

UPM in brief

SALES 2020 EUR 8.6 BILLION

Wood based raw-materials



Low carbon energy

BUSINESS AREAS:

UPM BIOREFINING

UPM ENERGY

UPM RAFLATAC

UPM SPECIALTY PAPERS

UPM COMMUNICATION PAPERS

UPM PLYWOOD

NEW BUSINESSES

51 production plants



18,000 employees in 46 countries

RENEWABLE AND RECYCLABLE PRODUCS FOR:



LABELLING

TRANSPORTATION

ELECTRIFICATION

CONSTRUCTION



COMMUNICATION



TISSUE AND HYGIENE PRODUCTS



MANUFACTURING



BIOPLASTICS



BIOMEDICALS

13,400 customers



200

million end-users globally





GLOBAL MEGATRENDS



GROWING MIDDLE CLASS



RESOURCE SCARITY



CLIMATE CHANGE

DRIVERS FOR DEMAND

HIGHER LIVING STANDARDS

CHANGING CONSUMER BEHAVIOR

DIGITALISATION & E-COMMERCE

URBANISATION & MOBILITY

TIGHTENING REGULATION



Biofore strategy drives our transformation as the frontrunner of bioeconomy

A FUTURE BEYOND FOSSILS

GROWTH

- We respond to megatrends and meet customers' changing needs
 - Creating new markets and enabling sustainable choices



PERFORMANCE

- Continuous improvement
- Agile operating model



INNOVATION

- Creating new business and competitive advantage
 - Replacing fossils with biomaterials



RESPONSIBILITY

- Renewable & sustainable solutions
- Responsible operations and value chain

PORTFOLIO

- Investing in businesses with strong long-term fundamentals for growth and high barriers to entry
 - · Effective capital allocation

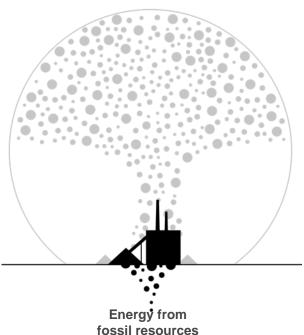
Bioeconomy offers a sustainable alternative to fossil-based economy



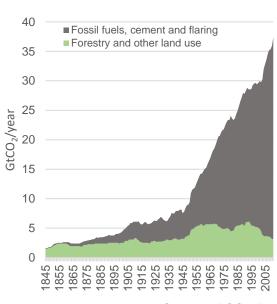
Biomass use is not increasing CO₂ to carbon cycle



Use of fossil resources increases CO₂ amount



Use of fossils has increased global CO₂ -emissions



Source: IPCC AR5

We deliver positive impact to mitigate climate change and to create long-term value





WE ACT THROUGH FORESTS
We are committed to climate-positive forestry and enhancing biodiversity.



AND EMISSIONSOur target is to reduce our CO₂ emissions by 65%.

WE ACT THROUGH EFFICIENCY



WE ACT THROUGH PRODUCTS

We innovate novel products to provide ever more sustainable alternatives for fossil-based materials.



BUSINESS 1.5°C OUR ONLY FUTURE



We act through FORESTS Sustainable forestry preserves forests and increases carbon sinks



Five-year annual average carbon sink

In Finland

In Uruguay

In the U.S.

1.1M

4.9M

0.1 M

tonnes in own and leased forests







We act through FORESTS We are committed to enhancing biodiversity



Own Biodiversity programme since 1998

Committed to net-positive biodiversity in our own forests in Finland

 Indicators and measures based on the comparison of natural and commercial forests and the gap analysis identifying the key differences between these two by using selected biodiversity indicators

Biodiversity studied always before establishing new plantations in Uruguay since early 1990's

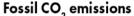
New biodiversity indicators launched at Uruguay in 2020

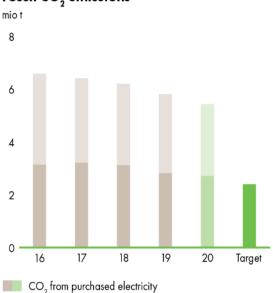




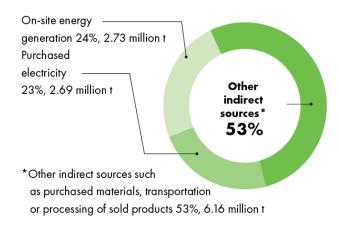
Our aim is to constantly decrease our fossil CO₂ emissions







Sources of UPM's fossil CO₂ emissions





65% reduction of UPM's total CO₂ emissions (Scope 1 and 2) from 2015 levels by 2030



20%

reduction achieved for UPM's total CO₂ emissions (Scope 1 and 2)

Long-term value creation driven by our spearheads for growth



SPECIALTY PACKAGING MATERIALS

Label materials Specialty papers

HIGH VALUE FIBRE

Forests

Pulp

MOLECULAR BIOPRODUCTS

Biofuels

Biochemicals

Communication papers

Plywood

Energy



USD 3 billion investment in Uruguay



Pulp mill in Paso de los Toros, deep sea port terminal in Montevideo and local community



Pulp is used in tissue, specialty and packaging papers, for example



Total annual capacity of 2.1 million tonnes of eucalyptus pulp



Scheduled to start up in H2 2022



Creating new business in wood-based biochemicals

EUR 550 million investment at Leuna, Germany



Industrial scale biorefinery



Alternatives to fossil materials in various consumer-driven end-uses



Total annual capacity of 220,000 tonnes



Scheduled to start up by the end of 2022

Creating a future beyond fossils together

UPM and The Coca-Cola Company collaborate in developing wood-based plastic materials for PET bottles

UPM's innovative biorefinery in Leuna is the first-of-its-kind to produce renewable chemicals from wood

The process used to produce biochemicals in Leuna utilizes technology developed by The Coca-Cola Company, complementing UPM's own technology innovations

UPM will start selling the biochemicals products from Leuna in 2023, and remains in close collaboration with The Coca-Cola company







The move is part of Coca-Cola's vision to be net zero carbon by 2050 and its World Without Waste strategy, the company recently announced a goal to use 3 million tons less of virgin plastic from oil-based sources by 2025.

Through the collaboration the companies are driving the shift towards more sustainable way of PET-packaging and creating a future Beyond Fossils.

This technological breakthrough is a significant milestone in commercial viability and availability of sustainable wood-based plastics raw material to various end-uses.

Growth plans in biofuels





Basic engineering phase of new biorefinery ongoing



Potential next generation biofuels biorefinery



Products would significantly reduce carbon footprint in the road transport and aviation



Capacity would be 500,000t of renewable fuels incl. sustainable jet fuel

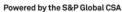


Potential location in Kotka, Finland or Rotterdam, the Netherlands.

Leader in responsibility



Dow Jones Sustainability Indices















UPMBIOFORE BEYOND FOSSILS

Our businesses





UPM BIOREFINING

UPM Pulp pulp for tissue, specialty and packaging papers.



UPM RAFLATAC

self-adhesive label materials for branding and information labelling.



UPM ENERGY

cost-competitive, zero-carbon electricity.



UPM Timber certified sawn timber for joinery, packaging, furniture and construction.



UPM SPECIALTY PAPERS

labelling and packaging materials and fine papers for packaging and printing.



NEW BUSINESSES

UPM Biochemicals wood-based biochemicals for replacing fossil-based raw materials



UPM Biofuels renewable diesel for all diesel engines and renewable naphtha for petrochemical industry.



UPM COMMUNICATION PAPERS

graphic papers for advertising and publishing and home and office uses.



UPM Biomedicals wood-based biomedical products for a variety of uses.



UPM Forestcompetitive wood for
businesses and
management of privatelyowned forests.



UPM PLYWOOD

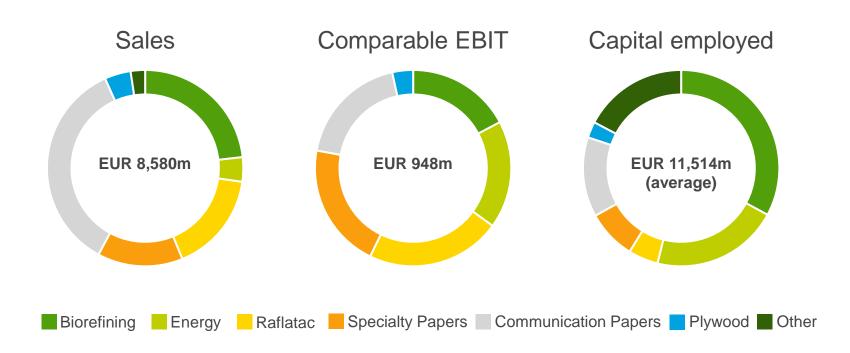
WISA® plywood for construction, vehicle flooring and LNG shipbuilding.



UPM Biocomposites composite decking materials based on recycled waste.

UPM by business area in 2020





Strong performance in the specialty packaging materials businesses



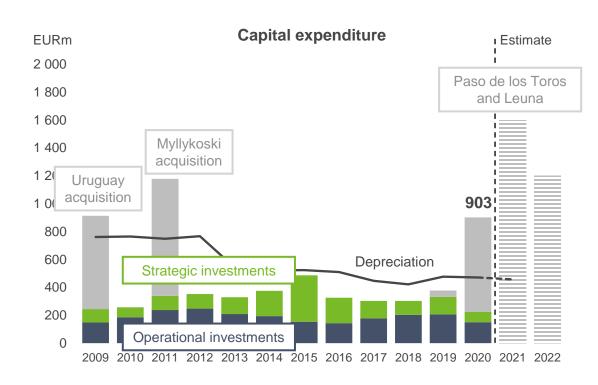
- Growing markets in the packaging value chain, driven by global megatrends, sustainability and e-commerce
- Innovation-driven, technically demanding segments, where UPM has strong position and expertise
- UPM Raflatac and UPM Specialty papers comprise 30% of UPM's 9M 2021 sales and 29% of comparable EBIT
 - Comparable EBIT margins of 15% and 11% in 9M 2021
 - Attractive ROCE %, Raflatac 44%, Specialty Papers 18%
- Focused investments: UPM Nordland PM2 conversion, UPM Changshu expansion, linerless labelstock expansion





Transformative growth projects in the most intensive phase in 2021



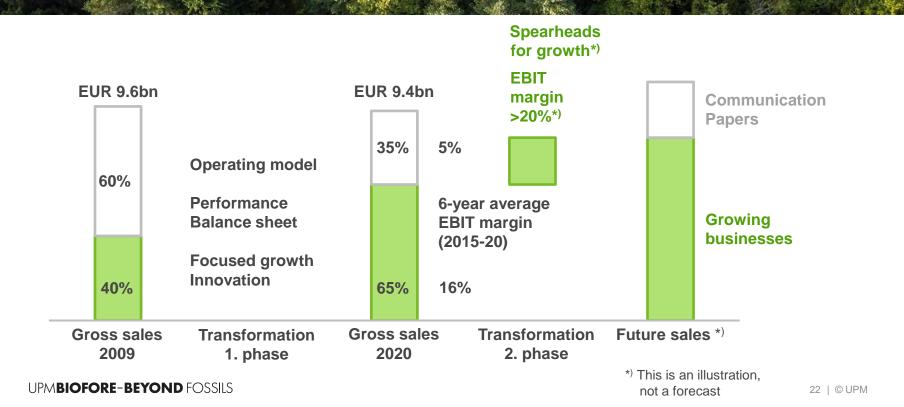


Capex estimate for 2021

- Total EUR 1,600m
- Includes EUR 1,400m on the transformative growth projects, pulp in Uruguay and biochemicals in Germany
- Operational investment needs consistently low

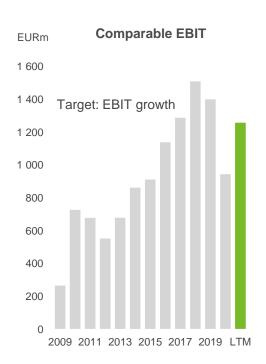
Spearheads for growth – improving business mix drives earnings, cash flow and shareholder value

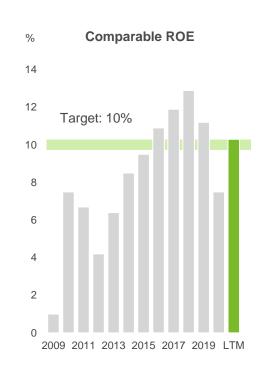


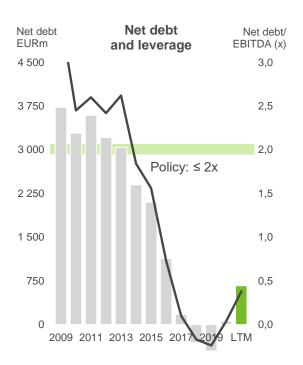


Transformation is visible in earnings and balance sheet



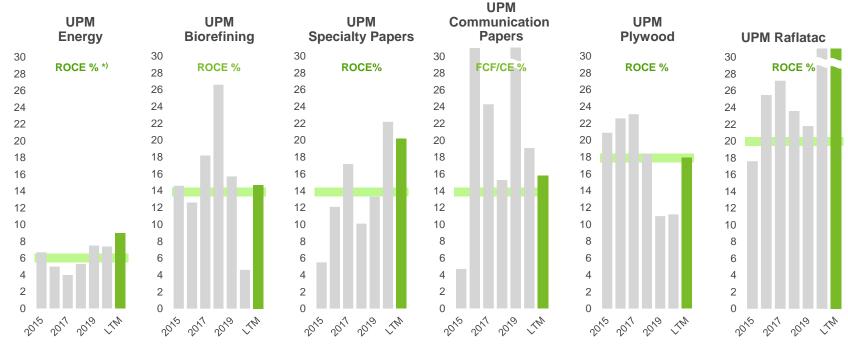






Business area returns and long-term targets



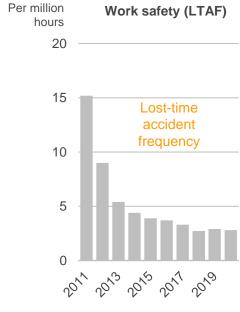


^{*)} shareholdings in UPM Energy valued at fair value

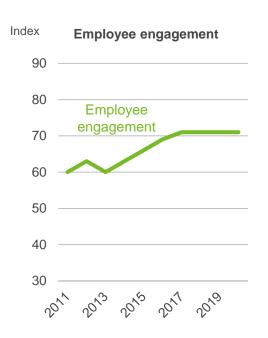
Long-term return target

Positive development of non-financial indicators

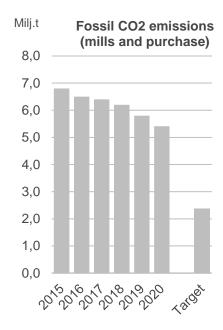












5-year change: **-20%**



UPMBIOFORE BEYOND FOSSILS