



M-real

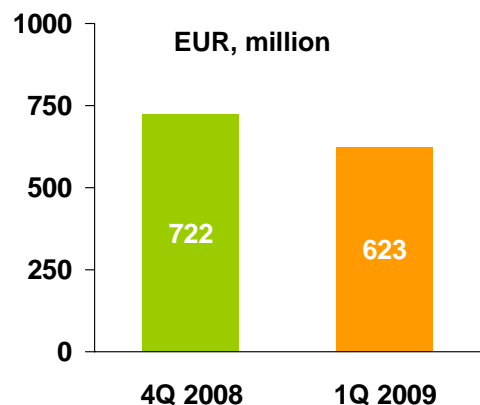
Results
1Q 2009

Key Events in 1Q 2009

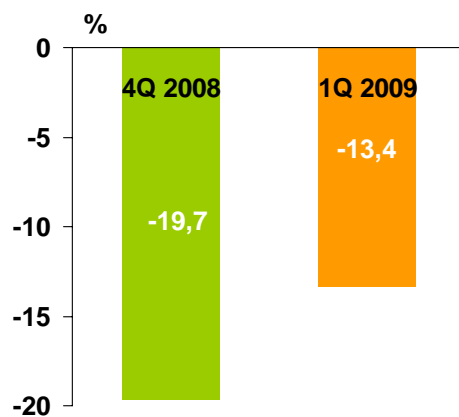
- Demand remained weaker than expected due to global recession
- Paper and board prices have remained stable thanks to downtime taken but pulp price has continued to decline
- Cash flow satisfactory despite negative result development
- Major fixed and variable cost savings as well as working capital reduction thanks to improvement programmes
- Cost inflation significantly down
- EUR 31 million gain from 2010 Eurobond repurchases

Key Figures – Quarterly

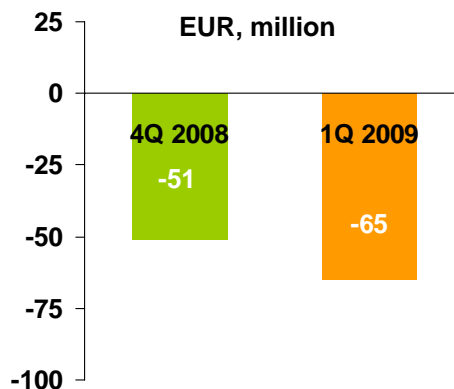
Sales



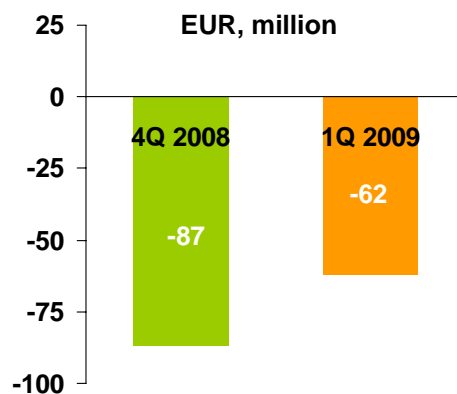
ROCE*



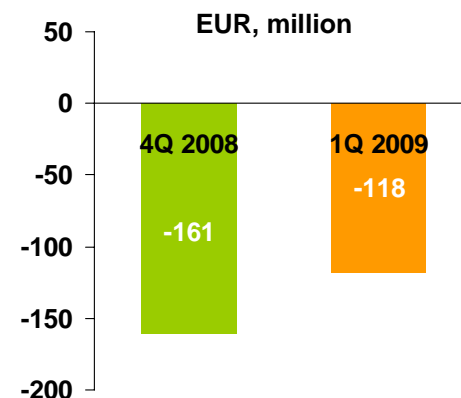
Operating Result excl. non-rec. items



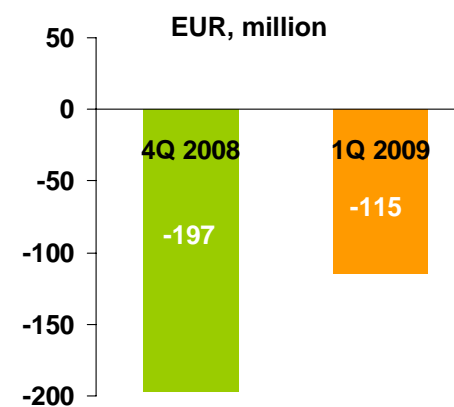
Result before taxes excl. non-rec. items



Operating Result



Result before taxes



Cash Flow Development In Control Despite Negative Result*

	1Q09	4Q08	Diff.	1Q08	Diff.	2008
Net cash flow arising from operations, M€ (including change in working capital)	-7	-115	108	9	-16	-97
Investments, M€	-16	-39	23	-21	5	-128
Disposals, M€	2	342	-340	57	-55	483
Net investments, M€	-14	303	-317	36	-50	355
Net cash flow after investments, M€	-21	188	-209	45	-66	258
Net gearing at the end of period, %	101	90	11	100	1	90
Covenant net gearing at the end of period, %	81	74	7	87	-6	74
Equity ratio at the end of period, %	30,3	30,8	-0,5	35,0	-5	30,8
Covenant equity ratio at the end of period, %	35	36	-1	41	-6	36

* Cash flow figures including also Discontinued operations

Non-Recurring Items in 1Q 2009 EBIT

	EUR million
• Costs related to closure of Metsä-Botnia Kaskinen pulp mill	-23
• Costs related to closure of Hallein paper mill	-28
• Sales network restructuring costs	-2
TOTAL	-53

Pulp Down Cycle Weakened Dramatically Business Areas' and Market Pulp's Profitability

- Profitability weakened by lower operating rates, declined pulp price and inventory write-downs
 - Major challenges in long-fibre pulp
- Supply is already decreasing, especially in long-fibre pulp, as industry is closing capacity and curtailing production temporarily
- Reduced pulp supply combined with recovery of demand is expected to improve profitability rapidly when the cycle turns
- First signals of the cycle turn visible – Long-fibre pulp price has been increasing

Pulp cycles typically very radical – to both directions

Significant Long-Fibre Pulp Capacity Closures in Short Time Period. Further Closures Expected

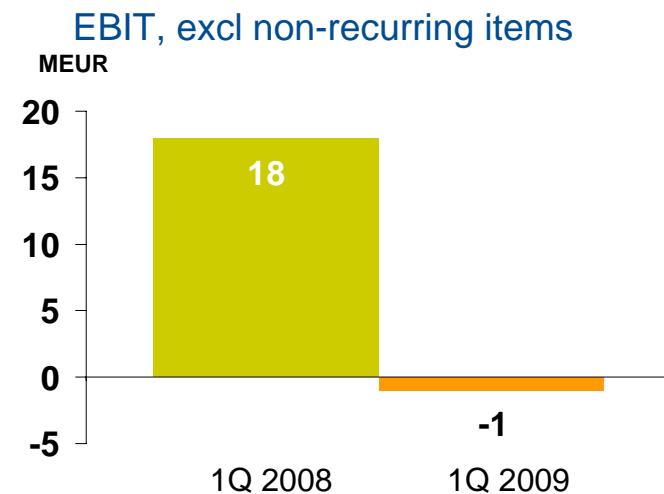
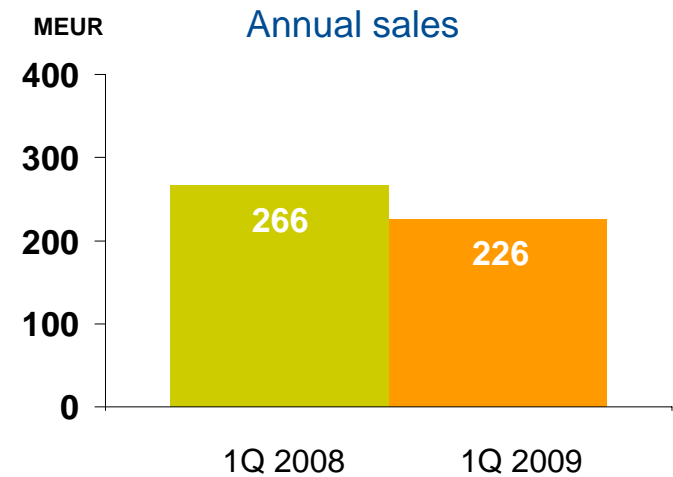
•Ever Green Pulp, Samoa, California, USA	-200 000 NBSK	Q4 2008
•UPM, Tervasaari, Finland	-220 000 NBSK	Q4 2008
•Catalyst Paper, Elk Falls, BC, Canada	-200 000 NBSK	Q4 2008
•International Paper, Bastrop LA, USA	-450 000 SBSK	Q4 2008
•Domtar, Dryden, ON, Canada	- 70 000 NBSK, BHK	Q4 2008
•Stora Enso, Norrsundet, Sweden	-300 000 NBSK	Q4 2008
CHANGE 4Q 2008	-1 670 000 tonnes	
•Buchanan Forest, Terrace Bay, ON, Canada	- 125 000 NBHK	Q1 2009
•Tembec, Marathon, ON, Canada	-200 000 NBSK	Q1 2009
•Botnia, Kaskinen, Finland	- 440 000 BHK/BEK/NBSK	Q1 2009
CHANGE 2009	-765 000 tonnes	
TOTAL SINCE 4Q 2008	-2 435 000 tonnes	

Pulp Down Cycle's Impact on Profitability (1Q 09 vs. 1Q 08)

	EUR million
• Consumer Packaging	- 10
• Office Papers	- 10
• Other Papers	- 3
• Market Pulp and Energy	- 22
TOTAL	- 45

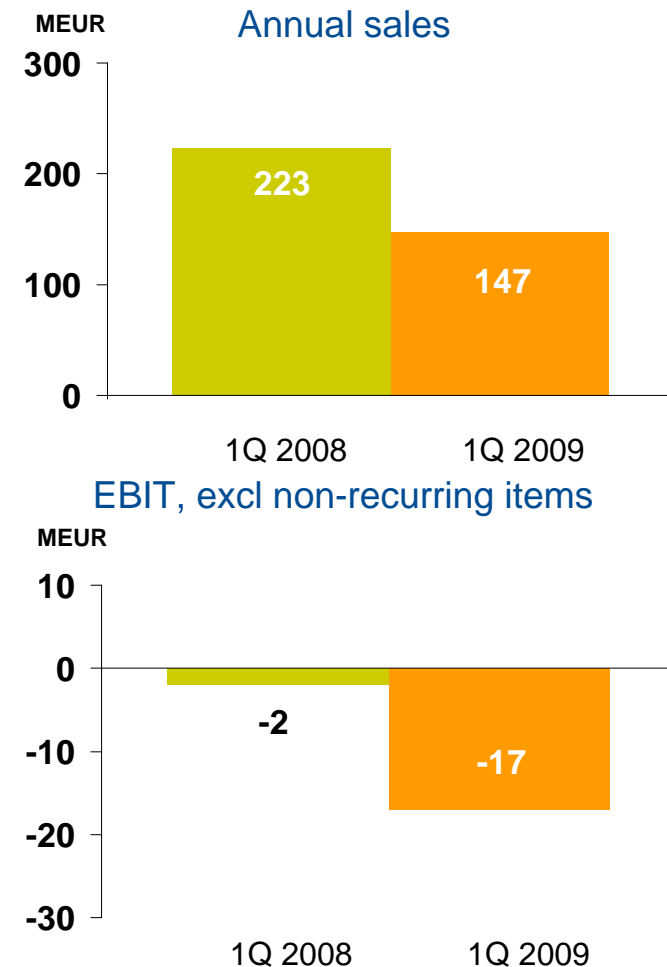
Despite Low Operating Rates Consumer Packaging Reached Break-Even and Strengthened Its Market Position in Europe

- Profitability weakened due to low operating rates in board and pulp mills and lower valuation of wood and pulp inventories
- Profitability improved by cost saving actions and price increases agreed during late 2008
- In the main European markets our volumes similar or even above previous year
 - M-real strengthened its market leader position in main markets
- Volumes to Russia, Eastern European countries and overseas dropped clearly
- Operating rates remained weak in 1Q
 - Full year operating rates to remain below last year
- Downtime to be taken to defend the price level



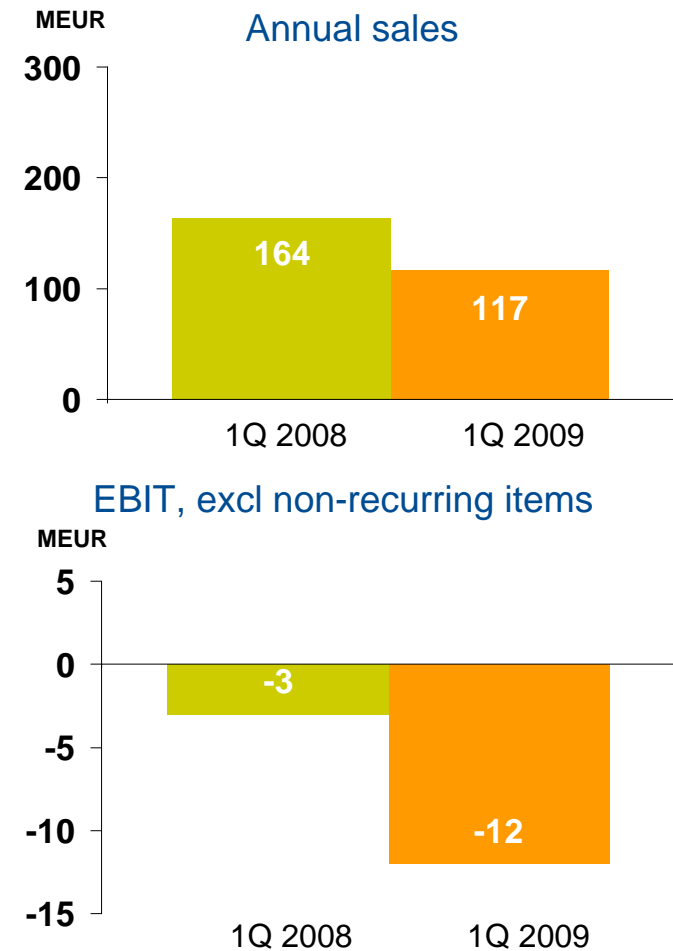
In Office Papers the New Thames RCF Based Production Successfully Transferred to Alizay

- Profitability weakened by slight decrease in paper prices, low operating rates in pulp mills and lower valuation of wood and pulp inventories
- Profitability improved by implemented cost savings actions
- WFU operating rates rather normal
- Downtime to be taken to defend the price level if needed
- Production costs gradually decreasing, especially wood
- Weaker SEK improved Husum's result, but weaker GBP hurt Alizay



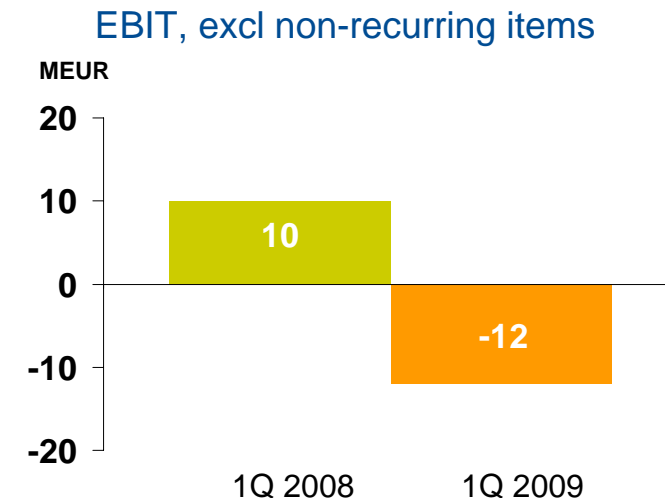
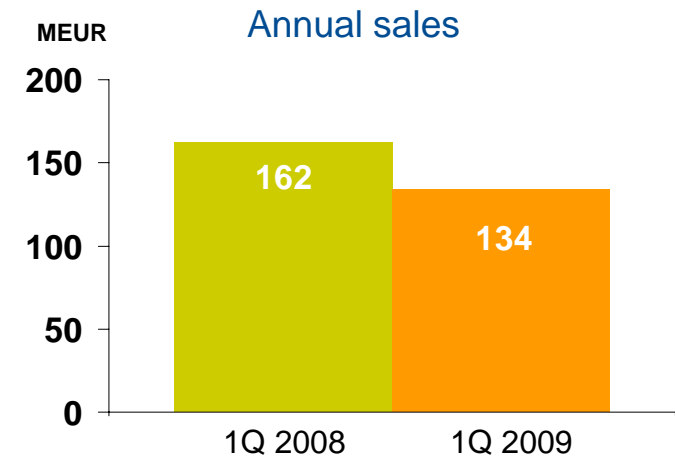
Other Papers' Profitability to Improve Through Hallein and Gohrsmühle Restructuring

- Performance of Hallein and Gohrsmühle during 1Q weaker than expected mainly due to market situation
- Hallein paper mill to be closed and Gohrsmühle standard WFC production to be discontinued at the end April 2009
- Rightsizing of the operations and product portfolio changes ongoing in M-real Zanders
- Expected annual profit improvement of about EUR 20 million, full impact from 2010 onwards
- Other Papers focus on speciality papers from now on



Pulp Cycle Expected to Turn during 2H 2009 Improving Market Pulp and Energy's Profitability

- Profitability weakened by lower pulp demand and price as well as lower wood and pulp inventory valuations
- Profitability to be improved by lower wood costs during the rest of the year
- Reduced pulp supply combined with recovery of demand is expected to improve profitability rapidly when the cycle turns
- First signals of the cycle turn visible – Long-fibre pulp price has been increasing

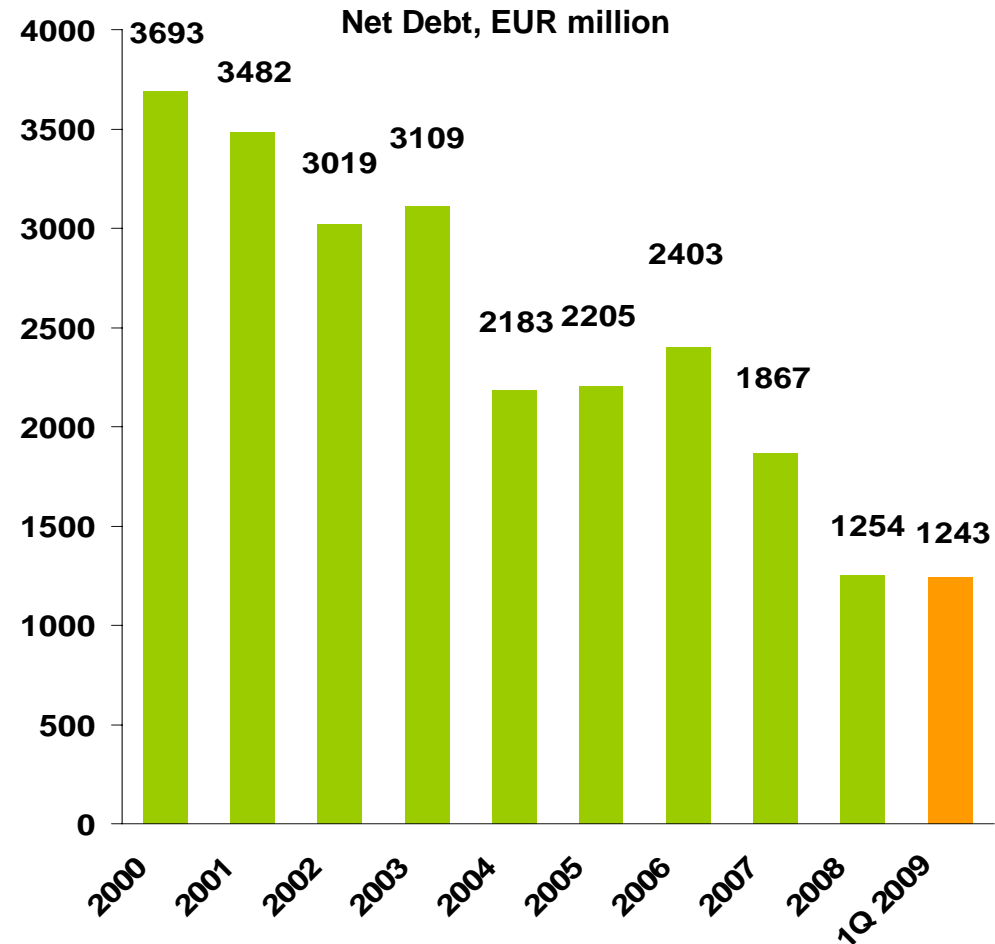


Summary of Near-Term Market Outlook

- Demand and delivery volumes expected to remain clearly below last year
- Price levels to be defended by production curtailments
- At the moment it seems possible that pulp cycle is turning later this year
- Costs expected to decrease vs. last year

Work to Reduce Net Debt Continues

- Net debt down in 1Q despite declining profitability thanks to ONWC reduction and bond buy backs
- Sale of the EUR 220 million vendor note from Sappi to be considered for liquidity management
- M-real has valuable assets
 - Further divestments possible if needed to strengthen balance sheet or liquidity
- Paper industry strategic review continues



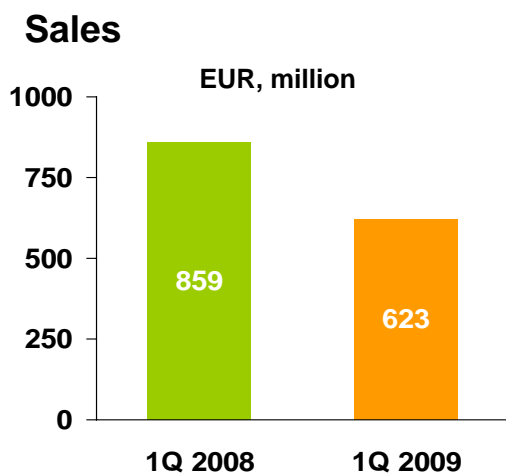
When the Economic Cycle Turns M-real Is Expected to Be in a Position for Fast Profitability Recovery

- Profitable and growing cartonboard business
- Heavily lossmaking coated paper business out of the company
- Profitability of the pulp business recovering
- Streamlined operations after several internal efficiency improvement programmes
- No significant investment needs

Cash flow the current top priority to secure liquidity

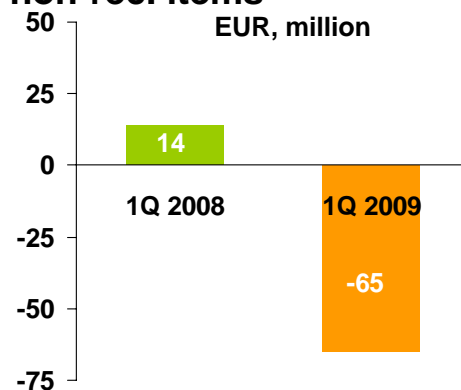
Appendix

Key Figures – Comparison to Previous Year



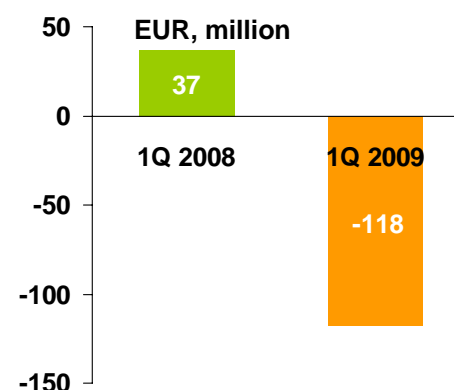
Operating Result, excl. non-rec. items

EUR, million



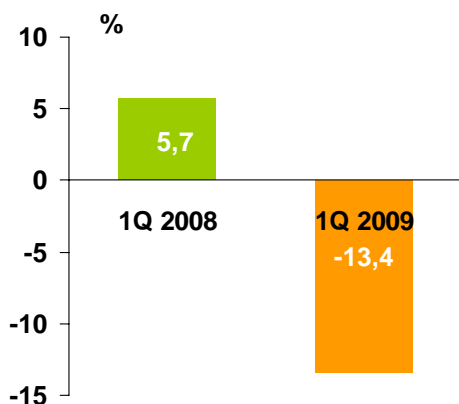
Operating Result

EUR, million



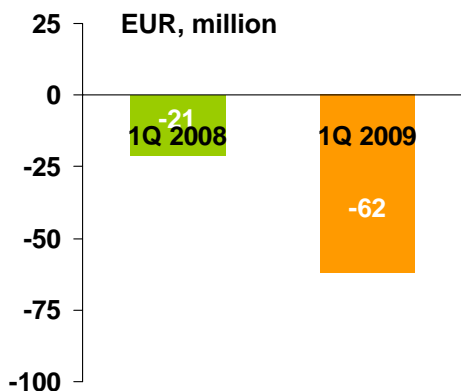
ROCE*

%



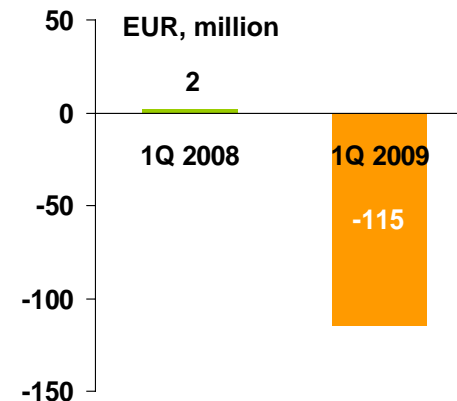
Result before taxes, excl. non-rec. items

EUR, million



Result before taxes

EUR, million



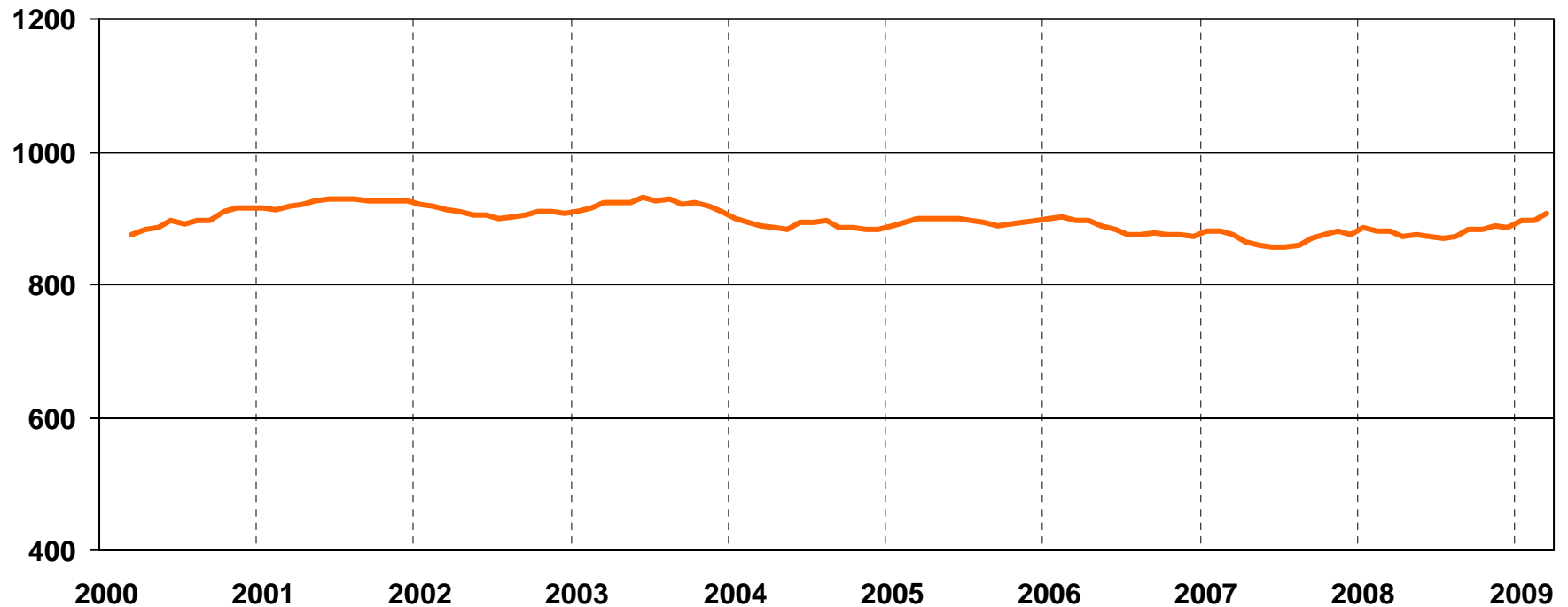
Heavy Internal Profit Improvement Actions and Lower Costs Improving the Situation in 2009

Profit impact vs. 2008, m€	total target	Cumulative		
		2009	2010	2011
1 Profit improvement programme 2009	80	20	60	80
2 Profit improvement programme 2008	70	40	60	70
3 Cost savings programmes 2007	10	10	10	10
Total	160	70	130	160
Estimated cost change 2009		-20		
Profit impact after cost change		90		

Folding Boxboard Market Price in Europe

2000 – 1Q 2009

EUR / tn Three month moving average

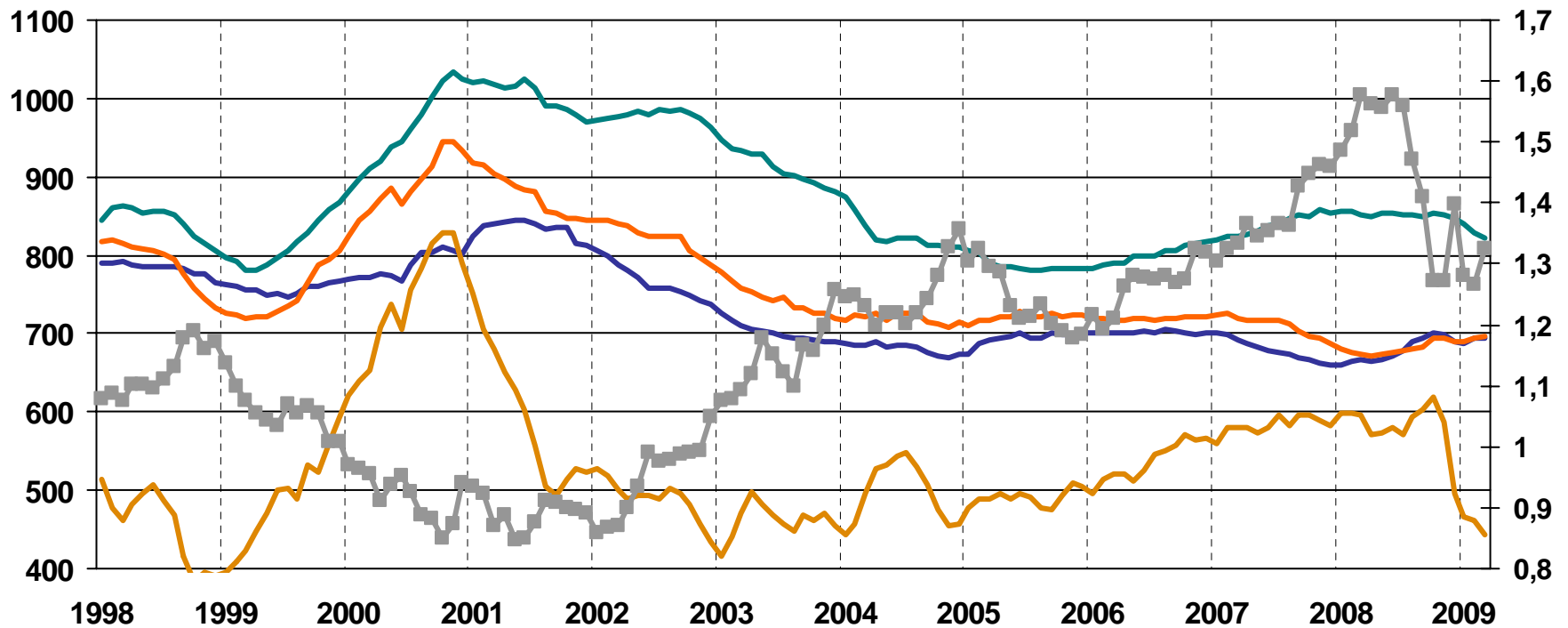


Source: M-real

Paper and Pulp Market Price in Europe 1998 – 1Q 2009

EUR / ton,

EUR/USD



— Coated magazine paper LWC (60g)

— Uncoated fine paper (B-copy, 80 g)

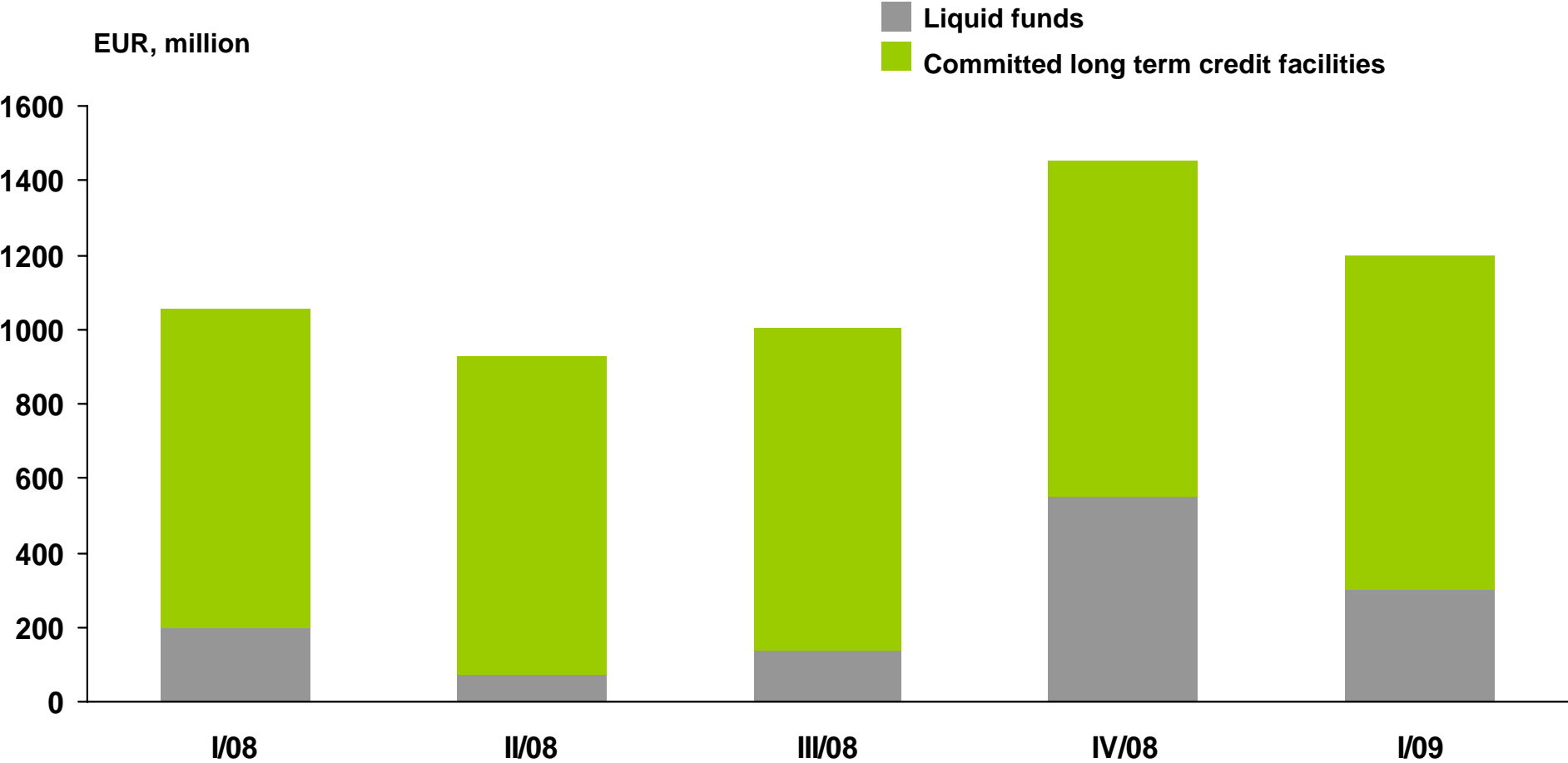
— Softwood pulp NBSK

— Coated fine paper (100 g)

■ EUR/USD

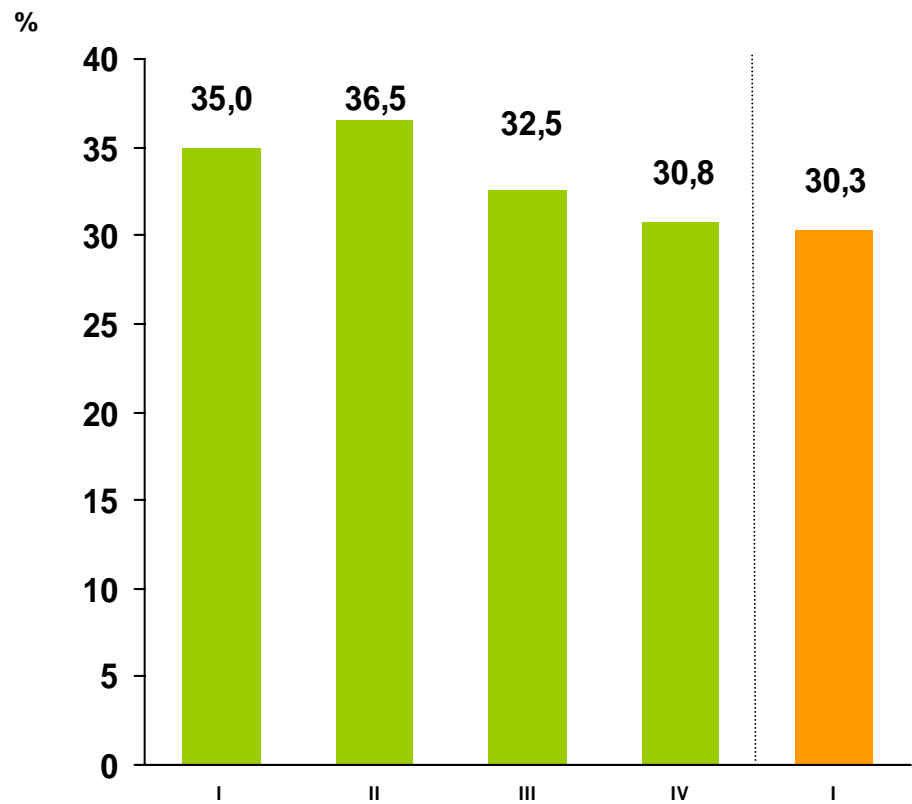
Source: Foex, Reuters

Liquidity

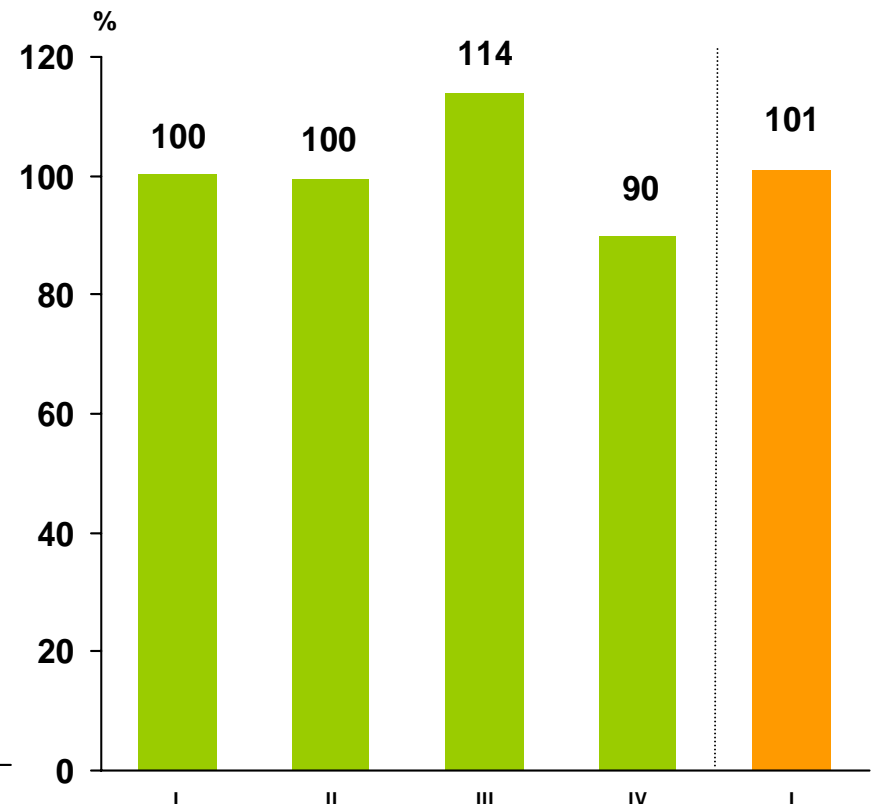


Balance Sheet Ratios

Equity Ratio



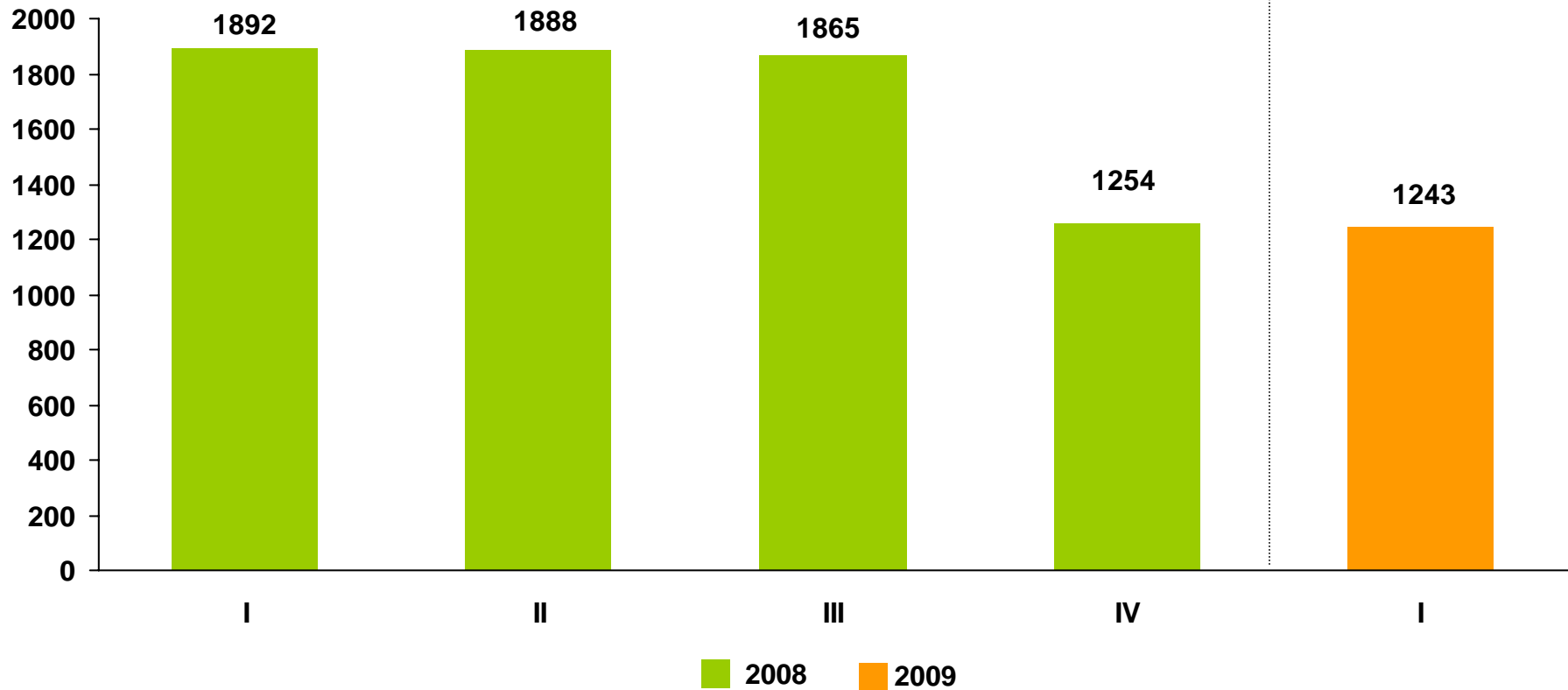
Net gearing



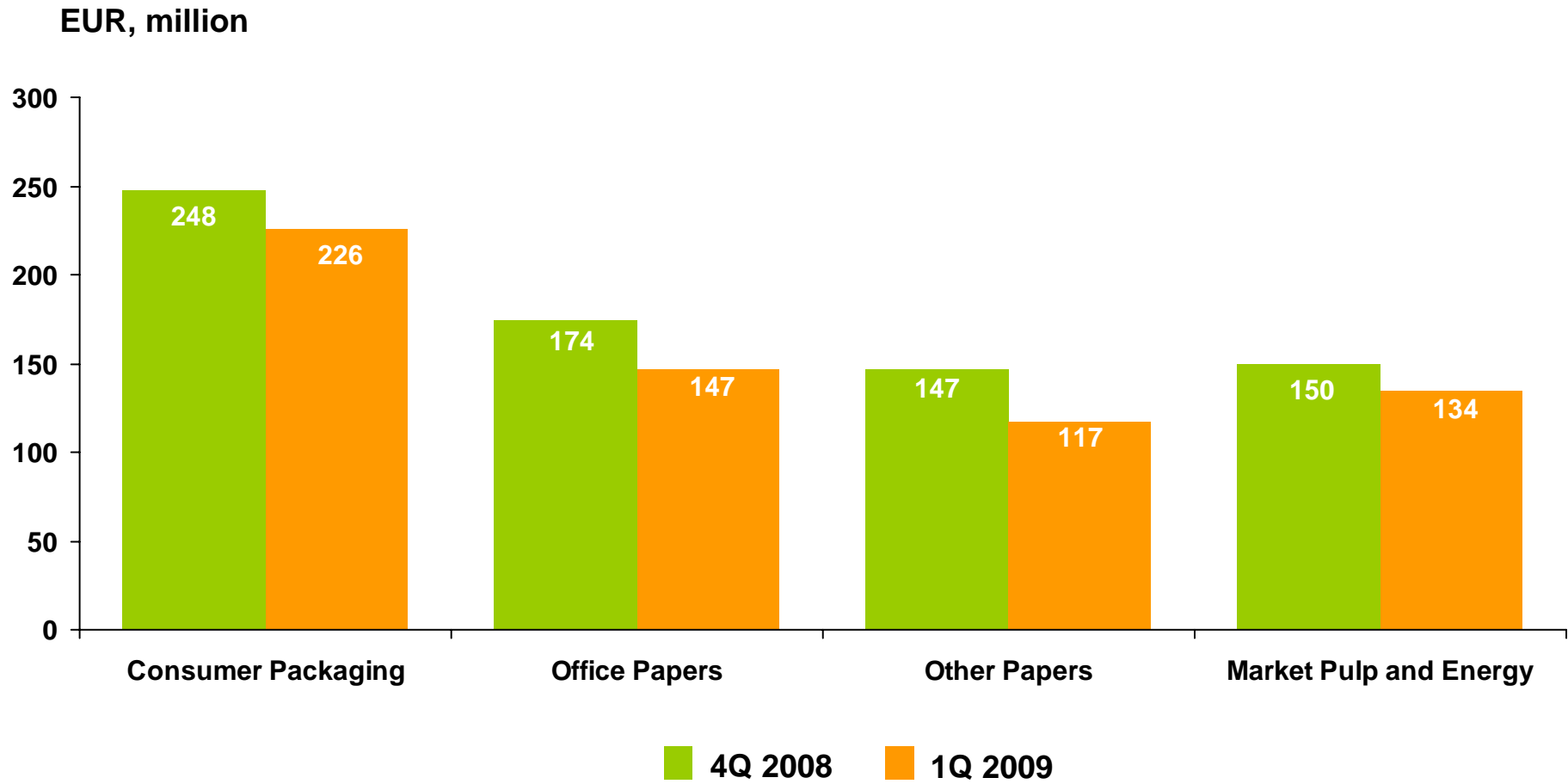
■ 2008 ■ 2009

Interest-Bearing Net Liabilities

EUR, million

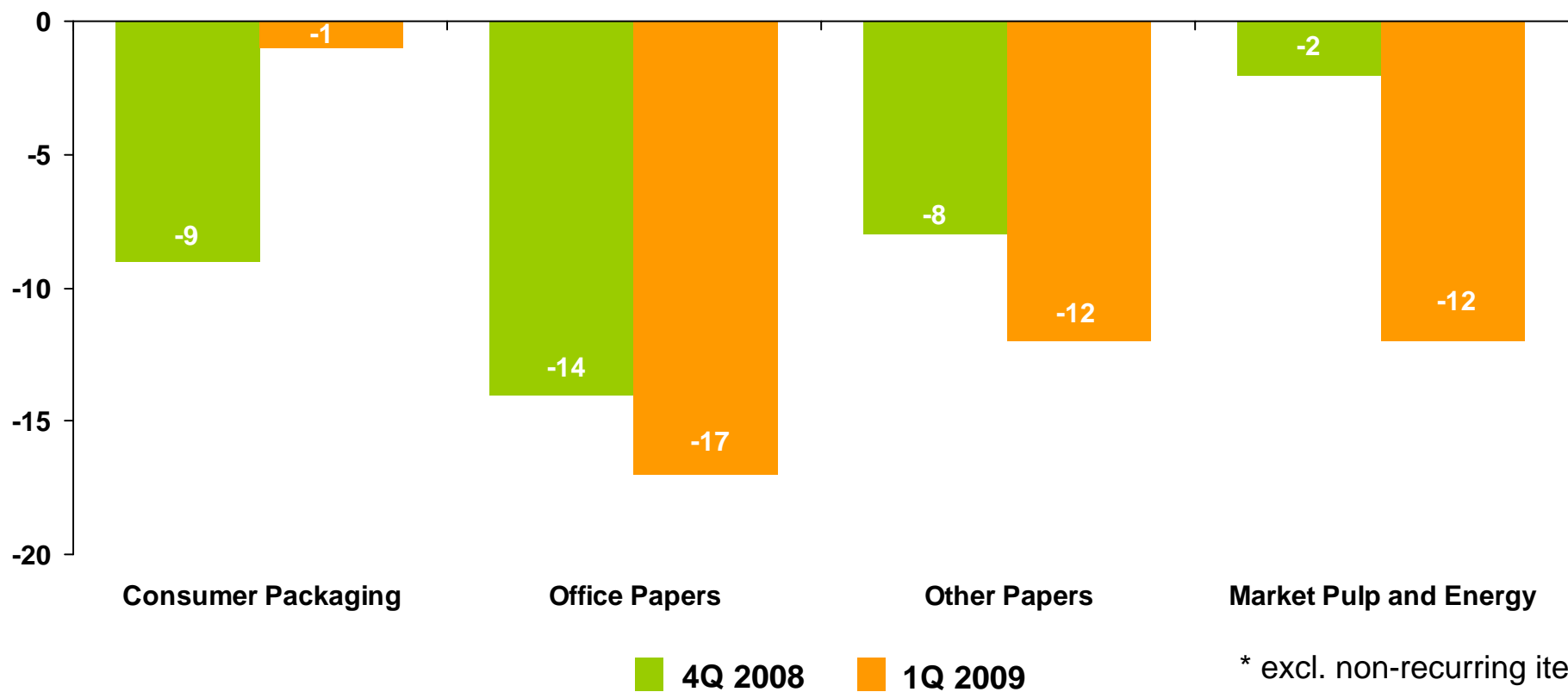


Sales by Business Area



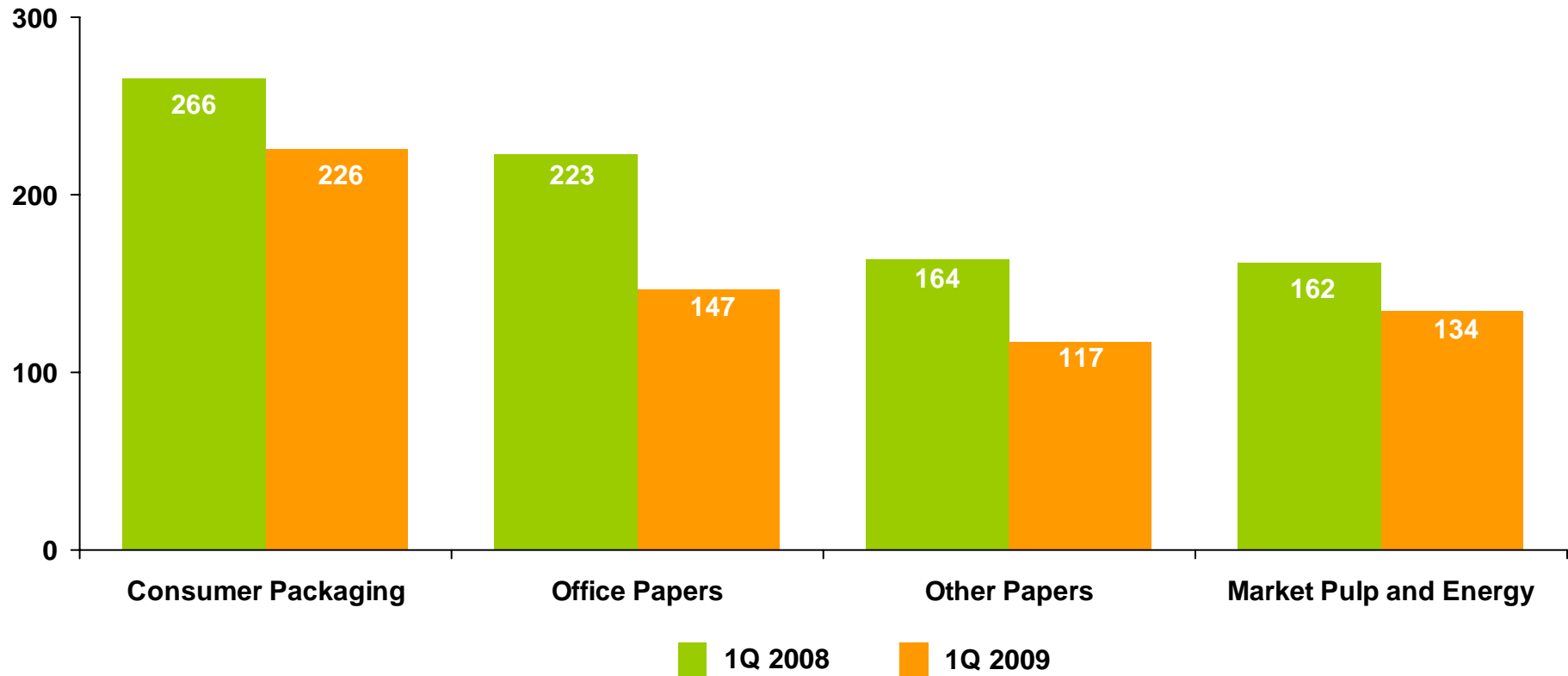
Operating Result by Business Area*

EUR, million

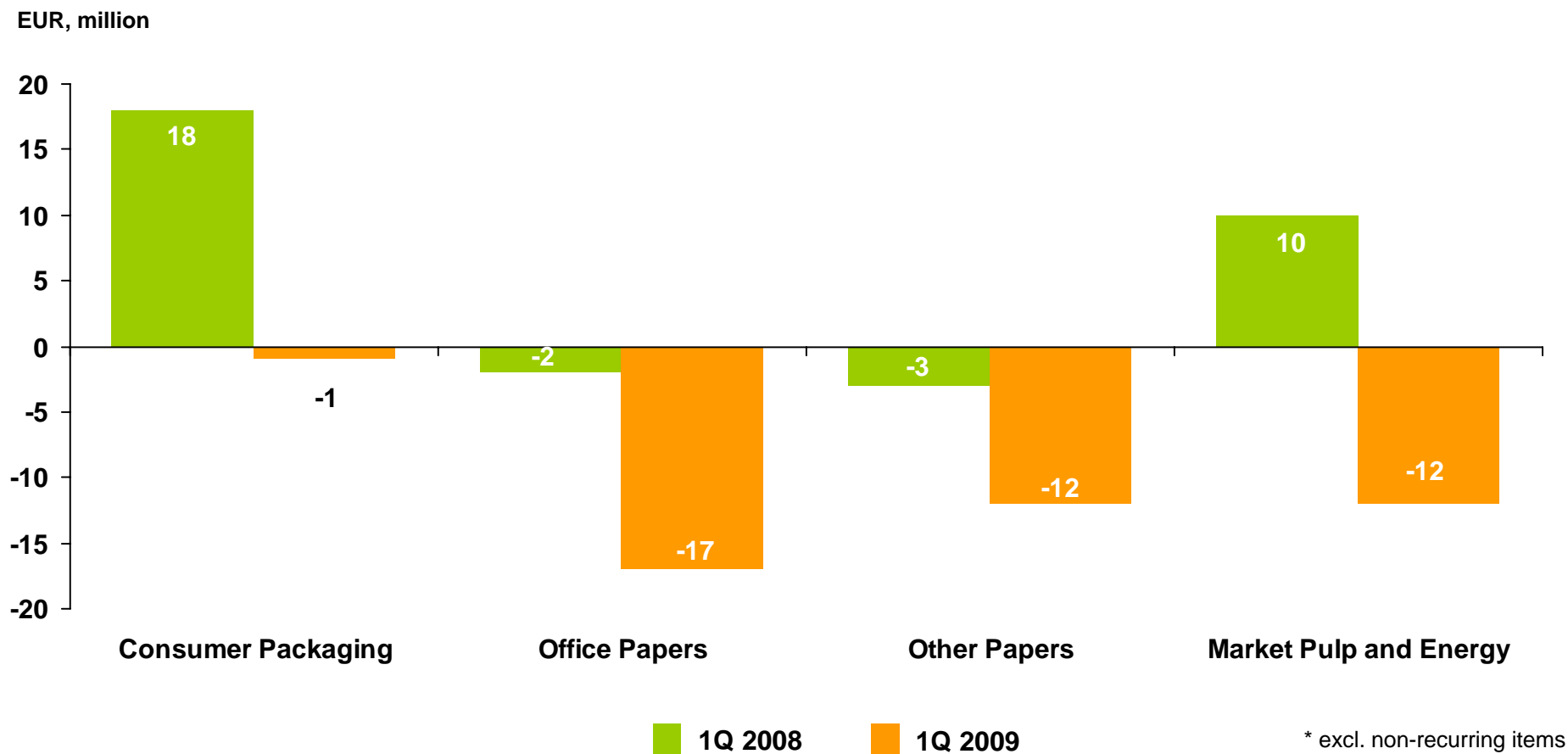


Sales by Business Area

EUR, million

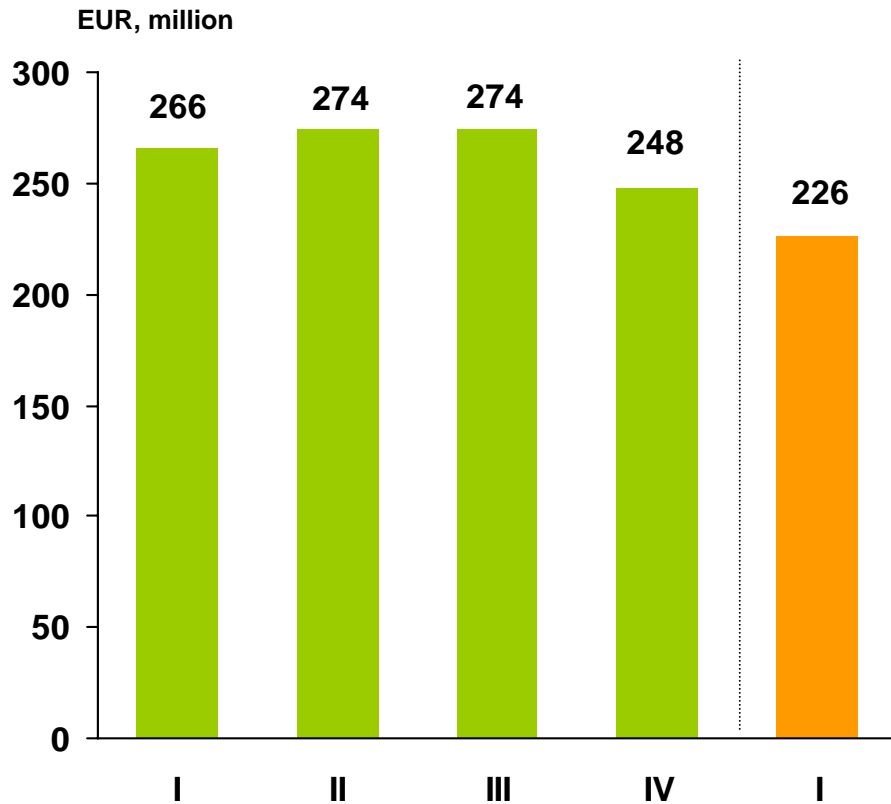


Operating Result by Business Area*

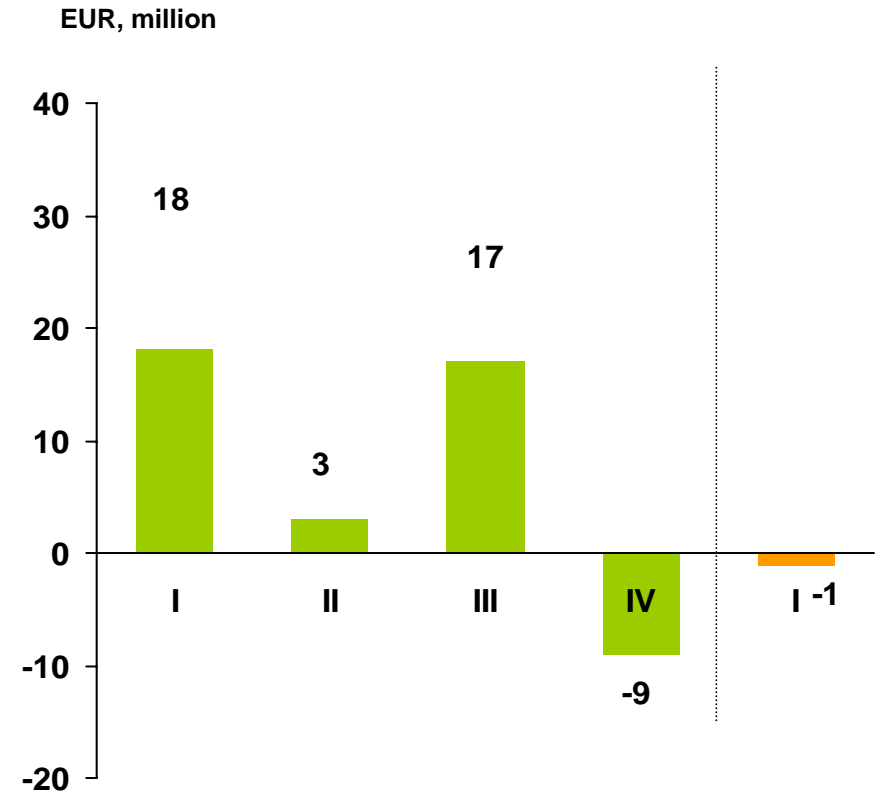


Consumer Packaging

Sales by Quarter



Operating Result by Quarter*



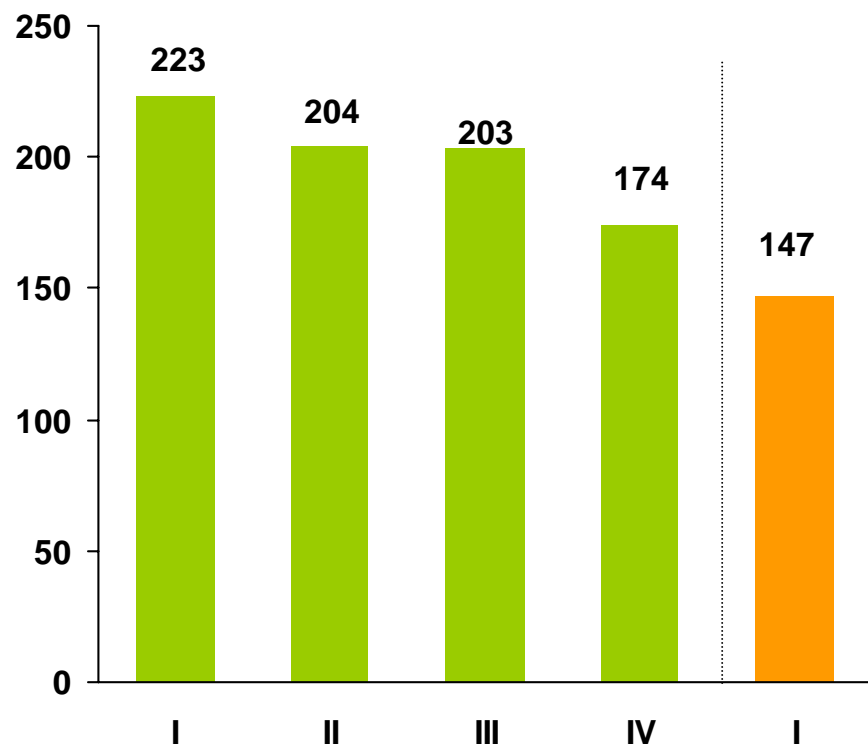
■ 2008 ■ 2009

* excl. non-recurring items

Office Papers

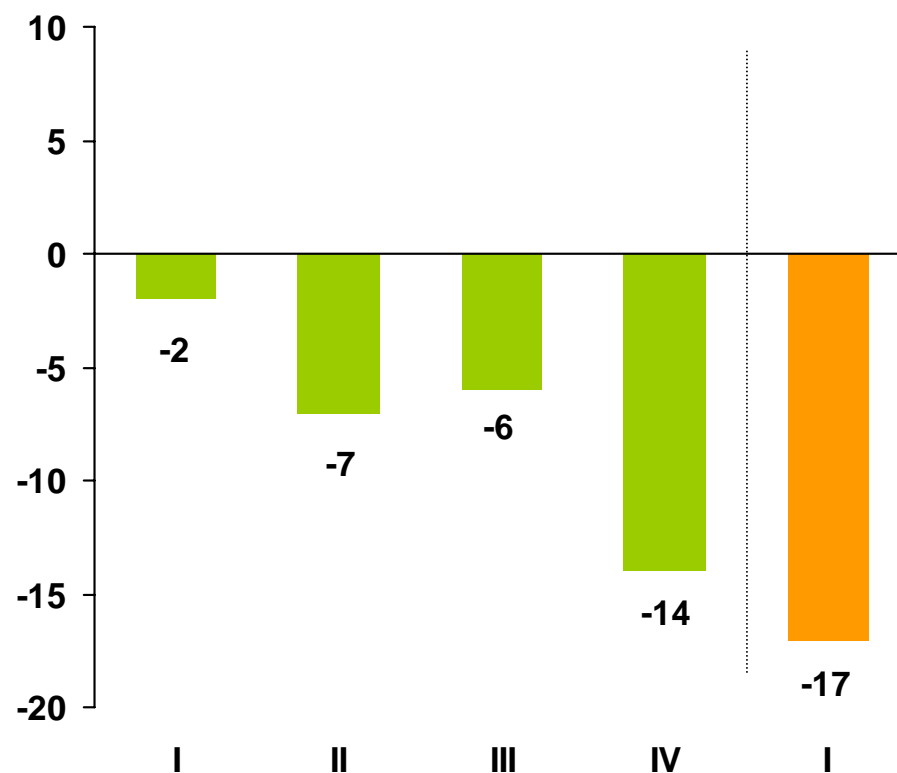
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million



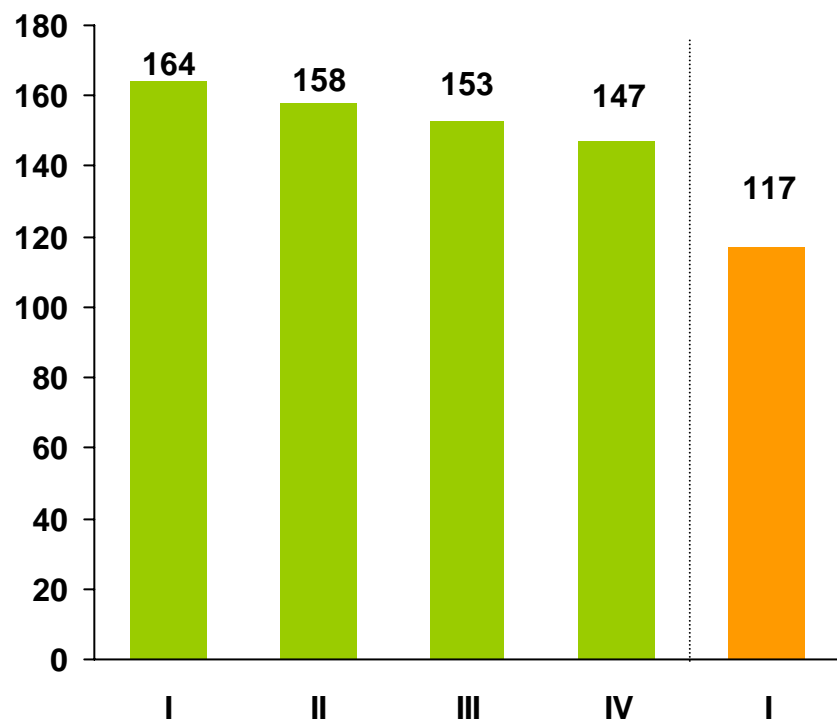
■ 2008 ■ 2009

* excl. non-recurring items

Other Papers

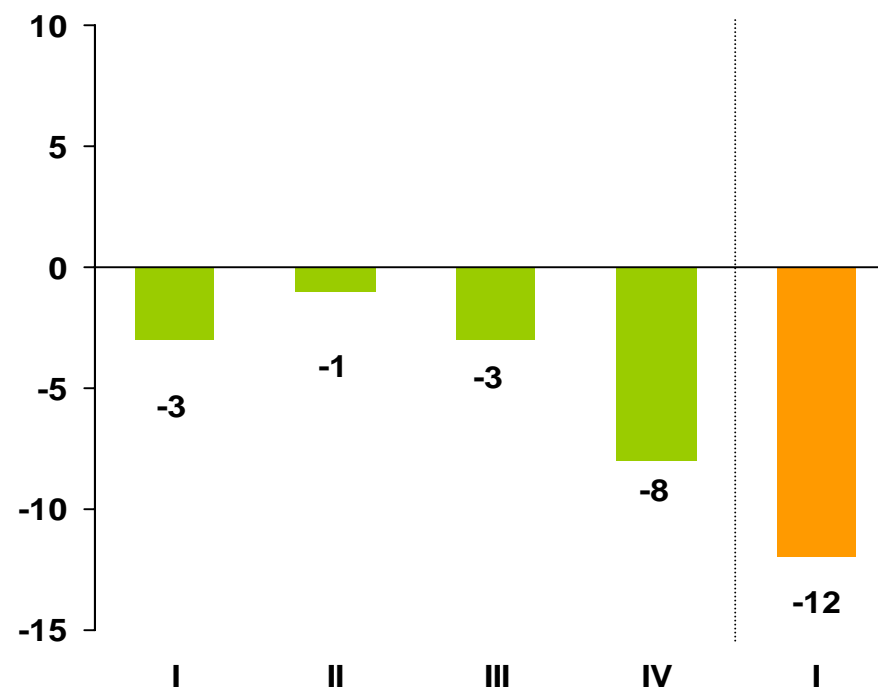
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million



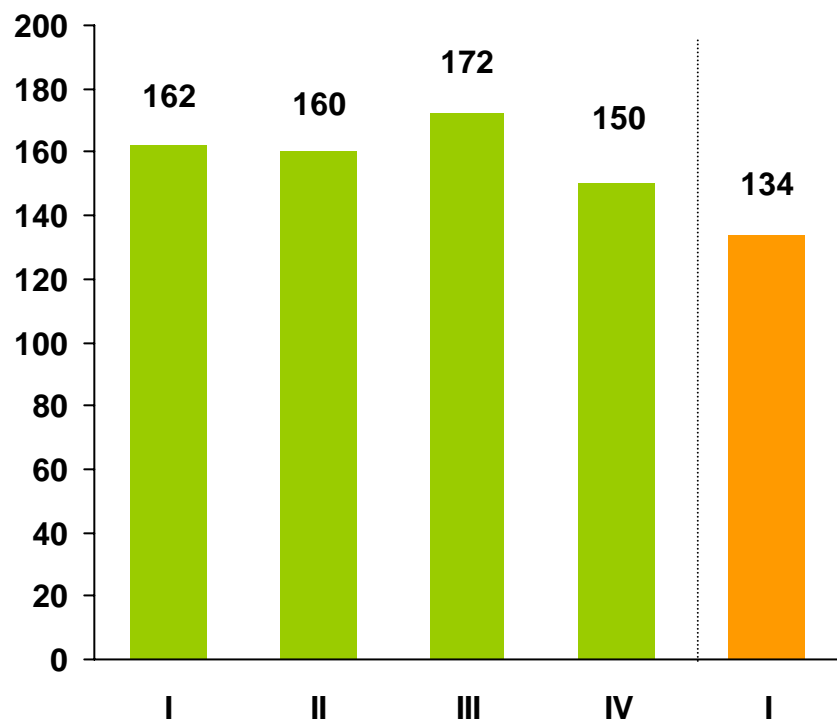
■ 2008 ■ 2009

* excl. non-recurring items

Market Pulp and Energy

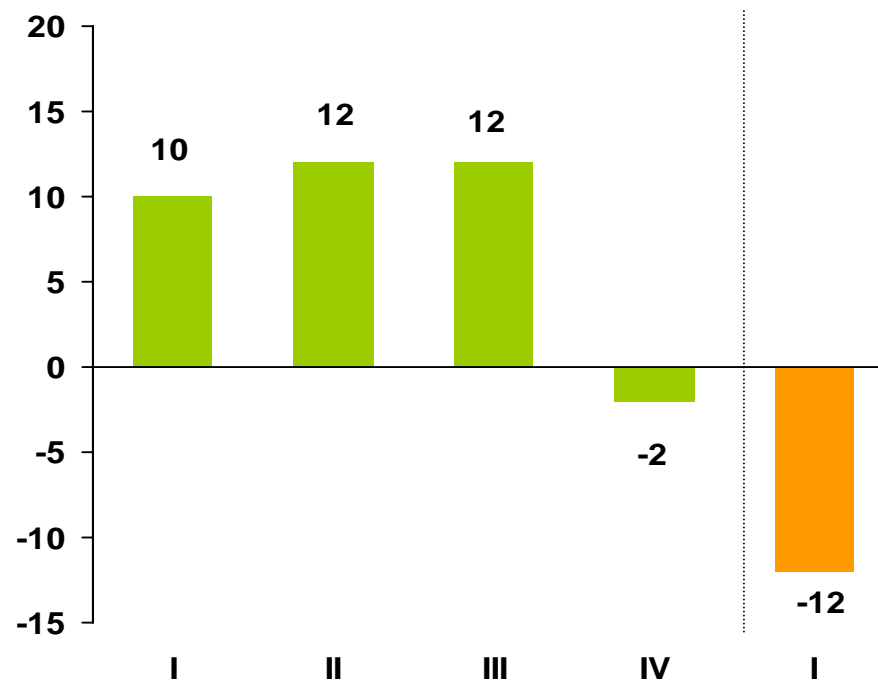
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million

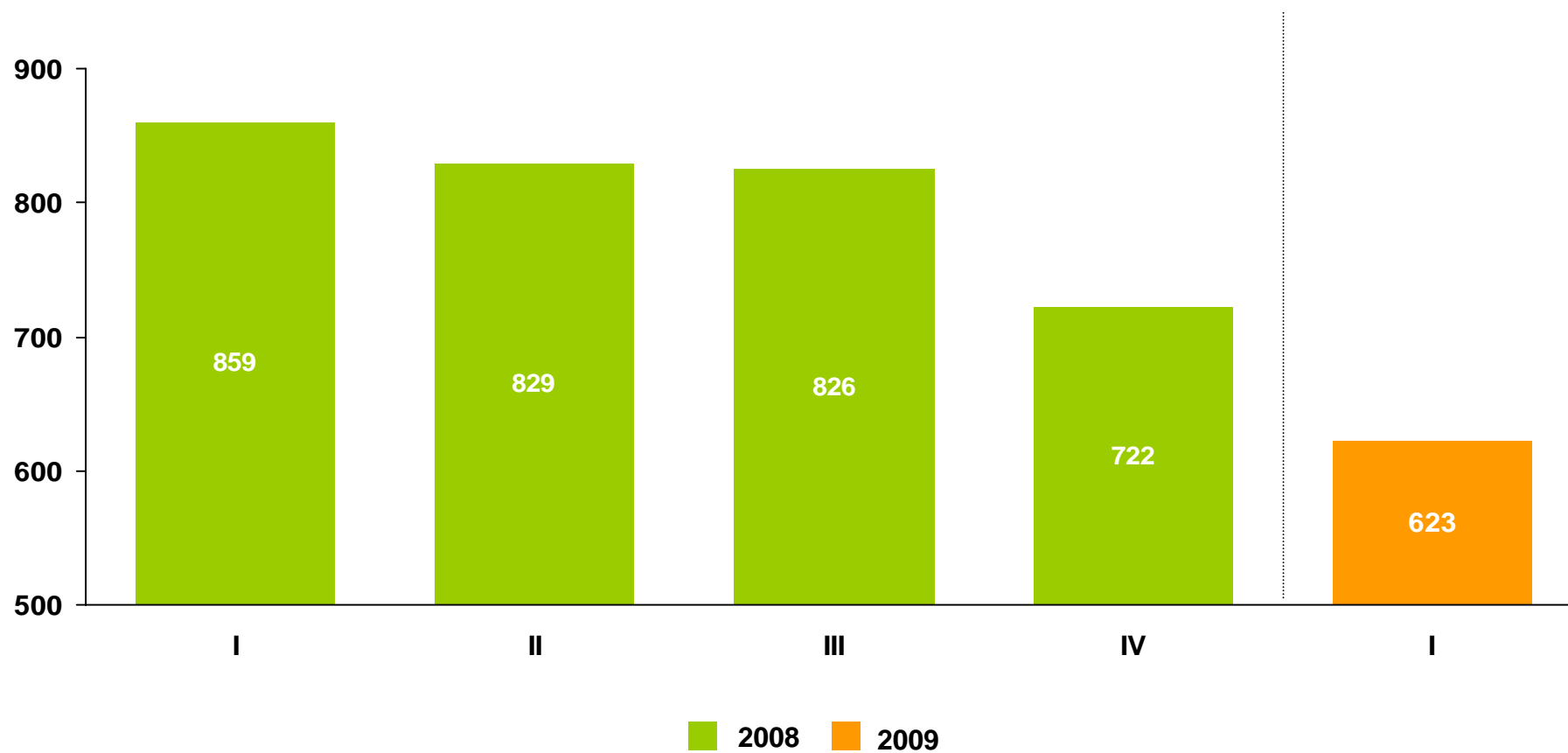


■ 2008 ■ 2009

* excl. non-recurring items

Quarterly Sales

EUR, million



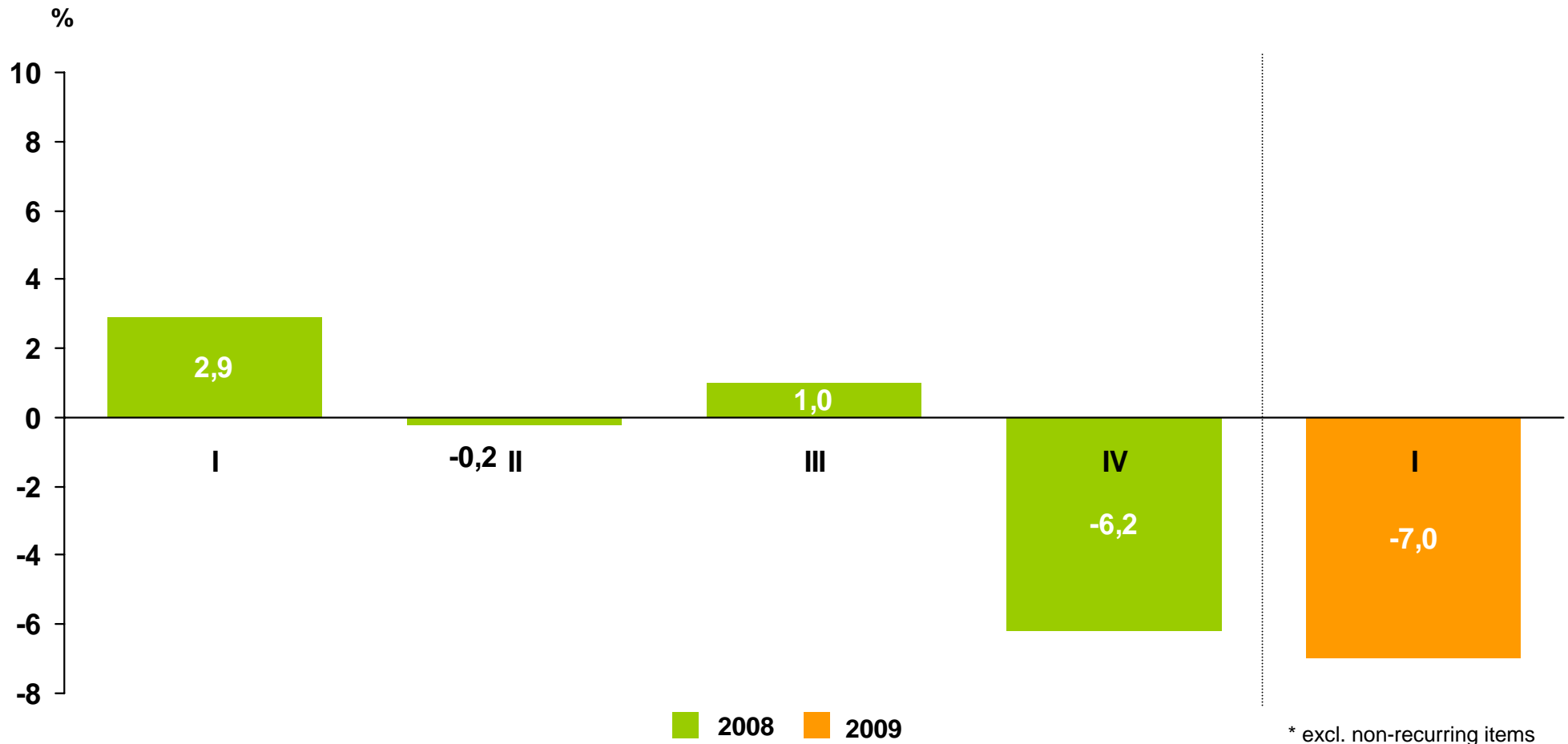
Quarterly Operating Result*



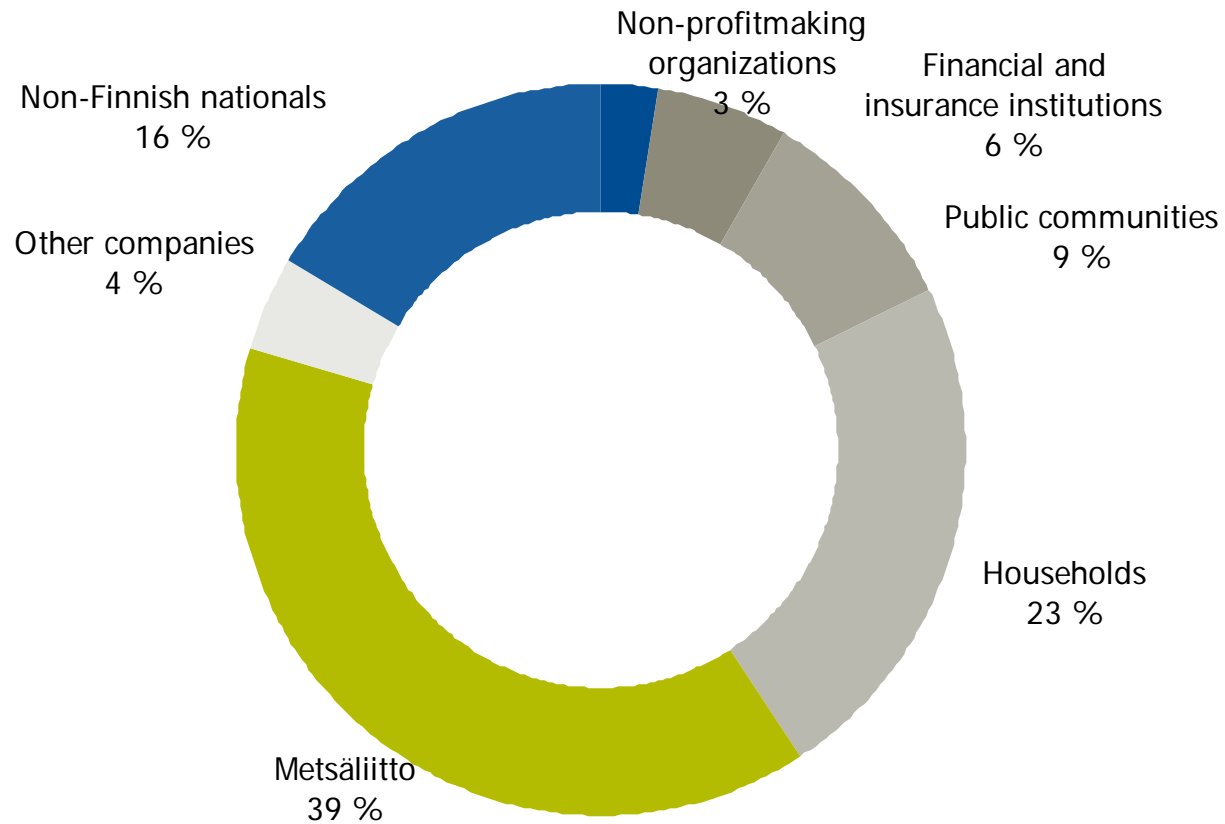
Quarterly Result Before Taxes*



Quarterly ROCE %*



M-real Shareholders 31.3.2009



M-real Voting Rights 31.3.2009

