

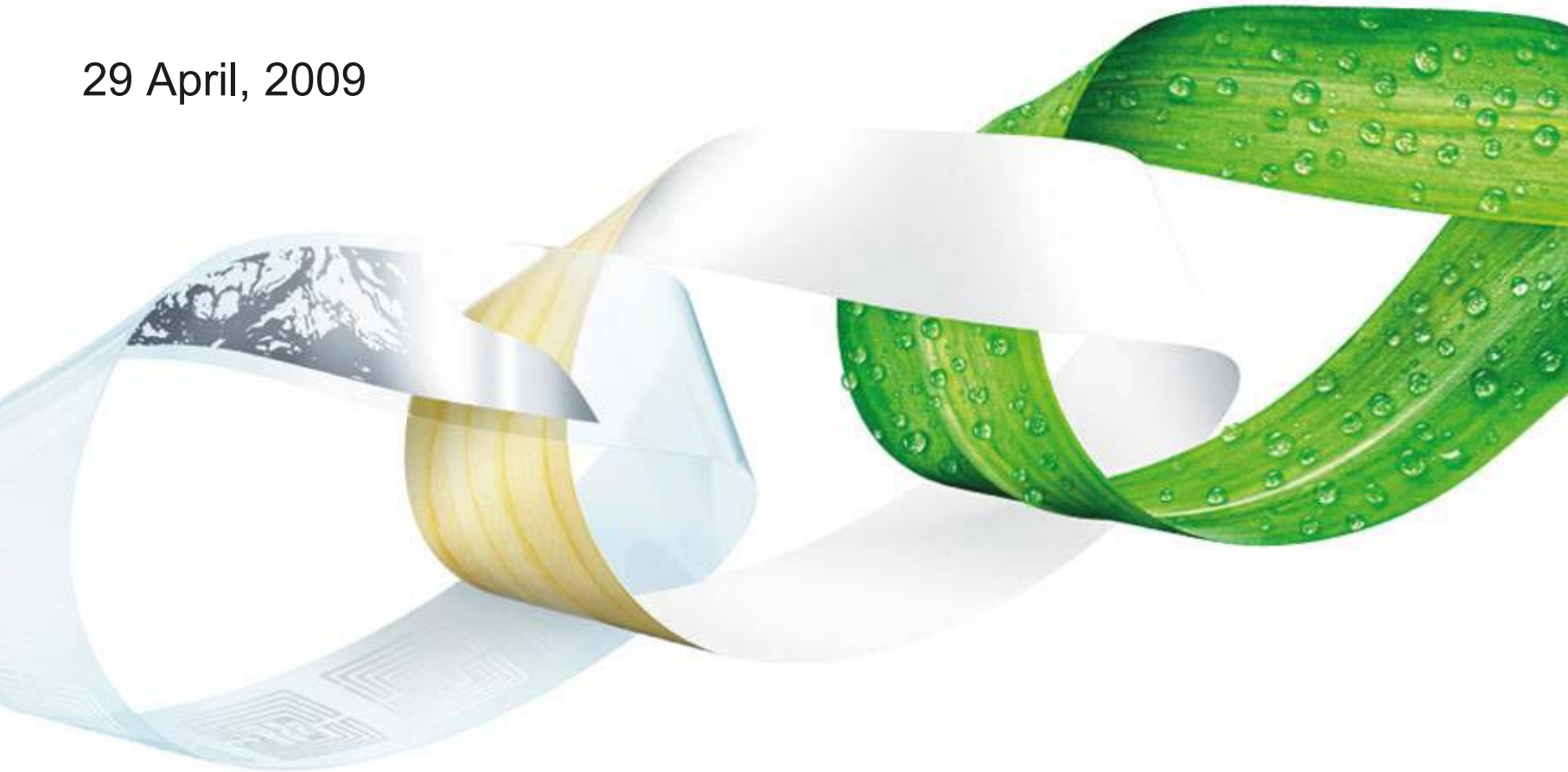
UPM Q1 RESULTS 2009

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Jussi Pesonen
President and CEO

29 April, 2009



Q1 2009 in brief

- Demand for paper, labels, plywood and sawn timber declined significantly - competing devaluations further affected sales from Finland
- The company reported an operating loss due to low delivery volumes, despite increases in paper and label prices and cost savings
- Focus on cash preservation and cost savings
 - Operating cash flow was €274 million (€50 million)
 - Restructuring and flexible way of operating saved costs
- Liquidity remained good. The new revolving credit facility was signed in March

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Key figures

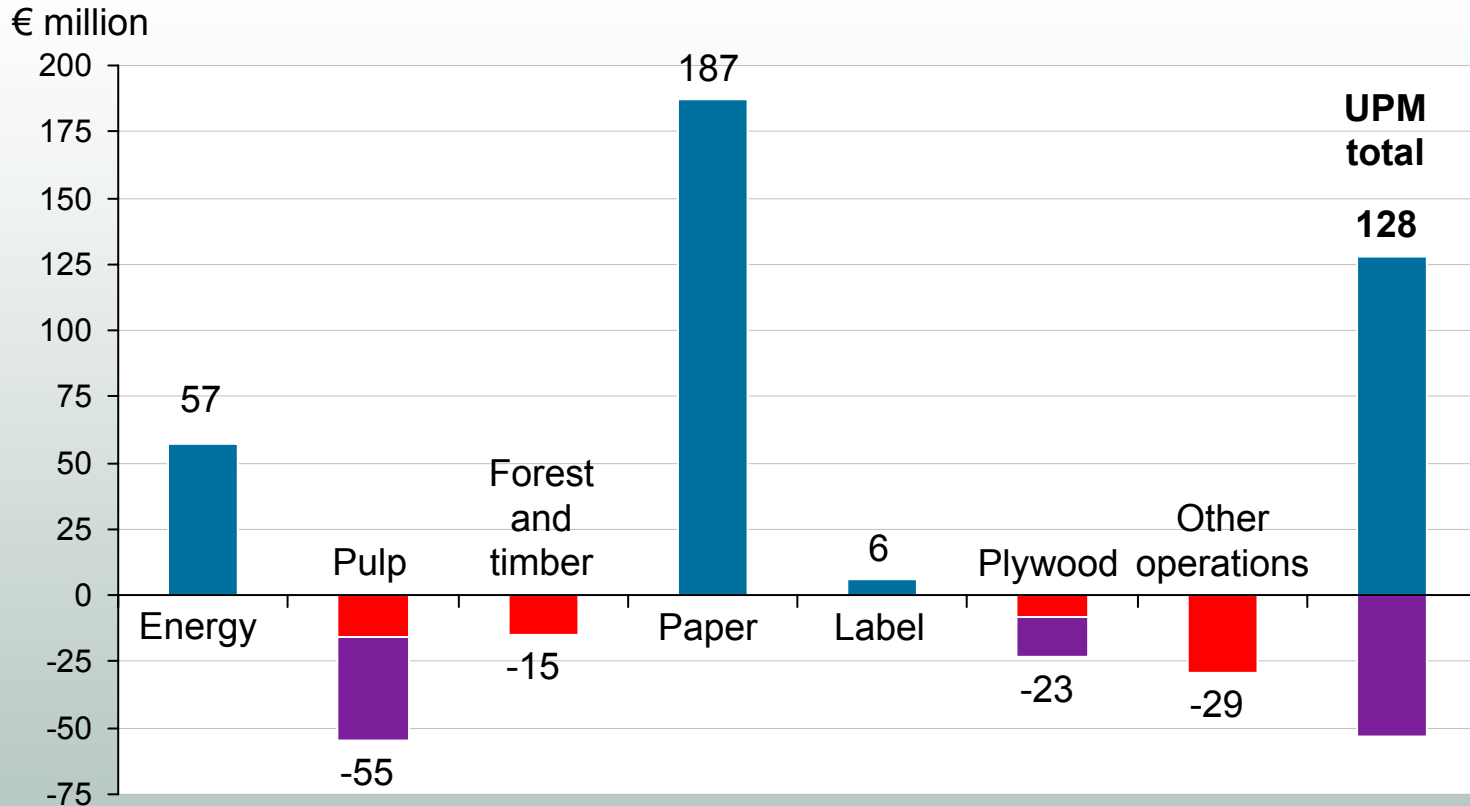
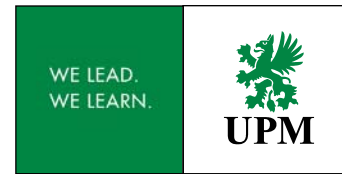
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	Q1/2009	Q1/2008	2008
Sales, €m	1,857	2,410	9,461
EBITDA, €m	128	337	1,206
% of sales	6.9	14.0	12.7
Operating profit (loss), €m	-95	193	24
<i>Special items included in operating profit, net</i>	-17	5	-489
Operating profit (loss) excl. special items, €m	-78	188	513
EPS excluding special items, €	-0.27	0.19	0.42
Net cash generated from operating activities, €m	274	50	628
Personnel at end of period	24,039	25,841	24,983

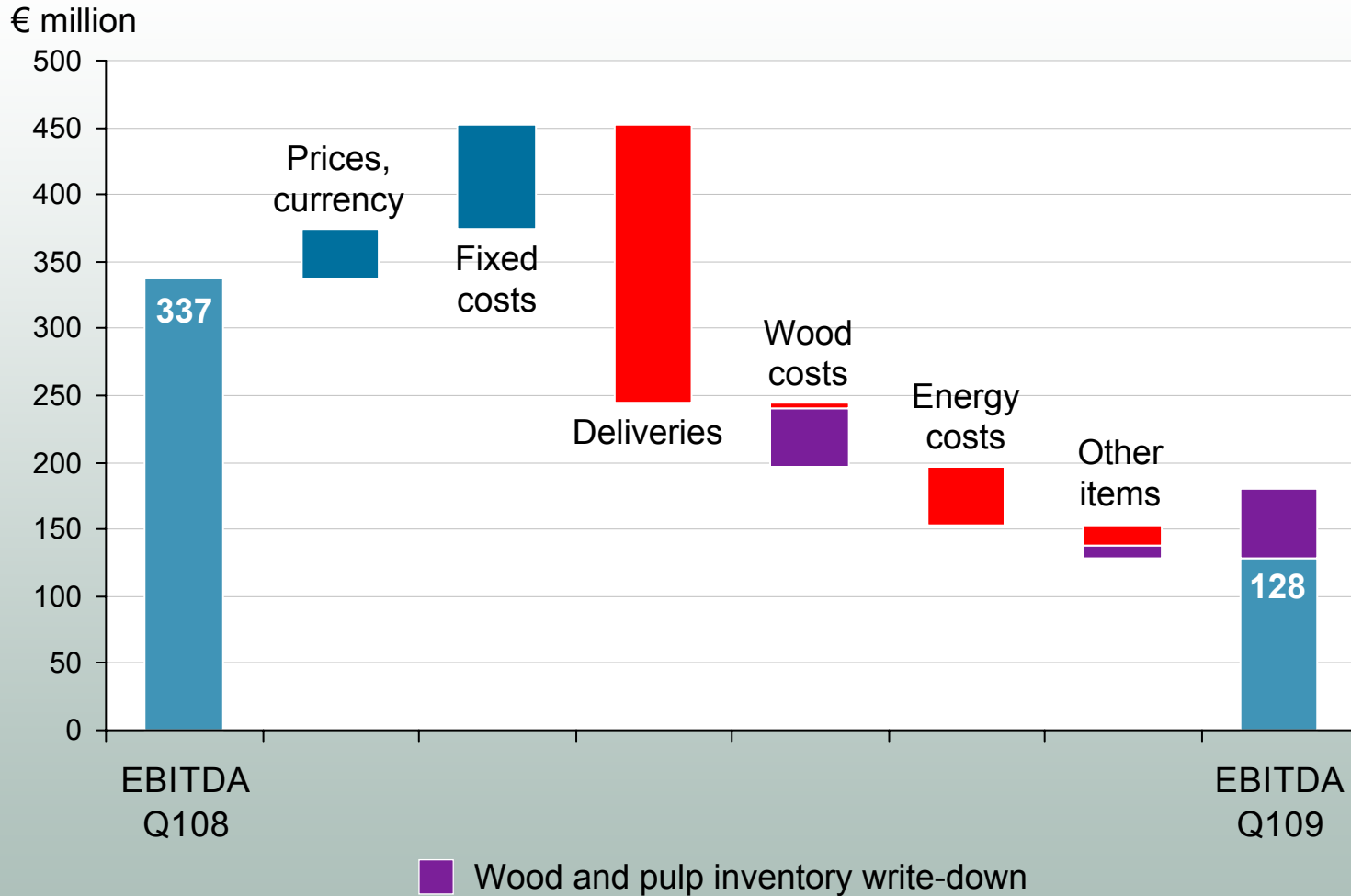
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EBITDA by business area in Q1 2009

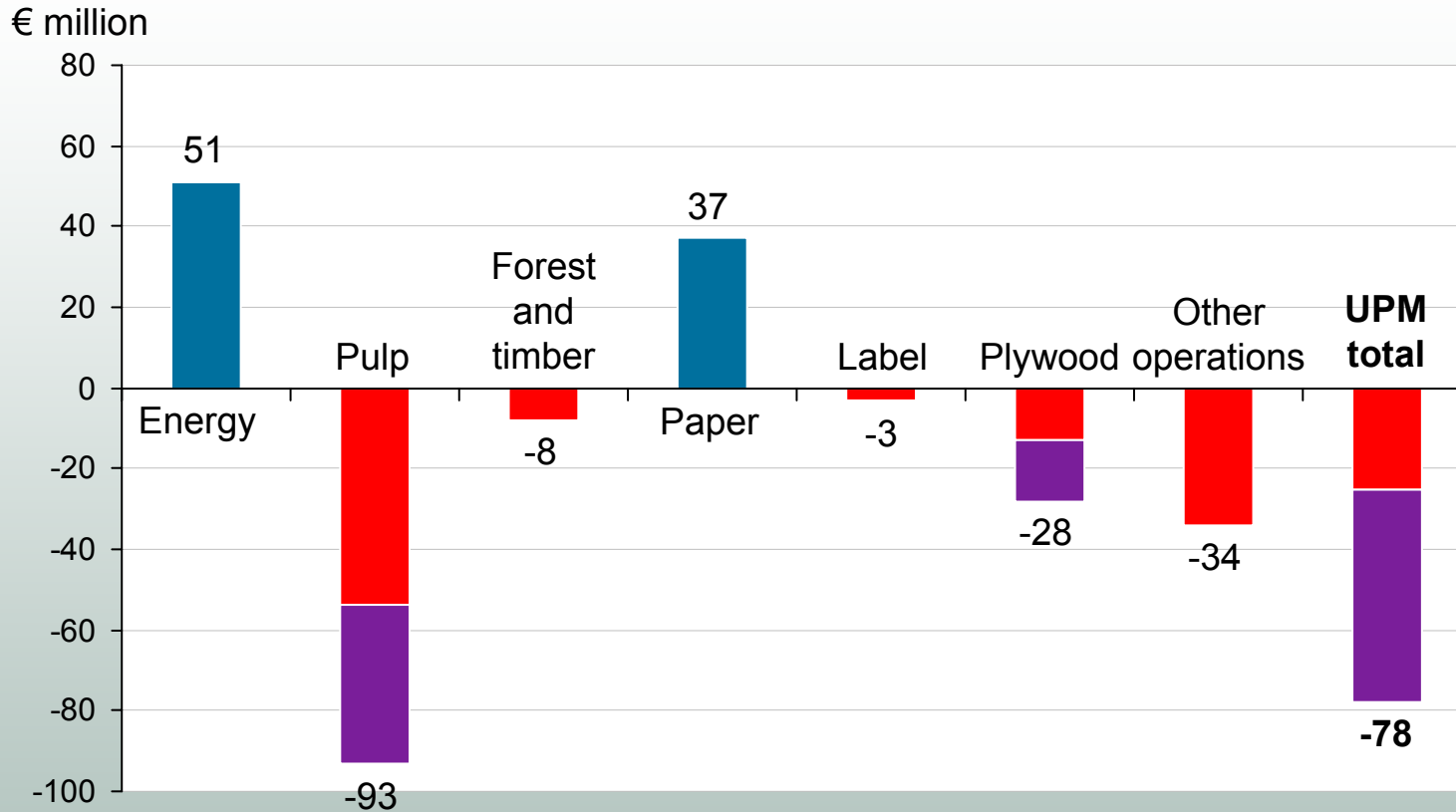


Wood and pulp inventory write-down

EBITDA development in Q1 2009



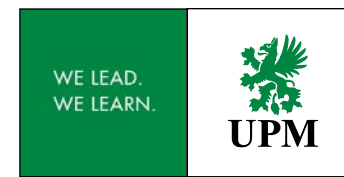
Operating profit excluding special items in Q1 2009 by business area



Wood and pulp inventory write-down

Operating in a low-demand environment

Case Paper



- Sales declined by 22%
- Higher prices maintained
- Significant reduction in fixed costs through restructuring and flexible way of working
- Lower pulp costs compensated for the increase in energy costs

Paper	Q1 2009	Q1 2008	2008
Sales, M€	1,367	1,773	7,011
Sales growth, %	-22%	-1%	-4%
EBITDA, M€	187	209	885
EBITDA, % of sales	13.7	11.8	12.6
Operating profit, M€ excl. special items	37	50	250
Paper deliveries, 1,000 t	2,028	2,753	10,641
Paper deliveries, % change	-26%	0%	-7%

EBITDA margin increased to 13.7% (11.8%)

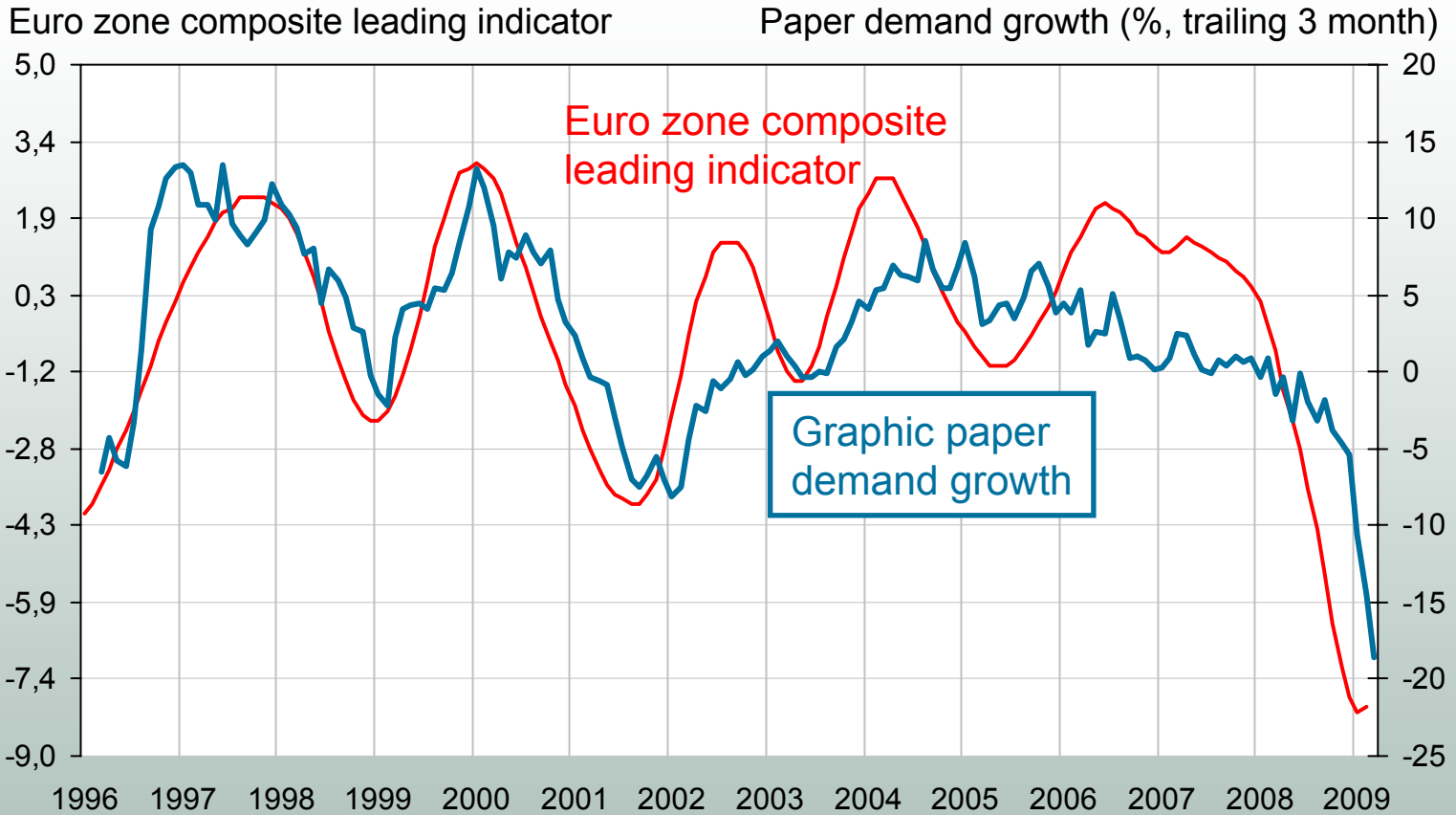
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DEMAND AND DELIVERIES



Weaker economic growth affects demand for all of UPM's products

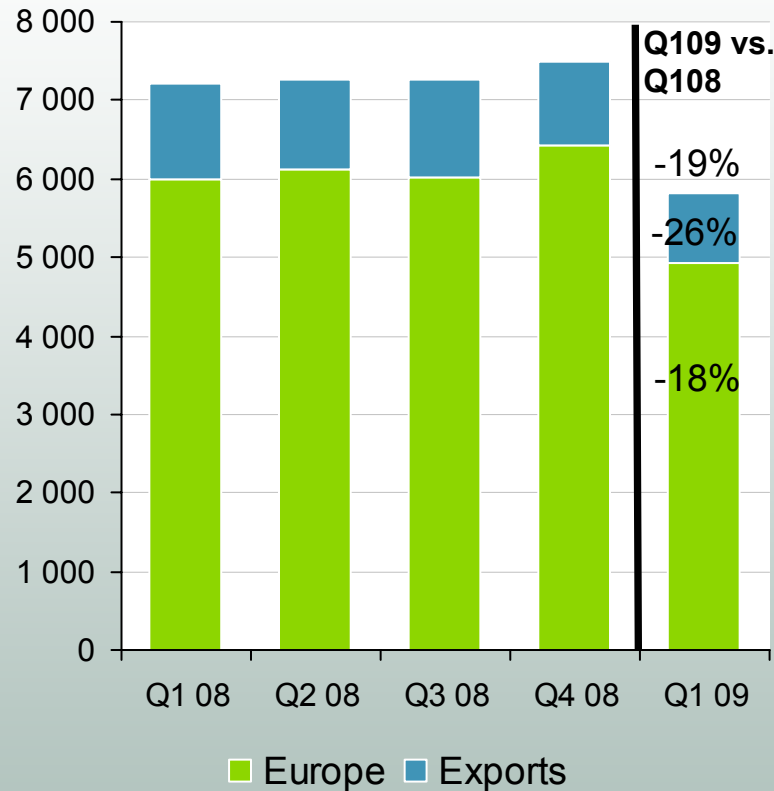


Sources: Cepiprint, Cepifine, OECD

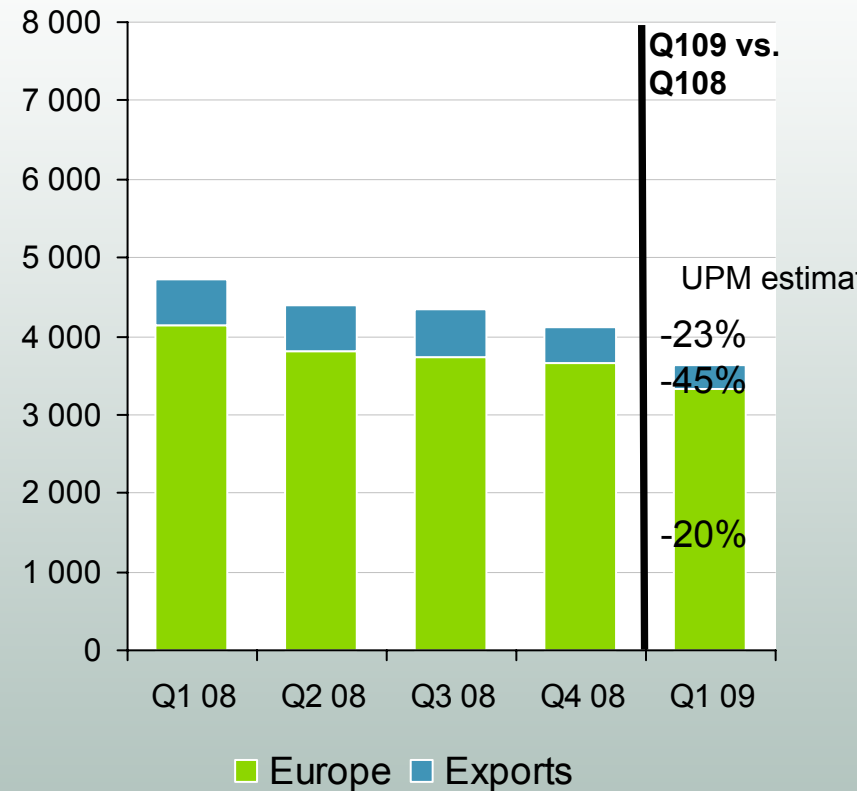
Export paper markets weakened more than European demand



CEPIPRINT publication paper deliveries

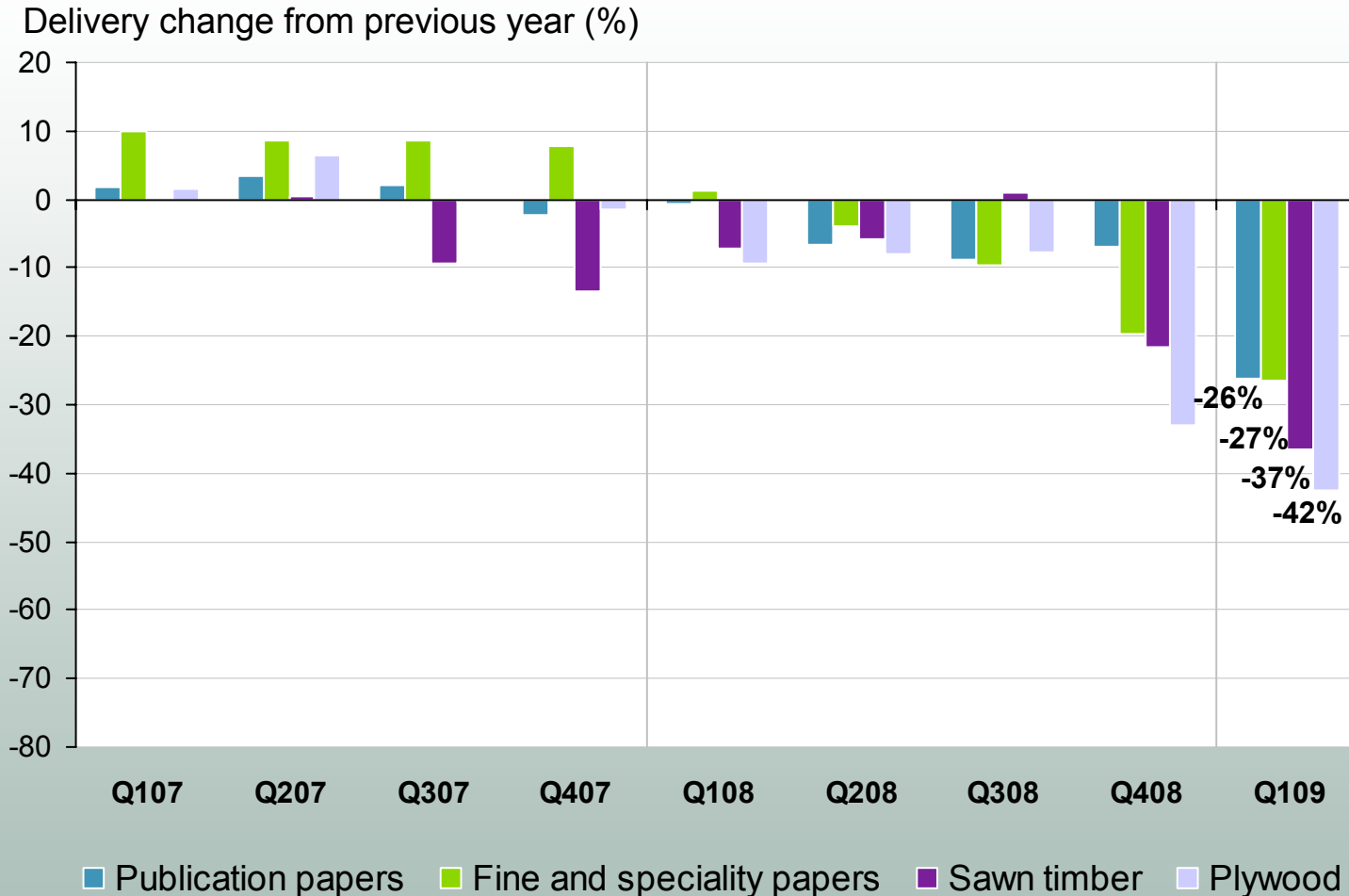
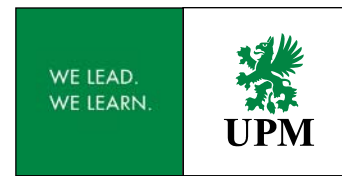


CEPIFINE fine paper deliveries



Sources: Cepiprint, Cepifine, UPM estimate

UPM's production has been curtailed to respond to changes in demand



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PRICES AND COSTS

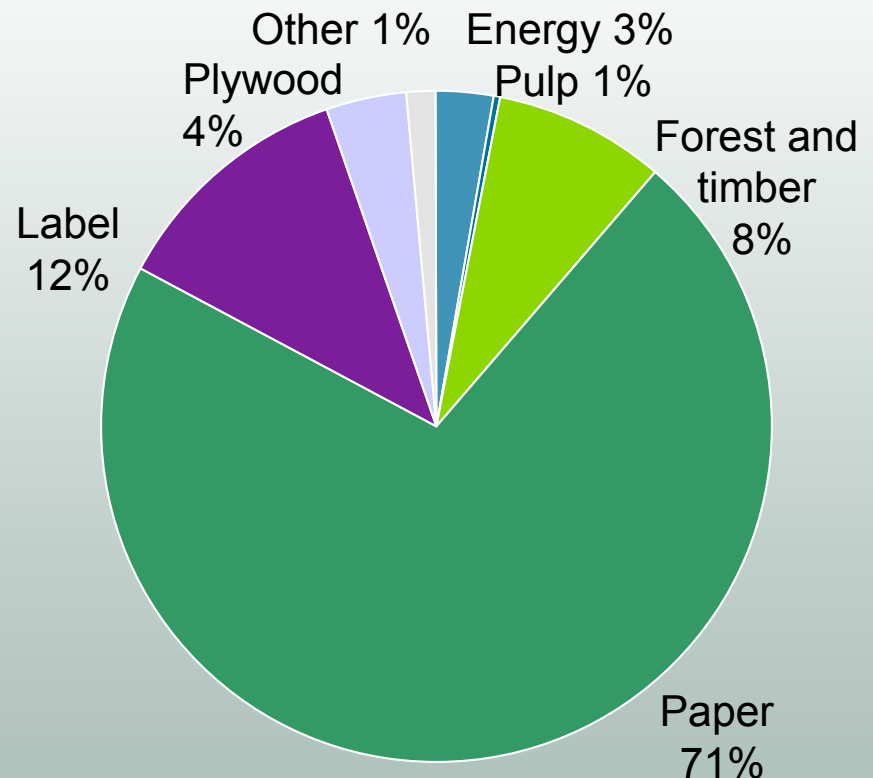


Prices increased in Paper and Label – decreased in Pulp, Timber and Plywood

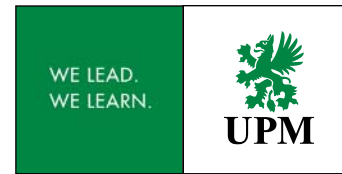
Change in average sales price
Q109 vs. Q108

	(%)
Electricity	+40%
Pulp	-23%
Sawn timber	-21%
Paper	+4%
Label	+9%
Plywood	-11%

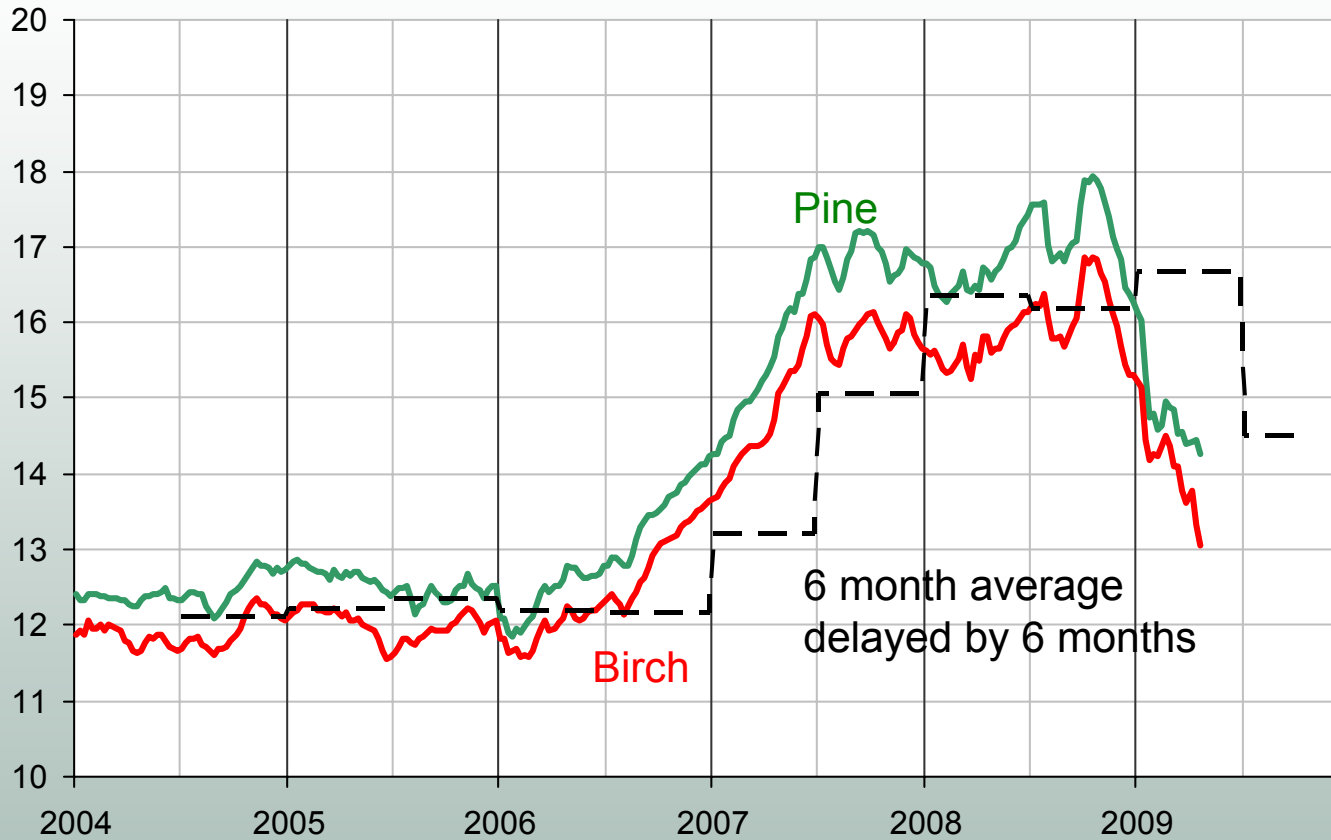
Distribution of external sales
in Q109



Wood prices in Finland returning to 2005 levels – 2009 still burdened by high wood costs



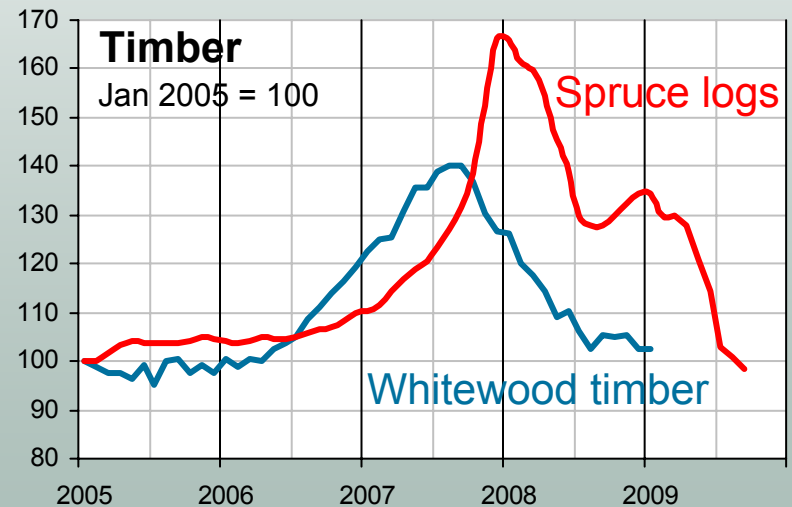
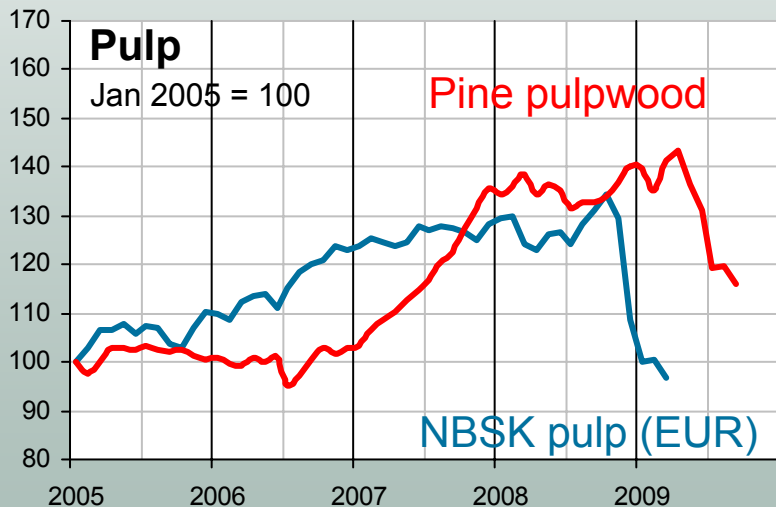
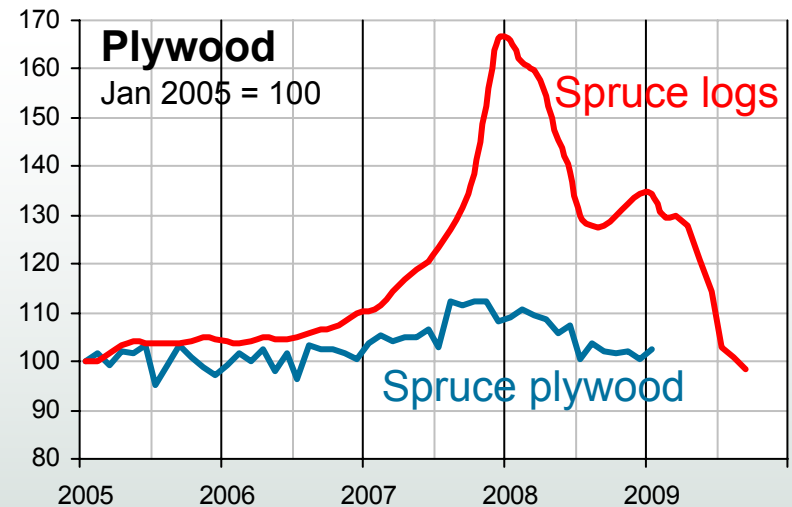
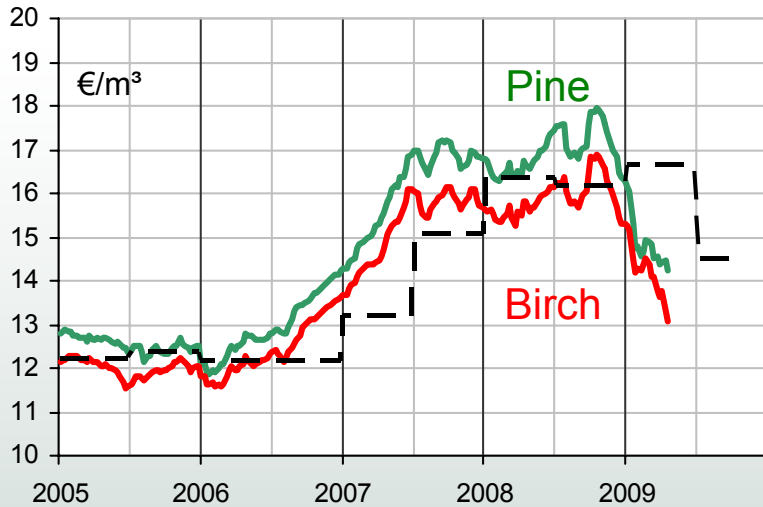
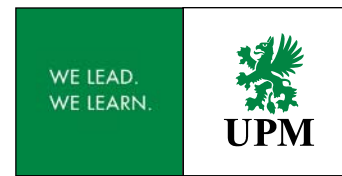
Fibre wood prices in Finland, € / m³



UPM's wood costs expected to decrease with a delay

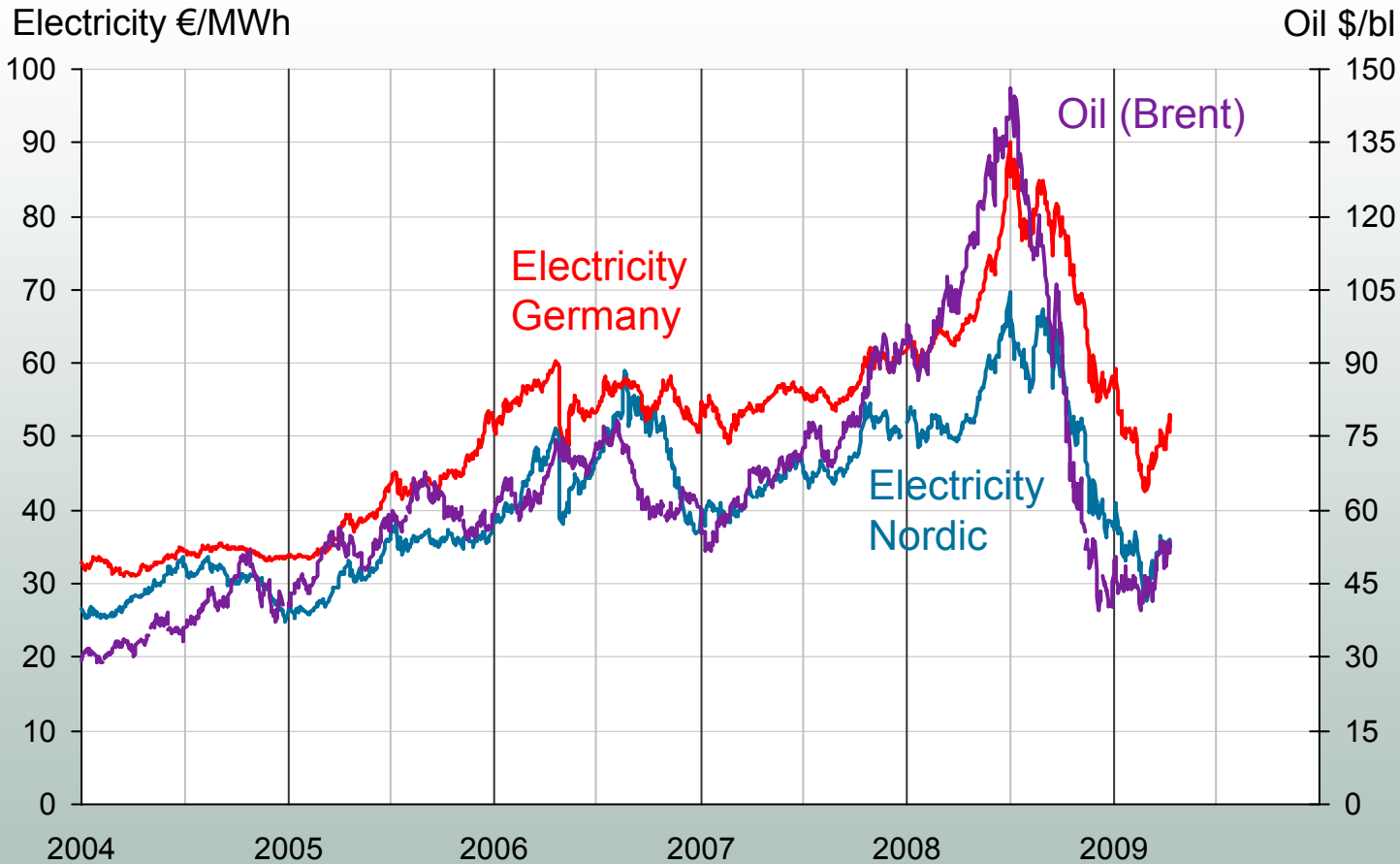
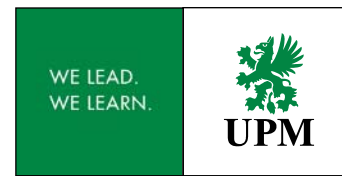
Source: Metla

Product prices have declined in Pulp, Timber and Plywood – wood costs still high



Energy market prices peaked in mid-2008

– Q1 2009 was still burdened by high costs



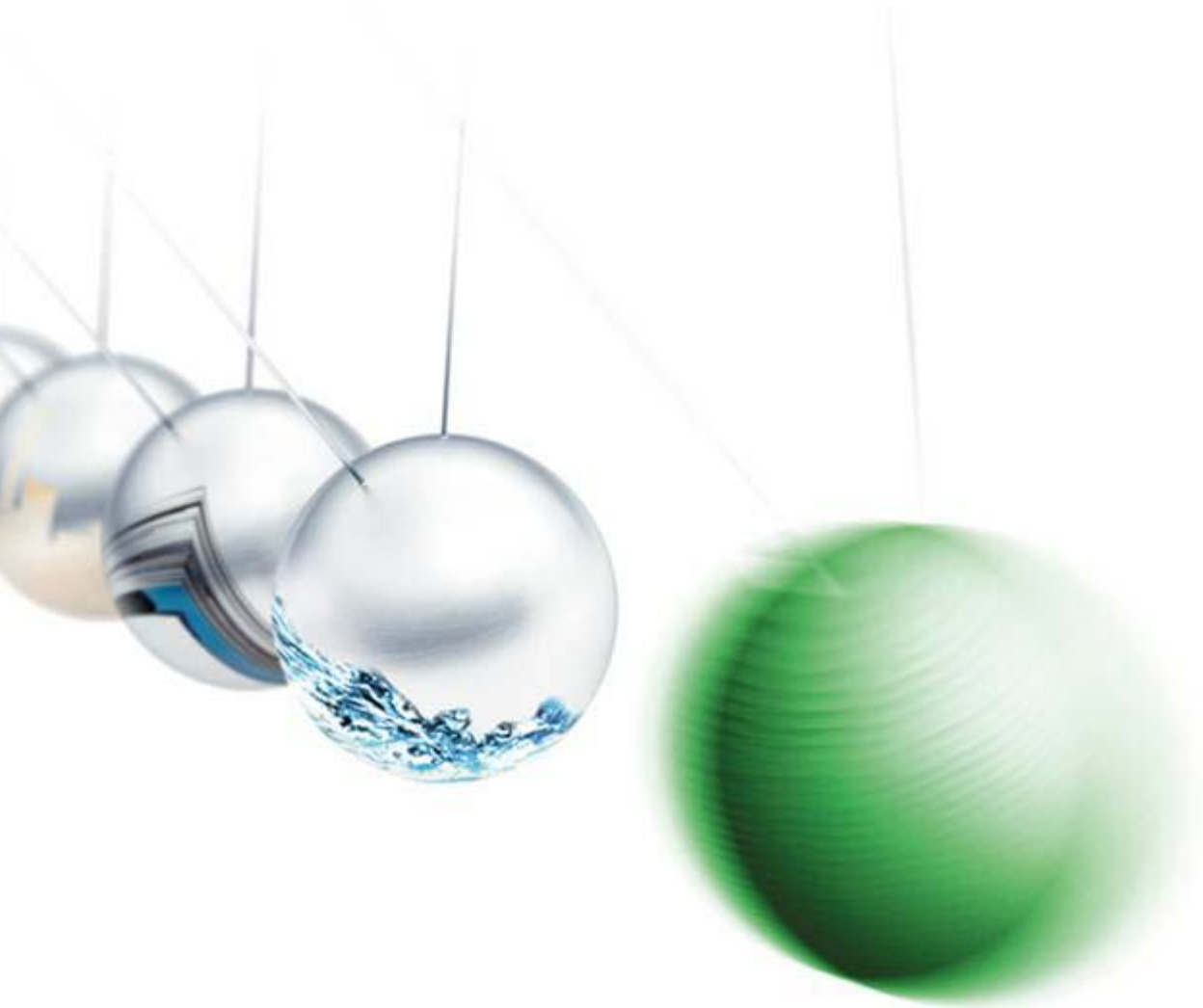
UPM's energy costs expected to decrease with a delay

Sources: NordPool, EEX

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Cash flow

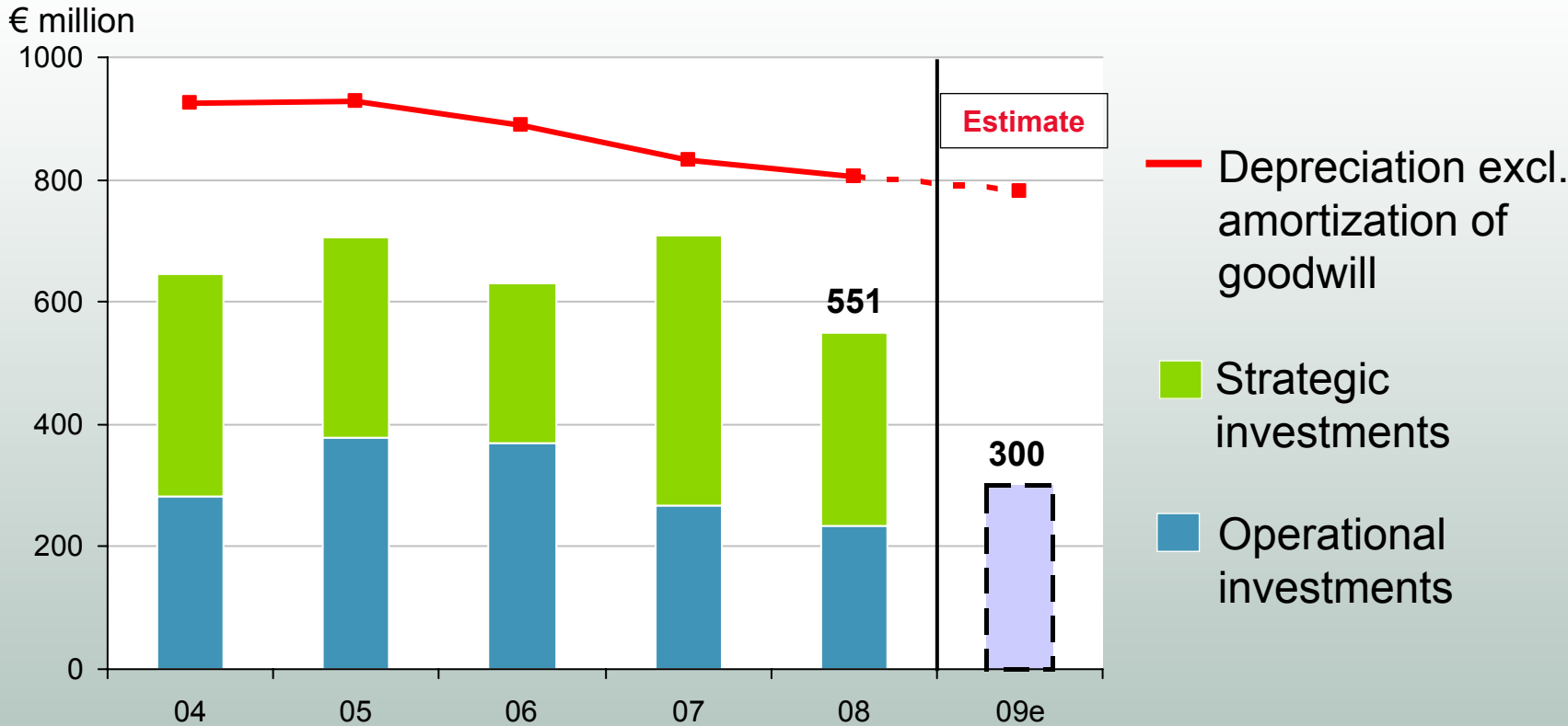
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€, million	Q1 2009	Q1 2008	2008
EBITDA	128	337	1,206
Cash flow before change in working capital	131	255	1,052
Change in working capital	216	-106	-132
Finance costs and income taxes	-73	-99	-292
Net cash from operating activities	274	50	628
Capital expenditure	-78	-175	-558
Cash flow after capex	196	-125	70
Asset sales and acquisitions	14	4	26
Cash flow after investing activities	210	-121	96

Capital expenditure

2009 estimate lowered to € 300 million

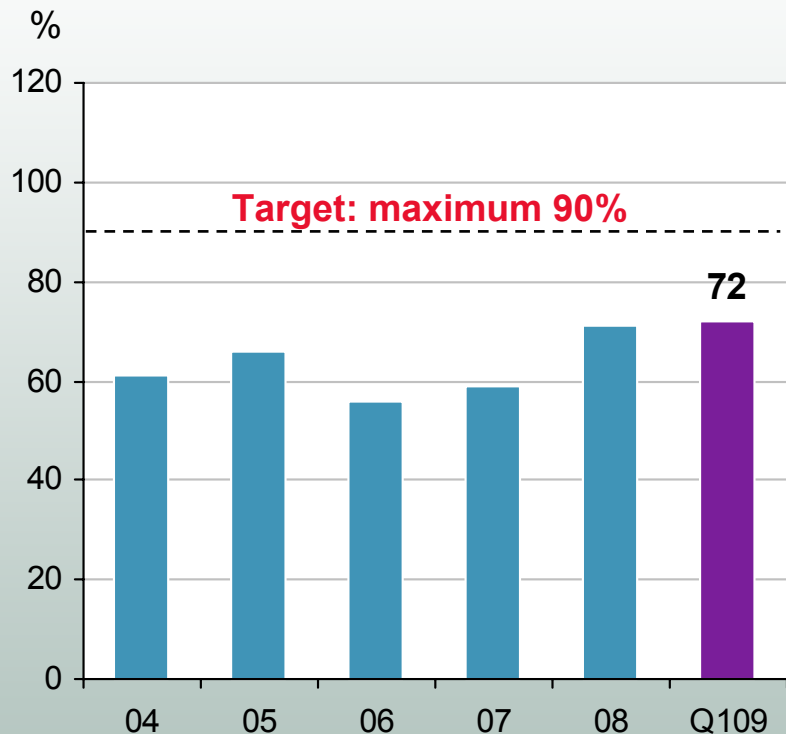


Q1 2009 capital expenditure was € 67 million

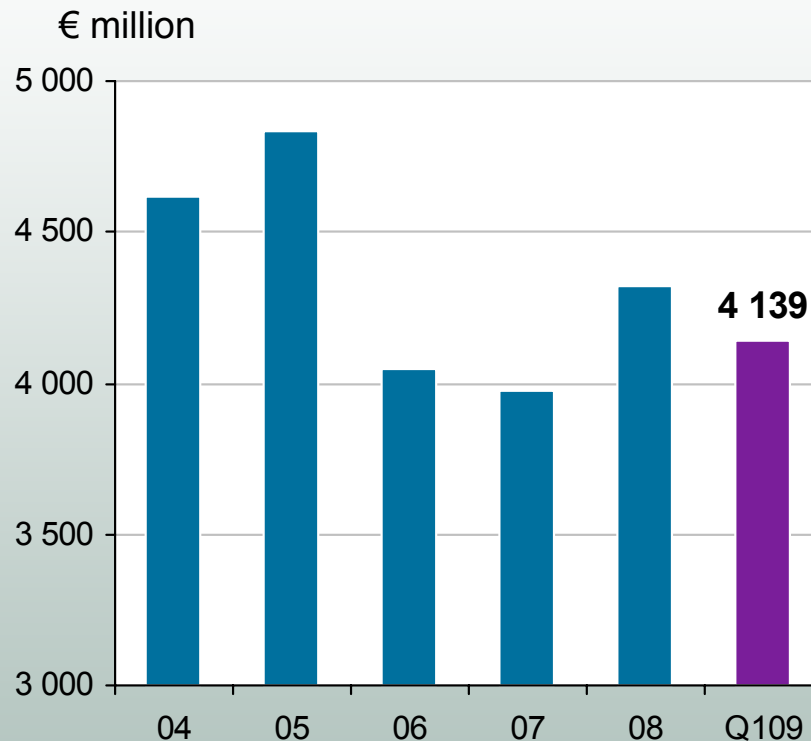
Gearing ratio and net interest-bearing liabilities



Gearing ratio



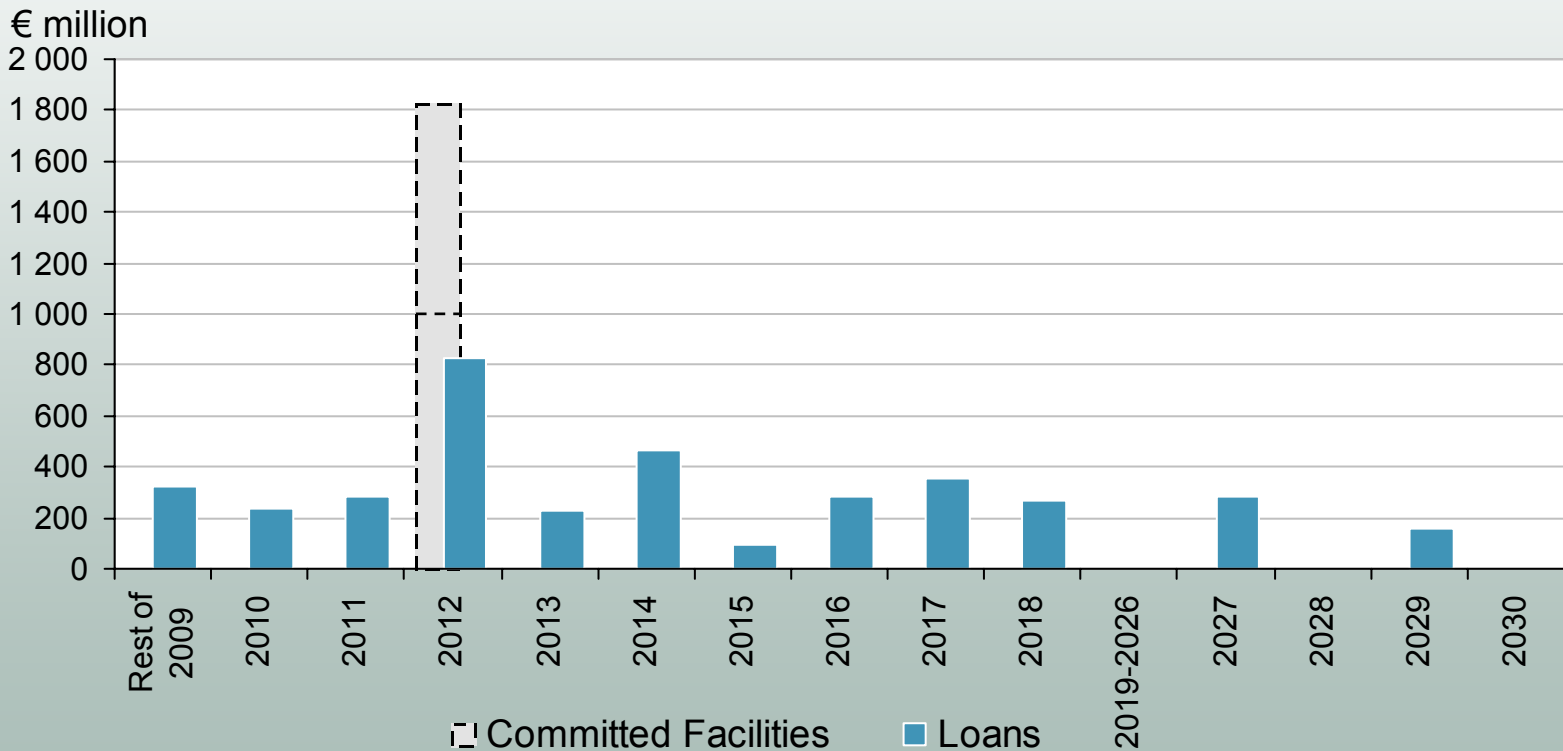
Net interest-bearing liabilities



Ratings: Moody's Ba1, latest change February 13, 2009
 S&P BB+, latest change April 1, 2009

Maturity profile – moderate repayments for the next three years

- Liquidity on 31 March 2009 was € 1.7bn
- In March, the € 1.5bn loan facility maturing in 2010 was replaced by a new three-year € 825m facility



Outlook for 2009 (*)

- Economic activity in main markets contracts during 2009
- For UPM this is expected to mean:
 - weak demand in most of products continues
 - markedly lower deliveries than in 2008 and long production downtime
 - increased competition and potential loss of sales due to competing devaluations (e.g. SEK, GBP and Rouble)
 - lower wood costs for the group will materialize with a delay
- UPM's own actions continue:
 - Focus on cost saving and cash preservation
 - Lower capital expenditure – new estimate €300 million

Forward-looking statement

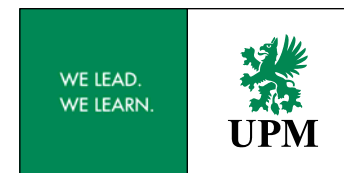
It should be noted that certain statements herein which are not historical facts, including, without limitation, those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein including the availability and cost of production inputs, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates.

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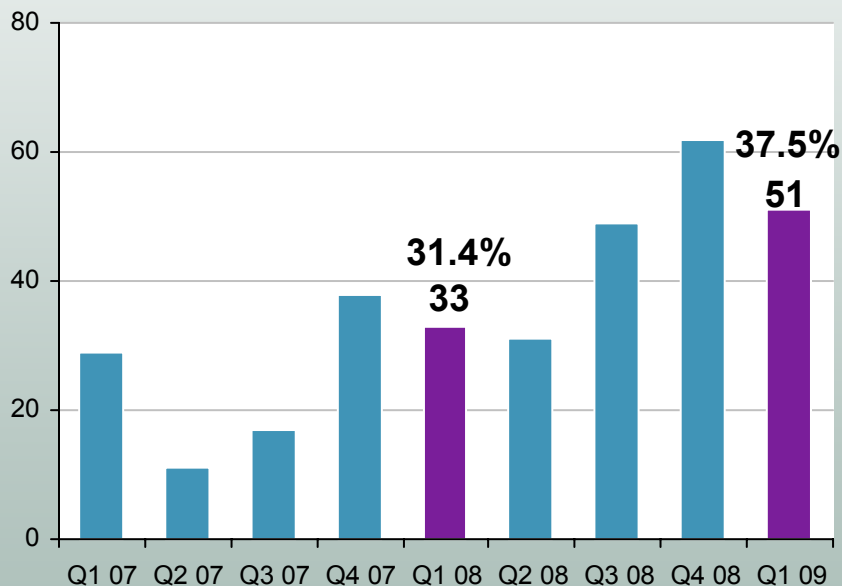
Energy



Operating profit improved

- Sales increased by 30%
- Average sales price for electricity increased by 40%

€, million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	136	105
Operating profit M€ excl. special items	51	33
Average price, change %	40%	n.a.
Electricity sales, TWh	2.5	2.4

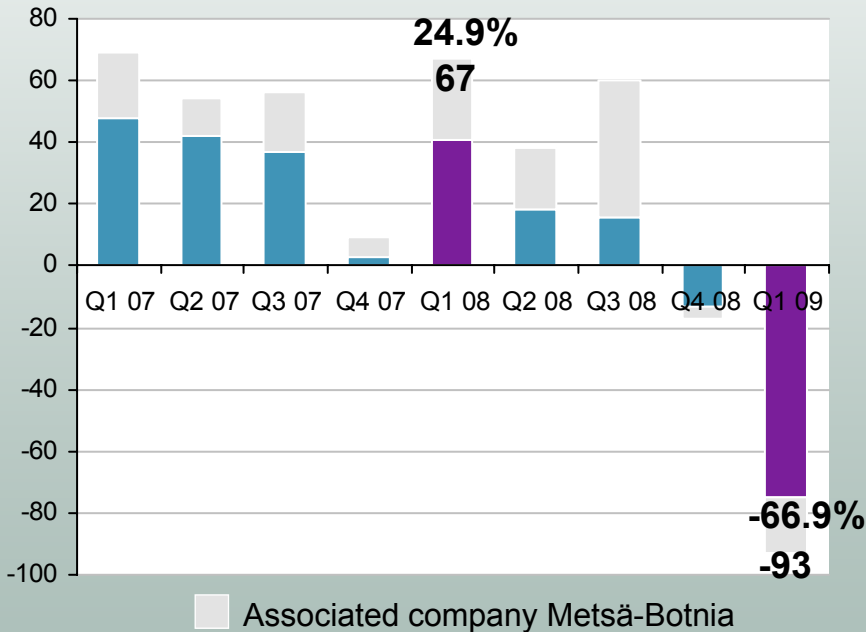
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Pulp



- Operating profit declined due to lower pulp price and lower deliveries
- Wood cost remained high

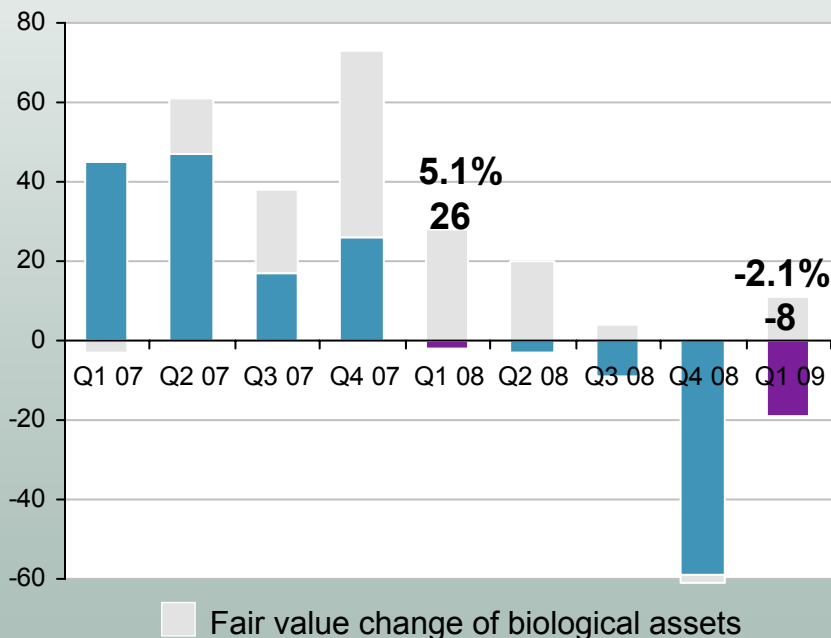
€ , million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	139	269
Operating profit M€ excl. special items	-93	67
Average price, change %	-23%	n.a.
Pulp deliveries, 1,000 t	372	554

- Operating profit declined due 21% to lower average price and lower deliveries of sawn timber
- Wood cost remained at a high level

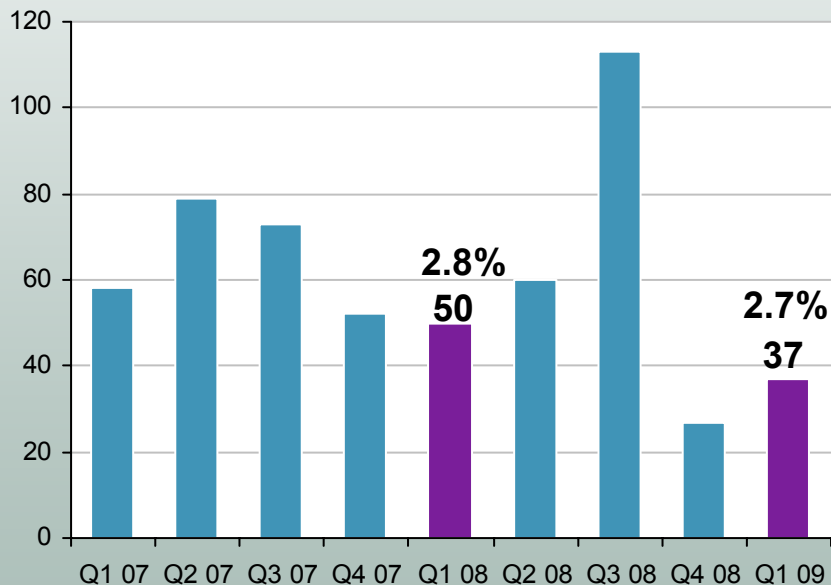
€ , million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	385	508
Operating profit M€ excl. special items	-8	26
Fair value change of biological assets	11	28
Average price of sawn timber, change %	-21%	n.a.
Sawn timber deliveries, 1,000 m³	363	573

- Operating profit was impacted by lower deliveries (-26%)
- Higher prices maintained
- Significant reduction in fixed costs through restructuring and flexible way of working
- Lower pulp costs compensated for the increase in energy costs
- EBITDA margin increased to 13.7% (11.8%)

€, million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	1,367	1,773
Operating profit M€ excl. special items	37	50
Average price, change %	4%	n.a.
Paper deliveries, 1,000 t	2,028	2,753

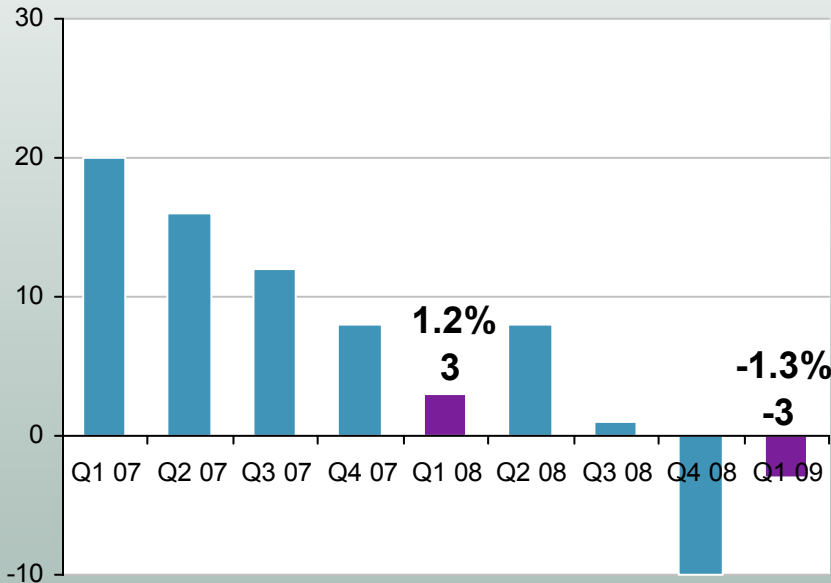
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Label



- Operating profit declined due to lower deliveries
- Average sales price increased by about 9%
- Fixed costs were lower

€, million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	223	242
Operating profit M€ excl. special items	-3	3

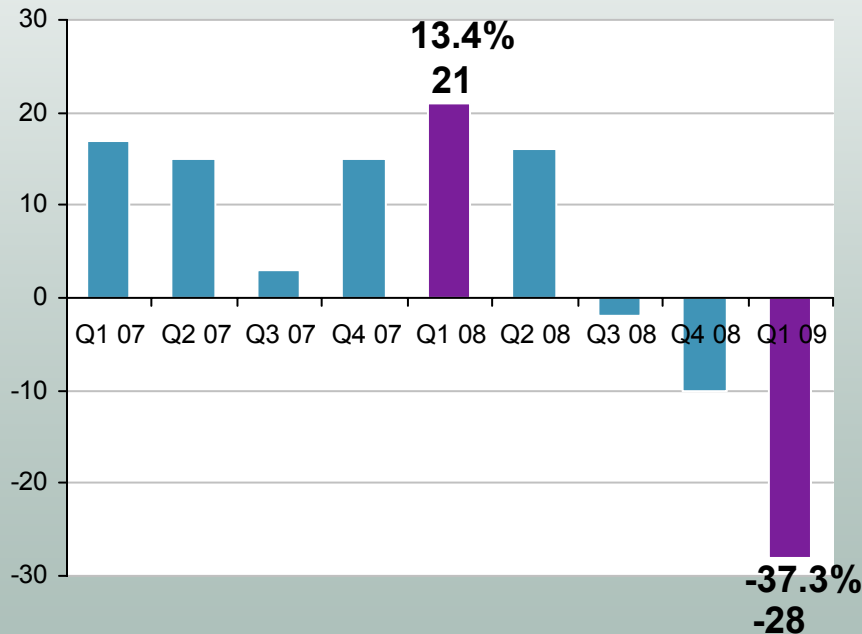
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Plywood



- Operating profit declined due to significantly lower delivery volumes and lower prices
- Wood costs remained at a high level
- Extensive production downtime was taken at all mills

€, million Operating profit excluding special items



	Q1 2009	Q1 2008
Sales, M€	75	157
Operating profit M€ excl. special items	-28	21
Plywood deliveries, 1,000 m³	133	231