VALUATUM

1.9.2026

UPM

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COMPANY PROFILE

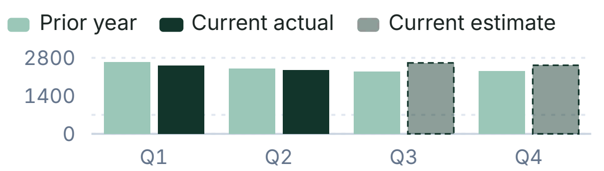
UPM is an integrated forest-products and renewable-materials group with operations in pulp, forests, electricity generation, adhesive materials, specialty and communication papers, timber, plywood, biofuels, biochemicals and biomedical materials. Its asset base spans Finland, Uruguay, Germany and the United States, combining commodity exposure with renewable power, specialty conversion and emerging fossil-material substitutes.

RECOMMENDATION	CURRENT PRICE	TARGET PRICE
HOLD	**24.06 EUR**	**24.70 EUR**
12-month horizon	as of report date	12-month fundamental

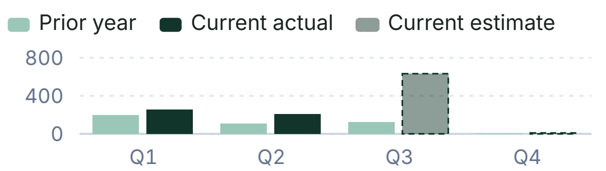
IMPLIED UPSIDE	MARKET CAP	ENTERPRISE VALUE
+2.7%	**EUR 12.7 bn**	**EUR 15.8 bn**
vs. current price	shares × price	mcap + EV adjustments

P/E 2026E	EV/EBITDA 2026E	FCF YIELD 2026E	DIVIDEND YIELD 2026E	EQUITY BOOK VALUE 2026E
14.1×	8.6×	9.2%	5.7%	EUR 10.4 bn

Quarterly net sales
EUR millions · prior year vs current year



Quarterly EBIT
EUR millions · prior year vs current year



Contents

RESEARCH SNAPSHOT

The call, the math, and the three reasons why

02

A one-page summary of the recommendation and the evidence behind it; the following pages provide the detail.

RECOMMENDATION	TARGET PRICE	CURRENT PRICE	IMPLIED UPSIDE
HOLD	**24.70 EUR**	**24.06 EUR**	**+2.7%**
12-month horizon	12-month fundamental	as of report date	vs. current price

MARKET CAP	ENTERPRISE VALUE	P/E · EV/EBITDA 2026E	DIVIDEND YIELD 2026E
EUR 12.7 bn	**EUR 15.8 bn**	**14.1× · 8.6×**	**5.7%**
shares × price	mcap + EV adjustments	own history + peers, see Valuation	

01 **Low-cost pulp is the central earnings option**

UPM's 5.8 million-tonne pulp platform includes a 2.1 million-tonne Paso de los Toros mill targeting approximately USD 280 per delivered tonne. That gives Uruguay substantial margin resilience, although the group remains highly sensitive to global pulp prices.

EUR 180-270m EBIT sensitivity per EUR 50/t

02 **Forests and power make the portfolio more than paper**

UPM owned 917,000 hectares of forest land and reported forest assets above EUR 3.5 billion, while Energy earned EUR 151 million of comparable EBIT on EUR 615 million of total segment sales in 2025.

31% of current EV in forests and Energy

03 **Portfolio actions can expose hidden economics**

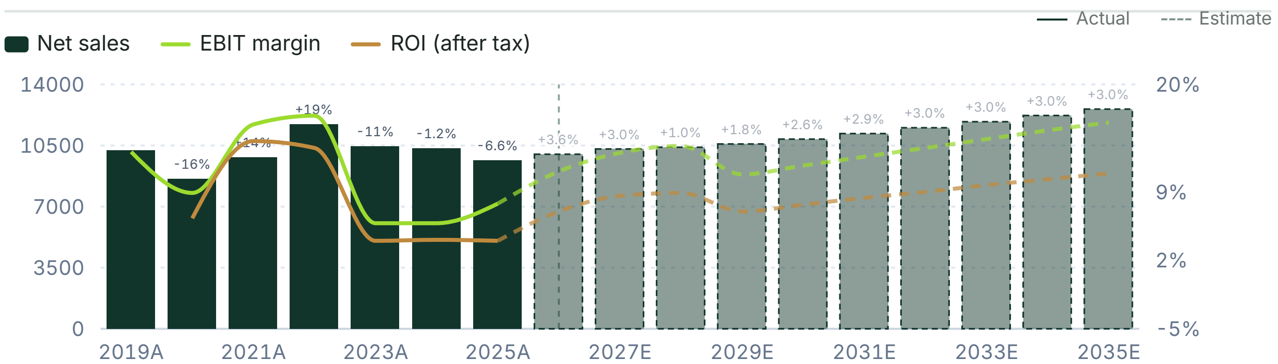
The WISA demerger creates a separately traded plywood benchmark, while a cleared Sappi transaction would bring EUR 613 million of cash proceeds and target EUR 24.700 million of annual graphic-paper synergies.

EUR 713m proceeds plus annual synergies

THESIS BREAKER The thesis breaks if weak pulp pricing, high Finnish wood costs and a failed Leuna ramp jointly prevent EBITDA from sustainably exceeding EUR 1.7 billion.

Net sales, EBIT margin and ROI

EUR millions, with year-on-year net sales growth above each bar; EBIT margin and ROI on right axis



SHARE PRICE DEVELOPMENT

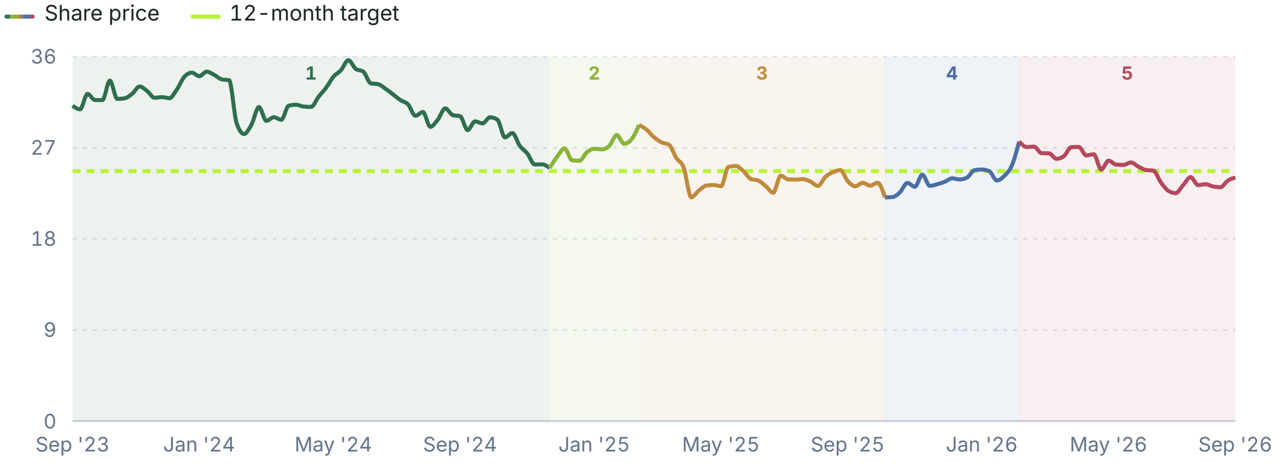
Price trajectory and valuation anchors

03

Weekly closing prices over 36 months with the 12-month target price, alongside key market data.

Share price — last 36 months

EUR per share, with 12-month target line



CURRENT PRICE	TARGET PRICE	IMPLIED UPSIDE	REPORT DATE
24.06 EUR 1 September 2026	**24.70 EUR** 12-month	**+2.7%** vs. current	**1 September 2026**

52-WEEK HIGH	52-WEEK LOW	1-YEAR CHANGE	3-YEAR CHANGE
27.94 EUR past 12m	**21.72 EUR** past 12m	**−1.7%** price only	**−24.3%** price only

READING THE MOVE

1. Sep 2023 – Nov 2024 — -19.7%: Lower deliveries across most businesses, falling pulp prices and UPM's October 2024 outlook reduction undermined the expected earnings recovery, according to the Q3 2024 interim report.
2. Nov 2024 – Feb 2025 — +17%: Q4 2024 comparable EBIT increased 29%, and management announced UPM's first share-buyback programme, restoring confidence in cash generation and capital allocation.
3. Feb–Oct 2025 — -24.5%: Q2 and Q3 2025 EBIT declines of 31% and 47% exposed weak demand and trade-tension effects in Fibres and Communication Papers.
4. Oct 2025 – Feb 2026 — +25%: The non-binding Sappi graphic-paper joint-venture proposal and EUR 720 million of Q4 operating cash flow improved expectations for portfolio repair and deleveraging.
5. Feb–Sep 2026 — -13.3%: The European Commission's August Statement of Objections raised the risk that the UPM-Sappi joint venture would be blocked, delayed or require value-dilutive remedies.

VALUE BREAKDOWN · PART 1

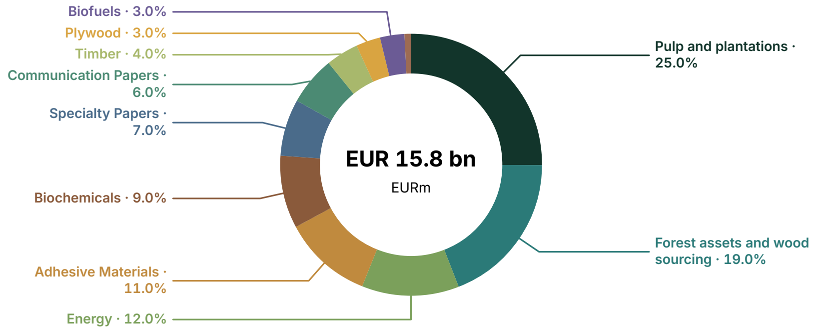
04

How the market prices the divisions today

The market's own enterprise value today, split across the divisions. The parts sum to the whole by construction, so a larger share for one division is a smaller share for another. What each division is worth on this report's own forecasts is a different question, answered in the target-price bridge.

Enterprise value by business division

EUR millions · current analytical allocation



VALUE AND EARNINGS BY BUSINESS DIVISION

Analytical enterprise-value allocation against reported economics. “Reported” rows match a verified company-reported segment; “Modelled allocation” rows are model-side splits. Business divisions may differ from company-reported accounting segments.

	EV	EV %	REVENUE	REV %	COMP. EBIT	COMP. EBIT % OF TOTAL	BASIS
Pulp and plantations	3,962	25.0%	2,400	24.9%	240	26.1%	Modelled allocation
Forest assets and wood sourcing	3,011	19.0%	400	4.1%	20	2.2%	Modelled allocation
Energy	1,902	12.0%	480	5.0%	151	16.4%	Reported
Adhesive Materials	1,743	11.0%	1,655	17.1%	124	13.5%	Reported
Biochemicals	1,426	9.0%	50	0.5%	-25	-2.7%	Modelled allocation
Specialty Papers	1,109	7.0%	1,108	11.5%	147	16.0%	Reported
Communication Papers	951	6.0%	2,459	25.5%	181	19.7%	Modelled allocation
Timber	634	4.0%	508	5.3%	43	4.7%	Modelled allocation
Plywood	475	3.0%	389	4.0%	35	3.8%	Reported
Biofuels	475	3.0%	200	2.1%	15	1.6%	Modelled allocation
Biomedical materials	158	1.0%	9	0.1%	-1	-0.1%	Modelled allocation
Total	**15,846**	**100.0%**	**9,656**	**100.0%**	**921**	**101.0%**	—

VALUE BREAKDOWN · PART 2

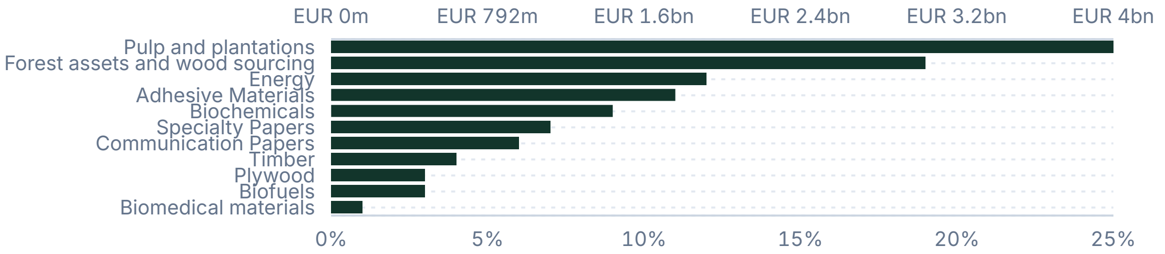
Where value sits versus where money is earned

05

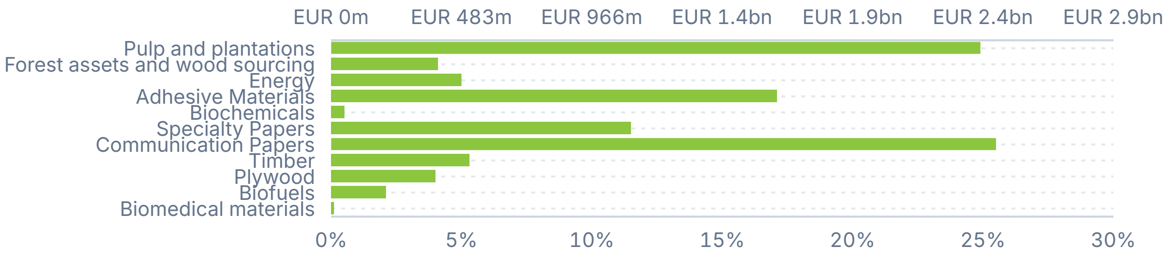
Each division's share of enterprise value, of revenue and of profit. One panel per measure: the three divide by different totals, so percentages read below each panel and the same bars in absolute terms above.

Enterprise value

Share of group total below, absolute value above

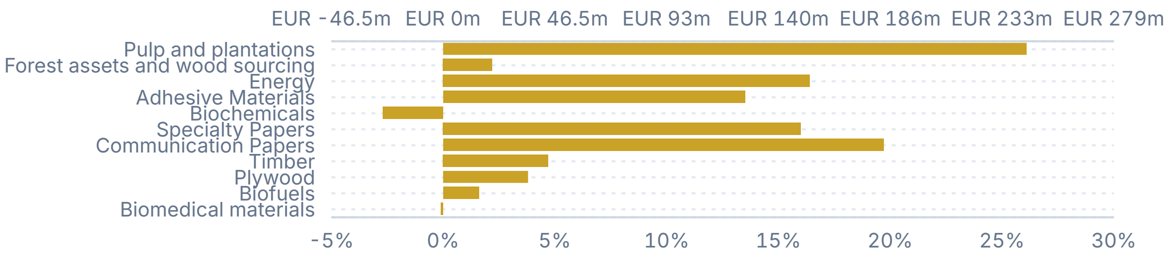


Revenue



Segment profit

comparable EBIT basis



INTERPRETATION

Value is concentrated away from reported revenue: pulp, forests and Energy represent 56% of allocated enterprise value despite Communication Papers and Adhesive Materials carrying more visible sales. The key analytical error to avoid is valuing UPM on a single group multiple that treats low-cost Uruguay pulp, standing timber, hydro and nuclear assets, declining graphic paper and commissioning-stage chemicals as economically interchangeable.

INVESTMENT CASE

The call and how the business creates value

06/07

Why the valuation and operating evidence point to the recommendation, and the map for the business division analysis that follows.

RECOMMENDATION CASE

HOLD. The 12-month target price is EUR 24.7, implying 2.7% upside from the current price of EUR 24.06.

The current price discounts a business capable of sustaining roughly a 12.3% terminal EBIT margin in the market-implied DCF, but it also prices near-term EBITDA below the maintained model: EUR 1.695 billion versus EUR 1.846 billion in 2026. That skepticism is understandable because a EUR 50 per tonne pulp-price move changes annual comparable EBIT by approximately EUR 180 million net to EUR 270 million gross, while Finnish wood costs and Leuna start-up losses can absorb improvements elsewhere.

The assembled evidence nevertheless argues against valuing UPM as one undifferentiated paper multiple. Paso de los Toros has a reported optimized delivered cash-cost target of approximately USD 280 per tonne, UPM Energy is Finland's second-largest producer, and owned forest assets exceeded EUR 3.5 billion at the end of 2025. Portfolio separation also creates observable tests: shareholders approved the WISA demerger on 31 August, while the proposed Sappi joint venture offers EUR 613 million of closing proceeds and EUR 100 million of annual synergies if competition concerns are resolved.

The strongest argument against the call is that cyclical recovery could make the target too conservative. UPM reported EUR 471 million of comparable EBIT in H1 2026, up 17%, and its H2 guidance range of EUR 375–575 million leaves material upside if pulp prices, power capture and adhesive mix improve together. We retain HOLD because new hardwood capacity, the six-week Kaukas curtailment, a further EUR 40 million maintenance headwind and increasing Leuna start-up costs leave several ways for operating progress to disappoint.

A sustained Uruguay-led Fibres recovery, Leuna positive EBIT in 2027 and clearance of the Sappi transaction would move the rating toward BUY, particularly if net debt falls below roughly 1.3 times EBITDA. A downgrade would follow if Fibres South loses its low-cost margin resilience, Leuna cannot demonstrate repeat qualified orders at commercial output, or communication-paper capacity exits lag another high-single-digit demand decline.

ECONOMIC MAP

Enterprise value forms in three layers. Pulp and plantations are the largest cyclical earnings engine, with value determined by delivered cost in Uruguay and the global pulp price. Forest assets and wood sourcing are the real-asset layer, where the decisive numbers are EUR 3.5 billion of disclosed assets, 917,000 owned hectares and 7.8 million cubic metres of annual own-and-leased harvest. Energy is the stabilizing infrastructure layer, where price capture and nuclear availability matter more than headline electricity-demand growth.

Adhesive Materials and Specialty Papers are spread and mix businesses: the key question is whether price and higher-value products outrun paper, film, adhesive and distribution costs. Communication Papers is a managed-decline cash engine whose value depends on capacity leaving at least as quickly as demand. Timber and Plywood monetize wood through cyclical manufacturing spreads, while Biofuels depend on regulatory premiums. Leuna Biochemicals requires 220,000 tonnes at a blended EUR 4,500 per tonne to justify its base value, and Biomedical materials remains too small for group earnings but offers niche optionality.

ANALYTICAL ANCHOR

The one group-level number to watch is normalized EBITDA after separating low-cost Uruguay pulp, forest economics and Energy from Finnish fibre costs, paper restructuring and Leuna start-up losses.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations

Business division deep dive — Commodity.

SIZE OF THE PRIZE: FIBRE COMPETES FOR PACKAGING, HYGIENE AND TEXTILE MATERIAL SPEND

The economic prize is substantially larger than the quoted market-pulp label because pulp is an intermediate input competing for material spend in packaging, hygiene, printing and textiles. Expert Market Research valued the global wood-pulp market at USD 171.15 billion in 2025, while IMARC placed it at USD 179.0 billion; this report treats the range as evidence of measurement uncertainty rather than false precision. The larger displaced pool includes plastic packaging, estimated at USD 416.5 billion by Grand View Research and USD 480.62 billion by Fortune Business Insights for 2025. Fibre does not capture all of that spend because conversion, coatings and distribution sit downstream, but the scale shows why even modest substitution can absorb millions of tonnes of pulp. Dissolving pulp also competes with a synthetic-fibre market estimated at USD 98.89 billion in 2025. The valuation therefore uses actual pulp capacity and margins, not a heroic share of the displaced plastics market, while treating substitution as a demand-supporting tailwind.

The relevant investable consequence comes immediately from UPM's physical position: 5.8 million tonnes of annual capacity is approximately 3% of a global wood-pulp market measured by value, although a precise volume share for UPM was not disclosed. Hardwood represented 58.34% of the wood-pulp market in one estimate, while ResourceWise argued that hardwood now accounts for 70% of total pulp after decades of substitution from softwood. Those definitions differ, so this report does not infer a precise UPM share from either. Instead, it asks whether UPM can run its 5.8 million tonnes near economic capacity and retain a delivered-cost advantage. At a modelled EUR 100 per tonne change in contribution across 5.0 million saleable tonnes, EBITDA changes by roughly EUR 500 million before internal transfers and hedging. That arithmetic explains why pulp receives the largest enterprise-value allocation and why a small forecasting error overwhelms several smaller divisions.

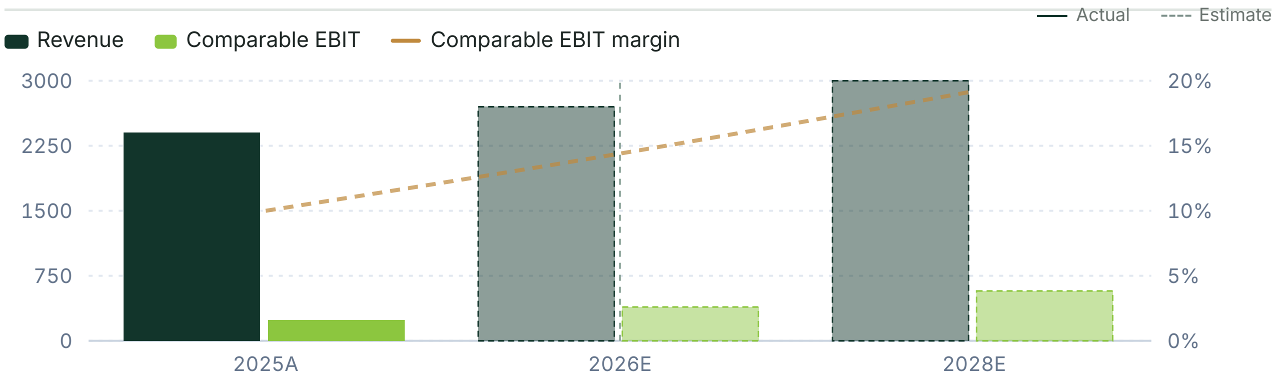
PULP AND PLANTATIONS FACT SHEET

COMMODITY

MODEL ESTIMATE REVENUE	**EUR 2,400m**
MODEL ESTIMATE COMPARABLE EBIT	**EUR 240m**
MODELLED FY2025 REVENUE SPLIT	**EUR 2.40bn of Fibres external sales**
MODELLED COMPARABLE EBIT MARGIN	**10.0%**
COMBINED PULP CAPACITY	**5.8m tonnes/year**
PASO DE LOS TOROS CAPACITY	**2.1m tonnes/year**
OPTIMIZED PASO CASH COST	**About USD 280/delivered tonne**
PRICE SENSITIVITY	**EUR 180–270m EBIT per EUR 50/t**
TARGET BRIDGE BASIS	**EUR 575m EBITDA × 8.0x**

Pulp and plantations — modelled revenue and profit

EUR millions, margin on right axis · 2025 reported, later years this report's own forecast



CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations (continued)

Business division deep dive — Commodity.

SHARE CAPTURE IS CONSTRAINED BY CAPACITY, NOT BY THE THEORETICAL MARKET

UPM does not need to win an implausible global share to justify the valuation; it needs to monetize existing mills, particularly the 2.1 million-tonne Paso de los Toros asset. UPM's 5.8 million-tonne platform is smaller than Suzano's 13.4 million tonnes but larger than CMPC's 4.7 million tonnes. Fitch estimated Suzano at 19% of global market pulp and 36% of hardwood pulp in 2025, illustrating the concentration of low-cost Latin American supply. UPM's precise market-pulp share was not available, so capacity is the cleaner comparison. The base valuation assumes approximately 5.3 million tonnes of saleable output by 2028, equivalent to about 91% utilization of nameplate capacity. At an assumed blended revenue of EUR 566 per tonne, that volume yields approximately EUR 3.0 billion of pulp-related sales, including internally transferred pulp.

The EUR 566 per tonne assumption is not presented as a published spot price; it is this report's normalized net revenue assumption after grade, geography and internal-transfer effects. A EUR 500–650 range is reasonable for stress testing because UPM itself quantifies the consequence of EUR 50-per-tonne moves. At the low end, revenue on 5.3 million tonnes would be EUR 2.65 billion; at the high end it would be EUR 3.45 billion. The base EBITDA of EUR 575 million therefore does not require peak pricing: it implies roughly EUR 108 per tonne of EBITDA across saleable output. That is materially below the contribution possible at strong cycle prices but depends on Uruguay offsetting weaker Finnish economics. A reader rejecting the price assumption can revalue the pool by applying UPM's EUR 180 million net to EUR 270 million gross EBIT sensitivity for each EUR 50-per-tonne change.

URUGUAY IS THE SOURCE OF ADVANTAGE; FINLAND IS THE SOURCE OF DISPERSION

Paso de los Toros is central because UPM reported an optimized delivered cash cost of approximately USD 280 per tonne. This is not the absolute industry floor: Fitch cited approximately USD 175 per tonne for Eldorado Brasil in 2023, while Suzano reported BRL 843 per tonne excluding scheduled downtime in Q2 2026. Currency, wood accounting and delivery definitions prevent a clean one-line comparison, but the direction is clear: modern South American eucalyptus mills sit below European producers. Ence closed 2025 at EUR 483 per tonne and targeted a further EUR 30 reduction in 2026. The gap between USD 280 and EUR 483 is wide enough that Uruguay can remain profitable at prices that pressure Iberian or Finnish assets. UPM Fibres South's 22% comparable EBIT margin during cycle-low pulp prices in Q3 2025 is the strongest observed confirmation of that advantage.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations (continued)

Business division deep dive — Commodity.

Finland moves the consolidated outcome in the opposite direction. UPM Fibres North reported a EUR 37 million EBIT loss in Q3 2025, including approximately EUR 30 million from maintenance and curtailments. The Pietarsaari maintenance outage also hurt Q2 2026, and Kaukas was scheduled for a six-week shutdown from 3 August to align output with profitability. These are not merely temporary accounting items: they reveal where the marginal tonne sits on the cost curve when wood is scarce and market prices weaken. The base case assumes Finnish mills recover to around breakeven through disciplined operating rates rather than matching Uruguay's margin. If management runs high-cost tonnes to protect volume, the blended EUR 108-per-tonne EBITDA assumption would prove too high even with Paso operating well.

COMPETITIVE SUPPLY KEEPS THE CYCLE HONEST

- Suzano: 13.4m tonnes/year of pulp capacity after Ribas do Rio Pardo; estimated 19% market-pulp and 36% hardwood share in 2025.
- UPM: 5.8m tonnes/year across five mills in Finland and Uruguay, including 2.1m tonnes at Paso de los Toros.
- CMPC: 4.7m tonnes/year of global pulp capacity in 2026.
- Arauco Sucuriú: 3.5m tonnes/year in Valmet's project description, versus 5.0m in IFC-related documents, with start-up expected in late 2027 or 2028.
- Paracel: 1.8m tonnes/year planned for first-phase operations in Paraguay in 2028.
- Canfor Northwood: 0.3m tonnes/year of softwood capacity scheduled to close by end-2026.

The Arauco conflict matters because the difference between 3.5 million and 5.0 million tonnes is almost one quarter of UPM's entire capacity. This report weights the 3.5 million-tonne figure because it comes from the equipment supplier's specific project update, but retains 5.0 million tonnes as an upside supply-risk case because IFC documents may include a broader full-operation configuration. Paracel adds another 1.8 million tonnes in 2028 if delivered on schedule. Against that, Canfor's 300,000-tonne closure removes constrained softwood capacity, which is not a direct one-for-one offset to eucalyptus hardwood. Chinese port inventories of 2.226 million tonnes on 20 August 2026, down only 1%, did not signal a decisive destocking catalyst. The base case therefore assumes no sustained scarcity premium before 2028.

DEMAND QUALITY MATTERS MORE THAN HEADLINE MARKET GROWTH

Pulp demand is supported by packaging and tissue, but fibre substitution is neither frictionless nor uniformly virgin-fibre positive. Recycled fibre represented 53% of global paper-packaging revenue in 2025, limiting the virgin-pulp intensity of packaging growth. Virgin hardwood pulp still supplies strength, cleanliness and performance properties that recycled furnish cannot always deliver, particularly in tissue and high-quality packaging. Plastic substitution creates a large addressable pool, but converters decide material architecture based on barrier performance, machine speeds and total cost, not simply sustainability claims. The report consequently assumes low-single-digit structural demand growth rather than extrapolating the USD 410–480 billion packaging-spend proxy into UPM revenue. This restraint is important because the supply additions scheduled for 2027–2028 can absorb several years of normal demand growth.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations (continued)

Business division deep dive — Commodity.

Trade policy can alter regional spreads without changing global balance immediately. The United States imposed a 50% tariff on Canadian NBSK from 22 August 2026, potentially tightening US softwood availability while diverting Canadian tonnes elsewhere. Hardwood and softwood can substitute in some applications, but fibre properties constrain the speed and extent of switching. UPM could benefit from stronger softwood pricing in relevant grades, yet tariffs also increase logistical distortions and customer inventory risk. The valuation assigns no explicit tariff windfall. Any benefit is treated as a buffer against the upcoming hardwood-supply wave rather than a separate source of value.

THE EARNINGS BUILD IS A DELIVERED-COST SPREAD, NOT A REVENUE MULTIPLE

The 2028 bridge values EUR 575 million of modelled pulp EBITDA at 8.0 times, producing EUR 4.60 billion in the target SOTP. The build uses approximately 5.3 million saleable tonnes at EUR 566 per tonne, or EUR 3.0 billion of sales. A 30% cash gross contribution would equal EUR 900 million, from which approximately EUR 325 million of fixed operating, selling and central costs produces EUR 575 million of EBITDA. This is the report's estimate, not company guidance. It implies meaningful recovery from the modelled FY2025 division split without requiring the 2022 peak group margin. The multiple sits below UPM's normalized historical EV/EBITDA average of 11.01 times and below the 2026 peer median of 9.5 times because pulp is cyclical and the EBITDA measure includes a recovery assumption.

The multiple can be audited against pure and integrated peers. Suzano trades at 4.6 times 2026 EBITDA, reflecting concentration, leverage and Brazilian risk, while Navigator trades at 6.1 times and Stora Enso at 8.2 times. UPM pulp merits more than a distressed commodity floor because Uruguay is competitive and the asset is already built, but less than a utility or specialty-material multiple. Applying 7.0 times to EUR 575 million cuts pool value by EUR 575 million, or approximately EUR 1.09 per UPM share before interactions. Applying 9.0 times adds the same amount. The central 8.0 times therefore makes the cycle assumption, rather than an aggressive terminal multiple, do the valuation work.

EVIDENCE SCORECARD AND WHAT MUST HAPPEN NEXT

The positive evidence is operational and observed: Fibres South maintained a 22% comparable EBIT margin at cycle-low prices, Paso's optimized cost target is approximately USD 280 per delivered tonne, and the group reported a 17% increase in H1 2026 comparable EBIT. The negative evidence is equally concrete: Fibres North lost EUR 37 million in Q3 2025, maintenance hurt Q2 2026, Kaukas required a six-week shutdown, and management expects H2 maintenance effects to be EUR 40 million higher than H1. UPM has also applied to increase Fray Bentos capacity by 15% to 1.5 million tonnes per year, indicating confidence in Uruguay but adding capital and execution questions. The next proof point is not simply higher reported volume. It is whether consolidated Fibres earnings rise while Finnish operating rates remain disciplined and Paso sustains low delivered costs.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations (continued)

Business division deep dive — Commodity.

The maintained model forecasts group EBITDA of EUR 1.846 billion in 2026 and EUR 1.964 billion in 2028. Pulp must supply a material part of that improvement because the smaller divisions cannot independently bridge a several-hundred-million-euro gap. H1 comparable EBIT of EUR 471 million plus the EUR 475 million midpoint of H2 guidance implies EUR 946 million for 2026, below the model's EUR 1.105 billion EBIT but not irreconcilably so because guidance is continuing-operations comparable EBIT and model definitions differ. Investors should track realized pulp prices, Paso production, Finnish wood costs and curtailment days rather than group sales alone. Revenue can rise on price while physical utilization weakens, or volumes can rise at uneconomic spreads. The investment case requires improvement in contribution per delivered tonne.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.1 Pulp and plantations (continued)

Business division deep dive — Commodity.

WHAT BREAKS THE VALUE

The first break condition is a sustained pulp-price decline that is not matched by supply curtailment. Two EUR 50-per-tonne adverse moves imply approximately EUR 360 million of net annual EBIT pressure using management's 2026 sensitivity, enough to erase most of the modelled pulp EBITDA. The second is failure to achieve Paso's optimized cost position because of wood, logistics, chemical or reliability issues. The third is Finnish wood inflation combined with a reluctance to curtail high-cost mills, converting Uruguay's advantage into support for structurally loss-making northern capacity. The fourth is faster or larger commissioning at Sucuriú and Paracel than the demand market can absorb. Any two together would justify a 6–7 times multiple on a lower earnings base rather than the present 8.0 times.

Conversely, the value can exceed the bridge if Paso consistently runs near nameplate, Fray Bentos receives approval for its 15% increase, Finnish mills become cash-neutral and new capacity is delayed. At EUR 700 million of normalized EBITDA and 8.5 times, the pool would be worth EUR 5.95 billion, EUR 1.35 billion above the target bridge. That upside case is plausible but not the base because current inventories and announced projects do not establish scarcity. The report's conclusion is therefore deliberately two-sided: pulp is UPM's largest source of potential upside and its largest path to an earnings miss. Owning the stock without a view on delivered hardwood-pulp cost is effectively outsourcing the decisive assumption to the commodity cycle.

PULP CAPACITY AND COST-CURVE REFERENCE POINTS

OPERATOR	CAPACITY / COST	POSITION	LATEST EVIDENCE
UPM	5.8m t; Paso ~USD280/t	Uruguay + Finland	2024–2026
Suzano	13.4m t; BRL843/t	19% market pulp	Q2 2026
CMPC	4.7m t capacity	Global producer	2026
Ence	EUR483/t	Iberian producer	FY2025
Arauco Sucuriú	3.5–5.0m t planned	New hardwood supply	2027–2028

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing

Business division deep dive — Real and supply platform.

SIZE OF THE PRIZE: FORESTS COMPETE FOR WOOD, LAND, CARBON AND RENEWABLE-MATERIAL VALUE

Forest assets and wood sourcing address several overlapping pools rather than one conventional product market. The immediate commercial pool is Finland's 78.9 million cubic metres of roundwood consumption in 2025, while UPM sourced 27.7 million cubic metres globally. The wider displaced-material opportunity includes paper and cardboard packaging spend of approximately USD 410–480 billion and a construction market measured in trillions, but those downstream values cannot be attributed directly to landowners. Forests also generate biological growth, optional carbon value, conservation benefits and strategic feedstock security. Because no single reliable aggregate value for all wood-displaced products exists, this report values the observable forest estate and normalized sourcing economics rather than capitalizing the downstream markets. The size of the prize is therefore anchored in hectares, harvestable cubic metres and replacement land value.

UPM's physical position is substantial: it owned 917,000 hectares at the end of 2025 across Finland, Uruguay and the United States. The company reported total forest assets including land above EUR 3.5 billion, of which standing trees carried a value of EUR 2.605 billion. UPM harvested 7.8 million cubic metres from owned and leased forests and plantations, equal to 28.2% of its 27.7 million-cubic-metre global wood sourcing. The remainder was purchased from private owners and external suppliers. This mix means the estate is both an appreciating real asset and a partial hedge against wood-input inflation, but not a complete hedge. The target bridge values the pool at EUR 3.30 billion, a 5.7% discount to the disclosed EUR 3.5 billion minimum rather than an arbitrary conglomerate haircut.

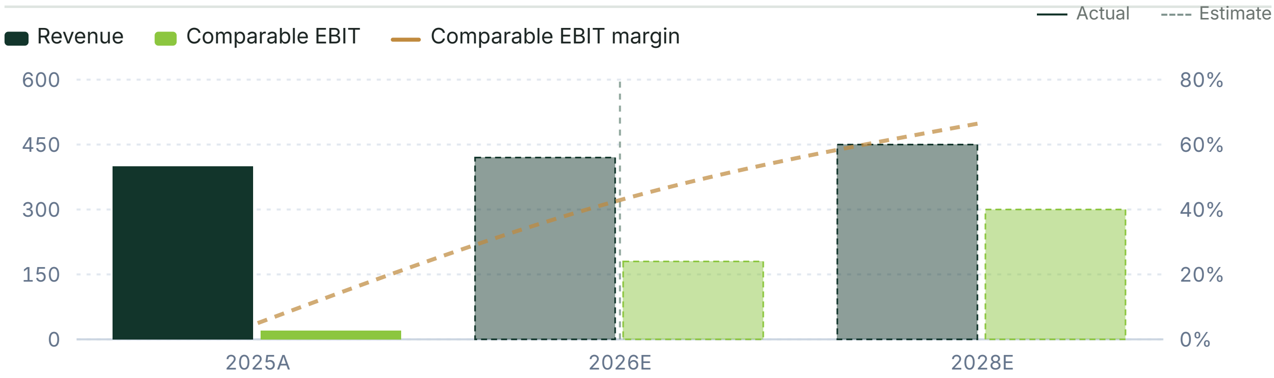
FOREST ASSETS AND WOOD SOURCING FACT SHEET

REAL AND SUPPLY PLATFORM

MODEL ESTIMATE REVENUE	EUR 400m
MODEL ESTIMATE COMPARABLE EBIT	EUR 20m
OWNED FOREST LAND	917,000 hectares
REPORTED FOREST ASSET VALUE	More than EUR 3.5bn
BIOLOGICAL ASSETS	EUR 2.605bn
GLOBAL WOOD SOURCING	27.7m m3/year
OWN AND LEASED HARVEST	7.8m m3/year
TARGET VALUE DISCOUNT	5.7% to reported asset value
TARGET BRIDGE BASIS	EUR 300m EBITDA × 11.0x

Forest assets and wood sourcing — modelled revenue and profit

EUR millions, margin on right axis · 2025 reported, later years this report's own forecast



CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

THE CAPTURE REQUIREMENT IS SECURE FIBRE SUPPLY AT AN ECONOMIC TRANSFER PRICE

The division does not need to dominate global forestry to justify its value. It needs to supply UPM's mills with certified, traceable wood while earning an appropriate return on biological growth, land and services. UPM's 27.7 million cubic metres of sourcing compares with Metsä Group's 29.6 million cubic metres in 2025, making the two broadly similar in procurement scale. Finland consumed 78.9 million cubic metres of roundwood, so UPM's global sourcing is equivalent to 35% of Finnish national consumption, although that is not a Finnish market share because UPM sources in several countries. The report therefore does not claim a precise domestic percentage. The operational requirement is that own and leased harvest remains near 7.8 million cubic metres and external procurement stays competitive without compromising certification or mill utilization.

The modelled FY2025 standalone revenue of EUR 400 million is an allocation from Other operations, not a company-reported divisional figure. Other operations reported EUR 659 million of external sales, EUR 693 million of total sales and EUR 9 million of comparable EBIT, but UPM does not disclose the split among forests, biofuels, biochemicals and biomedical materials. This report assigns EUR 400 million of external revenue and EUR 20 million of comparable EBIT to forests and sourcing, offset by start-up losses in Biochemicals. The number represents external wood, harvesting and forestry services; it excludes the full economic value of internal wood transfers to mills. For valuation, normalized EBITDA of EUR 300 million is more relevant than the externally reported revenue allocation because biological growth and internal sourcing benefits are not captured cleanly in external sales.

THE ESTATE IS GEOGRAPHICALLY DIVERSIFIED BUT ECONOMICALLY UNEQUAL

UPM owned approximately 522,000 hectares in Finland, 319,000 hectares in Uruguay and 76,000 hectares in Minnesota. The sum reconciles to 917,000 hectares. In Uruguay, UPM also leased 177,000 hectares, taking its controlled or accessed footprint to roughly 496,000 hectares before distinguishing planted, conservation and grassland areas. Finland provides long-duration boreal forest value and proximity to mills, while Uruguay provides faster eucalyptus rotations and direct integration with low-cost pulp production. Minnesota is smaller and lacks a sufficiently specific arm's-length valuation benchmark in the evidence. The portfolio should not be valued at one euro-per-hectare number because species, growth rates, infrastructure, harvest restrictions and land use differ materially.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

The Finnish hectare disclosure contains a minor conflict. The 2025 Annual Report gives 522,000 hectares, while UPM Pulp material dated August 2026 refers to 515,000 hectares. This report weights the Annual Report because it is the audited year-end group disclosure and reconciles with the 917,000-hectare total. The 7,000-hectare difference is only about 1.3% of the Finnish estate and does not change the valuation materially. The National Land Survey reported a EUR 4,400-per-hectare median for Finnish forest-estate purchases in 2025. Applying that bluntly to 522,000 hectares gives EUR 2.30 billion of land value before standing timber, but the comparison is imperfect because UPM's holdings differ in location, age class and scale.

URUGUAY CREATES BOTH PRODUCTIVE ADVANTAGE AND VALUATION COMPLEXITY

The Annual Report states 319,000 hectares of owned land in Uruguay, including eucalyptus plantations, grasslands and conservation areas. UPM's Forest Action Programme referred to 305,000 hectares, with 40% maintaining native vegetation. This report again weights the later Annual Report figure because it is period-specific and reconciles to the group total, while recognizing that neither figure represents fully planted commercial eucalyptus area. UPM also leases 177,000 hectares, but lease obligations and land-use restrictions reduce the value compared with owned plantations. Uruguay's average agricultural and forestry land price reached USD 4,178 per hectare in 2025, up 5%, while premium Colonia cropland averaged USD 9,707. The lower national figure is the relevant reference; premium cropland would overstate plantation value.

Applying USD 4,178 per hectare to 319,000 owned hectares gives approximately USD 1.33 billion before adjusting for location, native vegetation, plantations and infrastructure. This is a cross-check, not the valuation used, because no report-currency conversion rate is provided in the evidence and converting from memory would violate the source discipline. The 177,000 leased hectares add operating value but not equivalent land ownership value. UPM and Montes del Plata are described as the dominant eucalyptus buyers for the Uruguayan pulp industry. Montes del Plata owns 190,000 hectares and leases 56,500 hectares, or 246,500 hectares in total, materially below UPM's owned-plus-leased footprint. That scale supports wood availability for Fray Bentos and Paso de los Toros but also increases UPM's exposure to local land, labour, rainfall and policy conditions.

BIOLOGICAL ASSETS ARE NOT CASH, BUT NEITHER ARE THEY ACCOUNTING FICTION

Standing trees had a carrying value of EUR 2.605 billion at year-end 2025. Biological-asset fair value reflects expected growth, harvest timing, prices and discount rates, so it can move without immediate cash realization. Investors often discount such values because trees are required to feed mills, tax arises on harvest or sale, and extracting the estate could weaken industrial economics. Those concerns justify a discount, but a 30–50% haircut would ignore evidence that large Nordic forest estates can be separated and valued independently. Stora Enso reported EUR 8.5 billion of forest assets in Q2 2026 and is preparing to demerge 1.2 million hectares of Swedish forests into a listed company by H1 2027. That process should improve market price discovery for UPM's own estate.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

This report applies a 5.7% discount to UPM's stated minimum forest-asset value of EUR 3.5 billion, yielding EUR 3.30 billion. The discount is modest because the disclosed figure already includes land and biological assets rather than an analyst's speculative replacement value. It also reflects strategic integration: the forests lower fibre-security risk for pulp, paper, timber and plywood. The applied discount is not lower than zero because taxes, harvesting obligations, leases, conservation restrictions and corporate overhead prevent shareholders from receiving the gross asset value immediately. If a reader prefers a 20% discount, the value becomes EUR 2.80 billion, reducing the target by approximately EUR 0.95 per share. At a 30% discount, value is EUR 2.45 billion, reducing it by approximately EUR 1.61 per share.

WOOD SOURCING IS A COMPETITIVE SYSTEM, NOT JUST OWNED ACREAGE

- UPM: 27.7m m3 sourced globally in 2025; 7.8m m3 came from owned and leased forests.
- Metsä Group: 29.6m m3 supplied in 2025 and approximately 90,000 owner-members controlling over half of Finland's private forests.
- Finland: 78.9m m3 of roundwood consumption in 2025, up 3% year on year.
- UPM Finland: 522,000 owned hectares and 1.7m hectares of privately owned forests under management.
- UPM Uruguay: 319,000 owned hectares plus 177,000 leased hectares.
- Montes del Plata: 190,000 owned hectares plus 56,500 leased hectares in Uruguay.

Metsä Group has a structural procurement advantage through its cooperative ownership and 90,000 members. UPM counters with owned forests, private-forest management services, long-standing procurement relationships and integration across several mills. Managing 1.7 million hectares of private forests in Finland broadens relationships beyond the 522,000 hectares owned directly. The division's value therefore includes access and service infrastructure, not just land. However, procurement competition can push sawlog and pulpwood prices upward faster than finished-product prices. That is especially damaging when pulp prices are weak because UPM's Finnish mills sit higher on the global cost curve.

CARBON IS A POTENTIAL VALUE LAYER, BUT THE REPORT ASSIGNS NO EXPLICIT CREDIT

UPM's Uruguay plantations achieved a five-year average annual carbon sink of negative 1.9 million tonnes of CO_2 equivalent as of 2025. That is environmentally and strategically relevant, particularly as customers seek lower embedded emissions. The report does not multiply that sink by a carbon price because ownership, permanence, baseline and credit eligibility are not established in the evidence. Doing so would risk double-counting carbon benefits already reflected in land value or product premiums. Carbon is instead treated as downside protection for licence to operate and future optionality. A verified, monetizable credit framework would represent upside to the EUR 3.30 billion bridge rather than a base input.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

The same caution applies to biodiversity and conservation. Approximately 40% of the older 305,000-hectare Uruguay disclosure maintained native vegetation, but that area may not generate commercial harvest. Conservation can support permits, stakeholder trust and ecosystem resilience while lowering immediately harvestable hectares. Investors should not divide total asset value by total hectares and infer plantation economics without separating productive and protected land. The valuation's reliance on disclosed aggregate forest value avoids that error. It also means that future changes in biological-asset assumptions must be examined carefully rather than accepted as recurring operating profit.

REGULATION RAISES TRACEABILITY COSTS BUT REINFORCES SCALE ADVANTAGES

The EU Deforestation Regulation application date for medium and large companies was postponed to 30 December 2026. Compliance requires geolocation, due diligence and proof that relevant commodities are deforestation-free. UPM's certified sourcing systems, owned land and forest-management relationships should be an advantage over fragmented suppliers, but implementation still adds data, audit and working-capital costs. The next gate is practical readiness across purchased wood, not merely owned forests. A failure by external suppliers to provide compliant data could constrain procurement even if UPM's own estate is fully traceable. The report assumes compliance costs are absorbed within normalized EBITDA rather than capitalizing a regulatory premium.

The regulation also makes sourcing quality more valuable to downstream customers. Adhesive materials, specialty papers, communication papers, timber and plywood all depend on defensible chain-of-custody claims. UPM's forests therefore support revenue outside the nominal division. The SOTP avoids assigning a separate brand premium for that benefit, which is conservative, but it does include a higher asset-retention value than would be justified for an isolated trading operation. If EUDR implementation fragments supply and raises compliant wood prices, the owned estate gains value while Finnish manufacturing margins may still suffer. That two-sided effect is why forest value and pulp earnings must be analysed separately.

THE NORMALIZED EARNINGS CROSS-CHECK

The target EUR 24.700 billion is presented in the bridge as EUR 300 million of normalized EBITDA at 11.0 times. That earnings representation is a cross-check on the asset value, not a claim that UPM reports EUR 300 million of standalone forest EBITDA. The EUR 300 million includes biological growth, external services and the economic value of internal wood supply before industrial conversion. An 11.0-times multiple is appropriate for long-duration real assets and lies near Holmen's 10.3-times 2026 EBITDA multiple. The resulting EUR 3.30 billion also reconciles directly to a 5.7% discount from the disclosed EUR 3.5 billion forest-asset value. This dual audit trail prevents the target from depending on either an opaque earnings allocation or a raw balance-sheet mark alone.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

At EUR 250 million of normalized EBITDA and 10.0 times, the pool would be worth EUR 2.50 billion. At EUR 350 million and 12.0 times, it would be worth EUR 4.20 billion. The broad range reflects uncertainty over transfer pricing and standing-timber volumes, which were not disclosed as a single cubic-metre total. The base sits below gross reported asset value and well below the optimistic earnings case. It therefore recognizes the estate without assuming immediate separation. Stora Enso's planned forest demerger is the most relevant external price-discovery catalyst for revisiting the discount.

EVIDENCE REQUIRED TO SUSTAIN THE VALUE

The evidence presently supports ownership, broad valuation and sourcing scale. It does not disclose total standing timber volume, age-class distribution, region-level EBITDA, lease liabilities or detailed harvesting obligations. Those omissions matter because two estates with the same hectares can have very different near-term cash yield. Investors should track annual biological-asset movements, harvest volume, purchased-wood share, Finnish stumpage prices and Uruguay plantation productivity. Stable 7.8 million-cubic-metre own-and-leased harvest alongside biological growth would support the value. A rising harvest with falling biological assets could indicate cash extraction rather than sustainable earnings.

The strongest evidence of strategic value is the contrast between Fibres South and Fibres North. Uruguay delivered a 22% comparable EBIT margin in Q3 2025 at low pulp prices, while Fibres North lost EUR 37 million. Forests are not the sole cause, but feedstock cost and plantation productivity are central to that divergence. The estate should therefore be judged partly by the delivered wood cost it enables at the mill gate. A high appraised land value that does not translate into competitive fibre would be less valuable to UPM as a going concern. Conversely, low delivered cost plus appreciating land supports both earnings and downside protection.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.2 Forest assets and wood sourcing (continued)

Business division deep dive — Real and supply platform.

WHAT BREAKS THE VALUE

The first break condition is a material write-down in biological assets caused by lower timber prices, higher discount rates, disease, fire or weaker growth assumptions. The second is regulation or conservation requirements that reduce harvestable area without compensation. The third is Finnish wood-cost inflation that proves the sourcing network cannot secure fibre economically despite its scale. The fourth is Uruguay concentration risk: drought, pests, land-policy changes or logistics disruption could weaken both forest value and pulp margins. The fifth is evidence that lease and harvesting obligations are materially larger than the report can currently quantify.

A 20% haircut to the disclosed EUR 3.5 billion value would reduce the pool to EUR 2.80 billion, while a 30% haircut would reduce it to EUR 2.45 billion. Those are the practical bear cases and should be used rather than pretending the asset has no value because it is integrated. The upside case is independent price discovery through a transaction, partial monetization or a listed forest vehicle after Stora Enso establishes a reference. A value around the undiscounted EUR 3.5 billion would add only EUR 0.38 per share to the base target, showing that the target is not built on aggressive forest revaluation. The larger investment benefit is downside support and fibre security.

The division's conclusion is therefore more nuanced than a land-bank thesis. UPM's forests are valuable, but their economic purpose is to supply renewable fibre over multiple cycles, not to be liquidated. The report recognizes 94.3% of the company's disclosed minimum asset value and requires approximately EUR 300 million of normalized economic EBITDA to corroborate that mark. If the sourcing network maintains competitive delivered wood costs, the value is defensible. If industrial integration forces the estate to subsidize high-cost mills indefinitely, a deeper discount becomes appropriate.

FOREST OWNERSHIP AND WOOD-SOURCING REFERENCE POINTS

OWNER / OPERATOR	LAND / SOURCING SCALE	VALUE / POSITION	PERIOD
UPM	917k ha; 27.7m m3	>EUR3.5bn assets	FY2025
Stora Enso	1.2m Swedish ha	EUR8.5bn total forests	Q2 2026
Metsä Group	29.6m m3 supply	Finnish trade leader	FY2025
Montes del Plata	246.5k ha controlled	Uruguay competitor	2025–2026
Finnish market	78.9m m3 consumed	EUR4,400/ha median	2025

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.3 Energy

Business division deep dive — Profit engine.

SIZE OF THE PRIZE: ELECTRICITY DISPLACES A MUCH LARGER NON-ELECTRIC ENERGY POOL

UPM Energy competes directly in a Finnish electricity market of approximately 79 TWh in 2025, with a wholesale value estimated at EUR 7.6 billion from consumption and an average daily wholesale price of EUR 89.57 per MWh. The larger prize is electrification of the 179 TWh of non-electric final energy consumed in Finland in 2024. No reliable aggregate euro value for that displaced energy spend was found, so the valuation does not capitalize the full electrification pool. Instead, it treats the 179 TWh as a demand runway and values observable hydro and nuclear earnings. UPM expects Finnish electricity consumption to grow 4–7% annually through 2030, driven by industrial electrification and data centres. If even the low end compounds for four years, demand would be roughly 17% higher, improving the absorption of renewable and nuclear supply.

The immediate implication is not that UPM captures 4–7% revenue growth automatically. Its production is constrained by installed hydro capacity, nuclear ownership entitlements, hydrology and plant availability. Growth can improve captured prices by tightening the market, but additional wind supply can also increase the frequency of low or negative prices. The base bridge therefore assumes normalized EBITDA of EUR 210 million rather than applying the demand growth rate mechanically to sales. That is modestly above FY2025 comparable EBIT of EUR 151 million and consistent with a high-margin asset base after depreciation differences. The value rests on price capture, not on UPM building a large new generation fleet.

UPM'S POSITION IS STRATEGICALLY RELEVANT DESPITE INCOMPLETE MARKET-SHARE DISCLOSURE

UPM describes Energy as Finland's second-largest electricity producer, behind Fortum. Through a 54.3% stake in Pohjolan Voima, UPM is connected to an operator accounting for approximately 20% of Finnish electricity production. Teollisuuden Voima supplied about 25% of Finland's electricity consumption in 2025, although UPM receives only its ownership-linked share rather than the entire output. EPV Energy procures roughly 5.7% of Finnish consumption, and Ilmatar holds 7.3% of Finnish wind production. These statistics use different denominators and cannot be added into a clean UPM market share. The correct analytical conclusion is that UPM has system-relevant access to low-carbon generation but not that it controls the quoted PVO or TVO shares outright.

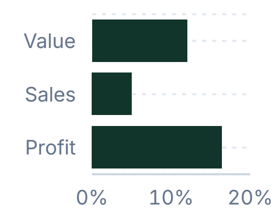
ENERGY FACT SHEET

PROFIT ENGINE

FY2025A REVENUE	EUR 480m
FY2025A COMPARABLE EBIT	EUR 151m
COMPARABLE EBIT MARGIN	24.6% on total sales
FINNISH PRODUCER RANK	No. 2
FINNISH GENERATION MARKET	79 TWh/year
WHOLESALE VALUE PROXY	EUR 7.6bn
PVO OWNERSHIP	54.3%
DEMAND GROWTH OUTLOOK	4–7% annually to 2030
TARGET BRIDGE BASIS	EUR 210m EBITDA × 10.0x

Share of the group

Per cent of group total



CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.3 Energy (continued)

Business division deep dive — Profit engine.

- UPM Energy: second-largest Finnish producer; EUR 615m total segment sales and EUR 151m comparable EBIT in FY2025.
- Fortum: largest Finnish generator and Nordic electricity retailer; 2026E EV/EBITDA of 13.0x.
- Pohjolan Voima: approximately 20% of Finnish electricity generation in 2025; UPM owns 54.3%.
- TVO: approximately 25% of Finnish electricity consumption supplied in 2025; output is delivered to owners at cost.
- EPV Energy: approximately 5.7% of Finnish electricity consumption generated or procured in 2025.
- Ilmatar: 7.3% of Finnish wind output in 2025.

REVENUE QUALITY DEPENDS ON CAPTURED PRICE RATHER THAN THE QUOTED SPOT AVERAGE

Hydro is flexible and can shift production toward valuable hours, while nuclear is baseload and exposed to low-price periods unless hedged or consumed internally. Growing wind penetration widens the difference between average spot prices and the price achieved by a mixed portfolio. Hydrology can simultaneously raise hydro volumes and depress regional prices, creating a natural but imperfect offset. Nuclear outages reverse that relationship by reducing volume during potentially valuable periods. The decisive KPI is therefore realized capture price multiplied by available generation, net of ownership and procurement costs. UPM does not provide enough standalone data in the evidence to reconstruct MWh output and capture price, so this report derives value from segment earnings rather than inventing a generation volume.

FY2025 Energy external sales were EUR 480 million, while total segment sales including intersegment sales were EUR 615 million. Comparable EBIT of EUR 151 million therefore produced a 24.6% margin on the correct total-sales denominator. Using external sales would overstate the operating margin at 31.5% and obscure the value of internal deliveries. The base case assumes total economic revenue rises to approximately EUR 680 million by 2028 through normalized price capture and modest demand support. A 31% EBITDA margin gives approximately EUR 210 million. This is a divisional forecast, not company guidance, and it assumes neither a return to an exceptional energy crisis nor persistent negative pricing.

THE 10.0-TIMES MULTIPLE REFLECTS ASSET QUALITY BUT DISCOUNTS CAPTURE VOLATILITY

The target bridge applies 10.0 times to EUR 210 million of EBITDA, producing EUR 2.10 billion of enterprise value. Fortum trades at 13.0 times 2026 EBITDA, while Holmen, which also owns forests and power assets, trades at 10.3 times. UPM Energy deserves a discount to Fortum because it is embedded in an industrial group, has less disclosure and includes complex ownership structures. It merits more than a commodity-paper multiple because hydro and nuclear assets are long-lived, low-carbon and difficult to replicate. The selected multiple also lies below UPM's normalized historical group EV/EBITDA average of 11.01 times. At 9.0 times, value falls by EUR 210 million; at 11.0 times, it rises by the same amount.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.3

Energy (continued)

Business division deep dive — Profit engine.

The division's current EV allocation of EUR 1.902 billion represents 12% of locked group enterprise value, while the target bridge values it at EUR 2.10 billion. The uplift is not based on a speculative market share gain. It comes from normalizing earnings from EUR 151 million of comparable EBIT toward EUR 210 million of EBITDA and recognizing the quality of hydro and nuclear generation. If depreciation is approximately EUR 35–50 million, the target implies EBIT around EUR 160–175 million, close to observed profitability. That makes the valuation less dependent on terminal growth than a pure discounted-cash-flow reading. It also provides a potential funding source for Leuna and dividends when pulp weakens.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.3 Energy (continued)

Business division deep dive — Profit engine.

WHAT THE EVIDENCE CONFIRMS AND WHAT REMAINS UNPROVEN

The evidence confirms scale, strategic relevance and strong segment profitability. It also supports demand growth from electrification and data centres. What remains unproven is the realized capture-price trajectory in a system adding intermittent supply. The EUR 89.57 per MWh wholesale reference is a market average, not UPM's realized price, and should not be multiplied by an assumed generation volume without hour-by-hour data. Likewise, PVO's 20% production share and TVO's 25% consumption contribution are operator statistics, not direct UPM ownership shares. Investors should monitor Nordic forward prices, Finnish price-area discounts, hydro reservoir levels and nuclear availability rather than treating electricity consumption growth as sufficient evidence.

WHAT BREAKS THE VALUE

The value breaks if electrification demand is delayed while wind and transmission additions create structurally low captured prices. A second break condition is extended nuclear unavailability, because lost baseload output can coincide with replacement purchases at higher prices. A third is adverse hydrology: dry conditions reduce hydro volumes, while very wet conditions may lower prices faster than volumes rise. A fourth is any ownership or cost-allocation change that weakens access to production at competitive cost. Under EUR 150 million of normalized EBITDA and an 8.0-times multiple, the pool would be worth EUR 1.20 billion, EUR 900 million below the target bridge.

Upside requires the opposite combination: 4–7% annual demand growth materializes, data centres add stable baseload consumption, nuclear availability remains high and flexible hydro retains a premium capture rate. At EUR 240 million of EBITDA and 11.0 times, Energy would be worth EUR 2.64 billion. That case is plausible but not the base because supply growth and negative-price frequency remain material counterweights. The division is best understood as a high-quality stabilizer rather than an unconstrained growth utility. Its role in the investment case is to support cash flow and valuation through pulp-cycle weakness, not to eliminate that cyclicality.

FINNISH ELECTRICITY-SYSTEM POSITIONING

OPERATOR	SCALE / SHARE	ASSET POSITION	PERIOD
UPM Energy	No. 2 in Finland	Hydro + nuclear	2025–2026
Fortum	No. 1 in Finland	Nordic generation	2025
Pohjolan Voima	~20% of generation	UPM owns 54.3%	2025
TVO	~25% of consumption	Owner-cost nuclear	2025
EPV Energy	5.7% of consumption	Emission-free focus	2025

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.4 Adhesive Materials

Business division deep dive — Profit engine.

SIZE OF THE PRIZE: LABELS COMPETE FOR PACKAGING-IDENTIFICATION SPEND

Adhesive Materials sells pressure-sensitive labelstock and related products into the much larger packaging economy, not merely a narrow adhesive-label category. Fortune Business Insights estimated total packaging spend at USD 1.109 trillion in 2025. Only a fraction is addressable because UPM supplies material rather than containers, printing, converting and logistics, but labels touch food, beverage, pharmaceutical, logistics and consumer-goods packaging across that pool. The valuation uses UPM's actual EUR 1.655 billion revenue rather than assigning a share of trillion-dollar packaging spend. The large displaced pool matters because unit volumes can grow with traceability, regulation and e-commerce even when packaging substrate volumes are sluggish. The economic capture mechanism is higher-value face materials, films, liners and adhesive combinations sold through converters.

UPM's attainable share is better framed by current supplier estimates than by the entire packaging market. Report Mines estimated UPM at 7.3% of adhesive labels and Avery Dennison at 13.9%, while Market Research Future estimated UPM at 4–6% and Avery at 8–11% in pressure-sensitive labelstock. The figures conflict because market definitions differ between labels, labelstock and materials. This report uses no single point estimate in valuation and instead concludes that UPM is a global number-two-scale supplier with a mid-single-digit share of the broad materials market. Maintaining that position does not require heroic share gains. It requires UPM to turn scale into price, mix and manufacturing efficiency.

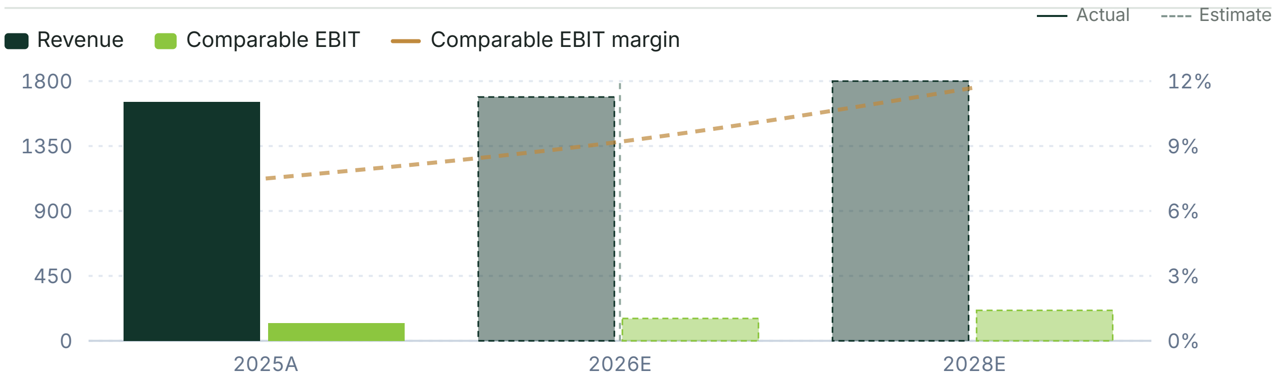
ADHESIVE MATERIALS FACT SHEET

PROFIT ENGINE

FY2025A REVENUE	**EUR 1,655m**
FY2025A COMPARABLE EBIT	**EUR 124m**
COMPARABLE EBIT MARGIN	**7.5%**
GLOBAL SUPPLIER POSITION	**Estimated No. 2**
ESTIMATED UPM SHARE RANGE	**4–7.3%**
AVERY SHARE RANGE	**8–13.9%**
FY2024 SALES REFERENCE	**About EUR 1.6bn**
DECISIVE VARIABLE	**Price/mix less paper, film and adhesive**
TARGET BRIDGE BASIS	**EUR 211.1m EBITDA × 9.0x**

Adhesive Materials — modelled revenue and profit

EUR millions, margin on right axis · 2025 reported, later years this report's own forecast



CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.4

Adhesive Materials (continued)

Business division deep dive — Profit engine.

THE EARNINGS REQUIREMENT IS MARGIN REPAIR, NOT AGGRESSIVE REVENUE GROWTH

FY2025 revenue was EUR 1.655 billion and comparable EBIT was EUR 124 million, a 7.5% margin. The target bridge assumes 2028 revenue of EUR 1.80 billion and EBITDA of EUR 211.1 million. Revenue growth is only about 2.8% annually from the reported base, consistent with volume, mix and modest pricing rather than a major acquisition. The implied EBITDA margin is 11.7%, while modeled EBIT would be lower after depreciation. The bridge therefore asks the business to recapture approximately four percentage points of EBITDA margin through mix, pricing and cost discipline. That is demanding but still below the margin quality embedded in Avery Dennison's higher-value portfolio.

The division's decisive spread is selling price and product mix less paper, film, adhesive, coating, energy and distribution costs. Paper-price declines can help input cost but may be passed to customers, while film and petrochemical adhesive costs can move independently. Mix toward specialty films, wash-off solutions, linerless applications or demanding end markets can lift revenue per square metre. Conversely, commoditized paper labelstock faces price competition and customer destocking. The base gross-margin assumption is 23%, equal to EUR 414 million on EUR 1.80 billion of revenue. After EUR 203 million of operating expense, EBITDA reaches EUR 211 million.

COMPETITIVE EVIDENCE SUPPORTS SCALE BUT NOT AUTOMATIC PREMIUM MARGINS

- Avery Dennison: estimated 8–13.9% market share depending on pressure-sensitive market definition; 2026E EBIT margin 13.6%.
- UPM Adhesive Materials: estimated 4–7.3% share; EUR 1.655bn FY2025 revenue and 7.5% comparable EBIT margin.
- CCL Industries: estimated 7–10% in the broader converting value chain, with greater exposure to finished labels.
- HERMA: estimated 14% of European industrial labels in 2025.
- LINTEC: estimated 2–3% of specialty adhesive films and electronic labels in 2025.
- Fedrigoni: identified with UPM and Avery among the major UK self-adhesive label operators in 2026.

The competitor figures are not perfectly comparable because CCL is more conversion-heavy and HERMA's 14% applies to European industrial labels rather than the global labelstock market. Avery is the cleanest listed benchmark, but even Avery includes identification solutions that deserve higher margins and multiples. UPM should therefore not receive Avery's full valuation. Avery trades at 9.5 times 2026 EBITDA and 11.8 times EBIT, with a 13.6% expected EBIT margin. UPM's 9.0-times target EBITDA multiple recognizes global scale while discounting lower margins and product-value density. A simple peer parity assumption would overstate the quality of UPM's current earnings mix.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.4 Adhesive Materials (continued)

Business division deep dive — Profit engine.

CAPACITY EXPANSION IS USEFUL ONLY IF QUALIFICATION AND MIX FOLLOW

UPM reported approximately EUR 1.6 billion of Adhesive Materials sales in 2024 and announced capacity expansion in 2025. Additional coating or slitting capacity can shorten lead times and reduce logistics, but it also raises the burden on utilization. Label materials are customer-qualified, and converters value consistency, printability, release performance and supply reliability. That creates switching costs but does not prevent price competition in standard products. The base case assumes capacity additions support mix and regional service rather than create a volume-first strategy. Evidence of success would be revenue growth accompanied by margin expansion, not tonnes or square metres alone.

The business also benefits from integration with Specialty Papers, which can supply release-liner substrates. That integration may secure quality and innovation, but internal transfer pricing can move profit between reported segments. Investors should therefore examine combined Adhesive Materials and Specialty Papers economics when input costs move sharply. A cheaper internal paper input can improve Adhesive Materials while reducing Specialty Papers' reported realization. The SOTP does not capitalize the same margin twice: it values each division on its own forecast profit. The cross-pool benefit appears only to the extent that both maintain defensible external economics.

VALUATION AND CASH CONVERSION

EUR 211.1 million of 2028 EBITDA at 9.0 times produces EUR 1.90 billion of target enterprise value. The current EV allocation is EUR 1.743 billion, or 11% of group EV. The target uplift is restrained because the business must first demonstrate that price and mix can exceed raw-material and distribution changes. At 8.0 times, value is EUR 1.689 billion; at 10.0 times, it is EUR 2.111 billion. Each turn is worth about EUR 0.40 per UPM share before bridge interactions. This narrower valuation range is one reason Adhesive Materials stabilizes the group relative to pulp.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.4 Adhesive Materials (continued)

Business division deep dive — Profit engine.

Cash conversion should be structurally better than in new biorefineries because the business expands through modular coating, finishing and distribution investments rather than a single EUR 1 billion-scale process plant. Working capital remains relevant: paper, film and finished-goods inventory can build quickly when customers destock. The maintained model assumes group working capital is a EUR 282 million cash outflow in 2026 before normalizing sharply. Adhesive Materials could contribute to that volatility if demand slows after inventory has been built. The base case therefore does not award a premium above Avery's EBITDA multiple despite lower project risk than Leuna.

WHAT BREAKS THE VALUE

The first break condition is inability to move the comparable EBIT margin above the current 7.5% while revenue grows. That would indicate capacity is adding commodity volume rather than mix. The second is persistent selling-price pressure from Avery, Fedrigoni, HERMA or regional suppliers while paper, film and adhesive costs remain firm. The third is customer destocking that leaves new capacity underutilized. The fourth is a technology shift toward linerless or alternative identification formats where UPM fails to participate. At EUR 160 million of EBITDA and 8.0 times, value would be EUR 1.28 billion, EUR 620 million below the target.

Upside requires sustained specialty mix, qualification wins and procurement savings that lift EBITDA toward EUR 240 million. At 10.0 times, that would support EUR 2.40 billion of value. The report does not use that case because no disclosed volume, utilization or order-book data proves it yet. The actionable indicators are segment margin, organic revenue growth, capacity utilization and whether selling-price changes exceed input-cost changes. The division deserves a quality multiple only after it demonstrates that margin expansion survives a normal raw-material cycle.

PRESSURE-SENSITIVE MATERIALS COMPETITIVE POSITIONING

OPERATOR	ESTIMATED SHARE	BUSINESS FOCUS	PERIOD
UPM	4–7.3%	Global label materials	2025
Avery Dennison	8–13.9%	Materials + identification	2025
CCL Industries	7–10%	Multi-tech converting	2025
HERMA	14% Europe industrial	Labels + applicators	2025
LINTEC	2–3%	Films + electronic labels	2025

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5 Biochemicals

Business division deep dive — Emerging profit engine.

SIZE OF THE PRIZE: LEUNA COMPETES AGAINST FOSSIL GLYCOLS AND CARBON BLACK

Leuna's immediate labelled market is small but its displaced spend is large. Research and Markets estimated the nascent bio-MEG market at only USD 15–30 million in 2026, while Growth Market Reports placed a broader bio-glycol market at USD 921 million in 2025. Those figures conflict because one measures a narrow product and the other a broader family of bio-based glycols. The actual substitution targets are the USD 36.71 billion fossil-based monoethylene glycol market and the USD 18.06 billion carbon-black market in 2026. UPM does not need to create a billion-euro standalone bio-MEG market before selling; it needs customers in packaging, textiles, polyurethane and rubber to substitute certified wood-based molecules for fossil inputs. The valuation uses Leuna's 220,000-tonne physical capacity, not a percentage of the enormous displaced markets.

The capture requirement is explicit. At full 220,000-tonne output and average net revenue of EUR 4,500 per tonne, Leuna would generate EUR 990 million of revenue because 220 thousand tonnes multiplied by EUR 4.5 million per thousand tonnes equals EUR 990 million. The EUR 4,500-per-tonne figure is this report's blended assumption across industrial sugars, bio-MEG, bio-MPG, renewable functional fillers and lignin derivatives; it is not a quoted commodity price. A lower EUR 3,500 per tonne would produce EUR 770 million, while EUR 5,500 would produce EUR 1.21 billion. The base requires differentiated products and customer value, not commodity glycol parity across the entire plant. Internal capacity allocation among products was not disclosed, which is a major uncertainty.

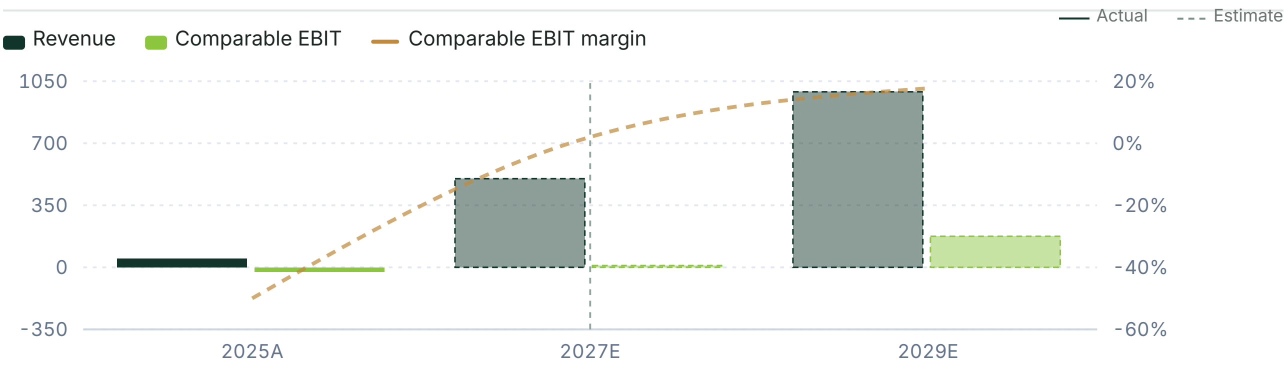
BIOCHEMICALS FACT SHEET

EMERGING PROFIT ENGINE

MODEL ESTIMATE REVENUE	EUR 50m
MODEL ESTIMATE COMPARABLE EBIT	EUR -25m
LEUNA NAMEPLATE CAPACITY	220,000 tonnes/year
TOTAL PROJECT COST	About EUR 1.3bn
ORIGINAL INVESTMENT ESTIMATE	EUR 550m
2025 IMPAIRMENT	EUR 373m
COMMERCIAL MILESTONE	Industrial sugars delivered Dec-2025
BASE 2029 REVENUE REQUIREMENT	EUR 990m at EUR 4,500/t
TARGET BRIDGE BASIS	EUR 175m EBITDA × 8.0x

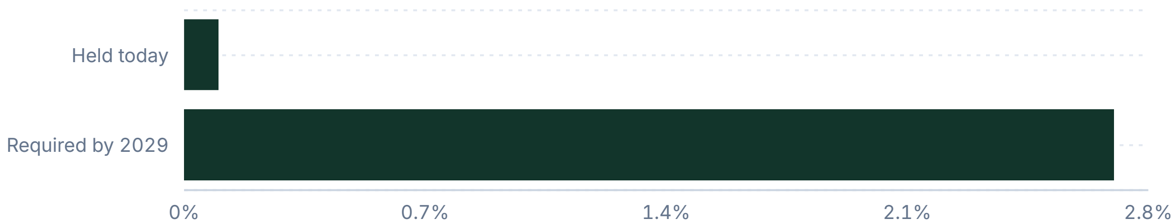
Biochemicals — modelled revenue and profit

EUR millions, margin on right axis · 2025 reported, later years this report's own forecast



The share this valuation requires

Per cent of Fossil monoethylene glycol displaced spend



CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5

Biochemicals (continued)

Business division deep dive — Emerging profit engine.

LEUNA HAS CROSSED A TECHNICAL THRESHOLD BUT NOT THE COMMERCIAL FINISH LINE

UPM achieved stable operation in the separation of lignin and industrial sugars in December 2025 and commenced commercial production and first deliveries of industrial sugars. Paper Advance subsequently described stable industrial-scale separation in Q1 2026. These milestones reduce the risk that the front end cannot process wood feedstock at all. They do not prove stable downstream glycol production, sustained yields, customer qualification or full-rate utilization. Management targets customer deliveries of renewable functional fillers by the end of September 2026 and positive EBIT at full nameplate capacity in 2027. Start-up costs are expected to increase in H2 2026 as the site moves toward commercial output.

The distinction between stable separation and bankable plant economics is critical. A biorefinery can produce specification material intermittently while suffering low yields, bottlenecks, rework and high utility consumption. Repeat customer deliveries reveal more than ceremonial first product. The next evidence gates are monthly output consistency, BioPura glycol shipments through Brenntag, functional-filler qualification in rubber applications and a visible decline in start-up losses. UPM has not disclosed product-level volumes through 1 September 2026. The base case therefore delays full EUR 990 million revenue until 2029 even though management targets nameplate and positive EBIT in 2027.

COMMERCIAL PARTNERSHIPS IMPROVE ACCESS BUT DO NOT GUARANTEE OFFTAKE

- Brenntag: sole European distributor for UPM's bio-MEG, providing an established customer channel.
- Dongsung Chemical: development partner for renewable polyurethane in Asian textile and footwear applications.
- UPM: first commercial industrial-sugar deliveries began in December 2025; functional-filler deliveries targeted by end-September 2026.
- India Glycols: established bio-MEG incumbent with commercial production dating to 1989.
- Sustainea: plans USD 400m for an Indiana plant and targets 700,000 tonnes across three facilities over time.
- LyondellBasell reference facility: estimated 280,000 tonnes/year of comparable integrated bio-MEG capacity.

The Brenntag agreement reduces route-to-market risk because UPM does not need to build every regional sales relationship from scratch. The Dongsung partnership supplies application-development evidence in polyurethane, where qualification and formulation matter. Neither arrangement discloses binding minimum purchase volumes in the evidence. India Glycols remains the established incumbent, demonstrating that bio-based glycols are technically commercial but also that UPM is not creating the category alone. Sustainea's long-term 700,000-tonne ambition is larger than Leuna and could intensify competition if its plants are funded and built. The competitive advantage must therefore come from integrated wood feedstock, certification, product quality and customer-specific performance.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5 Biochemicals (continued)

Business division deep dive — Emerging profit engine.

PROJECT COST HISTORY RAISES THE RETURN HURDLE

Leuna's estimated capital cost reached EUR 1.3 billion compared with an original EUR 550 million estimate. The difference is EUR 750 million, or approximately 136% of the original budget. UPM recognized a EUR 373 million impairment in February 2025 related to cost overruns, confirming that the original return case no longer held. A plant costing EUR 1.3 billion needs more than positive EBIT to create value. At EUR 175 million of EBITDA, the simple EBITDA return on gross project cost is 13.5% before maintenance capital, tax and working capital. That can support value creation, but only after stable production and without another major capital call.

The May 2026 acquisition of Avantium's Ray Technology intellectual property for EUR 2.7 million may strengthen the sugar-to-glycols process position. The purchase price is immaterial relative to EUR 1.3 billion of project cost, so its value depends on yield, catalyst life, licensing freedom or future expansion benefits. It should not be capitalized separately. Triple ISCC PLUS, FSC and PEFC certification helps customers substantiate renewable sourcing and chain of custody. Certification is necessary for premiums but insufficient if product consistency or total delivered cost is uncompetitive. The base case assumes certification supports EUR 4,500-per-tonne blended revenue rather than generating a separate asset value.

THE 2029 EARNINGS BUILD IS DEMANDING BUT ARITHMETICALLY COHERENT

The base economics use 220 thousand tonnes at EUR 4.5 million of revenue per thousand tonnes, producing EUR 990 million of revenue in 2029. A 30% gross margin produces EUR 297 million of gross profit. Subtracting EUR 122 million of plant, commercial and administrative operating expense yields EUR 175 million of EBITDA. The target bridge applies 8.0 times EBITDA for EUR 1.40 billion of enterprise value. That is close to the EUR 1.3 billion project cost and below Borregaard's 8.8-times 2029 EBITDA multiple, reflecting UPM's weaker proof and more commodity-like glycol exposure.

At EUR 3,500 per tonne with the same volume, revenue falls to EUR 770 million. If gross margin compresses to 24% and operating expense remains EUR 122 million, EBITDA falls to approximately EUR 63 million. At 7.0 times, value would be only EUR 441 million. Conversely, EUR 5,500 per tonne and a 34% gross margin would produce EUR 1.21 billion of revenue and EUR 289 million of EBITDA after the same operating expense. At 9.0 times, value would exceed EUR 2.60 billion. This wide range explains why the division receives 9% of current EV but remains one of the largest sources of target-price uncertainty.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5 Biochemicals (continued)

Business division deep dive — Emerging profit engine.

MARKET SHARE IS A CAPACITY AND QUALIFICATION QUESTION

The 220,000-tonne plant would be approximately 25.9% of the reported 850,000 tonnes of global bio-MEG production in 2024 if every tonne were allocated to bio-MEG. That comparison is deliberately not used as a market-share forecast because Leuna produces multiple products and the 850,000-tonne estimate may use a broad definition. UPM's required share of the USD 36.71 billion fossil-MEG pool is only about 2.7% if all EUR 990 million of revenue were compared directly, but currencies and product mix make that ratio approximate. The realistic task is to qualify a finite list of large customers whose combined demand fills 220,000 tonnes. A small number of anchor accounts can therefore determine utilization. Losing one major programme could have a disproportionate effect during ramp-up.

Functional fillers diversify the revenue pool beyond glycols. Carbon black is a USD 18.06 billion substitution target, and the global biochar market was projected at USD 969.29 million in 2026. CarbonZero.eco raised USD 3.5 million to scale biochar, showing that the field includes emerging competitors rather than only incumbent chemical groups. UPM's lignin-based fillers must prove reinforcing performance, dispersion, colour, processing speed and customer economics in rubber compounds. The September 2026 delivery target is therefore a crucial milestone. Commercial value requires repeat orders after customers test the product in real formulations.

WHY AN 8.0-TIMES MULTIPLE IS APPROPRIATE

Borregaard is the strongest listed wood-biochemicals benchmark and trades at 9.3 times 2026 EBITDA, declining to 8.8 times by 2029. Its established portfolio, 15.9% 2029 EBIT margin and proven customer base deserve a premium to Leuna. UPM's 8.0-times multiple is therefore below the closest quality peer while above a distressed industrial-plant multiple. It also recognizes that Leuna's output can command specialty premiums if qualification succeeds. Applying Borregaard's 8.8 times would add EUR 140 million of value, only EUR 0.27 per UPM share. The much larger variable is whether EUR 175 million of EBITDA exists at all.

The current EV allocation is EUR 1.426 billion, or 9% of group EV, while the target bridge uses EUR 1.40 billion. In other words, the target does not require multiple expansion or value above project cost. It requires the plant to reach the base earnings build. This is deliberately stricter than treating sunk capital as value. The EUR 373 million impairment demonstrates that money spent does not guarantee recoverable value. If commissioning evidence weakens, the correct response is to lower EBITDA and value, not defend the asset at historical cost.

WHAT THE MARKET SHOULD MONITOR

The first KPI is saleable tonnes by product, even if management initially provides only qualitative utilization bands. The second is repeat orders following industrial-sugar and functional-filler deliveries. The third is start-up cost progression: higher H2 2026 costs are expected, but they should peak before positive EBIT in 2027. The fourth is evidence that Brenntag is distributing commercial BioPura volumes rather than samples. The fifth is the gross margin implied by price, feedstock, hydrogen, energy, catalyst and yield. Without those disclosures, investors should avoid equating nameplate capacity with revenue.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5 Biochemicals (continued)

Business division deep dive — Emerging profit engine.

Stable separation is meaningful because it unlocks downstream processing, but the plant must demonstrate integrated uptime. Industrial sugars may be saleable while glycol or filler units remain bottlenecked. Product flexibility can protect value if UPM can redirect intermediate streams to the highest-return outlet. It can also obscure underperformance if low-value sugars are sold because higher-value conversion is unavailable. Investors should therefore compare revenue per tonne and margin, not celebrate tonnes in isolation. The report's EUR 4,500-per-tonne blended assumption makes that distinction explicit.

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.5 Biochemicals (continued)

Business division deep dive — Emerging profit engine.

WHAT BREAKS THE VALUE

The value breaks if Leuna cannot reach sustained integrated output, if qualified demand is materially below 220,000 tonnes, or if average net revenue falls toward commodity glycol parity. A second impairment would be a clear signal that management's 2027 positive-EBIT target is no longer credible. A failure to begin functional-filler deliveries around the end of September would not alone destroy value, but repeated milestone slippage would lower the appropriate probability of full utilization. Competitive supply from Sustainea or established chemical companies could compress premiums before Leuna reaches scale. Feedstock or energy inflation could also erode the assumed 30% gross margin.

The practical bear case is EUR 63 million of EBITDA at 7.0 times, worth approximately EUR 441 million. The practical bull case is close to EUR 289 million at 9.0 times, worth approximately EUR 2.60 billion. The base of EUR 1.40 billion lies within that range and requires EUR 990 million of revenue with EUR 175 million of EBITDA. The report therefore treats Leuna as an emerging profit engine, not a free option and not a proven specialty-chemical franchise. A portfolio manager can reject the EUR 4,500-per-tonne assumption and immediately recalculate the value from the disclosed build.

The central conclusion is that technical risk has declined, while commercial and unit-economic risk remain high. First industrial sugars, stable separation, certifications, distribution and partnerships are evidence against a zero-value outcome. Cost overruns, the impairment, undisclosed product mix and absent commercial volumes argue against a premium valuation. The target recognizes value near invested capital only if the 2029 earnings build is achieved. Until repeat deliveries and positive EBIT are visible, Leuna should be treated as UPM's most consequential execution test rather than proof of successful portfolio transformation.

BIOCHEMICAL CAPACITY AND COMMERCIALIZATION BENCHMARKS

OPERATOR	CAPACITY / STATUS	COMPETITIVE POSITION	PERIOD
UPM Leuna	220k t/year	Ramp and qualification	2026
India Glycols	Commercial since 1989	Bio-MEG incumbent	2026
Sustainea	700k t long-term	Three-plant ambition	2024–2026
LyondellBasell	280k t estimate	Integrated US reference	2026
Borregaard	17.3% EBIT margin	Mature wood chemicals	2026E

CORE ANALYSIS · BUSINESS DIVISION DEEP DIVES

08.6 Smaller business divisions — grouped deep dives

Segments that don't warrant a full deep dive — a short fact strip each.

Specialty Papers

Profit engine — FY2025A revenue: EUR 1,108m · FY2025A Comparable EBIT: EUR 147m · Comparable EBIT margin: 11.2% on total sales · Global market estimate: USD 36.4–38.2bn · Packaging end-use share: 42% · Release-liner substrate share: 55.6% glassine/kraft · Stable region: Asia in Q1 2026 · Target bridge basis: EUR 143.75m EBIT × 8.0x

Communication Papers

Managed decline cash engine — Model estimate revenue: EUR 2,459m · Model estimate Comparable EBIT: EUR 181m · Comparable EBIT margin: 7.3% on total sales · Production capacity: 3.7m tonnes/year · European demand decline: 8% in 2025 · UPM 2025 closures: 570,000 tonnes/year · JV synergies: EUR 100m annually · Potential cash proceeds: EUR 613m · Target bridge basis: EUR 141.7m EBIT × 6.0x

Timber

Commodity — Model estimate revenue: EUR 508m · Model estimate Comparable EBIT: EUR 43m · Modelled FY2025 revenue split: EUR 508m · Modelled comparable EBIT margin: 8.5% · European scale reference: Binderholz 4.5m m3/year · Demand proxy: USD 580bn sawn wood market · Decisive spread: Lumber less sawlog and energy · Target bridge basis: EUR 81.25m EBITDA × 8.0x

Plywood

Commodity — FY2025A revenue: EUR 389m · FY2025A Comparable EBIT: EUR 35m · Comparable EBIT margin: 8.6% on total sales · WISA theoretical capacity: 785,000 m3/year · Estimated global share: 8–12% · Global market estimate: USD 80.5–81.7bn · Demerger effective date: 31 October 2026 · Target bridge basis: EUR 62.5m EBIT × 8.0x

Biofuels

Regulated spread — Model estimate revenue: EUR 200m · Model estimate Comparable EBIT: EUR 15m · Lappeenranta capacity: 130,000 t / 120m litres · EU HVO volume share: Approximately 3.3% · GHG reduction: 80% versus fossil diesel · Finland obligation: 19.5% in 2026 · Advanced-fuel sub-target: 4 percentage points · Target bridge basis: EUR 110m EBITDA × 10.0x

Biomedical materials

Emerging option — Model estimate revenue: EUR 9m · Model estimate Comparable EBIT: EUR -1m · Current commercial base: EUR 9m modelled FY2025 revenue · Niche position: Wood-derived animal-free hydrogels · 3D culture leader: Corning 48.91% scaffold share · Bio-ink leader: CELLINK 16% · Natural bio-ink range: 54.9–85% of category · Target bridge basis: EUR 125m revenue × 2.0x

CORE ANALYSIS · CROSS-DIVISION BRIDGE

09 Putting the divisions back together

How the business division valuations aggregate to the group. The chart sets today's market value for each division against what this report's own forecasts support: a longer pale bar means the market pays more than the analysis justifies.

Forests and wood sourcing feed pulp, paper, timber, plywood, energy residues, biofuels and Leuna. The integration lowers supply risk, but internal transfer pricing can move apparent profit between forests and manufacturing without changing group cash flow.

Energy, Adhesive Materials and Specialty Papers provide cash that helps fund dividends, restructuring and Leuna commissioning when pulp is weak. The inverse is also true: high pulp and wood prices can benefit Fibres or forests while squeezing paper and adhesive-material inputs.

Communication-paper closures release wood, energy and maintenance capital, but declining volume can strand shared infrastructure. The Sappi venture and WISA demerger reduce complexity only if proceeds lower debt or fund high-return growth rather than subsidize weak assets.

BRIDGE MECHANICS

The SOTP values each division on its own normalized profit and peer-appropriate multiple, then subtracts the locked EUR 2.741 billion net debt and EUR 418 million of other adjustments.

CORE ANALYSIS · CROSS-DIVISION BRIDGE

09

What today’s price already assumes

The group multiple and the reverse valuation read against the division economics above, then every division's modelled profit on one axis so they can be compared rather than read one page at a time. A pre-revenue division has no profit path; its case is the required-share chart on its own deep-dive page.

At EUR 24.06, UPM trades at 8.58 times 2026 EBITDA and 14.34 times EBIT. Those are below normalized historical averages of 11.01 and 22.04 times, but the comparison overstates cheapness because current returns and the business mix are weaker than in peak years.

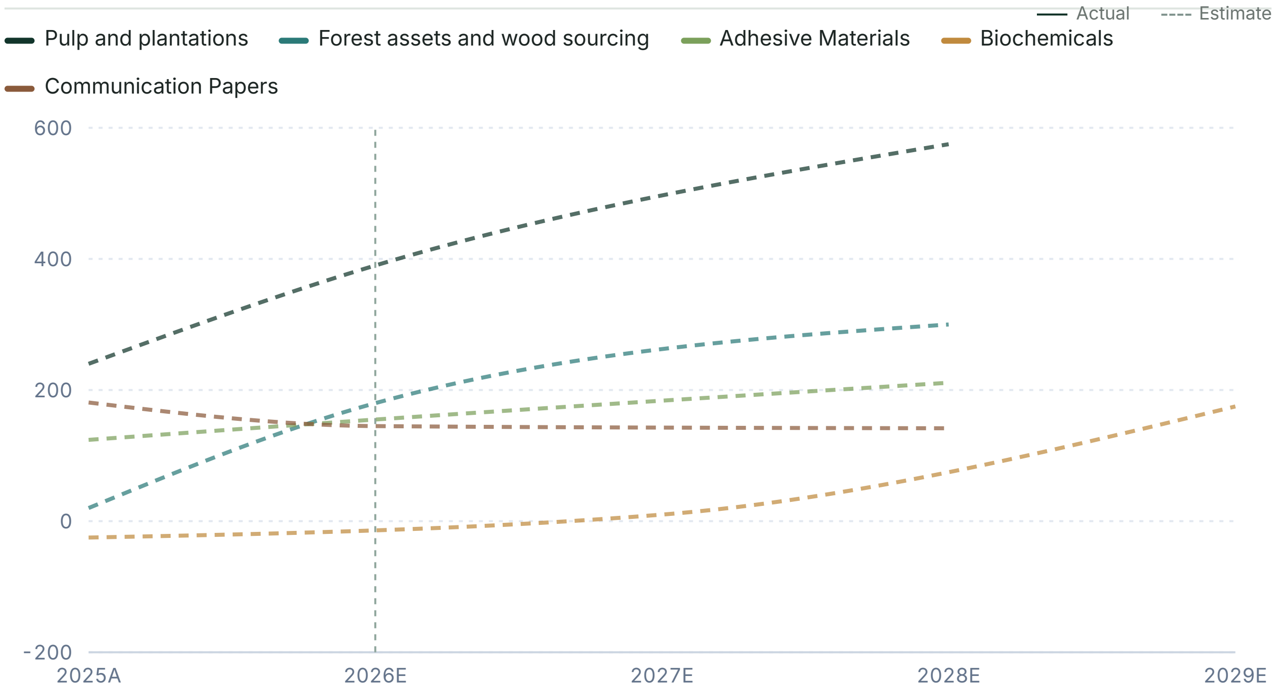
The reverse DCF requires 2026 EBITDA of EUR 1.695 billion and a 9.5% EBIT margin, versus the maintained model's EUR 1.846 billion and 11.1%. By 2035, the market-implied case reaches a 12.3% EBIT margin and EUR 882 million of annual free cash flow.

The market is therefore skeptical about near-term delivery but not pricing permanent collapse. The report differs mainly by assigning explicit value to forests, Energy and an operational Leuna ramp rather than by assuming a much higher group terminal margin.

Peer medians are 9.5 times 2026 EBITDA and 13.3 times EBIT. The EUR 24.70 target implies roughly 9.4 times base scenario EBITDA, inside the peer bracket and below UPM's normalized historical EBITDA multiple.

Modelled profit by business division

EUR millions · 5 of 11 divisions; 3 pre-revenue ones have no profit path, by final-year profit



CORE ANALYSIS · SCENARIOS & VERDICT

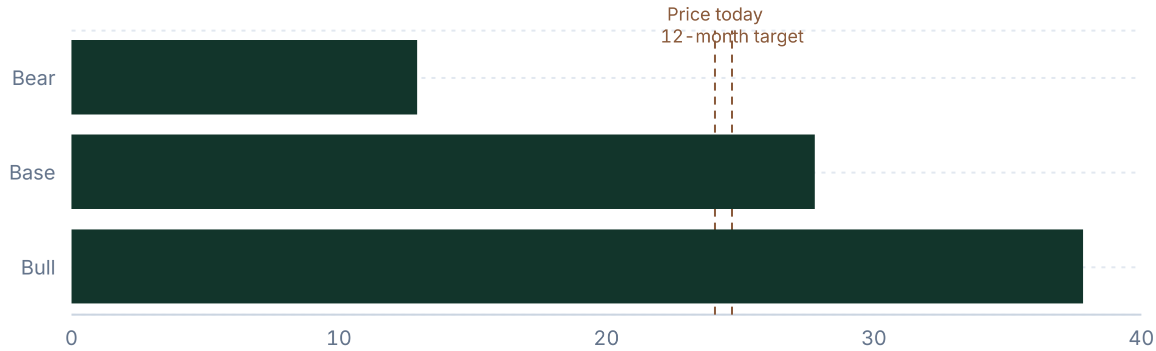
10

Scenario logic and the bottom-line judgment

How the conclusion changes under less favourable scenarios. The chart is the judgment itself: what a share is worth if each scenario happens, against what it costs today.

What a share is worth in each scenario

EUR per share · dashed lines mark today's price and the 12-month target



Bear: group revenue falls to EUR 9.5 billion and EBITDA to EUR 1.425 billion, a 15% margin. Pulp remains weak, Finnish mills incur high wood costs, Leuna contributes little, the Sappi transaction requires remedies or fails, and negative power-price periods reduce Energy capture. Option-like biomedical value is set to zero and forest assets carry a deeper discount.

Base: revenue is EUR 10.3 billion and EBITDA EUR 1.899 billion, matching the maintained 2027 model. Paso de los Toros offsets subdued pulp pricing, Adhesive Materials repairs margins, Energy normalizes, and Leuna progresses toward EUR 175 million of 2029 EBITDA. Free cash flow lowers economic claims relative to the bear path, although the displayed locked bridge remains the valuation control.

Bull: revenue reaches EUR 11.0 billion and EBITDA EUR 2.31 billion, a 21% margin. Pulp pricing improves without major supply acceleration, Energy retains strong capture, the Sappi joint venture closes with synergies, and Leuna reaches high-value product mix. Stronger cash generation would reduce net debt materially rather than carrying base leverage unchanged.

BOTTOM LINE

UPM is neither a simple cheap paper stock nor a fully transformed renewable-materials compounder. The current price already recognizes substantial asset quality but discounts execution. Moderate upside arises from valuing low-cost pulp, forests, Energy and specialty conversion separately; conviction remains capped until Leuna, Finnish fibre costs and the graphic-paper remedy path become observable.

FINANCIAL BRIDGE · PART 1

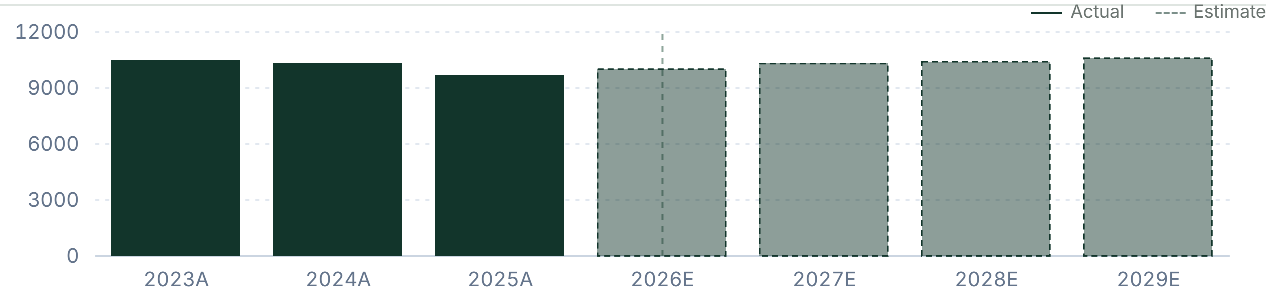
Net sales, EBITDA / EBIT, EBIT margin

14

Group-level trajectory for sales, earnings and margin; shaded bands mark forecast periods.

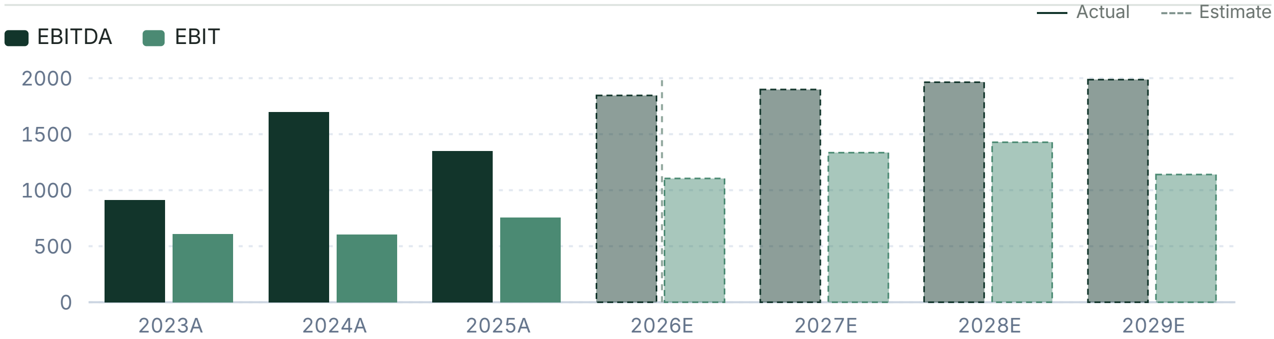
Net sales

EUR millions



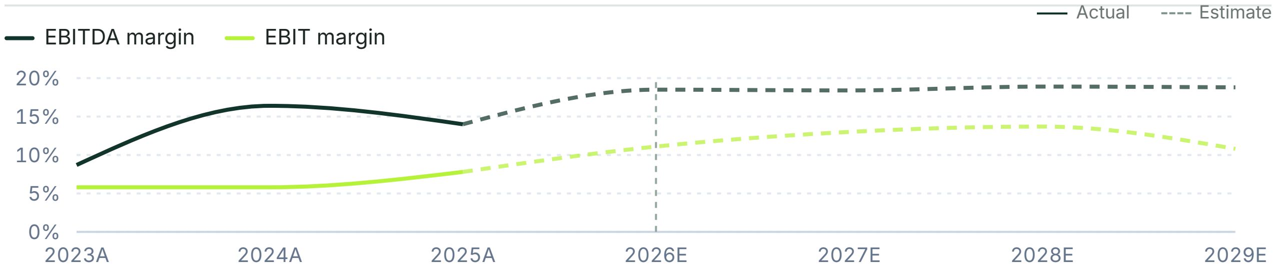
EBITDA & EBIT

EUR millions



EBIT and EBITDA margin

% of net sales



FINANCIAL BRIDGE · PART 2

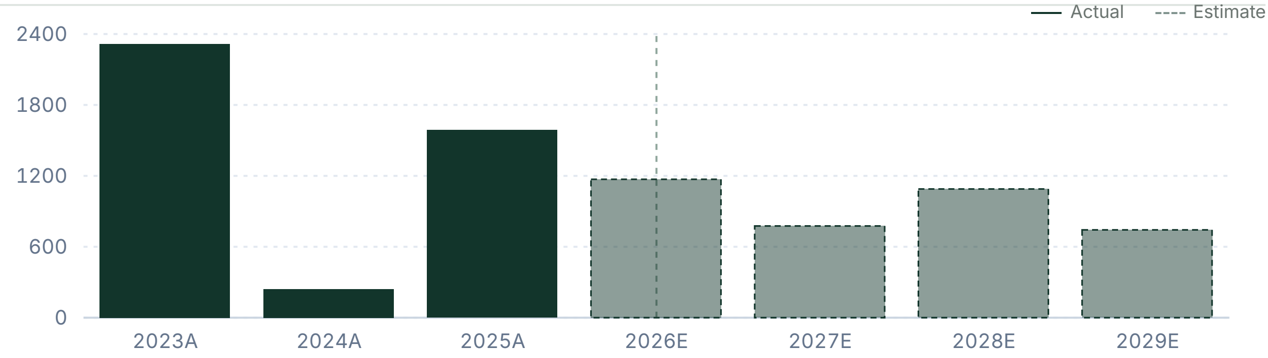
15

Free cash flow, leverage, and key financials

Cash generation and balance-sheet capacity.

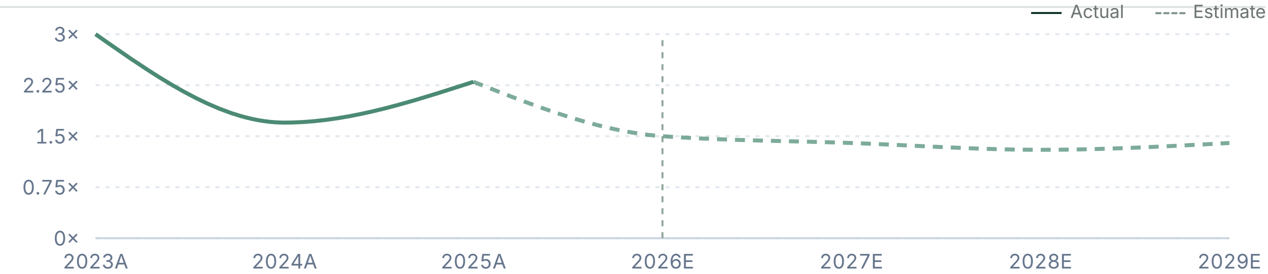
Free cash flow

EUR millions



Net debt / EBITDA

Ratio



KEY FINANCIALS

	2025 *A*	2026 *E*	2027 *E*	2028 *E*	2029 *E*
Net Sales	9,656	*10,000*	*10,300*	*10,400*	*10,587*
EBITDA	1,351	*1,846*	*1,899*	*1,964*	*1,987*
Comparable EBIT	757	*1,105*	*1,335*	*1,428*	*1,140*
Net Earnings	**491**	***902***	***1,074***	***1,152***	***872***
EPS (EUR)	0.9	*1.7*	*2*	*2.2*	*1.7*
DPS (EUR)	1.5	*1.4*	*1.6*	*1.8*	*1.3*

E = Valuatum estimate (not yet actualised)

VALUE CREATION

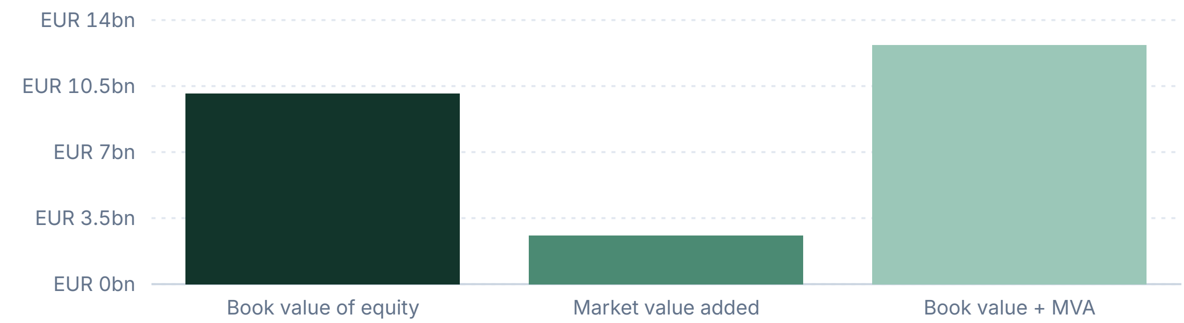
Economic value added and where the market value sits

16

What the owners have put into the business, what the market pays on top of that, and whether the forecast years earn more than the equity they use costs.

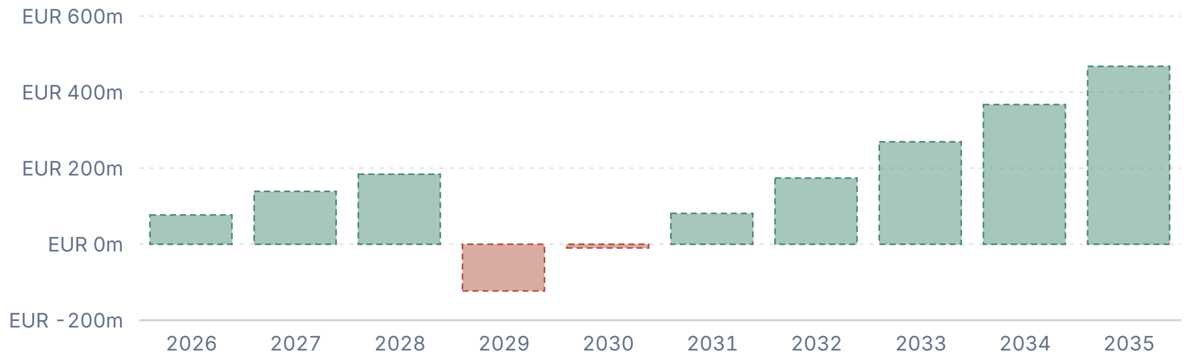
How the market value is built

Book value of equity, the market value added on top of it, and the two together — the market value of the company.



Economic value added per forecast year

Net earnings less the cost of equity charged on opening book value. Discounted back at the same rate, these years cover 34% of the market value added shown above.



READING THE TWO PANELS

A company is worth the equity on its books plus whatever the market believes it will earn above the cost of that equity. The first panel splits today's market value into those two parts; the second shows the yearly surplus itself — a green bar is a year that earns more than its equity costs, a red bar a year that does not.

The forecast horizon rarely covers the whole of the market value added. What it does not cover is what the market expects beyond the last forecast year: the smaller that share, the more of today's price rests on years this model does not yet forecast.

VALUATION

Target price derivation

17

The rationale for the chosen valuation method and multiple, with the company's historical multiples.

SOTP is primary because forests, hydro and nuclear, commodity pulp, specialty conversion, declining paper and commissioning-stage chemicals deserve different earnings bases and multiples. The EUR 17.80 billion target EV uses division-level 2028–2029 profit, with multiples benchmarked to Suzano, Holmen, Fortum, Avery Dennison, Borregaard and UPM's 11.01x normalized historical EV/EBITDA. A group EBITDA sensitivity is retained as a reality check: the base target equates to about 9.4x FY2027E EBITDA, inside the 9.5x peer median.

What the market is pricing.

The reverse DCF reaches EUR 24.06 with 2026 EBITDA of EUR 1.695 billion, EUR 151 million below the maintained model, and a 9.5% EBIT margin. On the report's FY2027 EBITDA sensitivity, the current price lies near EUR 1.71 billion at 9.25x or EUR 1.90 billion at approximately 8.3x. The market therefore prices incomplete earnings recovery rather than zero value for forests or Leuna.

The market assumes Near-term EBITDA remains close to EUR 1.7bn despite completed pulp investment and portfolio repair. We assign a different reading: Base EBITDA reaches EUR 1.899bn in 2027, supporting approximately EUR 2–4 per share more value depending on the multiple. (UPM H1 2026 report, 23 July 2026: comparable EBIT EUR 471m, up 17%, with H2 guidance of EUR 375–575m.)

The market assumes Forest and Energy value remains obscured inside a paper conglomerate. We assign a different reading: EUR 3.30bn for forests and EUR 2.10bn for Energy are separately auditable, limiting downside even if paper remains weak. (UPM Annual Report 2025; Stora Enso H1 2026 report, 22 July 2026.)

HISTORICAL AND FORECAST MULTIPLES

METRIC	2020A	2021A	2022A	2023A	2024A	2025A	2026E	NORM. AVG. 2020-2025 (OUTLIERS DROPPED)
P/E	28.46x	13.62x	11.96x	45.99x	30.59x	26.69x	*14.10x*	26.22x
P/E adj.	28x	14x	12x	46x	31x	27x	*14x*	26x
EV/EBITDA	13.67x	9.61x	9.11x	23.56x	10.36x	12.30x	*8.58x*	11.01x
EV/EBIT	22.14x	12.46x	11.22x	35.34x	29.13x	21.95x	*14.34x*	22.04x
EV/Sales	1.96x	1.98x	1.89x	2.05x	1.70x	1.72x	*1.58x*	1.89x
P/FCF	23.30x	-15.54x	-9.48x	7.84x	58.70x	8.25x	*10.86x*	13.13x
P/BV	1.74x	1.65x	1.49x	1.63x	1.27x	1.31x	*1.25x*	1.51x
P/S	1.89x	1.82x	1.59x	1.74x	1.37x	1.36x	*1.27x*	1.63x
Dividend yield	4.3%	3.9%	3.7%	4.4%	5.6%	6.1%	*5.7%*	4.7%

VALUATION

How the peer group is priced

18

Validated peer multiples from the resolved peer models, with the company itself in the same rows for comparison.

PEER COMPARISON

COMPANY	COUNTRY	MKT CAP	P/E 2026E	P/E 2027E	EV/EBITDA 2026E	EV/EBITDA 2027E	P/BV 2026E	EBIT MARGIN 2026E	ROE 2026E	DIV YIELD 2026E
UPM (subject)	—	12.7 EURbn	*14.1x*	*11.8x*	*8.6x*	*8.3x*	*1.3x*	*11.1%*	*9.0%*	*5.7%*
Stora Enso Oyj	Finland	8.0 EURbn	*35.1x*	*14.8x*	*8.2x*	*7.7x*	*0.7x*	*6.8%*	*2.1%*	*2.3%*
Holmen AB (publ)	Sweden	49.2 SEKbn	*21.3x*	*18.8x*	*10.3x*	*11.2x*	*0.9x*	*14.3%*	*4.1%*	*3.0%*
Metsa Board	Finland	917 EURm	*-27.8x*	*13.8x*	*6.0x*	*5.9x*	*0.6x*	*1.0%*	*-2.3%*	*n/a*
Suzano S.A.	Brazil	11.0 BRLbn	*1.3x*	*1.2x*	*4.6x*	*4.6x*	*0.3x*	*27.5%*	*19.6%*	*n/a*
The Navigator Company, S.A.	Portugal	2.3 EURbn	*12.1x*	*9.2x*	*6.1x*	*5.1x*	*1.5x*	*14.2%*	*12.7%*	*5.0%*
Oji Holdings Corporation	Japan	804.8 JPYbn	*18.0x*	*13.9x*	*10.4x*	*9.8x*	*0.7x*	*2.4%*	*4.3%*	*2.5%*
Nippon Paper Industries Co., Ltd.	Japan	136.3 JPYbn	*85.7x*	*9.9x*	*12.4x*	*9.8x*	*0.3x*	*0.8%*	*0.3%*	*0.1%*
Borregaard ASA	Norway	15.7 NOKbn	*41.6x*	*19.3x*	*9.3x*	*9.0x*	*2.7x*	*17.3%*	*6.5%*	*1.5%*
Avery Dennison Corporation	United States	13.5 USDbn	*15.0x*	*13.8x*	*9.5x*	*8.4x*	*3.3x*	*13.6%*	*24.6%*	*n/a*
West Fraser Timber Co. Ltd.	Canada	5.2 USDbn	*-67.1x*	*16.3x*	*13.7x*	*5.8x*	*0.8x*	*-0.1%*	*-1.3%*	*n/a*
Fortum	Finland	18.6 EURbn	*16.9x*	*32.3x*	*13.0x*	*15.2x*	*2.2x*	*21.8%*	*13.0%*	*4.7%*
Peer median	—	—	*16.9x*	*13.9x*	*9.5x*	*8.4x*	*0.7x*	*13.9%*	*4.2%*	*2.4%*
Peer average	—	—	*17.1x*	*13.1x*	*9.4x*	*8.4x*	*0.7x*	*12.0%*	*5.0%*	*2.3%*

VALUATION

Target price bridge

19

Every method's metric, multiple and implied price, the weight it carries, and the reasoning behind each row.

TARGET PRICE BRIDGE

Each division row: forecast metric × selected multiple = enterprise value, discounted to the 12-month horizon where the forecast year is further out (shown as "before → after") and stated per share. The Sum row deducts net debt and other senior claims once and divides by shares — its result is the target price. Indented rows are scenario legs already inside the division above them; their probabilities are per division and sum to 100%.

DIVISION / METHOD	FORECAST METRIC	METRIC VALUE	× MULTIPLE	= IMPLIED PRICE / SHARE	WEIGHT
Pulp and plantations	2028E EBITDA	575	8.0x	8.7 → **8.0 EUR**	
Timber	2028E EBITDA	81.25	8.0x	1.2 → **1.1 EUR**	
Energy	2028E EBITDA	210	10.0x	4.0 → **3.6 EUR**	
Adhesive Materials	2028E EBITDA	211.111	9.0x	3.6 → **3.3 EUR**	
Specialty Papers	2028E EBIT	143.75	8.0x	2.2 → **2.0 EUR**	
Communication Papers	2028E EBIT	141.667	6.0x	1.6 → **1.5 EUR**	
Plywood	2028E EBIT	62.5	8.0x	0.9 → **0.9 EUR**	
Forest assets and wood sourcing	2028E EBITDA	300	11.0x	6.3 → **5.7 EUR**	
Biofuels	2028E EBITDA	110	10.0x	2.1 → **1.9 EUR**	
Biochemicals	2029E EBITDA	175	8.0x	2.7 → **2.2 EUR**	
Biomedical materials	2029E Revenue	125	2.0x	0.5 → **0.4 EUR**	
Weighted target price				**24.7 EUR**	**100%**

- Target 24.70 EUR implies 8.2x EV/EBITDA on 2028E group EBITDA, vs 8.1x at today's price and 11.0x normalised.
- Pulp and plantations — EUR 575m normalized EBITDA at 8.0x, above Suzano's 4.6x but below the 9.5x 2026 peer median because pulp is cyclical. (575 × 8.0x at 2028, discounted to the 12-month horizon).
- Timber — Recovery EBITDA valued below Holmen and near a through-cycle wood-products multiple, reflecting sawlog and construction exposure. (81.25 × 8.0x at 2028, discounted to the 12-month horizon).
- Energy — 10.0x is below Fortum's 13.0x 2026E and near Holmen's 10.3x, recognizing hydro and nuclear quality but weaker disclosure. (210 × 10.0x at 2028, discounted to the 12-month horizon).
- Adhesive Materials — 9.0x is below Avery Dennison's 9.5x 2026E EBITDA because UPM has lower margins and less high-value identification exposure. (211.111 × 9.0x at 2028, discounted to the 12-month horizon).
- Specialty Papers — 8.0x EBIT discounts Asian capacity pressure while recognizing release-liner and packaging mix. (143.75 × 8.0x at 2028, discounted to the 12-month horizon).
- Communication Papers — 6.0x reflects structural European demand decline and excludes separate capitalization of uncertain JV proceeds and synergies. (141.667 × 6.0x at 2028, discounted to the 12-month horizon).
- Plywood — 8.0x recognizes WISA brand and birch specialization while retaining a cyclical wood-products discount. (62.5 × 8.0x at 2028, discounted to the 12-month horizon).
- Forest assets and wood sourcing — EUR 3.30bn equals a 5.7% discount to the disclosed EUR 3.5bn minimum asset value and cross-checks at 11.0x normalized economic EBITDA. (300 × 11.0x at 2028, discounted to the 12-month horizon).
- Biofuels — 10.0x reflects RED III advanced-fuel premiums and scarce CTO feedstock, offset by regulatory eligibility and mandate risk. (110 × 10.0x at 2028, discounted to the 12-month horizon).
- Biochemicals — 8.0x is below Borregaard's 8.8x 2029E; it requires 220k tonnes at EUR 4,500/t and a 30% gross margin. (175 × 8.0x at 2029, discounted to the 12-month horizon).
- Biomedical materials — 2.0x revenue is a restrained strategic-option value pending repeat commercial adoption; no earnings multiple is justified. (125 × 2.0x at 2029, discounted to the 12-month horizon).

VALUATION MAP

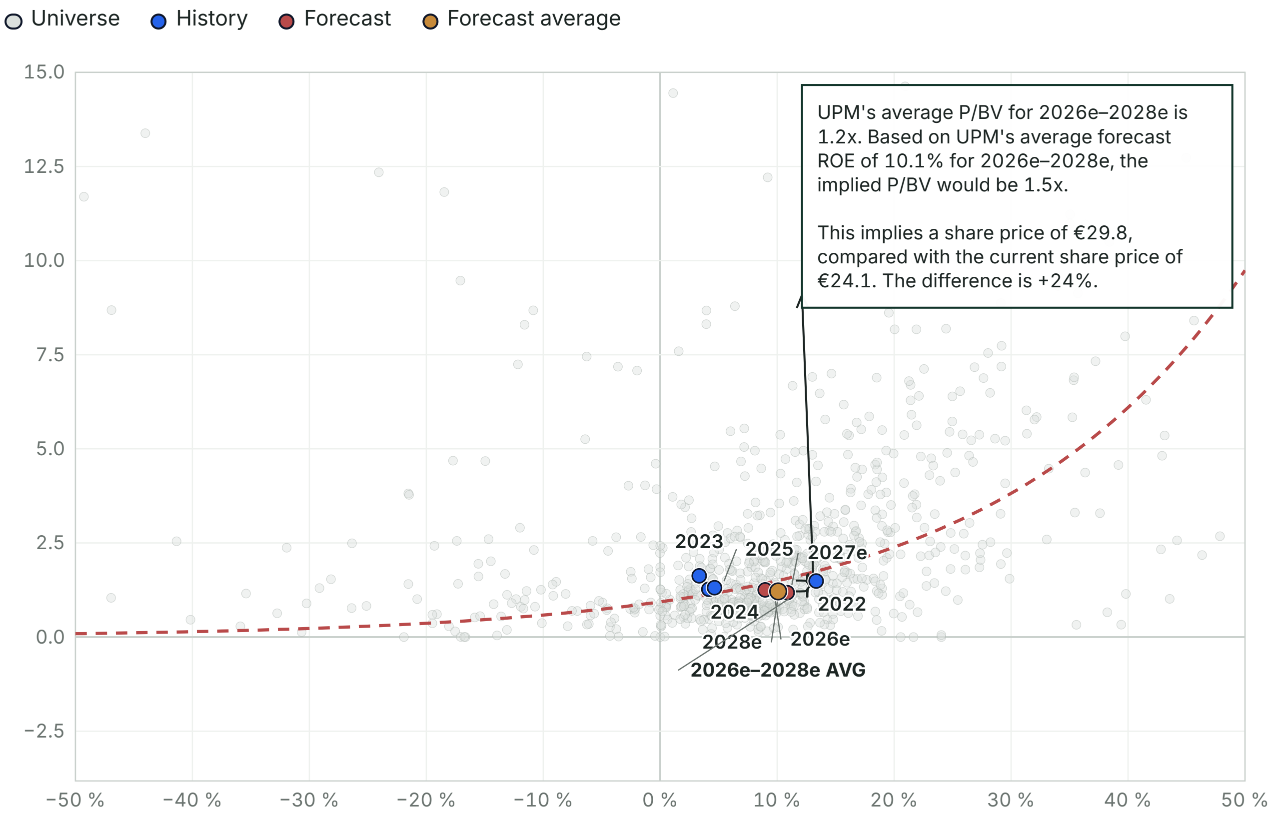
ROE vs P/BV — pricing versus profitability

20

The whole Wisdom universe as context: how the market prices profitability on average, and what the company's forecast position would imply for the share price.

ROE 2025 vs P/BV 2025

UPM in the Wisdom universe (4 632 companies)



UPM's average 2026–2028 forecast ROE of 10.1% and P/BV of 1.2 times place it below the broad-universe curve-implied 1.5 times. Applying that curve to average forecast book value per share of EUR 19.8 gives EUR 29.8, 24% above the rounded current price; the discount is consistent with cyclical pulp exposure, Leuna execution risk and conglomerate complexity rather than obviously distressed balance-sheet risk.

MULTIPLES & SENSITIVITY

Forward multiples and the EBITDA × multiple grid

21

What the shares trade at on forecast earnings, and how the enterprise value and the share price move with group EBITDA and the multiple applied to it.

FORWARD MULTIPLES

	2026 *E*
P/E	*14.1×*
EV/EBITDA	*8.6×*
EV/EBIT	*14.3×*
P / Valuatum FOCF	*10.9×*
P/BV	*1.3×*
Dividend Yield	*5.7%*
Net Debt / EBITDA	*1.5×*

E = Valuatum estimate (not yet actualised)

EBITDA × EV/EBITDA sensitivity

Rows vary modelled group EBITDA around the forecast, columns vary the EV/EBITDA multiple applied to it. Each cell is the resulting enterprise value and, under it, the share price after subtracting net debt and other senior claims and dividing by shares. The highlighted cell is the model's own base EBITDA at the current implied multiple — a group-level cross-check. Where the target price is built from a sum of the parts, it is not this grid that produces it.

FY2027E EBITDA Implied EV/EBITDA →	7.5×	8.0×	8.5×	9.0×	9.5×
−20% **EUR 1,519m**	EUR 11,393m EUR 15.60 / sh	EUR 12,152m EUR 17.10 / sh	EUR 12,912m EUR 18.50 / sh	EUR 13,671m EUR 19.90 / sh	EUR 14,431m EUR 21.40 / sh
−10% **EUR 1,709m**	EUR 12,818m EUR 18.30 / sh	EUR 13,672m EUR 19.90 / sh	EUR 14,527m EUR 21.60 / sh	EUR 15,381m EUR 23.20 / sh	EUR 16,236m EUR 24.80 / sh
Base **EUR 1,899m**	EUR 14,243m EUR 21.00 / sh	EUR 15,192m EUR 22.80 / sh	EUR 16,142m EUR 24.60 / sh	EUR 17,091m EUR 26.40 / sh	EUR 18,041m EUR 28.20 / sh
+10% **EUR 2,089m**	EUR 15,668m EUR 23.70 / sh	EUR 16,712m EUR 25.70 / sh	EUR 17,757m EUR 27.70 / sh	EUR 18,801m EUR 29.70 / sh	EUR 19,846m EUR 31.60 / sh
+20% **EUR 2,279m**	EUR 17,093m EUR 26.40 / sh	EUR 18,232m EUR 28.60 / sh	EUR 19,372m EUR 30.70 / sh	EUR 20,511m EUR 32.90 / sh	EUR 21,651m EUR 35.10 / sh

VALUATION

What the target price turns on

22

The two assumptions the target is most sensitive to, varied one pair at a time, with everything else held at its bridge value.

SCENARIO VALUATION

23

Bear / Base / Bull bridge

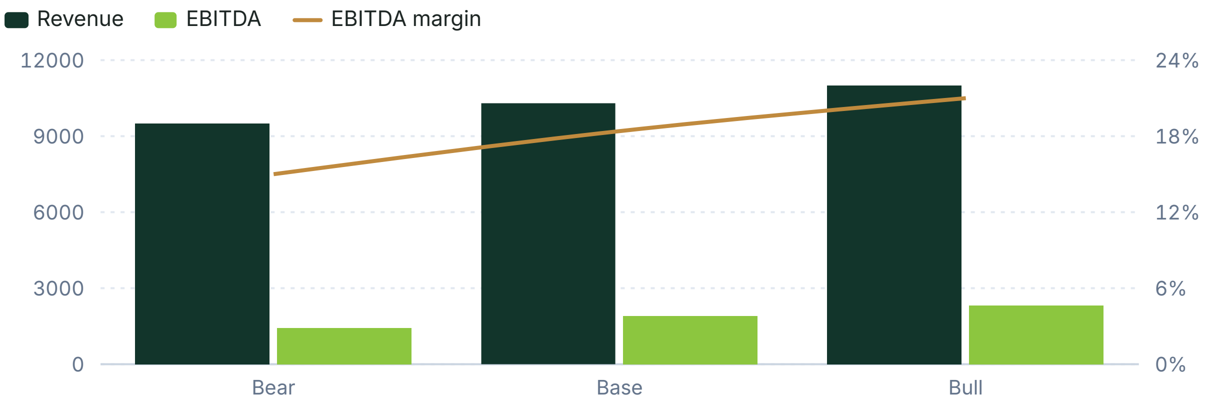
Revenue, EBITDA, multiple, EV, equity, value-per-share and upside in each scenario.

SCENARIO BRIDGE

	REVENUE	EBITDA	MARGIN	MULTIPLE	EV	EQUITY	VALUE / SHARE	UPSIDE
Bear	9,500	1,425	15.0%	7.0×	9,975	6,816	EUR 12.93	−46.3%
Base	10,300	1,899	18.4%	9.4×	17,800	14,641	EUR 27.77	+15.4%
Bull	11,000	2,310	21.0%	10.0×	23,100	19,941	EUR 37.82	+57.2%

What each scenario asks the business to do

Revenue and EBITDA in EUR millions on the left axis, EBITDA margin on the right



KEY CONDITIONS

The bear case combines weak pulp spreads, high Finnish wood costs, poor Leuna utilization and lower Energy capture. The base requires Paso cost delivery, modest adhesive margin repair, disciplined paper capacity and a credible Leuna path. The bull requires stronger operating cash flow to reduce debt, successful portfolio transactions and high-value biochemical qualification rather than merely higher group revenue. These scenarios are operating boundary cases, not probability-weighted target-price inputs. The code-verified 12-month target of EUR 24.7 sits between Bear and Base (Bear EUR 12.9, Base EUR 27.8, Bull EUR 37.8); its method weights are shown in the Target Price Bridge.

THESIS BREAKER

The base valuation fails if normalized EBITDA remains below EUR 1.7 billion while net debt stays above EUR 3 billion.

CATALYSTS

24

Monitoring checklist

Near-, medium- and long-term events that could change the recommendation.

CATALYST REGISTER

	TIMING	SEGMENT	INDICATOR	VALUATION IMPACT
WISA Group demerger becomes effective	NEAR-TERM	Plywood	Completion and first trading valuation	Independent price discovery for EUR 500m pool
Commission decision on UPM-Sappi joint venture	NEAR-TERM	Communication Papers	Clearance, remedies or prohibition by 11 Nov	Tests EUR 613m proceeds and synergy path
First repeat functional-filler deliveries	NEAR-TERM	Biochemicals	Orders after initial September shipments	Supports EUR 4,500/t blended price
January–September 2026 interim report	NEAR-TERM	Pulp and plantations	Fibres earnings, curtailments and pulp prices	Reprices largest EV pool
Leuna reaches positive EBIT	MEDIUM-TERM	Biochemicals	Positive divisional EBIT during 2027	Validates EUR 1.40bn target value
EUDR compliance becomes operational	MEDIUM-TERM	Forest assets and wood sourcing	Traceable purchased wood by 30 Dec 2026	Protects sourcing access and asset premium
Fray Bentos capacity increase decision	MEDIUM-TERM	Pulp and plantations	Uruguayan approval for 15% increase	Adds low-cost output optionality
Stora Enso forest demerger establishes benchmark	LONG-TERM	Forest assets and wood sourcing	Listed value for 1.2m Swedish hectares	Challenges UPM's forest discount

READ-THROUGH

Medium-term upside requires milestones to become recurring economics. A first shipment has limited value without repeat qualification, and transaction proceeds create value only if they lower debt or fund returns above the cost of capital. The forest benchmark is slower but potentially important because independent Nordic price discovery could narrow the conglomerate discount.

RISKS

25

Risk register

Each risk's business division, mechanism, early-warning trigger, impact band and structural type.

	SEGMENT	MECHANISM	EARLY WARNING	IMPACT	TYPE
Pulp-price decline and new hardwood supply	Forest assets and wood sourcing	Lower realized pulp prices compress the delivered-cost spread as Arauco and Paracel capacity enters; weaker mill demand can also reduce timber realizations and biological-asset assumptions.	Chinese port inventories rise, BHKP prices fall and UPM extends Finnish or Uruguay curtailments.	HIGH	THESIS BREAKER
Persistent Finnish wood-cost inflation	Timber	Sawlog and pulpwood procurement costs rise faster than lumber and pulp prices, keeping Fibres North loss-making and eroding the value of integrated sourcing.	Fibres North remains negative after maintenance normalizes and purchased-wood volumes become more expensive.	HIGH	STRUCTURAL
Leuna fails to reach stable commercial output	Biochemicals	Low yields, bottlenecks, weak qualification or poor product mix prevent 220,000 tonnes from producing the modelled EUR 990 million revenue and EUR 175 million EBITDA.	Functional-filler deliveries slip, BioPura volumes remain undisclosed and start-up losses do not peak during 2027.	HIGH	THESIS BREAKER
UPM-Sappi transaction blocked or diluted	Communication Papers	A prohibition or onerous remedies remove EUR 613 million of expected proceeds and weaken the path to EUR 100 million of annual synergies and coordinated capacity discipline.	Commission remedies require major capacity disposals or the 11 November decision is delayed.	HIGH	MANAGEABLE
Negative power prices reduce capture	Energy	Wind additions and weak demand create more low-price hours, reducing nuclear realization and limiting the benefit of higher annual electricity consumption.	Finnish area prices discount Nordic benchmarks and UPM Energy margin falls below 20% of total segment sales.	MEDIUM	STRUCTURAL
Adhesive price and mix fail to offset inputs	Specialty Papers	Paper, film, adhesive, silicone and distribution costs remain firm while competition limits price increases, leaving new capacity underutilized and margins below the valuation build.	Revenue grows but Adhesive Materials comparable EBIT margin remains near or below 7.5%.	MEDIUM	MANAGEABLE
Graphic-paper decline outruns closures	Communication Papers	Another high-single-digit demand contraction leaves European capacity utilization below economic levels before UPM and competitors can remove machines and fixed costs.	European shipments decline faster than announced annual capacity closures and price increases fail.	HIGH	STRUCTURAL
Biofuel eligibility or premium erosion	Biofuels	Changes to Annex IX treatment, traceability failure or excess HVO supply reduce mandate value and compress crude-tall-oil renewable-fuel premiums.	Regulators reconsider CTO eligibility, Union Database issues emerge or Q2 2026 bio-premiums reverse.	MEDIUM	THESIS BREAKER

READ-THROUGH

Several risks are manageable through curtailments, closures, hedging, portfolio separation and disciplined capital allocation, but structural decline cannot be managed away through temporary cost cuts. The thesis-breaker is a combination: prolonged low pulp pricing, continued Fibres North losses and failure at Leuna while the paper joint venture is blocked. Under that path, the forest estate and Energy still retain value, but normalized group EBITDA would not support the base equity valuation or dividend expectations.

26

APPENDIX

Income statement

INCOME STATEMENT — EUR MILLIONS

	2023 *A*	2024 *A*	2025 *A*	2026 *E*	2027 *E*	2028 *E*
Net Sales	**10,460**	**10,339**	**9,656**	*10,000*	*10,300*	*10,400*
EBITDA	**912**	**1,698**	**1,351**	*1,846*	*1,899*	*1,964*
EBITDA margin	8.7%	16.4%	14.0%	*18.5%*	*18.4%*	*18.9%*
Depreciation	-304	-1,094	-594	*-741*	*-564*	*-536*
Operating Profit (EBIT)	**608**	**604**	**757**	*1,105*	*1,335*	*1,428*
EBIT margin	5.8%	5.8%	7.8%	*11.1%*	*13.0%*	*13.7%*
Net financial items	-143	-104	-67	*-46*	*-63*	*-64*
Pre-tax Profit	**465**	**500**	**690**	*1,059*	*1,272*	*1,364*
Net Earnings	**395**	**463**	**491**	*902*	*1,074*	*1,152*
PER SHARE						
EPS	0.7	0.9	0.9	*1.7*	*2*	*2.2*
DPS	1.5	1.5	1.5	*1.4*	*1.6*	*1.8*
Payout ratio	202.5%	172.8%	161.5%	*80.0%*	*80.0%*	*80.0%*

E = Valuatum estimate (not yet actualised)

27

APPENDIX

Balance sheet

BALANCE SHEET — EUR MILLIONS	2023 *A*	2024 *A*	2025 *A*	2026 *E*	2027 *E*	2028 *E*
ASSETS						
Tangible assets	9,166	7,933	9,842	*9,311*	*9,590*	*9,683*
Intangibles	715	580	554	*574*	*591*	*597*
Goodwill	283	174	264	*264*	*264*	*264*
Non-current assets	**13,483**	**13,535**	**12,925**	***12,413***	***12,710***	***12,809***
Inventories	1,949	2,070	1,886	*1,970*	*2,029*	*2,049*
Receivables	1,873	2,073	1,593	*1,653*	*1,700*	*1,716*
Cash & equivalents	632	892	715	*783*	*807*	*815*
Current assets	**4,454**	**5,035**	**4,194**	***4,406***	***4,536***	***4,579***
Total Assets	**18,473**	**19,096**	**17,532**	***17,233***	***17,659***	***17,801***
EQUITY & LIABILITIES						
Equity	11,531	11,540	10,334	*10,443*	*10,796*	*11,089*
Long-term debt	2,444	2,945	3,638	*1,762*	*1,773*	*1,690*
Short-term debt	200	37	156	*1,762*	*1,773*	*1,690*
Long-term liabilities	**3,179**	**3,656**	**4,268**	***2,392***	***2,403***	***2,320***
Current liabilities	**2,441**	**2,395**	**2,237**	***3,705***	***3,768***	***3,701***
Total liabilities & equity	**18,473**	**19,096**	**17,531**	***17,233***	***17,659***	***17,801***
CAPITAL STRUCTURE & RATIOS						
Net debt	2,718	2,922	3,079	*2,741*	*2,740*	*2,565*
Capital invested	13,543	13,630	13,413	*13,184*	*13,536*	*13,653*
Equity ratio	62.4%	60.4%	58.9%	*60.6%*	*61.1%*	*62.3%*
Gearing	23.6%	25.3%	29.8%	*26.2%*	*25.4%*	*23.1%*
Net debt / EBITDA	3.0×	1.7×	2.3×	*1.5×*	*1.4×*	*1.3×*
Current ratio	1.8	2.1	1.9	*1.2*	*1.2*	*1.2*

E = Valuatum estimate (not yet actualised)

28

APPENDIX

Cash flow

CASH FLOW — EUR MILLIONS

	2023 *A*	2024 *A*	2025 *A*	2026 *E*	2027 *E*	2028 *E*
OPERATIONS						
Cash from operations (model)	1,380	1,353	1,473	*1,362*	*1,583*	*1,670*
Operating cash flow (Valuatum calculation)	1,558	1,411	1,652	*1,401*	*1,636*	*1,724*
Change in working capital	-605	204	-387	*282*	*55*	*18*
INVESTING & FREE CASH						
Gross capex	-703	1,146	-16	*229*	*861*	*635*
Capex (ex. M&A)	703	-1,146	16	*-229*	*-861*	*-635*
Cash after capex (CFO - gross capex)	**677**	**207**	**1,457**	***1,132***	***722***	***1,035***
Free operating cash flow (Valuatum def.)	**2,316**	**241**	**1,587**	***1,171***	***776***	***1,089***
Free cash flow to firm	**2,317**	**241**	**1,588**	***1,171***	***776***	***1,089***
FINANCING						
CF from financing	-3,371	-14	-1,798	*-1,063*	*-699*	*-1,027*
Dividends paid	-693	-800	-800	*-793*	*-722*	*-859*
Net change in cash	**-1,288**	**193**	**-309**	***69***	***23***	***8***

E = Valuatum estimate (not yet actualised)

29

APPENDIX

Quarterly snapshot

HISTORICAL QUARTERS — LAST TWO COMPLETED YEARS, EUR MILLIONS

	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25
Net Sales	2,640	2,546	2,521	2,632	2,646	2,400	2,298	2,312
EBITDA	490	349	438	559	350	248	251	177
EBITDA margin	18.6%	13.7%	17.4%	21.2%	13.2%	10.3%	10.9%	7.7%
Comparable EBIT	343	199	305	-105	198	107	125	2
EBIT margin	13.0%	7.8%	12.1%	-4.0%	7.5%	4.5%	5.4%	0.1%
Net Earnings	280	31	247	-95	143	71	18	258
EPS	0.5	0.1	0.5	-0.2	0.3	0.1	0	0.5

CURRENT YEAR — QUARTERLY, EUR MILLIONS

	Q1/26	Q2/26	Q3/26 *E*	Q4/26 *E*
Net Sales	2,505	2,355	*2,614*	*2,526*
EBITDA	382	331	*911*	*222*
EBITDA margin	15.2%	14.1%	*34.9%*	*8.8%*
Comparable EBIT	255	207	*633*	*10*
EBIT margin	10.2%	8.8%	*24.2%*	*0.4%*
Net Earnings	200	166	*305*	*236*
EPS	0.4	0.3	*0.6*	*0.5*

E = Valuatum estimate (not yet actualised)

SOURCES & DISCLAIMER

30

Research sources

Direct links for the evidence used in the report.

SOURCES REGISTER — 1 OF 10

	VALUE	CATEGORY	USED IN
Financial statements and forecast model	Valuatum Wisdom model 12969, snapshot period 2026	FINANCIAL SNAPSHOT	Financials, forecasts & valuation
Share-price history and market profile	Financial Modeling Prep, UPM.HE financialmodelingprep.com	MARKET DATA	Price chart & market facts
UPM Annual Report 2025 (Financial Statements and Report of...	www.upm.com/.../upm-annual-report-2025.pdf	OFFICIAL SOURCE	Reported segment table
UPM's Extraordinary General Meeting convened to vote on the...	www.upm.com/.../extraordinary-general-meeting-2026	OFFICIAL SOURCE	Catalysts and risks
UPM and Sappi signed a definitive agreement to establish a...	www.upm.com/.../2026	OFFICIAL SOURCE	Catalysts and risks
UPM reported a 71% increase in comparable EBIT for the seco...	www.upm.com/.../upm-half-year-financial-report-2026.pdf	OFFICIAL SOURCE	Catalysts and risks
UPM announced a temporary six-week production shutdown at t...	www.upm.com	OFFICIAL SOURCE	Catalysts and risks
UPM CFO and EVP Energy Tapio Korpeinen announced his intent...	www.upm.com/.../changes-in-upms-group-executive-team	OFFICIAL SOURCE	Catalysts and risks
UPM permanently closed paper machine PM 1 at its Kaukas mil...	www.upm.com	OFFICIAL SOURCE	Catalysts and risks
UPM expected the planned completion of the UPM Plywood busi...	www.upm.com	OFFICIAL SOURCE	Catalysts and risks
Sappi Limited is a primary competitor and partner in a prop...	ec.europa.eu/.../ip_26_4512	OFFICIAL SOURCE	Share price commentary
UPM Adhesive Materials reported annual sales of approximate...	www.upm.com/.../upm-adhesive-materials-expands-capacity	OFFICIAL SOURCE	Adhesive Materials deep dive
UPM Biochemicals' Leuna biorefinery, with an annual capacit...	op.europa.eu/.../86b53c0d-d6de-11ee-86b5-01aa75ed71a1	OFFICIAL SOURCE	Biochemicals deep dive
The European Commission issued a Statement of Objections on...	ec.europa.eu/.../ip_26_4582	OFFICIAL SOURCE	Pulp and plantations deep dive
UPM shareholders approved the demerger of the Plywood busin...	www.upm.com	OFFICIAL SOURCE	Pulp and plantations deep dive
UPM guidance for H2 2026 comparable EBIT (continuing operat...	www.upm.com/.../results-center	OFFICIAL SOURCE	Research evidence
UPM is maintaining 527 million shares outstanding as of Sep...	www.upm.com/.../share	OFFICIAL SOURCE	Research evidence
A material impairment of 373 EURm was recognized in Februar...	www.upm.com/.../2024	OFFICIAL SOURCE	Research evidence
The Leuna biorefinery is expected to reach full nameplate p...	www.upm.com	OFFICIAL SOURCE	Biochemicals deep dive
ReFuelEU Aviation mandates a minimum share of sustainable a...	transport.ec.europa.eu/.../refueleu-aviation_en	OFFICIAL SOURCE	Biofuels deep dive
The European Commission's Union Database (UDB) for tracing...	energy.ec.europa.eu	OFFICIAL SOURCE	Biofuels deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

SOURCES REGISTER — 2 OF 10

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UPM permanently discontinued graphic paper production at it...	www.upm.com	OFFICIAL SOURCE	Communication Papers deep dive
UPM permanently closed paper machine 1 (PM1) at the Kaukas...	www.upm.com	OFFICIAL SOURCE	Communication Papers deep dive
UPM recognized a total restructuring charge for the Ettring...	www.upm.com	OFFICIAL SOURCE	Communication Papers deep dive
UPM received a capital gain from the sale of the previously...	www.upm.com/.../2025	OFFICIAL SOURCE	Communication Papers deep dive
UPM and Sappi signed a definitive agreement to form a 50/50...	www.upm.com	OFFICIAL SOURCE	Communication Papers deep dive
The European Commission issued a Statement of Objections re...	ec.europa.eu/.../ip_26_5432	OFFICIAL SOURCE	Communication Papers deep dive
UPM owns a total of 917,000 hectares of forest land across...	www.upm.com/.../annual-report-2025-2.jpg	OFFICIAL SOURCE	Forest assets and wood sourcing deep dive
UPM's plantations in Uruguay achieved a five-year average a...	www.upm.com/.../forests-and-climate.jpg	OFFICIAL SOURCE	Forest assets and wood sourcing deep dive
UPM permanently discontinued graphic paper production at it...	news.cision.com	MARKET DATA	Catalysts and risks
UPM lowered its full-year 2024 outlook and released prelimi...	www.upm.com/.../upm-interim-report-q3-2024.pdf	MARKET DATA	Share price commentary
The share price recovered following the release of Q4 2024...	www.upm.com/.../upm-financial-statements-release-2024...	MARKET DATA	Share price commentary
UPM's comparable EBIT is highly sensitive to market prices,...	www.upm.com/.../upm-half-year-financial-report-2025.pdf	MARKET DATA	Share price commentary
UPM's Board of Directors approved a plan to demerge the Ply...	www.upm.com/.../demerger	MARKET DATA	Share price commentary
Empresas CMPC S.A. maintains a global pulp production capac...	www.spglobal.com	MARKET DATA	Pulp and plantations deep dive
UPM (UPM Fibres) has a combined annual pulp production capa...	www.upmpulp.com/.../pulp-production	MARKET DATA	Pulp and plantations deep dive
UPM Timber's parent division, Fibres North, recorded half-y...	www.ttjonline.com	MARKET DATA	Timber deep dive
UPM Energy is the second-largest electricity producer in Fi...	www.upm.com/.../upm-annual-report-2025.pdf	MARKET DATA	Energy deep dive
Pohjolan Voima (PVO), in which UPM holds a 54.3% majority s...	www.pohjolanvoima.fi/.../production-in-2025	MARKET DATA	Energy deep dive
Teollisuuden Voima (TVO), a joint venture producing electri...	www.tvo.fi/.../olkiluotoproducedaboutaquarteroffinni...	MARKET DATA	Energy deep dive
EPV Energy generates and procures roughly 5.7% of all elect...	www.epv.fi/.../energy-production	MARKET DATA	Energy deep dive
Finland's electricity consumption is projected to grow by 4...	www.upm.com/.../upm-q1-2026-transcript.pdf	MARKET DATA	Energy deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

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UPM Specialty Papers identified Asia as its most stable reg...	www.upm.com/.../upm-q1-2026-interim-report.pdf	MARKET DATA	Specialty Papers deep dive
UPM and Sappi are the two largest manufacturers of communic...	ec.europa.eu/.../ip_26_1812	MARKET DATA	Communication Papers deep dive
Burgo Group is the market leader in Italy and one of the ma...	www.burgo.com/.../overview-burgo-group	MARKET DATA	Communication Papers deep dive
UPM Communication Papers' annual production capacity is 3.7...	www.upm.com/.../annual-report-2025	MARKET DATA	Communication Papers deep dive
Stora Enso exited its dedicated paper reporting segment in...	www.storaenso.com/.../reports-and-presentations	MARKET DATA	Communication Papers deep dive
Metsä Group is the market leader in wood trade and forest s...	www.metsagroup.com/.../key-figures-and-our-operations	MARKET DATA	Forest assets and wood sourcing deep dive
Metsä Group's total wood supply volume in 2025, primarily f...	www.metsagroup.com/.../Hyvapuustoinen-metsa.jpg	MARKET DATA	Forest assets and wood sourcing deep dive
UPM's total global wood sourcing volume in 2025 was 27.7 mi...	www.upm.com/.../upm-annual-report-2025.pdf	MARKET DATA	Forest assets and wood sourcing deep dive
UPM's land holdings in Uruguay were reported at 305,000 hec...	www.upm.com/.../forest-action	MARKET DATA	Forest assets and wood sourcing deep dive
Montes del Plata (Stora Enso/Arauco JV) owns 190,000 hectar...	www.storaenso.com/.../montes-del-plata-mill	MARKET DATA	Forest assets and wood sourcing deep dive
Stora Enso is preparing to demerge its Swedish forest asset...	www.storaenso.com	MARKET DATA	Forest assets and wood sourcing deep dive
UPM Biofuels operates the Lappeenranta Biorefinery with an...	www.upmbiofuels.com	MARKET DATA	Biofuels deep dive
Sustainea, a joint venture between Braskem and Sojitz, is p...	sustaineabio.com/.../stay-updated-with-the-latest-news	MARKET DATA	Biochemicals deep dive
UPM Biomedicals is identified as the primary market leader...	www.upm.com/.../biomedicals	MARKET DATA	Biomedical materials deep dive
UPM reports that its Paso de los Toros pulp mill in Uruguay...	www.upm.com/.../upm-q1-2024-interim-report.pdf	MARKET DATA	Pulp and plantations deep dive
Suzano reported a pulp production cash cost of BRL 843 per...	www.suzano.com.br	MARKET DATA	Pulp and plantations deep dive
UPM Fibres South operations in Uruguay achieved a comparabl...	seekingalpha.com	MARKET DATA	Pulp and plantations deep dive
Spanish pulp producer Ence reported a cash cost of EUR 483...	www.ence.es	MARKET DATA	Pulp and plantations deep dive
UPM Paso de los Toros in Uruguay has a nominal capacity of...	www.upm.com/.../results-center	MARKET DATA	Pulp and plantations deep dive
Arauco's Sucuriú project in Brazil, with a planned capacity...	www.valmet.com/.../site-status	MARKET DATA	Pulp and plantations deep dive
Ence reported its cash cost closed 2025 at EUR 483 per tonn...	ence.es/.../results	MARKET DATA	Pulp and plantations deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

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UPM Leuna achieved stable operation in the separation of li...	www.upm.com	MARKET DATA	Biochemicals deep dive
Original investment estimates for the Leuna biorefinery at...	biconsortium.eu/.../upm-leuna-biorefinery	MARKET DATA	Biochemicals deep dive
UPM BioVerno renewable diesel produced from crude tall oil...	old.etipbioenergy.eu/.../Factsheet_UPM_final_img_9.jpg	MARKET DATA	Biofuels deep dive
UPM recorded strong bio-premiums for advanced renewable fue...	www.upm.com/.../2026	MARKET DATA	Biofuels deep dive
European graphic paper demand continued its structural decl...	www.cepi.org	MARKET DATA	Communication Papers deep dive
The digital advertising market in Europe, a primary substit...	iabeurope.eu	MARKET DATA	Communication Papers deep dive
The median price of forest estate purchases in Finland reac...	www.maanmittauslaitos.fi/.../3041	MARKET DATA	Forest assets and wood sourcing deep dive
The average price for agricultural and forestry land in Uru...	farmlanduruguay.com	MARKET DATA	Forest assets and wood sourcing deep dive
UPM applied to the Uruguayan government for approval to inc...	www.globalwoodmarketsinfo.com	MARKET DATA	Catalysts and risks
UPM Biochemicals achieved stable industrial-scale productio...	www.paperadvance.com/.../upm-begins-commercial-production-at-l...	MARKET DATA	Catalysts and risks
UPM forecast comparable EBIT for continuing operations in t...	quartr.com/.../q2-2026-earnings-summary	MARKET DATA	Catalysts and risks
UPM shares declined as Q2 and Q3 2025 results reported subs...	www.prnewswire.com/.../upm-interim-report-q3-2025-upm-busine...	MARKET DATA	Share price commentary
The stock price rose following a non-binding letter of inte...	www.inderes.fi	MARKET DATA	Share price commentary
Share price pressure intensified after the European Commiss...	www.reuters.com	MARKET DATA	Share price commentary
Wood biomass in specific regions like Ireland is estimated...	www.farmersjournal.ie	MARKET DATA	Share price commentary
Suzano S.A. reached a total pulp production capacity of 13....	seekingalpha.com	MARKET DATA	Pulp and plantations deep dive
Metsä Fibre reported pulp delivery volumes of 727,000 tonne...	www.papnews.com	MARKET DATA	Pulp and plantations deep dive
Binderholz remains the largest sawmill group in Europe by p...	www.globalwoodmarketsinfo.com	MARKET DATA	Timber deep dive
Metsä Fibre's Rauma sawmill, one of the world's most modern...	www.globalwoodmarketsinfo.com	MARKET DATA	Timber deep dive
Binderholz strengthened its production footprint in Finland...	www.globalwoodmarketsinfo.com	MARKET DATA	Timber deep dive
Ilmatar is Finland's largest wind power producer, holding a...	ilmatar.fi	MARKET DATA	Energy deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

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The Finnish electricity wholesale market is valued at appro...	energiavirasto.fi	MARKET DATA	Energy deep dive
The decarbonization and electrification trend in Finland ta...	www.motiva.fi/.../energy_consumption_in_finland	MARKET DATA	Energy deep dive
Fedrigoni Self-Adhesives, UPM, and Avery Dennison are ident...	www.mordorintelligence.com	MARKET DATA	Adhesive Materials deep dive
The proposed joint venture between UPM and Sappi would comb...	www.euwid-paper.com	MARKET DATA	Communication Papers deep dive
The Navigator Company is the leading producer of uncoated w...	www.thenavigatorcompany.com/.../investors	MARKET DATA	Communication Papers deep dive
Total European demand for graphic papers fell by 8% in 2025...	www.euro-graph.org/.../statistics	MARKET DATA	Communication Papers deep dive
Digital advertising is projected to account for over 73% of...	mi.ghtinc.com	MARKET DATA	Communication Papers deep dive
Georgia-Pacific LLC is identified as a leader in the global...	dataintelo.com/.../global-plywood-market	MARKET DATA	Plywood deep dive
UPM Plywood's newly formed spin-off, WISA Group, holds a de...	www.globalwoodmarketsinfo.com	MARKET DATA	Plywood deep dive
In Uruguay, UPM and Montes del Plata (a joint venture betwe...	farmlanduruguay.com	MARKET DATA	Forest assets and wood sourcing deep dive
Total roundwood consumption in Finland reached 78.9 million...	www.luke.fi/.../wood-consumption	MARKET DATA	Forest assets and wood sourcing deep dive
Eni's biofuels division, Enilive, reported a biorefining pr...	www.eni.com/.../enilive-publishes-new-sustainability-...	MARKET DATA	Biofuels deep dive
India Glycols Limited is the established incumbent in the b...	www.openpr.com	MARKET DATA	Biochemicals deep dive
UPM strengthened its market position by acquiring the 'Ray...	www.packaginginsights.com/.../avantium-sells-bio-based-glycol-ip-to...	MARKET DATA	Biochemicals deep dive
CarbonZero.eco is an emerging competitor in sustainable fun...	straitsresearch.com/.../functional-filler-market	MARKET DATA	Biochemicals deep dive
UPM's total pulp production capacity is 5.8 million tonnes...	www.upmpulp.com/.../about-upm-pulp	MARKET DATA	Pulp and plantations deep dive
The Reported Operating Profit for Q2 2026 was approximately...	tradingeconomics.com/.../ebit	MARKET DATA	Research evidence
Annual spending on paper and cardboard sustainable packagin...	www.ukhi.org.uk/.../sustainable-packaging-market-2026	MARKET DATA	Pulp and plantations deep dive
Suzano updated its 2026 pulp-cost outlook while completing...	www.expertmarketresearch.com/.../top-wood-pulp-companies	MARKET DATA	Pulp and plantations deep dive
IFC project documents estimate the Arauco Sucuriú mill outp...	bankinformationcenter.org/.../ifc-arauco-sucuriu	MARKET DATA	Pulp and plantations deep dive
Canfor announced the permanent closure of its Northwood sof...	www.sunsirs.com/.../prodetail-1017.html	MARKET DATA	Pulp and plantations deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

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Paracel in Paraguay is scheduled to begin first-phase opera...	econosur.org/.../paracel-paraguay-pulp-mill-insight	MARKET DATA	Pulp and plantations deep dive
The cash cost of production for Eldorado Brasil was approxi...	www.fitchratings.com/.../eldorado-brasil-celulose-s-a-26-03-2024	MARKET DATA	Pulp and plantations deep dive
The U.S. imposed a 50% tariff on Canadian chemical bleached...	news.ncsu.edu/.../toilet-paper-tariffs	MARKET DATA	Pulp and plantations deep dive
UPM announced a temporary suspension of production at its K...	www.euwid-paper.com/.../upm-adjusts-finnish-pulp-output	MARKET DATA	Pulp and plantations deep dive
The UPM Leuna biorefinery nameplate capacity is established...	www.upmbiochemicals.com/.../biorefinery	MARKET DATA	Biochemicals deep dive
UPM commenced commercial production and deliveries of its f...	www.icis.com	MARKET DATA	Biochemicals deep dive
Management targets the start of customer deliveries for Ren...	www.european-rubber-journal.com	MARKET DATA	Biochemicals deep dive
Total estimated capital expenditure for the Leuna biorefine...	www.upmbiochemicals.com/.../renewable-materials	MARKET DATA	Biochemicals deep dive
UPM Leuna received triple sustainability certification for...	www.paperadvance.com	MARKET DATA	Biochemicals deep dive
UPM established a binding distribution agreement with Brenn...	www.argusmedia.com	MARKET DATA	Biochemicals deep dive
A development partnership with Dongsung Chemical targets th...	www.resourcewise.com	MARKET DATA	Biochemicals deep dive
In May 2026, UPM acquired the intellectual property of the...	www.openpr.com	MARKET DATA	Biochemicals deep dive
Under RED III, UPM's primary feedstock, crude tall oil (CTO...	sustainablecommodities.com	MARKET DATA	Biofuels deep dive
Finland's distribution obligation for biofuels was adjusted...	valtioneuvosto.fi	MARKET DATA	Biofuels deep dive
Germany and the Netherlands abolished the double-counting o...	www.argusmedia.com	MARKET DATA	Biofuels deep dive
FuelEU Maritime requires a 2% reduction in greenhouse gas i...	volaxin.com	MARKET DATA	Biofuels deep dive
Finland introduced a 20% tax credit for large-scale clean t...	valtioneuvosto.fi	MARKET DATA	Biofuels deep dive
In Germany, penalties for missing SAF blending mandates are...	climatecatalyst.org	MARKET DATA	Biofuels deep dive
The restructuring charge for the Kaukas PM1 closure in Finl...	www.euwid-paper.com	MARKET DATA	Communication Papers deep dive
Stora Enso is converting an idle paper machine at its Oulu...	www.storaenso.com	MARKET DATA	Communication Papers deep dive
Sappi Europe closed paper machine 2 (PM2) at its Kirkniemi...	www.sappi.com	MARKET DATA	Communication Papers deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

SOURCES REGISTER — 7 OF 10

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The planned UPM-Sappi JV would control a substantial portio...	grafkom.io	MARKET DATA	Communication Papers deep dive
UPM discloses owning 515,000 hectares of forest land in Fin...	www.upmpulp.com/.../upm_pulp_responsoble-wood-sourcing_he...	MARKET DATA	Forest assets and wood sourcing deep dive
Premium cropland in Uruguay's Colonia department reached an...	www.camposonline.com.uy/.../img_36417.jpg	MARKET DATA	Forest assets and wood sourcing deep dive
The application date for the EU Deforestation Regulation (E...	www.upmtimber.com/.../upm_spruce-needles-on-green-backgroun...	MARKET DATA	Forest assets and wood sourcing deep dive
The global pulp and paper market size was estimated at USD...	www.fortunebusinessinsights.com/.../pulp-and-paper-market-103447	MARKET DATA	Share price commentary
Suzano S.A. is the global leader in market pulp production...	www.fitchratings.com	MARKET DATA	Pulp and plantations deep dive
The global wood pulp market was valued at USD 171.15 billio...	www.expertmarketresearch.com/.../wood-pulp-market	MARKET DATA	Pulp and plantations deep dive
The global wood pulp market size reached USD 179.0 billion...	www.imarcgroup.com/.../wood-pulp-market	MARKET DATA	Pulp and plantations deep dive
Sustainable pulp and paper-based alternatives directly disp...	www.grandviewresearch.com/.../plastic-packaging-market	MARKET DATA	Pulp and plantations deep dive
The global plastic packaging market, the primary activity d...	www.fortunebusinessinsights.com/.../plastic-packaging-market-105151	MARKET DATA	Pulp and plantations deep dive
Dissolving wood pulp displaces synthetic fibers, a market v...	www.fortunebusinessinsights.com/.../synthetic-fiber-market-103328	MARKET DATA	Pulp and plantations deep dive
Hardwood pulp, dominated by bleached eucalyptus kraft grade...	www.maximizemarketresearch.com/.../30241	MARKET DATA	Pulp and plantations deep dive
Stora Enso holds a leading global market share in the wood...	www.fortunebusinessinsights.com/.../wood-and-timber-products-market-112334	MARKET DATA	Timber deep dive
The global sawn wood market size is estimated to grow as de...	www.mordorintelligence.com/.../sawnwood-market	MARKET DATA	Timber deep dive
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Timber is displacing spending in the broader European const...	buildagent.to/.../construction-material-costs-eu-2026	MARKET DATA	Timber deep dive
The specific market for timber construction is projected to...	www.grandviewresearch.com/.../timber-construction-market-report	MARKET DATA	Timber deep dive
Fortum Oyj is the market leader and the largest power gener...	www.spglobal.com/.../fortum-rating-affirmed-2025	MARKET DATA	Energy deep dive
Avery Dennison is the global market leader in the adhesive...	www.reportmines.com	MARKET DATA	Adhesive Materials deep dive
Avery Dennison holds a leading global market share in the p...	www.marketresearchfuture.com/.../pressure-sensitive-labels-market-968	MARKET DATA	Adhesive Materials deep dive
HERMA GmbH is the market leader in the European industrial...	www.gminsights.com/.../europe-industrial-labels-market	MARKET DATA	Adhesive Materials deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

SOURCES REGISTER — 8 OF 10

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Mondi holds a leading global market share in kraft paper pr...	www.coronation.com	MARKET DATA	Specialty Papers deep dive
The Asia Pacific region accounted for the largest portion o...	www.fortunebusinessinsights.com/.../specialty-papers-market-103323	MARKET DATA	Specialty Papers deep dive
Europe is the dominant regional market for specialty papers...	www.imarcgroup.com/.../specialty-paper-market	MARKET DATA	Specialty Papers deep dive
Glassine and calendared kraft paper represents the majority...	www.fortunebusinessinsights.com/.../release-liners-market-103322	MARKET DATA	Specialty Papers deep dive
The global specialty paper market size is estimated at appr...	www.snsinsider.com/.../specialty-paper-market-3135	MARKET DATA	Specialty Papers deep dive
Mondi Group holds a specific global market share in FSC-cer...	dataintelo.com/.../global-fsc-certified-paper-market	MARKET DATA	Specialty Papers deep dive
Silicone-coated materials dominate the release liner market...	straitsresearch.com/.../release-liner-market	MARKET DATA	Specialty Papers deep dive
Specialty papers as a category account for a defined share...	dataintelo.com/.../global-log-pulp-paper-market	MARKET DATA	Specialty Papers deep dive
Packaging applications represent the dominant segment of th...	www.openpr.com	MARKET DATA	Specialty Papers deep dive
Specialty paper solutions are displacing conventional plast...	www.fortunebusinessinsights.com/.../packaging-market-103322	MARKET DATA	Specialty Papers deep dive
Global graphic paper market size was valued at USD 85.63 bi...	www.fortunebusinessinsights.com/.../graphic-paper-market-103328	MARKET DATA	Communication Papers deep dive
The global graphic paper market size was valued at USD 68.4...	www.strategicmarketresearch.com/.../graphic-paper-market	MARKET DATA	Communication Papers deep dive
The global digital advertising market, which displaces dema...	www.grandviewresearch.com/.../digital-advertising-market	MARKET DATA	Communication Papers deep dive
UPM (marketed under the WISA brand) holds a significant pos...	www.marketgrowthreports.com/.../plywood-market-116994	MARKET DATA	Plywood deep dive
UPM is estimated to hold a range of the global plywood mark...	www.futuremarketinsights.com/.../plywood-market	MARKET DATA	Plywood deep dive
Sveza dominates the European birch plywood market share spe...	timberinsider.com/.../birch-plywood-price-europe-2025	MARKET DATA	Plywood deep dive
North America is the dominant regional market for plywood g...	www.coherentmarketinsights.com/.../plywood-market-2212	MARKET DATA	Plywood deep dive
The global plywood market size was valued at a high estimate.	www.fortunebusinessinsights.com/.../plywood-market-116603	MARKET DATA	Plywood deep dive
The global plywood market size was valued at a secondary es...	www.grandviewresearch.com/.../plywood-market-report	MARKET DATA	Plywood deep dive
Plywood, as a leading engineered wood product, displaces sp...	www.factmr.com/.../engineered-wood-market	MARKET DATA	Plywood deep dive

SOURCES & DISCLAIMER

30

Research sources (continued)

Direct links for the evidence used in the report.

SOURCES REGISTER — 9 OF 10

	VALUE	CATEGORY	USED IN
Stora Enso is the leading global player in the forestry and...	www.thebusinessresearchcompany.com	MARKET DATA	Forest assets and wood sourcing deep dive
Neste is the global market leader in renewable diesel and s...	www.gminsights.com/.../renewable-diesel-market	MARKET DATA	Biofuels deep dive
TotalEnergies and its La Mède and Grandpuits plants contrib...	www.mordorintelligence.com/.../europe-biofuels-market	MARKET DATA	Biofuels deep dive
In the European biofuel market specifically, the top five p...	www.gminsights.com/.../europe-biofuel-market	MARKET DATA	Biofuels deep dive
UPM's production volume represents approximately 3.3% of th...	www.ebb-eu.org/.../statistical-report-2025-2026	MARKET DATA	Biofuels deep dive
The global biofuels market reached an estimated value of US...	www.marketresearchfuture.com/.../biofuels-market-1002	MARKET DATA	Biofuels deep dive
The global biofuels market size was valued at USD 141.99 bi...	straitsresearch.com/.../biofuels-market	MARKET DATA	Biofuels deep dive
The global diesel fuel market, which biofuels primarily dis...	www.transpireinsight.com/.../global-top-25-diesel-fuel-companies-2026	MARKET DATA	Biofuels deep dive
Archer Daniels Midland (ADM) holds a 3% to 5% share of the...	www.marketresearchfuture.com/.../propylene-glycol-market-5957	MARKET DATA	Biochemicals deep dive
The global bio-glycol market was valued at USD 921 million...	growthmarketreports.com	MARKET DATA	Biochemicals deep dive
One report estimates the global Bio-based Monoethylene Glyc...	www.researchandmarkets.com	MARKET DATA	Biochemicals deep dive
Bio-based monoethylene glycol (Bio-MEG) production reached...	www.astuteanalytica.com/.../monoethylene-glycol-market	MARKET DATA	Biochemicals deep dive
Global biochar market size is projected to reach USD 969.29...	www.persistencemarketresearch.com/.../biochar-market.asp	MARKET DATA	Biochemicals deep dive
Corning Incorporated is the market leader in the scaffold-b...	www.grandviewresearch.com/.../3d-cell-culture-market	MARKET DATA	Biomedical materials deep dive
CELLINK (BICO Group) is the global market leader in the bio...	www.gminsights.com/.../bioink-market	MARKET DATA	Biomedical materials deep dive
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SOURCES & DISCLAIMER

30

Sources, assumptions, and standard disclaimer

Direct research links, methodology assumptions, and the standard disclaimer.

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