



The Biofore Company **UPM**

# UPM RAFLATAC WELL POSITIONED FOR PROFITABLE GROWTH

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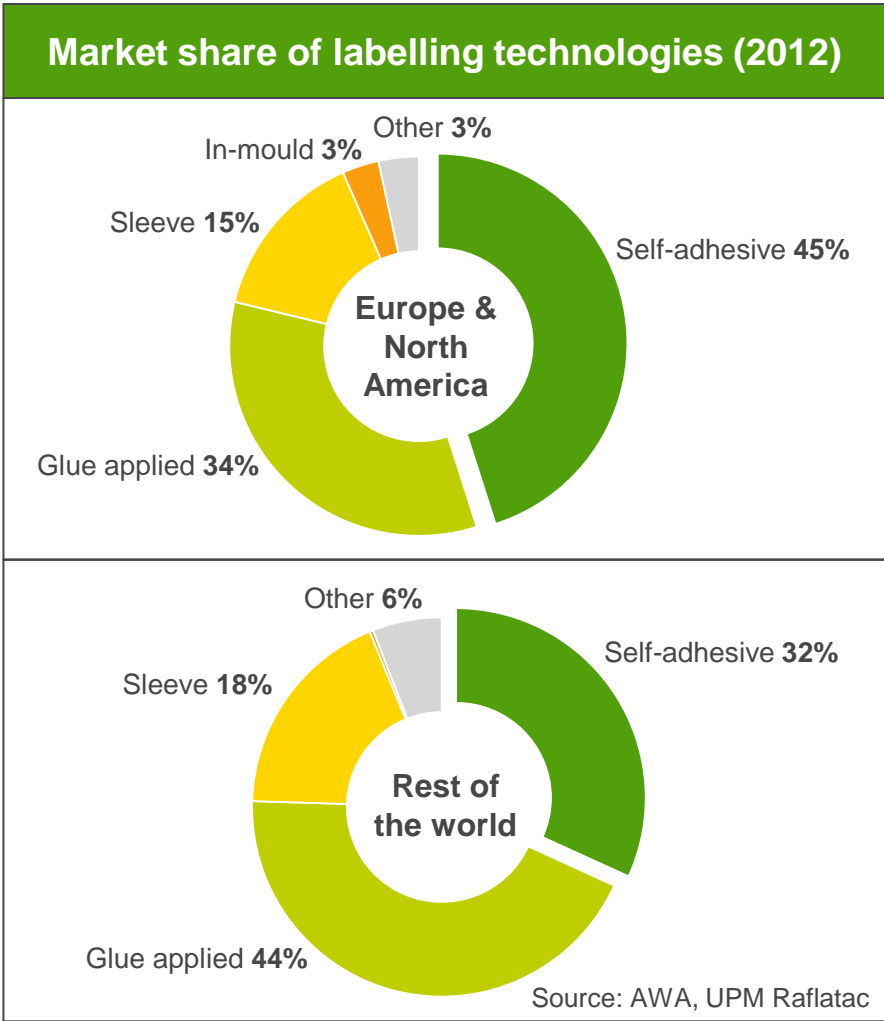
UPM Raflatac  
This is what we do



Our products  
touch  
peoples' lives  
in numerous  
ways  
each day



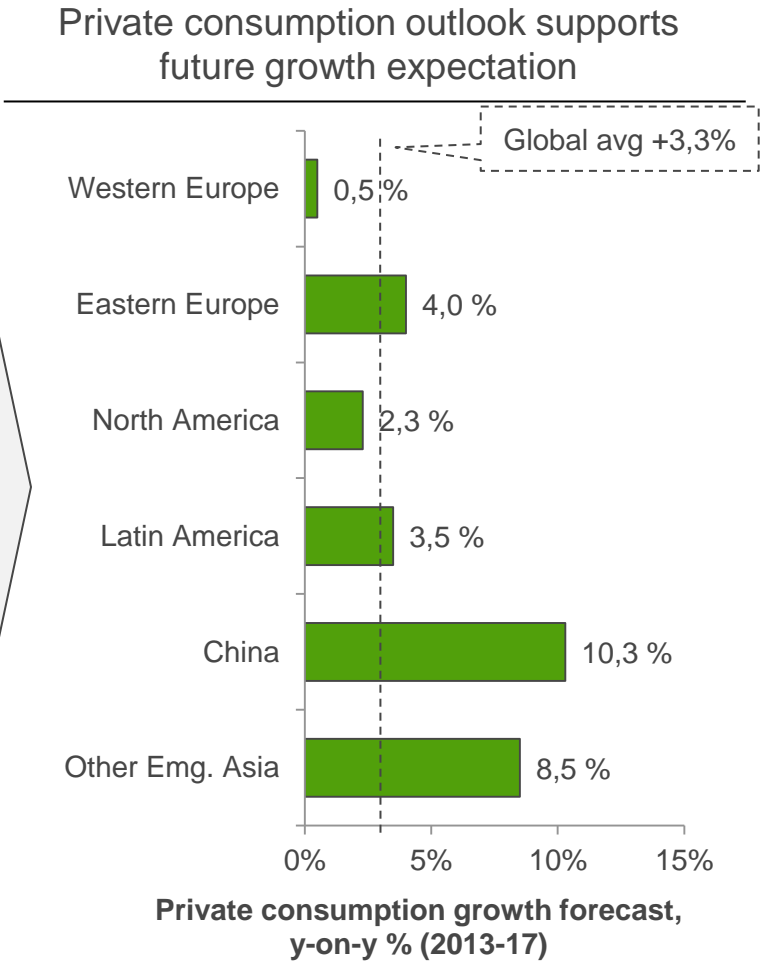
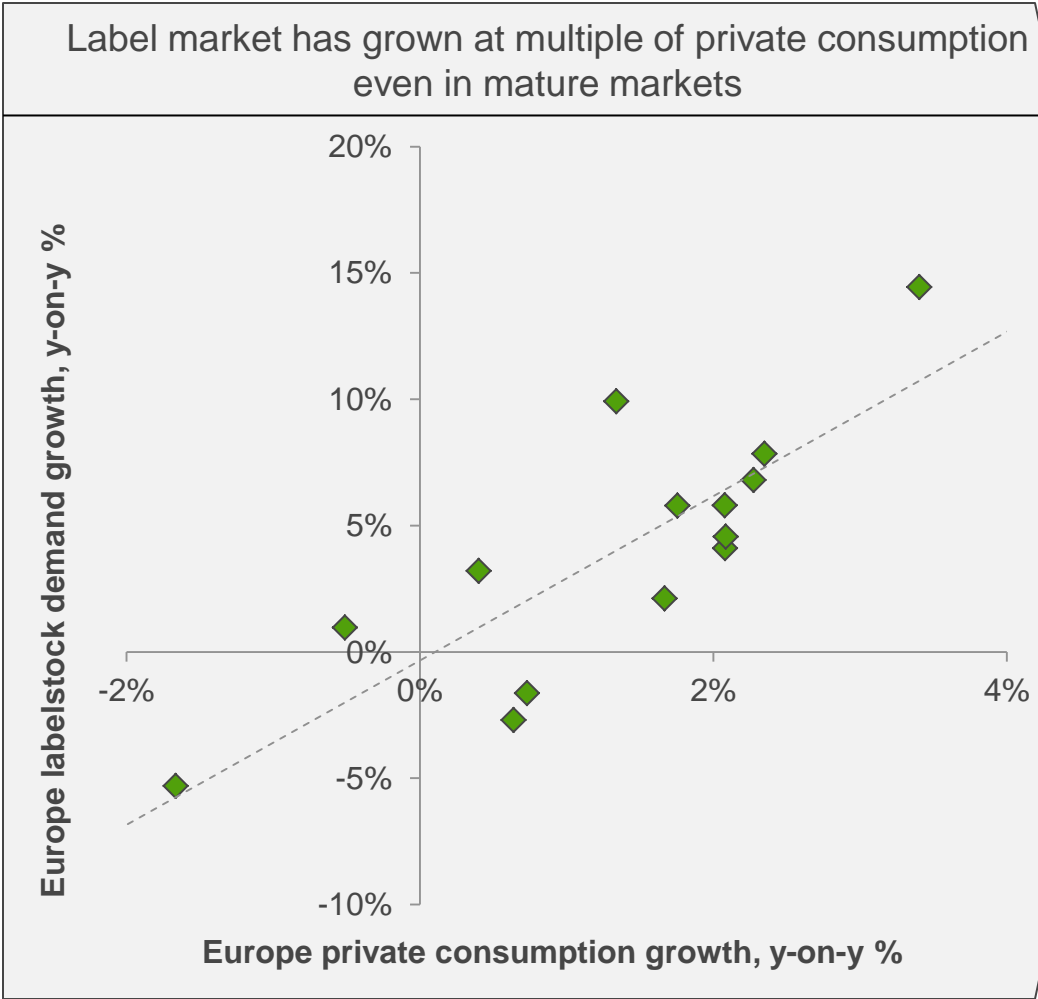
# Versatility and end-use appeal make self-adhesive labelling an attractive technology



## Self-adhesive labeling is the most versatile solution

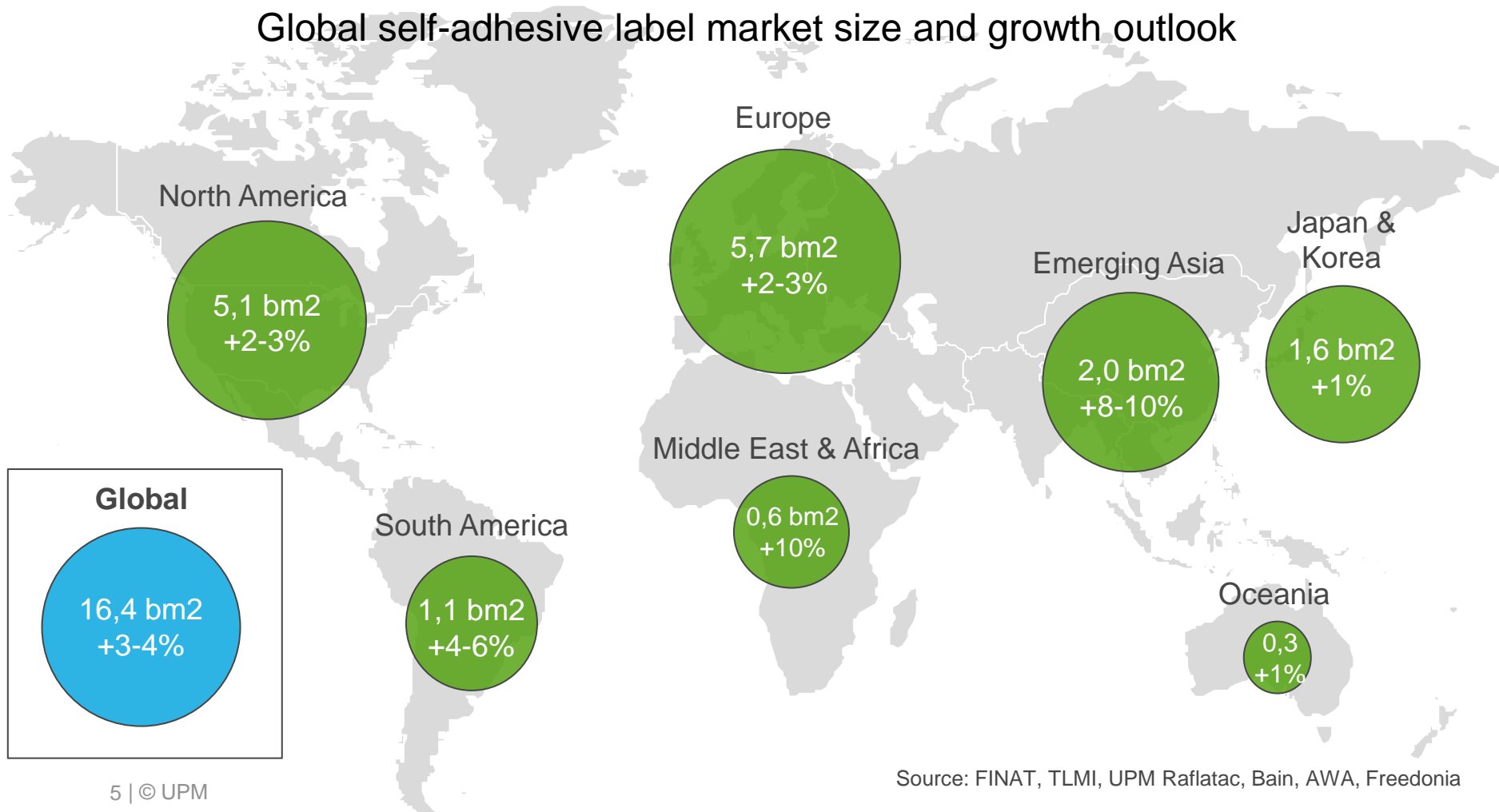
- Functionality in a wide array of applications
- Premium look and branding possibilities
- Wide raw material base allowing price differentiation
- Operational efficiency

# Private consumption is the main driver for labelstock demand – robust growth outlook



# Self-adhesive labelling market has grown to ~ EUR 6bn market – outlook remains attractive

### Global self-adhesive label market size and growth outlook



## UPM Raflatac

The key to success is serving complex customer needs efficiently

### Market structure

- Thousands of customers, mainly SMEs
- Thousands of products customized to wide variety of needs
- Mostly private consumption driven

### Customer needs

- Short and accurate delivery times, small orders
- Consistent quality and continuous product development
- Technical support and consultation in end-use requirements



### UPM Raflatac well positioned to meet the needs

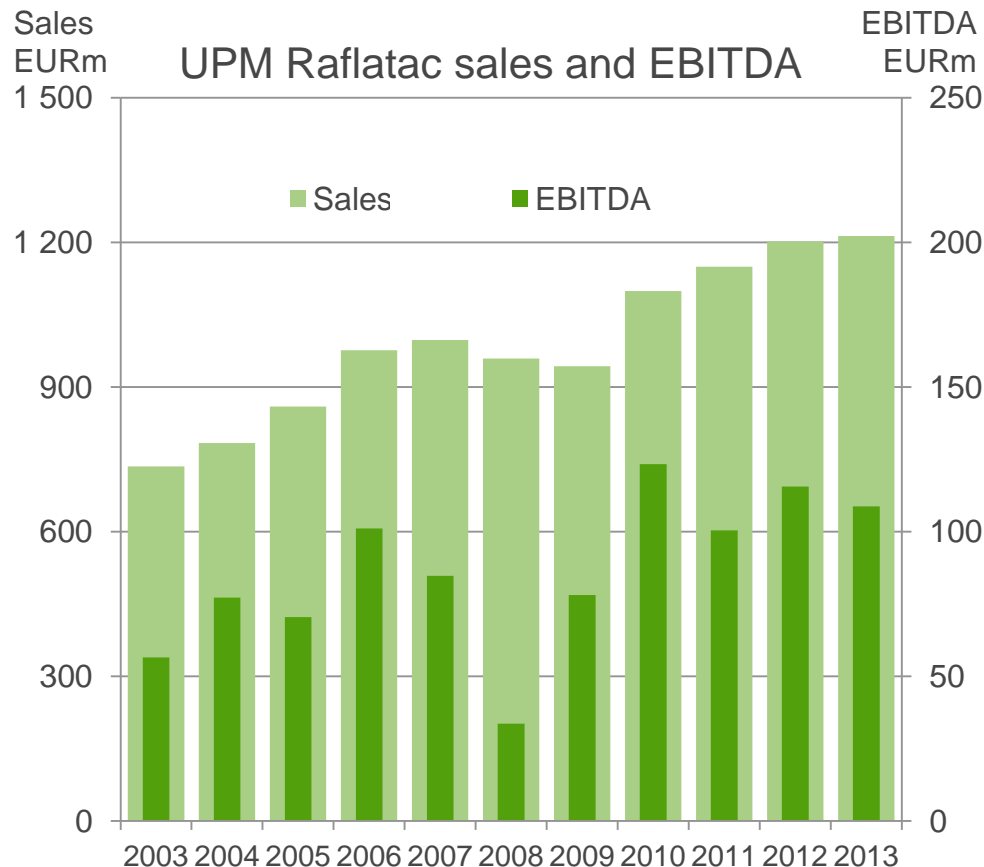
- Most accurate supply chain
- Most modern, strategically located assets
- Good distribution network
- Global scale in R&D, quality development and technical know-how

## UPM Raflatac

UPM Raflatac has captured the profitable growth in global self-adhesive labelstock market



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### Financial performance 2003-13

- Sales CAGR +5%
- EBITDA CAGR +7%
- ROCE average 12%

### UPM Raflatac today

- ~2900 people
- >5000 customers in 120 countries
- ~5000 products sold
- 12 factories, 21 distribution terminals

UPM Raflatac	2013 (EURm)
Sales	1,213
EBITDA	109
EBITDA, %	9%
ROCE, %	14%

## UPM Raflatac

# Good opportunities to grow the business profitably in the coming years

UPM Raflatac plans for profitable growth are part of UPM's growth initiatives for the next three years

- 1 Capture organic market growth
- 2 Continue expansion in emerging markets
- 3 Grow high value added businesses
- 4 Leverage existing asset base
- 5 Synergistic acquisitions opportunities





## 2. Continue expansion in emerging markets

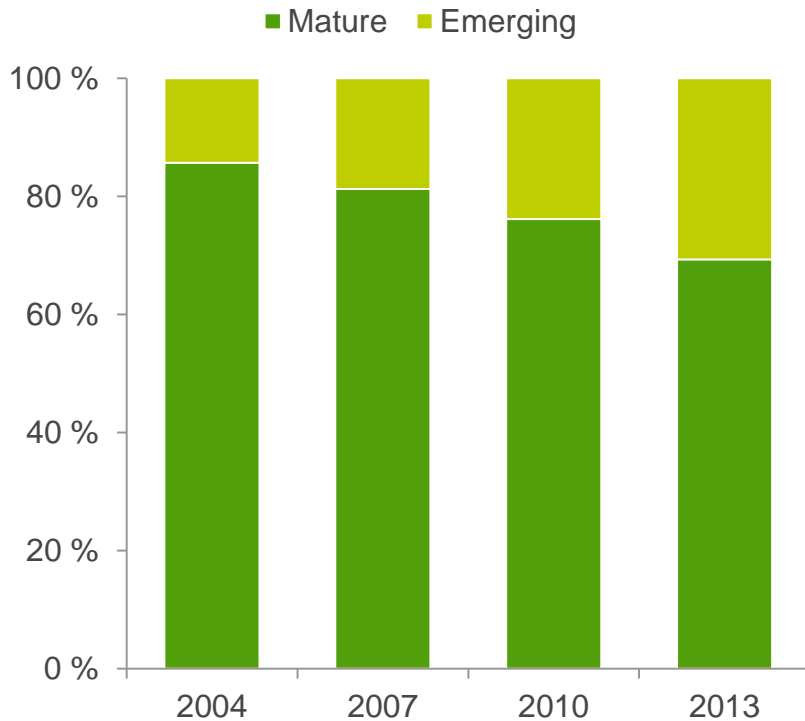
Significant growth potential in markets where our share is relatively low



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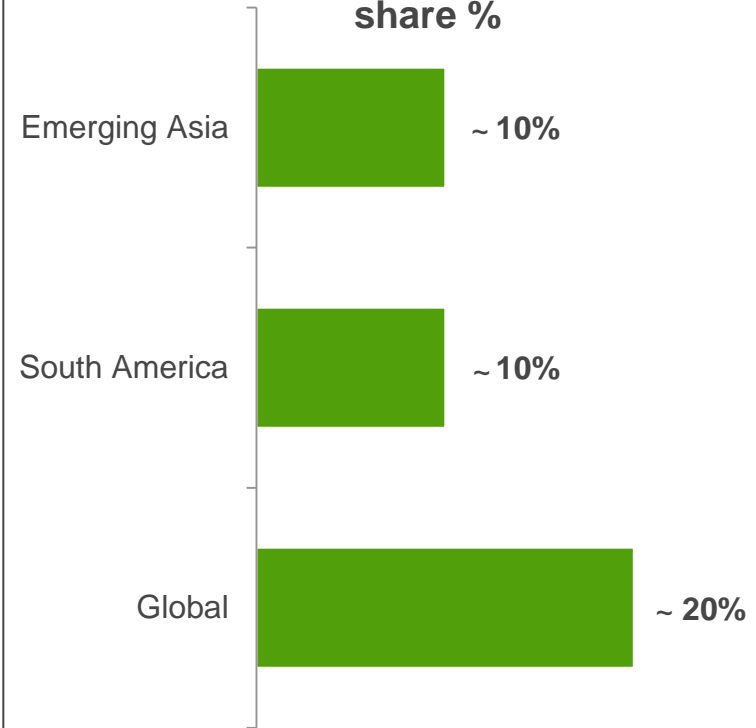
Over the past 10 years we have been able to grow especially in emerging markets

UPM Raflatac sales by market



There are still markets where we have upside potential

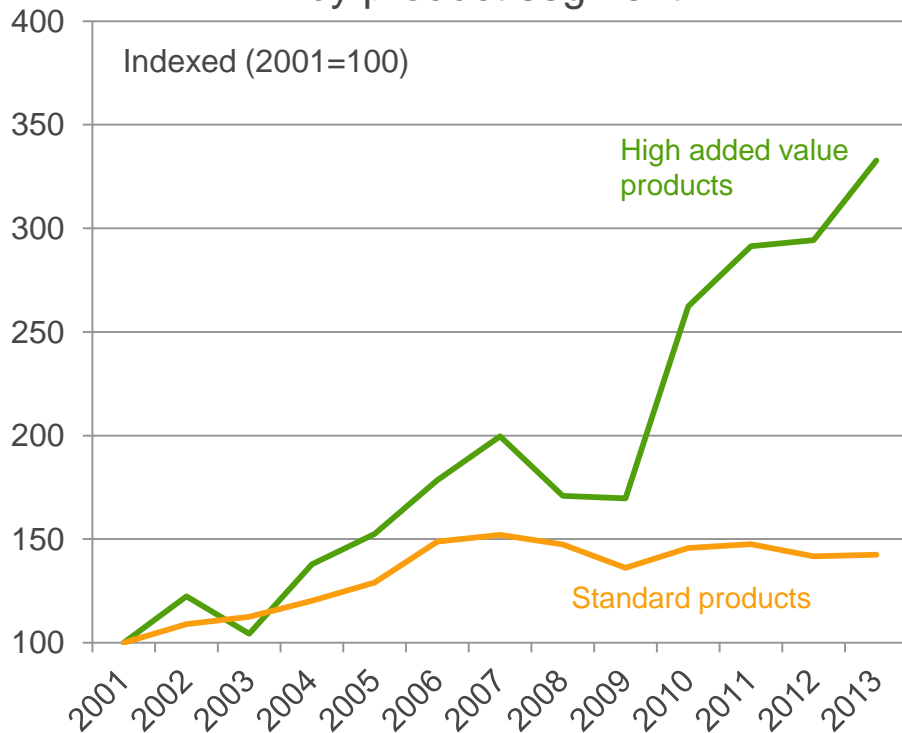
UPM Raflatac estimated market share %



### 3. Grow high value added businesses

We aim to build on our successes in growing high value added businesses

UPM Raflatac sales in mature markets by product segment



Efforts to grow in Specials in mature markets have been successful



Gascogne acquisition enabled further growth in targeted end-uses



We focus on selected end-use segments where our capabilities enable increasing market share, e.g. pharmaceuticals

#### 4. Leverage existing asset base

Our operational back bone is strong and can be further leveraged for growth

#### Efficient delivery network

Modern asset platform globally

High quality consistency

Our asset platform enables us to grow in the coming years with limited OPEX and CAPEX



## UPM Raflatac Summary

- Labelstock is a growing, dynamic and complex business with favourable economics
- UPM Raflatac's strong position in labelstock enables it to compete successfully in the market
- Credible opportunities to grow both in product and geographical areas faster than the market
- Focus in the coming years to improve profitability through accelerating top-line growth with limited incremental OPEX and CAPEX





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