

Resilient in the headwinds



CFO Seppo Parvi
SVP, Head of IR Ulla Paajanen

7 September 2020



Made from
a tree

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
from fossil-based
materials today
can be made from
a tree tomorrow.**



The new divisional structure strengthens our strategy execution



Growth



Packaging Materials
Consumer board and containerboard business



Packaging Solutions
Corrugated packaging together with recently created formed fiber unit



Biomaterials
No changes



Wood Products
No changes



Forest
Nordic forest assets and wood supply operations in Nordics, Russia, and Baltics

Cash



Paper
No changes

New divisional structure as of 1 January 2020

We continue building on our strengths and making choices in our innovation portfolio



Our portfolio gives us pole position to make choices for future growth

- #1 in Europe or the world in food, liquid packaging and other packaging
- #1 in fluff pulp in Europe
- #4 in the world in wooden construction material and
- #1 in CLT
- #6 in containerboard in Europe

One of the biggest private forest owners in the world

Customer centricity and ecosystem of partners support growth and innovation



Innovations for growth offer climate positive alternatives for fossil-based materials



Solid profitability and cash flow

Strong performance from Packaging Materials and Forest divisions

Q2 2020 year-on-year



- Sales decreased by 19% to 2 114 (2 608) MEUR and decreased by 12% excluding Paper
- Operational EBIT decreased to 178 (299) MEUR, excluding Paper to 217 (249) MEUR
- FV of biological assets +272 MEUR in Q2/20 compared to Q1/20, +990 MEUR from Q2/19 to Q2/20
- Cash flow from operations amounted to 363 (550) MEUR. Cash flow after investing activities was 239 (428) MEUR
- Net debt to operational EBITDA at 2.5x (2.1x), above the target level of <2.0x
- Strong liquidity at 2.1 BEUR, including cash and committed credit facilities and good access to funding sources
- Operational ROCE at 6.8% (11.8%), below the strategic target of 13%



Staying resilient as uncertainty continues

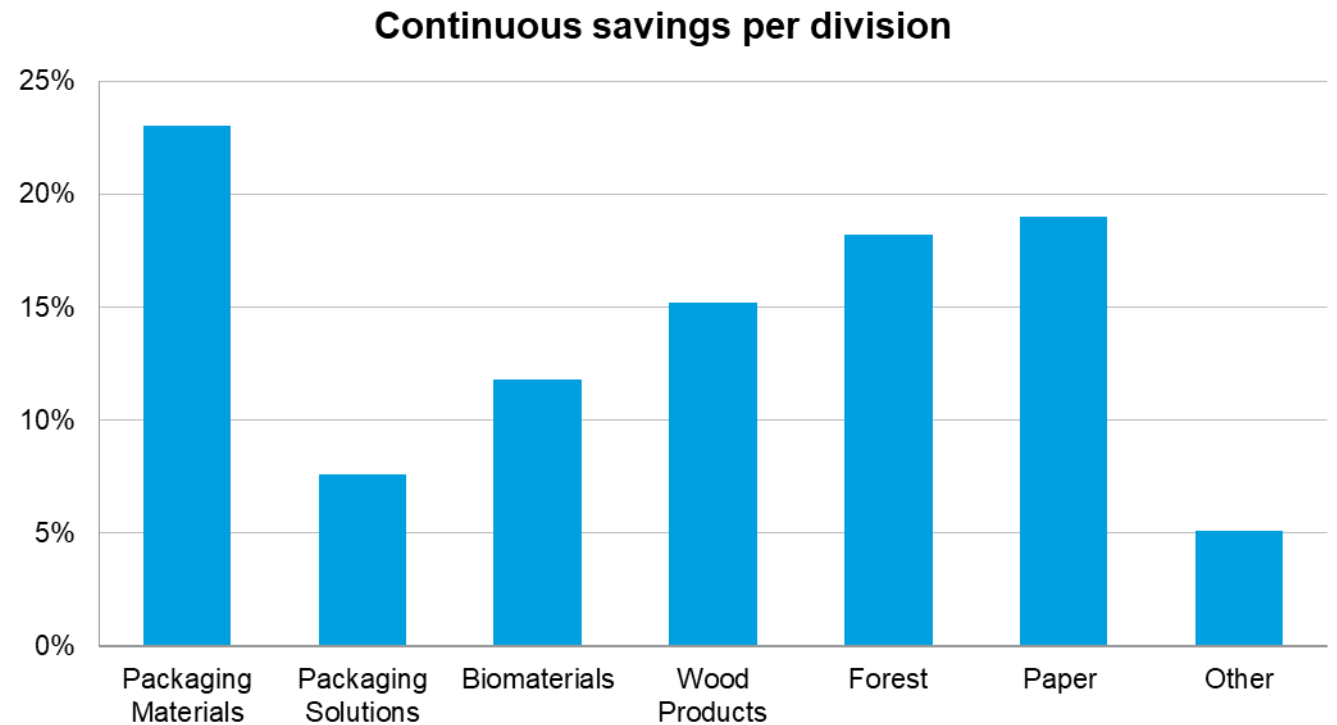
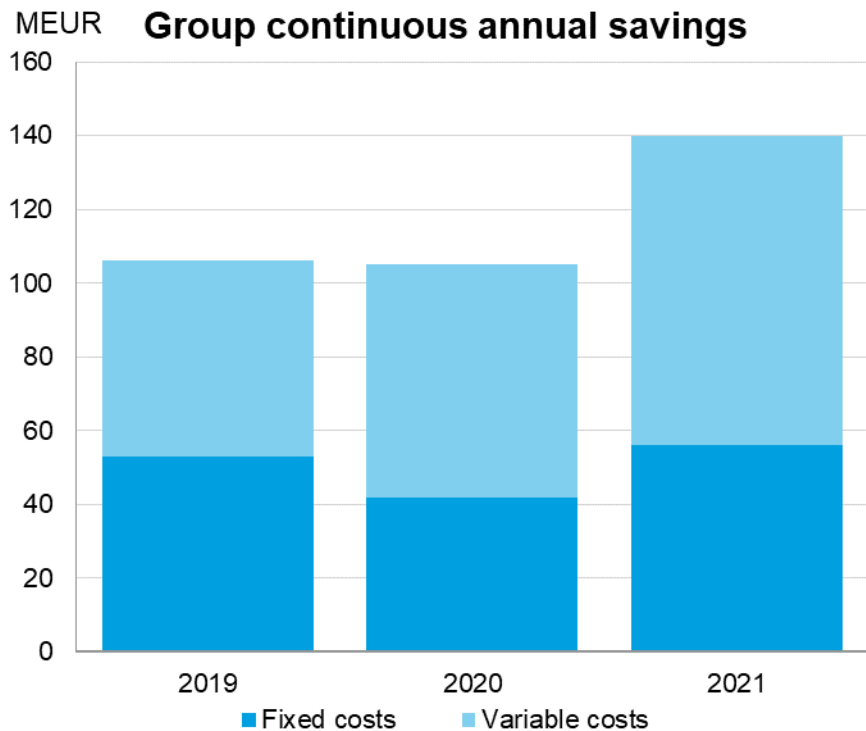


- Health and safety of our employees continues to be a key priority
- Proactive and extensive measures taken
 - Secured business continuity and ability to serve our customers
 - Minimal impact on operations, adapt according to demand
 - Extensive precautions for the upcoming mill maintenance stops
 - Secured liquidity and execution on profit protection programme
 - Active management of cash, costs and working capital
- Exceptional uncertainty and poor demand visibility for the rest of the year
 - Mixed conditions for divisions depending on end use
 - Accelerated structural demand decline for paper
 - All divisions adapt operations to match demand
 - Q3 negative maintenance impact estimate is 45 MEUR more than in Q2, but similar to Q3 last year



Profit protection programme of 350 MEUR continuous and 85 MEUR one-time savings

40 MEUR continuous and 10 MEUR one-time savings in Q2



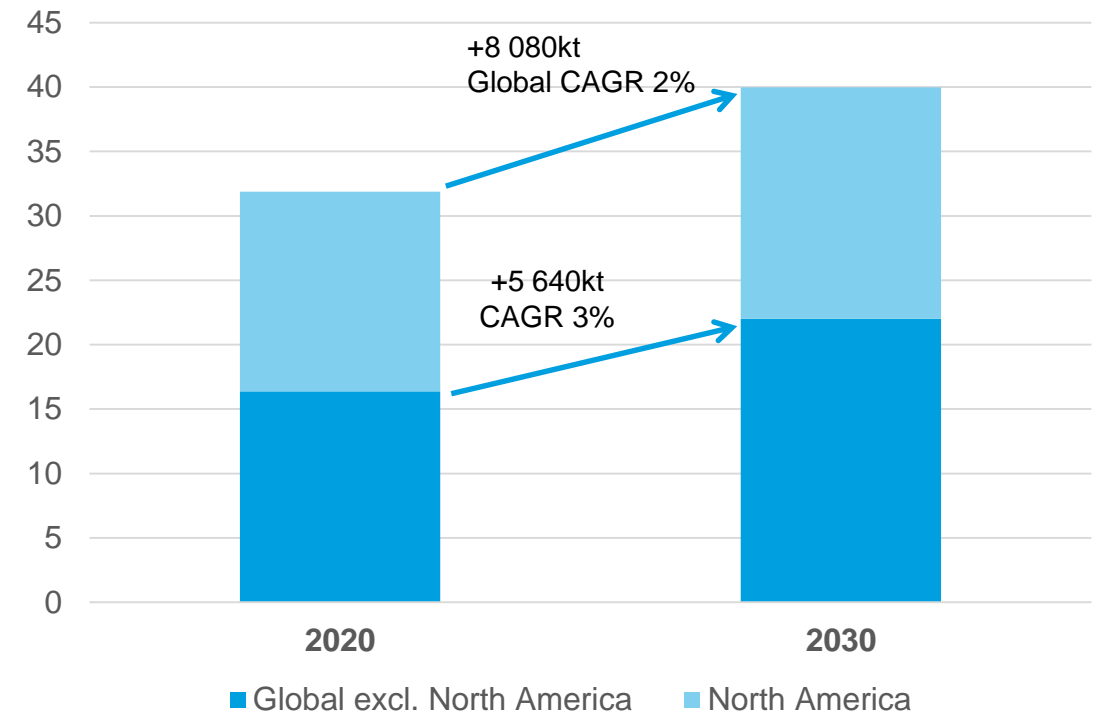
Oulu paper mill is converting to packaging board as planned

Reducing our paper capacity by 20% – Paper sales post conversion less than 18% of total sales



- 450 000 t/a high-quality virgin-fiber-based kraftliner
- 530 000 t/a unbleached softwood pulp
- Expected to meet Packaging Material's operational target of 20%
- Oulu Mill's EBITDA margin expected to improve by 15–20 percentage points
- 350 MEUR investment in 2019–2022
- Paper production to stop at the end of Q3/2020
- Production on the converted machine to start in Q4/2020 and ramp-up in Q1/2021

Kraftliner global demand (mt)



Source: Pöyry February 2020

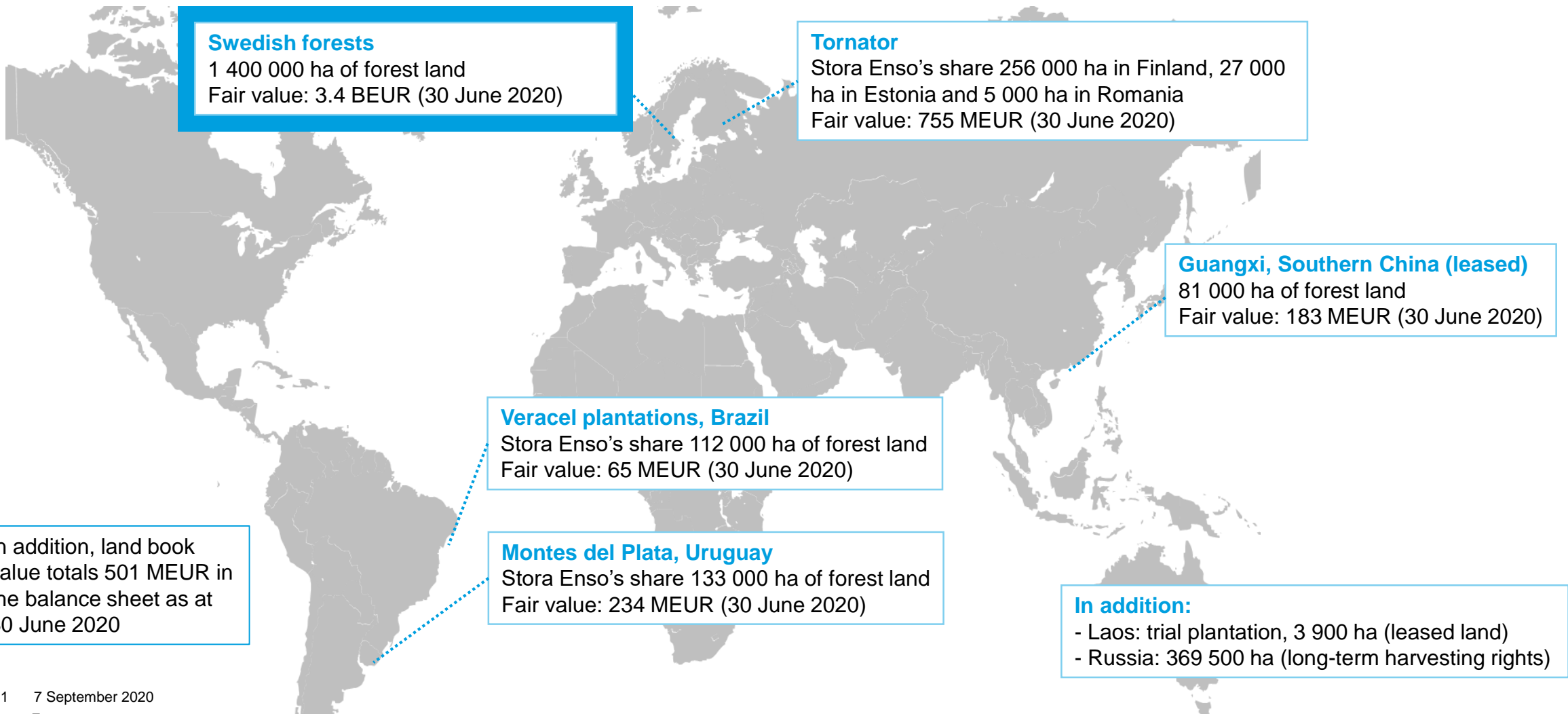
Sustainably managed forests

We respect the local environment



We are one of the largest private forest owners in the world

Total biological asset value in balance sheet ~ 4.6 BEUR



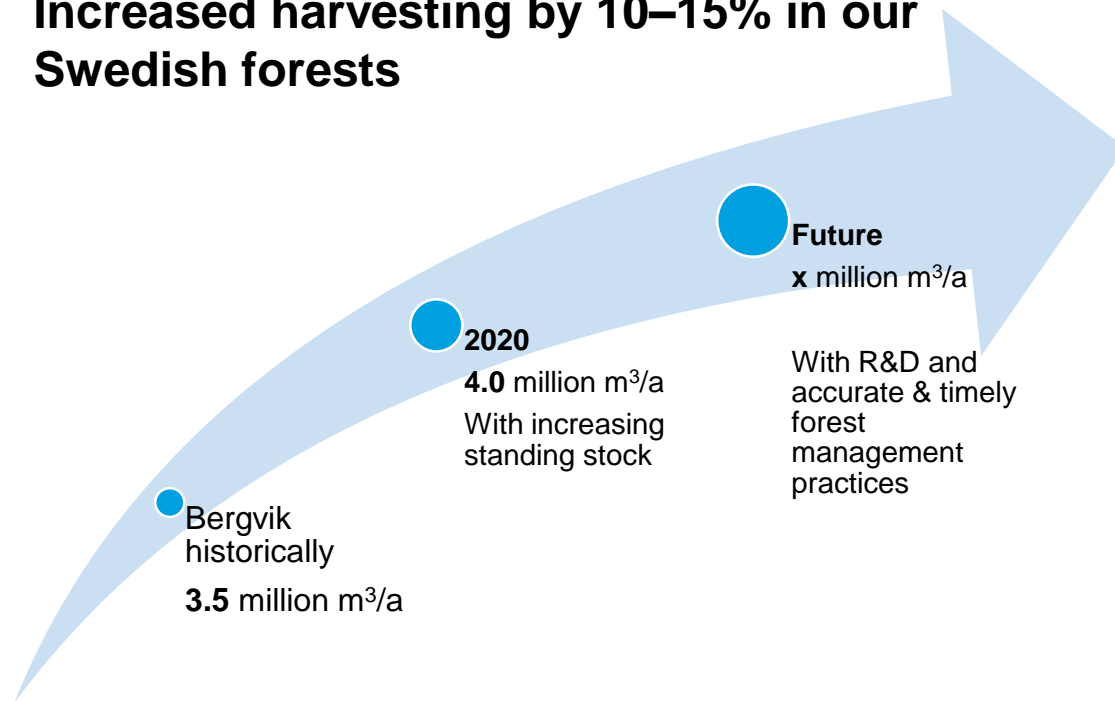
In addition, land book value totals 501 MEUR in the balance sheet as at 30 June 2020

In addition:
- Laos: trial plantation, 3 900 ha (leased land)
- Russia: 369 500 ha (long-term harvesting rights)

We are increasing sustainable yield without compromising biodiversity



Increased harvesting by 10–15% in our Swedish forests



Welcome to Stora Enso virtual CMD on 11 November 2020

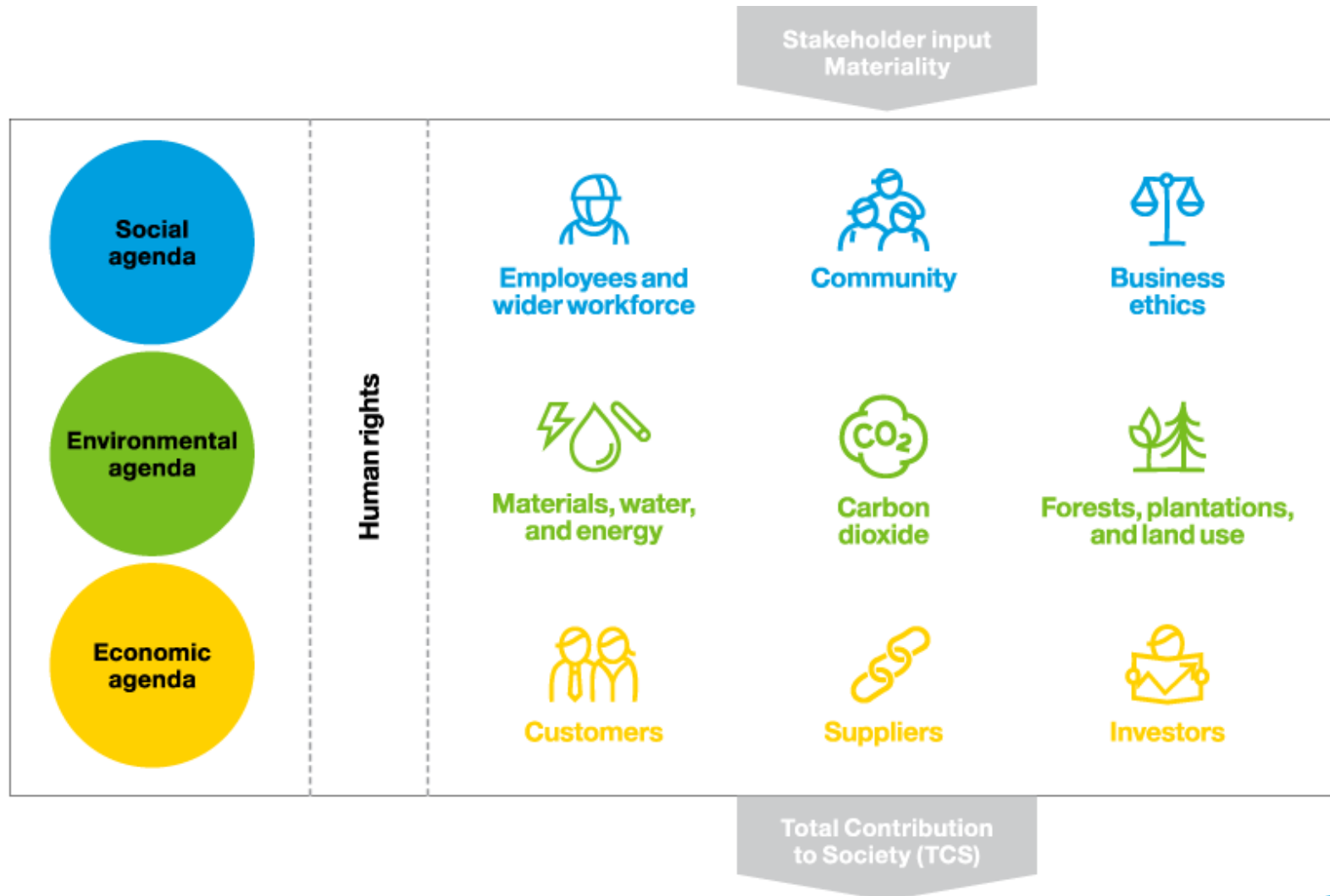


Sustainability at Stora Enso

SVP, Head of Investor Relations Ulla
Paajanen



Our Sustainability Agenda



1. We care about all our people
2. We help communities be resilient
3. We play fair

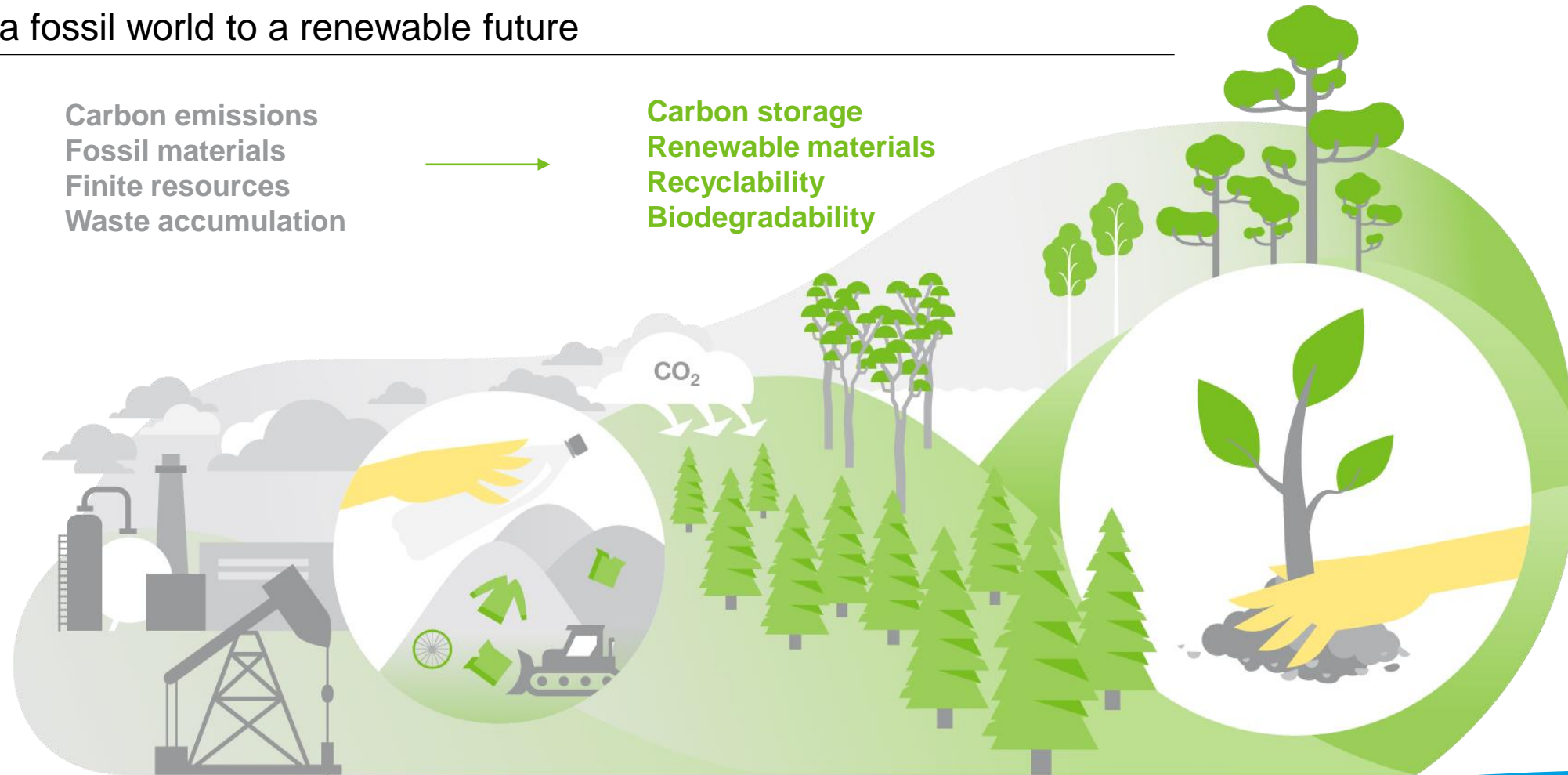
4. We use natural resources with care
5. We combat global warming
6. We respect the local environment

7. We help customers be sustainable
8. We choose like-minded partners
9. We reward investors sustainably

The world needs a new approach to materials



From a fossil world to a renewable future



Renewable products make a circular bioeconomy



Substituting materials from finite resources is our key competitive advantage



Our products substitute fossil-based products, saving **20 Mt CO₂**

Our total climate benefit:

12
Mt CO₂

Resource efficient value chain, emissions:

11 Mt CO₂



Our forests are carbon neutral and absorb

3 Mt CO₂

We have ambitious reduction targets for CO₂



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- First forest products company to set externally approved science-based targets
- Targets for our operations
 - Reduce greenhouse gas emissions by 31% per tonne by 2030 vs 2010
- Engagement targets for our suppliers
- Engagement targets for our customers

Q2/2020 Interim Report

	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Jun 2019	Target	Target to be reached by
Reduction of fossil CO ₂ e emissions per saleable tonne of board, pulp, and paper (kg/t) ¹	-24%	-24%	-25%	-22%	-31%	end of 2030

Science-based target (SBT) performance compared to 2010 base-year level¹

¹ Covering direct fossil CO₂-e emissions from production and indirect fossil CO₂-e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

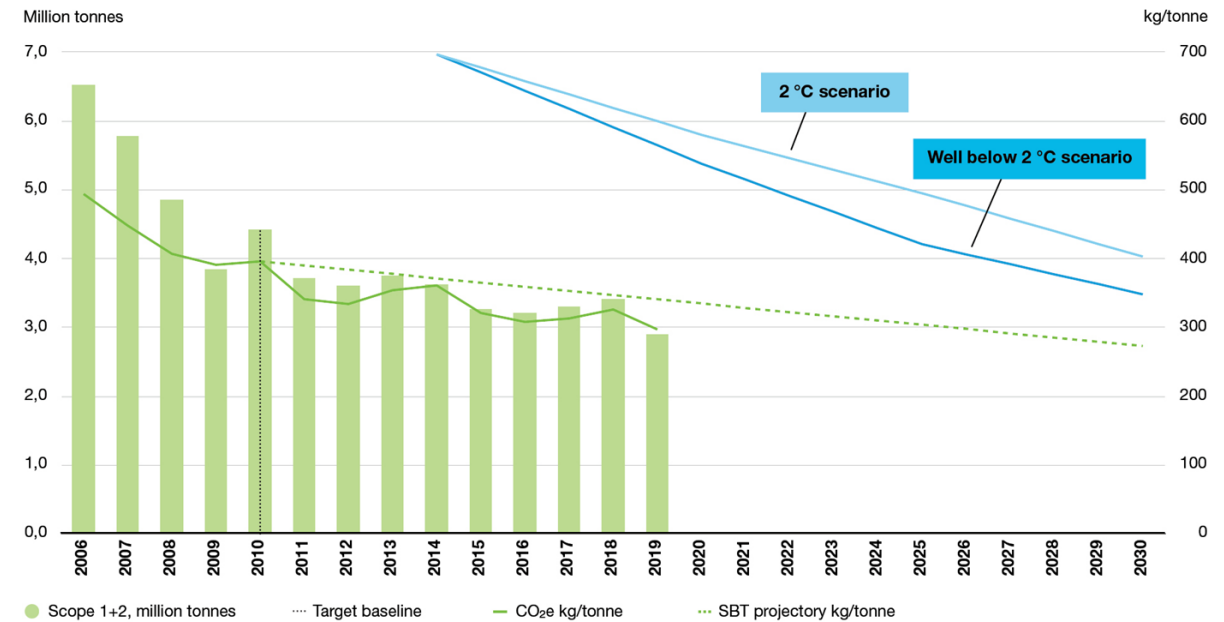
Fossil carbon emissions and resilience to global warming

Summary for 2019 – aligned with the TCFD



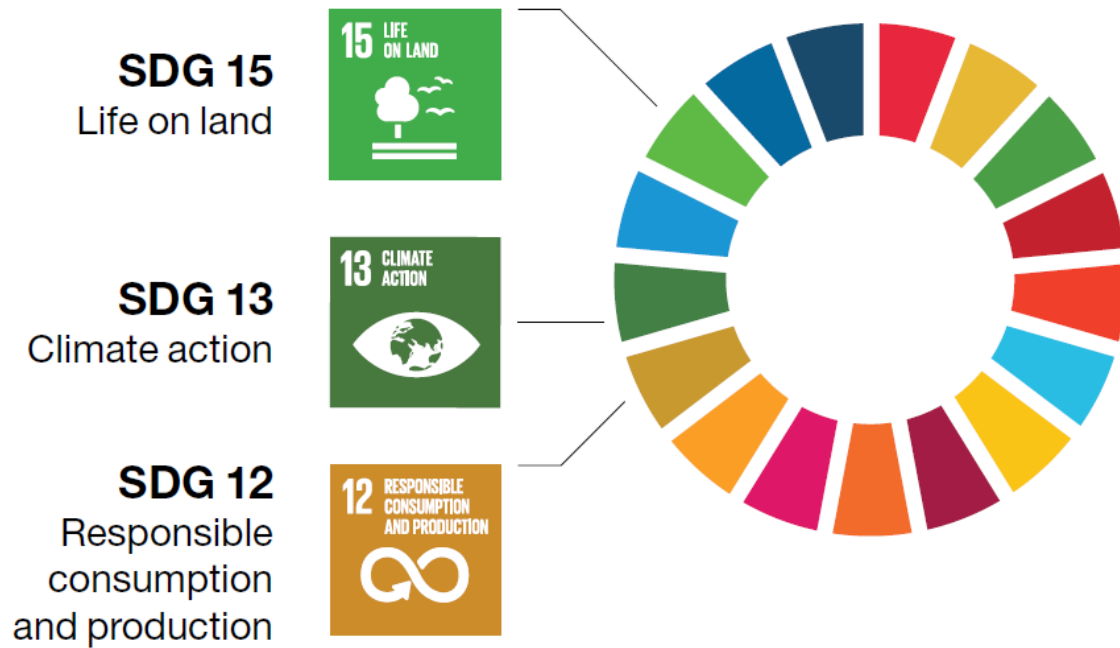
- We have published updated carbon disclosure for 2019
- Includes:
 - Governance
 - Strategy
 - Risk and opportunities
 - Metrics and targets
 - 2019 highlights
- You can find the full summary from our website: <https://www.storaenso.com/en/sustainability/environmental/carbon-dioxide/fossil-carbon-emissions-summary>

Greenhouse gas (GHG) emissions



Scope 1+2	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 ⁴	2017	2018 ⁵	2019	Target 2030
Million tonnes	6,52	5,78	4,86	3,85	4,42	3,72	3,62	3,75	3,63	3,27	3,21	3,31	3,42	2,90	
kg/tonne	494	448	407	391	396	341	334	354	361	321	308	313	326	297	273

The UN's Sustainable Development Goals (SDGs)



Stora Enso supports all 17 SDGs.

We have identified three strategic goals that our business has the most impact on.

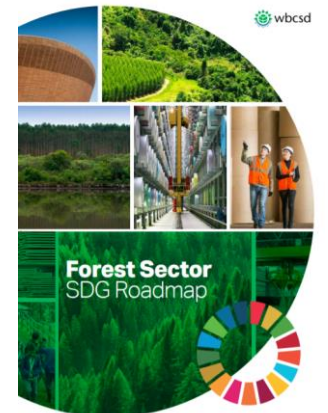
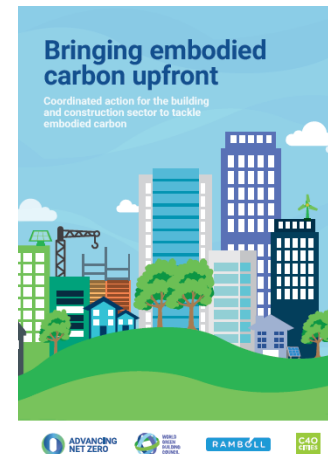
Stora Enso NGO Memberships

-Strategic positioning and future proofing ESG disclosure

- Leadership in a forest products bio-economy
 - Co-chair of the global Forest Solutions Group
- Bio-economy solutions in a circular economy
 - Founding member and program board member of Factor10 – the World Business Council for Sustainable Development’s (WBCSD) Circular Economy program
- Bio-economy solutions for a climate neutral economy
 - Active member of the EU Corporate Leaders Group
- Tapping into the growing green building market
 - Regional member of the World Green Building Council
- Future proofing ESG disclosure
 - Board member of the WBCSD Redefining Value program and member of Accounting for Sustainability (A4S) CFO Leadership Network Europe



CEO Guide to the Circular Bioeconomy



Human rights - Integrated into our sustainability work



- Human rights risks are taken into account before any investment decision is made and throughout our operations.



- Our human rights commitment covers all our activities and business relationships including:
 - Employees
 - On-site contractors
 - Suppliers
 - Business partners
 - Local communities.
- We have defined **eight highest priority human rights** that are the focus of our due diligence programme.

External recognition in 2019



Euronext Vigeo

Stora Enso is listed in the Euronext Vigeo Europe, and Eurozone 120 indices as one of the 120 most advanced companies in terms of environmental, social, and governance performance.



FTSE4Good

FTSE4Good Index

Stora Enso is included in the FTSE4Good Index Series. These indices measure the performance of companies that meet globally recognised corporate responsibility standards.



ECPI Ethical Indices

Stora Enso is included in the ECPI EMU Ethical Equity index, which covers environmental, social, and governance criteria.



ISS ESG

Stora Enso is classified as 'Prime' by ISS ESG environmental, social and governance rating methodology.



MSCI

In 2019, Stora Enso received a rating of AA in the MSCI ESG Ratings assessment. Stora Enso is included in several of MSCI's ESG indices.



CDP

Stora Enso is included in CDP's Climate List, which identifies the global companies that are taking leadership in climate action.



STOXX ESG indices

Stora Enso is included in several STOXX ESG indices. These indices rate leading global companies according to environmental, social, and governance criteria.



Ethibel

Stora Enso is a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe. The ESI indices are composed of companies that display the best performance in the field of corporate social responsibility.

OMX Sustainability Finland index

Stora Enso is included in the NASDAQ OMX Sustainability Finland index.



Ecovadis

Stora Enso was included in the top 1% (industry suppliers) of the Ecovadis ethical supplier rating system, and achieved the highest recognition level (Gold).



Sustainability Reporting Awards Finland

Stora Enso's Sustainability Report 2017 was ranked best by the media in a competition organised by seven not-for-profit organisations representing various sectors of society. The report was short-listed among the 10 best reports in the overall competition.



ReportWatch

Stora Enso's Sustainability Report 2017, part of our Annual Report, was included in ReportWatch's Best Practices in Annual Sustainability Reporting.



WBCSD

Stora Enso's Sustainability Report 2018 was included in the top ten sustainability reports globally according to the 2019 Reporting matters publication by the World Business Council for Sustainable Development (WBCSD).



Equileap

Ranked globally at number 29, Stora Enso was also rated the best performing Finnish company and best in our industry in gender balance and gender equality by Equileap.

Most sustainable company 2018

In November 2018 Stora Enso was ranked as the most sustainable listed company in Sweden by Dagens Industri, Aktuell Hallbarhet, and Lund University School of Economics and Management.

Our products have a lower carbon footprint



Carbon footprint of lignin is around 80% lower than the carbon footprint of phenol

CO₂ emissions of a CLT-frame building are 75% lower compared to a concrete frame building

EcoFishBox by Stora Enso has 30% lower CO₂ emissions than a traditional plastic fish box

Fibre-based beverage carton has 45% lower CO₂ emissions than a PET plastic bottle





This building grows back in **17** minutes

We can cut construction emissions by up to 75% using renewable materials

Geologen Trummen Strand
Växjö, Sweden

Picture: FOJAB architects



The wood used removed 5 700 tonnes of CO₂ from the atmosphere

..and it equals 40 million car kilometres

Üstra-Siedlung
Hannover, Germany

Sustainability in our funding and reporting



Revolving Credit Facility with a green aspect

Pricing includes sustainability component based on ability to reduce greenhouse gas emissions.



Green Bond Framework

A loan-format to support sustainability-focused fixed income investors and to report environmental impacts.



Green Bonds

First green bonds issued in February in 2019 to finance Bergvik Skog forest acquisition.
Second green bond issued in April 2020



Sustainable Finance strategy

The aim is to influence and develop the financial markets and to secure funding partners with sustainability agenda.



Climate-related financial disclosure

CFO support for better disclosure of climate risks and opportunities based on recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).



Integrated reporting

The World Business Council for Sustainable Development (WBCSD) Redefining Value Board and programme: work on international reporting frameworks, materiality assessment standards, and data assurance methodologies.



POWER OF A TREE

Creating value in the bioeconomy

THE RENEWABLE MATERIALS COMPANY

Sponsored ADR Programme



Stora Enso has established a sponsored Level I ADR programme in the US. The ADRs trade on the premier tier of Over-The-Counter (“OTC”) market in the US. Details are as follows:

Ticker Symbol	SEOAY
CUSIP	86210M106
Ratio	1 ADR : 1 Ordinary Shares
ADR depository	Citibank

Share price information www.citi.com/DR or www.otcqx.com

Please contact the Citibank’s dedicated ADR broker desks:

Scott Pollak (New York)	Mike Woods (London)
Tel: +1 212 723 5676	Tel: +44 20 7500 2030
Email: scott.h.pollak@citi.com	Email: michael.woods@citi.com