

MORE WITH BIOFORE

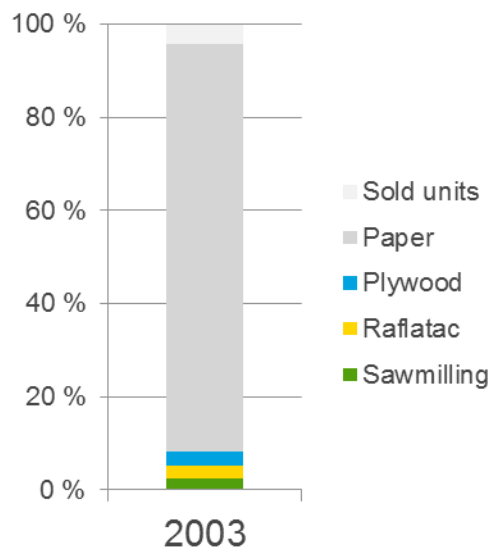
UPM THE BIOFORE COMPANY

Mika Mikkola
VP, Investor Relations

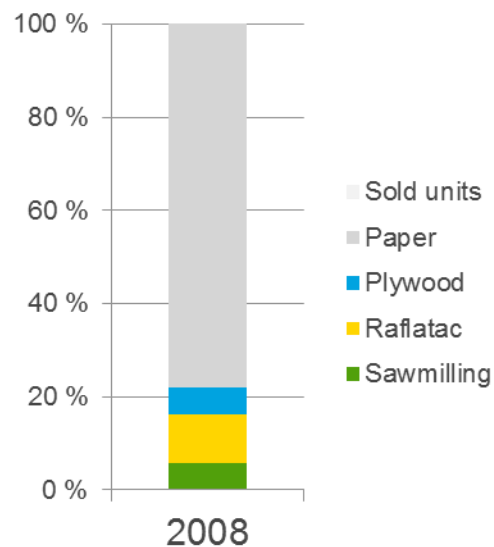
UPM in transformation

Business portfolio, sales

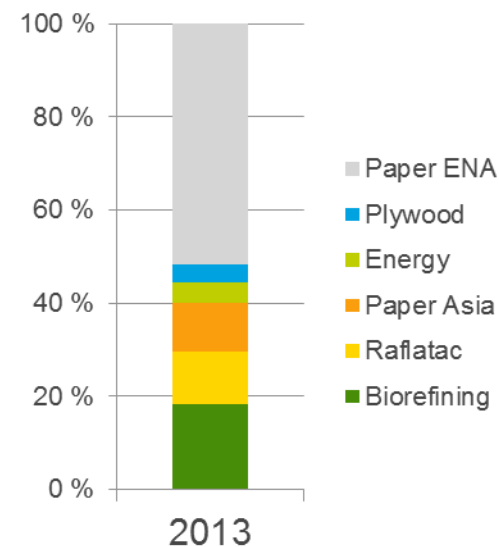
2003:
integrated paper company



2008:
towards market-driven businesses



2013:
six separate businesses



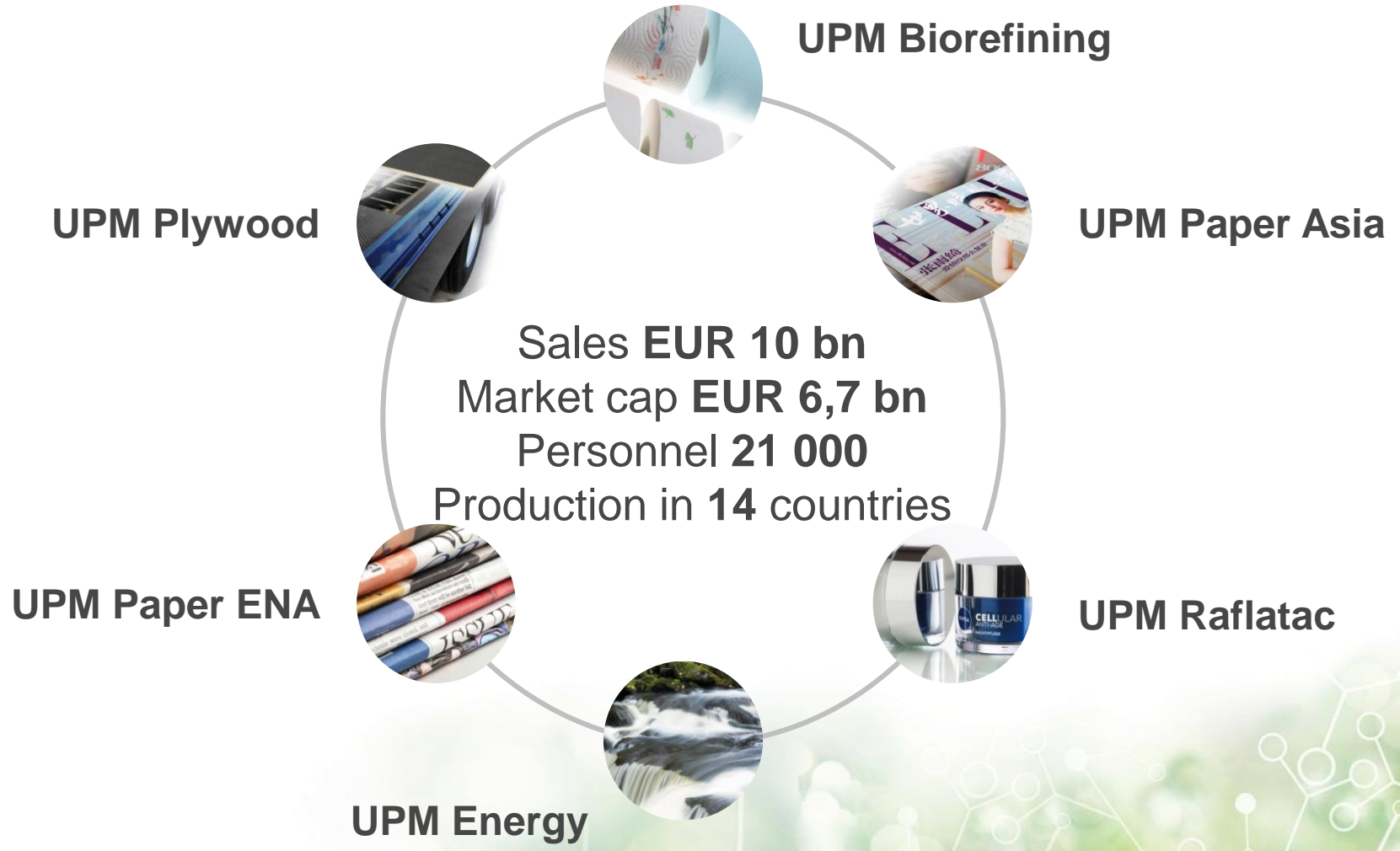
Sales	EUR 9.9bn
EBIT (*)	EUR 429m
Net debt	EUR 4.9bn
Market cap	EUR 7.9bn
Personnel	34,500

Sales	EUR 9.5bn
EBIT (*)	EUR 513m
Net debt	EUR 4.3bn
Market cap	EUR 4.7bn
Personnel	25,000

Sales	EUR 10.1bn
EBIT (*)	EUR 683m
Net debt	EUR 3.0bn
Market cap	EUR 6.5bn
Personnel	21,000

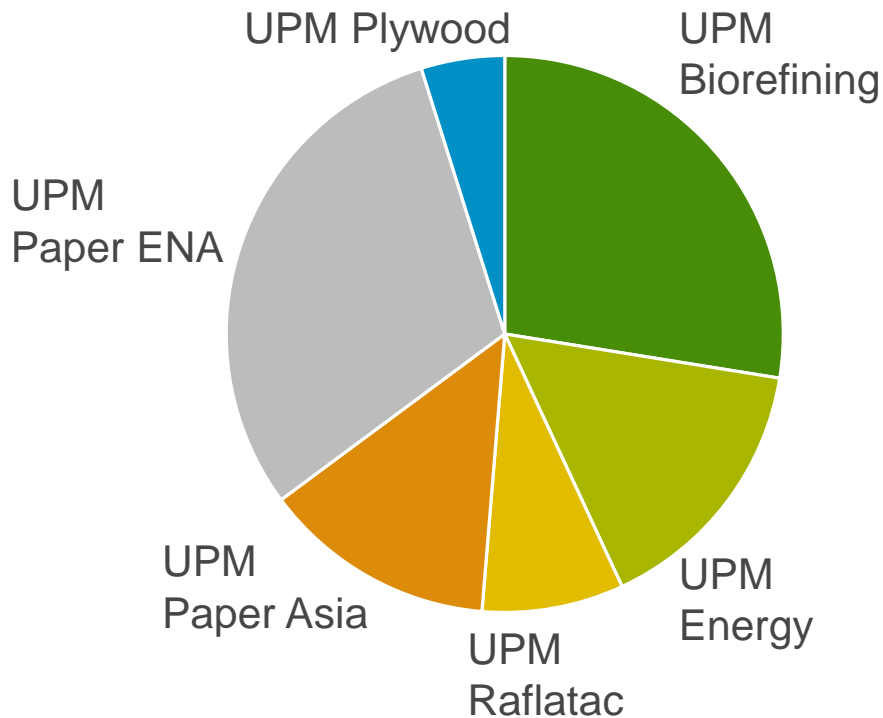
*) excluding special items

UPM today

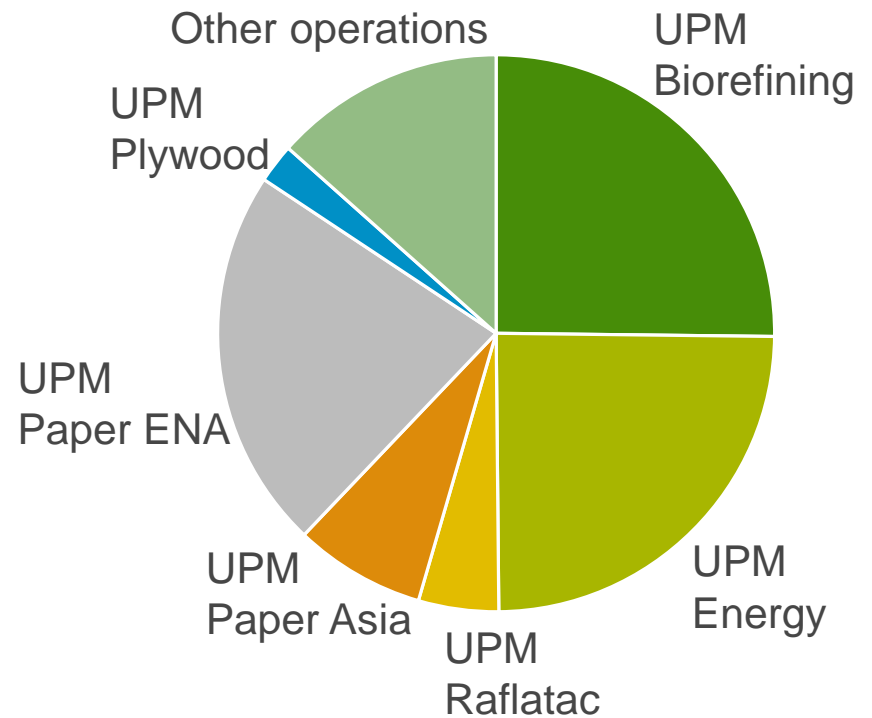


UPM businesses by EBITDA generation and capital employed

EBITDA LTM EUR 1,259m



Capital employed EUR 11.7bn





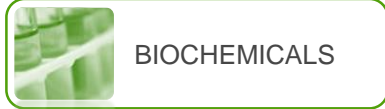
Shifting gear in UPM transformation

Business portfolio development and value creation

New businesses



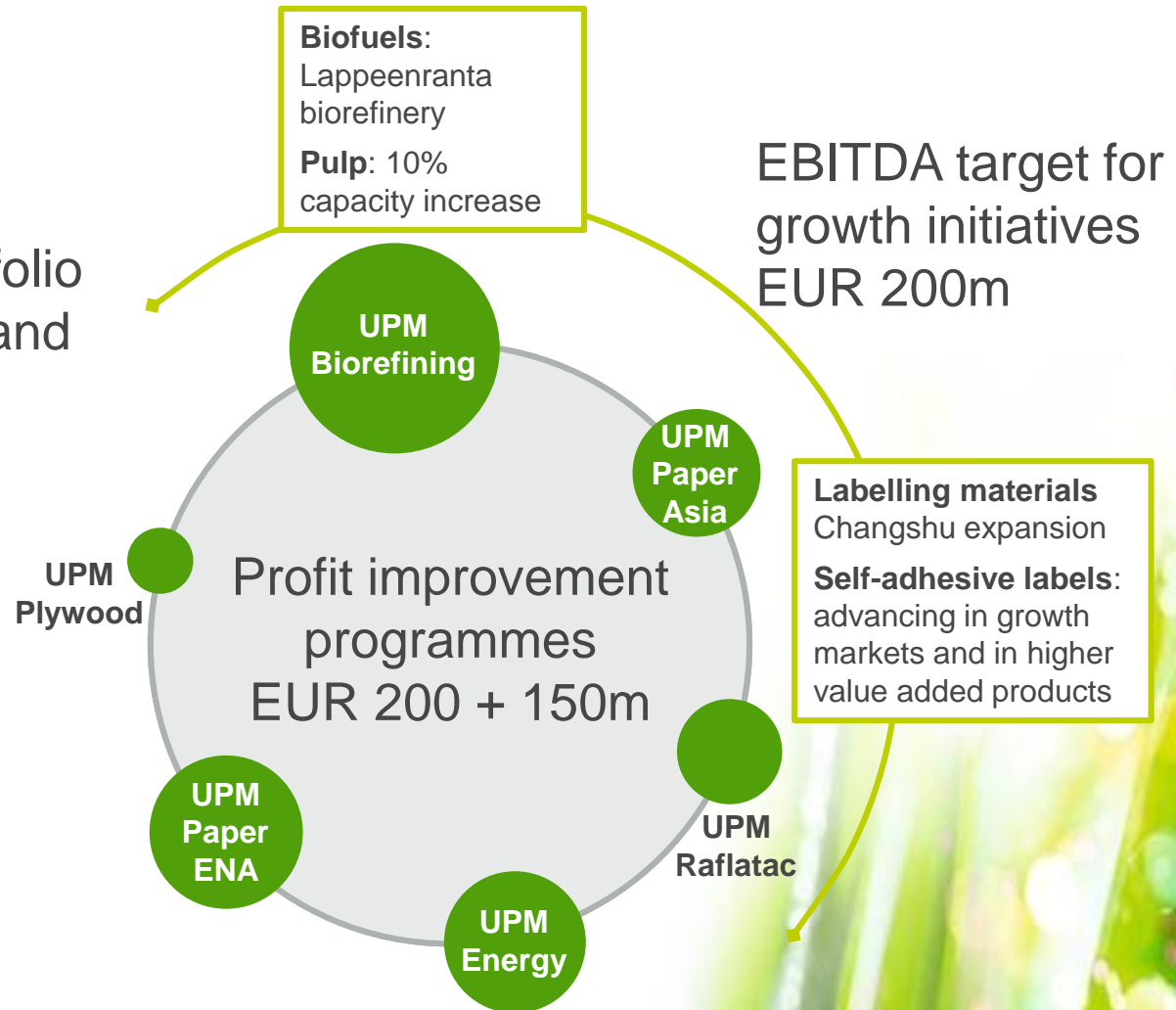
BIOFUELS



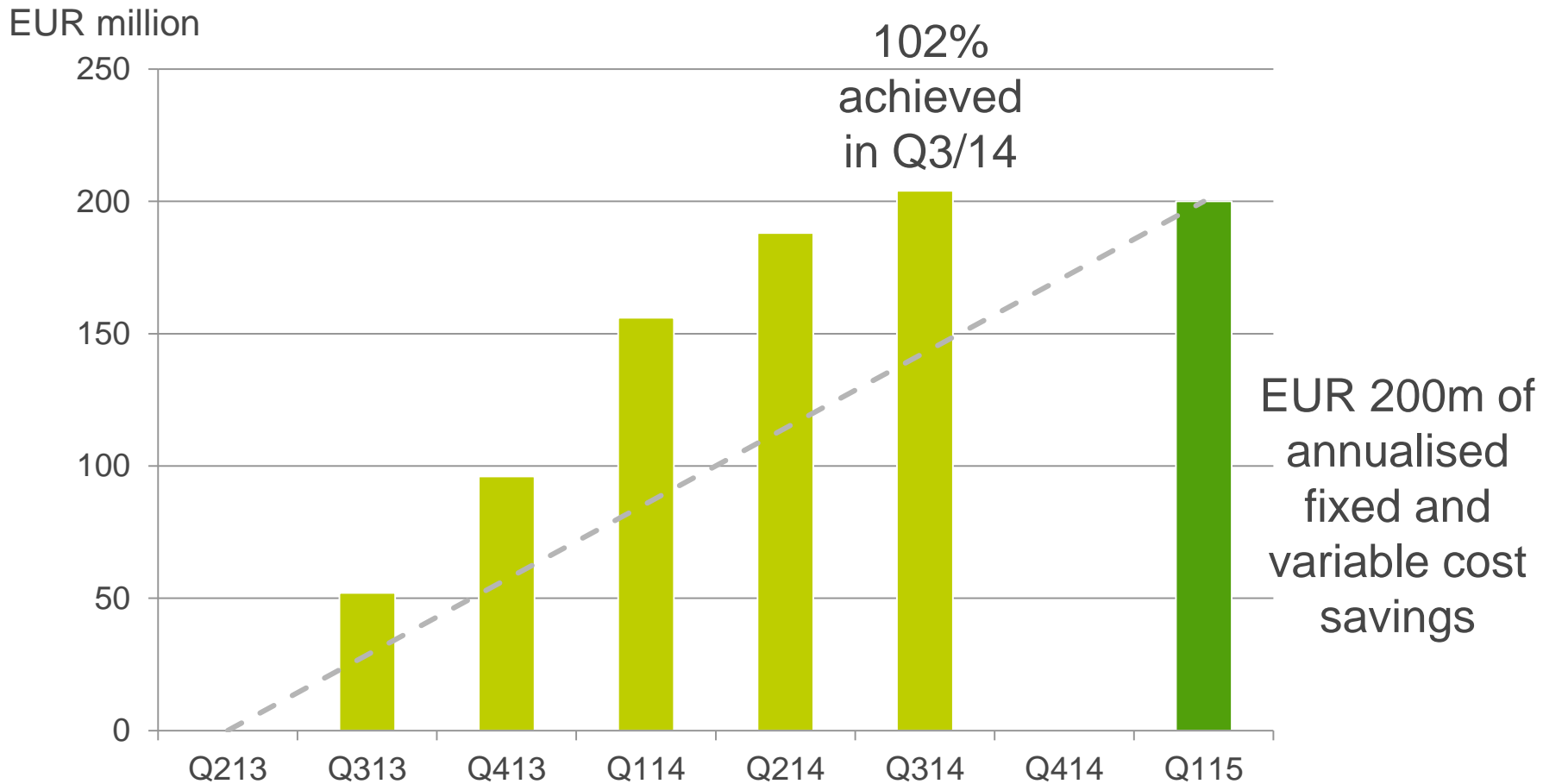
BIOCHEMICALS



BIOCOMPOSITES



Previous profit improvement programme achieved its target in Q3 2014

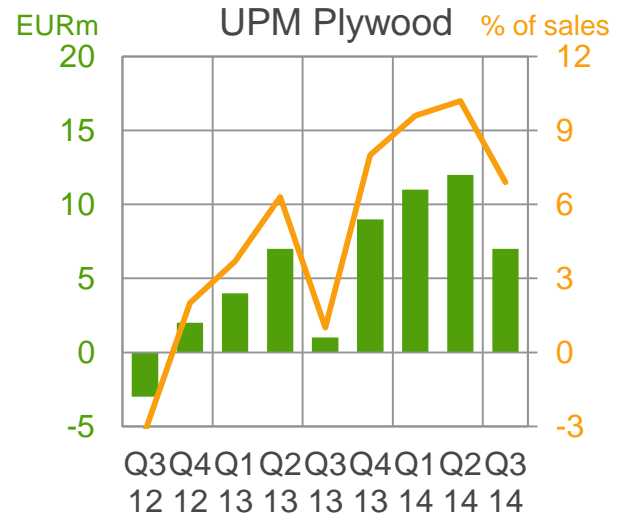
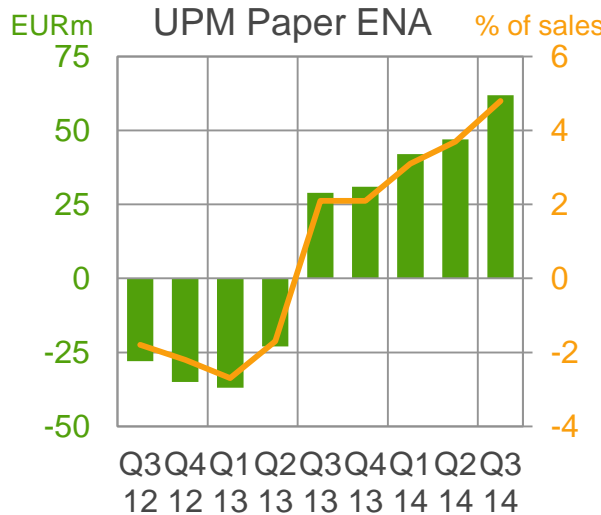
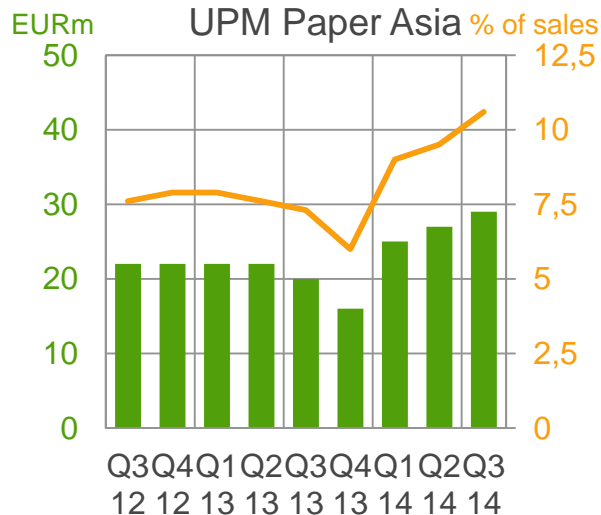
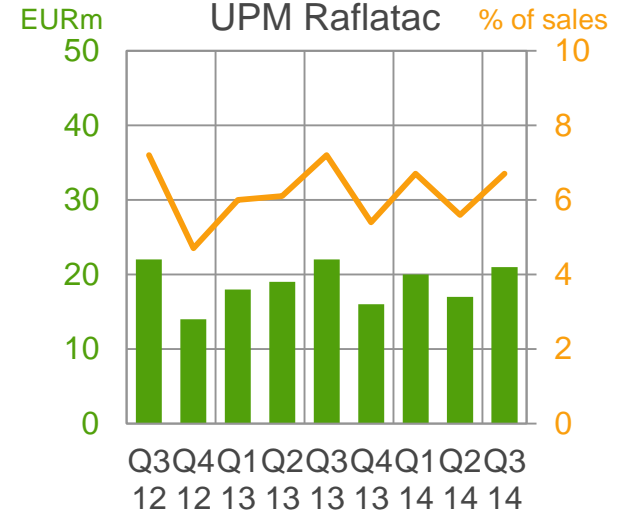
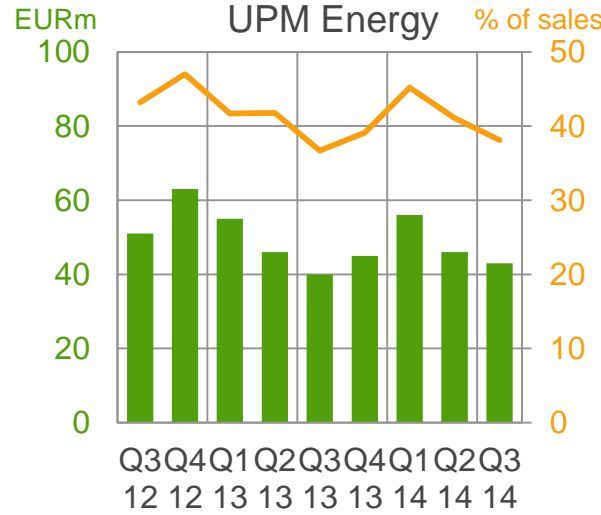
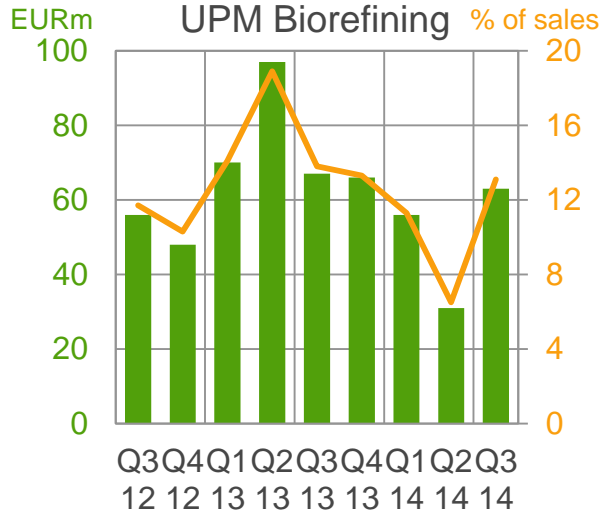


Improved profitability



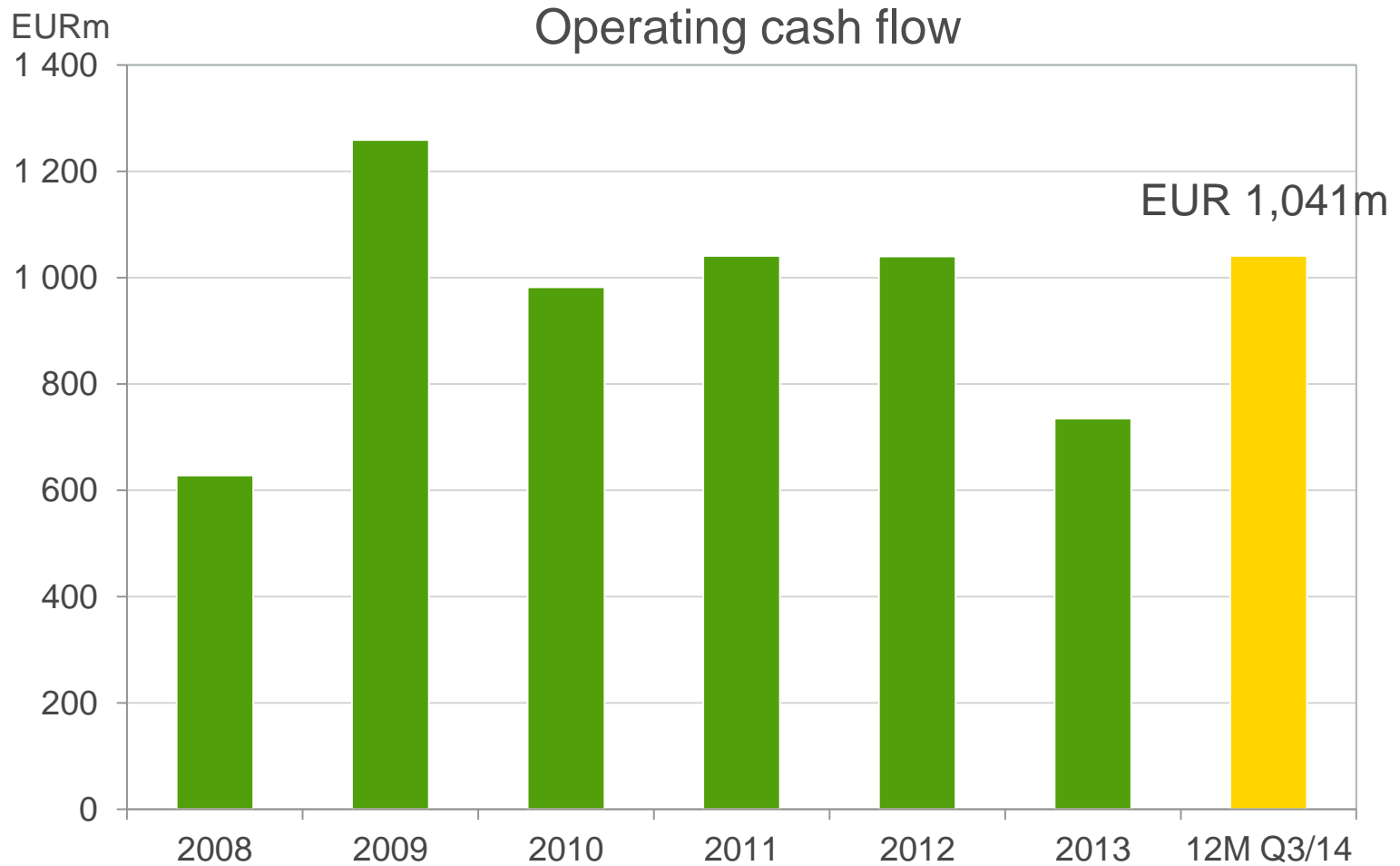


Operating profit (*) by business area



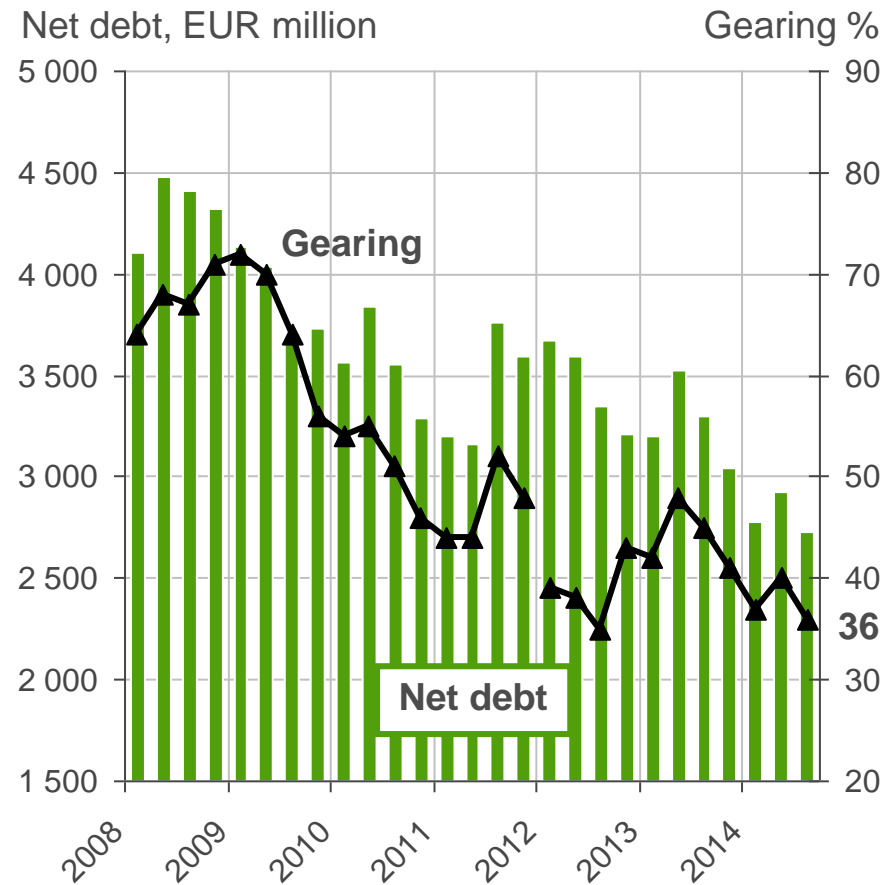
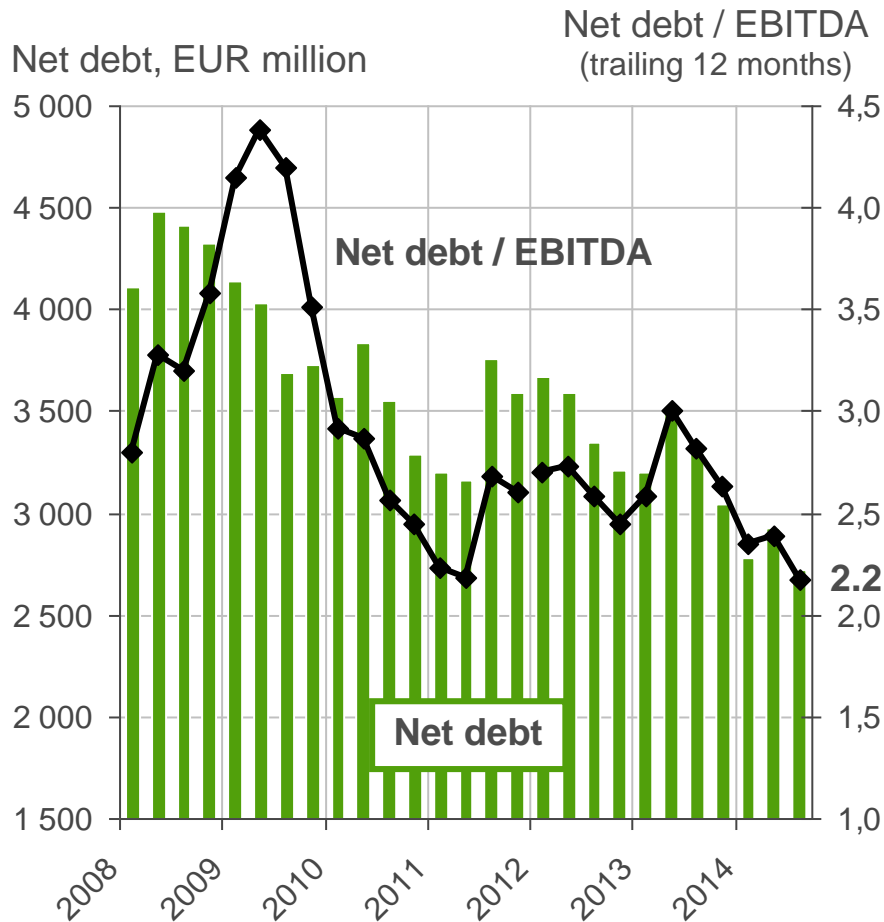
*) excluding special items

Strong cash flow





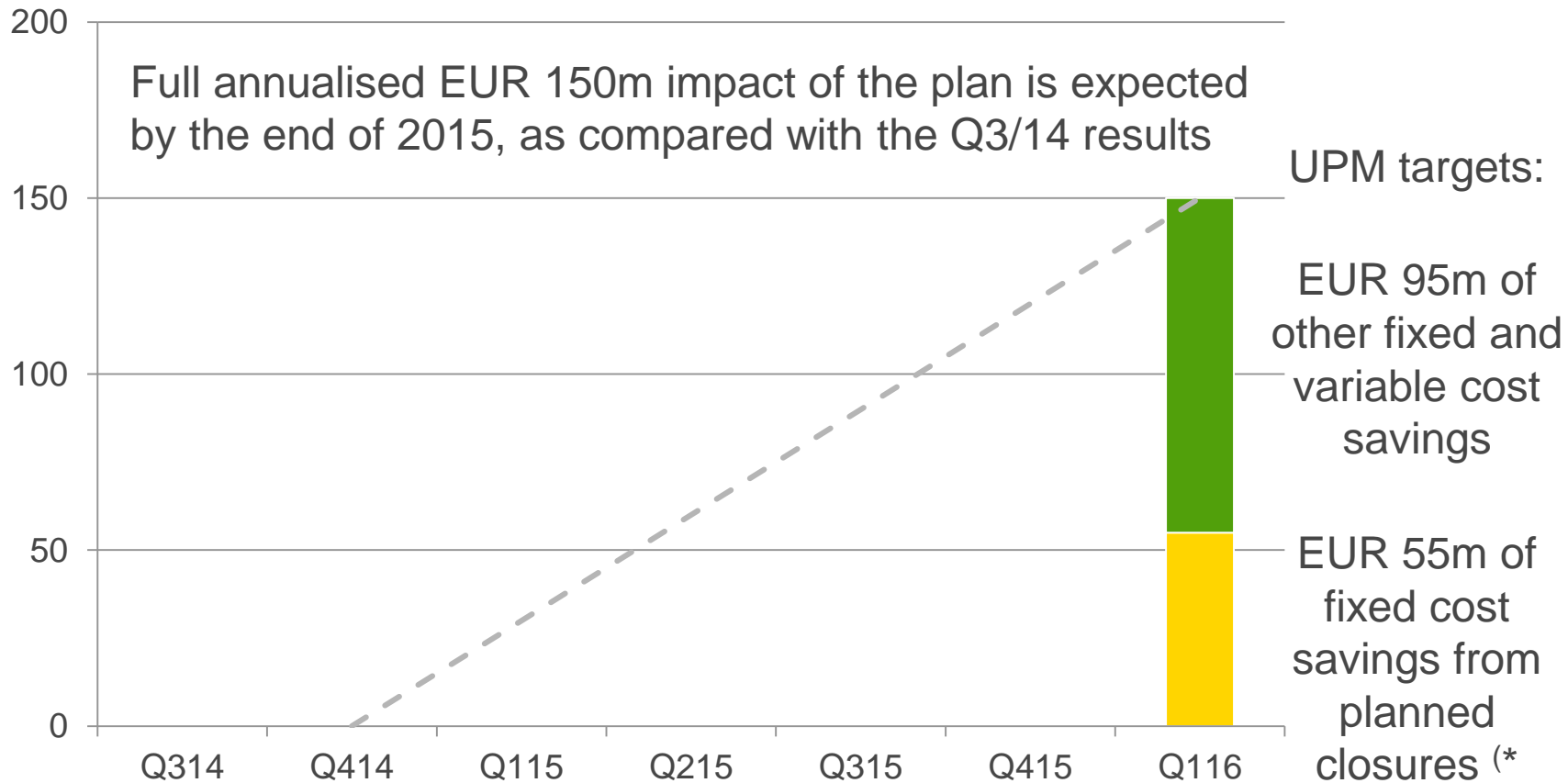
Strengthening balance sheet



Liquidity was EUR 1.7bn at the end of Q3 2014
Repayments total EUR 0.5bn in 2014

New profit improvement plan targeting EUR 150m of fixed and variable cost savings

EUR million



*) UPM plans permanent closures of four paper machines, 800,000 tonnes of publication paper capacity in Europe

Growth projects

Lappeenranta biorefinery nearing its start

- Sales agreement with NEOT signed in June
- Construction of the biorefinery was completed in July
- Commissioning process has proceeded well, and the commercial production of advanced renewable diesel is expected to start during Q4 2014



The Biofore Company UPM



Growth projects

10% expansion in pulp production capacity

- Pietarsaari pulp mill modernisation and 70,000t capacity expansion completed in June
- Fray Bentos pulp mill production permit allows a further 100,000t of production.
- Kymi pulp mill 170,000t capacity expansion proceeding well, start-up by the end of 2015
- Further debottlenecking potential at the Kaukas pulp mill



Growth projects

Advancing in growth markets

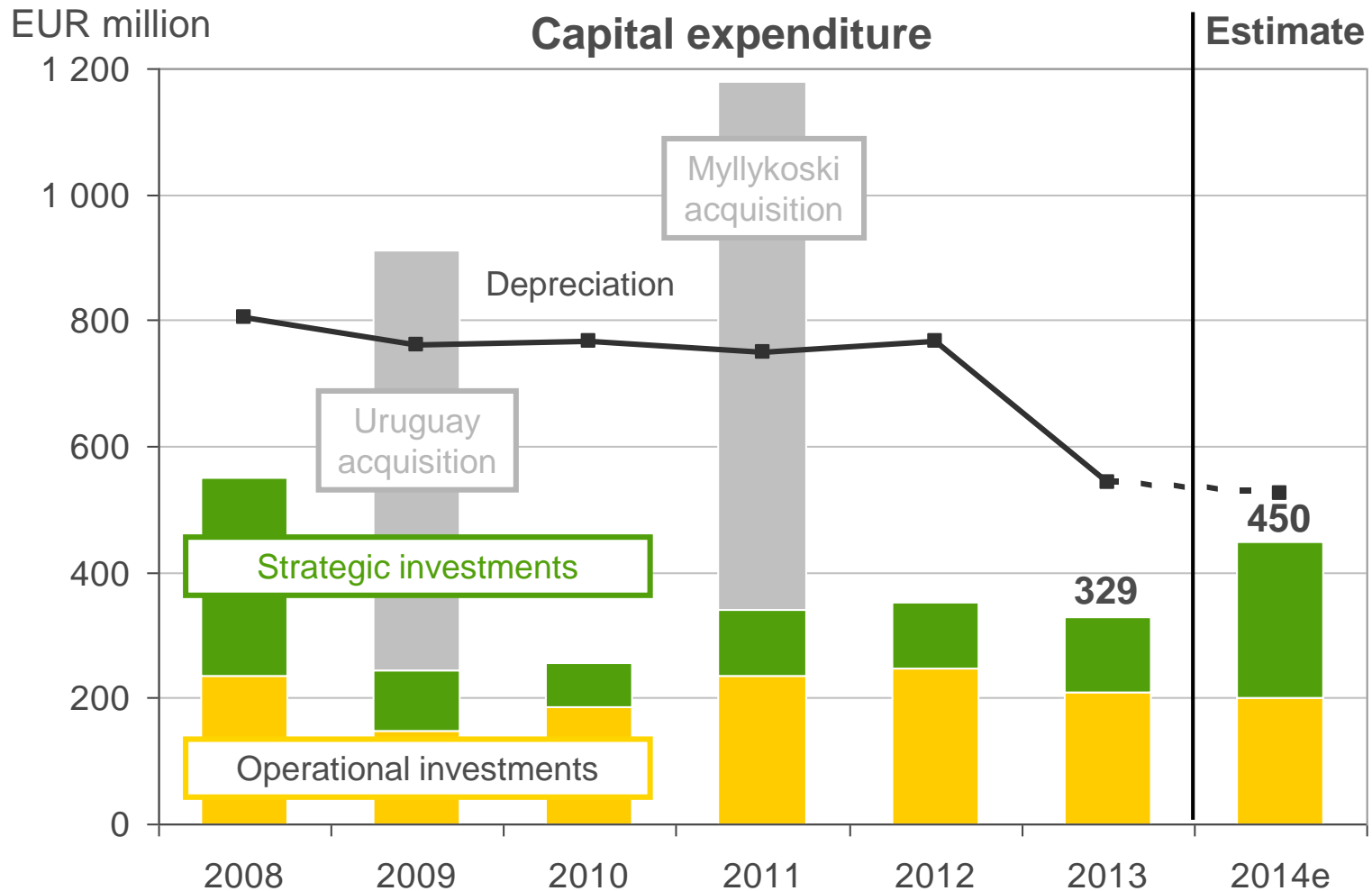
- Investment in labelling materials and woodfree speciality papers at the UPM Changshu mill in China proceeding well, capacity 360,000t, start-up by the end of 2015
- 50% increase in self-adhesive labelstock coating capacity in APAC, start-up in Q1 2015
- Expansion of filmic labelstock production in Poland, start-up in Q1 2015



The Biofore Company UPM



Low investment needs in existing assets allow growth projects with modest total capex



Business portfolio development and value creation

- **Performance:** targeting top performance in each business
- **Grow:** focused high-return growth investments and synergistic M&A
- **Simplify:** best value realisation for UPM
- **Consolidation** in European paper market, without increasing capital

New businesses based on UPM's development work



Biofuels renewable drop-in diesel suitable for all diesel engines

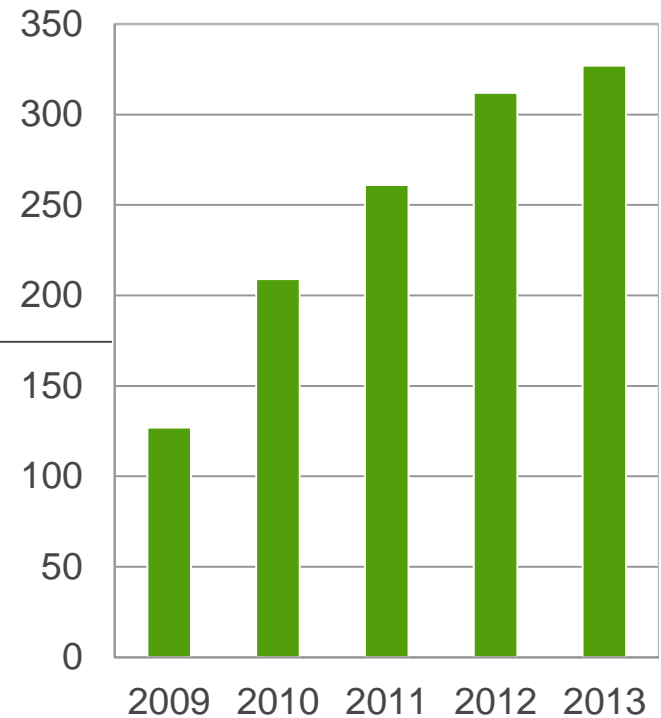


Biochemicals renewable drop-in alternatives for oil-based chemicals



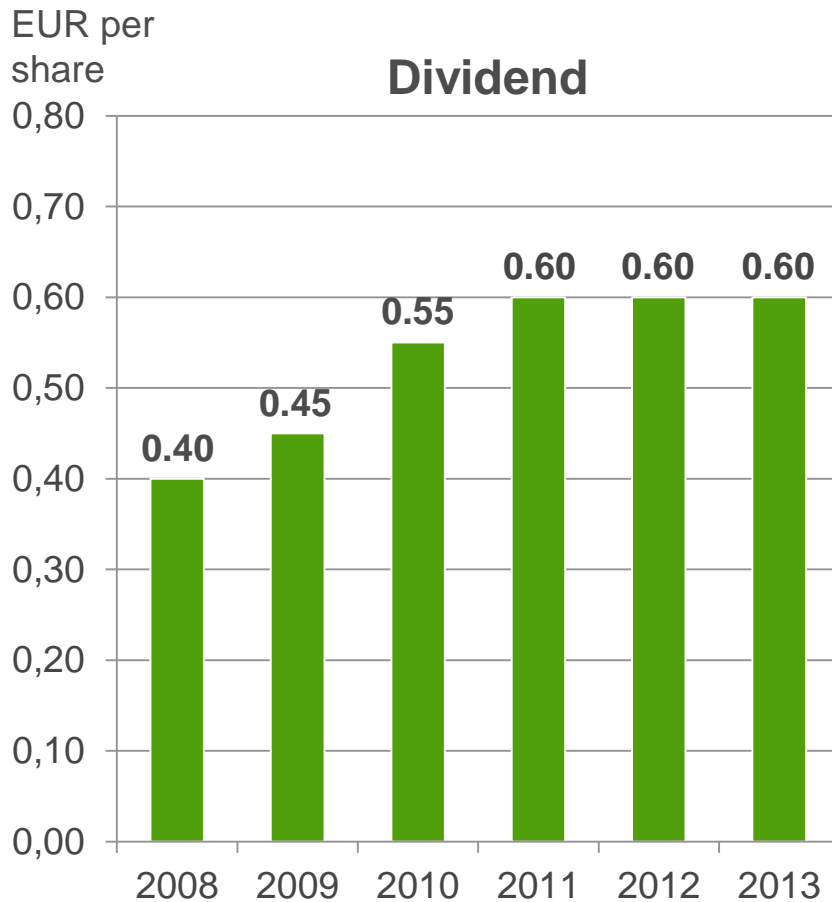
Biocomposites for injection moulding to replace oil-based raw materials

Annual patent filings 2009–2013





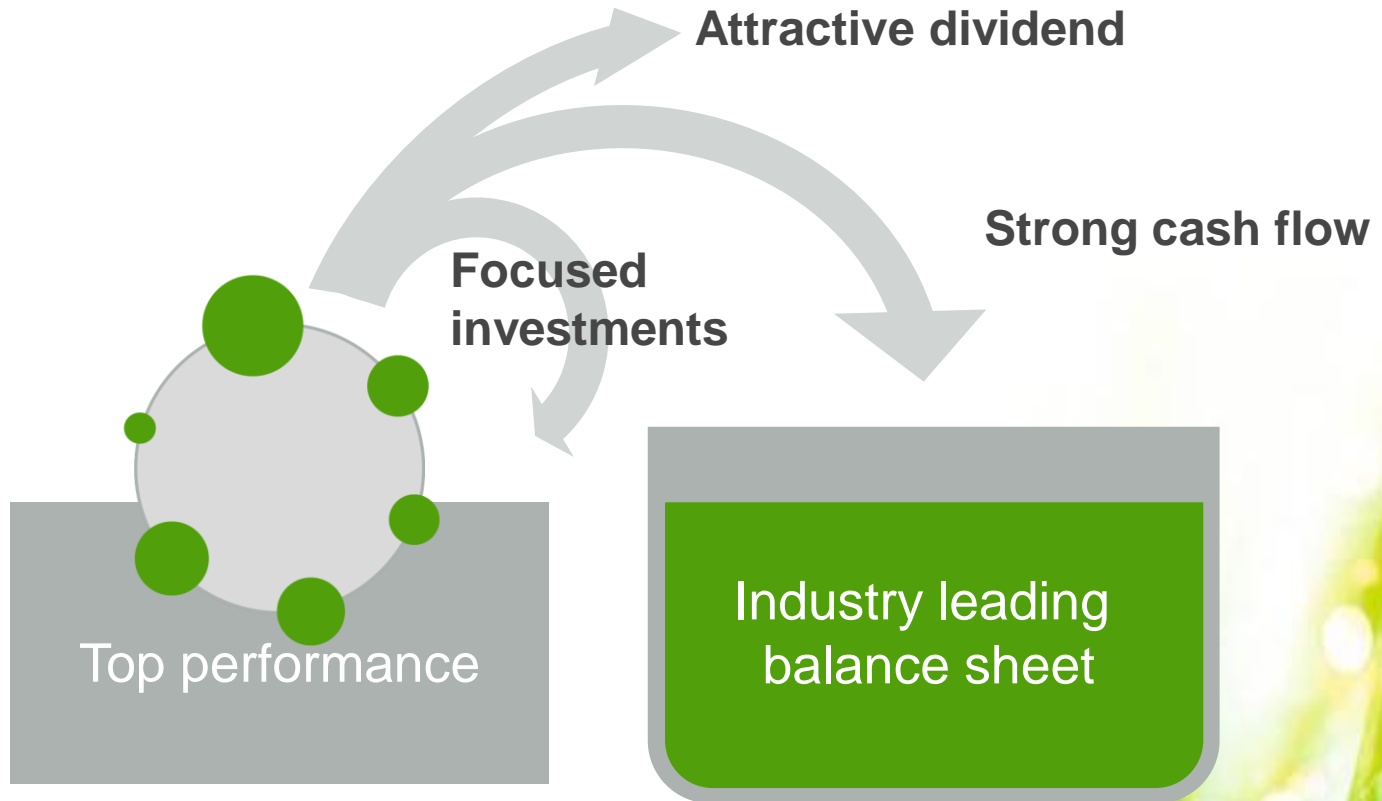
Cash flow-based dividend



Dividend policy

- at least 1/3 of net cash flow from operating activities less operational capital expenditure
- net cash flow calculated as an average over three years

Strengths of UPM's model





UPM

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