



UPM Biorefining Growth in pulp

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Pulp demand growth fundamentals remain strong



Growth project in Uruguay proceeds at full speed



Commercial strategy ensures future growth



Long-term pulp demand remains strong

Growth outlook for pulp is based on solid, long-term megatrends



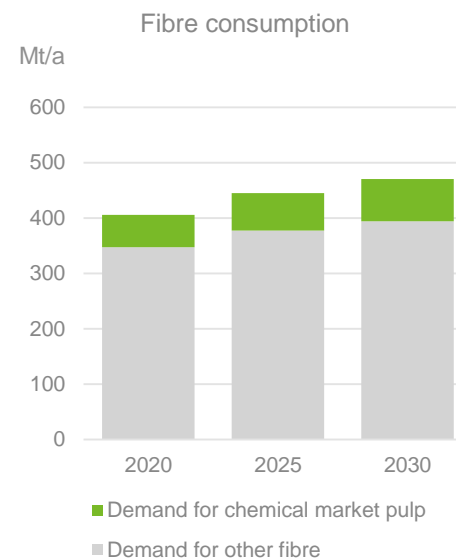
Global megatrends...

		Impact on pulp demand
	Population growth, urbanization, middle class expansion	+++
	Resource scarcity, role of renewables	++
	Digitalisation, e-commerce	+++
	Wood-based textiles	++

...will outlast the pandemic...

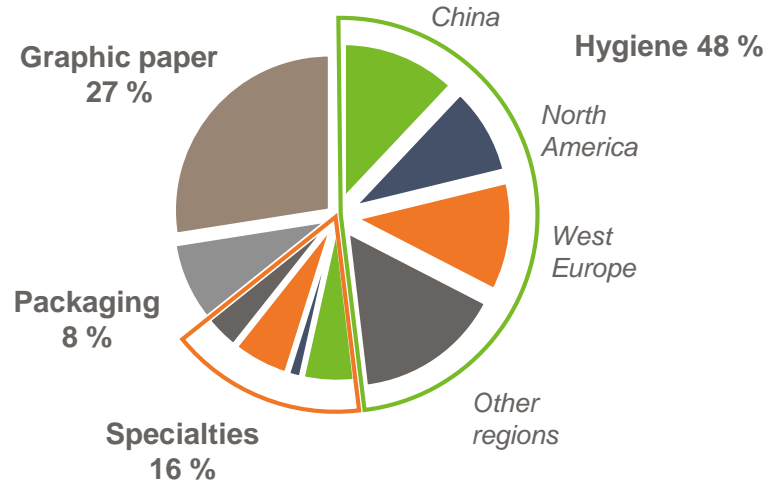
		Impact on pulp demand
	Decline in graphic paper demand	--
	Virgin pulp replacing recycled fibre in growing end-uses	+
	Improved hygienic standards	+
	New adopters of e-commerce	+
	General impact on incomes	-

...and drive the demand for pulp

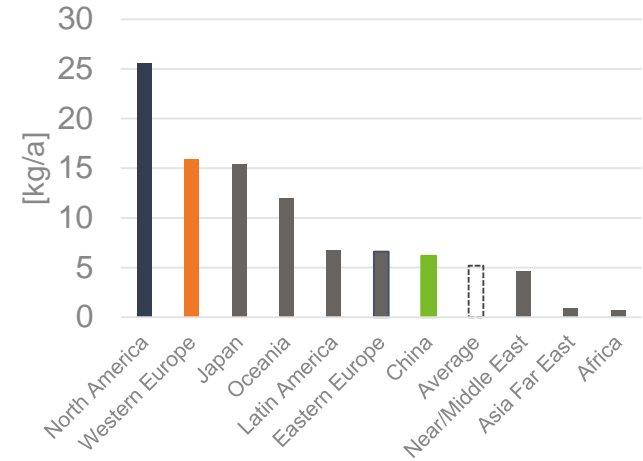


Recent market pulp and tissue consumption

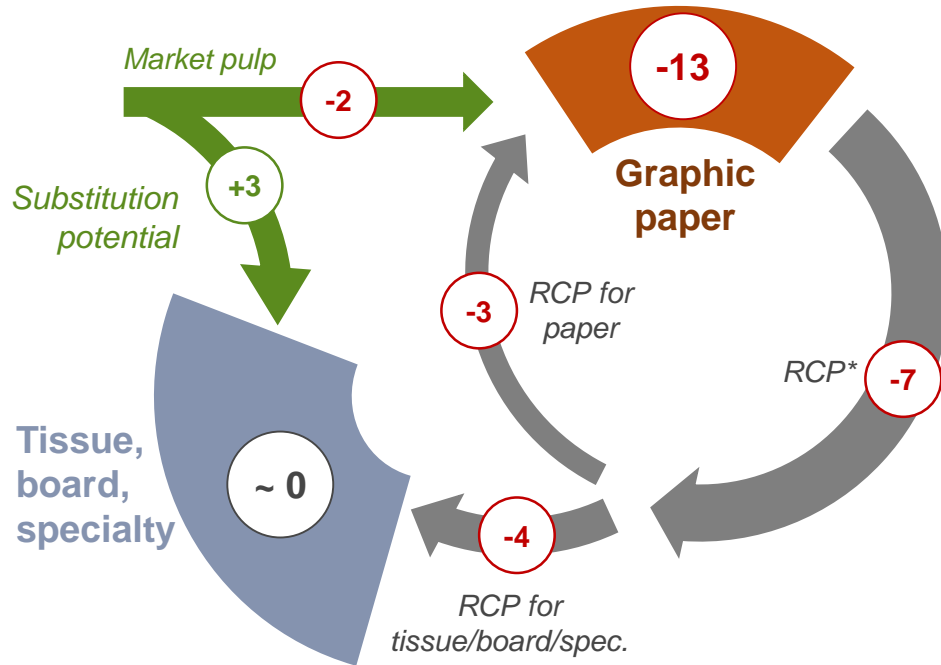
Market Pulp Consumption



Tissue Consumption per Capita 2018



Market pulp for RCP: an illustration of graphic papers' potential impact



Decline in graphic paper demand



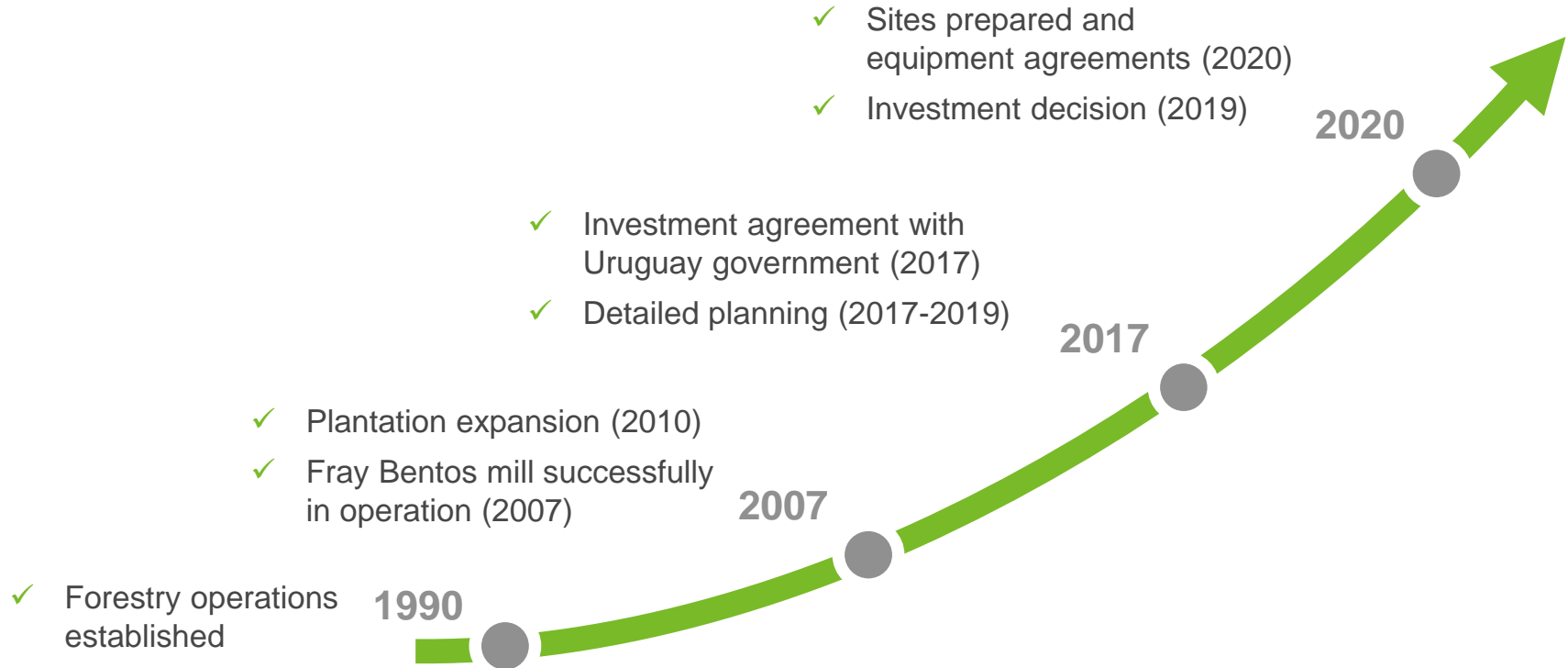
Virgin pulp replacing recycled fibre in growing end-uses



UPM

Growth project in Uruguay proceeds at full speed

Building the project on a strong foundation and with every prerequisite in place



Key success factors for managing the project on time and on budget

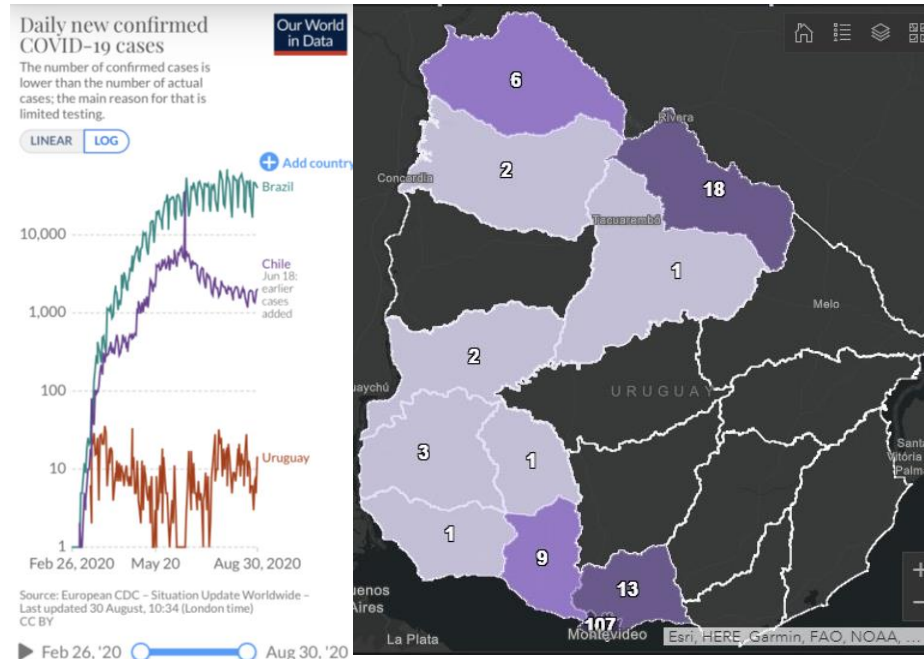


- Best expertise in place
 - Experienced global project management
 - Strong local expertise in all areas
- Long-term partners with proven track-record
- Known technology
- Synergies with existing operations



Implementation at full speed despite COVID-19: Uruguay has a firm grip on prevention measures

- Uruguay utilised lessons learned from the first wave in China and Europe
- Immediate and **extensive prevention measures**
- COVID-19 spread has been very moderate
 - Hot spots: Montevideo and the border region
- Only Latin American country to be granted access to EU



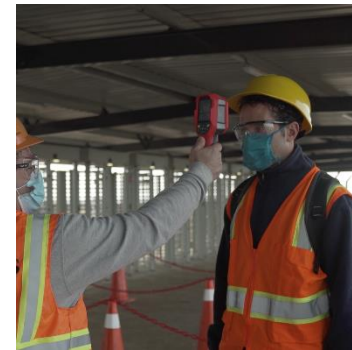
Tight UPM COVID-19 mitigation protocols in place



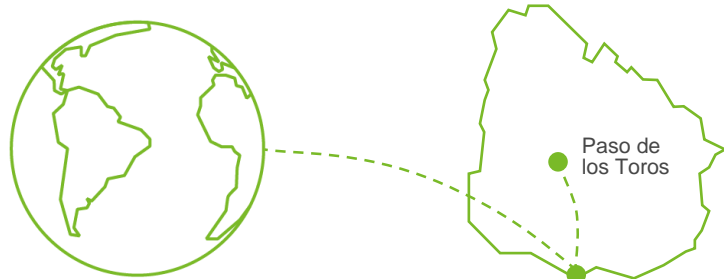
UPM has implemented **tight measures at all construction sites** and requires contractor companies to strictly follow them along with national regulations.

Measures in place include:

- Use of masks and hand sanitizers
- Physical distancing
- Frequent cleaning and disinfection protocols
- Temperature checks and regular testing
- Info campaigns and constant communication
- COVID-19 manager and organization



The flow of people is managed with tight safety controls in place



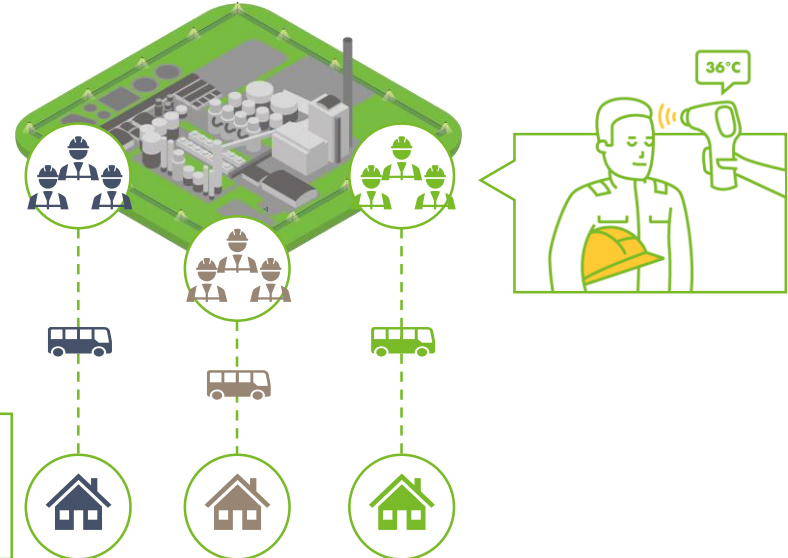
1st test in home country
before travelling to Uruguay

2nd test upon arrival in Uruguay before transferring to Paso de los Toros



Test result - → Allowed to continue to Paso de los Toros
Test result + → Quarantine until the individual gets a negative result

The mill construction site divided in 15 sectors with 40-50 workers working in each



First diagnosed COVID-19 case in the project showed the efficiency of our actions



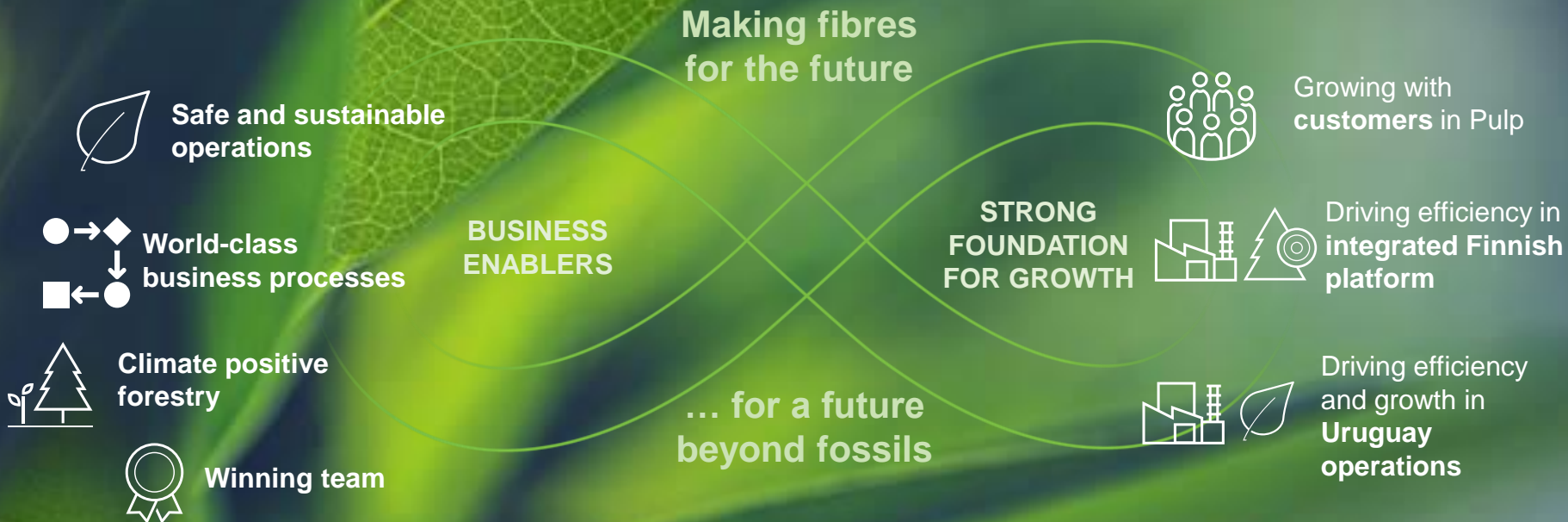
- First positive COVID-19 case was diagnosed in August
- **Contractor case:**
 - Contractor worker tested in Argentina: **negative test**
 - **Second test** in Uruguay positive
 - Immediate testing of the team who travelled together
 - Persons with potential contact: **all 43 people in immediate quarantine**
 - **All tested again** and **cleared healthy** before entering the site



Commercial strategy ensures future growth

UPM Biorefining Fibre business

Biorefining Fibre business strategy



UPM Biorefining Fibre business Pulp commercial strategy



+2 Mt



**SOLID VALUE
PROPOSITION**

SERVING FUTURE WINNERS

**STRONG VALUE
CREATION**

QUALITY TO TRUST

**SERVING MULTIPLE
END-USE SEGMENTS**

**GLOBAL APPROACH
WITH FOCUS ON
EUROPE & APAC**

**READINESS FOR 6 MT
SALES**

**LONG TERM
PROFITABILITY**

Focus on Commercial Excellence drives successful fibre business expansion



Summary



- **Pulp demand continues to grow**, the impacts of COVID-19 are short-term



- Implementation of our **growth project in Uruguay proceeds full speed** – extensive COVID-19 prevention protocols in place



- Strong local commitment, all prerequisites secured to ensure the **highly competitive cash-cost of USD 280/tonne** and efficient logistics



- **Commercial capability** ramp-up proceeding to ensure profitable sales of the additional 2 million tonnes during any cycle

UPM **BIOFORE**
BEYOND FOSSILS

