



Financial results Q3 2009

22 October 2009

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Overview

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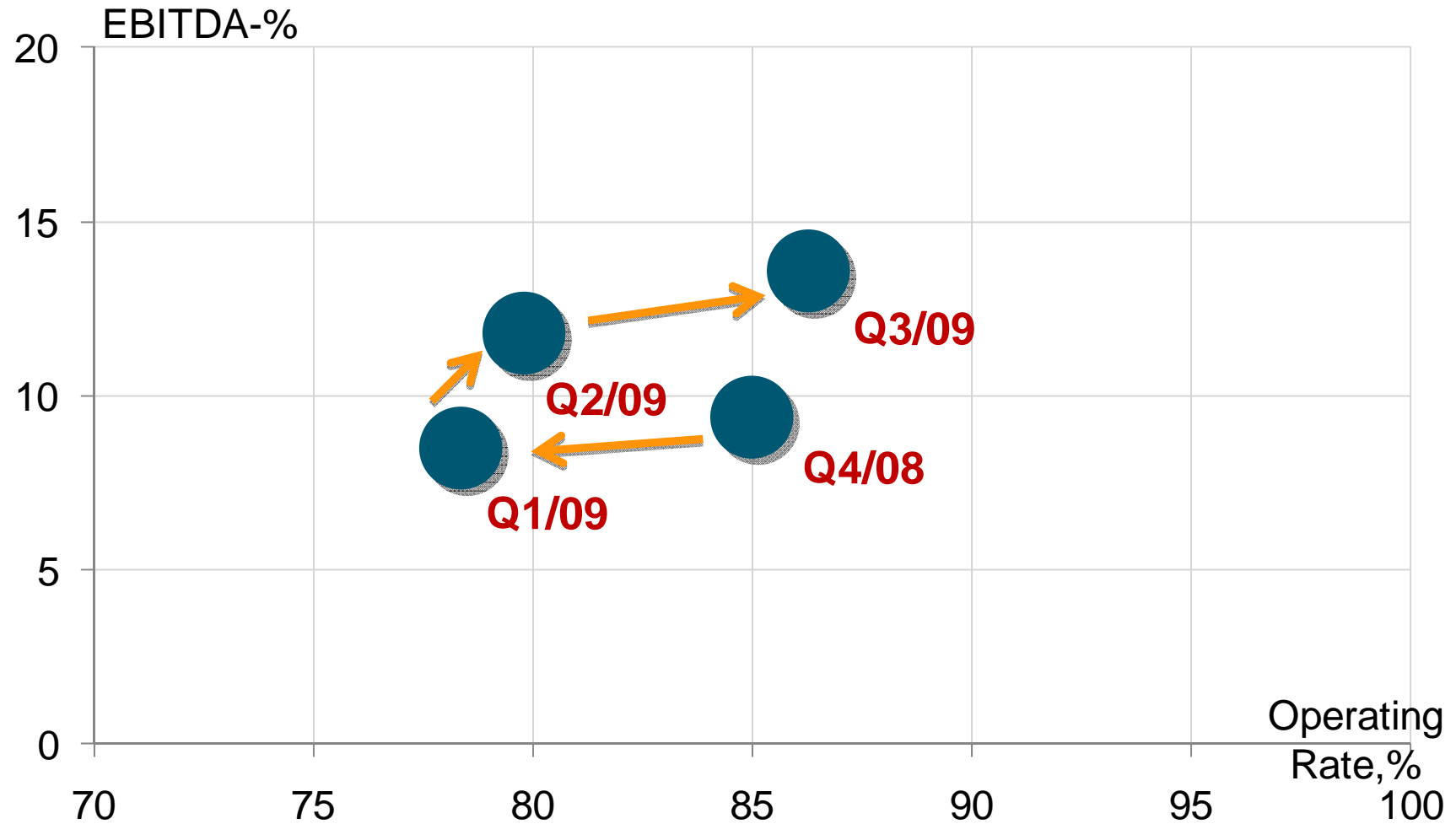
Early actions pay off

– strong cash flow, all business areas profitable

- EUR 216 million cash flow after investing activities
 - Strongest quarter since Q4 2006
- Improved EUR 132 million operating profit excl NRI and FV
 - Result includes EUR -28 million from 2003-2009 wood supply inventory error
- Cost reduced by EUR 246 million year-on-year
- EUR 655 million non-recurring items (as earlier announced)

Capacity utilisation Q4 2008 – Q3 2009

Paper and board



Q3 2009 financial results

Summary financials Q3 2009

EUR million	III/09	II/09	III/08	% Change Q309/Q308	% Change Q309/Q209
Sales	2 231	2 185	2 723	-18.1	2.1
EBITDA, excl. NRI and FV	256	190	302	-15.2	34.7
Operating profit, excl. NRI and FV	132	49	126	4.8	169.4
Profit before tax, excl. NRI	106	47	118	-10.2	125.5
Earnings per share, excl. NRI (EUR)	0.12	0.06	0.14	-14.3	100.0
ROCE, excl. NRI (%)	7.7	2.8	5.4	42.6	175.0
Cash flow from operations	326	189	193	68.9	72.5
Cash flow after investing activities	216	81	40	n/m	166.7
Debt/equity	0.58	0.53	0.42	38.1	9.4

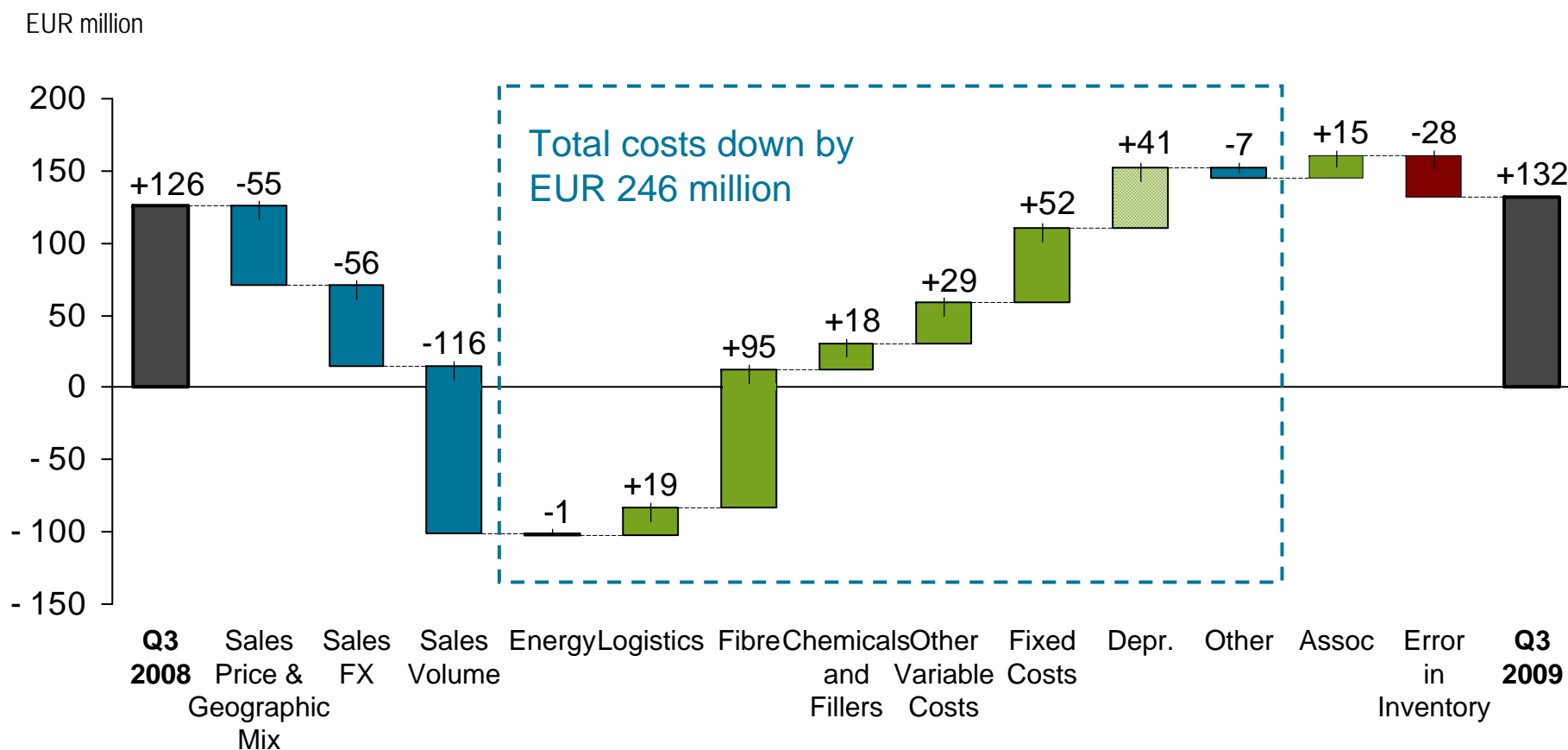
NRI = Non-recurring items
 FV = Fair valuations and related items; include Total Return Swaps (TRS), synthetic options and CO₂ emission rights, and valuations of biological assets mainly related to associated companies' forest assets

Early action gives tangible benefits

Programme	Sum	Announcement	Full impact
Cost improvement	EUR 140-160 million	25 October 2007	In 2009
EBIT improvement	EUR 140 million	10 September 2008	By the end of 2010
SG&A cost savings	EUR 250 million	23 April 2009	End of 2010
EBIT improvement	EUR 140-160 million	19 August 2009	From 2011
TOTAL	~EUR 710 million		

Change in operating profit excl. NRI & fair valuations

Q3 2008 – Q3 2009



Including closed units

Wood Supply Finland inventory error

- An accumulating overvaluation of the wood inventory since 2003
- A one-time non-cash correction of EUR 27.8 million in Wood Supply Finland accounts
- The Group has corrected the error

Non-recurring items for Q3 2009

Annual Impairment Tests, Asset Restructurings and Provisions

- EUR 655 million non-recurring items; EUR 71 million with cash impact
 - Impairment charge: EUR 353 million
 - Asset restructuring: EUR 251 million
 - Next Step: EUR 51 million

Strong liquidity continues

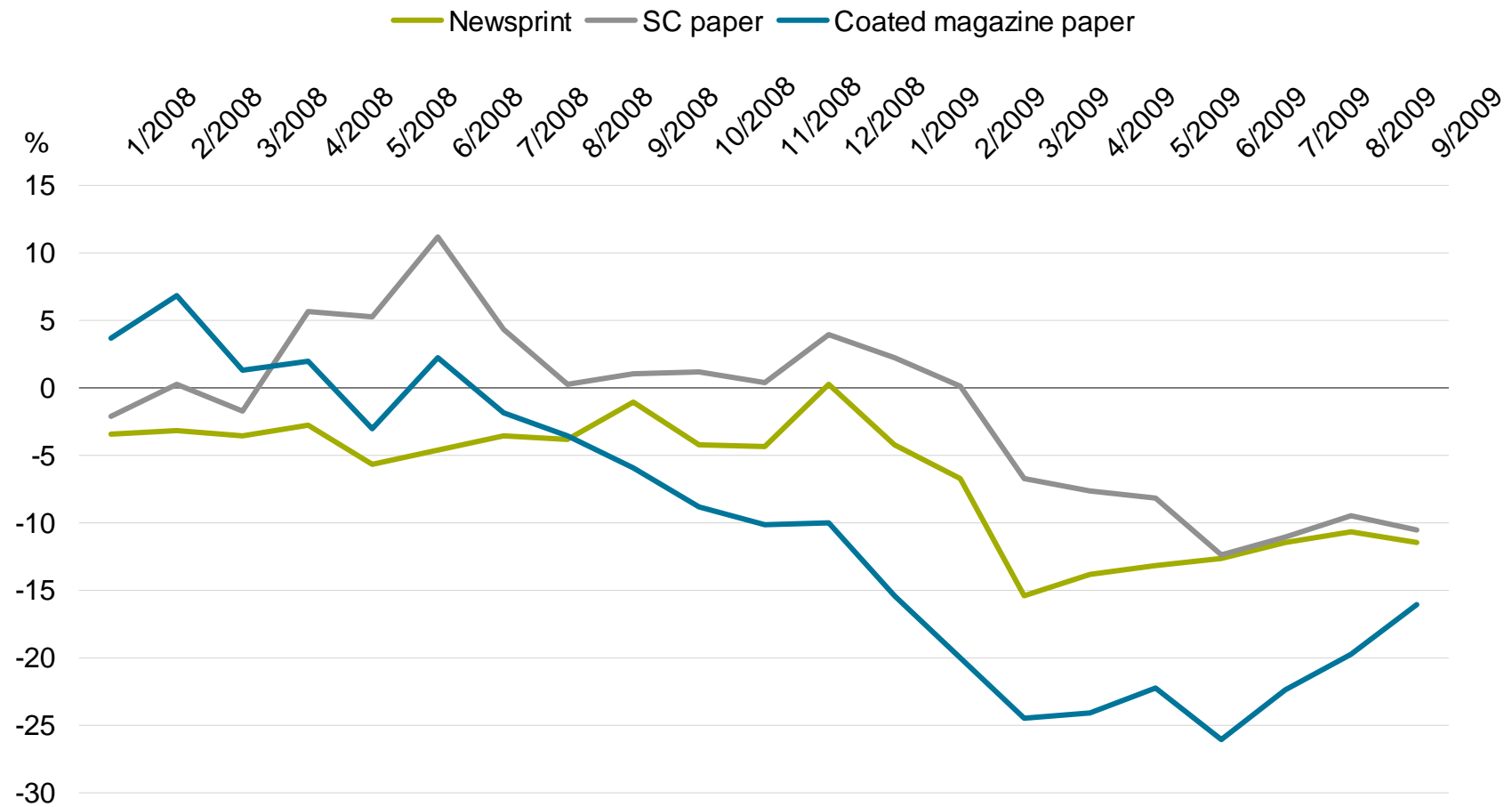
- Cash and cash equivalents EUR 537 million at end of Q3 2009
- Debt maturities in 2009 EUR 350 million
- Committed credit facility EUR 1.4 billion fully undrawn, no covenants
- Potential EUR 600 million available as Finnish pension loans
- Net debt reduced EUR 256 million year-to-date
- EUR 390 million bond proceeds received in Q4

Markets

Financial results Q3 2009

Demand change – Western Europe

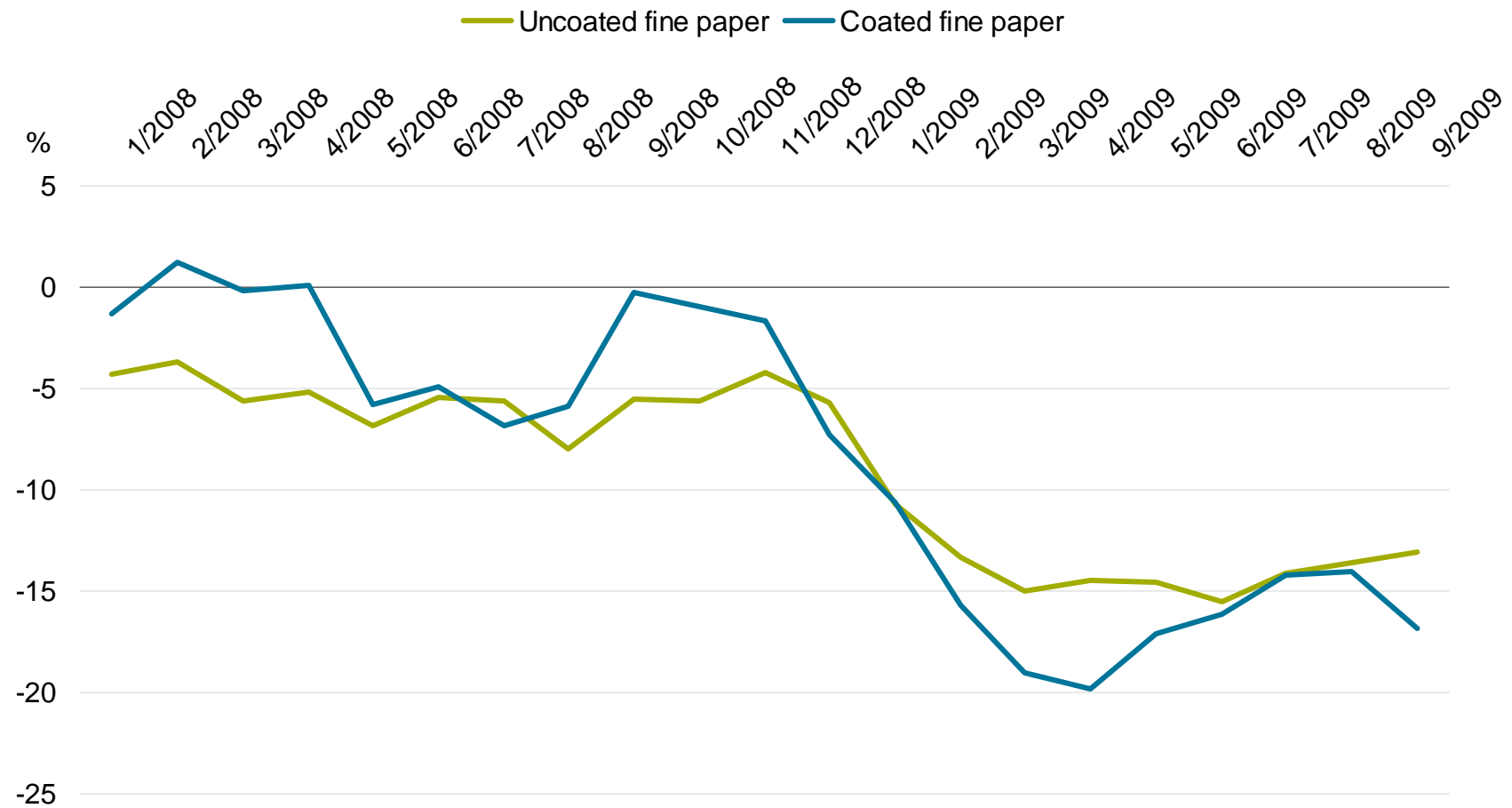
Publication paper, 3-month moving average (y-o-y)



Source: Cepiprint

Demand change – Western Europe

Fine paper, 3-month moving average (y-o-y)



Source: Cepifine

Summary

Financial results Q3 2009

Summary

- **Achievement:** Solid cash flow, improved earnings and strong balance sheet
- **Confidence:** 1/3 of the cost-reduction initiatives implemented, but 2/3 yet to come
- **Challenge:** Market outlook remains weak
- **Future:** Selected improvement of asset based in Europe and selected strategic investments in Latin America and China



Operating profit by business area

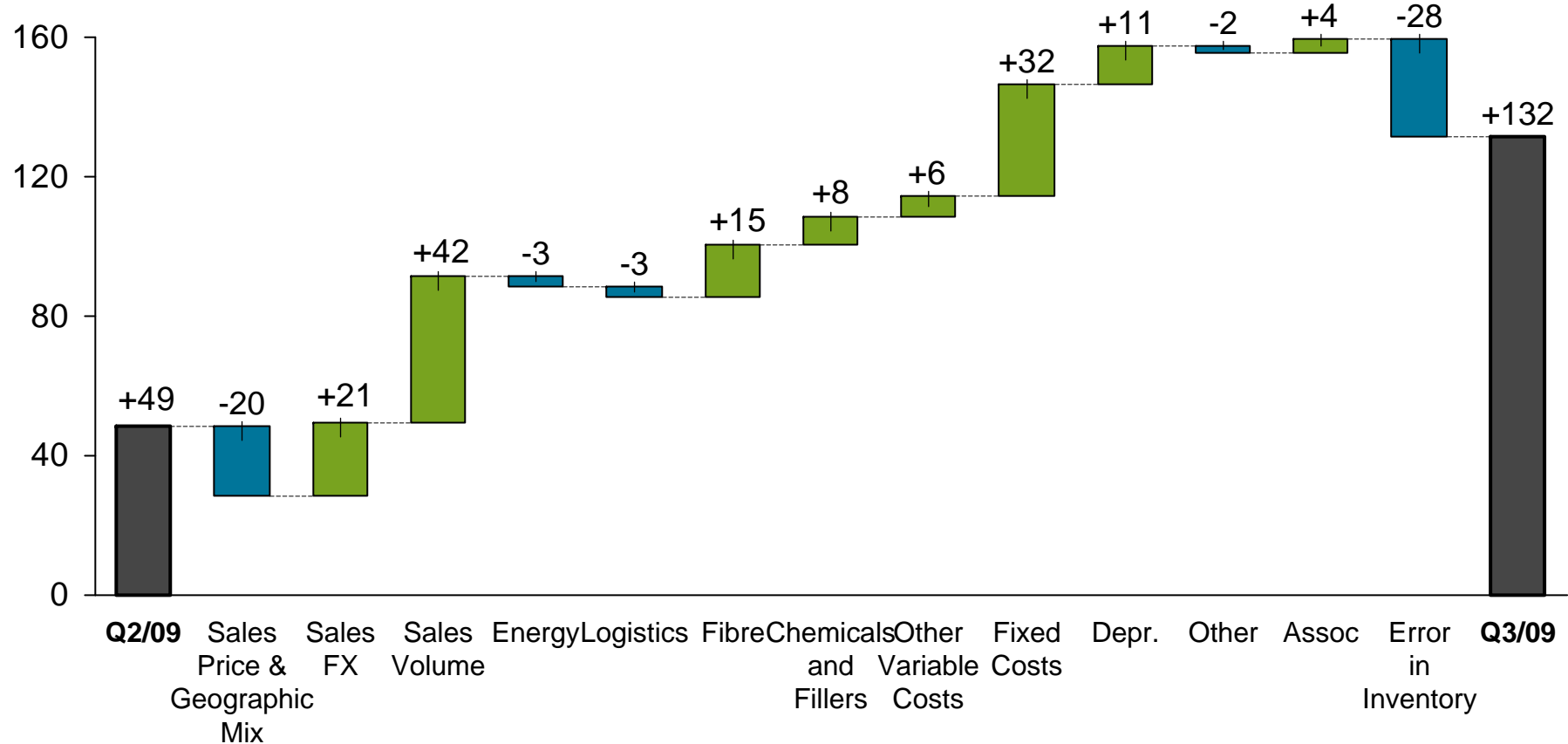
EUR million	III/09	II/09	III/08	% Change Q309/Q308	% Change Q309/Q209
Newsprint	35	31	34	2.9	12.9
% of sales	10.5	9.5	8.3	27.6	11.0
Magazine Paper	31	6	27	14.8	n/m
% of sales	6.5	1.4	5.0	29.8	n/m
Fine Paper	20	-4	33	-39.4	n/m
% of sales	4.5	-0.9	6.1	-26.0	n/m
Consumer Board	65	42	38	71.1	54.8
% of sales	13.8	9.0	6.7	107.3	52.6
Industrial Packaging	10	1	20	-50.0	n/m
% of sales	5.1	0.5	7.3	-30.3	n/m
Wood Products	9	-9	-14	164.3	200.0
% of sales	3.1	-2.8	-3.9	178.4	211.2

excluding non-recurring items

Change in operating profit excl. NRI & fair valuations

Q2 2009 – Q3 2009

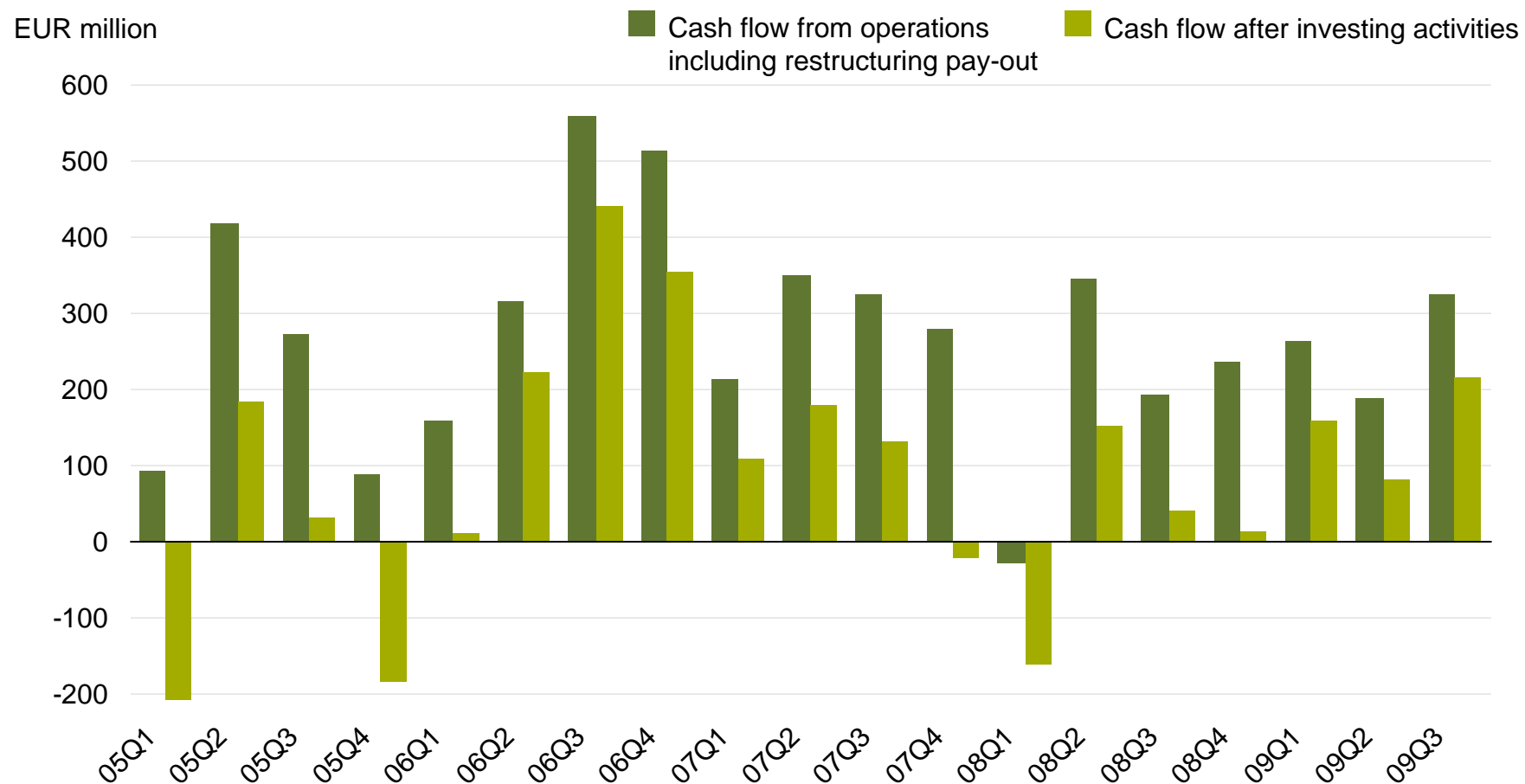
EUR million



Including closed units

Operating cash flow

Continuing operations



Permanent pulp, paper and board capacity reductions since 2006

Mill	Date	Grade	Capacity reduction, t
Corbehem PM 3 and PM 4	Jun 2006	LWC	250 000
Varkaus PM 1	End 2006	WFC	95 000
Berghuizer Mill	Oct 2007	WFU	235 000
Reisholz Mill	End 2007	SC	215 000
Summa Mill	Jan 2008	Newsprint, uncoated mag, book paper	415 000
Anjala Mill PM1	Feb 2008	Coated magazine paper	155 000
Baienfurt Mill	End 2008	FBB	190 000
Kabel Mill PM 3	End 2008	Coated magazine	140 000
Kemijärvi Pulp Mill	April 2008	Long-fibre (SW) pulp	250 000
Norrundet Pulp Mill	Dec 2008	Long-fibre (SW), pulp	300 000
Varkaus Mill coreboard machine	Dec 2008	Coreboard	100 000

Totals

% of capacity as at end 2005
(adjusted for disposals)

Paper and board
Pulp

1 795 000 t/a
550 000 t/a

11%
9%

Permanent sawn wood capacity reductions since 2006

Mill	Date	Capacity reduction, m ³
Veitsiluoto Sawmill	2006	100 000
Honkalahti Sawmill	2006	90 000
Sauga Sawmill	Jun 2007	130 000
Sollenau Sawmill	2007	110 000
Näpi Sawmill	2007-2008	100 000
Kotka Sawmill	2007-2008	70 000
Paikuse Sawmill	End 2008	220 000
Zdirec Sawmill	2008	120 000
Ybbs Sawmill	2008 & Jun 2009	200 000
Kitee Sawmill	2008 & Jun 2009	130 000
Varkaus Sawmill	Jun 2009	60 000
Tolkkinen Sawmill	End 2009	260 000
Total		1 590 000

Reductions equal 20% of capacity as at end 2005 (adjusted for disposals)