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Investment Highlights

- Strong core in high-quality cartonboards
 - M-real the European market leader in folding boxboard
 - Good growth potential
- Turn-around in profitability
- Significant net debt reduction in recent years
- Strategic review ongoing
 - M-real the forerunner in paper merchanting and coated papers industry restructuring in Europe
 - Asset divestments
 - Extensive cost savings and cash flow improvement programmes

Strategy

Consistent Strategic Direction Since 2006

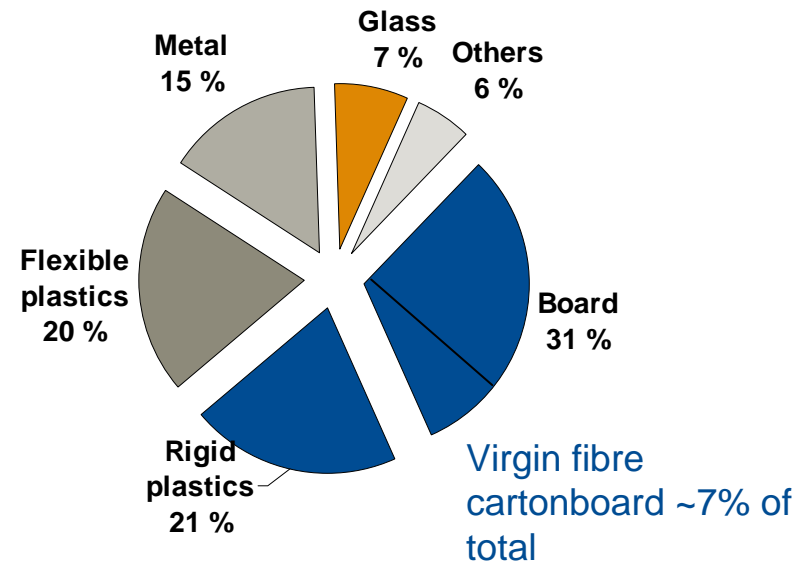
- Cartonboards for consumer packaging the strategic core business
- Divestment of underperforming paper businesses
- Major cost savings through complexity reduction
- Responsible and proactive approach to increase prices



Packaging Is One of the Biggest and Fastest Growing Businesses in the World

- One of the most important well-being drivers in the world
- Product safety issues are crucial
- Branding and information sharing increasingly important
- Criticism against bad packaging increasing

Global Packaging Market (\$634 Billion)



Sources: Pira & M-real

Several Megatrends Supporting Good Packaging

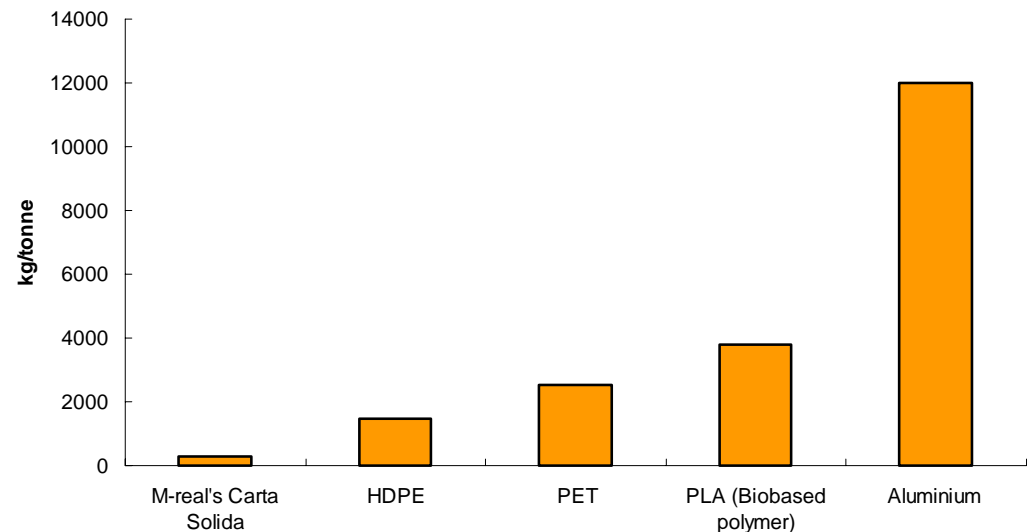
- Demand for good packaging heavily increasing
- Good packaging is environmentally sustainable
 - Made out of renewable raw material and recyclable
 - High energy self-sufficiency in production
 - Low carbon footprint
 - Lightweight
- Good packaging is safe
 - Durable
 - No migration
 - Good printing surface
- Good packaging is economical



Virgin Fibre Board Is the Best Example of Good Packaging – Lowest Carbon Footprint

- Virgin fibre based lightweight cartonboards the most environmentally sound packaging material
- Wood fibre based products replace non-renewable materials like plastic and aluminium
- Virgin fibre board replaces also recycled fibre based packaging materials

Cartonboard has the lowest carbon footprint

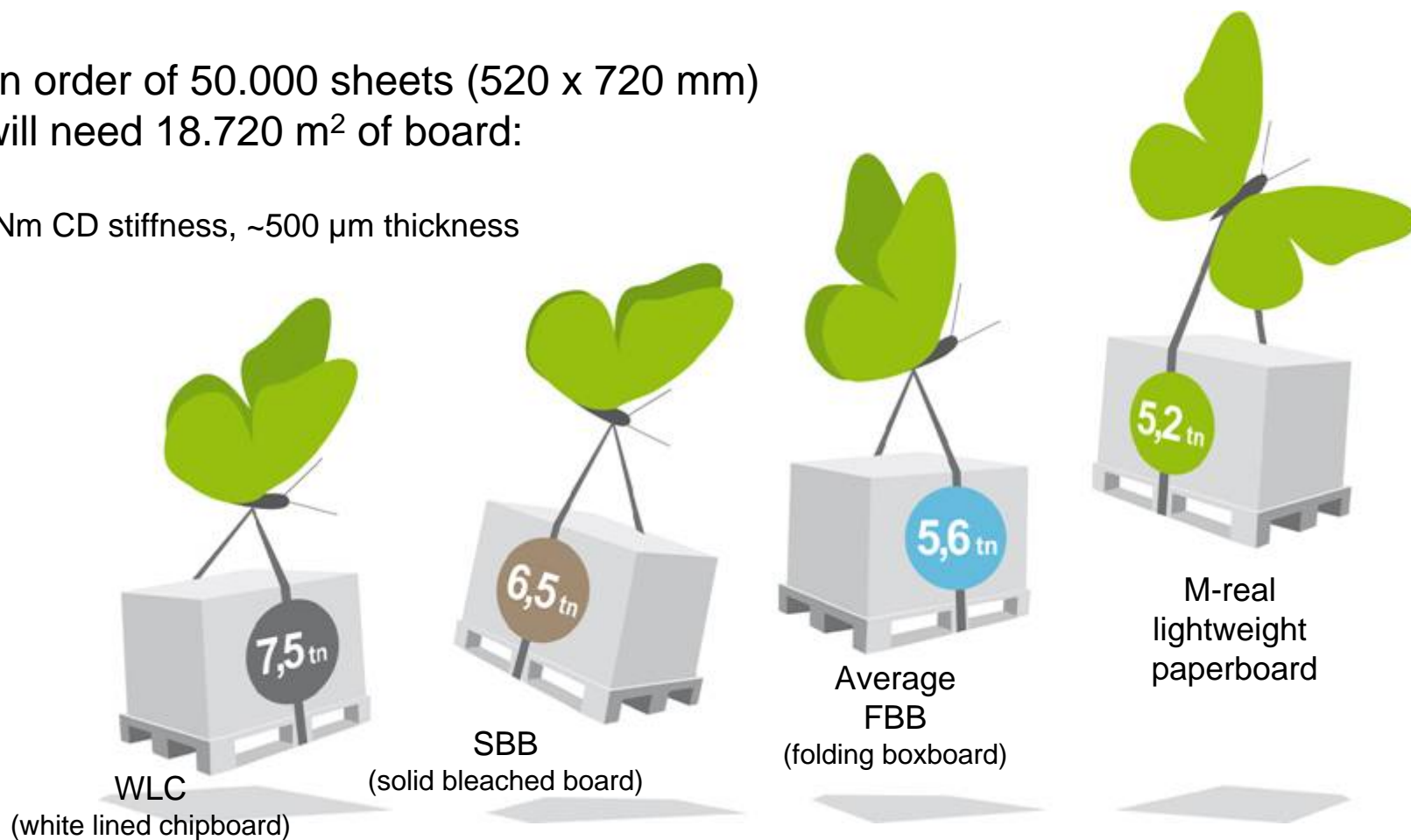


Source: M-real and Sustainable Packaging Coalition - SPC

Watch Your Weight!

For an order of 50.000 sheets (520 x 720 mm)
you will need 18.720 m² of board:

~13 mNm CD stiffness, ~500 µm thickness



M-real Targets Growth in Its Core Business Packaging

- Huge growth potential in wood fibre based packaging applications when replacing non-sustainable packaging materials
- M-real a strong producer of virgin fibre based cartonboard and white top linerboard as well as packaging related speciality papers
- Access to wood raw material, superior fibre knowhow and pulp self-sufficiency
M-real's important competitive advantages



M-real Well Equipped for Expansion of Cartonboard Business

- Excellent potential to increase the output of current machines with modest investments
 - Significant amount of excess pulp currently
- New investments were announced by M-real in 3Q 2010
- Investigations ongoing to benefit growth potential in Russia, Eastern Europe or Asia
 - Alone and together with the best selected local partners



M-real is Investing in Its Cartonboard Business

- 26 M€ investment in 80 kton/a capacity expansion at Simpele
 - Simpele's cartonboard machine the most efficient in Europe
 - Simpele mill's sheeting capacity will be expanded
 - To be completed in summer 2011
- 16 M€ investment in Kemiart Liners to modernize the coating section
 - Increased share of high value added coated products
 - To be completed in autumn 2011
- Evaluations regarding further development steps in cartonboard business continue



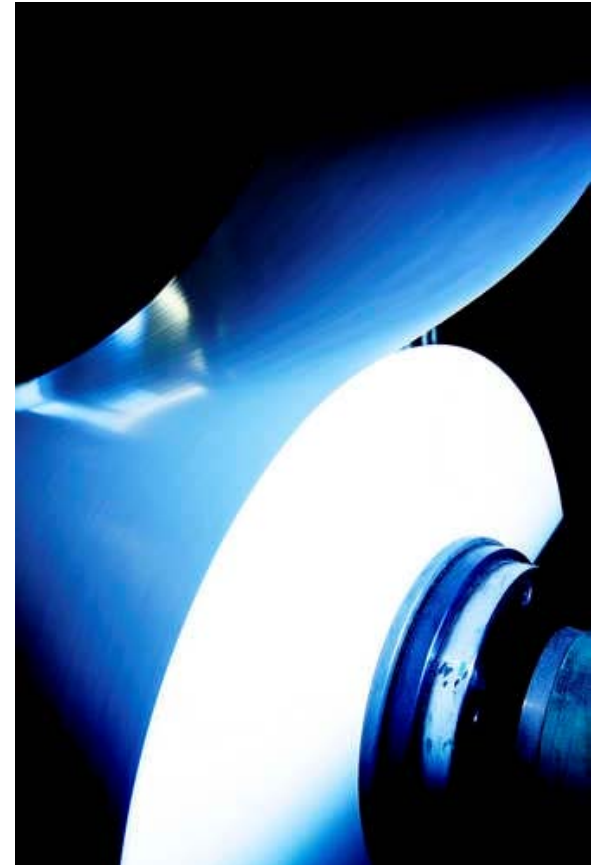
M-real Strategic Review

- M-real's Response to the Changes in Business Environment

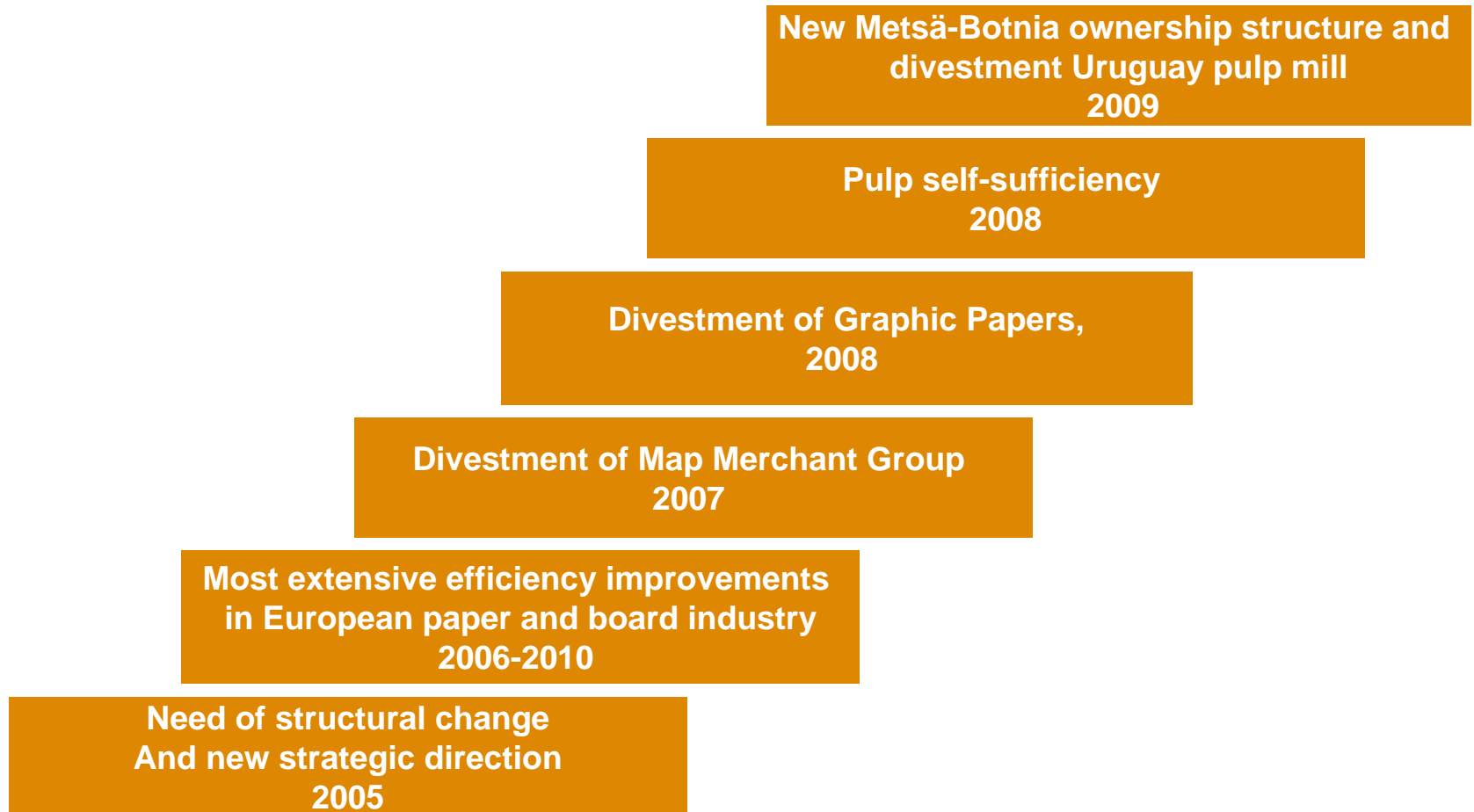
- In March 2006, M-real's Board of Directors initiated a strategic review
- M-real was the first major paper company to emphasize the need for industry consolidation and extensive restructuring
- M-real took the leading role in European paper merchanting restructuring in 2007
- M-real also took the leading role in European coated paper industry restructuring in 2008
- Extensive internal profit improvement programmes

Strategic Review of the Paper Business Proceeds

- M-real in strong position in participating restructuring of the European uncoated fine paper business
- M-real Zanders is a leading European speciality paper producer
- Potentially, also separate divestments of the non-profitable units



M-real the Forerunner in Re-Engineering of European Paper and Board Industry



2011 Result Expected to Be Boosted by 60 M€ vs. 2010 Due to Own Already Implemented Measures

Profit impact vs. 2009, m€	total target	Cumulative	
		2010	2011
1 Profit improvement programme 2010	80	40	80
2 Rollover impact of 2009 programme	60	50	60
3 Rollover impact of 2008 programme	20	10	20
Total	160	100	160

M-real Is a Responsible Company

Completed closures in 2007

- Sittingbourne: <i>coated fine paper</i>	210 ktons/a
- Gohrsmühle PM6 and PM7: <i>coated fine paper</i>	100 ktons/a
- Wifsta: <i>uncoated fine paper</i>	175 ktons/a
- Tako BM2: <i>folding boxboard</i>	70 ktons/a

Closures in 2008

- Kangas PM2: <i>coated magazine paper</i>	100 ktons/a
- Lielaihi: <i>BCTMP</i>	105 ktons/a
- New Thames: <i>uncoated fine paper</i> (divestment, grade conversion)	230 ktons/a

Closures in 2009

- Hallein paper mill: <i>coated fine paper</i>	310 ktons/a
- Gohrsmühle: <i>standard coated fine paper</i> *	250 ktons/a

Closures in 2010

- Two machines in Reflex: <i>Speciality paper</i>	80 ktons/a
- Alizay pulp mill: <i>Chemical pulp</i>	310 ktons/a

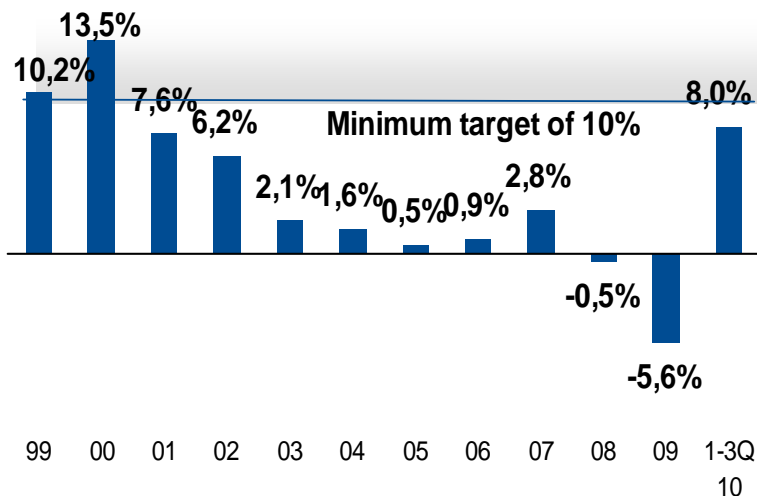
Total paper capacity	1 465 ktons/a
Total board capacity	70 ktons/a
Total pulp (incl. BCTMP) capacity	415 ktons/a

Financial Targets

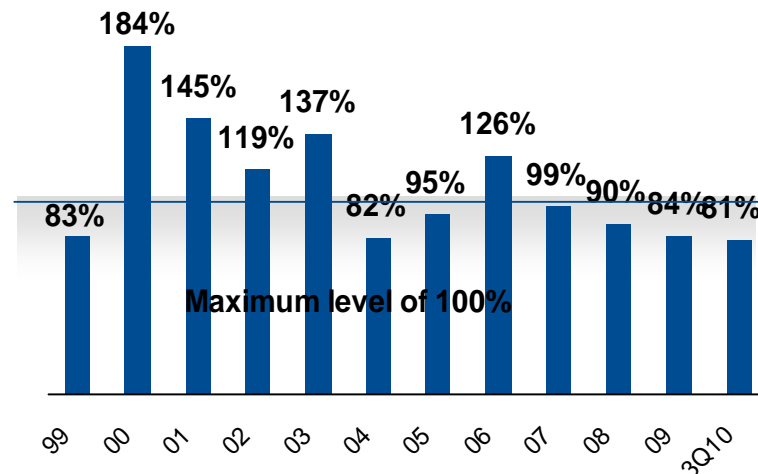
Financial Targets

- ROCE target set at a minimum of 10% on average over the business cycle
- Net gearing not to exceed 100%

Minimum ROCE 10%*



Maximum net gearing 100%



* Excluding non-recurring items

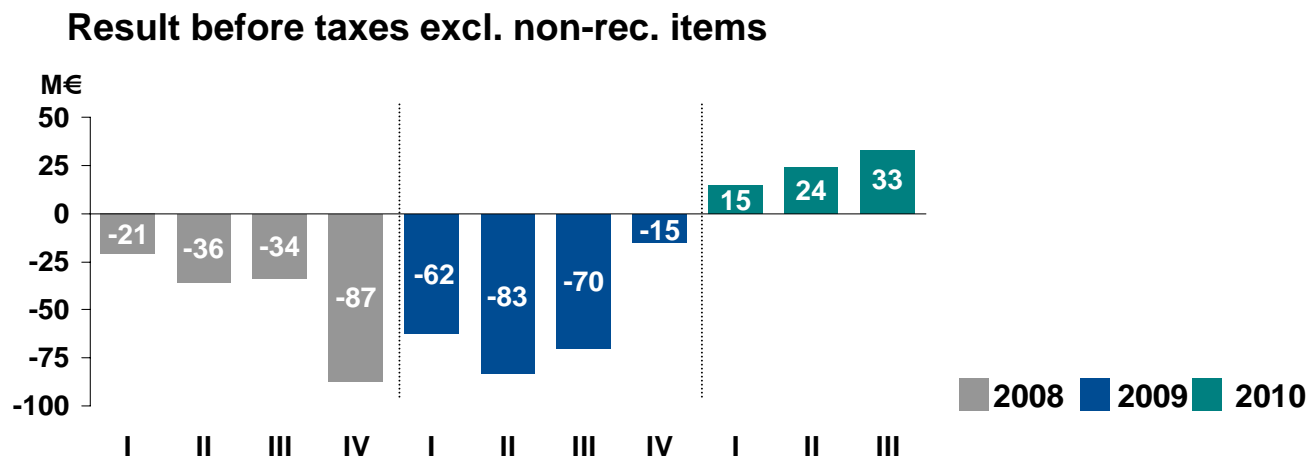
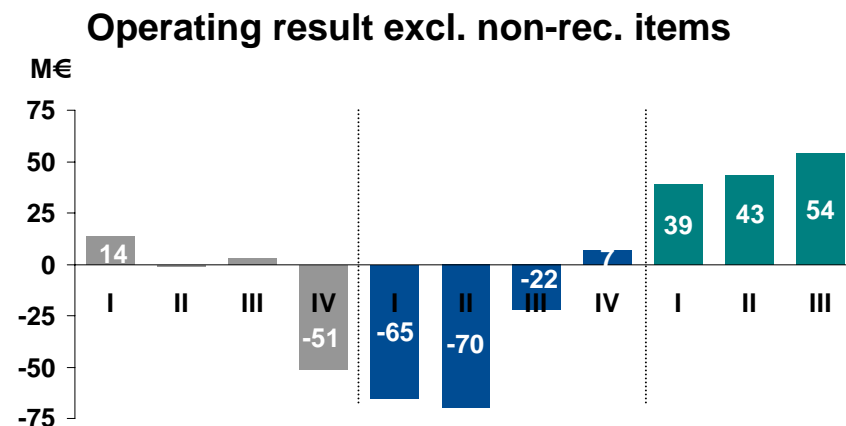
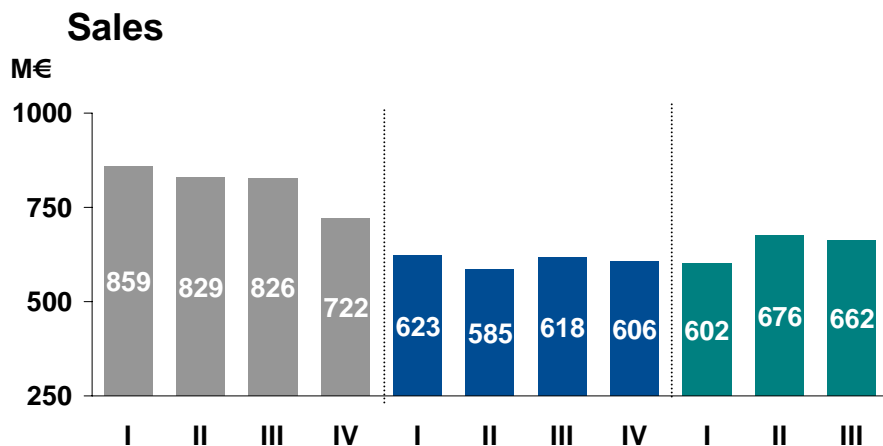
3Q 2010 results and Outlook

Key Events in 3Q 2010

- Good profitability trend continued
- Strong demand in all main grades
- M-real continued to implement price increases
- Investments in Simpele and Kemi were announced
- Operative performance of Alizay paper mill improved
- Partial divestment of Reflex mill
- Credit rating upgrades by both Moody's and S&P



Key Figures – Quarterly

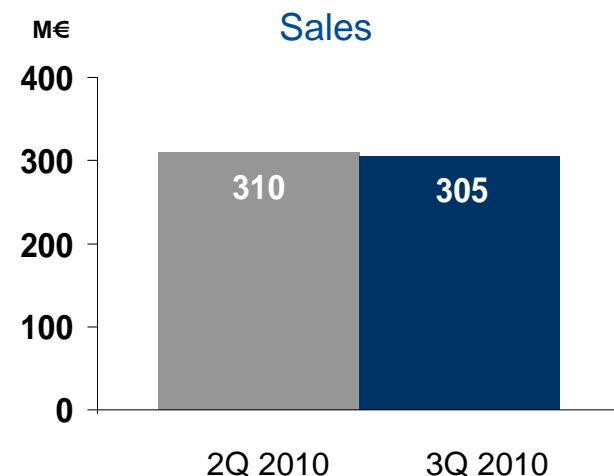


Operating Cash Flow Turned Positive in 3Q

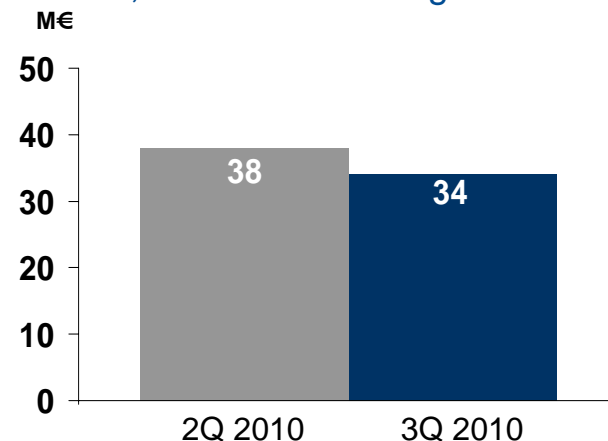
M€	3Q 2010	1-3Q 2010
EBITDA, excluding non-recurring items	+85	+234
Change in ONWC	-24	-132
Net investments	+10	+7
Net financial costs	-20	-59
Operating cash flow	+51	+50

Good Progress in Price Increases in Consumer Packaging

- In comparison to 2Q 2010 profitability was negatively impacted by scheduled maintenance shut downs at all board mills resulting in lower deliveries
- Profitability improved due to implemented price increases
- Demand continues strong. 4Q deliveries negatively impacted by seasonality
- Price increases implemented to annual contracts as planned, result impact mainly from 1Q 2011 onwards
- Long delivery times and fully booked capacity in FBB still a challenge for daily business
 - New capacity increases announced

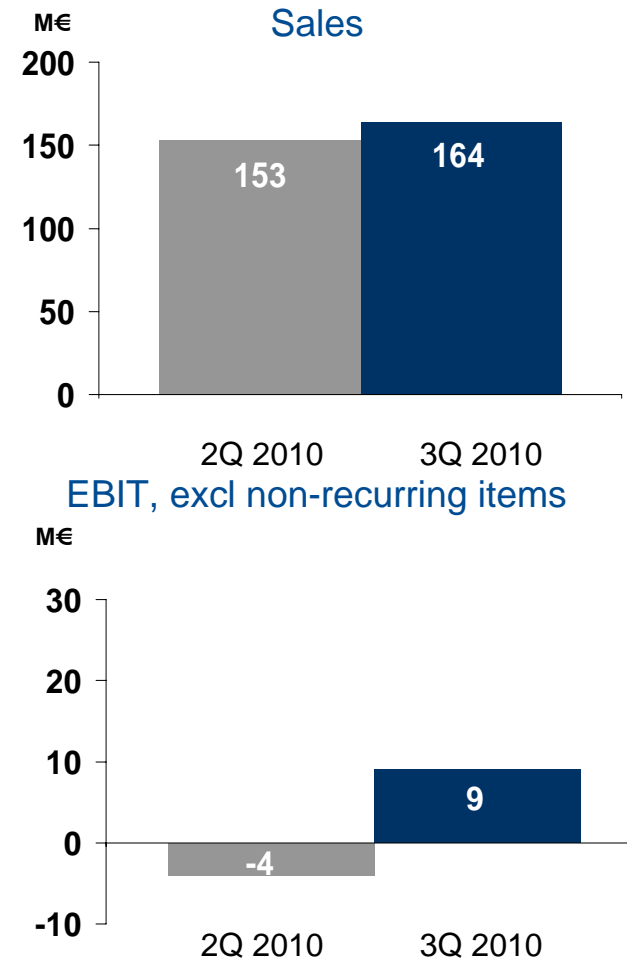


EBIT, excl non-recurring items



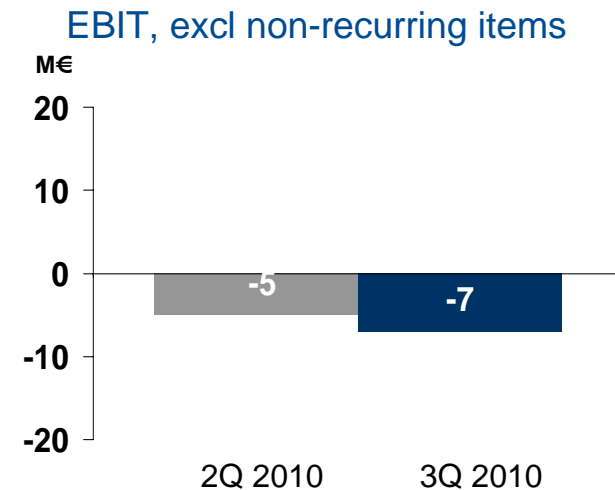
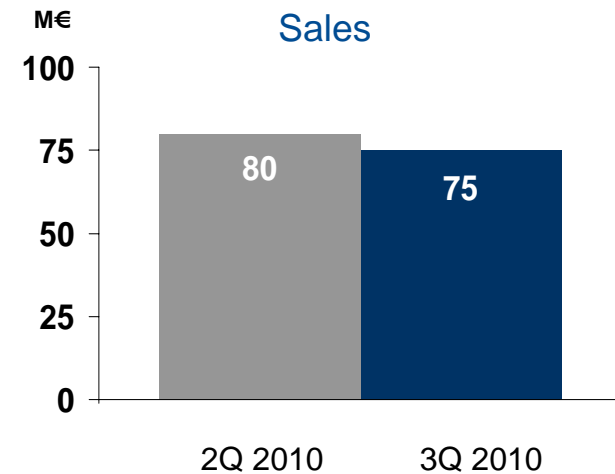
Office Papers Result Improved Clearly

- Profitability improved due to implemented price increases and better operating rates
- Result was weakened by higher fibre price
- Demand expected to continue strong, 4Q deliveries negatively impacted by seasonality
- Alizay's operative performance improved by the permanent closure of the pulp mill
- Husum's energy efficiency investments proceeding as planned
 - New turbine in place in 1Q 2011, additional annual savings of about 12 m€



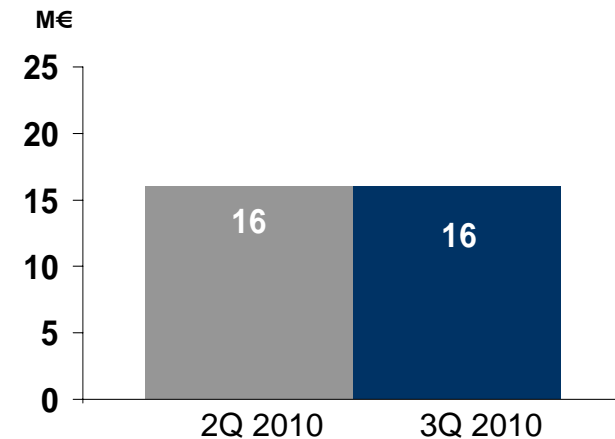
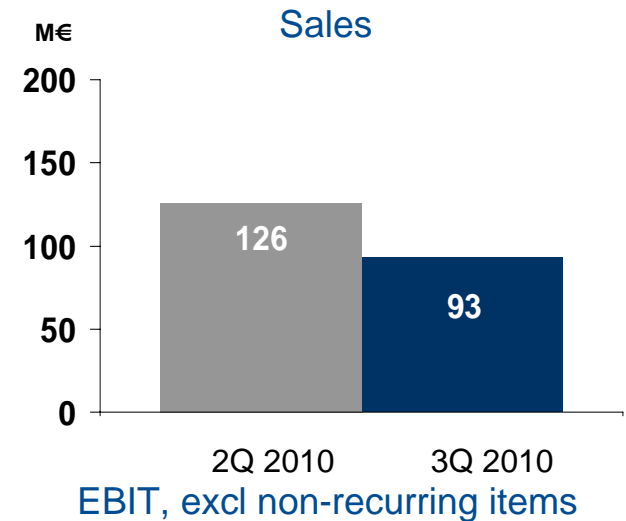
Extensive Profit Improvement Actions Continued in Speciality Papers

- Result was weakened by lower operating rates and decreased delivery volumes. Continued high pulp price maintains profitability challenges
- Result was improved by price increases and implemented cost savings
- Demand expected to remain stable
- Positive price development continued in speciality grades
- Full result impact of agreed productivity improvements from 1Q 2011 onwards. New measures are in the pipeline
- Share of coated speciality grades still too low in Gohrsmühle
 - Simpele speciality grades planned to be moved to Gohrsmühle
 - Intensive actions to find new volumes continue



Market Pulp and Energy's Profitability Stable

- Profitability improved by increased pulp price
- Profitability was negatively impacted by lower operating rates due to maintenance shutdowns, lower delivery volumes and higher wood costs
- Demand expected to continue strong, 4Q deliveries negatively impacted by seasonality
- Good progress in technical sales actions to allocate more Kaskinen BCTMP volumes to Europe
- Pulp price is expected to be slightly lower in 4Q than in 3Q
 - No radical decreases in sight



M-real Is Showing Market Leadership

- Board price increased slightly in 3Q and annual contract negotiations are proceeding well
 - After agreed increases FBB and liner prices in excess of 10% higher than in the beginning of 2010
 - Result impact of new annual FBB contracts mainly from 1Q 2011
- WFU prices were again increased in 3Q
 - This year prices have increased in excess of 15 % in total
 - Further price increases are necessary to maintain profitability, however, possibilities seem limited
- Carbonless and one-side coated speciality paper prices increased in 3Q
 - Some potential for further increases exist, but no material changes in price levels are expected
- Pulp price is somewhat lower in 4Q vs. 3Q, no material further decreases in sight

Estimates are based on current sales mix and currency rates

M-real is Growing Its Cartonboard Business

- 26 M€ investment in 80 kton/a capacity expansion at Simpele
 - Simpele's cartonboard machine the most efficient in Europe
 - Simpele mill's sheeting capacity will be expanded
 - To be completed in summer 2011
- 16 M€ investment in Kemiart Liners to modernize the coating section
 - Increased share of high value added coated products
 - To be completed in autumn 2011
- Evaluations regarding further development steps in cartonboard business continue



Recent Improvement Measures in Office Papers

- Major complexity reduction in recent years including closures and divestments of uncompetitive capacity
- Actions implemented in 2010 improve results by over 30 M€, fully from 2011
 - Energy efficiency investment worth 22 M€ under implementation in Husum
 - Personnel reduction of 200 in Husum
 - Closure of Alizay pulp mill
- Streamlining of product portfolio
 - Focus on high value added products
 - First deliveries of the new product SAVE! in September
- Price increases



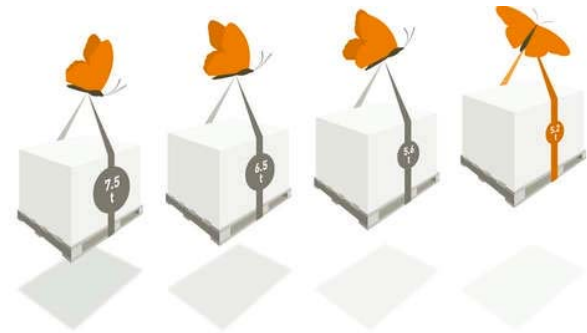
Recent Improvement Measures in Speciality Papers

- In recent years significant efficiency improvements and closures of uncompetitive capacity
- Discontinuation of Gohrsmühle's former main business, standard WFC, in 2009
- Intensive development of new speciality products to Gohrsmühle
- Actions implemented in 2010 improve results by about 18 M€, fully from 2011
 - Closure of two speciality paper machines at Reflex, product offering and business volume unchanged
 - Personnel reduction of 220 in M-real Zanders
- Planned continuation of Simpele speciality paper production in Gohrsmühle
- Partial divestment of the Reflex mill as part of the Paper Park concept



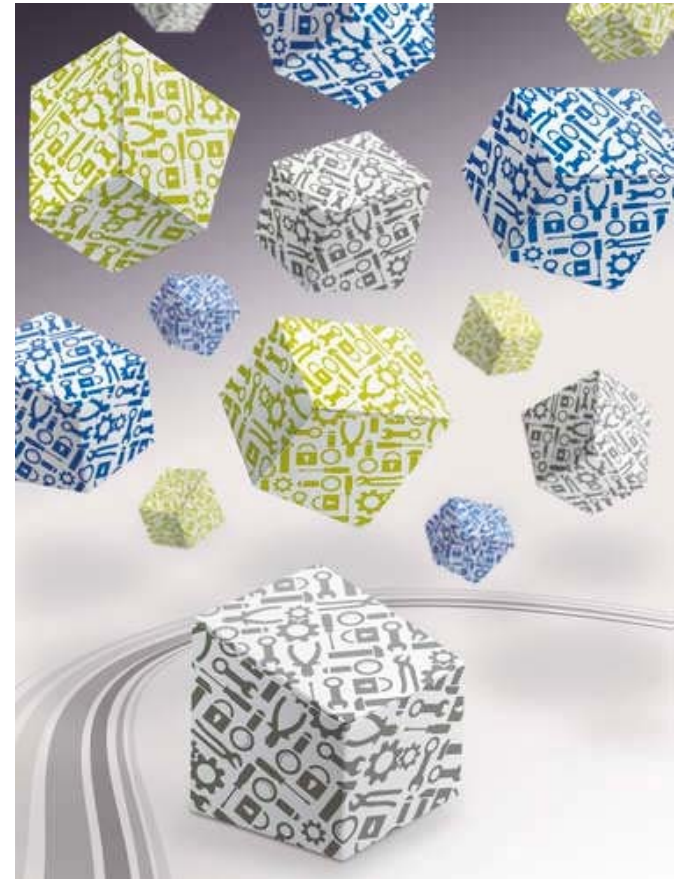
Promising Further Profit Improvement Potential

- All opportunities for new price increases will be utilised
- Continue profitable growth in cartonboard business
- New extensive profit improvement programme MRP11 focusing on paper units under construction
- Potential divestments of non-profitable assets
- Next steps in implementation of Reflex Paper Park
- Paper business strategic review continues



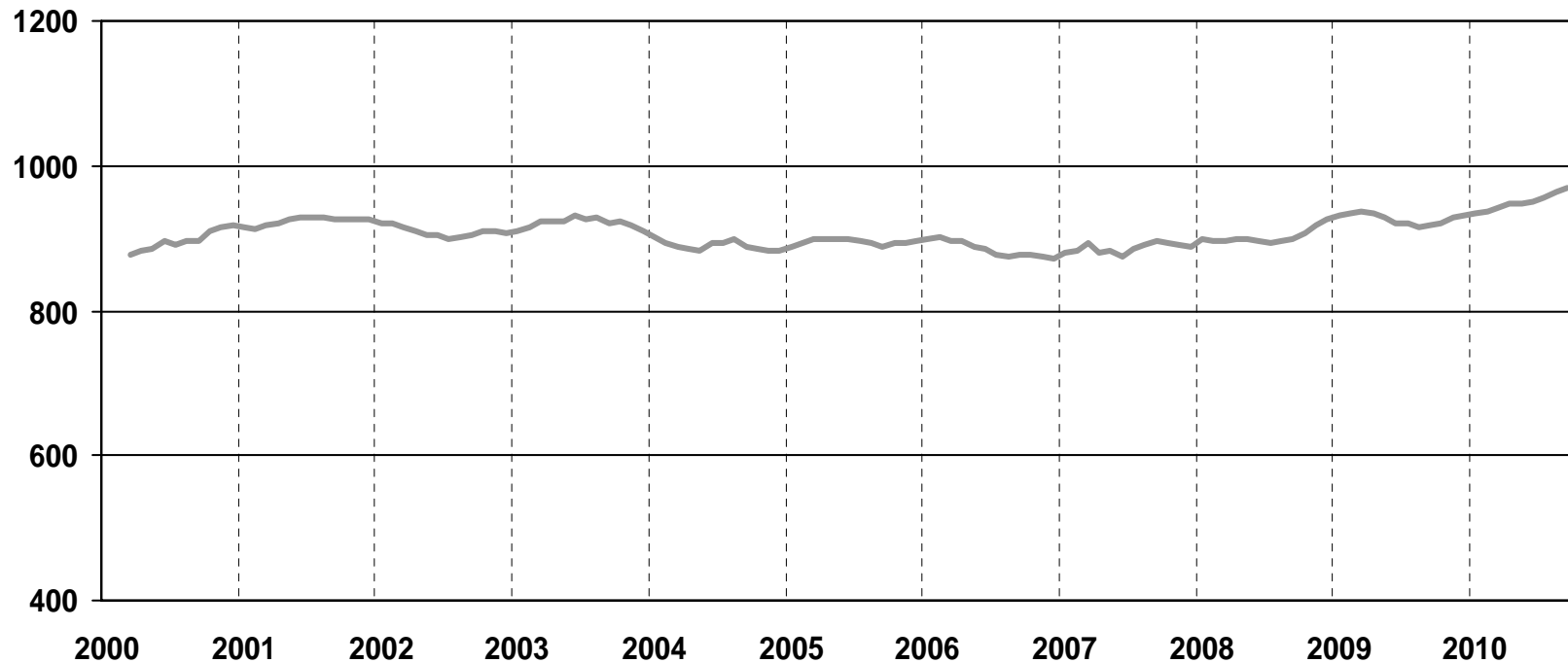
Profitability Outlook

M-real's fourth quarter 2010 operating result, excluding non-recurring items, is expected to be temporarily weaker than in the third quarter due to unfavourable exchange rate development as well as seasonality



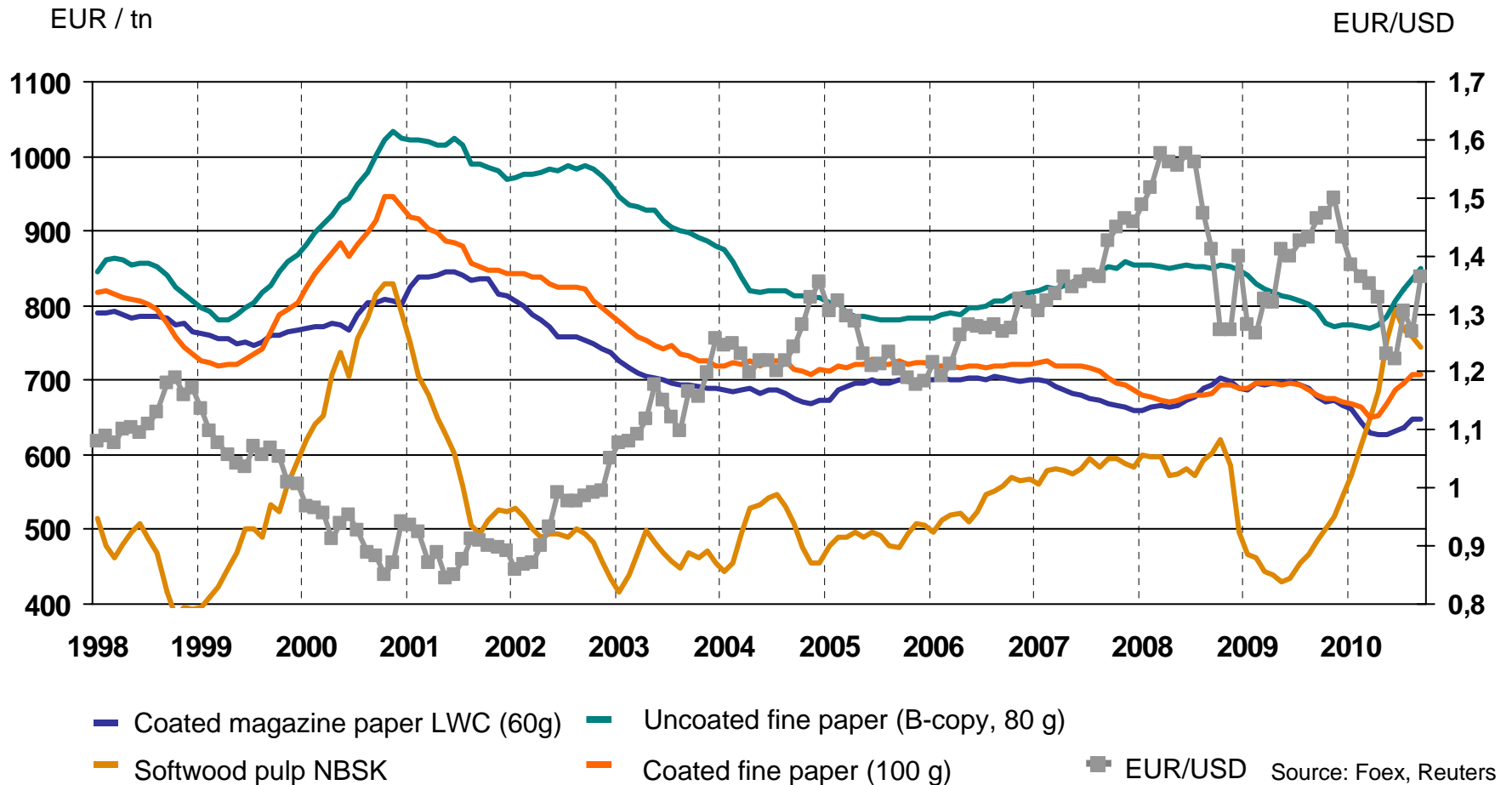
Folding Boxboard Market Price in Europe 2000 – 9/2010

EUR / tn Three month moving average



Source: M-real

Paper and Pulp Market Price in Europe 1998 – 9/2010



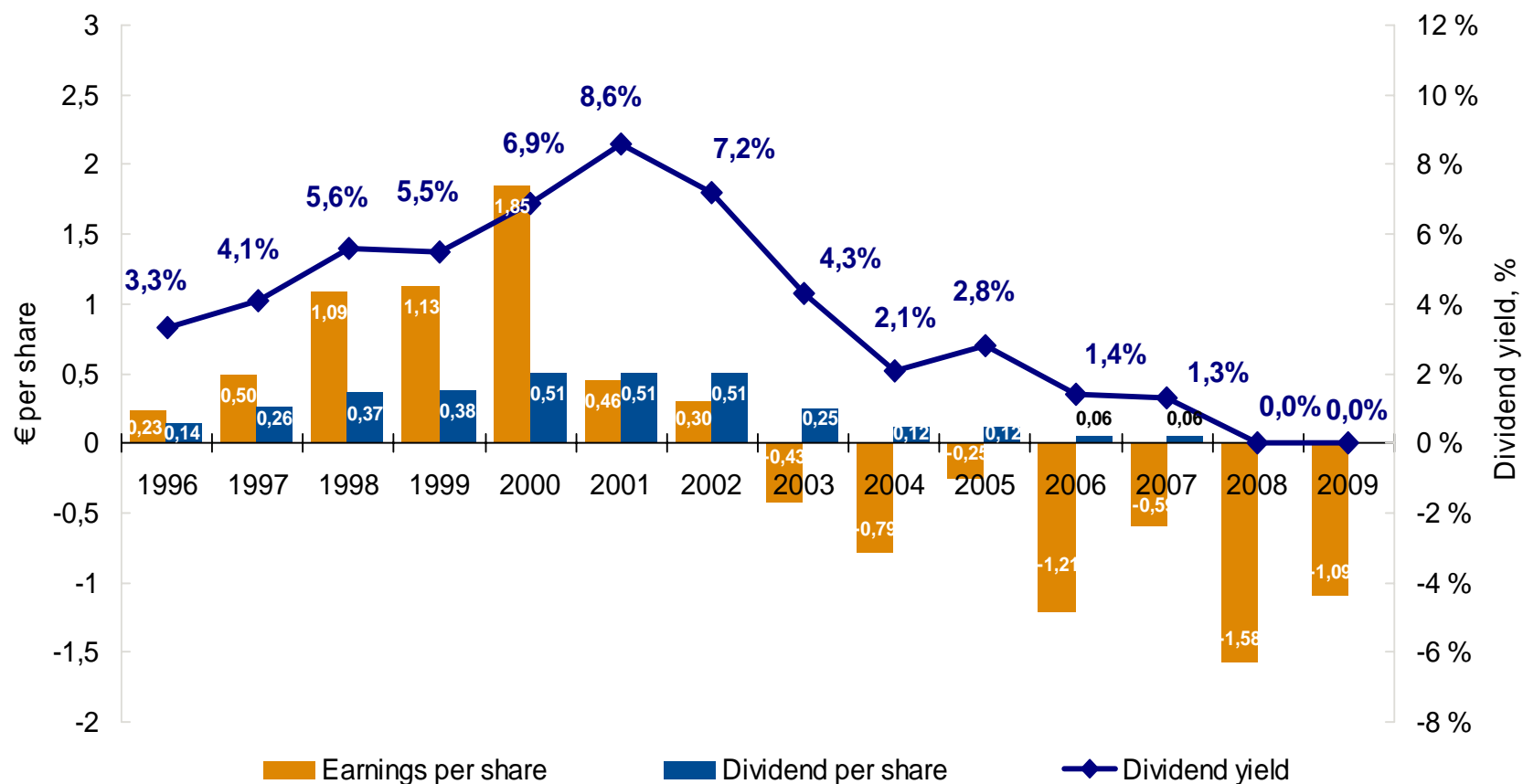
Dividend

Dividend Policy

- Future dividends will take into account the need to achieve and maintain sufficient financial flexibility
- The Company remains committed to an attractive and competitive dividend

M-real's dividend policy is stable and rewarding to shareholders, and aims at paying a dividend of at least 1/3 of the Company's EPS on average over the business cycle, nonetheless taking into account the Company's gearing target

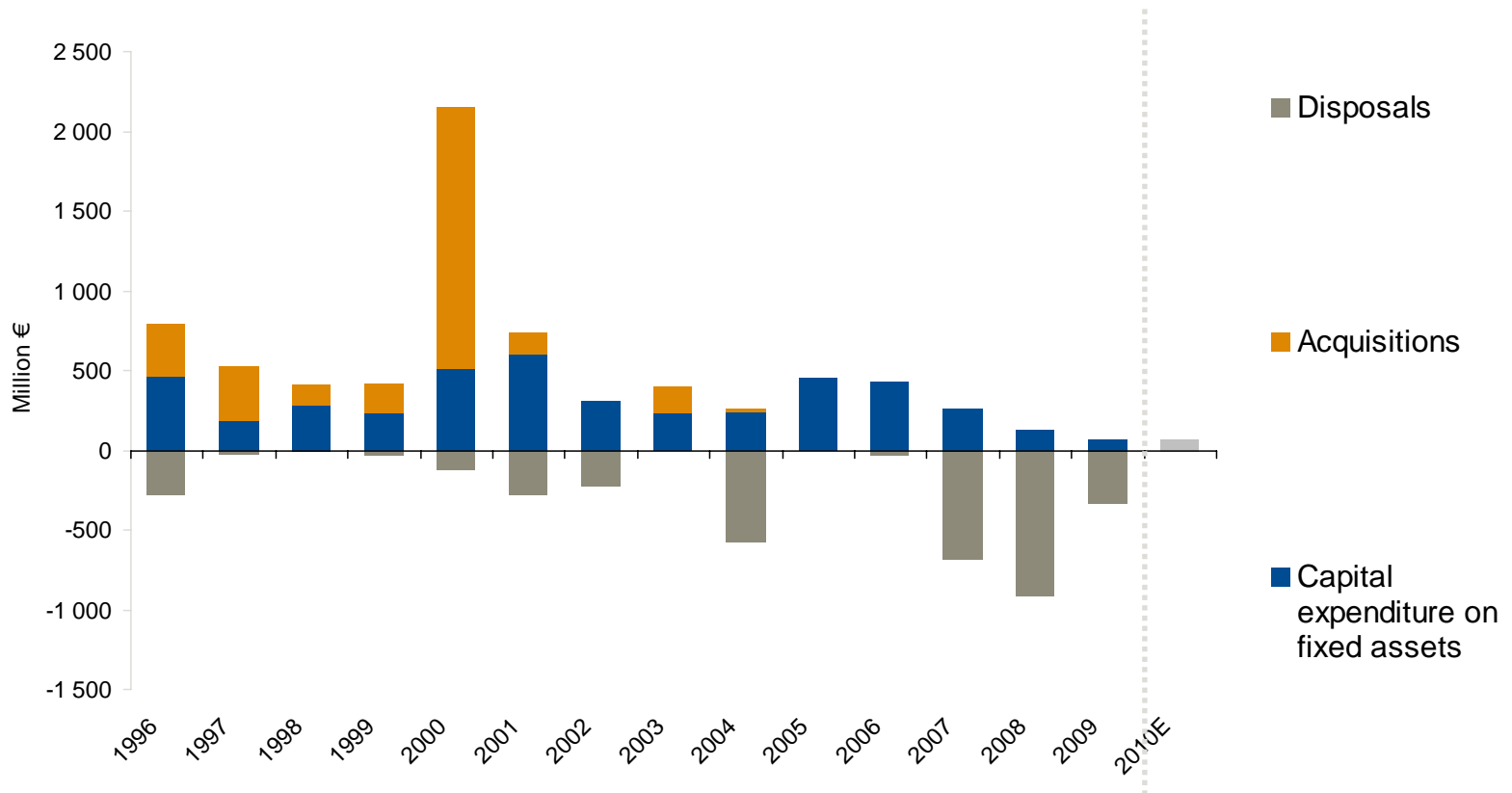
Dividend Yield



Dividend yield calculated from annual average B-share volume weighted price

Investments

Capital Investments about 70 m€ in 2010



*Indicative level for 2010

Funding and debt information

Significant Divestments

- EUR 3.4 billion in assets divested since 2001

	Year	Divestiture	Enterprise Value
	2009	Metsä-Botnia's Uruguayn operations	300*
	2008	Graphic Papers	750
	2008	100 000 B2 shares in PVO	80
	2008	New Thames mill	82**
	2007	Map Merchant Group	382
<i>EUR millions</i>	2007	Folding carton plants	60
	2007	Botnia (9%)	240
	2005	Botnia (8%)	164
	2005	Forestia (95%)	163
	2005	Savon Sellu	20
	2004	Metsä Tissue	570
	2002	Papierfabrik Albbbruck	235
	2001	MD Papier	300
	2001	Noviant (19%)	41
			3,387

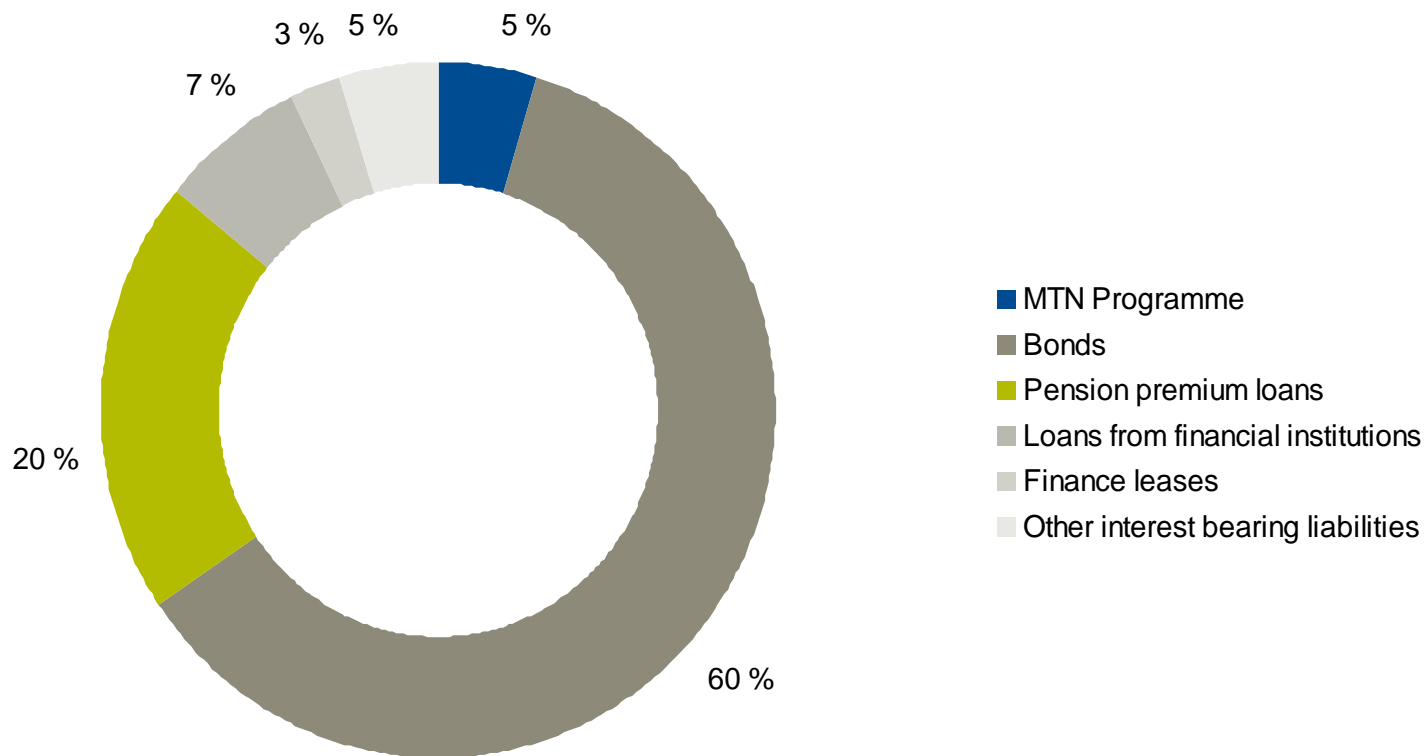
Loans and Interest Rate

At the end of 3Q 2010

- Average maturity of long term loans 2,8 years
- Average interest rate of loans (including derivatives) 5,0 %
- Interest rate maturity of loans (including derivatives) 7,9 months

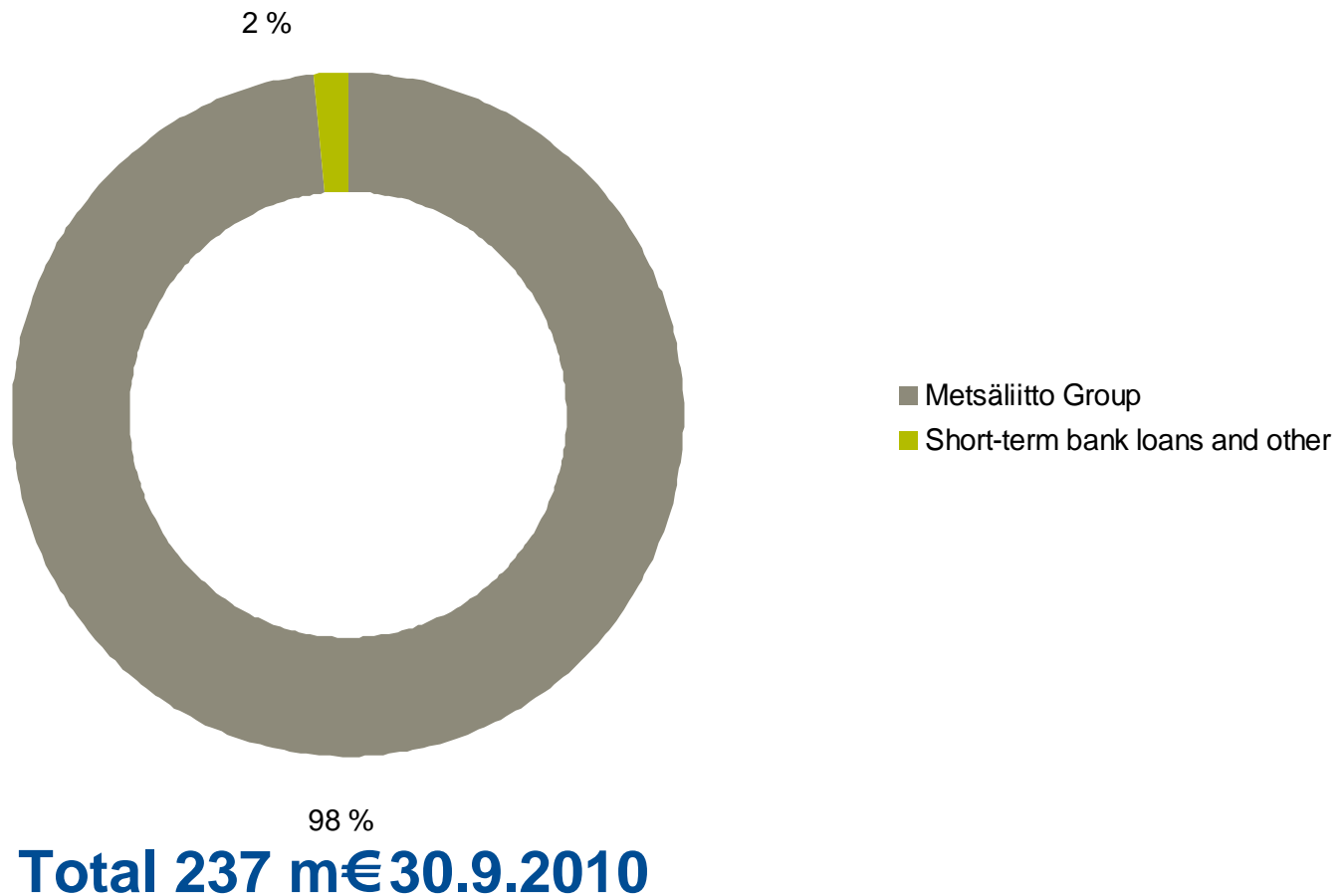
- Of the loans about 83 per cent was subject to variable interest rates and 17 per cent to fixed interest rates

Long-term Interest Bearing Liabilities



Total 1 123 m€ 30.9.2010

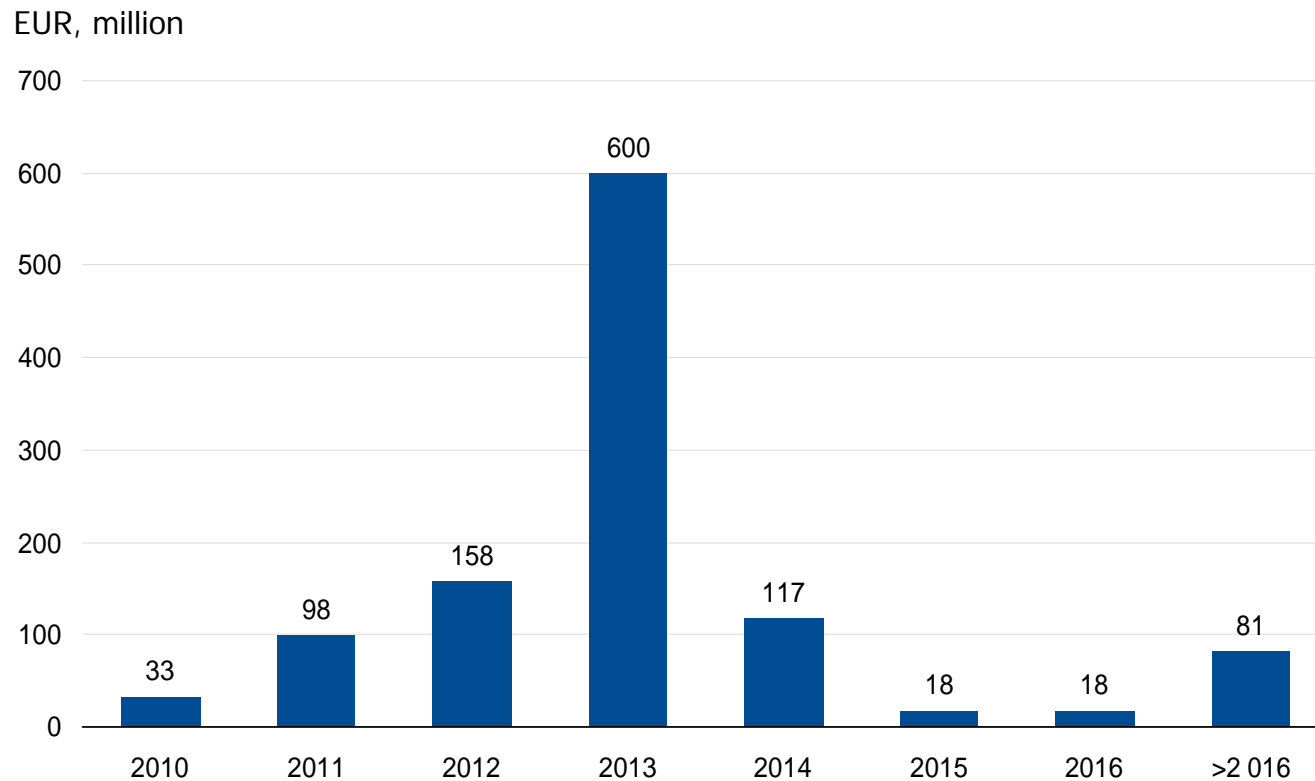
Short-term Interest Bearing Liabilities



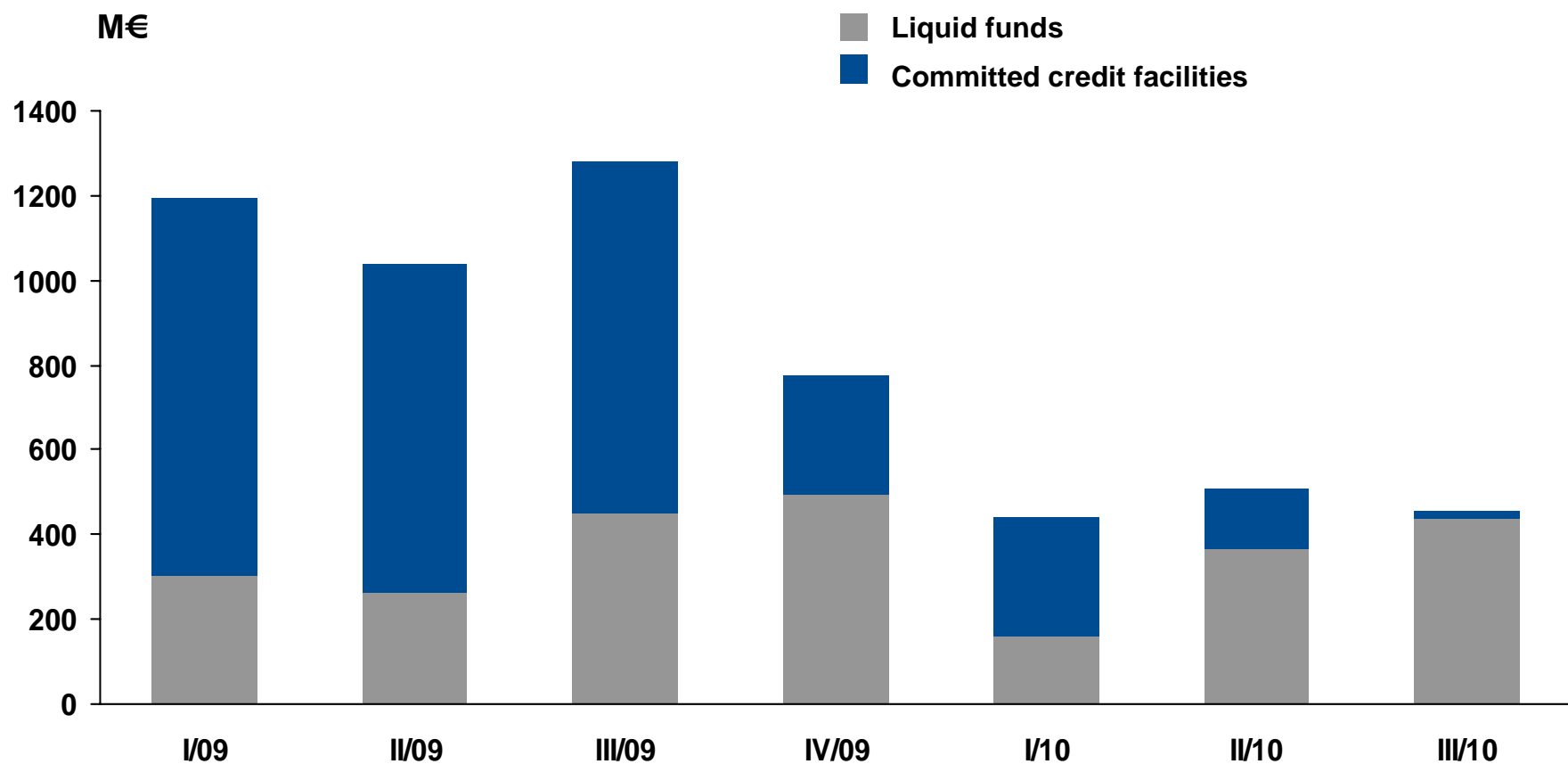
Interest Bearing Net Liabilities 30.9.2010

• Long-term	1 123
• Short-term	237
Total interest bearing liabilities	1 360
• Liquidity and other interest bearing receivables	539
• Interest bearing net liabilities	821

Long-term Interest Bearing Liabilities 30.9.2010



Liquidity



Debt Programs

The following table sets forth the significant debt securities issued and outstanding of M-real as at Sept. 30, 2010:

<u>Long-term borrowings</u>	<u>Total amount</u>	<u>Outstanding</u> (currency in millions)	<u>Average</u> <u>Interest Rate</u>	<u>Maturity</u>
USD 350 million Private Note Issue	USD 350	USD 224	5.7% (1)	2012–2014
EUR 500 million Bond Issue	EUR 500	EUR 500	7.0% (1)	2013
EUR 400 million Bond Issue	EUR 400	EUR 0	–	2010
Global Medium-Term Note Program	EUR 1 500			
EUR 52 million private placements		EUR 52	3,3 %	2011
EUR 131 million bilateral loans	EUR 131	EUR 131	1,5 %	2010–2013
EUR 29 million finance leases	EUR 29	EUR 29	5,0 %	2010–2014
EUR 245 million pension loans	EUR 245	EUR 226	5.4% (1)	2010–2020
 <u>Short-term funding programmes</u>				
EUR 350 million domestic CP-program	EUR 350	EUR 0	–	–
EUR 150 milj. Belgian CP-program	EUR 150	EUR 0	–	–

Average interest rate of all M-real Group interest bearing liabilities including interest rate derivatives per 30.9.2010 is 5,0 %.

(1) The average interest rates take into account outstanding interest rate swaps and amortised arrangement fees.

Ratings' History

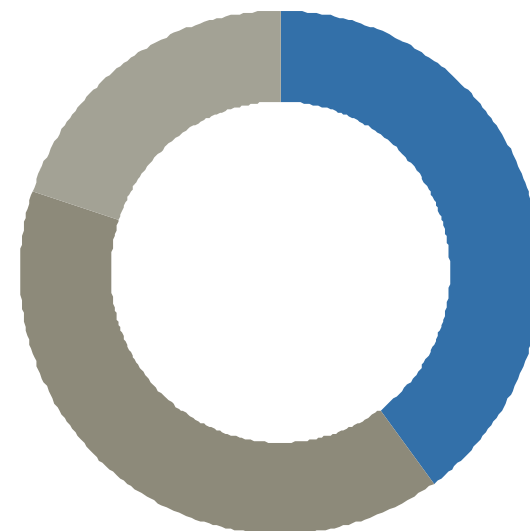
2000	S&P: Short term ratings lowered to A3, Long term ratings placed to credit watch negative Moody's: Long and short term ratings outlook changed from stable to negative	2005	S&P: Downgrade to BB, stable outlook Moody's: Outlook changed from stable to negative, ratings affirmed
2001	S&P: Long term ratings lowered to BBB-, stable outlook Moody's: Long and short term ratings lowered to Baa3/P3, negative outlook	2006	S&P: Downgrade to BB-, negative outlook Moody's: Downgrade to Ba3, negative outlook Moody's: Downgrade to B2, negative outlook S&P: Downgrade to B+, negative outlook
2003	S&P: Downgrade to BB+, stable outlook Moody's: Downgrade to Ba1, negative outlook	2007	Moody's: Downgrade to B3, negative outlook S&P: Downgrade to B, negative outlook S&P: Downgrade to B-, stable outlook
2004	S&P: Outlook changed from stable to negative, ratings affirmed Moody's: Downgrade to Ba2, stable outlook	2008	S&P: Outlook to negative
		2009	S&P: Downgrade to CCC+, negative outlook Moody's: Downgrade to Caa1, outlook negative
		2010	S&P: Outlook to stable Moody's: Outlook to stable S&P: Upgrade to B-, stable outlook Moody's: Upgrade to B3, outlook to positive

General presentation

M-real in Brief

- Annual sales about EUR 2.5 billion.
- Approximately 4,900 employees.
- Present in over 70 countries.
- 13 production units in 5 European countries.
- Part of Metsäliitto Group and listed on the NASDAQ OMX Helsinki Ltd.
- Metsäliitto Group is one of the largest forest industry groups in the world, owned by a cooperative of 130.000 private Finnish forest owners.

Sales breakdown 2009

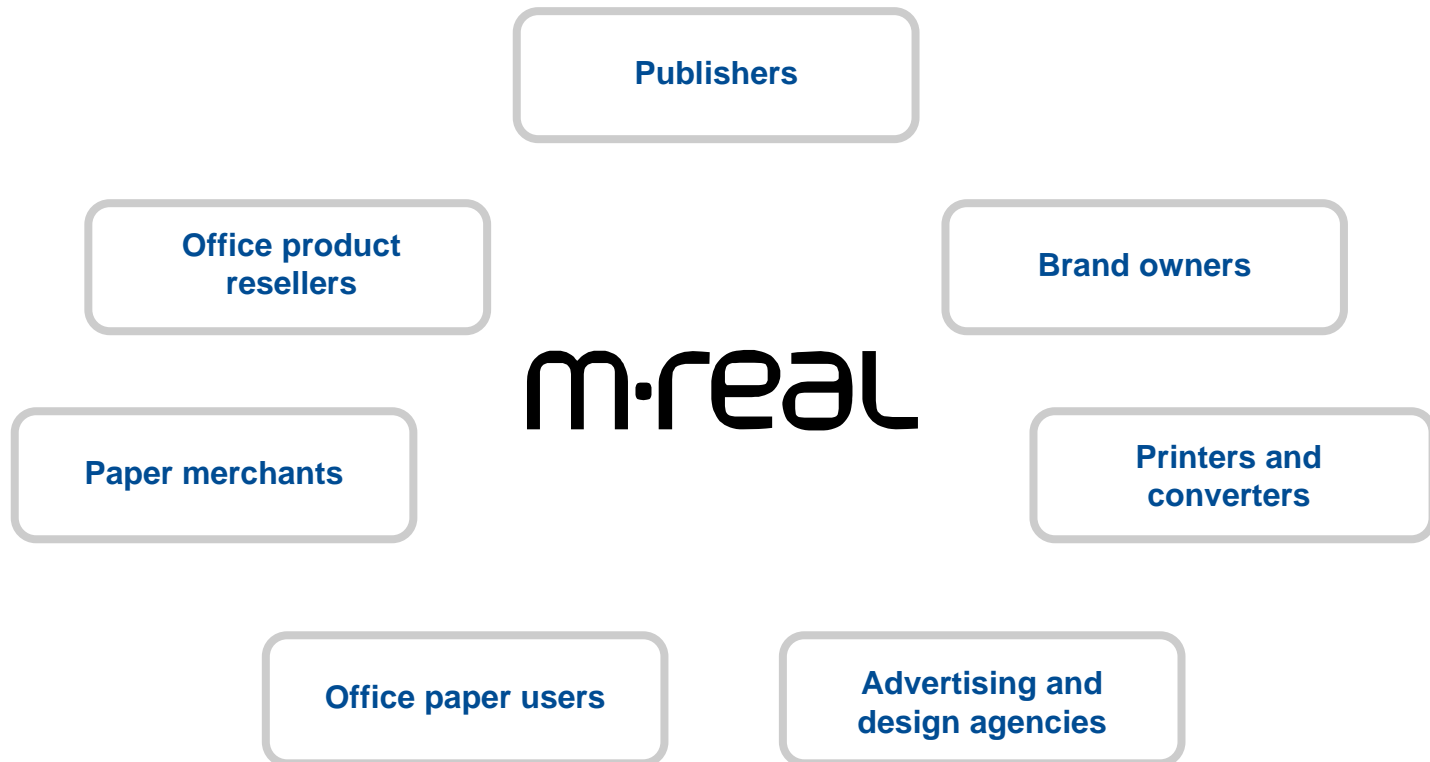


■ Consumer Packaging 40%
■ Paper 40%
■ Market pulp and energy 20%

Offering for Consumer Packaging, Communications and Advertising

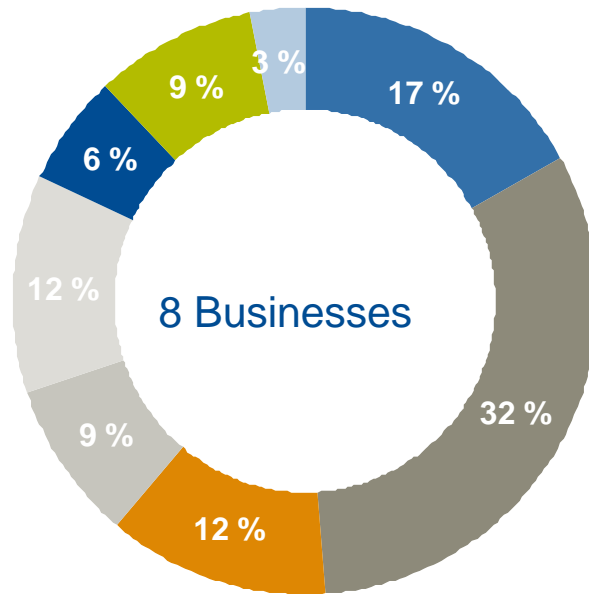
- **Cartonboards and white-top kraftliners** for packaging beautycare, healthcare, cigarettes, food, consumer durables etc.
- **Graphic boards** e.g. for book covers, postcards, greeting cards, CD or DVD covers
- **Office papers** from high-volume copying and printing to high-quality color presentations
- **Speciality papers** for advertising and corporate materials, flexible packaging, creative designs, labeling, self-adhesive laminates and for wallcovering industry

M-real's Customers



Focus on Core Businesses

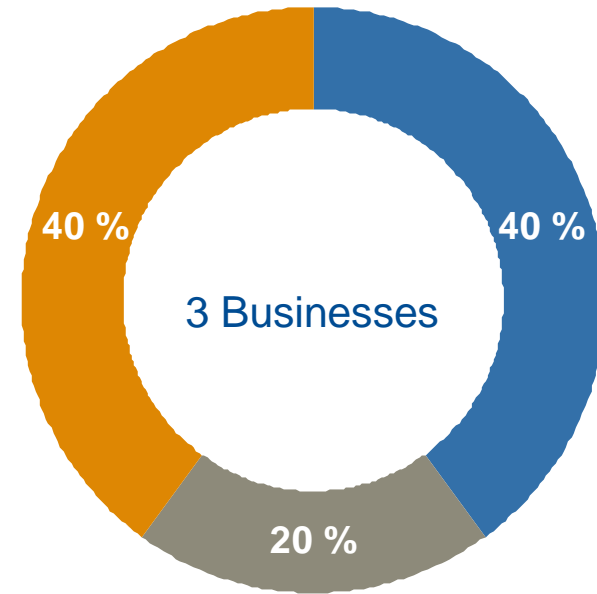
1995 Sales
€2.3 billion



8 Businesses



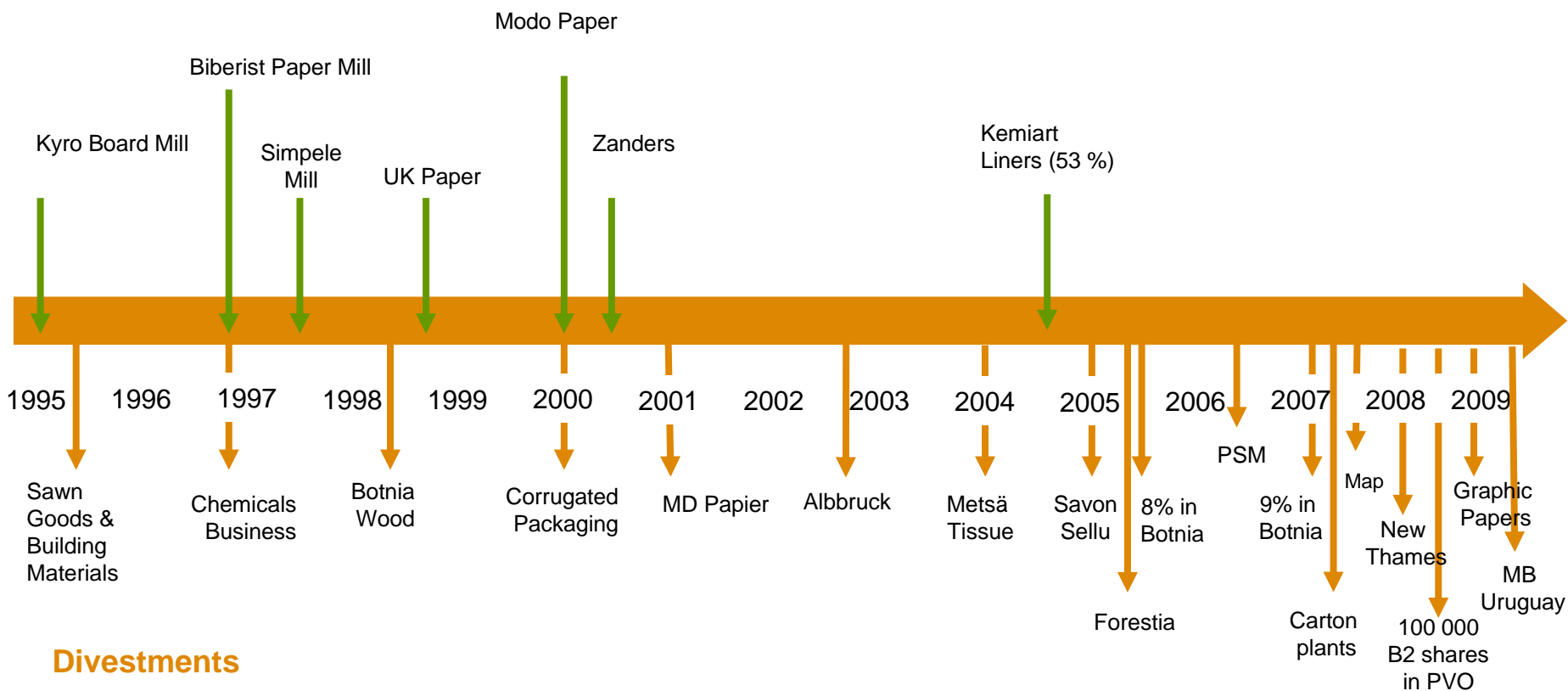
2009 Sales
€2.4 billion



3 Businesses

M-real Restructuring Story

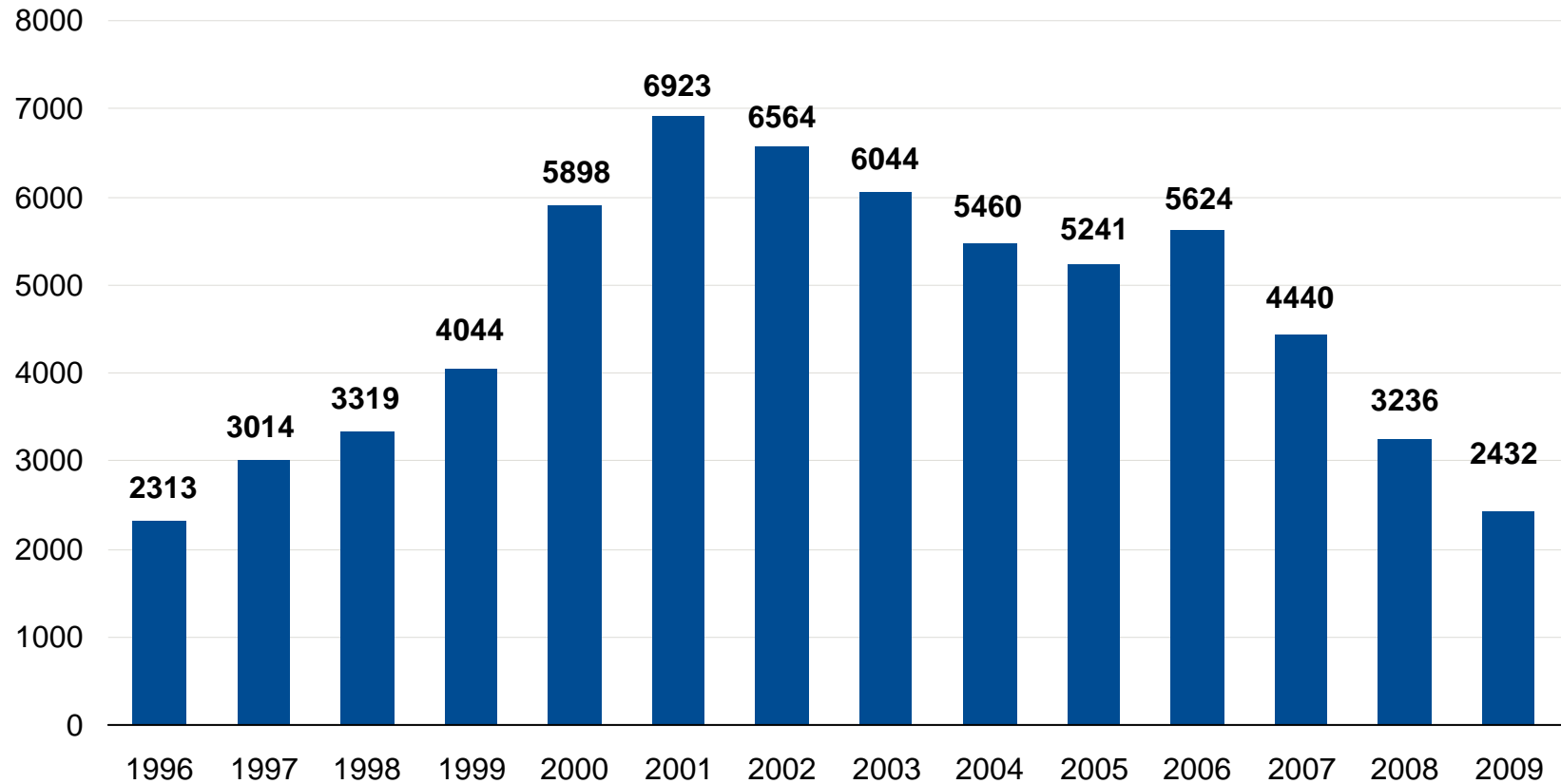
Acquisitions



Divestments

Annual Sales Development

EUR, million



Business Portfolio

Business Portfolio

Consumer Packaging



Office Papers



Speciality Papers



Market Pulp and Energy

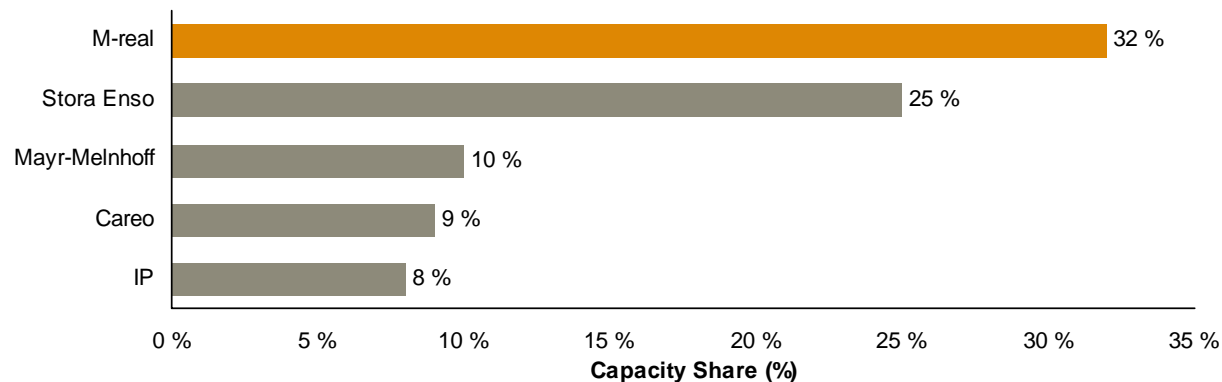


Consumer Packaging

Mainly Folding Boxboard and Linerboard

- Fibre-based high value-added packaging solutions for global brand owners in beauty care, healthcare, cigarette, food and consumer electronics industries as well as for graphical end-uses
- Relatively high earnings stability
- High segment consolidation
- Competitive folding boxboard mills with end use specified production

No. 1 Folding Boxboard Producer in Europe

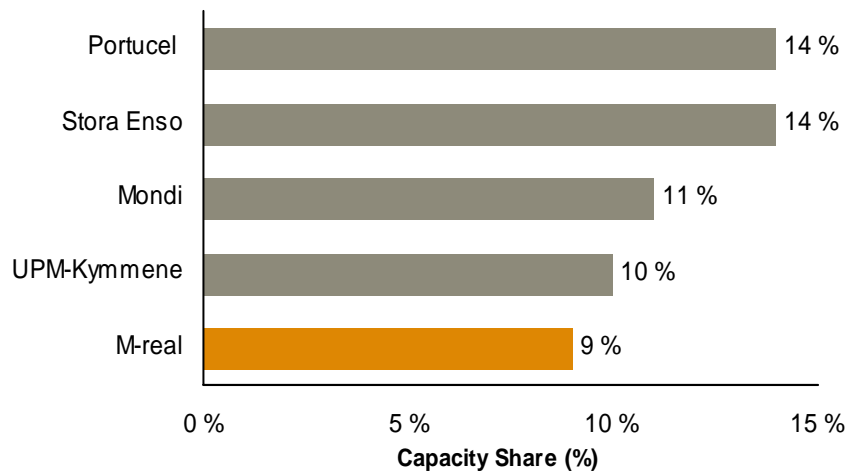


Office Papers

Mainly Uncoated Fine Paper

- High quality uncoated fine papers for printing and photocopying as well as for forms, envelopes, manuals and communication purposes
- Diversified customer base, e.g. merchants, retail chains, office equipment manufacturers and corporations
- Leading European office paper brands like DataCopy and Evolve

No. 5 Uncoated Fine Paper Producer in Europe



Speciality Papers

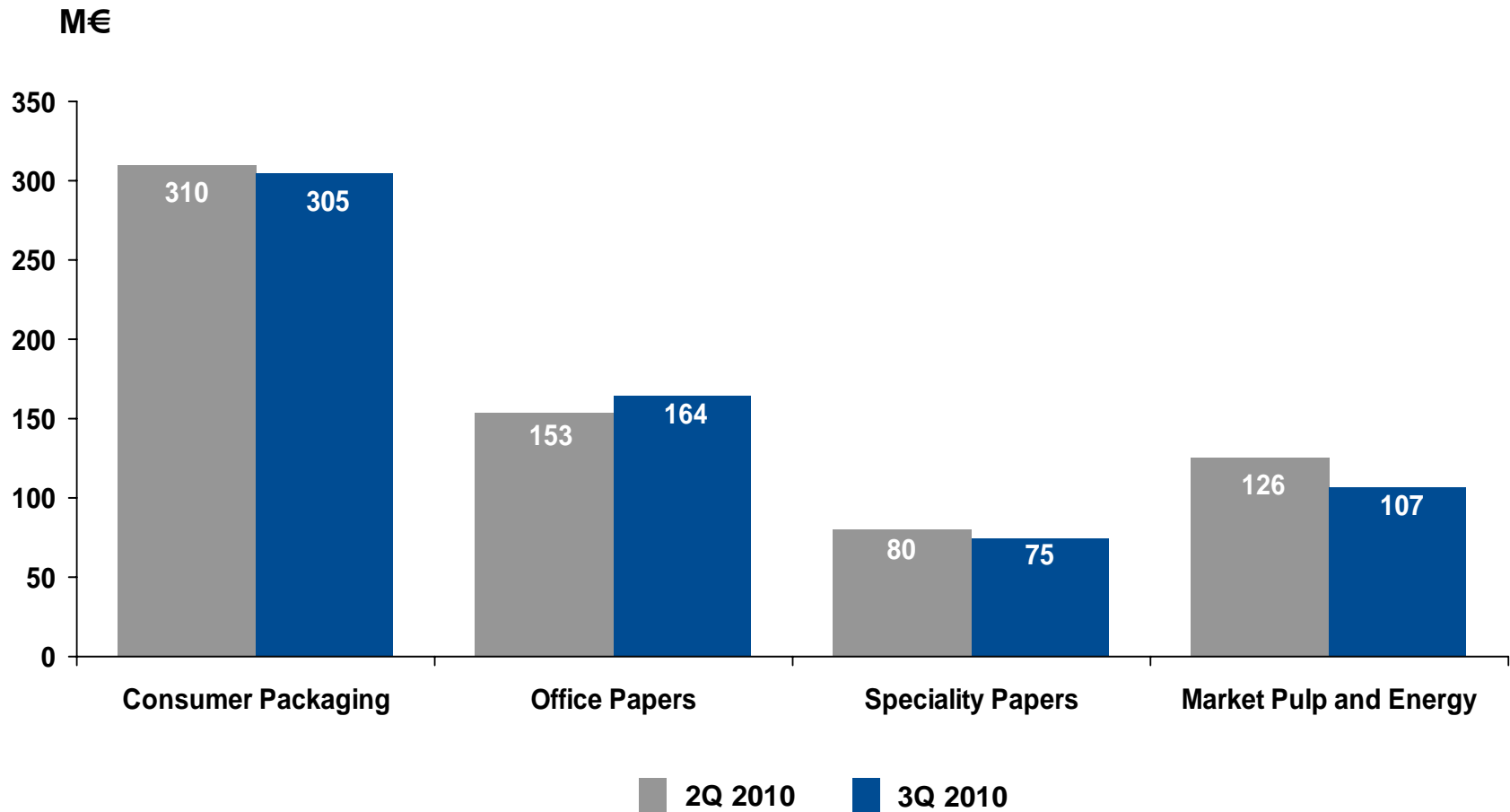
- Leading European speciality paper producer with strong focus on packaging applications
- Packaging specialities
 - Flexible packaging
 - Luxury packaging
 - Labels
- Graphical specialities
 - Premium fine papers
 - Carbonless papers
 - Digital imaging papers
- Uncoated fine papers

Speciality paper sales

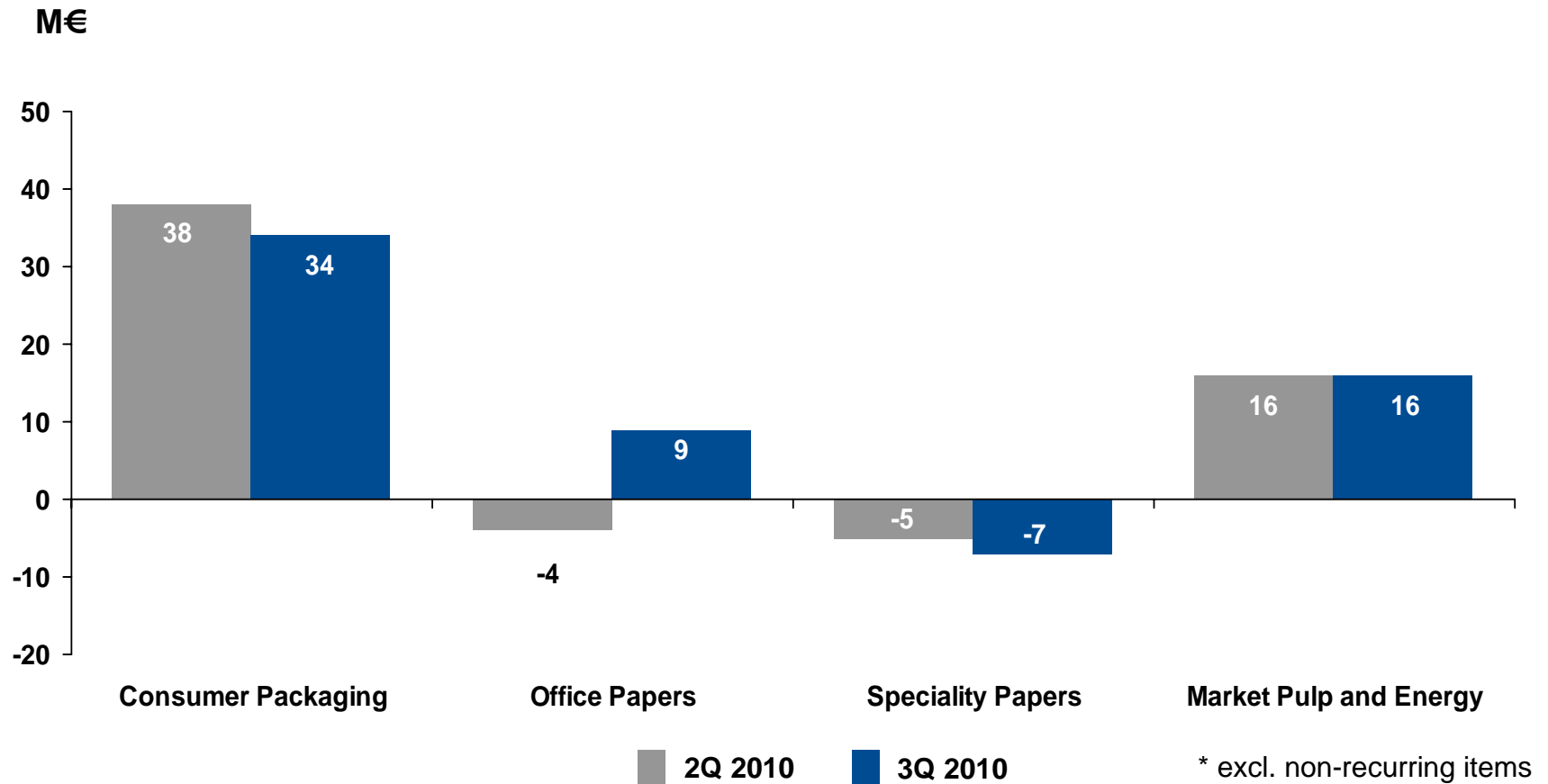


- Packaging specialities 50%
- Graphical specialities 30%
- WFU 20%

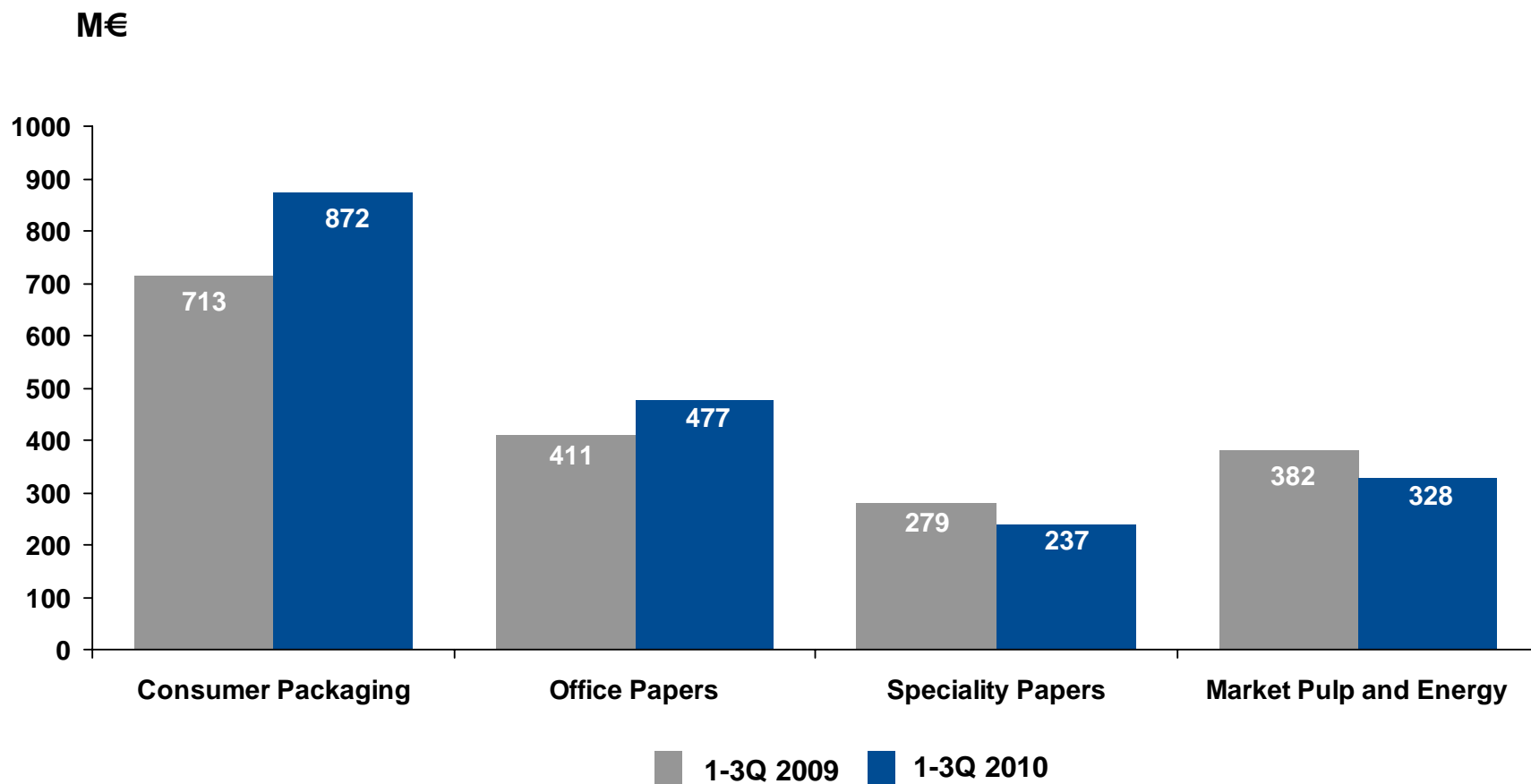
Sales by Business Area



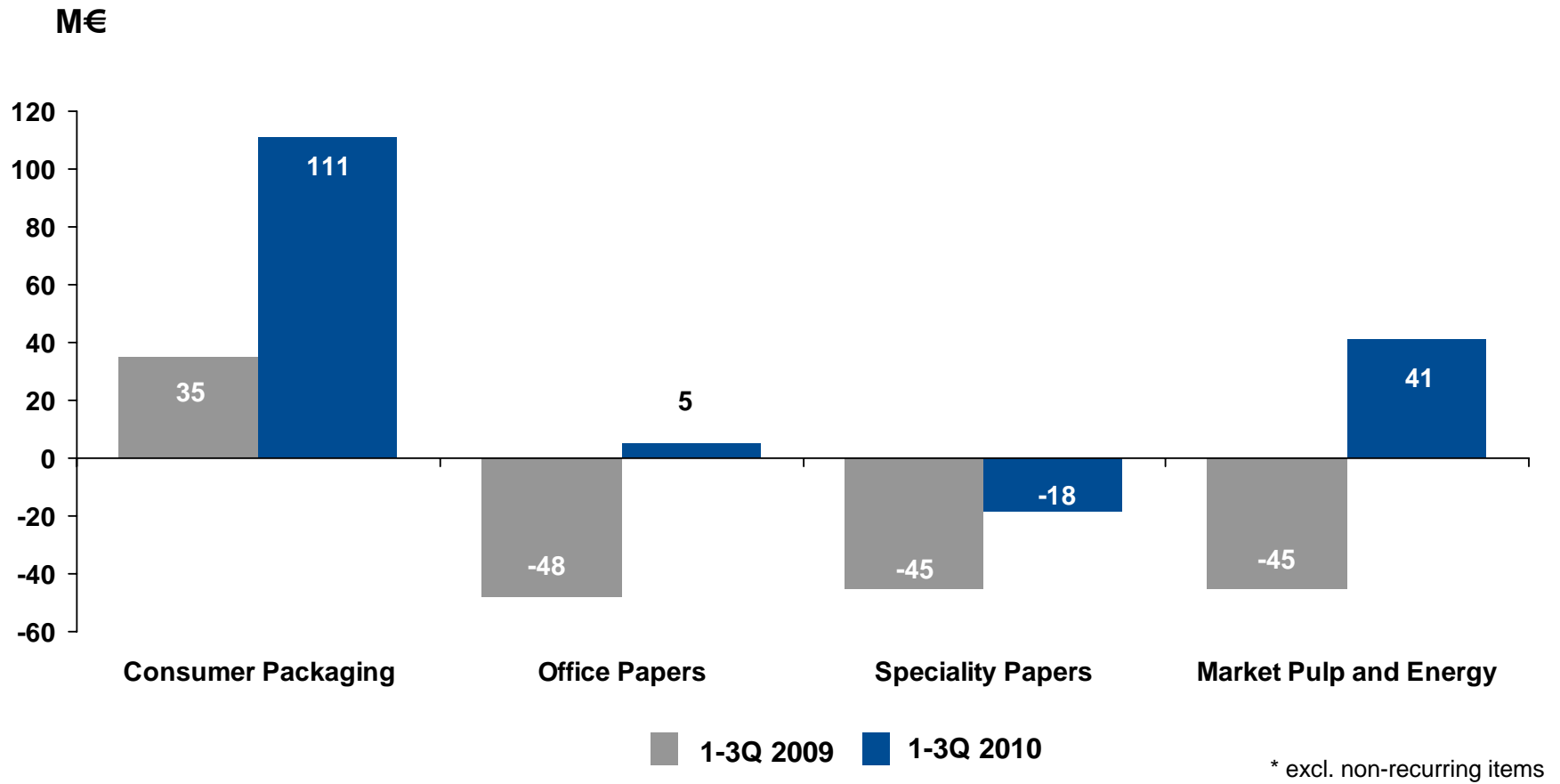
Operating Result by Business Area*



Sales by Business Area

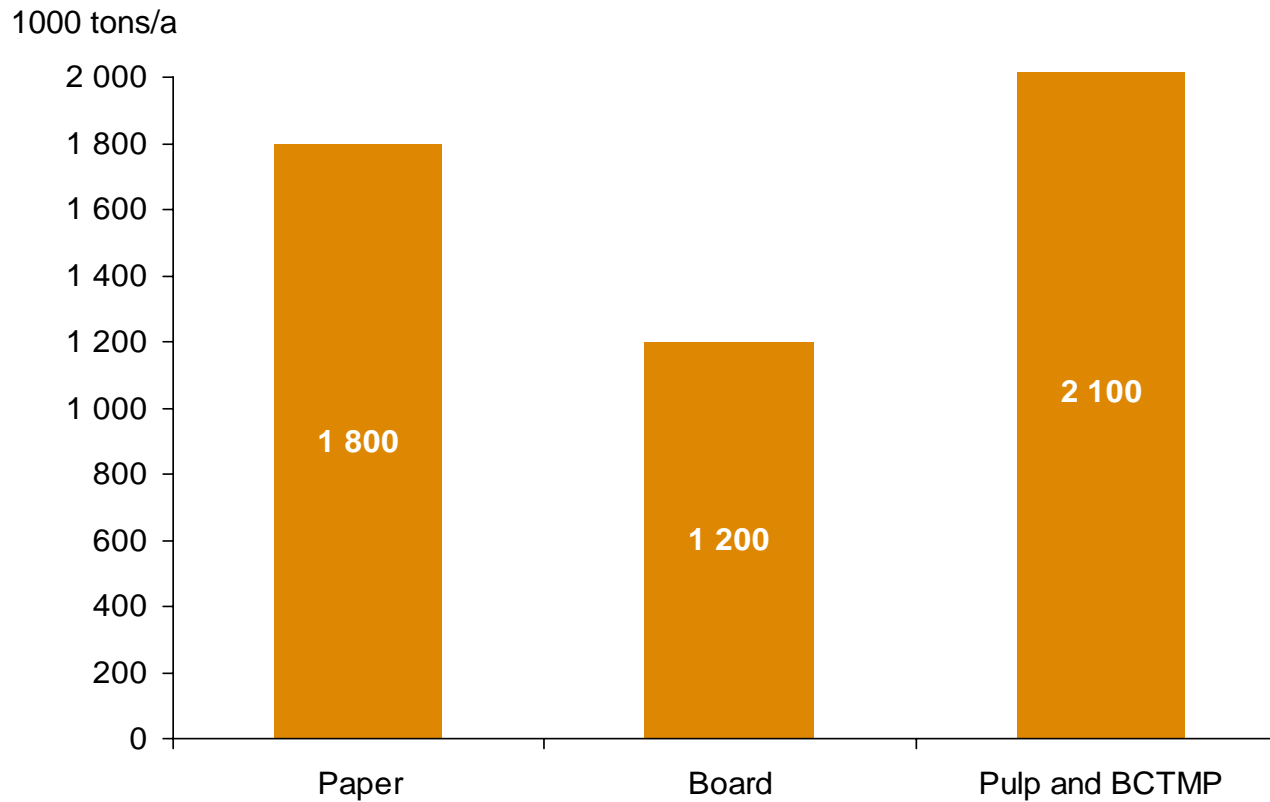


Operating Result by Business Area*



Operations

Production Capacity



M-real Production Locations

Consumer Packaging:

- Simpele
- Äänekoski board and paper
- Kyro
- Tako
- Kemi
- Joutseno

Office Papers:

- Alizay
- Husum paper and pulp

Speciality Papers:

- Gohrsmühle
- Reflex

Market Pulp and Energy:

- Kaskinen
- Hallein



Paper and Board Capacity by Grade

(1000 t/a)

BOARD MILLS

Board Mill	Country	Machines	Folding		Total
			Boxboard	Liner	
Tampere	Finland	2	205		205
Kyröskoski	Finland	1	160		160
Äänekoski	Finland	1	210		210
Simpele	Finland	1	220		220
Kemi	Finland	1		375	375
Total		6	795	375	1170

PAPER MILLS

Paper Mill	Country	Machines	Coated	Coated	Uncoated	Specialty Paper	Total
			Magazine Paper	Fine Paper	Fine Paper		
Äänekoski	Finland	1		180			180
Simpele	Finland	1				55	55
Kyröskoski	Finland	1				105	105
Bergisch Gladbach	Germany	2			180	80	260
Düren	Germany	2				20	20
Husum	Sweden	3	275		435		710
Alizay	France	1			310		310
Total		11	275	180	925	260	1640

Pulp Capacity

(1000 t/a)

PULP MILLS

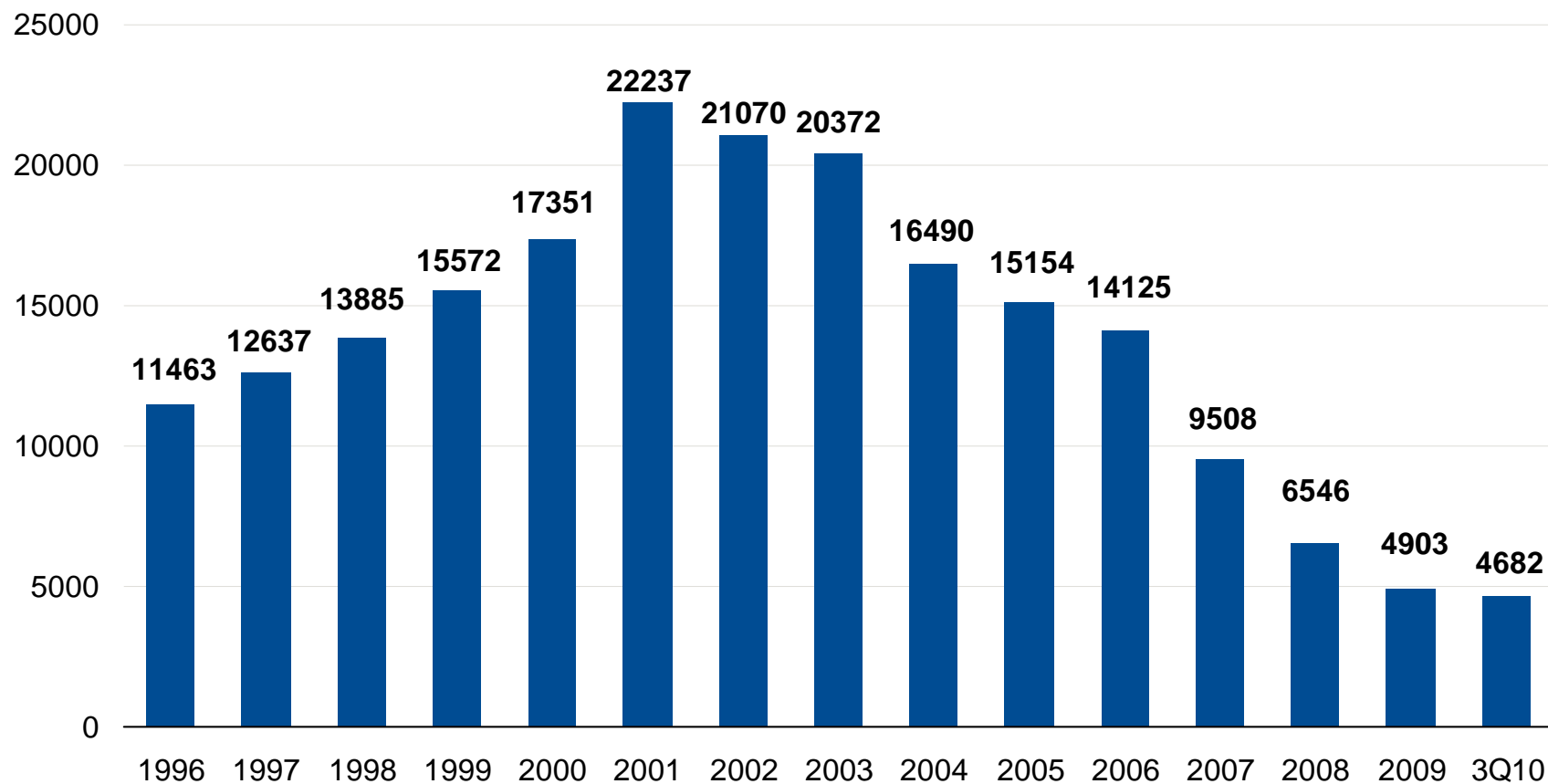
Pulp Mill	Country	Chemical		Total
		Pulp	BCTMP	
Husum	Sweden	690		690
Hallein	Austria	160		160
Joutseno	Finland		280	280
Kaskinen	Finland		300	300
Total		850	580	1430

BOTNIA *

Mill	Country	Chemical	
		Pulp	Total
Äänekoski	Finland	500	500
Kemi	Finland	590	590
Rauma	Finland	630	630
Joutseno	Finland	650	650
Total		2370	2370

* M-real share is 30% of the capacity

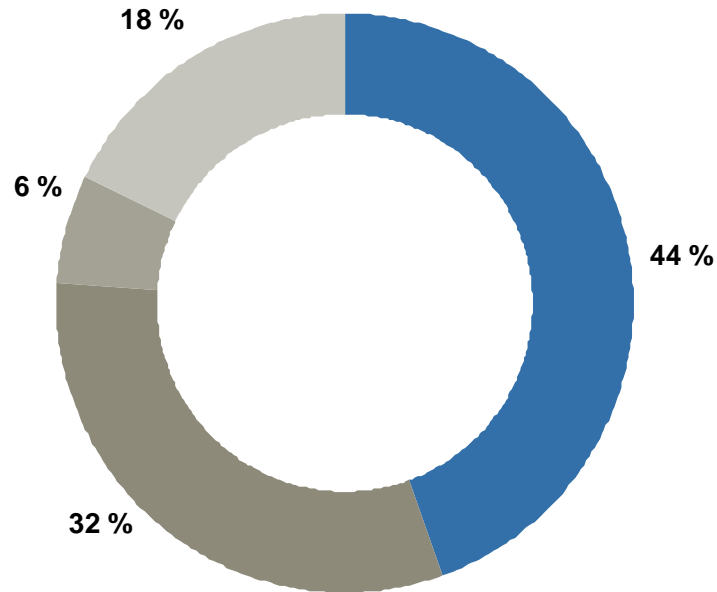
Personnel Development



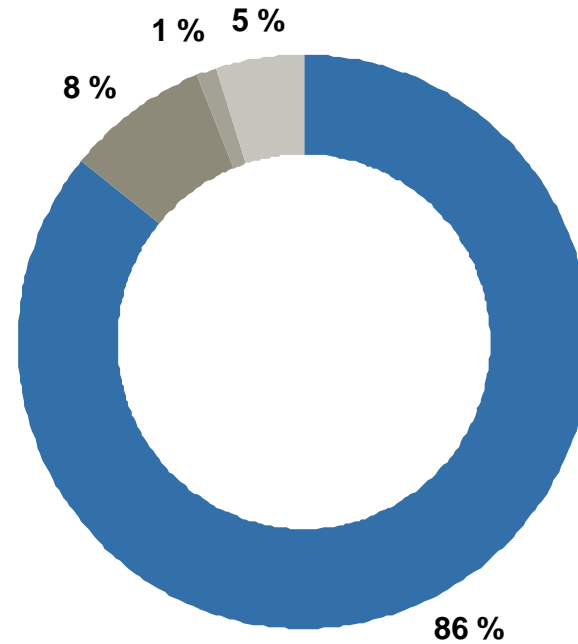
Deliveries

Annual Deliveries*

Cartonboard



Uncoated fine paper



■ Western- Europe ■ Eastern- Europe ■ Americas ■ Asia & Pacific

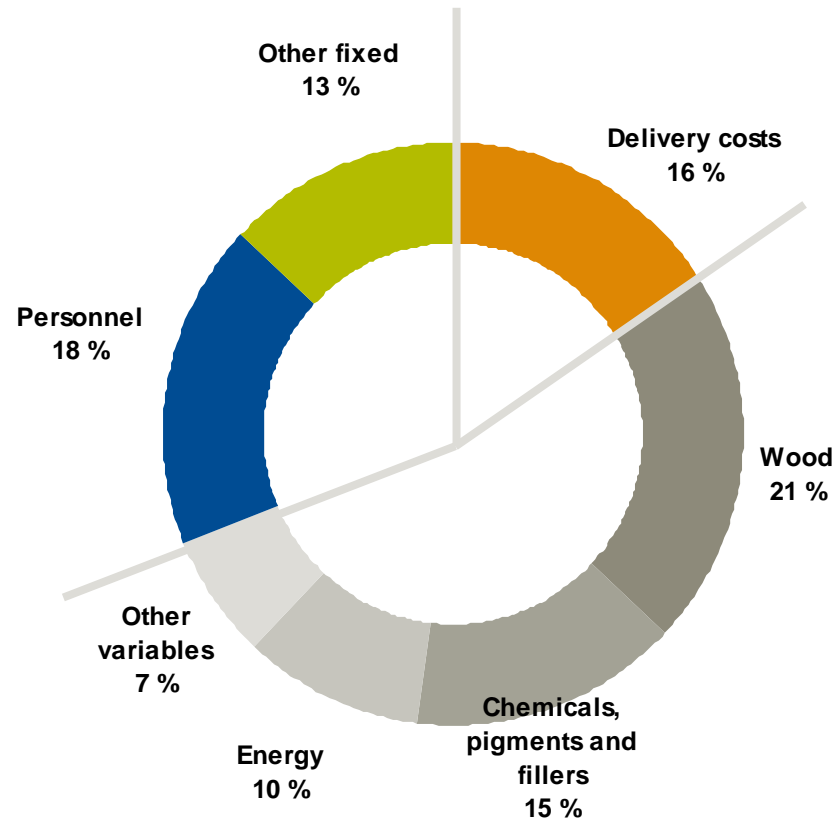
* Indicative numbers

Sourcing

M-real Cost Structure 2009*

(total annual costs in industrial operations ~ EUR 2 Billion)

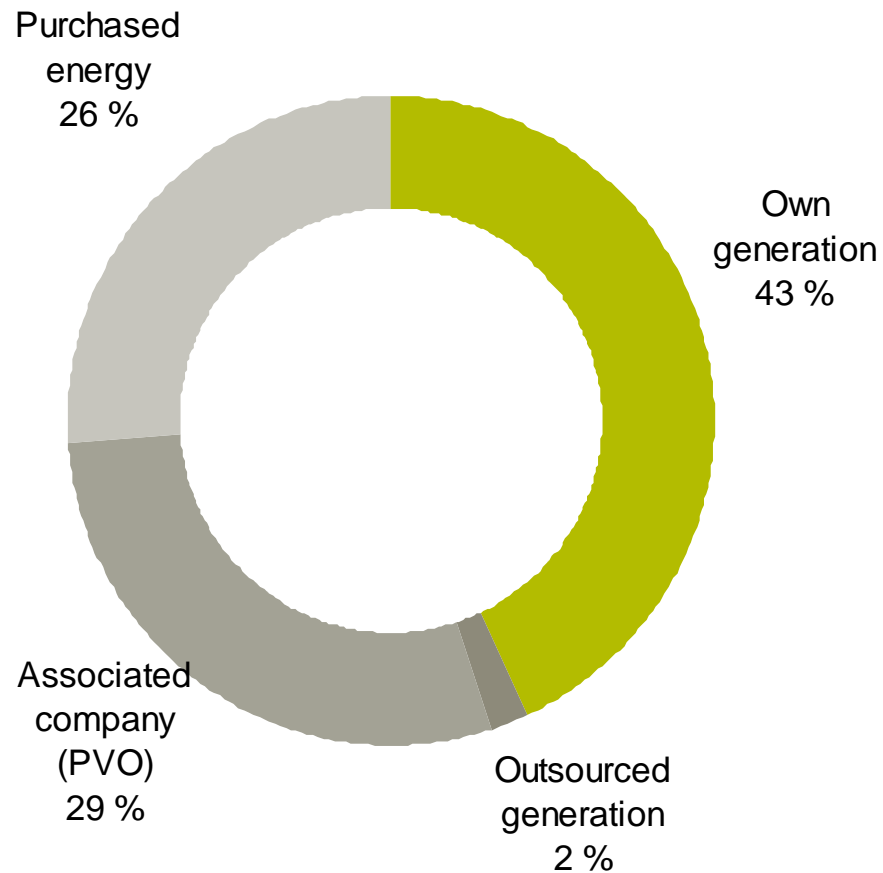
Fixed costs



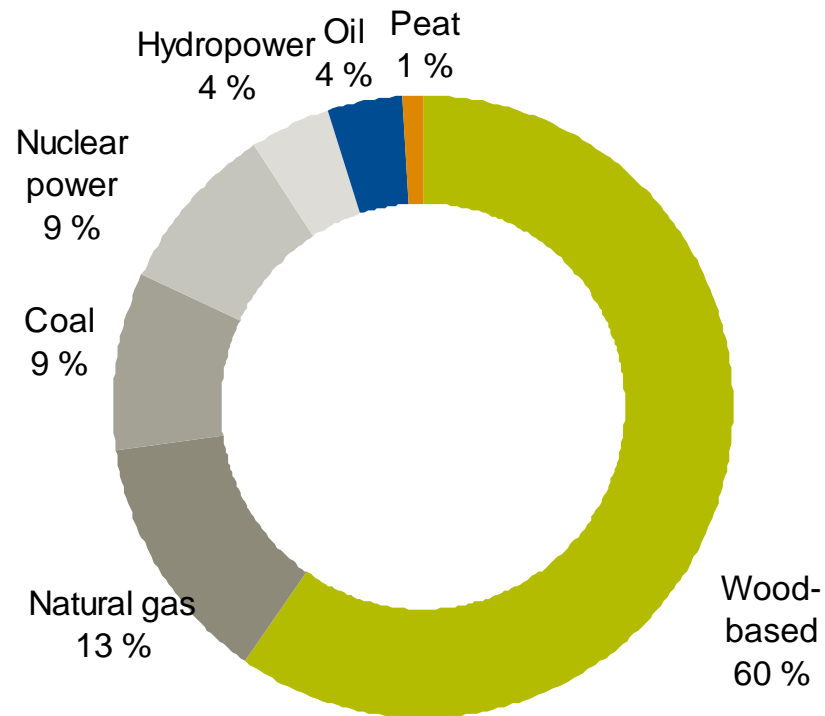
Variable costs

* Percentage of annual costs in industrial operations

Electricity Sourcing 2009 (total 3 400 GWh)



Fuels Used 2009 (total 19,6 TWh)

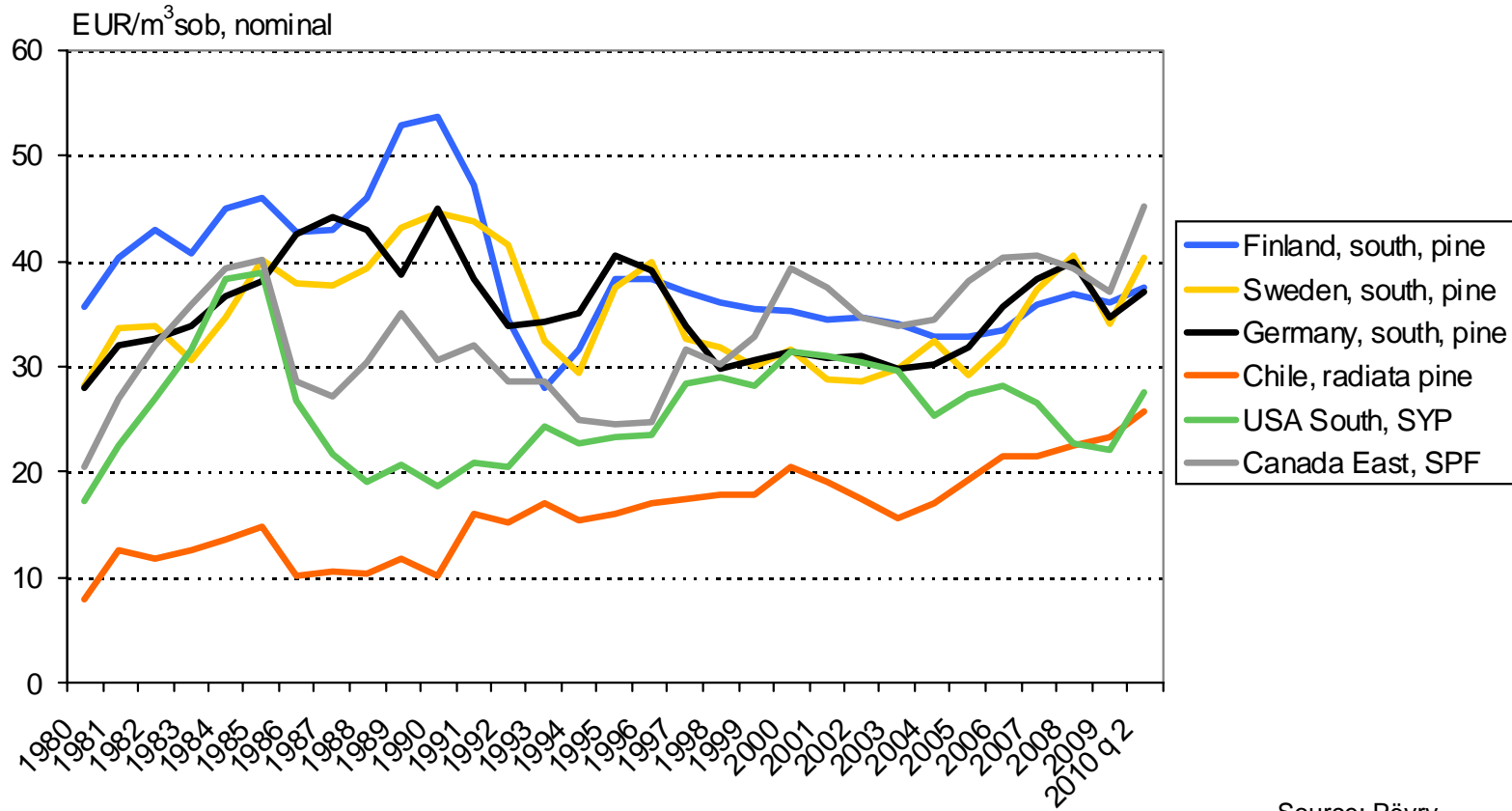


Wood Sourcing by Country

1 000 m³	2009
Finland	3488
Sweden	2272
Russia	563
France	133
Austria	524
Latvia	228
Estonia	204
Lithuania	47
Total	7459

Development of Softwood Pulpwood Cost at Mill, Wood for Chemical Pulping

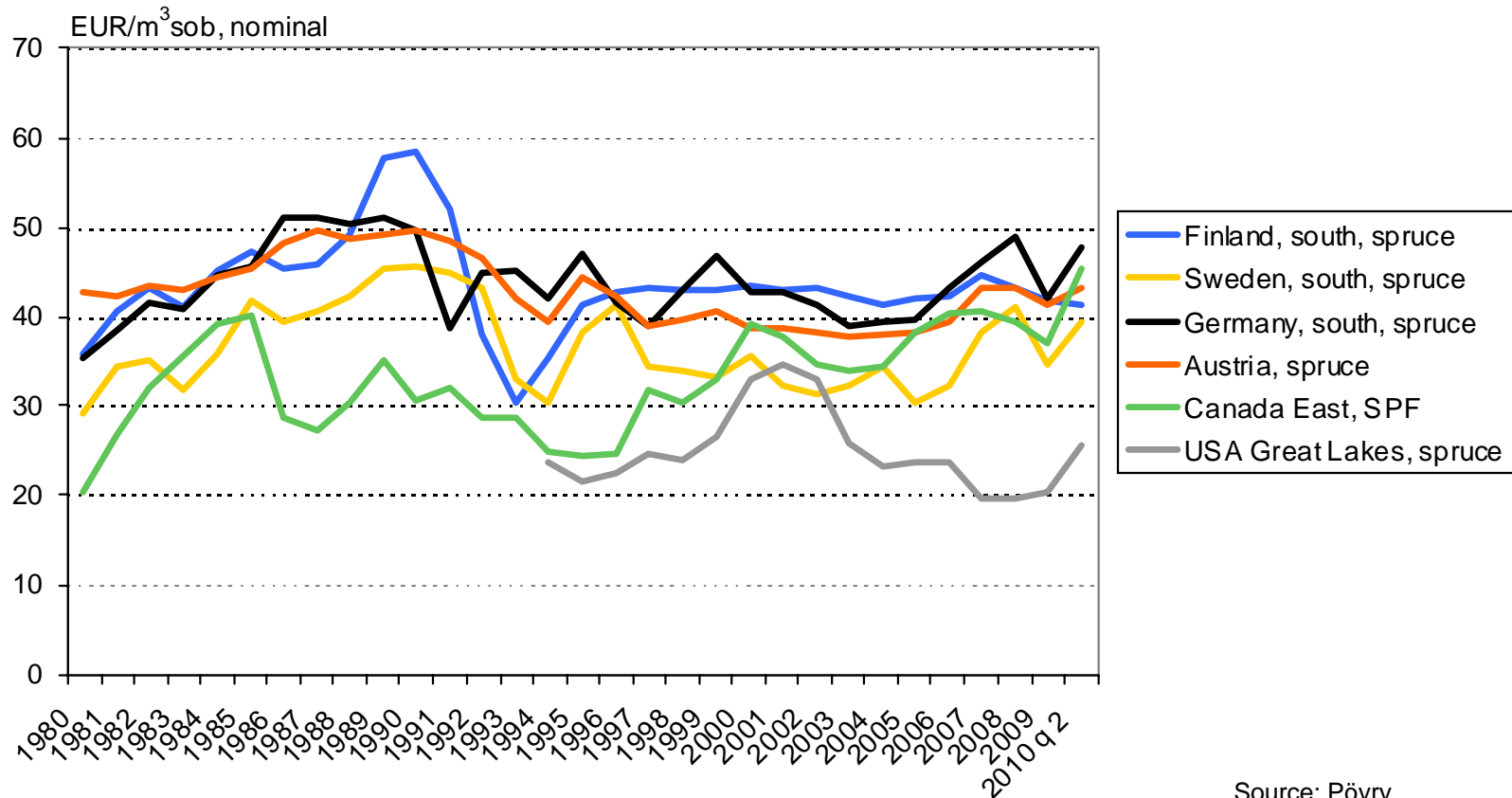
1980 – 2Q 2010



Source: Pöyry

Development of Softwood Pulpwood Cost at Mill, Wood for Mechanical Pulping

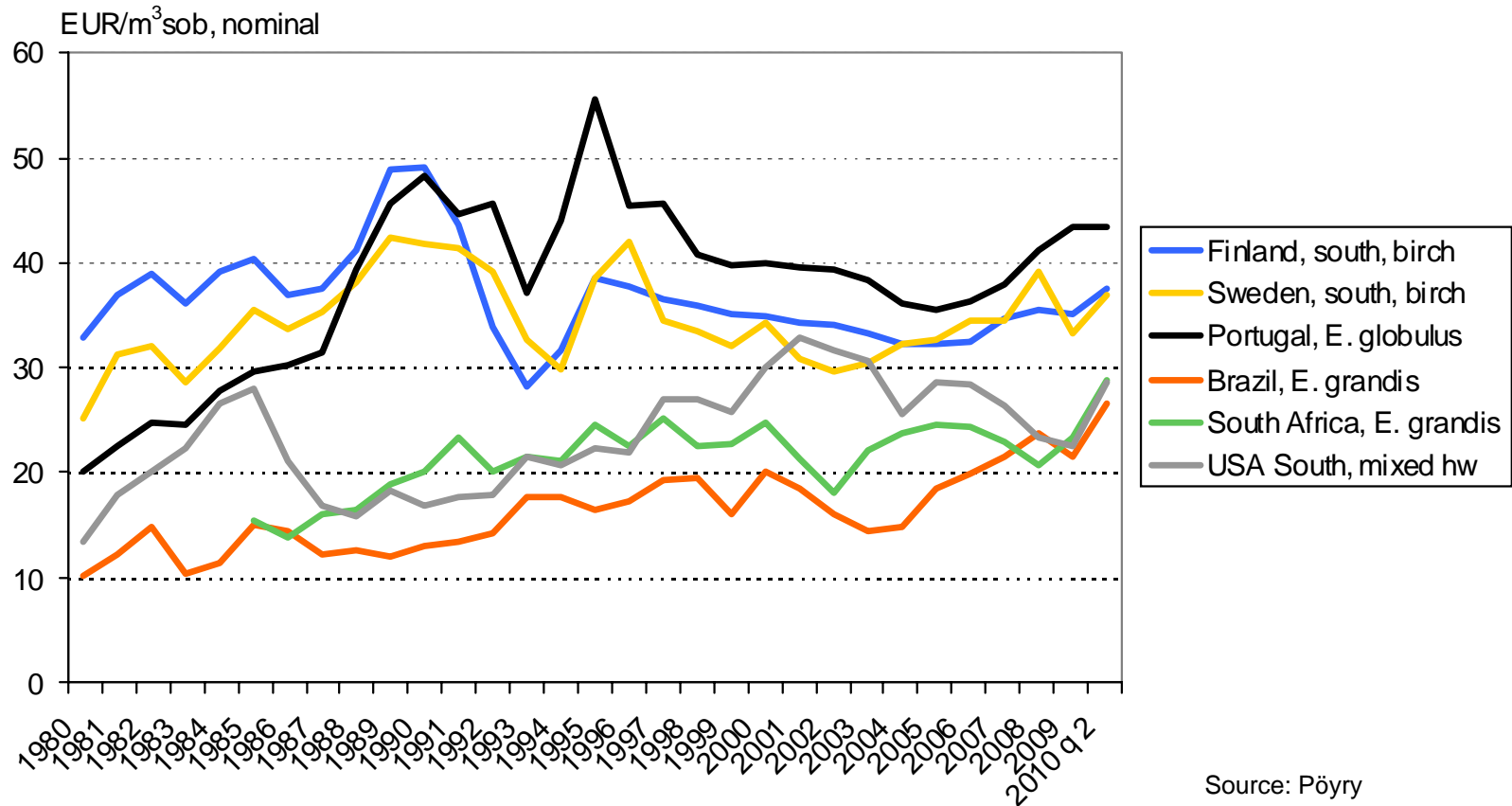
1980 – 2Q 2010



Source: Pöyry

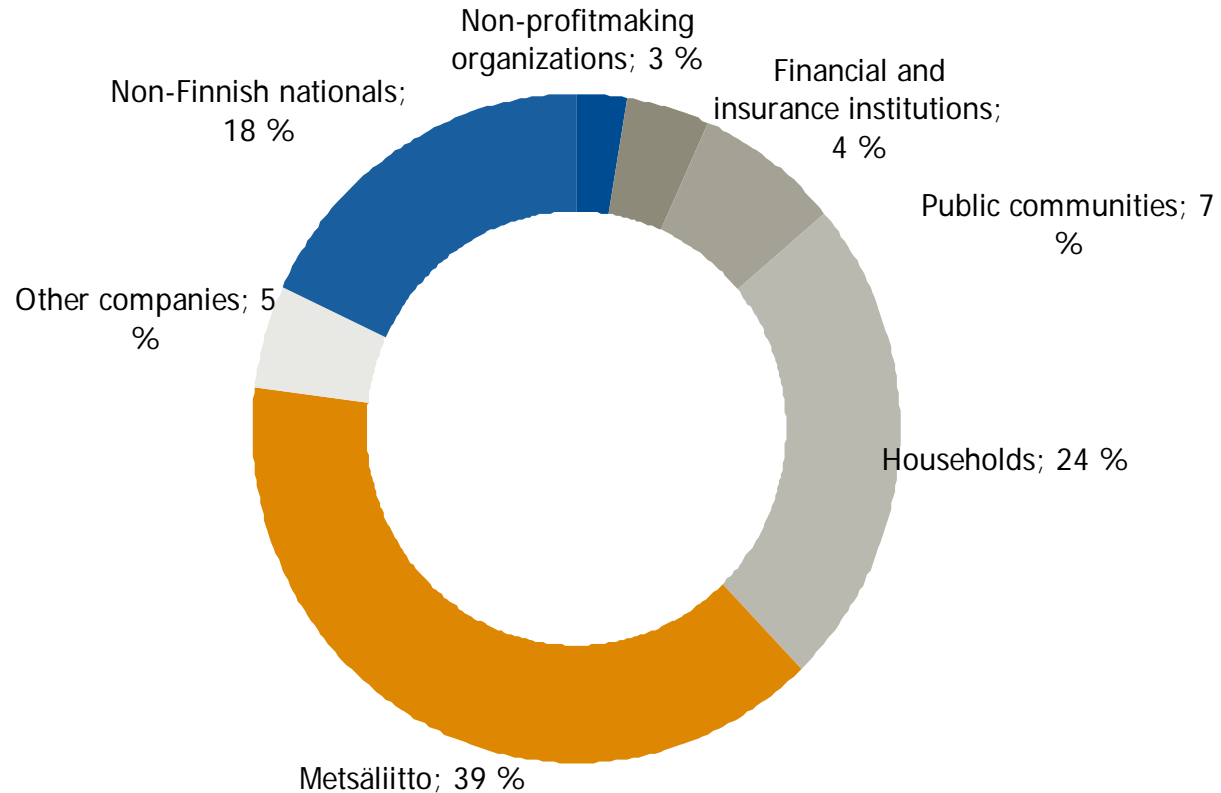
Development of Hardwood Pulpwood Cost at Mill, Wood for Chemical Pulping

1980 – 2Q 2010

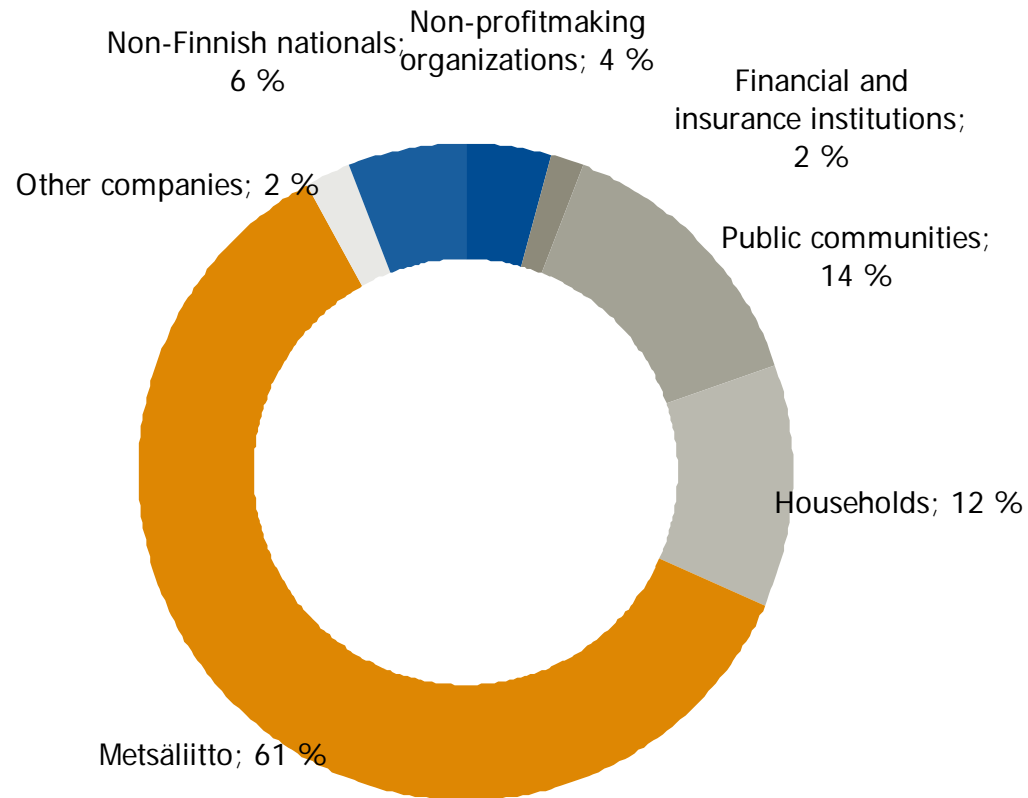


Owners

M-real Shareholders 30.9.2010



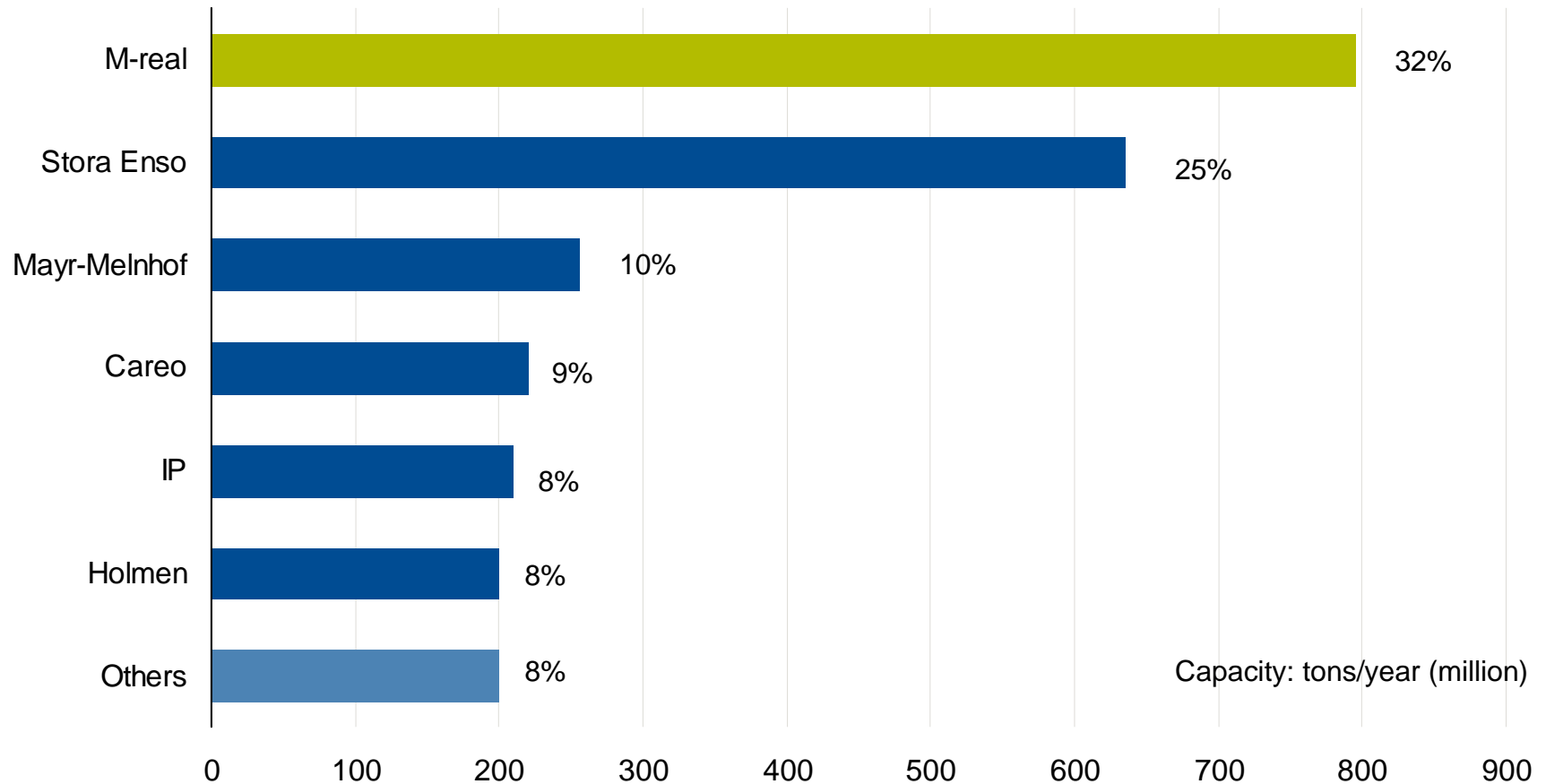
M-real Voting Rights 30.9.2010



Market Position

Folding Boxboard Capacities in Europe

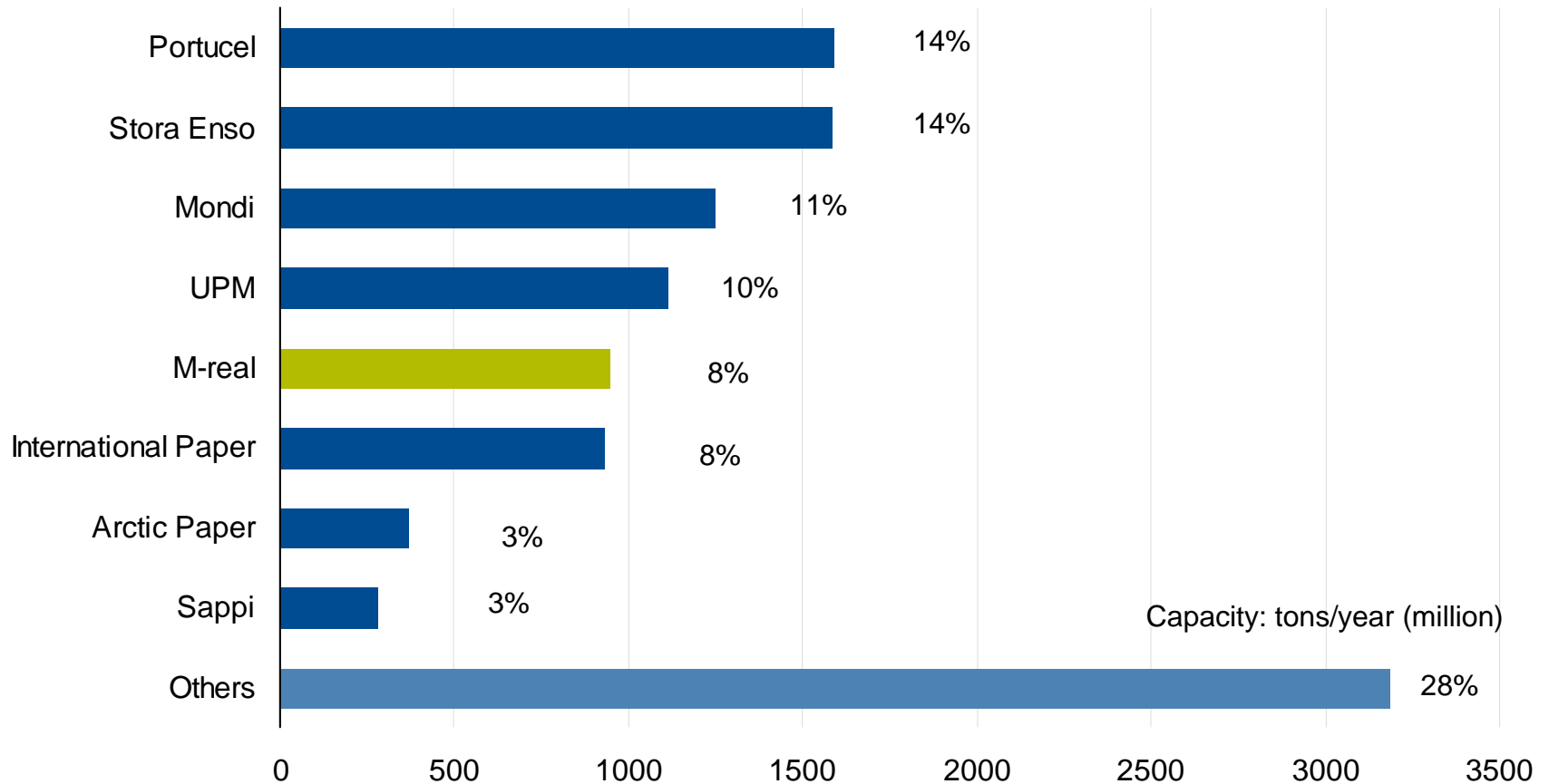
BIG-5 = 84% of total



Source: Pöyry Forest Industry Consulting

Uncoated Fine Paper Capacities in Europe

BIG-5 = 57% of total



Source: Pöyry Forest Industry Consulting, M-real

Thank you

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