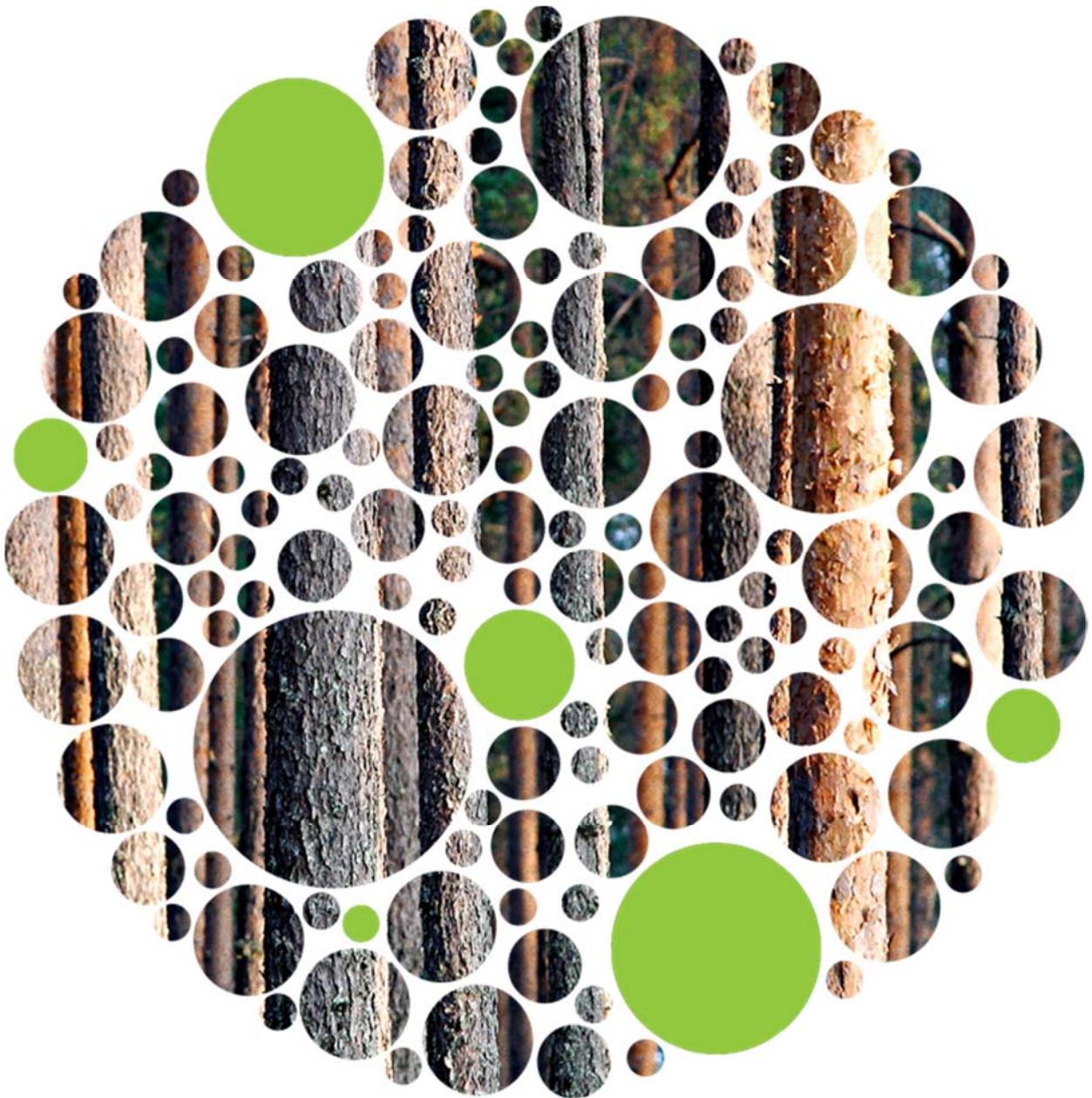




**METSÄ GROUP  
FINANCIAL STATEMENTS BULLETIN**

**2015**



## METSÄ GROUP'S OPERATING RESULT FOR 2015 EXCLUDING NON-RECURRING ITEMS WAS EUR 537 MILLION

### RESULT FOR 2015

- Sales were EUR 5,016 million (1–12/2014: EUR 4,970 million).
  - Operating result excluding non-recurring items was EUR 537 million (418). Operating result including non-recurring items was EUR 542 million (417).
  - Result before taxes excluding non-recurring items was EUR 466 million (339). Result before taxes including non-recurring items was EUR 468 million (330).
  - Return on capital employed excluding non-recurring items was 13.6 per cent (11.4). Return on capital employed excluding non-recurring items and excluding assets under construction related to strategic investment projects was 14.3 per cent (11.4).
  - Cash flow from operations was EUR 964 million (764).
- The construction of Metsä Fibre's bioproduct mill in Äänekoski progressed according to plan.
  - Metsä Board announced it would expand its range of paperboard for food service packaging by investing EUR 38 million in extrusion coating at the Husum mill in Sweden.
  - The sale of the share capital of Metsä Wood's French timber upgrading company, Metsä Wood France SAS, to mutares AG was completed on 5 October 2015.

### NEAR-TERM OUTLOOK

- Metsä Group's operating result excluding non-recurring items is in the first quarter of 2016 expected to be approximately on the same level as in the fourth quarter of 2015.

### RESULT FOR OCTOBER–DECEMBER 2015

- Sales were EUR 1,205 million (10–12/2014: EUR 1,248 million).
- Operating result excluding non-recurring items was EUR 123 million (117). Operating result including non-recurring items was EUR 128 million (84).
- Result before taxes excluding non-recurring items was EUR 108 million (101). Result before taxes including non-recurring items was EUR 113 million (68).
- Return on capital employed excluding non-recurring items was 12.3 per cent (12.0). Return on capital employed excluding non-recurring items and excluding assets under construction related to strategic investment projects was 13.2 per cent (12.0).
- Cash flow from operations was EUR 338 million (390).

### EVENTS DURING THE FOURTH QUARTER OF 2015

- Pulp delivery volumes were strong. The euro-denominated prices of softwood pulp decreased slightly from the previous quarter.
- Paperboard deliveries decreased slightly on a seasonal basis. Paperboard price levels were stable.
- Metsä Board began the installation of the new paperboard machine at the Husum mill in Sweden.

*"Metsä Group's business operations developed favourably in 2015. Our sales grew, and operating result excluding non-recurring items was markedly better than in 2014. Our cash flow was at a good level and balance sheet strengthened. Our profit-making ability showed an upward trend during the year, with the exception of the impact of the investment and maintenance shut-downs in the last quarter. We benefitted from exchange rate changes to some extent, but our stronger performance was based above all on our long-term work to improve efficiency and profitability."*

*We started the construction of the next-generation bioproduct mill in Äänekoski in the spring 2015. The mill will use 6.5 million cubic metres of wood annually and it produces 1.3 million tonnes of pulp as well as other bioproducts. This investment of EUR 1.2 billion is important for the Finnish national economy as a whole, and it strengthens Metsä Group's long-term profitability and competitiveness. The construction of the bioproduct mill has progressed well, and we are determinedly proceeding towards the third quarter of 2017, when the mill will start operations.*

*Metsä Board's transformation from a paper company to a leading paperboard company, launched in 2005, was completed. The Husum mill's EUR 170 million investment programme has been completed and the new folding boxboard production line is in a start-up phase. The remaining printing paper production at Husum and the entire Metsä Group came to an end almost in its entirety at the end of 2015."*

**President & CEO Kari Jordan**

**KEY FIGURES**

<b>Income statement, EUR million</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Sales	5 016.0	4 970.3	1 205.4	1 247.5
Other operating income	95.7	170.3	16.9	29.2
Operating expenses	-4 311.4	-4 447.5	-1 033.8	-1 105.2
Depreciation and impairment losses	-258.2	-276.2	-60.3	-87.4
Operating result	542.1	416.9	128.2	84.1
Share of results from associated companies and joint ventures	11.2	16.4	2.7	1.9
Exchange gains and losses	-1.2	2.7	2.6	3.9
Other net financial items	-83.8	-106.1	-20.1	-22.4
Result before income tax	468.4	329.9	113.4	67.6
Income tax	-112.6	-69.7	-21.2	-11.1
Result for the period	355.7	260.3	92.2	56.5

<b>Profitability</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Operating result, EUR million	542.1	416.9	128.2	84.1
- " -, excluding non-recurring items	537.4	418.1	122.7	117.3
- " -, % of sales	10.7	8.4	10.2	9.4
Return on capital employed, %	13.7	11.1	12.9	8.7
- " -, excluding non-recurring items	13.6	11.4	12.3	12.0
Return on equity, %	15.9	13.0	15.5	11.1
- " -, excluding non-recurring items	15.8	13.4	14.6	17.6

<b>Financial position</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>31.12.</b>	<b>31.12.</b>	<b>30.9.</b>	<b>30.9.</b>
Equity ratio, %	43.2	37.9	42.7	38.5
Net gearing ratio, %	25	46	29	62
Interest-bearing net liabilities, EUR million	610	938	682	1 258

**SEGMENTS**

<b>Sales and Operating result</b>	<b>Wood Supply</b>	<b>Wood</b>	<b>Pulp</b>	<b>Paperboard</b>	<b>Tissue and</b>
<b>1–12/2015, EUR million</b>	<b>and Forest</b>	<b>Products</b>	<b>Industry</b>	<b>Industry</b>	<b>Cooking</b>
	<b>Services</b>	<b>Industry</b>			<b>Papers</b>
Sales	1 518.1	852.2	1 444.6	2 007.5	1 015.8
Other operating income	7.4	8.4	15.9	47.7	4.8
Operating expenses	-1 493.1	-820.3	-1 060.2	-1 752.8	-938.5
Depreciation and impairment losses	-3.5	-30.4	-63.1	-103.5	-40.5
Operating result	29.0	10.0	337.2	199.0	41.6
Non-recurring items	-	21.4	-	-19.2	13.5
Operating result excluding non-recurring items	29.0	31.4	337.2	179.9	55.1
- " -, % of sales	1.9	3.7	23.3	9.0	5.4

Metsä Group is a responsible forest industry group whose products' main raw material is renewable wood from sustainably managed northern forests. Metsä Group is a forerunner in the bioeconomy. We focus on tissue and cooking papers, fresh forest fibre paperboards, pulp, wood products, and wood supply and forest services. Our high-quality products combine renewable raw materials, customer-orientation, sustainable development and innovation. Metsä Group's sales totalled EUR 5 billion in 2015, and the company employs approximately 9,600 people. The Group operates in some 30 countries. Metsäliitto Cooperative is the parent company of Metsä Group and is owned by approximately 116,000 Finnish forest owners.



**THE FINANCIAL STATEMENTS BULLETIN IS UNAUDITED****FINANCIAL STATEMENTS 2015****SALES AND RESULT**

Metsä Group's sales in 2015 totalled EUR 5,016.0 million (2014: EUR 4,970.3 million).

Operating result excluding non-recurring items was EUR 537.4 million (418.1), or 10.7 per cent of sales (8.4). The operating result improved compared to the previous year due to the increase in the delivery volumes of pulp and paperboard, as well as the weakening of the euro against the main export currencies, in particular the US dollar. Currency hedges decreased the positive impact of exchange rates.

Sales for the last quarter of the year totalled EUR 1,205.4 million, whereas the sales for the corresponding period last year were EUR 1,247.5 million. The operating result excluding non-recurring items was EUR 122.7 million (10–12/2014: 117.3). The operating profit for October–December 2015 was weakened by the shutdown related to the investment programme at Husum mill integrate and the maintenance shutdowns in the pulp industry.

The non-recurring items included in Metsä Group's operating result were EUR 4.7 million net in January–December (2014: -1.3). The largest positive items were the sales gain of EUR 20.8 million from Finsilva Oyj's shares and the sales gain of EUR 17.5 million from the Gohrsmühle mill. Non-recurring expenses totalling EUR 21.4 million were recognised on the divestment of Metsä Wood France SAS completed in October. Metsä Tissue recognised a total of EUR 13.5 million of cost provisions and write-offs related to the operations in Russia and the efficiency programme in the German napkin business.

Operating result including non-recurring items was EUR 542.1 million (416.9). The share of the results of associated companies and joint ventures was EUR 11.2 million (16.4), financial income was EUR 5.2 million (6.5), exchange gains on financial items totalled EUR -1.2 million (2.7) and financial expenses amounted to EUR 89.0 million (112.6).

An impairment of EUR -2.3 million has been recognised in the financial expenses as a non-recurring item associated with Metsä Group's share in the shareholder loan granted to Pohjolan Voima in the OL4 project. The investments made in the project have been written off in full. The financial expenses in the comparison period include a non-recurring item of EUR 7.6 million related to the damages paid to UPM-Kymmene Corporation and an expense of approximately EUR 6 million related to the early repayment of Metsä Board's loans.

The result before taxes was EUR 468.4 million (329.9), and taxes, including changes in deferred tax liabilities, totalled EUR 112.6 million (69.7). The Group's effective

tax rate was 24.0 per cent (21.1). Metsä Board recorded approximately EUR 10 million of income taxes related to 2014 in its result for the third quarter.

Metsä Group's net result for the financial period was EUR 355.7 million (260.3).

Excluding non-recurring items, Metsä Group's return on capital employed was 13.6 per cent (11.4) and the return on equity was 15.8 per cent (13.4). The return on capital employed decreased by 0.7 percentage points due to the ongoing investments, the Äänekoski bioproduct mill and the investment programme at Husum.

Including non-recurring items, the Group's return on capital employed was 13.7 per cent (11.1) and the return on equity was 15.9 per cent (13.0).

**BALANCE SHEET AND FINANCING**

Metsä Group's liquidity is excellent. Total liquidity at the end of December was EUR 1,952.6 million (2014: 1,725.0). This consisted of EUR 1,120.8 million (947.9) of liquid assets and investments and EUR 831.8 million (777.1) of off-balance sheet committed credit facility agreements. In addition, the Group has EUR 925.0 million in off-balance sheet committed credit facility agreements related to the bioproduct mill investment in Äänekoski.

The Group's liquidity reserve is complemented by uncommitted commercial paper programmes and credit facilities amounting to EUR 161.0 million (173.3).

The Group's equity ratio at the end of December was 43.2 per cent and net gearing was 25 per cent (37.9 and 46, respectively). Interest-bearing net liabilities were EUR 609.6 million (938.2).

Cash flow from operations amounted to EUR 964.3 million (763.9). EUR 221.3 million was released from working capital during the year (198.6). The introduction of new instruments for working capital financing, among others, has reduced the amount of working capital.

The equity ratio of the parent company Metsäliitto Cooperative was 67.8 per cent at the end of December and net gearing was 3 per cent (63.0 and 12, respectively).

During January–December 2015, Metsäliitto Cooperative's members' capital increased by a total of EUR 53.8 million (69.6). The value of participation shares grew by EUR 1.6 million (2.8), that of the A additional shares by EUR 33.1 million (42.9), and that of the B additional shares by EUR 19.1 million (23.9). Based on notifications received by the end of 2015, EUR 53.3 million (34.3) of the additional shares will fall due for refund on 1 July 2016.

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 had no impact on the company's financing costs.

## PERSONNEL

Metsä Group employed an average of 10,117 people (10,775) in 2015. At the end of the review period, the Group had 9,599 (10,410) employees, of whom 5,122 (5,131) were based in Finland and 4,477 (5,279) were based abroad. Metsäliitto Cooperative employed 2,449 people at the end of December (2,471).

## MEMBERS

At the end of December, Metsäliitto Cooperative had 116,290 members (31 December 2014: 121,941). During 2015, a total of 3,638 new members joined the Cooperative and 9,289 members cancelled their membership. The reduction in the number of members was largely attributable to the updating of the member register.

## INVESTMENTS

Metsä Group's capital expenditure totalled EUR 491.6 million in January–December (143.0), of which approximately EUR 355 million was related to the Äänekoski bioproduct mill and the investment programme at the Husum mill.

## BUSINESS DEVELOPMENT

### *Äänekoski bioproduct mill*

In April 2015, Metsä Fibre announced plans to build a bioproduct mill costing approximately EUR 1.2 billion in Äänekoski to replace the existing pulp mill.

The mill is scheduled to start up in the third quarter of 2017, and its construction is proceeding according to plan. Approximately 10 per cent of the mill was completed at the end of 2015, at which point the project employed approximately 500 people in pile driving, excavation and foundation work. In the equipment installation phase to start in 2016, the number of people working in the project will be up to 2,500.

The intention is to utilise all side streams from the bioproduct mill, producing approximately 1.3 million tonnes of pulp, as new, upgraded bioproducts in the ecosystem of various companies to be established around the mill. In 2015, Metsä Fibre made a decision to produce product gas from bark and promoted the development of biocomposites, biogas, textile fibres, sulphuric acid and upgraded lignin products.

### *Husum mill*

In 2015, Metsä Board implemented a EUR 170 million investment programme at the Husum mill in Sweden. The new folding boxboard production line is in a start-up phase, and its total annual capacity is approximately 400,000 tonnes. In addition to folding boxboard, Husum produces fresh forest fibre linerboard, with an annual capacity of 300,000 tonnes. The production of coated paper and uncoated fine paper sheets was discontinued at Husum. The remaining production of uncoated fine paper reels, approximately 100,000 tonnes per year, will end in 2017.

In addition to the Husum mill's chemical pulp capacity, the folding boxboard production will use the high-yield pulp production of the Kaskinen mill almost in full.

In November 2015, Metsä Board announced that it would continue the development of paperboard products and invest approximately EUR 38 million in its own extrusion coating line and related changes in infrastructure at the Husum mill. The investment will be realised at the beginning of 2017, and it will make possible the expansion of the product portfolio to end uses in the food and food service packaging segment, which require barrier properties from paperboard due to the requirements for withstanding fat and moisture. The annual coating capacity of the new production line is approximately 100,000 tonnes. Metsä Board will also continue to develop other barrier solutions.

## DIVESTMENTS 2015

### *Burt Boulton & Haywood Ltd*

The sale of the entire share capital of Metsä Wood's UK-based pole business Burt Boulton and Haywood Ltd. to ScanPole Ltd., an Iivari Mononen Group company, was finalised in February 2015.

### *Finsilva Oyj*

In May, Metsä Group sold 30.13 per cent of Finsilva Oyj's shares to a fund managed by Dasos Capital Oy. After the transaction, Metsä Group's holding in Finsilva is 19.8 per cent.

### *Gohrsmühle mill*

In May, Metsä Board sold the Gohrsmühle mill in Bergisch Gladbach in Germany to a holding company wholly owned by mutares AG and its partner company, including all liabilities related to the company.

### *Metsä Wood France SAS*

The sale of the share capital of Metsä Wood's French timber upgrading company Metsä Wood France SAS to

mutares AG was completed in October 2015.

## BUSINESS AREAS

### Wood supply and forest services

Metsä Forest's sales in 2015 totalled EUR 1,518.1 million (2014: 1,575.0) and the operating result excluding non-recurring items was EUR 29.0 million (28.2). The operating result for 2015 does not include non-recurring items (2014: -1.5).

Sales in the fourth quarter of 2015 amounted to EUR 364.9 million (10–12/2014: 397.5) and the operating result totalled EUR 6.3 million (8.1).

In Finland, the supply of wood remained good throughout the year and the stumpage prices were stable. The wood purchasing volume was slightly lower than in the previous year. The mild weather in the last quarter made harvesting and delivering wood more difficult.

The challenging harvesting conditions made delivering wood more difficult in Russia in the last quarter as well, but the weak rouble upheld the good competitiveness of Russian wood. The good supply of pulpwood continued in the Baltic countries throughout the year. In Sweden, the supply of pulpwood and sawmill chips exceeded demand in the northern parts of the country, in particular.

During the year, Metsä Forest bought all timber grades and energy wood through both standing and delivery sales throughout Finland. Purchasing of forest energy focused on crown wood. In Finland, the majority of wood was procured from Metsäliitto Cooperative's members.

Due to the mild winter, the purchasing of stands for harvesting in the winter from sources other than contract customers had to be limited. Wood demand picked up in the second quarter of the year. Demand focused on stands for summer harvesting as well as logs. Sales of forest management services continued to grow favourably.

In 2015, Metsä Forest delivered a total of approximately 30.0 million cubic metres (30.2) of wood raw material to its customers. Approximately 84 per cent of this amount went to industry in Finland. Due to the difficult market situation in the sawmill industry, the log harvesting and delivery volumes fell slightly short of the planned volumes.

In June, Metsä Forest introduced electronic wood trade and sales of forest management services. The first electronic wood trade was completed on 2 June 2015, and the service was welcomed among forest owners.

Metsä Group increased bonuses payable to owner-members from wood trade as of 1 December 2015. As of the beginning of January 2015, members have also been accumulating bonuses from buying forest management services.

### Wood products industry

Metsä Wood's sales in 2015 totalled EUR 852.2 million (2014: 896.9) and operating result excluding non-recurring items was EUR 31.4 million (37.2). Comparable sales without divestments remained at the previous year's level. Metsä Wood's negative net non-recurring items totalling EUR 21.4 million, were related to the divestment of Metsä Wood France SAS.

Sales in the fourth quarter of the year amounted to EUR 188.0 million (10–12/2014: 215.9), and the operating result excluding non-recurring items was EUR 7.5 million (8.0).

In 2015, Metsä Wood's comparable delivery volumes grew slightly from the previous year due to the increased deliveries of sawn timber. The comparable sales of sawn timber decreased slightly despite the increased delivery volumes.

The oversupply of Nordic sawn timber continued throughout the year, which manifested in prices that were clearly lower than in the previous year. Therefore, the profitability of sawing was unsatisfactory. Due to the imbalance of the sawn timber markets, Metsä Wood adjusted the sawing volume during the autumn.

Demand for sawn timber remained at the previous year's level in Europe. Demand in Asia, particularly in China for spruce grades, was clearly livelier than in the previous year. By contrast, North African demand decreased considerably due to currency market regulation and customers' high inventory levels.

The delivery volumes of upgraded sawn timber products in the UK were at the previous year's level, and sales increased as the British pound strengthened.

The delivery volumes of birch and spruce plywood were at the previous year's level. Production was adjusted in the main markets in Europe at the end of the year due to increased imports of inexpensive softwood plywood. Sales prices were higher compared to the previous year due to the strengthening of the US dollar and of the British pound, in particular.

Kerto® deliveries to Europe decreased from the previous year due to increased competition. North American deliveries also fell slightly short of the growth objectives. The markets for Kerto® products expanded outside Europe, as deliveries to Australia began towards the end of the year. In addition, Metsä Wood signed a delivery agreement in November with Snavely Forest Products concerning the delivery of Kerto® LVL wood products in northeastern USA.

The entire share capital of Metsä Wood's UK-based pole business Burt Boulton and Haywood Ltd. (BBH) was sold to ScanPole Ltd. in February 2015. The transaction marked the end of Metsä Wood's pole impregnation business.

The sale of the entire share capital of Metsä Wood France SAS to mutares AG was finalised on 5 October

2015, ending Metsä Wood's upgrading and distribution operations in France. Metsä Wood's sales operations for sawn timber, plywood and Kerto® products will continue in France.

### Pulp industry

Metsä Fibre's sales in 2015 totalled EUR 1,444.6 million (2014: 1,295.7). The euro-denominated prices of pulp grades increased compared to the previous year due to the stronger US dollar.

The operating result excluding non-recurring items was EUR 337.2 million (207.5). The operating result improved compared to the previous year primarily due to the higher delivery volume, the favourable exchange rate of the dollar as well as the decrease in the costs of wood and other raw materials. Compared to the prices in 2014, dollar-denominated market prices of softwood pulp were, on average, 7 per cent lower and the prices of hardwood pulp were 5 per cent higher.

Metsä Fibre's sales in the last quarter of the year were EUR 373.5 million (10–12/2014: 337.1) and operating result excluding non-recurring items was EUR 80.5 million (64.5).

Metsä Fibre's deliveries of pulp amounted to 2,356,000 tonnes (2,246,000), of which 898,000 tonnes went to owner-members (868,000) and 1,458,000 to other customers (1,378,000).

The annual production of pulp was 2,352,600 tonnes (2,257,400). The annual production of the Metsä Svir sawmill was 251,000 cubic metres (233,000).

More than EUR 220 million was invested in Metsä Fibre's largest investment project, the Äänekoski bioproduct mill, in 2015. The most significant investment at the operative mills was the renewal of the odorous gas boiler of the Rauma mill. The investment will improve the processing of the mill's odorous gases in disturbance situations and thus reduce odour emissions to the vicinity.

The modernisation of the automation system at the Kemi mill was completed in the recovery line. The renewed system will ensure uninterrupted operation of the mill's process control.

### Paperboard industry

Metsä Board's sales remained at the previous year's level and amounted to EUR 2,007.5 million (2014: 2,008.4).

The operating result excluding non-recurring items was EUR 179.9 million (136.5). In 2015, the non-recurring items in the operating result totalled EUR 19.2 million (-19.9), of which the most significant was the sales gain of EUR 17.5 million from the divestment of the Gohrsmühle mill.

The operating result was improved by paperboard deliveries, favourable exchange rate changes, and the divestment of the loss-making Gohrsmühle mill in the second quarter of the year. The operating result was weakened by the mill shutdown related to the investment programme at Husum mill integrate.

Metsä Board's sales in the last quarter of the year were EUR 462.2 million (10–12/2014: 499.4) and the operating result excluding non-recurring items was EUR 35.1 million (36.9). As expected, the operating result was weakened by the pulp production losses caused by the shutdown at Husum mill integrate, totalling approximately EUR 20 million. In October–December, the delivery volumes of paperboard experienced a slight seasonal decline.

The delivery volume of Metsä Board's folding boxboard and white fresh forest fibre linerboard in January–December was 1,404,000 tonnes (1,256,000). The delivery volume of paper amounted to 460,000 tonnes (591,000).

Excluding non-recurring items, Metsä Board's return on capital employed was 11.3 per cent (9.1), and earnings per share were EUR 0.34 (0.26).

Metsä Board's equity ratio at the end of December was 46.5 per cent and the net gearing ratio was 32 per cent (2014: 39.2 per cent and 51 per cent, respectively). The key figures were improved by the decrease in interest-bearing net liabilities and the share issue. In the first quarter of the year, Metsä Board organised a share issue, which accumulated net funds of approximately EUR 98 million.

Metsä Board's Financial Statements Bulletin was published on 3 February 2016.

### Tissue and cooking papers

Metsä Tissue's sales in 2015 totalled EUR 1,015.8 million (2014: 1,012.8) and the operating result excluding non-recurring items was EUR 55.1 million (62.2). Sales grew due to price increases based on higher raw material prices. Price competition in retail continues to be fierce in all markets.

Despite the streamlining of operations, improvement of energy efficiency and development of logistics, Metsä Tissue's profitability weakened compared to the previous year. This was due to prices of pulp, which increased as the dollar strengthened, and price increases in recycled fibre, as well as the weakening of the Norwegian krone against the euro.

Sales for the fourth quarter of 2015 amounted to EUR 263.8 million (10–12/2014: 257.6) and the operating result excluding non-recurring items was EUR 18.6 million (21.1). The favourable development of sales was attributable to the price increases implemented and stable sales volumes, as well as the strengthening of the British pound against the euro. The operating result was weakened by fibre costs, which were higher than in the previous year.



Non-recurring items recognised in the operating result totalled EUR -13.5 million net (-0.4) in 2015. The items were related to the operations in Russia as well as the efficiency programme in the napkin business in Germany.

New product launches and product development have helped strengthen the position of the company's own brands in the Nordic countries and eastern Central Europe. Lambi celebrated its 50th anniversary in 2015, and a variety of marketing events were arranged in celebration of the anniversary in the Nordic countries. The quality of Lambi's toilet paper and kitchen towels was improved and sales volumes developed favourably in 2015.

Katrin introduced a new dispenser series. Its product launches began at the end of 2015 and will continue in the first half of 2016 according to country-specific schedules.

In the autumn of 2015, Serla introduced a new toilet paper grade to the market in Sweden. Recycled paper-board fibre is used in the production of the paper. The quality of the traditional yellow Serla toilet paper was renewed in the Finnish market.

Renewal of the production line began at the Metsä Tissue Raubach mill in Germany. The investment, which aims to improve the quality of tissue paper, will be completed in the second quarter of 2016.

## RISKS AND UNCERTAINTIES

The estimates and statements in this Financial Statements Bulletin are based on current plans and estimates. They involve risks and uncertainties that may cause the results to differ from those expressed in such statements. In the short term, the price of and demand for end products, raw material costs, energy prices and the exchange rate development of the euro have an effect on the results of Metsä Group.

There are several geopolitical risk concentrations around the world, and forecasting developments in them is difficult. The changes in these areas may be very sudden and unpredictable. There have been, and will continue to be, international sanctions related to these crises, and they may also have a direct or indirect impact on the demand for forest industry products and, therefore, on Metsä Group's result.

The risks related to the Group's business have been explained more extensively in Metsä Group's Financial Statements for 2014.

## PENDING DISPUTES

In March 2011, the state enterprise Metsähallitus filed a claim for damages at the District Court of Helsinki, demanding that Metsäliitto Cooperative and two other forest industry companies jointly pay compensation for alleged damage caused by prohibited cooperation with regard to prices in the raw wood market. The claim is

related to the 3 December 2009 decision by the Market Court which states that the aforementioned companies have violated the act on competition restrictions in the raw wood market. In addition, some municipalities, parishes and a group of individuals in Finland have instituted similar proceedings. The total amount of all claims that Metsäliitto Cooperative is aware of and that were directed at Metsäliitto Cooperative and the other aforementioned companies jointly is approximately EUR 202 million, of which approximately EUR 65 million is directed at Metsäliitto Cooperative alone. The aforementioned proceedings are associated with interest, value added tax claims and legal process expenses. In addition to the aforementioned claims, new claims for damages have been filed by private individuals and entities in January 2015, the amounts of which are not yet known by Metsäliitto. Metsäliitto Cooperative's view is that the claims for damages are unfounded, and the company has not recognised any provisions regarding them.

In May 2014, Metsäliitto Cooperative and Metsä Board demanded the District Court of Helsinki to revoke the judgment issued by the Arbitral Tribunal on 11 February 2014 that ordered Metsäliitto Cooperative and Metsä Board to pay a total of EUR 67 million in damages to UPM-Kymmene Corporation. In the judgment issued in June 2015, the District Court rejected the demands by Metsäliitto Cooperative and Metsä Board. Metsäliitto Cooperative and Metsä Board have appealed the District Court's judgment at the Court of Appeal.

In the autumn of 2015, the Finnish Tax Administration took a stand against the deductibility of certain losses in Metsä Board's 2014 taxation. The company recognised around EUR 15 million in previously unrecognised income taxes in its result for the third quarter. Metsä Board will appeal against the decision issued by the Tax Administration, as the company believes the losses are deductible.

## NEAR-TERM OUTLOOK

Wood demand will focus on felling sites to be harvested when the ground is unfrozen and, in terms of energy wood, on crown wood. The sales of forest management services are expected to grow.

Metsä Wood's sales are expected to be on a similar level as previous year's first quarter. In the first quarter, the sawn timber market balance is expected to improve for spruce sawn timber. For pine sawn timber, oversupply is expected to continue due to weak demand in the EMEA sales region. Shutdowns are possible in birch plywood production, depending on the market situation. Demand for other wood products is expected to continue stable.

The global economic uncertainty and changes in the currency market will impact Metsä Fibre's operating environment. Nevertheless, global demand for pulp has



remained stable, and there are no signs of material changes in the market situation.

Metsä Board's paperboard deliveries are in January–March expected to grow from the last quarter of 2015. The new paperboard production line at Husum, still in the start-up phase, will have the effect of decreasing the average price of folding boxboard. The company estimates that the required quality targets will be reached by the third quarter of 2016 according to the original plan.

In the tissue and cooking paper markets, demand is expected to continue stable in all market areas. Demand for tissue paper will increase in eastern Central Europe, in particular, and demand for cooking papers will grow in Asia.

Metsä Group's operating result excluding non-recurring items is in the first quarter of 2016 expected to be approximately on the same level as in the fourth quarter of 2015.

Espoo, Finland, 3 February 2016

## **BOARD OF DIRECTORS**

### **For further information, please contact:**

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### **Metsä Group will publish its financial reports in 2016 as follows:**

3 May 2016: Interim report for January–March 2016  
4 August 2016: Interim report for January–June 2016  
2 November 2016: Interim report for January–September 2016

## **PROPOSAL FOR INTEREST ON MEMBERS' CAPITAL**

Metsäliitto Cooperative's Board of Directors has decided to propose that interest of 6.0 per cent (5.5 per cent for 2014) be distributed on the participation shares of the members for 2015. Interest of 5.5 per cent (5.0) is proposed for additional shares A, and interest of 3.0 per cent (4.5) for additional shares B. The higher than usual level of profit distribution for participation shares and additional shares A reflects the Group's result development and emphasizes the rewarding of members who are active in wood trade.

The Board's proposal will be discussed in March by Metsäliitto Cooperative's Supervisory Board, which will issue a statement on the matter to the Representative Council convening in May.

**SEGMENTS**

	2015	2014	2015	2014
	1-12	1-12	10-12	10-12
<b>Wood Supply and Forest Services</b>				
Sales, EUR million	1 518.1	1 575.0	364.9	397.5
EBITDA, EUR million	32.5	29.7	7.1	8.8
- "- excl. non-rec. items, EUR million	32.5	31.2	7.1	8.8
Depreciation and impairment, EUR million	-3.5	-3.0	-0.8	-0.7
Operating result, EUR million	29.0	26.7	6.3	8.1
- "- excl. non-rec. items, EUR million	29.0	28.2	6.3	8.1
- "- , % of sales	1.9	1.8	1.7	2.0
ROCE excl. non-rec. items, %	26.4	24.7	21.6	25.3
Capital expenditure, EUR million	6.0	4.8	1.7	0.9
Personnel at end of period	877	887	877	887

	2015	2014	2015	2014
	1-12	1-12	10-12	10-12
<b>Wood Products Industry</b>				
Sales, EUR million	852.2	896.9	188.0	215.9
EBITDA, EUR million	40.4	64.5	15.4	14.1
- "- excl. non-rec. items, EUR million	58.5	66.2	14.3	15.8
Depreciation and impairment, EUR million	-30.4	-30.4	-6.8	-8.3
Operating result, EUR million	10.0	34.1	8.6	5.8
- "- excl. non-rec. items, EUR million	31.4	37.2	7.5	8.0
- "- , % of sales	3.7	4.2	4.0	3.7
ROCE excl. non-rec. items, %	10.7	11.3	10.3	7.9
Capital expenditure, EUR million	17.3	13.7	4.8	2.4
Personnel at end of period	2 018	2 249	2 018	2 249

	2015	2014	2015	2014
	1-12	1-12	10-12	10-12
<b>Pulp Industry</b>				
Sales, EUR million	1 444.6	1 295.7	373.5	337.1
EBITDA, EUR million	400.3	289.9	94.3	78.9
- "- excl. non-rec. items, EUR million	400.3	269.5	94.3	78.9
Depreciation and impairment, EUR million	-63.1	-62.0	-13.8	-14.4
Operating result, EUR million	337.2	227.9	80.5	64.5
- "- excl. non-rec. items, EUR million	337.2	207.5	80.5	64.5
- "- , % of sales	23.3	16.0	21.6	19.1
ROCE excl. non-rec. items, %	41.9	29.8	37.7	37.6
Capital expenditure, EUR million	250.6	26.0	110.0	7.2
Personnel at end of period	857	842	857	842

	2015	2014	2015	2014
	1-12	1-12	10-12	10-12
<b>Paperboard Industry</b>				
Sales, EUR million	2 007.5	2 008.4	462.2	499.4
EBITDA, EUR million	302.5	242.2	59.1	56.4
- "- excl. non-rec. items, EUR million	283.3	236.2	59.7	60.6
Depreciation and impairment, EUR million	-103.5	-125.6	-25.0	-49.7
Operating result, EUR million	199.0	116.5	34.1	6.7
- "- excl. non-rec. items, EUR million	179.9	136.5	35.1	36.9
- "- , % of sales	9.0	6.8	7.6	7.4
ROCE excl. non-rec. items, %	11.3	9.1	8.3	9.6
Capital expenditure, EUR million	177.8	44.2	60.8	18.2
Personnel at end of period	2 601	3 111	2 601	3 111

	2015	2014	2015	2014
<b>Tissue and Cooking Papers</b>	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Sales, EUR million	1 015.8	1 012.8	263.8	257.6
EBITDA, EUR million	82.1	100.5	33.6	31.1
- " - excl. non-rec. items, EUR million	94.0	100.9	28.7	31.1
Depreciation and impairment, EUR million	-40.5	-38.7	-9.7	-10.0
Operating result, EUR million	41.6	61.8	23.9	21.1
- " - excl. non-rec. items, EUR million	55.1	62.2	18.6	21.1
- " -, % of sales	5.4	6.1	7.0	8.2
ROCE excl. non-rec. items, %	8.2	9.3	11.1	12.8
Capital expenditure, EUR million	29.4	38.0	17.6	13.6
Personnel at end of period	2 754	2 805	2 754	2 805

	2015	2014	2015	2014
<b>Other operations</b>	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Sales, EUR million	4.1	9.6	0.5	2.4
EBITDA, EUR million	23.8	-38.6	-4.6	-4.1
- " - excl. non-rec. items, EUR million	3.3	4.1	-4.6	-3.4
Depreciation and impairment, EUR million	-2.0	-2.2	-0.5	-0.5
Operating result, EUR million	21.8	-40.7	-5.1	-4.7
- " - excl. non-rec. items, EUR million	1.3	1.9	-5.1	-3.9
Capital expenditure, EUR million	13.3	18.0	4.1	4.2
Personnel at end of period	492	516	492	516

Other operations include the Metsä Group head office functions, the company Metsä Group Treasury Oy and the holding function of Metsäliitto Cooperative as well as a share of Metsätapiola's real estates.

	2015	2014	2015	2014
<b>Internal sales and eliminations</b>	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Sales, EUR million	-1 826.4	-1 828.1	-447.7	-462.4
EBITDA, EUR million	-81.2	4.9	-16.4	-13.6
- " - excl. non-rec. items, EUR million	-81.2	-41.0	-16.4	-13.6
Depreciation and impairment, EUR million	-15.3	-14.4	-3.8	-3.7
Operating result, EUR million	-96.5	-9.5	-20.2	-17.4
- " - excl. non-rec. items, EUR million	-96.5	-55.4	-20.2	-17.4

	2015	2014	2015	2014
<b>Metsä Group</b>	<b>1–12</b>	<b>1–12</b>	<b>10–12</b>	<b>10–12</b>
Sales, EUR million	5 016.0	4 970.3	1 205.4	1 247.5
EBITDA, EUR million	800.3	693.1	188.5	171.5
- " - excl. non-rec. items, EUR million	790.7	667.1	183.0	178.2
Depreciation and impairment, EUR million	-258.2	-276.2	-60.3	-87.4
Operating result, EUR million	542.1	416.9	128.2	84.1
- " - excl. non-rec. items, EUR million	537.4	418.1	122.7	117.3
- " -, % of sales	10.7	8.4	10.2	9.4
ROCE excl. non-rec. items, %	13.6	11.4	12.3	12.0
Capital expenditure, EUR million	491.6	143.0	195.9	47.0
Personnel at end of period	9 599	10 410	9 599	10 410

EBITDA = Operating result before depreciation and impairment losses

ROCE = Return on capital employed

**QUARTERLY DATA**

EUR million	2015 10–12	2015 7–9	2015 4–6	2015 1–3	2014 10–12	2014 7–9	2014 4–6	2014 1–3
<b>Sales</b>								
Wood Supply and Forest Services	364.9	348.0	393.5	411.8	397.5	363.2	379.5	434.9
Wood Products Industry	188.0	212.0	242.8	209.4	215.9	207.3	251.8	221.9
Pulp Industry	373.5	349.6	391.1	330.4	337.1	303.8	325.8	329.0
Paperboard Industry	462.2	497.6	522.0	525.7	499.4	513.8	494.0	501.2
Tissue and Cooking Papers	263.8	249.2	249.0	253.7	257.6	252.4	250.2	252.6
Other operations	0.5	0.8	0.9	1.9	2.4	2.3	2.7	2.3
Internal sales	-447.7	-432.0	-469.1	-477.7	-462.4	-439.3	-438.9	-487.5
<b>Sales total</b>	<b>1 205.4</b>	<b>1 225.2</b>	<b>1 330.2</b>	<b>1 255.1</b>	<b>1 247.5</b>	<b>1 203.6</b>	<b>1 264.9</b>	<b>1 254.3</b>
<b>Operating result</b>								
Wood Supply and Forest Services	6.3	7.0	6.9	8.7	8.1	4.5	5.5	8.6
Wood Products Industry	8.6	5.7	-12.2	7.9	5.8	6.3	14.4	7.7
Pulp Industry	80.5	85.5	92.5	78.7	64.5	51.8	56.7	54.9
Paperboard Industry	34.1	54.6	67.2	43.1	6.7	34.1	32.2	43.5
Tissue and Cooking Papers	23.9	6.5	6.1	5.1	21.1	19.2	9.7	11.8
Other operations	-5.1	4.2	23.3	-0.6	-4.7	3.4	3.7	-43.2
Eliminations	-20.2	-21.5	-29.8	-25.0	-17.4	-16.4	38.0	-13.7
<b>Operating result total</b>	<b>128.2</b>	<b>142.0</b>	<b>154.0</b>	<b>117.8</b>	<b>84.1</b>	<b>102.9</b>	<b>160.2</b>	<b>69.7</b>
-"-, % of sales	10.6	11.6	11.6	9.4	6.7	8.5	12.7	5.6
Share of results from associated companies and joint ventures	2.7	-0.8	3.2	6.1	1.9	-0.9	7.9	7.4
Exchange gains and losses	2.6	-0.6	-6.7	3.5	3.9	-0.0	0.9	-2.1
Other net financial items	-20.1	-20.0	-22.4	-21.3	-22.4	-22.6	-23.3	-37.8
<b>Result before income tax</b>	<b>113.4</b>	<b>120.7</b>	<b>128.2</b>	<b>106.1</b>	<b>67.6</b>	<b>79.4</b>	<b>145.7</b>	<b>37.2</b>
Income tax	-21.2	-38.4	-35.5	-17.5	-11.1	-17.4	-35.8	-5.4
<b>Result for the period</b>	<b>92.2</b>	<b>82.3</b>	<b>92.7</b>	<b>88.6</b>	<b>56.5</b>	<b>62.0</b>	<b>109.9</b>	<b>31.8</b>
<b>Operating result excl. non-rec. items</b>								
Wood Supply and Forest Services	6.3	7.0	6.9	8.7	8.1	4.5	7.0	8.6
Wood Products Industry	7.5	5.9	10.2	7.9	8.0	6.2	14.4	8.6
Pulp Industry	80.5	85.5	92.5	78.7	64.5	51.8	36.3	54.9
Paperboard Industry	35.1	54.6	47.0	43.2	36.9	35.2	28.3	36.1
Tissue and Cooking Papers	18.6	13.2	7.6	15.8	21.1	19.6	9.7	11.8
Other operations and eliminations	-25.3	-17.3	-27.0	-25.7	-21.2	-13.0	-4.2	-15.0
<b>Operating result total</b>	<b>122.7</b>	<b>149.0</b>	<b>137.1</b>	<b>128.6</b>	<b>117.3</b>	<b>104.3</b>	<b>91.5</b>	<b>105.1</b>
-"-, % of sales	10.2	12.2	10.3	10.2	9.4	8.7	7.2	8.4



**CALCULATION OF KEY RATIOS**

Return on capital employed (%) ROCE	=	(Result before tax + exchange gains/losses and other net financial expenses) per (Balance total – non-interest-bearing liabilities) (average))
Return on equity (%) ROE	=	(Result before tax – income tax) per (Members' funds (average))
Equity ratio (%)	=	(Members' funds) per (Balance total – advance payments received)
Net gearing ratio (%)	=	(Interest-bearing borrowings – cash and cash equivalents – interest-bearing receivables) per (Members' funds)

**FINANCIAL STATEMENTS**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR million	Note	2015 1–12	2014 1–12	Change	2015 10–12	2014 10–12
<b>Sales</b>	2	<b>5 016.0</b>	<b>4 970.3</b>	<b>45.7</b>	<b>1 205.4</b>	<b>1 247.5</b>
Change in stocks of finished goods and work in progress		-48.0	17.7	-65.7	-33.2	8.2
Other operating income		95.7	170.3	-74.6	16.9	29.2
Material and services		-3 212.5	-3 329.6	117.1	-746.5	-826.9
Employee costs		-678.2	-699.0	20.8	-161.9	-180.5
Depreciation and impairment losses		-258.2	-276.2	18.0	-60.3	-87.4
Other operating expenses		-372.7	-436.7	63.9	-92.2	-106.0
<b>Operating result</b>	2	<b>542.1</b>	<b>416.9</b>	<b>125.2</b>	<b>128.2</b>	<b>84.1</b>
Share of results from associated companies and joint ventures		11.2	16.4	-5.2	2.7	1.9
Exchange gains and losses		-1.2	2.7	-3.9	2.6	3.9
Other net financial items	2	-83.8	-106.1	22.3	-20.1	-22.4
<b>Result before income tax</b>		<b>468.4</b>	<b>329.9</b>	<b>138.4</b>	<b>113.4</b>	<b>67.6</b>
Income tax	3	-112.6	-69.7	-43.0	-21.2	-11.1
<b>Result for the period</b>		<b>355.7</b>	<b>260.3</b>	<b>95.4</b>	<b>92.2</b>	<b>56.5</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit and loss</b>						
Items relating to adjustments of defined benefit plans		19.5	-44.7	64.1	11.9	-10.2
Income tax relating to items that will not be reclassified		-5.6	11.9	-17.5	-3.1	3.2
Total		13.9	-32.7	46.6	8.8	-7.0
<b>Items that may be reclassified subsequently to profit and loss</b>						
Cash flow hedges		-0.1	-19.7	19.6	-9.0	-8.0
Available for sale financial assets	8	-30.6	-43.6	13.0	-24.7	6.3
Currency translation differences		8.9	-43.3	52.2	3.8	-26.5
Share of comprehensive income of joint venture		-0.6	-4.4	3.9	-0.5	-4.4
Other items		0.0	0.0	0.0	-0.4	-0.2
Income tax relating to items that may be reclassified		7.4	15.3	-7.9	9.1	-0.4
Total		-15.0	-95.8	80.8	-21.7	-33.2
<b>Other comprehensive income, net of tax</b>		<b>-1.0</b>	<b>-128.5</b>	<b>127.4</b>	<b>-13.0</b>	<b>-40.2</b>
<b>Total comprehensive income for the period</b>		<b>354.7</b>	<b>131.8</b>	<b>222.9</b>	<b>79.2</b>	<b>16.3</b>
<b>Result for the period attributable to:</b>						
Members of parent company		216.9	156.5	60.4	61.8	40.4
Non-controlling interests		138.8	103.8	35.0	30.4	16.2
Total		355.7	260.3	95.4	92.2	56.5
<b>Total comprehensive income attributable to:</b>						
Members of parent company		221.1	82.3	138.8	58.2	13.7
Non-controlling interests		133.6	49.5	84.1	21.0	2.6
Total		354.7	131.8	222.9	79.2	16.3

The notes are an integral part of these financial statements.

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

EUR million	Note	2015 31.12.	2014 31.12.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		522.8	520.3
Other intangible assets		234.5	240.8
Tangible assets	4	2 059.0	1 831.2
Biological assets		13.4	11.8
Investments in associated companies and joint ventures		43.4	77.7
Available for sale investments	8	227.1	257.1
Non-current financial assets	8	28.0	19.7
Deferred tax receivables		37.9	64.8
		<b>3 166.1</b>	<b>3 023.5</b>
<b>Current assets</b>			
Inventories		686.8	774.1
Accounts receivables and other receivables		640.5	690.4
Tax receivables based on the taxable income for the period		0.6	0.3
Cash and cash equivalents	8	1 120.8	947.9
		<b>2 448.7</b>	<b>2 412.7</b>
Assets classified as held for sale		1.6	10.8
<b>Total assets</b>		<b>5 616.4</b>	<b>5 447.0</b>
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
<b>Members' funds</b>			
Members' funds		1 805.6	1 590.3
Non-controlling interests		611.3	467.0
		<b>2 416.9</b>	<b>2 057.3</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		225.6	230.6
Post-employment benefit obligations		77.9	184.8
Provisions	5	23.0	33.4
Borrowings	8	1 303.5	1 373.3
Other liabilities		22.3	21.3
		<b>1 652.3</b>	<b>1 843.3</b>
<b>Current liabilities</b>			
Provisions	5	20.3	14.0
Current borrowings	8	442.3	528.9
Accounts payable and other liabilities		1 063.3	972.2
Tax liabilities based on the taxable income for the period		20.3	25.4
		<b>1 546.2</b>	<b>1 540.5</b>
Liabilities classified as held for sale		1.1	6.0
<b>Total liabilities</b>		<b>3 199.5</b>	<b>3 389.8</b>
<b>Total members' funds and liabilities</b>		<b>5 616.4</b>	<b>5 447.0</b>

The notes are an integral part of these financial statements.

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS**

<u>Equity attributable to members of parent company</u>							
EUR million	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
<b>Members' funds 1.1.2014</b>	<b>654.7</b>	<b>24.9</b>	<b>224.9</b>	<b>578.3</b>	<b>1 482.9</b>	<b>476.3</b>	<b>1 959.2</b>
Result for the period				156.5	156.5	103.8	260.3
Other comprehensive income, net after tax		-32.0	-20.5	-21.6	-74.1	-54.3	-128.5
<b>Total comprehensive income</b>		<b>-32.0</b>	<b>-20.5</b>	<b>134.9</b>	<b>82.3</b>	<b>49.5</b>	<b>131.8</b>
Transactions with owners:							
Dividends paid				-35.1	-35.1	-42.5	-77.5
Change in members' capital	64.4			-1.8	62.6		62.6
Transfer from unrestricted to restricted			2.4	-2.4	0.0		0.0
Share based payments				0.1	0.1	0.2	0.3
Acquired shares from non-controlling interests, which did not change the controlling right				-3.0	-3.0	-17.9	-20.9
Sold shares from non-controlling interests, which did not change the controlling right			-0.1	0.6	0.4	1.3	1.8
<b>Members' funds 31.12.2014</b>	<b>719.1</b>	<b>-7.1</b>	<b>206.7</b>	<b>671.6</b>	<b>1 590.3</b>	<b>467.0</b>	<b>2 057.3</b>

<u>Equity attributable to members of parent company</u>							
EUR million	Mem- bers' capital	Trans- lation differ- ences	Fair value and other reserves	Re- tained earnings	Total	Non- control- ling interest	Total
<b>Members' funds 1.1.2015</b>	<b>719.1</b>	<b>-7.1</b>	<b>206.7</b>	<b>671.6</b>	<b>1 590.3</b>	<b>467.0</b>	<b>2 057.3</b>
Result for the period				216.9	216.9	138.8	355.7
Other comprehensive income, net after tax		4.4	-11.8	11.6	4.2	-5.3	-1.0
<b>Total comprehensive income</b>		<b>4.4</b>	<b>-11.8</b>	<b>228.5</b>	<b>221.1</b>	<b>133.6</b>	<b>354.7</b>
Transactions with owners:							
Dividends paid				-35.3	-35.3	-48.3	-83.6
Change in members' capital	26.6		0.1	-3.0	23.6		23.6
Change in other equity			-0.8		-0.8	56.8	56.0
Transfer from unrestricted to restricted			3.3	-3.3	0.0		0.0
Share based payments				6.2	6.2	0.8	7.0
Acquired shares from non-controlling interests, which did not change the controlling right							0.0
Sold shares from non-controlling interests, which did not change the controlling right			-0.0	0.3	0.3	1.5	1.9
<b>Members' funds 31.12.2015</b>	<b>745.7</b>	<b>-2.7</b>	<b>197.4</b>	<b>865.1</b>	<b>1 805.6</b>	<b>611.3</b>	<b>2 416.9</b>

The notes are an integral part of these financial statements.



**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

EUR million	Note	2015 1–12	2014 1–12
Result for the period	7	355.7	260.3
Total adjustments	7	387.2	305.0
Change in working capital		221.3	198.6
<b>Cash flow arising from operations</b>		<b>964.3</b>	<b>763.9</b>
Net financial items		-71.0	-93.9
Income taxes paid		-97.3	-52.7
<b>Net cash flow arising from operating activities</b>		<b>796.0</b>	<b>617.3</b>
Acquisitions		-2.4	-3.4
Investments in tangible and intangible assets		-491.6	-143.0
Disposals and other items	7	38.6	139.2
<b>Net cash flow arising from investing activities</b>		<b>-455.4</b>	<b>-7.2</b>
Change in members' funds		50.9	67.8
Change in other equity		55.6	0.0
Change in shares of non-controlling interests		0.0	-20.9
Change in long-term loans and other financial items		-179.2	-73.3
Dividends paid		-94.9	-87.9
<b>Net cash flow arising from financing activities</b>		<b>-167.7</b>	<b>-114.3</b>
<b>Change in cash and cash equivalents</b>		<b>172.8</b>	<b>495.8</b>
Cash and cash equivalents at beginning of period		947.9	454.4
Translation difference		-0.1	-2.2
Change in cash and cash equivalents		172.8	495.8
Cash and cash equivalents of assets classified as held for sale		0.2	-0.2
<b>Cash and cash equivalents at end of period</b>		<b>1 120.8</b>	<b>947.9</b>

The notes are an integral part of these financial statements.

## NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

### NOTE 1 – BACKGROUND AND ACCOUNTING POLICIES

Metsäliitto Cooperative and its subsidiaries comprise a forest industry group (“Metsä Group” or “Group”), which operations are organised into five business segments: Wood Supply and Forest Services, Wood Products Industry, Pulp Industry, Paperboard Industry and Tissue and Cooking Papers. Metsä Group’s parent company is Metsäliitto Cooperative. The parent company is domiciled in Helsinki and the registered address is Revontulenpuisto 2, 02100 Espoo, Finland.

This unaudited financial statements bulletin 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.

In 2015 Metsä Group has adopted the following new and amended standards and interpretations:

- 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 unaudited financial statements bulletin was authorised for issue by the Board of Directors of Metsäliitto Cooperative on 3 February 2016.

**NOTE 2 – SEGMENT INFORMATION**

The Group's operating segments are comprised of the Group's business areas. The business areas produce different products and services, and they are managed as separate units. The operating segments are reported uniformly with internal reporting submitted to the chief operational decision-maker. The President and CEO

has been appointed as the chief operational decision-maker in charge of allocating resources to the operating segments and evaluating their performance.

The same accounting policies are applied in segment reporting as for the Group as a whole. Transactions between segments are based on market prices.

**SALES BY SEGMENTS**

EUR million	1–12/2015	1–12/2015	1–12/2015	1–12/2014	1–12/2014	1–12/2014
	External	Internal	Total	External	Internal	Total
Wood Supply and Forest Services	386.9	1 131.3	1 518.1	391.0	1 184.0	1 575.0
Wood Products Industry	799.4	52.9	852.2	836.4	60.5	896.9
Pulp Industry	883.2	561.4	1 444.6	791.1	504.6	1 295.7
Paperboard Industry	1 932.7	74.8	2 007.5	1 939.4	69.1	2 008.4
Tissue and Cooking Papers	1 014.9	0.9	1 015.8	1 012.3	0.5	1 012.8
Other operations	-1.0	5.2	4.1	0.1	9.4	9.6
Elimination of internal sales	-	-1 826.4	-1 826.4	-	-1 828.1	-1 828.1
<b>Total sales</b>	<b>5 016.0</b>	<b>0.0</b>	<b>5 016.0</b>	<b>4 970.3</b>	<b>0.0</b>	<b>4 970.3</b>

**OPERATING RESULT BY SEGMENTS**

EUR million	2015	2014
	1–12	1–12
Wood Supply and Forest Services	29.0	26.7
Wood Products Industry	10.0	34.1
Pulp Industry	337.2	227.9
Paperboard Industry	199.0	116.5
Tissue and Cooking Papers	41.6	61.8
Other operations	52.4	-40.7
Eliminations	-127.1	-9.5
<b>Operating result total</b>	<b>542.1</b>	<b>416.9</b>
Share of results from associated companies and joint ventures	11.2	16.4
Financial costs, net	-84.9	-103.4
Income taxes	-112.6	-69.7
<b>Result for the period</b>	<b>355.7</b>	<b>260.3</b>

Metsä Group's operating result in 2015 includes non-recurring items net of EUR 4.7 million (-1.3). The most significant positive non-recurring items are the gain of EUR 20.8 million from the sale of the shares in Finsilva Oyj and the gain of EUR 17.5 million from the sale of the Gohrsmühle mill. The sale of the shares in Metsä

Wood France SAS in October generated a non-recurring loss of EUR 21.4 million. Provisions and write-offs related to Metsä Tissue's Russian operations and the efficiency programme regarding Metsä Tissue's napkin business in Germany were EUR 13.5 million.

**ASSETS AND LIABILITIES BY SEGMENTS**

<b>Assets</b>	<b>2015</b>	<b>2014</b>
<b>EUR million</b>	<b>31.12.</b>	<b>31.12.</b>
Wood Supply and Forest Services	223.8	262.4
Wood Products Industry	359.7	392.8
Pulp Industry	879.0	709.7
Paperboard Industry	1 889.5	1 873.4
Tissue and Cooking Papers	896.3	899.5
Other operations	261.7	260.3
Assets classified as held for sale	1.6	10.8
Eliminations	-223.2	-238.1
Unallocated assets	1 328.0	1 276.0
<b>Total</b>	<b>5 616.4</b>	<b>5 447.0</b>

Assets = intangible and tangible assets, investments in associated companies and joint ventures, inventories, accounts receivables and other non-interest-bearing receivables (excl. interest and tax items).

<b>Liabilities</b>	<b>2015</b>	<b>2014</b>
<b>EUR million</b>	<b>31.12.</b>	<b>31.12.</b>
Wood Supply and Forest Services	177.9	176.3
Wood Products Industry	105.9	106.7
Pulp Industry	292.8	253.6
Paperboard Industry	441.2	537.3
Tissue and Cooking Papers	300.2	269.4
Other operations	102.5	108.7
Liabilities classified as held for sale	1.1	6.0
Eliminations	-223.2	-238.1
Unallocated liabilities	2 001.1	2 170.0
<b>Total</b>	<b>3 199.5</b>	<b>3 389.8</b>

Liabilities = accounts payable, advance payments and other non-interest-bearing liabilities (excl. interest and tax items).

**NOTE 3 – INCOME TAXES**

Tax expense in the income statement is comprised of the current tax and deferred taxes.

	<b>2015</b>	<b>2014</b>
<b>EUR million</b>	<b>1–12</b>	<b>1–12</b>
Taxes for the period	91.3	62.9
Taxes for the prior periods	10.7	0.7
Change in deferred taxes	10.6	6.0
<b>Total income taxes</b>	<b>112.6</b>	<b>69.7</b>

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

	<b>2015</b>	<b>2014</b>
<b>EUR million</b>	<b>1–12</b>	<b>1–12</b>
Book value at beginning of period	1 831.2	2 012,7
Investments	482.9	130,8
Decreases	-12.6	-16,5
Assets classified as held for sale	-2.0	-3,9
Depreciation and impairment losses	-239.6	-257,9
Translation differences and other changes	-0.7	-34,1
<b>Book value at end of period</b>	<b>2 059.0</b>	<b>1 831,2</b>

Assets classified as held for sale include in 2015 the unsold apartments and parking places of Asunto Oy Tapiolan Pyökki.



Depreciation and impairment losses include an impairment loss of EUR 2.6 million due to the agreement on the sale of the shares in Metsä Wood France SAS. The sale was completed on October 5, 2015. In addition, depreciation and impairment losses include an impairment loss of EUR 2.1 million due to Metsä Tissue's Russian operations and to the closure of one production line in Düren, Germany.

## NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
At 1 January 2015	16.9	18.7	11.7	47.3
Translation differences	0.3	0.1	0.1	0.5
Increases	14.4	1.5	1.7	19.3
Utilised during the year	-8.1	-4.5	-3.8	-15.7
Unused amounts reversed	-2.6	-0.9	-1.8	-7.8
Effect of discounting		0.2		0.2
Liabilities classified as held for sale	-0.4			-0.4
At 31 December 2015	20.4	15.0	7.8	43.3

Of the increase in the restructuring provision EUR 15.7 million and of the unused amounts reversed EUR 4.2 million, are due to Metsä Tissue's Russian operations and to Metsä Tissue's efficiency programme regarding the napkin business in Germany.

Of the unused amounts reversed EUR 3.1 million is due to the provisions made for the closure of Metsä Board's Alizay mill in France and to the sale of Metsä Board's Gohrsmühle mill in Germany.

Of the Metsä Group's total provisions of EUR 43.3 million, the non-current portion was EUR 23.0 million and the current portion EUR 20.3 million. The non-current portion will mostly be paid during 2017.

## NOTE 6 – TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	2015 1–12	2014 1–12
Sales	9.4	9.9
Purchases	90.4	86.6
Non-current receivables	1.0	1.0
Current receivables	3.7	2.2
Non-current liabilities	0.0	0.0
Current liabilities	6.6	5.3

Metsäliitto Cooperative sold 30.13 per cent of the share capital in its associated company Finsilva Oyj on 27 May 2015.

## NOTE 7 – NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### Adjustments to the result for the period

EUR million	2015 1–12	2014 1–12
Taxes	112.6	69.7
Depreciation and impairment charges	258.2	276.2
Biological assets	-1.4	-0.6
Share of results from associated companies	-11.2	-16.4
Gains and losses on sale of non-current financial assets	-51.0	-117.0
Financial costs, net	84.9	103.4
Pension liabilities and provisions	-4.9	-10.2
Total	387.2	305.0

### Disposals and other items

Disposals and other items in 2015 include the sale of Metsäliitto Cooperative's subsidiary Burt Boulton and Haywood Ltd for EUR 4.2 million, the sale of Metsäliitto Cooperative's subsidiary Metsä Wood France SAS for EUR -5.9 million, the sale of Metsä Board Gohrsmühle mill for EUR -38.2 million and the sale of shares (30.13

per cent of the share capital) in Metsäliitto Cooperative's associated company Finsilva Oyj for EUR 60.1 million. In addition, disposals and other items include the sale of apartments and parking places of Asunto Oy Tapiolan Jalava and Asunto Oy Tapiolan Pyökki for EUR 9.1 million, the sale of fixed assets for EUR 10.8 million and sale of other items for EUR -1.6 million.

**Change in other equity**

Change in other equity includes cash less transaction

charges that the Group received from Metsä Board's share issue.

**NOTE 8 – FINANCIAL ITEMS**

Financial assets and liabilities classified according to IAS 39 and fair value.

**Financial assets 31 December 2015**

<b>EUR million</b>	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		227.1				227.1	227.1
Other non-current financial assets	5.8		22.2			28.0	28.0
Account receivables and others			633.9			633.9	633.9
Cash and cash equivalents	62.3		1 058.5			1 120.8	1 120.8
Derivative financial instruments	4.0			1.0		4.9	4.9
<b>Total</b>	<b>72.1</b>	<b>227.1</b>	<b>1 714.5</b>	<b>1.0</b>	<b>0.0</b>	<b>2 014.7</b>	<b>2 014.7</b>

**Financial liabilities 31 December 2015**

<b>EUR million</b>	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 303.5	1 303.5	1 344.3
Other non-current liabilities					4.4	4.4	4.4
Current interest-bearing liabilities					442.3	442.3	446.8
Accounts payable and others					923.3	923.3	923.3
Derivative financial instruments	-1.5			43.6		42.2	42.2
Liabilities classified as held for sale					1.1	1.1	1.1
<b>Total</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.0</b>	<b>43.6</b>	<b>2 674.6</b>	<b>2 716.7</b>	<b>2 762.1</b>

**Financial assets 31 December 2014**

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Available for sale investments		257.1				257.1	257.1
Other non-current financial assets	5.3		14.5			19.7	19.7
Account receivables and others			683.0			683.0	683.0
Cash and cash equivalents	20.4		927.5			947.9	947.9
Derivative financial instruments	1.1			3.0		4.1	4.1
Assets classified as held for sale			2.4			2.4	2.4
<b>Total</b>	<b>26.7</b>	<b>257.1</b>	<b>1 627.4</b>	<b>3.0</b>	<b>0.0</b>	<b>1 914.3</b>	<b>1 914.3</b>

**Financial liabilities 31 December 2014**

EUR million	Fair value through profit and loss	Available for sale financial assets	Loans and other receivables	Derivatives at hedge accounting	Amortised cost	Book value	Fair value
Non-current interest-bearing liabilities					1 373.3	1 373.3	1 420.1
Other non-current liabilities					5.5	5.5	5.5
Current interest-bearing liabilities					528.9	528.9	532.5
Accounts payable and others					824.5	824.5	824.5
Derivative financial instruments	3.1			44.9		47.9	47.9
Liabilities classified as held for sale					5.4	5.4	5.4
<b>Total</b>	<b>3.1</b>	<b>0.0</b>	<b>0.0</b>	<b>44.9</b>	<b>2 737.7</b>	<b>2 785.6</b>	<b>2 836.1</b>

**Fair value hierarchy of financial assets and liabilities 31 December 2015**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Non-current financial assets through profit and loss at fair value		5.8		5.8
Available for sale financial assets	0.1		227.0	227.1
Current financial assets through profit and loss at fair value	62.3			62.3
Derivative financial assets		4.9		4.9
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	34.5	7.6		42.2
<b>Financial assets not measured at fair value</b>				
Financial assets			1 058.5	1 058.5
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing liabilities			1 344.3	1 344.3
Current interest-bearing liabilities			446.8	446.8

**Fair value hierarchy of financial assets and liabilities 31 December 2014**

EUR million	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Non-current financial assets through profit and loss at fair value		5.3		5.3
Available for sale financial assets	0.4		256.8	257.1
Current financial assets through profit and loss at fair value	20.4			20.4
Derivative financial assets		4.1		4.1
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	18.4	29.6		47.9
<b>Financial assets not measured at fair value</b>				
Financial assets		927.5		927.5
<b>Financial liabilities not measured at fair value</b>				
Non-current interest-bearing liabilities		1 420.1		1 420.1
Current interest-bearing liabilities		532.5		532.5

**Financial assets measured at fair value based on level 3**

EUR million	2015	2014
Opening balance 1.1.	256.8	305.4
Gains and losses in income statement	0.7	20.3
Gains and losses in other comprehensive income	-30.3	6.3
Purchases	0.9	1.7
Settlements	-1.0	-77.0
Closing balance 31.12.	227.0	256.8

Assets have been categorised according to paragraphs 27 A and 27 B in IFRS 7 Financial Instruments: Disclosures.

Level 1: Fair value is based on quoted prices in active markets.

Level 2: Fair value is based on inputs observable for the asset either directly or indirectly.

Level 3: Fair value is based on company estimates and not on market data.

The fair values of electric power, natural gas and gas oil derivatives are measured on the basis of publicly quoted market prices (Level 1). The fair values of currency forwards and options are determined on the basis of market prices at the closing date of the reporting period. The fair values of interest rate swaps are measured applying a method based on the present value of future cash flows, supported by market interest rates at the closing date of the reporting period and other market inputs (Level 2). The fair value of financial instruments not traded in an active market is determined using various measurement methods. Discretion is used in choosing the methods and making assumptions based primarily on the market conditions prevailing at the closing date of the reporting period (Level 3).

The accounting policies applied in preparing the financial statements include a more detailed description of the recognition and measurement principles applied.

The most significant item at fair value not traded on an open market is the investment in Pohjolan Voima Oy shares, reported under available-for-sale financial assets. The valuation method is described in the 2014 Financial Statements. The average weighed capital cost applied in the calculation was 2.72 per cent on 31 December 2015 and for the Olkiluoto 3 power plant under construction 5.72 per cent. The acquisition cost of the Pohjolan Voima Oy shares is EUR 43.1 million and their fair value is EUR 219.2 million.

The carrying amount of available-for-sale financial assets would be estimated to be EUR 0.9 million lower or EUR 1.4 million higher should the rate used for discounting the cash flows differ by 10 per cent from the rate estimated by the management. The carrying amount of available-for-sale financial assets would be estimated to be EUR 27.9 million higher or EUR 27.9 million lower should the energy prices applied in the fair value calculation differ by 10 per cent from the rate estimated by the management.



**Derivatives 31 December 2015**

<b>EUR million</b>	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	1 044.2		7.3	-7.3		-9.1		1.8
Total	1 044.2	0.0	7.3	-7.3	0.0	-9.1	0.0	1.8
Currency forwards	1 151.1	4.4	0.3	4.1		-0.4	1.0	3.5
Currency options	176.3	0.1		0.1				0.1
Total	1 327.4	4.6	0.3	4.3	0.0	-0.4	1.0	3.7
Electricity derivatives	80.4		21.6	-21.6		-21.6		
Pulp derivatives	66.6	0.4		0.4		0.4		
Oil derivatives	18.7		7.2	-7.2		-7.2		
Commodity derivatives	24.7		5.7	-5.7		-5.7		
Total	190.4	0.4	34.5	-34.2	0.0	-34.2	0.0	0.0
Derivatives total	2 562.1	4.9	42.2	-37.2	0.0	-43.7	1.0	5.4

**Derivatives 31 December 2014**

<b>EUR million</b>	Nominal value	Assets	Liabilities	Fair value total	Fair value hedges	Cash flow hedges	Equity hedges	Hedge accounting not applied
Interest rate swaps	464.6		12.7	-12.7	3.2	-13.6		-2.3
Total	464.6	0.0	12.7	-12.7	3.2	-13.6	0.0	-2.3
Currency forwards	1 401.2	1.1	14.8	-13.6		-15.4	-0.7	2.5
Currency options	266.6		2.0	-2.0				-2.0
Total	1 667.8	1.1	16.8	-15.7	0.0	-15.4	-0.7	0.5
Electricity derivatives	80.4		9.1	-9.1		-9.0		-0.1
Pulp derivatives	23.9	3.0		3.0		3.0		
Oil derivatives	25.2		8.3	-8.3		-8.3		
Commodity derivatives	9.1		1.1	-1.1		-1.1		
Total	138.5	3.0	18.4	-15.4	0.0	-15.4	0.0	-0.1
Derivatives total	2 270.9	4.1	47.9	-43.8	3.2	-44.3	-0.7	-2.0

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

EUR million	31.12.2015	31.12.2014
Own liabilities for which commitments granted	529.5	584.7
Pledges granted	464.5	421.9
Floating charges	5.9	5.9
Real estate mortgages	381.4	381.8
Chattels mortgage	4.0	4.6
Commitments for own liabilities, total	855.7	814.2
Other commitments on own behalf	53.6	86.6
On behalf of associated companies	1.0	1.4
On behalf of others	4.8	6.0
Total	915.1	908.1

Securities and guarantees include pledges, floating charges, real estate mortgages, chattels mortgage and guarantee liabilities.

The future costs for non-cancellable operating lease contracts were EUR 30.3 million (31.12.2014: 31.7).

**COMMITMENTS RELATED TO INVESTMENTS**

EUR million	31.12.2015	31.12.2014
Payments due under 1 year	409.9	50.4
Payments due in subsequent years	165.7	15.2
Total	575.6	65.6