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Metsä Board

Results for January–September 2024

Presentation material

24 October 2024

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Q3 2024 in brief

- Slightly increased paperboard volumes with stable sales prices compared to Q2
- High production volumes despite extensive maintenance shutdowns
- Decreased market pulp deliveries, especially to China
- Operating result includes EUR 23 million insurance compensation related to the gas explosion in Metsä Fibre’s Kemi bioproduct mill
- Renewed dividend policy

Sales

499

EUR million

Q2 2024: EUR 510m
Q3 2023: EUR 479m

Comparable operating result

42

EUR million

Q2 2024: EUR -1m
Q3 2023: EUR 5m

Paperboard deliveries

388,000

tonnes

Q2 2024: 377,000t
Q3 2023: 340,000t

Paperboard production

414,000

tonnes

Q2 2024: 357,000t
Q3 2023: 310,000t

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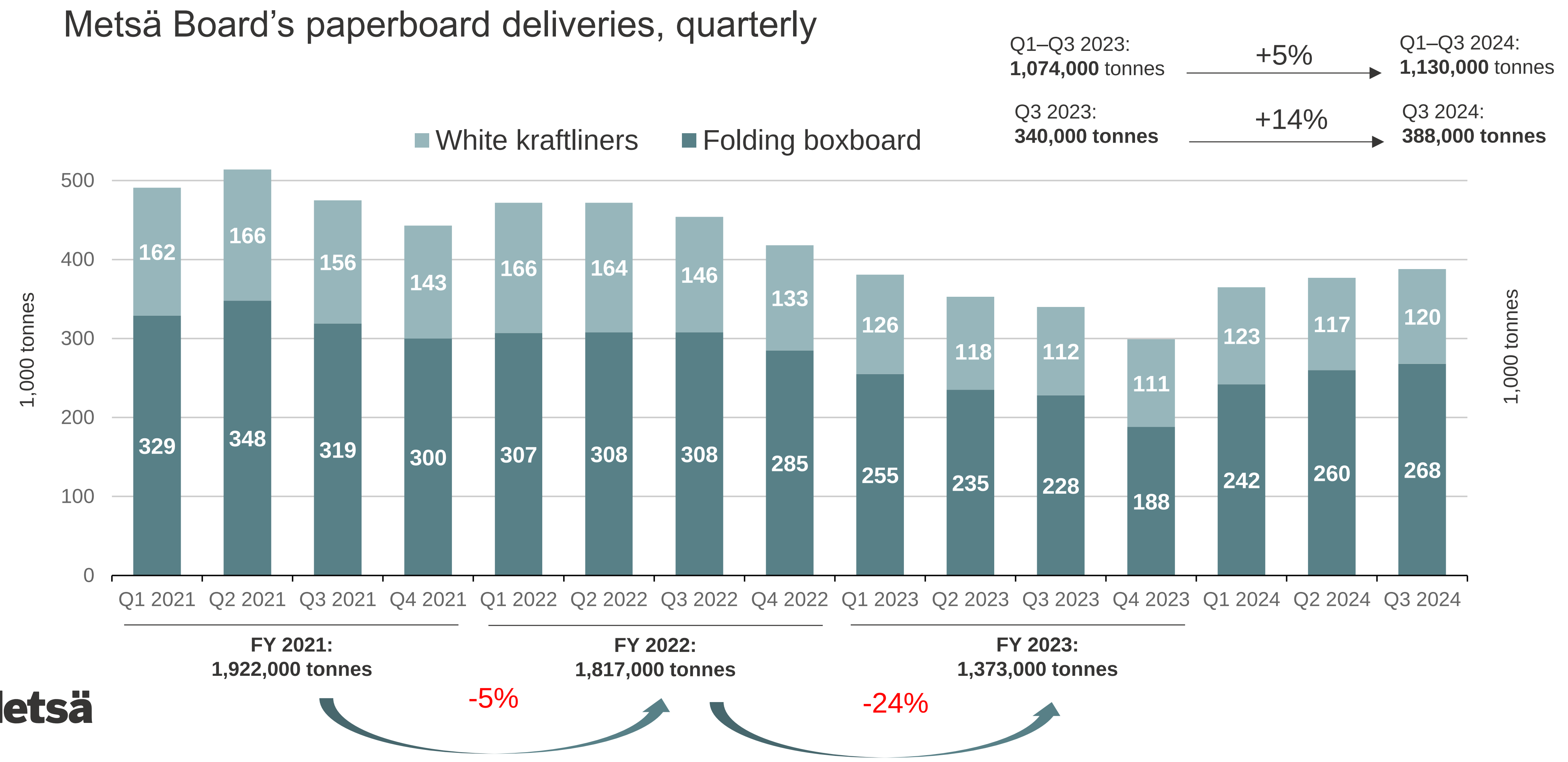
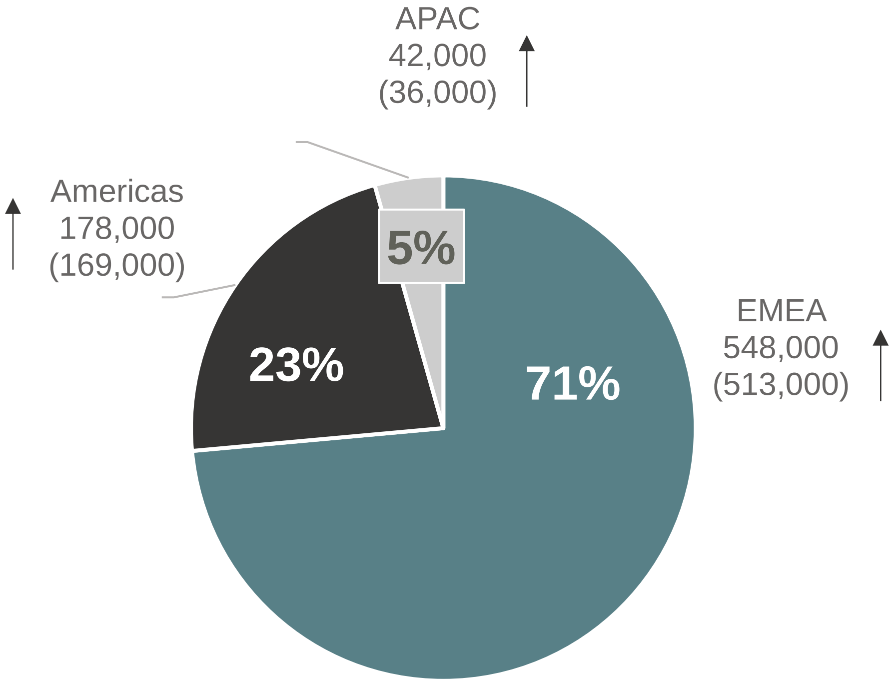
Moderate growth in paperboard volumes continued

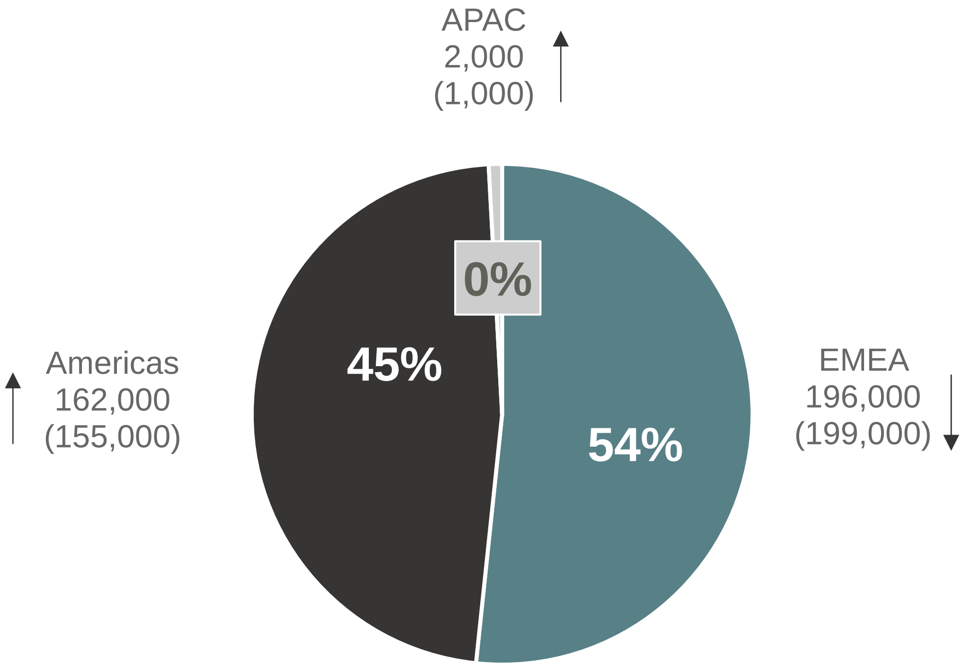


Paperboard deliveries by region

FBB deliveries YTD 2024 (Q1–Q3/2023)
total 770,000 tonnes (718,000)



WKL deliveries YTD 2024 (Q1–Q3/2023)
total 360,000 tonnes (356,000)

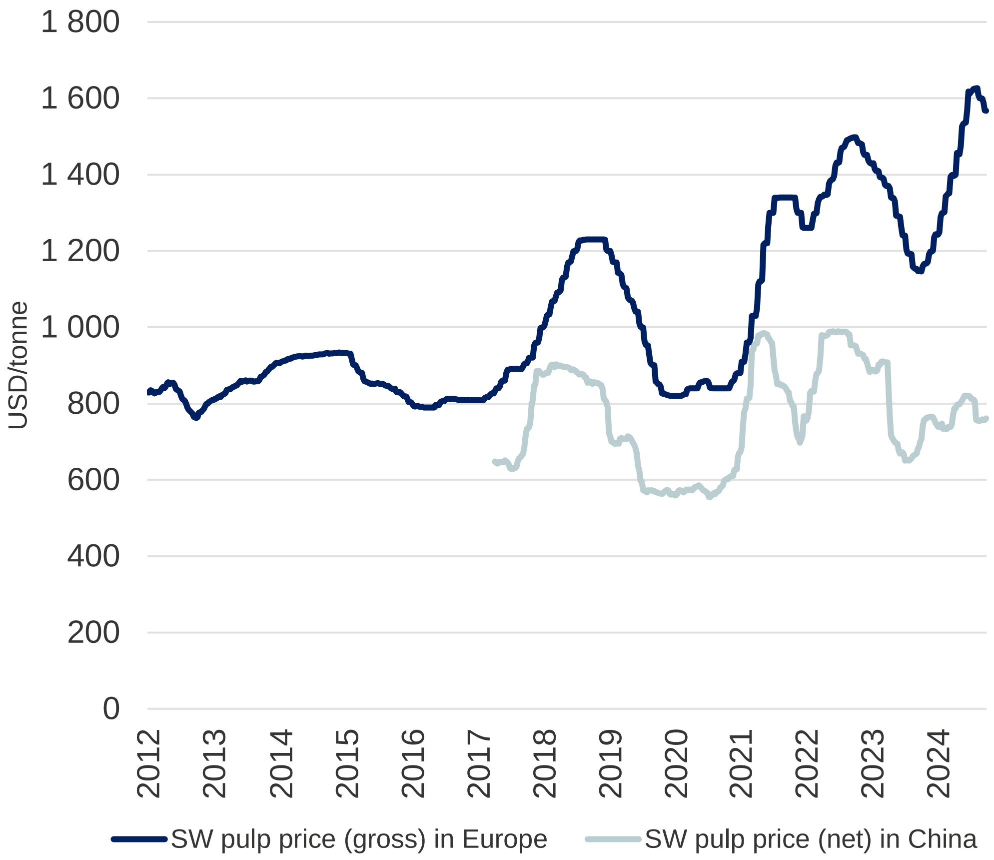


FBB = Folding boxboard
WKL = White kraftliners, coated and uncoated

Market pulp

- Market pulp deliveries (Q1–Q3/24 vs Q1–Q3/23)
  - Metsä Board +15%: (313,000t vs 273,000t)
  - Metsä Fibre[1)] -11%: (1,758,000t vs 1,981,000t)
- Strong decrease in market pulp deliveries to China in Q3. Metsä Fibre adjusted pulp production due to the market conditions
- In 2024, overall demand for softwood pulp in Europe has been at a good level. In China, demand has been clearly slower.
- The supply of softwood pulp has been limited due to the planned/unplanned shutdowns, political strikes in Finland and global logistical bottlenecks
- Price (PIX) development[2)] in **softwood pulp**
  - Q1–Q3/2024 vs Q1–Q3/2023: Europe +14%, China +2%
  - Q3/2024 vs Q2/2024: Europe +7%, China -4%

Softwood pulp price (PIX) development in Europe and China



Source: Fastmarkets FOEX

1) Metsä Fibre's total pulp delivery volumes

2) Change calculated from average prices for the period

Key sustainability figures

TARGET
set for 2030

ACTUAL
Q1-Q3/2024

Accidents at work
TRIF, TARGET 0

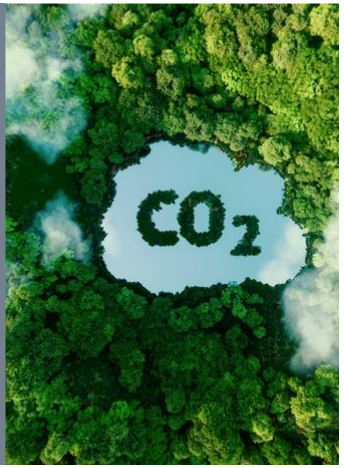
ACTUAL 3.2
FY23: 6.1

Certified wood fibre
TARGET >90%

ACTUAL 92%
FY23: 91

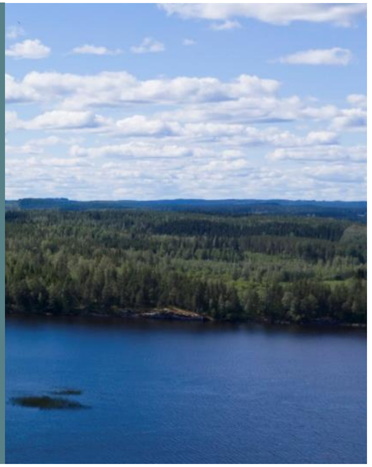
Fossil-based CO_2 emissions[1)] , Scope 1
TARGET 0

ACTUAL 138kt
FY23: 181kt



Process water use[2)]
TARGET -35%

ACTUAL -8.8%
FY23: +3.5



Energy efficiency[2)]
TARGET +10%

ACTUAL +1.3%
FY23: -5,8

TRIF = Total Recordable Injury Frequency per million hours worked

1) Scope 1. Scope 2 emissions are reported only annually, FY2023: 2kt
2) per tonne produced, rolling 12 months, change from the base year of 2018

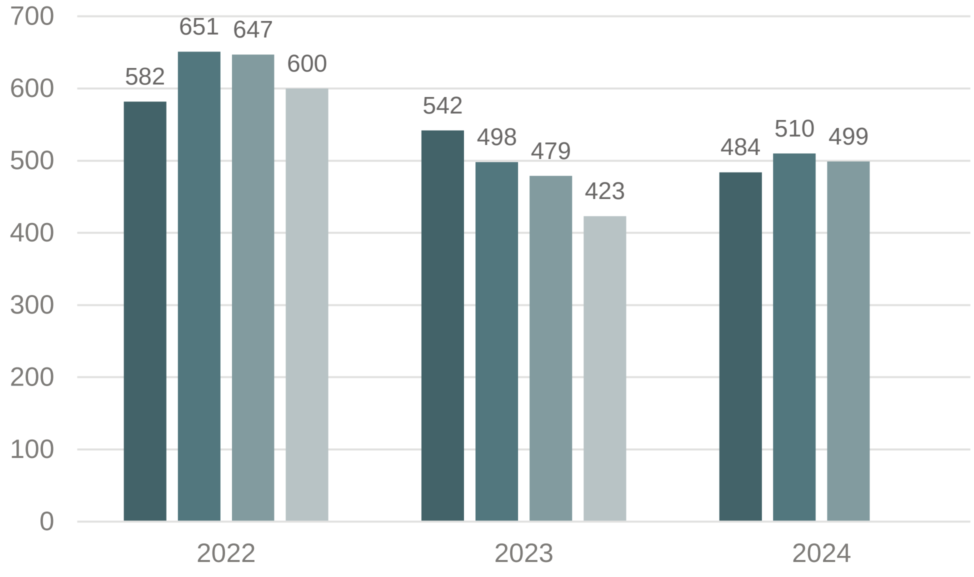
Stable sales, profitability still low

Sales, quarterly
EUR million

FY 2022:
EUR 2,480 million

FY 2023:
EUR 1,942 million

Q1–Q3/2024 (Q1–Q3/23):
EUR 1,493 million (1,519)

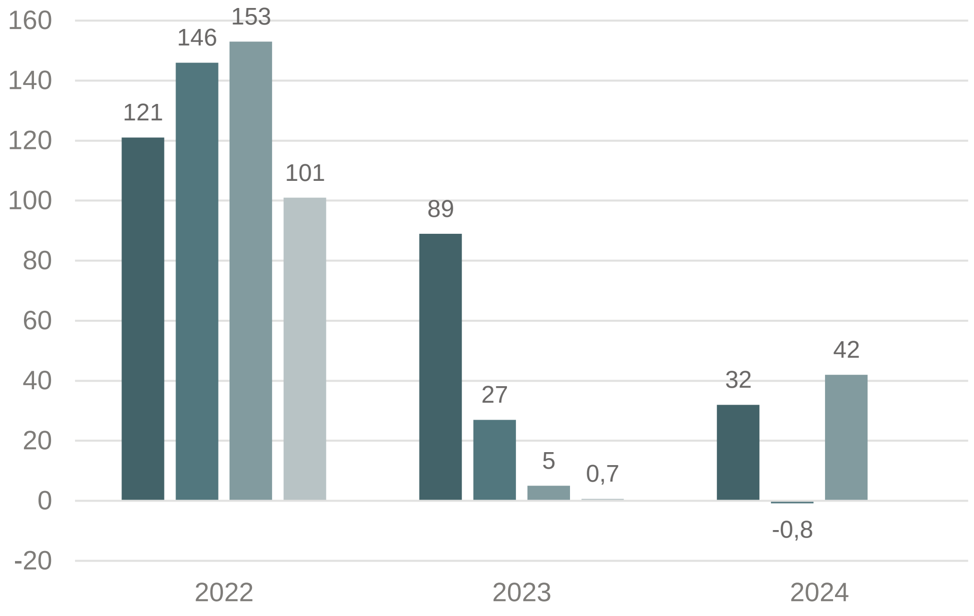


Comparable operating result, quarterly
EUR million and % of sales (margin)

FY 2022:
EUR 521 million
margin 21%

FY 2023:
EUR 122 million
margin 6.3%

Q1–Q3/2024 (Q1–Q3/23)
EUR 73 million (121)
margin 4.9% (8.0)



Q1 Q2 Q3 Q4

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Result comparison

Comparable operating result and *% of sales*

Q3/24*: EUR 42 million, *8.4%
Q3/23: EUR 5.5 million, *1.1%*

Positives:

- Increased paperboard volumes
- Higher pulp prices
- Lower energy and chemical costs
- Result share from Metsä Fibre EUR 11m (EUR -2m)
- *Insurance compensation, total EUR 23m**

Negatives:

- Lower paperboard (FBB) prices
- FX after hedges, impact EUR -8m
- More maintenance and increased employee costs
- Higher depreciation

Comparable operating result and *% of sales*

Q1–Q3/24*: EUR 73 million, *4.9%
Q1–Q3/23: EUR 121 million, *8.0%*

Positives:

- Increased paperboard and market pulp volumes
- Higher pulp prices
- Lower energy and chemical costs
- *Insurance compensation, total EUR 23m**

Negatives:

- Lower paperboard (FBB) prices
- Increased wood costs and more maintenance
- Higher depreciation
- Lower sale of unused emission allowances
- Result share from Metsä Fibre EUR -8m (EUR 33m)
- *Explosion in Kemi mill, estimated impact EUR -40m**
- *Political strikes, estimated impact EUR -25m**

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[*)] includes the impact from Metsä Fibre's result share

Year-to-date comparable ROCE 4.3%

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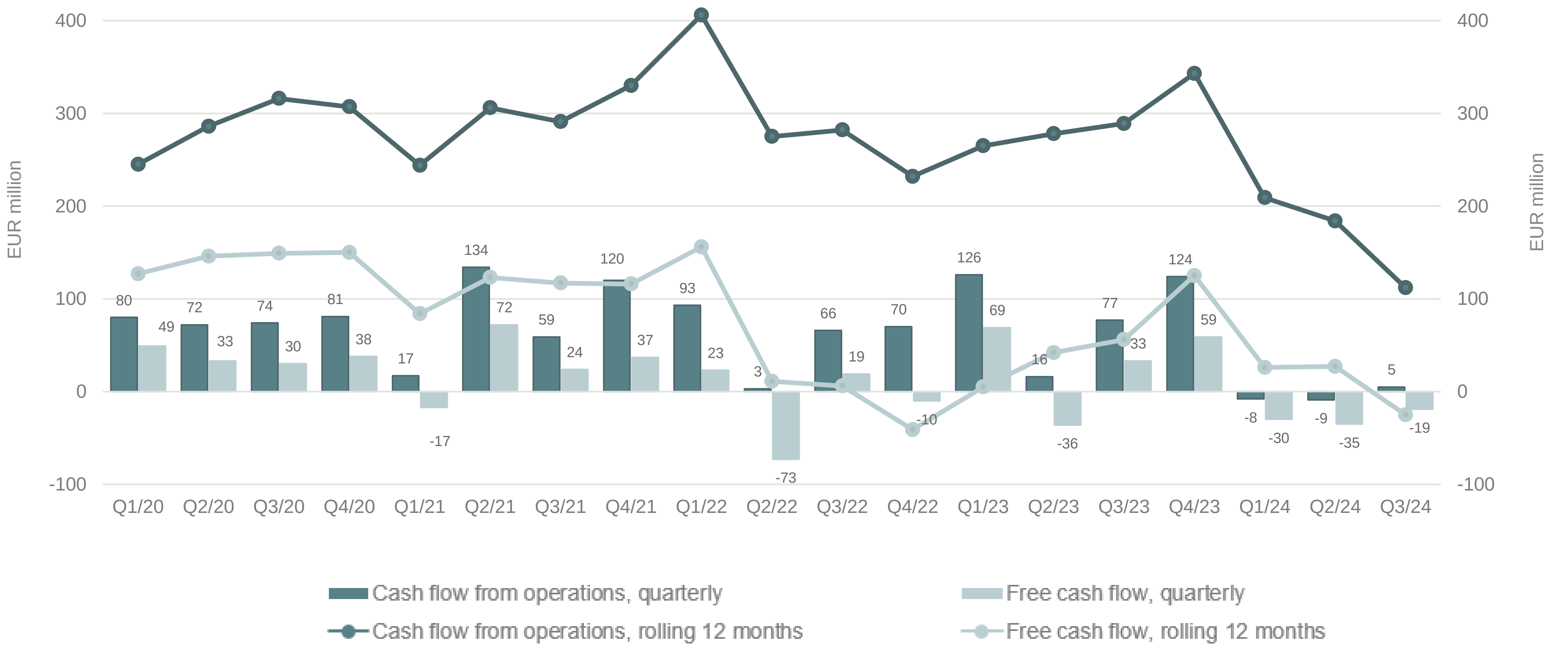
Increased activity reflected in working capital

2024 cash flow includes a dividend from Metsä Fibre of EUR 10 million (2023: EUR 83 million)



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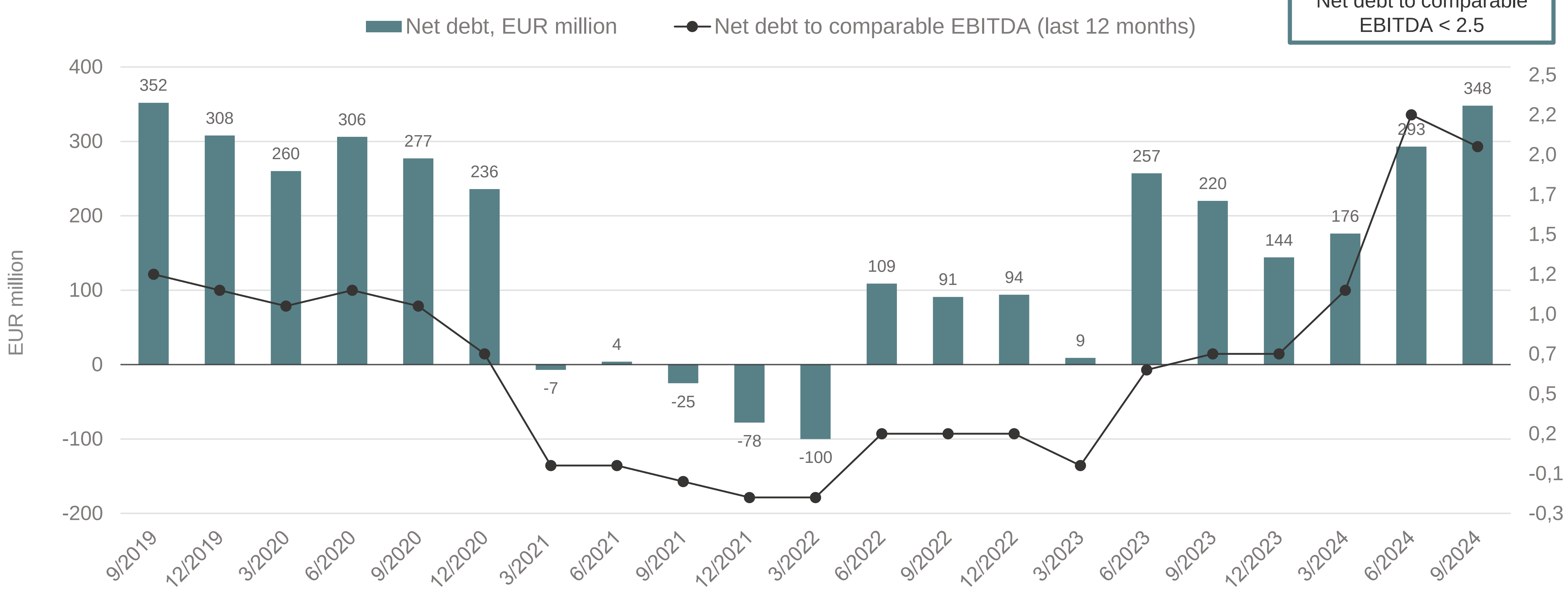
Free cash flow = cash flow from operations – investments in intangible and tangible assets

Net debt and leverage

Financial target:
Net debt to comparable
EBITDA < 2.5



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Investments in Husum and Kemi completed

Husum folding boxboard capacity expansion and port investments

- Increase of 200,000 t/y folding boxboard
- Total capacity 600,000 t/y,
  fully available on the market in 2026
- Investment value EUR 230 million

Ongoing

- Increase in port warehouse capacity,
  EUR 20 million, est. completion in 2024

Kemi mill development programme

- Increase of 40,000 t/y white kraftliner
- Total capacity 465,000 t/y,
  fully available on the market in 2025
- Decreased water and energy use
- Included a purchase of modernised pulp production line from Metsä Fibre
- Investment value EUR 110 million

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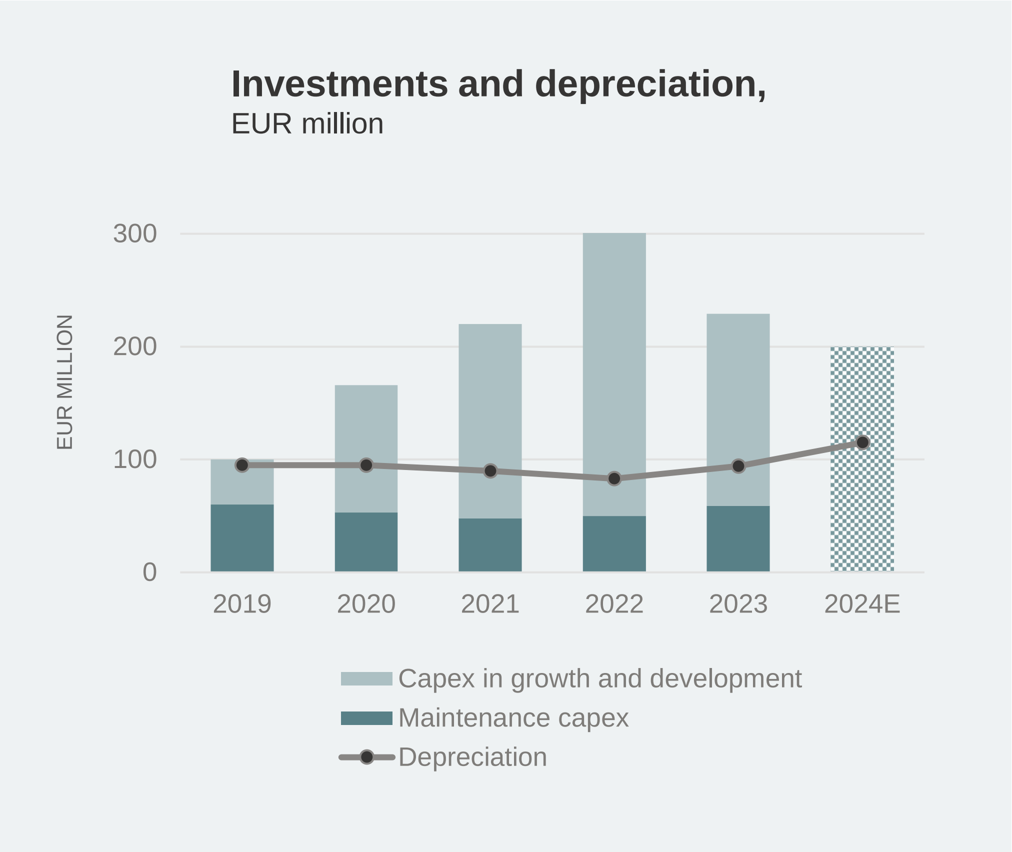
Investments and depreciation



January–September 2024

- Total investments in Q1–Q3/2024 were EUR 120 million, and depreciation* EUR 85 million

Year 2024, estimated

- Total investments in 2024 are expected to be EUR 175-200m
- 2024 includes investments carried over from 2023

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* Includes a write-down of Kaskinen pre-engineering of EUR 7.6m

Ongoing and planned investments

Investments aim to improve the competitiveness of our mills and products and accelerate the move towards fossil-free production

Simpele board mill

- Renewal of paperboard machine (investment decision made in Q2/24)
- Renewals in paperboard finishing area and mechanical pulp production, a new power plant

Kyro board mill

- Improving the performance of barrier boards and expanding end use areas

Husum pulp mill

- New pulp drying machine

Husum board mill

- New products on the existing BM 2 white kraftliner production line

Total investment value of Simpele and Kyro board mills estimated at EUR 250 million over the next 10 years

Near-term outlook

October–December 2024

- Paperboard delivery volumes are expected to slightly decrease due to seasonality, average sales prices to remain stable
- Total costs, excluding pulp, are expected to increase. Less maintenance shutdowns compared to Q3
- Average sales prices for market pulp decreased in October
- The claim settlement process regarding the explosion at Metsä Fibre’s Kemi bioproduct mill continues

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Result guidance
October–December 2024

Metsä Board’s comparable operating result in October–December 2024 is expected to be weaker than in July–September 2024.

The guidance does not take into account the insurance compensation included in the July–September comparable operating result, nor possible future insurance compensation for October–December.

Metsä Board’s comparable operating result for July–September 2024 was EUR 42 million, including EUR 23 million in insurance compensation.

Summary

- Paperboard market has picked up from last year's low levels, but the recovery has been slower than expected
- The trend in variable costs has been mainly downward, except for wood costs
- Future investments support our strategy to grow in fibre-based packaging materials and renew our industrial operations
- Metsä Board renewed its dividend policy

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Appendix

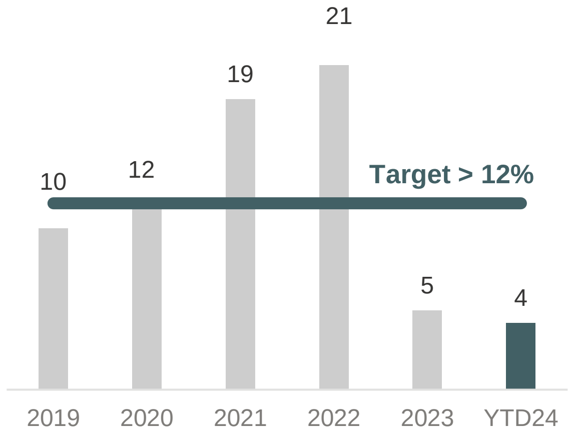
Key financials

		Q3/24	Q3/23	Change Q3/24 vs Q3/23	Q1–Q3/24	Q1–Q3/23	Change Q1–Q3/24 vs Q1–Q3/23	FY 2023
Sales	EUR, m	499	479	4%	1,493	1,519	-2%	1,942
EBITDA*	EUR, m	66	24	182%	150	190	-21%	216
Operating result*	EUR, m	42	5	664%	73	121	-40%	122
*% of sales**	%	8.4	*1.1*		4.9	*8.0*		*6.3*
Metsä Fibre's share of operating result*	EUR, m	11	-2		-8	33		28
Earnings per share	EUR	0.08	0.01	505%	0.09	0.26	-65%	0.27
*ROCE**	%	7.3	*1.3*		4.3	*6.7*		*5.1*
Total investments	EUR, m	67	49	36%	120	157	-23%	229
Cash flow from operations	EUR, m	5	77	-94%	-12	219	-105%	343
IB Net debt at end of period	EUR, m	348	220		348	220		144

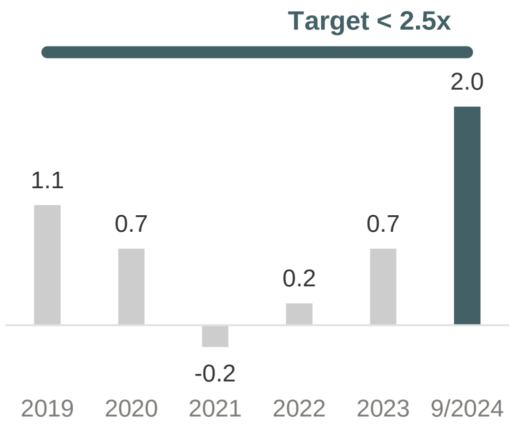
**comparable*

Financial targets and dividend policy

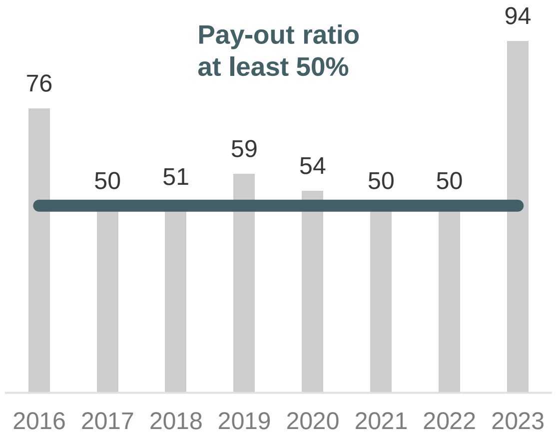
Comparable ROCE, %:



IB Net debt / comparable EBITDA



Dividend policy
Dividend / net result, %



Cost structure

Q1–Q3 2024 (vs Q1–Q3 2023)

- Total cost deflation, excluding pulp, 3%
- Decreased chemical and energy costs, increased wood costs. Fixed costs flat

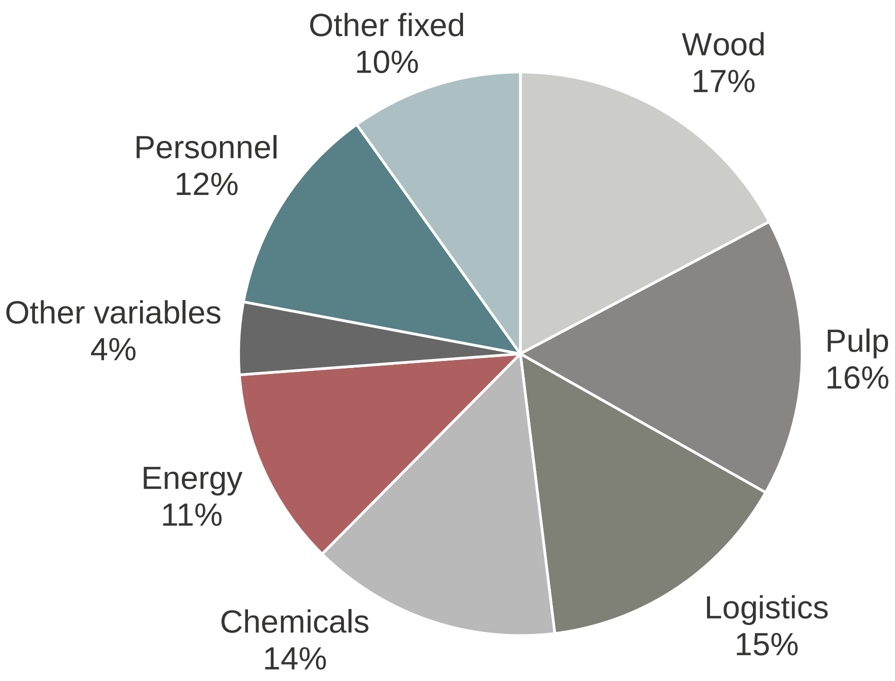
FY 2023 (vs FY 2022)

- Total cost inflation, excluding pulp costs, 4%
- Main increase in wood costs: higher stumpage prices in Finland and Sweden*)

*) price development on slide 32

Metsä Board's cost structure in 2023

Total costs EUR 1.7 billion (2.1)



*) **Pulp:** Metsä Board purchases all external pulp from its associated company Metsä Fibre, of which Metsä Board owns 24.9%.
Metsä Fibre's pulp cost structure in 2023: Wood 56%, Chemicals 13%, Logistics 9%, Personnel 6%, Other 16%.

Impacts of FX

- Impact including hedges, actual
  - Q3 2024 vs Q3 2023: EUR -8 million
  - Q1–Q3 2024 vs Q1–Q3 2023: EUR +4 million
- Estimated impacts, including hedges
  - Q4 2024 vs Q3 2024: slightly negative
  - Q4 2024 vs Q4 2023: slightly negative

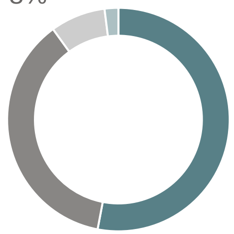
Hedging policy:

In addition to the balance sheet position of trade receivables and trade payables, 50% of the projected annual net foreign currency exposure at the normal level is hedged.

At the end of the review period, an average of 8.5 months of the net foreign currency exposure was hedged.

Annual FX transaction exposure

total EUR 1.5 billion



The foreign currency transaction exposure consists of foreign currency denominated sales and costs.

FX sensitivities, excluding hedges

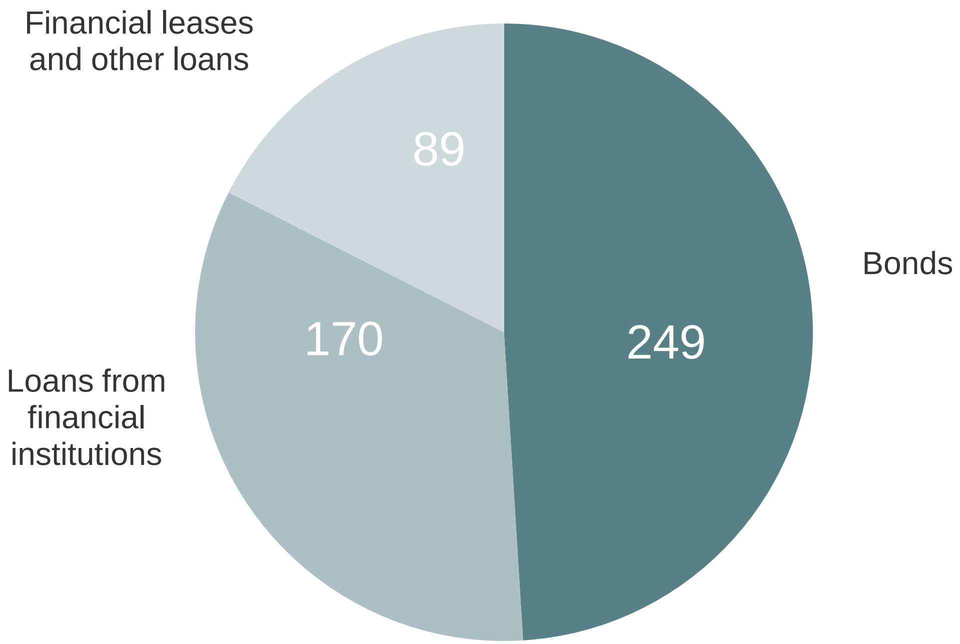
A 10% strengthening of foreign currency vs EUR would have an impact on Metsä Board's EBIT

Currency	Next 12 months
USD, $	EUR +80 million
SEK, kr	EUR -55 million
GBP, £	EUR +15 million

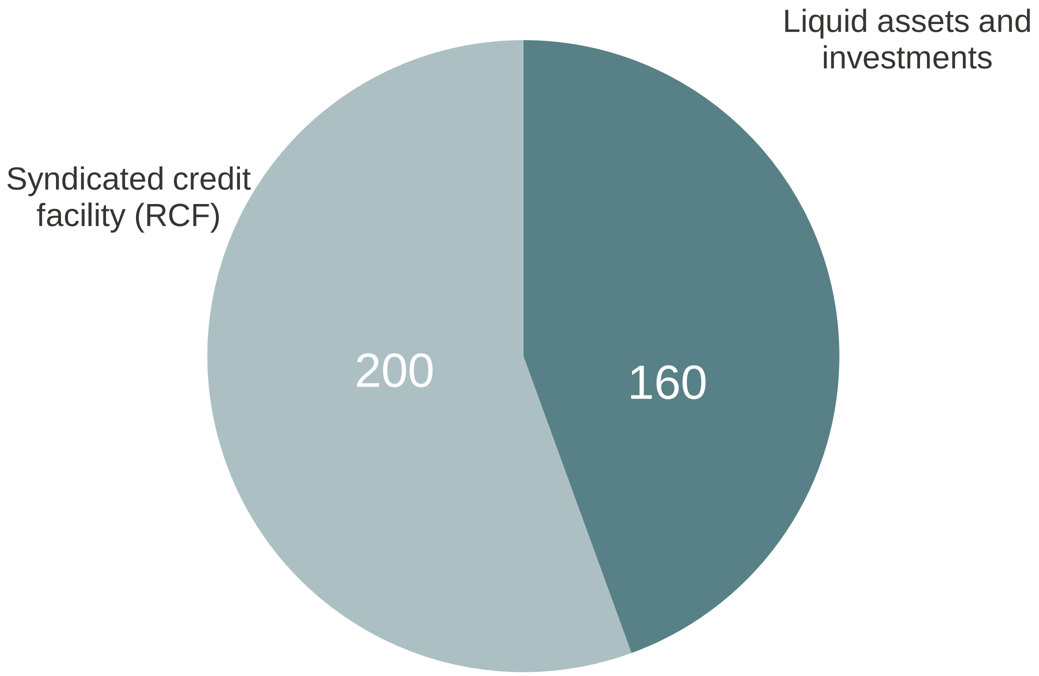
Interest-bearing debt and liquidity

30 September 2024

Interest-bearing debt
EUR 508 million



Liquidity
EUR 360 million



Liquidity is complemented by:

- Commercial paper programme of **EUR 200 million** (EUR 30 million outstanding)
- Metsä Group’s internal undrawn short-term credit facility of **EUR 150 million**

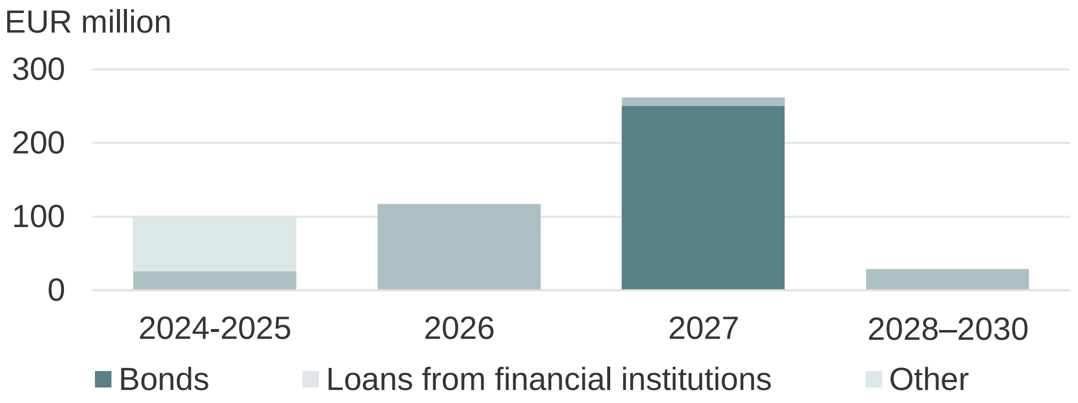
Debt maturity and credit ratings

30 September 2024

- Total interest-bearing debt was EUR 508 million, and net debt was EUR 348 million
- The average interest rate on loans at the end of the review period was 2.8%, and the average maturity of long-term loans was 2.4 years
- Net financial costs, including foreign exchange differences, were:
  - Q1–Q3 2024: EUR 6.9 million
  - FY 2023: EUR -0.1 million

Maturity of interest-bearing debt

Total EUR 508 million



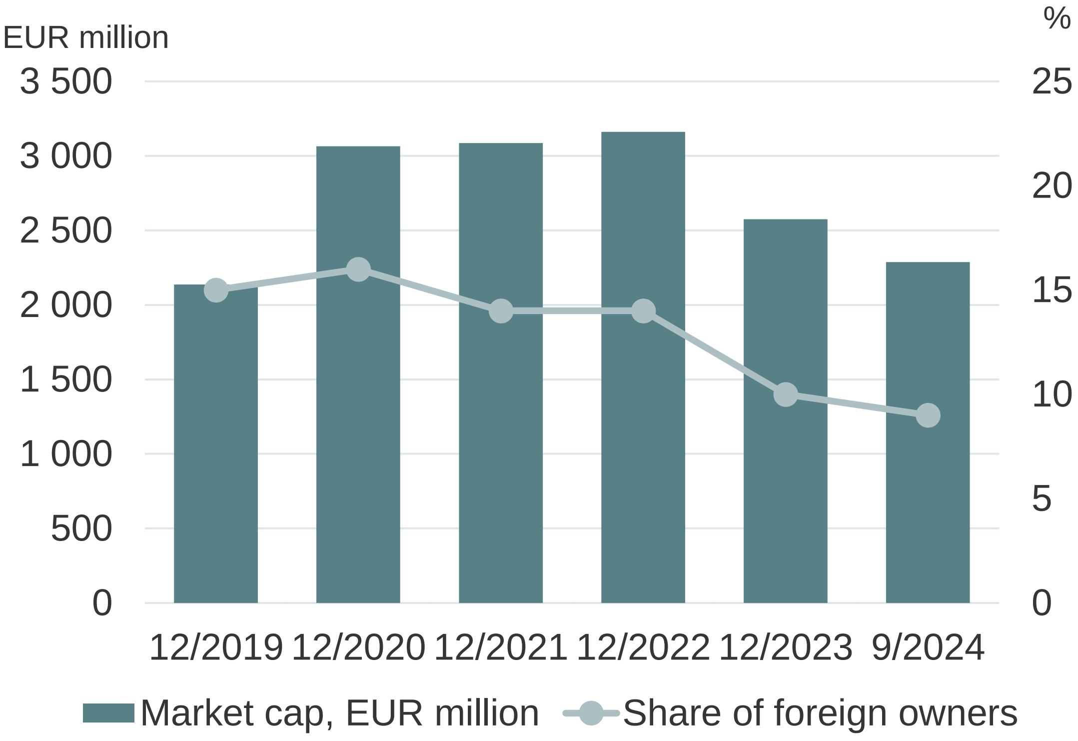
Metsä Board's credit ratings are *investment grade*

Rating agency	Rating and outlook	Last update on rating
S&P Global	BBB-/stable	02/2018
Moody's Investor Services	Baa2/stable	12/2022

Market cap and ownership distribution

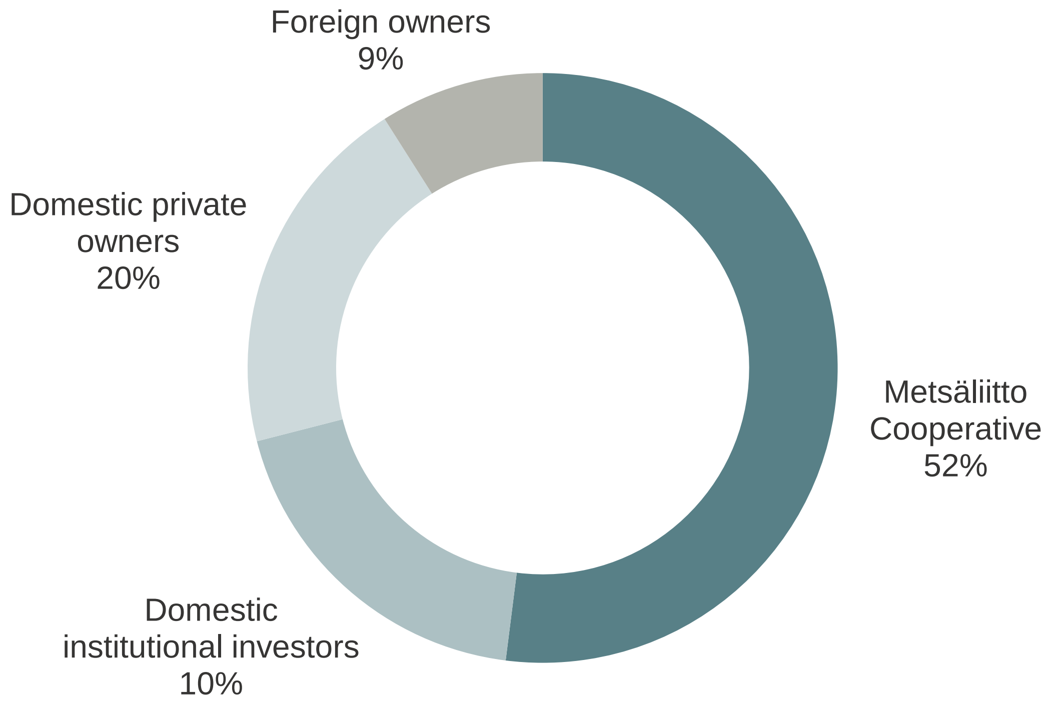
Metsä Board has two share series, A and B shares

Market cap and foreign owners

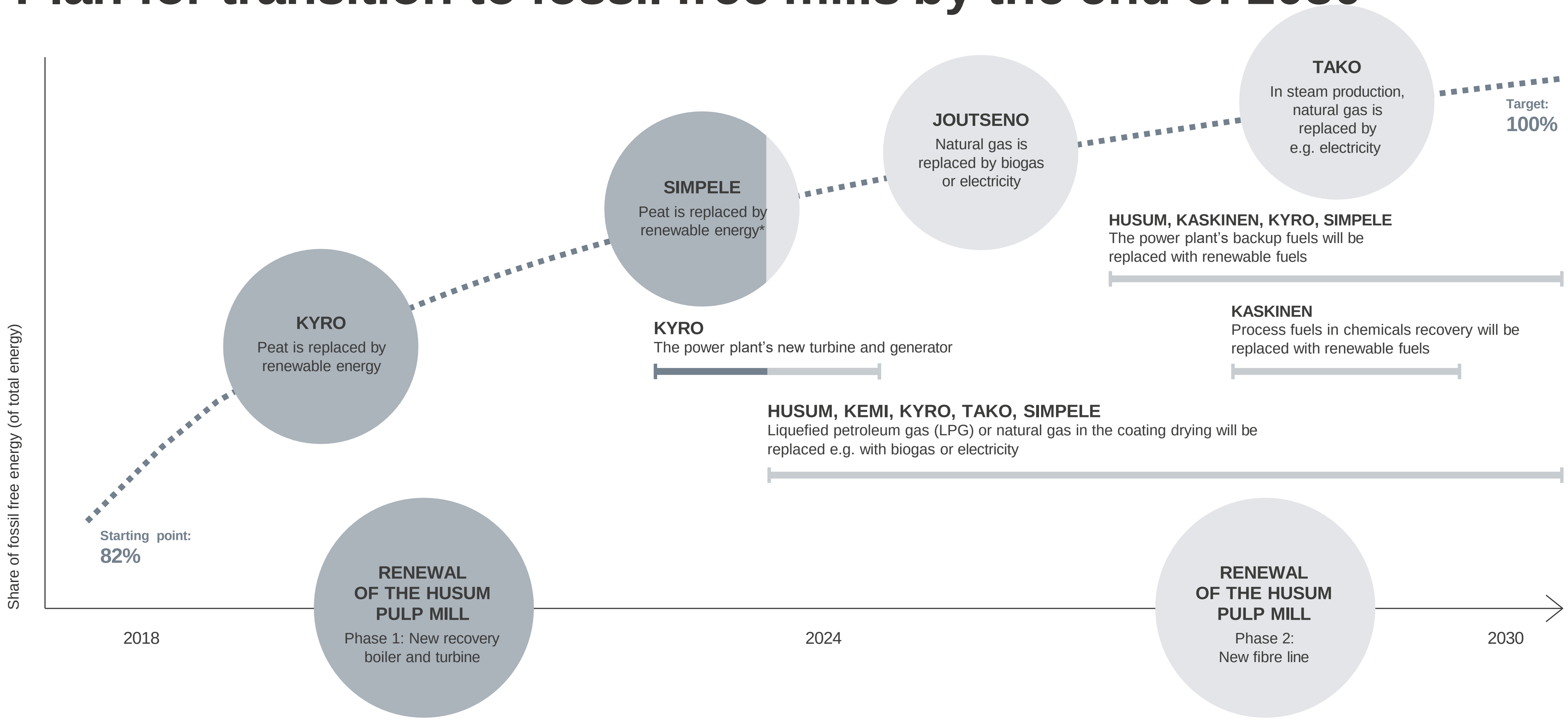


Ownership distribution

30 September 2024



Plan for transition to fossil free mills by the end of 2030



Share of fossil free energy of total energy. When the share is 100%, Metsä Board's fossil-based CO_2 emissions (Scopes 1 and 2) are zero. *Simpele power plant discontinued the use of peat in 2023, but some peat is being used in 2024 due to lower availability of wood chips.

Estimated time frame of the project

A darker shade indicates measures already taken

External ESG assessments and own commitments

Metsä Board has an "A" score in the Climate and Water rating and an "A-" in the Forest rating.

Total score 91/100. Metsä Board has achieved the highest rating level every year since 2017.

Link to ISS website

Link to MSCI website

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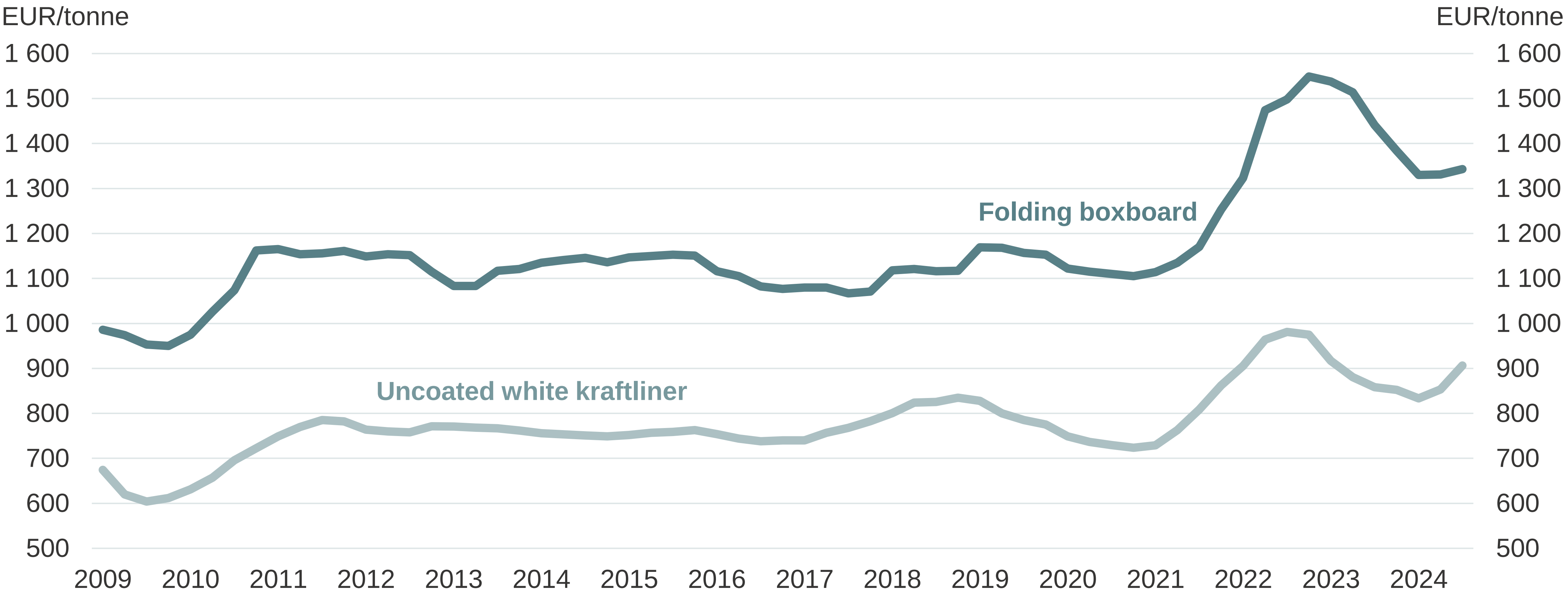
Metsä Board's GHG emissions reduction targets are approved by the Science Based Targets initiative.

As part of Metsä Group, Metsä Board is committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. Metsä Board also supports the UN's Sustainable Development Goals, the SDGs.

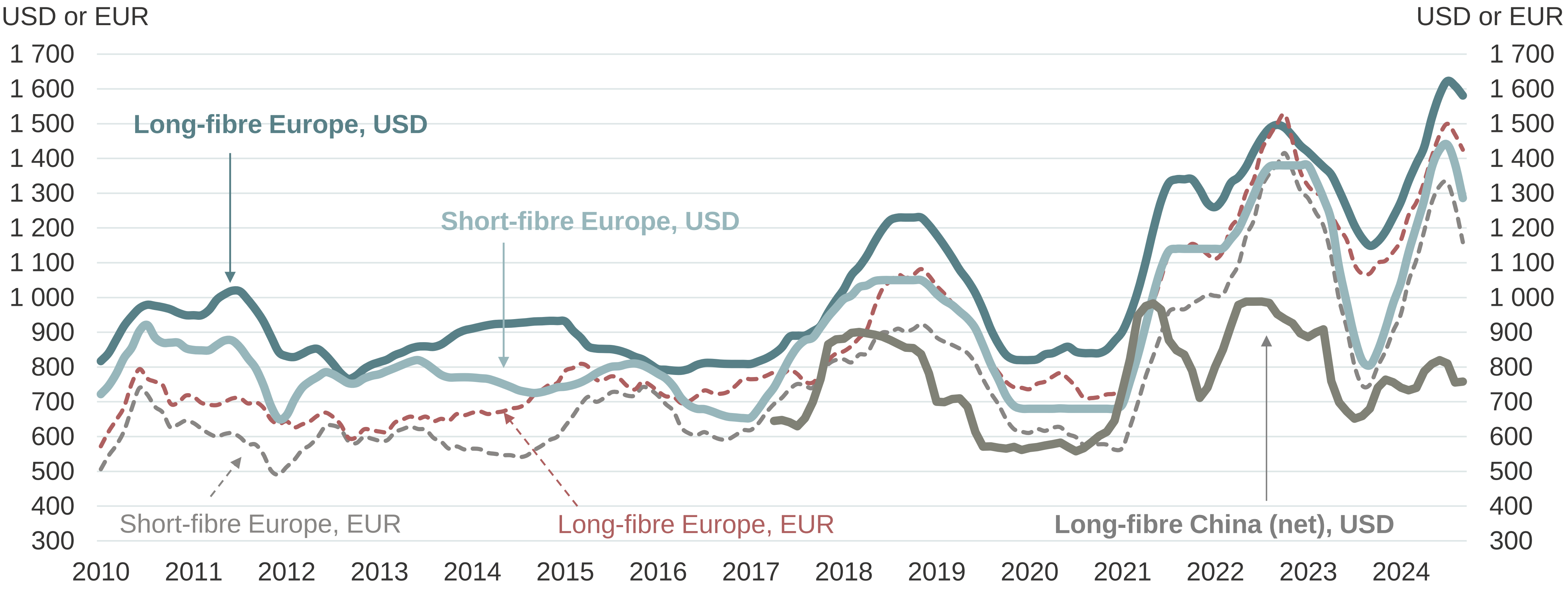
Price development of folding boxboard and white kraftliners in Europe



Sources: Fastmarkets RISI & Fastmarkets FOEX

Price development of pulp (PIX)

Long-fibre (SW) and short-fibre (HW) pulp



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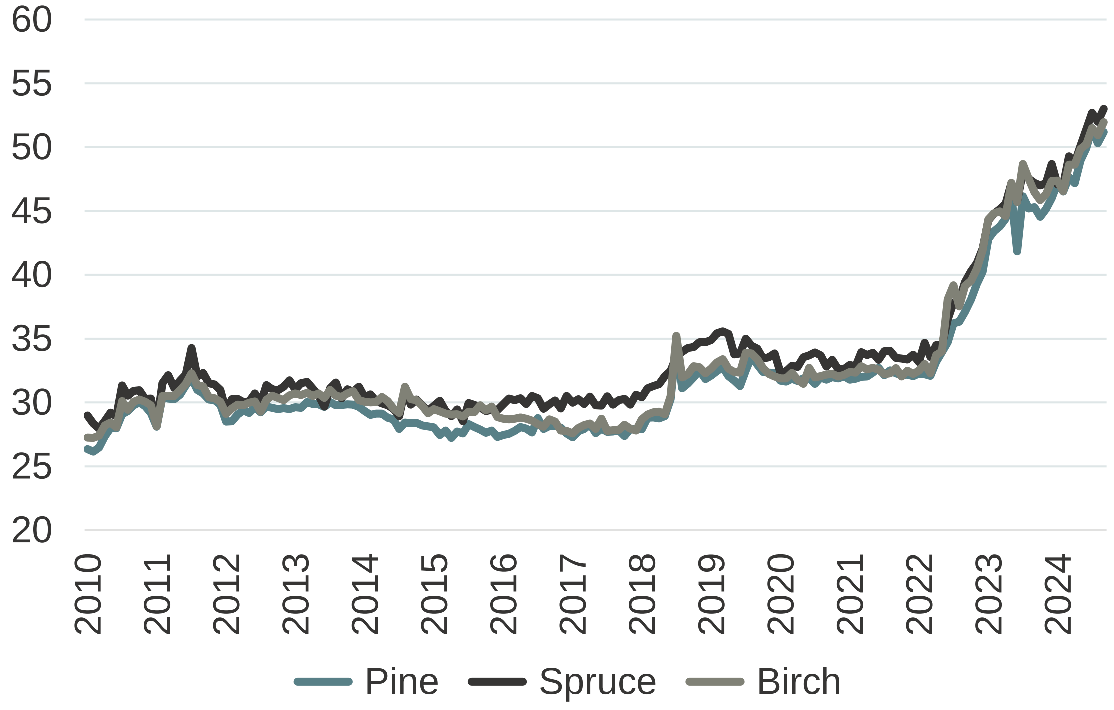
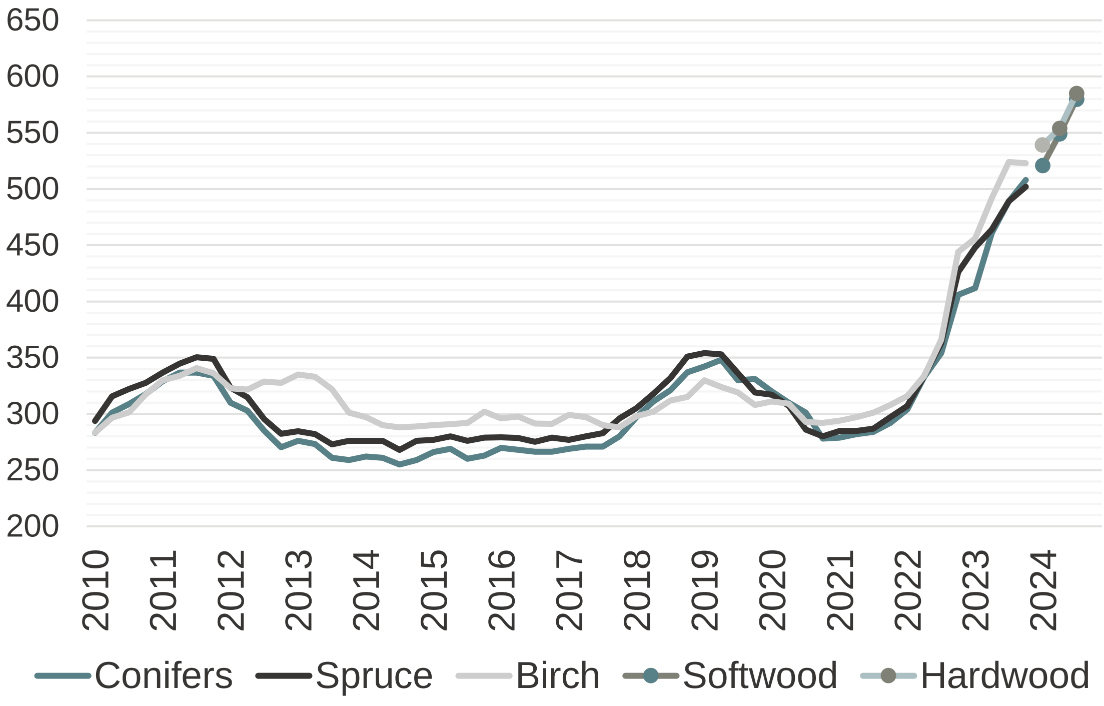
Source: Fastmarkets FOEX

Price development of pulpwood in Finland and Sweden

Price (delivery at roadside, on bark) of pulpwood in Finland, EUR/m^3



Price (delivery at roadside, under bark) of pulpwood in Sweden, SEK/m^3



*New reporting categories for pulpwood starting from quarter 1 2024, conifer pulpwood and spruce pulpwood are reported as softwood pulpwood and, birch pulpwood is reported as hardwood pulpwood

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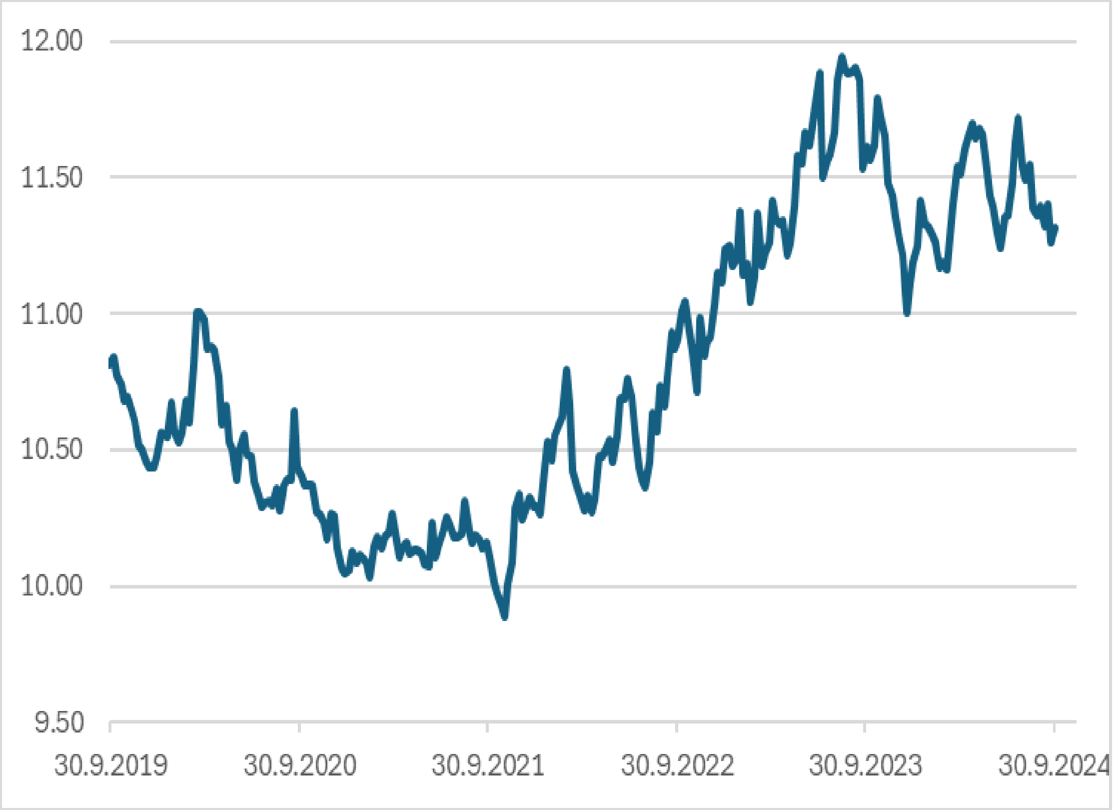
Sources:
Finland – Luke (Natural Resources Institute Finland): Average delivery prices at roadside (EUR per solid cubic metre with bark, excl. VAT)
Sweden – Skogsstyrelsen (The Swedish Forest Agency): Average delivery prices at roadside *(SEK per cubic metre under bark)*

FX rates development: EUR/USD and EUR/SEK

EUR/USD

EUR/SEK



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