

We are  
**METSÄ GROUP**  
2019



**Metsä**

# Northern bioproducts to the world

Metsä Group produces renewable products from northern forests that provide a substitute for the use of fossil based raw materials. We use the best raw material in the world responsibly and wisely.

Metsä Group focuses on wood supply and forest services, wood products, pulp, fresh fibre paperboard as well as tissue and greaseproof papers. All our business areas have good growth and profitability outlooks. Metsä Group invested some EUR 2 billion in the increase and development of its production in 2015–2018, the majority of it in Finland.

Metsä Group is planning a new bioproduct mill to be built in Kemi and a new pine sawmill in Rauma and, the first phase of modernising the Husum pulp mill in Sweden. The value of these investments in 2020–2023 would be around EUR 2 billion.

## Year 2019

SALES  
EUR million

**5,473**

2018: 5,709

**79%**

OF THE ENERGY USED IN  
PRODUCTION IS RENEWABLE

COMPARABLE OPERATING RESULT  
EUR million

**495**

2018: 849

**100%**

TRACEABLE WOOD

COMPARABLE RETURN  
ON CAPITAL EMPLOYED

**9.6**

2018: 16.8

**85%**

CERTIFIED WOOD

## METSÄ GROUP

SALES\* EUR 5.5 BILLION | PERSONNEL 9,300  
RENEWABLE ENERGY 27.7 TWH

OWNED BY 103,000 FINNISH FOREST-OWNERS

### METSÄ FOREST WOOD SUPPLY AND FOREST SERVICES

Sales  
EUR 2.0 billion  
Personnel 840

**Holding**  
Metsäliitto  
Cooperative 100%

### METSÄ WOOD WOOD PRODUCTS

Sales  
EUR 0.4 billion  
Personnel 1,500

**Holding**  
Metsäliitto  
Cooperative 100%

### METSÄ FIBRE PULP AND SAWN TIMBER

Sales  
EUR 2.2 billion  
Personnel 1,300

**Holding**  
Metsäliitto  
Cooperative 50.1%  
Metsä Board 24.9%  
Itochu Corporation  
25.0%

### METSÄ BOARD\*\* PAPERBOARD

Sales  
EUR 1.9 billion  
Personnel 2,400

**Holding**  
Metsäliitto  
Cooperative 45.7%  
(share of votes  
66.3%)

### METSÄ TISSUE TISSUE AND GREASEPROOF PAPERS

Sales  
EUR 1.0 billion  
Personnel 2,700

**Holding**  
Metsäliitto  
Cooperative 100%

METSÄ SPRING | INNOVATION COMPANY

\* Internal sales eliminated  
\*\* Listed on Nasdaq Helsinki

# Highlights of 2019



## FOREST BIOECONOMY INNOVATIONS

Metsä Group's innovation company Metsä Spring invests expertise and funds in concepts that advance sustainable bioeconomy through innovation. The aim is to strengthen the development of new, wood-based business operations.

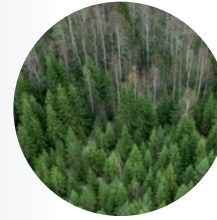
Metsä Spring is developing a new kind of textile fibre made from pulp. In the future, this may provide an alternative that places less burden on the environment than cotton and oil-based synthetic fibres. A textile fibre made from wood is well-positioned to respond to the textile industry's shortage of raw materials. In cooperation with Itochu Corporation, Metsä Spring is in the process of starting up a new demo plant producing wood-based textile fibre next to the Äänekoski bioproduct mill in 2020.

In 2019, Metsä Spring made a capital investment in Woodio Oy, which develops and manufactures entirely waterproof wood composite products.



## A VISITOR CENTRE WORTH EXPERIENCING

Our guides at the Nemus Futurum forest visitor centre provide a unique experience as they introduce visitors to sustainable Finnish forest management. Nemus Futurum provides information also on the sustainable use of forests, forest nature and products made from wood in an interactive and innovative way.



## MULTIFUNCTIONAL FORESTS WITH MIXED PINE AND SPRUCE CULTIVATION

Mixed cultivation produces mixed forests, which are more sustainable and diverse than forests of a single species. They also grow well. In this method, pine seeds are sown or planted among spruce seedlings in a regeneration area which would previously have been planted with only spruce or pine seedlings. Mixed cultivation is particularly well-suited for areas suffering from elk damage.



## INVESTMENTS IN PREFABRICATED WOOD CONSTRUCTION

A new 65,000 cubic metre Kerto® LVL line was started up at the Punkaharju mill at the beginning of 2019. The investment responds to the growing need for wood products in construction. The demand for Kerto LVL products is increasing, particularly in the market for prefabricated and modular construction. Prefabricated wood construction is fast, light and environmentally friendly.



## SIZEABLE INVESTMENTS – A BIOPRODUCT MILL AND A PINE SAWMILL

Metsä Fibre started pre-engineering project for the construction of a new bioproduct mill in Kemi and for a new pine sawmill in Rauma. The value of the Rauma investment would be approximately EUR 200 million. If realised, the value of the Kemi investment would be around EUR 1.5 billion, which would make it the largest investment in the history of the Finnish forest industry. The decisions on the potential investments will be made by the summer of 2020.



## ECO-BARRIER – A SUSTAINABLE ALTERNATIVE TO PLASTIC

Metsä Board launched a new plastic-free paperboard to be used as packaging material for food and food service. Made from fresh fibre, the paperboard is safe in direct food contact. The paperboard has a special barrier treatment which improves grease and moisture resistance. It can be recycled with paper or paperboard recycling.



## GROWTH PLANS IN TISSUE PAPER PRODUCTION

In accordance with its strategy, Metsä Tissue is planning to increase the production of fresh fibre-based tissue paper. The company launched a pre-feasibility study into an investment which would more than double the production capacity of the Mariestad mill in Sweden. The additional capacity would be equal to the annual tissue paper consumption of more than a million households. Based on current estimates, the final investment decision could be made during the second half of 2021, once the company has secured the required environmental permit.

# Strategy of **PROFITABLE GROWTH**

The world's population is growing and competition for energy and natural resources is becoming tighter, which is why resources must be used more efficiently. As a forerunner of the bioeconomy, the changes in the operating environment create versatile opportunities for Metsä Group.

Metsä Group is in a phase of strong, profitable growth. Our business is based on renewable raw materials and recyclable products, in which wood from northern, sustainably managed forests and our profound expertise provide a competitive advantage. We focus on wood supply and forest services, wood products, pulp, paperboard as well as tissue and greaseproof papers.

We develop our operations responsibly, always taking into account ecological, social and economic aspects. We improve the growth of forests, expand our industrial operations sustainably and contribute to the shift from fossil products to renewables. The way we see it, wood is the solution to many challenges in the future.

## VISION

To be the preferred partner in developing sustainable business.

## PURPOSE

Advancing bioeconomy and circular economy by efficiently processing northern wood into first-class products.

## VALUES

Reliability	Cooperation	Renewal	Responsible profitability
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### NORTHERN WOOD

Climate change concerns us all, and our future must be based on the use of renewable resources. Northern wood is the world's best renewable raw material and the core of our business. We ensure that the wood we use comes from sustainably managed forests. Forests, that grow more than they are used. Most of the wood we source comes from our Finnish owner-members' forests.

### COMPETITIVE PRODUCTION

As a result of systematic investments, our production units are cutting edge of the industry, be the measure environmental performance, energy efficiency or profitability. Metsä Group's objective is to have fossil free production by the year 2030. We invest in mills and world class resource efficiency. We develop our operations efficiently all business areas together as a unified Group.

### PRODUCTS AND NEW INNOVATIONS

Our carbon storing and recyclable products made from renewable raw materials offer sustainable solutions for global challenges. Our markets are global. We aim to provide our customers with a first-class experience through close cooperation and with the best digital tools.

We focus on market-based product development by expanding our current product portfolio and investing in new business opportunities through our innovation company Metsä Spring, for example.

### PEOPLE

Our operations are based on continuous improvement, which gives our personnel the opportunity to increase their competence and discover new strengths. The majority of our personnel's development is made up of on-the-job learning, which we support through job rotation and encouraging multiple skill sets. Good leadership is the cornerstone of our success.

# 2030 SUSTAINABILITY OBJECTIVES

Sustainability is part of everything we do. Its four themes cover all our operations, from sustainably managed forests to international markets. The Group's strategic sustainability objectives for 2030 are building a path towards a low-carbon society.

Learn more from Metsä Group's Sustainability Report.

Supporting the UN Sustainable Development Goals (SDGs).



We will secure the biodiversity of forest nature by increasing the amount of decaying wood, for example.



We aim at fossil free mills by 2030, and we will use only fossil free and traceable raw materials.



An accident free working environment – we aim at zero accidents.



By 2030, 100% of our suppliers will operate according to our sustainability requirements.

# RENEWABLE

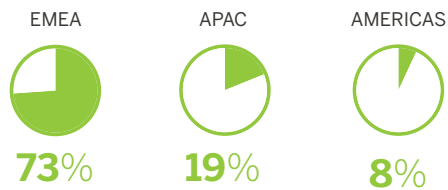
## products

Thanks to our expertise in wood and fibre, our products are second to none – on a global scale.

We form a unique value chain from sustainably managed forests to end products. We know northern wood and its origins inside out, and we know how to convert it into wood products, sawn timber, pulp, paperboards, tissue and greaseproof papers, as well as other bioproducts, taking advantage of cutting-edge technology. We develop our operations continuously to ensure that the quality of our products will continue to be first rate in the future.

A forest will generate results when we utilise the wood in the best possible way throughout the value chain.

### SALES BY MARKET AREA



# FORERUNNER

## in forest asset management

Metsä Forest offers services to forest owners and industries that use wood. We provide forest owners with comprehensive forest asset management services, and we deliver high-quality wood to Metsä Group's production units.

In 2019,  
we delivered more than  
**36**  
million seedlings to  
forest owners.



We provide forest owners with extensive wood trade, and develop sustainable forest management, nature management services and digital services for forest owners.

We supply all the wood used by Metsä Group and are responsible for its purchase, harvesting, measurement and transportation to production units. We also deliver wood to selected industrial customers.

In 2019, we procured 34.7 million cubic metres of wood, mainly from Finnish forest owners. We make 35,000 wood purchases a year in Finland and are Finland's biggest purchaser of wood.

# WOOD PRODUCTS

manufactured with industrial efficiency

Metsä Wood is Europe's biggest producer of **LVL**



Metsä Wood produces competitive and environmentally friendly wood products for construction, industrial customers and distribution partners. Our main products are Kerto® LVL as well as birch and spruce plywoods. Wood products store carbon for decades.

Our strength lies in our industrial efficiency, which is underpinned by partnerships, reliability and quality. Our core competence is production on an industrial scale.

Made from spruce veneer, Kerto LVL is the best choice when construction must be fast, light and environmentally friendly. The Kerto LVL ecosystem allows the manufacturers of prefabricated elements and modules to develop their own products from our versatile material.

Birch plywood products are ideal for the needs of the transport and casting mould industries, which require industrial-grade durability, while our surface-treated spruce plywood boards are easy to use on construction sites.

# Pulp and other bioproducts for GROWING MARKETS

Metsä Fibre recognised with the international **EFQM** award for sustainability work.



Metsä Fibre is the world's biggest producer of softwood market pulp and Finland's biggest producer of sawn timber.

Metsä Fibre converts northern wood raw material profitably into various bioproducts. Bleached softwood and birch pulps have been developed for manufacturing premium paperboards, tissue and printing papers as well as speciality products. Metsä Fibre also produces sawn timber, biochemicals and renewable energy.

Metsä Fibre's fibre expertise, services and sustained cooperation create added value for the customers. The high quality of the company's sawn timber is the result of the latest production technology, first-rate wood raw material and solid know-how.

Metsä Fibre is a forerunner with the courage to renew. Examples of this include the bioproduct mill in Äänekoski and the ongoing pre-engineering projects concerning the potential bioproduct mill and pine sawmill in Kemi and Rauma, respectively.

# PREMIUM

## paperboards for packaging

Metsä Board is a leading European producer of premium and lightweight fresh fibre paperboards.

Worldwide demand for folding boxboard and white kraftliner grows at a rate of roughly **2-3%** a year.



Metsä Board's product range includes folding boxboards, food service boards and white kraftliners. The lightweight, safe and ecological fresh fibre paperboards are suitable for food, cosmetics, pharmaceutical and electronic appliance packaging as well as for shelf-ready packaging, displays and point-of-sale solutions.

The product range is complemented with expert services for analysing and designing packages, technical expertise and research and development.

Metsä Board is growing profitably and globally together with brand owners, converters and merchant customers in businesses that benefit from safe and sustainable paperboards.

# CLEANER

## EVERYDAY LIFE

### with high-quality tissue and greaseproof papers



Metsä Tissue's tissue papers are used in more than **30** countries every day.

Metsä Tissue produces tissue and greaseproof papers that make everyday life softer, easier and cleaner.

Metsä Tissue's consumer brands – Lambi, Serla, Mola and Tento – offer a comprehensive range of toilet papers and household towels for all situations of everyday life. Designed for professional use, Katrin is a hygiene expert with a wide selection of tissue papers and dispensers. SAGA's multipurpose greaseproof papers are designed for cooking and baking at home, and in large professional kitchens and bakeries. Metsä Tissue also manufactures products for private retail labels. In line with its strategy, Metsä Tissue is building sustainable hygiene solutions of the future by developing the industrial efficiency of its operations and the environmental performance of its production units. The company's growth also relies on the customer-driven, systematic development of its brands.

# A SUSTAINABLY MANAGED

## forest stores carbon and secures biodiversity

Metsä Group is a company owned by forest owners. Metsäliitto Cooperative has approximately 103,000 members, who own nearly half of the private forest area in Finland.

Metsä Group helps the forest owners to take care of their forests and their growth. Forests grow and serve as carbon sinks when they are well managed. Trees bind carbon dioxide as they grow, so the more forests grow, the more efficient they are in mitigating climate change.

Sustainable forestry safeguards biodiversity and allows the recreational use of the very same forests whose trees are used as raw material for bioproducts. Biodiversity is secured, for example, through establishing protected areas and preserving valuable habitats, as well as by leaving retention trees, high stumps and protective thickets in the forests and by sparing existing decaying trees.

We purchase the wood we use from sustainably managed regions of northern wood, where forests grow more than they are used. We always know the origin of the wood. 85 per cent of the wood we use is certified either according to the PEFC™ and/or the FSC® system. Most of the wood we use comes from Finland, known as a forerunner of sustainable forest management.

Forest certification guarantees that the forest will be managed sustainably. It serves as proof of responsible operations throughout the value chain for both the forest owner and the customer. Both forest certification systems used by Metsä Group include extensive requirements of financial, social and nature management.

### WE ARE A FORERUNNER IN THE USE OF CERTIFIED WOOD

- 85% of the wood used by Metsä Group is certified
- Around 10% of the world's forests are certified
- Nearly all forests in Finland are PEFC certified (85%)
- 7% of the forests in Finland are FSC certified

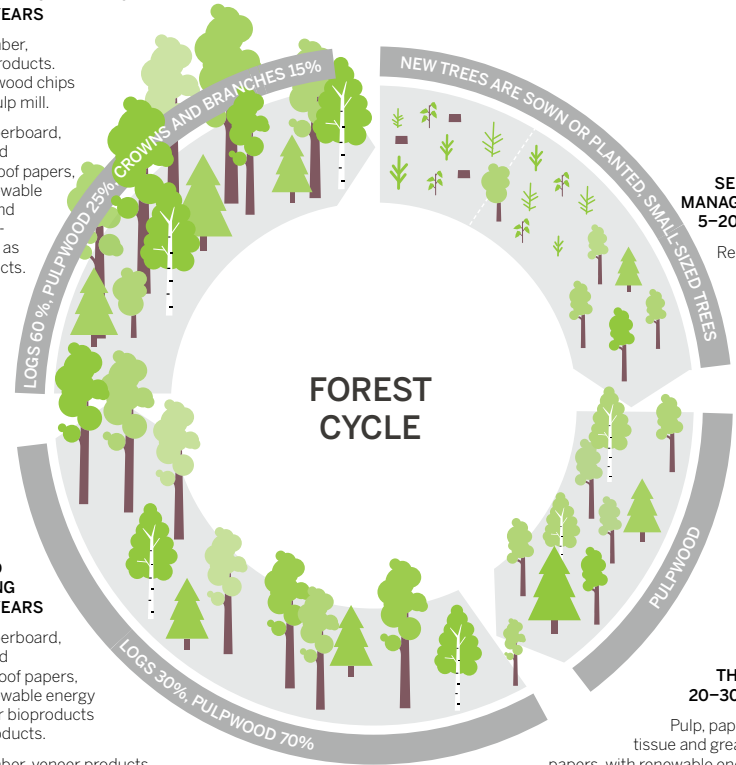


### WE ALWAYS USE OUR VALUABLE WOOD RAW MATERIAL AS EFFICIENTLY AS POSSIBLE

#### REGENERATION FELLING 60-80 YEARS

Sawn timber, veneer products. Surface wood chips for the pulp mill.

Pulp, paperboard, tissue and greaseproof papers, with renewable energy and other bioproducts as by-products.



### DEGREE OF FOREST CERTIFICATION IN METSÄ GROUP'S WOOD SUPPLY AREA



# Making the most OF WOOD

Metsä Group is a forerunner of the sustainable bioeconomy whose operations are based on efficient circulations and the resource-wise use of the renewable raw material, northern wood.

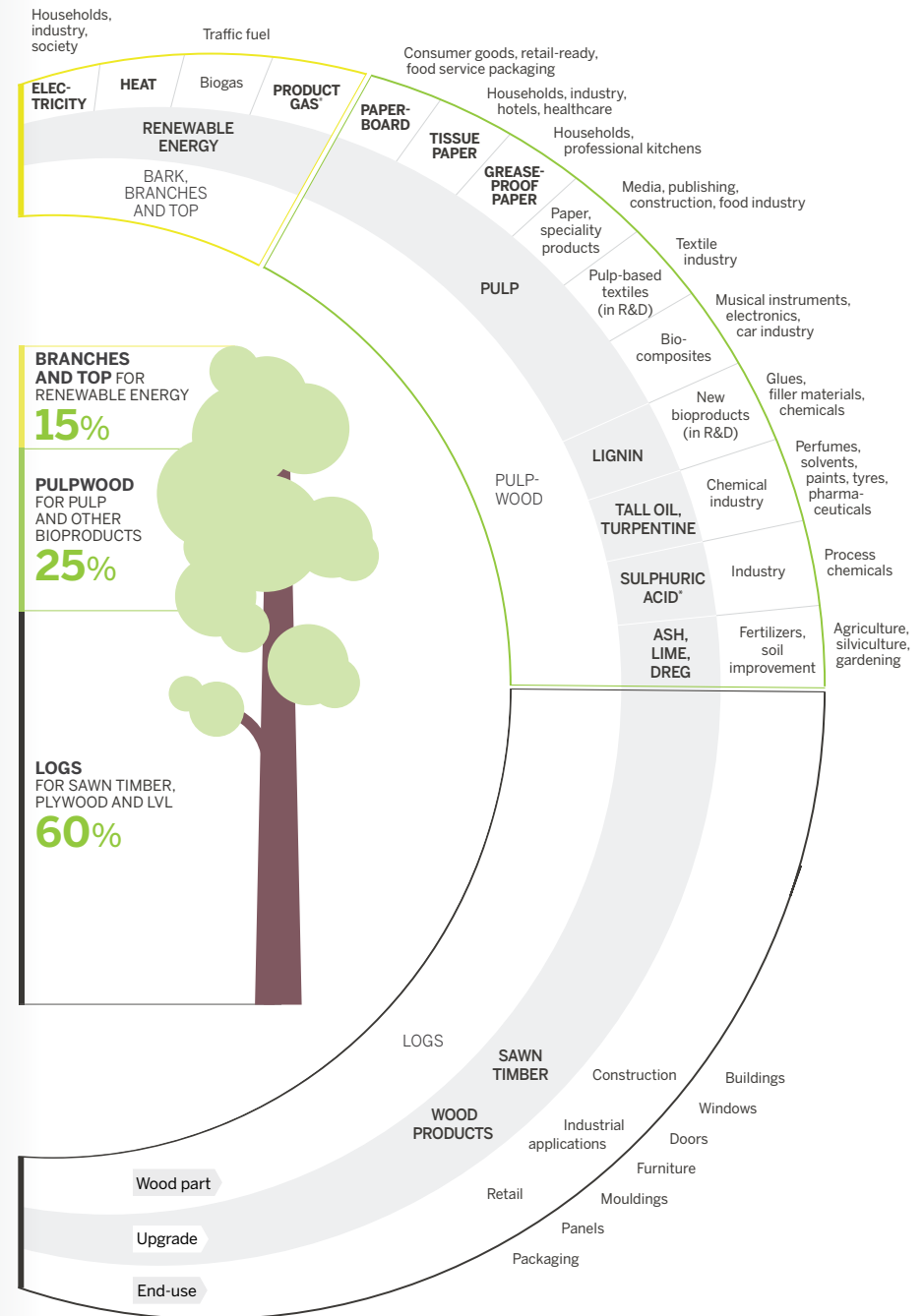
We use every part of a tree as efficiently as possible for the purpose which creates the most value. Our mills utilise closed cycles. Every production side stream is important and barely nothing goes to waste.

Circular economy works best in industrial ecosystems. These networks are composed of partners manufacturing products for various end uses. Thanks to this, someone's waste can

be another's valuable raw material. Industrial ecosystems create the conditions for developing new applications, in which wood can be used in innovative ways.

Wood is a versatile material which, in addition to traditional wood products, can be used in textiles and the electronics industry, for example. The renewable wood is one of the best building blocks of a resource-wise bioeconomy.

**MORE THAN 90%**  
OF OUR PRODUCTION SIDE STREAMS are used as material or in the production of renewable energy.



An illustration of the use of a tree in the regeneration felling phase

All products in **BOLD** are manufactured by Metsä Group. All other products are manufactured within the industrial ecosystem.

# Value CREATION

Metsä Group creates well-being for its stakeholders. The financial success, social well-being and good environmental performance generate value directly and in our value chain.

## KEY FIGURES

### COMPETENT PERSONNEL

- **9,265** employees in **29** countries

### SECURE SUPPLY OF RAW MATERIALS

#### OWNERSHIP

- Cooperative with **103,000** owner-members
- The cooperative members hold some **50%** of the privately owned forests in Finland

#### WOOD

- Procuring **34.7** million m<sup>3</sup> of wood
- **85%** of the wood from certified sources
- **100%** of the wood from traceable sources

#### ENERGY

- **79%** of production made with renewable energy

#### WATER

- No contribution to water scarcity

#### PRODUCTION FACILITIES

- **36** production facilities in **8** countries\*

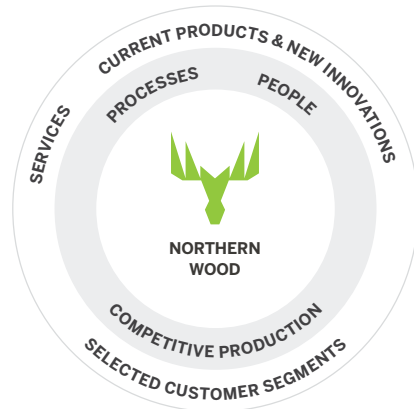
### STEADY OUTLOOK

#### FINANCIAL

- Liquidity EUR **2,022** million
- Equity ratio **56.2%**
- EUR **275** million in investments and R&D

\* as per 31.12.2019

## STRATEGY



Our business is based on renewable raw materials and recyclable products in whose production sustainably managed northern forests and our competence provide a competitive advantage.

## VALUE CREATION

### JOBS

- **97%** of employees with a full-time contract
- Over **1,000** summer jobs

### STAKEHOLDERS

- EUR **630** million paid as salaries and benefits
- EUR **72** million paid as interests to Metsäliitto Cooperative's owner-members
- EUR **600** million to Finnish forest owners from wood sales

### ACTIONS FOR BIODIVERSITY

- Biodiversity stumps in **79%** of thinning and regeneration fellings
- Retention trees in **94%** of regeneration fellings

### SUSTAINABLE USE OF RESOURCES

- Share of surface water is **99.6%**
- **92%** of production side streams utilised

### NATIONAL VALUE

- The value of Finnish mills is EUR **3.1** billion, equivalent to appr. **5%** of Finnish exports
- Over EUR **2** billion investment program realised in 2015–2018. A new investment plan of over EUR **2** billion published for 2019–2023

We use the best raw material in the world – renewable northern wood. We have more than 9,000 employees converting wood into products of the future at our 36 production units in eight countries.

We purchase most of the wood from our owner-members, 103,000 Finnish forest owners. We help them manage their forests well and support their growth.

The forest industry continues to be Finland's most important export industry. The value of the goods exported by Metsä Group's mills in Finland accounts for nearly five per cent of the value of Finland's exports. With our production side streams, we produce more than 15 per cent of Finland's renewable energy, which we deliver as electricity to the national grid and as district heat to nearby communities.

We operate responsibly and are an important operator in society. We also expect responsible operations from all our partners.

## IMPACTS

Metsä Group's operations create up to **15,000\*** jobs indirectly in Finland

The value of paid salaries, wood sales income to forest owners and purchased forest management and logistics services totalled over EUR **1.5** billion in 2019

Metsä Group plants four seedlings per each harvested tree and delivers appr. **36** million seedlings to forest owners annually

Each part of the wood is used to highest added value products

Metsä Group utilises over **90%** of the production side streams. **90%** of the production fuels are renewable and our aim is to be fossil free by 2030

Metsä Group produces some **15%** of the renewable energy in Finland

All of Metsä Group's products replace the use of fossil resources. Wood products store carbon for the entire life span and pulp-based products are recyclable

\* According to Finnish Forest Industries Federation

# PERSONNEL – motivated and committed talent

We at Metsä Group are proud of our skills. Every one of us has the possibility to do well in our work and develop professionally. Clear goals, personal development plans and high-quality supervisory work support success in work.

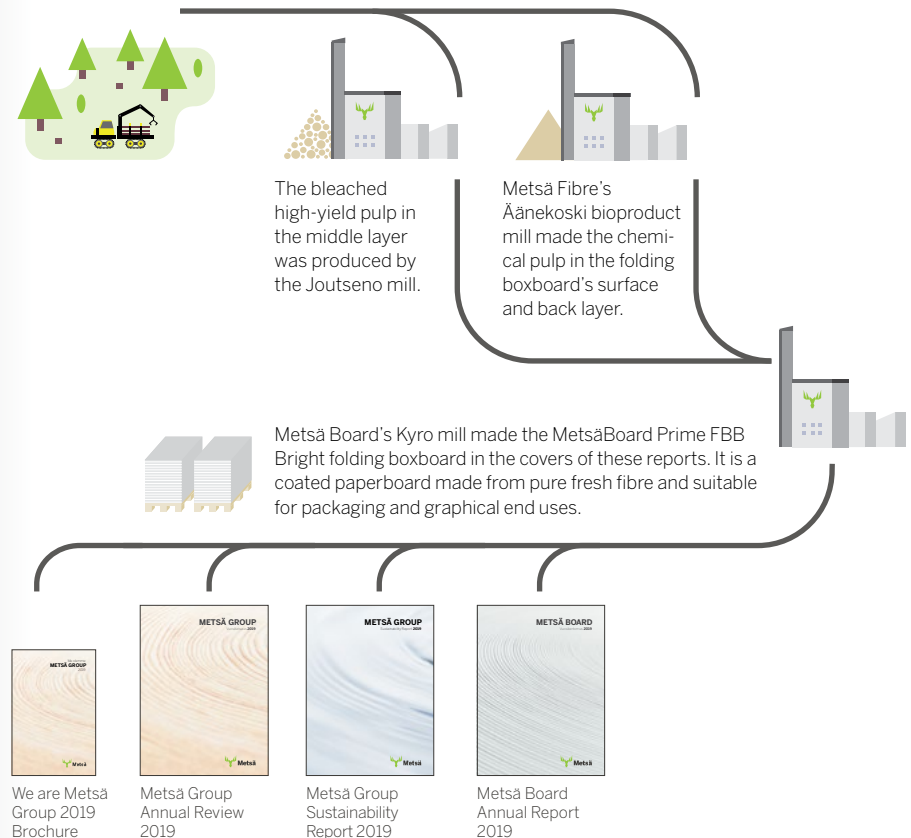
Our operations are guided by values that are easy to subscribe to: renewal, cooperation, reliability and responsible profitability. We show the way by renewing our operations, sharing information, bearing responsibility and developing our competence, taking into account future challenges and opportunities. Responsible operations allow us to achieve results for the benefit of our customers. By challenging ourselves and our partners to improve continuously, we are building the future Metsä together.

## THE KEYS TO COMPETENCE DEVELOPMENT:

on-the-job learning,  
job rotation and  
multiple skills.

# FROM FOREST to brochure

The wood used in **Metsä Group's** products can be traced up to an individual stump. The value chain, traceable all the way up to forests, guarantees the sustainability and safety of our products.



## PUBLISHED BY

### Metsä Group

These publications are available online at [www.metsagroup.com](http://www.metsagroup.com).

Please email any feedback to [communications@metsagroup.com](mailto:communications@metsagroup.com) or communicate it to us via social media [@MetsaGroup](https://www.facebook.com/MetsaGroup).

Make the most of **Metsä**



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