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# Advancing our renewable materials future

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THE RENEWABLE MATERIALS COMPANY

# Today's agenda

**01**  
Purpose and performance



**02**  
Sustainability and our growth



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**03**  
Innovation and collaboration



**04**  
Realising our renewable future



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# 01 Purpose and performance



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# Our purpose

Do good  
for people and  
the planet



Replace  
non-renewable  
materials with  
renewable  
products

# Outstanding performance in 2021



## Sales

**8.6** → **10.2**  
BEUR 2020 → BEUR 2021

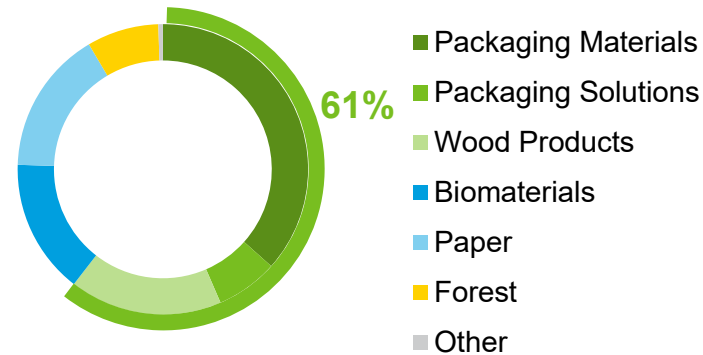
## Operational EBIT

**650** → **1,528**  
MEUR 2020 → MEUR 2021

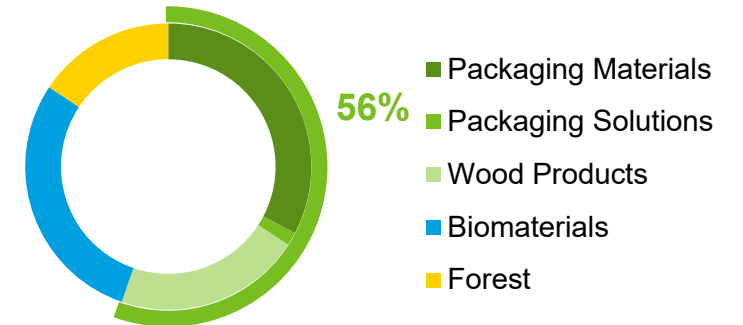
## Forest value

**7.3** → **8.0**  
BEUR 2020 → BEUR 2021

## External sales 2021



## Operational EBIT 2021



**1.1 net debt**

to operational EBITDA Q4/21

**17.8%**

operational ROCE excluding Forest in 2021

**~22,000**

employees

# We are well on our way to meeting long-term targets...



Key long-term targets		2019	2020	2021
Growth (excl. Paper)	> 5%	-3.0%	-8.7%	<b>28.7%</b>
Net debt to operational EBITDA	< 2.0x	2.0	2.3	<b>1.1</b>
Net debt to equity	< 60%	43%	33%	<b>22%</b>
Operational ROCE excl. Forest	> 13%	12.8%	7.0%	<b>17.8%</b>
Dividend per share (EUR)	To distribute 50% of EPS excluding fair valuation over the cycle	0.30	0.30	<b>0.55</b>
Climate: Reduction of fossil CO <sub>2</sub> e emissions (scope 1 and 2)	-50% by the end of 2030 from 2019	Baseline	-13%	<b>-14%</b>
Climate: Reduction of fossil CO <sub>2</sub> e emissions (scope 3)	-50% by the end of 2030 from 2019	Baseline	-11%	<b>-2%</b>
Circularity	100% by 2030	n/a	n/a	<b>93%</b>
Biodiversity: Forest certification coverage	≥96%	99%	99%	<b>99%</b>

# ...and are delivering on our strategic roadmap to accelerate and focus growth



## Driving operational excellence and cost savings

- ✓ New decentralised **operating model**
- ✓ **410 MEUR** in ongoing cost savings

## Reducing exposure to Paper

**~30%** of sales 2018 → **~14%** of sales Q4 2021

## Investing in our growth businesses

**+500 MEUR**  
Sales (completed or decided)

**+800 MEUR**  
Sales (feasibility study ongoing)

2019

2020

2021

2022

Transformation

Evolution

## Securing supply of sustainable and competitive raw materials

- ✓ Direct ownership of our **Swedish forests**

## Accelerating our innovation agenda

- ✓ Commercialisation of new bio-based and renewable materials

# 02 Sustainability and our growth



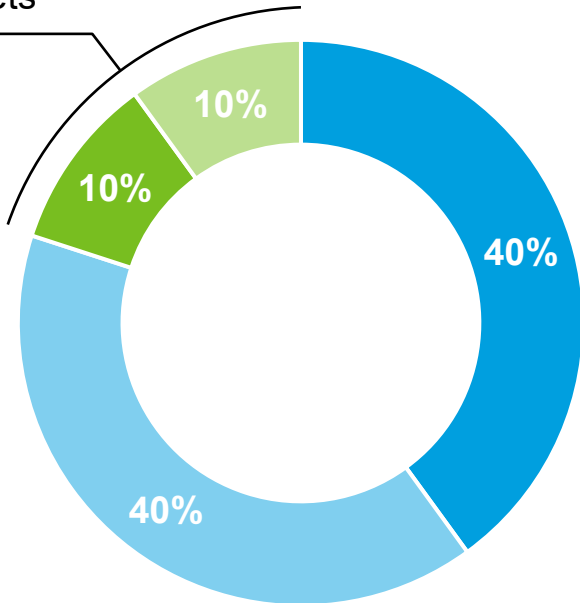
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# Lifting business performance by aligning ESG targets with remuneration

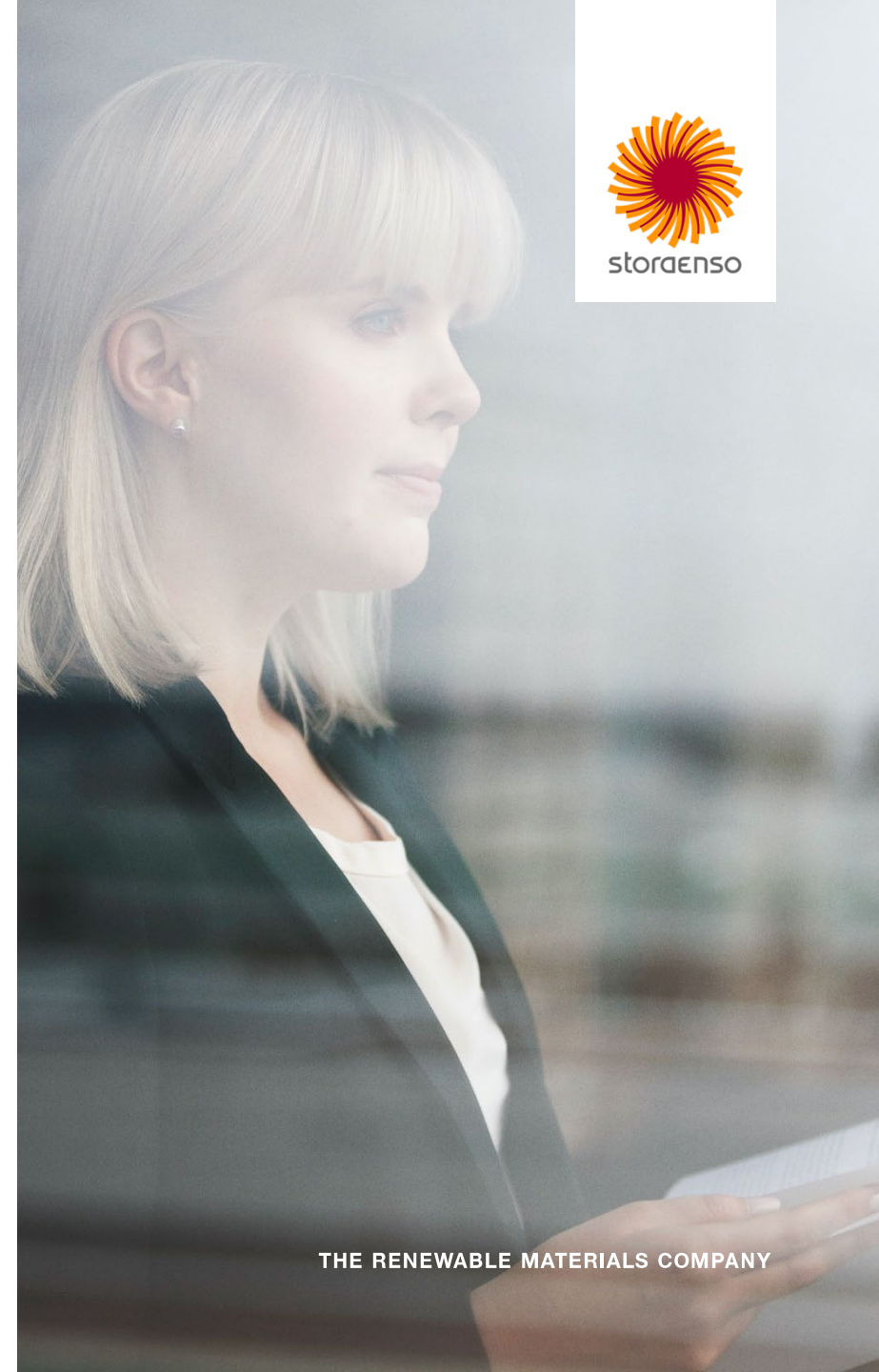


ESG targets



- Total shareholder return (TSR)
- Earnings per share (EPS)
- CO<sub>2</sub> emission reduction
- Diversity and inclusion

The purpose of the LTIP is to incentivise and align management with shareholder interests and the long-term strategy of the company



# Sustainability is driving our growth strategy



## Renewable packaging

**>20%**

EBIT margin  
significant growth potential



## Renewable building solutions

**~20%**

EBIT margin, **3x** sales and  
>**10%** market growth



## Renewable biomaterials innovations

**>35%**

margin in novel markets  
strong growth potential

# 03 Innovation and collaboration



ROOMS

COMMON SPACE



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**2 billion m<sup>2</sup>**

The expected annual growth of the global building stock

**50 million tonnes**

Decrease of CO<sub>2</sub> if 10% of new buildings were built with wood

This saving is equivalent to removing **12.5 million** petrol cars annually

**Only ~2%**

Of European multi-storey buildings are made from wood, a great opportunity for growth

# Creating renewable building solutions – low carbon building concepts driving long-term growth

- The construction industry represents **40% of global CO<sub>2</sub> emissions**, there is a need to shift to renewable materials
- Construction materials represent **11% of global CO<sub>2</sub> emissions**
- Construction related CO<sub>2</sub> emissions can be reduced **by 75% by building with wood**
- **Wooden buildings store carbon**, contributing to greener environments
- People living or working in wooden buildings report **better levels of wellbeing**



# Partnering to expand reach and development of **new products and sustainable solutions**



## Building Solutions

Accelerating the use of **environmentally friendly construction** products globally



## PureFiber™

Removing plastic waste by **replacing single-use plastics** with formed fiber



## Circular Solutions

**Tripling the recycling capacity** of beverage cartons in Poland



## NeoLigno®

Commercialising the world's first entirely **bio-based furniture board**



## Pulpex

Industrialising the production of **eco-friendly paper bottles**



## Lineo®

Replacing fossil-based materials with **bio-based solutions in asphalt**



## Aqua™

**Replacing plastics** in food packaging applications



# Innovating a future powered by Lignode<sup>®</sup>

- Increasing demand of anode battery material driven by electrification of vehicles, consumer electronics and large-scale energy storage systems
- Strategic material with no current local supply in Europe
- The carbon market for batteries is growing by >30% annually
- >450,000 tonnes of carbon material needed in Europe by 2025
- Ramping up production in our pilot plant, pre-feasibility study for commercial investment ongoing
- Exploring strategic partnerships to accelerate scale-up and commercialisation





Investing in renewable packaging

## **Strong long-term demand for high-quality, low carbon packaging supports our growth strategy and leading position**

- Feasibility study to explore expansion in renewable packaging board
- Target customer segments: frozen and chilled food, beverages, pharma and cosmetics
- Potential sales of 800 MEUR, capacity of 750kt of Folding Box Board and Coated Unbleached Kraft
- Capex 900 – 1,000 MEUR in 2023 – 2026
- Net reduction of total market pulp exposure of 300kt



# 04 Realising our renewable future



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# Annual outlook and guidance

Our outlook and guidance remain unchanged for the time being despite increased geopolitical concerns caused by the Russian invasion of Ukraine.

## Outlook

- The macroeconomic environment and the pandemic are persisting uncertainties. Demand for Stora Enso's products across all divisions is supporting a sustained commercial momentum
- Measures such as pricing, flexibility in sourcing and logistics, as well as hedging are in place to manage volatility

## Guidance

- Stora Enso's full year 2022 operational EBIT is estimated to be approximately in line with the full year operational EBIT for 2021 (1,528 MEUR)



Operational EBIT in FY 2022 estimated to be approximately in line with FY 2021

# Record high results driven by strong demand and strategic progress

- ✓ Record high profitability and balance sheet
- ✓ Forest fair valuation reached 8 BEUR
- ✓ All-time high dividend of 0.55 EUR per share
- ✓ Well positioned to capture future growth

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[storaenso.com/annualreport](https://storaenso.com/annualreport)

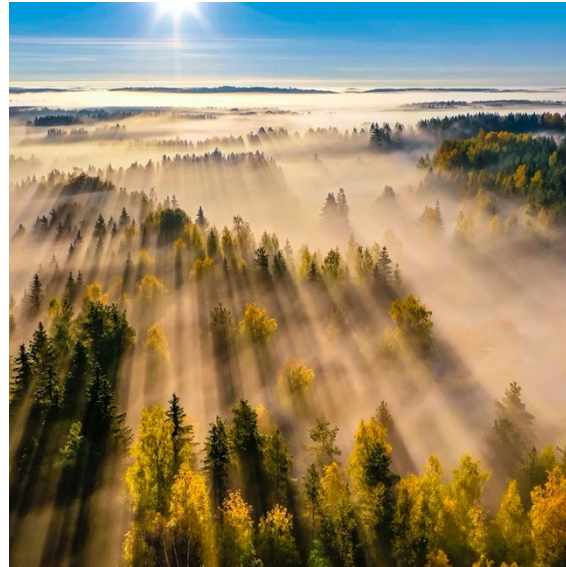


# We make a positive climate impact every year



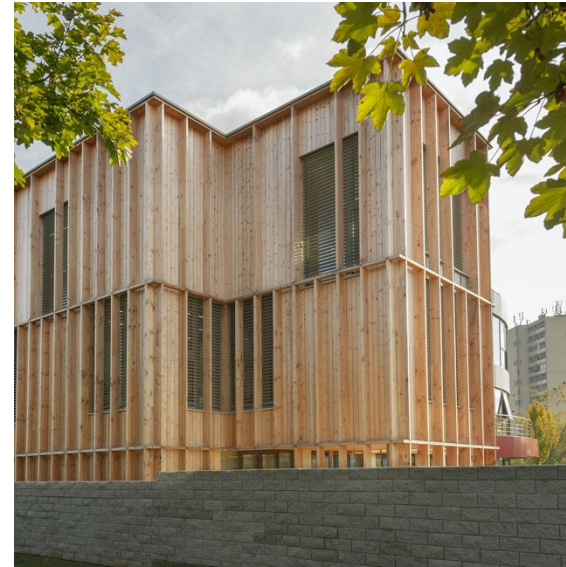
Our value chain emissions

**10.2**  
million tonnes of CO<sub>2</sub>



Our forests remove carbon

**-1.5**  
million tonnes of CO<sub>2</sub>



Our products store carbon

**-2.5**  
million tonnes of CO<sub>2</sub>



Our products substitute fossil-based products, saving

**-17.2**  
million tonnes of CO<sub>2</sub>



**Thank you  
for your  
time and trust**

# 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.

# Explanations



## Slide 21

Negative value indicates a net removal from atmosphere. Calculated by the Swedish University of Agricultural Sciences (SLU) based on Stora Enso's forest and production figures: Climate effects of a forestry company – including biogenic carbon fluxes and substitution effects (2021 update).

Net annual carbon sequestration with forward-looking simulation in Stora Enso's forest assets. Excludes purchased wood from third-party forest owners, whose forests are estimated to have an additional net carbon sequestration of –5 million tonnes of CO<sub>2</sub> annually. For more information, see also Carbon in Stora Enso's forests.

Stora Enso's fossil CO<sub>2</sub>e emissions in 2021 including direct emissions from our operations, emissions from purchased energy as well as emissions from other sources along our value chain (Scope 1, 2, and 3). Calculated based on the guidance provided by the Greenhouse Gas Protocol.



# THE RENEWABLE MATERIALS COMPANY