

# UPM JANUARY–MARCH 2011

## First quarter margins improved despite challenging cost environment

- Earnings per share were EUR 0.33 (Q1/2010: 0.13), excluding special items EUR 0.32 (0.15)
- Operating profit excluding special items was EUR 198 million (116 million)
- Sales growth continued, driven by both sales prices and delivery volumes
- Earnings guidance for 2011 unchanged

SALES,  
MEUR 2,356  **+16%**

EBITDA,  
MEUR 379  **+32%**

OPERATING PROFIT,  
MEUR\* 198  **+71%**

EPS,  
EUR\* 0.32  **+113%**

\* excluding special items

EBITDA MARGIN,  
16.1%  **+2pp**

OPERATING CASH FLOW,  
MEUR 166  **-43m**

NET DEBT,  
MEUR 3,197  **-89m** \*\*

GEARING  
44%  **-2pp** \*\*

\*\* from the beginning of the year

## KEY FINANCIAL INFORMATION Q1/2011

	Q1/2011	Q1/2010	2010	2009
Sales, EURm	2,356	2,039	8,924	7,719
EBITDA, EURm <sup>1)</sup>	379	288	1,343	1,062
% of sales	16.1	14.1	15.0	13.8
Operating profit, EURm	198	107	755	135
excluding special items, EURm	198	116	731	270
% of sales	8.4	5.7	8.2	3.5
Profit before tax, EURm	195	82	635	187
excluding special items, EURm	195	91	611	107
Net profit for the period, EURm	169	70	561	169
Earnings per share, EUR	0.33	0.13	1.08	0.33
excluding special items, EUR	0.32	0.15	0.99	0.11
Operating cash flow per share, EUR	0.32	0.40	1.89	2.42
Shareholders' equity per share at end of period, EUR	13.87	12.62	13.64	12.67
Gearing ratio at end of period, %	44	54	46	56
Net interest-bearing liabilities at end of period, EURm	3,197	3,569	3,286	3,730

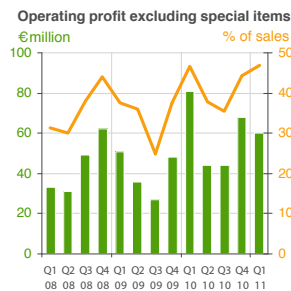
<sup>1)</sup> EBITDA is operating profit before depreciation, amortisation and impairment charges, excluding the change in value of biological assets, excluding the share of results of associated companies and joint ventures, and special items.

# Q1/2011 VS. Q1/2010 IN BUSINESSES

## ENERGY

Operating profit decreased due to lower sales price

- Average sales price for electricity decreased by 11%
- Electricity sales volume was 2% lower than last year

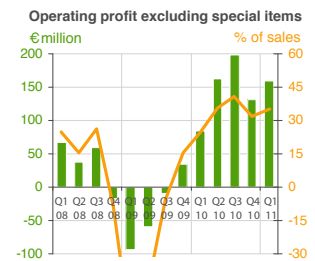


Sales EUR million	Q1 2011	128	▼26%	Operating profit EUR million <sup>*)</sup>	Q1 2011	60	▼21
	Q1 2010	174			Q1 2010	81	

## PULP

Profitability improved clearly due to higher sales price and deliveries

- Operating profit improved due to higher average pulp sales price and delivery volumes
- Deliveries increased by 11%

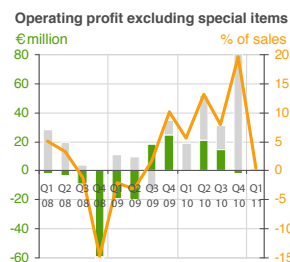


Sales EUR million	Q1 2011	457	▲34%	Operating profit EUR million <sup>*)</sup>	Q1 2011	160	▲76
	Q1 2010	341			Q1 2010	84	

## FOREST AND TIMBER

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

- Operating profit decreased due to a smaller increase in the fair value of biological assets
- The fair value of biological assets increased by EUR 2 million (19 million)
- Sawn timber prices increased, but delivery volumes were lower

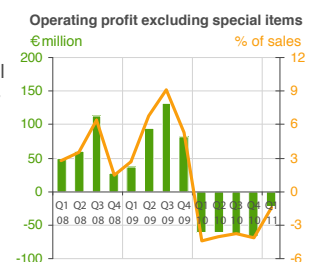


Sales EUR million	Q1 2011	394	▲16%	Operating profit EUR million <sup>*)</sup>	Q1 2011	2	▼17
	Q1 2010	339			Q1 2010	19	

## PAPER

Operating loss decreased, as deliveries grew and price increases compensated for cost inflation

- Operating loss decreased
- The average paper price increased by 11% from last year's bottom level
- Variable costs increased, especially in chemical pulp and recovered paper. Also logistics and chemicals costs increased

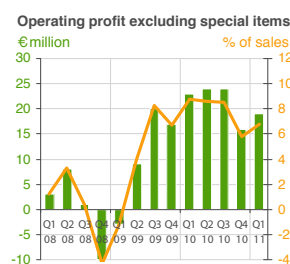


Sales EUR million	Q1 2011	1,647	▲18%	Operating profit EUR million <sup>*)</sup>	Q1 2011	-23	▲38
	Q1 2010	1,401			Q1 2010	-61	

## LABEL

Operating profit decreased due to higher raw material costs

- Operating profit decreased due to materially higher raw material costs
- Sales prices increased
- Delivery volumes decreased slightly
- UPM announced the acquisition of Gumtac, the Brazilian labelstock and slitting business of BIC Group (closing is subject to obtaining appropriate licences from local authorities)

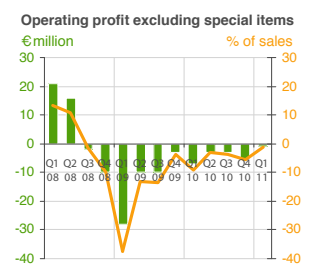


Sales EUR million	Q1 2011	278	▲7%	Operating profit EUR million <sup>*)</sup>	Q1 2011	19	▼4
	Q1 2010	260			Q1 2010	23	

## PLYWOOD

Operating loss decreased due to higher deliveries and prices

- Operating loss decreased mainly due to higher delivery volumes and increased sales prices
- Deliveries increased by 16% from last year



Sales EUR million	Q1 2011	94	▲24%	Operating profit EUR million <sup>*)</sup>	Q1 2011	-1	▲6
	Q1 2010	76			Q1 2010	-7	

# UPM IN BRIEF

UPM leads the integration of bio and forest industries into a new, sustainable and innovation-driven future. Our products are made of renewable raw materials and are recyclable. UPM consists of three Business Groups: Energy and pulp, Paper, and Engineered materials. The Group employs around 22,000 people and it has production plants in 15 countries. In 2010, UPM's sales amounted to EUR 8.9 billion. UPM's shares are listed on the NASDAQ OMX Helsinki stock exchange.

## ENERGY & PULP

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

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

## PAPER

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

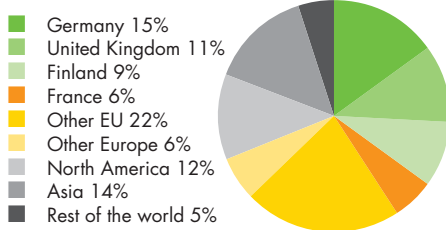
Paper	11.2 million t/a
-------	------------------

## ENGINEERED MATERIALS

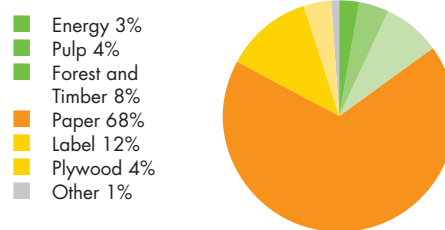
The Engineered materials business group comprises of high value-added growth businesses which are based on UPM's proprietary materials know-how. UPM is the second-largest producer of self-adhesive label materials globally and the largest supplier of plywood in Europe.

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

**UPM'S SALES BY MARKET 2010**  
EUR 8,924 MILLION



**UPM'S SALES BY BUSINESS AREA 2010**  
EUR 8,924 MILLION



**UPM'S PERSONNEL BY AREA 31.12.2010**  
21,869

