



UPM RAFLATAC

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Investor Webcast

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Self adhesive labels in various end uses



Food



Wine, spirits & beverage



Pharmaceuticals



Personal care



Home care



Durables



Transport & logistics



Industrial
Chemical



Retail



A4 & cut-size



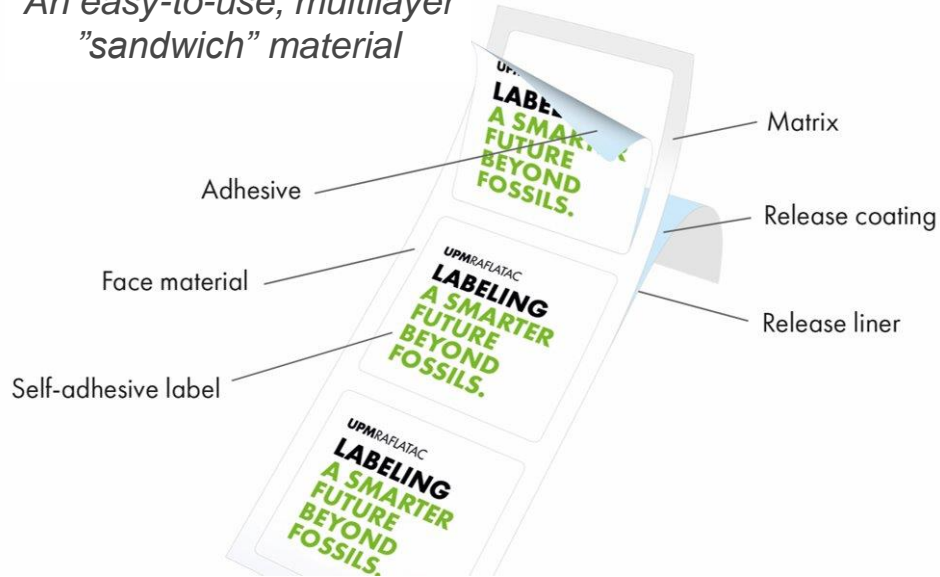
Security & brand
protection



Tyre

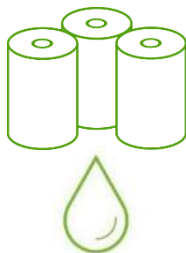
Our main product: the self-adhesive label stock

An easy-to-use, multilayer "sandwich" material



The label materials value chain

RAW MATERIALS



- Papers
- Films
- Silicones
- Adhesives

LABEL MATERIALS MANUFACTURING & DISTRIBUTION



UPM RAFLATAC
Labeling a smarter future
beyond fossils

LABEL PRINTING & CONVERTING



- Large number of specialized label converting companies

PRODUCT LABELLING & END USE



- All companies with labelling needs
- Packaged goods and industrial use
- Private consumption

UPM Raflatac's global presence brings reach and resilience



>8000
customers



Sales to
120
countries



Operations in
39
countries



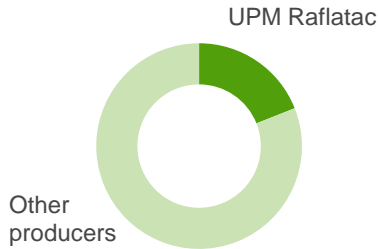
>3300
employees

The self-adhesive labelstock market

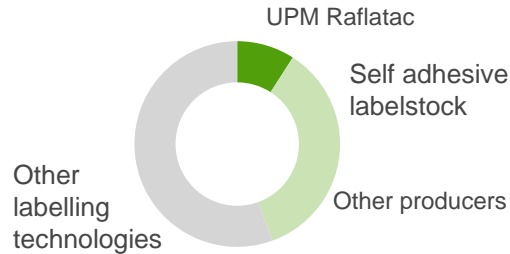
- >EUR 10bn global market
- ~3-4% p.a. growth
- Private consumption driven
- Largest of the labelling technologies
- <25% of total self adhesive materials markets



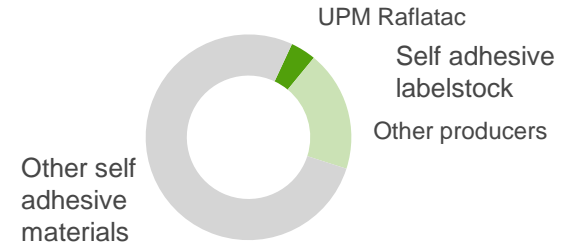
Self-adhesive labelstock market



All labelling technologies



All self adhesive materials



Destocking: Multiple factors driving short term inventory reduction in the labelling value chain, especially in Europe



Propensity to hold high inventory levels driven by:



Supply lead times & reliability

- Challenges of 2020-2022 H1
- Normalization Q4/2022-

X



Affordability of inventory holding

- Expectations of cost/price increases or decreases
- Cost of funding

X



Underlying consumer demand

Q1 - 3Q 2022



4Q 2022 –



Increasing inventory likely



Decreasing inventory likely

Solid long term growth trends are intact for labelstock

3 - 4%

Annual growth
forecast



The drive toward sustainable packaging



E-commerce growth



Growing need for brand differentiation and decoration



Growth of higher value segments (e.g. Pharma)



Growth in packaging units sold globally

CASE: E-Commerce growth continues to drive packaging & labelling long term



Existing trend

Even more labels on logistics boxes



New trends

New label applications, packaging innovation, new brands...



New needs for VIP labelling

Large daily consumer goods categories grow in E-Com

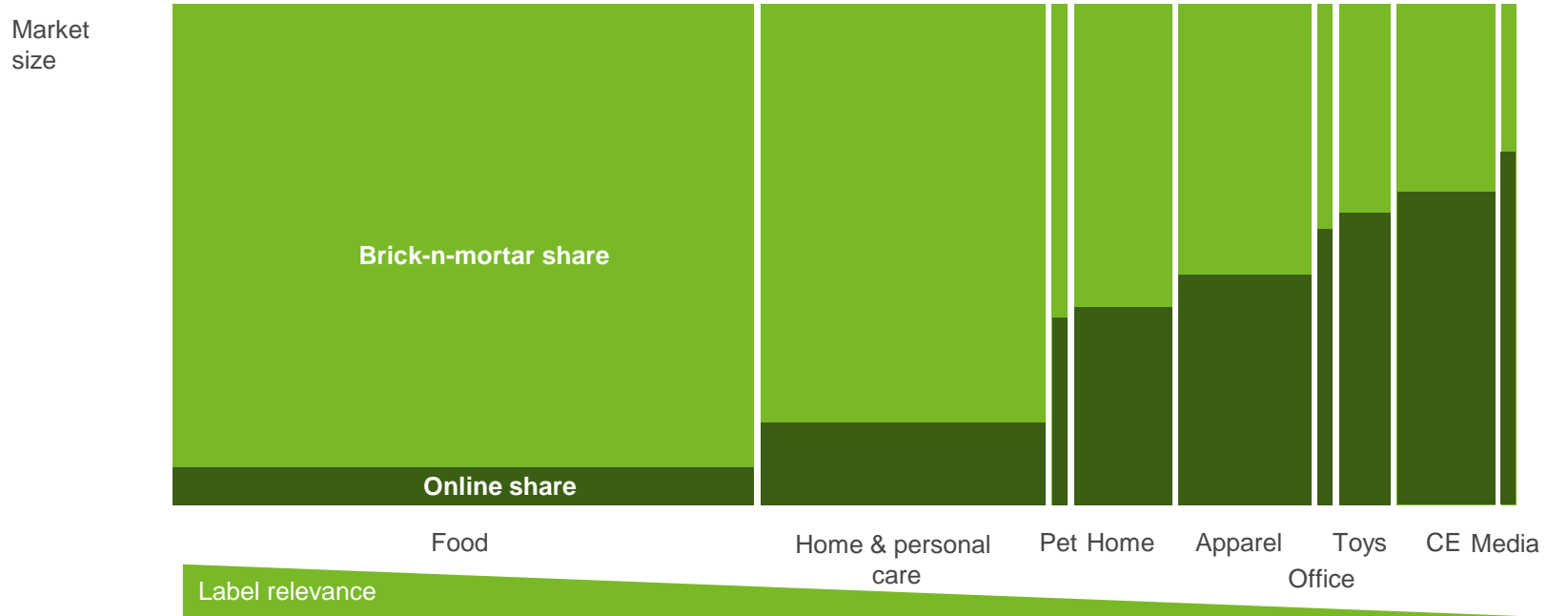


New needs for hygiene, freshness, tamper evidence labelling



Packaging innovation acceleration

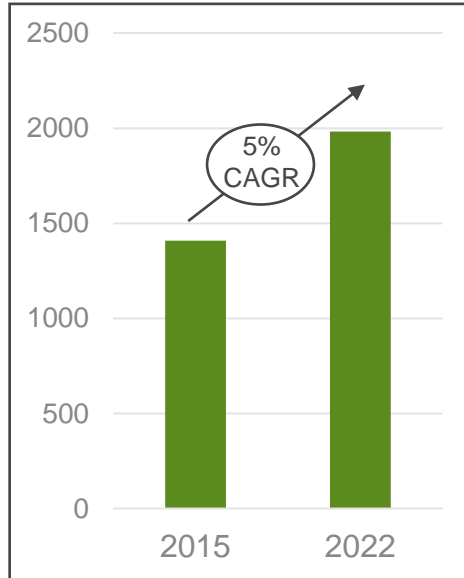
E-COMMERCE GROWTH: Daily consumer goods are more than half of all spend and even larger share of potential home deliveries



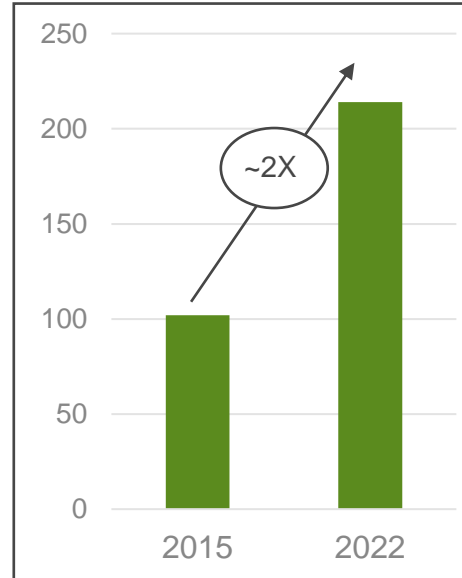
UPM Raflatac development



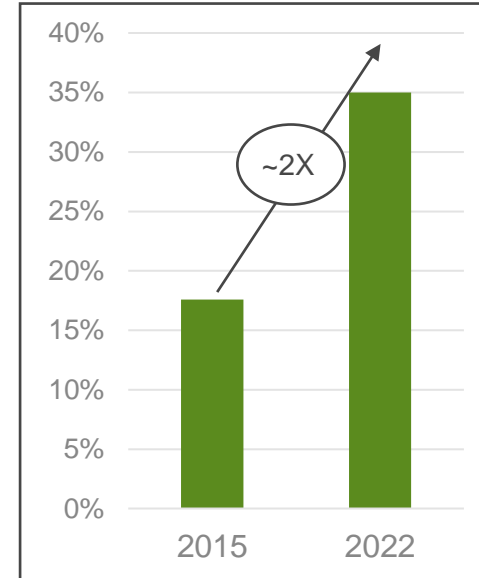
Sales, MEUR



EBIT, MEUR



ROCE, %



- Global operating model & organization as the foundation
- Organizational capability development, especially commercial
- Organic investments to capacity, distribution coverage and quality enhancement

- New product development & higher growth rate of differentiated, high value added products
- Digitalization investments for efficiency and customer engagement

Our strategy for profitable growth

Foundation

Strong common capabilities

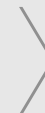
Global operating model



Strategic priorities & ongoing initiatives



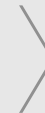
Improved customer reach



Commercial Excellence



Wider product portfolio



Sustainability leadership



Winning operations



Productivity improvement

Leading in sustainable labeling



Sustainability leadership & innovation

“First to the world” product launches



Forest Film



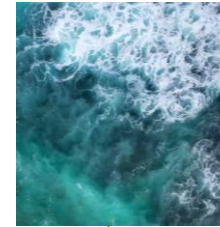
Wood-based renewable labeling material made of UPM BioVerno™ naphtha

Recycled plastic label material

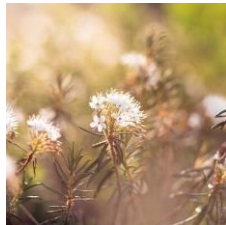


Polypropylene label film manufactured from post-consumer recycled plastic

Ocean Action label



Film label from mixed plastic waste from traceable ocean bound Asian beach and land regions



RAF NXT+ verified by the Carbon Trust

Paper label material verified by the Carbon Trust



RAF NXT+ CarbonNeutral®

Label material alternatives certified by CarbonNeutral®



New Wave label

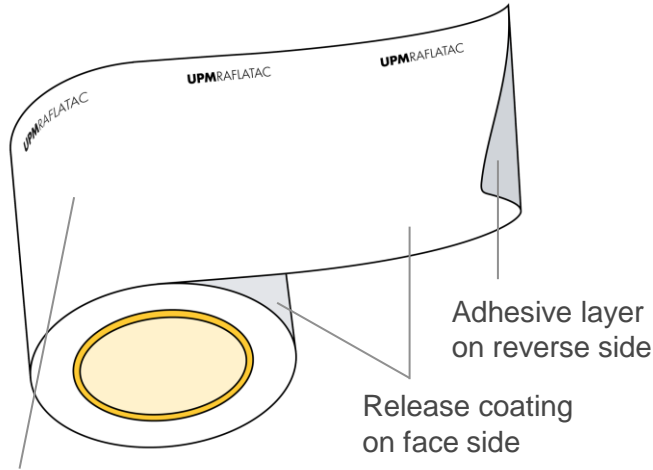
New innovation in the pipeline: Paper label for PET packaging recycling

Case

Linerless labelling – convenience, efficiency and sustainability driving fast market growth

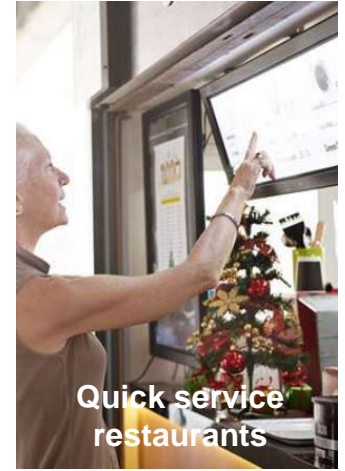


Linerless label material



Direct thermal sensitive paper

Main end uses currently



- >15% CAGR market growth, already a large market
- New end uses driven by convenience, efficiency and sustainability

Case

New capabilities and assets in UPM Raflatac to grow in Linerless labelling



- New cost competitive asset in Poland started up in early 2022
- Replicable model and capacity for growth
- Global distribution network



UPMRAFLATAC OptiCut™

- DT linerless designed for superior operational efficiencies
- 40% less material than conventional label and up to 70% longer roll length
- Certified as carbon neutral product

2022 Acquisition of AMC AG in Germany



Key facts

- Two well invested production sites in Northern Germany
- 330 personnel
- Sales 110MEUR*
- Filmic label stock, Graphics and removable self adhesive products

Rationale

- Operational synergies
- Extends offering to new high value product categories
- Strengthens position in Central Europe
- Professional team with strong technical know-how

New product categories from AMC AG provide potential for further high value add and growth



Graphics



- Visual communications for signage and decoration inside and outside
- ~4 BEUR market with 3-5% annual growth depending on segment
- Operational synergies with labelstock (sourcing, operations)

Removable notes & industrial products



- Ultra removable adhesive technology
- Differentiated niche opportunities for high value add and growth
- Operational synergies with labelstock (sourcing, technology)



Summary



- Self adhesive materials have healthy long term growth prospects with multiple positive drivers
- Significant destocking in the labelling value chain in the short term
- Sustainability is a major trend in packaging – a need from consumers and brand owners
- We continue to lead the sustainability offering to Reduce, Recycle and Renew labelling materials – Beyond Fossils
- We pursue profitable growth through wider product portfolio, commercial excellence and efficiency improvements – with M&A as potential acceleration tool

UPM **BIOFORE**
BEYOND FOSSILS

