



Metsä Group's Half-year Financial Report 2025

Jussi Vanhanen,
President and CEO

31 July 2025



Metsä Group's result weakened clearly

- The comparable operating result for January–June 2025 weakened more than expected from the comparison period. The second quarter result was clearly negative
- Higher sales prices contributed positively to the operating result in the first half of the year. Last year's comparable operating result was weakened by strikes in Finland
- Higher costs – especially higher wood raw material prices – weakened the profitability of all business operations
- Increased uncertainty in world trade, especially the US tariff negotiations, prompted caution in the markets. Consumer confidence weakened in the first half of the year

Sales EUR

3,069 million

(Q1–Q2/2024: 2,937)

Operating result*

EUR 44 million

(Q1–Q2/2024: 57)

Operating result*,
of sales

1.4%

(Q1–Q2/2024: 1.9)

*comparable

Recent events

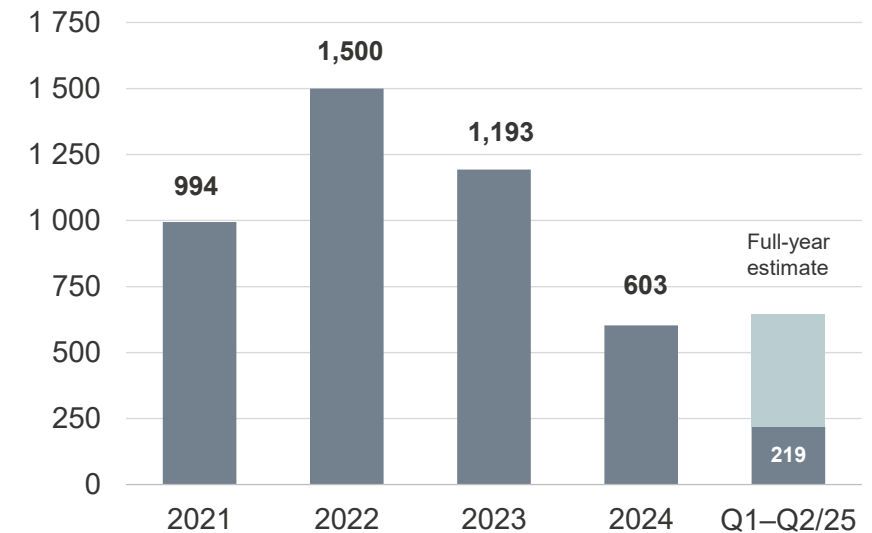
- The Tako board mill was closed down in June. Production was transferred to the Kyro board mill
- Change negotiations led to the reduction of 93 jobs at the Kreuzau tissue paper mill and 28 jobs at the Mänttä tissue paper mill
- Jussi Vanhanen assumed his post as President and CEO of Metsä Group in July. The new composition of the Executive Management Team took effect the same day
- Metsä Group initiates the planning of a cost savings and profit improvement programme of EUR 300 million. The plans will be completed during Q3



Ongoing growth investments are important for Metsä Group and its owner-members

- At the Mariestad tissue paper mill, the installation of equipment is in the final stretch, and operations will begin during 2025
- At the new LVL mill in Äänekoski, the installation of equipment is proceeding at full scale. The mill will come online in late 2026
- At the Simpele mill, the renewed folding boxboard machine will come online in the autumn of 2025
- Carbon capture is being piloted at the Rauma pulp mill

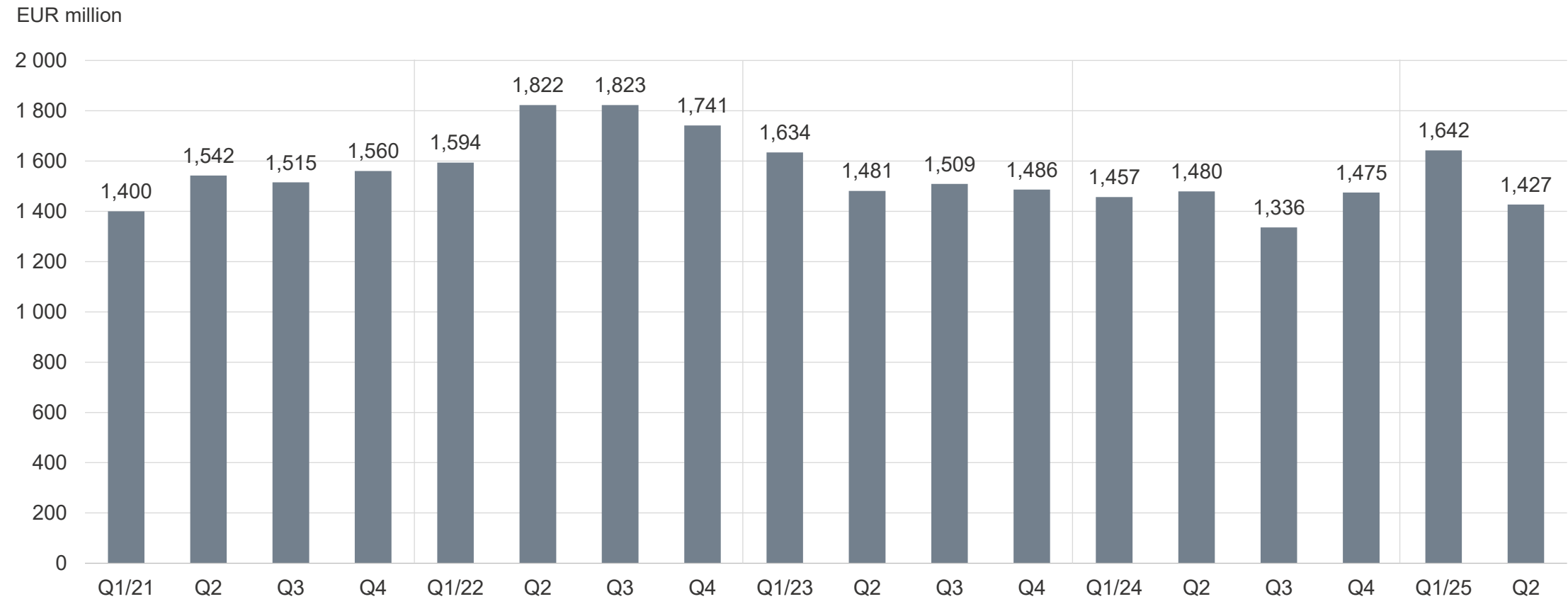
**Total investments,
EUR million**



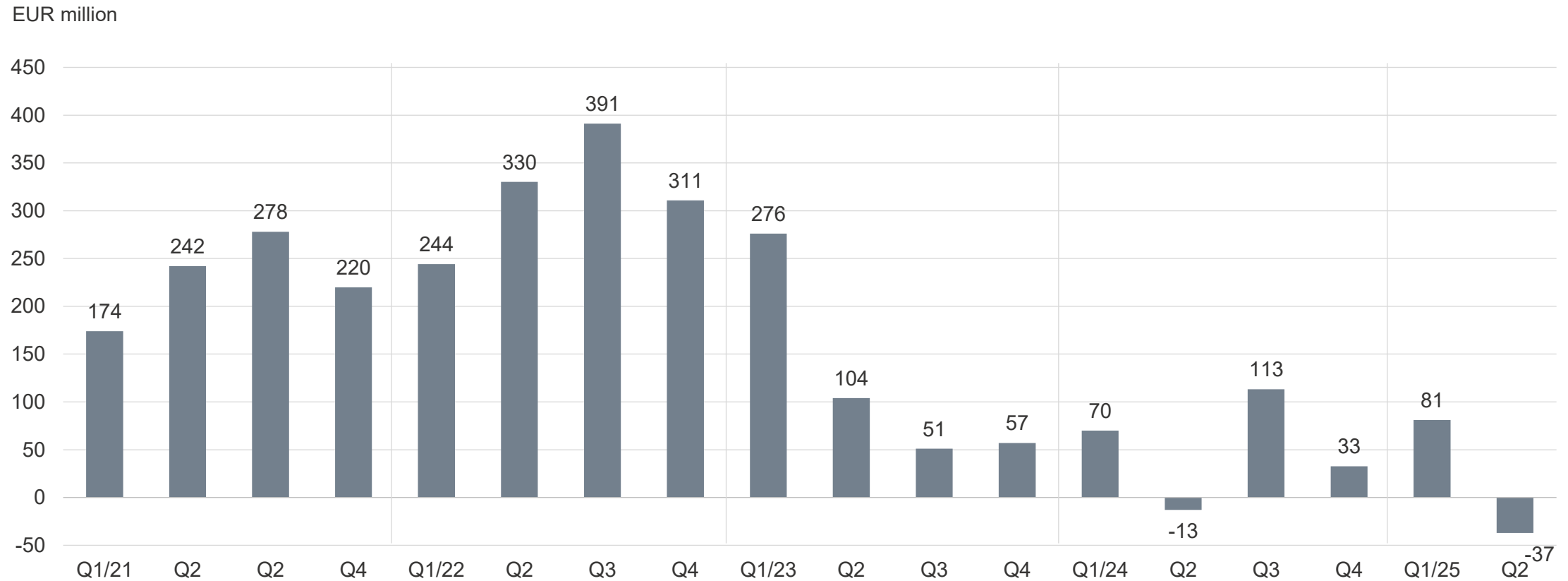
Includes investments in leased property, plant and equipment.

Financial position

January–June sales remained at last year's level



Comparable operating result weakened due to low demand and high costs

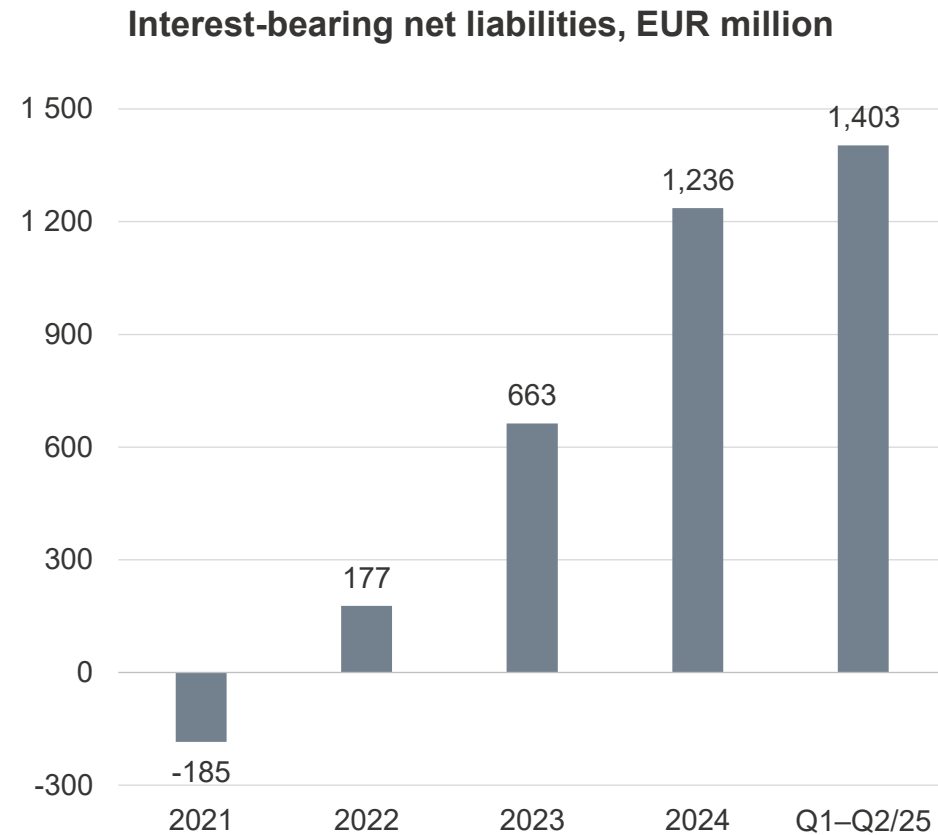
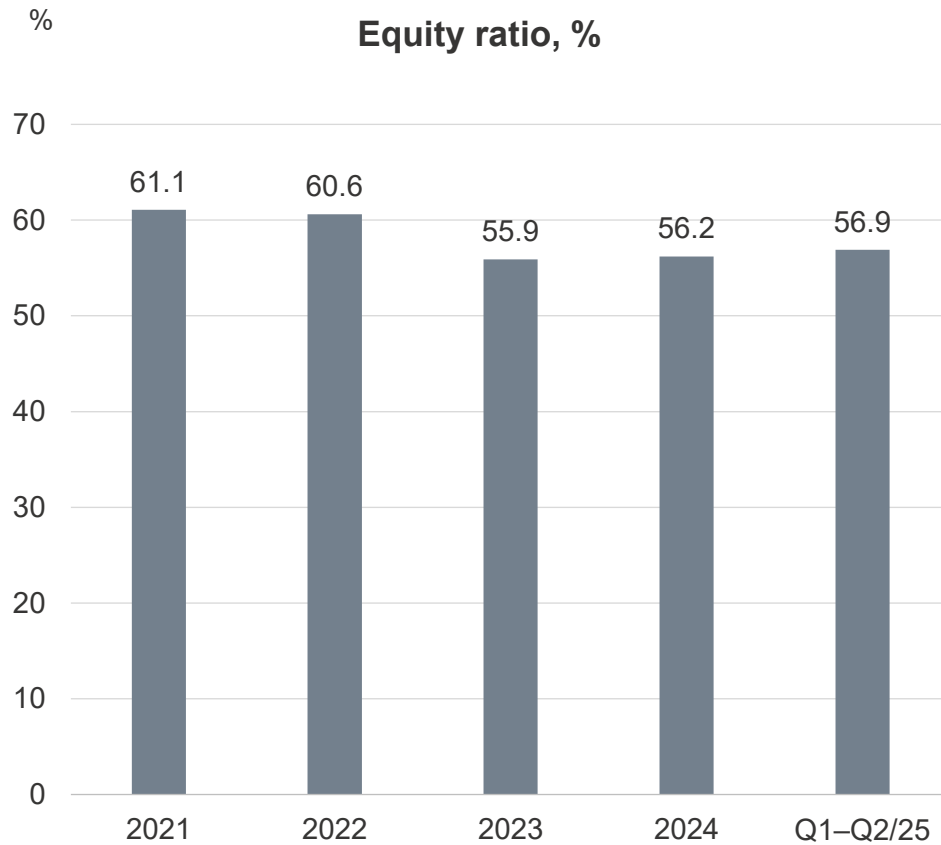


Change in comparable operating result: The price of wood weakened the result

EUR million

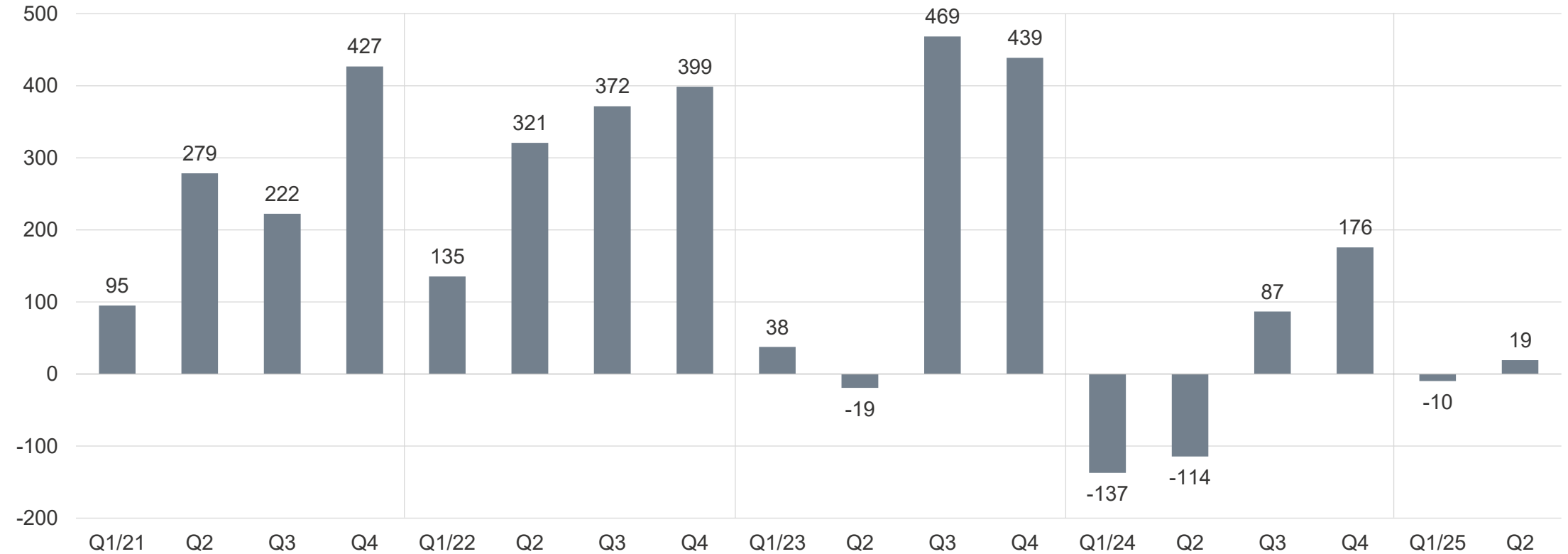
Comparable operating result Q1–Q2/2024	57
Sales prices	60
Sales volumes	15
Exchange rates (after hedging)	-16
Change in the unit costs of wood raw material	-58
Change in the unit costs of raw material, energy and other variable costs	48
Employee costs	-22
Maintenance and other fixed costs	-14
Change in inventories (including volume and valuation)	-24
Depreciation and other	-1
Comparable operating result Q1–Q2/2025	44

The Group has a strong equity ratio, and the amount of debt is at a sustainable level

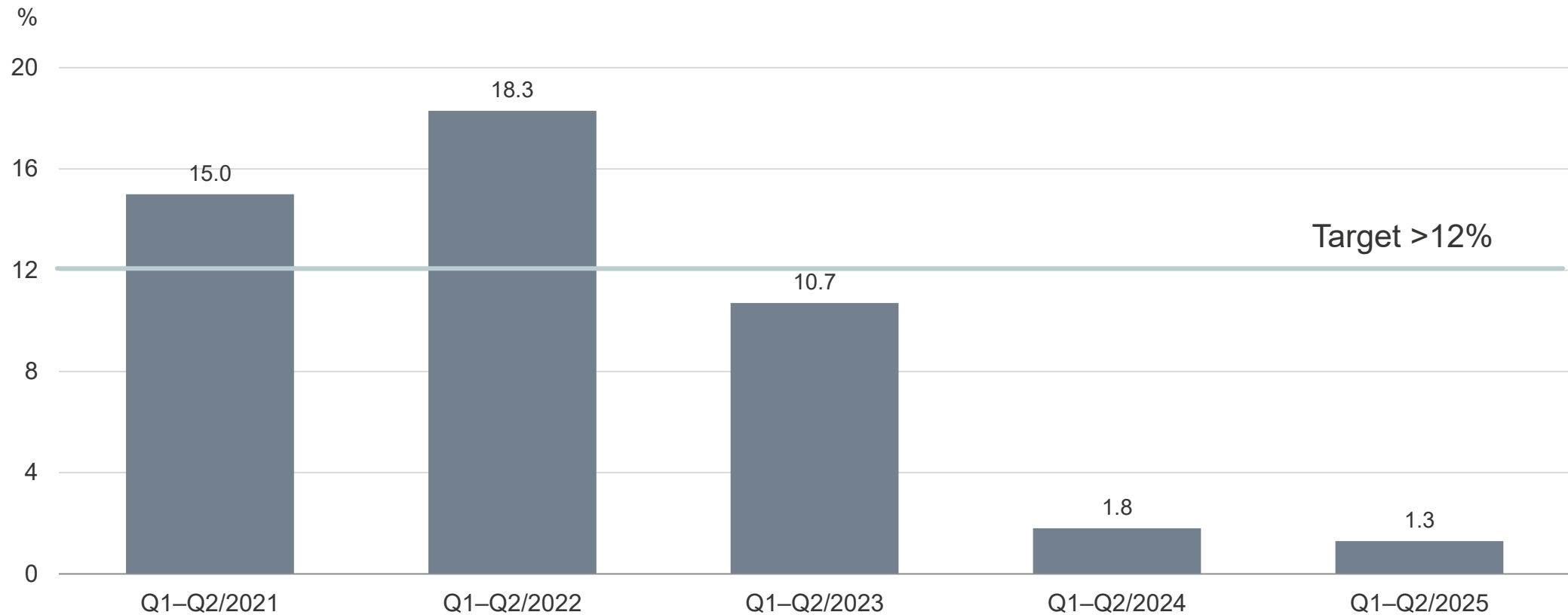


Cash flow from operations – The market situation remains challenging; liquidity remains good

EUR million

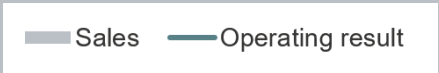
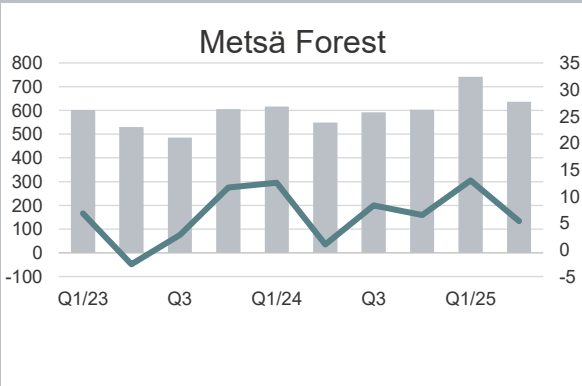
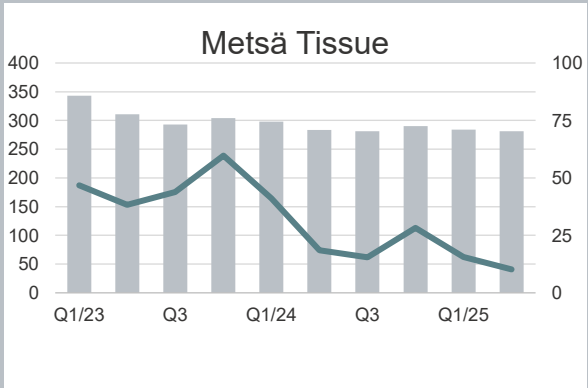
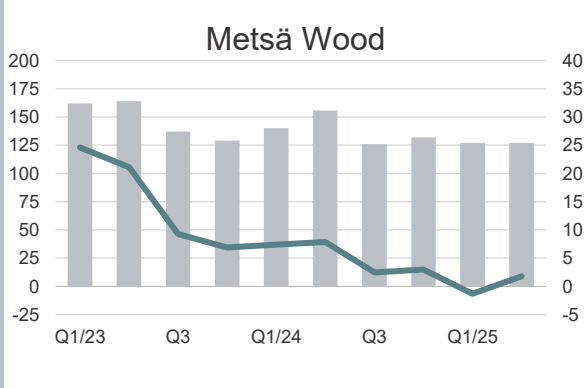
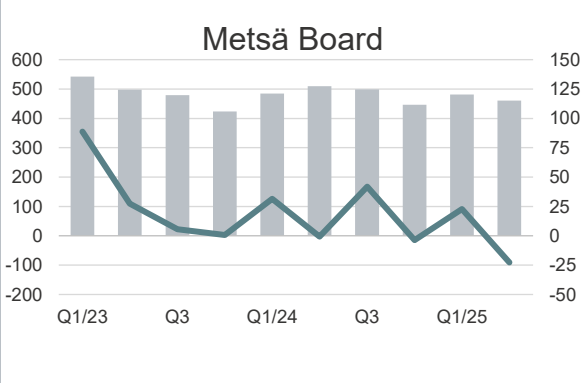
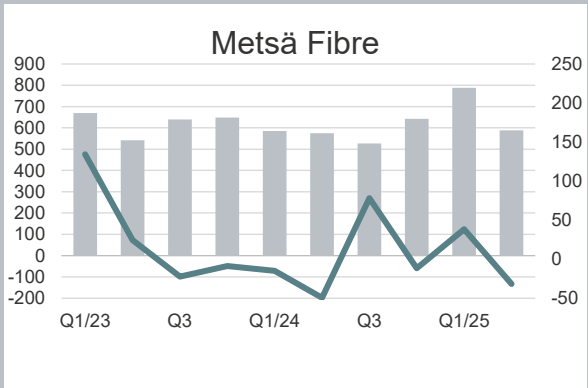


Comparable return on capital employed – Focus on improving profitability



Sales and comparable operating result of the business areas

EUR million



Near-term result outlook

- In July–September 2025, Metsä Group's comparable operating result is expected to be weaker than in April–June 2025



Cost savings and profit improvement programme

Metsä Group's cost savings and profit improvement programme

Leaner cost structure—
With the target of EUR **300** million annual cost reductions

Fixed costs

Sourcing and logistics

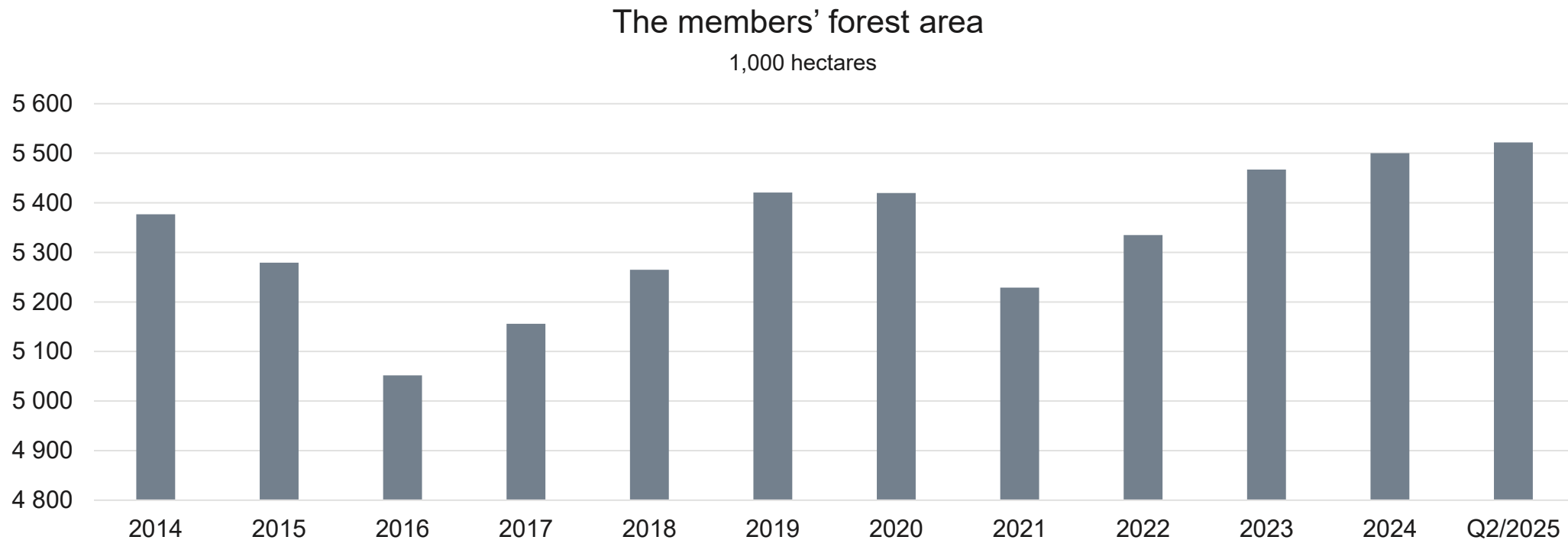
Optimisation of wood
supply chain from the
forest to mills

Updating and
sharpening the
commercial strategies of
the business areas

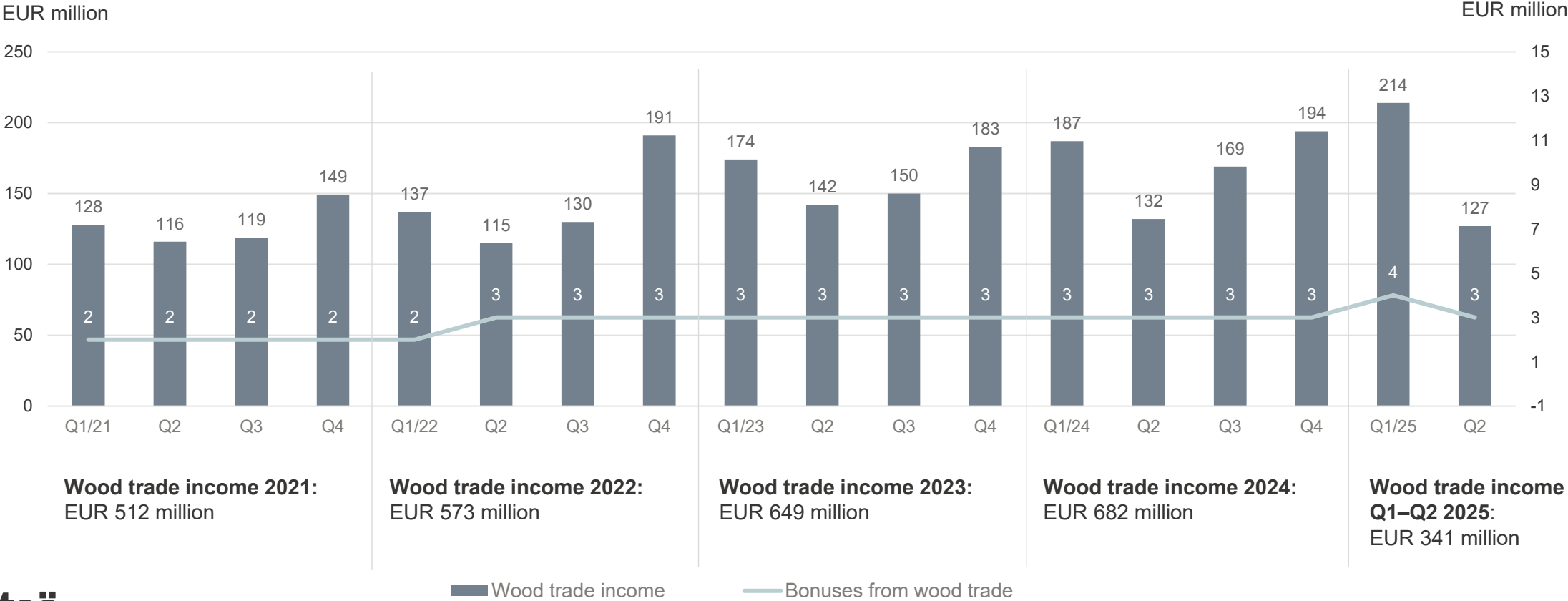
The co-operative distributes income across
Finland

The members' forest area is increasing

Metsä Group's parent company Metsäliitto Cooperative is owned by more than 90,000 Finnish owner-members. They own more than half of Finland's private forests.



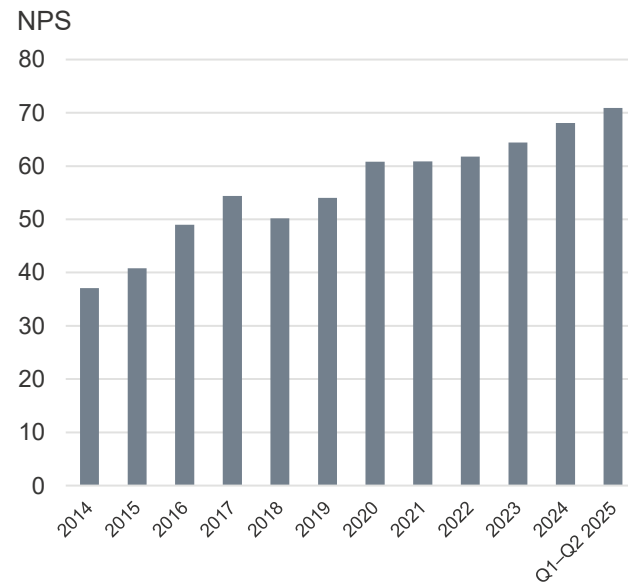
During the first half of the year, owner-members were paid approx. EUR 340 million in wood trade income



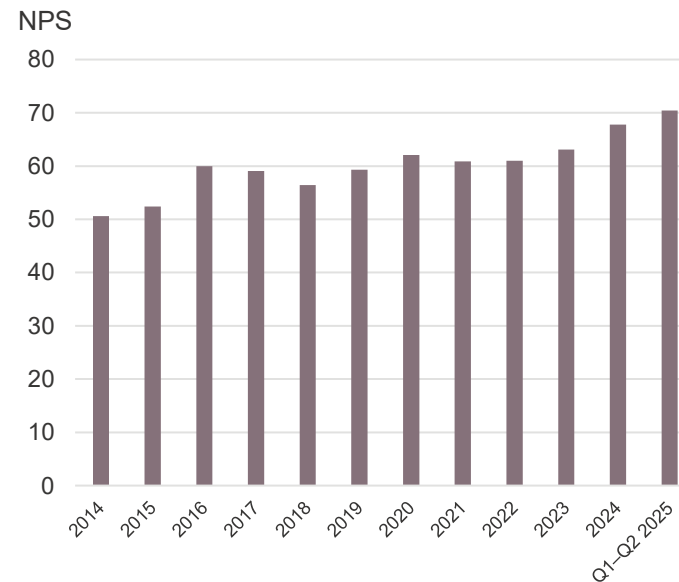
Forest owners' customer experience at a record high

NPS =Net Promoter Score

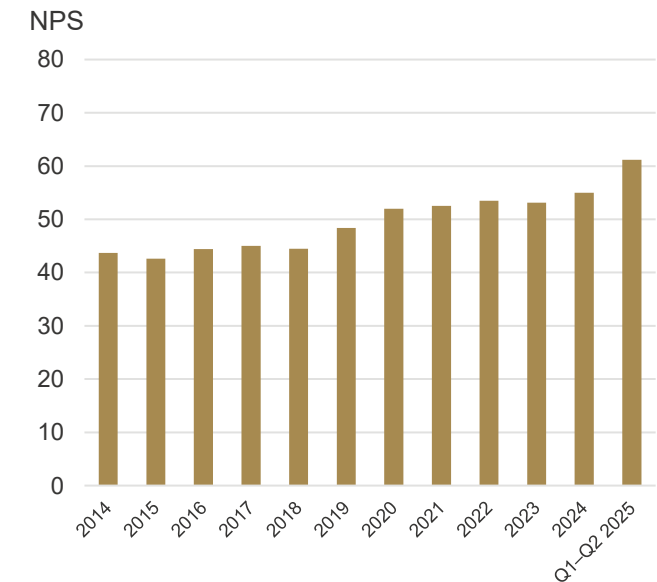
Wood trade and services



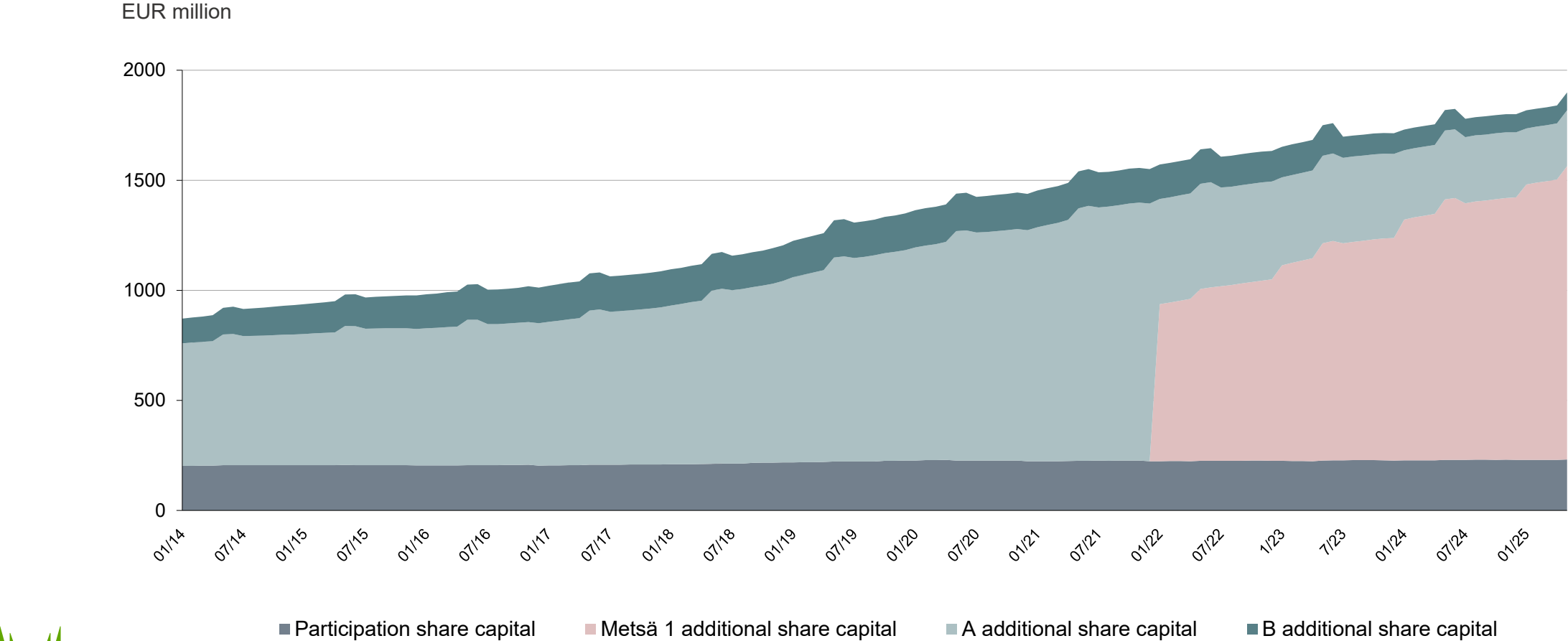
Harvesting



Forest management



Change in members' capital 2014–2025

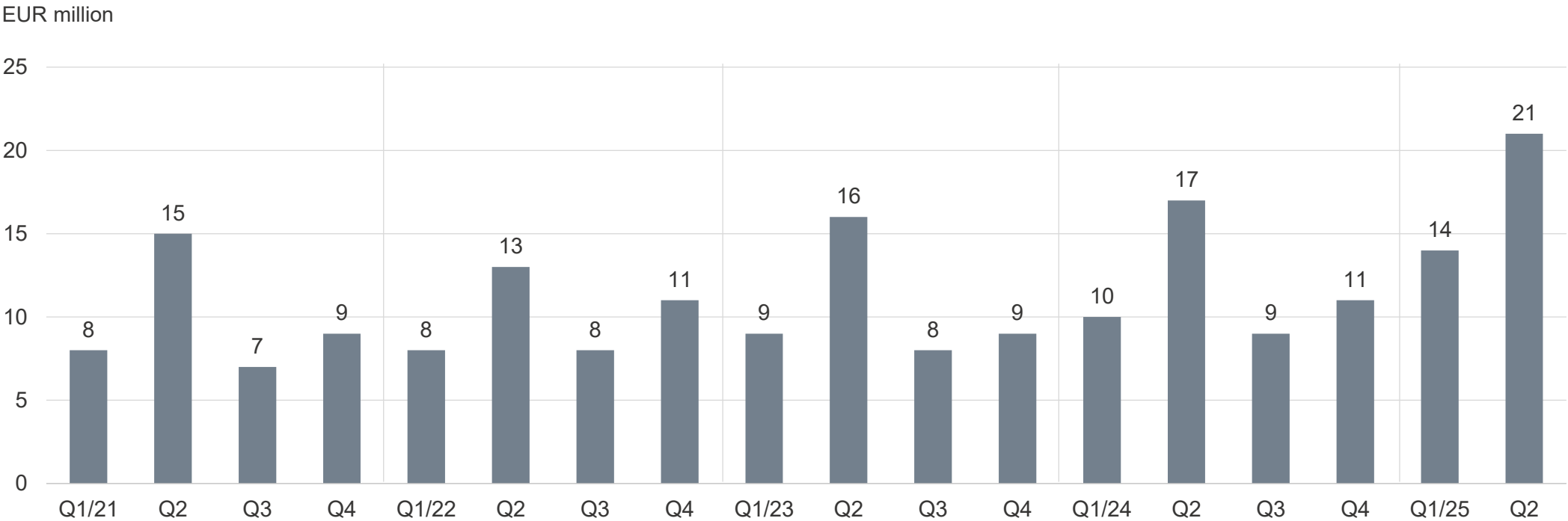


Fund increase shares combined with members' capital proper

Vibrant forests

Sales of forest management work to members has increased clearly

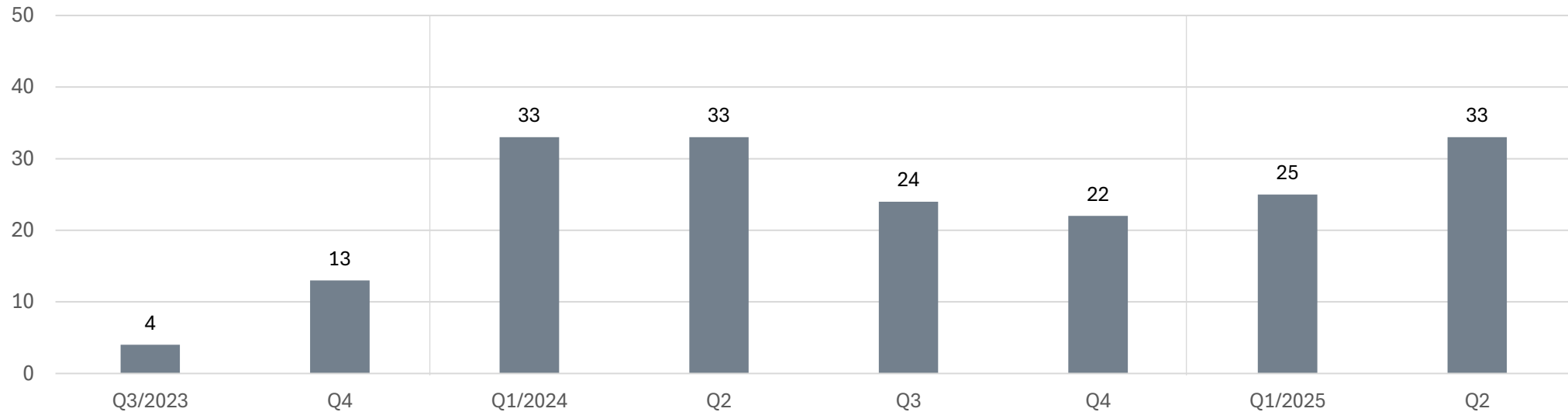
Forests are among Finland’s most significant natural resources. Forest management work keeps forests vibrant, ensures good forest growth and targets growth at specific trees. Biodiversity is taken into account in all stages of forest management.



The Metsä Group Plus forest management model plays an important role in wood trade

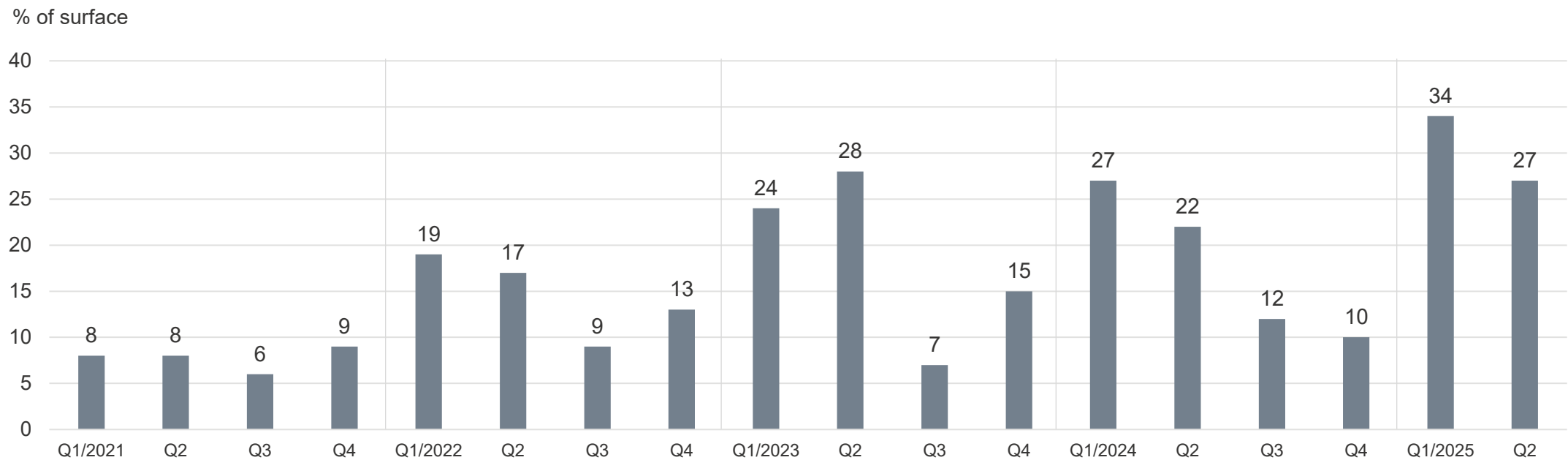
Metsä Group Plus pays closer attention to forest biodiversity. The use of measures that safeguard and improve the state of forest nature more comprehensively than is required by current standard practices is agreed in connection with wood trade and orders for young stand management.

% of wood trade volume in cubic metres



Continuous cover forestry is increasingly common in peatlands

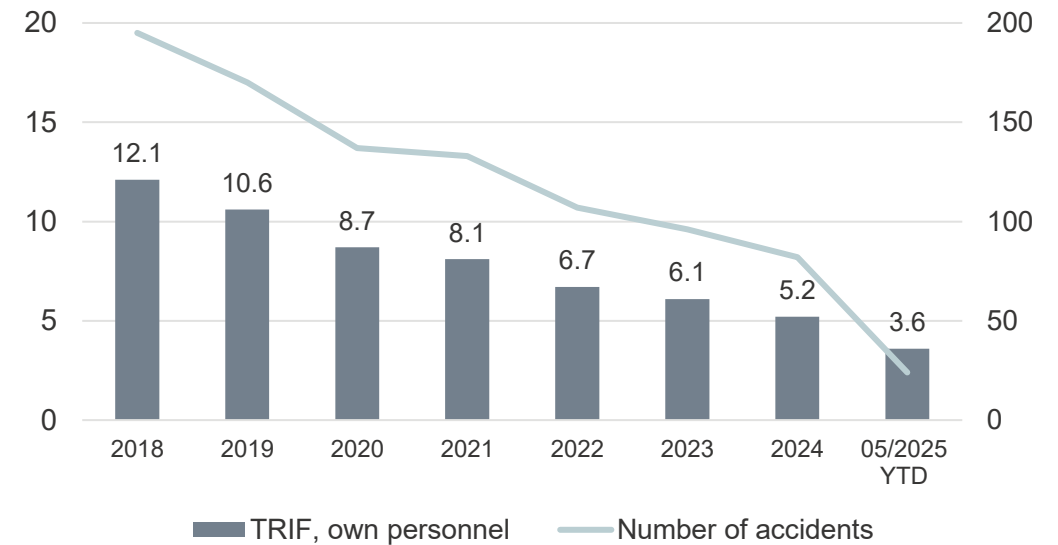
Regeneration felling and drainage repairs in peatlands account for the bulk of forestry’s impact on waterbodies and the climate. We therefore encourage continuous cover forestry in peatlands.



Safety development

Right direction in safety development

- Development actions underway
 - Fair & just safety culture adopted
 - Comprehensive safety training underway
- Future actions
 - Improving service providers' safety
 - Using data to identify development needs



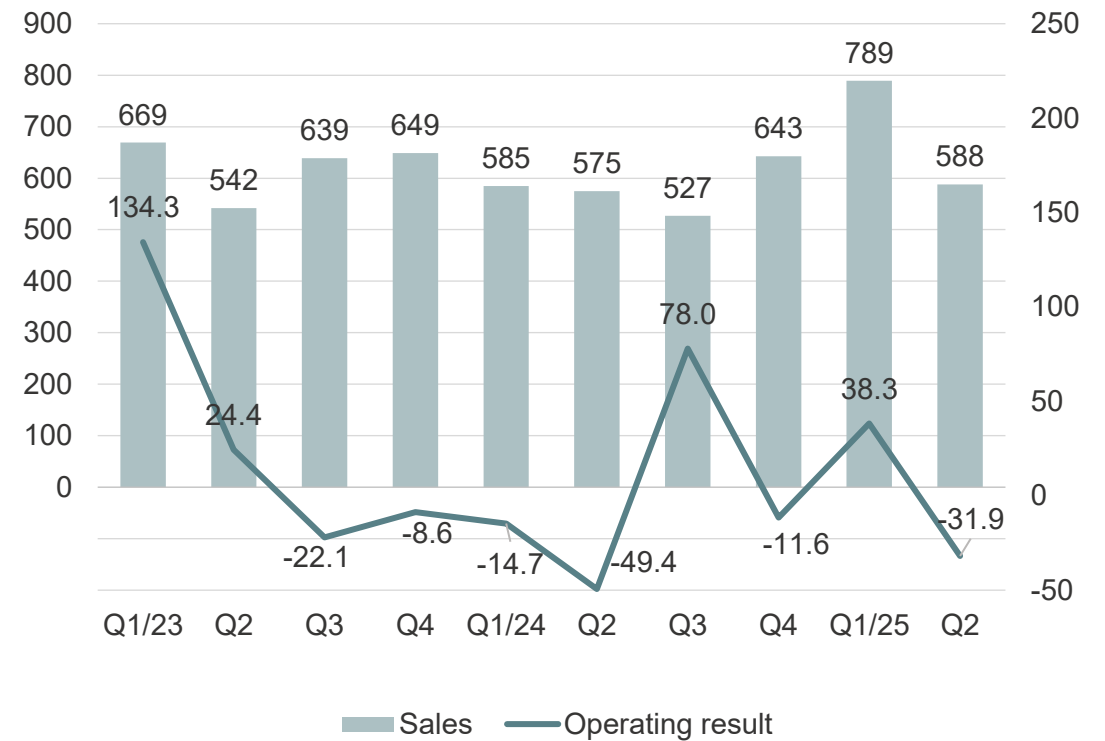
TRIF = Number of work-related accidents per one million hours of work

Additional slides

Weak demand weighed on the Pulp and Sawn Timber Industry's result

- Demand for softwood market pulp began declining in April and has been lower than normal
- The Kemi bioproduct mill had a five-week repair shutdown related to the gas explosion
- Demand for softwood pulp is expected to improve but remain lower than normal due to market uncertainty and tariff negotiations on paper and paperboard demand

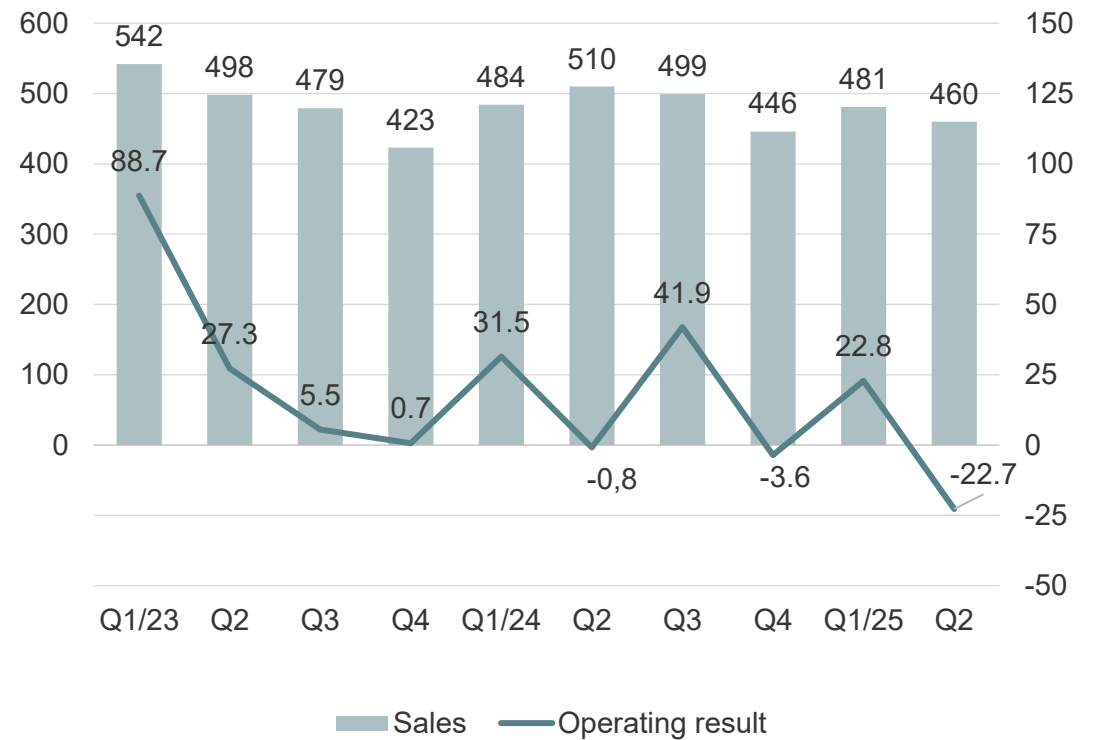
Sales and comparable operating result
EUR million



The Paperboard Industry's result dropped to zero

- The operating result was weakened by lower delivery volumes and market-based production curtailment
- Wood and logistics costs increased in the first half of the year
- The long repair shutdown at the Kemi bioproduct mill also affected production at the Kemi board mill
- Consumers' cautious purchase behaviour and paperboard supply increasing faster than demand affect paperboard demand

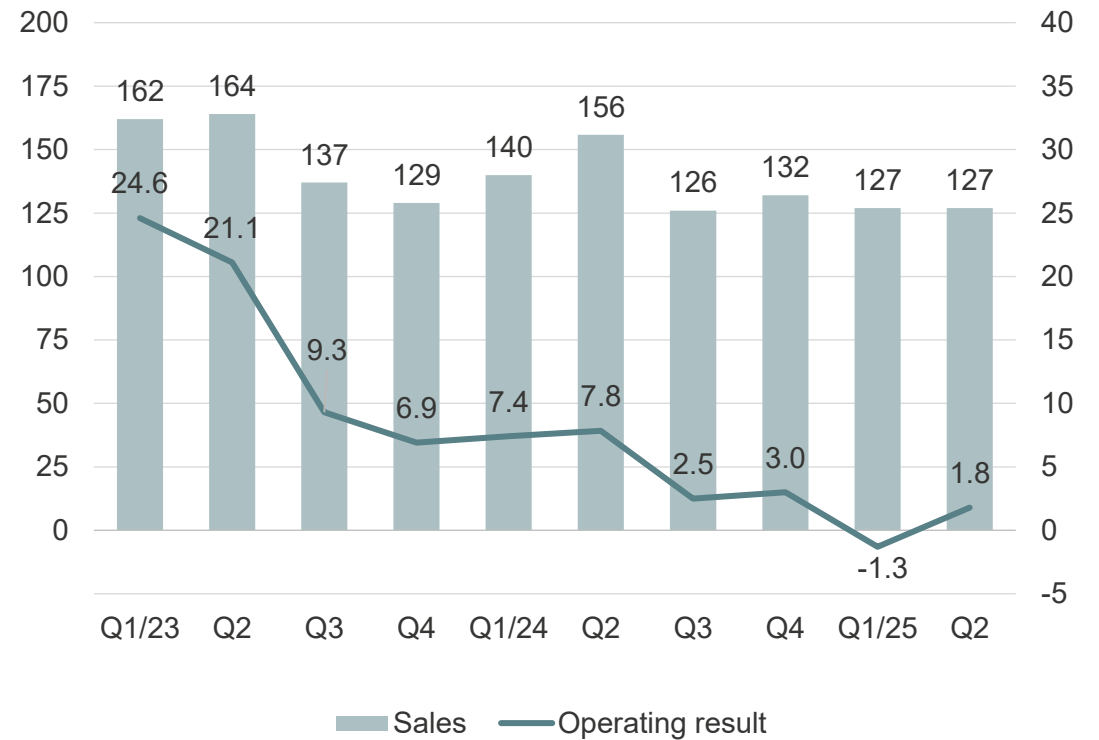
Sales and comparable operating result
EUR million



Sales and delivery volumes declined in the weak construction cycle

- The delivery volumes and sales prices of Kerto® LVL products increased slightly year-over-year
- Profitability decreased due to low demand for spruce plywood, wood costs, and challenges related to the new ERP system
- The outlook for construction remains muted, weakening the demand for spruce plywood in particular. Demand for Kerto LVL products remains stable

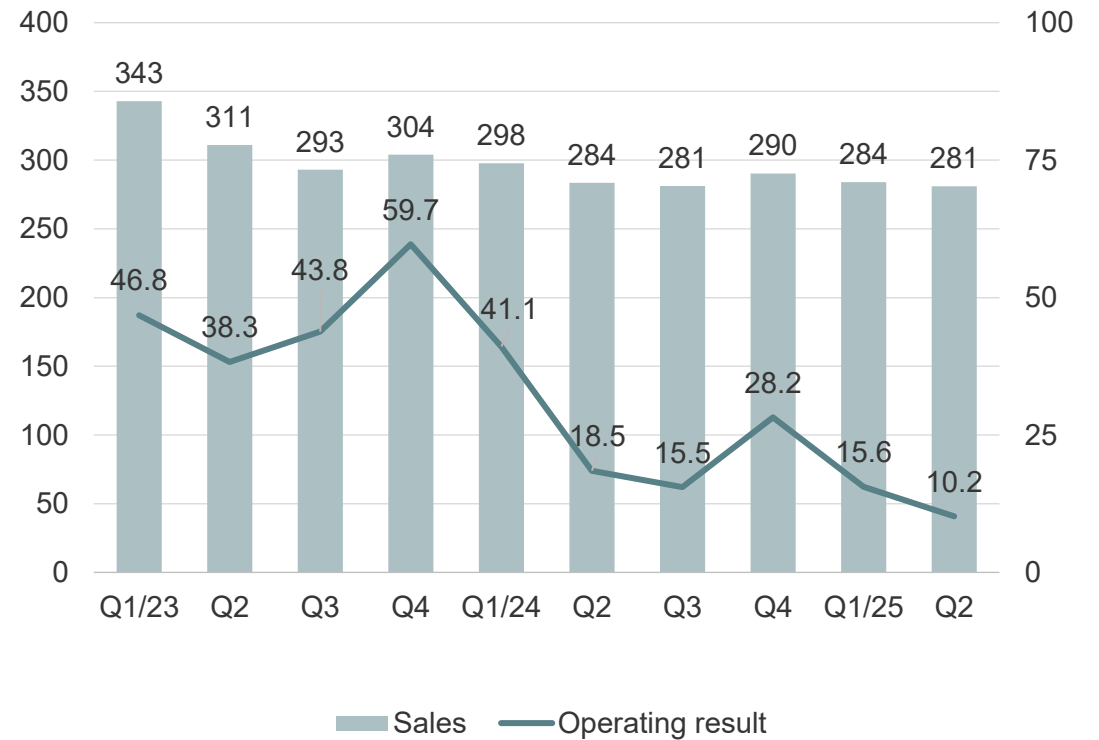
Sales and comparable operating result
EUR million



The result for tissue and greaseproof papers remained reasonable

- Sales remained at the level seen earlier in the year; sales volumes declined from the comparison period. Production was curtailed on a market basis
- The operating result declined due to lower sales volumes and higher costs
- Demand for tissue and greaseproof papers is expected to remain stable

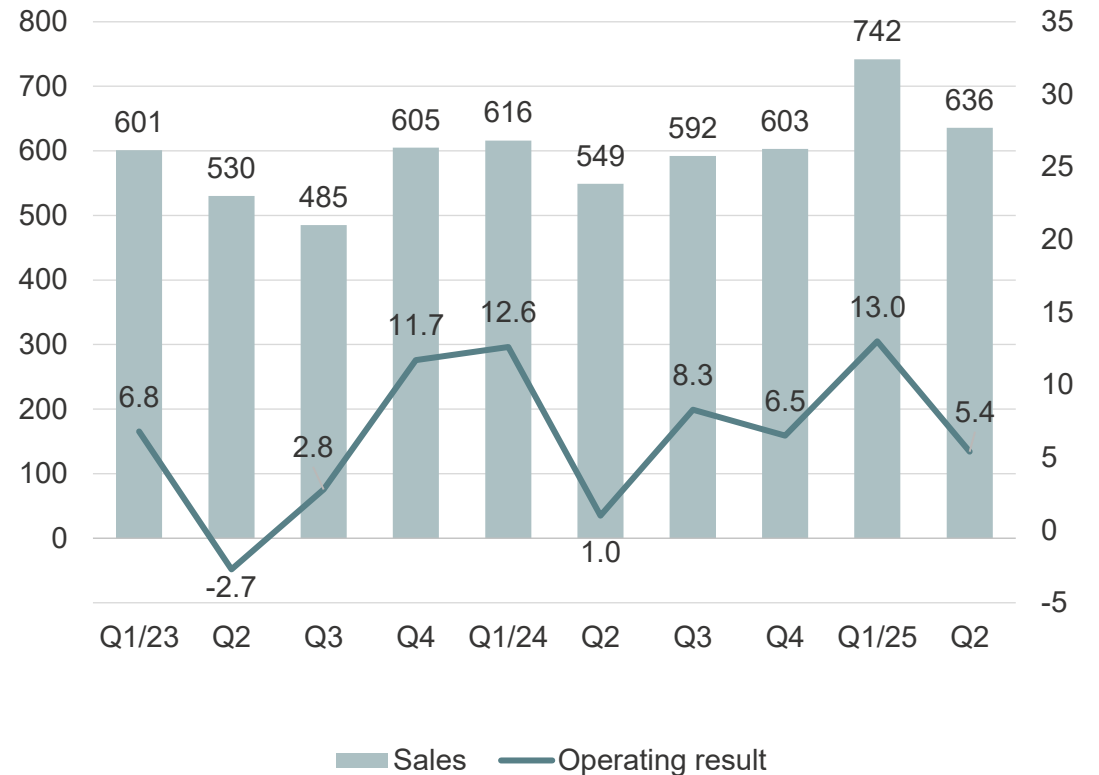
Sales and comparable operating result
EUR million

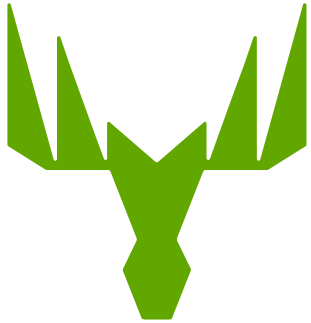


Forest owners' customer experience and forest services sales reached a new record

- Wood purchases were successful in January–June. Services sales increased by more than a fifth from the corresponding period last year
- Wood trade in private forests was brisk. Wood prices continued to increase and were at a record high
- Delivery volumes increased clearly, totalling 16.6 million cubic metres (15.2) in January–June
- The divestment of the wood supply business in Latvia to ACA Timber, a Latvian company, was completed at the end of May 2025

Sales and comparable operating result
EUR million





Metsä

**Growth, with
a future**