



M-real

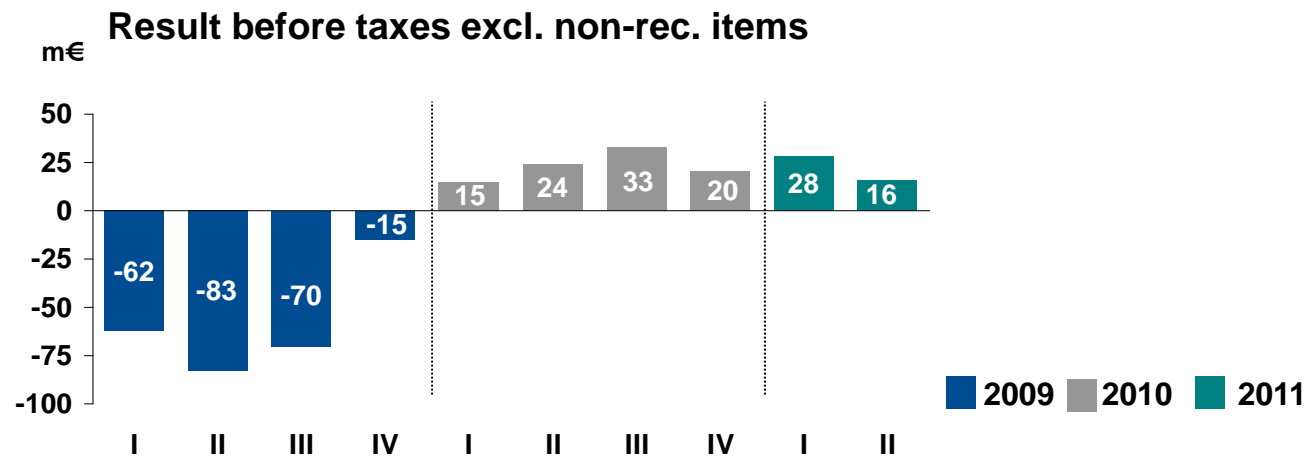
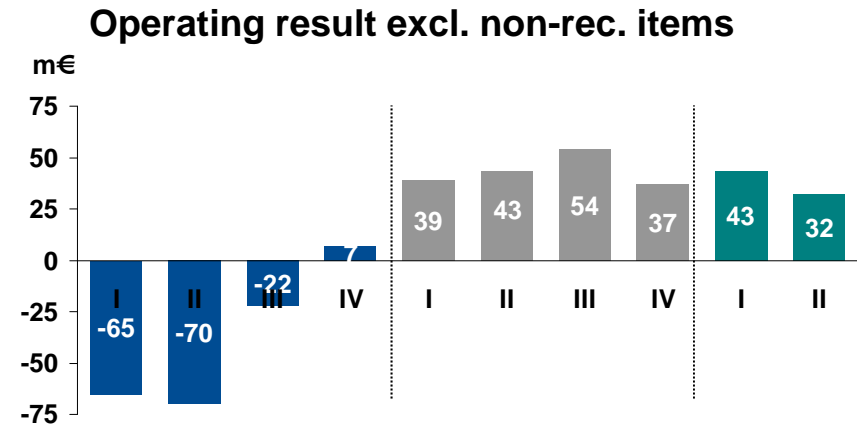
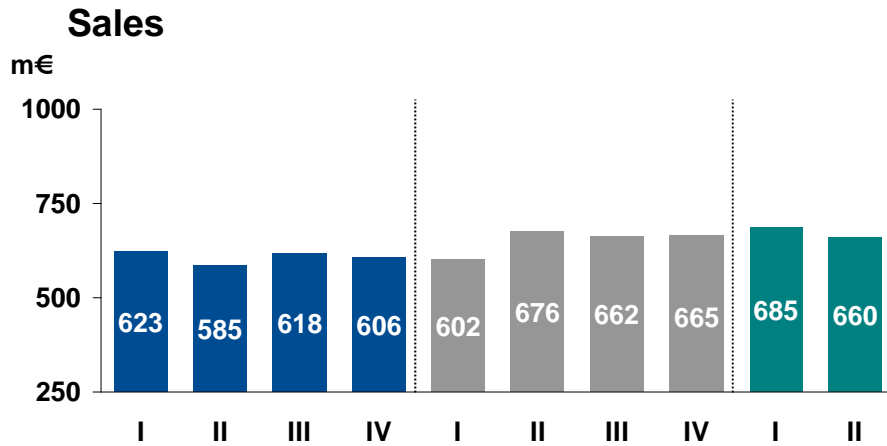
Results 2Q 2011

Key Events in 2Q 2011

- Profitability decreased from previous quarter as expected
- Simpele mill's folding boxboard capacity increase by 80 000 tons/a implemented as planned
- New measures to eliminate losses of paper business initiated
- Divestment of Hallein pulp mill to Schweighofer Group
- Divestment of M-real's holding in Myllykoski Paper to UPM-Kymmene
- Price increase implemented in liner and announced in folding boxboard and uncoated fine papers

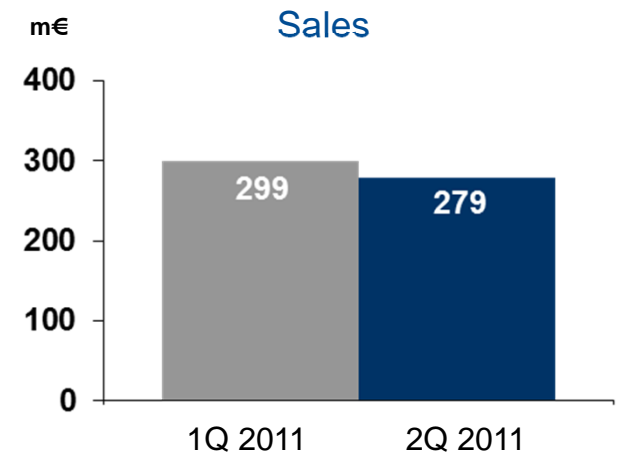


Key Figures – Quarterly

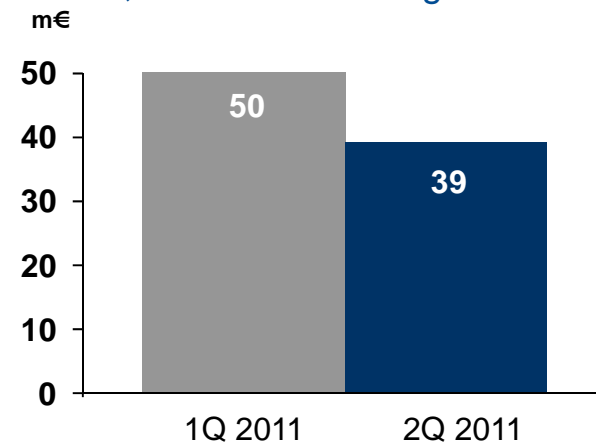


Consumer Packaging Result Continued Strong

- Result weakened from 1Q 2011 due to Simpele investment shutdown, weaker WFC market situation and unfavourable exchange rates
- Due to the uncertainty in European economy board order stocks have decreased from the exceptionally strong levels
- M-real's operating rates are on a good level and demand outlook for virgin fibre board remains good
- Liner prices increased in April, new FBB price increase announced
- Investment shutdowns in Kemi by M-real and Botnia as well as weak WFC market situation to impact negatively Consumer Packaging's result

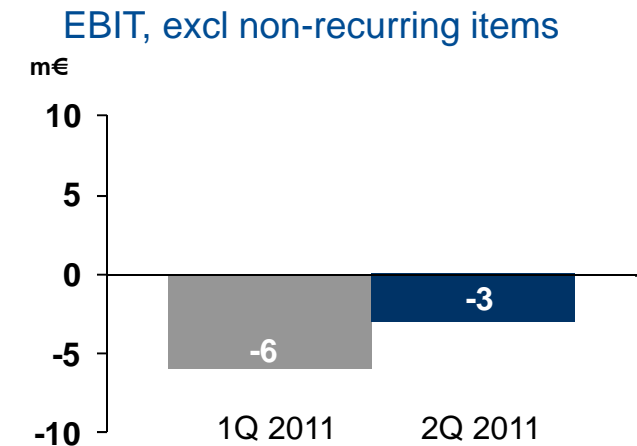
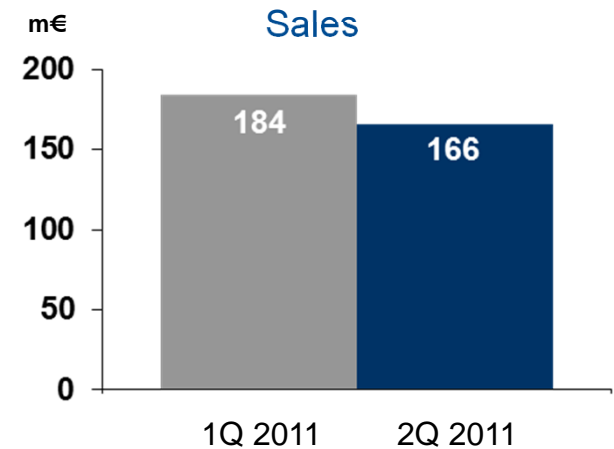


EBIT, excl non-recurring items



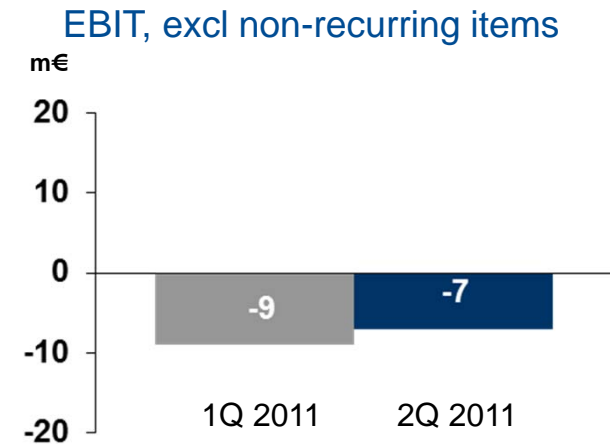
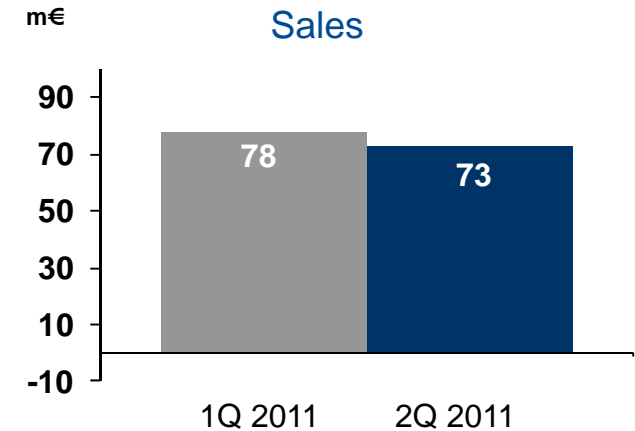
Office Papers Result Improved Due to Lower Costs

- Result was improved from 1Q 2011 by lower fibre and energy costs
- WFU market situation has weakened during recent months that makes the implementation of the announced price increases challenging
- Weak coated magazine paper market situation to impact negatively Office Papers result
- Divestment or potential closure of Alizay mill would improve Office Papers result significantly
 - In short-term Office Papers result negatively impacted by the plans in Alizay



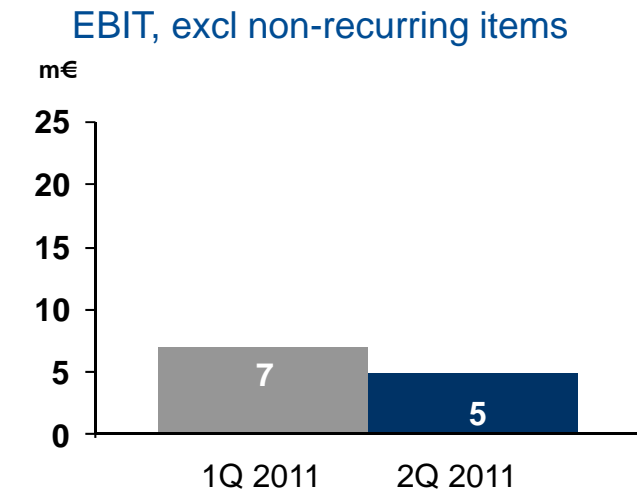
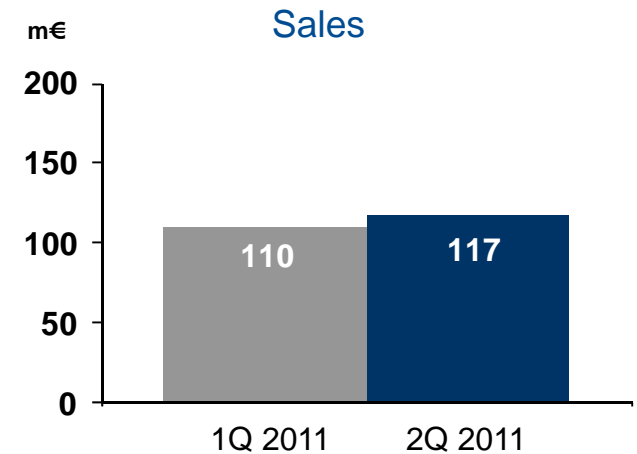
Speciality Papers Operations Planned to Be Mostly Divested or Clearly Downsized

- Result improved slightly from 1Q 2011 due to higher average sales prices related to sales mix
- Result was weakened by lower delivery volumes and higher raw material costs
- Market situation has weakened during recent months
- Work to eliminate losses of Gohrsmühle and Reflex mills by divestments or potential closures proceeds
 - In short-term Speciality Papers result will be negatively impacted



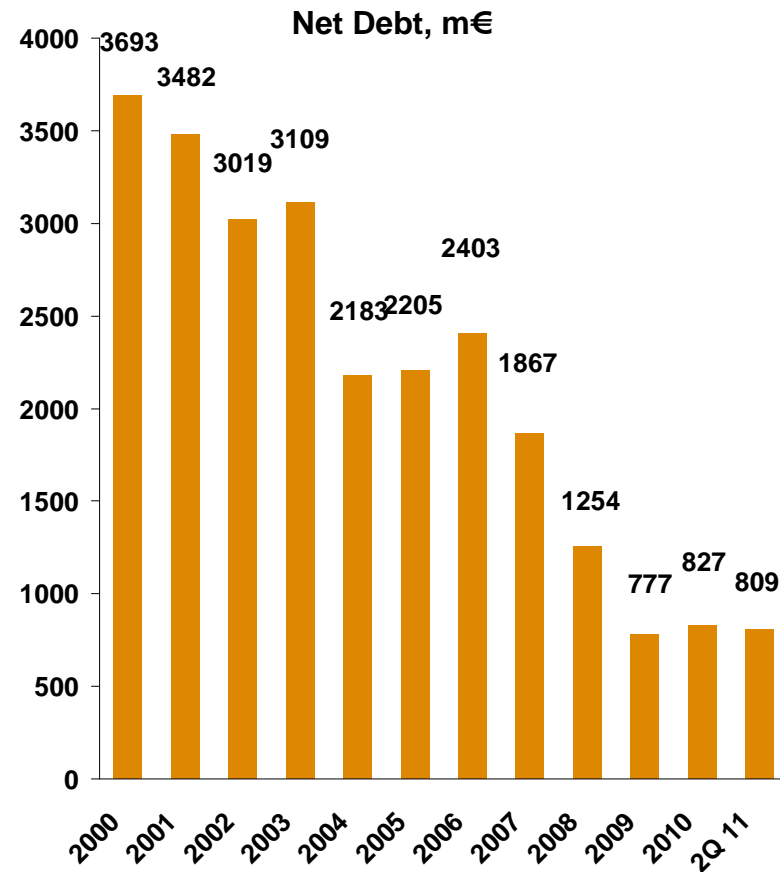
Market Pulp and Energy's Result Affected by Lower Average Pulp Price

- Profitability weakened vs. 1Q 2011 by somewhat lower pulp price mainly due to unfavourable exchange rates
- Result improved by increased deliveries
- Weak paper market situation increases uncertainties in pulp market. Pulp deliveries are expected to decline slightly in 3Q
- Average pulp price expected to somewhat decrease in 3Q 2011
- Divestment of Hallein pulp mill improves Market Pulp and Energy's annual EBIT by 5 m€ based on 2010 actual numbers
 - Closing of the transaction expected during 3Q



Financial Situation Unchanged

- Current net debt 809 m€ and net gearing 84 %
- ONWC decreased by about 40 m€ in 2Q
- Liquid funds 270 m€ at end 2Q 2011
- Average interest rate 5.9% at end 2Q



Major Result Improvements in the Pipeline

- Elimination of 60 m€/a losses of Alizay and Speciality Papers by divestments or potential closures
 - Most of the annual impact seen in 2012 and fully from 2013
 - Negative result impact in 3Q 2011
- Increasing FBB capacity and improving efficiency
 - Full utilization of Simpele capacity
 - Expansion of Kyro mill in November and Äänekoski mill in Spring 2012
- Finalization of Hallein divestment
 - Expected positive result impact from 4Q onwards
- Profit Impact of 2011 cost savings measures emphasized in the 2H 2011
 - All in all M-real's own actions incl. impact of previous years' programmes are expected to mostly cover the about 5 % cost inflation in 2011



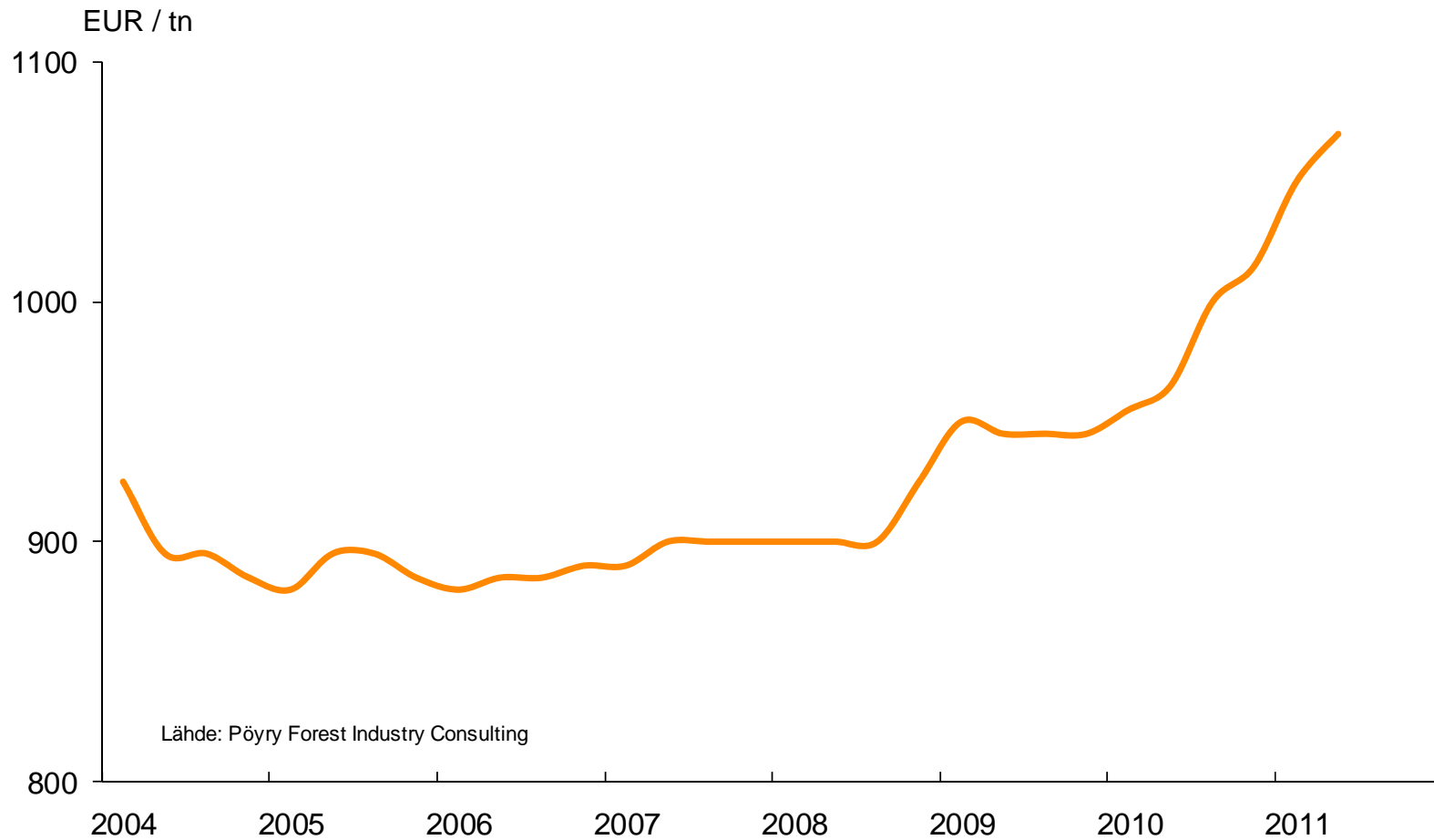
Profitability Outlook

M-real's 3Q 2011 operating result, excluding non-recurring items, is expected to weaken clearly from 2Q 2011 due to the worsened paper and pulp market situation, planned measures at Alizay and Speciality Papers as well as investment and maintenance shutdowns at Botnia's pulp mills. Profitability of board production is expected to be good also in 3Q 2011.

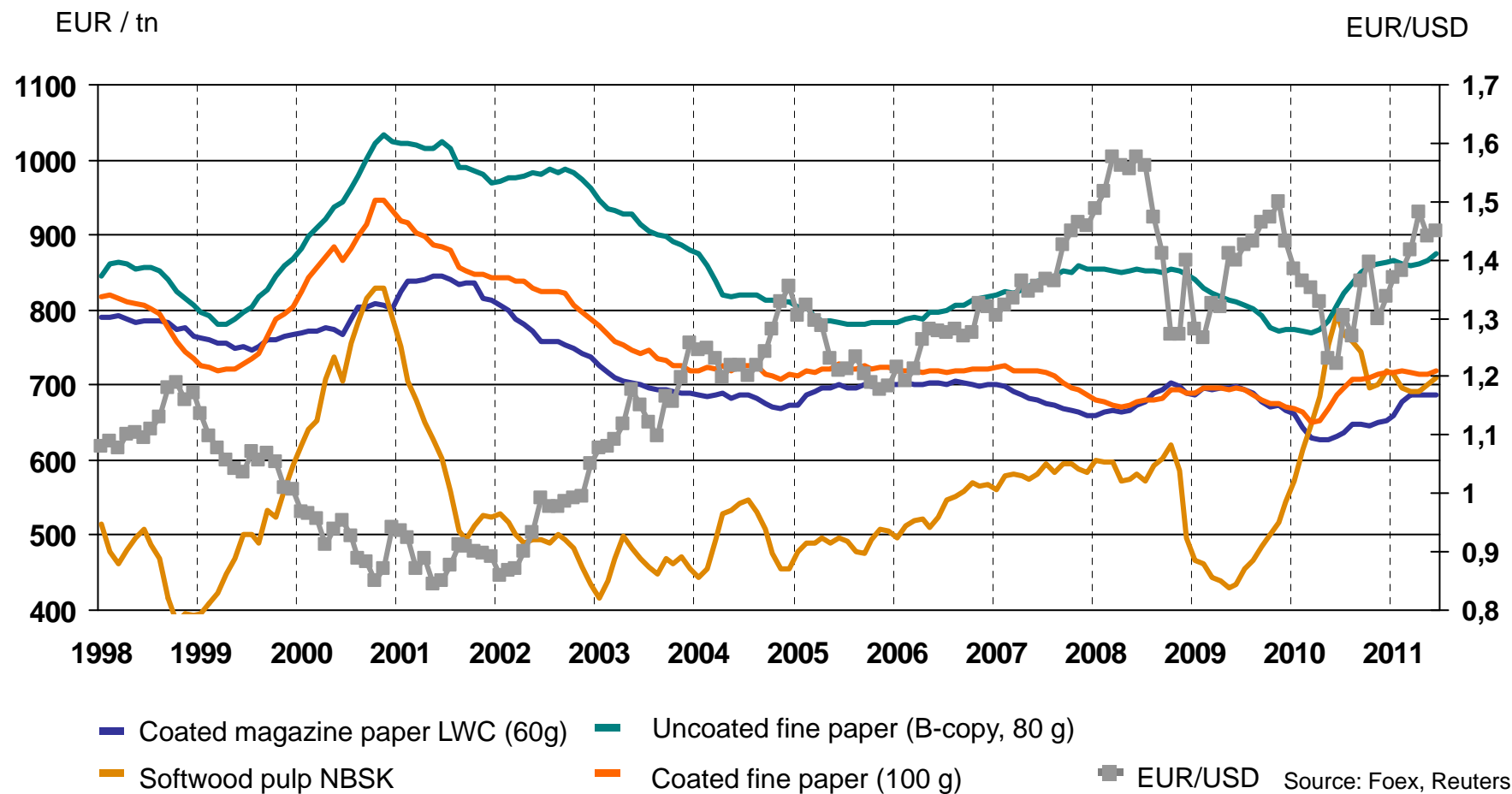


Appendix

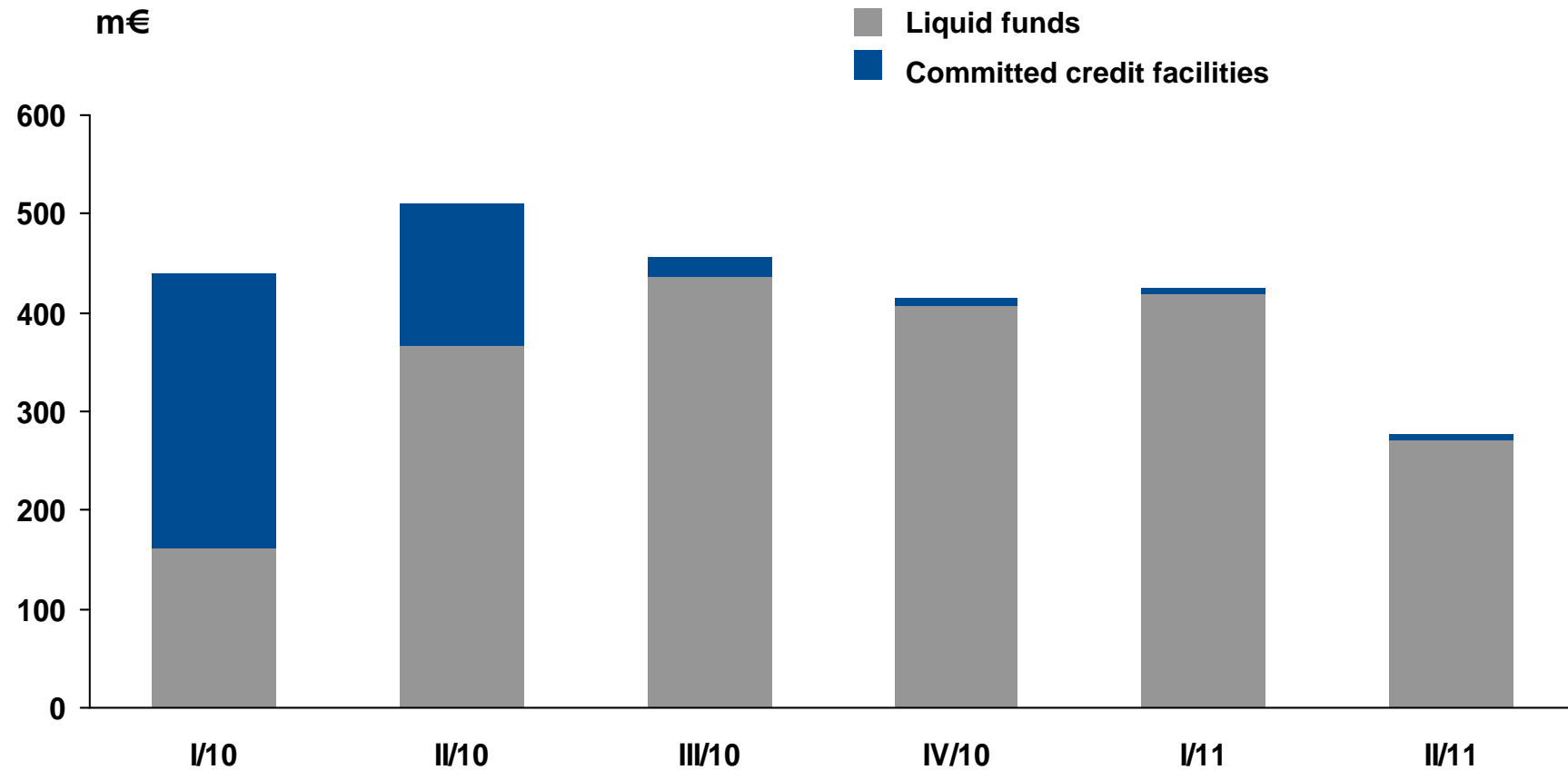
Folding Boxboard Market Price in Europe 2004 – 2Q 2011



Paper and Pulp Market Price in Europe 1998 – 2Q 2011

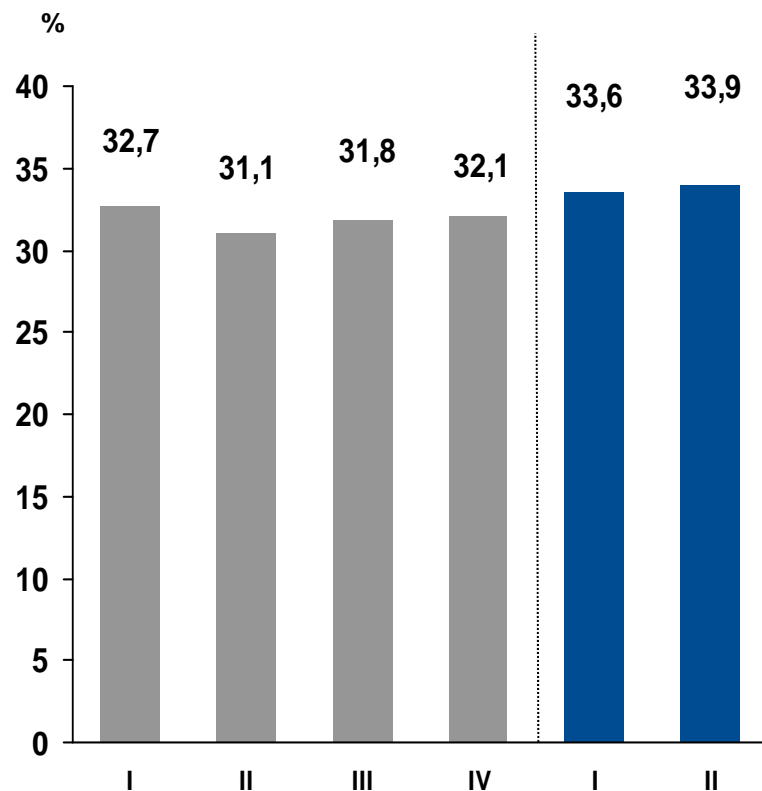


Liquidity

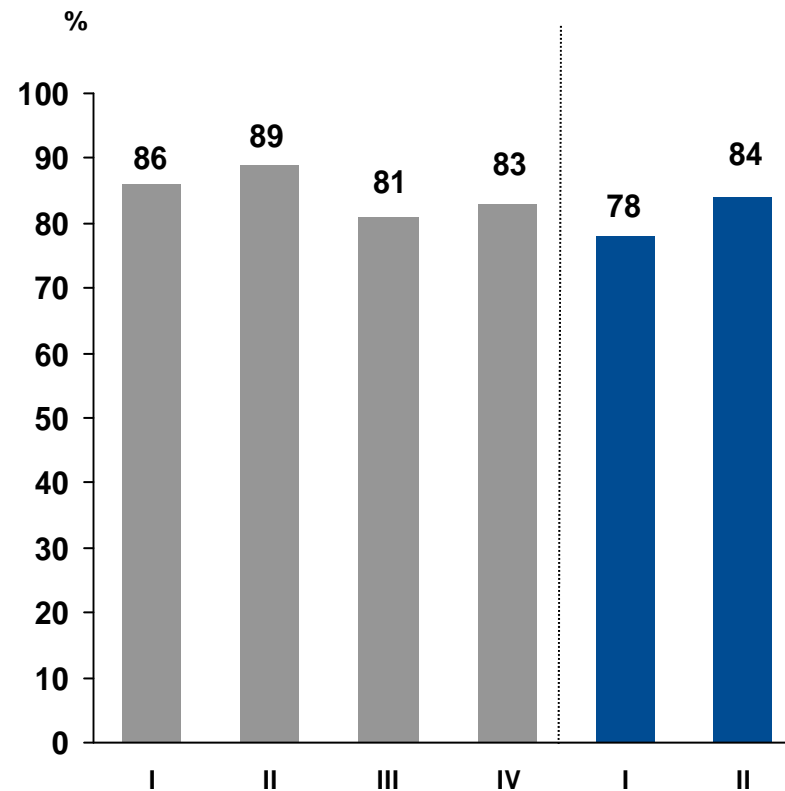


Balance Sheet Ratios

Equity Ratio

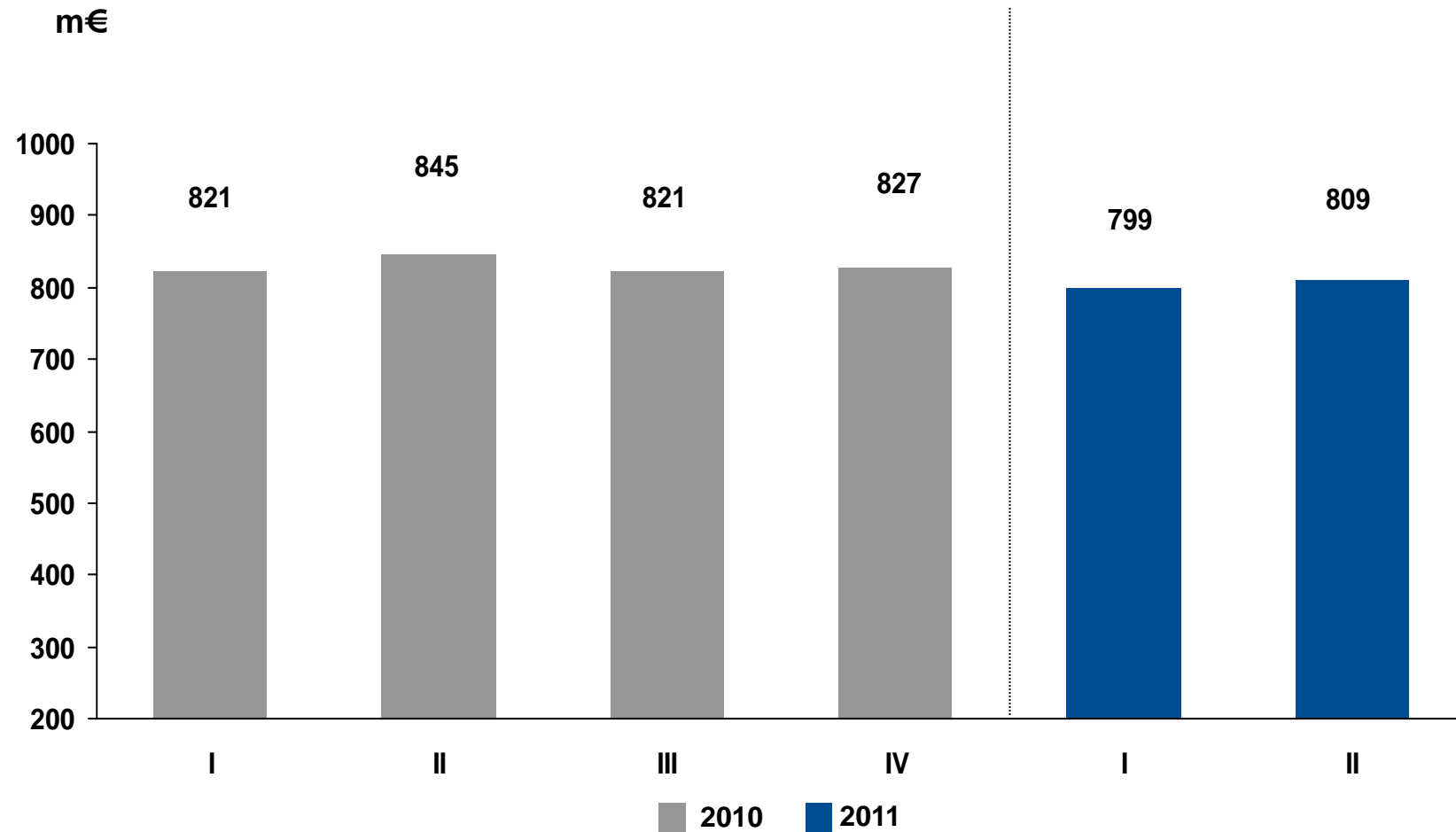


Net gearing

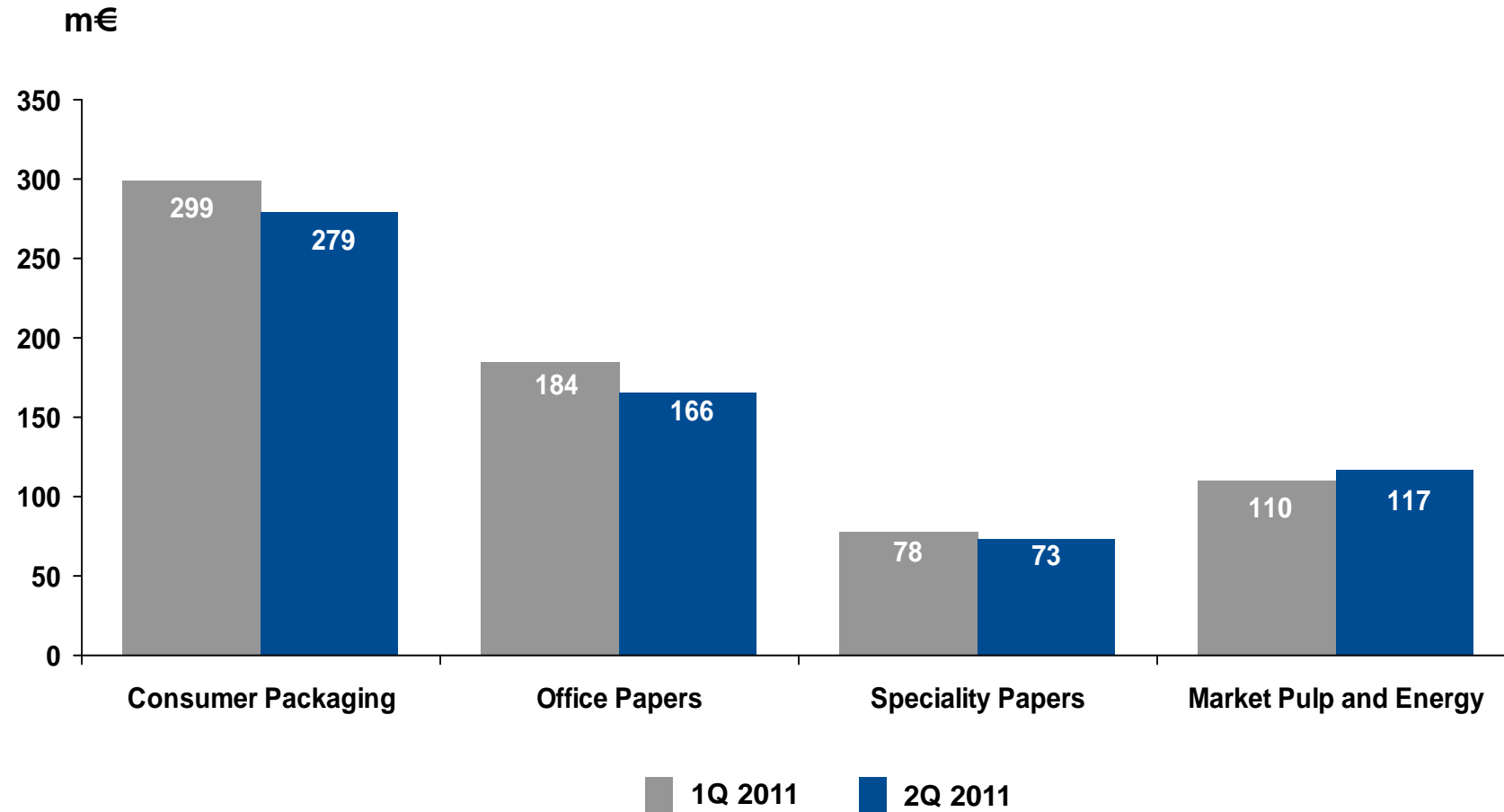


■ 2010 ■ 2011

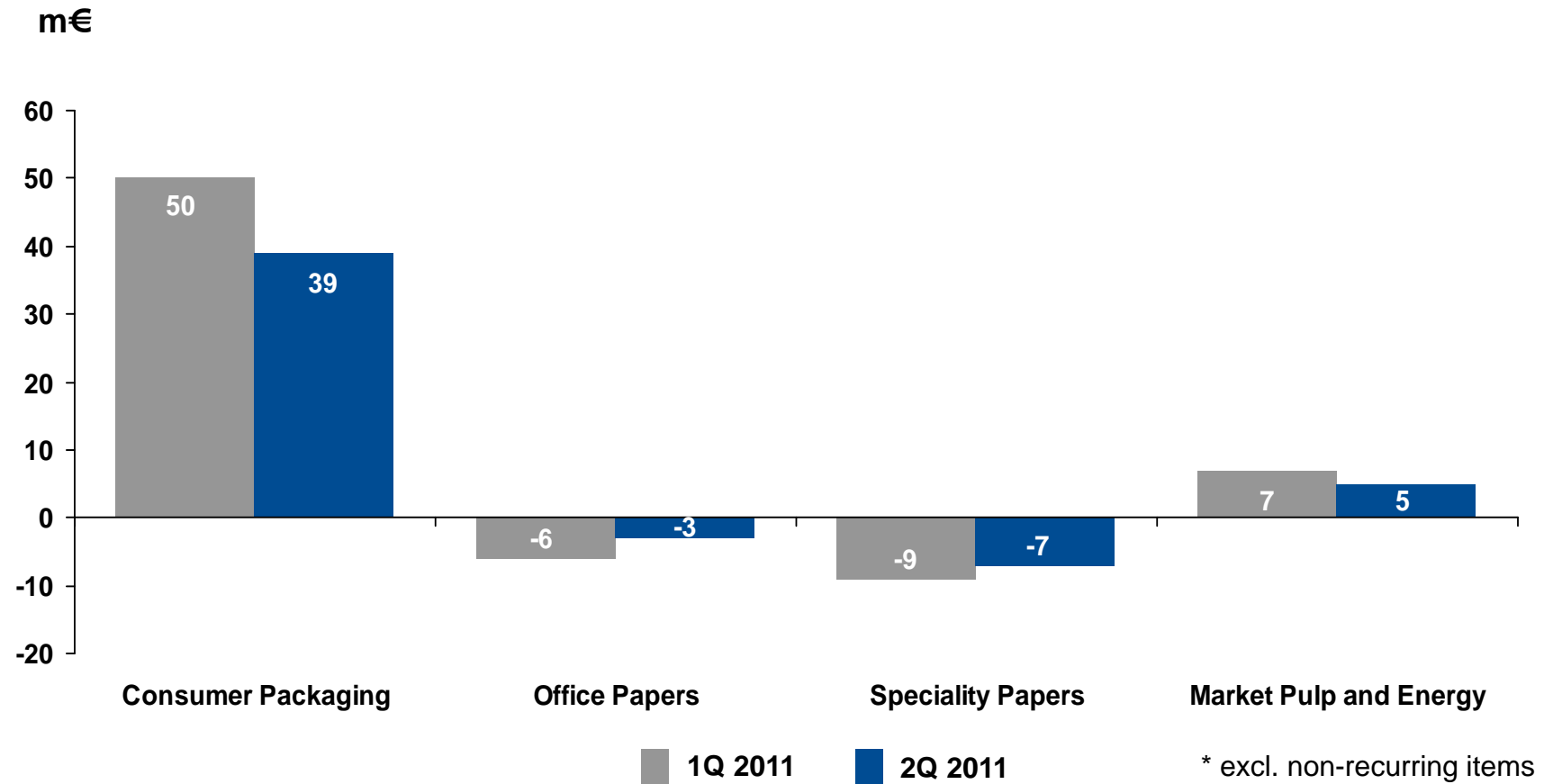
Interest-Bearing Net Debt



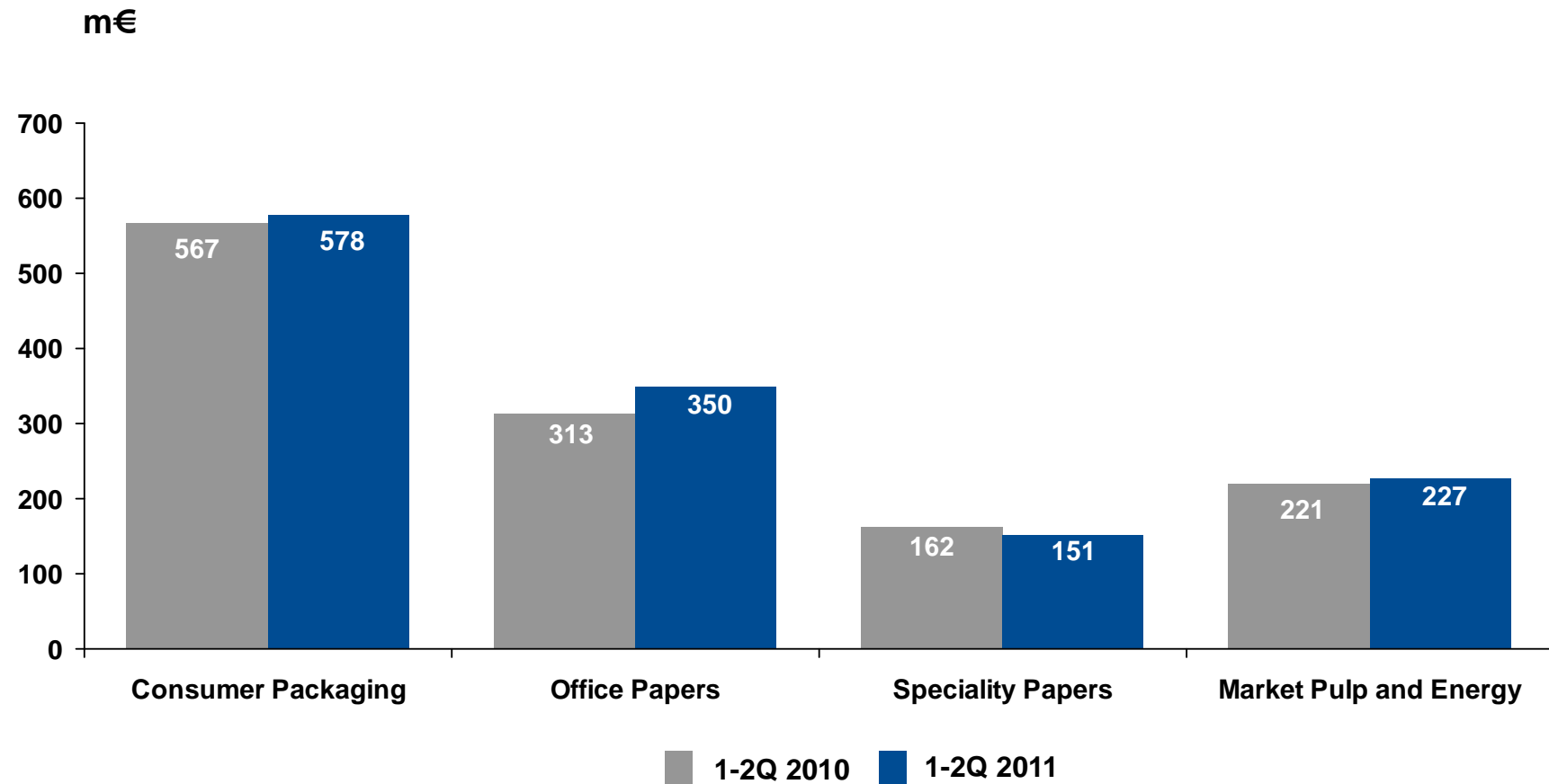
Sales by Business Area



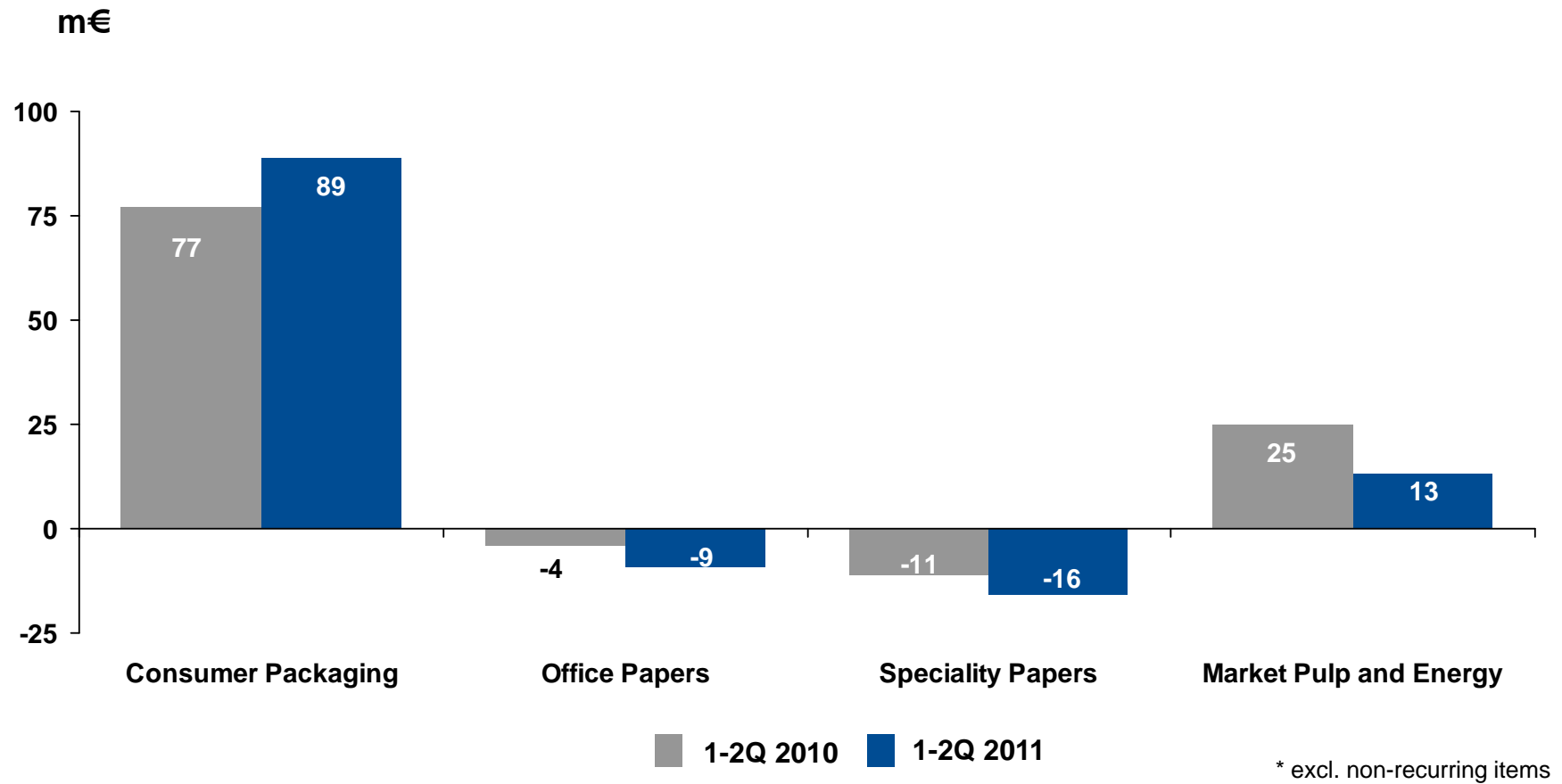
Operating Result by Business Area*



Sales by Business Area

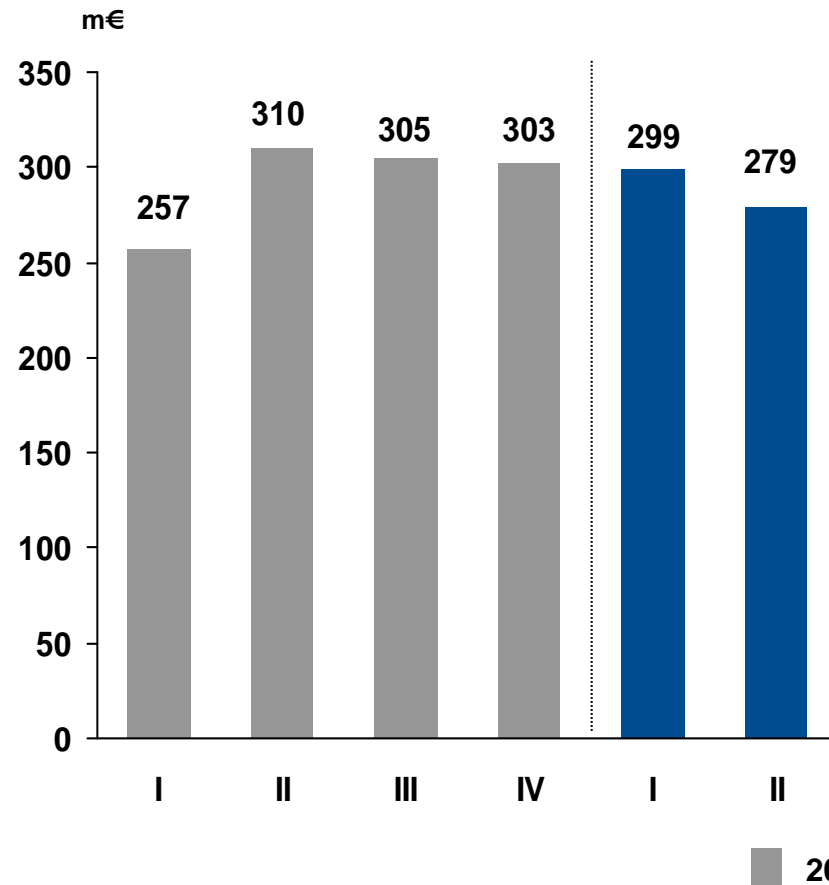


Operating Result by Business Area*

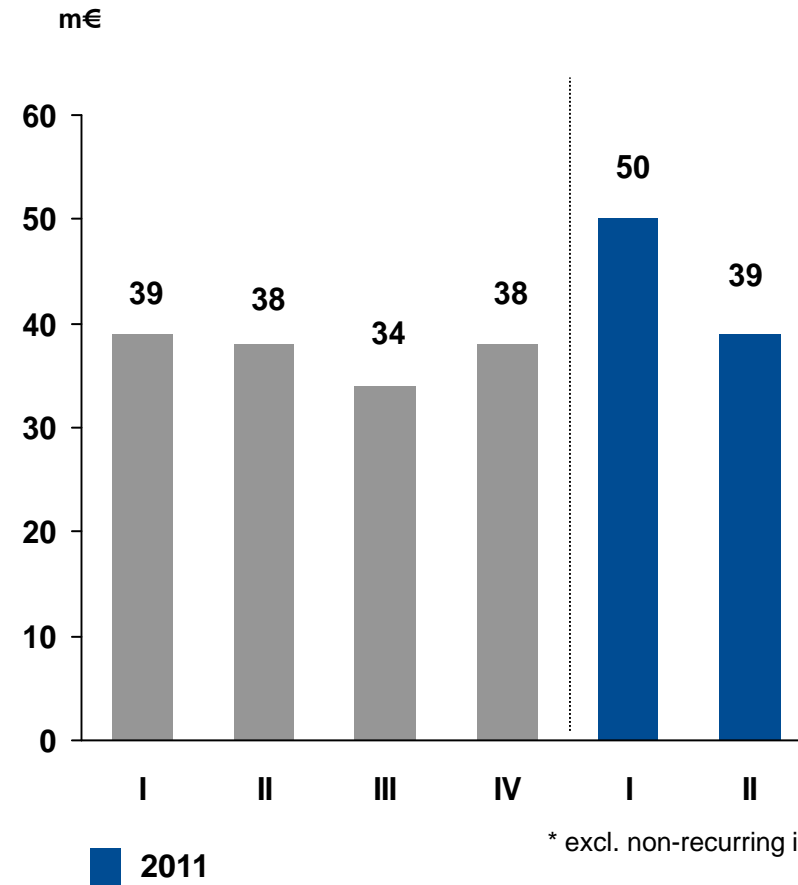


Consumer Packaging

Sales by Quarter



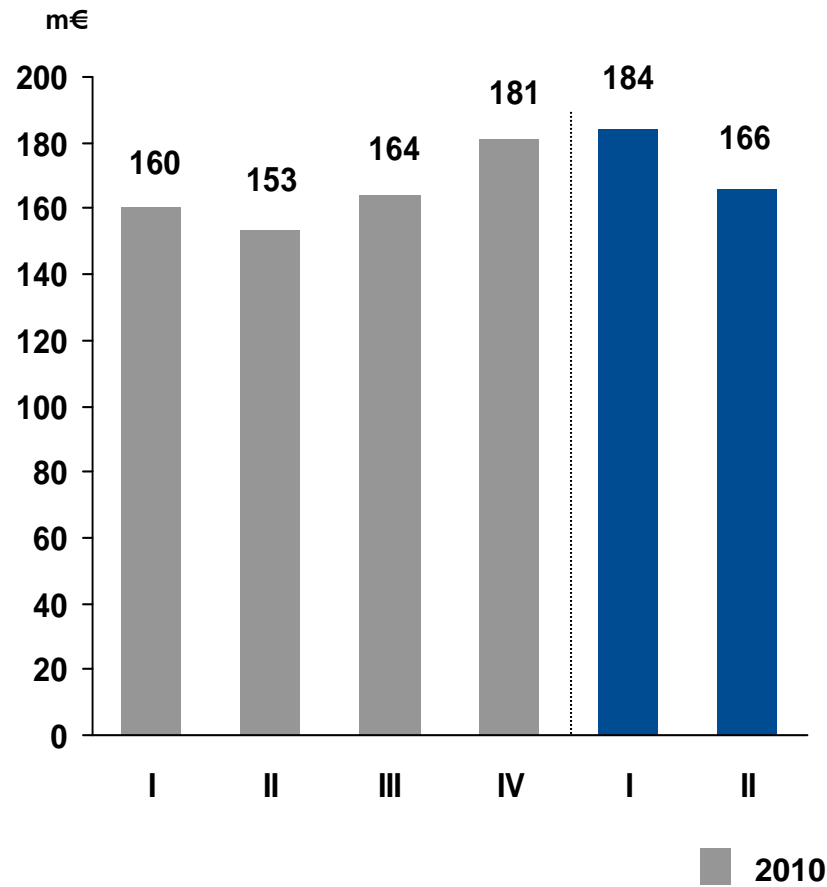
Operating Result by Quarter*



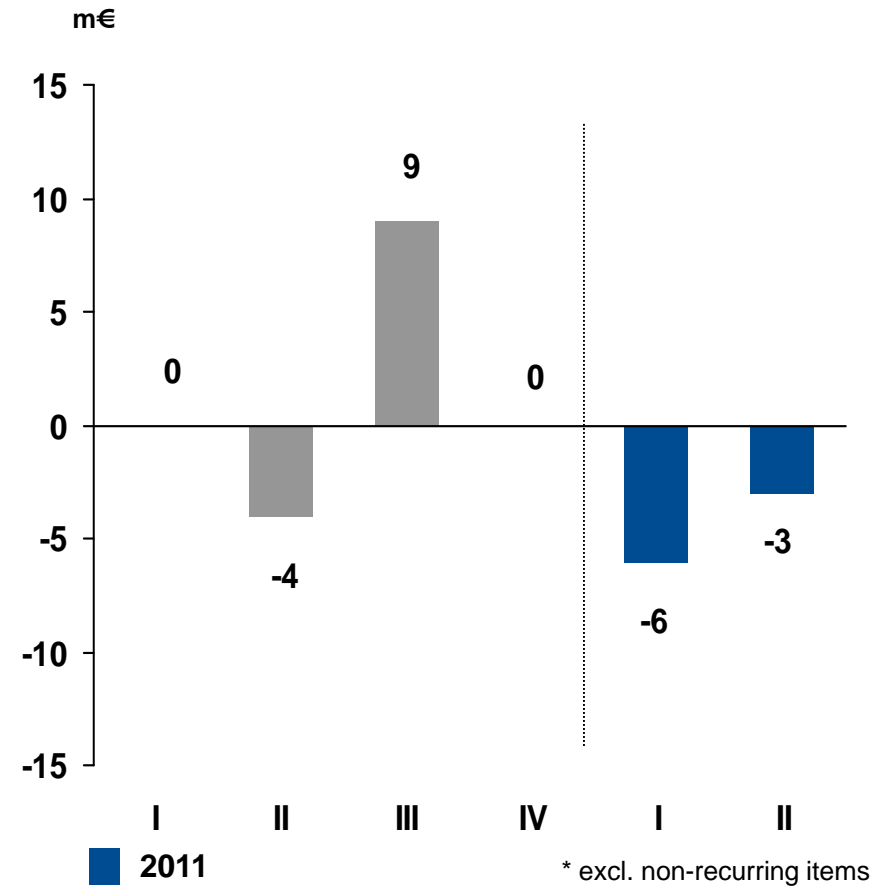
* excl. non-recurring items

Office Papers

Sales by Quarter



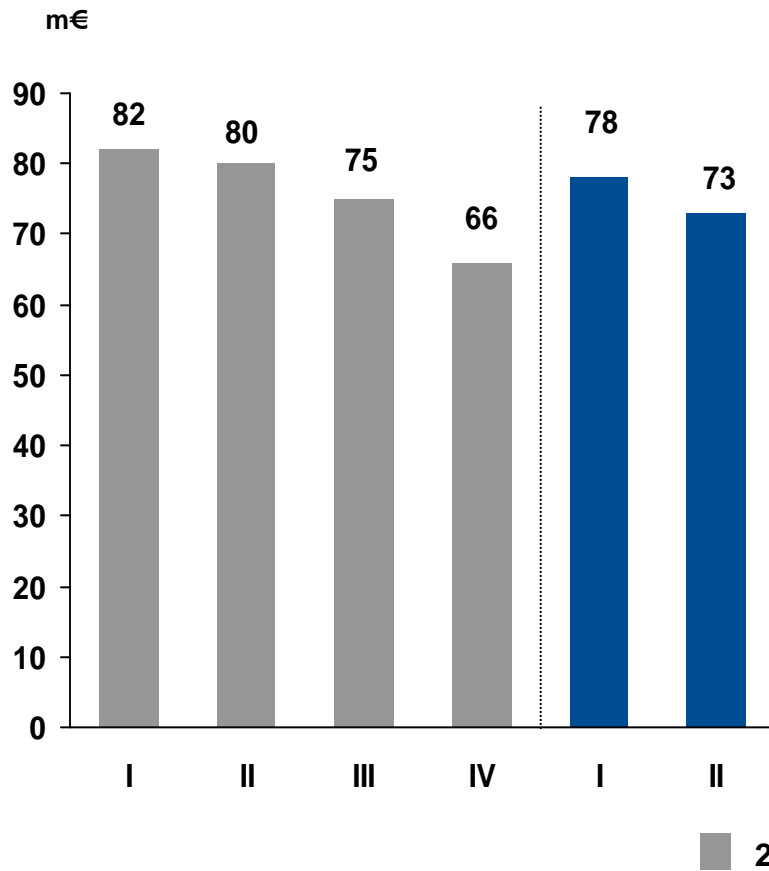
Operating Result by Quarter*



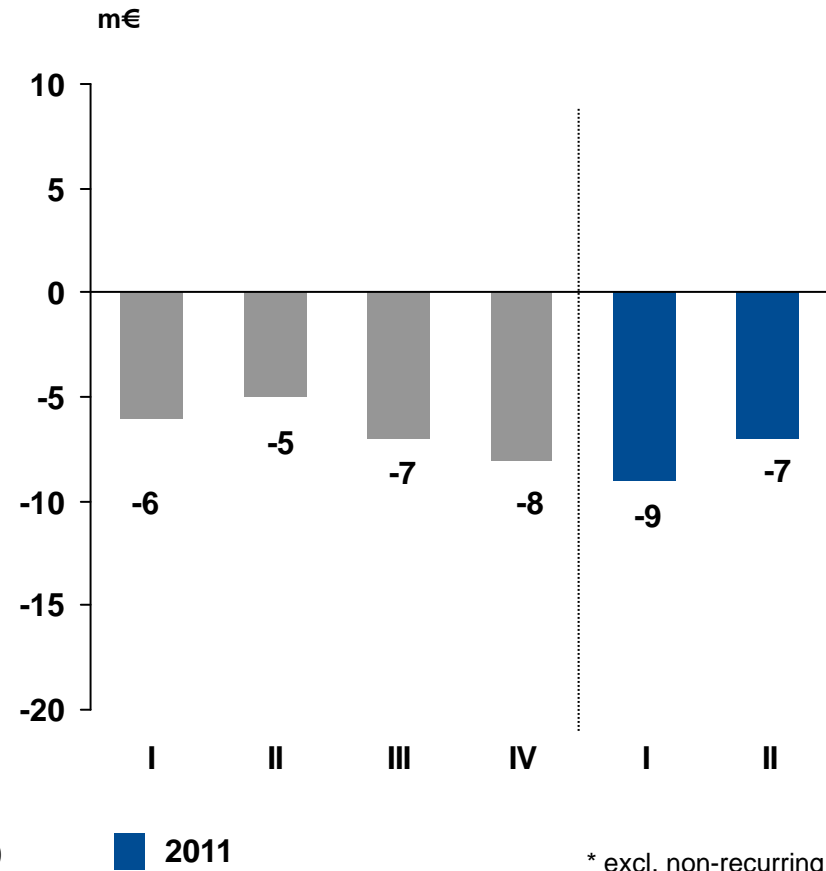
* excl. non-recurring items

Speciality Papers

Sales by Quarter

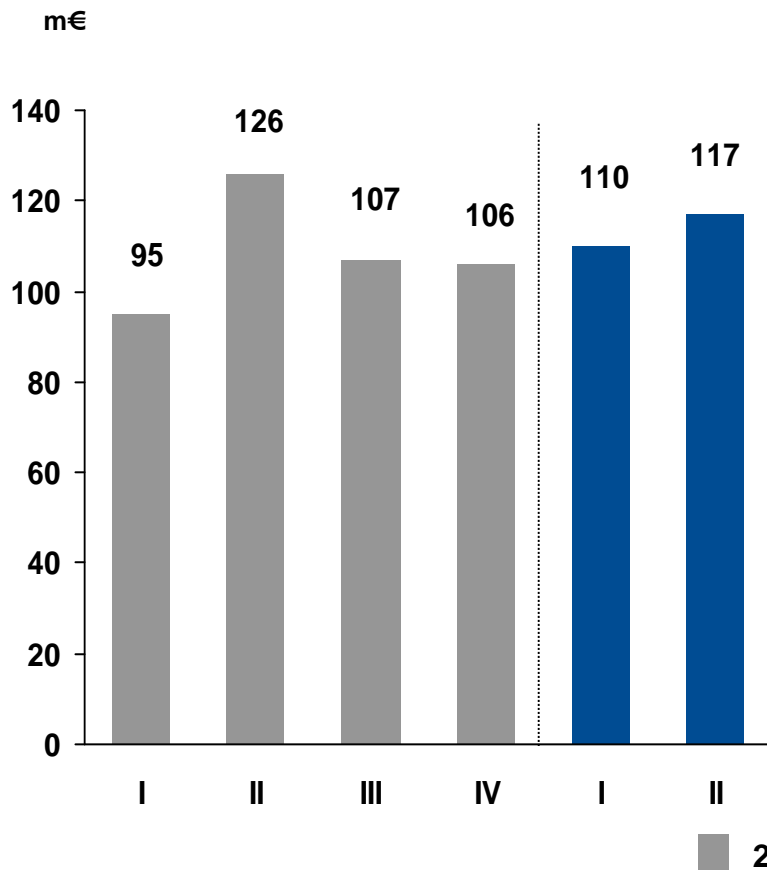


Operating Result by Quarter*

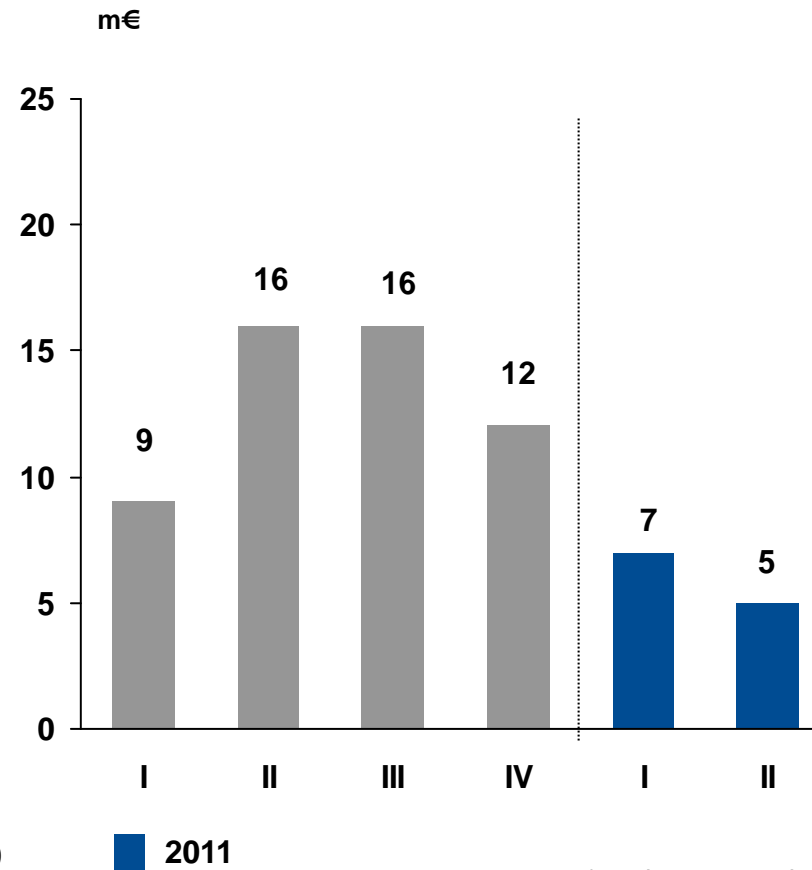


Market Pulp and Energy

Sales by Quarter

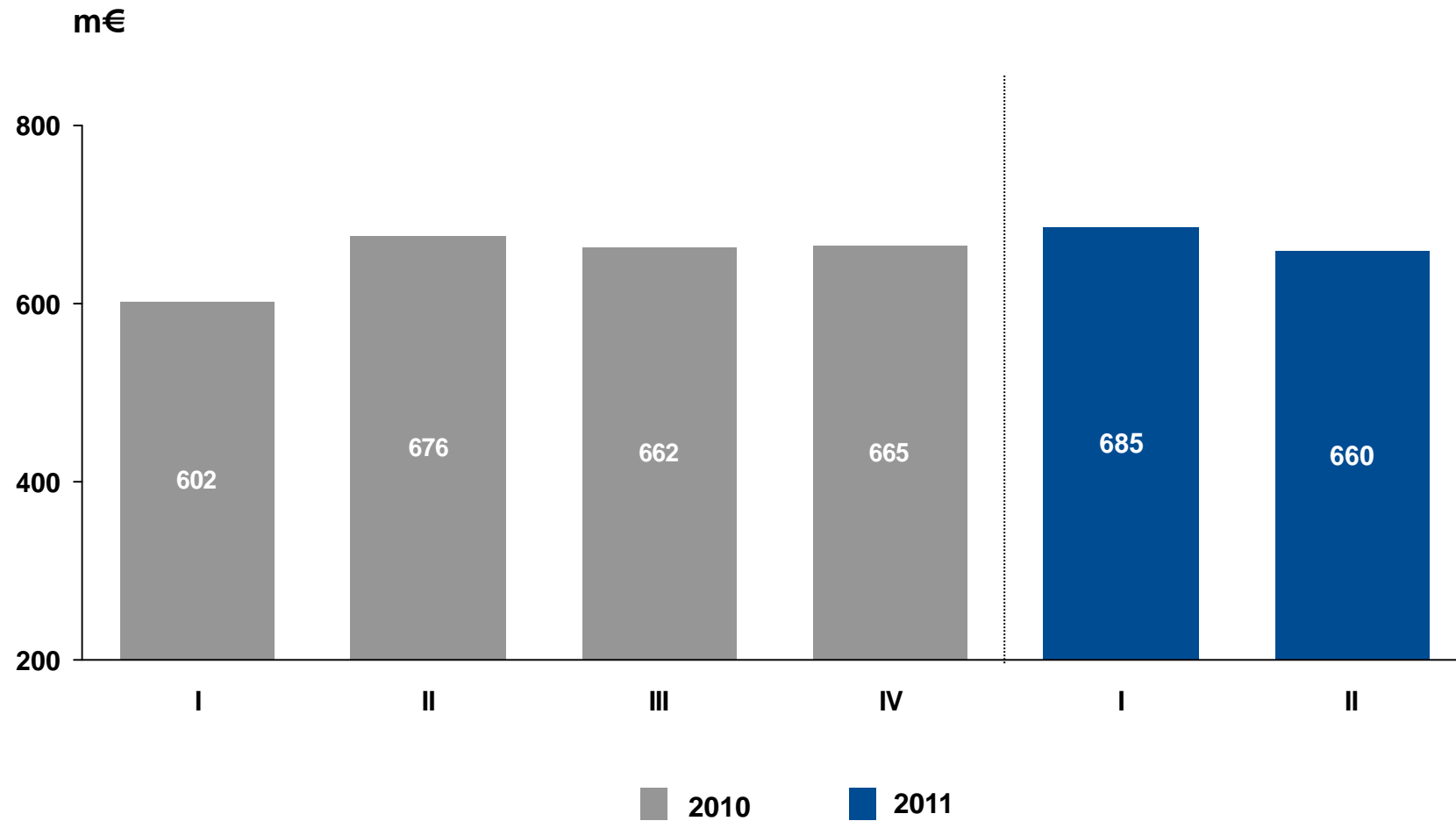


Operating Result by Quarter*

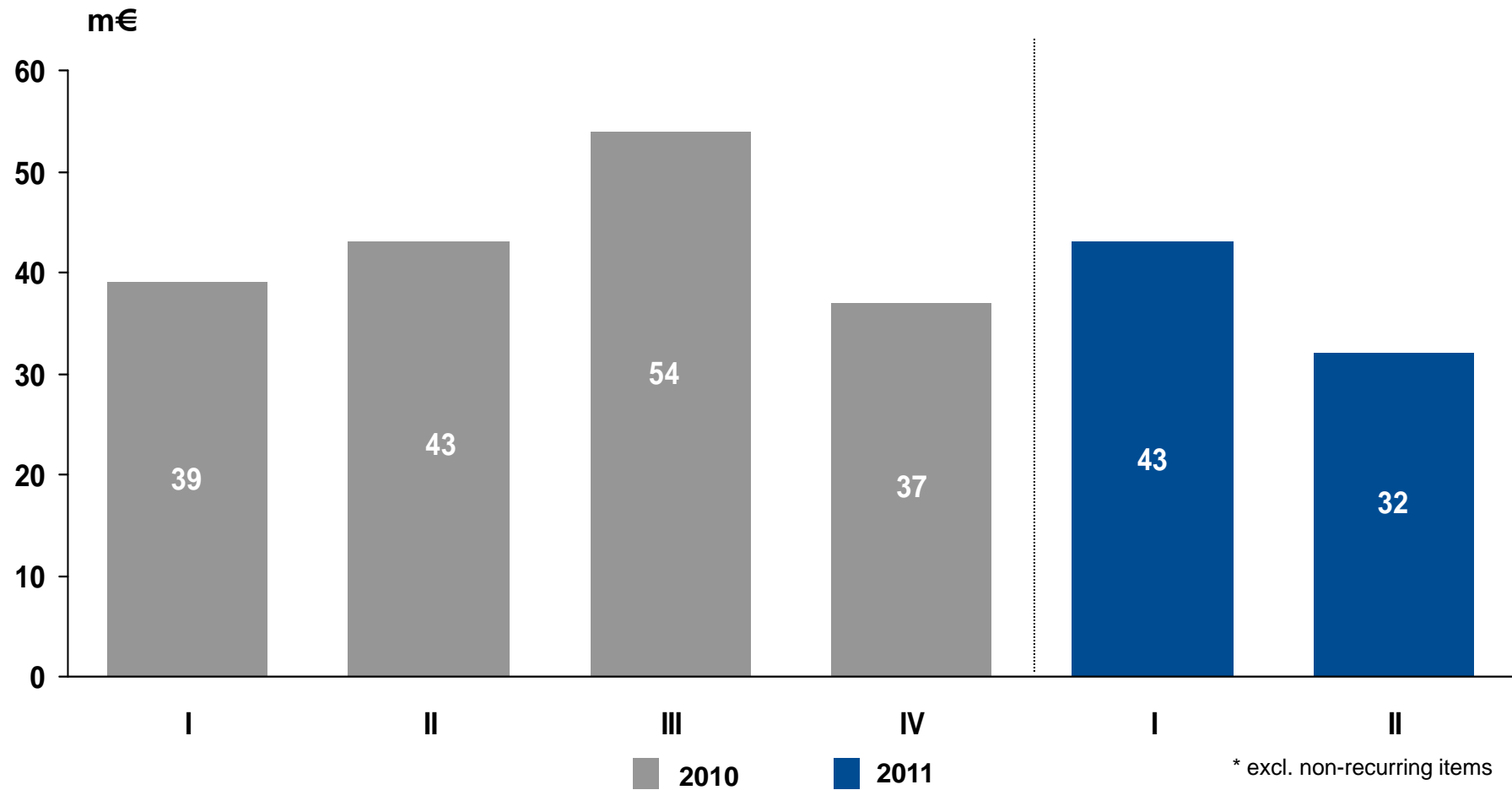


* excl. non-recurring items

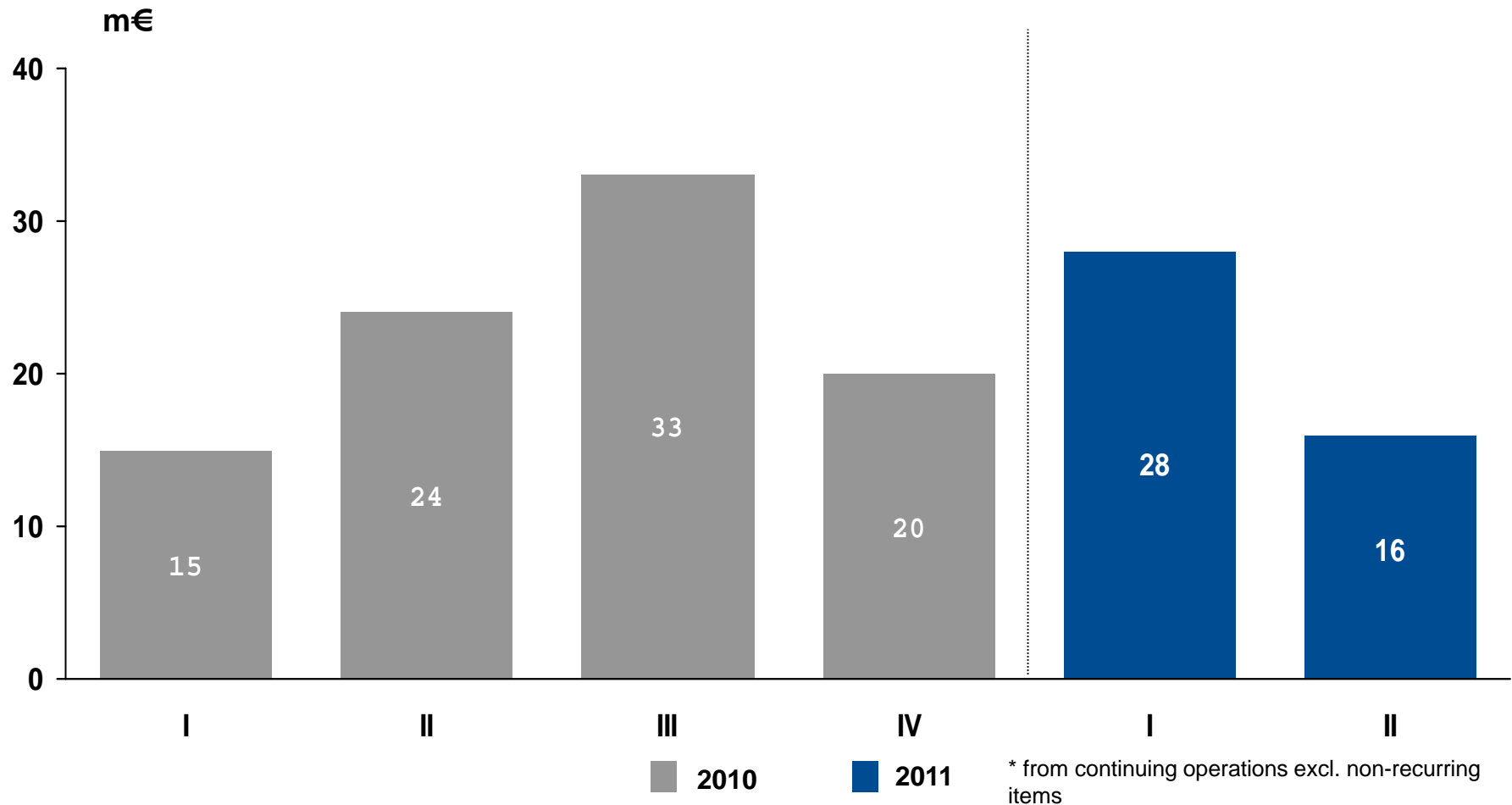
Quarterly Sales



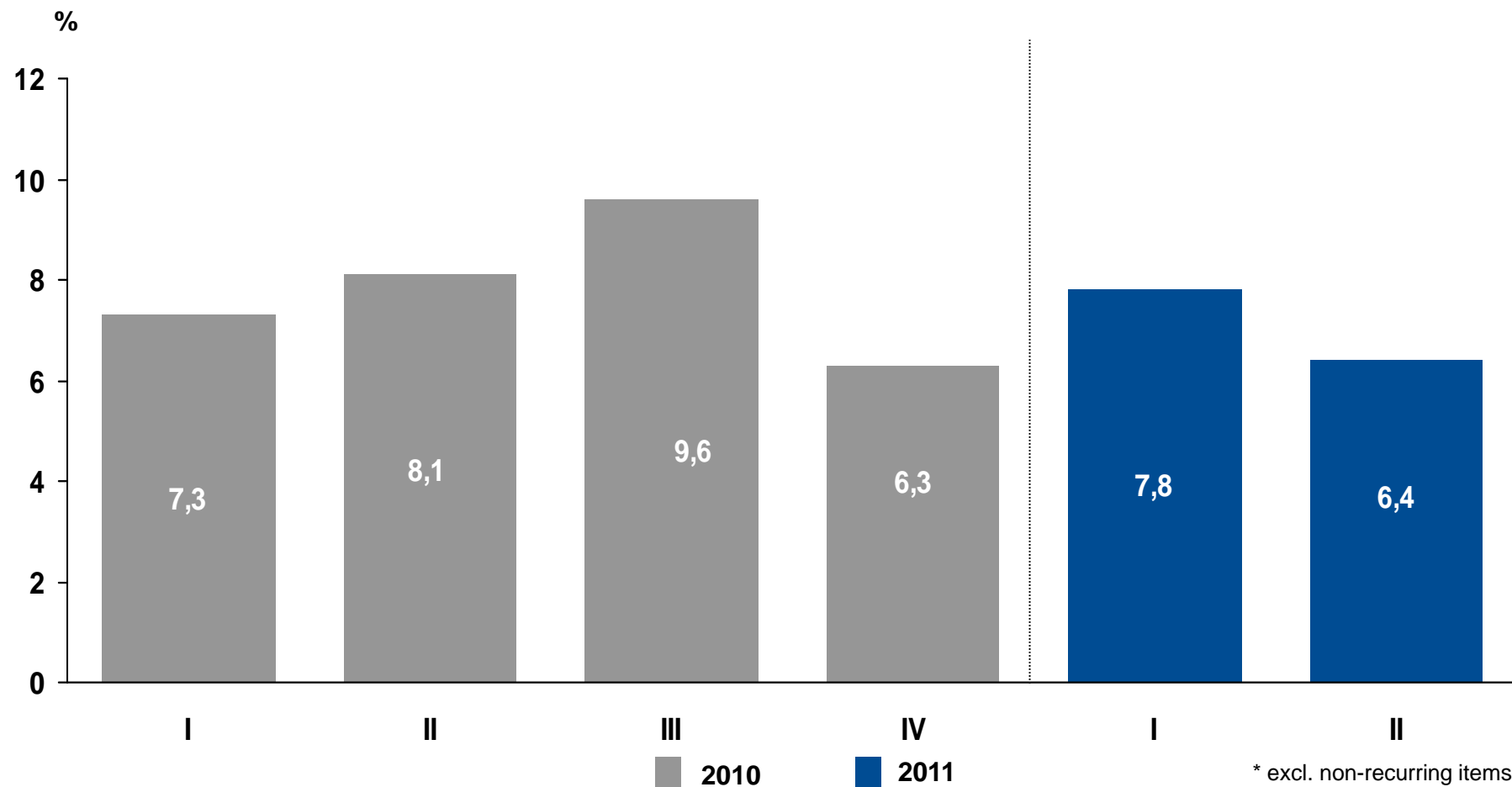
Quarterly Operating Result*



Quarterly Result Before Taxes*

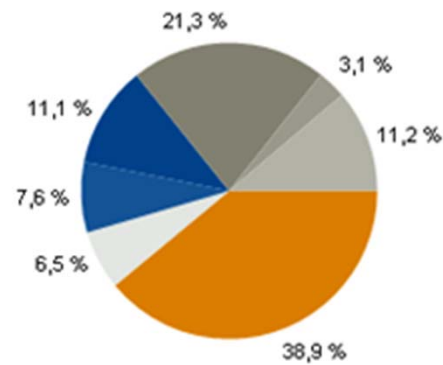


Quarterly ROCE %*



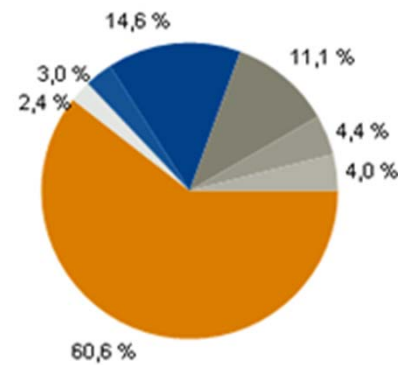
Ownership Structure 30.6.2011

Shares



Sector	No. of shares	
	pcs	%
Metsäliitto Cooperative	127,523,295	38.86
Other companies	21,174,404	6.45
Financial and insurance institutions	25,079,688	7.64
Public sector organizations	36,341,797	11.07
Households	70,016,826	21.34
Non-profit organizations	10,269,406	3.13
Foreigners *	36,661,624	11.17
Total	328,165,612	100.00

Votes



Sector	No. of votes	
	pcs	%
Metsäliitto Cooperative	616,802,460	60.55
Other companies	24,260,194	2.38
Financial and insurance institutions	30,754,494	3.02
Public sector organizations	148,727,063	14.60
Households	112,934,482	11.09
Non-profit organizations	44,644,852	4.38
Foreigners *	40,493,517	3.98
Total	1,018,617,062	100.00