

Metsäliitto Group's interim report 1-3/2008

## **Metsäliitto Group limits its wood consumption by two million cubic metres due to difficult wood trade situation**

### **Result for the first quarter of 2008**

- Sales EUR 1,930 million (EUR 1,969 million). Comparable sales were at last year's level.
- Operating profit excluding non-recurring items decreased and stood at EUR 49 million (EUR 87 million). Operating profit after non-recurring items was EUR 70 million (EUR 28 million).
- The result before tax and excluding non-recurring items was EUR -14 million (EUR 26 million). The result from continuing operations, including changes in deferred tax liability, was EUR 1 million (-51).

### **Events in the first quarter**

- M-real sold its New Thames office paper mill located in the UK. The debt-free price was approximately EUR 80 million. The deal became effective on 29 February 2008.
- In connection with the New Thames deal, an agreement was made concerning the pension liabilities of the UK mill operations. The joint positive effect on the earnings of these arrangements is approximately EUR 24 million and the effect on cash flow is EUR 82 million.
- In January, Metsäliitto Wood Products Industry purchased Weyerhaeuser's European iLevel business, a supplier of engineered wood products.

**"The forest industry's operating conditions became more difficult in the first quarter due in particular to currency exchange rate development and the shortage of wood raw material. Due to the wood raw material situation we are limiting our wood consumption by approximately two million cubic metres which, in particular, affects the production of our Finnish and Swedish pulp mills. Reaching a new collective wage agreement in the wood industry in a constructive manner well before the old agreement runs out is a positive reflection of the understanding towards the difficult situation. Our own efforts towards the structural change continue."**

***Kari Jordan, President & CEO, Metsäliitto Group***

*Metsäliitto is the eighth largest forest industry group in the world with sales of EUR 8.0 billion and 20,000 employees. Its five business areas include wood supply, wood products industry, pulp, board and paper, and tissue and cooking papers. The Group's parent company Metsäliitto Cooperative and subsidiaries Metsä-Botnia, M-real and Metsä Tissue operate in 30 countries.*

## Metsäliitto Group

<b>Income statement</b> (Continuing operations)	2008 1-3	2007 1-3	2007 1-12
Sales	1 930	1 969	7 669
Other operating income	73	24	136
Operating expenses	-1 815	-1 834	-7 126
Depreciation and impairment losses	-118	-131	-706
Operating profit	70	28	-27
Share of results in associates	2	2	12
Net exchange gains / losses	-1	-5	1
Other financial income & expenses	-63	-58	-228
Result before tax	8	-33	-242
Income tax	-7	-18	-24
Result from continuing operations	1	-51	-265

## Metsäliitto Group

<b>Profitability</b> (Continuing operations)	2008 1-3	2007 1-3	2007 1-12
Operating profit, EUR mill.	70	28	-27
- " -, excluding non-recurring items	49	87	276
Return on capital employed, %	5.3	2.4	0.1
- " -, excluding non-recurring items	3.8	6.4	5.2
Return on equity, %	0.1	-8.9	-12.0
- " -, excluding non-recurring items	-4.0	1.3	1.4

<b>Financial position</b>	2008 1-3	2007 1-3	2007 1-12
Equity ratio, %	27.0	27.6	27.0
Net gearing ratio, %	162	157	157
Interest-bearing net liabilities, EUR mill.	3 329	3 600	3 271

## Business areas

<b>Sales and Operating profit 2007</b> (EUR mill.)	Wood Supply	Wood Products Industry	Pulp *) Industry	Board and Paper Industry	Tissue and Cooking Papers
Sales	486	315	398	1 099	230
Other operating income	1	3	8	60	6
Operating expenses	-476	-309	-297	-1 057	-211
Depreciation & impairment losses	-1	-11	-34	-78	-16
Operating profit	10	-2	75	24	9

\*) Represents 100%. The Metsäliitto Group consolidates 53% of the Pulp Industry.

The figures are unaudited

## **METSÄLIITTO GROUP**

### **INTERIM REPORT 1 January – 31 March 2008**

#### **Sales and result**

Metsäliitto Group's sales for the first quarter were EUR 1,930 million (1,969). The drop in sales was caused by shutting down the Wifsta and Sittingbourne paper mills and by divesting the New Thames paper mill in the UK, as well as carton plants in Finland and Hungary. The comparable sales were at last year's level.

Operating profit, excluding non-recurring items, was EUR 49 million (87). The net amount of non-recurring items was EUR +21 million (-59). The most significant being EUR 24 million related to the sales and pension liability arrangements of the UK mill operations. Personnel cost provisions, related to the shutting down of the Lielahiti chemi-thermomechanical pulp mill and paper machine 2 at the Kangas mill, were EUR 3 million. Operating profit, including non-recurring items, was EUR 70 million (28).

The Group's net financial expenses were 3.3 per cent of sales (3.2). Financial income was EUR 5 million (6), income from associates was EUR 2 million (2) and financial expenses were EUR 68 million (64). Net exchange gains/losses recognised in financial items were EUR -1 million (-5). At the end of March, the exchange rate of the US dollar against the euro was 7.4 per cent weaker and that of the British pound sterling 8.5 per cent weaker than at the beginning of the year. On average, the dollar weakened by 14 per cent in the first quarter and the pound weakened by 13 per cent compared to the same period last year.

The result before taxes was EUR 8 million (-33) and taxes, including changes in deferred tax liability, were EUR 7 million (18). The result from continuing operations was EUR 1 million (-51), the result from discontinued operations was EUR -1 million (2) and the net result for the period was EUR 0 million (-49).

The result attributable to the owners of the parent company was EUR 9 million (3) and to the minority EUR -9 million (-52).

The Group's return on capital employed for continuing operations was 5.3 per cent (2.4) and return on equity was 0.1 per cent (-8.9). Excluding non-recurring items, return on capital employed was 3.8 per cent (6.4) and return on equity was -4.0 per cent (1.3).

## Balance sheet and financing

Metsäliitto Group's total liquidity was EUR 1.5 billion at the end of March (31.12.07: 1.6). Of this, EUR 0.3 billion (0.4) was in terms of liquid assets and investments, and EUR 1.2 billion (1.2) in binding credit facility agreements not included in the balance sheet. In addition, the Group can satisfy short-term financial needs with non-binding commercial paper schemes in Finland and abroad, as well as credit lines amounting to approximately EUR 0.5 billion.

The Group's equity ratio in March was 27.0 per cent and gearing was 162 per cent (31.12.07: 27.0% and 157%, respectively). Interest-bearing net liabilities stood at EUR 3,329 million (31.12.2007: 3,271). The equity ratio of the parent company, Metsäliitto Cooperative, was 53.7 per cent at the end of March and gearing ratio 37 per cent (31.12.2007: 55.0% and 37%, respectively).

Metsäliitto Cooperative's members' capital grew by EUR 5.9 million in January-March. The actual members' capital grew by EUR 0.7 million, the additional members' capital A by EUR 5.1 million and the additional members' capital B by EUR 0.1 million. At the end of March, Metsäliitto Cooperative had 130,494 members (31.12.07: 131,032)

Metsäliitto Cooperative's Supervisory Board will make a proposal to Metsäliitto Cooperative's Representative Council, convening on 23 April 2008, to decide to pay 6.5 per cent (6.0) of interest on the subscribed members' capital, 5.5 per cent (5.0) on the additional A series capital and 4.0 per cent (3.5) on the additional B series capital for 2007. Thus, the interest on members' capital for 2007 would total EUR 41.1 million (36.2).

## Personnel

The Group employed an average of 20,012 people (22,103) during the first quarter. At the end of March, the number of personnel in the Group was 19,819 (31.12.07: 20,105). The parent company Metsäliitto Cooperative employed 3,311 people at the end of March (31.12.07: 3,165).

## Investments, acquisitions and divestments

Metsäliitto Group's capital expenditure and corporate acquisitions totalled EUR 43 million (96).

### *Investments in fixed assets*

Operations at the birch plywood upgrading mill in Suolahti built by Metsäliitto Wood Products Industry have come onstream. The new unit will employ some 20 people, and the cost of the project was approximately EUR 15 million.

### *Corporate acquisitions and divestments*

In January, Metsäliitto Wood Products Industry strengthened its Building Solutions business line by acquiring iLevel's European engineering wood operations from

Weyerhaeuser. The deal included the sales, distribution and technical support for iLevel's engineering wood products in Europe, and offers Wood Products Industry good conditions to expand and develop its operations in the UK, France and Germany in particular.

M-real divested its New Thames office paper mill in the UK to DS Smith Plc. In connection with the deal, an agreement was made concerning the pension liabilities of the UK mill operations. The joint positive effect on the earnings of these arrangements is approximately EUR 24 million and the effect on cash flow is EUR 82 million.

## **Structural changes**

The profit improvement and business concept simplification programme M-real announced in November 2007 has proceeded according to the targets. As part of the programme, M-real shut down its BCTMP plant in Lielahiti and paper machine 2 producing coated magazine paper at the Kangas mill. Publishing and Commercial Printing business areas were combined into Graphic Papers business area and a project to simplify the coated magazine paper operating method and to lighten the sales and marketing organisation was initiated at the same time. As part of the programme, M-real announced it is also prepared to take other measures, such as capacity cuts, if they are required by changes in the business environment. The aggregate annual profit improvement target of the programme is estimated to be EUR 100 million by the end of 2009.

In February 2008, M-real announced an additional target of EUR 200 million from asset sales, which should be achieved by the end of the first quarter of 2009. The targeted sum includes M-real's divestment of the New Thames mill in early February.

## **Business areas**

### *Wood Supply*

Wood Supply sales were EUR 486 million (408) in January-March, and operating profit amounted to EUR 10 million (10). The operating profit includes approximately EUR 2 million in non-recurring income. Wood Supply Finland accounted for EUR 334 million (304) of the sales and EUR 7 million (8) of the operating profit.

In the first quarter, Metsäliitto purchased approximately half of the wood in Finland than it had done last year, which means that the Group is clearly behind its annual target. Procurement has been pulpwood heavy and focused on immediately transportable procurement batches. The price level has remained high for pulpwood in the first quarter; the price of birch logs has been rising and for spruce logs decreasing.

In Russia, wood harvesting has been more successful than last year. The price level has been slightly decreasing but the market situation fluctuates depending on area

and wood assortment. In January-March, imports from Russia to Finland amounted to 0.5 million cubic metres (0.4). On a whole year level a decrease in imports from Russia is expected.

In the Baltic region, poor weather conditions lowered harvesting in private forests in particular. The prices of all wood assortments have been decreasing but are expected to make an upturn due to decreased supply prices.

Difficult weather conditions also impeded West European wood supply. In Austria, the storms in January-February caused damages to approximately 12 million cubic metres of forestry, which have affected the entire wood market in Central Europe. Restricted sawmill production has also decreased wood chip delivery volumes.

The entire delivery volume of wood supply to production plants during the three first months of the year was 9.2 million cubic metres (9.2). The Group's mills wood supply was managed by special measures though the amounts procured were clearly less than estimated.

#### *Wood Products Industry*

Metsäliitto Wood Products Industry's sales amounted to EUR 315 million (354) and operating profit was EUR -2 million (27). The main reason behind the negative result was the higher than expected log costs and the weak British pound.

The market situation for wood products has clearly weakened especially as a result of a clear slowdown in the demand for sawn timber products and high log prices. The demand for plywood products for industrial end-uses has remained at a good level. The Building Solutions and the Upgrading and Distribution businesses have also developed positively.

The main event in the plywood business in the first quarter was the start of operations at the birch plywood upgrading mill in Suolahti. The new processing technology allows the development of more innovative plywood solutions for demanding industrial end-uses. The plant will operate at full capacity from the second quarter.

A new concourse, made of birch plywood cladding and delivered by Building Solutions, was completed at the Charles de Gaulle airport in Paris in March. The successful delivery of a large-scale demanding project will strengthen Metsäliitto Wood Product Industry's position as the leading supplier of advanced wooden structures in Europe.

Inputs in production efficiency in accordance with the investment programme continued. The strategic role of product development has also been strengthened and the operating model renewed.



## *Pulp*

Pulp industry sales were EUR 398 million (357) in January-March, and operating profit amounted to EUR 75 million (64). The sales and earnings were improved by the successful start-up of the Uruguay mill and the continued positive price development of pulp. Earnings were mainly weighted down by a clear weakening of the US dollar against the euro, a considerable increase in wood raw material prices and the production curtailments at the mills in Finland.

In the markets, hardwood pulp remained strong during the first quarter. In softwood pulp, producers' inventories grew and there was a slight oversupply onto the market. The new hardwood pulp capacity, which started up in late 2007 in Latin America and Indonesia will be available on the market this year. There are no significant new pulp capacity start-ups in 2008.

Foreign-currency-denominated market prices for softwood pulp were, on average, 16 per cent higher compared with the first quarter last year. Although the price of hardwood pulp increased by 18 per cent, the US dollar dropped 14 per cent so euro-denominated prices did not increase much.

The start-up of the Uruguay pulp mill in November 2007 was successful and production has been running well during the first quarter. Environmental emissions have been low and there have been no odour emissions apart from a few exceptions.

M-real's result includes 30 per cent of pulp production's operating profit. In total, 53 per cent of the figures for the Pulp Industry are consolidated into Metsäliitto Group's financial statements.

## *Board and Paper*

Board and Paper Industry's sales totalled EUR 1,099 million (1,157), and operating profit, excluding non-recurring items was EUR 3 million (21).

The result was affected positively by implemented cost saving measures and price increases, as well as the start-up of the pulp mill in Uruguay. Increased wood raw material and energy costs, stronger euro against the US dollar and British pound as well as production curtailments at Metsä-Botnia's mills in Finland, depressed the operating profit excluding non-recurring items compared to last year.

Net non-recurring items totalled EUR 21 million (76) in January-March. EUR 24 million was booked as income connected to the release of UK pension liabilities as a result of the divestment of the New Thames mill and from some other liabilities related to the shut-down of the Sittingbourne mill. A EUR 2 million reservation to complete the shut-down of the paper machine 2 producing coated magazine paper at the Kangas mill and a EUR 1 million reservation to complete the shut-down of the Lielähti BCTMP mill were booked as costs.

Operating profit including non-recurring items was EUR 24 million (97). Net interest and other financial expenses totalled EUR 40 million (37), shares in associate companies were EUR 0 million (0) and net exchange gains/losses recognised as financial items were EUR 0 million (-5).

Earnings before taxes were EUR -16 million (55), earnings per share were EUR -0.06 (0.16) and the return on investment was 2.9 per cent (9.7). Excluding non-recurring items, the result before taxes was EUR -37 million (-21), earnings per share were EUR -0.12 (-0.09) and return on capital employed was 0.8 per cent (2.5).

At the end of March, M-real's equity ratio was 32.2 per cent and gearing was 117 per cent (31.12.07: 32.1 per cent and 112 per cent, respectively). In some of M-real's borrowing arrangements, a limit of 120 per cent has been set for gearing and a limit of 30 per cent for the equity ratio. At the end of March, gearing calculated in the manner defined in the borrowing agreements was approximately 98 per cent and the equity ratio about 36 per cent.

### *Tissue and Cooking Papers*

Sales of Metsä Tissue that produces tissue and cooking papers, stood at EUR 230 million (213), and its operating profit was EUR 9 million (6). Six per cent of the approximate 8 per cent increase in sales came from price increases and sales structure and approximately 2 per cent came from higher production volumes. The sales of the company's own brands continued to increase. Exchange rate development had a negative effect on sales and operating profit.

The effects from the fire at the finished product warehouse at the Zilina mill in Slovakia in early March were minor. The production machinery did not suffer much damage and production losses were only a couple of days. Customer deliveries were handled with temporary arrangements and support from other mills. The planning work for a new warehouse building has begun and the building should be completed by the end of the year.

The market situation in tissue paper is good. The Central and Eastern European and in particular the Russian markets are growing faster than other markets.

### **Risks and uncertainties**

Since the forward-looking statements in this interim report are based on current plans, estimates and projections, they involve risks and uncertainties that may cause actual results to materially differ from those expressed in such forward-looking statements. The risks related to the Group's business have been explained more extensively in Metsäliitto Group's annual report for 2007.



## Outlook

Metsäliitto launched a national summer logging campaign in April to support wood supply. The aim of the campaign is to increase the amount of thinning by a quarter from last year. It offers, through the strong demand for pulpwood, excellent opportunities for forest owners to carry out forest management actions.

Due to a low stock level, the supply of wood to mills will depend on transport weather and successful harvesting and wood supply in the next quarter. Due to a difficult wood raw material situation, wood consumption must be limited by approximately 2 million cubic metres, which is directly visible as corresponding curtailments of production during the spring and summer mainly in Finnish and Swedish pulp mills.

The second quarter in the Wood Products Industry is likely to continue to be difficult. As a result of the weakened market situation in sawn timber, the oversupply is expected to continue. In the near future, permanent structural changes and curtailments of production might have to be considered.

The pulp industry will restrict its production in all of its Finnish mills during spring and summer due to the wood raw material situation. In addition to the high price and availability of wood raw material, the weak US dollar against the euro has a negative effect on earnings. On the other hand, however, the start-up of the Uruguay pulp mill will increase 2008 sales and earnings.

The demand for M-real's board and paper products is estimated to be relatively good in the second quarter of 2008 but to weaken slightly seasonally. Measures to increase product prices will continue. Board price increases are sought in the second quarter mainly in the UK and markets outside Europe. The prices of coated magazine papers will also be raised. Capacity shut-downs in uncoated fine paper will support a positive price development towards the end of the year and increases are sought already in the second quarter. The situation is most challenging in coated fine paper, where oversupply and the strong euro make the situation difficult.

No major changes are expected in the demand for tissue paper in the near future. The main challenges in these operations are still related to increasing raw material, energy, salary and transportation costs. This year, Metsä Tissue will invest in quality and production efficiency, for instance, in Mänttä, Finland and Mariestad, Sweden.

Metsäliitto Group's operating result, excluding non-recurring items in the first quarter of 2008 was weaker than in last year's first quarter as expected. The situation is not expected to change drastically in the second quarter, with the operating profit is expected to remain at the level seen in the first quarter.

Espoo, 23 April 2008

Metsäliitto Group  
Board of Directors

For further information:

Ilkka Pitkänen, Group CFO, Metsäliitto Group, tel. +358 10 465 4260

Anne-Mari Achrén, Group CCO, Metsäliitto Group, tel. +358 10 465 4541

Unaudited

## METSÄLIITTO GROUP

Income statement (EUR mill.)	2008 1-3	2007 1-3	Change	2007 1-12
Sales	1 930	1 969	-39	7 669
Other operating income	73	24	49	136
Materials and services	-1 275	-1 242	-33	-4 988
Employee costs	-271	-299	28	-1 126
Other operating expenses	-269	-293	24	-1 012
Depreciation and impairment losses	-118	-131	13	-706
Operating profit	70	28	42	-27
Share of results in associates	2	2	0	12
Net exchange gains / losses	-1	-5	4	1
Other financial income	5	6	-1	19
Other financial expenses	-68	-64	-4	-247
Result before tax	8	-33	41	-242
Income taxes	-7	-18	11	-24
Result from continuing operations	1	-51	52	-265
Result from discontinued operations	-1	2	-3	55
Net result for the period	0	-49	49	-211

Attributable to:

Owners of parent company	9	3	6	-9
Minority interest	-9	-52	43	-202
	0	-49	49	-211

Unaudited

	2008	2007	2007
<b>Balance sheet</b>	31.3.	31.3.	31.12.
<b>ASSETS</b>			
Non-current assets			
Intangible assets	435	616	389
Tangible assets	3 853	4 161	4 021
Biological assets	77	72	83
Shares in associated and other companies	206	200	204
Interest-bearing receivables	32	52	32
Deferred tax receivables	44	85	46
Other non-interest-bearing receivables	6	15	12
	4 653	5 200	4 787
Current assets			
Inventories	1 175	1 133	1 132
Interest-bearing receivables	79	37	27
Non-interest-bearing receivables	1 435	1 660	1 358
Cash and cash equivalents	323	189	428
	3 012	3 019	2 945
Assets classified as held for sale		86	
<b>TOTAL</b>	<b>7 665</b>	<b>8 306</b>	<b>7 732</b>
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
Members' funds	1 239	1 297	1 235
Minority interest	820	991	847
Total members' funds	2 059	2 288	2 082
Non-current liabilities			
Deferred tax liabilities	323	381	325
Retirement benefit obligations	176	244	195
Provisions	73	110	83
Other non-interest-bearing liabilities	46	56	50
Interest-bearing liabilities	3 030	3 459	3 011
	3 648	4 251	3 664
Current liabilities			
Non-interest-bearing liabilities	1 225	1 321	1 240
Interest-bearing liabilities	733	414	747
	1 958	1 735	1 987
Total liabilities	5 606	5 986	5 650
Liabilities classified as held for sale		31	
<b>TOTAL</b>	<b>7 665</b>	<b>8 306</b>	<b>7 732</b>

<b>Change in members' funds</b> EUR mill.	Members' capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings	Minority interest	Total
<b>Members' funds January 1, 2007</b>	577	30	6	48	628	1 064	2 353
Currency flow hedges							
recorded in equity				2		3	5
transferred to sales				-6		-10	-16
Interest flow hedges							
recorded in equity				1		2	4
transferred to financial items				-1		-2	-3
Commodity hedges							
recorded in equity				-5		-7	-11
transferred to purchases				3		5	8
Assets classified as held for sale							
recognised to fair value				1			1
transferred to financial items							0
Translation differences			-4			-7	-11
Net investment hedges			3			6	10
Other items					1		1
Tax on equity components			-1	1		0	1
Recognised directly in equity	0	0	-2	-3	1	-8	-13
Result for the period					3	-52	-49
Total	0	0	-2	-3	3	-60	-62
Dividends paid						-12	-12
Increase in members' capital, other changes	10						10
Change in share premium account							0
Change in revaluation reserve							0
Transfer from unrestricted to restricted equity							0
Business arrangements						0	0
Total	10	0	0	0	0	-13	-3
<b>Members' funds March 31, 2007</b>	586	30	4	45	632	991	2 288

<b>Change in members' funds</b> EUR mill.	Members' capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings	Minority interest	Total
<b>Members' funds January 1, 2008</b>	574	30	-7	54	583	847	2 082
Currency flow hedges							
recorded in equity				3		4	7
transferred to sales				-2		-2	-4
Interest flow hedges							
recorded in equity				-1		-1	-2
transferred to financial items				0		-1	-1
Commodity hedges							
recorded in equity				5		-4	-9
transferred to purchases				1		0	1
Assets classified as held for sale							
recognised to fair value				0			0
transferred to financial items							0
Translation differences			-17			-9	-26
Net investment hedges			13			3	16
Other items					0	0	0
Tax on equity components			-3	1		0	-2
Recognised directly in equity	0	0	-8	-3	0	-9	-19
Result for the period					9	-9	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>-8</b>	<b>-3</b>	<b>10</b>	<b>-18</b>	<b>-19</b>
Dividends paid						-12	-12
Increase in members' capital, other changes	6						6
Change in share premium account							0
Change in revaluation reserve							0
Transfer from unrestricted to restricted equity							0
Business arrangements						3	3
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9</b>	<b>-3</b>
<b>Members' funds March 31, 2008</b>	<b>580</b>	<b>30</b>	<b>-15</b>	<b>51</b>	<b>593</b>	<b>820</b>	<b>2 059</b>



Unaudited			
<b>Cash flow statement</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
<b>(EUR mill.)</b>	<b>1-3</b>	<b>1-3</b>	<b>1-12</b>
Cash flow from operations			
Result for the period	0	-49	-211
Adjustments total	152	246	859
Change in working capital	-164	-75	-34
Cash generated from operations	-12	122	614
Finance costs, net	-51	-72	-265
Income taxes paid	-15	-39	-78
Net cash from operations	-77	10	272
Cash flow from investments			
Acquisitions	-1	-8	-46
Purchases of assets	-42	-88	-447
Sold assets and others	58	-4	447
Net cash from investments	14	-100	-45
Cash flow from financing			
Increase in equity	8	41	29
Change in long-term loans and other financial items	-37	8	-21
Dividends paid	-12	-12	-51
Net cash flow from financing	-40	36	-42
Change in cash and cash equivalents	-103	-54	184
Cash at beginning of period	428	246	246
Translation difference	-2	-2	-3
Change in cash and cash equivalents	-103	-54	184
Cash in assets classified as held for sale	0	-2	0
Cash at end of period	323	189	428

Unaudited

## BUSINESS SEGMENTS

<b>Consumer Packaging</b>	QI/08	QI/07	I-IV/07
Sales	235	236	934
EBITDA	50	50	172
Depreciation & impairment losses	-22	-21	-93
Operating profit	28	29	79

<b>Papers</b>	QI/08	QI/07	I-IV/07
Sales	742	779	2 991
EBITDA	83	29	204
Depreciation & impairment losses	-59	-58	-452
Operating profit	24	-29	-248

<b>Wood products</b>	QI/08	QI/07	I-IV/07
Sales	315	354	1 399
EBITDA	9	39	134
Depreciation & impairment losses	-11	-12	-47
Operating profit	-2	27	87

EBITDA = Result before depreciation and impairment losses

<b>Others</b>	QI/08	QI/07	I-IV/07
Operating profit	20	1	55
of which			
Wood Supply	10	10	38
Tissue and Cooking Papers	9	6	35
Others and Group eliminations	1	-15	-18

M-real includes 30% of the Pulp Industry's (Metsä-Botnia) operating profit and Metsäliitto a further 23% in the segments Consumer Packaging and Papers.

<b>Production</b>	QI/08	QI/07	I-IV/07
1 000 units			
Paper, t	955	1 019	3 935
Paperboard, t	314	311	1 210
Sawn goods, m <sup>3</sup>	403	513	1 837
Processed timber, m <sup>3</sup>	151	166	580
Engineered Wood -products, m <sup>3</sup>	220	223	849
Pulp & CTMP, t (M-real)	446	426	1 679
Pulp, t (Metsä-Botnia)	840	676	2 616
Sawn goods, m <sup>3</sup> (Metsä-Botnia)	34	51	188

Unaudited

<b>Quarterly data (EUR mill.)</b>	<b>2008 QI</b>	<b>2007 QIV</b>	<b>2007 QIII</b>	<b>2007 QII</b>	<b>2007 QI</b>
Sales					
Consumer Packaging	235	225	231	242	236
Papers	742	740	740	732	779
Wood Products	315	321	338	386	354
Others & internal sales	638	583	604	558	600
Group sales	1 930	1 869	1 913	1 918	1 969
Operating profit					
Consumer Packaging	28	3	35	12	29
Papers	24	-241	29	-7	-29
Wood Products	-2	-1	20	41	27
Others	20	28	8	18	1
Group operating profit	70	-211	92	64	28
- % of sales	3.6	-11.3	4.8	3.3	1.4
Share of results in associates	2	7	2	1	2
Net exchange gains / losses	-1	5	0	1	-5
Other fin. income & expenses	-63	-66	-59	-45	-58
Result before tax	8	-265	35	21	-33
Income taxes	-7	36	-16	-25	-18
Result from continuing operations	1	-229	19	-4	-51
Result from discontinued operations	-1	56	-2	-1	2
Net result for the period	0	-173	17	-5	-49

Unaudited

<b>Change in tangible assets</b>	QI/08	QI/07	I-IV/07
Book value at beginning of period	4 021	4 197	4 197
Company acquisitions	-	-	22
Increase	46	85	430
Decrease	-79	-4	-72
Depreciation and impairment charges	-109	-110	-480
Assets classified as held for sale	-	-	-
Translation differences and other changes	-27	-8	-76
Book value at end of period	3 853	4 161	4 021

  

<b>Commitments</b>	QI/08	QI/07	QIV/07
On own behalf (incl. leasing liabilities)	324	332	330
On behalf of associated companies	5	3	5
On behalf of others	2	2	3
Total	332	337	340

  

<b>Commitments related to fixed assets</b>	QI/08	QI/07	QIV/07
Payments due under 1 year	9	182	38
Payments due in subsequent years	1	17	7

  

<b>Open derivative contracts</b>	QI/08	QI/07	QIV/07
Interest rate derivatives	1 458	2 402	1 693
Currency derivatives	2 613	3 275	3 268
Other derivatives	184	188	160
Total	4 255	5 865	5 121

The market value of open derivative contracts at the end of the review period was EUR 15 million (12/07: EUR 29 million). Open derivative contracts also include closed contracts to a total amount of EUR 441 million (12/07: EUR 793 million).

## Accounting policies

The Financial Statements Bulletin was prepared in accordance with the IAS 34 standard Interim Financial Reporting and the accounting policies presented in Metsäliitto Group's Annual Report 2007.

Taxes include taxes corresponding to the result for the period under review.