



UPM Half Year Financial Report 2025

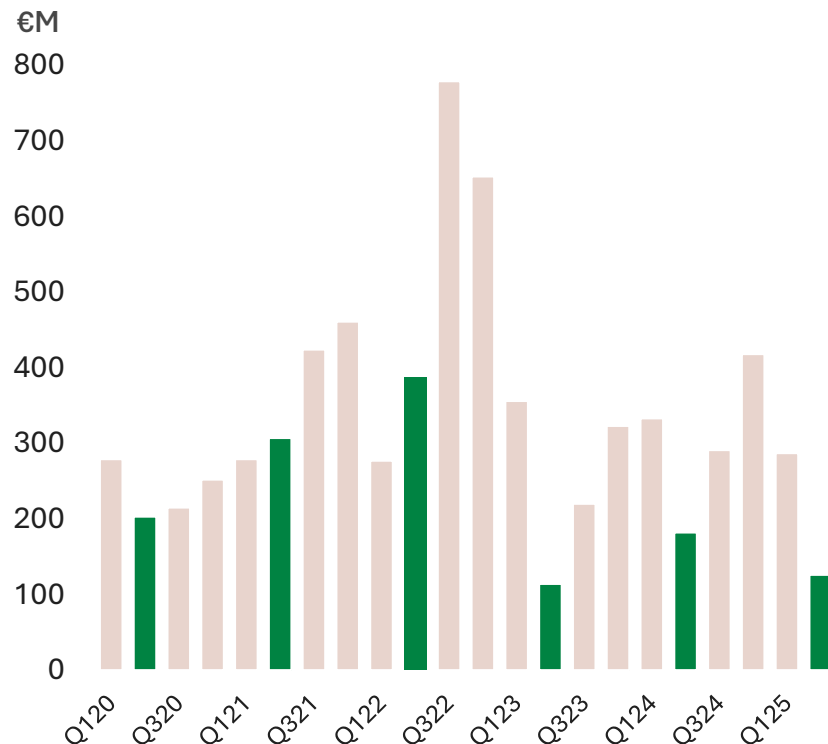
CEO Massimo Reynaudo

July 24, 2025

Q2 2025: Securing performance in a turbulent global trade environment



Comparable EBIT



Q2 2025 in brief

- Sales totaled €2,400 million (€2,546 million in Q2 2024)
- Comparable EBIT decreased by 31% to €126 million, 5.2% of sales (€182 million, 7.2%)
- Operating cash flow was €179 million (204 million)
- Increased global trade tensions impacted deliveries and prices for UPM Fibres and UPM Communication Papers
- Advanced materials businesses' performance was more resilient
- UPM Biofuels had record high deliveries and improved its performance
- The Rotterdam refinery development was discontinued to sharpen the focus in biofuels growth strategy
- The biochemicals refinery in Leuna started up the first of its three core processes

Global trade uncertainties and currency changes affected pulp and communication paper markets in Q2 2025



Trade uncertainties
affected customers'
decisions

Resilient demand for
advanced materials

Weak demand for
communication papers

Resilient demand for
advanced materials

Weak demand for
communication papers

Growing electricity
consumption, very low
price in Finland

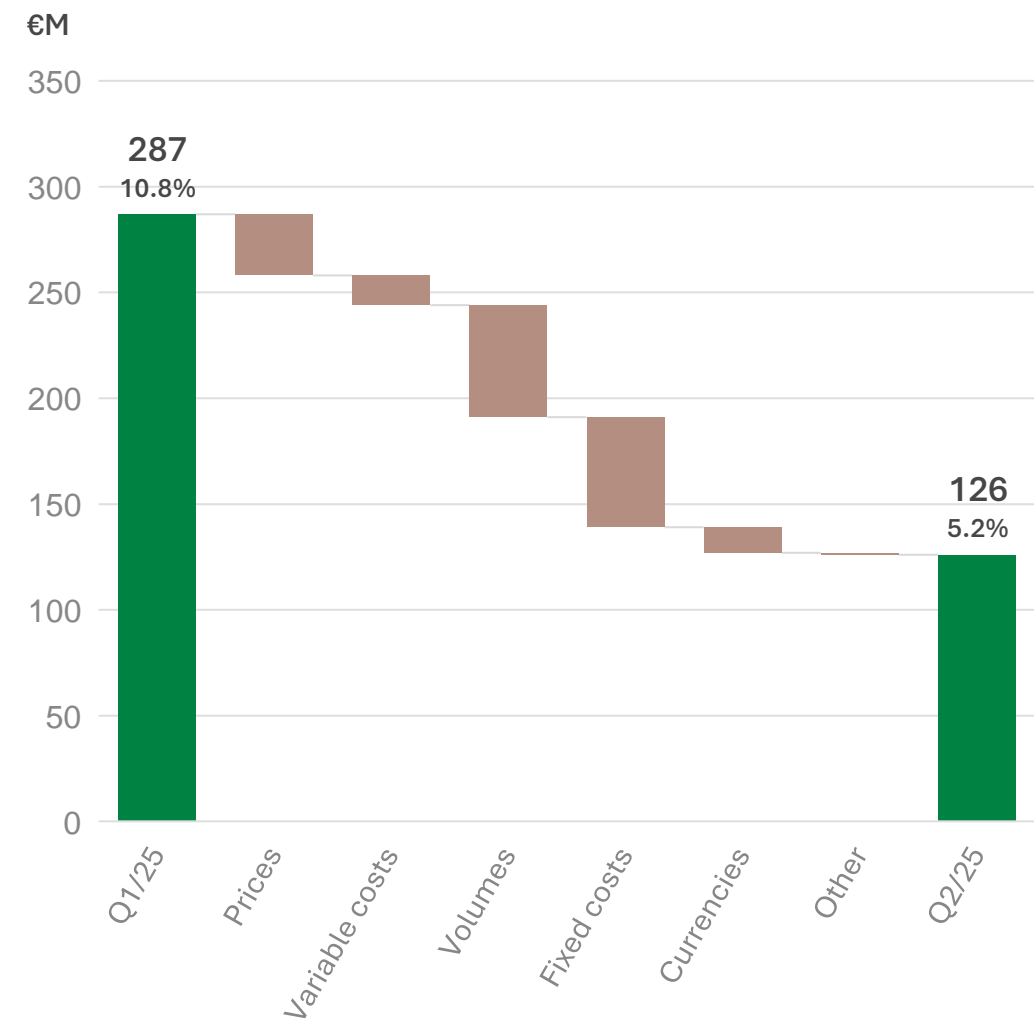
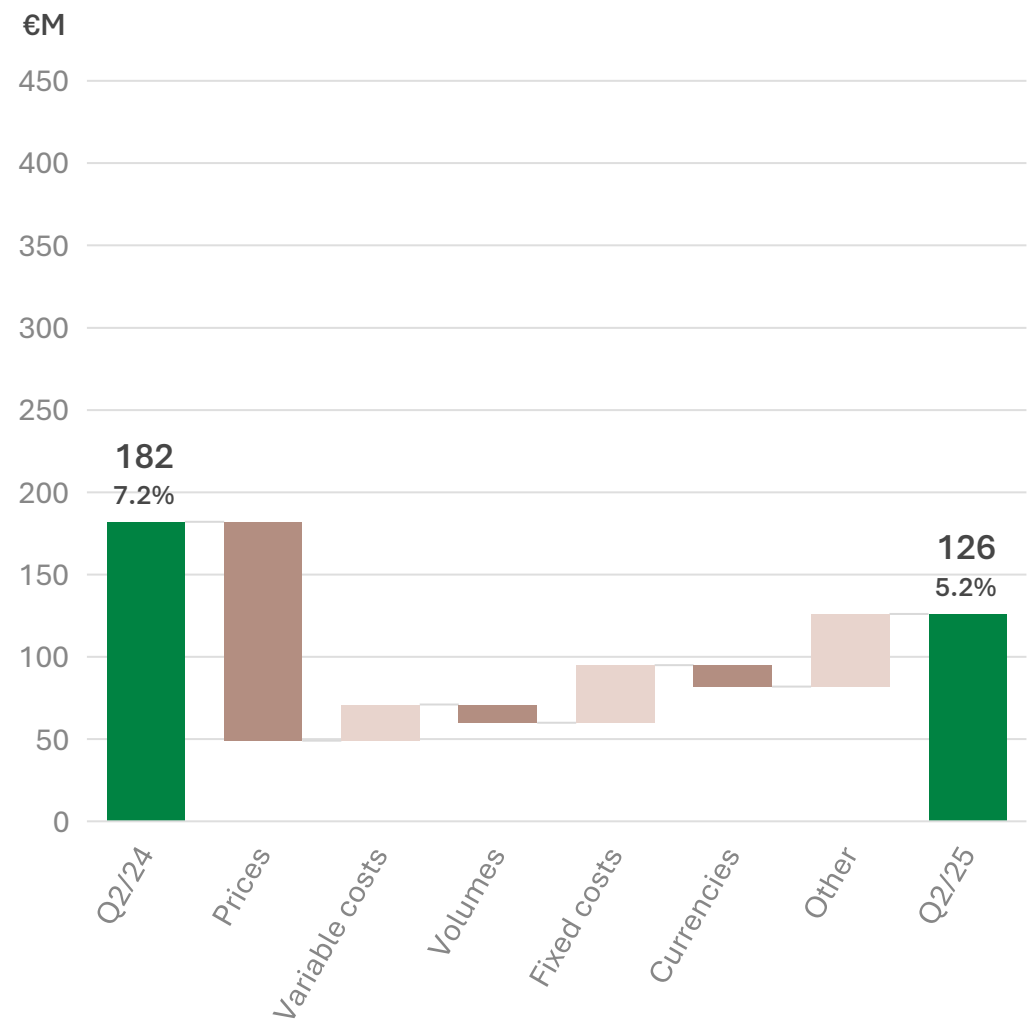
Slowly improving market
for renewable fuels

During peak trade
uncertainty low
purchases of pulp and
fine papers

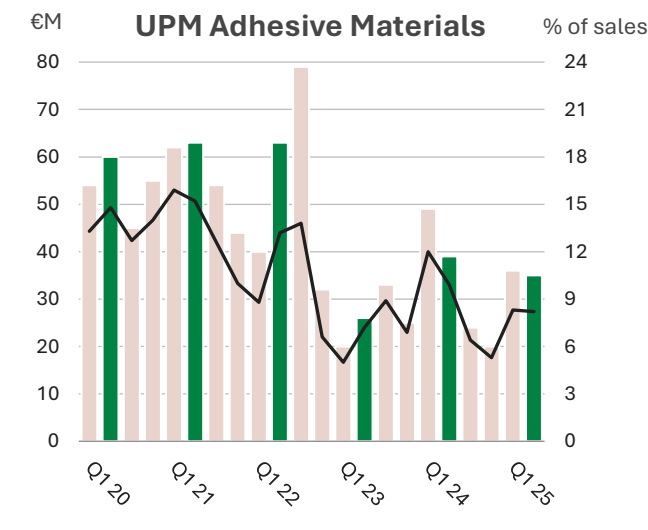
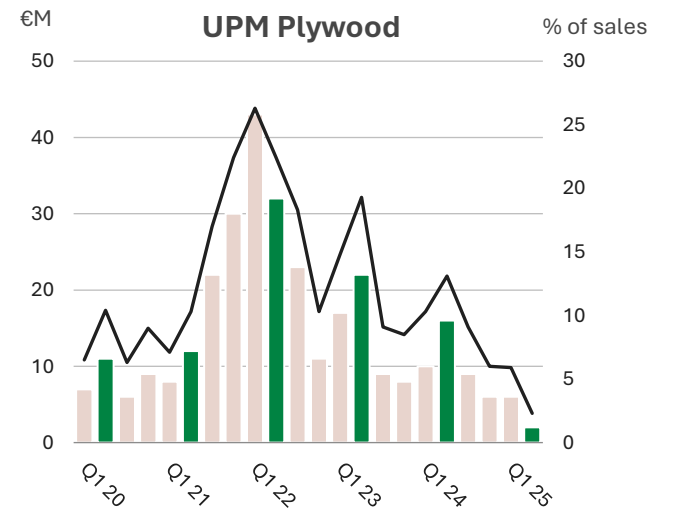
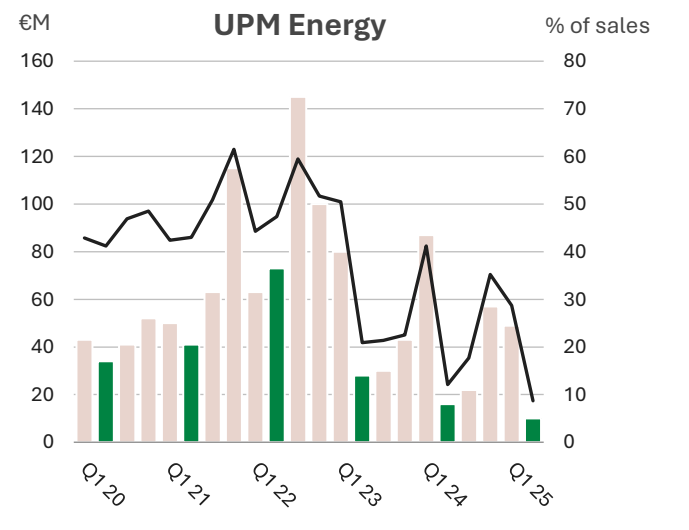
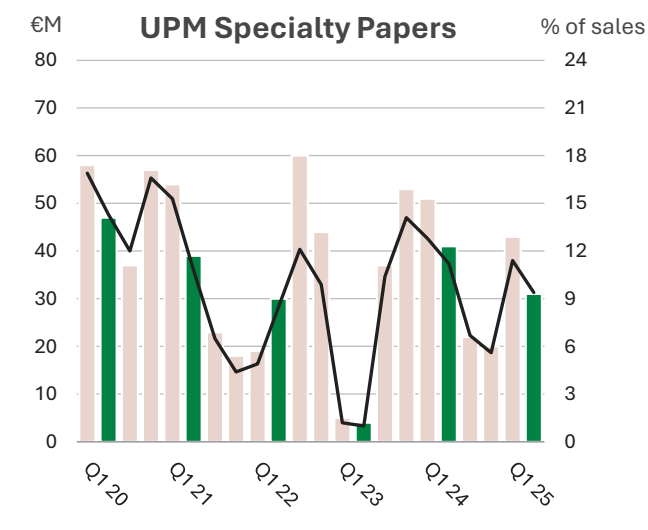
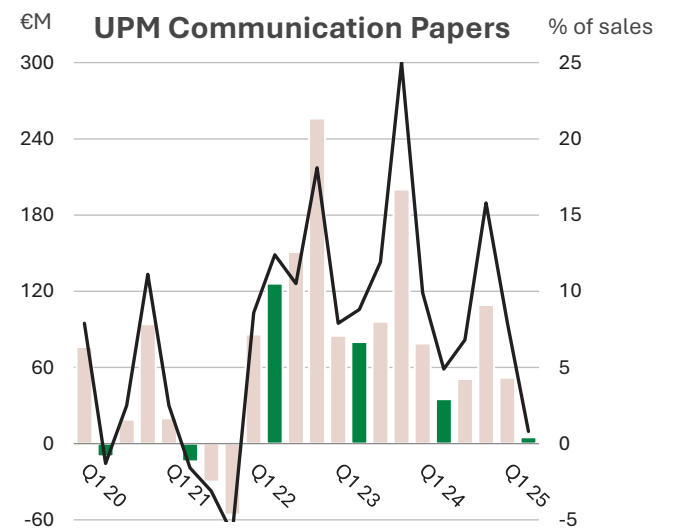
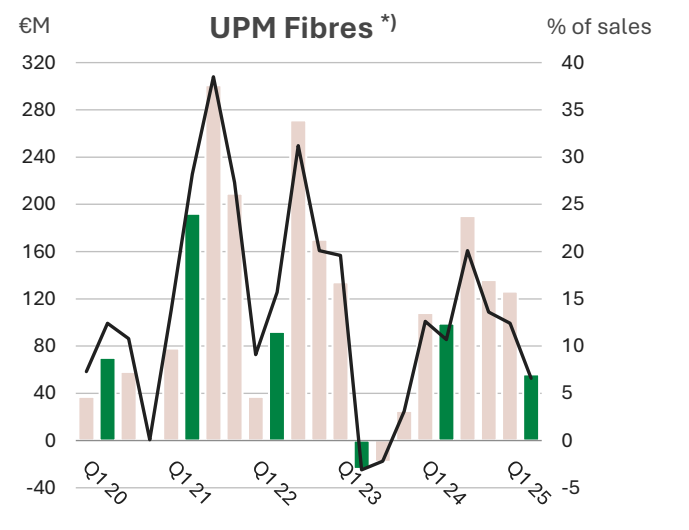
Volumes recovered later,
at lower prices

Weaker U.S. dollar

Comparable EBIT in Q2 2025

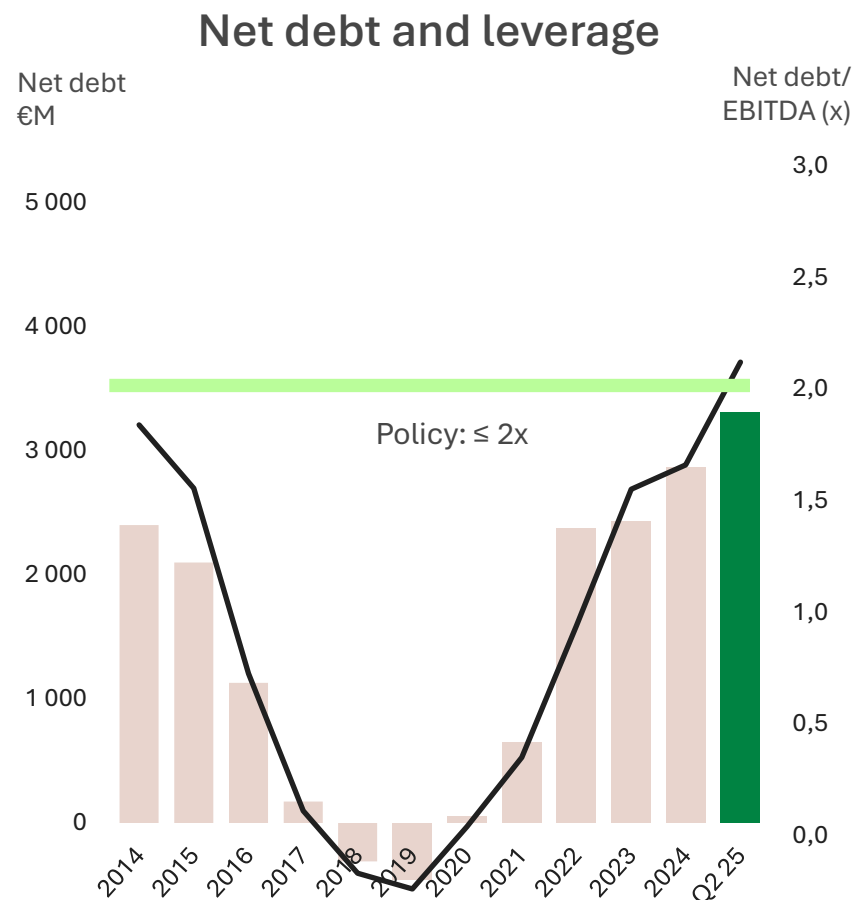


Comparable EBIT by business area



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

Solid financial position



- Net debt €3,310m at the end of Q2 2025
- Net debt / EBITDA 2.12
- Cash funds and committed credit facilities €2.7bn at the end of Q2 2025
- No financial covenants
- UPM repurchased own shares for a total of €160 million in H1 2025
- The first dividend instalment for year 2024 (€397m) was paid on April 8, 2025, the second will be paid in November



Business launch,
profitability turn-around

UPM Biorefining progress

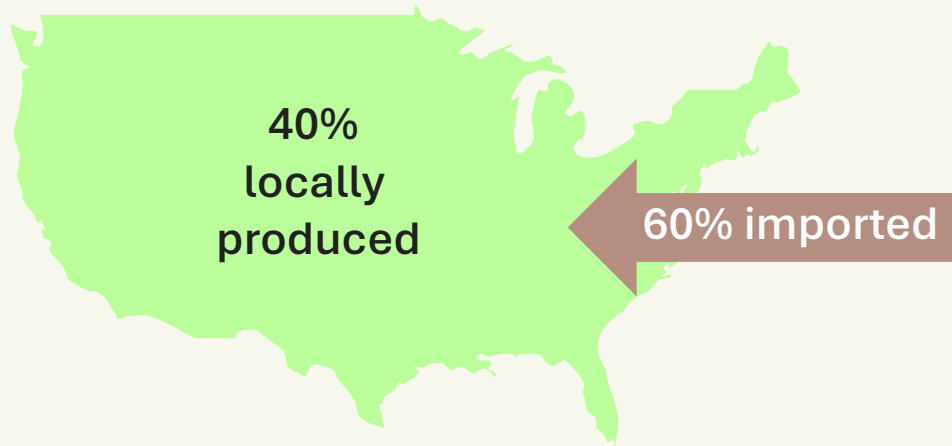


- Biofuels reached EBIT break-even in Q2, with higher deliveries and decreased costs
- Biochemicals successfully started the first of the Leuna refinery's three core processes
- The biorefinery is expected to reach full production and positive EBIT in 2027

Comparable EBIT, € million	H1 2024	H2 2024	H1 2025
Biofuels	-31	-27	-6
Biochemicals	-34	-39	-41

UPM and tariffs – global trade uncertainties continue

14% of UPM sales in 2024
was to the U.S.



**Indirect impact of the trade
uncertainties have been more significant
than the direct impact of tariffs**

- In Q2, the global trade uncertainties and weaker U.S. dollar affected particularly UPM Fibres and UPM Communication Papers
- Indirectly, tariffs may impact demand and trade flows, cause hesitation among customers, disrupt supply chains and weaken consumer confidence. Such indirect impacts are possible in markets outside the U.S., too
- Direct impact of tariffs has been relatively limited, although tariff uncertainty continues
- 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.

Estimated 12-month net currency cash flow at the end of Q2 2025, before hedging, € million

USD	1,154
UYU	-293
GBP	217
CNY	150
JPY	102
Others	179
Total	1,509

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

Foreign exchange exposure

- At the end of Q2 2025, UPM's estimated net currency cash flows for the next 12 months totaled approximately €1.5 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



Outlook (*)

- **Profit guidance:** UPM's comparable EBIT in H2 2025 is expected to be approximately in the range of €425-650 million (€413 million in H1 2025, and €709 million in H2 2024).
- **Outlook:** In H2 2025, compared with H1 2025, UPM's performance is expected to benefit from lower variable costs, including the timing of the annual energy refunds in Q4, and potentially from moderate fair value change of forest assets in Q4. Performance is expected to be resilient in the advanced materials businesses. Pulp prices start the second half of the year at a lower level than the realized prices during the first half of the year.
- In H2 2025, compared with H2 2024, UPM's performance is expected to be held back by lower sales margins for pulp, lower deliveries of communication papers, and higher maintenance activity. Performance is expected to improve in the advance materials businesses.
- The US dollar is weaker at the start of H2 2025 than during the comparison periods.

(*) see UPM Half Year Financial Report 2025
for the full Guidance and Outlook

We act on three fronts



1

**Improve
competitiveness**

2

**Focused
growth**

3

**World-class
businesses**



**Capture the full potential in Uruguay,
safeguard profitability in Finland**

Renewable fibres



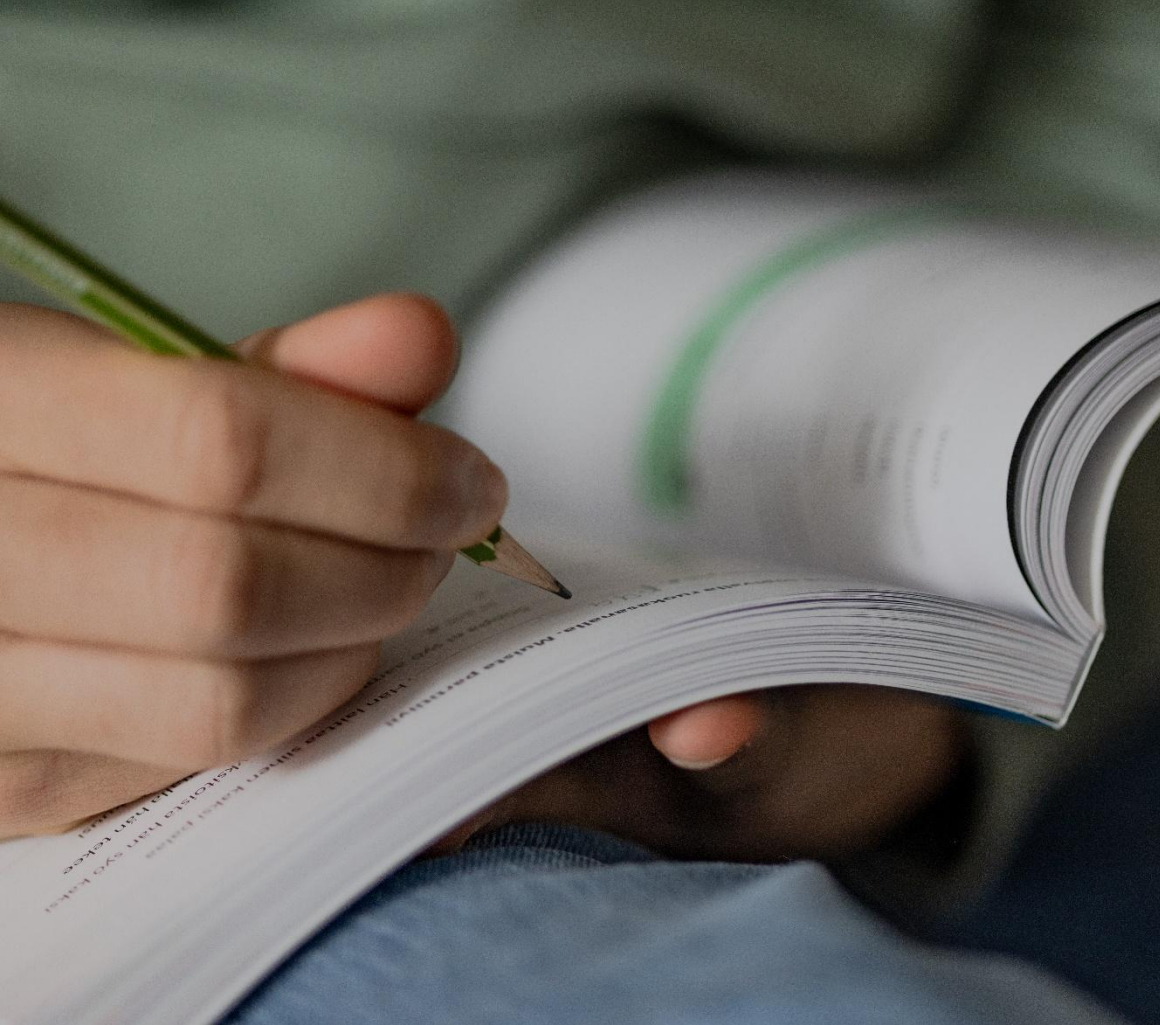
- #3 globally, #1 multi-fibre

Uruguay

- 3.4 million tonnes eucalyptus pulp
- World-class low-cost platform in full operation
- Optimization and efficiency measures ongoing
- Debottlenecking potential

Finland

- 2.4 million tonnes, mainly softwood pulp
- Profitable in Q2, but affected by the high wood costs, low pulp price and weaker U.S. dollar
- The Kaukas pulp mill shutdown in Q3 will be extended to approx. two months



Communication papers

- Strong #1 in Europe
- Reliable provider of sustainable communication papers, cost-efficient operations
- Business affected by the trade uncertainty and weaker U.S. dollar. Q2 demand declined both in Europe (-9% yoy) and the U.S.
- Plan to close the UPM Ettringen paper mill (270,000t) in Germany and streamline operations
- Plan to close paper production at UPM Kaukas (300,000t) in Finland
- Combined reduction: 13% of capacity, €70 million of annual fixed costs

**Focus on performance
and cash flow**



**Sharpen competitiveness
and capture growth**

Advanced materials



Adhesive Materials

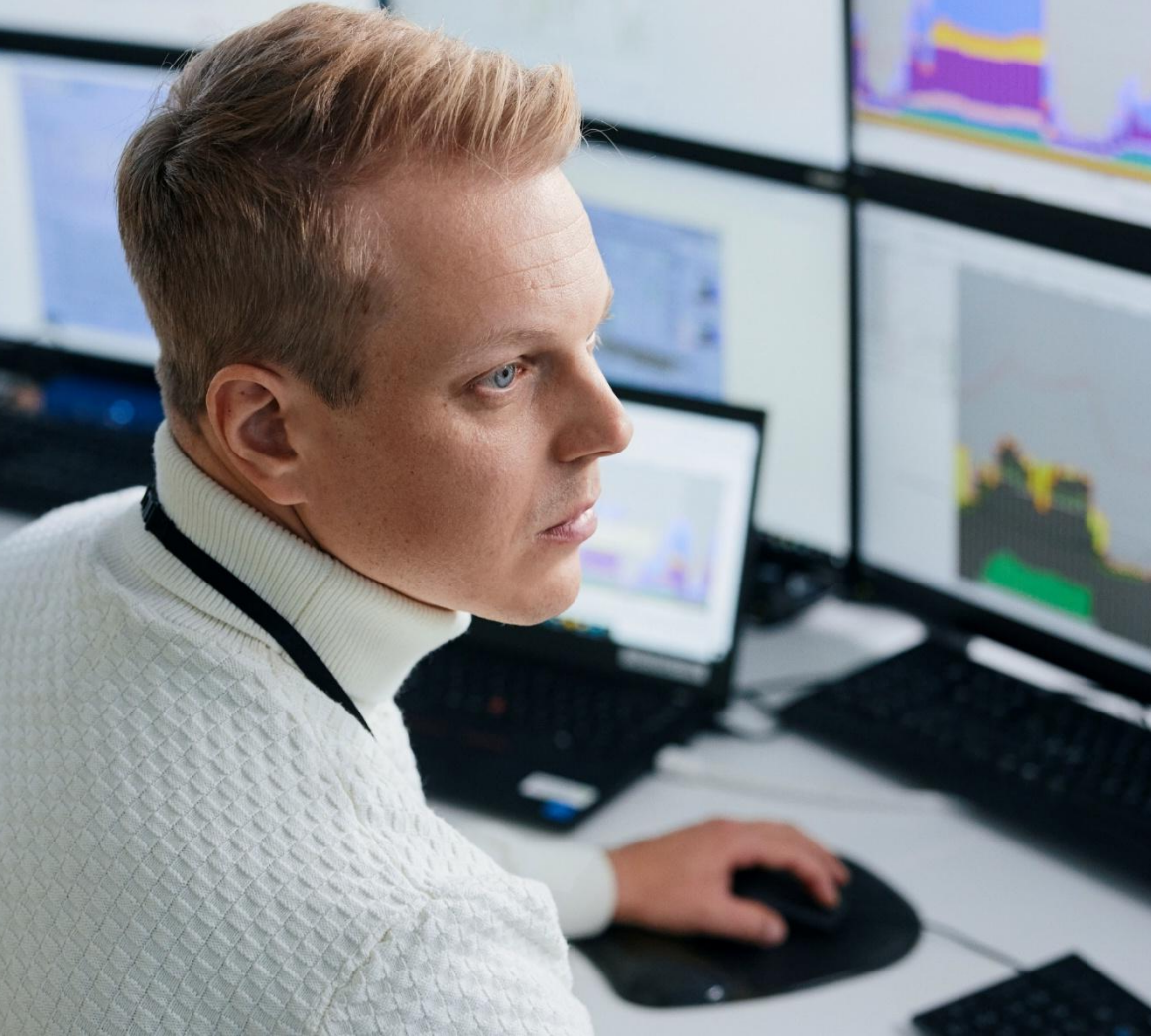
- Strong global #2
- Resilient labeling markets (Q2: Europe -1%, NA +3% yoy)
- Actions to sharpen competitiveness, improve margins
- Investments to grow in advanced labels in the U.S. and to strengthen asset base in Southeast Asia
- Building position in graphics through recent acquisitions

Specialty Papers

- Strong global #1
- Resilient labeling markets, slow fine paper market in China
- Decreased variable costs, launched efficiency measures

Plywood

- #1 in Europe and globally in LNG plywood
- Plywood markets improved from low level



**Business launch,
focused growth,
maximize value**

Decarbonization solutions



Biochemicals

- 220,000 tonnes of pioneering biochemicals
- Commercial interest confirmed
- Integrated commercial production expected by the end of 2025, full production and positive EBIT in 2027
- Gather learnings for next steps

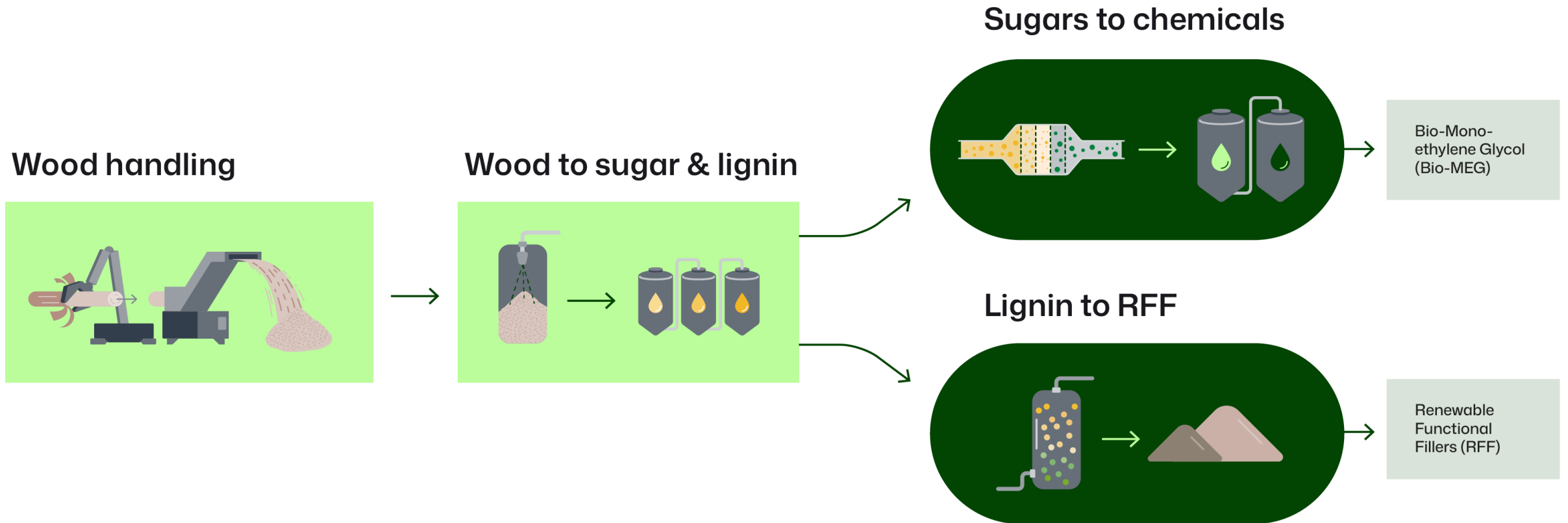
Biofuels

- 130,000 tonnes of advanced renewable fuels
- Profitability turn-around
- Rotterdam development discontinued – growth focus on proprietary feedstock technologies and SAF

Energy

- #2 in Finland, 12 TWh of CO₂-free electricity
- Maximize value in the volatile electricity markets
- Electricity consumption growth opportunities

UPM Leuna biorefinery has successfully tested and started up first of the three main processes



Summary

- In Q2, the global trade uncertainties and weaker U.S. dollar affected particularly UPM Fibres and UPM Communication Papers
- Advanced materials businesses have shown resilience, implement measures to improve competitiveness and capture focused growth
- Biofuels improved its performance and focused its mid-term growth plans
- We made progress in launching the exciting new business in Biochemicals
- With a solid balance sheet, competitive portfolio and broad geographic presence UPM is positioned to face the uncertainty

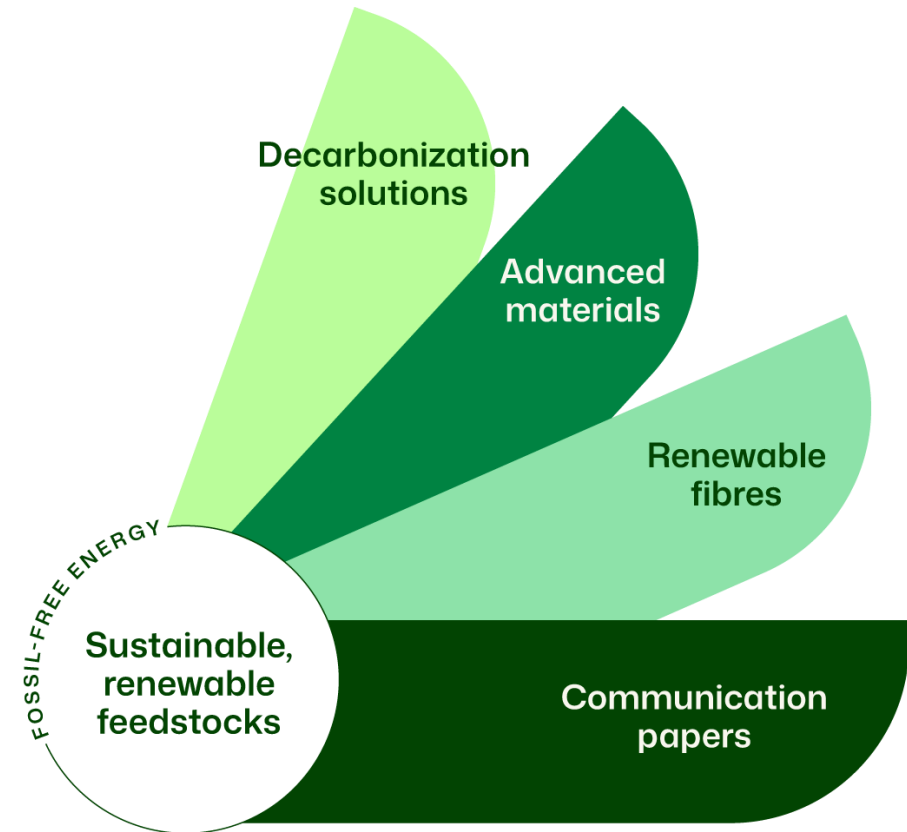


UPM

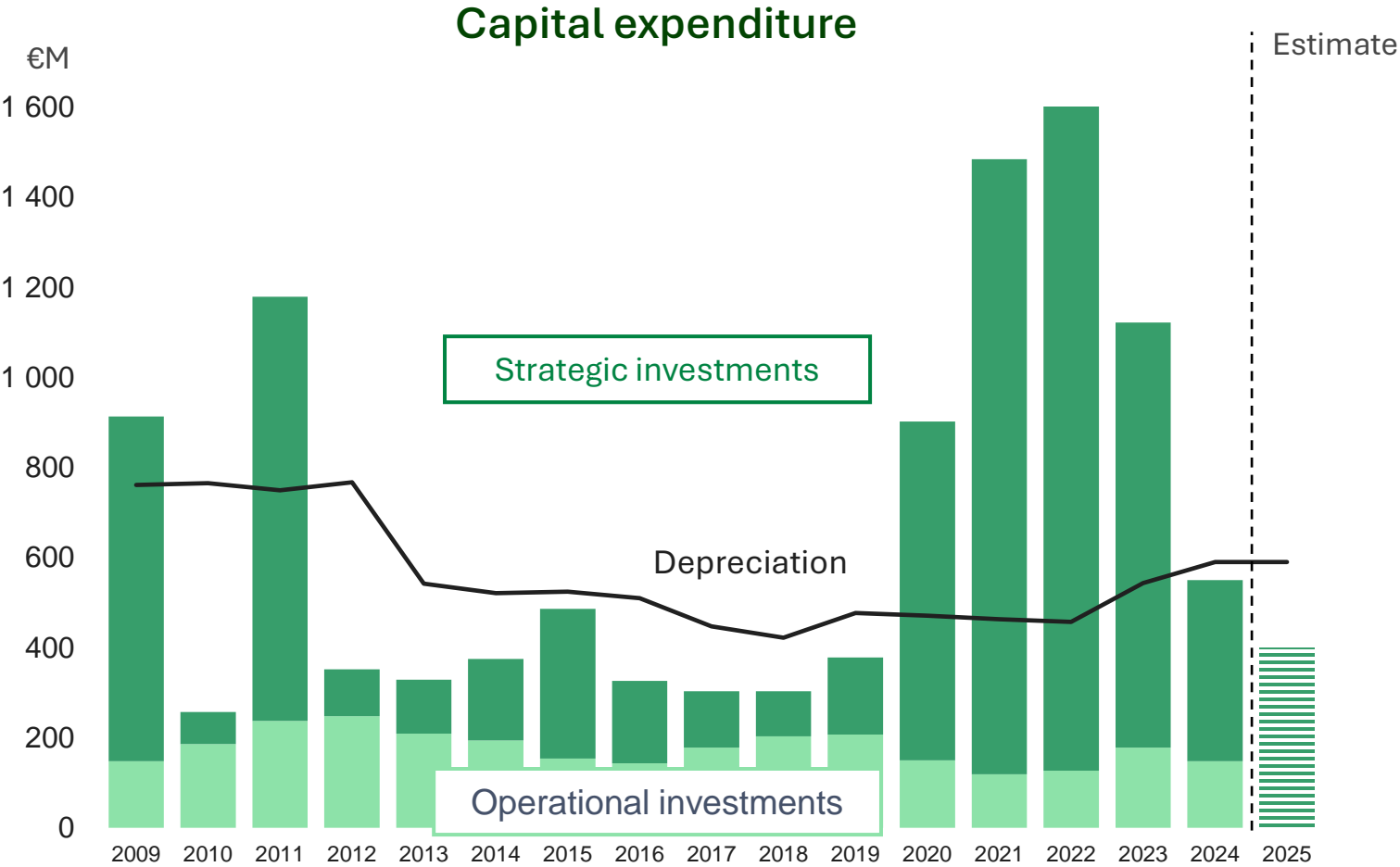
Our business portfolio, leveraging competitive business platforms



- **Decarbonization solutions**
biochemicals, biofuels, CO₂-free energy
- **Advanced materials**
adhesive materials, specialty papers, plywood
- **Renewable fibres**
pulp, other bioproducts
- **Communication papers**



Major investment cycle coming to an end



Capex 2025 estimate

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

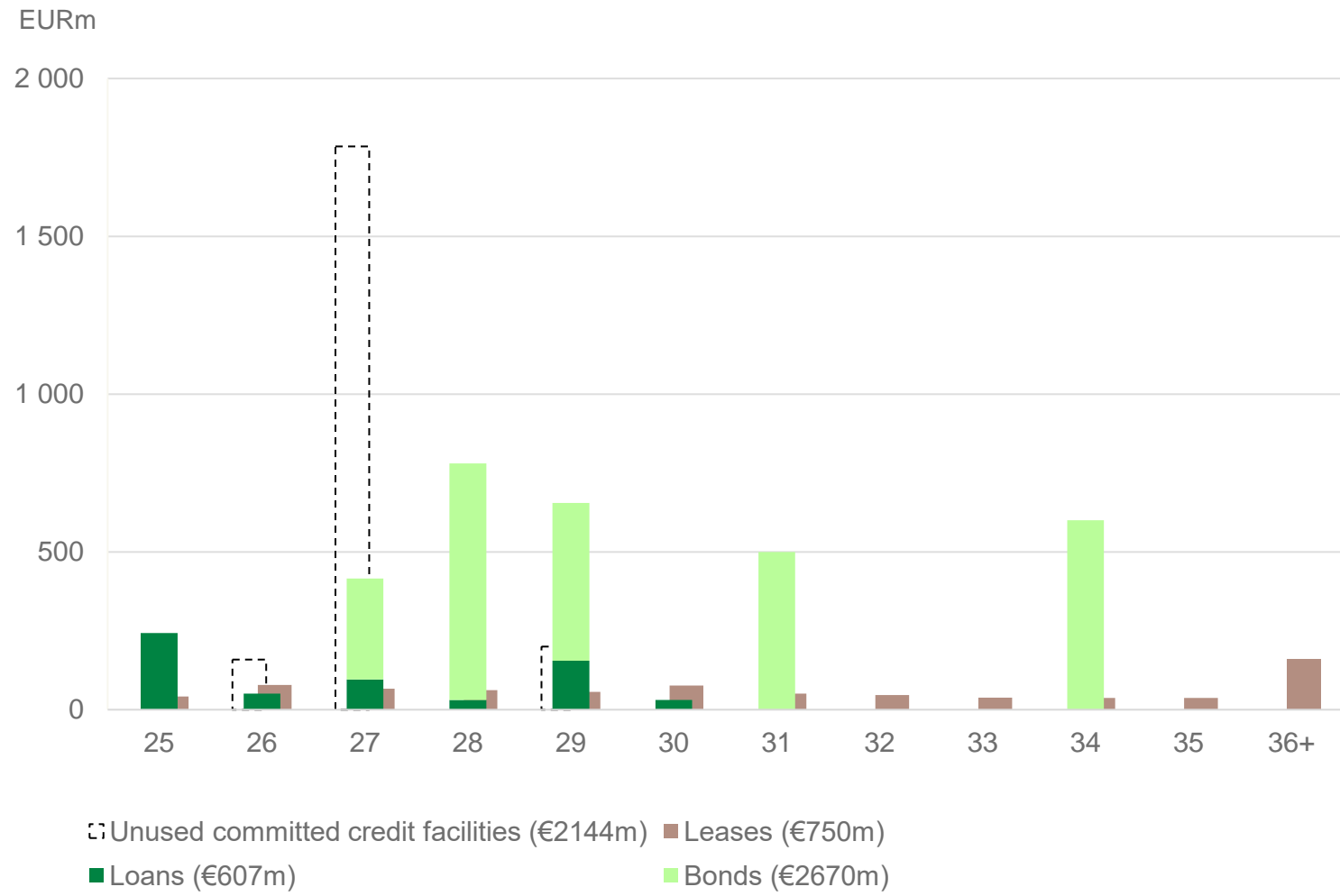
Maintenance shutdowns in 2025

Timing	Unit
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

Maturity profile and liquidity



Liquidity on June 30, 2025, was €2.8bn (cash funds and unused committed credit facilities)

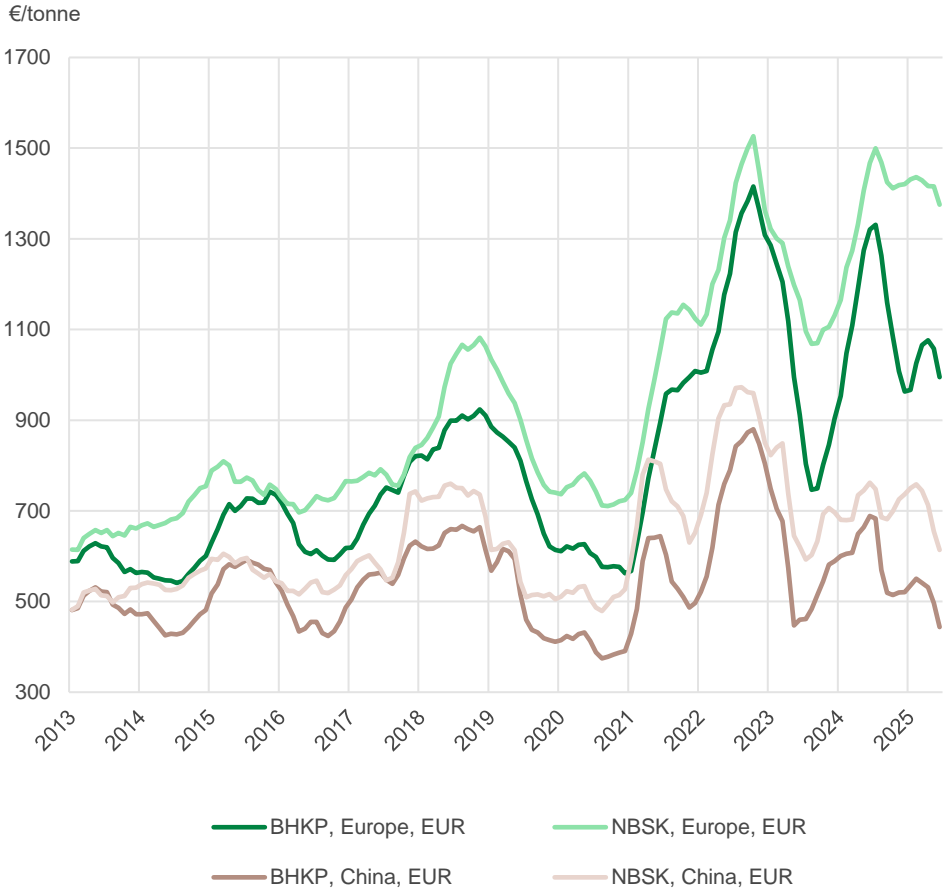
- UPM's committed credit facilities:
- €159m rolling committed overdraft facility maturing 2026
 - €300m bilateral revolving credit facilities (€100m maturing 2027, €200m maturing 2029)
 - €1 000m committed syndicated revolving credit facility maturing 2027
 - €750m committed syndicated revolving credit facility maturing 2027

No financial covenants

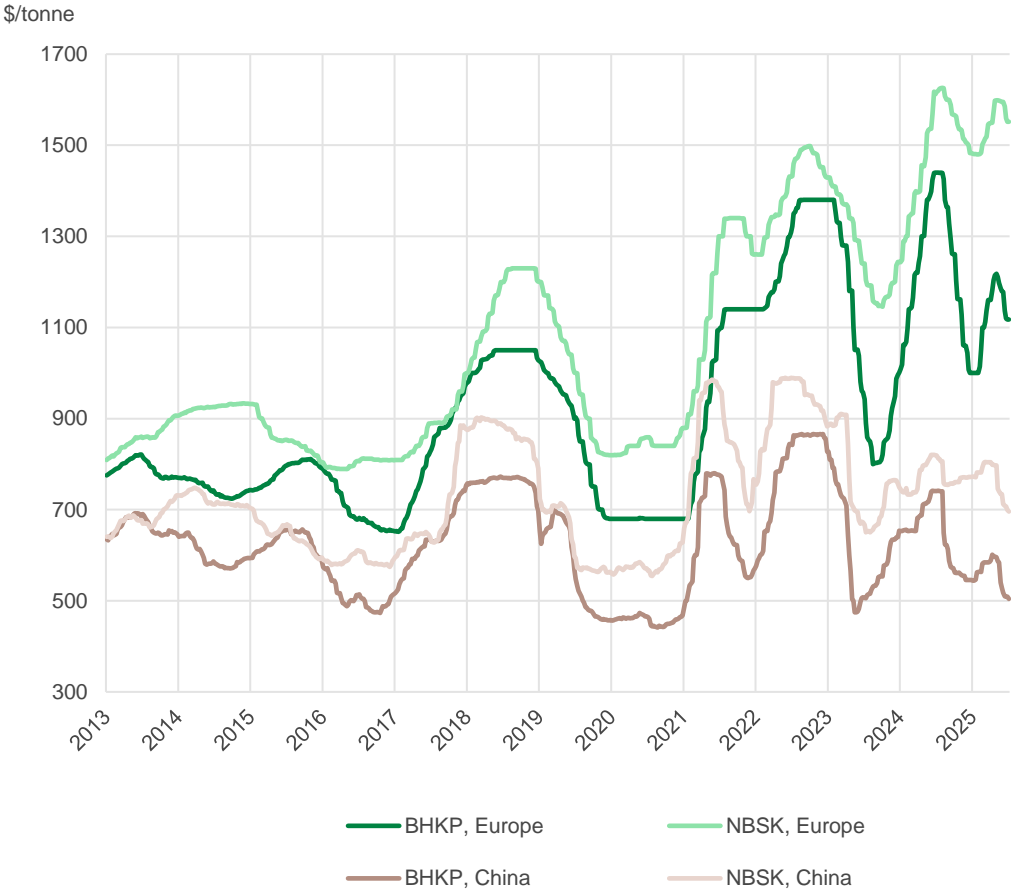
UPM Fibres: Chemical pulp market prices



Pulp market prices, euros

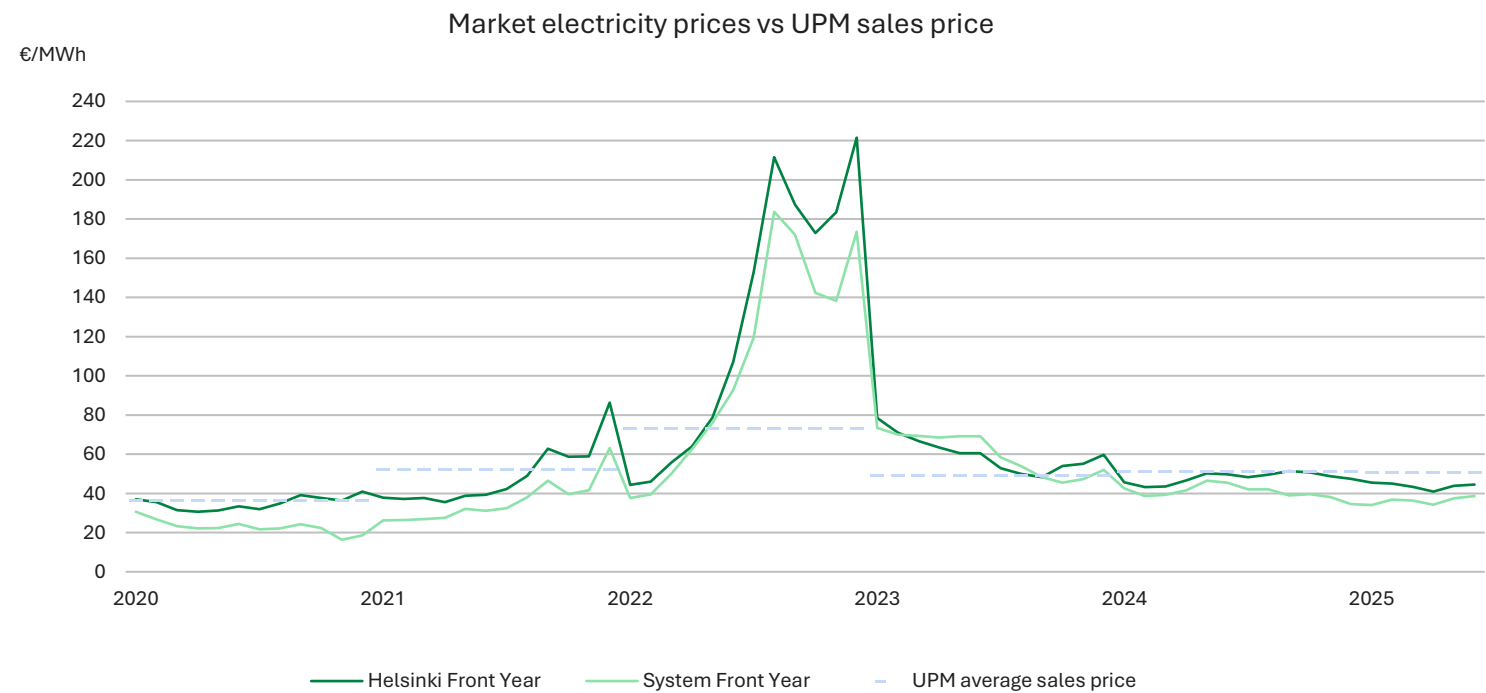


Pulp market prices, U.S. dollars



Source: FOEX Indexes Ltd

UPM Energy: Electricity market prices

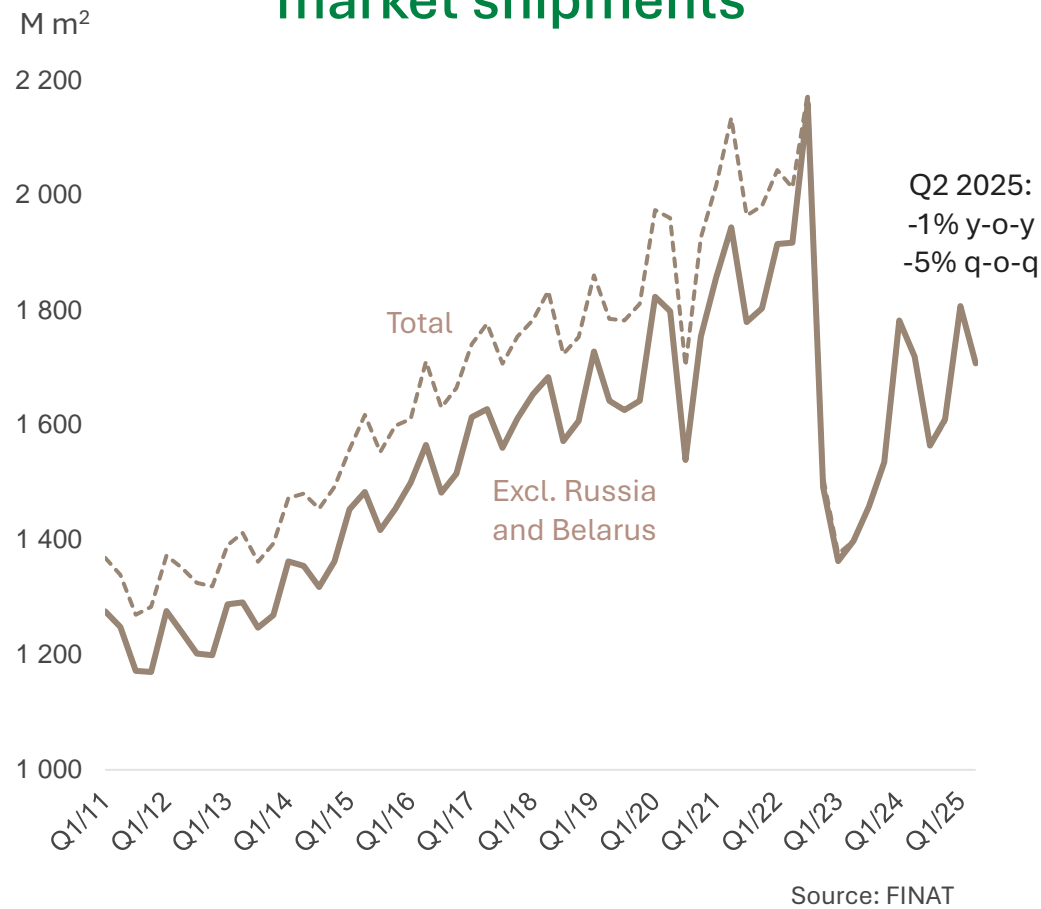


UPM Energy profitability	2020	2021	2022	2023	2024	H1 2025
Comparable EBIT, EURm	171	270	381	182	181	60
% of sales	45.0	51.3	52.0	29.0	28.9	20.6

UPM Adhesive Materials: Label materials demand has recovered above pre-covid level



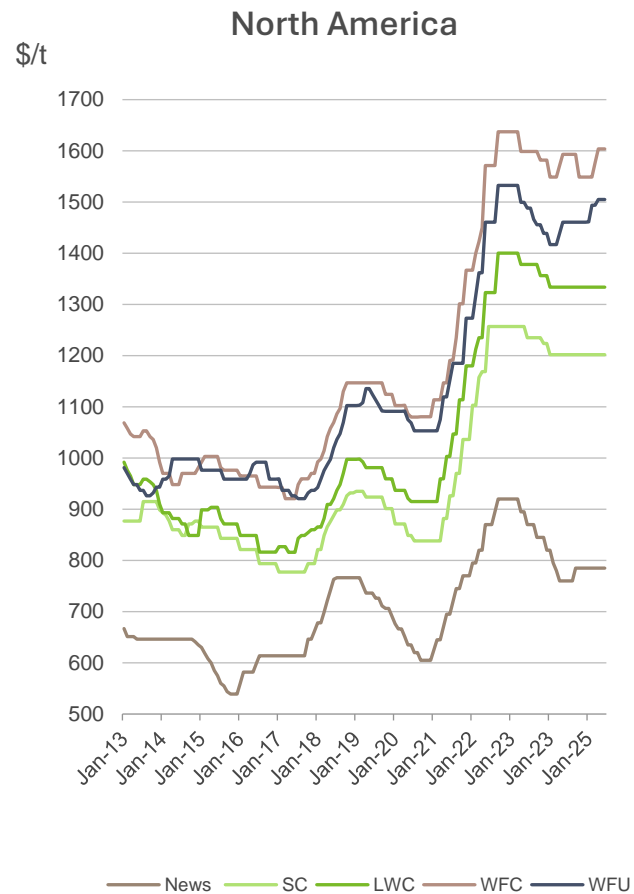
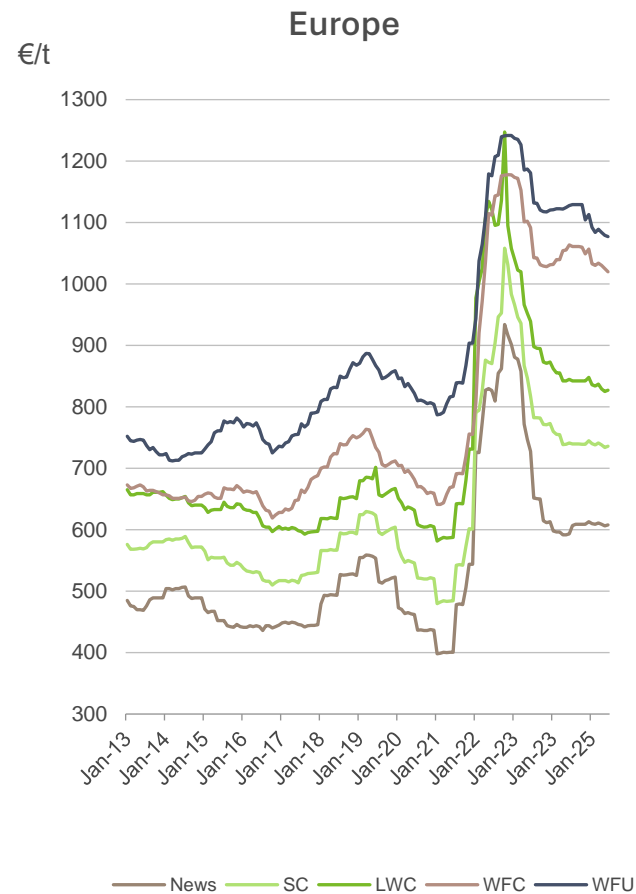
European market shipments



North American market shipments



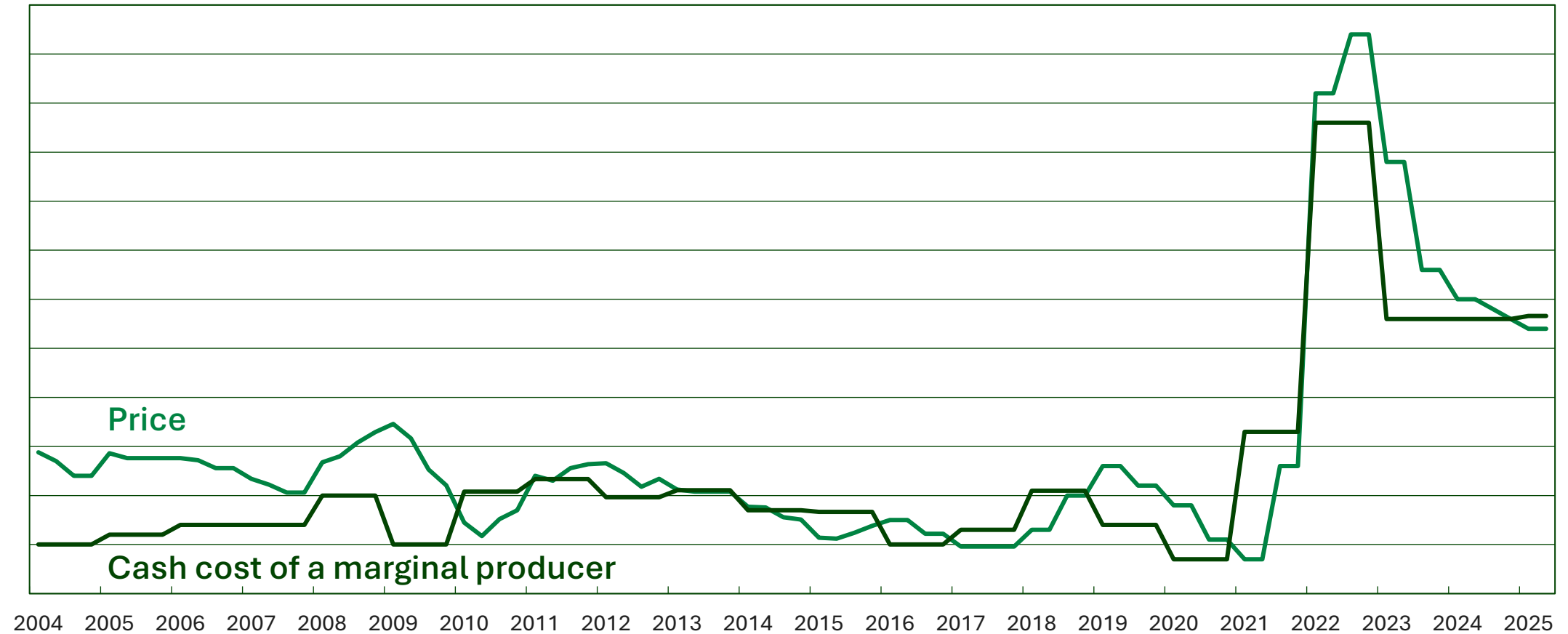
UPM Communication Papers: Graphic paper prices



Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer

EUR/tonne



Sources: UPM, PPI, Fastmarkets RISI, AFRY



UPM