



M-real

Leading European Cartonboard Producer

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Citi, European Credit Conference
November 19 2009

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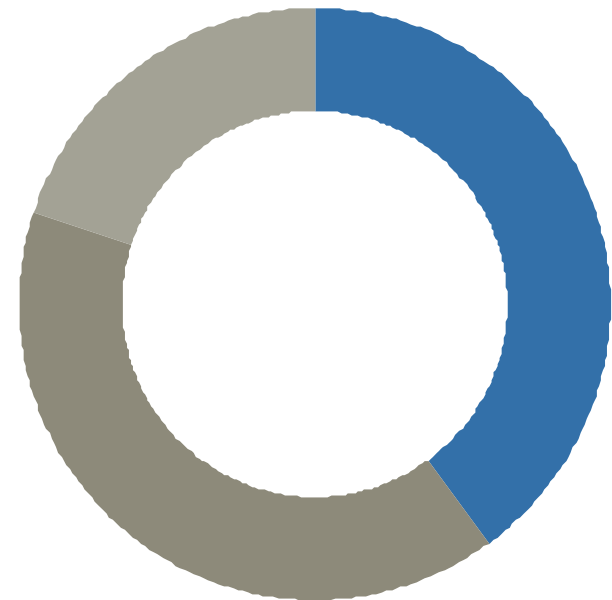
General



M-real in Brief

- Leading European supplier
 - Cartonboard and linerboard
 - Office and speciality papers
- Annual sales ~EUR 2.5 billion
- Approximately 5,700 employees
- Present in over 70 countries
- Production in 5 European countries
- Listed on NASDAQ OMX Helsinki

Sales breakdown 1-3Q 2009



■ Consumer Packaging 40%
■ Paper 40%
■ Market pulp and energy 20%

The image features a 3D architectural rendering of several white, modern buildings with curved, organic shapes. In the foreground, there is a field of green grass with several dandelions. Some dandelions are in full bloom, while others have gone to seed, with their white, feathery heads and long stems. Several dandelion seeds are shown in mid-air, floating against a clear blue sky. The overall scene is bright and clean, suggesting a fresh start or a new beginning.

Strategic Review and Focus Areas

Difficult Starting Point for M-real's Re-Engineering

- Unsuccessful acquisitions in fine papers in the beginning of the decade
- Net debt increased to EUR 3.6 billion due to acquisitions
- Integration of acquired operations and overall efficiency improvement approach insufficient
- Worsening operating environment for European paper industry
- Record high cost inflation in energy and raw materials

Consistent Strategic Direction Since 2006

- Consumer Packaging the strategic core business
- Divestment of underperforming paper businesses
- Complexity reduction
- Major cost savings and ONWC reductions
- Responsible and proactive approach to increase prices

Step 7: Divestment of Botnia's Uruguayan operations 4Q 2009

Step 6: Divestment of Graphic Papers, September 2008

Step 5: Self-sufficiency in pulp – Botnia Uruguay mill in full speed, 2Q 2008

Step 4: New profit improvement and complexity reduction programme, Nov 2007

Step 3: Divestment of Map Merchant Group, July 2007

Step 2: Extension of the October programme through Finnish restructuring, Feb 2007

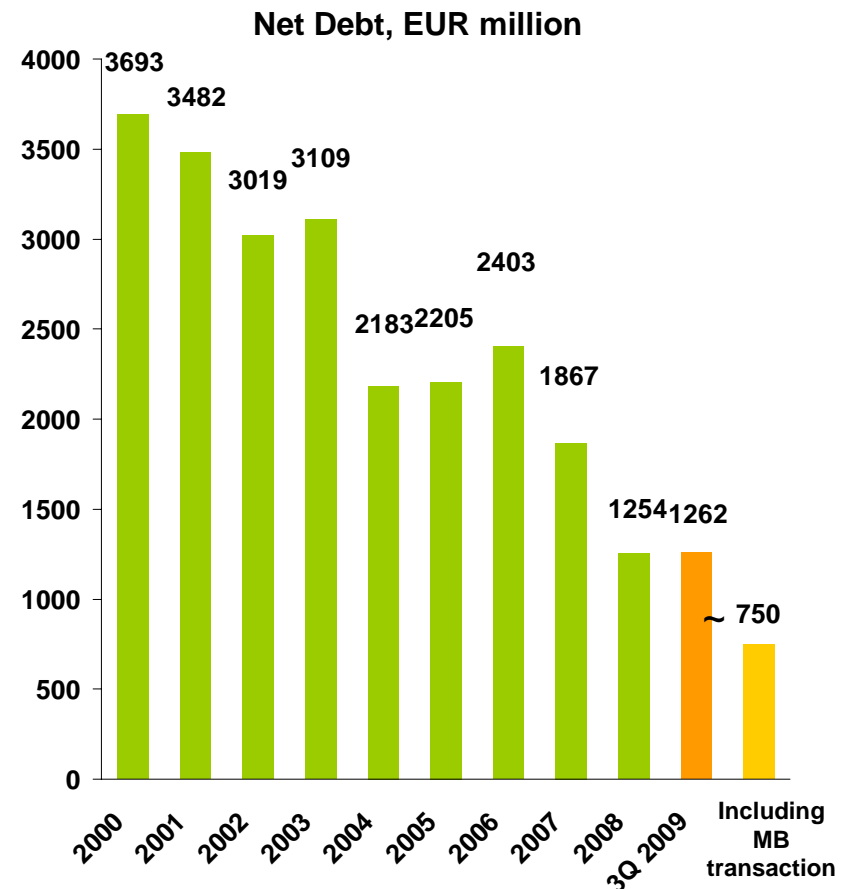
Step 1: Extensive restructuring programme announced in Oct 2006

Metsä-Botnia Uruguay Transaction Signed

- Eucalyptus pulp no longer strategic raw material for M-real
- M-real's pulp consumption and production to balanced situation
- M-real's net debt reduction 500 M€ including 300 M€ cash
- Closing expected latest in 1Q 2010. Subject to signing of financing arrangements and competition authorities' approval
- New Metsä-Botnia ownership structure: Metsäliitto Cooperative 53%, M-real 30%, UPM-Kymmene 17%

Main Results from the Restructuring Since 2006

- Divestments worth over 2 bilj. €
- Net debt to reduce to ~750 M€
- Strong development in Cartonboard
 - Market leadership
 - Good and further improving profitability
- Profit improvements over 400 M€
- ONWC reduction over 300 M€



Actions Focused on the Last Problem Areas

- Additional profit improvement programmes in Husum and Alizay
- Further efficiency improvements in Gohrsmühle and Reflex
- Investments in Hallein pulp mill
- Kaskinen BCTMP sales increase
- Finalization of the adaptation of IT and support functions to fulfil needs of the streamlined company

Strategic Cornerstones of Consumer Packaging

- Strengthening of the market leadership and continuation of organic growth in Europe
- Growth potential in the emerging markets alone or together with the best selected local partners
- Innovative, environmentally superior products based on own active product development
- Fibre know-how and high self-sufficiency
- Modern well invested asset base



Cartonboard Business Concept LITE4U a Great Success

Main features of LITE4U

- Streamlined product portfolio, focus on lightweighting
- More uniform product quality
- Better availability and faster deliveries
- Improved cost efficiency, less products per mill

Lightweighting
Innovative
Time
Environment
4 mills
Unique offer

From day one customers have warmly welcomed LITE4U

- Major influence when M-real reached the market leadership in early 2009

Strategic Review of the Paper Business Proceeds

- Successful divestments of Map Merchants and Graphic Papers
- M-real in strong position in participating restructuring of the European uncoated fine paper business
 - After efficiency improvements Husum with own strong brands very competitive
 - Alizay the leading European mill with own brands in fast growing recycled business
 - M-real is seeking innovative structural options to improve WFU business
- M-real Zanders is the leading European speciality paper producer
 - New measures needed to reduce complexity and improve efficiency
 - After completion of these changes it is the time to participate in the European speciality paper consolidation

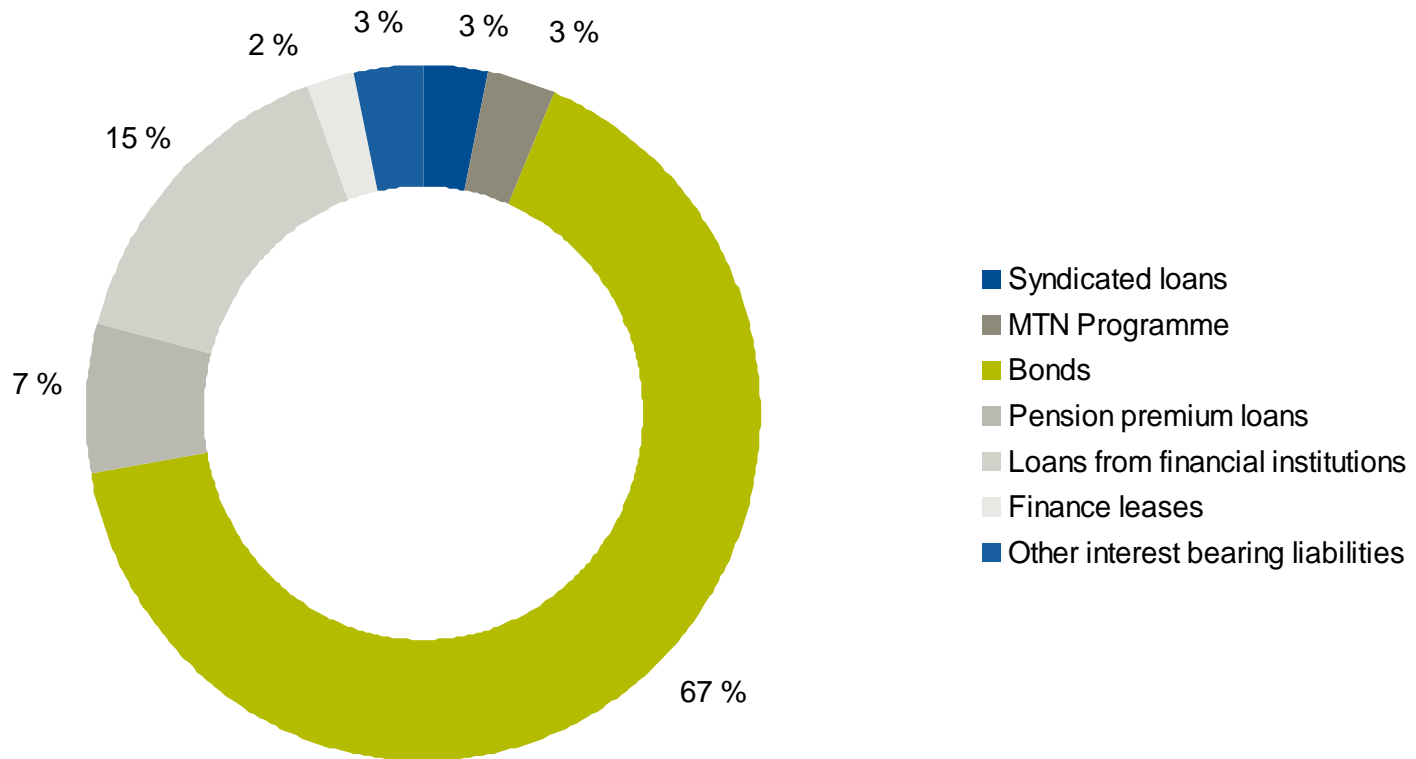
Financing



Interest Bearing Net Liabilities 30.9.2009

• Long-term	1 550
• Short-term	226
• Total interest bearing liabilities	1 776
• Liquidity and other interest bearing receivables	514
• Interest bearing net liabilities	1 262

Long-term Interest Bearing Liabilities



Total 1 550 m€ 30.9.2009

Loans and Interest Rate

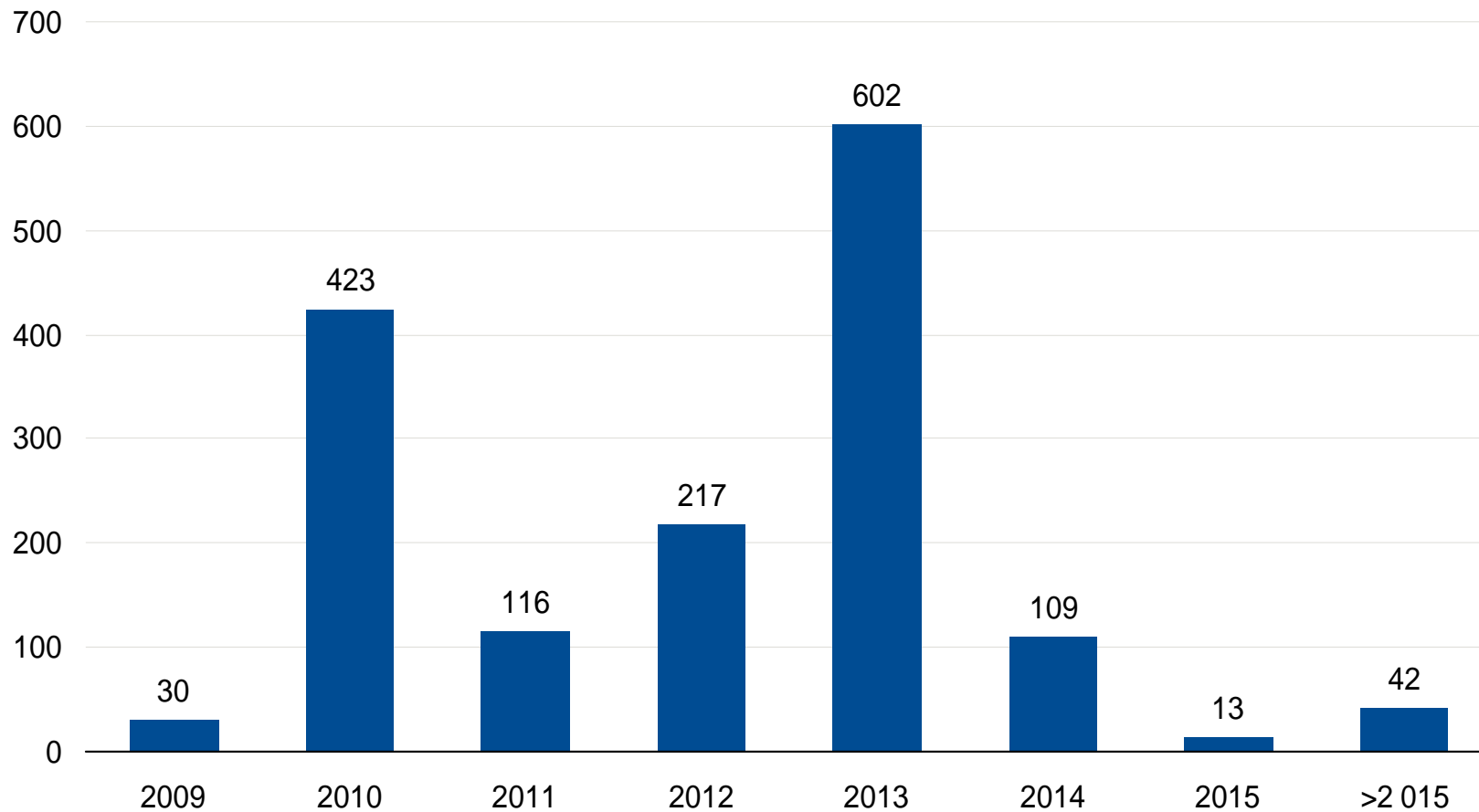
At the end of 3Q 2009

- Average maturity of long term loans 2,7 years
- Average interest rate of loans (including derivatives) 5,1 %
- Interest rate maturity of loans (including derivatives) 5,1 months

- Of the loans about 87 per cent was subject to variable interest rates and 13 per cent to fixed interest rates

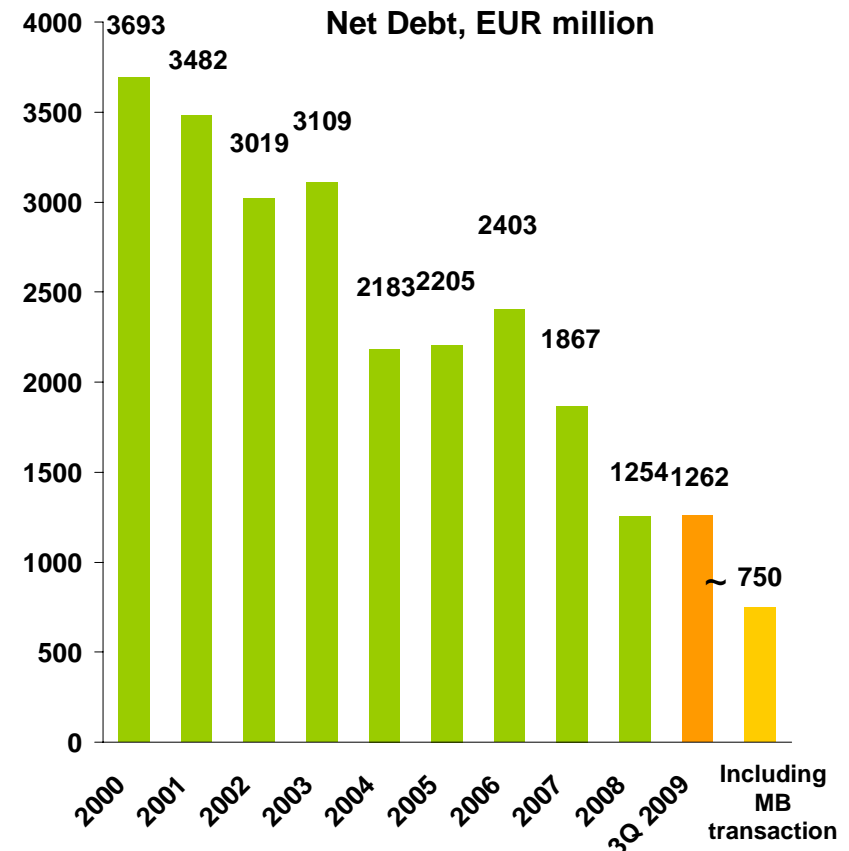
Maturity Profile 30.9.2009

EUR, million



Net Debt Reduction Targeted to Continue

- Net debt to reduce to about 750 M€ after closing of Metsä-Botnia Uruguay transaction
- We are further strengthening our liquidity
 - To repay 340 M€ eurobond when due in Dec. 2010
 - To cope with the prevailing macroeconomic challenges
- 500 M€ revolving credit facility due in Dec. 2009 cancelled in October





Results 3Q 2009

Difficult Year 2009

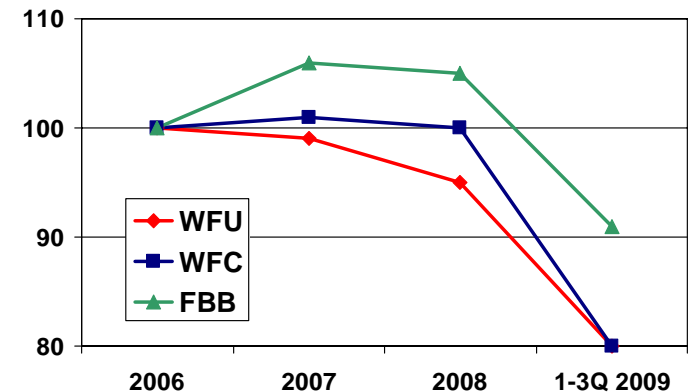
Global recession

- Drastic drop in demand for pulp, paper and board since late 2008
- Dramatic drop of pulp price and negative price development of WFU
- Unfavourable USD and GBP exchange rates
- Lower valuations of wood and pulp inventories

Restructuring of operations

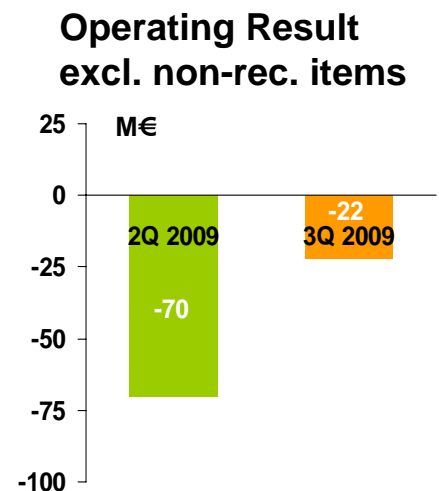
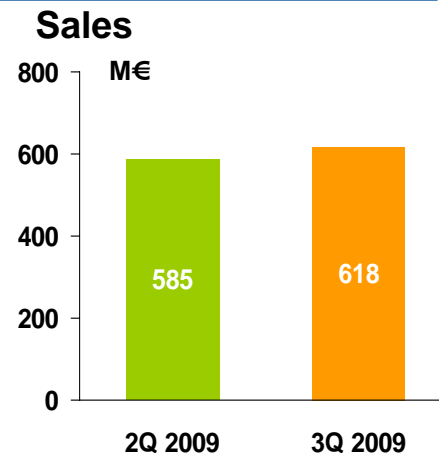
- Adaptation to the divestment of Graphic Papers
- Hallein paper mill closure
- Production changes in Gohrsmühle

Indexed Cepi total deliveries (2006=100)

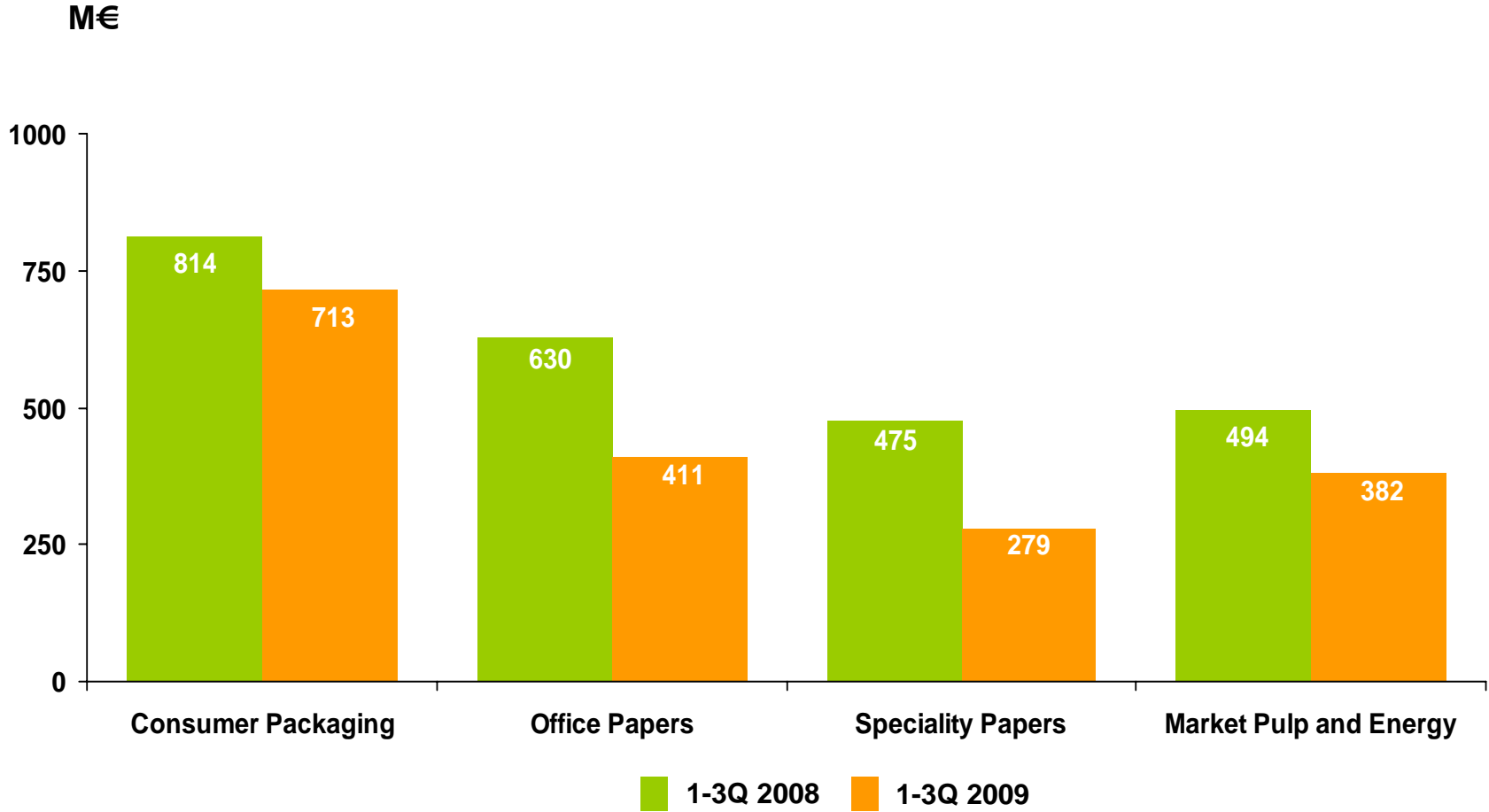


Profitability Improved Clearly in 3Q From the Weak First Half of the Year

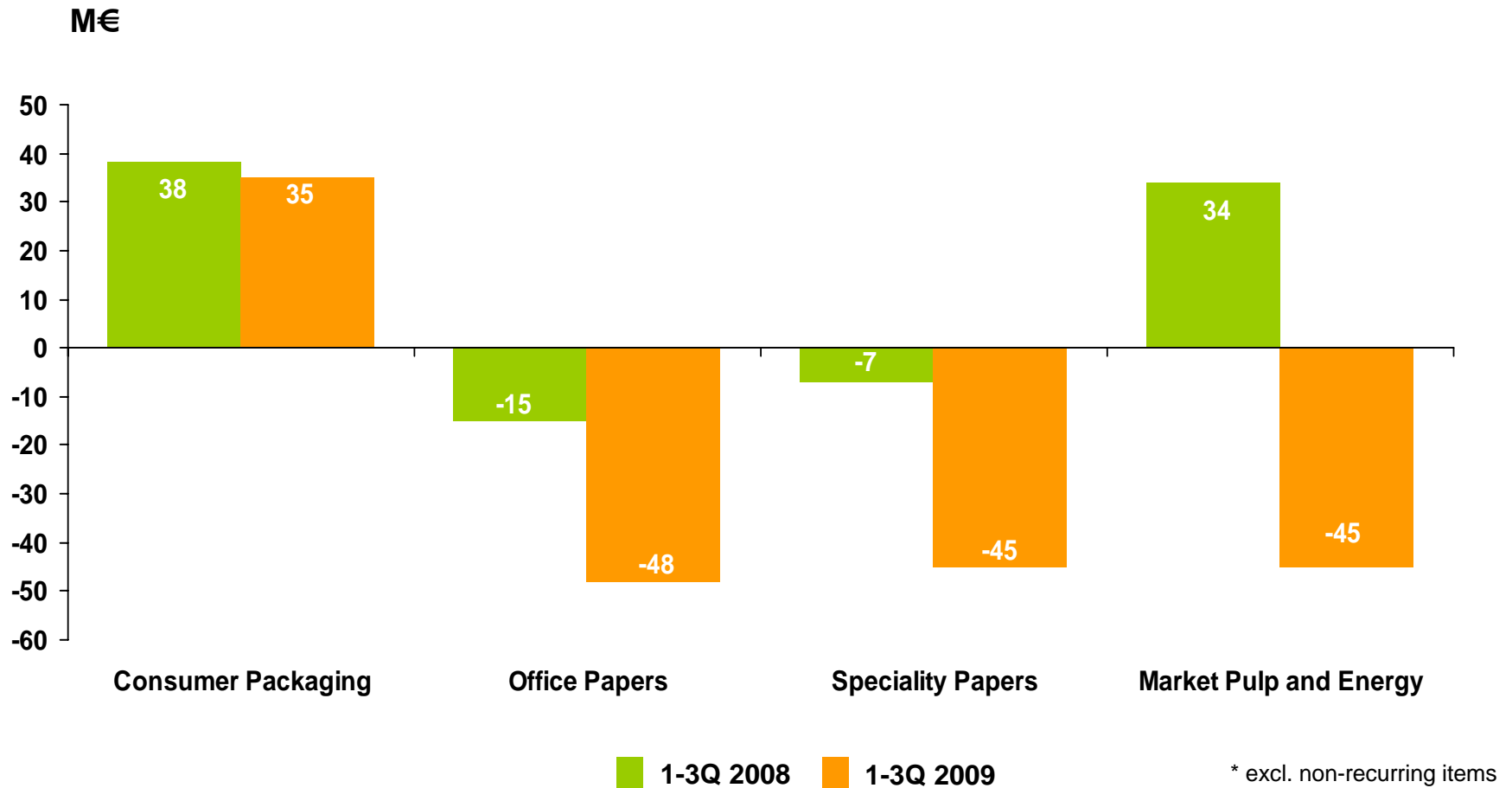
- Operating cash flow 49 M€ in 1-3Q 2009
- Consumer Packaging EBIT exceeded 12% of sales
- Operating rates improved, especially in boards
- Price increases announced for linerboard and FBB
- Pulp price continued to increase
- Successful major rebuild of Husum pulp mill boilers
- 190 M€ vendor loan repayment by Sappi



Sales by Business Area



Operating Result by Business Area*



Outlook



Last Quarter in 2009 Expected to be Clearly Better Than the First Two Quarters

- Folding boxboard demand to remain good also in 4Q
 - Price increase proceeding
- Uncoated fine paper demand at a relatively good level
 - Price pressure seems to continue
- Speciality paper demand still below normal but improving gradually
 - Prices expected to remain stable
- Pulp price increase expected to continue during the fourth quarter



Thanks to Restructuring M-real in Clearly Better Position to Improve Profitability from 2010

- Consumer Packaging's good performance to become more visible
- Heavily loss making coated paper business out of the company
- Improved demand for pulp, board and paper
- Positive price development in pulp and board
- Significant cost savings through implemented and planned efficiency improvements
- Lowering depreciations and financing costs





Thank You!