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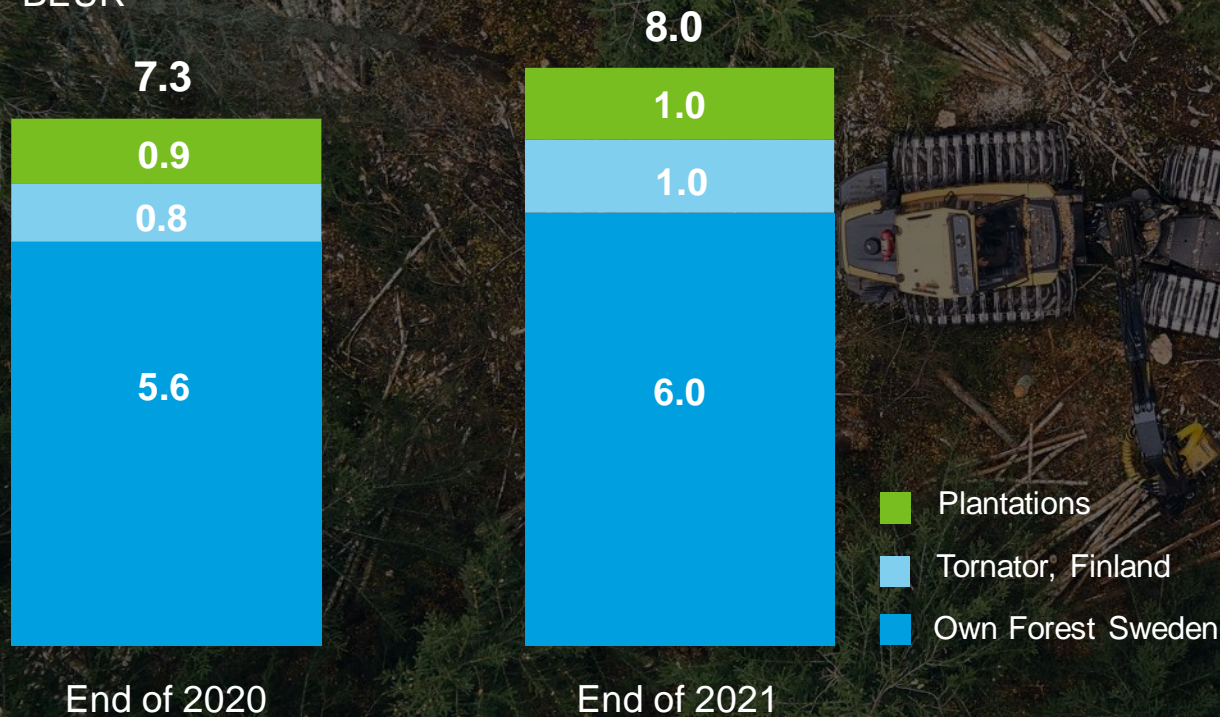
# Optimising value from our Nordic forests

CFO  
Seppo Parvi

THE RENEWABLE MATERIALS COMPANY

# Group forest assets fair value increased to €8 billion or €10.10 per share in 2021

## Group forest assets BEUR



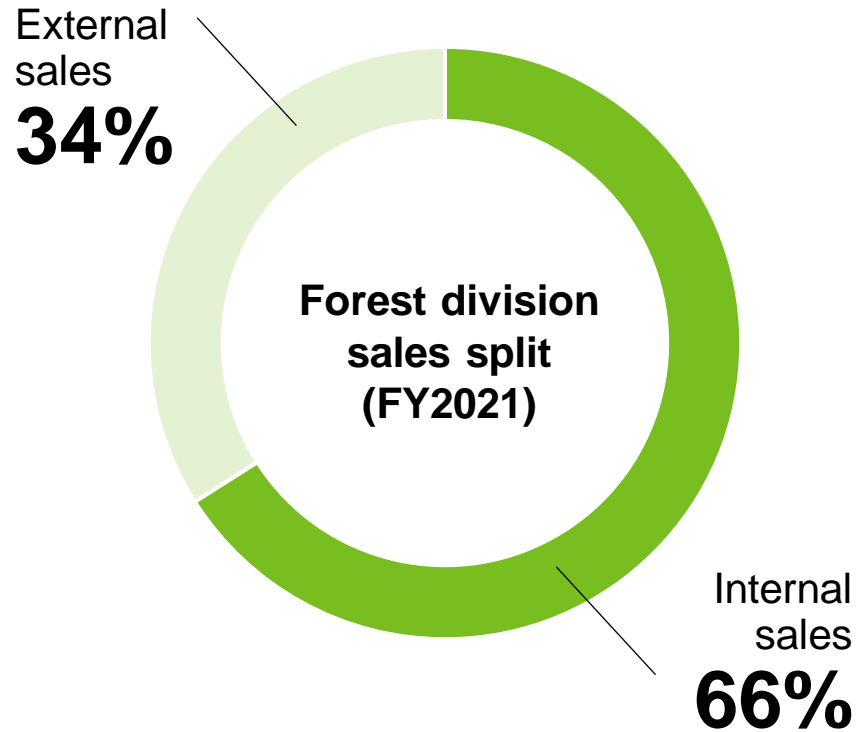
## Sweden

- Market transactions from our forest regions
- Volume weighted three year average transactions
- Standing stock and price data of the traded forest
- Biannual valuation process

## Tornator (41%) and plantations

- DCF method
- Plantations' forest land at historical cost

# Our own forest assets are a major profit generator in the Forest division



Forest division EBIT contribution by business unit



LTM=Q2/21-Q1/22

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

- Secured wood supply for our industrial operations
- Forests close to our production sites
- Offers tactical flexibility in wood sourcing
- Largest wood sourcing organisation in the Baltic Sea region
- Fiber 37% of total Group costs

Wood self-sufficiency by country in 2021

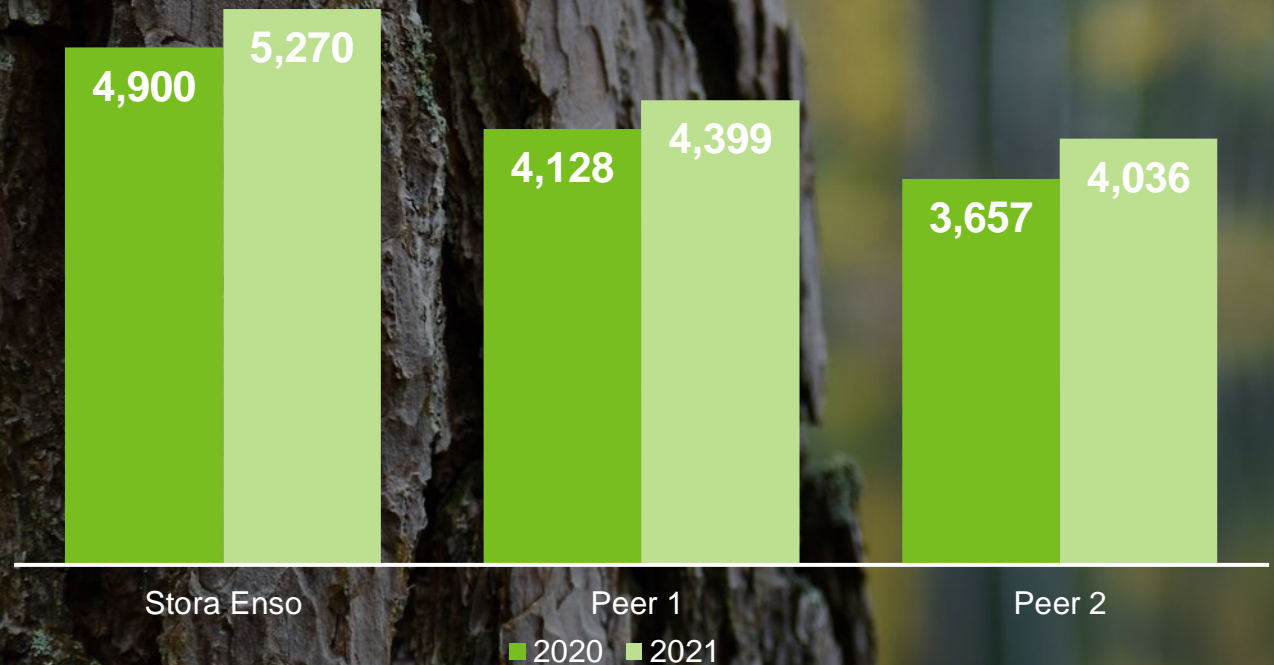


# Higher value per hectare in our Swedish forest assets compared to main peers

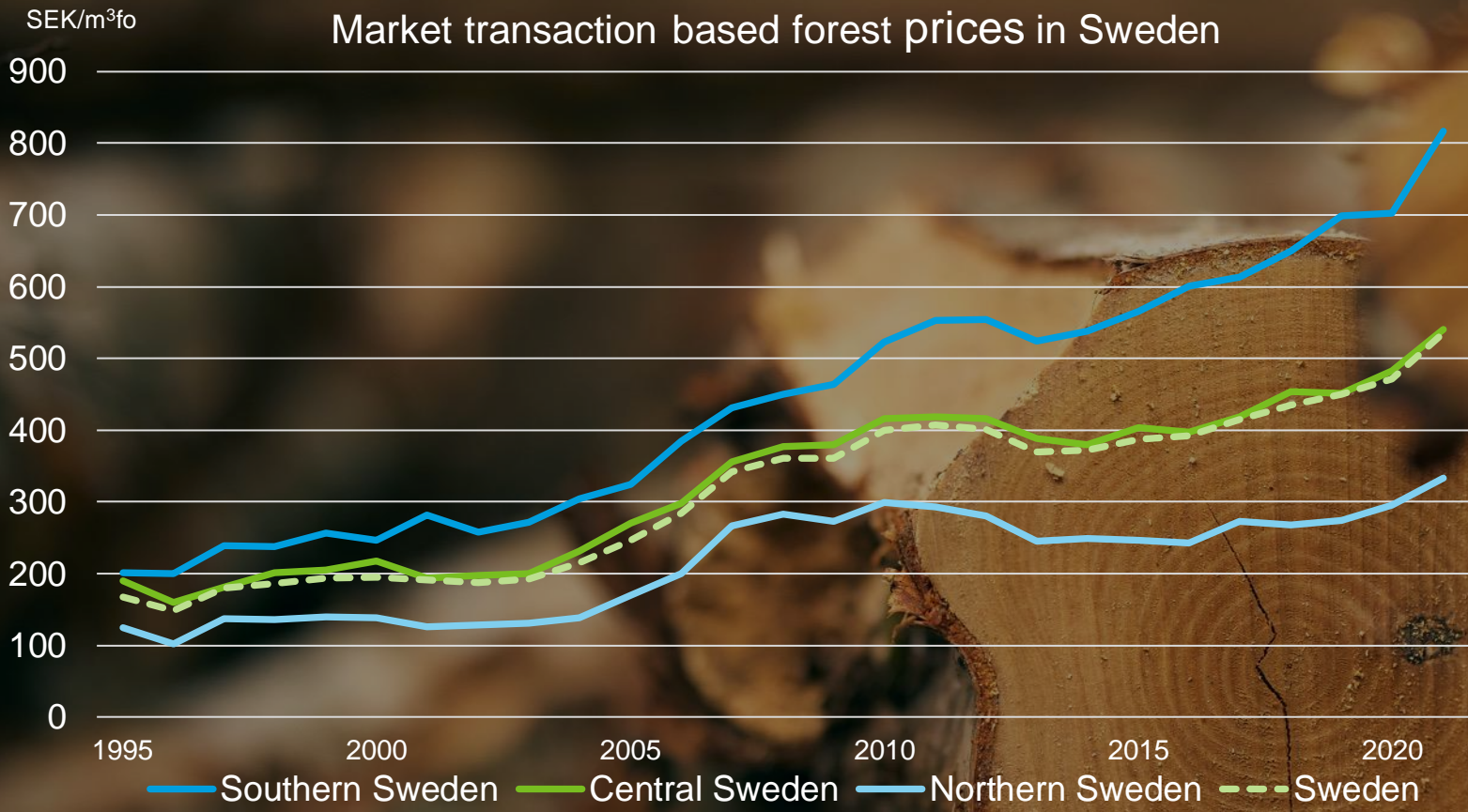
- Total Swedish forest assets fair value €6bn
- Swedish forest assets fair value per hectare increased by 7.6% in 2021 YoY
- Higher fair value per hectare compared to main competitors
  - ~20% higher vs peer 1
  - ~30% higher vs peer 2
- Our central location in Sweden has higher market transactions prices and slightly higher standing stock per hectare than in other regions



Forest assets value per hectare in Sweden in EUR



# Increasing market transaction-based prices of traded forest properties in Sweden long-term



Prices increased in all regions during 2021

Large differences between absolute regional transaction prices

Stora Enso's Swedish forest assets, 83% Central, 17% Northern

Source: Ludvig & Co, market data

# Our forest values in Sweden have consistently increased over time



Forest asset value simulated with market prices



# Simulation of our Tornator value based on market prices



## Market price development in Tornator's forest holding area - simulation

Average price development weighted by standing stock in transactions, EUR/m<sup>3</sup>fo



## 2021 reported value vs simulated market transaction-based price value - simulation

Stora Enso 41% ownership

We are considering changing valuation method of our Tornator Finnish forest holding to market transaction-based as per our Swedish forests

MEUR	2021 reported value	2021 simulation*	Change %
Tornator, Stora Enso 41% share	985	~1,200	22%

\* Market transaction price 3 years average





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# Forest asset value

## Low sensitivity to interest rate changes

MEUR 7,966



Valuation 2021

Tornator,  
Forest assets total

Plantations,  
biological assets

Simulation,  
+1% change in WACC

7,766



If market transaction-based valuation used for Tornator, only plantations' biological assets valuation are impacted by WACC changes

# Our forest is an appreciating asset supported by global megatrends driving demand for renewable materials

- Urbanisation, digitilisation, global warming and eco-brand awareness underpin our growth opportunities
- Regulation is supporting a shift towards a circular bioeconomy, today 93% of our products are recyclable, target is 100% in 2030
- A sustainably managed forest absorbs more carbon, gives higher yield and protects biodiversity
- We use all components of a tree and always grow more forest than we harvest
- We use technology and innovation to both grow our forests and to differentiate our renewable products
- The power of a tree builds a better future for the climate, our customers, our shareholders and our people



# Creating value from our forests through sustainable forest growth, harvesting and yield



**Strategic  
value**

**Environmental  
value**

**Financial  
value**

# Disclaimer



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## **THE RENEWABLE MATERIALS COMPANY**