

METSÄ BOARD CORPORATION

INTERIM REPORT



METSÄ BOARD CORPORATION'S OPERATING RESULT EXCLUDING NON-RECURRING ITEMS WAS EUR 35 MILLION IN JANUARY–MARCH 2016

JANUARY–MARCH 2016 (1–3/2015)

- Sales amounted to EUR 435.6 million (525.7).
- Operating result excluding non-recurring items was EUR 35.0 million (43.2), or 8.0 per cent of sales. Operating result including non-recurring items was EUR 32.7 million (43.1).
- Result before taxes excluding non-recurring items was EUR 30.0 million (32.3). Result before taxes including non-recurring items was EUR 27.7 million (32.2).
- Earnings per share excluding non-recurring items were EUR 0.07 (0.09), and earnings per share including non-recurring items were EUR 0.07 (0.09).

EVENTS IN JANUARY–MARCH 2016

- The demand for paperboards remained at a good level in Europe and the Americas. Price levels were stable.
- The new folding boxboard production line at Husum in Sweden started up in February, slightly behind the original schedule. The company will market the production line's annual volume of 400,000 tonnes to the Americas and for food service packaging, such as cups, plates and trays, globally.
- Standard & Poor's Ratings Services raised Metsä Board Corporation's credit rating by one notch from BB to BB+. The rating outlook was raised from stable to positive.
- Metsä Board's Annual General Meeting was held at Finlandia Hall on 23 March 2016. AGM decided to distribute a dividend of EUR 0.17 per share for the 2015 financial period. The dividend payment date was 5 April 2016.

EVENTS AFTER THE REVIEW PERIOD

- Metsä Board announced it would increase the price of white fresh forest fibre linerboard by EUR 50 per tonne in Europe. The price increase will take effect on 16 May 2016.
- Metsä Board announced to initiate efficiency improvement programme in Husum integrate in Sweden. The efficiency improvement programme targets minimum of EUR 10 million annual cost savings.

PROFIT GUIDANCE FOR APRIL–JUNE 2016

Metsä Board's operating result excluding non-recurring items in the second quarter of 2016 is expected to remain roughly on the same level as in the first quarter of 2016.

Mika Joukio, CEO:

"The result for January–March was at the same level as in the last quarter. Our result was weakened, as expected, by the start-up of the new folding boxboard production line at Husum in Sweden, which is why the production volumes of pulp and paperboard there were low. We expect these factors to have an impact still on the second quarter result, and we keep our guidance the same as in the previous quarter.

Total paperboard deliveries increased from the previous quarter, and the price levels remained stable. In Finland, our paperboard mills were operating at full speed. The demand for lightweight and ecological folding boxboard remained strong in Europe and the Americas.

Exit from the unprofitable paper business reduced our sales considerably in the review period. We estimate that the remaining fine paper production will end completely this year. Our sales are expected to return to a growth path in the next quarter, as our paperboard deliveries will increase along with the new capacity. Our cash flow was weakened by the investment programme at Husum and the changes in working capital. Despite the increase in interest-bearing net debt, our balance sheet remained strong.

The required quality targets for the new folding boxboard at Husum have already been met, and the production volumes are increasing. The first paperboard deliveries to the United States have arrived. Our target is to sell approximately 200,000 tonnes of the new folding boxboard primarily to the Americas and for food service packaging globally in 2016.

After the review period we announced to launch efficiency improvement programme at Husum integrate. We target at least EUR 10 million annual cost savings by harmonizing operating methods and eliminating overlaps at the integrate. We expect the impacts to be evident already this year."

KEY FIGURES

	2016	2015	2015	2015	2015	2015
	Q1	Q4	Q3	Q2	Q1	Q1–Q4
Sales, EUR million	435.6	462.2	497.6	522.0	525.7	2 007.5
EBITDA, EUR million	55.5	59.1	80.8	93.3	69.3	302.5
excl. non-recurring items, EUR million	57.8	59.7	80.8	73.1	69.7	283.3
EBITDA, %	12.7	12.8	16.2	17.9	13.2	15.1
excl. non-recurring items, %	13.3	12.9	16.2	14.0	13.3	14.1
Operating result, EUR million	32.7	34.1	54.6	67.2	43.1	199.0
excl. non-recurring items, EUR million	35.0	35.1	54.6	47.0	43.2	179.9
EBIT, %	7.5	7.4	11.0	12.9	8.2	9.9
excl. non-recurring items, %	8.0	7.6	11.0	9.0	8.2	9.0
Result before taxes, EUR million	27.7	29.4	47.5	58.0	32.2	167.1
excl. non-recurring items, EUR million	30.0	30.4	47.5	40.0	32.3	150.2
Result for the period, EUR million	23.9	26.5	26.8	54.7	29.3	137.3
excl. non-recurring items, EUR million	25.7	27.5	26.4	36.9	29.4	120.2
Result per share, EUR	0.07	0.07	0.08	0.15	0.09	0.39
excl. non-recurring items, EUR	0.07	0.07	0.08	0.10	0.09	0.34
Return on equity, %	9.5	10.4	10.6	22.5	13.2	14.7
excl. non-recurring items, %	10.2	10.8	10.4	15.2	13.2	12.9
Return on capital employed, %	7.8	8.1	13.0	16.5	11.0	12.5
excl. non-recurring items, %	8.3	8.3	13.0	11.6	11.0	11.3
Equity ratio at end of period, %	44.4	46.5	45.6	45.9	40.8	46.5
Gearing ratio at end of period, %	70	64	66	67	73	64
Net gearing ratio at end of period, %	42	32	34	39	34	32
Shareholders' equity per share at end of period, EUR	2.77	2.89	2.86	2.83	2.63	2.89
Interest-bearing net liabilities, EUR million	412.3	333.4	344.2	389.0	318.9	333.4
Gross investments, EUR million	54.3	60.8	44.8	48.3	23.9	177.8
Net cash flow from operating activities, EUR million	-22.3	65.9	92.5	55.8	32.5	246.7
Deliveries, 1,000 tonnes						
Paperboard	378	365	373	366	345	1,449
Non-core operations	15	65	118	138	156	478
Personnel at the end of period	2,573	2,601	2,642	2,850	3,158	2,601

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

INTERIM REPORT 1 JANUARY – 31 MARCH 2016

JANUARY–MARCH 2016 (10–12/2015)

SALES AND RESULT

Metsä Board's sales amounted to EUR 435.6 million (462.2). Sales were reduced by the considerable decrease in paper deliveries. The operating result was EUR 32.7 million (34.1), and the operating result excluding non-recurring items was EUR 35.0 million (35.1). The non-recurring items resulted from the restructuring costs of the Simpele paperboard mill.

The operating result excluding non-recurring items was at the same level as in the previous quarter, as expected. The operating result was weakened by the start-up of the new folding boxboard production line at Husum, which is why the production volumes of pulp and paperboard there were low. The result for the review period was also affected by the decrease in the price of market pulp.

In January–March, the delivery volume of Metsä Board's folding boxboard and white fresh forest fibre linerboard totalled 369,000 tonnes (355,000), and the delivery volume of papers reported in the Non-core Operations segment was 15,000 tonnes (65,000).

The average prices of paperboards produced at Metsä Board's mills in Finland remained stable.

There were no significant changes in the total production costs. In January–March, currency hedging expenses were at the same level as in the previous quarter.

The net cash flow of the operations was EUR -22.3 million (65.9). The cash flow was weakened primarily by the investment programme at Husum and the resulting changes in working capital.

Net interest and other financial income and expenses amounted to EUR -6.5 million (-6.6). Financial income and expenses totalled EUR -4.9 million (-4.7) in the review period. Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments were EUR 1.6 million (1.9).

The result before taxes for the review period was EUR 27.7 million (29.4). The result before taxes excluding non-recurring items was EUR 30.0 million (30.4). Income taxes amounted to EUR -3.9 million (-2.9).

Earnings per share were EUR 0.07 (0.07). The return on equity was 9.5 per cent (10.4), and the return on equity excluding non-recurring items was 10.2 per cent (10.8). The return on capital employed was 7.8 per cent (8.1), and the return on capital employed excluding non-recurring items was 8.3 per cent (8.3).

JANUARY–MARCH 2016 (1–3/2015)

SALES AND RESULT

Metsä Board's sales amounted to EUR 435.6 million (525.7). Sales were reduced by the considerable decrease in paper deliveries. The operating result was EUR 32.7 million (43.1), and the operating result excluding non-recurring items was EUR 35.0 million (43.2).

The operating result was weakened by the start-up of the new folding boxboard production line at Husum, which is why the production volumes of pulp and paperboard there were low. Fluctuations in pulp prices also affected the result for the review period.

The combined delivery volume of Metsä Board's folding boxboard and white fresh forest fibre linerboard totalled 369,000 tonnes in January–March (334,000). The delivery volume of the papers to be reported in the Non-core Operations segment was 15,000 tonnes (156,000).

There were no significant changes in the total production costs. Currency hedging expenses were lower than in the comparison period.

Net interest and other financial income and expenses were EUR -6.5 million (-7.2). Financial income and expenses totalled EUR -4.9 million (-11.0). Foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments were EUR 1.6 million (-3.8).

The result before taxes for the review period was EUR 27.7 million (32.2). The result before taxes excluding non-recurring items was EUR 30.0 million (32.3). The impact of income taxes was EUR -3.9 million (-2.9).

Earnings per share were EUR 0.07 (0.09). Earnings per share excluding non-recurring items were EUR 0.07 (0.09). The return on equity was 9.5 per cent (13.2), and the return on equity excluding non-recurring items was 10.2 per cent (13.2). The return on capital employed was 7.8 per cent (11.0), and the return on capital employed excluding non-recurring items was 8.3 per cent (11.0).

PERSONNEL

At the end of March, the number of personnel was 2,573 (3,158), of whom 1,514 (1,481) were based in Finland. In January–March, Metsä Board employed 2,565 people (3,102) on average. Personnel expenses totalled EUR 57.1 million (61.7).

INVESTMENTS

Gross investments in January–March totalled EUR 54.3 million (23.9), primarily targeting the investment programme at Husum.

BUSINESS DEVELOPMENT

Demand for Metsä Board's lightweight and ecological fresh forest fibre paperboards continued to be strong at the beginning of the year. In Europe, the market situation remained stable despite the uncertain economic situation, and demand was at a good level in the Americas as well. The new folding boxboard capacity enables Metsä Board to better meet the increasing global demand for paperboards.

The investment programme at Husum was completed with the start-up of the new folding boxboard production line at the Husum mill in Sweden in February. It is estimated that the investment programme will have a positive impact of approximately EUR 50 million on Metsä Board's annual operating result. The result improvement is expected to be realised in full starting from 2018. The company's remaining production of uncoated fine paper reels is likely to end as early as 2016.

Metsä Board will expand its range of paperboards for food service packaging by investing approximately EUR 38 million in an extrusion coating line and the supporting infrastructure at the Husum mill in Sweden. The extrusion coating line will be commissioned at the beginning of 2017, and its paperboard coating capacity will be approximately 100,000 tonnes per year. Slightly over half of the investment value will be realised in 2016. The company will also continue to develop other barrier solutions.

Metsä Board will invest EUR 24.9 million in the new bio-product mill being built by its associated company Metsä Fibre. Metsä Board's holding in Metsä Fibre remains unchanged, at 24.9 per cent, after the investment. The company has no other financial commitments in the project. The investment will increase Metsä Board's annual pulp capacity by approximately 200,000 tonnes starting from 2018. The investment will be made in the second quarter of 2016.

DECISIONS MADE AT THE 2016 ANNUAL GENERAL MEETING

On 23 March 2016, Metsä Board's Annual General Meeting adopted the company's financial statements for the financial year 2015 and decided to distribute a dividend of EUR 0.17 per share. The Annual General Meeting also decided to keep the annual remuneration of the Board members unchanged.

The Annual General Meeting confirmed the number of the members of the Board of Directors as nine (9). The following individuals were elected as members of the Board: Mikael Aminoff, Martti Asunta, Kari Jordan, Kirsi Komi, Kai Korhonen, Liisa Leino, Juha Niemelä, Veli Sundbäck, and Erkki Varis. At its constitutive meeting, the Board of Directors elected Kari Jordan as Chairman and Martti Asunta as Vice Chairman. The term of office

of the Board members expires at the end of the next Annual General Meeting.

Metsä Board issued a stock exchange release on the decisions made by the Annual General Meeting and the organisation of the Board of Directors on 23 March 2016. More detailed information on the decisions of the Annual General Meeting and introductions of the Board members are available on Metsä Board's website at: <http://www.metsaboard.com/Investors/General-Meeting>.

LEGAL PROCEEDINGS

In May 2014, Metsä Board petitioned the District Court of Helsinki to 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 petition. Metsä Board decided in September to appeal the District Court's judgment to the Court of Appeal.

In the autumn of 2015, the Finnish Tax Administration gave an opinion against the deductibility of certain losses in Metsä Board Corporation's 2014 taxation. The company recognised around EUR 15 million in previously unrecognised income taxes in its result for the third quarter of the year. Metsä Board has appealed against the decision issued by the Tax Administration, as the company believes the losses are deductible.

FINANCING

Metsä Board's equity ratio at the end of March was 44.4 per cent (31 December 2015: 46.5) and the net gearing ratio was 42 per cent (32). The ratio of net liabilities to 12-month rolling EBITDA excluding non-recurring items was 1.5 (1.2) at the end of the review period.

The fair value of investments available for sale was EUR 199.5 million (210.2) at the end of the review period. The change in the fair value, EUR -10.7 million, was related to the decrease in the fair value of Pohjolan Voima Oy's shares.

The amount of defined benefit pension obligations increased due to the decrease in the discount rate, and EUR -1.8 million after taxes was recognised in other comprehensive income items.

At the end of March, interest-bearing net liabilities totalled EUR 412.3 million (333.4), and interest-bearing liabilities totalled EUR 694.3 (658.9). Foreign currency-denominated loans accounted for 0.5 per cent of the loans and floating-rate loans for 42 per cent, with the rest being fixed-rate loans. At the end of March, the average interest rate on loans was 3.7 per cent (3.8), and the average maturity of long-term loans was 2.3 years (2.6). The interest rate maturity of loans was 17.3 months (20.6) at the end of March. During the period, the interest rate maturity has varied between 17 and 21 months.

The cash flow from operations in January–March was EUR -22.3 million (Q1–Q4/2015: 246.7). Working capital increased by EUR 72.4 million in January–March (decreased by 72.2 in Q1–Q4/2015). The working capital was increased by the increase in the finished products inventory, reduced trade payables as well as advance payments of TyEL pension premiums.

At the end of the review period, an average of 4.1 months of the net foreign currency exposure was hedged. The degree of hedging varied between three and five months, on average, 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. The company 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 443.0 million (486.5), consisting of the following items: liquid assets and investments of EUR 278.3 million, revolving credit facility of EUR 100.0 million, and undrawn pension premium (TyEL) funds of EUR 64.7 million. Of the liquid assets, EUR 267.8 million consisted of short-term deposits with Metsä Group Treasury, and EUR 10.5 million were cash funds and investments. Other interest-bearing receivables amounted to EUR 3.7 million. In addition, 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 one notch from BB to BB+ in February. The rating outlook was raised from stable to positive. The raised credit rating does not have any impact on Metsä Board's current financial expenses.

SHARES

In January–March, the highest price for Metsä Board's A share on the Nasdaq Helsinki was EUR 6.93, the lowest price was EUR 5.00, and the average price was EUR 5.91. At the end of March, the price of the A share was EUR 5.80. The average daily trading volume was 3,961 shares.

In January–March, the highest price for Metsä Board's B share was EUR 7.15, the lowest price was EUR 5.06, and the average price was EUR 5.89. At the end of March, the price of the B share was EUR 5.88. The average daily trading volume was 544,497 shares.

In January–March, the total trading volume of the A share was EUR 1.4 million, and the total trading volume of the B share was EUR 195.4 million. At the end of March, the market value of the A shares was EUR

208.2 million, and the market value of the B shares was EUR 1.9 billion.

Metsä Board's market cap segment changed in Nasdaq's Nordic listing. As of the beginning of 2016, Metsä Board is included in the Large Cap segment of companies with a market value of over EUR 1 billion.

At the end of March, Metsäliitto Cooperative owned 42 per cent of the shares, and the voting rights conferred by these shares was 61 per cent. International and nominee-registered investors held 20 per cent of the shares (31 March 2015: 16%).

The company does not hold any treasury shares.

NEAR-TERM RISKS AND UNCERTAINTIES

Considerable uncertainties exist in the global economy. If realised, they may result in weakened demand and reduced prices for paperboard and pulp products. The imbalance in supply and demand may impact the prices of end products and, therefore, Metsä Board's profitability.

Metsä Board is focusing on the active development and growth of its paperboard business. The company's paperboard capacity will grow considerably in 2016. Growing the paperboard business and bringing new products to the market are contingent on successful growth in sales in Europe and, in particular, in the Americas. Growing sales globally is also associated with cost and exchange rate risks.

There are several geopolitical risk concentrations around the world, and forecasting developments in them is difficult. 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 paperboards and, therefore, on Metsä Board's result.

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 of and demand for finished products, raw material costs, the price of energy, and the exchange rate development of the euro compared to the company's main currencies.

In 2016, the US dollar strengthening by 10% compared to the euro would have a positive impact of approximately EUR 60 million on Metsä Board's annual operating result. Correspondingly, the Swedish krona strengthening by 10% would have a negative impact of approximately EUR 30 million. The British pound strengthening by 10% would have a positive impact of approximately EUR 10 million. The impact of weakened exchange rates would be the opposite. These sensitivities are presented before the impact of hedging.

More information about longer-term risk factors can also be found on pages 24–25 of Metsä Board's 2015 Annual Report.

NEAR-TERM OUTLOOK

Metsä Board's paperboard deliveries are expected to grow in April–June from the first quarter of 2016. Also, sales are expected to return to growth. The start-up phase and start-up volumes of the new folding boxboard machine will have an impact on the second quarter result. In addition, the result is weakened by more significant maintenance shutdowns compared to first quarter.

Total production costs in April–June are expected to remain at approximately the level of the first quarter of 2016.

Demand for paperboard is expected to remain stable in both Europe and the Americas. The market prices of folding boxboard and white fresh forest fibre linerboard are expected to remain stable.

The global demand for and supply of long- and short-fibre pulp is expected to remain stable.

The company estimates that the full production capacity of Husum's new folding boxboard production machine will be reached by the end of 2016. The target is to sell approximately 200,000 tonnes of the new folding boxboard from Husum to the Americas and for food service packaging globally in 2016.

PLANNED MAJOR MAINTENANCE SHUT-DOWNS IN 2016

- Q3/2016: Kemi mill
- Q4/2016: Husum mill

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

4 August 2016, January–June 2016 Interim Report
2 November 2016, January–September 2016 Interim Report

EVENTS AFTER THE REVIEW PERIOD

- Metsä Board announced it would increase the price of white fresh forest fibre linerboard by EUR 50 per tonne in Europe. The price increase will take effect on 16 May 2016.
- Metsä Board announced to initiate efficiency improvement programme in Husum integrate in Sweden. The efficiency improvement programme targets minimum of EUR 10 million annual cost savings.

PROFIT GUIDANCE FOR APRIL–JUNE 2016

Metsä Board's operating result excluding non-recurring items in the second quarter of 2016 is expected to remain roughly on the same level as in the first quarter of 2016.

METSÄ BOARD CORPORATION

Espoo, Finland, 3 May 2016
BOARD OF DIRECTORS

More information:

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More information will be available from 1 p.m. on 3 May 2016. 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)20 3427 1912
US: +1 646 254 3366
Conference ID: 9263834.

REPORTING SEGMENTS
PAPERBOARD SEGMENT

	2016	2015	2015	2015	2015	2015
	Q1	Q4	Q3	Q2	Q1	Q1–Q4
Sales, EUR million	399.6	399.5	412.7	408.3	391.1	1,611.6
EBITDA, EUR million	59.9	66.5	81.0	75.9	76.4	299.7
excl. non-recurring items	62.2	66.5	81.0	75.9	76.4	299.7
Operating result, EUR million	39.7	51.0	64.9	59.8	60.9	236.6
excl. non-recurring items	42.0	51.0	64.9	59.8	60.6	236.3
excl. non-recurring items, %	10.5	12.8	15.7	14.6	15.5	14.7
Return on capital employed, %	11.8	16.6	21.4	20.2	21.3	20.0
excl. non-recurring items, %	12.5	16.6	21.4	20.2	21.2	19.9
Deliveries, Paperboard 1,000 t	378	365	373	366	345	1,449
Deliveries, Market Pulp 1,000 t	144	134	123	142	150	549
Production, Paperboard, 1,000 t	405	375	367	376	363	1,481
Production, Metsä Board Pulp 1,000 t	309	257	318	302	328	1,206
Personnel at the end of period	1,789	1,423	1,394	1,565	1,367	1,423

JANUARY–MARCH 2016 (10–12/2015)

Sales before non-recurring items for the Paperboard segment in January–March remained at the same level as in the previous quarter, being EUR 399.6 million (399.5).

The segment's operating result excluding non-recurring items for January–March weakened and was EUR 42.0 million (51.0). The operating result for January–March included EUR -2.3 million (EUR 0.0 million) of non-recurring items related to the adjustment measures at the Simpele mill. The mill's operating model was reformed, and, in addition, one of the sheet cutters was shut down. The statutory labour negotiations resulted in the termination of 42 employee's contracts.

The operating result for the review period was weakened by the start-up of the new paperboard production line at Husum, which is why the production volumes of pulp and paperboard there were low. The result for the review period was also affected by the decrease in the price of market pulp.

Metsä Board's total delivery volumes of paperboard and market pulp increased from the comparison period.

The average prices of paperboards produced at Metsä Board's mills in Finland remained stable. The euro- and dollar-denominated market prices of long- and short-fibre pulp decreased.

Total production costs remained stable.

Metsä Board has traded pulp to Sappi since 2009, which ended in February. The discontinuation of the trading will not impact the company's operating result

for the current year, but 2016 sales will decrease by approximately EUR 60 million.

Deliveries by European folding boxboard producers decreased by 2 per cent. Metsä Board's folding boxboard deliveries increased by 2 per cent.

JANUARY–MARCH 2016 (1–3/2015)

The operating result excluding non-recurring items for the Paperboard segment weakened from the corresponding period in the previous year and totalled EUR 42.0 million (60.6). The operating result for January–March included EUR -2.3 million (+0.3) of non-recurring items.

The operating result was weakened by the start-up of the new folding boxboard production line at Husum, which is why the production volumes of pulp and paperboard there were low. Fluctuations in pulp prices also affected the result for the review period.

The total delivery volumes of Metsä Board's paperboards increased clearly from the corresponding period

in the previous year. Market pulp deliveries decreased slightly.

The average prices of Metsä Board's paperboards remained stable. The euro- and dollar-denominated market prices of long-fibre pulp decreased clearly. The euro- and dollar-denominated market prices of short-fibre pulp increased.

Total production costs remained stable.

Deliveries by European folding boxboard producers decreased by 2 per cent. Metsä Board's folding boxboard deliveries increased by 11 per cent.

NON-CORE OPERATIONS SEGMENT

	2016	2015	2015	2015	2015	2015
	Q1	Q4	Q3	Q2	Q1	Q1–Q4
Sales, EUR million	17.5	50.5	85.4	108.6	128.4	372.8
EBITDA, EUR million	2.1	-0.1	8.1	26.4	6.0	40.4
excl. non-recurring items	2.1	-0.1	8.2	6.2	6.4	20.7
Operating result, EUR million	0.2	-8.8	-1.3	16.7	-3.6	3.0
excl. non-recurring items	0.2	-8.4	-1.3	-3.4	-3.2	-16.3
excl. non-recurring items, %	1.1	-16.7	-1.5	-3.1	-2.5	-4.4
Return on capital employed, %	0.7	-17.5	-2.2	30.1	-7.0	1.5
excl. non-recurring items, %	0.7	-16.8	-2.2	-6.2	-6.2	-8.3
Deliveries, 1,000 t	15	65	118	138	156	478
Production, 1,000 t	12	38	113	126	153	430
Personnel at the end of period	113	546	631	646	1,169	546

JANUARY–MARCH 2016 (10–12/2015)

The considerable decline in paper deliveries reduced the segment's sales, which were EUR 17.5 million (50.5). The operating result excluding non-recurring items was EUR 0.2 million (-8.4).

The delivery volumes of Metsä Board's uncoated fine paper reels continued to decrease. The company estimates that the remaining paper production will end completely in 2016. The previous estimate was the end of 2017.

Total deliveries by European uncoated fine paper producers increased by 1 per cent compared to the comparison period. Metsä Board's deliveries of uncoated fine paper decreased by 74 per cent.

JANUARY–MARCH 2016 (1–3/2015)

The considerable decline in paper deliveries reduced the segment's sales, which were EUR 17.5 million (128.4). The operating result excluding non-recurring items was EUR 0.2 million (-3.2). The operating result was improved by the divestment of the loss-making Gohrsmühle mill in the second quarter of 2015.

Metsä Board's deliveries of uncoated fine paper decreased considerably from the comparison period.

When paper production at Husum ends completely, paper capacity of approximately 600,000 tonnes will have been removed from the market compared to 2014.

Total deliveries by European uncoated fine paper producers decreased by 5 per cent compared to the comparison period. Metsä Board's deliveries of uncoated fine paper decreased by 83 per cent.

SALES AND RESULT BY SEGMENT

EUR million	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2015 Q1–Q4
Paperboard	399.6	399.5	412.7	408.3	391.1	1,611.6
Non-core operations	17.5	50.5	85.4	108.6	128.4	372.8
Other operations	73.8	76.5	62.5	71.4	69.4	279.7
Internal sales	-55.3	-64.3	-63.0	-66.3	-63.3	-256.6
Sales	435.6	462.2	497.6	522.0	525.7	2,007.5
Paperboard	59.9	66.5	81.0	75.9	76.4	299.7
Non-core operations	2.1	-0.1	8.1	26.4	6.0	40.4
Other operations	-6.5	-7.3	-8.2	-9.0	-13.1	-37.6
EBITDA	55.5	59.1	80.9	93.3	69.3	302.5
% of sales	12.7	12.8	16.2	17.9	13.2	15.1
Paperboard	39.7	51.0	64.9	59.8	60.9	236.6
Non-core operations	0.2	-8.8	-1.3	16.7	-3.6	3.0
Other operations	-7.2	-8.1	-9.0	-9.3	-14.2	-40.6
Operating result	32.7	34.1	54.6	67.2	43.1	199.0
% of sales	7.5	7.4	11.0	12.9	8.2	9.9
Non-recurring items in operating result						
Paperboard	-2.3	0.0	0.0	0.0	0.3	0.3
Non-core operations	0.0	-0.4	0.0	20.1	-0.4	19.3
Other operations	0.0	-0.5	0.0	0.1	0.0	-0.5
Group	-2.3	-0.9	0.0	20.2	-0.1	19.2
Paperboard	62.2	66.5	81.0	75.9	76.4	299.7
Non-core operations	2.1	-0.1	8.1	6.2	6.4	20.7
Other operations	-6.5	-6.7	-8.3	-9.0	-13.1	-37.1
EBITDA, excl. non-recurring items	57.8	59.7	80.8	73.1	69.7	283.3
% of sales	13.3	12.9	16.2	14.0	13.3	14.1
Paperboard	42.0	51.0	64.9	59.8	60.6	236.3
Non-core operations	0.2	-8.4	-1.3	-3.4	-3.2	-16.3
Other operations	-7.2	-7.6	-9.0	-9.4	-14.2	-40.2
Operating result, excl. non-recurring items	35.0	35.1	54.6	47.0	43.2	179.9
% of sales	8.0	7.6	11.0	9.0	8.2	9.0
Operating result, excl. non-recurring items, % of sales						
Paperboard	10.5	12.8	15.7	14.6	15.5	14.7
Non-core operations	1.1	-16.7	-1.5	-3.1	-2.5	-4.4
Group	8.0	7.6	11.0	9.0	8.2	9.0

EUR million	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2015 Q1–Q4
Return on capital employed %						
Paperboard	11.8	16.6	21.4	20.2	21.3	20.0
Non-core operations	0.7	-17.5	-2.2	30.1	-7.0	1.5
Group	7.8	8.1	13.0	16.5	11.0	12.5
Return on capital employed excluding non-recurring items, %						
Paperboard	12.5	16.6	21.4	20.2	21.2	19.9
Non-core operations	0.7	-16.8	-2.2	-6.2	-6.2	-8.3
Group	8.3	8.3	13.0	11.6	11.0	11.3
Capital employed, EUR million						
Paperboard	1,439.2	1,247.2	1,210.4	1,213.5	1,160.5	1,247.2
Non-core operations	45.8	181.7	218.8	246.0	197.6	181.7
Unallocated and eliminations	195.1	258.9	256.7	219.5	261.3	258.9
Group	1,680.2	1,687.8	1,685.9	1,679.0	1,619.4	1,687.8

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

1000 t	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2015 Q1–Q4
Paperboard	378	365	373	366	345	1,449
Non-core operations	15	65	118	138	156	478
Market Pulp	144	134	123	142	150	549

PRODUCTION

1000 t	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2015 Q1–Q4
Paperboard	405	375	367	376	363	1,481
Non-core operations	12	38	113	126	153	430
Metsä Fibre pulp ¹⁾	146	148	143	147	147	586
Metsä Board pulp	309	257	318	302	328	1,206

¹⁾ 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 re- ceived)
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)

Operating result and Return on capital employed excluding non-recurring items

Exceptional and material items not incurred in ordinary course of business have been eliminated from operating result excluding non-recurring items, and they have been allocated to operating segments. Reconciliation of operating result under IFRS and operating result excluding non-recurring items has been provided in this interim report. Return on capital employed has been calculated with the same adjustments as the operating result excluding non-recurring items and has been further adjusted with non-recurring items of financial income when applicable.

It is Metsä Board's view that the key performance measures adjusted in this manner improve comparability between reporting periods. None of the performance measures calculated without non-recurring items constitute performance measures used in IFRS reporting and cannot be compared to performance measures with the same name provided by other companies.

Typical non-recurring items include material gains and losses on disposals of assets, impairments and impairment reversals in accordance with IAS 36 Impairment of Assets standard, restructuring costs and their adjustments as well as items arising from legal proceedings.

FINANCIAL STATEMENTS
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	Q1 2016	Q1 2015	Q1–Q4 2015
Sales	2, 6	435.6	525.7	2,007.5
Change in stocks of finished goods and work in progress		16.2	1.0	-15.1
Other operating income	2, 6	6.0	8.0	47.7
Material and services	6	-321.7	-373.7	-1,408.0
Employee costs		-57.1	-61.7	-234.5
Share of results of associated companies and joint ventures	6	12.2	14.8	61.3
Depreciation, amortisation and impairment losses		-22.9	-26.1	-103.5
Other operating expenses		-35.7	-44.9	-156.4
Operating result	2	32.7	43.1	199.0
Share of results of associated companies and joint ventures		0.0	0.1	0.1
Net exchange gains and losses		1.6	-3.8	-3.4
Other net financial items	2, 6	-6.5	-7.2	-28.6
Result before income tax		27.7	32.2	167.1
Income taxes	3	-3.9	-2.9	-29.8
Result for the period		23.9	29.3	137.3

EUR million	Note	Q1 2016	Q1 2015	Q1–Q4 2015
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on defined pension plans		-2.4	-3.8	6.3
Income tax relating to items that will not be reclassified		0.6	0.4	-2.7
Total		-1.8	-3.4	3.6
Items that may be reclassified to profit or loss				
Cash flow hedges		10.5	-6.9	-2.9
Available for sale financial assets	8	-10.7	12.0	-23.0
Translation differences		-2.2	4.4	7.0
Share of other comprehensive income of associated companies		-2.0	-0.8	0.3
Income tax relating to components of other comprehensive income		0.1	-1.0	5.5
Total		-4.3	7.7	-13.1
Other comprehensive income, net of tax		-6.2	4.3	-9.5
Total comprehensive income for the period		17.7	33.6	127.8
Result for the period attributable to				
Shareholders of parent company		23.9	29.3	137.3
Non-controlling interests		0.0	0.0	0.0
Total comprehensive income for the period attributable to				
Shareholders of parent company		17.7	33.6	127.8
Non-controlling interests		0.0	0.0	0.0
Total		17.7	33.6	127.8
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.07	0.09	0.39

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Note	As of 31 Mar 2016	As of 31 Mar 2015	As of 31 Dec 2015
ASSETS				
Non-current assets				
Goodwill		12.4	12.7	12.4
Other intangible assets		13.0	15.4	13.7
Tangible assets	4	843.1	737.5	812.3
Investments in associated companies and joint ventures		237.5	212.3	260.2
Available for sale investments	8	199.5	245.3	210.2
Other non-current financial assets	6, 8	13.1	10.9	14.6
Deferred tax receivables	2	4.5	17.6	4.5
		1,322.9	1,251.7	1,327.9
Current assets				
Inventories		315.3	344.1	299.3
Accounts receivables and other receivables	6, 8	314.9	340.4	271.1
Cash and cash equivalents	6, 8	278.3	360.0	321.8
		908.5	1,044.5	892.2
Total assets		2,231.4	2,296.2	2,220.1
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		985.9	934.0	1,028.9
Non-controlling interests		0.0	0.0	0.0
Total equity		985.9	934.0	1,028.9
Non-current liabilities				
Deferred tax liabilities		78.5	77.1	80.2
Post-employment benefit obligations	2	15.5	114.8	14.6
Provisions	5	8.9	17.6	8.3
Borrowings	8	561.8	580.9	611.3
Other liabilities	8	10.5	8.2	11.5
		675.2	798.6	725.9
Current liabilities				
Provisions	5	10.5	15.8	13.8
Current borrowings	6, 8	132.5	104.5	47.6
Accounts payable and other liabilities	6, 8	427.3	443.3	403.9
		570.3	563.6	465.3
Total liabilities		1,245.5	1,362.2	1,191.2
Total shareholders' equity and liabilities		2,231.4	2,296.2	2,220.1

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	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2015		557.9	6.9	132.1	284.8	-140.3	841.4	0.0	841.4
Comprehensive income for the period									
Result for the period						29.3	29.3	0.0	29.3
Other comprehensive income net of tax total			5.5	2.2		-3.4	4.3		4.3
Comprehensive income total			5.5	2.2		25.9	33.6	0.0	33.6
Share based payments						0.0	0.0		0.0
Related party transactions									
Share issue net of transaction costs					98.4		98.4		98.4
Dividends paid						-39.4	-39.4		-39.4
Shareholders' equity, 31 Mar 2015		557.9	12.4	134.3	383.2	-153.8	934.0	0.0	934.0

EUR million	Note	Share capital	Translation differences	Fair value and other reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2016		557.9	14.2	111.7	383.1	-38.0	1,028.9	0.0	1,028.9
Comprehensive income for the period									
Result for the period						23.9	23.9		23.9
Other comprehensive income net of tax total			-1.9	-2.5		-1.8	-6.2		-6.2
Comprehensive income total			-1.9	-2.5		22.1	17.7		17.7
Share based payments						-0.3	-0.3		-0.3
Related party transactions									
Dividends paid						-60.4	-60.4		-60.4
Shareholders' equity, 31 Mar 2016		557.9	12.3	109.2	383.1	-76.7	985.9	0.0	985.9

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Q1 2016	Q1 2015	Q1–Q4 2015	Q4 2015
EUR million	Note				
Result for the period		23.9	29.3	137.3	26.5
Total adjustments	7	15.1	22.8	66.3	7.6
Change in working capital		-72.4	-29.1	72.2	53.8
Cash flow from operations		-33.4	23.0	275.8	87.9
Net financial items	7	22.4	11.9	-7.8	-5.5
Income taxes paid		-11.3	-2.4	-21.3	-16.5
Net cash flow from operating activities		-22.3	32.5	246.7	65.9
Acquisition of other shares				-1.5	-1.5
Investments in intangible and tangible assets		-53.7	-23.6	-175.0	-57.7
Disposals and other items	6,7	-0.5	0.5	-30.6	5.2
Net cash flow from investing activities		-54.2	-23.1	-207.1	-54.0
Right issue net of transaction costs			98.0	97.9	
Changes in non-current loans and in other financial items	6	33.8	1.7	-27.7	-12.8
Dividends paid				-39.4	
Net cash flow from financing activities		33.8	99.7	30.8	-12.8
Changes in cash and cash equivalents		-42.7	109.1	70.4	-0.9
Cash and cash equivalents at beginning of period	6	321.8	250.4	250.4	321.7
Translation difference in cash and cash equivalents		-0.7	0.5	1.0	1.0
Changes in cash and cash equivalents		-42.7	109.1	70.4	-0.9
Cash and cash equivalents at end of period	6	278.3	360.0	321.8	321.8

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 fibre cartonboards and linerboards. 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 2015 IFRS financial statements. The same accounting policies have been applied as in the 2015 IFRS financial statements with the following exception:

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

The Group has adopted the following new standards and amendments to existing standards on 1 January 2016:

Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative: The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The amendments are not deemed to have a material impact on consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations: The amendments add new guidance to IFRS 11 on how to account for the acquisition of an interest in a joint operation that constitutes a business, i.e. business combination accounting is required to be applied. The amendment does not have an impact on consolidated financial statements.

Annual Improvements to IFRSs, 2012–2014 cycle): 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 four standards. Their impacts vary standard by standard but are not significant.

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

This interim report was authorised for issue by the Board of Directors of Metsä Board on 3 May 2016.

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 business operations are divided into two business areas which also constitute operating segments: 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 which will likely end during 2016 as well as Gohrsmühle mill's cast coated and label paper businesses until May 2015. Capital employed related to Metsä Board's Pohjolan Voima Oy ownership is reported under Paperboard segment.

The 24.9 per cent ownership of and associate company result from Metsä Fibre is almost wholly 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.

Sales by operating segments

EUR million	Q1 2016			Q1 2015		
	External	Internal	Total	External	Internal	Total
Paperboard	399.6	0.0	399.6	391.1	0.0	391.1
Non-core operations	14.6	2.8	17.5	125.2	3.2	128.4
Other operations	21.4	52.4	73.8	9.4	60.5	69.9
Elimination of intersegment sales		-55.3	-55.3		-63.7	-63.7
Total sales	435.6	0.0	435.6	525.7	0.0	525.7

EUR million	Q1–Q4 2015		
	External	Internal	Total
Paperboard	1,611.6	0.0	1,611.6
Non-core operations	364.8	7.9	372.8
Other operations	31.0	248.7	279.7
Elimination of intersegment sales		-256.6	-256.6
Total sales	2,007.5	0.0	2,007.5

Operating result by operating segments

EUR million	Q1	Q1	Q1–Q4
	2016	2015	2015
Paperboard	39.7	60.9	236.6
Non-core operations	0.2	-3.6	3.0
Other operations	-7.2	-14.2	-40.6
Operating result total	32.7	43.1	199.0
Share of profit from associated companies	0.0	0.1	0.1
Finance costs, net	-4.9	-11.0	-32.0
Income taxes	-3.9	-2.9	-29.8
Result for the period	23.9	29.3	137.3

Reconciliation of operating result

EUR million	Q1	Q1	Q1–Q4
	2016	2015	2015
Operating result (IFRS)	32.7	43.1	199.0
Non-recurring items:			
Paperboard	2.3	-0.3	-0.3
Non-core operations		0.4	-19.3
Other operations			0.5
Total	2.3	0.1	-19.2
Operating result excluding non-recurring items	35.0	43.2	179.9

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Operating result (IFRS)	32.7	43.1	199.0
Non-recurring items:			
Gains on disposal in other operating income			-17.5
Employee costs	2.3		0.3
Impairment charges and reversals of impairments		-0.3	0.1
Other operating expenses		0.4	-2.0
Total	2.3	0.1	-19.2
Operating result excluding non-recurring items	35.0	43.2	179.9

“+” sign items = non-recurring expense

“-“ sign items = non-recurring income

Non-recurring expense of EUR 2.3 million in January–March 2016 consisted of restructuring costs at Simpele board mill. Non-recurring net expense of EUR 0.1 million in comparison period of 2015 included impairment reversal of a sold paper machine in Simpele mill and a non-recurring compensation paid by Metsä Board in Germany.

Non-recurring items of financial year 2015 arose mostly from the disposal gain of Gohrsmühle mill in Germany amounting to EUR 17.5 million and the result improving reversal of unused provisions valued at EUR 2.6 million originally recognized for closure of the Alizay mill in France.

Assets by operating segments

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Paperboard	1,776.0	1 433.2	1,574.4
Non-core operations	81.3	407.5	246.8
Other operations	153.1	144.3	144.1
Elimination	-65.5	-73.0	-75.2
Unallocated	286.5	384.2	330.0
Total	2,231.4	2,296.2	2,220.1

Segment assets include goodwill, other intangible assets, tangible assets, investments in associated companies and joint ventures, available for sale invest-

ments, inventories, accounts receivables and prepayments and accrued income (excl. interest and income tax items).

NOTE 3 – INCOME TAXES

Tax expense in the interim condensed combined in-

come statement is comprised of the current tax and deferred taxes.

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Taxes for the current period	4.5	5.1	14.4
Taxes for the prior periods	0.0	0.1	9.7
Change in deferred taxes	-0.6	-2.3	5.7
Total income taxes	3.9	2.9	29.8

NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Carrying value at beginning of period	812.3	737.7	737.7
Capital expenditure	54.1	23.2	176.1
Decreases	0.0	-0.9	-6.8
Depreciation, amortization and impairment losses	-22.1	-25.2	-99.4
Translation difference	-1.4	2.7	4.7
Carrying value at end of period	843.1	737.5	812.3

NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 Jan 2016	11.9	5.8	4.4	22.1
Translation differences	-0.0	-0.0	-0.0	-0.1
Increases		0.0	0.0	0.0
Utilised during the year	-2.1	-0.0	-0.6	-2.7
Unused amounts reversed				
31 Mar 2016	9.8	5.8	3.8	19.4

The non-current portion of provisions was EUR 8.9 million and the current portion EUR 10.5 million, total provisions being EUR 19.4 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 family members 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 with parent and sister companies

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Sales	19.2	19.0	74.8
Other operating income	2.2	1.7	5.4
Purchases	170.1	181.9	700.3
Share of result from associated companies	12.2	14.8	61.3
Interest income	0.0	0.1	0.2
Interest expenses	0.8	0.4	2.4
Accounts receivables and other receivables	24.7	14.5	13.9
Cash and cash equivalents	267.8	346.0	311.3
Accounts payable and other liabilities	135.8	113.1	72.9

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 32.9 million to Metsä Board during the three months ended 31 March

2016 (three months ended 31 March 2015: EUR 24.9 million). Cash and cash equivalents include interest-bearing receivables comparable to cash funds and available from Metsä Group's internal bank Metsä Group Treasury Oy.

Transactions with associated companies and joint ventures

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015
Sales	0.2	0.2	0.6
Purchases	1.4	1.8	7.4
Other non-current financial assets	0.3	0.3	0.3
Accounts receivables and other receivables	0.2	0.1	0.2
Accounts payable and other liabilities	1.0	1.3	1.5

NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT

EUR million	Q1 2016	Q1 2015	Q1–Q4 2015	Q4 2015
Taxes	3.9	2.9	29.8	2.9
Depreciation, amortization and impairment charges	22.9	26.1	103.5	25.0
Share of result from associated companies and joint ventures	-12.2	-14.8	-61.4	-14.7
Gains and losses on sale of fixed assets	-1.6	0.0	-23.7	-2.8
Finance costs, net	4.9	11.0	32.0	4.7
Provisions	-2.7	-2.4	-13.9	-7.5
Total	15.1	22.8	66.3	7.6

Adjustments to the result for the period

Net financial items

Net financial items in consolidated cash flow statement for three months ended 31 March 2016 include a dividend of EUR 32.9 million paid by Metsä Fibre (three months ended 31 March 2015: EUR 24.9 million).

Disposals and other items

Disposals and other items of EUR -0.5 million for the three months ended 31 March 2016 consist of increase in long-term receivables related to among other things funding of Metsä Board's defined contribution pension schemes.

Disposals and other items of EUR 0.5 million for the three months ended 31 March 2015 included disposals of fixed assets at EUR 0.4 million.

NOTE 8 – FINANCIAL INSTRUMENTS

Financial assets and liabilities and their fair values classified according to IAS 39 for the three months ended 31 March 2016:

Financial assets 31 March 2016

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		199.5				199.5	199.5
Other non-current financial assets			13.1			13.1	13.1
Accounts receivables and other receivables			303.9			303.9	303.3
Cash and cash equivalent			278.3			278.3	278.3
Derivative financial instruments	3.3			7.4		10.8	10.8
Total financial assets	3.3	199.5	595.3	7.4	0.0	805.5	805.5

Financial liabilities 31 March 2016

EUR million	Fair value through profit & loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			561.8	561.8	585.0
Other non-current financial liabilities			0.1	0.1	0.1
Current interest-bearing financial liabilities			132.5	132.5	134.3
Accounts payable and other financial liabilities			383.2	383.2	383.2
Derivative financial instruments	-3.0	26.3		23.4	23.4
Total financial liabilities	-3.0	26.3	1,077.6	1,100.9	1,126.0

Financial assets and liabilities and their fair values classified according to IAS 39 for the three months ended 31 March 2015:

Financial assets 31 March 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		245.4				245.4	245.4
Other non-current financial assets			10.9			10.9	10.9
Accounts receivables and other receivables			338.9			338.9	338.9
Cash and cash equivalent			360.0			360.0	360.0
Derivative financial instruments	0.0			0.9		0.9	0.9
Total financial assets	0.0	245.4	709.8	0.9		956.1	956.1

Financial liabilities 31 March 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			580.9	580.9	608.7
Other non-current financial liabilities			1.4	1.4	1.4
Current interest-bearing financial liabilities			104.5	104.5	105.9
Accounts payable and other financial liabilities			377.0	377.0	377.0
Derivative financial instruments	4.6	31.4		36.0	36.0
Total financial liabilities	4.6	31.4	1,063.8	1,099.8	1,129.0

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 0.3–2.8 per cent (31 March 2015: 0.7–2.7).

Fair value hierarchy of financial assets and liabilities for the three months ended 31 March 2016

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				
Available for sale financial assets	0.1		199.4	199.5
Financial assets at fair value through profit or loss, current				
Derivative financial assets		10.8		10.8
Financial liabilities measured at fair value				
Derivative financial liabilities	23.0	0.3		23.4
Financial assets not measured at fair value				
Cash and cash equivalent		278.3		278.3
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		585.0		585.0
Current interest-bearing financial liabilities		134.3		134.3

Fair value hierarchy of financial assets and liabilities for the three months ended 31 March 2015

EUR million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Financial assets at fair value through profit or loss, non-current				
Available for sale financial assets	0.4		244.9	245.3
Financial assets at fair value through profit or loss, current				
Derivative financial assets		0.9		0.9
Financial liabilities measured at fair value				
Derivative financial liabilities	11.4	24.6		36.0
Financial assets not measured at fair value				
Cash and cash equivalent		360.0		360.0
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		608.7		608.7
Current interest-bearing financial liabilities		105.9		105.9

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

EUR million	2016 31.3.	2015 31.3.
Opening balance	210.1	232.9
Total gains and losses in profit or loss	1.0	0.0
Total gains and losses in other comprehensive income	-10.7	12.0
Purchases		
Settlements	-1.0	0.0
Closing balance	199.4	244.9

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 technique applied to Pohjolan Voima shares is described in more detail in the 2015 Annual report.

The WACC used in Pohjolan Voima share valuation on 31 March 2016 was 2.04 percent (31.3.2015: 1.69) and 5.04 percent (5.69) 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 195.3 million (240.7).

The carrying amount of available-for-sale financial assets as of 31.3.2016 is estimated to be EUR 0.7 million higher should the rate used for discounting the cash flows be 10 percent higher than the rate estimated by management. The carrying amount of available-for-sale financial assets as of 31.3.2016 is estimated to be EUR 1.3 million lower should the rate used for discounting the cash flows be 10 percent lower than the rate estimated by management. The carrying amount of available-for-sale financial assets is estimated to be EUR 24.6 million higher or EUR 24.6 million lower should the energy prices used for calculating the fair value differ by 10 percent from the prices estimated by management.

Derivatives 31 March 2016

EUR million	Nominal value	Fair value			Fair value		
		Derivative Assets	Liab.	Fair value Net	Fair value	Cash flow hedges	Derivatives with no hedge accounting
Interest forward agreements							
Interest rate options							
Interest rate swaps	253.4		0.3	-0.3		-3.3	3.0
Interest rate derivatives	253.4		0.3	-0.3		-3.3	3.0
Currency forward agreements	571.3	10.4		10.4		7.4	3.0
Currency option agreements	57.1	0.4		0.4			0.4
Currency swap agreements							
Currency derivatives	628.4	10.8		10.8		7.4	3.3
Electricity derivatives	71.4		16.6	-16.6		-16.6	
Pulp derivatives							
Oil derivatives	15.6		5.3	-5.3		-5.3	
Other commodity derivatives	4.1		1.1	-1.1		-1.1	
Commodity derivatives	91.1		23.0	-23.0		-23.0	
Derivatives total	972.9	10.8	23.4	-12.6		-18.9	6.3

Derivatives 31 March 2015

EUR million	Nominal value	Fair value			Fair value		
		Derivative Assets	Liab.	Fair value Net	Fair value	Cash flow hedges	Derivatives with no hedge accounting
Interest forward agreements							
Interest rate options							
Interest rate swaps	265.3		2.8	-2.8		3.3	-6.1
Interest rate derivatives	265.3		2.8	-2.8		3.3	-6.1
Currency forward agreements	452.4	19.1		-19.1		-17.1	-2.0
Currency option agreements	158.1	2.7		-2.7			-2.7
Currency swap agreements							
Currency derivatives	610.5	21.8		-21.8		-17.1	-4.7
Electricity derivatives	65.3		9.6	-9.6		-9.6	
Pulp derivatives	18.9	0.9		0.9		0.9	
Oil derivatives	8.1		1.8	-1.8		-1.8	
Other commodity derivatives							
Commodity derivatives	92.3	0.9	11.4	-10.5		-10.5	
Derivatives total	968.1	0.9	36.0	-35.1		3.3	-33.7

NOTE 9 – COMMITMENTS AND GUARANTEES

EUR million	31.3.2016	31.3.2015	31.12.2015
Liabilities secured by pledges, real estate mortgages and floating charges	157.2	180.8	157.2
Pledges granted	83.9	75.0	91.9
Floating charges	3.0	3.0	3.0
Real estate mortgages	232.8	232.8	232.8
Total pledges and mortgages	319.6	310.8	327.7
As security for other own commitments	8.4	19.1	8.5
On behalf of associated companies and joint ventures	0.1	0.2	0.1
On behalf of others	0.1	0.1	0.1
Total	328.3	330.2	336.4

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	31.3.2016	31.3.2015	31.12.2015
Interest rate derivatives	253.4	265.3	253.4
Currency derivatives	628.4	610.5	557.4
Other derivatives	91.1	92.3	84.3
Total	972.9	968.1	895.1

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -12.6 million (EUR -35.1 million 31 March 2015).

Commitments related to property, plant and equipment

EUR million	31.3.2016	31.3.2015	31.12.2015
Payments due in following 12 months	5.8	72.5	30.7
Payments due later	5.1	3.9	5.9
Total	11.0	76.4	36.6