



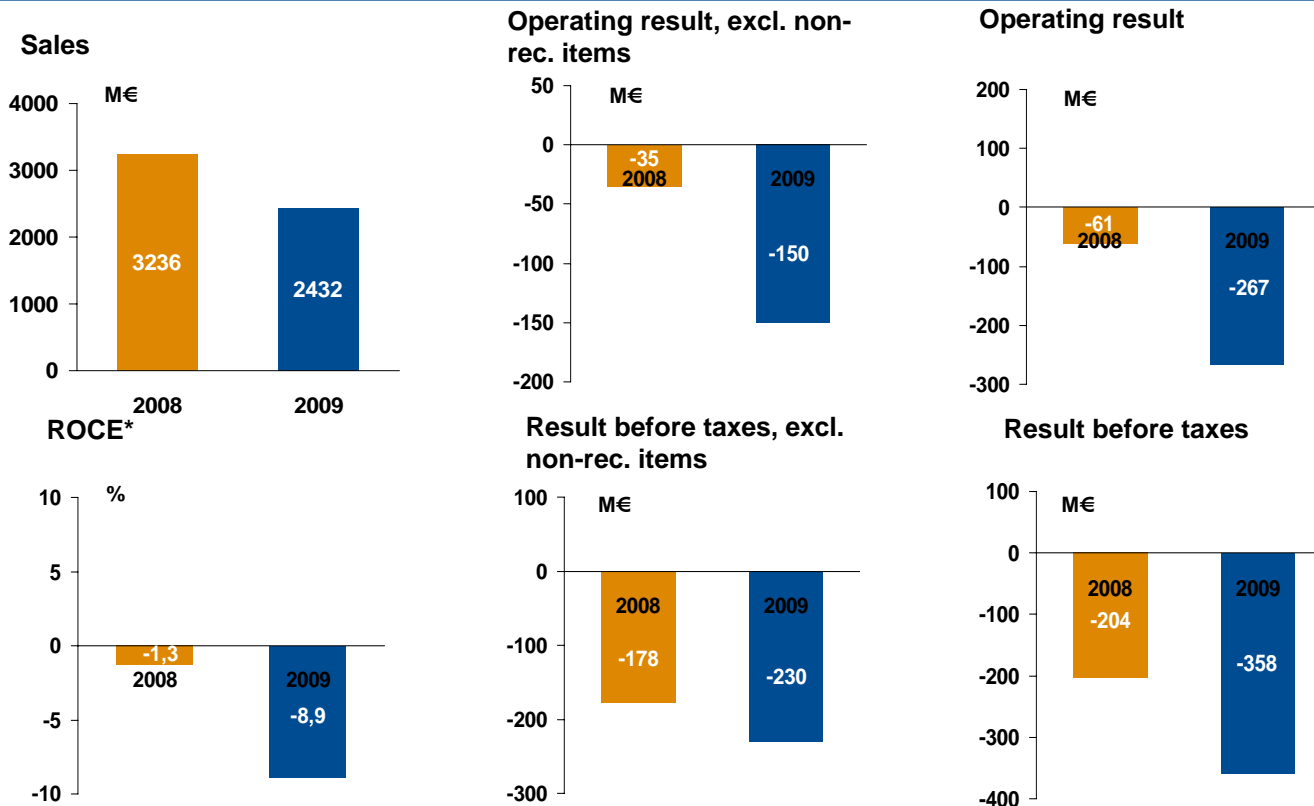
# M-real Results 2009

# Key Events in 2009

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- Operating cash flow 137 M€ in 2009
- Demand recovered during 2H 2009
- Consumer Packaging's EBIT at 13% of sales during 2H 2009
- Price increases for linerboard and for FBB
- Successfully completed profitability measures and a new 80 M€ programme focusing on boosting paper business' results
- Major rebuild of Husum pulp mill recovery boilers
- Change in Metsä-Botnia's ownership structure

# Key Figures – Annual Comparison



**Board of Directors is proposing to the AGM that dividend will not be paid for the financial year 2009**

# Operating Cash Flow 137 M€ in 2009

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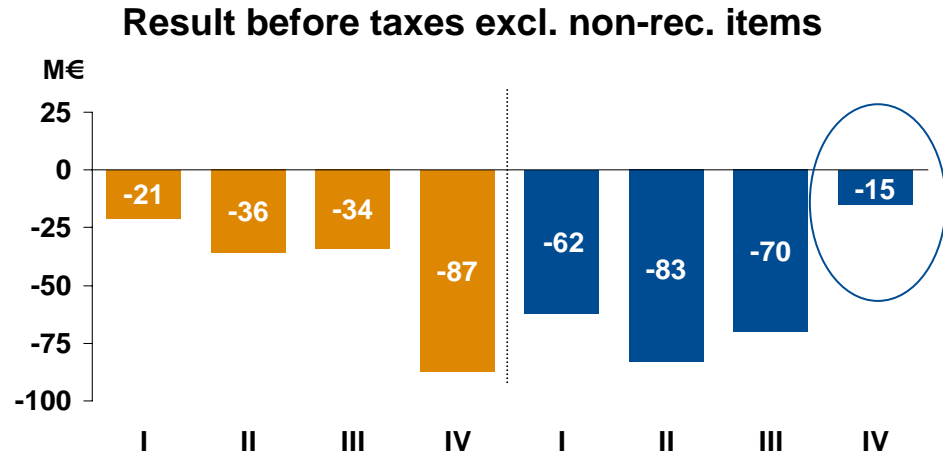
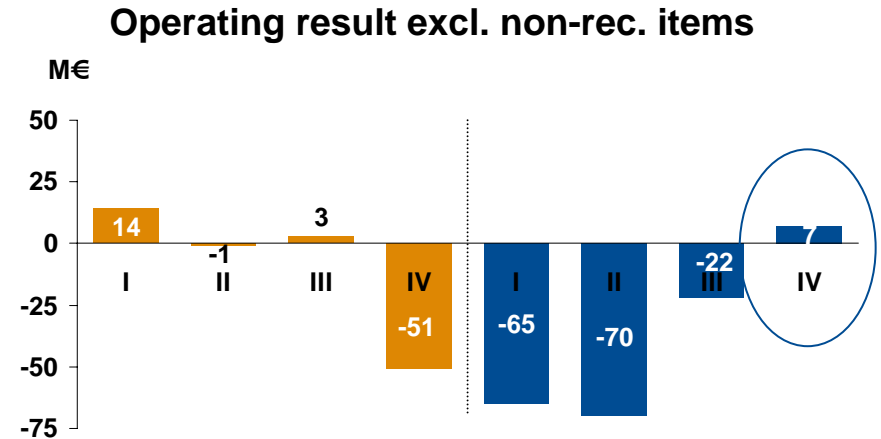
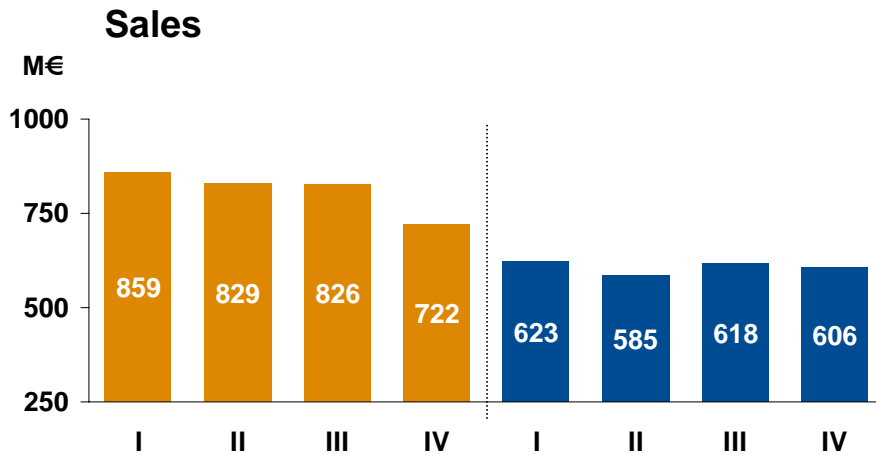
	M€
EBITDA*, excluding non-recurring items	+44
Change in ONWC**	+241
Net investments	-73
Net financial costs	-75
Operating cash flow	+137

***Big part of ONWC reduction is based on structural improvements***

\*Includes about EUR 30 million extraordinary operating costs related mainly to production portfolio changes and restructuring

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

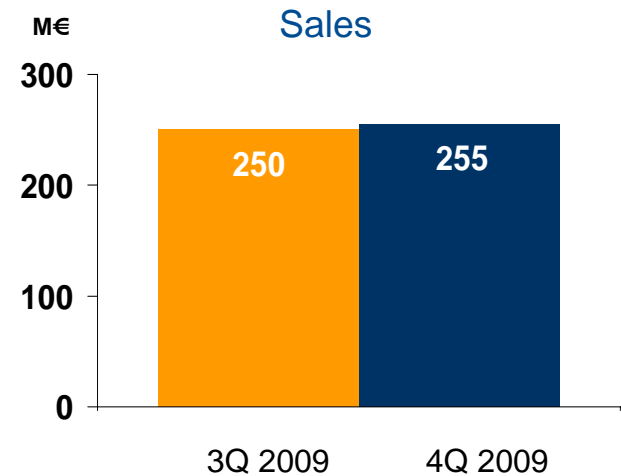
# Key Figures – Quarterly



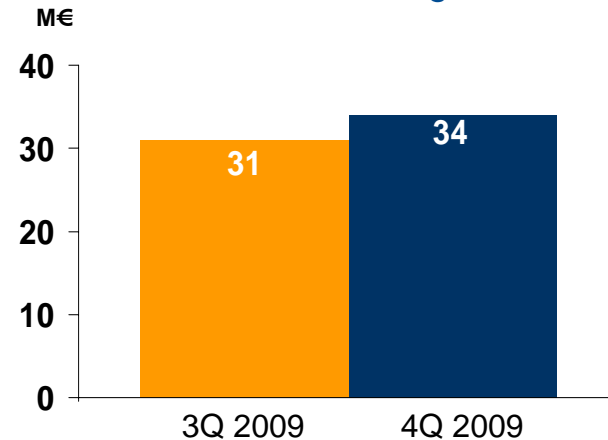
■ 2008 ■ 2009

# Consumer Packaging's Result Improved Further

- Profitability improved by increased delivery volumes and implemented profit improvement measures
- Prices for FBB and linerboard increasing slightly during the coming months
- Demand seems to continue good in 1Q 2010
- Due to the still challenging macroeconomic situation ability to forecast is weak

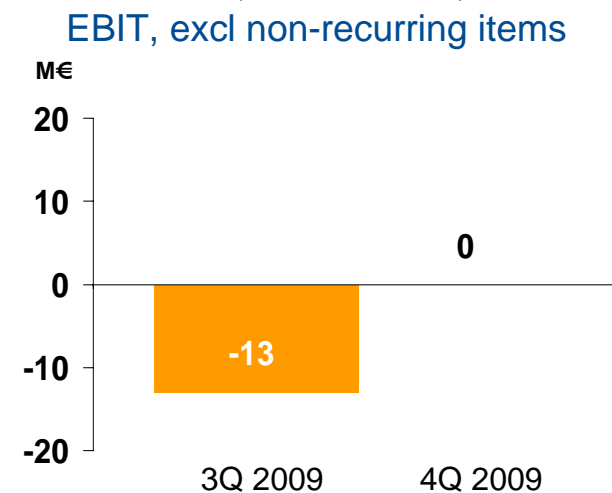
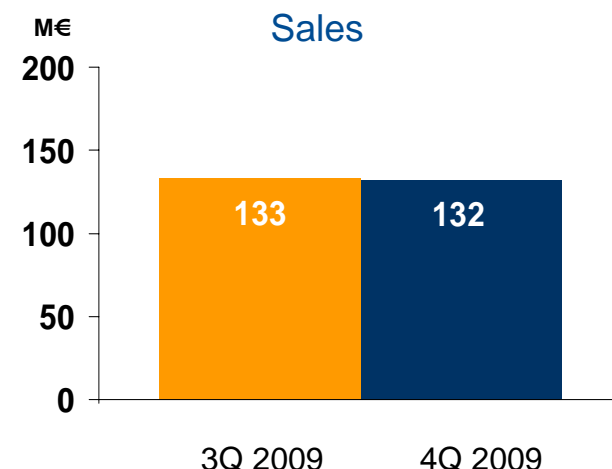


EBIT, excl non-recurring items



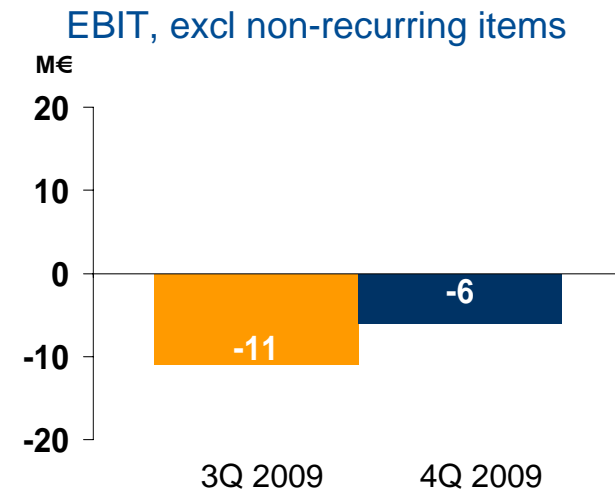
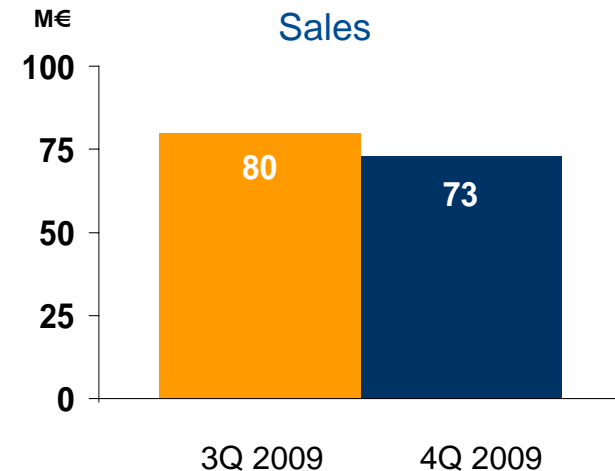
# Office Papers Result Improved and Reached Break-Even

- Profitability improved mainly by lower production input costs
- Prices stabilized and demand gradually improved in 4Q 2009
- Demand expected to be good in 1Q 2010
- WFU price increase of 8% announced in main markets to come into effect from 1 March



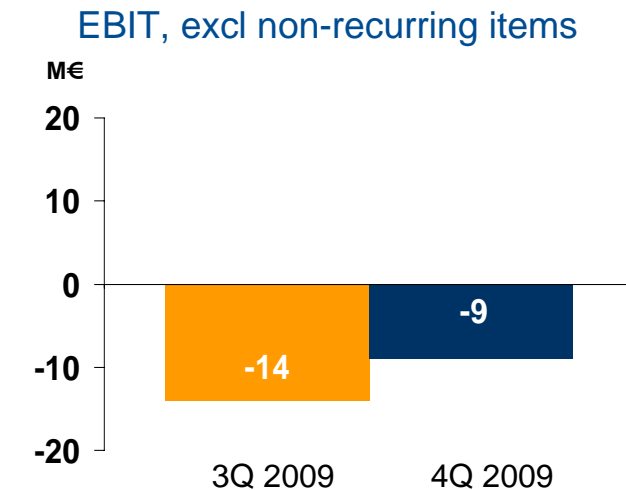
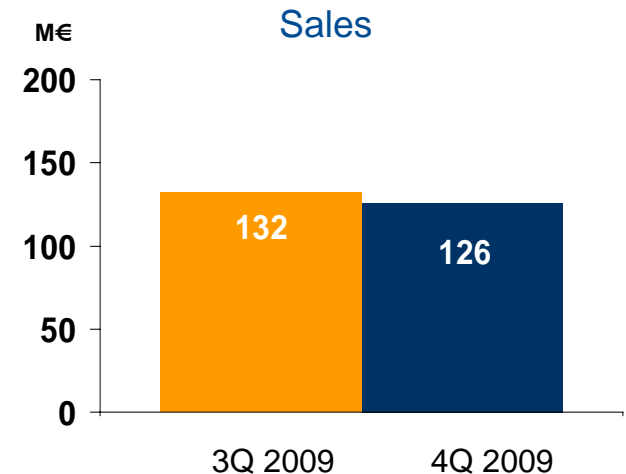
# Structural Change of Speciality Papers Proceeding

- Profitability improved by increased average sales price and implemented profit improvement actions
- Operating rates expected to improve thanks to own measures and gradually improving market demand
- Stable speciality paper pricing expected, rising pulp price increases the need for price increases
- Plan for new profit improvement measures announced in December



# Better Pulp Cycle Improving Market Pulp and Energy's Profitability

- Profitability improved by increased pulp price and higher delivery volumes
- Pulp price increase expected to continue and demand to remain good in 1Q 2010
- Hallein and Kaskinen operating rates improving due to own actions



# Other Operations - Cost Base Decreasing

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- Other operations is mainly including costs related to IT, sales network and general head office costs. Hedge accounting result is also booked in Other operations
- Other operations average EBIT was about -17 M€ per quarter in 2009
- In 2010 costs reported under Other operations expected to clearly decrease
- Forecasting is difficult due to the material share of hedge accounting result, that is volatile in nature

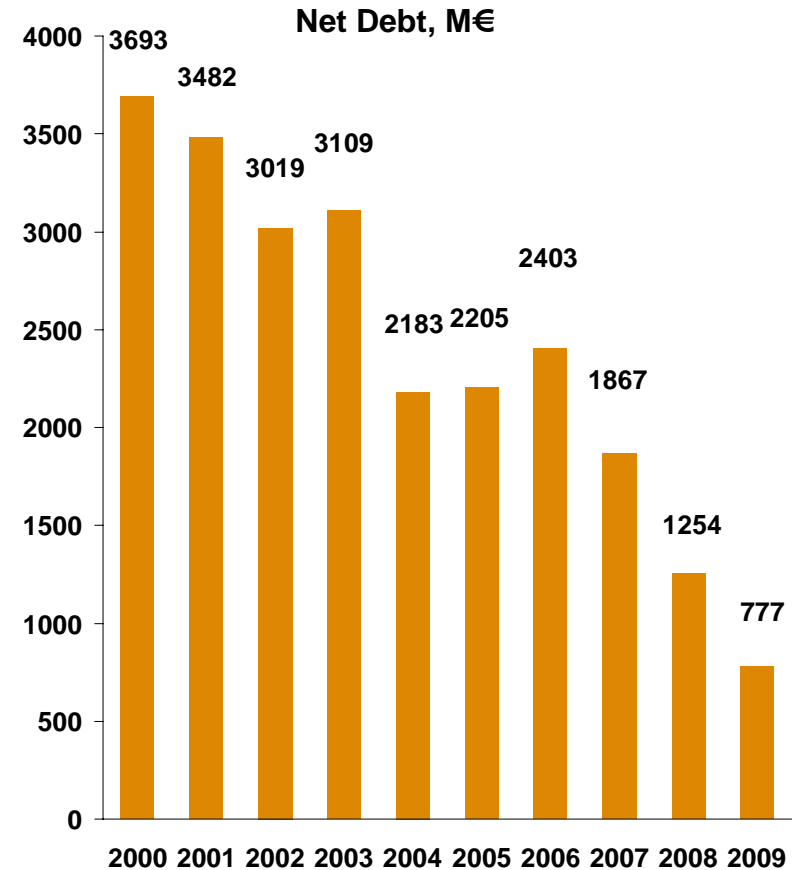
# Impact of Metsä-Botnia Transaction and the Change in Consolidation Method

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- Metsä-Botnia ownership consolidated as an associated company according to IAS 28 from 8 December 2009 onwards
  - 30 % of Metsä-Botnia net result to M-real EBITDA
- In segment reporting Metsä-Botnia net result allocated based on usage of Metsä-Botnia pulp
  - Currently roughly two thirds in Consumer Packaging and the rest almost in full in Market Pulp and Energy
- Annual sales expected to reduce in total by EUR 250 million
  - In segment reporting impacts Market Pulp and Energy sales
- The profit of the Metsä-Botnia Uruguay in M-real 4Q 2009 operating result was not material

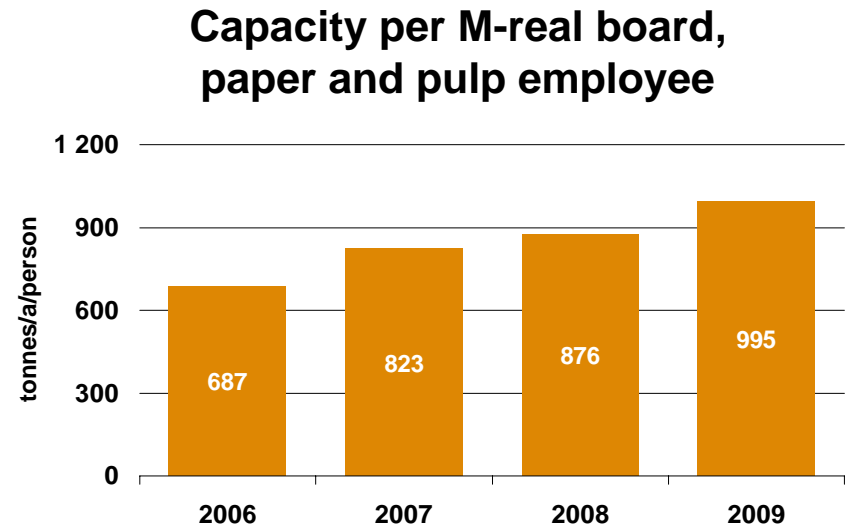
# Major Net Debt Reduction in Recent Years

- Current net debt 777 M€ and net gearing 84 %
- M-real made an early redemption of 2010 bonds worth 250 M€
- Liquidity continues good- 497 M€ at the end of 2009
- Financing costs in 2010 about 70 M€, investments about 70 M€ and depreciations about 130 M€



# Significant Efficiency Improvements Boosting Profitability

- M-real has implemented major internal profit improvement actions in recent years
- Capacity per board, paper and pulp employee ratio has improved by 45 %
- Plans announced in December 2009 will further improve the ratio



# Main Recent Measures Expected to Improve Results from 2010 Onwards

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- Renewed IT service contract
- Planned permanent closure of Alizay pulp mill
- Planned streamlining of M-real Zanders organizations and closure of two Reflex speciality paper machines
- Husum energy efficiency investment and agreed headcount reduction
- Internal actions to increase pulp mill operating rates
- New internal continuous improvement programme covering all M-real's business areas

# 2010 Result Expected to Be Boosted by EUR 100 million Due to Own 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
<b>Total</b>	<b>160</b>	<b>100</b>	<b>160</b>

- Profit improvement in 2010 expected to be somewhat emphasised to 2H 2010
- Final cash costs determined later on when negotiations with employee unions finalized

# Profitability Outlook

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- M-real's 1Q 2010 operating result, excluding non-recurring items expected to improve from 4Q 2009
- Full year 2010 operating result excluding non-recurring items, is expected to be positive, if the operating environment does not materially weaken from the current situation



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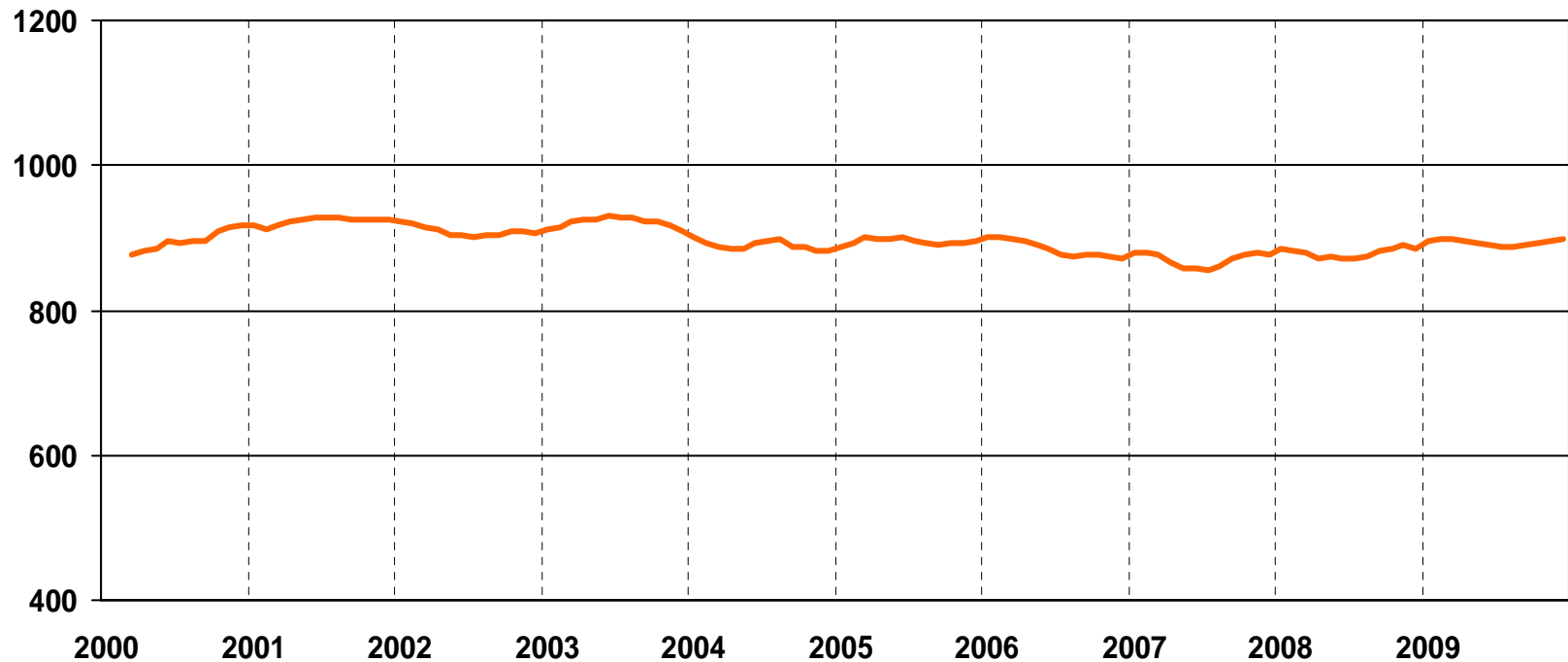
# Appendix

# Due to Extensive Own Actions Cash Flow Development In Control

	4Q09	3Q09	Diff.	2009	2008	Diff.
<b>Net cash flow arising from operations, M€</b> (including change in working capital)	41	67	-26	81	-97	178
Investments, M€	-18	-23	5	-73	-128	55
Disposals, M€	277	2	275	284	483	-199
<b>Net investments, M€</b>	<b>259</b>	<b>-21</b>	<b>280</b>	<b>211</b>	<b>355</b>	<b>-144</b>
Net cash flow after investments, M€	300	46	254	292	258	34
<b>Net gearing at the end of period, %</b>	<b>84</b>	<b>121</b>	<b>-37</b>	<b>84</b>	<b>90</b>	<b>-6</b>
<b>Covenant net gearing at the end of period, %</b>	<b>63</b>	<b>94</b>	<b>-31</b>	<b>63</b>	<b>74</b>	<b>-11</b>
Equity ratio at the end of period, %	29,6	28,5	1,1	29,6	30,8	-1,2
Covenant equity ratio at the end of period, %	35	34	1	35	36	-1
<b>Board's dividend proposal to the AGM, €</b>				<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

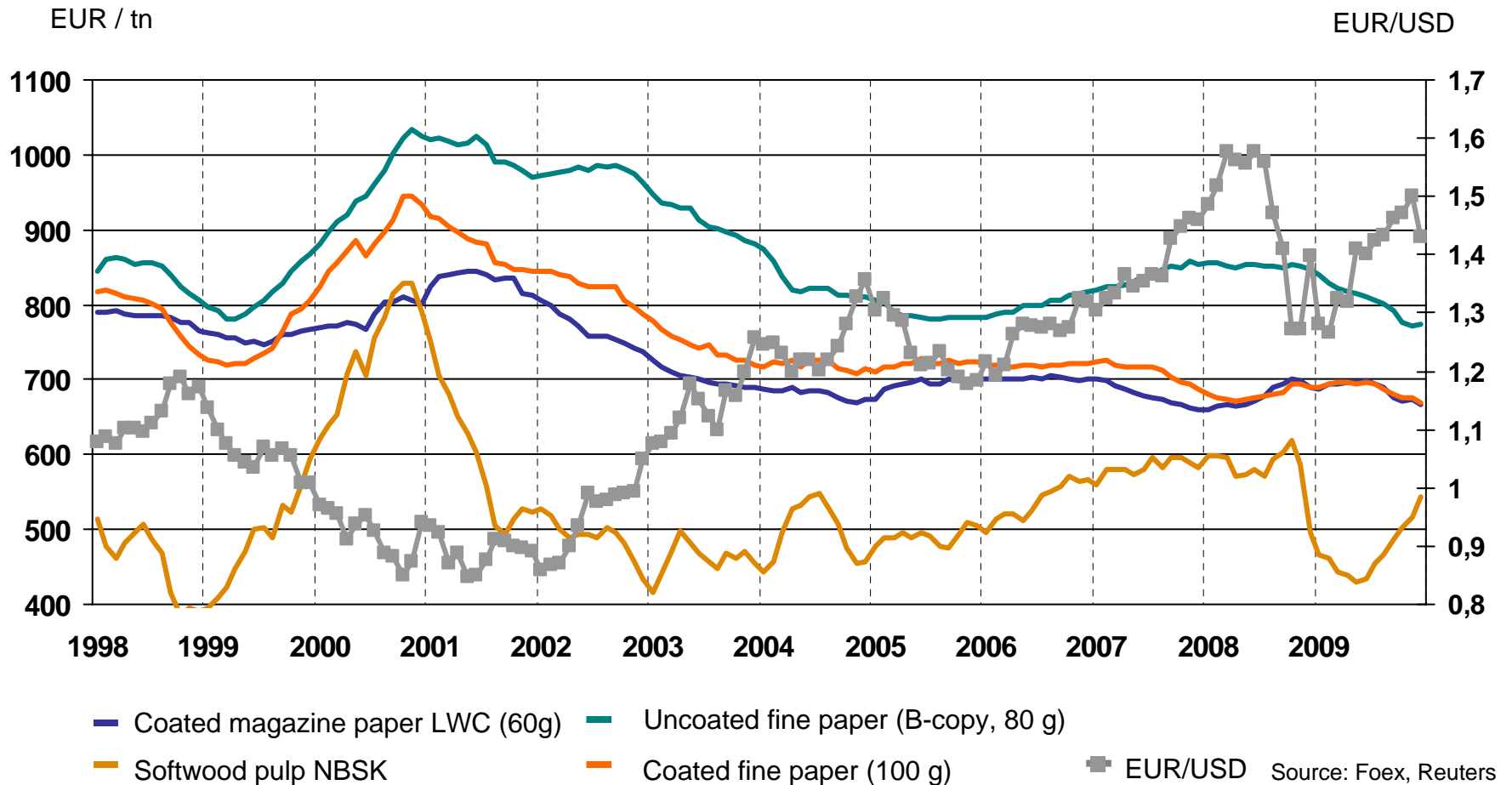
# Folding Boxboard Market Price in Europe 2000 – 2009

EUR / tn Three month moving average

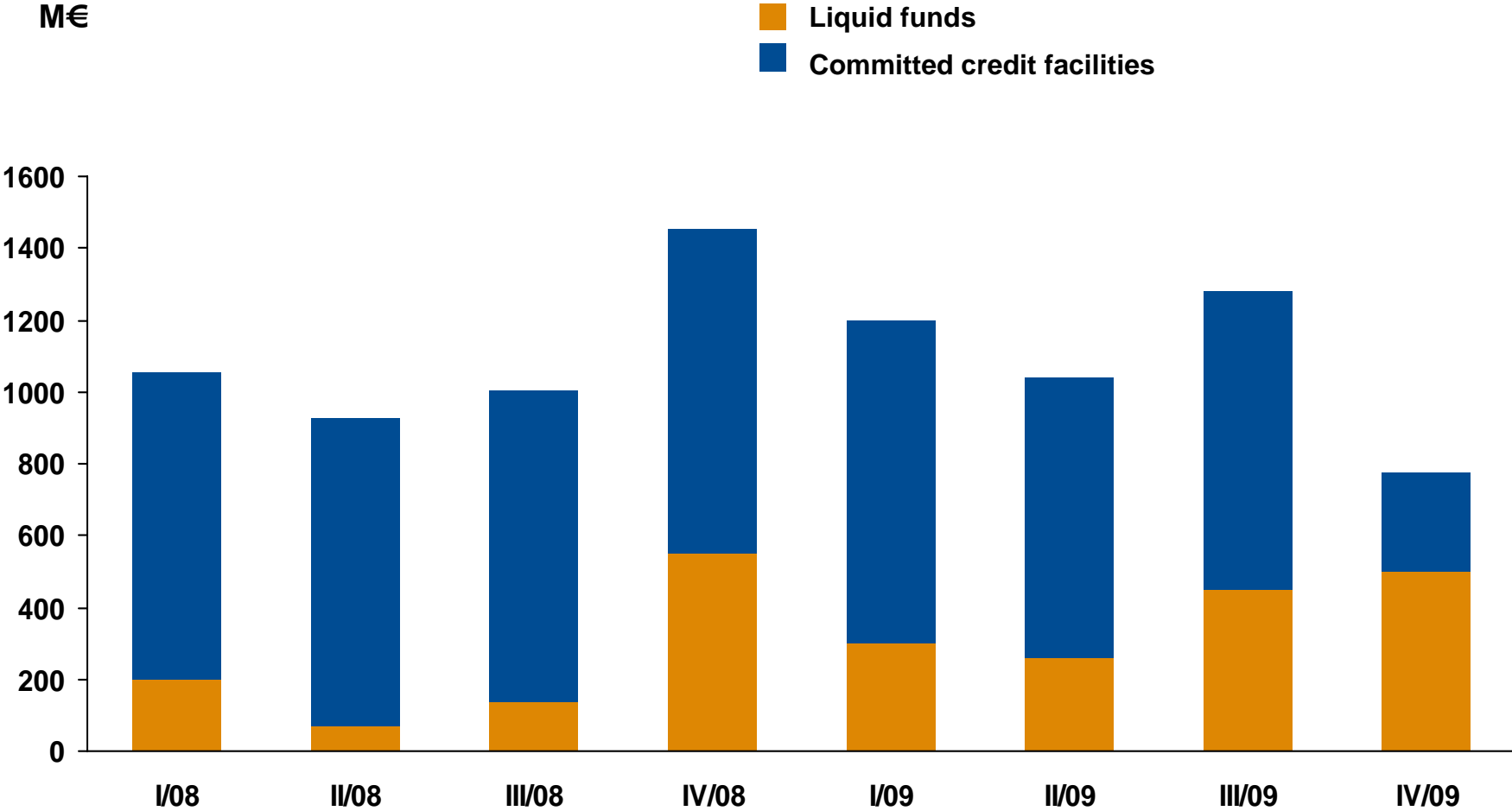


Source: M-real

# Paper and Pulp Market Price in Europe 1998 – 2009

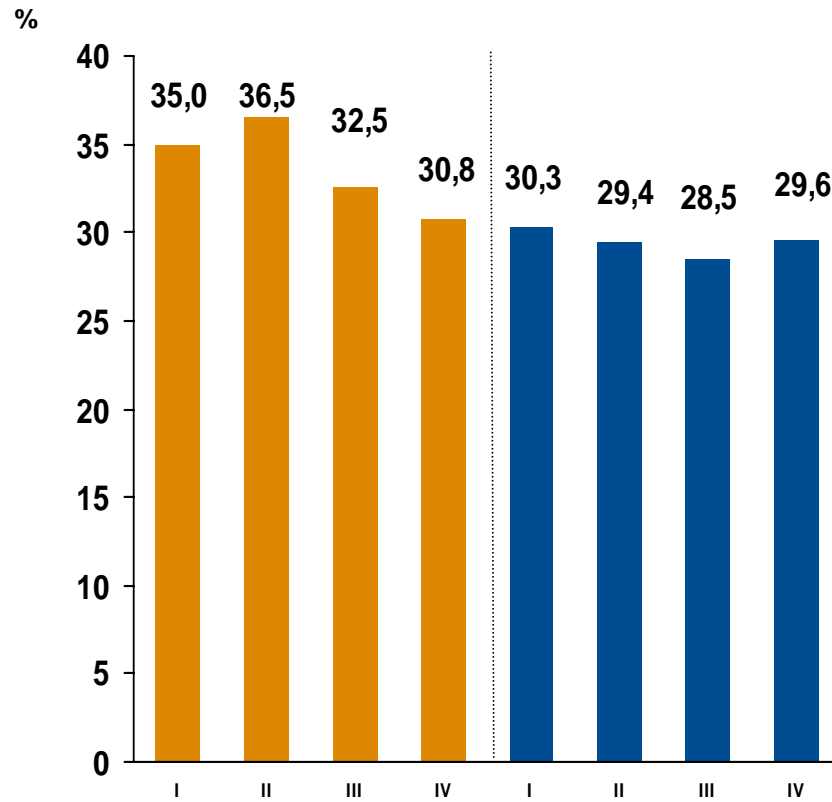


# Liquidity

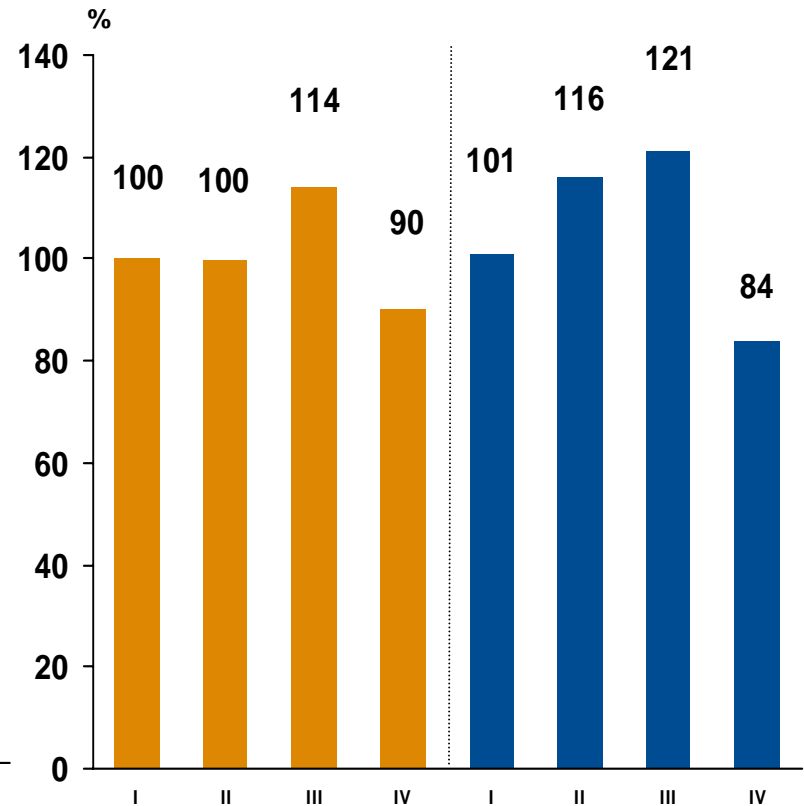


# Balance Sheet Ratios

## Equity Ratio

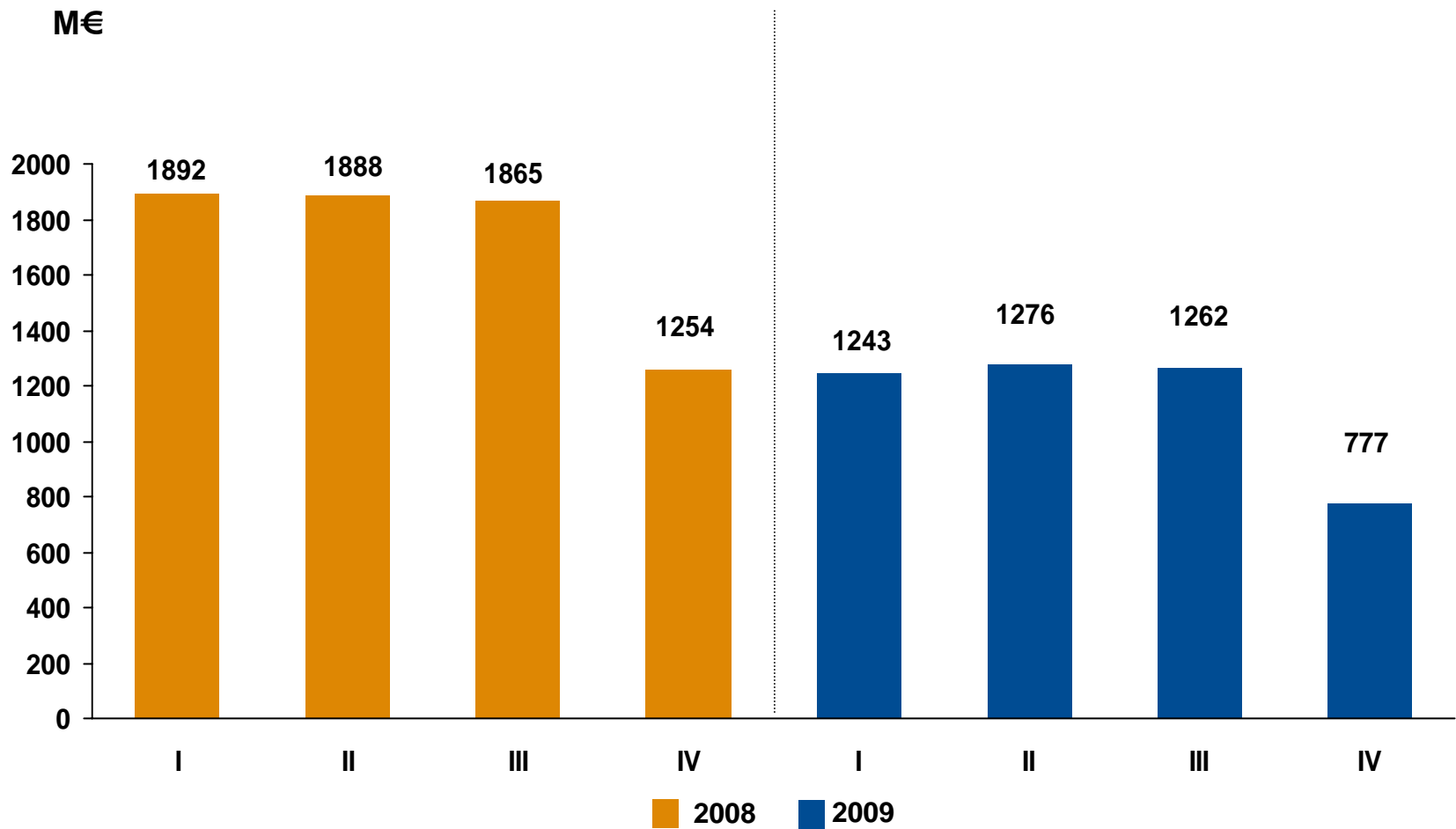


## Net gearing

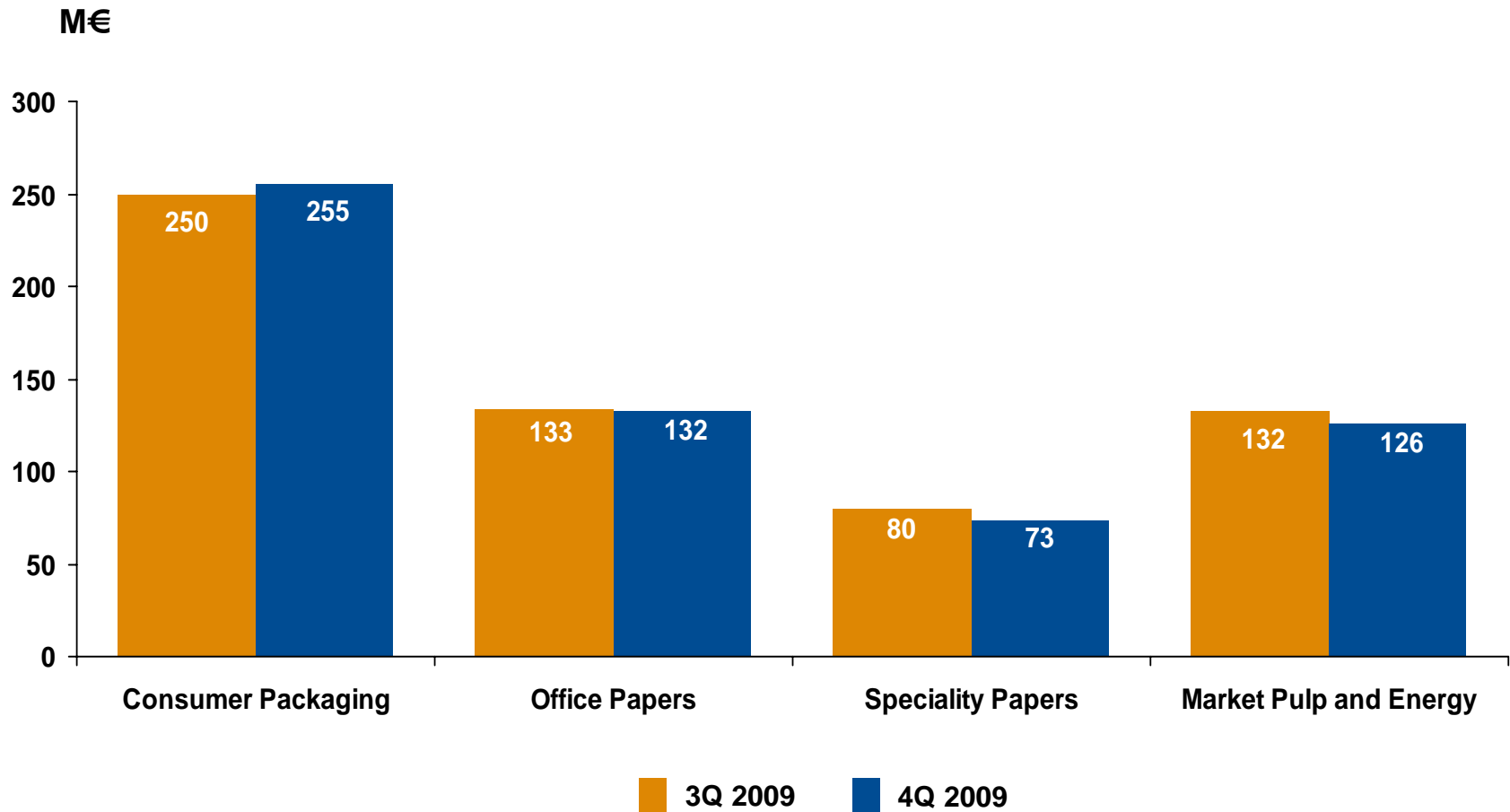


■ 2008 ■ 2009

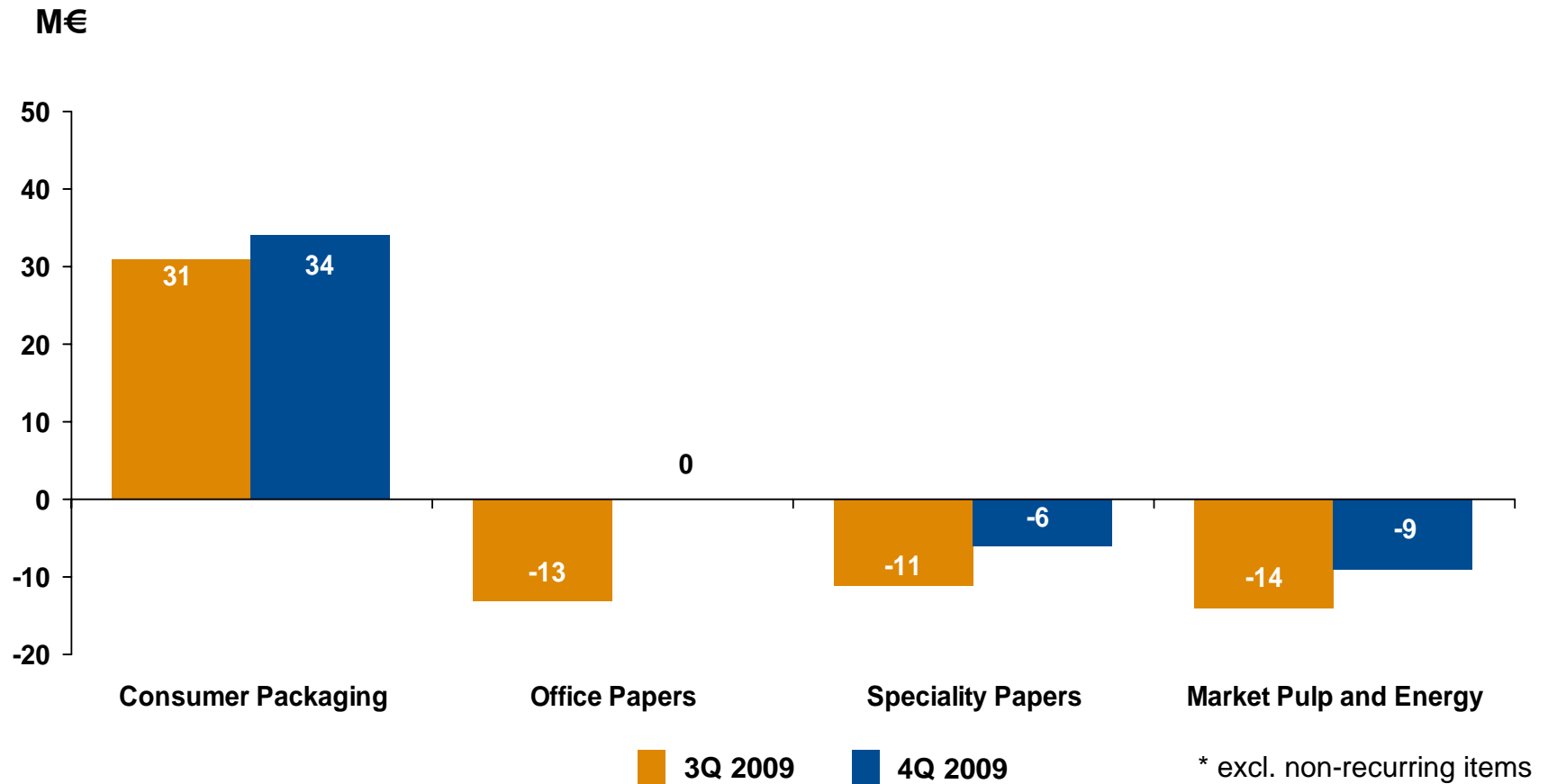
# Interest-Bearing Net Debt



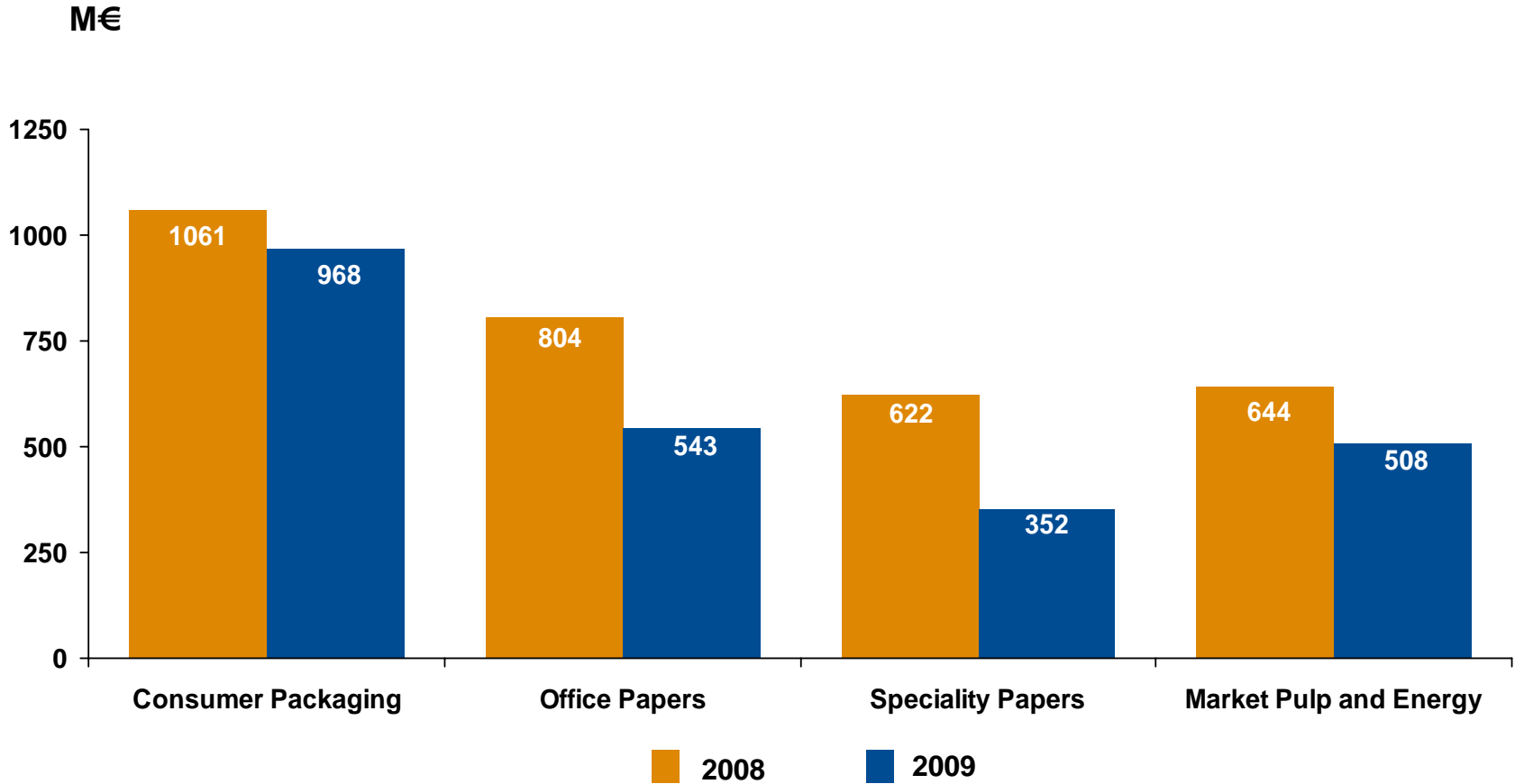
# Sales by Business Area



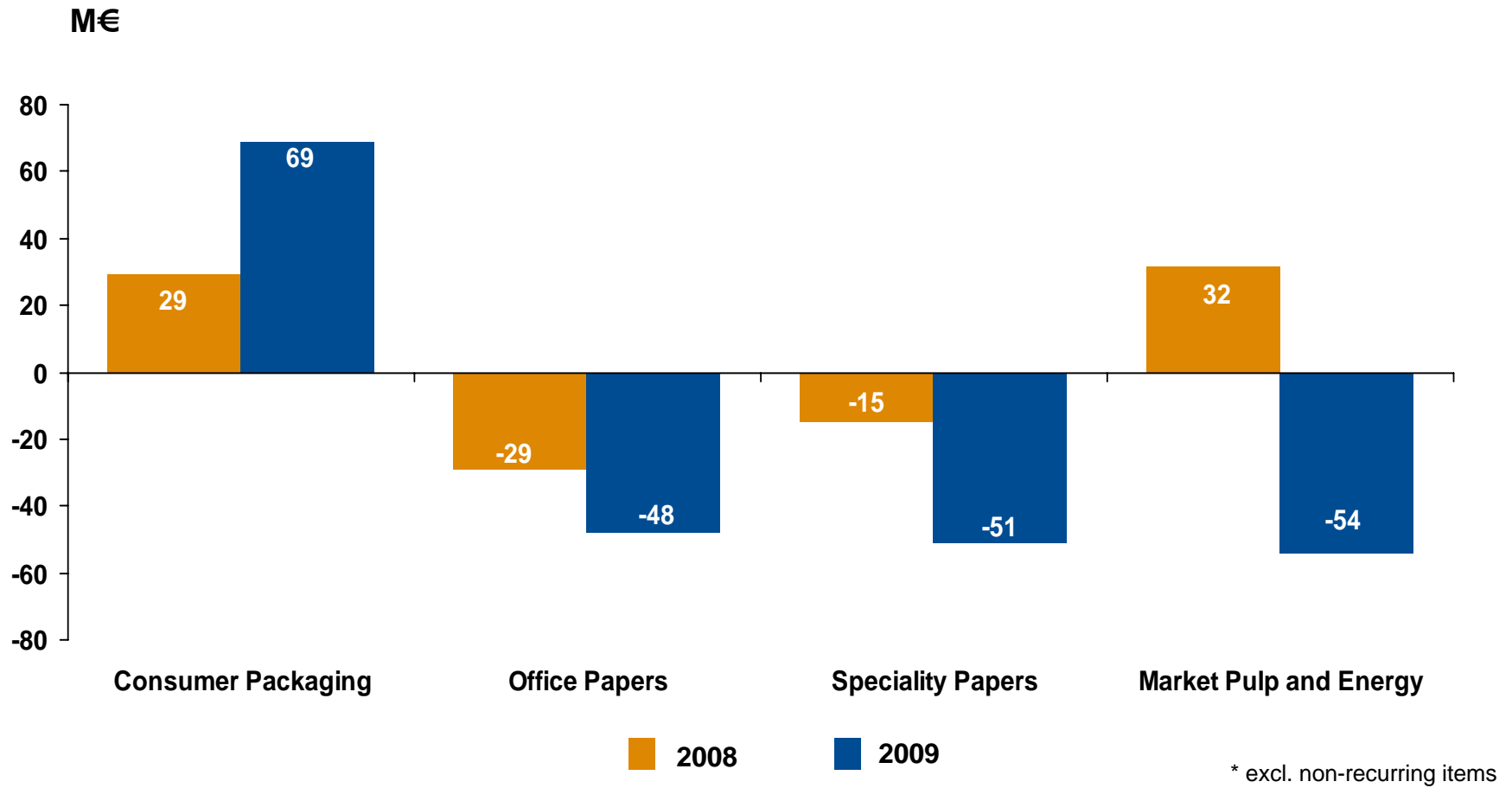
# Operating Result by Business Area\*



# Sales by Business Area

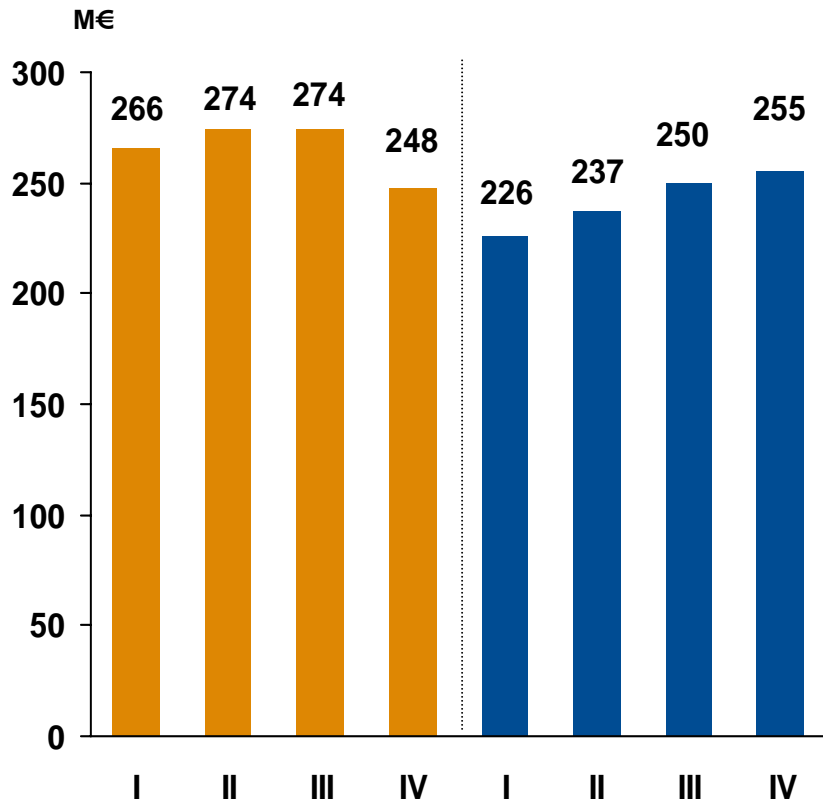


# Operating Result by Business Area\*



# Consumer Packaging

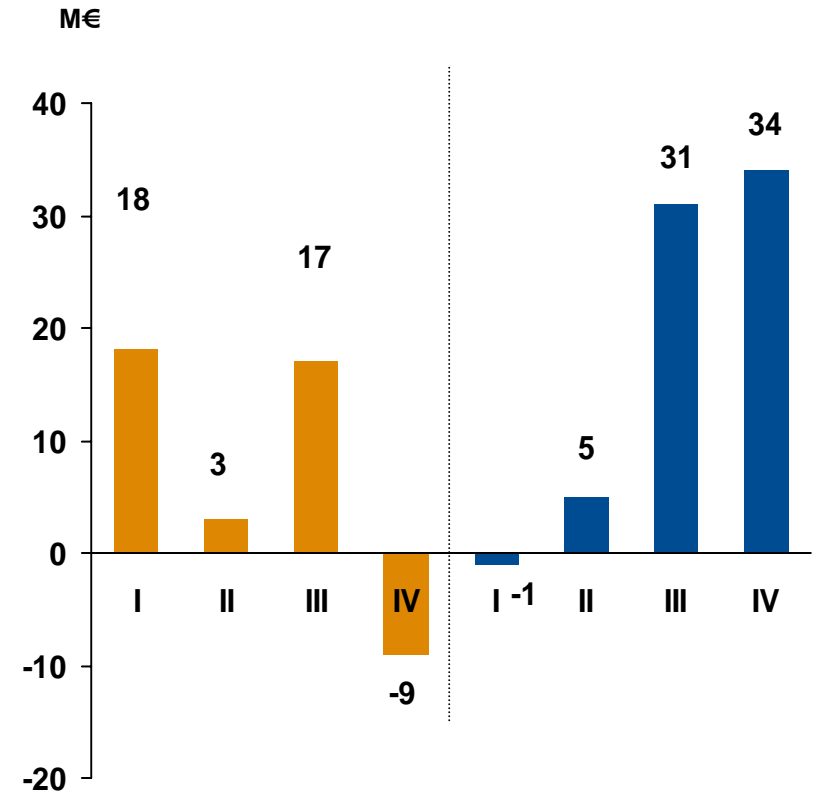
## Sales by Quarter



■ 2008

■ 2009

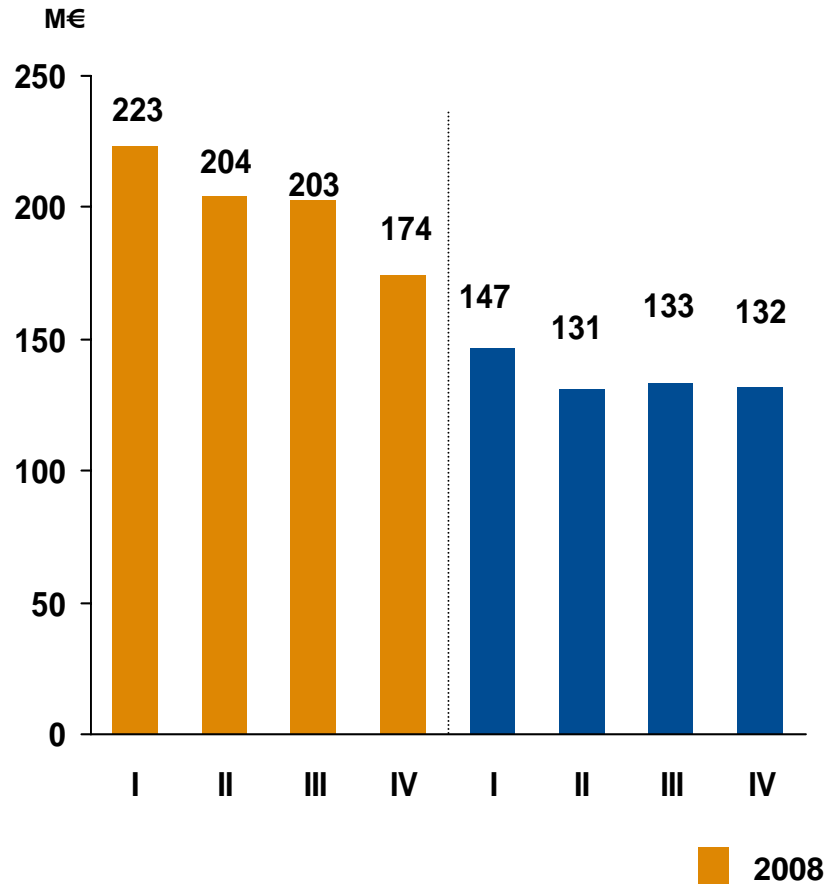
## Operating Result by Quarter\*



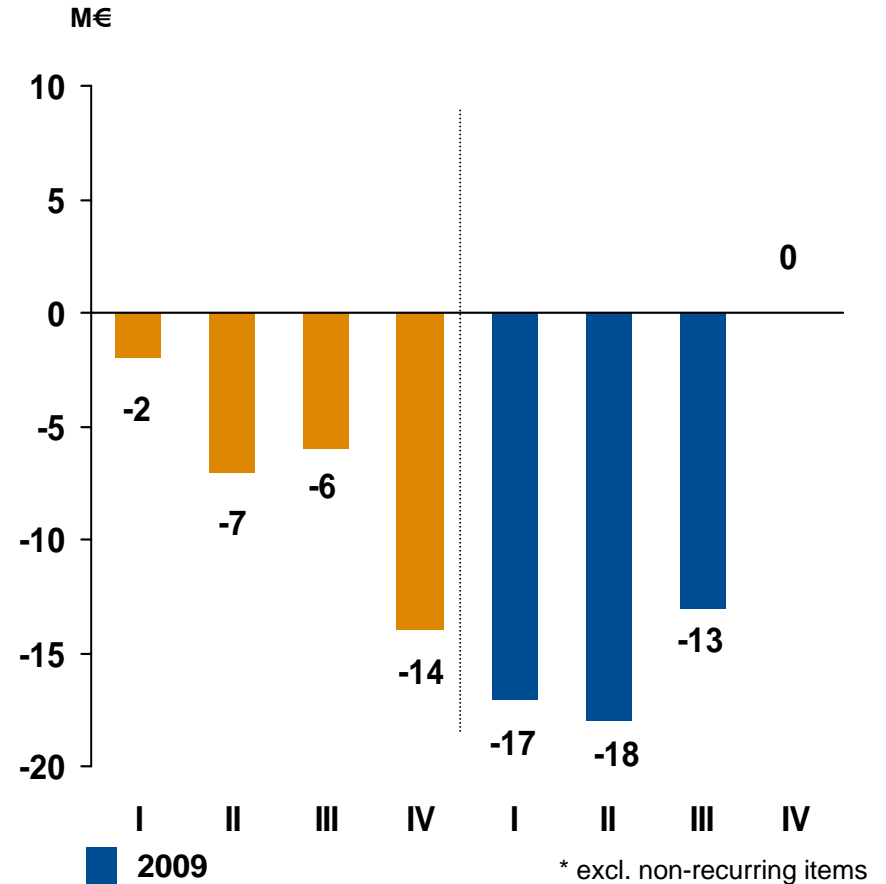
\* excl. non-recurring items

# Office Papers

## Sales by Quarter



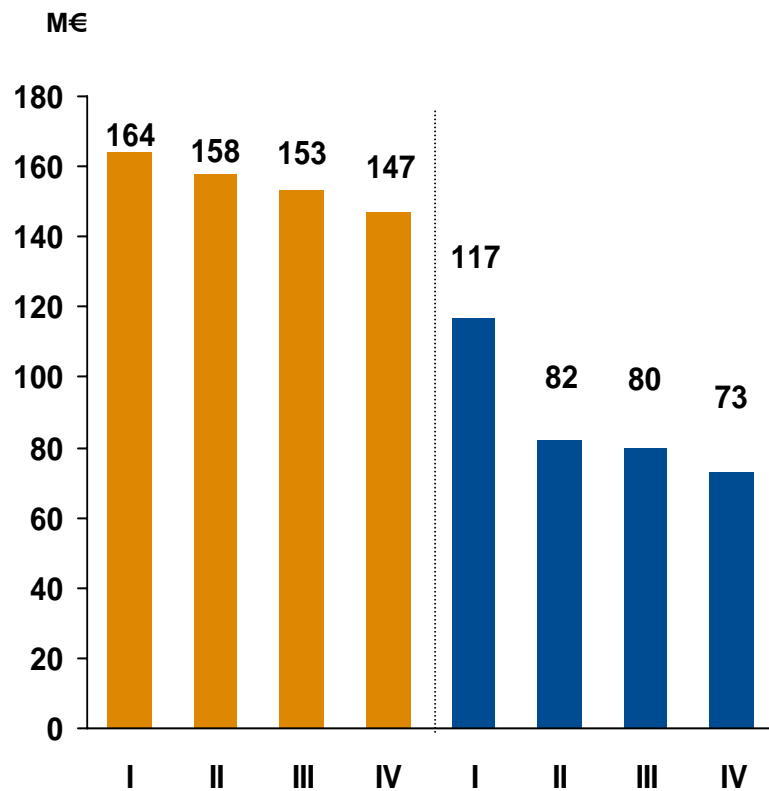
## Operating Result by Quarter\*



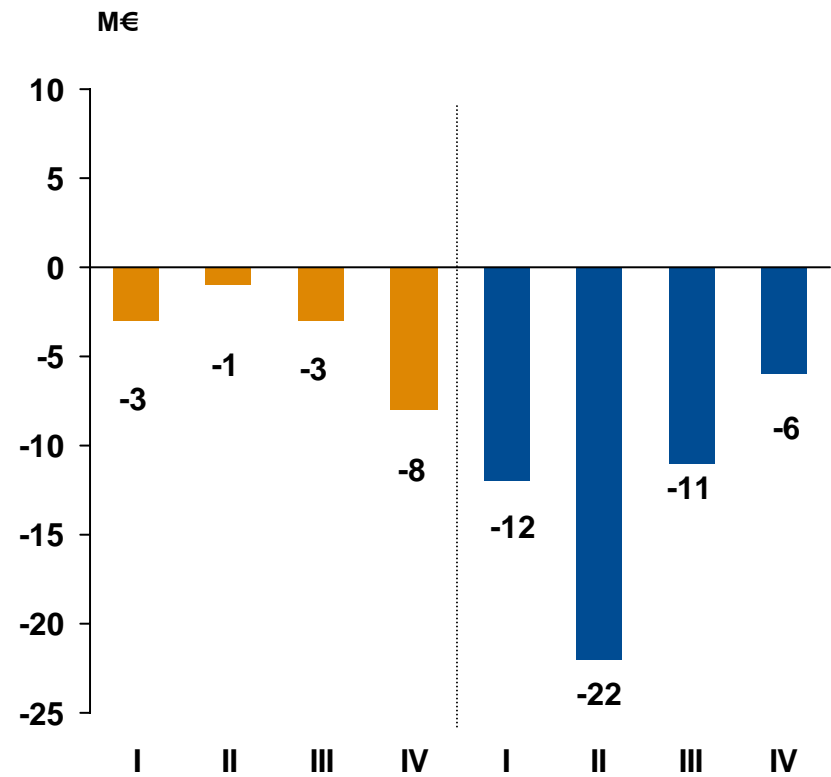
\* excl. non-recurring items

# Speciality Papers

## Sales by Quarter



## Operating Result by Quarter\*



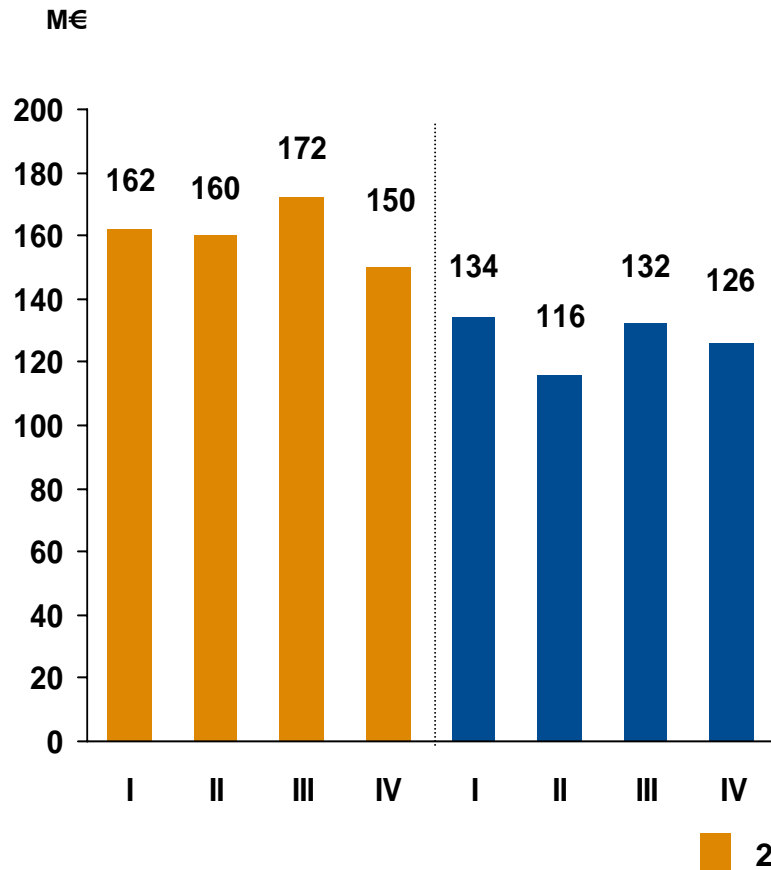
■ 2008

■ 2009

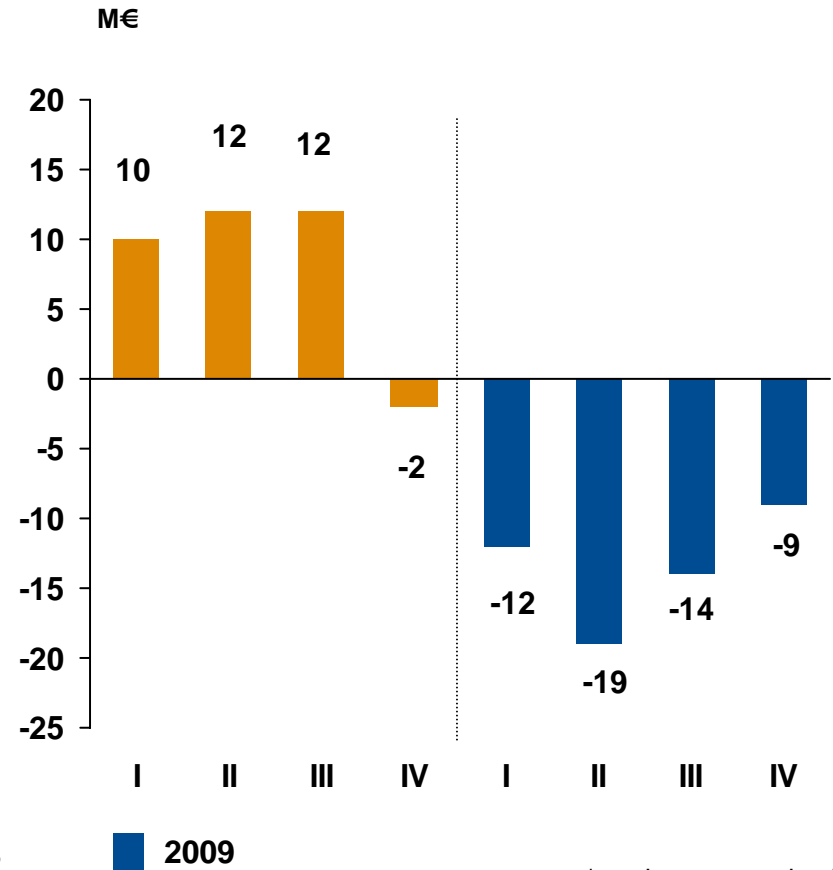
\* excl. non-recurring items

# Market Pulp and Energy

## Sales by Quarter

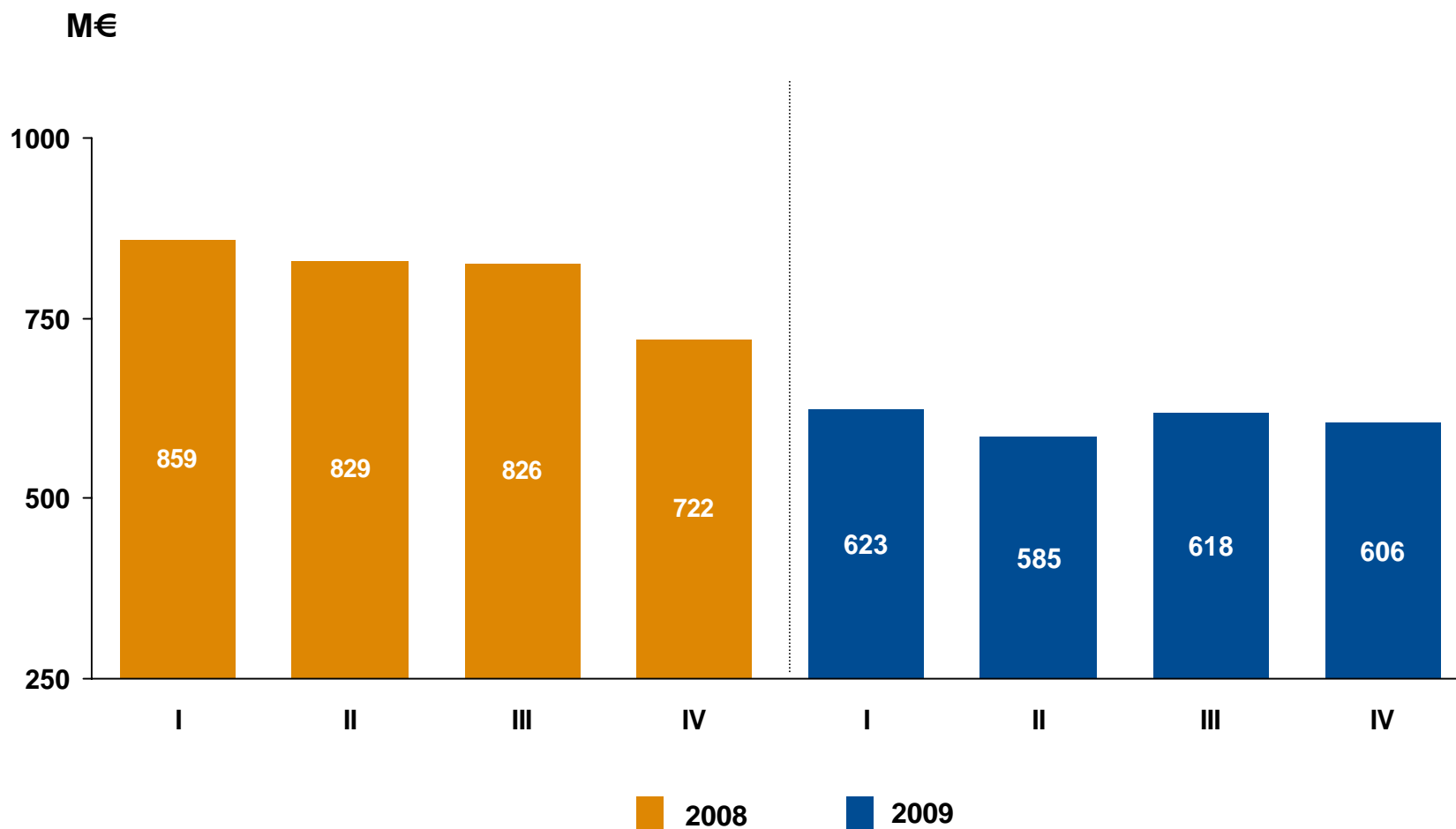


## Operating Result by Quarter\*

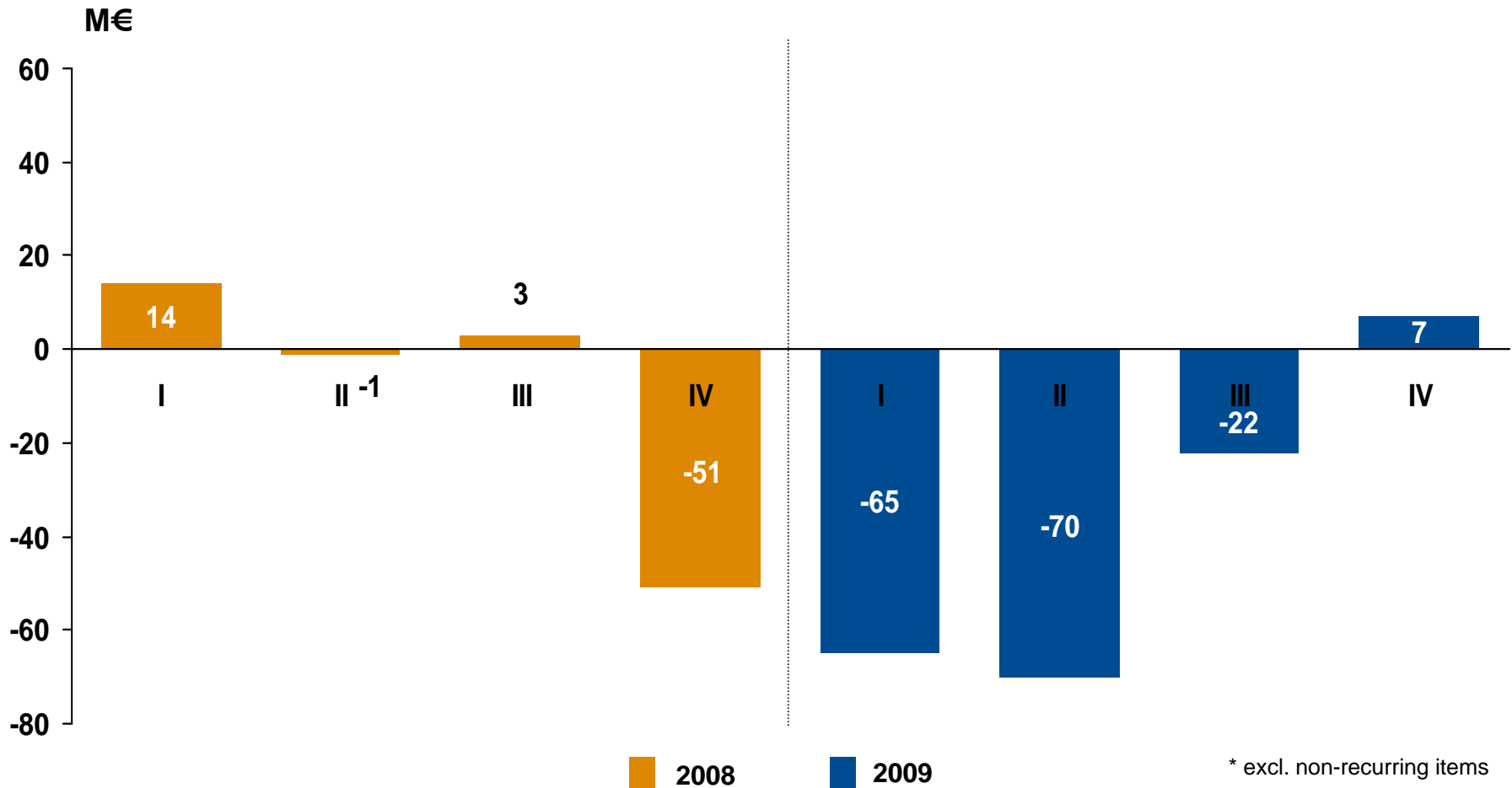


\* excl. non-recurring items

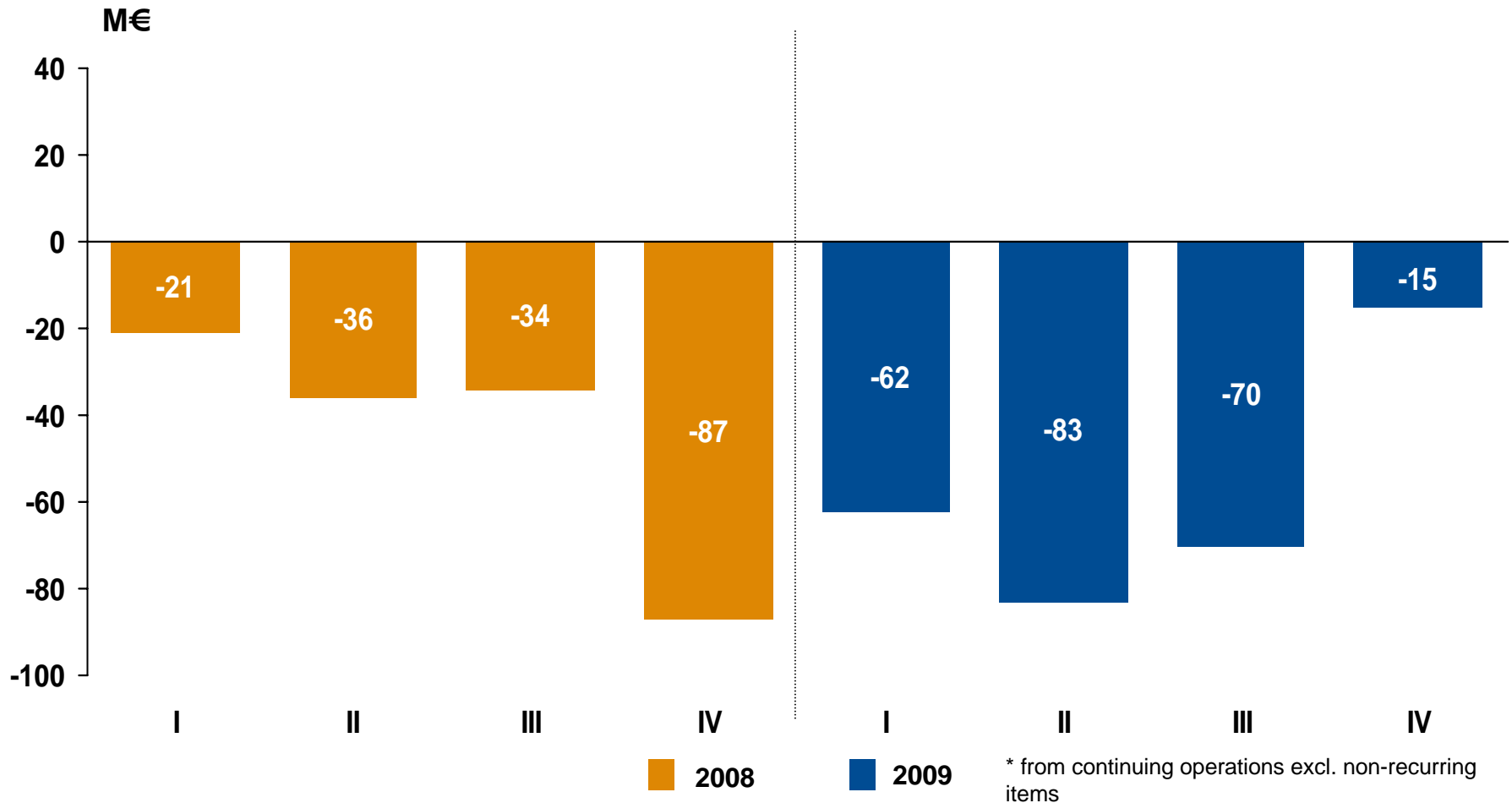
# Quarterly Sales



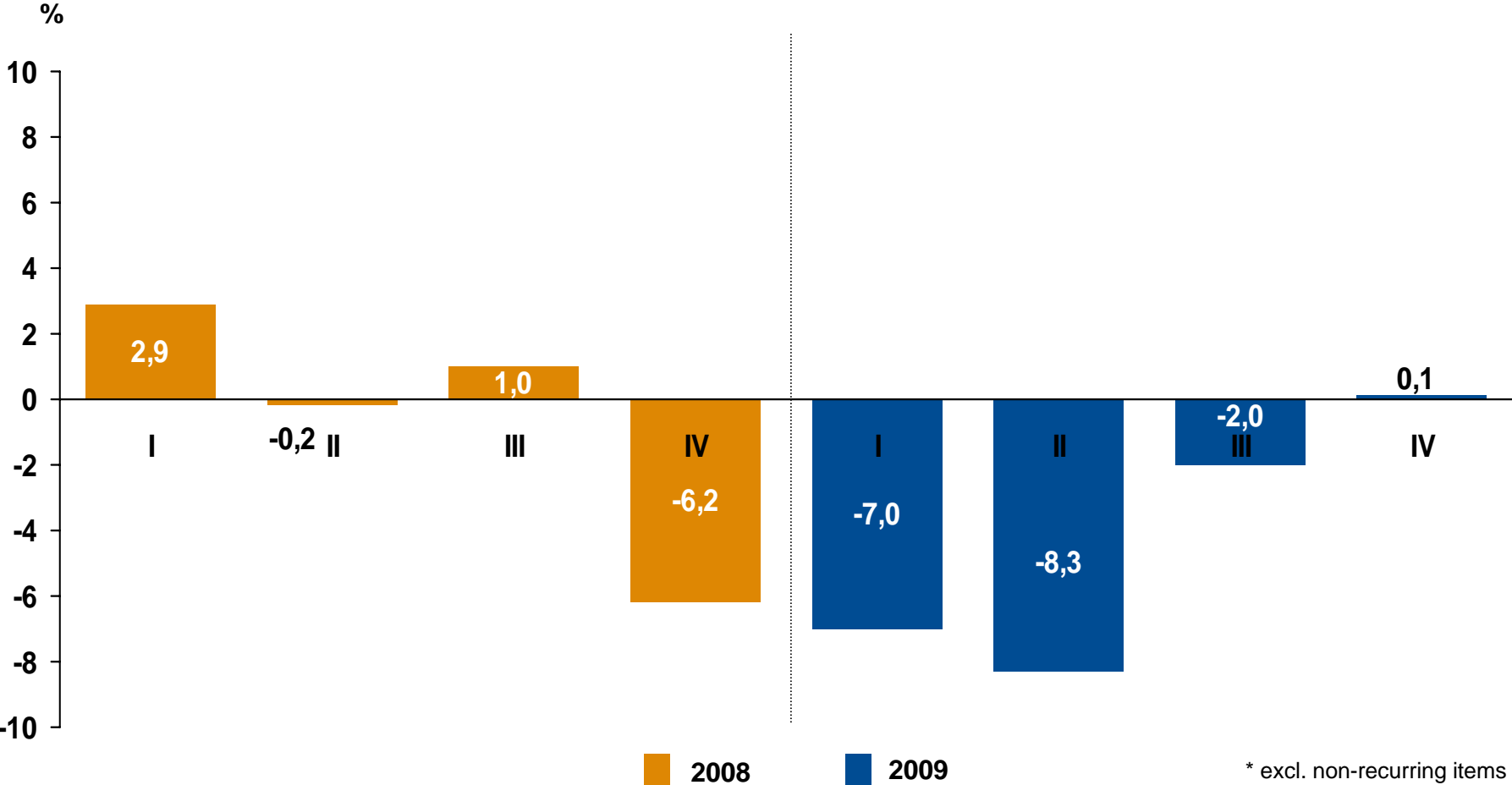
# Quarterly Operating Result\*



# Quarterly Result Before Taxes\*



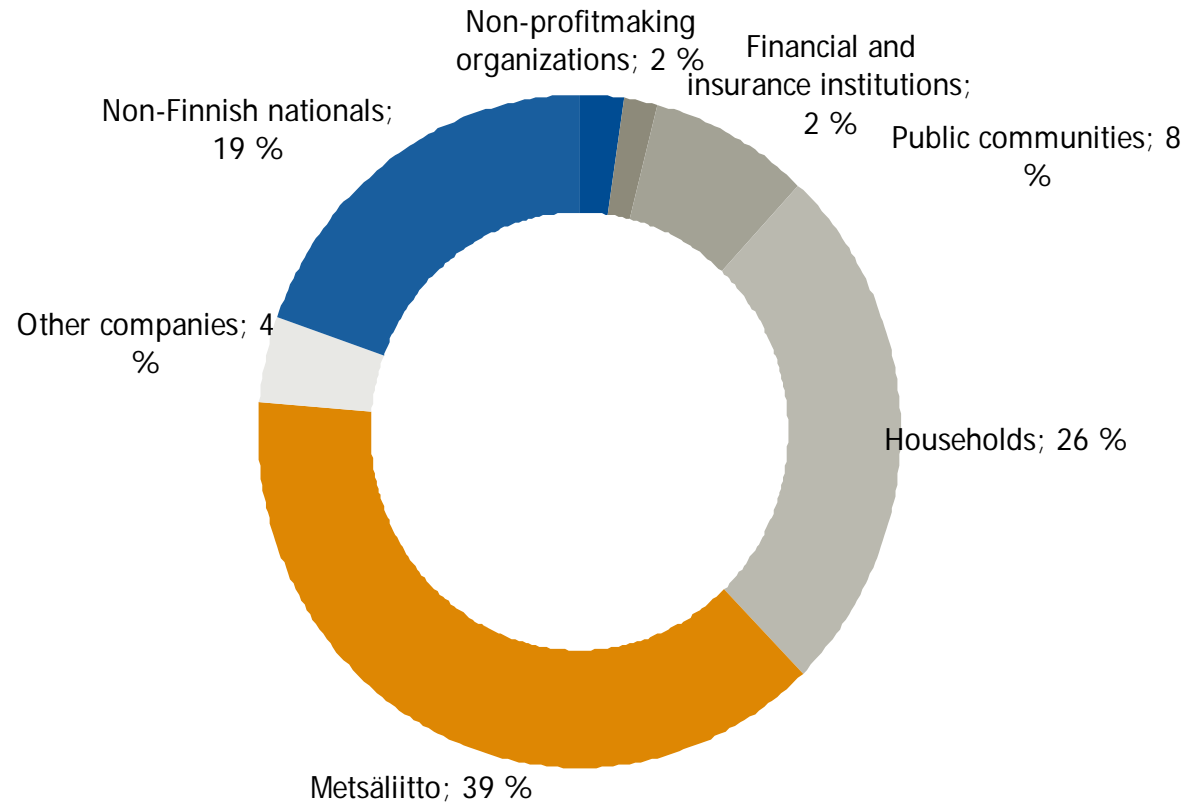
# Quarterly ROCE %\*



\* excl. non-recurring items

# M-real Shareholders 31.12.2009

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# M-real Voting Rights 31.12.2009

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