



UPM

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Responsibility is good business

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CFO
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Megatrends shape the future of consumer demand globally

Population growth

Urbanisation

Higher living standards

Digitalisation

+2 billion

middle class
consumers

Food and water

Hygiene & personal care

E-commerce, marketing

Packaging

Mobility

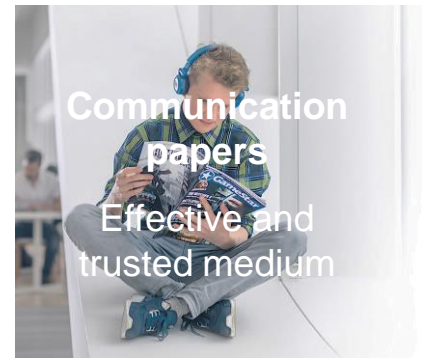
Energy

Living and construction

UPM's product offering is well positioned to meet the new consumer needs



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Sustainability is the only solid foundation for long term value creation

Increasing resource scarcity

Sustainable choices and tightening regulation

Climate change



UPM solutions

Sustainable land use

Renewable materials

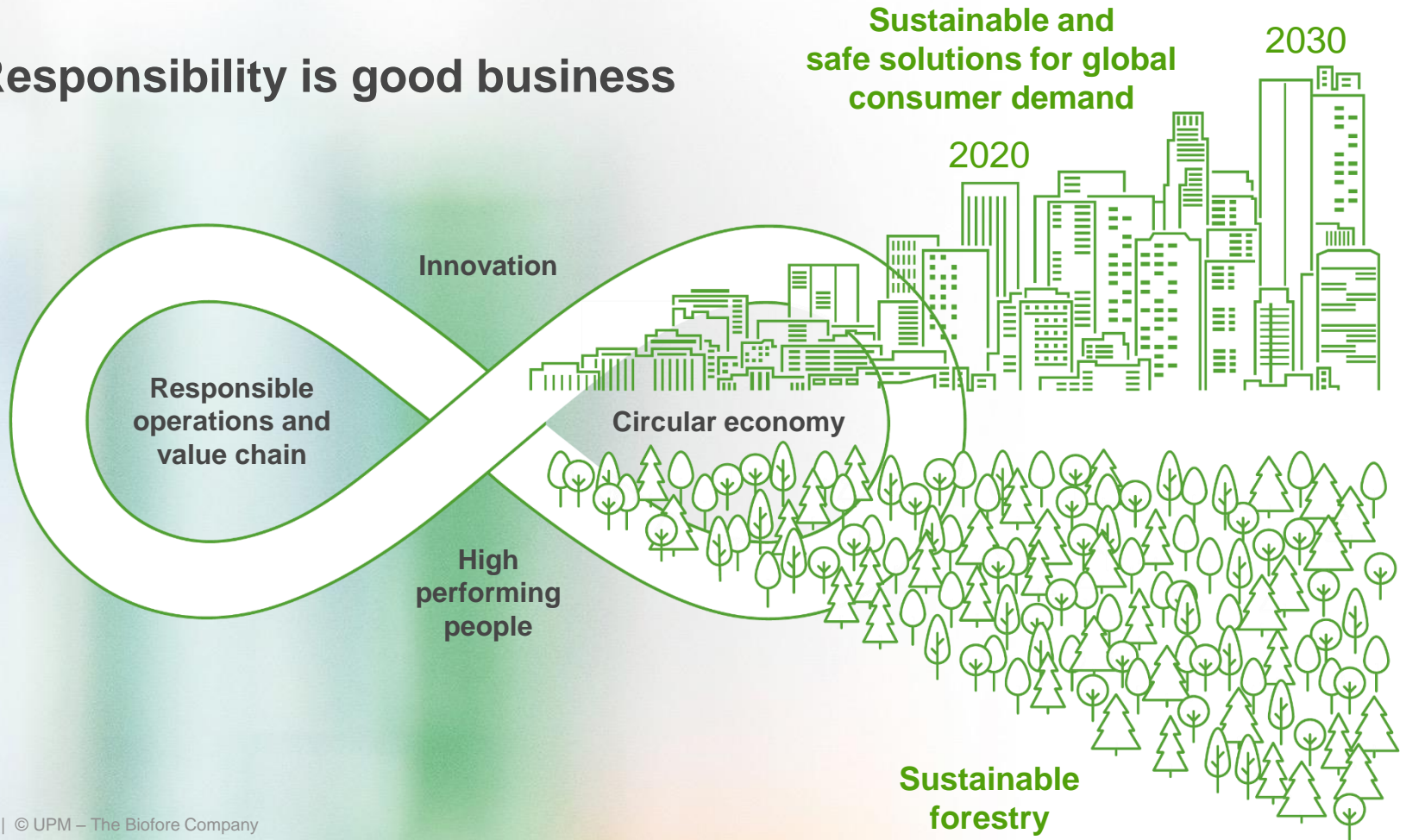
Replacing fossil

Decarbonising traffic and energy

Resource efficiency

Circular economy

Responsibility is good business





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Sustainable forestry is good business



Sustainably managed forests grow more,
while taking care of biodiversity and carbon sinks

2030
TARGETS

SUSTAINABLE
DEVELOPMENT
GOALS

Circular economy is good business

Communication Papers
30% recycled fibre



RafCycle®



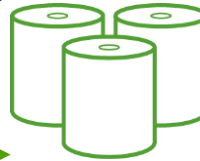
Materials
recycling from
municipal waste



Global paper,
board and
tissue fibres

50%
closed-loop
recycling

59% collected
for recycling



50% virgin
renewable fibre

41% stored,
incinerated, etc.



Replacing
fossil

2030
TARGETS

100%
certified



2030
TARGETS

Zero solid
waste

Residues and
sidestreams



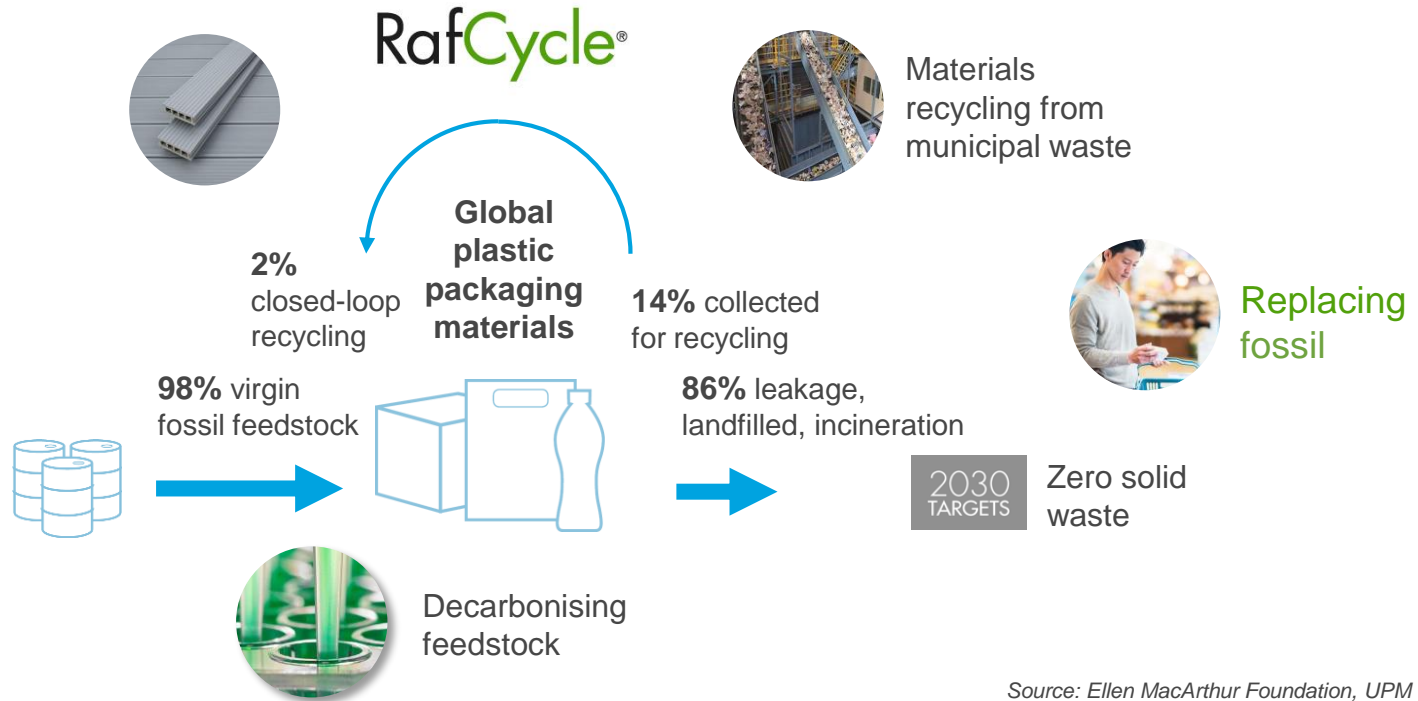
Renewable
fuels



Soil stabilizers,
forest fertilizers

Source: RISI, Pöyry, UPM

Circular economy still in early stage in plastics



Source: Ellen MacArthur Foundation, UPM



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Replacing fossil is good business

Innovations to replace fossil

- Biofuels
- Biochemicals
- Biocomposites
- BioBond

Contributing to circular economy

- RafCycle
- Carbon farming - Carinata
- Zero solid waste
- Energy services



85% of UPM sales
eligible for ecolabelling

2030
TARGETS



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Industry leader in responsibility



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM





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Leading performance is good business

- Leading performance
- Commercial excellence
- Continuous improvement programmes
- Efficient use of assets and resources
- High performing people
- Effective capital allocation

**AIMING
HIGHER
WITH BIOFORE**

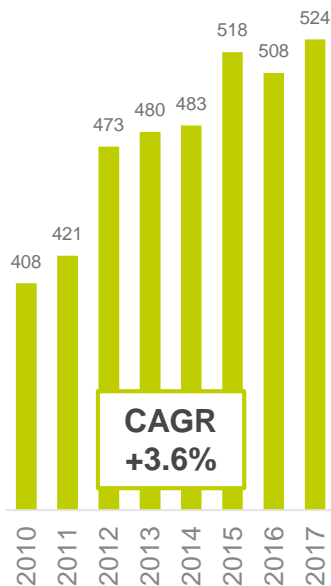


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Continuous improvement in financial performance

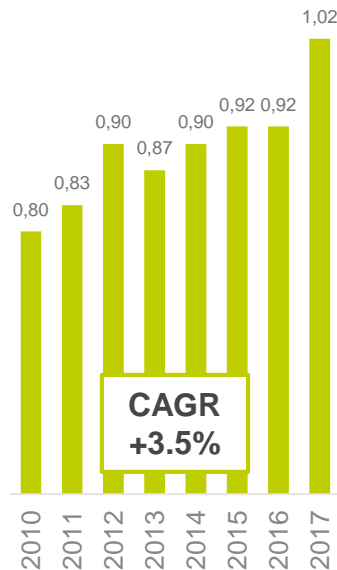
Productivity

Sales / employee



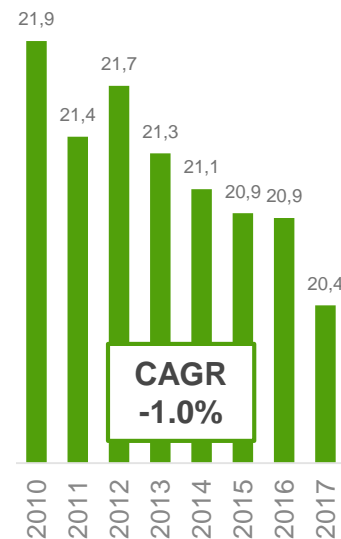
Capital turnover

Sales / CE



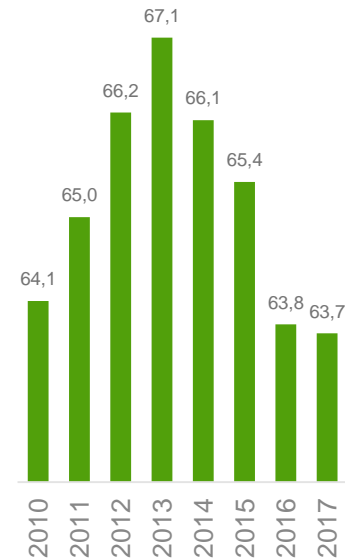
Fixed costs

Fixed cost / sales



Variable costs

Variable cost / sales

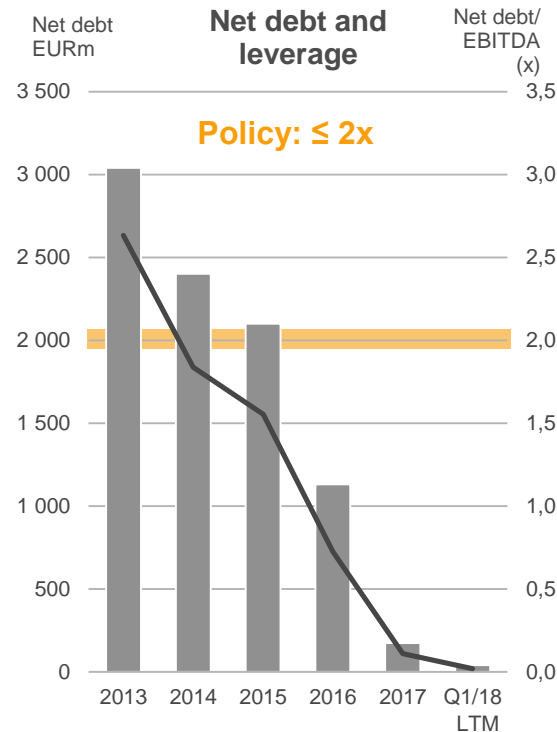
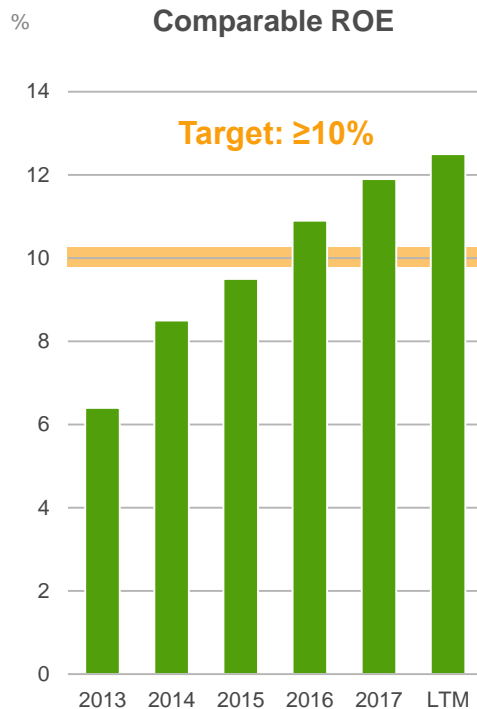
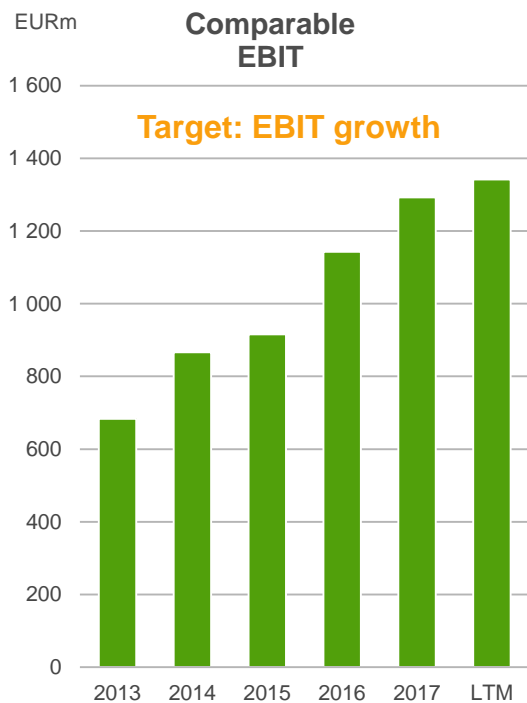




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Group financial targets and leverage policy

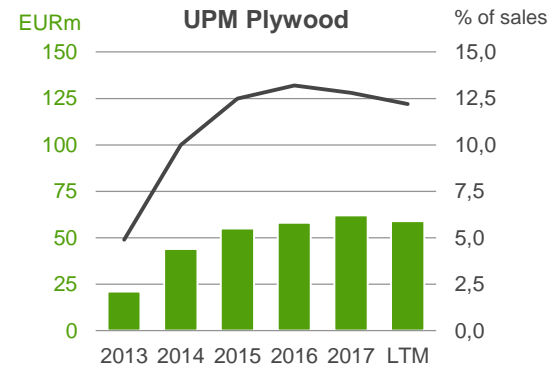
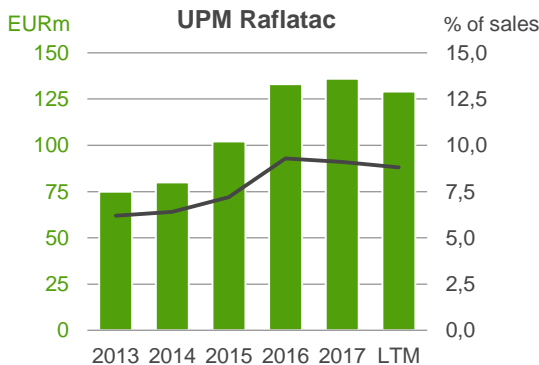
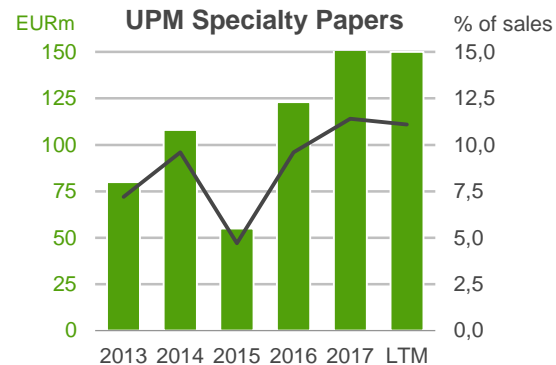
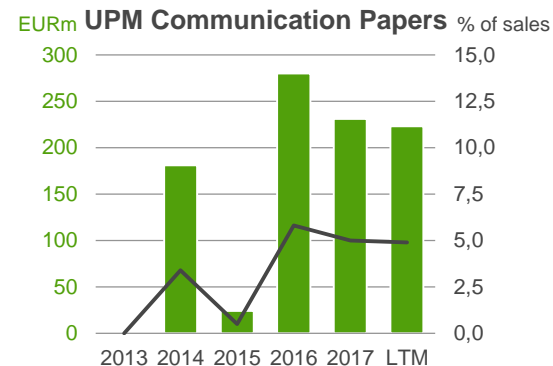
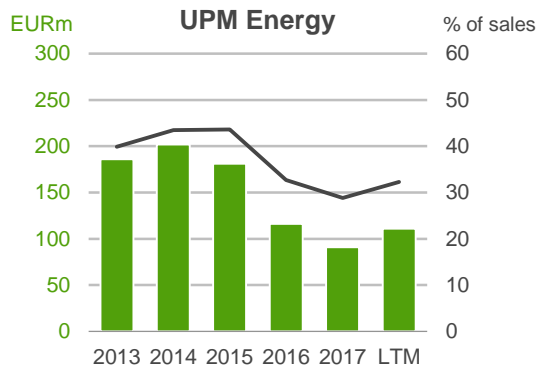
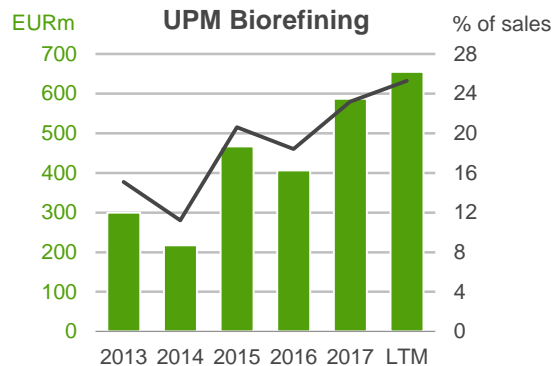




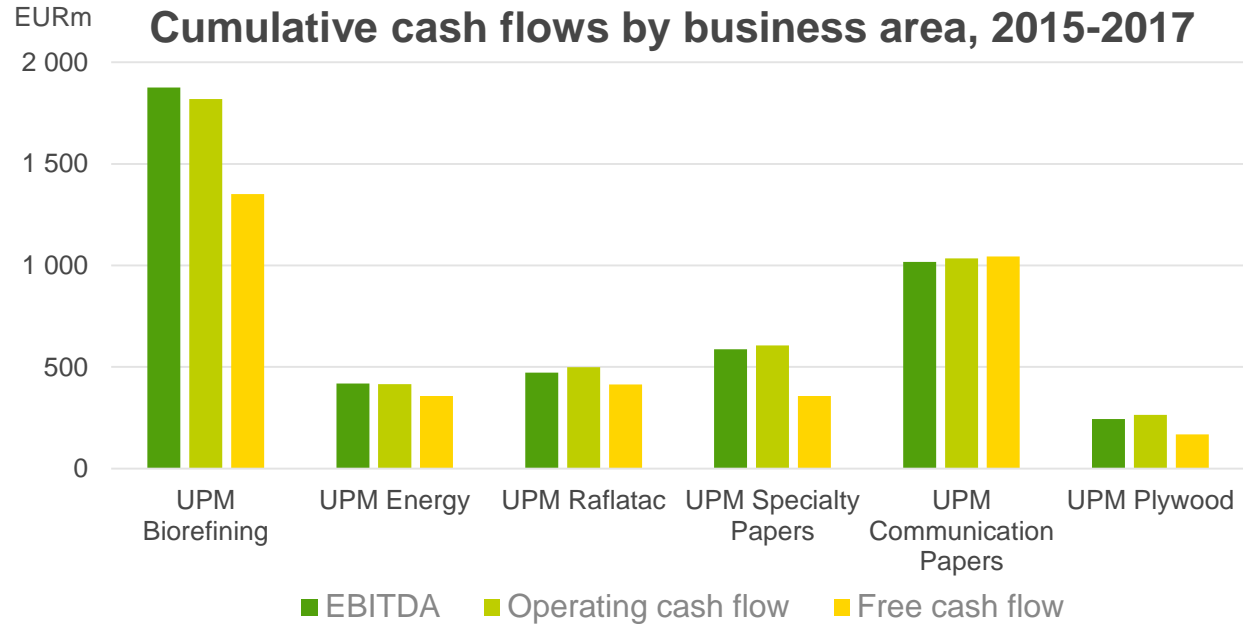
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Comparable EBIT by business area



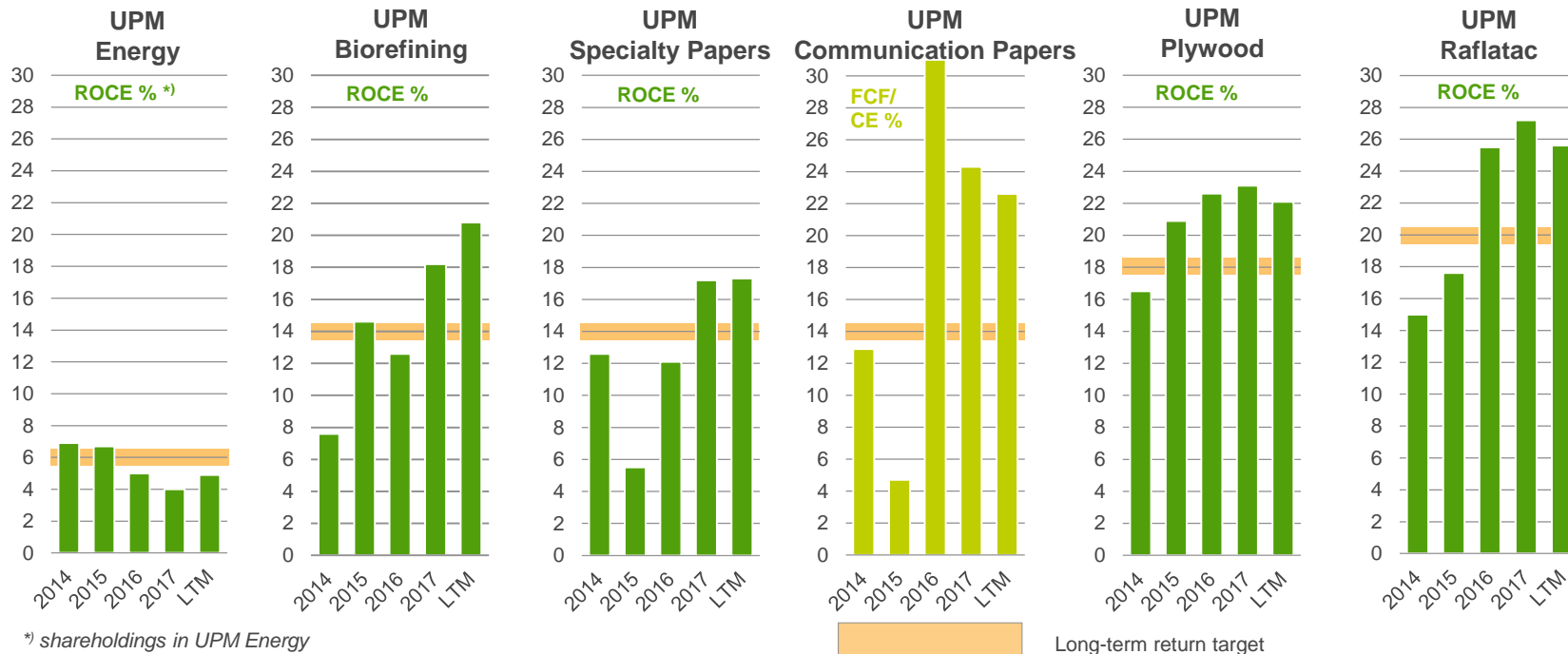
All of UPM's businesses are cash generative





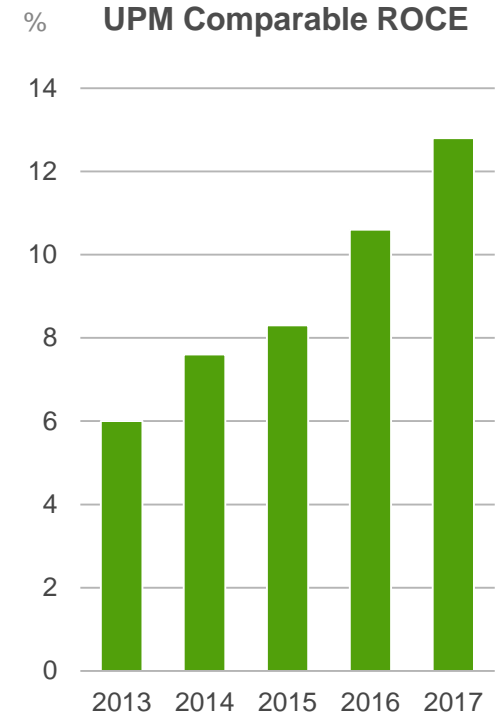
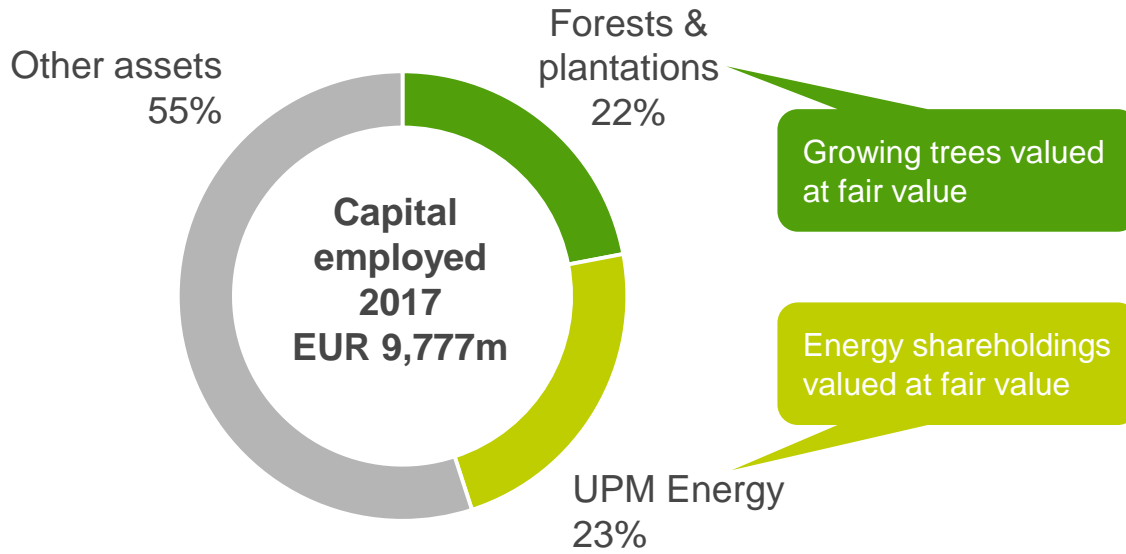
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Business area long-term return targets apply over investment and business cycles



*) shareholdings in UPM Energy valued at fair value

Fair valued assets represent a major part of UPM's capital employed





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Case: developing our forest assets

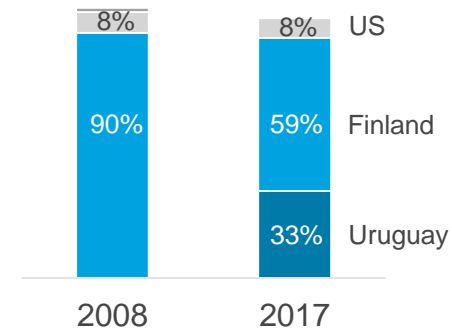
- Investing in strategic forest assets, e.g. in Uruguay
- Releasing capital from forests far from our mills
- Productivity with active management and nurseries
- Strong commitment to sustainability



UPM forests and plantations

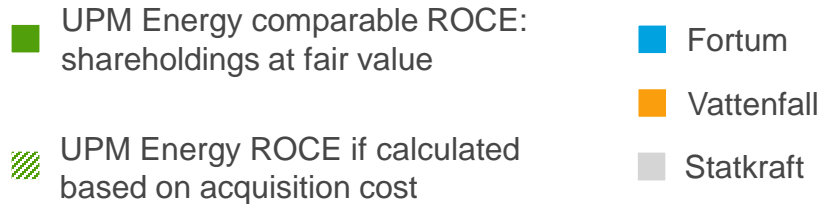
	2008	2017
Forest and plantation land (own and rented) (1,000 ha)	1,012	970
Forest growth (million m ³)	4.3	8.6
Wood sourced from UPM forests and plantations (million m ³)	2.2m	4.7m
% of UPM wood sourcing	9%	17%
Value of forests and plantations, including land (EURm)	1,270	2,149

Area distribution

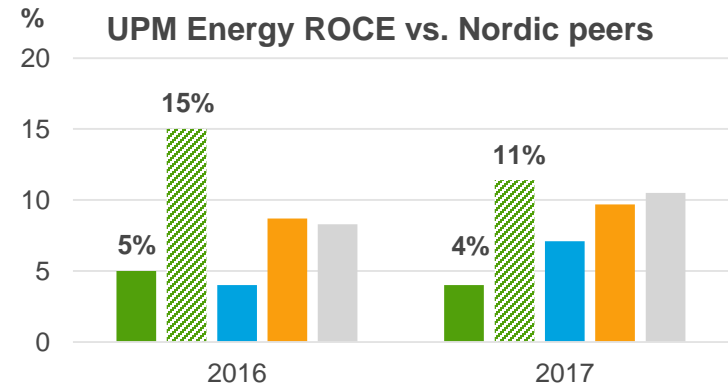


Case: UPM Energy ROCE

- In UPM balance sheet, UPM Energy shareholdings are valued at fair value
- Energy market transformation is ongoing
- UPM Energy assets are competitive



Source: Companies' financial reports, UPM





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Summary

- Global megatrends drive demand growth for UPM's products
- Sustainability is the only solid foundation for long term value creation
- UPM is committed to continuous improvement in its financial, social and environmental performance
- UPM businesses are healthily profitable and cash generative
- Business area return targets apply over investment and business cycles
- Fair valued assets represent a major part of UPM capital employed and are actively developed



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