Metsä Board Corporation Interim Report 1 January – 30 September 2013
6 November 2013 at 12:00 noon

Metsä Board Corporation's operating result excluding non-recurring items was EUR 75.1 million in January–September 2013

Result for January–September 2013

- Sales were EUR 1,540.1 million (Q1–Q3/2012: 1,599.1).
- The operating result excluding non-recurring items was EUR 75.1 million (51.4). The operating result including non-recurring items was EUR 83.0 million (181.8).
- The result before taxes excluding non-recurring items was EUR 30.8 million (18.3). The result before taxes including non-recurring items EUR 38.8 million (148.7).
- Earnings per share excluding non-recurring items were EUR 0.08 (0.05) and including non-recurring items EUR 0.10 (0.41).

Result for the third quarter of 2013

- Sales were EUR 502.3 million (Q2/2013: 502.8).
- The operating result excluding non-recurring items was EUR 18.9 million (26.0). The operating result including non-recurring items was EUR 19.3 million (28.9).
- The result before taxes excluding non-recurring items was EUR 8.5 million (18.5). The result before taxes including non-recurring items EUR 9.0 million (21.3).
- Earnings per share excluding non-recurring items were EUR 0.02 (0.05) and including non-recurring items EUR 0.02 (0.06).

Events in the third quarter of 2013

- Folding boxboard and kraftliner delivery volumes increased slightly in the third quarter. Metsä Board announced a folding boxboard price increase in Europe as of 14 October 2013.
- The new Modo Northern Light kraftliner produced at the Husum mill was introduced, and its delivery volume increased according to plan.
- The extensive maintenance shutdowns at the integrated Husum and Kemi mills were carried out as planned.
- The market situation for papers continued to be weak in Europe.
- Metsä Board sold its 51 per cent holding in Metsä Group Treasury Oy to Metsäliitto Cooperative for approximately EUR 5 million.
- Markus Holm was appointed Metsä Board's CFO and member of the Corporate Management Board as of 1 January 2014.

Events after the period

- Metsä Board announced that it will renew its management and reporting structure. As of the first quarter of 2014, the company's reporting segments will be Cartonboard, and Linerboard and Paper. Ari Kiviranta was appointed SVP, Head of Cartonboard business area and Seppo Puotinen SVP, Head of Linerboard and Paper business area.

Metsä Board is Europe's leading producer of folding boxboard, the world's leading manufacturer of coated white-top kraftliners and a major paper supplier. It offers premium solutions for consumer and retail packaging, graphics and office end-uses. The company's sales network serves brand owners, carton printers, corrugated packaging manufacturers, printers, merchants and office suppliers. Metsä Board is part of Metsä Group and its shares are listed on the NASDAQ OMX Helsinki. In 2012, the company's sales totalled approximately EUR 2.1 billion. The company has approximately 3,300 employees.

www.metsaboard.com

“The situation in our Paperboard business continues to be good. Metsä Board's paperboard deliveries have grown by nearly 10 per cent this year, compared to the corresponding period last year, although growth in demand for consumer goods has been very slow in the key markets.

Our third-quarter profitability was, as expected, weaker than in the previous quarter due to the extensive planned maintenance shutdowns at the integrated Husum and Kemi mills. Folding boxboard and kraftliner deliveries continued to increase slightly in the third quarter. We are currently increasing folding boxboard prices in Europe.

The market has welcomed the new kraftliners from Husum and their delivery volumes have grown as planned. No improvement is in sight in the European paper market, which is why it is increasingly important for us to be able to substitute new products for Husum mill’s weakest paper volumes and thus improve the mill's profitability.”

Mikko Helander, CEO

Adoption of the amended IAS 19 standard

Metsä Board adopted the amended IAS 19 Employee Benefits standard retroactively on 1 January 2013. The most significant changes included the following: all actuarial profits and losses are recognised immediately, and the financial cost of retirement plans is determined on the basis of net funding.

The Group's equity decreased by approximately EUR 10.6 million due to the amendment on 31 December 2012. The 2012 operating result improved by EUR 1.4 million and financial expenses increased by EUR 3.2 million.

The impact on the balance sheet and the statement of comprehensive income is discussed in greater detail in the Notes (Note 1).

The amended key figures are presented in the Key Figures table (Key Figures, restated).

KEY FIGURES, restate	**2013 Q3**	**2013 Q2**	**2013 Q1**	**2012 Q3**	**2013 Q1-Q3**	**2012 Q1-Q3**	**2012 Q1-Q4**
Sales, EUR million	502.3	502.8	535.0	532.3	1,540.1	1,599.1	2,107.6
EBITDA, EUR million	44.0	52.7	61.4	52.0	158.1	267.6	321.4
excl. non-recurring items, EUR million	43.6	52.1	56.8	54.0	152.5	137.0	186.0
EBITDA, %	8.8	10.5	11.5	9.8	10.3	16.7	15.3
excl. non-recurring items, %	8.7	10.4	10.6	10.1	9.9	8.6	8.8
Operating result, EUR million	19.3	28.9	34.8	23.4	83.0	181.8	221.1
excl. non-recurring items, EUR million	18.9	26.0	30.2	25.5	75.1	51.4	74.9
EBIT, %	3.8	5.7	6.5	4.4	5.4	11.4	10.5
excl. non-recurring items, %	3.8	5.2	5.6	4.8	4.9	3.2	3.6
Result before taxes, EUR million	9.0	21.3	8.5	7.8	38.8	148.7	173.9
excl. non-recurring items, EUR million	8.5	18.5	3.9	9.9	30.8	18.3	27.7
Result for the period, EUR million	7.3	17.6	8.0	7.9	32.9	133.1	171.3
excl. non-recurring items, EUR million	6.8	15.3	3.4	9.9	25.5	18.2	42.4
Result per share, EUR	0.02	0.06	0.02	0.03	0.10	0.41	0.52
excl. non-recurring items, EUR	0.02	0.05	0.01	0.03	0.08	0.05	0.13
Return on equity, %	3.6	8.5	3.8	3.9	5.2	22.7	21.5
excl. non-recurring items, %	3.3	7.4	1.6	4.8	4.1	3.1	5.3
Return on capital employed, %	5.1	6.7	7.7	5.4	6.8	13.5	12.4
excl. non-recurring items, %	4.9	6.1	6.8	5.8	6.2	4.4	4.8
Equity ratio at end of period, %	38.7	32.4	33.3	31.2	38.7	31.2	33.2
Gearing ratio at end of period, %	91	130	122	138	91	138	130
Net gearing ratio at end of period, %	75	74	69	70	75	70	73
Shareholders' equity per share at end of period, EUR	2.51	2.48	2.54	2.51	2.51	2.51	2.59
Interest-bearing net liabilities, EUR million	622.1	605.9	577.6	580.1	622.1	580.1	625.2
Gross investments, EUR million	16.0	21.5	9.2	10.7	46.7	37.9	66.1
Deliveries, 1 000 tonnes							
Paperboard	313	311	311	306	935	890	1,188
Paper	159	158	186	169	503	519	681
Personnel at the end of period	3,178	3,401	3,239	3,337	3,178	3,337	3,279

Deliveries are not comparable due to restructuring.

EBITDA = Earnings before interest, taxes, depreciation and impairment charges

The divestment of the holding in Metsä Group Treasury Oy improved Metsä Board's equity ratio by approximately 5 percentage points and return on capital employed by nearly 1 percentage point, as well as decreased the company's gross debt by more than EUR 300 million, compared to the actual figures of the second quarter of 2013. More information on the divestment is provided in the section 'Structural changes' in this document.

Result for July–September compared to the previous quarter

Metsä Board's sales were EUR 502.3 million (Q2/2013: 502.8). Comparable sales decreased by 0.1 per cent. The operating result was EUR 19.3 million (28.9), and the operating result excluding non-recurring items was EUR 18.9 million (26.0).

The net total of non-recurring items in July–September was EUR +0.5 million.

The non-recurring items in the previous quarter totalled EUR +2.9 million net.

The operating result excluding non-recurring items weakened from the previous quarter. The result was weakened by the extensive planned maintenance shutdowns in Husum and Kemi. Folding boxboard and kraftliner delivery volumes grew slightly from the previous quarter, with the increased kraftliner deliveries of Husum included. The delivery volumes of market pulp and coated papers also increased. The delivery volume of uncoated fine paper declined slightly. There were no significant changes in the average sales prices of paperboard, market pulp and coated paper. The average sales price of uncoated fine paper decreased slightly.

The total delivery volume of the Paperboard business area in July–September was 313,000 tonnes (Q2/2013: 311,000). The deliveries of the Paper and Pulp business area, including the kraftliners produced at the Husum mill, totalled 159,000 tonnes (158,000).

Financial income and expenses in the period totalled EUR -10.4 million (-7.6). Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR +1.4 million (+0.3). Net interest and other financial income and expenses amounted to EUR -11.8 million (-7.9). Other financial income and expenses include EUR 0.0 million of valuation gains on interest rate hedges (a valuation gain of 3.4).

The result before taxes for the period under review was EUR 9.0 million (21.3). The result before taxes excluding non-recurring items totalled EUR 8.5 million (18.5). Income taxes amounted to EUR -1.7 million (-3.7).

Earnings per share were EUR 0.02 (0.06). Earnings per share excluding non-recurring items were EUR 0.02 (0.05). The return on equity was 3.6 per cent (8.5), and 3.3 per cent (7.4) excluding non-recurring items. The return on capital employed was 5.1 per cent (6.7), and 4.9 per cent (6.1) excluding non-recurring items.

Result for January–September compared to the corresponding period last year

Metsä Board's sales were EUR 1,540.1 million (Q1–Q3/2012: 1,599.1). Comparable sales were down 3.5 per cent. The sales were also reduced by the closure of unprofitable paper business operations and restructurings.

The operating result was EUR 83.0 million (181.8), and the operating result excluding non-recurring items was EUR 75.1 million (51.4).

The non-recurring items of the operating result stood at EUR +7.9 million. The non-recurring items in the corresponding period in the previous year recognised in the operating result were EUR +130.4 million net.

The operating result excluding non-recurring items compared to the corresponding period last year was improved by the considerable increase in the delivery volumes of folding boxboard and kraftliner, reduced losses from units closed and restructured, as well as the increase in the prices of short-fibre pulp and high-yield pulp. The operating result was weakened, in particular, by the lower prices of coated papers and folding boxboard as well as the stronger Swedish krona and weaker British pound and US dollar.

In January–September, the total delivery volume of the Paperboard business area was 935,000 tonnes (890,000). The deliveries of the Paper and Pulp business area, including the kraftliner volumes produced at the Husum mill, totalled 503,000 tonnes (519,000). The delivery volumes are not comparable due to the restructuring measures.

Financial income and expenses totalled EUR -44.3 million (-33.4). The higher financing expenses in the previous quarter, compared to the corresponding period last year, were mainly due to approximately EUR 8 million in additional interest caused by the early repayment of the USD-denominated private note issue. Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging were EUR -0.2 million (3.9). Net interest and other financial income and expenses amounted to EUR -44.1 million (-37.3). Pohjolan Voima Oy paid a dividend of EUR 6 million in the comparison period. Other financial income and expenses included EUR 4.6 million of valuation gains on interest rate hedges (a valuation gain of 10.9).

The result before taxes for the period under review was EUR 38.8 million (148.7). The result before taxes excluding non-recurring items was EUR 30.8 million (18.3). The impact of income taxes was EUR -5.9 million (-15.6).

Earnings per share were EUR 0.10 (0.41). Earnings per share excluding non-recurring items were EUR 0.08 (0.05). The return on equity was 5.2 per cent (22.7), and 4.1 per cent (3.1) excluding non-recurring items. The return on capital employed was 6.8 per cent (13.5); 6.2 per cent (4.4) excluding non-recurring items.

Personnel

The number of personnel was 3,178 at the end of September (30 September 2012: 3,337), of whom 1,493 (1,543) people worked in Finland. In January–September 2013, Metsä Board employed 3,287 (3,641) people on average.

Investments

Gross investments in January–September totalled EUR 46.7 million (Q1–Q3/2012: 37.9), which includes Metsä Board's commitment to purchase Pohjolan Voima Oy's shares for approximately EUR 6 million in the coming years.

Structural changes

In January 2013, Metsä Board divested the Alizay mill site in France, including the equipment and buildings, to Conseil Général de l’Eure, representing the French government, for EUR 22 million.

The market situation in the paper industry is difficult, and a new programme to seek annual cost savings of EUR 15 million is underway to improve profitability at the Husum mill. The target is also to find new, more profitable products both in parallel to and as replacements for current products. An example of such products is the new lightweight uncoated kraftliners, production of which started at Husum in April. Husum’s kraftliner production is estimated to be approximately 20,000 tonnes in the second half of 2013, and the targeted production in 2014 is 80,000 tonnes at minimum. The positive impact of the aforementioned ongoing measures on Husum's annual operating result is approximately EUR 25 million, compared to the actual figures of the first three quarters of 2013. The result improvement is estimated to materialise mostly in 2014 and fully as of 2015.

Metsä Board and the Group's parent company Metsäliitto Cooperative agreed on 30 September 2013 on an ownership arrangement in which the Group's internal financing unit Metsä Group Treasury Oy (formerly Metsä Group Financial Services Oy) was transferred under the ownership of Metsäliitto Cooperative in its entirety. After the implementation of the ownership arrangement, Metsä Group Treasury will remain a separate company and continue to provide financial services for Metsä Board in the usual manner. Metsä Board sold its 51 per cent holding in Metsä Group Treasury to Metsäliitto Cooperative for approximately EUR 5 million. The ownership arrangement does not have an impact on Metsä Board's sales or operating result. The ownership arrangement improved Metsä Board's equity ratio by approximately 5 percentage points and return on capital employed by nearly 1 percentage points as well as decreased the company's gross debt by more than EUR 300 million, compared to the actual figures of the second quarter of 2013.

Pending disputes

In November 2012, UPM-Kymmene Corporation initiated arbitration proceedings against Metsä Board. The claim is the result of a transaction completed in May 2012, in which Metsä Board sold 7.3 percentage points of its holding in Metsä Fibre Oy to the Japanese Itochu Corporation for EUR 138 million.

In the arbitration proceedings, UPM is primarily claiming EUR 58.5 million in damages and secondarily the reimbursement of an alleged unjustified benefit of EUR 58.5 million jointly from Metsäliitto Cooperative and Metsä Board. The claim is based on an alleged breach of the co-sale clause of the Metsä Fibre shareholder agreement signed in 2009.

Metsä Board denies UPM's claim as unfounded in its entirety and is not making any provisions because of it. The claim has no impact on the transaction with Itochu or cooperation between the parties, and is not associated with commercial agreements entered into with Itochu.

The result of the dispute initiated by UPM will be communicated later, after the Arbitration Court has issued its resolution on the matter.

Financing

Metsä Board's equity ratio at the end of September was 38.7 per cent (31 December 2012: 33.2) and gearing ratio was 91 per cent (2012: 130). The net gearing ratio was 75 per cent (2012: 73).

The change in the fair value of investments available for sale during the period under review was approximately EUR -38.5 million, related primarily to the decline in the fair value of Pohjolan Voima Oy's shares due to the change in the market price of electricity.

Net interest-bearing liabilities amounted to EUR 622.1 million at the end of September (625.2). Foreign-currency-denominated loans accounted for 1 per cent; 67 per cent were floating-rate, and the rest were fixed-rate. At the end of September, the average interest rate on loans was 5.5 per cent and the average maturity of long-term loans was 2.2 years. The interest rate maturity of loans was 14.6 months at the end of September. During the period, the interest rate maturity varied between 8 and 15 months.

In September, the change in the holding of Metsä Group Treasury Oy (formerly Metsä Group Financial Services Oy) considerably decreased the amount of Metsä Board's interest-bearing liabilities and liquid assets. The change in ownership improved the equity ratio by 5 percentage points, but the impact on net interest-bearing liabilities was minimal.

Cash flow from operations amounted to EUR 80.2 million (Q1–Q4/2012: 42.4). Working capital increased by EUR 19.0 million (a decrease of 17.9). In the cash flow statement, the net financial expenses for the period include a dividend of EUR 24.9 million (33.4) paid by Metsä Fibre.

At the end of the period under review, an average of 5.0 months of the net foreign currency exposure was hedged. The degree of hedging varied between four and six months during the period. Non-euro-denominated shareholders' equity was not hedged at the end of the review period.

In April, Metsä Board drew EUR 500 million of the syndicated credit agreement signed in 2012 and paid off the EUR 500 million eurobond on the due date. The credit agreement includes financial covenants concerning the Group's financial performance and capital structure. Other covenants related to the loan are regular conditions which, among other things, limit the issue of collateral, relinquishment and sale of property, subsidiaries' level of debt, material changes in the business operations, as well as changes in the statutory majority in shareholding. Metsä Board has considerable headroom in relation to covenants set in the credit facilities.

Metsä Board's liquidity has remained strong. At the end of the period under review, available liquidity was EUR 281.2 million, of which EUR 100.0 million consisted of a revolving credit facility, EUR 65.7 million consisted of undrawn pension premium (TyEL) funds and EUR 115.5 million of liquid assets and investments. Of the liquid funds, EUR 12.9 million consisted of cash and cash equivalents and EUR 102.5 million were interest-bearing current receivables from Metsä Group Treasury Oy, Metsä Group's internal bank. In addition, Metsä Board had other interest-bearing receivables totalling EUR 10.5 million.

In May, Moody's Investors Service upgraded Metsä Board's credit rating from B3 to B2. In August, Standard & Poor's Rating Service upgraded Metsä Board's credit rating from B- to B. The outlook of both of the ratings is stable. The upgraded credit ratings did not have an impact on Metsä Board's current financial expenses.

Shares

In January–September, the highest price for Metsä Board's A share on the NASDAQ OMX Helsinki was EUR 2.88, the lowest was EUR 2.20, and the average price was EUR 2.47. At the end of September, the price of the A share was EUR 2.65. At the end of 2012, the price of the A share was EUR 2.21, while the average price in 2012 was EUR 2.34.

In January–September, the highest price of Metsä Board's B share was EUR 2.86, the lowest was EUR 2.18, and the average price was EUR 2.49. At the end of September, the price of the B share was EUR 2.70. At the end of 2012, the price of the B share was EUR 2.22, while the average price in 2012 was EUR 2.00.

The trading volume of the A share was EUR 1 million, or 1 per cent of the share capital. The trading volume of the B share was EUR 102 million, or 14 per cent of the share capital. The market value of the A and B shares at the end of September totalled EUR 884 million.

At the end of September, Metsäliitto Cooperative owned 41 per cent of the shares, and the voting rights conferred by these shares was 62 per cent. International investors held 11 per cent of the shares.

The company does not hold any treasury shares.

On 20 September 2013, pursuant to section 14 of the Articles of Association, the conversion of 17,776 Metsä Board Corporation A shares into 17,776 B shares was entered into the Trade Register. The combined number of votes after the conversion was 1,011,892,981. After the conversion, the number of A shares was 35,985,651, which confer 71 per cent of the company's votes, and the number of B shares was 292,179,961, which confer 29 per cent of the company's votes.

Changes in management

Markus Holm, M. Sc. (Econ.), (46) was appointed Metsä Board's CFO and a member of the Corporate Management Board as of 1 January 2014. Markus Holm joins Metsä Board from Metsä Tissue Corporation, where he has been working as CFO since 2008.

Metsä Board's current CFO, Matti Mörsky (61), will retire on 28 February 2015. Mörsky will continue to work at Metsä Board in projects assigned by the CEO until his retirement.

Events after the period

In November, Metsä Board announced it would renew its management and reporting structure to better reflect the company’s strategy and to create a better platform for growth in the folding boxboard and kraftliner businesses. Metsä Board’s business operations are divided into two business areas: Cartonboard, and Linerboard and Paper. These will also be Metsä Board’s reporting segments as of the first quarter of 2014. Ari Kiviranta was appointed SVP, Head of Cartonboard business area and Seppo Puotinen SVP, Head of Linerboard and Paper business area.

Cartonboard business area includes Kyro, Simpele, Tako and Äänekoski board mills, Kyro wallpaper machine and Joutseno BCTMP mill located in Finland as well as Gohrsmühle mill in Germany. Linerboard and Paper business area includes Husum mill in Sweden as well as Kemi linerboard and Kaskinen BCTMP mills in Finland. Metsä Board will announce financial statements 2013 on 6 February 2014 based on the old business area structure. The restated historical figures will be released during February 2014.

As of 1 January 2014 Metsä Board’s Corporate Management Board consists of Mikko Helander, CEO; Markus Holm, CFO; Ari Kiviranta, SVP, Head of Cartonboard business area; Seppo Puotinen, SVP, Head of Linerboard and Paper business area; Sari Pajari, SVP, Business Services and Development and Jani Suomalainen, SVP, Purchasing.

Near-term outlook

Metsä Board’s paperboard deliveries have increased by nearly 10 per cent this year, compared to the corresponding period last year, although growth in the demand for consumer goods in the main markets has been very slow.

In the last quarter of 2013, paperboard delivery volumes are estimated to decrease slightly from the previous quarter, mainly due to seasonal factors in December. Metsä Board has announced that it will increase the prices of folding boxboard by approximately EUR 70 per tonne in Europe during the last quarter of the year. The intention is to also include the price increases in the next year’s annual contracts which are currently being negotiated and which cover approximately 60 per cent of the folding boxboard deliveries for the entire year. No significant changes in the average price level of white-top kraftliner are in sight.

Delivery volumes of uncoated fine paper are estimated to increase slightly in the last quarter of 2013 and delivery volumes of coated paper are expected to be at approximately the same level as in the previous quarter. No significant changes in the price of uncoated fine paper or coated paper are in sight.

Delivery volumes of market pulp in the last quarter of 2013 are expected to be at approximately the same level as in the previous quarter. The USD-denominated average price of long-fibre pulp is estimated to increase slightly, but the price of short-fibre pulp is expected to decrease somewhat in the last quarter of the year.

Production costs in the last quarter of 2013 are expected to be at approximately the same level as in the previous quarter.

Metsä Board's operating result, excluding non-recurring items, is in the last quarter of 2013 expected to improve from the third quarter of 2013.

Near-term business risks
The world and euro area economies continue to be burdened with considerable uncertainties which may weaken the demand for pulp and paper products, in particular, and reduce prices.

Because the forward-looking estimates and statements of this interim report are based on current plans and estimates, they contain risks and other uncertainties that may cause the results to differ from the statements concerning them. In the short term, Metsä Board's result will be particularly affected by the price of, and demand for, finished products, raw material costs, the price of energy, and the exchange rate development of the euro in relation to the Swedish krona, US dollar and British pound. More information on longer-term risk factors can be found on pages 31 and 32 of Metsä Board's 2012 Annual Report.

METSÄ BOARD CORPORATION

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More information will be available starting from 1 p.m. on 6 November 2013. A conference call held in English for investors and analysts starts at 3 p.m. (EET). Conference call participants are requested to dial in and register a few minutes prior to the start of the conference call on the following numbers:

Europe: +44 (0)20 7162 0025

US: +1-334-323-6201

The conference ID is 937551.

BUSINESS AREAS AND MARKET TRENDS

Paperboard business area

Paperboard	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2013 Q1-Q3	2012 Q1-Q3	2012 Q1-Q4
Sales, EUR million	288.9	289.1	293.3	279.2	289.1	871.3	843.4	1,122.6
EBITDA, EUR million	36.0	36.8	43.9	47	40.7	116.7	117.2	164.2
excl. non-recurring items	36.0	36.2	43.9	40.4	41.0	116.1	118.4	158.8
Operating result, EUR million	23.8	27.9	32.3	34.0	28.6	84.0	78.8	112.8
excl. non-recurring items	23.8	24.8	32.3	27.4	28.8	80.9	80.1	107.5
excl. non-recurring items, %	8.2	8.6	11.0	9.8	10.0	9.3	9.5	9.6
Return on capital employed, %	14.0	17.0	20.1	21.2	17.8	16.7	15.9	17.2
excl. non-recurring items, %	14.0	15.1	20.1	17.1	18.0	16.1	16.1	16.4
Deliveries, 1,000 tonnes	313	311	311	298	306	935	890	1,188
Production, 1,000 tonnes	325	318	335	325	308	978	876	1,201
Personnel at the end of period	1,686	1,862	1,715	1,722	1,806	1,686	1,806	1,722

Delivery and production amounts are not completely comparable due to structural change.

Result for July–September compared to the previous quarter
Paperboard's operating result excluding non-recurring items was EUR 23.8 million; in other words, it was at approximately the same level as in the previous quarter (Q2/2013: 24.8). The result was primarily weakened by the planned maintenance shutdown in Kemi. Folding boxboard deliveries increased slightly, and there were no significant price changes. The delivery volume of white-top kraftliner in Kemi decreased slightly compared to the previous quarter but demand continued to be strong. The average sales price of kraftliner did not change considerably.

The result does not include non-recurring items. The result for the previous quarter included non-recurring items of EUR +3.1 million.

The deliveries of European folding boxboard producers increased by approximately 1 per cent compared to the previous quarter. The deliveries of folding boxboard in the Paperboard business area increased by 3 per cent.

Result for January–September compared to the corresponding period last year
Paperboard's operating result excluding non-recurring items was at the same level as in the corresponding period last year and amounted to EUR 80.9 million (Q1–Q3/2012: 80.1). The result was improved by the considerable increase in the delivery volumes of folding boxboard and white-top kraftliner, as well as reduced losses in the units closed down and restructured. The average sales price of folding boxboard was slightly lower than in the previous year, but the price of kraftliner was slightly higher.

The result included non-recurring items of EUR +3.1 million net. The result for the corresponding period last year included a non-recurring item of EUR -1.0 million.

The deliveries of European folding boxboard producers increased by 7 per cent compared to the level of the corresponding period last year. The deliveries of folding boxboard in the Paperboard business area increased by 9 per cent.

Paper and Pulp business area

Paper and Pulp	2013 Q3	2013 Q1	2012 Q4	2012 Q3	2012 Q2	2013 Q1-Q2	2012 Q1-Q2	2012 Q1-Q4
Sales, EUR million	198.6	198.4	216.5	209.5	223.3	613.4	697.4	907.0
EBITDA, EUR million	9.7	17.7	16.7	8.6	14.7	44.1	31.8	40.4
excl. non-recurring items	9.7	17.7	12.1	11.4	16.8	39.5	37.1	48.4
Operating result, EUR million	-2.0	3.8	2.6	8.2	-0.3	4.4	-11.4	-3.3
excl. non-recurring items	-2.0	3.8	-2.0	0.3	1.7	-0.2	-6.1	-5.8
excl. non-recurring items, %	-1.0	1.9	-0.9	0.1	0.8	0.0	-0.9	-0.6
Return on capital employed, %	-1.3	2.4	1.6	5	-0.2	0.9	-2.4	-0.5
excl. non-recurring items, %	-1.3	2.4	-1.2	0.2	1.1	0	-1.3	-0.9
Deliveries, Paper 1,000 tonnes	159	158	186	162	169	503	519	681
Deliveries, Pulp 1,000 tonnes	163	155	171	184	192	489	620	804
Production, Paper 1,000 tonnes	159	169	174	171	164	502	514	685
Production, Metsä Board Pulp 1,000 tonnes	296	308	314	332	292	918	902	1,234
Personnel at the end of period	962	979	956	982	989	962	989	982

Delivery and production amounts are not completely comparable due to structural change.

Result for July–September compared to the previous quarter

Paper and Pulp's operating result excluding non-recurring items weakened from the previous quarter and was EUR -2.0 million (Q2/2013: 3.8). The result was weakened by the extensive maintenance shutdown at the Husum mill. The delivery volume of uncoated fine paper declined and the average price decreased compared to the previous quarter. The delivery volume of coated papers increased and the price remained at the same level as in the previous quarter. The delivery volume of market pulp increased slightly and the average sales price remained at the level of the previous quarter. Husum's kraftliner deliveries grew as planned.

The result does not include non-recurring items. The result for the previous quarter did not include non-recurring items.

Total deliveries of European uncoated fine paper producers were down by 4 per cent. Paper and Pulp's delivery volume of uncoated fine paper decreased by 9 per cent.

Result for January–September compared to the corresponding period last year

Paper and Pulp's operating result excluding non-recurring items improved compared to the corresponding period last year and was EUR -0.2 million (Q1–Q3/2012: -6.1). The result was improved by the considerable reduction in the losses of the units closed down and restructured, as well as increased prices of short-fibre pulp and high-yield pulp. By contrast, the result was weakened by, in particular, the lower prices of coated papers as well as the stronger Swedish krona.

The result includes a total of EUR +4.6 million in non-recurring items. The result for the corresponding period last year included non-recurring items of a total of EUR -5.3 million.

Total deliveries of European uncoated fine paper producers were down by 4 per cent compared to last year. Paper and Pulp's delivery volume of uncoated fine paper decreased by 13 per cent.

Sales and result by segment

EUR million	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3	2013 Q1-Q3	2012 Q1-Q3	2012 Q1-Q4
Paperboard	288.9	289.1	293.3	279.2	289.1	871.3	843.4	1,122.6
Paper and Pulp	198.6	198.4	216.5	209.5	223.3	613.4	697.5	907.0
Other operations	72.3	76.2	76.2	93.8	90.7	224.7	270.1	363.6
Internal sales	-57.5	-60.9	-50.9	-74.0	-70.9	-169.3	-211.9	-285.6
Sales	**502.3**	**502.8**	**535.0**	**508.5**	**532.2**	**1,540.1**	**1,599.1**	**2,107.5**
Paperboard	36.0	36.8	43.9	47.0	40.7	116.7	117.2	164.2
Paper and Pulp	9.7	17.7	16.7	8.6	14.7	44.1	31.8	40.4
Other operations	-1.7	-1.8	0.8	-1.8	-3.4	-2.7	118.6	116.8
EBITDA	**44.0**	**52.7**	**61.4**	**53.8**	**52.0**	**158.1**	**267.6**	**321.4**
% of sales	8.8	10.5	11.5	10.6	9.8	10.3	16.7	15.3
Paperboard	23.8	27.9	32.3	34.0	28.6	84.0	78.8	112.8
Paper and Pulp	-2.0	3.8	2.6	8.2	-0.3	4.4	-11.4	-3.3
Other operations	-2.5	-2.7	-0.1	-2.4	-4.9	-5.4	114.4	111.6
Operating result	**19.3**	**28.9**	**34.8**	**39.8**	**23.4**	**83.0**	**181.8**	**221.1**
% of sales	3.8	5.7	6.5	7.8	4.4	5.4	11.4	10.5
Non-recurring items in operating result								
Paperboard	0.0	3.1	0.0	6.6	-0.2	3.1	-1.3	5.3
Paper and Pulp	0.0	0.0	4.6	7.9	-2.0	4.6	-5.3	2.5
Other operations	0.5	-0.2	0.0	1.7	0.1	0.2	137.0	138.3
Group	**0.5**	**2.9**	**4.6**	**16.2**	**-2.1**	**7.9**	**130.4**	**146.1**
Paperboard	36.0	36.2	43.9	40.4	41.0	116.1	118.4	158.8
Paper and Pulp	9.7	17.7	12.1	11.4	16.8	39.5	37.1	48.6
Other operations	-2.1	-1.8	0.8	-2.8	-3.8	-3.1	-18.5	-21.3
EBITDA, excl. non-recurring items	**43.5**	**52.1**	**56.8**	**49.0**	**54.0**	**152.4**	**137.0**	**186.1**
% of sales	8.7	10.4	10.6	9.6	10.1	9.9	8.6	8.8
Paperboard	23.8	24.8	32.3	27.4	28.8	80.9	80.1	107.5
Paper and Pulp	-2.0	3.8	-2.0	0.3	1.7	-0.2	-6.1	-5.8
Other operations	-2.9	-2.6	-0.2	-4.1	-5.0	-5.6	-22.6	-26.7
Operating result, excl. non-recurring items	**18.9**	**26.0**	**30.2**	**23.6**	**25.5**	**75.1**	**51.4**	**75.0**
% of sales	3.8	5.2	5.6	4.6	4.8	4.9	3.2	3.6
Operating result, excl. non-recurring items, % of sales								
Paperboard	8.2	8.6	11.0	9.8	10.0	9.3	9.5	9.6
Paper and Pulp	-1.0	1.9	-0.9	0.1	0.8	0.0	-0.9	-0.6
Group	**3.8**	**5.2**	**5.6**	**4.6**	**4.8**	**4.9**	**3.2**	**3.6**

Metsä Fibre's net result is included in operating result at row "Share of results in associated companies" from 8.12.2009 on, before that Metsä Fibre was consolidated on proportionate basis line by line.

Return on capital employed %								
Paperboard	14.0	17.0	20.1	21.2	17.8	16.7	15.9	17.2
Paper and Pulp	-1.3	2.4	1.6	5.0	-0.2	0.9	-2.4	-0.5
Group	**5.1**	**6.7**	**7.7**	**8.7**	**5.4**	**6.8**	**13.6**	**12.4**
Capital employed, EUR million								
Paperboard	700	663	650	639	647	700	647	639
Paper and Pulp	630	639	641	654	643	630	643	654
Unallocated and eliminations	243	577	573	674	685	243	685	674
Group	**1,573**	**1,878**	**1,864**	**1,966**	**1,975**	**1,573**	**1,975**	**1,966**

The capital employed for a segment includes its assets: goodwill, other intangible assets, tangible assets, biological assets, investments in associates, inventories, accounts receivables, prepayments and accrued income (excluding interest and taxes), less the segment's liabilities (accounts payable, advance payments, accruals and deferred income (excluding interest and taxes).

Deliveries 1,000 tonnes	**2013 Q3**	**2013 Q2**	**2013 Q1**	**2012 Q4**	**2012 Q3**	**2013 Q1-Q3**	**2012 Q1-Q3**	**2012 Q1-Q4**
Paperboard	313	311	311	298	306	935	890	1,188
Paper	159	158	186	162	169	503	519	681
Market Pulp	163	155	171	184	192	489	619	804

Production 1,000 tonnes	**2013 Q3**	**2013 Q2**	**2013 Q1**	**2012 Q4**	**2012 Q3**	**2013 Q1-Q3**	**2012 Q1-Q3**	**2012 Q1-Q4**
Paperboard	325	318	335	325	308	978	876	1,201
Paper	159	169	174	171	164	502	514	685
Metsä Fibre pulp [1)]	141	141	143	140	144	425	470	610
Metsä Board pulp	296	308	314	332	292	918	902	1,234

Delivery and production amounts are not completely comparable due to structural changes.
[1)] Corresponds to Metsä Board's ownership share of 32.0% in Metsä Fibre until 30 April 2012 and starting 1 May 2012 corresponds to Metsä Board's ownership share of 24.9% in Metsä Fibre.

Calculation of key ratios

Return on equity (%)	=	(Result before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments received)
Gearing ratio (%)	=	(Interest-bearing borrowings) per (Shareholders' equity)
Net gearing ratio (%)	=	(Interest-bearing borrowings - liquid funds - interest-bearing receivables) per (Shareholders' equity)
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders´equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of period)

FINANCIAL STATEMENTS

Unaudited interim condensed consolidated statement of comprehensive income

		Three months ended		Nine months ended		Year ended
		September 30		September 30		December 31
			restate		restate	restate
EUR million	Note	**2013**	**2012**	**2013**	**2012**	**2012**
Sales	2.6	**502.3**	**532.3**	**1,540.1**	**1,599.1**	**2,107.6**
Change in stocks of finished goods and work in progress		-1.4	-2.8	4.2	-26.3	-5.1
Other operating income	2.6	8.0	9.6	34.4	177.4	194.4
Material and services	6	-373.7	-387.9	-1,140.2	-1,160.2	-1,560.9
Employee costs	1	-62.2	-61.8	-184.2	-190.8	-249.0
Share of profits from associated companies	6	8.8	6.6	25.5	23.7	29.2
Depreciation, amortization and impairment losses	2	-24.7	-28.6	-75.1	-85.9	-100.3
Other operating expenses		-37.8	-44.0	-121.7	-155.2	-194.8
Operating result	2	**19.3**	**23.4**	**83.0**	**181.8**	**221.1**
Share of profits from associated companies		0.1	0.0	0.1	0.3	0.0
Net exchange gains and losses		1.4	1.6	-0.2	3.9	5.0
Other net financial items	1,2, 6	-11.8	-17.2	-44.1	-37.3	-52.2
Result before income tax		**9.0**	**7.8**	**38.8**	**148.7**	**173.9**
Income taxes	1.3	-1.7	0.1	-5.9	-15.6	-2.6
Result for the period		**7.3**	**7.9**	**32.9**	**133.1**	**171.3**

Other comprehensive income						
Items that will not be reclassified to profit or loss	1					
Actuarial gains/losses on defined pension plans		-1.7	0.0	-6.9	0.0	-14.9
Income tax relating to items that will not be reclassified		0.5	0.0	2.1	0.0	4.5
Total		**-1.2**	**0.0**	**-4.8**	**0.0**	**-10.4**
Items that may be reclassified to profit or loss						
Cash flow hedges		6.4	3.9	0.1	2.8	3.2
Available for sale financial assets	8	-4.3	-6.3	-38.5	-76.8	-72.3
Translation differences		3.9	10.1	-2.5	14.5	10.1
Share of profits from associated companies		0.0	0.3	-3.1	-1.2	-1.1
Income tax relating to components of other comprehensive income		-0.5	0.7	9.4	18.3	17.0
Total		**5.5**	**8.7**	**-34.6**	**-42.4**	**-43.1**
Other comprehensive income, net of tax		**4.3**	**8.7**	**-39.4**	**-42.4**	**-53.5**
Total comprehensive income for the period		**11.6**	**16.6**	**-6.5**	**90.7**	**117.8**
Result for the period attributable to						
Shareholders of parent company		7.2	7.5	32.8	132.9	171.1
Non-controlling interests		0.1	0.4	0.1	0.2	0.2
Total comprehensive income for the period attributable to						
Shareholders of parent company		11.5	16.2	-6.6	90.5	117.6
Non-controlling interests		0.1	0.4	0.1	0.2	0.2
Total		11.6	16.6	-6.5	90.7	117.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.02	0.03	0.10	0.41	0.52

The accompanying notes are an integral part of these unaudited interim condensed financial statements.

Unaudited condensed consolidated balance sheet		**As of September 30**		**As of December 31**	**January 1**
			restate	restate	restate
EUR million	Note	**2013**	**2012**	**2012**	**2012**
ASSETS					
Non-current assets					
Goodwill		12.7	12.7	12.7	12.7
Other intangible assets		19.0	13.0	13.9	14.3
Tangible assets	4	852.3	913.3	894.4	941.1
Investments in associated companies		197.8	195.0	200.3	261.7
Available for sale investments	8	236.9	259.7	269.6	341.3
Other non-current financial assets	1,6,8	13.9	26.4	30.5	22.3
Deferred tax receivables	1	11.6	5.6	9.2	3.5
		1,344.2	**1,425.7**	**1,430.6**	**1,596.9**
Current assets					
Inventories		309.0	283.8	303.3	334.7
Accounts receivables and other receivables	6	468.7	532.3	398.2	444.2
Cash and cash equivalents		12.9	415.8	428.5	305.0
		790.6	**1,231.9**	**1,130.0**	**1,083.9**
Assets classified as held for sale	4			20.6	6.8
Total assets		**2,134.8**	**2,657.6**	**2,581.2**	**2,687.6**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Equity attributable to shareholders of parent company		824.5	823.8	850.7	733.2
Non-controlling interests		0.0	5.3	5.5	5.1
Total equity	1	**824.5**	**829.1**	**856.2**	**738.3**
Non-current liabilities					
Deferred tax liabilities	1	105.7	136.4	117.0	154.0
Post-employment benefit obligations	1	94.3	74.0	88.2	78.4
Provisions	5	11.1	26.0	20.2	31.5
Borrowings		537.6	324.4	302.3	857.9
Other liabilities	8	9.4	24.0	29.1	27.8
		758.1	**584.8**	**556.8**	**1,149.6**
Current liabilities					
Provisions	5	25.6	58.4	45.2	139.5
Current borrowings	6	210.5	821.9	807.7	278.8
Accounts payable and other liabilities	6,8	316.1	363.4	315.3	381.4
		552.2	**1,243.7**	**1,168.2**	**799.7**
Total liabilities		**1,310.3**	**1,828.5**	**1,725.0**	**1,949.3**
Total shareholders' equity and liabilities		**2,134.8**	**2,657.6**	**2,581.2**	**2,687.6**

The accompanying notes are an integral part of these unaudited interim condensed financial statements.

Unaudited consolidated statement of changes in shareholders' equity

EUR million	Note	Equity attributable to shareholders of parent company: Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2012		557.9	25.4	227.7	284.8	-364.1	731.7	5.1	736.8
Effect of IAS 19						1.5	1.5		1.5
Shareholders' equity, 1 January 2012, restate		557.9	25.4	227.7	284.8	-362.6	733.2	5.1	738.3
Comprehensive income for the period									
Result for the period						132.9	132.9	0.2	133.1
Other comprehensive income net of tax total			15.1	-57.5			-42.4	0.0	-42.4
Comprehensive income total			**15.1**	**-57.5**		**132.9**	**90.5**	**0.2**	**90.7**
Share based payments						0.1	0.1		0.1
Related party transactions									
Dividends paid									0
Shareholders' equity, 30 September 2012		**557.9**	**40.5**	**170.2**	**284.8**	**-229.6**	**823.8**	**5.3**	**829.1**

		Equity attributable to shareholders of parent company							
EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2013		557.9	35.9	174.0	284.8	-191.3	861.3	5.5	866.8
Effect of IAS 19						-10.6	-10.6		-10.6
Shareholders' equity, 1 January 2013, restate		557.9	35.9	174.0	284.8	-201.9	850.7	5.5	856.2
Comprehensive income for the period									
Result for the period						32.8	32.8	0.1	32.9
Other comprehensive income net of tax total			-3.3	-31.3		-4.8	-39.4		-39.4
Comprehensive income total			**-3.3**	**-31.3**		**28.0**	**-6.6**	**0.1**	**-6.5**
Share based payments						0.1	0.1		0.1
Related party transactions									
Dividends paid						-19.7	-19.7	-0.5	-20.2
Disposal of subsidiary	6							-5.1	-5.1
Shareholders' equity, 30 September 2013		**557.9**	**32.6**	**142.7**	**284.8**	**-193.5**	**824.5**	**0.0**	**824.5**

The accompanying notes are an integral part of these unaudited condensed financial statements.

Unaudited condensed consolidated cash flow statement

EUR million	Note	Nine months ended September 30 2013	Nine months ended September 30 2012	Year ended December 31 2012	Three months ended September 30 2013
Result for the period		32.9	133.1	171.3	7.3
Total adjustments	7	66.3	-134.9	-146.8	23.6
Change in working capital		-19.0	48.3	17.9	-11.2
Cash flow from operations		**80.2**	**46.5**	**42.4**	**19.7**
Net financial items	7	-31.4	-10.2	-42.1	-11.0
Income taxes paid		0.4	-6.2	-1.8	0.0
Net cash flow from operating activities		**49.2**	**30.1**	**-1.5**	**8.7**
Acquisition of other shares		-1.5		-5.4	0.0
Investments in intangible and tangible assets		-37.8	-37.9	-58.2	-15.5
Disposals and other items	7	-339.8	217.7	223.3	-366.0
Net cash flow from investing activities		**-379.1**	**179.8**	**159.7**	**-381.5**
Other changes in equity				-0.2	0.0
Changes in non-current loans and in other financial items		-65.3	-99.3	-34.6	24.7
Dividends paid		-20.2	0.0	0.0	0.0
Net cash flow from financing activities		**-85.5**	**-99.3**	**-34.8**	**24.7**
Changes in cash and cash equivalents		**-415.4**	**110.6**	**123.4**	**-348.1**
Cash and cash equivalents at beginning of period		428.5	305.0	305.0	361.1
Translation difference in cash and cash equivalents		-0.2	0.2	0.1	-0.1
Changes in cash and cash equivalents		-415.4	110.6	123.4	-348.1
Cash and cash equivalents at end of period		**12.9**	**415.8**	**428.5**	**12.9**

The accompanying notes are an integral part of these unaudited condensed financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Note 1 – Background and basis of preparation

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh forest fiber cartonboards, office papers and special papers. Metsä Board Corporation, the parent company, is domiciled in Helsinki and the registered address of the company is Revontulenpuisto 2, 02100 Espoo, Finland. Metsä Board's ultimate parent company is Metsäliitto Cooperative.

This unaudited interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2012 IFRS financial statements. The same accounting policies have been applied as in the 2012 IFRS financial statements with the following exception:

Depreciation of machinery and equipment during the financial year has been specified further between the quarters where applicable in order to correspond with the allocation of the use of the economic benefit of the asset.

The Group has adopted the following new standards, amendments to existing standards and interpretations on 1 January 2013:

Amendments to IAS 1 Presentation of Financial Statements (effective for financial years beginning on or after 1 July 2012): The major change is the requirement to group items of other comprehensive income as to whether or not they will be reclassified subsequently to profit or loss when specific conditions are met. The amendments only have an impact on the presentation of Group's other comprehensive income.

Amendment to IAS 19 Employee Benefits: The major changes are as follows: in future all actuarial gains and losses are immediately recognized in other comprehensive income, i.e. the corridor approach is eliminated, and finance costs are calculated on a net funding basis. The comparative data has been restated due to amendment.

IFRS 13 Fair Value Measurement: IFRS 13 establishes a single source for all fair value measurements and disclosure requirements for use across IFRSs. The new standard also provides a precise definition of fair value. IFRS 13 does not extend the use of fair value accounting, but it provides guidance on how to measure fair value under IFRSs when fair value is required or permitted. IFRS 13 will expand the disclosures to be provided for non-financial assets measured at fair value.

Annual Improvements to IFRSs 2009-2011 (May 2012): The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total five standards.

Amendments to IFRS 7 Financial Instruments: Disclosures: The amendments clarify disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. The disclosures required by those amendments are to be provided retrospectively.

All amounts are presented in millions of euros, unless otherwise stated.

This interim report was authorized for issue by the Board of Directors of Metsä Board on 6 Novenmber 2013.

The impacts of amendment to IAS 19 Employee Benefits on the comparative data of balance sheet and the statement of comprehensive income presented in this interim report are as follows:

EUR million	Old accounting principle	New accounting principle	Effect of change in accounting principle
As of September 30, 2012			
Non-current assets			
Other non-current financial assets	14.8	14.1	-0.7
Deferred tax receivables	5.7	5.6	-0.1
Non-current liabilities			
Deferred tax liabilities	136.5	136.4	-0.1
Post-employment benefit obligations	76.2	74.0	-2.2
Total equity	827.7	829.1	1.4
Income statement January-September 2012			
Employee costs	193.2	190.8	-2.4
Other net financial items	34.9	37.3	2.4
Income taxes	15.6	15.6	0.0
Other comprehensive income January-September 2012			
Items that will not be reclassified to profit or loss			
Actuarial gains/losses on defined pension plans		0.0	0.0
Income tax relating to items that will not be reclassified		0.0	0.0

The impacts of amendment to IAS 19 Employee Benefits on the comparative data of balance sheet and the statement of comprehensive income as of January 1, 2012 and as of December 31, 2012 have been presented in Metsä Board Interim Report 1 January – 31 March 2013.

Note 2 – Segment information

The Corporate Management Team is the chief operational decision-maker, which monitors the business operations based on the operating segments. The company operates through two business areas that are also the company's reporting segments: Paperboard and Paper and Pulp.

The Paperboard business area includes the Kemi, Kyro, Simpele, Tako and Äänekoski board mills, Kyro wallpaper base machine and Joutseno BCTMP mill located in Finland as well as the Gohrsmühle mill in Germany. The Paper and Pulp business area includes Husum paper and pulp mill in Sweden, Alizay mill in France. Alizay mill was disposed in January 2013.

The associated company result of Metsä Fibre has been allocated to business segments based on their respective pulp consumption and is reported in EBITDA. Approximately 80 per cent of the result impact of Metsä Fibre ownership is included in the Paperboard business area and the rest in the Paper and Pulp business area.

The sales of the reporting segments are mainly generated by sales of board and paper, but the sales of the Paper and Pulp operating segment includes sales of pulp to external customers.

The accounting principles for the segment information are equal to those of the Group and all inter-segment sales are based on market prices.

Segment sales

EUR million	Nine months ended September 30, 2013			Nine months ended September 30, 2012		
	External	Internal	Total	External	Internal	Total
Paperboard	871.2	0.1	871.3	843.3	0.1	843.4
Paper and Pulp	606.6	6.8	613.4	697.5	0.0	697.5
Other operations	62.3	162.4	224.7	58.3	211.8	270.1
Elimination of intersegment sales		-169.3	-169.3		-211.9	-211.9
Total sales	1,540.1	0.0	1,540.1	1,599.1	0.0	1,599.1

EUR million	Year ended December 31, 2012		
	External	Internal	Total
Paperboard	1,122.5	0.1	1,122.6
Paper and Pulp	907.0	0.0	907.0
Other operations	78.1	285.5	363.6
Elimination of intersegment sales		-285.6	-285.6
Total sales	2,107.6	0.0	2,107.6

Operating result by operating segments

EUR million	Nine months ended September 30, 2013	2012	Year ended December 31 2012
Paperboard	84.0	78.8	112.8
Paper and Pulp	4.4	-11.4	-3.3
Other operations	-5.4	114.4	111.6
Operating result total	83.0	181.8	221.1
Share of profit from associated companies	0.1	0.3	0.0
Finance costs, net	-44.3	-33.4	-47.2
Income taxes	-5.9	-15.6	-2.6
Result for the period	32.9	133.1	171.3

The non-recurring items of the operating result for nine months ended 30 September 2013 stood at EUR +7.9 million. Paper and Pulp business area included EUR +4.6 million non-recurring items related to the disposal of Alizay mill site. Paperboard business area included EUR +3.1 million non-recurring items, the most significant of them being a reverse of impairment charge of EUR 2.5 million due to sale of old impaired paper machine at Äänekoski mill.

In addition Other operations included an impairment charge of EUR 0.2 million related to canceled disposal of old paper machine in Simpele mill in Finland. The paper machine was classified in December 2012 as asset held for sale according to IFRS5, Non-current assets as held for sale and discontinued operations. Other operations also includes additional selling price, EUR 0.5 million, related to the associated company Plastiroll Oy, which was disposed in 2012.

Assets by operating segments

EUR million	Nine months ended September 30, 2013	2012	Year ended December 31 2012
Paperboard	972.3	898.3	919.8
Paper and Pulp	742.5	816.6	803.5
Other operations	327.2	438.7	446.4
Elimination	-46.0	-87.2	-93.3
Unallocated	138.8	591.2	504.8
Total	2,134.8	2,657.6	2,581.2

Segment assets include goodwill, other intangible assets, tangible assets, investments in associated companies, inventories, accounts receivables and prepayments and accrued income (excl. interest and income tax items).

Note 3 – Income taxes

Tax expense in the interim condensed combined income statement is comprised of the current tax and deferred taxes. Income taxes for the nine months ended 30 september 2013 and 2012 and for the year ended 31 December 2012 are as follows:

	Nine months ended September 30		Year ended December 31
EUR million	2013	2012	2012
Taxes for the current period	7.3	22.6	27.7
Taxes for the prior periods	0.1	0.0	0.0
Change in deferred taxes	-1.5	-7.0	-25.1
Total income taxes	**5.9**	**15.6**	**2.6**

Note 4 – Changes in property, plant and equipment

The following shows the components of changes in property, plant and equipment for the nine months ended 30 September 2013 and 2012 and for the year ended 31 December 2012:

	Nine months ended September 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Carrying value at beginning of period	894.4	941.1	941.1
Capital expenditure	36.7	39.4	61.0
Decreases	-3.2	-1.6	-2.3
Asset classified as held for sale	0.0	0.0	-21.2
Depreciation, amortization and impairment losses	-73.0	-82.9	-96.3
Translation difference	-2.6	17.3	12.1
Carrying value at end of period	**852.3**	**913.3**	**894.4**

Depreciation, amortization and impairment losses include in Paperboard business area a reverse of impairment charges of EUR 2.5 million due to sale of old impaired paper machine at Äänekoski mill. In addition Other operations includes an impairment charge of EUR 0.2 million related to canceled disposal of old paper machine in Simpele mill in Finland. The paper machine was classified in December 2012 as asset held for sale according to IFRS5, Non-current assets as held for sale and discontinued operations.

Note 5 – Provisions

The following is a summary of changes Metsä Board's provisions during the nine months ended 30 September 2013.

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2013	**33.8**	**18.2**	**13.4**	**65.4**
Translation differences	-0.1	0.0	-0.1	-0.2
Increases	0.0	0.0	0.4	0.4
Utilized during the year	-23.7	-1.2	-1.6	-26.5
Unused amounts reversed	-1.0	-1.0	-0.4	-2.4
At 30 September, 2013	**9.0**	**16.0**	**11.7**	**36.7**

In Paper and Pulp there was a EUR 2.4 million reversal of provision related to disposal of Alizay mill site.

The non-current portion of provisions was some EUR 11.1 million and the current portion some EUR 25.6 million, total provisions being EUR 36.7 million. The non-current portion is estimated to be paid by the end of the year 2015.

Note 6 – Related party transactions

Metsä Board's Board of Directors, the Corporate Management Team, Metsäliitto Cooperative and its subsidiaries and Metsä Board's associated companies are considered related parties. Metsä Board enters into a significant number of transactions with related parties for the purchases of inventory, sale of goods, corporate services as well as financial transactions. Product and service transfers and interest between Metsä Board and the related parties have been made at arm's length prices.

Transactions between Metsä Board and related parties for the nine months ended 30 September 2013 and 2012 and for the year ended 31 December 2012 are as follows:

Transactions and balances with parent and sister companies

EUR million	Nine months ended September 30 **2013**	**2012**	Year ended December 31 **2012**
Sales	56.8	44.5	60.9
Other operating income	3.4	62.9	66.2
Purchases	515.1	498.3	698.0
Share of profit from associated companies	25.5	23.7	29.2
Interest income	4.5	3.7	5.7
Interest expenses	1.1	0.9	1.1
Non-current receivables	3.8	3.8	3.8
Current receivables	124.7	173.9	81.9
Non-current liabilities	0.0	0.0	0.0
Current liabilities	77.8	335.6	343.2

Metsä Fibre's net result is included within operating result line item "Share of profits from associated companies" and transactions with Metsä Fibre are included in transactions with sister companies.

Metsä Fibre paid a dividend of EUR 24.9 million to Metsä Board during the nine months ended 30 September 2013.

Due to the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September 2013 current receivables and liabilities have decreased. The disposal of the holding in Metsä Group Treasury Oy decreased also the level of non-controlling interests by some EUR 5.1 million.

Transaction with joint ventures

Joint ventures have been consolidated using line-by-line method proportionate to the Metsä Board Group's holding. Metsä Board's joint ventures are Äänevoima Oy (56.25%) and Ääneverkko Oy (56.25%).

Group's consolidated Income statement and Balance sheet included assets, liabilities, income and costs as follows:

	Nine months ended September 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Sales	10.0	9.5	12.2
Expenses	10.6	9.3	12.3
Non-current assets	15.3	17.6	17.1
Current assets	4.1	5.2	4.3
Non-current liabilities	20.1	22.5	21.2
Current liabilities	2.8	3.2	3.2

Transactions with associated companies

	Nine months ended September 30		Year ended December 31
EUR million	**2013**	**2012**	**2012**
Sales	0.0	0.0	0.1
Purchases	5.7	4.4	6.4
Non-current receivables	0.3	0.0	0.3
Current receivables	0.1	0.1	0.4
Current liabilities	0.9	2.8	2.1

Note 7 – Notes to condensed consolidated cash flow statement

Adjustments to the result for the period

	Nine months ended September 30		Year ended December 31	Three months ended September 30
EUR million	2013	2012	2012	2013
Taxes	5.8	15.6	2.6	1.6
Depreciation, amortization and impairment charges	75.1	85.9	100.3	24.7
Share of results from associated companies	-25.6	-24.0	-29.2	-8.8
Gains and losses on sale of fixed assets	-4.0	-154.3	-158.4	-1.1
Finance costs, net	44.4	33.3	47.2	10.4
Provisions	-29.4	-91.4	-109.3	-3.2
Total	66.3	-134.9	-146.8	23.6

Net financial items
Net financial items in consolidated cash flow statement for nine months ended 30 September 2013 include a dividend of EUR 24.9 million paid by Metsä Fibre.

Disposals and other items

Nine months ended 30 September 2013 Disposals and other items, EUR -339.8 million, include EUR -339.9 million disposals. The most significant disposal were the sale of property, plant and equipment in Alizay mill site in January, EUR 22.4 million and the disposals of old papermachine in Äänekoski, EUR 2.5 million. Also Disposals and other items include additional selling price, EUR 0.5 million, related to the associated company Plastiroll Oy, which was disposed in 2012 and the disposal of the holding in Metsä Group Treasury Oy to Metsäliitto Cooperative in September 2013. The selling price was EUR 5.2 million and cash and cash equivalents of disposed subsidiary, EUR 372.3 million, net of cash was EUR -367.1 million.

Note 8 – Financial instruments

Financial assets
30.09.2013

EUR million	Fair value through profit&loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Available for sale financial assets		236.9				236.9	236.9
Other non-current financial assets			13.8			13.8	13.8
Accounts receivables and other receivables			467.1			467.1	467.1
Cash and cash equivalent			12.9			12.9	12.9
Derivative financial instruments	-0.1			1.3		1.2	1.2
Total financial assets	-0.1	236.9	493.8	1.3		731.9	731.9

Financial liabilities 30.09.2013

EUR million	Fair value through profit&loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			537.6	537.6	545.3
Other non-current financial liabilities			2.9	2.9	2.9
Current interest-bearing financial liabilities			210.5	210.5	212.2
Accounts payable and other financial liabilities			265.7	265.7	265.7
Derivative financial instruments	7.1	7.4		14.5	14.5
Total financial liabilities	7.1	7.4	1,016.7	1,031.2	1,040.6

Fair value hierarchy of financial assets and liabilities nine months ended 30 September 2013

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.3		236.6	236.9
Financial assets at fair value through profit or loss, current				
Derivative financial assets		1.1		1.1
Financial liabilities at fair value through profit or loss, current				0.0
Derivative financial liabilities	4.4	10.1		14.5

Financial assets and liabilities measured at fair value based on Level 3

EUR million	Nine months ended September 30 2013
Opening balance	269.3
Total gains and losses in profit or loss	0.0
Total gains and losses in other comprehensive income	-38.5
Purchases	5.8
Settlements	0.0
Closing balance	236.6

Financial assets and liabilities measured at fair value have been categorized according to IFRS 7

Level 1	Fair value is based on quoted prices in active markets
Level 2	Fair value is determined by using valuation techniques that use observable price information from market
Level 3	Fair value are not based on observable market data, but company's own assumptions

The valuation techniques are described in more detail in the Annual report 2012.

The greatest item at fair value not traded on an open market is the investment in Pohjolan Voima shares, reported under available-for-sale financial assets. The valuation techniques are described in more detail in the Annual report. The WACC used on 30 September 2013 was 3.72 percentage. The acquisition cost of shares in Pohjolan Voima Oy is EUR 39.1 million and the fair value EUR 232.4 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 2.2 million lower or EUR 2.3 million higher should the rate used for discounting the cash flows differ by

10% from the rate estimated by the management. The carrying amount of available-for-sale financial assets would be estimated to be EUR 31.4 million higher or EUR 31.4 million lower should, if energy prices used for calculating the fair value differ by 10% from prices estimated by the management.

Derivatives 30 September 2013

EUR million	Nominal value	Fair value			Fair value		
		Assets	Liabilities	Total	Fair value hedges	Cash flow hedges	Derivatives/hedge accounting not applied
Interest forward agreements							
Interest rate options							
Interest rate swaps	283.1	0.0	3.0	-3.0	2.4	-5.4	
Interest rate derivatives	283.1	0.0	3.0	-3.0	2.4	-5.4	
Currency forward agreements	369.6	1.0		1.0		1.2	-0.2
Currency option agreements	51.7	0.1		0.1			0.1
Currency swap agreements	44.3		1.5	-1.5			-1.5
Currency derivatives	465.6	1.1	1.5	-0.4		1.2	-1.6
Electricity derivatives	83.6		9.9	-9.9		-4.4	-5.5
Pulp derivatives							
Other commodity derivatives	1.0		0.1	-0.1			-0.1
Commodity derivatives	84.6		10.0	-10.0		-4.4	-5.6
Derivatives total	833.3	1.1	14.5	-13.4	2.4	-8.6	-7.2

Note 9 – Commitments and guarantees

The following shows securities and guarantees for the nine months ended 30 September 2013 and 2012 and for the year ended 31 December 2012:

Securities and guarantees

EUR million	Nine months ended September 30 2013	2012	Year ended December 31 2012
Liabilities secured by pledges, real mortgages and Chattels mortgage	658.9	205.9	188.5
Pledges granted	593.7	174.3	178.6
Corporate mortgages	603.0	3.0	3.0
Real estate mortgages	752.8	152.8	152.8
Total pledges and mortgages	1,949.5	330.1	334.4
As security for other own commitments	32.7	28.1	28.3
On behalf of associated companies	0.3	0.0	0.1
On behalf of others	0.2	1.6	3.2
Total	1,982.7	359.8	366.0

Securities and guarantees include pledges, real estate mortgages, chattels mortgage and guarantee liabilities. Metsä Board holds operating leases for certain vehicles and equipment. Leasing liabilities are part of the table above.

The increase of commitments is related to EUR 600 million syndicated credit agreement signed in May 2012, of which EUR 500 million was drawn in April 2013. Share pledges, real estate mortgages and a corporate mortgage were used as collateral. Shares in Metsä Board Sverige AB, Metsä Board Kemi Oy, two series of Pohjolan Voima Oy and shares in Metsä Fibre Oy were included in contingent liabilities as well as real estate mortgages in four mill areas and corporate mortgages of EUR 600 million.

Open derivative contracts

EUR million	Nine months ended September 30 2013	2012	Year ended December 31 2012
Interest rate derivatives	283.1	1,973.3	1,866,0
Currency derivatives	465.6	1,487.7	1,310,1
Other derivatives	84.6	100.0	79,3
Total	833.3	3,552.0	3,255.4

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -13.4 million (EUR -19.0 million 31 December 2012 and EUR -21.9 million 30 September 2012). The disposal of the holding in Metsä Group Treasury Oy in September 2013 also decreased substantially the amount of derivative contracts.

Note 10 – Events after the period

In November, Metsä Board announced it would renew its management and reporting structure to better reflect the company’s strategy and to create a better platform for growth in the folding boxboard and kraftliner businesses. Metsä Board’s business operations are divided into two business areas: Cartonboard, and Linerboard and Paper. These will also be Metsä Board’s reporting segments as of the first quarter of 2014. Ari Kiviranta was appointed SVP, Head of

Cartonboard business area and Seppo Puotinen SVP, Head of Linerboard and Paper business area.

Cartonboard business area includes Kyro, Simpele, Tako and Äänekoski board mills, Kyro wallpaper machine and Joutseno BCTMP mill located in Finland as well as Gohrsmühle mill in Germany. Linerboard and Paper business area includes Husum mill in Sweden as well as Kemi linerboard and Kaskinen BCTMP mills in Finland. Metsä Board will announce financial statements 2013 on 6 February 2014 based on the old business area structure. The restated historical figures will be released during February 2014.

As of 1 January 2014 Metsä Board's Corporate Management Board consists of Mikko Helander, CEO; Markus Holm, CFO; Ari Kiviranta, SVP, Head of Cartonboard business area; Seppo Puotinen, SVP, Head of Linerboard and Paper business area; Sari Pajari, SVP, Business Services and Development and Jani Suomalainen, SVP, Purchasing.