

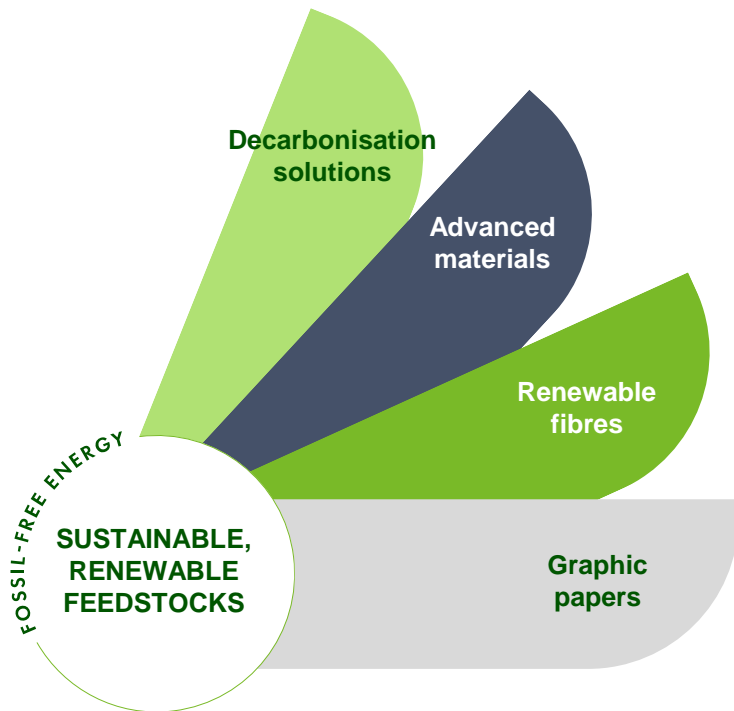


UPM Biofore Beyond Fossils

Investor presentation
September 2024

UPM **BIOFORE** - BEYOND FOSSILS

Our business portfolio, leveraging the competitive business platforms

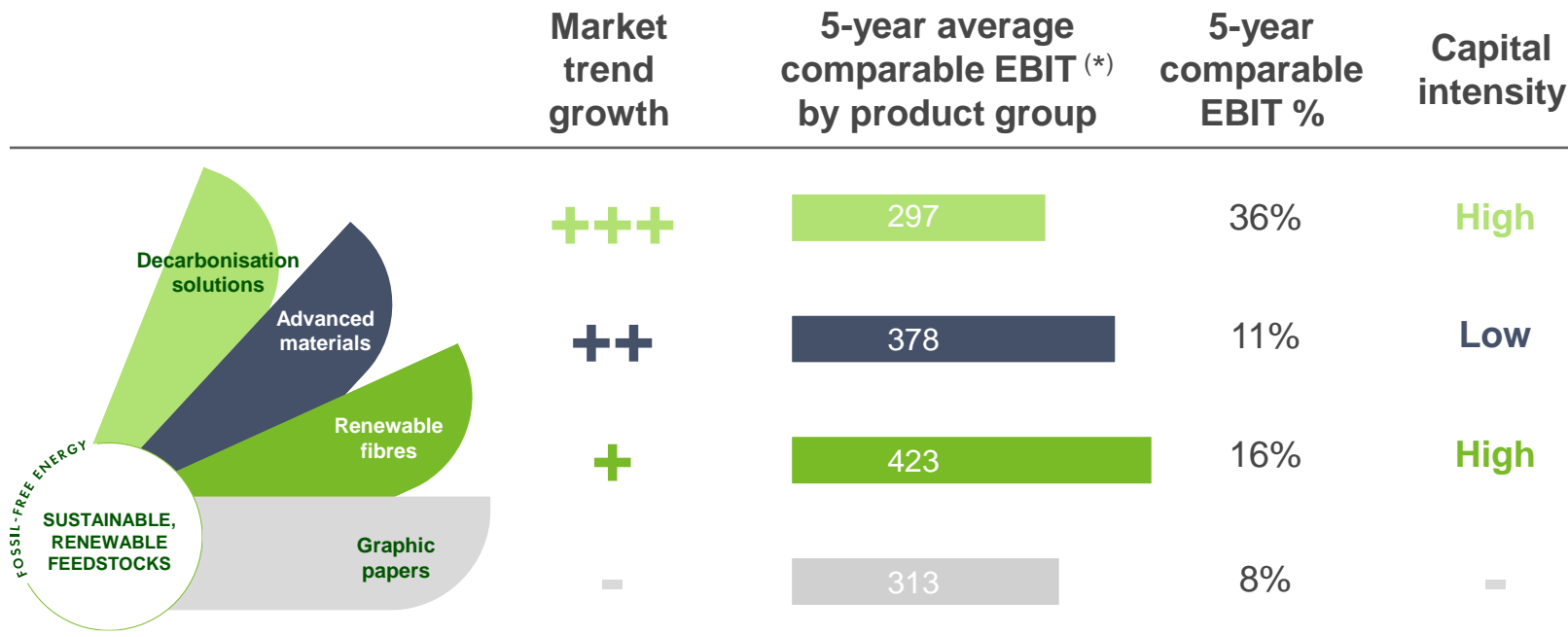


UPM portfolio provides growth in

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

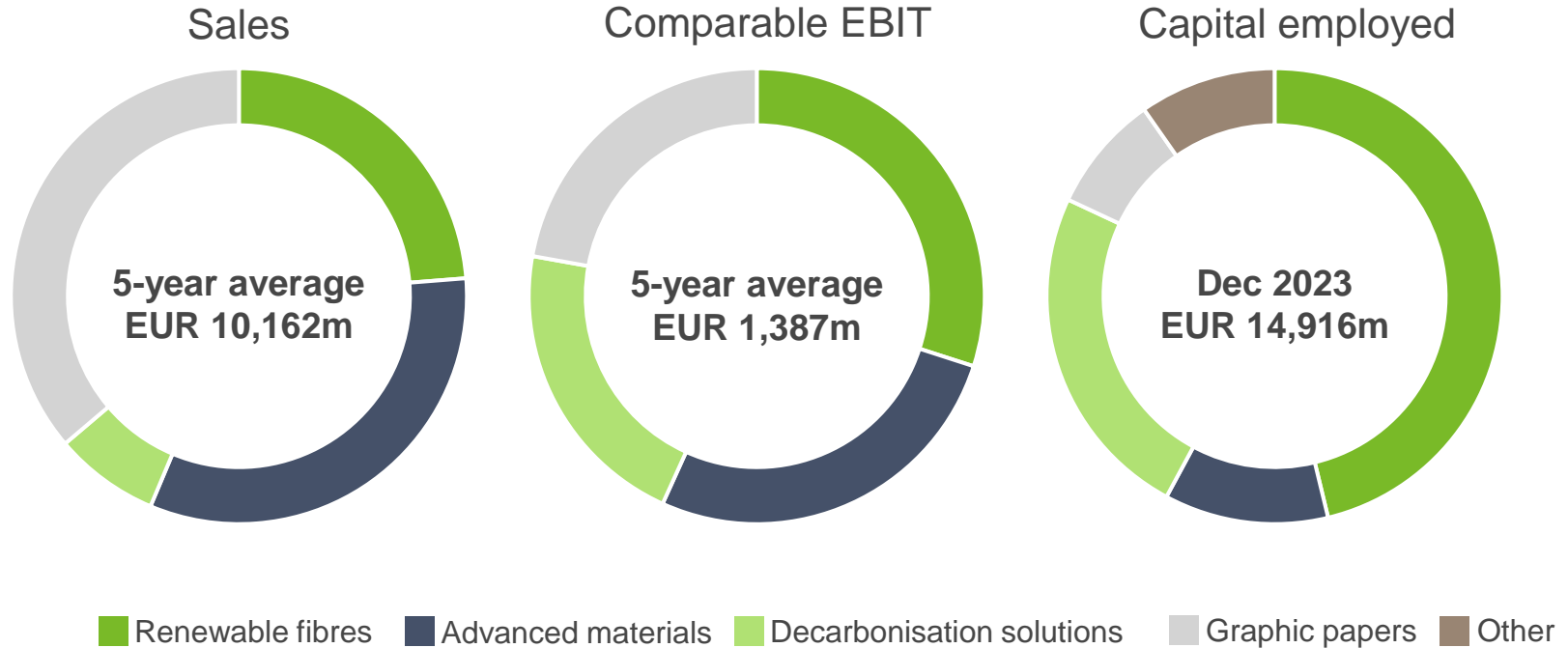
Sustainable, renewable feedstocks, about 600,000ha forests owned, over 500,000ha plantations under management

Our product markets provide healthy growth

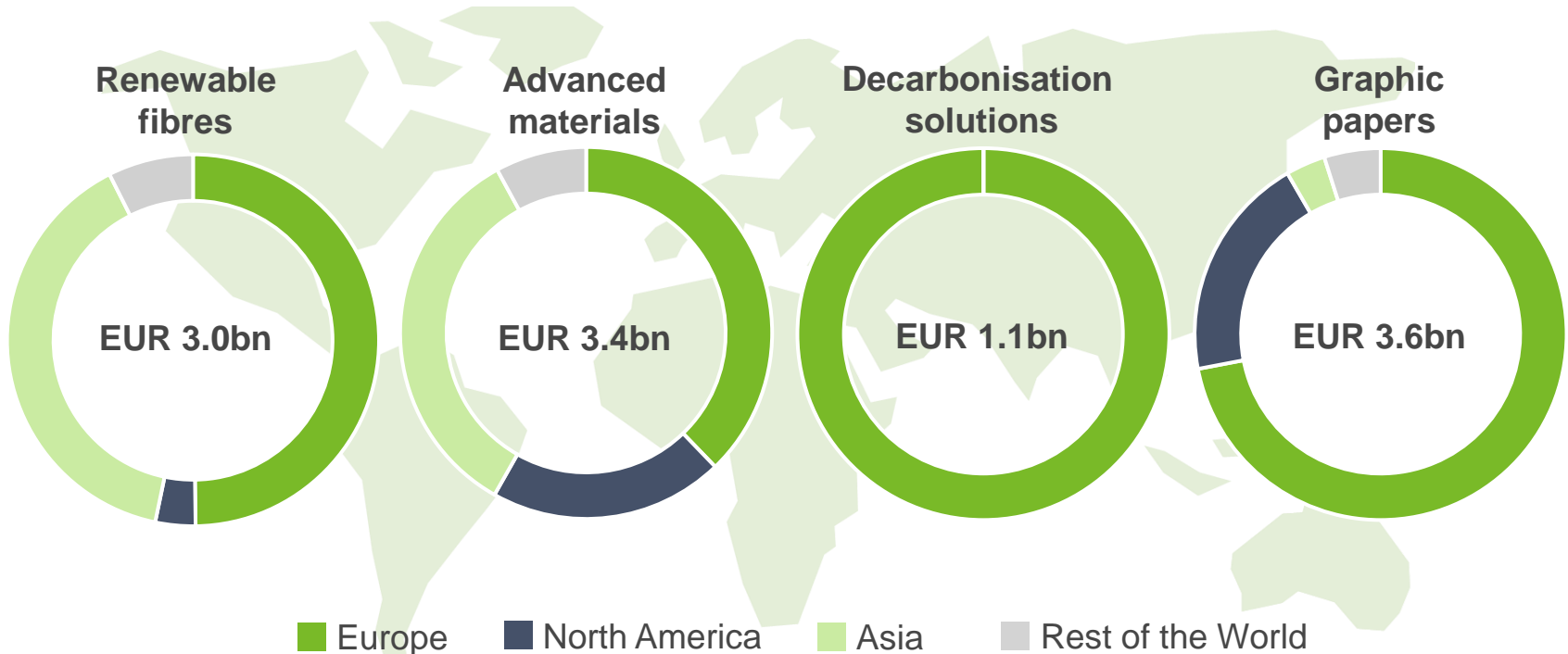


(*) UPM average comparable EBIT 2019-2023 was EUR 1,387m

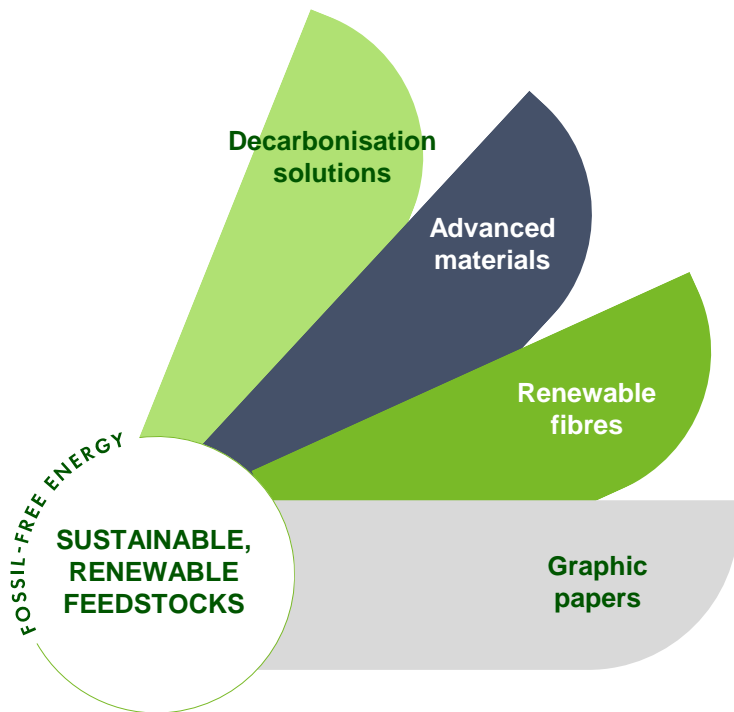
Strong balanced portfolio for the future



Geographical market presence



We aim to grow earnings with a balanced portfolio



UPM comparable EBIT (*)



(*) This is illustrative, not a forecast

We are well positioned to capture opportunities in higher-growth geographies



(*) This is illustrative, not a forecast



Leading position in sustainability, build on leading global standards



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

MSCI
ESG RATINGS



CCC B BB BBB A AA **AAA**



**World
Benchmarking
Alliance**



**THE Paris...
CLIMATE 10 years
PLEDGE Early**



Our climate commitment



WE ACT THROUGH FORESTS

Committed to climate-positive forestry and enhancing biodiversity



WE ACT THROUGH EMISSION REDUCTIONS

-65% from own CO₂ emissions
-30% from CO₂ emissions of supply chain



WE ACT THROUGH PRODUCTS

Innovative products
Scientifically verifying the climate impact of all our products



THE Paris...
CLIMATE 10 years
PLEDGE Early

Towards net-zero emissions (UPM 2023)



WE ACT THROUGH FORESTS

-4.8
MtCO₂eq

Carbon sink
Carbon absorbed in
trees and soil

**Long-term
carbon storage**
Long-term storage
in trees and soils

WE ACT THROUGH EMISSION REDUCTIONS (SCOPE 1, 2, 3)

+3.7
MtCO₂

**Scope 1 and 2
emissions**
from own energy
generation and
purchased energy

+7.6
MtCO₂eq

Scope 3 emissions
from value chain
(purchased goods and
services, logistics, etc.)

WE ACT THROUGH PRODUCTS

-5.4
MtCO₂

**Carbon
substitution**
Fossil energy
substitution

+1.5
MtCO₂

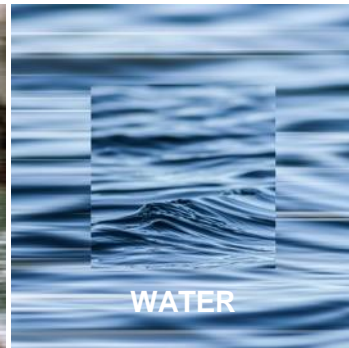
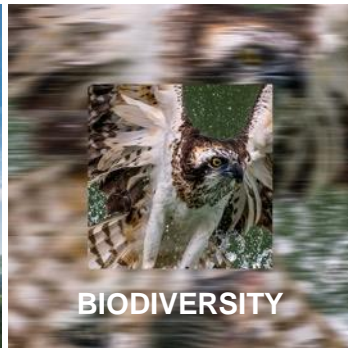
**Temporary
carbon storage**
Carbon stored in
wood-based
products' lifetime

-5.2
MtCO₂

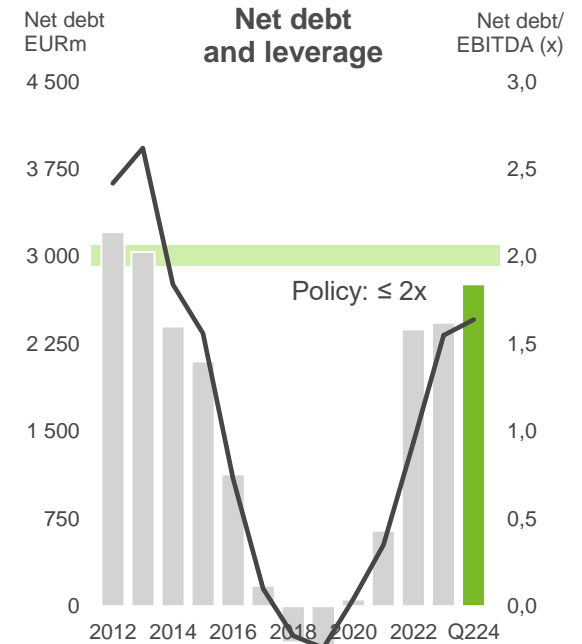
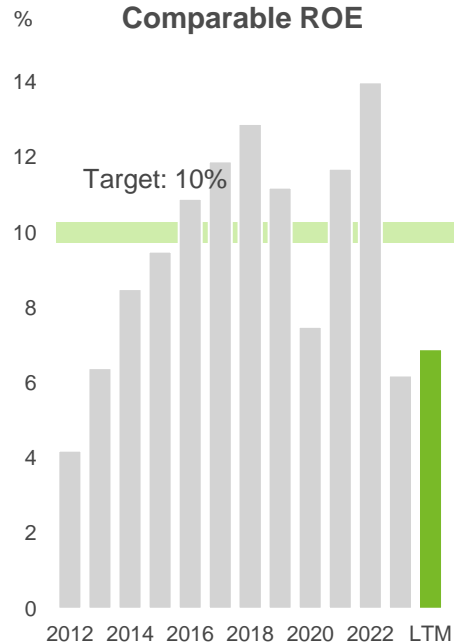
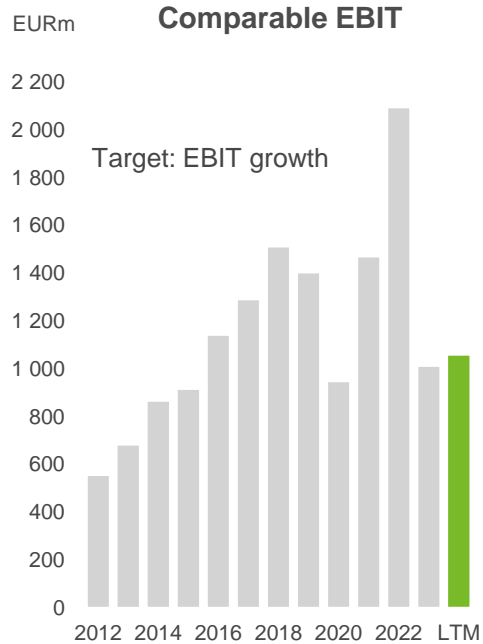
Carbon substitution
Avoided emissions by
replacing fossil-
based products

FOREST ACTION

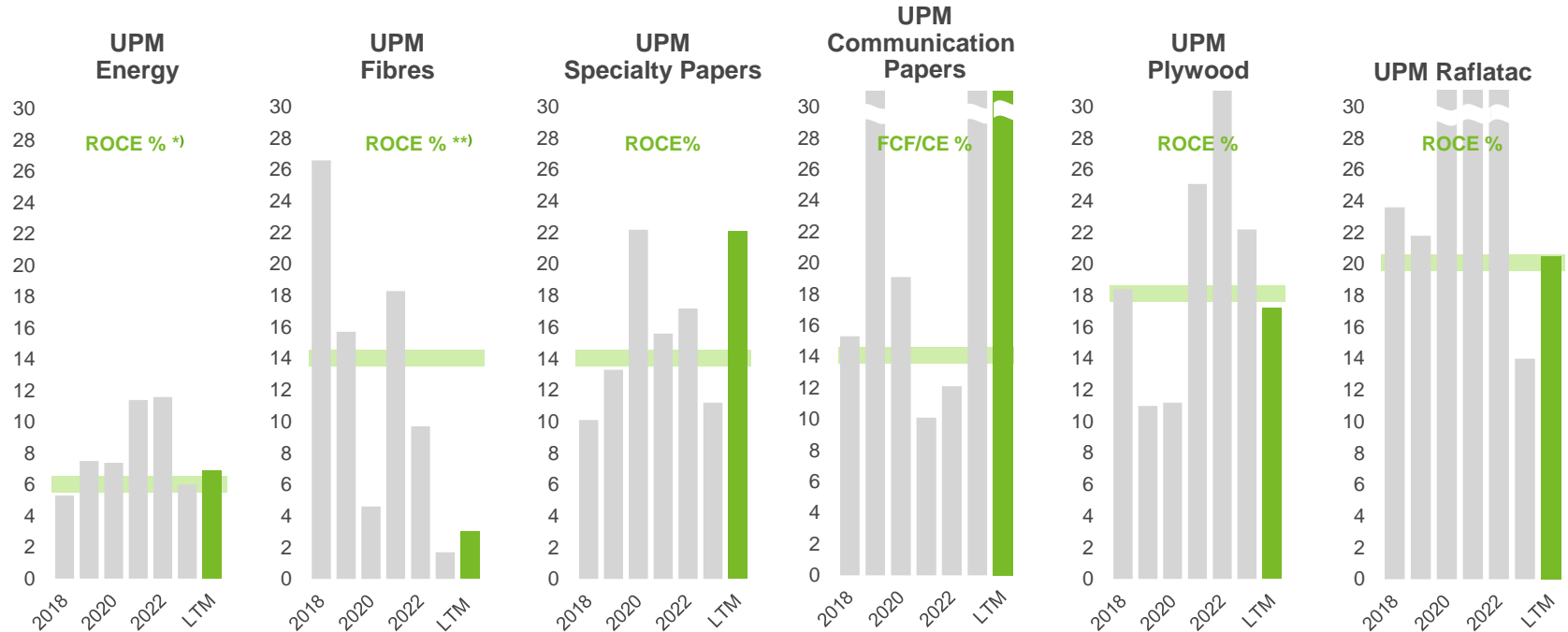
The **UPM Forest Action** programme takes a holistic view, covering the five fundamentals of responsible forestry:



Group financial performance and targets



Business area long-term return targets

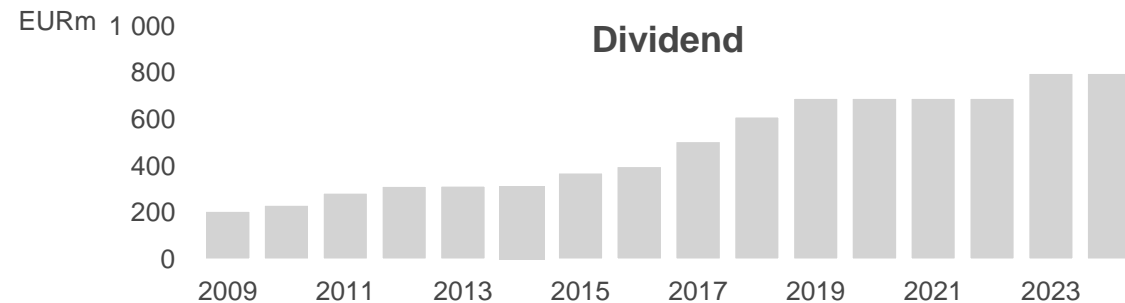
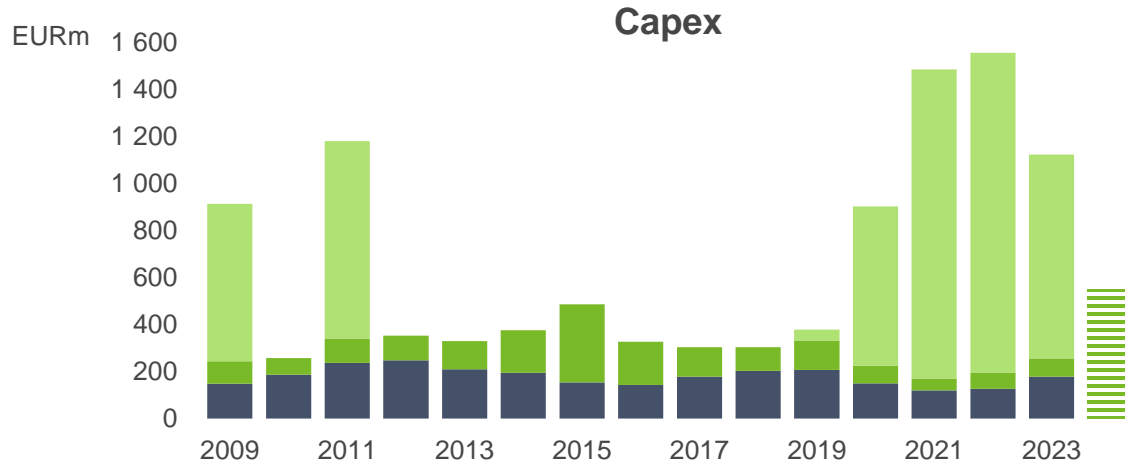


*) shareholdings in UPM Energy valued at fair value

**) 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, predictable attractive dividend



- 2024-25 “harvesting period” with lower capex
- Strong balance sheet, maintain headroom to 2x EBITDA policy
- Predictable and attractive dividend
- Potential shareholder distribution to complement variations in growth investments

Illustrative 5-year capital allocation^(*) (2024–2028)



PERFORMANCE FOCUS
**Strong operating
cash flow**



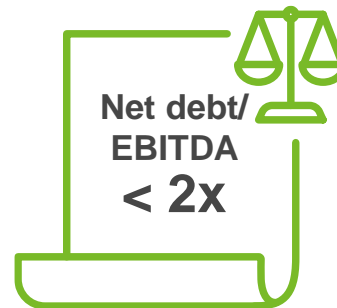
**ATTRACTIVE
SHAREHOLDER DISTRIBUTION**

EUR
~4–5bn

**VALUE-ENHANCING
INVESTMENTS**

EUR
~3–4bn

**STRONG
BALANCE SHEET**



Net debt/
EBITDA
< 2x

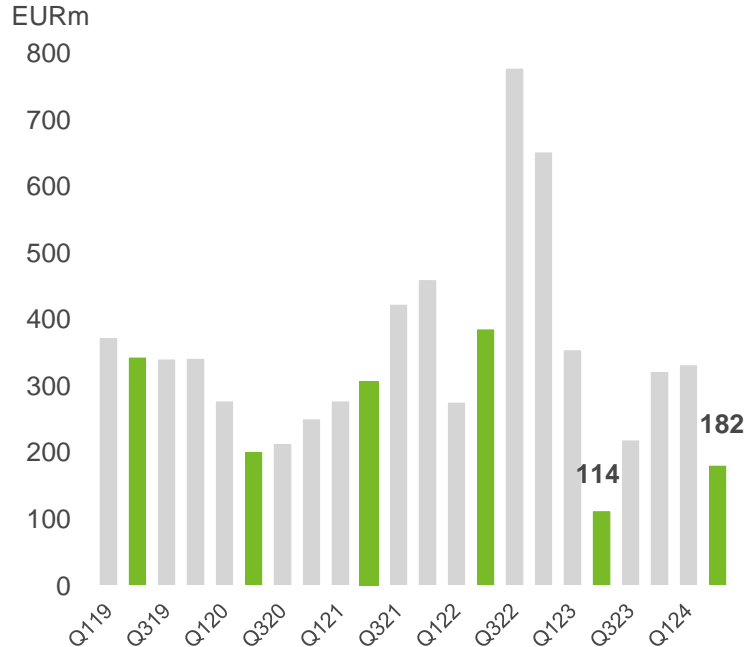
Maintain headroom

^(*) This is not a forecast

Q2 2024: Comparable EBIT +60% from last year, UPM Paso de los Toros reached full capacity



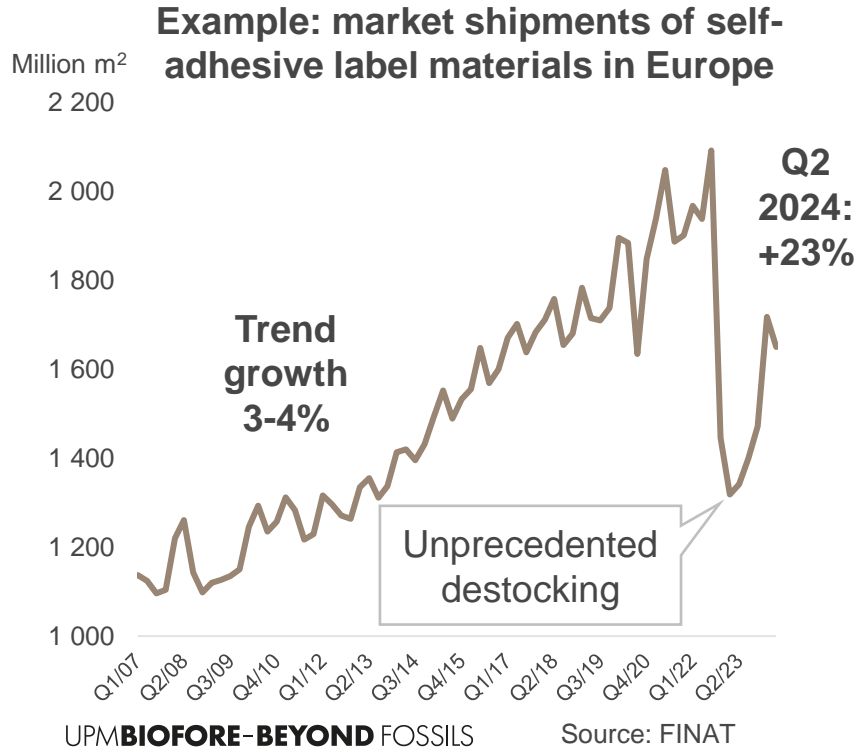
Comparable EBIT



Q2 2024 in brief

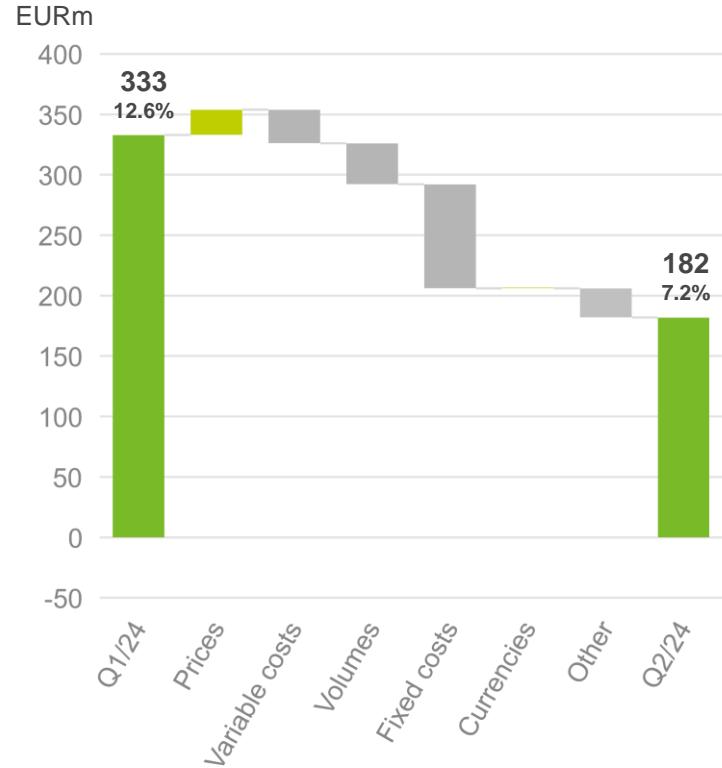
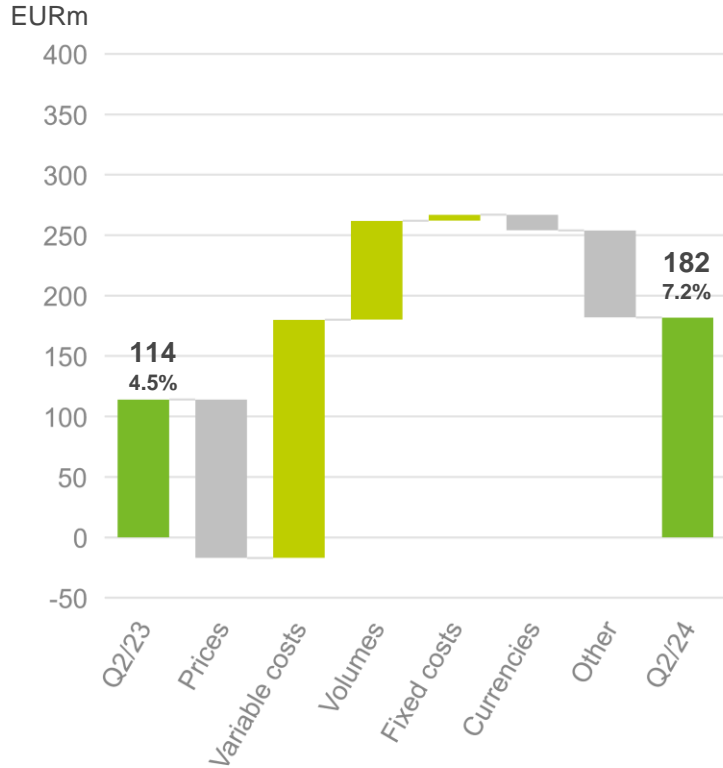
- Sales totalled EUR 2,546m (2,558m in Q2 2023)
- Comparable EBIT increased by 60% to EUR 182m, 7.2% of sales (114m, 4.5%)
- Moderate recovery in many product markets
- UPM Paso de los Toros pulp mill reached nominal capacity before its first maintenance shutdown in June
- Unusually high maintenance activity with three pulp mills and all nuclear power plant units having scheduled maintenance

Moderate market recovery

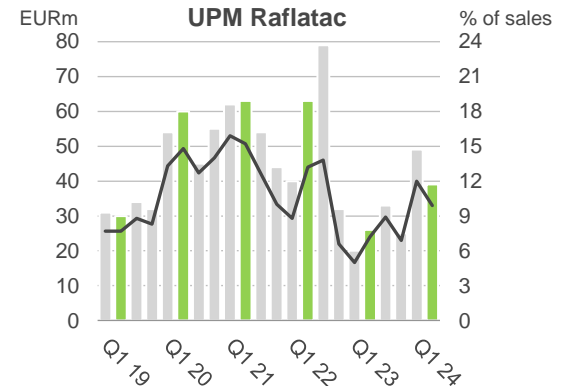
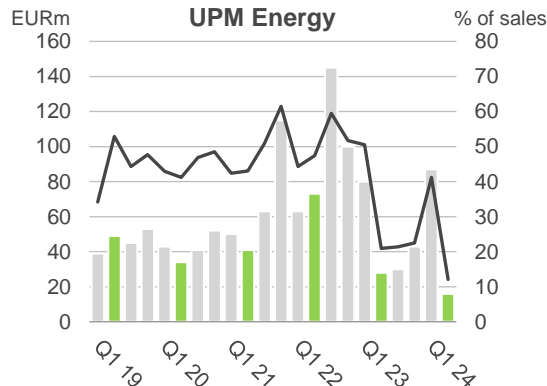
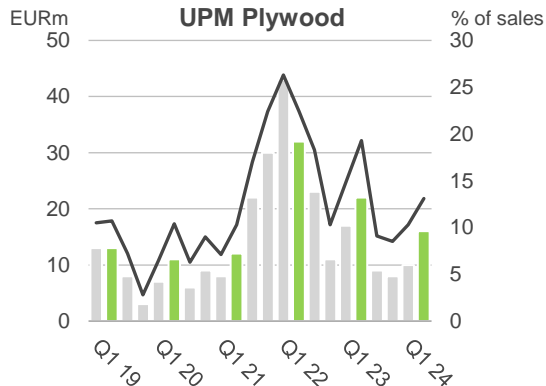
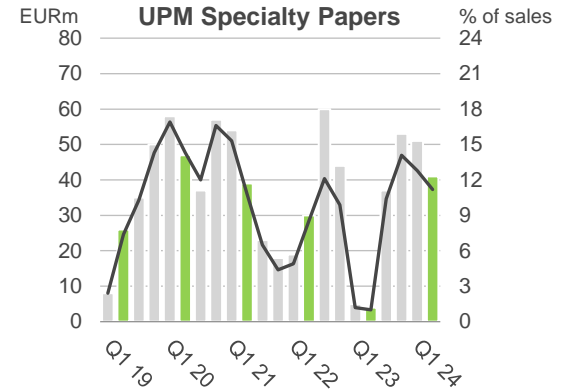
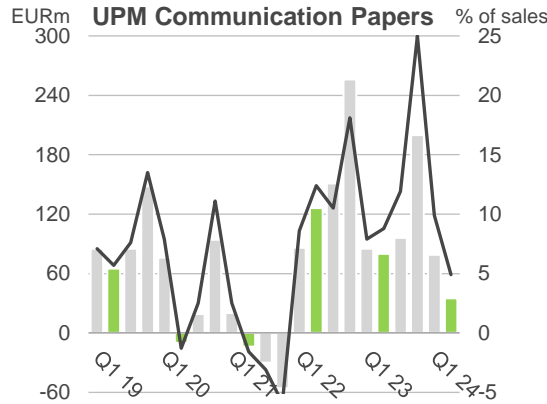
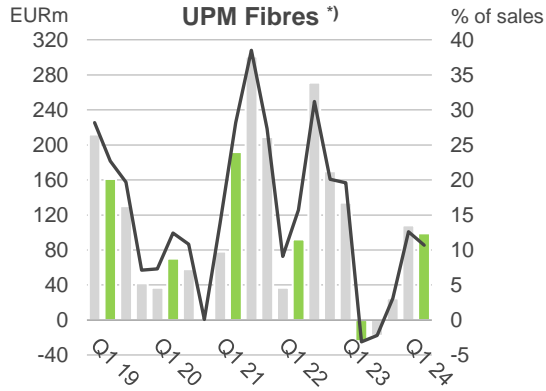


- Gradual recovery in most product markets during H1 2024
- Demand development moderated in Q2 2024 after the strong Q1
- Underlying consumer demand moderately improving
- Global pulp markets were further tightened by supply-side restrictions

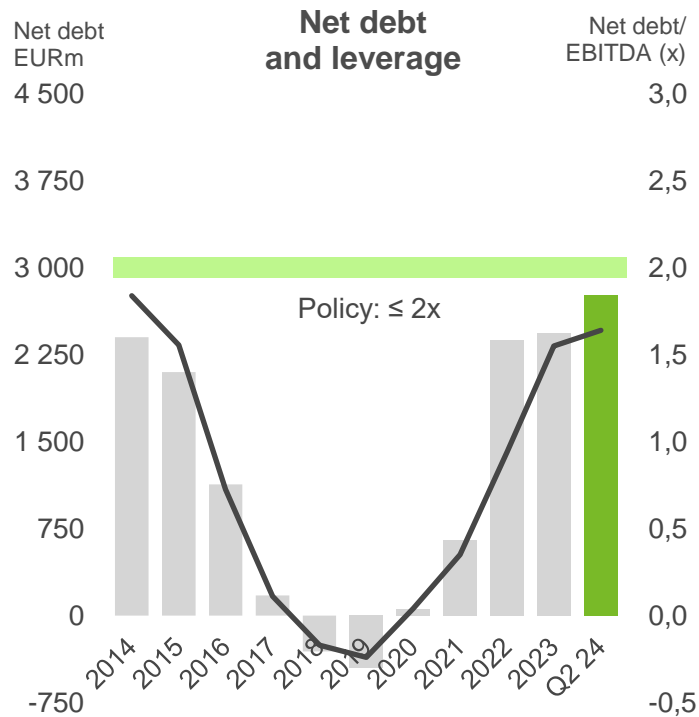
Comparable EBIT in Q2 2024



Comparable EBIT by business area



Strong financial position



- Net debt EUR 2,763m at the end of Q2 2024
- Net debt / EBITDA 1.64
- Cash funds and committed credit facilities EUR 3.3bn at the end of Q2 2024
- No financial covenants
- The first dividend instalment for year 2023 (EUR 400m) was paid in Q2 2024

Outlook for 2024



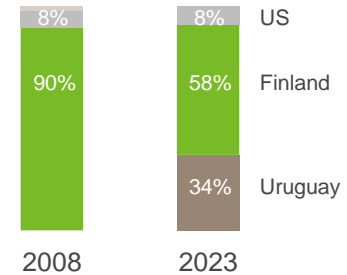
- UPM's full-year 2024 comparable EBIT is expected to increase from 2023, supported by higher delivery volumes, the ramp-up and optimisation of the UPM Paso de los Toros pulp mill, and lower fixed costs. Demand for many UPM products is expected to gradually improve as the destocking seen in 2023 is over. The market conditions for renewable fuels are expected to be weaker than last year. UPM continues to manage margins and take actions to reduce variable and fixed costs.
- In H2 2024, comparable EBIT is expected to be higher than in H1 2024. This improvement is expected to come especially from UPM Fibres, with the full pulp capacity available and pulp price levels starting at a higher level than at the start of the year.
- There are no major maintenance shutdowns scheduled for the company in H2 2024, whereas H1 2024 was impacted by unusually high maintenance activity and political strikes in Finland. The timing of the annual energy-related refunds is expected to support the result in Q4.

Developing our forest assets

UPM forests and plantations

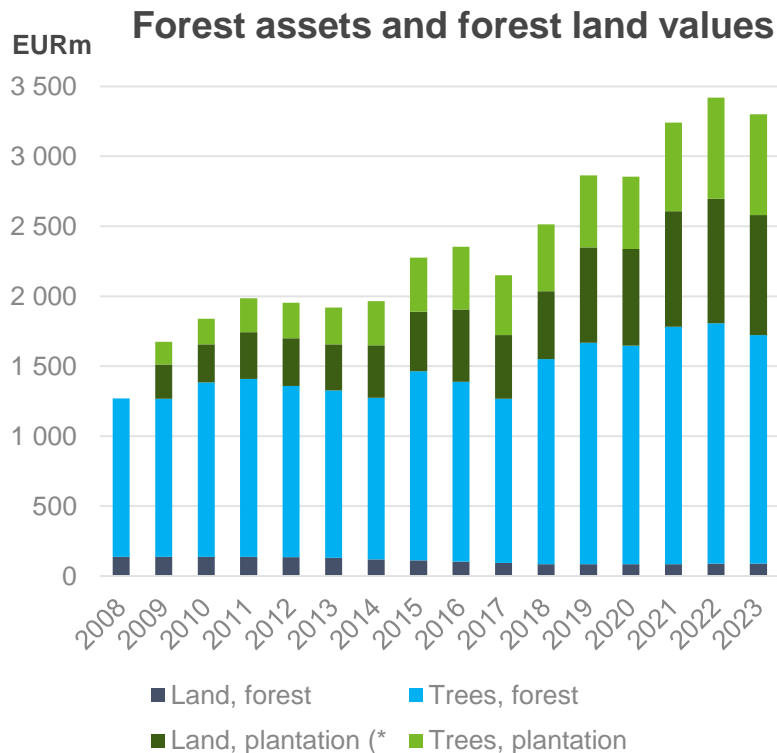
	2008	2023
Forest and plantation land (own and leased) (1,000 ha)	1,012	1,073
Forest growth (million m ³)	4.3	11.5
Wood sourced from UPM forests and plantations (million m ³)	2.2	7.0
Value of forests and plantations, including land (EURm)	1,270	3,301

Area distribution



- Climate-positive forestry and maintenance of carbon sinks
- Investing in strategic forest assets in Uruguay
- Productivity with active management and nurseries
- Enhancing biodiversity

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



Uruguay plantations

“fast turnover, low inventory”

- Value EUR 1.6bn
- Continuous productivity improvement (pulp tonnes/ha)
- Investing in strategic forest assets

Finland and other northern forests

“slow turnover, high inventory”

- Value EUR 1.7bn (+36% since 2008, EUR/ha +129% since 2008)
- Decreased area (-41% since 2008), focusing on forests close to mills
- Improved growth (m³/ha)
- Trend price (EUR/m³)



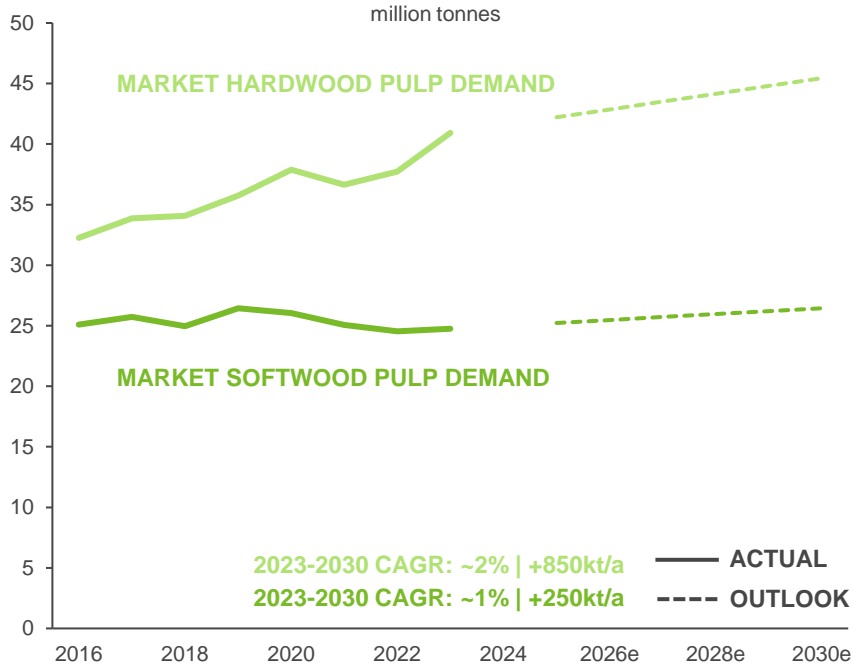
Renewable fibres for growing everyday needs



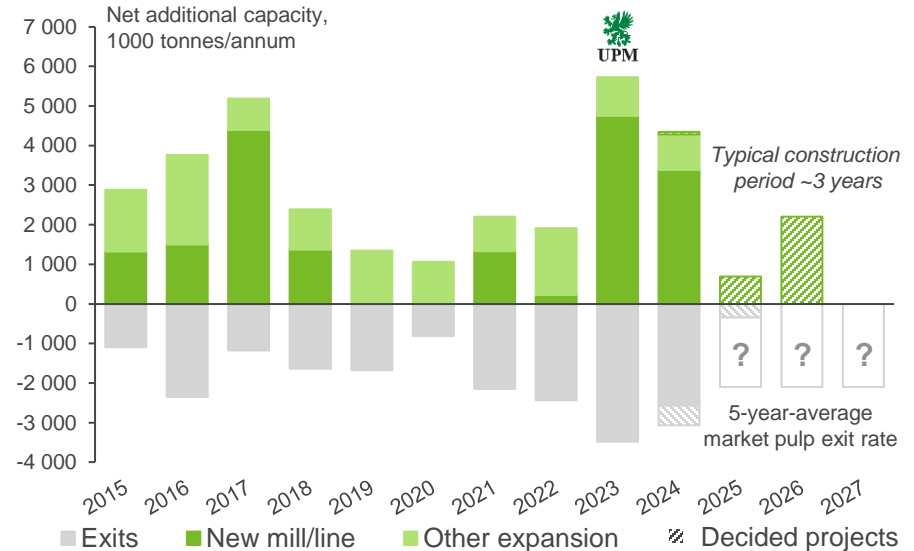
Robust demand growth outlook for market pulp, limited net capacity addition in the coming years



Market pulp demand trend



Entry of market bleached pulp capacity



Note: including BHKP, BSKP, excluding fluff and dissolving

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**

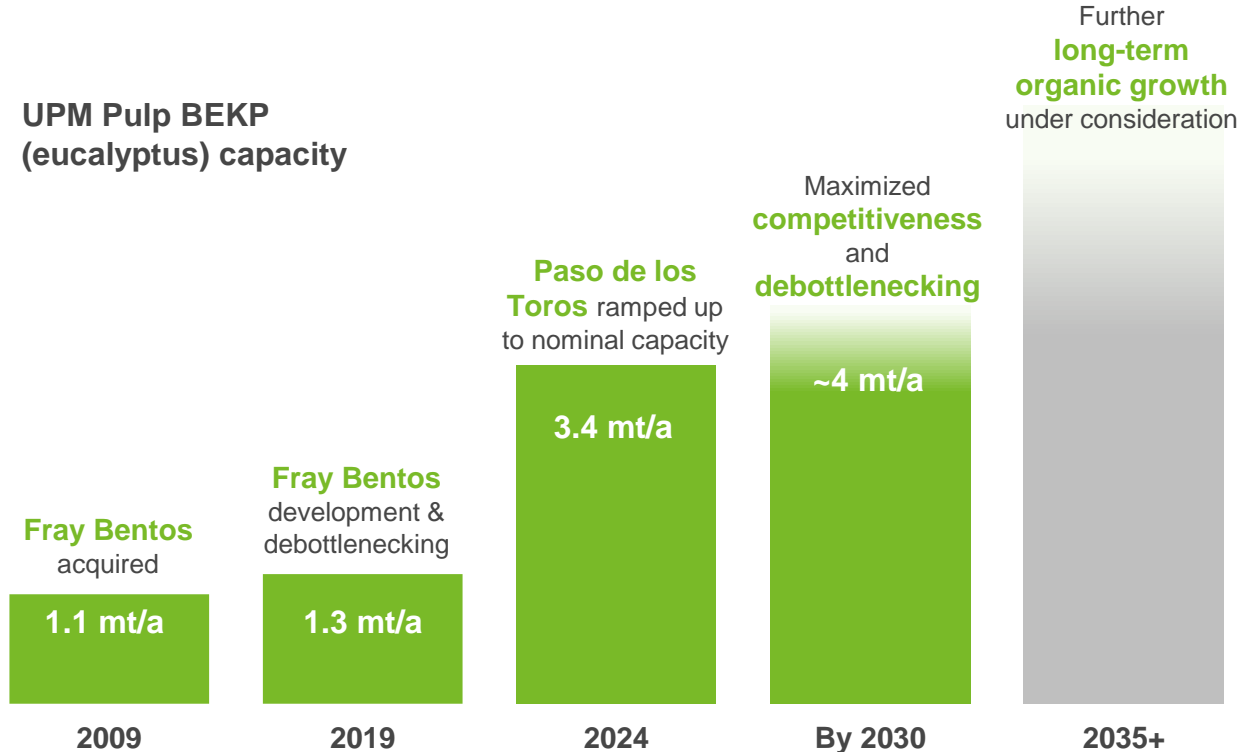


- **5 modern pulp mills** with annual production capacity of **5.8 million tonnes** of hardwood and softwood pulp
- Over **500 000 hectares of plantations** in Uruguay under UPM management
- Over **520 000 hectares of forests** owned by UPM in Finland

Growth ambition in hardwood pulp



UPM Pulp BEKP (eucalyptus) capacity



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

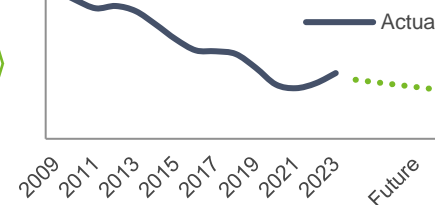
- World-class outbound logistics
- Direct rail connection
- Own port terminal



Competitiveness

UPM BEKP cash cost development

Real USD/t, (2022=100)

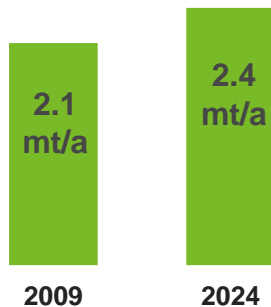


Average annual cost reduction 2009-2023 nearly **-6%**

Finland: focus on profitability and value maximisation



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



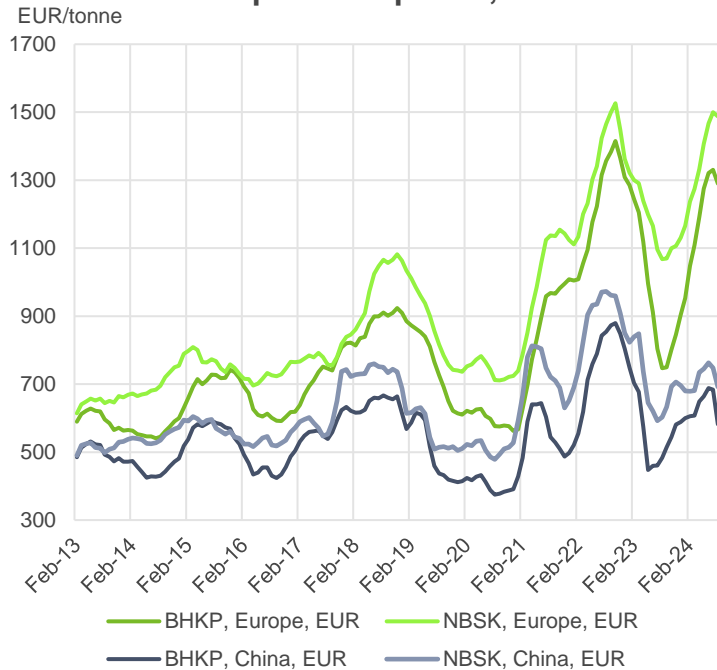
Focus on competitiveness

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

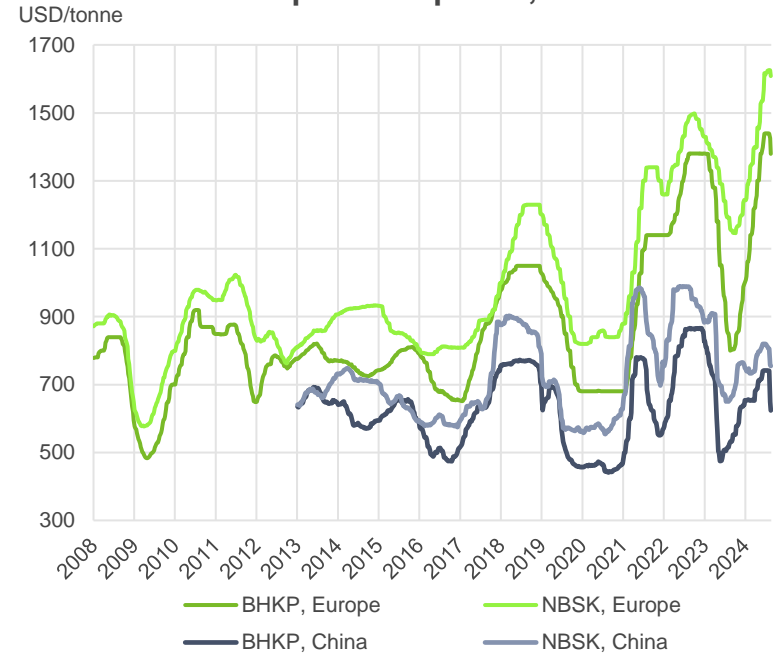
Chemical pulp market prices



Pulp market prices, EUR



Pulp market prices, USD



Source: FOEX Indexes Ltd



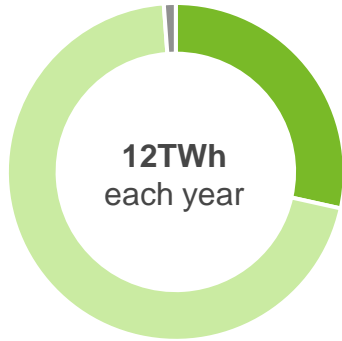
Decarbonisation solutions



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



UPM Energy electricity generation is 99% CO₂-free

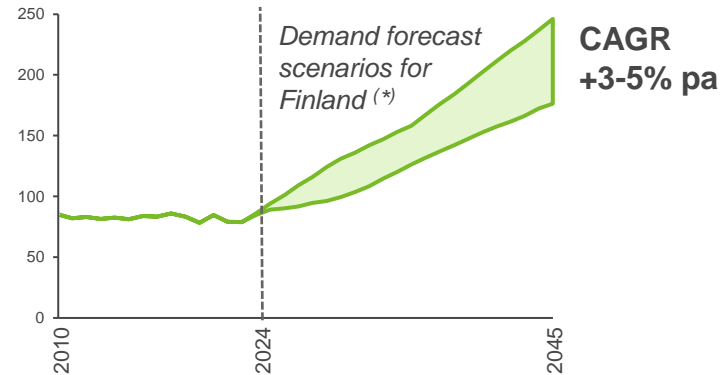


■ Hydro ■ Nuclear ■ Thermal

UPM Energy

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

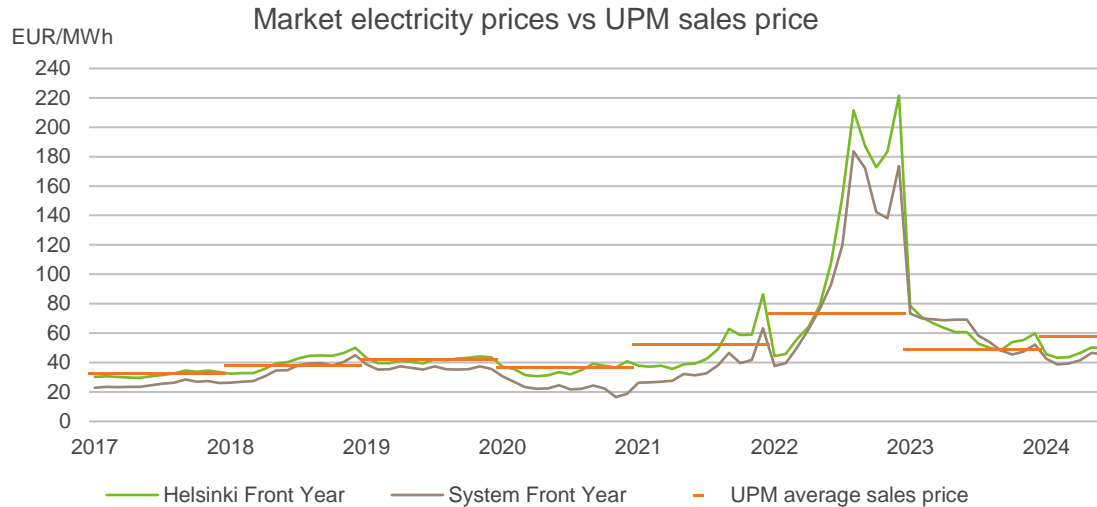
Electricity demand is expected to grow significantly



Electricity demand growth requires reliable CO₂-free baseload

- **Near term**; electric heating (large scale electric boilers and heat pumps), data centres and traffic
- **Longer term**; industrial decarbonisation and electrification

Cost efficient generation enables robust profitability in changing market environment

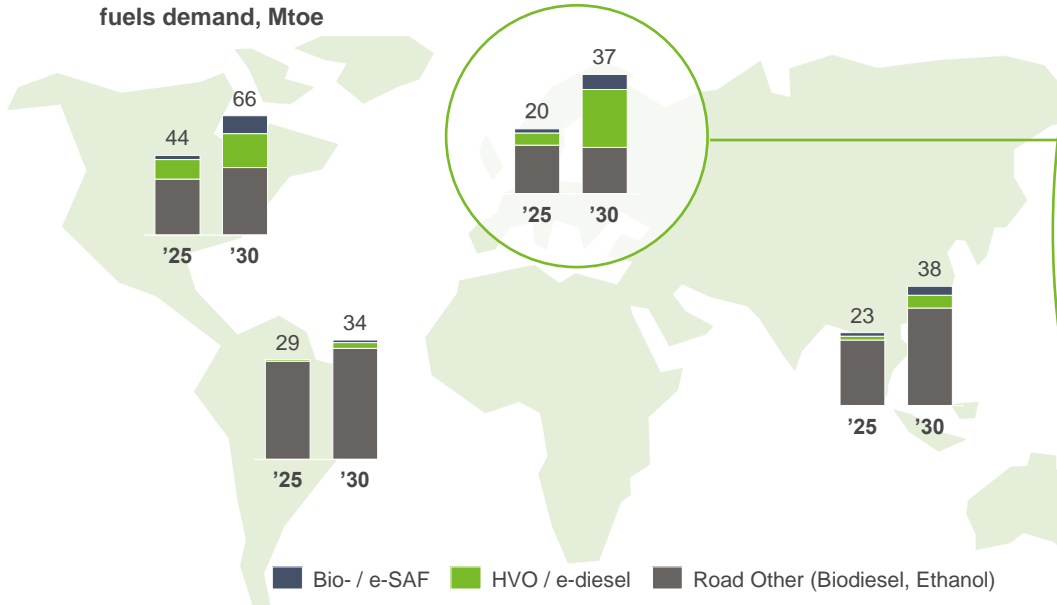


UPM Energy profitability	2019	2020	2021	2022	2023	H1/2024
Comparable EBIT, EURm	185	171	270	381	182	102
% of sales	44.4	45.0	51.3	52.0	29.0	30.1

Global renewable fuels demand outgrows planned capacity as of 2030

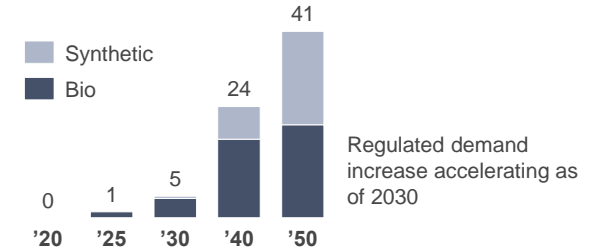


Global sustainable fuels demand, Mtoe

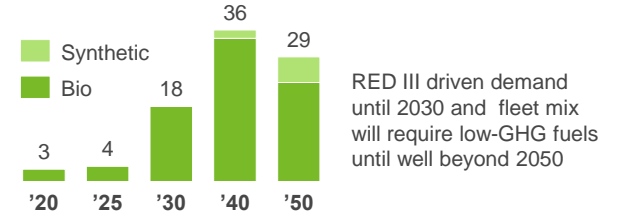


1) Including Norway and UK; Road demand 2030 estimate including upside from RED III implementation – current regulations –12 Mtoe demand

EU SAF¹, Mtoe

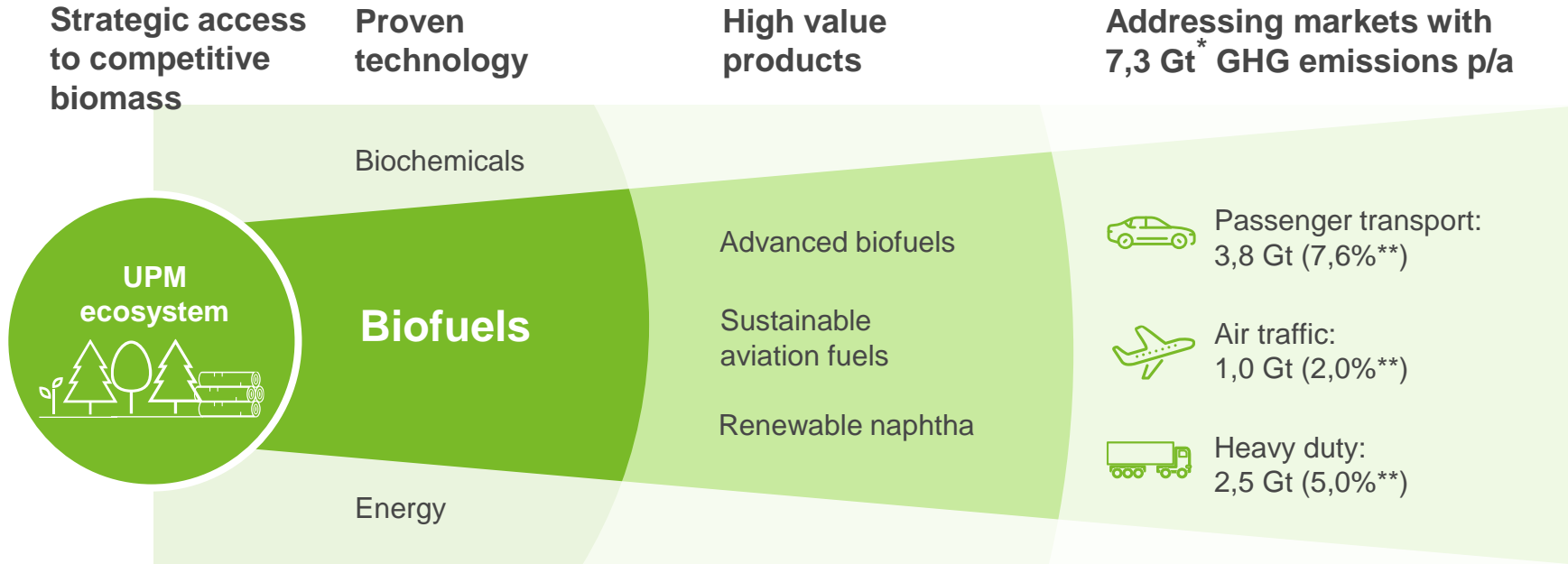


EU Road Renewable Fuels¹, Mtoe



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



* 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

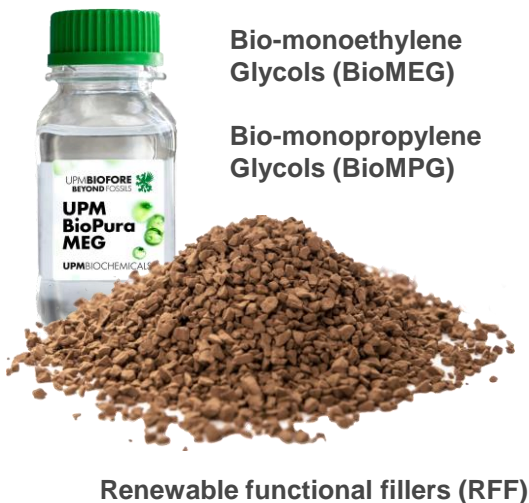
Testing new UPM technology for processing integrated feedstocks at larger scale takes approx. 2 years

UPM Biochemicals – a set of entirely new products to help decarbonise a large variety of end-uses



Leuna products*

Material and end-use applications



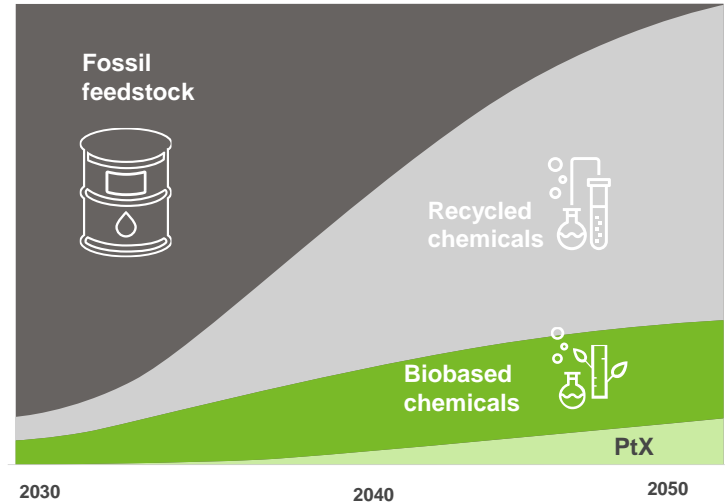
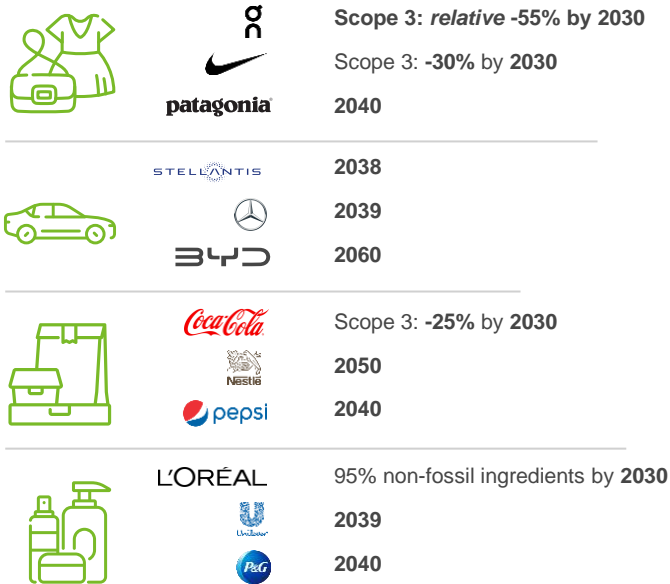
* Industrial sugars as a major side-stream will be sold for Bioethanol and Sweetener production, valorisation in own processes as a next step

Biobased chemicals are central to the transition away from high-CO₂ materials

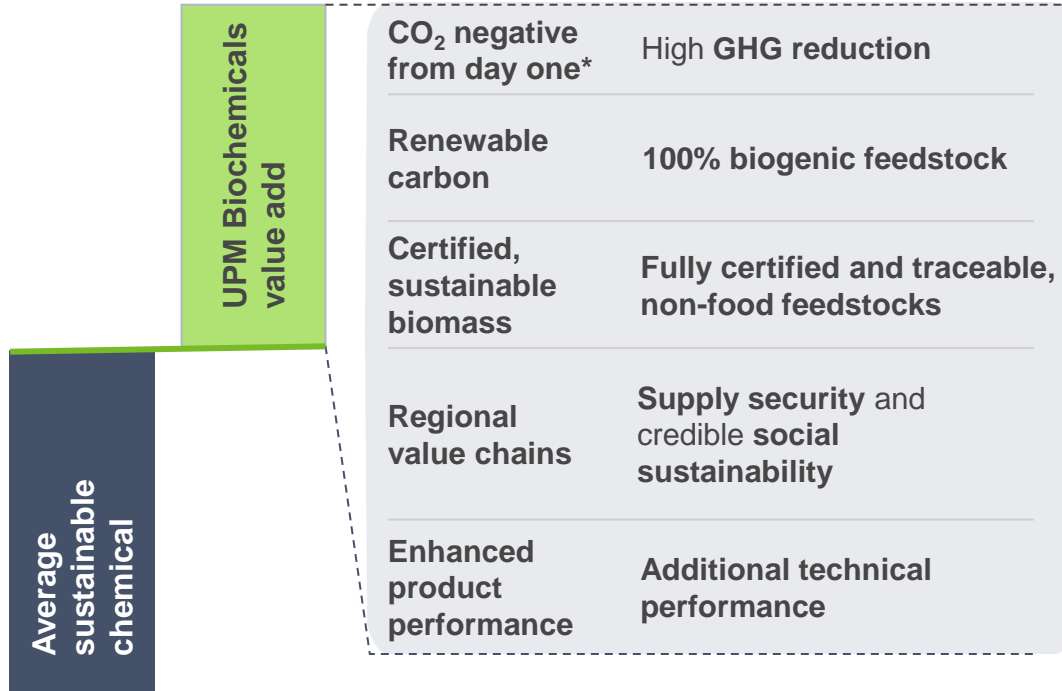


Net-zero commitments of major global brands will reflect on demand for sustainable chemicals

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



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

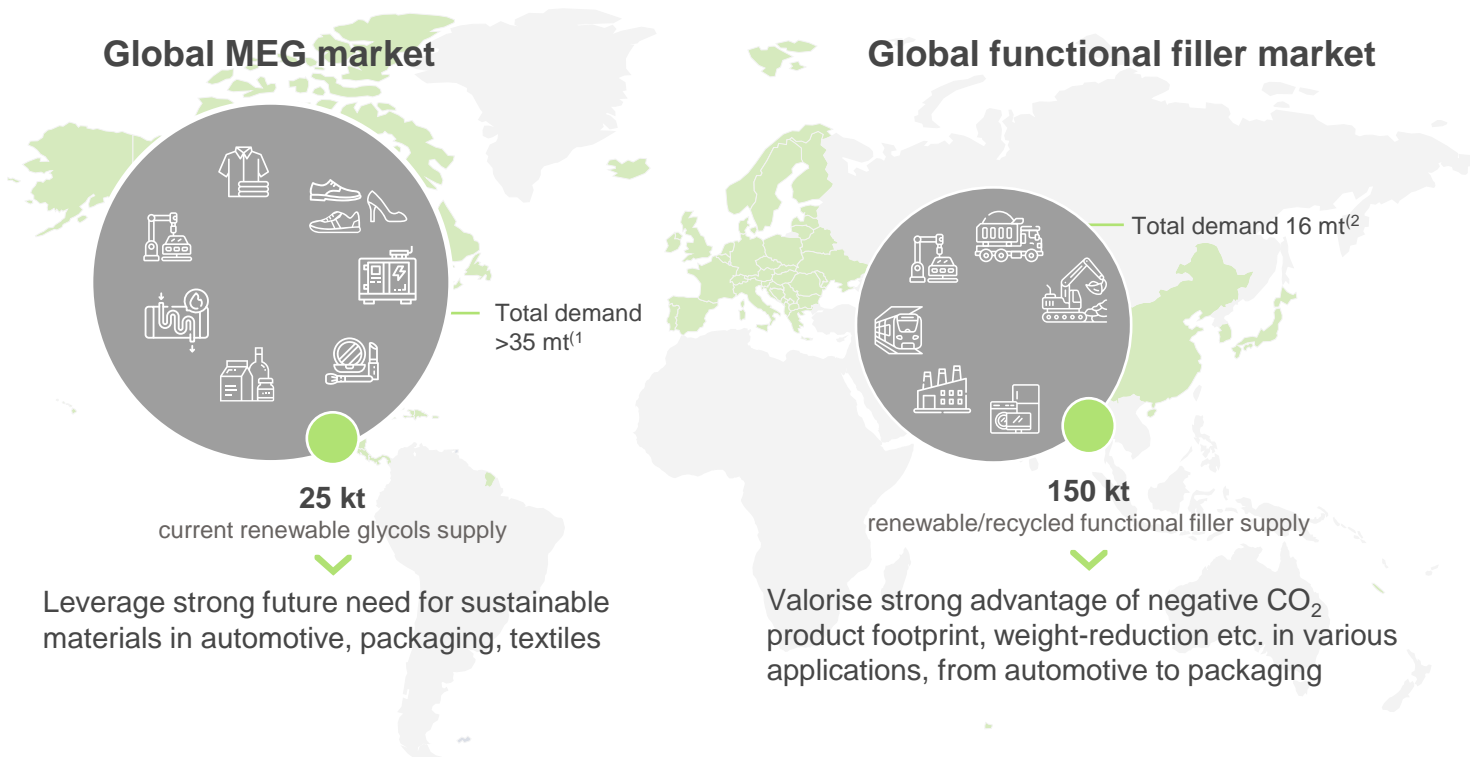


Strategic partnerships with leading players in various regions and industries confirm high demand for UPM products



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

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



After reaching full capacity, Leuna will focus on capacity increase, cost optimisation and additional side stream valorisation. We expect ...



Sequential
production
start in Q4
2024

100%
capacity
utilization as
of 2027

Positive
EBIT in
2027

Biochemicals
business
long-term
ROCE target
14%



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%

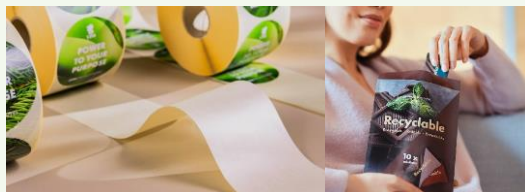


UPM #2 globally in PSL

- 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%(*)

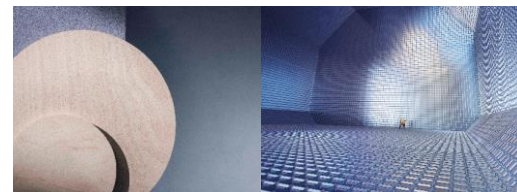


UPM #1 globally in release papers

- 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%

Self adhesive labels in various end-uses



Food



Wine, spirits & beverage



Pharmaceuticals



Personal care



Home care



Durables



Transport & logistics



Industrial
Chemical



Retail



A4 & cut-size



Security & brand
protection



Tyre

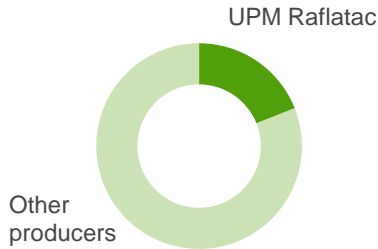
UPM Raflatac

The self-adhesive labelstock market

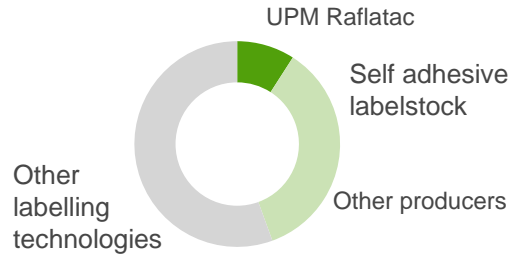
- >EUR 10bn global market
- ~3-4% p.a. growth
- Private consumption driven
- Largest of the labelling technologies
- <25% of total self adhesive materials markets



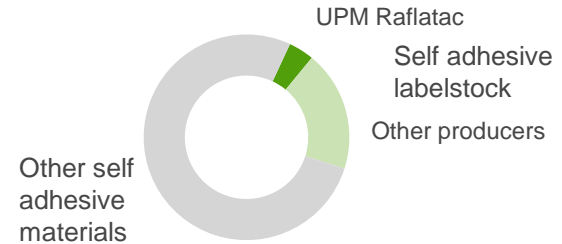
Self-adhesive labelstock market



All labelling technologies

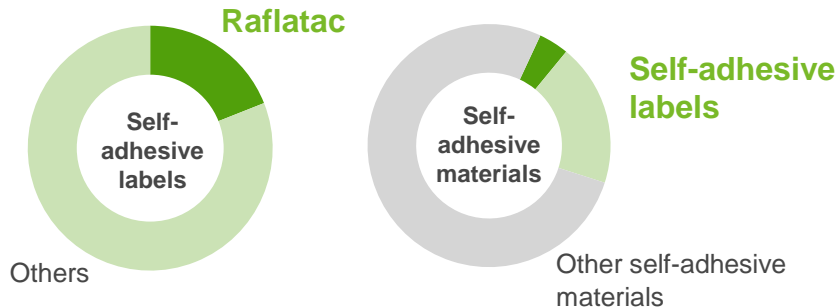


All self adhesive materials



Entering attractive adjacent markets

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



UPM Specialty Papers

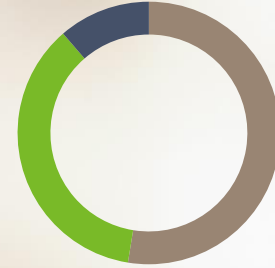


Sales
1,485 M€
in 2023

EBITDA
172 M€
in 2023

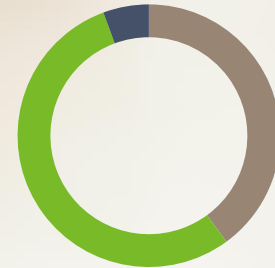
ROCE
11.2%
in 2023

Sales by market*



■ APAC ■ EMEIA ■ North America & LATAM

Sales by product*

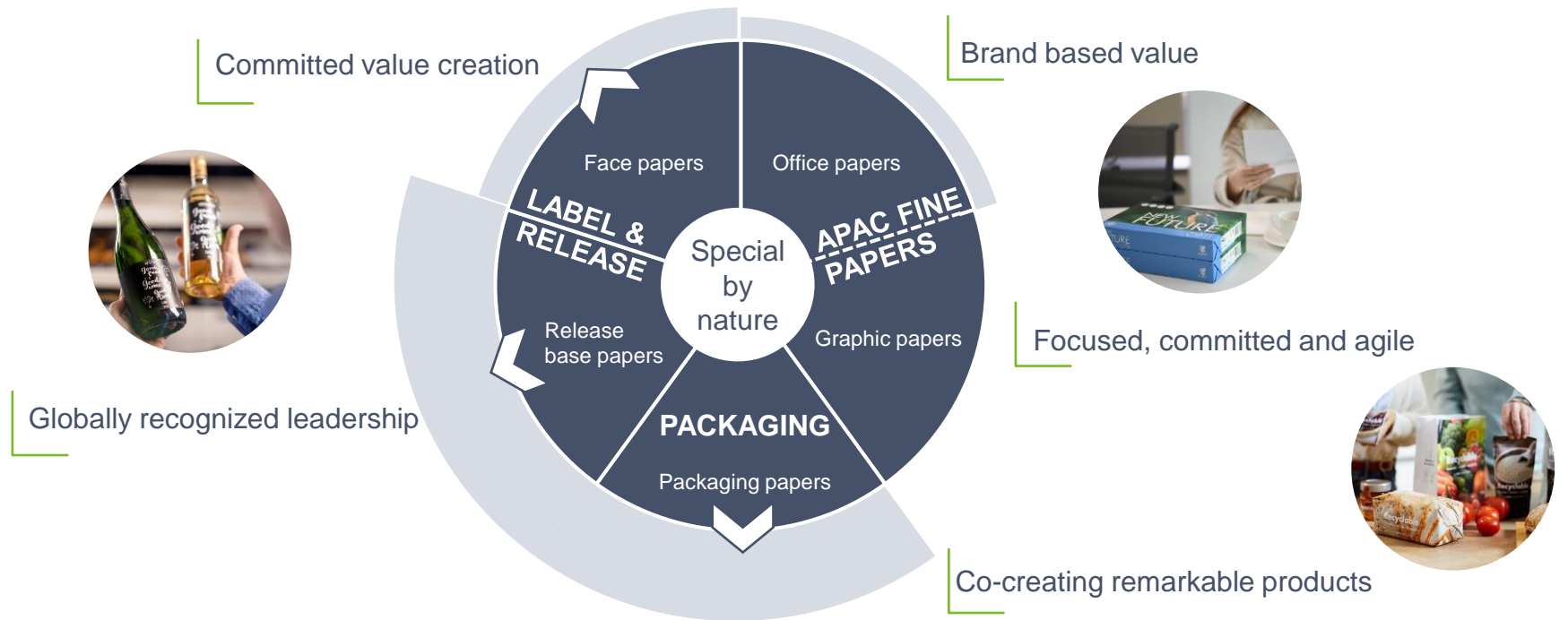


■ Fine ■ Label & release ■ Packaging

*2021 figures

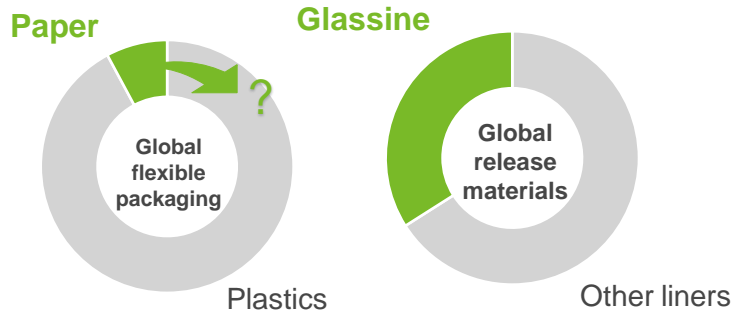
UPM Specialty Papers **GROWTH STRATEGY**

We co-create a future beyond fossils with renewable, recyclable and remarkable 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

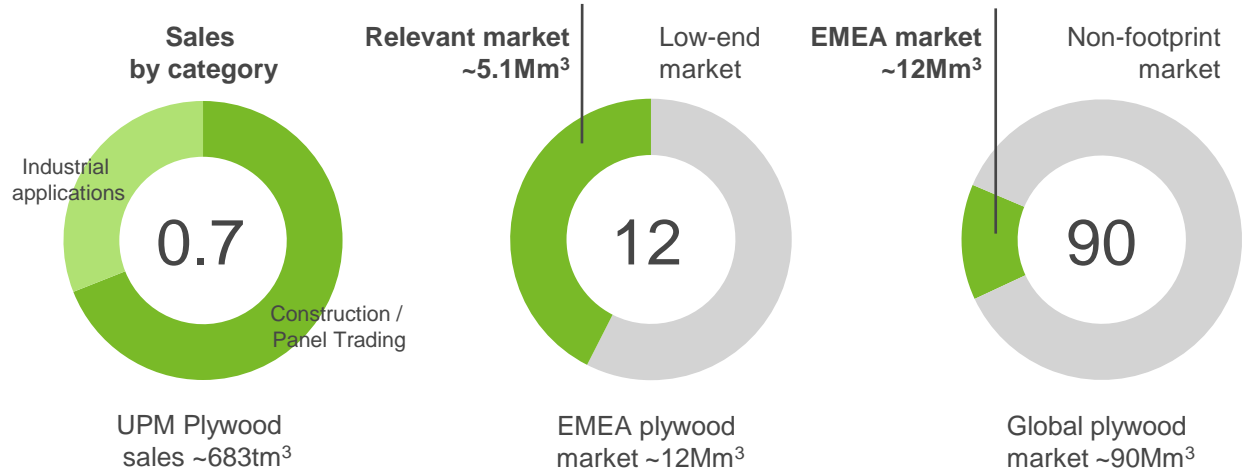
- Leading supplier in LNG plywood
- Competitive edge based on right quality and accurate on-time deliveries
- Long term commitment and benchmark service level
- Focus to secure leading position in LNG carriers and to extend offering into related applications using the same technologies (e.g. land storage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

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



Strategic choices

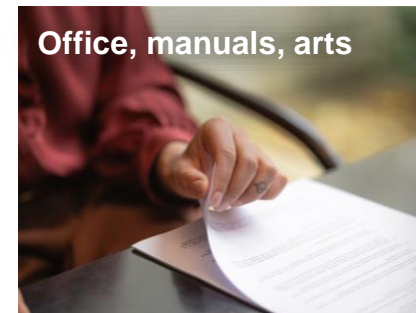
1. Demanding industrial applications
2. High and medium range standard products
3. Selected customers
4. EMEA region and LNG business globally





Driving the value of paper

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



Fine papers

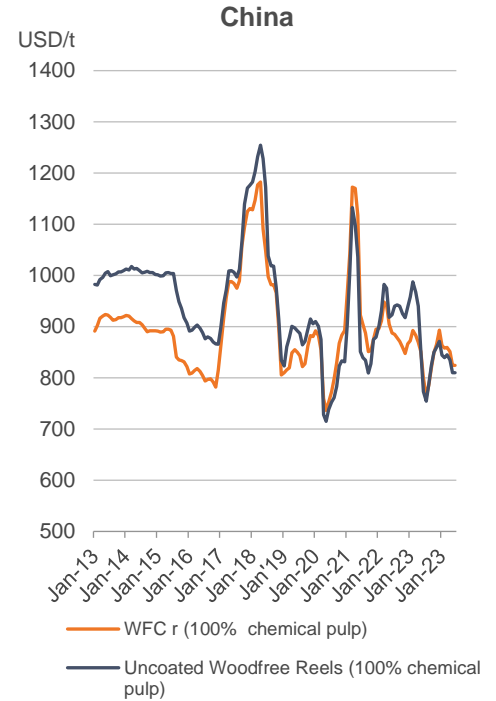
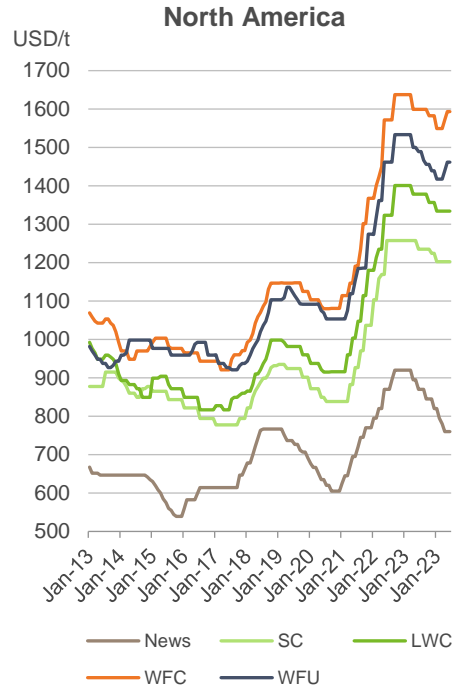
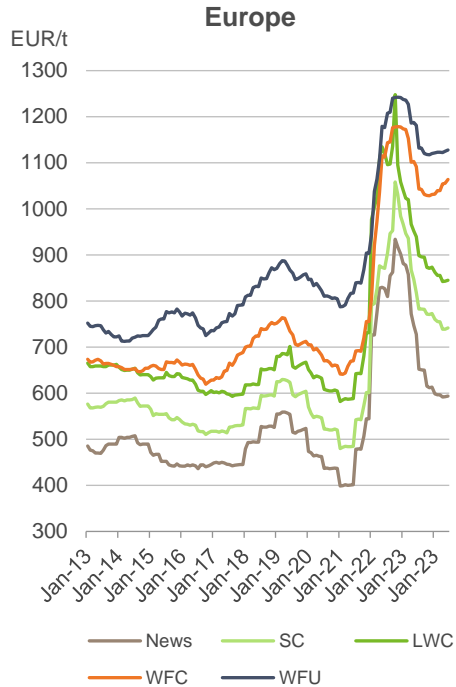
News & UMIO

SC

Coated mechanical

UPM Communication Papers

Graphic paper prices

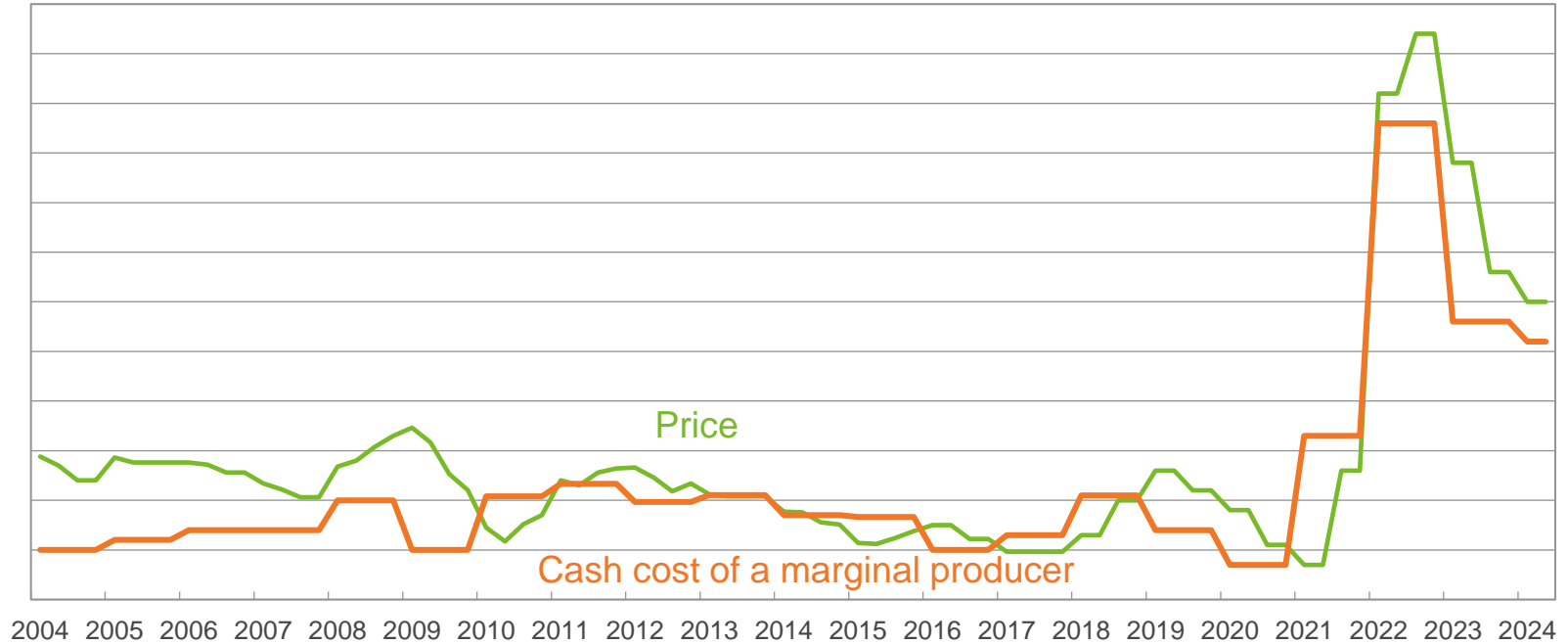


Sources: PPI, RISI

Paper price vs. cash cost of marginal cost producer



EUR/t



Sources: PPI, RISI, AFRY

UPM **BIOFORE**
BEYOND FOSSILS

