UPM

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Equity research report

COMPANY PROFILE

UPM turns wood and other renewable materials into pulp, sawn timber, electricity, self-adhesive label materials, specialty and graphic papers, and plywood. Its customers include packaging and label makers, printers, publishers, construction suppliers, energy buyers, fuel users and chemical manufacturers. It also manages forests and sells wood-based fuels and forestry services. Biochemicals, meaning industrial chemicals made from wood instead of oil, barely sells anything yet.

SHARE PRICE

€23.0

28 October 2026

FROM TODAY'S BUSINESSES

€21.2

the businesses that exist today, as analysts forecast them (€26.6), less €5.5 of cash, debt and value not tied to one business

FROM BIOCHEMICALS

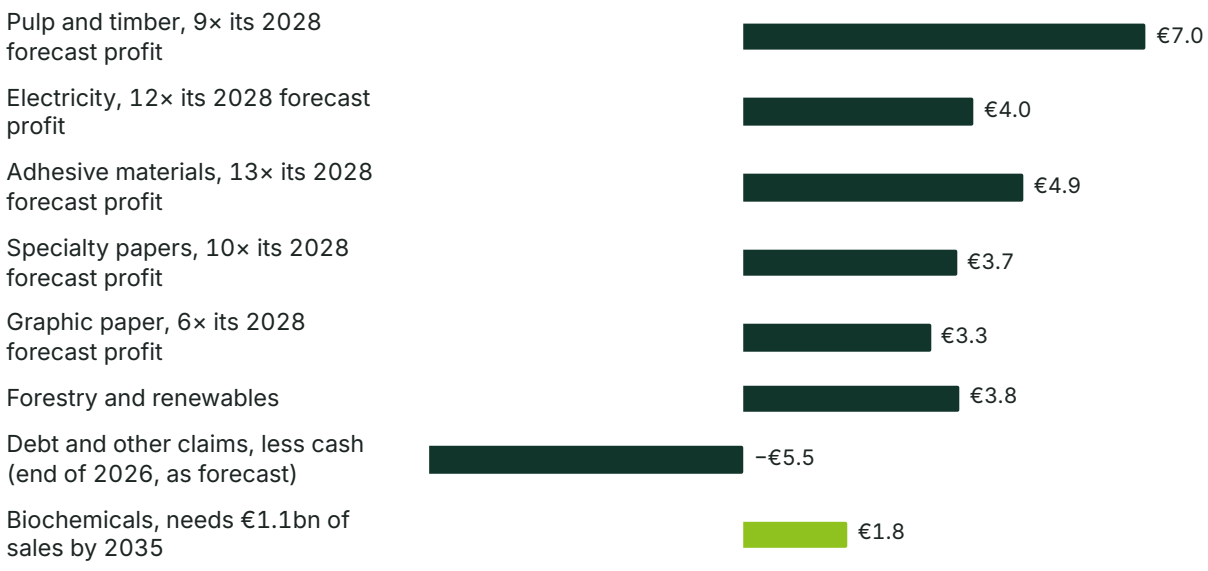
€1.8

a business that barely sells anything yet

MARKET CAP	ENTERPRISE VALUE	EV/EBIT 2026	EV/EBIT 2028	P/E 2026
€12.1bn	€15bn	16×	11×	17×

WHAT THE €23.0 IS MADE OF

Our estimate of how the share price is split between the businesses.



Multiples are explained on page 28.

The report in three points

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HOW THIS REPORT WORKS

1 **Analysts' consensus forecast is the starting point**

We take analysts' forecasts of the company's sales and operating profit to 2028 as they are and change nothing in them.

2 **We work out what the price needs**

Today's businesses, as analysts forecast them, explain part of the price. The rest has to come from new businesses that barely sell anything yet (Biochemicals: the future business aims to sell renewable industrial chemicals, including lignin-based products, to manufacturers as alternatives to fossil-based inputs); we work out how large each would have to become by 2035 for the price to be right.

3 **We measure that against published figures**

The size the price needs of each business is set beside market forecasts, the company's own plans and its competitors, and the report says what has to go right.

SHARE PRICE

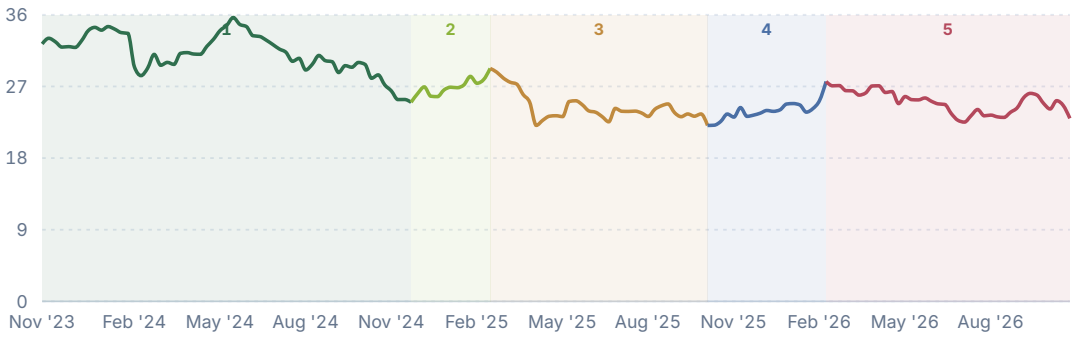
02

The share price

Weekly closing prices over 36 months, and what moved them.

Share price — last 36 months

EUR per share



SHARE PRICE	52-WEEK HIGH	52-WEEK LOW	1-YEAR CHANGE
€23.0	€27.9	€22.1	−1.7%
28 October 2026	past 12 months	past 12 months	price only

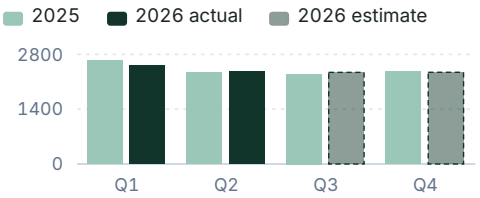
3-YEAR CHANGE	CONSENSUS PRICE TARGET
−27%	€25.6
price only	the average of 14 analysts' targets, not ours: 11% above today's price; range €20.1–€30.0 (MarketScreener, 2026-10-26)

READING THE MOVE

1. Nov 2023 – Nov 2024 — -22.7%: February's lower first-half profit outlook and maintenance costs, then October's warning over lower deliveries and pulp prices, were linked to share falls.
2. Nov 2024 – Feb 2025 — +17%: February's Citi upgrade to Buy, based on expected pulp-price rises and stronger profit forecasts, provided a positive signal during the share rise.
3. Feb–Oct 2025 — -24.5%: US tariff uncertainty weakened pulp and paper demand and prices; Q2 sales fell to €2.4bn and reported operating profit to €105m, as UPM announced the Kaukas paper closure.
4. Oct 2025 – Feb 2026 — +25%: December's Sappi joint-venture plan and February's Q4 earnings-per-share beat, stabilizing markets and strong cash flow accompanied the rise; shares jumped after the results.
5. Feb–Oct 2026 — -16.4%: June's mill-curtailment plans, Q2 concerns about the profit outlook, and October's report citing destocking and higher costs as reported operating profit fell to €131m weighed on shares.

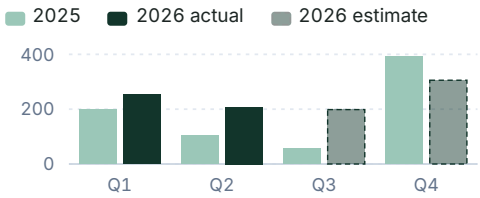
Quarterly sales

EUR millions · last year against this year



Quarterly operating profit

EUR millions · last year against this year



WHAT THE PRICE NEEDS

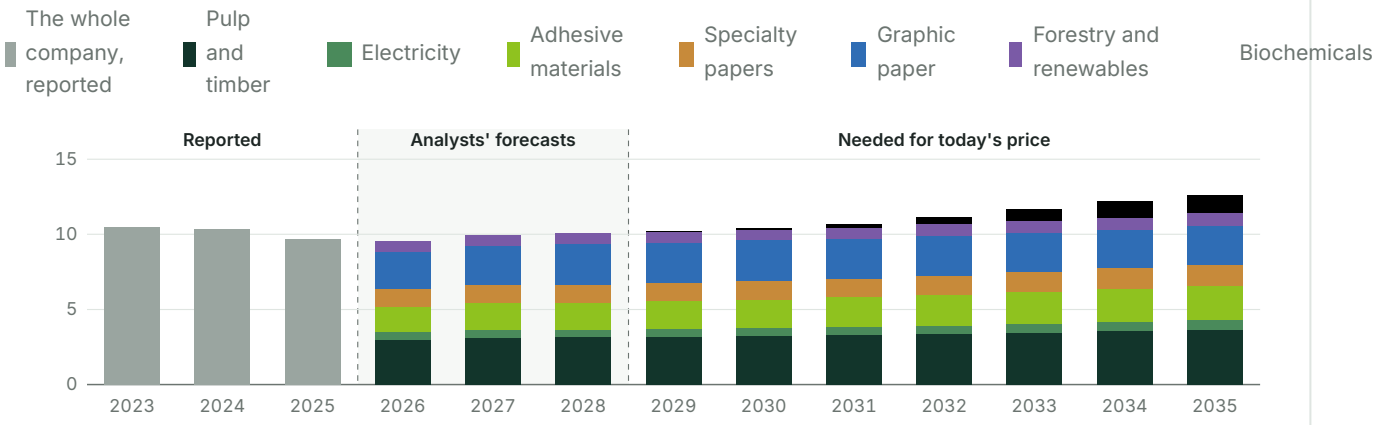
Today's businesses explain €21.2 of the €23.0 share price

03

Analysts' forecasts for today's businesses give €21.2 a share. The remaining €1.8 needs a new business to earn about €193m a year by 2035.

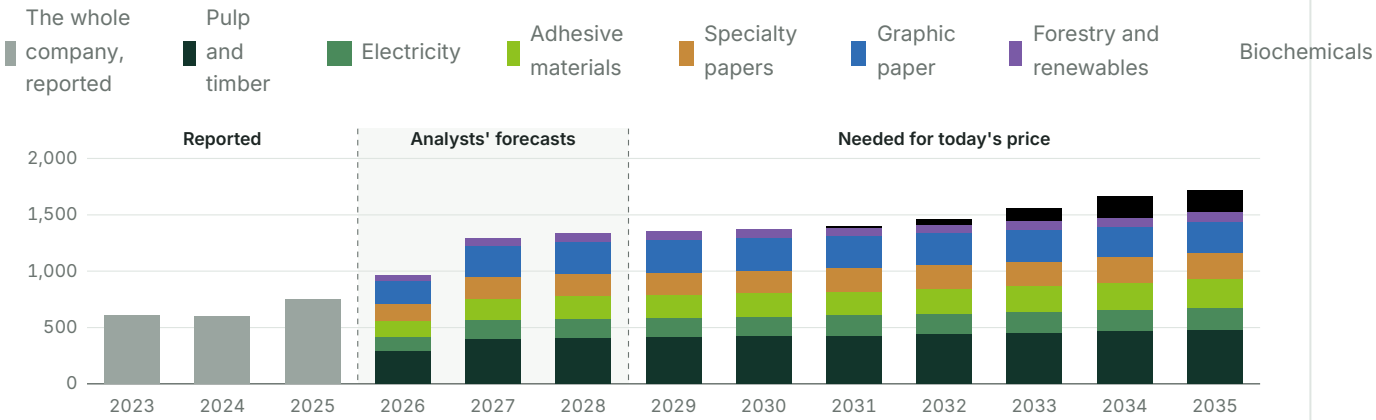
SALES BY BUSINESS, YEAR BY YEAR

EUR bn



OPERATING PROFIT BY BUSINESS, YEAR BY YEAR

EUR m



The split of analysts' forecasts between the businesses is our estimate.

1 What today's businesses give

Analysts' forecasts run to 2028. Carried forward at published growth rates, today's businesses make a share worth €21.2, against today's price of €23.0.

2 What the whole price needs

For the whole price to be right, the company has to earn about €1.7bn of operating profit in 2035 on sales of €12.6bn. In 2025 it earned €921m adjusted, on sales of €9.7bn.

3 Where the difference comes from

Today's businesses carried forward give €1.5bn in 2035, so €193m is missing. The price does not say where it comes from. This report reads it all into Biochemicals: sales of €1.1bn at a 17% profit margin.

PULP AND TIMBER

04.1 Pulp and timber costs 9 times 2028 profit, level with peers (1/3)

THE BUSINESS

Our split of analysts' forecast gives pulp and timber about €410m of 2028 operating profit, 31% of the company's total, and today's share price works out to 9 times that. The peers' range is 8.9 to 12.1 times. The split and the resulting multiple are our calculation; analysts forecast the whole company, not this business.

The business sold €2.9bn to outside customers in 2025. Most of that was pulp, which paper, packaging and tissue makers buy as a raw material, and the rest was sawn timber for construction. It has pulp mills and sawmills in Finland and pulp mills in Uruguay, so it draws on two quite different wood supplies. The Fibres segment, which holds these mills, delivered 5,163 thousand tonnes of pulp in 2025. In the first nine months of 2026 it delivered 3,923 thousand tonnes. Our split puts 2028 sales at €3.2bn, which gives a 13% margin on those sales.

The margin turns on three things: the price of pulp, the cost of the wood the mills buy, and how many weeks the mills actually run. Pulp is sold at a market price that the producer does not set, so a mill can control its costs and its output but not what it is paid. A pulp mill also has large costs that stay the same whether it runs or not, such as staff, maintenance and capital charges. When a mill is curtailed, meaning deliberately stopped for some weeks, those costs continue while the tonnes to sell on do not. A week of running at full output therefore adds more to profit than its share of sales would suggest, and a week of stopping takes more away.

Sawn timber adds a second, smaller line with its own cycle, tied to building activity. Because the two products sell to different customers, they do not always move together, which can steady the total a little. Both depend on the same forests for supply, and that is why wood sourcing is part of how this business earns its margin. [73] [72] [79] [199]

PULP AND TIMBER: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025, TO OUTSIDE CUSTOMERS
€2.9bn

INCLUDING SALES TO THE COMPANY'S OTHER BUSINESSES
€3.4bn

SHARE OF THE COMPANY
30% of 2025 sales to outside customers; 31% of 2028 operating profit in our split

PART OF THE SHARE PRICE
€7.0 of €23.0

OPERATING PROFIT 2028, OUR SPLIT OF ANALYSTS' FORECAST
€410m, a 13% margin on sales of €3.2bn

THE PRICE PAYS
9× that profit

LISTED PEERS COST, EV/EBIT 2028
8.9× to 12.1×, median 9× (Suzano S.A., Metsa Board, Stora Enso Oyj)

PULP AND TIMBER

04.1 Pulp and timber costs 9 times 2028 profit, level with peers (2/3)

AGAINST ITS PEERS

The multiple is in line with the peers. Suzano is at 8.9 times, Metsa Board at 9.0 times and Stora Enso at 12.1 times, so UPM sits at the median, which is where our calculation puts it. The question is therefore not why the price is low or high against these companies, but whether the profit the multiple is applied to will be earned.

That is where this business differs from its peers. Our split has the margin at 13% in 2028 on sales to outside customers. For 2025, UPM Fibres reported a comparable EBIT, its operating profit before one-off items, of €283m, which is about 10% of the €2.9bn it sold to outside customers. Our split therefore needs a better margin than the last reported year delivered, and the profit it rests on is still to be earned in full.

Curtailments show how exposed the margin is. UPM stopped Kaukas for eight weeks in 2026, against about six announced, to protect profitability in a weak softwood-pulp market, and it plans five weeks at Pietarsaari in the fourth quarter. Each stoppage cuts the tonnes sold while the mill's fixed costs go on.

The peers show how wide the range of outcomes can be. Suzano sold about 12.5 million tonnes of market pulp in 2025, a much larger and more concentrated pulp business than UPM's. Rottneros, a small Swedish pulp maker, had an operating margin of minus 21.3% in 2025, which shows how far a weak pulp market can push a pulp producer's profit. UPM reported that its average euro price for pulp deliveries was 8% higher in the third quarter of 2026 than a year earlier, a sign that prices are not moving only one way. [229] [77] [78] [201] [199] [81] [187] [76] [98]

WHAT WOULD MOVE IT

The multiple is at the peers' median and does not move with the share price. What moves the value of this business is the 2028 profit: a margin above 13% or higher sales would raise it, and a lower margin or lower sales would cut it, with the peers' multiple unchanged. The test is therefore the profit itself, set against the margins the peers earn.

The nearest test is the end of the curtailments. If Kaukas and Pietarsaari run full weeks through 2027, their fixed costs are spread over more tonnes, and the margin moves closer to what our split assumes for 2028. If further stoppages follow, the tonnes sold would be fewer than the forecast needs and the profit for 2028 would fall short. UPM gave a reason for the Kaukas stoppage, to optimize production and wood sourcing, and that shows the stoppages are partly a choice about wood supply, not only a reaction to weak demand.

Prices matter too. UPM reported that its average euro price for pulp deliveries rose 8% in the third quarter of 2026 compared with a year earlier. If that higher price holds while the cost of wood stays in check, each tonne leaves more profit and the margin would move toward the 13% in our split. If wood costs rise as fast as pulp prices or faster, the extra price would be absorbed and the margin would stay closer to what the business earned in 2025.

Higher sales would help in a different way, by spreading the same fixed costs over more output. If pulp and sawn timber customers buy more by 2028, the profit would rise even with the margin unchanged. [76] [77] [78] [201]

PULP AND TIMBER

04.1 Pulp and timber costs 9 times 2028 profit, level with peers (3/3)

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Wood costs hold back profit	Sales reach an assumed €3,400 million, but costly wood and production interruptions keep profit below the analysts' carried-on level.	€3.4bn	€21.8
In today's price	**As analysts forecast it, carried forward.**	**€3.7bn**	**€23.0**
Pulp and timber sell more	Sales reach an assumed €4,200 million as pulp and construction customers buy more, while the analysts' profit share holds.	€4.2bn	€23.6

Each line: this outcome, with every other business as in today's price.

WHAT TO WATCH

The first thing to watch is the comparable EBIT that UPM Fibres reports each quarter. It was €100m in the third quarter of 2026. That is reported for the whole segment, which also includes the forest business, and on the segment's own sales, so it is a guide to direction, not a direct test of the margin in our split. A series of quarters with profit holding or rising as prices and volumes allow would support the forecast, and quarters clearly lower would point away from it.

The second is curtailments. Pietarsaari's five weeks in the fourth quarter of 2026 will show in that quarter's result, and UPM's explanation of what it stopped and why will say whether wood costs or pulp markets are the cause. Any new stoppage announced for 2027 would be a sign that the markets remain difficult, while a year without one would be a first sign that the mills are running closer to full output.

The third is the pulp price. UPM reports the change in its average euro price for pulp deliveries every quarter, and whether the 8% rise of the third quarter of 2026 is kept, extended or lost will show whether the profit forecast has room.

The last is the annual profit. For 2028, about €410m is our split of analysts' forecast; UPM Fibres reported €283m for 2025. The next two years of reports will show how much of that gap is closing. [74] [78] [76] [201]

ADHESIVE MATERIALS

04.2 Adhesive materials is priced at 13.1 times 2028 profit, above its industry median (1/3)

THE BUSINESS

Our split of analysts' forecast gives Adhesive materials about €196m of 2028 operating profit, and today's share price works out to 13.1 times that. Its industry costs 8.4 times at the median, with a range from 6 to 11.5 times for the lower and upper quartiles. These business-level figures are our calculation; the share price and the analysts' forecast for the whole company are the market's. Operating profit here means profit before interest and tax, and the multiple is enterprise value over that profit. Enterprise value is the price of all the shares plus debt and other claims, such as other owners' shares of subsidiaries, less cash.

The business sells self-adhesive paper, films and graphic materials to label and packaging makers. UPM describes it as the world's second-largest producer of self-adhesive label materials. In 2025 it sold €1.7bn to outside customers, and analysts' forecast carried through our split puts 2028 sales at €1.8bn.

Profit margin is the main thing that moves its profit. In 2025 UPM reported a comparable operating profit of €124m, which is 7.5% of sales. Our split has the margin at 11% in 2028, so profit rises from €124m to about €196m, which means roughly a third of the profit it is valued on is growth not yet reported. The business needs relatively little capital, €843m at the end of 2025, so a change in margin matters more to its value than a change in sales. [98] [99] [100] [101] [210]

AGAINST ITS PEERS

The multiple sits above the industry median and above the upper quartile of 11.5 times. Only two peers could be read. Avery Dennison costs 11.8 times its 2028 operating profit and CCL Industries 14.5 times, so 13.1 sits between them. The industry range is wide because it takes in many packaging and container companies. The label specialists are the closer comparison, and against them the multiple is about in line.

ADHESIVE MATERIALS: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025
€1.7bn

SHARE OF THE COMPANY
17% of 2025 sales to outside customers; 15% of 2028 operating profit in our split

PART OF THE SHARE PRICE
€4.9 of €23.0

OPERATING PROFIT 2028, OUR SPLIT OF ANALYSTS' FORECAST
€196m, a 11% margin on sales of €1.8bn

THE PRICE PAYS
13.1× that profit

ITS INDUSTRY COSTS, EV/EBIT 2028
lower quartile 6×, median 8.4×, upper quartile 11.5×

WIDEST MARKET
€10bn (2026), global self-adhesive label stock; analysts' 2028 sales are 23% of it

What is particular to this business is the distance between its margin and its peers'. Avery Dennison's Materials Group, the closest match to UPM's business, earned about 15% on sales in 2025, using adjusted operating income. LINTEC, another label supplier, earned 3.0% on a company-wide basis in 2025. UPM's 7.5% sits between the two. Our split has UPM rising to 11% by 2028, still below Avery Dennison's segment.

Because our split already lifts the margin from the last reported year, the multiple depends on that lift. The peer multiple is applied to a 2028 profit that is partly forecast and not yet reported. If the margin stays closer to where it is now, the profit, and so the value this business adds to the share price, would be lower, while the multiple itself would stay the same. [100] [101] [198] [109] [110] [27]

ADHESIVE MATERIALS

04.2 Adhesive materials is priced at 13.1 times 2028 profit, above its industry median (2/3)

WHAT WOULD MOVE IT

The value of this business moves with its 2028 profit, not with the multiple. A higher margin or more sales raises it, and a lower one cuts it. If the margin moved toward what Avery Dennison's label-materials segment earns, with sales as in our split, the profit would be well above our split's figure. If it stayed near the 7.5% reported for 2025, the profit would be clearly lower.

The most recent quarter shows how far there is to go. In Q3 2026 UPM reported adhesive sales of €413m and a comparable operating profit of €33m, a margin of 7.9%. UPM said profit was stable from a year earlier while customers cut their stocks and so lowered deliveries. That destocking is temporary by nature: customers run down what they hold, then order normally again. Once it ends, deliveries should recover and a fuller plant earns more on each euro of sales, because fixed costs are spread over more volume. UPM reported that European label-material shipments rose 14% in Q2 2026, which suggests demand is firm underneath.

Capacity is also being added. UPM's report lists a €13m coater investment at Mills River, North Carolina, which it described as ramping up. It is small, so it adds some volume but is not enough on its own to change the margin. [102] [103] [104] [105] [108] [106] [109] [110]

ADHESIVE MATERIALS: THE MARKETS IT SELLS INTO

MARKET	YEARLY SPENDING	THE PRICE NEEDS OF IT	WHAT IT IS
Global self-adhesive label stock	€10bn (2026)	23% (€2.3bn in 2035)	UPM's July 2026 investor presentation describes global self-adhesive label-stock sales as more than €10 billion; the figure shown is that lower bound, not an exact market total.

Compare the same year and scope. Markets covering only part of the business are shown as context; their spending is not compared with the whole business's sales.

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Label materials grow but earn less	Sales reach an assumed €1,900 million, but the business keeps only its 2025 share of sales as profit.	€1.9bn	€22.1
In today's price	**As analysts forecast it, carried forward.**	**€2.3bn**	**€23.0**
Label materials match specialist profitability	Sales reach an assumed €2,800 million, and the business earns the profit share already achieved by a larger label-materials competitor.	€2.8bn	€24.6

Each line: this outcome, with every other business as in today's price.

ADHESIVE MATERIALS

04.2 Adhesive materials is priced at 13.1 times 2028 profit, above its industry median (3/3)

WHAT TO WATCH

The first thing to watch is the margin each quarter. Q3 2026 came in at 7.9%. Our split needs 11% in 2028, so quarters that move steadily above 9% would show the rise is happening. Quarters that stay near 8% would suggest a lower 2028 profit than our split holds, and with the multiple fixed, a lower value for the business.

Next is the end of customer destocking. UPM said in October 2026 that it affected deliveries at its advanced materials businesses. Higher deliveries in the next quarterly reports would show customers are ordering again at normal rates, and that the fixed costs of the plants are spread over more volume. That is the mechanism by which the margin would rise toward our split's level.

Last, the peers. Avery Dennison's shares cost 13 times its 2025 operating profit, and its company-wide operating margin was 14.6% in 2025. If it holds that margin, it remains a useful yardstick for what a large label-materials producer can earn, and how far UPM's reported 7.5% still is from it. [103] [104] [105] [195] [26] [27] [123]

ELECTRICITY

04.3 Electricity costs 12.3 times 2028 profit, the median of its listed peers (1/2)

THE BUSINESS

Our split of analysts' forecast gives Electricity about €172m of 2028 operating profit, and today's share price works out to 12.3 times that, the median of its three listed peers, whose range runs from 9.8 to 21.6 times. Every forecast-year figure for this business is our calculation, since analysts forecast only the whole company. On our split, 2028 sales are €521m at a 33% margin.

UPM sold electricity worth €480m to outside customers in 2025. UPM Energy delivered 11,141 GWh that year, at an average sales price of €50.3 per MWh. In the third quarter of 2026 the average price was €44.0, lower than the 2025 average. Separately, UPM describes its existing CO_2-free production capacity as 12 TWh, and it reported total generation of 10.7 TWh in 2025. Part of its supply comes from an indirect stake of about 31% in Olkiluoto 3, held through Pohjolan Voima. Under the Mankala principle the owners take electricity in proportion to their shares and bear their share of the production costs.

The margin turns mostly on two things: the price per MWh and the cost of producing it. Output from nuclear and hydro plants has low running costs whatever the market price, so when prices rise most of the extra income reaches profit, and when they fall profit shrinks faster than sales. UPM reported Energy's comparable EBIT, its operating profit before one-off items, at €151m in 2025. On outside sales of €480m that is a margin of about 31%. Our split has 33% in 2028, a modest step up from that reported level. [84] [85] [86] [88] [90] [91] [97] [203] [205]

ELECTRICITY: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025, TO OUTSIDE CUSTOMERS
€480m

INCLUDING SALES TO THE COMPANY'S OTHER BUSINESSES
€615m

SHARE OF THE COMPANY
5% of 2025 sales to outside customers; 13% of 2028 operating profit in our split

PART OF THE SHARE PRICE
€4.0 of €23.0

OPERATING PROFIT 2028, OUR SPLIT OF ANALYSTS' FORECAST
€172m, a 33% margin on sales of €521m

THE PRICE PAYS
12.3× that profit

LISTED PEERS COST, EV/EBIT 2028
9.8× to 21.6×, median 12.3× (Verbund AG, E.on Se, Fortum)

AGAINST ITS PEERS

The multiple is in line with the peers. EV/EBIT, enterprise value over operating profit, is what a buyer of the whole business would pay, debt included, for each euro of yearly operating profit. Verbund is at 9.8 times, E.on at 12.3 and Fortum at 21.6. For this business the multiple is set at the peers' median and does not move with the share price. What moves its value is the 2028 profit we assign to it.

The point that matters is the margin. Fortum reported operating margins of 24.8% in 2023, 22.8% in 2024 and 18.8% in 2025, a falling line. Our 33% for UPM Electricity is well above that. It is also slightly above the 2025 margin on outside sales, about 31%, so the 12.3 times is applied to a profit that already assumes a small rise from the last reported year.

If the margin stayed at the 2025 level, the same multiple would give a smaller value. This is what separates UPM's profit from the peers' profit: the peers' margins have been falling, while ours for UPM Electricity rises a little. [190] [191] [192] [203] [205]

ELECTRICITY

04.3 Electricity costs 12.3 times 2028 profit, the median of its listed peers (2/2)

WHAT WOULD MOVE IT

Volume is one lever. UPM delivered 11,141 GWh in 2025 against stated capacity of 12 TWh. In the outcome where deliveries reach that capacity by 2035 at the same price, with the profit share held, a share would be worth about €23.1, a few cents above today's price. In the outcome where deliveries stay at the 2025 level and the profit share stays at its 2025 reading, it would be about €22.8. These outcomes look to 2035, so they show that volume matters little to today's price compared with the margin.

Price and margin are the larger lever. Finland's average day-ahead price was €40.48 per MWh in 2025, below UPM's reported average of €50.3. UPM's third-quarter 2026 average of €44.0 was lower than its 2025 average. Fortum reported an achieved price of €51.4 in 2025. If UPM's prices recover while costs stay fixed, the 33% margin in 2028 would be easier to reach, and if they stay near €44 it would be harder.

Demand is a further factor. Fingrid reported in 2026 more than 100 GW of consumption connection enquiries in Finland, over half from data centres, against peak system consumption below 16 GW. If a large share of those connections were built, they would add to demand for electricity in the years that matter for the 2028 profit. [85] [86] [90] [91] [93] [95] [96] [203]

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Electricity deliveries stay flat	Annual electricity deliveries remain at 11.141 million MWh, and profit relative to outside sales stays at its 2025 level.	€585m	€22.8
In today's price	**As analysts forecast it, carried forward.**	**€611m**	**€23.0**
Existing electricity capacity is used	Annual deliveries reach 12 million MWh, matching stated production capacity, while the analysts' profit share holds.	€630m	€23.1

Each line: this outcome, with every other business as in today's price. Sales per MWh, 2035 is 52.5 EUR per MWh in every outcome.

WHAT TO WATCH

The first check is the average sales price in each quarter. UPM reported €44.0 per MWh for the third quarter of 2026, below its 2025 average of €50.3. The 2028 profit in our split rests on sales of €521m at a 33% margin, and a price that stays near the recent level would make that harder to reach, unless costs or volumes offset it.

The second is annual deliveries. UPM reported 11,141 GWh for 2025, while its stated production capacity is 12 TWh. If later annual deliveries rise towards that capacity, it would show that the business sells more of what it can produce. If they stay flat, the 2028 sales figure would rest on price alone. Because deliveries and capacity are different measures, the comparison shows volume sold, not how hard the plants ran.

The third is the margin on outside sales. UPM reported comparable EBIT of €151m on €480m of outside sales for 2025, about 31%, and our split needs 33% in 2028. Each year's reported margin on the same basis shows whether the business is moving toward that level or away from it.

The last is Fortum's margin, reported each year. It fell from 24.8% to 18.8% over the two years to 2025. If it keeps falling, the peer with the highest multiple would be showing a lower margin behind a high multiple, which would make the median a less certain yardstick. A recovery in Fortum's margin would support the higher margin assumed here for UPM. [91] [85] [86] [203] [205] [190] [192]

FORESTRY AND RENEWABLES

04.4 Forests are worth about €2bn in the price, a quarter below book (1/3)

THE MARKET

This business is mostly a landowner's asset, so in our reading the price values it on what it owns rather than on what it earns. The price rests on about €2bn for it, or €3.8 of the €23.0 share price. That is 75% of the €2.6bn the company reports for its forests in Finland, Uruguay and the United States as of 30 September 2026.

The relevant market is the one in which forests change hands and in which listed forest owners are priced. It is not a spending market for wood or fuel. Investors there pay for land that grows timber year after year and for the steady cash that timber brings. Such assets earn little profit for what they are worth, so a multiple of profit would miss most of their value. Two things set the price: what buyers pay for comparable forest land, and how much the timber yields.

The wood the business sells and the fuels it makes are the smaller part of the story. Their sales give the forests a working purpose inside the group, supplying its own mills, but they do not set the value.

The sales are modest beside the group. They were €659m in 2025, about one-fifteenth of the €9.7bn the whole company sold. In the model's carry-forward they grow with the economy towards 2035, but that is not what the price depends on. [218] [142]

FORESTRY AND RENEWABLES: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025
€659m

SHARE OF THE COMPANY, 2028
7.1% of sales, 5.3% of operating profit (our estimate)

PART OF THE SHARE PRICE
€3.8 of €23.0

VALUE THE COMPANY REPORTS
€2.6bn

COUNTED IN THE PRICE AT
€2bn, 75% of the value the company reports

WHAT THE PRICE NEEDS

The price needs very little to happen here. It needs the forests to stay worth about three-quarters of their reported value. It does not ask the business to open new plants, win new customers or change what it does. The sales carried forward to 2035 and the margin near 10% are the model's baseline for the business, not a requirement of the price.

The discount is the real question. Two readings from the Swedish listed forest owner SCA offer a guide. On 6 July 2026 the market valued SCA's forests below 70% of reported value before debt. On 12 October 2026 Handelsbanken valued them at 80%. The price sits between the two, at 75%.

If UPM's forests were valued at the lower reading, a UPM share would be worth about €22.7, a little under 2% less than today. If they were valued at the bank's reading, it would be worth €23.2, about 1% more. These are two readings taken from one comparable owner, not the edges of what could happen, but they show the scale: a few tenths of a euro on a share, not whole euros.

The path therefore asks mainly that the market keeps pricing forest land as it does today, and that the forests keep producing wood at the rate they do now. A fall in forest prices, or lower timber yields, would be the way this part of the price turned out smaller. [224] [225] [218]

FORESTRY AND RENEWABLES

04.4 Forests are worth about €2bn in the price, a quarter below book (2/3)

WHERE IT STANDS TODAY

The business is a real, working one, but a thin earner. UPM reported that wood from its own and leased forests supplied 7.8 million cubic metres of the 27.7 million it consumed in 2025, about 30%. The forests therefore feed the group's own mills and give it some protection against wood prices. That matters at a time when UPM curtailed output at its Kaukas pulp mill for eight weeks in 2026 to manage wood sourcing and protect profitability.

On the profit side, the grouping that held forests, biofuels and biochemicals earned an adjusted operating profit of only €9m in 2025, on €693m of total sales. That grouping also held biofuels and biochemicals, and from 1 January 2026 the forests moved into UPM Fibres, so the figures cannot be read as the forests alone. The point stands that profit explains little of the value, which is why the price rests on the assets.

The renewable fuels side is the Lappeenranta biorefinery, which can produce about 130,000 tonnes a year of renewable diesel and naphtha. That is capacity, not sales. UPM said it reached record production in 2025 but gave no volume. It earned only €6m of adjusted operating profit in the second half of 2025. Neste, the larger operator, sold 3.2 million tonnes of renewable diesel that year, so UPM is a small player in fuels.

Against listed forest owners, UPM's forests are counted at a discount that sits between the market reading for SCA and the bank's valuation of it. Fuels are a business where scale and the margin between feedstock cost and fuel price decide results, and UPM is far from the scale of the larger operator. [142] [144] [143] [140] [141] [145] [147] [153] [224] [225] [220] [77] [219]

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Forests near listed owners' discount	Forest assets are worth at most €1,820 million, using 70% of their reported value as a ceiling.	€1.8bn, 69% of reported value	€22.7
In today's price	**As analysts forecast it, carried forward.**	**€2bn, 75% of reported value**	**€23.0**
Forests at a bank's valuation discount	Forest assets are worth €2,080 million, or 80% of the value UPM reports.	€2.1bn, 79% of reported value	€23.2

Each line: this outcome, with every other business as in today's price.

FORESTRY AND RENEWABLES

04.4 Forests are worth about €2bn in the price, a quarter below book (3/3)

WHAT TO WATCH

The first signal is how the market prices forest land. If listed owners such as SCA stay near 70% of reported value, the price would drift to the lower reading; a move towards the bank's 80% would lift it slightly. Either way the effect on a UPM share is small, but this is the one reading that moves the value of the assets. Forest land is bought for its steady timber growth and low risk, so prices tend to follow interest rates and the appetite of long-term investors, which is why listed owners are the best guide to the discount.

The second is wood supply and cost. UPM planned a five-week curtailment at its Pietarsaari pulp mill in the fourth quarter of 2026, after eight weeks at Kaukas. A pulp mill needs a steady flow of logs, and when wood is costly the company chooses to stop production rather than buy at any price. More stoppages tied to wood sourcing would show that own forests are not shielding the mills as hoped, and would weigh on the case for holding the forests as an integrated part of the group.

The third is the profit of the fuels operation. UPM reported adjusted operating profit of €6m in the second half of 2025, which is the starting point. Fuel plants earn their keep only when they run near full capacity and the gap between raw material cost and fuel price holds, so competitors' experience shows results can swing widely from year to year. If that profit rises and stays higher, it would show that the renewable fuels side adds to the value of the forests rather than merely sitting beside them. The price does not depend on that, so a rise would be a gain rather than a requirement. [224] [225] [78] [98] [145] [84]

SPECIALTY PAPERS

04.5 Specialty papers cost 10 times 2028 profit, level with the industry median (1/2)

THE BUSINESS

Our split of analysts' forecast gives Specialty papers about €195m of 2028 operating profit, 15% of the company's total, and today's share price works out to 10 times that, against an industry median of 9.5 times and a range of 6.3 to 12.5 times. Operating profit here is EBIT, profit before interest and tax. The 2028 figures are our calculation: sales of €1.2bn at a 16% margin. Of the €23.0 share price, €3.7 rests on this business.

The business sells labelling, release-base, flexible-packaging, office and graphic papers to companies and paper converters. Its latest yearly sales to outside customers were €1.1bn, about 11% of the company's 2025 sales, and it delivered 1.398 million tonnes of paper that year. Its plants are in China, Finland and Germany.

The margin turns on how full the machines are and on what each tonne sells for. In 2025 UPM reported comparable EBIT of €147m for the business, an 11.2% margin on its total sales. Our split has the margin at 16% in 2028, well above that. [113] [114] [115] [122] [211]

SPECIALTY PAPERS: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025, TO OUTSIDE CUSTOMERS
€1.1bn

INCLUDING SALES TO THE COMPANY'S OTHER BUSINESSES
€1.3bn

SHARE OF THE COMPANY
11% of 2025 sales to outside customers; 15% of 2028 operating profit in our split

PART OF THE SHARE PRICE
€3.7 of €23.0

OPERATING PROFIT 2028, OUR SPLIT OF ANALYSTS' FORECAST
€195m, a 16% margin on sales of €1.2bn

THE PRICE PAYS
10× that profit

ITS INDUSTRY COSTS, EV/EBIT 2028
lower quartile 6.3×, median 9.5×, upper quartile 12.5×

AGAINST ITS PEERS

The multiple sits in line with the industry. The median for 45 profitable paper, lumber and forest-products companies is 9.5 times 2028 operating profit, and 10 times is close to it. The two peers that could be read bracket it: Stora Enso at 12.1 times and Sappi at 7.9 times.

Since the industry and this business share the same paper prices and demand, those cannot explain a difference, and there is little of one to explain. What is particular to this business is the margin. Our split has it rising from the 11.2% UPM reported to 16% in 2028, so the market is paying the median for a profit that is not yet earned. If the market fully trusted that rise, it might pay more than the median; it pays the median, which suggests some doubt.

That doubt has a reason. UPM said heavy customer destocking, particularly in Europe, hurt deliveries and earnings at its advanced materials businesses in the third quarter of 2026. Specialty Materials earned a comparable EBIT margin of 8.5% that quarter, on sales of €303m. [115] [118] [120] [121] [123] [213]

WHAT WOULD MOVE IT

What moves the value is the 2028 profit, not the multiple. At the median multiple, each step in profit changes the value in proportion. If deliveries recover as customers finish destocking, sales and margin could reach what our split assumes, and the profit would stand behind the price.

If the margin stays near its recent level, the 2028 profit would fall short of €195m. The outcomes we sized show how small the range is. With deliveries of 1.3 million tonnes and the 2025 profit share on outside sales, a share would be worth €22.4, 2.4% below today's price. With deliveries of 1.6 million tonnes and the margin held, a share would be worth €23.2. The business matters to the share price, but within a narrow band.

The volume outcomes rest on UPM's 2025 deliveries of 1.398 million tonnes, which sit between them. [113] [211] [213]

SPECIALTY PAPERS

04.5 Specialty papers cost 10 times 2028 profit, level with the industry median (2/2)

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Specialty paper deliveries remain subdued	Annual deliveries reach an assumed 1.3 million tonnes, with the business retaining its 2025 profit share on outside sales.	€1.3bn	€22.4
In today's price	**As analysts forecast it, carried forward.**	**€1.4bn**	**€23.0**
Specialty paper customers buy more	Annual deliveries reach an assumed 1.6 million tonnes, while the analysts' profit share holds.	€1.5bn	€23.2

Each line: this outcome, with every other business as in today's price. Sales per tonne, 2035 is 966 EUR per tonne in every outcome.

WHAT TO WATCH

The clearest test is the quarterly margin at Specialty Materials. UPM reported 8.5% for the third quarter of 2026; a move toward the 16% in our split would show the business earning what the multiple assumes, and a margin staying near 8% would not.

The second is deliveries. The third quarter's 319 thousand tonnes, a pace of about 1.3 million tonnes a year, is below the 1.398 million tonnes of 2025. Evidence that European customers have finished destocking would be the first sign that sales are recovering toward our 2028 split.

The company's own guidance for the second half of 2026, comparable EBIT of €375m to €575m for the group, will show whether the advanced materials businesses are stabilising. [119] [120] [121] [123] [113] [14]

GRAPHIC PAPER

04.6 Graphic paper costs 6 times 2028 profit, level with its two listed peers (1/2)

THE BUSINESS

Our split of analysts' forecast gives Graphic paper about €288m of operating profit in 2028, and today's share price works out to about 6 times that. Its two listed peers, Sylvamo and Sappi, cost 4.0 and 7.9 times, so the multiple is their median. The wider paper and forest-products industry has a lower quartile of 6.3 times, a median of 9.5 and an upper quartile of 12.5. These forecast-year figures for the business are our calculation; the share price and the forecast for the whole company are the market's and analysts'. The profit is a margin of 11% on sales of €2.7bn.

The business sells graphic papers to publishers, catalogue producers, retailers, printers and merchants. It operates eight paper mills in Europe and the United States. In 2025 it sold €2,459m to outside customers and delivered 2,893 thousand tonnes of paper, which is about €850 for each tonne. UPM's adjusted operating profit for the business, which leaves out one-off items, was €181m in 2025.

The margin turns on how full the mills are and on the price of paper. A paper mill has large fixed costs, so when demand falls and machines run part-empty, each tonne carries more cost and profit shrinks quickly. When machines run close to full, the same fixed costs are spread over more tonnes and the margin widens. UPM closed its Kaukas and Ettringen paper production, which cut the business's capacity by 13%. The aim was to keep the remaining mills busier, and that is the main way the margin in our split could be reached. [215] [217] [126] [133] [134]

GRAPHIC PAPER: KEY FIGURES

ONE OF TODAY'S BUSINESSES

SALES 2025, TO OUTSIDE CUSTOMERS
€2.5bn

INCLUDING SALES TO THE COMPANY'S OTHER BUSINESSES
€2.5bn

SHARE OF THE COMPANY
25% of 2025 sales to outside customers; 22% of 2028 operating profit in our split

PART OF THE SHARE PRICE
€3.3 of €23.0

OPERATING PROFIT 2028, OUR SPLIT OF ANALYSTS' FORECAST
€288m, a 11% margin on sales of €2.7bn

THE PRICE PAYS
6× that profit

ITS INDUSTRY COSTS, EV/EBIT 2028
lower quartile 6.3×, median 9.5×, upper quartile 12.5×

AGAINST ITS PEERS

The price works out to 6 times 2028 profit. That is the median of the two peers we could read, Sylvamo at 4.0 times and Sappi at 7.9 times, so against them it is in line. Against the wider industry of 45 profitable paper and forest-product companies, whose median is 9.5 times and whose lower quartile is 6.3, it sits at the low end. The useful question is what UPM's graphic paper has that the others do not.

One difference is the direction of the forecast. Our split of analysts' forecast has the margin at 11% in 2028. In 2025 the adjusted operating profit of €181m was well under that share of outside sales, so the split has the margin rising from the last reported year. A market that pays a modest multiple for a profit that is meant to be rising is doubting that rise. The latest quarter gives it reason: in the third quarter of 2026 the business reported an operating loss of €7m, with comparable EBIT of minus €8m.

Demand explains why the doubt is reasonable, though it applies to every graphic paper maker in Europe and so does not explain the gap to the wider industry by itself. UPM reported European graphic-paper demand 8% lower in 2025 than in 2024, and 7% lower in the third quarter of 2026 than a year earlier. What is particular to UPM is the pending joint venture, a margin that must still be earned and closures whose full effect has yet to show in the results. [128] [131] [132] [135] [136] [215] [217]

GRAPHIC PAPER

04.6 Graphic paper costs 6 times 2028 profit, level with its two listed peers (2/2)

WHAT WOULD MOVE IT

The largest event is the planned 50/50 joint venture with Sappi, which combines all of UPM Communication Papers with Sappi's European graphic-paper business. It was agreed on 28 May 2026 and values UPM's business at €1,100m of enterprise value, meaning the value of the whole business including its debt. UPM expects about €100m of annual synergies, which are savings from combining operations.

The joint venture still needs merger approval. The European Commission opened a Phase II investigation on 28 April and sent a Letter of Facts on 5 October, saying it continued to have serious concerns. UPM and Sappi are discussing remedies, and UPM expects a final decision by year-end 2026 or shortly after. If the deal is cleared and the savings arrive, the profit in our split would rise and the business would be worth more at the same multiple. If it is refused, the planned combination ends and the business keeps its present mills and margin.

The second thing is the margin itself. If the business earns the 11% in our split for 2028 through fuller mills and steadier prices, the profit behind today's price is secured. If the margin stays close to what the business earned in 2025, the profit would fall short of our split, and the low multiple would look more like a fair reading of a weaker business than a gap to close. [1] [2] [3] [5] [6] [217] [138]

HOW IT COULD TURN OUT BY 2035

OUTCOME	WHAT IT MEANS	SALES	A SHARE WOULD BE WORTH
Print demand keeps shrinking	Annual deliveries fall to an assumed two million tonnes, and the business keeps its 2025 comparable profit share.	€2.1bn	€22.0
In today's price	**As analysts forecast it, carried forward.**	**€2.6bn**	**€23.0**
Paper merger delivers cost savings †	Annual deliveries reach an assumed 2.7 million tonnes, and a completed joint venture adds €50 million to UPM's annual profit.	€2.8bn	€23.6

Each line: this outcome, with every other business as in today's price. Sales per tonne, 2035 is 1,036 EUR per tonne in every outcome. † meets a documented limit (page "Where an outcome meets a documented limit").

WHAT TO WATCH

The European Commission decision on the joint venture is the nearest date, expected by year-end 2026 or shortly thereafter. Approval would remove the condition on the savings; refusal would end the proposed transaction.

The quarterly results show whether the margin is rising. The third quarter of 2026 was a small loss, so a return to positive comparable EBIT in the coming quarters would be the first sign that the 11% margin in our split for 2028 is reachable. Further declines in European demand beyond the 7% of the third quarter would point the other way, because falling demand leaves machines part-empty and pushes the cost of each tonne up.

The last thing is the pace of paper deliveries. UPM delivered 2,134 thousand tonnes in January to September 2026, against 2,893 thousand for the whole of 2025. If deliveries in the remaining quarters hold at a similar pace, that would show the closures have left the remaining mills busy, which is what the margin in our split relies on. [6] [130] [131] [132] [136] [126]

BIOCHEMICALS

04.7 Biochemicals must grow from almost nothing to about €1.1bn of sales by 2035 (1/3)

THE MARKET

Biochemicals is €1.8 of the €23.0 share price. In our reading, the price needs it to sell about €1.1bn of chemicals a year by 2035, or 568,538 tonnes at about €2,000 a tonne, and to earn 17% on those sales. Today it sells almost nothing, and that profit would come on top of what UPM's existing businesses are expected to earn.

The business aims to sell renewable industrial chemicals, including lignin-based products, to manufacturers as alternatives to fossil-based inputs. No market of exactly that kind is measured. The nearest are estimates of the global bio-based chemicals market: Global Market Insights put it at about $149bn in 2025, and Fortune Business Insights at about $110bn. The two differ, so they show the order of magnitude rather than a market UPM can count on.

The wider spending these products would replace is the global chemical market. Dataintelo put it at about $5.35tn in 2025, and Phoenix Research at about $5.55tn. Against either figure, €1.1bn is a very small slice. UPM names automotive uses, including tyres, as one end use, so part of the demand would come from products that today rely on fossil-based inputs.

The market is therefore not the constraint. Chemical buyers are large and numerous, and a small share of their spending would be enough. The question is whether they will qualify and buy a new supplier's products in volume. [33] [34] [164] [165] [62]

BIOCHEMICALS: KEY FIGURES

A NEW BUSINESS

SALES 2025
Not reported separately

PART OF THE SHARE PRICE
€1.8 of €23.0

SALES THE PRICE NEEDS, 2035
€1.1bn

OPERATING MARGIN USED, 2035
17% (As a wood chemicals producer earns)

CHEMICALS SOLD, 2035
568,538 tonnes

SALES PER TONNE, 2035, 2035
2,000 EUR per tonne

WHAT THE PRICE NEEDS

The price needs Biochemicals to sell about €1.1bn a year by 2035 at a 17% margin. The business builds up from nothing after 2028, and by 2030 the path has it at about €77m of sales and a small operating loss. From there it grows to about 568,538 tonnes in 2035 and moves from loss to a profit of about €193m.

The volume is the main distance. UPM designed Leuna for 220,000 tonnes a year, a capacity figure and not a sales result. The 2035 volume is about two and a half times that, which means further factories beyond Leuna. UPM puts Leuna's investment at €1,370m. Going by Borregaard, a business of this kind needs roughly 68 cents of plant and 20 cents of stock for each euro of yearly sales, so each added tonne has to be paid for before it earns anything. The capacity would be built ahead of the customers, and UPM would carry the cost in the meantime.

The nearest operator is Borregaard, a Norwegian wood-chemicals company. In 2025 it sold 330,000 metric tonnes of dry solids of BioSolutions, including lignin-based biopolymers and biovanillin. UPM's tonnage is not measured the same way, so the two are not directly equivalent, but the price needs UPM to sell a volume of the same order, and somewhat more, within nine years. Borregaard's company-wide operating margin was 16.7% in 2025, and that is where the 17% used here comes from.

Customers would switch only if the products match fossil-based inputs on performance and price, and if UPM can supply them reliably, year after year. Chemical buyers qualify new materials slowly, so early contracts matter as proof. [154] [155] [66] [67] [68] [30] [31] [32]

BIOCHEMICALS

04.7 Biochemicals must grow from almost nothing to about €1.1bn of sales by 2035 (2/3)

WHERE IT STANDS TODAY

Leuna was inaugurated in October 2026. Enzymatic hydrolysis and lignin-derived specialty-chemical production have reached stable operation, and sales of those products are ramping up. UPM reported substantial deliveries of industrial sugars in the third quarter, but its Q3 report gave no tonnage or revenue. Renewable functional fillers were ready for production, with customer qualification volumes planned for the fourth quarter of 2026.

The third core process, which turns sugars into glycols, needed equipment modifications. UPM expects technical readiness in the first quarter of 2027 and integrated production in the second quarter of 2027, about six months later than planned. It expects Leuna to reach nominal capacity in early 2028, and says that level is a prerequisite for the plant to earn an operating profit.

On demand, UPM reports confirmed customer contracts and a sales pipeline that exceeds the plant's annual capacity several times over, without giving a number. That supports filling Leuna, but not yet the larger volume the price needs. A plant like this has high fixed costs, so the economics improve as output approaches capacity; the €2,000 a tonne used here is an assumed blended sales rate, not a published price, and the real figure will depend on the product mix between sugars, lignin chemicals and fillers.

Borregaard shows that wood-based chemicals can earn a margin of about 17% once the volume and customer base are established, as it did in 2025. UPM has built the plant but does not yet have that sales record, and its first full year of integrated production is still ahead. [174] [169] [170] [171] [160] [161] [162] [163] [67] [68]

WHAT THE PRICE NEEDS AT OTHER PROFIT MARGINS

PROFIT MARGIN	OPERATING PROFIT NEEDED BY 2035	SALES NEEDED BY 2035
10%	€230m	€2.3bn
17% (as a wood chemicals producer earns)	**€193m**	**€1.1bn**
20%	€186m	€932m
30%	€175m	€583m
40%	€170m	€424m

Each row: the price solved again with only Biochemicals' margin changed. Bold: the margin this report uses.

BIOCHEMICALS: HOW IT COULD TURN OUT BY 2035

OUTCOME	PROFIT MARGIN	SALES 2035	OPERATING PROFIT 2035	A SHARE WOULD BE WORTH
No real business	—	none	—	€21.2
The planned chemicals factory runs full	17%	€440m	€73m	€21.9
Chemicals reach 330,000 tonnes annually	17%	€660m	€110m	€22.2
In today's price	**17%**	**€1.1bn**	**€193m**	**€23.0**
Chemicals exceed one million tonnes annually	17%	€2bn	€336m	€24.3

Each line: this outcome, the rest as in today's price. Bold: what the price needs, at a 17% margin.

BIOCHEMICALS

04.7 Biochemicals must grow from almost nothing to about €1.1bn of sales by 2035 (3/3)

WHAT TO WATCH

The price needs about 568,538 tonnes sold by 2035, and the first test is the sugars-to-glycols process. UPM expects integrated production to start in the second quarter of 2027. A start on schedule is a step towards commercial sales; another delay would push production beyond that revised timetable and push back every later milestone. Delays matter here because the plant earns nothing until all three processes run together, while its costs of staff, energy and upkeep carry on.

The second is nominal capacity at Leuna, which UPM expects in early 2028 and which it says is needed for the plant to make an operating profit. Reaching it would show that the plant works at the scale it was designed for, and that the three processes run together and not only one at a time. Plants of this kind often take longer to reach design output than first planned, so a date kept would count for more than the date itself.

The third is the first disclosed annual volume. In its Q3 2026 report UPM gave no tonnage for chemicals sold. The price needs 38,638 tonnes in 2030, and a disclosed volume below that would point to a smaller business than the price expects. A number well above it would show customers buying faster than the path assumes. A volume figure also lets an outsider check the sales price per tonne, which is still an assumption.

The last test is whether contracts turn into sales above Leuna's 220,000 tonnes. That would need a decision to build more capacity, and the size and timing of such an investment would show how confident UPM is in its customer pipeline. Borregaard's experience suggests that growth beyond a first plant comes in steps, each paid for from earlier sales, so the pace of those steps will show how fast the path is being covered. [160] [162] [156] [158] [168] [167] [163] [154]

DOCUMENTED LIMITS

Where an outcome meets a documented limit

04.8

The Graphic paper outcome "Paper merger delivers cost savings" includes €50m of annual savings from a joint venture that still needs approval from the European Commission, which has expressed serious concerns.

OUTCOME	THE LIMIT IT RUNS INTO	LARGEST OUTCOME BELOW IT THAT MEETS NO LIMIT
Graphic paper: Paper merger delivers cost savings. A share would be worth €23.6.	The outcome includes €50m of annual savings for UPM from a completed joint venture. UPM reported on 28 October 2026 that merger approval remained outstanding and the European Commission had expressed serious concerns on 5 October.	In today's price. A share would be worth €23.0.

A limit is a published fact an outcome would have to get past. It changes no figure in this report.

THE PRICE IN FAMILIAR MEASURES

The whole company costs 11 times the operating profit analysts forecast for 2028 (1/3)

05.1

At €23.0 a share the whole company costs €15bn. On today's businesses alone it would cost 11 times that profit.

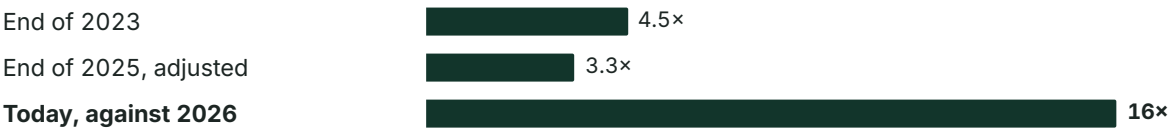
WHAT INVESTORS PAY FOR THE WHOLE COMPANY

	AT TODAY'S PRICE
All 527 million shares at €23.0	€12.1bn
Net debt (debt less cash)	€2.5bn
plus other owners' shares of subsidiaries (minorities)	€406m
= Debt and other claims, less cash (end of 2026, as forecast)	€2.9bn
The whole company costs (enterprise value, EV)	**€15bn**
As a multiple of operating profit in 2026 (EV/EBIT, analysts' forecast)	16×
As a multiple of operating profit in 2028 (EV/EBIT, analysts' forecast)	11×
A share as a multiple of its part of the profit after tax in 2026 (P/E, analysts' forecast, on 527 million shares)	17×
On today's businesses alone (€21.2 a share), the whole company would cost	€14.1bn, 11× operating profit in 2028

All 527 million shares × price = equity value. Add debt and other claims, less cash, for enterprise value. Claims less cash are the model's end-2026 forecast, not reported cash. Valuation uses the same share count throughout.

WHAT THE WHOLE COMPANY COST AS A MULTIPLE OF OPERATING PROFIT (EV/EBIT)

At the end of each reported year, against that year's operating profit (the company's adjusted figure where marked, else as reported); today against analysts' forecast for this year.



A year with little profit makes the figure jump: the price pays for many years of that profit.

THE PRICE IN FAMILIAR MEASURES

05.1 The whole company costs 11 times the operating profit analysts forecast for 2028 (2/3)

HOW PEER COMPANIES ARE PRICED

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 (this company)	—	**12,123 EURm**	**16.7x**	**12.3x**	**10.0x**	**8.2x**	**1.2x**	**10.1%**	**7.3%**	**4.8%**
Metsa Board	Finland	917 EURm	n.m.	13.8x	6.0x	5.9x	0.6x	1.0%	-2.3%†	n/a
Stora Enso Oyj	Sweden	7,822 EURm	23.0x	16.8x	8.2x	7.0x	0.7x	6.8%	3.1%	3.5%
Fortum	Finland	21,175 EURm	19.8x	33.7x†	15.5x	16.8x	2.5x†	20.2%	12.6%	4.0%
Verbund AG	Austria	23,798 EURm	16.6x	16.4x	9.6x	9.1x	2.2x†	25.8%†	13.6%	3.5%
E.on Se	Germany	39,418 EURm	8.9x	7.5x	8.4x	7.6x	1.8x	6.9%	20.3%	11.2%†
Avery Dennison Corporation	United States	13,465 USDm	15.0x	13.8x	9.5x	8.4x	3.3x†	13.6%	24.6%	n/a
CCL Industries Inc.	Canada	17,172 CADm	19.8x	18.4x	10.8x	10.1x	2.6x†	15.0%	14.3%	1.5%
Mativ Holdings, Inc.	United States	690 USDm	14.4x	n.m.	7.0x	27.9x†	1.0x	6.3%	7.4%	5.5%
Sylvamo Corporation	United States	1,320 USDm	3.9x	4.1x	2.7x	2.8x	1.1x	11.6%	27.8%†	25.7%†
Norske Skog ASA	Norway	3,109 NOKm	3.9x	6.9x	7.0x	8.4x	0.5x	5.2%	12.9%	n/a
Svenska Cellulosa Aktiebolaget SCA (publ)	Sweden	75,291 SEKm	35.7x†	34.1x†	12.2x	13.4x	0.7x	13.6%	2.1%	1.7%
Holmen AB (publ)	Sweden	49,207 SEKm	21.3x	18.8x	10.3x	11.2x	0.9x	14.3%	4.1%	3.0%
Avantium N.V.	Netherlands	1,052 EURm	n.m.	n.m.	429.3x†	737.7x†	28.9x†	-7.4%†	-39.6%†	n/a
LanzaTech Global, Inc.	United States	5,460 USDm	n.m.	n.m.	-62.8x†	-74.2x†	-28.0x†	-173.6%†	n/a	n/a
Gevo, Inc.	United States	378 USDm	n.m.	n.m.	98.4x†	87.2x†	0.9x	-9.0%†	-5.1%†	n/a
Peer median	—	—	15.8x	13.8x	9.0x	8.4x	0.9x	11.6%	12.7%	3.5%
Peer average	—	—	14.7x	13.0x	8.9x	9.2x	0.9x	10.4%	11.5%	3.3%

From each company's own Valuatum model, on analysts' forecasts (E). EV/EBITDA: EV over operating profit before depreciation; P/BV: price over book value; ROE: profit after tax over equity. † Excluded from the peer median and average as an outlier. n.m. = not meaningful because the denominator is non-positive. UPM's P/E: all 527 million shares at today's price over the profit after tax analysts forecast, as everywhere in this report. Suzano S.A., Sappi Limited, Sappi Limited: EV/EBIT worked out from published figures (market value, net debt from the latest report, consensus operating profit), not from a Valuatum model.

THE PRICE IN FAMILIAR MEASURES

05.1 The whole company costs 11 times the operating profit analysts forecast for 2028 (3/3)

TODAY'S BUSINESSES, VALUED ON ANALYSTS' FORECASTS

BUSINESS	OPERATING PROFIT 2028	VALUE, ALL SHARES	PER SHARE	MULTIPLE OF 2028 PROFIT*	PEER COMPANIES, EV/EBIT 2028
Pulp and timber	€410m	€3.7bn	€7.0	9×	9× (middle of 3)
Electricity	€172m	€2.1bn	€4.0	12×	12× (middle of 3)
Adhesive materials	€196m	€2.6bn	€4.9	13×	14× (middle of 3)
Specialty papers	€195m	€2bn	€3.7	10×	10× (middle of 2)
Graphic paper	€288m	€1.7bn	€3.3	6×	6× (middle of 2)
Forestry and renewables	€71m	€2bn	€3.8	reported value	15× (middle of 3)
Debt and other claims, less cash (end of 2026, as forecast)		−€2.9bn	−€5.5		
On today's businesses alone		**€11.2bn**	**€21.2**		
Today's share price		€12.1bn	€23.0		
What the price adds: new businesses and growth beyond the forecasts		**€954m**	**€1.8**		

* Selected peer/industry EV/EBIT of 2028 profit, applied to 2028 forecast profit: today's enterprise value over that year's profit, so it is a value as of today. Pulp and timber: Metsa Board, 2028 EV/EBIT 9.0×; Stora Enso Oyj, 2028 EV/EBIT 12.1×; Suzano S.A., 2028 EV/EBIT 8.9× (MarketScreener consensus of 2026-10-23); median, from Valuatum peer models and published figures. Electricity: Fortum, 2028 EV/EBIT 21.6×; Verbund AG, 2028 EV/EBIT 9.8×; E.on Se, 2028 EV/EBIT 12.3×; median, from Valuatum peer models. Adhesive materials: Avery Dennison Corporation, 2028 EV/EBIT 11.8×; CCL Industries Inc., 2028 EV/EBIT 14.5×; median, from Valuatum peer models. Specialty papers: Stora Enso Oyj, 2028 EV/EBIT 12.1×; Sappi Limited, 2028 EV/EBIT 7.9× (MarketScreener consensus of 2026-09-18); median, from Valuatum peer models and published figures. Graphic paper: Sylvamo Corporation, 2028 EV/EBIT 4.0×; Sappi Limited, 2028 EV/EBIT 7.9× (MarketScreener consensus of 2026-09-20); median, from Valuatum peer models and published figures. Forestry and renewables: not on its profit but at 75% of the value the company reports for forest assets in Finland, Uruguay and U.S, €2.6bn (2026-09-30): €2bn; the middle of 2 readings: Handelsbanken values them at 80% (2026-10-12); SCA is valued by the market at 70% (2026-07-06), counted at a value as of today. Our profit split is an estimate.

WHAT THE PRICE NEEDS, IN MORE DETAIL

05.2 The same price year by year and at other required returns

The whole company year by year, and the same forecasts at other required returns.

THE WHOLE COMPANY

	2025, REPORTED	2028, ANALYSTS	2035, NEEDED FOR TODAY'S PRICE
Sales	€9.7bn	€10.1bn	€12.6bn
Operating profit, as reported	€749m	€1.3bn	€1.7bn
Operating profit, adjusted by the company	€921m	€1.3bn	€1.7bn
Profit margin, adjusted	10%	13%	14%

Adjusted operating profit is the company's own figure before one-off items, the basis analysts forecast on.

THE SAME FORECASTS AT OTHER REQUIRED RETURNS

REQUIRED RETURN	2026 / LATER	A SHARE ON THE FORECAST IN TODAY'S PRICE	A SHARE ON TODAY'S BUSINESSES ALONE
2 points lower	6.3% / 7.2%	€33.8 (+47%)	€30.7
As in our model	**8.3% / 9.3%**	**€23.0**	**€21.2**
2 points higher	10.3% / 11.3%	€17.3 (−25%)	€16.1
4 points higher	12.3% / 13.3%	€13.8 (−40%)	€12.9
6 points higher	14.3% / 15.3%	€11.3 (−51%)	€10.7

Same forecasts in every row; the required return moves, and the peer multiples with it, as a share priced at that return would. A higher required return makes the same forecast worth less.

FROM THE BUSINESSES TO THE PRICE

How the businesses make up the €23.0 price (1/2)

05.3

Every business on its own profit, step by step, from profit to the part of the share price it carries.

1 · TODAY'S BUSINESSES, VALUED ON 2028E OPERATING PROFIT

Forecast operating profit × the peers' EV/EBIT of 2028 profit, divided by 527m shares: a value as of today, so it is not discounted.

Operating profit × multiple → ÷ shares → ÷ discount → **= EUR / share**

BUSINESS / PROFIT BASIS	OPERATING PROFIT, EURM	× MULTIPLE	ENTERPRISE VALUE EURM	÷ SHARES, M	÷ DISCOUNT	= EUR / SHARE
Pulp and timber: 2028E	410	9.0x	3,700	527	1.00	**7.02**
Adhesive materials: 2028E	196	13.1x	2,572	527	1.00	**4.88**
Electricity: 2028E	172	12.3x	2,116	527	1.00	**4.01**
Forestry and renewables: reported value			1,985	527	1.00	**3.76**
Specialty papers: 2028E	195	10.0x	1,960	527	1.00	**3.72**
Graphic paper: 2028E	288	6.0x	1,717	527	1.00	**3.26**
Today's businesses						**26.6**

MULTIPLES USED

BUSINESS	EV/EBIT 2028	PEERS
Pulp and timber	9.0x	Metsa Board 9.0×, Stora Enso Oyj 12.1×, Suzano S.A. 8.9×; median
Adhesive materials	13.1x	Avery Dennison Corporation 11.8×, CCL Industries Inc. 14.5×; median
Electricity	12.3x	Fortum 21.6×, Verbund AG 9.8×, E.on Se 12.3×; median
Forestry and renewables	—	counted at €2bn, the value the company reports (2026-09-30)
Specialty papers	10.0x	Stora Enso Oyj 12.1×, Sappi Limited 7.9×; median
Graphic paper	6.0x	Sylvamo Corporation 4.0×, Sappi Limited 7.9×; median

05.3

FROM THE BUSINESSES TO THE PRICE

How the businesses make up the €23.0 price (2/2)

2 · BIOCHEMICALS, VALUED ON ONE CURVE OF OUTCOMES FOR 2035E

One curve over 2035 sales averages to what the price needs (€1.1bn). Each band: average sales at 17% margin, terminal EV ÷ shares ÷ the discount at 9.25% cost of equity, × the band's chance.

10%	26%	14%	35%	15%

SALES BAND	OPERATING PROFIT 2035, EURM	× MULTIPLE*	TERMINAL EV EURM	÷ SHARES, M	÷ DISCOUNT	= ADDS TO A SHARE, TODAY	× CHANCE	= EUR / SHARE
No real business						0.00	10%	**0.00**
Any real business sales from zero to €440m, €262m on average	45	10.2x	452	527	2.06	0.42	26%	**0.11**
The planned chemicals factory runs full sales from €440m to €660m, €545m on average	93	10.2x	942	527	2.06	0.87	14%	**0.12**
Chemicals reach 330,000 tonnes annually sales from €660m to €2bn, €1.2bn on average	198	10.2x	2,008	527	2.06	1.85	35%	**0.65**
Chemicals exceed one million tonnes annually sales from €2bn to any size, €3.9bn on average	660	10.2x	6,703	527	2.06	6.18	15%	**0.93**
Biochemicals, weighted by chance								**1.81**

· * Biochemicals: 10.2x, at the 15.3% it earns on capital, 17% margin on 0.88 of capital per unit of sales. Terminal EV/EBIT: (1−21%)×(1−3%/return on capital)/(9.25%−3%); below 9.25% on capital, no value from growth: (1−21%)/9.25% = 8.5x. Tax 21%; cost of equity and 3% growth from the financial model.

3 · FROM THE BUSINESSES TO TODAY'S PRICE

Today's businesses (step 1)	26.6
Biochemicals, weighted by chance (step 2)	1.81
All businesses, EUR per share	**28.5**
Debt and other claims, less cash (end of 2026, as forecast)	−5.47
Today's share price	**23.0 EUR**

· Each new business's chances come from one curve whose average is its part of the price. Displayed chances are rounded; totals use full precision and sum to today's price.

METHOD

06

How the figures were worked out (1/4)

This report explains the share price; it does not forecast it.

THE FORECAST BEHIND TODAY'S PRICE

STEP	
1	Analysts' forecasts are kept as they are, to 2028: sales of €10.1bn and operating profit of €1.3bn that year. Analysts forecast the whole company; how those years split between the businesses is our estimate.
2	From 2029 each business that exists today is carried forward, starting from the company's sales growth of 1% in 2028. Pulp and timber: sales growth slows to 2.8% a year by 2034 (6Wresearch forecasts global pulp-market sales rising from USD 190 billion in 2025 to USD 230 billion in 2032, equivalent to 2.77% yearly growth.), and its profit margin stays at 13%, as in analysts' forecasts for 2028. Electricity: sales growth slows to 3% a year by 2034, our model's long-term rate, and its profit margin stays at 33%, as in analysts' forecasts for 2028. Adhesive materials: sales growth slows to 5.7% a year by 2034 (Future Market Insights forecasts global self-adhesive-label sales rising from USD 60 billion in 2025 to USD 104.4 billion in 2035, equivalent to 5.7% yearly growth.), and its profit margin stays at 11%, as in analysts' forecasts for 2028. Specialty papers: sales growth slows to 3% a year by 2034, our model's long-term rate, and its profit margin stays at 16%, as in analysts' forecasts for 2028. Graphic paper: sales growth slows to −2.4% a year by 2034 (IndexBox forecasts global graphic-paper sales declining from USD 192.8 billion in 2024 to USD 148.5 billion in 2035, equivalent to a 2.35% yearly decline.), and its profit margin stays at 11%, as in analysts' forecasts for 2028. Forestry and renewables: sales growth slows to 3% a year by 2034, our model's long-term rate, and its profit margin stays at 10%, as in analysts' forecasts for 2028. On that alone our model values a share at €21.2.
3	Our model then finds the operating profit needed for today's price: €193m more in 2035 than step 2 gives. The price does not say which business earns it; that split is ours.
4	This report reads that profit into Biochemicals. A new business builds up from nothing after 2028, losing money at first, and reaches its stated size in 2035.

06

METHOD

How the figures were worked out (2/4)

WHERE THE SIZES AND PROFIT MARGINS COME FROM	
OUTCOME	WHAT IT RESTS ON
Pulp and timber: Wood costs hold back profit	Our assumed 2035 sales are €3,400 million, with UPM's 2025 Fibres comparable EBIT of €283 million divided by €2,908 million outside sales, rather than its €3,407 million total segment sales. Size includes our assumption. [199] [200] [201] [77] [78]
Pulp and timber: Pulp and timber sell more	Our €4,200 million sales assumption reflects the expansion illustrated by 6Wresearch's sawn-wood forecast of USD 140.2 billion in 2025 and USD 186.7 billion in 2032; profit retains the supplied 2028 ratio of €410 million to €3,156 million. Size includes our assumption. [38] [39]
Electricity: Electricity deliveries stay flat	UPM reported 11.141 million MWh delivered and €480 million outside sales in 2025, giving a blended €43.08 per delivered MWh carried to €52.52 in 2035 using our 2% yearly price assumption; profit uses €151 million divided by outside sales, not €615 million total sales. Size includes our assumption. [85] [203] [204] [205]
Electricity: Existing electricity capacity is used	UPM described existing CO_2-free production capacity of 12 TWh in October 2026; we assume that much annual delivery in 2035 at the same blended sales rate, retaining the supplied 2028 profit ratio of €172 million to €521 million. Size includes our assumption. [86]
Adhesive materials: Label materials grow but earn less	Our 2035 sales assumption is €1,900 million, with UPM Adhesive Materials' published 2025 comparable EBIT margin of 7.5%, against the supplied 2028 profit share of about 10.9%. Size includes our assumption. [99] [100] [101] [105]
Adhesive materials: Label materials match specialist profitability	Our €2,800 million sales assumption is supported directionally by Future Market Insights' 2035 market expansion; profitability matches Avery Dennison Materials Group's 2025 adjusted operating income of USD 922.2 million on USD 6,093.3 million sales, or 15.13%. Size includes our assumption. [61] [109] [110]
Specialty papers: Specialty paper deliveries remain subdued	UPM reported €1,108 million outside sales and 1.398 million tonnes delivered in 2025, giving a blended €792.56 per tonne, raised to €966 in 2035 at our assumed 2% yearly price growth; assumed deliveries are 1.3 million tonnes and profit uses €147 million divided by outside sales rather than €1,315 million total sales. Size includes our assumption. [211] [212] [213] [113] [124]
Specialty papers: Specialty paper customers buy more	Our assumed 1.6 million tonnes in 2035 compares with UPM's reported 1.398 million tonnes in 2025, at the same blended 2035 sales rate and the supplied 2028 profit ratio of €195 million to €1,203 million. Size includes our assumption. [113] [123]
Graphic paper: Print demand keeps shrinking	UPM's 2025 outside sales of €2,459 million and deliveries of 2.893 million tonnes imply a blended €850 per tonne, raised to €1,036 in 2035 at our assumed 2% yearly price growth; assumed deliveries are two million tonnes and profit uses €181 million divided by outside sales rather than €2,493 million total sales. Size includes our assumption. [215] [216] [217] [126] [135] [136]

06

METHOD

How the figures were worked out (3/4)

SOURCES FOR OUTCOMES (CONTINUED)

OUTCOME	WHAT IT RESTS ON
Graphic paper: Paper merger delivers cost savings	UPM forecast about €100 million annual joint-venture synergies in 2026; we assume €50 million benefits UPM's retained economic interest, alongside assumed 2035 deliveries of 2.7 million tonnes and the supplied 2028 profit share before savings. Size includes our assumption. [1] [2] [126] [139]
Forestry and renewables: Forests near listed owners' discount	MarketScreener reported in July 2026 that SCA's shares valued its forests below 70% of reported value before debt; applying a 70% ceiling to UPM's supplied €2,600 million forest value gives €1,820 million. Size includes our assumption. [225]
Forestry and renewables: Forests at a bank's valuation discount	Handelsbanken valued SCA's forest assets at 80% of reported value before debt in October 2026; applying that valuation ratio to UPM's supplied €2,600 million forest value gives €2,080 million. Size includes our assumption. [224]
Biochemicals: profit margin	17%. Borregaard reported 2025 operating profit of NOK 1,287 million on sales of NOK 7,713 million, or 16.7%, rounded here to 17%; its wood-based chemicals production requires industrial equipment, raw materials and factory operations. [68]
Biochemicals: what it owns to grow	To grow it needs 68 cents of vehicles, machines and buildings and 20 cents of inventory for each euro of yearly sales (Borregaard's 2025 property, plant and equipment of NOK 5,255 million and inventories of NOK 1,521 million divided by NOK 7,713 million annual sales give 0.6813 and 0.1972 respectively); the company today owns 67 cents of vehicles, machines and buildings and 20 cents of inventory.
Biochemicals: The planned chemicals factory runs full	UPM reported Leuna nameplate capacity of 220,000 tonnes annually in October 2026; our assumed €2,000 blended sales per tonne gives €440 million annual sales, not a published UPM sales forecast. Size includes our assumption. [154] [163] Margin: Borregaard reported 2025 operating profit of NOK 1,287 million on NOK 7,713 million sales, equivalent to 16.7%; it manufactures and sells wood-based chemicals using industrial production assets. [68]
Biochemicals: Chemicals reach 330,000 tonnes annually	Borregaard sold 330,000 tonnes dry solids of BioSolutions in 2025, including lignin-based biopolymers and biovanillin; matching that numerical volume across UPM's different product mix at our assumed €2,000 per tonne is our assumption. Size includes our assumption. [67] [154] Margin: Borregaard reported 2025 operating profit of NOK 1,287 million on NOK 7,713 million sales, equivalent to 16.7%; it manufactures and sells wood-based chemicals using industrial production assets. [68]
Biochemicals: Chemicals exceed one million tonnes annually	Our assumed size applies Borregaard's 2025 sales-to-net-plant ratio of 7,713 to 5,255 to UPM's €1,370 million Leuna investment, giving €2,010.85 million sales; applying a net-asset ratio to project cost and assuming the necessary expansion are our assumptions, not a published company forecast. Size includes our assumption. [30] [31] [155] Margin: Borregaard reported 2025 operating profit of NOK 1,287 million on NOK 7,713 million sales, equivalent to 16.7%; it manufactures and sells wood-based chemicals using industrial production assets. [68]

Sizes use the named published figures and stated assumptions, counted as reached by 2035.

06

METHOD

How the figures were worked out (4/4)

WHAT THE FIGURES DEPEND ON

Today's businesses are valued at what their peers cost as a multiple of forecast operating profit (EV/EBIT). A new business is valued on its 2035 operating profit at the multiple a business earning that return on its capital would command, discounted to today, and averaged over a range of outcomes around what the price needs.

Every value is discounted at the cost of equity: 8.3% a year at first and 9.3% in the later years. The cost of equity is a risk-free rate of 3.5% for 2026 and 4.5% after, plus a market risk premium of 4.75% times the share's beta of 1 (that of the market as a whole): 8.25% and 9.25%. The table of other required returns shows what another rate would do. Profit is taxed at 26% from 2027, the long-run rate our model holds for the company, not the 17% of the stored forecast, which would not last.

APPENDIX · KEY FIGURES

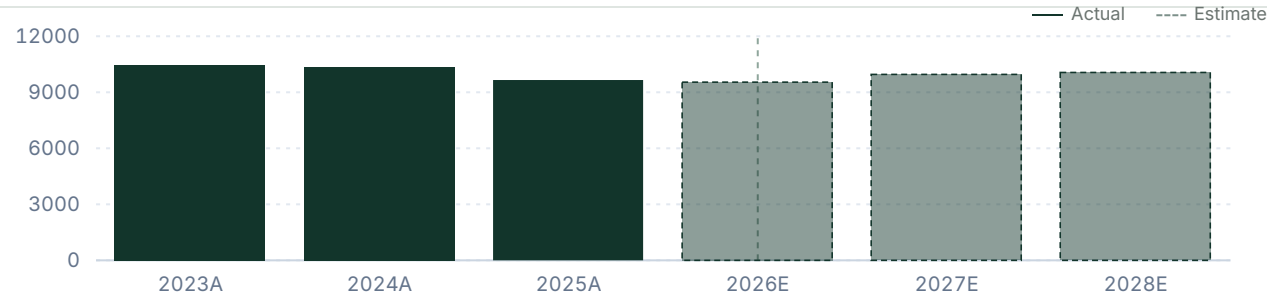
Sales, operating profit and margins

07.1

History and analysts' forecasts for the whole company; shaded bands mark forecast years. The appendix uses the accounting terms: EBIT is operating profit, and EBITDA is operating profit before depreciation.

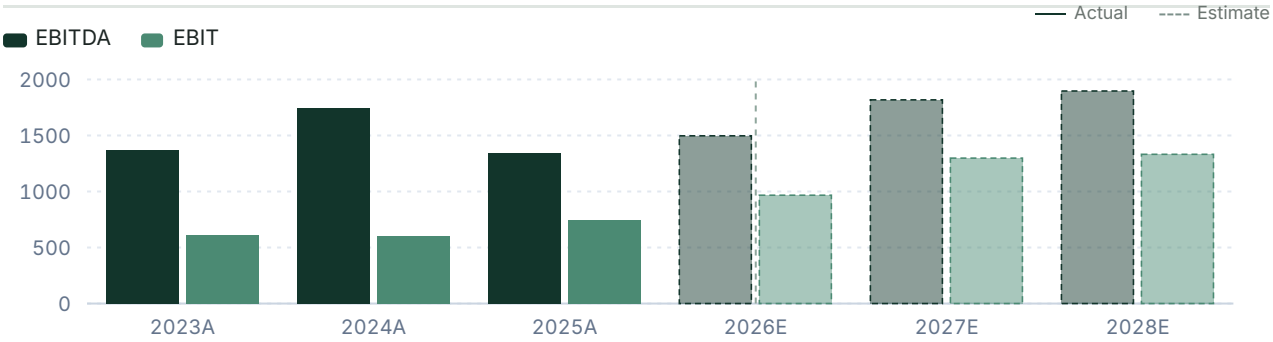
Net sales

EUR millions



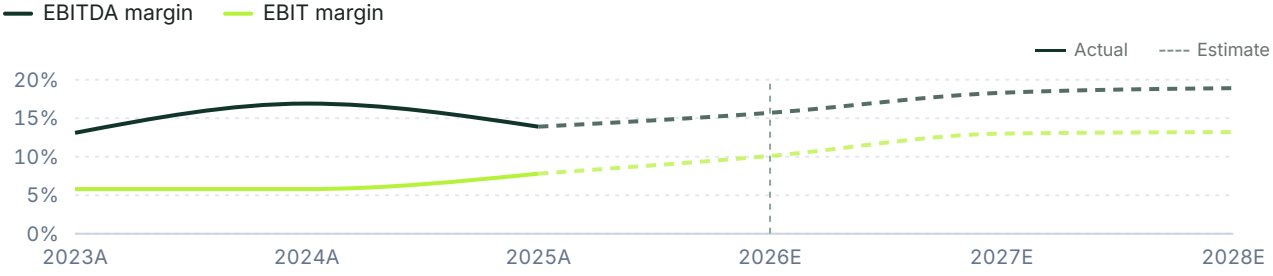
EBITDA & EBIT

EUR millions



EBIT and EBITDA margin

% of net sales, as reported: one-off items and fair-value changes included in the reported years



APPENDIX · KEY FIGURES

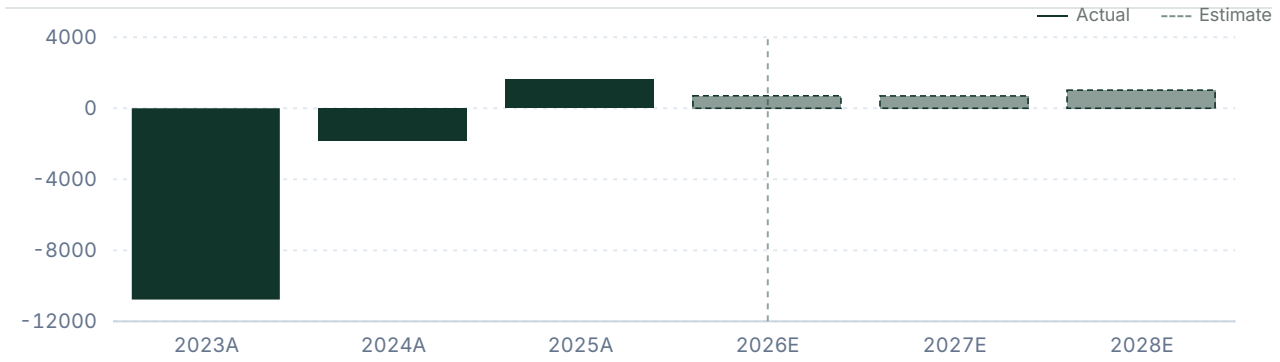
Cash flow, debt and key figures

07.2

Cash generated and the balance sheet behind it. Net debt is debt less cash: a negative figure means the company holds more cash than debt.

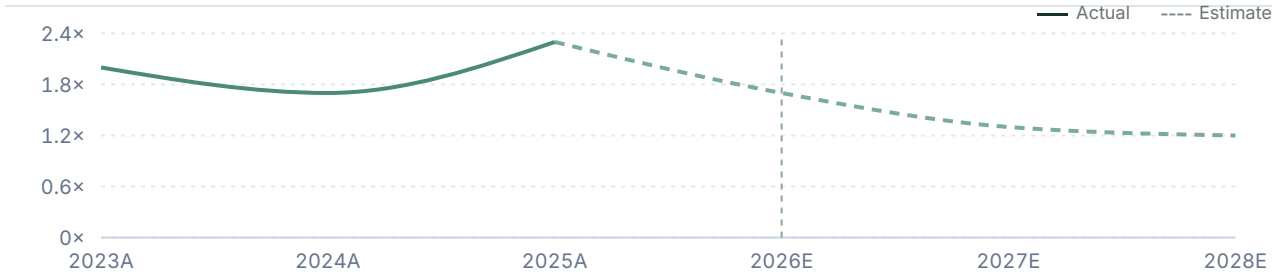
Free cash flow

EUR millions



Net debt / EBITDA

Ratio



KEY FINANCIALS

	2025 *A*	2026 *E*	2027 *E*	2028 *E*
Net Sales	9,656	*9,542*	*9,957*	*10,061*
EBITDA	1,343	*1,497*	*1,818*	*1,897*
Operating Profit (EBIT)	749	*967*	*1,298*	*1,332*
Net Earnings	**479**	***725***	***988***	***1,038***
EPS (EUR)	0.9	*1.4*	*1.9*	*2*
DPS (EUR)	1.5	*1.1*	*1.5*	*1.6*

E = analysts' forecast, as our model holds it

APPENDIX · VALUE CREATION

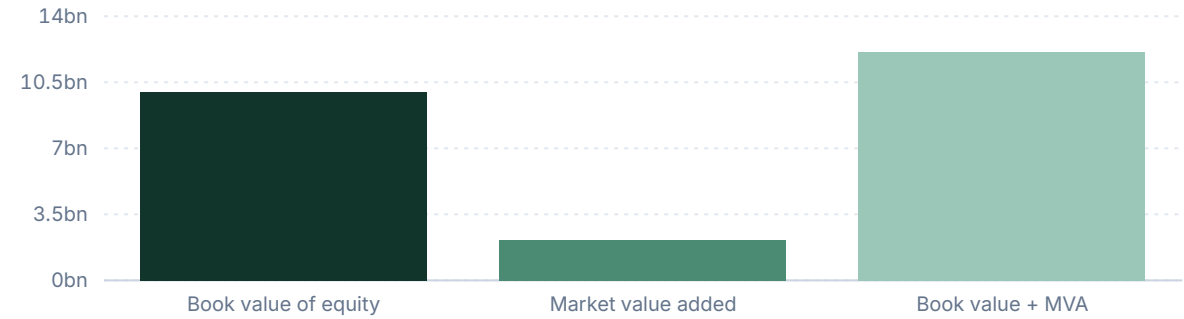
Economic value added and where the market value sits

07.3

What the owners have put into the business, what the market pays on top of that, and whether the forecast in today's price earns more each year than the equity it uses costs.

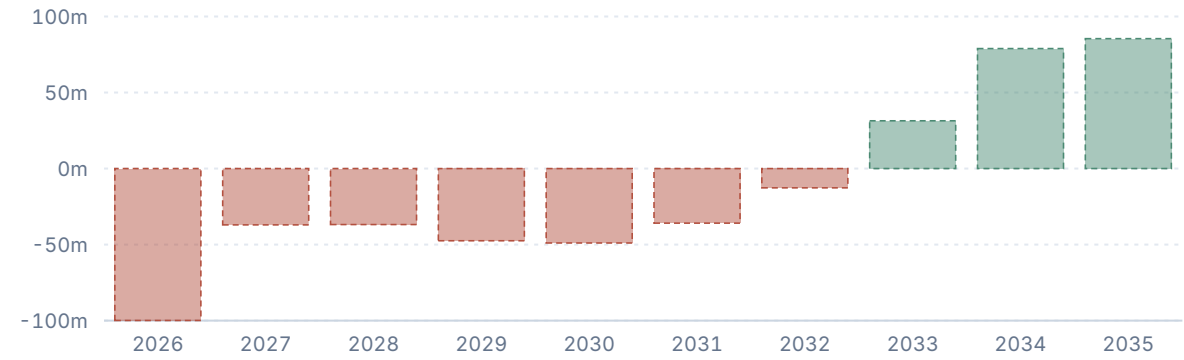
How the market value is built

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 year, on the forecast in today's price

Net earnings less the cost of equity charged on opening book value. Analysts' forecasts run to 2028; the years after it are our model's own continuation of them. Discounted back at the same rate, these years cover -7% 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 years shown are the forecast at which our model values a share at today's price. What they do not cover rests on the years after the last one shown. The charge is the model's cost of equity on the equity in the books, not on what the shares cost, so the bars are not a second valuation.

07.4 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**	*9,542*	*9,957*	*10,061*
EBITDA	**1,371**	**1,743**	**1,343**	*1,497*	*1,818*	*1,897*
EBITDA margin	13.1%	16.9%	13.9%	*15.7%*	*18.3%*	*18.9%*
Depreciation	-763	-1,139	-594	*-530*	*-520*	*-565*
Operating Profit (EBIT)	**608**	**604**	**749**	*967*	*1,298*	*1,332*
EBIT margin	5.8%	5.8%	7.8%	*10.1%*	*13.0%*	*13.2%*
Net financial items	-144	-104	-59	*-96*	*-83*	*-75*
Pre-tax Profit	**464**	**500**	**690**	*871*	*1,215*	*1,257*
Net Earnings	**387**	**436**	**479**	*725*	*988*	*1,038*
PER SHARE						
EPS	0.7	0.8	0.9	*1.4*	*1.9*	*2*
DPS	1.5	1.5	1.5	*1.1*	*1.5*	*1.6*
Payout ratio	206.7%	181.7%	165.5%	*80.0%*	*80.0%*	*80.0%*

E = analysts' forecast, as our model holds it

APPENDIX

07.4 Balance sheet

For the forecast years the model holds total debt only, so the split between long-term and short-term debt is shown for reported years.

BALANCE SHEET — EUR MILLIONS

	2023 *A*	2024 *A*	2025 *A*	2026 *E*	2027 *E*	2028 *E*
ASSETS						
Tangible assets	7,053	7,085	6,459	*6,437*	*6,717*	*6,788*
Intangibles	715	580	554	*547*	*571*	*577*
Goodwill	283	174	264	*264*	*264*	*264*
Other non-current assets	3,148	5,697	5,650	*4,872*	*4,872*	*4,872*
Non-current assets	**11,199**	**13,536**	**12,927**	***12,121***	***12,425***	***12,501***
Inventories	1,948	2,104	1,886	*1,891*	*1,973*	*1,994*
Receivables	1,979	2,038	1,594	*1,688*	*1,758*	*1,775*
Cash & equivalents	632	892	715	*747*	*780*	*788*
Current assets	**4,559**	**5,034**	**4,195**	***4,326***	***4,511***	***4,557***
Assets outside the model's subtotals	2,715	526	410	*413*	*413*	*413*
Total Assets	**18,473**	**19,096**	**17,532**	***16,860***	***17,349***	***17,471***
EQUITY & LIABILITIES						
Equity	11,531	11,540	10,334	*10,266*	*10,675*	*10,921*
Long-term debt	3,056	3,747	3,638	—	—	—
Short-term debt	327	166	156	—	—	—
Long-term liabilities	**3,715**	**4,401**	**4,167**	***2,141***	***2,142***	***2,069***
Current liabilities	**2,345**	**2,230**	**2,057**	***3,481***	***3,560***	***3,508***
Liabilities outside the model's subtotals	882	925	973	*972*	*972*	*972*
Total liabilities & equity	**18,473**	**19,096**	**17,531**	***16,860***	***17,349***	***17,471***
CAPITAL STRUCTURE & RATIOS						
Net debt	2,751	3,021	3,079	*2,476*	*2,445*	*2,293*
Capital invested	14,259	14,541	13,386	*12,715*	*13,093*	*13,187*
Equity ratio	62.4%	60.4%	58.9%	*60.9%*	*61.5%*	*62.5%*
Gearing	23.9%	26.2%	29.8%	*24.1%*	*22.9%*	*21.0%*
Net debt / EBITDA	2.0×	1.7×	2.3×	*1.7×*	*1.3×*	*1.2×*
Current ratio	1.9	2.3	2	*1.2*	*1.3*	*1.3*

· Rows marked 'outside the model's subtotals' are the part of the total that the model's own subtotals do not include.

E = analysts' forecast, as our model holds it

APPENDIX

07.4 Cash flow

CASH FLOW — EUR MILLIONS	2023 *A*	2024 *A*	2025 *A*	2026 *E*	2027 *E*	2028 *E*
OPERATIONS						
Cash from operations (Valuatum model)	-753	1,433	1,583	*1,124*	*1,450*	*1,599*
Operating cash flow (Valuatum calculation)	-442	1,491	1,757	*1,204*	*1,518*	*1,662*
Change in working capital	1,909	169	-499	*131*	*74*	*18*
INVESTING & FREE CASH						
Gross capex	11,256	3,315	47	*502*	*824*	*641*
Capex (ex. M&A)	-11,256	-3,315	-47	*-502*	*-824*	*-641*
Cash after capex (CFO - gross capex)	**-12,009**	**-1,882**	**1,536**	*623*	*626*	*958*
Free operating cash flow (Valuatum def.)	**-10,773**	**-1,841**	**1,611**	*702*	*695*	*1,021*
Free cash flow to firm	**-10,773**	**-1,841**	**1,611**	*702*	*695*	*1,021*
FINANCING						
CF from financing	15,452	86	-1,903	*-1,363*	*-578*	*-935*
Dividends paid	—	-800	-792	*-793*	*-580*	*-791*
Net change in cash	**3,443**	**-1,796**	**-367**	*-741*	*48*	*23*

· Cash-flow rows are the Valuatum model's own calculation from its income statement and balance sheet, including actual years. They are not the company's reported cash-flow statement and can differ materially from it, for example where the company classifies leasing or financing flows differently.

E = analysts' forecast, as our model holds it

APPENDIX

Quarterly snapshot

07.5

Reported quarters only. Analysts forecast the full year, not its quarters, so the quarters still to come are not shown.

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	2,341	2,298	2,371
EBITDA	501	271	454	517	350	235	188	570
EBITDA margin	19.0%	10.6%	18.0%	19.6%	13.2%	10.0%	8.2%	24.0%
Operating Profit (EBIT)	354	50	305	-105	198	105	55	391
EBIT margin	13.4%	2.0%	12.1%	-4.0%	7.5%	4.5%	2.4%	16.5%
Net Earnings	273	27	237	-101	137	69	16	257
EPS	0.5	0.1	0.4	-0.2	0.3	0.1	0	0.5

CURRENT YEAR — REPORTED QUARTERS, EUR MILLIONS	Q1/26	Q2/26
Net Sales	2,505	2,355
EBITDA	385	354
EBITDA margin	15.4%	15.0%
Operating Profit (EBIT)	255	208
EBIT margin	10.2%	8.8%
Net Earnings	194	155
EPS	0.4	0.3

· The model's quarters do not add to its 2026 annual figure for EBITDA (EUR 1,521m against 1,497m), net earnings (EUR 704m against 725m). The annual figure is the one the valuation uses; the difference sits in the model's quarterly split.

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SOURCES & DISCLAIMER

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Sources, assumptions, and standard disclaimer

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

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