



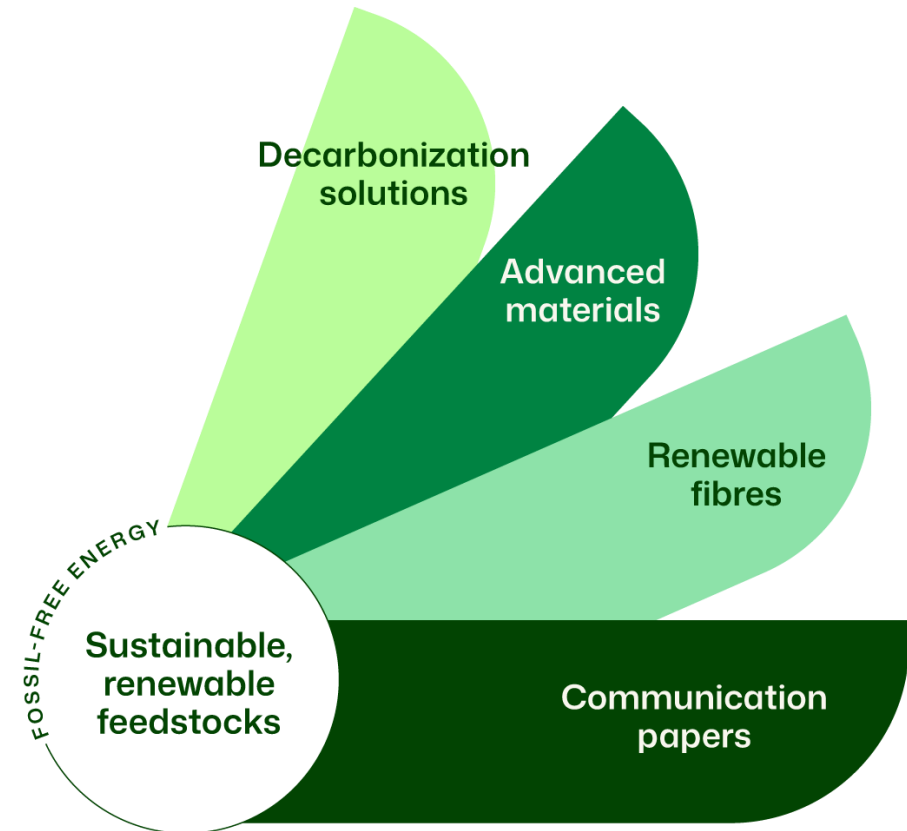
# UPM – we renew the everyday

Investor presentation

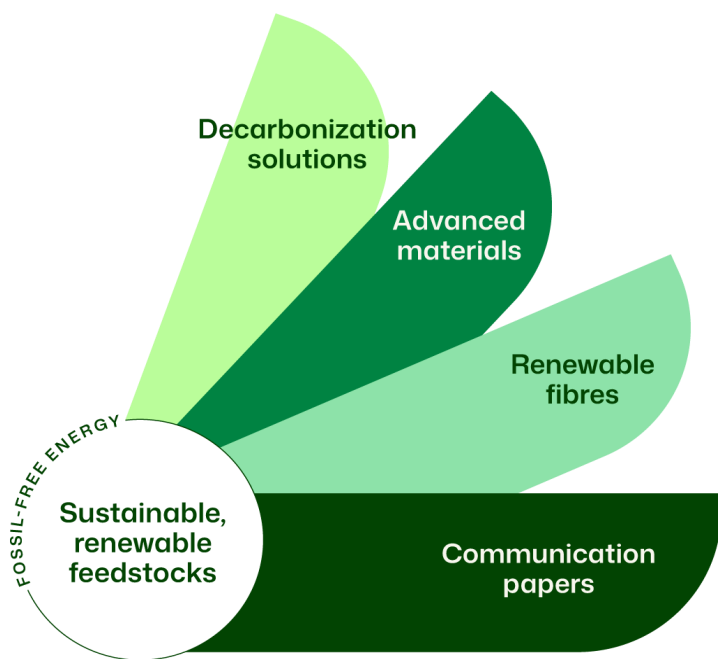
May 2025

# Our portfolio leverages competitive business platforms

- **Decarbonization solutions**  
biochemicals biofuels, CO<sub>2</sub>-free energy
- **Advanced materials**  
adhesive materials, specialty papers, plywood
- **Renewable fibres**  
pulp, other bioproducts
- **Communication papers**



# Attractive growth opportunities



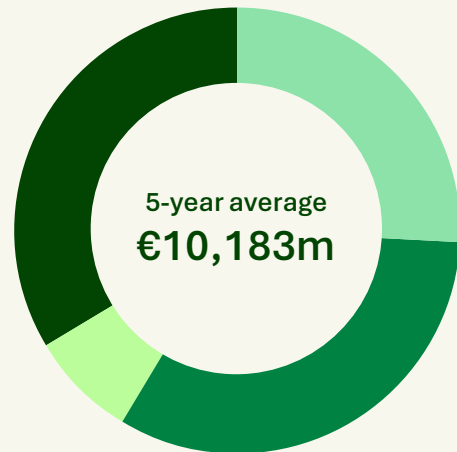
Market trend growth	5-year average comparable EBIT <sup>(*)</sup> by product group	5-year comparable EBIT %	Capital intensity
+++	276	32%	High
++	384	11%	Low
+	427	15%	High
-	291	8%	-

(\*) UPM average comparable EBIT 2020–2024 was €1,351m

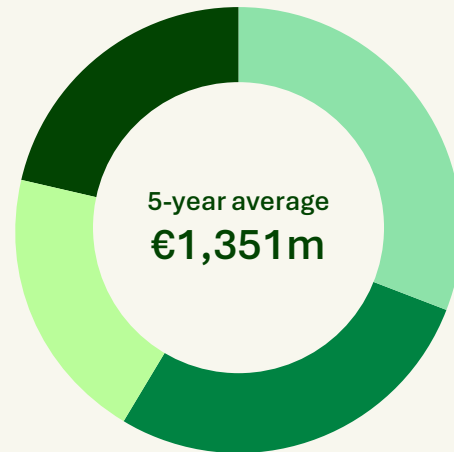
# Our balanced portfolio creates opportunities for further growth

## 5-year average

Sales

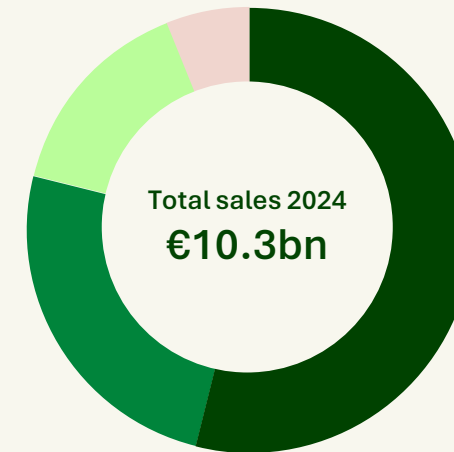


Comparable EBIT



## Total sales 2024

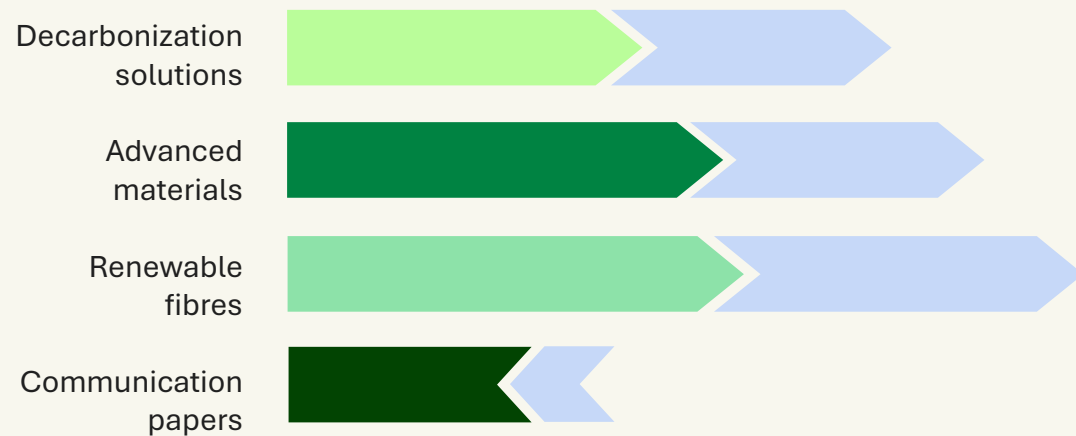
Sales by market



# We seek profitable growth through performance and capitalizing on our major investments



## UPM comparable EBIT\*

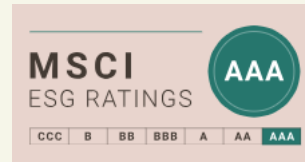


## UPM sales\*



\*) The graphs are illustrative, not a forecast

# Leading position in sustainability, leading global standards



# Our climate commitment



## WE ACT THROUGH FORESTS

Committed to climate-positive forestry and enhancing biodiversity



## WE ACT THROUGH EMISSION REDUCTIONS

-65% from own CO<sub>2</sub> emissions  
-30% from CO<sub>2</sub> emissions of supply chain



## WE ACT THROUGH PRODUCTS

Innovative products  
Scientifically verifying the climate impact of all our products

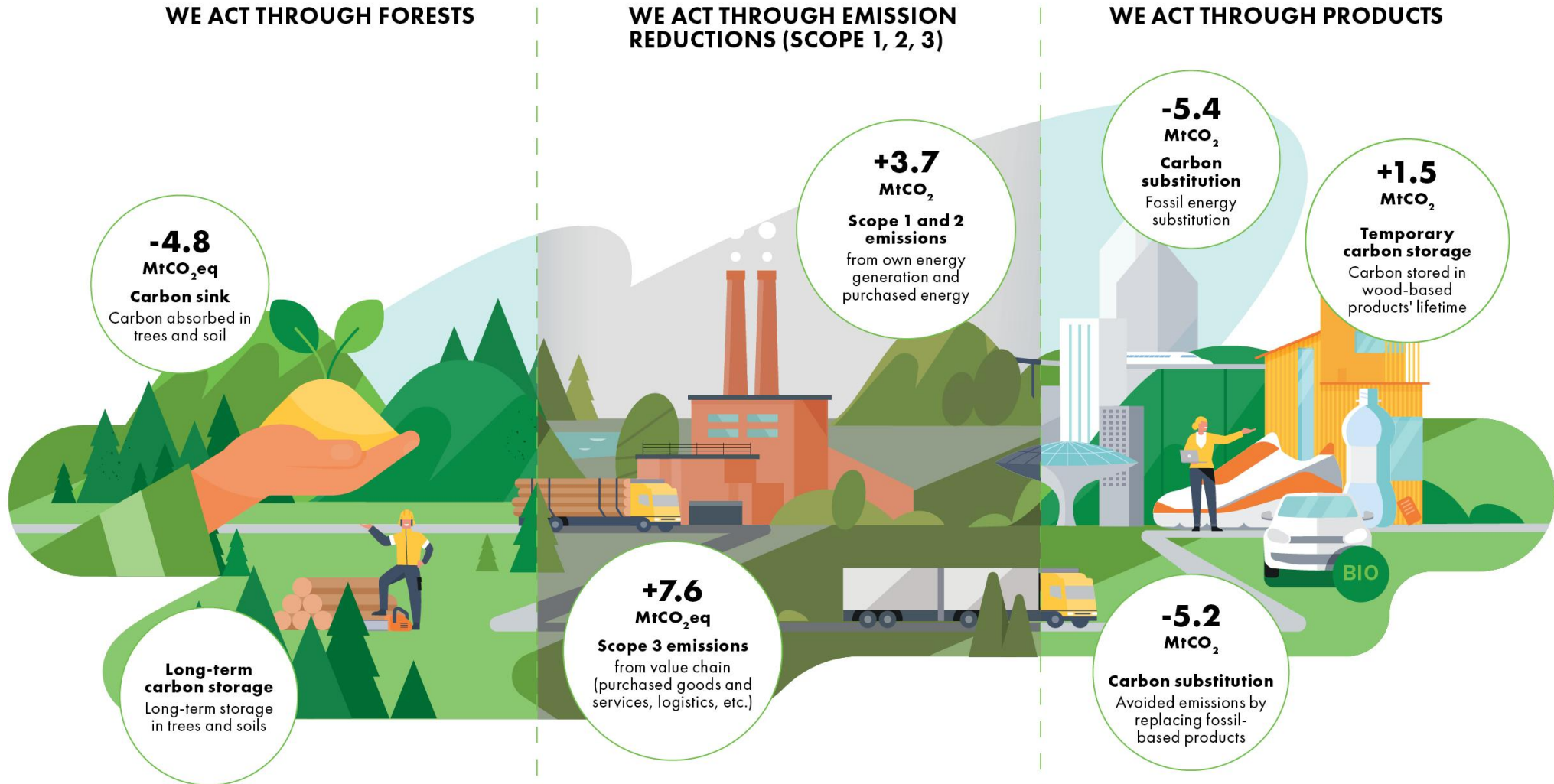


SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

THE Paris...  
CLIMATE 10 years  
PLEDGE Early

# Towards net-zero emissions (UPM 2023)



Research partners: LUKE, SYKE, IFEU



# UPM Forest Action

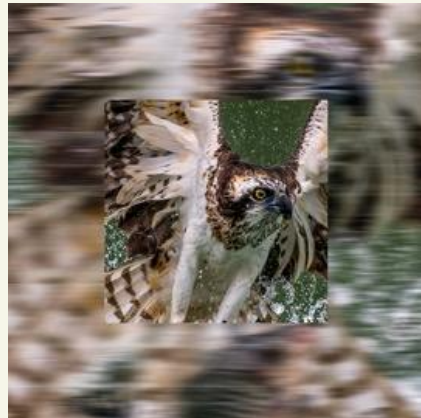


The UPM Forest Action program takes a holistic view, covering the five fundamentals of responsible forestry:

## CLIMATE



## BIODIVERSITY



## WATER



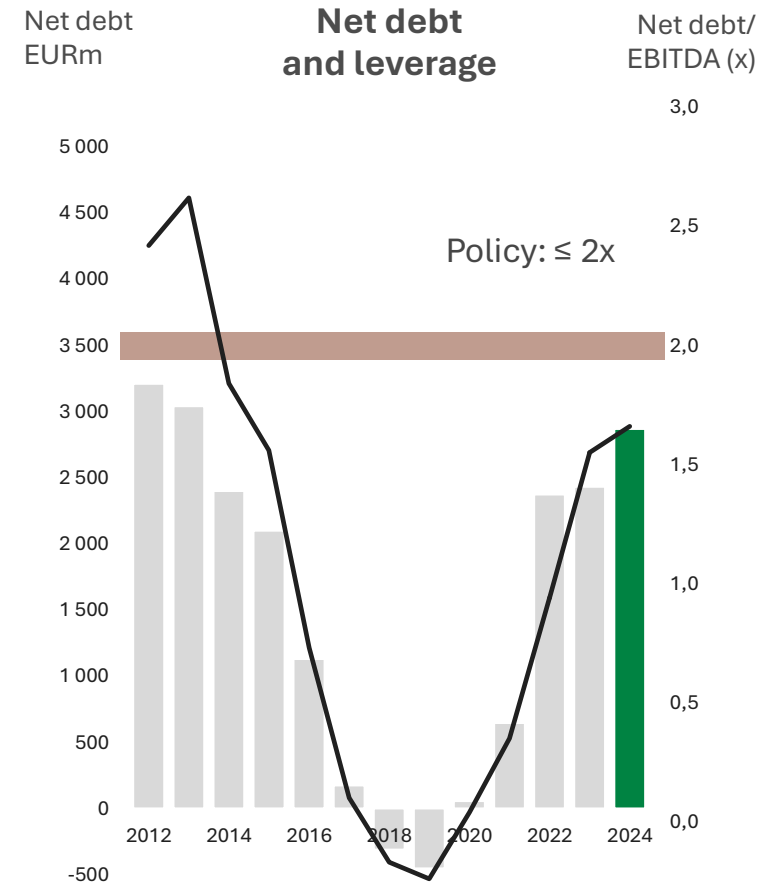
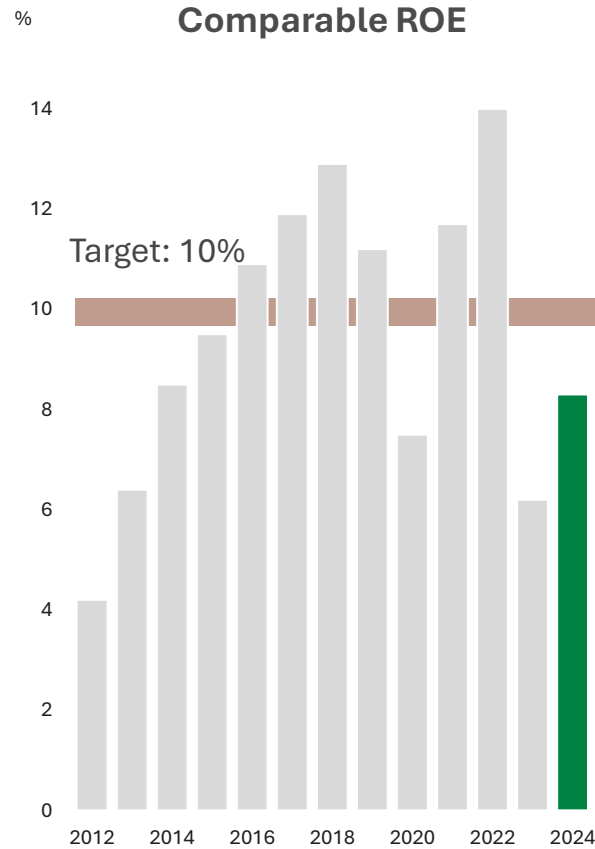
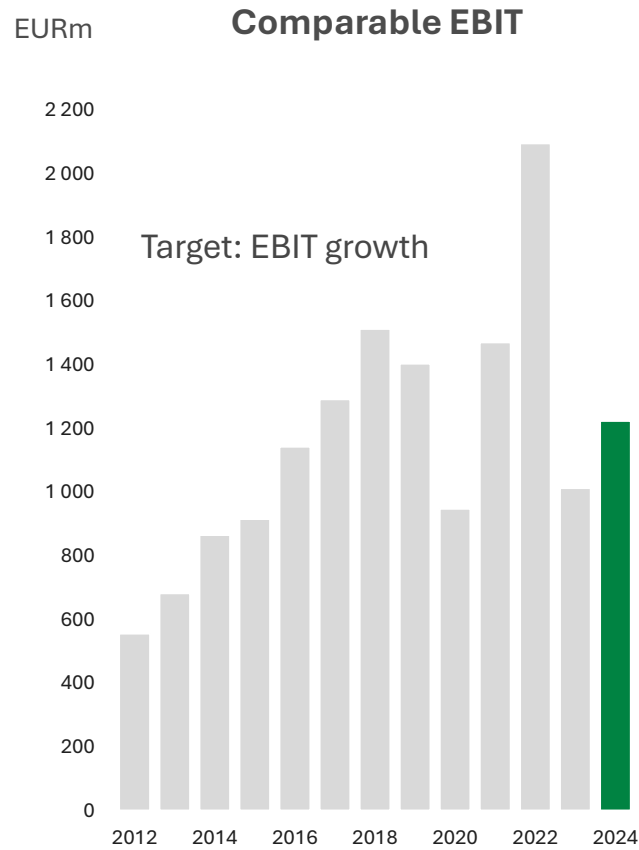
## SOIL



## SOCIAL CONTRIBUTION

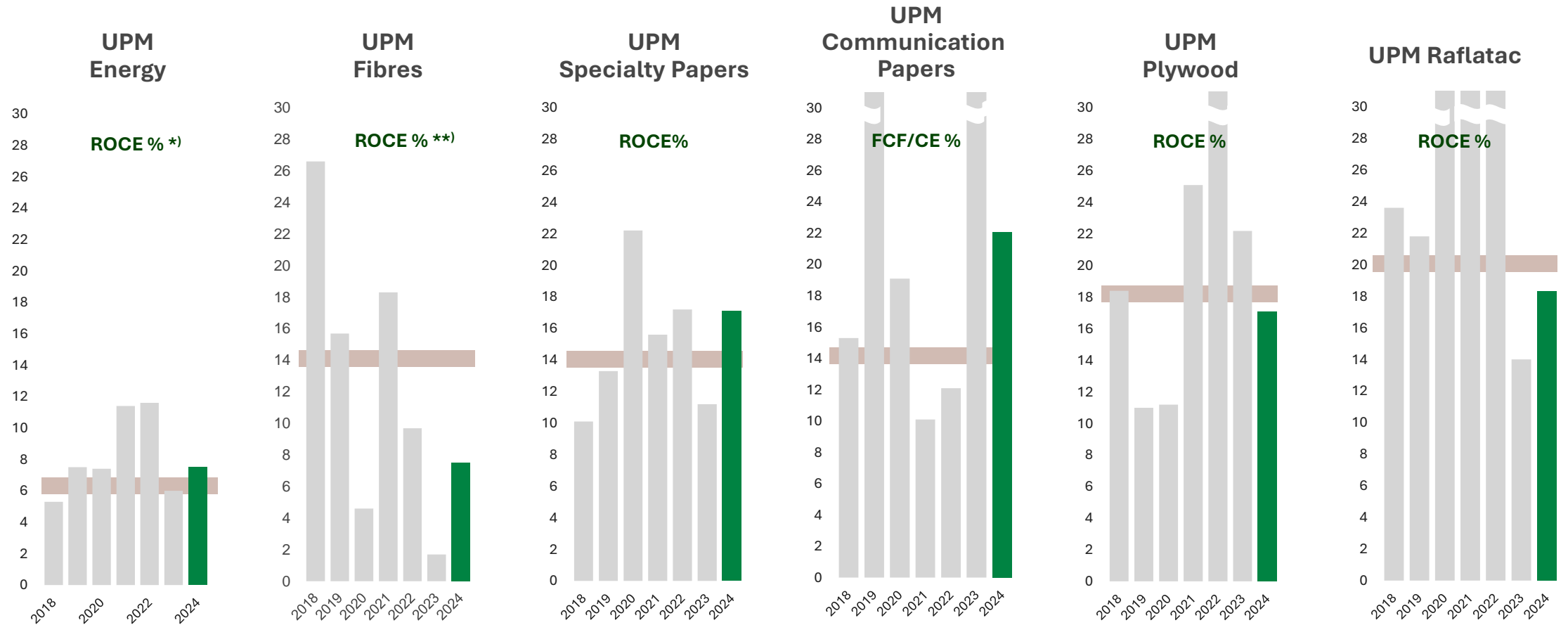


# Group financial performance and targets





# Business area long-term return targets

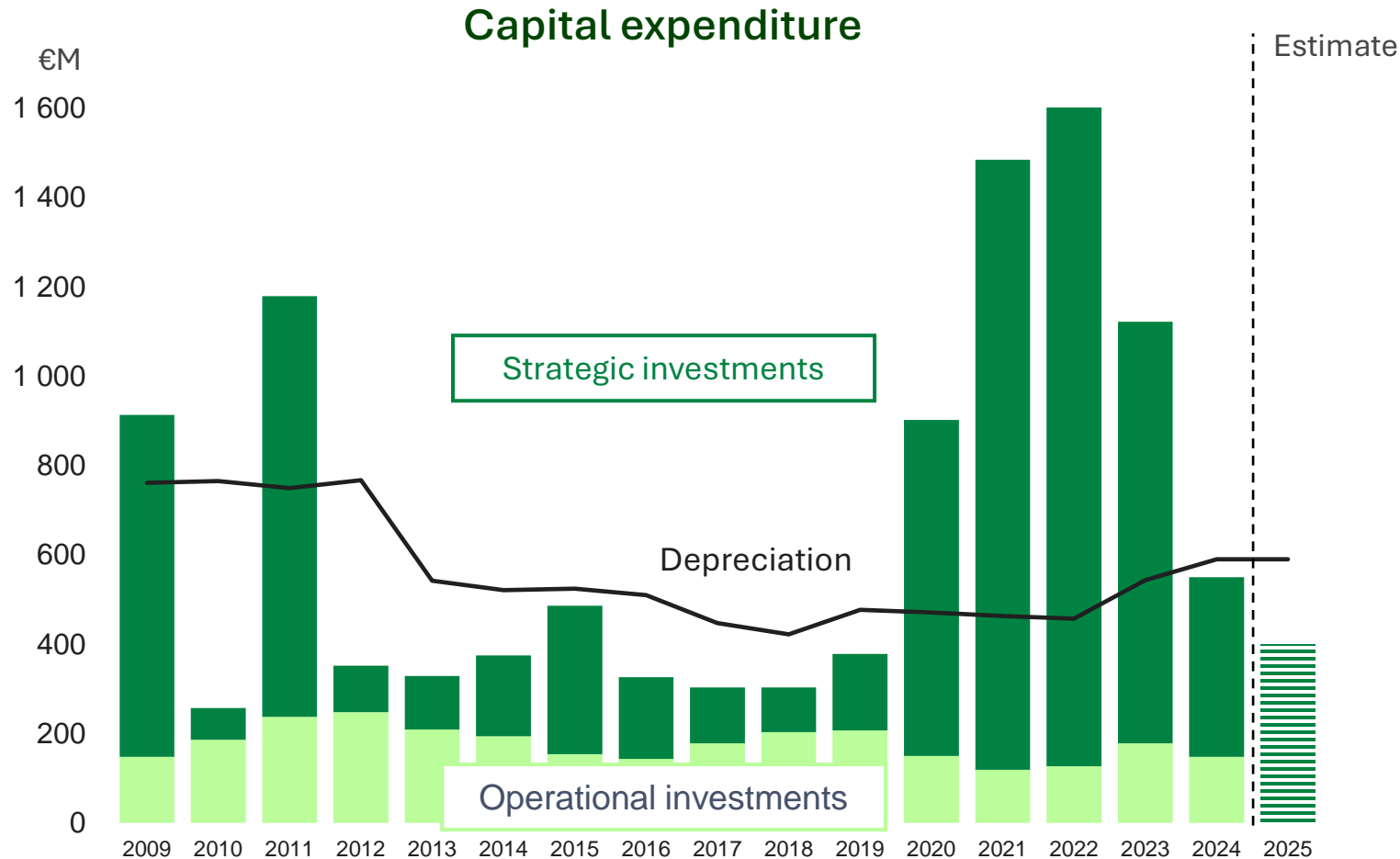


\*) shareholdings in UPM Energy valued at fair value

\*\*\*) Year 2021 restated, UPM Biofuels moved into Other Operations as of 1 January 2022.

Long-term return target

# Major investment cycle coming to an end



## Capex 2025 estimate

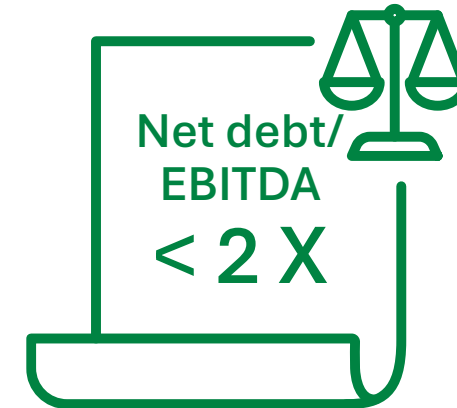
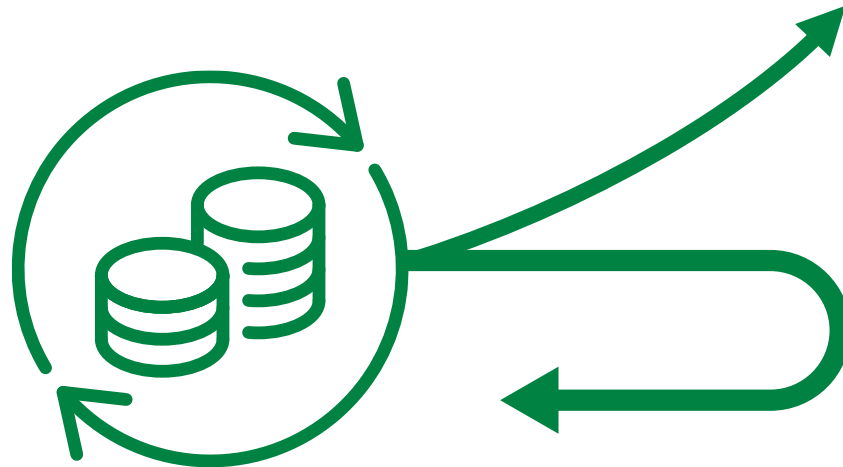
- Capex excluding acquisitions €400m
- Operational investment needs consistently low

# Our capital allocation direction 2024–2028\*

Performance focus  
Strong operating  
cash flow

Attractive shareholder  
distribution  
€ ~4–5 bn

Strong balance sheet



\* Not a forecast

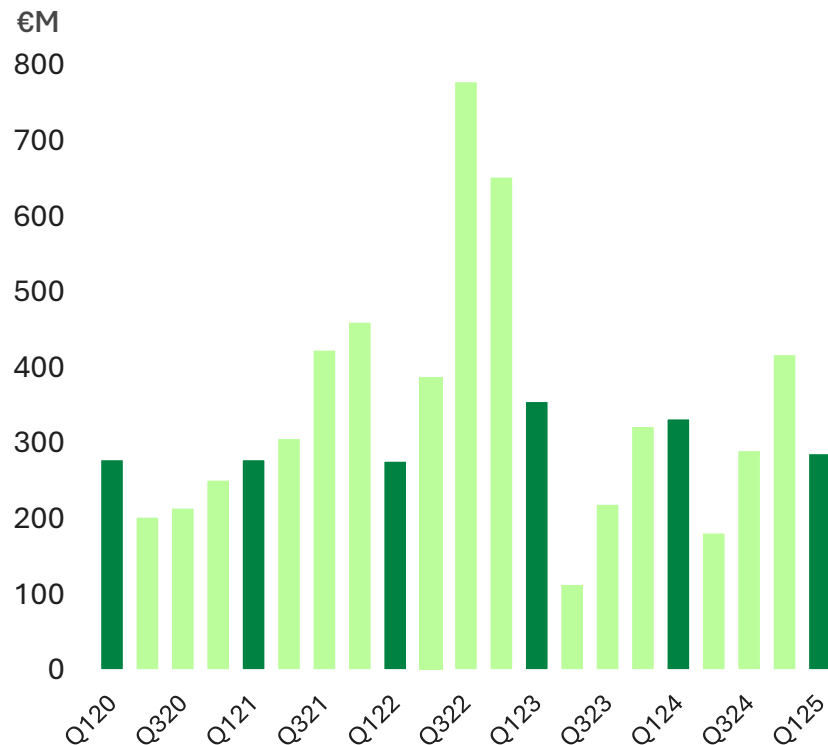
Value-enhancing investments  
€ ~3–4 bn

Maintain headroom

# Q1 2025: Good start to the year with actions to sharpen competitiveness



### Comparable EBIT



### Q1 2025 in brief

- Sales totaled €2,646 million (2,640 million in Q1 2024)
- Comparable EBIT decreased by 14% to €287 million, 10.8% of sales (333 million, 12.6%)
- Gradually improving markets in pulp and advanced materials
- Actions to sharpen competitiveness started to bear fruit
- UPM acquired Metamark, a UK-based company, to accelerate UPM Raflatac's growth
- UPM Communication Papers plans to reduce paper capacity in Germany and streamline its structure
- UPM repurchased 6 million shares for a total of approximately €160 million by April 8

# Improved markets for advanced materials and pulp in Q1 2025

Active consumers,  
decreasing confidence

Moderate demand  
growth for advanced  
materials

Cautious consumers

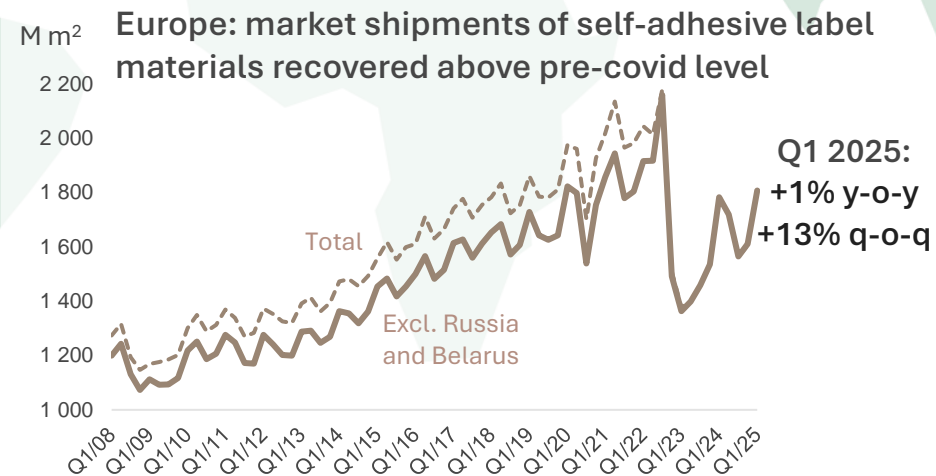
Demand recovery  
continued for advanced  
materials

Challenging markets for  
decarbonization  
solutions

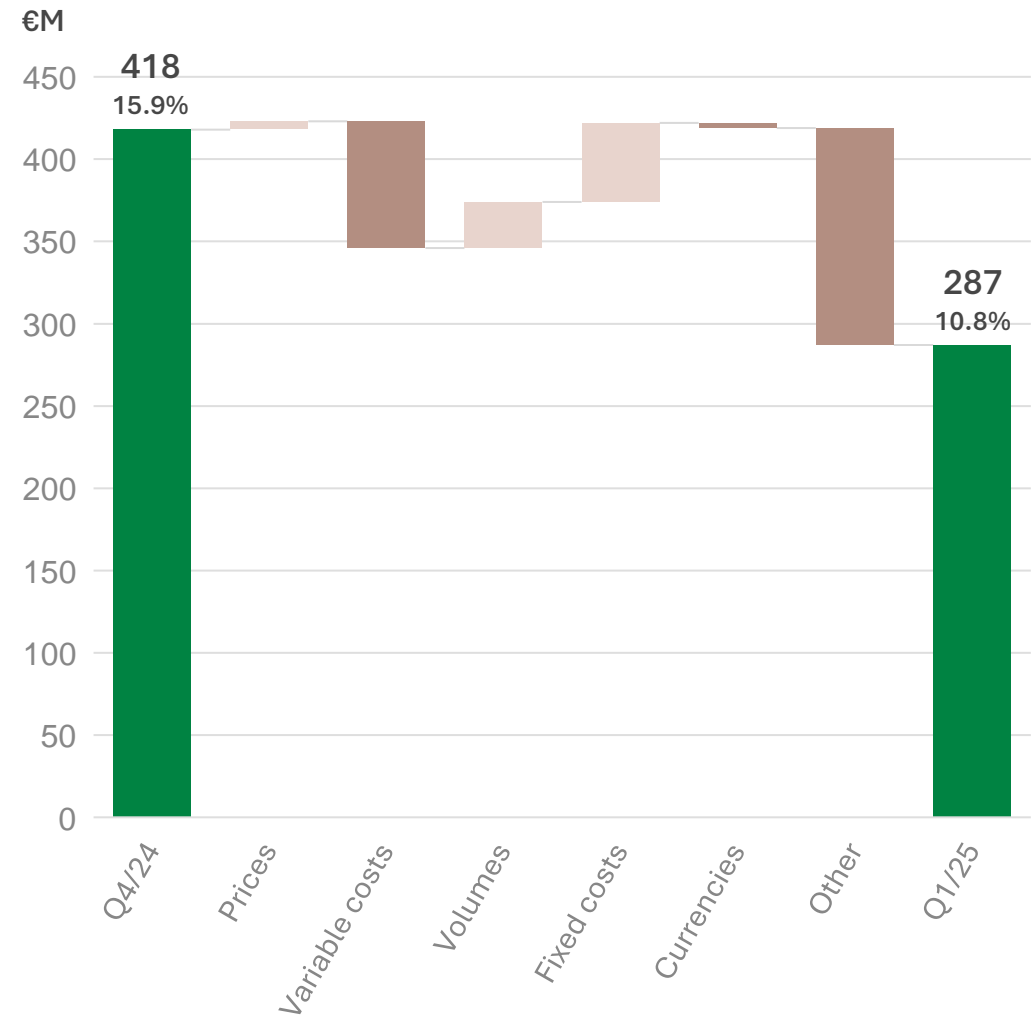
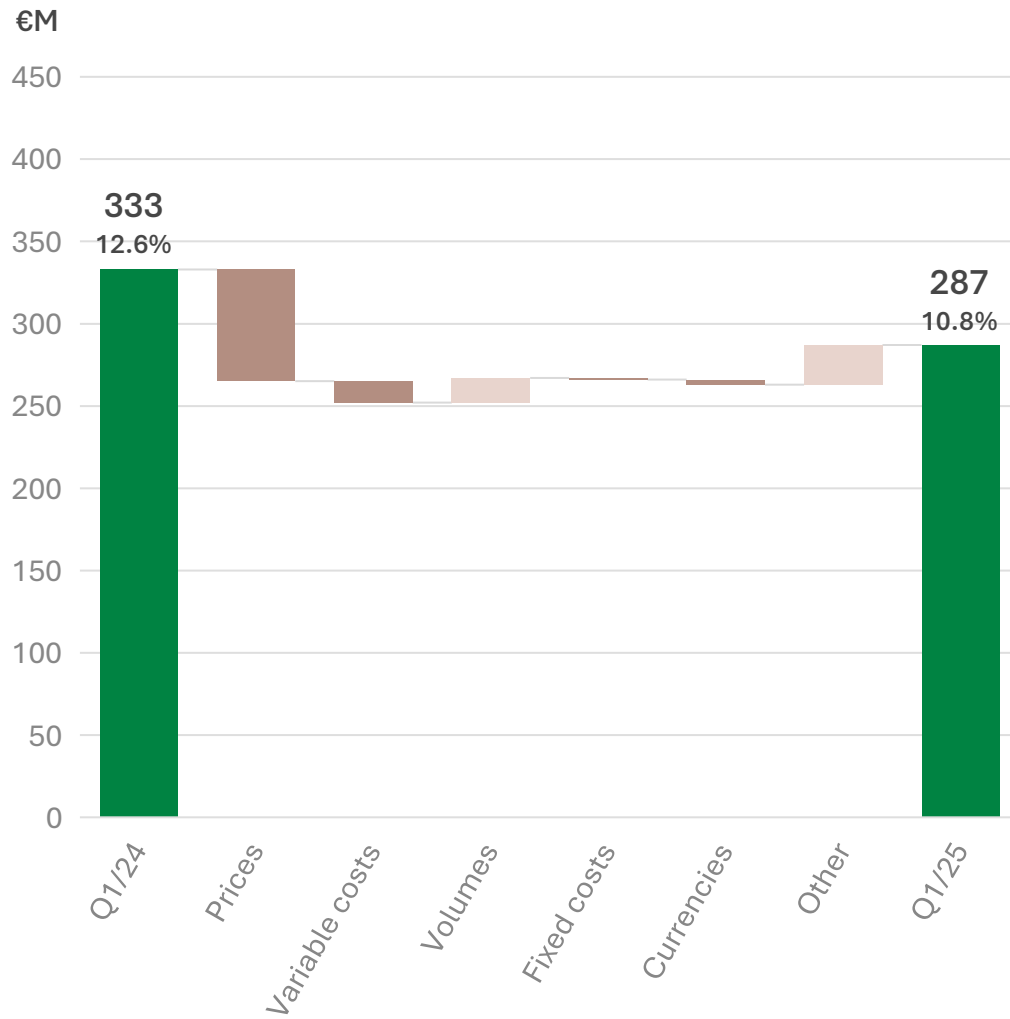
Cautious consumers

Somewhat improving  
pulp market

Solid demand for  
advanced materials

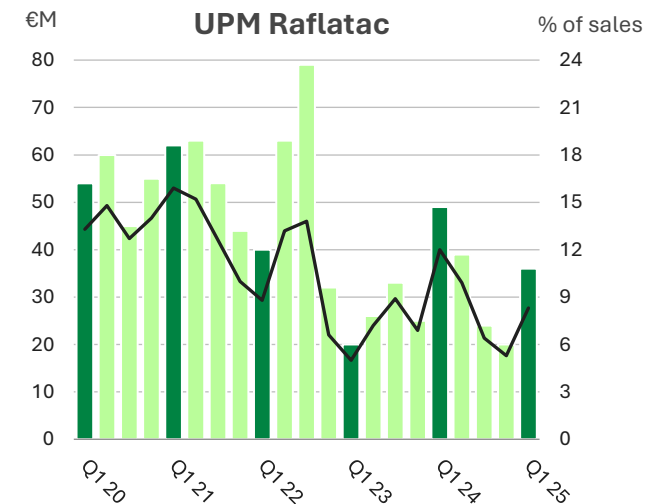
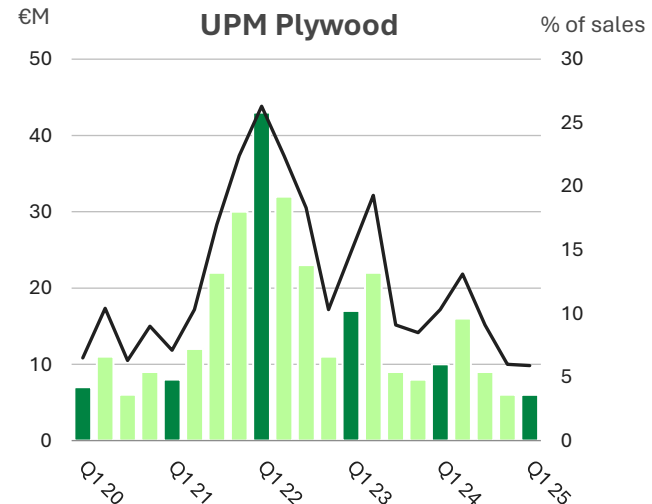
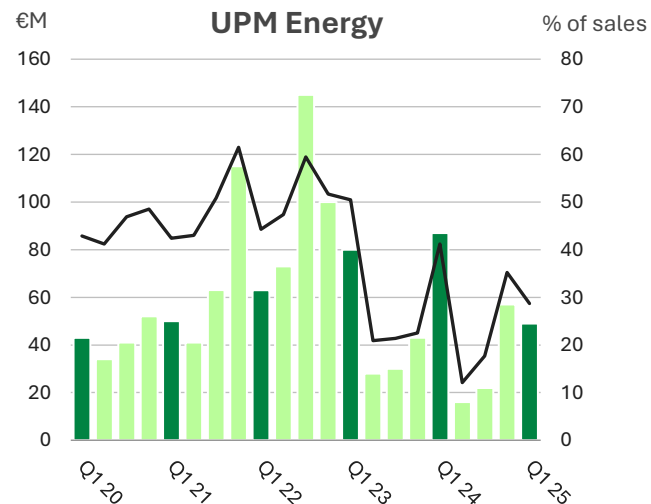
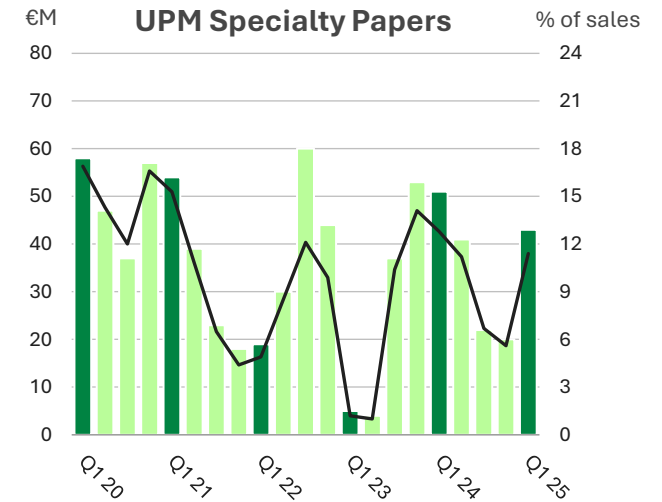
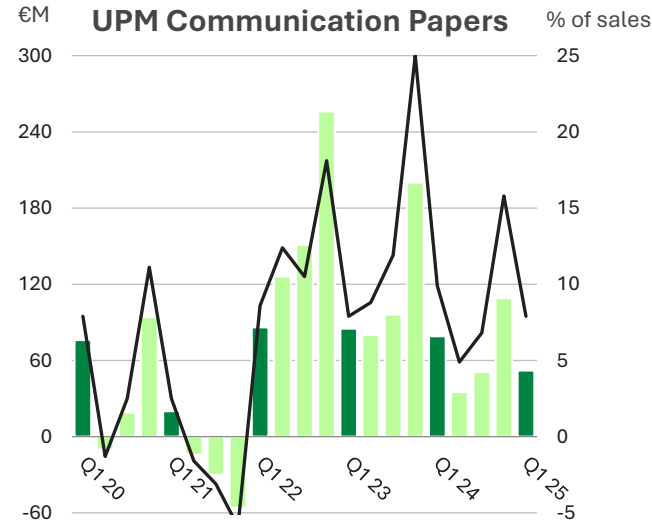
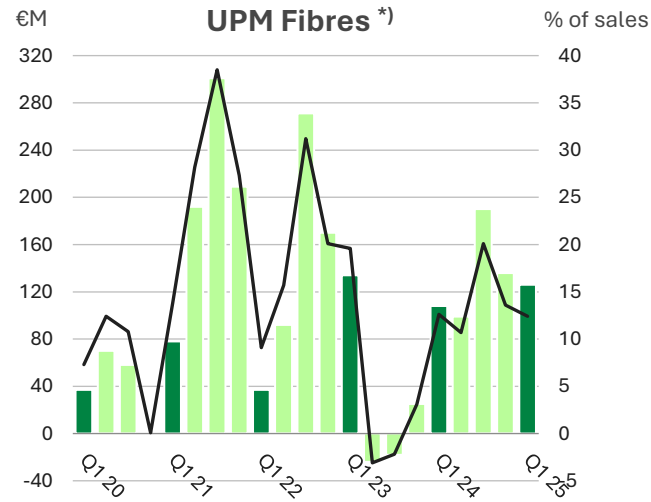


# Comparable EBIT in Q1 2025





# Comparable EBIT by business area

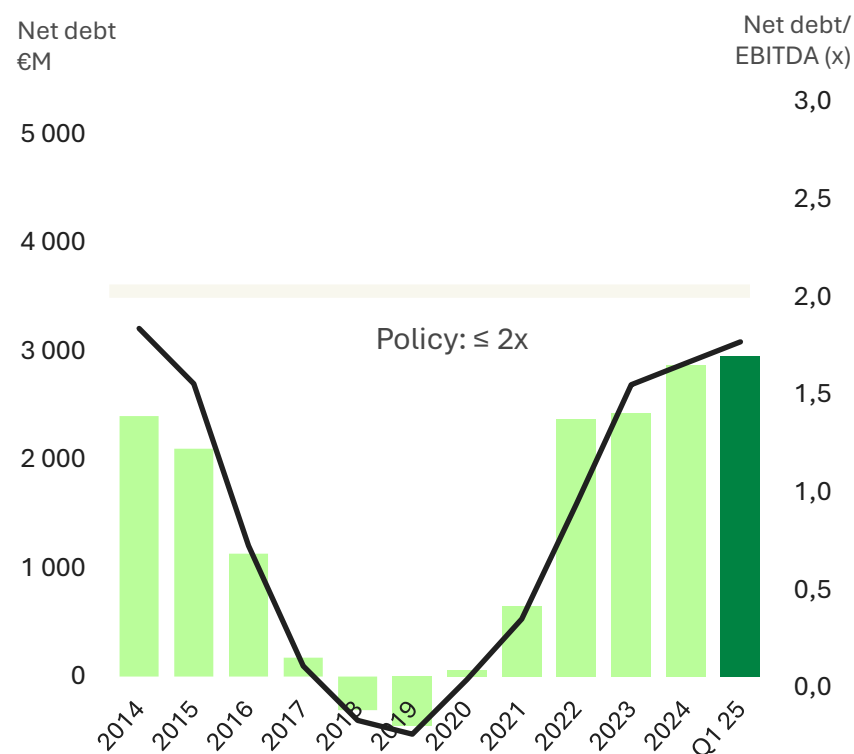


\*) Year 2021 restated, UPM Biofuels moved to Other Operations as of 1 January 2022

# Solid financial position



## Net debt and leverage



- Net debt €2,954m at the end of Q1 2025
- Net debt / EBITDA 1.77
- Cash funds and committed credit facilities €3.0bn at the end of Q1 2025
- No financial covenants
- UPM repurchased own shares for a total of €116 million in Q1 2025
- The first dividend instalment for year 2024 (€397m) was paid on April 8, 2025, the second will be paid in November



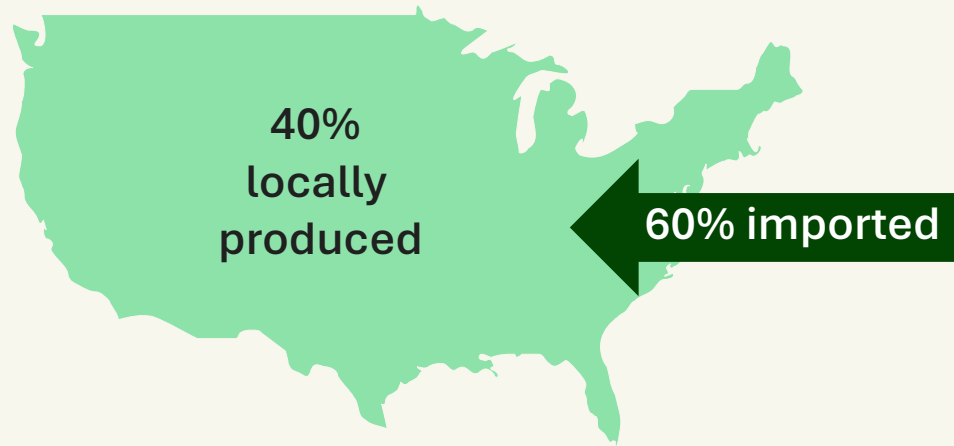
## Outlook (\*)

- **Profit guidance:** UPM's comparable EBIT in H1 2025 is expected to be approximately in the range of €400-625 million (€515 million in H1 2024).
- **Outlook:** UPM's performance in H1 2025 is expected to benefit from higher delivery volumes and lower fixed costs, but be held back by lower sales margins, compared with H1 2024. The year 2025 has started with lower pulp and electricity prices than 2024.
- There are significant uncertainties in geopolitics and global trade relations, which may impact the development of UPM's product deliveries, sales prices, various input cost factors and currency exchange rates.

(\* see UPM interim report Q1 2025  
for the full Guidance and Outlook

## UPM and tariffs

14% of UPM sales in 2024  
was to the US



- UPM produces self-adhesive label materials and communication papers in the U.S.
- UPM imports communication papers, specialty papers and some eucalyptus pulp to the U.S.
- Indirectly, tariffs may impact demand and trade flows, cause hesitation among customers, disrupt supply chains and weaken consumer confidence
- Currency fluctuations are possible

Direct impact of tariffs expected to be  
relatively limited

## Foreign exchange exposure

Estimated 12-month net currency cash flow at the end of Q1 2025, before hedging, € million

USD	1,190
UYU	-290
GBP	230
CNY	190
JPY	110
Others	170
<b>Total</b>	<b>1,600</b>

- At the end of Q1 2025, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1.6 billion
- In addition, the earnings of UPM's foreign subsidiaries are translated to euros in reporting. UPM has significant foreign subsidiaries in Uruguay, the US and China
- Currency fluctuations could impact UPM's cash flow, earnings, or balance sheet, and may also affect the relative competitiveness between different currency regions

UPM hedges an average of 50% of the estimated net currency cash flow on a rolling basis for the next 12 months

# Maintenance shutdowns in 2024 and 2025

Timing	Unit
Q1-Q2 24	Olkiluoto nuclear power plant OL3
Q2 24	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Fray Bentos pulp mill UPM Pietarsaari pulp mill
Q1-Q2 25	Olkiluoto nuclear power plant OL3
Q2 25	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Kymi pulp mill
Q3 25	UPM Kaukas pulp mill
Q4 25	UPM Fray Bentos pulp mill

**Maintenance shutdowns have an impact on**

- Maintenance costs
- Production volumes
- Operational efficiency

# We act on three fronts



1

**Improve  
competitiveness**

2

**Accelerate  
growth**

3

**World-class  
businesses**



# Active forest strategy – UPM’s forest assets are increasingly productive and valuable



\*) leased land included from 2019

## Uruguay plantations

“Fast turnover, low inventory”

- Value €1.8bn
- Continuous productivity improvement (pulp tonnes/ha)
- Investing in strategic forest assets

## Finland and other northern forests

“Slow turnover, high inventory”

- Value €1.8bn (+42% since 2008, EUR/ha +140%)
- Decreased area (-41% since 2008), focusing on forests close to mills
- Improved growth (m<sup>3</sup>/ha)
- Trend price (EUR/m<sup>3</sup>)





100 pack

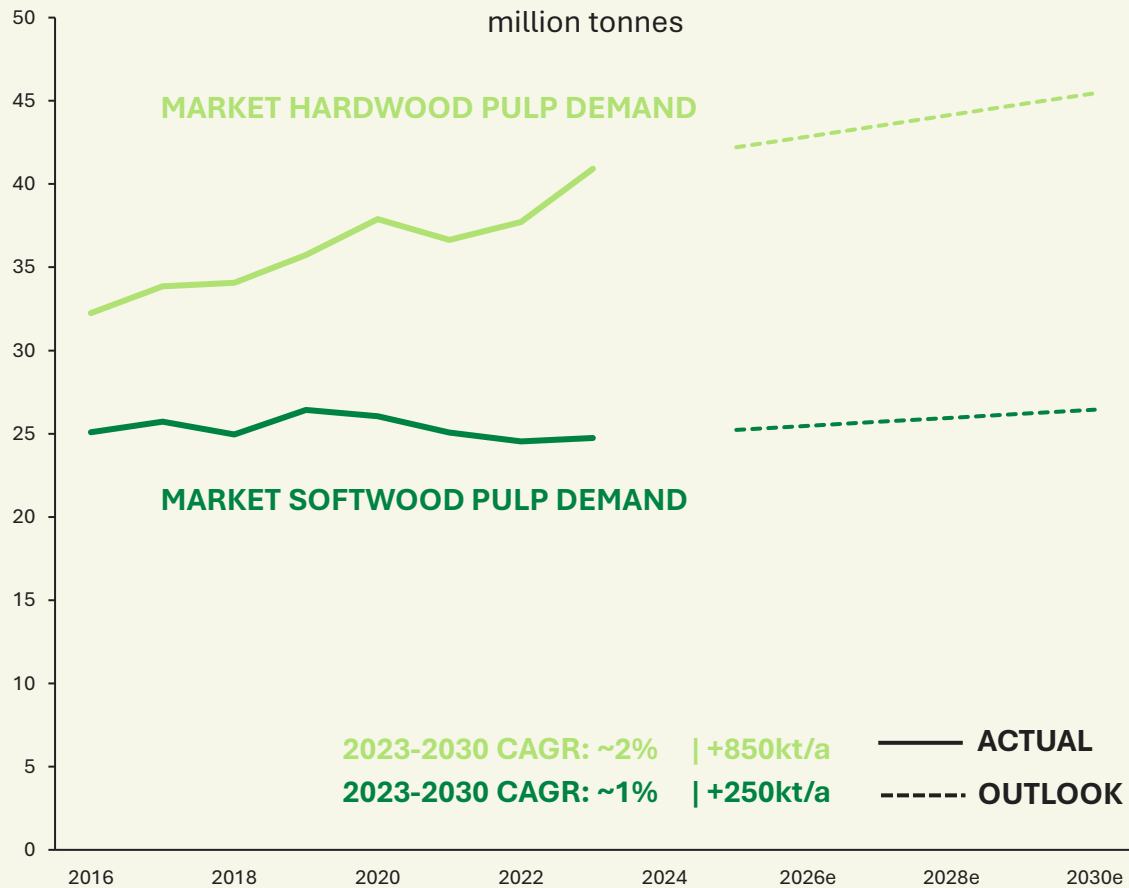
# Renewable fibres for growing everyday needs



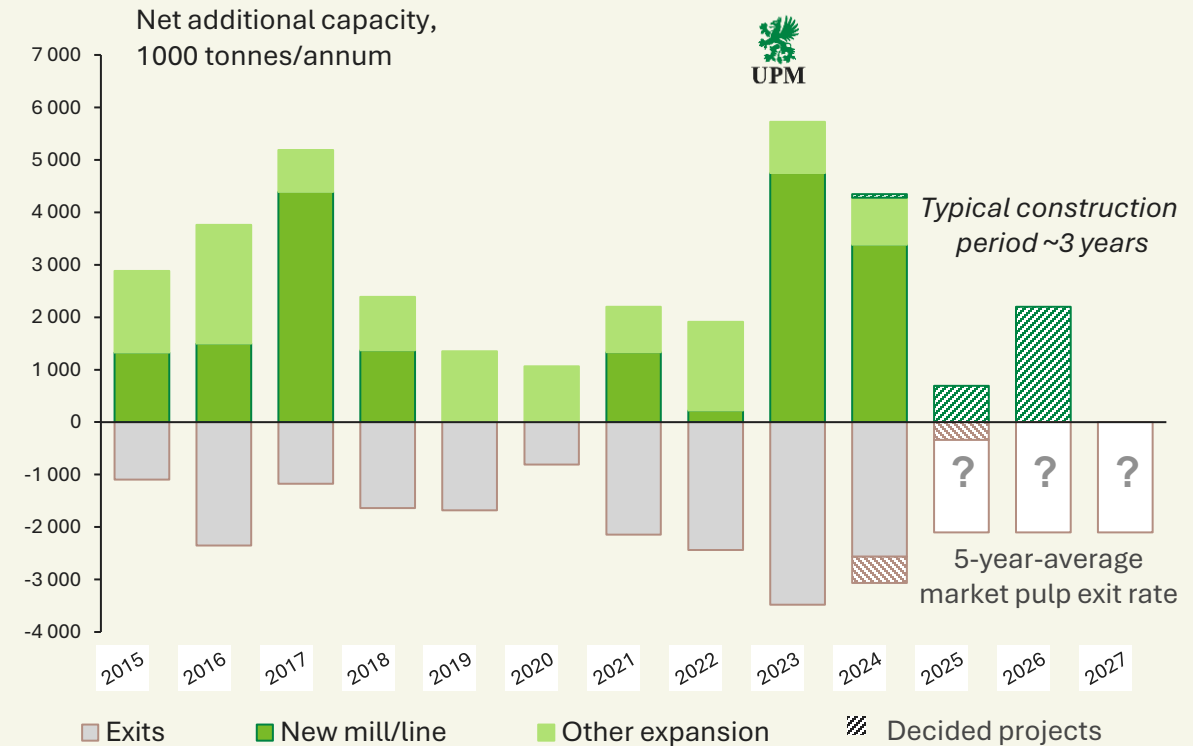
# Robust demand growth outlook for market pulp, limited net capacity addition in the coming years



Market pulp demand trend



Entry of market bleached pulp capacity



# Competitive and sustainable fibre supplier for growing global everyday needs



- **Competitive** and **sustainable** operations in hardwood and softwood pulp
- Global presence with **strong market position: #1 multi-fibre** and **#3 market pulp** supplier
- Confidence on **strong returns** over the business and market cycles due to high **Uruguay platform competitiveness**
- Target **ROCE > 14%**
- **Biostreams** generated as part of pulp production can provide raw materials for **new UPM businesses**



- **5 modern pulp mills** with annual production capacity of **5.8 million tonnes** of hardwood and softwood pulp
- Over **500 000 hectares of plantations** in Uruguay under UPM management
- Over **520 000 hectares of forests** owned by UPM in Finland

# Uruguay: world-leading competitiveness



## Highly productive plantations

- Continuous development in plantation productivity
- Optimising inbound logistics



## Best available technologies

- Efficiencies of scale
- Competitive mill concept
- Biostreams development potential



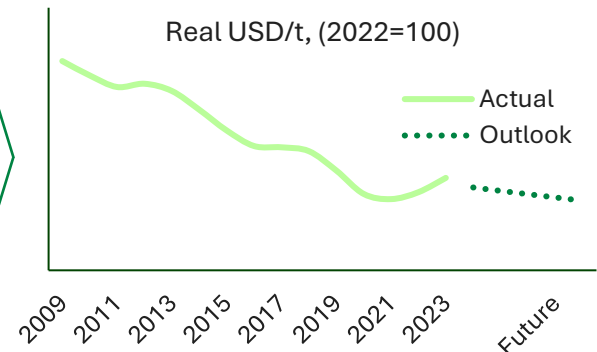
## Efficient logistics

- World-class outbound logistics
- Direct rail connection
- Own port terminal



## Competitiveness

UPM BEKP cash cost development

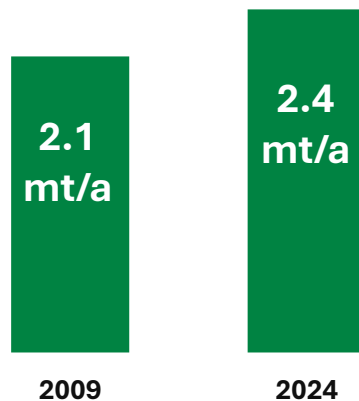


Average annual cost reduction  
2009-2023 nearly **-6%**

# Finland: focus on profitability and value maximization



## Well-maintained pulp capacity in Finland



## Tight wood market

- Nordic forest-based industry is facing tight wood supply and elevated wood costs
- Absence of Russian wood imports and peers' investments created a structurally tight wood market



## Focus on competitiveness

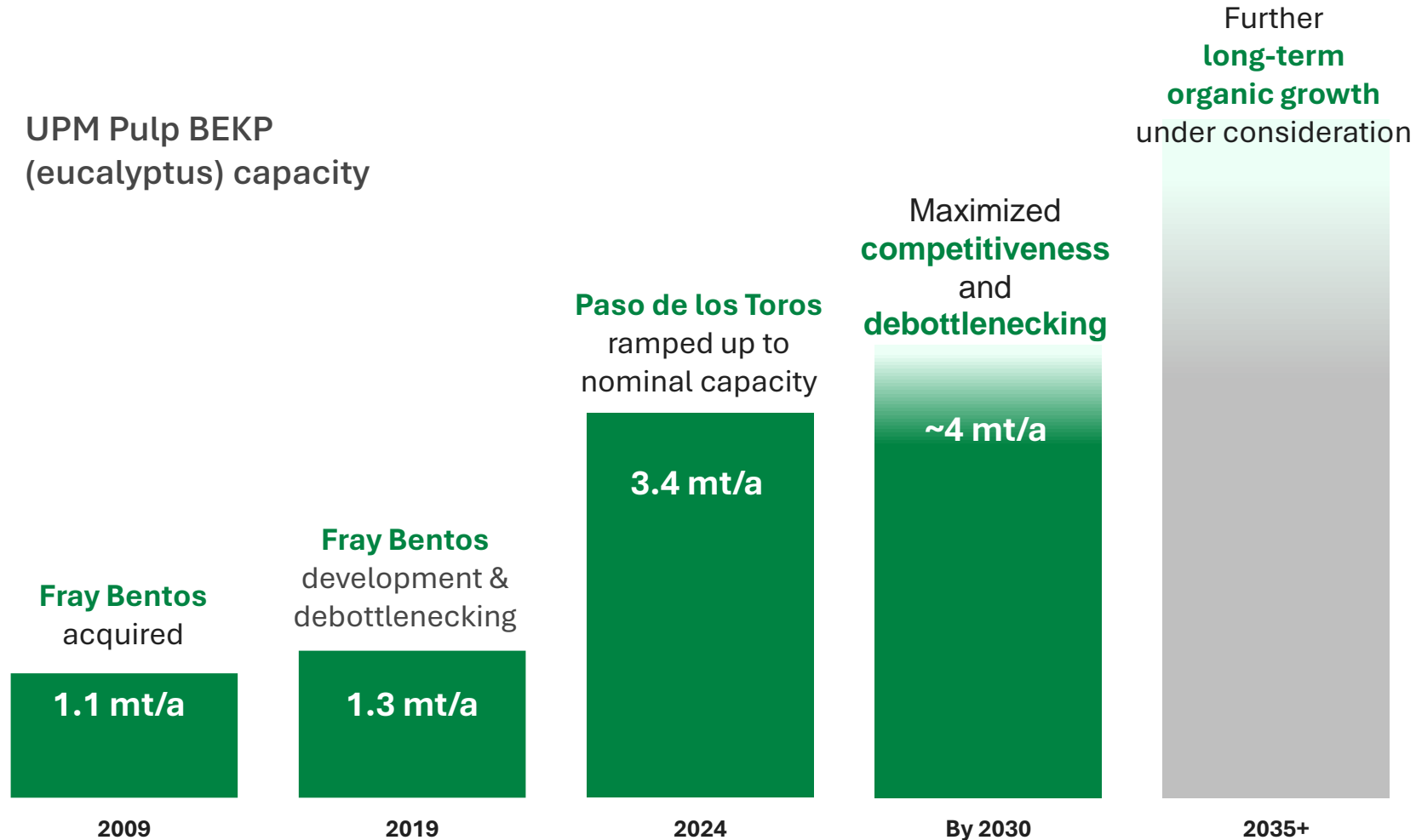
- Competitive business platform and margin management are key
- UPM has a strong track record in business turnaround



# UPM Fibres

## Growth ambition in hardwood pulp

UPM Pulp BEKP  
(eucalyptus) capacity

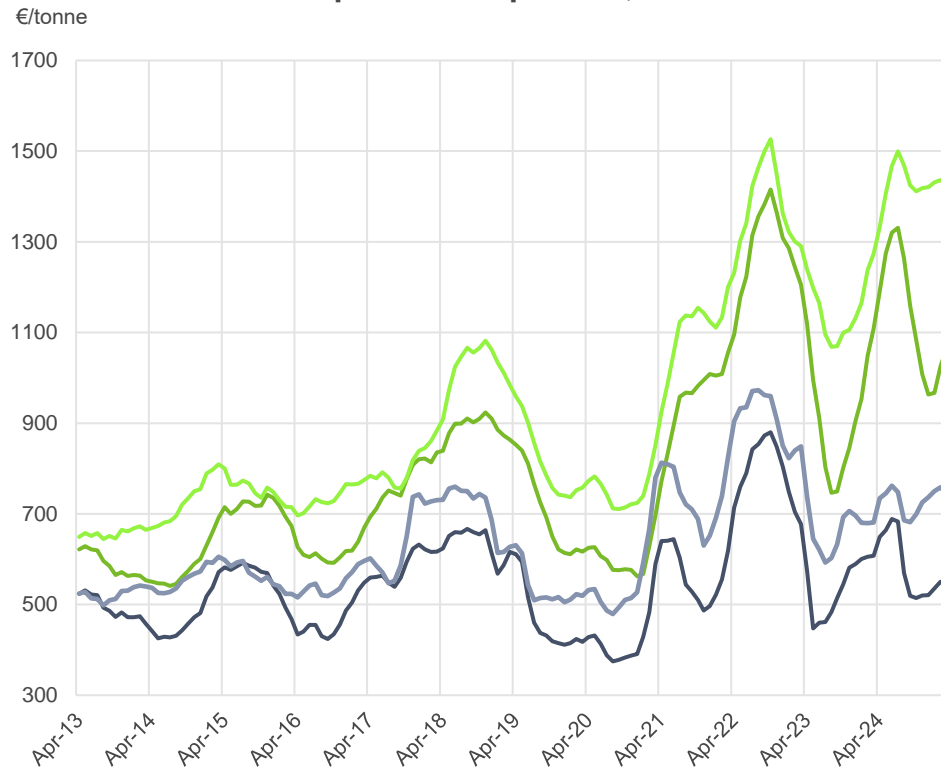


Source: UPM



# UPM Fibres: Chemical pulp market prices

Pulp market prices, euros



— BHKP, Europe, EUR      — NBSK, Europe, EUR  
— BHKP, China, EUR      — NBSK, China, EUR

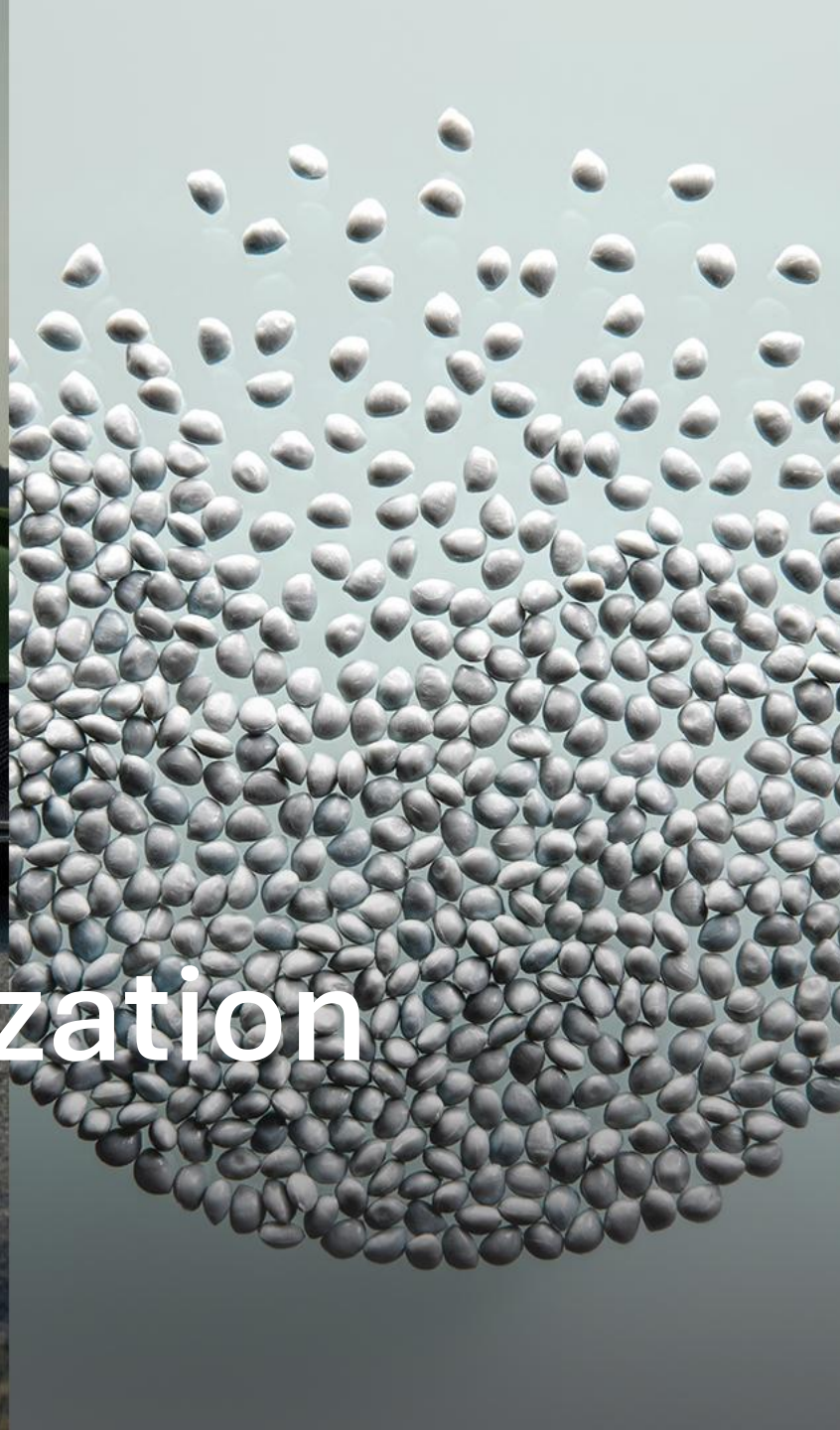
Pulp market prices, U.S. dollars



— BHKP, Europe      — NBSK, Europe  
— BHKP, China      — NBSK, China

Source: FOEX Indexes Ltd





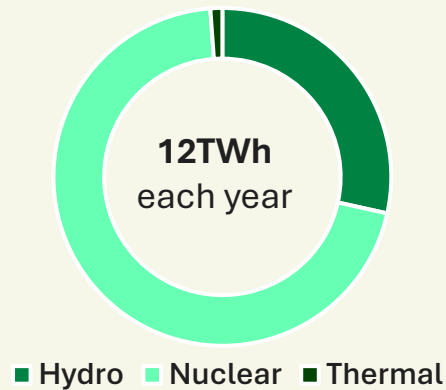
# Decarbonization solutions



# UPM's electricity generation portfolio is clean and efficient to match the future needs



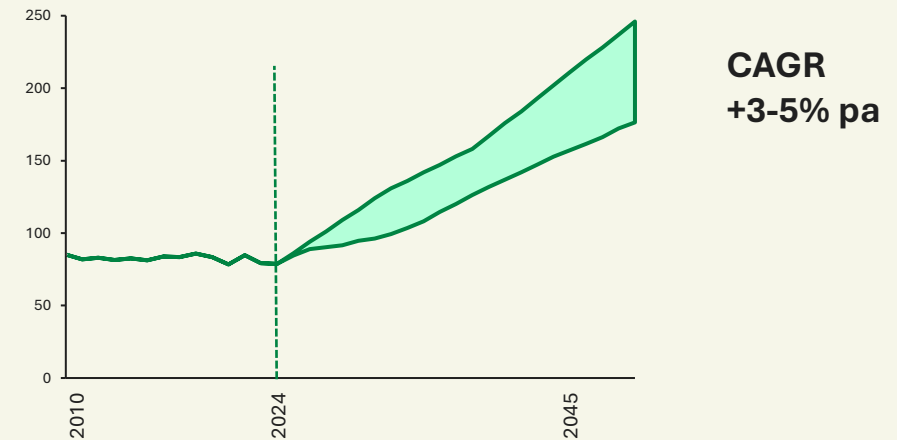
UPM Energy electricity generation is 99% CO<sub>2</sub>-free



## UPM Energy

- **Flexible hydro** power crucial to balance the volatile energy system
- **Reliable nuclear** power to support the electrification of the society

Electricity demand is expected to grow significantly



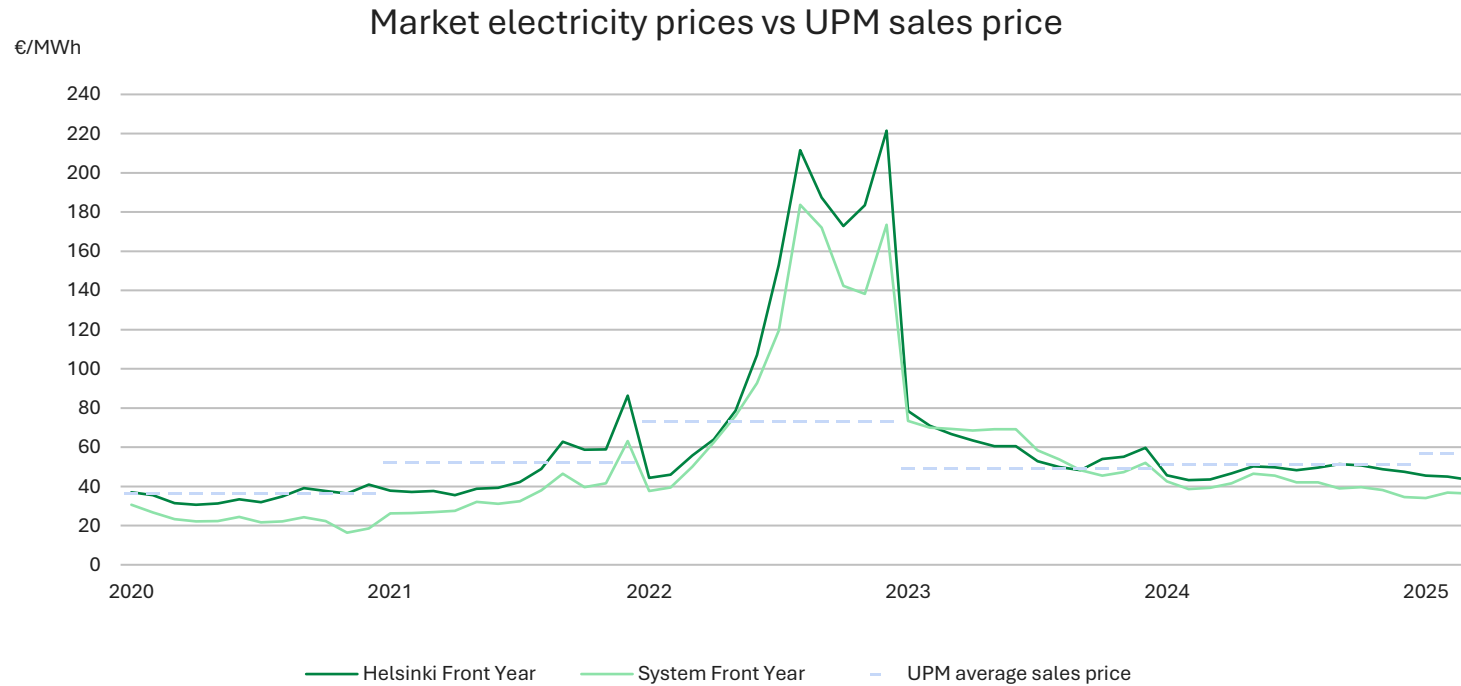
## Electricity demand growth requires reliable CO<sub>2</sub>-free baseload

- **Near term:** electric heating (large scale electric boilers and heat pumps), data centers and traffic
- **Longer term:** industrial decarbonization and electrification

(\*) Statistics Finland, Fingrid predictions and UPM analysis

# UPM Energy

## UPM Energy: Electricity market prices

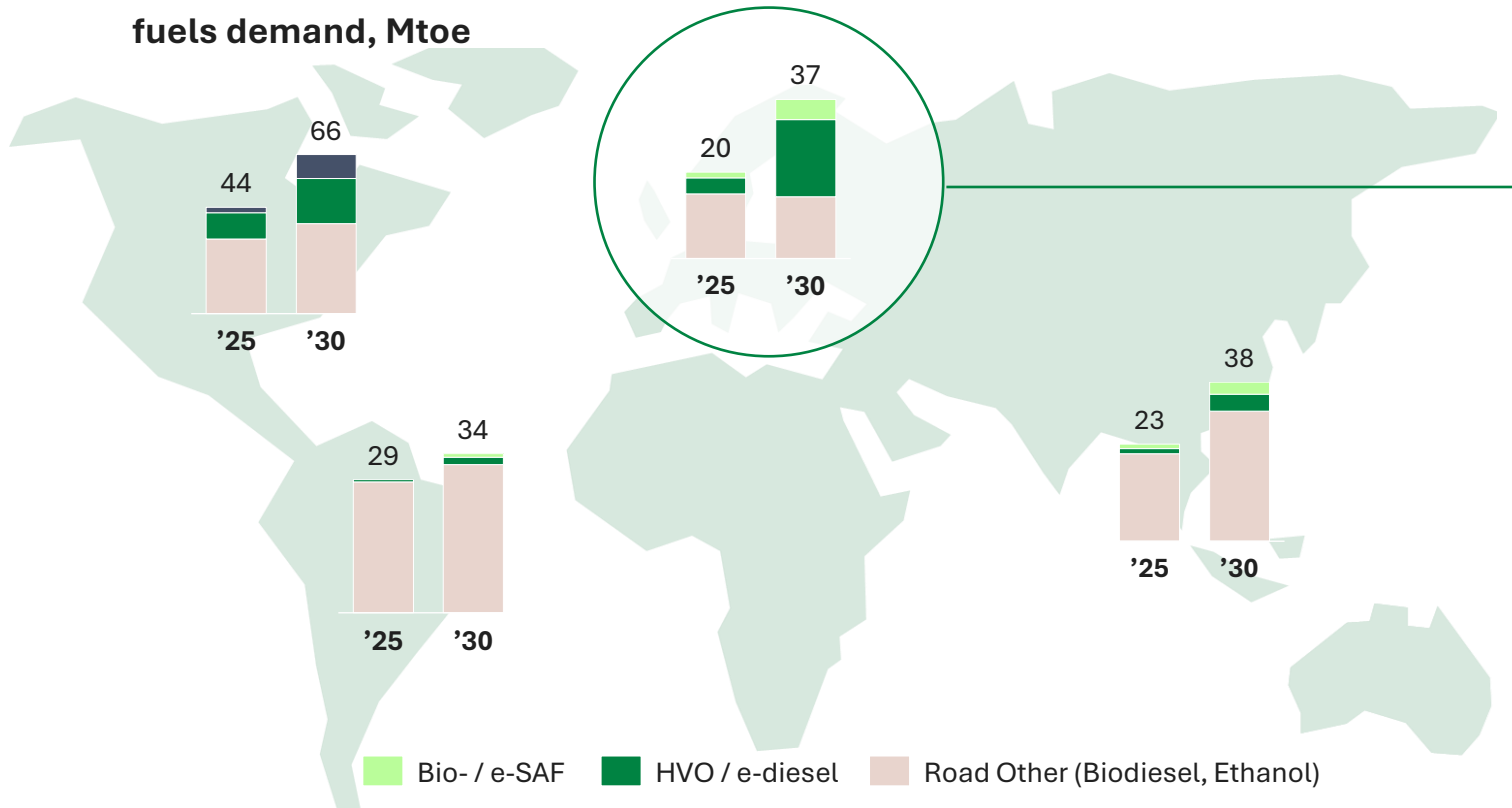


UPM Energy profitability	2020	2021	2022	2023	2024	Q1 2025
Comparable EBIT, EURm	171	270	381	182	181	49
% of sales	45.0	51.3	52.0	29.0	28.9	28.7

# Global renewable fuels demand outgrows planned capacity as of 2030

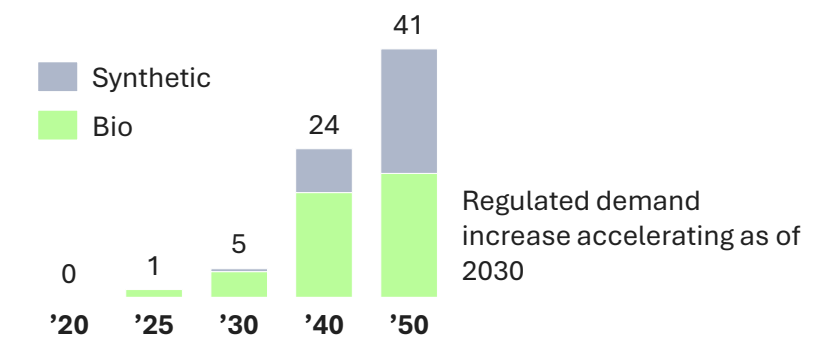


## Global sustainable fuels demand, Mtoe

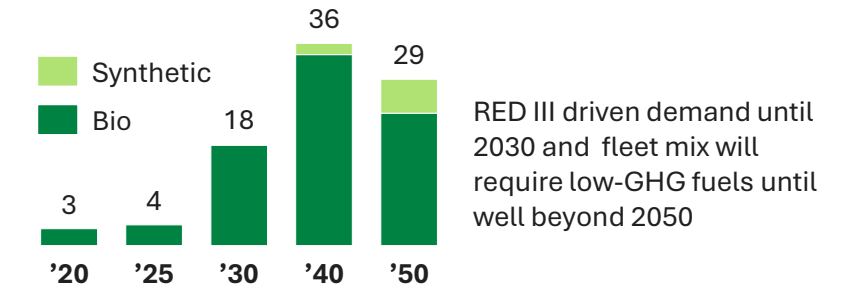


1) Including Norway and UK; Road demand 2030 estimate including upside from RED III implementation – current regulations ~12 Mtoe demand

## EU SAF<sup>1</sup>, Mtoe



## EU Road Renewable Fuels<sup>1</sup>, Mtoe



Source: UPM Analysis based on Bloomberg NEF, Goldman Sachs Research, IEA, McKinsey, Neste, Wood Mackenzie

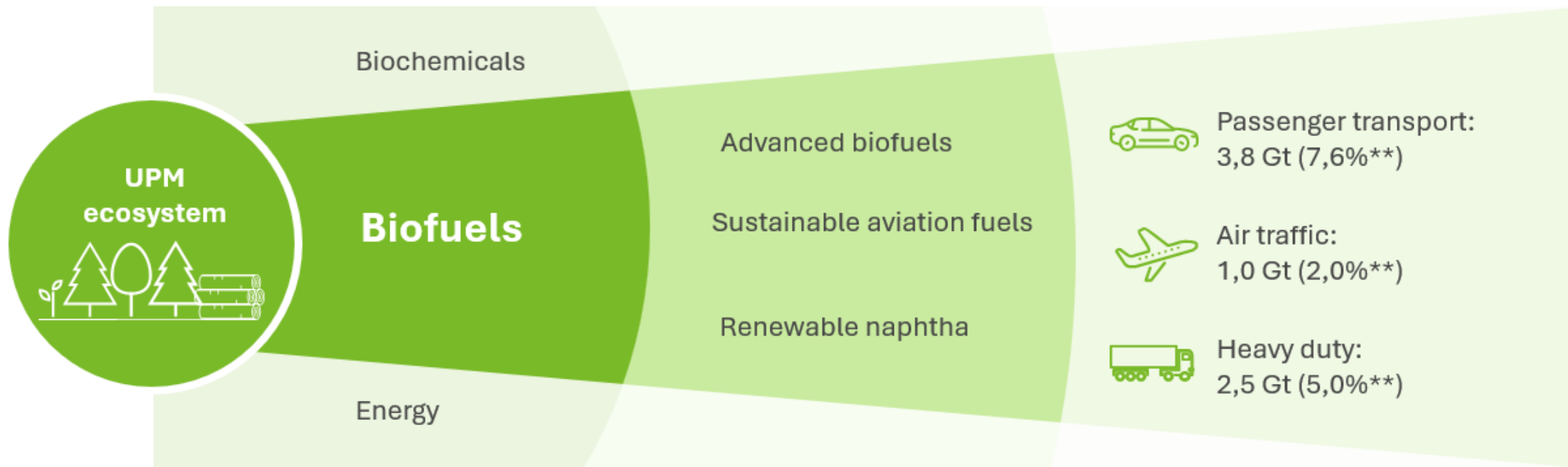
# UPM Biofuels differentiation comes from competitive feedstock base and proprietary technology

Strategic access to competitive biomass

Proven technology

High value products

Addressing markets with 7,3 Gt\* GHG emissions p/a



\* UPM Analysis based on World Resources Institute, 2020 & International Energy Agency, 2020

\*\* share of global GHG emissions

# We continue pursuing growth for Biofuels while focusing on the recovery of existing business



Current Biofuels operations are a strong basis for profitable performance in growing markets

Basic engineering for a second refinery in Rotterdam is progressing, technology platform chosen

Testing UPM technology for processing integrated feedstocks at larger scale takes approx. 2 years



# UPM Biochemicals – multiple end-uses

Bio-Monoethylene Glycol  
(Bio-MEG)



Renewable  
Functional Fillers  
(RFF)



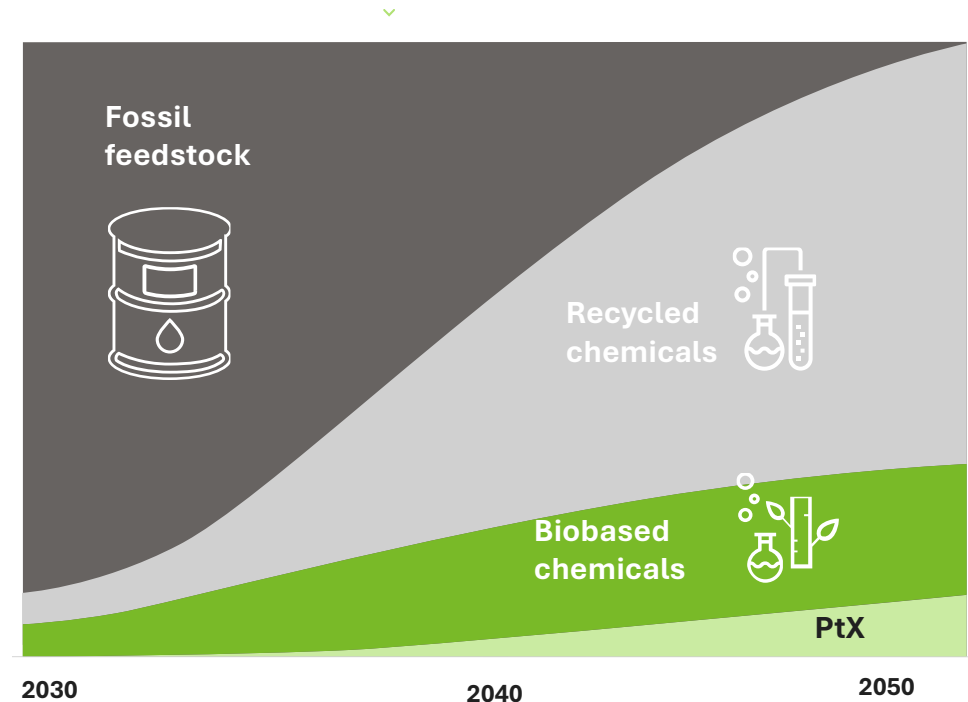


# Biobased chemicals are central to the transition away from high-CO<sub>2</sub> materials

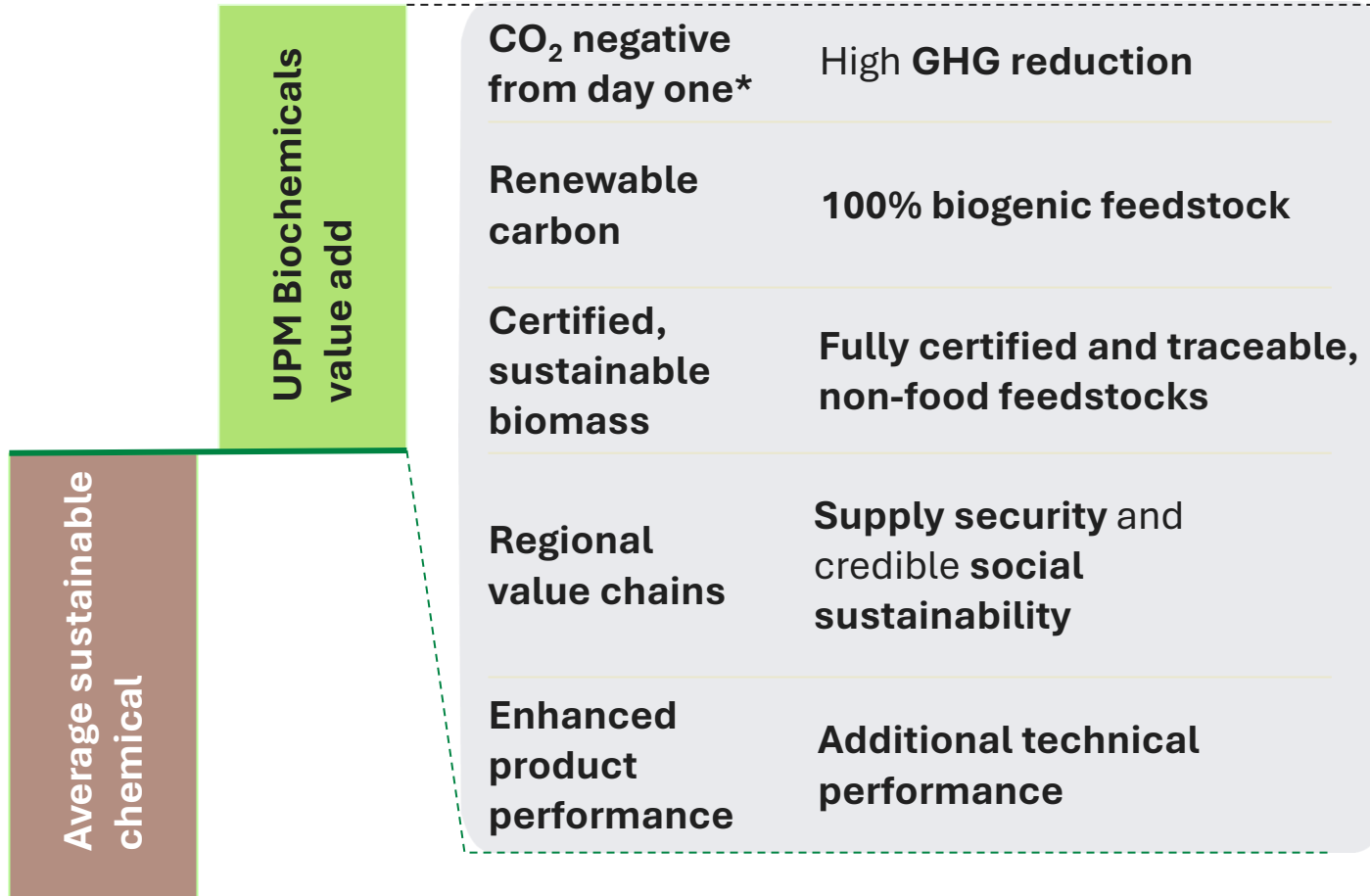
Net-zero commitments of major global brands will reflect on demand for sustainable chemicals

The shift away from fossil feedstocks will rely on bio-based solutions as first option to scale

	  patagonia	Scope 3: <i>relative</i> -55% by 2030 Scope 3: -30% by 2030 2040
	 STELLANTIS	2038
	  BYD	2039 2060
	  Nestlé  pepsi	Scope 3: -25% by 2030 2050 2040
	 L'ORÉAL  Unilever  P&G	95% non-fossil ingredients by 2030 2039 2040



# UPM Biochemicals is a frontrunner in sustainable chemicals offering a distinct product value add



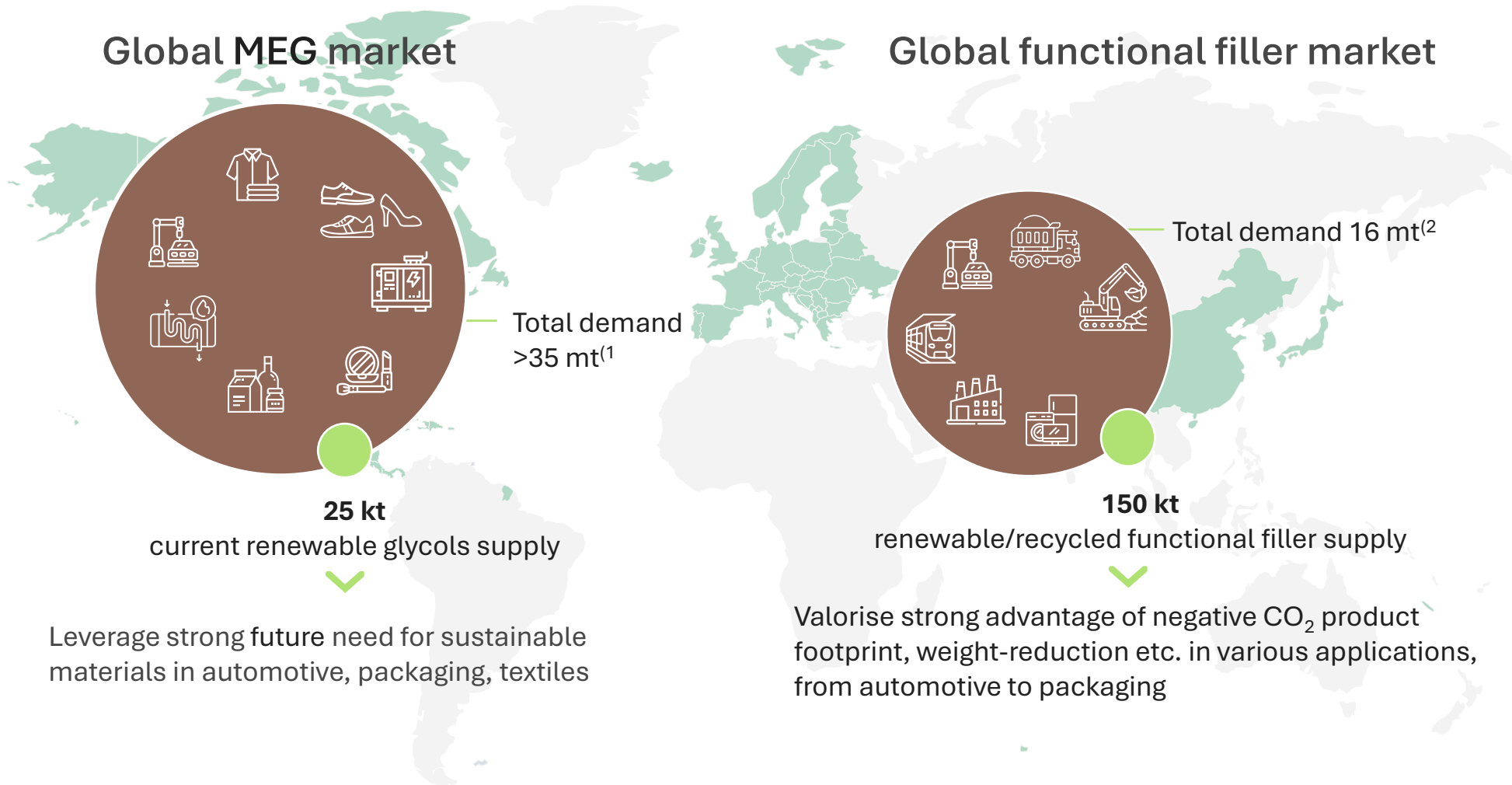
Strategic partnerships with leading players in various regions and industries confirm high demand for UPM products



\* Considering the biogenic carbon from our feedstock & purchasing 100% green electricity



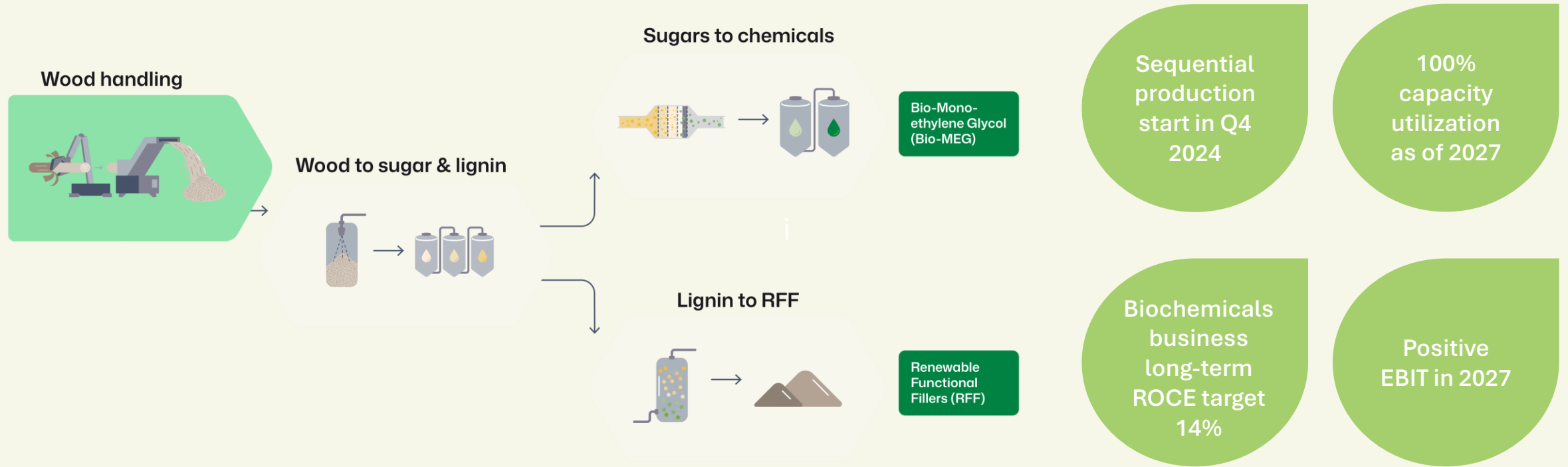
# We address markets and segments with high future demand for sustainable solutions



<sup>1</sup> source: OrbiChem 360 demand database

<sup>2</sup> source: Notch Consulting: Carbon Black World data book

# After reaching full capacity, Leuna will focus on capacity increase, cost optimization and side stream valorization



# GRAND VENING



Advanced materials  
for growing end uses





# Strong position on fast growing markets

## Adhesive materials market growth

Pressure sensitive labels	+3-4%
Graphics solutions	+4-5%
Specialty tapes	+4-5%



## UPM #2 globally in PSL

- Global scale & customer reach, world-class manufacturing and distribution, sustainability leadership, adhesive technology
- 5-year average ROCE 28%

## Specialty papers market growth

Release base papers	+3-4%
Label face papers	+2%
Flexible packaging	+2-4%(*)



## UPM #1 globally in release papers

- Technically demanding papers, world-class operations and global supply, sustainability leadership, competitive and flexible assets
- 5-year average ROCE 16%

## Plywood market growth

Plywood construction	+2%
Plywood vehicle floors	+3-4%
Plywood LNG shipping	+8-9%(**)



## UPM #1 in Europe, LNG globally

- Strong customer partnerships, high quality and service, optimised supply, sustainability leadership, low total cost of ownership
- 5-year average ROCE 22%

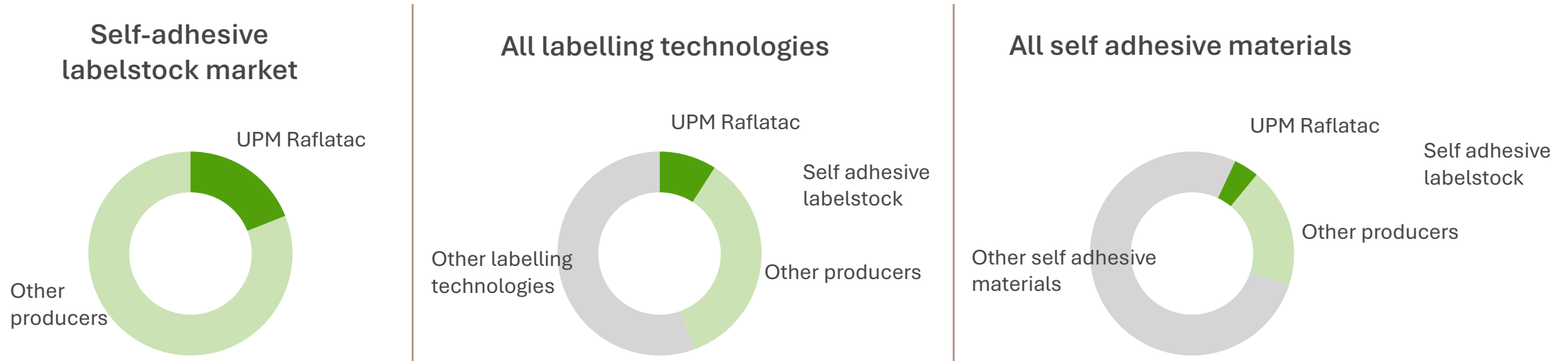
(\*) mainly plastics

(\*\*) fleet growth

UPM Raflatac

# The self-adhesive label stock market

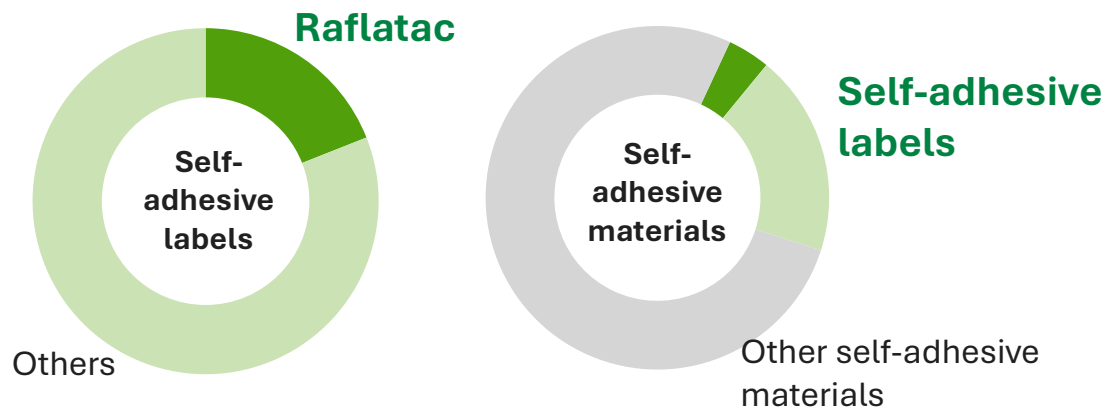
- >EUR 10bn global market
- ~3-4% p.a. growth
- Private consumption driven
- Largest of the labelling technologies
- <25% of total self-adhesive materials markets



# UPM Raflatac

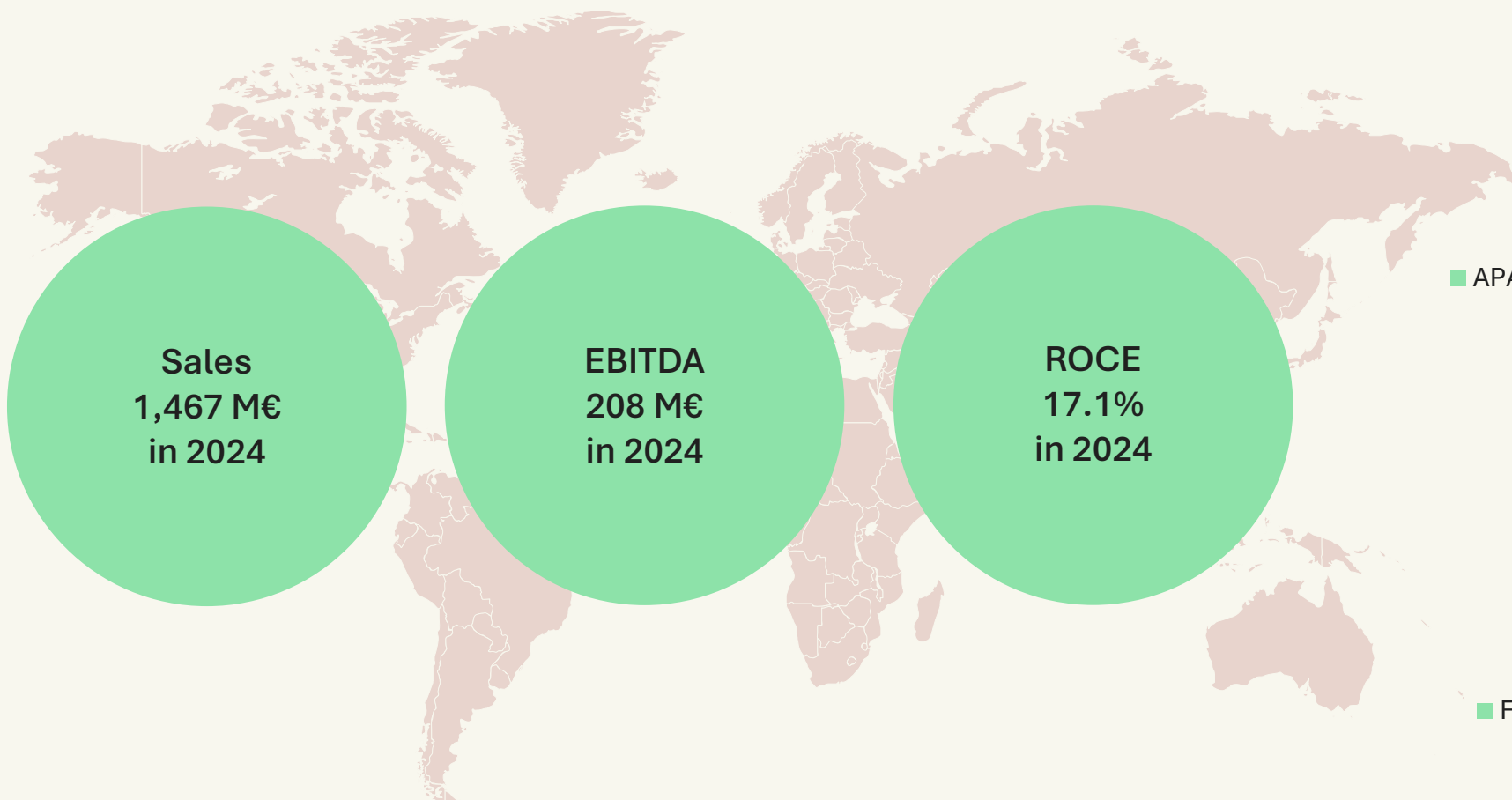
## Entering attractive adjacent markets

- Graphics solutions market entry through AMC acquisition
- Expanded product and technology portfolio through Grafityp and Metamark acquisitions
- Further potential in specialty tapes

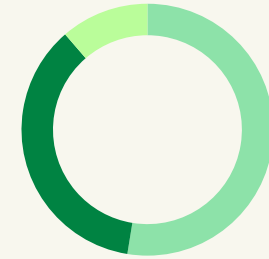


# UPM Specialty Papers

## Renewable, recyclable papers for labeling and packaging

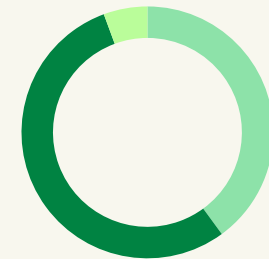


Sales by market\*



■ APAC ■ EMEIA ■ North America & LATAM

Sales by product\*

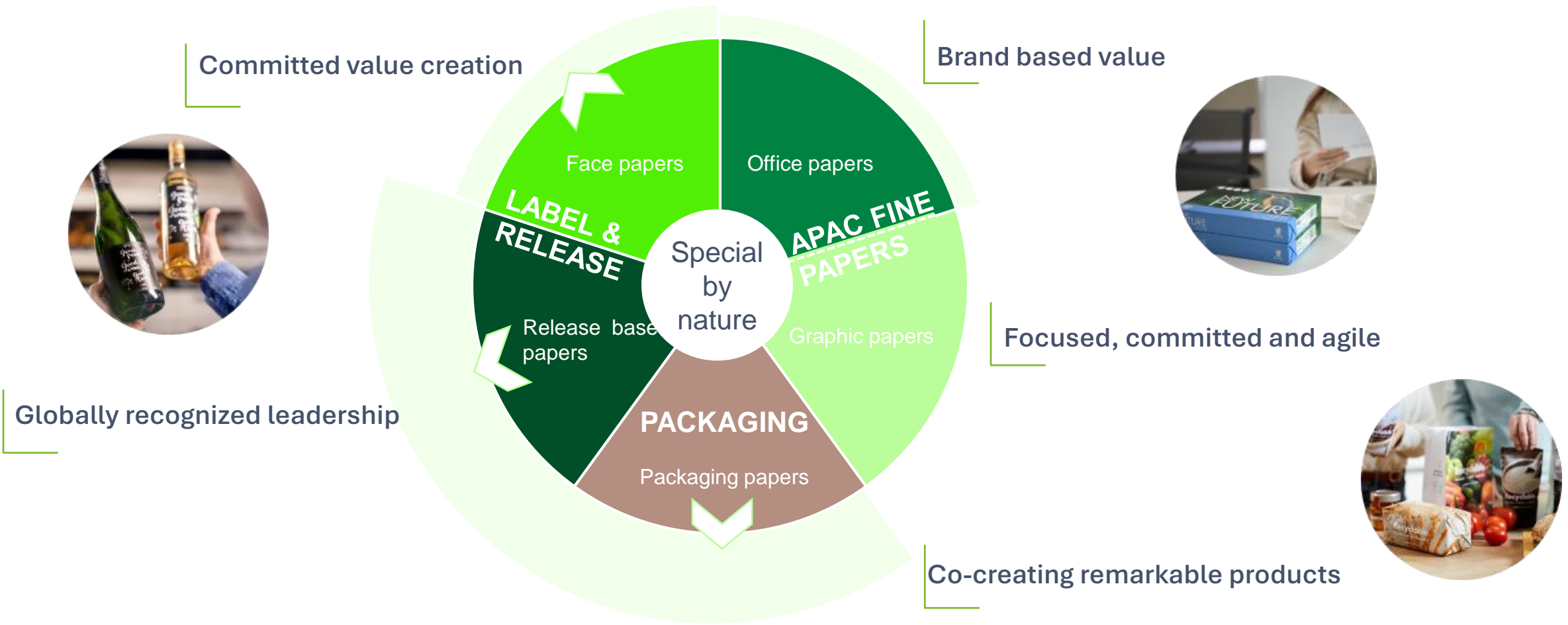


■ Fine ■ Label & release ■ Packaging

\*2021 figures

# UPM Specialty Papers

## UPM Specialty Papers growth strategy

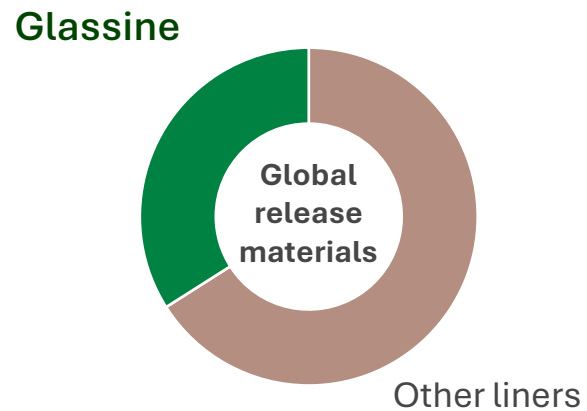
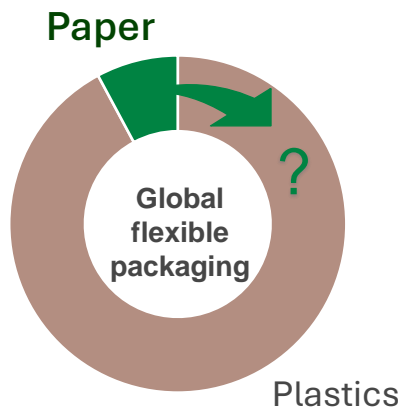




# UPM Specialty Papers

## Entering attractive adjacent markets

- Flexible packaging entered through innovation & co-creation
- Further portfolio expansion in label & release papers



# UPM Plywood focuses on three end use segments



## Construction



### 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

## Vehicle flooring



### 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

## LNG shipbuilding



### UPM's position and direction

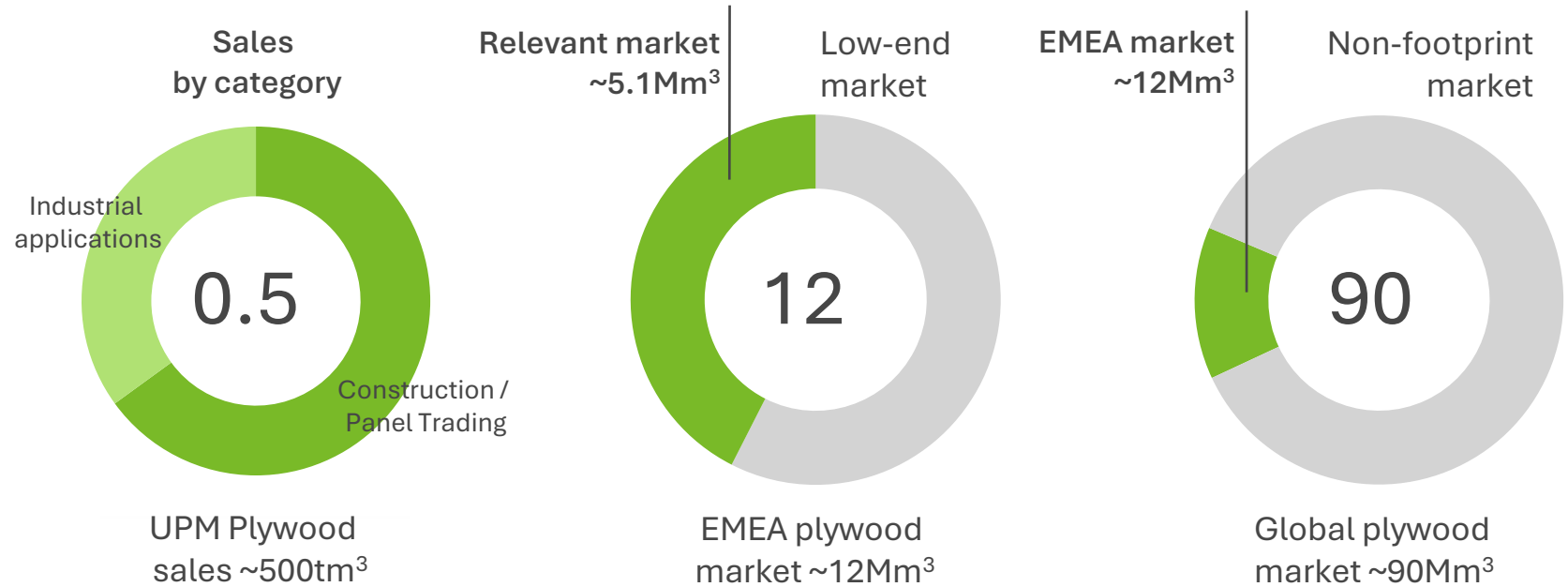
- Leading supplier in LNG plywood
- Competitive edge based on right quality and accurate on-time deliveries
- Long term commitment and benchmark service level
- Focus to secure leading position in LNG carriers and to extend offering into related applications using the same technologies (e.g. land storage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

# 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





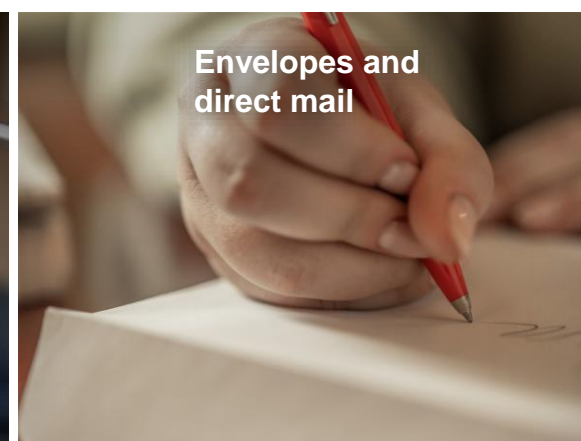
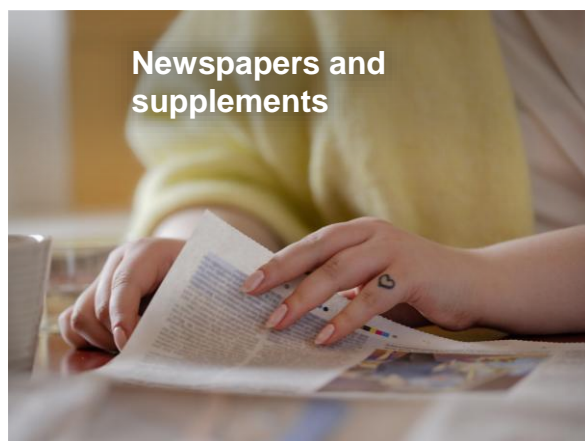
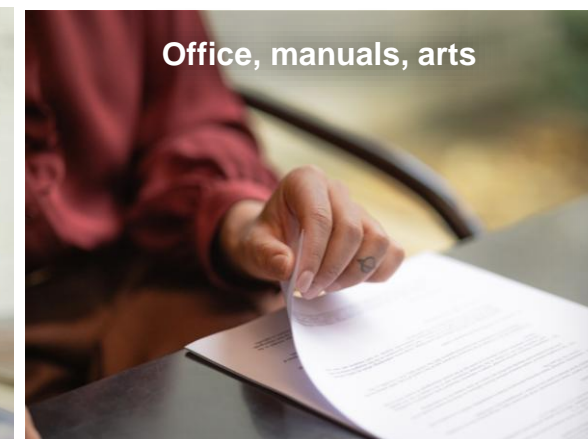


# Driving the value of paper



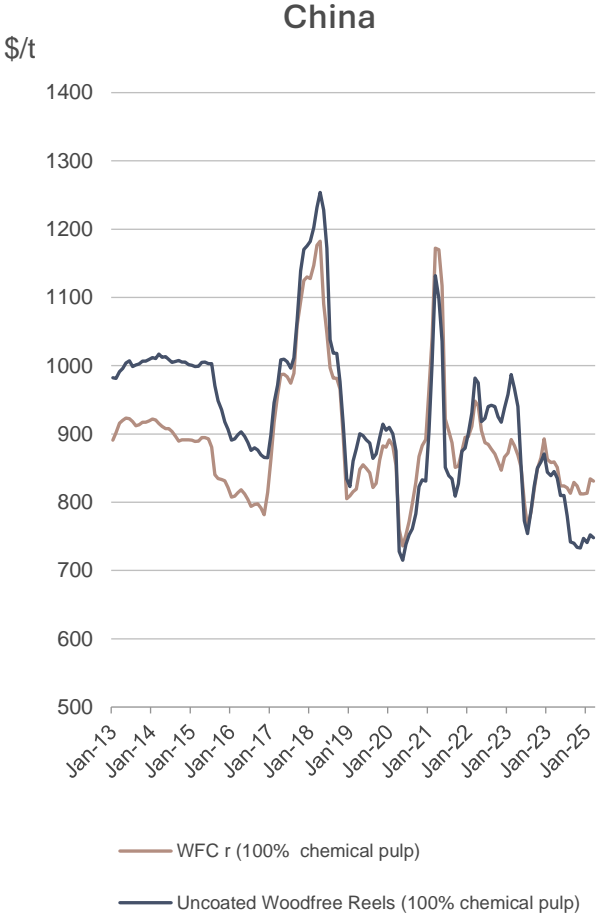
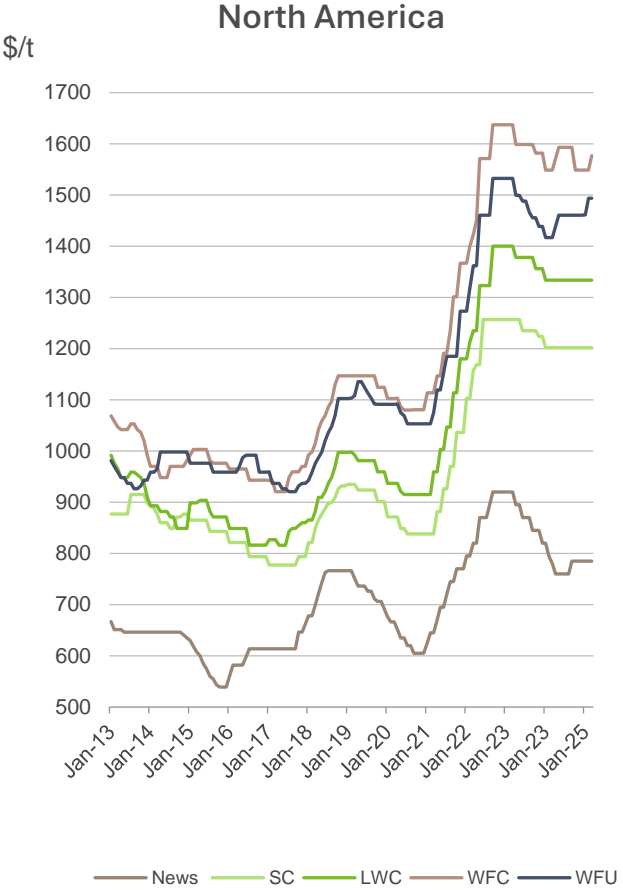
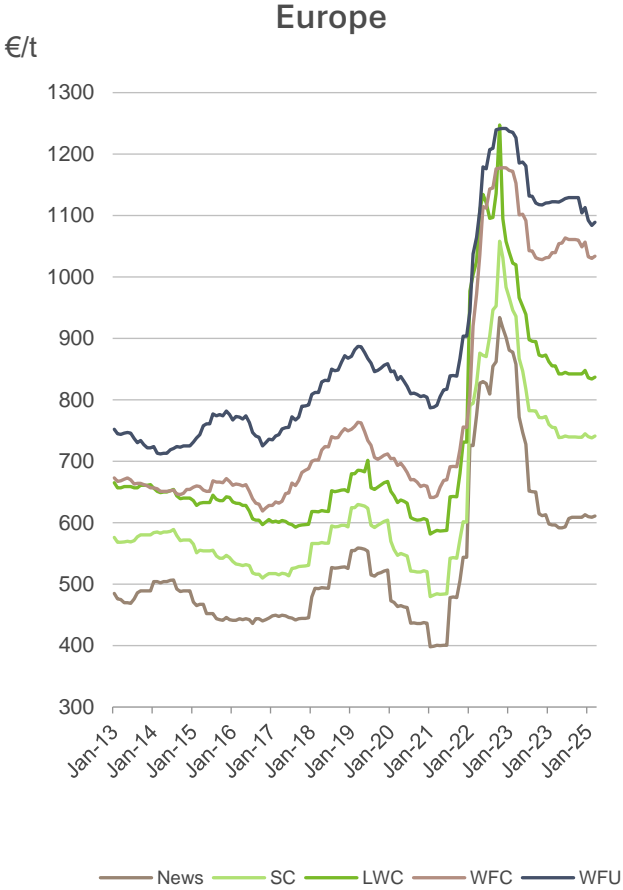
# UPM Communication papers

## The market's widest range of graphic papers, for various end-uses and purposes



- Fine papers
- News & UMIO
- SC
- Coated mechanical

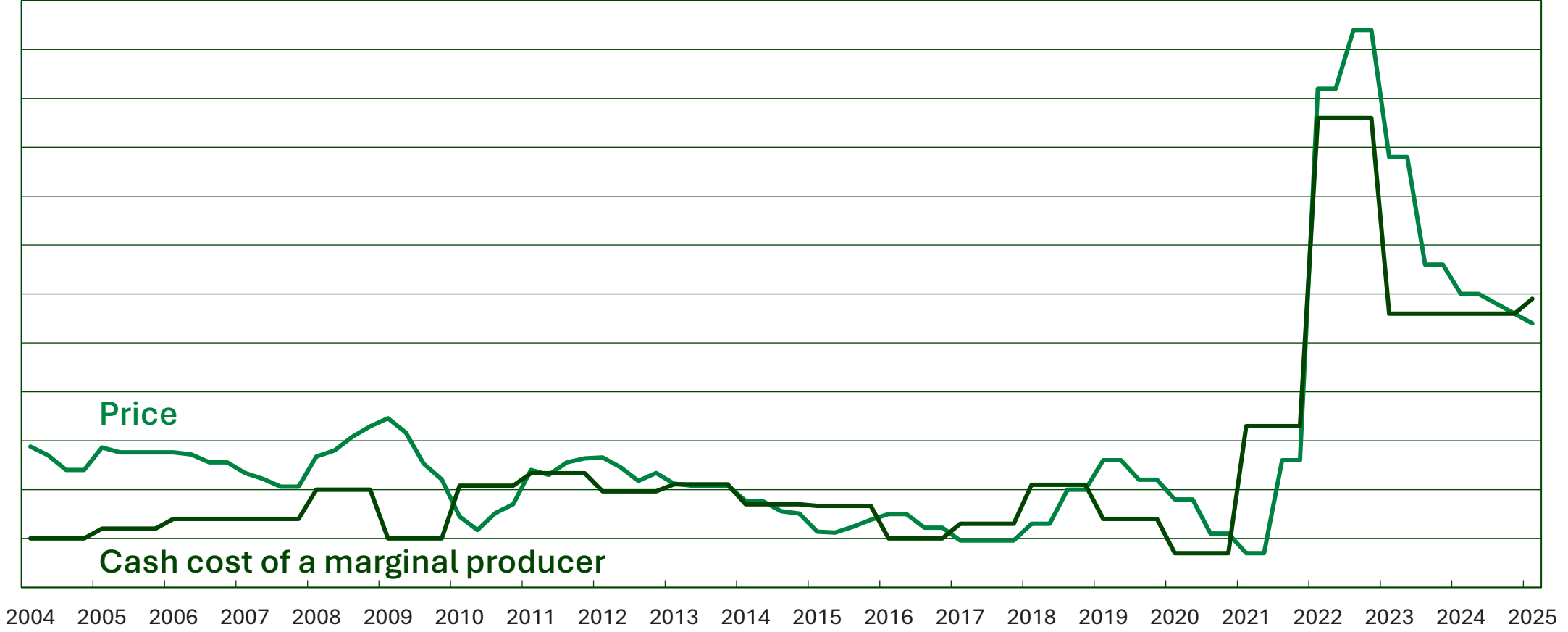
# UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

# Paper price vs. cash cost of marginal cost producer

EUR/tonne



Sources: UPM, PPI, Fastmarkets RISI, AFRY



**UPM**