



# UPM financial statements release 2024

Massimo Reynaudo  
President and CEO  
5 February 2025

UPM **BIOFORE** - BEYOND FOSSILS

# Decisive actions to improve performance, accelerate growth and deliver value



## Full year 2024 – performance improved from 2023

- Comparable EBIT increased by 21% to EUR 1,224 million (1,013 million)
- Good contribution from UPM Paso de los Toros
- Moderate improvement in advanced materials deliveries
- Measures to improve performance, fixed costs decreased by EUR 103 million

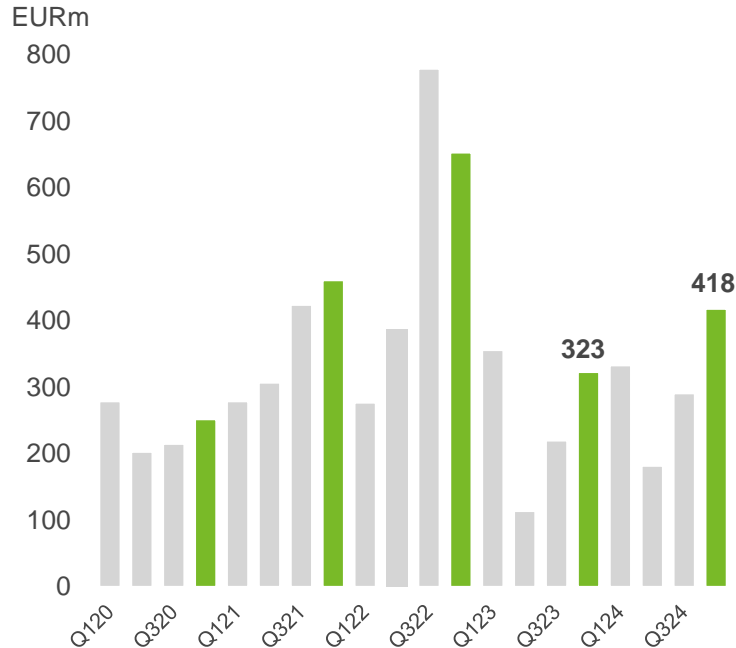
## Q4 2024 – similar level of business performance as in Q4 2023

- UPM Fibres: railway in Uruguay fully operational, streamlined operating model in Finland
- UPM Raflatac simplified its organisation and decided to consolidate production from the Kaltenkirchen site to other units
- UPM Communication Papers: closure of PM3 at Nordland Papier, Germany
- UPM Biochemicals initiated the sequential start-up

# Q4 2024: decisive actions to improve performance, accelerate growth and deliver value



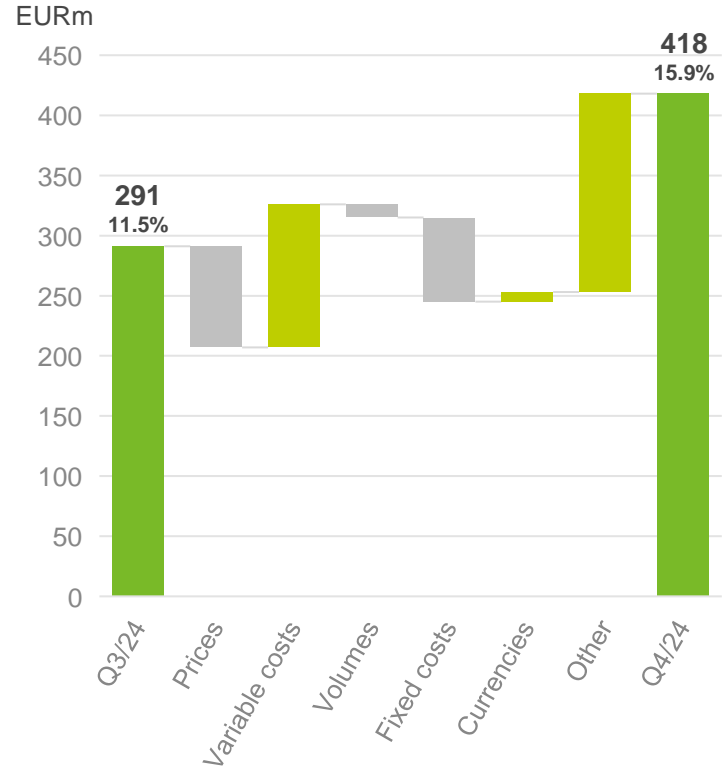
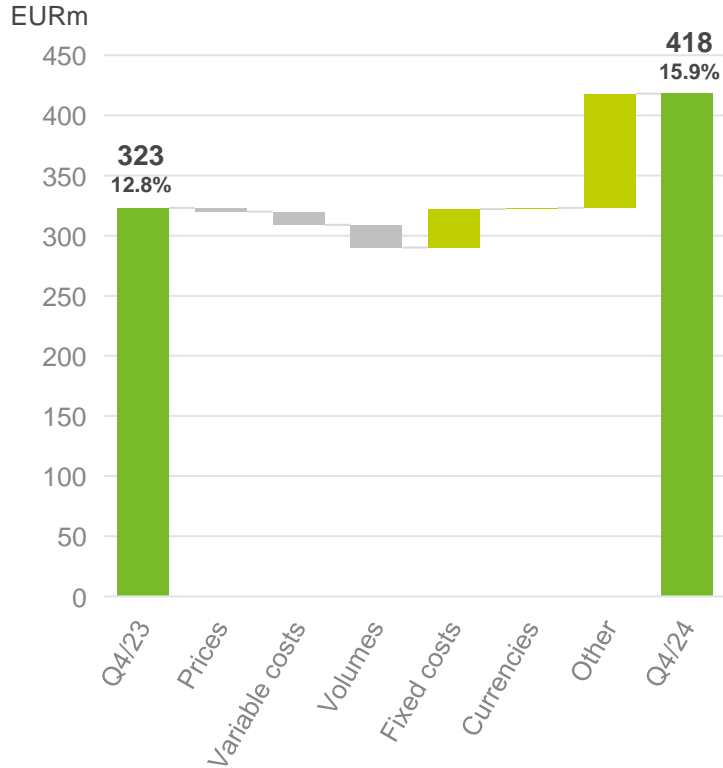
## Comparable EBIT



## Q4 2024 in brief

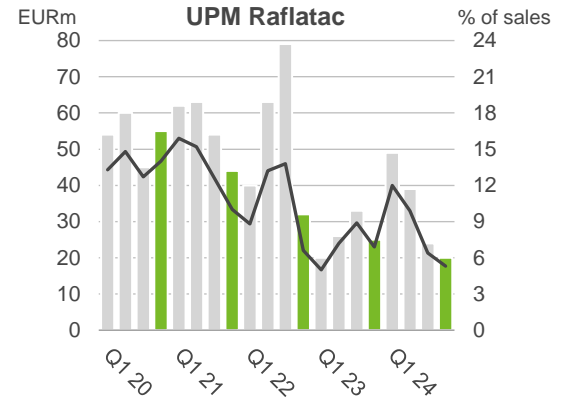
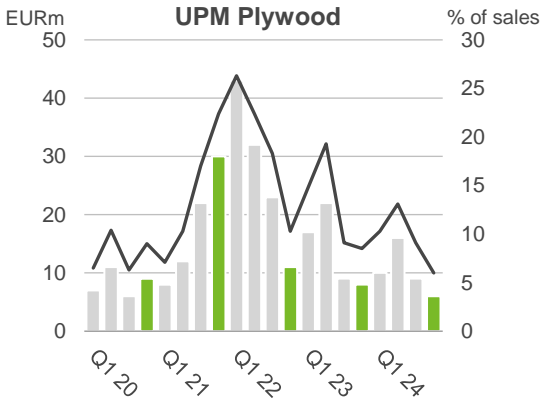
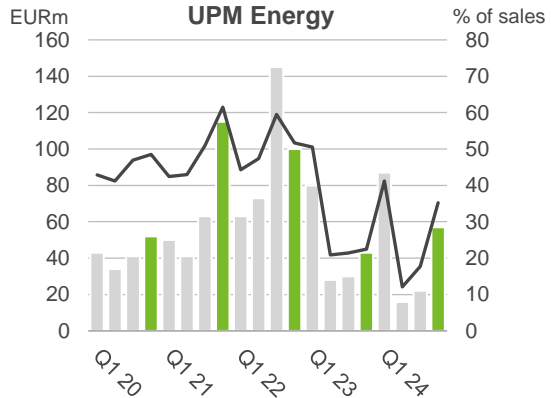
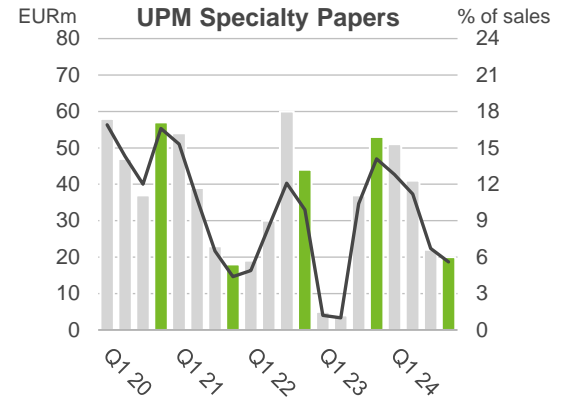
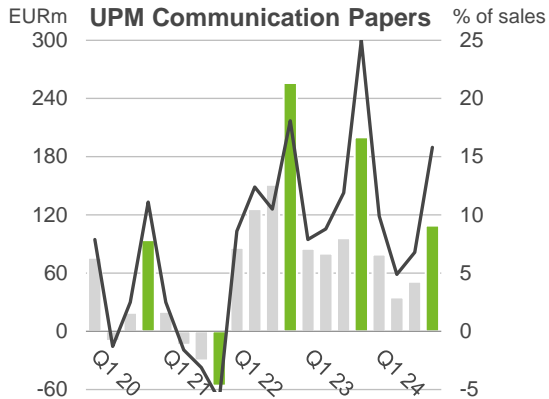
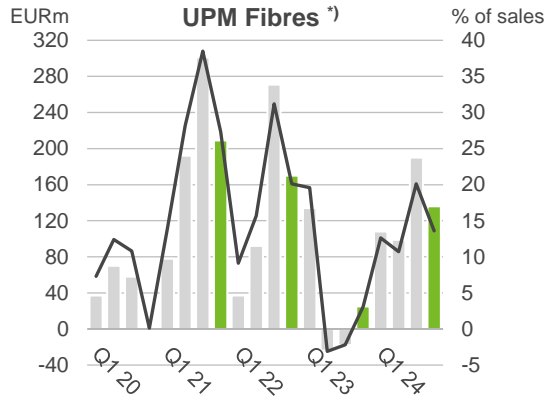
- Sales increased by 4% to EUR 2,632 million (2,531 million in Q4 2023)
- Comparable EBIT increased by 29% to EUR 418 million, 15.9% of sales (323 million, 12.8%)
- Operating cash flow was EUR 570m (456 million)
- The Board proposes a dividend of EUR 1.50 per share (1.50) for 2024
- The Board commences the first share buy-back program to buy max 6 million shares, or use max EUR 160 million

# Comparable EBIT in Q4 2024



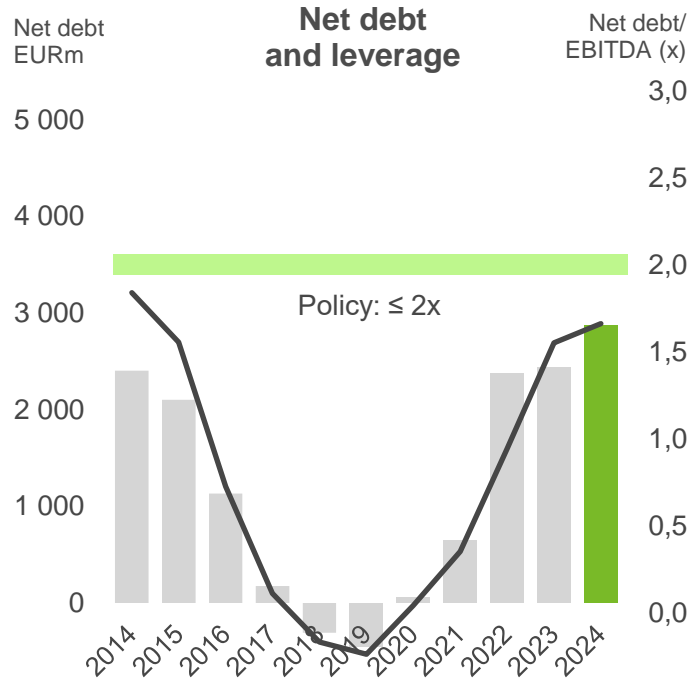


# Comparable EBIT by business area



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

# Solid financial position



- Net debt EUR 2,869m at the end of 2024
- Net debt / EBITDA 1.66
- Cash funds and committed credit facilities EUR 3.2bn at the end of 2024
- No financial covenants
- UPM issued its fourth Green Bond in August
- The first dividend instalment for year 2023 (EUR 400m) was paid in Q2 2024, the second was paid in Q4 2024

# Outlook (\*)

- **Profit guidance:** UPM's comparable EBIT in H1 2025 is expected to be approximately in the range of EUR 400-625 million (EUR 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 starts with similar pulp prices and lower electricity price than 2024 started.

(\* see UPM financial statements release 2024 for the full Guidance and Outlook



# UPM Biorefining in 2024

- Biofuels in 2024 impacted by the downturn in the advanced fuels markets, while variable costs decreased with a delay. Performance is expected to improve in H1 2025 compared with H1 2024 (\*)
- Biochemicals had all teams, business processes and systems in place ahead of start-up. Attractive business case remains unchanged

Comparable EBIT (EURm)	Biofuels	Biochemicals
H1 2024	-31	-34
H2 2024	-27	-39

(\* see UPM financial statements release 2024 for the full Guidance and Outlook)



# Fair value changes and impairments in Q4 2024

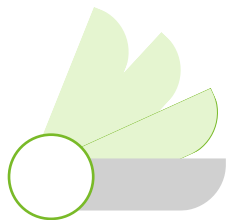
- The fair value of Finnish forests increased by EUR 105m, due to higher wood price estimates
- Impairment of EUR 113m on goodwill of Finnish Pulp operations, due to high wood costs
- Impairment of EUR 373 million on the Leuna biorefinery assets resulting from the cost overruns and construction delays during the first-of-its-kind project.  
The book value of the refinery now reflects the estimated cost to construct a similar plant.



## We act on three fronts

1. Improve overall performance
2. Accelerate growth in targeted areas
3. Opportunities in business portfolio





## Communication papers: Strong cash flow generation continues



### FOCUS ON PERFORMANCE AND CASH FLOW

- Optimise product and service mix, commercial strategy
- Disciplined cost management
- Closure of Nordland Papier fine paper PM3 in Q4
- Closure of Hürth newsprint mill in Q3
- Sale of Steyermühl site in Q1

Free cash  
flow / CE

**22%**

in 2024



## Renewable fibres: Capture the full potential in Uruguay, streamlined operating model in Finland



### URUGUAY

- Full production in 2025 in UPM Paso de los Toros will add approx. 300,000 tonnes of pulp (\*)
- Full scope of the platform in operation, including railway
- Cost reduction expected from logistics and wood sourcing (\*)
- Plan for debottlenecking opportunities

### FINLAND

- Wood market continues tight
- New streamlined operating model established to optimize profitability in the Finnish platform
- Efficient well-maintained pulp mills, have been profitable despite the high wood costs and low pulp price

(\* see UPM financial statements release 2024 for the full Guidance and Outlook



# Advanced materials: Strengthen competitiveness to accelerate growth



## RAFLATAC

- Strong global #2
- Sharpen competitiveness and global scale
- Reach global leadership position in attractive Graphics market

## SPECIALTY PAPERS

- Strong global #1
- Sharpen competitiveness
- Expand in faster growing geographies and flexible packaging

## PLYWOOD

- #1 in Europe, globally in LNG plywood
- Sharpen competitiveness
- Capture market recovery and growth

Aim to accelerate growth and get back to double-digit EBIT margins

# UPM Raflatac becomes a significant player in the Graphics market

- UPM is targeting a leading global position in the Graphic materials market
- Fast-growing, high value-added market segment, adjacent to self-adhesive label materials
- Entry and scaling-up through acquisitions: AMC, Germany in 2022, Grafityp, Belgium in 2024 and Metamark, the UK in 2025
- Attractive synergies and cross-selling opportunities
- Metamark has a strong growth track, sales of approx. GBP 65 million and EBITDA margins accretive to Raflatac. EV was GBP 146 million





## Decarbonisation solutions: Turn-around, business launch, maximize value



### BIOFUELS

- Aim to turn-around the profitability
- Decreasing variable costs
- Validate and test next growth steps during 2025-26

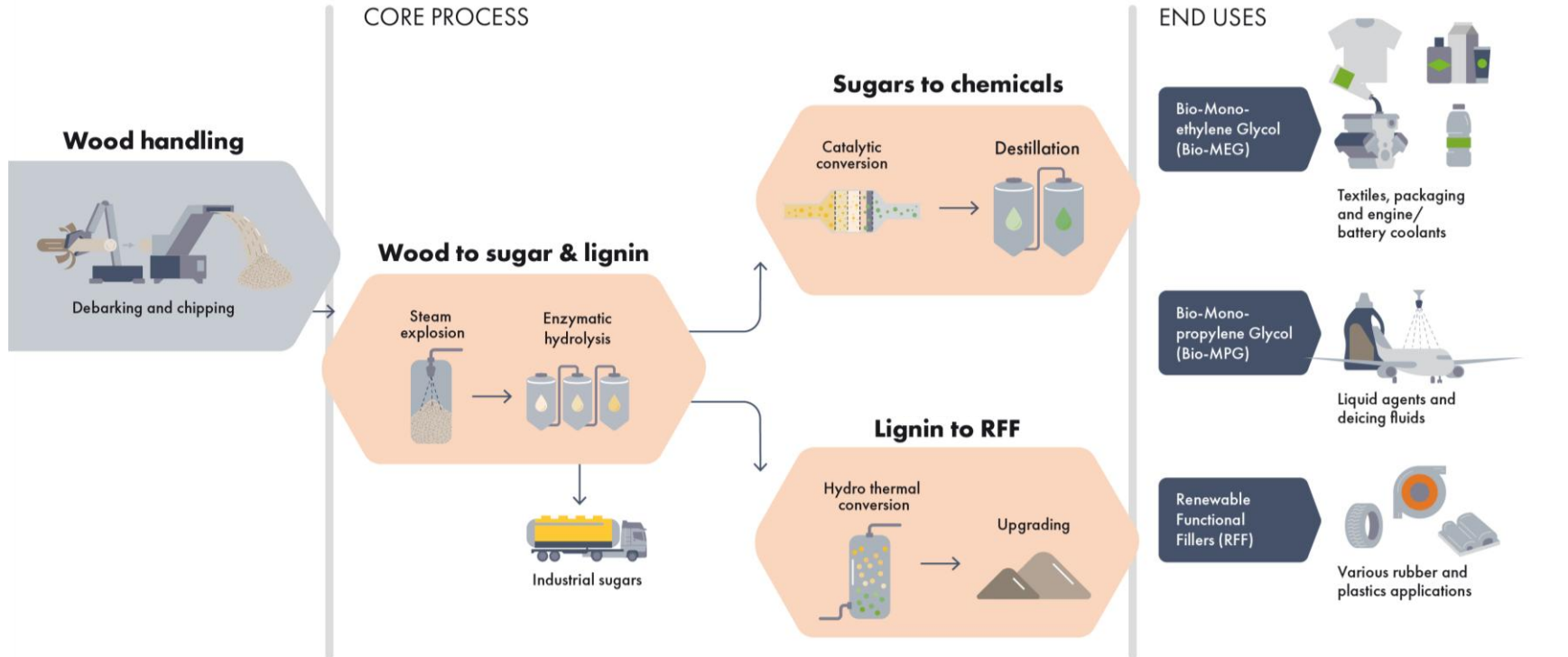
### BIOCHEMICALS

- Commercial interest confirmed with customer agreements
- UPM Leuna sequential start-up began in late 2024
- Certain corrective works identified in quality checks
- The integrated commercial production of the site expected in H2 2025

### ENERGY

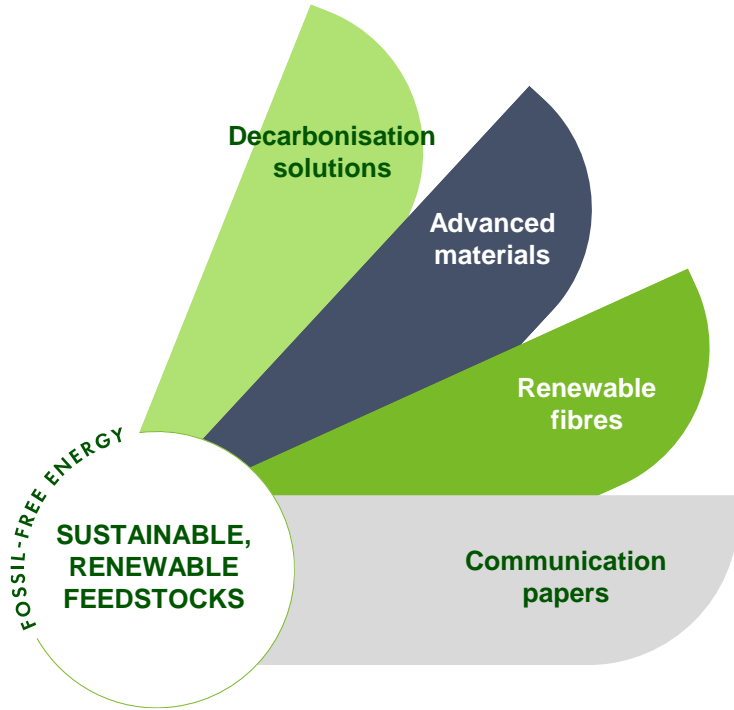
- Maximize value in the volatile electricity markets
- 2025 has started with lower electricity price than 2024 started

# UPM Leuna biorefinery is in sequential start-up – corrective works identified in the sugars-to-chemicals process





# Shaping the business portfolio is an ongoing strategic process



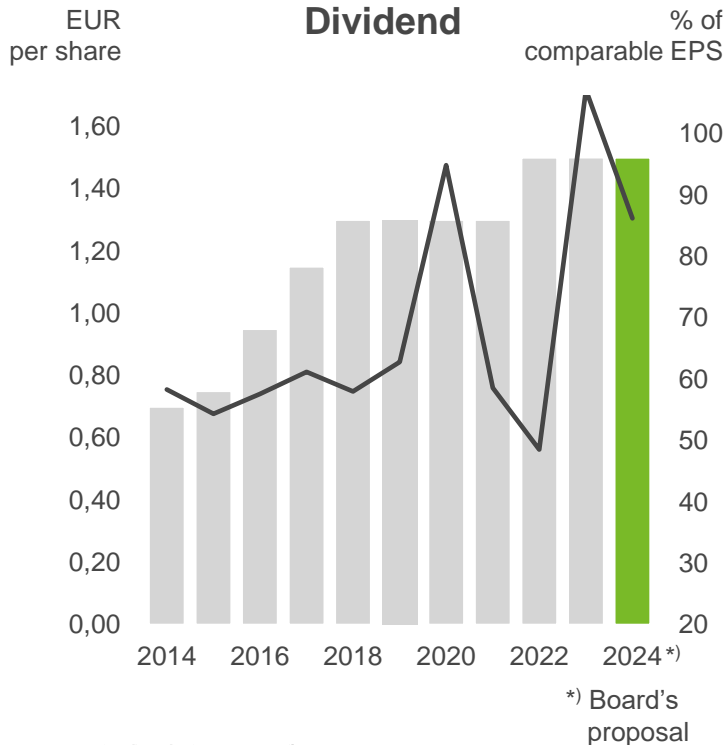
UPM Fibres: #3 globally with strong growth platform in South America

UPM Raflatac #2, UPM Specialty Papers #1 globally, ambition to grow organically and through M&A

Biofuels to validate and test the business case in 2025-26 prior to larger growth steps. Biochemicals successful business launch and gain learnings for next steps

Exited the biocomposites business and plan to exit biomedical to focus development work

# The Board proposes a dividend of EUR 1.50 per share and initiates share buybacks



## Dividend policy

- UPM aims to pay attractive dividends, targeting at least half of the comparable earnings per share over time

## Dividend proposal for 2024

- EUR 1.50 (1.50) per share, totalling EUR 800m, dividend yield of 5.6%
- 86% of 2024 comparable EPS

## Share buy-back program

- Program to buy back up to 6 million shares (approx. 1.1% of total shares), or use up to EUR 160m

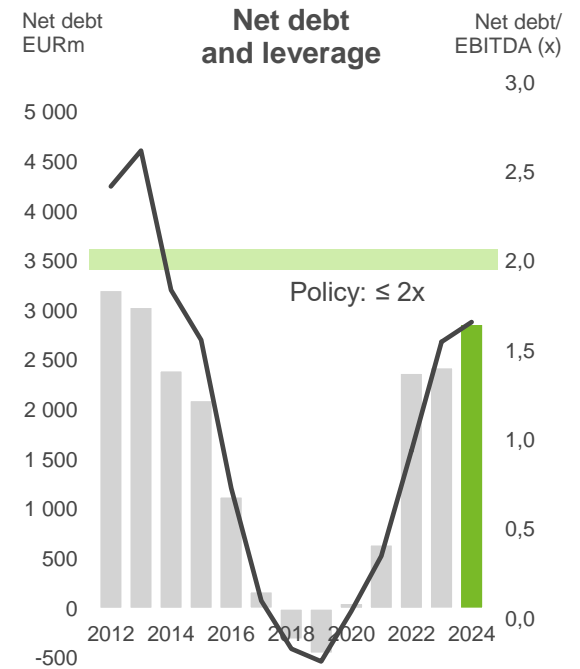
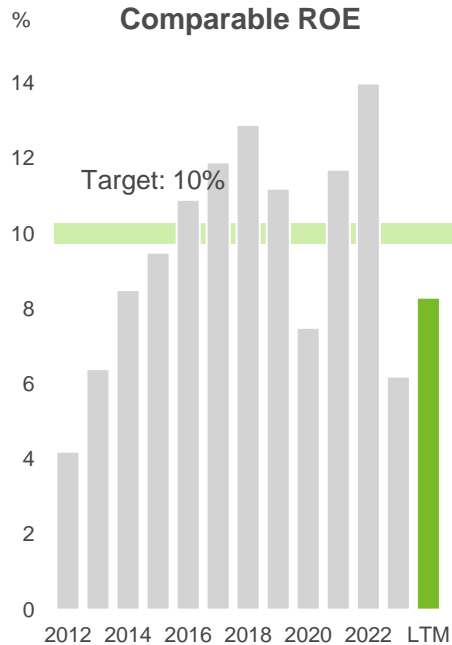
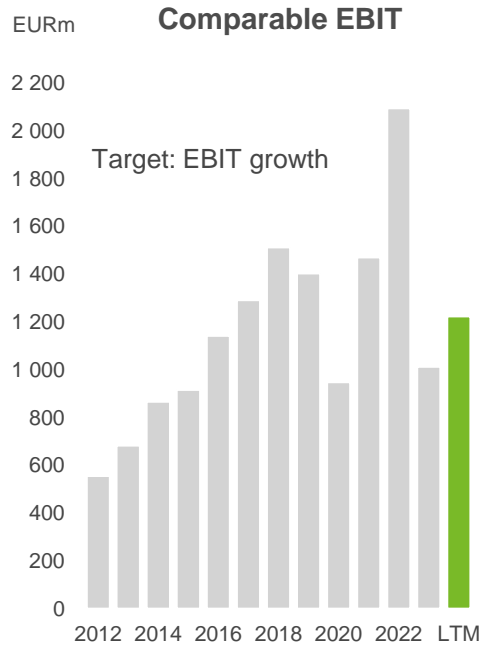
# Summary

- UPM performance improved in 2024 from 2023
- We act on three fronts
  1. Improve overall performance
  2. Accelerate growth in targeted areas
  3. Opportunities in business portfolio
- The Board proposes a dividend of EUR 1.50 per share and initiates share buybacks

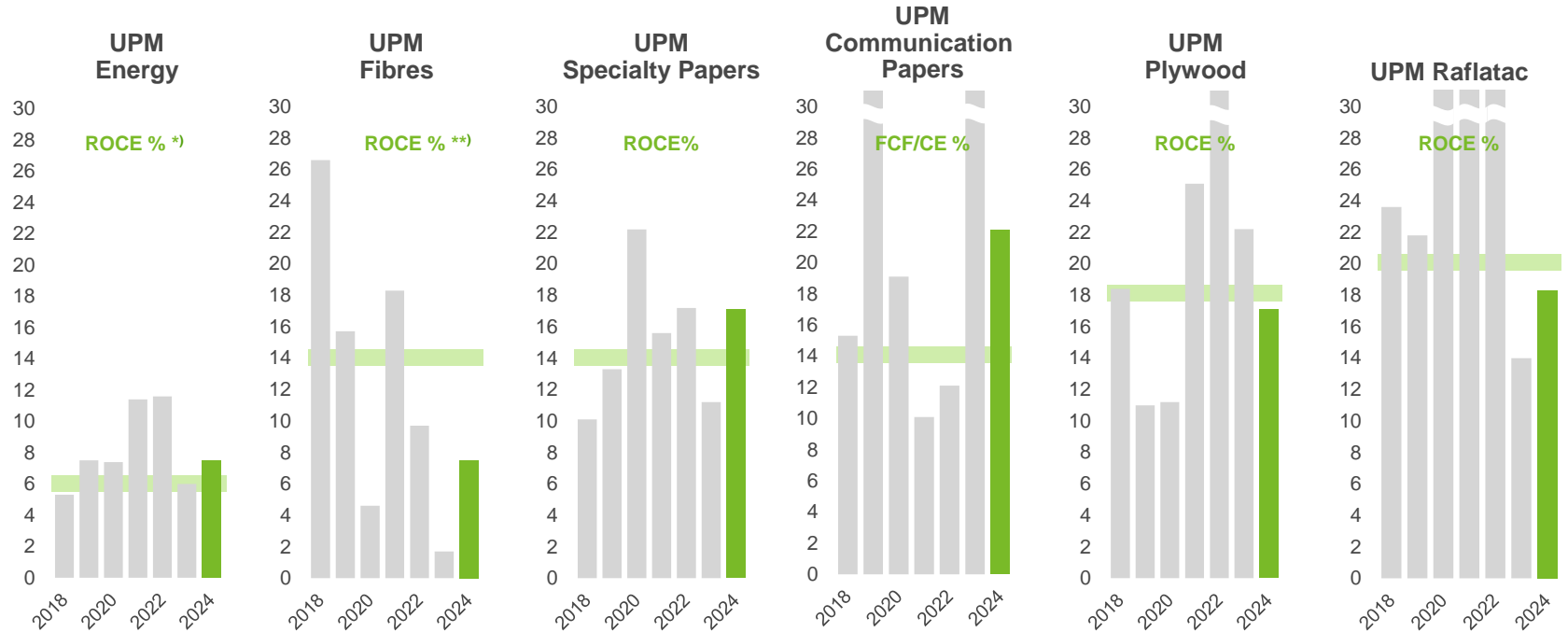
UPM **BIOFORE**  
**BEYOND** FOSSILS



# Group financial performance and targets



# Business area long-term return targets

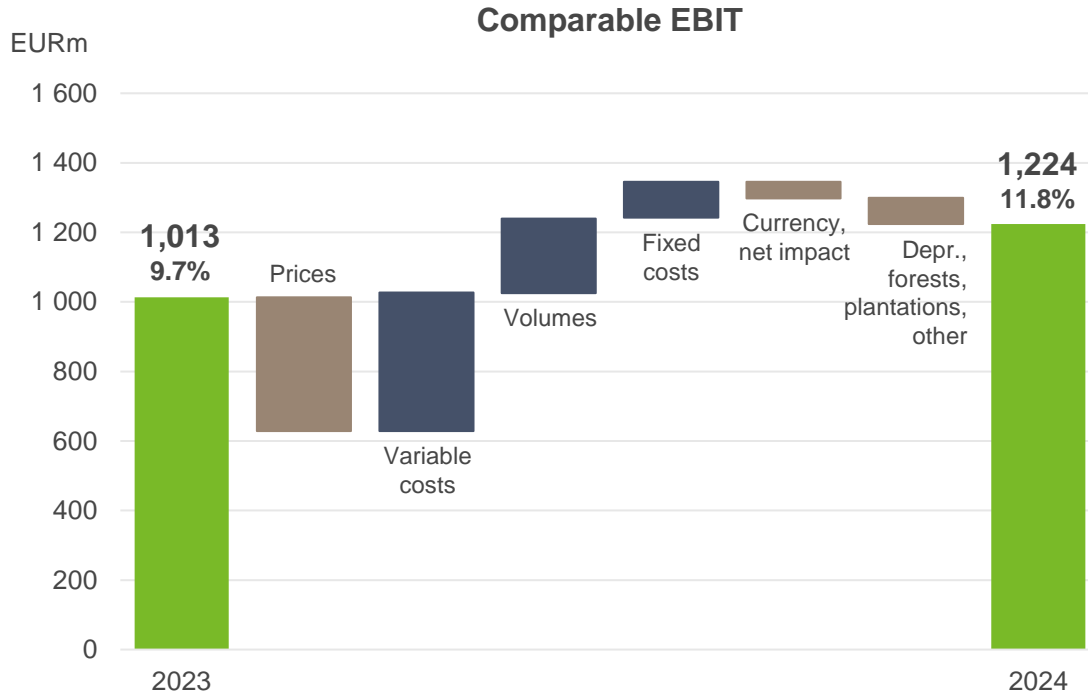


\*) shareholdings in UPM Energy valued at fair value

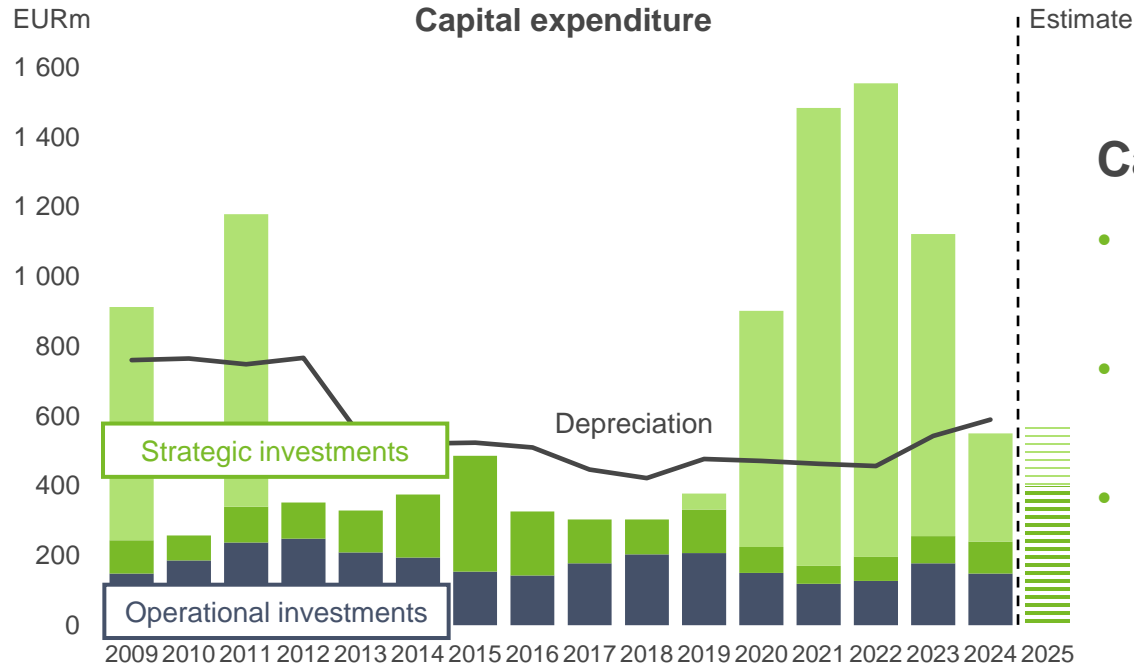
\*\*) Year 2021 restated, UPM Biofuels moved into Other Operations as of 1 January 2022.

Long-term return target

# Comparable EBIT in 2024 vs. 2023



# Major investment cycle coming to an end



## Capex 2025 estimate

- Capex excl. acquisitions EUR 400m
- Metamark acquisition GBP 146m
- Operational investment needs consistently low



# Maintenance shutdowns in 2024 and 2025

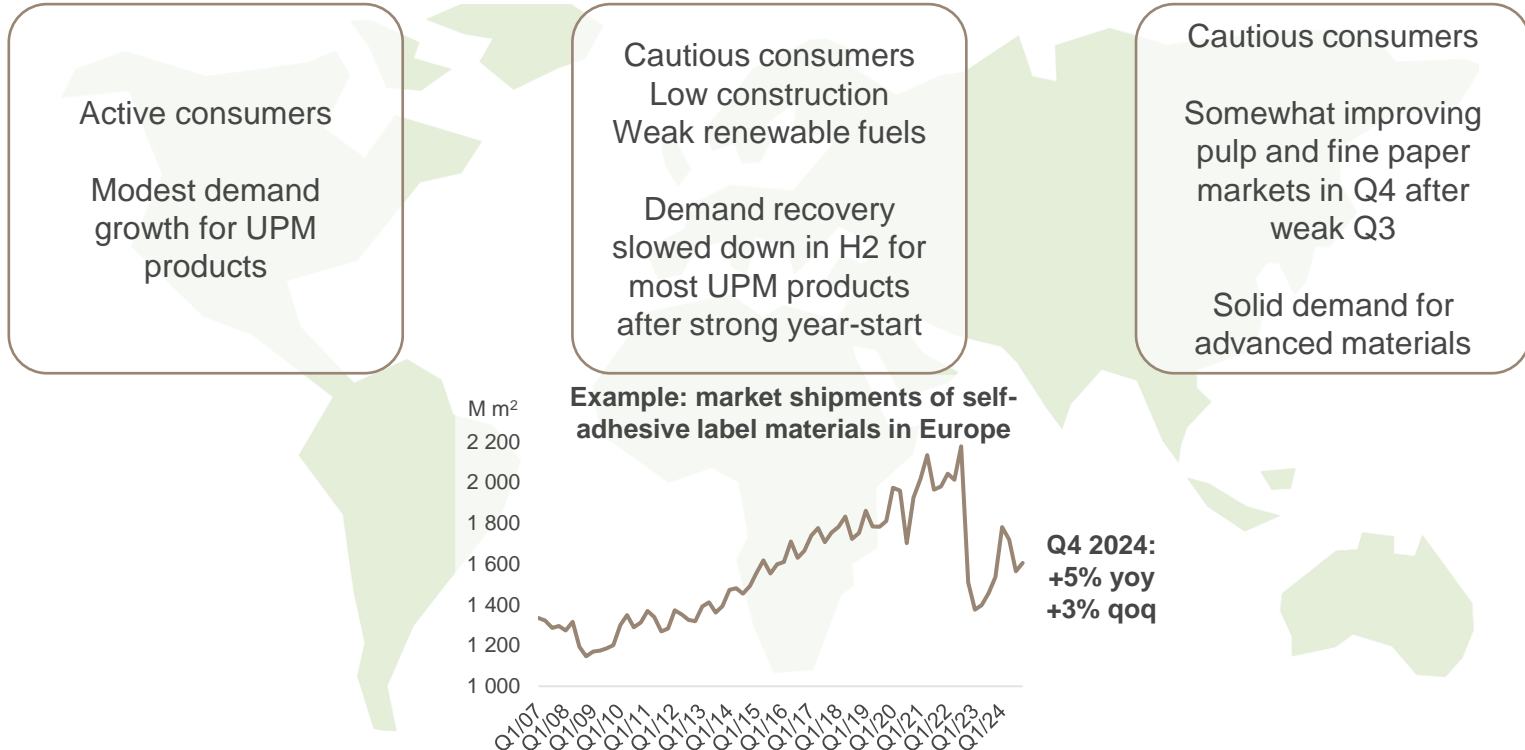
Timing	Unit
Q1-Q2 24	Olkiluoto nuclear power plant OL3
Q2 24	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp mill UPM Fray Bentos pulp mill UPM Pietarsaari pulp mill
Q1-Q2 25	Olkiluoto nuclear power plant OL3
Q2 25	Olkiluoto nuclear power plant OL1 and OL2 UPM Paso de los Toros pulp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



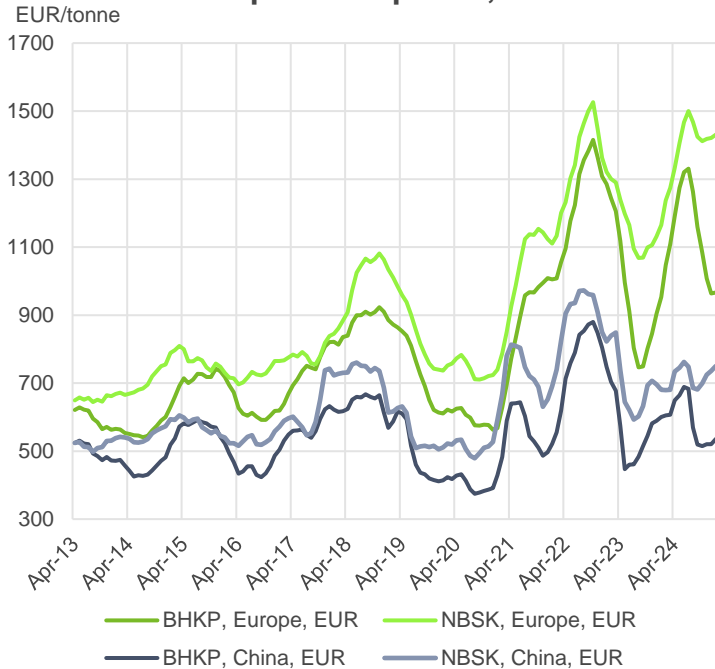
# Demand recovery for UPM products slowed down in H2 2024



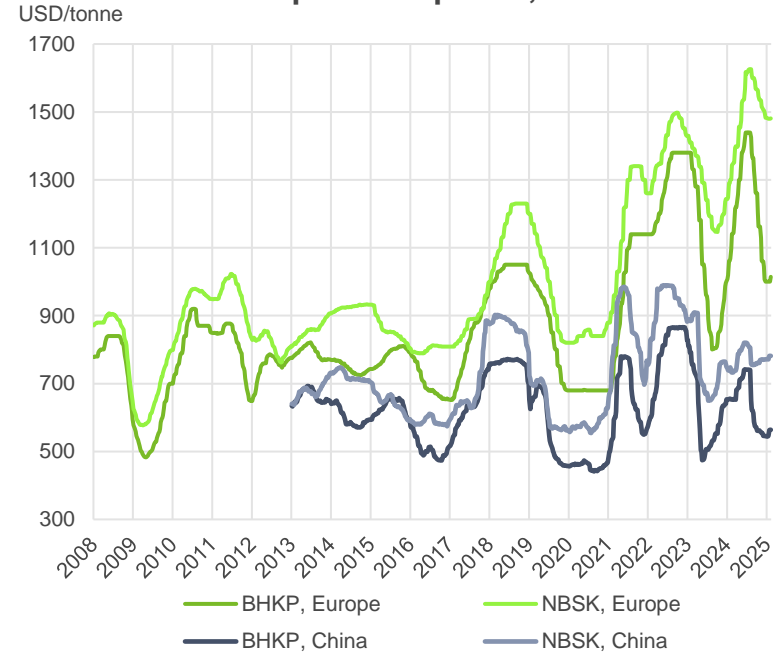
# Chemical pulp market prices



Pulp market prices, EUR

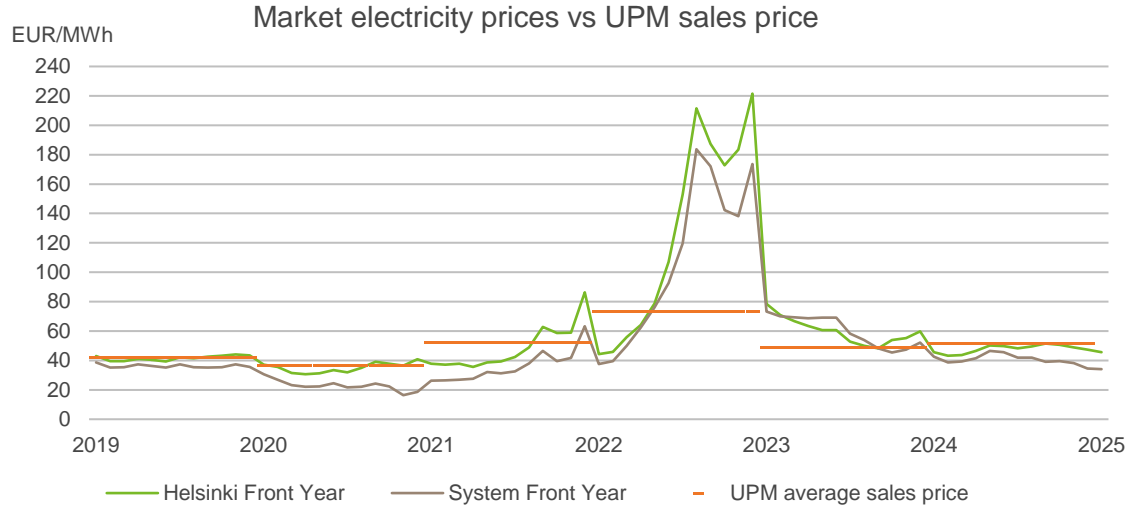


Pulp market prices, USD



Source: FOEX Indexes Ltd

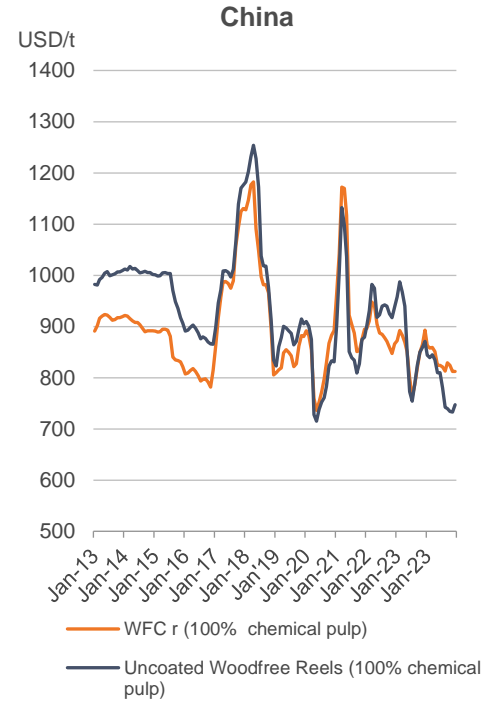
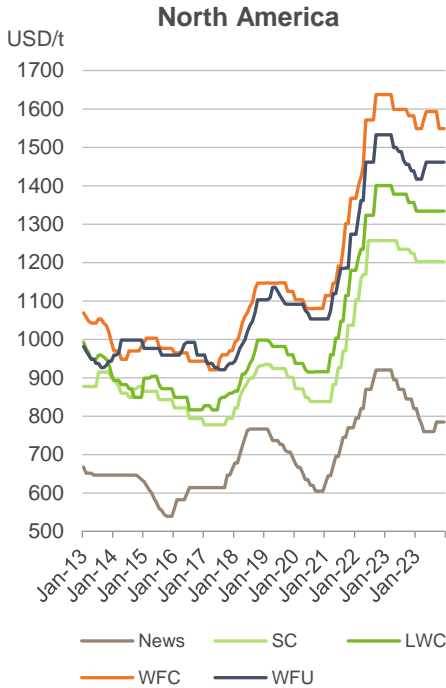
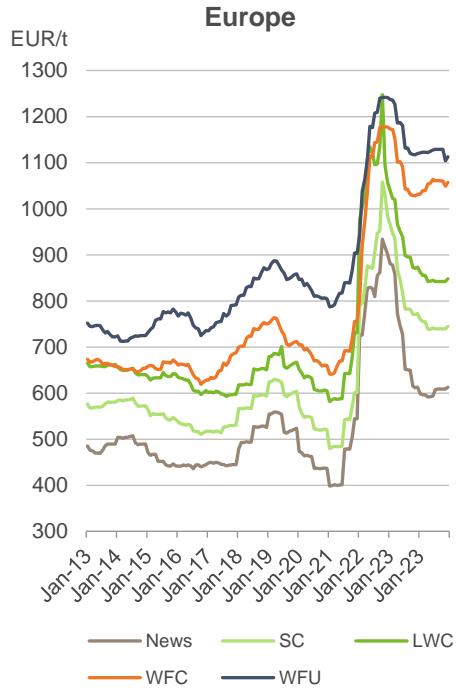
# Electricity market prices



UPM Energy profitability	2019	2020	2021	2022	2023	2024
Comparable EBIT, EURm	185	171	270	381	182	181
% of sales	44.4	45.0	51.3	52.0	29.0	28.9

# UPM Communication Papers

## Graphic paper prices

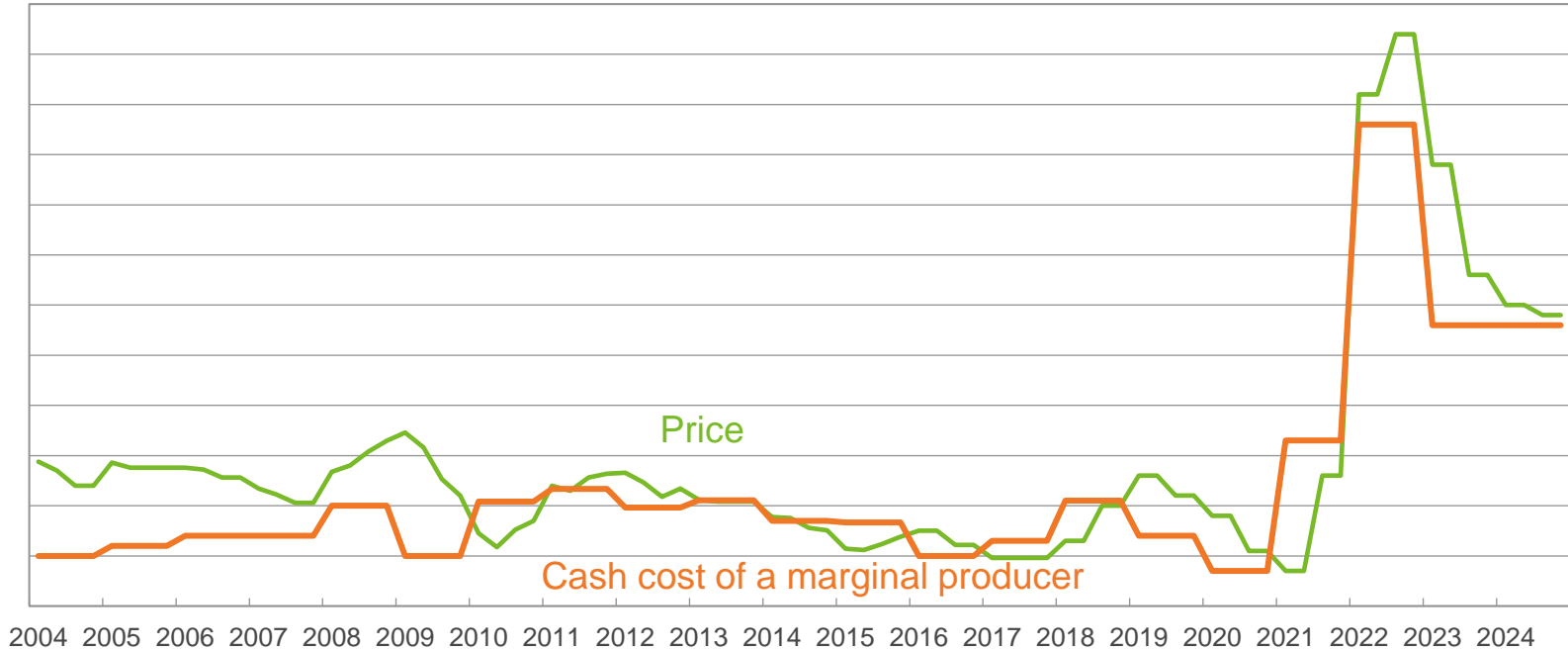


Sources: PPI, RISI

# Paper price vs. cash cost of marginal cost producer



EUR/t



Sources: PPI, RISI, AFRY

UPM **BIOFORE**  
**BEYOND** FOSSILS

