



Development of M-real's Paper Business

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Capital Market's Day
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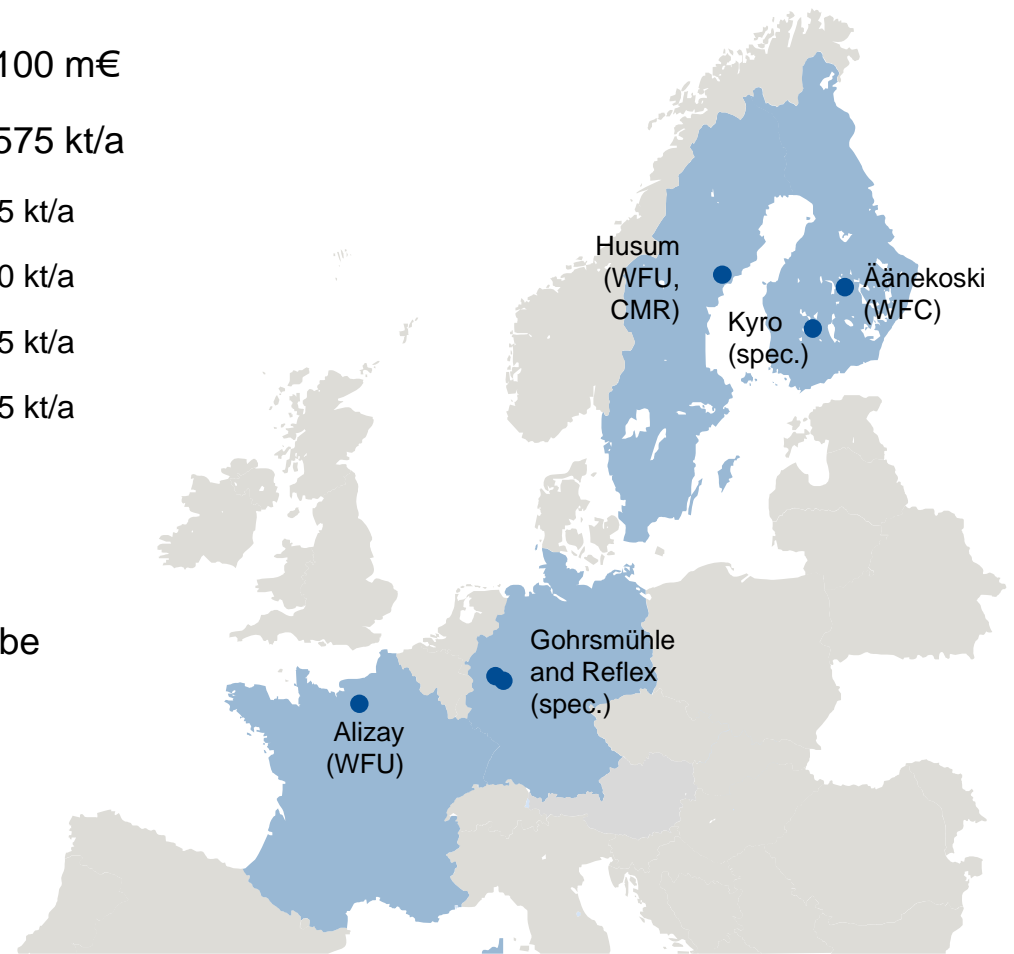
M-real's Paper Business Today

M-real's Paper Business Today

- Annual sales in total about 1 100 m€
- Paper capacity 1 575 kt/a
 - Uncoated fine paper (WFU) 865 kt/a
 - Coated fine paper (WFC) 190 kt/a
 - Coated magazine paper (CMR) 275 kt/a
 - Speciality Papers 245 kt/a

Alizay planned to be divested or closed

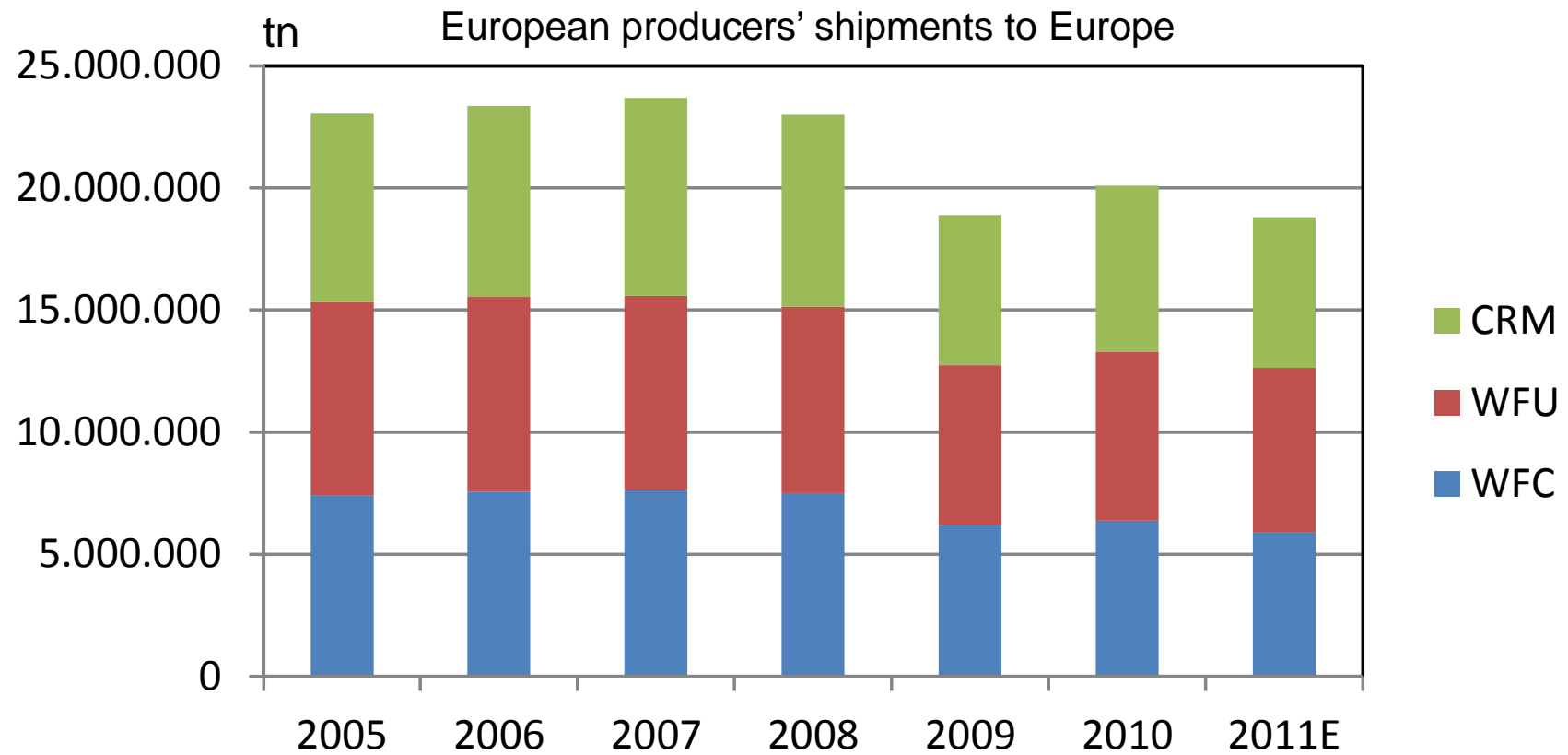
Gohrsmühle and Reflex operations planned to be divested or materially downsized



Market Update



European Demand for Paper is Declining



Foggy Short-Term Market Outlook

- Impact of the current financial turmoil still unclear
 - Customers mostly on holiday in Central Europe
- Order inflows weak like every year during summer months
- Positive news is that WFU prices were stable during summer months
 - M-real is seeking for a 6 % price increase in WFU
- Mixed pricing picture in coated papers
 - Due to better demand some potential for higher CMR prices
 - No changes in sight in coated fine paper



Turn-Around in Husum



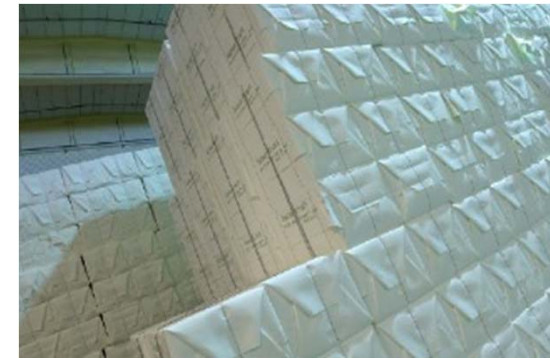
Main Targets for Husum Re-Engineering

- Modernize pulp mill to increase pulp capacity and improve energy self-sufficiency without massive investments
- Re-engineer internal processes to lower headcount to below 800
- Maximize paper capacity of current machines without major investments
- Full utilization of synergies and best practices with other group units

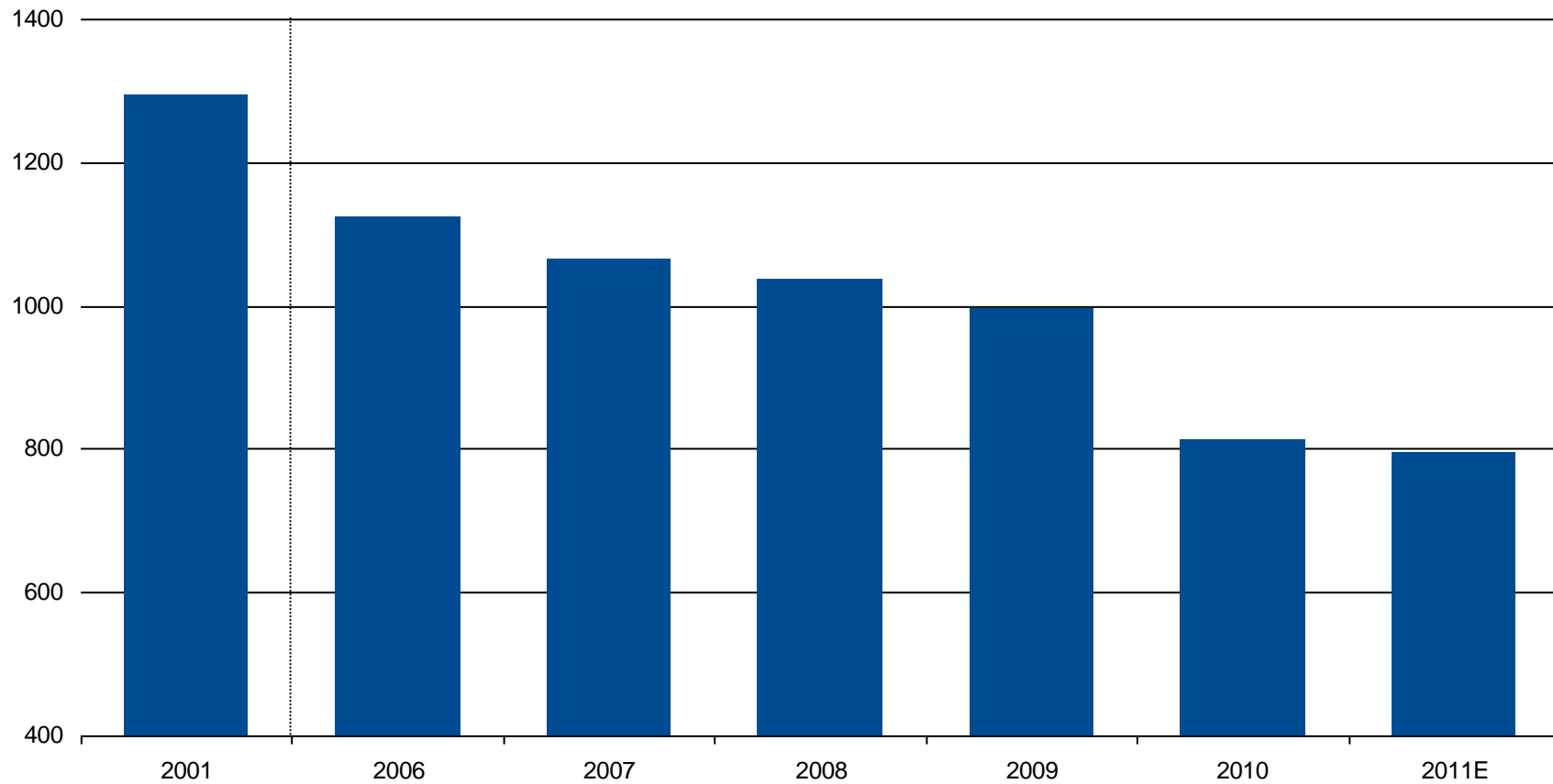


Successful Increase of Pulp and Energy Production with about 40 m€ Investments

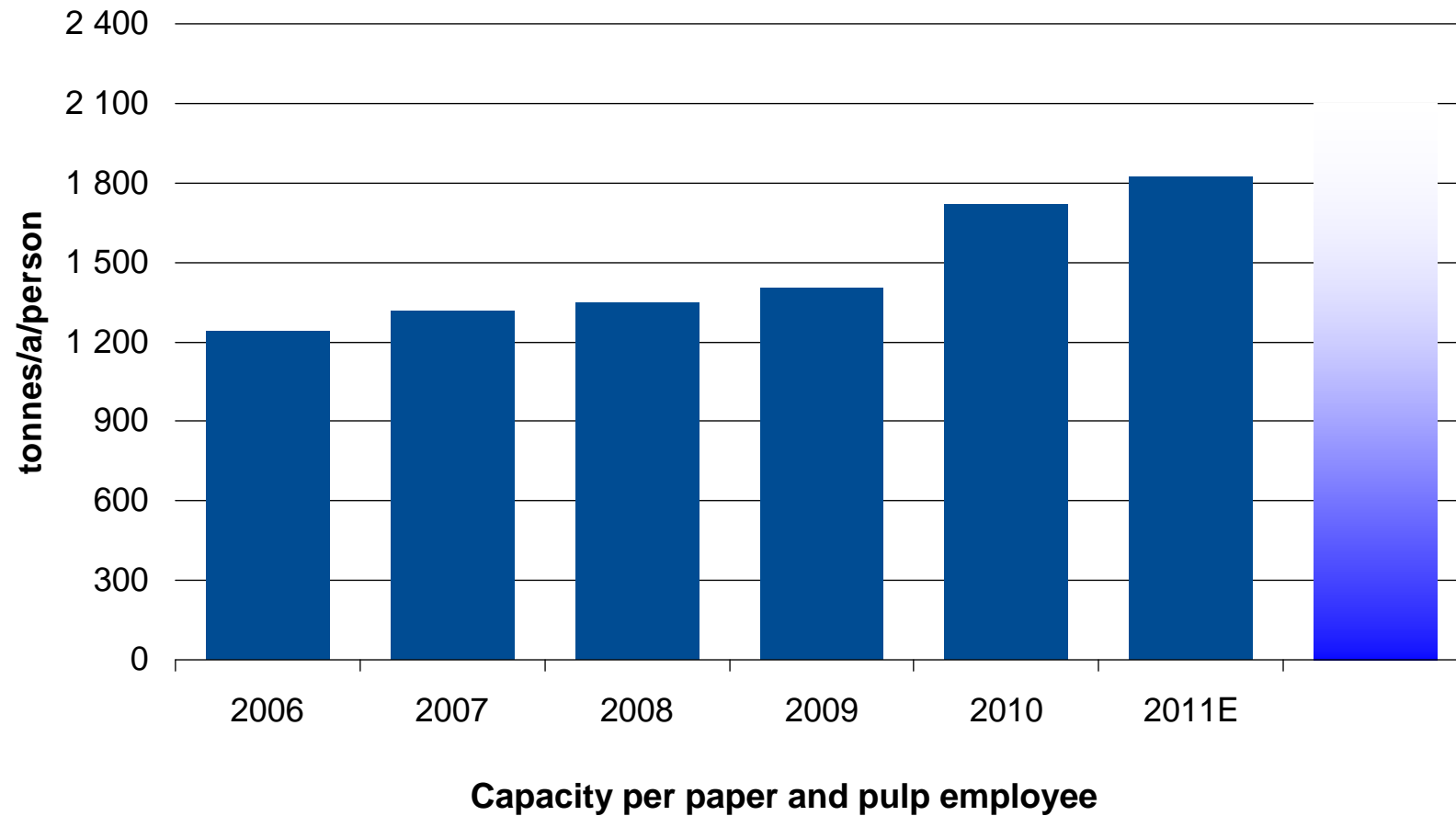
- Almost 300 m€ investment in pulp mill was avoided by modernizing the existing assets
 - Three recovery boilers replaced by two modernized ones
 - Increase of pulp production capacity from 690 to 750 kt/a
 - No material investment needs during this decade
- Increasing electricity self sufficiency from 32 % to 60 %
 - Transfer of Alizay pulp mill turbine to Husum
 - Rebuild existing turbine in Husum to produce more electricity



Husum Headcount Reduced by about 500 in 10 years



Husum in Good Speed Towards Super Productivity

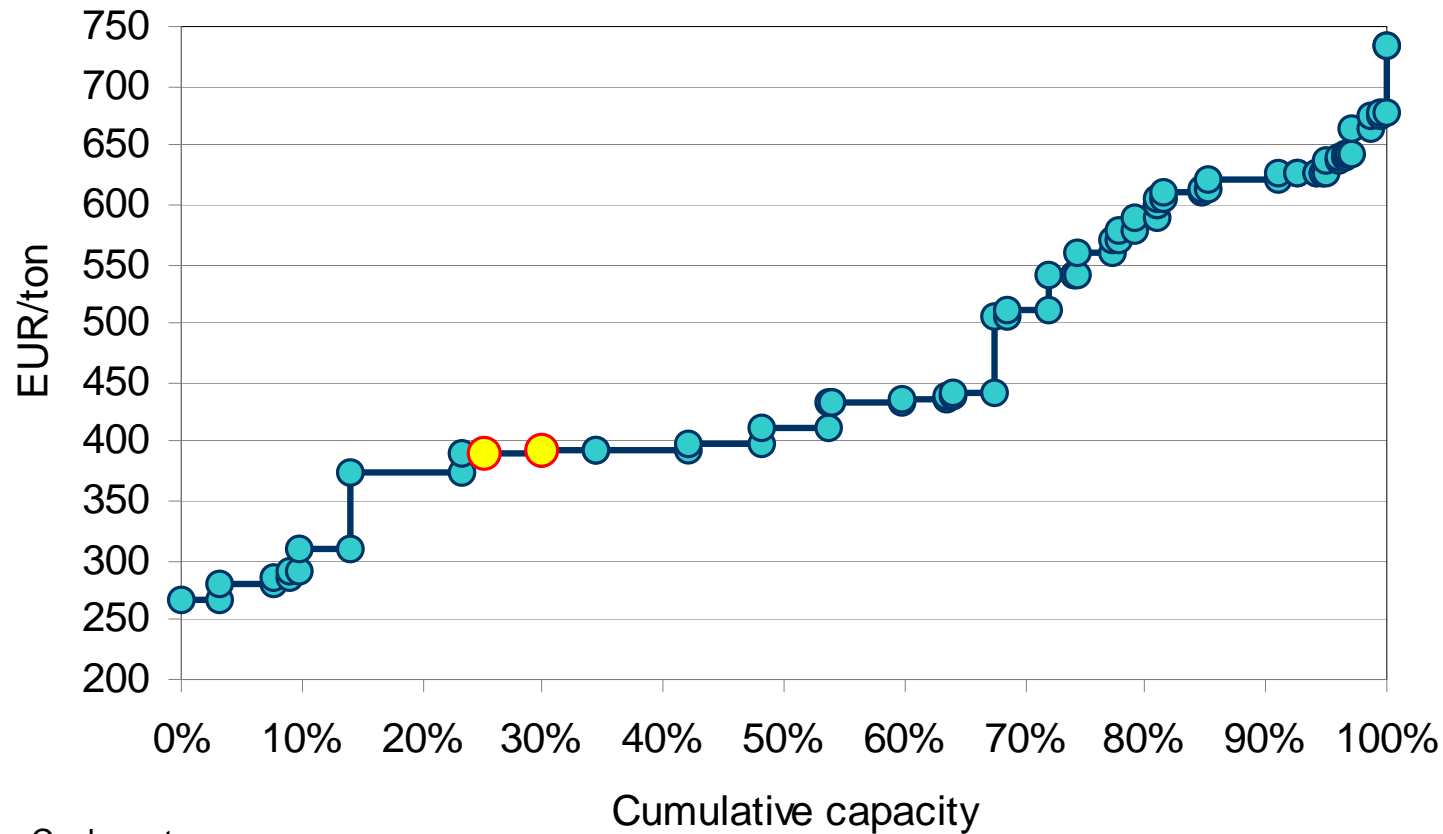


Thanks to Own Measures Husum Is One of the Strongest Pulp-Paper Integrates in Europe

- Dedicated personnel and a very competitive asset base
- Good access to main markets thanks to own harbor
- Best in class productivity and major integration benefits
- No major investment needs in sight
- Track-record of good of profitability and cash-flow, over the cycle

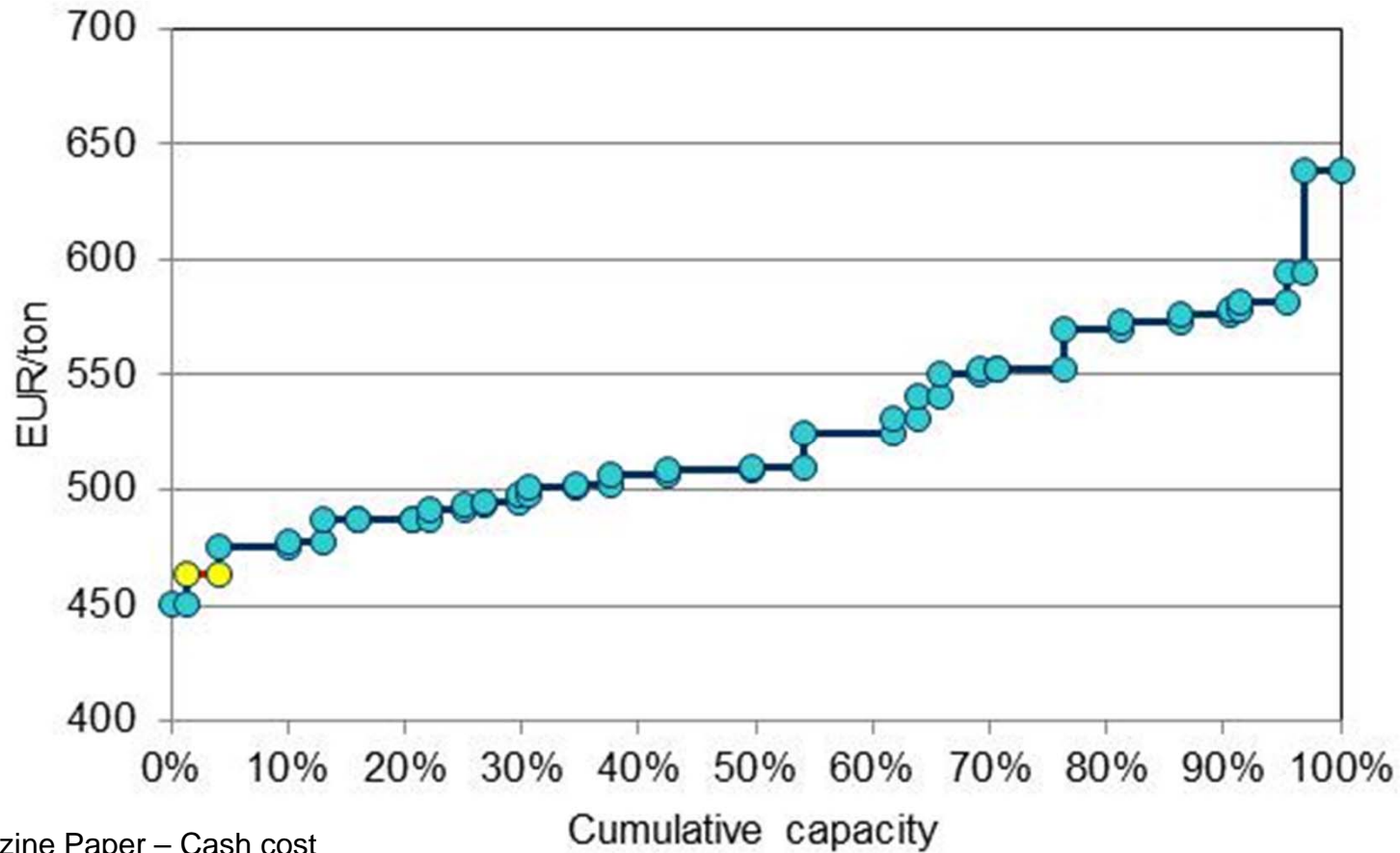


Husum PM6 and PM7 Competitive Assets in Uncoated Fine Paper Business



WFU – Cash cost
Source: RISI

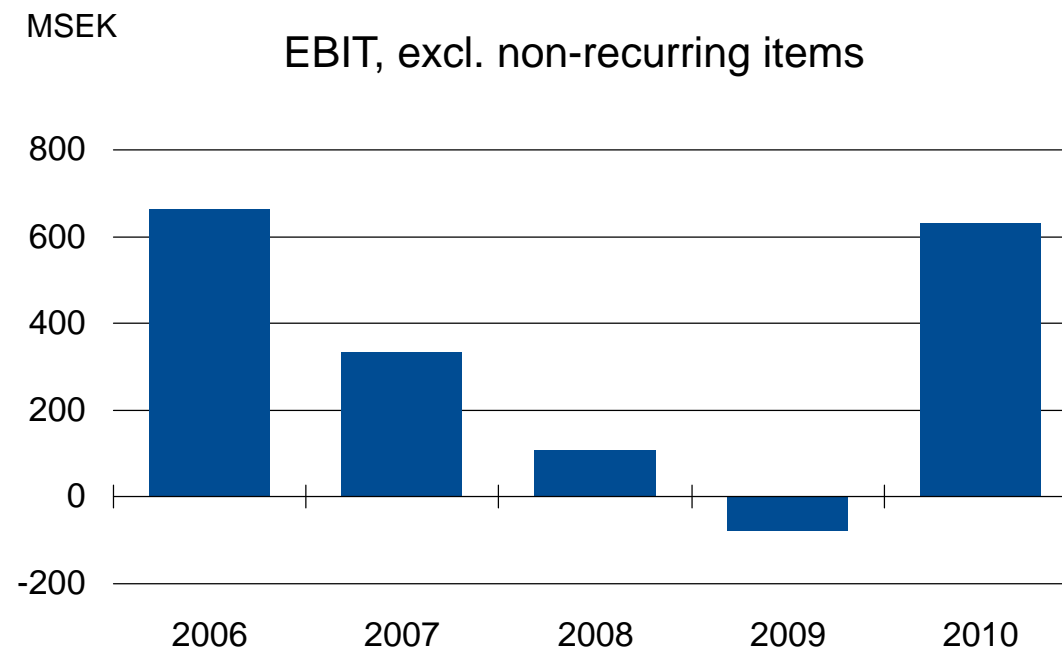
Husum PM8 is a Good Asset for Future Success in Coated Magazine Business



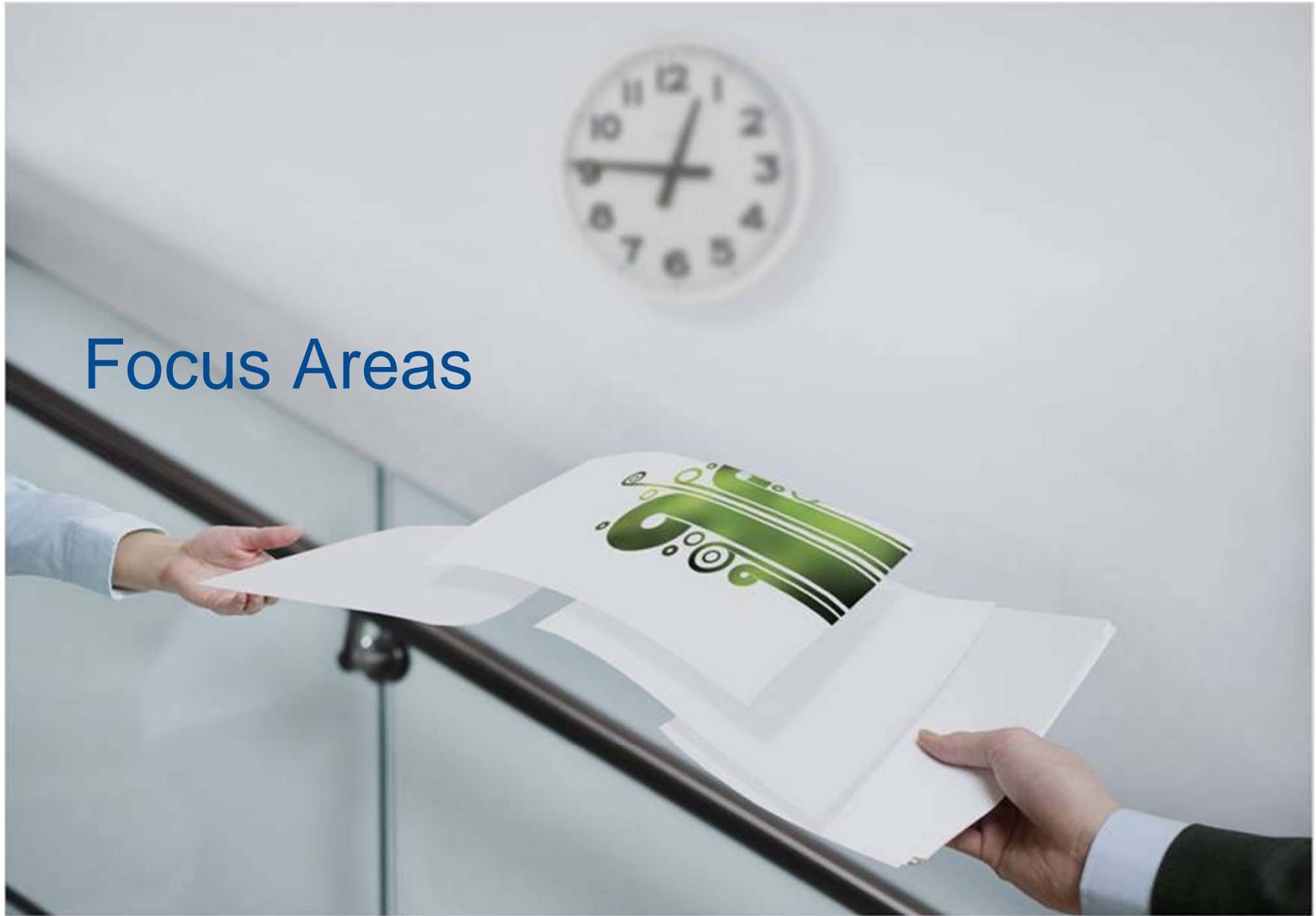
Magazine Paper – Cash cost
Source: RISI

Material Profitability Turn-Around Achieved in Husum in 2010

- Profit Improvement from 2009 710 MSEK
 - Half of the improvement from own actions, half market driven



Focus Areas



Focus Areas of M-real's Paper Business

- Raise the profitability of M-real's paper business to best in class level in Europe
 - Divestments or possible closures of Alizay, Gohrsmühle and Reflex
 - Exploiting the full potential of Husum
- Success in WFU will be based on own branded ecological and fit for purpose virgin fibre based products
 - Full utilization of Husum integration benefits
 - New innovations
- Measures to improve profitability in coated papers under consideration
- M-real continues to be interested to take part in the European wide paper industry consolidation

Innovative Products - Case SAVE!

- Unique environmental credentials
- Excellent end-user feedback
- Total “environmental office paper market” rapidly growing
 - M-real today the clear market leader
- Save! has the potential to become one of the leading office paper brands in Europe
 - Volume this year some 15 kt/a, target to exceed 50 kt/a in the future



Thank You!

