



M-real

Results

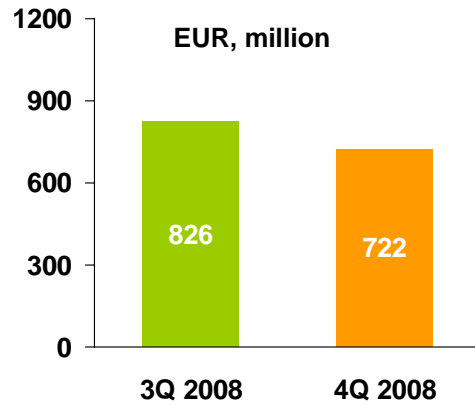
2008

Key Events in 2008

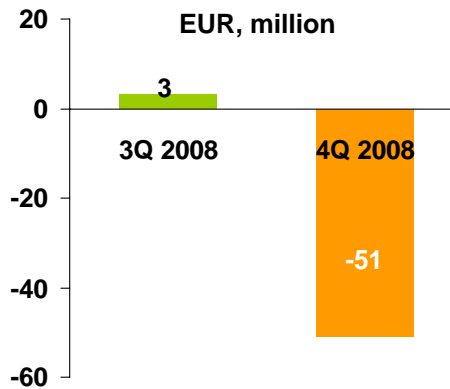
- Successful price increases in cartonboards and coated papers
- Thanks to good progress in internal profit improvement actions major part of the severe cost inflation was covered
- Unfavourable currency rates and weakening pulp cycle hit results
- Divestment of Graphic Papers to Sappi for EUR 750 million closed in December and total divestments of over EUR 900 million in 2008
 - Strategic review of the paper business continues
- Standard WFC production in Gohrsmühle and Hallein planned to end in April 2009

Key Figures – Quarterly

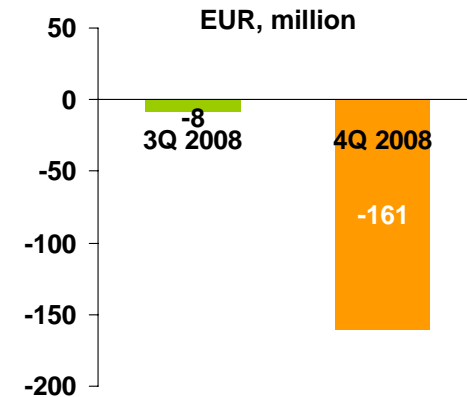
Sales



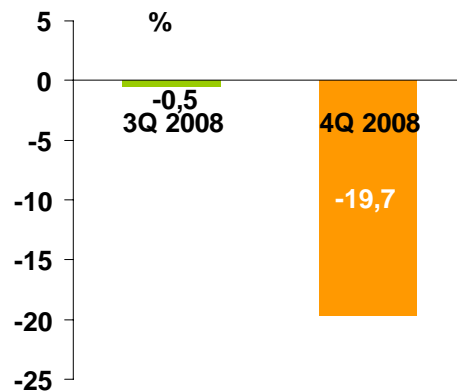
Operating Result excl. non-rec. items



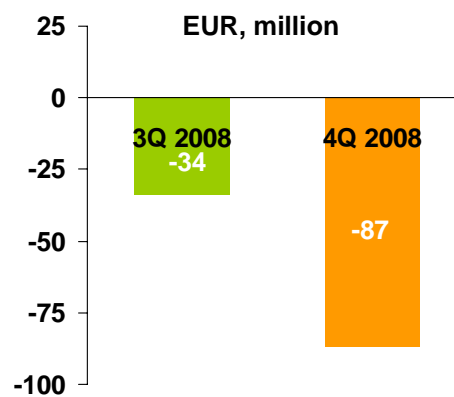
Operating Result



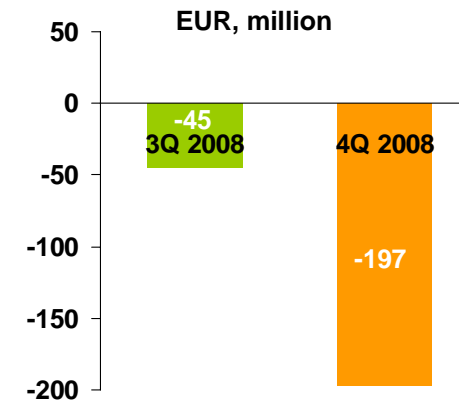
ROCE*



Result before taxes excl. non-rec. items



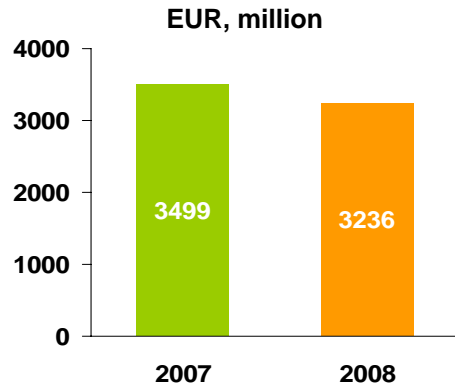
Result before taxes



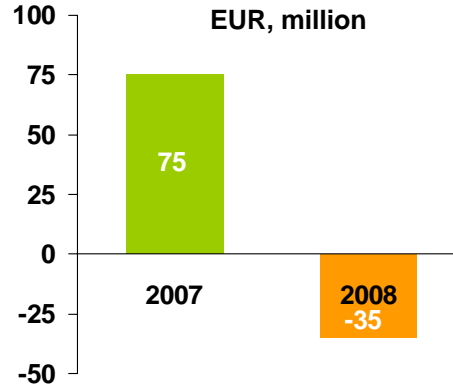
*from continuing and discontinued operations

Key Figures – Annual

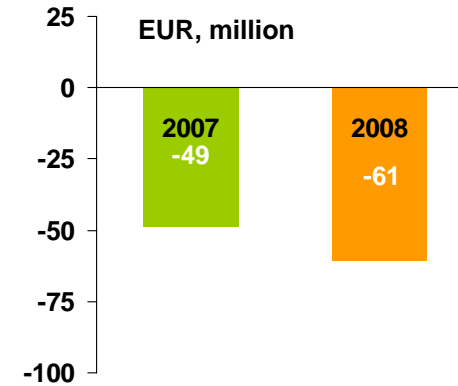
Sales



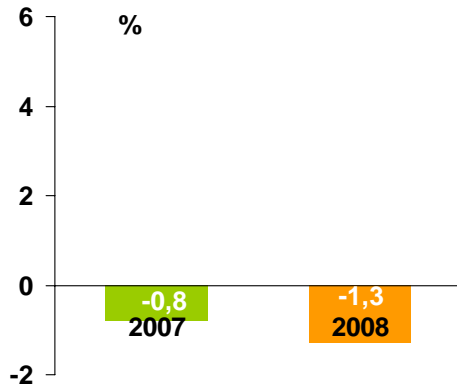
Operating Result, excl. non-rec. items



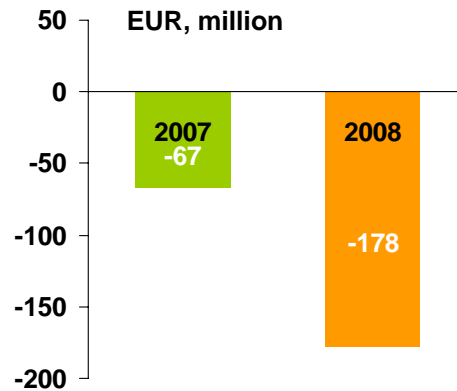
Operating Result



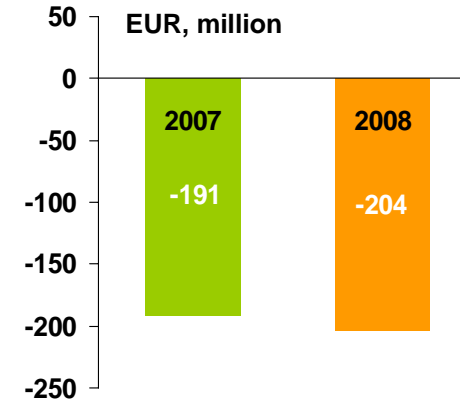
ROCE*



Result before taxes, excl. non-rec. items



Result before taxes



*from continuing and discontinued operations

Key Cash Flow and Balance Sheet Figures*

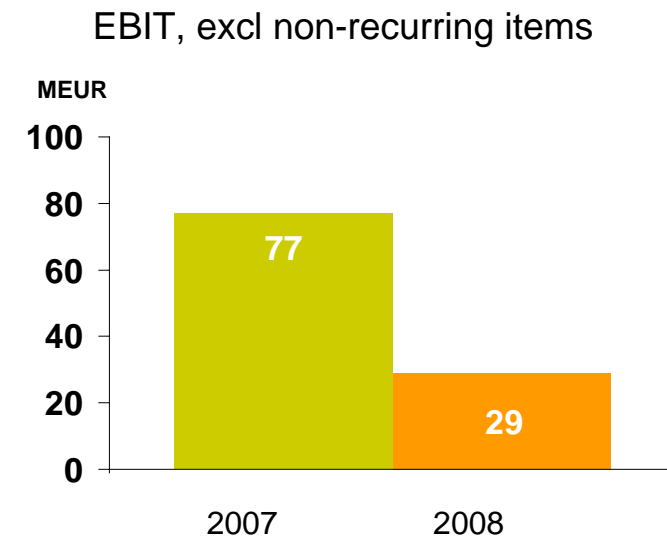
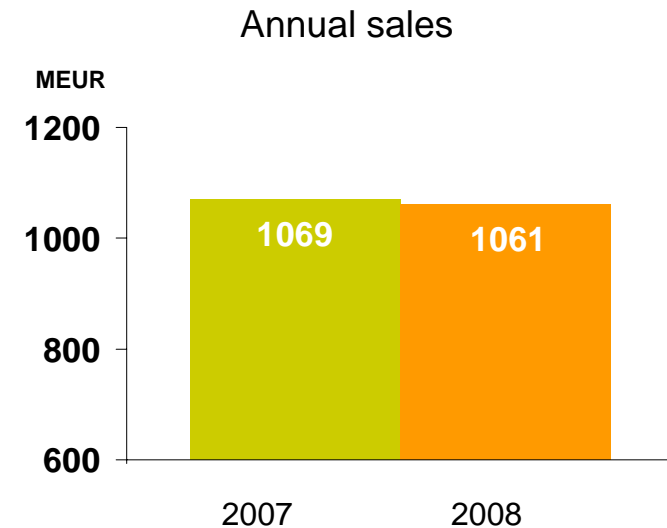
	4Q08	3Q08	Diff.	2008	2007	Diff.
Net cash flow arising from operations, M€ (including change in working capital)	-115	56	-171	-97	127	-224
Investments, M€	-39	-38	-1	-128	-259	131
Disposals, M€	366	3	363	507	628	-121
Net investments, M€	327	-35	362	379	369	10
Net cash flow after investments, M€	212	21	191	282	496	-214
Net gearing at the end of period, %	90	114	-24	90	99	-9
Covenant gearing at the end of period, %	74	97	-23	74	86	-12
Equity ratio at the end of period, %	30,8	32,5	-1,7	30,8	34,4	-4
Covenant equity ratio at the end of period, %	36	38	-2	36,0	40,0	-4
Board's dividend proposal to the AGM. €				0,00	0,06	-0,06

Board of Directors is proposing to the AGM that dividend will not be paid for the financial year 2008

* Cash flow figures including also Discontinued operations

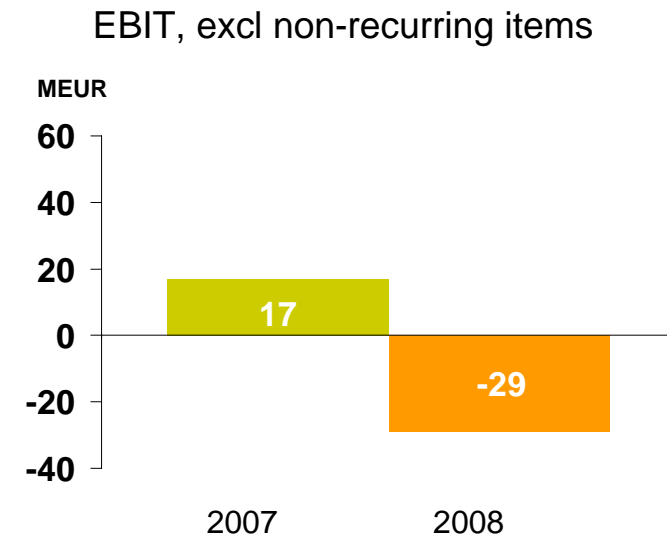
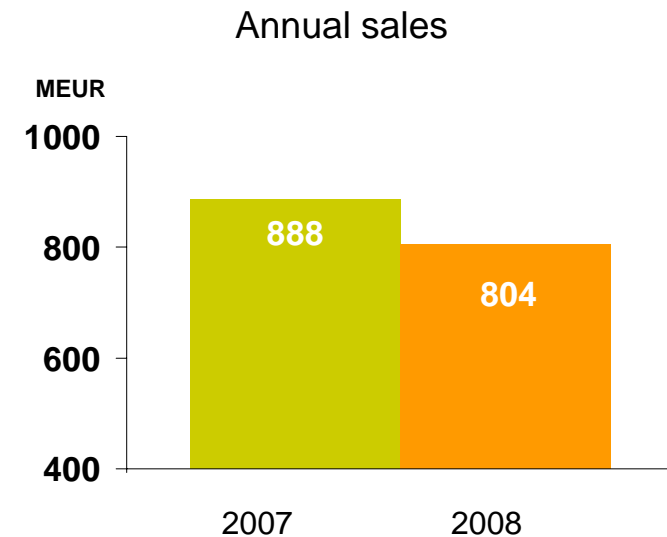
Consumer Packaging Successfully Implemented the Cartonboard Price Increase in 2008

- Profitability weakened due to high cost inflation, lower pulp result and weak USD/GBP
- Profitability improved by cost saving actions and price increases
- Demand dropped in late 2008, partly due to customer inventory reduction
 - Demand is recovering in 1Q 2009, but is expected to remain below last year
- Achieved price increase in 2008 of close to 10% improves average annual price in 2009
- Clear need for further cartonboard price increases to cover cost inflation experienced in recent years



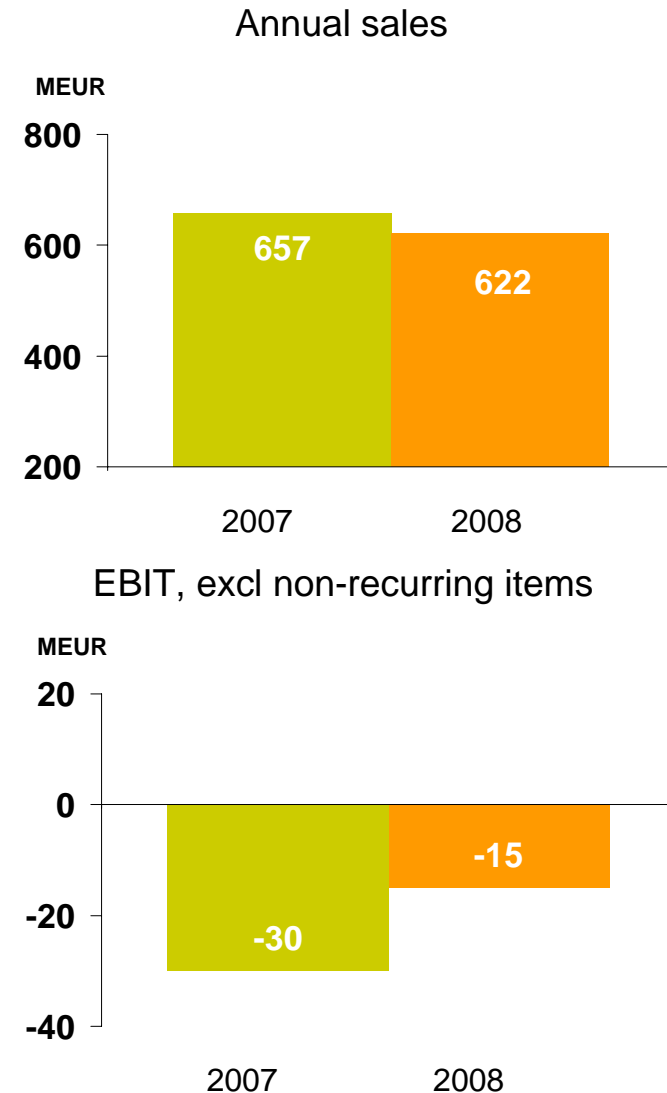
Office Papers Benefits from Recent Capacity Closures. Demand Outlook Unclear

- Profitability weakened by lower pulp result mainly due to expensive wood raw material and production curtailments
- Profitability improved by internal cost savings
- Sales prices under pressure but remained stable
- Demand weakened in the main markets
 - Demand expected to pick up in 1Q 2009, but to remain below last year
- Capacity closures of about 0.5 million tons by M-real and International Paper
- New price increases needed to restore profitability
 - Near-term increase potential limited



Other Papers' to Focus on the Speciality Papers

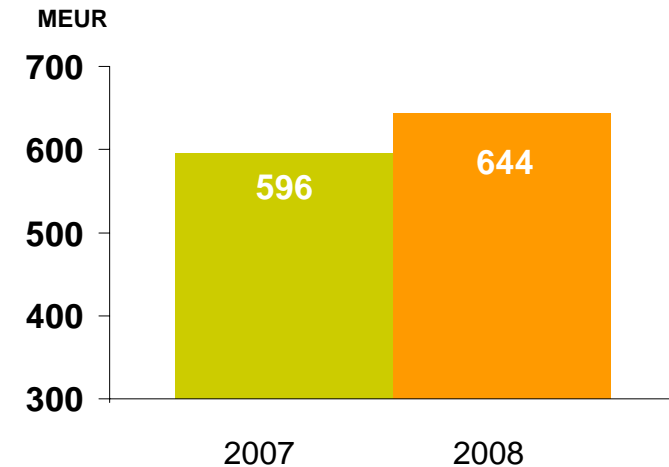
- Other Papers to be dedicated to speciality papers through M-real Zanders (Gohrsmuhle and Reflex)
 - Hallein and Gohrsmühle standard WFC production planned to end in April 2009
- Speciality papers' profitability better and demand outlook more stable than standard coated papers
 - Hallein and Gohsmühle standard WFC heavy loss-makers for a long time
- Profitability improved due to cost saving actions, success of Uruguay pulp mill and coated paper price increases
- Profitability weakened by higher wood and energy costs, strong euro and lower pulp result



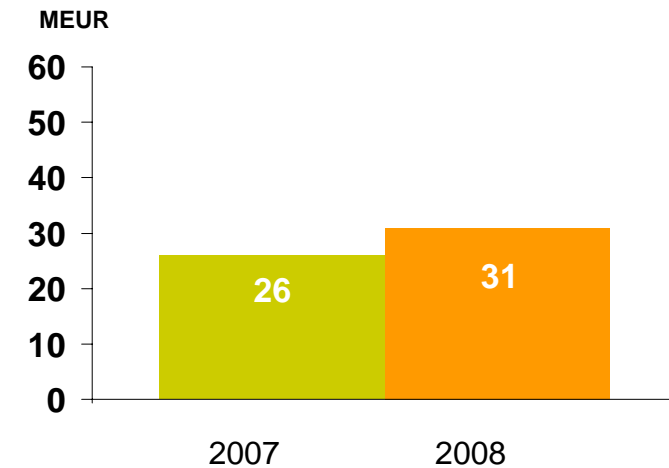
Market Pulp and Energy Benefit The Success of Uruguay Pulp Mill

- Relatively profitability weakened due to increased wood costs and production curtailments
 - Despite success of Uruguay pulp mill absolute profit improvement remained modest
- Pulp prices under pressure as producers' inventories have remained high
 - Capacity closures implemented and announced improve the situation
- Pulp price to increase rapidly when the cycle turns
 - We might see positive development before the year-end

Annual sales

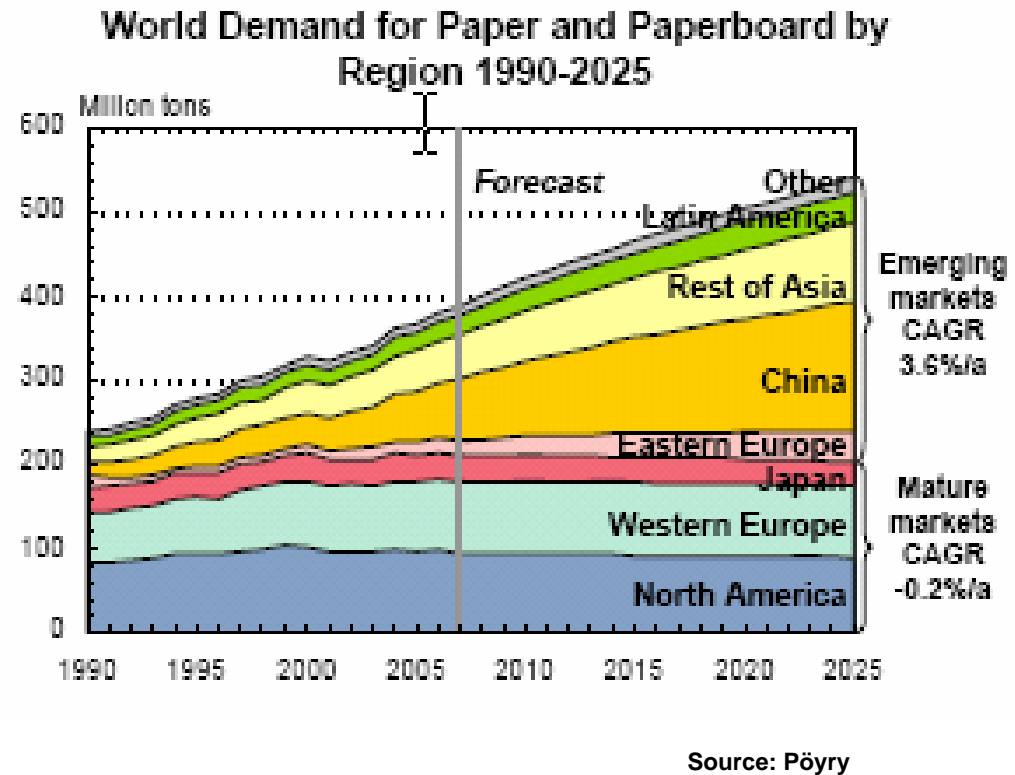


EBIT, excl non-recurring items



Paper and Board Production Will be Good Business in the Future

- Global demand expected to increase steadily over the years
 - Paperboard demand growing also in the mature markets
- Industry is gradually consolidating and in the mature markets closing overcapacity
- Business environment will be back to normal after many difficult years
 - Weaker euro
 - Cost inflation normalizing
 - Economic upturn



Times are Difficult in 2009 due to Severe Economic Downturn. Measures to Fight Against in Process

- Discontinuation of Hallein and Gohrsmühle mills' standard coated fine paper production in April 2009 in process
 - Biggest loss-makers in recent years
- New EUR 80 million profit improvement programme launched
 - Profit impact in 2009 EUR 20-25 million
 - Non-recurring costs in 2009 EUR 18 million
- EUR 60 million 2009 cash flow boosting programme initiated
 - Reductions in ONWC, investments etc.

When the Business Environment Is Back to Normal M-real Will Be In a Strong Position

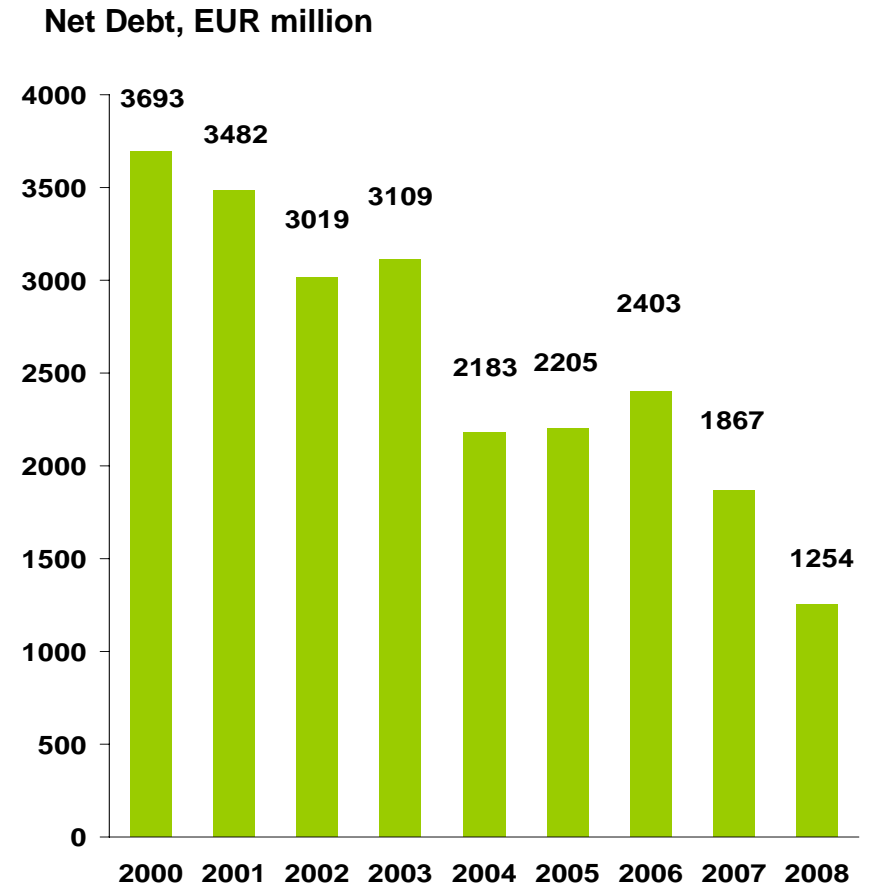
- Smaller, more focused cartonboard and paper producer
- Europe's market leader in cartonboard
- Heavily lossmaking coated paper units out of the company
- Modern and very competitive pulp assets in Europe and South America
- Streamlined operations after successful efficiency improvement programmes
- Significantly lower financing costs due to net debt reduction
- Investments below depreciations also in the future

Outlook

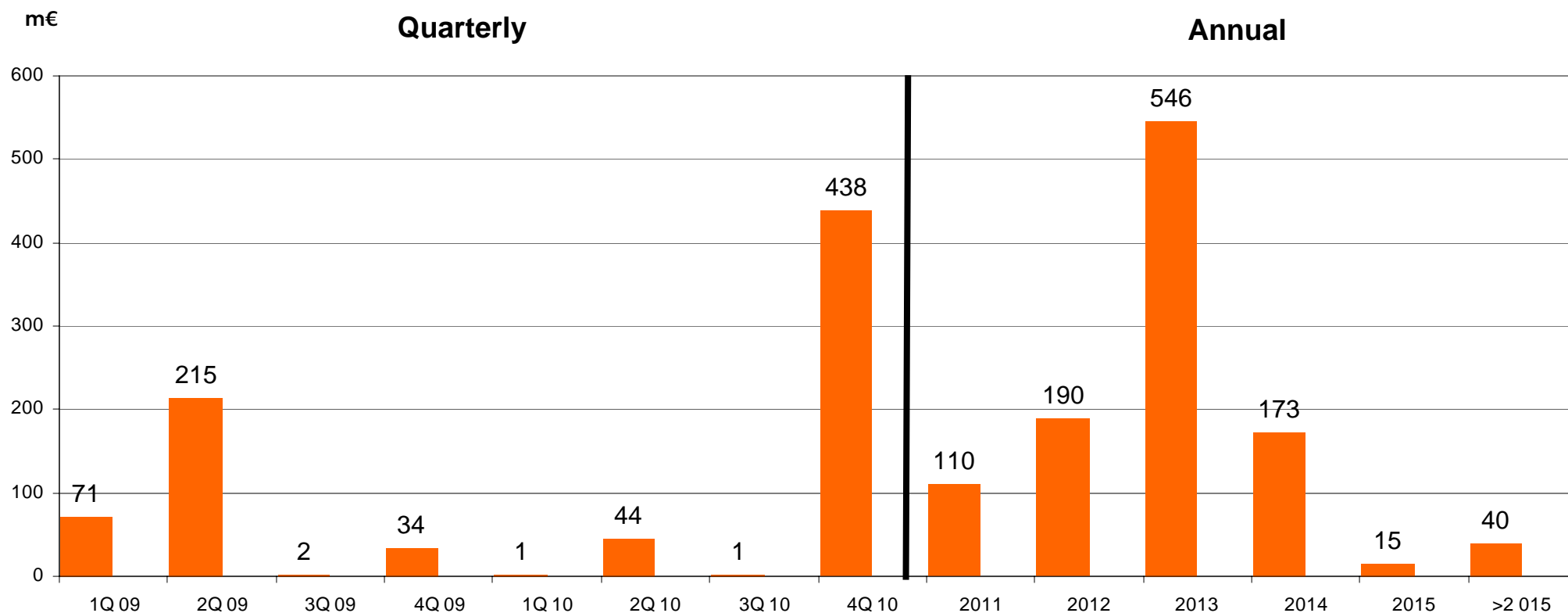
- Demand for the main products expected to improve compared with the exceptionally weak late 2008, but to remain weaker than a year ago
- Cost inflation easing considerably
- Internal profit improvement and cash flow boosting programmes proceed
 - In 2009 the total impact of the new profit improvement programme together with the earlier implemented measures about EUR 70 million
 - Expected cost inflation about EUR 10 million
- 1Q 2009 operating result, excluding non-recurring items expected to improve from 4Q 2008 but to remain clearly negative

Net Debt Reduction Continues

- Strong liquidity of cash EUR 550 million and vendor note EUR 220 million from Sappi improve financing position significantly
- Refinancing negotiations with banks started to address future funding and to secure liquidity in the longer run



Current Liquidity Enough to Take Care of Maturities During the Next Couple of Years



Additionally, the EUR 500 million syndicated credit facility (totally undrawn) maturing in Dec. 2009

Appendix

Profit Impacts of the Heavy Internal Profit Improvement Programmes Expected to Exceed Cost Inflation in 2009

Profit impact vs. 2008, m€	total target	Cumulative		
		2009	2010	2011
1 Profit improvement programme 2009	80	20	50	80
2 Profit improvement programme 2008	70	40	60	70
3 Cost savings programmes 2007	10	10	10	10
Total	160	70	120	160
Estimated cost inflation 2009		10		
Profit impact after cost inflation		60		

EUR 80 million Profit Improvement Programme Launched

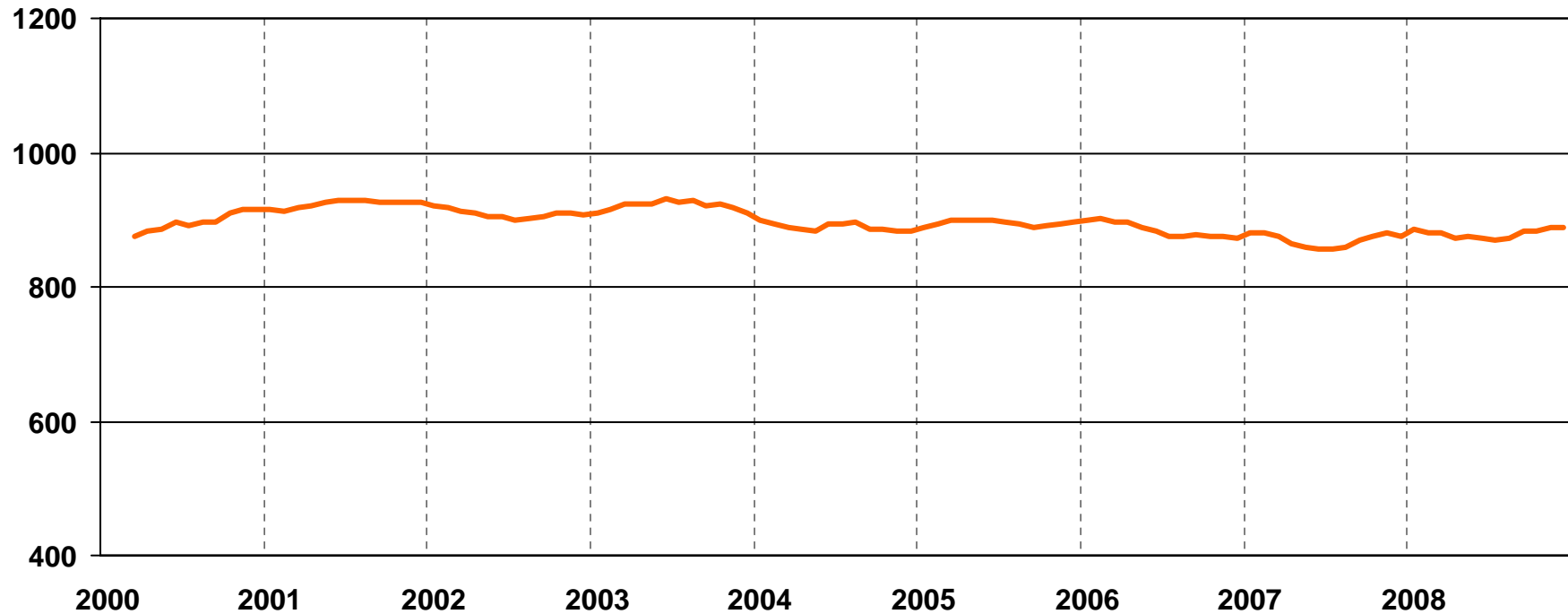
- The programme includes:
 - Cost saving actions by the business areas
 - Savings enabled by Graphic Papers divestment, e.g. 'rightsizing' of support functions and sales network
- Majority of the actions by the business areas to be completed in 2009. Implementation of rightsizing actions take place also in 2010
- The profit impact in 2009 is EUR 20-25 million
 - Related non-recurring costs about EUR 18 million booked in 2009

Cash Flow Improvement the Priority in 2009

- Target is to boost 2009 operating cash flow by EUR 60 million in 2009
- Actions include:
 - Freezing / postponement of investments
 - Freezing of maintenance operations
 - Lay-offs and other personnel related arrangements
 - ONWC reduction

Folding Boxboard Market Price in Europe 2000 – 2008

EUR / tn Three month moving average



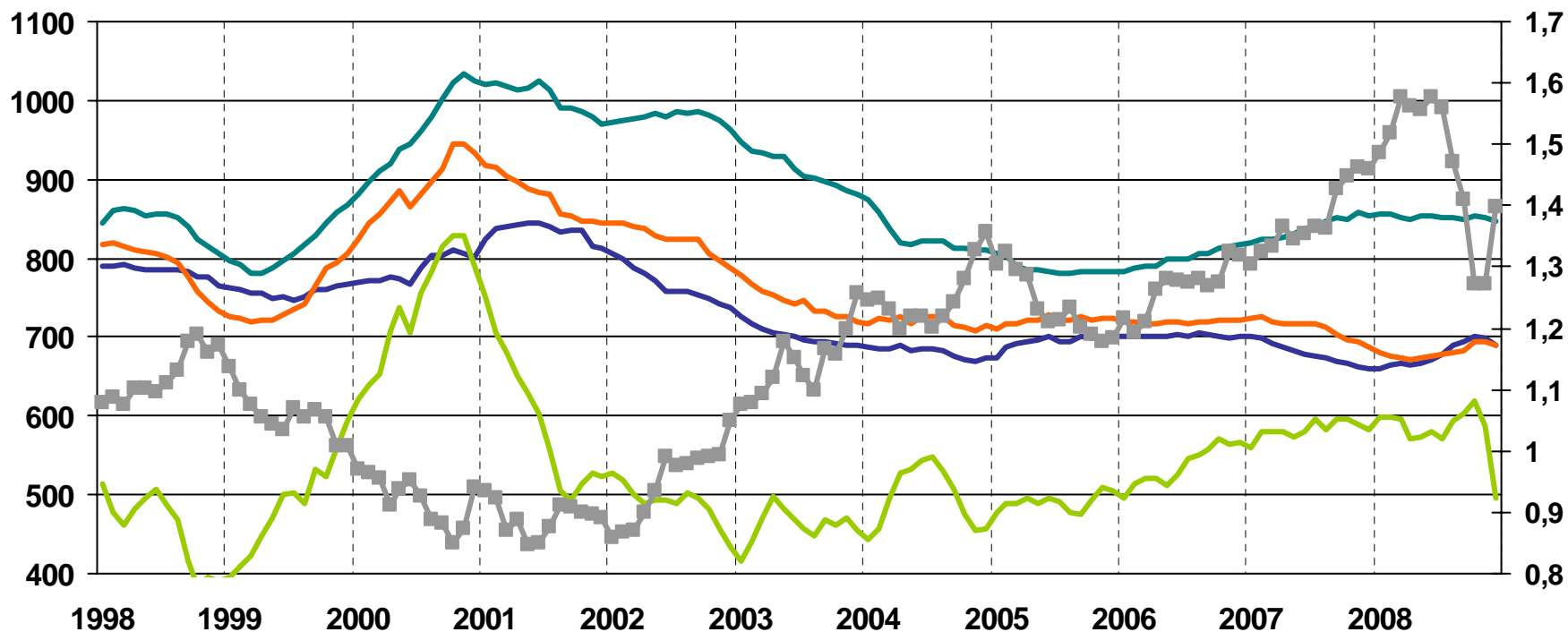
Source: M-real

Paper and Pulp Market Price in Europe

1998 – 2008

EUR / tn,

EUR/USD



— Coated magazine paper LWC (60g)
— Softwood pulp NBSK

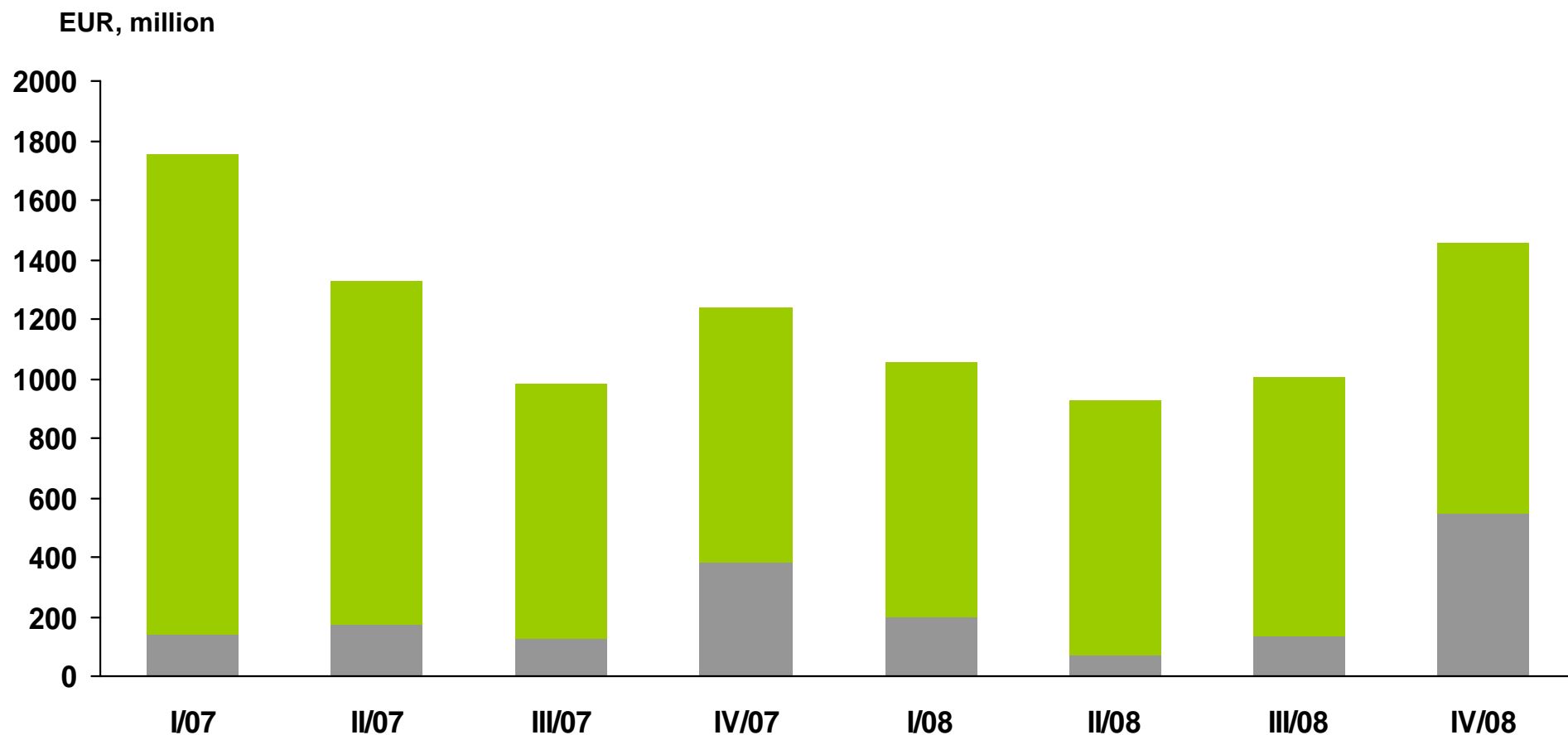
— Uncoated fine paper (B-copy, 80 g)
— Coated fine paper (100 g)

■ EUR/USD

Source: Foex, Reuters

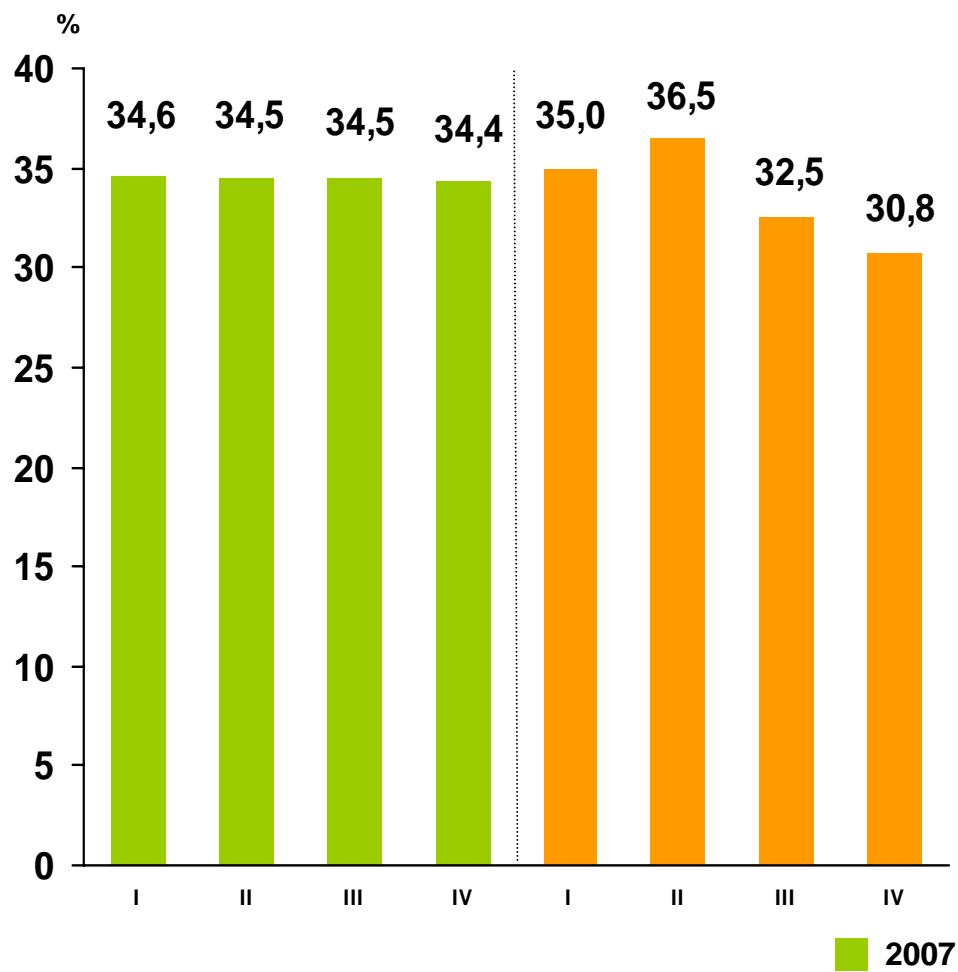
Liquidity

- Liquid funds
- Committed long term credit facilities

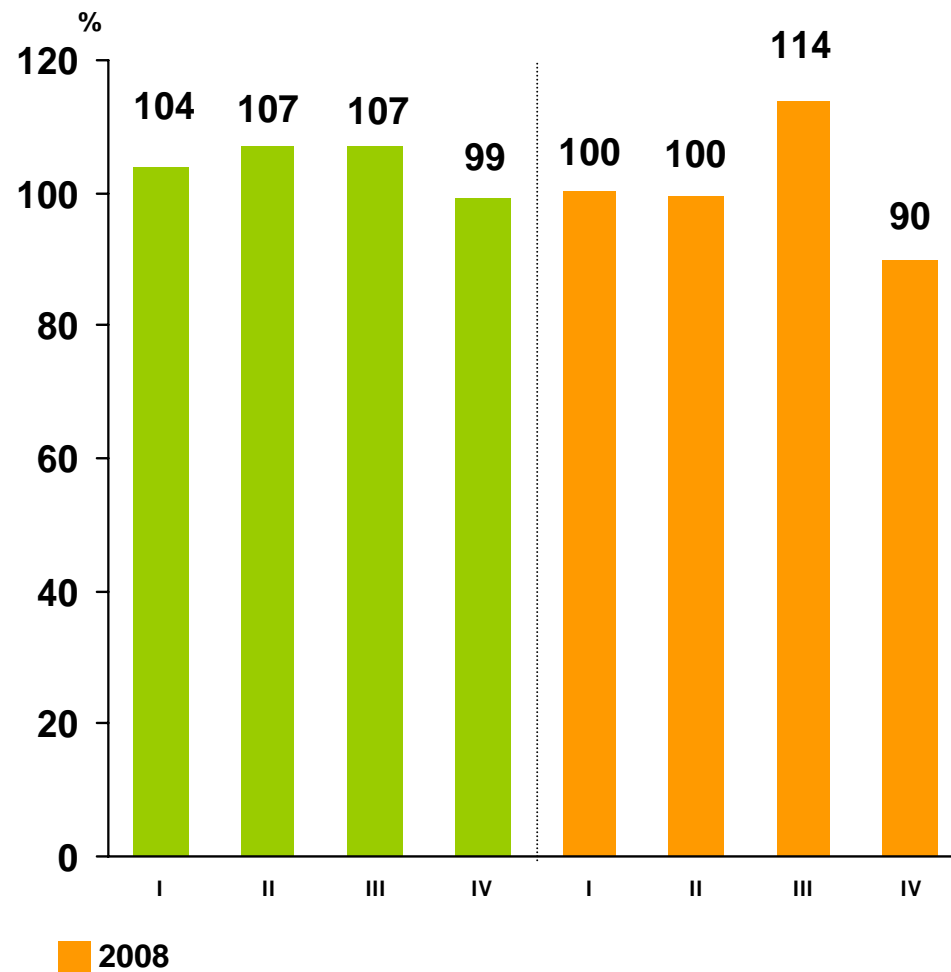


Balance Sheet Ratios

Equity Ratio

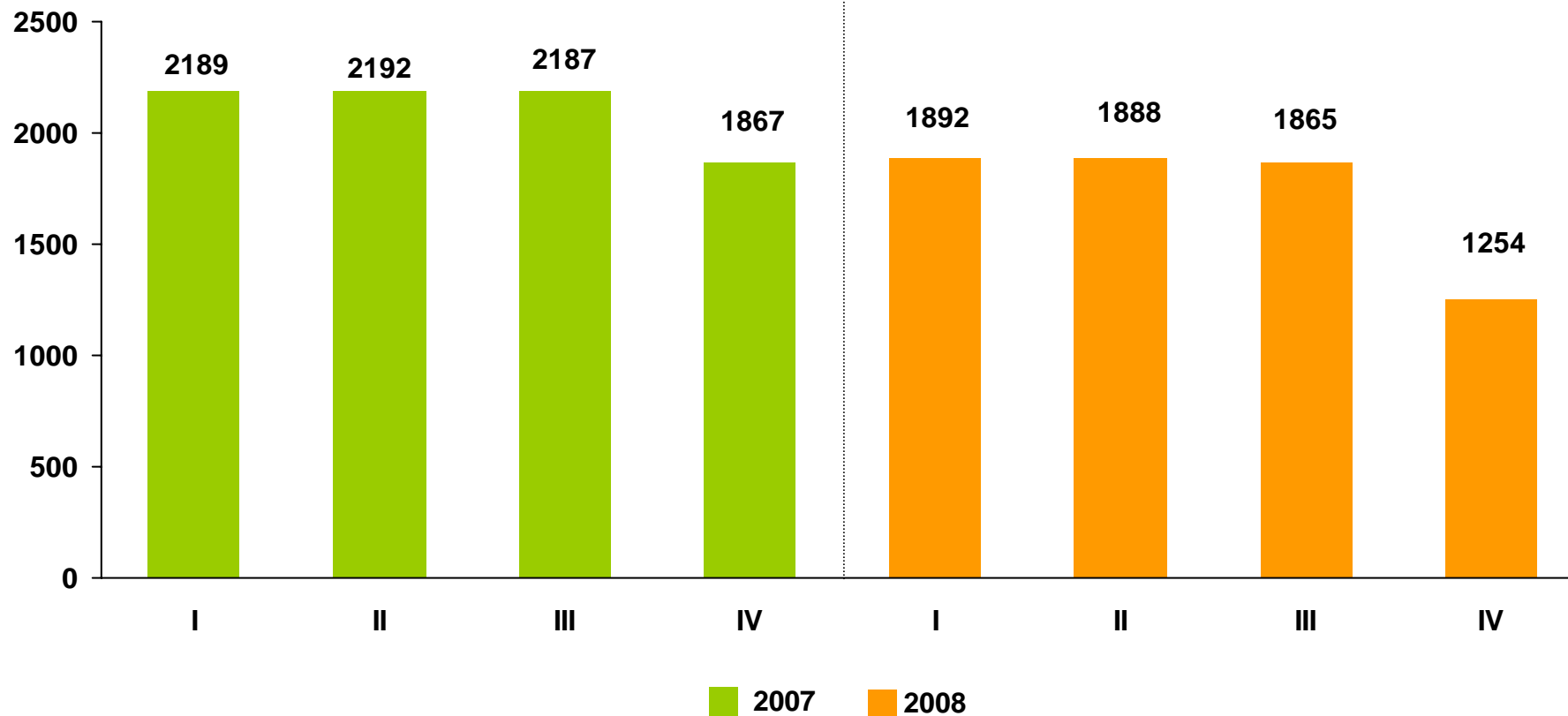


Net gearing

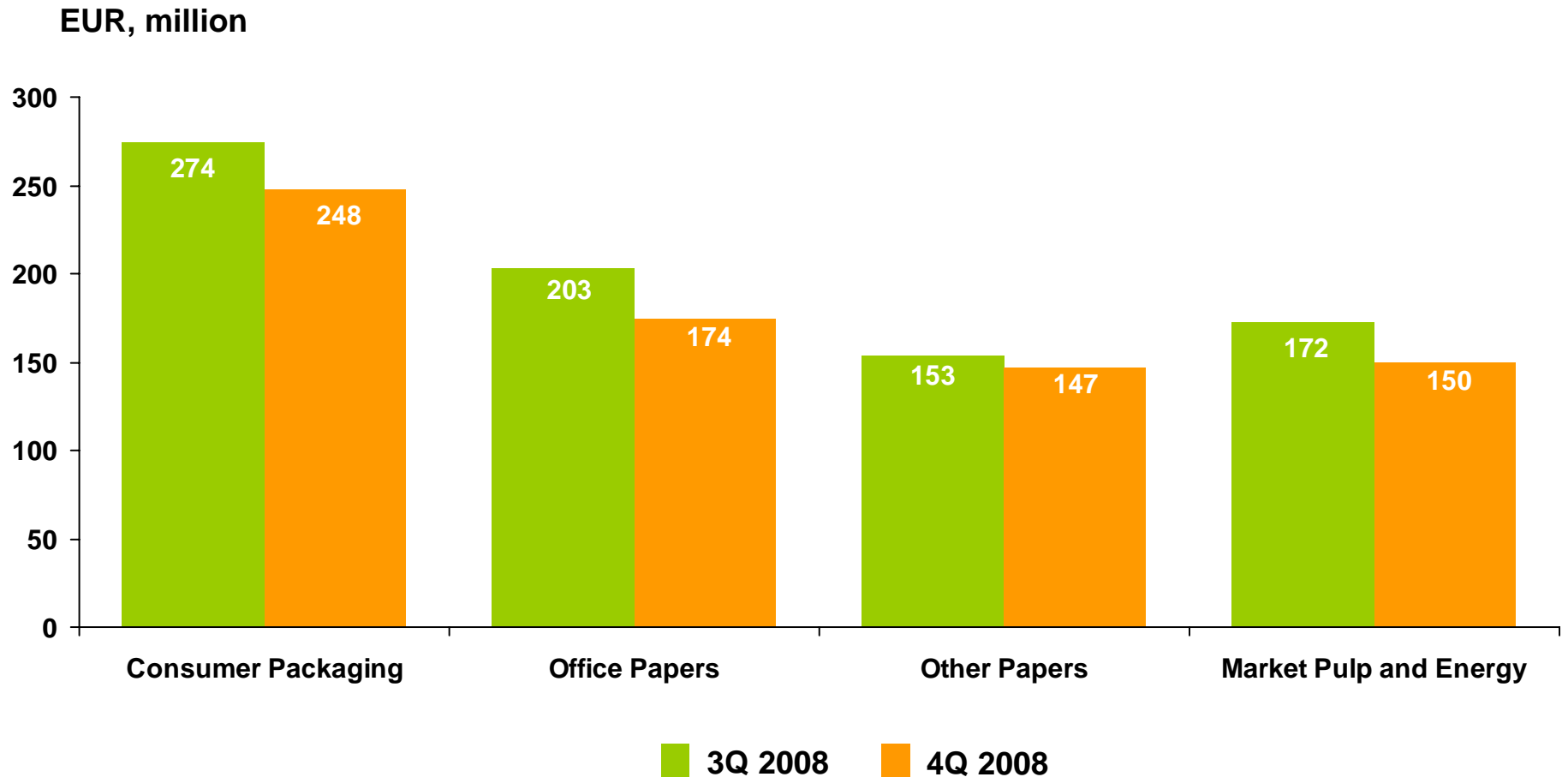


Interest-Bearing Net Liabilities

EUR, million

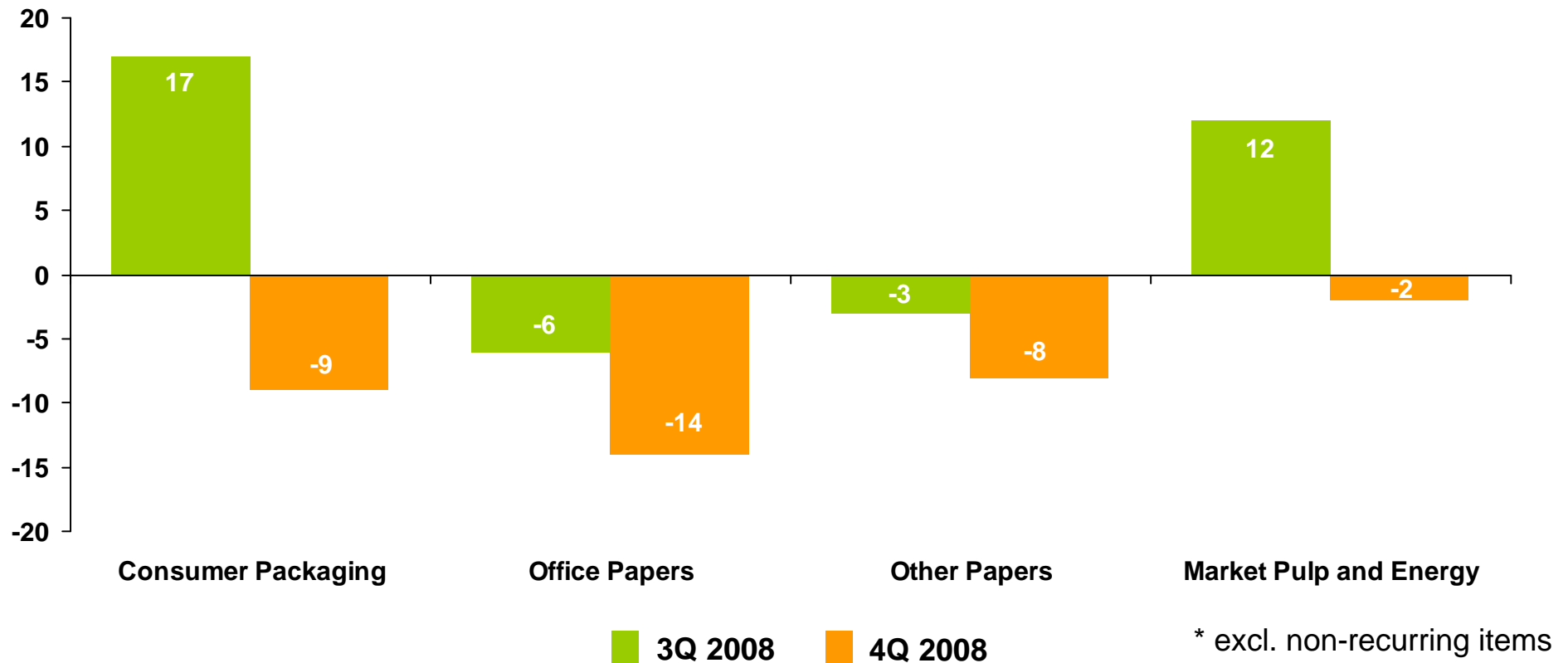


Sales by Business Area



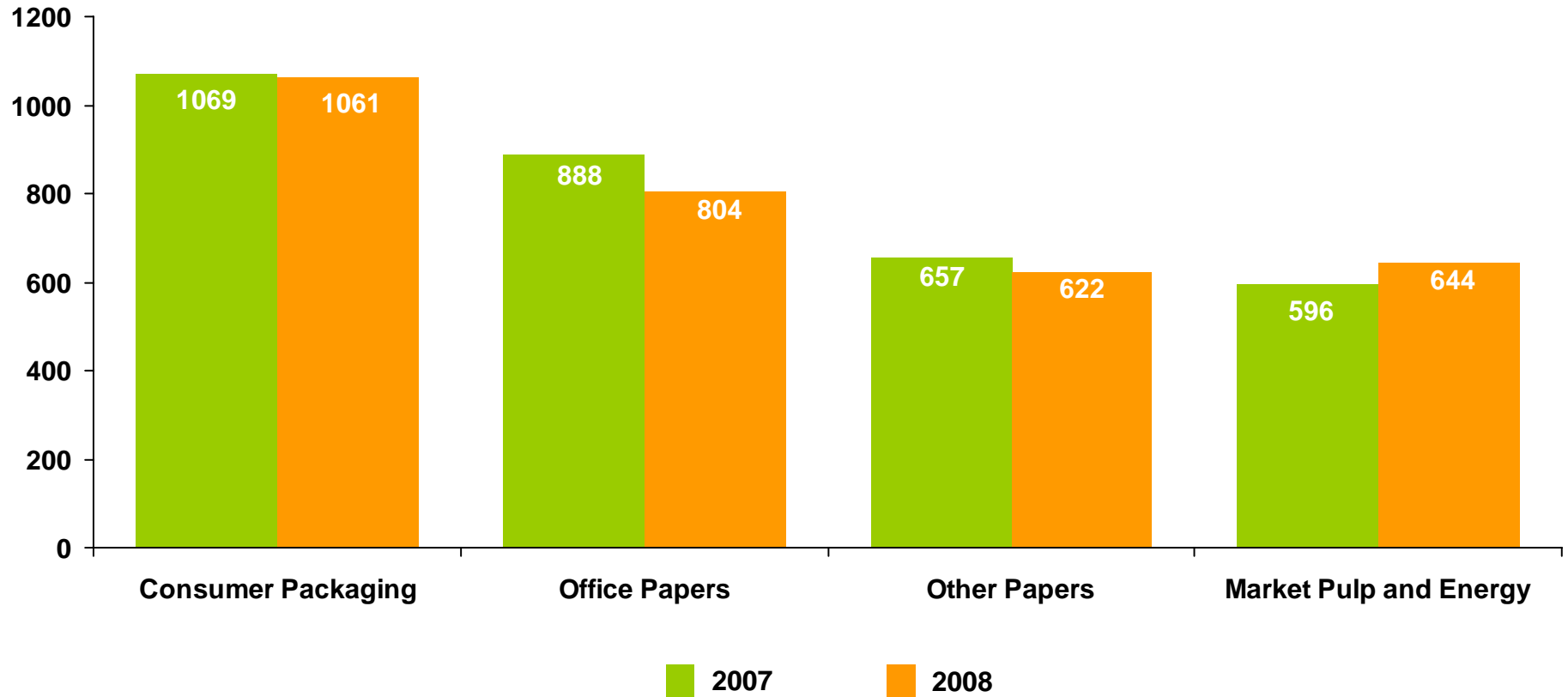
Operating Result by Business Area*

EUR, million

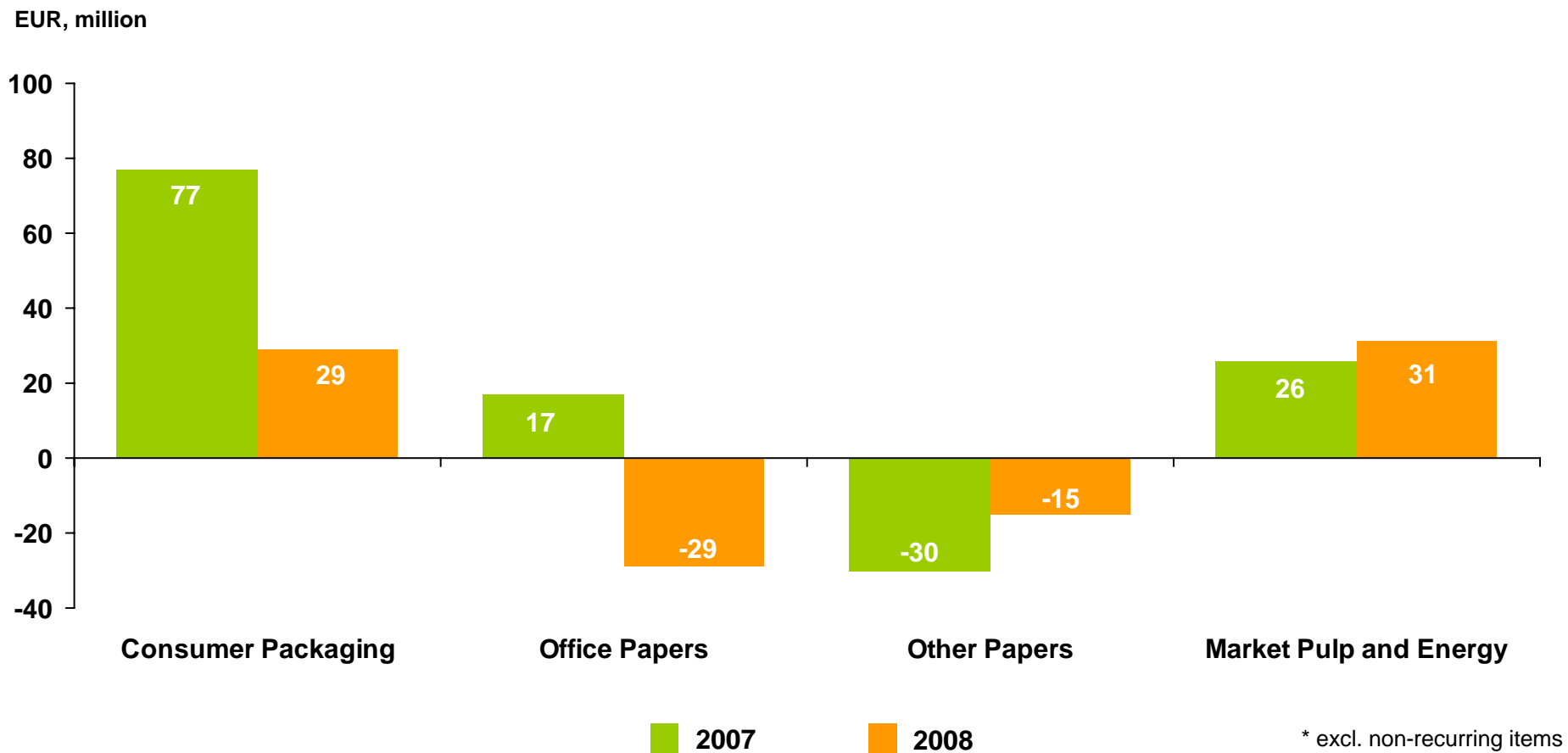


Sales by Business Area

EUR, million

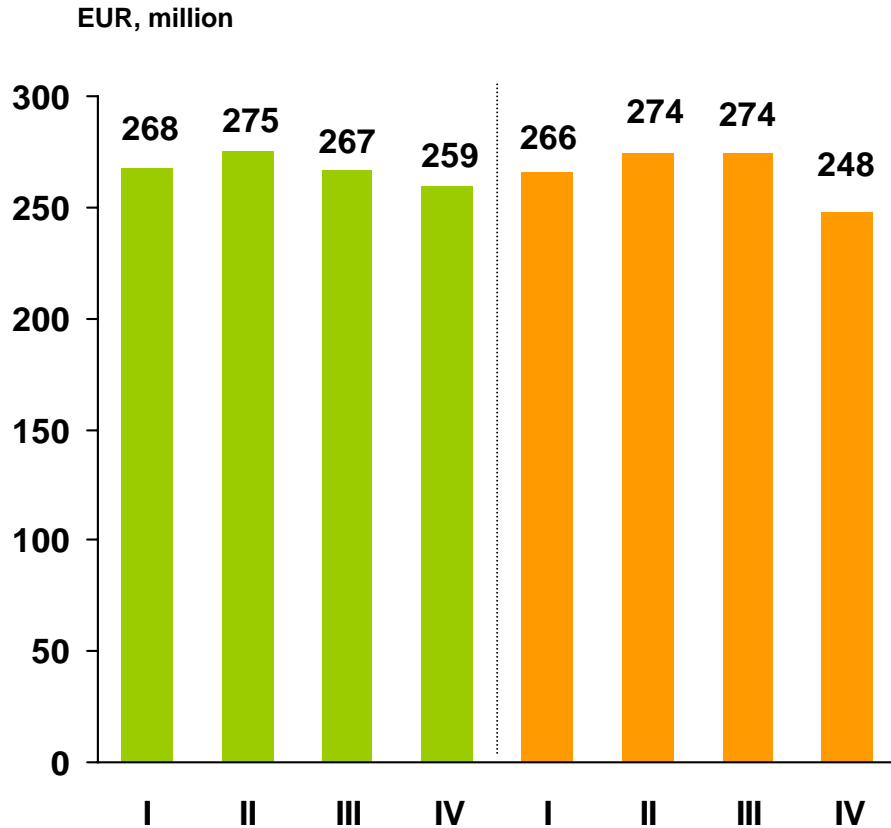


Operating Result by Business Area*

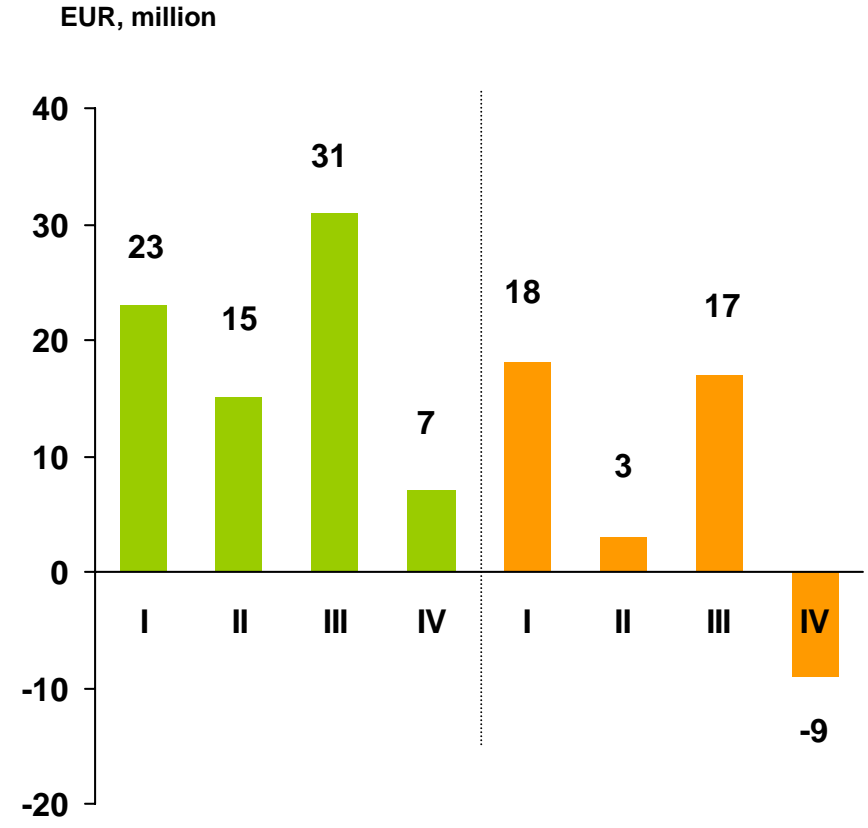


Consumer Packaging

Sales by Quarter



Operating Result by Quarter*



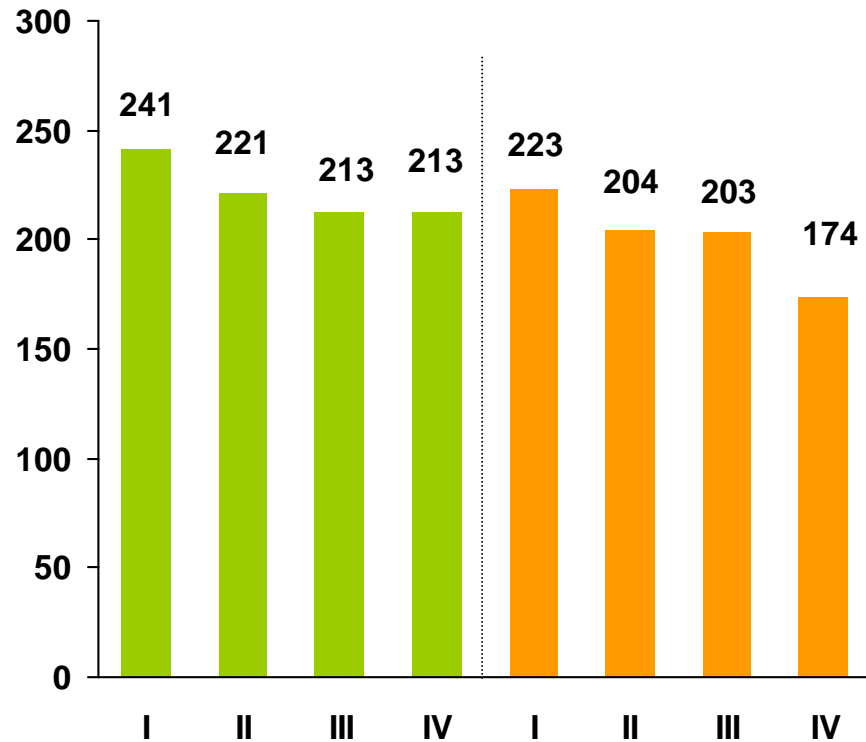
* excl. non-recurring items

■ 2007 ■ 2008

Office Papers

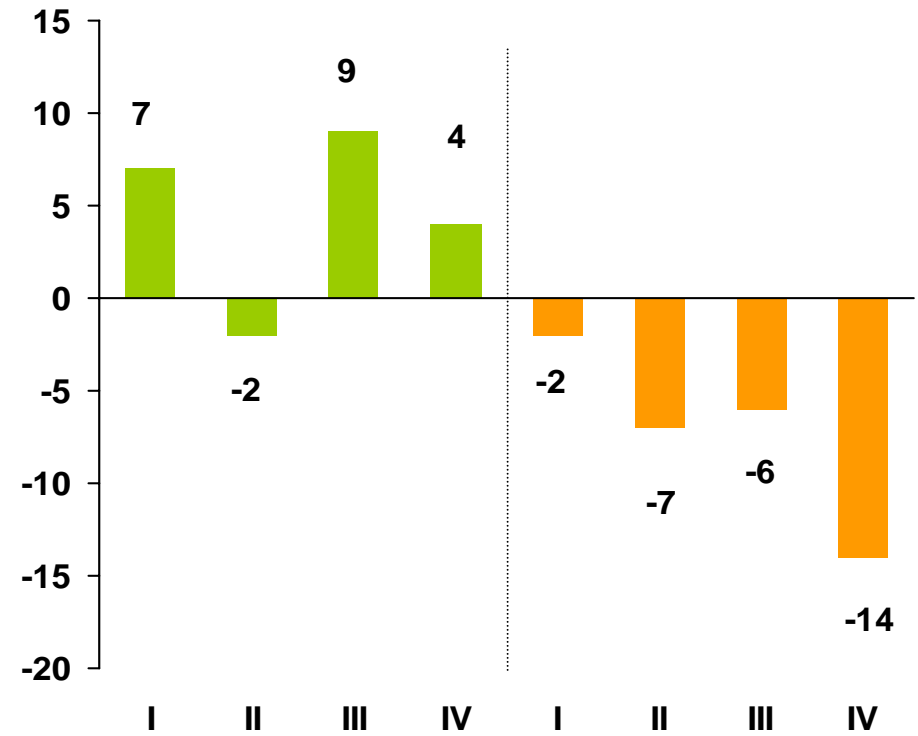
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million



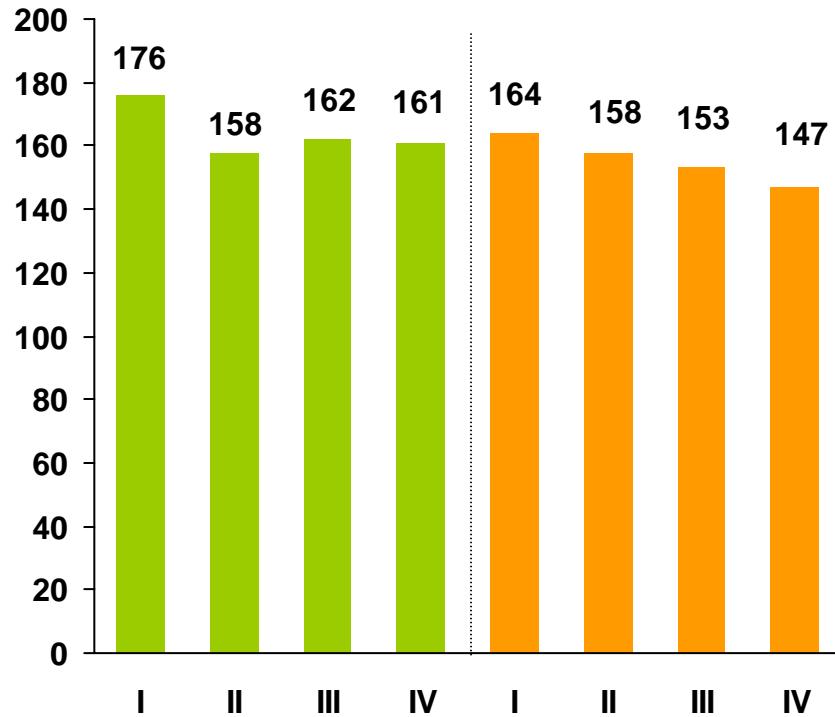
* excl. non-recurring items

■ 2007 ■ 2008

Other Papers

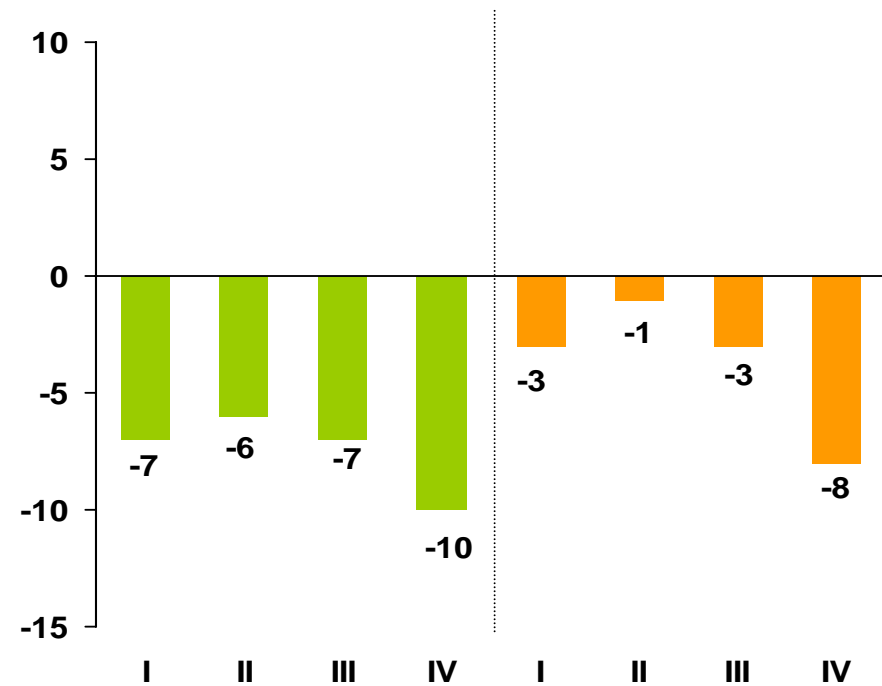
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million



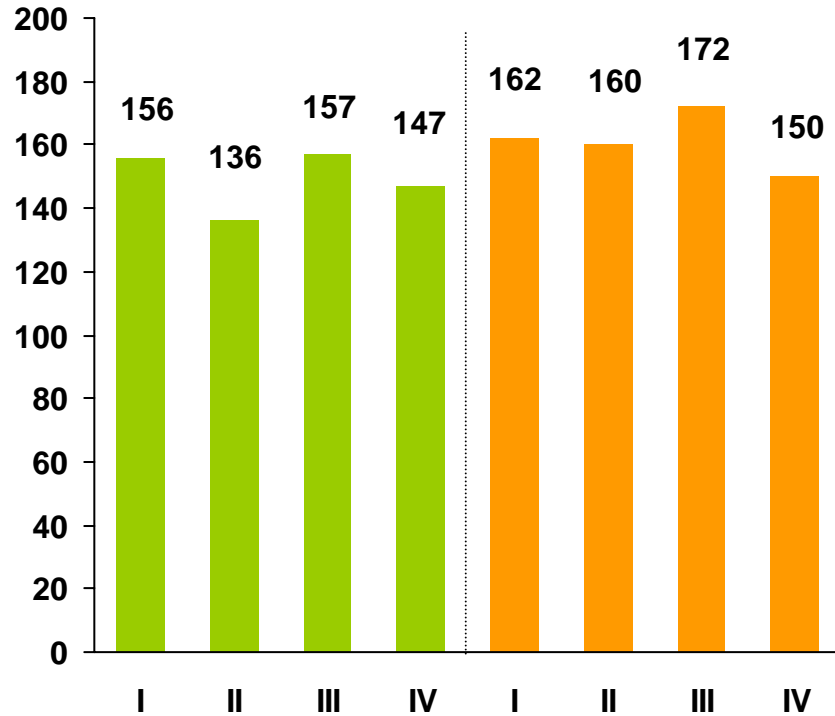
* excl. non-recurring items

■ 2007 ■ 2008

Market Pulp and Energy

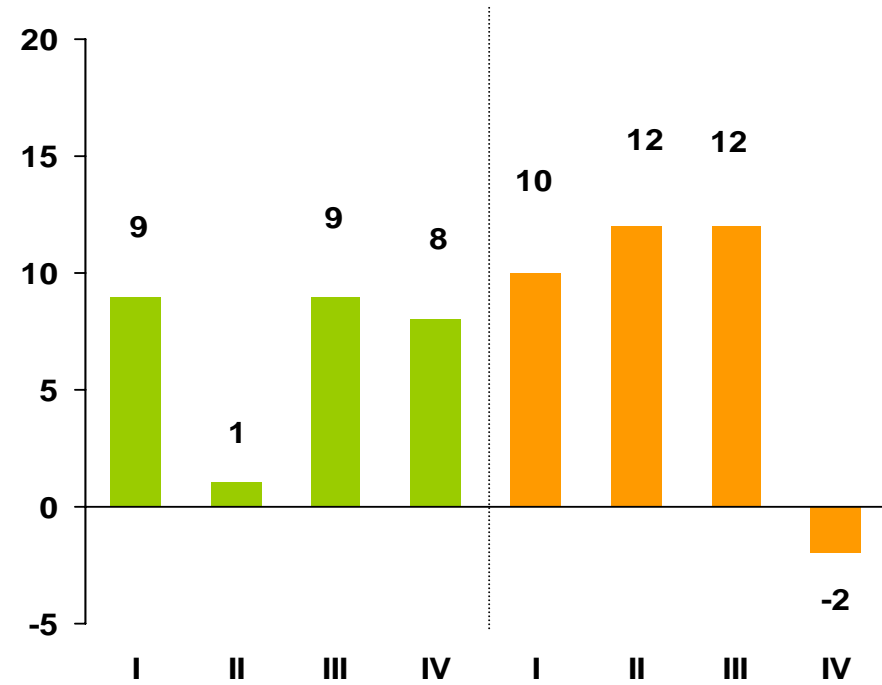
Sales by Quarter

EUR, million



Operating Result by Quarter*

EUR, million

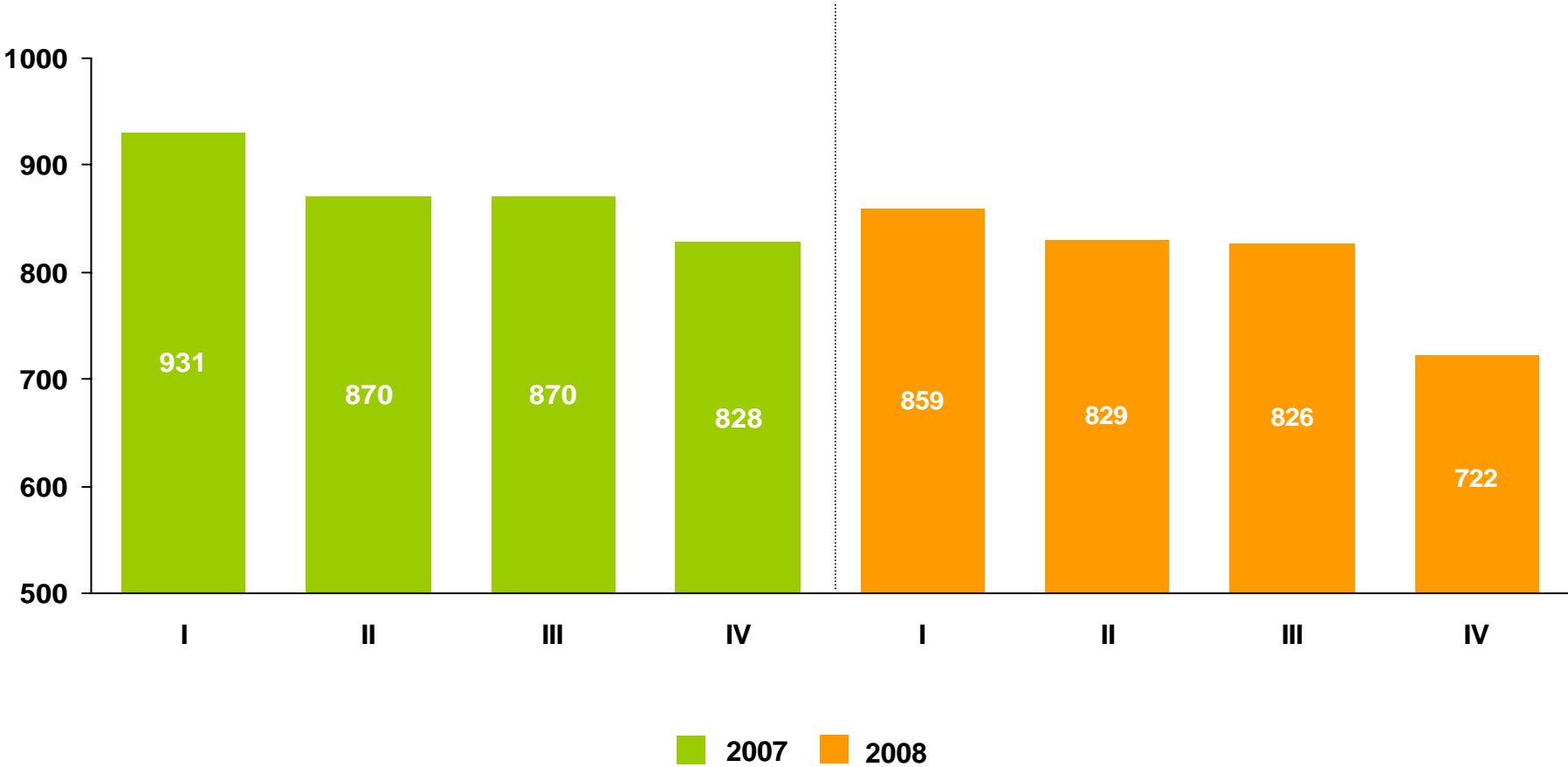


* excl. non-recurring items

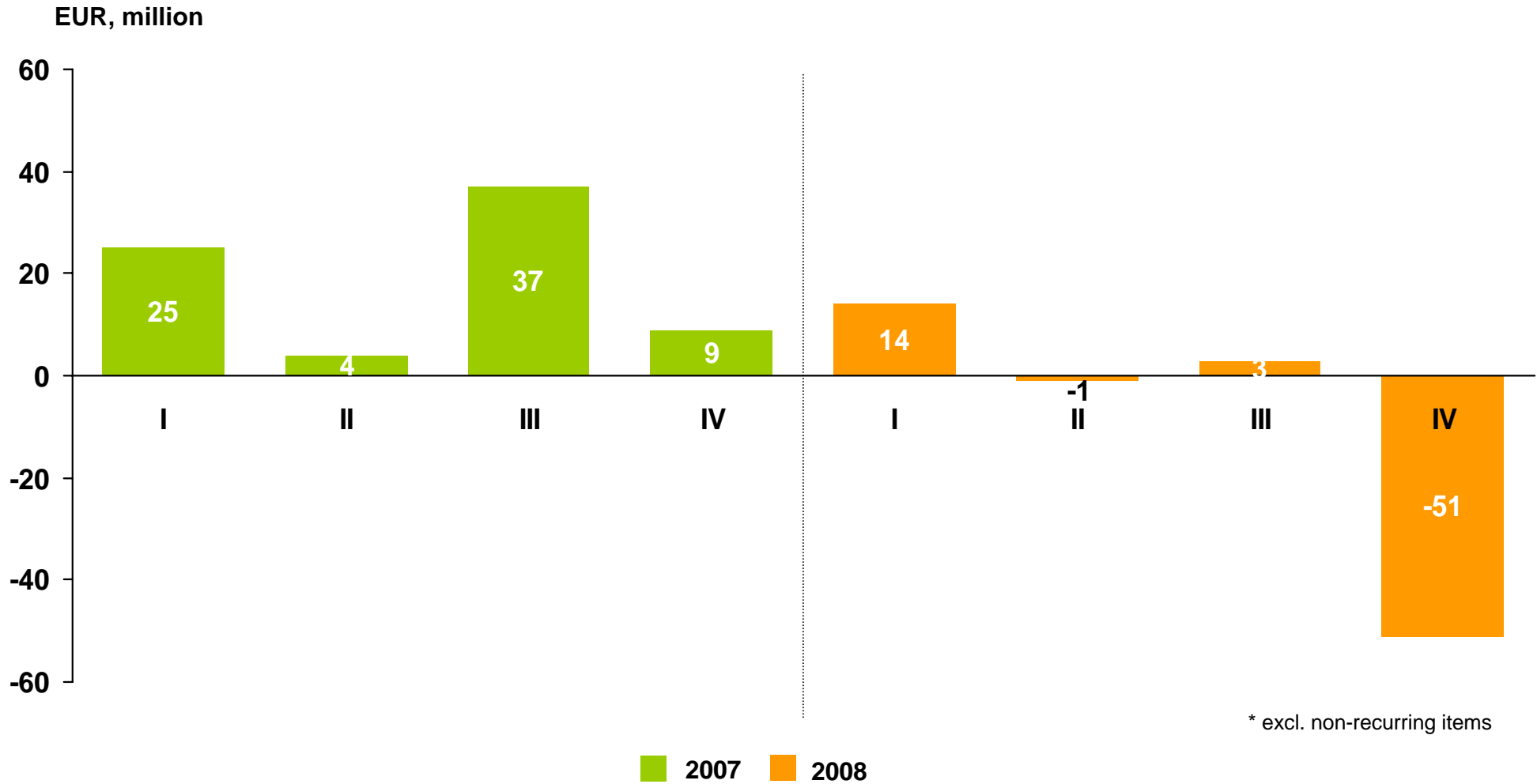
■ 2007 ■ 2008

Quarterly Sales

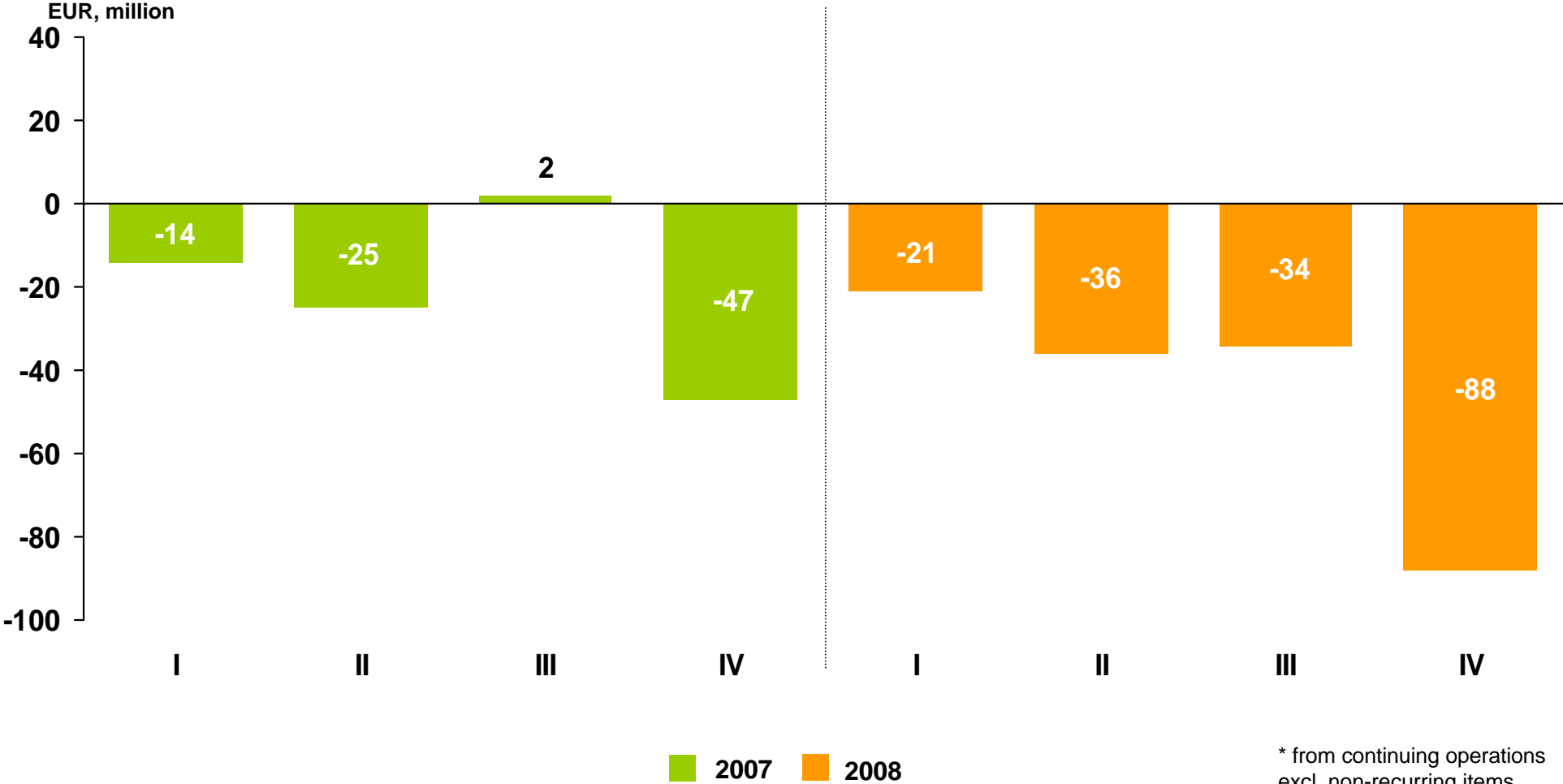
EUR, million



Quarterly Operating Result*

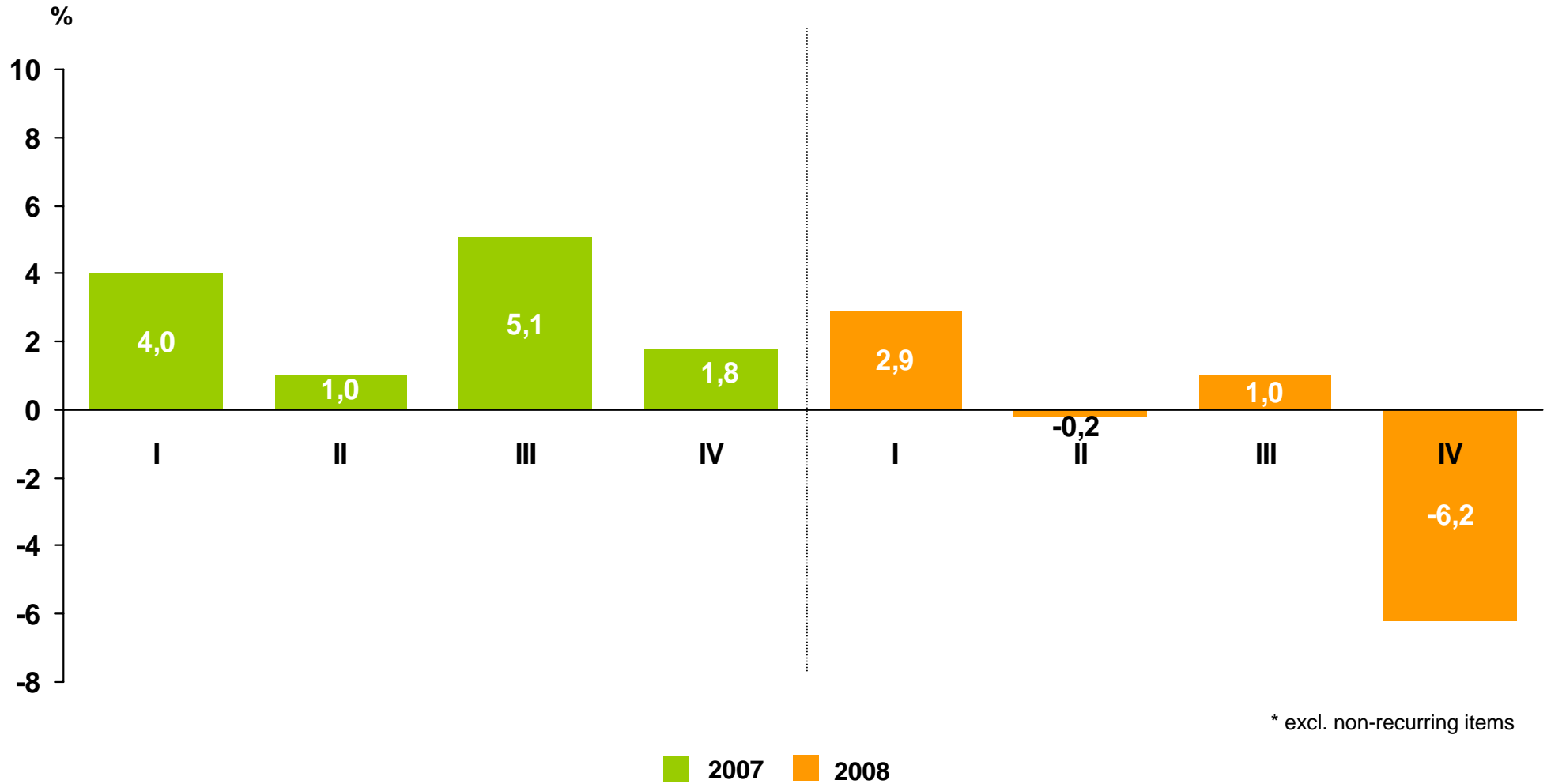


Quarterly Result Before Taxes*



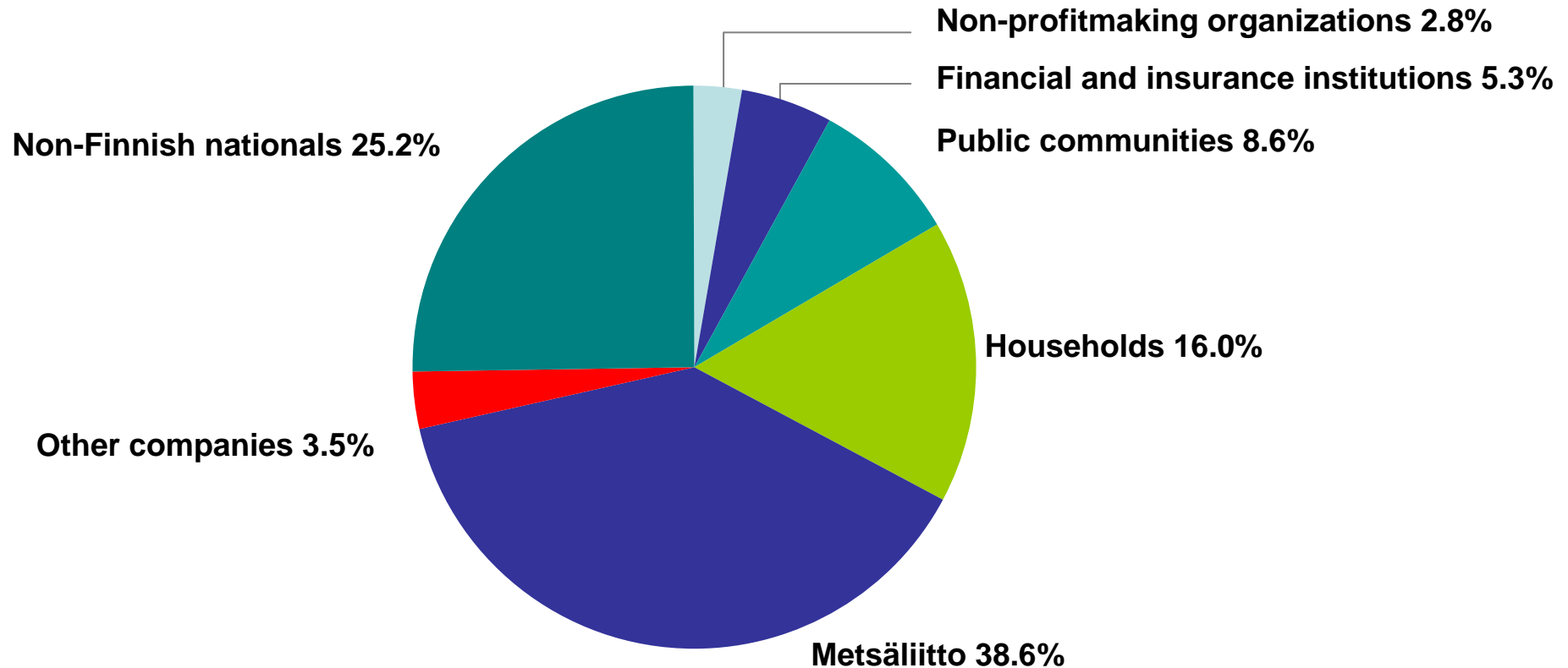
* from continuing operations
excl. non-recurring items

Quarterly ROCE %*



* excl. non-recurring items

M-real Shareholders 31.12.2008



M-real Voting Rights 31.12.2008

