

M-real

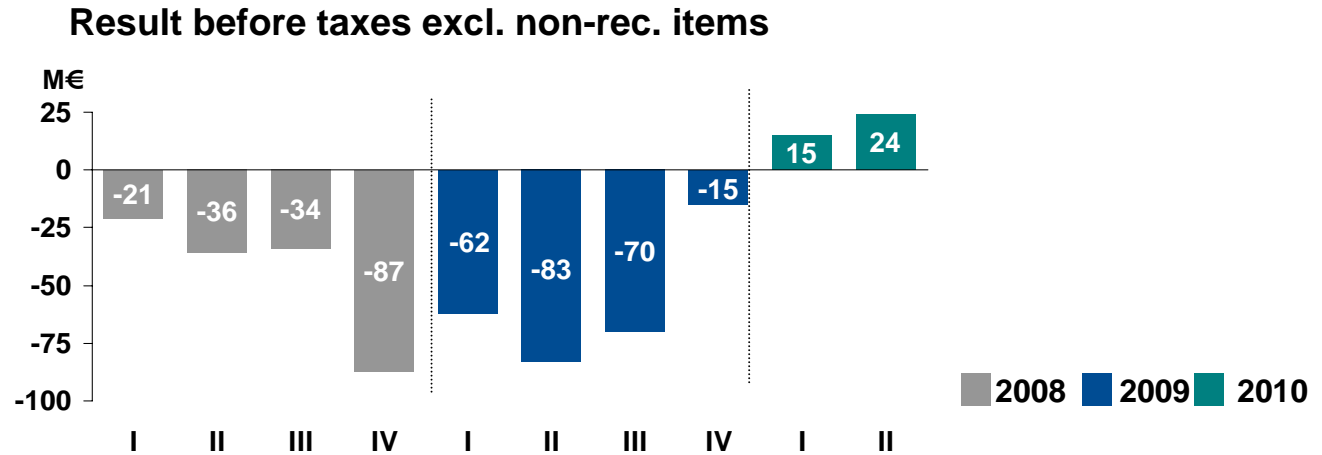
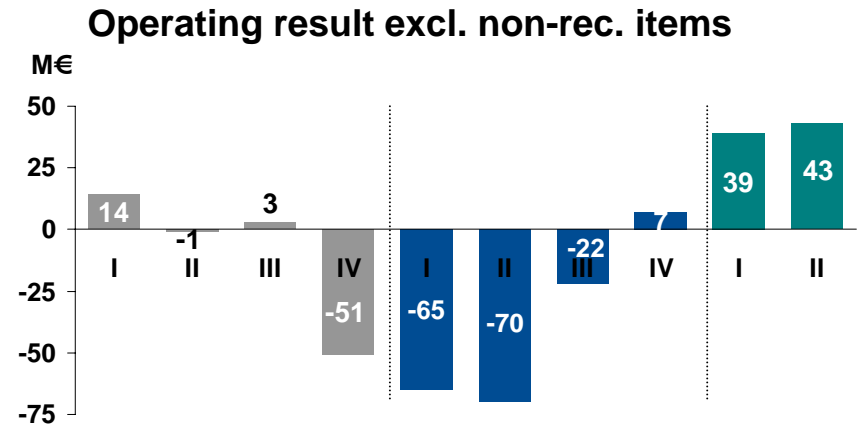
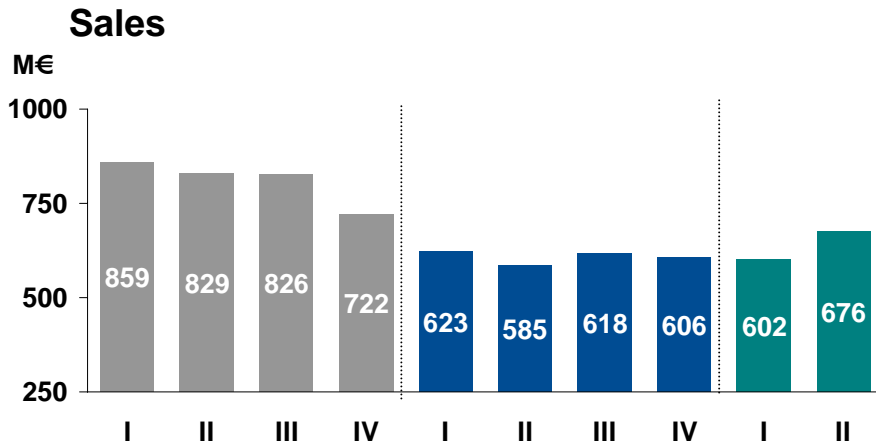
Results 2Q 2010



Key Events in 2Q 2010

- Good profitability trend continued
- M-real's market leadership in FBB strengthened further in Europe
- Demand continued strong and M-real announced new price increases
- M-real announced to redeem the remaining part of the 2010 bond from the market
- Paper business profit improvement programme proceeded as planned
 - Reduction of 220 jobs at M-real Zanders
 - MoU to partially divest the Reflex mill to Metsä Tissue
 - Permanent closure of Alizay pulp mill in July

Good Profitability Trend From Summer 2009 Onwards



Working Capital Increased 71 M€ in 1H 2010

- Working capital increased due to accelerating business activity and fast increasing prices
 - About 15% higher production volume and 15% higher average price (incl. pulp) vs. 1H 09
- Thanks to own actions ONWC* rotation has improved almost 10%
 - From 84 days to 77 days on average
- Main ONWC increase has materialized and it is targeted to be reduced in 2H
 - Volume growth stabilizing
 - Shortening of payment terms for customers the main reduction measure

* ONWC defined as accounts receivable and inventories less accounts payable

Heavy Measures in Underperforming Paper Businesses Proceeding as Planned

Alizay

- Closure of the pulp mill completed in July
- Measures to improve the paper mill's profitability continue
 - Further focus on high value added products
 - Increased production volumes
 - Price increases

Zanders

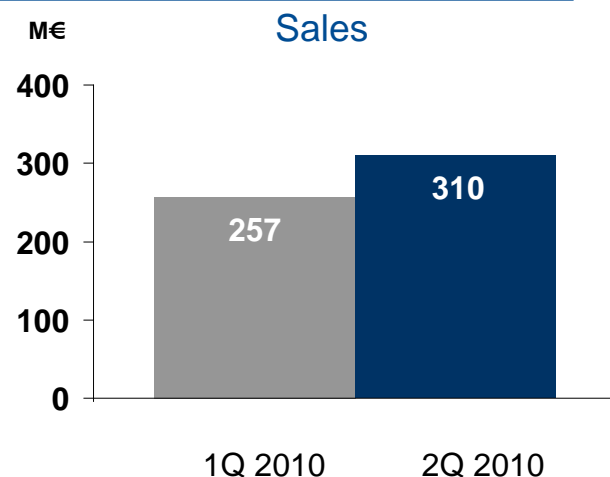
- Headcount reduction of 220 employees
- Expected annual profit improvement 18 M€ fully from 2011
- Zanders to continue development of new packaging related speciality grades
- Implementation of Paper Park concept at Reflex
 - Partial divestment to Metsä Tissue
 - Other potential partners

M-real Continues Showing Market Leadership in Price Increases

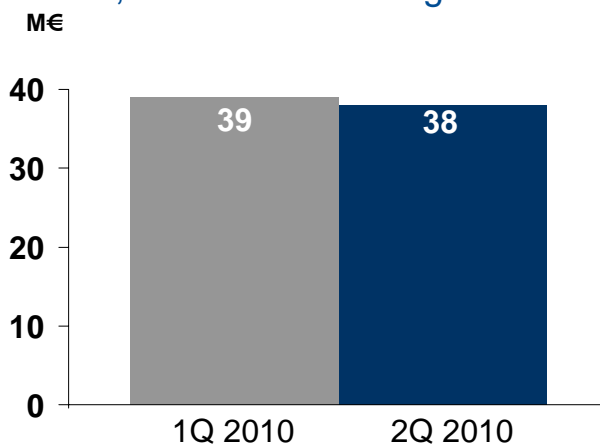
- Average 2Q FBB price about 5% and liner 8% higher vs. end last year
 - Slight increase in average price expected in 3Q
- WFU price increased in excess of 10%
 - Average price continues to increase during 3Q
- Speciality papers prices about 4% higher
 - Slight increase in average price expected in 3Q
- In all businesses price increases continue to cover increased fibre costs

Consumer Packaging's Profitability Remained Strong

- M-real's FBB market leadership strengthened further in Europe
- Profitability improved by increased delivery volumes, implemented price increases and weaker euro
- Profitability weakened mainly by the stevedore strike in Finland
- Demand continues strong in 3Q 2010. Somewhat more maintenance standstills in 3Q according to normal annual plan
- Long delivery times and fully booked capacity in FBB a challenge for daily business
- Actions to increase prices and shorten payment terms in process

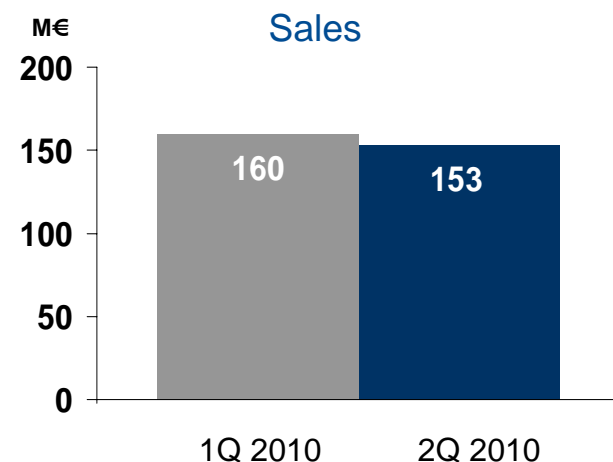


EBIT, excl. non-recurring items

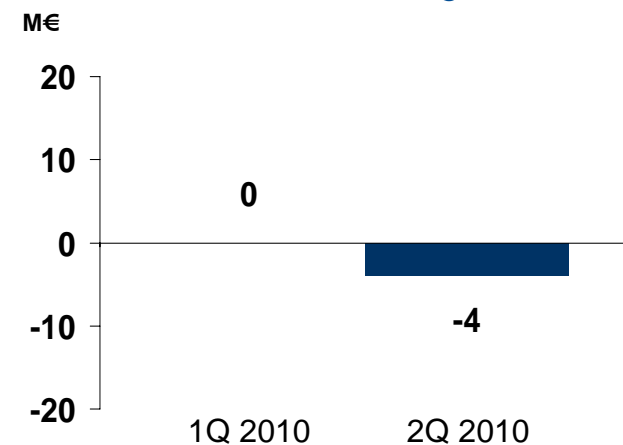


Office Papers Result Weakened Mainly Due to Standstills

- Result was hurt by investment standstill in Husum as well as maintenance standstills, strikes and short fibre pulp availability problems in Alizay
- Profitability improved due to implemented price increases
- Demand seems to continue strong in 3Q 2010
- Actions to increase prices and shorten payment terms in process
- If ongoing efficiency measures are not sufficient new actions will be introduced in Alizay

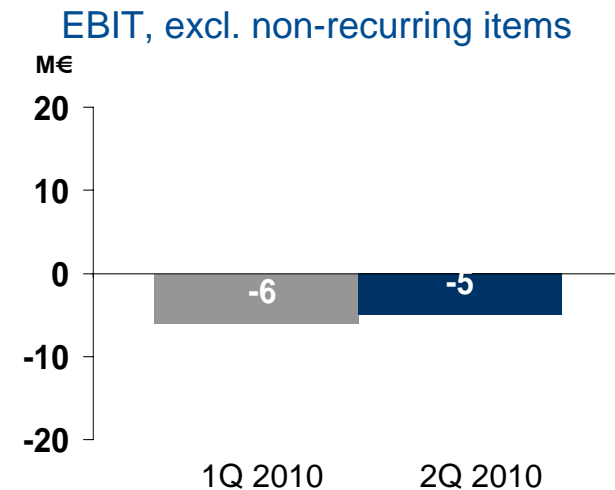
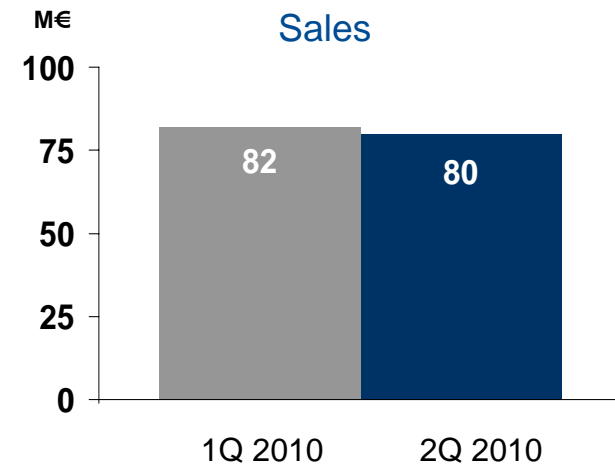


EBIT, excl. non-recurring items



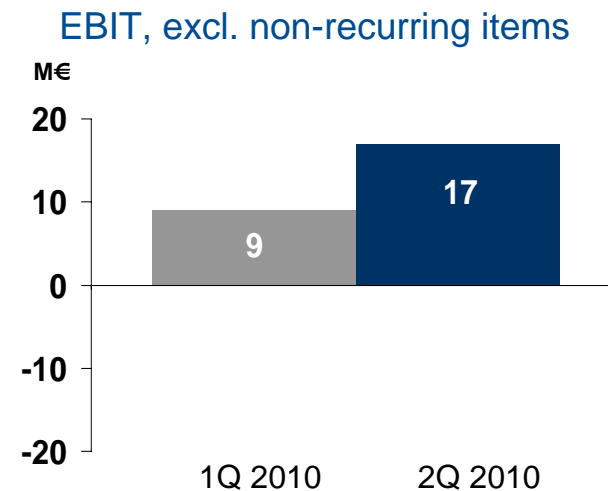
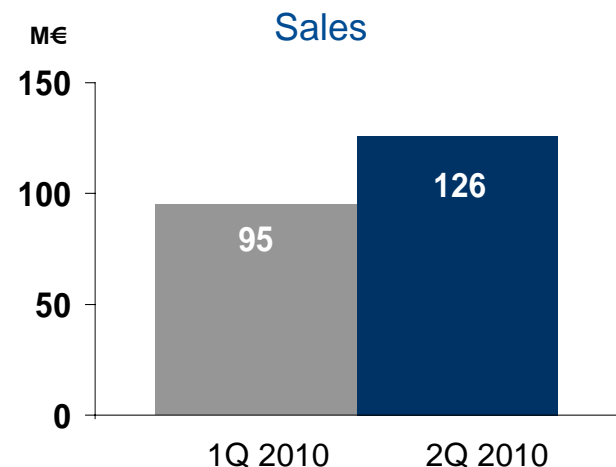
Speciality Papers' Loss Narrowed Further Despite High Pulp Price

- Profitability improved by implemented price increases and weaker euro
- Result was hurt by higher pulp price as well as decreased delivery volumes due to short fibre pulp shortage
- Demand expected to remain stable and delivery volumes to increase in 3Q
- Actions to increase prices and shorten payment terms in process
- Profit improvement trend started in summer 2009 expected to continue thanks to own measures



Market Pulp and Energy's Positive Profitability Trend Continued

- Profitability improved by increased pulp price and higher delivery volumes
- Profitability negatively impacted by Husum investment standstill
- Good results from own special measures in Kaskinen and Hallein
- Availability of short fibre pulp in the global market improving but is still tight
- Average pulp price expected to be higher in 3Q



Main Recent Steps in M-real and Sappi Cooperation

- Increased pulp deliveries from Husum and Kaskinen to Sappi
- M-real bought Kangas real estate in Finland for 13 M€ to develop the property for non-industrial purposes
- M-real sold graphic paper patents which are not needed in M-real's future business for 7 M€
- M-real decided supported by Sappi to modernise the Äänekoski paper sheeting operations

The Financial Structure Has Improved Consistently And Is on Sound Basis

- M-real redeemed early the entire 400 M€ eurobond due in Dec. 2010
- M-real drew 135 M€ in pensions loans with ten year maturity in June
 - Undrawn portion of pension loans 144 M€
- Strong liquidity at about 400 M€ currently
- Net debt 845 M€ at end 2Q



Current Focus Areas



- Price increases in all main grades
- Completion of improvement measures in underperforming paper units
- ONWC reduction focusing mainly on shortening payment terms for customers
- Development of cartonboard business
- Paper business strategic review

Positive Development Expected to Continue

- M-real's 3Q 2010 operating result excluding non-recurring items expected to improve from 2Q 2010



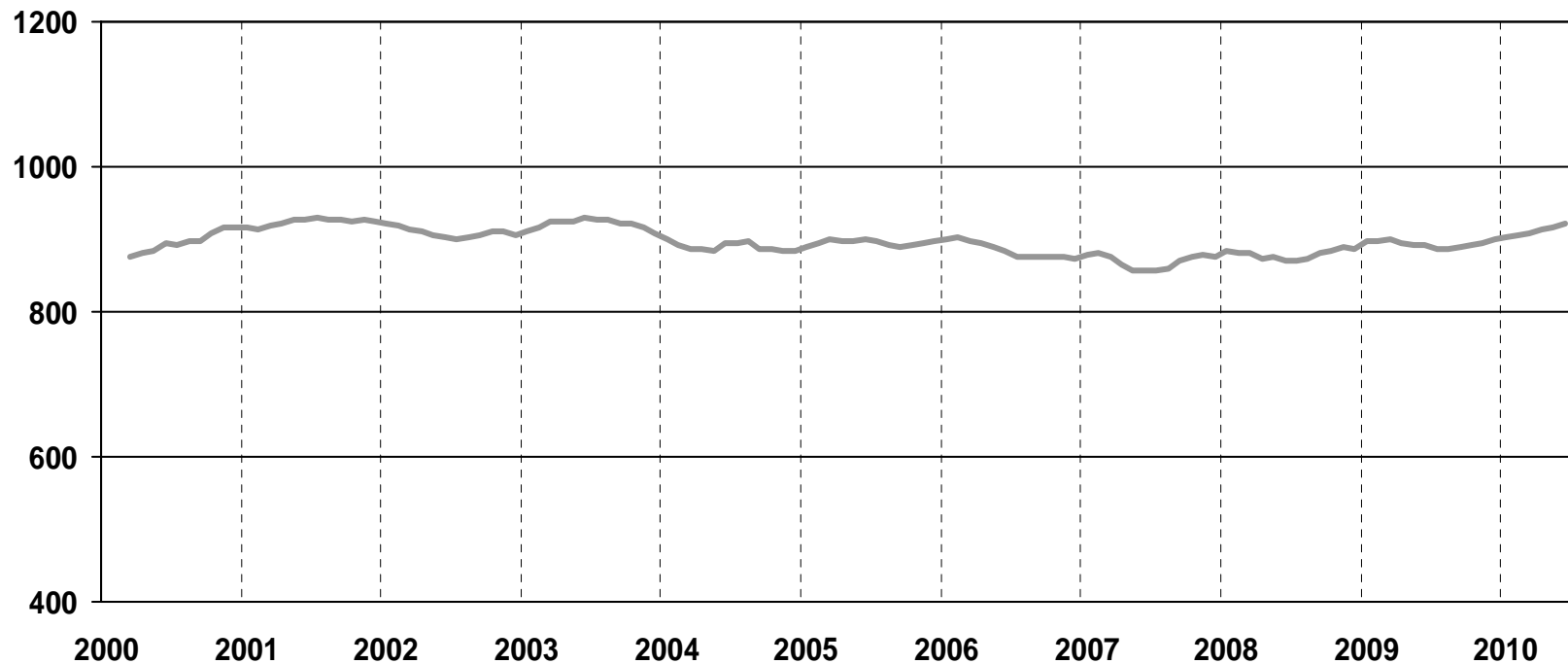
Appendix

2010 Result Expected to Be Boosted by 100 M€ 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
Total	160	100	160

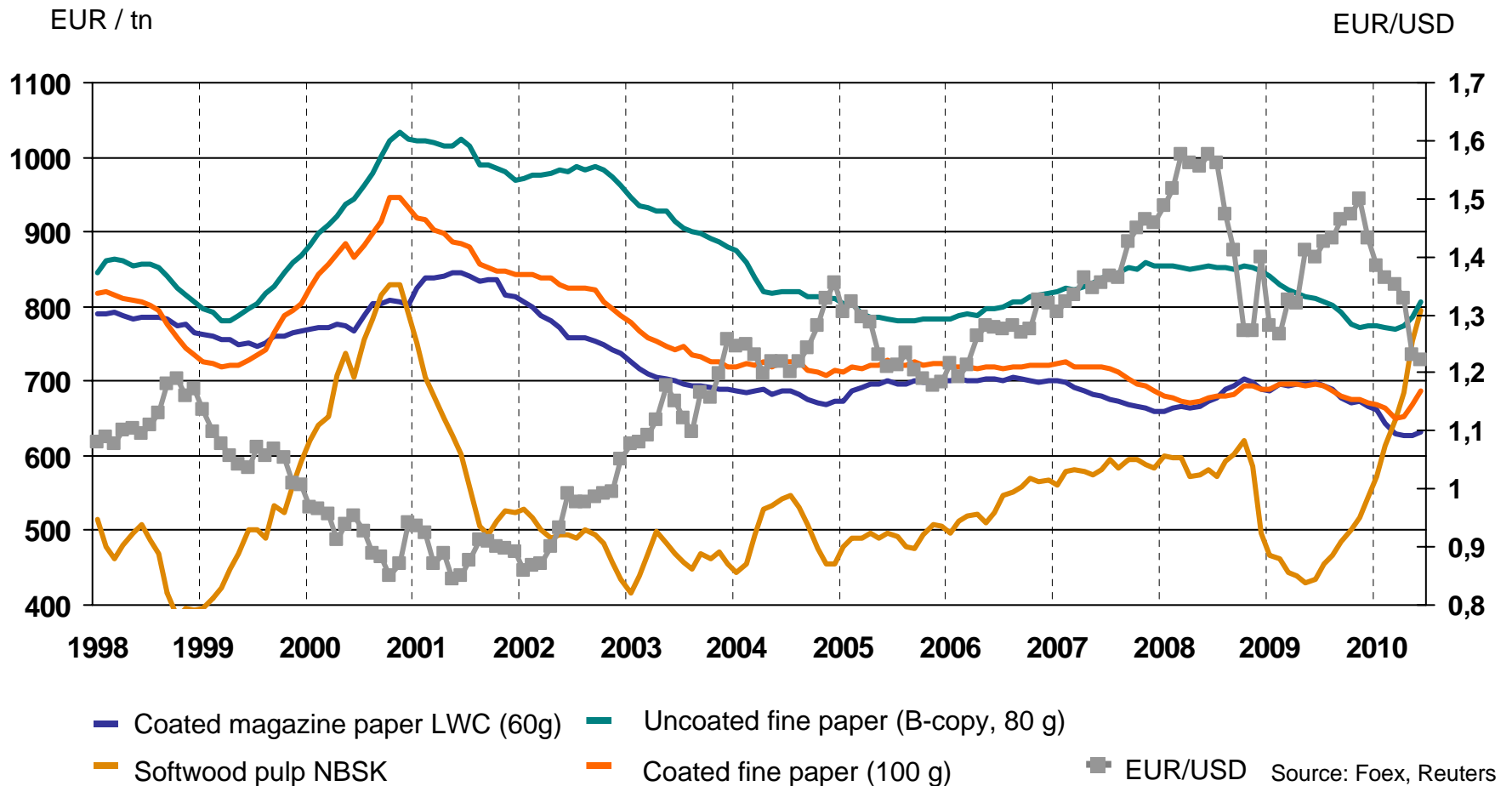
Folding Boxboard Market Price in Europe 2000 – June 2010

EUR / tn Three month moving average

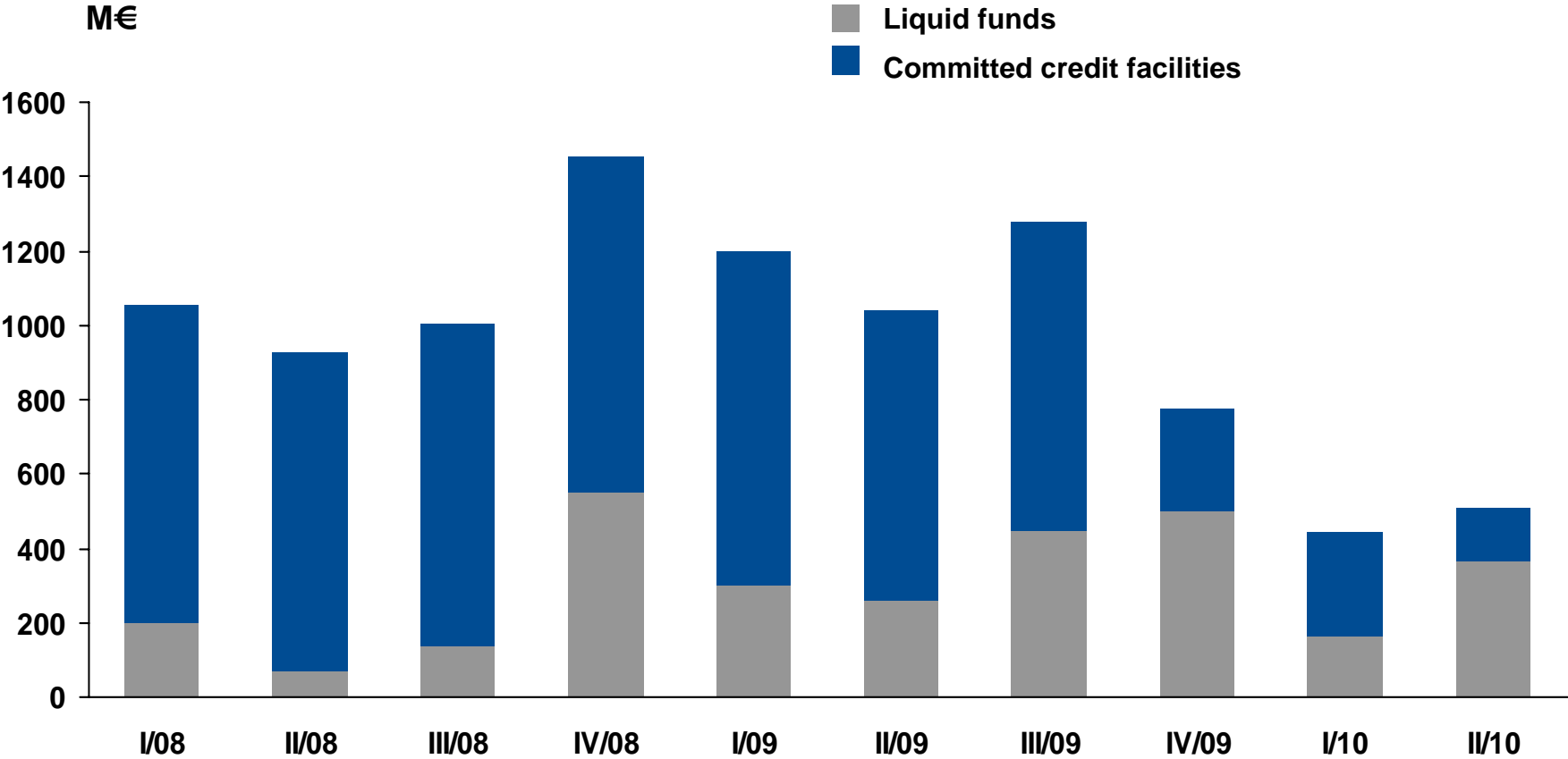


Source: M-real

Paper and Pulp Market Price in Europe 1998 – June 2010

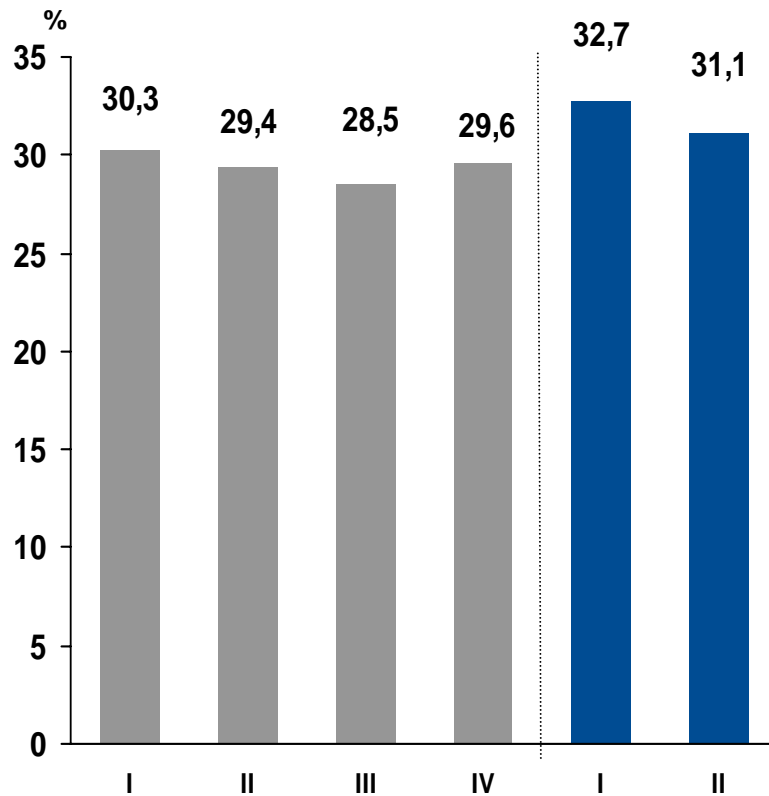


Liquidity

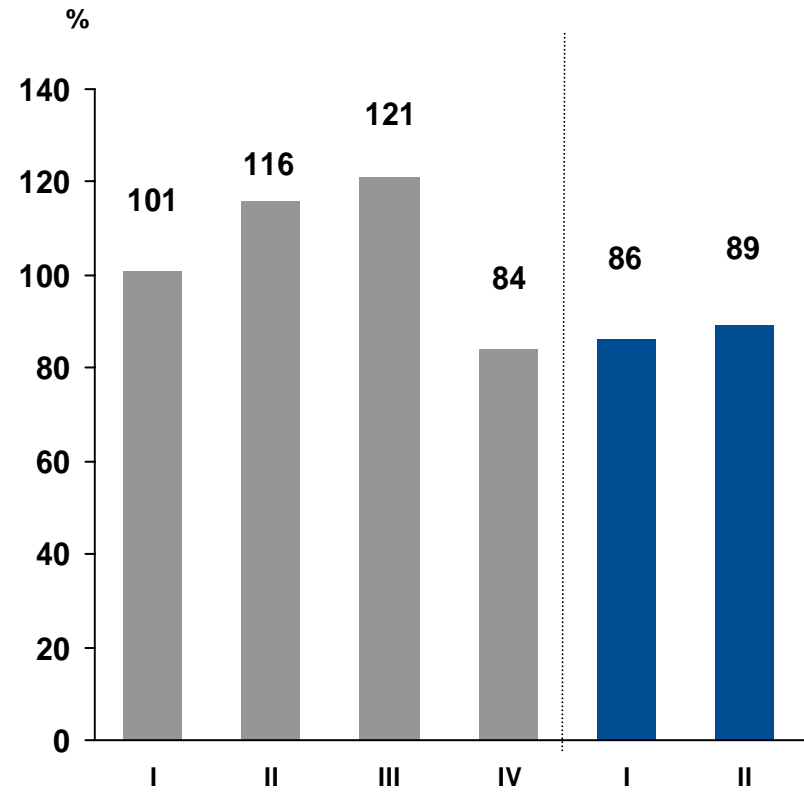


Balance Sheet Ratios

Equity Ratio

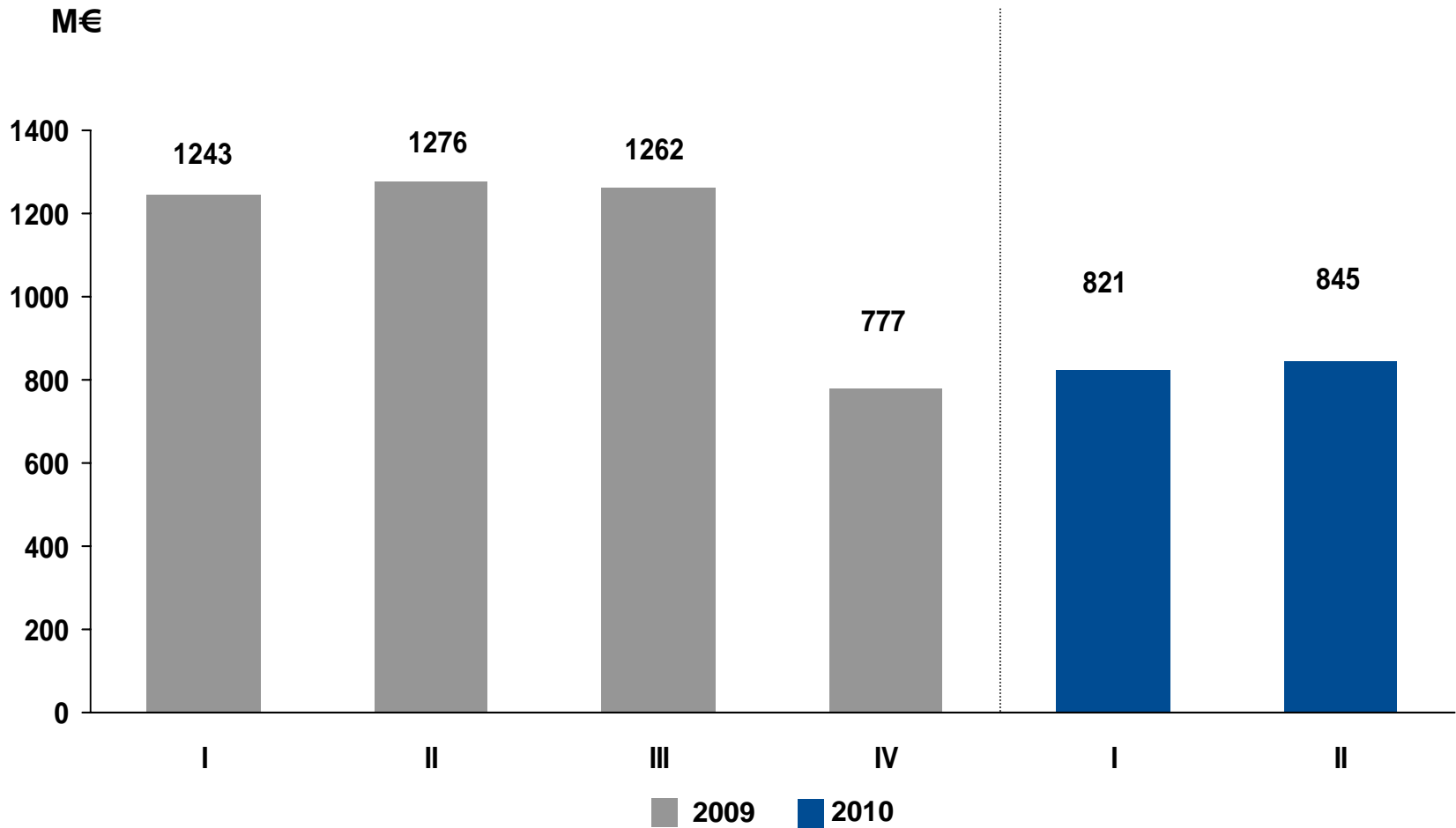


Net gearing

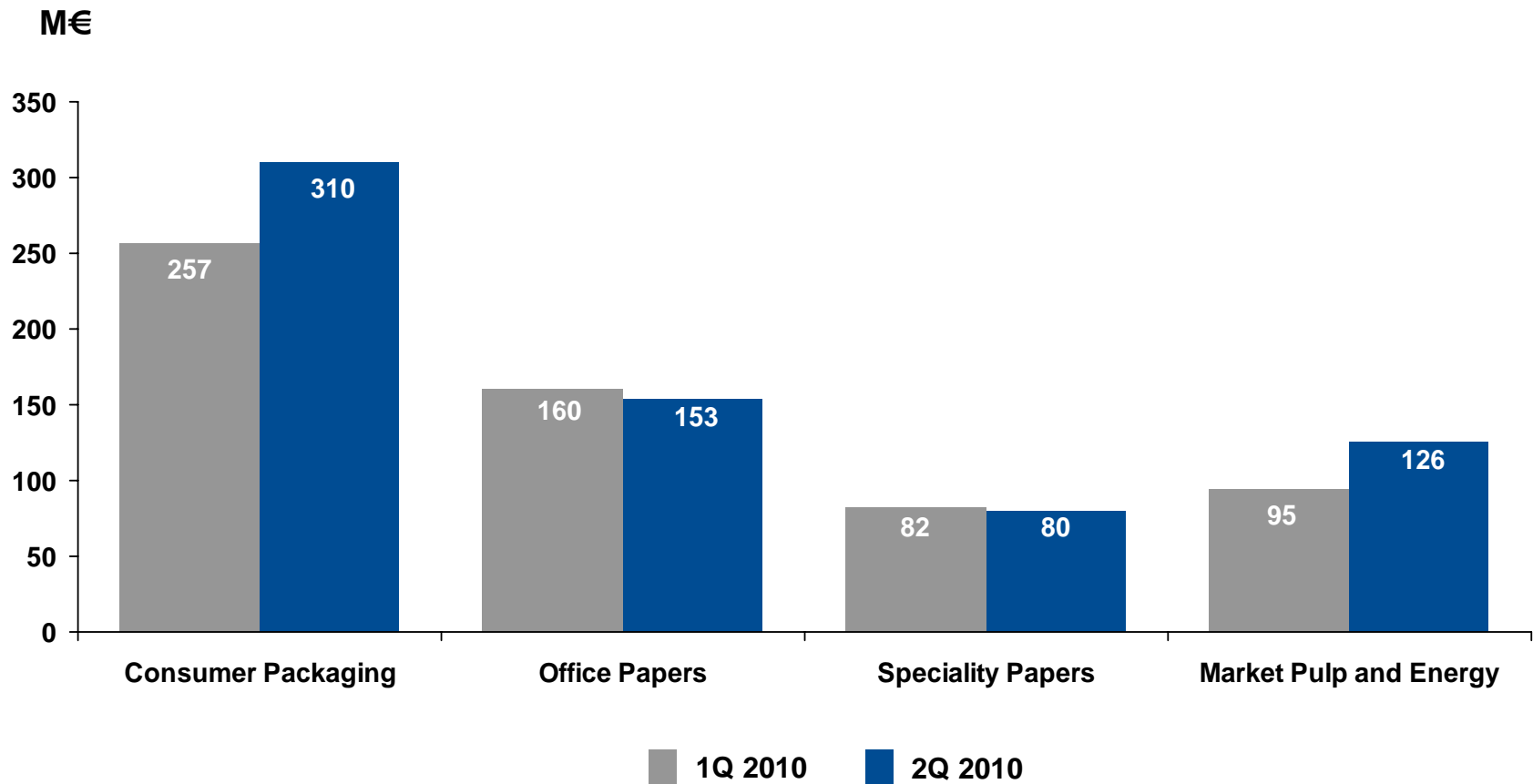


■ 2009 ■ 2010

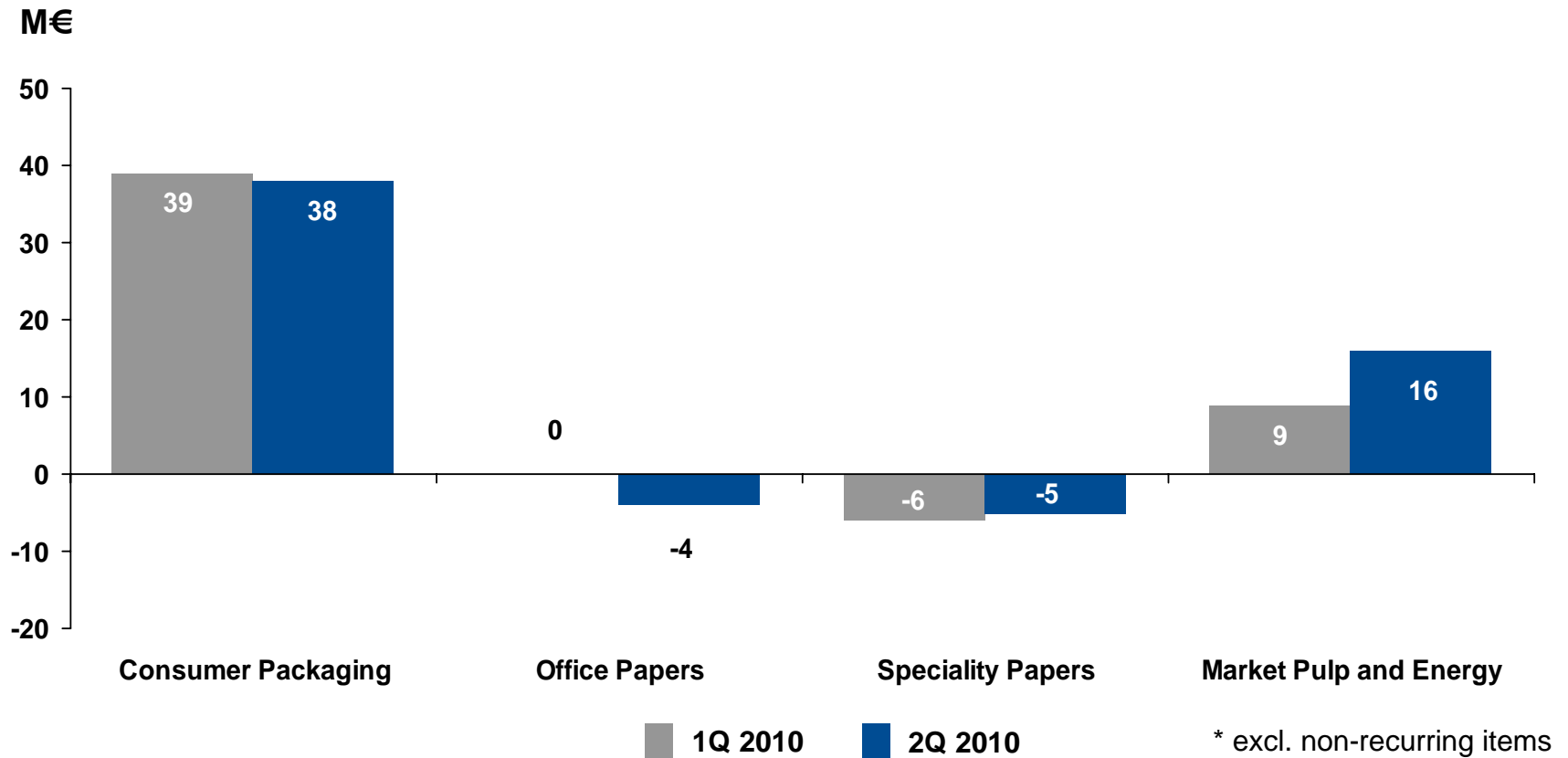
Interest-Bearing Net Debt



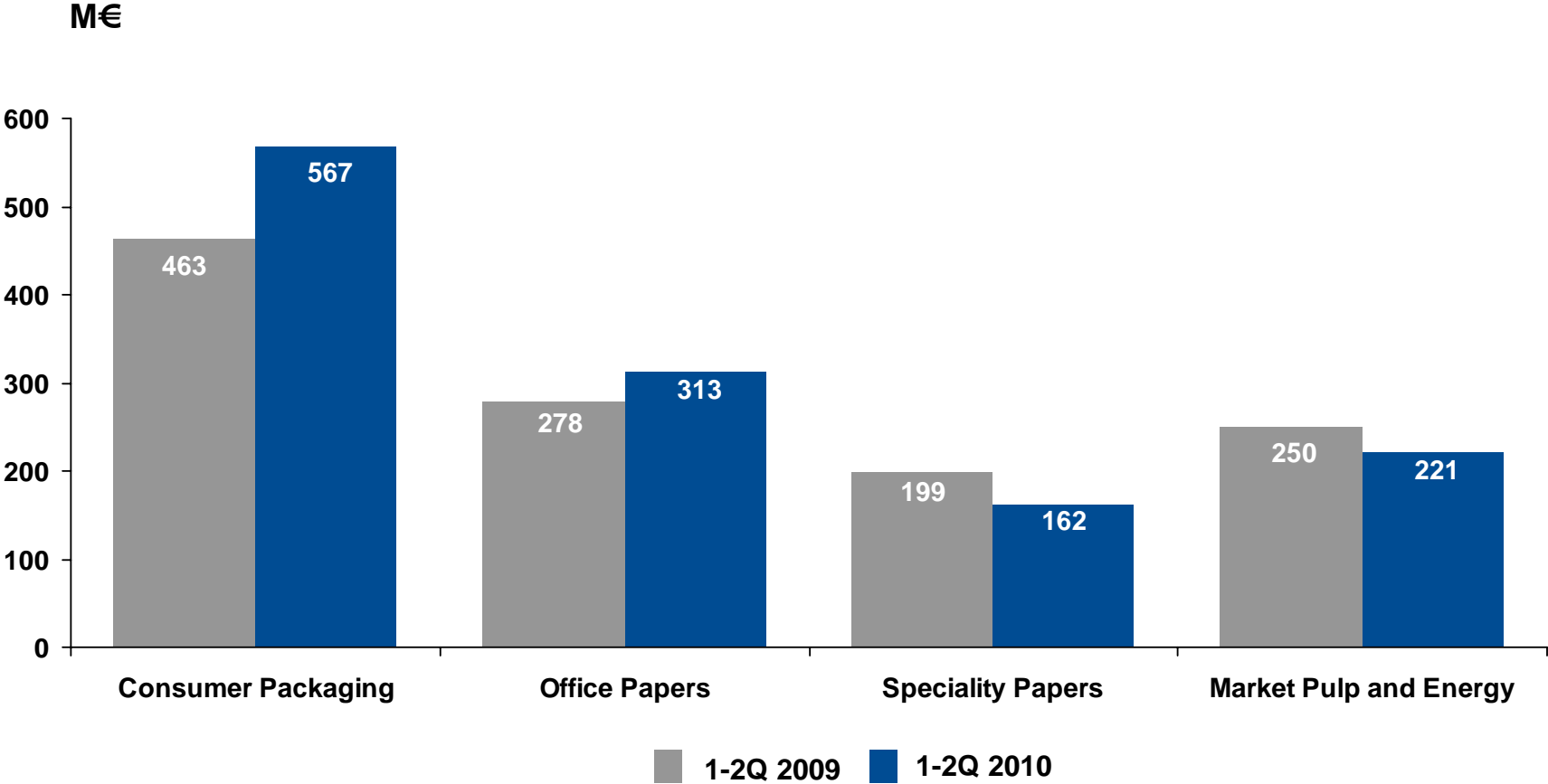
Sales by Business Area



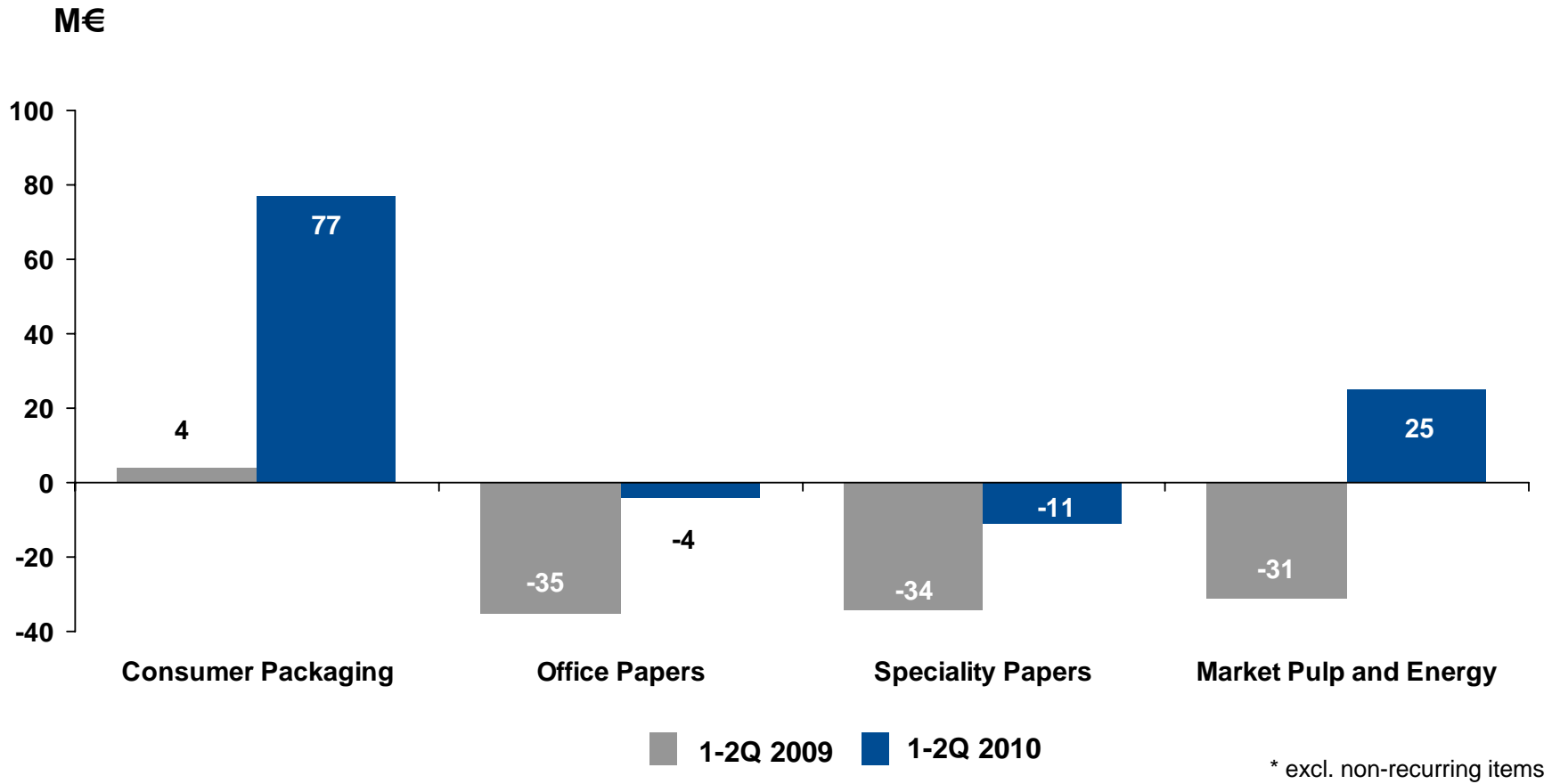
Operating Result by Business Area*



Sales by Business Area

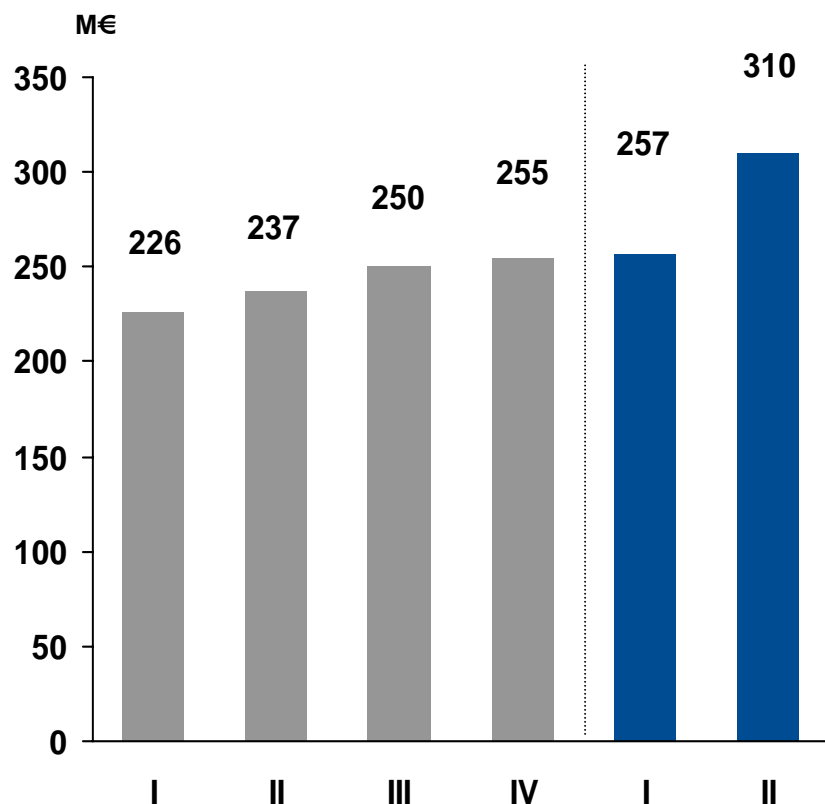


Operating Result by Business Area*

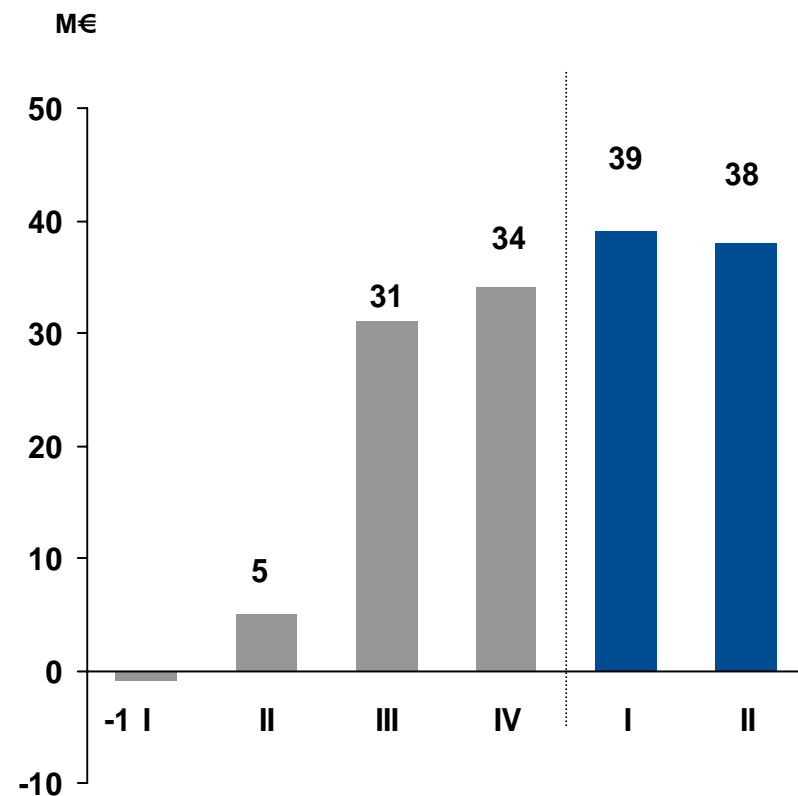


Consumer Packaging

Sales by Quarter



Operating Result by Quarter*



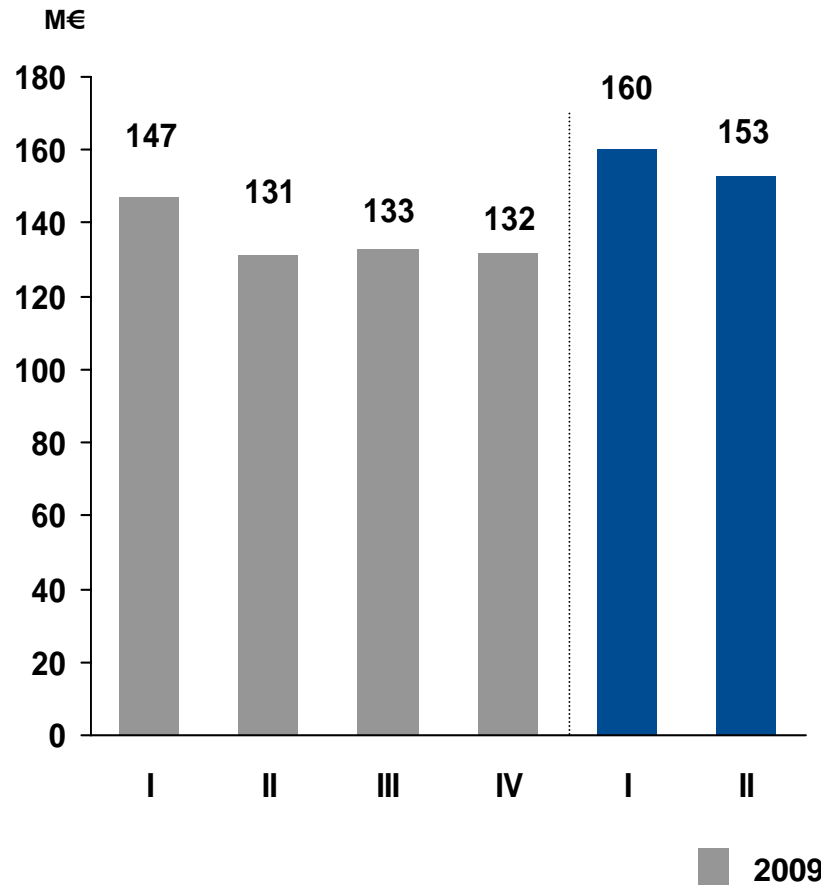
■ 2009

■ 2010

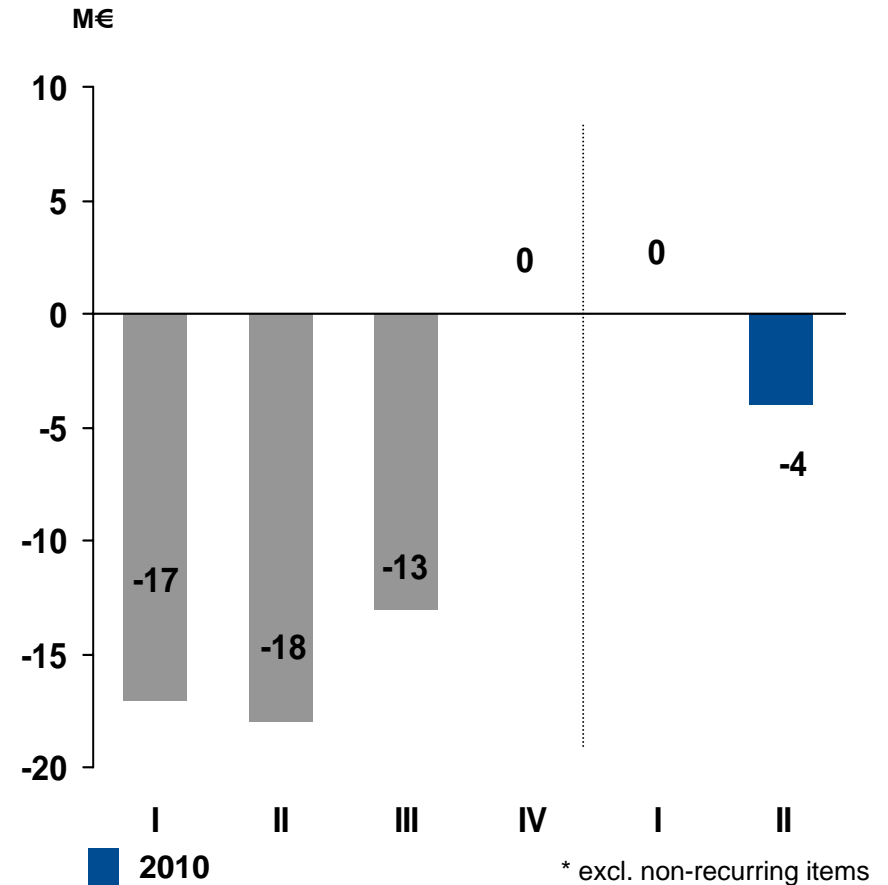
* excl. non-recurring items

Office Papers

Sales by Quarter

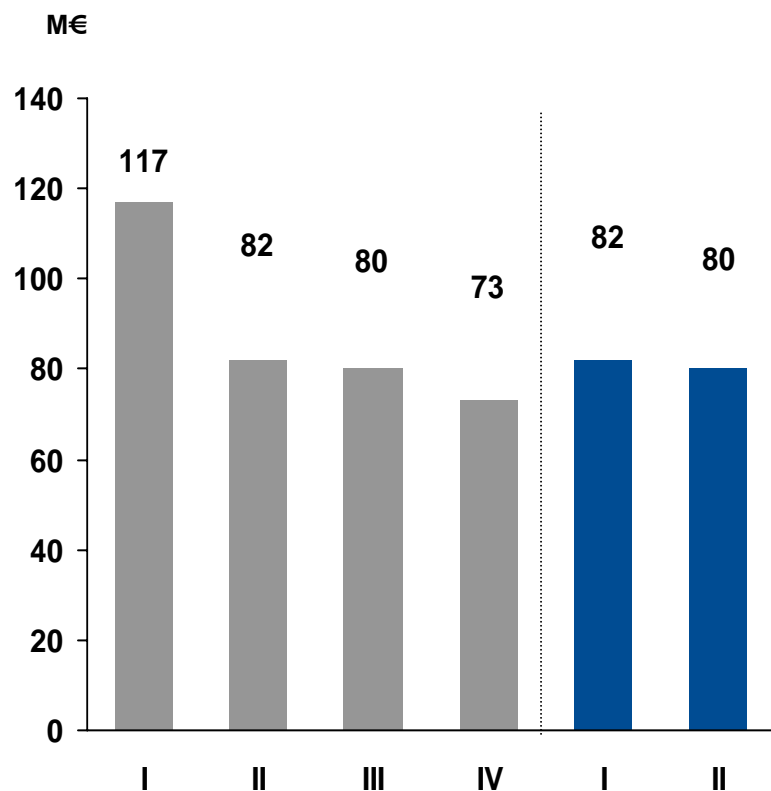


Operating Result by Quarter*

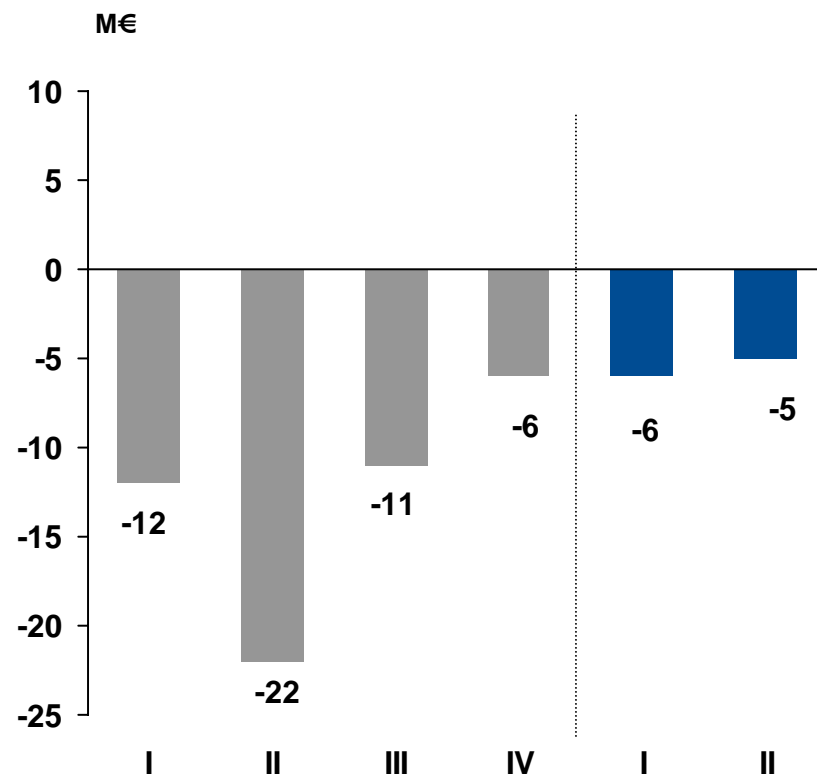


Speciality Papers

Sales by Quarter



Operating Result by Quarter*



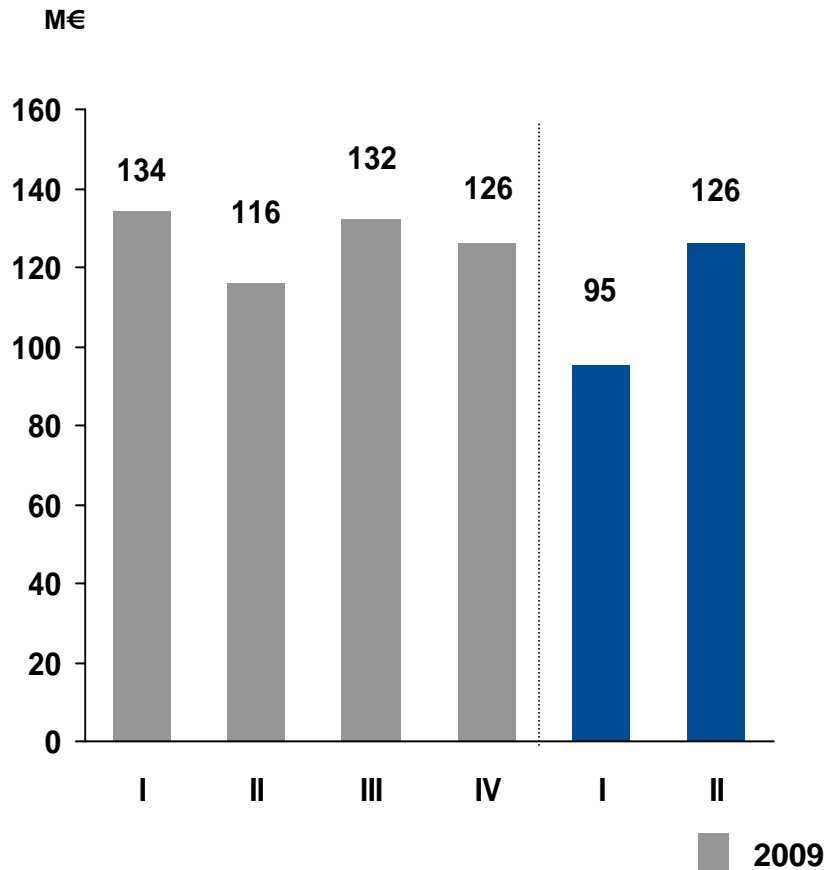
■ 2009

■ 2010

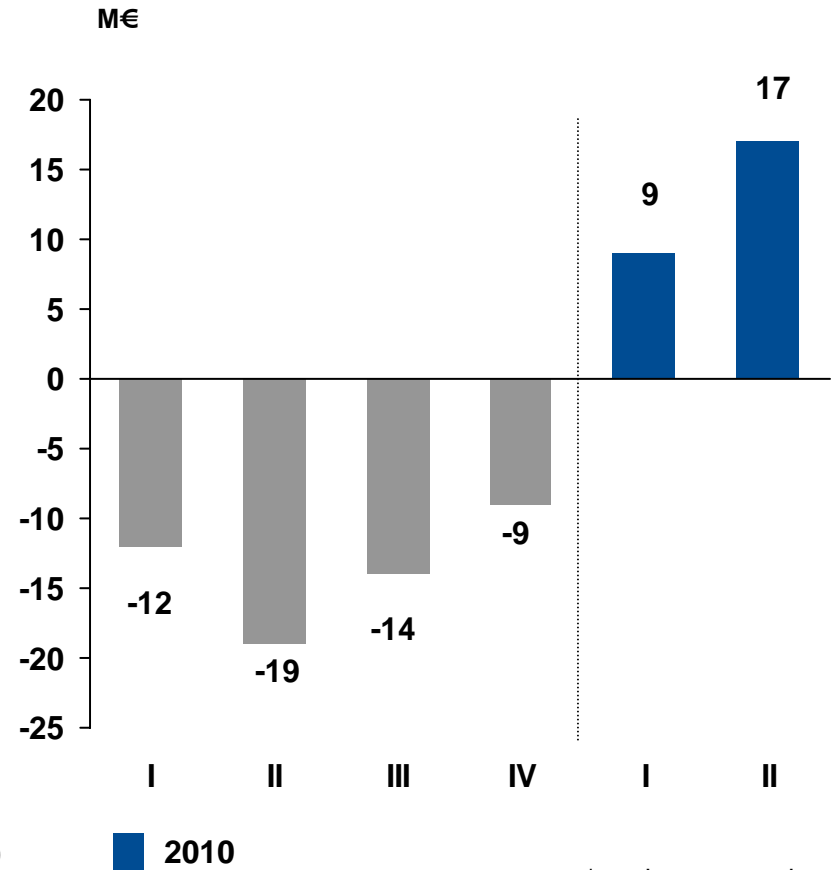
* excl. non-recurring items

Market Pulp and Energy

Sales by Quarter

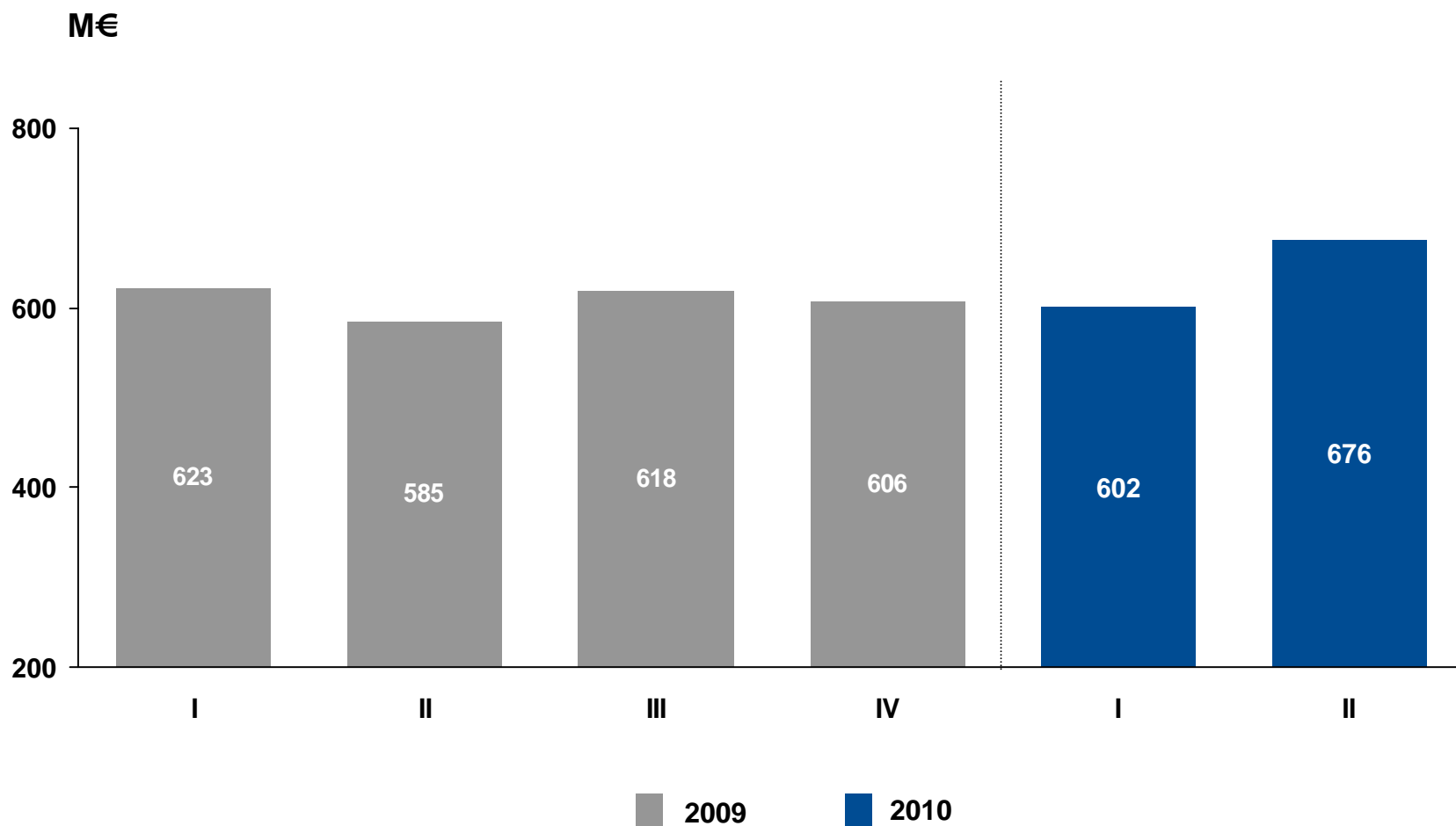


Operating Result by Quarter*

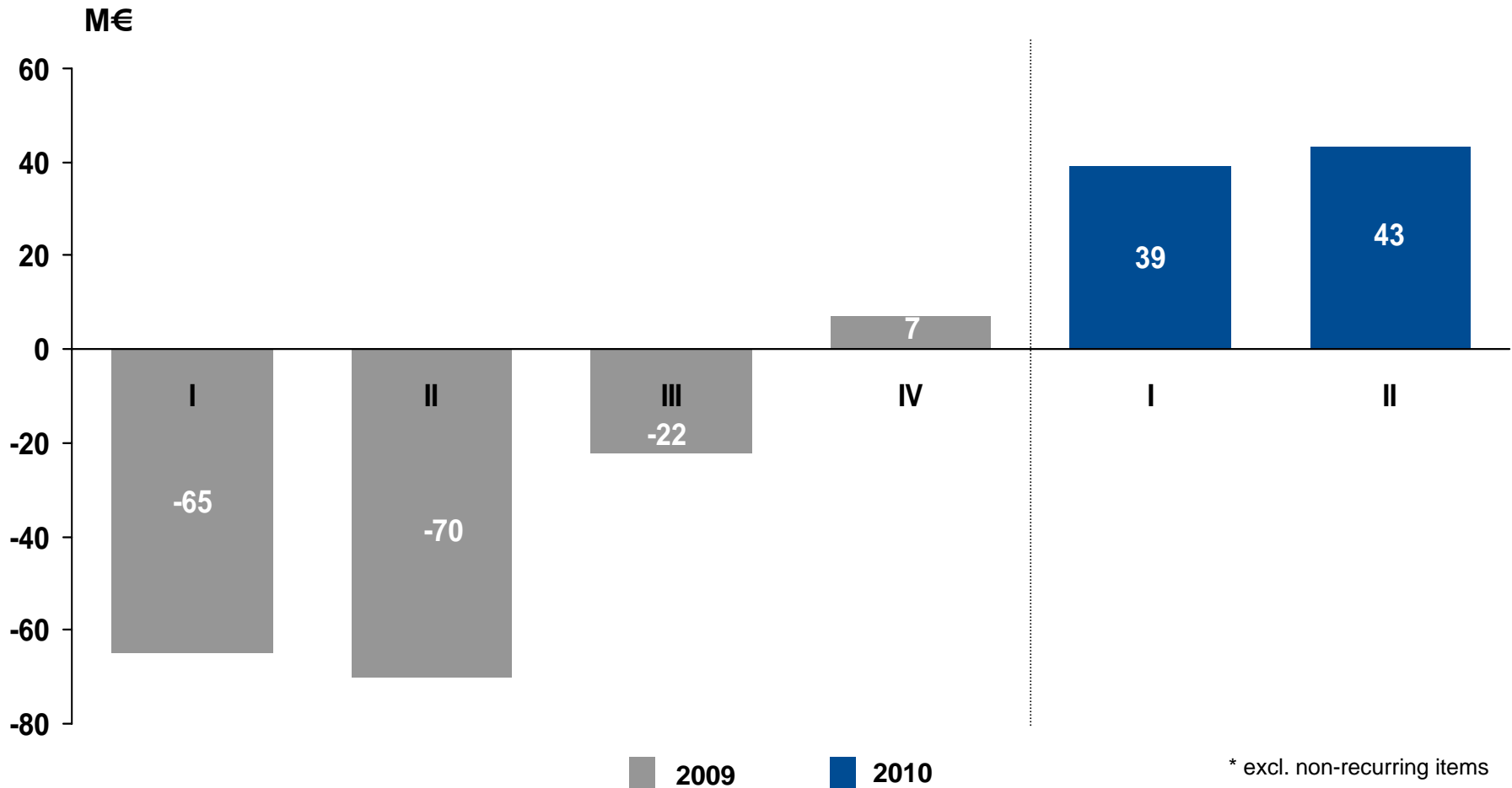


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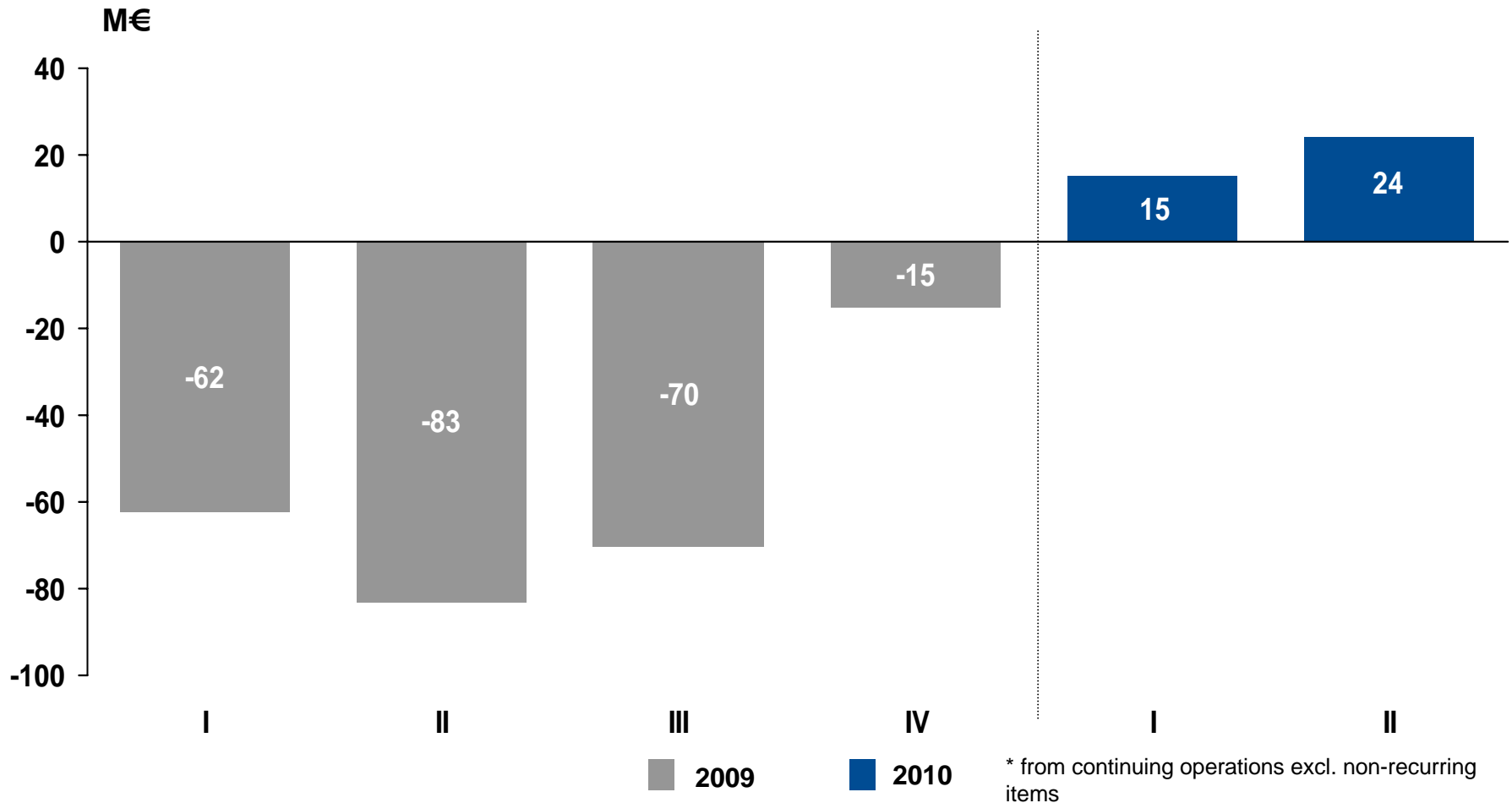
Quarterly Sales



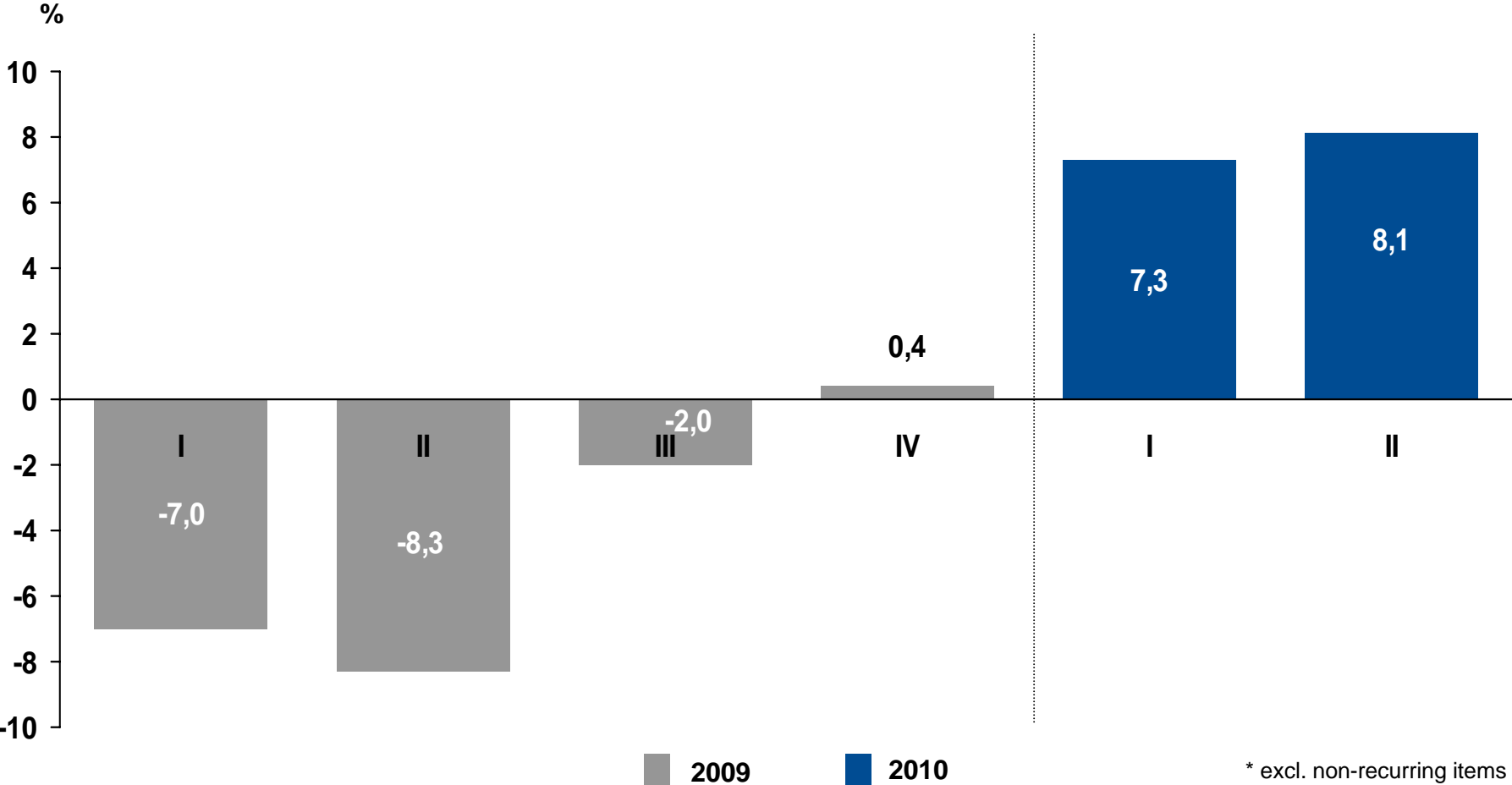
Quarterly Operating Result*



Quarterly Result Before Taxes*

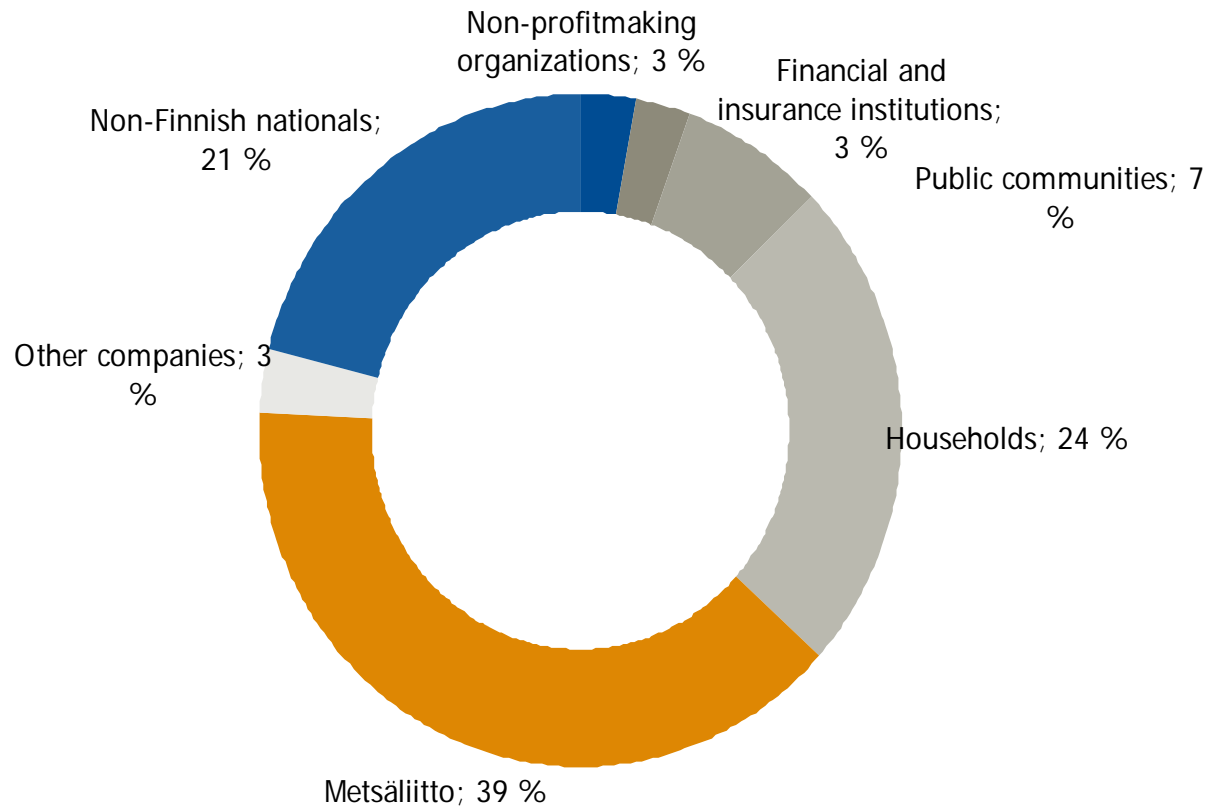


Quarterly ROCE %*



* excl. non-recurring items

M-real Shareholders 30.6.2010



M-real Voting Rights 30.6.2010

