A promising start of the year

CEO Karl-Henrik Sundström

11 June 2019

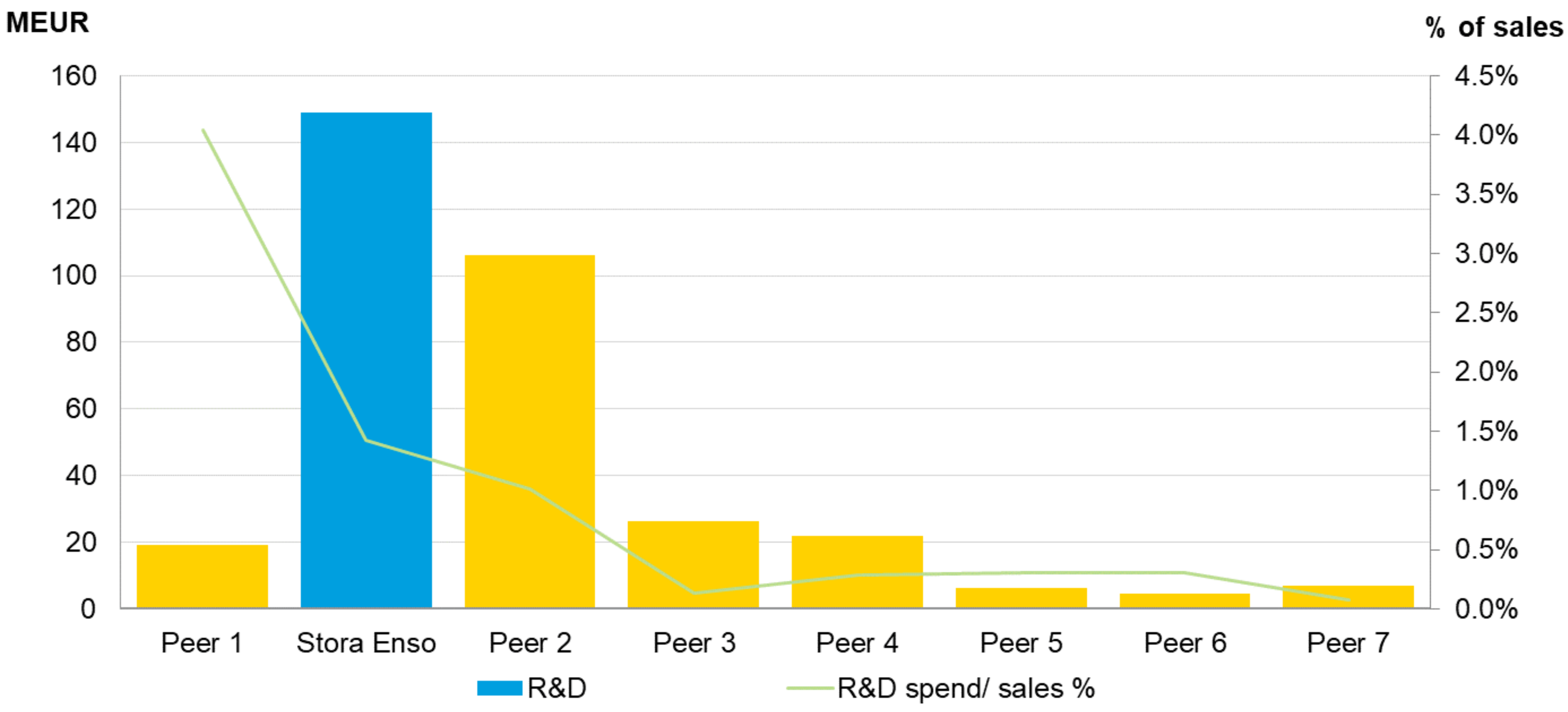
THE RENEWABLE MATERIALS COMPANY

Disclaimer

It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.

Everything that’s made with fossil-based materials today can be made from a tree tomorrow.

We are investing more in innovation and R&D



R&D expenditure in 2018

149 MEUR

Peers:
Borregaard
IP
Metsä Board
Mondi
SCA
Smurfit Kappa
UPM

Source: Stora Enso, annual reports 2018

New products and services sales 9% in 2018

In 2018

9%

of our sales came from new products and services

Long-term target

15%

of our sales is expected to come from new products and services

THE RENEWABLE MATERIALS COMPANY

Oulu paper mill conversion into a packaging board mill
Reduction of Stora Enso paper capacity by 20%

- 350 MEUR investment (2019–2022)
  - Of which 70 MEUR in 2019
  - Group capex estimate to 610–660 MEUR in 2019
- High-quality virgin-fibre-based kraftliner line (450 000 t/a)
- Unbleached softwood pulp (530 000 t/a)
- Financial impacts
  - Oulu Mill’s EBITDA margin expected to improve by 15–20 percentage points
  - Expected to meet Packaging Solutions division’s operational ROOC target of 20%
  - 31 MEUR IAC of which 7 MEUR in Q2/2019 and 24 MEUR in the following five quarters
  - 19 MEUR cash impact related to restructuring costs when paper production ends
- Conversion of woodfree coated paper machine (PM 7)
- Closure of PM 6 and sheeting plant
- Paper production to continue until end of September 2020
- Production on the converted machine to start by end of 2020

Bergvik Skog's forests holdings restructuring finalised

- Indirect forest holdings from 1.1 million hectares to direct ownership of 1.4 million hectares in Sweden
    - Productive forest land increase from 0.94 to 1.15 million hectares

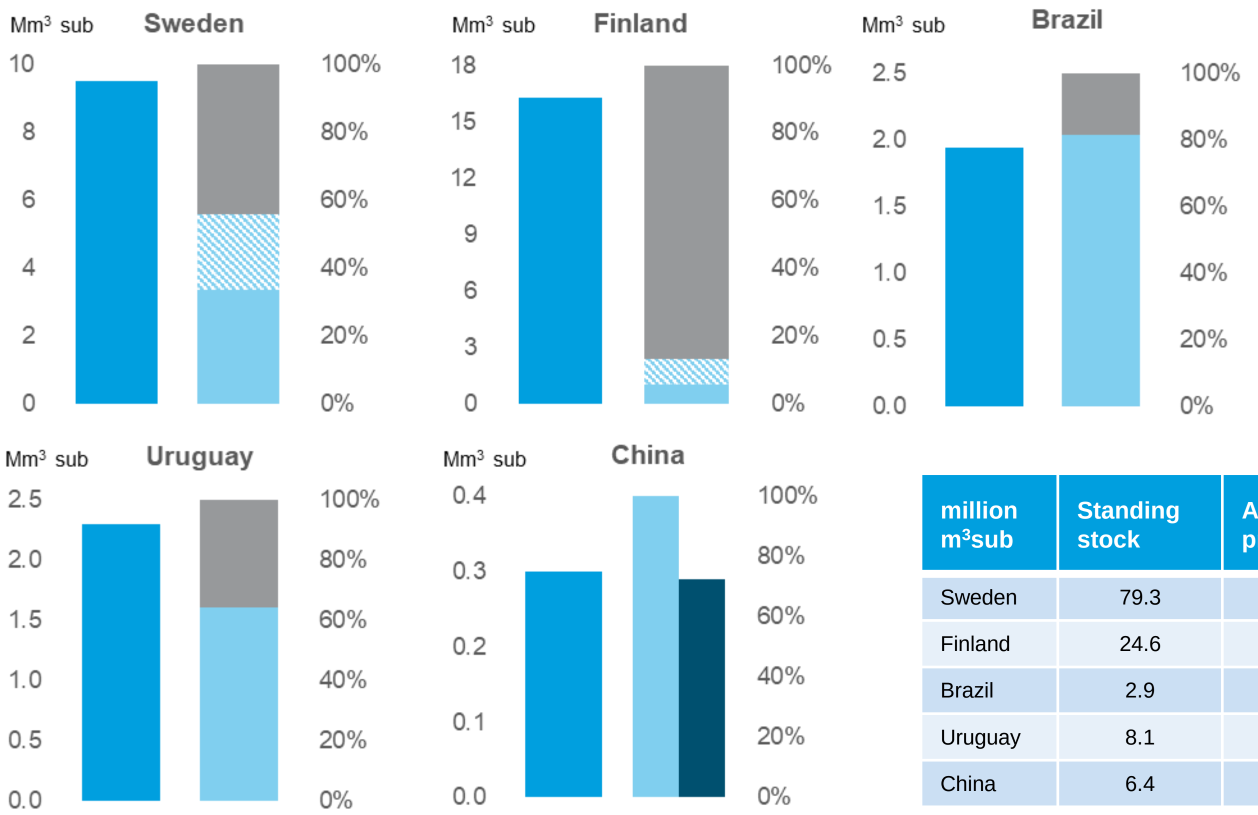
- Financial impacts
  - Increase of net debt by about 1.0 BEUR. Issued a 600 MEUR green bond to finance
  - The net debt to EBITDA ratio will increase by approximately 0.5x once all the transaction steps have been finalised by the end of 2019
  - The net debt to EBITDA ratio will exceed the strategic target of <2.0x temporarily during the second half of 2019 before all the steps of the transaction have been finalised
  - Increase of capital employed ~1.0 BEUR, resulting in a decrease in the operational ROCE of ~1 percentage point
  - Fully owned subsidiary and consolidated in segment Other from 1 June 2019 onwards

THE RENEWABLE MATERIALS COMPANY

We control ~30% of our wood raw material
– a critical advantage in the bioeconomy

storaenso

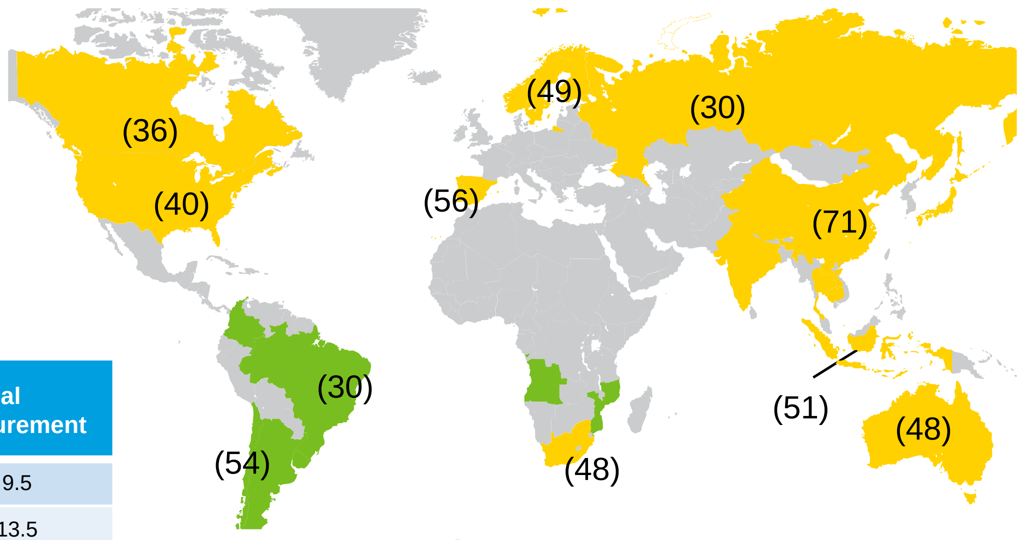
Stora Enso's forest assets*



million m³sub	Standing stock	Annual procurement
Sweden	79.3	9.5
Finland	24.6	13.5
Brazil	2.9	1.9
Uruguay	8.1	2.1
China	6.4	0.3

Consumption, million m³ sub (solid under bark)
Long-term supply contracts, %
Sold externally of annual harvesting, %
Supply from own sources based on ownership, %
Purchased, %

Pulpwood plantation availability and wood cost

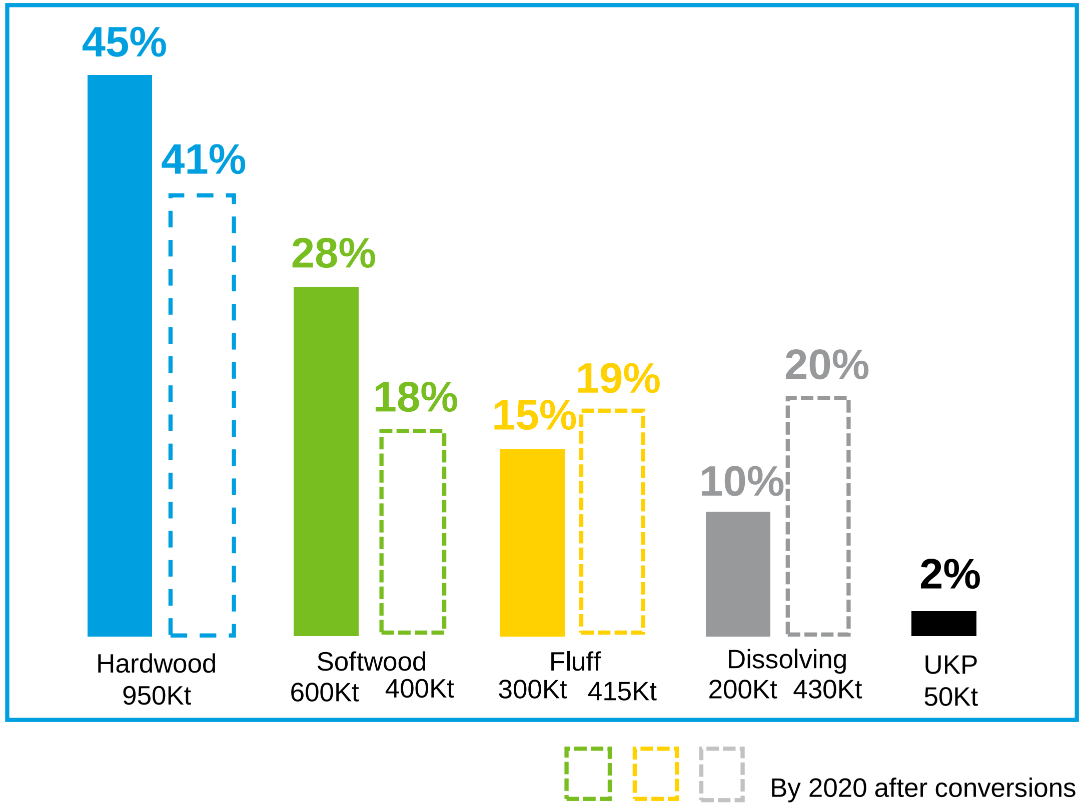


Potential for wood supply expansion
Wood supply restrictions for expansion
( ) Wood cost (USD/m3/sob) at mill - hardwood

Sweden includes Stora Enso's share of Bergvik Skog (status before 31 May 2019) and Finland Stora Enso's share of Tornator. Brazil and Uruguay with 50% share.

First steps of moving towards a more specialised pulp mix visible in 2019

Market pulp forecast for rolling 12 months
(Q2/19-Q1/20)

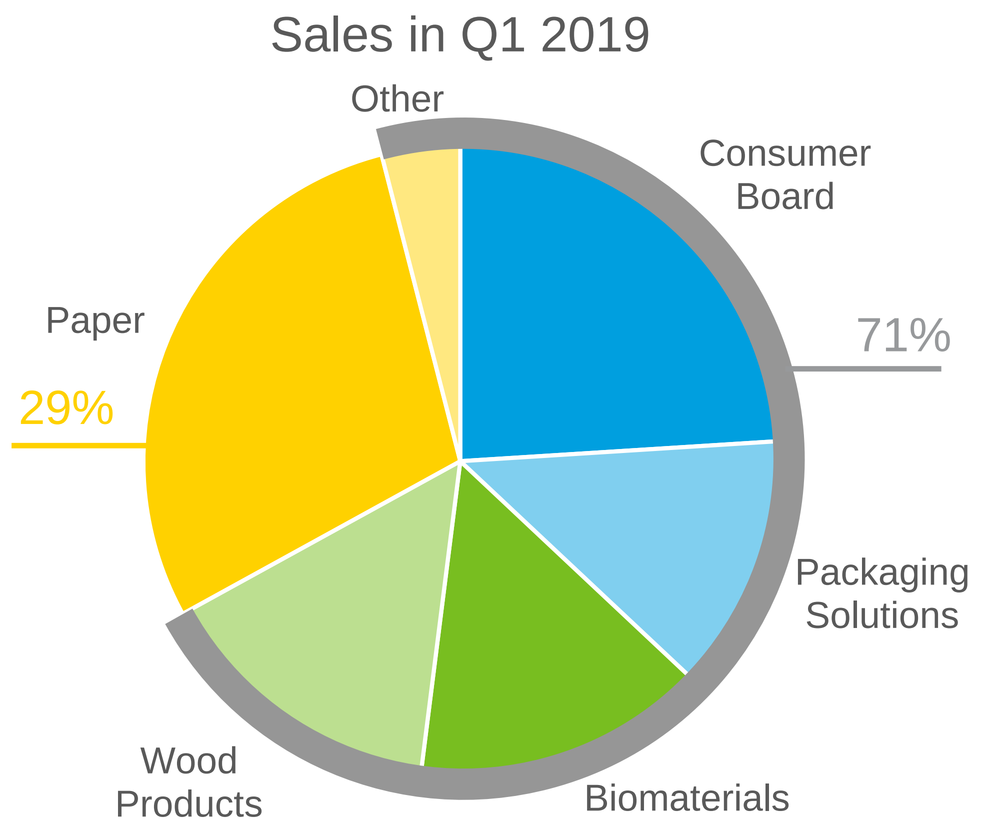


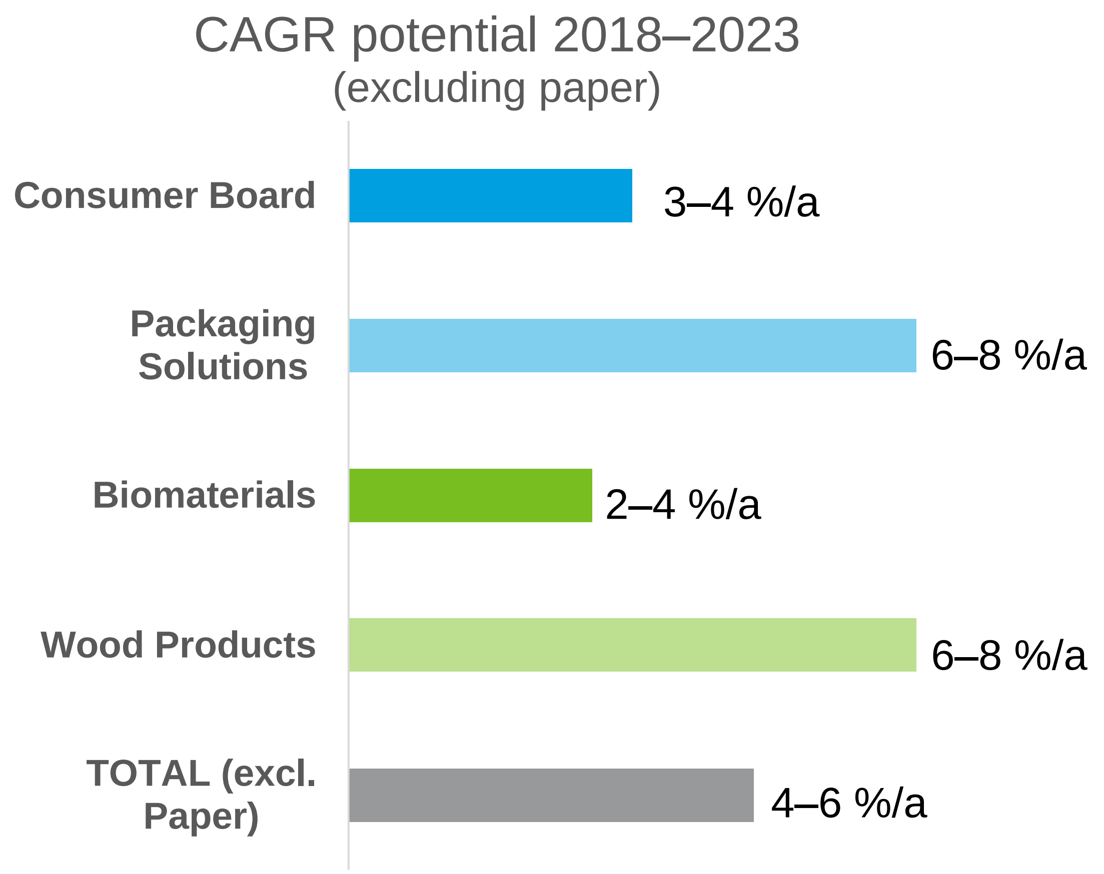
Pulp sensitivity analysis
10% change in prices, impact on operational EBIT

10% increase in	Positive impact*
Hardwood pulp** prices	60 MEUR
Softwood pulp prices	40 MEUR
Fluff pulp prices	20 MEUR
Dissolving pulp prices	15 MEUR
Market pulp prices, total	**135 MEUR**

** Impact on operational EBIT for the next twelve months. A decrease of pulp prices would have the opposite impact.*
*** Includes 700 000 tonnes from Montes del Plata*

We have several attractive profitable growth options





THE RENEWABLE MATERIALS COMPANY

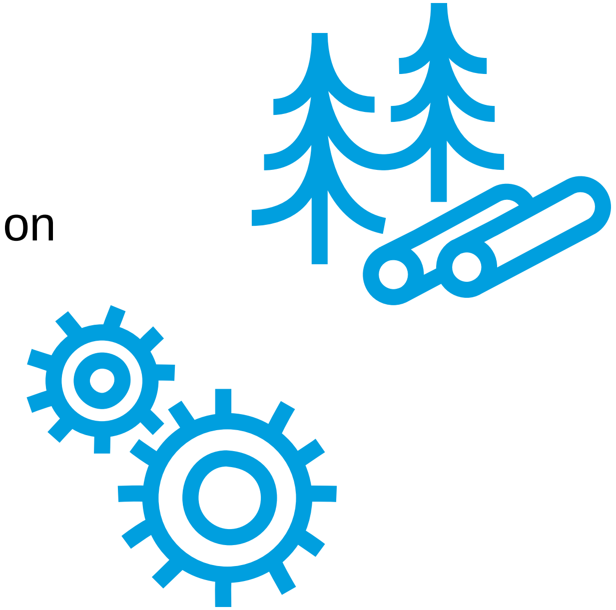
Sales growth continues and profitability on good level
Summary financials Q1 2019

EUR million	Q1/19	Q1/18	Change% Q1/19-Q1/18	Q4/18	Change% Q1/19-Q4/18
Sales	2 635	2 579	2.2%	2 657	-0.9%
Operational EBITDA	471	504	-6.5%	405	16.3%
Operational EBITDA margin	17.9%	19.5%		15.3%	
Operational EBIT	324	369	-12.3%	271	19.5%
Operational EBIT margin	12.3%	14.3%		10.2%	
Profit before tax excl. IAC	286	333	-14.2%	267	6.9%
Net profit for the period	226	273	-17.4%	299	-24.4%
EPS excl. IAC, EUR	0.30	0.35	-14.9%	0.33	-8.3%
EPS (basic), EUR	0.29	0.35	-16.0%	0.39	-23.6%
Operational ROCE	14.0%	17.7%	-20.9%	12.4%	12.9%
Cash Flow from Operations	223	229	-2.8%	323	-31.0%
Net debt/last 12 months’ operational EBITDA	1.7*	1.3		1.1	

** Adoption of IFRS 16 Leases impact 0.3x*

Profit protection programme to strengthen competitiveness proceeding according to plan

- Intention to achieve 120 MEUR annual cost reduction
  - Fixed and variable costs
  - All divisions and corporate functions
  - Some effects visible in 2019, full impact by the end of 2020
- Capex forecast reduction of about 50 MEUR compared to earlier communication
  - Capex forecast 540–590 MEUR including 40 MEUR effect of new leasing standard
- Including also announced plans and decisions
  - Plans to reduce costs at Ala sawmill in Sweden and Imavere sawmill in Estonia
  - Decision to close down PM6 at Imatra Mills, Finland



Value management and profit protection paying off

Q1 2019 year-on-year

- Sales growth 2%, ninth consecutive quarter of sales growth y-o-y
- Seventh consecutive quarter of double digit operational EBIT margin
- Operational ROCE was 14%, above the strategic target of 13%
- Balance sheet strong despite adoption of IFRS 16 Leases and dividend payment
- Profit protection programme addressing cost structure going forward – securing the future

THE RENEWABLE MATERIALS COMPANY

THE RENEWABLE MATERIALS COMPANY

storaenso