



M-real

**Consumer
Packaging**

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Agenda

1. Consumer Packaging in a nutshell
2. Profitability and success factors
3. Market outlook
4. Cartonboards concept



Consumer Packaging in a Nutshell

Our Offering

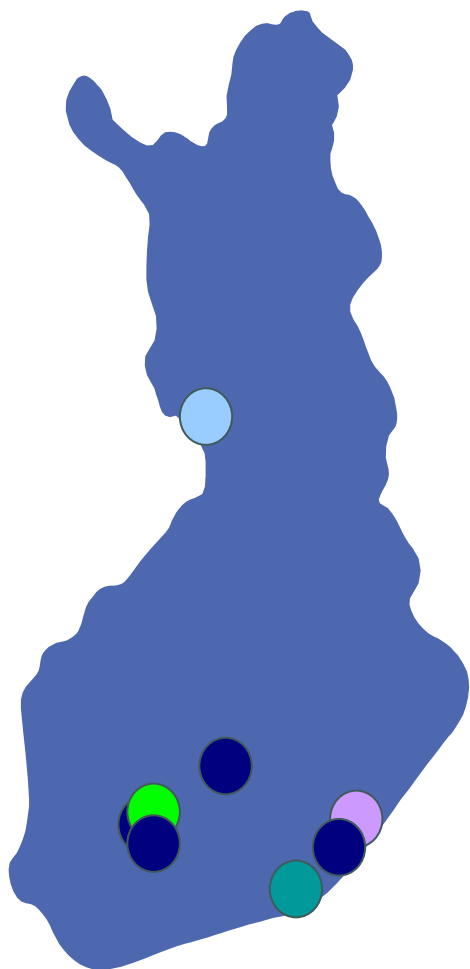
We provide high-performance virgin-fibre coated paperboards and papers, and related packaging services.

Our customers are brand owners, carton printers, converters and merchants representing end-uses such as

- Beautycare
- Healthcare
- Foods
- Cigarettes
- Consumer durables
- Graphics
- Wallcoverings



Production Units



Folding boxboard	
• Simpele	215 000 t
• Kyro	150 000 t
• Tako	205 000 t
• Äänekoski	200 000 t
• Total	770 000 t
White-top linerboards	
• Kemiart Liners	375 000 t
Flexible packaging and label papers	
• Simpele	55 000 t
Wallpaper base	
• Kyro	105 000 t
BCTMP	
• Joutseno	270 000 t

Asset Quality

Cartonboards

- Production lines in Äänekoski and Simpele modern, efficient, streamlined and among the most competitive in Europe
- Production lines in Kyröskoski and Tampere modernised during 1990s
- Total capacity 770,000 t/a
- Productivity over 900 t/person/a in 2008

Containerboards

- Market leader in coated liners with 375,000 t/a capacity
- Assets in Kemi modern and competitive

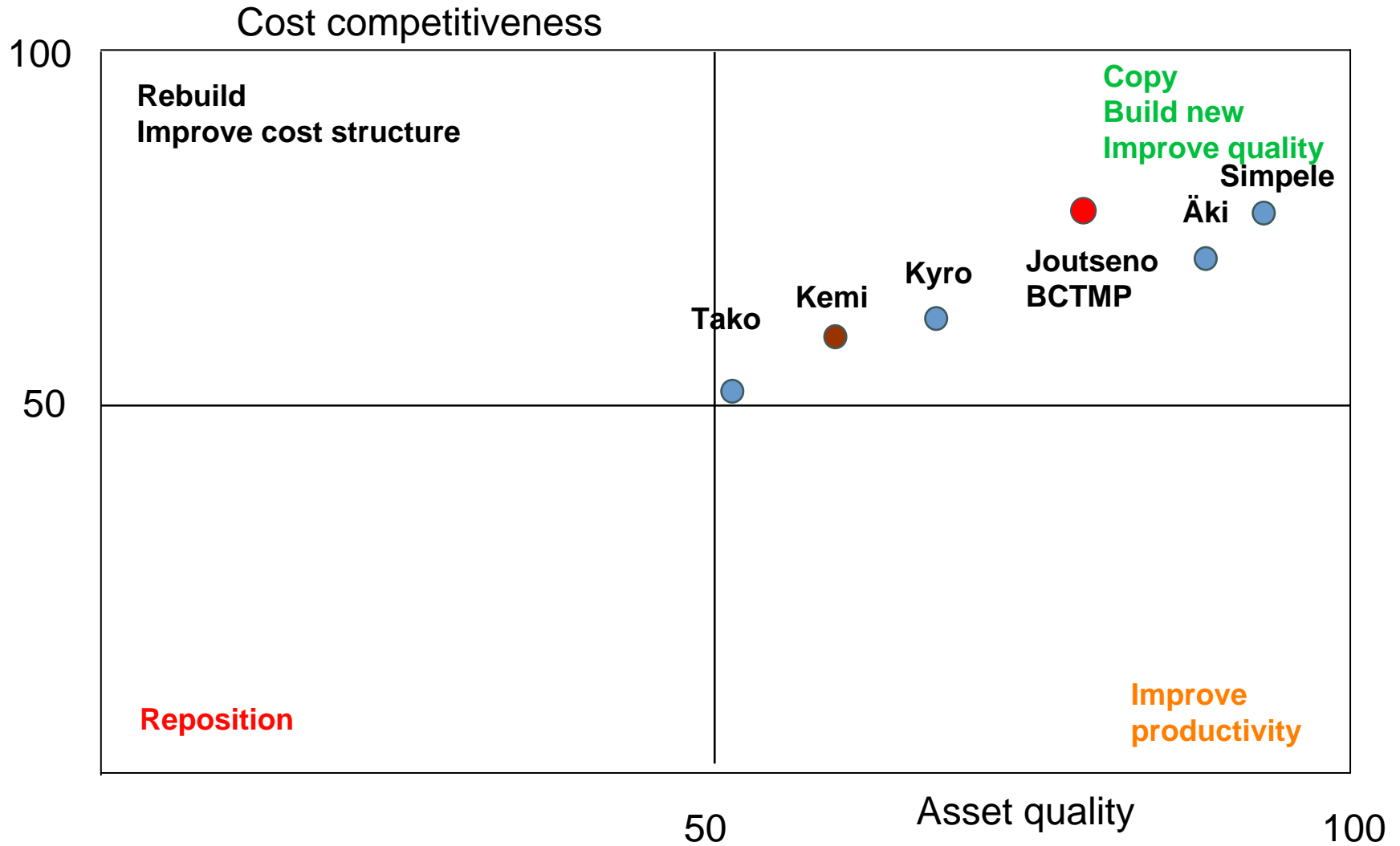
Speciality Papers

- Market leader in wallpaper base with 105,000 t/a capacity
- Assets in Kyröskoski modernised in 2002
- Simpele is a medium-size player in flexible packaging and label business and paper machine utilizes local integration benefits at Simpele

Joutseno BCTMP

- Green field plant was started-up in 2001

Asset Competitiveness 2008





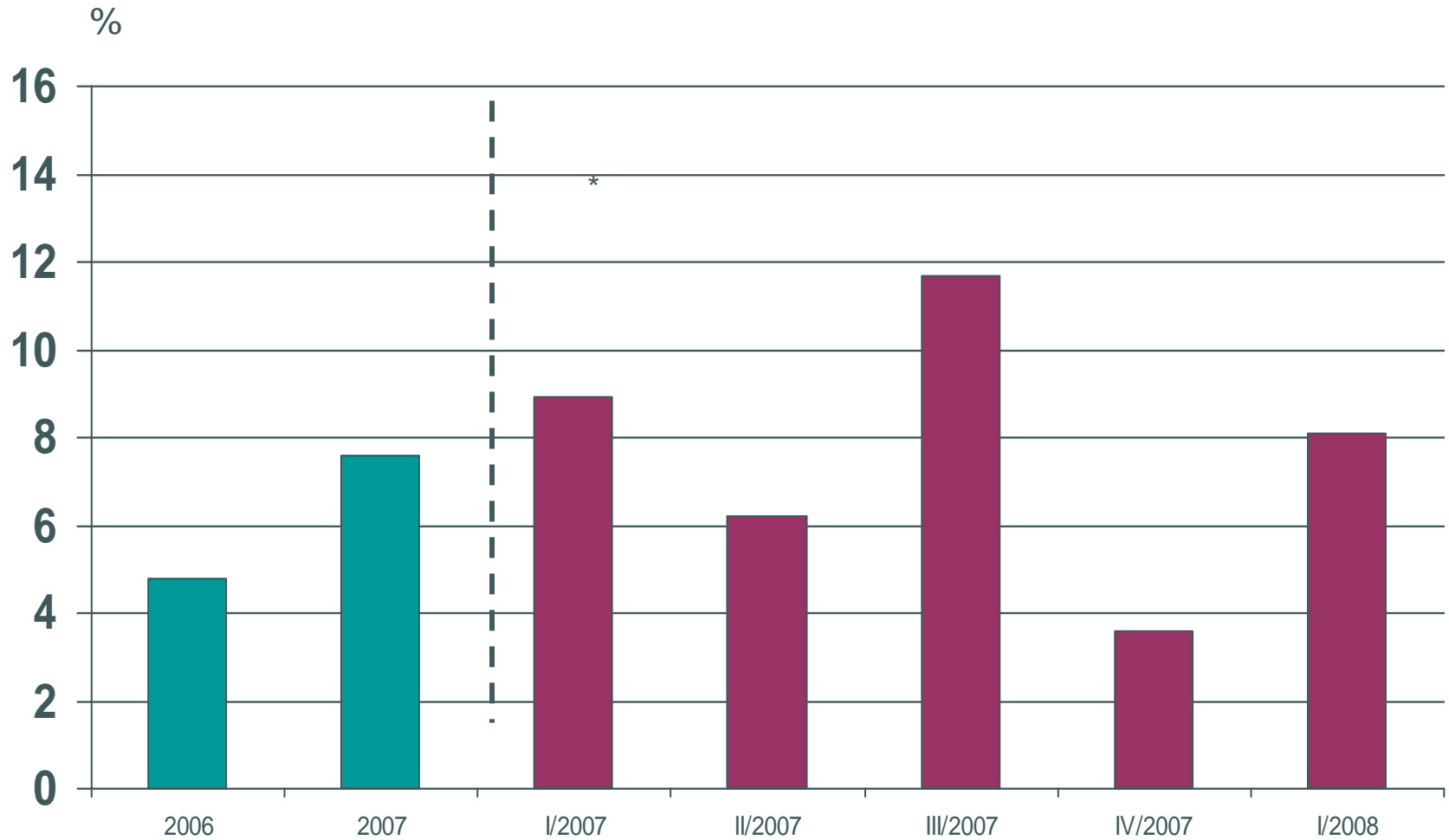
Profitability and Success Factors

Sales 2006-2008, Me *



* 2007-2008 excl. folding carton plants

Operating Profit 2006-2008, % of Sales *



* 2007-2008 excl. folding carton plants

Main Profit Improvement Actions 2006-2007

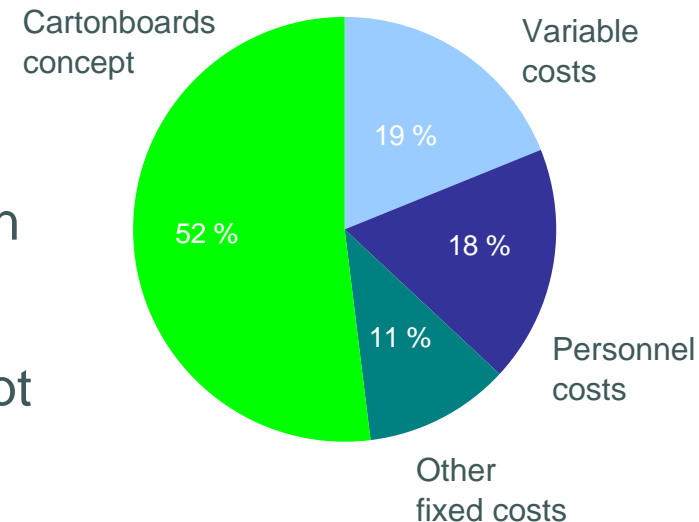
- Total value of actions is about 50 Me (excl. FCP divestments)
- 20 % headcount reduction of 500 persons
 - Including Lielahiti CTMP plant
- Tako BM2 closure in 2007
- Kyro Power plant acquisition in 2007
- Numerous profit improvement actions all over the organisation

- Continuous focus on ONWC

Profit Improvement Actions 2008

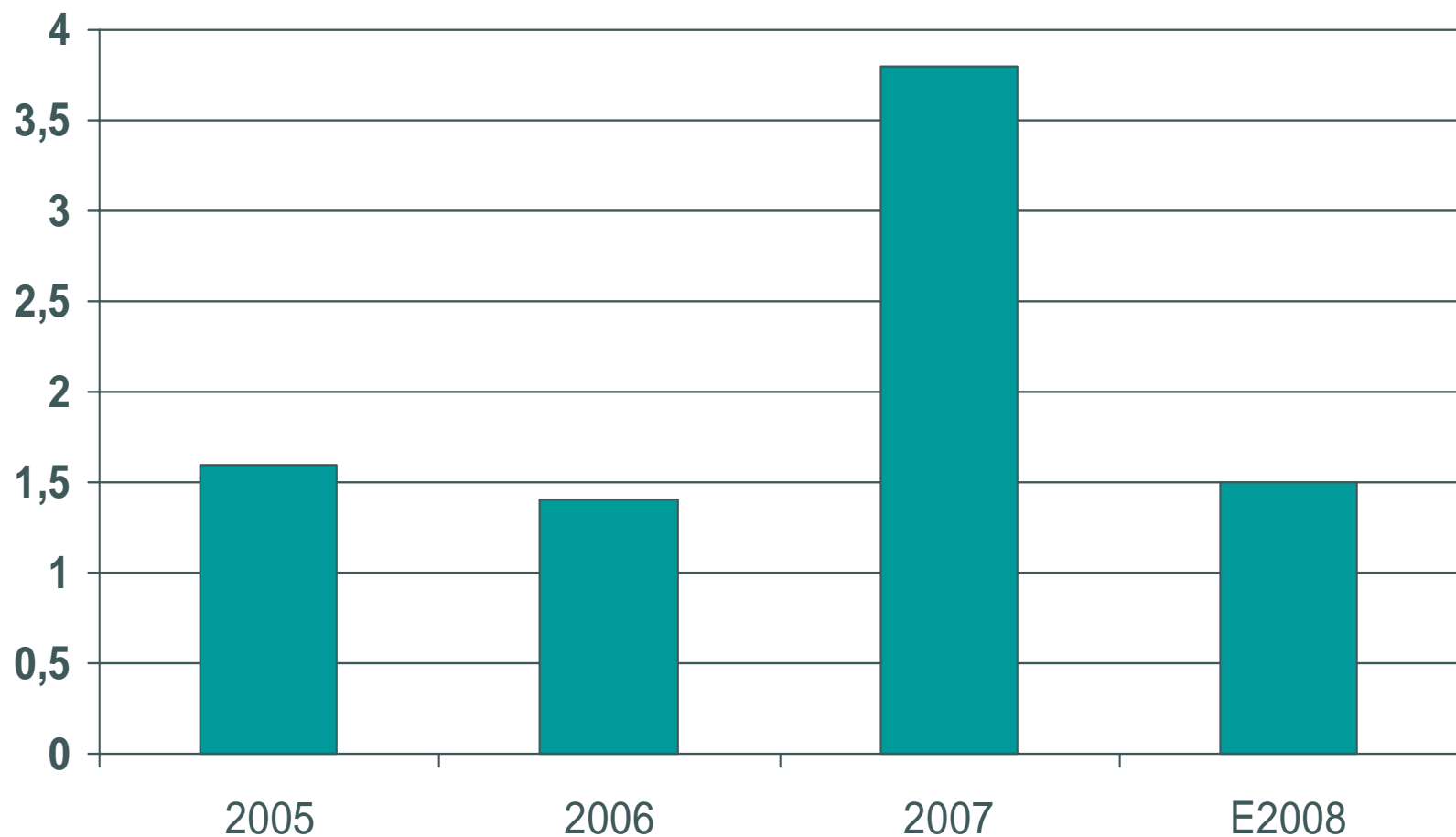
- **Profit improvement actions**
 - Lielahiti BCTMP plant closure
 - Joutseno BCTMP fully for Consumer Packaging
 - Organizational development
 - Variable cost savings through supply chain
 - Complexity reduction in Cartonboards Business by implementing the new concept

Savings targets



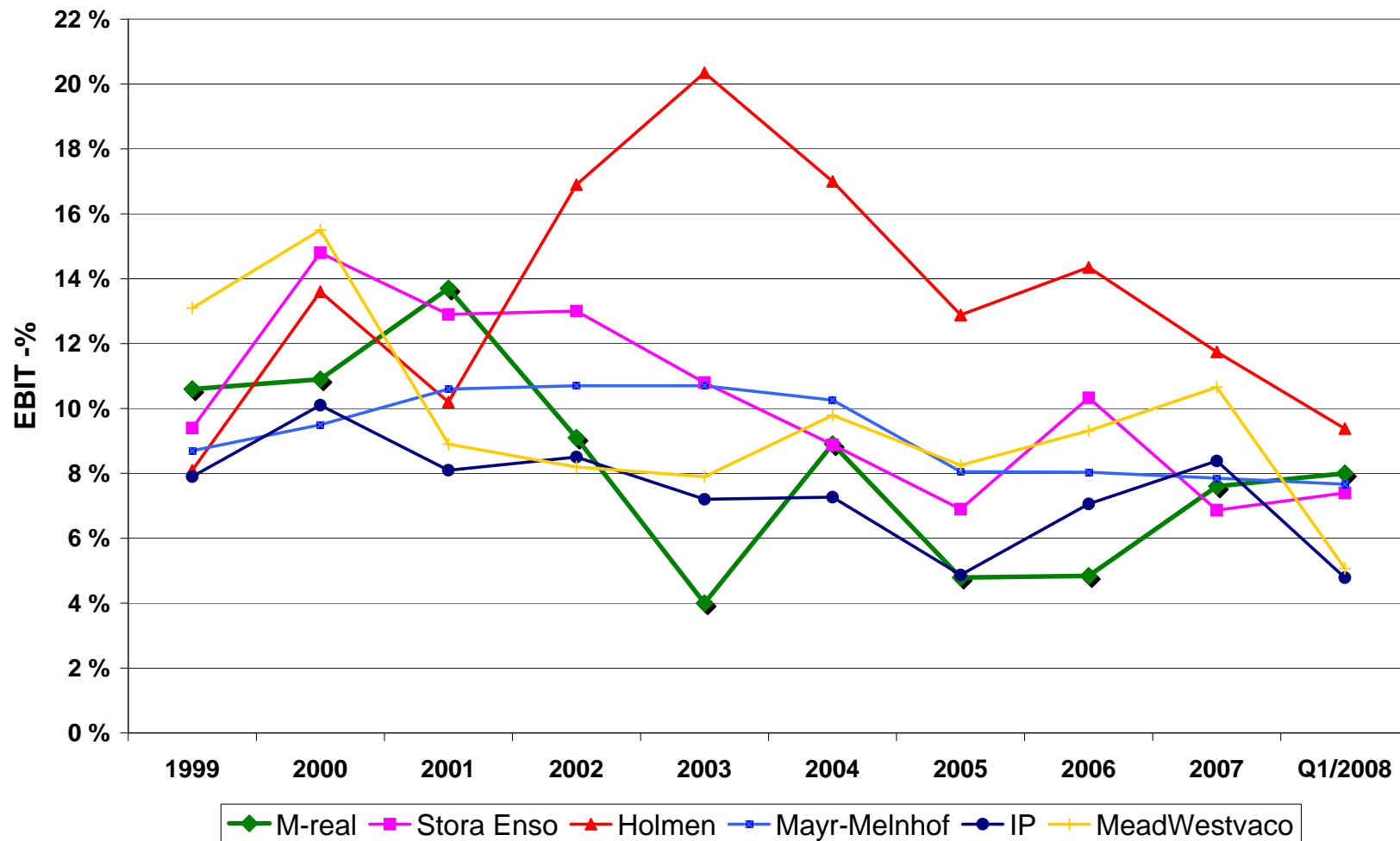
- **Target to realize min. 35 Me by the end of 2010**
 - P&L effect in 2008 about a third of the total

Value of Profit Improvement Actions, % of Sales*



* Excludes impact of Tako BM2 closure

Profitability Development vs. Competition; EBIT -% from 1999 to Q1/2008



Success Factors Behind the Improvement

- Competent and committed personnel
- Business area management moved to Tampere, close to operations
- Business is managed as one entity
- Profit improvement actions in 2006-2008
- Tight cost discipline in general
- Lightweighting and product quality competitiveness
- Complexity reduction
- High fibre and energy self-sufficiency



Market Outlook

Market Outlook

- **Market**

- Business confidence in Europe good expect in containerboards
- Our order inflow has been good but expected to be seasonally slightly slower towards the summer holiday period
- Mills' order stocks at a healthy level

- **Prices**

- Price increases in GBP business in implementation
- Prices in overseas markets continue to increase
- Cost development information is being spread to the customers to justify the importance of the next price increases

Cartonboards Concept

”The Consumer Packaging business area is the strategic focus within M-real.”

Mikko Helander, CEO M-real

Opportunities to Differentiate From Competition

- Efficiency improvement in all steps of the value chain
- Shorter lead times and increased flexibility in supply chain
- Working capital reduction both at customer and producer side
- Potential to improve profitability in addition to the traditional cost cutting
- Sustainability issues, such as climate change

Our Answer is **LITE4U**

Lightweighting brings economy

Innovative development continues

Time is essential

Environment concerns all of us

4 mills at your service

Unique offer for your benefit

LITE4U in a Nutshell

Lightweighting brings economy

- The most efficient boards at the market

Innovative development continues

- Streamlined and fit-for-purpose product portfolio

Time is essential

- Better availability and faster deliveries

Environment concerns all of us

- Continuous commitment to the environment

4 mills at your service

- State-of-art production assets

Unique offer for your benefit!

Streamlined and Fit-For-Purpose Product Portfolio

