



Review by CEO

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CEO, Metsä Board

Metsä Board Annual General Meeting 2023

Year 2022

Strong volatility
in operating
environment



Global economy



Geopolitical situation



Supply chain instability



Consumer price inflation

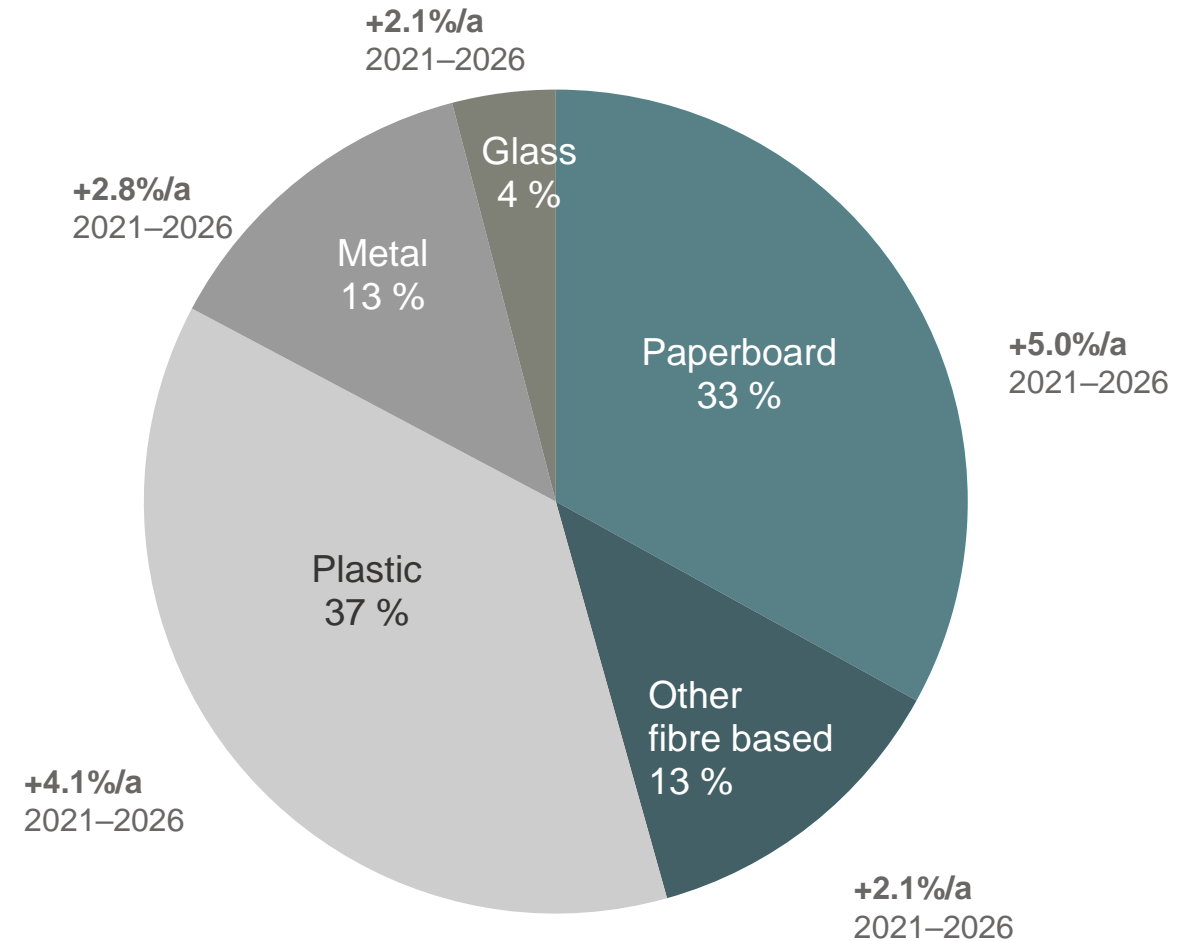


Need for packaging is growing

The annual growth rate of paperboard is faster than other packaging materials

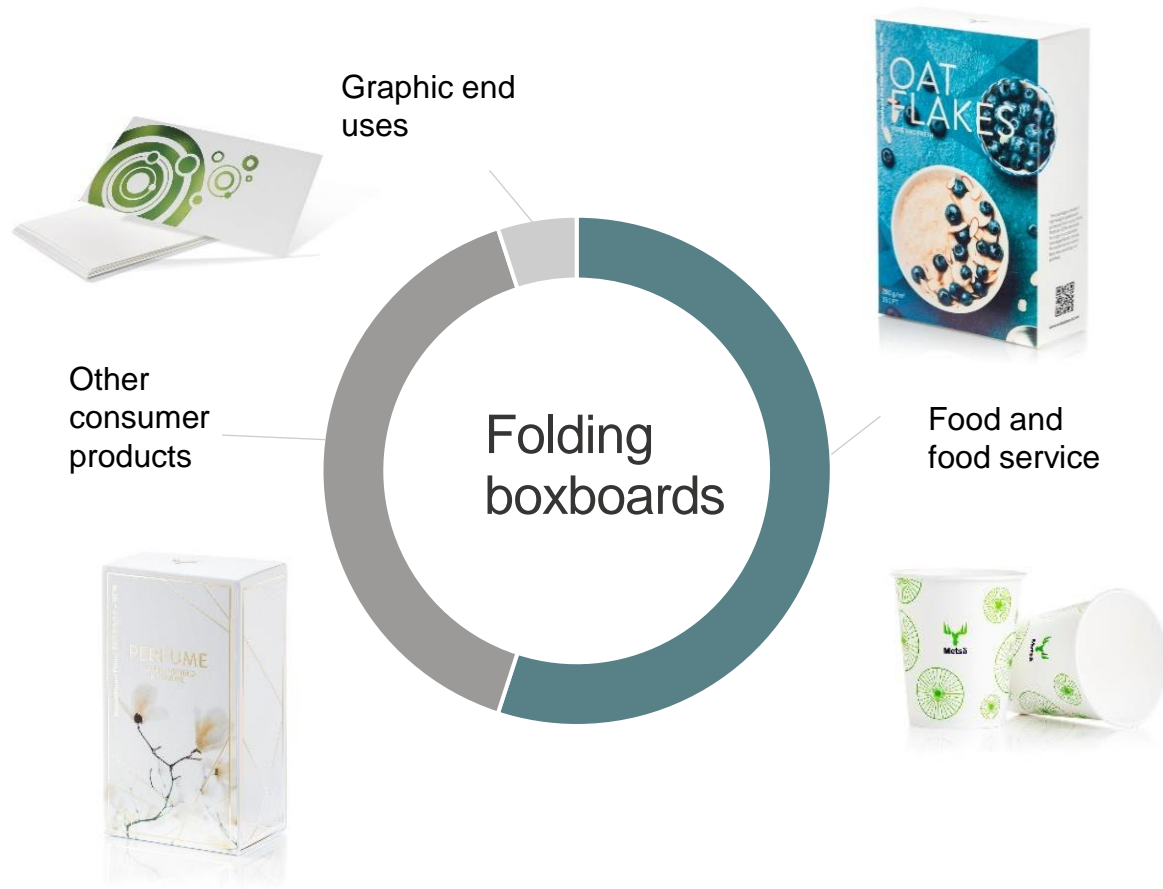


The value of global packaging market totals USD 1,015 billion and annual growth is roughly 4%



Source: Smithers Information Ltd

End uses of Metsä Board's fresh fibre paperboards



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

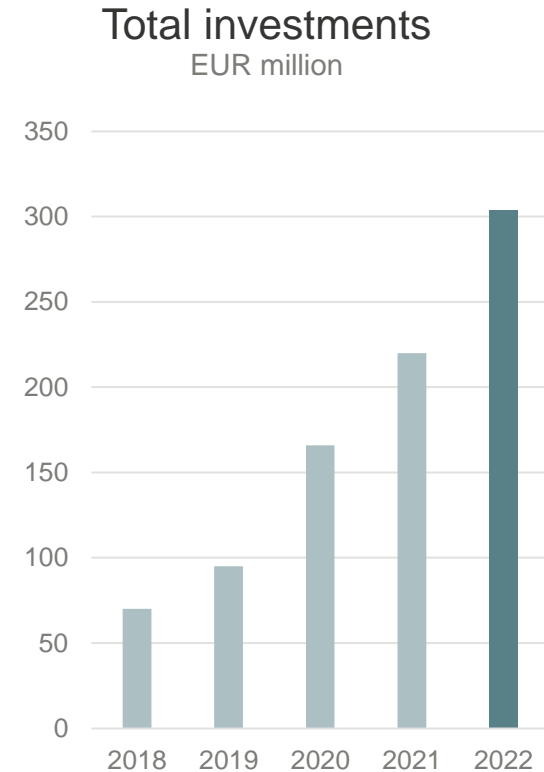
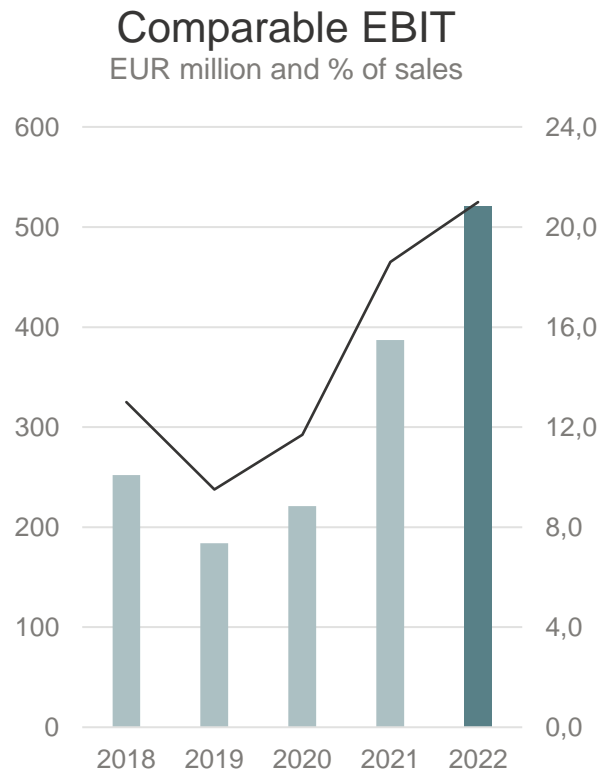
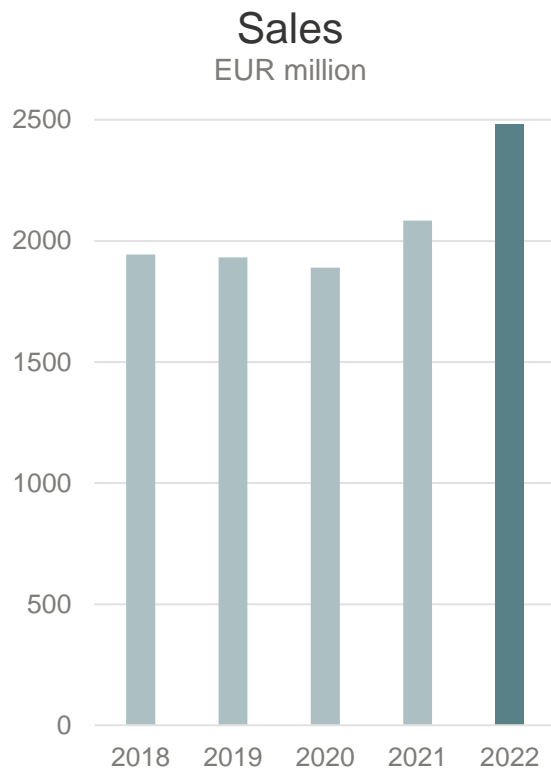
PURPOSE:

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

VISION:

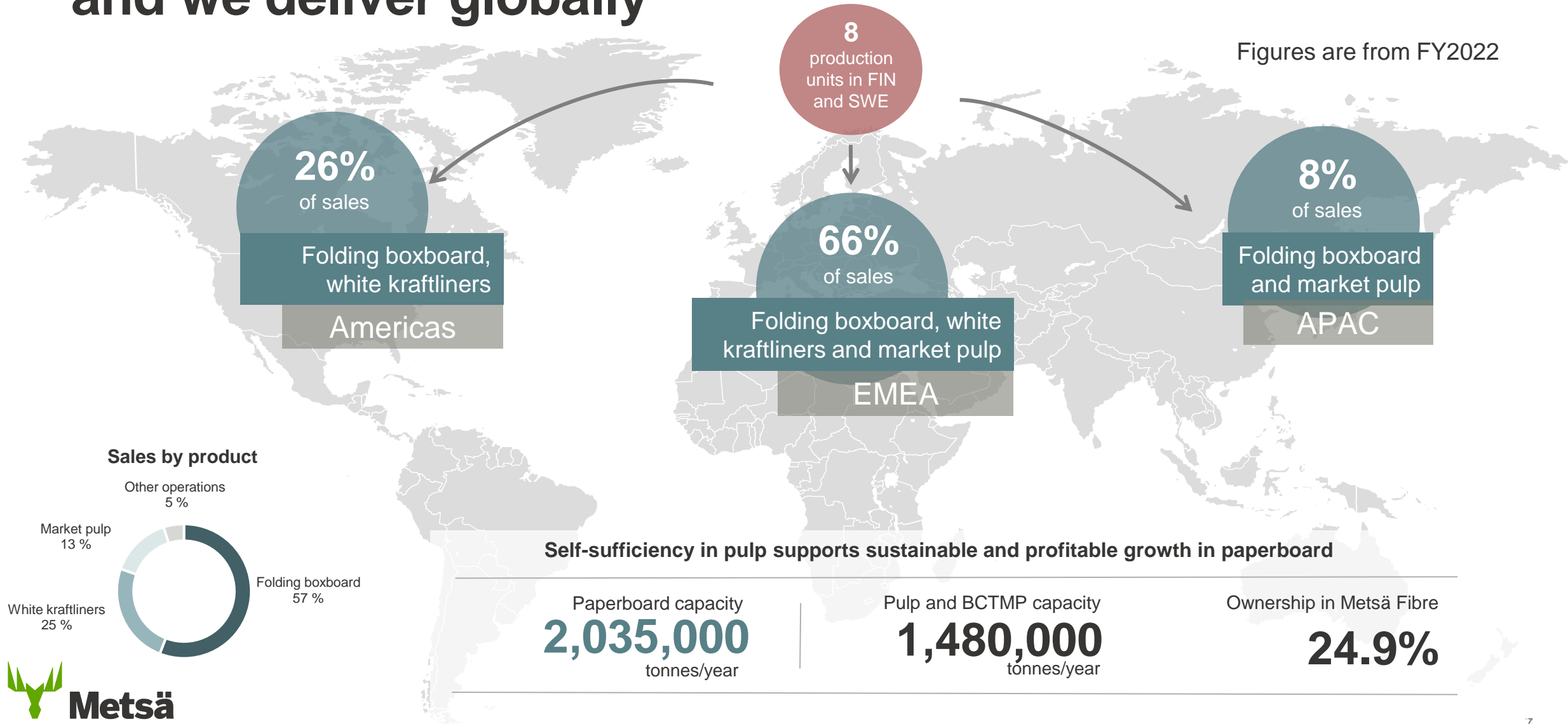
Preferred supplier of innovative and sustainable fibre-based packaging solutions, creating value for customers globally.

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



Our production is close to our main raw material and we deliver globally

Figures are from FY2022



Record high profitability in 2022

- Improved sales prices offset strong cost inflation
- Paperboard demand was strong in H1, towards end of the year demand weakened by adjustment measures in the value chain
- Metsä Board adjusted own production to meet the demand
- New recovery boiler and turbine in Husum pulp mill started up
- Financial situation remained strong

Sales

2,480

EUR million

(2021: 2,084)



Paperboard deliveries

1,817,000

tonnes

(2021: 1,923,000)

Paperboard production

1,877,000

tonnes

(2021: 1,906,000)



Comparable ROCE

20.9%

(2021: 18.7)

Interest bearing net debt /
comparable EBITDA

0.2

(2021: -0.2)

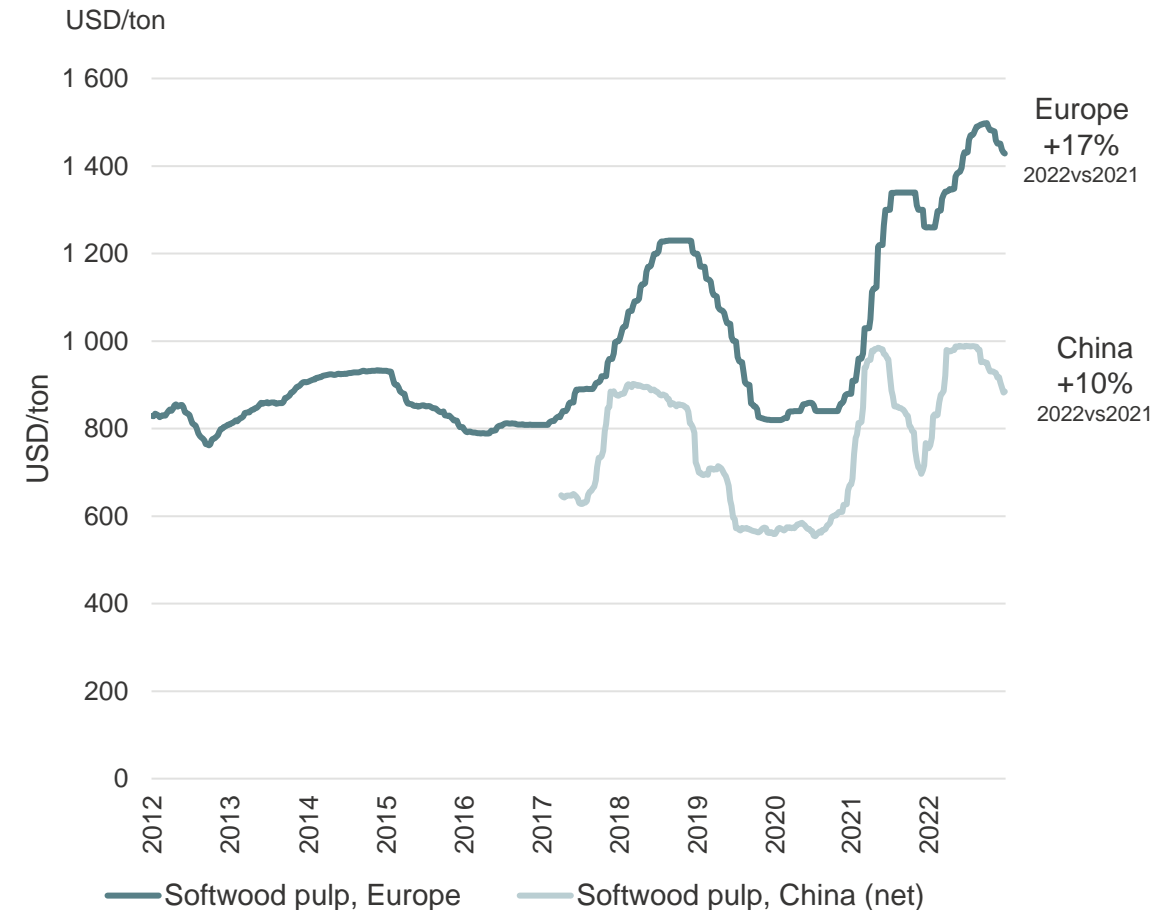
Success from market pulp

- Associated company Metsä Fibre's 2022 result was record high: Sales EUR 3.1 billion and comparable operating result EUR 894 million
- Metsä Board's market pulp deliveries¹⁾ were 503,000 tonnes (2021: 496,000)
- Demand for softwood pulp was at good level in relation to supply
 - In H1 demand was strong, at the end of the year demand was weakened by production shutdowns in paper and paperboard
 - Global market pulp supply was reduced due to the production shutdowns, bottlenecks in logistics and soaring energy and chemical costs



¹⁾ Includes BCTMP and chemical market pulp

Price (PIX) development of softwood pulp
in Europe and China



Source: Fastmarkets Foex

Sustainability highlights in 2022

- Transition towards fossil free production continued
- In the beginning of 2023 we updated our 2030 sustainability targets together with Metsä Group
- We achieved for the second year in a row the **highest A-level** in CDP's climate, water and forest categories
- **Platinum level** rating in the EcoVadis Sustainability Assessment and **100/100 score** in environmental section



CLIMATE FORESTS WATER



WE SUPPORT



Mitigating climate change, enhancing biodiversity and efficient use of resources are at the core of our sustainability work

The goal of our R&D work is world class resource efficiency and reducing the carbon footprint



1

Light and resource efficient paperboards



2

Developing barrier boards as an alternative to plastics

Ongoing and future investments support our growth in fibre based packaging materials



Husum folding boxboard capacity expansion

- Start up in H2/2023
- +200,000 t/a FBB, full production capacity during 2025
- Investment value EUR 210 million

In addition, port warehouse capacity will be increased, value ~ EUR 20–30 million



Kemi white kraftliner development programme

- Start up in H2/2023
- +40,000 t/a white kraftliner, full production capacity during 2024
- Decreased water and energy use
- Investment value EUR 67* million

*) final value will be specified later

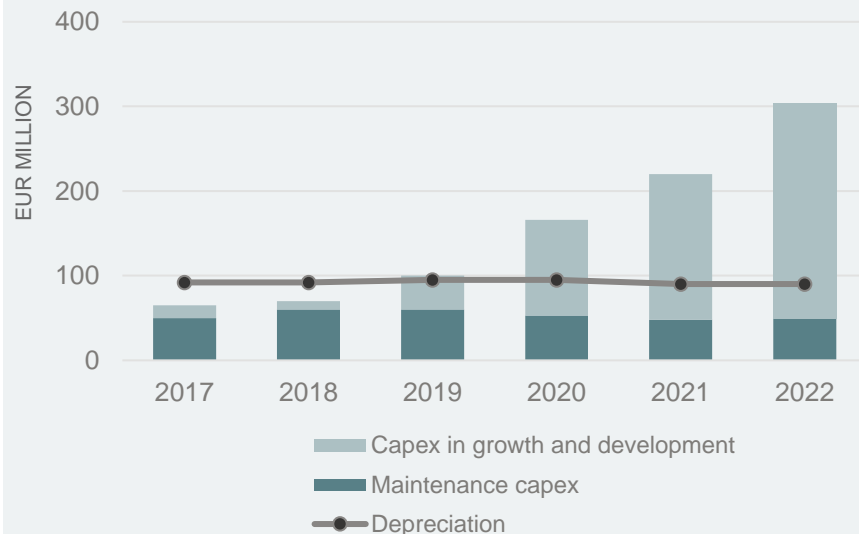


Pre-engineering for new folding boxboard mill in Kaskinen

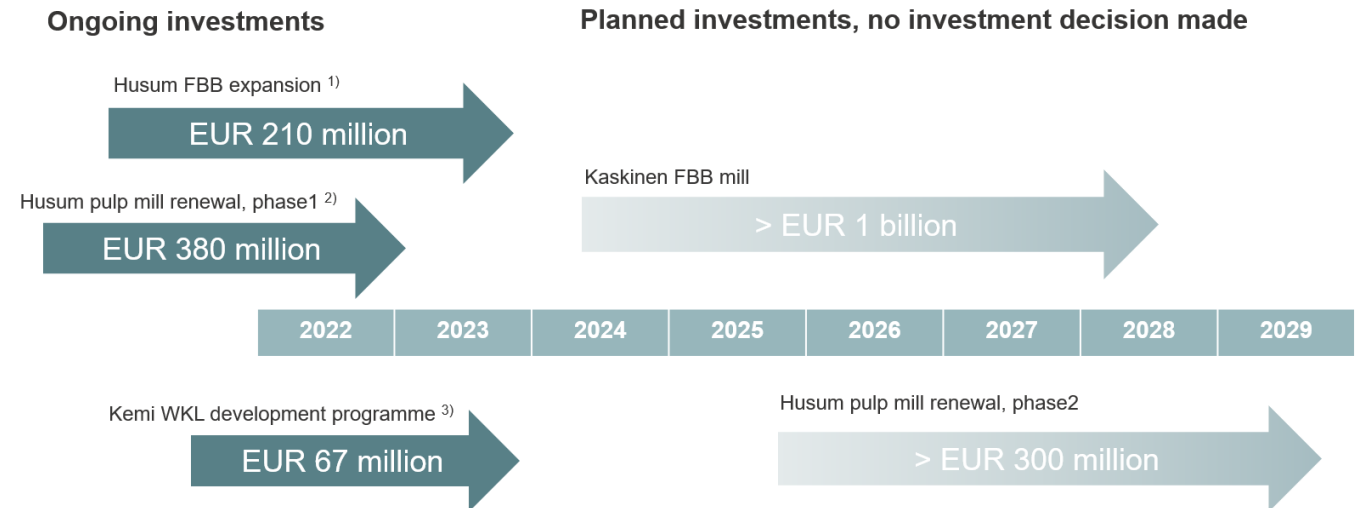
- Pre-engineering based on world class resource efficiency and 100% fossil free production
- 800,000 t/a folding boxboard
- Possible investment decision in 2024 at the earliest

Strong financial situation creates solid platform for planned growth

Actual capital expenditure and depreciation

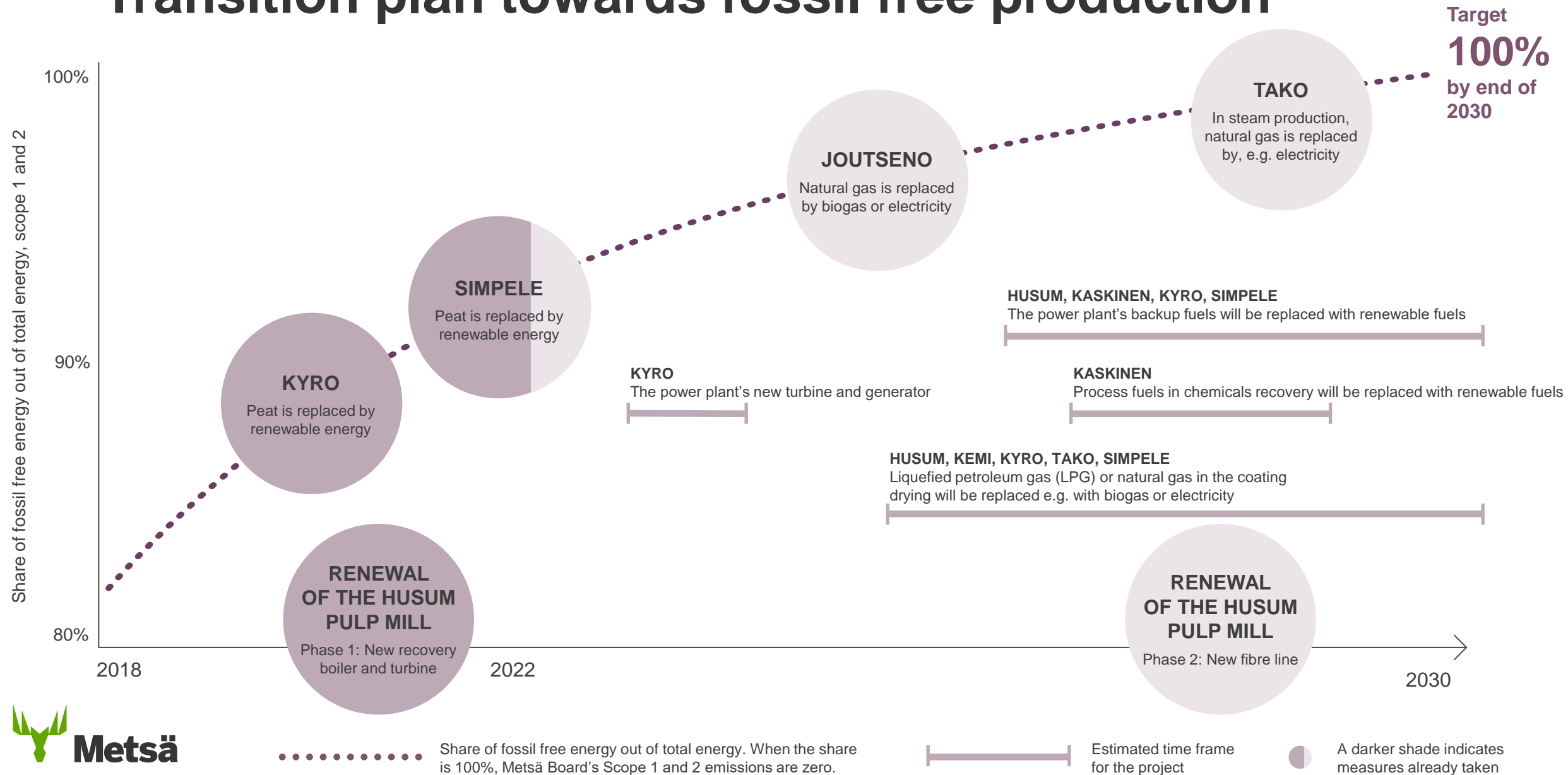


Indicative timetable for ongoing and planned investments

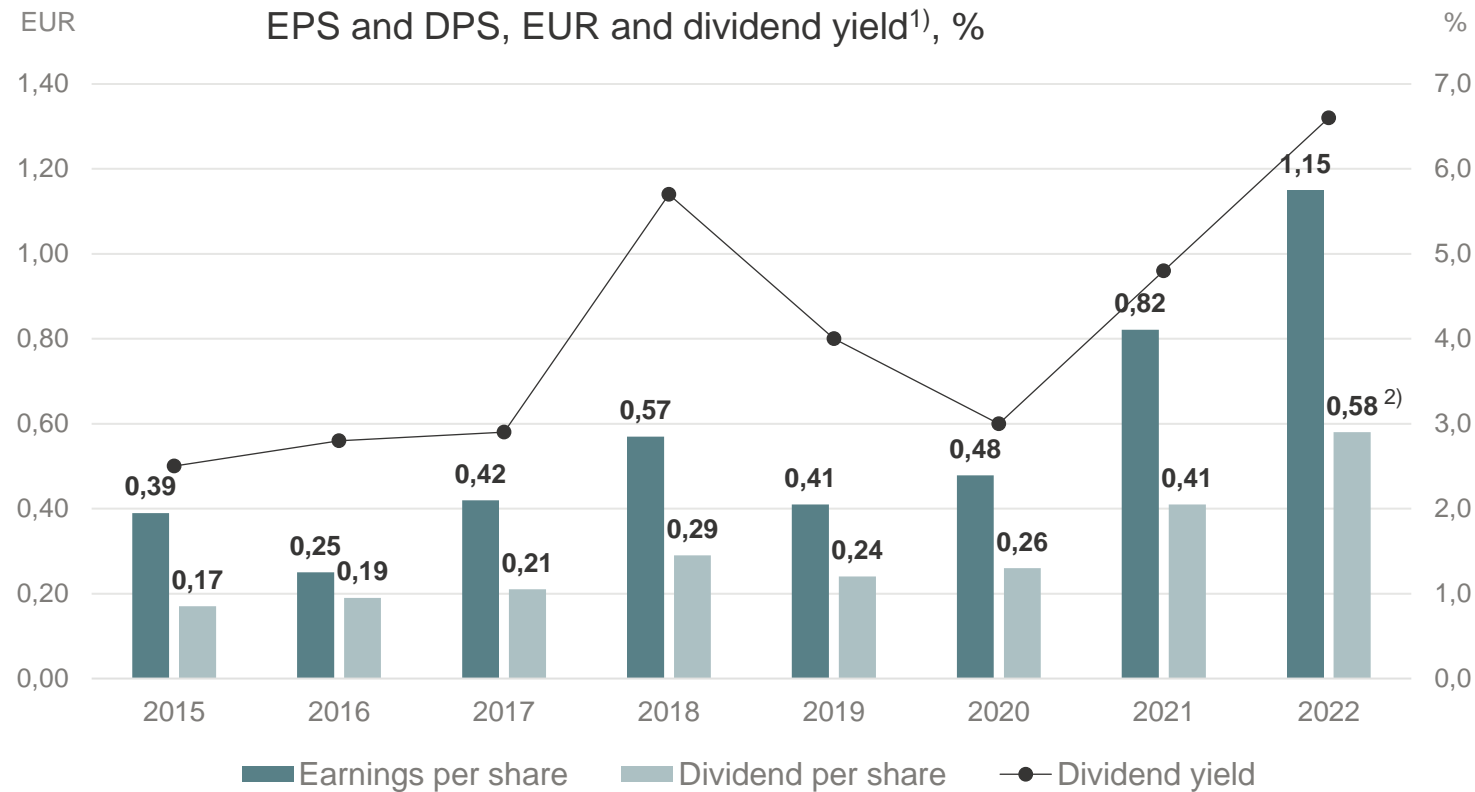


- 1) In addition, an investment in increased port warehouse capacity, value ~EUR 20–30 million
- 2) New recovery boiler and turbine started up 12/2022
- 3) Investment value will be higher than initial estimate of EUR 67 million

Transition plan towards fossil free production



Target is to distribute a competitive dividend to our owners



Dividend policy:

To distribute at least 50% of net result as annual dividends

Summary

- Record profitability in 2022 in a challenging operating environment
- Need for packaging is growing
- We invest for long-term sustainable and profitable growth in fibre-based packaging materials
- Board proposes EUR 0.58 dividend/share





Metsä