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UPM Plywood Efficiency made easy

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UPM Plywood

UPM Plywood focuses on three end use segments



Construction



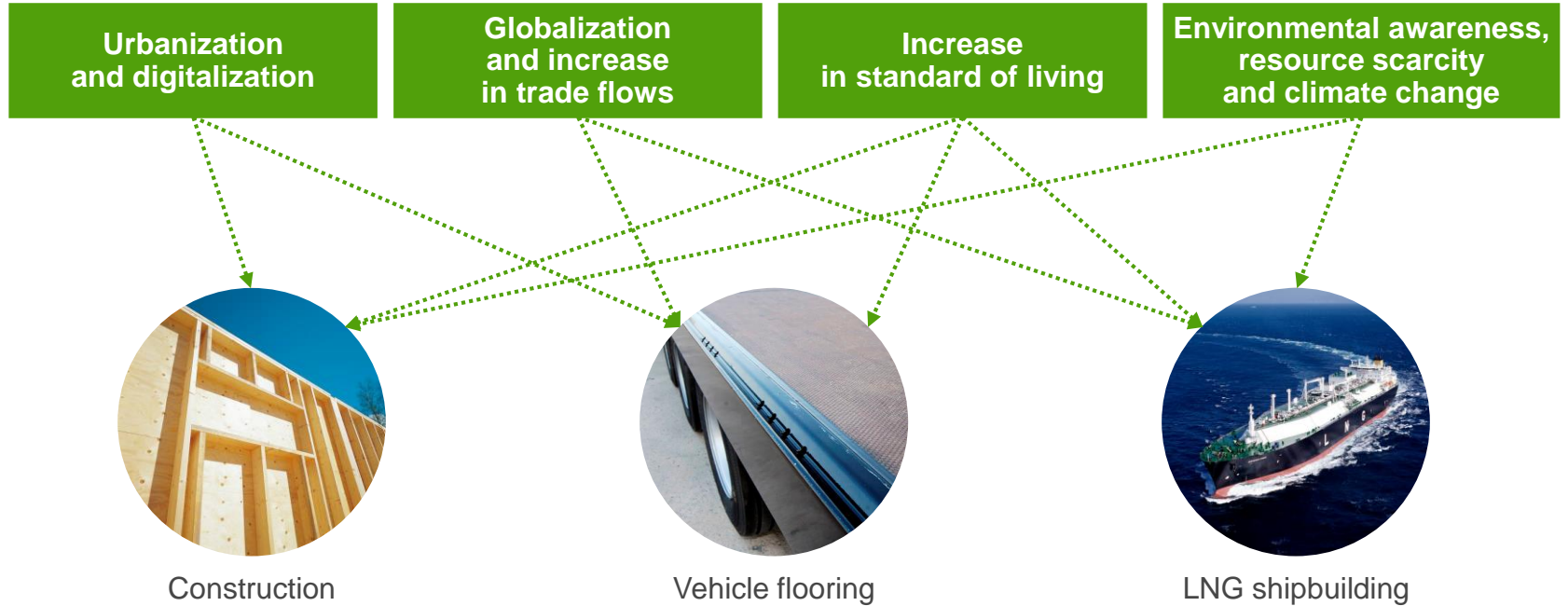
Vehicle flooring



LNG shipbuilding



Megatrends support our commercial strategy

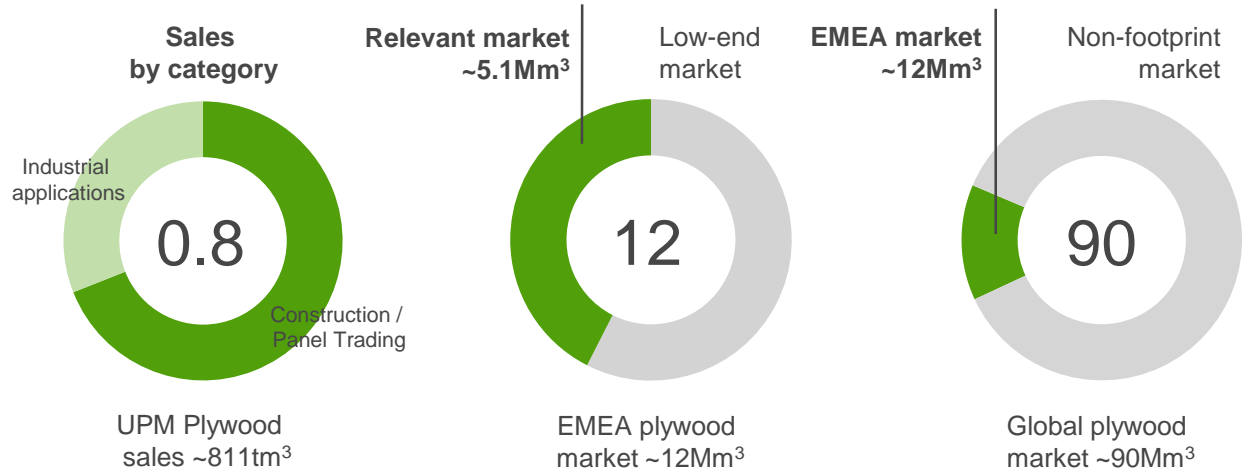


UPM Plywood

UPM's key markets are in the high and mid segments primarily in EMEA region

Strategic choices

1. Demanding industrial applications
2. High and medium range standard products
3. Selected customers
4. EMEA region and LNG business globally



UPM Plywood Construction



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Market environment

- Construction to grow further in Europe
- Growth is driven by residential construction and civil engineering

UPM's position and direction

- Leading position in high and medium range standard products in Europe through well established distribution network providing easy access to WISA® plywood
- Uncompromised sustainability, certified products and operations
- New growth sought by strengthening position in selected emerging markets

UPM Plywood Vehicle flooring

Market environment

- Road transportation remains the major mode of freight transport in Europe, demand supported by the growing European economy
- E-commerce drives growth in light vehicles by transferring the delivery flows from terminals directly to consumers

UPM's position and direction

- Leading position in Europe
- Competitive edge built on smoothly running operations and needs-based product design creating value to both vehicle manufacturers and operators
- Growth sought by expanding to new markets and related end use segments



UPM Plywood LNG shipbuilding

Market environment

- Global environmental awareness promotes the use of gas over coal to reduce air pollution
- Multi source energy supply policies support use of LNG

UPM's position and direction

- Global leader in LNG plywood
- Competitive edge based on right quality and accurate on-time deliveries
- Long term commitment and benchmark service level
- Focus to secure leading position in LNG carriers and to extend offering into related applications using the same technologies (e.g. land storage tanks)





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Focused growth investments increase capacity, improve efficiency and extend product portfolio



UPM OTEPÄÄ – Q4/2016

Increase volume to meet customer demand in all selected focus end uses

- Add 42,000 m³ of capacity to 90,000 m³/a
- New bio-boiler to improve energy efficiency and environmental performance
- Investment EUR 40m



UPM CHUDOVO – Q3/2019

Expand product portfolio and volume to meet customer requirement in Panel Trading

- Add 42,000 m³ of capacity to 155,000 m³
- New bio-boiler to improve energy efficiency and environmental performance
- Investment estimate EUR 50m

UPM Plywood

Material innovations generate new sustainable and multi-functional products

WISA® BioBond

- WISA BioBond is a new bio-based bonding solution for producing plywood
- WISA BioBond solution replaces currently over half of the fossil-based phenol with bio-based lignin in the adhesive used in the production of plywood



Sustainable choice

Strong and functional

WISA-SpruceFR

- **WISA-Spruce^{FR}** is a fire resistant spruce plywood that can be used as structural element in construction applications
- The fire resistancy is achieved by a special surface treatment technology. WISA-Spruce^{FR} has the highest fire classification (B-s1, d0) for wood based materials.



Fire retardant

Sustainable choice

Strong and functional



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Favorable market demand and successful growth investments drives earnings growth

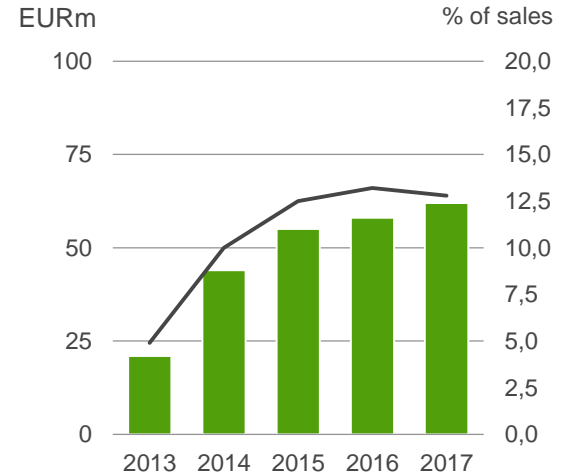
Key figures 2017 vs 2016

- Record year with EUR 85m EBITDA
- Turnover growth +9%
- Deliveries grew +6%
- ROCE% up 0.5 points

Our direction

- Profitable growth through superior customer experience and operational excellence
- Strengthen market position in selected businesses by increasing value and service offering

Comparable EBIT UPM Plywood





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