



Press conference

Montevideo

July 23, 2019

Press conference

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UPM makes a transformative investment in a world class pulp mill in central Uruguay



- UPM has today made the investment decision to construct a 2,1 million tonne greenfield eucalyptus pulp mill in Durazno department
- The prerequisites for the investment have been carefully prepared in cooperation with the state of Uruguay
- The highly competitive mill investment of USD 2,7 billion will grow UPM's current pulp capacity by more than 50%, resulting in a step change in the scale of UPM's pulp business

UPM makes a transformative investment in a world class pulp mill in central Uruguay



- Additionally, UPM will invest USD 350 million in port operations in Montevideo and local facilities in Paso de los Toros. The mill is scheduled to start up in the second half of 2022
- For Uruguay, the project and the infrastructure development offer significant opportunities for economic and social development.

Uruguay as a strategic and reliable country to invest

A project that goes much further than the installation of a pulp mill



Political, legal and economic stability that allows a long-term investment of this scale



This is a result of a **state policy** with key decisions taken by the **entire political spectrum**



Responsible planning based on Fray Bentos **proven experience**



30 years of operations has been key in the decision to reinvest in the country

Business fundamentals for the investment

- Pulp enjoying a healthy long-term demand outlook, especially in Asia
- Robust market growth is based on global consumer megatrends driving demand for tissue, hygiene, packaging and specialty papers
- The annual trend growth of global market pulp demand continues to be ca. 3%



State of the art mill design



- Initial production capacity of 2,1 million tonne of eucalyptus pulp, with further potential
- Mill investment USD 2,7 billion
- World-class single line pulp mill and Best Available Techniques (BAT)
 - Excellent safety
 - Proven high environmental performance
 - High availability and maintainability
 - High energy output, surplus renewable electricity 110 MW
 - Low costs



Efficient logistics set-up

- UPM will invest USD 280 million to construct a deep sea pulp terminal in Montevideo port
- Direct rail access from the mill to a modern port terminal creates an efficient supply chain to world markets
- Synergies with the UPM Fray Bentos mill



Main impacts of the new pulp mill

10,000 permanent jobs

4,000 are direct jobs from UPM and its contractors



USD 170 million

in taxes and social security payments per year



USD 200 million

in wages and salaries per year



Free trade zone
fixed annual cannon
USD 7 million



600 small and medium size
local companies



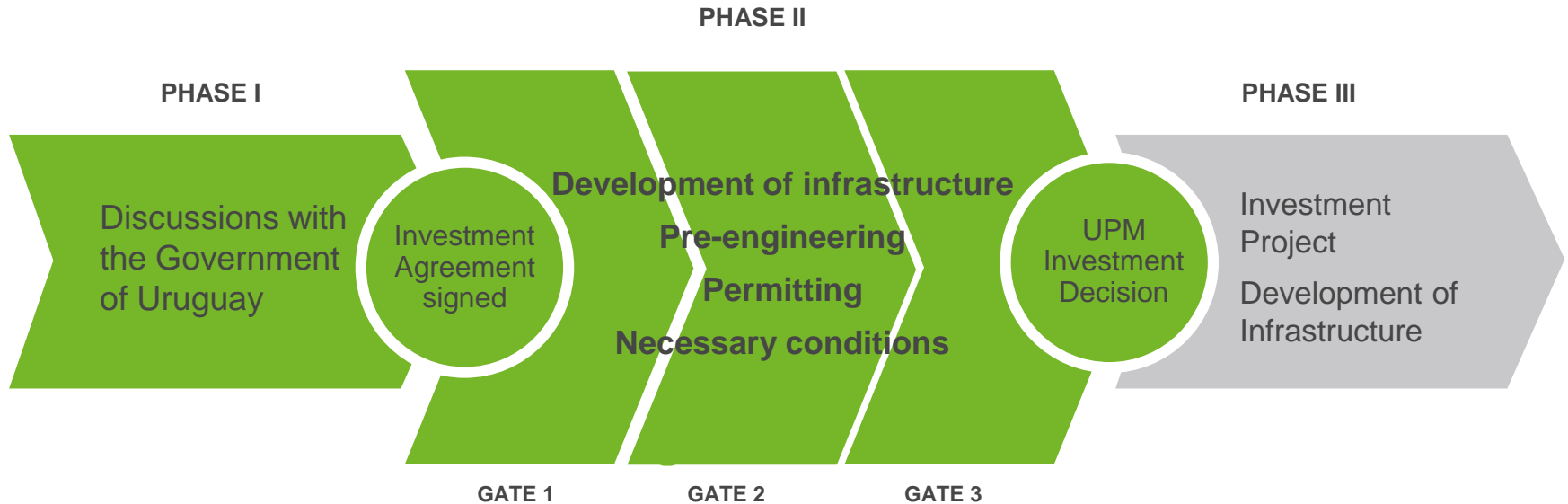
USD ~1,100 million
in exports



Increase of **2% in GDP**
once the mill is operating

Entering the phase III

We are now entering the phase III. The initial works on the mill site and the dredging of the port are starting immediately. The tender for machinery and project management is in process.



Summary and next steps

- The necessary permits have been granted and the agreements with the Government of Uruguay have been concluded satisfactorily
- We are now entering the phase III. The initial works on the mill site and the dredging of the port are starting immediately. The tender for machinery and project management is in process
- The mill is expected to start up in the second half of 2022.

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