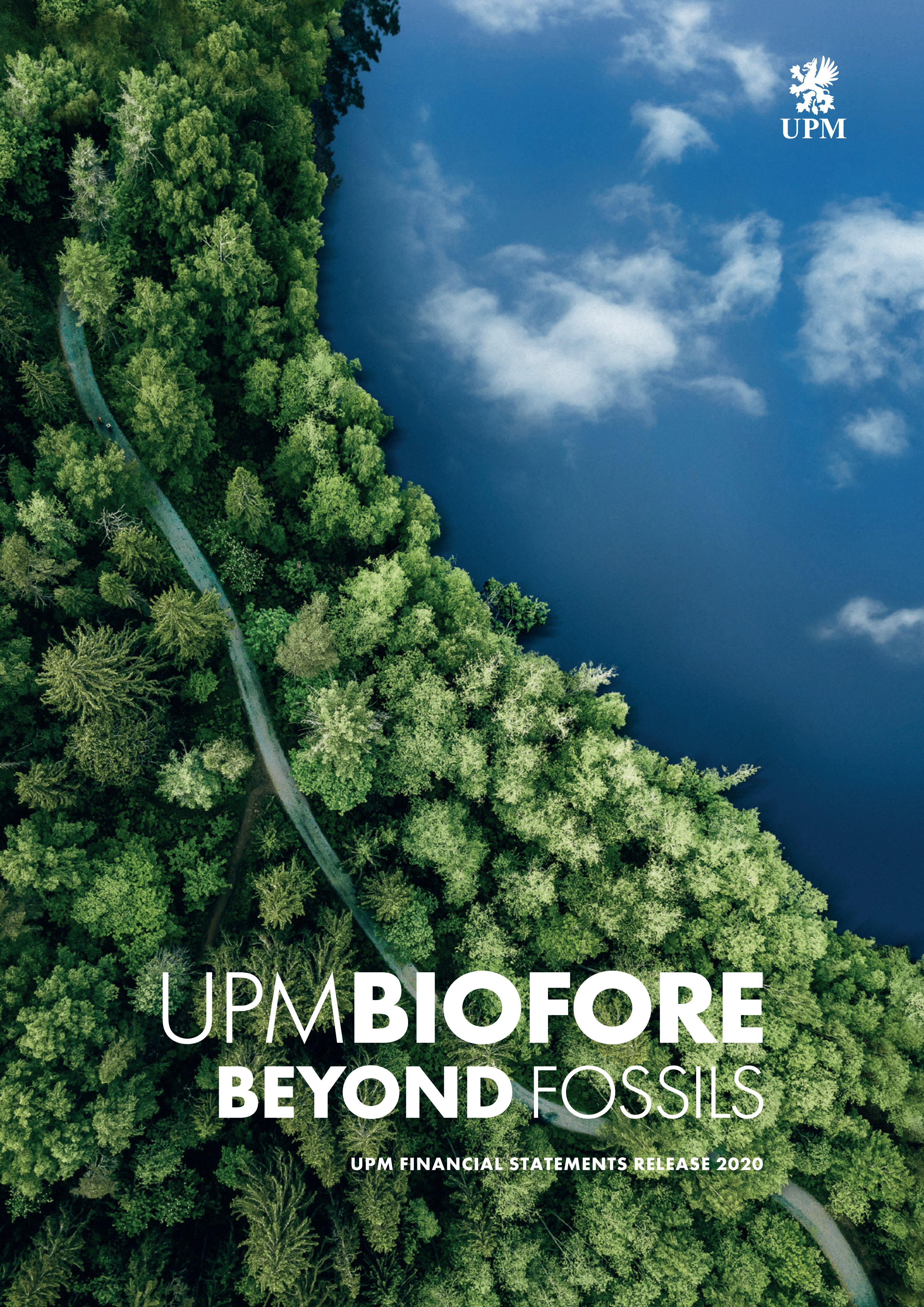


UPM BIOFORE BEYOND FOSSILS

UPM FINANCIAL STATEMENTS RELEASE 2020

UPM financial statements release 2020:

A positive finish to an exceptional year - transformative growth projects on budget and on schedule

UPM

Q4 2020 highlights

- Sales decreased by 11% to EUR 2,188 million (2,447 million in Q4 2019) due to lower pulp prices and lower deliveries and prices of graphic papers
- Comparable EBIT was EUR 252 million, 11.5% of sales (343 million, 14.0%), down 27% year-over-year
- Operating cash flow was EUR 347 million (592 million)
- Successful health and safety measures enabled uninterrupted business operations and progress in transformative growth projects
- The year ended on a positive note, with good demand for UPM's products
- UPM issued a EUR 750 million Green Bond under the EMTN programme
- UPM was listed as the industry leader in the Dow Jones Sustainability Indices (DJSI) and received a triple 'A' score from CDP for outstanding environmental performance
- UPM moves forward with biofuels growth plans and starts the basic engineering phase of a next-generation biorefinery

2020 highlights

- Sales decreased by 16% to EUR 8,580 million (10,238 million in 2019) due to lower deliveries of graphic papers and lower pulp and paper prices
- Comparable EBIT was EUR 948 million, 11.1% of sales (1,404 million, 13.7%), down 32% year-over-year
- Operating cash flow was EUR 1,005 million (1,847 million)
- Net debt was EUR 56 million (-453 million)
- Cash funds and unused committed credit facilities totalled EUR 3.2 billion at the end of 2020
- The Board proposes a dividend of EUR 1.30 (1.30) per share
- The COVID-19 containment measures significantly decreased demand for graphic papers, while UPM Raflatac and UPM Specialty Papers achieved record earnings
- UPM's transformative pulp project in Uruguay and biochemicals project in Germany are well on track with the planned start-up timeline
- Closures of UPM Kaipola and UPM Chapelle paper mills and UPM Jyväskylä plywood mill, streamlining in several businesses and functions

Key figures

	Q4/2020	Q4/2019	Q3/2020	Q1–Q4/2020	Q1–Q4/2019
Sales, EURm	2,188	2,447	2,028	8,580	10,238
Comparable EBITDA, EURm	392	442	331	1,442	1,851
% of sales	17.9	18.1	16.3	16.8	18.1
Operating profit, EURm	253	336	117	761	1,344
Comparable EBIT, EURm	252	343	215	948	1,404
% of sales	11.5	14.0	10.6	11.1	13.7
Profit before tax, EURm	250	324	109	737	1,307
Comparable profit before tax, EURm	248	331	207	924	1,367
Profit for the period, EURm	190	263	83	568	1,073
Comparable profit for the period, EURm	191	261	158	737	1,119
Earnings per share (EPS), EUR	0.35	0.50	0.15	1.05	1.99
Comparable EPS, EUR	0.35	0.49	0.29	1.37	2.07
Return on equity (ROE), %	8.0	10.5	3.5	5.8	10.7
Comparable ROE, %	8.0	10.4	6.7	7.5	11.2
Return on capital employed (ROCE), %	9.1	11.9	4.3	6.7	12.3
Comparable ROCE, %	9.1	12.2	7.9	8.3	12.8
Operating cash flow, EURm	347	592	365	1,005	1,847
Operating cash flow per share, EUR	0.65	1.11	0.69	1.89	3.46
Equity per share at the end of period, EUR	17.53	18.87	17.54	17.53	18.87
Capital employed at the end of period, EURm	11,555	11,474	10,721	11,555	11,474
Net debt at the end of period, EURm	56	-453	89	56	-453
Net debt to EBITDA (last 12 months)	0.04	-0.24	0.06	0.04	-0.24
Personnel at the end of period	18,014	18,742	18,349	18,014	18,742

UPM presents certain measures of performance, financial position and cash flows, which are alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of alternative performance measures are presented in *» UPM Annual Report 2019*

Jussi Pesonen, President and CEO, comments on the Q4 and 2020 full year results:

"In 2020, the global pandemic and related lockdowns caused an abrupt and severe economic shock that put all societies and businesses to the test. With decisive measures we ensured the safety of UPM employees and the satisfactory performance of the company. Our growth projects proceeded as planned.

The year ended on a positive note. In the fourth quarter, the demand for our products was good. Sales of EUR 2,188 million and comparable EBIT of EUR 252 million were higher than on the two previous quarters, although considerably down from the corresponding quarter of 2019.

The star performers of the quarter, as for the whole year, were UPM Raflatac and UPM Specialty Papers. These business areas benefited from favourable markets and changes in consumer behaviour, e-commerce and retail. Both businesses had taken commercial and efficiency measures to improve profitability and started the year with already improved margins.

In UPM Biorefining the demand for pulp, renewable fuels and timber was good. China is leading the demand growth in the pulp market. Market prices for pulp have been at a low level for quite some time, and the first price increases during the fourth quarter were offset by changes in currencies. Two extensive pulp mill maintenance shutdowns pushed the quarterly results down to break-even.

The performance of UPM Communication Papers in the last quarter was better than the two previous quarters due to seasonally low energy costs and higher year-end demand. However, the market demand for graphic papers was down 14% year-over-year. The closure of UPM Kaipola paper mill in Finland was finalised at the beginning of 2021 and the sales process of UPM Shotton paper mill in Wales is ongoing. The measures taken were timely and necessary for the efficiency and competitiveness of the business.

Excellent hydrological conditions continued, and UPM Energy again delivered strong earnings. Energy prices decreased, both during the quarter and on a yearly basis. In UPM Plywood, demand continued to be good in construction end-uses, but on a low level in industrial end-uses. The markets remained highly competitive.

In 2020, the exceptional shortfall in graphic paper demand due to COVID lockdowns and unusually low pulp prices had a clear impact on our earnings. At the same time, I am very proud of the spectacular performance of our specialty packaging materials businesses, UPM Raflatac and UPM Specialty Papers.

Our sales decreased by 16% in 2020, and comparable EBIT was down 32% year-over-year. Operating cash flow decreased to EUR 1,005 million from the all-time high of the previous year. Our financial standing remains very strong with net debt close to zero and cash funds and unused committed credit facilities totalling EUR 3.2 billion at the end of 2020.

During a year of high uncertainty our focus was clear: ensure the performance of all our operations and at the same time secure the successful implementation of our strategic growth projects. We took several measures to decrease fixed costs, which are expected to result in annual savings of approximately EUR 130 million. Our two major growth projects in Uruguay and in Germany are on schedule and on budget.

The year 2021 will be an important year of construction and preparation for the projects in Paso de los Toros in Uruguay, and in Leuna, Germany. The construction sites in Uruguay are currently employing 3,000 workers and the number will double later this year. The construction of the biochemical refinery in Germany began during Q4. Simultaneously, we are setting up the business for the eventual market entry. During the most intensive year of these projects, UPM's total capital expenditure is expected to be EUR 2 billion.

Our transformation does not stop there. Today we announced the next step to advance our biofuels growth plans. We are starting the basic engineering phase of a next-generation biorefinery with an annual capacity of 500,000 tonnes of high-quality renewable fuels. The planned biorefinery would scale up UPM's successful biofuels business to a new level. At the same time, it would further improve the long-term competitiveness and sustainability performance of UPM Biofuels by introducing several sustainable feedstocks and achieving uniquely high CO2 reduction compared to biofuels currently on the market.

With its Biofore strategy UPM is well positioned to respond to global megatrends and growing demand for renewable products. We enable our customers and consumers to make more sustainable choices. Our purpose is to create a future beyond fossils.

Sustainability is at the core of everything we do. In 2020, we committed to the UN Business Ambition for 1.5°C and to the science-based measures to mitigate climate change. We were recognised as a UN Global Compact LEAD company, listed as the industry leader in the Dow Jones European and World Sustainability Indices (DJSI), and received a triple 'A' score from CDP for outstanding environmental performance. We also established a Green Finance Framework and issued our first Green Bond. Our syndicated revolving credit facility is also linked to biodiversity and climate targets.

In the coming quarters, we will do our utmost to ensure business continuity and performance as well as secure safe and successful implementation of our major growth projects. Even though there are some signs of recovery, the pandemic is not over yet.

Confident with our financial position and future cash generation, UPM's Board of Directors has today proposed a dividend of EUR 1.30 (1.30) per share for 2020."

Outlook for 2021

The global economy is expected to start recovering in 2021 from the deep downturn experienced in 2020. World regions will progress at different pace, and China is leading this development. Demand for most UPM products is influenced by overall economic activity and hence, depends on the shape and rate of the economic recovery.

The COVID-19 pandemic continues to cause significant uncertainty in 2021. In 2020, lockdowns had a significant negative impact on graphic paper demand but supported the strong demand for self-adhesive labelling materials and specialty papers. Opening of the economies is likely to allow for some normalisation of these demand impacts. However, further waves of the pandemic and related lockdowns remain possible.

In the beginning of 2021, pulp prices are expected to increase compared with Q4 2020. Paper prices are expected to decrease moderately, compared with Q4 2020.

UPM will continue to implement measures to decrease fixed and variable costs.

UPM's comparable EBIT in H1 2021 is expected to be lower than in H1 2020, due to lower paper prices and higher maintenance activity. Comparable EBIT is expected to recover in H2 2021.

Impact of COVID-19 pandemic

The COVID-19 pandemic and the related containment measures around the world continue to represent significant uncertainty in 2021.

Global economy
The COVID-19 pandemic and the related containment measures resulted in a sharp decline in the global economy in 2020. In the first phase of the recession, the pandemic containment measures and lockdowns around the world severely limited or temporarily stopped significant parts of the economy. It is uncertain how potent the following recovery will be and how long it will take for the world economy to reach the pre-pandemic level of activity. Despite the start of vaccinations, additional waves of the epidemic in different parts of the world remain possible.

Safety and business continuity
UPM has implemented extensive precautions to protect the health and safety of its employees and to ensure business continuity and progress of its strategic projects during the pandemic. Despite these efforts, the operation of one or more units or the supply chain and logistics could be temporarily disrupted during the pandemic and the related lockdown measures. In these circumstances some units would need to limit operations or be temporarily shut down.

So far UPM has been able to protect its employees and business continuity well.

Demand for UPM products
Many of UPM products serve essential everyday needs and may therefore see relatively resilient demand during the crisis. These products include pulp, specialty papers and self-adhesive label materials. Even in these businesses, demand is influenced by general economic activity, however.

Demand for graphic papers, plywood and timber is more prone to be impacted by the lockdowns and the recession. The lockdowns limit a wide range of consumer-driven services and retail, as well as work at the office. This has had a negative impact on printed advertising and graphic paper demand during the pandemic.

The lockdowns and the level of economic activity may also affect demand for electricity.

In Q2 2020, graphic paper demand in Europe decreased by 32% from the previous year, as particularly advertising-driven paper consumption and office paper demand were impacted by the lockdowns across Europe. In Q3 2020, there was some recovery in demand, but graphic paper demand remained 18% lower than in the previous year. In Q4 2020, a second wave of COVID-19 was under way in Europe, with gradual introduction of new lockdowns in various countries. Graphic paper demand was 14% lower than in the previous year.

Pulp demand held up relatively well, supported by good demand for tissue and hygiene products as well as for some packaging and specialty paper products. Pulp consumption in graphic paper production decreased.

Demand grew for self-adhesive label materials and specialty papers during the lockdowns, as consumers shifted some of their spending from away-from-home categories to packaged daily consumer goods. E-commerce continued to grow, supporting some labelling and specialty paper applications. In Q2, demand for self-adhesive labels in Europe grew by 10% from the previous year. In Q3 2020, demand for self-adhesive labels in Europe was 3% lower than in the previous year, driven by destocking in the customer value chain. In Q4 2020, demand for self-adhesive labels resumed 7% growth year-on-year, partly impacted by the re-established lockdowns.

Adjusting to different scenarios
The potential impacts to UPM are likely to differ by business and by the phase of the pandemic, lockdown measures, changes in consumer behaviour, the recession and recovery. UPM is using shift arrangements, temporary layoffs, or reduced working hours as required to adjust its operations in different scenarios. During Q3 2020, the company also announced plans to permanently reduce graphic paper production capacity and other plans to improve cost efficiency in different businesses and functions.

Projects and maintenance shutdowns
The pandemic and the required health and safety measures add challenge to large investment projects and maintenance shutdowns. UPM's transformative pulp project in Uruguay and biochemicals project in Germany are proceeding with strict health and safety controls. Despite these efforts, some changes to the detailed timeline of the projects are possible during the pandemic and the related containment measures. Currently the projects proceed in line with the planned start-up timeline.

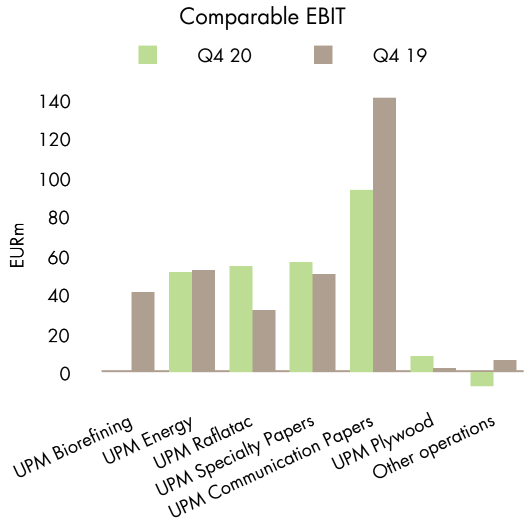
In April TVO announced that fuel loading into the OL3 reactor would not happen as planned in June 2020, TVO announced an updated schedule in August 2020.

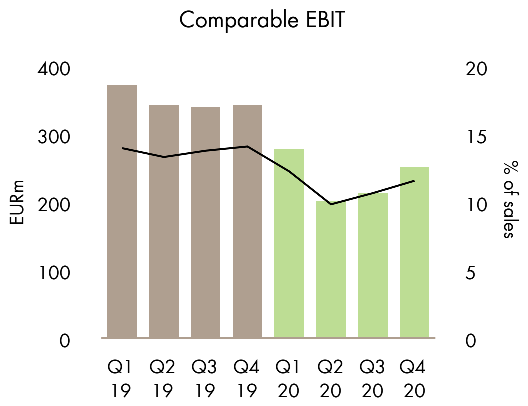
UPM rescheduled two pulp mill maintenance shutdowns from Q2 2020 to Q4 2020 due to the pandemic. The two shutdowns were successfully completed in Q4 with strict health and safety controls.

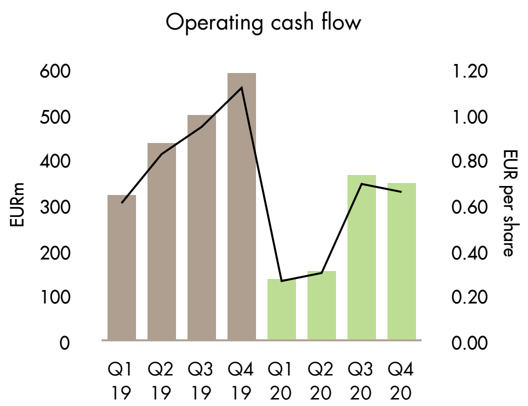
Timing of significant maintenance shutdowns in 2021

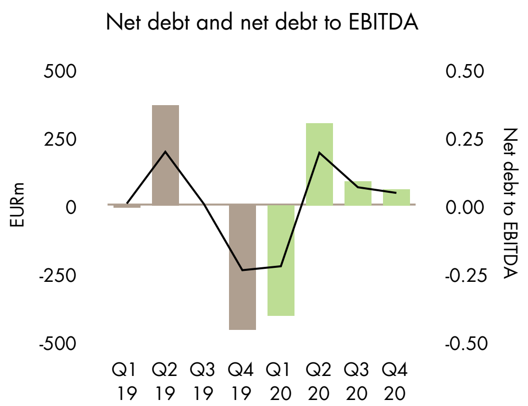
TIMING	UNIT
Q2/2020	Olkiluoto nuclear power plant
Q4/2020	Kaukas pulp mill
	Pietarsaari pulp mill
Q2/2021	Olkiluoto nuclear power plant
	Fray Bentos pulp mill
	Kymi pulp mill

Financing
UPM's financial position is strong. UPM's net debt was EUR 56 million at the end of Q4 2020. Cash funds and unused committed credit facilities totalled EUR 3.2 billion at the end of Q4 2020. This includes the sustainability-linked five-year EUR 750 million revolving credit facility signed during Q1 2020, the EUR 550 million of bilateral committed credit facilities signed during Q2 2020 and EUR 158 million equivalent rolling overdraft facility. During Q4 2020, UPM successfully issued a EUR 750 million Green Bond under its EMTN (Euro Medium Term Note) programme. The facilities and UPM's outstanding debt have no financial covenants.









Results

Q4 2020 compared with Q4 2019

Q4 2020 sales were EUR 2,188 million, 11% lower than the EUR 2,447 million for Q4 2019. Lower sales were mainly due to lower pulp sales prices and lower deliveries and prices of graphic papers. Sales decreased in UPM Communication Papers, UPM Biorefining, UPM Specialty Papers, UPM Energy and UPM Plywood and increased slightly in UPM Raflatac.

Comparable EBIT decreased by 27% to EUR 252 million, which was 11.5% of sales (343 million, 14.0%).

Sales prices decreased mostly for UPM Communication Papers, UPM Biorefining, UPM Specialty Papers and UPM Energy. At the group level, the negative impact of lower sales prices was larger than the positive impact of decreased variable costs.

Fixed costs decreased by EUR 7 million, even though there was more scheduled maintenance than in the previous year. Delivery and production volumes decreased slightly. Delivery volumes decreased for UPM Communication Papers and increased for all other business areas.

Depreciation, excluding items affecting comparability, totalled EUR 116 million (120 million), including depreciation of leased assets totalling EUR 17 million (19 million). The change in the fair value of forest assets net of wood harvested was EUR -24 million (19 million).

Operating profit was EUR 253 million (336 million). Items affecting comparability in operating profit totalled EUR 2 million in the period (-7 million) including EUR 16 million reversal of restructuring charges related to closure of UPM Kaipola and UPM Chapelle paper mills as well as restructuring of functions at UPM Communication Papers, EUR 6 million in restructuring charges for functions at UPM Raflatac, EUR 3 million in charges for ownership restructuring of Alholmens Kraft at UPM Energy and EUR 2 million in restructuring charges for group functions.

Net interest and other finance income and costs were EUR -7 million (-13 million). Exchange rate and fair value gains and losses were EUR 4 million (1 million). Income taxes were EUR 60 million (61 million). Items affecting comparability in taxes totalled EUR -2 million (10 million).

Profit for Q4 2020 was EUR 190 million (263 million), and comparable profit was EUR 191 million (261 million).

Q4 2020 compared with Q3 2020

Comparable EBIT increased by 17% to EUR 252 million, which was 11.5% of sales (215 million, 10.6%). Delivery volumes were higher in most of UPM's business areas, especially in UPM Communication Papers and in UPM Raflatac.

Variable costs were significantly lower. Energy costs were seasonally low due to annual energy-related refunds. Sales prices decreased, mainly in UPM Communication Papers.

Fixed costs increased by EUR 89 million due to seasonal factors and the scheduled maintenance shutdowns at the UPM Kaukas and UPM Pietarsaari pulp mills.

Depreciation, excluding items affecting comparability, totalled EUR 116 million (117 million). The change in the fair value of forest assets net of wood harvested was EUR -24 million (-1 million).

Operating profit was EUR 253 million (117 million).

Full year 2020 compared with year 2019

Sales in 2020 were EUR 8,580 million, 16% lower than the EUR 10,238 million for 2019. Sales decreased for UPM Communication Papers, UPM Biorefining, UPM Specialty Papers, UPM Plywood and UPM Energy, and increased slightly for UPM Raflatac.

Comparable EBIT decreased by 32% to EUR 948 million, which was 11.1% of sales (1,404 million, 13.7%).

Sales prices decreased for all UPM's business areas, mostly in UPM Biorefining and UPM Communication Papers. At the group level, the negative impact of lower sales prices was clearly larger than the positive impact of decreased variable costs.

Fixed costs decreased by EUR 140 million, partly due to temporary measures to adjust to the COVID-19 pandemic. Production and delivery volumes were lower, especially for UPM Communication Papers, as the COVID-19 pandemic and the related containment measures reduced demand for graphic papers. The industry-wide strike in Finland impacted both delivery volumes and fixed costs in the first quarter of 2020.

Depreciation, excluding items affecting comparability, totalled EUR 471 million (477 million) including depreciation of leased assets totalling EUR 73 million (72 million). The change in the fair value of forest assets net of wood harvested was EUR -25 million (26 million).

Operating profit totalled EUR 761 million (1,344 million). Items affecting comparability in operating profit totalled EUR -187 million in the period (-60 million), including EUR 90 million in restructuring charges related to the closure of the UPM Kaipola paper mill, EUR 85 million in restructuring charges related to closure of the UPM Chapelle paper mill, EUR 23 million in restructuring charges related to the closure of the Jyväskylä plywood mill, EUR 6 million in charges related to the restructuring of the functions of UPM Communication Papers, EUR 9 million in charges related to restructuring of the functions of UPM Raflatac, earnings of EUR 12 million on the sale of the group's share in Kainuun Voima Oy and earnings of EUR 11 million on the sale of other non-current assets.

Net interest and other finance income and costs were EUR -26 million (-38 million). Exchange rate and fair value gains and losses were EUR 2 million (0 million). Income taxes totalled EUR 169 million (234 million).

Profit for 2020 was EUR 568 million (1,073 million), and comparable profit was EUR 737 million (1,119 million).

Financing and cash flow

In 2020 cash flow from operating activities before capital expenditure and financing totalled EUR 1,005 million (1,847 million). Working capital increased by EUR 93 million (decreased by 276 million).

Net debt was EUR 56 million at the end of Q4 2020 (-453 million). The gearing ratio as of 31 December 2020 was 1% (-4%). The net debt to EBITDA ratio, based on the last 12 month's EBITDA, was 0.04 at the end of the period (-0.24).

On 31 December 2020 UPM's cash funds and unused committed credit facilities totalled EUR 3.2 billion. This includes the sustainability-linked five-year EUR 750 million revolving credit facility signed in Q1 2020, the EUR 550 million of bilateral committed credit facilities signed in Q2 2020 and the EUR 158 million equivalent rolling overdraft facility.

On 13 November 2020 UPM issued a EUR 750 million Green Bond under its EMTN (Euro Medium Term Note) programme.

A dividend of EUR 1,30 per share (totalling EUR 693 million) was paid on 16 April 2020 for the 2019 financial year.

Capital expenditure

In 2020, capital expenditure totalled EUR 903 million, which was 10.5% of sales (378 million, 3.7% of sales). Capital expenditure does not include additions to leased assets.

In 2021, UPM's total capital expenditure, excluding investments in shares, is expected to be about EUR 2,000 million, which includes estimated capital expenditure of approximately EUR 1,800 million in transformative projects. Transformative projects consist of the new pulp mill, port operations, local investments outside the mill fence in Uruguay and the biochemicals biorefinery in Germany.

In April 2018, UPM announced that it would rebuild paper machine 2 at its Nordland mill in Dörpen, Germany, and convert it from fine paper to glassine paper production. The machine was equipped with new finishing equipment and started producing glassine paper in Q1 2020. The capacity after the rebuild is 110,000 tonnes per year. The total investment in Nordland was EUR 124 million.

In January 2019, UPM announced that it would invest in the refurbishment of the Kuusankoski hydropower plant in Finland. The average annual production of the Kuusankoski plant is expected to increase from the current 180 GWh to 195 GWh. The investment will be completed by the end of 2022.

In July 2019, UPM announced that it would invest USD 2.7 billion in a 2.1 million tonne greenfield eucalyptus pulp mill near Paso de los Toros in central Uruguay. Additionally, UPM will invest approximately USD 280 million in port operations in Montevideo and USD 70 million in local investments outside the mill fence, including a new residential area in Paso de los Toros. The mill is scheduled to start up in the second half of 2022.

In October 2019, UPM announced that it would invest EUR 95 million in a Combined Heat and Power (CHP) plant at the UPM Nordland paper mill in Germany. The plant is planned to go on grid in Q3 2022. The annual cost savings of more than EUR 10 million will begin in 2023. The investment is estimated to decrease UPM's CO_2-footprint by 300,000 tonnes.

In January 2020, UPM announced that it would invest EUR 550 million in a 220,000 tonnes next-generation biochemicals biorefinery in Leuna, Germany. The facility is scheduled to start up by the end of 2022.

Personnel

In 2020, UPM had an average of 18,557 employees (19,185). At the beginning of the year, the number of employees was 18,742 and at the end of Q4 2020 it was 18,014.

Uruguay pulp mill investment

On 23 July 2019, UPM announced that it would invest USD 2.7 billion in a 2.1 million tonne greenfield eucalyptus pulp mill near Paso de los Toros in central Uruguay. Additionally, UPM will invest approximately USD 280 million in port operations in Montevideo and USD 70 million in local investments outside the mill fence, including a new residential area in Paso de los Toros. The mill is scheduled to start up in the second half of 2022.

The investment will grow UPM's current pulp capacity by more than 50%, resulting in a step change in the scale of UPM's pulp business as well as in UPM's future earnings.

With a combination of competitive wood supply, scale, best available techniques and efficient logistics, the mill is expected to reach a highly competitive cash cost level of approximately USD 280 per delivered tonne of pulp. This figure includes the variable and fixed costs of plantation operations, wood sourcing, mill operations and logistics delivered to the main markets. Furthermore, the safety and sustainability performance of the value chain from plantations to customer delivery is expected to be on an industry-leading level.

Competitive wood supply

Eucalyptus availability for the mill is secured through UPM's own and leased plantations, as well as through wood sourcing agreements with private partners. The plantations that UPM owns and leases in Uruguay cover 434,000 hectares. They will supply the current UPM Fray Bentos mill and the new mill near Paso de los Toros.

State of the art mill design

The pulp mill has been designed as an efficient single-line operation. The machines, materials, level of automation and standards enable a high operating rate and maintainability, as well as high energy output. This ensures excellent safety, high environmental performance and low operating costs during the long lifecycle of the mill.

The mill is designed to fully meet the strict Uruguayan environmental regulations, as well as international standards and recommendations for modern mills, including the use of the latest and best available technology (BAT). The mill's environmental performance will be verified through comprehensive and transparent monitoring.

The mill's initial annual production capacity is 2.1 million tonnes, and the environmental permits enable further capacity potential. When in operation, the mill generates more than 110 MW surplus of renewable electricity.

Efficient logistics set-up

An efficient logistics chain will be secured by the agreed road improvements, extensive railway modernization and port terminal construction.

The Public-Private-Partnership agreement between the government and the construction company for the construction of the central railway was signed in May 2019. Works on the central railway are proceeding with earth moving and levelling, but the overall rail project is currently behind the original schedule by several months. UPM has a contingency plan in place to ensure logistics with truck transportation in case of a delay.

UPM is proceeding with the construction of a deep-sea pulp terminal at Montevideo port with an investment of approximately USD 280 million. Direct rail access from the mill to a modern deep-sea port terminal creates an efficient supply chain to world markets. The Montevideo deep-sea port also enables synergies in ocean logistics with UPM's existing Uruguay operations.

UPM has entered into a port terminal concession agreement in 2019 and signed an agreement on rail logistics services in October 2020. Both agreements are considered in accordance with IFRS 16 Leases. The total amount of such lease payments is expected to be USD 200 million.

Significant impact on the Uruguayan economy

Based on independent socioeconomic impact studies, the mill is estimated to increase Uruguay's gross national product by about 2% and the annual value of Uruguay's exports by approximately 12% after completion.

In the most intensive construction phase, more than 6,000 people will be working on the site. When completed, approximately 10,000 permanent jobs are estimated to be created in the Uruguayan economy of which approximately 4,000 would involve direct employment by UPM and its subcontractors. About 600 companies are estimated to be working in the value chain.

The mill will be located in one of Uruguay's many free trade zones and will pay a fixed annual tax of USD 7 million. The mill's value chain is expected to contribute USD 170 million in annual taxes and social security payments and to contribute USD 200 million annually in wages and salaries.

Project schedule and capital outflow

The mill is expected to start up in the second half of 2022. The project is proceeding according to the planned schedule. Approximately 3,000 people are currently working on the project at the various construction sites. Due to the COVID-19 health emergency, special protocols are in place and UPM is swabbing all workers at the pulp mill site in Paso de los Toros returning to work after the holiday period in January 2021.

At the pulp mill site in Paso de los Toros, civil works are progressing in all main process areas, including wood handling, recovery island, fibre line, drying and bale unloading according to the plans. Moreover, the mechanical erection phase started in January 2021 as planned.

The temporary and permanent housing construction are also proceeding as planned, with about 90% of the works completed, and housing areas are already in use by the construction workers.

At the pulp terminal in Montevideo, main pier and tank area construction are proceeding and the pulp warehouse and unloading area erection is ongoing.

The main part of the total capital expenditure of USD 3 billion will take place in 2020-2022. UPM will hold 91% ownership of the project and a local long-term partner which has also been involved in UPM Fray Bentos, owns 9%. UPM's investment will mainly be financed from operating cash flow complemented by regular group financing activities.

Biochemicals refinery investment

On 30 January UPM announced that it would invest EUR 550 million in a 220,000 tonnes next-generation biochemicals refinery in Leuna, Germany. The biorefinery is scheduled to start up by the end of 2022.

The biorefinery will produce a range of 100% wood-based biochemicals, which will enable a switch from fossil raw materials to sustainable alternatives in various consumer-driven end-uses. The investment opens totally new markets for UPM, with large growth potential for the future.

An industrial scale biorefinery will convert solid wood into next generation biochemicals: bio-monoethylene glycol (BioMEG) and lignin-based renewable functional fillers. In addition, the biorefinery will produce bio-monopropylene glycol (BioMPG) and industrial sugars. Once the facility is fully ramped up and optimized, it is expected to achieve the ROCE target of 14%.

A combination of sustainable wood supply, a unique technology concept, integration into existing infrastructure at Leuna as well as the proximity to customers will ensure the competitiveness of operations. The safety and sustainability of the value chain will be based on UPM's high standards.

InfraLeuna GmbH, in the state of Saxony-Anhalt, offers very competitive conditions for constructing a biorefinery with its existing permitting processes, logistics arrangements and infrastructure for various services and utilities. In October 2020, UPM has entered into service agreements with InfraLeuna GmbH related to wood handling, wastewater treatment and other utilities, which will be recognised as lease assets and liabilities under IFRS 16 Leases upon commencement date. The total amount of such lease assets and liabilities is estimated to be EUR 100 million.

Construction of the biorefinery at Leuna has commenced. Permitting has proceeded in accordance with German legislation and the first permits have been received as planned. Detailed engineering and procurement activities are proceeding at full speed.

Biofuels business development

In January 2021, UPM announced that it moves forward with biofuels growth plans and starts the basic engineering phase of a next generation biorefinery. The potential biorefinery would have an annual capacity of 500,000 tonnes of high-quality renewable fuels including sustainable jet fuel. The products would significantly reduce carbon footprint in the road transport and aviation, as well as replace fossil raw materials with renewable alternatives in chemicals and bioplastics. In the feedstocks, UPM's wood biomass-based residues and side streams play a substantial role. In addition, it would use sustainable liquid waste and residue raw materials.

UPM is proceeding with a detailed commercial and basic engineering study to define the business case, select the innovative technology option and estimate the investment need. During the study UPM will also review the operating environment primarily in two locations: Kotka, Finland and Rotterdam, the Netherlands.

The estimated duration of this basic engineering phase is minimum 12 months. If all preparations are concluded successfully, UPM would initiate the company's standard procedure of analyzing and preparing an investment decision.

OL3 power plant project

Teollisuuden Voima Oyj (TVO) is in the process of constructing a third nuclear power plant unit, OL3 EPR, at the Olkiluoto site (OL3). UPM participates in OL3 through its shareholding in Pohjolan Voima Oyj (PVO), which is the majority shareholder in TVO. UPM's indirect share of OL3 is approximately 31%. The OL3 plant supplier, a consortium consisting of AREVA GmbH, AREVA NP SAS and Siemens AG (Supplier), is constructing OL3 as a turnkey project.

The start of regular electricity production, originally scheduled for April 2009, has been revised several times by the Supplier. TVO announced in August 2020 having received an updated re-baseline schedule on the commissioning of OL3 from Supplier. According to the schedule fuel will be loaded into the reactor in March 2021, OL3 will be connected to the grid in October 2021, and regular electricity production will start in February 2022.

The new management of Areva, the supplier party, is preparing a financial solution to complete OL3 project by the end of the guarantee period. TVO is also negotiating with the supplier on the terms of completing the OL3 project.

When completed, OL3 will supply electricity to its shareholders on a cost-price principle (Mankala-principle) which is widely applied in the Finnish energy industry. Under the Mankala-principle electricity and/or heat is supplied to the shareholders in proportion to ownership, and each shareholder is, pursuant to the specific stipulations of the respective articles of association, severally responsible for its respective share of the production costs of the energy company concerned. OL3 will increase UPM Energy's electricity generation capacity significantly. The new power plant unit is expected to be highly efficient and meet the highest safety standards. Its power generation will be CO_2 -free and Olkiluoto will have a secure solution for the final disposal of used fuel.

Events during 2020

On 27 January, several Finnish labour unions began extensive labour actions in the Finnish forestry industry.

On 27 January, UPM announced its commitment to the United Nations Global Compact's Business Ambition for 1.5°C, joining leading companies in a promise to pursue science-based measures to limit the global temperature rise to 1.5°C. UPM will strive to mitigate climate change and drive value creation by innovating novel products, committing to a 65% CO_2 emission reduction from 2015 levels by 2030 and by practicing sustainable forestry.

On 28 January, UPM announced that it has started the employee consultation processes for the potential closure of the UPM Chapelle newsprint mill in Grand-Couronne, France.

On 30 January, UPM announced that it would invest EUR 550 million in a 220,000 tonnes next generation biochemicals refinery in Leuna, Germany. The facility is scheduled to start up by the end of 2022.

On 30 March, UPM withdrew its outlook for 2020, due to the uncertainty caused by the COVID-19 pandemic for the rest of the year.

On 8 April, an Olkiluoto 3 ERP unit nuclear fuel loading permission application was submitted. TVO also announced, that due to the COVID-19 pandemic, fuel loading into the reactor will not happen as planned in June 2020, and that it is possible that regular electricity production will be delayed respectively.

On 15 May, UPM announced that UPM and the new Government of Uruguay had signed a memorandum of understanding on pending items related to UPM's growth project in Uruguay. UPM will accelerate the earlier planned USD 60 million financing of the road infrastructure development and invest USD 68 million in electrical grid reinforcement.

On 18 May, UPM announced that it would sell its 50% share in Kainuun Voima Oy to Kajaanin Energiatuotanto Oy, owned by the city of Kajaani. In addition, the city of Kajaani will acquire five properties owned by UPM. The total amount of share and real estate transactions was EUR 19 million. The transaction was completed on 1 July.

On 2 June, UPM announced the plan that it has started a consultation process for the potential closure of the UPM Jyväskylä plywood mill in Finland. The plywood mill is producing spruce and birch plywood and it employs 167 people. UPM has recognized restructuring charges of EUR 22 million as items affecting comparability in its Q2 2020 results. The planned actions would result in annual savings of approximately EUR 11 million.

On 16 July, UPM announced the decision to permanently close the UPM Chapelle newsprint mill in France, reducing annual capacity of newsprint by 240,000 tonnes. The number of people affected was 228. UPM recognizes restructuring charges in total of EUR 78 million, whereof EUR 61 million as cash costs. EUR 45 million was booked as items affecting comparability in Q1 2020 and EUR 33 million in Q2 2020. The action will result in annual savings of approximately EUR 30 million.

On 21 July, UPM announced the decision to permanently close the UPM Jyväskylä plywood mill. The reduction in personnel is 147.

On 26 August, UPM announced the plans for the permanent closure of the UPM Kaipola paper mill in Finland, the sale of the UPM Shotton paper mill in Wales and the streamlining of UPM Communication Papers business function teams.

The planned closure of the three paper machines at UPM Kaipola would impact approximately 450 positions and lead to a permanent reduction of 720,000 tonnes of graphic paper capacity, thereof 450,000 tonnes of newsprint and 270,000 tonnes of coated mechanical paper. UPM Communication Papers plans to reorganise and streamline its business function teams would affect approximately 170 positions in more than 10 countries. UPM's plan to sell its UPM Shotton paper mill for conversion purposes would impact production capacity of 250,000 tonnes of newsprint.

In addition, UPM announced UPM Biorefining and UPM Specialty Papers plans to reorganize and streamline activities in the Finnish pulp mills, UPM Forest and the UPM Tervasaari mill in Finland. UPM will begin the employee consultation process at its Kymi, Kaukas and Pietarsaari pulp mills. These plans would lead to a reduction of 110 positions. In the

Finnish forest organization, the planned measures would affect maximum 60 positions. At UPM Specialty Papers, the planned measures would impact approximately 50 positions at the UPM Tervasaari mill.

UPM will recognise restructuring charges of approximately EUR 115 million (EUR 55 million cash impact and EUR 60 million as write-offs) as items affecting comparability in its Q3 2020 results, mainly related to the planned actions at UPM Communication Papers. The planned actions would result in total annual cost savings of approximately EUR 75 million.

On 28 August, TVO announced that it had received an updated schedule from the plant supplier Areva-Siemens consortium for the commissioning of the OL3 EPR plant unit. According to the schedule, the fuel will be loaded into the reactor in March 2021, the plant unit will be connected to the national electricity grid in October of the same year and regular electricity generation will start in February 2022.

On 21 September UPM announced that it has been recognised as a UN Global Compact LEAD participant for its strong commitment to responsible business. UPM has held LEAD participant status since 2016.

On 6 October, UPM announced plans to simplify organisation and increase efficiency at UPM Raflatac and in global functions. The plans would reduce approximately 100 positions at UPM Raflatac and 70 positions from global functions. The plans would result in annual savings of approximately EUR 12 million.

On 15 October, UPM announced that employee consultations were concluded and the UPM Kaipola mill in Finland will be closed permanently. The number of persons affected will be 448. The mill was closed in early January 2021.

On 5 November UPM established a EUR 3 billion Euro Medium Term Note (EMTN) programme and launched a Green Finance Framework. UPM's framework was rated with the highest grade, CICERO Dark Green.

On 13 November UPM issued its first Green Bond under the EMTN programme with a nominal value of EUR 750 million. The bond matures in November 2028 and pays a fixed coupon of 0.125%. There are no financial covenants connected to the bond.

On 16 November UPM announced that it has been listed as the forest and paper industry leader in the Dow Jones European and World Sustainability Indices (DJSI) for 2020-2021.

On 18 November UPM announced that it has applied for listing of a EUR 750 million Green Bond under its EMTN programme to Irish Stock Exchange plc, trading as Euronext Dublin.

On 2 December UPM announced that it has completed the employee consultation process in global functions and decrease the number of positions by 67. UPM has also concluded the consultations regarding the reorganisation and restructuring at the Finnish pulp mills and UPM Forest and reduce 135 positions.

On 8 December UPM announced that is has been recognised with CDP’s Triple A score for tackling climate change and taking actions to ensure sustainable forest management and water security.

Events after the balance sheet date

On 19 January, UPM announced that it would invest EUR 13 million in UPM Raflatac’s new production line in Nowa Wieś, Poland. The investment will increase UPM Raflatac’s Direct Thermal (DT) Linerless annual production capacity by 100 million m^2. The new production line is expected to be operational at the end of 2021.

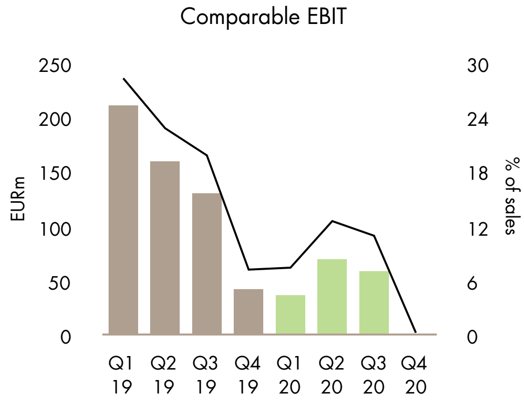
On 28 January, UPM announced that it moves forward with biofuels growth plans and starts the basic engineering phase of a next generation biorefinery.

Dividend proposal for 2020

The Board of Directors proposes to the Annual General Meeting convening on 30 March 2021 that a dividend of EUR 1.30 per share be paid in respect of the 2020 financial year (1.30). The proposed dividend represents 69% of UPM's operating cash flow per share for the 2020. It is proposed that the dividend is paid on 12 April 2021. On 31 December 2020, the distributable funds of the parent company were EUR 3,523.7 million.

UPM Biorefining

UPM Biorefining consists of pulp, timber and biofuels businesses. UPM Pulp offers a versatile range of responsibly-produced pulp grades suitable for a wide range of end-uses such as tissue, specialty paper, graphic papers and board. UPM Timber offers certified sawn timber for construction, joinery and furniture. UPM Biofuels produces wood-based renewable diesel for all diesel engines and renewable naphtha that can be used as a biocomponent for gasoline or for replacing fossil raw materials in petrochemical industry, for example. UPM has three pulp mills in Finland and one mill and plantation operations in Uruguay. UPM operates four sawmills and one biorefinery in Finland.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	569	541	563	509	592	660	708	753	2,183	2,712
Comparable EBITDA, EURm	50	104	113	81	96	171	203	254	348	724
% of sales	8.7	19.2	20.1	15.9	16.3	25.9	28.6	33.8	15.9	26.7
Change in fair value of forest assets and wood harvested, EURm	-6	-2	0	-1	-11	1	-1	-1	-8	-11
Share of results of associated companies and joint ventures, EURm	1	0	1	1	1	1	1	1	2	2
Depreciation, amortisation and impairment charges, EURm	-44	-44	-44	-44	-44	-43	-42	-42	-176	-171
Operating profit, EURm	0	58	70	37	42	130	161	212	166	544
% of sales	0.1	10.8	12.4	7.3	7.1	19.7	22.7	28.2	7.6	20.1
Items affecting comparability in operating profit, EURm	—	—	—	—	—	—	—	—	—	—
Comparable EBIT, EURm	0	58	70	37	42	130	161	212	166	544
% of sales	0.1	10.8	12.4	7.3	7.1	19.7	22.7	28.2	7.6	20.1
Capital employed (average), EURm	3,664	3,592	3,664	3,561	3,436	3,468	3,491	3,481	3,620	3,469
Comparable ROCE, %	0.1	6.5	7.6	4.2	4.9	15.0	18.4	24.4	4.6	15.7
Pulp deliveries, 1000 t	925	932	943	864	943	979	877	915	3,664	3,715

Pulp mill maintenance shutdowns: Q4 2020 UPM Kaukas, UPM Pietarsaari, Q4 2019 UPM Fray Bentos, Q2 2019 Kymi.

- Scheduled maintenance shutdowns at the UPM Kaukas and UPM Pietarsaari pulp mills
- Focus on full run strategy in pulp mills continued, production record at UPM Fray Bentos pulp mill

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Biorefining decreased due the scheduled maintenance shutdowns at the UPM Kaukas and UPM Pietarsaari pulp mills. Changes in currencies were unfavourable and pulp sales prices were lower.

The average price in euro for UPM's pulp deliveries decreased by 13%.

Q4 2020 compared with Q3 2020

Comparable EBIT decreased mainly due to the scheduled maintenance shutdowns at the UPM Kaukas and UPM Pietarsaari pulp mills. Changes in currencies were unfavourable.

The average price in euro for UPM's pulp deliveries decreased by 1%.

Full year 2020 compared with year 2019

Comparable EBIT for UPM Biorefining decreased due to lower pulp sales prices. Wood and other variable costs were lower. Fixed costs were higher due to the more expensive scheduled maintenance shutdowns in 2020. The strike in Finland in the first quarter of 2020 impacted delivery volumes.

The average price in euro for UPM's pulp deliveries decreased by 24%.

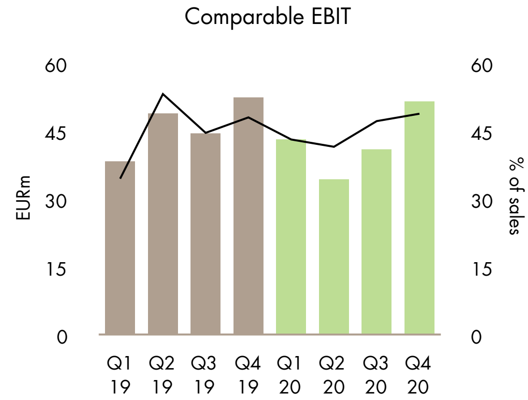
Market environment

- Global chemical pulp demand was good in 2020. Demand growth was mainly driven by China. Global shipments of market pulp improved from the weak year 2019.
- In Europe, the market price for northern bleached softwood kraft (NBSK) pulp remained unchanged in the fourth quarter of 2020 compared with Q3 2020. The market price for bleached hardwood kraft pulp (BHKP) decreased compared with the previous quarter.
- In China, the market price for both northern bleached softwood kraft (NBSK) pulp and bleached hardwood kraft pulp (BHKP) increased in the fourth quarter of 2020 compared with Q3 2020.
- In 2020, the average European market price in euro was 16% lower for NBSK and 22% lower for BHKP, compared with the previous year. In China the average market price in US dollars was 7% lower for NBSK and 19% lower for BHKP, compared with the previous year.
- Good demand for advanced renewable diesel and naphtha.
- Demand for sawn timber was strong in Q4 2020. Market prices remained stable.

Sources: FOEX, UPM

UPM Energy

UPM Energy creates value through cost competitive, low-emission electricity generation and through physical and financial electricity trading as well as energy optimisation services for industrial consumers. UPM Energy is the second largest electricity producer in Finland. UPM's power generation capacity consists of hydropower, nuclear power and thermal power.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	107	88	83	101	110	101	93	113	379	417
Comparable EBITDA, EURm	54	43	36	45	55	48	51	41	178	195
% of sales	50.3	48.8	43.6	44.8	49.7	47.5	55.1	36.0	47.0	46.7
Depreciation, amortisation and impairment charges, EURm	-5	-2	-2	-2	-2	-3	-2	-2	-10	-9
Operating profit, EURm	49	58	34	43	53	45	49	39	184	184
% of sales	45.7	66.1	41.2	42.9	47.7	44.3	52.2	34.2	48.7	44.2
Items affecting comparability in operating profit, EURm [1]	-3	17	—	—	—	—	-1	—	14	-1
Comparable EBIT, EURm	52	41	34	43	53	45	49	39	171	185
% of sales	48.5	46.9	41.2	42.9	47.7	44.3	52.9	34.2	45.0	44.4
Capital employed (average), EURm	2,253	2,229	2,336	2,434	2,441	2,452	2,460	2,463	2,313	2,454
Comparable ROCE, %	9.2	7.4	5.9	7.1	8.6	7.3	8.0	6.3	7.4	7.5
Electricity deliveries, GWh	2,437	2,082	2,162	2,487	2,285	2,040	2,121	2,173	9,168	8,619

[1] In Q4 2020, items affecting comparability relate to restructuring of ownership in Alholmens Kraft. In Q3 2020, items affecting comparability include EUR 12 million gain on sale of group's share in Kainuun Voima Oy and EUR 5 million income relating to reversal of unused restructuring provisions. In Q2 2019, items affecting comparability relate to restructuring of ownership in Meri-Pori power plant

- Plant disturbance at Olkiluoto 2 in December
- Fossil fuel, carbon and electricity forward market prices increased in Q4 2020

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Energy decreased slightly. Nuclear power generation was lower due to the plant disturbance at Olkiluoto 2. Hydropower generation was higher.

UPM's average electricity sales price decreased by 9% to EUR 38.2/MWh (41.9/MWh).

Q4 2020 compared with Q3 2020

Comparable EBIT increased due to higher hydropower generation.

UPM's average electricity sales price decreased by 1% to EUR 38.2/MWh (38.5MWh).

Full year 2020 compared with year 2019

Comparable EBIT for UPM Energy decreased due to lower electricity sales prices. Hydropower generation was higher. Fixed costs for nuclear were higher due to the low comparison period.

UPM's average electricity sales price decreased by 13% to EUR 36.5/MWh (41.9/MWh).

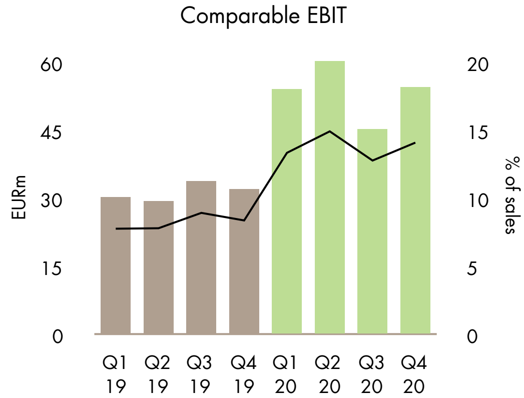
Market environment

- In Finland, Sweden and Norway, 2020 was the warmest year on record. The Nordic hydrological balance was above normal at the end of December. In Finland, the hydrological situation was good.
- The CO_2 emission allowance price of EUR 32.7/tonne at the end of 2020 was higher than at the end of 2019 (EUR 24.6/tonne).
- The average Finnish area spot price on the Nordic electricity exchange in 2020 was EUR 28.0/MWh, 36% lower than in 2019 (44.0/MWh).
- The front-year forward electricity price for the Finnish area closed at EUR 43.5/MWh in December, 7% higher than at the end of Q3 2020 (40.5/MWh).

Sources: The Norwegian Water Resources and Energy Directorate, Svensk Energi, Finnish Environment Institute, Nord Pool, NASDAQ OMX, Bloomberg, UPM

UPM Raflatac

UPM Raflatac manufactures self-adhesive label materials for product and information labelling in the food, beverage, personal care, pharmaceutical and retail segments, for example. UPM Raflatac is the second-largest producer of self-adhesive label materials worldwide.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	390	358	403	408	389	382	385	398	1,560	1,555
Comparable EBITDA, EURm	64	55	70	64	43	44	40	40	252	166
% of sales	16.4	15.3	17.2	15.6	10.9	11.4	10.3	10.1	16.2	10.7
Depreciation, amortisation and impairment charges, EURm	-9	-9	-10	-10	-10	-10	-10	-10	-39	-40
Operating profit, EURm	48	45	60	51	33	36	30	26	205	124
% of sales	12.4	12.7	14.9	12.5	8.4	9.3	7.8	6.5	13.2	8.0
Items affecting comparability in operating profit, EURm [1]	-6	—	—	-3	1	2	—	-5	-9	-2
Comparable EBIT, EURm	55	45	60	54	32	34	30	31	214	126
% of sales	14.0	12.7	14.8	13.3	8.3	8.8	7.7	7.7	13.7	8.1
Capital employed (average), EURm	526	532	560	549	563	578	590	586	542	579
Comparable ROCE, %	41.5	34.1	42.8	39.5	22.9	23.4	20.1	20.9	39.5	21.8

[1] In Q4 2020, Q1 2020 and Q4 2019, items affecting comparability relate to restructuring charges. In Q3 2019, items affecting comparability include gains on sale of non-current assets. In Q1 2019, items affecting comparability relate to restructuring charges.

- Mix management actions continued
- New cost efficiency programme was launched
- Actions to secure business continuity and deliveries during the second wave of the pandemic

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Raflatac increased, mainly due to improved mix and margin management and higher delivery volumes. Fixed costs were lower.

Q4 2020 compared with Q3 2020

Comparable EBIT increased due to higher delivery volumes.

Full year 2020 compared with year 2019

Comparable EBIT for UPM Raflatac increased, due to improved mix and margin management. Delivery volumes were higher. Fixed costs were lower.

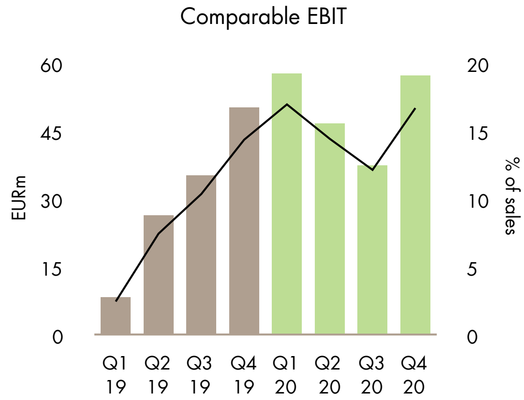
Market environment

- In H1 2020, demand was particularly strong in the daily consumer goods and e-commerce-driven labelling due to the COVID-19-related lockdowns and changes in consumer behaviour. In Q3 2020, demand declined in Europe compared to the previous quarter due to destocking in the customer value chain. In Q4 2020, demand resumed growth partly driven by the second wave of the pandemic.
- In North America, demand was steady at a good level in 2020.

Sources: UPM, FINAT, TLMI

UPM Specialty Papers

UPM Specialty Papers offers labelling materials and release liner base papers, flexible packaging papers as well as office and graphic papers for labelling, commercial siliconising, packaging, office use and printing. The production plants are located in China, Finland and Germany.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	345	311	325	342	353	344	359	357	1,324	1,412
Comparable EBITDA, EURm	76	56	66	75	67	53	45	29	273	194
% of sales	22.0	18.0	20.3	21.8	18.9	15.4	12.5	8.2	20.6	13.7
Depreciation, amortisation and impairment charges, EURm	-19	-18	-19	-17	-16	-18	-19	-21	-73	-74
Operating profit, EURm	57	40	50	58	50	35	26	8	206	120
% of sales	16.6	12.9	15.5	16.9	14.3	10.3	7.4	2.4	15.5	8.5
Items affecting comparability in operating profit, EURm [1]	—	3	4	—	—	—	—	—	6	—
Comparable EBIT, EURm	57	37	47	58	50	35	26	8	199	120
% of sales	16.6	12.0	14.3	16.9	14.3	10.3	7.4	2.4	15.0	8.5
Capital employed (average), EURm	880	871	900	937	920	895	892	908	897	904
Comparable ROCE, %	26.0	17.2	20.7	24.7	21.9	15.8	11.8	3.7	22.2	13.3
Paper deliveries, 1000 t	430	397	382	387	394	383	390	386	1,596	1,552

1) In Q3 and Q2 2020, items affecting comparability include gains on sale of non-current assets.

- Positive volume and profitability development
- Good progress at UPM Nordland in ramping-up the production and commercialisation of the new capacity
- Solid growth in specialty grades in all markets
- Product development in new specialty grades continued

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Specialty Papers increased, mainly due to higher delivery volumes. Input costs were significantly lower and mitigated the negative impact of lower sales prices.

Q4 2020 compared with Q3 2020

Comparable EBIT increased mainly due to higher delivery volumes, higher average sales prices and mix improvements. Input costs were lower.

Full year 2020 compared with year 2019

Comparable EBIT for UPM Specialty Papers increased mainly due to lower input costs. Delivery volumes increased. Sales prices were lower.

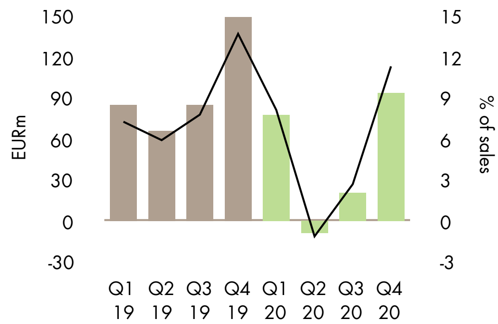
Market environment

- In H1 2020, fine paper demand in the Asia-Pacific region weakened due to COVID-19-related lockdowns. In H2 2020, fine paper demand improved.
- In H1 2020, China fine paper market prices decreased to low levels. In H2 2020, prices started to increase towards end of the year.
- Demand growth for label, release and packaging paper was strong in 2020. Demand was driven by consumable goods and e-commerce, while demand for durable goods was negatively impacted by COVID-19 and uncertainties in the economy. Sales prices remained stable in 2020.

Sources: UPM, RISI, Pöyry, AWA

UPM Communication Papers

Comparable EBIT



UPM Communication Papers offers an extensive product range of graphic papers for advertising and publishing as well as home and office uses. The business has extensive low-cost operations consisting of 14 efficient paper mills in Europe and the United States, a global sales network and an efficient logistic system. The main customers are publishers, cataloguers, retailers, printers and merchants.

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	842	784	741	966	1,098	1,116	1,138	1,200	3,333	4,552
Comparable EBITDA, EURm	121	48	21	110	181	117	98	118	300	513
% of sales	14.4	6.1	2.9	11.4	16.4	10.5	8.6	9.8	9.0	11.3
Share of results of associated companies and joint ventures, EURm	0	1	-1	0	1	0	0	0	0	1
Depreciation, amortisation and impairment charges, EURm	-22	-82	-42	-34	-34	-43	-34	-33	-179	-145
Operating profit, EURm	110	-95	-37	31	147	57	36	85	9	324
% of sales	13.1	-12.1	-5.0	3.2	13.3	5.1	3.2	7.1	0.3	7.1
Items affecting comparability in operating profit, EURm [1)]	16	-114	-27	-45	-2	-28	-29	—	-170	-58
Comparable EBIT, EURm	94	19	-10	76	148	85	65	85	180	383
% of sales	11.1	2.5	-1.3	7.9	13.5	7.6	5.7	7.1	5.4	8.4
Capital employed (average), EURm	1,367	1,413	1,473	1,529	1,541	1,627	1,663	1,759	1,446	1,647
Comparable ROCE, %	27.4	5.5	-2.7	20.0	38.5	20.8	15.6	19.3	12.4	23.2
Paper deliveries, 1000 t	1,443	1,320	1,188	1,515	1,681	1,681	1,666	1,746	5,466	6,774

1) In Q4 2020, items affecting comparability include EUR 5 million restructuring charges reversals related to Chapelle mill and Kaipola mill closure as well as business functions' restructurings, EUR 6 million impairment charges reversals and EUR 5 million income related to prior capacity closures. In Q3 2020, items affecting comparability include EUR 46 million restructuring charges and EUR 53 million impairment charges related to closure of UPM Kaipola mill and EUR 15 million charges related to business functions' restructuring. In Q2 2020, items affecting comparability include EUR 33 million charges related to closure of UPM Chapelle newsprint mill in France, EUR 5 million gains on sale of non-current assets and EUR 1 million income relating to prior capacity closures. Q1 2020 items affecting comparability relate to closure of UPM Chapelle. Q4 2019 items relate to prior capacity closures. Q3 2019 items include EUR 17 million restructuring charges and EUR 11 million impairment charges related to closure of paper machine 2 at UPM Rauma mill, Finland. Q2 2019 items include EUR 28 million restructuring charges and EUR 1 million impairment charges related to closure of paper machine 10 at UPM Plattling mill, Germany.

- Graphic papers demand improved
- Permanent closure of the UPM Kaipola paper mill in Finland

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Communication Papers decreased. Sales prices were lower, which was partly offset by the positive impact of lower fibre costs. Delivery volumes were 14% lower, as graphic papers demand was impacted by the COVID-19 pandemic. Fixed costs decreased.

The average price in euro for UPM's paper deliveries decreased by 13%.

Q4 2020 compared with Q3 2020

Comparable EBIT increased mainly due to recognition of energy-related refunds in Europe and higher delivery and production volumes. Sales prices were lower.

The average price in euro for UPM's paper deliveries decreased by 3%.

Full year 2020 compared with year 2019

Comparable EBIT for UPM Communication Papers decreased due to lower delivery volumes. The COVID-19 pandemic and the related lockdown measures impacted graphic papers demand. The strike in Finland impacted production in Q1 2020. Sales prices were lower and more than offset the positive impact of lower variable costs. Fixed costs decreased.

The average price in euro for UPM's paper deliveries decreased by 11%.

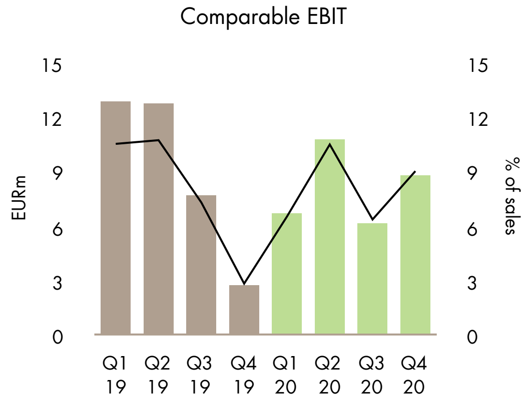
Market environment

- In 2020, demand for graphic papers in Europe was 18% lower than in the previous year. Newsprint demand decreased by 18%, magazine papers by 18% and fine papers by 18% compared with 2019.
- In Q4 2020, demand for graphic papers in Europe was 14% lower than in Q4 2019. Demand for newsprint decreased by 15%, magazine papers by 16% and fine papers by 12% compared with Q4 2019.
- In Q4 2020, publication paper prices in Europe remained unchanged compared with Q3 2020. Compared with Q4 2019 publication paper prices were 13% lower. In Q4 2020, fine paper prices in Europe were 1% lower than in the previous quarter. Compared with Q4 2019, fine paper prices were 6% lower on average.
- In 2020, demand for magazine papers in North America decreased by 25%, compared with 2019. The average price in US dollars for magazine papers in Q4 2020 remained unchanged compared to Q3 2020 and decreased by 5% compared with Q4 2019.

Sources: PPI/RISI, Euro-Graph, PPPC

UPM Plywood

UPM Plywood offers plywood and veneer products, mainly for construction, vehicle flooring and LNG shipbuilding, as well as other industrial applications. Production facilities are located in Finland, Estonia and Russia.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	99	98	104	105	101	106	120	123	405	450
Comparable EBITDA, EURm	15	13	18	14	9	14	19	19	59	61
% of sales	15.6	12.9	17.1	13.0	9.4	13.0	15.6	15.3	14.6	13.5
Depreciation, amortisation and impairment charges, EURm	-7	-6	-14	-7	-7	-6	-6	-6	-35	-25
Operating profit, EURm	9	6	-12	7	3	8	13	13	10	36
% of sales	8.8	6.3	-11.1	6.5	2.8	7.2	10.7	10.5	2.5	8.0
Items affecting comparability in operating profit, EURm [1)]	—	—	-22	—	—	—	—	—	-23	—
Comparable EBIT, EURm	9	6	11	7	3	8	13	13	33	36
% of sales	9.0	6.3	10.4	6.5	2.8	7.2	10.7	10.5	8.0	8.0
Capital employed (average), EURm	280	284	298	307	328	332	336	321	292	329
Comparable ROCE, %	12.7	8.7	14.5	8.8	3.4	9.3	15.2	16.1	11.2	11.0
Plywood deliveries, 1000 m^3	169	168	173	173	169	181	193	196	683	739

[1)] In Q2 2020, items affecting comparability include EUR 15 million restructuring charges and EUR 8 million impairment charges related to closure of Jyväskylä plywood mill in Finland.

- Demand for birch plywood improved at the end of the year, strong demand in spruce plywood continued
- UPM Chudovo plywood mill expansion project ramped up as planned
- Operations at UPM Plywood mills continued uninterrupted despite the COVID-19-pandemic
- European Commission started an anti-dumping investigation of Russian birch plywood imports to the EU

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for UPM Plywood increased mainly due to lower variable and fixed costs.

Q4 2020 compared with Q3 2020

Comparable EBIT increased, mainly due to higher production volumes. Variable costs were lower.

Full year 2020 compared with year 2019

Comparable EBIT for UPM Plywood decreased slightly mainly due to lower delivery volumes and sales prices. Delivery volumes were impacted by the strike in Finland in Q1 2020. Fixed costs were significantly lower.

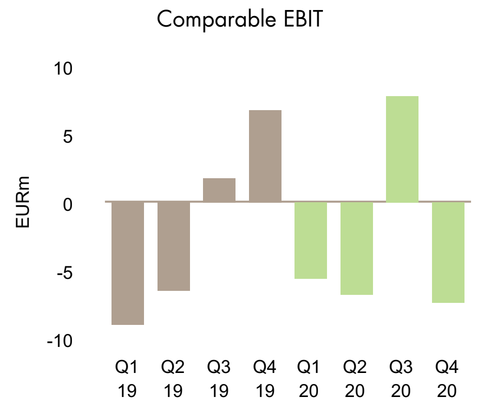
Market environment

- In H1 2020, demand for spruce plywood was solid. In H2 2020, demand was strong.
- In H1 2020, demand for birch plywood-related industrial applications was negatively impacted by COVID-19, and competition tightened. In H2 2020, demand remained modest but started to improve in Q4 2020.

Source: UPM

Other operations

UPM Forest secures competitive wood and biomass for UPM businesses and manages UPM-owned and privately-owned forests in North Europe. In addition, UPM offers forestry services to forest owners and forest investors. UPM Biochemicals, UPM Biocomposites and UPM Biomedicals business units as well as group services are also included in Other operations.



	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	58	57	60	50	62	63	72	68	225	264
Comparable EBITDA, EURm	19	15	-1	1	-17	4	3	-8	34	-18
Change in fair value of forest assets and wood harvested, EURm	-18	1	0	0	31	4	-3	6	-17	38
Share of results of associated companies and joint ventures, EURm	0	0	1	0	0	0	0	0	1	0
Depreciation, amortisation and impairment charges, EURm	-9	-8	-7	-6	-7	-6	-7	-6	-30	-27
Operating profit, EURm	-9	7	-7	-6	7	1	-9	-9	-15	-10
Items affecting comparability in operating profit, EURm [1)]	-2	-1	—	—	—	-1	-2	—	-3	-4
Comparable EBIT, EURm	-7	8	-7	-6	7	2	-6	-9	-12	-7
Capital employed (average), EURm	1,899	1,908	1,916	1,879	1,864	1,823	1,807	1,801	1,901	1,824
Comparable ROCE, %	-1.5	1.6	-1.4	-1.2	1.4	0.4	-1.4	-2.0	-0.6	-0.4

[1)] In Q4 2020, Q3 2020 and Q3 2019, items affecting comparability relate to restructuring charges and in Q2 2019 to capital loss on sale of Voikkaa mill site in Finland.

Results

Q4 2020 compared with Q4 2019

Comparable EBIT for other operations decreased. The change in the fair value of forest assets net of wood harvested was EUR -18 million (31 million). The increase in the fair value of forest assets was EUR 17 million (45 million). The cost of wood harvested from UPM forests was EUR 35 million (14 million).

Q4 2020 compared with Q3 2020

Comparable EBIT decreased. The change in the fair value of forest assets net of wood harvested was EUR -18 million (1 million). The increase in the fair value of forest assets was EUR 17 million (16 million). The cost of wood harvested from UPM forests was EUR 35 million (15 million).

Full year 2020 compared with year 2019

Comparable EBIT for other operations decreased. The change in the fair value of forest assets net of wood harvested was EUR -17 million (38 million). The increase in the fair value of forest assets was EUR 63 million (15 million). The cost of wood harvested from UPM forests was EUR 81million (9 million).

Risks and near-term uncertainties

The main uncertainties in UPM's earnings relate to the sales prices and delivery volumes of the group's products, as well as to changes to the main input cost items and currency exchange rates. Most of these items depend on general economic developments.

Currently, the COVID-19 pandemic continues to cause significant uncertainty. The pandemic resulted in a severe global recession, which is impacting practically all parts of the world. The duration of the pandemic and the duration and shape of the recession and the following recovery are uncertain. The pandemic itself, the lockdowns and containment measures, and the resulting global recession may all impact UPM's operations and supply chain, or the demand, supply and pricing of UPM's products and inputs. The COVID-19 pandemic and related issues are discussed earlier in this report.

Once the recovery from the current crisis starts, global trade tensions between major economic regions, e.g. the US and China, as well as political uncertainties in several countries will remain.

Changes to the monetary policies of major central banks may significantly impact various currencies that directly or indirectly affect UPM.

In Finland, UPM is participating in a project to construct a new nuclear power plant unit, Olkiluoto 3 EPR (OL3), through its shareholdings in Pohjolan Voima Oyj. Pohjolan Voima Oyj is a majority shareholder of Teollisuuden Voima Oyj (TVO), holding 58.5% of its shares. UPM's indirect share of OL3 is approximately 31%.

According to TVO OL3 was procured as a fixed price turnkey project from a consortium formed by Areva GmbH, Areva NP SAS and Siemens AG (Supplier). Under the plant contract, the consortium companies have joint and several liability for the contractual obligations.

Originally commercial electricity production at OL3 was scheduled to start in April 2009. However, completion of the project has been delayed. Supplier has updated the schedule for the commissioning of OL3 several times.

In March 2018 TVO announced that it had signed a comprehensive settlement agreement with Supplier and the Areva Group parent company, Areva SA, a company wholly owned by the French state. The settlement agreement concerns the completion of the OL3 project and related disputes and entered into force in late March 2018. According to TVO, pursuant to the settlement agreement, TVO and Supplier jointly withdrew the pending arbitration proceedings under International Chamber of Commerce (ICC) rules with respect to costs and losses incurred in relation to delays in the construction of the OL3 project.

In July 2018, TVO announced that, in June 2018 the ICC tribunal confirmed the arbitration settlement by a consent award and the arbitration proceedings had been terminated. The parties also withdrew the pending appeals in the General Court of the European Union.

According to TVO, the settlement agreement stipulates the following:

- To provide and maintain adequate and competent technical and human resources for the completion of the OL3 project, Areva will source the necessary additional resources from Framatome S.A.S., whose majority owner is EDF.
- The supplier consortium companies undertake that the funds dedicated to the completion of the OL3 project will be adequate and will cover all applicable guarantee periods, including setting up a trust mechanism funded by Areva companies to secure the financing of the costs of completion of the OL3 project.
- The turnkey principle of the OL3 plant contract and the joint and several liability of the supplier consortium companies remain in full force.
- The agreement also noted Supplier's schedule at the time the agreement was signed, according to which regular electricity production in the unit would have commenced in May 2019.
- The ICC arbitration concerning the costs and losses caused by the delay of the OL3 project is settled by financial compensation of EUR 450 million to be paid to TVO in two installments by Supplier.
- The parties withdraw all on-going legal actions related to OL3, including the ICC Arbitration and appeals in the General Court of the European Union.
- In the event that the Supplier consortium companies fail to complete the OL3 project by the end of 2019, the Supplier consortium companies will pay a penalty to TVO for such delay, the amount of which will depend on the actual time of completion of the OL3 project and may not exceed EUR 400 million.

In April 2020, TVO announced that it had submitted a permission application to the Finnish Radiation and Nuclear Safety Authority (STUK) for nuclear fuel loading of the OL3 nuclear power plant unit.

In August 2020, TVO announced having received an updated re-baseline schedule for the commissioning of OL3 from Supplier. According to the schedule fuel will be loaded into the reactor in March 2021, OL3 will be connected to the grid in October 2021, and regular electricity production will start in February 2022. Realisation of the OL3 EPR nuclear power plant project and preparation of the plant unit for production will continue. Commissioning tests and maintenance work are needed before fuel loading.

The COVID-19 pandemic may have significantly added uncertainty to the progress of the project. According to TVO significant arrangements have been made at the OL3 site to prevent the coronavirus infections. Despite coronavirus restrictions, work has been able to continue under special arrangements.

As announced by TVO, the new management of Areva, the supplier party, is preparing a financial solution to complete the OL3 project by the end of the guarantee period. TVO is also negotiating with Supplier on the terms of completing the OL3 project.

In addition, as announced by TVO, TVO has recognised that receivables amounted to the accumulated compensation by the end of Q3 2020 agreed in the comprehensive settlement agreement from supplier. The compensation decreases the historical costs of property, plant and equipment in TVO's balance sheet.

On 16 December 2020 TVO announced that the shareholders of TVO have signed an additional shareholder loan commitment, comprising a total of EUR 400 million new subordinated shareholder loan agreements. According to TVO with the new shareholder loan commitment, TVO is preparing to maintain a sufficient liquidity buffer and equity ratio to complete the OL3.

As announced by TVO, on 17 December 2020, S&P Global Ratings (S&P) affirmed its long-term corporate credit rating 'BB' for TVO and removed it from CreditWatch Negative, where it had been placed on 4 September 2020, with the outlook being negative. According to S&P, the EUR 400 million shareholder loan recently granted to TVO reduces near-term risk and signals that TVO's owners still support the OL3 project, despite the delays it has suffered.

Further delays in the OL3 project could have an adverse impact on PVO's business and financial position, the fair value of UPM's energy shareholdings in PVO and/or the cost of energy sourced from OL3 when completed. It is possible that the cost of energy sourced from OL3 at the time when it starts regular electricity production may be higher than the market price of electricity at that time.

The recent development of Renewable Energy Sources Act (EEG) related lawsuits in Germany for alleged non-payment of EEG based surcharges may have an adverse impact on UPM, albeit UPM is not currently a party to any such lawsuits.

The main earnings sensitivities and the group's cost structure are presented on pages 160–161 of Annual Report 2019. Risks and opportunities are discussed on pages 28–29, and risks and risk management are presented on pages 129–131.

Shares

In 2020 UPM shares worth a total of EUR 9,921 million (9,695 million) were traded on the NASDAQ Helsinki stock exchange. This is estimated to represent more than 70% of the total trading volume in UPM shares. The highest listing was EUR 31.50 in January and the lowest was EUR 20.31 in March.

The Annual General Meeting held on 31 March 2020 authorized the Board of Directors to decide on the repurchase of a maximum of 50,000,000 of the Company's own shares. The authorization will be valid for 18 months from the date of the AGM resolution.

The Annual General Meeting held on 31 March 2020 authorized the Board of Directors to decide on the issuance of new shares, the transfer of treasury shares and the issuance of special rights entitling to shares in proportion to the shareholders' existing holdings in the Company, or in a directed share issue, deviating from the shareholder's preemptive subscription right. The Board of Directors may also decide on a share issue without payment to the Company itself. The aggregate maximum number of new shares that may be issued and treasury shares that may be transferred is 25,000,000, including the number of shares that can be received on the basis of special rights. The authorization will be valid for 18 months from the date of the AGM resolution.

Aside from the above, the Board of Directors has no current authorization to issue shares, convertible bonds or share options.

The number of shares entered in the Trade Register on 31 December 2020 was 533,735,699. Through the issuance authorisation, the number of shares may increase to a maximum of 558,735,699.

On 31 December 2020, the company held 411,653 of its own shares, representing approximately 0.08% of the total number of company shares and voting rights. The Board of Directors may decide to retain, transfer or cancel the treasury shares.

Litigation

The group's management is not aware of any significant litigation in the end of 2020.

Helsinki, 28 January 2021

UPM-Kymmene Corporation
Board of Directors

Financial statement information

Consolidated income statement

EURm	Q4/2020	Q4/2019	Q1–Q4/2020	Q1–Q4/2019
Sales (Note 3)	2,188	2,447	8,580	10,238
Other operating income	14	17	116	97
Costs and expenses	-1,810	-2,028	-7,371	-8,531
Change in fair value of forest assets and wood harvested	-24	19	-25	26
Share of results of associated companies and joint ventures	0	1	3	3
Depreciation, amortisation and impairment charges	-114	-120	-541	-490
Operating profit	253	336	761	1,344
Exchange rate and fair value gains and losses	4	1	2	0
Interest and other finance costs, net	-7	-13	-26	-38
Profit before tax	250	324	737	1,307
Income taxes	-60	-61	-169	-234
Profit for the period	190	263	568	1,073
Attributable to:				
Owners of the parent company	187	265	560	1,061
Non-controlling interests	3	-2	8	12
	190	263	568	1,073
Earnings per share for profit attributable to owners of the parent company				
Basic earnings per share, EUR	0.35	0.50	1.05	1.99
Diluted earnings per share, EUR	0.35	0.50	1.05	1.99

Consolidated statement of comprehensive income

EURm	Q4/2020	Q4/2019	Q1–Q4/2020	Q1–Q4/2019
Profit for the period	190	263	568	1,073
Other comprehensive income for the period, net of tax				
Items that will not be reclassified to income statement:				
Actuarial gains and losses on defined benefit obligations	-21	73	-36	-58
Changes in fair value of energy shareholdings	-64	5	-251	-13
Items that may be reclassified subsequently to income statement:				
Translation differences	-110	-45	-262	67
Net investment hedge	4	7	5	-6
Cash flow hedges	0	3	-24	-50
Other comprehensive income for the period, net of tax	-192	43	-569	-58
Total comprehensive income for the period	-2	306	0	1,014
Total comprehensive income attributable to:				
Owners of the parent company	-6	310	-7	987
Non-controlling interests	4	-4	6	27
	-2	306	0	1,014

Consolidated balance sheet

EURm	31 DEC 2020	31 DEC 2019
ASSETS		
Goodwill	229	238
Other intangible assets	363	326
Property, plant and equipment (Note 4)	4,316	4,083
Leased assets	561	590
Forest assets	2,077	2,097
Energy shareholdings (Note 5)	1,936	2,145
Other non-current financial assets	166	170
Deferred tax assets	421	395
Net retirement benefit assets	26	38
Investments in associates and joint ventures	33	33
Other non-current assets	21	23
Non-current assets	10,149	10,140
Inventories	1,285	1,367
Trade and other receivables	1,534	1,576
Other current financial assets	136	59
Income tax receivables	34	26
Cash and cash equivalents	1,720	1,536
Current assets	4,709	4,565
Assets classified as held for sale (Note 9)	—	18
Assets	14,858	14,722
EQUITY AND LIABILITIES		
Share capital	890	890
Treasury shares	-2	-2
Translation reserve	25	278
Other reserves	1,430	1,711
Reserve for invested non-restricted equity	1,273	1,273
Retained earnings	5,735	5,912
Equity attributable to owners of the parent company	9,351	10,062
Non-controlling interests	162	113
Equity	9,513	10,175
Deferred tax liabilities	564	549
Net retirement benefit liabilities	771	759
Provisions (Note 8)	222	144
Non-current debt	1,952	1,195
Other non-current financial liabilities	97	83
Non-current liabilities	3,606	2,730
Current debt	90	104
Trade and other payables	1,571	1,654
Other current financial liabilities	48	33
Income tax payables	30	27
Current liabilities	1,740	1,818
Liabilities	5,345	4,548
Equity and liabilities	14,858	14,722

Consolidated statement of changes in equity

EURm	SHARE CAPITAL	TREASURY SHARES	TRANSLATION RESERVE	OTHER RESERVES	RESERVE FOR INVESTED NON-RESTRICTED EQUITY	RETAINED EARNINGS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Value at 1 January 2020	890	-2	278	1,711	1,273	5,912	10,062	113	10,175
Profit for the period	—	—	—	—	—	560	560	8	568
Translation differences	—	—	-258	—	—	—	-258	-4	-262
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	-34	—	—	-34	—	-34
Cash flow hedges - reclassified to PPE	—	—	—	-5	—	—	-5	—	-5
Cash flow hedges - changes in fair value, net of tax	—	—	—	11	—	—	11	3	14
Net investment hedge, net of tax	—	—	5	—	—	—	5	—	5
Energy shareholdings - changes in fair value, net of tax	—	—	—	-252	—	1	-251	—	-251
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	-36	-36	—	-36
Total comprehensive income for the period	—	—	-253	-279	—	525	-7	6	0
Share-based payments, net of tax	—	—	—	-2	—	-9	-11	—	-11
Dividend distribution	—	—	—	—	—	-693	-693	-21	-714
Other items	—	—	—	—	—	—	—	—	-1
Contributions by non-controlling interests	—	—	—	—	—	—	—	64	64
Total transactions with owners for the period	—	—	—	-2	—	-702	-704	43	-662
Value at 31 December 2020	890	-2	25	1,430	1,273	5,735	9,351	162	9,513
Value at 1 January 2019	890	-2	232	1,778	1,273	5,617	9,786	5	9,791
Profit for the period	—	—	—	—	—	1,061	1,061	12	1,073
Translation differences	—	—	53	—	—	—	53	15	67
Cash flow hedges - reclassified to income statement, net of tax	—	—	—	5	—	—	5	—	5
Cash flow hedges - changes in fair value, net of tax	—	—	—	-54	—	—	-54	—	-54
Net investment hedge, net of tax	—	—	-6	—	—	—	-6	—	-6
Energy shareholdings - changes in fair value, net of tax	—	—	—	-13	—	1	-13	—	-13
Actuarial gains and losses on defined benefit plans, net of tax	—	—	—	—	—	-58	-58	—	-58
Total comprehensive income for the period	—	—	47	-63	—	1,004	987	27	1,014
Share-based payments, net of tax	—	—	—	-3	—	-8	-12	—	-12
Dividend distribution	—	—	—	—	—	-693	-693	—	-693
Changes in non-controlling interests	—	—	—	—	—	-7	-7	81	75
Total transactions with owners for the period	—	—	—	-3	—	-709	-712	81	-631
Value at 31 December 2019	890	-2	278	1,711	1,273	5,912	10,062	113	10,175

Consolidated cash flow statement

EURm	Q4/2020	Q4/2019	Q1–Q4/2020	Q1–Q4/2019
Cash flows from operating activities				
Profit for the period	190	263	568	1,073
Adjustments [1)]	157	164	721	719
Interest received	1	1	3	2
Interest paid	-19	-14	-37	-29
Dividends received	0	1	3	2
Other financial items, net	-3	-1	-14	-20
Income taxes paid	-52	-50	-145	-176
Change in working capital	72	227	-93	276
Operating cash flow	347	592	1,005	1,847
Cash flows from investing activities				
Capital expenditure	-303	-138	-818	-359
Additions to forest assets	-10	-12	-57	-44
Investments in energy shareholdings	-47	0	-47	0
Proceeds from sale of property, plant and equipment and intangible assets, net of tax	1	2	23	13
Proceeds from sale of forest assets, net of tax	1	1	3	2
Proceeds from disposal of energy shareholdings	0	0	2	1
Proceeds from disposal of joint operations	0	0	17	0
Net cash flows from net investment hedges	0	0	-4	-29
Change in other non-current assets	1	2	3	1
Investing cash flow	-357	-145	-879	-415
Cash flows from financing activities				
Proceeds from non-current debt	848	13	861	13
Payments of non-current debt	-5	-2	-31	-6
Lease repayments	-20	-20	-86	-82
Change in current liabilities	-2	1	-2	-7
Net cash flows from derivatives	-8	9	-17	11
Dividends paid to owners of the parent company	0	0	-693	-693
Dividends paid to non-controlling interests	0	0	-23	0
Contributions paid by non-controlling interests	35	12	67	21
Other financing cash flow	-2	0	-4	-39
Financing cash flow	846	12	71	-783
Change in cash and cash equivalents	835	458	197	649
Cash and cash equivalents at the beginning of the period	886	1,080	1,536	888
Exchange rate effect on cash and cash equivalents	-2	-2	-13	-1
Change in cash and cash equivalents	835	458	197	649
Cash and cash equivalents at the end of the period	1,720	1,536	1,720	1,536

[1)] **Adjustments**

EURm	Q4/2020	Q4/2019	Q1–Q4/2020	Q1–Q4/2019
Change in fair value of forest assets and wood harvested	24	-19	25	-26
Share of results of associated companies and joint ventures	0	-1	-3	-3
Depreciation, amortisation and impairment charges	114	120	541	490
Capital gains and losses on sale of non-current assets	-1	0	-25	-1
Financial income and expenses	3	12	24	37
Income taxes	60	61	169	234
Utilised provisions	-23	-14	-55	-29
Non-cash changes in provisions	1	-3	130	43
Other adjustments	-22	8	-86	-25
Total	157	164	721	719

Notes to the financial statements

1 Basis of preparation and accounting policies

This unaudited interim report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and group's consolidated statements for 2019.

Alternative performance measures presented in this report should not be considered as a substitute for measures of performance in accordance with the IFRS and may not be comparable to similarly titled amounts used by other companies.

Figures presented in this report have been rounded and therefore the sum of individual figures might deviate from the presented total figure. Key figures have been calculated using exact figures.

Impact of COVID-19 on the financial statements

The impact of COVID-19 on UPM financial statements has so far been relatively limited. The group uses estimates and makes significant judgements when valuating certain assets and liabilities, including energy shareholdings, forest assets, retirement benefit obligations and provisions. The group has assessed the impact of COVID-19 to balance sheet items by considering indicators of impairment of goodwill and other intangible assets, recoverable amount of property, plant and equipment, recoverability of deferred tax assets, valuation of inventories, and collectability of trade receivables. The expectations of future cash flows, discount rates and other significant valuation inputs were revised to reflect changed economic environment. Based on these assessments, no significant adjustments to the carrying amounts of said assets were made due to COVID-19. However, the increased uncertainty in the economic environment can lead to significant adjustments to the carrying amount of assets.

The group expects that it will continue to operate and meet its liabilities as they fall due. UPM has a strong financial position. Net debt in the balance sheet amounted to EUR 56 million on 31 December 2020, after paying the dividend of EUR 693 million in Q2 2020. Cash funds and unused committed credit facilities amounted to EUR 3.2 billion. This includes the sustainability-linked five-year EUR 750 million revolving credit facility signed during Q1 2020, the EUR 550 million of bilateral committed credit facilities signed during Q2 2020 and EUR 158 million equivalent rolling overdraft facility. During Q4 2020, UPM successfully issued a EUR 750 million Green Bond under its EMTN (Euro Medium Term Note) programme. The facilities and UPM's outstanding debt have no financial covenants.

2 Quarterly information by business area

EURm, OR AS INDICATED	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales										
UPM Biorefining	569	541	563	509	592	660	708	753	2,183	2,712
UPM Energy	107	88	83	101	110	101	93	113	379	417
UPM Raflatac	390	358	403	408	389	382	385	398	1,560	1,555
UPM Specialty Papers	345	311	325	342	353	344	359	357	1,324	1,412
UPM Communication Papers	842	784	741	966	1,098	1,116	1,138	1,200	3,333	4,552
UPM Plywood	99	98	104	105	101	106	120	123	405	450
Other operations	58	57	60	50	62	63	72	68	225	264
Internal sales	-223	-208	-202	-194	-259	-280	-269	-320	-827	-1,129
Eliminations and reconciliation	1	-1	-1	0	1	1	1	2	-1	4
Sales, total	2,188	2,028	2,077	2,287	2,447	2,493	2,605	2,693	8,580	10,238
Comparable EBITDA										
UPM Biorefining	50	104	113	81	96	171	203	254	348	724
UPM Energy	54	43	36	45	55	48	51	41	178	195
UPM Raflatac	64	55	70	64	43	44	40	40	252	166
UPM Specialty Papers	76	56	66	75	67	53	45	29	273	194
UPM Communication Papers	121	48	21	110	181	117	98	118	300	513
UPM Plywood	15	13	18	14	9	14	19	19	59	61
Other operations	19	15	-1	1	-17	4	3	-8	34	-18
Eliminations and reconciliation	-8	-1	-2	9	8	4	8	-4	-2	17
Comparable EBITDA, total	392	331	320	398	442	455	466	488	1,442	1,851
Operating profit										
UPM Biorefining	0	58	70	37	42	130	161	212	166	544
UPM Energy	49	58	34	43	53	45	49	39	184	184
UPM Raflatac	48	45	60	51	33	36	30	26	205	124
UPM Specialty Papers	57	40	50	58	50	35	26	8	206	120
UPM Communication Papers	110	-95	-37	31	147	57	36	85	9	324
UPM Plywood	9	6	-12	7	3	8	13	13	10	36
Other operations	-9	7	-7	-6	7	1	-9	-9	-15	-10
Eliminations and reconciliation	-11	-3	-12	21	2	5	14	0	-4	21
Operating profit, total	253	117	148	243	336	316	319	373	761	1,344
% of sales	11.6	5.8	7.1	10.6	13.7	12.7	12.3	13.9	8.9	13.1
Items affecting comparability										
UPM Biorefining	—	—	—	—	—	—	—	—	—	—
UPM Energy	-3	17	—	—	—	—	-1	—	14	-1
UPM Raflatac	-6	—	—	-3	1	2	—	-5	-9	-2
UPM Specialty Papers	—	3	4	—	—	—	—	—	6	—
UPM Communication Papers	16	-114	-27	-45	-2	-28	-29	—	-170	-58
UPM Plywood	—	—	-22	—	—	—	—	—	-23	—
Other operations	-2	-1	—	—	—	-1	-2	—	-3	-4
Eliminations and reconciliation [1)	-3	-2	-9	12	-6	1	6	4	-3	5
Items affecting comparability in operating profit, total	2	-98	-55	-36	-7	-26	-26	-1	-187	-60
Comparable EBIT										
UPM Biorefining	0	58	70	37	42	130	161	212	166	544
UPM Energy	52	41	34	43	53	45	49	39	171	185
UPM Raflatac	55	45	60	54	32	34	30	31	214	126
UPM Specialty Papers	57	37	47	58	50	35	26	8	199	120
UPM Communication Papers	94	19	-10	76	148	85	65	85	180	383
UPM Plywood	9	6	11	7	3	8	13	13	33	36
Other operations	-7	8	-7	-6	7	2	-6	-9	-12	-7
Eliminations and reconciliation	-8	-1	-2	9	8	4	8	-4	-2	17
Comparable EBIT, total	252	215	203	279	343	342	345	374	948	1,404
% of sales	11.5	10.6	9.8	12.2	14.0	13.7	13.2	13.9	11.1	13.7

[1) Eliminations and reconciliations includes changes in fair value of unrealised cash flow and commodity hedges.

Items affecting comparability

Certain non-operational or non-cash valuation transactions with significant income statement impact are considered as items affecting comparability and reported separately to reflect the underlying business performance and to enhance comparability from period to period. In 2020, items affecting comparability in UPM Communication Papers business area mainly relate to restructuring charges and impairment charges due to closure of UPM Chapelle paper mill and UPM Kaipola paper mill. In Plywood business area, items affecting comparability relate to restructuring charges from the closure of Jyväskylä plywood mill. In 2019, items affecting comparability in UPM Communication Papers business area mainly relate to restructuring charges and impairment charges due to closure of paper machine 2 at UPM Rauma paper mill and closure of paper machine 10 at UPM Plattling paper mill.

EURm	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Comparable profit for the period	191	158	157	231	261	281	271	305	737	1,119
Items affecting comparability										
Impairment charges	2	-53	-19	0	-1	-11	-1	0	-70	-13
Restructuring charges	3	-57	-34	-48	0	-18	-28	-5	-137	-52
Change in fair value of unrealised cash flow and commodity hedges	-3	-2	-9	12	-6	1	6	4	-3	5
Capital gains and losses on sale of non-current assets	0	14	8	0	0	2	-2	0	23	0
Total items affecting comparability in operating profit	2	-98	-55	-36	-7	-26	-26	-1	-187	-60
Changes in tax rates	0	0	-4	0	0	0	0	0	-3	0
Taxes relating to items affecting comparability	-3	22	4	-2	10	5	-1	0	21	14
Items affecting comparability in taxes	-2	22	1	-2	10	5	-1	0	18	14
Items affecting comparability, total	-1	-75	-54	-39	2	-21	-26	-1	-169	-46
Profit for the period	190	83	103	192	263	260	245	304	568	1,073

3 External sales by major products

BUSINESS AREA	BUSINESS	Q4/2020	Q4/2019	Q1–Q4/2020	Q1–Q4/2019
EURm					
UPM Biorefining	UPM Pulp UPM Biofuels UPM Timber	447	451	1,720	2,096
UPM Energy	UPM Energy	70	56	252	180
UPM Raflatac	UPM Raflatac	390	389	1,560	1,555
UPM Specialty Papers	UPM Specialty Papers	298	303	1,148	1,203
UPM Communication Papers	UPM Communication Papers	832	1,090	3,296	4,516
UPM Plywood	UPM Plywood	93	96	385	427
Other operations	UPM Forest UPM Biochemicals UPM Biomedicals UPM Biocomposites	57	60	221	258
Eliminations and reconciliations		1	1	-1	4
Total		2,188	2,447	8,580	10,238

BUSINESS	PRODUCT RANGE
UPM Pulp	Softwood, birch and eucalyptus pulp
UPM Biofuels	Wood-based renewable diesel for transport and renewable naphtha for transport and petrochemicals
UPM Timber	Standard and special sawn timber
UPM Energy	Electricity and related services
UPM Raflatac	Self-adhesive paper and film label stock
UPM Specialty Papers	Labelling materials, release base papers, flexible packaging materials, office papers, graphic papers
UPM Communication Papers	Graphic papers for various end uses
UPM Plywood	Plywood and veneer products
UPM Forest	Wood and wood-based biomass (logs, pulpwood, chips, forest residues etc.), full forestry service offering
UPM Biochemicals	Lignin products for industrial use
UPM Biomedicals	Wood-based products for biomedical applications
UPM Biocomposites	UPM ProFi decking products and UPM Formi granules

4 Changes in property, plant and equipment

EURm	Q1–Q4/2020	Q1–Q4/2019
Book value at beginning of period	4,083	4,186
Reclassification to leased assets (IFRS 16)	—	-71
Reclassification to assets held for sale, net	-2	-11
Capital expenditure	829	351
Decreases	-7	-6
Depreciation	-383	-392
Impairment charges	-70	-13
Translation difference and other changes	-135	41
Book value at end of period	4,316	4,083

Capital expenditure in 2020 mainly relate to the construction of the new pulp mill in Uruguay and the construction of the new biorefinery on Germany. Impairment charges in 2020 mainly relate to closure of UPM Chapelle paper mill in France and UPM Kaipola paper mill in Finland and closure of Jyväskylä plywood mill.

5 Financial assets and liabilities

Financial assets and liabilities measured at fair value

EURm	31 DEC 2020				31 DEC 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivatives non-qualifying hedges	—	32	—	32	—	17	—	17
Derivatives under hedge accounting	2	252	—	254	23	166	—	189
Energy shareholdings	—	—	1,936	1,936	—	—	2,145	2,145
Total	2	284	1,936	2,222	23	183	2,145	2,351
Financial liabilities								
Derivatives non-qualifying hedges	—	27	—	27	—	7	—	7
Derivatives under hedge accounting	2	27	—	29	7	22	—	28
Total	2	54	—	56	7	29	—	36

There have been no transfers between Levels.

Specific valuation techniques used to value financial instruments at level 2 include the following methods: Interest forward rate agreements (FRA) are fair valued based on quoted market rates on the balance sheet date. Forward foreign exchange contracts are fair valued based on the contract forward rates at the balance sheet date.

Foreign currency options are fair valued based on quoted market rates and market volatility rates on the balance sheet date by using the Black&Scholes option valuation model. Interest and currency swap instruments are fair valued as present value of the estimated future cash flows based on observable yield curves. Commodity swaps are fair valued based on forward curve quotations received from service providers.

Fair value measurements using significant unobservable inputs, Level 3

	ENERGY SHAREHOLDINGS	
EURm	Q1–Q4/2020	Q1–Q4/2019
Book value at beginning of period	2,145	2,159
Disposals	-2	-1
Fair value changes recognised in other comprehensive income	-207	-13
Book value at end of period	1,936	2,145

Fair valuation of energy shareholdings in UPM Energy (Pohjolan Voima Oyj's A, B, B2, C, C2, M and V-shares, Kemijoki Oy shares, and Länsi-Suomen Voima Oy shares) is based on discounted cash flows model. The electricity price estimate is based on fundamental simulation of the Finnish area electricity price. A change of 5% in the electricity price used in the model would change the total value of the assets by approximately EUR 340 million.

The discount rate of 5.47% used in the valuation model is determined using the weighted average cost of capital method. A change of 0.5 percentage points in the discount rate would change the total value of the assets by approximately EUR 300 million.

Other uncertainties and risk factors in the value of the assets relate to start-up schedule of the fixed price turn-key Olkiluoto 3 EPR nuclear power plant project. UPM's indirect share of the capacity of Olkiluoto 3 EPR is approximately 31%, through its PVO B2 shares. In Q4 2020, UPM granted EUR 47 million shareholder loan to PVO to complete the Olkiluoto 3 EPR. In addition, Teollisuuden Voima Oyj (TVO) shareholders signed the addition to the agreement and commitment concerning the shareholder loan arrangement. UPM's share of this commitment amounts to EUR 123 million.

During 2020, economic outlook has deteriorated due to COVID-19 pandemic and following containment measures. Possible changes in the outlook might impact power demand expectations and energy commodity prices, and thus could have an impact on the value of energy shares. Changes in regulatory environment or taxation could also have an impact on the value of the energy generating assets.

The decrease in fair value during 2020 was mainly due to the decrease in electricity forward rates and long-term electricity price estimates, caused by the partly already deteriorated economic outlook.

Fair value of financial assets and liabilities measured at amortised cost

EURm	31 DEC 2020 Carrying amount	31 DEC 2020 Fair value	31 DEC 2019 Carrying amount	31 DEC 2019 Fair value
Bonds	1,153	1,164	431	417
Other non-current debt excl. derivative financial instruments and lease liabilities	331	345	260	265
Total	1,484	1,509	691	682

The carrying amounts are not significantly different from fair values due to hedges. The fair values of all other financial assets and liabilities approximate their carrying amount.

6 Commitments and contingencies

EURm	31 DEC 2020	31 DEC 2019
Own commitments		
Mortgages	—	1
On behalf of others		
Guarantees	2	2
Other own commitments		
Commitments related to off-balance sheet short-term leases	6	6
Other commitments	214	104
Total	223	113

Increase in other commitments is mainly due to a shareholder loan commitment to PVO, which amounts to EUR 123 million. Refer to Note 5 for additional information.

The lease commitments for leases not commenced at the end of 2020 totals approximately EUR 412 million, which are mostly related to long-term charter agreements, railway service agreement in Uruguay and service agreements related to wood handling, waste water treatment and other utilities in Leuna, Germany. Such lease commitments on 31 December 2019 amounted to EUR 100 million.

Capital commitments

EURm	COMPLETION	TOTAL COST	BY 31 DEC 2019	Q1–Q4/2020	AFTER 31 DEC 2020
New biorefinery / Germany	Q4 2022	550	—	79	471
CHP power plant / Germany	Q3 2022	95	—	28	67
New pulp mill / Uruguay	Q3 2022	2,730	46	545	2,139
Renovation and modernisation / Kuusankoski hydro power plant	Q4 2022	22	3	3	16

7 Notional amounts of derivative financial instruments

EURm	31 DEC 2020	31 DEC 2019
Interest rate futures	2,391	1,729
Interest rate swaps	1,056	334
Forward foreign exchange contracts	3,992	2,491
Currency options, bought	10	14
Currency options, written	10	10
Cross currency swaps	166	172
Commodity contracts	791	913

8 Provisions

EURm	RESTRUCTURING	TERMINATION	ENVIRONMENTAL	EMISSIONS	OTHER	TOTAL
Value at 1 January 2020	30	36	20	18	41	144
Provisions made during the year	43	96	7	23	3	173
Provisions utilised during the year	-11	-33	-1	-19	-9	-73
Unused provisions reversed	-6	-7	0	-1	-7	-21
Reclassifications	-4	0	4	0	0	0
Value at 31 December 2020	52	91	29	21	28	222

Restructuring and termination provisions made during the year relate to planned closure of UPM Kaipola paper mill, closure of UPM Chapelle paper mill, closure of Jyväskylä plywood mill and restructuring of the functions of UPM Communication Papers.

9 Assets and liabilities classified as held for sale

Assets classified as held for sale at the end of 2019 relate to UPM Chapelle paper mill assets located in France.

Alternative performance measures

Quarterly key figures

In addition to the conventional financial performance measures established by the IFRS, certain key figures (alternative performance measures) are presented to reflect the underlying business performance and enhance comparability from period to period.

	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Sales EURm	2,188	2,028	2,077	2,287	2,447	2,493	2,605	2,693	8,580	10,238
Comparable EBITDA, EURm	392	331	320	398	442	455	466	488	1,442	1,851
% of sales	17.9	16.3	15.4	17.4	18.1	18.2	17.9	18.1	16.8	18.1
Comparable EBIT, EURm	252	215	203	279	343	342	345	374	948	1,404
% of sales	11.5	10.6	9.8	12.2	14.0	13.7	13.2	13.9	11.1	13.7
Comparable profit before tax, EURm	248	207	193	276	331	345	325	366	924	1,367
Capital employed (average, EURm)	11,138	10,744	10,888	11,241	11,323	10,996	11,069	10,946	11,514	11,024
Comparable ROCE, %	9.1	7.9	7.5	10.2	12.2	12.9	12.2	13.7	8.3	12.8
Comparable profit for the period, EURm	191	158	157	231	261	281	271	305	737	1,119
Total equity, average, EURm	9,496	9,468	9,564	9,923	10,015	9,706	9,804	9,924	9,844	9,986
Comparable ROE, %	8.0	6.7	6.6	9.3	10.4	11.6	11.1	12.3	7.5	11.2
Average number of shares basic (1,000)	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324
Comparable EPS, EUR	0.35	0.29	0.29	0.43	0.49	0.50	0.51	0.57	1.37	2.07
Items affecting comparability in operating profit, EURm	2	-98	-55	-36	-7	-26	-26	-1	-187	-60
Items affecting comparability in financial items, EURm	0	0	0	0	0	0	0	0	0	0
Items affecting comparability in taxes, EURm	-2	22	1	-2	10	5	-1	0	18	14
Operating cash flow, EURm	347	365	156	137	592	500	436	320	1,005	1,847
Operating cash flow per share, EUR	0.65	0.69	0.29	0.26	1.11	0.94	0.82	0.60	1.89	3.46
Net debt at the end of period, EURm	56	89	301	-405	-453	-2	366	-5	56	-453
Net debt to EBITDA (last 12 m.)	0.04	0.06	0.19	-0.23	-0.24	0.00	0.19	0.00	0.04	-0.24
Gearing ratio, %	1	1	3	-4	-4	0	4	0	1	-4
Equity per share at the end of period, EUR	17.53	17.54	17.50	17.90	18.87	18.28	17.91	18.84	17.53	18.87
Capital expenditure, EURm	365	201	173	165	166	79	71	62	903	378
Capital expenditure excluding acquisitions, EURm	364	201	173	165	166	79	71	62	902	378
Equity to assets ratio, %	64.1	68.4	68.3	64.8	69.2	68.3	67.9	68.1	64.1	69.2
Personnel at the end of period	18,014	18,349	19,029	18,573	18,742	19,020	19,760	19,008	18,014	18,742

The definitions of alternative performance measures are presented in other financial information in *» UPM Annual Report 2019*

Reconciliation of key figures to IFRS

EURm, OR AS INDICATED	Q4/20	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q1–Q4/20	Q1–Q4/19
Items affecting comparability										
Impairment charges	2	-53	-19	0	-1	-11	-1	0	-70	-13
Restructuring charges	3	-57	-34	-48	0	-18	-28	-5	-137	-52
Change in fair value of unrealised cash flow and commodity hedges	-3	-2	-9	12	-6	1	6	4	-3	5
Capital gains and losses on sale of non-current assets	0	14	8	0	0	2	-2	0	23	0
Total items affecting comparability in operating profit	2	-98	-55	-36	-7	-26	-26	-1	-187	-60
Changes in tax rates	0	0	-4	0	0	0	0	0	-3	0
Taxes relating to items affecting comparability	-3	22	4	-2	10	5	-1	0	21	14
Items affecting comparability in taxes	-2	22	1	-2	10	5	-1	0	18	14
Items affecting comparability, total	-1	-75	-54	-39	2	-21	-26	-1	-169	-46
Comparable EBITDA										
Operating profit	253	117	148	243	336	316	319	373	761	1,344
Depreciation, amortisation and impairment charges excluding items affecting comparability	116	117	119	120	120	119	118	120	471	477
Change in fair value of forest assets and wood harvested excluding items affecting comparability	24	1	-1	1	-19	-5	3	-5	25	-26
Share of result of associates and joint ventures	0	-1	-1	-1	-1	-1	-1	-1	-3	-3
Items affecting comparability in operating profit	-2	98	55	36	7	26	26	1	187	60
Comparable EBITDA	392	331	320	398	442	455	466	488	1,442	1,851
% of sales	17.9	16.3	15.4	17.4	18.1	18.2	17.9	18.1	16.8	18.1
Comparable EBIT										
Operating profit	253	117	148	243	336	316	319	373	761	1,344
Items affecting comparability in operating profit	-2	98	55	36	7	26	26	1	187	60
Comparable EBIT	252	215	203	279	343	342	345	374	948	1,404
% of sales	11.5	10.6	9.8	12.2	14.0	13.7	13.2	13.9	11.1	13.7
Comparable profit before tax										
Profit before tax	250	109	138	240	324	319	300	364	737	1,307
Items affecting comparability in operating profit	-2	98	55	36	7	26	26	1	187	60
Comparable profit before tax	248	207	193	276	331	345	325	366	924	1,367
Comparable ROCE, %										
Comparable profit before tax	248	207	193	276	331	345	325	366	924	1,367
Interest expenses and other financial expenses	4	7	10	11	14	10	11	8	33	44
	253	213	203	288	346	355	337	374	957	1,411
Capital employed, average	11,138	10,744	10,888	11,241	11,323	10,996	11,069	10,946	11,514	11,024
Comparable ROCE, %	9.1	7.9	7.5	10.2	12.2	12.9	12.2	13.7	8.3	12.8
Comparable profit for the period										
Profit for the period	190	83	103	192	263	260	245	304	568	1,073
Items affecting comparability, total	1	75	54	39	-2	21	26	1	169	46
Comparable profit for the period	191	158	157	231	261	281	271	305	737	1,119
Comparable EPS, EUR										
Comparable profit for the period	191	158	157	231	261	281	271	305	737	1,119
Profit attributable to non-controlling interest	-3	-1	-2	-2	2	-14	0	0	-8	-12
	188	157	155	229	263	267	271	305	729	1,106
Average number of shares basic (1,000)	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324	533,324
Comparable EPS, EUR	0.35	0.29	0.29	0.43	0.49	0.50	0.51	0.57	1.37	2.07
Comparable ROE, %										
Comparable profit for the period	191	158	157	231	261	281	271	305	737	1,119
Total equity, average	9,496	9,468	9,564	9,923	10,015	9,706	9,804	9,924	9,844	9,986
Comparable ROE, %	8.0	6.7	6.6	9.3	10.4	11.6	11.1	12.3	7.5	11.2
Net debt										
Non-current debt	1,952	1,154	1,205	1,234	1,195	1,179	1,126	1,139	1,952	1,195
Current debt	90	88	104	105	104	137	138	127	90	104
Total debt	2,042	1,242	1,309	1,338	1,299	1,316	1,264	1,267	2,042	1,299
Non-current interest-bearing assets	181	198	213	219	180	201	184	177	181	180
Cash and cash equivalents	1,720	886	729	1,460	1,536	1,080	678	1,064	1,720	1,536
Other current interest-bearing assets	86	68	66	65	35	38	36	31	86	35
Total interest-bearing assets	1,986	1,152	1,008	1,744	1,752	1,318	898	1,272	1,986	1,752
Net debt	56	89	301	-405	-453	-2	366	-5	56	-453

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