

M-real

Future Profit Improvement Potential

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Contents

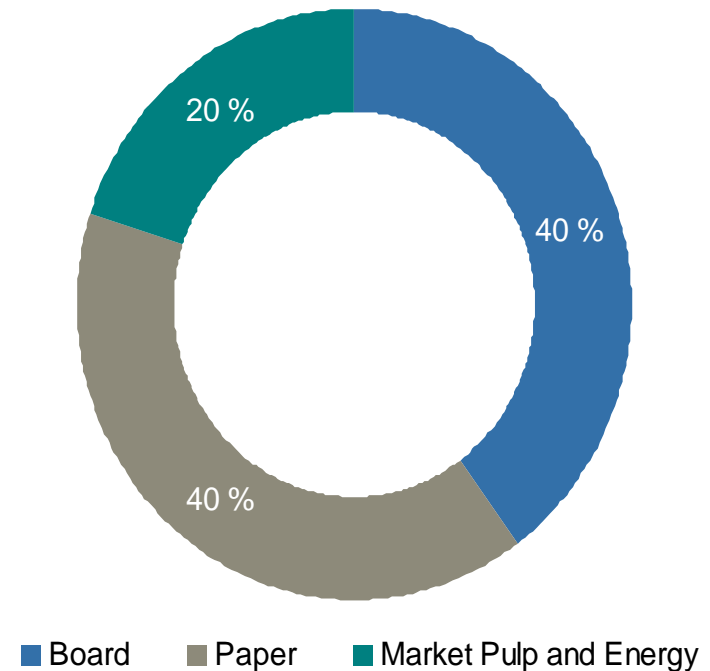
1. M-real in Brief
2. Successful Structural Change
3. Next Restructuring Steps
4. Great Potential of Virgin Fibre Based Cartonboard
5. Summary



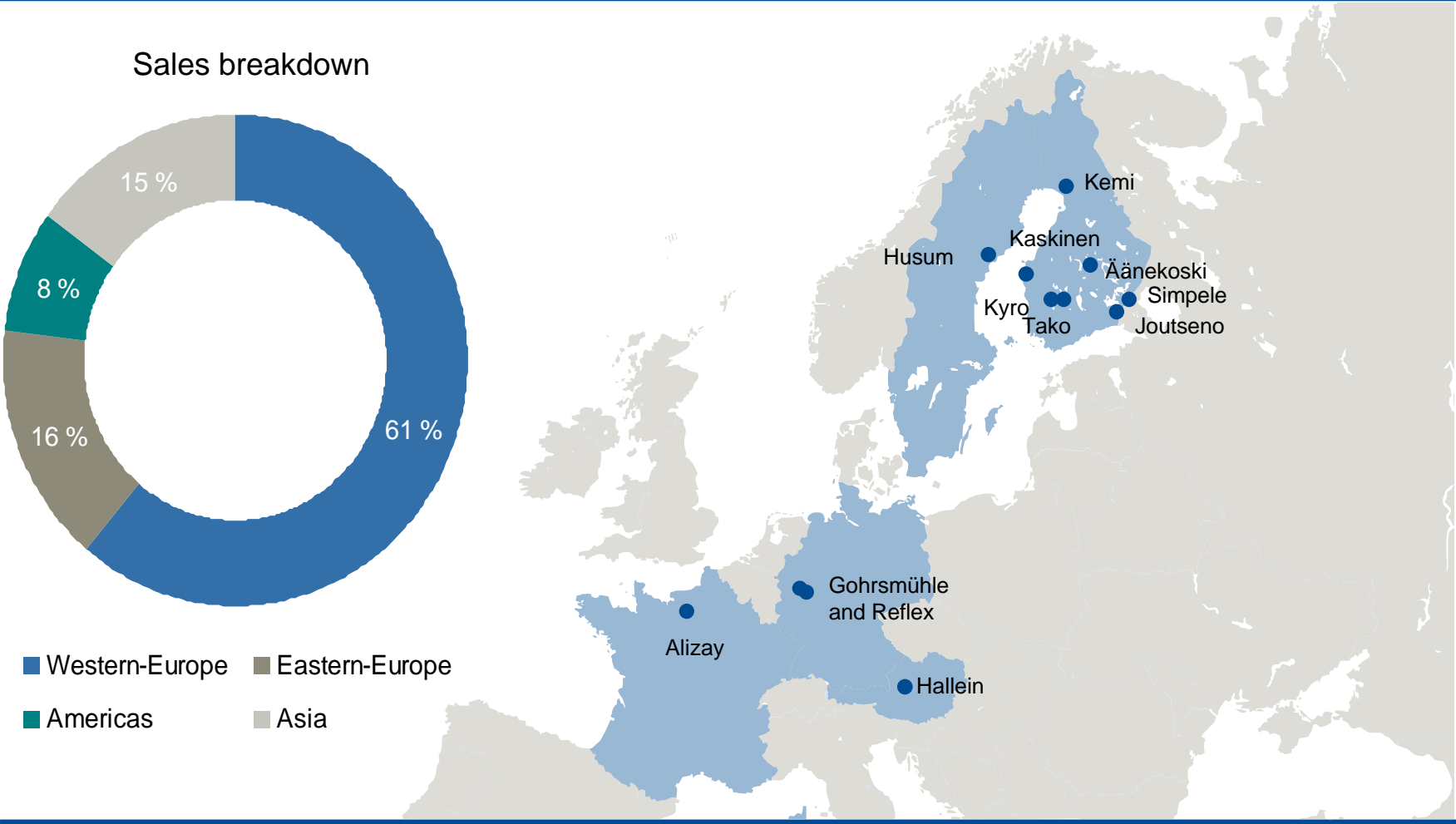
M-real in Brief

- Leading European supplier
 - Folding boxboard and linerboard
 - Office and speciality papers
- Fully self-sufficient in pulp and over 60 % self-sufficient in energy
- Annual sales ~EUR 2.5 billion
- Approximately 4,800 employees
- Important ownerships in Metsä-Botnia and PVO
- Listed on NASDAQ OMX Helsinki, Metsäliitto Cooperative the largest shareholder

Sales breakdown



Production in Europe, Sales Globally





Successful Structural Change

Consistent Strategic Direction Since 2006

- Cartonboards for consumer packaging the strategic core business
- Divestment of underperforming paper businesses
- Major cost savings through complexity reduction and efficiency improvement
- High pulp and energy self-sufficiency
- Proactive approach to increase prices

New profit improvement programme 2010

Divestment of
Botnia's Uruguayan operations 2009

Divestment of Graphic Papers 2008

Self-sufficiency in pulp 2008

New efficiency improvement programme 2007

Divestment of Map Merchant Group 2007

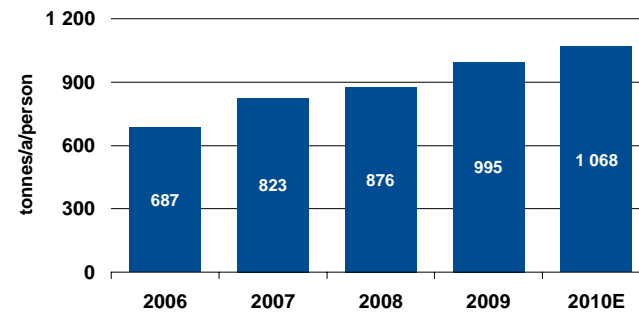
Extension of the restructuring programme 2007

Extensive restructuring programme 2006

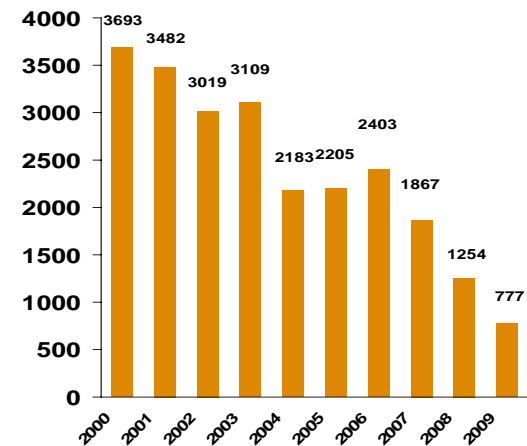
M-real Has Achieved Significant Results from Restructuring

- Productivity of the mills improved by 55 % from 2006
- Sales office locations reduced by almost 30 %, logistics locations by 50 %
- Capacity closures of about 2 million tonnes/a
- Divestments worth over EUR 2 billion mainly of non-profitable paper businesses
- M-real's net debt reduced to about one third of the 2006 level

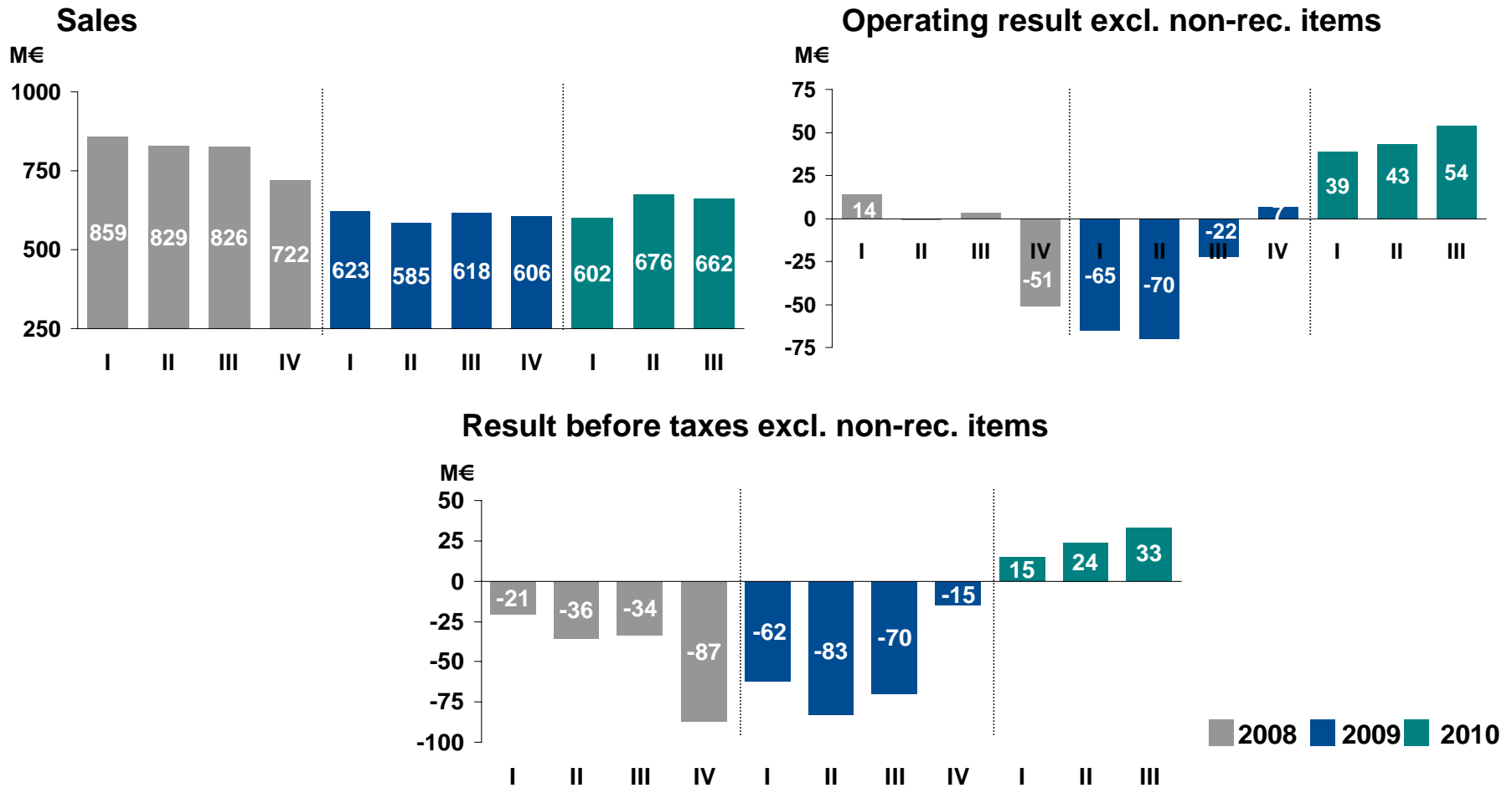
Capacity per employee in M-real's pulp, paper and board mills



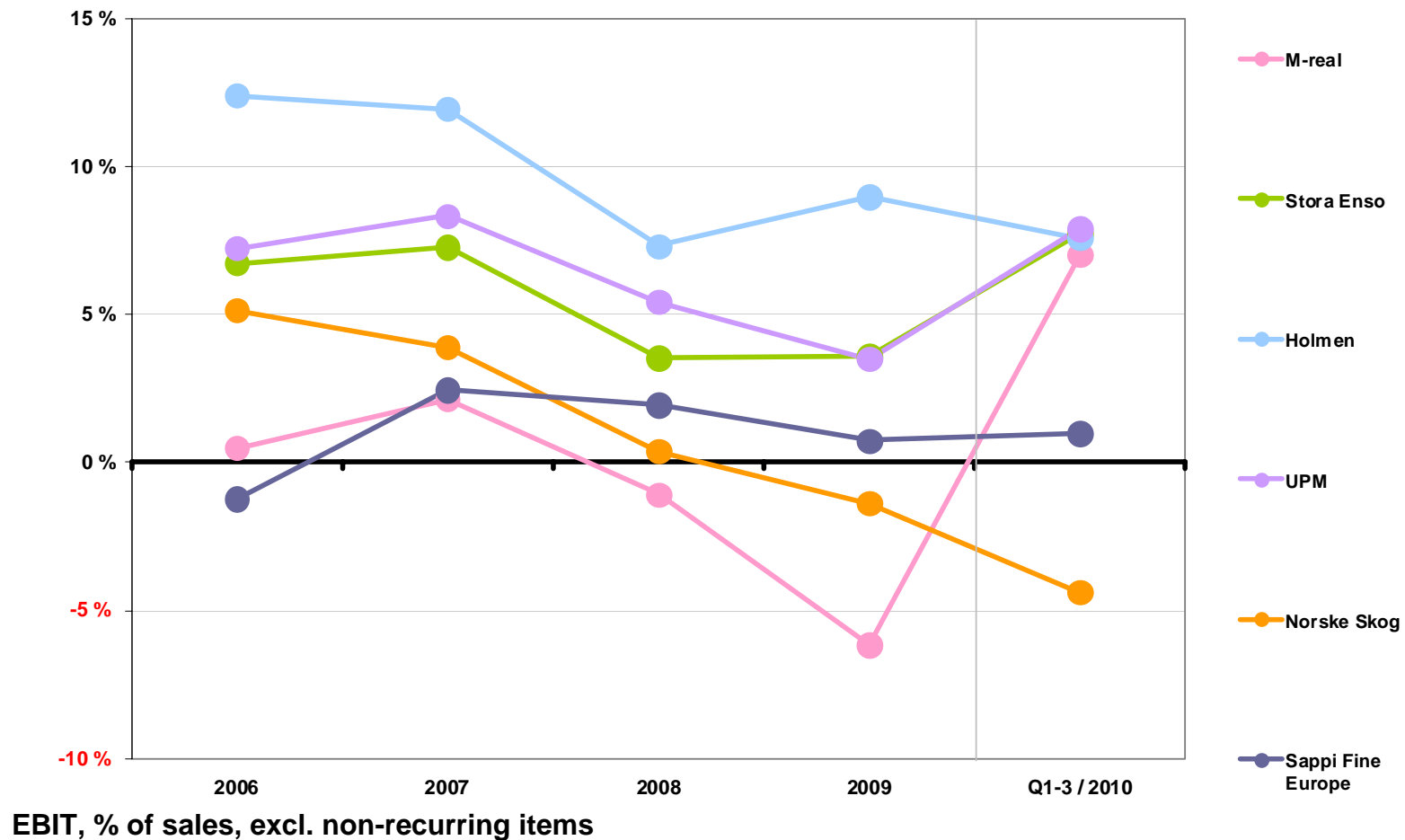
M€ M-real's net debt development



Positive Profitability Trend from Summer 2009



M-real's Profitability in Line With Main Competitors





Next Restructuring Steps

Current 80 m€ Profit Improvement Programme Successfully Implemented in 2010

- Uncoated fine papers, 30 m€ profit improvement
 - 22 M€ energy efficiency investment and personnel reduction of 200 at Husum
 - Closure of the Alizay pulp mill
- Speciality papers, 18 m€ profit improvement
 - Closure of two speciality paper machines at Reflex, product offering and business volume unchanged
 - Personnel reduction of 220 in M-real Zanders
- Rearrangement of IT services give 30 M€ savings from 2010
- 20 M€ continuous improvement programme concerning all BAs and support functions

Positive impact of these measures combined with the earlier announced programmes is expected to be 100 m€ in 2010 and additionally 60 m€ in 2011

M-real Is Actively Increasing Prices

- Price for FBB and liner 10% higher than in the beginning of 2010
- WFU price increased over 15 % in 2010
- Average price of speciality papers increased in excess of 5 % in 2010



Significant Profit Improvement Potential by Completing the Paper Business Restructuring

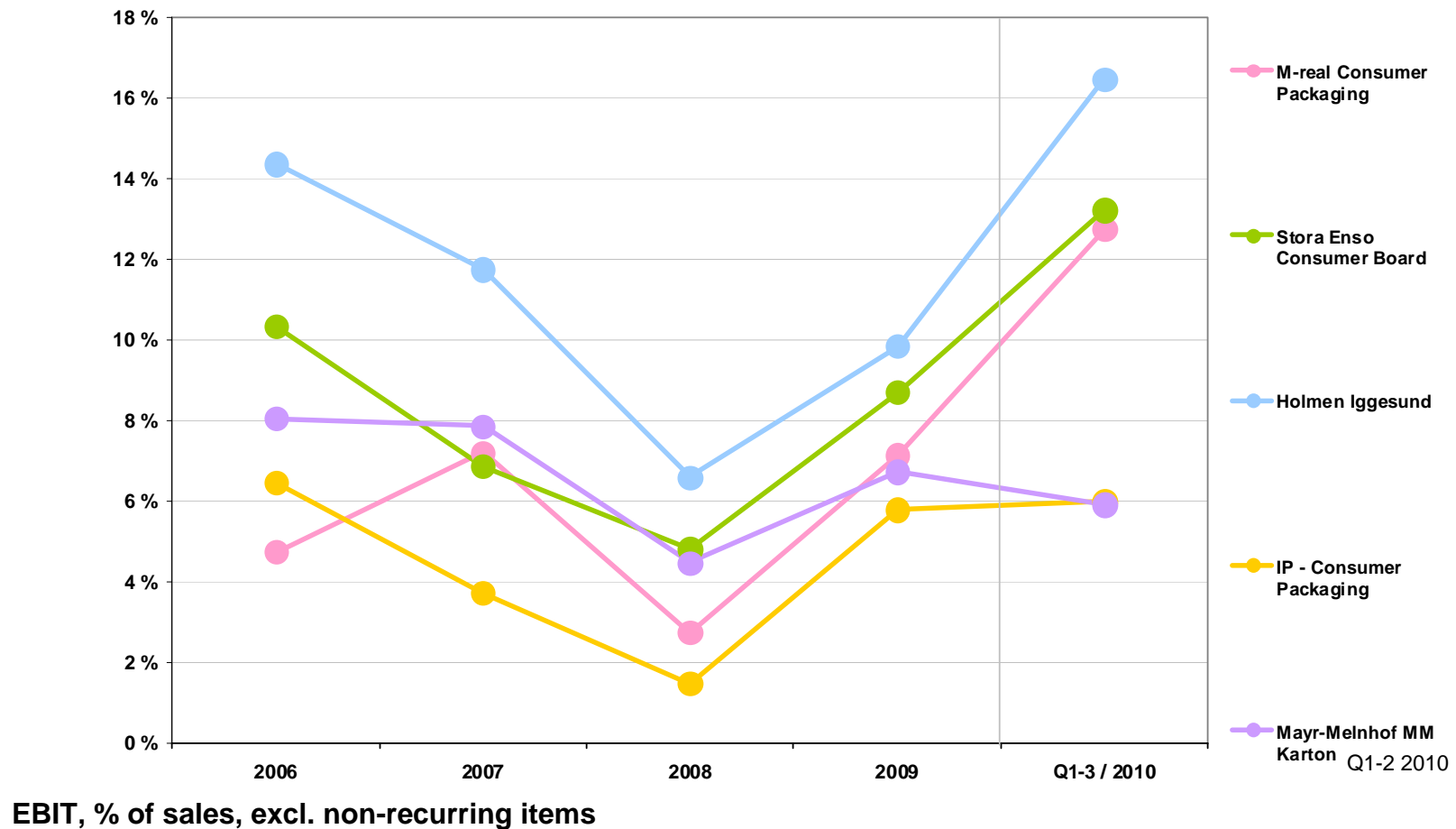
- Improving performances of the paper operations based on already implemented measures
- New profit improvement measures targeting especially Alizay, Zanders, Husum PM8 and Äänekoski
Paper under construction
- Strategic review continues to participate the European wide consolidation of the office and speciality paper businesses
 - Separate divestments of the underperforming units planned as another alternative

Elimination of the losses of the paper businesses will raise M-real's profitability to a new level



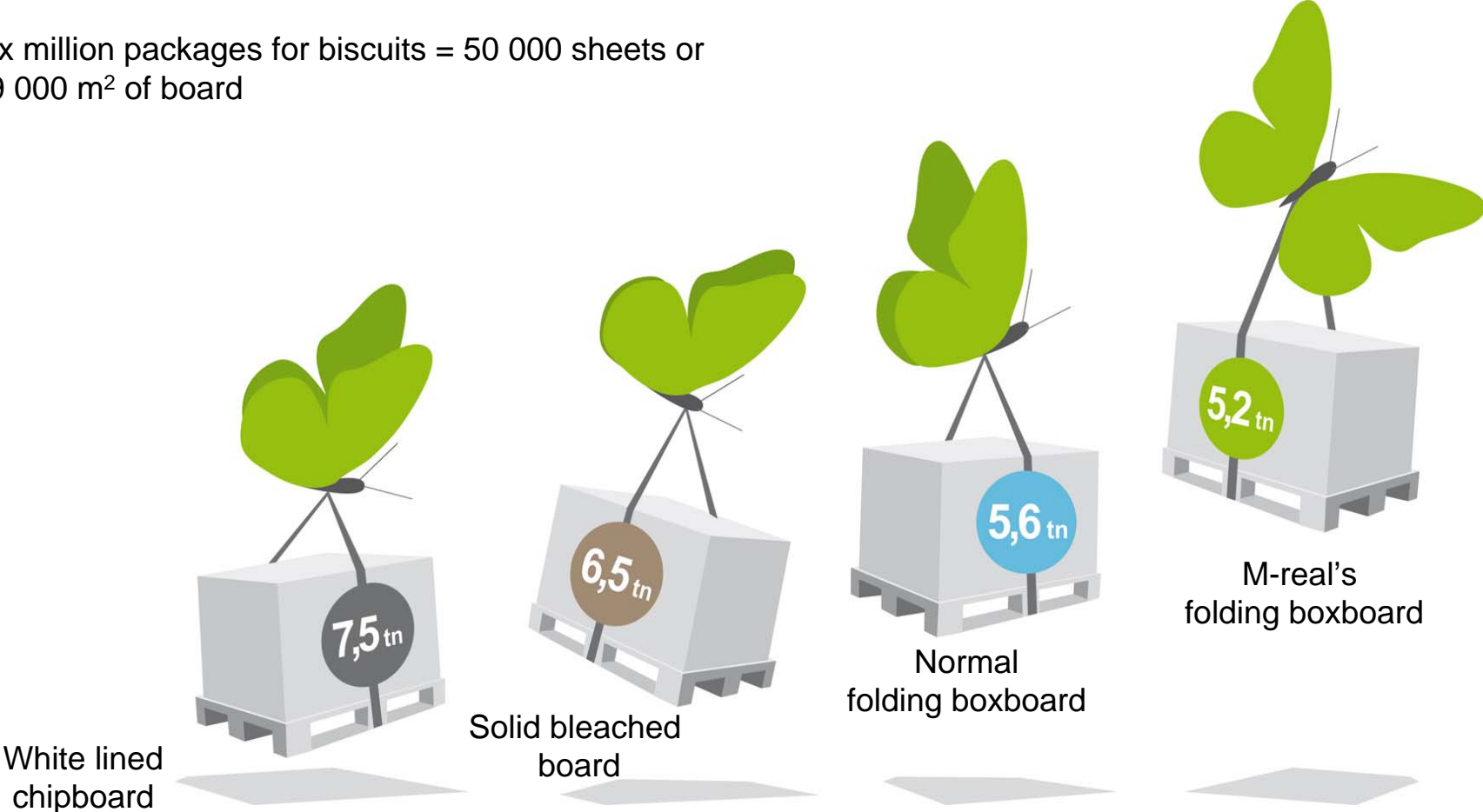
Great Potential of Virgin Fibre Based Cartonboard

Profitability of Consumer Packaging Among the Best of the Industry



M-real's Success is Based on Ecological Cartonboard that Is up to 30% Lighter than Competitors

Six million packages for biscuits = 50 000 sheets or 19 000 m² of board



Sustainability and Safety Extremely Important for Global Brand Owners

- Less fibre, energy and water is used in producing M-real's lightweight boards
- Lightweighting reduces consumption of energy and emissions in the logistics chain
- Wood is renewable and ecological raw material
- Pulp mills producing the fibre raw material are also major bioenergy producers
- Virgin fibre board the safest alternative for food packaging
 - No migration concerns as in recycled board

M-real's lightweight folding boxboard the most environmentally sound packaging material, the lowest carbon footprint



Folding Boxboard Demand Growth Expected to Continue Strong

- Based on Pöyry folding boxboard demand is estimated to grow by 2-3 %/a until 2025
- Demand growth may turn out to be faster than estimated due to:
 - Fibre based packaging solutions substituting plastic, metal and glass packaging
 - Pure and lightweight virgin fibre cartonboards replacing also recycled fibre based board especially in food packaging



M-real's Success Is Based on Fibre Knowhow and Self-Sufficiency

- Thanks to high quality fibre raw material M-real is the global leader in terms of quality and sustainability
- Own high quality BCTMP enables the production of top class cartonboards
- Fibre self sufficiency both in chemical pulp and in BCTMP
- Limited availability for wood raw material and fibre knowhow restricts entries of new producers



M-real is Growing Its Cartonboard Business

- 26 M€ investment in 80 000 ton/a capacity expansion at Simpele
 - Simpele's cartonboard machine the most efficient in Europe
 - To be completed in summer 2011
- 16 M€ investment in Kemiart Liners to increase share of high value added coated products
 - To be completed in autumn 2011
- Evaluations regarding further development steps in cartonboard continue
 - M-real's current BCTMP capacity enough to increase FBB capacity from about 800 000 tons/a to over 1 500 000 tons/a

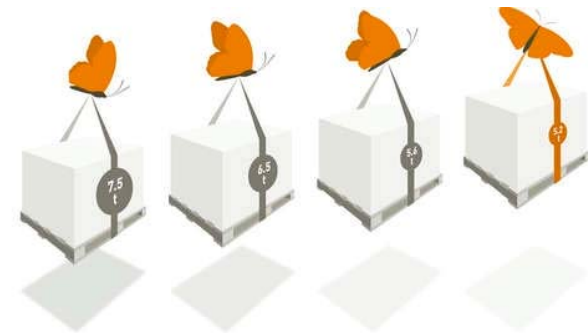


Summary



M-real Has Still Significant Profit Improvement Potential

- Board prices clearly higher from the beginning of 2011
 - All opportunities for further price increases will be utilised
- Continue profitable growth in cartonboard business
- New extensive profit improvement programme focusing on paper units under construction
- Paper business strategic review continues
 - Potential industry consolidation in Europe
 - Possible separate divestments of non-profitable units



Thank you!

