



Review by the President and CEO

Jussi Pesonen
President and CEO
30 March 2021

Our shareholders

118,000 shareholders in 30 countries, growth +16%

41% ESG investors^(*)

33% growth investors^(*)

^(*) of institutional investors,
source Nasdaq Q4 2020

A FUTURE BEYOND FOSSILS

Biofore strategy
drives our
transformation
as the
frontrunner of
bioeconomy

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

Performance



Our focus areas during the exceptional year 2020



ENSURING PERFORMANCE



TRANSFORMATIVE GROWTH PROJECTS

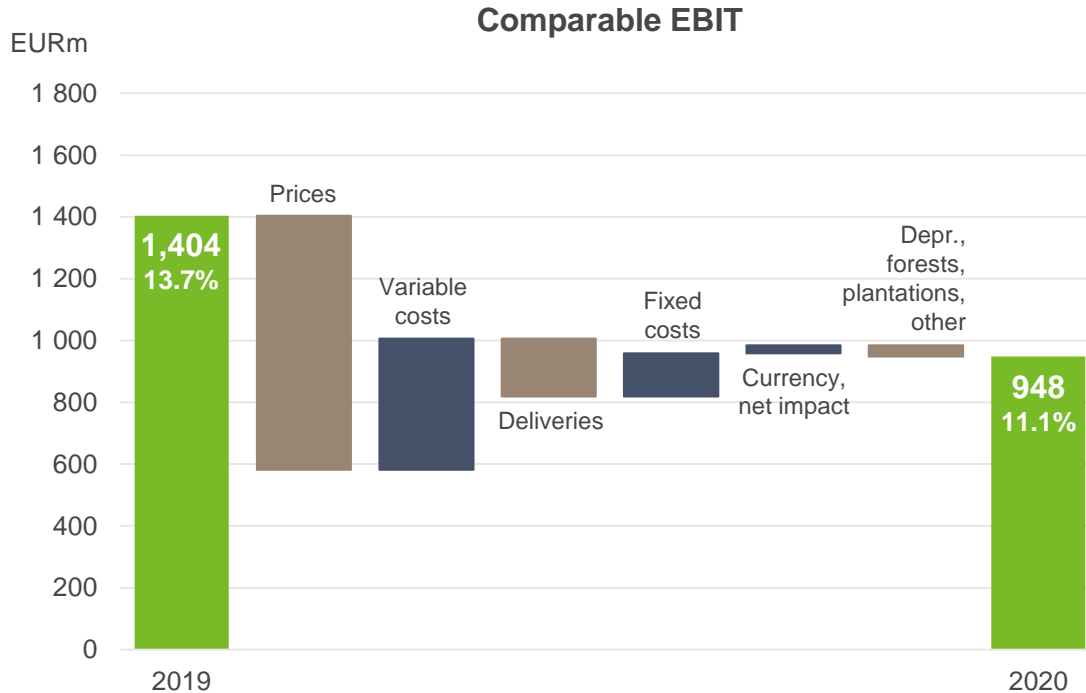


COVID-19-related impacts

- We have implemented extensive precautions to protect the health and safety of our employees.
- We have ensured the continuity of our operations and implementation of our strategic growth projects.
- Mixed demand impacts:
 - Graphic papers demand in Europe decreased by 18%
 - UPM Raflatac and UPM Specialty Papers benefited from strong demand for daily consumer goods and growth in e-commerce
 - Pulp demand held up well, supported by good demand for tissue and many packaging and specialty paper products.



Comparable EBIT in 2020 vs. 2019



Taking action to ensure performance – expected annual cost savings of approx. EUR 130 million



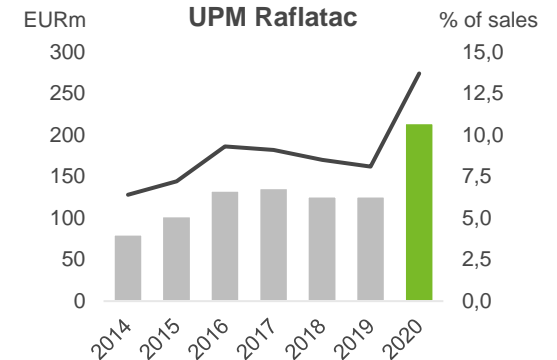
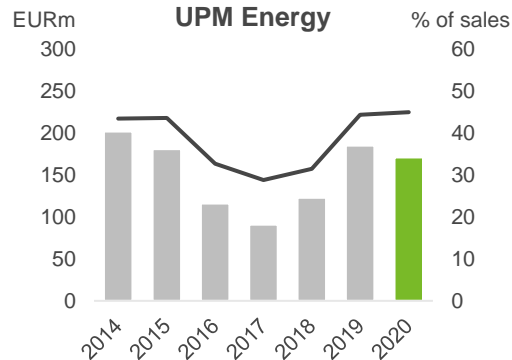
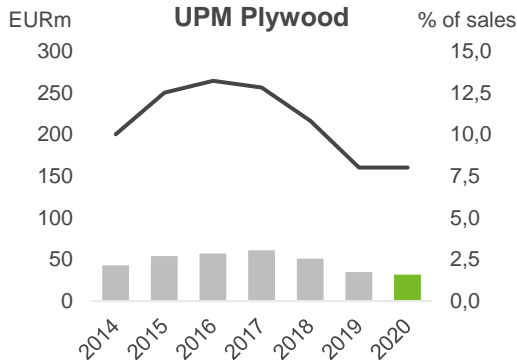
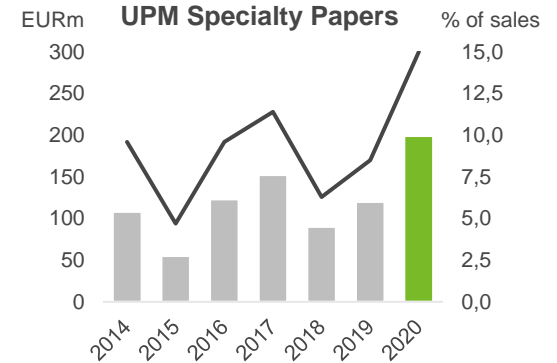
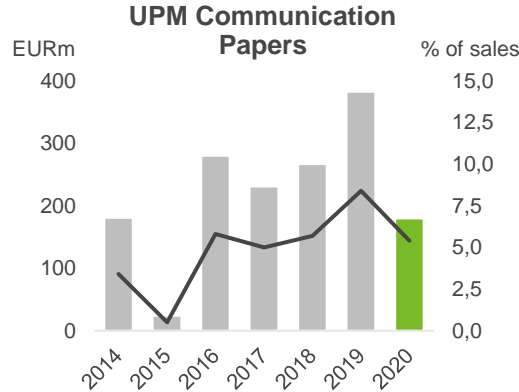
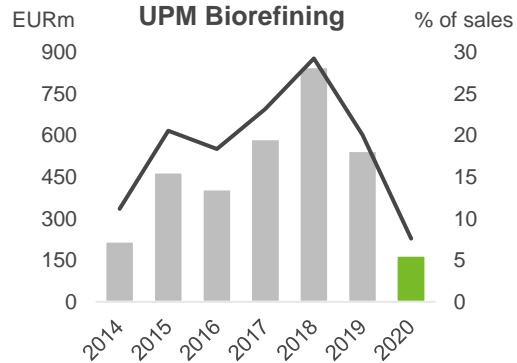
- UPM Jyväskylä (plywood)
closed in Q3 2020
 - UPM Chapelle (newsprint)
-240kt, closed in Q3 2020
 - UPM Kaipola (newsprint, LWC)
-720kt, closed in Q1 2021
 - UPM Shotton (newsprint)
-250kt, planned sale
 - Streamlining and cost efficiency actions in
UPM Biorefining, UPM Specialty Papers, UPM Raflatac
and global functions
-
- Growth investment: UPM Nordland PM2 (fine)
-200kt, conversion to release liner in Q1 2020



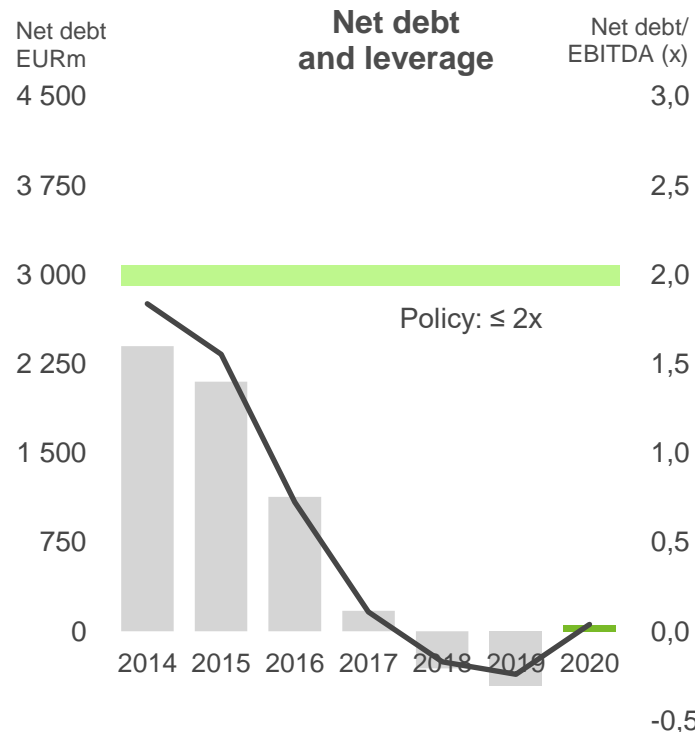
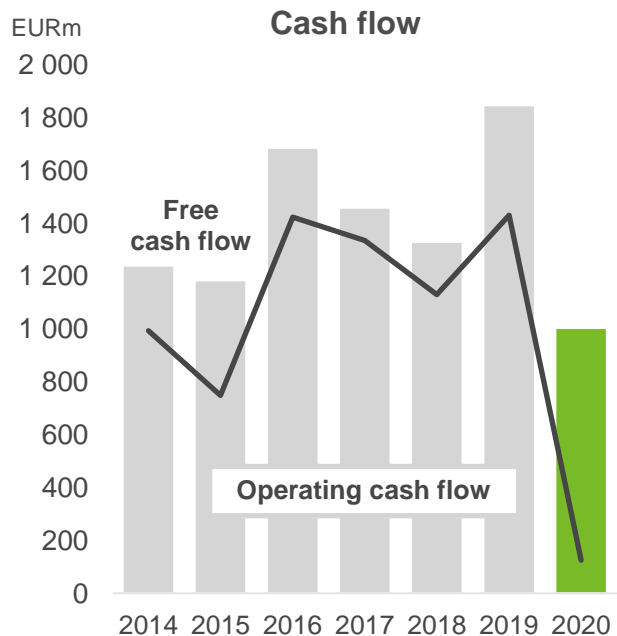
UPM business model delivers performance also in exceptional circumstances



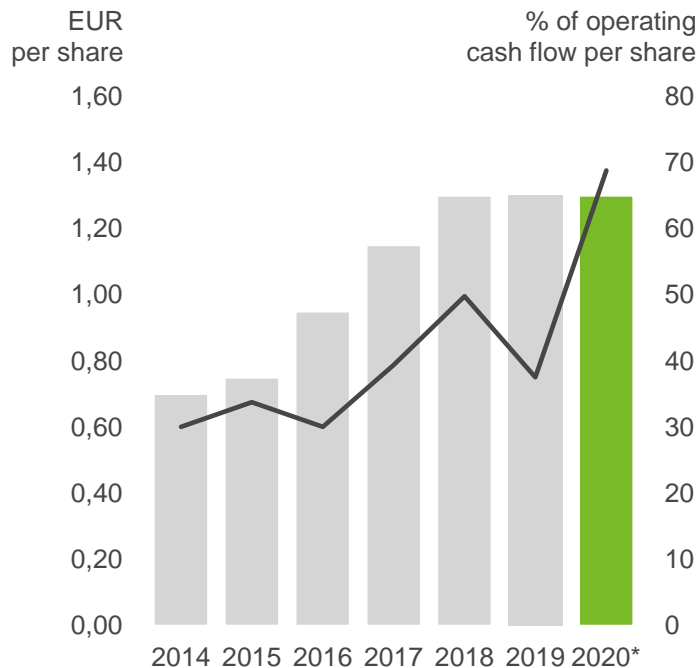
Comparable EBIT by business area



Strong financial position



Dividend proposal: unchanged at EUR 1.30 per share



*) Board's proposal

Long term dividend policy

- UPM aims to pay an attractive dividend, 30–40% of operating cash flow per share

Dividend proposal for 2020

- EUR 1.30 (1.30) per share, totalling EUR 693m
- 69% of 2020 operating cash flow



Innovation – significant new business

Significant new businesses, answering the sustainability challenges



Biofuels Biochemicals Biomedicals Biocomposites Specialty packaging materials



Responsibility and circular economy

Enabling innovation culture

Strong patent portfolio

New technologies

VIDEO: UPM Biochemicals – UPM Biofuels





Responsibility – we deliver positive impact

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.



WE ACT THROUGH EFFICIENCY AND EMISSIONS

Our target is to reduce our CO₂ emissions by 65%.



WE ACT THROUGH PRODUCTS

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



BUSINESS AMBITION FOR 1.5°C   **OUR ONLY FUTURE**

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

Promoting biodiversity is part of positive change



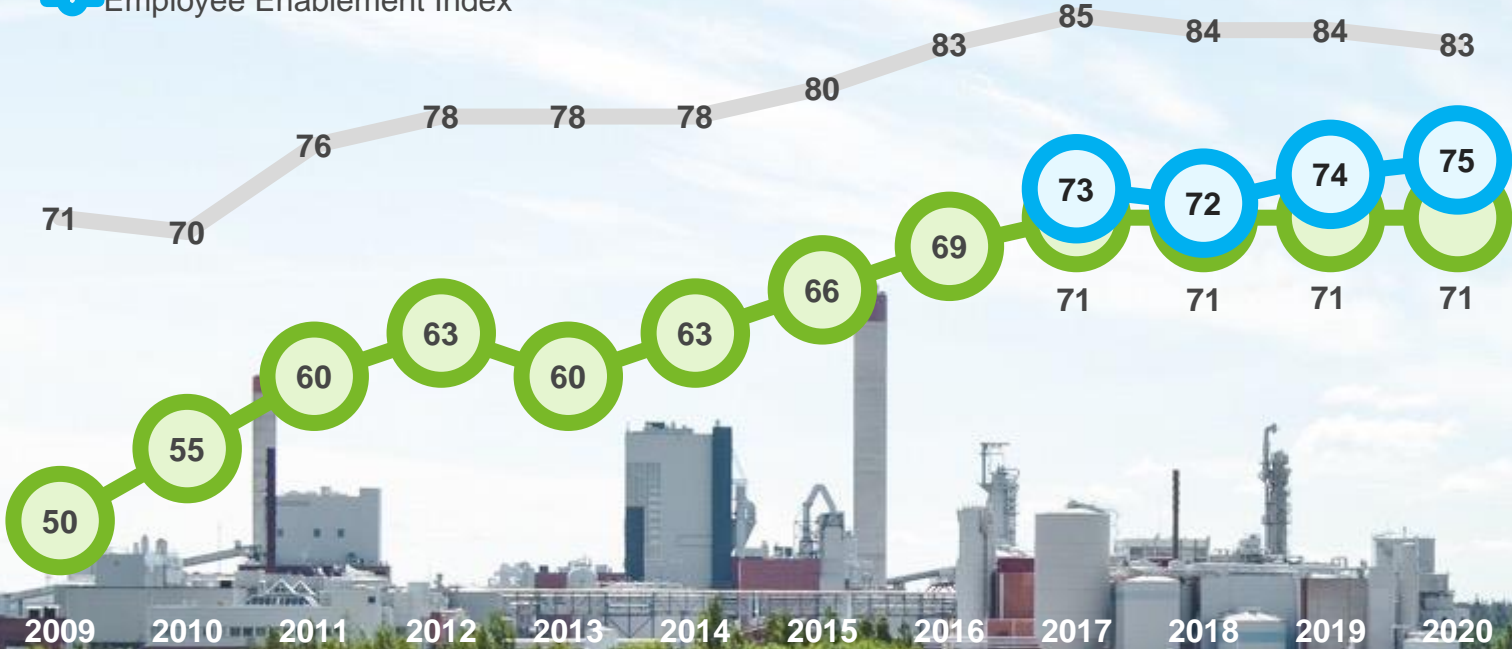
- UPM has had a biodiversity programme in commercial forests already for more than 20 years
- It enables protection and improvement of biodiversity (Net Positive Impact)
- Positive change is already visible
- In 2020, UPM tied EUR 750 million syndicated revolving credit facility margin to biodiversity



Change in leadership is visible in employee engagement survey



- Response rate
- Employee Engagement Index
- Employee Enablement Index



We deliver positive impact on local communities

1. Determined measures to protect the health of UPM employees in all locations.
2. We donated 500,000 face masks to hospitals, health centres, schools and universities in our operating countries.
3. We gave expertise support to National Emergency Supply Agency in Finland to source 30 million face masks.



Our positive impact receives recognition



CLIMATE FORESTS WATER

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

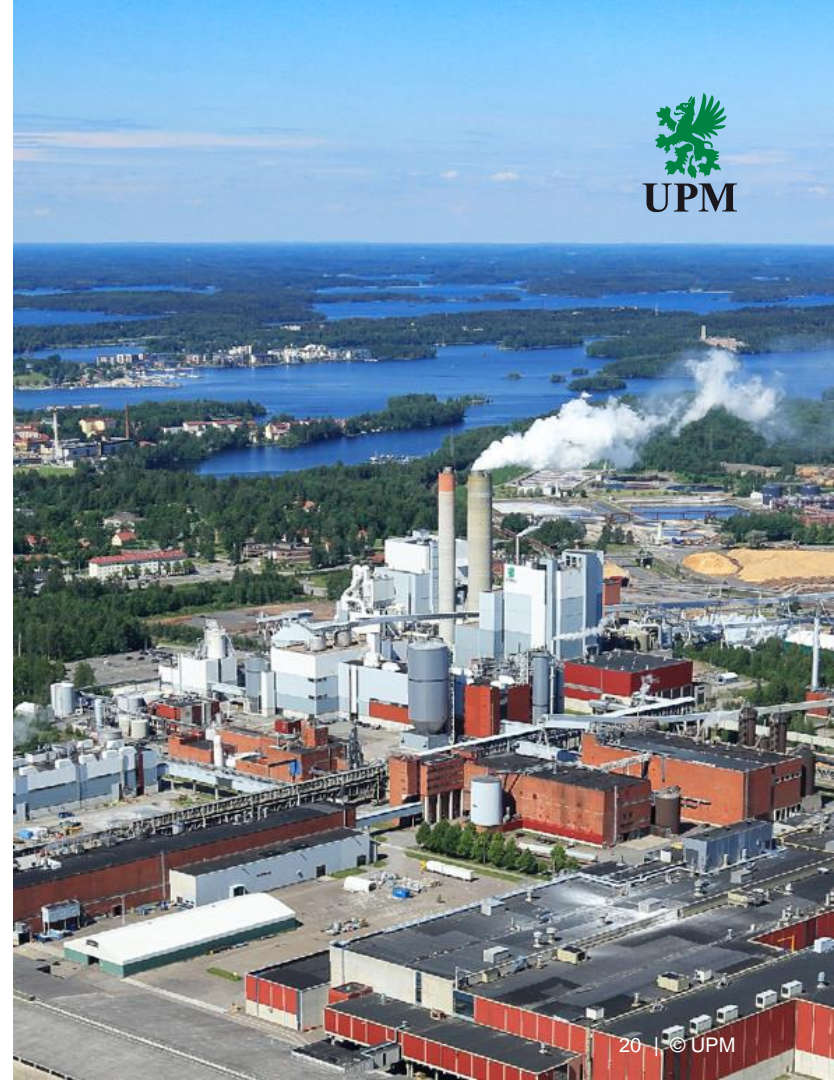


Global Compact
LEAD
2020 PARTICIPANT

MSCI
ESG RATINGS



CCC B BB BBB A AA **AAA**





UPM

Growth – our transformation is in growth stage



Portfolio – our criteria for investing

Safe and sustainable solutions with

- ✓ Strong long-term demand growth outlook
- ✓ High entry barriers and UPM's competitive advantage
- ✓ Strict return requirements



Long-term value creation driven by our spearheads for growth



**SPECIALTY
PACKAGING
MATERIALS**

**Label
materials**

**Specialty
papers**

Communication papers

**HIGH
VALUE
FIBRE**

Forests Pulp

Plywood

**MOLECULAR
BIOPRODUCTS**

Biofuels Biochemicals

Energy

World-class pulp mill investment, significant step in future earnings



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

Growth plans in biofuels progress to the next stage



Basic engineering phase of new biorefinery ongoing



Potential next generation biofuels biorefinery



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

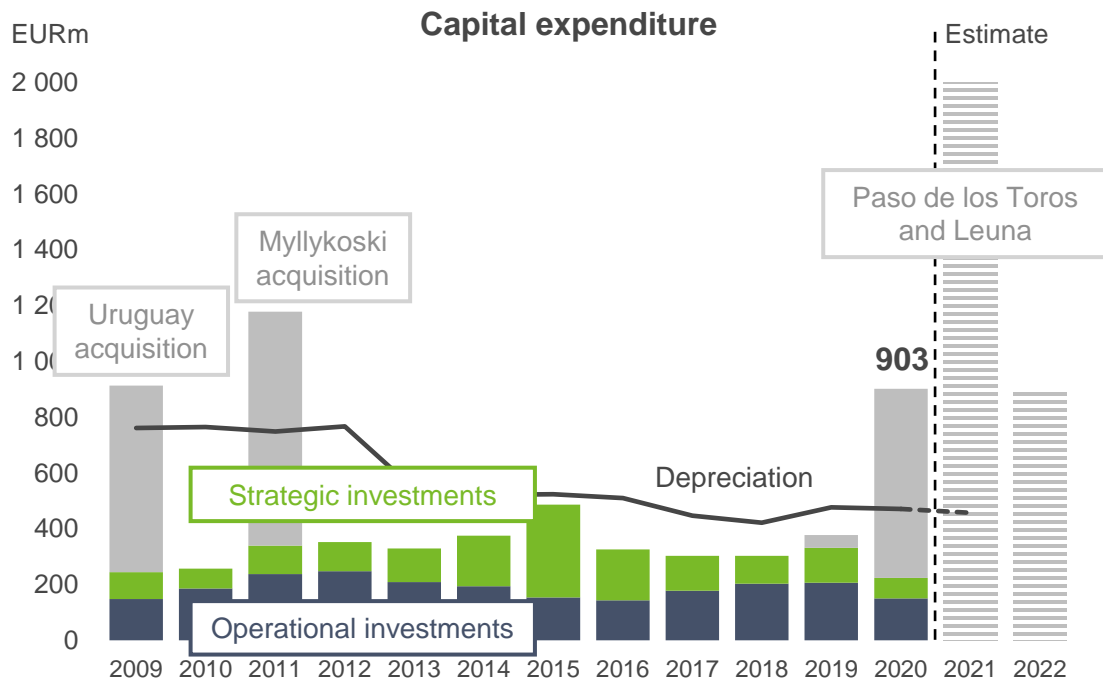


Capacity would be 500,000t of renewable fuels incl. sustainable jet fuel



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

Transformative growth projects in the most intensive phase in 2021



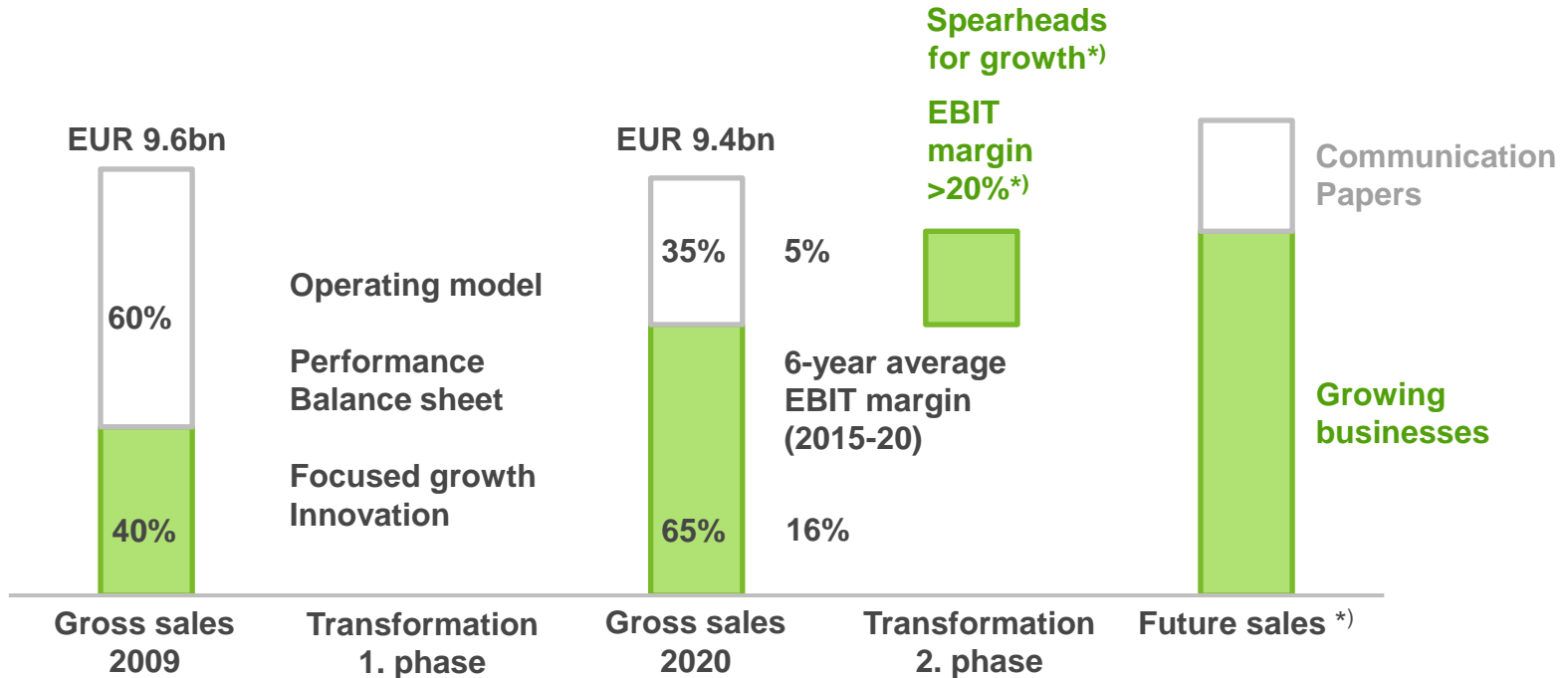
Capex estimate for 2021

- Total EUR 2,000m
- Includes EUR 1,800m on the transformative growth projects, pulp in Uruguay and biochemicals in Germany
- Operational investment needs consistently low

VIDEO: UPM Paso de los Toros

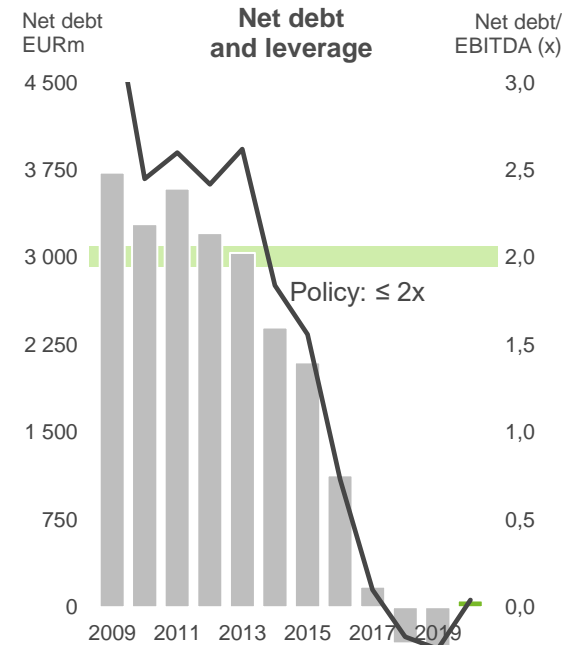
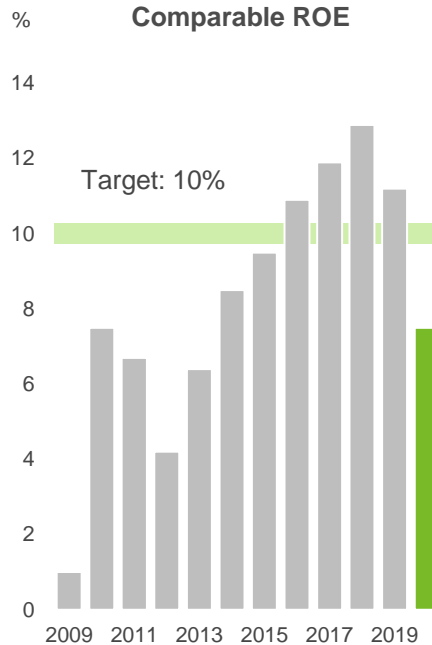
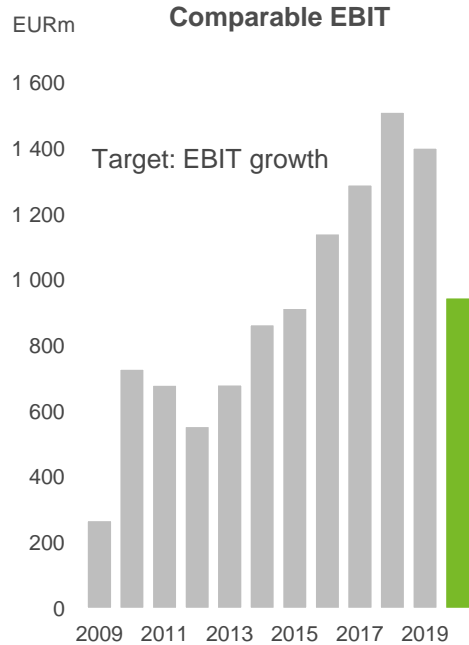


Spearheads for growth – improving business mix drives earnings, cash flow and shareholder value

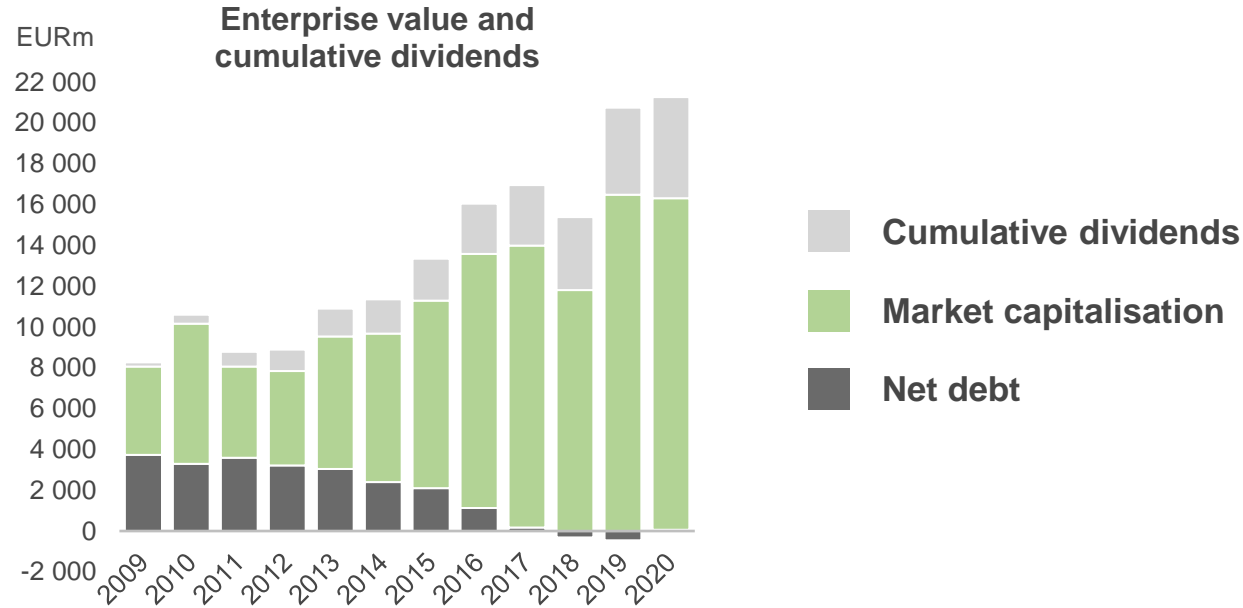


*) This is an illustration, not a forecast

Transformation is visible in earnings and balance sheet



Transformation is visible in shareholder value





**We create a
future beyond fossils**

UPM **BIOFORE**
BEYOND FOSSILS

