



The Biofore Company **UPM**

A decorative graphic on the left side of the slide shows a series of green leaves of varying shades and sizes, arranged in a fan-like pattern. The leaves are set against a white background with a subtle, light green glow. The leaves appear to be part of a larger plant, with some showing detailed vein patterns.

# UPM PAPER ASIA GROWS IN ATTRACTIVE SEGMENTS

Executive Vice President  
Kim Poulsen

## UPM Paper Asia

### UPM Paper Asia

UPM Paper Asia serves growing fine and office papers market in Asia, and labelling materials markets globally

Recognized industry leader in sustainability

Extensive own sales network

UPM Paper Asia	2013 (EURm)
Sales	1,108
EBITDA	161
EBITDA, %	15%
ROCE, %	9%

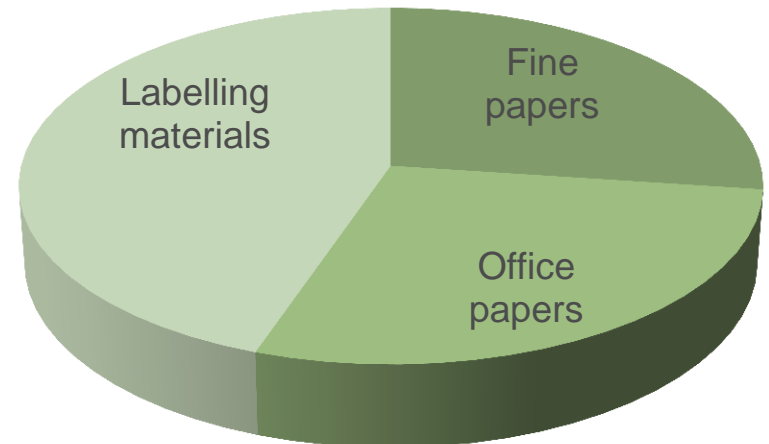


## UPM Paper Asia

### Strong position in attractive segments

- Global market leader in labelling materials
- Focused, strong market positions in coated and uncoated graphic fine papers in Asia
- Market leader in high quality office papers in China with extensive, own sales network

Sales in 2013



### Labelling materials market

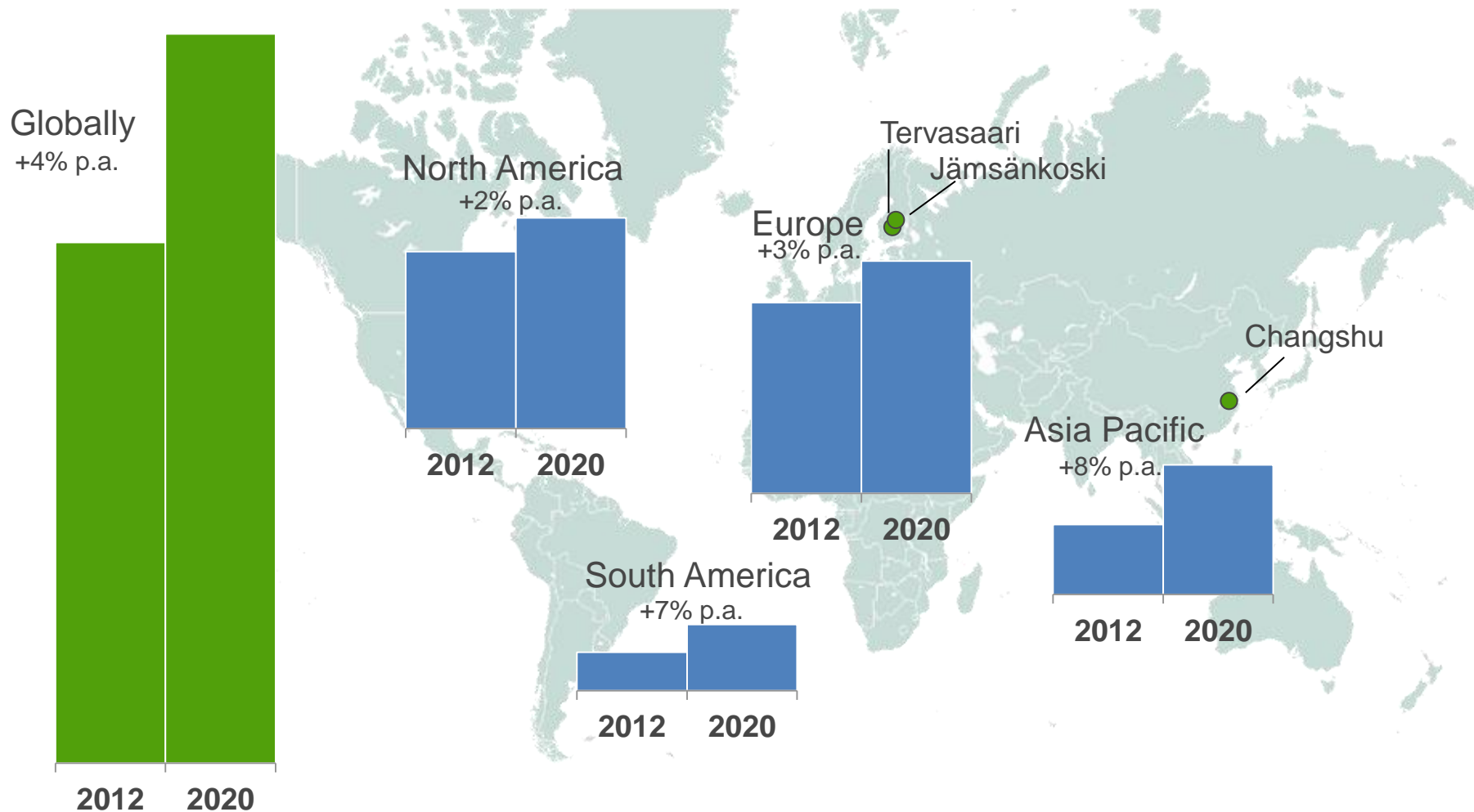
- Annual growth estimated at 4% globally and 8% in Asia Pacific
- In mature markets demand is shifting towards customer-specific solutions
- In developing markets demand is driven by
  - fast urbanisation
  - growing middle class
  - development of retailers, distributor networks and automated product labelling

### UPM's position and actions

- Experienced company
- Consistent growth
- Focus on high quality labelling materials
- Competitive assets serving global customer base
- Investment in the new cost-competitive production unit in China to facilitate growth and strengthen partnerships with customers

# UPM Paper Asia

## Labelling: Glassine /SCK\* demand by 2020



### Fine and office paper markets in Asia

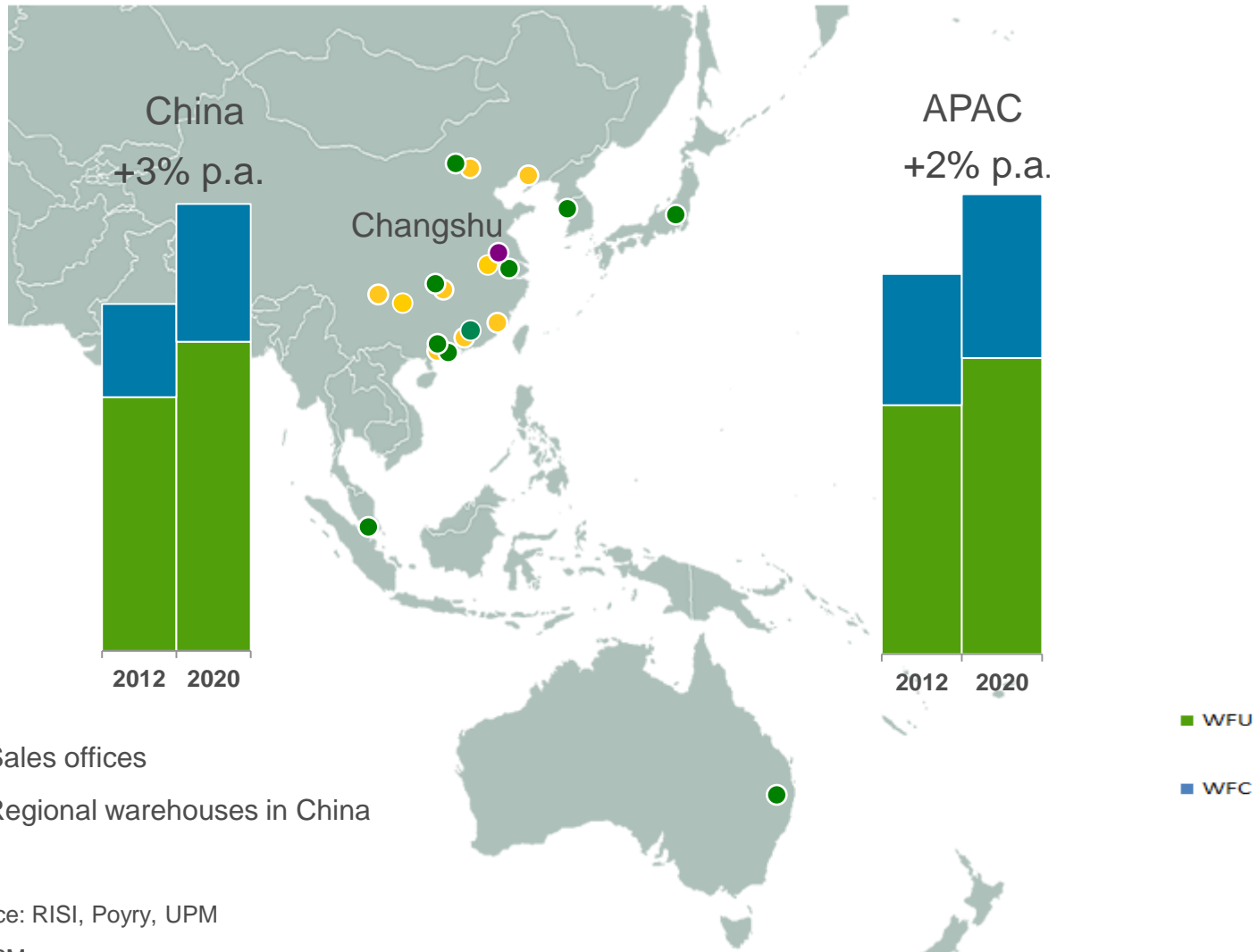
- Annual growth for office papers is estimated to be 3-5% in Asia and twice as much in China
- Demand driven by economic activity and new company establishments
- Competition intensified after recent capacity additions
  
- Technically outdated, non-environmentally friendly pulp and fine paper capacity continues to be closed down in China

### UPM's position and actions

- High and consistent quality
- Leading UPM brands in China
- Reliable supplier with long term customer relationships
- Superior customer service and extensive sales and distributor network in Asia
  
- Use of certified fibre and environmental friendly, state of the art production technologies

# UPM Paper Asia

## Fine and office paper demand in Asia by 2020



Source: RISI, Poyry, UPM



The Biofore Company **UPM**



# Next growth steps in Asia



- Attractive EUR 277m investment with improved capital efficiency
  - Original investment EUR 390m
  - Instead of building a new power plant, in the new scope existing boilers will be upgraded
  - Target to minimize environmental impacts and optimize capital efficiency
  - Boiler upgrading provides opportunities for environmentally effective fuels



- Production capacity of the new machine is unchanged, up to 360,000 tonnes of labelling materials and office papers
- Start-up at the end of 2015

## UPM Paper Asia

### The investment will ...

- facilitate growth both in fast growing Asian labelling materials markets and in the growing Asian office paper market
- enhance cost efficiency due to local production, shorten lead times to customers in Asia
- provide an excellent platform for strengthening global partnerships with labelling materials customers, and further growing with these products in Asia
- release labelling materials production capacity in Finland for further growth in markets outside of Asia

## UPM Paper Asia Summary

- UPM Paper Asia is the global market leader in labelling materials and holds a strong position in fine and office papers in Asia
- UPM brand in Asia: superior customer service, extensive sales and distributor network as well as industry leading sustainability
- Attractive investment to facilitate growth and enhance the good profitability



**UPM**

The Biofore  
Company