

UPM JANUARY–JUNE 2011

Q2/2011

- Earnings per share were EUR 0.56 (0.33), excluding special items EUR 0.26 (0.29)
- EBITDA was EUR 372 million, 15.4% of sales (353 million, 15.9% of sales)
- Strong operating cash flow at EUR 280 million (102 million)
- Took a major strategic step by completing the Myllykoski acquisition on 1 August

Q1–Q2/2011

- Earnings per share were EUR 0.89 (0.46), excluding special items EUR 0.58 (0.44)
- EBITDA was EUR 751 million, 15.7% of sales (641 million, 15.1% of sales)
- Profitability improved clearly – sales prices more than offset rise in variable costs
- Net debt was EUR 675 million lower than a year ago

KEY FINANCIAL INFORMATION Q1–Q2/2011

SALES,
EURm 4,779 **▲ +12%**

EBITDA,
EURm 751 **▲ +17%**

OPERATING PROFIT,
EURm* 399 **▲ +27%**

EPS,
EUR* 0.58 **▲ +32%**
* excluding special items

EBITDA MARGIN,
15.7% **▲ +0.6pp**

OPERATING CASH FLOW,
EURm 446 **▲ +135m**

NET DEBT,
EURm 3,162 **▼ -124m****

GEARING
44% **▼ -2pp****
** from the beginning of the year

	Q2/2011	Q2/2010	Q1–Q2/2011	Q1–Q2/2010	2010
Sales, EURm	2,423	2,216	4,779	4,255	8,924
EBITDA, EURm ¹⁾	372	353	751	641	1,343
% of sales	15.4	15.9	15.7	15.1	15.0
Operating profit, EURm	289	203	487	310	755
excluding special items, EURm	201	199	399	315	731
% of sales	8.3	9.0	8.3	7.4	8.2
Profit before tax, EURm	316	181	511	263	635
excluding special items, EURm	160	177	355	268	611
Net profit for the period, EURm	295	169	464	239	561
Earnings per share, EUR	0.56	0.33	0.89	0.46	1.08
excluding special items, EUR	0.26	0.29	0.58	0.44	0.99
Operating cash flow per share, EUR	0.54	0.20	0.86	0.60	1.89
Shareholders' equity per share at end of period, EUR	13.81	13.33	13.81	13.33	13.64
Gearing ratio at end of period, %	44	55	44	55	46
Net interest-bearing liabilities at end of period, EURm	3,162	3,837	3,162	3,837	3,286

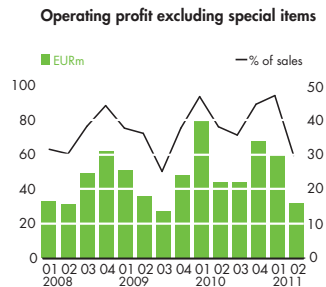
¹⁾ EBITDA is operating profit before depreciation, amortisation and impairment charges, excluding the change in value of biological assets, excluding the share of results of associated companies and joint ventures, and special items.

Q1-Q2/2011 VS. Q1-Q2/2010 IN BUSINESSES

ENERGY

Operating profit decreased due to lower sales volume

- Average sales price for electricity decreased by 3%
- Electricity sales volume was 4% lower due to lower hydro production as a result of the weak hydrological situation in Finland

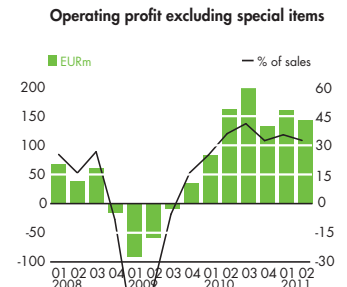


Q1-Q2 2011	Sales	236	▼ -19%	Operating profit	92	▼ -33%
Q1-Q2 2010	EURm	290		EURm ¹⁾	125	EURm
					¹⁾ excl. special items	

PULP

Profitability improved due to higher sales price and deliveries

- Operating profit improved due to higher average pulp sales price and delivery volumes
- Higher wood costs had a negative impact on profitability

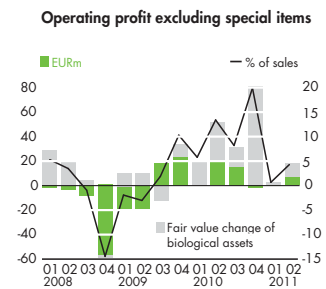


Q1-Q2 2011	Sales	903	▲ +13%	Operating profit	303	▲ +57%
Q1-Q2 2010	EURm	796		EURm ¹⁾	246	EURm
					¹⁾ excl. special items	

FOREST AND TIMBER

Operating profit decreased due to smaller increase in the fair value of biological assets

- Operating profit decreased due to a smaller increase in the fair value of biological assets
- The fair value of biological assets increased by EUR 13 million (50 million)

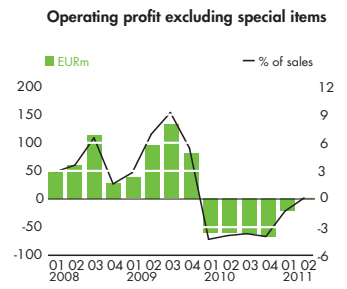


Q1-Q2 2011	Sales	834	▲ +14%	Operating profit	20	▼ -51%
Q1-Q2 2010	EURm	732		EURm ¹⁾	71	EURm
					¹⁾ excl. special items	

PAPER

Operating loss decreased mainly due to higher paper prices

- Operating loss decreased - break even in Q2 2011
- Average paper price increased by 8%
- Variable costs increased, especially in recovered paper and chemical pulp



Q1-Q2 2011	Sales	3,313	▲ +13%	Operating profit	-23	▲ +99%
Q1-Q2 2010	EURm	2,941		EURm ¹⁾	-122	EURm
					¹⁾ excl. special items	

LABEL

Operating profit decreased due to higher raw material costs

- Operating profit decreased due to materially higher raw material costs
- Sales prices and delivery volumes increased
- UPM completed the acquisition of Gumtac, the Brazilian label stock and slitting business of BIC Group

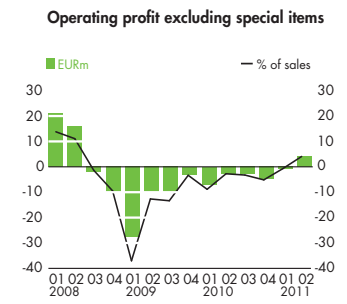


Q1-Q2 2011	Sales	571	▲ +6%	Operating profit	38	▼ -9%
Q1-Q2 2010	EURm	540		EURm ¹⁾	47	EURm
					¹⁾ excl. special items	

PLYWOOD

Operating loss decreased due to higher deliveries and prices

- First operating profit since the start of the recession
- Operating profit increased mainly due to higher delivery volumes and increased sales prices
- Deliveries increased by 10% from last year



Q1-Q2 2011	Sales	201	▲ +16%	Operating profit	3	▲ +13%
Q1-Q2 2010	EURm	173		EURm ¹⁾	-10	EURm
					¹⁾ excl. special items	

UPM IN BRIEF

UPM leads the integration of bio and forest industries into a new, sustainable and innovation-driven future. Our products are made of renewable raw materials and are recyclable. UPM consists of three Business Groups: Energy and pulp, Paper, and Engineered materials. The Group employs around 24,500 people and it has production plants in 16 countries. UPM's annual sales exceed EUR 10 billion. UPM's shares are listed on the Helsinki stock exchange.

ENERGY & PULP

UPM is a significant generator of low-emission energy and a leading producer of chemical pulp with its modern pulp mills. It seeks growth in cost competitive pulp, low-emission energy and biofuels. The business group is also responsible for forestry services and biomass sourcing for the whole company.

Power generation	1.631 MW
Pulp	3.2 million t/a
Forest	983 ha
Sawn timber	2.3 million m ³ /a

PAPER

UPM is the world's leading producer of graphic papers. Its large and cost competitive paper mills are located in Europe, China and the USA. The Paper business group aims for competitive advantage with cost efficiency, sustainable products, reliability and innovative customer services.

Paper	14.0 million t/a (including Myllykoski capacity)
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ENGINEERED MATERIALS

The Engineered materials business group comprises of high value-added growth businesses which are based on UPM's proprietary materials know-how. UPM is the second-largest producer of self-adhesive label materials globally and the largest supplier of plywood in Europe.

Label	11 factories
Plywood	about 1.0 million m ³ /a
RFID	2 factories
UPM ProFi composites	2 factories

MARKET PRESENCE (2010 figures without Myllykoski acquisition)

