



Packaging Solutions – Delivering on profitable growth

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Our road to success in the bioeconomy

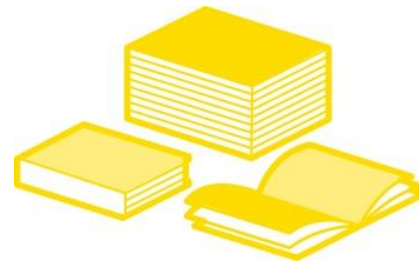
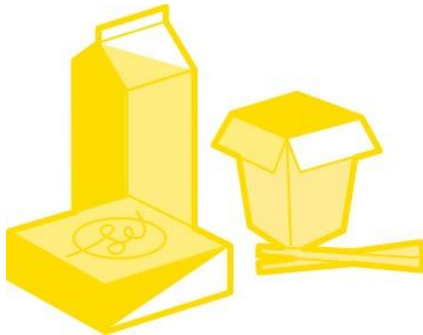
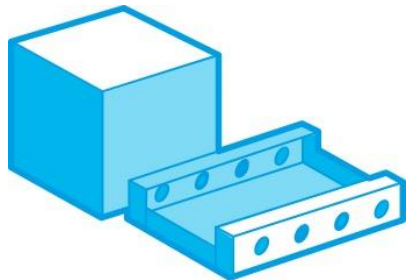


**Introducing
new products
and services**

**Addressing
attractive
end-use
segments**

**Delivering
sustainable
profitable
growth**

**Generating
superior
ROCE**



Packaging Solutions, a strong regional and global partner



1 044 MEUR sales 2016
+22.8% Q3 YOY 2017

1 Innovation centre
10 DesignStudios



Design experts
Material experts
Packing process experts
Intelligent packaging experts



Renewable and recyclable raw material



3 containerboard mills
3 rigid box plants
18 corrugated box plants



112 MEUR EBIT
Q1–Q3/17

22.4 % ROOC Q3/17

LTM production
>1.3 Mt Board
>1.1 Bn sqm Corrugated
>2 000 customers



New E-commerce packaging portfolio



EcoFishBox replacing non-renewable fresh fish packaging



Our strategic roadmap



Growth in attractive product segments



Innovation and customer value creation



Operational, supply chain and sourcing excellence

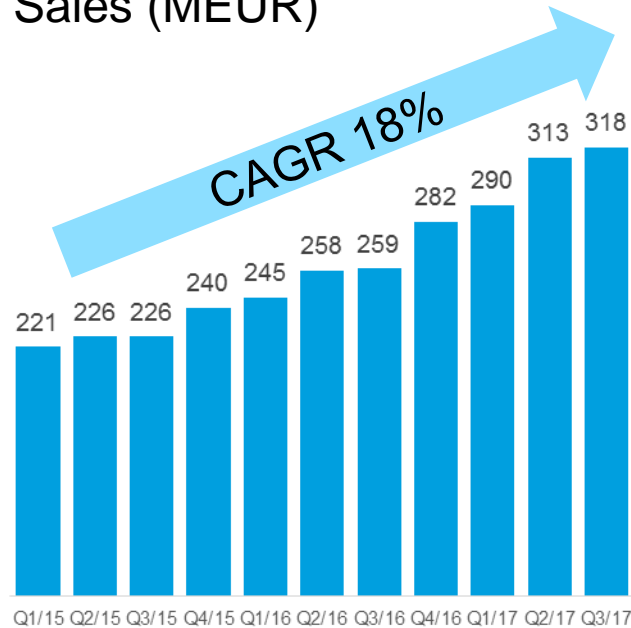


Digitalisation

Continued strengthening financial performance

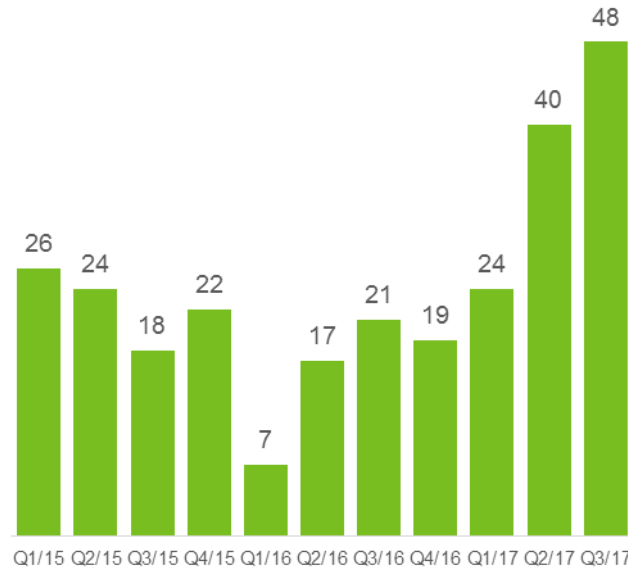


Sales (MEUR)



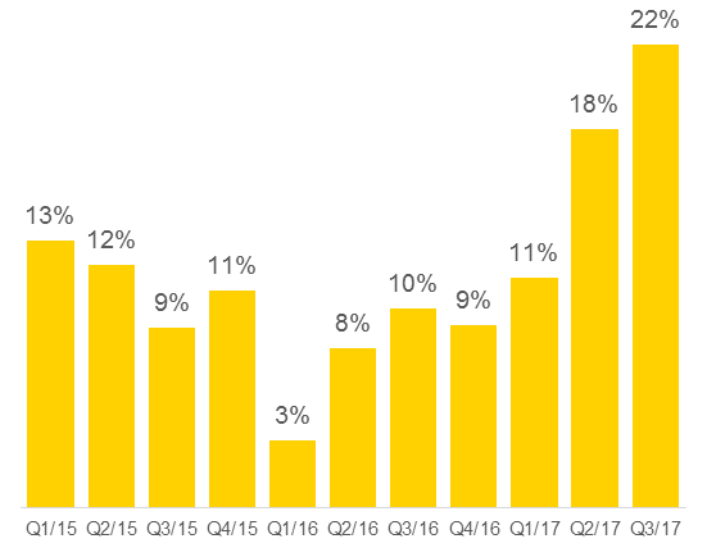
- Sales growth Q3 of 23% YoY
- Price increases in European based businesses

Operational EBIT (MEUR)



- Performance and volume improvements in China Packaging
- Varkaus kraftliner mill reached financial target run-rate
- Payoff from operational excellence and cost efficiency actions

ROOC (%)



Varkaus conversion delivers better than promised



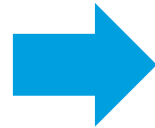
- A step in Stora Enso transformation - conversion of fine paper machine to kraftliner production: 390 Kt capacity
- Varkaus reached its targeted operational EBITDA run-rate of 15%
- Several factors behind strong results
 - Integrated mill operations incl. Wood Products
 - Pulp mill already over design capacity
 - Paper machine close to design capacity
 - Cost efficiency
 - Price increases
 - Customer and product mix improvements
 - Global sales reach



**AvantKraft
Brown™**
by Stora Enso

**AvantKraft
WhiteTop™**
by Stora Enso

Favorable containerboard market growth, virgin fibre market is tight



Virgin fibre containerboard



- Growth drivers:
 - Old Corrugated Containers (OCC) scarcity and quality
 - Food safety
- High barriers to entry
- Healthy market

Recycled fibre containerboard

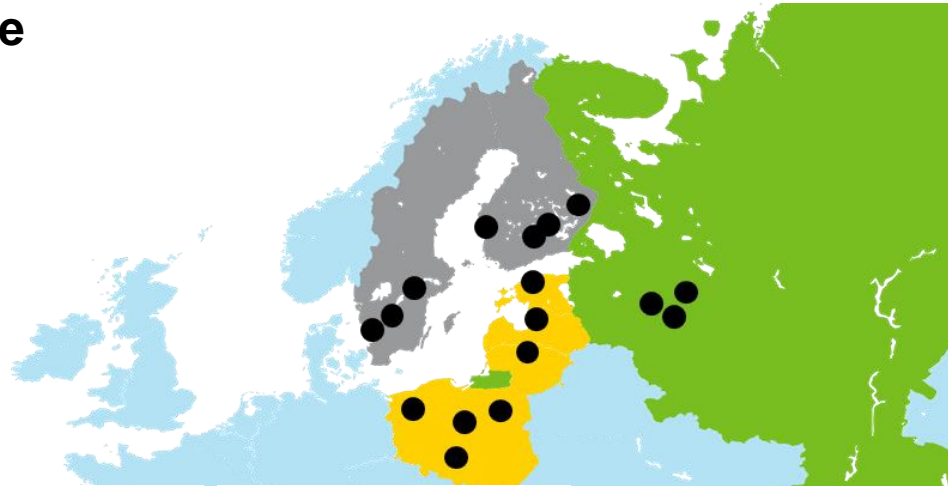


- European market growing 2% (0.5 Mt/a)
- Supply / demand balance expected to deteriorate over coming two years

We have strong market position and growth in our home packaging markets...



Europe



Nordics

0.7 BEUR
0–1% CAGR

#1
107%*

Poland & Baltics

1.5 BEUR
3–5% CAGR

#2
85%*

Russia

1.7 BEUR
3% CAGR

#4
62%*

Corrugated packaging



China

Using virgin fibre boards from Beihai and Europe

China

1.8 BEUR
5–6% CAGR

#5
~20%*

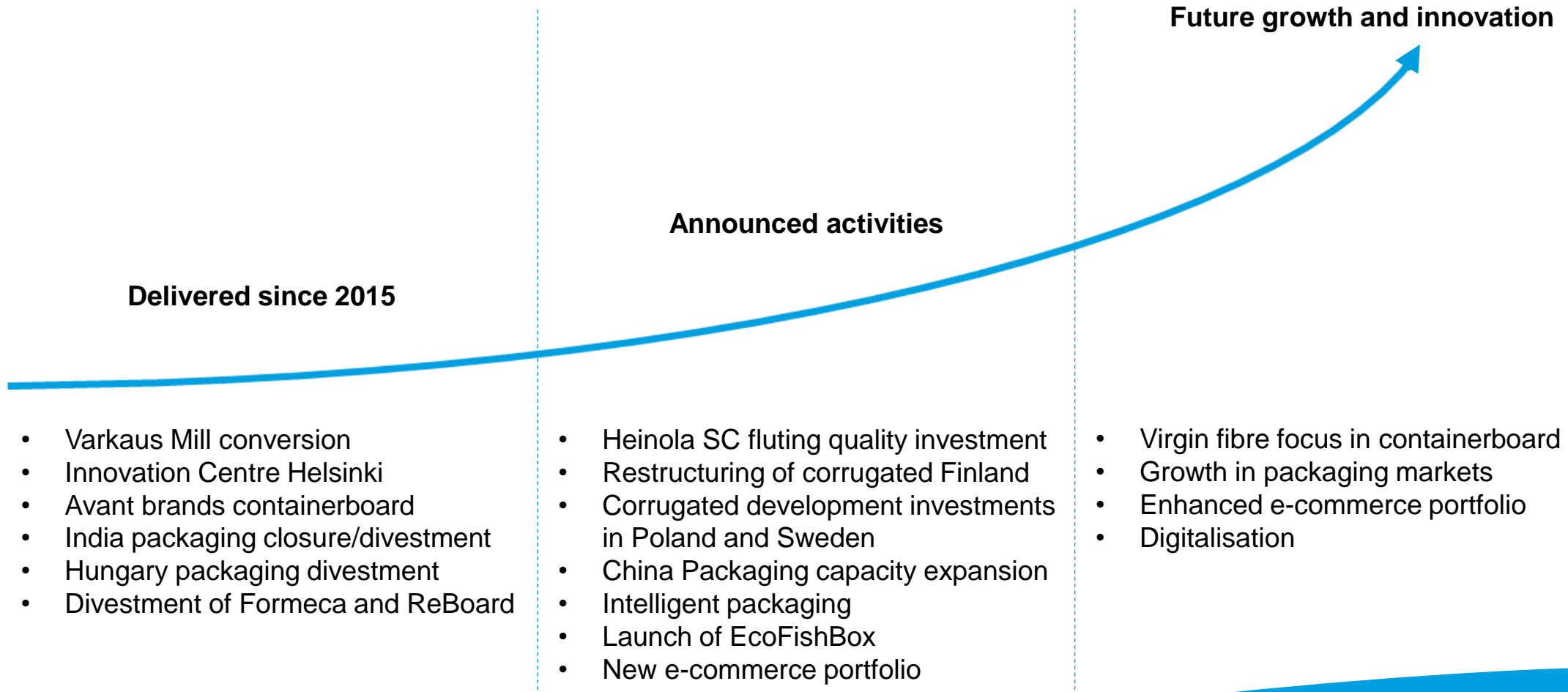
Corrugated & consumer packaging

Source: Stora Enso analysis

Note: CAGR 2016–2026

* Relative market share, measured as a share of largest competitor

...creating sustainable profitable growth



This is our differentiation in Containerboard...



Customer insights



Value selling



Cost competitiveness



Innovation

...and in Corrugated packaging



Customer insights



Beyond design



Services



Innovation

What is value selling?



Performance based selling

Step changing business performance of a corrugator in Latin America

75%

Increased production speed
= Revenue growth

18%

Less material per box
= Margin improvement



Beyond design

New retail ready packaging solution supports sales increase of more than 10x in Russia



How services add to our profitable growth



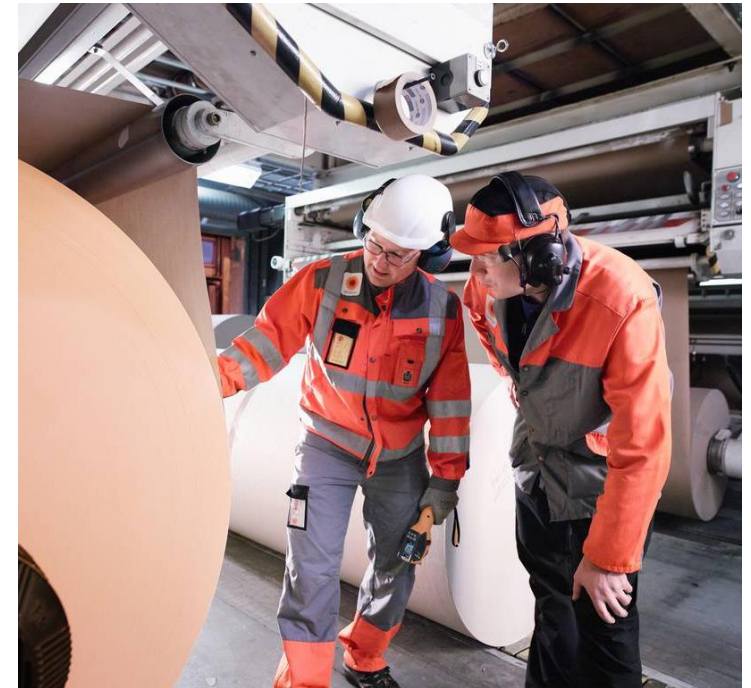
Design services



Total cost optimisation



Technical customer service



Innovative and award-winning design



- Leak-tight renewable and 100% recyclable packaging for fresh fish
- WorldStar packaging award
- Sustainability award by World Packaging Organisation

- Original design replacing traditional pressed pulp packaging for eggs
- Best packaging and label award for Food at ProdExtraPack

Customer insights drive packaging innovations in e-commerce



Consumer journey insights



“App” for consumer diary and documentation of packaging experience

Customer journey insights



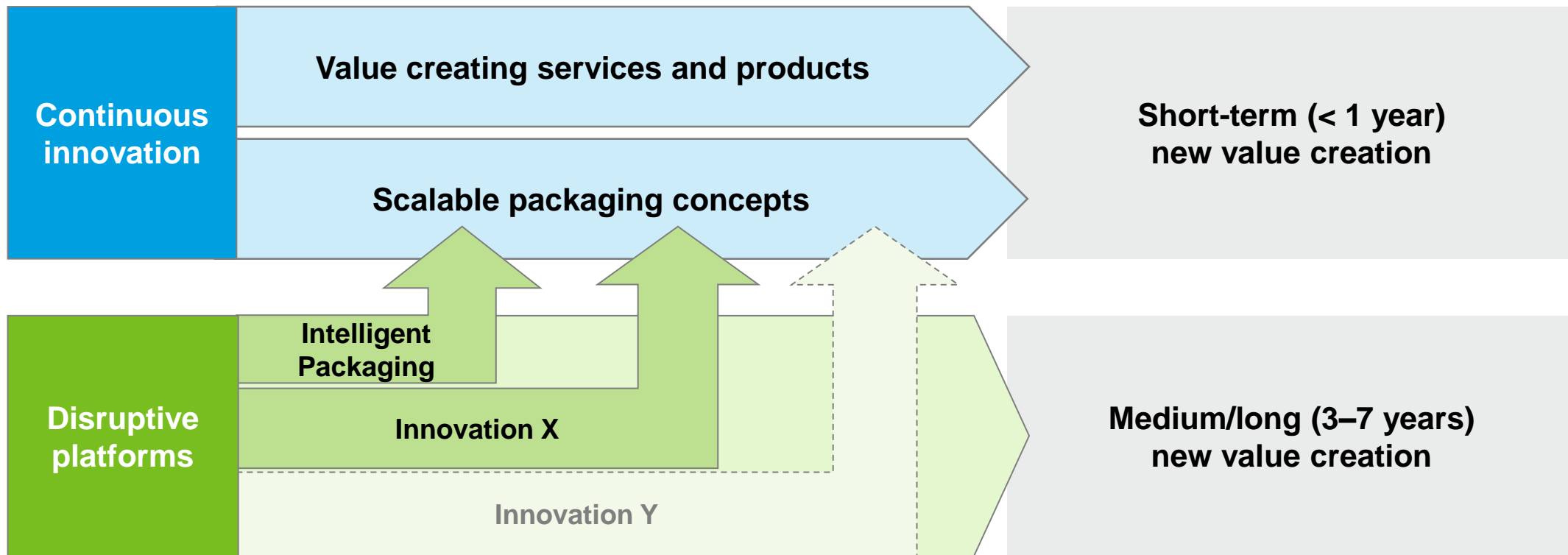
Structured interviews with e-tailers and visiting fulfillment centers

New e-commerce portfolio



e-TALES – packaging product suite tailored for online retail

Our innovation strategy



Intelligent packaging commercialised



- New value creation
 - Supply chain management
 - Consumer Engagement
 - Brand and counterfeit protection
- Partners
 - Microsoft – Azure cloud solution
 - NXP – Microchips
 - Impinj – Reader hardware and microchips
- Around ten pilots with large multinational customers
- Two commercial rollouts signed and more expected within next 12 months



The Intelligent Packaging solution components

Delivering on profitable growth



Growth in attractive product segments



Innovation and customer value creation




Operational, supply chain and sourcing excellence



Digitalisation

- Attractive growth in our packaging markets
- Well positioned in containerboard especially virgin fibre
- Delivering on Varkaus strategic investment
- Strong financial performance

A modern bathroom with a white sink, a mirror, and a laptop on a wooden shelf. The scene is brightly lit, and a woman is visible in the reflection of the mirror. The text is overlaid on the left side of the image.

**E-commerce to
add total
market growth
of 2% until 2021**

**3 BEUR new,
=
renewable
business**

Disclaimer



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THE RENEWABLE MATERIALS COMPANY



storaenso