



storaenso

Financial performance

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CFO

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.

Future-proofing our business



Millennials make up a quarter of the world's population and are the greatest hope for scaling up sustainable consumption

84%

believe it is their generation's duty to change the world

71%

want brands to be environmentally friendly and ethical

61%

want them to connect with a cause or social issue

Millennials will drive our sustainable growth now and into the future



We are protecting our margins by building a less cyclical business



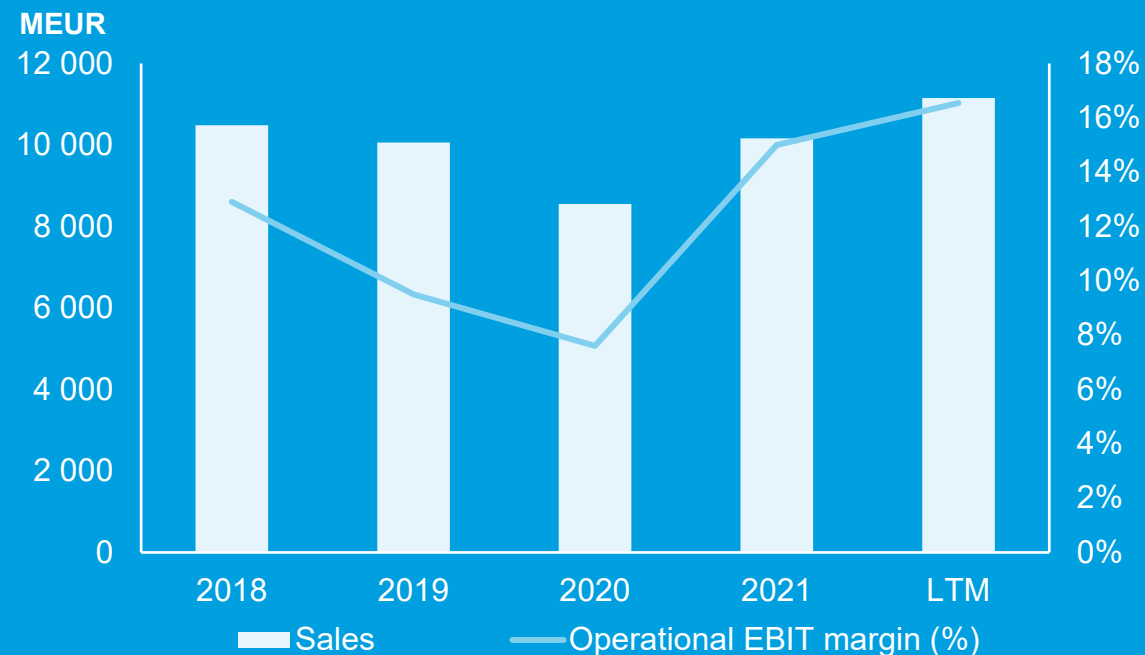
Growing in three focus areas in renewable materials

High self-sufficiency of wood and energy

Reduce our market pulp position significantly

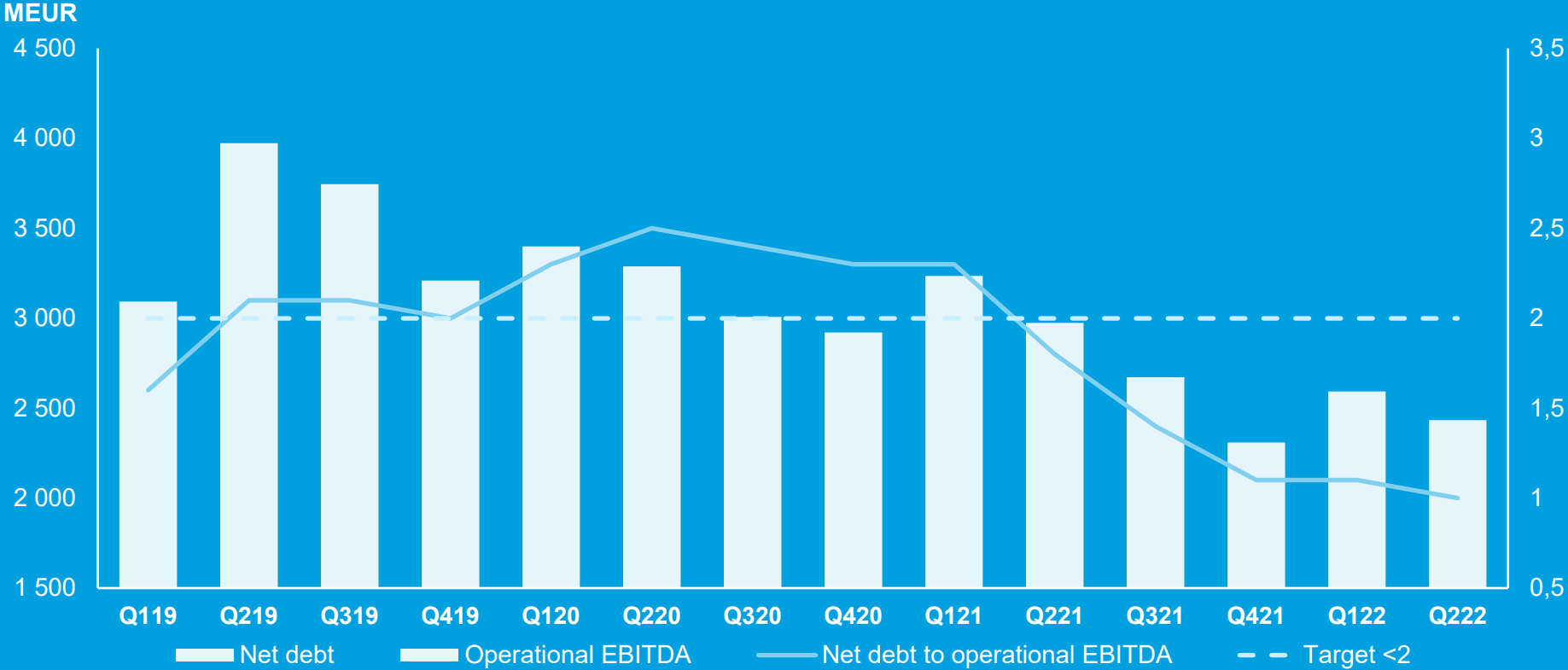
Divesting Paper

Developing new revenue streams



LTM = Q3/2021-Q2/2022

We have the balance sheet to grow through both capital expenditure and acquisitions

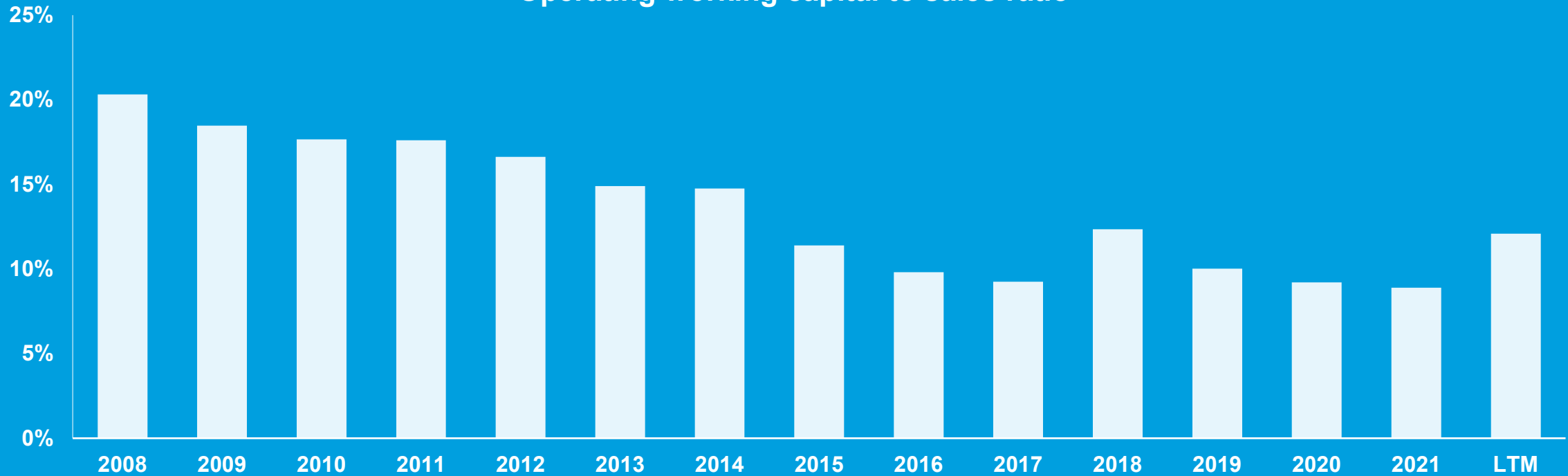


De Jong Packaging acquisition will increase Net debt to operational EBITDA by 0.4 to 1.4

We have released €1 billion operating working capital since 2008



Operating working capital to sales ratio

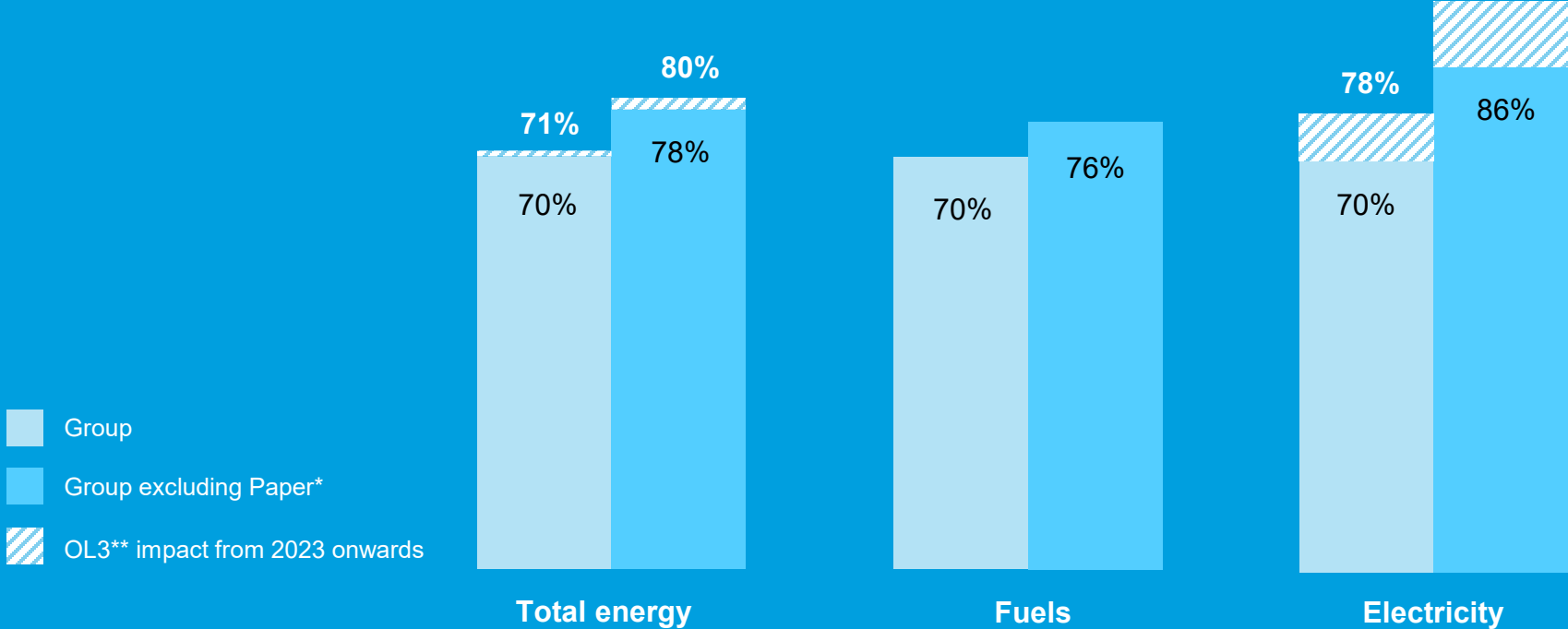


LTM = Q3/2021-Q2/2022

High self-sufficiency on energy reduces our exposure to external cost instability



Energy self-sufficiency (FY2022e)

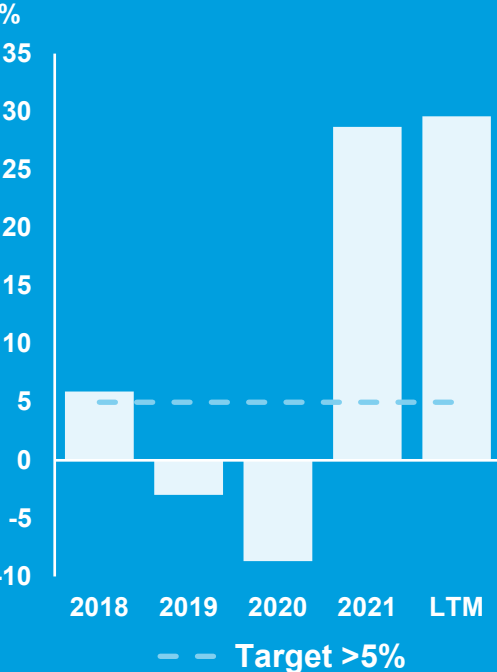


*Excluding four paper sites in divestment process
**Olkiluoto 3 nuclear power plant in Finland

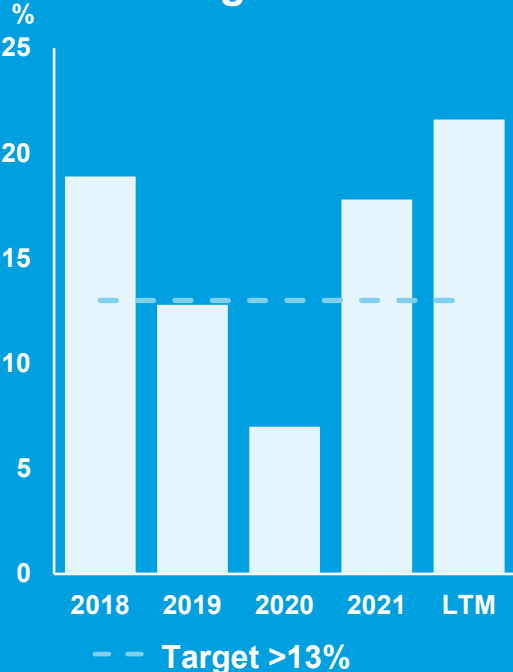
Sustainable growth is enabled through our strong financial position



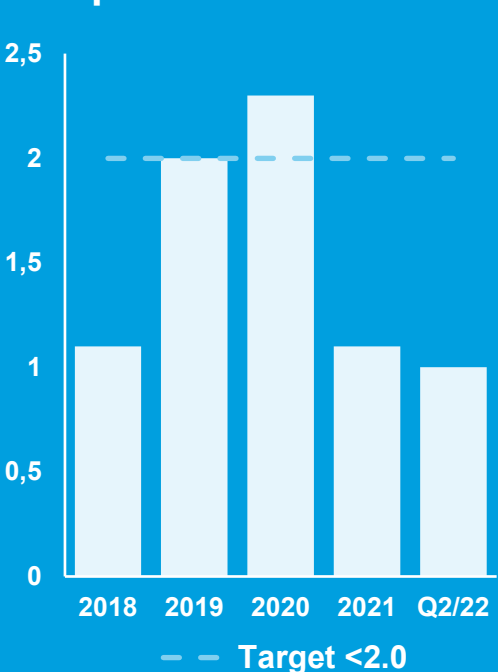
Sales growth*



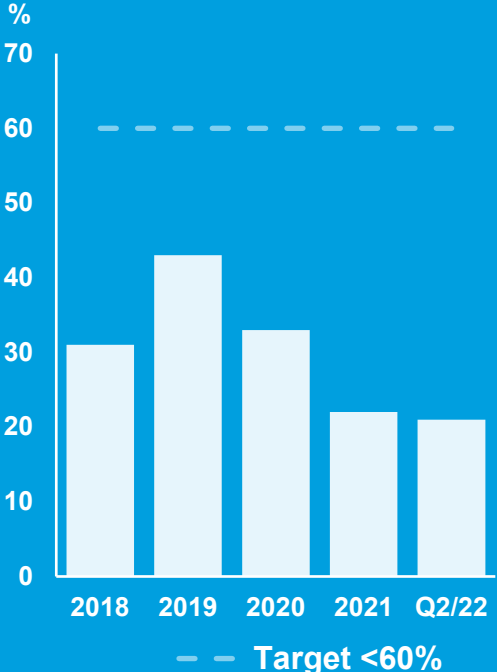
Operational ROCE excluding Forest



Net debt to operational EBITDA



Net debt to equity



* Excluding Paper

LTM = Q3/2021-Q2/2022

We drive shareholder value through a focused and disciplined capital allocation



Allocating capital for sustainable profitable growth



Strong cash flow generation

Returning capital to shareholders



Organic growth

CAPEX at or below depreciation over the cycle

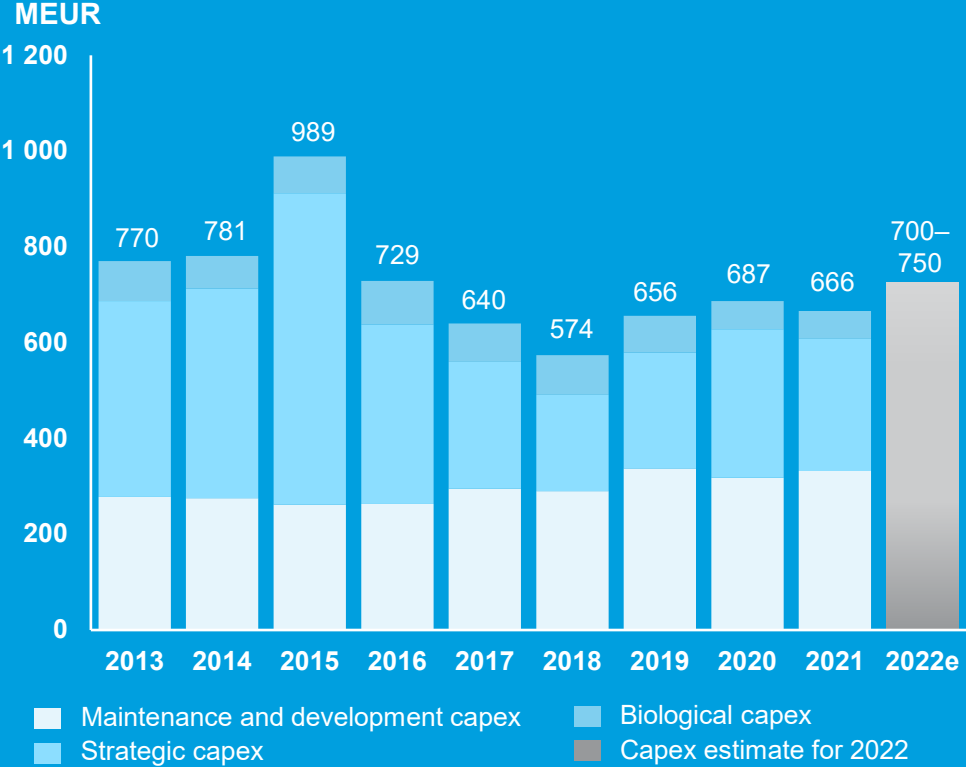
M&A

Selective M&A to support growth in both Packaging and Wood Products

Dividends

To distribute 50% of EPS excluding fair valuation over the cycle

We allocate capex to our key strategic growth areas



Capex includes the capitalised leasing contracts according to IFRS 16 Leases standard from 2019 onwards

Average capex split for 2013–2022
Depending on investment decisions



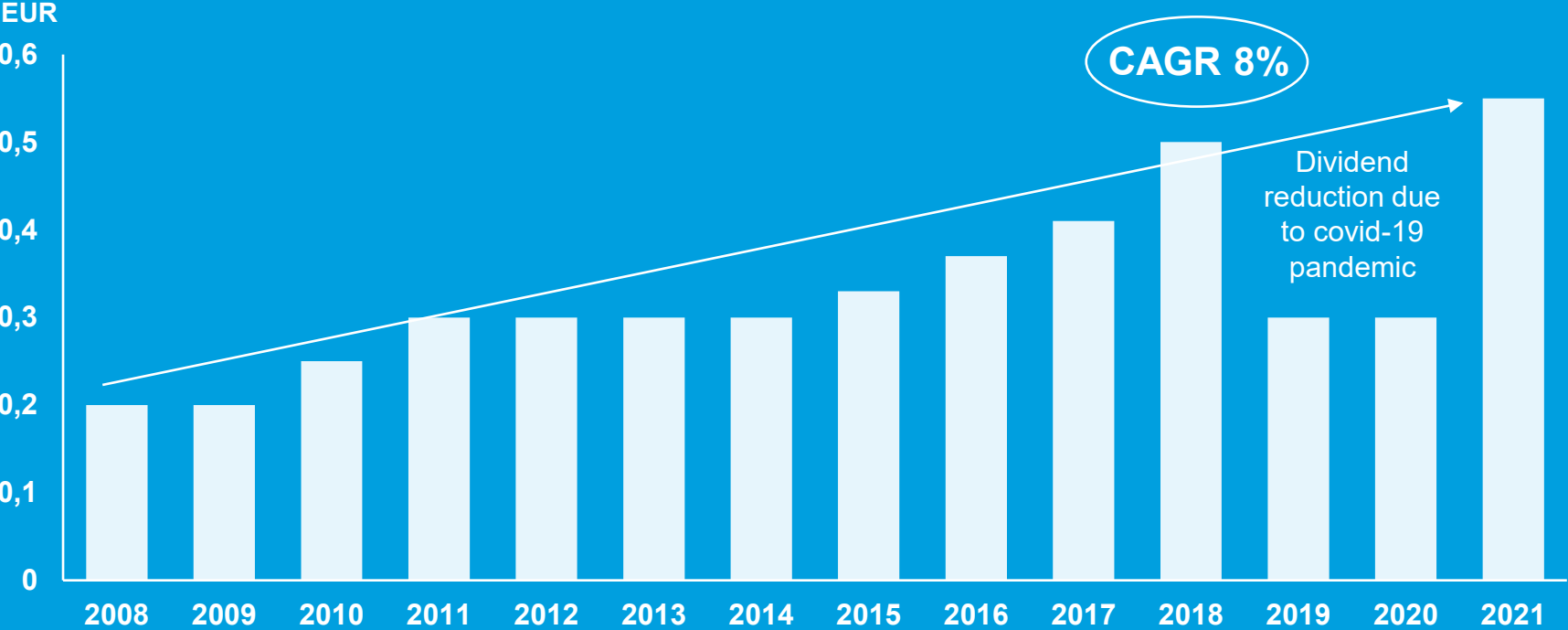
Indicative capex split for 2023–2026
Depending on investment decisions



Increased profitability and cash flow has tripled dividend pay out since 2008



Dividend

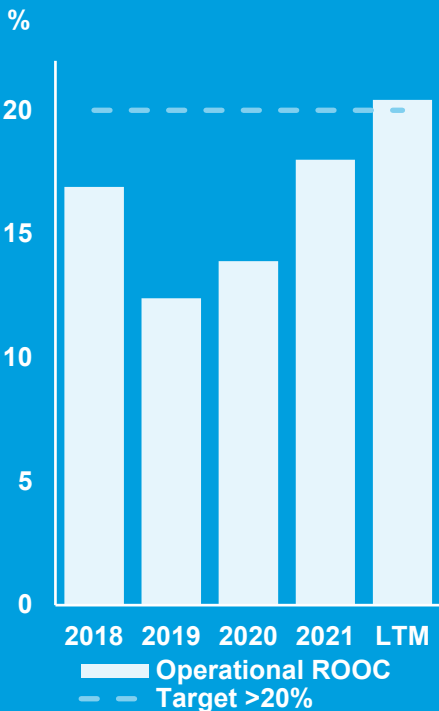


Target:
50% of EPS
excluding fair
valuation over
the cycle

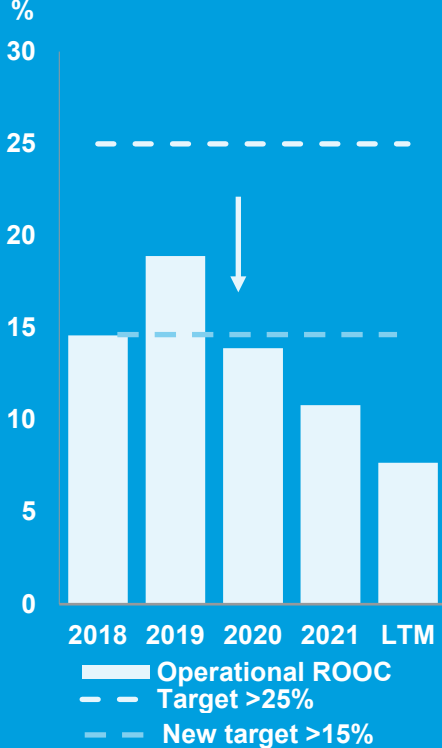
We are committed to long-term divisional targets



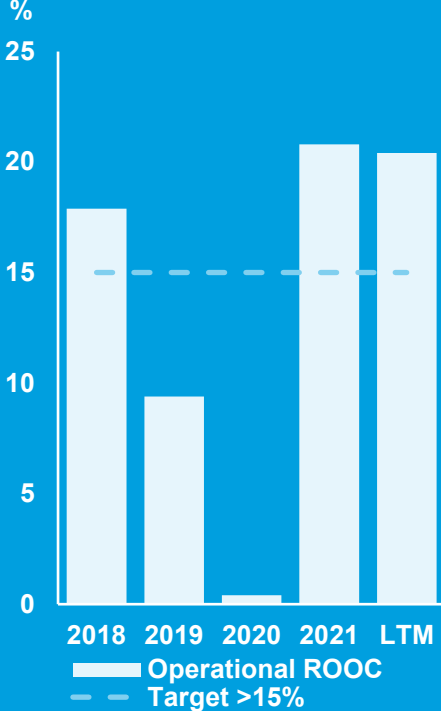
Packaging Materials



Packaging Solutions

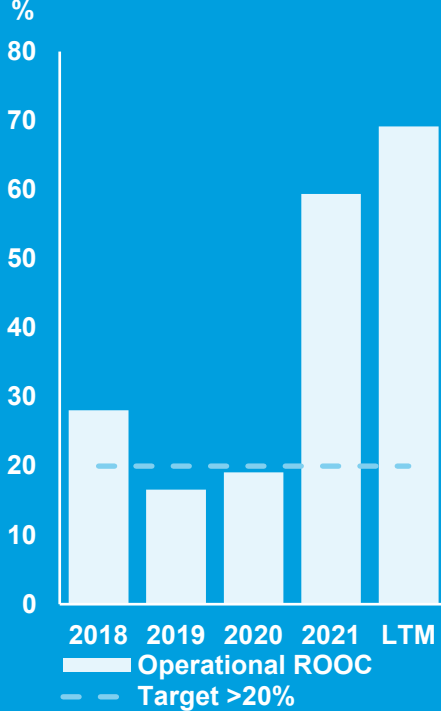


Biomaterials

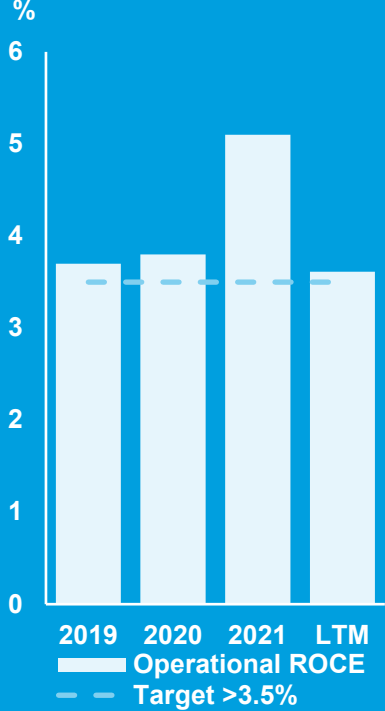


LTM = Q3/2021-Q2/2022

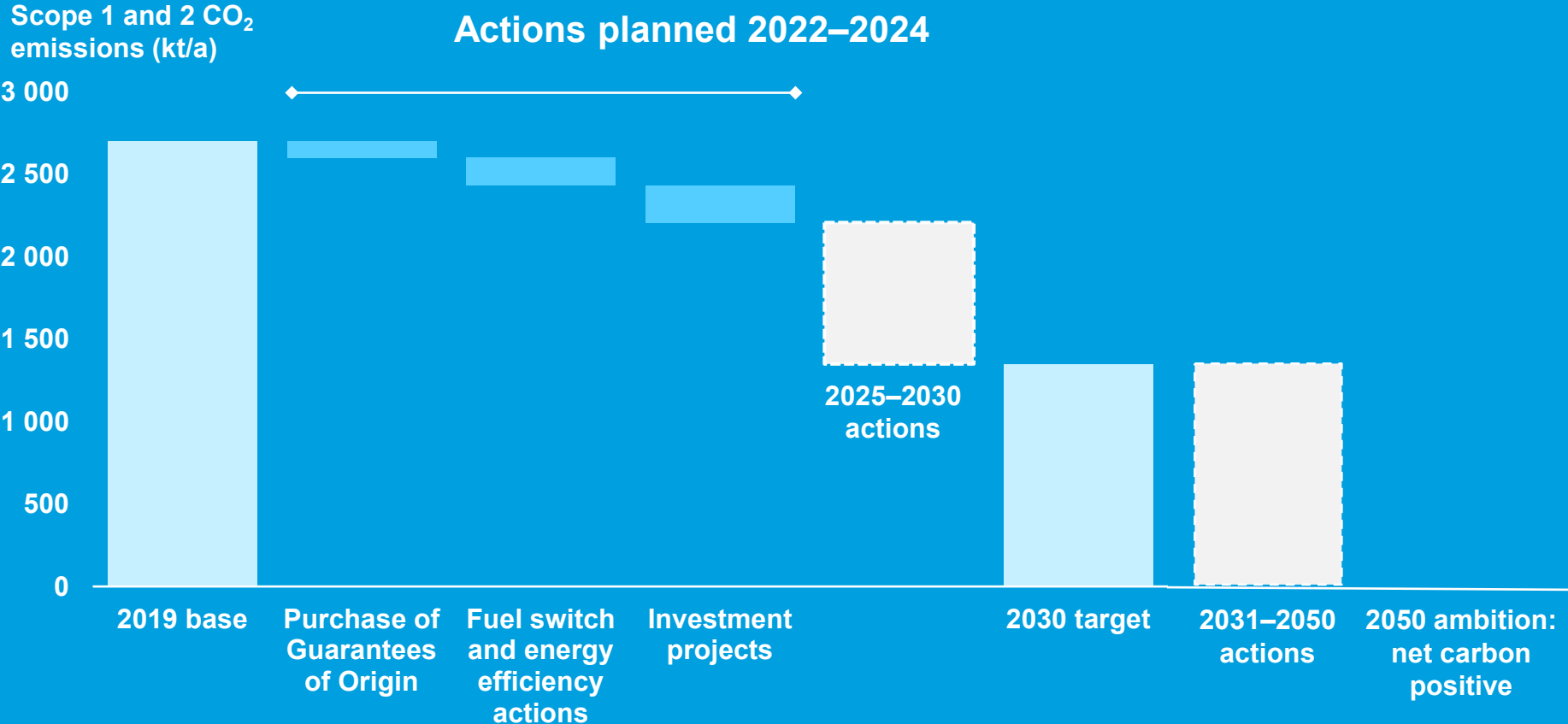
Wood Products



Forest



We have an action plan to reduce CO₂ emissions towards our 2030 targets



~€70 million planned capex investment during 2022–2024

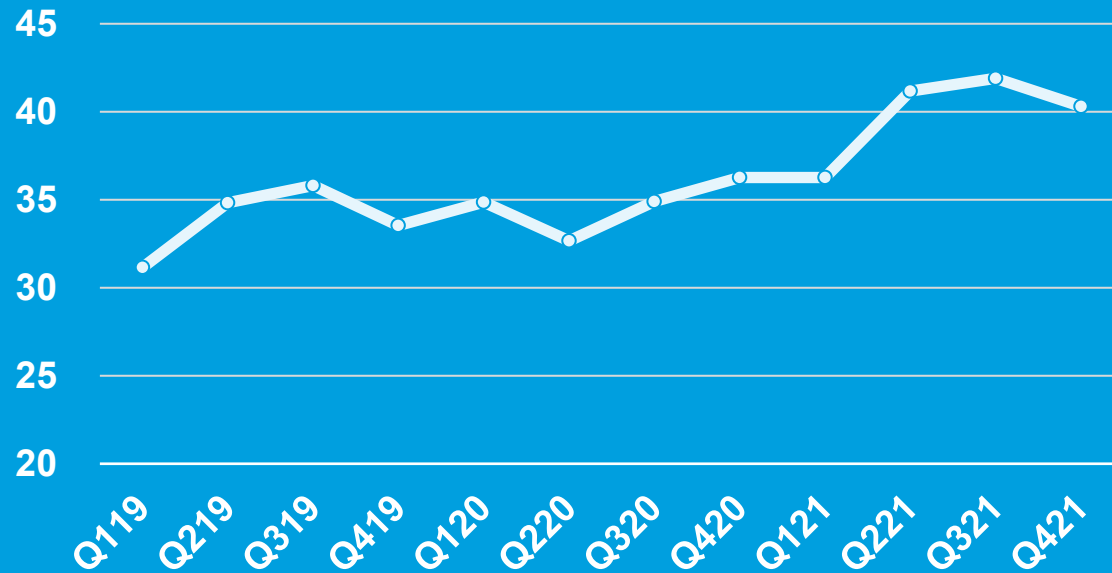
Target for 2030:
Reduction of 50% of scope 1 and 2 CO₂ emissions from 2019 base year (2.7m tonnes)

We are considering market transaction-based valuation of the Finnish forests

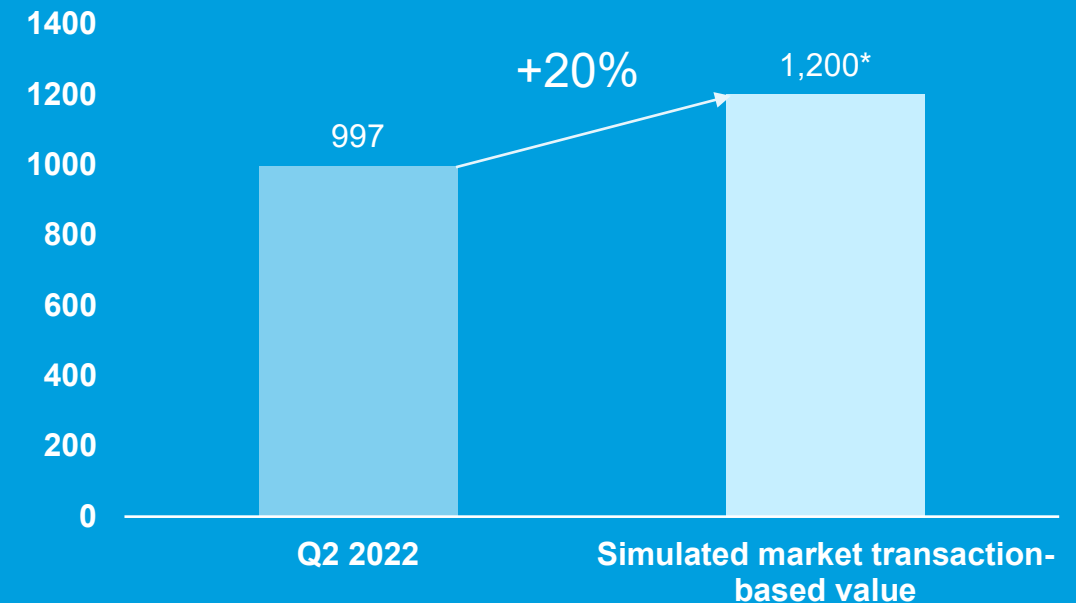


Market price development in Tornator's forest holding area

Average price development weighted by standing stock in transactions, EUR/m³fo



Tornator's DCF-based fair value vs simulated market transaction-based fair value



*Three year average from transactions

We create value through our forest assets



~30% self-sufficiency of wood supply from own forest assets and long-term agreements

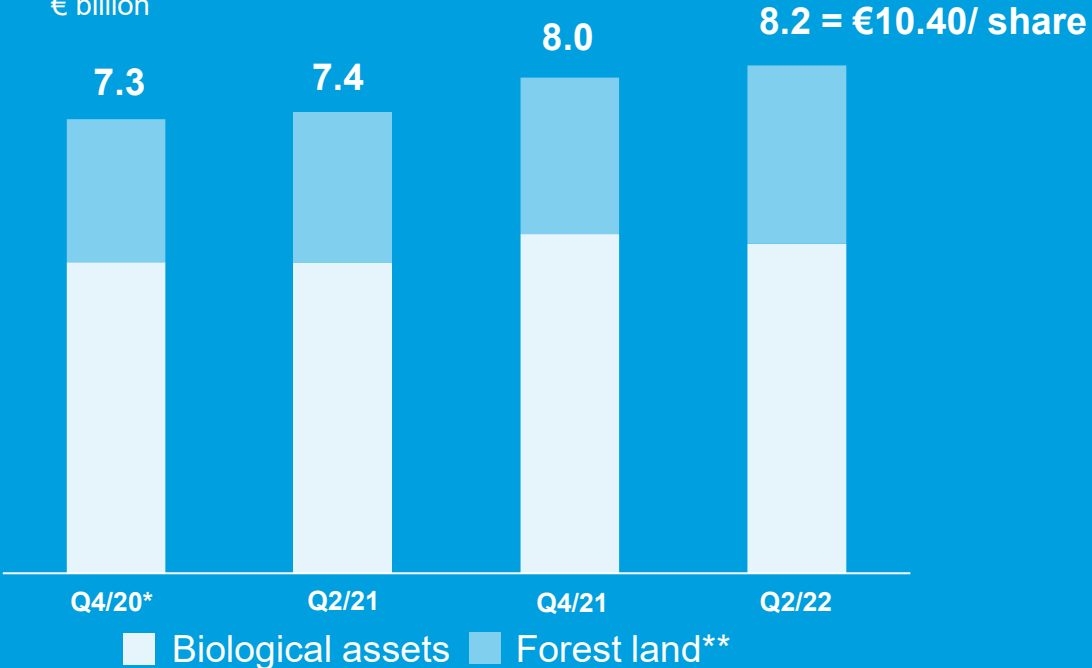
Secure tactical flexibility through wood sourcing

Operate the largest wood sourcing organisation in the Baltic Sea region

Low sensitivity to changes in interest rates, 1 percentage point change would have an impact of approximately €200 million

Group forest assets

€ billion



*Market transaction-based fair valuation method applied to Swedish forest assets

**Including leased land

Long-term growth opportunities are fast emerging in new revenue streams



**Innovative
novel materials**

**Renewable
energy solutions**

**Other revenue
streams**

Wind power opportunities are emerging



Our ambition is to **develop and significantly increase** our involvement in wind energy

The **total potential for wind power production** on Stora Enso's land in Sweden is estimated to **75 TWh**

~30% of this potential can be realised long term

Our ambition is to have **5-10 TWh of wind power production in place by 2030** (~5% of Sweden's total electricity demand)

Stora Enso ~2030 ambition



+30% sales

vs 2021
(excl. inflation)

15% EBIT margin

over a cycle

Packaging >60%

of sales

Wood Products

>40%

of sales from Building
solutions

+75%

operational EBITDA over
a cycle*

**Earnings cyclicality
reduced by half***

No paper exposure

Significantly reduced
market pulp exposure

New revenue streams

1 BEUR sales

from Biomaterials
innovation

5-10 TWh

of wind power on own
forest land



THE RENEWABLE MATERIALS COMPANY