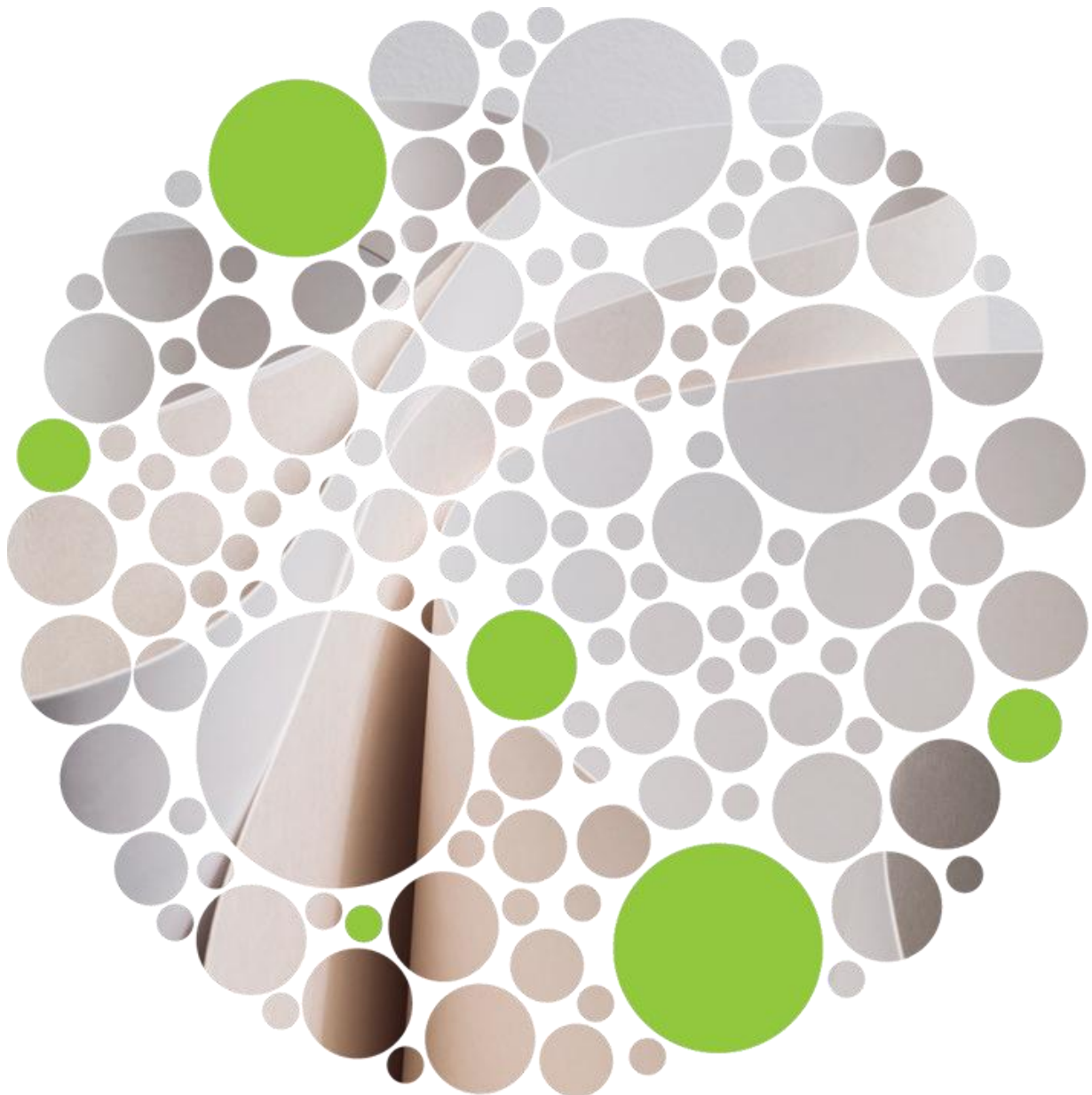




**METSÄ BOARD CORPORATION  
INTERIM REPORT**

**Q2/2015**



## METSÄ BOARD CORPORATION'S OPERATING RESULT EXCLUDING NON-RECURRING ITEMS FOR THE FIRST HALF OF 2015 WAS EUR 90.2 MILLION

### RESULT FOR THE FIRST HALF OF 2015

- Sales were EUR 1,047.7 million (Q1–Q2/2014: 995.2).
- Operating result excluding non-recurring items was EUR 90.2 million (64.4). Operating result including non-recurring items was EUR 110.3 million (75.7).
- Result before taxes excluding non-recurring items was EUR 72.3 million (40.8). Result before taxes including non-recurring items was EUR 90.2 million (49.9).
- Earnings per share excluding non-recurring items were EUR 0.19 (0.10), and earnings per share including non-recurring items were EUR 0.24 (0.12).

### RESULT FOR THE SECOND QUARTER OF 2015

- Sales were EUR 522.0 million (Q1/2015: 525.7).
- Operating result excluding non-recurring items was EUR 47.0 million (43.2). Operating result including non-recurring items was EUR 67.2 million (43.1).
- The result before taxes excluding non-recurring items was EUR 40.0 million (32.3). Result before taxes including non-recurring items was EUR 58.0 million (32.2).
- Earnings per share excluding non-recurring items were EUR 0.10 (0.09), and earnings per share including non-recurring items were EUR 0.15 (0.09).

### EVENTS DURING THE SECOND QUARTER OF 2015

- Paperboard deliveries continued to grow, and the price levels were stable.
- The conversion of paper machine 8 to board machine 2 at the Husum mill was completed as planned.
- Metsä Board divested the Gohrsmühle mill, including all related liabilities, to the German mutares AG's wholly owned holding company and its partner company.

- Moody's Investors Service raised Metsä Board Corporation's credit rating by two notches from B1 to Ba2. The outlook of the rating is stable.

### NEAR-TERM OUTLOOK

- Metsä Board's operating result excluding non-recurring items is in the third quarter of 2015 expected to increase slightly compared to the second quarter of 2015.

*"The second quarter of 2015 met our expectations. The transformation of Husum into a paperboard mill is progressing as planned. The training of the mill personnel has begun, which will ensure the successful production of high-quality folding boxboard once the new machine starts up.*

*A large share of the Husum mill's production will be directed to the North American market. Production optimisation enables us to grow the sales of our other mills' products as well. Our target is to continue to grow globally.*

*The divestment of the Gohrsmühle mill improves our annual operating result excluding non-recurring items by approximately EUR 20 million compared to the previous year. Slightly over half of this will materialise this year.*

*We are increasing our emphasis on product development. Our customers increasingly highlight the importance of sustainability. We will be the first company in the world to start testing foam forming on a production scale. Foam forming technology makes it possible to further lower the weight of products and reduce the use of raw materials, energy and water.*

*The successful implementation of the investment programme at Husum, the full-scale sale of the new volumes globally and, at the same time, finalizing the exit from the paper business are our most important targets from now on."*

**Mika Joukio, CEO**

Metsä Board is Europe's leading producer of folding boxboard and white fresh forest fibre linerboard and a market pulp supplier. It offers premium solutions for consumer and retail packaging and graphics. The company's sales network serves brand owners, carton printers, corrugated packaging manufacturers and merchants. Metsä Board is part of Metsä Group, and its shares are listed on the NASDAQOMX Helsinki. In 2014, the company's sales totalled approximately EUR 2.0 billion. The company has approximately 2,800 employees.

**KEY FIGURES**

	2015	2015	2014	2014	2015	2014	2014
	Q2	Q1	Q2	Q1	Q1–Q2	Q1–Q2	Q1–Q4
Sales, EUR million	522.0	525.7	494.0	501.2	1,047.7	995.2	2,008.4
EBITDA, EUR million	93.3	69.3	55.9	69.2	162.6	125.1	242.2
excl. non-recurring items, EUR million	73.1	69.7	52.0	61.8	142.8	113.8	236.2
EBITDA, %	17.9	13.2	11.3	13.8	15.5	12.6	12.1
excl. non-recurring items, %	14.0	13.3	10.5	12.3	13.6	11.4	11.8
Operating result, EUR million	67.2	43.1	32.2	43.5	110.3	75.7	116.5
excl. non-recurring items, EUR million	47.0	43.2	28.3	36.1	90.2	64.4	136.5
EBIT, %	12.9	8.2	6.5	8.7	10.5	7.6	5.8
excl. non-recurring items, %	9.0	8.2	5.7	7.2	8.6	6.5	6.8
Result before taxes, EUR million	58.0	32.2	23.9	26.0	90.2	49.9	77.6
excl. non-recurring items, EUR million	40.0	32.3	20.0	20.8	72.3	40.8	99.7
Result for the period, EUR million	54.7	29.3	16.8	24.8	84.0	41.6	68.5
excl. non-recurring items, EUR million	36.9	29.4	12.9	20.6	66.3	33.5	88.1
Result per share, EUR	0.15	0.09	0.05	0.07	0.24	0.12	0.20
excl. non-recurring items, EUR	0.10	0.09	0.04	0.06	0.19	0.10	0.26
Return on equity, %	22.5	13.2	8.0	11.6	18.2	9.9	8.1
excl. non-recurring items, %	15.2	13.2	6.1	9.6	14.3	8.0	10.4
Return on capital employed, %	16.5	11.0	8.5	11.2	13.9	10.0	7.7
excl. non-recurring items, %	12.1	11.0	7.5	9.9	11.6	8.8	9.1
Equity ratio at end of period, %	45.9	40.8	39.8	41.0	45.9	39.8	39.2
Gearing ratio at end of period, %	67	73	84	84	67	84	81
Net gearing ratio at end of period, %	39	34	65	69	39	65	51
Shareholders' equity per share at end of period, EUR	2.83	2.63	2.46	2.55	2.83	2.46	2.49
Interest-bearing net liabilities, EUR million	389.0	318.9	540.1	592.6	389.0	540.1	426.7
Gross investments, EUR million	48.3	23.9	14.0	4.7	72.2	18.7	44.2
Deliveries, 1,000 tonnes							
Paperboard	366	345	322	318	711	640	1,310
Non-core operations	138	156	153	167	294	320	636
Personnel at the end of period	2,850	3,158	3,370	3,145	2,850	3,370	3,111

Result per share and shareholders' equity per share in 2014 have been adjusted for right issue. The right issue factor was 1.030627

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

## INTERIM REPORT 1 JANUARY–30 JUNE 2015

### SALES AND RESULT

#### RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER

Metsä Board's sales were EUR 522.0 million (Q1/2015: 525.7). Comparable sales increased by 1.4 per cent. The operating result was EUR 67.2 million (43.1), and the operating result excluding non-recurring items was EUR 47.0 million (43.2).

The non-recurring items recognised in the April–June operating result totalled EUR +20.2 million (-0.1), of which the most significant items were the sales gain of EUR 17.5 million in the Non-core operations segment related to the divestment of the Gohrsmühle mill in Germany and EUR 2.6 million in the Non-core operations segment related to the reversal of provisions made in connection to the closure of the Alizay mill.

The operating result excluding non-recurring items improved slightly from the previous quarter. The delivery volumes of folding boxboard and white fresh forest fibre linerboard continued to grow. The delivery volume of market pulp decreased slightly. The delivery volumes of papers declined. The euro-denominated prices of paperboards and papers were at the same level as in the previous quarter. The currency-denominated prices of softwood market pulp decreased slightly, whereas the prices of hardwood market pulp increased. There were no significant changes in costs. The maintenance and investment shutdown of the Husum mill had a slight negative impact on the result in the second quarter.

Cash flow from operating activities amounted to EUR 69.5 million in the second quarter (23.0).

The combined delivery volume of Metsä Board's folding boxboard and white fresh forest fibre linerboard in April–June was 354,000 tonnes (334,000). The delivery volume of the papers reported in the Non-core operations segment was 138,000 tonnes (156,000).

Financial income and expenses totalled EUR -9.2 million (-11.0) in the review period. Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments were EUR -0.9 million (-3.8). Net interest and other financial income and expenses amounted to EUR -8.3 million (-7.2). Other financial income and expenses include EUR 0.0 million of valuation gains on interest rate hedges (a valuation gain of 0.0). An impairment of EUR -2.2 million was recognised in financial expenses as a non-recurring item associated with Metsä Board's total share in the shareholder loan granted to Pohjolan Voima in the OL4 project.

The result before taxes for the review period was EUR 58.0 million (32.2). The result before taxes excluding non-recurring items was EUR 40.0 million (32.3). Income taxes amounted to EUR -3.3 million (-2.9).

Earnings per share were EUR 0.15 (0.09). Earnings per share excluding non-recurring items were EUR 0.10 (0.09). The return on equity was 22.5 per cent (13.2), and the return on equity excluding non-recurring items was 15.2 per cent (13.2). The return on capital employed was 16.5 per cent (11.0), and the return on capital employed excluding non-recurring items was 12.1 per cent (11.0).

#### RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

Metsä Board's sales were EUR 1,047.7 million (Q1–Q2/2014: 995.2). Comparable sales increased by 6.4 per cent. The operating result was EUR 110.3 million (75.7), and the operating result excluding non-recurring items was EUR 90.2 million (64.4).

A net total of EUR +20.1 million (+11.2) was recognised as non-recurring items in the operating result.

Compared to the corresponding period in the previous year, the operating result excluding non-recurring items improved as a result of the increased delivery volumes of folding boxboard and white fresh forest fibre linerboard, the stronger US dollar and British pound, as well as the weakening of the Swedish krona against the euro.

The combined delivery volume of Metsä Board's folding boxboard and white fresh forest fibre linerboard in January–June was 688,000 tonnes (610,000), which represents an increase of 13 per cent. The delivery volume of papers reported in the Non-core operations segment was 294,000 tonnes (320,000).

Financial income and expenses totalled EUR -20.2 million (-26.0).

Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments were EUR -4.7 million (-0.6). Net interest and other financial income and expenses amounted to EUR -15.5 million (-25.4). Net interest in the corresponding period last year was increased by approximately EUR 5.8 million due to the early repayment of a loan of EUR 350 million and a EUR 100 million standby credit facility, as well as refinancing. Other financial income and expenses included EUR 0.0 million of valuation gains on interest rate hedges (valuation gain of 0.0). An impairment of EUR -2.2 million was recognised in financial expenses as a non-recurring item associated with Metsä Board's share in the shareholder loan granted to Pohjolan Voima in



the OL4 project. A non-recurring item of EUR -2.2 million was recognised in financial expenses for the corresponding period last year, related to the penal interest on the damages paid to UPM-Kymmene.

The result before taxes for the review period was EUR 90.2 million (49.9). The result before taxes excluding non-recurring items was EUR 72.3 million (40.8). The impact of income taxes was EUR -6.2 million (-8.3).

Earnings per share were EUR 0.24 (0.12). Earnings per share excluding non-recurring items were EUR 0.19 (0.10). The return on equity was 18.2 per cent (9.9), and the return on equity excluding non-recurring items was 14.3 per cent (8.0). The return on capital employed was 13.9 per cent (10.0), and the return on capital employed excluding non-recurring items was 11.6 per cent (8.8).

## PERSONNEL

At the end of June, the number of personnel was 2,850 (30 June 2014: 3,370), of whom 1,695 worked in Finland (1,707). In January–June, Metsä Board had an average of 3,027 employees (3,209).

## INVESTMENTS

Gross investments in January–June totalled EUR 72.2 million (Q1–Q2/2014: 18.7).

## BUSINESS DEVELOPMENT

In December 2014, Metsä Board announced that it would launch new measures to complete the final steps of its transformation into a paperboard company. The company also announced that it would invest approximately EUR 170 million in a new folding boxboard production line at the Husum mill in Sweden. The machine has an annual production capacity of around 400,000 tonnes, and it will start up in early 2016. It is expected to reach full production capacity by the end of 2016. Paper production at the Husum mill is planned to be discontinued for the most part at the end of 2015 and completely by the end of 2017. It is estimated that these measures at the Husum mill and the growing sales volumes of fresh forest fibre linerboard will have a positive effect of approximately EUR 50 million on Metsä Board's annual operating result compared to the actual result in 2014. Most of the result improvement is expected to be realised as of 2017 and to take full effect as of 2018.

Metsä Board divested the Gohrsmühle mill, including all related liabilities to the German mutares AG's wholly owned holding company and its partner company. The transaction was closed on 21 May 2015. Compared to the 2014 actual result, the divestment of Gohrsmühle reduces Metsä Board's annual sales by approximately EUR 90 million and improves the operating result excluding non-recurring items by around EUR 20 million,

of which slightly over half will be realised in 2015 based on the fact that the divestment completed in May.

Metsä Fibre, an associated company of Metsä Board, is building a bioproduct mill to replace the existing pulp mill in Äänekoski. The cost of the bioproduct mill is around EUR 1.2 billion. The mill's annual pulp capacity will be 1.3 million tonnes, which is around 800,000 tonnes higher than the current production at the Äänekoski mill. Operations at the mill are scheduled to start in the third quarter of 2017. Metsä Board will invest EUR 24.9 million in the project, and has no other financial obligations in it. Metsä Board's holding in Metsä Fibre will remain unchanged, at 24.9 per cent, after the investment.

Metsä Board is the first paperboard manufacturer to test foam forming in a production scale at its Kyro mill in Kyröskoski. In the foam forming process, tiny air-bubbles are mixed into a water-fibre suspension making the resulting paperboard bulkier as well as reducing its weight. This process will also improve quality. Foam forming also reduces the use of raw materials, energy and water.

## DISPUTES

In May 2014, Metsä Board demanded that the District Court of Helsinki revoke the judgment issued by the Arbitral Tribunal on 11 February 2014 that orders Metsä Board to pay EUR 19.7 million in damages to UPM-Kymmene Corporation. In the judgment issued in June 2015, the District Court rejected Metsä Board's demands. Metsä Board may appeal the District Court's judgment at the Court of Appeal by September 2015.

## FINANCING

Metsä Board's equity ratio at the end of June was 45.9 per cent (31 December 2014: 39.2), and its gearing ratio was 67 per cent (81). The net gearing ratio was 39 per cent (51).

The change in the fair value of investments available for sale during the review period was approximately EUR +9.4 million, related primarily to the increase in the fair value of Pohjolan Voima Oy's shares.

The amount of defined benefit pension obligations decreased due to the slight increase in the discount rate, and EUR 1.2 million after taxes was recognised in other comprehensive income items. In addition, the divestment of Gohrsmühle mill reduced pension obligations by EUR 93.6 million.

At the end of June, net interest-bearing liabilities totalled EUR 389.0 million (426.7). Foreign currency-denominated loans accounted for 0.5 per cent and floating-rate loans for 30 per cent of the loans, with the rest being fixed-rate loans. At the end of June, the average interest rate on loans was 3.8 per cent (4.0), and the average maturity of long-term loans was 3.0 years (3.5). The interest rate maturity of loans was 25.9

months at the end of June (27.2). During the period, the interest rate maturity has varied between 24 and 28 months.

Cash flow from operating activities amounted to EUR 92.5 million (Q1–Q4/2014: 210.3). Working capital increased by EUR 15.6 million (a decrease of 59.0).

At the end of the review period, an average of 4.2 months of the net foreign currency exposure was hedged. The degree of hedging varied between four and six months during the period.

The financing 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 and changes in the statutory majority in shareholding. Metsä Board has considerable headroom in relation to covenants set in the credit agreements.

Metsä Board's liquidity has remained strong. At the end of the review period, the available liquidity was EUR 423.8 million (2014: 396.0), of which EUR 278.3 million consists of liquid assets and investments, EUR 100.0 million of revolving credit, and EUR 45.6 million of undrawn pension premium (TyEL) funds. Of the liquid assets, EUR 11.4 million consisted of cash funds and investments and EUR 266.9 million were short-term deposits with Metsä Group Treasury. In addition, Metsä Board had other interest-bearing receivables totalling EUR 4.0 million. Metsä Board's liquidity reserve is complemented by Metsä Group's internal undrawn short-term credit facility of EUR 150.0 million.

Standard & Poor's Ratings Services raised Metsä Board Corporation's credit rating by two notches from B+ to BB in February. Moody's Investors Service raised Metsä Board Corporation's credit rating by two notches from B1 to Ba2 in June. The outlook of both ratings is stable. The upgrade of the ratings has had no impact on Metsä Board's current financing costs.

## SHARES

In January–June, the highest price for Metsä Board's A share on NASDAQ OMX Helsinki Ltd. was EUR 7.67, the lowest price was EUR 4.47 and the average price was EUR 5.94. At the end of June, the price of the A share was EUR 5.53. At the end of 2014, the adjusted price of the A share was EUR 4.44, while the average price in 2014 was EUR 3.39.

In January–June, the highest price for Metsä Board's B share was EUR 6.19, the lowest price was EUR 4.47 and the average price was EUR 5.55. At the end of June, the price of the B share was EUR 5.57. At the end of 2014, the adjusted price of the B share was EUR 4.34, while the average price in 2014 was EUR 3.34.

The trading volume of the A share was EUR 4 million, or 2 per cent of the share capital. The trading volume of

the B share was EUR 323 million, or 18 per cent of the share capital. The combined market value of the A and B shares totalled EUR 2.0 billion at the end of June.

At the end of June, Metsäliitto Cooperative and its subsidiary together owned 42.2 per cent of the shares, and the voting rights conferred by these shares totalled 61.6 per cent. International investors held 17 per cent of the shares.

The company does not hold any treasury shares.

Metsä Board's Board of Directors resolved to approve the subscriptions made in the share issue, which ended on 23 March 2015. According to the final result, a total of 38,227,779 B-series shares were subscribed for in the share issue, corresponding to 139.8 per cent of the offered 27,347,134 B-series shares. The subscription price was EUR 3.66 per share issued, and the company collected net funds of approximately EUR 98 million in the share issue. As a result of the share issue, the total number of the company's shares increased to 355,512,746, of which 35,895,651 are A shares and 319,617,095 are B shares.

## BUSINESS ENVIRONMENT AND NEAR-TERM OUTLOOK

The delivery volumes of paperboard are estimated to increase slightly in the third quarter of 2015 compared to the previous quarter. No material changes in the price of paperboard are in sight at the moment.

The global demand for softwood pulp is expected to continue to grow moderately, and supply and demand are expected to be in balance in the near future as well.

The market situation in the third quarter of the paper operations to be reported in the Non-core operations segment is expected to be, on average, at the previous quarter's level.

No material changes are expected in production costs in the third quarter of 2015.

The annual maintenance shutdown of the Kemi integrate will have a slight negative result impact in the third quarter.

The more extensive production shutdown related to the investment programme at Husum is scheduled for the last quarter of the year.

Metsä Board's operating result excluding non-recurring items is in the third quarter of 2015 expected to increase slightly compared to the second quarter of 2015.

## NEAR-TERM BUSINESS RISKS

Considerable uncertainties continue in the global economy and eurozone economy. If realised, they may result in weakened demand and reduced prices, particularly for pulp and paper products.

The sanctions issued to one another by the EU and Russia, and the USA and Russia, due to the crisis in

Ukraine, have not had a direct impact on Metsä Board's operations thus far. However, the sanctions have had indirect effects on the demand for Metsä Board's products. For the time being, the crisis has affected the demand for wallpaper base in Russia and Ukraine. So far the overall financial impact of the crisis on Metsä Board has been minor. Any additional sanctions could have a negative effect on the scope and result of Metsä Board's business operations.

Metsä Board is focusing on the development and growth of its paperboard business operations. Business development and growth require strategic choices that involve risks. These uncertainties are related to the product portfolio, targeting of investments and selection of customer segments, for example. The growth of the paperboard business operations depends on the successful increase in sales in North America, in particular. Growing sales outside the company's domestic market areas involves cost and exchange rate risks as well as

uncertainty related to the introduction of new products to the market.

The forward-looking estimates and statements in this Interim Report are based on current plans and estimates. For this reason, 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 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 about longer-term risk factors can be found on pages 25–26 of Metsä Board's 2014 Annual Report.

## METSÄ BOARD CORPORATION

### More information:

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More information will be available from 1 p.m. on 6 August 2015. A conference call for investors and analysts will be held in English and begin at 3 p.m. (EET). Conference call participants are requested to dial in and register a few minutes earlier on the following numbers:

Europe: +44 0 145 256 0304

USA: +1 631 621 5256

The conference ID is 75498895.

### In 2015 and 2016, Metsä Board will publish the following financial reports:

5 November 2015 January–September 2015 Interim Report

3 February 2016 Financial Statements Bulletin for 2015

3 May 2016 January–March 2016 Interim Report

4 August 2016 January–June 2016 Interim Report

2 November 2016 January–September 2016 Interim Report

## REPORTING SEGMENTS

### PAPERBOARD SEGMENT

	2015	2015	2014	2014	2014	2015	2014	2014
	Q2	Q1	Q4	Q3	Q2	Q1–Q2	Q1–Q2	Q1–Q4
Sales, EUR million	408.3	391.1	363.8	375.1	355.8	799.4	705.3	1,444.2
EBITDA, EUR million	75.9	76.4	66.7	60.6	60.6	152.2	119.5	246.8
excl. non-recurring items	75.9	76.4	67.0	60.6	56.6	152.2	115.5	243.0
Operating result, EUR million	59.8	60.9	51.0	44.2	45.4	120.7	89.2	184.3
excl. non-recurring items	59.8	60.6	50.9	44.2	41.4	120.4	85.2	180.2
excl. non-recurring items, %	14.6	15.5	14.0	11.8	11.6	15.1	12.1	12.5
Return on capital employed, %	20.2	21.3	17.6	15.1	15.7	20.7	15.7	16.4
excl. non-recurring items, %	20.2	21.2	17.6	15.1	14.3	20.6	15.0	16.0
Deliveries, Paperboard 1,000 t	366	345	326	344	322	711	640	1,311
Deliveries, Market Pulp 1,000 t	142	150	148	153	158	292	310	611
Production, Paperboard, 1,000 t	379	360	348	336	349	739	686	1,370
Production, Metsä Board Pulp 1,000 t	302	328	337	320	299	631	636	1,294
Personnel at the end of period	1,565	1,367	1,405	1,446	1,643	1,565	1,643	1,405

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

#### RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER

The operating result excluding non-recurring items for the Paperboard segment remained at the same level as in the previous quarter and was EUR 59.8 million (Q1/2015: 60.6). The delivery volume of paperboard increased slightly from the previous quarter. The currency-denominated prices of folding boxboard and white fresh forest fibre linerboard remained stable, and the euro-denominated sales prices were also at the previous quarter's level. The maintenance and investment shutdown of the Husum mill had a slight negative result impact in the second quarter.

The result does not include non-recurring items. The operating result for the previous quarter included EUR +0.3 million in non-recurring items.

Deliveries by folding boxboard producers in Europe remained at the same level as in the previous quarter. Metsä Board's folding boxboard deliveries increased by 4 per cent.

#### RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR

The operating result excluding non-recurring items for the Paperboard segment improved significantly from the previous year, being EUR 120.4 million (Q1–Q2/2014: 85.2). The result improved as a result of higher delivery volumes of folding boxboard and white-fresh forest fibre linerboard, the stronger US dollar and British pound, as well as the weakening of the Swedish krona against the euro. The cost level remained stable. The markedly decreased demand for wallpaper base in the Russian and Ukrainian markets had a negative effect on the year-on-year result.

The result included EUR +0.3 million in non-recurring items. The result of the corresponding period in the previous year included EUR +4.0 million in non-recurring items related to Metsä Fibre's sales gain from Pohjolan Voima shares.

The deliveries by European folding boxboard producers increased by 4 per cent compared to the corresponding period last year. Metsä Board's folding boxboard deliveries increased by 8 per cent.



**NON-CORE OPERATIONS SEGMENT**

	2015	2015	2014	2014	2014	2015	2014	2014
	Q2	Q1	Q4	Q3	Q2	Q1–Q2	Q1–Q2	Q1–Q4
Sales, EUR million	108.6	128.4	126.9	127.7	126.5	237.0	262.5	517.1
EBITDA, EUR million	26.4	6.0	-7.4	5.4	0.9	32.4	4.7	2.8
excl. non-recurring items	6.2	6.4	5.1	6.5	0.8	12.7	4.6	16.3
Operating result, EUR million	16.7	-3.6	-40.5	-4.0	-6.9	13.1	-13.0	-57.4
excl. non-recurring items	-3.4	-3.2	-1.8	-2.9	-6.9	-6.6	-13.0	-17.7
excl. non-recurring items, %	-3.1	-2.5	-1.4	-2.3	-5.4	-2.8	-4.9	-3.4
Return on capital employed, %	30.1	-7.0	-66.0	-5.6	-8.6	11.4	-7.8	-19.5
excl. non-recurring items, %	-6.2	-6.2	-3.0	-4.1	-8.6	-5.8	-7.8	-6.0
Deliveries, 1,000 t	138	156	158	158	153	294	320	636
Production, 1,000 t	126	153	152	163	145	280	314	629
Personnel at the end of period	646	1,169	1,140	1,156	1,141	646	1,141	1,140

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

**RESULT FOR APRIL–JUNE COMPARED TO THE PREVIOUS QUARTER**

The operating result before non-recurring items for the Non-core operations segment remained at the same level as in the previous quarter and was EUR -3.4 million (Q1/2015: -3.2). The delivery volume of paper decreased according to plan, and prices were stable. The maintenance and investment shutdown of the Husum mill had a slight negative result impact in the second quarter.

The result included non-recurring items totalling EUR +20.1 million, of which the most significant items were the sales gain of EUR 17.5 million related to the divestment of the Gohrsmühle mill in Germany and EUR 2.6 million related to the reversal of the provisions made in connection to the closure of the Alizay mill. The operating result for the previous quarter included EUR -0.4 million in non-recurring items.

Total deliveries by European uncoated fine paper producers were down by 1 per cent. Metsä Board's delivery volume of uncoated fine paper decreased by 13 per cent.

**RESULT FOR JANUARY–JUNE COMPARED TO THE CORRESPONDING PERIOD LAST YEAR**

The operating result excluding non-recurring items for the Non-core operations segment improved slightly compared to the corresponding period last year, totalling EUR -6.6 million (Q1–Q2/2014: -13.0). The result improved as a result of the weakening of the Swedish krona against the euro.

The result included EUR +19.7 million in non-recurring items. The result for the corresponding period last year did not include non-recurring items.

The total deliveries by European uncoated fine paper producers increased by 3 per cent compared to the previous year. Metsä Board's delivery volume of uncoated fine paper decreased by 11 per cent.

**SALES AND RESULT BY SEGMENT**

EUR million	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2015 Q1–Q2	2014 Q1–Q2	2014 Q1–Q4
Paperboard	408.3	391.1	363.8	375.1	355.8	799.4	705.3	1,444.2
Non-core operations	108.6	128.4	126.9	127.7	126.5	237.0	262.5	517.1
Other operations	71.4	69.4	71.5	73.8	71.4	140.8	142.1	287.5
Internal sales	-66.3	-63.3	-62.7	-62.8	-59.8	-129.5	-114.8	-240.3
<b>Sales</b>	<b>522.0</b>	<b>525.7</b>	<b>499.4</b>	<b>513.8</b>	<b>494.0</b>	<b>1,047.7</b>	<b>995.2</b>	<b>2,008.4</b>
Paperboard	75.9	76.4	66.7	60.6	60.6	152.2	119.5	246.8
Non-core operations	26.4	6.0	-7.4	5.4	0.9	32.4	4.7	2.8
Other operations	-9.0	-13.1	-3.0	-5.3	-5.6	-22.0	0.9	-7.4
<b>EBITDA</b>	<b>93.3</b>	<b>69.3</b>	<b>56.4</b>	<b>60.7</b>	<b>55.9</b>	<b>162.6</b>	<b>125.1</b>	<b>242.2</b>
% of sales	17.9	13.2	11.3	11.8	11.3	15.5	12.6	12.1
Paperboard	59.8	60.9	51.0	44.2	45.4	120.7	89.2	184.3
Non-core operations	16.7	-3.6	-40.5	-4.0	-6.9	13.1	-13.0	-57.4
Other operations	-9.3	-14.2	-3.8	-6.0	-6.4	-23.5	-0.6	-10.4
<b>Operating result</b>	<b>67.2</b>	<b>43.1</b>	<b>6.7</b>	<b>34.2</b>	<b>32.2</b>	<b>110.3</b>	<b>75.7</b>	<b>116.5</b>
% of sales	12.9	8.2	1.3	6.6	6.5	10.5	7.6	5.8
<b>Non-recurring items in operating result</b>								
Paperboard	0.0	0.3	0.1	0.0	4.0	0.3	4.0	4.1
Non-core operations	20.1	-0.4	-38.6	-1.1	0.0	19.7	0.0	-39.7
Other operations	0.1	0.0	8.5	0.0	-0.2	0.1	7.2	15.7
<b>Group</b>	<b>20.2</b>	<b>-0.1</b>	<b>-30.0</b>	<b>-1.1</b>	<b>3.8</b>	<b>20.1</b>	<b>11.2</b>	<b>-19.9</b>
Paperboard	75.9	76.4	67.0	60.6	56.6	152.2	115.5	243.0
Non-core operations	6.2	6.4	5.1	6.5	0.8	12.7	4.6	16.3
Muu toiminta	-9.0	-13.1	-11.5	-5.3	-5.4	-22.1	-6.3	-23.1
<b>EBITDA, excl. non-recurring items</b>	<b>73.1</b>	<b>69.7</b>	<b>60.6</b>	<b>61.8</b>	<b>52.0</b>	<b>142.8</b>	<b>113.8</b>	<b>236.2</b>
% of sales	14.0	13.3	12.1	12.0	10.5	13.6	11.4	11.8
Paperboard	59.8	60.6	50.9	44.2	41.4	120.4	85.2	180.2
Non-core operations	-3.4	-3.2	-1.8	-2.9	-6.9	-6.6	-13.0	-17.7
Other operations	-9.4	-14.2	-12.3	-6.0	-6.1	-23.6	-7.7	-26.1
<b>Operating result, excl. non-recurring items</b>	<b>47.0</b>	<b>43.2</b>	<b>36.8</b>	<b>35.2</b>	<b>28.3</b>	<b>90.2</b>	<b>64.4</b>	<b>136.4</b>
% of sales	9.0	8.2	7.4	6.9	5.7	8.6	6.5	6.8
<b>Operating result, excl. non-recurring items, % of sales</b>								
Paperboard	14.6	15.5	14.0	11.8	11.6	15.1	12.1	12.5
Non-core operations	-3.1	-2.5	-1.4	-2.3	-5.4	-2.8	-4.9	-3.4
<b>Group</b>	<b>9.0</b>	<b>8.2</b>	<b>7.4</b>	<b>6.9</b>	<b>5.7</b>	<b>8.6</b>	<b>6.5</b>	<b>6.8</b>

	2015	2015	2014	2014	2014	2015	2014	2014
EUR million	Q2	Q1	Q4	Q3	Q2	Q1–Q2	Q1–Q2	Q1–Q4
<b>Return on capital employed %</b>								
Paperboard	20.2	21.3	17.6	15.1	15.7	20.7	15.7	16.4
Non-core operations	30.1	-7.0	-66.0	-5.6	-8.6	11.4	-7.8	-19.5
<b>Group</b>	<b>16.5</b>	<b>11.0</b>	<b>1.8</b>	<b>9.0</b>	<b>8.5</b>	<b>13.9</b>	<b>10.0</b>	<b>7.7</b>
<b>Return on capital employed excl. non-recurring items, %</b>								
Paperboard	20.2	21.2	17.6	15.1	14.3	20.6	15.0	16.0
Non-core operations	-6.2	-6.2	-3.0	-4.1	-8.6	-5.8	-7.8	-6.0
<b>Group</b>	<b>12.1</b>	<b>11.0</b>	<b>9.6</b>	<b>9.2</b>	<b>7.5</b>	<b>11.6</b>	<b>8.8</b>	<b>9.1</b>
<b>Capital employed, EUR million</b>								
Paperboard	1,213.5	1,160.5	1,124.7	1,189.5	1,151.1	1,213.5	1,151.1	1,124.7
Non-core operations	246.0	197.6	212.7	277.9	289.5	246.0	289.5	212.7
Unallocated and eliminations	219.5	261.3	187.9	87.7	90.8	219.5	90.8	187.9
<b>Group</b>	<b>1,679.0</b>	<b>1,619.4</b>	<b>1,525.4</b>	<b>1,555.1</b>	<b>1,531.4</b>	<b>1,679.0</b>	<b>1,531.4</b>	<b>1,525.4</b>

The capital employed for a segment includes its assets: goodwill, other intangible assets, tangible assets, investments in associates, available for sale investments, 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

	2015	2015	2014	2014	2014	2015	2014	2014
1,000 t	Q2	Q1	Q4	Q3	Q2	Q1–Q2	Q1–Q2	Q1–Q4
Paperboard	366	345	326	344	322	711	640	1,311
Non-core operations	138	156	158	158	153	294	320	636
Market Pulp	142	150	148	153	158	292	310	611

## PRODUCTION

	2015	2015	2014	2014	2014	2015	2014	2014
1,000 t	Q2	Q1	Q4	Q3	Q2	Q1–Q2	Q1–Q2	Q1–Q4
Paperboard	379	360	348	336	349	739	686	1,370
Non-core operations	126	153	152	163	145	280	314	629
Metsä Fibre pulp <sup>1)</sup>	147	147	143	140	132	295	279	562
Metsä Board pulp	302	328	337	320	299	631	636	1,294

<sup>1)</sup> 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**

EUR million	Note	Q2		Q1–Q2		Q1–Q4
		2015	2014	2015	2014	2014
<b>Sales</b>	2, 6	522.0	494.0	1,047.7	995.2	2,008.4
Change in stocks of finished goods and work in progress		-4.9	-1.4	-3.9	10.3	10.3
Other operating income	2, 6	23.8	6.6	31.8	39.4	69.6
Material and services	6	-363.4	-351.6	-737.1	-720.9	-1,449.4
Employee costs		-63.6	-63.2	-125.3	-122.2	-252.6
Share of results of associated companies and joint ventures	6	16.4	11.3	31.2	22.0	43.7
Depreciation, amortisation and impairment losses		-26.2	-23.7	-52.3	-49.4	-125.6
Other operating expenses		-36.9	-39.8	-81.8	-98.7	-187.9
<b>Operating result</b>	2	<b>67.2</b>	<b>32.2</b>	<b>110.3</b>	<b>75.7</b>	<b>116.5</b>
Share of results of associated companies and joint ventures		0.0	0.2	0.1	0.2	0.3
Net exchange gains and losses		-0.9	-0.5	-4.7	-0.6	2.7
Other net financial items	2, 6	-8.3	-8.0	-15.5	-25.4	-41.9
<b>Result before income tax</b>		<b>58.0</b>	<b>23.9</b>	<b>90.2</b>	<b>49.9</b>	<b>77.6</b>
Income taxes	3	-3.3	-7.1	-6.2	-8.3	-9.1
<b>Result for the period</b>		<b>54.7</b>	<b>16.8</b>	<b>84.0</b>	<b>41.6</b>	<b>68.5</b>



EUR million	Note	Q2		Q1–Q2		Q1–Q4
		2015	2014	2015	2014	2014
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Actuarial gains/losses on defined pension plans		6.2	-9.3	2.4	-10.5	-26.3
Income tax relating to items that will not be reclassified		-1.6	2.7	-1.2	3.0	7.7
<b>Total</b>		<b>4.6</b>	<b>-6.6</b>	<b>1.2</b>	<b>-7.5</b>	<b>-18.6</b>
<b>Items that may be reclassified to profit or loss</b>						
Cash flow hedges		10.9	0.8	4.0	-4.3	-11.2
Available for sale financial assets	8	-2.6	-4.7	9.4	-10.2	-0.6
Translation differences		2.5	-6.0	6.9	-8.9	-15.1
Share of other comprehensive income of associated companies		5.0	-0.2	4.2	-1.3	-4.4
Income tax relating to components of other comprehensive income		-1.6	0.8	-2.6	2.9	2.4
<b>Total</b>		<b>14.2</b>	<b>-9.3</b>	<b>21.9</b>	<b>-21.8</b>	<b>-28.9</b>
<b>Other comprehensive income, net of tax</b>		<b>18.8</b>	<b>-15.9</b>	<b>23.1</b>	<b>-29.3</b>	<b>-47.5</b>
<b>Total comprehensive income for the period</b>		<b>73.5</b>	<b>0.9</b>	<b>107.1</b>	<b>12.3</b>	<b>21.0</b>
<b>Result for the period attributable to</b>						
Shareholders of parent company		54.7	16.8	84.0	41.6	68.5
Non-controlling interests		0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period attributable to</b>						
Shareholders of parent company		73.5	0.9	107.1	12.3	21.0
Non-controlling interests		0.0	0.0	0.0	0.0	0.0
<b>Total</b>		<b>73.5</b>	<b>0.9</b>	<b>107.1</b>	<b>12.3</b>	<b>21.0</b>
<b>Earnings per share for result attributable to shareholders of parent company (EUR/share)</b>						
		0.15	0.05	0.24	0.12	0.20

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

EUR million	Note	As of 30.6. 2015	As of 30.6. 2014	As of 31.12. 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		12.7	12.7	12.7
Other intangible assets		14.7	22.7	15.1
Tangible assets	4	756.7	791.9	737.7
Investments in associated companies and joint ventures		233.7	204.5	223.1
Available for sale investments	8	242.7	223.7	233.3
Other non-current financial assets	6, 8	11.7	10.3	11.2
Deferred tax receivables	2	5.7	13.1	17.3
		<b>1,277.9</b>	<b>1,278.9</b>	<b>1,250.4</b>
<b>Current assets</b>				
Inventories		315.2	343.4	339.8
Accounts receivables and other receivables	6, 8	328.6	325.3	308.2
Cash and cash equivalents	6, 8	278.3	151.7	250.4
		<b>922.1</b>	<b>820.4</b>	<b>898.4</b>
<b>Total assets</b>		<b>2,200.0</b>	<b>2,099.3</b>	<b>2,148.8</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Shareholders' equity</b>				
Equity attributable to shareholders of parent company		1,007.7	832.4	841.4
Non-controlling interests		0.0	0.0	0.0
<b>Total equity</b>		<b>1,007.7</b>	<b>832.4</b>	<b>841.4</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		79.4	79.7	78.2
Post-employment benefit obligations	2	17.8	100.1	112.2
Provisions	5	16.5	18.2	24.7
Borrowings	8	579.6	659.6	580.8
Other liabilities	8	6.4	11.0	7.8
		<b>699.7</b>	<b>868.6</b>	<b>803.7</b>
<b>Current liabilities</b>				
Provisions	5	12.7	13.6	10.1
Current borrowings	6, 8	91.6	39.4	103.2
Accounts payable and other liabilities	6, 8	388.3	345.3	390.4
		<b>492.6</b>	<b>398.3</b>	<b>503.7</b>
<b>Total liabilities</b>		<b>1,192.3</b>	<b>1,266.9</b>	<b>1,307.4</b>
<b>Total shareholders' equity and liabilities</b>		<b>2,200.0</b>	<b>2,099.3</b>	<b>2,148.8</b>

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							Total	Non-controlling interests	Total
		Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings					
<b>Shareholders' equity, 1 Jan 2014</b>		557.9	25.9	142.0	284.8	-161.0	849.6	0.0	849.6		
<b>Comprehensive income for the period</b>											
Result for the period						41.6	41.6		41.6		
Other comprehensive income net of tax total			-9.1	-12.7		-7.5	-29.3		-29.3		
<b>Comprehensive income total</b>			<b>-9.1</b>	<b>-12.7</b>		<b>34.1</b>	<b>12.3</b>	<b>0.0</b>	<b>12.3</b>		
Share based payments						0.1	0.1		0.1		
<b>Related party transactions</b>						<b>0.1</b>	<b>0.1</b>		<b>0.1</b>		
Dividends paid						-29.5	-29.5		-29.5		
<b>Shareholders' equity, 30 June 2014</b>		<b>557.9</b>	<b>16.8</b>	<b>129.3</b>	<b>284.8</b>	<b>-156.3</b>	<b>832.4</b>	<b>0.0</b>	<b>832.4</b>		

EUR million	Note	Equity attributable to shareholders of parent company							Total	Non-controlling interests	Total
		Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings					
<b>Shareholders' equity, 1 Jan 2015</b>		557.9	6.9	132.1	284.8	-140.3	841.4	0.0	841.4		
<b>Comprehensive income for the period</b>											
Result for the period						84.0	84.0		84.0		
Other comprehensive income net of tax total			8.5	13.4		1.2	23.1		23.1		
<b>Comprehensive income total</b>			<b>8.5</b>	<b>13.4</b>		<b>85.2</b>	<b>107.1</b>	<b>0.0</b>	<b>107.1</b>		
Share based payments						0.3	0.3		0.3		
<b>Related party transactions</b>											
Share issue net of transaction costs					98.3		98.3		98.3		
<b>Dividends paid</b>						<b>-39.4</b>	<b>-39.4</b>		<b>-39.4</b>		
<b>Shareholders' equity, 30 June 2015</b>		<b>557.9</b>	<b>15.4</b>	<b>145.5</b>	<b>383.1</b>	<b>-94.2</b>	<b>1,007.7</b>	<b>0.0</b>	<b>1,007.7</b>		

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

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

EUR million	Note	Q1–Q2		Q1–Q4	Q2
		2015	2014	2014	2015
Result for the period		84.0	41.6	68.5	54.7
Total adjustments	7	24.1	27.6	82.8	1.3
Change in working capital		-15.6	6.5	59.0	13.5
<b>Cash flow from operations</b>		<b>92.5</b>	<b>75.7</b>	<b>210.3</b>	<b>69.5</b>
Net financial items	7	-0.6	-1.5	-9.3	-12.5
Income taxes paid		-3.6	-1.6	-2.8	-1.2
<b>Net cash flow from operating activities</b>		<b>88.3</b>	<b>72.6</b>	<b>198.2</b>	<b>55.8</b>
Acquisition of other shares		0.0	0.0	-1.5	0.0
Investments in intangible and tangible assets		-71.2	-18.3	-42.5	-47.6
Disposals and other items	6, 7	-35.1	34.4	47.5	-35.6
<b>Net cash flow from investing activities</b>		<b>-106.3</b>	<b>16.1</b>	<b>3.5</b>	<b>-83.2</b>
Right issue net of transaction costs		97.9	0.0	0.0	-0.1
Changes in non-current loans and in other financial items	6	-13.0	-1.6	-15.6	-14.7
Dividends paid		-39.4	-29.5	-29.5	-39.4
<b>Net cash flow from financing activities</b>		<b>45.5</b>	<b>-31.1</b>	<b>-45.1</b>	<b>2</b>
<b>Changes in cash and cash equivalents</b>		<b>27.5</b>	<b>57.5</b>	<b>156.6</b>	<b>-81.6</b>
Cash and cash equivalents at beginning of period		250.4	94.2	94.2	360.0
Translation difference in cash and cash equivalents	6	0.4	0.0	-0.4	-0.1
Changes in cash and cash equivalents		27.5	57.5	156.6	-81.6
<b>Cash and cash equivalents at end of period</b>	6	<b>278.3</b>	<b>151.7</b>	<b>250.4</b>	<b>278.3</b>

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 2014 IFRS financial statements. The same accounting policies have been applied as in the 2014 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 2015:

Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions: The amendments clarify the accounting treatment under IAS 19 in respect of defined benefit plans that involve contributions from employees or third parties towards the cost of benefits.

Annual Improvements to IFRSs (2011-2013 cycle and 2010-2012 cycle, December 2013): 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 four (2011-2013 cycle) and seven (2010-2012 cycle) standards.

IFRIC 21 Levies: The interpretation clarifies the accounting treatment of levies. A liability for a levy is recognised when the activity that triggers payment, as

identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards.

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 August 2015.

### NOTE 2 – SEGMENT INFORMATION

The Corporate Management Team is the chief operational decision-maker, which monitors the business operations based on the operating segments.

Metsä Board Corporation renewed its management and reporting structure as of 1 January 2015 to enable successful implementation of the company's growth strategy in paperboard businesses. Metsä Board's reporting segments from the first quarter of 2015 onwards are: Paperboard and Non-core operations.

Paperboard segment includes folding boxboard, fresh forest fibre linerboard, wallpaper base and market pulp businesses. Non-core operations include Husum's standard paper business until the planned discontinuation latest by end 2017 and Gohrsmühle mill's cast coated and label paper businesses. Capital employed related to Metsä Board's Pohjolan Voima Oy ownership, earlier reported under Other operations, has been allocated to Paperboard segment.

Accounting for the 24.9 per cent ownership in Metsä Fibre will remain unchanged. The associated company result of Metsä Fibre is allocated to Paperboard segment.

The sales of the reportable operating segments are mainly generated by sales of board, paper and pulp.

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	Q1–Q2/2015			Q1–Q2/2014		
	External	Internal	Total	External	Internal	Total
Paperboard	799.4	0.0	799.4	705.3	0.0	705.3
Non-core operations	231.5	5.5	237.0	254.9	7.6	262.5
Other operations	16.8	124.0	140.8	34.9	107.2	142.1
Elimination of intersegment sales		-129.5	-129.5		-114.8	-114.8
<b>Total sales</b>	<b>1,047.7</b>	<b>0.0</b>	<b>1,047.7</b>	<b>995.2</b>	<b>0.0</b>	<b>995.2</b>

EUR million	Q1–Q4/2014		
	External	Internal	Total
Paperboard			1,444.2
Non-core operations			502.1
Other operations			62.1
Elimination of intersegment sales			-240.3
<b>Total sales</b>			<b>2,008.4</b>

**Operating result by operating segments**

EUR million	Q1–Q2	Q1–Q2	Q1–Q4
	2015	2014	2014
Paperboard	120.7	89.2	184.3
Non-core operations	13.1	-13.0	-57.4
Other operations	-23.5	-0.6	-10.4
<b>Operating result total</b>	<b>110.3</b>	<b>75.7</b>	<b>116.5</b>
Share of profit from associated companies	0.1	0.2	0.3
Finance costs, net	-20.2	26.0	-39.2
Income taxes	-6.2	-8.3	-9.1
<b>Result for the period</b>	<b>84.0</b>	<b>41.6</b>	<b>68.5</b>

Non-recurring items in operating result amounted to EUR +20.1 million, of which EUR 0.3 million in Paperboard, EUR 19.7 million in Non-core operations and EUR 0.1 million in Other operations. Non-core operations reported the most significant non-recurring items including a EUR 17.5 million gain on sale of Gohrsmühle mill in Germany and EUR 2.6 million positive result from reversing unused provisions related to the closure of Alizay mill.

A non-recurring expense of EUR -2.2 million was recognized in financial cost due to write-off of a shareholder loan given to Pohjolan Voima for OL4 project.

**Assets by operating segments**

EUR million	30.6.2015	30.6.2014	31.12.2014
Paperboard	1,503.2	1,405.5	1,397.4
Non-core operations	336.2	489.4	403.4
Other operations	146.5	96.6	150.9
Elimination	-73.9	-64.3	-77.9
Unallocated	288.0	172.1	274.7
<b>Total</b>	<b>2,200.0</b>	<b>2,099.3</b>	<b>2,148.8</b>

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

Divestment of Gohrsmühle mill reduced pension obligations in Non-core operations by EUR 93.6 million and deferred tax assets by EUR 10.9 million.

**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 six months ended

30 June 2015 and 2014 and for the year ended 31 December 2014 are as follows:

EUR million	Q1–Q2		Q1–Q4
	2015	2014	2014
Taxes for the current period	8.6	7.2	7.6
Taxes for the prior periods	0.2	0.0	0.3
Change in deferred taxes	-2.6	1.1	1.2
<b>Total income taxes</b>	<b>6.2</b>	<b>8.3</b>	<b>9.1</b>

**NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

The following shows the components of changes in property, plant and equipment for the six months ended 30 June 2015 and 2014 and for the year ended 31 December 2014:

EUR million	Q1–Q2		Q1–Q4
	2015	2014	2014
Carrying value at beginning of period	737.7	833.8	833.8
Capital expenditure	71.1	17.1	42.6
Decreases	-6.5	-1.4	-2.2
Depreciation, amortization and impairment losses	-50.3	-47.9	-121.0
Translation difference	4.7	-9.7	-15.5
<b>Carrying value at end of period</b>	<b>756.7</b>	<b>791.9</b>	<b>737.7</b>

## NOTE 5 – PROVISIONS

The following is a summary of changes in Metsä Board's provisions during the six months ended 30 June 2015.

EUR million	Environmental			Other provisions	Total
	Restructuring	obligations			
<b>1.1.2015</b>	<b>14.9</b>	<b>10.9</b>	<b>9.0</b>	<b>34.8</b>	
Translation differences	0.3	0.1	0.1	0.5	
Increases			0.2	0.2	
Utilised during the year	-0.5	-0.9	-1.7	-3.1	
Unused amounts reversed	-0.4	-0.9	-1.9	-3.2	
<b>30.6.2015</b>	<b>14.3</b>	<b>9.2</b>	<b>5.7</b>	<b>29.2</b>	

Reversed provision amounts are related to Alizay mill closure provisions reversal in France and sale of Gohrsmühle mill in Germany, both reported under Non-core operations segment.

The non-current portion of provisions was some EUR 16.5 million and the current portion some EUR 12.7 million, total provisions being EUR 29.2 million. The non-current portion is estimated to be utilised mainly by the end of the year 2017.

## NOTE 6 – RELATED PARTY TRANSACTIONS

To related parties belong Metsä Board's ultimate parent company Finnish Metsäliitto Cooperative, other subsidiaries of Metsäliitto, associated companies and joint ventures as well as Metsäliitto Employees' Pension Foundation. The members of The Board of Directors and Metsä Group's Executive Management Team and Metsä Board's Corporate Management Team as well as their close familymembers also belong to 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 six months ended 30 June 2015 and 2014 and for the year ended 31 December 2014 are as follows:

### Transactions parent and sister companies

EUR million	Q1–Q2		Q1–Q4
	2015	2014	2014
Sales	36.8	32.2	69.1
Other operating income	3.1	2.6	4.9
Purchases	361.9	342.9	674.5
Share of result from associated companies	31.2	22.0	43.7
Interest income	0.1	0.8	0.4
Interest expenses	0.8	0.8	1.0
Accounts receivables and other receivables	12.3	12.9	14.3
Cash and cash equivalents	266.9	136.1	236.0
Accounts payable and other liabilities	73.3	63.6	77.1

Metsä Fibre's net result is included within operating result line item "Share of result 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 six months ended 30 June 2015. Cash and cash equivalents include interest-bearing receivables comparable to cash funds and available immediately from Metsä Group's internal bank Metsä Group Treasury Oy.

**Transactions with associated companies and joint ventures**

EUR million	Q1–Q2		Q1–Q4
	2015	2014	2014
Sales	0.3	0.0	0.7
Purchases	3.8	3.7	7.7
Other non-current financial assets	0.3	0.3	0.3
Accounts receivables and other receivables	0.1	0.1	0.2
Accounts payable and other liabilities	1.7	1.0	1.2

**NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT**
**Adjustments to the result for the period**

EUR million	Q1–Q2		Q1–Q4	Q2
	2015	2014	2014	2015
Taxes	6.2	8.3	9.1	3.3
Depreciation, amortization and impairment charges	52.3	49.4	125.6	26.2
Share of result from associated companies and joint ventures	-31.4	-22.2	-43.9	-16.6
Gains and losses on sale of fixed assets	-18.4	-27.8	-40.4	-18.4
Finance costs, net	20.2	26.0	39.2	9.2
Provisions	-4.8	-6.1	-6.7	-2.4
<b>Total</b>	<b>24.1</b>	<b>27.6</b>	<b>82.8</b>	<b>1.3</b>

**Net financial items**

Net financial items in consolidated cash flow statement for six months ended 30 June 2015 include a dividend of EUR 24.9 million paid by Metsä Fibre.

**Disposals and other items**

Six months ended 30 June 2015 Disposals and other items, EUR -35.1 million, include EUR +1.3 million disposals of fixed assets, EUR +0.4 million disposals of other shares as well as EUR -37.0 million effect on cash flow statement related to disposal of Gohrsmühle mill in Germany.

**NOTE 8 – FINANCIAL INSTRUMENTS**

Financial assets and liabilities and their fair values classified according to IAS 39 for the six months ended 30 June 2015:

**Financial assets 30 June 2015**

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		242.7				242.7	242.7
Other non-current financial assets			11.6			11.6	11.6
Accounts receivables and other receivables			327.4			327.4	327.4
Cash and cash equivalent			278.3			278.3	278.3
Derivative financial instruments				0.6		0.6	0.6
<b>Total financial assets</b>		<b>242.7</b>	<b>617.3</b>	<b>0.6</b>		<b>860.6</b>	<b>860.6</b>

**Financial liabilities 30 June 2015**

EUR million	Fair value through profit & loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			579.6	579.6	602.2
Other non-current financial liabilities			1.4	1.4	1.4
Current interest-bearing financial liabilities			91.6	91.6	93.5
Accounts payable and other financial liabilities			334.0	334.0	334.0
Derivative financial instruments	-0.5	19.9		19.5	19.5
<b>Total financial liabilities</b>	<b>-0.5</b>	<b>19.9</b>	<b>1,006.6</b>	<b>1,026.1</b>	<b>1,050.6</b>



Financial assets and liabilities and their fair values classified according to IAS 39 for the six months ended 30 June 2014:

**Financial assets 30 June 2014**

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		223.7				223.7	223.7
Other non-current financial assets			10.4			10.4	10.4
Accounts receivables and other receivables			324.9			324.9	324.9
Cash and cash equivalent			151.7			151.7	151.7
Derivative financial instruments	0.0					0.0	0.0
<b>Total financial assets</b>	<b>0.0</b>	<b>223.7</b>	<b>487.0</b>			<b>710.7</b>	<b>710.7</b>

**Financial liabilities 30 June 2014**

EUR million	Fair value through profit & loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			659.6	659.6	679.7
Other non-current financial liabilities			2.9	2.9	2.9
Current interest-bearing financial liabilities			39.4	39.4	41.1
Accounts payable and other financial liabilities			296.1	296.1	296.1
Derivative financial instruments	1.5	17.2		18.7	18.7
<b>Total financial liabilities</b>	<b>1.5</b>	<b>17.2</b>	<b>998.0</b>	<b>1,016.7</b>	<b>1,038.5</b>

Accounts receivables and other receivables do not include advance payments, deferred tax receivable and periodisations of employee costs.

Accounts payable and other financial liabilities do not include advance payments, deferred tax liability and periodisations of employee costs.

In Metsä Board all interest-bearing liabilities are valued in the balance sheet at amortised cost based on effective interest method. Interest bearing receivables are classified according to the IAS standards. Fair values in the table are based on present value of cash flow of each liability or assets calculated by market rate. The discount rates applied are between 0.8–2.4 per cent (30 June 2014: 0.8–4.1).

**Fair value hierarchy of financial assets and liabilities six months ended 30 June 2015**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Financial assets at fair value through profit or loss, non-current				
Available for sale financial assets	0.1		242.6	242.7
Financial assets at fair value through profit or loss, current				0.0
Derivative financial assets		0.6		0.6
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	12.8	6.7		19.5
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalent		278.3		278.3
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing financial liabilities		602.2		602.2
Current interest-bearing financial liabilities		93.5		93.5

**Fair value hierarchy of financial assets and liabilities six months ended 30 June 2014**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value</b>				
Financial assets at fair value through profit or loss, non-current				0.0
Available for sale financial assets	0.4		223.3	223.7
Financial assets at fair value through profit or loss, current				0.0
Derivative financial assets				0.0
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	8.7	10.0		18.7
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalent		151.7		151.7
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing financial liabilities		679.7		679.7
Current interest-bearing financial liabilities		41.1		41.1

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

	<b>2015</b>	<b>2014</b>
<b>EUR million</b>	<b>30.6</b>	<b>30.6</b>
Opening balance	232.9	233.5
Total gains and losses in profit or loss	0.0	0.0
Total gains and losses in other comprehensive income	9.7	-10.2
Purchases	0.0	0.0
Settlements	0.0	0.0
Closing balance	242.6	223.3

Financial assets and liabilities measured at fair value have been categorised 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 fair values of electricity and natural gas derivatives are determined by using public price quotations in an active market (Level 1).

The fair values of currency forwards and options are determined by using the market prices of the closing date of the reporting period. The fair values of interest rate swaps are determined by using the present value of expected payments, discounted using a risk adjusted discount rate, supported by market interest rates and other market data of the closing date of the reporting period (Level 2).

For financial instruments not traded on an open market, the fair value is determined by valuation techniques.

Judgment is used when choosing the different techniques and making assumptions, which are mainly based on circumstances prevailing in the markets on each closing date of the reporting period (Level 3).

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

The most significant 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 June 2015 was 2.81 percentage points (30.6.2014: 3.30) and 6.81 percentage points (6.30) for the Olkiluoto 3 under construction. The acquisition cost of shares in Pohjolan Voima Oy is EUR 39.1 million (39.1) and the fair value EUR 238.4 million (219.1).

The carrying amount of available-for-sale financial assets is estimated to be EUR 1.4 million lower or EUR 1.2 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 is estimated to be EUR 26.2 million higher or EUR 26.2 million lower should the energy prices used for calculating the fair value differ by 10% from prices estimated by the management.

**Derivatives 30 June 2015**

EUR million	Nominal value	Fair value			Fair value		
		As-sets	Liabili-ties	Total	Fair value hedges	Cash flow hedges	Derivatives/hedge accounting not applied
Interest forward agreements							
Interest rate options							
Interest rate swaps	259.4		1.6	-1.6	3.5	-5.1	
<b>Interest rate derivatives</b>	259.4		1.6	-1.6	3.5	-5.1	
Currency forward agreements	419.9		5.2	-5.2		-5.6	0.4
Currency option agreements	88.2	0.1		0.1			0.1
Currency swap agreements							
<b>Currency derivatives</b>	508.1	0.1	5.2	-5.1		-5.6	0.5
Electricity derivatives	60.6		11.1	-11.1		-11.1	
Pulp derivatives	12.1	0.7		0.7		0.7	
Other commodity derivatives	29.8		1.7	-1.7		-1.7	-0.0
<b>Commodity derivatives</b>	102.5	0.7	12.8	-12.1		-12.1	-0.0
<b>Derivatives total</b>	870.0	0.8	19.6	-18.8	3.5	-22.8	0.5

**Derivatives 30 June 2014**

EUR million	Nominal value	Fair value			Fair value		
		As-sets	Liabili-ties	Total	Fair value hedges	Cash flow hedges	Derivatives/hedge accounting not applied
Interest forward agreements							
Interest rate options							
Interest rate swaps	271.3	4.2	-4.2		2.9	-7.1	0.0
<b>Interest rate derivatives</b>	271.3	4.2	-4.2		2.9	-7.1	0.0
Currency forward agreements	465.8	5.8	-5.8			-4.3	-1.5
Currency option agreements	109.8	0.0	0.0				0.0
Currency swap agreements							
<b>Currency derivatives</b>	575.6	5.8	-5.8			-4.3	-1.5
Electricity derivatives	65.6	8.6	-8.6			-8.6	
Pulp derivatives							
Other commodity derivatives	0.3	0.1	-0.1				-0.1
<b>Commodity derivatives total</b>	65.9	8.7	-8.7			-8.6	-0.1
<b>Derivates total</b>	912.8	18.7	-18.7		2.7	-20.0	-1.6

**NOTE 9 – COMMITMENTS AND GUARANTEES**

The following shows securities and guarantees for the six months ended 30 June 2015 and 2014 and for the year ended 31 December 2014:

EUR million	30.6.2015	30.6.2014	31.12.2014
Liabilities secured by pledges, real estate mortgages and floating charges	169.0	192.5	180.8
Pledges granted	82.5	72.2	78.8
Floating charges	3.0	3.0	3.0
Real estate mortgages	232.8	232.8	232.8
Total pledges and mortgages	318.3	308.0	314.6
As security for other own commitments	16.3	31.0	32.4
On behalf of associated companies and joint ventures	0.1	0.3	0.2
On behalf of others	0.1	0.1	0.1
<b>Total</b>	<b>334.8</b>	<b>339.4</b>	<b>347.3</b>

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

**Open derivative contracts**

EUR million	30.6.2015	30.6.2014	31.12.2014
Interest rate derivatives	259.4	271.3	265.3
Currency derivatives	508.1	575.6	733.6
Other derivatives	102.5	65.9	95.9
<b>Total</b>	<b>870.0</b>	<b>912.8</b>	<b>1,094.8</b>

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -18.8 million (EUR -18.7 million 30 June 2014 and EUR -26.5 million 31 December 2014).

**Commitments related to property, plant and equipment**

EUR million	30.6.2015	30.6.2014	31.12.2014
Payments due in following 12 months	53.1	0.0	50.4
Payments due later	6.9	0.0	15.2
<b>Total</b>	<b>60.0</b>	<b>0.0</b>	<b>65.6</b>