



M-real

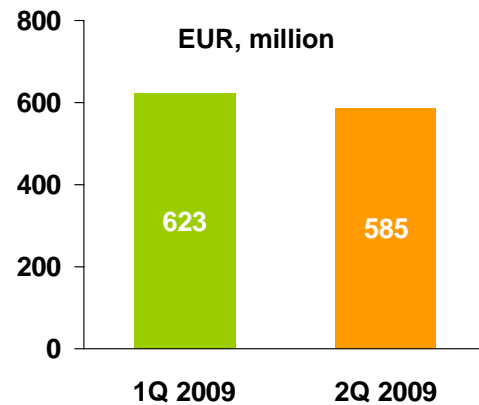
Results
2Q 2009

Key Events in 2Q 2009

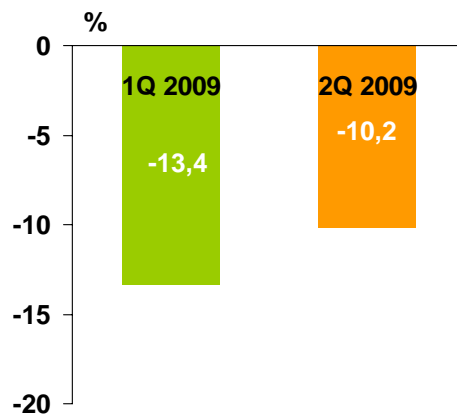
- Operative cash flow neutral despite weak result
 - ONWC reduced by about 130 m€ in 1H 2009 mainly based on own actions
- Changes in production portfolio and other restructuring has caused significant extraordinary operating costs in 1H 2009
- Order inflows strengthened during the quarter
- Paper and board prices remained relatively stable except WFU
- Pulp price increased in USD
 - Weakened USD diminished the positive impact in euros
- Major fixed and variable cost savings thanks to improvement programmes
- Production costs declined

Key Figures – Quarterly

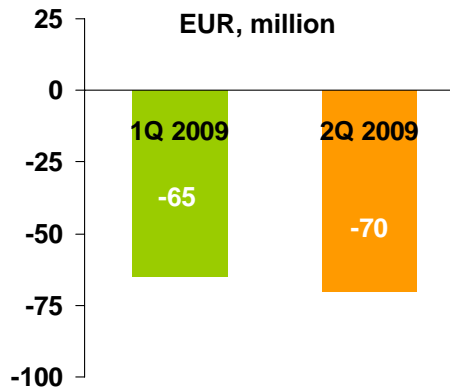
Sales



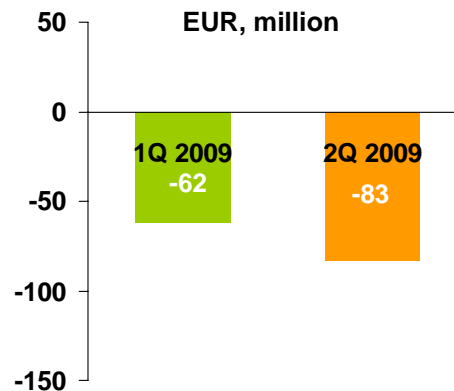
ROCE



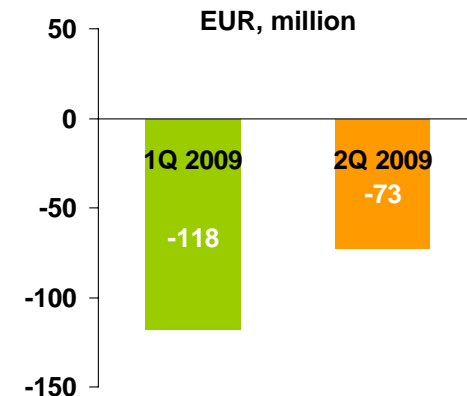
Operating Result excl. non-rec. items



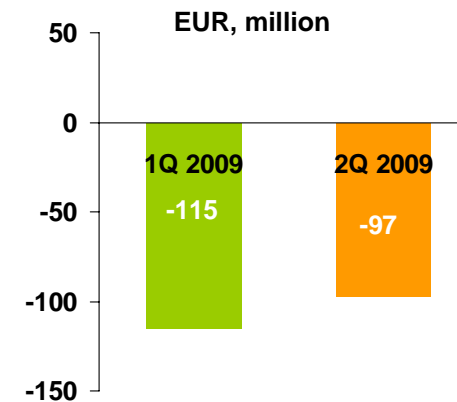
Result before taxes excl. non-rec. items



Operating Result



Result before taxes



Clean Operating Cash Flow Positive in 1H 2009 Mainly Due to Own Actions

	EUR million
EBITDA*, excluding non-recurring items	-33
Change in ONWC**	+133
Net investments	-27
Net interest expenses	-57
Clean operating cash flow	+16

*Includes about EUR 25 million extraordinary operating costs related mainly to production portfolio changes and restructuring

** Inventories, trade accounts receivables and trade accounts payables including implemented restructuring measures

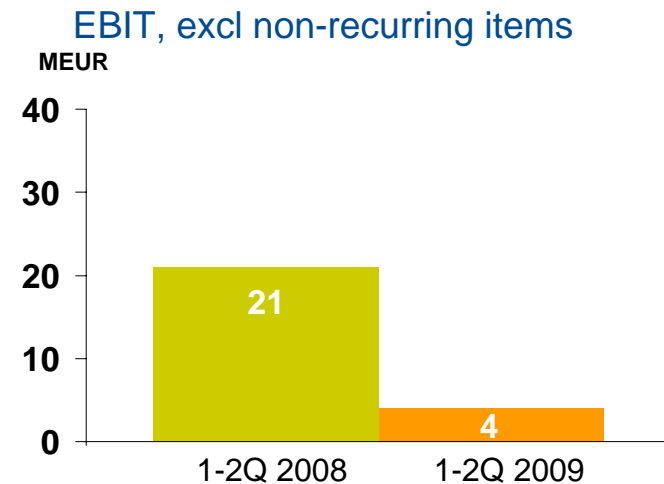
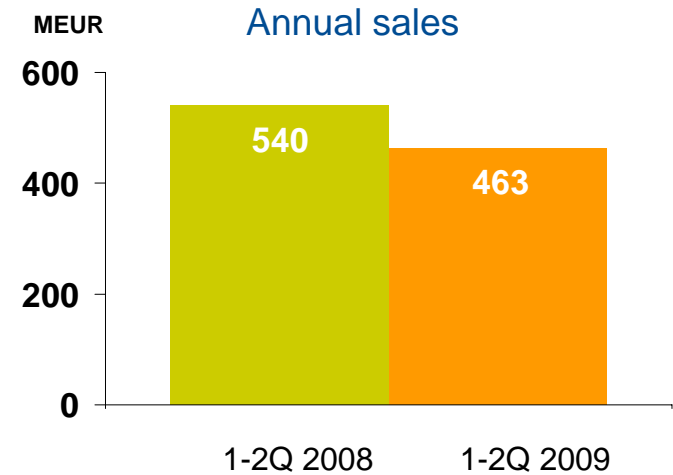
Pulp Down Cycle's Impact on Profitability (1H 09 vs. 1H 08)

EUR million

• Consumer Packaging	- 12
• Office Papers	- 14
• Speciality Papers	- 7
• Market Pulp and Energy	- 18
TOTAL	- 51

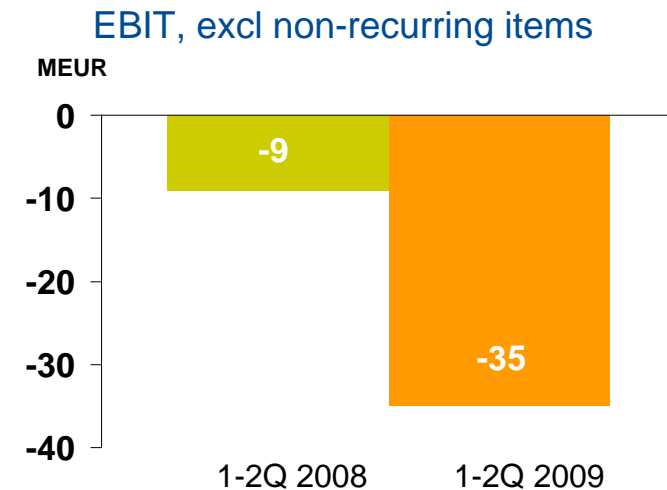
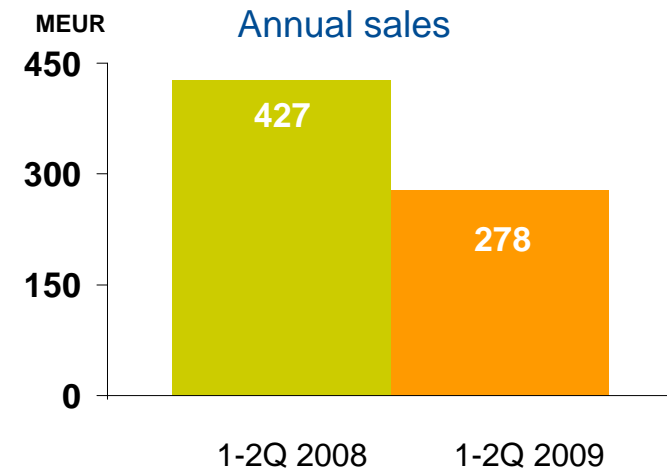
Consumer Packaging to Increase FBB Prices in the UK

- Profitability in 2009 negatively affected by lower operating rates, weaker pulp result, lower valuation of wood and pulp inventories and weaker GBP
- Profitability improved by cost saving actions, price increases and stronger USD
- Order books improved clearly during 2Q
 - Currently at last year's level
- FBB price increase process started in the UK
 - Price increase under consideration for the other European markets



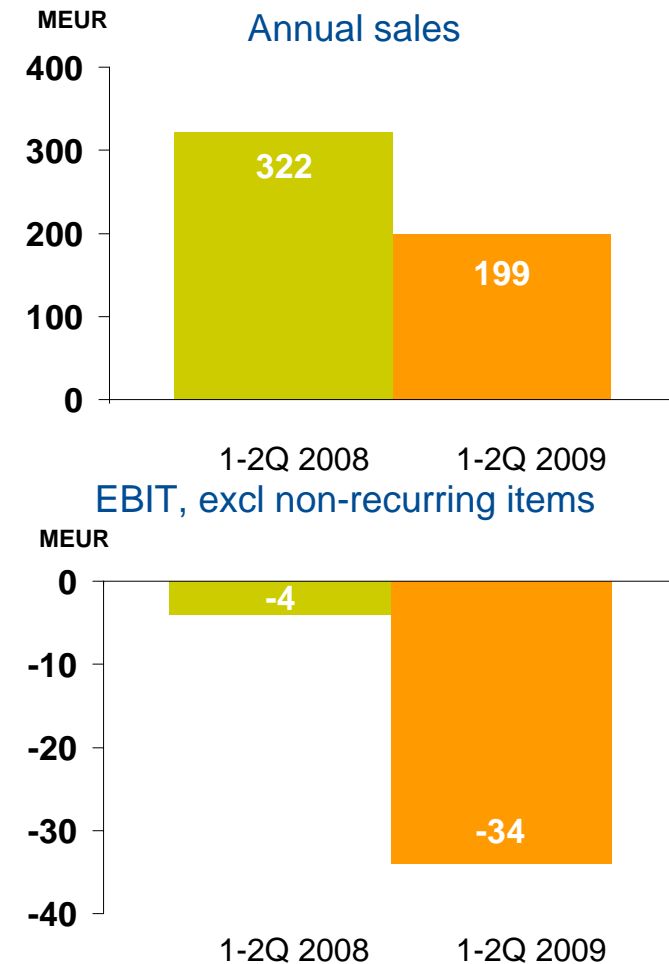
Office Papers' Demand Situation Steadily Improving

- Profitability in 2009 negatively affected by lower demand and paper prices, weaker pulp result as well as lower valuation of wood and pulp inventories
- Profitability improved by lower raw material costs and implemented cost savings actions
- Order books improved clearly during 2Q
 - Currently at last year's level
 - Improvement of underlying demand or seasonal impact?
- Seems possible that the price deterioration ends soon
 - Price levels defended by production curtailments
- Production costs gradually decreasing, especially wood
 - Alizay pulp mill standstill continues



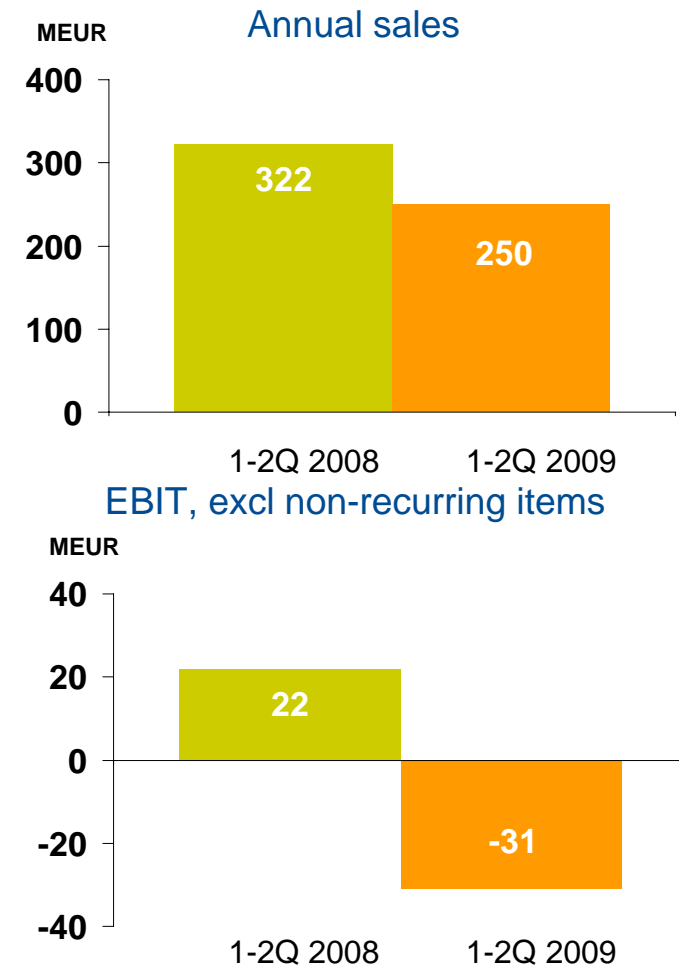
Speciality Papers Suffered from Extraordinary Operating Costs in 1H 2009

- Hallein paper mill closed and Gohrsmühle standard WFC production discontinued in April 2009
- Profitability weakened in 2009 due to significant extraordinary operating costs and demand decline
 - Amount of extraordinary operating costs clearly less in 2H 2009
- Profitability has improved due to slightly higher prices and implemented cost savings actions
- Order books improved during 2Q



Gradually Turning Pulp Cycle Improving Market Pulp and Energy's Profitability in 2H 2009

- Profitability weakened by lower pulp demand and price as well as lower wood and pulp inventory valuations
- Profitability improved by lower wood costs
 - Wood cost decline continues in 2H 2009
- Long fibre pulp price increased for several months
 - Weaker USD diminished the impact in euros
- Price increase expected to continue mainly due to capacity closures and curtailments
 - More meaningful increases as demand picks up



M-real to Receive EUR 300 million Cash From the Divestment of Metsä-Botnia Uruguay Operations

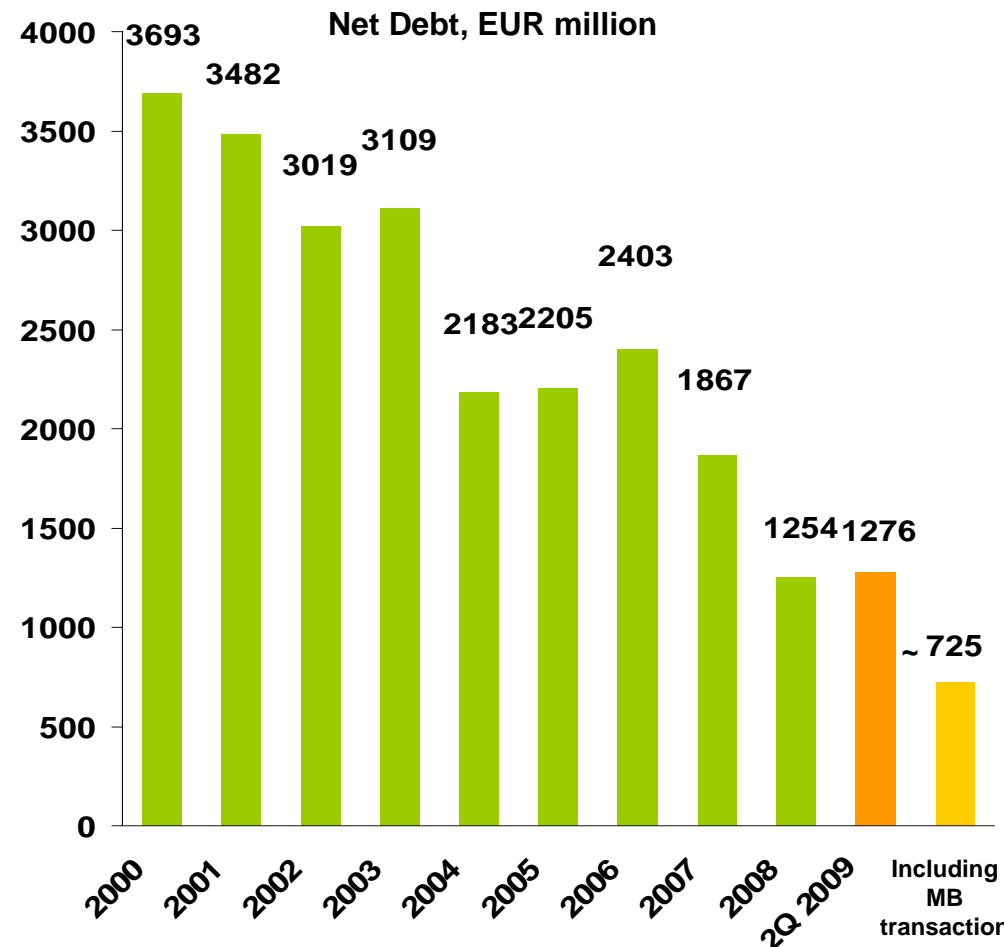
- M-real's resource company Metsä-Botnia plans to divest its operations in Uruguay to UPM-Kymmene
- Intention to change the way to consolidate Metsä-Botnia in M-real's accounting from line by line to equity method
- M-real's total net debt reduction EUR 550 million
 - EUR 300 million cash proceeds
 - Decrease in the consolidated net debt by EUR 250 million
- M-real's annual sales reduction about EUR 250 million
- Closing expected in 4Q 2009, subject to Board approvals, signing of final agreements, financing arrangements and competition authorities' approval
- New planned Metsä-Botnia ownership structure: Metsäliitto Cooperative 53%, M-real 30%, UPM-Kymmene 17%

Divestment of Uruguay Operations in Line with M-real's Strategy

- Finnish high-quality pulp the main raw material for M-real's strategic core Consumer Packaging
 - Eucalyptus pulp not used in cartonboard
- Divestment of Graphic Papers at the end of 2008 reduced the need for eucalyptus pulp considerably
- Paper business strategic review continues
 - Possibly reducing short fibre pulp consumption further
- After the transaction pulp consumption and production in balance
 - Pulp self-sufficiency very important in the long run

M-real's Positive Net Debt Development Continues

- Net debt rather stable in the first half thanks to ONWC reduction
- Longer-term liquidity managed by
 - EUR 60 million pension premium loan drawn
 - M-real has reasons to believe that as a result of their successful refinancing Sappi may pay back a part of or in full the EUR 220 million vendor note in 3Q 2009
 - Metsä-Botnia Uruguay transaction's expected cash proceeds EUR 300 million
 - Total net debt reduction EUR 550 million

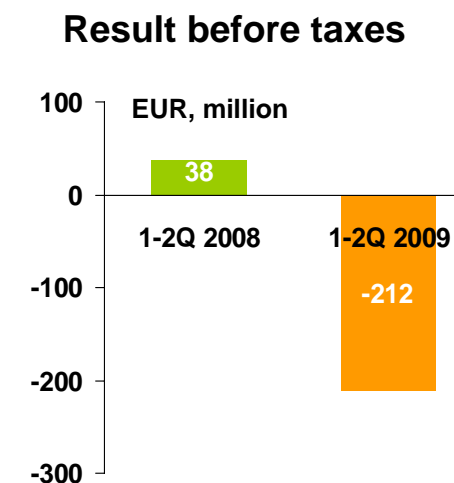
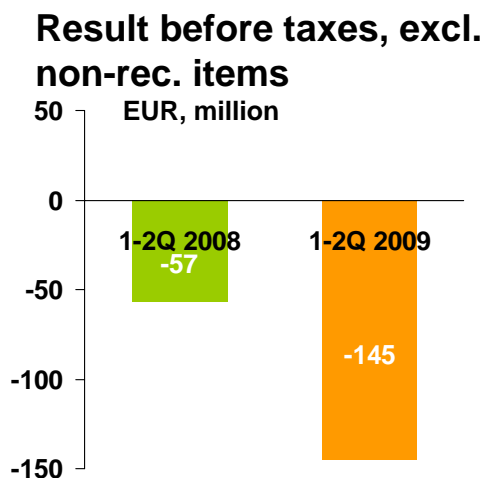
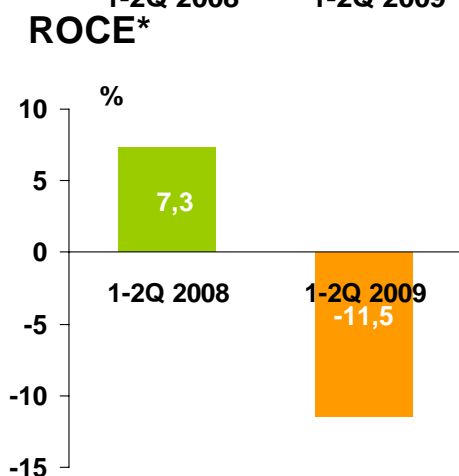
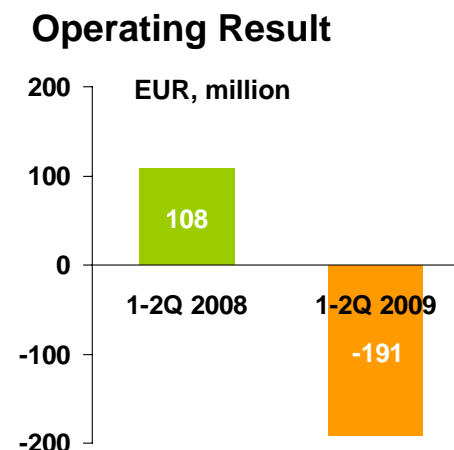
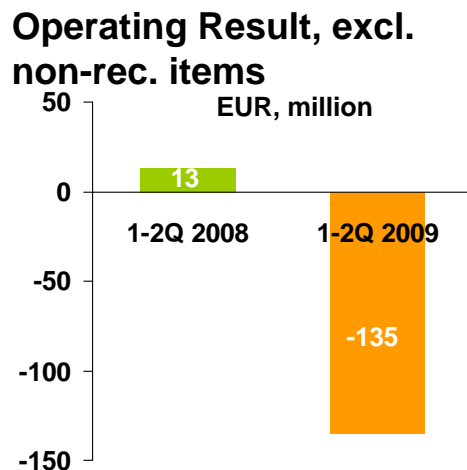
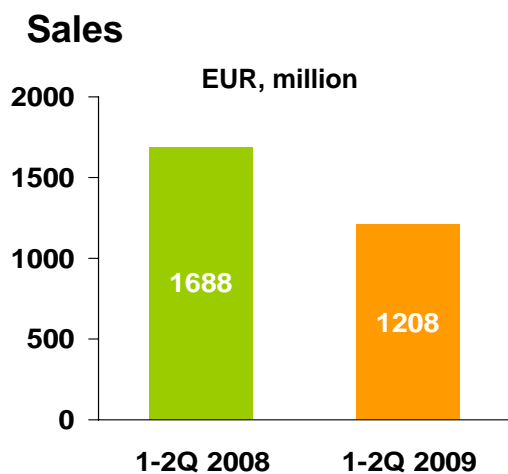


Successful Paper Industry Strategic Review Proceeds

- Graphic Papers divestment, closed at year end 2008, the biggest restructuring action in European paper industry of this decade
- In uncoated fine papers there is a clear need for consolidation
 - Seems like the level of interest is increasing among industry players
- M-real committed to take part also in the speciality papers restructuring
 - M-real Zanders (Gohrsmühle and Reflex) one of the major players
 - Development in Gohrsmühle proceeding well
 - This year result suffering from production portfolio changes

Appendix

Key Figures – Cumulative Comparison



Due to Extensive Own Actions Cash Flow Development In Control Despite Negative Result*

	2Q09	1Q09	Diff.	1-2Q09	2008
Net cash flow arising from operations, M€ (including change in working capital)	-20	-7	-13	-27	-97
Investments, M€	-16	-16	0	-32	-128
Disposals, M€	3	2	1	5	483
Net investments, M€	-13	-14	1	-27	355
Net cash flow after investments, M€	-33	-14	-19	-54	258
Net gearing at the end of period, %	116	101	15	116	90
Covenant net gearing at the end of period, %	91	81	10	91	74
Equity ratio at the end of period, %	29,4	30,3	-0,9	29,4	30,8
Covenant equity ratio at the end of period, %	34	35	-1	34	36

* Cash flow figures including also non-recurring items and discontinued operations

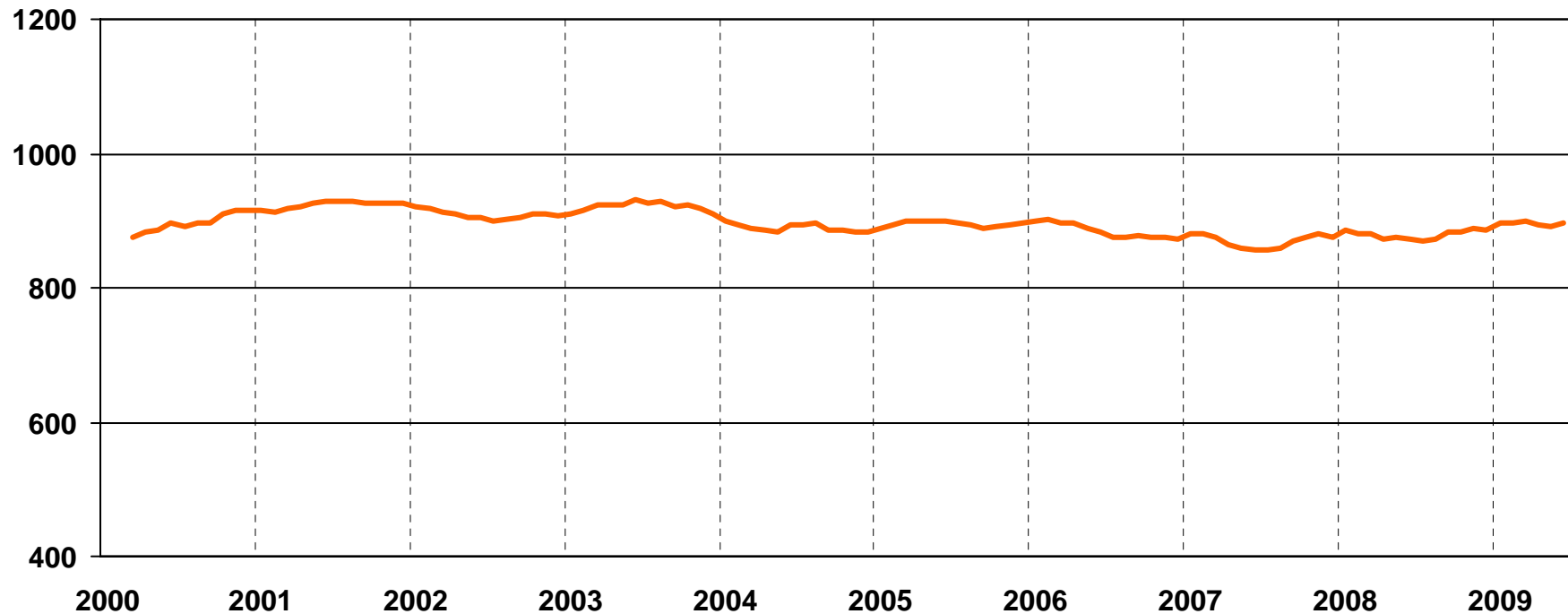
Heavy Internal Profit Improvement Actions and Lower Costs Improving the Situation in 2009

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		-30		
Profit impact after cost change		100		

Folding Boxboard Market Price in Europe

2000 – 2Q 2009

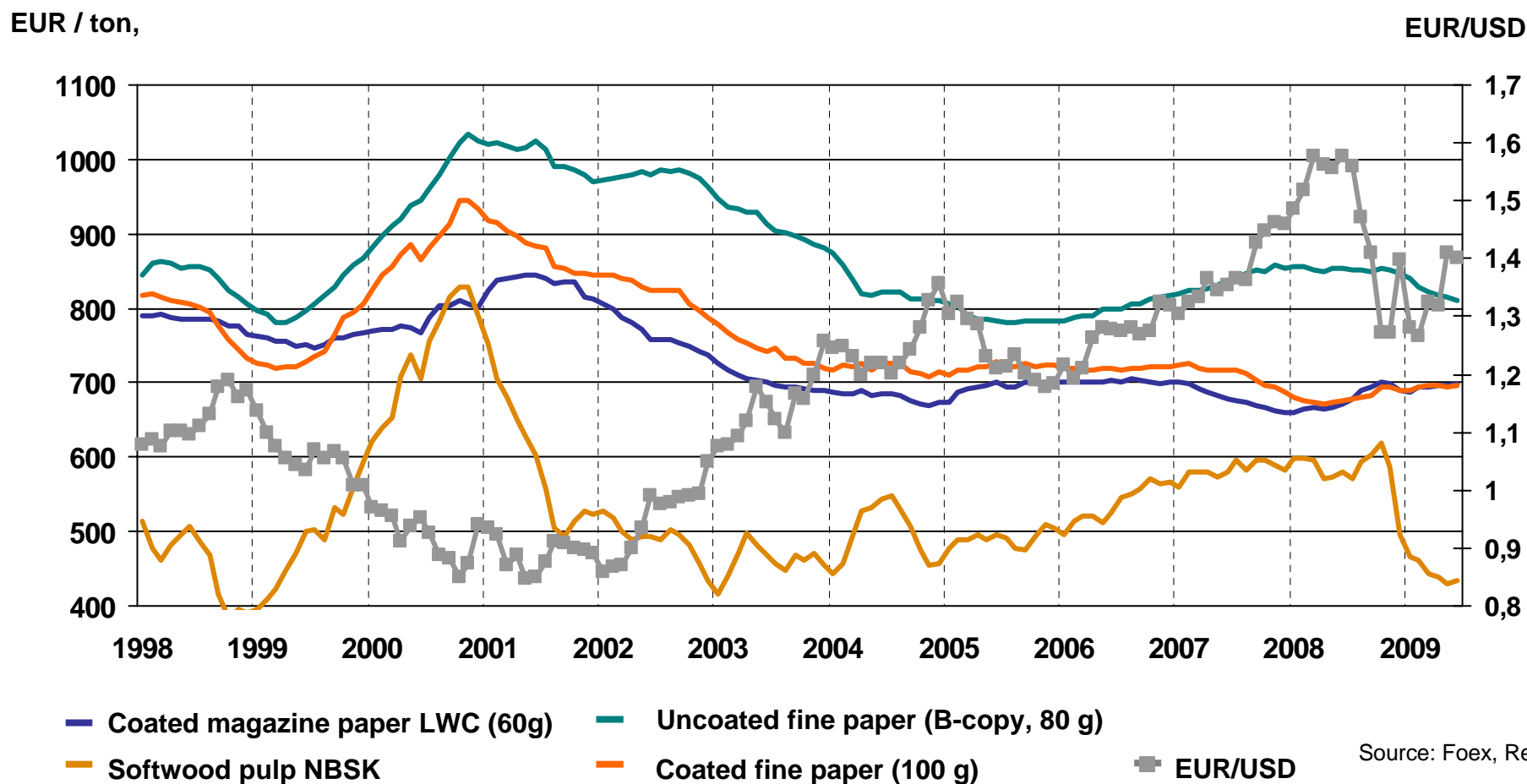
EUR / tn Three month moving average



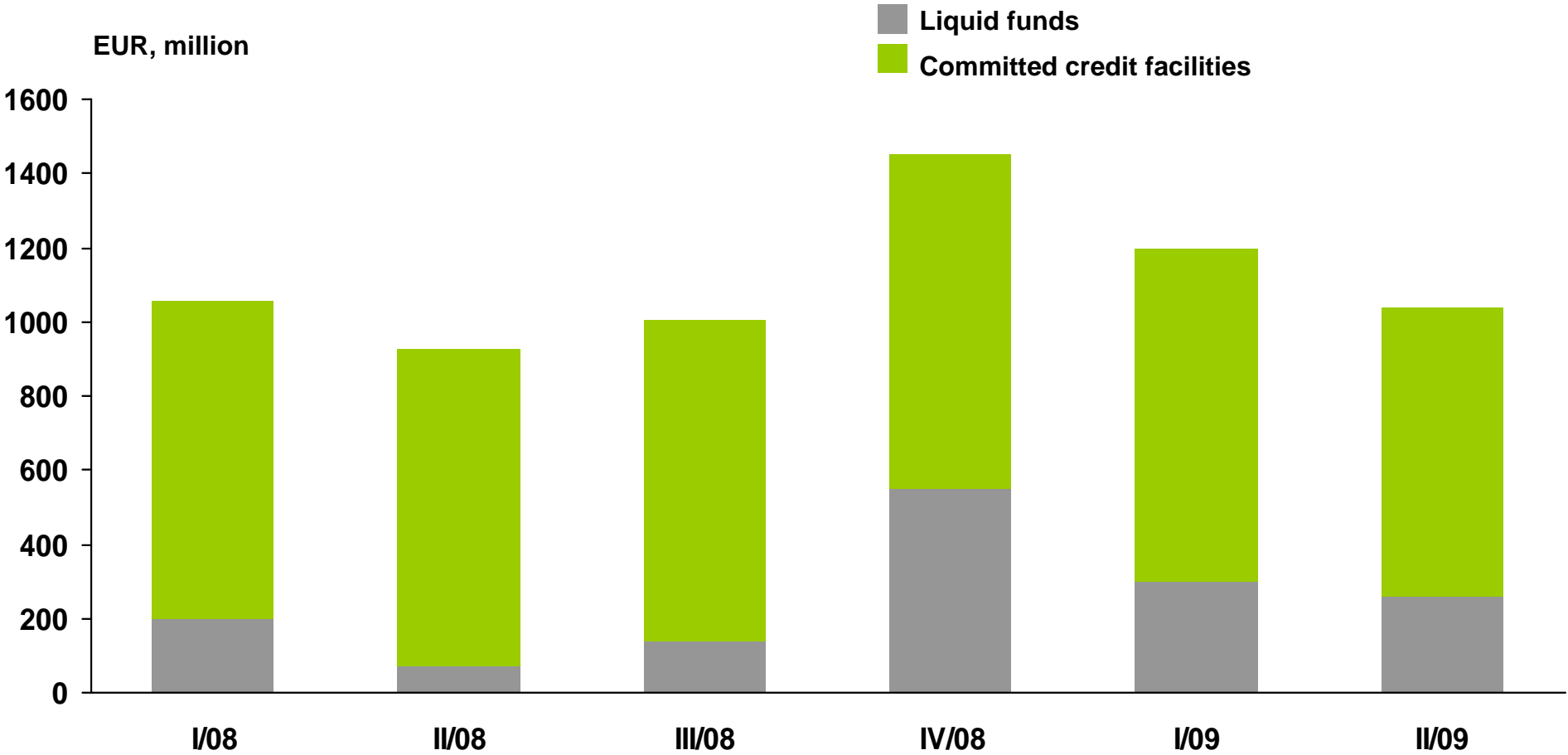
Source: M-real

Paper and Pulp Market Price in Europe

1998 – 2Q 2009

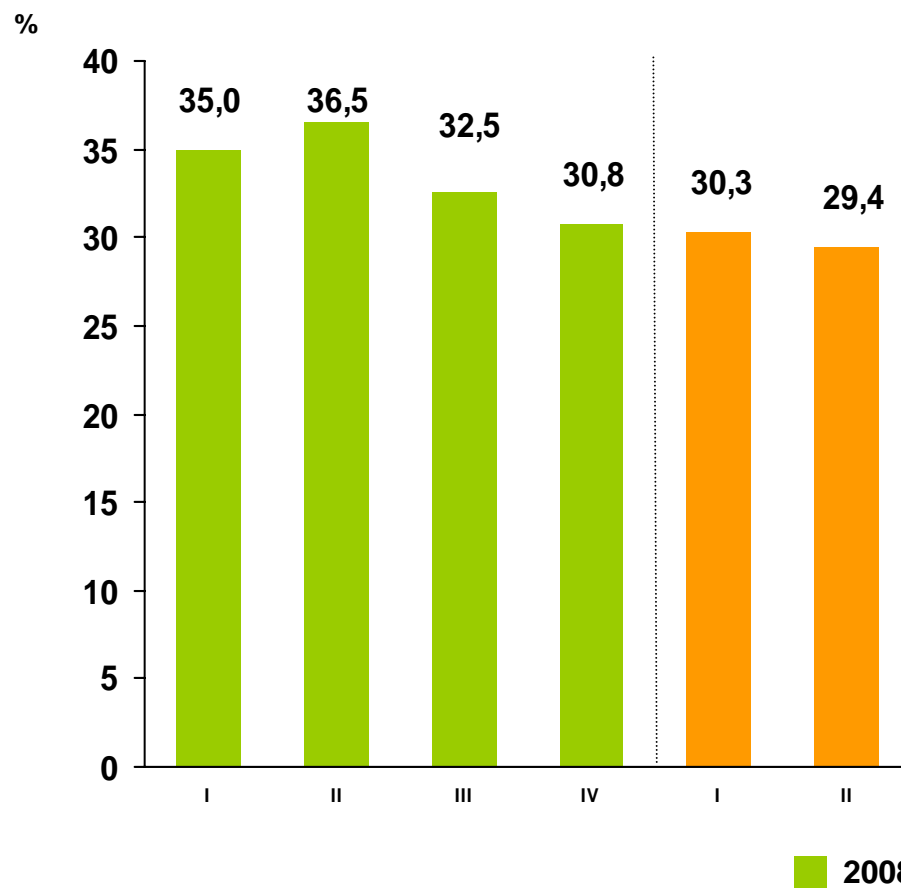


Liquidity

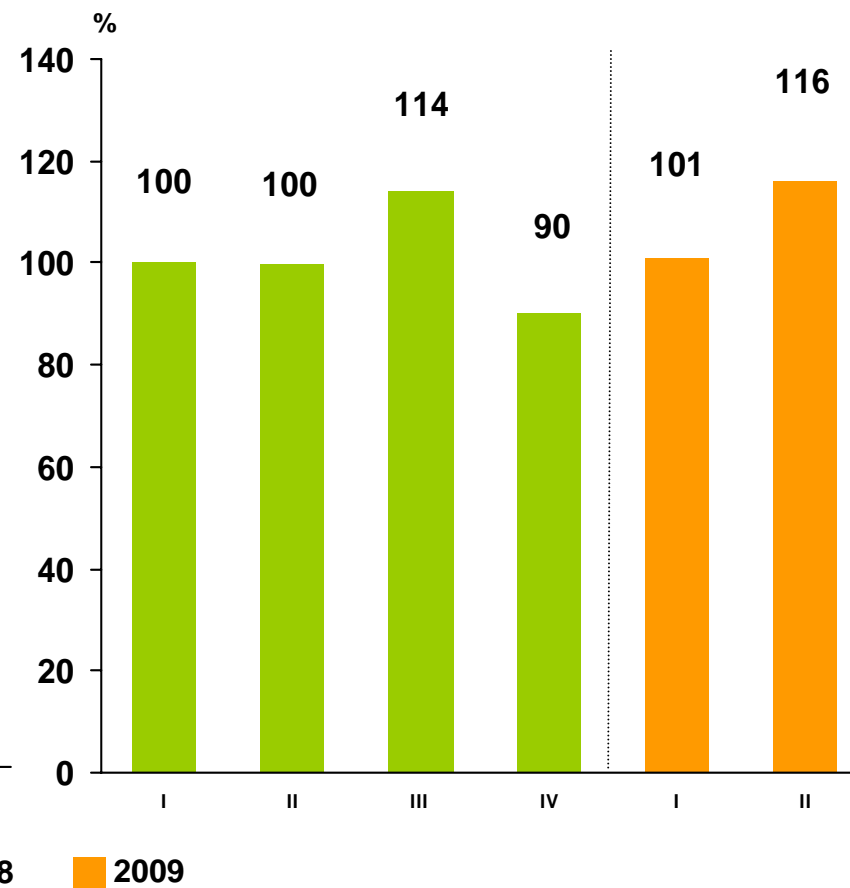


Balance Sheet Ratios*

Equity Ratio

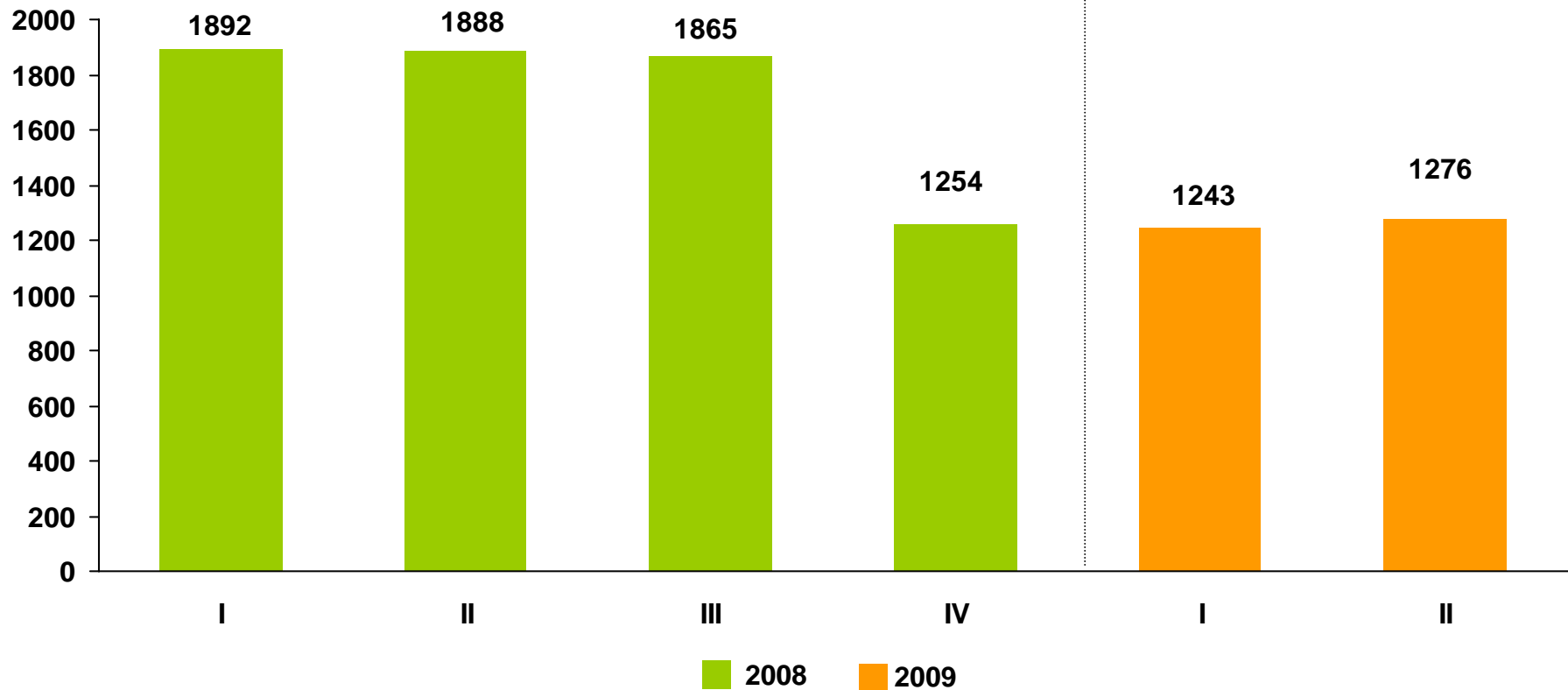


Net gearing

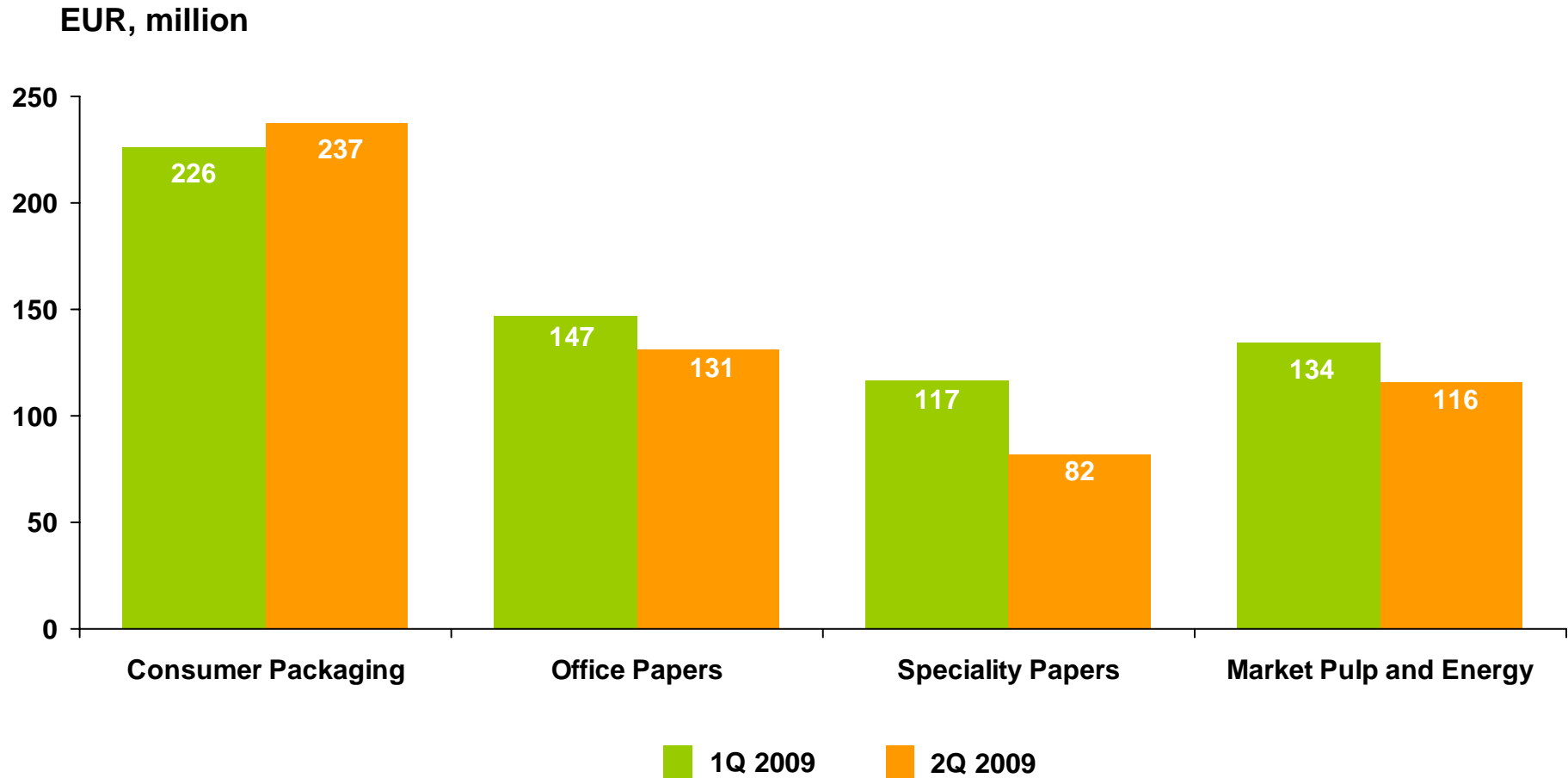


Interest-Bearing Net Debt*

EUR, million

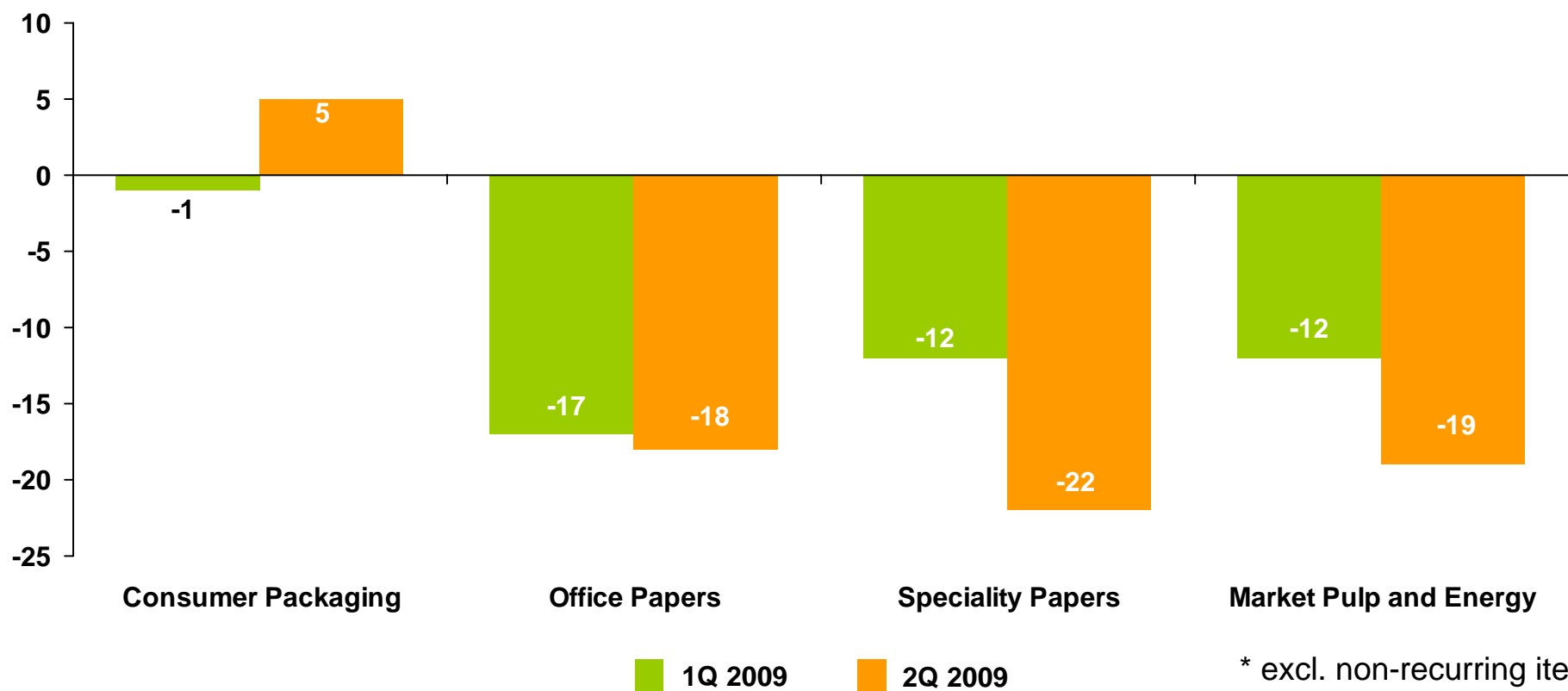


Sales by Business Area



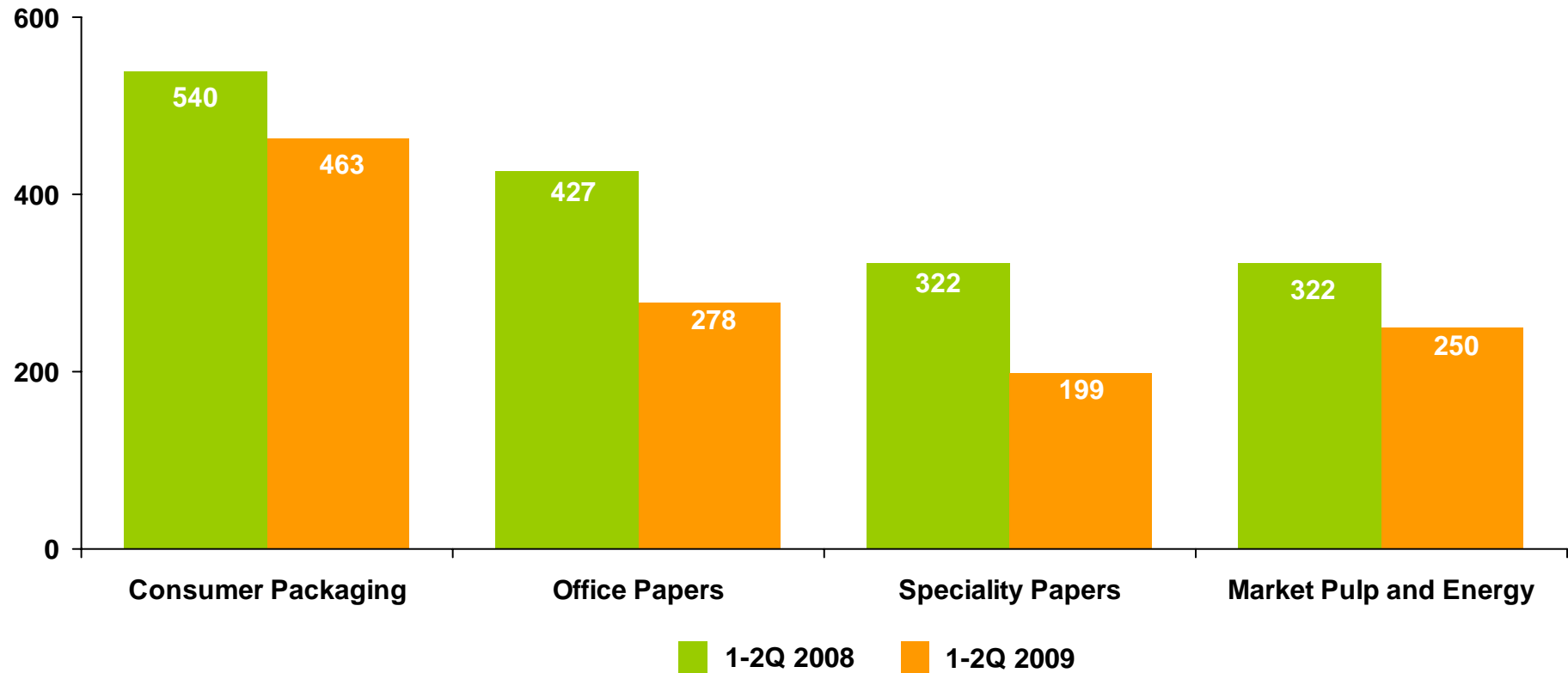
Operating Result by Business Area*

EUR, million

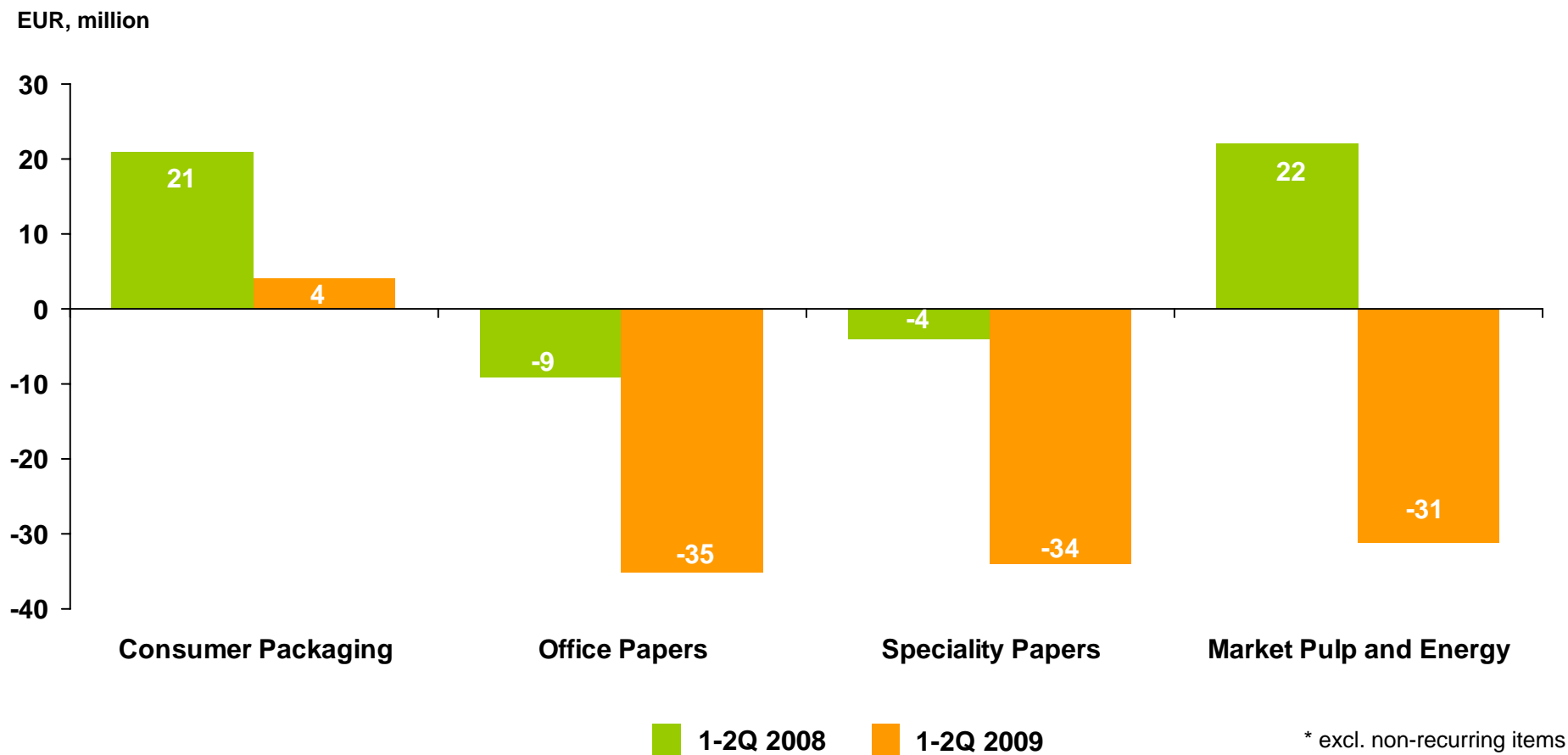


Sales by Business Area

EUR, million

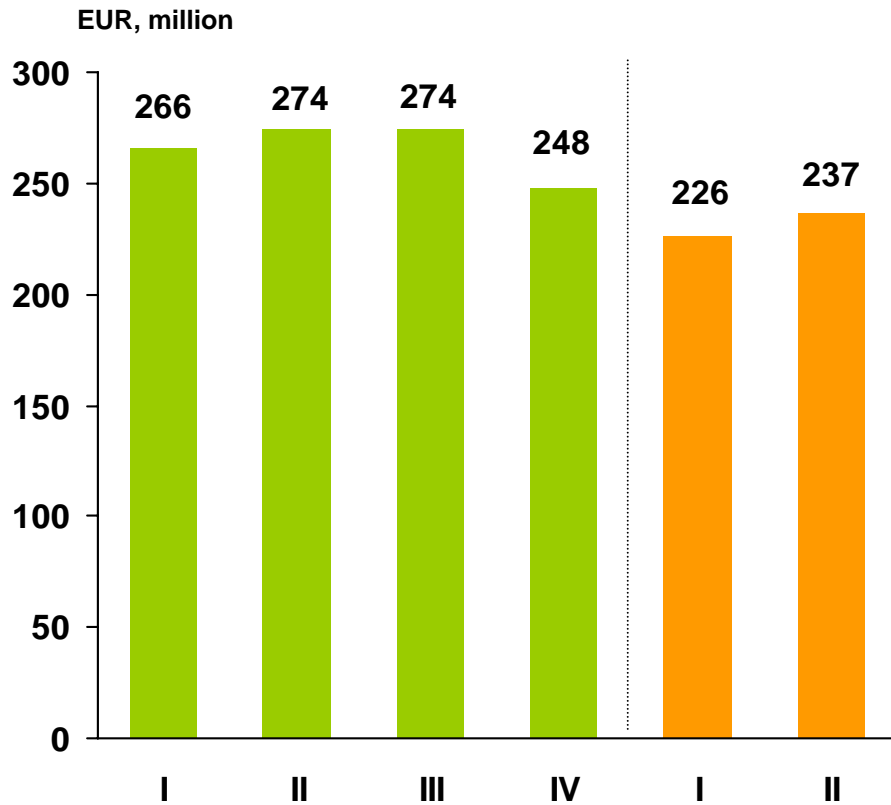


Operating Result by Business Area*

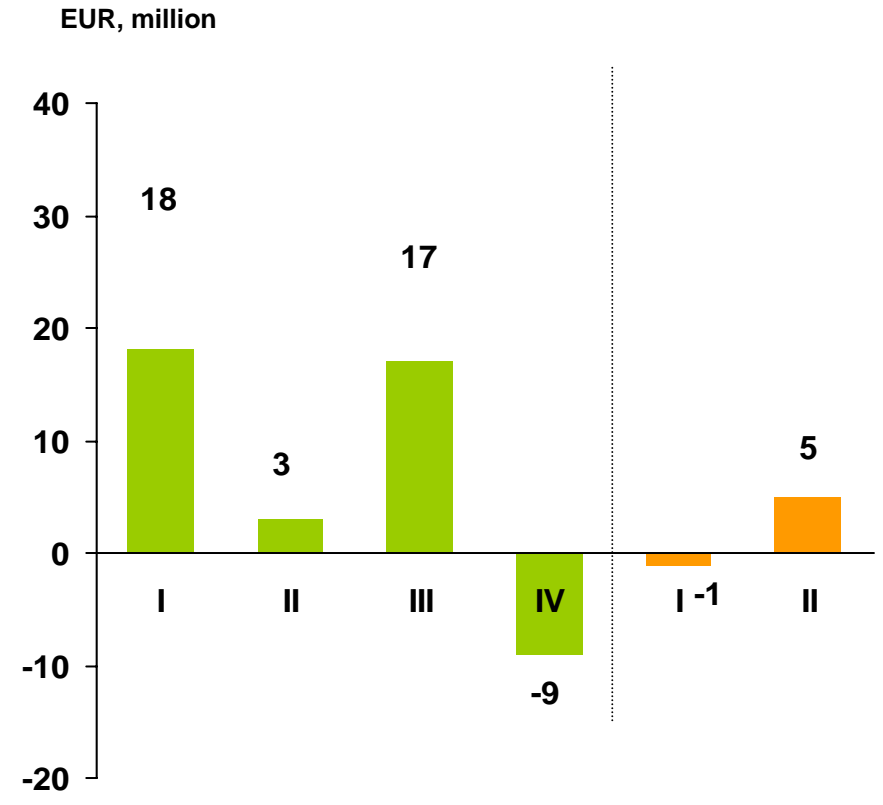


Consumer Packaging

Sales by Quarter



Operating Result by Quarter*



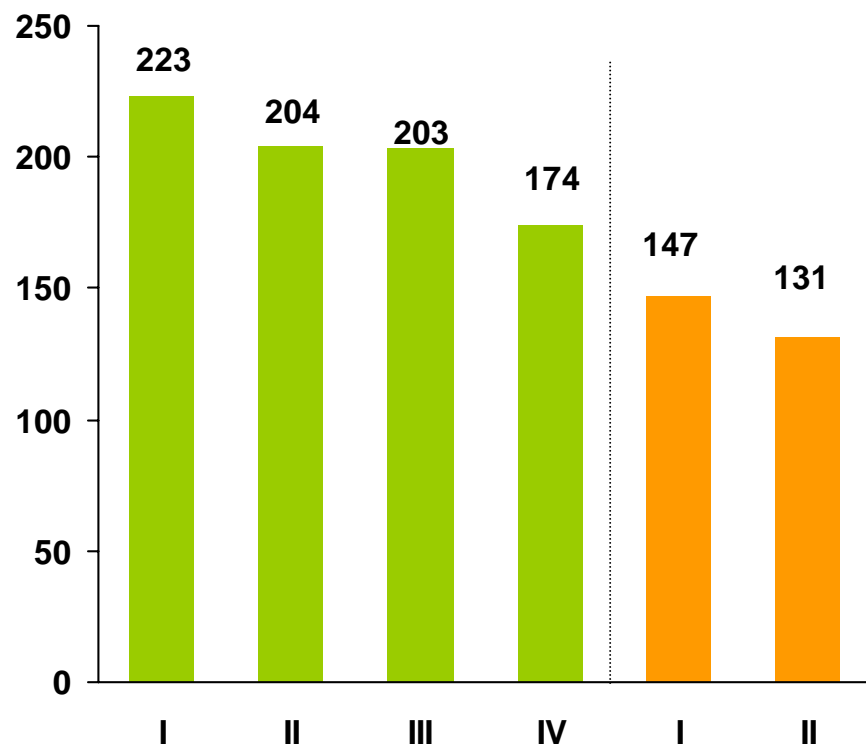
■ 2008 ■ 2009

* excl. non-recurring items

Office Papers

Sales by Quarter

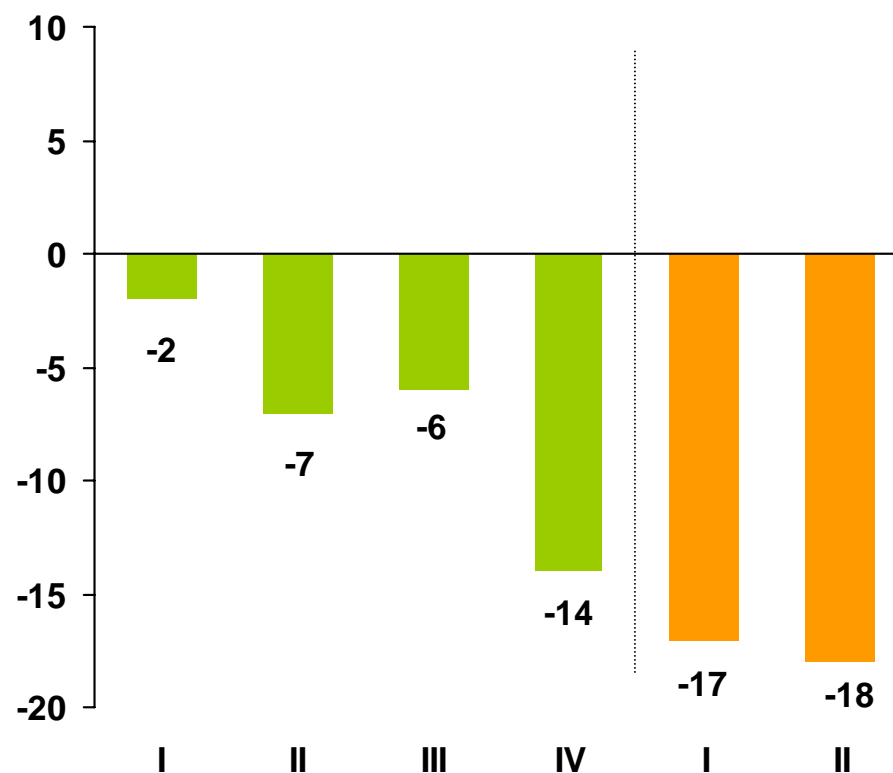
EUR, million



■ 2008 ■ 2009

Operating Result by Quarter*

EUR, million

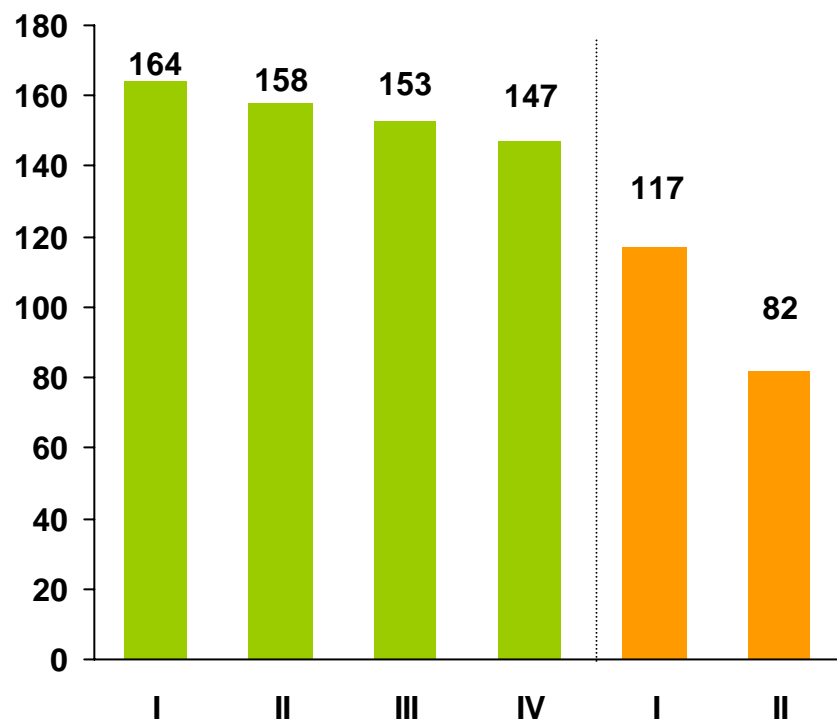


* excl. non-recurring items

Speciality Papers

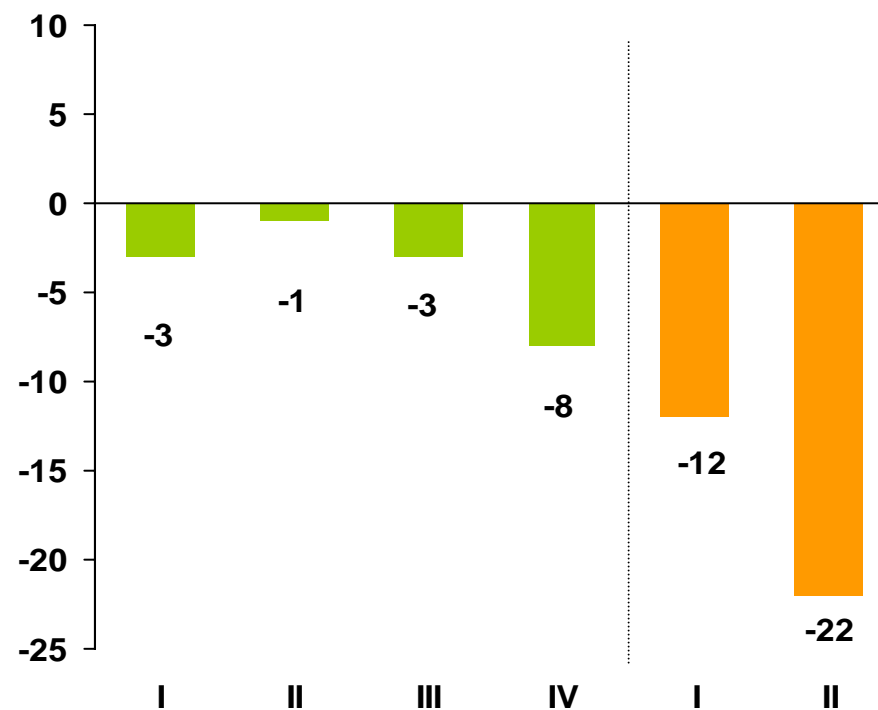
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million



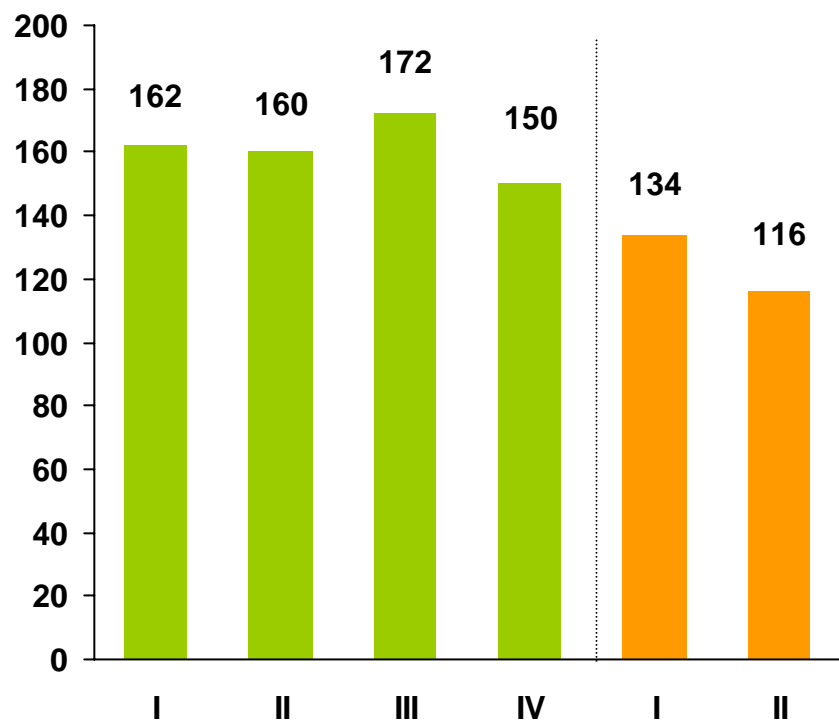
■ 2008 ■ 2009

* excl. non-recurring items

Market Pulp and Energy

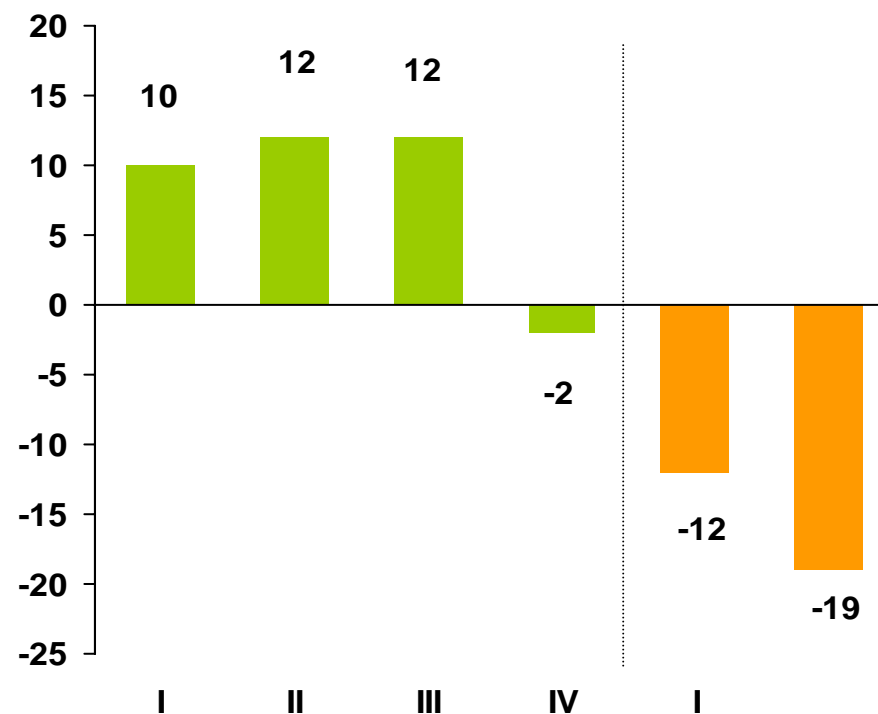
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million

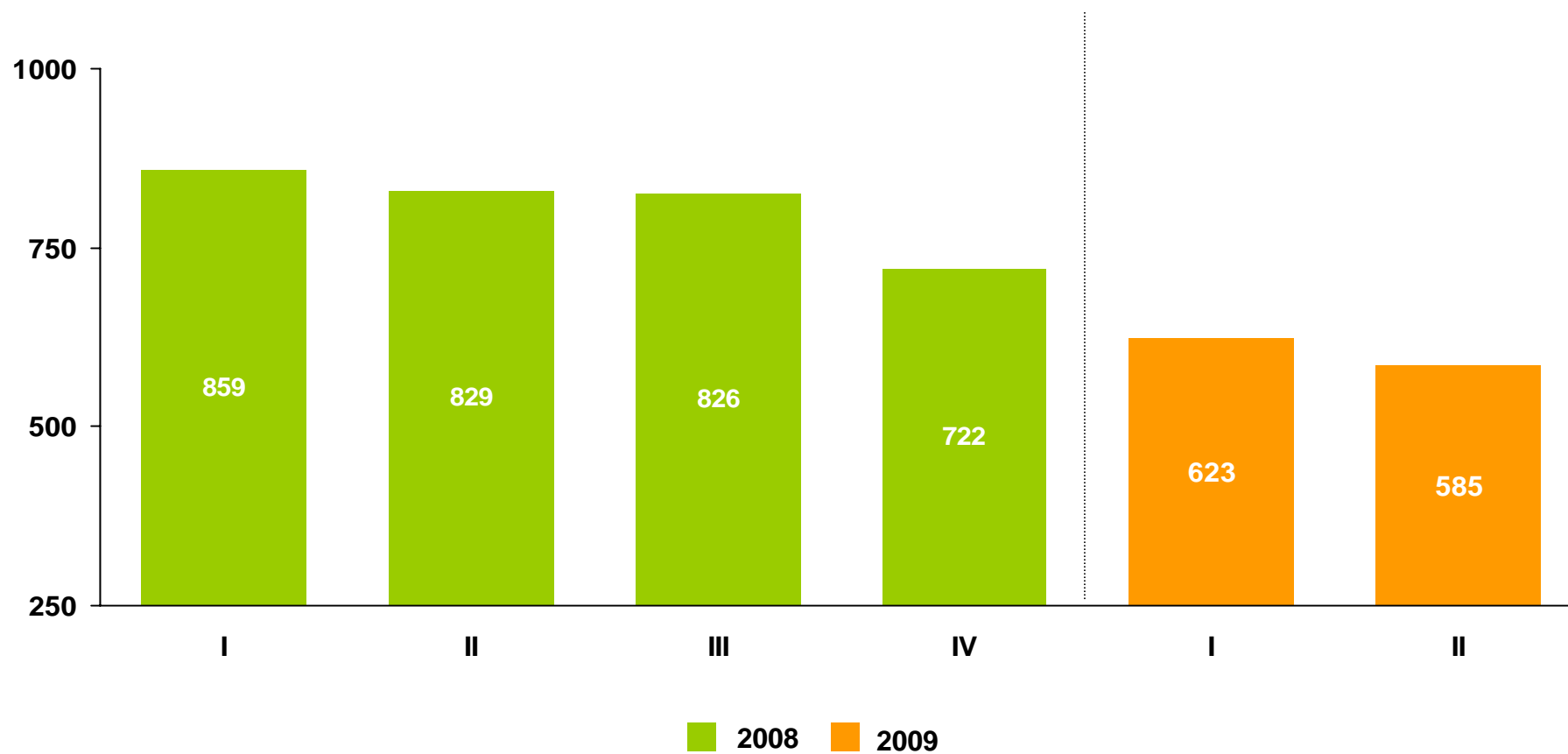


■ 2008 ■ 2009

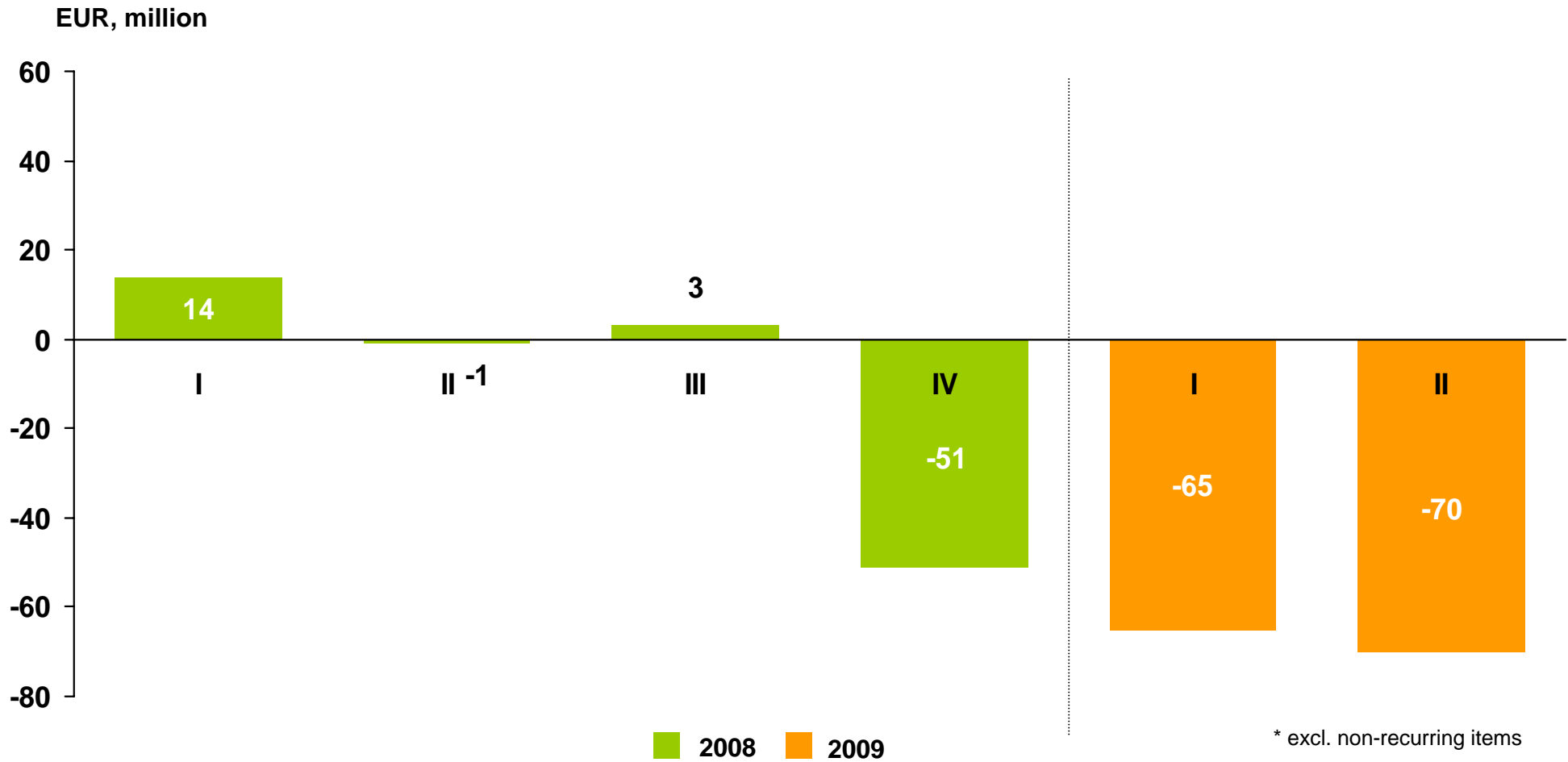
* excl. non-recurring items

Quarterly Sales

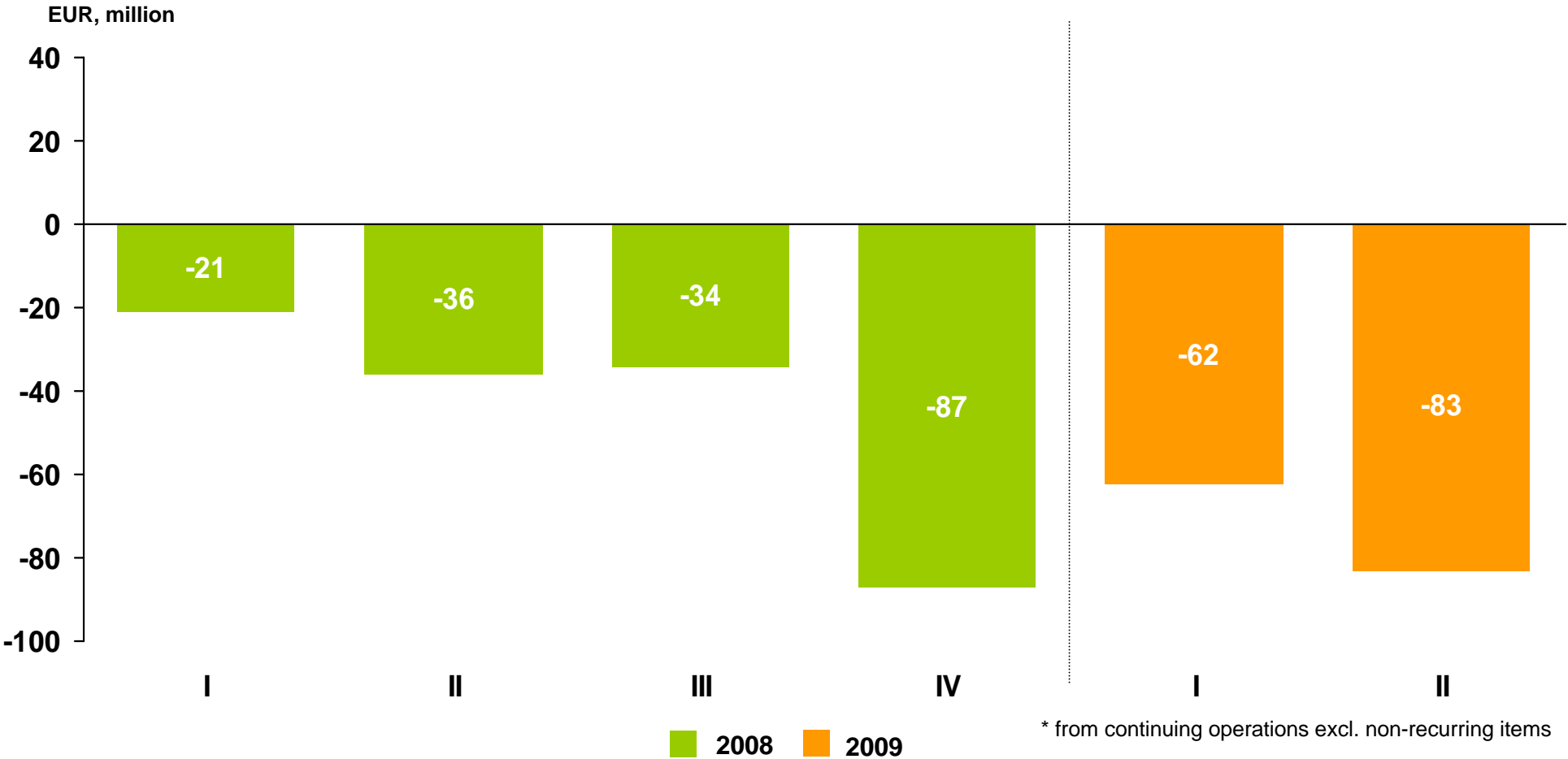
EUR, million



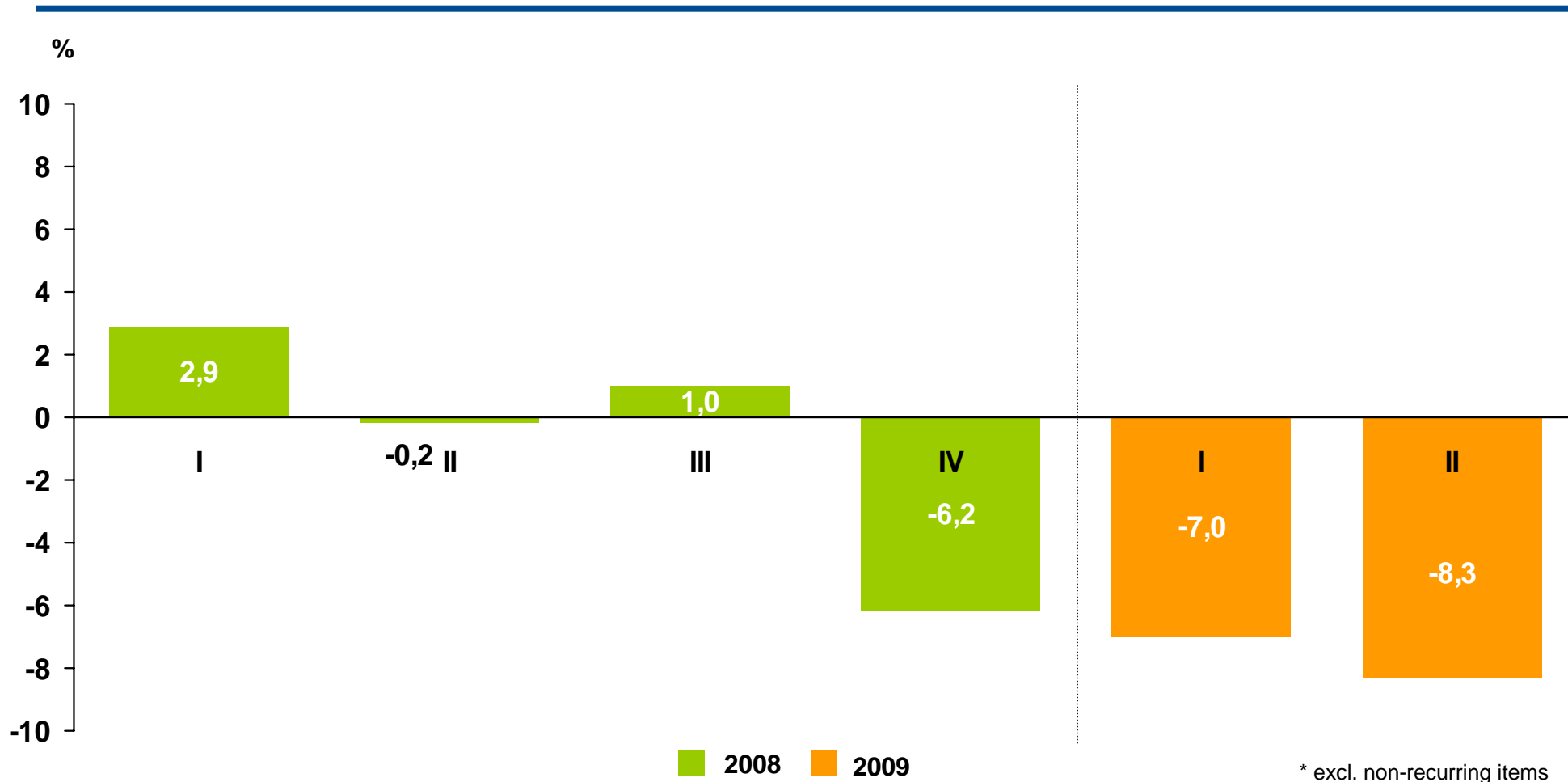
Quarterly Operating Result*



Quarterly Result Before Taxes*

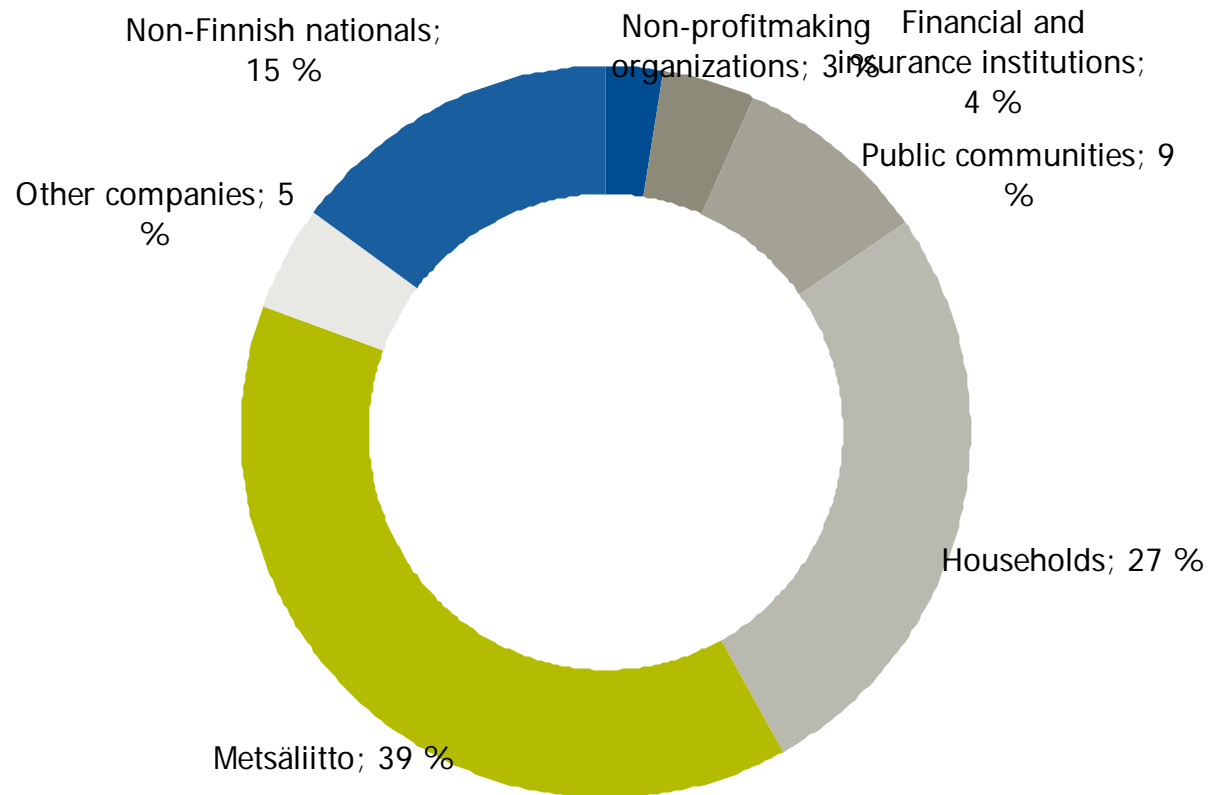


Quarterly ROCE %*



* excl. non-recurring items

M-real Shareholders 30.6.2009



M-real Voting Rights 30.6.2009

