



Metsä Board

AGM 2022

Mika Joukio
CEO's Review

Metsä Board – Investment highlights

Over 60,000 shareholders

^{*)} On 28 February 2022:

B-series: 54,000 shareholders

A-series: 9,400 shareholders



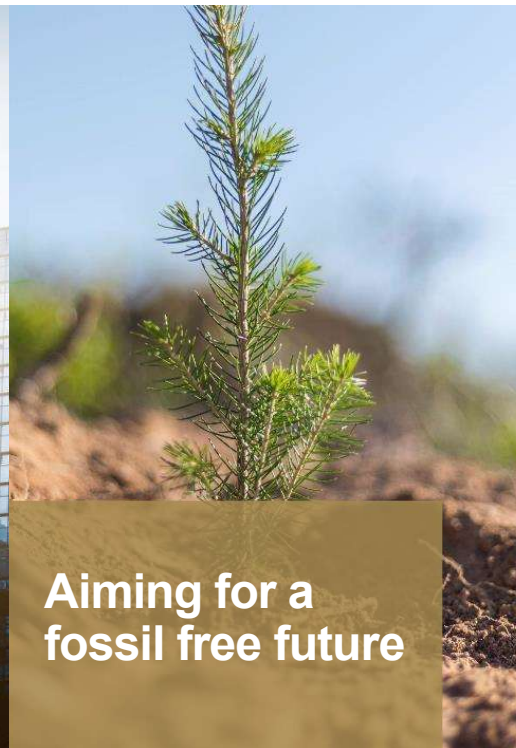
Focus on sustainable fresh fibre paperboards

- We produce premium paperboards from renewable materials
- Our paperboards are fully recyclable and they provide alternative to plastics



Strong position in a growing market

- #1 in folding boxboard and white kraftliners in Europe
- #1 in coated white kraftliners globally



Aiming for a fossil free future

- Our target is to have 100% fossil free production and products by the end of 2030
- We focus on resource efficiency and principles of circular economy

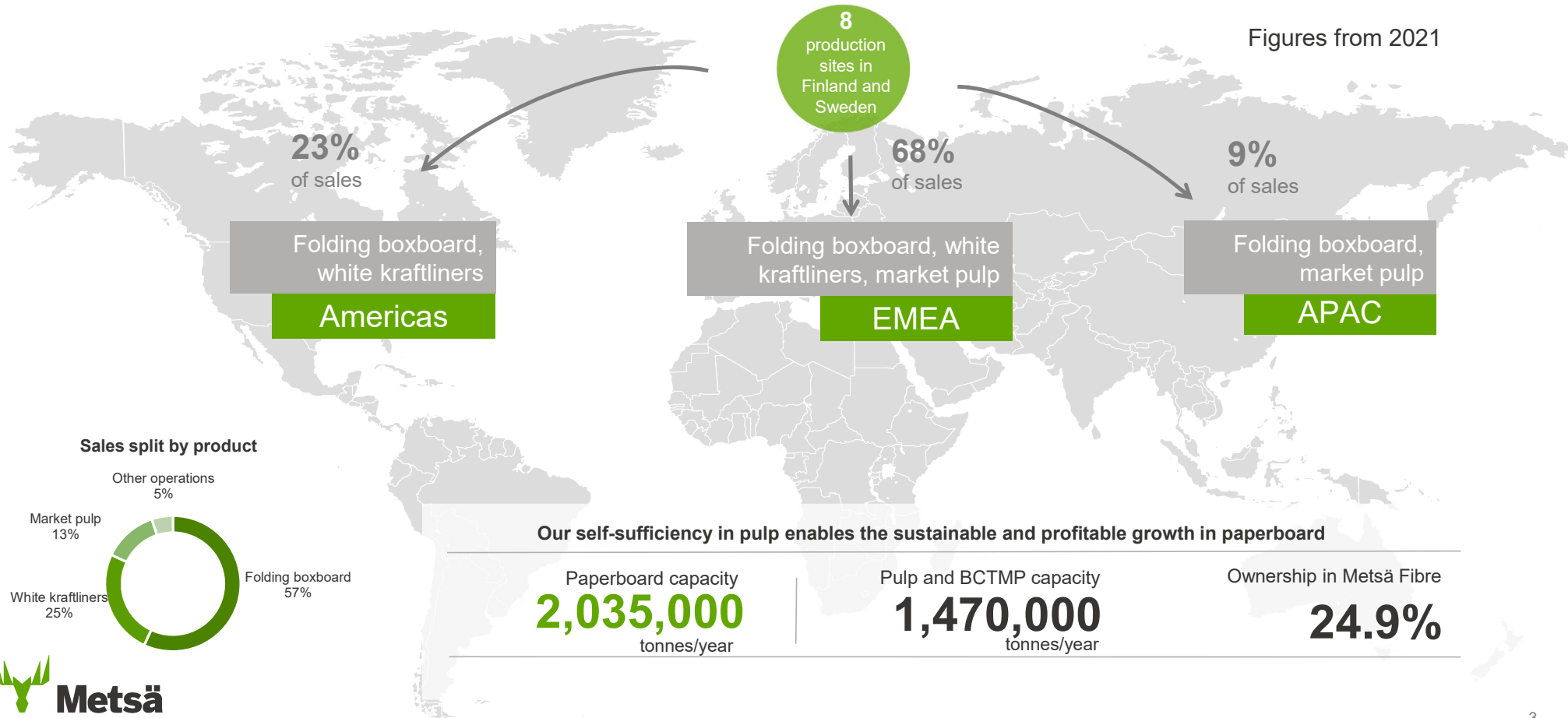


Part of profitable Metsä Group

- A unique group structure ensures an uninterrupted production chain from sustainably managed forests to high-quality end products

Our production is close to our main raw material and we have deliveries to over 100 countries

Figures from 2021



Our strategy highlights solutions that promote the circular economy

VALUES

Reliability Cooperation Renewal Responsible profitability

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

MEGATRENDS

Population growth Urbanisation Biodiversity loss Climate change Digitalisation

PURPOSE:

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

VISION:

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



Operating environment supports the demand growth for fresh fibre paperboards

Population growth, urbanization and higher living standards increase the need for packaging

Availability and quality of recycled fibres are weakening due to the rapid decline in graphic paper consumption and growth in e-commerce

Growth in global e-commerce increases packaging quality and strength requirements

Regulation and consumer preferences favor fossil free packaging materials

Requirements of the circular economy will specify and are guiding the development of the sector



Sales

2,084

€ million



Comparable
operating
profit

387

€ million



Comparable return
on capital
employed

18.7%

Target > 12%

2021–The best year ever

Paperboard deliveries

1,922,000
tonnes

Paperboard production

1,906,000
tonnes



Operating
cash flow

330

€ million



Interest bearing
net debt /
comparable
EBITDA

- 0.2

Target < 2.5



83%

of all purchased wood
fibre is certified
TARGET >90%

Actuals in 2021:

85%

of all energy used is
fossil free
TARGET 100%

We combat
climate change
and promote
the circular economy

Sustainability highlights

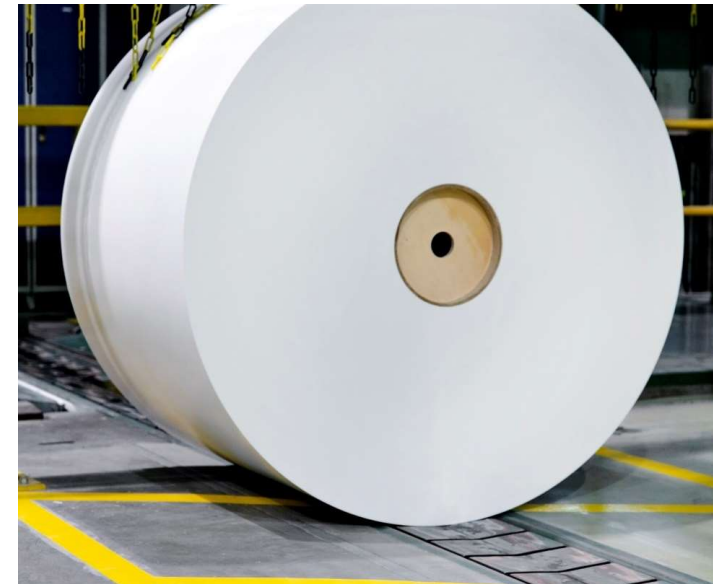
- Continued actions towards 100% fossil free mills
- The deal with Norra Skog increased the share of certified wood fibre
- We achieved the highest A level in CDP's climate, water and forest categories
- '*Metsä For All*' vision to develop diversity, equality and inclusion in Metsä Group



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Covid-19 impacts on Metsä Board's operations

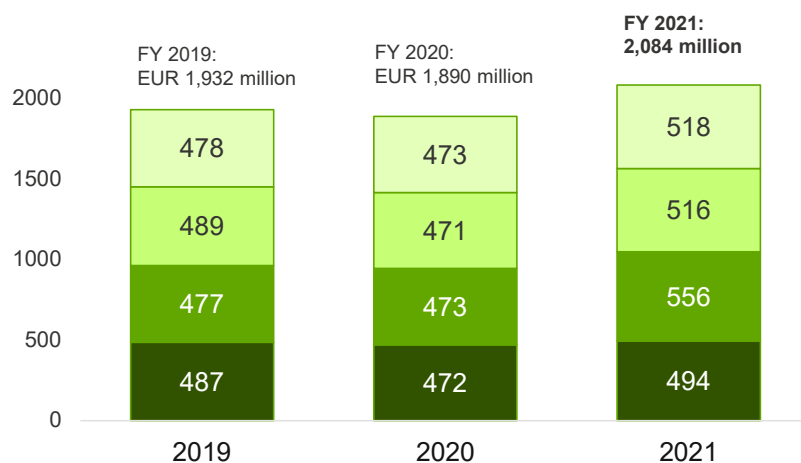
- Employees' health and safety have been ensured with several precautionary actions
 - Our mills have performed well during the pandemic
 - Annual maintenance shutdowns successfully implemented
 - In 2021 we achieved several production records
- We managed to keep our customer service at an excellent level
- Impacts on paperboard demand
 - Consumption shifted from services to products
 - Increased demand in food, beverage and pharmaceutical packaging
 - In 2021, demand was record high in all end-use segments



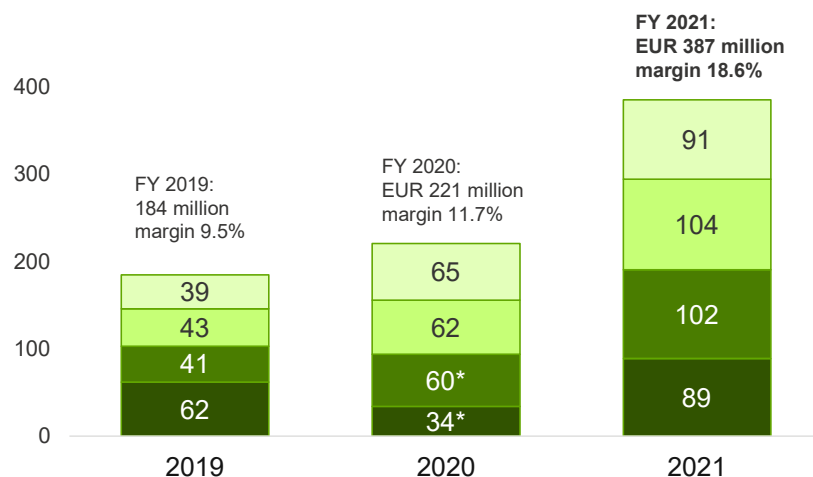
Increased sales and significantly improved margins

FY2021 vs FY2020: Sales +10%, comparable operating result improved by EUR 165 million

Sales, quarterly
EUR million



Comparable operating result, quarterly
EUR million and % of sales



■ Q1 ■ Q2 ■ Q3 ■ Q4

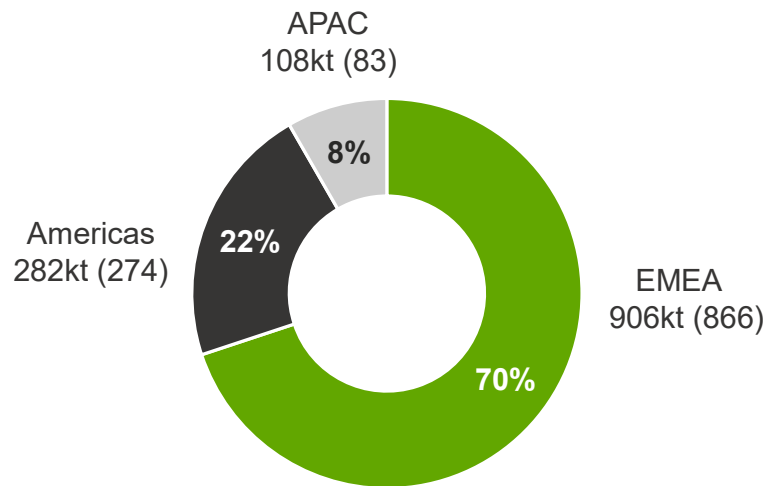


*) Impacts from the strike in Finland:
Q1 2020: EUR -15 million and Q2 2020: EUR -5 million

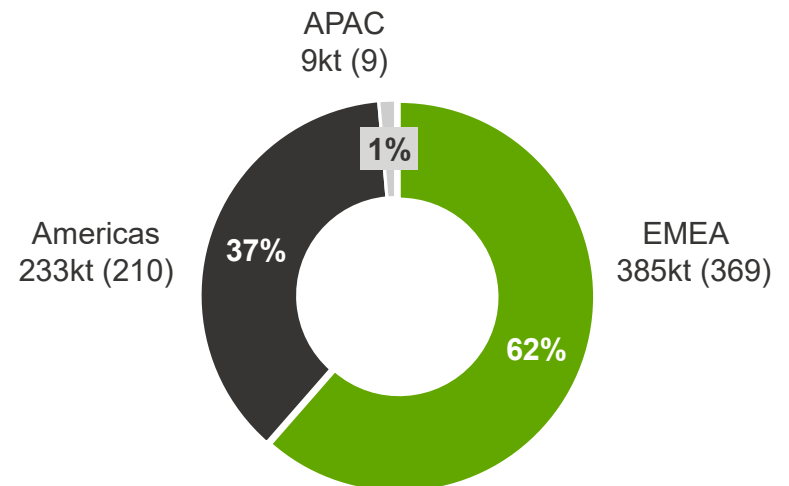
FY2021: Increased volumes and higher average prices in all market areas

Total delivery volumes to Americas exceeded 500,000 tonnes

FBB deliveries in 2021 (2020)
total 1,296,000 tonnes (1,223,000) **+6%**



WKL deliveries in 2021 (2020)
total 627,000 tonnes (588,000) **+7%**



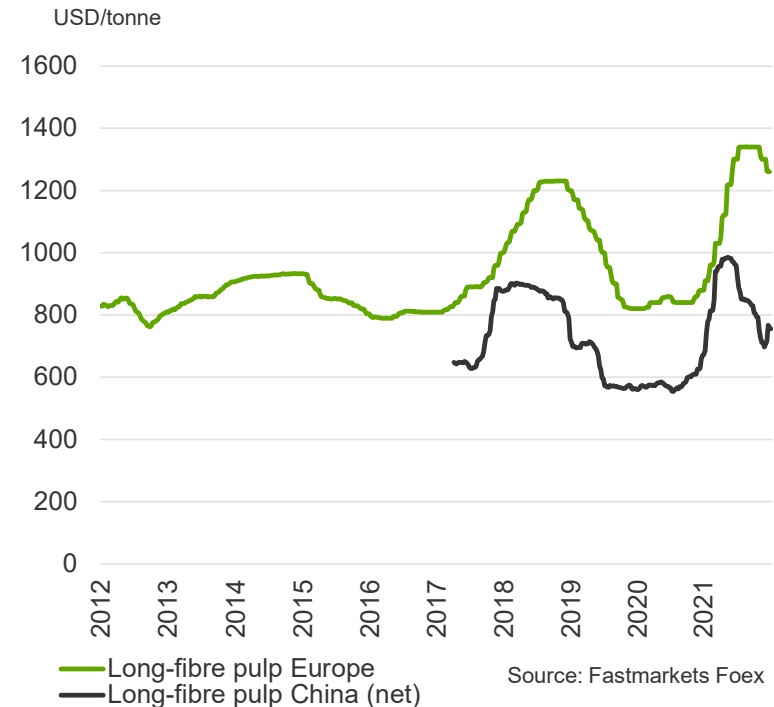
Volatility in market pulp

- Market pulp deliveries in 2021 vs 2020
 - Metsä Board -5% (496,000 vs 521,000 tonnes)
 - Metsä Fibre*) +7% (3,000,000 vs 2,796,000 tonnes)
- Good demand for long-fibre pulp in Europe supported by increased paperboard and paper production
- In China, volatility in demand throughout the year
 - production curtailments in paper and paperboard mills due to the government's energy use restrictions
 - lower than normal domestic consumption and
 - reduced exports of paper and paperboard products
- European Commission started an inspection of Metsä Fibre under EU antitrust rules. Metsä Board is not subject to investigation



*) Metsä Fibre's total pulp delivery volumes

Pulp price (PIX) development in Europe and China



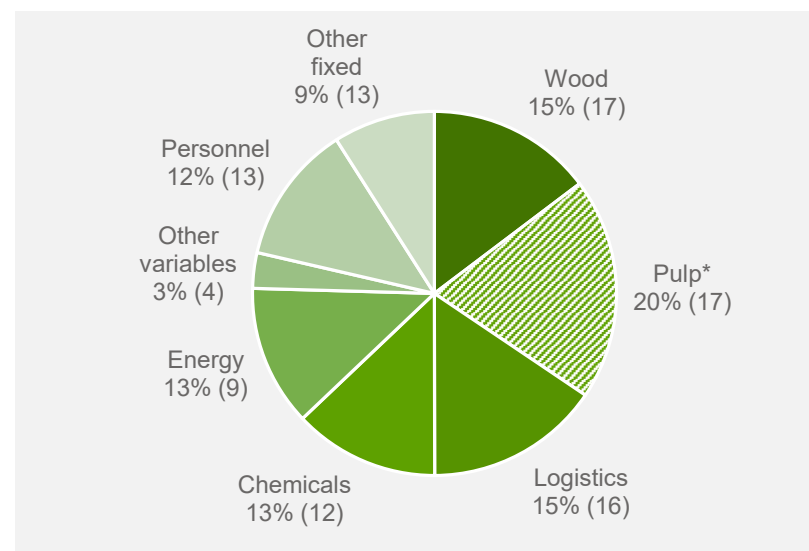
Fast cost inflation in 2021

- **Total costs in 2021 were EUR 1,747 million (2020: EUR 1,532 million)**
 - Main increases in energy (higher electricity prices), chemicals (e.g. latex, polyethylene) and logistics
- **High cost level is expected to continue in 2022**
 - Logistics, energy and chemical costs are expected to increase
 - Wood costs are expected to remain fairly stable



Metsä Board's cost structure in 2021

Total costs EUR 1,747 million (1,532)



*) **Pulp**: Metsä Board purchases all external pulp from its associated company Metsä Fibre, of which Metsä Board owns 24.9%.

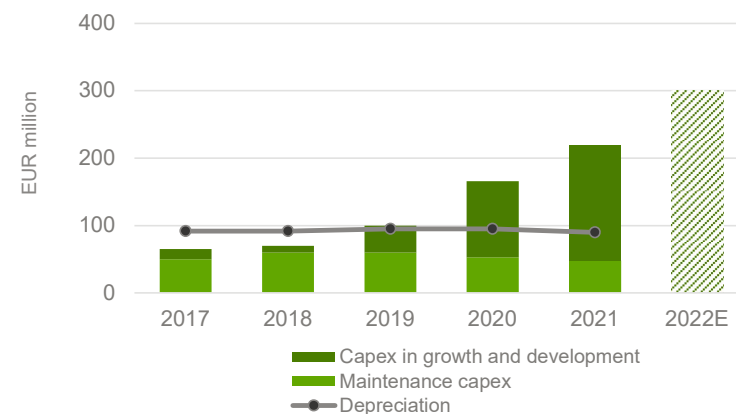
Metsä Fibre's pulp cost structure in 2021: Wood 57%, Chemicals 11%, Logistics 10%, Personnel 5%, Other 17%.

We are investing in sustainable and profitable growth

- **Husum pulp mill renewal, first phase**
 - Investment value EUR 360 million during 2019–22
 - Expected start-up in September 2022
 - Second phase later during the 2020's
- **Folding boxboard capacity expansion** in Husum
 - Investment value EUR 210 million during 2021–24
 - Additional capacity of folding boxboard +200,000 t/a
- **Kemi paperboard development** programme
 - Investment value EUR 67 million during 2021–23
 - Additional capacity of white kraftliner +40,000 t/a
- **Associated company Metsä Fibre's new bioproduct mill** in Kemi
 - Pulp capacity 1.5 million tonnes, investment value EUR 1.85 billion, expected start-up in Q3 2023
 - Metsä Board does not invest equity in the project



Capital expenditure and depreciation

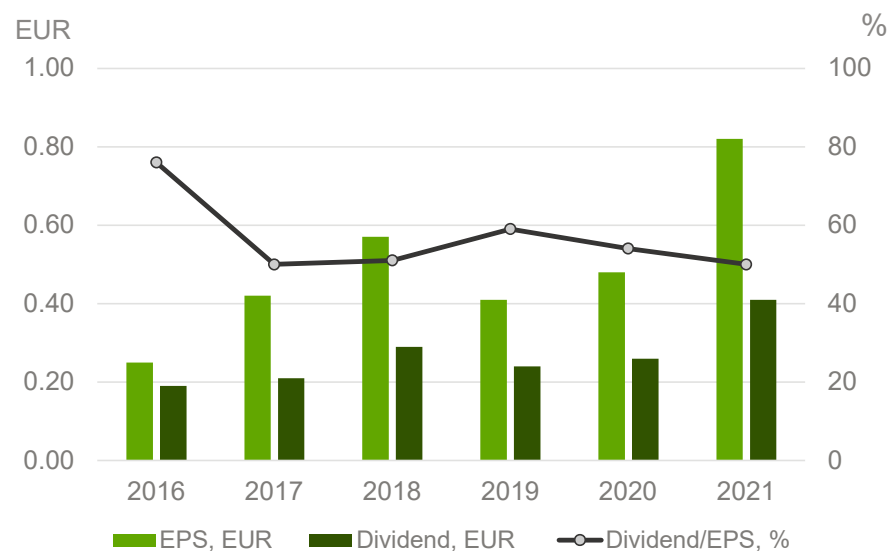


Board proposes a dividend of EUR 0.41 per share: 60% growth compared to last year

Profit distribution from 2021

- Board's proposal to AGM is EUR 0.41 per share (2020: EUR 0.26)
- Proposal is in line with the dividend policy: at least 50% of net result
- The total dividend would amount to EUR 146 million
- Dividend payment date 7 April 2022

EPS, dividend and pay-out ratio in 2016–2021



Collaborative innovative product and service development

Metsä Board's focus areas in R&D:

1



Lightweight and
resource efficient
paperboards

2



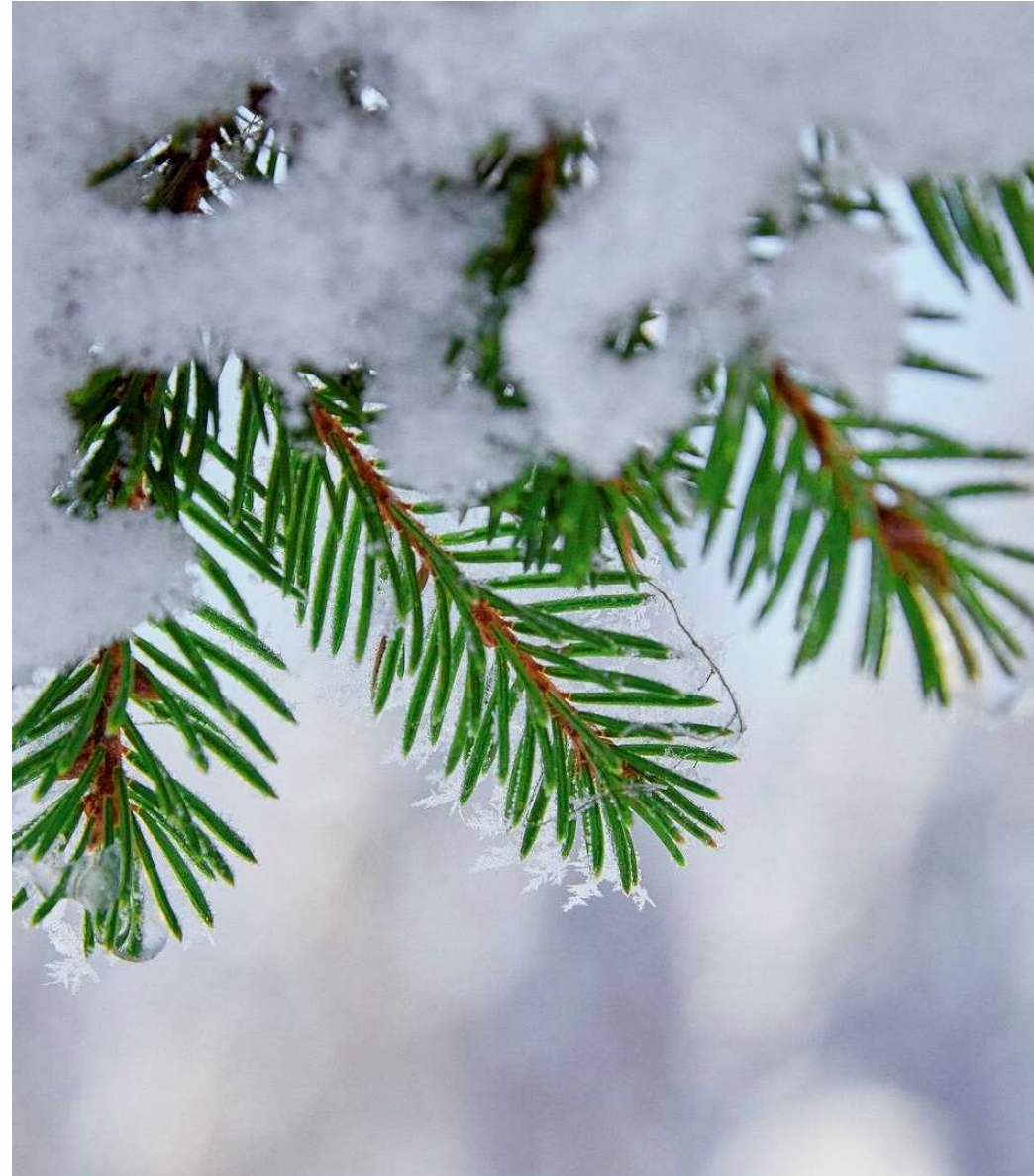
Developing
barrier solutions
as alternatives
to plastics

In 2021:

- We launched Metsä Board's 360 Services
- We started the Biobarrier programme - solutions and polymers based on fossil free raw materials
- Customers interest towards Metsä Board's dispersion coated barrier paperboard increased significantly
- At our Excellence Centre in Äänekoski, we organised several virtual work shops with our customers

Summary

- Year 2021 was all time best for Metsä Board
- Board proposes a dividend of EUR 0.41 per share
- Good demand for fresh fibre paperboards continues
- Cost level remains high but manageable
- Metsä Board's strong financial situation supports investments for sustainable and profitable growth





Metsä

**Together we make
the perfect package**