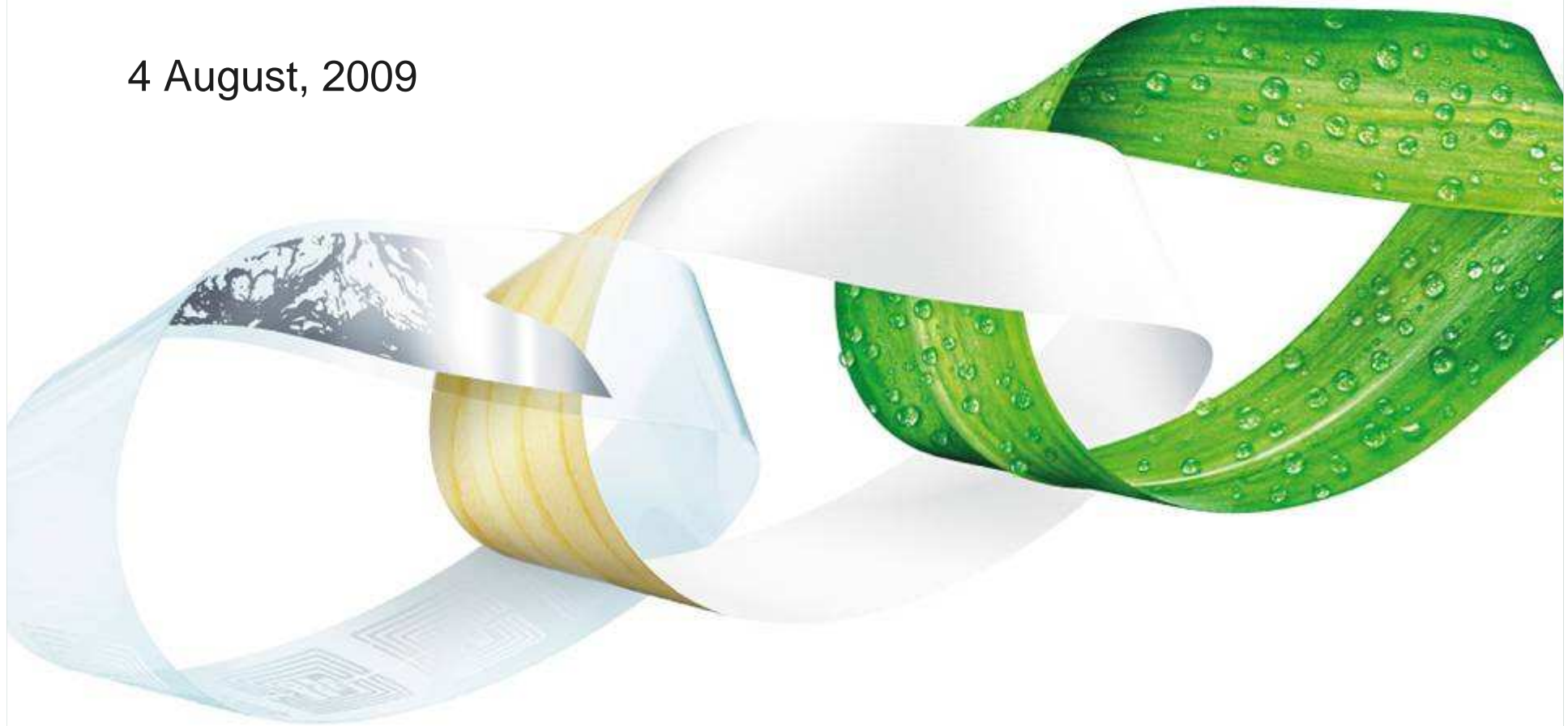


UPM Q2 RESULTS 2009



Jussi Pesonen
President and CEO

4 August, 2009



Q2 2009 in brief

- Poor economic activity led to significantly lower deliveries across all of UPM's businesses from last year
 - demand is stabilising and order intake shows improvement in Paper business area
- UPM continued the flexible operating mode adjusting production to the demand
 - fixed costs decreased by € 100 million from last year
- Wood and other variable costs started to decrease
- Operating profit excluding special items improved to €31 million from Q1 (-78 million)
- Good cash flow generation continued
 - net debt decreased to €4,036 million (4,479 million 30.6.08)

WE LEAD.
WE LEARN.

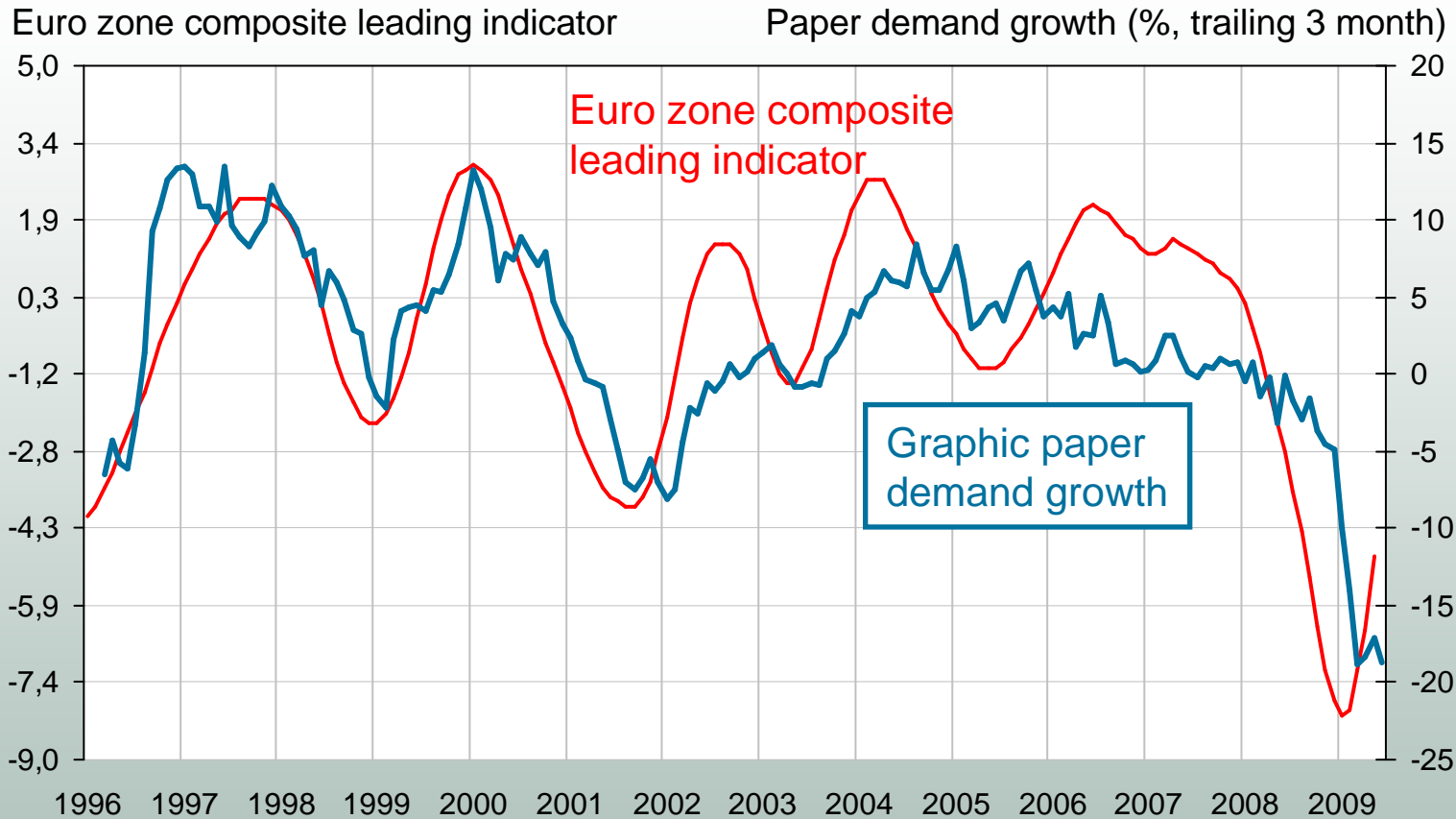


EARNINGS DRIVERS



FINANCIALS

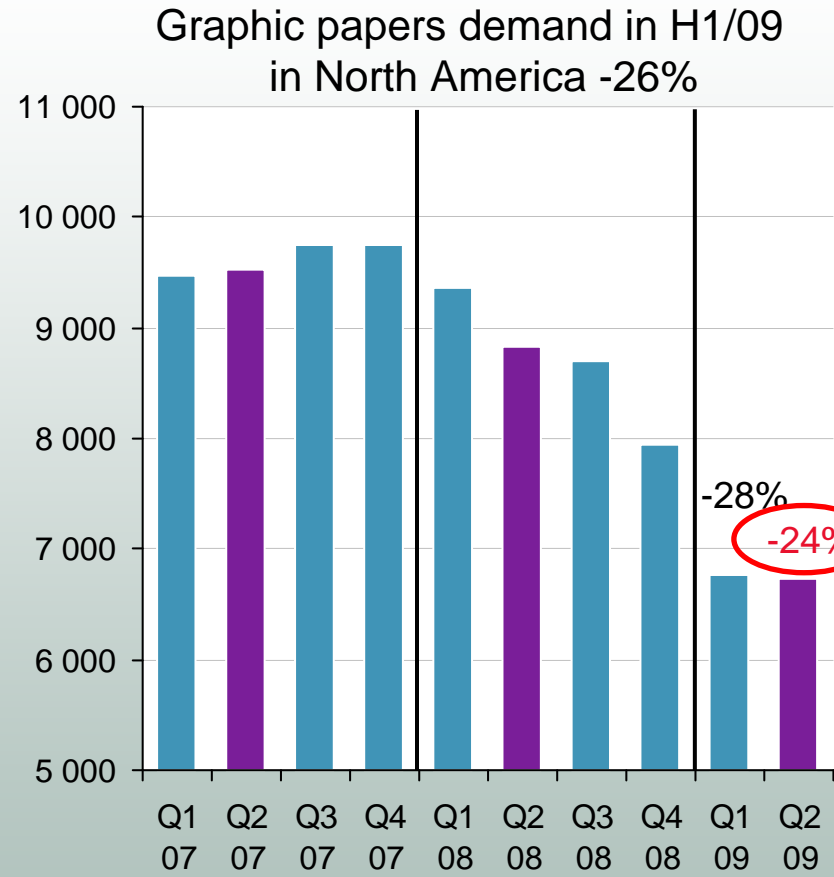
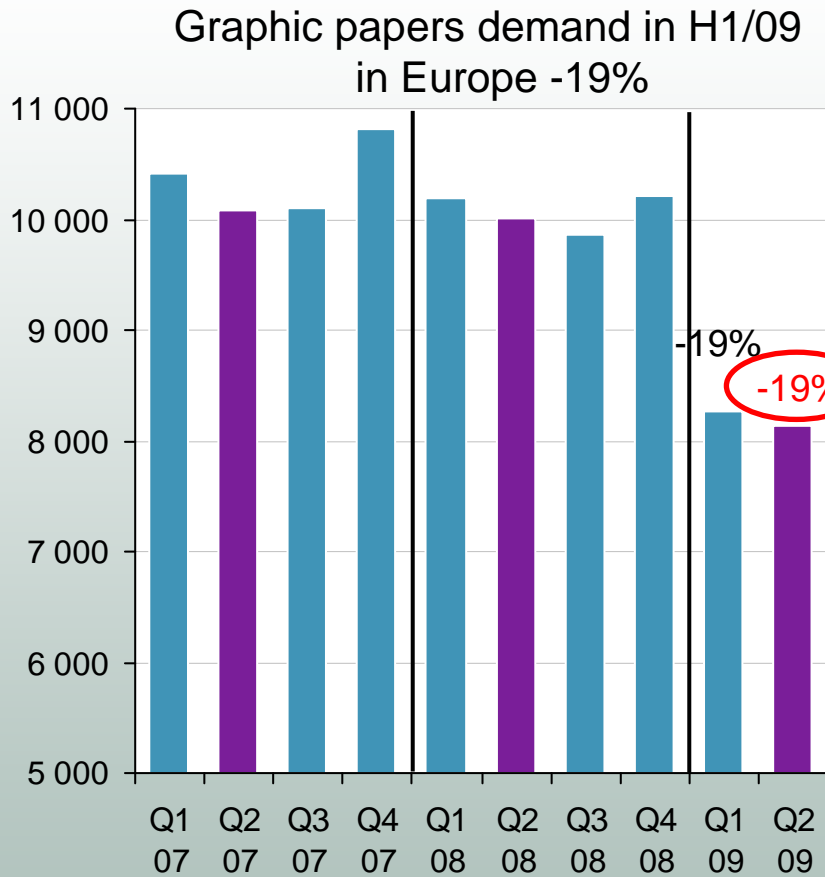
Contraction of economic activity has slowed down but still affecting demand for all of UPM's products



Sources: Cepiprint, Cepifine, OECD

FINANCIALS

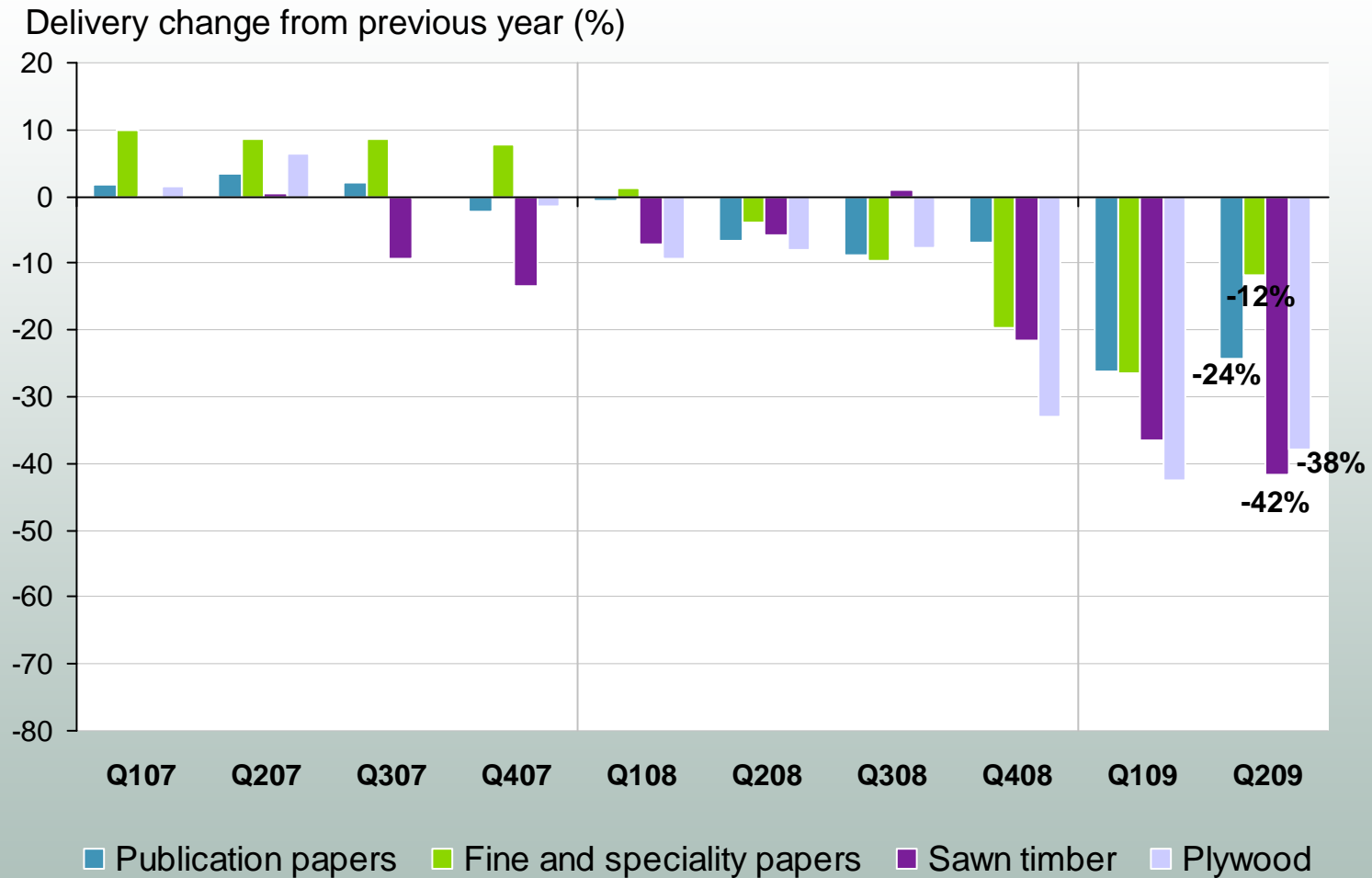
Graphic papers demand is stabilising



Source: Cepiprint/fine, PPPC

FINANCIALS

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



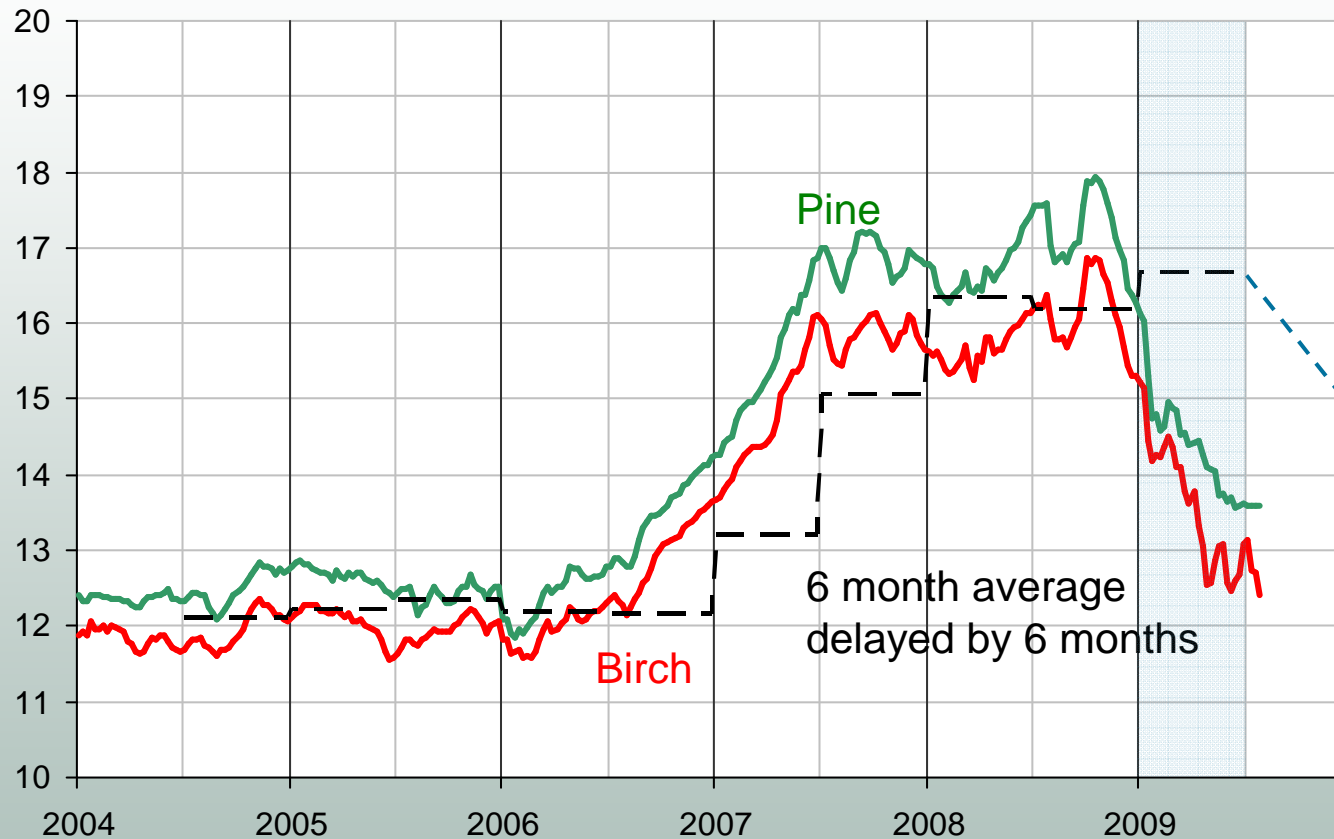
FINANCIALS

UPM consumed wood inventories built up in 2008 at high wood prices

WE LEAD.
WE LEARN.



Fibre wood prices in Finland, € / m³



UPM's wood costs expected to be lower in H2/2009

Source: Metla

WE LEAD.
WE LEARN.



FINANCIALS



FINANCIALS

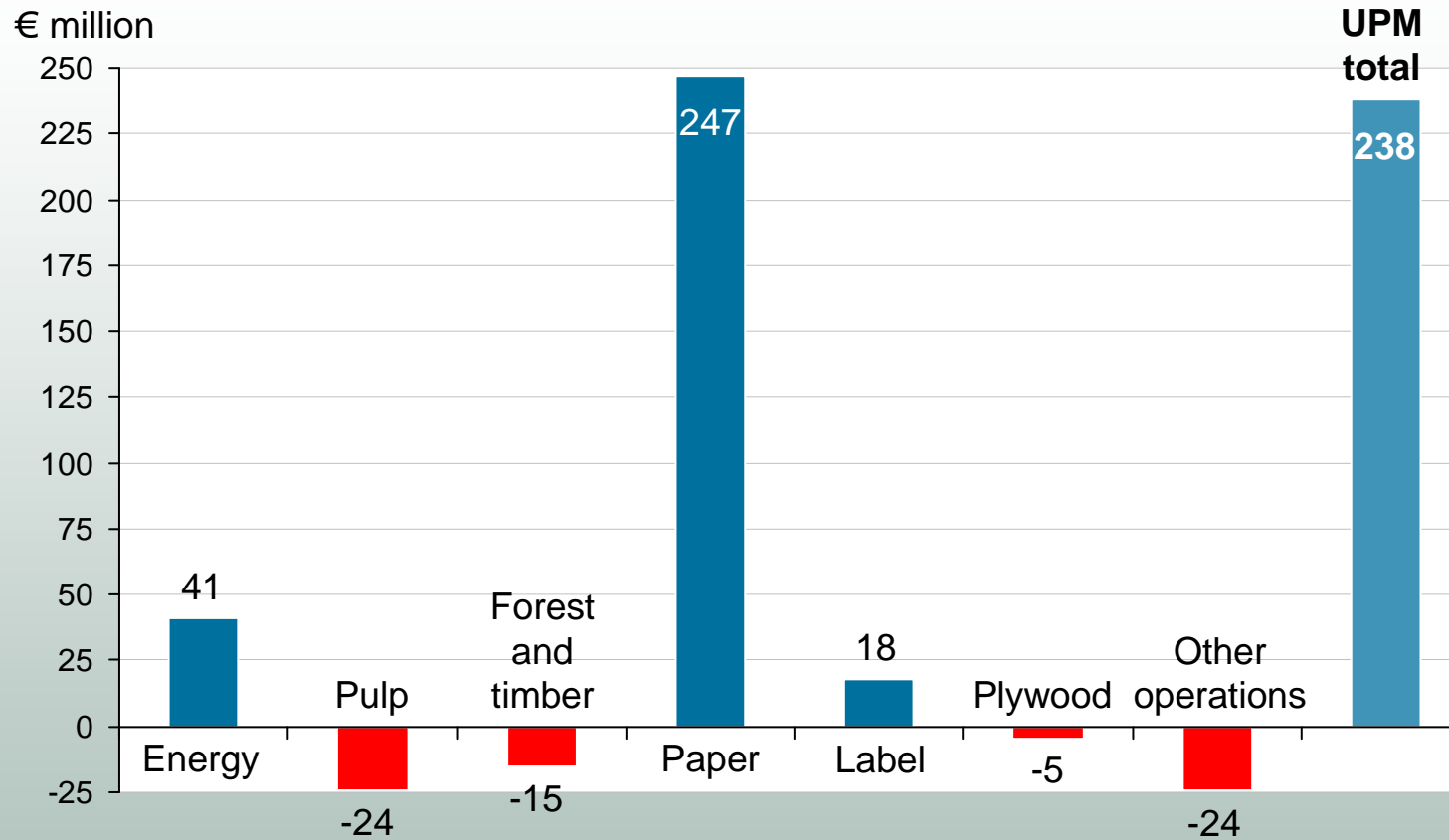
Key figures



	Q2/2009	Q2/2008	H1/2009	H1/2008
Sales, €m	1,841	2,378	3,698	4,788
EBITDA, €m	238	313	366	650
% of sales	12.9	13.2	9.9	13.6
Operating profit (loss), €m	8	157	-87	350
<i>Special items included in operating profit, net</i>	-23	2	-40	7
Operating profit (loss) excl. special items, €m	31	155	-47	343
EPS excluding special items, €	0.03	0.17	-0.24	0.36
Net cash generated from operating activities, €m	306	46	580	96
Personnel at end of period	23,792	27,059	23,792	27,059

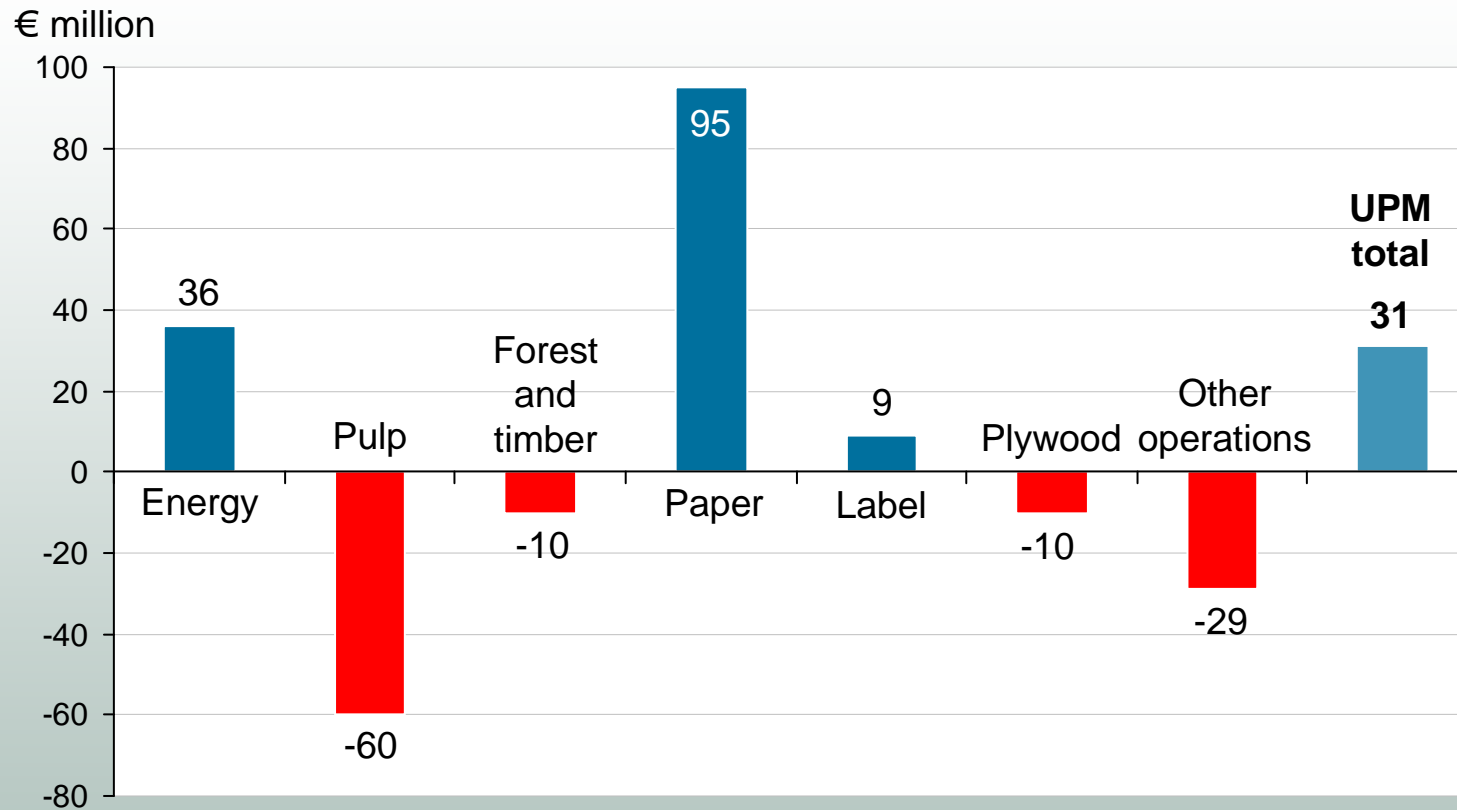
FINANCIALS

EBITDA by business area in Q2 2009



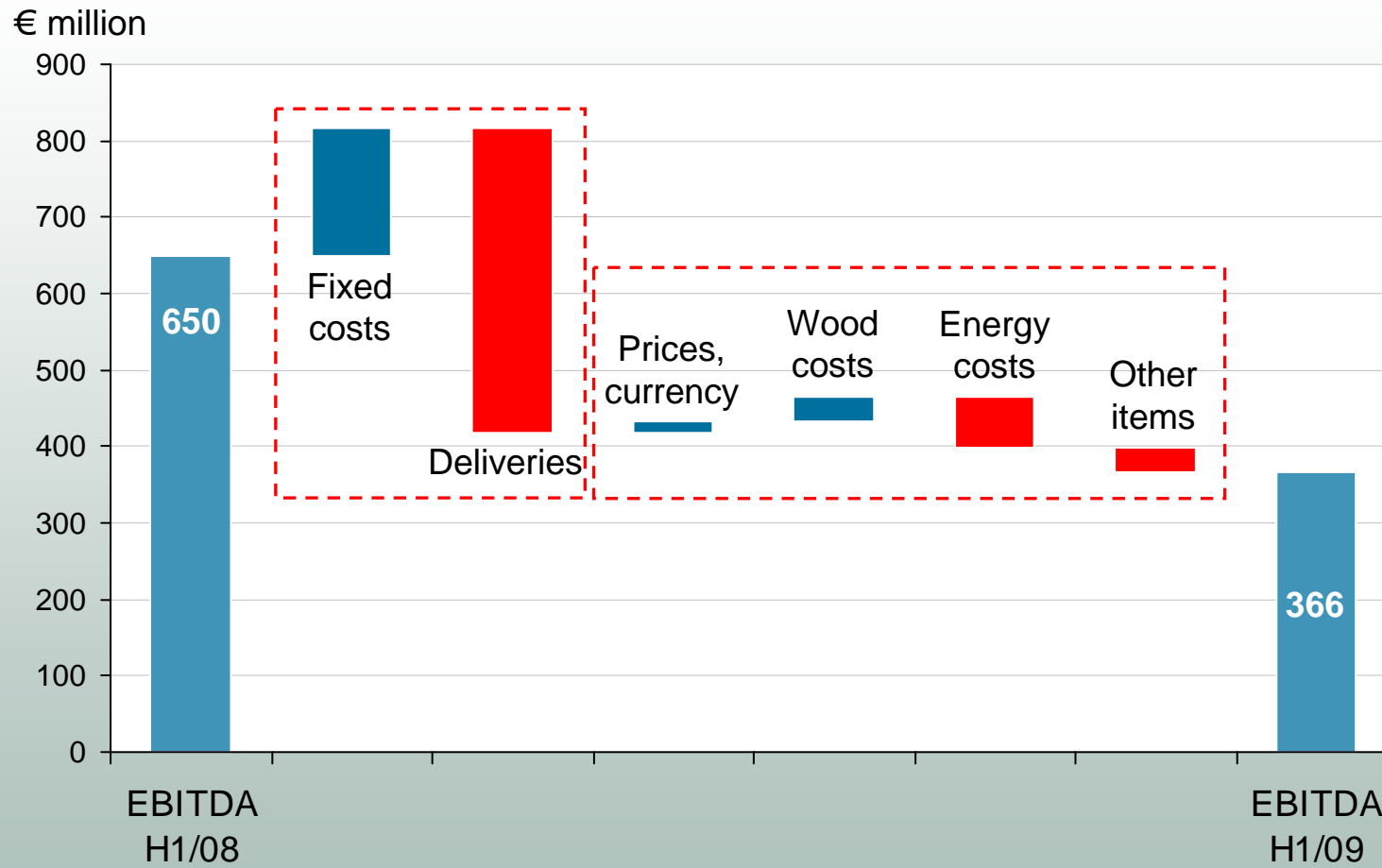
FINANCIALS

Operating profit excluding special items in Q2 2009 by business area



FINANCIALS

EBITDA development in H1 2009



FINANCIALS

Fixed costs decreased € 170 million from last year



- Restructuring is a continuous process
 - Kajaani and Tervasaari closures at the end of 2008
 - Label restructuring – most of the planned closures completed in H1 2009
 - Restructuring of Plywood as well as Timber and forest
 - Measures to improve efficiency in all business areas and functions

- Number of employees was 2,160 lower than last year, out of which 600 is from production unit closures
 - annualised employee related cost savings about €110 million

FINANCIALS

Cash flow



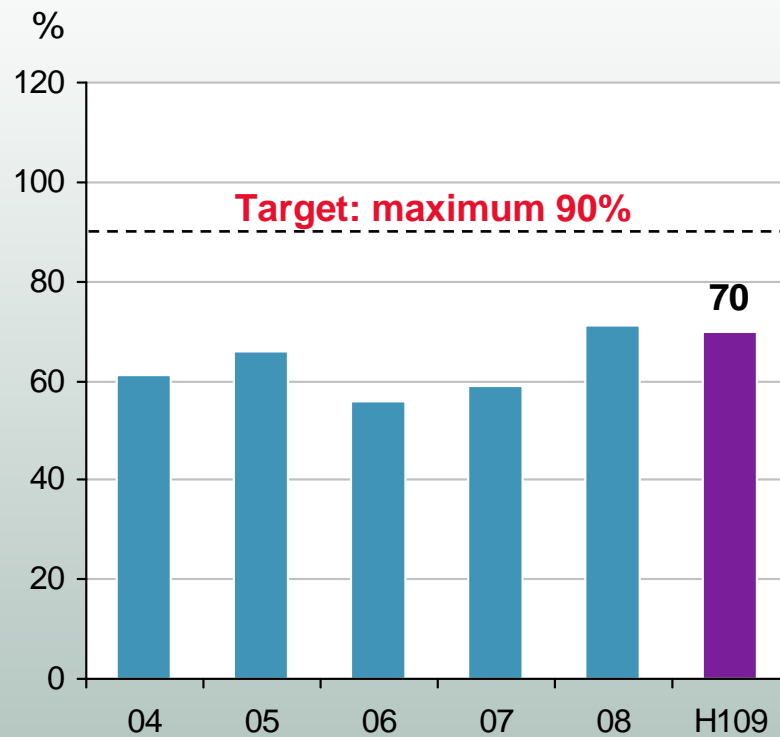
€, million	Q2/09	Q2/08	H1/09	H1/08	2008
EBITDA	238	313	366	650	1,206
Cash flow before change in working capital	196	289	327	544	1,052
Change in working capital	139	-139	355	-245	-132
Finance costs and income taxes	-29	-104	-102	-203	-292
Net cash from operating activities	306	46	580	96	628
Capital expenditure	-65	-135	-143	-310	-558
Cash flow after capex	241	-89	437	-214	70
Asset sales and acquisitions	6	7	20	11	26
Cash flow after investing activities	247	-82	457	-203	96

FINANCIALS

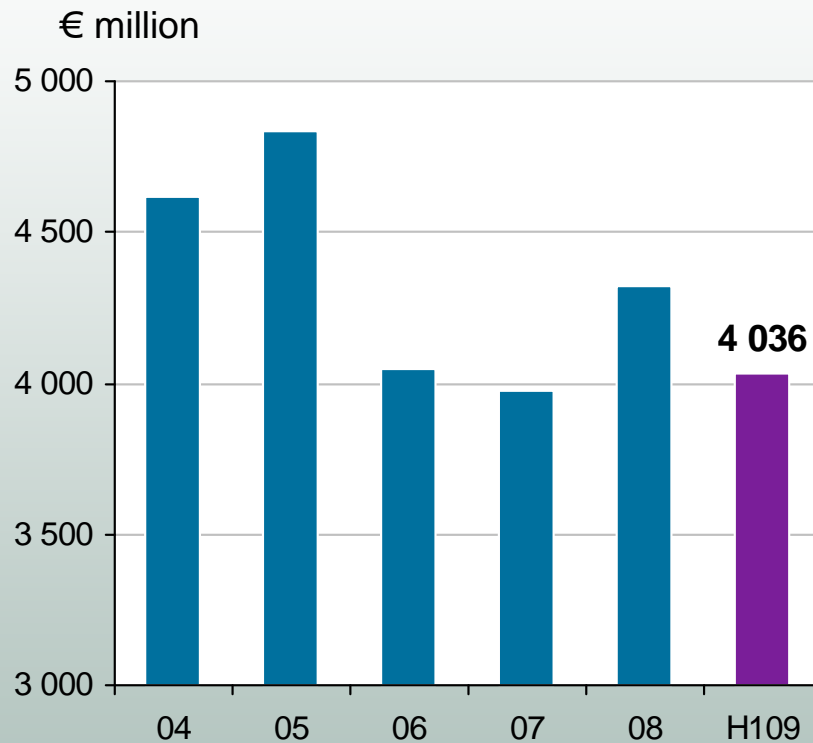
Gearing ratio and net interest-bearing liabilities



Gearing ratio



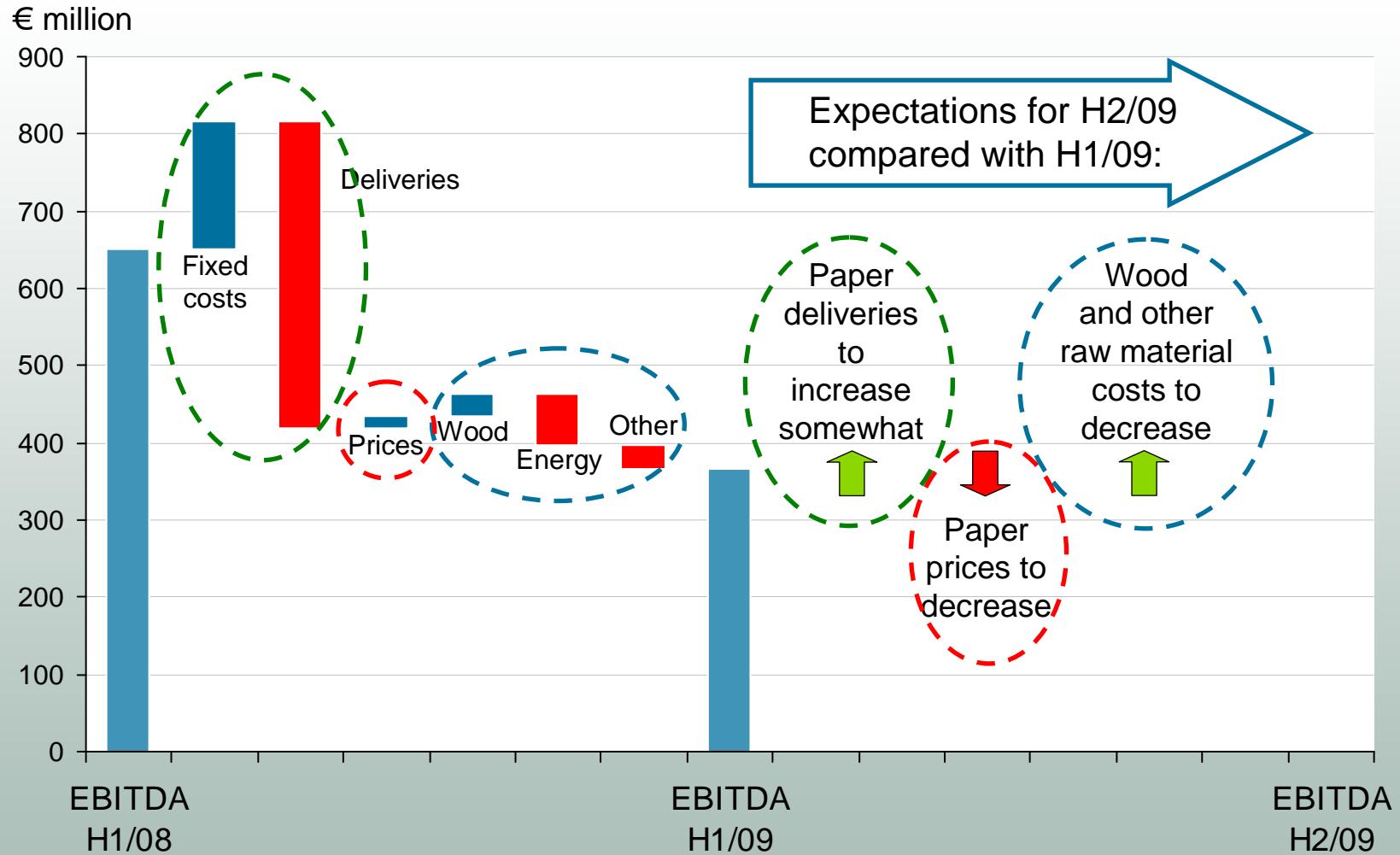
Net interest-bearing liabilities



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

FINANCIALS

Outlook for the second half of 2009 (*)



UPM (* See complete wording of the "Outlook" in the Interim Report Q2 2009

WE LEAD.
WE LEARN.



LETTER OF INTENT TO RESTRUCTURE OWNERSHIP OF BOTNIA'S ASSETS

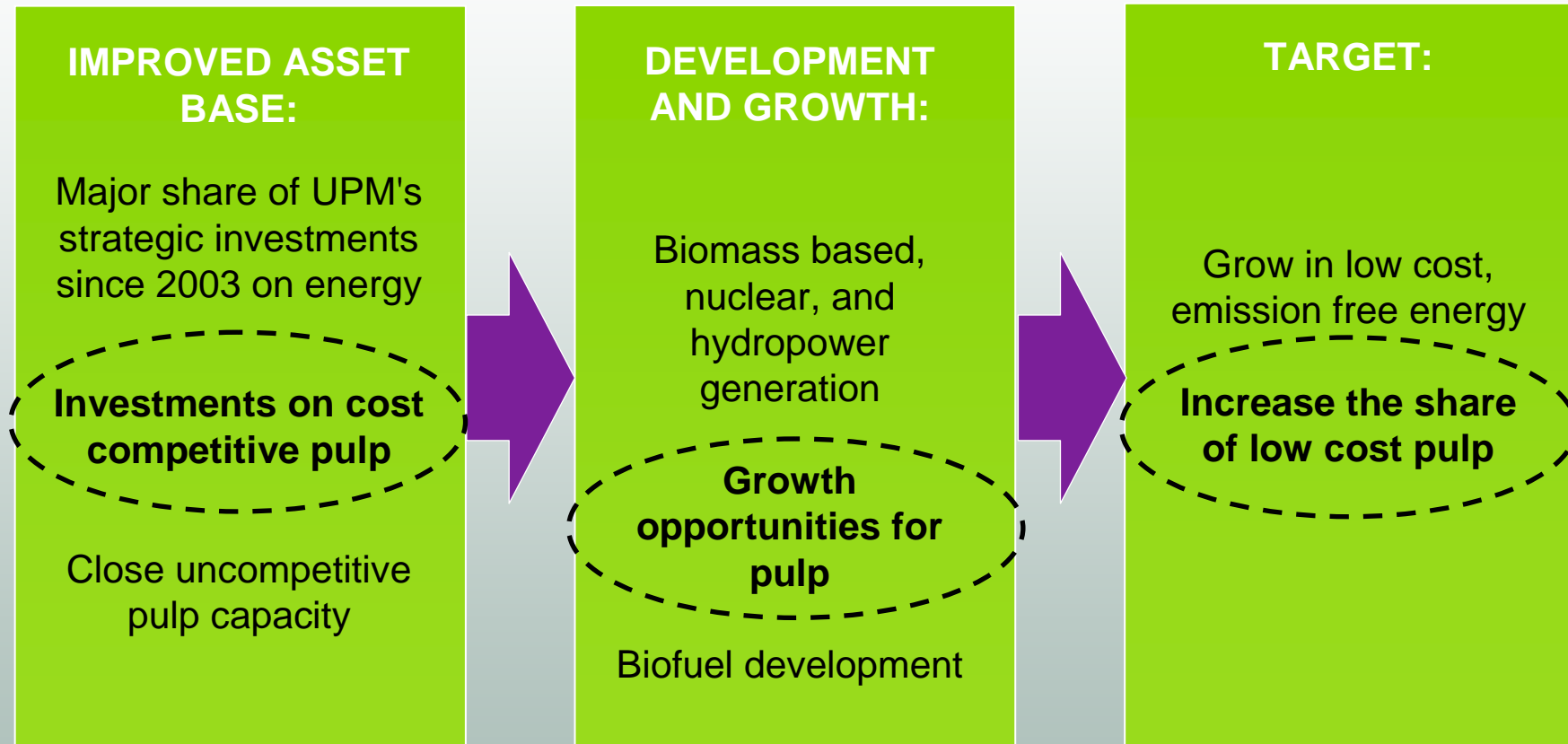


LETTER OF INTENT TO RESTRURE BOTNIA'S ASSETS

Strategic rationale for Energy and pulp business

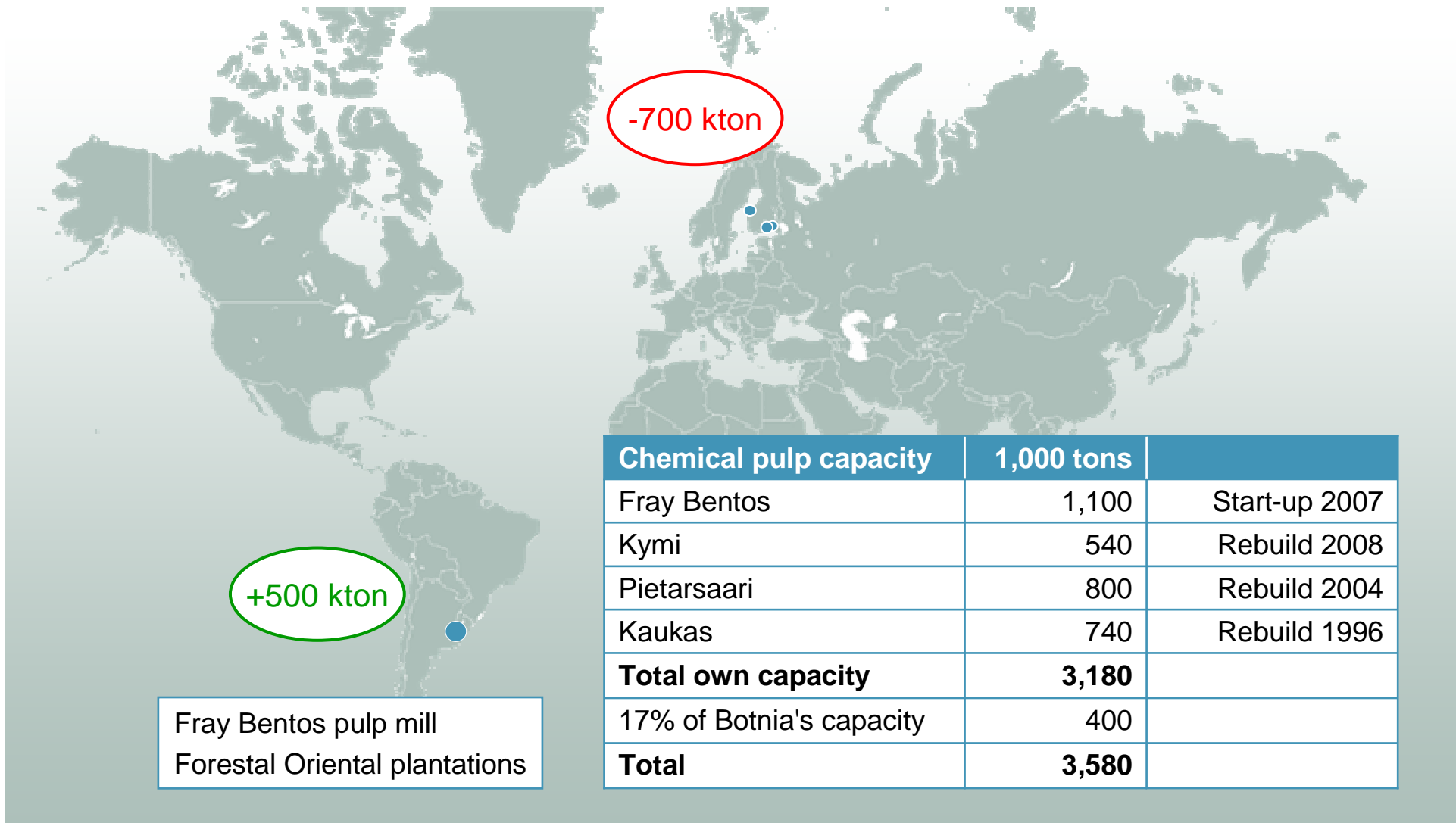


Energy and pulp are developed as market-driven businesses



LETTER OF INTENT TO RESTRURE BOTNIA'S ASSETS (*)

UPM Pulp after the transaction: increased share of plantation-based pulp



Chemical pulp capacity	1,000 tons	
Fray Bentos	1,100	Start-up 2007
Kymi	540	Rebuild 2008
Pietarsaari	800	Rebuild 2004
Kaukas	740	Rebuild 1996
Total own capacity	3,180	
17% of Botnia's capacity	400	
Total	3,580	

Fray Bentos pulp mill
Forestal Oriental plantations



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.

WE LEAD.
WE LEARN.



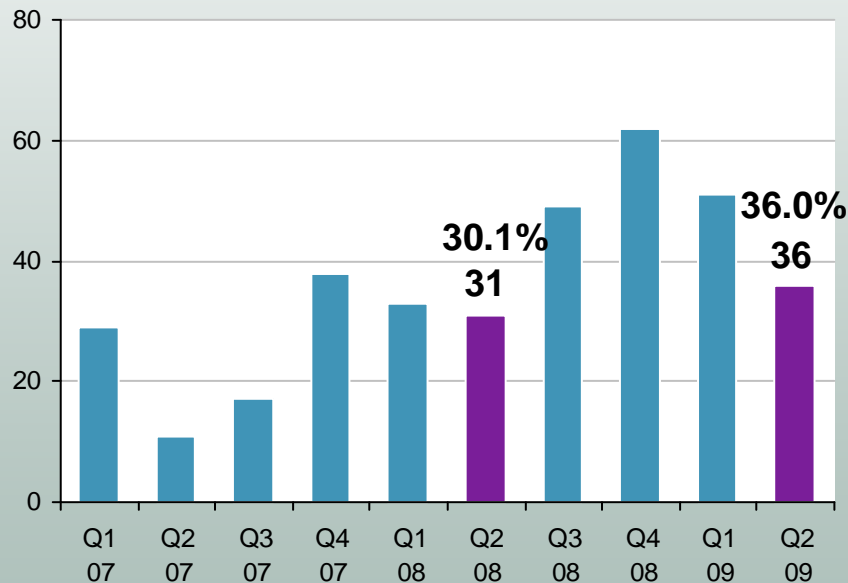
FINANCIALS

Energy



- Operating profit improved due to 22% higher average sales price for electricity
- Sales decreased by 3%

€, million Operating profit excluding special items



	Q2 2009	Q2 2008
Sales, M€	100	103
Operating profit M€ excl. special items	36	31
Average price, change %	22%	n.a.
Electricity sales, TWh	2.0	2.3

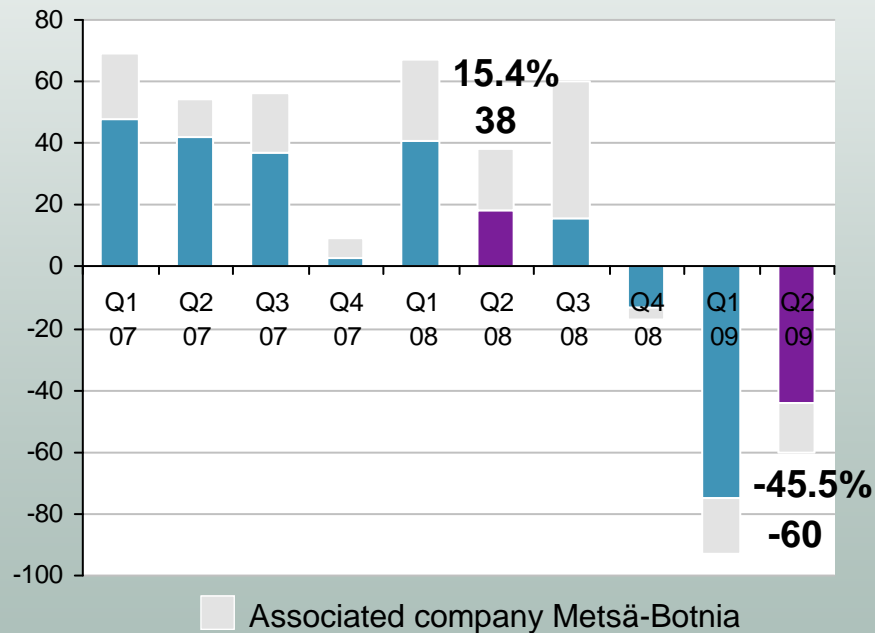
FINANCIALS

Pulp



- Operating profit declined due to lower pulp price and lower deliveries
- Wood cost remained high
- Inventories increased slightly from the beginning of the year

€ million Operating profit excluding special items



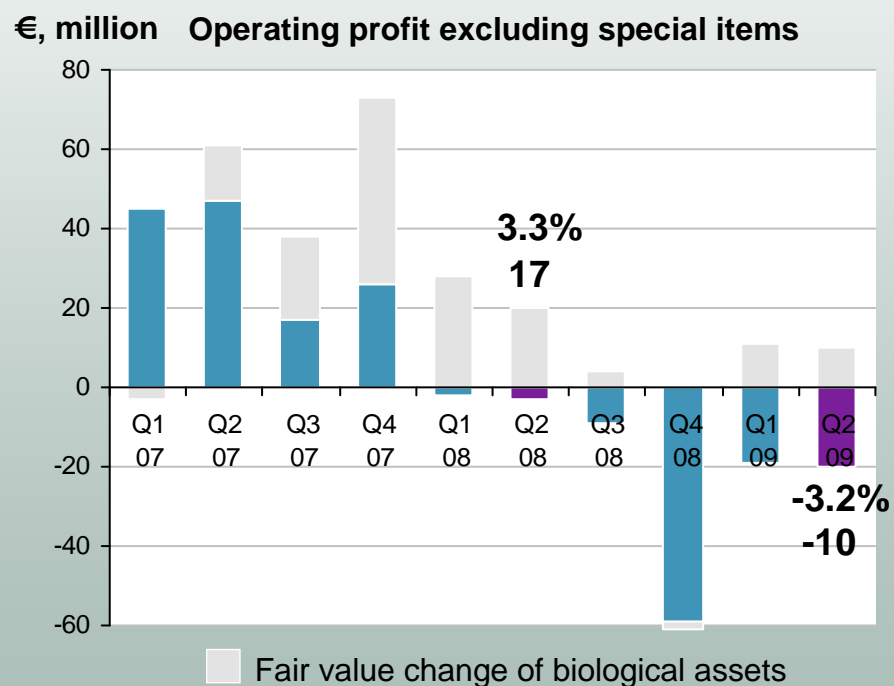
	Q2 2009	Q2 2008
Sales, M€	132	247
Operating profit M€ excl. special items	-60	38
Average price, change %	-28%	n.a.
Pulp deliveries, 1,000 t	391	527

FINANCIALS

Forest and timber



- Operating profit declined due to lower average price of delivered timber goods and lower deliveries
- Wood cost remained at a high level
- In the end of the period wood inventory level was closer to current consumption requirements



	Q2 2009	Q2 2008
Sales, M€	309	518
Operating profit M€ excl. special items	-10	17
Fair value change of biological assets	10	20
Average price of sawn timber, change %	-11%	n.a.
Sawn timber deliveries, 1,000 m³	366	628

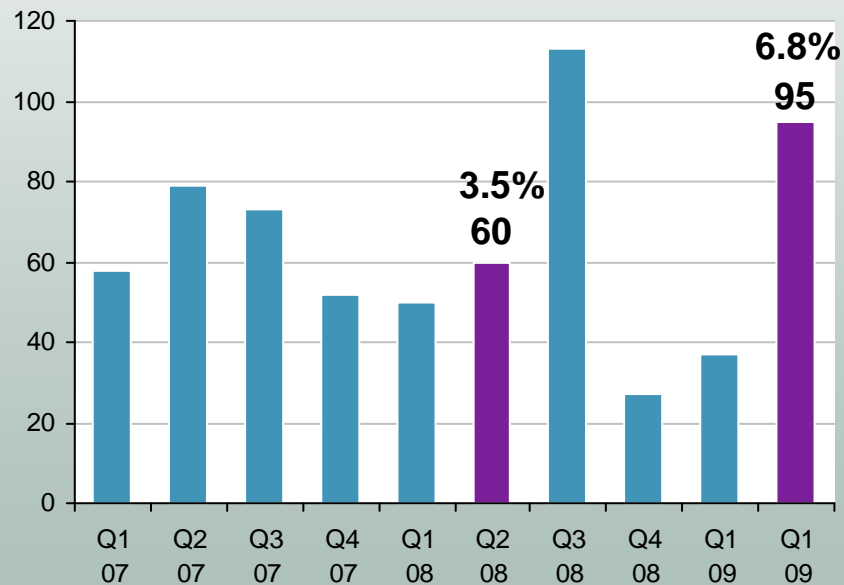
FINANCIALS

Paper



- Operating profit was impacted by lower deliveries (-20%)
- Lower fibre costs offset the negative impact of lower deliveries
- Fixed costs decreased significantly

€, million Operating profit excluding special items



	Q2 2009	Q2 2008
Sales, M€	1,388	1,727
Operating profit M€ excl. special items	95	60
Average price, change %	1%	n.a.
Paper deliveries, 1,000 t	2,136	2,672

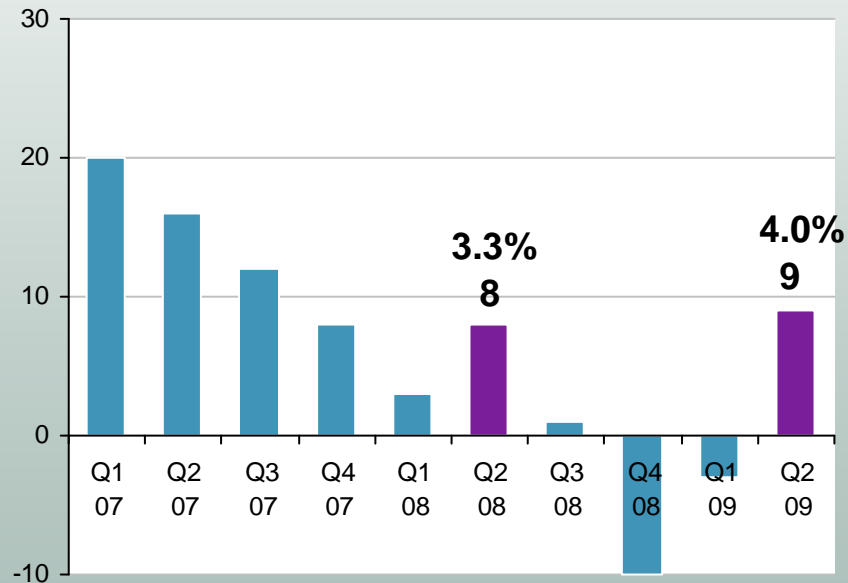
FINANCIALS

Label



- Operating profit increased slightly despite lower deliveries (-14%)
- Fixed costs were lower
- Average sales price increased by about 7%

€, million Operating profit excluding special items



	Q2 2009	Q2 2008
Sales, M€	226	245
Operating profit M€ excl. special items	9	8

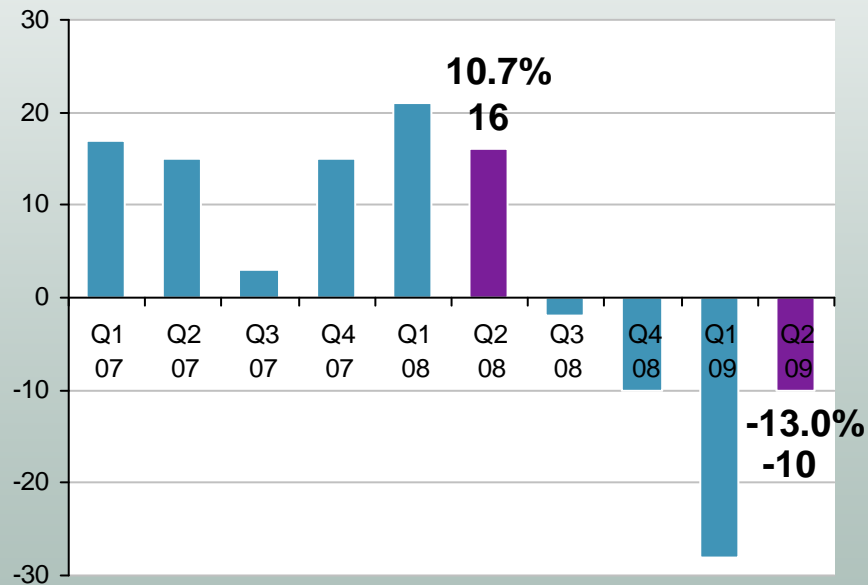
FINANCIALS

Plywood



- Operating profit declined due to significantly (-38%) lower delivery volumes and lower prices. Fixed costs decreased significantly
- Wood costs remained at a high level
- Extensive production downtime was taken at all mills

€ million Operating profit excluding special items



	Q2 2009	Q2 2008
Sales, M€	77	150
Operating profit M€ excl. special items	-10	16
Plywood deliveries, 1,000 m³	141	227

FINANCIALS

Maturity profile – moderate repayments for the next three years



- Liquidity on 30 June 2009 was € 1.7bn
 - cash € 0.2bn and unused credit facilities € 1.5bn

