

**METSÄ BOARD CORPORATION****Listing of EUR 250,000,000 Senior Unsecured Fixed Rate Notes Due 2027****The notes are represented by units in denominations of EUR 1,000**

Metsä Board Corporation (the “**Company**”, the “**Issuer**” or “**Metsä Board**”) resolved on 21 September 2017 to issue senior unsecured notes with a principal amount of EUR 250,000,000 (the “**Notes**”) based on the authorisation given by the Company’s Board of Directors on 7 September 2017. The Notes were offered for subscription in a minimum amount of EUR 100,000 through a book-building procedure that was carried out on 21 September 2017 (the “**Offering**”). The Notes bear interest at the rate of 2.750 % per annum. The maturity of the Notes is on 29 September 2027, unless the Issuer prepays the Notes in accordance with the terms and conditions of the Notes set out in Annex A hereto (the “**Terms and Conditions**”).

The Company has applied for the listing of the Notes on the Official List of Nasdaq Helsinki Ltd. (the “**Helsinki Stock Exchange**”). Public trading in the Notes is expected to commence on or about 3 October 2017.

This listing prospectus (the “**Listing Prospectus**”) contains information on the Issuer, the Offering and the Notes. The Listing Prospectus has been prepared solely for the purpose of admission to listing of the Notes on the Helsinki Stock Exchange (the “**Listing**”) and does not constitute any offering of the Notes.

An investment in the Notes involves certain risks, see “*Risk Factors*” in this Listing Prospectus.

The Notes are expected to be assigned a credit rating of “BB+” by Standard & Poor’s.

Besides filing this Listing Prospectus with the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) and the application to the Helsinki Stock Exchange, neither the Company nor the Joint Lead Managers (as defined hereafter) have taken any action, nor will they take any action to render the public offer of the Notes or their possession, or the distribution of this Listing Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of public offer.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of any U.S. person (as such terms are defined in Regulation S under the Securities Act).

*Joint Lead Managers:*



## CERTAIN INFORMATION

This Listing Prospectus has been prepared in accordance with the Finnish Securities Market Act (14.12.2012/746, as amended) (the “**Finnish Securities Market Act**”), the decree issued by the Finnish Ministry of Finance on the Listing Prospectus referred to in Chapters 3-5 of the Finnish Securities Market Act (20.12.2012/1019, as amended), the Commission Regulation (EC) No 809/2004 issued on 29 April 2004 (annexes IV, V, and XXII, as amended), implementing Directive 2003/71/EC of the European Parliament and of the Council and the amendments thereto (the “**Prospectus Directive**”) concerning information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, and the regulations and guidelines issued by the FIN-FSA. The FIN-FSA has approved this Listing Prospectus but is not liable for the correctness of the information presented herein. The journal number of the FIN-FSA’s decision of approval is FIVA 62/02.05.04/2017.

In this Listing Prospectus, any reference to the “**Company**”, “**Metsä Board**” or “**Metsä Board Group**” means Metsä Board Corporation and its subsidiaries on a consolidated basis, except where it is clear from the context that the term means Metsä Board Corporation or a particular subsidiary, and except that references and matters relating to the shares and share capital of the Company or matters of corporate governance shall refer to the shares, share capital and corporate governance of Metsä Board Corporation. All references to the “**Issuer**” refer to Metsä Board Corporation. Any reference to “**Metsäliitto**” means Metsäliitto Cooperative and “**Metsä Group**” means Metsäliitto and its subsidiaries on a consolidated basis.

This Listing Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Listing Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Listing Prospectus. See “*Information incorporated by reference.*”

Danske Bank A/S and Skandinaviska Enskilda Banken AB (publ) (the “**Joint Lead Managers**” and each a “**Joint Lead Manager**”) are acting exclusively for Metsä Board as joint lead managers and joint bookrunners of the Offering and Listing and will not be responsible to anyone other than Metsä Board for providing the protections afforded to its clients nor giving investment or other advice in relation to the Notes.

Prospective investors should rely solely on the information contained in this Listing Prospectus. Neither Metsä Board nor the Joint Lead Managers have authorised anyone to provide any information or give any statements other than those provided in this Listing Prospectus. The Joint Lead Managers assume no responsibility for the accuracy or completeness of the information in this Listing Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Listing Prospectus or any such statement. Delivery of the Listing Prospectus shall not, under any circumstances, indicate that the information presented in the Listing Prospectus is correct on any day other than the date of the Listing Prospectus, or that there would not be any changes in the business of Metsä Board after the date of the Listing Prospectus. However, if a fault or omission is discovered in the Listing Prospectus before the admission of the Notes for listing on the Helsinki Stock Exchange and such fault or omission may be of material importance to investors, the Listing Prospectus shall be supplemented in accordance with the Finnish Securities Market Act. Information given in the Listing Prospectus is not a guarantee or grant for future events by Metsä Board and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to Metsä Board or its industry are based upon the reasonable estimates of the Company’s management.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of Metsä Board and the terms of the Notes, including the risks and merits involved. Neither Metsä Board, nor the Joint Lead Managers nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Each reader of this Listing Prospectus should make an independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

The distribution of the Listing Prospectus and the offer and sale of the Notes in certain jurisdictions may be restricted by law and this Listing Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Listing Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, Japan or Singapore or such other countries or otherwise in such circumstances in which the offering of the Notes would be unlawful or require measures other than those required under the laws of Finland. This Listing Prospectus does not constitute an offer of, or an invitation to purchase, the Notes in any jurisdiction in which such offer or invitation would be unlawful. No offer is being made hereby to persons whose participation in the Offering requires any additional prospectus or registration. None of the Company, the Joint Lead Managers or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective purchaser of Notes, and whether or not the person or entity is aware of such restrictions.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of any U.S. person (as such terms are defined in Regulation S under the Securities Act).

This Listing Prospectus has been prepared solely in connection with the listing of the Notes on the Helsinki Stock Exchange. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

This Listing Prospectus has been prepared in English only. However, the summary of this Listing Prospectus has been translated into Finnish.

The Offering and the Notes are governed by Finnish law. Any dispute arising in relation to the Offering or the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<b>Section A — Introduction and warnings</b>		
<b>A.1</b>	<b>Warning</b>	<p>This summary should be read as an introduction to the Listing Prospectus. Any decision to invest in the Notes should be based on consideration of the Listing Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Listing Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Listing Prospectus before legal proceedings are initiated. Metsä Board assumes civil liability in respect of this summary and its translation only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Listing Prospectus, or if it does not provide, when read together with the other parts of the Listing Prospectus, key information in order to aid investors when considering whether to invest in the Notes issued by the Company.</p>
<b>A.2</b>	<b>Consent by the person responsible for drawing up the prospectus to the use of the prospectus</b>	Not applicable.

<b>Section B — Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name</b>	Metsä Board Corporation.
<b>B.2</b>	<b>Domicile/Legal form/Legislation/Country of incorporation</b>	The domicile of Metsä Board is Helsinki, Finland. Metsä Board is a public limited liability company incorporated in Finland and operating under Finnish law.

<b>B.4b</b>	<b>Known trends affecting the Issuer and the Issuer's industries</b>	<p>Long-term demand for paperboard and pulp is primarily driven by expansion of the world economy, demographic trends and technological developments.</p> <p>The profit cycles of the paperboard and pulp industries reflect the fact that consumption and pricing are influenced by, inter alia, the state of the economy and the balance between supply and demand for the end-use products.</p> <p>Demand for paperboard has been relatively insulated from economic downturns as it is generally used as packaging for many consumer products, such as food, cigarettes, pharmaceuticals and cosmetics, the demand of which has historically been stable by nature. Other factors that impact the long-term demand of paperboard packaging include growing population, urbanisation, increased regulation as well as stronger demand for sustainable and resource efficient packaging.</p> <p>Pulp demand is primarily driven by the volume of global paper and paperboard production. Global pulp demand is expected to continue to grow, despite the fact that in many traditional markets, e.g. Western Europe, pulp demand has decreased in recent years.</p>
<b>B.5</b>	<b>Group</b>	<p>Metsä Board Group includes several operational subsidiaries engaged in either production, sales or customer service. The most significant fully-owned operational subsidiaries are Metsä Board Sverige AB, which owns and operates the Husum mill in Sweden, and Metsä Board Kemi Oy, which owns and operates the Kemi mill in Finland. In addition, Metsä Board owns a number of foreign subsidiaries engaged in the sales of Metsä Board's products. Such sales network companies are located globally in various countries.</p> <p>Additionally, Metsä Board owns 24.9% of the shares in Metsä Fibre Oy ("<b>Metsä Fibre</b>"). The 24.9% share of Metsä Fibre's net result is consolidated into Metsä Board's EBITDA quarterly.</p> <p>Furthermore, Metsä Board is part of Metsä Group and its controlling shareholder is Metsäliitto, which is a cooperative organised under the laws of Finland. In addition to Metsä Board, the Metsä Group includes among others Metsä Fibre, Metsä Tissue Corporation ("<b>Metsä Tissue</b>"), Metsä Forest Sverige AB ("<b>Metsä Forest Sverige</b>") and certain mechanical forest industry businesses.</p>
<b>B.9</b>	<b>Profit forecasts and estimates</b>	<p>In its stock exchange release dated 3 August 2017 regarding its half year financial report for 1 January – 30 June 2017, Metsä Board published the following information on its near-term outlook:</p> <p>"Demand for high-quality consumer packaging paperboard made from fresh fibre is expected to continue to grow in market areas important for Metsä Board. The increases in capacity by European producers of folding boxboard have not had a negative effect on price development.</p> <p>Several producers of white fresh fibre linerboards have announced price increases in Europe and North America during the current year. Global demand and supply for long-fibre and short-fibre pulp is expected to remain stable.</p> <p>Metsä Board's paperboard deliveries grew strongly during the first half of the year. Delivery volumes in July–September are expected to remain roughly at the level of the second quarter. The company aims to improve the geographic sales mix of Husum's folding boxboard and to increase the share of North American sales, in particular.</p> <p>The shutdown of the Kemi integrated mill will take place in the third quarter of the year. The production costs of paperboards in July–September are expected to remain at the level of the previous quarter.</p> <p>The start-up phase of Metsä Fibre's new bioproduct mill is expected to have only a slight negative effect on Metsä Board's result for July–September."</p> <p>In its stock exchange release dated 3 August 2017 regarding its half year financial report for 1 January – 30 June 2017, Metsä Board published the following information on the result guidance for the third quarter of 2017:</p>

		“Metsä Board’s comparable operating result in the third quarter of 2017 is expected to improve slightly compared to the second quarter of 2017.”
<b>B.10</b>	<b>Qualifications in the audit reports</b>	Not applicable. The audit reports on historical financial information incorporated by reference into this Listing Prospectus do not include any qualifications.
<b>B.12</b>	<b>No material adverse change and no significant change statements</b> <b>Selected consolidated financial information</b>	<p>There have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements.</p> <p>There has been no significant change in the Issuer’s financial or trading position since 30 June 2017.</p> <p>The following is a summary of Metsä Board’s unaudited interim report as at and for the six month period ended 30 June 2017 and the audited consolidated financial statements as at and for the financial year ended 31 December 2016. Metsä Board’s interim reports and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.</p>

	As at and for the six months ended 30 June		As at and for the year ended 31 December	
	2017 (unaudited)	2016 (unaudited)	2016 (audited)	2015 (audited)
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>EUR million</b>				
<b>Sales</b>	<b>918.7</b>	<b>858.5</b>	<b>1,720.3</b>	<b>2,007.5</b>
Change in stocks of finished goods and work in progress	-10.4	40.7	38.5	-15.1
Other operating income	8.6	14.3	40.2	47.7
Materials and services	-632.7	-637.8	-1,249.5	-1,408.0
Employee costs	-99.1	-109.3	-211.0	-234.5
Share of result from associated company	23.8	23.8	45.0	61.3
Depreciation, amortisation and impairment charges	-43.6	-48.0	-102.3	-103.5
Other operating expenses	-73.1	-75.1	-148.9	-156.4
<b>Operating result</b>	<b>92.1</b>	<b>67.2</b>	<b>132.3</b>	<b>199.0</b>
Share of result from associated companies and joint ventures	0.1	0.0	0.1	0.1
Net exchange gains/losses	-0.6	-0.3	-4.9	-3.4
Other financial income	0.7	0.4	0.8	1.1
Interest and other financial expenses	-12.1	-14.0	-26.6	-29.7
<b>Result before tax</b>	<b>80.2</b>	<b>53.3</b>	<b>101.6</b>	<b>167.1</b>
Income taxes	-11.0	-6.2	-11.3	-29.8
<b>Result for the period</b>	<b>69.1</b>	<b>47.1</b>	<b>90.4</b>	<b>137.3</b>

	As at 30 June		As at 31 December	
	2017 (unaudited)	2016 (unaudited)	2016 (audited)	2015 (audited)
<b>CONSOLIDATED BALANCE SHEET</b>				
<b>EUR million</b>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	12.4	12.4	12.4	12.4
Other intangible assets	15.2	12.3	14.7	13.7
Tangible assets	809.3	834.8	829.8	812.3

Investments in associated companies and joint ventures	290.2	270.1	291.6	260.2
Available for sale investments	216.4	191.5	195.9	210.2
Interest-bearing non-current financial assets	3.7	3.7	3.6	3.7
Non-interest bearing non-current financial assets	13.3	9.4	12.7	10.9
Derivative financial instruments	1.3	-	2.6	-
Deferred tax receivables	4.3	4.4	4.3	4.5
	<b>1,366.1</b>	<b>1,338.5</b>	<b>1,367.7</b>	<b>1,327.9</b>
<b>Current assets</b>				
Inventories	328.1	335.2	332.5	299.3
Accounts receivables and other receivables	300.0	280.8	265.3	270.9
Current income tax receivables	5.2	8.9	5.2	0.0
Derivative financial instruments	19.0	2.5	2.9	0.2
Cash and cash equivalents	141.1	157.3	220.6	321.8
	<b>793.4</b>	<b>784.8</b>	<b>826.5</b>	<b>892.2</b>
<b>Total assets</b>	<b>2,159.5</b>	<b>2,123.3</b>	<b>2,194.2</b>	<b>2,220.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to shareholders of parent company</b>				
Share capital	557.9	557.9	557.9	557.9
Translation differences	-0.6	6.7	3.2	14.2
Fair value and other reserves	153.7	104.4	114.7	111.7
Reserve for invested unrestricted equity	383.1	383.1	383.1	383.1
Retained earnings	-4.6	-53.0	-6.4	-38.0
	1,089.6	999.1	1,052.5	1,028.9
Non-controlling interests	0.0	0.0	0.0	0.0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,089.6</b>	<b>999.1</b>	<b>1,052.5</b>	<b>1,028.9</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	81.9	73.7	74.7	80.2
Post-employment benefit obligations	14.8	15.5	15.1	14.6
Provisions	7.0	6.8	6.9	8.3
Borrowings	452.8	544.6	469.0	611.3
Other liabilities	0.1	0.1	0.1	0.2
Derivative financial instruments	0.0	7.2	1.7	11.3
	<b>556.6</b>	<b>648.0</b>	<b>567.5</b>	<b>725.9</b>
<b>Current liabilities</b>				
Provisions	1.7	6.4	3.0	13.8
Current borrowings	187.1	157.7	219.1	47.6
Advance payments received	8.0	9.6	9.4	6.1
Accounts payable and other liabilities	304.9	291.9	323.8	381.2
Current income tax liabilities	9.6	4.3	5.9	2.9
Derivative financial instruments	2.0	6.4	13.0	13.7

	513.3	476.2	574.2	465.3
<b>Total liabilities</b>	<b>1,069.9</b>	<b>1,124.2</b>	<b>1,141.7</b>	<b>1,191.2</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,159.5</b>	<b>2,123.3</b>	<b>2,194.2</b>	<b>2,220.1</b>

CONSOLIDATED CASH FLOW	As at 30 June		As at 31 December	
	2017	2016	2016	2015
EUR million	(unaudited)	(unaudited)	(audited)	(audited)
Result for the period	69.1	47.1	90.4	137.3
Total adjustments	41.1	35.5	73.4	66.3
Change in working capital	-48.9	-119.7	-74.5	72.2
<b>Cash flow from operations</b>	<b>61.3</b>	<b>-37.1</b>	<b>89.3</b>	<b>275.8</b>
Net financial items	9.1	18.8	13.6	-7.8
Income taxes paid	-7.7	-26.2	-25.8	-21.3
<b>Net cash flow from operating activities</b>	<b>62.7</b>	<b>-44.5</b>	<b>77.0</b>	<b>246.7</b>
Acquisition of associate company shares		-24.9	-24.9	
Acquisition of other shares				-1.5
Investments in intangible and tangible assets	-30.3	-78.6	-133.5	-175.0
Disposals and other items	5.3	-0.9	15.3	-30.6
<b>Net cash flow from investing activities</b>	<b>-25.1</b>	<b>-104.4</b>	<b>-143.2</b>	<b>-207.1</b>
Right issue net of transaction costs				97.9
Changes in non-current loans and in other financial items	-49.2	45.8	24.7	-27.7
Dividends paid	-67.5	-60.4	-60.4	-39.4
<b>Net cash flow from financing activities</b>	<b>-116.8</b>	<b>-14.7</b>	<b>-35.7</b>	<b>30.8</b>
<b>Changes in cash and cash equivalents</b>	<b>-79.1</b>	<b>-163.6</b>	<b>-101.9</b>	<b>70.4</b>
Cash and cash equivalents at beginning of period	220.6	321.8	321.8	250.4
Translation difference in cash and cash equivalents	-0.4	-0.9	0.7	1.0
Changes in cash and cash equivalents	-79.1	-163.6	-101.9	70.4
<b>Cash and cash equivalents at end of period</b>	<b>141.1</b>	<b>157.3</b>	<b>220.6</b>	<b>321.8</b>

KEY FIGURES	As at 30 June		As at 31 December	
	2017	2016	2016	2015
	(unaudited, unless otherwise indicated)			
Result per share, EUR	0.19	0.13	0.25 <sup>(1)</sup>	0.39 <sup>(1)</sup>
comparable, EUR	0.19	0.14	0.26	0.34
Return on equity, %	12.9	9.3	8.7	14.7
comparable, EUR	12.4	9.9	9.0	12.9
Return on capital employed, %	10.7	8.0	7.8	12.5
comparable, EUR	10.3	8.4	8.1	11.3
Equity ratio at end of period, %	50.6	47.3	48.2	46.5
Net gearing ratio at end of period, %	45	54	44	32
Interest-bearing net liabilities / 12-month rolling comparable EBITDA	2.0	2.1	2.0	1.2

Shareholders' equity per share at end of period, EUR	3.06	2.81	2.96	2.89
Interest-bearing net liabilities, EUR million	495.2	541.4	463.8 <sup>(1)</sup>	333.4 <sup>(1)</sup>
EBITDA, EUR million	135.7	115.2	234.6	302.5
comparable, EUR million	136.2	118.6	231.1	283.3
EBITDA, % of sales	14.8	13.4	13.6	15.1
comparable, % of sales	14.8	13.8	13.4	14.1
EBIT, % of sales	10.0	7.8	7.7	9.9
comparable, % of sales	9.7	8.2	8.0	9.0
<sup>(1)</sup> Audited.				

<b>CALCULATION OF KEY RATIOS</b>	
<b>PROFITABILITY</b>	
Return on equity (%)	= $\frac{\text{Profit from continuing operations before tax - direct taxes}}{\text{Shareholders' equity (average)}}$
Return on capital employed (%)	= $\frac{\text{Profit from continuing operations before tax+ interest expenses, net exchange gains/losses and other financial expenses}}{\text{Total equity+ interest-bearing borrowings (average)}}$
<b>FINANCIAL POSITION</b>	
Equity ratio (%)	= $\frac{\text{Shareholders' equity}}{\text{Total assets - advance payments received}}$
Net gearing ratio (%)	= $\frac{\text{Interest-bearing borrowings - liquid funds- interest-bearing receivables}}{\text{Shareholders' equity}}$
<b>SHARE PERFORMANCE INDICATORS</b>	
Result per share	= $\frac{\text{Profit attributable to shareholders of parent company}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity per share	= $\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted number of shares at 31 December}}$

<b>B.13</b>	<b>Recent events materially relevant to evaluation of the Issuer's solvency</b>	There are no recent events materially relevant to evaluation of the Issuer's solvency.
<b>B.14</b>	<b>Dependency of the Issuer on other entities within the group</b>	<p>Metsä Board enters into a significant number of transactions with certain related parties for the purchases of inventory, sale of goods, corporate services as well as financial transactions.</p> <p>Metsä Board is dependent on Metsäliitto, Metsä Forest Sverige and Metsä Fibre for the vast majority of its wood and pulp raw material requirements. These arrangements and agreements have been negotiated on an arm's length basis and are based on commercial terms. Metsä Group Treasury Oy ("<b>Metsä Treasury</b>") operates as Metsä Group's internal bank and manages the liquidity of Metsä Group by pooling all of the group's cash</p>

		and investing it according to policies and guidelines governing its operations. Hence also Metsä Board deposits most of its cash with Metsä Treasury.
<b>B.15</b>	<b>Description of the Issuer's principal activities</b>	Metsä Board is a leading European producer of premium fresh fibre paperboards including folding boxboards, food service boards and white linerboards. Metsä Board's light-weight paperboards are developed to provide solutions for consumer goods as well as retail-ready and food service applications. In 2016, folding boxboard accounted for approximately 50% of Metsä Board's sales, white linerboards accounted for approximately 25%, market pulp for approximately 15% and other products for approximately 10%.
<b>B.16</b>	<b>Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control</b>	Metsä Board is part of Metsä Group and its controlling shareholder is Metsäliitto, which as of 30 June 2017 owned 41.5% of the outstanding shares and controlled 61.4% of the voting rights in Metsä Board. Metsäliitto has control over Metsä Board by virtue of its representation on the Board of Directors (although a clear majority of Board members are independent of the Company and its significant shareholders) and its voting power with respect to the election of directors and other actions requiring shareholder approval. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.
<b>B.17</b>	<b>Issuer ratings</b>	<p>The Issuer has been assigned a rating of "Ba1" by Moody's and the outlook of the rating is stable. The latest updated rating and report was issued by Moody's on 18 August 2017.</p> <p>The Issuer has been assigned a rating of "BB+" by Standard &amp; Poor's and the outlook of the rating is positive. The latest updated rating and report was issued by Standard &amp; Poor's on 23 February 2017.</p> <p>The Notes are expected to be assigned a credit rating of "BB+" by Standard &amp; Poor's.</p>

### *Section C — Securities*

<b>C.1</b>	<b>Type and class of securities</b>	Senior unsecured notes with an aggregate principal amount of EUR 250,000,000. The ISIN code of the Notes is FI4000282629.
<b>C.2</b>	<b>Currency of the securities issue</b>	The currency of the Offering is euro.
<b>C.5</b>	<b>Restrictions on the free transferability of the securities</b>	Not applicable. Each Note will be freely transferable after it has been registered into the respective book-entry account.
<b>C.8</b>	<b>Ranking of securities</b>	The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <i>pari passu</i> with the unsecured obligations of the Issuer, save for obligations which are preferred by mandatory provisions of law.
<b>C.9</b>	<b>Interest and yield; name of representative of debt security holders</b>	<p>The Notes bear fixed interest at the rate of 2.750%, per annum. The interest on the Notes will be paid annually in arrears commencing on 29 September 2018 and thereafter on each 29 September ("<b>Interest Payment Date</b>") until 29 September 2027 (the "<b>Redemption Date</b>").</p> <p>Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of the Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Redemption Date.</p> <p>Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, in the case of a leap year, 366).</p>

		At the issue price of 99.664 per cent, the effective yield of the Notes is 2.789 per cent per annum.
<b>C.10</b>	<b>Explanation on how the interest amount is affected by value of the underlying instrument</b>	Not applicable. The Notes have no derivative component in the interest payment.
<b>C.11</b>	<b>Admission to trading</b>	The Company has made an application for the admission of the Notes to public trading on the Helsinki Stock Exchange, and the Listing is expected to take place on or about 3 October 2017.

*Section D — Risks*

<b>D.2</b>	<b>Risks specific to the issuer, its operating environment and business</b>	<p>There are risks relating to the Company as an issuer and to its operating environment and business as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Company as an issuer and to its operating environment and business are listed below. This listing is not exhaustive and additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company's business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to the Company's operating environment include the following factors:</p> <ul style="list-style-type: none"> <li>• Metsä Board's business is subject to global economic and political conditions</li> <li>• Metsä Board sells its products in a number of countries and is consequently exposed to currency fluctuations</li> <li>• The pulp industry is cyclical and prone to market shifts</li> <li>• Metsä Board faces high levels of competition</li> <li>• Metsä Board is exposed to the risks stemming from excess paperboard and pulp supplies</li> <li>• Changes in consumer preferences and the regulatory environment may adversely affect Metsä Board's business</li> <li>• Increased use of other materials than fresh fibre paperboard in packaging solutions may lead to a reduced demand for Metsä Board's products</li> <li>• New manufacturing and product technologies may affect Metsä Board's ability to compete successfully</li> <li>• Fluctuations in energy prices and the raw materials Metsä Board uses for energy production as well as increased environmental regulation may adversely affect the Company's earnings</li> <li>• Metsä Board's operations may involve legal and regulatory risks</li> <li>• Compliance with environmental and food packaging regulations may cause significant costs for Metsä Board</li> </ul> <p>Risks relating to the Company and its business include the following factors:</p> <ul style="list-style-type: none"> <li>• Metsä Board may not be able to achieve the sales targets of its Husum mill</li> <li>• Metsä Board's strategic shareholding in Metsä Fibre is subject to risks</li> <li>• Metsä Board may not be able to achieve the anticipated improvement of its operational result</li> </ul>
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<b>D.3</b>	<b>Risks specific to the securities</b>	<p>There are risks relating the Company as an issuer and to its operating environment and business as well as to the Offering and the Notes issued thereunder. The risk factors relating to the Offering and the Notes issued thereunder are listed below. This listing is not exhaustive and additional risks and uncertainties not presently known to the Company, or that the Company currently believes are immaterial, could also impair the Company’s business, results of operations and financial condition or an investment in the Company.</p> <p>The risks relating to the Offering and the Notes include the following factors:</p> <ul style="list-style-type: none"> <li>• The Notes may not be a suitable investment for all investors</li> <li>• Investors are exposed to credit risk in respect of the Issuer</li> <li>• Active trading market for the Notes may not develop</li> </ul>

		<ul style="list-style-type: none"> <li>• Since the Notes bear a fixed interest rate, movements in market interest rates can adversely affect the value of the Notes</li> <li>• Laws and practices applicable to the Notes may change</li> <li>• Legal investment considerations may restrict certain investments</li> <li>• No guarantee or security is given in respect of the Notes</li> <li>• Secured creditors will have prior claim to Metsä Board’s assets that constitute their collateral as compared to the Noteholders</li> <li>• The Notes do not, as a rule, contain covenants governing the Issuer’s operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders</li> <li>• The Issuer using its right to redeem and purchase the Notes prior to maturity or any Noteholder using its right to require prepayment of the Notes may have a material adverse effect on the Issuer and any Notes outstanding</li> <li>• Amendments to the Notes bind all Noteholders</li> <li>• The right to payment under the Notes may become void due to prescription</li> <li>• No voting rights with respect to shareholders meetings of the Issuer</li> <li>• The Issuer may incur additional debt and/or grant security without the consent of the Noteholders</li> <li>• Metsä Board’s possible extensive indebtedness may have an adverse effect on the Issuer’s ability to fulfil its obligations under the Notes as well as on the market price and value of the Notes</li> <li>• The Issuer is not obliged to compensate for withholding tax or similar on the Notes</li> <li>• Credit ratings assigned for the Issuer and the Notes may not reflect all the risks associated with an investment in the Notes and increase of rating may decrease restrictions under the Notes</li> <li>• The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd’s operations and systems</li> </ul>
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<i>Section E — Offer</i>		
<b>E.2b</b>	<b>Reasons for the Offering and use of proceeds</b>	The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses paid or payable by Metsä Board, will be approximately EUR 248.2 million. EUR 157.7 million of the proceeds of the Offering received by Metsä Board have on the Issue Date been used for the partial redemption of the EUR 225,000,000 4.00 per cent notes due 13 March 2019 (the “ <b>2019 Notes</b> ”) that were offered for purchase on the basis of a tender offer process and accepted by the Issuer for purchase. The remaining proceeds are intended to be used for general corporate purposes.
<b>E.3</b>	<b>Terms and conditions of the Offering</b>	<p>Issuer: Metsä Board Corporation, a public limited company incorporated in Finland.</p> <p>Joint Lead Managers: Danske Bank A/S and Skandinaviska Enskilda Banken AB (publ).</p> <p>Aggregate principal amount: EUR 250,000,000.</p> <p>Issue date: 29 September 2017.</p> <p>Redemption Date: 29 September 2027.</p> <p>Interest payment dates: Annually in arrears commencing on 29 September 2018 and thereafter each 29 September.</p> <p>Interest: 2.750% per annum.</p>

		<p>Effective yield of the Notes: At the issue price of 99.664%, 2.789% per annum.</p> <p>Repayment: At par, bullet, on the Redemption Date.</p> <p>Early redemption (Issuer call option): The Issuer may, at any time having given, not less than thirty (30) nor more than sixty (60) days' notice, redeem all, but not part of the aggregate principal amount of the Notes issued at a price equal to (a) if the optional redemption date falling more than three (3) months prior to the Redemption Date, the Make-Whole Redemption Amount; or (b) if the optional redemption date falls on or after the date falling three (3) months prior to the Redemption Date, 100 per cent of their outstanding principal amount, in each case together with accrued but unpaid interest.</p> <p>Early redemption (Noteholders put option): Upon the occurrence of a change of control or a rating trigger, the Noteholders may require the Issuer to redeem their Notes at their nominal principal amount together with accrued but unpaid interest, and if Notes representing more than seventy-five (75) per cent of the aggregate nominal principal amount of the Notes have been so repurchased, the Issuer is entitled to repurchase also the remaining outstanding Notes.</p> <p>Denominations: Minimum subscription is EUR 100,000 and the denomination of each book-entry unit is EUR 1,000.</p> <p>Use of proceeds: Partial redemption of the 2019 Notes and general corporate purposes.</p> <p>Status: Senior, unsecured, unsubordinated.</p> <p>Rating: "Ba1" by Moody's and "BB+" by Standard &amp; Poor's.</p> <p>Covenants: Change of Control, Negative Pledge, Cross Default.</p> <p>Listing: The Notes are expected to be listed on the Helsinki Stock Exchange on or about 3 October 2017.</p> <p>Clearing: The Notes are issued dematerialised form in the Infinity-book-entry securities system of Euroclear Finland Ltd.</p> <p>Applicable law: Finnish law.</p> <p>ISIN code: FI4000282629.</p>
<b>E.4</b>	<b>Material interests</b>	<p>Interests of the Joint Lead Managers: Business interest normal in the financial markets.</p> <p>Each Joint Lead Manager and companies belonging to the same consolidated group with a Joint Lead Manager may have performed and may in the future perform investment or other banking services for the Company in the ordinary course of business.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor</b>	<p>Not applicable. There are no expenses charged to the investors by the Company.</p>

## TIIVISTELMÄ

Tiivistelmät laaditaan tiedonantovelvollisuuksien mukaisesti ”Osatekijöittäin”. Nämä Osatekijät on numeroitu jaksoiksi A – E (A.1 – E.7).

Tämä tiivistelmä sisältää kaikki ne Osatekijät, jotka on sisällytettävä tällaisia arvopapereita ja tällaista liikkeeseenlaskijaa varten laadittuun tiivistelmään. Koska kaikkien Osatekijöiden käsittelyä ei vaadita, Osatekijöiden numeroinnissa voi olla aukkoja.

Vaikka Osatekijä olisikin sisällytettävä tiivistelmään arvopapereiden tai liikkeeseenlaskijan tyyppin vuoksi, on mahdollista, että Osatekijän osalta ei ole annettavissa mitään relevanttia tietoa. Tällaisessa tapauksessa tiivistelmään on sisällytetty Osatekijästä lyhyt kuvaus sekä maininta ”ei sovelleta”.

<b>Jakso A – Johdanto ja varoitukset</b>		
<b>A.1</b>	<b>Varoitus</b>	Tätä tiivistelmää tulee pitää Esitteen johdantona. Sijoittajan tulee perustaa Velkakirjoja koskeva sijoituspäätöksensä Esitteessä esitettyihin tietoihin kokonaisuutena.  Jos tuomioistuimessa pannaan vireille Esitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan Esitteen käännöskustannuksista. Metsä Board vastaa siviilioikeudellisesti tästä tiivistelmästä ja sen käännöksestä vain, jos tiivistelmä on harhaanjohtava, epätarkka tai epäjohdonmukainen luettuna yhdessä Esitteen muiden osien kanssa tai jos tiivistelmässä ei anneta yhdessä Esitteen muiden osien kanssa keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista Yhtiön Velkakirjoihin.
<b>A.2</b>	<b>Esitteen laatimisesta vastaavan suostumus esitteen käyttöön</b>	Ei sovellu.

<b>Jakso B – Liikkeeseenlaskija</b>		
<b>B.1</b>	<b>Virallinen nimi ja muu liike-toiminnassa käytetty toiminimi</b>	Metsä Board Oyj.
<b>B.2</b>	<b>Asuinpaikka/ oikeudellinen muoto/ sovellettava laki / liikkeeseenlaskijan perustamismaa</b>	Metsä Boardin kotipaikka on Helsinki, Suomi. Metsä Board on julkinen osakeyhtiö, joka on perustettu Suomessa ja sen toimintaan sovelletaan Suomen lakia.
<b>B.4b</b>	<b>Merkittävimmät mahdolliset tiedossa olevat suuntaukset</b>	Kartongin ja sellun pitkän aikavälin kysyntään vaikuttavat ensisijaisesti maailman talouden kasvu sekä demografinen ja teknologinen kehitys.  Kartonki- ja selluteollisuuden kannattavuusvaihtelut aiheutuvat tyypillisesti yleistalouden aiheuttamista kulutusmäärien ja hintojen muutoksista sekä lopputuotteiden kysyntä- ja tarjontatasapainon vaihteluista.  Yleistalouden laskusuhdanteet eivät tyypillisesti ole olennaisesti vaikuttaneet kartonkituotteiden loppukysyntään, sillä kartonkiin pakataan tyypillisesti kulutustavaroita, esimerkiksi elintarvikkeita, savukkeita, lääkkeitä ja kosmetiikkaa, joiden kysyntä on

		<p>historiallisesti ollut luonteeltaan vakaata. Kartongin pitkän aikavälin kysyntään vaikuttavat myös väestönkasvu, kaupungistuminen, lisääntyvä sääntely sekä ympäristönäkökulmien korostuminen kuluttajien keskuudessa.</p> <p>Sellun kysyntään vaikuttaa ensisijaisesti maailmanlaajuinen paperin ja kartongin tuotannon kehittyminen. Sellun kysynnän arvioidaan maailmanlaajuisesti kasvavan, vaikkakin useilla perinteisillä markkinoilla, kuten Länsi-Euroopassa, kysyntä on viime vuosina laskenut.</p>
<b>B.5</b>	<b>Konserni</b>	<p>Metsä Board -konserniin kuuluu useita tuotannossa, myynnissä tai asiakaspalvelussa toimivia tytäryhtiöitä. Merkittävimmät kokonaan omistettut tytäryhtiöt ovat Metsä Board Sverige AB, joka omistaa Ruotsissa Husumin tehtaan ja operoi sitä sekä Metsä Board Kemi Oy, joka omistaa Suomessa Kemin tehtaan ja operoi sitä. Lisäksi Metsä Board omistaa lukuisia ulkomaisia tytäryhtiöitä, jotka myyvät yhtiön tuotteita. Nämä myyntiyhtiöt sijaitsevat maailmanlaajuisesti eri maissa.</p> <p>Lisäksi Metsä Board omistaa 24,9 prosenttia Metsä Fibre Oy:n (<b>“Metsä Fibre”</b>) osakkeista. 24,9 prosentin osuus Metsä Fibren nettotuloksesta konsolidoidaan Metsä Boardin EBITDA:han kvartaaleittain.</p> <p>Metsä Board on myös osa Metsä Group -konsernia ja yhtiön pääomistaja on Metsäliitto, joka on Suomen lain mukaisesti perustettu osuuskunta. Metsä Boardin lisäksi Metsä Groupiin kuuluu Metsä Fibre, Metsä Tissue Oyj (<b>“Metsä Tissue”</b>), Metsä Forest Sverige AB (<b>“Metsä Forest Sverige”</b>) ja tiettyjä mekaaniseen metsäteollisuuteen liittyviä liiketoimintoja.</p>
<b>B.9</b>	<b>Tulosennuste ja -arvio</b>	<p>Metsä Board julkaisi 3.8.2017 päivätyssä 1.1 – 30.6.2017 puolivuotiskatsausta koskevassa pörssitiedotteessaan seuraavat tiedot lähiajan näkymistään:</p> <p>”Ensikuidusta valmistetun korkealuokkaisen kuluttajapakkauskartongin kysynnän odotetaan jatkavan kasvuaan Metsä Boardille tärkeillä markkina-alueilla. Eurooppalaisten taivekartonkituottajien kapasiteetin lisäykset eivät ole vaikuttaneet negatiivisesti hintakehitykseen.</p> <p>Useat valkoisen ensikuitulainerin tuottajat ovat kuluvana vuonna ilmoittaneet hinnankorotuksista Euroopassa ja Pohjois-Amerikassa. Pitkä- ja lyhytkuituisen sellun maailmanlaajuisen kysynnän ja tarjonnan odotetaan pysyvän vakaana.</p> <p>Metsä Boardin kartonkitoimitukset ovat kasvaneet voimakkaasti vuoden ensimmäisellä puoliskolla. Heinä–syyskuussa toimitusmäärien arvioidaan pysyvän suunnilleen toisen vuosineljänneksen tasolla. Yhtiön tavoitteena on parantaa Husumin taivekartonkituotannon myynnin maantieteellistä jakaamaa ja kasvattaa etenkin Pohjois-Amerikan myynnin osuutta. Vuoden kolmannelle neljännekselle kohdistuu Kemin tehtaan integraattiseisokki. Kartonkien tuotantokustannusten arvioidaan heinä–syyskuussa pysyvän edellisen vuosineljänneksen tasolla.</p> <p>Metsä Fibren uuden biotuotehtaan käynnistymisvaiheella arvioidaan olevan vain lievästi negatiivinen vaikutus Metsä Boardin heinä–syyskuun tulokseen.”</p> <p>Metsä Board julkaisi 3.8.2017 päivätyssä 1.1 – 30.6.2017 puolivuotiskatsausta koskevassa pörssitiedotteessaan seuraavan tulosohjeistuksen vuoden 2017 kolmannen kvartaalin osalta:</p> <p>”Metsä Boardin vertailukelpoisen liikutuloksen arvioidaan vuoden 2017 kolmannella neljänneksellä paranevan hieman vuoden 2017 toisesta neljänneksestä.”</p>
<b>B.10</b>	<b>Tilintarkastuskertomuksessa esitetyt muistutukset</b>	<p>Ei sovelleta. Tilintarkastuskertomukset eivät sisällä muistutuksia.</p>

<b>B.12</b>	<b>Ei merkittäviä kielteisiä muutoksia eikä merkittäviä muutoksia</b> <b>Keskeiset taloudelliset tiedot</b>	<p>Liikkeeseenlaskijan tulevaisuudennäkymissä ei ole tapahtunut merkittäviä kielteisiä muutoksia viimeisen tarkastetun ja julkaistun tilinpäätöksen päivämäärän jälkeen.</p> <p>Liikkeeseenlaskijan taloudellisessa tai liiketoiminnallisessa asemassa ei ole tapahtunut merkittäviä muutoksia 30.6.2017 jälkeen.</p> <p>Seuraavassa taulukossa on esitetty tiivistelmä Metsä Boardin tilintarkastamattomasta puolivuositarkastuksesta 30.6.2017 päättyneeltä kuuden kuukauden jaksolta sekä tilintarkastetusta konsernitilinpäätöksestä 31.12.2016 päättyneeltä tilikaudelta. Metsä Boardin osavuositarkastukset ja konsernitilinpäätökset on laadittu Euroopan unionissa sovellettavien kansainvälisten tilinpäätösstandardien (IFRS) mukaisesti.</p>
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	<b>1.1.-30.6</b>		<b>1.1.-31.12.</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>(tilintarkastamaton)</b>		<b>(tilintarkastettu)</b>	
<b>KONSERNIN LAAJA TULOSLASKELMA</b>				
<b>Milj.euroa</b>				
<b>Liikevaihto</b>	<b>918,7</b>	<b>858,5</b>	<b>1 720,3</b>	<b>2 007,5</b>
Valmiiden ja keskeneräisten tuotteiden varastojen muutos	-10,4	40,7	38,5	-15,1
Liiketoiminnan muut tuotot	8,6	14,3	40,2	47,7
Materiaalit ja palvelut	-632,7	-637,8	-1 249,5	-1 408,0
Henkilöstökulut	-99,1	-109,3	-211,0	-234,5
Osuus osakkuusyrityksen tuloksesta	23,8	23,8	45,0	61,3
Poistot ja arvonalentumiset	-43,6	-48,0	-102,3	-103,5
Liiketoiminnan muut kulut	-73,1	-75,1	-148,9	-156,4
<b>LIIKETULOS</b>	<b>92,1</b>	<b>67,2</b>	<b>132,3</b>	<b>199,0</b>
Osuus osakkuus- ja yhteisyritysten tuloksesta	0,1	0,0	0,1	0,1
Kurssierot	-0,6	-0,3	-4,9	-3,4
Muut rahoitustuotot	0,7	0,4	0,8	1,1
Muut rahoituskulut	-12,1	-14,0	-26,6	-29,7
<b>TILIKAUDEN TULOS ENNEN VEROJA</b>	<b>80,2</b>	<b>53,3</b>	<b>101,6</b>	<b>167,1</b>
Tuloverot	-11,0	-6,2	-11,3	-29,8
<b>TILIKAUDEN TULOS</b>	<b>69,1</b>	<b>47,1</b>	<b>90,4</b>	<b>137,3</b>

	<b>30.6.</b>		<b>31.12.</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>(tilintarkastamaton)</b>		<b>(tilintarkastettu)</b>	
<b>KONSERNIN TASE</b>				
<b>Milj.euroa</b>				
<b>VARAT</b>				
<b>Pitkäaikaiset varat</b>				
Liikearvo	12,4	12,4	12,4	12,4
Muut aineettomat hyödykkeet	15,2	12,3	14,7	13,7
Aineelliset käyttöomaisuushyödykkeet	809,3	834,8	829,8	812,3
Osuudet osakkuus- ja yhteisyrityksissä	290,2	270,1	291,6	260,2
Myytavissä olevat rahoitusvarat	216,4	191,5	195,9	210,2
Korolliset muut rahoitusvarat	3,7	3,7	3,6	3,7
Korottomat muut rahoitusvarat	13,3	9,4	12,7	10,9
Johdannaiset	1,3	-	2,6	-

Laskennalliset verosaamiset	4,3	4,4	4,3	4,5
	<b>1 366,1</b>	<b>1 338,5</b>	<b>1 367,7</b>	<b>1 327,9</b>
<b>Lyhytaikaiset varat</b>				
Vaihto-omaisuus	328,1	335,2	332,5	299,3
Myyntisaamiset ja muut saamiset	300,0	280,8	265,3	270,9
Tilikauden verotettavaan tuloon perustuvat tuloverosaamiset	5,2	8,9	5,2	0,0
Johdannaiset	19,0	2,5	2,9	0,2
Rahavarat	141,1	157,3	220,6	321,8
	<b>793,4</b>	<b>784,8</b>	<b>826,5</b>	<b>892,2</b>
<b>Varat yhteensä</b>	<b>2 159,5</b>	<b>2 123,3</b>	<b>2 194,2</b>	<b>2 220,1</b>
<b>OMA PÄÄOMA JA VELAT</b>				
<b>Emoyrityksen osakkeenomistajille kuuluva oma pääoma</b>				
Osakepääoma	557,9	557,9	557,9	557,9
Muuntoero	-0,6	6,7	3,2	14,2
Arvonmuutos- ja muut rahastot	153,7	104,4	114,7	111,7
Sijoitetun vapaan oman pääoman rahasto	383,1	383,1	383,1	383,1
Kertyneet voittovarot	-4,6	-53,0	-6,4	-38,0
	1 089,6	999,1	1 052,5	1 028,9
Määräysvallattomien omistajien osuus	0,0	0,0	0,0	0,0
<b>OMA PÄÄOMA YHTEENSÄ</b>	<b>1 089,6</b>	<b>999,1</b>	<b>1 052,5</b>	<b>1 028,9</b>
<b>Pitkäaikaiset velat</b>				
Laskennalliset verovelat	81,9	73,7	74,7	80,2
Eläkeveloitteet	14,8	15,5	15,1	14,6
Varaukset	7,0	6,8	6,9	8,3
Rahoitusvelat	452,8	544,6	469,0	611,3
Muut velat	0,1	0,1	0,1	0,2
Johdannaiset	0,0	7,2	1,7	11,3
	<b>556,6</b>	<b>648,0</b>	<b>567,5</b>	<b>725,9</b>
<b>Lyhytaikaiset velat</b>				
Varaukset	1,7	6,4	3,0	13,8
Lyhytaikaiset rahoitusvelat	187,1	157,7	219,1	47,6
Saadut ennakot	8,0	9,6	9,4	6,1
Ostovelat ja muut velat	304,9	291,9	323,8	381,2
Tilikauden verotettavaan tuloon perustuvat tuloverovelat	9,6	4,3	5,9	2,9
Johdannaiset	2,0	6,4	13,0	13,7
	<b>513,3</b>	<b>476,2</b>	<b>574,2</b>	<b>465,3</b>
<b>Velat yhteensä</b>	<b>1 069,9</b>	<b>1 124,2</b>	<b>1 141,7</b>	<b>1 191,2</b>
<b>Oma pääoma ja velat yhteensä</b>	<b>2 159,5</b>	<b>2 123,3</b>	<b>2 194,2</b>	<b>2 220,1</b>

KONSERNIN RAHAVIRTALASKELMA	1.1.-30.6.		1.1.-31.12.	
	2017	2016	2016	2015
Milj.euroa	(tilintarkastamaton)		(tilintarkastettu)	
Kauden tulos	69,1	47,1	90,4	137,3
Oikaisut yhteensä	41,1	35,5	73,4	66,3
Käyttöpääoman muutos	-48,9	-119,7	-74,5	72,2
<b>Liiketoiminnasta kertyneet rahavirrat</b>	<b>61,3</b>	<b>-37,1</b>	<b>89,3</b>	<b>275,8</b>
Nettorahoituskulut	9,1	18,8	13,6	-7,8
Maksetut verot	-7,7	-26,2	-25,8	-21,3
<b>Liiketoiminnasta kertyneet nettorahavirrat</b>	<b>62,7</b>	<b>-44,5</b>	<b>77,0</b>	<b>246,7</b>
Osakkuusyrittösten hankinnat		-24,9	-24,9	
Muiden osakkeiden hankinnat				-1,5
Investoinnit aineellisiin ja aineettomiin hyödykkeisiin	-30,3	-78,6	-133,5	-175,0
Omaisuuksien myynnit ja muut erät	5,3	-0,9	15,3	-30,6
<b>Investointien nettorahavirrat</b>	<b>-25,1</b>	<b>-104,4</b>	<b>-143,2</b>	<b>-207,1</b>
Osakeannista saadut maksut transaktiomenoilla vähennettynä				97,9
Pitkäaikaisten lainojen ja muiden rahoituserien muutos	-49,2	45,8	24,7	-27,7
Maksetut osingot	-67,5	-60,4	-60,4	-39,4
<b>Rahoituksen nettorahavirrat</b>	<b>-116,8</b>	<b>-14,7</b>	<b>-35,7</b>	<b>30,8</b>
<b>Rahavarojen muutos</b>	<b>-79,1</b>	<b>-163,6</b>	<b>-101,9</b>	<b>70,4</b>
Rahavarat kauden alussa	220,6	321,8	321,8	250,4
Rahavarojen muuntoero	-0,4	-0,9	0,7	1,0
Rahavarojen muutos	-79,1	-163,6	-101,9	70,4
<b>Rahavarat kauden lopussa</b>	<b>141,1</b>	<b>157,3</b>	<b>220,6</b>	<b>321,8</b>

TALOUDELLISIA TUNNUSLUKUJA	30.6.		31.12.	
	2017	2016	2016	2015
	(tilintarkastamaton, ellei toisin ilmoiteta)			
Osakekohtainen tulos, euroa	0,19	0,13	0,25 <sup>(1)</sup>	0,39 <sup>(1)</sup>
vertailukelpoinen, euroa	0,19	0,14	0,26	0,34
Oman pääoman tuotto, %	12,9	9,3	8,7	14,7
vertailukelpoinen, %	12,4	9,9	9,0	12,9
Sijoitetun pääoman tuotto, %	10,7	8,0	7,8	12,5
vertailukelpoinen, %	10,3	8,4	8,1	11,3
Omavaraisuusaste kauden lopussa, %	50,6	47,3	48,2	46,5
Nettovelkaantumisaste kauden lopussa, %	45	54	44	32
Korollinen nettovelka / 12 edelliskuukauden vertailukelpoinen EBITDA	2,0	2,1	2,0	1,2
Osakekohtainen oma pääoma kauden lopussa, euroa	3,06	2,81	2,96	2,89
Korolliset nettovelat kauden lopussa, milj.euroa	495,2	541,4	463,8 <sup>(1)</sup>	333,4 <sup>(1)</sup>
EBITDA, milj.euroa	135,7	115,2	234,6	302,5
vertailukelpoinen, milj.euroa	136,2	118,6	231,1	283,3

EBITDA, % :a liikevaihdosta	14,8	13,4	13,6	15,1
vertailukelpoinen, % :a liikevaihdosta	14,8	13,8	13,4	14,1
EBIT, % :a liikevaihdosta	10,0	7,8	7,7	9,9
vertailukelpoinen, % :a liikevaihdosta	9,7	8,2	8,0	9,0

<sup>(1)</sup> Tilintarkastettu.

<b>TUNNUSLUKIJEN LASKENTAPERIAATTEET</b>	
<b>KANNATTAVUUS</b>	
Oman pääoman tuotto (%)	= $\frac{\text{Tulos ennen veroja jatkuvista liiketoiminnoista} - \text{tuloverot}}{\text{Oma pääoma (keskimäärin)}}$
Sijoitetun pääoman tuotto (%)	= $\frac{\text{Tulos ennen veroja jatkuvista liiketoiminnoista} + \text{korkokulut, nettokurssierot ja muut rahoituskulut}}{(\text{Oma pääoma} + \text{korolliset rahoitusvelat}) \text{ (keskimäärin)}}$
<b>TALOUDELLINEN ASEMA</b>	
Omavaraisuusaste (%)	= $\frac{\text{Oma pääoma}}{\text{Taseen loppusumma} - \text{saadut ennakot}}$
Nettovelkaantumisaste (%)	= $\frac{\text{Korolliset rahoitusvelat} - \text{likvidit varat} - \text{korolliset saamiset}}{\text{Oma pääoma}}$
<b>OSAKEKOHTAISET TUNNUSLUVUT</b>	
Osakekohtainen tulos	= $\frac{\text{Emoyrityksen osakkeenomistajille kuuluva tilikauden tulos}}{\text{Osakkeiden osakeantioikaistu lukumäärä keskimäärin}}$
Osakekohtainen oma pääoma	= $\frac{\text{Emoyrityksen osakkeenomistajille kuuluva oma pääoma}}{\text{Osakkeiden osakeantioikaistu lukumäärä 31.12.}}$

<b>B.13</b>	<b>Viimeaikaiset tapahtumat, jotka ovat ratkaisevia arvioitaessa Liikkeeseenlaskijan maksukykyä</b>	Ei merkittäviä viimeaikaisia tapahtumia, jotka olisivat ratkaisevia arvioitaessa Liikkeenlaskijan maksukykyä.
<b>B.14</b>	<b>Liikkeeseenlaskijan riippuvuus muista konserniin kuuluvista yksiköistä</b>	Metsä Boardilla on merkittävää toimintaa lähipiiriin kuuluvien tahojen kanssa liittyen hankintaan, myyntiin sekä hallinnollisiin, talous- ja rahoitustoimintoihin. Metsä Board on puunhankinnan sekä sellun osalta suurimmaksi osin riippuvainen Metsäliitosta, Metsä Forest Sverigestä sekä Metsä Fibrestä. Nämä järjestelyt on neuvoteltu <i>arms length</i> -periaatteen mukaisesti ja ne on tehty markkinaehtoisina. Metsä Group Treasury Oy ("Metsä Treasury") toimii Metsä Groupin sisäisenä pankkina ja hallitsee Metsä Groupin likviditeettiä yhdistämällä yhtiöiden käteisvarat ja sijoittamalla ne soveltuvien ohjeiden ja menettelytapojen mukaisesti. Täten myös Metsä Board tallettaa suurimman osan ylimääräisistä käteisvaroistaan Metsä Treasuryyn.
<b>B.15</b>	<b>Kuvaus liikkeeseenlaskijan päätoimialoista</b>	Metsä Board on johtava eurooppalainen korkealaatuisten ensikuitukartonkien valmistaja. Tuotevalikoimaan kuuluvat taive- ja tarjoilupakkauskartongit sekä valkoiset ensi-

		kuitulainerit. Metsä Boardin kevyet kartongit on kehitetty tarjoamaan ratkaisuja kuluttaja-, myymälä- ja tarjoilupakkaussovelluksiin. Vuonna 2016 taivekartonki muodosti noin 50% Metsä Boardin liikevaihdosta, lainerikartonki noin 25%, markkinasellutoiminnot noin 15% ja muut tuotteet noin 10%.
<b>B.16</b>	<b>Kuvaus siitä, onko liikkeenlaskija suoraan tai välillisesti jonkun omistuksessa tai määräysvallassa ja mikä tämä taho on sekä määräysvallan luonteesta</b>	Metsä Board on osa Metsä Groupia ja yhtiön pääomistaja on Metsäliitto, joka 30.6.2017 omisti 41,5% Metsä Boardin osakkeista ja kontrolloi 61,4% äänivallasta. Metsäliitolla on määräysvalta Metsä Boardissa hallitusedustuksen myötä (selvä enemmistö hallituksen jäsenistä on tosin riippumattomia Yhtiöstä ja sen merkittävistä osakkeenomistajista) sekä hallituksen jäsenen nimeämistä ja muita osakkeenomistajien hyväksyntää vaativia asioita koskevan äänestysvallan myötä. Yhtiö ei ole tietoinen järjestelyistä, jotka voisivat tulevaisuudessa johtaa määräysvallan vaihtumiseen Liikkeenlaskijassa.
<b>B.17</b>	<b>Liikkeeseenlaskijan luottoluokitus</b>	Moody's on antanut Liikkeeseenlaskijalle luottoluokituksen "Ba1", ja luottoluokituksen näkymä on vakaa. Moody's on julkaissut viimeisimmän päivitetyn luottoluokituksen ja raportin 18.8.2017.  Standard & Poor's on antanut Liikkeeseenlaskijalle luottoluokituksen "BB+" ja luottoluokituksen näkymä on positiivinen. Standard & Poor's on julkaissut viimeisimmän päivitetyn luottoluokituksen ja raportin 23.2.2017.

### *Jakso C – Arvopaperit*

<b>C.1</b>	<b>Arvopapereiden tyyppi ja laji</b>	Senior-statuksinen vakuudeton velkakirjalaina, jonka kokonaisnimellismäärä on 250.000.000 euroa.  Velkakirjojen ISIN-koodi on FI4000282629.
<b>C.2</b>	<b>Arvopapereiden liikkeeseenlaskun valuutta</b>	Velkakirjojen liikkeeseenlaskun valuutta on euro.
<b>C.5</b>	<b>Arvopapereiden vapaata luovutettavuutta koskevat rajoitukset</b>	Ei sovelleta. Velkakirjat ovat vapaasti luovutettavissa sen jälkeen, kun ne on kirjattu asianomaiselle arvo-osuustilille.
<b>C.8</b>	<b>Arvopapereiden etuoikeusjärjestys</b>	Velkakirjat ovat Liikkeeseenlaskijan suorina, vakuudettomia ja takaamattomia velvoitteita, jotka ovat samantarvoisia keskenään ja jotka ovat etuoikeusjärjestyksessä vähintään samalla sijalla Liikkeeseenlaskijan vakuudettomien velvoitteiden kanssa, lukuun ottamatta niitä velvoitteita, joilla on etuoikeus pakottavan lain nojalla.
<b>C.9</b>	<b>Korko ja tuotto; velkapapereiden haltijoiden edustajan nimi</b>	Velkakirjoille maksetaan kiinteää vuotuista korkoa, joka on 2,750% vuodessa.  Velkakirjoille kertyvä korko maksetaan vuosittain takautuvasti alkaen 29.9.2018 ja tämän jälkeen 29.9. kunakin vuonna (" <b>Koronmaksupäivä</b> ") 29.9.2027 saakka (" <b>Takaisinmaksupäivä</b> ").  Velkakirjojen kulloinkin maksamatta olevalle pääomalle kertyy korkoa kultakin korkokaudelta korkokauden ensimmäinen päivä mukaan lukien ja korkokauden viimeinen päivä pois lukien. Ensimmäinen korkokausi alkaa Liikkeeseenlaskupäivänä ja päättyy ensimmäisenä Koronmaksupäivänä. Kukin seuraava korkokausi alkaa edeltävänä Koronmaksupäivänä ja päättyy seuraavana Koronmaksupäivänä. Viimeinen korkokausi päättyy Takaisinmaksupäivänä.  Velkakirjoihin sovellettava koronlaskuperuste on asianomaisella korkokaudella kuluneiden päivien todellinen määrä jaettuna 365:llä (tai karkausvuonna 366:lla).  Emissiohinnan ollessa 99,664%, Velkakirjojen efektiivinen tuotto on 2,789% vuodessa.

<b>C.10</b>	<b>Tiedot siitä, kuinka kohde-etuuden arvo vaikuttaa koron määrään</b>	Ei sovelleta. Velkakirjoille maksettava korko ei ole yhteydessä johdannaiseen.
<b>C.11</b>	<b>Ottaminen kaupankäynnin kohteeksi</b>	Yhtiö on hakenut Velkakirjojen ottamista julkisen kaupankäynnin kohteeksi Helsingin Pörssissä. Velkakirjat listataan Helsingin Pörssiin arviolta 3.10.2017.

<b>Jakso D – Riskit</b>		
<b>D.2</b>	<b>Liikkeeseenlaskijaan, sen toimintaympäristöön ja liiketoimintaan liittyvät riskit</b>	<p>Yhtiön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Yhtiön liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan liittyvät riskitekijät on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiön tehtyyn sijoitukseen.</p> <p>Yhtiön liiketoimintaympäristöön liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> <li>• Globaalit taloudelliset ja poliittiset olosuhteet vaikuttavat Metsä Boardin liiketoimintaan</li> <li>• Metsä Board myy tuotteitaan useissa maissa ja on siten altis valuuttakurssien vaihteluille</li> <li>• Selluteollisuus on syklinen ja altis markkinoiden muutoksille</li> <li>• Metsä Board kohtaa paljon kilpailua</li> <li>• Metsä Board on altis kartongin ja sellun liikatarjonnasta johtuville riskeille</li> <li>• Muutokset kuluttajien mieltymyksissä ja sääntely-ympäristössä voivat vaikuttaa haitallisesti Metsä Boardin liiketoimintaan</li> <li>• Muiden materiaalien kuin ensikuitukartongin käytön lisääntyminen pakkausratkaisuissa voi vähentää Metsä Boardin tuotteiden kysyntää</li> <li>• Uudet tuotanto- ja tuoteteknologiat saattavat vaikuttaa Metsä Boardin kilpailukykyyn</li> <li>• Energian ja Metsä Boardin energiatuotantoon käyttämän raaka-aineen hinnan vaihtelut, sekä lisääntynyt ympäristösääntely, voivat vaikuttaa haitallisesti Metsä Boardin tulokseen</li> <li>• Metsä Boardin liiketoiminnassa voi esiintyä oikeudellisia ja sääntelyyn liittyviä riskejä</li> <li>• Ympäristö- ja ruokapakkaus sääntelyn noudattamisesta voi aiheutua Metsä Boardille huomattavia kustannuksia</li> </ul> <p>Yhtiön ja sen liiketoimintaan liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> <li>• Metsä Board ei välttämättä pysty saavuttamaan Husumin tehtaan myyntitavoitteita</li> <li>• Metsä Boardin strateginen osakeomistus Metsä Fibressä sisältää riskejä</li> <li>• Metsä Board ei välttämättä pysty parantamaan liiketoiminnan tulosta odotusten mukaisesti</li> <li>• Suurten pääomavaatimusten sekä Metsä Boardin tuotteiden tuotantoprosessin monimutkaisuuden takia ennakoimattomia kustannuksia ja vaikeuksia saattaa ilmetä aina, kun Metsä Board tekee investointeja liiketoimintaansa</li> <li>• Yhtiön tuotanto on keskittynyt suppealle maantieteelliselle alueelle</li> </ul>

		<ul style="list-style-type: none"> <li>• Metsä Board ei välttämättä pysty kontrolloimaan raaka-ainekustannusten tai muiden tuotantokustannusten nousua tai ennustamaan niiden nousun vaikutusta liiketoimintaansa</li> <li>• Jos Metsä Board ei kykene houkuttelemaan ja säilyttämään osaavia työntekijöitä ja avainhenkilöitä, tämä saattaa vaikuttaa haitallisesti sen liiketoimintaan</li> <li>• Metsä Board saattaa altistua ympäristö- tai muille vastuille saastuttamisen johdosta</li> <li>• Metsä Boardin liiketoimintaan kohdistuu yleisiä oikeudenkäynteihin liittyviä riskejä</li> <li>• Merkittävien asiakkaiden menettämisellä saattaa olla haitallinen vaikutus Metsä Boardiin</li> <li>• Merkittävä vahinko Metsä Boardin tehtaassa saattaa aiheuttaa tuotantohäiriön</li> <li>• Tuoteturvallisuuteen ja -vastuuseen liittyvät ongelmat voivat keskeyttää Metsä Boardin tuotannon ja Metsä Board voi olla velvollinen maksamaan vahingonkorvauksia tai muita hyvityksiä tuotevastuukanteiden seurauksena</li> <li>• Metsä Boardin vakuutusurva ei välttämättä ole riittävä</li> <li>• Luonnonvarojen käyttöön liittyy riskejä</li> <li>• Yhtiö altistuu verorasituksen kasvamiseen liittyviin riskeihin</li> <li>• Metsä Board altistuu kilpailu-, korruptio- ja polkumyymintimenettelyihin liittyville riskeille</li> </ul> <p>Yhtiön rahoitukseen liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> <li>• Metsä Board ei välttämättä saa rahoitusta kilpailukykyisin ehdoin tai lainkaan ja sen rahoituskustannukset voivat nousta</li> <li>• Metsä Boardin luottojärjestelyjä koskeviin sopimuksiin sisältyvät kovenantit saattavat rajoittaa Metsä Boardin kykyä harjoittaa liiketoimintaansa kaikissa tilanteissa</li> <li>• Liikkeeseenlaskijan enemmistöosakkeenomistajan etu ei välttämättä ole yhdenmukainen Velkakirjanhaltijoiden edun kanssa</li> <li>• Metsä Board tallettaa suurimman osan käteisvaroistaan Metsä Groupin rahoitusyhtiöön</li> <li>• Tulevat tilinpäätösstandardien muutokset saattavat vaikuttaa Metsä Boardin taloudelliseen asemaan</li> <li>• Yhtiön rahoitussopimukseen liittyy vastapuoliriski</li> <li>• Luottoluokitukset eivät välttämättä heijasta kaikkia riskejä</li> </ul>
<p><b>D.3</b></p>	<p><b>Arvopapereille ominaiset riskit</b></p>	<p>Yhtiön Liikkeeseenlaskijana ja sen toimintaympäristöön ja liiketoimintaan sekä Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyy riskitekijöitä. Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit on lueteltu jäljempänä. Tämä luettelo ei ole tyhjentävä, ja myös riskit tai epävarmuustekijät, joista Yhtiö ei tällä hetkellä ole tietoinen tai joita se juuri nyt pitää epäolennaisina, saattavat vaikuttaa haitallisesti Yhtiön liiketoimintaan, tulokseen ja taloudelliseen asemaan tai Yhtiön tehtyyn sijoitukseen.</p> <p>Liikkeeseenlaskuun ja sen kohteena oleviin Velkakirjoihin liittyvät riskit sisältävät seuraavat tekijät:</p> <ul style="list-style-type: none"> <li>• Velkakirjat eivät välttämättä sovellu sijoituskohteeksi kaikille sijoittajille</li> <li>• Sijoittajat kantavat Liikkeeseenlaskijaa koskevan luottoriskin</li> <li>• Velkakirjoille ei välttämättä muodostu aktiivisia jälkimarkkinoita</li> <li>• Koska Velkakirjoille on asetettu kiinteä korko, markkinakorkojen muutoksilla voi olla haitallinen vaikutus Velkakirjojen arvoon</li> <li>• Velkakirjoihin liittyvät lait ja käytännöt voivat muuttua</li> </ul>

		<ul style="list-style-type: none"> <li>• Sijoitusten laillisuutta koskevat säädökset saattavat rajoittaa joitakin sijoituksia</li> <li>• Velkakirjoista ei ole asetettu vakuutta tai annettu takausta</li> <li>• Vakuusvelkojilla on Velkakirjojen haltijoihin verrattuna parempi oikeus Metsä Boardin omaisuuteen, joka on heillä vakuutena</li> <li>• Velkakirjat eivät lähtökohtaisesti rajoita Liikkeeseenlaskijan oikeutta sulautua, toteuttaa liiketoimintakauppoja tai muutoin toteuttaa merkittäviä transaktioita, joilla saattaa olla olennaisen haitallisia vaikutuksia Velkakirjoihin ja niiden haltijoihin</li> <li>• Liikkeeseenlaskijan oikeudella lunastaa ja ostaa Velkakirjat ennen niiden erääntymistä tai Velkakirjanhaltijoiden oikeudella vaatia Liikkeeseenlaskijaa lunastamaan Velkakirjat ennenaikaisesti saattaa käytettäessä olla olennainen epäedullinen vaikutus Liikkeeseenlaskijaan sekä lunastamattomiin Velkakirjoihin</li> <li>• Velkakirjoihin tehtävät muutokset sitovat kaikkia Velkakirjojen haltijoita</li> <li>• Oikeus vastaanottaa maksuja Velkakirjojen perusteella vanhenee</li> <li>• Velkakirjat eivät anna äänioikeutta Liikkeeseenlaskijan yhtiökokouksissa</li> <li>• Metsä Board voi ottaa lisävelkaa tai antaa lisävakuutta ilman Velkakirjojen haltijoiden suostumusta</li> <li>• Metsä Boardin mahdollisella laajalla velkaantuneisuudella voi olla haitallinen vaikutus Liikkeeseenlaskijan kykyyn suoriutua Velkakirjojen mukaisista velvoitteista samoin kuin Velkakirjojen markkinahintaan ja arvoon</li> <li>• Liikkeeseenlaskijalla ei ole velvollisuutta hyvittää Velkakirjoihin liittyviä ennakopidätyksiä</li> <li>• Liikkeeseenlaskijan ja Velkakirjojen luottoluokitukset eivät välttämättä kuvasta kaikkia Velkakirjoihin sijoittamiseen liittyviä riskejä ja luokituksen nousu voi vähentää Velkakirjojen mukaisia rajoitteita</li> <li>• Velkakirjoihin liittyvien transaktioiden toteutuminen on riippuvainen Euroclear Finland Oy:n toiminnasta ja järjestelmästä</li> </ul>
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<i>Jakso E – Tarjous</i>		
<b>E.2b</b>	<b>Syyt tarjoamiseen ja varojen käyttö, jos muu kuin voiton tavoittelu ja/tai tietyiltä riskeiltä suojautuminen</b>	Liikkeeseenlaskun kokonaisnettotuotot Yhtiölle sille maksettavaksi tulevien tai maksettujen maksujen ja kulujen jälkeen tulevat olemaan noin 248,2 miljoonaa euroa. Metsä Boardin liikkeeseenlaskusta saamista tuotoista 157,7 miljoonaa euroa on liikkeeseenlaskupäivänä käytetty 13 maaliskuuta 2019 erääntyvien, 225.000.000 euron ja 4,00 prosentin kuponkikorkoisten velkakirjojen ("2019 Erääntyvät Velkakirjat"), osittaiseen lunastamiseen. 2019 Erääntyvät Velkakirjat tarjottiin ostettavaksi julkisen ostotarjousprosessin perusteella ja Liikkeeseenlaskija hyväksyi 2019 Erääntyvät Velkakirjat ostettavaksi. Jäljelle jäävät tuotot aiotaan käyttää Yhtiön yleisiin rahoitustarpeisiin.
<b>E.3</b>	<b>Tarjousehdot</b>	Liikkeeseenlaskija: Metsä Board Oyj, suomalainen julkinen osakeyhtiö. Pääjärjestäjät: Danske Bank A/S ja Skandinaviska Enskilda Banken AB (publ). Lainan yhteenlaskettu nimellisarvo: 250.000.000 euroa. Liikkeeseenlaskupäivä: 29.9.2017. Takaisinmaksupäivä: 29.9.2027. Koronmaksupäivät: Vuosittain jälkikäteisesti 29.9.2018 alkaen ja tästä lähtien kunkin 29.9. Korko: 2,750% vuodessa. Velkakirjojen efektiivinen tuotto: emissiohinnan ollessa 99,664%, 2,789% vuodessa. Takaisinmaksu: Nimellisarvosta, kertalyhenteisesti, Takaisinmaksupäivänä.

		<p>Ennenaikainen lunastus (Liikkeeseenlaskijan oikeus ennenaikaiseen takaisinmaksuun): Liikkeeseenlaskija voi koska tahansa ilmoittamalla siitä vähintään kolmekymmentä (30) päivää ja enintään kuusikymmentä (60) päivää etukäteen lunastaa liikkeenlaskettujen Velkakirjojen yhteenlasketun lainapäätöman kokonaan, muttei osittain, hinnalla, joka vastaa (a) Kokonaislunastushintaa, jos vapaaehtoisesta lunastuspäivästä on enemmän kuin kolme (3) kuukautta Takaisinmaksupäivään; tai (b) 100 prosenttia jäljellä olevasta pääomasta, jos vapaaehtoisesta lunastuspäivästä on kolme (3) kuukautta tai vähemmän Takaisinmaksupäivään, ja molemmissa tapauksissa mukaan lukien kertynyt, mutta maksamaton, korko.</p> <p>Ennenaikainen lunastus (Velkakirjojen haltijoiden oikeus vaatia ennenaikaista takaisinmaksua): Määräysvallan vaihtumisen tai luottoluokituksen muutoksen yhteydessä Velkakirjojen haltijat voivat vaatia Liikkeeseenlaskijaa lunastamaan heidän Velkakirjansa nimellisarvostaan, mukaan lukien kertynyt, mutta maksamaton, korko, ja mikäli Velkakirjat, jotka edustavat yli seitsemäkymmentäviittä (75) prosenttia Velkakirjojen yhteenlasketusta nimellisarvosta, on ostettu takaisin, Liikkeeseenlaskijalla on oikeus ostaa takaisin myös loput ulkona olevat Velkakirjat.</p> <p>Merkinnät: Minimimerkintä on 100.000 euroa ja arvo-osuuden yksikkö on 1.000 euroa.</p> <p>Varojen käyttötarkoitus: 2019 Erääntyvien Velkakirjojen osittainen lunastaminen ja Liikkeeseenlaskijan yleiset rahoitustarpeet.</p> <p>Lainan etuoikeusasema: Senior-statuksellinen, vakuudeton, alistamaton.</p> <p>Luottoluokitus: Moody's on antanut luottoluokituksen "Ba1" ja Standard &amp; Poor's on antanut luottoluokituksen "BB+".</p> <p>Kovenantit: määräysvallan vaihtuminen, panttaamattomuus ja ristiin eräännyttäminen.</p> <p>Listaaminen: Velkakirjat listataan Helsingin Pörssiin arviolta 3.10.2017.</p> <p>Selvitys: Velkakirjat lasketaan liikkeeseen arvo-osuuksina Euroclear Finland Oy:n Infinity-arvo-osuusjärjestelmässä.</p> <p>Sovellettava laki: Suomen laki.</p> <p>ISIN- koodi: FI4000282629.</p>
<b>E.4</b>	<b>Olellaiset intressit</b>	<p>Pääjärjestäjien intressit: Finanssimarkkinoilla normaali liiketoiminnallinen intressi.</p> <p>Kukin Pääjärjestäjä ja yhtiöt jotka kuuluvat Pääjärjestäjän kanssa samaan konserniin ovat voineet ja voivat tulevaisuudessa tarjota neuvonta-, konsultointi ja/tai muita pankkipalveluja Yhtiölle osana niiden tavanomaista liiketoimintaa.</p>
<b>E.7</b>	<b>Arvioidut kustannukset, jotka veloitetaan sijoittajalta</b>	<p>Ei sovelleta. Yhtiö ei veloita kustannuksia sijoittajilta.</p>

## RISK FACTORS

*Investors considering investment in the Notes should carefully review the information contained in this Listing Prospectus and, in particular, the risk factors described below and in the stock exchange releases to be published by the Issuer after the Listing. Factors possibly affecting the investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risks described herein, or any other risk, materialise, it may have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes or that are material in order to assess the market risk associated with the Notes. This description is based on the information known and assessed at the time of preparing this Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive and the sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult with their own professional advisers if they consider it necessary.*

The capitalised words and expressions in this section shall have the meanings defined in Terms and Conditions.

### **Risks related to the Company's operating environment**

#### ***Metsä Board's business is subject to global economic and political conditions***

In its main markets, demand for Metsä Board's products mainly follows general economic development. Global economic conditions have in recent years been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including those related to the Americas, the Middle East, North Korea and Eastern Ukraine.

In addition, the global political and social instability has increased uncertainty. International sanctions imposed, for example, by the EU and the United States against Russia and export limitations imposed by Russia towards the EU and the United States as a counteraction, or the referendum vote in the United Kingdom to leave the European Union, could have an adverse effect on the global economy, which may have a material adverse effect on Metsä Board's business. The current political and economical imbalances in Russia may have an adverse effect on Metsä Board's sales of the paper-board produced for tobacco packaging, as a large part of said production is exported to Russia and other CIS countries. Moreover, the introduction of the new administration in the United States has created uncertainty as regards future economic and foreign policies of the United States, which also contribute to general uncertainty in the markets in the medium-term.

Any restrictions on free trade, such as customs, import taxes or other forms of increased protectionism or even forms of trade war, could adversely affect global trade and the global economy and therefore have an adverse effect on the Company's business operations.

It is difficult to make predictions as to how the market conditions will develop, as the market is impacted by macro movements of the financial markets and many other factors, including the measures taken by various governmental policies, over which the Company has no control. Materialisation of any of the above risks could have an adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and thereby, on Metsä Board's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Metsä Board sells its products in a number of countries and is consequently exposed to currency fluctuations***

Metsä Board incurs foreign currency translation risk as its operating costs are primarily denominated in euro, while a significant portion of its sales are denominated in currencies other than the euro, principally the U.S. dollar. The value of the U.S. dollar has fluctuated significantly against the euro in recent years, including periods in which the value of the U.S. dollar has significantly declined against the euro. In addition, Metsä Board's operating costs denominated in the Swedish krona are substantially larger than its sales denominated in the Swedish krona.

Metsä Board's annual foreign exchange transaction exposure is in total EUR 1.1 billion of which 58% is exposure in U.S. dollar, 35% in Swedish krona, 5% in British pound and 2% in other currencies. The U.S. dollar strengthening by 10% 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% against the euro would have a negative impact of approximately EUR 40 million. The British pound strengthening by 10% against the euro would have a positive impact of approximately EUR 7 million. The impact of weakened exchange rates would be the opposite. These sensitivities do not

include the impact of hedging. Accordingly, there is a risk that significant movements in currency exchange rates will have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Metsä Board reports its financial results in euro and is consequently subject to currency translation risk because a significant portion of its sales are denominated in currencies other than the euro. Metsä Board also incurs foreign currency translation risk to the extent that its subsidiaries' assets, liabilities, revenues and expenses are recorded in currencies other than euro. In order to prepare its consolidated financial statements, Metsä Board must translate those assets, liabilities, revenues and expenses into euro at then applicable exchange rates. Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in Metsä Board's consolidated financial statements, even if their value has not changed in their original currency. These translations could result in significant changes to Metsä Board's results of operations from period to period. Metsä Board hedges some of this currency translation risk by matching foreign currency assets with liabilities denominated in the same currency and by entering into derivative transactions.

#### ***The pulp industry is cyclical and prone to market shifts***

The balance between supply and demand has an impact on product prices in the pulp industry. Any future increase in supply may have unfavorable effects on the market balance and, therefore, on the Company's profitability. New players or products and materials entering the market as well as capacity increases and product range expansions by competitors may lower the prices of Metsä Board's pulp products. On the other hand, potential capacity closures in the industry may result in increased prices.

If either prices fall or demand for Metsä Board's products decreases, it would likely have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Metsä Board faces high levels of competition***

The markets for paperboard and pulp are highly competitive. Metsä Board principally competes with several large multinational manufacturers, but also with numerous regional and/or specialised manufacturers in the market for most of its products. Some of these competitors have greater market presence and/or financial and other resources than Metsä Board, allowing them to make investments in manufacturing facilities and/or product development at levels at which Metsä Board may not be able to compete. Furthermore, some of Metsä Board's competitors may be able to adjust their product prices more effectively in response to input price changes than Metsä Board. Additionally, Metsä Board expects that it will be subject to increased competition in the United States if it successfully reaches its targets of continued increased sales in the United States. This increased competition could result in reduced profitability, which could have a material adverse effect on Metsä Board's financial position. Any increased protectionism could increase Metsä Board's costs and reduce its sales in certain geographical areas. In order to remain competitive, Metsä Board must also respond to changes in the customers' preferences. For example, producers have historically responded to changes in the customers' requirements by improving existing or developing new product qualities, such as developing and marketing lighter paperboards. A failure to respond to such changes in customers' requirements could cause Metsä Board to become less competitive.

Increased competition could cause Metsä Board to lose market share, which could have a material adverse effect on the results of Metsä Board's operations. Metsä Board's business is concentrated in certain geographic regions and along certain product lines. Changes that would affect Metsä Board's key markets and/or products may have a disproportionate impact on Metsä Board's business, relative to competitors, which maintain different product lines in various geographic locations.

Any failure by Metsä Board to compete successfully with other producers of paperboard could result in the loss of market share and have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Metsä Board is exposed to the risks stemming from excess paperboard and pulp supplies***

The prices for Metsä Board's products are influenced by the total production capacity of paperboard and pulp manufacturers, including Metsä Board, as well as the demand for such products.

Metsä Board believes that the demand for paperboard is increasing and that there is additional room for production capacity growth in certain paperboard grades. Because of this, Metsä Board has in recent years shifted its operational focus to the production of paperboard and it has invested significantly in the expansion of its fresh fibre paperboard production capacity. Metsä Board invested a total of over EUR 200 million in increasing paperboard production at its Husum mill from 2015 to 2017. If Metsä Board's estimates of increasing demand in the paperboard market prove to be incorrect, and/or if other paperboard producers significantly increase their paperboard production capacity, the paperboard market could in the future suffer from an excess of supply.

Metsä Board believes that the demand for pulp is growing globally. In Western Europe, pulp demand has been declining as a result of the reduced paper production. However, pulp demand is growing in Asia. Hardwood pulp capacity is expected to increase globally during the next couple of years, which may cause price pressure. Metsä Board's associated company Metsä Fibre has invested approximately EUR 1.2 billion in a new bioproduct mill in Äänekoski, increasing Metsä Board's annual pulp balance by approximately 200,000 tonnes per annum. The new mill produces mainly hardwood pulp. Production at the new Metsä Fibre Äänekoski bioproduct mill started in August 2017.

If the paperboard and/or pulp market develops excess capacity, Metsä Board may not be able to maintain or increase prices for its paperboard and pulp products. If excess production capacity for paperboard and/or pulp products develops, or excess capacity is not absorbed by exports to new markets at acceptable price levels, it could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Changes in consumer preferences and the regulatory environment may adversely affect Metsä Board's business***

Changes in consumer preferences have affected the demand for paperboard in general, and demand for specific grades of paperboard. Changing consumer preferences, such as a decreased demand for cigarettes, could have an adverse impact on the demand for Metsä Board's paperboard products. Regulatory changes could affect consumer preferences, production requirements, availability and price of raw materials and energy usage. For example, a ban on cigarettes in certain countries or increased taxation of cigarettes could adversely affect the demand for Metsä Board's paperboard products. Furthermore, changes in regulatory treatment could increase production costs or reduce demand for Metsä Board's products in general.

Metsä Board's ability to meet shifts in consumer demand will depend upon its ability to correctly anticipate changes in consumer preferences, to successfully position and develop its brands as well as to develop and produce new products on a competitive and cost effective basis. There can be no assurances that Metsä Board's product offering will be able to meet changes in consumer preferences in the future, and the failure to do so could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Increased use of other materials than fresh fibre paperboard in packaging solutions may lead to a reduced demand for Metsä Board's products***

Metsä Board focuses on high-quality fresh fibre based paperboards and aims to offer an ecological, safe and cost-competitive option for brand owners to replace recycled fibre paperboard or other packaging materials such as plastic. Even though Metsä Board believes that the chosen strategy, i.e. to focus on high-quality fresh fibre paperboards, facilitates both short-term and long-term growth, there can be no assurance that demand for Metsä Board's products will remain at current levels or increase should, for example, plastic solutions increase their market share or recycled fibre based paperboards or new biodegradable plastic solutions increase their market share. In addition, consumers or producers may prefer not to shift to ecological packaging solutions in the anticipated time, or at all. Increased use of other materials than fresh fibre paperboard in packaging solutions could thus have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***New manufacturing and product technologies may affect Metsä Board's ability to compete successfully***

Metsä Board believes that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which it operates. These technologies or processes could have an impact on production methods or on product quality or offerings in these fields. Unexpected rapid changes in employed technologies or the development of novel processes that affect Metsä Board's operations and product range could render the technologies it utilises or the products it produces obsolete or less competitive in the future. Difficulties in assessing new technologies may impede

Metsä Board from implementing them and competitive pressures may force Metsä Board to implement these new technologies at a substantial cost. Any such development could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Fluctuations in energy prices and the raw materials Metsä Board uses for energy production as well as increased environmental regulation may adversely affect the Company's earnings***

Metsä Board has invested significantly in recent years to increase the energy self-sufficiency of its mills through investments in biobased heat production. In 2016, wood-based bioenergy accounted for 51% of Metsä Board's primary energy used. The primary source of raw material for this bioenergy is wood. In addition, Metsä Board has access to several different energy sources such as nuclear energy through its shareholding in Pohjolan Voima Oy ("PVO"), an energy producer owning amongst others nuclear facilities in Finland, and energy production at the new Metsä Fibre Äänekoski bioproduct mill, all of which reduces Metsä Board's dependency on energy prices. Despite the utilisation of various energy sources, Metsä Board still purchases a significant amount of energy from the market. The price of energy, in particular electricity and natural gas, could increase due to e.g. EU's emission trading or other liabilities. In addition, an energy shortage could force Metsä Board to curtail production.

In addition, new regulation relating for example to large combustion plants ("LCPs") could increase the environmental standards relating to air pollution, thermal efficiency, and soil and water pollution of LCPs and Metsä Board may be required to make investments in its power plants in order to comply with the increased regulation relating to LCPs.

Fluctuations in energy prices or in the price of wood, the main source of raw material for Metsä Board's bioenergy, may have a material adverse effect on Metsä Board's costs and, thereby, on the Issuer's earnings.

***Metsä Board's operations may involve legal and regulatory risks***

Metsä Board has to comply with a wide variety of laws and regulations enacted on both global, European and national level, most notably increasing regulations restricting competitive trading conditions, health and safety regulations, environmental regulations, labour regulations, competition regulations and corporate and tax laws. Changes in the regulatory framework or political decisions weakening Metsä Board's competitive strength (such as restrictions in free trade, or the loss of benefits associated with a status or an authorisation), could require Metsä Board to adapt its business activities, its assets or its strategy, possibly leading to a negative impact on its results, an increase in its expenses, and/or a slowing or even halting of the development of certain investment activities.

For instance, changes in regulations such as the EU's climate and environmental policy and increasing new requirements to limit carbon dioxide and sulphur emissions may increase production, logistics and other costs and thereby have a negative impact on profitability. In the normal course of its business activities, Metsä Board could also be involved in legal proceedings (for instance, regarding contractual responsibility, employers' liabilities or penal issues) and is subject to tax and administrative audits. Should Metsä Board be ordered sanctions, it may have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Compliance with environmental and food packaging regulations may cause significant costs for Metsä Board***

Compliance by Metsä Board with environmental requirements is a significant factor in its operations, and substantial resources are required to maintain compliance with applicable environmental laws and regulations and to manage environmental risk. Metsä Board is subject to a variety of environmental laws and regulations, particularly relating to waste water discharges, air emissions, solid waste management, hazardous chemical disposal, the protection of natural resources and endangered species, and the remediation of contamination associated with the release of hazardous chemicals. These laws and regulations, the violation of which can lead to substantial fines, injunctions or criminal penalties, have generally become stricter in recent years and may in the future become more stringent.

There is a wide variety of laws and regulations especially in the EU, in certain EU Member States, China and the United States in relation to safety and inertness for all Food Contact Materials ("FCMs"). FCMs are materials that may come in contact with edible products. The regulation aims to secure that materials do not for example release their constituents into food at levels harmful to human health or change food composition, taste and odour in an unacceptable way. Any increased or amended regulation relating to FCMs, such as a requirement to include a barrier between the packaging made from fresh fibre paperboards and the food substance, instead of this requirement only applying to packaging made from

recycled paperboard, could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Although the Company's management believes that Metsä Board complies in material respects with applicable environmental and food packaging laws, substantial costs and liabilities are inherent in industrial operations, including in the forest products industry, and there can be no assurances that substantial costs and liabilities will not be incurred in the future or that the adoption of increasingly strict environmental or food packaging laws, regulations and enforcement policies or the regulation on the use of natural resources could not result in substantially increased costs and liabilities in the future. Any such costs and/or liabilities could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### **Risks relating to the Company and its business**

#### ***Metsä Board may not be able to achieve the sales targets of its Husum mill***

During the past years, Metsä Board has gone through a considerable restructuring of its business portfolio. Metsä Board has invested in a new folding boxboard machine at its Husum mill in Sweden and the paper production at Husum has been fully discontinued. Metsä Board's total folding boxboard capacity has increased to over 1.3 million tonnes per annum. The new folding boxboard capacity in Husum, approximately 400,000 tonnes per annum, is planned to be sold mainly to markets outside Europe, especially to the Americas, and globally to the food service segment. The annual capacity of fresh fibre linerboards in Husum is 270,000 tonnes. This capacity is expected to be sold both in Europe and in the Americas.

The capacity utilisation rate in folding boxboard at the Husum mill during H1/2017 was approximately 70%, and production costs per tonne produced were higher compared to Metsä Board's Finnish mills. Metsä Board expects to have the capacity in full use by end of 2018. In addition, Metsä Board started in April 2017 production at the new polyethylene ("PE") extrusion coating line at Husum. This is Metsä Board's first PE extrusion coating line and Metsä Board may therefore encounter unexpected problems in its operations. While Metsä Board believes that it has adequately assessed the risks and weaknesses relating to the investments at Husum, there can be no assurances that unanticipated problems, such as delays, prolonged production breakdowns, quality issues or labour disputes, will not arise or that Husum mill will achieve the anticipated annual run rates in the set time frame or at all.

The expanding folding boxboard and linerboard businesses involve risks and cost uncertainties related to the profitable sale of the increased volumes in the Company's home markets and outside of traditional home market areas. Profitability of additional sales volumes is also dependent on potential actions of the Company's competitors. Metsä Board's profitability improvement in the future depends to a large extent on how well Metsä Board's organisation can respond to the increased paperboard capacity and achieve the expected sales volumes, especially in the Americas. In H1/2017, the average price of Metsä Board's paperboards declined due to the unfavourable geographic sales mix of Husum's folding boxboard and the product mix of Husum's white linerboards. Should Metsä Board fail in selling the capacity of the Husum mill at expected price levels to the market, or should it fail to improve the sales and/or the product mix, this could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Metsä Board's strategic shareholding in Metsä Fibre is subject to risks***

As at the date of this Listing Prospectus, Metsä Board owns 24.9% of the shares in Metsä Fibre, a leading European pulp producer and market pulp provider, which has four pulp mills in Finland with a total annual production capacity of approximately 3.2 million tonnes (including Metsä Fibre Äänekoski bioproduct mill).

Metsä Fibre built a bioproduct mill with an investment cost of approximately EUR 1.2 billion to replace its former pulp mill in Äänekoski, Finland. Ramp-up of the new Metsä Fibre Äänekoski bioproduct mill commenced in August 2017. Metsä Fibre may not be able to ramp-up production in the anticipated time frame, thereby incurring additional costs and reduced profitability. There can be no assurances that unanticipated problems, such as delays, prolonged production breakdowns, quality issues, unavailability of raw material or labour disputes, will not arise or that the Metsä Fibre Äänekoski bioproduct mill will achieve the anticipated annual run rates in the set time frame or at all. In addition, as Metsä Board is not a controlling shareholder in Metsä Fibre, it has only limited possibility to address any issues that may arise. Any production problems at the Metsä Fibre Äänekoski bioproduct mill could adversely affect the availability and cost of pulp for Metsä Board.

The Metsä Fibre shareholding has a significant effect on Metsä Board's cash flow and results, as the 24.9% share of Metsä Fibre's net result is consolidated into Metsä Board's EBITDA quarterly. Through its ownership, Metsä Board receives 24.9% of Metsä Fibre's annual distributions. Metsä Board is to a certain extent dependant on the cash flow from Metsä Fibre, which may not, at all times, be able to make distributions and other payments to Metsä Board due to, among other things, inadequate financial situation or applicable tax laws.

If Metsä Fibre in the future is unable to distribute profits to Metsä Board in the anticipated rate or at all, this could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Metsä Board may not be able to achieve the anticipated improvement of its operational result***

The measures in Husum are expected to improve Metsä Board's operating result by approximately EUR 100 million per annum mostly in 2019 compared to the 2016 operating result. Approximately EUR 25 million of the result improvement is expected to result from normalised pulp production as 120,000 tonnes of pulp production was lost in 2016 due to, among other factors, the ramp-up of the new folding boxboard machine, approximately EUR 5 million of the result improvement is expected from Metsä Board's efficiency improvement programme at Husum integrated mill site and approximately EUR 70 million of the result improvement is expected from increasing the folding boxboard capacity utilisation rate to at least 95% and normal sales price in paperboard deliveries.

Although Metsä Board believes that it has carefully analysed the future profitability improvement potential, there can be no assurances that the estimated parameters, including sales volumes and prices, production costs and exchange rates, develop as planned. In addition, the measures at Husum mill may involve significant delays and risks and uncertainties relating for example to Metsä Board's ability to sell the increased production capacity to the market at expected price levels and to it achieving the anticipated annual run rates and normal sales price in paperboard deliveries. There can be no assurances that Metsä Board will be able to achieve the estimated improvements in its operational result in the coming years. If the Company is not able to materialise the expected positive impact from the above-described measures, this could thus have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Due to the intense capital requirements and the complexity of the manufacturing process of Metsä Board's products, unforeseen costs could incur and complications arise whenever Metsä Board makes investments in its operations***

Significant capital investment is required to establish and maintain the complex machinery that is necessary to produce Metsä Board's products. In order to grow, remain competitive and to expand production capacity to meet anticipated market demand in the paperboard market, Metsä Board needs to continually make capital investments in its existing operations. However, due to the complexity of the machinery it utilises, there can be no assurances that the capital investments it makes to improve its operations will be successful in their targets, e.g. increasing the capacity or efficiency. In addition, there can be no assurances that Metsä Board will not encounter severe problems in the ramp-up and operations of new or existing production facilities. Furthermore, there can be no assurances that Metsä Board will have adequate liquidity or access to sufficient funding for it to fund necessary capital improvements in the future. If Metsä Board's investments in its mills and machinery are not effectively undertaken and/or if it is not able to raise sufficient funds for any required capital improvement projects, or if the additional production capacity is not matched with corresponding increases in demand, such failures could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***The Company's production is centralised in a narrow geographical area***

All of Metsä Board's paperboard and pulp mills, except the Husum mill, are located in Finland. Finland has a history of several labour disputes both in the forest industry and in the logistics chain of forest industry products. These labour disputes have hampered the operations of the industry, particularly in production and deliveries to customers. Should production and deliveries be disturbed due to labour disputes in Finland, currently Metsä Board has only limited possibilities to manufacture paperboard outside Finland at its Husum mill as most of its production capacity is located in Finland. This may impair Metsä Board's competitiveness and profitability.

As mentioned above, Metsä Board has invested significantly in its Husum mill, increasing its folding boxboard capacity to approximately 400,000 tonnes per annum and its linerboard production to approximately 270,000 tonnes per annum as well as investing in a new PE extrusion coating line, making Husum a fully integrated mill. Correspondingly, labour

disputes in the Swedish forest industry or distribution chain could impair Metsä Board's ability to deliver folding box-board, fresh fibre linerboard and market pulp, and therefore the Company's profitability could weaken. The occurrence of any labour disputes in Finland or Sweden could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

If Finland or Sweden were to suffer adverse weather conditions making it difficult or impossible to transport goods within the country or outside the country, then Metsä Board's paperboard and pulp operations would be limited. Examples of adverse weather conditions which could affect Metsä Board's paperboard and pulp operations in Finland and Sweden include rough seas or ice blocking the shipping routes, which could halt production and/or hinder Metsä Board's ability to load the ships that export its products. Paperboard mills may also be exposed to adverse weather conditions and for example thunder storms have in the past, and may also in the future, cause stoppages in the production. Adverse weather conditions could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Metsä Board may not be able to control the increases in the costs of raw materials, or predict the impact such increases would have on its operations***

Raw materials used by Metsä Board to manufacture its products include significant amounts of wood, chemicals, pigments and fillers. Historically, these raw materials have constituted approximately 40-45% of Metsä Board's total cost of goods. Consequently, an increase in the cost of raw materials, in particular wood, other production costs or transportation costs, to the extent not passed on through the prices for Metsä Board's products, could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects. The new Metsä Fibre Äänekoski bi-product mill will use some 6.5 million/m<sup>3</sup> of wood per annum, and this wood consumption might increase the price of wood in Finland, which is one of the key geographical areas for providing wood to Metsä Board's own production.

On 20 July 2016 the European Commission presented a legislative proposal to integrate greenhouse gas emissions and removals from land use, land use-change and forestry (LULUCF) into the 2030 climate and energy framework. According to the proposal, the calculation of sustainable usage of forests would be changed, decreasing the amount of wood available each year for logging in Finland and Sweden, i.e. Metsä Board's key wood sourcing countries. Any reductions in the calculation principles of sustainable logging amounts or other regulation decreasing the amount of wood available in Metsä Board's key wood sourcing countries, could increase the price of wood and therefore increase Metsä Board's costs.

While Metsä Board benefits from its own pulp production capabilities and its jointly owned production capacity, it is still exposed to fluctuations in pulp prices because it sells its excess pulp to third parties. Consequently, a decline in the market price of pulp could have a material adverse impact on profitability. Furthermore, Metsä Board may have difficulties in the supply of raw materials at a reasonable price or temporarily at all as a result of adverse weather conditions, such as mild winters making harvesting more challenging. Additionally, increased competition for fresh fibre raw material could weaken the Company's position, market share and growth possibilities.

***Metsä Board's business could be adversely affected if it is unable to attract and retain appropriately skilled employees and key personnel***

Metsä Board's future success depends on its ability to continue to attract and retain appropriately skilled employees for the operation and development of its business. This challenge is particularly acute in respect of local management and key production individuals, as Metsä Board may face problems in recruiting skilled operative personnel due to the remote location of some of its mills. Any failure to retain and attract key members of Metsä Board's senior management team or other key personnel could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects, and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Metsä Board may be exposed to environmental and other liability due to contamination***

Metsä Board uses machinery, fuels and certain chemicals that may contaminate the soil, air, water and buildings, particularly in case of leakage or accident. Metsä Board may become liable to restore the condition of a real property which was contaminated by Metsä Board itself or the property's previous user. Further, although Metsä Board's management is not currently aware of any proceedings, it is possible that Metsä Board becomes subject to proceedings where a third party sues Metsä Board due to a breach of environmental legislation and is ordered to pay damages. In addition, Metsä

Board could become subject to liabilities and claims relating to personal injury (including exposure to hazardous substances used, produced or disposed of by Metsä Board), property damage or damage to natural resources. Exposure to environmental or other liabilities as described above could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Metsä Board's operations are subject to the general risks of litigation***

Metsä Board is involved, on an ongoing basis, in litigation arising in the ordinary course of business or otherwise (for further information, please see "*Business overview – Legal proceedings*"). Litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims related to commercial, labour, employment, antitrust, securities or environmental matters. Moreover, the process of litigating cases, even if Metsä Board is successful, may be costly, and may approximate the cost of damages sought. These actions could also expose Metsä Board to adverse publicity, which might adversely affect its brands and reputation and/or customer preference for its products. Litigation trends and expenses and the outcome of litigation cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. Even if the resolution of any potential litigation is favourable, a successful outcome will likely still be costly as Metsä Board will need to devote significant funds and management's time to achieve a satisfactory resolution.

***Loss of major customers could have an adverse impact on Metsä Board***

Although Metsä Board is not dependent on any specific customer or group of customers, the loss of one or more of its most significant customers, if not replaced on similar terms, could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Any significant damage to one of Metsä Board's mills could cause a production disruption***

The production at Metsä Board's mills could be adversely affected by extraordinary events, including data security breaches, cyber crime, fire, an explosion, the release of high-temperature steam or water, structural collapse, machinery or data system failure, mechanical failure, extended or extraordinary maintenance, road construction or closures of primary access routes, flooding, windstorms or other severe weather conditions. Although Metsä Board carries insurance covering losses at these facilities and insurance to cover interruptions in Metsä Board's business, such insurance will be subject to limitations such as deductibles and maximum liability amounts and therefore may not cover all of Metsä Board's potential losses. Metsä Board may also incur losses that are outside of the coverage of its insurance policies. As a result, Metsä Board could experience significant losses if any of its manufacturing facilities were damaged or ceased operation for any other reason. The occurrence of any such events could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

***Issues relating to product safety and product liability could interrupt Metsä Board's production operations and Metsä Board may be required to pay damages or other remedies as a result of product liability claims***

Quality and safety of Metsä Board's products is critical to the success of its business. The quality targets of its customers in many product segments are very high and tend to have risen in recent years, which highlights the importance of consistency and repeatability in production processes to ensure customer satisfaction. Furthermore, certain of Metsä Board's products are used in the food industry, where key customers have stringent requirements regarding the products they purchase. The consequences of quality or safety issues, due to, for example, accidental or malicious raw material contamination or due to supply chain contamination caused by human error, sabotage or equipment fault, could be severe. While Metsä Board aims to detect potential quality issues and hazards as early as possible, detected faults or defects in products or in product descriptions discovered at a critical point in Metsä Board's production chain could interrupt production in the unit concerned and disturb the entire mill's operations. Such disturbances could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Notwithstanding the product liability insurance coverage that Metsä Board carries, its insurance coverage may not be sufficient to cover all of Metsä Board's potential liabilities. Accordingly, a major claim, or a series of smaller claims, for damages related to Metsä Board's products sold, or advice given to customers in connection with products sold, may not

be fully covered by insurance, or may not be covered by insurance at all, which could have a material adverse effect on Metsä Board's business, financial condition and results of operations. If a product supplied by Metsä Board is found to be defective and causes the end product to fail, Metsä Board's potential liability may be higher than the cost of the faulty product sold by Metsä Board. In the event that effective contractual limitations of liability have not been included in some of the supply agreements into which Metsä Board has or will enter into with its customers, or if such limitations are not enforceable, Metsä Board may be required to pay substantial damages if faulty products have been or are delivered by Metsä Board under such supply agreements. If Metsä Board were required to pay substantial damages or other remedies relating to a supply agreement, it could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Metsä Board's insurance coverage may not be sufficient***

Metsä Board's insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events. Although Metsä Board hedges against operational risks using property damage and business interruption insurance, as well as against certain environmental and product liability risks using other insurance cover, there can be no assurance that Metsä Board's insurance cover will give sufficient protection in respect of all possible damages suffered by Metsä Board as a result of said or other risks materialising. Metsä Board does not have insurance coverage for certain types of catastrophic losses, which are not insurable or for which insurance is unavailable on reasonable economic terms. In addition, there can be no assurances that Metsä Board's current insurance coverage will not be cancelled or become unavailable on reasonable economic terms in the future. Materialisation of any of the above risks may have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. For further information, please see "*Business overview – Insurances*".

#### ***There are risks relating to the use of natural resources***

Raw materials used by Metsä Board to manufacture its products include significant amounts of wood and fresh water. Metsä Board's production facilities are located in Finland and Sweden and, consequently, these vital raw materials are as a rule easily available to the Company. However, there can be no assurances that the use of wood or fresh water in industrial production would not be limited in the future either directly or indirectly. It is e.g. possible that nature reserves are significantly expanded in countries where Metsä Board operates. Should such stricter rules be imposed affecting the accessibility of wood or fresh water, this could have an adverse effect on Metsä Board's business, financial condition, results of operations and future prospects.

In Metsä Board's view, it is in compliance with the applicable environmental regulations in all material respects (for further information, please see above "*Risks relating to the Company's operating environment – Compliance with environmental and food packaging regulations may cause significant costs for Metsä Board*") on the date of this Listing Prospectus, and takes measures to preserve the nature. As consumers become more concerned with their environmental footprints, markets for certified paper and wood products continue to grow. Metsä Board is able to trace all of the wood it uses as raw material in its operations. More than 80% of the wood used for Metsä Board products originates from sustainably managed Programme for the Endorsement of Forest Certification ("PEFC") or Forest Stewardship Council ("FSC") certified forests and is 100% traceable.

The Company mostly uses the PEFC forest certificate. Even though PEFC covers larger forest areas globally, FSC certificate is a better known and mostly preferred among consumers and consumer industries. Should the PEFC certificate no longer be attractive to consumers and global brand owners, this may have an adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***The Company is exposed to a risk relating to increasing tax burden***

Possible amendments to tax regulations in the countries where Metsä Board operates may increase the Company's tax burden. It is also possible that the relevant tax authorities would in the future interpret and apply tax regulations in a way which would increase Metsä Board's tax burden. Additionally, Metsä Board is subject to audits and other measures by the tax authorities of different countries and there can be no assurances that tax increases or other consequences for delay would not be imposed on the Company based on these audits and other measures. Should such increases or other consequences materialise, this may have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### ***Metsä Board is exposed to risks related to antitrust, anti-corruption and anti-dumping proceedings***

In Metsä Board's view, it complies with applicable competition, anti-corruption and anti-dumping regulations on the date of this Listing Prospectus. However, there can be no assurances that allegations of breaches of competition, anti-corruption or anti-dumping regulations will not be made against it, or its employees, distributors or subcontractors, or that possible inspections will not lead to a formal investigation and ultimately to a decision or a series of decisions concluding that there has been a violation of the applicable competition, anti-corruption or anti-dumping laws which may lead to an imposition of a fine. If, for instance, the EU Commission, the US Justice Department or the Finnish national competition authority ultimately would find that there has been such a violation, Metsä Board can face significant fines. In such case, the decision may also be used by potential claimants in damage claims. Even if the Company is currently not aware of any threatened proceedings or investigations regarding breaches or alleged breaches, there can be no assurances that such allegations or proceedings would not emerge and ultimately lead to actions that, if determined adversely, would have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### **Risks relating to the Issuer's financing**

#### ***Metsä Board may not be able to receive financing at competitive terms or at all and its costs of financing may increase***

Uncertainty in the financial market may mean that the price of the financing needed by Metsä Board to carry out its business will increase and that it will be less readily available. Metsä Board aims to reduce the risk relating to the availability of financing by using credit agreements of varying maturities, by diversifying its sources of financing, by applying committed revolving credit facilities and by maintaining Metsä Board's reputation as a trustworthy debtor among its creditors. It is possible that Metsä Board could – at any given point in time – encounter difficulties in raising funds and, as a result, lack the access to liquidity it needs, which in turn may have an adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Metsä Board's ability to make scheduled payments on its debt is subject to general economic, financial, competitive, market, regulatory and other factors that may be beyond its control. Metsä Board also depends – to some extent – on cash flow from its subsidiaries, which may not, at all times, be able to make distributions and other payments to Metsä Board due to, among other things, applicable tax laws. There can be no assurances that Metsä Board's operations will continue to generate sufficient cash flow to allow it to service its debt, to fund its working capital, pension programs, capital expenditure and research and development requirement and to engage in future acquisitions. Failure to do so could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

A portion of Metsä Board's indebtedness bears interest at variable rates. An increase in the interest rates on Metsä Board's indebtedness will increase its costs of financing which in turn could have an adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

#### ***Covenants in the agreements governing Metsä Board's credit arrangements may restrict Metsä Board's ability to operate its business in all circumstances***

Metsä Board has entered into various credit arrangements and some of them include standard financial covenants regarding, for example, to the financial performance and capital structure, a negative pledge, restrictions on major asset disposals, limitations on subsidiary indebtedness, restrictions on changes of business and mandatory prepayment obligations upon a change of control of the Metsä Board Group. Metsä Board's ability to satisfy these covenants may be affected by events beyond its control and there can be no assurances that it will be able to comply with such covenants in the future. In the event that Metsä Board fails to comply with these covenants, it would be required to obtain a waiver from its creditors, renegotiate its agreements governing its indebtedness or repay or refinance borrowings, in order to avoid an event of default, which would likely have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. No assurances can be given that Metsä Board would be able to renegotiate or refinance these agreements on terms that are acceptable to it, if at all.

### ***The Issuer's majority shareholder's interest may not align with the interest of the holders of the Notes***

As at 30 June 2017, Metsäliitto owned 41.5% of the outstanding shares and controlled 61.4% of the voting rights in the Issuer. Accordingly, Metsäliitto has and will continue to have control over the Issuer, including matters such as approval of the annual financial statements, declarations of dividends, capital increases and the election and removal of the members of the Board of Directors of the Issuer. Metsäliitto's interests may not always be aligned with those of the holders of the Notes (the "Noteholders").

### ***Metsä Board deposits most of its cash with Metsä Group's treasury company***

Metsä Group Treasury Oy ("Metsä Treasury") operates as Metsä Group's internal bank and operates as a finance vehicle also for Metsä Board (for further information, please see "Business overview – Related party transactions - Financing through Metsä Treasury"). Metsä Treasury manages the liquidity of Metsä Group by pooling all of Metsä Group's cash and investing it according to policies and guidelines governing its operations. Such policies and guidelines are also approved by the Board of Directors of Metsä Board. Hence also Metsä Board deposits most of its excess cash with Metsä Treasury. As a part of the liquidity pooling, the majority of outgoing and incoming payments of Metsä Group, including Metsä Board, are processed through Metsä Treasury. While the operations of Metsä Treasury have been strictly limited by internal policies, including limited negative net balances by participants, Metsä Treasury is not a licensed, credit rated and supervised bank or credit institution and could in principle more easily be subject to financial difficulty or fraud. The occurrence of any such events could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### ***Future changes in accounting standards may affect Metsä Board's financial position***

Future changes in the IFRS accounting standards may lead to increases in the reported leverage of Metsä Board or in other ways affect Metsä Board's financial position. Although Metsä Board's current loans provide for debt covenants to be assessed based on current accounting standards, a change in said standards may affect Metsä Board's position when renewing or acquiring further financing. The occurrence of any such events could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### ***The Company's financing agreements involve a counterparty risk***

The counterparty risk of financing arises from the risk that a contractual party to a financial transaction may not be able to fulfill its contractual obligations. The main contracting parties of Metsä Board in financing transactions are Nordic financial institutions which have avoided any serious problems so far. However, there can be no assurances that Metsä Board's financing or insurance counterparties could descend into financial difficulties or bankruptcy. Should one or more of the financial institutions that are Metsä Board's counterparties descend into financial difficulties or bankruptcy, this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

### ***Credit ratings may not reflect all risks***

Moody's and Standard & Poor's have assigned credit ratings to the Company. These ratings may not reflect the potential impact of all risks relating to the Company's business. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Should Metsä Board's credit rating be downgraded, this could increase the financial costs of the Company and thereby have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

### **Risks relating to the Notes**

#### ***The Notes may not be a suitable investment for all investors***

The Notes may not be a suitable investment for all investors. Thus, each potential investor in the Notes must assess the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or referred to in this Listing Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; and
- (iv) be able to evaluate either alone or with the help of a financial adviser possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risk.

***Investors are exposed to credit risk in respect of the Issuer***

Investors in the Notes are exposed to a credit risk in respect of the Issuer. The investor's possibility to receive interest payments and payments of principal under the Notes is thus dependent on the Issuer's ability to fulfil its payment obligations, which in turn is to a large extent dependent on developments in Metsä Board's business and financial performance.

***Active trading market for the Notes may not develop***

The Notes constitute a new issue of securities by Metsä Board. Prior to the Listing, there is no public market for the Notes. Although an application has been made to list the Notes on the Helsinki Stock Exchange, no assurance can be given that such application will be approved. In addition, the Listing will not guarantee that a liquid public market for the Notes will develop and even if such a market were to develop, neither the Issuer nor the Joint Lead Managers are under any obligation to maintain such a market. In the absence of a secondary market, Notes may be difficult to sell at a satisfactory market price and the investor should be aware that he may realise a loss upon sale if Notes are sold prior to the redemption date. Even if the Notes are listed on an exchange, trading in the Notes will not always take place. Thus, it may be difficult and costly for the Noteholder to sell Notes within a short time frame, or at all, and it may be difficult for the Noteholder to obtain a price that is equivalent to the price obtainable for securities that are traded in a liquid secondary market.

The liquidity and the market prices of the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market price of the Notes, which may trade at a discount to the price at which the Noteholders invested in the Notes.

***Since the Notes bear a fixed interest rate, movements in market interest rates can adversely affect the value of the Notes***

The Notes bear interest on their outstanding principal at a fixed interest rate. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security may fall as a result of changes in the interest rates on capital markets (market interest rate). Market interest rates follow the changes in general economic conditions, and are affected by, among many other things, demand and supply for money, liquidity, inflation rate, economic growth, central banks' benchmark rates, implied future rates, and changes and expectations related thereto.

While the nominal compensation rate of a security with a fixed interest rate is fixed during the term of such security or during a certain period of time, current market interest rates typically change continuously. In case market interest rates increase, the market price of such a security typically falls, until the yield of such security is approximately equal to the market interest rates. If market interest rates fall, the price of a security with a fixed interest rate typically increases, until the yield of such a security is approximately equal to market interest rates. Consequently, the Noteholders should be aware that movements of market interest rates may result in a material decline in the market price of the Notes and can lead to losses for the Noteholders if they sell the Notes. Further, the past performance of the Notes is not an indication of their future performance.

***Laws and practices applicable to the Notes may change***

The Notes are issued under Finnish law in force on the issue date. Any new statutes, ordinances and regulations, amendments to the legislation or changes in application of the law (including any amendments to or changes in application of tax laws or regulations) after the issue date may affect the Notes and/or have a material adverse effect on the Issuer, which could affect the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***No guarantee or security is given in respect of the Notes***

The Notes will not be obligation of anyone other than the Issuer and will not be guaranteed by any other person or entity. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

The Notes are unsecured debt instruments and the holders of the Notes would be unsecured creditors in the event of the Issuer's bankruptcy or reorganisation proceedings. Consequently, in addition to that any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Notes, and may result in a material decline in their market price, such adverse change may endanger the probability that the holders of Notes will receive the prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Noteholders pursuant to the Notes from time to time.

### ***Secured creditors will have prior claim to Metsä Board's assets that constitute their collateral as compared to the Noteholders***

The Notes will not be secured by any assets. The Terms and Conditions permit the Issuer to incur additional secured indebtedness in the future subject to certain limitations. In the event of any liquidation of assets of the Issuer in any bankruptcy, liquidation or dissolution, holders of secured indebtedness will have a prior claim to those assets that constitute their collateral. In any of the foregoing events, it cannot be assured that there will be sufficient assets to pay amounts due on the Notes.

### ***The Notes do not, as a rule, contain covenants governing the Issuer's operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Notes and the Noteholders***

As a rule, the Notes do not contain provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions do not, except for the Change of Control condition (see Condition 8 of the Terms and Conditions) which grants the Noteholders the right of repayment of the Notes in certain limited circumstances, restrict the Issuer's ability to enter into a merger, asset sale or other significant transaction that may materially alter its existence, jurisdiction of organisation or regulatory regime and/or its composition and business. In the event the Issuer was to enter into such a transaction, Noteholders may be materially and adversely affected. Furthermore, the Change of Control condition does not restrict any of the current shareholders of the Issuer from disposing any or all of their shareholdings.

### ***The Issuer using its right to redeem and purchase the Notes prior to maturity or any Noteholder using its right to require prepayment of the Notes may have a material adverse effect on the Issuer and any Notes outstanding***

As specified in the Terms and Conditions, the Noteholders are entitled to demand premature repayment of the Notes in cases specified in Condition 8 (*Change of Control*) and Condition 10 (*Events of Default*) of the Terms and Conditions. Such premature repayment may have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on Metsä Board's ability to fulfil its obligations under the Notes of such Noteholders who elect not to exercise their right to get their Notes prematurely repaid as well as the market price and value of such Notes.

In addition, as specified in the Terms and Conditions, Metsä Board may at any time purchase Notes in any manner and at any price prior to maturity. Only if such purchases are made by tender, such tender must be available to all Noteholders alike. Metsä Board is entitled to cancel, dispose of or hold the purchased Notes at its discretion. Consequently, a Noteholder offering Notes to Metsä Board in connection with such purchases may not receive the full invested amount. Furthermore, a Noteholder may not have the possibility to participate in such purchases. The purchases – whether by tender

or otherwise – may have a material adverse effect on such Noteholders who do not participate in the purchases as well as the market price and value of such Notes.

Furthermore, in case more than seventy-five (75)% of the aggregate volume of the Notes has been repaid pursuant to a demand by the Noteholders based on a violation of a Change of Control of the Issuer, the Issuer is entitled to prepay also the remaining outstanding Notes by notifying the Noteholders of such prepayment. It should be noted, that such early repayment may not be initiated by the Issuer in case of an Event of Default. Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

#### ***Amendments to the Notes bind all Noteholders***

The Terms and Conditions may be amended in certain circumstances, with the required consent of a defined majority of the Noteholders. The Terms and Conditions contain provisions for Noteholders to call and attend meetings or to attend a written procedure process to consider and vote upon matters affecting their interests generally. Resolutions passed at such meetings can bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. This may incur financial losses, among other things, to all Noteholders, including such Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### ***The right to payment under the Notes may become void due to prescription***

In case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three (3) years. If the Noteholder does not provide its respective book-entry account operator up to date information on applicable bank accounts, payments under the Notes to such Noteholder will become void after three (3) years from the original due date if not claimed by the Noteholder.

#### ***No voting rights with respect to shareholders meetings of the Issuer***

The Notes carry no voting rights with respect to shareholders meetings of the Issuer. Consequently, the Noteholders cannot influence any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer.

#### ***The Issuer may incur additional debt and/or grant security without the consent of the Noteholders***

Except for as set out in Condition 9 (*Negative Pledge*) of the Terms and Conditions, the Issuer is not prohibited from issuing further notes or incurring other debt ranking pari passu or senior to the Notes or restricted from granting any security on any existing or future debts. Such issuance or incurrence of further debt or granting of security may reduce the amount recoverable by the Noteholders upon the winding-up or insolvency of the Issuer, or may worsen the position and priority of the Noteholders in such winding-up or insolvency procedure.

#### ***Metsä Board's possible extensive indebtedness may have an adverse effect on the Issuer's ability to fulfil its obligations under the Notes as well as on the market price and value of the Notes***

Metsä Board requires, and expects to continue to require, a significant amount of liquidity and capital resources to finance its business. Possible extensive indebtedness, whether secured or unsecured, may have a significant effect on the operations of Metsä Board, such as (i) limit Metsä Board's ability to raise additional finance on corresponding or more favorable financial and other terms than currently in force in order to finance its future working capital needs, investments, acquisitions or other general operative needs; (ii) require that a considerable part of the cash flow from operating activities of Metsä Board be used for payments of the principle and interests of the debts, which would reduce the assets and cash flows available for operating activities and development of the operations; (iii) make Metsä Board more exposed to unfavorable financial conditions than its competitors, which could weaken the Issuer's competitiveness and (iv) expose Metsä Board to increases in interest rate levels. Although Metsä Board currently generates sufficient funds from operating cash flows to satisfy its debt service requirements and its capacity to obtain new financing is adequate, there can be no assurance that it will maintain such cash flows and adequate financial structure in the future. Breach of any of the debt covenants included in Metsä Board's financing agreements or the inability to comply with the required financial ratios could result in a default under Metsä Board's debt obligations. This could result in the need to renegotiate Metsä Board's financing as a result of which the terms of financing may weaken.

If any payment default occurs, the Issuer's lenders may elect to declare all of the Issuer's outstanding borrowings, together with accrued interest and fees, to be immediately due and payable. In such circumstances, the lenders under the Issuer's credit agreements also have the right to terminate any commitments to provide further financing. If the Issuer is unable to repay outstanding borrowings when due, the lenders under the credit agreements will have the right to proceed against any collateral granted to them to secure the debt, which collateral is pursuant to the Terms and Conditions permitted to exist and granted within the limits set out in Condition 9 (*Negative pledge*), after which the Issuer may not have sufficient funds to repay the Notes.

Should any of the above factors materialise, this could have a material adverse effect on Metsä Board's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as on the market price and value of the Notes.

***The Issuer is not obliged to compensate for withholding tax or similar on the Notes***

In the event of any withholding tax, public levy or similar is imposed in respect of payments to Noteholders on amounts due pursuant to the Notes, the Issuer is neither obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding tax or similar nor entitled to a premature redemption of the Notes.

***Credit ratings assigned for the Issuer and the Notes may not reflect all the risks associated with an investment in the Notes and increase of rating may decrease restrictions under the Notes***

The Issuer has been assigned a rating of "Ba1" by Moody's and "BB+" by Standard & Poor's. Moody's and Standard & Poor's are both established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). One or more independent credit rating agencies may assign credit ratings to the Notes, which may not necessarily be the same ratings as the Issuer rating described above. Any such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time and may be terminated by the Issuer. An increase of the Issuer's credit rating may decrease restrictions pertaining to Metsä Board Group's operations and thus increase the risk associated with the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

***The completion of transactions relating to the Notes is dependent on Euroclear Finland Ltd's operations and systems***

The Notes are issued in the book-entry securities system of Euroclear Finland Ltd ("**Euroclear Finland**"). Pursuant to the Act on the Book-Entry System and Clearing and Settlement (348/2017, as amended), the Notes will not be evidenced by any physical note or document of title other than statements of account made by Euroclear Finland or its account operator. The Notes are dematerialised securities and title to the Notes is recorded and transfers of the Notes are effected only through the relevant entries in the book-entry system and registers maintained by Euroclear Finland and its account operators. Therefore, timely and successful completion of transactions relating to the Notes, including but not limited to transfers of, and payments made under, the Notes, depend on the book-entry securities system being operational and that the relevant parties, including but not limited to the payment transfer bank and the account operators of the Noteholders, are functioning when transactions are executed. Any malfunction or delay in the book-entry securities system or any failure by any relevant party may result in the transaction involving the Notes not taking place as expected or being delayed, which may cause financial losses or damage to the Noteholders whose rights depended on the timely and successful completion of the transaction.

The Issuer, the Joint Lead Managers or any other third party will not assume any responsibility for the timely and full functionality of the book-entry securities system. Payments under the Notes will be made in accordance with the laws governing the book-entry securities system, the rules of Euroclear Finland and the Terms and Conditions.

## RESPONSIBILITY REGARDING THE LISTING PROSPECTUS

The Issuer has furnished the information in this Listing Prospectus and accepts responsibility for the information presented herein. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## INFORMATION DERIVED FROM THIRD PARTY SOURCES

This Listing Prospectus contains information about Metsä Board's markets and Metsä Board's competitive position therein. Where certain information contained in the Listing Prospectus has been derived from third party sources, such as industry publications, such sources have been identified therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. Information compiled and published by Pöyry Management Consulting Oy ("**Pöyry**"), Cepi Cartonboard and World Containerboard Organization ("**CEPI**"), Foex Indexes Ltd ("**Foex**") and the Pulp and Paper Products Council ("**PPPC**"), Smithers Pira and RISI has been referred to in this Listing Prospectus under sections "*Information about the Issuer*", "*Market Overview*" and "*Business Overview*". Metsä Board confirms that such third party information has been accurately reproduced herein and as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, Metsä Board or the Joint Lead Managers have not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Listing Prospectus contain market data or market estimates in connection with no source has been presented, such market data or market estimate is based on Metsä Board's management's estimates.

## AVAILABILITY OF THE LISTING PROSPECTUS

This Listing Prospectus is available as of 2 October 2017 at the website of the Company at [www.metsaboard.com/investors](http://www.metsaboard.com/investors) and at the offices of the Company at Revontulenpuisto 2, FI-02100 Espoo.

For the avoidance of doubt, other than the documents incorporated by reference (see "*Information incorporated by reference*") the contents of Metsä Board's website or any other website do not form a part of this Listing Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Notes.

## CREDIT RATINGS

The Notes are expected to be assigned a credit rating of "BB+" by Standard & Poor's.

The Issuer has been assigned a rating of "Ba1" by Moody's and the outlook of the rating is stable. The latest updated rating and report was issued by Moody's on 18 August 2017.

The rating "Ba1" by Moody's means that the obligations of the rated entity are considered speculative and are subject to high credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.<sup>1</sup>

The Issuer has been assigned a rating of "BB+" by Standard & Poor's and the outlook of the rating is positive. The latest updated rating and report was issued by Standard & Poor's on 23 February 2017.

The rating "BB" by Standard & Poor's means that the rated entity is less vulnerable to adverse business, financial and economic conditions but it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments. Standard & Poor's may modify the ratings "AA" to "CCC" by the addition of a plus (+) or minus (-) sign to show the relative standing within the major rating categories.<sup>2</sup>

Moody's and Standard & Poor's are both established in the European Union and are registered under the CRA Regulation.

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<sup>1</sup> Source: The reference guide "Rating Symbols and Definitions" issued by Moody's Standing Committee on Rating Symbols and Definitions in July 2017.

<sup>2</sup> Source: <http://www.standardandpoors.com/ratings/definitions-and-faqs/en/us>.

## FORWARD-LOOKING STATEMENTS

Certain statements in the Listing Prospectus, including but not limited to certain statements set forth under “*Summary*”, “*Risk Factors*”, “*Information about the Issuer*” and “*Financial Information and Prospects*” are based on the beliefs of Metsä Board’s corporate management as well as assumptions made by and information currently available to it, and such statements may constitute forward-looking statements. The words “believe”, “expect”, “anticipate”, “intend” or “plan” and similar expressions identify such forward-looking statements.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Metsä Board, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to those discussed in section “*Risk Factors*” in the Listing Prospectus including the following: general economic and business conditions; changes in the competitive market situation; ability to obtain financing on terms that are favourable or consistent with Metsä Board’s expectations; the impact of changes in operating and financing costs, including changes in interest rate level; legislative and judicial developments; and fluctuations in the market price of the Notes. The above examples are not exhaustive and new risks emerge from time to time. In addition to factors that may be described elsewhere in this Listing Prospectus, the factors discussed under “*Risk Factors*” could cause the Metsä Board’s actual results of operations or its financial condition to differ materially from those expressed in any forward-going statement. Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of Metsä Board or its ability to fulfil its obligations under the Notes could differ materially from those described herein as anticipated, believed, estimated or expected.

The Issuer does not intend, and does not assume any obligation, to update any forward-looking statements contained herein unless required to do so by applicable legislation.

## OTHER INFORMATION

Financial information set forth in a number of tables in this Listing Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Listing Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Listing Prospectus, references to “euro” or “EUR” are to the currency of the member states of the EU participating in the European Economic and Monetary Union, references to “U.S. dollar” or “USD” are to the lawful currency of the United States, references to “British pound” refer to the lawful currency of the United Kingdom, and references to “Swedish krona” refer to the lawful currency of Sweden.

## NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Listing Prospectus has been prepared on the basis that all offers of the Notes in the European Economic Area (the “**EEA**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the EEA, from the requirement to publish a prospectus under the Prospectus Directive for offers of securities. Accordingly, any person making or intending to make any offer of the Notes within the EEA should only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to publish a prospectus under the Prospectus Directive for such offer. Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of securities through any financial intermediary.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Notes may not be made in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;
  - (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive;
- or

- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the Issuer or the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes herein, the expression an “offer to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

This Listing Prospectus does not constitute an offer of Notes to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently this Listing Prospectus is being distributed only to, and is directed at (a) persons who are outside the United Kingdom, (b) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (c) high net worth entities falling within article 49(2) of the Order, and other persons to whom it may be lawfully communicated (all such persons together being referred to as “**relevant persons**”). In addition, this Listing Prospectus is, in any event only directed at persons who are “qualified investors” pursuant to the Prospectus Directive. Any person who is not a relevant person should not act or rely on this document or any of its contents.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

The Notes have not been and will not be registered under the Securities Act or under the applicable securities laws of any state of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

## ADDITIONAL INFORMATION ON THE ISSUE OF THE NOTES

Form of the Notes:	Securities in dematerialised, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Ltd.
Depository and settlement system:	Euroclear Finland Ltd, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity-system of Euroclear Finland Ltd.
Decisions and authorisations:	Decision of the Board of Directors of the Issuer on 7 September 2017.
Effective yield of the Notes:	At the issue price of 99.664%, the effective yield of the Notes is 2.789% per annum.
Rate of interest of the Notes:	2.750% per annum.
Issuing Agent:	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch.
Publication date and investors:	The result of the Offering was announced on 21 September 2017 and the Notes were allocated mainly to institutional investors.
Listing:	Application has been made to have the Notes listed on the Helsinki Stock Exchange.
Estimated time of Listing:	On or about 3 October 2017.
Interests of the participants of the Offering:	Interests of the Joint Lead Managers: Business interest normal in the financial markets.
Tender Offer:	On 14 September 2017, Metsä Board announced a tender offer for its outstanding EUR 225,000,000 4.00% notes due 2019 issued on 13 March 2014, with ISIN code FI4000085550 (the “ <b>2019 Notes</b> ”), for cash on the terms and conditions set out in the tender offer memorandum dated 14 September 2017. The purchase price in the offer was EUR 1,061.91 per EUR 1,000 nominal amount of the 2019 Notes. The offer expired at 4:00 pm Finnish time on 25 September 2017. Metsä Board successfully repurchased 2019 Notes with an aggregate nominal value of EUR 157,731,000. The settlement date was 29 September 2017.
Estimated net amount of the proceeds:	The aggregate net proceeds to the Company from the Offering, after deduction of the fees and expenses payable by Metsä Board, will be approximately EUR 248.2 million.
Estimated expenses related to the Offering:	The fees and expenses incurred in connection with the Offering and payable by the Issuer amount in aggregate to an estimated EUR 0.9 million.
Use of proceeds:	Partial redemption of the 2019 Notes and general corporate purposes.
Date of the entry of the Notes to the book-entry system:	Notes subscribed and paid for have been entered by the Issuing Agent to the respective book-entry accounts of the subscribers on 29 September 2017 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Ltd.

## **INFORMATION ABOUT THE ISSUER**

The business name of the Issuer is Metsä Board Corporation and it is domiciled in Helsinki, Finland. The Issuer is a public limited liability company established on 31 December 1986 and organised under the laws of Finland. The Issuer is registered in the Finnish Trade Register under business identity code 0635366-7 and its registered address is Revontulenpuisto 2, 02100 Espoo, Finland and telephone number +358 10 4611.

According to Article 3 of the articles of association of the Company, the Company engages, either directly or through its subsidiaries or affiliates, in the forest industry, particularly the manufacture and sale of board, paper and pulp, as well as ancillary business relating to them. As the parent company of its group, the Company may see to the group's administration, financing and other joint functions and own, control and lease real estate and securities.

## MARKET OVERVIEW

### General

The main types of paperboard packaging include cartonboards and corrugated boards, which are manufactured from primary fibre, which can include bleached chemi-thermomechanical pulp (“**BCTMP**”), mechanical pulp and chemical pulp, or from recycled materials. Cartonboards are typically used in consumer packages. Corrugated board is manufactured from testliner or kraftliner. Testliner is mainly produced from recycled materials and kraftliner mainly from fresh fibres. Corrugated board is often used in transport packages but also in packaging purposes for heavier goods as well as in retail-ready and point-of-sale applications. The paperboard industry is characterised by its capital intensity and product prices are commonly affected by overall industry capacity, utilisation rates and economic growth rates. The profitability of the paperboard industry reflects the fact that consumption and pricing are influenced by, inter alia, the state of the economy and the balance between supply and demand for the end-use products.

Because of the intense capital requirements to start manufacturing paperboard products or to upgrade an existing production facility, and the large amount of capital employed in existing facilities, there may be a disparity between the demand and supply of these products. In many grades, this can contribute to fluctuations in pricing. Additionally, low prices, or the expectation of higher prices, prompt customers to store and purchase paperboard products, which in turn, drive prices and demand higher. Conversely, high price levels, or the anticipation of price decreases, can lead to a slowdown in demand as customers draw on their inventories, which in turn drives price decreases. These pricing dynamics help explain the volatility of end product prices in the paperboard industry. Prices also fluctuate by geographic region and product. However, the price volatility is typically smaller in high-quality paperboards made from fresh fibres compared to the lower grade paperboards made from recycled materials.

### Paperboard

Demand for paperboard has been relatively insulated from economic downturns as it is generally used as packaging for many consumer products, such as food, cigarettes, pharmaceuticals and cosmetics, the demand of which has historically been stable by nature. Other factors that impact the long-term demand of paperboard packaging include growing population and consumption, urbanisation, increased regulation as well as stronger demand for sustainable and resource efficient packaging.

Paperboard products can be made from either long fibre or short fibre chemical pulp, mechanical pulp, BCTMP or recycled materials. Long fibre chemical pulp is primarily supplied to Europe by the Nordic countries whereas short fibre chemical pulp is generally supplied to Europe from Latin America. Paperboard can also be produced from recycled fibre. Many packaging companies are however reducing the use of paperboard made from recycled fibres, especially food companies amidst concerns of food contamination from mineral oil present in recycled fibre. Furthermore, initiatives by many global corporations to become more environmentally friendly have driven increased demand for lighter weight paperboard products as these products are manufactured using less resources and are more cost effective to ship. Fresh fibre paperboards, such as folding boxboard and white linerboard, have also better quality.

Of the different types of paperboard produced, Metsä Board produces and sells folding boxboard, which is mainly used to package consumer goods such as food, beauty care and healthcare products as well as food service applications. Metsä Board also produces and sells white fresh fibre linerboard, which can be used as one or several layers in corrugated board. White fresh fibre linerboard is popular when visual characteristics are important, e.g. for heavier product packages like electronics and fresh produce or in retail-ready and point-of-sale applications.

According to Metsä Board’s own research (based on, among others, RISI, CEPI, Pöyry, Smithers Pira and trade statistics), global market demand for cartonboard is approximately 36 million tonnes per annum of which demand for folding boxboard is approximately 9 million tonnes per annum and demand for other fresh fibre cartonboards is approximately 5.5 million tonnes per annum. Global market demand for fresh fibre food service board is 3.5 million tonnes per annum. Global market demand for white linerboard is 10.5 million tonnes per annum of which roughly 40% is demand for fresh fibre linerboards (kraftliners). Global demand for white coated fresh fibre linerboards is roughly 1 million tonnes per annum. Metsä Board estimates that global demand for folding boxboard and white fresh fibre linerboard grows 3-4% per annum. There are however some deviations depending on market areas and/or different paperboard segments.

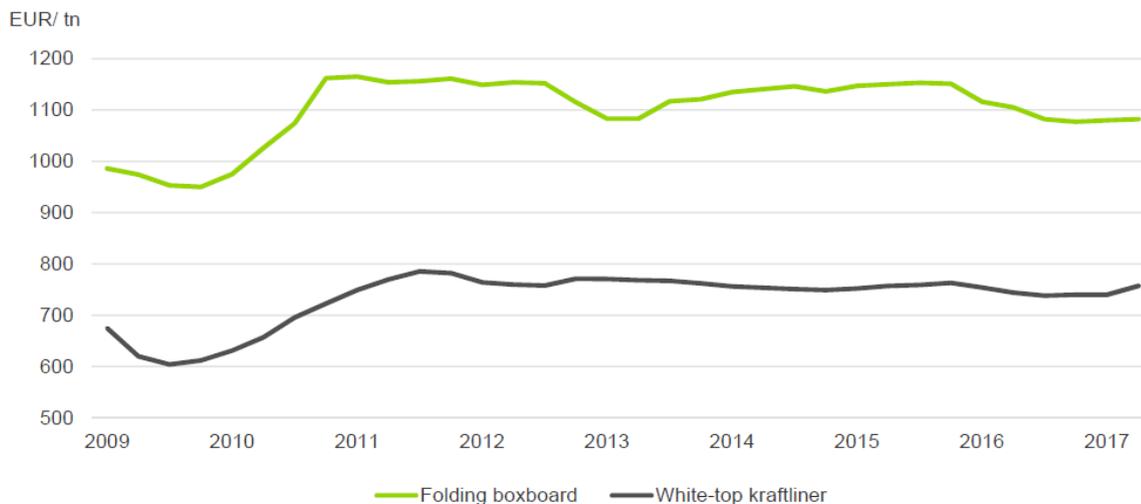
According to statistics by the Cepi Cartonboard and World Containerboard Organization (“**CEPI**”), demand for folding boxboard in Europe has been growing by approximately 3% per annum during the last two years, while demand for white fresh fibre linerboard has been growing at a rate of approximately 5% per annum. The European folding boxboard market is very concentrated with the five largest producers representing approximately 82% of the total European capacity of

folding boxboard. The European white fresh fibre linerboard market is also well concentrated with the five largest producers representing approximately 85% of the total European capacity.<sup>3</sup>

North America is also an important market for Metsä Board. According to RISI, demand for cartonboard in the United States has been growing marginally since 2009 and is forecasted to increase about 1% per annum until 2022. Demand for containerboard, including white fresh fibre linerboard, in the United States has been growing by 2% per annum since 2009 and is forecasted to continue to grow at a similar rate until 2022.<sup>4</sup>

According to RISI and Foex, the price for folding boxboard and white top kraftliner in Europe has been rather stable since 2011.

**Price of folding boxboard and white-top kraftliner in Europe (EUR per tonne, sources RISI, Inc. & FOEX Indexes Ltd)**



**Pulp**

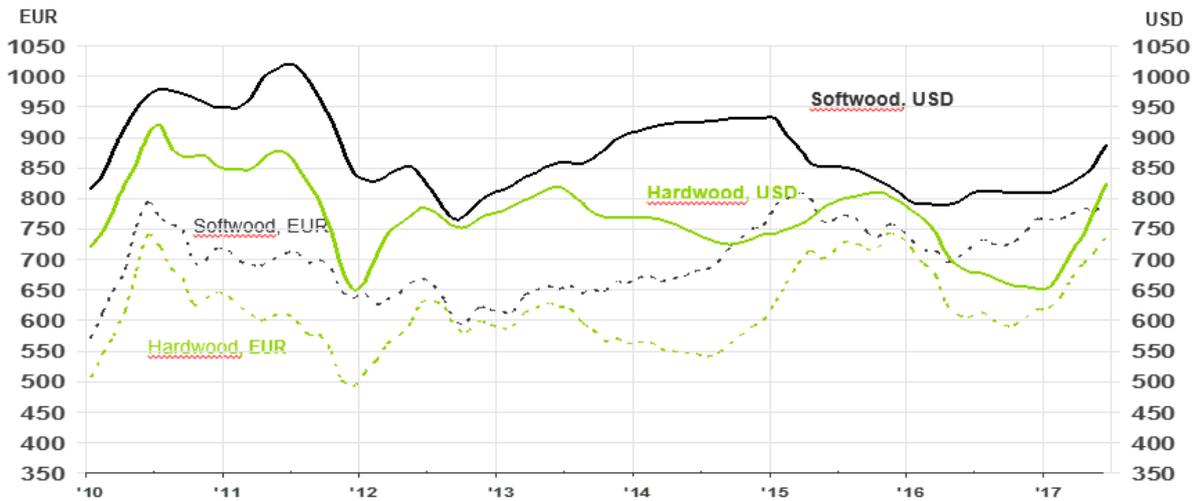
Pulp is manufactured by breaking down the cellulose or fibre in the wood and the lignin that holds the wood fibres together. Pulp can be turned into mechanical, chemical or BCTMP pulp depending on the process applied. In chemical pulping process, fibres are separated by means of a chemical reaction and the pulp is used primarily in fine paper and paperboard. In the mechanical pulping process, fibres are separated by mechanical treatment of wood and the pulp is predominantly used in publication paper grades. BCTMP production method combines the chemical and mechanical treatments of fibres.

Demand drivers for pulp are paper and paperboard production volumes. Demand for chemical market pulp is expected to grow globally by close to 2% per annum by 2018 according to PPPC. Demand is declining in the traditional markets, e.g. Western Europe, and growing in developing markets, e.g. Asia. Especially the growing consumption of tissue paper in China is increasing the demand for softwood pulp. Pulp prices typically fluctuate more than prices for paperboard or paper according to the global demand and supply situation.

<sup>3</sup> Source: Pöyry July 2017 and Metsä Board’s own research.

<sup>4</sup> Source: RISI August 2017.

**Pulp price development (PIX)**

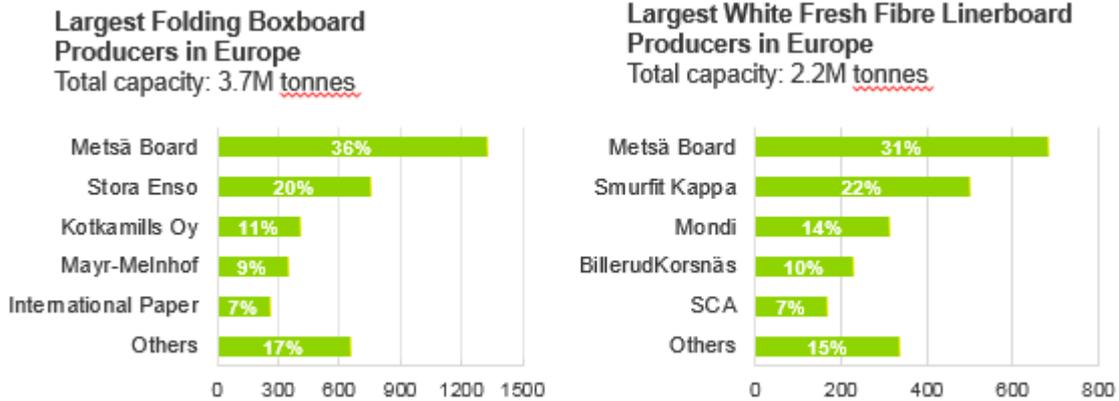


Source: Foex Indexes Ltd.

**Competition**

There are significant competitors in many areas of Metsä Board’s business operations and major markets. Many factors influence Metsä Board’s competitive position, including cost, price, product quality and service. Metsä Board’s primary competitors in the paperboard market in Europe include Stora Enso Oyj, Smurfit Kappa, Holmen AB, Mondi Group, BillerudKorsnäs, International Paper, SCA, Mayr-Melnhof Karton AG and Kotkamills Oy. In North America Metsä Board’s primary competitors are Westrock, International Paper, Clearwater, Georgia Pacific and Graphic Packaging.

The following charts present the rankings of Europe’s largest producers, by capacity as at end of June 2017, based on market data provided by Pöyry and Metsä Board’s own analysis (Pöyry Management Consulting July 2017 & Metsä Board estimates).



## BUSINESS OVERVIEW

### Overview

Historically, Metsä Board was a producer of paper and paperboard in Finland. Since 2005, Metsä Board's management has enacted a number of efficiency, cost-saving and restructuring programmes, including the divestment and closure of several mills in order to exit the loss-making paper business operations as well as to reduce fixed and variable costs and improve productivity and profitability of all operations. Through these actions, Metsä Board has successfully shifted the focus of its operations to fresh fibre paperboards in order to capitalise on favourable market trends and to address structural challenges in the paper market. In 2012-2016, Metsä Board's paperboard deliveries' annual growth rate was on average 10%, which clearly exceeded the average growth rate in global demand for folding boxboard and white linerboards, estimated at 3-4% per annum. In addition, Metsä Board doubled its comparable EBITDA as a per cent of sales from 5.9% in 2008 to 13.4% in 2016. Metsä Board also reduced its interest-bearing net liabilities from approximately EUR 2,205 million in 2005 to EUR 463.8 million by the end of 2016. For the year 2016, Metsä Board recorded sales of EUR 1,720.3 million and comparable EBITDA of EUR 231.1 million. In 2016, 50% of Metsä Board sales derived from folding boxboard, 25% from white linerboards, 15% from market pulp operations and 10% from other operations. The Company has gradually exited the paper business, and paperboard (including market pulp) constitutes 100% of its sales since 2017. Geographically, 75% of Metsä Board's sales in 2016 derived from the EMEA region, 17% from the Americas and 8% from the APAC region.

Metsä Board provides light, premium quality paperboards for its customers in consumer and retail packaging as well as for food service applications. Metsä Board's production capacity accounted for approximately 36% of the total folding boxboard capacity and approximately 31% of the total white fresh fibre linerboard capacity in Europe at the end of H1/2017 based on the information provided by Pöyry and Metsä Board's own research. This makes Metsä Board the largest producer in Europe of both folding boxboard and white fresh fibre linerboard (for further information, please see "*Market overview – Competition*").

Metsä Board operates in three main market areas: EMEA, Americas and APAC. In EMEA, Company's goal is to maintain the strong market position and continue the long-term customer relationships especially with brand owners and to grow steadily above the market growth. In the Americas, Metsä Board seeks the most rapid growth in the coming years and targets to sell its recent folding boxboard capacity from the Husum mill in Sweden into these markets. In APAC, the Company focuses on the premium segment in paperboard and aims at moderate growth primarily in cooperation with brand owners.

As at the date of this Listing Prospectus, Metsä Board's main production facilities include five paperboard mills in Finland (Kemi, Kyröskoski, Simpele, Tampere and Äänekoski) and one modernised integrated paperboard and pulp mill in Husum, Sweden. Two out of five paperboard mills in Finland are also integrated to pulp production. In addition, the Company has two BCTMP mills in Finland (Joutseno and Kaskinen). Metsä Board's total paperboard capacity is 2 million tonnes. During 2015-2017, Metsä Board invested more than EUR 200 million at its integrated mill in Husum, Sweden. As part of the investment programme, two paper machines were closed in 2015, one paper machine was converted to produce linerboard and one new folding boxboard machine was ramped-up in February 2016. The investment programme also covered enhancements of the pulp mill and the mill site's own port. In addition, the Company built a new extrusion coating line, which started in April 2017. The production capacity of the new folding boxboard machine is approximately 400,000 tonnes per annum and the capacity utilisation rate during H1/2017 was approximately 70%. Full production capacity is expected to be reached by the end of 2018, at which time Metsä Board's total folding boxboard production will be approximately 1.3 million tonnes per annum. Metsä Board estimates that 250,000 tonnes of Husum's folding boxboard is sold to the Americas and 150,000 is sold to food service applications globally. Additionally, the annual capacity of fresh fibre linerboard in Husum has almost tripled from 2014 to some 270,000 tonnes, increasing the Company's total white fresh fibre linerboard capacity to approximately 680,000 tonnes per annum. The increased linerboard capacity from Husum is targeted to be sold in Europe and in the Americas.

Metsä Board has estimated the EBIT improvement potential of the Husum integrated mill to be approximately EUR 100 million between 2016 and 2019. Approximately EUR 25 million of the result improvement is expected to result from normalised pulp production as 120,000 tonnes of pulp production was lost in 2016 due to, among other factors, the ramp-up of the new folding boxboard machine, approximately EUR 5 million of the result improvement is expected from Metsä Board's efficiency improvement programme at Husum integrated mill site and approximately EUR 70 million of the result improvement is expected from increasing the folding boxboard capacity utilisation rate to at least 95% and normal sales price in paperboard deliveries.

Reaching the targeted result improvement requires that the estimated parameters, including sales volumes and prices, production costs and exchange rates develop as planned, as the investments at Husum mill may involve significant delays and risks and uncertainties relating e.g. to Metsä Board's ability to sell the increased production capacity to the market at expected price levels, including a favourable geographic sales mix of Husum's folding boxboard and the product mix of Husum's white linerboards or to successfully ramp-up production in the anticipated time frame. For further information, please see "*– Investments and divestments*" and "*Risk factors – Risks relating to the Company and its business – Metsä Board may not be able to achieve the sales targets of its Husum mill*".

Pulp self-sufficiency is strategically important for Metsä Board. The Company owns two BCTMP mills in Finland and a two line chemical pulp mill at the integrated paperboard and pulp mill in Husum, Sweden, with a total production capacity of 660,000 tonnes of BCTMP and 730,000 tonnes of chemical pulp per annum. In addition, Metsä Board has access to a secure supply of chemical pulp in proportion to Metsä Board's current 24.9% shareholding in Metsä Fibre Oy ("**Metsä Fibre**"), a leading European pulp producer and market pulp provider, which has four pulp mills in Finland with a total annual production capacity of approximately 3.2 million tonnes (including the capacity from the new bioproduct mill in Äänekoski). Because of Metsä Board's three pulp mills and its ownership share in Metsä Fibre, the Company is able to produce more BCTMP and long fibre pulp than it requires for the manufacturing of its paperboard products and consequently, Metsä Board is able to generate additional revenue by selling this excess pulp to third parties. Metsä Board's total annual pulp balance by the end of the H1/2017 was approximately 400,000 tonnes net long.

Metsä Board's associated company Metsä Fibre built a bioproduct mill with an investment cost of approximately EUR 1.2 billion to replace its former pulp mill in Äänekoski, Finland. Ramp-up of the new Metsä Fibre Äänekoski bioproduct mill commenced in August 2017. The planned pulp capacity of the mill is 1.3 million tonnes leading to a net capacity increase of approximately 800,000 tonnes compared to the pulp production at the site in 2016 and hence increasing Metsä Board's pulp balance by approximately 200,000 tonnes per year. The majority of Äänekoski's pulp production is softwood pulp. Metsä Board has made a EUR 24.9 million equity investment into Metsä Fibre. Metsä Board has no other financial commitments in the project. For further information, please see also "*– Investments and divestments*".

The surplus pulp is also a good reserve to grow the Company's paperboard production further and still remain pulp self-sufficient in the future. All in all, Metsä Board's annual pulp balance is expected to be approximately 500,000-550,000 tonnes long from 2018 onwards as increased paperboard production in Husum consumes more pulp. Metsä Board estimates that the market pulp will continue to be mainly softwood chemical pulp. For further information, please see "*– Metsä Board's operational strengths – High-quality wood raw material, fibre know-how, reliable low-cost pulp supply, efficient integrated operations and partial self-sufficiency in energy*".

## **Organisational structure**

Metsä Board Group includes several operational subsidiaries engaged in either production, sales or customer service. The most significant fully-owned operational subsidiaries are Metsä Board Sverige AB, which owns and operates the Husum mill in Sweden and Metsä Board Kemi Oy, which owns and operates the Kemi mill in Finland. In addition, Metsä Board owns a number of foreign subsidiaries engaged in the sales of Metsä Board's products. Such sales network companies are located globally in various countries.

The Company operates through a function-based organisation including Marketing and Sales, Production, Finance, Development and Human Resources. Under Metsä Board's organisational structure, function heads are responsible for the operations of their respective functions. The function heads serve as members of Metsä Board's Corporate Management Team. The Corporate Management Team approves the business-specific strategies and reviews any strategic investment requests with the objective of achieving Metsä Board's financial and strategic targets. Functions are supported by corporate functions, most of which are centralised within Metsä Group level and hence shared with other subsidiaries of Metsäliitto. The function heads are remunerated, in part, based on the performance of their respective functions and on Metsä Board's overall performance.

Furthermore, Metsä Board is part of Metsä Group and its controlling shareholder is Metsäliitto, which as at 30 June 2017 owned 41.5% of the outstanding shares and controlled 61.4% of the voting rights in the Company. Metsäliitto has control over Metsä Board by virtue of its representation on the Board of Directors (even though a clear majority of Board members are independent of the Company and its significant shareholders) and its voting power with respect to the election of directors and other actions requiring shareholder approval. Metsäliitto is a cooperative organised under the laws of Finland, owned by approximately 104,000 private forest owner members in Finland. Metsäliitto provides most of the primary wood raw material required by Metsä Board under long-term wood procurement contracts. For further information, please see "*– Related party transactions*". In addition to Metsä Board, the Metsä Group includes among others Metsä Fibre (in respect of which Metsä Board currently holds 24.9%, Itochu Corporation 24.9% and Metsäliitto 50.2% of the shares and

votes), Metsä Tissue, one of the leading European supplier of tissue paper products, Metsä Wood, which is engaged in mechanical wood products business and Metsä Forest, which is engaged in wood sourcing.

### **Vision and strategy**

Metsä Board's vision is to be the preferred supplier of premium paperboards, creating value for customers globally. To work towards this vision, Metsä Board has identified three strategic cornerstones: Focus, profitability and growth.

#### ***Focus on premium fresh fibre paperboards***

Metsä Board focuses on the folding boxboard as well as white fresh fibre linerboard businesses and grows them further globally. Metsä Board's goal is to continue steady growth in its domestic markets in Europe and to accelerate growth outside Europe and especially in the Americas. Metsä Board has, after the completion of the investments at Husum, been able to grow its folding boxboard as well as white fresh fibre linerboard production and sales significantly. Metsä Board has fully discontinued paper production by the end of 2016.

Demand for safe, environmentally friendly and lightweight folding boxboard as well as white fresh fibre linerboard is increasing globally. Replacing traditional packaging materials with Metsä Board's folding boxboard and linerboard is an excellent way for consumer goods companies to improve the sustainability of their operations globally. Metsä Board focuses on serving customers whose quality expectations require high quality, light and strong packaging materials. All of Metsä Board's paperboards are produced from fresh fibres. The main raw material of paperboards is 100% traceable, renewable wood, procured from sustainably managed northern forests.

#### ***Profitability is based on superior cost efficiency and healthy sales prices driven by high-quality pulps and unique technical know-how***

Metsä Board is actively pursuing steps to improve the efficiency of its mills and thereby improve cost competitiveness and sustainability of its production. Metsä Board intends to continue to introduce measures aimed at reducing operating expenses through enhanced cost controls including energy efficiency programmes. All mills have their own targets to save on fixed and variable costs. Metsä Board has been able to improve its productivity from approximately 1,250 tonnes per employee in 2006 to approximately 1,850 tonnes per employee in 2016. The productivity improvement is targeted to continue also in the coming years. Metsä Board is also developing its supply chain operations in order to service its customers even better and to reduce working capital tied in its operations through Metsä Board's Lean Supply Chain Management programme. Metsä Board is self-sufficient in high-quality pulps and the Company has a unique paperboard production expertise, helping it improve its market position and maintaining healthy price levels.

#### ***Global growth together with customers***

Metsä Board aims at growing profitably together with its customers – brand owners, converters, merchants and manufacturers of corrugated products – globally in businesses that benefit from its safe and sustainable paperboards. The average annual demand growth rate for folding boxboard and white fresh fibre linerboards is estimated to be 3-4%<sup>5</sup> in the near future, driven by global trends such as growing consumption, stronger demand for sustainable packaging, urbanisation and increasing regulation. Metsä Board's target is to grow faster in annual paperboard deliveries compared to the above mentioned relevant market growth. In 2012-2016, Metsä Board's paperboard deliveries grew 10% per annum on average.

As Metsä Board's baseboard is biobased, biodegradable and compostable, it is an environmentally friendly alternative to traditional packaging alternatives. Metsä Board's new extrusion coating line was ramped-up at Husum in April 2017, and it utilises the latest technology allowing the Company to benefit from a fully integrated production line. The new line accelerates Metsä Board's sales growth in new customer segments especially in food packaging and food service applications.

#### **Long-term financial targets**

Metsä Board updated its long-term financial targets on 1 June 2017. The Company's target for the comparable return on capital employed is at least 12%. According to the Company's new target, the ratio of interest-bearing net liabilities to comparable EBITDA is a maximum of 2.5. This target level gives the Company enough flexibility for potential growth investments in the future while maintaining a strong balance sheet. The previous target for net gearing (less than 70%) has been abandoned. Metsä Board is a growth company. Therefore the Company's goal is that the deliveries of its paperboard products grow faster than the average market growth. Global demand for high-quality paperboard made from fresh

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<sup>5</sup> Source: Smithers Pira, Pöyry Management Consulting Oy, the Company.

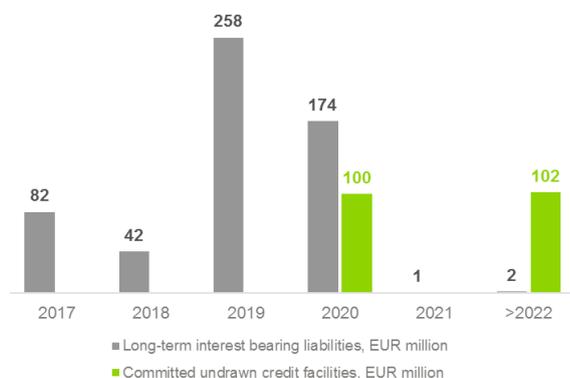
fibre is expected to grow by approximately 3–4% a year. According to the new dividend policy, Metsä Board aims to distribute as dividend at least 50% of the result for the financial period.

## Cost structure

Metsä Board’s total operating costs excluding depreciation, amortisation and impairment charges in 2016 were EUR 1.6 billion, of which 30% were fixed costs and 70% variable costs. Metsä Board’s biggest cost component is wood, representing 26% of total costs. Metsä Board’s total wood sourcing in 2016 was 4.6 million m<sup>3</sup>, of which 38% originated from Sweden, 31% from Finland, 18% from Baltic countries and 13% from Russia. Metsä Fibre’s total wood sourcing in 2016 was 12.6m<sup>3</sup>, of which 89% originated from Finland, 6% from Russia and 5% from Baltic countries. Pulpwood prices in Finland have remained quite stable in the past five years. Metsä Board’s other cost components out of total costs in 2016 were logistics 16%, other fixed costs 15%, personnel 14%, chemicals, pigments and fillers 14%, energy 12% and other variable costs 3%.

## Financing

Metsä Board’s total interest-bearing debt as at 30 June 2017 was EUR 640.0 million, of which EUR 223 million were bonds, EUR 149 million were loans from financial institutions, EUR 111 million were pension loans, EUR 23 million were finance leases and other loans and EUR 134 million were other short-term loans. The average maturity of the long-term loans on 30 June 2017 was 2.0 years and the maturity schedule of the long-term interest-bearing debt was as follows:



The Company’s total available liquidity as at 30 June 2017 was EUR 343 million, of which EUR 141 million were cash and cash equivalents, EUR 100 million revolving credit facility and EUR 102 million unraised pension loans.

## Metsä Board’s operational strengths

### *A strong market position in the growing fresh fibre paperboard market*

Fresh fibre paperboard is used in a range of industries such as food products, beauty care, healthcare, tobacco and in food service applications. According to statistics published by CEPI, production of paperboard and packaging paper including both recycled fibre and fresh fibre cartonboard grades, has in Europe increased from 38 million tonnes in 2009 to an estimated 45 million tonnes in 2016. Further, according to Cefi Cartonboard statistics, growth in fresh fibre based folding boxboard has been faster than in recycled fibre based white lined chipboard. For example, the growing market preference for environmentally friendly products is partially driving the increased demand for fresh fibre paperboard because, unlike other packaging materials such as aluminium or plastic, it is produced from renewable and sustainable resources. Additionally, based on the Company’s own research, Metsä Board’s fresh fibre paperboard has a very low carbon footprint per tonne produced when compared to other common packaging materials like aluminium, plastic and also recycled fibre paperboard. When producing paperboard from fresh fibres, like Metsä Board does, it is also safe to use in direct food contact. Demand for paperboard has historically been less prone to economic downturns compared to other paper products as paperboard is used to package consumer products, such as food and healthcare products which have historically been less affected by the state of the global economy.

Metsä Board has a strong position in Europe’s fresh fibre paperboard market with a leading position by production capacity in folding boxboard as well as white fresh fibre linerboard (for further information, please see “*Market overview – Competition*”).

### ***Successful transformation***

Since 2005, Metsä Board has successfully transformed from a loss-making paper producer into a profitable pure-play paperboard company. Between 2005-2016 Metsä Board's paper capacity has reduced from annual 5 million tonnes to zero and paperboard capacity has grown from annual 1.1 million tonnes to 2.0 million tonnes. This transformation was initiated through a number of efficiency, cost-saving and restructuring programmes including many mill closures, conversions and asset sales that Metsä Board started implementing in 2005.

As part of the transformation process, the Company has invested significantly in order to grow its paperboard business. As a result of these investments, restructuring initiatives and disposals, Metsä Board has enjoyed an increase in comparable EBITDA as a per cent of sales from approximately 5.9% in 2008 to 13.4% in 2016 and its interest-bearing net debt has reduced from EUR 2,205 million at the end of 2005 to EUR 464 million by the end of 2016, despite Metsä Board's significant investments in recent years. Net financial costs have decreased from EUR 56 million in 2013 to EUR 31 million in 2016, and average interest rate of loans has decreased from 4.8% to 3.3% in the same period. The measures in Husum, including also the increasing fresh fibre linerboard sales volumes, are expected to improve Metsä Board's operating result by approximately EUR 100 million per annum mostly in 2019 compared to the 2016 operating result. For further information, please see "*Risk Factors – Risks relating to the Company and its business – Metsä Board may not be able to achieve the anticipated improvement of its operational result*".

### ***High-quality wood raw material, fibre know-how, reliable low-cost pulp supply, efficient integrated operations and partial self-sufficiency in energy***

Fresh fibre used by Metsä Board is sourced from Northern Europe (mainly Finland and Sweden, in particular birch, spruce and pine), which Metsä Board's management believes provides the Company with a competitive advantage as these fibres are among the best raw materials in the world for making high quality paperboard. Metsä Board purchases most of its wood from Metsäliitto under a long-term contract. The raw materials the Company uses are traceable to a sustainable source, which it considers a competitive advantage especially compared to non-European producers.

Metsä Board is self-sufficient in pulp, which ensures both quality and availability in production. Metsä Board uses both chemical and mechanical pulps in the production of paperboards. Metsä Board's total annual pulp balance is roughly 400,000 tonnes long in 2017. The surplus volume is sold to the market. Metsä Board invested EUR 24.9 million in equity of Metsä Fibre in connection with the Äänekoski bioproduct mill investment. The new mill started operating in August 2017. With this investment, Metsä Board's annual pulp balance will grow by 200,000 tonnes.

Many of Metsä Board's paperboard mills enjoy synergy benefits from integrated pulp production and Metsä Board will continue to develop and expand these integrated operations at its mills. For example, the Husum mill in Sweden is a modernised, integrated mill where all of the chemical pulp and most of the energy required for the paperboard manufacturing process are produced onsite, which reduces logistic costs and minimises delays. Metsä Board's other integrated mills are Äänekoski and Kemi Mills in Finland.

Metsä Board aims to improve the efficiency of energy consumption and production in its operations and increase the share of wood-based, carbon dioxide-neutral energy in its energy procurement. Metsä Board has invested significantly in recent years to increase the energy self-sufficiency of its mills through investment in biobased heat production. In 2016, wood-based bioenergy accounted for 51% of Metsä Board's primary energy used. Through its current 3.2% ownership in PVO, Metsä Board is entitled to buy electricity at cost price in proportion to its shareholding in PVO. The electricity Metsä Board receives from PVO represents approximately 30% of Metsä Board's annual electricity consumption. Approximately 20% of Metsä Board's annual electricity consumption is covered by the Company's own energy production at mill sites. Metsä Board will be nearly self-sufficient in electricity in Finland when Metsä Fibre's new bioproduct mill and Teollisuuden Voima Oyj's (PVO is the majority shareholder in Teollisuuden Voima Oyj) OL3 nuclear reactor (expected start-up in late 2018) are in full production.

### ***Technological know-how, industry-leading best practices and well-invested asset base***

The Company's management believes that Metsä Board's strong technical knowledge base, in particular its expertise in fibre, and skilled personnel, have contributed to making Metsä Board a leading innovator in the development and production of high-quality lightweight paperboards for a variety of end-uses. Metsä Board has made significant technical innovations in its product categories, such as the development of its lightweight paperboards, and is consistently working with customers to provide value-added services in relation to its products. For example, based on Metsä Board's own research, Metsä Board's folding boxboards can be up to 30% lighter in weight than competing paperboard grades. Metsä Board has also been an innovator in the development of BCTMP with qualities similar to chemical pulp and particularly suited to

Metsä Board's folding boxboard. Metsä Board believes its self-sufficient production of BCTMP has created a competitive advantage to the Company in the paperboard market as BCTMP, which is only available in limited supply from third parties, is a necessary component in the production of Metsä Board's light, durable and high-quality folding boxboard.

In addition, Metsä Board has successfully developed industry-leading manufacturing techniques to produce lightweight paperboard products. Metsä Board's lightweight paperboards have been designed to be manufactured using minimal amounts of water, energy and fibre. These lightweight products are also designed to cut-down on the customers' logistics expenses and environmental impact as they are cheaper to ship than heavier paperboard grades due to their reduced weight. Finally, Metsä Board has developed its lightweight products to create less waste at the end of their life-cycle than heavier grades of paperboard and paper. These products also benefit from excellent performance and printing properties irrespective of their lighter weight. Metsä Board's folding boxboards are produced using fresh fibres and are therefore particularly suitable for safe use for food and food service packaging purposes.

Metsä Board has five paperboard mills in Finland, of which two are integrated to pulp production, and one integrated paperboard and pulp mill in Sweden. During 2011 and 2012, the Company carried out significant rebuilds at its mills in Simpele, Kyro and Äänekoski. In 2011, the Company also rebuilt the coating section of its Kemi linerboard mill that is now able to focus on more profitable coated grades. In 2015 and 2016, Metsä Board invested heavily in its Husum mill. Please see "*– Overview*". Metsä Board estimates that its total investments in 2017 will be approximately EUR 65-70 million.

### ***Strong customer focus and efficient and skilled global sales network***

Metsä Board has a strong customer focus and benefits from long-term relationships with its customers especially in Europe, which, in certain cases, span several decades. In particular, by establishing direct relationships in the paperboard business with multinational brand owner customers, Metsä Board has been able to negotiate and secure annual contracts which serve to increase the stability and visibility of Metsä Board's revenues. Through these direct customer relationships, Metsä Board also benefits from better feedback on end-user requirements and preferences, helping Metsä Board design products that are suited to particular end-uses and markets such as Metsä Board's lightweight range of paperboards. In 2016, Metsä Board sold approximately 50% of its folding boxboard under frame agreements with brand owners. Approximately 30% of folding boxboard production was sold under agreements with cartonboard printers and converters and approximately 20% of production was sold to merchants. In white linerboards nearly all of the production is sold under frame agreements with manufacturers of corrugated products.

Metsä Board also benefits from a global sales network, which serves customers in over 100 countries, and professional customer service, which are designed to ensure fast and efficient deliveries by utilising various transport methods and selecting the most appropriate means of transport for each product and customer. Metsä Board has well established positions in Asia and North America. For example, the Company has delivered white linerboards to the Americas for more than two decades, which creates a solid foundation to increase sales also in folding boxboard to this market area. In Asia, Metsä Board focuses on premium segment paperboards and delivers mainly folding boxboard to multinational brand owner customers. In the market pulp business, Metsä Board's cooperation with Metsä Fibre provides an extensive international market pulp sales network. For further information, please see "*– Sales network*".

### ***Part of the Metsä Group and shareholder of Metsä Fibre***

As part of Metsä Group, Metsä Board benefits from reliable access to Metsäliitto's high-quality wood supplies. Metsä Board also shares several support functions with Metsä Group, such as finance, environmental, energy, treasury, ICT and certain other administrative services and thereby benefits from having access to greater economies of scale.

Metsä Board also benefits from being a strategic shareholder of Metsä Fibre, a leading European pulp producer and market pulp provider that operates through four pulp mills in Finland. Through its current 24.9% ownership in Metsä Fibre, Metsä Board has access to a secure supply of chemical pulp that is proportionate to its ownership of Metsä Fibre. For further information, please see "*– Related party transactions*".

### ***Financial reporting***

After Metsä Board's uncoated paper production ended in July 2016, the remaining business operations of the Metsä Board Group consist solely of folding boxboard, fresh fibre linerboard and market pulp businesses previously reported under the Paperboard segment. As the paper business previously reported under Non-core operations segment has been fully

discontinued, Metsä Board reports on its financial performance starting from third quarter of 2016 using only one reporting segment. In the profit and loss statement, the 24.9% share of Metsä Fibre's net result is consolidated into Metsä Board's EBITDA quarterly. Through its ownership, Metsä Board receives 24.9% of Metsä Fibre's annual distributions.

## Products

### *Folding boxboard*

Folding boxboard is a fresh fibre based consumer packaging cartonboard and it has three layers. The end-use areas for folding boxboard are packaging for branded food products, cosmetics, healthcare, cigarettes, food service applications as well as various graphic end-uses. Major customers are international manufacturers of branded goods. Metsä Board is the largest producer of folding boxboard in Europe with a production capacity of approximately 1,320,000 tonnes per annum, which represented approximately 36% of the European folding boxboard production capacity at the end of H1/2017 based on the information provided by Pöyry and Metsä Board's own research (for further information, please see "*Market overview – Competition*"). In 2016, 73% of Metsä Board's folding boxboard production was sold in the EMEA region, 15% in the Americas and 12% in the APAC region. Metsä Board's strong market position is based on the high-quality and lightweight of its folding boxboard products that are manufactured using fresh fibre chemical and mechanical pulp and BCTMP. Metsä Board currently produces folding boxboard at its Husum mill in Sweden and Äänekoski, Kyro, Simpele and Tako mills in Finland.

Capacity growth and increased efficiency in the folding boxboard production have been achieved through mill specialisation and targeted investments. In 2011, Metsä Board expanded its production capabilities of folding boxboard and sheeting by investing approximately EUR 26 million in various improvements at the Simpele mill. This increased the mill's annual production capacity by approximately 80,000 tonnes. In 2011 and 2012, Metsä Board invested approximately EUR 30 million in improvements at the Kyro and Äänekoski paperboard mills that increased the folding boxboard capacity by approximately 70,000 tonnes per annum. During 2015-2017, Metsä Board invested approximately EUR 200 million in a new folding boxboard machine and extrusion coating line at its Husum mill in Sweden, increasing the folding boxboard capacity by approximately 400,000 tonnes per annum.

In 2016, Metsä Board sold approximately 50% of its folding boxboard under frame agreements with brand owners. Approximately 30% of folding boxboard production was sold under agreements with cartonboard printers and converters and approximately 20% of production was sold to merchants. Approximately 50% of the volume of Metsä Board's folding boxboard sold annually is done under agreements lasting six months or longer.

Market price development in folding boxboard in Europe has remained steady in recent years. Recent increases in capacity by European producers of folding boxboard have not had a negative effect on price development. The average price for folding boxboard remained stable during 2016 and in the first half of 2017 in all of Metsä Board's market areas.

Metsä Board plans to increase its folding boxboard sales significantly to the Americas in the coming years. Main growth drivers in the Americas are the limited local availability of premium, lightweight folding boxboard and strongly growing demand for food service applications made from fresh fibre paperboard. Metsä Board targets its sales particularly at converters without their own paperboard production. In 2016, Metsä Board delivered approximately 150,000 tonnes of folding boxboard to the Americas. Metsä Board's target is to deliver approximately 300,000 tonnes of folding boxboard to the Americas by the end of 2018.

### *White fresh fibre linerboard*

Metsä Board produces and sells high quality white fresh fibre linerboard. In Kemi Mill in Finland, Metsä Board produces coated and uncoated white-top kraftliner, and in Husum in Sweden, the Company produces coated and uncoated fully bleached kraftliner. Metsä Board's total linerboard capacity is 670,000 tonnes. In 2016, the share of coated grades of all linerboard production and sales was 61 %. White fresh fibre linerboards are often used as one or several layers in corrugated board. It is popular when visual characteristics are important, e.g. for heavier product packages like electronics and fresh produce or in retail-ready and point-of-sale applications. White fresh fibre linerboard is safe to use also in direct contact in food packaging. Linerboard customers are mostly manufacturers of corrugated products. Metsä Board is one of the leading white fresh fibre linerboard producer with approximately 31% of the total European capacity, based on the information provided by Pöyry and Metsä Board's own research (for further information, please see also "*Market overview – Competition*"). In 2016, 66% of Metsä Board's linerboards were sold to the EMEA region, 33% to the Americas and 1% to the APAC region. The average market price development for white fresh fibre linerboard has been positive during 2016 and in the first half of 2017. In 2016, Metsä Board delivered approximately 190,000 tonnes of white fresh

fibre linerboard to the Americas. Metsä Board's target is to deliver approximately 250,000 tonnes of white fresh fibre linerboard to the Americas by the end of 2018.

### *Market pulp*

Metsä Board is self-sufficient in pulp, which ensures both quality and availability in production. Company uses both chemical and mechanical pulps in the production of paperboards. Metsä Board's own capacity in chemical pulp is 730,000 tonnes per annum and 660,000 tonnes per annum in BCTMP. The majority of the chemical pulp is softwood pulp. Through its 24.9% ownership in Metsä Fibre, Metsä Board's total annual pulp balance in 2017 is approximately 400,000 tonnes long. Surplus volume is sold to the market. In market pulp sales Metsä Board cooperates with Metsä Fibre and utilises its extensive international market pulp sales network. Metsä Board invested EUR 24.9 million in equity in Metsä Fibre's new bioproduct mill, which started operating in August 2017. With this investment, Metsä Board's annual pulp balance will grow by 200,000 tonnes.

### *Wallpaper base*

The Company discontinued its loss-making wallpaper base production at its Kyro mill in Finland in 2016, following which the Company no longer produces wallpaper base.

### **Sales network**

Metsä Board's sales are coordinated through its own sales network consisting of its own sales offices and agencies. In addition, the sales network coordinates the delivery of products sold through its operations and manages warehousing facilities outside the mills' premises. Third party transportation companies deliver goods from warehouses to customers.

Metsä Board's sales network has sales offices in 18 countries, some of which also sell products to neighbouring countries. The sales offices also coordinate sales through approximately 25 third party agents. Altogether, the sales network services customers in over 100 countries.

### **Transportation and distribution**

Most of Metsä Board's product deliveries are to customers within Europe. Deliveries to North America are targeted to grow significantly in the coming years. An efficient logistics chain is vital for the Company in order to properly serve its customers globally. Nearly all paperboard deliveries to the Americas are produced at Husum integrated mill in Sweden, which has its own harbour. In most cases, according to the agreed upon delivery terms, Metsä Board owns the goods and bears the risk related to the transported products until they reach the customer or the warehouse chosen by the customer. Wood raw material represents the largest portion of transported raw material volumes but the average distance of wood transportation is shorter than for other raw materials or final products. Transportation planning is carried out by Metsä Board, but all transportation, whether by truck, train or ship, and all warehousing, are outsourced.

### **Research and development**

Research and development is a strategic function to support the growth in the paperboard business. Metsä Board is seeking growth in packaging paperboards by developing current and new products to ensure that the impact on the environment is minimal. The central objectives of the R&D operations are producing increasingly lightweight folding boxboards and linerboards as well as developing new products for the food service packaging segment.

Metsä Board's lightweight folding boxboards and linerboards made from fresh fibres are used in food, cosmetics, pharmaceutical and electronics packaging as well as in various retail displays and packages. The lightness of paperboards provides a significant competitive edge particularly in North America, where the supply in folding boxboard is scarce. In-house fibre know-how, particularly in high-yield pulp, and fibre self-sufficiency provide a solid basis for such work. The production of lightweight paperboards also saves energy, water and raw materials.

In mid-2016, Metsä Board introduced to the market PE-coated paperboards suitable for food service packaging with the help of external partners. The Company ramped-up its own extrusion coating line for PE-coated products at the Husum mill in the first half of 2017. PE – i.e. polyethylene – is the most common barrier material used against moisture and grease in food and food service packaging. Metsä Board also continues to develop new barrier solutions, and is studying, among other things, the use of bio-based materials in this respect. The Company is in a position to provide new barrier solutions, provided that there will be a profitable market for them.

During 2016, Metsä Board adopted a new operating and decision-making model in the steering of product development operations. The human resources and equipment resources of Metsä Board's own research and development lab were strengthened.

In 2016, Metsä Board's research and development expenses were approximately EUR 6.3 million (2015: 8.4) or 0.4% (2015: 0.4) of sales. Metsä Board's research and development department regularly implements efficiency improvement projects at the mills to achieve efficiency benefits, to reduce costs and waste.

Metsä Board's research and development department works in cooperation with external research institutes, suppliers and with Metsä Board's customers.

### Patents, licenses and trademarks

The Company currently holds various Finnish and foreign patents and has filed and is preparing a number of patent applications. The Company intends to maintain its existing patents and file applications for any inventions which are deemed to be important to its business operations.

### Properties and capacities

The following table sets forth a summary of Metsä Board's aggregate annual production capacity per grade as at 30 June 2017.

	<b>Paperboard</b> <b>(tonnes in 1,000s)</b>
<b>Board mills:</b>	
Folding boxboard .....	1,320
White fresh fibre linerboard .....	680
<b>Total</b> .....	<u>2,000</u>

The following table sets forth a summary of Metsä Board's aggregate annual pulp production capacity as at 30 June 2017.

	<b>Pulp</b> <b>(tonnes in 1,000s)</b>
<b>Pulp mills:</b>	
Metsä Fibre, Chemical Pulp <sup>(1)</sup> .....	620
Metsä Board, Chemical Pulp .....	730
BCTMP .....	660
<b>Total</b> .....	<u>2,010</u>

(1) Metsä Fibre's production capacity total is 2,480,000 tonnes (excluding Äänekoski bioproduct mill), of which Metsä Board's share is 24.9%.

### Description of operating facilities

The following table sets forth a summary of Metsä Board's operating facilities as at 30 June 2017.

<b>Location</b>	<b>Percentage ownership</b>	<b>Capacity tonnes in thousands per annum</b>	<b>Paperboard machines</b>	<b>Products</b>
<b>Finland, Board mills</b>				
Kemi Mill .....	100	410	1	White fresh fibre linerboard
Kyro Board Mill (Kyröskoski) .....	100	190	1	Folding boxboard
Simpele Board Mill .....	100	280	1	Folding boxboard
Tako Board Mill (Tampere) .....	100	210	2	Folding boxboard
Äänekoski Board Mill .....	100	240	1	Folding boxboard
<b>Finland, Pulp mills</b>				
Joutseno BCTMP Mill .....	100	320	—	BCTMP
Kaskinen BCTMP Mill .....	100	340	—	BCTMP
<b>Sweden</b>				
Husum Mill .....	100	400	1	Folding boxboard

270	1	White fresh fibre linerboard
730	—	Chemical pulp

## Investments and divestments

Metsä Board has invested significantly in improving its production facilities in 2015 and 2016. In 2015 Metsä Board's gross investments totalled EUR 177.8 million (2014: 44.2), of which approximately EUR 132 million related to the Husum investment programme.

In May 2015, Metsä Board divested the Gohrsmühle mill and recorded a non-recurring sales gain of EUR 17.5 million from the divestment. The divestment had a negative impact of approximately EUR 38.2 million on the Company's cash flow for 2015.

In 2016, Metsä Board's gross investments totalled EUR 162.4 million (2015: 177.8). The largest investments in 2016 were the Husum investment programme including the majority of the investment in the new extrusion coating line as well as Metsä Board's EUR 24.9 million equity investment in Metsä Fibre's new Äänekoski bioproduct mill.

Metsä Board sold its share (25.0%) in a structured entity Alrec Boiler Oy consolidated as a subsidiary to group accounts in June 2016 to its partner company Rinheat Oy at a price determined in accordance with the shareholder and option agreements in force between the parties. Cash balance of the sold company at the time of the sale was EUR 7.6 million. The disposal had a total cash flow effect of EUR -5.5 million, of which EUR -2.7 million was presented in net cash flow from financing activities. A disposal loss affecting comparability of EUR -1.1 million was recognised for the divestment.

In September 2011, Metsä Board divested the 100.0% holding in its Austrian subsidiary M-real Hallein GmbH. The company was paid a EUR 4.4 million earn-out for the sale of subsidiary receivables in connection with the divestment in November 2016. The received earnout was presented as proceeds from sale of subsidiaries in the consolidated statement of cash flows. The earn-out resulted in the reporting of a EUR 4.4 million partial reversal of previously recognised divestment loss as an item affecting comparability.

In the first half of 2017, Metsä Board's gross investments totalled EUR 31.4 million (1-6/2016: 102.6). The difference in relation to the comparison period is primarily due to the investment programme at Husum. Metsä Board's annual investments in maintenance are approximately EUR 50 million. Metsä Board estimates that its total investments in 2017 will be approximately EUR 65-70 million.

Since the date of the last published financial statements, no material investments or firm commitments regarding future investments have been made.

## Insurances

The Company's management believes that Metsä Board and its subsidiaries maintain insurance coverage that reflects the requirements and the size of each business and each subsidiary concerned. Metsä Board has five international, group-wide insurance programmes to manage risks: a property damage and business interruption insurance programme; a general liability insurance programme, including product liability insurance; an international transport insurance programme; customer credit insurance; and a liability insurance programme covering management and corporate governance bodies.

Furthermore, the Company's management believes that all of Metsä Board's properties and facilities are adequately insured in a manner consistent with market practice. All of Metsä Board's properties and facilities worldwide are valued at their reinstatement value. The insurance values are based on careful risk assessments and block valuations conducted at each location. Metsä Board carries business interruption insurance that covers the full value (exceeding deductible) of potential or realised revenue loss resulting from major damage to Metsä Board's property.

The Company's management believes that the employees of Metsä Board have been insured at least to the extent required by the respective local laws and regulations in each country of operation.

## Environmental matters

Metsä Board's activities have an effect on the environment throughout the whole life cycle of paperboard and pulp production. The paperboard products themselves are safe and made of renewable materials. However, as in other industrial sectors, the paperboard and pulp industry is subject to risks of environmental costs and liabilities arising from e.g. the use

and transport of materials that may be considered to cause harm. Liability may arise through the acquisition or ownership of properties or businesses.

Metsä Board's production facilities are located in the European Union. Therefore, Metsä Board is regulated under various EU, national and local laws relating to environmental regulation, occupational health and safety and other regulatory matters. Metsä Board's operations are subject to comprehensive laws and regulations relating to water effluent; the emission, discharge and disposal of materials into the environment; the generation, registration, storage, handling, use and transportation of chemicals; the protection of natural resources and endangered species, and the remediation of soil contaminated with hazardous chemicals released during the course of Metsä Board's operations. Some of Metsä Board's facilities have on-site landfills formerly or currently used for waste generated by Metsä Board's operations, and such landfills are subject to certain laws and regulations governing waste disposal. Companies in the forest products industry are subject to substantial environmental compliance standards which customarily require significant, ongoing compliance expenditures.

### **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 against the decision issued by the Tax Administration, as the Company believes the losses are deductible. Metsä Board has not recognised a deferred tax asset on the losses in its consolidated balance sheet.

Metsä Board is involved in a limited number of other legal proceedings arising in the ordinary course of its business. The disputed interests in such proceedings vary but are in no case material with a view to Metsä Board's turnover or financial position. Other than the above described arbitration judgement, there are no governmental, legal, arbitration or administrative proceedings against or affecting the Company or any of its subsidiaries (and no such proceedings are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months which have or may have in the recent past significant effects on the profitability or the financial position of the Company and/or of the Metsä Board Group taken as a whole.

### **Agreements outside the ordinary course of business**

The Issuer has not, outside the ordinary course of its business, entered into any material contracts which could result in Metsä Board or any of its subsidiaries or associated companies being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to the Noteholders.

### **Related party transactions**

Metsä Board's related parties include Metsä Board's controlling shareholder Metsäliitto, which on 30 June 2017 owned 41.5% of the outstanding shares and controlled 61.4% of the voting rights in the Company, other subsidiaries of Metsäliitto, associated companies and joint ventures as well as Metsäliitto Employees' Pension Foundation. The members of the Board of Directors, 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. The most significant other subsidiaries of Metsäliitto with which Metsä Board had business transactions, are Metsä Tissue Group, Metsä Fibre Group and Metsä Forest Sverige AB. 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.

Metsäliitto operates directly and through its subsidiaries in the different fields of forestry industry, including wood procurement, mechanical wood products, pulp, tissue paper and cartonboard. In 2016, Metsä Group's sales were EUR 4,657.9 million and its operating result was EUR 442.3 million. As at 31 December 2016, the total assets of the Metsä Group were EUR 5,945.8 million.

Apart from Metsäliitto, the significant subsidiaries of Metsäliitto with whom Metsä Board had business activities in 2016 were Metsä Board's associated resource company Metsä Fibre, and Metsä Tissue (and its subsidiaries) who buys resources from the Company. Metsä Board is dependent on Metsäliitto and Metsä Fibre for the vast majority of its wood and pulp

raw material requirements and, consequently, Metsä Board's relationship with these companies primarily relates to the provision and purchase of key raw materials and related services. These arrangements and agreements have been negotiated on an arm's length basis and are based on commercial terms. By means of these arrangements, Metsä Board can secure a steady supply of key raw materials wood and pulp in varying market situations and circumstances, hence creating to Metsä Board a competitive edge.

Metsä Board has not, during the years of 2015–2017 (until the date of this Listing Prospectus), entered into any transactions that are unusual either by their nature or by their terms and which would have benefited Metsäliitto, the members of the Board of Directors of Metsä Board, or the President and Chief Executive Officer of Metsä Board, other affiliated parties (as defined in the Finnish Companies Act) or associated companies (as defined in the Finnish Accounting Act). All agreements with related parties, whether in or outside ordinary course of business and whether sales and purchases of raw materials, services or real property or other assets, are decided by the members of Metsä Board's Board of Directors, who are independent both of the Company and its significant shareholders. Any decisions on the sale or acquisition of assets and the key terms of such transactions are further been supported by opinions issued by neutral third party experts.

The following is a brief summary of the key agreements, arrangements, and transactions between Metsä Board and other Metsä Group members.

#### *Wood procurement*

As part of Metsä Group, Metsä Board has access to a cost-competitive and secure supply of wood from Metsäliitto. Metsä Board has in practice outsourced its wood purchasing to Metsäliitto under wood procurement agreements. While all wood deliveries under the agreements are on an arms-length basis, Metsä Board's access to Metsäliitto's wood supplies, including through Metsäliitto's approximately 104,000 private forest owners in Finland, provides it with an extensive base to source its fresh fibre. Metsä Board purchases wood from Metsäliitto at cost, which includes costs such as harvesting, transportation and storage, plus an annually agreed margin for procurement. The sales price for wood under the agreement is generally equivalent to the prevailing market price for Finland or Sweden sourced wood. In 2016, wood purchases from Metsäliitto and its subsidiaries totalled EUR 234.3 million.

The pulp company Metsä Fibre, of which Metsä Board owns currently 24.9%, purchases all its raw wood material from Metsäliitto under a wood procurement agreement. The agreement is enforceable as long as Metsäliitto and Metsä Board remain as shareholders of Metsä Fibre. The wood is purchased from Metsäliitto at prevailing market prices and sold to the Company at cost, which includes costs such as harvesting, transportation and storage, plus a margin for procurement. The sales price for wood under the agreement is generally equivalent to the prevailing market price for Finland-sourced wood.

#### *Pulp supply and sales*

Metsä Board used altogether approximately 1.4 million tonnes of pulp in 2016, while producing altogether 1.2 million tonnes. Chemical pulp available to Metsä Board through its ownership in Metsä Fibre amounted to approximately 600,000 tonnes in 2016. Taking into account Metsä Board's ownership in Metsä Fibre, Metsä Board's pulp balance in 2016 was approximately 400,000 tonnes long. The surplus was sold to the market in cooperation with Metsä Fibre. Sales with Metsä Fibre are agreed at FOEX PIX based market price less certain transportation costs and shareholder discounts. The pulp is supplied under a pulp supply agreement, according to which each of the principal shareholders is entitled to buy pulp in proportion to its shareholding interest in Metsä Fibre. In most cases, this pulp is supplied within a mill integrate allowing Metsä Board to avoid otherwise significant drying and transportation costs.

Metsä Fibre also acts as sales agent to Metsä Board by selling Metsä Board's excess market pulp to its contract customers or spot markets. Metsä Fibre sells Metsä Board's market pulp qualities as part of its own product portfolio and based on the principle of equal treatment. Metsä Board decides on all sales transactions based on purchase offers obtained by Metsä Fibre and Metsä Fibre is entitled to a commission.

#### *Energy*

Two of Metsä Board's Finnish paperboard mills are located next to Metsä Fibre's pulp mills and enjoy the benefits of a joint mill site infrastructure. These integrated mills have a competitive advantage not only being served pulp directly but also having easy access to competitively priced and secure delivery of steam, bark and electricity. The pricing principle applied between Metsä Board and Metsä Fibre is market price, where available. All related utility services are sold and purchased based on the principle of capacity usage based cost sharing. In addition, Metsä Board enjoys specific shareholder rebates for bark and electricity when purchasing such from Metsä Fibre.

Transactions between the Company and related parties for the financial years ended 31 December 2016 and 2015 are presented in the tables below:

<b>Transactions and balances with parent and sister companies</b>				
<b>1 January - 31 December</b>				
<b>EUR million</b>	<b>Transactions with parent company</b>		<b>Transactions with sister companies</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Sales	11.2	10.4	57.3	64.4
Other operating income	3.0	3.6	10.6	1.8
Purchases	105.5	105.6	492.4	594.7
Share of result from associated companies	-	-	45.0	61.3
Dividend income	0.0	0.0	32.9	24.9
Interest income	-	0.0	0.1	0.2
Interest expenses	0.1	0.1	2.7	2.4
Receivables				
Accounts receivables and other receivables	2.2	1.7	19.3	12.2
Cash and cash equivalents	-	-	215.5	311.3
Liabilities				
Accounts payable and other liabilities	10.7	12.1	120.5	60.8

<b>Transactions and balances with associated companies and joint ventures</b>			
<b>1 January - 31 December</b>			
<b>EUR million</b>	<b>2016</b>		<b>2015</b>
	Sales	0.7	0.6
Purchases	6.1	7.4	7.4
Interest income	0.0	0.0	0.0
Receivables			
Other non-current financial assets	0.3	0.3	0.3
Accounts receivables and other receivables	0.3	0.2	0.2
Liabilities			
Accounts payable and other liabilities	1.2	1.5	1.5

#### *Financing through Metsä Treasury*

Metsä Treasury operates as Metsä Group's internal bank and is responsible for Metsä Group's financing positions, liquidity, financing arrangements and risks relating to financing. Metsäliitto currently owns all shares in Metsä Treasury. The Board of Directors of Metsä Treasury consists of representatives from Metsäliitto, Metsä Board, Metsä Tissue and Metsä Fibre.

Metsä Treasury is in charge of managing the Metsä Group companies' financial positions according to their strategy and financing policy, providing necessary financial services and expertise and acting as an advisor in matters of finance. Metsä Board's short-term financing is arranged through Metsä Treasury while all long-term financing arrangements are agreed by Metsä Board in its own name. Another purpose of Metsä Treasury is to coordinate Metsä Group's treasury operations including foreign exchange, interest rate and commodity hedging. Metsä Treasury also manages the liquidity of Metsä Group by pooling all of Metsä Group's cash and investing it according to policies and guidelines governing its operations. As a part of the liquidity pooling, the majority of outgoing and incoming payments of Metsä Group, including Metsä Board, are processed through Metsä Treasury. Within its role, Metsä Treasury is also responsible for accounting, reporting, payments and confirmations relating to all hedging transactions and procedures.

Metsä Treasury has the authority to enter into financial arrangements on behalf of Metsä Board in accordance with the treasury policy approved by the Board of Directors of Metsä Board. Metsäliitto guarantees all the external obligations of Metsä Treasury and Metsä Board in turn guarantees to Metsäliitto the financing arrangements entered into by Metsä Treasury on behalf of Metsä Board. The following net limits and conditions apply to intra-Metsä Group funding provided by Metsä Treasury, either through cash pools or as separate loans, each with a maximum duration of 365 days.

	<b>Metsä Board</b>	<b>Metsä Fibre</b>	<b>Metsä Tissue</b>	<b>Metsäliitto</b>	<b>Metsä Group (total)</b>
	<b>(EUR in millions)</b>				
Intra-group funding limit	150	100	50	100	400

Metsä Board pays a margin on transactions and an annual management fee to Metsä Treasury for the treasury services it provides. Margins are on arms-length basis and based on the volumes of the transactions between the Metsä Board Group companies and Metsä Treasury. The management fee paid by the Metsä Group companies covers Metsä Treasury's annual fixed costs for the services which are provided directly to the Metsä Group companies by Metsä Treasury.

By using the services of Metsä Treasury, Metsä Board can optimise its financing costs, secure access to competitively priced short-term funding, benefit from group-wide economies of scale and obtain particular in-house finance expertise.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of the Issuer's unaudited consolidated interim report as at and for the six months ended 30 June 2017 and 30 June 2016 and the audited consolidated financial statements as at and for the financial years ended 31 December 2016 and 31 December 2015. The Issuer's interim report and the financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union.

	As at and for the six months ended 30 June		As at and for the year ended 31 December	
	2017 (unaudited)	2016 (unaudited)	2016 (audited)	2015 (audited)
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>EUR million</b>				
<b>Sales</b>	<b>918.7</b>	<b>858.5</b>	<b>1,720.3</b>	<b>2,007.5</b>
Change in stocks of finished goods and work in progress	-10.4	40.7	38.5	-15.1
Other operating income	8.6	14.3	40.2	47.7
Materials and services	-632.7	-637.8	-1,249.5	-1,408.0
Employee costs	-99.1	-109.3	-211.0	-234.5
Share of result from associated company	23.8	23.8	45.0	61.3
Depreciation, amortisation and impairment charges	-43.6	-48.0	-102.3	-103.5
Other operating expenses	-73.1	-75.1	-148.9	-156.4
<b>Operating result</b>	<b>92.1</b>	<b>67.2</b>	<b>132.3</b>	<b>199.0</b>
Share of result from associated companies and joint ventures	0.1	0.0	0.1	0.1
Net exchange gains/losses	-0.6	-0.3	-4.9	-3.4
Other financial income	0.7	0.4	0.8	1.1
Interest and other financial expenses	-12.1	-14.0	-26.6	-29.7
<b>Result before tax</b>	<b>80.2</b>	<b>53.3</b>	<b>101.6</b>	<b>167.1</b>
Income taxes	-11.0	-6.2	-11.3	-29.8
<b>Result for the period</b>	<b>69.1</b>	<b>47.1</b>	<b>90.4</b>	<b>137.3</b>

	As at and for the six months ended 30 June		As at and for the year ended 31 December	
	2017 (unaudited)	2016 (unaudited)	2016 (audited)	2015 (audited)
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>EUR million</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gains/losses on defined pension plans	0.8	-2.1	1.3	6.3
Income tax relating to items that will not be reclassified	-0.2	0.5	0.3	-2.7
<b>Total</b>	<b>0.6</b>	<b>-1.6</b>	<b>1.6</b>	<b>3.6</b>
<b>Items that may be reclassified to profit or loss</b>				
Cash flow hedges	20.4	18.0	27.0	-2.9
Available for sale investments	20.4	-18.6	-14.2	-23.0
Translation differences	-3.4	-8.4	-12.3	7.0
Share of result from other comprehensive income of associated companies and joint ventures	5.9	-5.9	-5.6	0.3
Income tax relating to components of other comprehensive income	-8.1	0.0	-2.8	5.5
<b>Total</b>	<b>35.2</b>	<b>-14.8</b>	<b>-7.9</b>	<b>-13.1</b>
Other comprehensive income, net of tax	35.8	-16.4	-6.4	-9.5
<b>Total comprehensive income for the period</b>	<b>105.0</b>	<b>30.7</b>	<b>84.0</b>	<b>127.8</b>
<b>Result for the period attributable to:</b>				
Shareholders of parent company	69.1	47.1	90.4	137.3
Non-controlling interests	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period attributable to:</b>				
Shareholders of parent company	105.0	30.7	84.0	127.8
Non-controlling interests	0.0	0.0	0.0	0.0
	105.0	30.7	84.0	127.8
<b>Basic and diluted earnings per share for result attributable to shareholders of parent company (EUR/share)</b>	0.19	0.13	0.25	0.39

<b>CONSOLIDATED BALANCE SHEET</b> <b>EUR million</b>	<b>As at 30 June</b>		<b>As at 31 December</b>	
	<b>2017</b> <b>(unaudited)</b>	<b>2016</b> <b>(unaudited)</b>	<b>2016</b> <b>(audited)</b>	<b>2015</b> <b>(audited)</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	12.4	12.4	12.4	12.4
Other intangible assets	15.2	12.3	14.7	13.7
Tangible assets	809.3	834.8	829.8	812.3
Investments in associated companies and joint ventures	290.2	270.1	291.6	260.2
Available for sale investments	216.4	191.5	195.9	210.2
Interest-bearing non-current financial assets	3.7	3.7	3.6	3.7
Non-interest bearing non-current financial assets	13.3	9.4	12.7	10.9
Derivative financial instruments	1.3	-	2.6	-
Deferred tax receivables	4.3	4.4	4.3	4.5
	<b>1,366.1</b>	<b>1,338.5</b>	<b>1,367.7</b>	<b>1,327.9</b>
<b>Current assets</b>				
Inventories	328.1	335.2	332.5	299.3
Accounts receivables and other receivables	300.0	280.8	265.3	270.9
Current income tax receivables	5.2	8.9	5.2	0.0
Derivative financial instruments	19.0	2.5	2.9	0.2
Cash and cash equivalents	141.1	157.3	220.6	321.8
	<b>793.4</b>	<b>784.8</b>	<b>826.5</b>	<b>892.2</b>
<b>Total assets</b>	<b>2,159.5</b>	<b>2,123.3</b>	<b>2,194.2</b>	<b>2,220.1</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>Equity attributable to shareholders of parent company</b>				
Share capital	557.9	557.9	557.9	557.9
Translation differences	-0.6	6.7	3.2	14.2
Fair value and other reserves	153.7	104.4	114.7	111.7
Reserve for invested unrestricted equity	383.1	383.1	383.1	383.1
Retained earnings	-4.6	-53.0	-6.4	-38.0
	1,089.6	999.1	1,052.5	1,028.9
Non-controlling interests	0.0	0.0	0.0	0.0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,089.6</b>	<b>999.1</b>	<b>1,052.5</b>	<b>1,028.9</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	81.9	73.7	74.7	80.2
Post-employment benefit obligations	14.8	15.5	15.1	14.6
Provisions	7.0	6.8	6.9	8.3
Borrowings	452.8	544.6	469.0	611.3
Other liabilities	0.1	0.1	0.1	0.2
Derivative financial instruments	0.0	7.2	1.7	11.3
	<b>556.6</b>	<b>648.0</b>	<b>567.5</b>	<b>725.9</b>

<b>Current liabilities</b>				
Provisions	1.7	6.4	3.0	13.8
Current borrowings	187.1	157.7	219.1	47.6
Advance payments received	8.0	9.6	9.4	6.1
Accounts payable and other liabilities	304.9	291.9	323.8	381.2
Current income tax liabilities	9.6	4.3	5.9	2.9
Derivative financial instruments	2.0	6.4	13.0	13.7
	<b>513.3</b>	<b>476.2</b>	<b>574.2</b>	<b>465.3</b>
<b>Total liabilities</b>	<b>1,069.9</b>	<b>1,124.2</b>	<b>1,141.7</b>	<b>1,191.2</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,159.5</b>	<b>2,123.3</b>	<b>2,194.2</b>	<b>2,220.1</b>

CONSOLIDATED CASH FLOW	As at 30 June		As at 31 December	
	2017	2016	2016	2015
EUR million	(unaudited)	(unaudited)	(audited)	(audited)
Result for the period	69.1	47.1	90.4	137.3
Total adjustments	41.1	35.5	73.4	66.3
Change in working capital	-48.9	-119.7	-74.5	72.2
<b>Cash flow from operations</b>	<b>61.3</b>	<b>-37.1</b>	<b>89.3</b>	<b>275.8</b>
Net financial items	9.1	18.8	13.6	-7.8
Income taxes paid	-7.7	-26.2	-25.8	-21.3
<b>Net cash flow from operating activities</b>	<b>62.7</b>	<b>-44.5</b>	<b>77.0</b>	<b>246.7</b>
Acquisition of associate company shares		-24.9	-24.9	
Acquisition of other shares				-1.5
Investments in intangible and tangible assets	-30.3	-78.6	-133.5	-175.0
Disposals and other items	5.3	-0.9	15.3	-30.6
<b>Net cash flow from investing activities</b>	<b>-25.1</b>	<b>-104.4</b>	<b>-143.2</b>	<b>-207.1</b>
Right issue net of transaction costs				97.9
Changes in non-current loans and in other financial items	-49.2	45.8	24.7	-27.7
Dividends paid	-67.5	-60.4	-60.4	-39.4
<b>Net cash flow from financing activities</b>	<b>-116.8</b>	<b>-14.7</b>	<b>-35.7</b>	<b>30.8</b>
<b>Changes in cash and cash equivalents</b>	<b>-79.1</b>	<b>-163.6</b>	<b>-101.9</b>	<b>70.4</b>
Cash and cash equivalents at beginning of period	220.6	321.8	321.8	250.4
Translation difference in cash and cash equivalents	-0.4	-0.9	0.7	1.0
Changes in cash and cash equivalents	-79.1	-163.6	-101.9	70.4
<b>Cash and cash equivalents at end of period</b>	<b>141.1</b>	<b>157.3</b>	<b>220.6</b>	<b>321.8</b>

KEY FIGURES	As at 30 June		As at 31 December	
	2017	2016	2016	2015
	(unaudited, unless otherwise indicated)			
Result per share, EUR	0.19	0.13	0.25 <sup>(1)</sup>	0.39 <sup>(1)</sup>
comparable, EUR	0.19	0.14	0.26	0.34
Return on equity, %	12.9	9.3	8.7	14.7
comparable, EUR	12.4	9.9	9.0	12.9
Return on capital employed, %	10.7	8.0	7.8	12.5
comparable, EUR	10.3	8.4	8.1	11.3
Equity ratio at end of period, %	50.6	47.3	48.2	46.5
Net gearing ratio at end of period, %	45	54	44	32
Interest-bearing net liabilities / 12-month rolling comparable EBITDA	2.0	2.1	2.0	1.2
Shareholders' equity per share at end of period, EUR	3.06	2.81	2.96	2.89
Interest-bearing net liabilities, EUR million	495.2	541.4	463.8 <sup>(1)</sup>	333.4 <sup>(1)</sup>
EBITDA, EUR million	135.7	115.2	234.6	302.5
comparable, EUR million	136.2	118.6	231.1	283.3
EBITDA, % of sales	14.8	13.4	13.6	15.1
comparable, % of sales	14.8	13.8	13.4	14.1
EBIT, % of sales	10.0	7.8	7.7	9.9
comparable, % of sales	9.7	8.2	8.0	9.0

<sup>(1)</sup> Audited.

CALCULATION OF KEY RATIOS	
<b>PROFITABILITY</b>	
Return on equity (%)	= $\frac{\text{Profit from continuing operations before tax - direct taxes}}{\text{Shareholders' equity (average)}}$
Return on capital employed (%)	= $\frac{\text{Profit from continuing operations before tax+ interest expenses, net exchange gains/losses and other financial expenses}}{\text{Total equity+ interest-bearing borrowings (average)}}$
<b>FINANCIAL POSITION</b>	
Equity ratio (%)	= $\frac{\text{Shareholders' equity}}{\text{Total assets - advance payments received}}$
Net gearing ratio (%)	= $\frac{\text{Interest-bearing borrowings - liquid funds - interest-bearing receivables}}{\text{Shareholders' equity}}$
<b>SHARE PERFORMANCE INDICATORS</b>	
Result per share	= $\frac{\text{Profit attributable to shareholders of parent company}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity per share	= $\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted number of shares at 31 December}}$

## ALTERNATIVE PERFORMANCE MEASURES

New European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures are effective for the financial year 2016. ESMA guidelines define alternative performance measures as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined in the applicable financial reporting framework, in Metsä Board's case International Financial Reporting Standards as adopted in the EU pursuant to Regulation (EC) No 1606/2002. With the exception of Result per share defined in IAS 33 Earnings Per Share, performance measures provided above in table Unaudited Key Figures all qualify as alternative performance measures under the ESMA guidelines.

Metsä Board sees the presentation of alternative performance measures as providing users of financial statements with an improved view of the company's financial performance and position, including among other things the efficiency of its capital utilization, operational profitability and debt servicing capabilities.

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 as well as EBITDA and comparative EBITDA is presented below. 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. In Metsä Board's view, comparable performance measures better reflect the underlying operational performance of the Company by eliminating the result effect arising from items and transactions outside ordinary course of business.

### *Reconciliation of operating result*

EUR million	1 January – 30 June		1 January – 31 December	
	2017	2016	2016	2015
<b>Operating result (IFRS)</b>	<b>92.1</b>	<b>67.2</b>	<b>132.3</b>	<b>199.0</b>
<i>Items affecting comparability:</i>				
Gains and losses on disposal in other operating income and expenses	-	1.1	-9.8	-17.5
Employee costs	-	2.1	5.2	0.3
Share of result of associated company	-	-	-1.8	-
Impairment charges and reversals of impairments	-3.9	0.1	8.7	0.1
Other operating expenses	0.5	0.2	2.8	-2.0
Total	-3.4	3.6	5.2	-19.2
<b>Comparable operating result</b>	<b>88.7</b>	<b>70.8</b>	<b>137.5</b>	<b>179.9</b>

"+" sign items = expense affecting comparability

"-" sign items = income affecting comparability

### *Reconciliation of EBITDA*

EUR million	1 January – 30 June	1 January – 31 December
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	2017	2016	2016	2015
<b>Operating result (IFRS)</b>	<b>92.1</b>	<b>67.2</b>	<b>132.3</b>	<b>199.0</b>
Depreciation, amortisation and impairment charges	43.6	48.0	102.3	103.5
<b>EBITDA</b>	<b>135.7</b>	<b>115.2</b>	<b>234.6</b>	<b>302.5</b>
<i>Items affecting comparability:</i>				
Gains and losses on disposal in other operating income and expenses	-	1.1	-9.8	-17.5
Employee costs	-	2.1	5.2	0.3
Share of result of associated company	-	-	-1.8	-
Other operating expenses	0.5	0.2	2.8	-2.0
Total	0.5	3.4	-3.5	-19.2
<b>Comparable EBITDA</b>	<b>136.2</b>	<b>118.6</b>	<b>231.1</b>	<b>283.3</b>

“+” sign items = expense affecting comparability

“-“ sign items = income affecting comparability

Items affecting comparability amounting to EUR -3.4 million during January–June 2017 consisted mainly of a reversal of previously recognized impairment loss on the closed and sold paper machine at Kyro mill.

Items affecting comparability of EUR 3.6 million in January–June 2016 consisted of personnel restructuring costs of EUR 2.1 million at Simpele board mill and Belgian sales office, disposal loss of EUR 1.1 million arising from 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, as well as other minor impairments and expenses in the Belgian sales office.

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. 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.

Items affecting comparability in financial year 2015 amounted to a positive net effect of EUR 19.2 million including among other things 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 as well as an impairment reversal of a sold paper machine in Simpele mill amounting to EUR 0.3 million.

## FINANCIAL INFORMATION AND PROSPECTS

### Historical financial information

The audited consolidated financial statements of Metsä Board as of and for the years ended 31 December 2016 and 31 December 2015 and the unaudited consolidated interim report as of and for the six month period ended 30 June 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and they have been incorporated into this Listing Prospectus by reference. Except for the two financial statements mentioned above, the information included in this Listing Prospectus has not been audited.

### No significant change in the Issuer's financial or trading position

There has been no significant change in the financial or trading position of the Issuer since 30 June 2017.

### Tender offer

On 14 September 2017, Metsä Board announced a tender offer for its 2019 Notes, for cash on the terms and conditions set out in the tender offer memorandum dated 14 September 2017. The purchase price in the offer was EUR 1,061.91 per EUR 1,000 nominal amount of the 2019 Notes. The offer expired at 4:00 pm Finnish time on 25 September 2017. Metsä Board successfully repurchased 2019 Notes with an aggregate nominal value of EUR 157,731,000. The settlement date was 29 September 2017. As at the date of this Listing Prospectus, the total outstanding nominal amount of the 2019 Notes is approximately EUR 67.3 million.

### Prospects

In its stock exchange release dated 3 August 2017 regarding its half-year financial report for 1 January – 30 June 2017, Metsä Board published the following information on the near-term outlook for July–September 2017:

“Demand for high-quality consumer packaging paperboard made from fresh fibre is expected to continue to grow in market areas important for Metsä Board. The increases in capacity by European producers of folding boxboard have not had a negative effect on price development. Several producers of white fresh fibre linerboards have announced price increases in Europe and North America during the current year. Global demand and supply for long-fibre and short-fibre pulp is expected to remain stable.

Metsä Board's paperboard deliveries grew strongly during the first half of the year. Delivery volumes in July–September are expected to remain roughly at the level of the second quarter. The company aims to improve the geographic sales mix of Husum's folding boxboard and to increase the share of North American sales, in particular.

The shutdown of the Kemi integrated mill will take place in the third quarter of the year. The production costs of paperboards in July–September are expected to remain at the level of the previous quarter.

The start-up phase of Metsä Fibre's new bioproduct mill is expected to have only a slight negative effect on Metsä Board's result for July–September.”

In its stock exchange release dated 3 August 2017 regarding its half-year financial report for 1 January – 30 June 2017, Metsä Board published the following information on the result guidance for the third quarter of 2017:

“Metsä Board's comparable operating result in the third quarter of 2017 is expected to improve slightly compared to the second quarter of 2017.”

There have been no material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements.

### Influence of Metsä Board's Board of Directors and management on factors affecting the estimates

Metsä Board's Board of Directors and management may, from time-to-time, whether based on changes in market conditions, competitor behavior or otherwise, initiate and take decisions causing changes in production volumes, products and their pricing. Furthermore, resolutions by Metsä Board's Board of Directors and management have an effect on certain cost items. All such decisions are taken based on sound business judgment and in the interests of the Company and its

shareholders. Other factors expressed in “– *Prospects*” are generally outside of the influence of the Board of Directors and Corporate Management Team.

#### **Risks and uncertainty factors in the near future**

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 developments in international free trade would, if realised, weaken Metsä Board’s result.

All forward-looking estimates and statements 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 other main currencies.

The US dollar strengthening by 10% 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% would have a negative impact of approximately EUR 40 million. The impact of weakened exchange rates would be the opposite. These sensitivities do not include the impact of hedging.

Please see also “*Risk factors*”.

## BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

### General

In its decision making and administration, Metsä Board applies the Finnish Companies Act and other legal regulations and rules governing public limited companies in Finland and the Company's articles of association. Metsä Board also follows Nasdaq Helsinki Ltd's rules and recommendations as applicable to listed companies. As a Finnish listed company, Metsä Board complies with the Finnish Corporate Governance Code 2015 as published by the Finnish Securities Market Association. As at the date of this Listing Prospectus, Metsä Board does not deviate from any recommendations of said code.

Pursuant to the provisions of the Finnish Companies Act and the Issuer's articles of association, responsibility for the control and management of Metsä Board is divided between the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer (CEO). Shareholders participate in the control and management of Metsä Board through resolutions passed at General Meetings of Shareholders. General Meetings of Shareholders are generally convened upon notice given by the Board of Directors. In addition, General Meetings of Shareholders are held in accordance with the Finnish Companies Act when requested in writing by the auditor of the Issuer or by shareholders representing at least one-tenth of all the outstanding shares of the Issuer.

### Board of Directors

The Board of Directors supervises Metsä Board's operations and management, and decides in accordance with the Finnish Companies Act on far-reaching, strategically significant or otherwise unusual matters outside the day-to-day operations concerning inter alia the company strategy, investments, organisation and finance. The Board of Directors convenes regularly, normally on a monthly basis. At the date of this Listing Prospectus, the Board of Directors of the Issuer consists of the following persons:

Name:	Background:
<p><b>Kari Jordan</b> Born 1956, M.Sc. (Econ.) Vuorineuvos (Finnish honorary title)</p> <p><b>Chairman of the Board (2005–)</b></p>	<p>Metsä Group, President and CEO (2006–) Metsäliitto Cooperative, CEO (2004–), vice chairman of the Board (2005–) Metsä Tissue Corporation, chairman of the Board (2004–) Metsä Fibre Oy, member of the Board (2004–) and chairman of the Board (2006–) Confederation of Finnish Industries EK, member of the Board (2005–) and vice chairman of the Board (2009–2011 and 2013–2014), member of the Executive Committee (2015–) Central Chamber of Commerce, member of the Board (2007–2011), chairman of the Board (2012–) Finnish Forest Industries Federation, chairman of the Board and the Federation's Working Group (2009–2011), vice chairman of the Board and the Federation's Working Group (2005–2009, 2014–), member of the Board (2012–2013) Varma Mutual Pension Insurance Company, member of the Supervisory Board (2006–2012), vice chairman of the Board (2013), chairman of the Board (2014)</p> <p>Holds several positions of trust in foundations and non-profit associations.</p> <p>Shares owned in the Issuer on 30 June 2017: 1,033,147 B shares.</p>
<p><b>Martti Asunta</b> Born 1955, M.Sc. (Forestry) Metsäneuvos (Finnish honorary title)</p> <p><b>Member of the Board and Vice Chairman of the Board (2008–)</b></p>	<p>Metsäliitto Cooperative, Chairman of the Board (2008–) Metsä Fibre Oy, member of the Board (2008–) Metsä Tissue Corporation, member of the Board (2008–) Pellervo-Seura, member of the Board (2008–), Chairman of the Board (2010–) Pellervo-Media Oy, Chairman of the Board (2013–) Finnish Agry-Agency for Food and Forest Development, member of the Board (2012–) Cooperative Council of Finland, chairman (2013–)</p> <p>Shares owned in the Issuer on 30 June 2017: 60,450 B shares.</p>

<p><b>Kirsi Komi</b> Born 1963, LL.M.</p> <p><b>Member of the Board (2010–)</b> Independent Board member</p>	<p>Nokia Siemens Networks, General Counsel, member of the Executive Board (2007-2010) Nokia Corporation, Vice President, Legal, Networks Business Group Leadership Team (1999-2007) Nokia Corporation, legal counsel (1992-1999)</p> <p>Humana AB, member of the Board (2017-) Veikkaus Oy, Charman of the Board (2016) Bittium Oyj, member of the Board (2015-) Martela Oyj, member of the Board (2013-) Finnvera Oyj, member of the Board (2013-) Citycon Oyj, member of the Board (2011-) Patria Plc, Vice Chairman of the Board (2011-2016) Finnish Red Cross Blood Service, member of the Board (2010-), Chairman of the Board (2011-)</p> <p>Shares owned in the Issuer on 30 June 2017: 64,064 B shares.</p>
<p><b>Kai Korhonen</b> Born 1951, M.Sc. (Eng), eMBA</p> <p><b>Member of the Board (2008–)</b> Independent Board Member</p>	<p>Stora Enso Oyj, Senior Executive Vice President (1998–2007)</p> <p>Ilmarinen Mutual Pension Insurance Company, member of the Supervisory Board (2006–2008) Finnish Forest Industries Federation, Vice Chairman of the Board (2006–2007) American Forest &amp; Paper Association, member of the Board (2000–2003) German Pulp and Paper Association, member of the Board (1995–2000)</p> <p>Shares owned in the Issuer on 30 June 2017: 200,834 B shares.</p>
<p><b>Liisa Leino</b> Born 1960, M.Sc. (Nutrition) Teollisuusneuvos (Finnish honorary title)</p> <p><b>Member of the Board (2009–)</b> Independent Board member</p>	<p>Leino Group Ltd., full-time Chairman of the Board (2006–), CEO (2011–)</p> <p>Confederation of Finnish Industries EK, member of the Board (2011–2012) The Federation of Finnish Technology Industries, member of the Board (2011–2016) Varma Mutual Pension Insurance Company, deputy member of the Board (2011–) Rautaruukki Corporation, member of the Board (2007–2014) Alko Oy, member of the Board (2009–2011) Finnish Business and Policy Forum EVA, member of the Supervisory Board (2010–2016) Elomatic Oy, member of the Board (2011–) Cadmatic Oy, member of the Board (2015–)</p> <p>Shares owned in Metsä Board Corporation 30 June 2017: 162,709 B shares.</p>
<p><b>Jussi Linnaranta</b> Born 1972, M.Sc. (Agriculture and Forestry), Agronomist</p> <p><b>Member of the Board (2017–)</b></p>	<p>Agricultural entrepreneur (2001–) Thermal entrepreneur (2003–)</p> <p>Metsäliitto Cooperative, Member of the Supervisory Board (2004–2016) Ministry of Agriculture and Forestry, Information and Research Centre, various positions (1997–2007) Pohjois-Savo Cooperative bank, Member of the representative Council (2014–) The Central Union of Agricultural Producers and Forest Owners (MTK), Member of the Energy Committee (2007–2008, 2014–2016) Kalakukko 2006 ry, Member of the LEADER Operational Committee and the Board (2001–2006)</p> <p>Shares owned in the Issuer on 30 June 2017: 5,239 B shares.</p>
<p><b>Juha Niemelä</b></p>	<p>UPM-Kymmene Corporation, CEO (1996–2004)</p>

<p>Born 1946, M.Sc. (Econ.)          Doctor of Sciences in Economics and Technology h.c.          Vuorineuvos (Finnish honorary title)</p> <p><b>Member of the Board (2007–)</b>          Independent Board member</p>	<p>MeritaNordbanken plc, member of the Board (1998–1999)          Veikkaus Oy, Chairman of the Board (2001–2011)          Powerflute Oyj, member of the Board (2005–2013)          Green Resources AS, member of the Board and Chairman of the Board (2009–2015)</p> <p>Shares owned in the Issuer on 30 June 2017: 162,709 B shares.</p>
<p><b>Veli Sundbäck</b>          Born 1946, LL.M.          Ambassador</p> <p><b>Member of the Board (2013–)</b>          Independent Board member</p>	<p>Nokia Oyj, member of the Executive Board, Executive Vice President, Corporate Relations and Responsibility (1996–2008)          Ministry for Foreign Affairs, Secretary of State (1993–1996), various positions in the Ministry for Foreign Affairs, diplomatic offices in Brussels and Geneva (1969–1993)</p> <p>Vaaka Partners, Chairman of the Board (2010–)          IYF, member of the Board (2009–2014)          Finnair Oyj, member of the Board (2004–2012)          Huhtamäki Oyj, Chairman of the Board (1999–2005)          Confederation of Finnish Industries EK, member of the Board (2004–2008)          The Federation of Finnish Technology Industries, member and Vice Chairman of the Board (2004–2007)</p> <p>Shares owned in the Issuer on 30 June 2017: 53,729 B shares.</p>
<p><b>Erkki Varis</b>          Born 1948, M.Sc. (Eng)</p> <p><b>Member of the Board (2009–)</b>          Independent Board member</p>	<p>Oy Metsä-Botnia Ab, President and CEO (1997–2008)          Metsäliitto Group, member of the Executive Management Team (2002–2008)          Oy Metsä-Rauma Ab, Managing Director (1994–1996)          Oy Metsä-Botnia Ab, Deputy to CEO (1990–1994)</p> <p>Pohjolan Voima Oy, member of the Board (2000–2009)          Botnia SA, (Uruguay), Chairman of the Board (2005–2008)</p> <p>Shares owned in the Issuer on 30 June 2017: 117,301 B shares.</p>

## Board committees

Board committees provide, as necessary, assistance to the Board of Directors, preparing matters for which the Board is responsible. The Board of Directors has appointed an Audit Committee and a Nomination and Compensation Committee from among its members. Every year after the Annual General Meeting, the Board of Directors appoints each committee's Chairperson and members. The Board of Directors and its committees can also seek assistance from external advisors.

Final decisions concerning matters related to the tasks of the committees are made by the Board of Directors on the basis of committee proposals, excluding proposals made directly to the General Meeting by the Nomination and Compensation Committee on board composition and remuneration.

### *Audit Committee*

The Audit Committee is responsible for assisting the Board of Directors in ensuring that the Company's financial reporting, calculation methods, annual financial statements and other financial information made public by the Company are correct, balanced, transparent and clear. The Audit Committee supervises the auditing of the Company, arranges a tender for audit services as well as decides on non-audit services to be purchased from the auditor. On a regular basis, the Audit Committee reviews the internal control and management systems and monitors the progress of financial risk reporting and the auditing of the accounts. The Audit Committee assesses the efficiency and scope of internal auditing, the Company's risk management, key risk areas and compliance with applicable laws and regulations. The committee gives a recommendation to the Board concerning the appointment of auditors to the Company. The Audit Committee also processes the annual plan for internal auditing and the reports prepared on significant audits.

The Audit Committee consists of four Board members who are independent of the Company and its significant shareholders. It convenes on a regular basis at least four times a year. The tasks and responsibility areas have been specified in the committee's working order which the Board approves. Since the Annual General Meeting of 2017, Kai Korhonen has been Chairman of the Audit Committee, with Kirsi Komi, Veli Sundbäck and Erkki Varis as members.

### ***Nomination and Compensation Committee***

The task of the Nomination and Compensation Committee is to assist the Board of Directors in matters related to the appointment and compensation of the Company's CEO and the senior management and prepare matters related to the reward schemes for management and employees. In addition, the committee prepares for the Annual General Meeting a proposal on the number of Board members, Board composition and Board member compensation. The committee also recommends, prepares and proposes to the Board the CEO's nomination, salary and compensation. In addition, the committee provides the Board and the CEO with recommendations concerning management rewards and compensation systems.

The committee consists of five Board members. It convenes on a regular basis at least four times a year. The committee chairman presents to the Board any proposals issued by the committee. The tasks and responsibilities of the Nomination and Compensation Committee have been specified in the committee's working order which the Board approves.

Since the Company's Annual General Meeting of 2017, Kari Jordan has been Chairman of the Nomination and Compensation Committee, with Martti Asunta, Liisa Leino, Jussi Linnaranta and Juha Niemelä as members.

### **CEO and Corporate Management Team**

The Company's Board of Directors appoints the Chief Executive Officer (CEO). The CEO is responsible for the daily management of the Company's administration according to the guidelines and instructions given by the Board. In addition, the CEO is responsible for ensuring that the Company's accounting has been carried out according to applicable laws and that asset management has been organised in a reliable manner. The CEO manages the Company's daily business and is responsible for controlling and steering the businesses. At the date of this Listing Prospectus, the CEO of the Company is Mika Joukio.

In Metsä Board's operative management, the CEO is assisted by the Corporate Management Team. The tasks and responsibilities of the Corporate Management Team include investment planning, specifying and preparing the Company's strategic guidelines, allocating resources, controlling routine functions and preparing matters to be reviewed by the Board. The Corporate Management Team convenes at the Chairman's invitation as a rule once a month and also otherwise when necessary. At the date of this Listing Prospectus, the Corporate Management Team consists of the following persons:

<b>Name:</b>	<b>Background:</b>
<p><b>Mika Joukio</b> Born 1964, M.Sc. (Tech), MBA</p> <p><b>Chief Executive Officer</b> Chairman of the Metsä Board Corporate Management Team since 2014.</p>	<p>Metsä Board Corporation, Chief Executive Officer (2014–)</p> <p>Metsä Tissue Corporation, CEO (2012–2014)</p> <p>Metsä Board Corporation, Head of Consumer Packaging (2006–2012)</p> <p>Metsä Board Corporation, Vice President and Mill Manager, Metsä Board Kyro and Metsä Board Tako (2006)</p> <p>Metsä Board Corporation, Vice President and Mill Manager, Metsä Board Kyro (2005–2006)</p> <p>Metsä Board Corporation, Senior Vice President, Corporate Logistics and Supply Chain (2004–2005)</p> <p>Metsä Board Corporation, Vice President and Mill Manager, Metsä Board Äänekoski (2001–2004)</p> <p>Various management positions at Metsä Board Corporation since 1990</p> <p>Shares owned in the Issuer on 30 June 2017: 261,884 B shares.</p>
<p><b>Jussi Noponen</b> Born 1975, M.Sc. (Tech)</p> <p><b>Chief Financial Officer</b> Member of the Corporate Management Team since 2016.</p>	<p>Metsä Board Corporation, Chief Financial Officer (2016–)</p> <p>Metsä Group, Senior Vice President, Group Finance (2009–2016)</p> <p>Metsä Board Corporation, Senior Vice President, Business Control, Graphic Papers (2008)</p> <p>Metsä Board Corporation, Vice President, Group Business Control (2006–</p>

	<p>2008) Metsä Board Corporation, Business Controller, Folding Cartons (2003–2006) Nokia Corporation (1999–2000) and Metsä Group (2000–2003), SAP system implementation projects in finance</p> <p>Shares owned in the Issuer on 30 June 2017: 50,000 B shares.</p>
<p><b>Ari Kiviranta</b> Born 1963, D.Sc. (Tech)</p> <p><b>Senior Vice President, Development</b> Member of the Corporate Management Team since 2014.</p>	<p>Metsä Board Corporation, Senior Vice President, Development (2014–)</p> <p>Metsä Board Corporation, Senior Vice President, Head of Cartonboard business area (2014) Metsä Board Zanders GmbH, Managing Director and Vice President, Mill Manager (2012–2013) Metsä Board Corporation, Vice President, R&amp;D, Consumer Packaging business area (2008–2012) and Mill Manager, Metsä Board Kyro and Metsä Board Tako (2009–2010) Metsä Board Zanders GmbH, Head of Production (2004–2008) Metsä Board Corporation, Vice President, R&amp;D (2001–2004) Metsä Board Corporation, Manager, Process Development (1999–2001) Valmet Corporation, Manager, Product Development (1997–1999) Valmet Corporation, USA, Manager, R&amp;D (1995–1997) Metsä Board Corporation, Development Manager (1993–1995)</p> <p>Shares owned in the Issuer on 30 June 2017: 16,236 B shares.</p>
<p><b>Sari Pajari</b> Born 1968, M.Sc. (Tech)</p> <p><b>Senior Vice President, Marketing and Sales</b> Corporate Management Team member since 2011.</p>	<p>Metsä Board Corporation, Senior Vice President, Marketing and Sales (2017–)</p> <p>Metsä Board Corporation, Senior Vice President, Business Development (2011–2017) Metsä Group, CIO, Senior Vice President (2009–2011) Metsä Group, Director, Group ICT (2007–2009) IBM Corporation, Principal Consultant and Business Development Executive (2002–2007) PwC Management Consulting, Principal Consultant (2000–2002) Jaakko Pöyry Consulting, various positions (Consultant, Senior Consultant, Vice President) in Finland and USA (1990–2000)</p> <p>Tieto Corporation, member of the Board (2012–)</p> <p>Shares owned in the Issuer on 30 June 2017: 45,740 B shares.</p>
<p><b>Harri Pihlajaniemi</b> Born 1970, M.Sc. (Tech)</p> <p><b>Senior Vice President, Production</b> Corporate Management Team member since 2017.</p>	<p>Metsä Board Corporation, Senior Vice President, Production (2017–)</p> <p>Stora Enso Corporation, Operations Excellence &amp; Investments (2012–2017) Stora Enso Corporation, Mill Manager, Veitsiluoto mill (2011–2012)</p> <p>Shares owned in the Issuer on 30 June 2017: no ownership.</p>
<p><b>Susanna Tainio</b> Born 1975, Phil.Lic. (Comm)</p> <p><b>Senior Vice President, Human Resources</b> Corporate Management Team member since 2015.</p>	<p>Metsä Board Corporation, Senior Vice President, Human Resources (2015–)</p> <p>Metsä Board Corporation, Vice President, Human Resources (2012–2014) Metsä Board Corporation, Vice President, Human Resources, Paperboard business area, and Group HRD Services at Metsä Group (2012) Metsä Board Corporation, Vice President, Human Resources, Consumer Packaging business area (2011–2012) Oy Sinebrychoff Ab, Head of HR Development (2011) Oy Sinebrychoff Ab, Human Resources Development Manager (2007–2011)</p> <p>Shares owned in the Issuer on 30 June 2017: 20,505 B shares.</p>

**Business address**

The business address of the members of the Board of Directors, the CEO and the Corporate Management Team is Revontulenpuisto 2, FI-02100 Espoo, Finland.

**Absence of conflicts of interest**

While a clear majority of the members of the Board of Directors are independent of both the Company and its significant shareholders, three members of the Board of Directors of the Company are also members of the Board of Directors of Metsäliitto and two are members of the Board of Directors of Metsä Fibre. For further information on which members of the Board of Directors are independent, see “*Board of directors, management and auditors – Board of directors*”. To assess the independence and impartiality of the Board of Directors, the members shall notify the Company of circumstances that may have an impact on the member’s ability to act without a conflict of interest. In situations where the Board of Directors reviews a business or other contractual relationship or connection with Metsäliitto, Metsä Fibre or another subsidiary of Metsäliitto, the Board of Directors acts without those of its members who are dependent on Metsäliitto.

The CEO Mika Joukio is a member of the Board of Directors of Metsä Fibre.

Other than as described above, the members of the Board of Directors, the Chief Executive Officer or the Corporate Management Team do not have any potential conflicts of interest between their duties relating to the Company and their private interests and/or their other duties.

**Auditors**

The consolidated financial statements of the Company for the financial years ended 31 December 2016 and 31 December 2015 incorporated in this Listing Prospectus by reference have been audited by KPMG Oy Ab under the supervision of principal auditor Raija-Leena Hankonen, Authorised Public Accountant. The business address of the principal auditor and KPMG Oy Ab is PL 1037, 00100 Helsinki, Finland.

## SHARE CAPITAL AND OWNERSHIP STRUCTURE

As at the date of this Listing Prospectus, the Issuer has issued a total of 355,512,746 shares divided into 35,886,682 Series A shares and 319,626,064 Series B shares and has a registered share capital of EUR 557,881,540.40 which is fully paid. According to Article 5 of the Issuer's articles of association, at the General Meeting of Shareholders, each Series A share carries twenty (20) votes and each Series B share carries one (1) vote. The Issuer's A shares can be converted to B shares if a shareholder or a representative of nominee registered shares makes to the Company a written request for conversion. The conversion does not entitle a shareholder to receive additional compensation or consideration. The Issuer's shares belong to the book-entry system and they are subject to public trading on the Mid Cap list of the Helsinki Stock Exchange. The trading code of the Series A shares is METSA and the trading code of the Series B shares is METSB.

As at 30 June 2017, Metsäliitto owned 41.5% of the outstanding shares in the Issuer and the voting rights conferred by these shares was 61.4%. Metsä Board is part of Metsä Group. For further information, see "*Business overview – Organizational structure*" and "*Business overview – Related party transactions*". Although a clear majority of Board members are independent of the Company and its significant shareholders, three members are dependent on Metsäliitto. Metsäliitto has control over Metsä Board by virtue of its voting power with respect to the election of directors and other actions requiring shareholder approval. The Issuer is not aware of any arrangement the operation of which may result in a change of control of the Issuer.

As at 30 June 2017, there were altogether 4,818 holders of Series A shares and 42,212 holders of Series B shares in the Issuer, of which 10 largest shareholders are listed below with their respective ownership participation percentage. The Issuer does not hold any treasury shares.

	Shareholders	A-series	B-series	Total Shares		Total Votes	
		No. of shares	No. of shares	No. of shares	Shares %	No. of votes	Votes %
1	Metsäliitto Cooperative	25,751,535	121,930,708	147,682,243	41.54%	636,961,408	61.40%
2	Varma Mutual Pension Insurance Company	2,203,544	15,041,485	17,245,029	4.85%	59,112,365	5.70%
3	Ilmarinen Mutual Pension Insurance Company	3,534,330	11,683,688	15,218,018	4.28%	82,370,288	7.94%
4	Etola Erkki Olavi	0	7,500,000	7,500,000	2.11%	7,500,000	0.72%
5	The State Pension Fund	0	4,150,000	4,150,000	1.17%	4,150,000	0.40%
6	Elo Mutual Pension Insurance Company	0	3,500,000	3,500,000	0.98%	3,500,000	0.34%
7	Maa- ja metsätaloustuottajain Keskusliitto MTK r.y.	1,431,037	949,301	2,380,338	0.67%	29,570,041	2.85%
8	Säästöpankki Korko Plus Mutual Fund	0	1,799,807	1,799,807	0.51%	1,799,807	0.17%
9	ODIN Finland	0	1,658,665	1,658,665	0.47%	1,658,665	0.16%
10	OP-Finland Small Firms Fund	0	1,642,006	1,642,006	0.46%	1,642,006	0.16%

## TAXATION

*The following is a general description addressing only the Finnish withholding tax treatment of income arising from the Notes. This summary is based on the laws and regulations in full force and effect in Finland as at the date of this Listing Prospectus, which may be subject to change in the future, potentially with retroactive effect. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. The comments below relate only to the position of persons who are the absolute beneficial owners of the Notes. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the acquisition, holding, redemption, sale or other disposition of the Notes.*

### **Non-resident Noteholders**

Payments made by or on behalf of the Issuer to persons not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

### **Resident Noteholders**

#### *Corporates*

Payments made by or on behalf of the Issuer to corporates resident in Finland for tax purposes may be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Finland or by any municipality or other political subdivision or taxing authority thereof or therein.

#### *Individuals and estates*

Payments made under the Notes should not be subject to withholding according to the Act on Withholding on Interest Income (*Laki korkotulon lähdeverosta* 1341/1990, as amended). Payments of interest or interest compensation (secondary market compensation, in Finnish “*jälkimarkkinahyvitys*”) made to individuals or estates are generally subject to advance withholding of income tax according to the Prepayment Act (*Ennakkoperintälaki* 1118/1996, as amended). The withholding liability should primarily lie with a possible paying agent or other intermediary (such as a financial institution) effecting the payment to the Noteholder, if the paying agent or intermediary is resident in Finland for tax purposes or the payment is made through a Finnish permanent establishment of a non-resident paying agent or intermediary.

### **Transfer taxation**

A transfer of the Notes is not subject to Finnish transfer taxation.

## **ARRANGEMENTS WITH THE JOINT LEAD MANAGERS**

Danske Bank A/S and Skandinaviska Enskilda Banken AB (publ) are acting as Joint Lead Managers of the Offering. The Company has entered into agreements with the Joint Lead Managers with respect to certain services to be provided by the Joint Lead Managers in connection with the Offering.

Each Joint Lead Manager and companies belonging to the same consolidated group with a Joint Lead Manager may have performed and may in the future perform investment or other banking services for the Company in the ordinary course of business.

## **LEGAL MATTERS**

Certain legal matters in connection with the Offering have been passed upon for Metsä Board by Castrén & Snellman Attorneys Ltd.

## INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Listing Prospectus. The referenced documents are available for inspection at the offices of the Company at Revontulenpuisto 2, FI-02100 Espoo, Finland, as well as on the Company's website at [www.metsaboard.com/investors](http://www.metsaboard.com/investors).

<u>Document</u>	<u>Information by reference</u>
Interim Report 1 January – 30 June 2017	Interim report as of and for the six months ended 31 June 2017
Annual Report 2016, pages 18-98	Financial Statements for the year 2016
Annual Report 2016, page 99-101	Auditor's Report for the year 2016
Annual Report 2015, pages 19-100	Financial Statements for the year 2015
Annual Report 2015, page 101	Auditor's Report for the year 2015

## DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Company's Finnish language Articles of Association and Extract from the Finnish Trade Register may be inspected at the head office of the Company, Metsä Board Corporation, Revontulenpuisto 2, FI-02100 Espoo on weekdays from 9:00 am to 4:00 pm Finnish time. In order to ensure best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Company of their visit in advance by telephone (+358 (0)10 46 11).

The Company will publish annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of the Helsinki Stock Exchange. Such information will be available on the Company's website at [www.metsaboard.com/investors](http://www.metsaboard.com/investors).

## ANNEX A: TERMS AND CONDITIONS OF THE NOTES

### METSÄ BOARD OYJ EUR 250 MILLION 2.750 PERCENT NOTES DUE 2027

ISIN CODE: FI4000282629

The Board of Directors of Metsä Board Oyj (the “**Issuer**”) has in its meeting on 7 September, 2017 decided on the issue of senior unsecured notes (the “**Notes**”) referred to in Paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended, Fi: *velkakirjalaki*) on the terms and conditions specified below.

Danske Bank A/S and Skandinaviska Enskilda Banken AB (publ) will act as joint lead managers in connection with the offer and issue of the Notes (the “**Joint Lead Managers**”).

#### 1. PRINCIPAL AMOUNT AND ISSUANCE OF THE NOTES

The maximum principal amount of the Notes is two hundred fifty million euros (EUR 250,000,000) or a higher amount, as may be determined by the Issuer.

The Notes will be issued in a dematerialized form in the Infinity book-entry securities system maintained by Euroclear Finland Ltd (“**Euroclear Finland**”), address Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland (or any system replacing or substituting the Infinity book-entry securities system in accordance with the rules and decisions of Euroclear Finland) in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland. The Notes cannot be physically delivered.

The issue date of the Notes is 29 September, 2017 (the “**Issue Date**”).

The Notes will be offered for subscription in a minimum amount of one hundred thousand euros (EUR 100,000). The principal amount of each book-entry unit (Fi: *arvo-osuuden yksikkökoko*) is one thousand euros (EUR 1,000). The maximum number of the Notes is two hundred fifty thousand (250,000,000) or a higher number if the Issuer decides to increase the maximum principal amount of the Notes. Each Note will be freely transferable after it has been registered into the respective book-entry account.

Skandinaviska Enskilda Banken AB (publ) Helsinki Branch shall act as the issuer agent (Fi: *liikkeeseenlaskijan asiamies*) of the Notes referred to in the rules of Euroclear Finland (the “**Issuer Agent**”) and as the paying agent of the Notes (the “**Paying Agent**”).

#### 2. SUBSCRIPTION OF THE NOTES

The subscription period shall commence and end on 29 September, 2017 (the “**Subscription Date**”).

The Notes shall be offered for subscription, subject to relevant selling restrictions, mainly to domestic and international institutional investors outside of the United States or such other countries or otherwise in such circumstances in which the release, publication or distribution would be unlawful through a book-building procedure.

Bids for subscription shall be submitted during regular business hours to (i) Danske Bank A/S, c/o Danske Bank Oyj, Hiililaiturinkuja 2, FI-00075 DANSKE BANK Helsinki, tel. +358 10 513 8865; or (ii) Skandinaviska Enskilda Banken AB (publ) c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch, Eteläesplanadi 18, FI-00130 Helsinki, Finland, tel. +358 9 616 28560.

Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription. After the final allocation and acceptance of the subscriptions by the Issuer, each investor that has submitted a subscription shall be notified by the Joint Lead Managers whether and, where applicable, to what extent such subscription is accepted.

Subscriptions shall be paid for as instructed in connection with the subscription. Notes subscribed and paid for shall be created by Euroclear Finland and routed by the Issuer Agent to the book-entry securities system to be recorded to the respective book-entry accounts of the subscribers on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland.

### 3. **ISSUE PRICE**

The issue price of the Notes is 99.664 per cent.

### 4. **INTEREST**

The Notes bear fixed interest at the rate of 2.750 per cent per annum.

The interest on the Notes will be paid annually in arrears commencing on 29 September, 2018 and thereafter annually on each 29 September (each an “**Interest Payment Date**”) until the Notes have been repaid in full. Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the date when the Notes have been repaid in full.

Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, if any portion of the interest period falls in a leap year, 366) (actual / actual ICMA).

### 5. **REDEMPTION**

#### 5.1 **Redemption at Maturity**

The Notes shall be repaid in full at their nominal principal amount on 29 September, 2027 (the “**Redemption Date**”), to the extent the Issuer has not prepaid or redeemed the Notes in accordance with Condition 5.2 (*Voluntary Total Redemption*), Condition 8 (*Change of Control*) or Condition 10 (*Events of Default*) below.

#### 5.2 **Voluntary Total Redemption**

The Issuer may, at any time having given, not less than thirty (30) nor more than sixty (60) days’ notice (an “**Optional Redemption Notice**”) to the Issuer Agent and to the Noteholders in accordance with Condition 13 (*Notices and Right to Information*), (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not part, of the aggregate principal amount of the Notes on the relevant date (the “**Optional Redemption Date**”) specified for redemption in the relevant Optional Redemption Notice at a redemption price equal to:

- (a) in the case of an Optional Redemption Date occurring before the date falling three (3) months prior to the Redemption Date, the Make-Whole Redemption Amount; or
- (b) in the case of an Optional Redemption Date occurring on or after the date falling three (3) months prior to the Redemption Date, 100 per cent of their outstanding principal amount,

in each case together with accrued but unpaid interest up to (but excluding) the relevant Optional Redemption Date.

For the purpose of this Condition 5.2 (*Voluntary Total Redemption*):

- (i) “**Make-Whole Redemption Amount**” shall be calculated by the Issuer or on behalf of the Issuer by such a person as the Issuer shall designate and will be the greater of (x) 100 per cent of the principal amount of the Notes to be redeemed and (y) the sum of the then present values of each remaining scheduled payment of principal and interest up to, but excluding, the Redemption Date (for the avoidance of doubt, not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin;
- (ii) “**Make-Whole Redemption Margin**” means 0.35 per cent;

- (iii) “**Make-Whole Redemption Rate**” means, with respect to the relevant Optional Redemption Date, the rate per annum equal to the annual yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the Reference Date;
- (iv) “**Reference Bond**” means DBR 0.5% 08/15/27;
- (v) “**Reference Bond Dealer**” means each of the banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;
- (vi) “**Reference Bond Dealer Quotations**” mean, with respect to each Reference Bond Dealer and the relevant Optional Redemption Date, the arithmetic average, as determined by the Issuer or on behalf of the Issuer by such person as the Issuer shall designate, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11.00 a.m. (Brussels time) on the Reference Date quoted by such Reference Bond Dealer;
- (vii) “**Reference Bond Price**” means (a) the average of five (5) Reference Bond Dealer Quotations, after excluding the highest and lowest of such Reference Bond Dealer Quotations; or (b) if the Issuer obtains fewer than five (5) such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations; and
- (viii) “**Reference Date**” means the third (3<sup>rd</sup>) Business Day prior to the Optional Redemption Date.

## 6. STATUS AND SECURITY

The Notes constitute direct, unsecured, unguaranteed and unsubordinated obligations of the Issuer ranking *pari passu* among each other and at least *pari passu* with all other present and future unsecured, unguaranteed and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

## 7. PAYMENTS

Interest on and principal of the Notes shall be paid in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as the rules and decisions of Euroclear Finland.

Should any Interest Payment Date, Prepayment Date (as defined in Condition 8 (*Change of Control*), Optional Redemption Date or Redemption Date fall on a date which is not a Business Day (as defined below), the payment of the amount due will be postponed to the following Business Day. Any such postponement of the payment date shall not have an impact on the amount payable.

“**Business Day**” means for the purposes of these terms and conditions a day on which banks in Helsinki are open for general business and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

## 8. CHANGE OF CONTROL

If,

- (i) after the Issue Date, any person or group of persons other than companies belonging to Metsä Group acting in concert (as defined below), directly or indirectly, gains Control (as defined below) of the Issuer (such event a “**Change of Control Event**”); and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the date of the first public announcement of the relevant Change of Control Event, the Notes carry from either of Moody's Investors Service (Moody's) or Standard & Poor's (S&P) or any of their respective successors or affiliates or any other rating agency of equivalent international standing specified by the Issuer (each, a “**rating agency**”):

- (a) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any rating agency is within the Change of Control Period (as defined below) either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such rating agency; or
  - (b) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any rating agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or
  - (c) no credit rating, and no credit rating from another rating agency and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Notes; and
- (iii) in making the relevant decision(s) referred to in (a) to (c) above, the relevant rating agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control Event, such announcement and/or confirmation being a “**Rating Trigger**”;

then, the Issuer shall promptly after becoming aware thereof notify the holders of Notes (the “**Noteholders**”) of such Change of Control Event and Rating Trigger in accordance with Condition 13 (*Notices and Right to Information*) (the “**Notice**”).

Upon the occurrence of a Change of Control Event and a Rating Trigger, the Issuer shall on the Prepayment Date (as defined below) prepay the outstanding nominal principal amount of, and the interest accrued but unpaid on, the Notes, but without any premium or penalty, held by the Noteholders who have required prepayment of Notes held by them by a written notice to be given to the Issuer no later than fifteen (15) Business Days before the Prepayment Date. Interest on the Notes to be prepaid accrues until the Prepayment Date (excluding the Prepayment Date).

If Notes representing more than seventy-five (75) percent of the aggregate nominal principal amount of the Notes have been prepaid on the Prepayment Date pursuant to this Condition 8, the Issuer is entitled to prepay also the remaining outstanding Notes at their nominal principal amount with accrued but unpaid interest, but without any premium or penalty, by notifying the relevant Noteholders in accordance with Condition 13 (*Notices and Right to Information*) no later than fifteen (15) Business Days after the Prepayment Date. Such prepayment may be effected at the earliest on the tenth (10<sup>th</sup>) Business Day and at the latest on the sixtieth (60<sup>th</sup>) Business Day following the date of publication of such notice.

In these terms and conditions:

“**acting in concert**” (Fi: *yksissä tuumin toimiminen*) means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate Control of the Issuer;

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control Event (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control Event) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration);

“**Control**” means either:

- (a) acquiring or controlling, directly or indirectly, more than fifty (50) percent of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders); or
- (b) capability to appoint or remove at least the majority of the members of the board of directors of the Issuer.

“**Metsä Group**” means Metsäliitto Cooperative, Metsä Fibre Oy, Metsä Tissue Oyj and the Issuer, all with their respective Subsidiaries.

“**Prepayment Date**” means the date falling forty-five (45) Business Days after the publication of the Notice referred to in above.

## 9. NEGATIVE PLEDGE

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries (as defined below) will, create any mortgage, charge, lien, pledge or other security interest to secure any other notes, bonds or other similar debt securities issued after the issuance of the Notes that are capable of being listed on a stock exchange or subject to trading in a regulated market or multilateral trading facility (nor create any such security interest to secure any guarantee or indemnity over such notes, bonds or other similar debt securities), unless the granting of such security interest is required under Finnish law or other law governing such notes, bonds or other similar debt securities, or unless prior to or simultaneously therewith the Issuer’s obligations under the Notes either (a) are secured equally and ratably therewith or (b) have the benefit of such other security interest or other arrangement (whether or not it includes the granting of a security interest) as shall be approved by a resolution of the Noteholders (as referred to in Condition 12 (*Noteholders’ Meeting and Procedure in Writing*)).

“**Subsidiary**” means for the purposes of these terms and conditions a subsidiary within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended, Fi: *kirjanpitolaki*).

## 10. EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, any Noteholder may by a written notice to the Issuer declare the outstanding nominal principal amount of such Note together with the interest and any other amounts then accrued on such Note to be prematurely due and payable at the earliest on the tenth (10<sup>th</sup>) Business Day from the date such notice was received by the Issuer provided that an Event of Default is continuing (thus, it is not remedied or waived) on the date of receipt of the notice by the Issuer and on the specified early repayment date. Interest on such Note accrues until the early repayment date (excluding the early repayment date). The Issuer shall notify the Noteholders of any Event of Default (and the steps, if any, taken to remedy it) in accordance with Condition 14 (*Notices and Right to Information*) promptly upon becoming aware of its occurrence.

Each of the following events shall constitute an event of default (each an “**Event of Default**”):

- (a) **Non-Payment:** any amount of interest on or principal of the Notes has not been paid within five (5) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Condition 14 (*Force Majeure*);
- (b) **Cross-default:** any outstanding Indebtedness (as defined below) of the Issuer or any of its Material Subsidiaries (as defined below) in a minimum amount of ten million euros (EUR 10,000,000) or its equivalent in any other currency is accelerated prematurely because of an event of default (however described) or if any such Indebtedness is not paid when due nor within any applicable grace period, if any, or if any security given by the Issuer or any of its Material Subsidiaries for any such Indebtedness becomes enforceable by reason of an event of default. A Noteholder shall not be entitled to demand repayment under this paragraph (b) if the Issuer or any of its Material Subsidiaries has bona fide disputed the existence of the occurrence of an event of default referred to in this paragraph (b) in the relevant court or in arbitration within forty-five (45) days of

the date when the Issuer or its Material Subsidiary became aware of such alleged event of default as long as such dispute has not been finally and adversely adjudicated against the Issuer or the Material Subsidiary, as applicable, without any appeal period;

- (c) **Negative Pledge:** the Issuer does not comply with its obligations under Condition 9 (*Negative Pledge*);
- (d) **Cessation of Business:** the Issuer ceases to carry on its current business in its entirety;
- (e) **Winding-up:** an order is made or an effective resolution is passed for the winding-up (Fi: *selvitystila*), liquidation or dissolution of the Issuer or any of its Material Subsidiaries except for (i) actions which are frivolous (Fi: *perusteeton*) or vexatious (Fi: *oikeuden väärinkäyttö*), or (ii) in the case of a Material Subsidiary, on a voluntary solvent basis or (iii) such applications that are contested in good faith and as long as such application has not been finally and adversely adjudicated against the Issuer or its Material Subsidiary without any appeal period; or
- (f) **Insolvency:** (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due; (ii) the Issuer or any of its Material Subsidiaries, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors other than the Noteholders in their capacity as such with a view to rescheduling any of its Indebtedness; or (iii) an application is filed for the Issuer or any of its Material Subsidiaries becoming subject to bankruptcy (Fi: *konkurssi*) or re-organization proceedings (Fi: *yrittysaneeraus*), or for the appointment of an administrator or liquidator of any of the Issuer's or its Material Subsidiaries' assets, save for any such applications that are contested in good faith and discharged, stayed or dismissed within forty-five (45) days.

“**Group**” means for the purposes of these terms and conditions Issuer's group (Fi: *konserni*) within the meaning of Chapter 1, Section 6 of the Bookkeeping Act (1336/1997, as amended, Fi: *kirjanpitolaki*).

“**Indebtedness**” means, for the purposes of these terms and conditions, interest-bearing debt including guarantees (whether principal, premium, interest or other amounts) in respect of any notes, bonds or other similar debt securities or any borrowed money of the Issuer or any of its Material Subsidiaries, excluding all intra-Group loans.

“**Material Subsidiary**” means, for the purposes of these terms and conditions, at any time, any Subsidiary of the Issuer:

- (a) whose net sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than ten (10) percent of the consolidated net sales or the consolidated total net assets of the Group (as defined below) taken as a whole, all as calculated by reference to the then most recent audited or unaudited financial statements (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then most recent consolidated audited financial statements of the Issuer; or
- (b) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of a subsidiary which, immediately prior to such transfer, was a Material Subsidiary.

“**Subsidiary**” means a subsidiary within the meaning of Chapter 1, Sections 5 and 6 of the Accounting Act (1997/1336, as amended).

## 11. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of Finland or any political subdivision or authority of Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to Noteholders in respect of such withholding or deduction.

## 12. NOTEHOLDERS’ MEETING AND PROCEDURE IN WRITING

- a) The Issuer may convene a meeting of Noteholders (a “Noteholders’ Meeting”) or request a procedure in writing among the Noteholders (a “Procedure in Writing”) to decide on amendments of these terms and conditions or other matters as specified below. Euroclear Finland and the Issuer Agent must be notified of a Noteholders’ Meeting or a Procedure in Writing in accordance with the rules of Euroclear Finland.
- b) Notice of a Noteholders’ Meeting and the initiation of a Procedure in Writing shall be published in accordance with Condition 13 (*Notices and Right to Information*) no later than ten (10) calendar days prior to the Noteholders’ Meeting or the last day for replies in the Procedure in Writing. Furthermore, the notice or the initiation shall specify the time, place and agenda of the Noteholders’ Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as any action required on the part of a Noteholder to attend the Noteholders’ Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of Noteholder’s Meeting or initiation of the Procedure in Writing may be resolved upon at the Noteholders’ Meeting or the Procedure in Writing.
- c) Only those who, according to the register kept by Euroclear Finland in respect of the Notes, were registered as Noteholders on the fifth (5<sup>th</sup>) Business Day prior to the Noteholders’ Meeting or on the last day for replies in the Procedure in Writing on the list of Noteholders to be provided by Euroclear Finland in accordance with Condition 13 (*Notices and Right to Information*), or proxies authorized by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the Noteholders’ Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Noteholders’ Meeting or in the Procedure in Writing and shall be recorded in the list of the Noteholders present in the Noteholders’ Meeting or participating in the Procedure in Writing.
- d) A Noteholders’ Meeting shall be held in Helsinki, Finland, and its chairman shall be appointed by the Issuer.
- e) A Noteholders’ Meeting or a Procedure in Writing shall constitute a quorum only if two (2) or more Noteholders holding in aggregate at least fifty (50) per cent of the principal amount of the Notes outstanding or one (1) Noteholder holding one hundred (100) per cent of the principal amount of the Notes outstanding are/is present (in person or by proxy) in the Noteholders’ Meeting or provide/provides replies in the Procedure in Writing. Any holdings of the Notes by the Issuer and any companies belonging to its Group are not included in the assessment whether or not a Noteholders’ Meeting or a Procedure in Writing shall constitute a quorum.
- f) If, within thirty (30) minutes after the time specified for the start of the Noteholders’ Meeting, a quorum is not present, any consideration of the matters to be dealt with at the Noteholders’ Meeting may, at the request of the Issuer, be adjourned for consideration at a Noteholders’ Meeting to be convened on a date no earlier than ten (10) calendar days and no later than forty-five (45) calendar days after the original Noteholders’ Meeting at a place to be determined by the Issuer. Correspondingly, if by the last day to reply in the Procedure in Writing no quorum is reached, the time for replies may be extended as determined by the Issuer, however not less than ten (10) and no more than forty-five (45) calendar days. The adjourned Noteholders’ Meeting

or the extended Procedure in Writing shall constitute a quorum if two (2) or more Noteholders holding in aggregate at least ten (10) per cent of the principal amount of the Notes outstanding or one (1) Noteholder holding one hundred (100) per cent of the principal amount of the Notes outstanding are/is present in the adjourned Noteholders' Meeting or provide/provides replies in the extended Procedure in Writing.

- g) Notice of an adjourned Noteholders' Meeting or the extension of the time for replies in the Procedure in Writing, shall be given in the same manner as notice of the original Noteholders' Meeting or the Procedure in Writing. The notice shall also state the conditions for the constitution of a quorum.
- h) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held on the date referred to in Condition 12(c) above. The Issuer and any companies belonging to its Group shall not hold voting rights at the Noteholders' Meeting or in the Procedure in Writing.
- i) Subject to Condition 12(j) below, resolutions shall be carried by a majority of more than fifty (50) per cent of the votes cast.
- j) A Noteholders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding on all the Noteholders:
  - (i) to amend these terms and conditions of the Notes; and
  - (ii) to grant a temporary waiver on these terms and conditions of the Notes.

However, consent of at least seventy-five (75) percent of the aggregate principal amount of the outstanding Notes is required to:

- (i) decrease the principal amount of or interest on the Notes;
- (ii) extend the maturity of the Notes;
- (iii) amend the requirements for the constitution of a quorum at a Noteholders' Meeting or Procedure in Writing; or
- (iv) amend the majority requirements of the Noteholders' Meeting or Procedure in Writing.

The consents can be given at a Noteholders' Meeting, in the Procedure in Writing or by other verifiable means.

The Noteholders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting or of the Procedure in Writing.

- k) When consent from the Noteholders representing the requisite majority, pursuant to Condition 12(i) or Condition 12(j), as applicable, has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Noteholders representing such requisite majority are registered as Noteholders on the list of Noteholders provided by Euroclear Finland in accordance with Condition 13 (*Notices and Right to Information*) on the date when such requisite majority is reached.
- l) A representative of the Issuer and a person authorized to act for the Issuer may attend and speak at a Noteholders' Meeting.

- m) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting or participated in the Procedure in Writing, and irrespective of how and if they have voted.
- n) Resolutions passed at a Noteholders' Meeting or in the Procedure in Writing shall be notified to the Noteholders in accordance with Condition 13 (*Notices and Right to Information*). In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting or the Procedure in Writing. Furthermore, Euroclear Finland must be notified of the resolutions passed at the Noteholders' Meeting or in the Procedure in Writing in accordance with the rules of Euroclear Finland.

The Issuer shall have the right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, a Noteholders' Meeting or a Procedure in Writing. For the sake of clarity, any resolution at a Noteholders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

### **13. NOTICES AND RIGHT TO INFORMATION**

Noteholders shall be advised of matters relating to the Notes at least by (i) a notice published on the official website of the Issuer, (ii) a notice published in Helsingin Sanomat or any other major Finnish daily newspaper selected by the Issuer or (iii) with a stock exchange release. Alternatively, the Issuer may deliver notices on the Notes in writing directly to the Noteholders at the address appearing on the list of the Noteholders provided by Euroclear Finland in accordance with the below paragraph (or e.g. through Euroclear Finland's book-entry system or account operators of the book-entry system). Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Condition 13.

Notwithstanding any secrecy obligation, the Issuer and the Issuer Agent shall, subject to the rules of Euroclear Finland and applicable laws, be entitled to obtain information on the Noteholders from Euroclear Finland and Euroclear Finland shall be entitled to provide such information to the Issuer. Furthermore, the Issuer and the Issuer Agent shall, subject to the rules of Euroclear Finland and applicable laws, be entitled to obtain from Euroclear Finland a list of the Noteholders, provided that it is technically possible for Euroclear Finland to maintain such list. Each Noteholder shall be considered to have given its consent to actions described above by subscribing for or purchasing a Note.

Address for notices to the Issuer is:

Metsä Board Oyj  
Attention: CFO  
Revontulenpuisto 2  
02100 Espoo, Finland

### **14. FORCE MAJEURE**

The Issuer, the Joint Lead Managers, the Issuer Agent or the Paying Agent shall not be responsible for any damage or losses of the Noteholders resulting from:

- (a) action of any authorities, war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications or the supply of electricity which are due to circumstances beyond the reasonable control of the Issuer, the Joint Lead Managers, the Issuer Agent or the Paying Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or activities of the Issuer, the Joint Lead Managers, the Issuer Agent or the Paying Agent as a result of fire or other similar disaster;

- (d) any industrial action, such as strike, lockout, boycott or blockade affecting the activities of the Issuer, the Joint Lead Managers, the Issuer Agent or the Paying Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Joint Lead Managers, the Issuer Agent or the Paying Agent.

**15. PRESCRIPTION**

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within three (3) years from the original due date thereof, the right to such payment shall be forfeited by such Noteholder and the Issuer shall be permanently free from such payment.

**16. LISTING**

Following the issue of the Notes, an application will be made to have the Notes listed on the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd.

**17. PURCHASES**

The Issuer may at any time purchase Notes in any manner and at any price. If purchases are made through a tender offer, the possibility to tender must be available to all Noteholders alike subject only to restrictions arising from mandatory securities laws.

The Issuer shall be entitled to cancel, dispose of or hold the Notes purchased in accordance with the first paragraph of this Condition 17.

**18. FURTHER ISSUES OF NOTES**

The Issuer may from time to time, without the consent of or notice to the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them, the issue price and/or the minimum subscription amount thereof) by increasing the maximum principal amount of the Notes or otherwise. For the avoidance of doubt, this Condition 18 shall not limit the Issuer's right to issue any other notes.

**19. INFORMATION**

Copies of the documents relating to the Notes shall be available for inspection during regular office hours at the office of (i) the Issuer at Metsä Board Oyj, Revontulenpuisto 2, 02100 Espoo, Finland; (ii) Danske Bank A/S, c/o Danske Bank Oyj, Hiililaiturinkuja 2, FI-00075 DANSKE BANK, Helsinki, Finland; and (iii) Skandinaviska Enskilda Banken AB (publ) c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch, Eteläesplanadi 18, FI-00130, Helsinki, Finland.

**20. APPLICABLE LAW AND JURISDICTION**

The Notes are governed by Finnish law.

Any disputes relating to the Notes shall be settled in the first instance at the District Court of Helsinki (Fi:*Helsingin käräjäoikeus*).

**THE COMPANY**

**Metsä Board Corporation**

Revontulenpuisto 2  
FI-02100 Espoo  
Finland

**JOINT LEAD MANAGERS**

**Danske Bank A/S**

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DK-1092 Copenhagen K  
Denmark

**Skandinaviska Enskilda Banken AB (publ)**

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