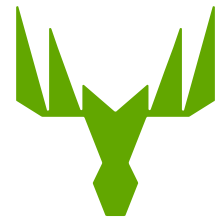
Demand for renewable packaging materials is growing fast



03

Resource efficiency is essential for sustainable future growth





Metsä

Continuing growth in Americas

Jussi Noponen
SVP, Sales and Supply Chain

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Key takeaways from CMD 2020

01

We want to be #1 choice for our customers

02

We create value with innovative and sustainable packaging solutions

03

Global trends support demand for fresh fibre paperboards and create new business opportunities



Supply concerns driving demand and increasing prices

”

Inflation reduces consumer purchasing power and shifts consumption to more affordable items

”

Customers want to secure availability during the European energy crisis

”

Customers' continued focus on packaging solutions supporting circular economy

”

Strong pricing momentum continues in FBB



The end-uses for our products are defensive in financial turmoil



End uses* are mainly in consumer product packaging



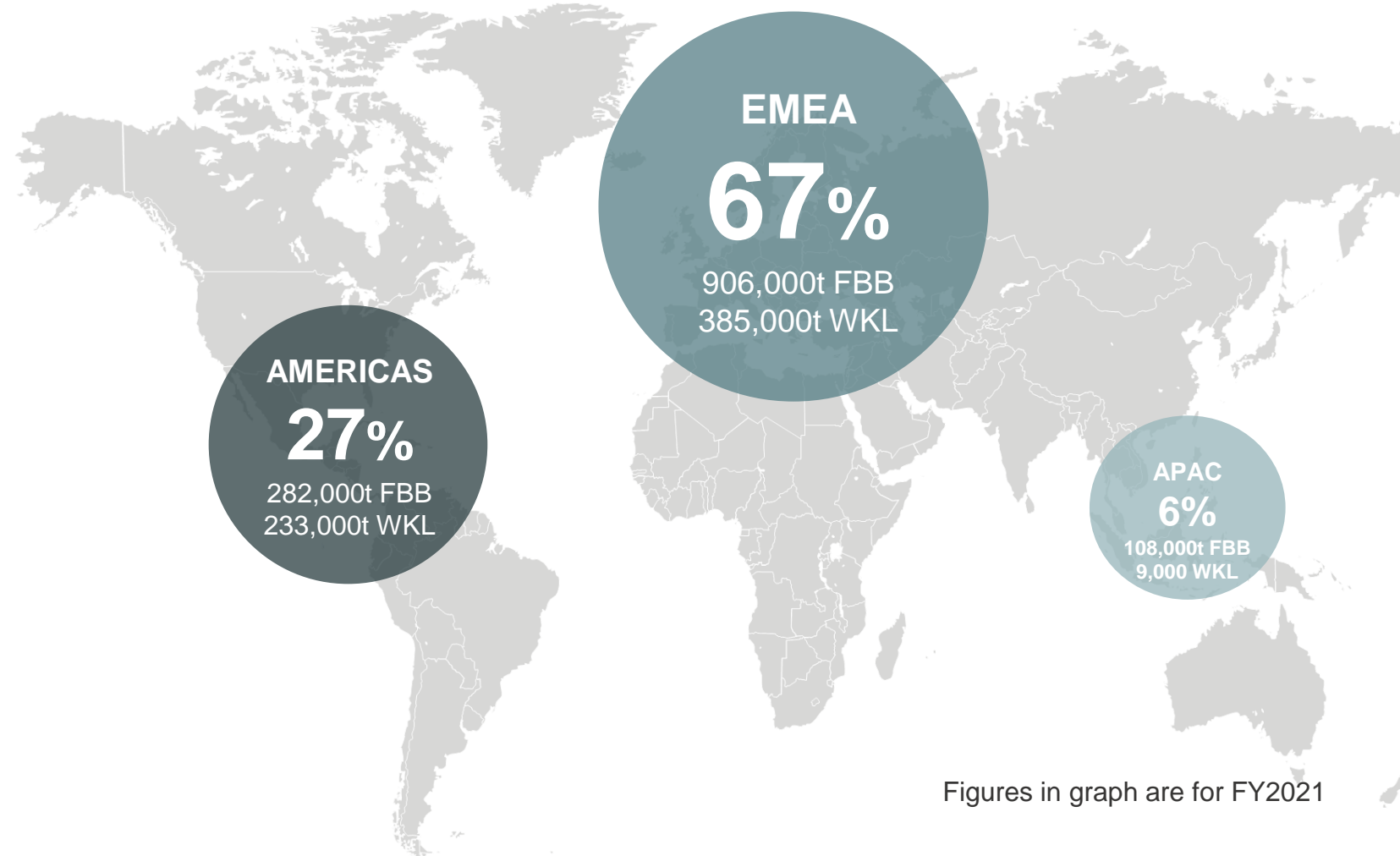
*) split of end-uses is based on Metsä Board's own estimates

Our main markets are Europe and North America

Our total paperboard deliveries in 2021 exceeded 1.9 million tonnes (YTD 2022: 1.4 million tonnes)

Our regional focuses

- Further strengthening our leading market position in Europe
- Continuing growth in North America
- Focusing on high-quality packaging in selected end use segments in APAC

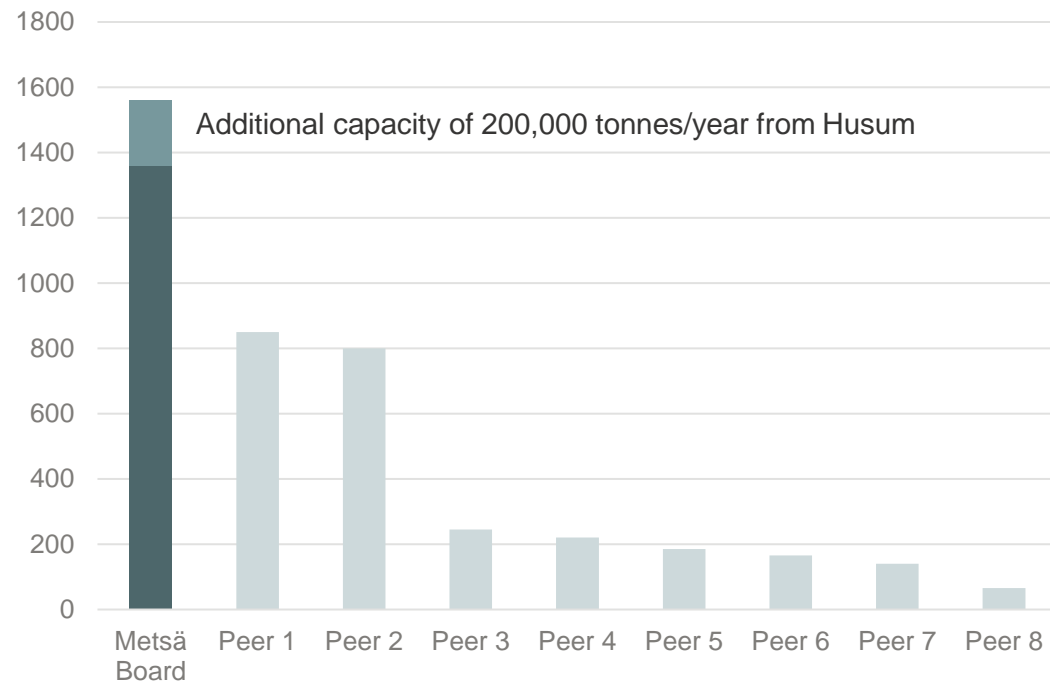


Upcoming capacity additions in Husum and Kemi strengthen our pole position in Europe

Metsä Board's share of European capacity accounts for about one third

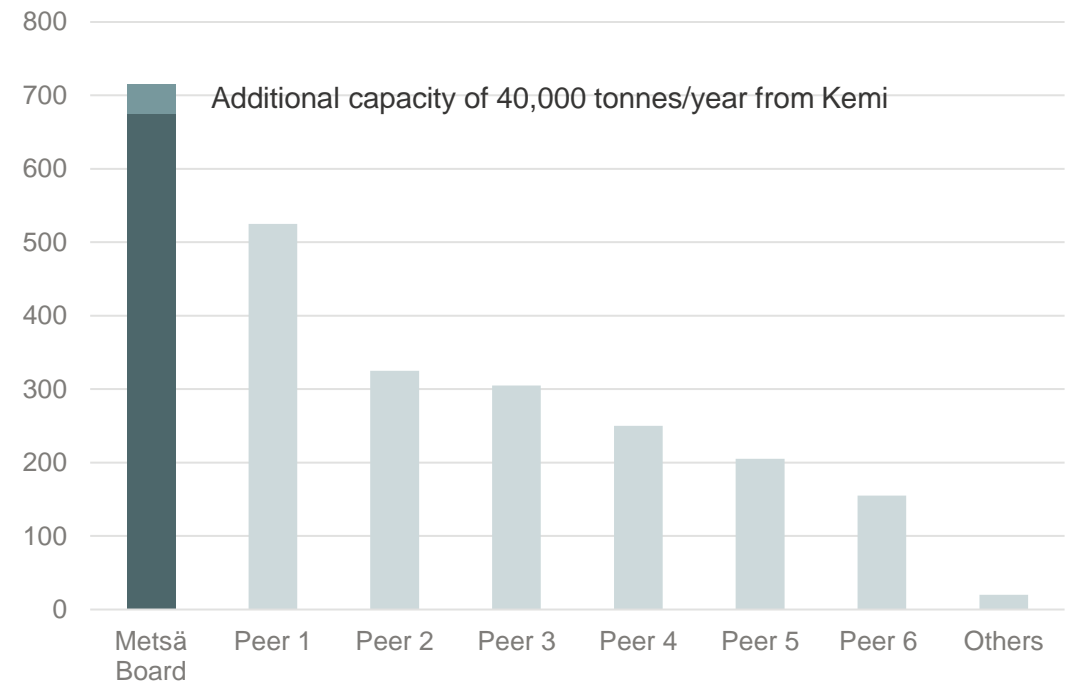
FBB producers in Europe

Total capacity 4.1 million tonnes



WKL producers in Europe

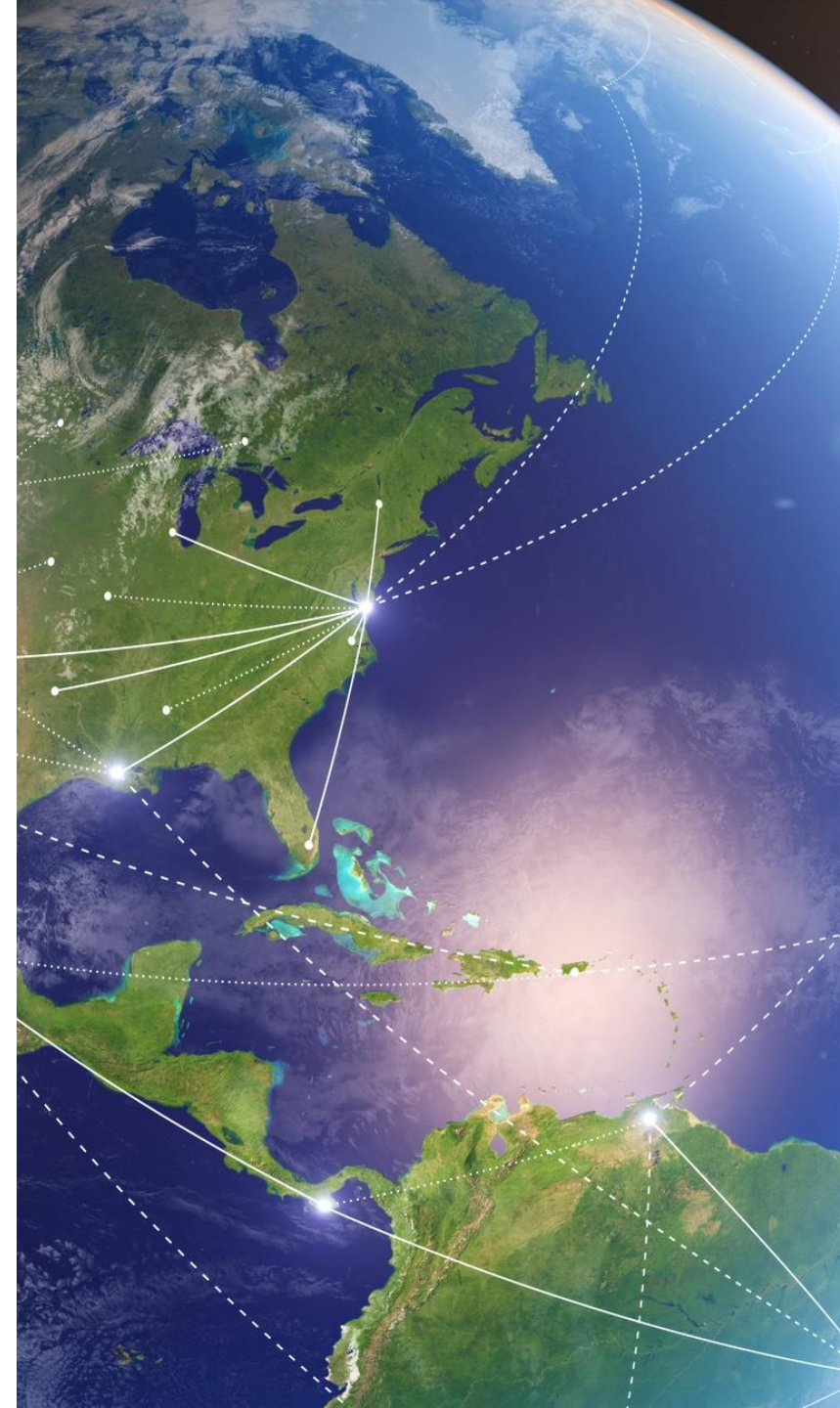
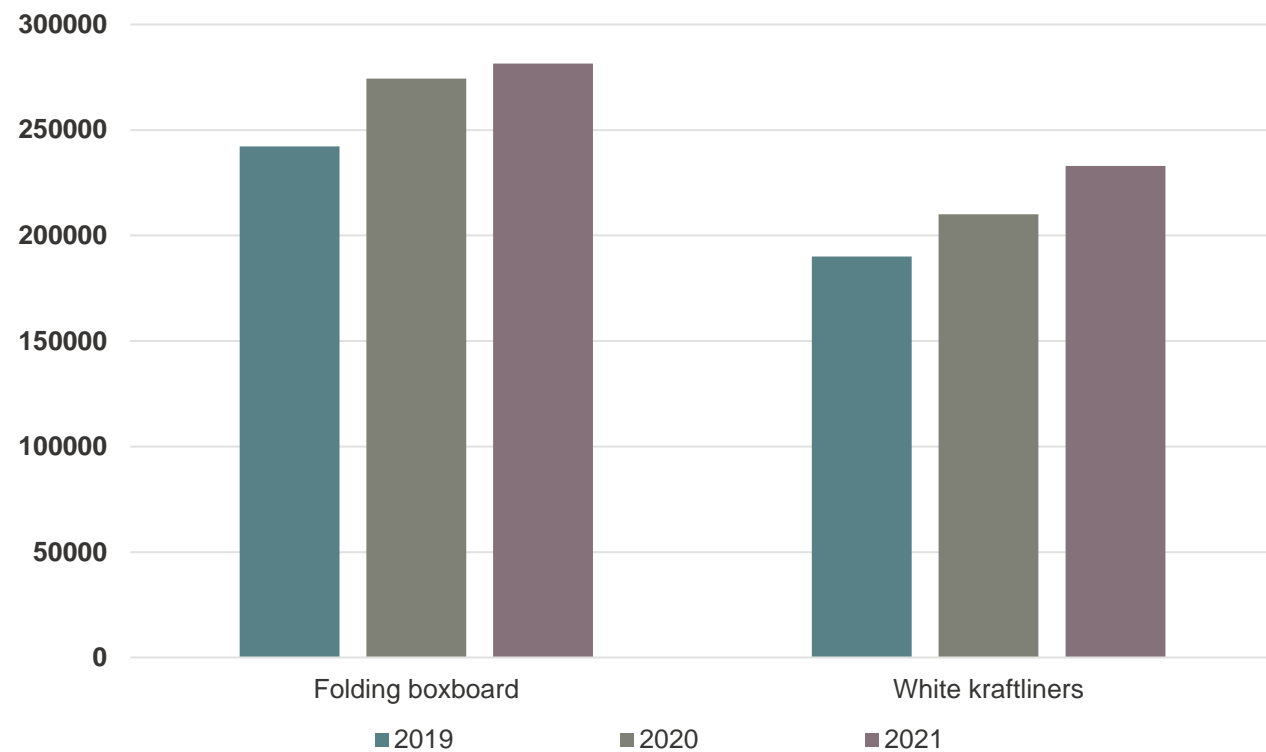
Total capacity 2.5 million tonnes



Source: Metsä Board estimates based on several sources
Data excluding Russian and Belarus producers

The Americas is growing its significance in our business

Paperboard deliveries to Americas already exceed 500,000 tonnes per annum



Consumers prefer sustainable brands and alternatives to plastics



Our dispersion barrier coated paperboard has been a success providing an alternative to plastics



Launched in 2019
to answer the market need for
plastic-reducing solutions



Produced at
Kyro mill in Finland,
targeted volume 50% of mill's
production in 2023



Strong interest from customers,
annual **sales growing** at
a rate of ~100%

Our Common Stock
model offers instant
product availability



Summary

01

Healthy market situation despite of muted consumer demand



02

Plastic reduction provides growth potential



03

Continued growth in Americas





Taking the resource efficiency to the next level for long-term performance

Ari Kiviranta
SVP, Technology

Metsä Board Capital Markets Day 2022

Key takeaways from CMD 2020

01

We invest in innovation and partner collaboration

02

Our R&D work is driven by sustainability

03

We aim for significant scale in innovations



We continue to focus on product development that strengthens our sustainable growth



1

Lightweight paperboards with excellent printability and converting efficiency



2

Barrier paperboards as alternatives to plastics

Our R&D work helps reducing carbon footprint of packaging

-80%
CO₂
emissions/
package



-40%
CO₂
emissions/
package



-80%
CO₂
emissions/
package

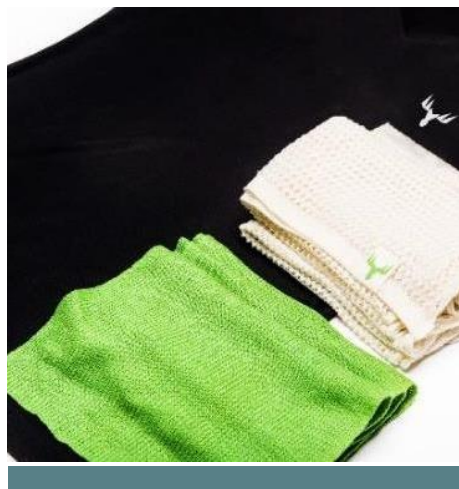


As part of Metsä Group, we are looking for new growth opportunities

Metsä Spring* invests expertise and financial resources into initiatives with the ambition to reshape the forest-based bioeconomy



Wood-based 3D products



Wood-based textile fibres



Wood composite products



Bioactive products from birch bark



We aim for world-class resource efficiency in production



Our production is close to our main raw material and we are over self-sufficient in pulp

Total paperboard capacity:
 Folding boxboard (FBB): 1,360,000 t/a
 White kraftliner (WKL): 675,000 t/a

Total pulp/BCTMP capacity:
 1,470,000 t/a
 **) Ownership in Metsä Fibre 24.9%

<p>Kemi 425,000 t/a WKL 610,000 t/a pulp*</p>	
<p>Husum 400,000 t/a FBB 250,000 t/a WKL 730,000 t/a pulp</p>	
<p>Kaskinen 390,000 t/a BCTMP</p>	
<p>Kyro 190,000 t/a FBB</p>	



	<p>Äänekoski 260,000 t/a FBB 1.3 million t/a pulp*</p>
	<p>Simpele 300,000 t/a FBB</p>
	<p>Joutseno 350,000 t/a BCTMP 690,000 t/a pulp*</p>
	<p>Tako 210,000 t/a FBB</p>

● Integrated in chemical pulp
 ○ Non-integrated mill

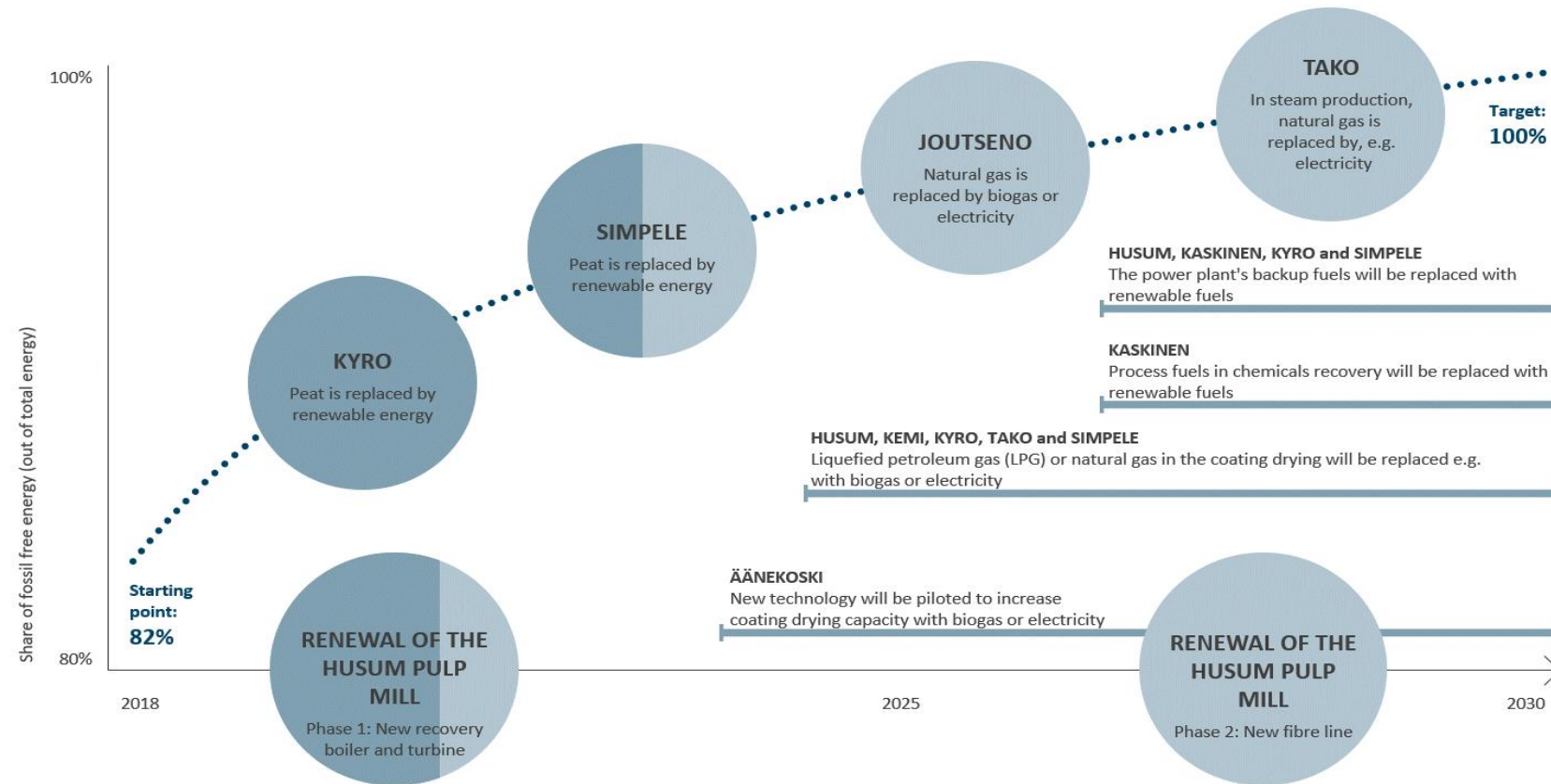
○ Wood sourced from Finland, Sweden and Baltics.



* Metsä Fibre's mill
 ** Metsä Fibre's total pulp capacity 3.3 million t/a

Our goal is to be fossil free in production at the end of 2030

Based on scope 1 and 2 emissions



..... Share of fossil free energy out of total energy. When the share is 100%, Metsä Board's Scope 1 and 2 emissions are zero.

— Estimated time frame for the project

● A darker shade indicates measures already taken

We are renewing our industrial operations and growing in fibre-based packaging ...



EUR 380 million

Metsä Board Husum pulp mill renewal

Increased bioenergy production, self-sufficiency in electricity increases to over 80%, annual cash flow +EUR ~35 million



+200,000 t/a FBB
EUR 210 million

Metsä Board Husum FBB capacity expansion*

Higher degree of automation, annual EBITDA +EUR ~50 million, start up H2/2023



+40,000 t/a WKL
EUR 67 million

Metsä Board Kemi WKL capacity expansion

Improved energy and water efficiency, annual EBITDA +EUR ~10 million, start-up H2/2023



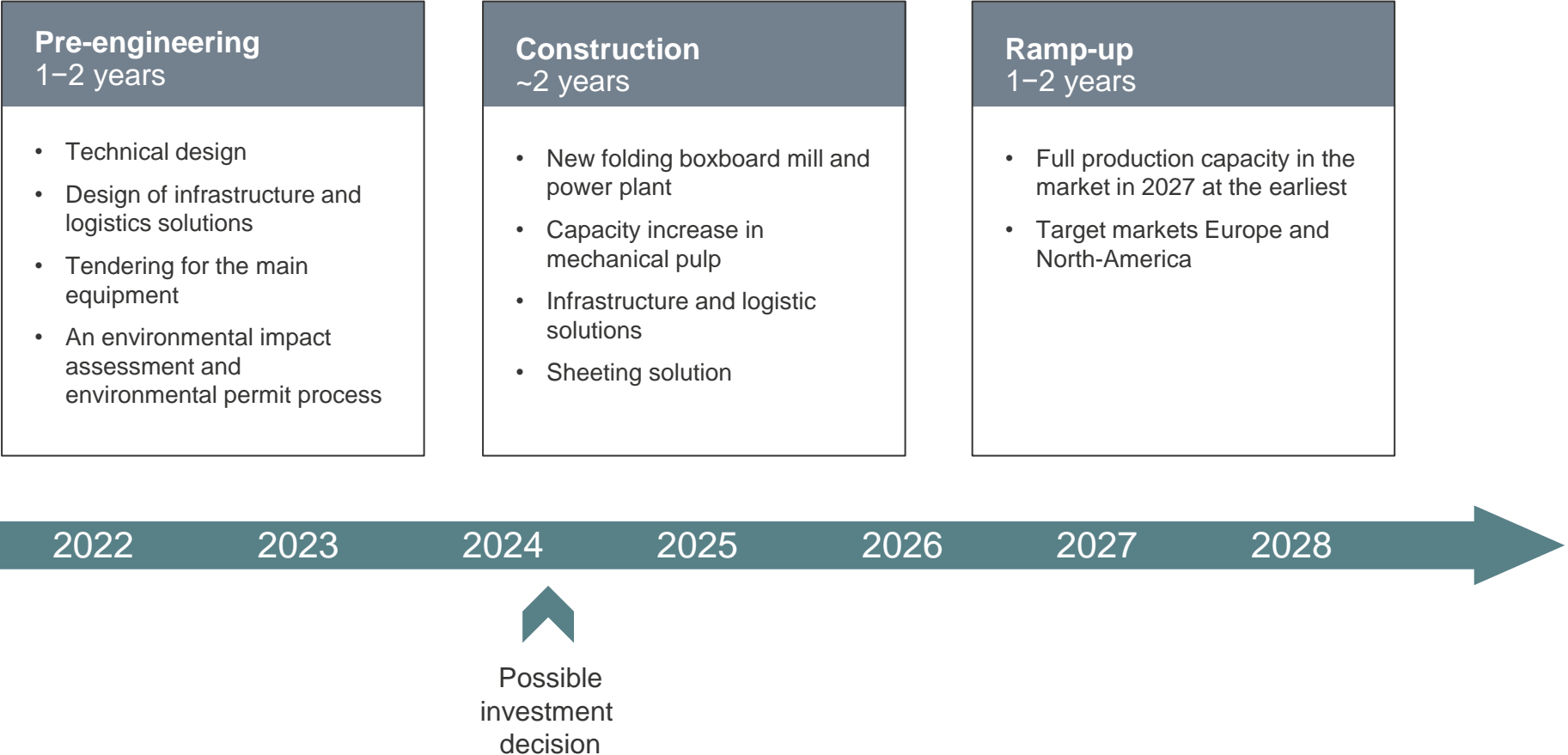
*) increasing port warehouse capacity, investment ~EUR 20-30 million

... and we are planning to invest in new folding boxboard mill in Kaskinen, Finland

- Possible investment decision could be made in 2024 at the earliest
- Pre-engineering has started, based on
 - Annual capacity of 800,000 tonnes
 - 100% fossil-free mill
 - World-class resource and operational efficiency



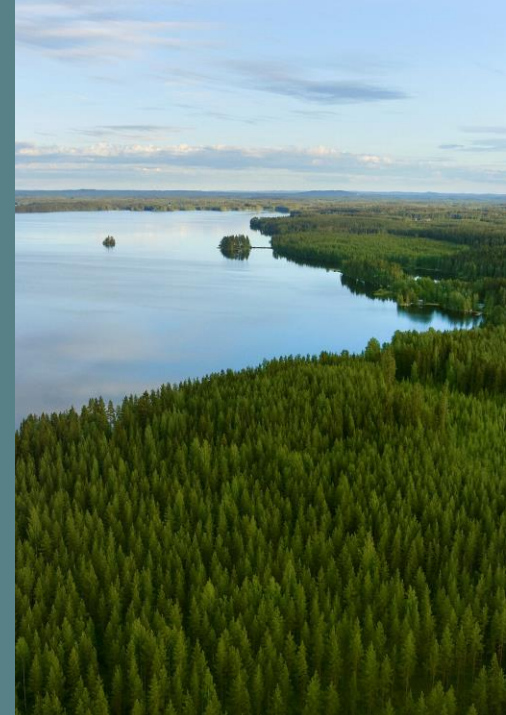
Estimated timetable for Kaskinen investment



Key elements for world-class resource efficiency

Wood consumption depends on right fibre-mix.

Less wood needed in the production of mechanical pulp



Reduced water use through a closed water circulation and reduction of process water

New technology, development of energy recovery and AI improve energy efficiency



Resource and operational efficiency in production results into lightweight paperboards with less waste



Summary

01

Sustainability and resource efficiency are driving our R&D work



02

We have a clear roadmap in order to be 100% fossil free in production in 2030

03

Our ambition is to take the resource efficiency to the next level ...



04

... which is the key success factor in future investments





Strong financial position and
self-sufficiency in pulp create
solid platform for future growth

Henri Sederholm
CFO

Metsä Board Capital Markets Day 2022

Key takeaways from CMD 2020

01

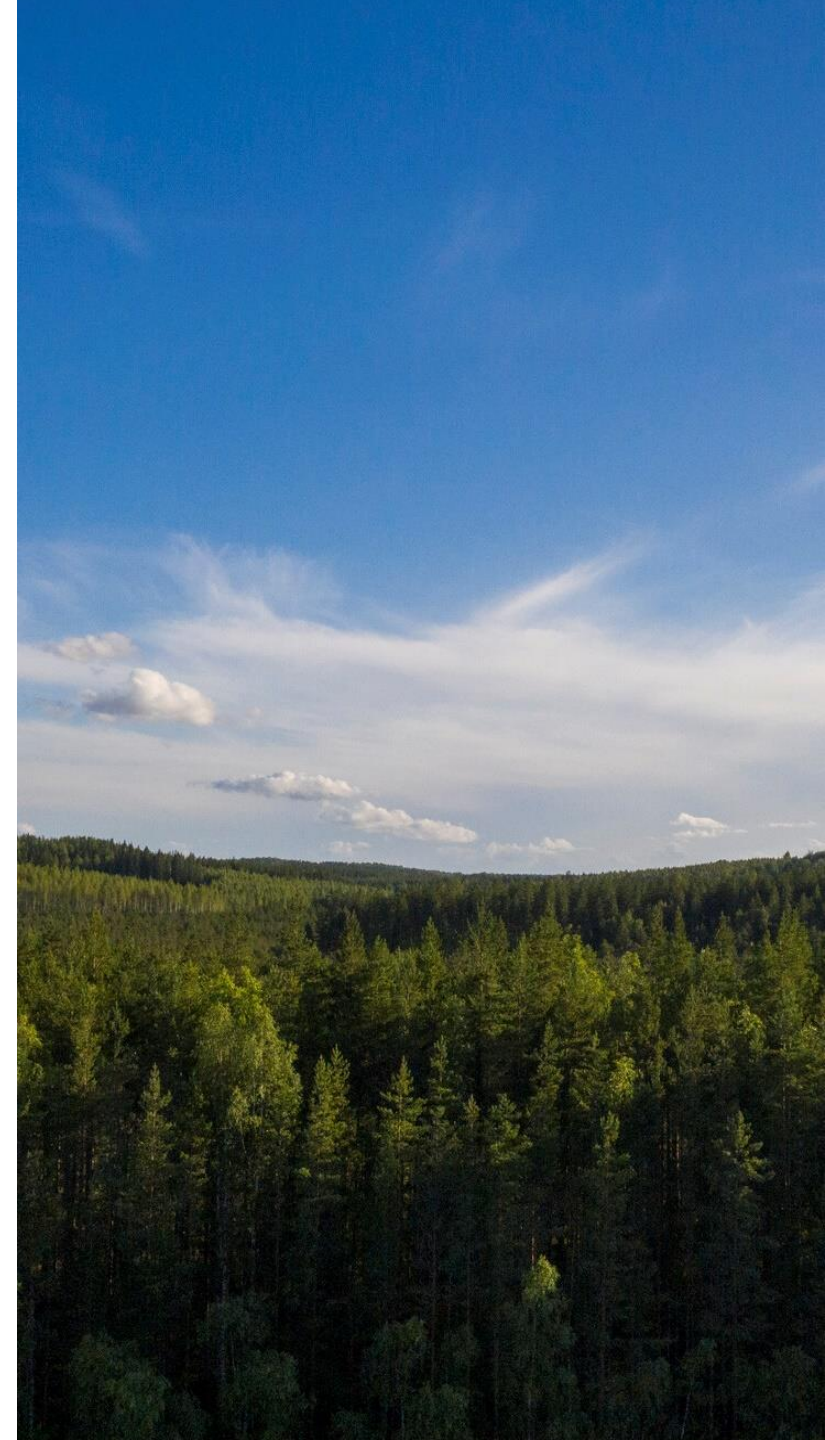
Exceptional
business
environment
creates challenges
and opportunities

02

Solid paperboard
business and
strong financial
position

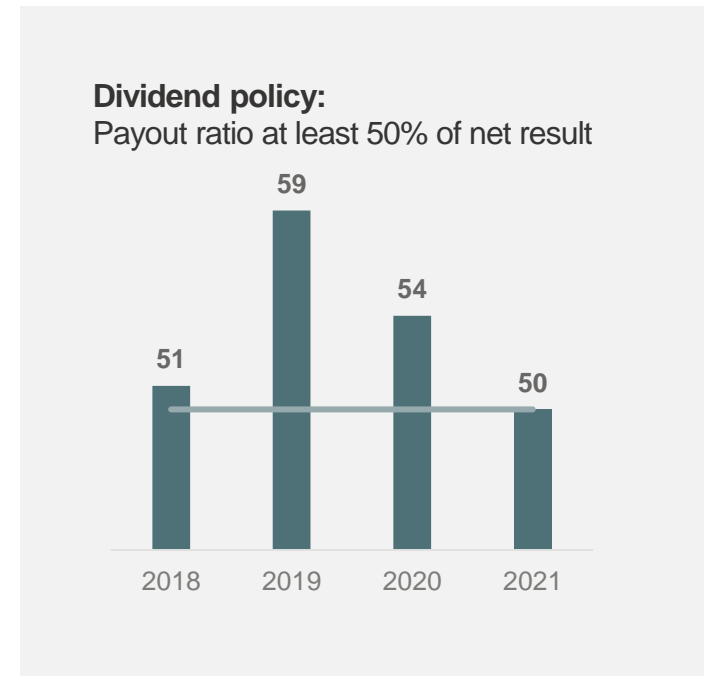
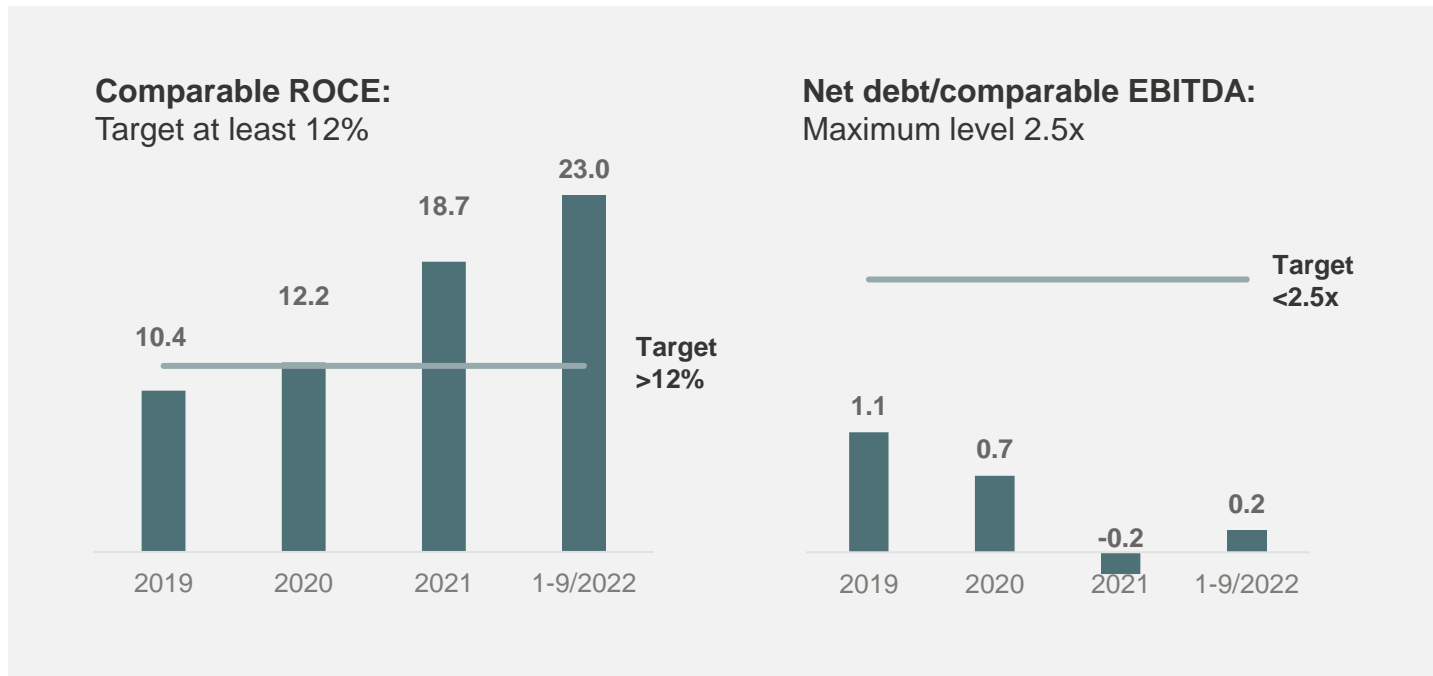
03

We invest in
sustainable
growth



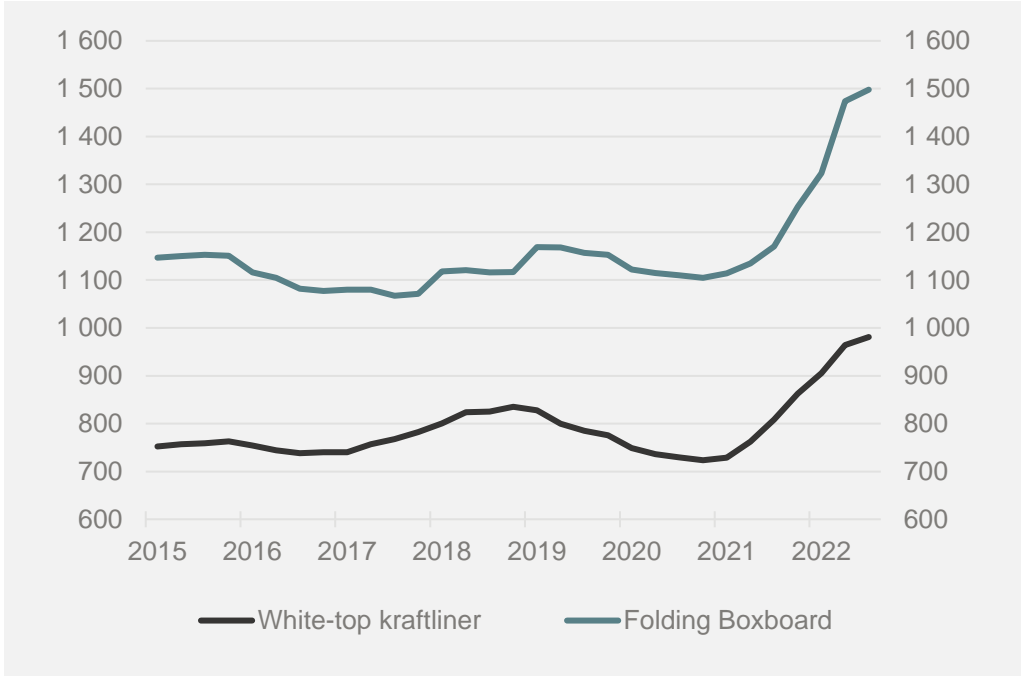
Strong performance in a turbulent business environment

Financial targets and dividend policy

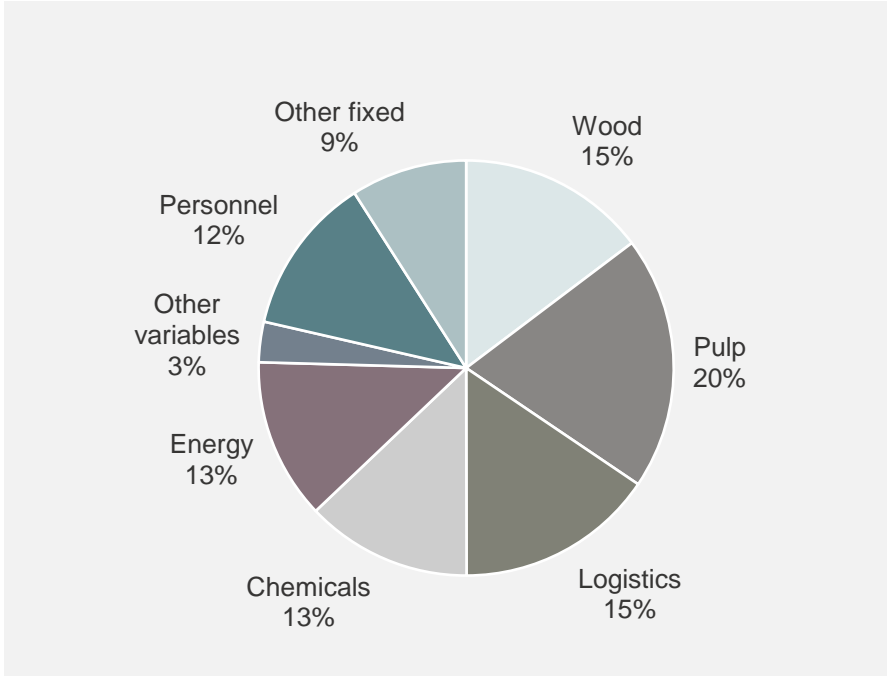


Increased paperboard prices have more than offset negative impacts from rapid cost inflation

Market price development in Europe
Folding boxboard and white kraftliners



Metsä Board's cost split
In 2021



Total costs:

FY2021: EUR 1,747 million
 FY2020: EUR 1,532 million



Sources: Fastmarkets RISI & Fastmarkets FOEX

Tailwind from strong US dollar and weak Swedish krona

Outlook

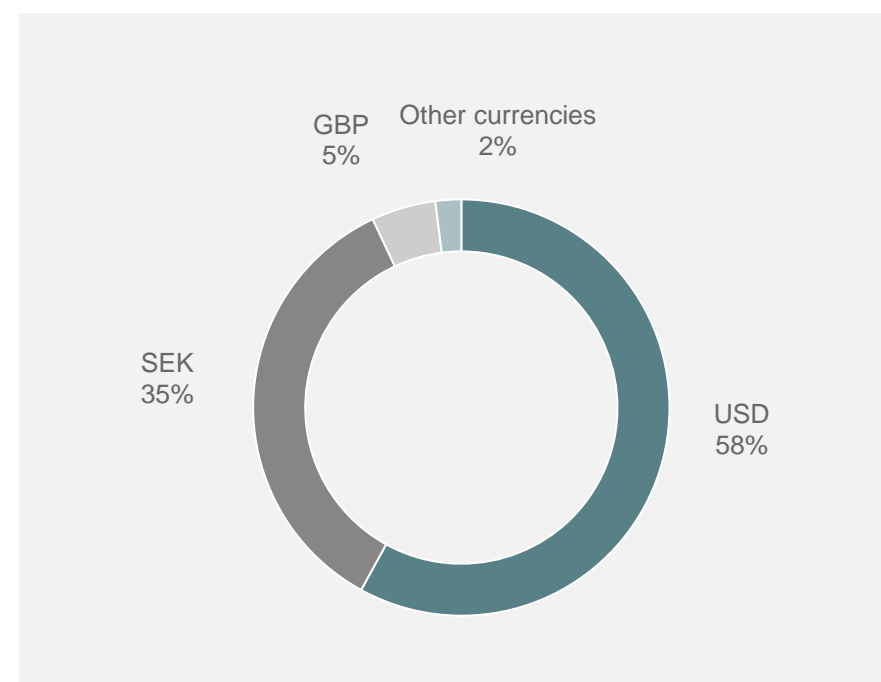
- For 2023, effective USD/EUR rate is estimated 1.02 and SEK/EUR is estimated 10.8 with spot rates of 30 September 2022
- Current hedges are up until August 2023

Result sensitivity to FX fluctuations

Currency	Change	Impact on annual EBIT
USD/EUR	Strengthening by 10%	EUR +110 million
GBP/EUR	Strengthening by 10%	EUR +10 million
SEK/EUR	Weakening by 10%	EUR +70 million

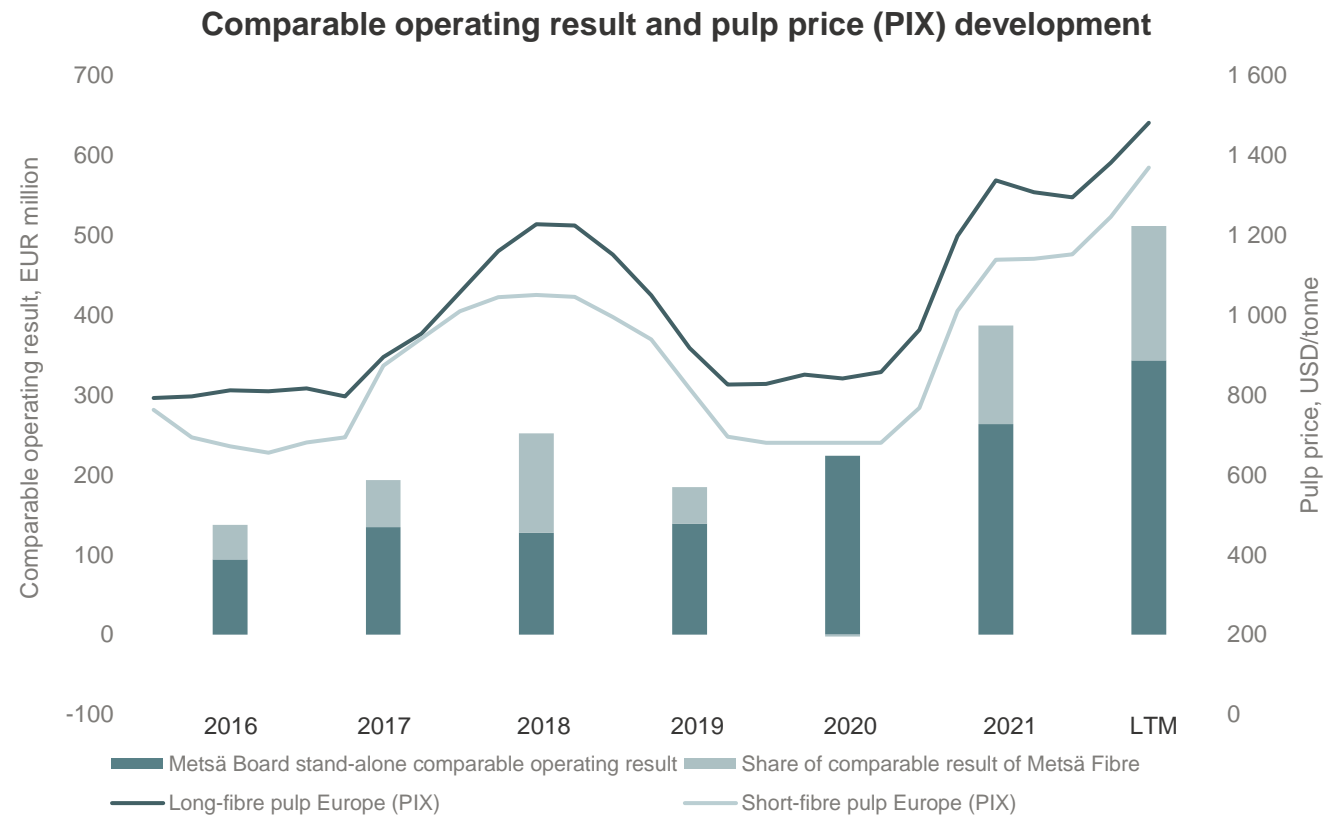
Annual FX transaction exposure

total EUR 2.0 billion



The foreign currency transaction exposure consists of foreign currency denominated sales and costs. The exposure includes foreign currency denominated balance sheet exposure consisting of accounts receivable and accounts payable, and 50 per cent share of the annual contracted or estimated net currency cash flow.

Strong pulp market boosts results through the ownership in Metsä Fibre



Self-sufficiency in fibres will remain high in the coming years

Estimated pulp price sensitivity to profitability

+10% change in PIX price impacts EBIT

2022:	EUR +30 million
2023-24:	EUR +35-40 million
2025:	EUR +30-35 million

Decreasing pulp exposure in 2023:

- 200,000t FBB capacity expansion in Husum
- 40,000t WKL capacity expansion in Kemi

Increasing pulp exposure in 2023:

- Metsä Fibre's new bioproduct mill in Kemi (from current 610,000 → 1,500,000 tonnes)
- Metsä Board buys the modernised unbleached pulp production line from Metsä Fibre

Metsä Board's mills

2021 in tonnes	TOTAL
Capacity	+1,470,000
Consumption	-1,540,000
External deliveries (market pulp)	-500,000

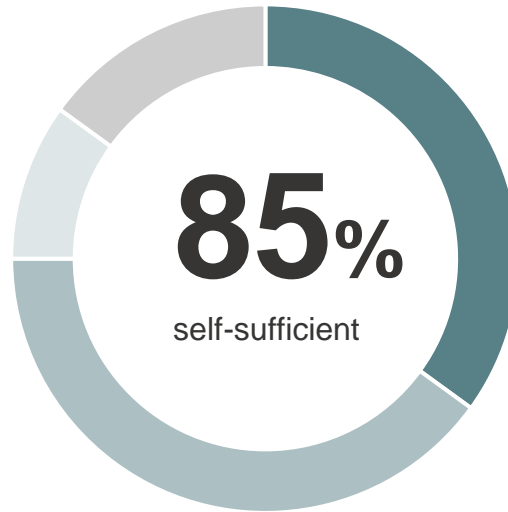
Metsä Fibre's mills

2021 in tonnes	Äänekoski	Joutseno	Rauma	Kemi	TOTAL
Capacity	+1,300,000	+690,000	+650,000	+610,000	+3,250,000

Our energy self-sufficiency is high

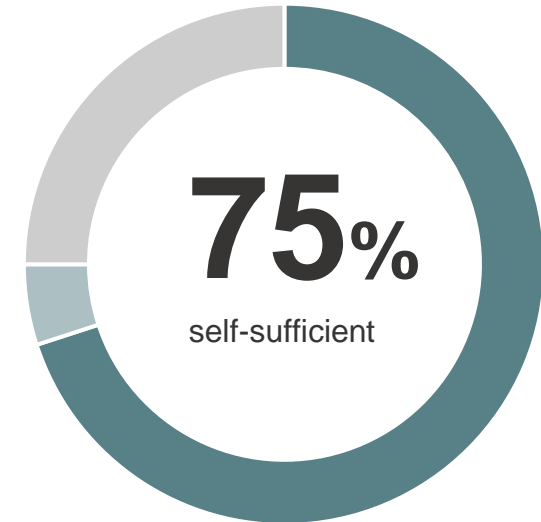
Annual consumption is based on 2021

Electricity



- Own generation, 35%
- Sourced from PVO at cost price, 40%
- Sourced from Metsä Fibre, 10%
- Sourced from market, 15%

Fuels (heat)

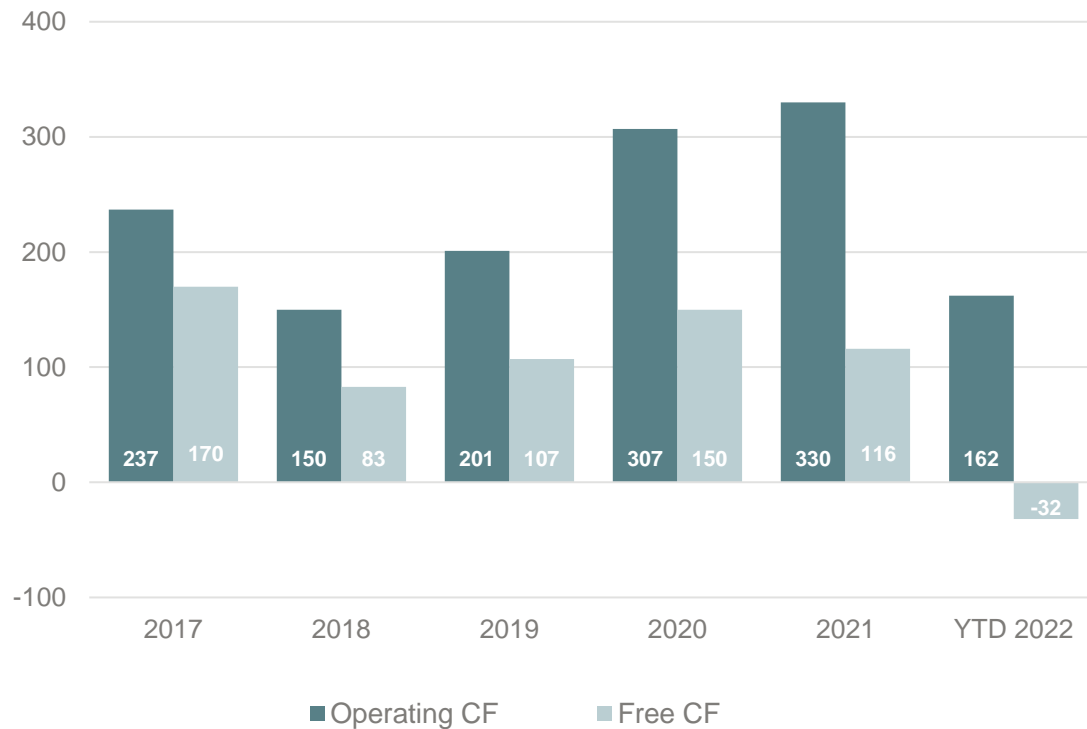


- Biomass, own generation, 70%
- Biomass, sourced from Metsä Group, 5%
- Gas, oil, waste, peat, sourced from market, 25%

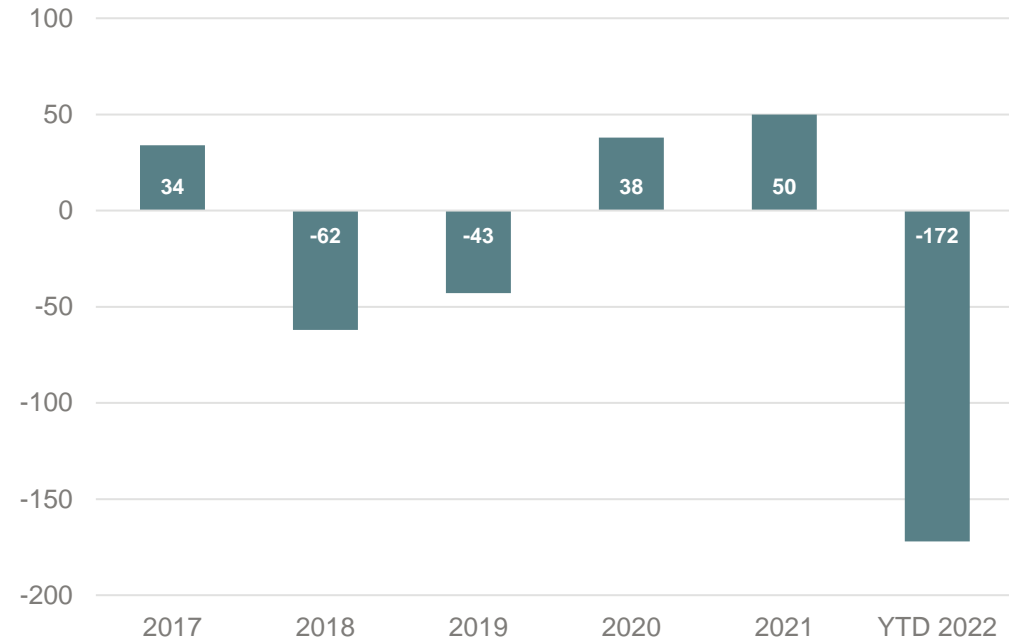
Self-sufficiency in electricity includes the full impacts from new Husum recovery boiler and OL3.

We have accumulated strong cash flow...

Operating cash flow and free cash flow
EUR million



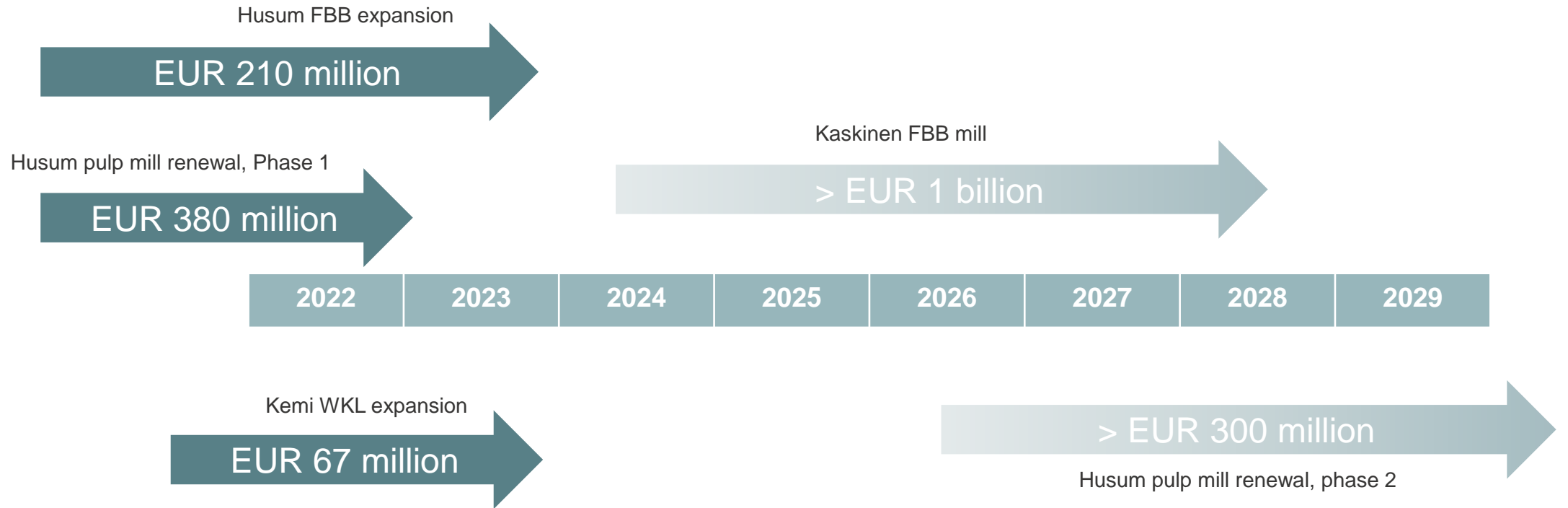
Change in working capital
EUR million



... which has supported our ongoing investments

Ongoing investments

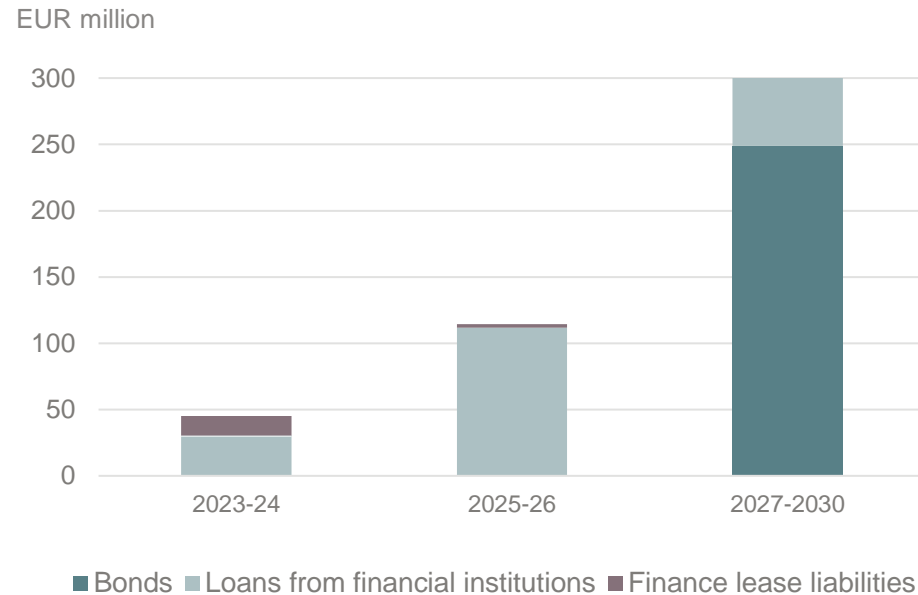
Planned investments, no investment decision made



Low leverage enables renewing our industrial operations also in the future

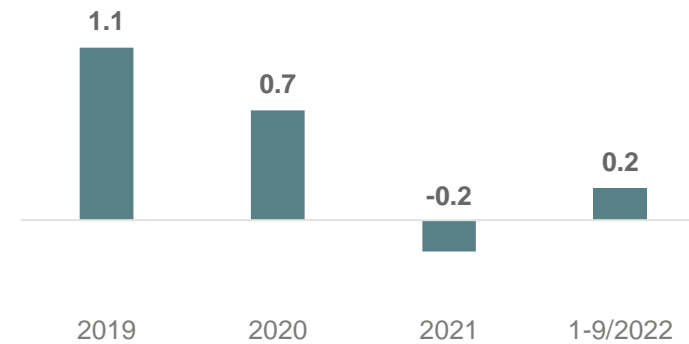
Maturity of interest-bearing debt

Total EUR 464 million



Net debt/comparable EBITDA

Maximum level 2.5x



Metsä Board's credit ratings are *investment grade*

Rating agency	Rating and outlook	Last update on rating
S&P Global	BBB- / stable	02/2018
Moody's Investor Services	Baa3 / positive	01/2019

Summary

01

Strong performance
in a turbulent
environment



02

High self-sufficiency
in fibres and energy



03

Strong financial
position supports
sustainable growth





Sustainable growth in wood-based bioproducts

Ismo Nousiainen, CEO
Metsä Fibre

Metsä Board Capital Markets Day 2022

A lot of
turbulence
since last
CMD in
2020



Logistic constraints



Extreme weather conditions



Increased sustainability
requirements



Unplanned production shutdowns



Metsä Fibre's sustainable growth is based on wood-based bioproducts



Pulp

Annual capacity 3.3 million tonnes, of which 80% SW and 20% HW

Four mills in Finland



Sawn timber

Annual capacity 2.1 million m³ of which 40% spruce and 60% pine sawn timber

Five sawmills in Finland



Biochemicals

Tall oil 120,000 t/a
Turpentine 7,000 t/a



Bioenergy

Metsä Fibre produces 11% of the total renewable energy produced in Finland

Strong performance supported by improved sales prices

Metsä Fibre's key figures

	YTD 2022	FY 2021	FY 2020
Sales, EUR million	2,315	2,628	1,826
EBITDA*, EUR million	767	772	128
Operating result*, EUR million	679	648	3.9
ROCE, %	34.5 %	30.9 %	0.2 %
Pulp deliveries, 1,000 tonnes	2,231	3,058	2,796
Net debt, EUR million	494	222	198
Personnel at the end of period	1,407	1,384	1,331

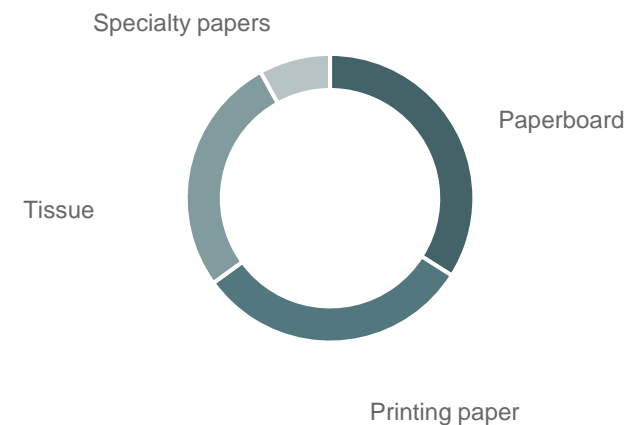
* comparable

Metsä Fibre is owned by Metsäliitto Cooperative (50.1%), Itochu Corporation (25%) and Metsä Board Corporation (24.9%)

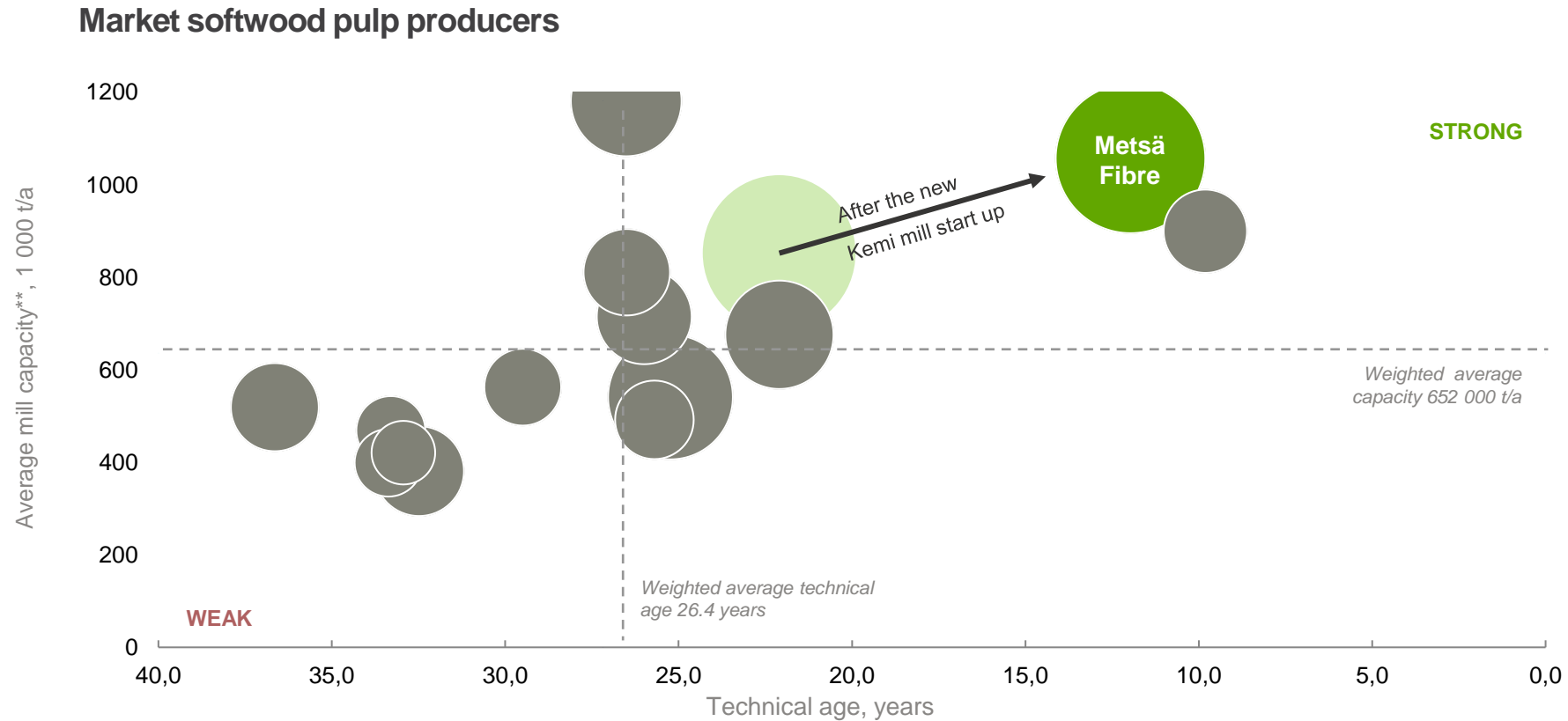
Sales split by region 2021



Sales split by end-use 2021



We are globally #1 producer in softwood market pulp with most energy efficient and sustainable assets



** = based on the grade allocation in AFRYSmart



Bubble size reflects the allocated grade capacity

*Source AFRY Management Consulting

New Kemi bioproduct mill meets the growing demand for softwood pulp

Mill facts

- Annual pulp capacity 1.5 million tonnes
 - Market pulp: 1 million tonnes SW and 100 000 tonnes HW
- Investment value EUR 1.85 billion
- 2.0 TWh renewable energy per year, representing 2.5% of the electricity production in Finland
- Start up in Q3/2023



World-class environmental, energy and material efficiency

- Operates within the emissions limits for Kemi's current pulp mill environmental permit
- No fossil fuels
- Electricity self-sufficiency rate 250 %
- Wood raw material utilization rate 100 %

The most modern softwood pulp mill in the world is built using the Best Available Techniques (BAT) or more advanced technology

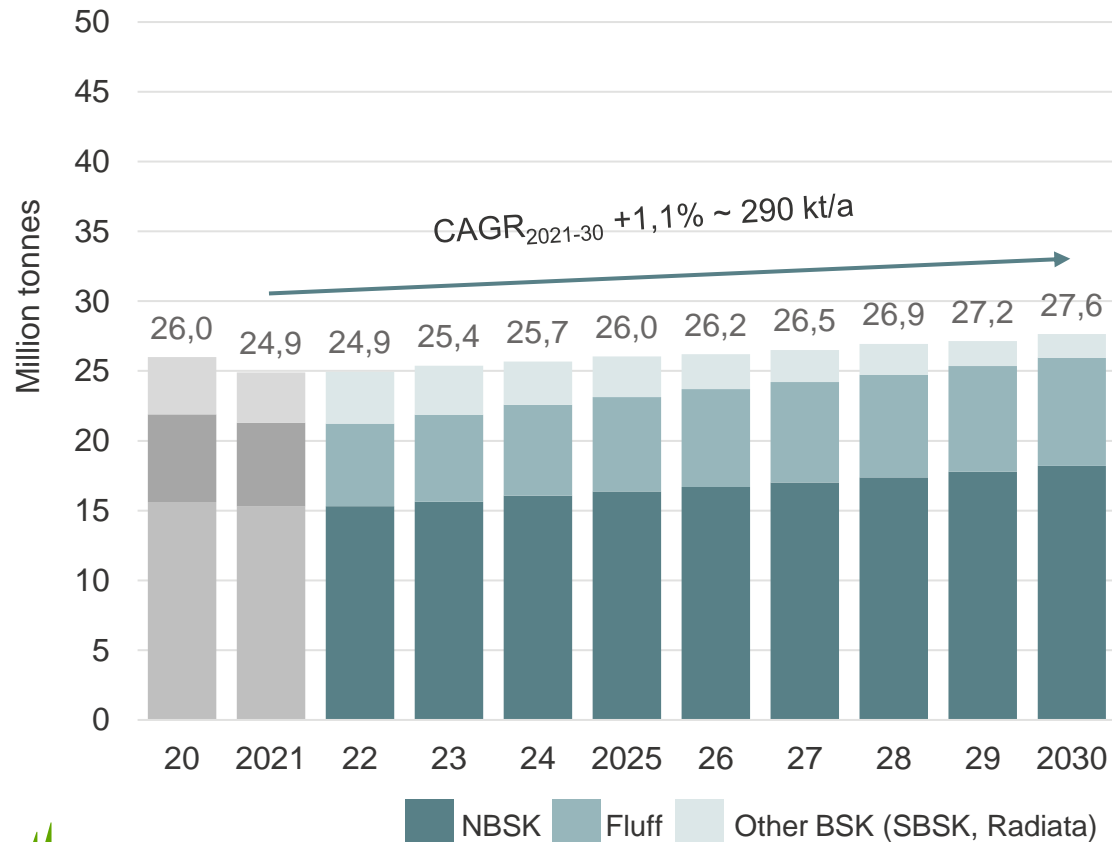


Supports Metsä Fibre's sustainability target to be 100% fossil free in production by 2030

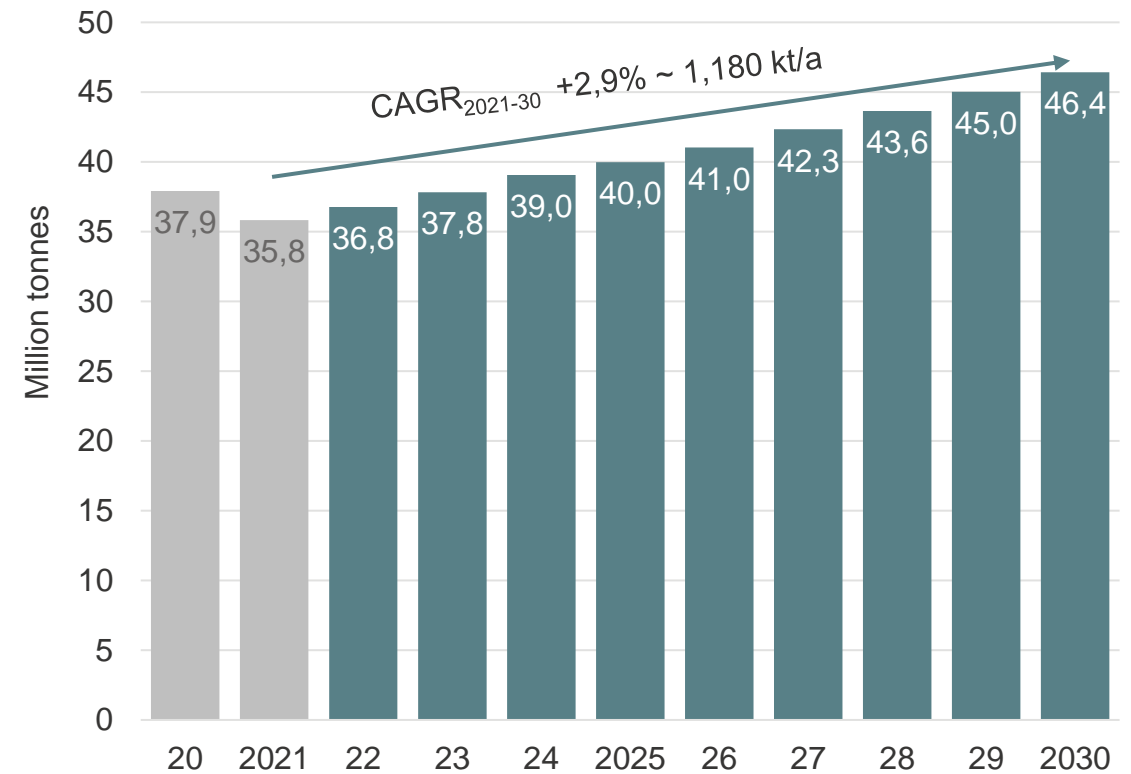
Market pulp outlook

Steadily growing demand expected for softwood pulp

Demand for Softwood Pulp

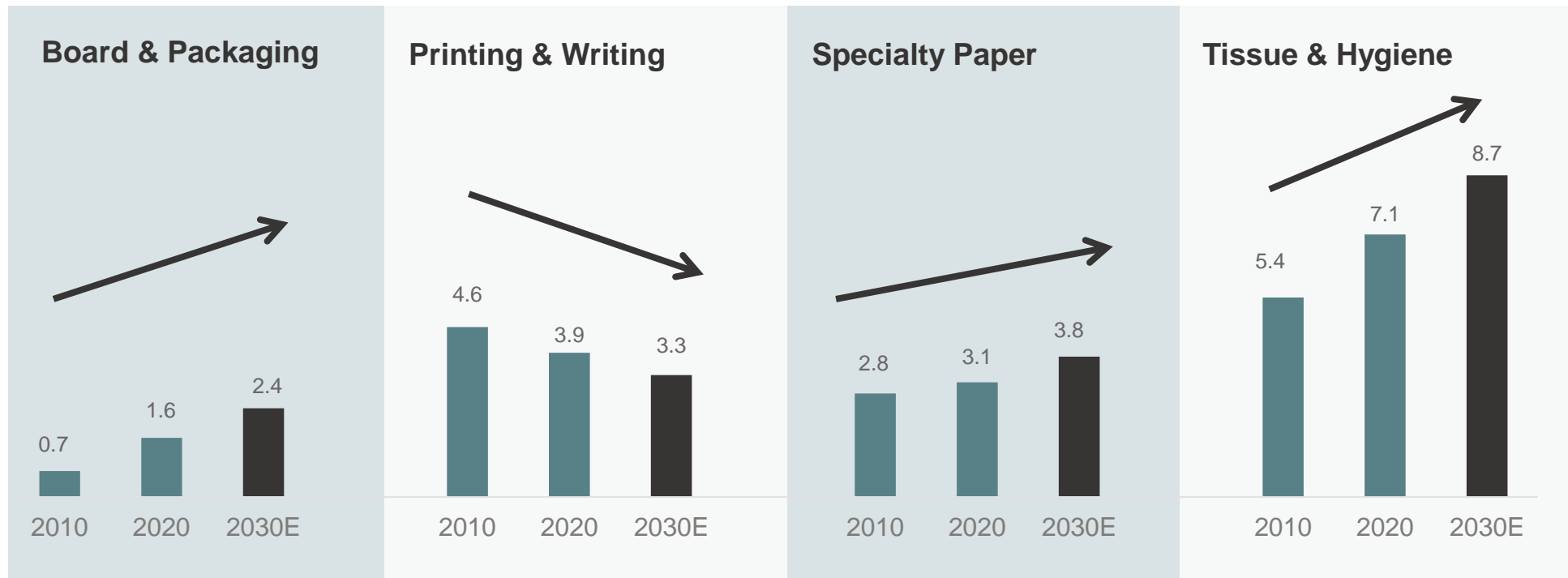


Demand for Hardwood Pulp



Growth in packaging and tissue compensate the decline in printing & writing in NBSK*

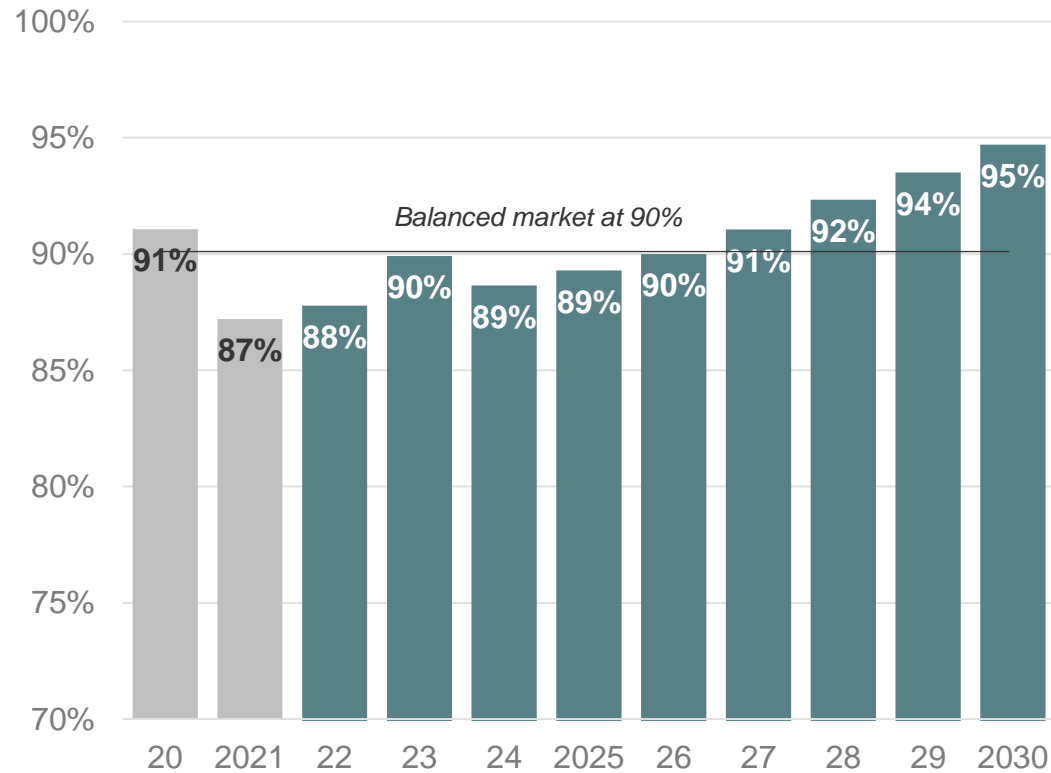
Estimated demand for NBSK* by end use, million tonnes



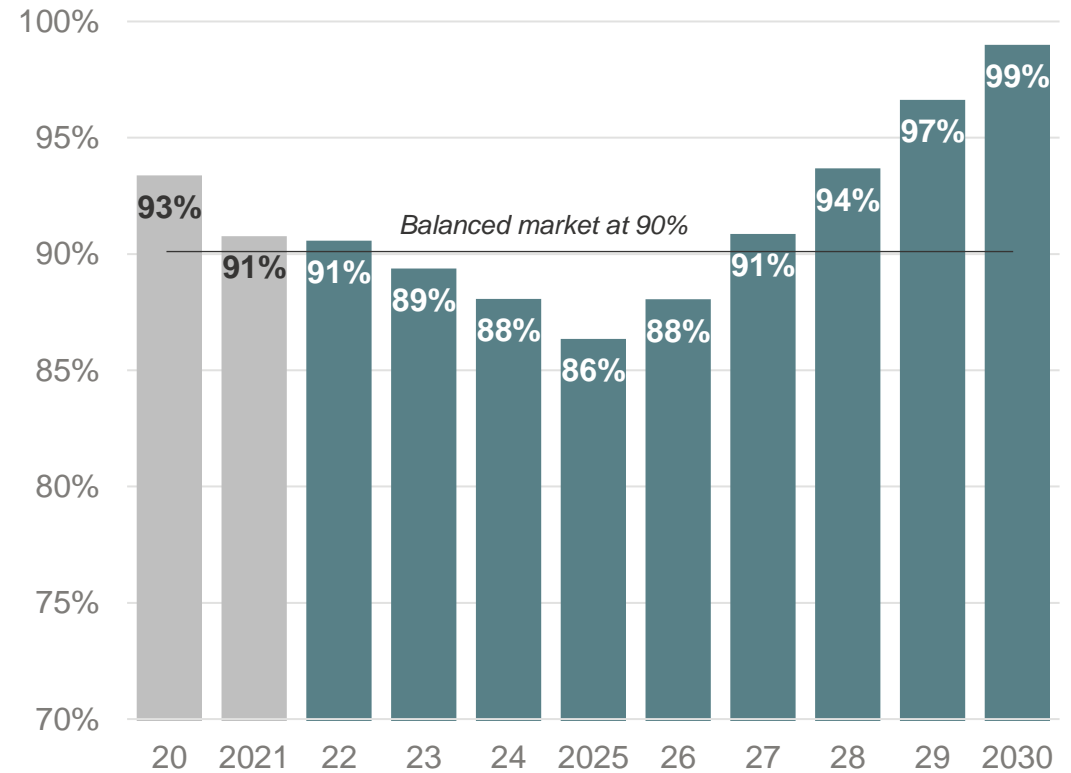
*NBSK=Northern bleached softwood kraft

Limited new capacity in softwood pulp keeps the demand-capacity ratio stable

Demand/Capacity Rate% in Softwood



Demand/Capacity Rate% in Hardwood



Key factors affecting global softwood pulp supply in the future

- Extreme weather conditions
- Globally high average technical age of capacity, more unplanned production losses
- Capacity shift from paper grade
- Cost inflation
- Shortage of wood raw material
- Increasing sustainability requirements



Summary

01

Metsä Fibre is #1 globally in market softwood pulp



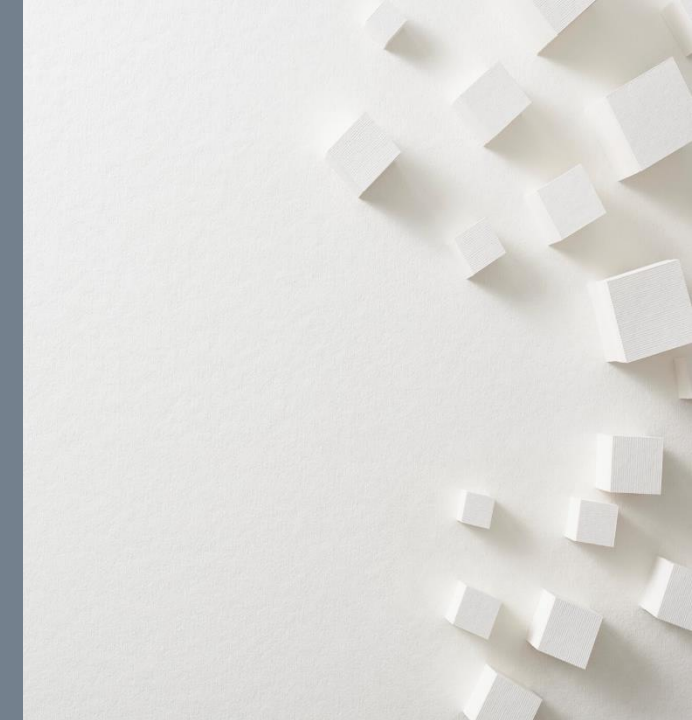
02

New Kemi bioproduct mill further improves efficiency and sustainability



03

Demand for market softwood pulp continues to grow with limited new capacity





Metsä Group's unique ownership base secures sustainable, long-term wood supply

Juha Jumppanen
EVP, Metsä Forest

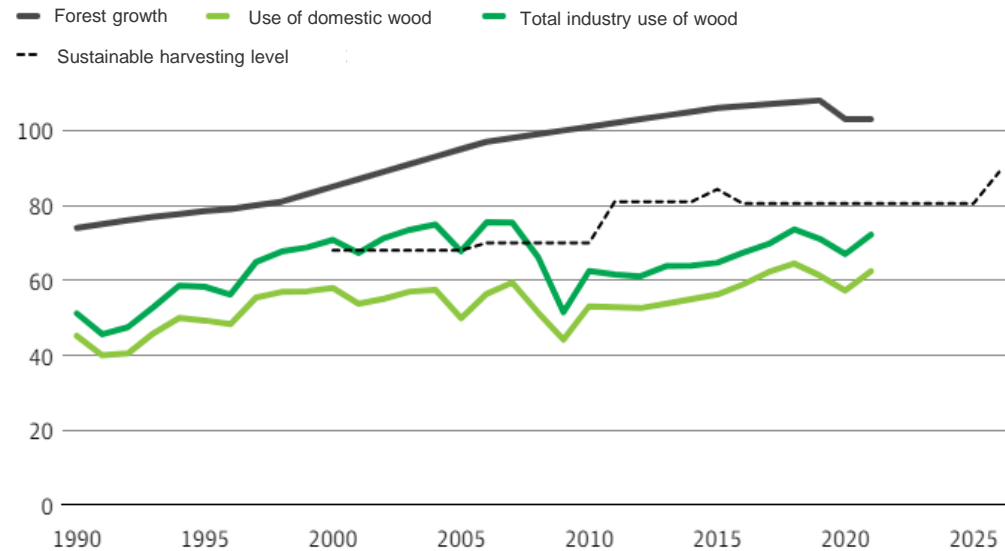
Metsä Board Capital Markets Day 2022



Finnish forests are healthy and growing...

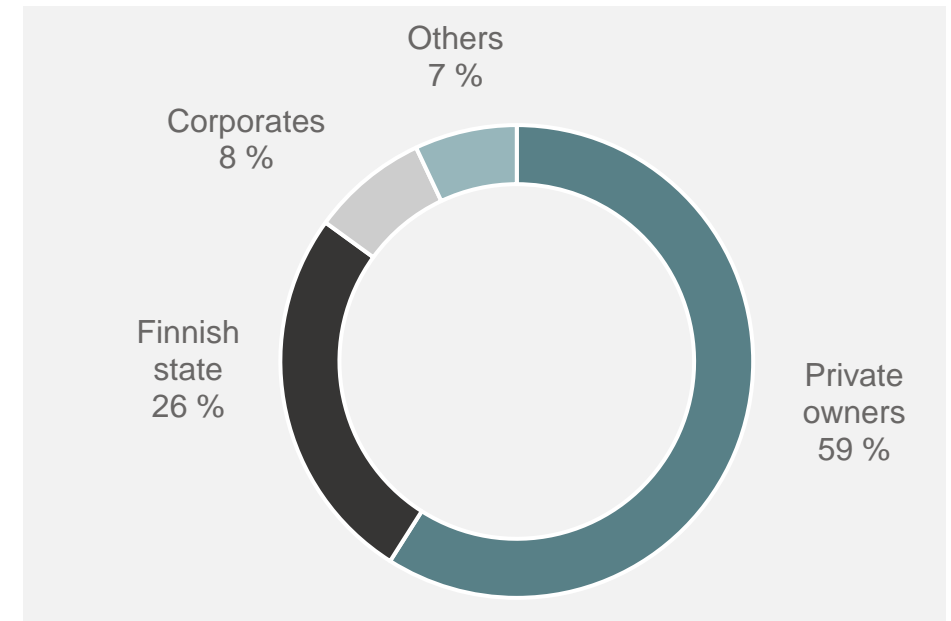
... and the annual growth clearly exceeds the felling

Total forest growth and use of wood in Finland



Source: Natural Resources Institute Finland

Total area of forest land is 20 million hectares



Roughly half of the private owners are owner-members of Metsäliitto Cooperative

Metsä Group has an unique value chain from forests to high-quality end products

METSÄ GROUP

FY2021: Sales EUR 6.0 billion | ROCE 16.2% | Personnel 9,500

Parent company: METSÄLIITTO COOPERATIVE
owned by nearly 100,000 Finnish forest-owners

METSÄ FOREST

WOOD SUPPLY AND
FOREST SERVICES

Holding
Metsäliitto Cooperative 100%

METSÄ WOOD

WOOD PRODUCTS

Holding
Metsäliitto Cooperative 100%

METSÄ FIBRE

PULP AND
SAWN TIMBER

Holding
Metsäliitto Cooperative 50.1%
Metsä Board 24.9%
Itochu Corporation 25.0%

METSÄ BOARD

PAPERBOARD

Holding
Metsäliitto Cooperative 48%
Listed in Nasdaq Helsinki

METSÄ TISSUE

TISSUE AND
GREASEPROOF PAPERS

Holding
Metsäliitto Cooperative 100%

METSÄ SPRING INNOVATION COMPANY

Safeguarding biodiversity is one of Metsä Group's strategic sustainability objectives

- Biodiversity is enhanced by retention trees, buffer zones and preservation of valuable habitats as well as standing and fallen decayed wood
- We systematically develop responsible forest management through our Ecological Sustainability Programme



Recent steps in Ecological Sustainability Programme

We leave rarely found broadleaved trees in forests.

We recommend nature management for herb-rich forests.

We make biodiversity stumps to increase decayed wood.

We leave protective thickets for animals.

We encourage growing mixed forests



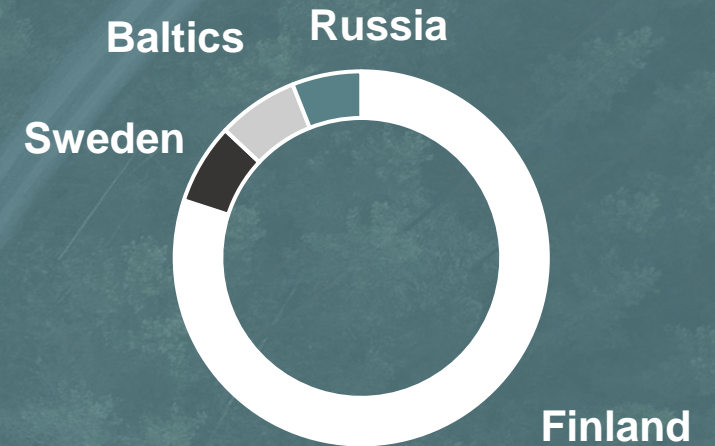
Metsä Group is the largest purchaser of wood in Finland

- Wood supply totalled 35 million m³ in 2021
- In Finland, majority of wood is sourced from the members of Metsäliitto Cooperative
- In Sweden, we have a long-term wood supply agreement with Norra Skog*
- Sourcing from Russia has been discontinued and transferred to existing sourcing areas, mainly in Finland and Sweden



*) Norra Skog owns 30% of Metsä Board Husum pulp mill

Sourcing areas in 2021



88%

of all purchased
wood is certified



In 2022-2025 our annual wood supply to our own mills
will increase by ~6 million m³



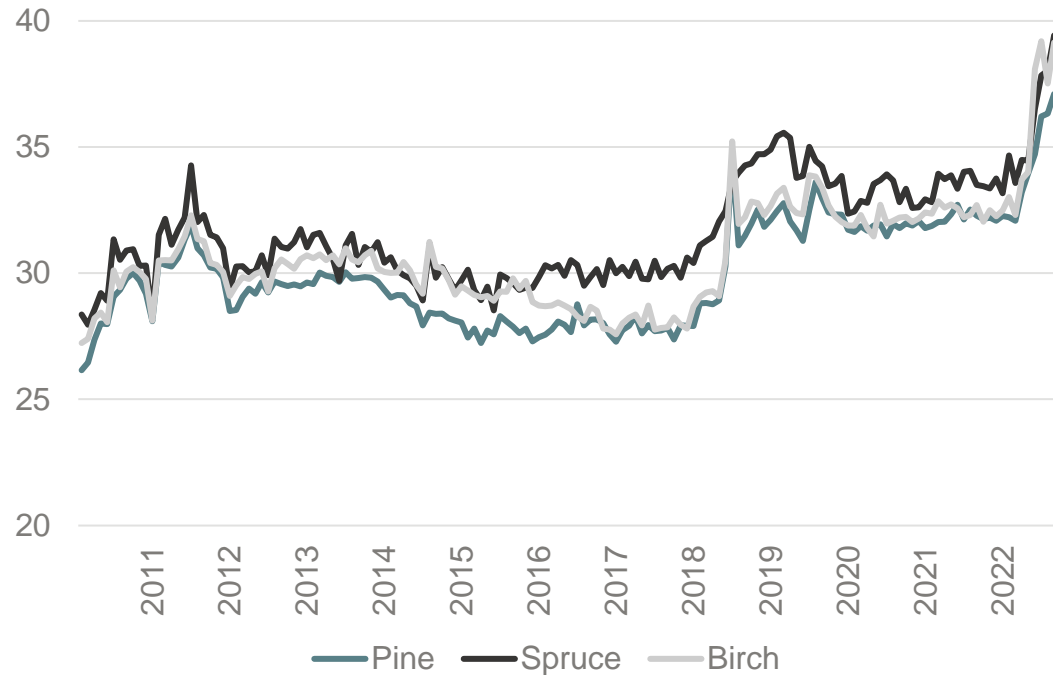
We provide comprehensive benefits to our owner-members

- First-class forest services, member benefits and superior customer experience
- Market leader in online services
- Wood trade income can be invested
 - Average interest rate paid to investments 5–7% during past decade
- In 2021 total distributions to owner-members
 - EUR 74 million as profit distribution
 - EUR 17 million as other member benefits



Tightened market situation is reflected in pulpwood prices

Price (delivery at roadside, on bark) of pulpwood in Finland
EUR/m³



Price (delivery at roadside, under bark) of pulpwood in Sweden
SEK/m³



Sources:

[Finland](#) - Luke (Natural Resources Institute Finland): Average delivery prices at roadside (EUR per solid cubic metre with bark, excl. VAT)

[Sweden](#) - Skogsstyrelsen (The Swedish Forest Agency): Average delivery prices at roadside (SEK per cubic meter under bark)

Summary

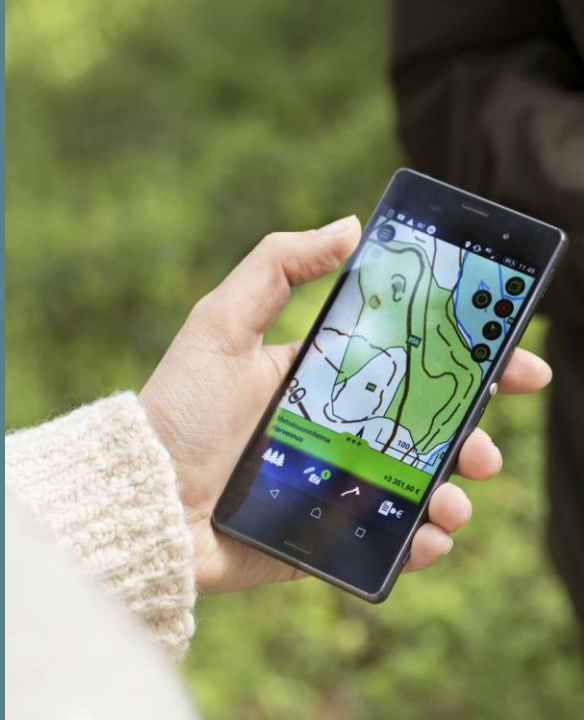
01

Our unique ownership base secures sustainable, long-term wood supply



02

Protecting biodiversity and maintaining forests as carbon sink are essential to us



03

Competition for wood raw material will intensify





Metsä