

UPM JANUARY–SEPTEMBER 2011

Q3/2011

- Earnings per share excluding special items were EUR 0.19 (0.28), and reported EUR –0.21 (0.34)
- EBITDA was EUR 331 million, 12.7% of sales (384 million, 16.6% of sales)
- Delivery volumes turned down and variable costs reached the peak
- Operating cash flow continued solid at EUR 285 million

Q1–Q3/2011

- Earnings per share excluding special items were EUR 0.77 (0.72), and reported EUR 0.68 (0.80)
- EBITDA was EUR 1,082 million, 14.7% of sales (1,025 million, 15.6% of sales)
- Myllykoski acquisition was completed and a major restructuring plan announced
- Balance sheet is strong even after the Myllykoski acquisition

KEY FINANCIAL INFORMATION Q1–Q3/2011

SALES,
EURm 7,382  +12%

EBITDA,
EURm 1,082  +6%

OPERATING PROFIT,
EURm* 535  +3%

EPS,
EUR* 0.77  +7%

* excluding special items

EBITDA MARGIN,
14.7%  –0.9pp

OPERATING CASH FLOW,
EURm 731  +92m

NET DEBT,
EURm 3,758  +472m **

GEARING
52%  +6pp **

** from the beginning of the year

	Q3/2011	Q3/2010	Q1–Q3/2011	Q1–Q3/2010	2010
Sales, EURm	2,603	2,312	7,382	6,567	8,924
EBITDA, EURm ¹⁾	331	384	1,082	1,025	1,343
% of sales	12.7	16.6	14.7	15.6	15.0
Operating profit, EURm	–159	238	328	548	755
excluding special items, EURm	136	204	535	519	731
% of sales	5.2	8.8	7.2	7.9	8.2
Profit (loss) before tax, EURm	–188	199	323	462	635
excluding special items, EURm	107	165	462	433	611
Net profit for the period, EURm	–109	178	355	417	561
Earnings per share, EUR	–0.21	0.34	0.68	0.80	1.08
excluding special items, EUR	0.19	0.28	0.77	0.72	0.99
Operating cash flow per share, EUR	0.54	0.63	1.40	1.23	1.89
Shareholders' equity per share at end of period, EUR	13.78	13.28	13.78	13.28	13.64
Gearing ratio at end of period, %	52	51	52	51	46
Net interest-bearing liabilities at end of period, EURm	3,758	3,553	3,758	3,553	3,286

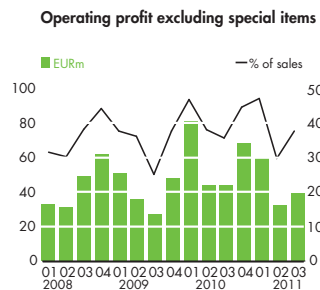
¹⁾ EBITDA is operating profit before depreciation, amortisation and impairment charges, excluding the change in value of biological assets, excluding the share of results of associated companies and joint ventures, and special items.

Q1-Q3/2011 VS. Q1-Q3/2010 IN BUSINESSES

ENERGY

Operating profit decreased mainly due to the lower hydro power generation

- Electricity sales volume was 6% lower mainly due to lower hydro production
- Average sales price for electricity decreased by 3%

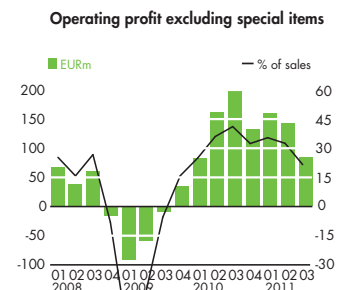


Q1-Q3 2011	Sales	340	▼ -18%	Operating profit	131	▼ -38
Q1-Q3 2010	EURm	414		EURm ¹⁾	169	EURm
				¹⁾ excl. special items		

PULP

Profitability weakened due to lower sales price and higher costs

- Operating profit decreased due to lower sales price
- Higher wood and other variable costs had a negative impact on profitability

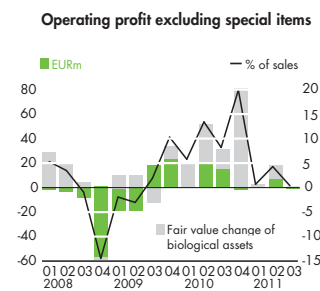


Q1-Q3 2011	Sales	1,299	▲ +1%	Operating profit	387	▼ -58
Q1-Q3 2010	EURm	1,285		EURm ¹⁾	445	EURm
				¹⁾ excl. special items		

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 less wood harvested increased by EUR 1.5 million (66 million)
- In sawn timber wood costs were higher and average sawn timber prices decreased

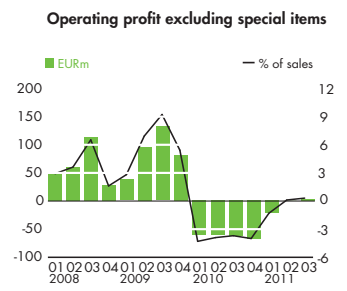


Q1-Q3 2011	Sales	1,237	▲ +11%	Operating profit	21	▼ -81
Q1-Q3 2010	EURm	1,199		EURm ¹⁾	102	EURm
				¹⁾ excl. special items		

PAPER

Operating loss decreased due to higher paper prices

- Operating profit improved significantly
- Average paper price increased by 7%
- Variable costs increased

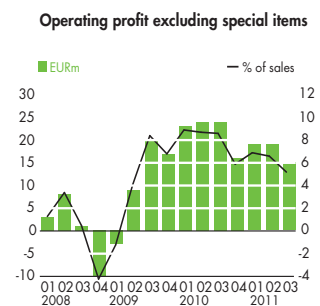


Q1-Q3 2011	Sales	5,208	▲ +13%	Operating profit	-20	▲ +166
Q1-Q3 2010	EURm	4,613		EURm ¹⁾	-186	EURm
				¹⁾ excl. special items		

LABEL

Operating profit decreased due to unfavourable sales mix and higher raw material costs

- Operating profit decreased due to unfavourable product and regional sales mix and significantly higher raw material costs
- Sales prices in local currencies increased clearly

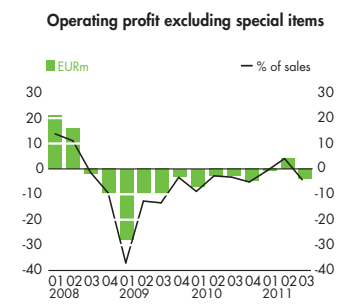


Q1-Q3 2011	Sales	863	▲ +5%	Operating profit	53	▼ -18
Q1-Q3 2010	EURm	824		EURm ¹⁾	71	EURm
				¹⁾ excl. special items		

PLYWOOD

Operating loss decreased due to higher sales prices and deliveries

- Operating loss decreased mainly due to higher sales prices and delivery volumes
- Deliveries increased by 6% from last year



Q1-Q3 2011	Sales	288	▲ +13%	Operating profit	-1	▲ +12
Q1-Q3 2010	EURm	256		EURm ¹⁾	-13	EURm
				¹⁾ excl. special items		

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 24,500 people and it has production plants in 16 countries. UPM's annual sales exceed EUR 10 billion. UPM's shares are listed on the 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 ³ /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	14.0 million t/a (including Myllykoski capacity)
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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 ³ /a
RFID	2 factories
UPM ProFi composites	2 factories

MARKET PRESENCE (2010 figures without Myllykoski acquisition)

