METSÄ BOARD

INTERIM REPORT

JANUARY–MARCH 2017

MetsäBoard

METSÄ BOARD'S COMPARABLE OPERATING RESULT IN JANUARY–MARCH 2017 WAS EUR 45 MILLION

JANUARY–MARCH 2017 (10–12/2016)

- Sales amounted to EUR 444.5 million (421.8).
- Comparable operating result was EUR 45.2 million (32.8), or 10.2 per cent (7.8) of sales. Operating result was EUR 45.2 million (38.5).
- Comparable result before taxes was EUR 39.9 million (22.8). Result before taxes was EUR 39.9 million (28.6).
- Comparable earnings per share were EUR 0.10 (0.05), and earnings per share were EUR 0.10 (0.07).

JANUARY–MARCH 2017 (1–3/2016)

- Sales amounted to EUR 444.5 million (435.6).
- Comparable operating result was EUR 45.2 million (35.0), or 10.2 per cent (8.0) of sales. Operating result was EUR 45.2 million (32.7).
- Comparable result before taxes was EUR 39.9 million (30.0). Result before taxes was EUR 39.9 million (27.7).
- Comparable earnings per share were EUR 0.10 (0.07), and earnings per share were EUR 0.10 (0.07).

EVENTS IN JANUARY–MARCH 2017

- The delivery volumes of Metsä Board's paperboards and market pulp increased from the previous quarter.
- The market prices of folding boxboard remained stable. The average price of Metsä Board's folding boxboard was burdened by Husum's sales mix. The prices of coated white-top fresh fibre linerboard rose in North America.
- The capacity utilisation rate of Husum's new folding boxboard machine was approximately 70 per cent during the review period.
- No major maintenance shutdowns took place during the review period.
- Metsä Board's Annual General Meeting was held on 23 March 2017. The Annual General Meeting decided to pay a dividend of 0.19 euros per share for the 2016 financial period.

EVENTS AFTER THE PERIOD

- The new extrusion coating line started up at Husum mill in Sweden in April.

PROFIT GUIDANCE FOR APRIL–JUNE 2017

Metsä Board's comparable operating result for the second quarter of 2017 is expected to remain roughly on the same level as in the first quarter of 2017.

Metsä Board's CEO Mika Joukio:

“The delivery volumes of paperboards grew compared to the previous quarter and achieved a monthly all-time high in March. As expected, the most significant growth derived from Husum's folding boxboard, but demand for fresh fibre linerboards was also strong. Our operating result was supported by the positive development of Finnish mills and a strong pulp market. No major maintenance shutdowns that would have weakened the result took place during the review period.

We still have plenty of potential to improve our profitability at Husum. In folding boxboard, the increase of the capacity utilisation rate will lower the production costs per tonne produced. The extrusion coating line targeted for food and food service packaging will speed up sales growth in a customer segment that is new for us. In fresh fibre linerboards, our focus in the coming years is increasingly on coated linerboard, which has better profitability than uncoated linerboard.

In 2017, we aim to sell 300,000 tonnes of Husum's folding boxboard primarily in North America, where demand for Metsä Board's paperboards is strong. The lightness of our folding boxboard is still a considerable competitive advantage for us, and one of the most important focus areas in our product development. Increasing product safety requirements and the growing emphasis on the appearance of packaging are increasing demand for premium and sustainably produced packaging materials. Metsä Board's paperboards bring all these qualities together. We want to continue to develop our products in such a way that they meet our customers' needs and to keep growing profitably together with our customers in the coming years.”

FINANCIAL KEY FIGURES

	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Q1–Q4
Sales, EUR million	444.5	421.8	440.0	422.9	435.6	1,720.3
EBITDA, EUR million	68.8	58.9	60.6	59.6	55.5	234.6
comparable, EUR million	68.8	53.1	59.4	60.7	57.8	231.1
EBITDA, % of sales	15.5	14.0	13.8	14.1	12.7	13.6
comparable, % of sales	15.5	12.6	13.5	14.4	13.3	13.4
Operating result, EUR million	45.2	38.5	26.6	34.5	32.7	132.3
comparable, EUR million	45.2	32.8	34.0	35.8	35.0	137.5
Operating result, % of sales	10.2	9.1	6.0	8.2	7.5	7.7
comparable, % of sales	10.2	7.8	7.7	8.5	8.0	8.0
Result before taxes, EUR million	39.9	28.6	19.8	25.5	27.7	101.6
comparable, EUR million	39.9	22.8	27.1	26.8	30.0	106.8
Result for the period, EUR million	34.2	24.7	18.6	23.2	23.9	90.4
comparable, EUR million	34.2	19.2	24.1	24.6	25.7	93.6
Result per share, EUR	0.10	0.07	0.05	0.06	0.07	0.25
comparable, EUR	0.10	0.05	0.07	0.07	0.07	0.26
Return on equity, %	13.1	9.6	7.4	9.4	9.5	8.7
comparable, %	13.1	7.5	9.6	9.9	10.2	9.0
Return on capital employed, %	10.6	9.0	6.3	8.2	7.8	7.8
comparable, %	10.6	7.7	8.0	8.5	8.3	8.1
Equity ratio at end of period, %	47	48	48	47	44	48
Net gearing ratio at end of period, %	44	44	49	54	42	44
Interest-bearing net liabilities/EBITDA[1)]	1.9	2.0	2.1	2.1	1.5	2.0
Shareholders' equity per share at end of period, EUR	2.90	2.96	2.82	2.81	2.77	2.96
Interest-bearing net liabilities, EUR million	457.8	463.8	487.6	541.4	412.3	463.8
Gross investments, EUR million	19.0	43.3	16.4	48.3	54.3	162.4
Net cash flow from operating activities, EUR million	25.6	54.6	67.0	-22.2	-22.3	77.0
Personnel at the end of period	2,450	2,466	2,493	2,762	2,573	2,466

DELIVERY AND PRODUCTION VOLUMES

1000 t	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2016 Q1–Q4
Deliveries						
Paperboard [1)]	428	399	422	408	378	1,607
Paper	0	2	7	11	15	35
Market Pulp	138	116	128	113	144	500
Production						
Paperboard [1)]	456	418	456	428	405	1,708
Paper	0	0	2	9	12	23
Metsä Fibre pulp [2)]	147	149	144	139	146	577
Metsä Board pulp	328	306	314	307	309	1,236

[1)] Includes wallpaper base deliveries and production, which was discontinued in Q3 2016.

[2)] Equal to Metsä Board's 24.9 per cent holding in Metsä Fibre.

INTERIM REPORT FOR 1 JANUARY–31 MARCH 2017

JANUARY–MARCH 2017 (10–12/2016)

SALES AND RESULT

Metsä Board's sales amounted to EUR 444.5 million (421.8). The operating result was EUR 45.2 million (38.5), and the comparable operating result was EUR 45.2 million (32.8). There were no items affecting comparability during the review period.

The result of the review period was improved by the growth in paperboard and market pulp deliveries. In March, the delivery volumes of both folding boxboard and white fresh fibre linerboard achieved record highs. There were no major maintenance shutdowns during the review period; this had a positive impact on the results compared to other quarters. Exchange rate fluctuations after hedging had only a minor positive impact on the January–March operating result.

The market prices of folding boxboard remained stable. The average price of Metsä Board's folding boxboard was burdened by Husum's sales mix. The prices of coated white-top fresh fibre linerboard rose in North America. Husum's increased linerboard deliveries consisted primarily of uncoated fresh fibre linerboard, which is less profitable than coated fresh fibre linerboard.

A steep increase in the price of latex increased the production costs of paperboards. In other respects, there were no significant changes in production costs. The production costs per tonne produced of Husum's folding boxboard continue to be higher than the production costs of other mills. This is due to the lower capacity utilisation rate.

The total delivery volume of Metsä Board's folding boxboard and white fresh fibre linerboards in January–March was 428,000 tonnes (387,000). Deliveries of market pulp amounted to 138,000 tonnes (116,000).

Metsä Board's folding boxboard deliveries grew by 8 per cent compared to the previous quarter. Deliveries by European folding boxboard producers increased by 6 per cent.

The euro-denominated market price of long-fibre pulp increased by 3 per cent, while its dollar-denominated market price increased by 1 per cent compared to the previous quarter. The euro-denominated market price of short-fibre pulp increased by 6 per cent, while its dollar-denominated market price increased by 4 per cent.

Net cash flow from operations was EUR 25.6 million (54.6). Cash flow was impaired by, among other things, the growth in inventories of finished folding boxboard products and employment pension contributions in Finland, paid in advance for 2017. Cash flow was increased by the EUR 31 million dividend received from Metsä Fibre.

Financial income and expenses in January–March totalled EUR -5.3 million (-9.9), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR 0.4 million (-3.9).

Result before taxes for January–March was EUR 39.9 million (28.6). Comparable result before taxes was EUR 39.9 million (22.8). Income taxes amounted to EUR -5.7 million (-3.9).

Earnings per share were EUR 0.10 (0.07). The return on equity was 13.1 per cent (9.6), and the comparable return on equity was 13.1 per cent (7.5). The return on capital employed was 10.6 per cent (9.0), and the comparable return on capital employed was 10.6 per cent (7.7).

JANUARY–MARCH 2017 (1–3/2016)

SALES AND RESULT

Metsä Board's sales amounted to EUR 444.5 million (435.6). The growth of sales was diluted by the discontinuation of paper deliveries. The operating result was EUR 45.2 million (32.7), and the comparable operating result was EUR 45.2 million (35.0). There were no items affecting comparability during the review period.

The operating result was improved by the favourable development of the paperboard business of the Finnish mills and the discontinuation of the loss-making paper business. Exchange rate fluctuations after hedging had a positive impact on the operating result of the review period.

The average prices of Metsä Board's paperboards produced in Finland remained roughly at the level of the comparison period.

A steep increase in the price of latex increased the production costs of paperboards. In other respects, there were no significant changes in production costs.

The total delivery volume of Metsä Board's folding boxboard and white fresh fibre linerboards in January–March was 428,000 tonnes (369,000). Deliveries of market pulp amounted to 138,000 tonnes (144,000). The delivery volume of market pulp was affected by the discontinued pulp trading activity with Sappi.

Metsä Board's folding boxboard deliveries grew by 17 per cent from the corresponding period in the previous year. Deliveries by European folding boxboard producers increased by 8 per cent. Metsä Board's share of the total deliveries of European folding boxboard producers was 39 per cent, and 69 per cent of exports beyond Europe.

The euro-denominated market price of long-fibre pulp increased by 7 per cent, while its dollar-denominated market price increased by 3 per cent from the corresponding period in the previous year. The euro-denominated market price of short-fibre pulp decreased by 8 per cent, while its dollar-denominated market price decreased by 11 per cent.

Net cash flow from operations was EUR 25.6 million (-22.3). The cash flow of the comparison period was weakened by the strong increase in working capital resulting from Husum's investment programme.

Financial income and expenses totalled EUR -5.3 million (-4.9), including foreign exchange rate differences from trade receivables, trade payables, financial items and the valuation of currency hedging instruments, totalling EUR 0.4 million (1.6).

The result before taxes for the financial period was EUR 39.9 million (27.7). Comparable result before taxes was EUR 39.9 million (30.0). Income taxes amounted to EUR -5.7 million (-3.9).

Earnings per share were EUR 0.10 (0.07). Comparable earnings per share were EUR 0.10 (0.07). The return on equity was 13.1 per cent (9.5), and the comparable return on equity was 13.1 per cent (10.2). The return on capital employed was 10.6 per cent (7.8), and the comparable return on capital employed was 10.6 per cent (8.3).

FINANCING

Metsä Board's equity ratio at the end of March was 47 per cent (31 March 2016: 44) and net gearing ratio was 44 per cent (31 March 2016: 42). The ratio of interest-bearing net liabilities to the comparable EBITDA in the previous 12 months was 1.9 at the end of the review period (31 March 2016: 1.5).

The fair value of investments available for sale was EUR 209.4 million at the end of the review period (31 March 2016: 199.5). The change in fair value from the beginning of the review period, EUR 13.4 million, related to the increase in the fair value of the shares in Pohjolan Voima Oy.

At the end of March, net interest-bearing liabilities totalled EUR 457.8 million (31 March 2016: 412.3). Foreign currency-denominated loans accounted for 1.1 per cent of loans and floating-rate loans for 37 per cent, with the rest being fixed-rate loans. At the end of March, the average interest rate on loans was 3.3 per cent (31 March 2016: 3.7), and the average maturity of long-term loans was 2.2 years (31 March 2016: 2.3). The interest rate maturity of loans was 13.2 months at the end of March (31 March 2016: 17.3).

Net cash flow from operations in January–March was EUR 25.6 million (1–3/2016: -22.3). Working capital increased by EUR 46.2 million in January–March (1–3/2016: 72.4). Working capital increased due to, among other things, the growth in inventories of finished folding boxboard products and employment pension contributions in Finland, paid in advance for 2017.

At the end of the review period, an average of 6.9 months of the net foreign currency exposure was hedged, including the hedging of the balance sheet position. The degree of hedging during the period varied between six and seven months, on average. Half of the projected annual net foreign currency exposure is hedged, in addition to the entire balance sheet position. The amount of the hedging may deviate from the norm by 40 per cent in either direction. When hedging is at the normal level, the aim is to allocate it primarily to the following two quarters.

The financing agreement includes financial covenants concerning the Group's financial performance and capital structure. 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 401.0 million (31 March 2016: 443.0), consisting of the following items: liquid assets and investments of EUR 198.9 million, a syndicated credit facility of EUR 100.0 million, and undrawn pension premium (TyEL) funds of EUR 102.0 million. Of the liquid assets, EUR 130.6 million consisted of short-term deposits with Metsä Group Treasury, and EUR 68.4 million was 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.

In 2017, Metsä Board plans to lower the amount of interest-bearing liabilities by at least EUR 100 million, to improve the effectiveness of the balance sheet.

PERSONNEL

At the end of the review period, the number of personnel was 2,450 (31 March 2016: 2,573), of whom 1,435 (1,514) were based in Finland. During the review period, Metsä Board employed 2,457 people on average (1–3/2016: 2,565). Personnel expenses in January–March totalled EUR 47.4 million (1–3/2016: 57.1).

INVESTMENTS

Gross investments in the review period totalled EUR 19.0 million (1–3/2016: 54.3). The difference in relation to the comparison period is due to the investment programme at Husum. In 2016, investments totalled EUR 162.4 million, the largest investments being the investment programme at Husum, the extrusion coating line, and the EUR 24.9 million share investment in Metsä Fibre's new bioproduct mill.

BUSINESS DEVELOPMENT

Demand for Metsä Board's fresh fibre paperboards remained good in all of the company's main market areas at the beginning of the year. By exploiting Husum's new folding boxboard capacity, Metsä Board is increasingly well-positioned to meet the growing global demand for premium fresh fibre paperboards. Total deliveries of Metsä Board's folding boxboard and white fresh fibre linerboards during the review period increased by 10 per cent from the previous quarter and by 16 per cent from the corresponding period in the previous year.

The capacity utilisation rate of Husum's new folding boxboard machine was approximately 70 per cent during the first quarter. Metsä Board aims to achieve a capacity utilisation rate of 75 per cent in Husum's folding boxboard during 2017, corresponding to a production and delivery volume of approximately 300,000 tonnes.

In 2017, Metsä Board will focus on increasing the sales of folding boxboard, particularly in the Americas. In addition to existing customer accounts, the company will focus strongly in the acquisition of new customer accounts. Metsä Board's lightweight and ecological paperboards are in particularly strong demand in North America.

Husum's new extrusion coating line allows for coating approximately 100,000 tonnes per annum of paperboard targeted at food and food service packaging. Metsä Board is also continuously monitoring the commercial potential of other barrier solutions. The company is in a position to provide new barrier solutions, provided that there will be a profitable market for them.

In June 2016, Metsä Board invested EUR 24.9 million in the new bioproduct mill of its associated company, Metsä Fibre. The bioproduct mill is expected to start up during the third quarter of 2017, and it will increase Metsä Board's annual pulp capacity by approximately 200,000 tonnes as of 2018. The company has no other financial commitments in the project.

RESOLUTIONS OF THE 2017 ANNUAL GENERAL MEETING

Metsä Board’s Annual General Meeting held on 23 March 2017 adopted the company’s financial statements for the financial year 2016 and decided to distribute a dividend of EUR 0.19 per share.

The Annual General Meeting decided to raise the Board of Directors' annual remuneration by 8 per cent in such a way that the Chair of the Board of Directors is paid annual remuneration of EUR 95,000, the Deputy Chair is paid EUR 80,000 and each member of the Board is paid EUR 62,500, and that a meeting fee of EUR 700 will be paid for each meeting of the Board and a committee of the Board that a member attends. The Annual General Meeting decided to pay roughly half of the remuneration in the form of the company's B shares acquired through public trading. Furthermore, the Annual General Meeting decided to pay the Chair of the Audit Committee monthly remuneration of EUR 800.

The Annual General Meeting confirmed the number of members of the Board of Directors as nine (9) and elected the following individuals as members of the Board of Directors: Martti Asunta, metsäneuvos (Finnish honorary title); Kari Jordan, vuorineuvos (Finnish honorary title); Kirsi Komi, LL.M.; Kai Korhonen, M.Sc. (Eng); Liisa Leino, teollisuusneuvos (Finnish honorary title); Jussi Linnaranta, M.Sc. (Agriculture and Forestry); Juha Niemelä, vuorineuvos (Finnish honorary title); Veli Sundbäck, Ambassador; and Erkki Varis, M.Sc. (Eng). The Board members' term of office 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 2017. 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: 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 a judgment issued in June 2015, the District Court rejected Metsä Board’s petition. Metsä Board appealed the decision of the District Court to the Court of Appeal. The Court of Appeal dismissed Metsä Board's appeal on 21 October 2016. Metsä Board has applied for leave to appeal the matter to the Supreme Court.

In the autumn of 2015, the Finnish Tax Administration gave an opinion against the deductibility of certain losses in Metsä Board's 2014 taxation. Metsä Board has appealed the decision issued by the Tax Administration, as the company believes the losses are deductible.

SHARES

At the end of the review period, the price for Metsä Board's B share on the Nasdaq Helsinki was EUR 5.80. The share's highest and lowest price in January–March was EUR 6.93 and EUR 5.62, respectively. At the end of the review period, the price for Metsä Board's A share on the Nasdaq Helsinki was EUR 5.86. The share's highest and lowest price in January–March was EUR 6.85 and EUR 5.62, respectively.

In January–March, the average daily trading volumes of the B and A shares on the Nasdaq Helsinki were 651,473 shares and 3,820 shares, respectively. The total trading volumes of the B and A shares were EUR 265.3 million and EUR 1.5 million, respectively. At the end of March, the market value of all Metsä Board shares was EUR 2.1 billion, of which the market value of the B shares and the A shares accounted for EUR 1.9 billion and EUR 210 million, respectively.

In addition to the Nasdaq Helsinki, Metsä Board's shares are traded on other marketplaces, such as Chi-X and BATS.

At the end of the review period, Metsäliitto Cooperative owned 42 per cent of the shares, and the voting rights conferred by these shares amounted to 61 per cent. At the end of the review period, international and nominee-registered investors held 15 per cent of all the shares (31 March 2016: 20).

The company does not hold any treasury shares.

NEAR-TERM RISKS AND UNCERTAINTIES

Considerable uncertainties still exist in the global and, particularly, European economies. 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 Metsä Board’s profitability.

Metsä Board is focusing on the active development and growth of its paperboard business. Growing the paperboard business and introducing new production to the market are dependent on the successful growth of sales in Europe, and particularly in the Americas. Increasing sales at the global level also involves 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. Negative development in international free trade would, if realised, weaken 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.

The US dollar strengthening by 10 per cent against the euro would have a positive impact of approximately EUR 70 million on Metsä Board’s annual operating result. Correspondingly, the Swedish krona strengthening by 10 per cent would have a negative impact of approximately EUR 40 million. The British pound strengthening by 10 per cent would have a positive impact of approximately EUR 7 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 2016 Annual Report.

NEAR-TERM OUTLOOK

Global demand for high-quality consumer packaging board made from fresh fibre is expected to continue to grow. The increases in capacity made by European producers of folding boxboard have not had a negative impact on price development. Several producers of white fresh fibre linerboards announced price increases in Europe and North America at the beginning of the year. Global demand and supply for long-fibre and short-fibre pulp is expected to remain stable.

Metsä Board's paperboard deliveries in April–June are expected to grow from the previous quarter. The growth is supported by Husum's production of folding boxboard.

A number of maintenance shutdowns will take place at Metsä Board's mills in Finland during the second quarter of the year. The production costs of paperboards will continue to be impacted by the price increase of latex.

EVENTS AFTER THE PERIOD

The new extrusion coating line started up at Husum mill in Sweden in April.

PROFIT GUIDANCE FOR APRIL–JUNE 2017

Metsä Board's comparable operating result for the second quarter of 2017 is expected to remain roughly on the same level as in the first quarter of 2017.

METSÄ BOARD CORPORATION

Espoo, Finland, 4 May 2017
BOARD OF DIRECTORS

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More information will be available as of 1 p.m. on 4 May 2017. A conference call held for investors and analysts in English will begin at 3 p.m. Conference call participants are requested to dial in and register a few minutes earlier on the following numbers:

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Sweden +46 8 5065 3942

United Kingdom +44 330 336 9412

United States: +1 719-325-2385

The conference ID is 2112158.

The next financial reports to be published:

3 August 2017, Half-year Financial Report for January–June 2017

1 November 2017, Interim Report for January–September 2017

Other events:

1 June 2017 Capital Markets Day, Helsinki

CALCULATION OF KEY RATIOS

Return on equity (%)	=	(Result before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments received)
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)

COMPARABLE OPERATING RESULT AND COMPARABLE RETURN ON CAPITAL EMPLOYED

New European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures are effective for the financial year 2016. From Q3 2016 Metsä Board has relabeled the previously referenced “excluding non-recurring items” non-IFRS financial measures with “comparable” performance measures. Exceptional and material items outside the ordinary course of business have been eliminated from the comparable operating result, and they have been allocated to the operating segments. The change in terminology does not affect the definition of items affecting comparability and therefore no restatement of historical data is necessary.

Reconciliation of operating result under IFRS and comparable operating result is presented in this interim report. Comparable return on capital employed has been calculated using the same adjustments as the comparable operating result, and it has been further adjusted with financial items affecting comparability when applicable. Metsä Board considers that key figures derived in this manner improve comparability between reporting periods.

None of these key figures with items affecting comparability eliminated are key figures used in IFRS reporting, and they cannot be compared with other companies’ key figures identified with the same names. Typical items affecting comparability include material gains and losses on disposals of assets, impairments and impairment reversals in accordance with IAS 36 Impairment of Assets, 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 2017	Q1 2016	Q1–Q4 2016
Sales	**2, 6**	**444.5**	**435.6**	**1,720.3**
Change in stocks of finished goods and work in progress		9.3	16.2	38.5
Other operating income	**2, 6**	3.2	6.0	40.2
Material and services	**6**	-314.0	-321.7	-1,249.5
Employee costs		-47.4	-57.1	-211.0
Share of result of associated company		10.7	12.2	45.0
Depreciation, amortisation and impairment losses		-23.6	-22.9	-102.3
Other operating expenses		-37.5	-35.7	-148.9
Operating result	**2**	**45.2**	**32.7**	**132.3**
Share of results of associated companies and joint ventures		0.0	0.0	0.1
Net exchange gains and losses		0.4	1.6	-4.9
Other net financial items	**2, 6**	-5.7	-6.5	-25.8
Result before income tax		**39.9**	**27.7**	**101.6**
Income taxes	**3**	-5.7	-3.9	-11.3
Result for the period		**34.2**	**23.9**	**90.4**

EUR million	Note	Q1 2017	Q1 2016	Q1–Q4 2016
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gains/losses on defined pension plans		0.4	-2.4	1.3
Income tax relating to items that will not be reclassified		-0.1	0.6	0.3
Total		**0.3**	**-1.8**	**1.6**
Items that may be reclassified to profit or loss				
Cash flow hedges		-1.1	10.5	27.0
Available for sale financial assets	**8**	13.4	-10.7	-14.2
Translation differences		0.9	-2.2	-12.3
Share of other comprehensive income of associated company		2.5	-2.0	-5.6
Income tax relating to components of other comprehensive income		-2.4	0.1	-2.8
Total		13.3	-4.3	-7.9
Other comprehensive income. net of tax		**13.7**	**-6.2**	**-6.4**
Total comprehensive income for the period		**47.8**	**17.7**	**84.0**
Result for the period attributable to				
Shareholders of parent company		34.2	23.9	90.4
Non-controlling interests		0.0	0.0	0.0
Total comprehensive income for the period attributable to				
Shareholders of parent company		47.8	17.7	84.0
Non-controlling interests		0.0	0.0	0.0
Total		47.8	17.7	84.0
Earnings per share for result attributable to shareholders of parent company (EUR/share)		0.10	0.07	0.25

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR million	Note	As of 31 Mar 2017	As of 31 Mar 2016	As of 31 Dec 2016
ASSETS				
Non-current assets				
Goodwill		12.4	12.4	12.4
Other intangible assets		16.0	13.0	14.6
Tangible assets	4	824.6	843.1	829.8
Investments in associated companies and joint ventures		273.6	237.5	291.6
Available for sale investments	8	209.4	199.5	195.9
Other non-current financial assets	6, 8	16.7	13.1	19.0
Deferred tax receivables	2	4.1	4.5	4.3
		1,356.7	**1,322.9**	**1,367.7**
Current assets				
Inventories		348.6	315.3	332.5
Accounts receivables and other receivables	6, 8	296.2	314.9	273.4
Cash and cash equivalents	6, 8	198.9	278.3	220.6
		843.7	**908.5**	**826.5**
Total assets		**2,200.5**	**2,231.4**	**2,194.2**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Equity attributable to shareholders of parent company		1,032.3	985.9	1,052.5
Non-controlling interests		0.0	0.0	0.0
Total equity		**1,032.3**	**985.9**	**1,052.5**
Non-current liabilities				
Deferred tax liabilities		76.4	78.5	74.7
Post-employment benefit obligations	2	14.9	15.5	15.1
Provisions	5	7.1	8.9	6.9
Borrowings	8	469.3	561.8	469.0
Other liabilities	8	1.5	10.5	1.7
		569.2	**675.2**	**567.5**
Current liabilities				
Provisions	5	2.1	10.5	3.0
Current borrowings	6, 8	191.1	132.5	219.1
Accounts payable and other liabilities	6, 8	405.8	427.3	352.1
		599.0	**570.3**	**574.2**
Total liabilities		**1,168.2**	**1,245.5**	**1,141.7**
Total shareholders' equity and liabilities		**2,200.5**	**2,231.4**	**2,194.2**

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Note	Share capital	Trans-lation differ-ences	Fair value and other reserves	Reserve for in-vested unre-stricted equity	Retained earnings	Total	Non-con-trol-ling inter-ests	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 in-come for the period									
Result for the period						23.9	23.9		23.9
Other comprehensive in-come net of tax total			-1.9	-2.5		-1.8	-6.2		-6.2
Comprehensive in-come total			**-1.9**	**-2.5**		**22.1**	**17.7**	**0.0**	**17.7**
Share based payments						-0.3	-0.3		-0.3
Related party transac-tions									
Dividends paid						-60.4	-60.4		-60.4
Shareholders' equity, 31 March 2016		**557.9**	**12.3**	**109.2**	**383.1**	**-76.7**	**985.8**	**0.0**	**985.8**

EUR million	Note	Share capital	Trans-lation differ-ences	Fair value and other reserves	Reserve for in-vested unre-stricted equity	Retained earnings	Total	Non-con-trol-ling inter-ests	Total
Shareholders' equity, 1 January 2017		557.9	3.2	114.7	383.1	-6.4	1,052.5	0.0	1,052.5
Comprehensive in-come for the period									
Result for the period						34.2	34.2		34.2
Other comprehensive in-come net of tax total			1.3	12.0		0.3	13.7		13.7
Comprehensive in-come total			**1.3**	**12.0**		**34.5**	**47.8**	**0.0**	**47.8**
Share based payments						-0.5	-0.5		-0.5
Related party transac-tions									
Dividends paid						-67.5	-67.5		-67.5
Shareholders' equity, 31 March 2017		**557.9**	**4.5**	**126.7**	**383.1**	**-39.9**	**1,032.3**	**0.0**	**1,032.3**

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	Q1 2017	Q1 2016	Q1–Q4 2016	Q4 2016
Result for the period		34.2	23.9	90.4	24.7
Total adjustments	7	23.3	15.1	73.4	17.9
Change in working capital		-46.2	-72.4	-74.5	14.3
Cash flow from operations		**11.2**	**-33.4**	**89.3**	**56.8**
Net financial items	7	15.5	22.4	13.6	-4.3
Income taxes paid		-1.1	-11.3	-25.8	2.0
Net cash flow from operating activities		**25.6**	**-22.3**	**77.0**	**54.6**
Investments in intangible and tangible assets		-18.2	-53.7	-158.4	-37.4
Disposals and other items	6,7	-0.1	-0.5	15.3	14.5
Net cash flow from investing activities		**-18.3**	**-54.2**	**-143.2**	**-22.9**
Changes in non-current loans and in other financial items	6	-29.1	33.8	24.7	-14.7
Dividends paid				-60.4	
Net cash flow from financing activities		**-29.1**	**33.8**	**-35.7**	**-14.7**
Changes in cash and cash equivalents		**-21.7**	**-42.7**	**-101.9**	**17.0**
Cash and cash equivalents at beginning of period	6	220.6	321.8	321.8	201.8
Translation difference in cash and cash equivalents		0.0	-0.7	0.7	1.9
Changes in cash and cash equivalents		-21.7	-42.7	-101.9	17.0
Cash and cash equivalents at end of period	6	**198.9**	**278.3**	**220.6**	**220.6**

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS BULLETIN

NOTE 1 – BACKGROUND AND BASIS OF PREPARATION

Metsä Board Corporation and its subsidiaries comprise a forest industry group whose main product areas are fresh 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 financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the 2016 IFRS financial statements. The same accounting policies have been applied as in the 2016 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 2017:

Amendments to IAS 7 *Statement of Cash Flows – Disclosure Initiative*. The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments have an impact on the disclosures in consolidated financial statements.

Amendments to IAS 12 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no significant impact on Group's consolidated financial statements.

Annual Improvements to IFRSs (2014–2016 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. In 2017, the amendmends apply to one standard, and they do not have a significant impact on Group's consolidated financial statements.

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

This interim financial report was authorised for issue by the Board of Directors of Metsä Board on 4 May 2017.

NOTE 2 – SEGMENT INFORMATION

The Corporate Management Team is the chief operational decision-maker monitoring business operations performance based on the operating segments.

After Metsä Board's uncoated paper production ended in July 2016, the remaining business operations of the Group consist solely of folding boxboard, fresh fibre linerboard and market pulp businesses previously reported under Paperboard segment and complemented by the discontinued wallpaper base production at Kyro mill. As the paper business previously reported under Non-core operations segment has been fully discontinued, Metsä Board will report on its financial performance using only one reporting segment starting from third quarter of 2016.

Reconciliation of operating result

EUR million	Q1 2017	Q1 2016	Q1–Q4 2016
Operating result (IFRS)	**45.2**	**32.7**	**132.3**
Items affecting comparability:			
Gains and losses on disposal in other operating income and expenses	-	-	-9.8
Employee costs	-	2.3	5.2
Share of result of associated company	-	-	-1.8
Impairment charges and reversals of impairments	-	-	8.7
Other operating expenses	-	-	2.8
Total	-	-	5.2
Comparable operating result	**45.2**	**35.0**	**137.5**

"+" sign items = expense affecting comparability
"-" sign items = income affecting comparability

There were no items affecting comparability during the review perid.

Operating result of the comparison period included EUR 2.3 million restructuring costs affecting comparability and related to restructuring at the Simpele mill.

Comparable operating result for the financial year 2016 included a net disposal gain of EUR 9.8 million. Among other things, it consisted of disposals of assets related to wallpaper base business and the sale of Alrec Boiler Oy, a structured entity previously owning the combustion facility in operation at Kaskinen pulp mill and consolidated to group accounts as a subsidiary. Furthermore, the net gain included an earn-out received from the sale of subsidiary receivables in connection with a subsidiary disposal carried out in 2011 and treated as a reversal of previously recognized disposal loss.

Employee costs of EUR 5.2 million affecting comparability consisted of restructuring costs arising from Simpele mill, Belgian sales office and Kyro board and paper mills. Furthermore, a disposal gain of EUR 1.8 million realized by associated company Metsä Fibre was deducted from operating result as an item affecting comparability. Impairment charges of EUR 8.7 million affecting comparability arose from the remaining carrying values of tangible assets related to the discontinued wallpaper base production at Kyro mill and the closed Belgian sales office while other operating expenses of EUR 2.8 million mainly comprised other expenses arising from wallpaper production discontinuation and the related expense of writing wallpaper base inventories to their net realizable value.

NOTE 3 – INCOME TAXES

EUR million	Q1 2017	Q1 2016	Q1–Q4 2016
Taxes for the current period	6.6	4.5	17.0
Taxes for the prior periods	0.0	0.0	-0.6
Change in deferred taxes	-0.9	-0.6	-5.1
Total income taxes	5.7	3.9	11.3

NOTE 4 – CHANGES IN PROPERTY, PLANT AND EQUIPMENT

EUR million	Q1 2017	Q1 2016	Q1–Q4 2016
Carrying value at beginning of period	829.8	812.3	812.3
Capital expenditure	16.7	54.1	133.3
Decreases	0.0	0.0	-3.1
Depreciation, amortization and impairment losses	-22.8	-22.1	-99.2
Translation difference	0.9	-1.4	-13.5
Carrying value at end of period	824.6	843.1	829.8

No impairments were recorded in the review period nor in the comparison period. Impairments in the financial year 2016 included an impairment of EUR 8.5 million at Kyro mill related to the discontinued wallpaper base operations and an impairment reversal of EUR 2.0 million for a sold paper machine at Husum mill.

NOTE 5 – PROVISIONS

EUR million	Restructuring	Environmental obligations	Other provisions	Total
1 Jan 2017	**1.3**	**6.2**	**2.5**	**10.0**
Translation differences	-	-	0.0	0.0
Increases	0.0	-	0.1	0.1
Utilised during the year	-0.7	-0.0	-0.2	-0.9
Unused amounts reversed	-	-0.0	-	-0.0
31 Mar 2017	**0.6**	**6.2**	**2.4**	**9.3**

The non-current part of provisions was EUR 7.1 million and the current part EUR 2.1 million, total provisions amounting to EUR 9.3 million. Non-current provisions are estimated to be utilised mainly by the end of 2025.

NOTE 6 – RELATED PARTY TRANSACTIONS

Related parties include 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 are also included in related parties.

Metsä Board enters into a significant number of transactions with related parties for the purchases of inventories, sale of goods, corporate services as well as financial transactions. Arm's length pricing has been followed in product and service transactions undertaken and interest rates set between Metsä Board and the related parties.

Transactions with parent and sister companies

EUR million	Q1 2017	Q1 2016	Q1–Q4 2016
Sales	15.5	19.2	68.6
Other operating income	1.3	2.2	13.6
Purchases	154.5	170.1	597.8
Share of result from associated companies	10.7	10.7	45.0
Interest income	0.0	0.0	0.1
Interest expenses	0.3	0.8	2.9
Accounts receivables and other receivables	16.5	24.7	21.4
Cash and cash equivalents	130.6	267.8	215.5
Accounts payable and other liabilities	179.0	135.8	131.2

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

Metsä Fibre paid a dividend of EUR 31.1 million to Metsä Board in the review period. 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 2017	Q1 2016	Q1–Q4 2016
Sales	0.2	0.2	0,7
Purchases	1.3	1.4	6,1
Other non-current financial assets	0.3	0.3	0,3
Accounts receivables and other receivables	0.1	0.2	0,3
Accounts payable and other liabilities	1.0	1.0	1,2

NOTE 7 – NOTES TO CONSOLIDATED CASH FLOW STATEMENT

Adjustments to the result for the period

EUR million	Q1 2017	Q1 2016	Q1–Q4 2016	Q4 2016
Taxes	5.7	3.9	11.3	3.9
Depreciation, amortization and impairment charges	23.6	22.9	102.3	20.4
Share of result from associated companies and joint ventures	-10.7	-12.2	-45.1	-9.5
Gains and losses on sale of fixed assets	0.1	-1.6	-14.4	-5.0
Finance costs, net	5.3	4.9	30.7	9.9
Provisions	-0.7	-2.7	-11.5	-1.9
Total	23.3	15.1	73.4	17.9

Net financial items

Net financial items in consolidated cash flow statement for the review period include a dividend of EUR 31.1 million paid by Metsä Fibre (1–3/2016: EUR 32.9 million).

Disposals and other items

Disposals and other items of EUR -0.1 million for the three months ended 31 March 2017 (1–3/2016: -0.5 million) consist of increase in long-term receivables related mostly to funding of Metsä Board’s defined contribution pension schemes.

Disposals and other items of EUR 15.3 million for the financial year 2016 included a EUR -2.8 million cash flow effect from disposal of structured entity Alrec Boiler Oy consolidated to group accounts as a subsidiary and an earn-out of EUR 4.4 million received from sale of subsidiary receivables in connection with a subsidiary disposal in 2011. Disposals also included cash inflow arising from sale of emission rights and electricity certificates as well as amounts received for sale of assets mostly related to discontinued paper production in Kyro and Husum.

NOTE 8 – FINANCIAL INSTRUMENTS

Financial assets and liabilities and their fair values classified according to IAS 39 as of 31 March 2017:

Financial assets 31 March 2017

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		209.4				209.4	209.4
Other non-current financial assets			16.7			16.7	16.7
Accounts receivables and other receivables			290.0			290.0	290.0
Cash and cash equivalent			198.9			198.9	198.9
Derivative financial instruments				0.4		0.4	0.4
Total financial assets	**-**	**209.4**	**505.7**	**0.4**	**-**	**715.5**	**715.5**

Financial liabilities 31 March 2017

EUR million	Fair value through profit & loss	Derivatives at hedge accounting	Amortised cost	Total carrying amount	Fair value
Non-current interest-bearing financial liabilities			469.3	469.3	488.6
Other non-current financial liabilities			0.1	0.1	0.1
Current interest-bearing financial liabilities			191.1	191.1	192.5
Accounts payable and other financial liabilities			363.9	363.9	363.9
Derivative financial instruments	0.4	3.9		4.3	4.3
Total financial liabilities	**0.4**	**3.9**	**1,024.4**	**1,028.7**	**1,049.4**

Financial assets and liabilities and their fair values classified according to IAS 39 as of 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**

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

Accounts payable and other financial liabilities do not include advance payments, accrued tax liabilities 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 0.3–2.6 per cent (31 March 2016: 0.3–2.8).

Fair value hierarchy of financial assets and liabilities as of 31 March 2017

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	0.0		209.4	209.4
Financial assets at fair value through profit or loss, current				-
Derivative financial assets	0.4			0.4
Financial liabilities measured at fair value				
Derivative financial liabilities	0.7	3.6		4.3
Financial assets not measured at fair value				
Cash and cash equivalent		198.9		198.9
Financial liabilities not measured at fair value				
Non-current interest-bearing financial liabilities		488.6		488.6
Current interest-bearing financial liabilities		192.5		192.5

Fair value hierarchy of financial assets and liabilities as of 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

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

EUR million	2017 31.3.	2016 31.3.
Opening balance 1.1.	195.9	210.1
Total gains and losses in profit or loss	-	1.0
Total gains and losses in other comprehensive income	13.4	-10.7
Purchases	-	-
Disposals	-	-1.0
Closing balance 31.3.	209.4	199.4

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 2016 Annual report.

The WACC used in Pohjolan Voima share valuation on 31 March 2017 was 2.24 percent (31.3.2016: 2.04) and 4.24 percent (5.04) 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 205.3 million (195.3).

The carrying amount of available-for-sale financial assets as of 31.3.2017 is estimated to change by EUR 4.2 million should the rate used for discounting the cash flows change by 10 percent from the rate estimated by management. The carrying amount of available-for-sale financial assets is estimated to change by EUR 33.8 million should the energy prices used for calculating the fair value differ by 10 percent from the prices estimated by management.

Derivatives 31 March 2017

EUR million	Nominal value	Fair value			Fair value		
		Derivative Assets	Derivative Liab.	Fair value Net	Fair value hedges	Cash flow hedges	Derivatives with no hedge accounting
Interest forward agreements							
Interest rate options							
Interest rate swaps	100.0		1.3	-1.3		-1.3	
Interest rate derivatives	**100.0**		**1.3**	**-1.3**		**-1.3**	
Currency forward agreements	968.9		2.3	-2.3		-1.9	-0.4
Currency option agreements	131.0		0.0	0.0			0.0
Currency swap agreements							
Currency derivatives	**1,099.8**		**2.3**	**-2.3**		**-1.9**	**-0.4**
Electricity derivatives	73.6		0.4	-0.4		-0.4	
Pulp derivatives							
Oil derivatives	9.9		0.3	-0.3		-0.3	
Other commodity derivatives	3.0	0.4		0.4		0.4	
Commodity derivatives	**86.6**	**0.4**	**0.7**	**-0.3**		**-0.3**	
Derivatives total	**1,286.4**	**0.4**	**4.3**	**-3.9**		**-3.5**	**-0.4**

Derivatives 31 March 2016

EUR million	Nominal value	Fair value			Fair value		
		Derivative Assets	Derivative Liab.	Fair value Net	Fair value hedges	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**

NOTE 9 – COMMITMENTS AND GUARANTEES

EUR million	31.3.2017	31.3.2016	31.12.2016
Liabilities secured by pledges, real estate mortgages and floating charges	121.7	157.2	121.7
Pledges granted	96.6	83.9	103.0
Floating charges	-	3.0	-
Real estate mortgages	232.8	232.8	232.8
Total pledges and mortgages	329.4	319.6	335.8
As security for other own commitments	16.5	8.4	16.1
On behalf of associated companies and joint ventures	0.1	0.1	0.1
On behalf of others	0.1	0.1	0.1
Total	346.1	328.3	352.1

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 included in the table above.

Open derivative contracts

EUR million	31.3.2017	31.3.2016	31.12.2016
Interest rate derivatives	100.0	253.4	100.0
Currency derivatives	1,099.8	628.4	754.6
Other derivatives	86.6	91.1	97.9
Total	1,286.4	972.9	952.5

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -3.9 million (EUR -12.6 million 31 March 2016).

Commitments related to property, plant and equipment

EUR million	31.3.2017	31.3.2016	31.12.2016
Payments due in following 12 months	5.4	5.8	11.2
Payments due later	-	5.1	-
Total	5.4	11.0	11.2