

M-real's operating result excluding non-recurring items for the third quarter of 2010 EUR 54 million

Result for January–September 2010

- Sales EUR 1,940 million (Q1–Q3/2009: 1,826)
- Operating result excluding non-recurring items EUR 136 million (-157). Operating result including non-recurring items EUR 150 million (-215)
- Result before taxes excluding non-recurring items EUR 72 million (-215). Result before taxes including non-recurring items EUR 70 million (-284)
- Earnings per share from continuing operations excluding non-recurring items EUR 0.16 (-0.64) and including non-recurring items EUR 0.15 (-0.88)

Result for the third quarter

- Sales EUR 662 million (Q2/2010: 676)
- Operating result excluding non-recurring items EUR 54 million (43). Operating result including non-recurring items EUR 66 million (35)
- Result before taxes excluding non-recurring items EUR 33 million (24). Result before taxes including non-recurring items EUR 45 million (0)
- Earnings per share from continuing operations excluding non-recurring items EUR 0.08 (0.05) and including non-recurring items EUR 0.12 (-0.03)

Events during the third quarter of 2010

- The Alizay pulp mill was shut down permanently.
- M-real continued to increase prices of all of its main products.
- M-real plans to continue Simpele's speciality paper production at the Gohrsmühle mill.
- Standard & Poor's and Moody's Investor Service upgraded M-real's credit rating.

Events after the period

- M-real decided to invest in the expansion of board production and sheeting operations at the Simpele mill.
- M-real signed an agreement with Metsä Tissue Corporation on partial divestment of the Reflex mill.

“Our profitability improved further, and the quarterly result was the best we have had in years. Annual contract negotiations with the biggest cartonboard customers, concerning price increases and additional deliveries, have proceeded as targeted. The demand outlook in cartonboard is excellent, and thus we have made significant investment decisions. The profit improvement measures related to the paper businesses will continue.”

Mikko Helander, CEO

M-real is Europe's leading primary fibre paperboard producer and a major paper supplier. It offers premium solutions for consumer packaging and communications and advertising end-uses. M-real's sales network serves brand owners, converters, publishers, printing houses, merchants and office suppliers.

M-real is part of Metsäliitto Group and is listed on the NASDAQ OMX Helsinki Ltd. In 2009, M-real's sales totalled EUR 2.4 billion. M-real has approximately 4,700 employees.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

KEY FIGURES	2010	2010	2010	2009	2010	2009	2009
	Q3	Q2	Q1	Q3	Q1-Q3	Q1-Q3	
Sales, EUR million	662	676	602	618	1,940	1,826	2,432
EBITDA, EUR million	95	61	82	27	238	-44	88
excl. non-recurring items, EUR million	85	77	72	26	234	-7	44
EBITDA, %	14.4	9.0	13.6	4.4	12.3	-2.4	3.6
excl. Non-recurring items, %	12.8	11.4	12.0	4.2	12.1	-0.4	1.8
Operating result, EUR million	66	35	49	-24	150	-215	-267
excl. non-recurring items, EUR million	54	43	39	-22	136	-157	-150
EBIT, %	10.0	5.2	8.1	-3.9	7.7	-11.8	-11.0
excl. Non-recurring items, %	8.2	6.4	6.5	-3.6	7.0	-8.6	-6.2
Result before taxes							
from continuing operations, EUR million	45	0	25	-72	70	-284	-358
excl. non-recurring items, EUR million	33	24	15	-70	72	-215	-230
Result for the period							
from continuing operations, EUR million	38	-8	19	-73	49	-271	-331
from discontinued operations, EUR million	0	0	0	-3	0	-15	-23
Total, EUR million	38	-8	19	-76	49	-286	-354
Result per share							
from continuing operations, EUR	0.12	-0.03	0.06	-0.22	0.15	-0.83	-1.02
from discontinued operations, EUR	0.00	0.00	0.00	-0.01	0.00	-0.05	-0.07
Total, EUR	0.12	-0.03	0.06	-0.23	0.15	-0.88	-1.09
Result per share							
excl. non-recurring items, EUR	0.08	0.05	0.03	-0.22	0.16	-0.64	-0.66
Return on equity, %	15.5	-3.1	7.9	-27.2	6.8	-29.7	-28.6
excl. non-recurring items, %	10.7	6.8	3.6	-26.6	7.1	-22.9	-18.3
Return on capital employed, %	11.6	3.8	9.1	-2.3	7.8	-8.5	-8.9
excl. non-recurring items, %	9.6	8.1	7.3	-2.0	8.0	-5.6	-4.5
Equity ratio at end of period, %	31.8	31.1	32.7	28.5	31.8	28.5	29.6
Gearing ratio at end of period, %	135	140	121	170	135	170	153
Net gearing ratio at end of period, %	81	89	86	121	81	121	84
Interest-bearing net liabilities, EUR million	821	845	821	1,262	821	1,262	777
Gross investments, EUR million	31	10	7	23	48	55	73
Deliveries, 1 000 tonnes							
Paper businesses	269	278	311	275	858	866	1,132
Consumer Packaging	353	372	321	315	1,046	885	1,212
Personnel at the end of period							
in continuing operations	4,682	4,946	4,796	5,649	4,682	5,649	4,903

EBITDA = Earnings before interest, taxes, depreciation and impairment charges

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Result for July-September compared with the previous quarter

M-real's sales totalled EUR 662 million (Q2/2010: 676). Comparable sales were down 2.1 per cent. The operating result was EUR 66 million (35), and the operating result excluding non-recurring items was EUR 54 million (43).

A net total of EUR 12 million was recognised as non-recurring items as follows:

- EUR 11 million positive non-recurring item, of which EUR 8 million concerned the release of a cost provision and EUR 3 million the reversal of impairment loss in Speciality Papers business area as a result of partial divestment of the Reflex mill to Metsä Tissue and lower reorganisation expenses at Gohrsmühle
- EUR 4 million additional cost provision in Market Pulp and Energy business area relating to the closure of the Alizay pulp mill
- EUR 6 million capital gain related to patents sold to Sappi in Other operations

In the previous quarter, the non-recurring items totalled EUR -8 million net related to the planned closure of two paper machines at the Reflex mill, reorganisation of Reflex and Gohrsmühle organisations and the agreed sale of the Kangas paper machine 2.

The operating result excluding non-recurring items was up from the previous quarter, thanks to the implemented price increases in paper and board, higher price of pulp and implemented cost savings. The result was weakened by annual maintenance shutdowns at the board mills. In addition, the delivery volumes of Speciality Papers business area decreased. The operating result of the review period includes a capital gain of EUR 4 million from the sold Sappi shares booked in other operating income. Most of the Sappi shares, received in connection with the sale of Graphic Papers business area at the end of 2008, have been sold.

The total paper business delivery volume in July–September was 269,000 tonnes (278,000). The deliveries of Consumer Packaging totalled 353,000 tonnes (372,000).

Financial income and expenses totalled EUR -20 million (-17). Exchange differences from accounts receivable, trade payables, financial items and the valuation of currency hedging were EUR -1 million (0). Net interest and other financial income and expenses stood at EUR -19 million (-17). Other financial expenses include valuation gain of EUR 2 million on interest rate hedges (valuation gain of 0).

In July–September, the result from continuing operations before taxes was EUR 45 million (0). The result from continuing operations before taxes and excluding non-recurring items was EUR 33 million (24). Income taxes, including the change in deferred tax liabilities, totalled EUR -7 million (-8).

Earnings per share were EUR 0.12 (-0.03). Earnings per share from continuing operations, excluding non-recurring items, were EUR 0.08 (0.05). Return on equity was 15.5 per cent (-3.1), and 10.7 per cent (6.8) excluding non-recurring items. Return on capital employed was 11.6 per cent (3.8), and excluding non-recurring items, 9.6 per cent (8.1).

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Result for January–September compared with the corresponding period last year

M-real's sales totalled EUR 1,940 million (1,826). Comparable sales were up 18.6 per cent. The operating result was EUR 150 million (-215), and the operating result excluding non-recurring items was EUR 135 million (-157).

A net total of EUR 14 million was recognised as non-recurring items in the operating result for January–September, the most significant items being:

- EUR 8 million net cost provision in Speciality Papers business area, related to the reorganisation of M-real Zanders and partial divestment of the Reflex mill to Metsä Tissue. The EUR 16 million provision booked in the second quarter was released by EUR 8 million.
- EUR 3 million reversal of impairment loss concerning partial divestment of the Reflex mill to Metsä Tissue in Speciality Papers business area
- EUR 10 million income item in operating profit in Other operations, as well as a EUR 2 million income item allocated to the result of discontinued operations, both of which were related to IT arrangements
- EUR 8 million reversal of impairment loss in Other operations, concerning the agreed sale of the Kangas paper machine 2
- EUR 6 million capital gain related to patents sold to Sappi in Other operations
- EUR 4 million additional cost provision in Market Pulp and Energy business area relating to the closure of the Alizay pulp mill

The non-recurring items of the corresponding period in the previous year were EUR -58 million net.

The operating result excluding non-recurring items compared with the corresponding period last year was improved by increased delivery volumes, higher pulp price, implemented price increases in board and paper, and cost savings. The investment shutdown at the Husum pulp mill, the stevedore strike in Finland, and the strengthening of the Swedish krona against the euro weakened the result. The operating result of the review period includes a capital gain of EUR 5 million from sold Sappi shares booked in other operating income. Most of the Sappi shares, received in connection with the sale of Graphic Papers business area at the end of 2008, have been sold.

The total paper business delivery volume in January–September was 858,000 tonnes (866,000). The deliveries of Consumer Packaging totalled 1,046,000 tonnes (885,000).

Financial income and expenses in the period totalled EUR -59 million (-55). The financial income of the corresponding period last year included a profit of some EUR 31 million from a partial repurchase of M-real's own bonds. In addition, last year's financial expenses included a loss of approximately EUR 30 million, which was due to premature repayment of the note issued to Sappi. Exchange differences from accounts receivable, trade payables, financial items and the valuation of currency hedging were EUR -7 million (4). Net interest and other financial income and expenses stood at EUR -52 million (-59). Other financial expenses include EUR 2 million of valuation gains on interest rate hedges (valuation gain of 9).

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

The period's result from continuing operations before taxes was EUR 70 million (-284). The result includes an impairment loss of EUR -16 million, related to M-real's holding in Myllykoski Paper Oy, reported as a non-recurring item in Share of results in associated companies after the operating result. The result for the corresponding period last year included a non-recurring item of EUR -11 million in the line Share of results in associated companies from the Sunila pulp mill divested by Myllykoski Paper during the second quarter. The result from continuing operations before taxes, excluding non-recurring items, was EUR 72 million (-215). Income taxes, including the change in deferred tax liabilities, came to EUR -21 million (+13).

Earnings per share were EUR 0.15 (-0.88). Earnings per share from continuing operations, excluding non-recurring items, were EUR 0.16 (-0.64). Return on equity was 6.8 per cent (-29.7), and excluding non-recurring items, 7.1 per cent (-22.9). Return on capital employed was 7.8 per cent (-8.5), and excluding non-recurring items, 8.0 per cent (-5.6).

Personnel

At the end of September, the company had 4,682 employees (31 December 2009: 4,903), of which 1,795 (1,824) worked in Finland. In January–September, M-real employed an average of 4,844 people (2009: 5,913). The head count in January–November 2009 included 30 per cent of Metsä-Botnia's employees.

Investments

Gross investments in January–September totalled EUR 48 million (2009: 55). In 2009, the January–September investments included a EUR 14 million share of Metsä-Botnia's investments, based on M-real's 30 per cent share of ownership and Metsä-Botnia's consolidation method used until 8 December 2009.

Structural change

M-real has concluded most of the actions related to the December 2009 announced EUR 80 million profit improvement programme for 2010. The most significant implemented measures are

- permanent closure of the Alizay pulp mill in France
- closure of two speciality paper machines at Reflex, Germany
- streamlining of the organisation and management model in M-real Zanders
- a new EUR 20 million internal profit improvement programme covering all business areas.

In addition, the profit improvement programme includes EUR 22 million investment at the Husum mill to improve its energy efficiency. The investment is proceeding according to plan.

The above mentioned measures and the profit improvement programmes implemented in the previous years are estimated to impact positively approximately EUR 100 million in 2010 divided as follows

- the profit improvement programme of 2010 EUR 40 million
- earlier implemented profit improvement programmes EUR 60 million

The Reflex mill in Germany will be developed according to the Paper Park concept, the target being to find industrial partners to the mill site and thus create new jobs. In October

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

2010, M-real announced the first phase of the development, partial divestment of the Reflex mill to Metsä Tissue. The divestment is described further in section Events after the period below. The negotiations to reduce the headcount at M-real Zanders mills by 220 were concluded in June.

In July, M-real exercised its option to purchase former Kangas paper mill real estate and land area from Sappi for a price of EUR 13 million. The deal was part of an agreement with which M-real and Sappi settled the issues still open related to the divestment of M-real's Graphic Papers business area in 2008. In September, the city of Jyväskylä decided to use its right of pre-emption based on law to purchase the Kangas mill real estate from M-real for an equivalent price of EUR 13 million.

In September, M-real announced that in order to improve its profitability, the company is planning to continue Simpele's speciality paper production at the Gohrsmühle mill in Germany and to close the Simpele paper machine. The potential transfer of the production would improve M-real's annual operating result by approximately EUR 4 million. As a result of the planned closure of the Simpele paper mill, Consumer Packaging's Q4 result is expected to include a cost provision of EUR 12 million as a non-recurring item. The non-recurring cash costs, if any, will be determined once the statutory cooperation negotiations with employees have been completed, no later than on 5 November 2010.

M-real's structural change from a paper company to become more clearly a packaging company has proceeded according to plan. The focus has increasingly shifted from restructuring to development, as is demonstrated by the Simpele and Kemiart Liners investments scheduled for 2011. Efforts to solve the problems of loss-making paper units are continued. Success in this area would further clearly improve M-real's profitability. The strategic review of the paper business continues.

Financing

At the end of September, M-real's equity ratio was 31.8 per cent (31 December 2009: 29.6) and the gearing ratio was 135 per cent (153). The net gearing ratio was 81 (84). Some of M-real's loan agreements set a 120 per cent limit on the company's net gearing ratio and a 30 per cent limit on the equity ratio. Calculated as defined in the loan agreements, the net gearing ratio at the end of September was approximately 63 per cent (63) and the equity ratio some 37 per cent (35).

The change in the fair value of investments available for sale was approximately EUR 33 million, mainly based on the increase in the fair value of the Pohjolan Voima shares.

At the end of September, net interest-bearing liabilities totalled EUR 821 million (777). Of these, foreign-currency-denominated loans accounted for 8 per cent, floating-rate loans for 83 per cent and fixed-rate loans for the rest. At the end of September, the average interest rate on loans was 5.0 per cent and the average maturity of long-term loans 2.8 years. The interest rate maturity was 7.3 months at the end of September. During the period, the interest rate maturity has varied between 6 and 10 months.

Cash flow from operating activities amounted to EUR 38 million (Q1-Q3/2009: 35). Working capital was up by EUR 86 million (down 131).

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

At the end of September, an average of 5.1 months of the net foreign currency exposure was hedged. The degree of hedging varied between 4 and 5 months during the period. Approximately 77 per cent of the non-euro-denominated equity was hedged at the end of September.

Liquidity continues at a good level. At the end of September, liquidity was EUR 456 million, of which EUR 19 million consisted of undrawn pension premium (TyEL) loans and EUR 437 million of liquid assets and investments. EUR 232 million of the liquid assets and investments are assets deposited by other Metsäliitto Group's businesses in M-real's subsidiary Metsä Group Financial Services Oy. To meet its short-term financing needs, the Group also had at its disposal uncommitted domestic and foreign commercial paper programmes and credit facilities amounting to about EUR 520 million.

In January, M-real redeemed early a EUR 250 million item of the bond maturing in December 2010 at a 100 per cent redemption price, according to the terms of the bond. At the end of June, the company announced that it would redeem the remaining EUR 90 million. The early redemption took place on 30 July 2010 and the redemption price was 100 per cent of the par value according to the terms of the notes. In January–September 2010, M-real raised pension loans (TyEL) worth a total of EUR 135 million with a maturity of ten years. M-real has decided to centralise its employee pension insurance policies with Varma Mutual Pension Insurance Company. With these measures, M-real extended the maturity profile of its loans and strengthened its liquidity.

In August, Standard & Poor's upgraded M-real's CCC+ credit rating to B-. The rating outlook remains stable. The upgrade has a positive impact of approximately EUR 1 million on M-real's annual financing costs.

In September, Moody's Investors Service upgraded M-real's Caa1 rating to B3. The rating outlook was changed to positive. The upgrade has a positive impact of approximately EUR 1 million on M-real's annual financing costs.

Shares

In January–September, the highest price for M-real's B share on the NASDAQ OMX Helsinki was EUR 3.26, the lowest EUR 1.46, and the average price EUR 2.40. At the end of September, the price of the B share was EUR 2.93. At the end of 2009, the price of the B share was EUR 1.53, while the average price in 2009 was EUR 0.66.

The trading volume of B shares was EUR 681 million, 97 per cent of the share capital. The market value of the A and B shares totalled EUR 972 million at the end of September.

Metsäliitto Cooperative owned 38.8 per cent of the shares at the end of September. The voting rights conferred by these shares amounted to 60.5 per cent. International investors held 18 per cent of the shares.

On 8 April 2010, the holdings of Norway's Central Bank (Norges Bank) in M-real dropped to 4.4 per cent of the share capital and 1.4 per cent of the voting rights.

The company does not hold any of its own shares.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Management remuneration

CEO Mikko Helander takes part in the management ownership system of Metsäliitto Group's executive management, through which he indirectly owns shares in the company. The ownership system is a long-term remuneration system which for Helander's part replaced as of August 2010 the Company's earlier share bonus system. In August 2010, Helander invested approximately EUR 500,000 of his own capital in Metsäliitto's new management holding company, in which he is a co-owner together with other Metsäliitto Group executive management members. The holding company, Metsäliitto Management Ltd., purchased in August 2010 M-real's B-series shares using its own capital and additional debt capital obtained from Metsäliitto Cooperative on 30 September 2010. Altogether 881,933 B-shares purchased for the aggregate purchase price of approximately EUR 2.5 million have been allocated to the CEO. Mr Helander is tied to the holding company and, through that, to indirect ownership of M-real's shares until the end of 2013, at which time the management ownership system is terminated and dismantled on a preliminary basis. The system will, however, be extended for one year at a time if, in October–November 2013, 2014, 2015 or 2016, the stock exchange price of M-real's B share is lower than the average price at which Metsäliitto Management Ltd. originally acquired such B shares.

Events after the period

On 26 October 2010, M-real signed an agreement on partial divestment of the Reflex mill to Metsä Tissue Corporation for approximately EUR 10 million. The transaction will be closed in the beginning of November 2010. The agreement covers the paper machine 5 and related real estate, as well as certain infrastructure assets. Metsä Tissue will convert the paper machine to produce cooking papers. As part of the transaction, 74 employees will transfer to Metsä Tissue. M-real will book a positive non-recurring item of about EUR 15 million in the Speciality Papers business area's operating result related to transaction proceeds and partial reversal of personnel cost provisions announced earlier. EUR 8 million of this amount was booked in third quarter of 2010 and the rest will be booked in the fourth quarter. The cash impact will be approximately EUR 10 million positive, taking into account certain investments related to the Premium Papers production at the site.

M-real will invest EUR 26 million in the Simpele mill to increase its annual folding boxboard capacity by about 80,000 tonnes. The sheeting capacity will also be expanded at the same time. The investments will be carried out in summer 2011.

M-real will invest in modernisation of the coating section at the Kemiart Liners mill. The total value of the investment is approximately EUR 16 million. This investment will also be carried out in 2011.

Near-term outlook

The demand for board is expected to remain good during the next few months. Annual contract negotiations in cartonboard are mainly completed and price increases are implemented according to plan. Profit impact of the implemented price increases in annual contracts will be visible from the beginning of 2011. After the implemented increases price level of M-real's folding boxboard and liner in Europe will be more than 10 per cent higher compared to the beginning of 2010.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

The demand for uncoated fine paper seems to continue on good level. Efforts to increase prices will continue.

The demand for speciality papers is expected to remain stable. No significant changes are expected in the price level.

The average price of pulp is expected to be slightly lower in the fourth quarter compared with the third quarter. A significant decrease in the price of pulp is not foreseen, however.

In December 2009, M-real launched EUR 80 million profit improvement programme for 2010. The combined positive impact of these measures and the profit improvement programmes implemented in previous years is expected to total approximately EUR 100 million in 2010. The decreasing trend in costs will have an impact on the business areas, as well as Other operations.

The positive impact of the already implemented profit improvement measures is in 2011 expected to be approximately EUR 60 million compared to 2010. M-real is preparing a new profit improvement programme for 2011, which emphasis is on paper businesses.

The average total costs for factors of production are not expected to change significantly by the end of 2010. However, the price pressure on wood raw material and certain chemicals in particular has increased. Certain taxes and tax-like payments will increase M-real's energy and logistics costs in Finland from 2011 onwards.

M-real's fourth quarter 2010 operating result, excluding non-recurring items, is expected to be temporarily weaker than in the third quarter due to unfavourable exchange rate development as well as seasonality.

Near-term business risks

Despite several positive signs, there is still a risk of the global economic recovery slowing down or coming to a standstill and of the demand for board and paper products, which has partially picked up, experiencing another downturn.

M-real has announced significant price increases in its main grades. There is a risk of the company being unable to implement the increases as planned, or of a downswing in prices.

There is a risk that the cost levels of production factors will increase, if, for example, the price of oil should increase or as a result of the political decisions planned in Finland that would increase the cost burden of the industrial sector.

The company's short-term and mid-term financial position is secure. The credit and bond markets operations are limited in part, which may be due to the significant increase in regulation. This may hamper the company's ability to acquire long-term debt financing at a competitive price.

Because the forward-looking estimates and statements about these financial statements are based on current plans and estimates, they contain risks and other uncertainty factors

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at
12:00 EET

that may cause the results to differ from the statements concerning them. In the short term, M-real's result will be particularly affected by the price of, and demand for, finished products, raw material costs, the price of energy and the exchange rate development of the euro. More information about long-term risk factors can be found on pages 37–38 of M-real's 2009 annual report.

M-REAL CORPORATION

Further information:

Matti Mörsky, CFO, tel. 010 465 4913

Juha Laine, Vice President, Investor Relations and Communications, tel. 010 465 4335

More information available starting at 1 p.m. (EET) on 27 October 2010. A telephone conference for investors and analysts in English starts at 3 p.m. (EET). Conference call participants are requested to call in and register a few minutes prior to the start of the conference call on the following numbers:

Europe: +44 (0)20 7162 0025

US: +1 334 323 6201

The conference ID is 878801.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Consumer Packaging business area

Consumer Packaging	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2010 Q1-Q3	2009 Q1-Q3	2009 Q1-Q4
Sales, EUR million	305	310	257	255	250	872	713	968
EBITDA, EUR million	48	51	52	50	51	151	90	140
excl. non-recurring items	48	51	52	51	51	151	95	146
Operating result, EUR million	34	38	39	33	31	111	18	51
excl. non-recurring items	34	38	39	34	31	111	35	69
Return on capital employed, %	18.1	21.1	22.8	18.8	16.4	20.7	2.7	6.9
excl. non-recurring items, %	18.1	21.1	22.8	19.2	16.4	20.7	5.6	9.4
Deliveries, 1,000 tonnes	353	372	321	327	315	1046	885	1,212
Production, 1,000 tonnes	353	363	342	342	323	1058	890	1,232
Personnel at the end of period	1,544	1,761	1,529	1,533	1,545	1,544	1,545	1,533

Result for July-September compared with the previous quarter

The operating result excluding non-recurring items for Consumer Packaging decreased from the previous quarter and was EUR 34 million (Q2/2010: 38). Demand continued to be strong. The annual maintenance shutdowns at the mills were mainly scheduled to occur during the third quarter, which weakened profitability compared with the previous quarter. The implemented price increases had a positive impact on the result.

No non-recurring items were booked in the result. The result for the previous quarter did not include non-recurring items.

The deliveries of European folding boxboard producers were 1 per cent lower compared with the previous quarter. Consumer Packaging's deliveries of folding boxboard were down 5 per cent.

Result for January–September compared with the corresponding period last year

The operating result excluding non-recurring items for the Consumer Packaging business area improved from the corresponding period last year and totalled EUR 111 million (35). The most significant factor contributing to the result was higher delivery volume resulting from the recovery in demand. The implemented price increases also had a positive impact on the result.

The result does not include non-recurring items. The result for the corresponding period last year included non-recurring items of EUR -17 million, mainly related to the closure of Metsä-Botnia's Kaskinen mill.

The deliveries of European folding boxboard producers increased by 11 per cent compared with the corresponding period last year. Consumer Packaging's deliveries of folding boxboard were up by 14 per cent.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Office Papers business area

	2010	2010	2010	2009	2009	2010	2009	2009
Office Papers	Q3	Q2	Q1	Q4	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Sales, EUR million	164	153	160	132	133	477	411	543
EBITDA, EUR million	17	6	11	6	0	34	-5	1
excl. non-recurring items	17	6	11	13	0	34	-5	8
Operating result, EUR million	9	-4	0	-54	-15	5	-50	-104
excl. non-recurring items	9	-4	0	0	-13	5	-48	-48
Return on capital employed, %	8.5	-4.0	-0.1	-47.0	-13.0	1.5	-14.0	-21.1
excl. non-recurring items, %	8.5	-4.0	-0.1	-0.1	-11.4	1.5	-13.5	-9.8
Deliveries, 1,000 tonnes	212	212	237	198	199	661	592	790
Production, 1,000 tonnes	228	209	235	213	181	672	582	795
Personnel at the end of period	1,213	1,225	1,320	1,374	1,407	1,213	1,407	1,374

Result for July-September compared with the previous quarter

The operating result excluding non-recurring items for Office Papers improved compared with the previous quarter and was EUR 9 million (Q2/2010: -4). The result improved thanks to a higher average selling price following price hikes as well as better operating rates. The result was weakened by higher price of fibre. The result for the previous quarter was burdened by+ the shutdown caused by the recovery boiler investment at the Husum pulp mill, as well as the maintenance shutdowns, strikes and short-fibre pulp availability problems at the Alizay paper mill.

The result does not include non-recurring items. The result for the previous quarter did not include non-recurring items.

Total deliveries by European uncoated fine paper producers were down by 8 per cent compared with the previous quarter. The delivery volume of Office Papers remained the same.

Result for January–September compared with the corresponding period last year

The operating result for Office Papers, excluding non-recurring items, improved from the corresponding period last year and totalled EUR 5 million (-48). The result improved thanks to higher delivery volumes resulting from the recovery in demand and higher average price as a result of implemented price increases. Increased fibre costs, in turn, weakened the result.

The result does not include non-recurring items. A non-recurring item totalling EUR -2 million was recognised in the operating result for the corresponding period last year in connection with the profit improvement measures at the Husum mill.

Total deliveries by European uncoated fine paper producers increased by 10 per cent compared with the corresponding period last year. The delivery volume of Office Papers increased by 12 per cent.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Speciality Papers business area

Speciality Papers	2010	2010	2010	2009	2009	2010	2009	2009
	Q3	Q2	Q1	Q4	Q3	Q1-Q3	Q1-Q3	Q1-Q4
Sales, EUR million	75	80	82	73	80	237	279	352
EBITDA, EUR million	5	-18	-4	-8	-7	-17	-57	-65
excl. non-recurring items	-3	-2	-4	-2	-8	-9	-29	-31
Operating result, EUR million	4	-21	-6	-78	-10	-23	-73	-151
excl. non-recurring items	-7	-5	-6	-6	-11	-18	-45	-51
Return on capital employed, %	18.0	-76.3	-19.6	-170.3	-16.0	-26.6	-19.6	-55.8
excl. non-recurring items, %	-24.5	-18.8	-19.6	-14.1	-17.6	-20.4	-12.3	-18.7
Deliveries, 1,000 tonnes	57	66	74	68	76	197	274	342
Production, 1,000 tonnes	59	73	78	71	75	210	248	319
Personnel at the end of period	1,329	1,358	1,373	1,389	1,563	1,329	1,563	1,389

Result for July-September compared with the previous quarter

The operating result excluding non-recurring items for Speciality Papers decreased compared with the previous quarter and was EUR -6 million (Q2/2010: -5). The result was weakened by a lower operating rate and lower delivery volumes. The result was improved by the implemented price increases and cost savings.

The result included a non-recurring income item of EUR 11 million, of which amount EUR 8 million concerned the release of a cost provision and EUR 3 million the reversal of impairment loss as a result of partial divestment of the Reflex mill to Metsä Tissue and lower reorganisation expenses at Zanders. A non-recurring item of EUR -16 million related to the planned closure of two paper machines at the Reflex mill and reorganisation of the Reflex and Gohrsmühle organisations was recognised in the operating result for the previous quarter.

The delivery volume of Speciality Papers fell by 14 per cent. This figure includes the discontinuation of standard coated fine paper production.

Result for January–September compared with the corresponding period last year

The operating result excluding non-recurring items for Office Papers improved from the corresponding period last year and totalled EUR -18 million (-45). The result was improved by the implemented price increases and cost savings. It was weakened by clearly higher price of pulp.

A non-recurring item of EUR -5 million net related to reorganisation of the Reflex and Gohrsmühle organisations and partial divestment of the Reflex mill to Metsä Tissue was recognised in the operating result. The result for the corresponding period last year included non-recurring items of EUR -29 million related to the closure of the Hallein paper mill.

The delivery volume of Speciality Papers fell by 28 per cent. This figure includes the discontinuation of standard coated fine paper production.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Market Pulp and Energy business area

Market Pulp and Energy	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2010 Q1-Q3	2009 Q1-Q3	2009 Q1-Q4
Sales, EUR million	107	126	95	126	132	328	382	508
EBITDA, EUR million	19	23	14	-1	-6	56	-20	-21
excl. non-recurring items	23	23	14	2	-6	60	-19	-17
Operating result, EUR million	12	16	9	-39	-15	37	-52	-91
excl. non-recurring items	16	16	9	-9	-14	41	-45	-54
Return on capital employed, %	7.6	11.4	5.9	-22.1	-7.3	8.0	-10.3	-12.2
excl. non-recurring items, %	10.1	11.4	5.9	-4.8	-6.9	8.9	-9.0	-7.2
Deliveries, 1,000 tonnes	167	194	161	246	295	522	909	1,155
Personnel at the end of period	24	24	24	18	19	24	19	18

Result for July-September compared with the previous quarter

The operating result excluding non-recurring items for Market Pulp and Energy was level with the previous quarter, totalling EUR 16 million (Q2/2010: 16). The result was improved by higher pulp prices. The result was weakened by maintenance shutdowns, lower delivery volume and higher wood costs.

An additional cost provision of EUR -4 million was recognised relating to the closure of the Alizay pulp mill. The result for the previous quarter did not include non-recurring items.

Result for January–September compared with the corresponding period last year

The operating result of Market Pulp and Energy, excluding non-recurring items, improved from the corresponding period last year and totalled EUR 41 million (-45). The result improved especially thanks to higher pulp prices. Moreover, the comparable delivery volume increased considerably. Last year's deliveries included Metsä-Botnia's external deliveries.

The result included an additional cost provision of EUR -4 million relating to the closure of the Alizay pulp mill. The result for the previous quarter did not include non-recurring items. The result for the corresponding period last year included, as non-recurring items, a total of EUR -7 million of cost provisions and write-downs relating to the closure of Metsä-Botnia's Kaskinen mill and the profit improvement actions at the Husum mill.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Condensed consolidated statement of comprehensive income

EUR million	2010 Q1-Q3	2009 Q1-Q3	Change	2009	2010 Q2	2010 Q3
Continuing operations						
Sales	1,940	1,826	114	2,432	676	662
Other operating income	70	86	-16	252	16	29
Operating expenses	-1,828	-1,956	128	-2,597	-654	-618
Share of results in associated companies *)	56	0	56	2	23	22
Depreciation and impairment losses	-88	-171	83	-356	-26	-29
Operating result	150	-215	365	-267	35	66
% of sales	7.7	-11.8		-11.0	5.2	10.0
Share of results in associated companies	-21	-14	-7	-16	-18	-1
Net exchange gains and losses	-7	4	-11	5	0	-1
Other net financial items	-52	-59	7	-80	-17	-19
Result before income tax	70	-284	354	-358	0	45
% of sales	3.6	-15.6		-14.7	0.0	6.8
Income taxes	-21	13	-34	27	-8	-7
Result for the period from continuing operations	49	-271	320	-331	-8	38
% of sales	2.5	-14.8		-13.6	-1.2	5.7
Discontinued operations						
Result from discontinued operations	0	-15	15	-23	0	0
Result for the period	49	-286	335	-354	-8	38
Other comprehensive income						
Cash flow hedges	0	24	-24	26	-5	10
Available for sale financial assets	33	-93	126	-115	4	13
Translation differences	7	-10	17	5	4	1
Share of results in associated companies	2		2		1	-1
Income tax relating to components of other comprehensive income	-2	22	-24	27	2	-4
Other comprehensive income, net of tax	40	-57	97	-57	6	19
Total comprehensive income for the period	89	-343	432	-411	-2	57
Result for the period attributable to						
Shareholders of parent company	50	-289	339	-358	-8	39
Non-controlling interests	-1	3	-4	4	0	-1
Total comprehensive income for the period attributable to						
Shareholders of parent company	90	-344	434	-412	-2	58
Non-controlling interests	-1	1	-2	1	0	-1
Total	89	-343	432	-411	-2	57
Earnings per share for result attributable to shareholders of parent company (EUR/share)						
from continuing operations	0.15	-0.83	0.98	-1.02	-0.03	0.12
from discontinued operations	0.00	-0.05	0.05	-0.07	0.00	0.00
Total	0.15	-0.88	1.03	-1.09	-0.03	0.12

*) Metsä-Botnia's net result is included from 8.12.2009 on in operating result at row "Share of results in associated companies"

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Condensed consolidated balance sheet

EUR million	30.9. 2010	%	30.9. 2009	%	31.12. 2009	%
ASSETS						
Non-current assets						
Goodwill	13	0.4	51	1.4	13	0.4
Other intangible assets	29	0.9	43	1.2	32	1.0
Tangible assets	1,119	35.1	1,449	39.4	1,130	36.1
Biological assets	0	0.0	2	0.1	0	0.0
Investments in associated companies	246	7.7	49	1.3	210	6.7
Available for sale investments	321	10.1	329	8.9	316	10.1
Other non-current financial assets	68	2.2	11	0.3	64	2.0
Deferred tax receivables	4	0.1	5	0.1	3	0.1
	1,800	56.5	1,939	52.7	1,768	56.4
Current assets						
Inventories	383	12.0	341	9.3	313	10.0
Accounts receivables and other receivables	564	17.7	576	15.7	554	17.7
Cash and cash equivalents	437	13.7	424	11.5	497	15.9
	1,384	43.4	1,341	36.5	1,364	43.6
Assets classified as held for sale	3	0.1	397	10.8		
Total assets	3,187	100.0	3,677	100.0	3,132	100.0
SHAREHOLDERS' EQUITY AND LIABILITIES						
Shareholders' equity						
Equity attributable to shareholders of parent company	1,006	31.6	985	26.8	916	29.2
Non-controlling interests	5	0.2	58	1.6	8	0.3
Total equity	1,011	31.8	1,043	28.4	924	29.5
Non-current liabilities						
Deferred tax liabilities	176	5.5	193	5.3	162	5.2
Post-employment benefit obligations	80	2.5	92	2.5	89	2.8
Provisions	56	1.7	48	1.3	60	1.9
Borrowings	1,009	31.7	1,387	37.7	943	30.1
Other liabilities	30	0.9	34	0.9	30	1.0
	1,351	42.3	1,754	47.7	1,284	41.0
Current liabilities						
Provisions	13	0.4	24	0.7	44	1.4
Current borrowings	351	11.0	276	7.5	467	14.9
Accounts payable and other liabilities	461	14.5	447	12.1	413	13.2
	825	25.9	747	20.3	924	29.5
Liabilities classified as held for sale			133	3.6		
Total liabilities	2,176	68.2	2,634	71.6	2,208	70.5
Total shareholders' equity and liabilities	3,187	100.0	3,677	100.0	3,132	100.0

Non-current portion of derivative financial instruments have been transferred to non-current financial assets from accounts receivables and other receivables (EUR 0 million 30 September 2009 and EUR 5 million 31 December 2009). Non-current portion of derivative financial instruments have been transferred to other non-current liabilities from accounts payable and other liabilities (EUR 20 million 30 September 2009 and EUR 18 million 31 December 2009).

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Condensed consolidated cash flow statement

EUR million	2010 Q1-Q3	2009 Q1-Q3	2009	2010 Q3
Result for the period	49	-286	-354	38
Total adjustments	75	190	324	15
Change in working capital	-86	131	140	-15
Cash flow arising from operations	38	35	110	38
Net financial items	-71	-5	-38	-16
Income taxes paid	-18	10	9	-8
Net cash flow arising from operating activities	-51	40	81	14
Investments in intangible and tangible assets	-48	-55	-73	-31
Divestments of assets and other	55	7	284	41
Net cash flow arising from investing activities	7	-48	211	10
Changes in non-current loans and in other financial items	-15	-91	-344	47
Dividends paid	-2	0	0	0
Net cash flow arising from financing activities	-17	-91	-344	47
Changes in cash and cash equivalents	-61	-99	-52	71
Cash and cash equivalents at beginning of period	497	550	550	366
Translation difference in cash and cash equivalents	1	-1	-1	0
Changes in cash and cash equivalents	-61	-99	-52	71
Assets held for sale	0	-26	0	0
Cash and cash equivalents at end of period	437	424	497	437

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Statement of changes in shareholders' equity**Equity attributable to shareholders of parent company**

EUR million	Share capital	Share premium account	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interests	Total
Shareholders' equity, 1 January 2009	558	667	-9	259	-146	1,329	57	1,386
Comprehensive income for the period								
Result for the period					-289	-289	3	-286
Other comprehensive income								
Cash flow hedges				24		24		24
Available for sale investments				-93		-93		-93
Translation differences			-7			-7	-3	-10
Share of result in associated companies								
Income tax relating to components of other comprehensive income			4	18		22		22
Shareholders' equity, 30 September 2009	558	667	-12	207	-435	985	58	1,043
Shareholders' equity, 1 January 2010	558	667	2	194	-504	916	8	924
Comprehensive income for the period								
Result for the period					50	50	-1	49
Other comprehensive income								
Cash flow hedges				0		0		0
Available for sale investments				33		33		33
Translation differences			7			7		7
Share of result in associated companies			1	1		2		2
Income tax relating to components of other comprehensive income			7	-9		-2		-2
Related party transaction								
Dividends paid							-2	-2
Shareholders' equity, 30 September 2010	558	667	17	219	-454	1,006	5	1,011

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Key ratios	2010	2009	2009	2010	2010
	Q1-Q3	Q1-Q3	Q1-Q3	Q2	Q3
Sales, EUR million	1,940	1,826	2,432	676	662
EBITDA, EUR million	238	-44	88	61	95
excl. non-recurring items, EUR million	234	-7	44	77	85
EBITDA, %	12.3	-2.4	3.6	9.0	14.4
excl. non-recurring items, EUR million	12.1	-0.4	1.8	11.4	12.8
Operating result, EUR million	150	-215	-267	35	66
excl. non-recurring items, EUR million	136	-157	-150	43	54
EBIT, %	7.7	-11.8	-11.0	5.2	10.0
excl. non-recurring items, EUR million	7.0	-8.6	-6.2	6.4	8.2
Result from continuing operations					
before taxes, EUR million	70	-284	-358	0	45
excl. non-recurring items, EUR million	72	-215	-230	24	33
Result for the period					
from continuing operations, EUR million	49	-271	-331	-8	38
from discontinued operations, EUR million	0	-15	-23	0	0
Total, EUR million	49	-286	-354	-8	38
Earnings per share					
from continuing operations, EUR	0.15	-0.83	-1.02	-0.03	0.12
from discontinued operations, EUR	0.00	-0.05	-0.07	0.00	0.00
Total, EUR	0.15	-0.88	-1.09	-0.03	0.12
Earnings per share, excl. non-recurring items, EUR	0.16	-0.64	-0.66	0.05	0.08
Return on equity, %	6.8	-29.7	-28.6	-3.1	15.5
excl. non-recurring items, %	7.1	-22.9	-18.3	6.8	10.7
Return on capital employed, %	7.8	-8.5	-8.9	3.8	11.6
excl. non-recurring items, %	8.0	-5.6	-4.5	8.1	9.6
Equity ratio at end of period, %	31.8	28.5	29.6	31.1	31.8
Gearing ratio at end of period, %	135	170	153	140	135
Net gearing ratio at end of period, %	81	121	84	89	81
Shareholders' equity per share at end of period, EUR	3.06	3.00	2.79	2.89	3.06
Interest-bearing net liabilities, EUR million	821	1,262	777	845	821
Gross capital expenditure, EUR million	48	55	73	10	31
Deliveries, 1 000 tonnes					
Paper business	858	866	1,132	278	269
Consumer Packaging	1,046	885	1,212	372	353
Personnel at the end of period					
In continuing operations	4,682	5,649	4,903	4,946	4,682

EBITDA = Earnings before interest, taxes, depreciation and impairment charges

Unaudited

M-real Corporation Interim report 1 January–30 September 2010 27 October 2010 at 12:00 EET

Securities and guarantees	2010	2009	2009
EUR million	Q3	Q3	
For own liabilities	223	130	113
On behalf of associated companies	0	1	0
On behalf of Group companies	14	4	0
On behalf of others	1	5	2
Total	238	140	115

Open derivative contracts	2010	2009	2009
EUR million	Q3	Q3	
Interest rate derivatives	1,245	1,256	981
Currency derivatives	2,079	3,033	2,806
Other derivatives	151	300	183
Total	3,475	4,589	3,970

The fair value of open derivative contracts calculated at market value at the end of the review period was EUR -32.6 million (EUR -19.5 million 31 December 2009 and EUR -13.7 million 30 September 2009).

Also include other closed contracts to a total amount of EUR 1,444.3 million (EUR 2,158.5 million 31 December 2009 and EUR 2,544.8 million 30 September 2009).

Commitments related to fixed assets	2010	2009	2009
EUR million	Q3	Q3	
Payments due in following 12 months	1	5	0
Payments due later	1	2	1

Changes in property, plant and equipment	2010	2009	2009
EUR million	Q3	Q3	
Carrying value at beginning of period	1,130	1,808	1,808
Capital expenditure	48	52	70
Decreases	-9	-9	-454
Asset classified as held for sale	-3	-245	0
Depreciation and impairment charges	-83	-162	-312
Translation difference	36	5	18
Carrying value at end of period	1,119	1,449	1,130

Assets classified as held for sale include EUR 4 million assets in Zanders' papermill Reflex to be sold Metsä Tissue and in previous year the property, plant and equipment of Metsä-Botnia's Uruguay business (based on M-real's 30 per cent share of ownership).

Impairment charges made at closure of Kangas' papermachine 2 were partly reversed in June based on sales agreement of papermachine 2. Impairment charges made in Zanders' Reflex papermill were reversed (EUR 3 million) in September based on agreement to sell the mill partly to Metsä Tissue. Depreciation and impairment charges include these reversals (EUR 11 million).

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Related-party transactions**Transactions and balances with parent and sister companies**

EUR million	2010 Q1-Q2	2009 Q1-Q2	2009
Sales	28	21	22
Other operating income	4	3	37
Purchases	610	244	360
Interest income	7	3	1
Interest expences	1	2	2
Non-current receivables	53	5	53
Current receivables	76	66	107
Non-current liabilities	0	0	0
Current liabilities	313	187	106

Transactions with associated companies

EUR million	2010 Q1-Q2	2009 Q1-Q2	2008
Sales	0	0	1
Purchases	0	3	4
Non-current receivables	0	1	0
Current receivables	8	7	7
Current liabilities	3	1	2

Transaction with Metsä-Botnia include in transaction with sister companies from 8.12.2009 on.

Accounting policies

The financial statements were prepared in accordance with accounting policies set out in International Accounting Standard 34 and in the M-real's Annual Report for 2009.

The figures in the financial statement are unaudited.

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Calculation of key ratios

Return on equity (%)	=	(Result from continuing operations before tax - direct taxes) per (Shareholders' equity (average))
Return on capital employed (%)	=	(Result from continuing operations before tax + interest expenses, net exchange gains/losses and other financial expenses) per (Shareholders' equity + interest-bearing borrowings (average))
Equity ratio (%)	=	(Shareholders' equity) per (Total assets - advance payments received)
Gearing ratio (%)	=	(Interest-bearing borrowings) per (Shareholders' equity)
Net gearing ratio (%)	=	(Interest-bearing borrowings - liquid funds - interest-bearing receivables) per (Shareholders' equity)
Earnings per share	=	(Profit attributable to shareholders of parent company) per (Adjusted number of shares (average))
Shareholders' equity per share	=	(Equity attributable to shareholders of parent company) per (Adjusted number of shares at the end of period)

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

Sales and result by segment

EUR million	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2010 Q1-Q3	2009 Q1-Q3	2009 Q1-Q4
Consumer Packaging	305	310	257	255	250	872	713	968
Office Papers	164	153	160	132	133	477	411	543
Speciality Papers	75	80	82	73	80	237	279	352
Market Pulp and Energy	107	126	95	126	132	328	382	508
Other operations	53	44	46	59	56	143	130	189
Internal sales	-42	-37	-38	-39	-33	-117	-89	-128
Sales	662	676	602	606	618	1,940	1,826	2,432
Consumer Packaging	48	51	52	50	51	151	90	140
Office Papers	17	6	11	6	0	34	-5	1
Speciality Papers	5	-18	-4	-8	-7	-17	-57	-65
Market Pulp and Energy	19	23	14	-1	-6	56	-20	-21
Other operations	6	-1	9	85	-11	14	-52	33
EBITDA	95	61	82	132	27	238	-44	88
% of sales	14.4	9.0	13.6	21.8	4.4	12.3	-2.4	3.6
Consumer Packaging	34	38	39	33	31	111	18	51
Office Papers	9	-4	0	-54	-15	5	-50	-104
Speciality Papers	4	-21	-6	-78	-10	-23	-73	-151
Market Pulp and Energy	12	16	9	-39	-15	37	-52	-91
Other operations	7	6	7	86	-15	20	-58	28
Operating result	66	35	49	-52	-24	150	-215	-267
% of sales	10.0	5.2	8.1	-8.6	-3.9	7.7	-11.8	-11.0
Non-recurring items								
Consumer Packaging	0	0	0	-1	0	0	-17	-18
Office Papers	0	0	0	-54	-2	0	-2	-56
Speciality Papers	11	-16	0	-72	1	-5	-28	-100
Market Pulp and Energy	-4	0	0	-30	-1	-4	-7	-37
Other operations	5	8	10	98	0	23	-4	94
Non-recurring items in operating result	12	-8	10	-59	-2	14	-58	-117
Consumer Packaging	48	51	52	51	51	151	95	146
Office Papers	17	6	11	13	0	34	-5	8
Speciality Papers	-3	-2	-4	-2	-8	-9	-29	-31
Market Pulp and Energy	23	23	14	2	-6	60	-19	-17
Other operations	0	-1	-1	-13	-11	-2	-49	-62
EBITDA, excl. non-recurring items	85	77	72	51	26	234	-7	44
% of sales	12.8	11.4	12.0	8.4	4.2	12.1	-0.4	1.8
Consumer Packaging	34	38	39	34	31	111	35	69
Office Papers	9	-4	0	0	-13	5	-48	-48
Speciality Papers	-7	-5	-6	-6	-11	-18	-45	-51
Market Pulp and Energy	16	16	9	-9	-14	41	-45	-54
Other operations	2	-2	-3	-12	-15	-3	-54	-66
Operating result, excl. non-recurring items	54	43	39	7	-22	136	-157	-150
% of sales	8.2	6.4	6.5	1.2	-3.6	7.0	-8.6	-6.2

Unaudited

M-real Corporation Interim report 1 January–30 September 2010
12:00 EET

27 October 2010 at

EUR million	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2010 Q1-Q3	2009 Q1-Q3	2009 Q1-Q4
Return on capital employed %								
Consumer Packaging	18.1	21.1	22.8	18.8	16.4	20.7	2.7	6.9
Office Papers	8.5	-4.0	-0.1	-47.0	-13.0	1.5	-14.0	-21.1
Speciality Papers	18.0	-76.3	-19.6	-170.3	-16.0	-26.6	-19.6	-55.8
Market Pulp and Energy	7.6	11.4	5.9	-22.1	-7.3	8.0	-10.3	-12.2
Group	11.6	3.8	9.1	-8.7	-2.3	7,8	-8,5	-8.9
Capital employed, EUR million								
Consumer Packaging	749	746	691	676	744	749	744	676
Office Papers	490	423	442	431	479	490	479	431
Speciality Papers	94	105	116	134	225	94	225	134
Market Pulp and Energy	659	601	568	567	830	659	830	567
Unallocated and eliminations	380	415	298	526	541	380	541	526
Group	2,372	2,290	2,115	2,334	2,819	2,372	2,819	2,334

Capital employed for a segment includes its assets (goodwill, other intangible goods, tangible assets, biological assets, investments in associates, inventories, accounts receivables, prepayments and accrued income (excluding interest and taxes)), less the segment's liabilities (accounts payable, advance payments, accruals and deferred income (excluding interest and taxes)).

Note: Capital employed figures for segments have been changed according to the renewed allocation of Metsä-Botnia beginning from Q4 2009.

Deliveries 1,000 tonnes	2010 Q3	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2010 Q1-Q3	2009 Q1-Q3	2009 Q1-Q4
Consumer Packaging	353	372	321	327	315	1,046	885	1,212
Office Papers	212	212	237	198	199	661	592	790
Speciality Papers	57	66	74	68	76	197	274	342
Paper business, total	269	278	311	266	275	858	866	1,132
Market Pulp	167	194	161	246	295	522	909	1,155
Production 1,000 tonnes								
Consumer Packaging	353	363	342	342	323	1,058	890	1,232
Office Papers	228	209	235	213	181	672	582	795
Speciality Papers	60	73	78	71	75	211	248	319
Paper business, total	288	282	313	283	257	883	830	1,114
Metsä-Botnia pulp ¹⁾	160	164	164	203	219	488	660	863
M-real pulp	331	308	329	316	263	968	804	1,120

¹⁾ corresponds to M-real's ownership share of 30% in Metsä-Botnia