



Photo: Rasmus Hjortshøj / World of Volvo



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Financial results Q1 2024

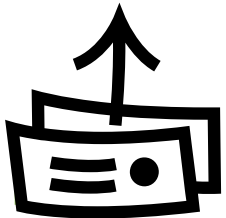
# Continuous efforts to improve profits, competitiveness and cash flow

The renewable materials company

# Key highlights



- Sequential adj. EBIT improvement but year-on-year performance below a comparably strong Q1/2023
  - Political strikes in Finland adversely impacted the results by approximately €25 million
- €551 million reduction in operating working capital



- Raised profit improvement target to €120 million from the initial EUR 80 million due to additional cost savings, full effect in 2025
  - Reduction of about 1,000 employees may result from the programme



- Awarded “Green bond of the year – corporate EMEA”\*
- Advancing positive impacts on biodiversity through partnering with IUCN\*\*

\*By news and analysis provider Environmental Finance

\*\*IUCN International Union for Conservation of Nature



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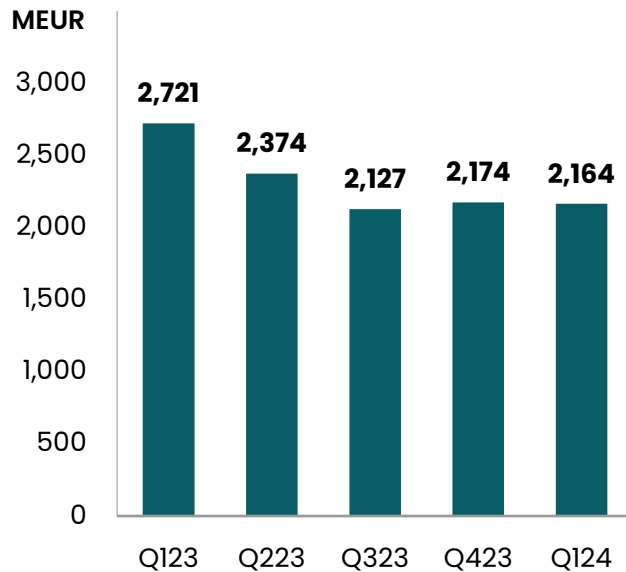


# Continuous efforts to improve profits, competitiveness and cash flow



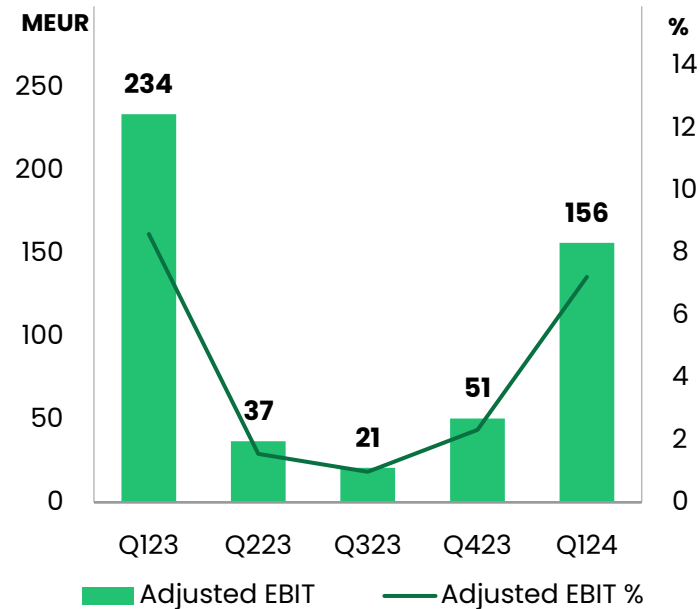
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## Sales



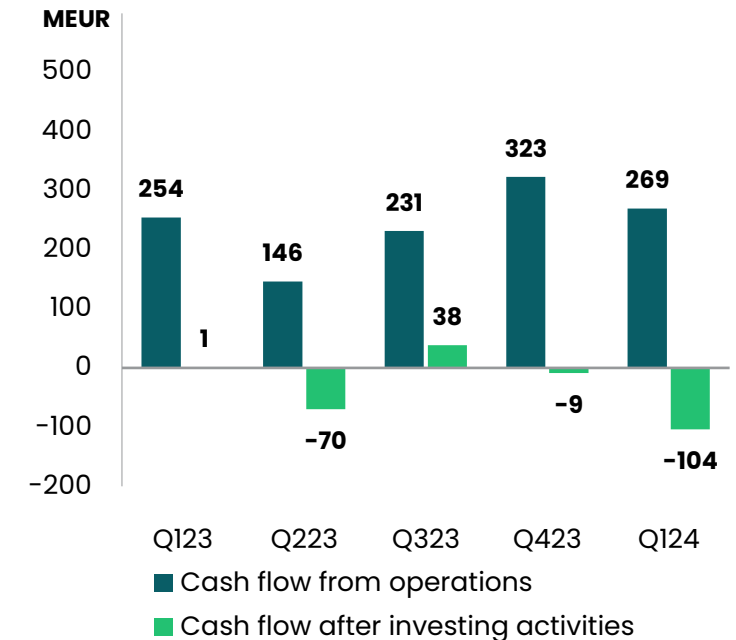
- Sales decreased by 20% or by €557 million to ~€2.2 billion
- Sales declined due to capacity closures, political strikes and lower sales prices in all divisions, except Forest

## EBIT



- Adj. EBIT decreased to €156 million
- Adj. EBIT margin decreased to 7.2%
- Higher volumes (excluding structural impact) supported by lower maintenance
- Apart from fiber costs, many variable cost categories continued to decline
- Political strikes impact more than offset by one-off CO2 emission compensations

## Cash flow



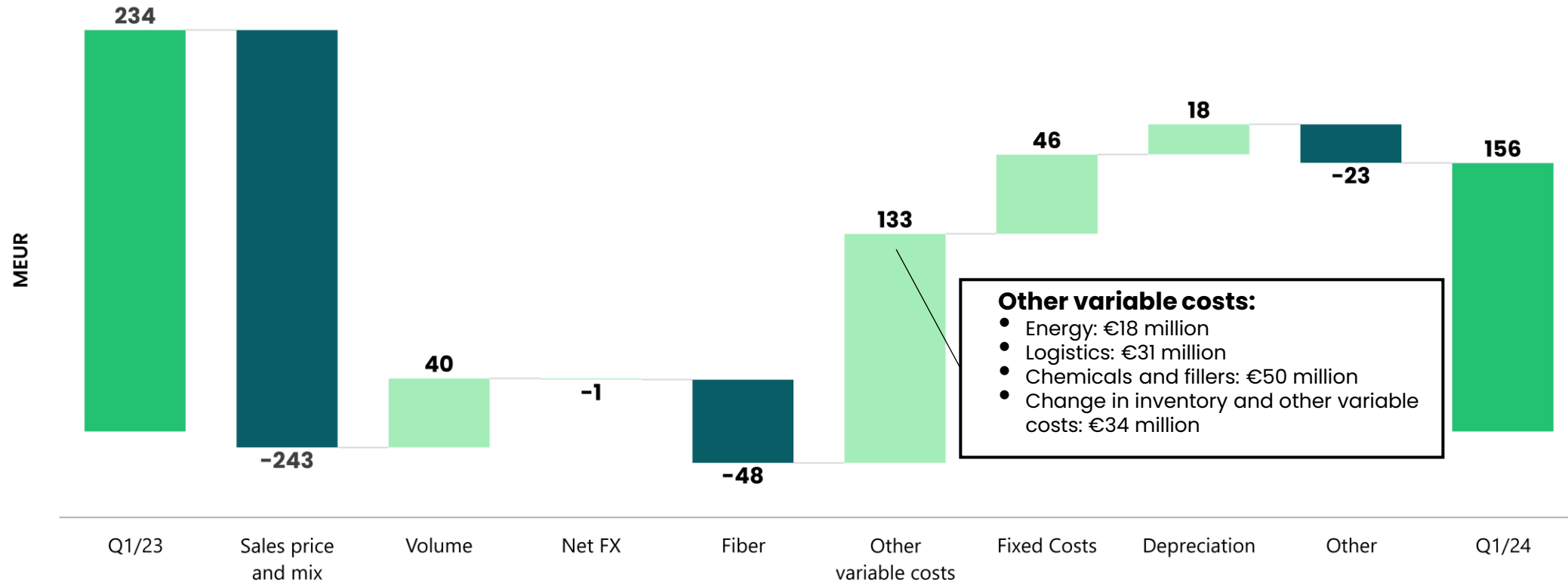
- Cash flow from operations amounted to €269 million and cash flow after investing activities to €-104 million
- Operating working capital decreased by €551 million

# Achieved cost reductions but wood costs continued to increase



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Quarterly adjusted EBIT variance YoY



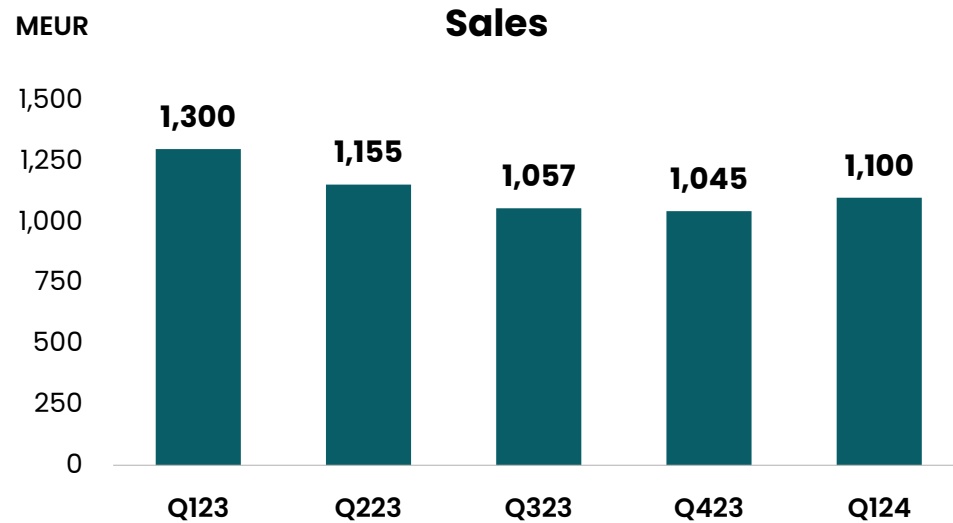


# Packaging Materials

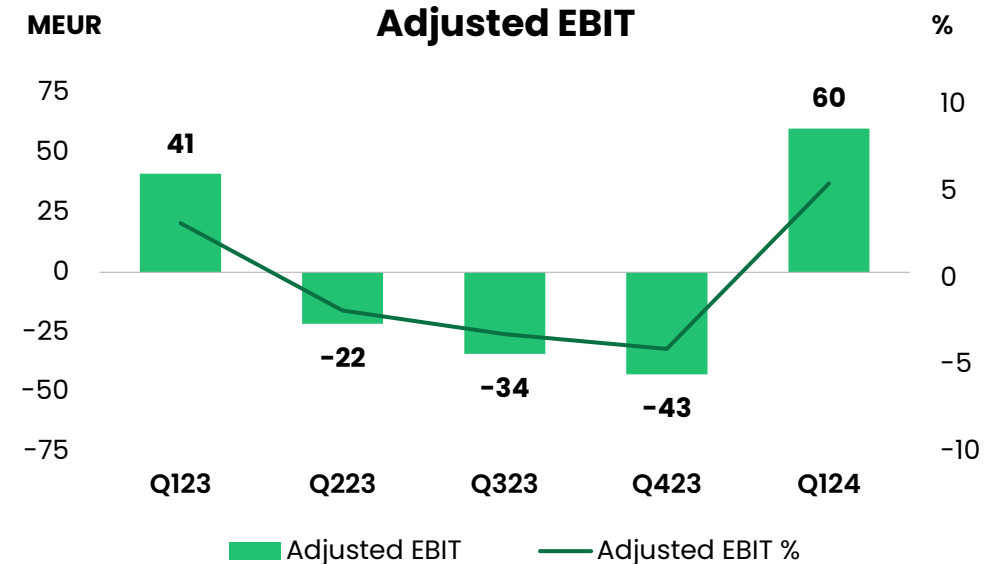
Gradual demand improvements both in Consumer board and Containerboard



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- Sales decreased by 15%, or €200 million to ~€1.1 billion mainly due to production unit and line closures during 2023
- Sales prices were lower in board and paper
- Delayed shipments due to the political strikes in Finland



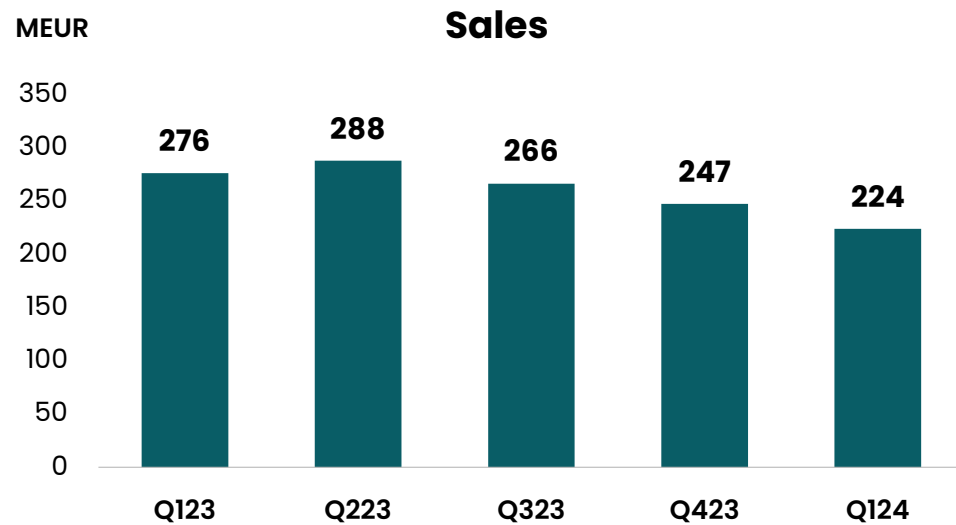
- Adj. EBIT increased to €60 million
- Adj. EBIT margin increased to 5.5%
- One-off compensations of energy production costs related to CO2 emissions more than offset negative effects of the political strikes in Finland
- Variable costs declined, except for wood, which continued increasing
- No planned maintenance shutdowns

# Packaging Solutions

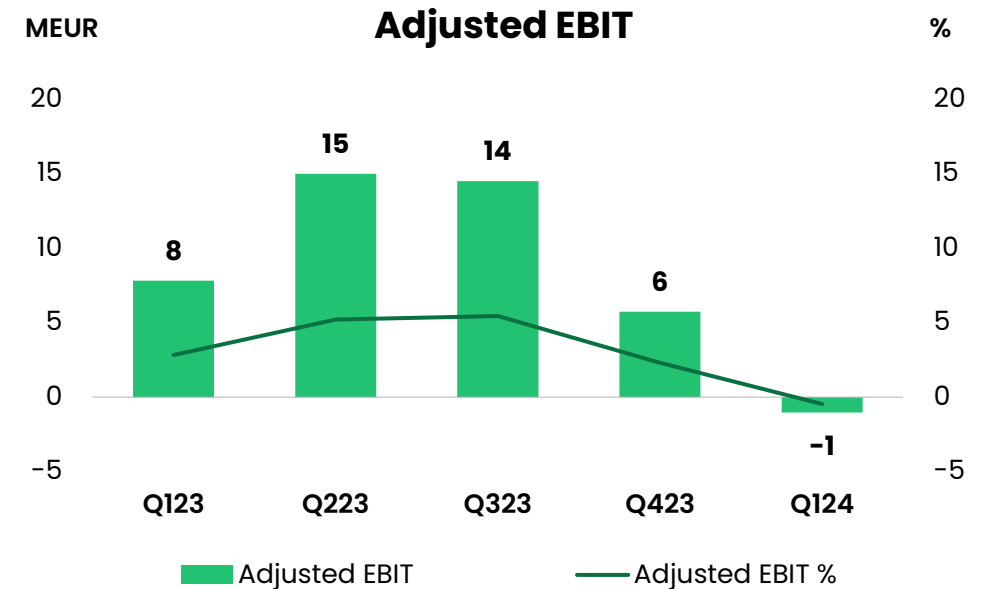
Weak market conditions, overcapacity and price pressure continued



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- Sales decreased by 19%, or €52 million to €224 million
- Sales prices were lower following the lower containerboard prices
- Low season in most segments



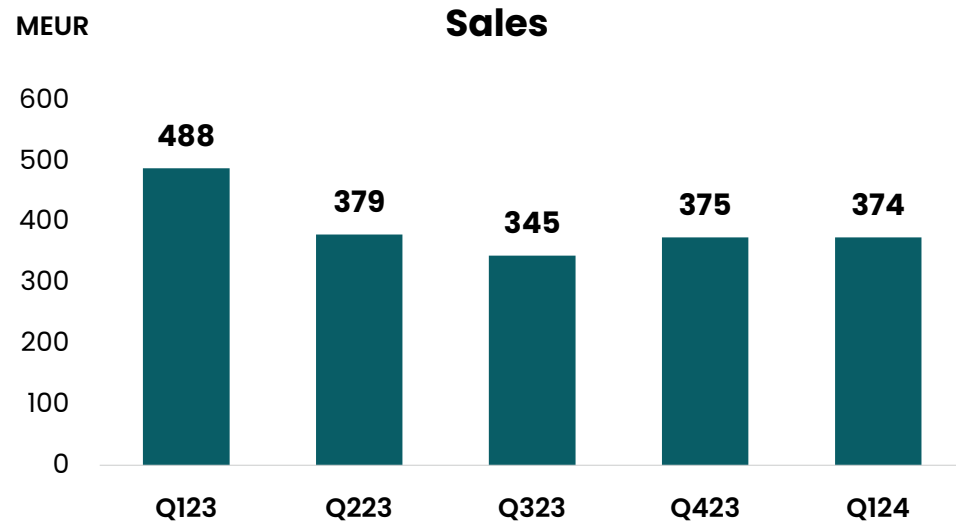
- Adj. EBIT decreased to €-1 million
- Adj. EBIT margin decreased to -0.5%
- High pressure on prices and margins
- Ramp up costs related to the new capacity in the Netherlands adversely affected results

# Biomaterials

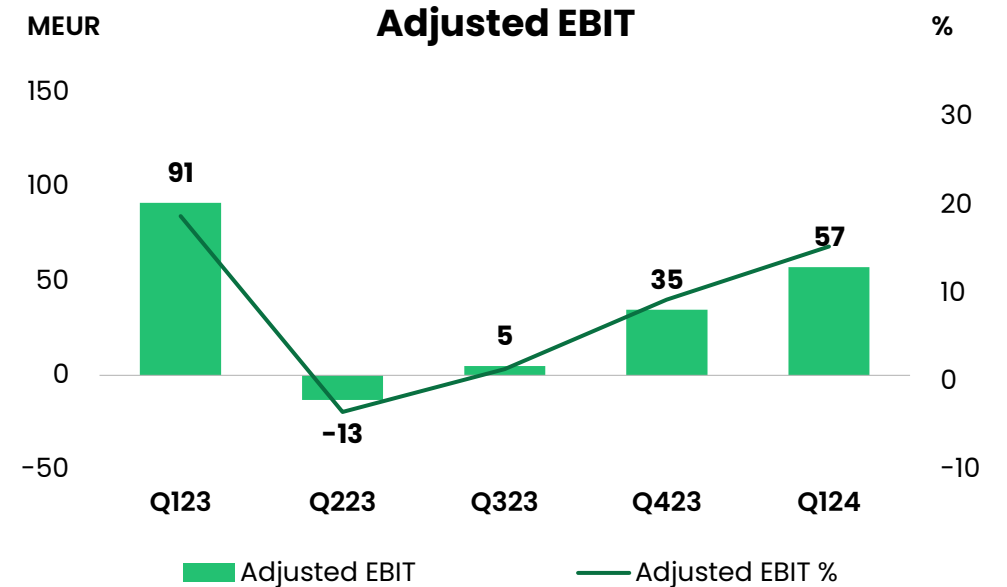
Overall stable demand with continuously increasing pulp prices



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- Sales decreased by 23%, or €114 million to €374 million
- Sales prices were significantly lower, as were deliveries, due to the closure of the Sunila pulp mill in the comparable period
- Prices improved sequentially in all pulp grades and markets



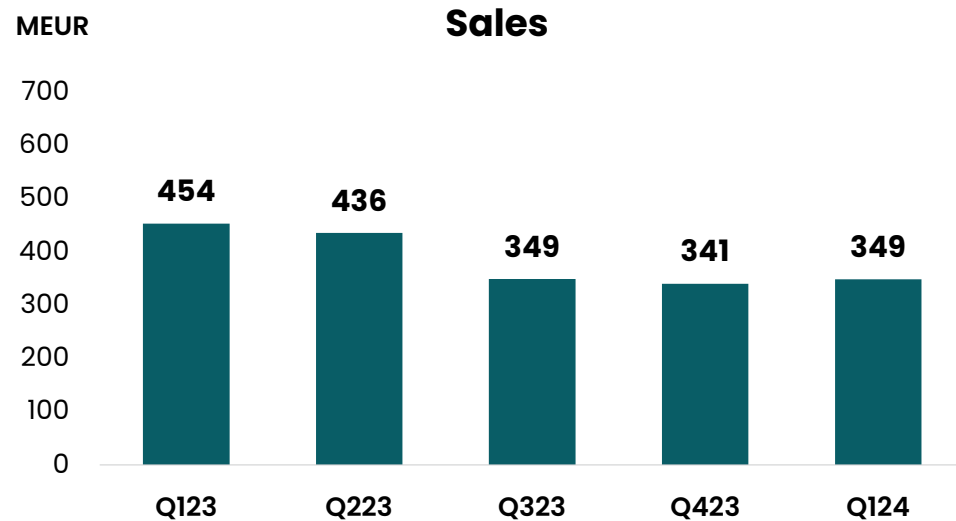
- Adj. EBIT decreased to €57 million
- Adj. EBIT margin decreased to 15%
- Lower sales prices, partly offset by actions to reduce fixed costs
- No planned maintenance shutdowns

# Wood Products

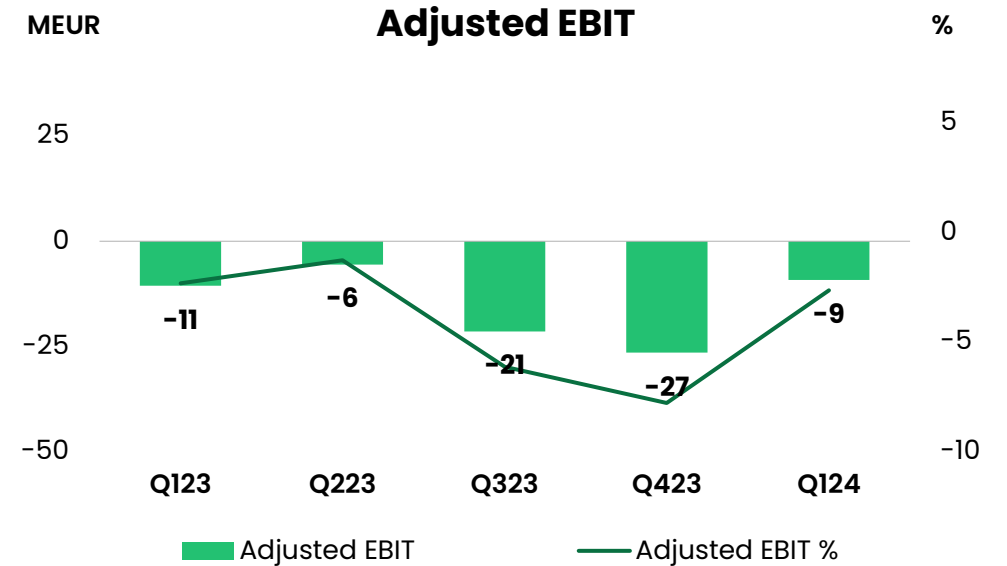
Weaker overall demand with margins remaining at low levels



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- Sales decreased by 23%, or €105 million to €349 million
- Lower sales prices and volumes, especially for sawn wood



- Adj. EBIT increased to €-9 million
- Adj. EBIT margin decreased to -2.6%
- Lower fixed and variable costs
- Margins remained at low levels
- Cost mitigation actions and production curtailments to adjust to prevailing market conditions

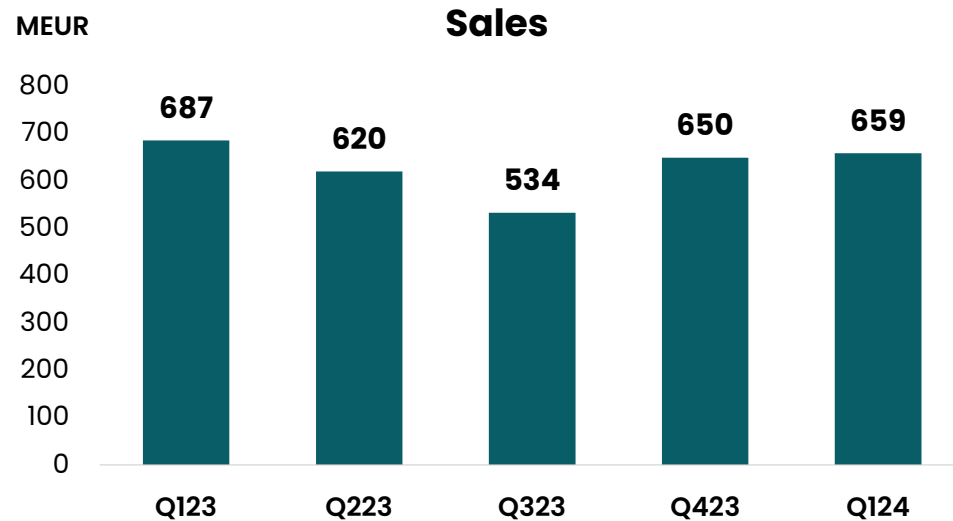


# Forest

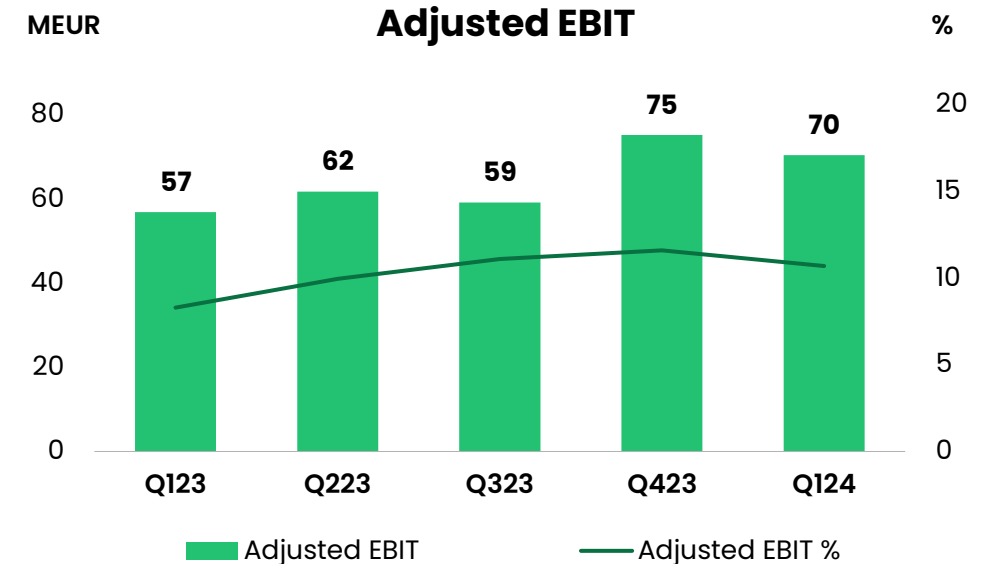
Increased prices, strong wood demand and good harvesting conditions



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- Sales decreased by 4%, or €28 million to €659 million
- The effect of higher wood prices were more than offset by lower volumes
- The political strikes in Finland reduced wood consumption



- Adj. EBIT increased by 24%, to €70 million
- Adj. EBIT margin increased to 10.7%
- Strong operational performance in the Group's forest assets
- The fair value\* of the forest assets was €8.6 billion, equivalent to €10.94 per share
- The forest value decreased by €106 million QoQ due to forex impact, mainly impacted by weaker SEK

\*Market transaction-based forest property prices in Finland and Sweden updated in the Q2 and Q4 reporting

# Building a more profitable and competitive company



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**Oulu investment**  
~€1 billion during  
2023–2024

**Restructuring programme**  
EBIT impact €110 million  
annually

**Profit improvement programme**  
EBIT impact €120 million  
annually

**Decentralised P&L**  
divisions and  
business units

**Oulu investment ramping up**  
up €800e million sales  
annually

Acquisition of **De Jong Packaging Group** ~€1 billion

**Profit improvement** from  
procurement, operational  
and commercial excellence

**W. Europe\*** new site  
corrugated capacity of  
approx. 375mm<sup>2</sup> fully  
ramped up

2023

2024

2025

2026

Discontinuation of  
the **Paper division**

Divestment process of  
the **Beihai** site in China  
continues

Note: \*Total capacity in 2026 700mm<sup>2</sup>

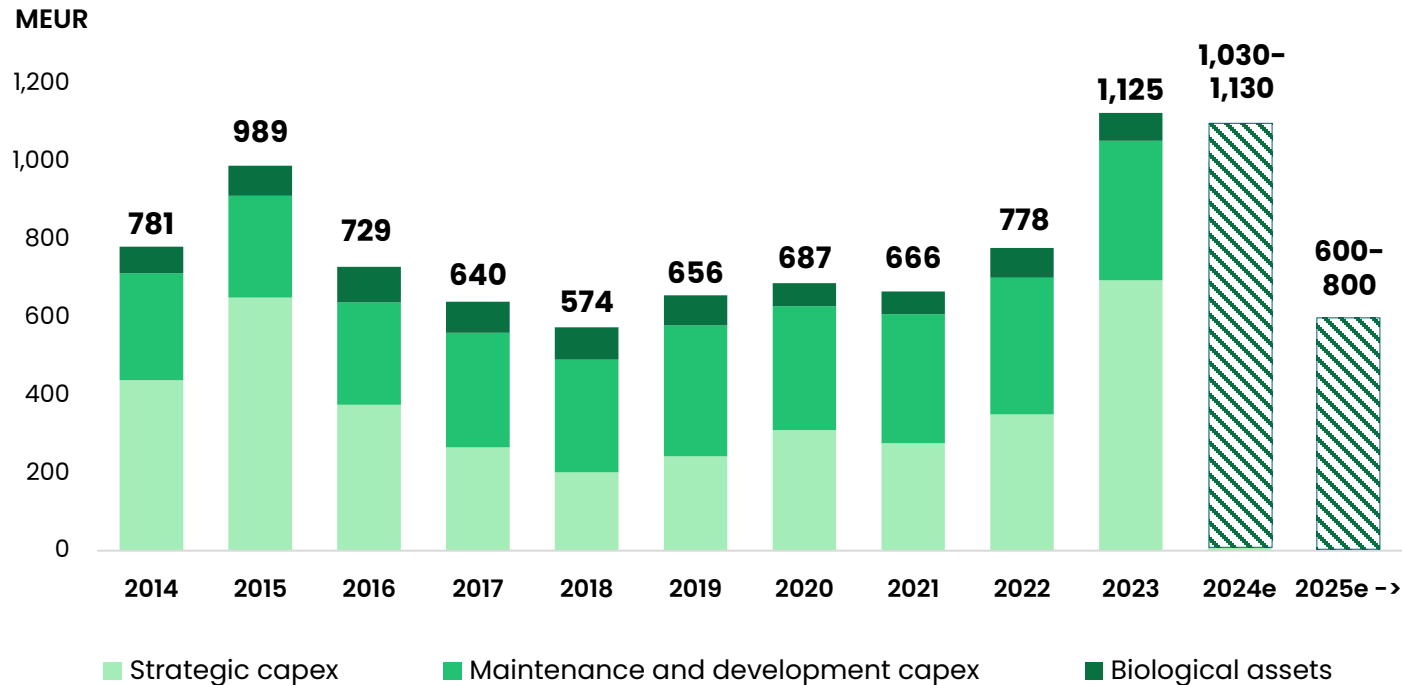


# Committed growth investments proceeding as planned

Returning to average capex range of €600 – 800 million after 2024

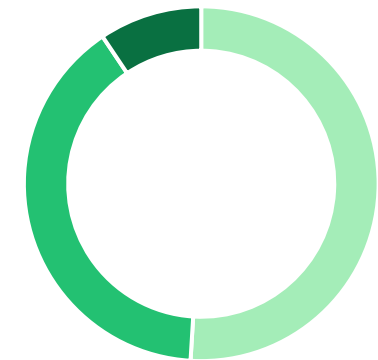


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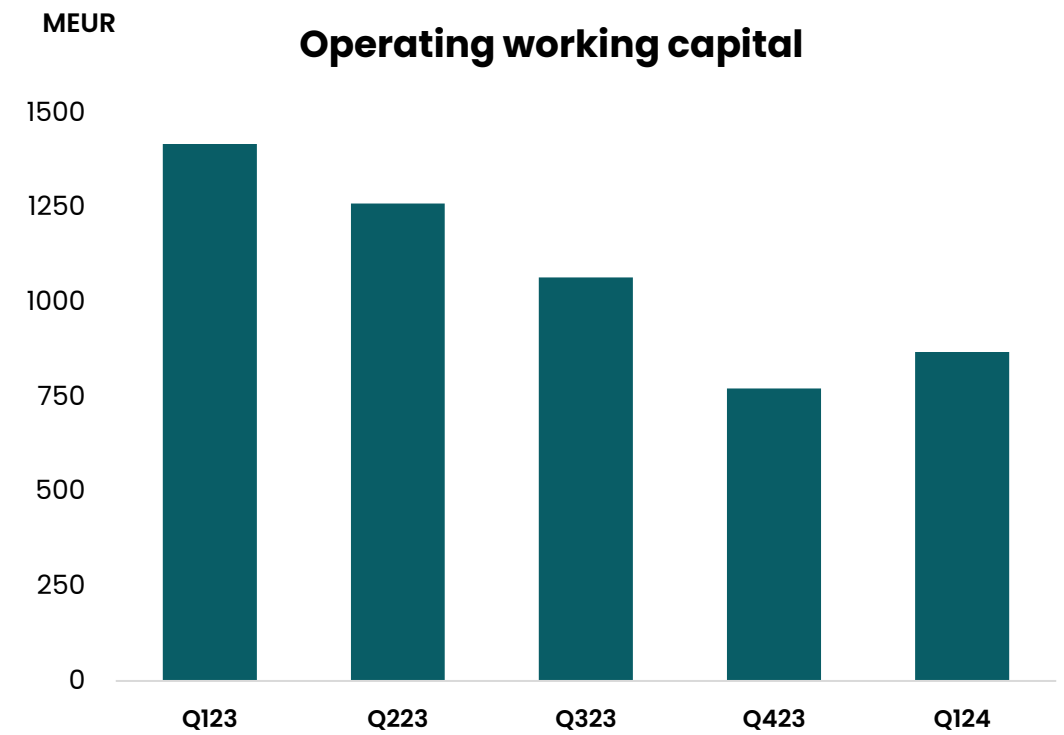
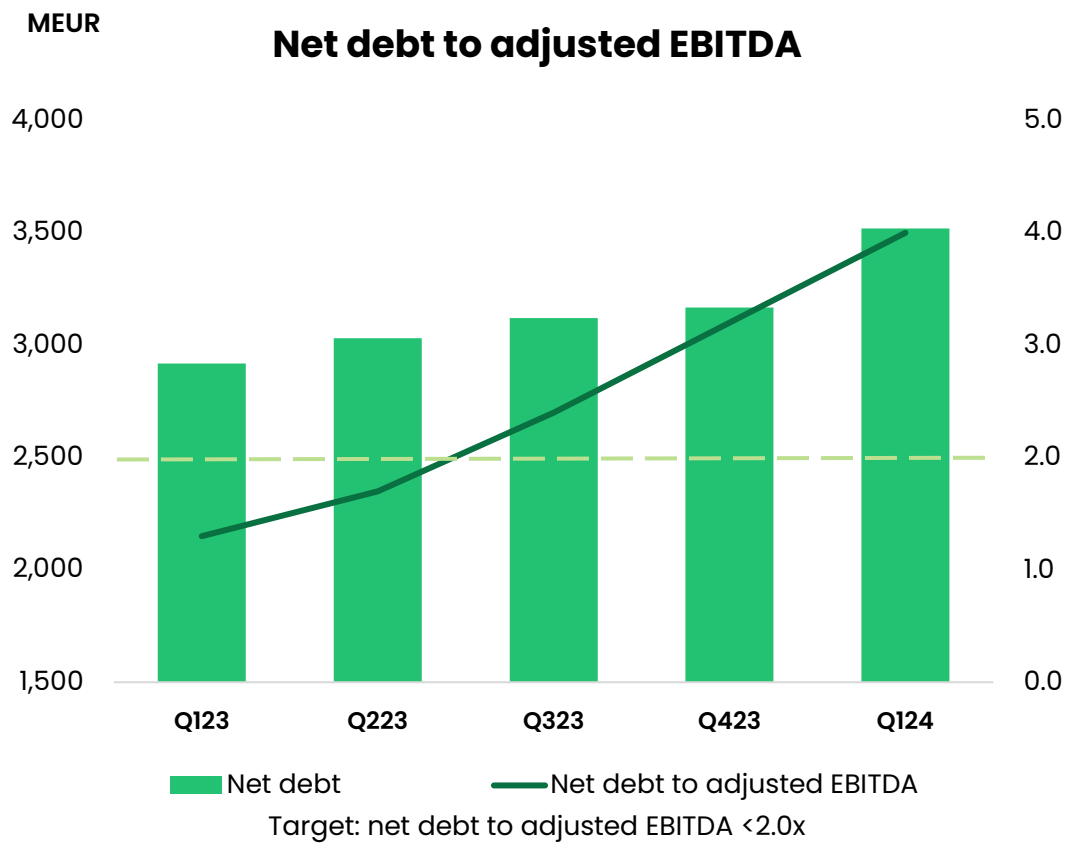
## Average capex split for 2014–2024

Depending on investment decisions



- Strategic capex
- Maintenance and development
- Biological assets

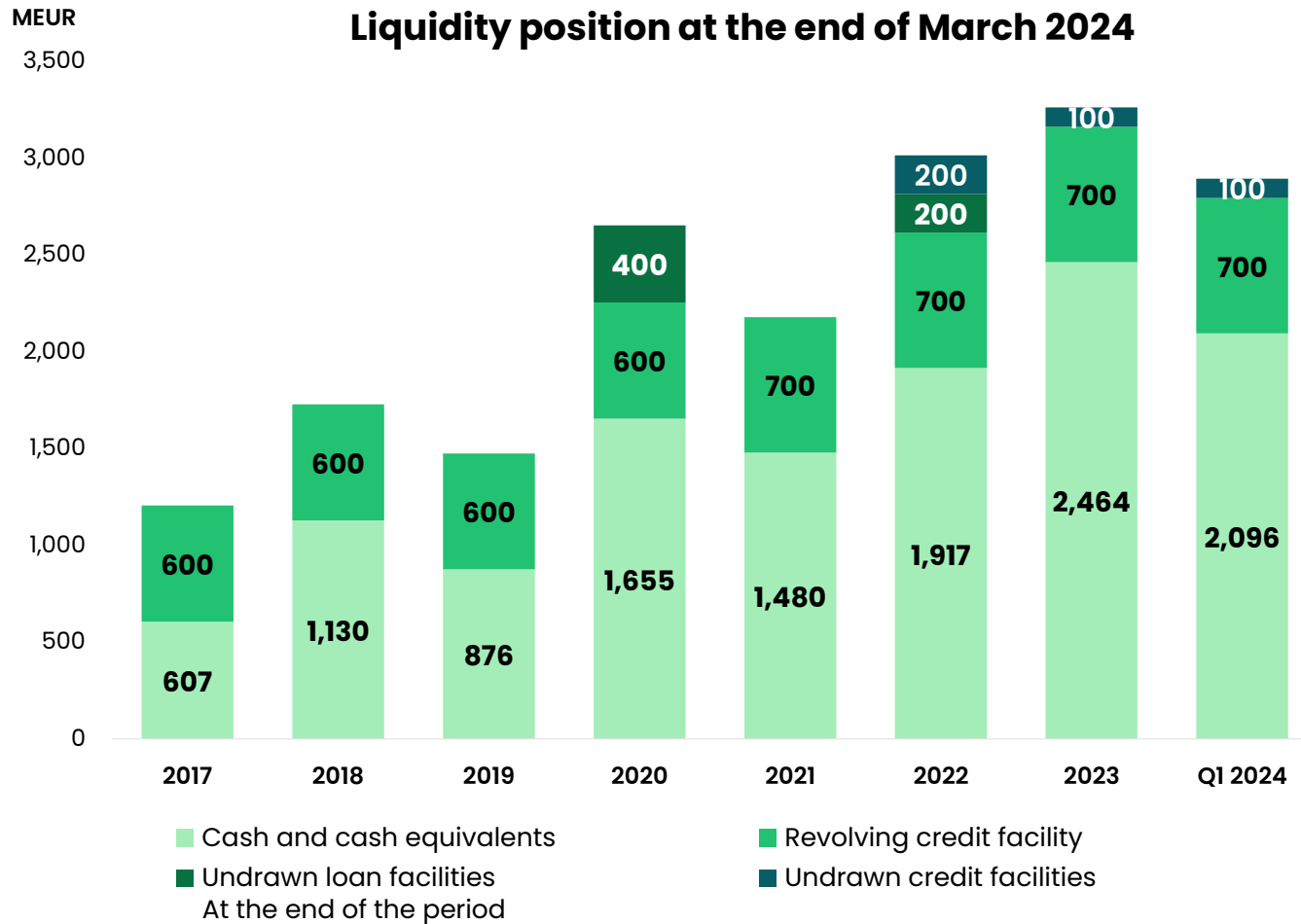
# Achieved significant reduction in operating working capital



# Maintaining a strong liquidity position



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- Liquidity at the end of March 2024:
  - €2.1 billion cash and cash equivalents
  - €700 million committed revolving credit facility fully undrawn
  - €100 million committed credit facility fully undrawn
  - Additionally, €1.1 billion statutory pension premium loans available
- No financial covenants
- Investment grades:
  - Fitch: BBB- (stable)
  - Moody's: Baa3 (stable) / P-3

# Development of long-term Group financial targets



Group long-term financial targets		Q1/23	Q1/24		2023	
Dividend (annual) in EUR/share	To distribute 50% of EPS excluding fair valuation over the cycle	N/A	N/A		0.10* (0.20)**	●
Growth YoY	> 5%	-3%	-20%	●	-20%	●
Net debt to adjusted EBITDA	< 2.0x	1.3	4.0	●	3.2	●
Net debt to equity	< 60%	25%	33%	●	29%	●
LTM Adjusted ROCE excl. Forest	> 13%	16.5%	0.0%	●	1.0%	●

Divisional long-term financial targets		Q1/23	Q1/24		2023	
Packaging Materials	LTM Adjusted ROOC > 20%	13.5%	-1.1%	●	-1.6%	●
Packaging Solutions	LTM Adjusted ROOC > 15%	5.2%	3.3%	●	4.9%	●
Biomaterials	LTM Adjusted ROOC > 15%	24.0%	3.3%	●	4.5%	●
Wood products	LTM Adjusted ROOC > 20%	24.9%	-9.3%	●	-9.3%	●
Forest	LTM Adjusted ROCE > 3,5%	3.8%	4.6%	●	4.4%	●

\*Dividend of 0.10 EUR/share was paid in April 2024

\*\*Proposal that the Board is authorised, at its discretion, to pay an additional 0.20 EUR/share until 31 December 2024



# Progressing towards our sustainability targets and initiatives



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		Climate change	Circularity	Biodiversity			
Committed to reaching net-zero CO <sub>2</sub> emissions by 2040	<b>Targets</b>	<b>-50%</b> reduction in absolute emissions by 2030 (Scope 1,2,3)	<b>100%</b> Recyclable products by 2030	<b>Net positive</b> Impact on biodiversity by 2050			
	<b>Status</b>	<table border="1"> <tr> <td>scope 1+2</td> <td> <b>-44%</b>                              (Q1 2024 compared to the base year 2019)                         </td> </tr> <tr> <td>scope 3</td> <td> <b>-34%</b>                              (2023 compared to the base year 2019)                         </td> </tr> </table>	scope 1+2	<b>-44%</b> (Q1 2024 compared to the base year 2019)	scope 3	<b>-34%</b> (2023 compared to the base year 2019)	Share of technically recyclable products <b>94%</b> (2023)
scope 1+2	<b>-44%</b> (Q1 2024 compared to the base year 2019)						
scope 3	<b>-34%</b> (2023 compared to the base year 2019)						

\*The indicators are: high stumps, deadwood, soil and water, habitats, buffer zones and tree retention

# Market demand development from Q1/2024 to Q2/2024



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## Packaging Materials

- Demand for consumer board and containerboard is expected to be slightly stronger
- Value chain destocking has ended



## Packaging Solutions

- Demand for corrugated packaging in Europe is expected to be stronger mainly due to the seasonality of fruit and vegetable markets



## Biomaterials

- Demand for pulp in Europe is expected to be slightly stronger. Stable demand is expected for fluff pulp
- Demand for softwood pulp in China is expected to be slightly stronger and demand for hardwood pulp in China is expected to be stable



## Wood Products

- Demand for sawn wood is expected to be significantly stronger due to seasonal effects
- Weak demand is expected to continue for building solutions from the construction segment



## Forest

- Demand for pulpwood in Sweden is expected to be slightly stronger and demand for sawlogs significantly stronger
- Demand for pulpwood and sawlogs in Finland is expected to be significantly stronger and demand for pulpwood for energy use is expected to be stronger due to seasonality

# Key takes – building a stronger future

## Powering ahead

- Continued focus on profit improvement, competitiveness and cash flow through;
  - Procurement, operational and commercial excellence
  - Capital release through working capital management and divestments
- Profit improvement programme target raised to €120 from the initial €80 million target
- Completed restructuring programme in 2023, yielded €110m annual adj. EBIT improvement

## Guidance

- The full year 2024 adjusted EBIT is expected to be higher vs the full year 2023, €342 million



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# Disclaimer



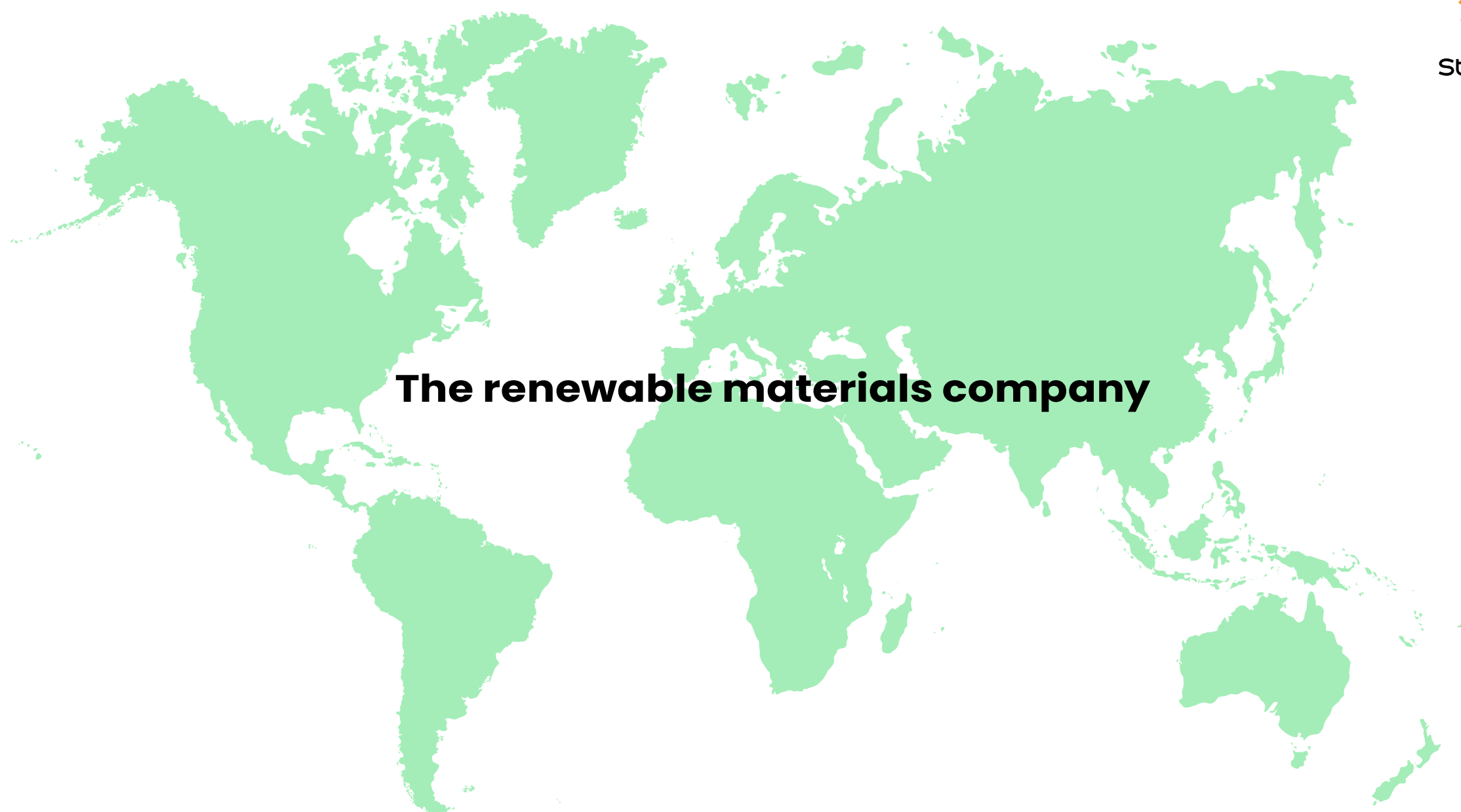
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It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; 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.





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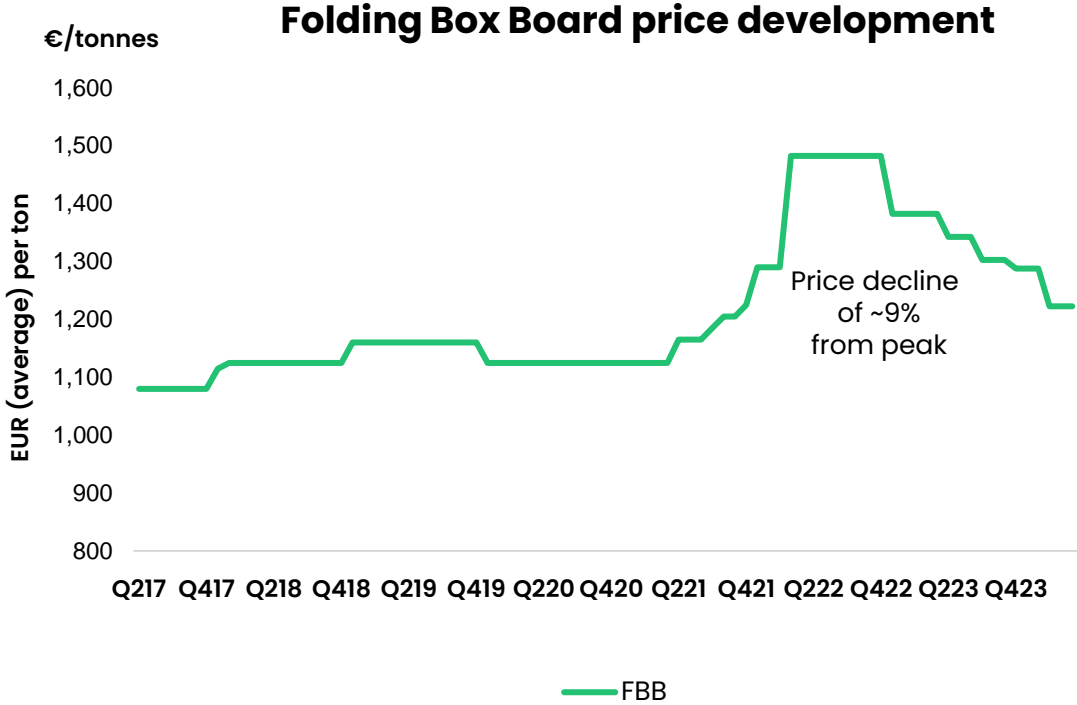
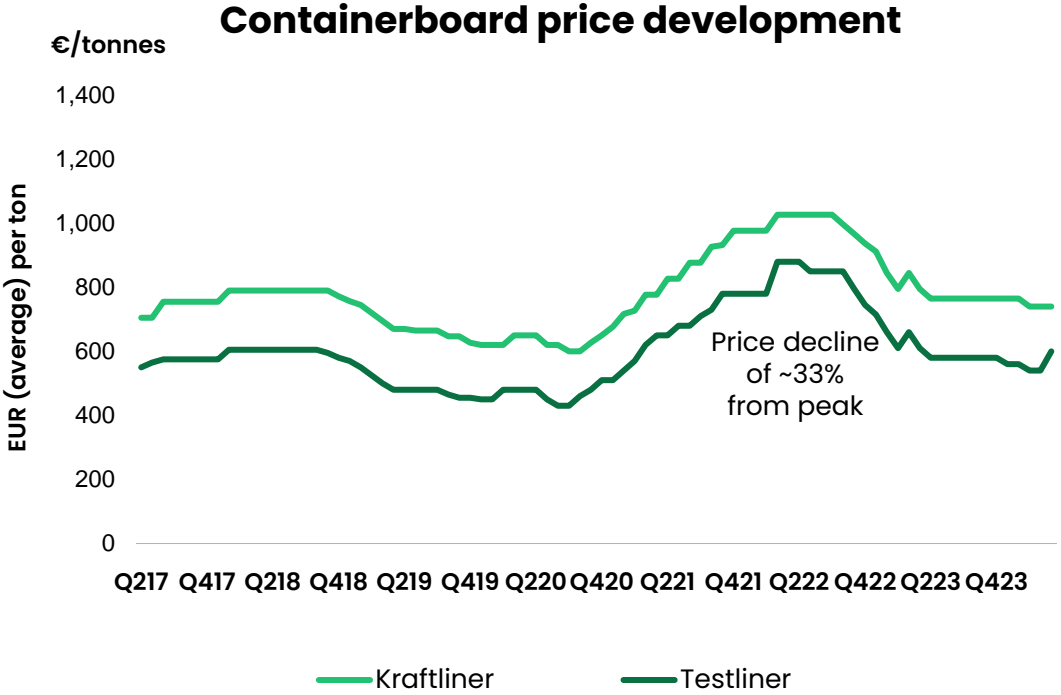


**The renewable materials company**

# Weak packaging demand reduced prices for containerboard and Folding Box Board



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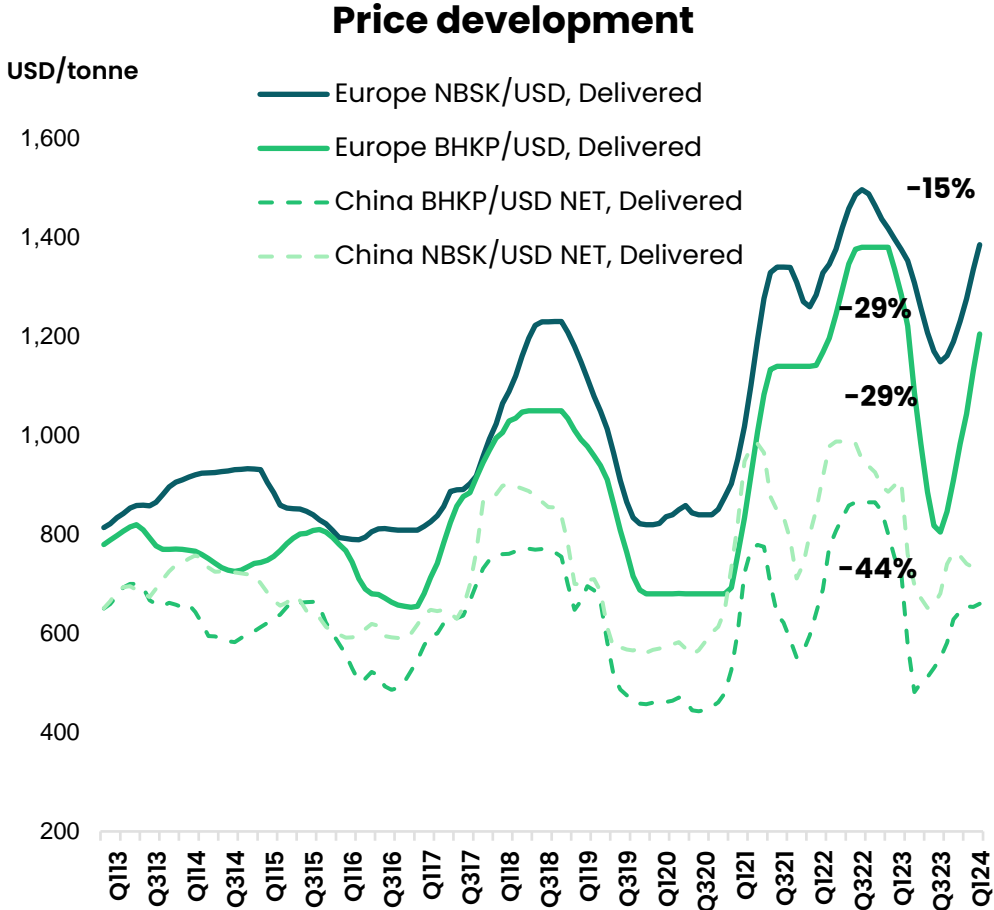
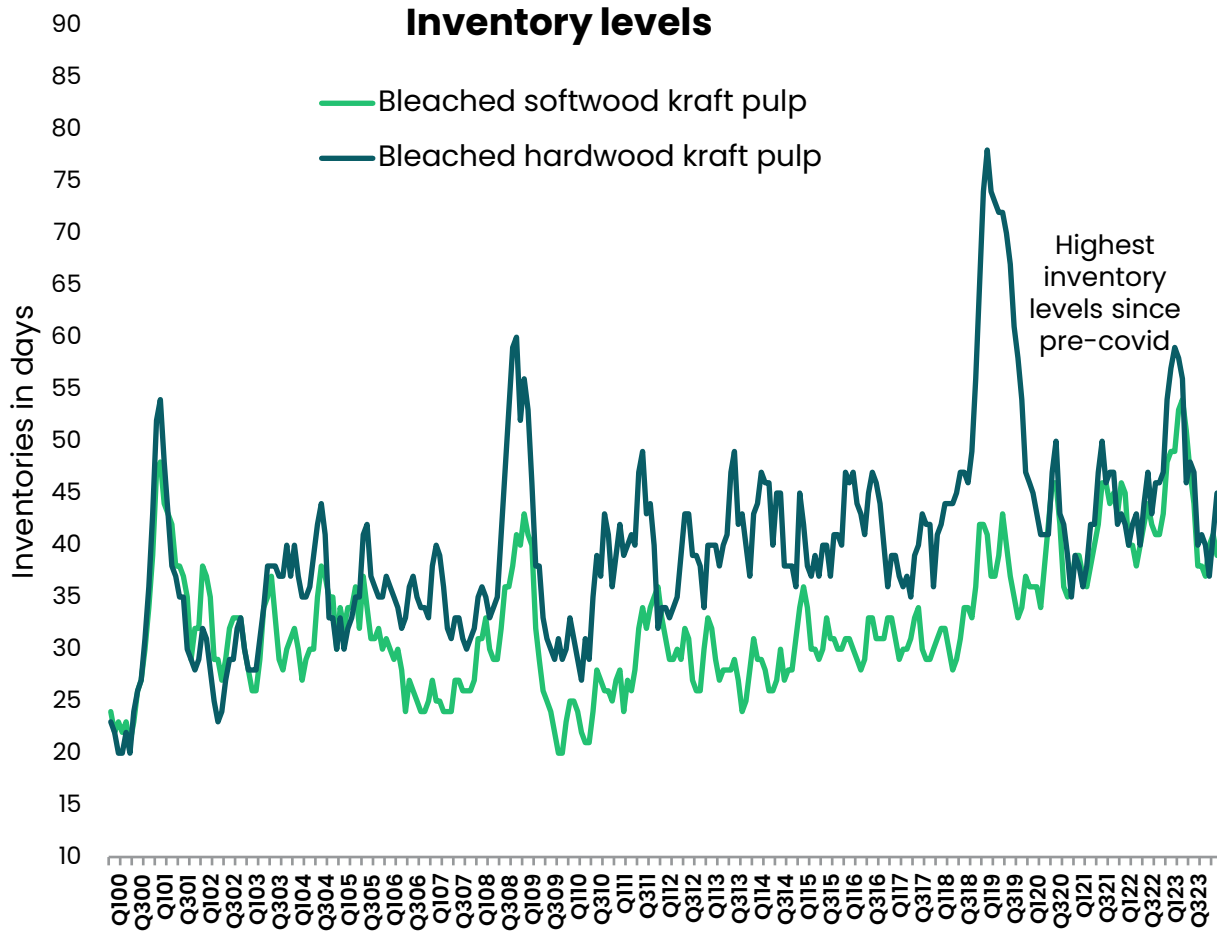
Source: Euwid



# Pulp restocking is over, slight recovery in pulp prices



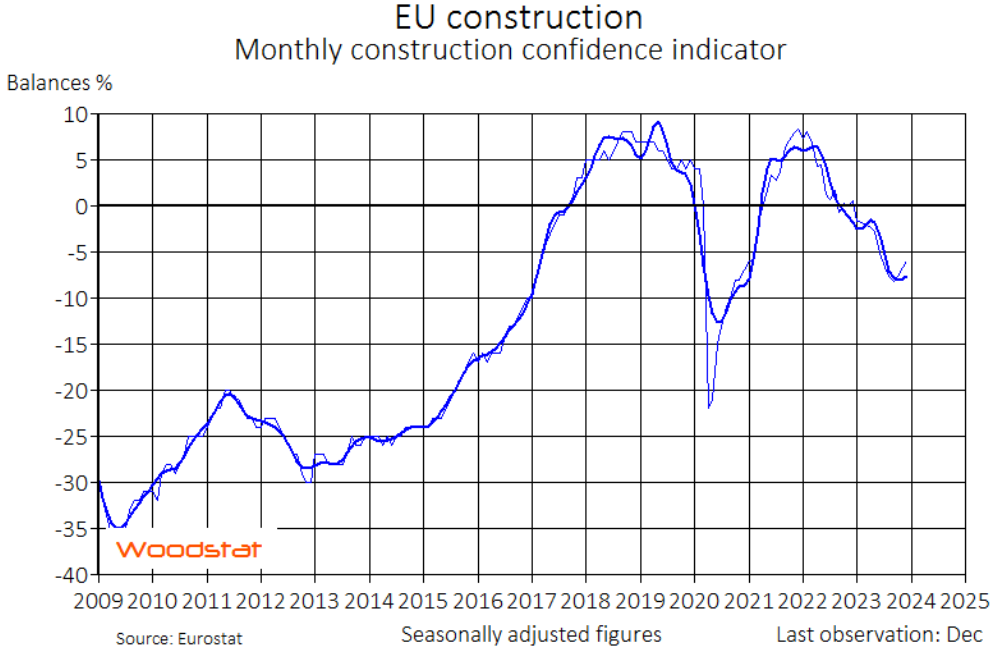
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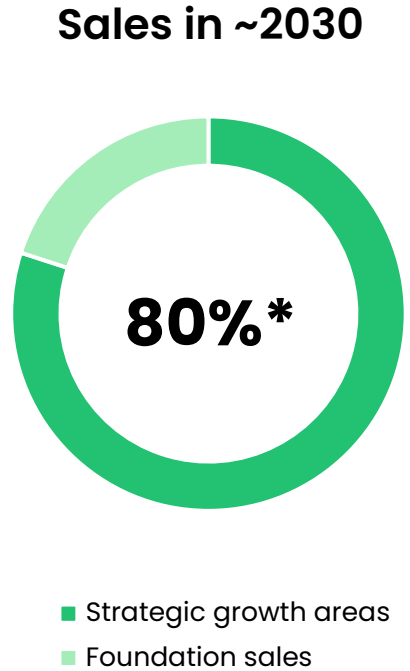
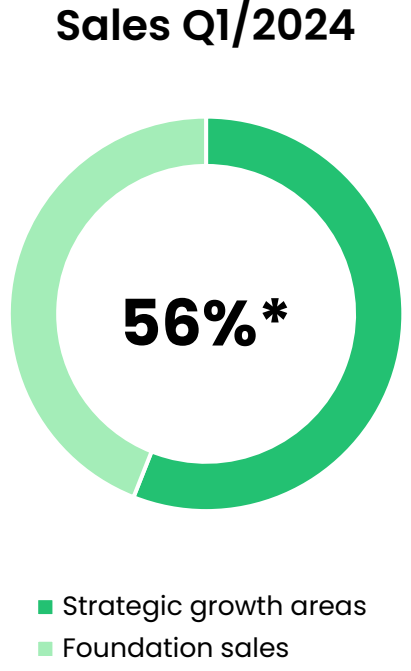
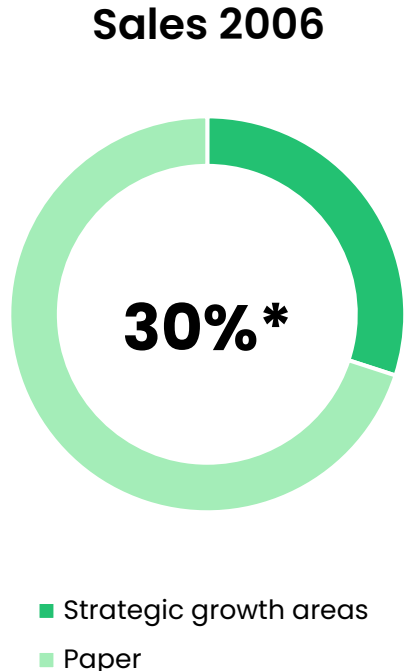
Source: Fastmarkets FOEX, PPC

NBSK = Northern bleached softwood kraft  
 BHKP = Bleached Hardwood Kraft Pulp

# Continued weak construction and housing market weighs on Wood Products' performance



# Strategic growth areas represented 56% of Group sales in Q1/2024



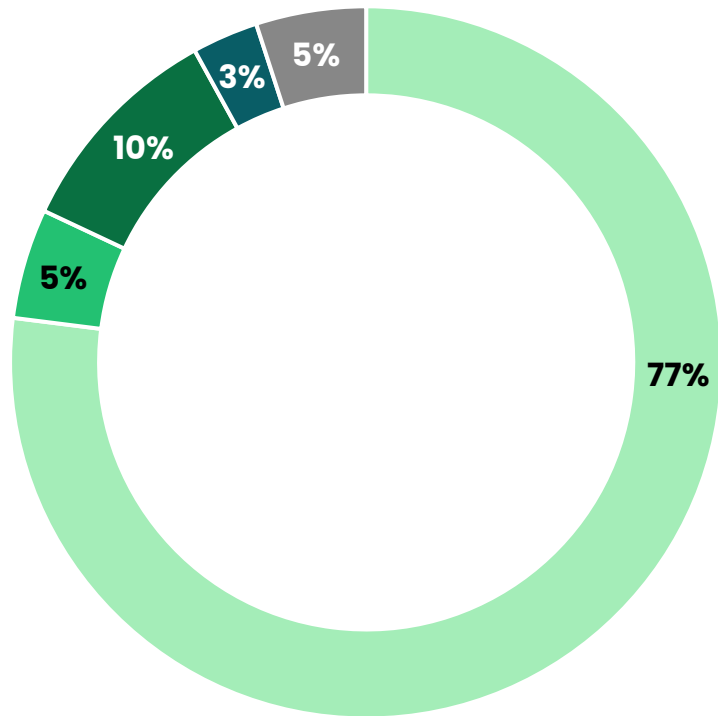
Calculations are based on external sales  
\*Strategic growth areas include Packaging Materials, Packaging Solutions, Biomaterials Innovations (part of Biomaterials), Building Solutions (part of Wood Products), (and emerging businesses, part of Segment Other)  
Foundation businesses include Pulp in Biomaterials, Traditional Wood Products in Wood Products and Forest

# Stora Enso – End use geographies and segments



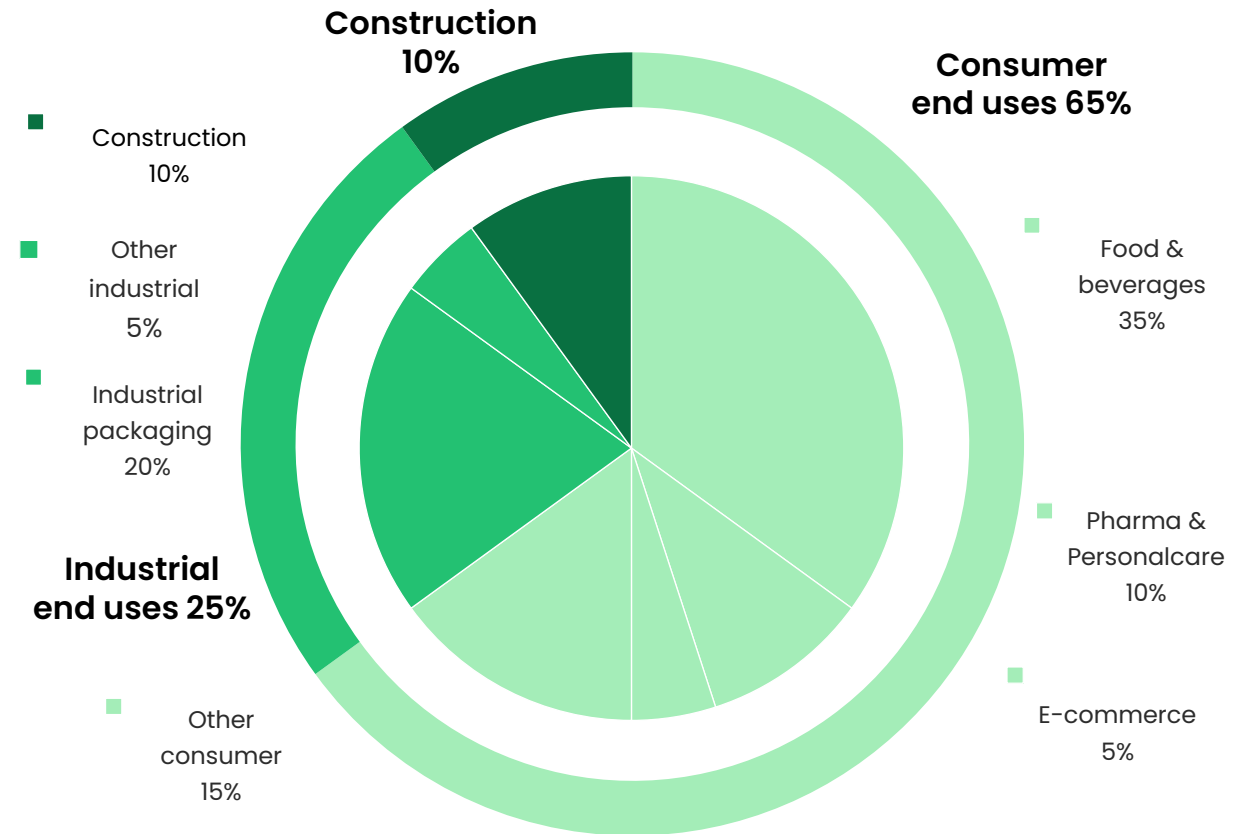
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**Group sales by geography (FY/2023)\***



■ Europe ■ China ■ Rest of Asia ■ North America ■ Other

**Group sales by end use (FY/2023)\***



\*Excl. Forest division and Beihai

# Development of long-term targets



<b>Financial performance</b>		<b>Q1/2023</b>	<b>Q1/2024</b>
Growth YoY	> 5%	<b>-3%</b>	<b>-20%</b>
Net debt to adjusted EBITDA	< 2.0x	<b>1.3</b>	<b>4.0</b>
Net debt to equity	< 60%	<b>25%</b>	<b>33%</b>
Adjusted ROCE excl. Forest	> 13%	<b>17%</b>	<b>0%</b>
Dividend per share (EUR)	To distribute 50% of EPS excluding fair valuation over the cycle	<b>0.60</b>	<b>0.10*</b> <b>(0.20)**</b>

<b>Sustainability performance</b>		<b>FY/2022</b>	<b>FY/2023</b>
Climate: Reduction of fossil CO <sub>2</sub> e emissions (scope 1 and 2)	-50% by the end of 2030 from 2019	<b>-27%</b>	<b>-41%</b>
Climate: Reduction of fossil CO <sub>2</sub> e emissions (scope 3)	-50% by the end of 2030 from 2019	<b>-24%</b>	<b>-34%</b>
Circularity	100% by 2030	<b>94%</b>	<b>94%</b>
Biodiversity: Forest certification coverage	≥ 96%	<b>99%</b>	<b>99%</b>

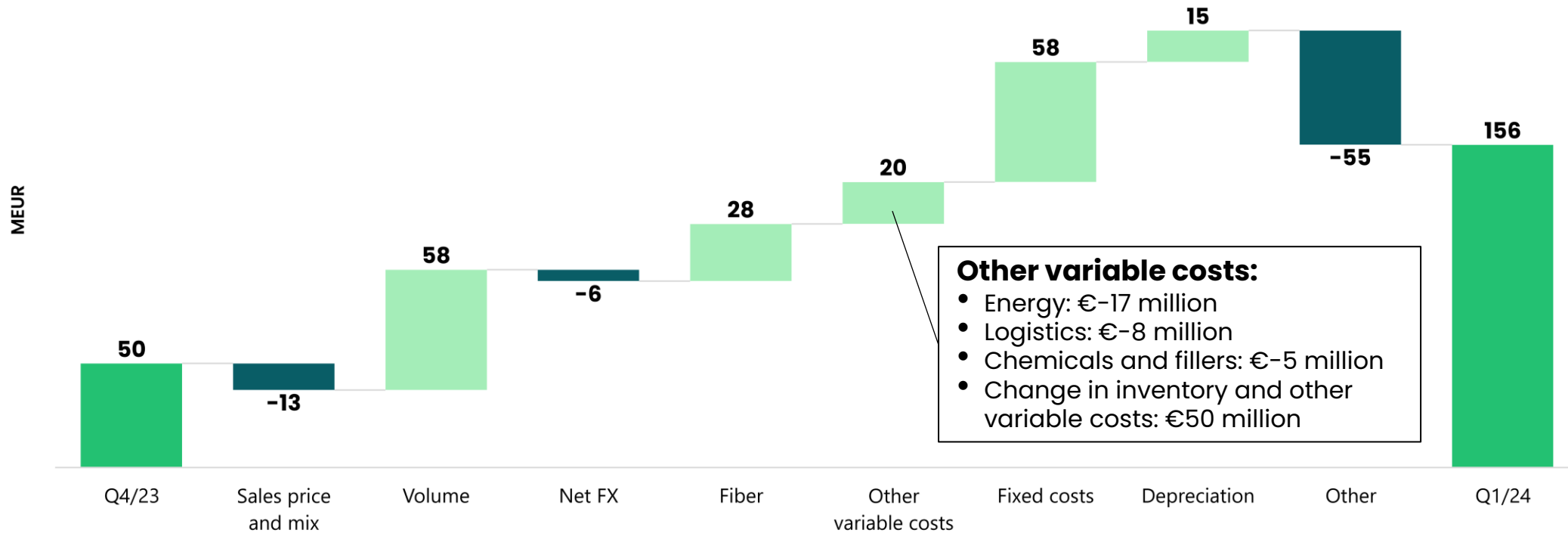
\*Dividend proposal of 0.10 EUR/share to be paid in April 2024

\*\*Proposal that the Board is authorised, at its discretion, to pay an additional 0.20 EUR/share until 31 December 2024

# Volumes and fixed costs improved as no planned annual shutdowns during Q1 2024



Quarterly adjusted EBIT variance QoQ



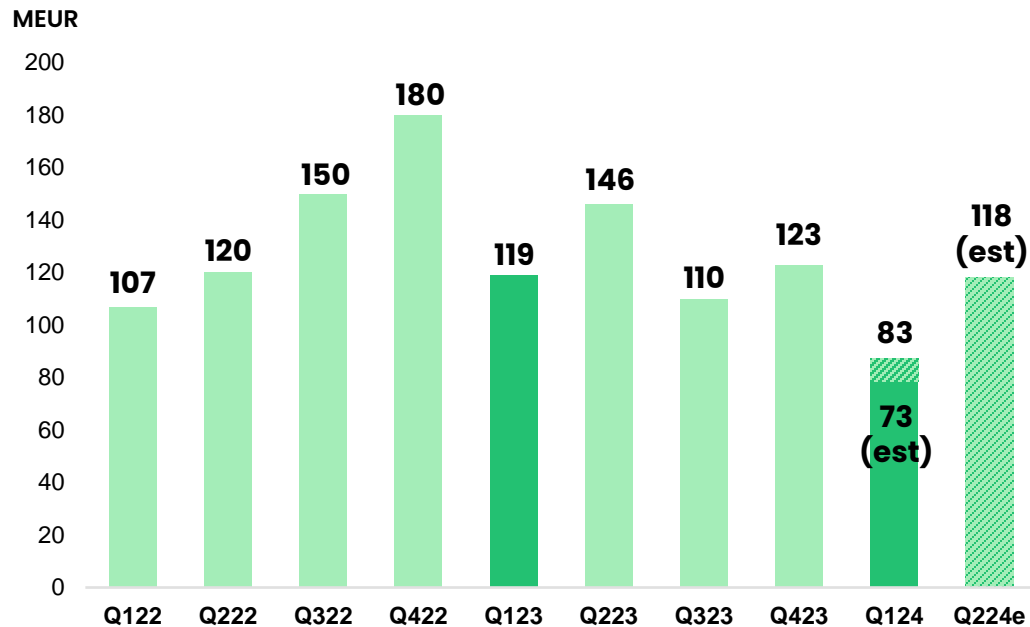


# Maintenance shutdowns impacting quarterly results



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**Group total planned maintenance impact on adjusted EBIT**



## Planned maintenance shutdowns in 2024

### Packaging Materials

- Q1:** -
- Q2:** Beihai, Langerbrugge
- Q3:** Oulu, Varkaus, Heinola
- Q4:** Fors, Imatra, Skoghall, Anjalankoski, Ostroleka

### Biomaterials

- Q1:** -
- Q2:** Montes del Plata, Skutskär
- Q3:** Enocell, Veracel
- Q4:** -

## Maintenance shutdowns in 2023

### Packaging Materials

- Q1:** -
- Q2:** Beihai, Ostroleka, Langerbrugge
- Q3:** Anjalankoski, Heinola, Ostroleka, Oulu, Varkaus, Ingerois
- Q4:** Fors, Imatra, Skoghall

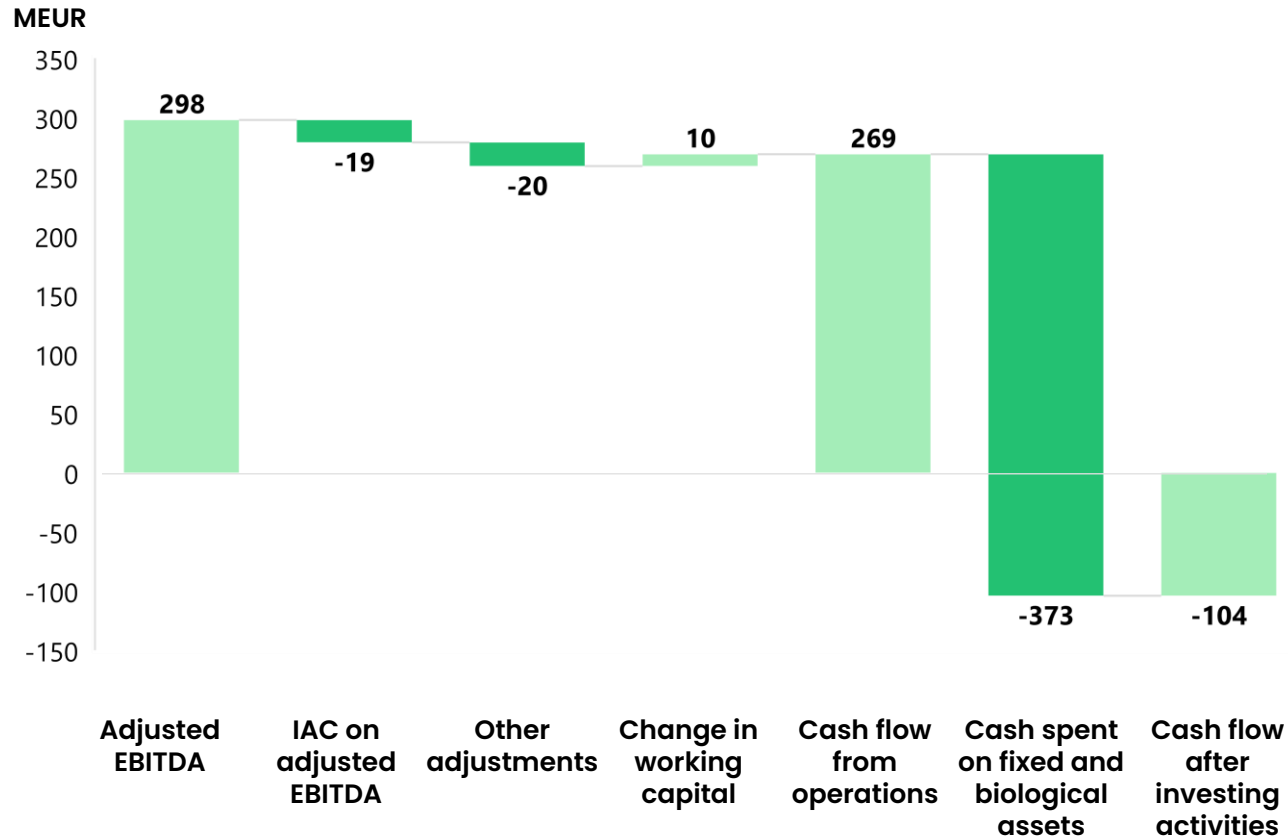
### Biomaterials

- Q1:** Veracel
- Q2:** Montes del Plata, Skutskär
- Q3:** -
- Q4:** Enocell

# Stable cash flow from operations



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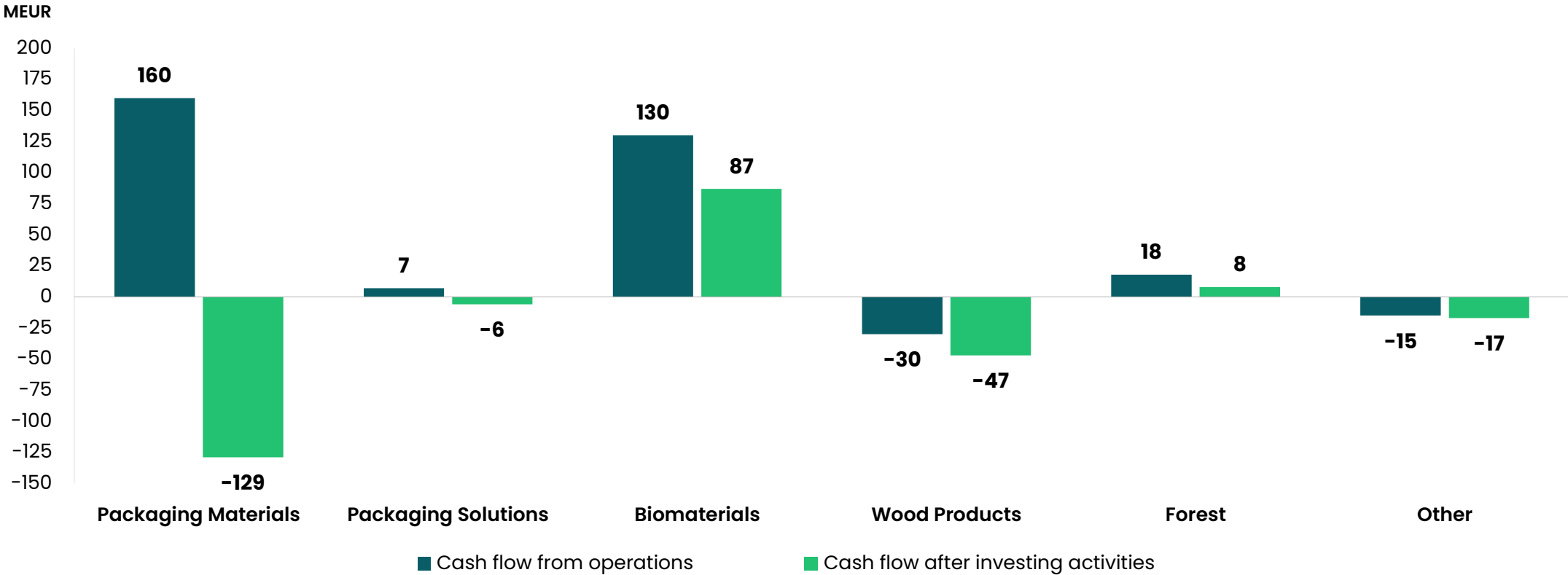


- Cash flow after investing activities was €-104 (1) million
- Working capital decreased by €10 million
- Cash spent on fixed and biological assets was €373 million, of which the majority related to strategic investments
- Payments related to the previously announced provisions amounted to €20 million

# Cash flow by divisions in Q1/2024



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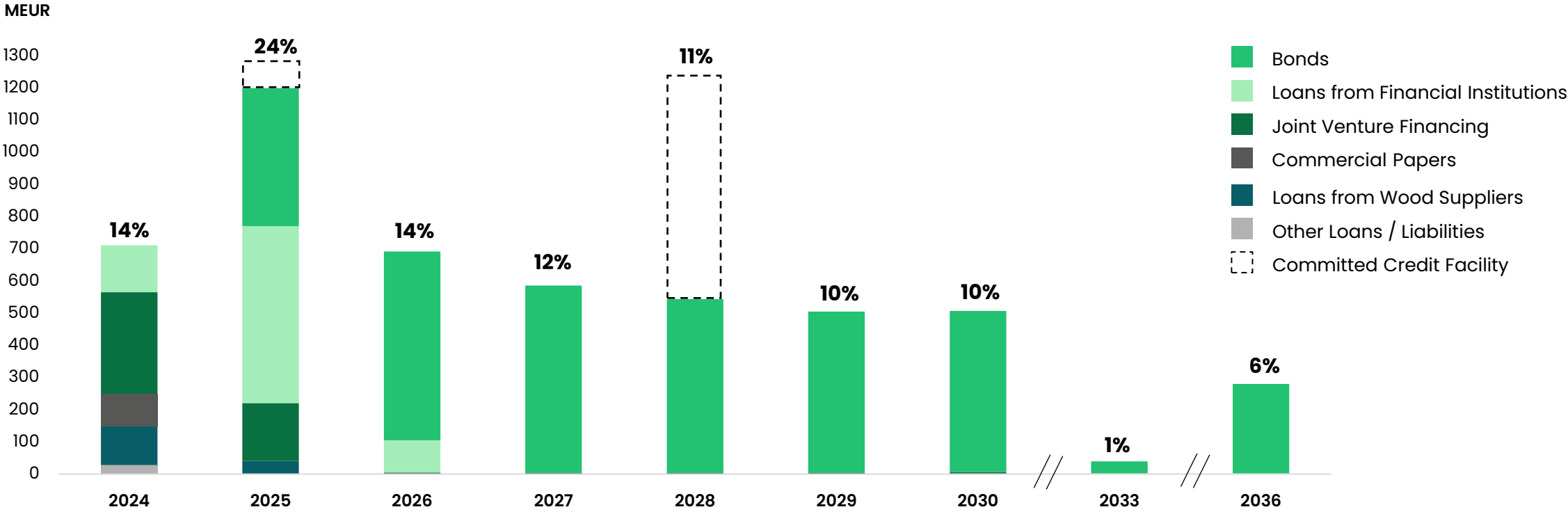


# Maturity profile 2024

March 2024



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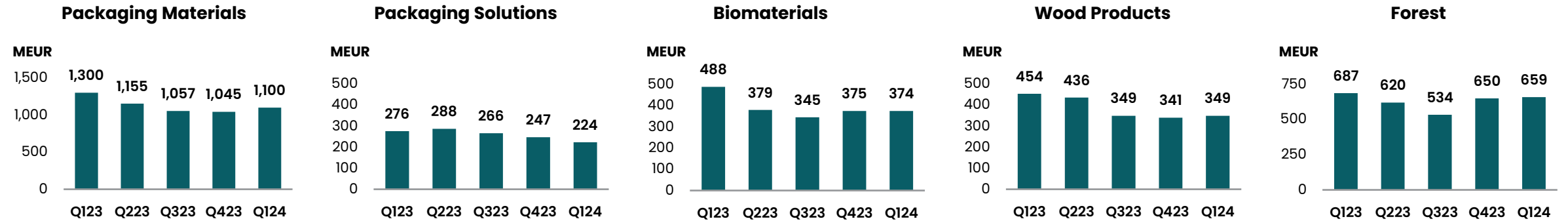


# Division overview (sales, adj. EBIT and adj. EBIT margin)

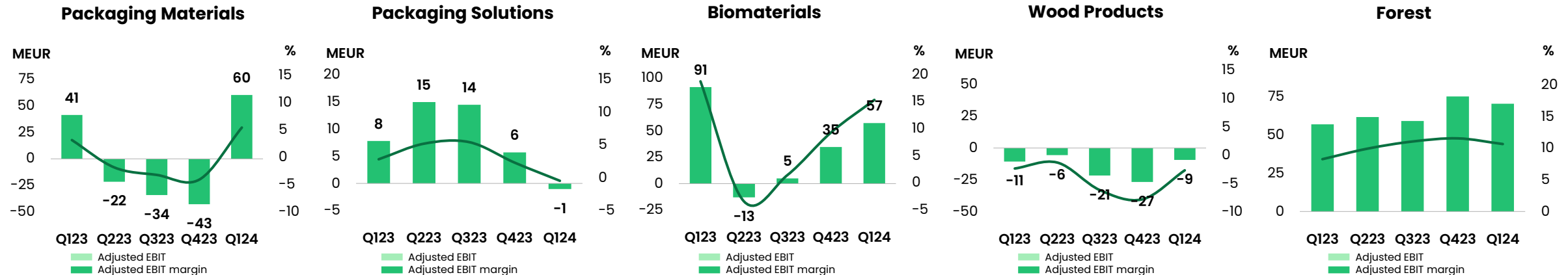


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## Sales



## Adjusted EBIT and Adjusted EBIT Margin



# Adjusted EBIT by segments



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MEUR	Q1/24	Q1/23	Change % Q1/24-Q1/23	Q4/23	Change % Q1/24-Q4/23
<b>Packaging Materials</b>	60	41	46.0%	-43	240.4%
% of sales	5.5%	3.2%		-4.1%	
<b>Packaging Solutions</b>	-1	8	-113.0%	6	-117.7%
% of sales	-0.5%	2.8%		2.3%	
<b>Biomaterials</b>	57	91	-37.3%	35	65.1%
% of sales	15.3%	18.7%		9.3%	
<b>Wood Products</b>	-9	-11	12.6%	-27	65.1%
% of sales	-2.6%	-2.3%		-7.8%	
<b>Forest</b>	70	57	23.7%	75	-6.4%
% of sales	10.7%	8.3%		11.6%	
<b>Other</b>	-11	27	-142.6%	-1	n/m
% of sales	-19.9%	7.3%		-0.7%	

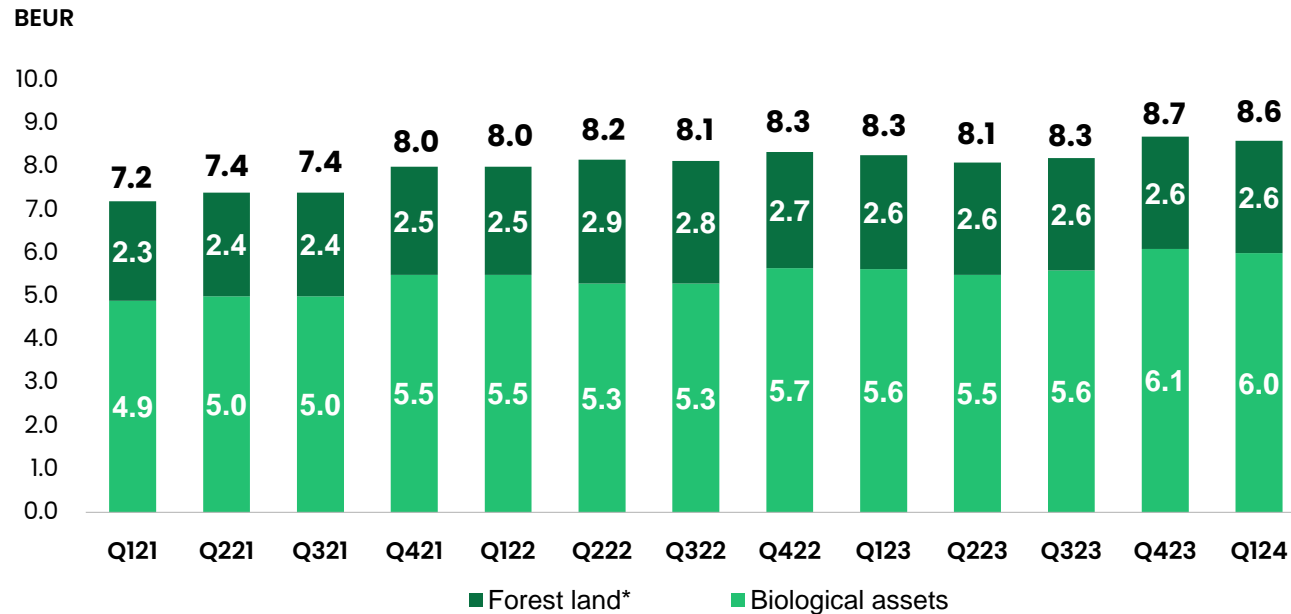


# Stable forest valuation



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## Group forest assets



- **Fair value\* of €8.6 billion equivalent to €10,94 per share**
- The QoQ decrease of €106 million was primarily caused by the foreign exchange rate impact mainly due to the weaker SEK

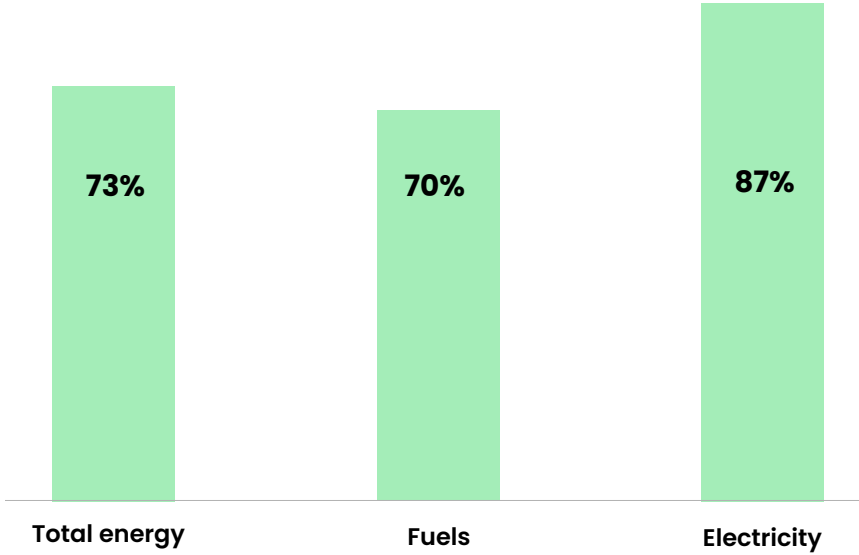
\*Market transaction-based forest property prices in Finland and Sweden updated in the Q2 and Q4 reporting

\*including leased land

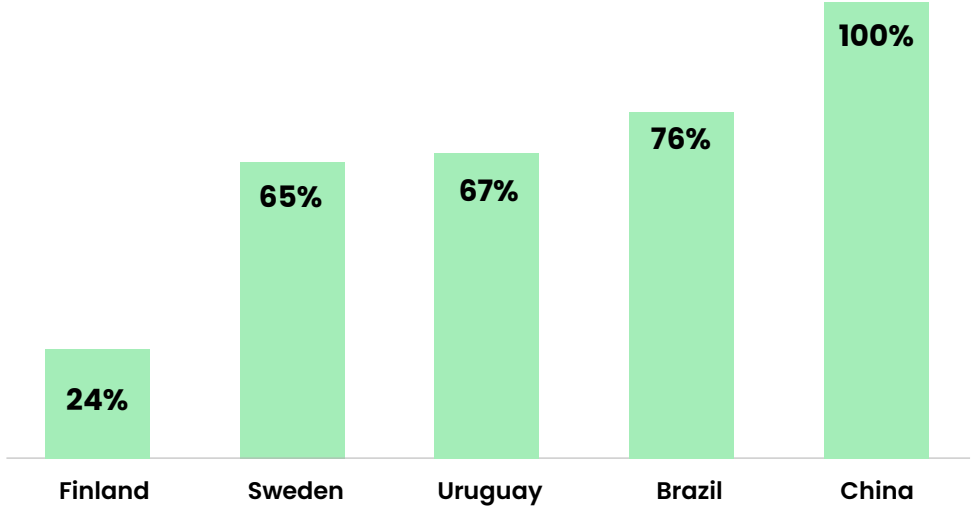
# Stora Enso's energy self-sufficiency 73% FY/2024



Group energy self-sufficiency excl. JVs (2024e)



Group wood self-sufficiency by country 2023

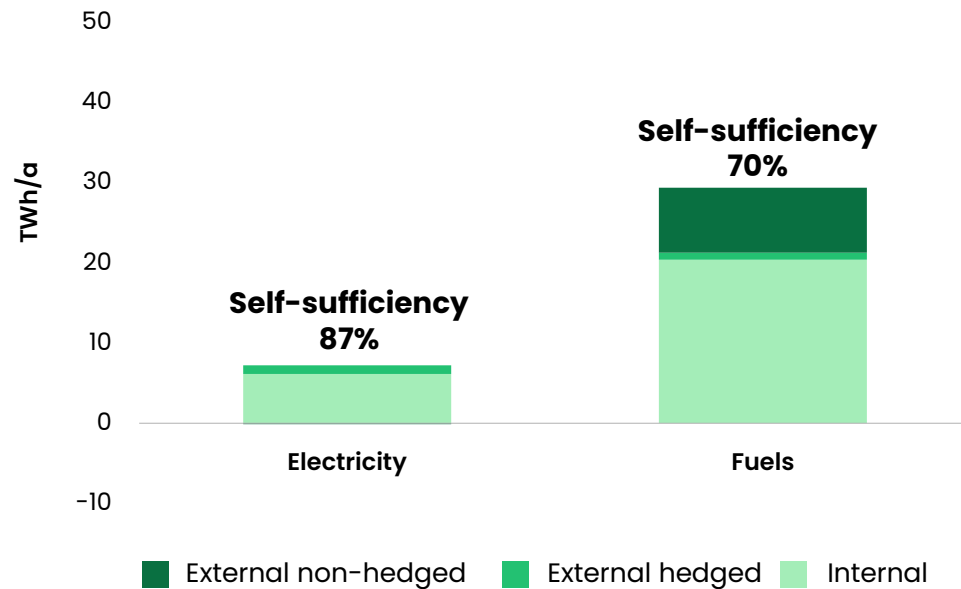


# Energy balance in detail



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Group energy balance estimate excl. JVs (2024e)



Impact on non-hedged volume on operating profit from 10% change for the next 12 months in:	EUR million p.a.
Electricity market price	~-1,4
Fossil fuel price	~7.8

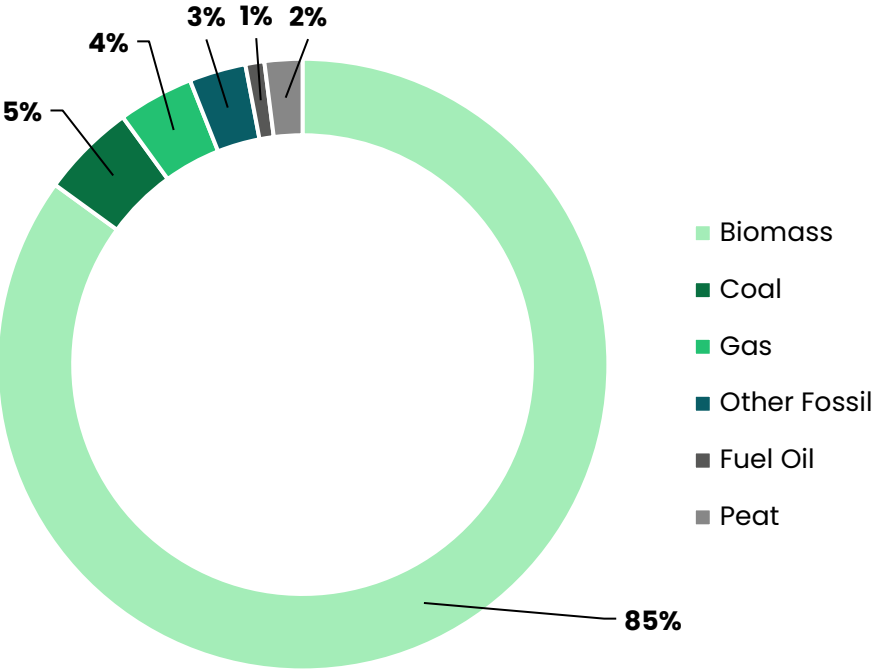
Energy hedging in 2023	~86%
Energy costs of total costs in 2023	~7%

# Biomass as primary fuel source



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Group fuel consumption Q1/2024



Stora Enso Group's total Q1/2024 fuel consumption was 7,3 TWh



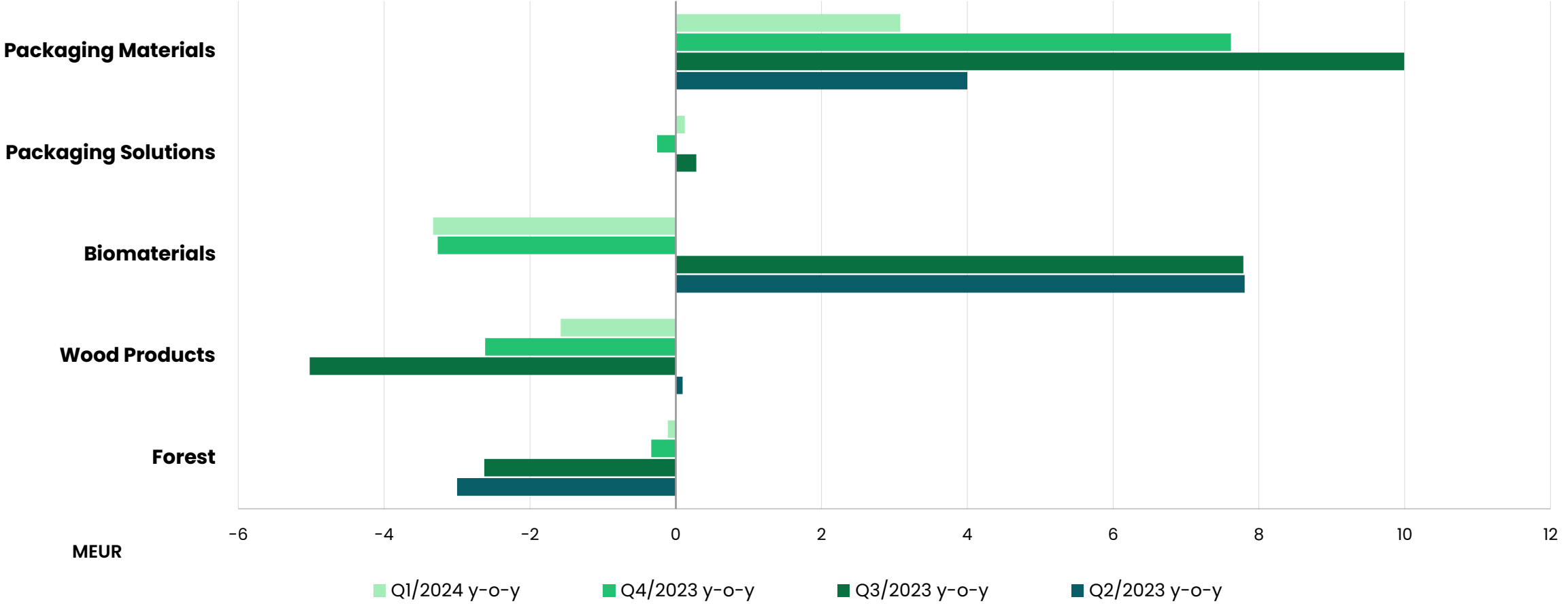
# Net Financial Items



MEUR	Q1/24	Q1/23	Change % Q1/24-Q1/23	Q4/23	Change % Q1/24-Q4/23
<b>Net interest expense</b>	-31	-25	-6	-30	-1
Average interest rate*	4.2%	3.5%		4.0%	
<b>Foreign exchange gains and losses</b>	-7	-2	-4	9	-16
<b>Other financial items</b>	-9	-2	-8	-31	22
<b>Total net financial items</b>	-47	-29	-18	-52	5

\*Quarterly gross interest expense divided by average gross debt

# Net FX by division





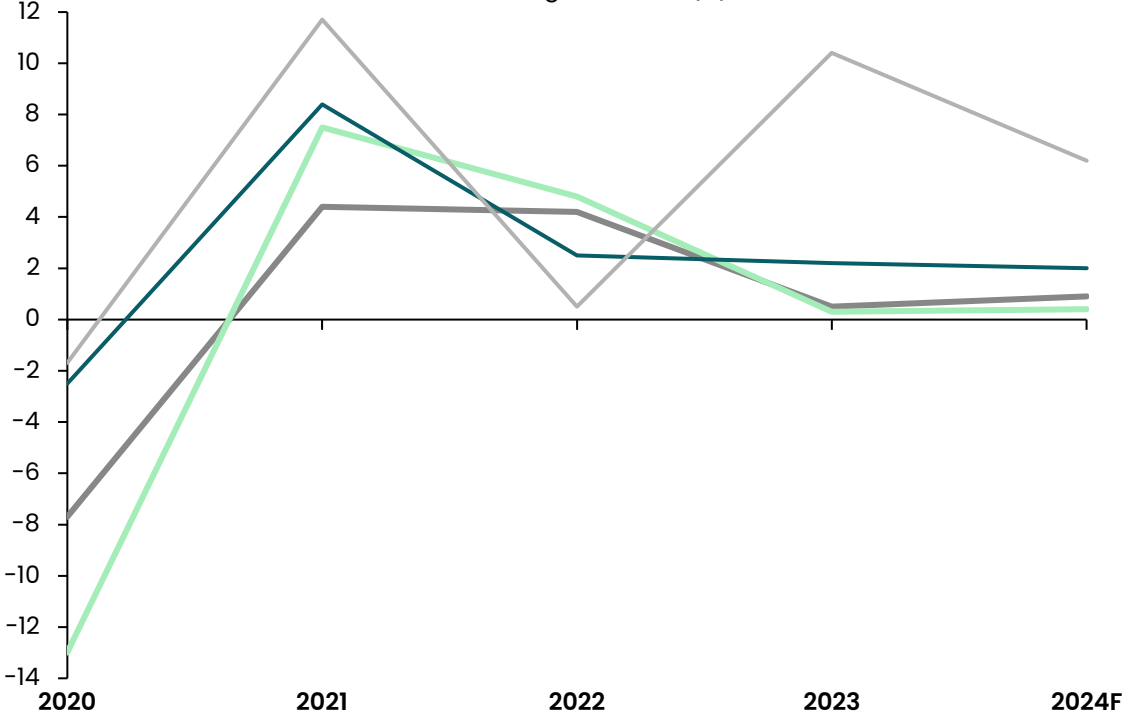
# Indicators driving the demand for Packaging



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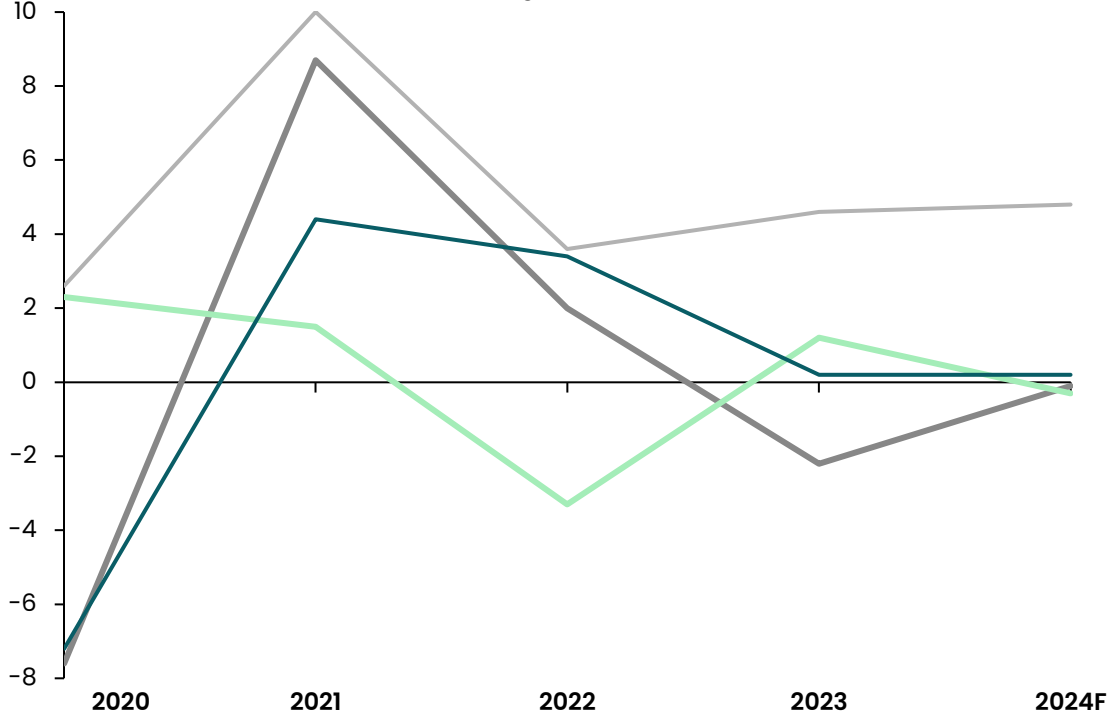
## Private consumption

Annual growth rate (%)



## Industrial production\*

Annual growth rate (%)



— EU — UK — US — China

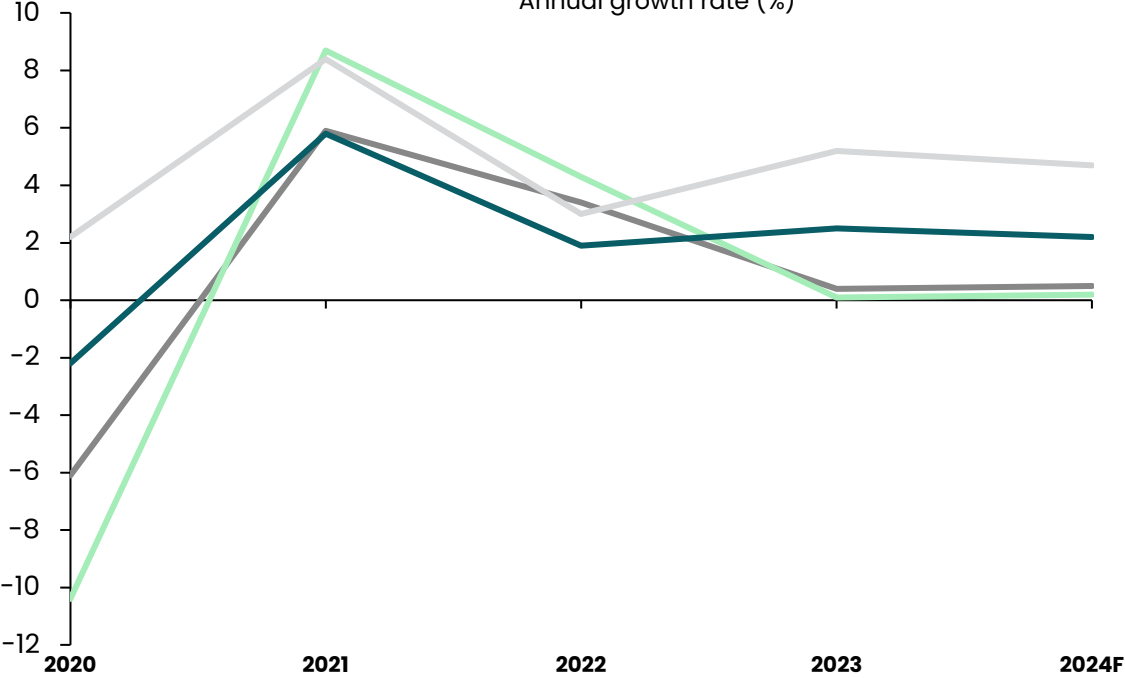
Source: Consensus, The World Bank "China Economic Update"

# Indicators for demand development in Packaging



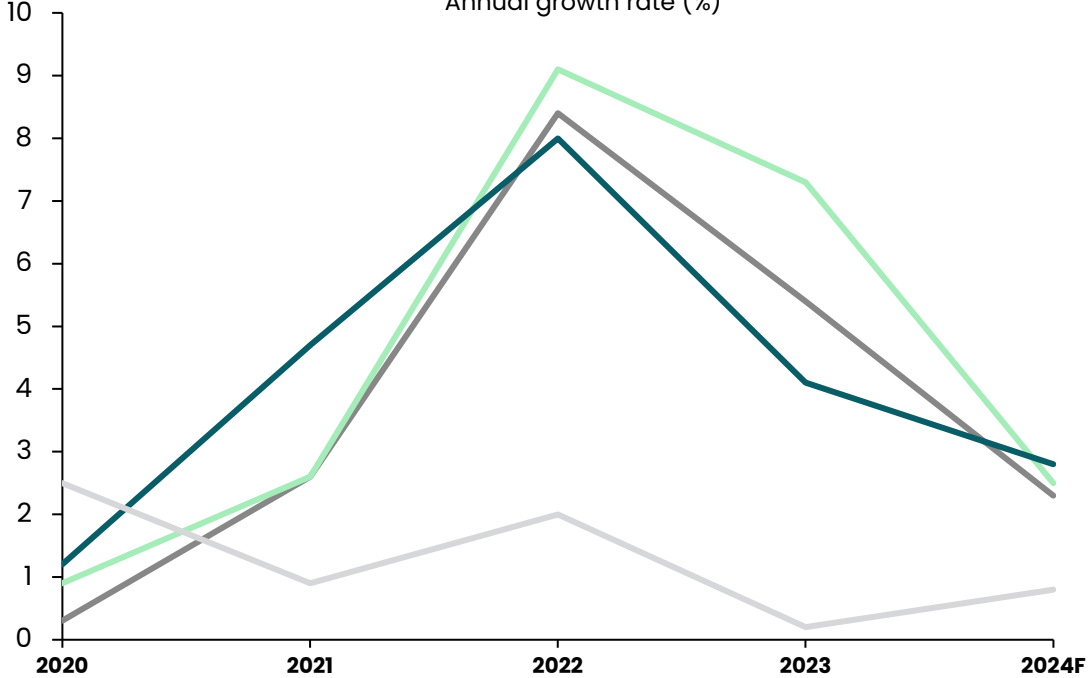
## GDP

Annual growth rate (%)



## Inflation

Annual growth rate (%)



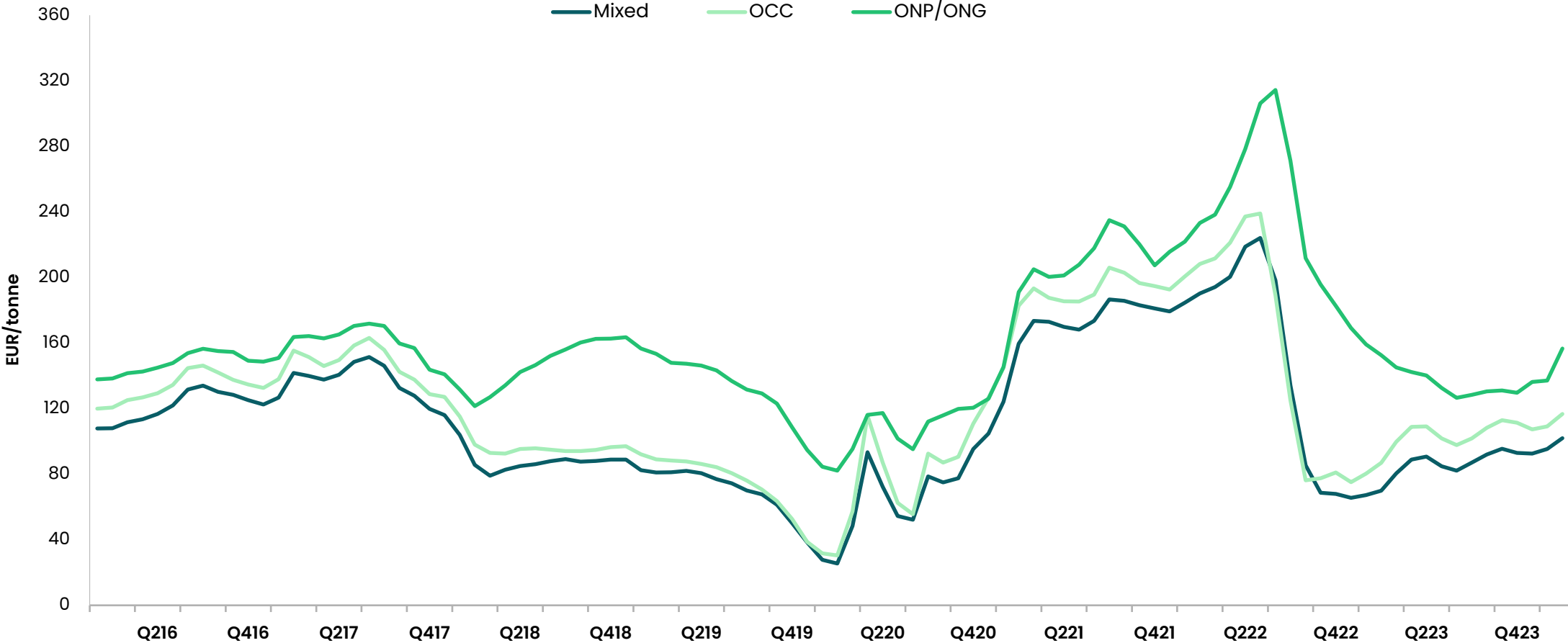
— EU — UK — US — China

Source: Consensus

# Paper for recycling prices



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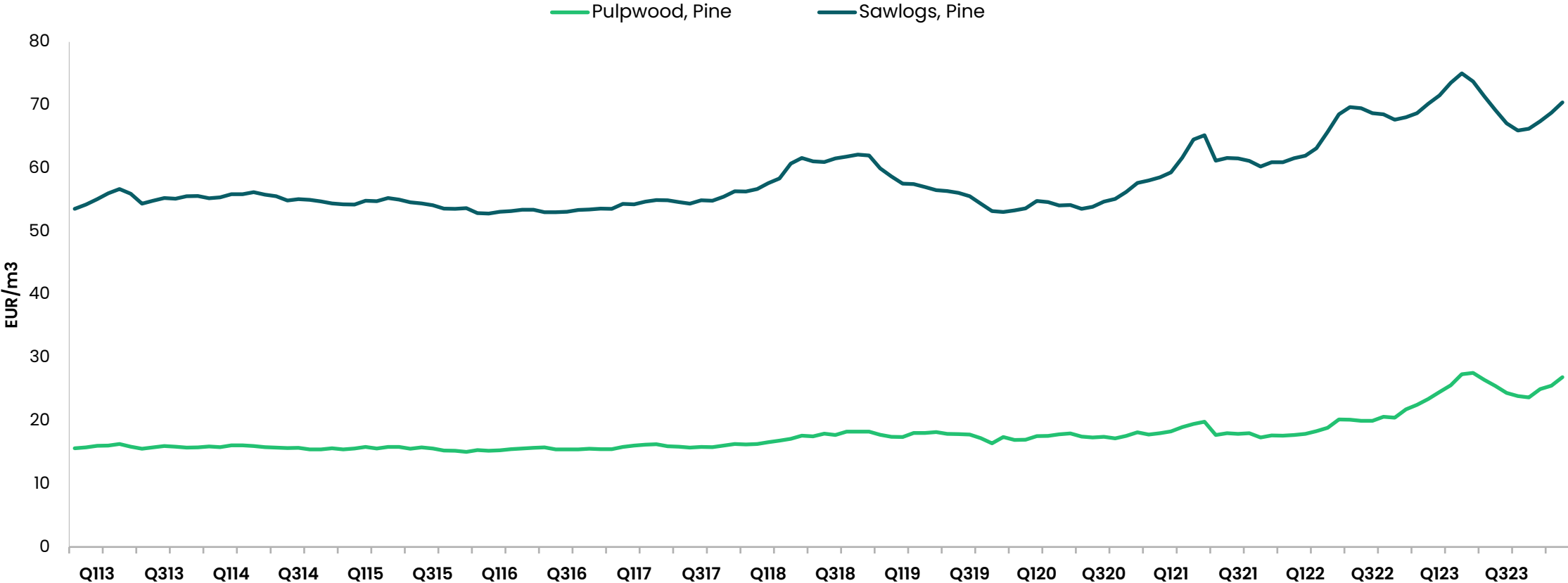


Source: Fastmarkets FOEX

# Pulpwood and sawlog prices in Finland

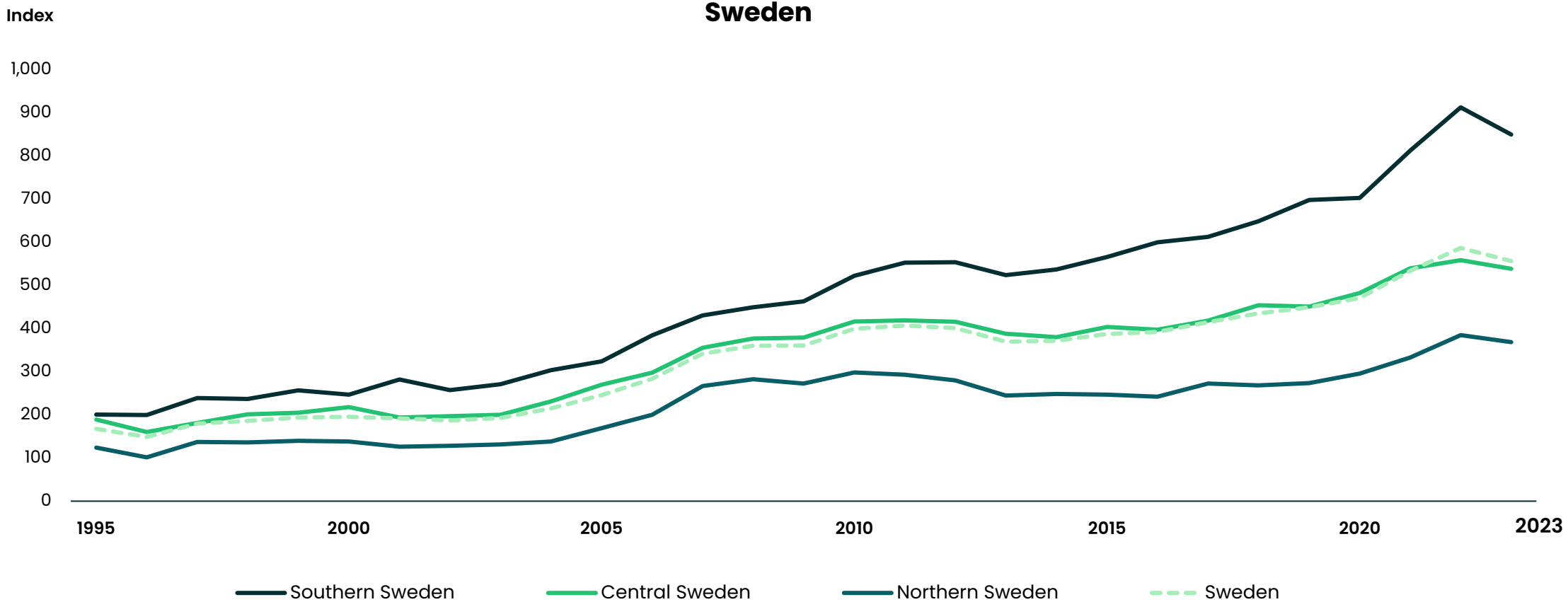


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Source: Luonnonvarakeskus

# Forest property market transaction-based price development



Source: Ludvig & Co 25 January 2024 report, based on nominal prices

# ESG ratings and recognition in Q1/2024



Climate A-, Forest A and Water A-



ESG rating AAA (highest possible score)



Highest recognition level, Platinum, Total score 82 out of 100



ESG rating 14.4\*\* out of 100



ESG rating 4.4 out of 5.0



Top-ranked in both management quality and carbon



ESG QualityScore highest possible score (1\*) in Social



ESG rating 71 out of 100

\* 1 indicating the lowest risk \*\* 0 indicating the lowest risk \*\*\* V.E. part of Moody's ESG solutions





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A world map with a light beige background and dark beige outlines of continents. The text 'The renewable materials company' is centered over the map in a bold, black, sans-serif font.

**The renewable materials company**