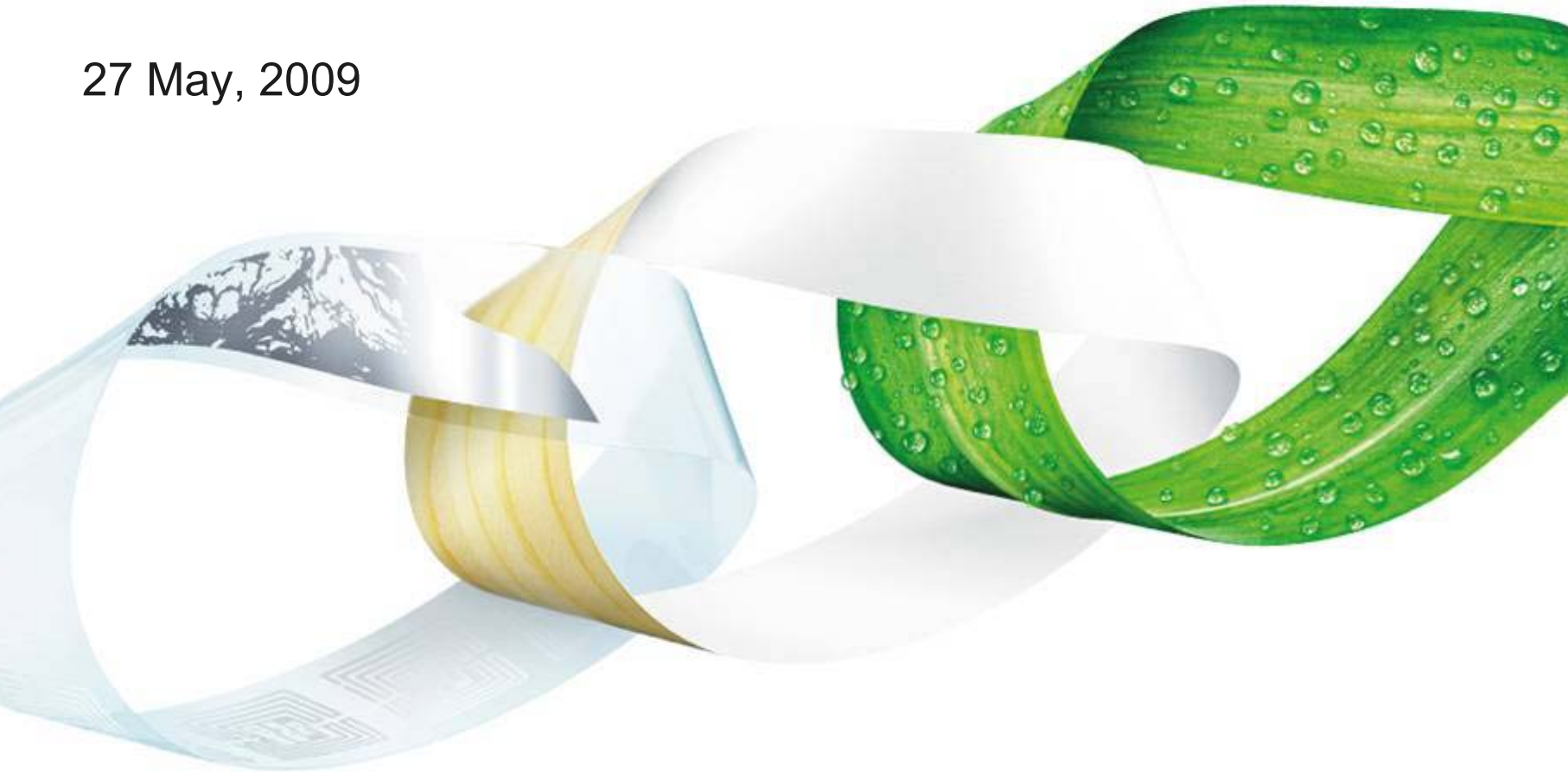


WE LEAD.
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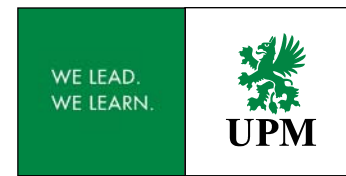


Jussi Pesonen
President and CEO

27 May, 2009



CONTENTS

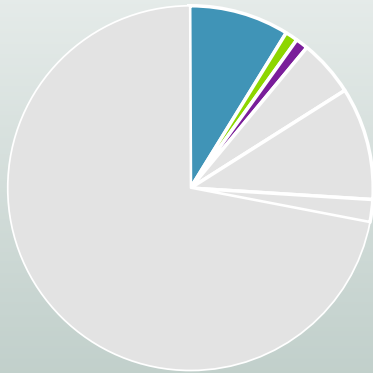


- UPM financials in brief
- Coping recession
- UPM's vision and strategy

Sales by business groups in 2008*

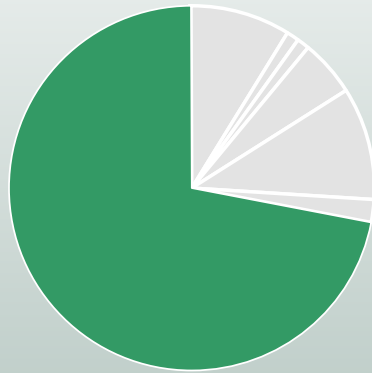
Total sales 9.5 billion euros

Energy and pulp 11 %

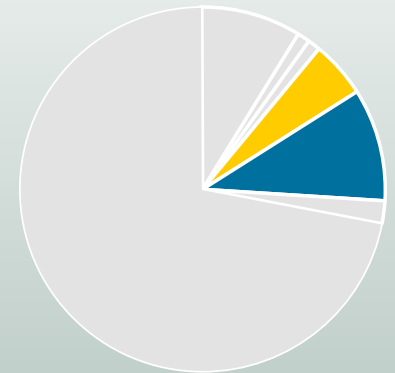


- Forest and timber 9%
- Energy 1%
- Pulp 1%

Paper 72 %



Engineered materials 15 %

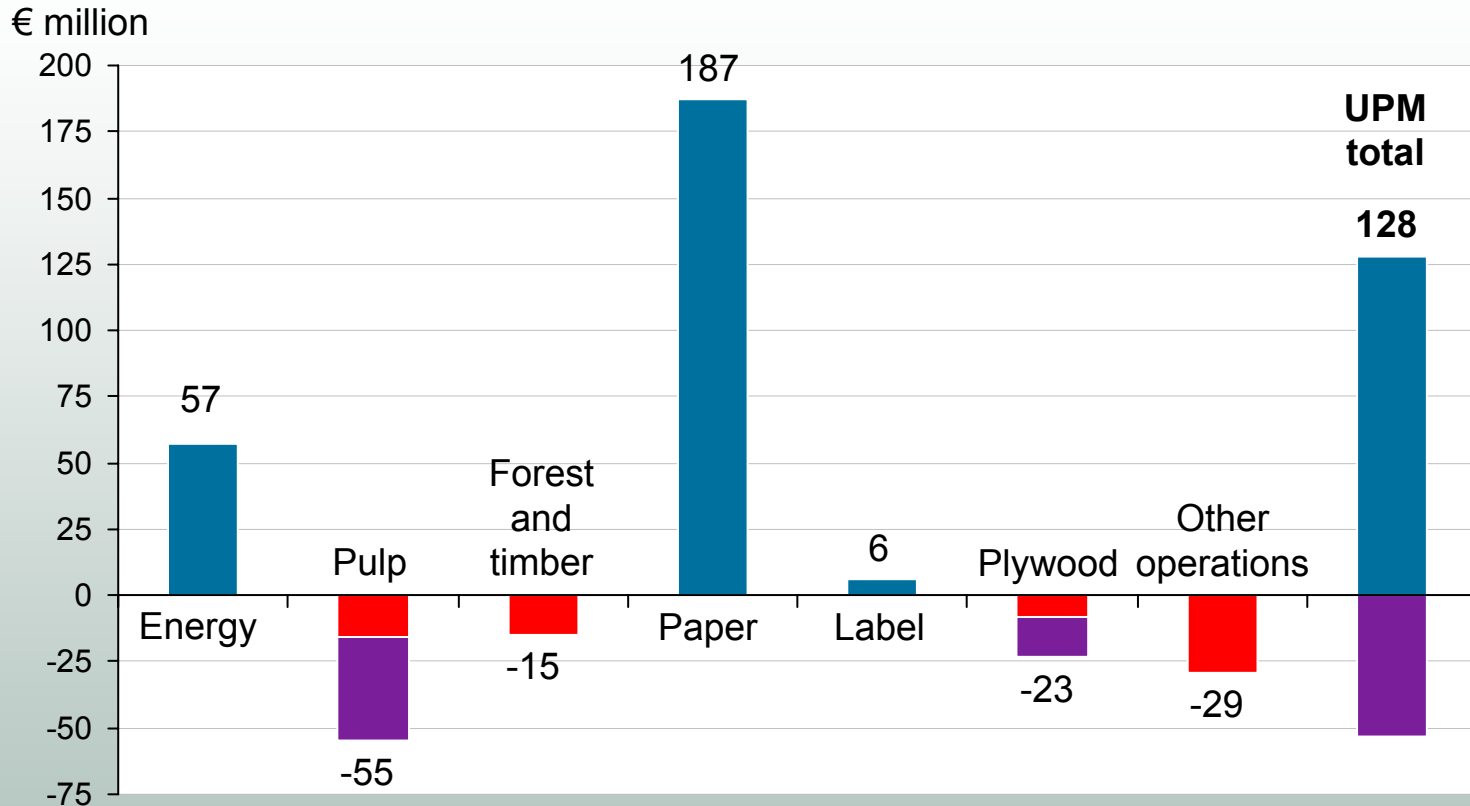
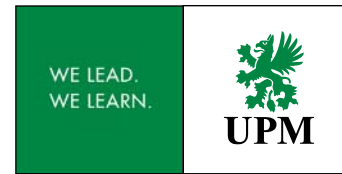


- Plywood 5%
- Labels 10%

* % of external sales

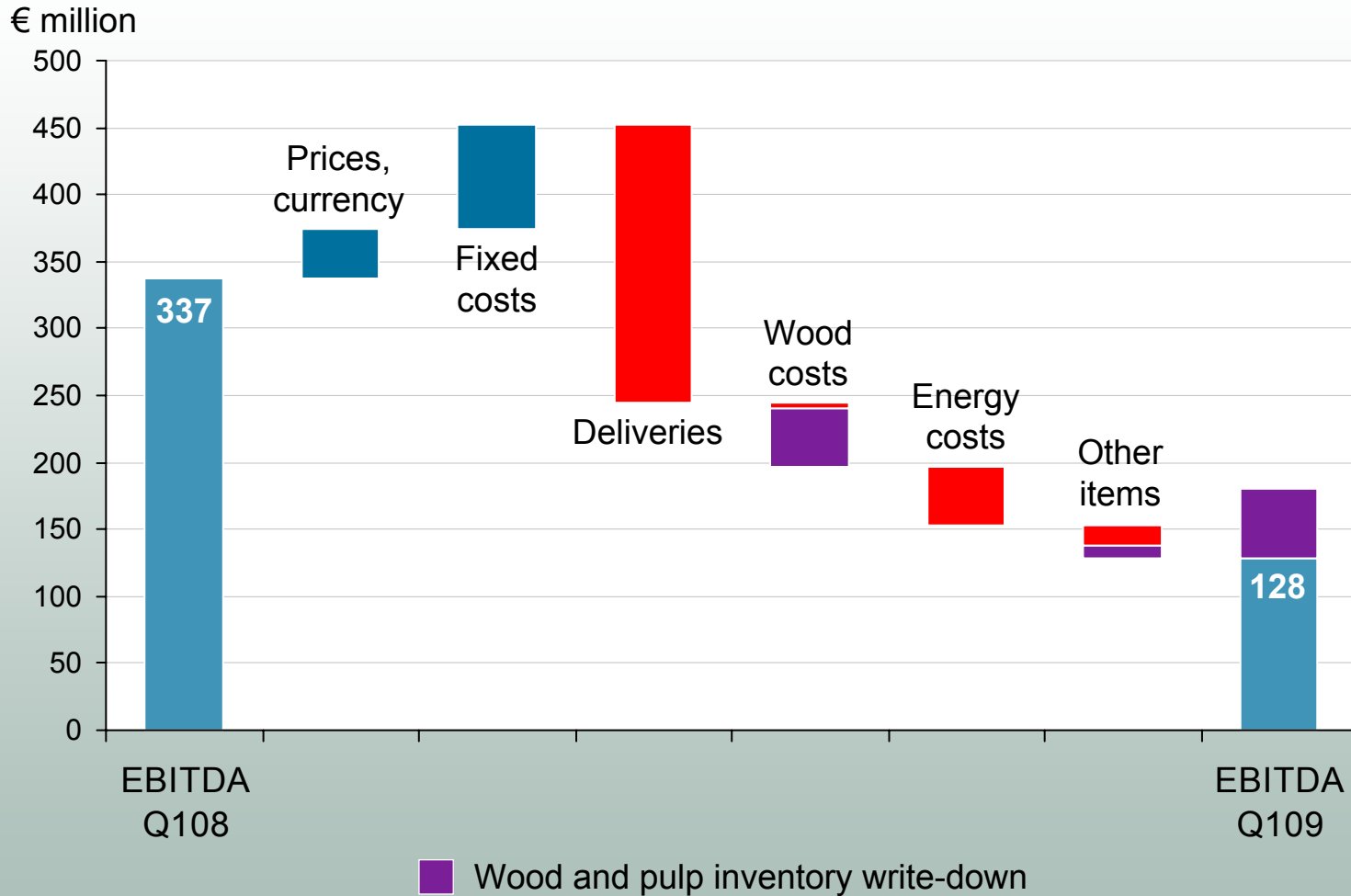
FINANCIALS

EBITDA by business area in Q1 2009



Wood and pulp inventory write-down

EBITDA development in Q1 2009



FINANCIALS

Cash flow

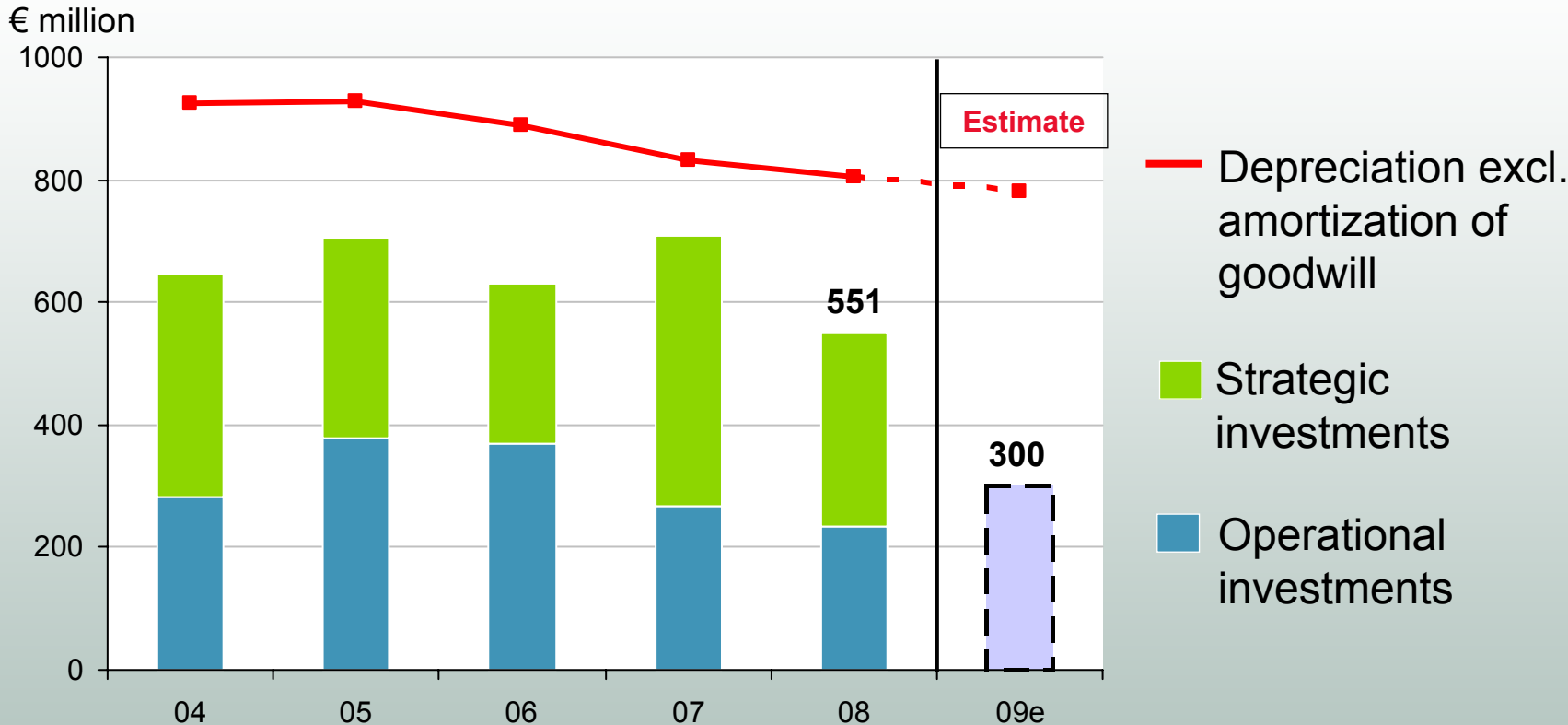
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€, million	Q1 2009	Q1 2008	2008
EBITDA	128	337	1,206
Cash flow before change in working capital	131	255	1,052
Change in working capital	216	-106	-132
Finance costs and income taxes	-73	-99	-292
Net cash from operating activities	274	50	628
Capital 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

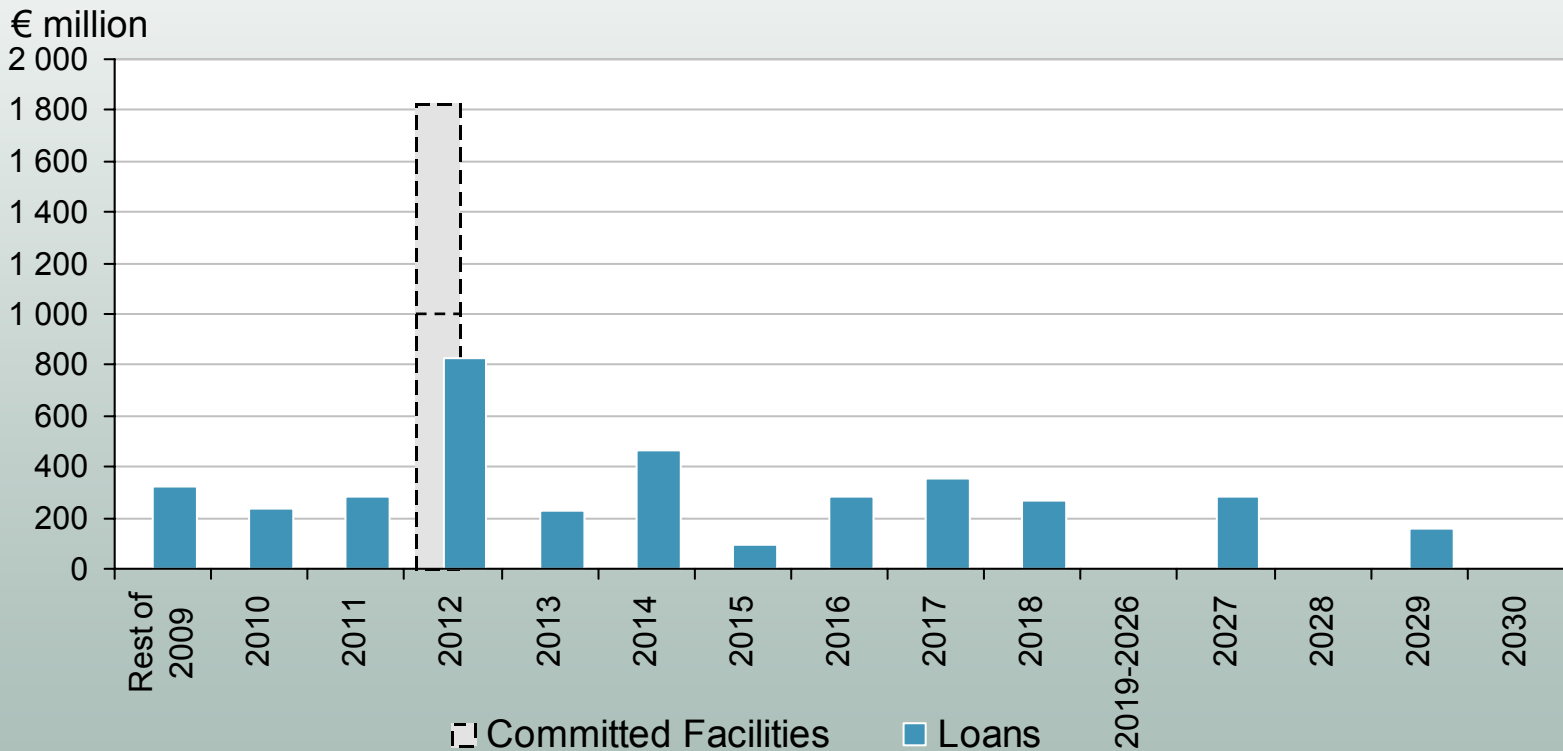
2009 estimate lowered to € 300 million



Q1 2009 capital expenditure was € 67 million

Maturity profile – moderate repayments for the next three years

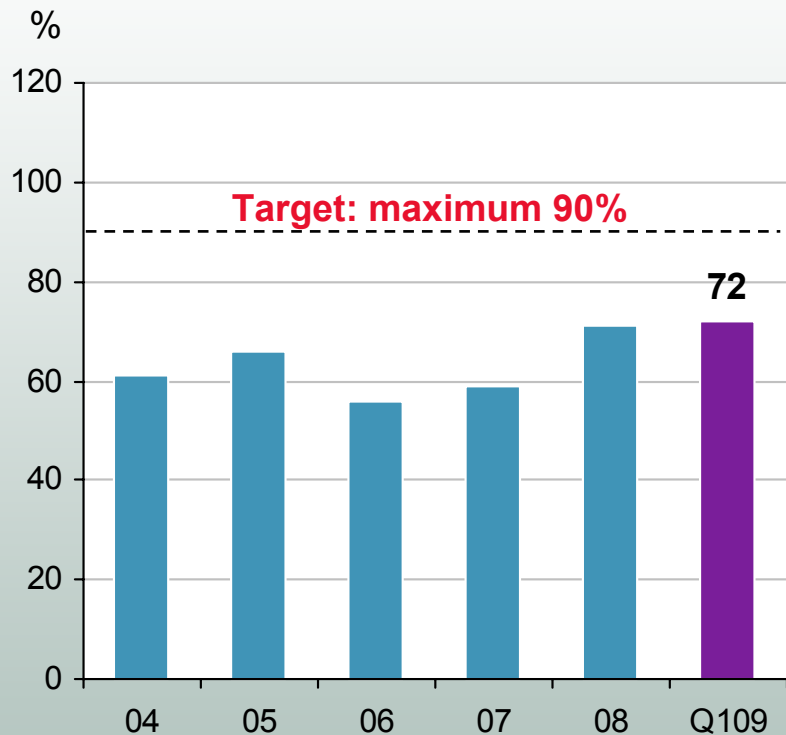
- Liquidity on 31 March 2009 was € 1.7bn
- In March, the € 1.5bn loan facility maturing in 2010 was replaced by a new three-year € 825m facility



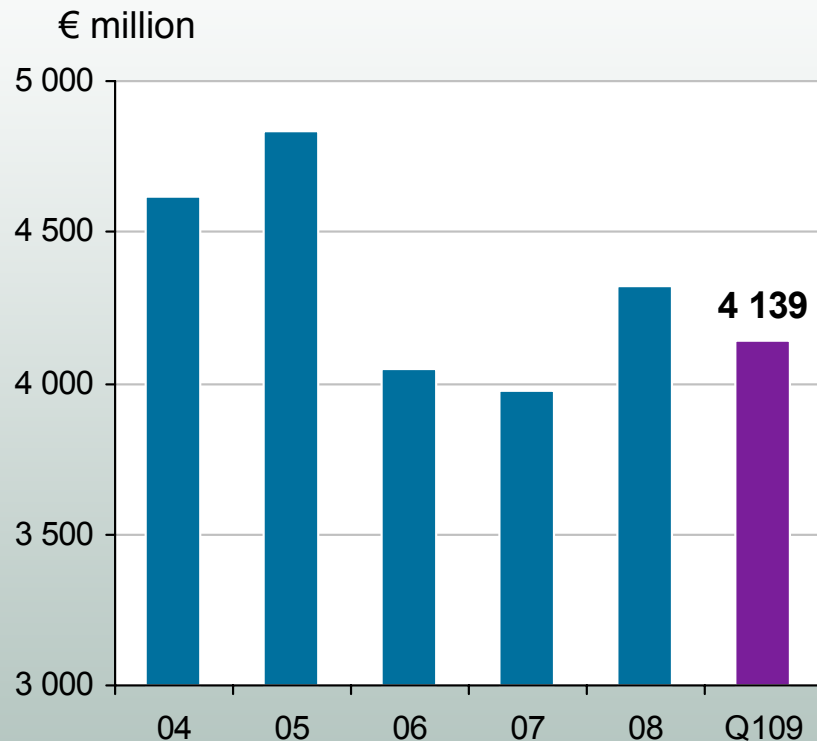
Gearing ratio and net interest-bearing liabilities



Gearing ratio



Net interest-bearing liabilities

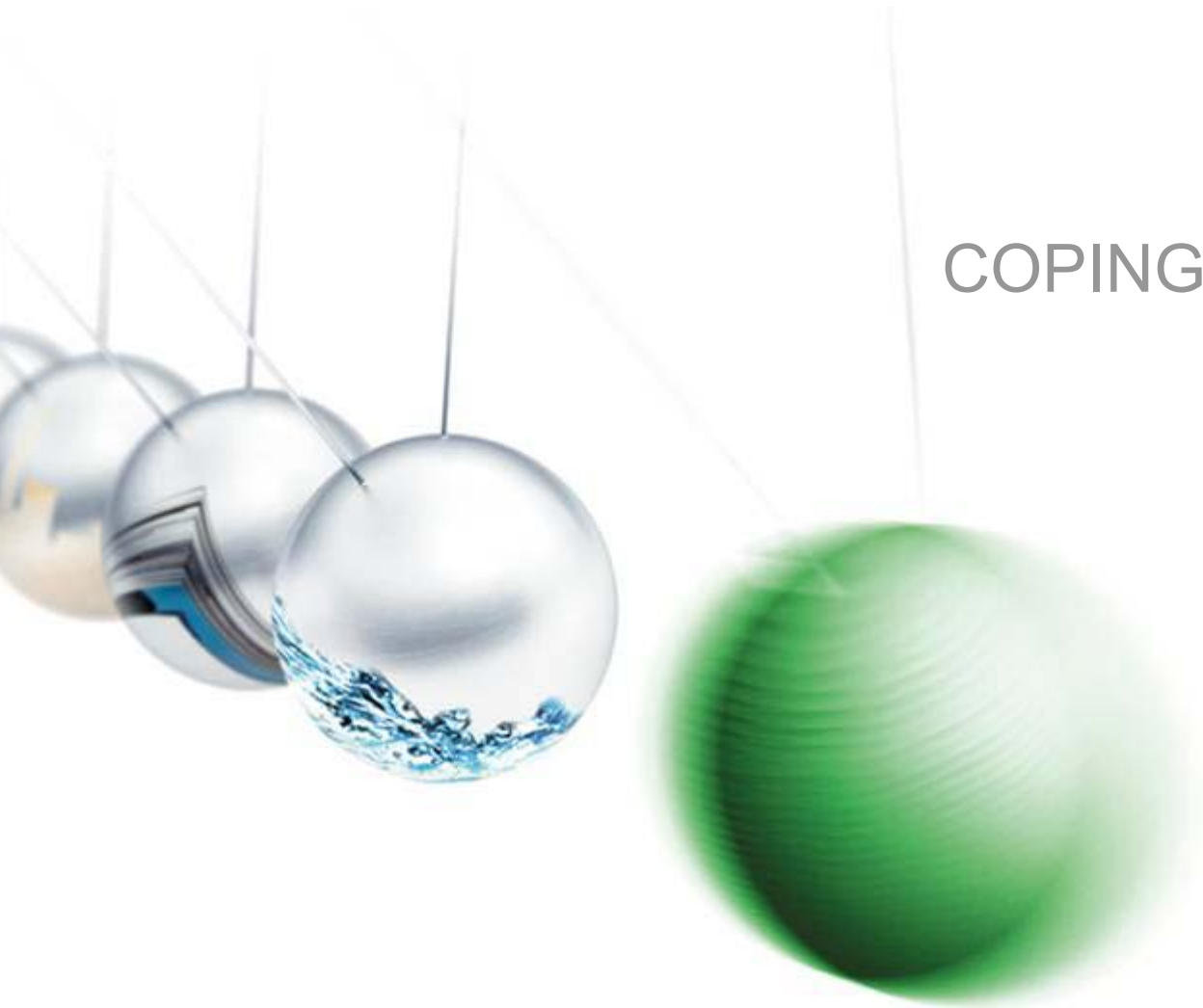


Ratings: Moody's Ba1, latest change February 13, 2009
 S&P BB+, latest change April 1, 2009

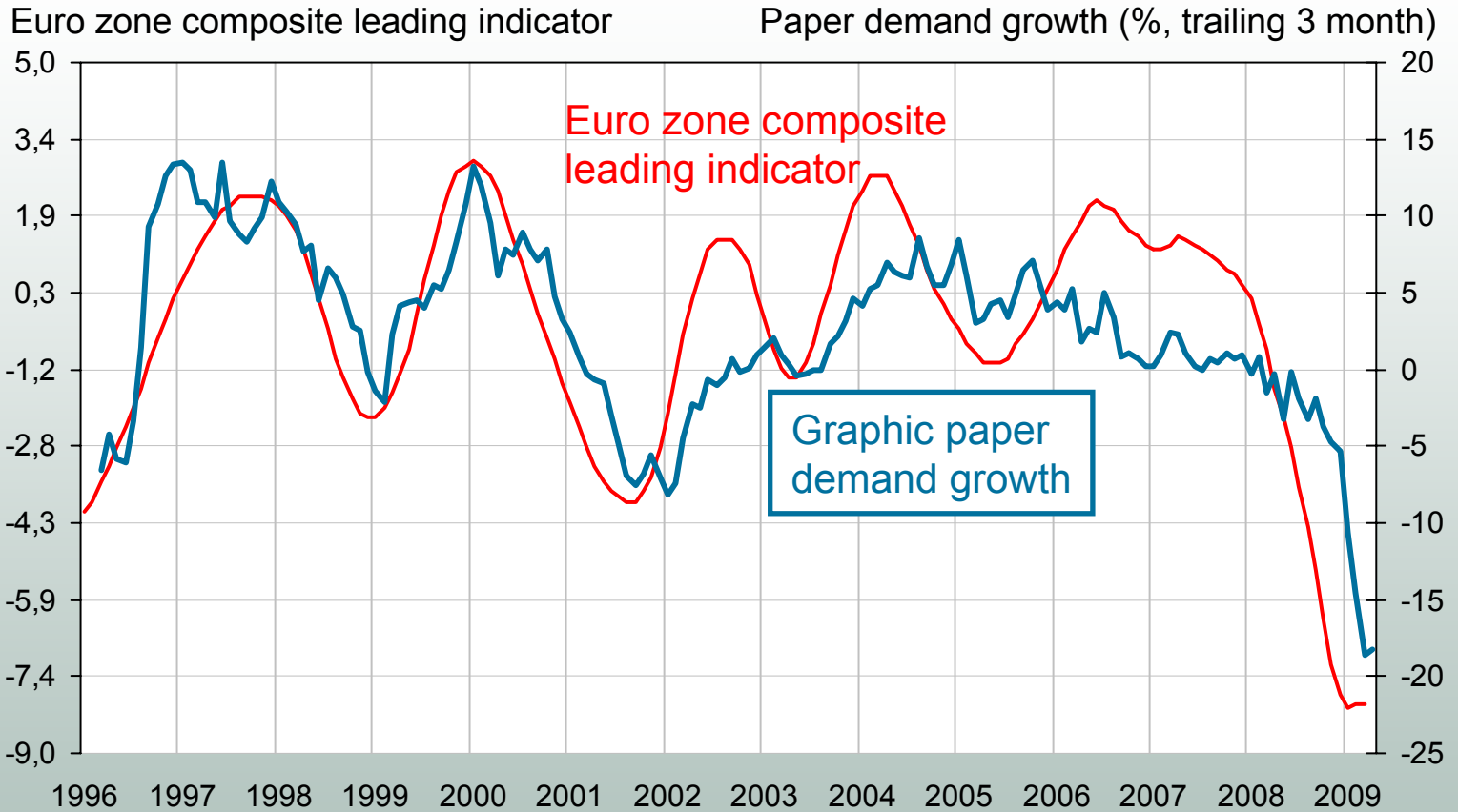
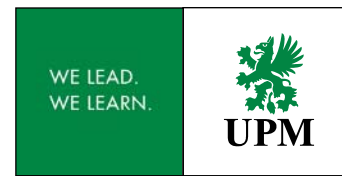
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COPING RECESSION

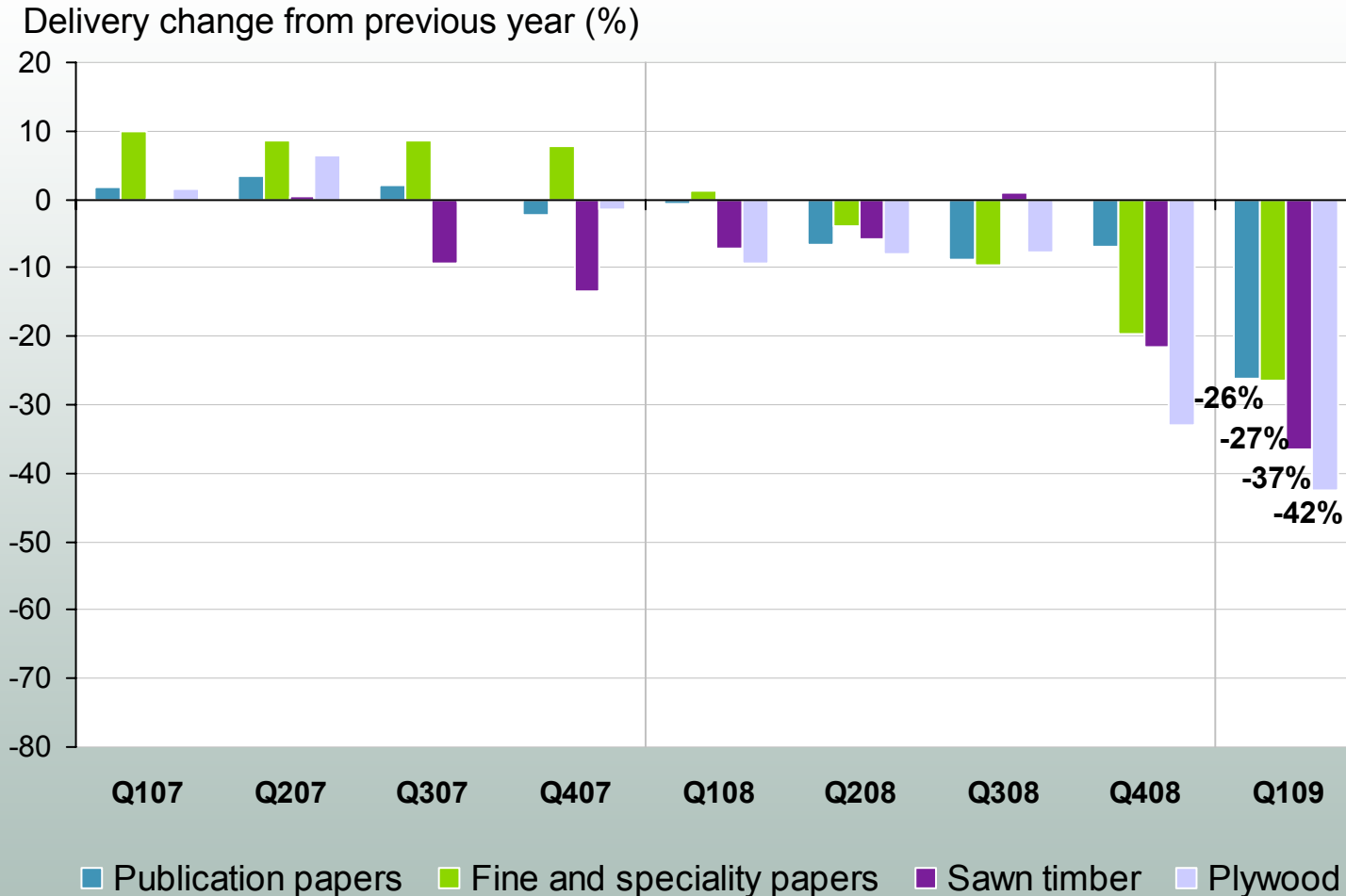
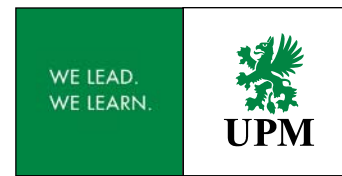


Weaker economic growth affects demand for European graphic paper demand



Sources: Cepiprint, Cepifine, OECD

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

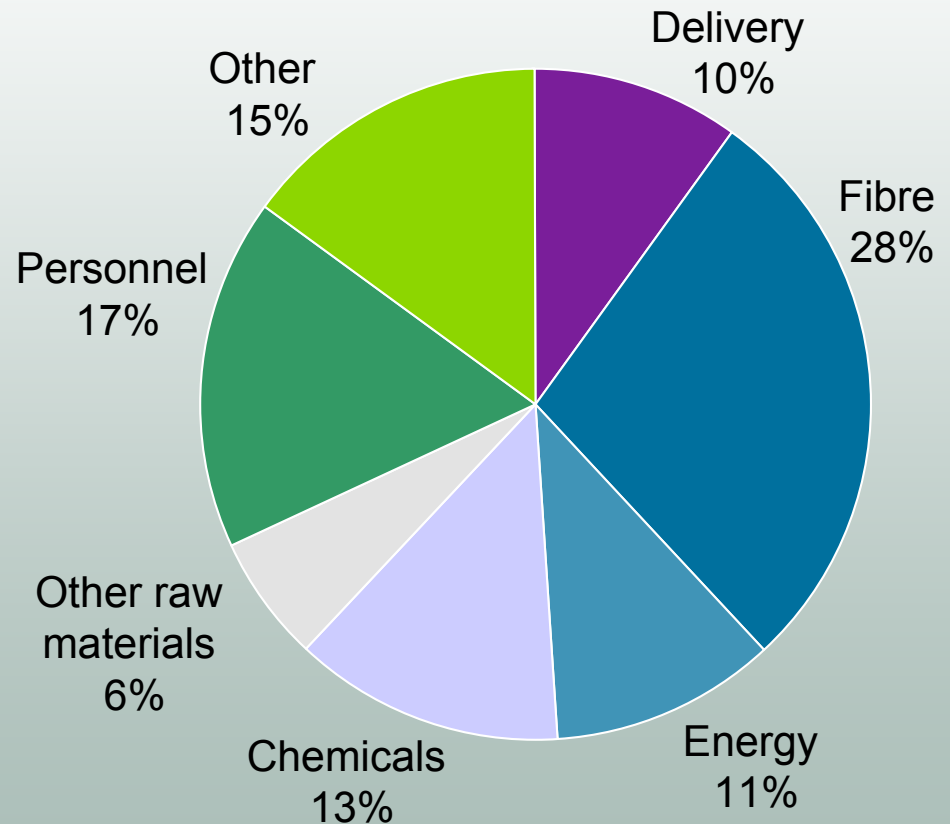


Cost deflation materialising with a delay



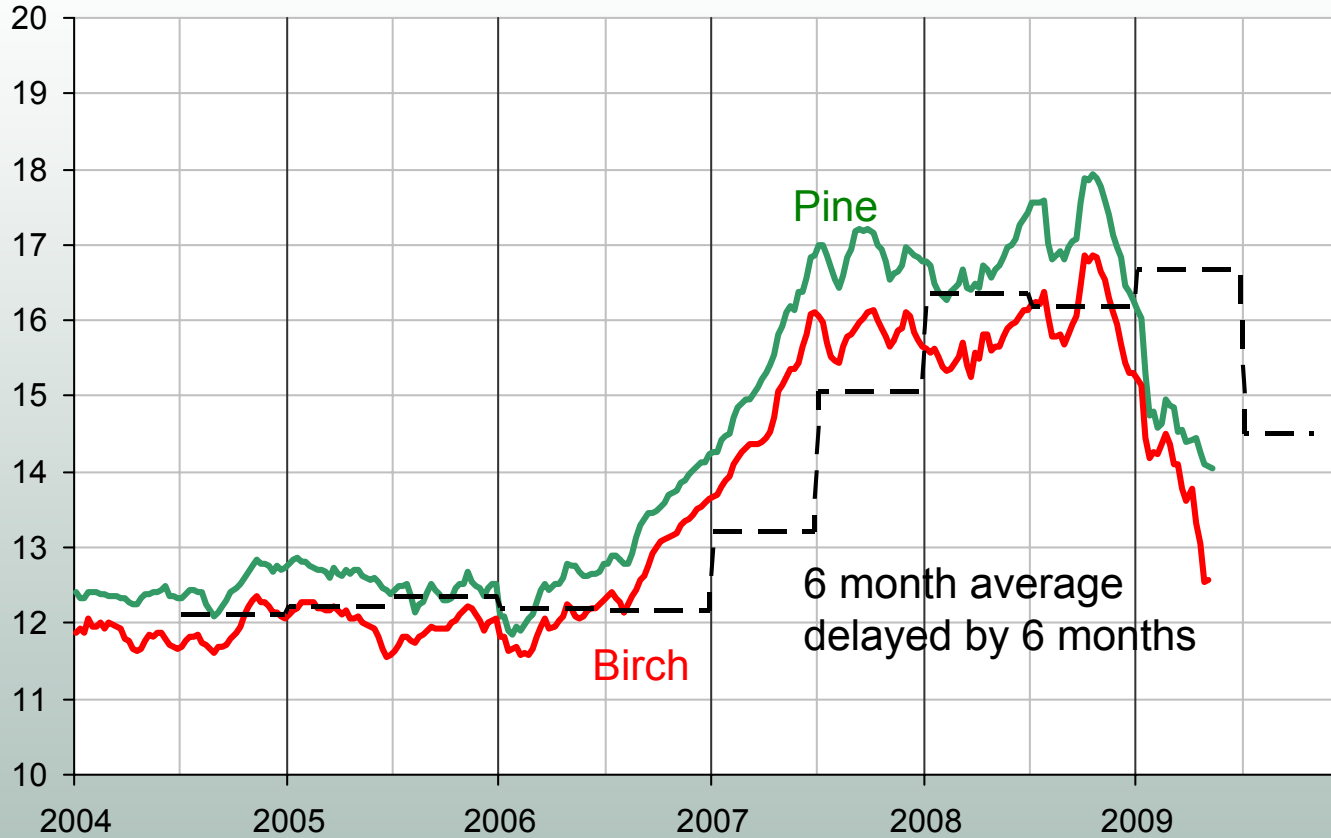
- Fixed costs
 - permanent savings
 - temporary lay-offs
- Fibre costs
 - wood
 - RCP
 - purchased pulp
- Energy costs
- Oil-based chemicals and logistics costs

**Cost breakdown
total €8.4bn in 2008**



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

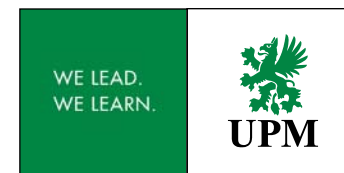
Fibre wood prices in Finland, € / m³



UPM's wood costs expected to decrease with a delay

COPING RECESSION

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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VISION AND STRATEGY



VISION

The front-runner of the new forest industry.

In the new forest industry, we reshape markets through cost leadership, change readiness and leading innovation. We develop smart, sustainable products and solutions for customers worldwide.

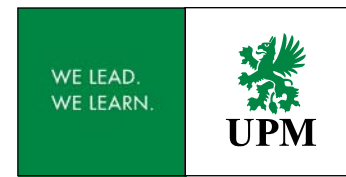
PURPOSE

We create value from renewable and recyclable materials by combining expertise and technologies within fibre based, energy-related and engineered materials businesses.



STRATEGY

UPM's three business groups

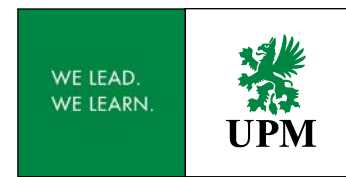


Energy and pulp

Paper

Engineered materials

New business structure leverages the company's competitive advantages



- sets the basis for market driven operations in all three Business Groups
- develop energy related and pulp businesses
- strengthen the cost leadership by optimizing resources, production and investments as well as decreasing complexities in Paper
- increase the weight of fast growing higher value added businesses in Engineered Materials
- new segment reporting to increase transparency of the results and value creation in the company

Strategy actions – portfolio of choices and opportunities

Energy & Pulp

- Grow in biomass based energy incl. biofuels
- Leverage high self sufficiency in electricity after OL3 nuclear power plant
- Increase share of low cost pulp
- Sawmilling for wood and biomass sourcing

Paper

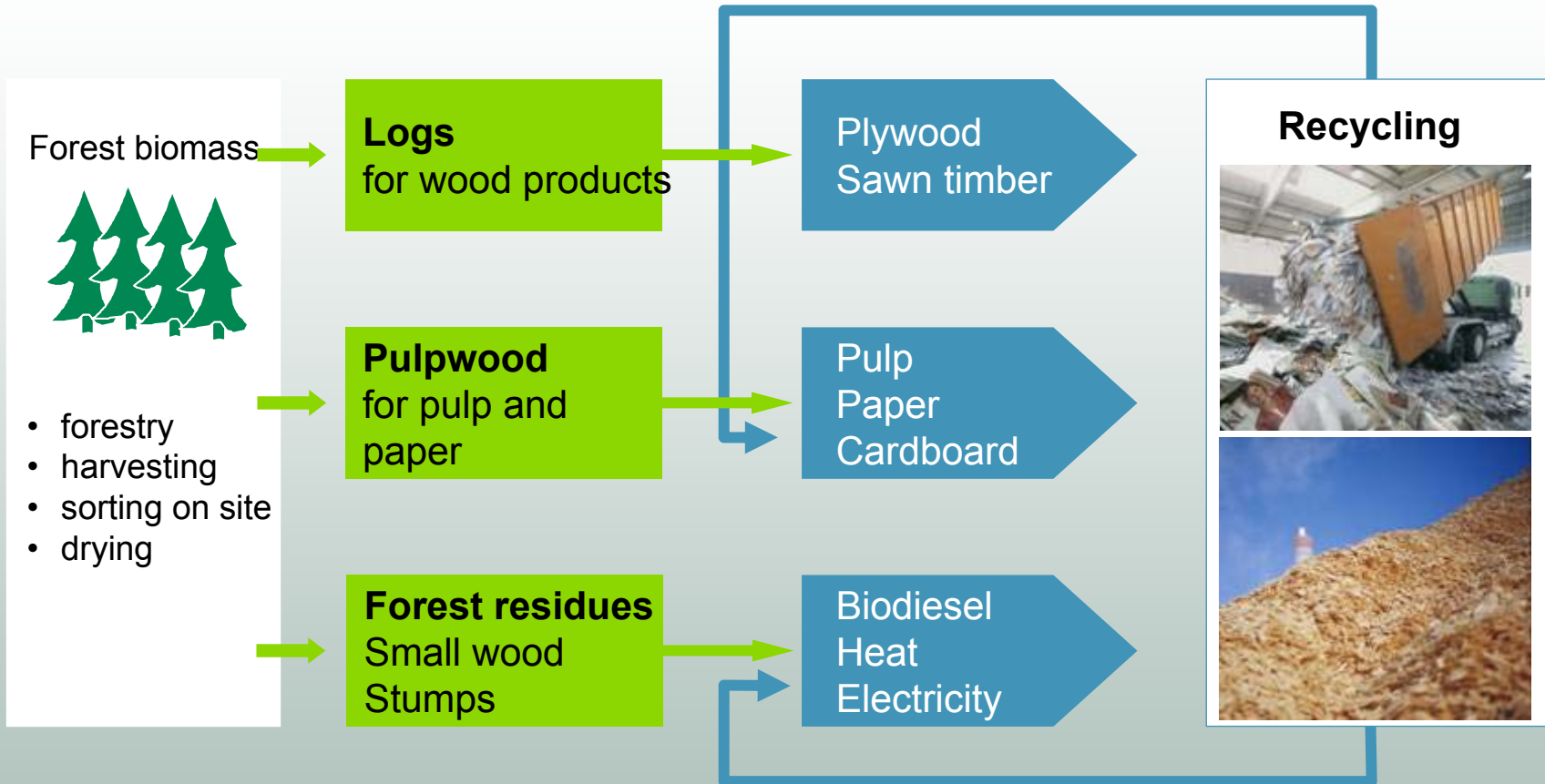
- Focus on European profitability: cost leadership, supply chain management and lean investments
- Growth in China and other emerging markets
- Consolidation in Europe

Engineered Materials

- Industry leadership in label materials
- Grow in Plywood
- Develop new businesses like RFID, Wood plastic composite based on proprietary know how

Biomass value chain offers strategic opportunities

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UPM strategy - Key messages

Short to medium term

Secure profitability and cash flow through undisputed cost leadership.

Long term

**UPM will reshape its portfolio:
new markets, engineered materials and energy related businesses
broaden our scope. Fibre based businesses continue to form the
cornerstone of our strategy.**

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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