

# Historical financial information for UPM's new business structure

As of 1 December 2008, UPM has been applying its new business structure. The company consists of three Business Groups, which are Energy and pulp, Paper, and Engineered materials. Under the new business structure, UPM will report financial information for the following segments: Energy, Pulp, Forest and timber, Paper, Label, Plywood, and Other operations. The following historical information includes also current capacities for the Energy, Pulp and Paper segments.

## HISTORICAL FINANCIAL INFORMATION FOR Q1/2007 – Q3/2008

The following tables set out the sales, EBITDA, and operating profit of the Group and the reporting segments in the quarters from 1 January 2007 to 30 September 2008.

### The Group

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	2,358	2,378	2,410	2,512	2,467	2,537	2,519	10,035
EBITDA, €m <sup>1)</sup>	378	313	337	351	366	411	418	1,546
% of sales	16.0	13.2	14.0	14.0	14.8	16.2	16.6	15.4
Share of results of associated companies and joint ventures, €m	35	21	22	2	14	6	21	43
Depreciation, amortisation and impairment charges, €m	-462	-199	-199	-236	-206	-567	-215	-1,224
Operating profit, €m	-40	157	193	142	195	-75	221	483
% of sales	-1.7	6.6	8.0	5.7	7.9	-3.0	8.8	4.8
Special items, €m <sup>2)</sup>	-256	2	5	-52	-	-300	-	-352
Operating profit excl. special items, €m	216	155	188	194	195	225	221	835
% of sales	9.2	6.5	7.8	7.7	7.9	8.9	8.8	8.3

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

<sup>2)</sup> Detailed information under the segments.

### Energy

The Energy segment includes UPM's hydropower plants and shares in energy companies, mainly in the associated company Pohjolan Voima Oy, and in Kemijoki Oy. Combined heat and power (CHP) plants operating on paper mill sites are included in the Paper segment.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	129	103	105	112	89	81	97	379
EBITDA, €m	58	34	39	43	24	20	31	118
% of sales	45.0	33.0	37.1	38.4	27.0	24.7	32.0	31.1
Share of results of associated companies and joint ventures, €m	-8	-2	-5	-4	-6	-8	1	-17
Depreciation, amortisation and impairment charges, €m	-1	-1	-1	-1	-1	-1	-3	-6
Operating profit, €m	49	31	33	38	17	11	29	95
% of sales	38.0	30.1	31.4	33.9	19.1	13.6	29.9	25.1
Special items, €m	-	-	-	-	-	-	-	-
Operating profit excl. special items, €m	49	31	33	38	17	11	29	95
% of sales	38.0	30.1	31.4	33.9	19.1	13.6	29.9	25.1

### Power generation capacity of own power plants and through shareholdings

	Nominal MW
Own hydropower	174
Hydro (through shareholdings)	493
Nuclear (through shareholdings)	541
Condensing (through shareholdings)	418
<b>Total in Energy segment</b>	<b>1,626</b>
CHP in Paper segment	913
<b>Total UPM</b>	<b>2,539</b>

## Pulp

The Pulp segment includes the Group's pulp mills and shares in the associated company Oy Metsä-Botnia Ab.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	228	247	269	187	208	208	205	808
EBITDA, €m	38	35	57	19	50	57	62	188
% of sales	16.7	14.2	21.2	10.2	24.0	27.4	30.2	23.3
Share of results of associated companies and joint ventures, €m	44	20	26	6	19	12	21	58
Depreciation, amortisation and impairment charges, €m	-22	-17	-16	-16	-13	-58	-14	-101
Operating profit, €m	60	38	67	9	56	11	69	145
% of sales	26.3	15.4	24.9	4.8	26.9	5.3	33.7	17.9
Special items, €m <sup>2)</sup>	-	-	-	-	-	-43	-	-43
Operating profit excl. special items, €m	60	38	67	9	56	54	69	188
% of sales	26.3	15.4	24.9	4.8	26.9	26.0	33.7	23.3

<sup>2)</sup> Special items in the second quarter of 2007 include a goodwill impairment charge of € 43 million.

## Pulp production capacity

	1,000 t/a
Kaukas	740
Pietarsaari	800
Kymi	540
Own production capacity, total <sup>1)</sup>	2,080
Entitlement to associated company's capacity corresponding to UPM's shareholding	1,750
<b>Total</b>	<b>3,830</b>

<sup>1)</sup> Excluding Tervasaari pulp mill (closure 31 December 2008).

## Forest and timber

The Forest and timber segment includes forests, wood procurement, and sawmills with an annual production capacity of 2.4 million cubic metres.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	475	518	508	537	490	514	498	2,039
EBITDA, €m	-4	4	4	33	22	53	51	159
% of sales	-0.8	0.8	0.8	6.1	4.5	10.3	10.2	7.8
Change in fair value of biological assets and wood harvested, €m	4	20	28	47	21	14	-3	79
Share of results of associated companies and joint ventures, €m	-	-	1	-	-	1	-	1
Depreciation, amortisation and impairment charges, €m	-36	-7	-7	-26	-5	-7	-6	-44
Operating profit, €m	-38	17	25	60	38	61	42	201
% of sales	-8.0	3.3	4.9	11.2	7.8	11.9	8.4	9.9
Special items, €m <sup>2)</sup>	-33	-	-1	-13	-	-	-	-13
Operating profit excl. special items, €m	-5	17	26	73	38	61	42	214
% of sales	-1.1	3.3	5.1	13.6	7.8	11.9	8.4	10.5

<sup>2)</sup> Special items in the third quarter of 2008 include an impairment charge of € 30 million related to fixed assets of the Finnish sawmills. In the fourth quarter of 2007, special items include impairment charges of € 19 million related mainly to Miramichi's forestry and sawmilling operations and a gain of € 6 million on sale of estate assets.

## Forests owned by UPM

	1,000 hectares
Finland	918
United Kingdom	3
United States	79
Canada	17
<b>Total</b>	<b>1,017</b>

## Paper

The Paper segment includes the Group's paper mills, producing magazine papers, newsprint, fine papers, and speciality papers. This segment also includes the CHP plants at paper mill sites.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	1,761	1,727	1,773	1,864	1,856	1,815	1,793	7,328
EBITDA, €m	271	216	209	221	240	248	230	939
% of sales	15.4	12.5	11.8	11.9	12.9	13.7	12.8	12.8
Share of results of associated companies and joint ventures, €m	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment charges, €m	-388	-156	-159	-169	-167	-487	-172	-995
Operating profit, €m	-114	60	51	-19	73	-249	58	-137
% of sales	-6.5	3.5	2.9	-1.0	3.9	-13.7	3.2	-1.9
Special items, €m <sup>2)</sup>	-227	-	1	-71	-	-328	-	-399
Operating profit excl. special items, €m	113	60	50	52	73	79	58	262
% of sales	6.4	3.5	2.8	2.8	3.9	4.4	3.2	3.6

<sup>2)</sup> Special items in the third quarter of 2008 include a goodwill impairment charge of € 230 million. Special items of fourth quarter of 2007 include personnel expenses of € 44 million and other costs of € 36 million related to the Miramichi paper mill, and an income of € 8 million related to other restructuring measures. Special items for the second quarter of 2007 include a goodwill impairment charge of € 307 million, an impairment charge of € 22 million and personnel costs of € 10 million related to the Miramichi paper mill, and income of € 11 million related to impairment reversals.

## Paper production capacity

	1,000 t/a
Magazine papers <sup>1)</sup>	4,690
Newsprint <sup>1)</sup>	2,440
Fine papers	3,355
Label papers	525
Packaging papers	305
<b>Total</b>	<b>11,315</b>

<sup>1)</sup> Excluding Kajaani paper mill (closure 31 December 2008).

## Label

The Label segment includes labelstock factories and slitting and distribution terminals.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	239	245	242	242	245	255	256	998
EBITDA, €m	9	15	11	16	19	23	27	85
% of sales	3.8	6.1	4.5	6.6	7.8	9.0	10.5	8.5
Share of results of associated companies and joint ventures, €m	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment charges, €m	-8	-7	-8	-8	-7	-7	-7	-29
Operating profit, €m	1	8	3	12	12	16	20	60
% of sales	0.4	3.3	1.2	5.0	4.9	6.3	7.8	6.0
Special items, €m <sup>2)</sup>	-	-	-	4	-	-	-	4
Operating profit excl. special items, €m	1	8	3	8	12	16	20	56
% of sales	0.4	3.3	1.2	3.3	4.9	6.3	7.8	5.6

<sup>2)</sup> Special items in the fourth quarter of 2007 include an income of € 4 million related to restructuring measures.

## Plywood

The Plywood segment includes plywood mills. The segment's annual production capacity is 1.1 million cubic metres.

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	121	150	157	154	126	150	161	591
EBITDA, €m	3	22	26	20	8	20	23	71
% of sales	2.5	14.7	16.6	13.0	6.3	13.3	14.3	12.0
Share of results of associated companies and joint ventures, €m	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment charges, €m	-5	-6	-5	-5	-5	-5	-6	-21
Operating profit, €m	-2	19	21	15	3	15	17	50
% of sales	-1.7	12.7	13.4	9.7	2.4	10.0	10.6	8.5
Special items, €m <sup>2)</sup>	-	3	-	-	-	-	-	-
Operating profit excl. special items, €m	-2	16	21	15	3	15	17	50
% of sales	-1.7	10.7	13.4	9.7	2.4	10.0	10.6	8.5

<sup>2)</sup> Special items in the second quarter of 2008 include reversals of provisions related to the disposed Kuopio plywood mill.

## Other operations

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

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Sales, €m	52	66	48	80	83	160	127	450
EBITDA, €m	3	-13	-9	-1	3	-10	-6	-14
% of sales	5.8	-19.7	-18.8	-1.3	3.6	-6.3	-4.7	-3.1
Share of results of associated companies and joint ventures, €m	-1	3	-	-	1	1	-1	1
Depreciation, amortisation and impairment charges, €m	-2	-5	-3	-11	-8	-2	-7	-28
Operating profit, €m	4	-16	-7	27	-4	60	-14	69
% of sales	7.7	-24.2	-14.6	33.8	-4.8	37.5	-11.0	15.3
Special items, €m <sup>2)</sup>	4	-1	5	28	-	71	-	99
Operating profit excl. special items, €m	0	-15	-12	-1	-4	-11	-14	-30
% of sales	0.0	-22.7	-25.0	-1.3	-4.8	-6.9	-11.0	-6.7

<sup>2)</sup> Special items for the first quarter of 2008 include adjustment to sales of disposals in 2007. Other special items in 2008 relate to restructuring measures. In the fourth quarter, special items include a capital gain of € 58 million on the sale of port operators Rauma Stevedoring and Botnia Shipping, a compensation charge of € 12 million related to class-action lawsuits in the US, and other impairment charges and restructuring costs of € 18 million. Special items for the second quarter of 2007 include capital gains of € 42 million related to the sale of UPM-Asunnot and € 29 million related to the sale of Walki Wisa.

## OTHER INFORMATION

The following table sets out the capital employed and the personnel information of the reporting segments for the year 2007.

	Capital employed, €m		Return on capital <sup>1)</sup>	Personnel	
	31.12.2007	average 2007	employed, % Q1-Q4 / 2007	31.12.2007	average 2007
Energy	975	994	9.6	26	28
Pulp	1,472	1,423	13.2	1,186	1,309
Forest and timber	1,774	1,679	12.7	3,510	3,628
Paper	6,865	7,317	3.6	14,538	15,145
Label	448	420	13.4	2,568	2,569
Plywood	299	300	16.7	3,945	4,063
Other operations	133	217	-14.2	579	1,504
Reconciliations	-868	-984	-	-	-
<b>Group total</b>	<b>11,098</b>	<b>11,366</b>	<b>7.4</b>	<b>26,352</b>	<b>28,246</b>

<sup>1)</sup> Excluding special items.

## THE GROUP'S KEY FIGURES BY SEGMENT

### Sales by segment, €m

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Energy	129	103	105	112	89	81	97	379
Pulp	228	247	269	187	208	208	205	808
Forest and timber	475	518	508	537	490	514	498	2,039
Paper	1,761	1,727	1,773	1,864	1,856	1,815	1,793	7,328
Label	239	245	242	242	245	255	256	998
Plywood	121	150	157	154	126	150	161	591
Other operations	52	66	48	80	83	160	127	450
Internal sales <sup>1)</sup>	-647	-678	-692	-664	-630	-646	-618	-2,558
<b>Group sales, total</b>	<b>2,358</b>	<b>2,378</b>	<b>2,410</b>	<b>2,512</b>	<b>2,467</b>	<b>2,537</b>	<b>2,519</b>	<b>10,035</b>

### <sup>1)</sup> Internal sales, €m

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Energy	84	83	90	87	79	73	81	320
Pulp	211	229	247	179	198	199	197	773
Forest and timber	278	278	275	284	248	237	249	1,018
Paper	62	70	69	65	59	59	64	247
Label	1	1	1	-	-	1	-	1
Plywood	10	11	10	11	8	9	8	36
Other operations	1	6	-	38	38	68	19	163
<b>Internal sales, total</b>	<b>647</b>	<b>678</b>	<b>692</b>	<b>664</b>	<b>630</b>	<b>646</b>	<b>618</b>	<b>2,558</b>

### EBITDA, €m

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Energy	58	34	39	43	24	20	31	118
Pulp	38	35	57	19	50	57	62	188
Forest and timber	-4	4	4	33	22	53	51	159
Paper	271	216	209	221	240	248	230	939
Label	9	15	11	16	19	23	27	85
Plywood	3	22	26	20	8	20	23	71
Other operations	3	-13	-9	-1	3	-10	-6	-14
<b>Group EBITDA, total</b>	<b>378</b>	<b>313</b>	<b>337</b>	<b>351</b>	<b>366</b>	<b>411</b>	<b>418</b>	<b>1,546</b>

### Operating profit, €m

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Energy	49	31	33	38	17	11	29	95
Pulp	60	38	67	9	56	11	69	145
Forest and timber	-38	17	25	60	38	61	42	201
Paper	-114	60	51	-19	73	-249	58	-137
Label	1	8	3	12	12	16	20	60
Plywood	-2	19	21	15	3	15	17	50
Other operations	4	-16	-7	27	-4	60	-14	69
<b>Group operating profit, total</b>	<b>-40</b>	<b>157</b>	<b>193</b>	<b>142</b>	<b>195</b>	<b>-75</b>	<b>221</b>	<b>483</b>

**Operating profit, excluding special items, €m**

	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07	Q2/07	Q1/07	Q1-Q4/07
Energy	49	31	33	38	17	11	29	95
Pulp	60	38	67	9	56	54	69	188
Forest and timber	-5	17	26	73	38	61	42	214
Paper	113	60	50	52	73	79	58	262
Label	1	8	3	8	12	16	20	56
Plywood	-2	16	21	15	3	15	17	50
Other operations	0	-15	-12	-1	-4	-11	-14	-30
<b>Group operating profit, excluding special items, total</b>	<b>216</b>	<b>155</b>	<b>188</b>	<b>194</b>	<b>195</b>	<b>225</b>	<b>221</b>	<b>835</b>