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INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2009

UPM Interim Report 1 January – 30 September 2009

- Earnings per share for the third quarter were € 0.08 (–0.17), and excluding special items € 0.14 (0.25)
- Operating profit excluding special items was € 131 million (216 million) and reported operating profit was € 96 million (loss of € 40 million)
- Strong cash flow due to continued actions to preserve cash: € 721 million reduction in net debt from last year
- Savings in fixed costs total € 70 million in the third quarter from last year, € 240 million year to date

Key figures

	Q3/2009	Q3/2008	Q1–Q3/2009	Q1-Q3/2008	Q1–Q4/2008
Sales, €m	1,913	2,358	5,611	7,146	9,461
EBITDA, €m 1)	334	378	700	1,028	1,206
% of sales	17.5	16.0	12.5	14.4	12.7
Operating profit (loss), €m	96	–40	9	310	24
excluding special items, €m	131	216	84	559	513
% of sales	6.8	9.2	1.5	7.8	5.4
Profit (loss) before tax, €m	64	–90	–124	159	–201
excluding special items, €m	99	160	–49	402	282
Net profit (loss) for the period, €m	40	–87	–126	106	–180
Earnings per share, €	0.08	–0.17	–0.24	0.21	–0.35
excluding special items, €	0.14	0.25	–0.10	0.61	0.42
Diluted earnings per share, €	0.08	–0.17	–0.24	0.21	–0.35
Return on equity, %	2.8	neg.	neg.	2.1	neg.
excluding special items, %	5.0	7.8	neg.	6.3	3.4
Return on capital employed, %	3.5	neg.	0.0	3.7	0.2
excluding special items, %	4.9	7.7	0.9	6.6	4.6
Operating cash flow per share, €	0.59	0.33	1.71	0.52	1.21
Shareholders' equity per share at end of period, €	11.13	12.54	11.13	12.54	11.74
Gearing ratio at end of period, %	64	67	64	67	71
Net interest-bearing liabilities at end of period, €m	3,688	4,409	3,688	4,409	4,321
Capital employed at end of period, €m	10,172	11,310	10,172	11,310	11,193
Capital expenditure, €m	39	164	172	438	551
Personnel at end of period	23,180	25,616	23,180	25,616	24,983

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.

Results

Q3 of 2009 compared with Q3 of 2008

Sales for the third quarter of 2009 were € 1,913 million, 19% lower than the € 2,358 million in the third quarter of 2008. Sales decreased due to lower deliveries and sales prices in most of UPM's business areas.

Operating profit was € 96 million, 5.0% of sales (loss of € 40 million, -1.7% of sales). The operating profit excluding special items was € 131 million, 6.8% of sales (216 million, 9.2% of sales). Operating profit includes net charges of € 35 million as special items. Restructuring charges total € 18 million. The share of the results of associated companies includes special charges of € 17 million.

Operating profit excluding special items declined from the same period last year. The main reasons for weaker profitability were lower sales prices and significantly lower deliveries in most of UPM's business areas.

The average paper price in euro decreased by approximately 6%

from the same period last year. The average price for label materials was slightly higher. Timber and plywood prices fell substantially. Changes in sales prices in euro terms reduced operating profit by about € 140 million.

UPM continued its flexible operating mode in all of its business areas, adjusting production to the low demand. Due to cost saving measures and temporary layoffs, the company's fixed costs decreased by € 70 million in comparison to the same period last year.

Wood costs decreased from the earlier peak levels. Compared with the same quarter last year, wood costs decreased by € 80 million. Other variable costs also decreased. Energy costs decreased slightly.

The decrease in the fair value of biological assets net of wood harvested was € 13 million compared to an increase of € 4 million a year before.

The share of results of associated companies and joint ventures was € 21 million negative (35 million positive). The accounting treatment of the associated company Metsä-Botnia has changed from 30 June 2009 (see Pulp business area footnote 3). The result includes special charges of € 17 million related to Pohjolan Voima's two power plants.

Profit before tax was € 64 million (loss of € 90 million) and excluding special items € 99 million (profit of € 160 million). Interest and other finance costs, net, were € 28 million (50 million). Exchange rate and fair value gains and losses resulted in a loss of € 3 million (0 million).

Income taxes were € 24 million (3 million positive). The impact on taxes from special items was € 3 million positive (36 million positive).

Profit for the third quarter was € 40 million (loss of € 87 million) and earnings per share were € 0.08 (-0.17). Earnings per share excluding special items were € 0.14 (0.25).

January–September of 2009 compared with January–September of 2008

Sales for January-September were € 5,611 million, 21% lower than the € 7,146 million in the same period in 2008. Sales decreased due to lower deliveries across all of UPM's business areas.

Operating profit was € 9 million, 0.2% of sales (310 million, 4.3% of sales). The operating profit excluding special items was € 84 million, 1.5% of sales (559 million, 7.8% of sales). Operating profit includes net charges of € 75 million as special items. UPM sold assets related to the former Miramichi paper mill in Canada and recorded an income of € 21 million. Restructuring measures resulted in net special charges of € 50 million. The share of the results of associated companies includes special charges of € 46 million.

Operating profit declined clearly from the same period last year. The main reason for weaker profitability was significantly lower deliveries in all of UPM's business areas.

UPM responded to lower demand with a flexible way of operating in all of its business areas, using temporary capacity shutdowns to adjust production to the low demand. Due to cost saving measures and temporary layoffs, the company's fixed costs decreased by € 240 million in comparison to the same period last year.

Wood costs started to decrease during the period from the earlier peak levels. Compared with last year, wood costs decreased by € 110 million. Energy costs increased by € 50 million. Other variable costs decreased.

The average paper price in euro decreased by approximately 1% from the same period last year. The average price for label materials was about 6% higher. Timber and plywood prices fell substantially. Changes in sales prices in euro terms reduced operating profit by about € 100 million.

The increase in the fair value of biological assets net of wood harvested was € 8 million compared to € 52 million a year before.

The share of results of associated companies and joint ventures was € 96 million negative (78 million positive). The result includes special charges of € 29 million from Metsä-Botnia's Kaskinen pulp mill closure, and of € 17 million related to Pohjolan Voima's two power plants.

Loss before tax was € 124 million (profit of € 159 million) and excluding special items the loss was € 49 million (profit of € 402 million). Interest and other finance costs, net, were € 123 million (142 million). Exchange rate and fair value gains and losses resulted in a loss of € 9 million (11 million).

Income taxes were € 2 million (53 million). The impact on taxes from special items was € 3 million positive (35 million positive).

Loss for the period was € 126 million (profit of € 106 million) and earnings per share were € -0.24 (0.21). Earnings per share excluding special items were € -0.10 (0.61). Operating cash flow per share was € 1.71 (0.52).

Financing

In January-September, cash flow from operating activities, before capital expenditure and financing, was € 889 million (271 million). Net working capital decreased by € 437 million during the period (increased by € 329 million).

The gearing ratio as of 30 September 2009 was 64% (67% on 30 September 2008). Net interest-bearing liabilities at the end of the period came to € 3,688 million (4,409 million).

In March 2009, UPM replaced the € 1.5 billion credit facility that was to mature in 2010 with a new € 825 million credit facility, maturing in 2012.

On 30 September 2009, UPM's cash funds and unused committed credit facilities totalled € 2.2 billion.

Personnel

In January-September, UPM had an average of 23,826 employees (26,283). At the beginning of the year, the number of employees was 24,983 and at the end of September it was 23,180. The reduction of 1,803 employees is mostly attributable to ongoing restructuring.

Capital expenditure

During January-September, capital expenditure was € 172 million, 3.1% of sales (438 million, 6.1% of sales). The new renewable energy power plant at the Caledonian mill in Irvine, Scotland was started in June. The total investment cost was GBP 68 million.

UPM continued its tight investment discipline during the first nine months of 2009. Few new investment decisions were made. The largest ongoing project is now the rebuild of the debarking plant at the Pietarsaari mill in Finland. The total investment cost is estimated to be € 30 million.

Restructuring Botnia's ownership

On 15 July 2009, UPM, Metsäliitto Cooperative and M-real Corporation signed a letter of intent to restructure the ownership of the assets of Oy Metsä Botnia Ab (Botnia).

According to the letter of intent, UPM would receive Metsäliitto's and Botnia's shares of the Fray Bentos pulp mill and the eucalyptus plantation forestry company Forestal Oriental in Uruguay, and UPM would dispose of part of its current 47% ownership in Botnia.

In the transaction, the enterprise value of the pulp mill and Forestal Oriental totals approximately € 1.6 billion and the enterprise value of Botnia without the Uruguayan operations and shareholding in Pohjolan Voima Oy is approximately € 1.9 billion.

Following the restructuring, Metsäliitto's holding in Botnia would be 53%, M-real's 30%, and UPM's 17%. UPM would have 91% ownership in the Fray Bentos pulp mill and 100% in Forestal Oriental. On the basis of the 17% holding in Botnia, UPM would have a 400,000-tonne share of the pulp production capacity of Botnia's Finnish mills. UPM's own annual production capacity would increase from 2.1 million tonnes to 3.2 million tonnes a year.

In addition, UPM would acquire 1.2% of the energy company Pohjolan Voima Oy from Botnia for € 66 million.

The agreement was signed after the balance sheet date, on 22 October 2009.

Shares

UPM shares worth € 4,382 million (7,963 million) in total were traded on the NASDAQ OMX Helsinki stock exchange during January-September of 2009. The highest quotation was € 9.78 in January and the lowest € 4.33 in April.

The company's ADSs are traded on the US over-the-counter (OTC) market under a Level 1 sponsored American Depositary Receipt programme.

The Annual General Meeting held on 25 March 2009 approved a proposal by the Board of Directors to authorise the Board of Directors to decide on the buy-back of not more than 51,000,000 own shares. The authorisation is valid for 18 months from the date of the decision.

The Annual General Meeting of 27 March 2007 decided to authorise the Board to decide on a free issue of shares to the company itself so that the total number of shares to be issued to the company combined with the number of own shares bought back under the buy-back authorisation may not exceed 1/10 of the total number of shares in the company.

In addition, the Board has the authority to decide to issue shares and special rights entitling the holder to shares of the company. The number of new shares to be issued, including shares to be obtained under special rights, shall be no more than 250,000,000. Of that, the maximum number that can be issued to the company's shareholders based on their pre-emptive rights is 250,000,000 shares and the maximum amount that can be issued deviating from the shareholders' pre-emptive rights in a directed share issue is 100,000,000 shares. The maximum number of new shares to be issued as part of the company's incentive programmes is 5,000,000. Furthermore, the Board is authorised to decide on the disposal of own shares. To date, this authorisation has not been used. These authorisations of the Annual General Meeting 2007 will remain valid for no more than three years from the date of the decision.

The AGM of 27 March 2007 also decided on granting share options in connection with the company's share-based incentive plans. In option programmes 2007A, 2007B and 2007C, the total number of share options is no more than 15,000,000 and they will entitle the holders to subscribe for a total of no more than 15,000,000 new shares in the company. Apart from the above, the Board of Directors has no current authorisation to issue shares, convertible bonds or share options.

The number of shares entered in the Trade Register on 30 September 2009 was 519,970,088. Through the issuance authorisation and share options, the number of shares may increase to a maximum of 790,970,088.

At the end of the period, the company held 15,944 of its own shares, or 0.003% of the total number of shares, which have been granted under the Group's share reward scheme. These shares have been returned to the company in connection with the termination of employment contracts.

Litigation and other legal actions

Certain competition authorities are continuing investigations into alleged antitrust activities with respect to various UPM products. The authorities have granted UPM conditional full immunity with respect to certain conduct disclosed to them. UPM has settled or agreed to settle the class-action lawsuits in the US except for those filed by indirect purchasers of labelstock. The remaining litigation matters may last several years. No provisions have been made in relation to these investigations.

In Finland, UPM is participating in the country's fifth nuclear power plant unit, Olkiluoto 3, through its associated company Pohjolan Voima Oy. Pohjolan Voima Oy is with 58.12% a majority shareholder of Teollisuuden Voima Oy ("TVO"). In January 2009, the constructor TVO disclosed information, confirmed by the plant supplier, consortium AREVA-Siemens, that the construction of the unit is delayed and the unit is estimated to start up in summer 2012.

In October 2009 TVO disclosed that the start-up of the unit may be delayed even beyond June 2012 and that TVO has requested the plant supplier to provide a re-analysis of the anicipated start-up time.

In June 2009, TVO informed that the arbitration filed in December by AREVA-Siemens, concerning Olkiluoto 3 delay and related costs amounted to € 1.0 billion. In response, TVO has filed in April 2009 a counter-claim for costs and losses that TVO is incurring due to the delay and other defaults on the part of the supplier. The value of TVO's counterclaim is currently approximately € 1.4 billion.

Events after the balance sheet date

On 22 October 2009, UPM, Metsäliitto Cooperative, M-real Corporation, and Oy Metsä-Botnia Ab signed the agreement to restructure the ownership of the assets of Metsä-Botnia. The agreement is subject to required regulatory approvals and agreements with lenders. These are expected to be finalised, at the latest, during the first quarter of 2010.

Outlook for the fourth quarter of 2009

Economic activity in UPM's main markets has shown signs of improvement. Leading economic indicators such as consumer confidence have clearly improved since March this year. However, recession continues to have an impact on consumer demand, construction activity, and advertising expenditure in print media and thus on demand for all of UPM's products.

UPM will continue to curtail production in most of its businesses to respond to the changes in market demand.

Chemical pulp deliveries from UPM's own pulp mills are expected be about the same as during the third quarter but with higher average price.

UPM's paper deliveries for the fourth quarter are forecast to be about the same as during the third quarter. Pressure on paper prices is expected to continue and average price for paper deliveries in euro is expected to be lower than during the third quarter.

Recovery of demand for self-adhesive labelstock in the main markets is expected to continue. Prices are estimated to be stable but anticipated increases in raw material costs will put pressure on profitability.

Demand for birch and spruce plywood is forecast to show slight improvement from the third quarter. Average price is estimated to be about the same as during the third quarter.

Compared to the third quarter, variable costs are estimated to remain at the same level. Fixed costs for the full year are estimated to be close to € 300 million lower than last year.

Business area reviews

Energy

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	108	100	136	141	129	103	105	344	337	478
EBITDA, €m [1]	35	41	57	76	58	34	39	133	131	207
% of sales	32.4	41.0	41.9	53.9	45.0	33.0	37.1	38.7	38.9	43.3
Share of results of associated companies and joint ventures, €m	–24	–4	–4	–11	–8	–2	–5	–32	–15	–26
Depreciation, amortisation and impairment charges, €m	–1	–1	–2	–3	–1	–1	–1	–4	–3	–6
Operating profit, €m	10	36	51	62	49	31	33	97	113	175
% of sales	9.3	36.0	37.5	44.0	38.0	30.1	31.4	28.2	33.5	36.6
Special items, €m [2]	–17	–	–	–	–	–	–	–17	–	–
Operating profit excl. special items, €m	27	36	51	62	49	31	33	114	113	175
% of sales	25.0	36.0	37.5	44.0	38.0	30.1	31.4	33.1	33.5	36.6
Electricity deliveries, 1,000 MWh	2,103	1,999	2,486	2,731	2,653	2,344	2,439	6,588	7,436	10,167

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

[2] In 2009, special items of € 17 million relate to impairments of associated company Pohjolan Voima's two power plants.

Q3 of 2009 compared with Q3 of 2008

Operating profit excluding special items was € 27 million, € 22 million lower than last year (49 million). Sales decreased by 16% to € 108 million (129 million), of which € 24 million was external sales (45 million). The electricity sales volume was 2.1 TWh in the quarter (2.7 TWh).

The share of results of associated companies includes asset write-downs of € 17 million related to Pohjolan Voima's two power plants.

January–September 2009 compared with January–September 2008

Operating profit excluding special items was € 114 million (113 million). Sales increased by 2% to € 344 million (337 million), of which € 97 million was external sales (80 million). Internal sales decreased by 4% due to lower energy consumption in the company's own mills. The electricity sales volume was 6.6 TWh (7.4 TWh) as the hydropower volume was almost 22% lower than last year.

Profitability improved slightly in comparison with the previous year, due to the higher average electricity sales price. The average electricity sales price increased by 21% to € 43.1/MWh (35.7/MWh). The average cost of procured electricity increased due to lower share of hydro power volumes.

The share of results of associated companies includes asset write-downs of € 17 million related to Pohjolan Voima's two power plants.

Market review

The average electricity price in the Nordic electricity exchange in the first nine months of the year decreased to € 34.5/MWh (42.7/ MWh). The consumption of electricity in the Nordic area decreased due to low industrial activity.

Oil and coal market prices were lower compared to the same period last year. CO_2 emission allowance prices decreased.

The one-year forward electricity price in the Nordic electricity exchange averaged € 35.9/MWh in the first nine months of the year, 37% lower than in the same period last year (57.1/MWh).

In the first half of the year the Nordic water reservoirs were below the long-term average but returned to the normal level towards the end of the period.

Pulp

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	156	132	139	200	228	247	269	427	744	944
EBITDA, €m [1]	8	–24	–55	9	38	35	57	–71	130	139
% of sales	5.1	–18.2	–39.6	4.5	16.7	14.2	21.2	–16.6	17.5	14.7
Share of results of associated companies and joint ventures, €m [3]	4	–16	–47	–4	44	20	26	–59	90	86
Depreciation, amortisation and impairment charges, €m	–21	–20	–20	–73	–22	–17	–16	–61	–55	–128
Operating profit, €m	–9	–60	–122	–76	60	38	67	–191	165	89
% of sales	–5.8	–45.5	–87.8	–38.0	26.3	15.4	24.9	–44.7	22.2	9.4
Special items, €m [2]	–	–	–29	–59	–	–	–	–29	–	–59
Operating profit excl. special items, €m	–9	–60	–93	–17	60	38	67	–162	165	148
% of sales	–5.8	–45.5	–66.9	–8.5	26.3	15.4	24.9	–37.9	22.2	15.7
Pulp deliveries, 1,000 t	446	391	372	421	480	527	554	1,209	1,561	1,982

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

[2] In 2009, special items of € 29 million relate to the associated company Metsä-Botnia's Kaskinen pulp mill closure. In 2008, special items of € 59 million relate to the closure of the Tervasaari pulp mill.

[3] In the balance sheet in the interim report for January–June, on 30 June 2009, UPM has regrouped the 30% transferable share of Botnia's book value as assets held for sale. Consequently, from July 2009, UPM will not include the share of the transferable Botnia operations in the share of results of associated companies. Post transaction, UPM will record its 17% ownership in Botnia among its financial assets.

Q3 of 2009 compared with Q3 of 2008

Operating loss excluding special items was € 9 million (profit of € 60 million). The sales of UPM's own pulp mills decreased by 32% to € 156 million (228 million) and deliveries by 7% to 446,000 tonnes (480,000).

The share of results of the associated company Metsä-Botnia was profit of € 4 million (profit of € 44 million).

January–September 2009 compared with January–September 2008

Operating loss excluding special items was € 162 million (profit of € 165 million). The sales of UPM's own pulp mills decreased by 43% to € 427 million (744 million) and deliveries by 23% to 1,209,000 tonnes (1,561,000).

Due to reduced internal consumption, the Tervasaari pulp mill closure at the end of 2008 did not have a notable impact on deliveries.

Profitability weakened from the same period last year, mainly due to the lower deliveries and approximately 26% lower average pulp price. Wood costs remained at a high level. Chemical pulp inventories decreased from the beginning of the year due to extended shutdowns.

The share of results of the associated company Metsä-Botnia was loss of € 59 million (profit of € 90 million). The result includes special charges of € 29 million from Metsä-Botnia's Kaskinen mill closure.

Market review

In the first half of 2009, shipments declined from the comparison period, but in the third quarter the shipments increased due to strong demand in China. In the first nine months of 2009, global chemical market pulp shipments were slightly below last year's level.

Chemical pulp producer inventories declined from the high level of the beginning of the year due to extensive production curtailments and strong demand in China.

Chemical pulp market prices declined in the first half of the year but started to increase during the third quarter. The average softwood pulp (NBSK) market price in euro terms, at € 454/tonne, was 22% lower than in the same period last year (€ 584/tonne). The bottom market price during the period was € 421/tonne. At the end of the period the NBSK market price was € 491/ tonne.

The average hardwood pulp (BHKP) market price in euro terms also decreased by 29% from last year to € 385/tonne (€ 539/tonne). The bottom market price during the period was € 352/tonne. At the end of the period the BHKP market price was € 408/ tonne.

Forest and timber

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	295	309	385	419	475	518	508	989	1,501	1,920
EBITDA, €m [1]	24	–15	–15	–52	–4	4	4	–6	4	–48
% of sales	8.1	–4.9	–3.9	–12.4	–0.8	0.8	0.8	–0.6	0.3	–2.5
Change in fair value of biological assets and wood harvested, €m	–13	10	11	–2	4	20	28	8	52	50
Share of results of associated companies and joint ventures, €m	–1	1	1	–1	–	–	1	1	1	–
Depreciation, amortisation and impairment charges, €m	–4	–14	–5	–6	–36	–7	–7	–23	–50	–56
Operating profit, €m	6	–18	–18	–63	–38	17	25	–30	4	–59
% of sales	2.0	–5.8	–4.7	–15.0	–8.0	3.3	4.9	–3.0	0.3	–3.1
Special items, €m [2]	1	–8	–10	–2	–33	–	–1	–17	–34	–36
Operating profit excl. special items, €m	5	–10	–8	–61	–5	17	26	–13	38	–23
% of sales	1.7	–3.2	–2.1	–14.6	–1.1	3.3	5.1	–1.3	2.5	–1.2
Sawn timber deliveries, 1,000 m^3	355	366	363	421	510	628	573	1,084	1,711	2,132

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

2) Special items for the second quarter of 2009 include impairment charges of € 8 million related to wood procurement operations. In the first quarter of 2009, special items of € 10 million relate to the sales loss of Miramichi's forestry and sawmilling operations' assets. Special items in 2008 include an impairment charge of € 31 million related to fixed assets of the Finnish sawmills.

Q3 of 2009 compared with Q3 of 2008

Operating profit excluding special items was € 5 million (loss of € 5 million). Sales declined by 38% to € 295 million (475 million). Sawn timber deliveries decreased by 30% to 355,000 cubic metres (510,000).

The increase in the fair value of biological assets (growing trees) was € 11 million (34 million). The cost of wood raw material harvested from the Group's own forests was € 24 million (30 million). The net effect was € 13 million negative (4 million positive).

January–September 2009 compared with January–September 2008

Operating loss excluding special items was € 13 million (profit of € 38 million). Sales declined by 34% to € 989 million (1,501 million). Sawn timber deliveries decreased by 37% to 1,084,000 cubic metres (1,711,000).

Profitability weakened from the same period last year mainly due to lower increase in the fair value of biological assets. Timber deliveries were lower and average price of delivered timber goods decreased approximately by 11%. Wood inventories decreased.

The increase in the fair value of biological assets (growing trees) was € 46 million (126 million). The cost of wood raw material harvested from the Group's own forests was € 38 million (74 million). The net effect was € 8 million positive (52 million positive).

Market review

Forest

Wood purchases in the Finnish wood market were 74% lower compared to the same period last year. However, the market activity started to recover slightly towards the end of the period, even though they still remained at a low level.

Industry's lower production and high wood inventories at the beginning of the year were the main reasons for lower purchases. Wood market prices declined by an average of about 15% compared to the same period in the previous year.

Timber

During the first nine months of the year, demand for both redwood and whitewood sawn timber in Europe declined substantially in comparison with the previous year. The weak market balance resulted in significantly lower prices.

Paper

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	1,454	1,388	1,367	1,750	1,761	1,727	1,773	4,209	5,261	7,011
EBITDA, €m [1]	274	247	187	189	271	216	209	708	696	885
% of sales	18.8	17.8	13.7	10.8	15.4	12.5	11.8	16.8	13.2	12.6
Share of results of associated companies and joint ventures, €m	–	–1	–1	1	–	–	–	–2	–	1
Depreciation, amortisation and impairment charges, €m	–142	–147	–149	–264	–388	–156	–159	–438	–703	–967
Operating profit, €m	126	85	60	–126	–114	60	51	271	–3	–129
% of sales	8.7	6.1	4.4	–7.2	–6.5	3.5	2.9	6.4	–0.1	–1.8
Special items, €m [2]	–6	–10	23	–153	–227	–	1	7	–226	–379
Operating profit excl. special items, €m	132	95	37	27	113	60	50	264	223	250
% of sales	9.1	6.8	2.7	1.5	6.4	3.5	2.8	6.3	4.2	3.6
Deliveries, publication papers, 1,000 t	1,464	1,323	1,304	1,809	1,760	1,749	1,772	4,091	5,281	7,090
Deliveries, fine and speciality papers, 1,000 t	872	813	724	784	863	923	981	2,409	2,767	3,551
Paper deliveries total, 1,000 t	2,336	2,136	2,028	2,593	2,623	2,672	2,753	6,500	8,048	10,641

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

[2] In the third quarter of 2009, special items of € 6 million relate to restructuring charges. Special items for the second quarter of 2009 include charges of € 9 million related to personnel reduction in Nordland mill, impairment reversals of € 4 million and other restructuring charges of € 5 million. In the first quarter of 2009, special items include an income of € 31 million related to the sale of the assets of the former Miramichi paper mill and charges of € 8 million related to restructuring measures. In 2008, special items include the goodwill impairment charge of € 230 million, impairment charges of € 101 million and other restructuring costs of € 42 million related to the closure of the Kajaani paper mill, and other restructuring costs, net of € 6 million.

Q3 of 2009 compared with Q3 of 2008

Operating profit excluding special items was € 132 million, € 19 million higher than a year ago (113 million). Sales were € 1,454 million (1,761 million). Paper deliveries decreased by 11% to 2,336,000 tonnes (2,623,000). Publication paper deliveries (magazine papers and newsprint) decreased by 17%. Fine and speciality paper deliveries increased by 1% from the previous year, especially driven by demand recovery in China.

Profitability improved from the comparison period due to decreased costs. Lower paper prices and paper deliveries had a significant negative impact on profitability, but this was offset by lower fibre costs, mainly for chemical pulp, and decreased fixed costs.

The average price for all paper deliveries when translated into euros was 6% lower than in the third quarter of 2008.

January–September 2009 compared with January–September 2008

Operating profit excluding special items was € 264 million, € 41 million higher than a year ago (223 million). Sales were € 4,209 million (5,261 million). Paper deliveries decreased by 19% to 6,500,000 tonnes (8,048,000). Publication paper deliveries (magazine papers and newsprint) decreased by 23% and fine and speciality paper deliveries by 13% from the previous year.

The Kajaani paper mill was closed at the end of 2008. Due to the reduced demand, the closure had only minor impact on UPM's paper deliveries.

Profitability improved from the corresponding period last year due to decreased costs. Lower deliveries had a significant negative impact on profitability, but this was offset by lower costs for fibre, mainly for chemical pulp. Fixed costs decreased significantly.

The average price for all paper deliveries when translated into euros was 1% lower than last year.

Market review

In Europe, during the first nine months of the year, demand for publication papers was 16% lower and for fine papers 18% lower than a year ago. In North America, demand for publication papers continued to decline and was 25% down from last year. In Asia, however, demand for fine papers grew from last year.

In Europe, paper prices decreased in the third quarter of 2009 from the previous quarter. For magazine papers, prices decreased by about 3% from the second quarter and for newsprint by about 1%. Coated fine paper prices decreased by about 3% and uncoated fine paper prices by about 2%. In the first nine months of the year, average prices increased by 1% for magazine papers, 2% for newsprint and 2% for coated fine papers, but decreased by 7% for uncoated fine papers from last year.

In North America, the average US dollar prices for magazine papers were 11% lower compared to the first nine months of 2008. In Asia, market prices for fine papers decreased from last year, but increased in the third quarter of 2009 from the second quarter of 2009.

Label

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	242	226	223	233	239	245	242	691	726	959
EBITDA, €m [1]	29	18	6	–1	9	15	11	53	35	34
% of sales	12.0	8.0	2.7	–0.4	3.8	6.1	4.5	7.7	4.8	3.5
Depreciation, amortisation and impairment charges, €m	–9	–11	–9	–16	–8	–7	–8	–29	–23	–39
Operating profit, €m	18	4	–3	–38	1	8	3	19	12	–26
% of sales	7.4	1.8	–1.3	–16.3	0.4	3.3	1.2	2.7	1.7	–2.7
Special items, €m [2]	–2	–5	–	–28	–	–	–	–7	–	–28
Operating profit excl. special items, €m	20	9	–3	–10	1	8	3	26	12	2
% of sales	8.3	4.0	–1.3	–4.3	0.4	3.3	1.2	3.8	1.7	0.2

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

[2] In the third quarter of 2009, special items of € 2 million relate to restructuring charges. In the second quarter of 2009, special items include impairment charges of € 2 million and other restructuring charges of € 3 million. In 2008, special items of € 28 million relate to measures to reduce coating capacity and close two slitting terminals in Europe.

Q3 of 2009 compared with Q3 of 2008

Operating profit excluding special items was € 20 million (1 million). Sales were € 242 million (239 million).

Profitability improved clearly from the same period last year. The main reasons were lower raw material costs and fixed costs. Average sales prices converted to euros increased slightly from last year and remained stable from the previous quarter. The delivery volumes of self-adhesive label materials were at the same level as last year.

January–September 2009 compared with January–September 2008

Operating profit excluding special items was € 26 million (12 million). Sales were € 691 million (726 million).

Profitability improved from the same period last year due to decreased costs and increased prices. Delivery volumes of self-adhesive label materials declined by some 10% from last year, driven by lower economic activity. While lower delivery volumes had a significant negative impact on operating profit, this was offset by reductions in fixed costs. Average sales prices converted to euros increased by about 6% from last year. Raw material costs remained roughly on last year's level.

In 2008, UPM Raflatac opened two new labelstock factories; one in Dixon, USA in January and another in Wroclaw, Poland in November.

The restructuring of European operations, announced in the fourth quarter of 2008, was completed as planned by the end of the third quarter. The restructuring, combined with the new plant in Wroclaw, has significantly improved the competitiveness of UPM's European operations.

Market review

During the first half of the year, demand for self-adhesive label materials declined in all markets from last year as demand for consumer products and shipments of goods slowed down. In the third quarter, however, demand in Asia is estimated to have grown and in Europe and North America to have recovered close to the level of the same quarter last year.

The market prices in euro terms were higher than in the comparison period. In the third quarter of 2009, prices remained stable compared with the previous quarter.

Plywood

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	73	77	75	102	121	150	157	225	428	530
EBITDA, €m [1]	–5	–5	–23	–5	3	22	26	–33	51	46
% of sales	–6.8	–6.5	–30.7	–4.9	2.5	14.7	16.6	–14.7	11.9	8.7
Depreciation, amortisation and impairment charges, €m	–5	–5	–5	–5	–5	–6	–5	–15	–16	–21
Operating profit, €m	–10	–10	–29	–10	–2	19	21	–49	38	28
% of sales	–13.7	–13.0	–38.7	–9.8	–1.7	12.7	13.4	–21.8	8.9	5.3
Special items, €m [2]	–	–	–1	–	–	3	–	–1	3	3
Operating profit excl. special items, €m	–10	–10	–28	–10	–2	16	21	–48	35	25
% of sales	–13.7	–13.0	–37.3	–9.8	–1.7	10.7	13.4	–21.3	8.2	4.7
Deliveries, plywood, 1,000 m^3	143	141	133	160	188	227	231	417	646	806

[1] EBITDA is operating profit before depreciation, amortisation and impairment charges, excluding the change in value of biological assets and wood harvested, the share of results of associated companies and joint ventures, and special items.
[2] Special items in 2008 include reversals of provisions related to the disposed Kuopio plywood mill.

Q3 of 2009 compared with Q3 of 2008

Operating loss excluding special items was € 10 million (loss of € 2 million). Sales decreased to € 73 million (121 million), as plywood deliveries declined by 24% to 143,000 cubic metres (188,000).

Plywood reported an operating loss due to significantly lower delivery volumes and sales prices than in the comparison period.

January–September 2009 compared with January–September 2008

Operating loss excluding special items was € 48 million (profit of € 35 million). Sales nearly halved to € 225 million (428 million), as plywood deliveries declined by 35% to 417,000 cubic metres (646,000).

Plywood reported an operating loss due to significantly lower delivery volumes and sales prices than in the comparison period. Material fixed cost reductions were implemented throughout the organisation, but these could not compensate for the adverse impact of deliveries and prices.

Weak market demand led to extensive production downtime at all mills. The Heinola mill was temporarily shut down from January 2009 onwards. The Kaukas plywood mill was temporarily shut down from May onwards. In April it was announced that operations at the Lahti mill will be moved to other mills by the end of the year.

At the Kalso veneer mill, a production automation project was completed in May 2009.

Market review

In Europe, plywood demand declined substantially from last year due to record low construction activity and demand for engineered end products in transportation and other industrial end uses. Declining demand in Europe has left much idle capacity.

Inventories were reduced in all parts of the supply chain in the first half of the year. This inventory reduction came to an end in the third quarter. The market prices of plywood declined from the previous year.

Other operations

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales, €m	21	21	34	34	52	66	48	76	166	200
EBITDA, €m [1)]	–31	–24	–29	–38	3	–13	–9	–84	–19	–57
Share of results of associated companies and joint ventures, €m	–	–2	–2	–1	–1	3	–	–4	2	1
Depreciation, amortisation and impairment charges, €m	–3	–3	–3	2	–2	–5	–3	–9	–10	–8
Operating profit, €m	–45	–29	–34	–35	4	–16	–7	–108	–19	–54
Special items, €m [2)]	–11	–	–	2	4	–1	5	–11	8	10
Operating profit excl. special items, €m	–34	–29	–34	–37	0	–15	–12	–97	–27	–64

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

2) In 2009, special items of € 11 million relate mainly to estates of closed industrial sites in Finland. In 2008, special items include an adjustment of € 5 million to sales of disposals of 2007 and other restructuring income net of € 5 million.

Other operations include development units (RFID tags, the wood plastic composite unit UPM ProFi and biofuels), logistic services and corporate administration.

Q3 of 2009 compared with Q3 of 2008

Operating loss excluding special items was € 34 million (0 million). Sales amounted to € 21 million (52 million).

The operating loss was greater than in the comparison period, mainly due to hedging losses of € 16 million (profit of € 5 million). The development units continued to incur an operating loss.

January–September 2009 compared with January–September 2008

Operating loss excluding special items was € 97 million (loss of € 27 million). Sales amounted to € 76 million (166 million).

The operating loss was greater than in the comparison period, mainly due to hedging losses of € 25 million (profit of € 22 million) and losses of the development units.

Helsinki, 29 October 2009

UPM-Kymmene Corporation

Board of Directors

Financial information

Consolidated income statement

€m	Q3/2009	Q3/2008	Q1–Q3/2009	Q1–Q3/2008	Q1–Q4/2008
Sales	1,913	2,358	5,611	7,146	9,461
Other operating income	5	23	29	74	83
Costs and expenses	–1,603	–1,998	–4,964	–6,180	–8,407
Change in fair value of biological assets and wood harvested	–13	4	8	52	50
Share of results of associated companies and joint ventures	–21	35	–96	78	62
Depreciation, amortisation and impairment charges	–185	–462	–579	–860	–1,225
Operating profit (loss)	96	–40	9	310	24
Gains on available-for-sale investments, net	–1	–	–1	2	2
Exchange rate and fair value gains and losses	–3	–	–9	–11	–25
Interest and other finance costs, net	–28	–50	–123	–142	–202
Profit (loss) before tax	64	–90	–124	159	–201
Income taxes	–24	3	–2	–53	21
Profit (loss) for the period	40	–87	–126	106	–180
Attributable to:					
Equity holders of the parent company	40	–86	–126	108	–179
Minority interest	–	–1	–	–2	–1
	40	–87	–126	106	–180
Earnings per share for profit (loss) attributable to the equity holders of the parent company					
Basic earnings per share, €	0.08	–0.17	–0.24	0.21	–0.35
Diluted earnings per share, €	0.08	–0.17	–0.24	0.21	–0.35

Statement of comprehensive income

€m	Q3/2009	Q3/2008	Q1–Q3/2009	Q1–Q3/2008	Q1–Q4/2008
Profit (loss) for the period	40	–87	–126	106	–180
Other comprehensive income for the period, after tax:					
Translation differences	–16	93	50	–11	–206
Net investment hedge	–17	–31	–37	–5	56
Cash flow hedges	18	–51	9	–51	–33
Share of other comprehensive income of associated companies	–2	20	–10	12	1
Other comprehensive income for the period, net of tax	–17	31	12	–55	–182
Total comprehensive income for the period	23	–56	–114	51	–362
Total comprehensive income attributable to:					
Equity holders of the parent company	23	–55	–114	53	–361
Minority interest	–	–1	–	–2	–1
	23	–56	–114	51	–362

Condensed consolidated balance sheet

€m	30.09.2009	30.09.2008	31.12.2008
ASSETS			
Non-current assets			
Goodwill	933	933	933
Other intangible assets	390	431	403
Property, plant and equipment	5,253	6,012	5,688
Biological assets	1,126	1,140	1,133
Investments in associated companies and joint ventures	801	1,278	1,263
Deferred tax assets	244	272	258
Other non-current assets	644	452	697
	9,391	10,518	10,375
Current assets			
Inventories	1,011	1,527	1,354
Trade and other receivables	1,460	1,838	1,710
Cash and cash equivalents	367	136	330
	2,838	3,501	3,394
Assets classified as held for sale	327	–	12
Total assets	12,556	14,019	13,781
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company			
Share capital	890	890	890
Fair value and other reserves	–155	–42	–165
Reserve for invested non-restricted equity	1,145	1,145	1,145
Retained earnings	3,908	4,527	4,236
	5,788	6,520	6,106
Minority interest	14	14	14
Total equity	5,802	6,534	6,120
Non-current liabilities			
Deferred tax liabilities	590	717	658
Non-current interest-bearing liabilities	3,941	4,399	4,534
Other non-current liabilities	595	588	624
	5,126	5,704	5,816
Current liabilities			
Current interest-bearing liabilities	429	378	537
Trade and other payables	1,199	1,403	1,291
	1,628	1,781	1,828
Liabilities related to assets classified as held for sale	–	–	17
Total liabilities	6,754	7,485	7,661
Total equity and liabilities	12,556	14,019	13,781

Condensed consolidated cash flow statement

€m	Q1–Q3/2009	Q1–Q3/2008	Q1–Q4/2008
Cash flow from operating activities			
Profit (loss) for the period	–126	106	–180
Adjustments	735	786	1,232
Change in working capital	437	–329	–132
Cash generated from operations	1,046	563	920
Finance costs, net	–135	–223	–216
Income taxes paid	–22	–69	–76
Net cash generated from operating activities	889	271	628
Cash flow from investing activities			
Acquisitions and share purchases	–	–7	–19
Purchases of intangible and tangible assets	–191	–453	–558
Asset sales and other investing cash flow	36	41	45
Net cash used in investing activities	–155	–419	–532
Cash flow from financing activities			
Change in loans and other financial items	–489	352	305
Share options exercised	–	78	78
Dividends paid	–208	–384	–384
Net cash used in financing activities	–697	46	–1
Change in cash and cash equivalents	37	–102	95
Cash and cash equivalents at the beginning of period	330	237	237
Foreign exchange effect on cash	–	1	–2
Change in cash and cash equivalents	37	–102	95
Cash and cash equivalents at end of period	367	136	330
Operating cash flow per share, €	1.71	0.52	1.21

Consolidated statement of changes in equity

	Attributable to equity holders of the parent company							
€m	Share capital	Translation differences	Fair value and other reserves	Reserve for invested non-restricted equity	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008	890	–158	193	1,067	4,778	6,770	13	6,783
Changes in equity for 2008								
Share options exercised	–	–	–	78	–	78	–	78
Share-based compensation, net of tax	–	–	–18	–	21	3	–	3
Dividend paid	–	–	–	–	–384	–384	–	–384
Business combinations	–	–	–	–	–	–	3	3
Total comprehensive income for the period	–	–7	–52	–	112	53	–2	51
Balance at 30 September 2008	890	–165	123	1,145	4,527	6,520	14	6,534
Balance at 1 January 2009	890	–295	130	1,145	4,236	6,106	14	6,120
Changes in equity for 2009								
Share-based compensation, net of tax	–	–	3	–	–	3	–	3
Dividend paid	–	–	–	–	–208	–208	–	–208
Business combinations	–	–	–	–	–	–	–	–
Other items	–	–	–	–	1	1	–	1
Total comprehensive income for the period	–	–2	9	–	–121	–114	–	–114
Balance at 30 September 2009	890	–297	142	1,145	3,908	5,788	14	5,802

Quarterly information

€m	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales	1,913	1,841	1,857	2,315	2,358	2,378	2,410	5,611	7,146	9,461
Other operating income	5	7	17	9	23	11	40	29	74	83
Costs and expenses	–1,603	–1,627	–1,734	–2,227	–1,998	–2,074	–2,108	–4,964	–6,180	–8,407
Change in fair value of biological assets and wood harvested	–13	10	11	–2	4	20	28	8	52	50
Share of results of associated companies and joint ventures	–21	–22	–53	–16	35	21	22	–96	78	62
Depreciation, amortisation and impairment charges	–185	–201	–193	–365	–462	–199	–199	–579	–860	–1,225
Operating profit (loss)	96	8	–95	–286	–40	157	193	9	310	24
Gains on available-for-sale investments, net	–1	–	–	–	–	2	–	–1	2	2
Exchange rate and fair value gains and losses	–3	3	–9	–14	–	–1	–10	–9	–11	–25
Interest and other finance costs, net	–28	–37	–58	–60	–50	–43	–49	–123	–142	–202
Profit (loss) before tax	64	–26	–162	–360	–90	115	134	–124	159	–201
Income taxes	–24	18	4	74	3	–25	–31	–2	–53	21
Profit (loss) for the period	40	–8	–158	–286	–87	90	103	–126	106	–180
Attributable to:										
Equity holders of the parent company	40	–8	–158	–287	–86	92	102	–126	108	–179
Minority interest	–	–	–	1	–1	–2	1	–	–2	–1
	40	–8	–158	–286	–87	90	103	–126	106	–180
Basic earnings per share, €	0.08	–0.02	–0.30	–0.56	–0.17	0.18	0.20	–0.24	0.21	–0.35
Diluted earnings per share, €	0.08	–0.02	–0.30	–0.56	–0.17	0.18	0.20	–0.24	0.21	–0.35
Earnings per share, excluding special items, €	0.14	0.03	–0.27	–0.19	0.25	0.17	0.19	–0.10	0.61	0.42
Average number of shares basic (1,000)	519,954	519,954	519,954	519,979	519,999	517,622	512,581	519,954	516,734	517,545
Average number of shares diluted (1,000)	521,036	519,954	519,954	519,979	519,999	516,791	513,412	520,315	516,734	517,545
Special items in operating profit (loss)	–35	–23	–17	–240	–256	2	5	–75	–249	–489
Operating profit (loss), excl. special items	131	31	–78	–46	216	155	188	84	559	513
% of sales	6.8	1.7	–4.2	–2.0	9.2	6.5	7.8	1.5	7.8	5.4
Special items before tax	–35	–23	–17	–240	–250	2	5	–75	–243	–483
Profit (loss) before tax, excl. special items	99	–3	–145	–120	160	113	129	–49	402	282
% of sales	5.2	–0.2	–7.8	–5.2	6.8	4.8	5.4	–0.9	5.6	3.0
Return on equity, excl. special items, %	5.0	0.8	neg.	neg.	7.8	5.4	5.9	neg.	6.3	3.4
Return on capital employed, excl. special items, %	4.9	1.3	neg.	neg.	7.7	5.7	6.5	0.9	6.6	4.6
EBITDA	334	238	128	178	378	313	337	700	1,028	1,206
% of sales	17.5	12.9	6.9	7.7	16.0	13.2	14.0	12.5	14.4	12.7
Share of results of associated companies and joint ventures										
Energy	–24	–4	–4	–11	–8	–2	–5	–32	–15	–26
Pulp	4	–16	–47	–4	44	20	26	–59	90	86
Forest and timber	–1	1	1	–1	–	–	1	1	1	–
Paper	–	–1	–1	1	–	–	–	–2	–	1
Other operations	–	–2	–2	–1	–1	3	–	–4	2	1
Total	–21	–22	–53	–16	35	21	22	–96	78	62

Deliveries

	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Electricity, 1,000 MWh	2,103	1,999	2,486	2,731	2,653	2,344	2,439	6,588	7,436	10,167
Pulp, 1,000 t	446	391	372	421	480	527	554	1,209	1,561	1,982
Sawn timber, 1,000 m^3	355	366	363	421	510	628	573	1,084	1,711	2,132
Publication papers, 1,000 t	1,464	1,323	1,304	1,809	1,760	1,749	1,772	4,091	5,281	7,090
Fine and speciality papers, 1,000 t	872	813	724	784	863	923	981	2,409	2,767	3,551
Paper deliveries total, 1,000 t	2,336	2,136	2,028	2,593	2,623	2,672	2,753	6,500	8,048	10,641
Plywood, 1,000 m^3	143	141	133	160	188	227	231	417	646	806

Quarterly segment information

€m	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
Sales										
Energy	108	100	136	141	129	103	105	344	337	478
Pulp	156	132	139	200	228	247	269	427	744	944
Forest and timber	295	309	385	419	475	518	508	989	1,501	1,920
Paper	1,454	1,388	1,367	1,750	1,761	1,727	1,773	4,209	5,261	7,011
Label	242	226	223	233	239	245	242	691	726	959
Plywood	73	77	75	102	121	150	157	225	428	530
Other operations	21	21	34	34	52	66	48	76	166	200
Internal sales	–436	–412	–502	–564	–647	–678	–692	–1,350	–2,017	–2,581
Sales, total	1,913	1,841	1,857	2,315	2,358	2,378	2,410	5,611	7,146	9,461
EBITDA										
Energy	35	41	57	76	58	34	39	133	131	207
Pulp	8	–24	–55	9	38	35	57	–71	130	139
Forest and timber	24	–15	–15	–52	–4	4	4	–6	4	–48
Paper	274	247	187	189	271	216	209	708	696	885
Label	29	18	6	–1	9	15	11	53	35	34
Plywood	–5	–5	–23	–5	3	22	26	–33	51	46
Other operations	–31	–24	–29	–38	3	–13	–9	–84	–19	–57
EBITDA, total	334	238	128	178	378	313	337	700	1,028	1,206
Operating profit (loss)										
Energy	10	36	51	62	49	31	33	97	113	175
Pulp	–9	–60	–122	–76	60	38	67	–191	165	89
Forest and timber	6	–18	–18	–63	–38	17	25	–30	4	–59
Paper	126	85	60	–126	–114	60	51	271	–3	–129
Label	18	4	–3	–38	1	8	3	19	12	–26
Plywood	–10	–10	–29	–10	–2	19	21	–49	38	28
Other operations	–45	–29	–34	–35	4	–16	–7	–108	–19	–54
Operating profit (loss), total	96	8	–95	–286	–40	157	193	9	310	24
% of sales	5.0	0.4	–5.1	–12.4	–1.7	6.6	8.0	0.2	4.3	0.3
Special items										
Energy	–17	–	–	–	–	–	–	–17	–	–
Pulp	–	–	–29	–59	–	–	–	–29	–	–59
Forest and timber	1	–8	–10	–2	–33	–	–1	–17	–34	–36
Paper	–6	–10	23	–153	–227	–	1	7	–226	–379
Label	–2	–5	–	–28	–	–	–	–7	–	–28
Plywood	–	–	–1	–	–	3	–	–1	3	3
Other operations	–11	–	–	2	4	–1	5	–11	8	10
Special items, total	–35	–23	–17	–240	–256	2	5	–75	–249	–489
Operating profit (loss) excl.special items										
Energy	27	36	51	62	49	31	33	114	113	175
Pulp	–9	–60	–93	–17	60	38	67	–162	165	148
Forest and timber	5	–10	–8	–61	–5	17	26	–13	38	–23
Paper	132	95	37	27	113	60	50	264	223	250
Label	20	9	–3	–10	1	8	3	26	12	2
Plywood	–10	–10	–28	–10	–2	16	21	–48	35	25
Other operations	–34	–29	–34	–37	–	–15	–12	–97	–27	–64
Operating profit (loss) excl. special items, total	131	31	–78	–46	216	155	188	84	559	513
% of sales	6.8	1.7	–4.2	–2.0	9.2	6.5	7.8	1.5	7.8	5.4

€m	Q3/09	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q1–Q3/09	Q1–Q3/08	Q1–Q4/08
External sales										
Energy	24	24	49	57	45	20	15	97	80	137
Pulp	9	10	10	6	17	18	22	29	57	63
Forest and timber	145	150	152	199	197	240	233	447	670	869
Paper	1,409	1,355	1,327	1,701	1,699	1,657	1,704	4,091	5,060	6,761
Label	243	225	222	233	238	244	241	690	723	956
Plywood	69	73	72	94	111	139	147	214	397	491
Other operations	14	4	25	25	51	60	48	43	159	184
External sales, total	1,913	1,841	1,857	2,315	2,358	2,378	2,410	5,611	7,146	9,461
Internal sales										
Energy	84	76	87	84	84	83	90	247	257	341
Pulp	147	122	129	194	211	229	247	398	687	881
Forest and timber	150	159	233	220	278	278	275	542	831	1,051
Paper	45	33	40	49	62	70	69	118	201	250
Label	–1	1	1	–	1	1	1	1	3	3
Plywood	4	4	3	8	10	11	10	11	31	39
Other operations	7	17	9	9	1	6	–	33	7	16
Internal sales, total	436	412	502	564	647	678	692	1,350	2,017	2,581

Changes in property, plant and equipment

€m	Q1–Q3/2009	Q1–Q3/2008	Q1–Q4/2008
Book value at beginning of period	5,688	6,179	6,179
Capital expenditure	139	421	471
Decreases	–14	–10	–24
Depreciation	–530	–550	–748
Impairment charges	–6	–31	–182
Impairment reversals	4	–	–
Translation difference and other changes	–28	3	–8
Book value at end of period	5,253	6,012	5,688

Commitments and contingencies

€m	30.09.2009	30.09.2008	31.12.2008
Own commitments			
Mortgages[1)]	760	89	787
On behalf of associated companies and joint ventures			
Guarantees for loans	8	10	10
On behalf of others			
Other guarantees	1	2	2
Other own commitments			
Leasing commitments for the next 12 months	18	11	17
Leasing commitments for subsequent periods	57	66	56
Other commitments	63	65	62

[1)] Mortgages relate mainly to giving mandatory security for borrowing from Finnish pension insurance companies.

Capital commitments

€m	Completion	Total cost	By 31.12.2008	Q1–Q3/2009	After 30.09.2009
Rebuild of debarking plant, Pietarsaari	October 2010	30	1	5	24
Waste water treatment plant, Blandin	September 2010	19	–	–	19
Energy saving TMP plant, Steyremühl	January 2011	16	–	–	16
Power plant rebuild, Schongau	January 2011	12	–	–	12
Fibre line improvement, Blandin	December 2011	10	3	2	5

Notional amounts of derivative financial instruments

€m	30.09.2009	30.09.2008	31.12.2008
Currency derivatives			
Forward contracts	3,696	5,763	4,598
Options, bought	35	113	–
Options, written	48	164	–
Swaps	511	522	508
Interest rate derivatives			
Forward contracts	2,487	3,767	2,668
Swaps	2,947	2,205	2,833
Other derivatives			
Forward contracts	164	34	172
Options, bought	78	–	–
Options, written	78	–	78
Swaps	5	9	8

Related party (associated companies and joint ventures) transactions and balances

€m	Q1–Q3/2009	Q1–Q3/2008	Q1–Q4/2008
Sales to associated companies	81	100	138
Purchases from associated companies	384	427	592
Non-current receivables at end of period	2	–	–
Trade and other receivables at end of period	23	18	37
Trade and other payables at end of period	30	31	27

Basis of preparation

This unaudited financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Consolidated Financial Statements for 2008. Income tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group has adopted the following standard:

IAS 1 (Revised) Presentation of Financial Statements became effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. Following the adoption of the revised standard the Group will present two separate statements (a separate income statement followed by a statement of comprehensive income).

Calculation of key indicators

Return on equity, %:

$$\frac{\text{Profit before tax} - \text{income taxes}}{\text{Total equity (average)}} \times 100$$

Return on capital employed, %:

$$\frac{\text{Profit before tax + interest expenses and other financial expenses}}{\text{Total equity + interest-bearing liabilities (average)}} \times 100$$

Earnings per share:

$$\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Adjusted average number of shares during the period excluding treasury shares}}$$

Key exchange rates for the euro at end of period

	30.09.2009	30.06.2009	31.03.2009	31.12.2008	30.09.2008	30.06.2008	31.03.2008
USD	1.4643	1.4134	1.3308	1.3917	1.4303	1.5764	1.5812
CAD	1.5709	1.6275	1.6685	1.6998	1.4961	1.5942	1.6226
JPY	131.07	135.51	131.17	126.14	150.47	166.44	157.37
GBP	0.9093	0.8521	0.9308	0.9525	0.7903	0.7923	0.7958
SEK	10.2320	10.8125	10.9400	10.8700	9.7943	9.4703	9.3970

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. For more detailed information about risk factors, see pages 71–73 of the company's annual report 2008.

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