



Accelerating our renewable future

CEO Karl-Henrik Sundström

Creating a renewable future in the bioeconomy

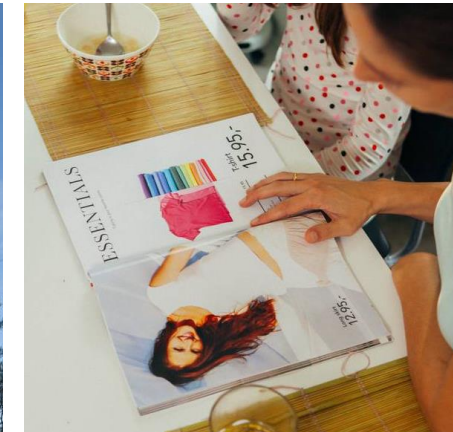


In the bioeconomy, products based on wooden fibres are replacing non-renewable materials



Megatrends support our future

The renewable materials growth company



Our road to success in the bioeconomy

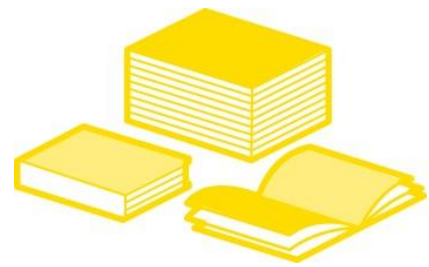
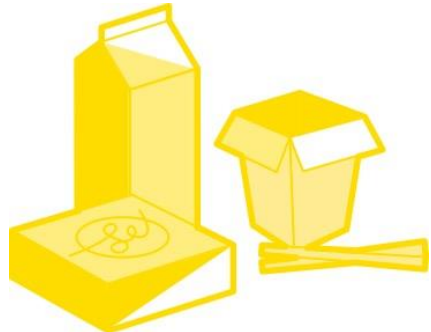
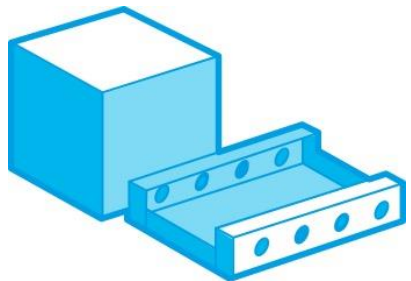


Introducing
new products
and services

Addressing
attractive
end-use
segments

Delivering
sustainable
profitable
growth

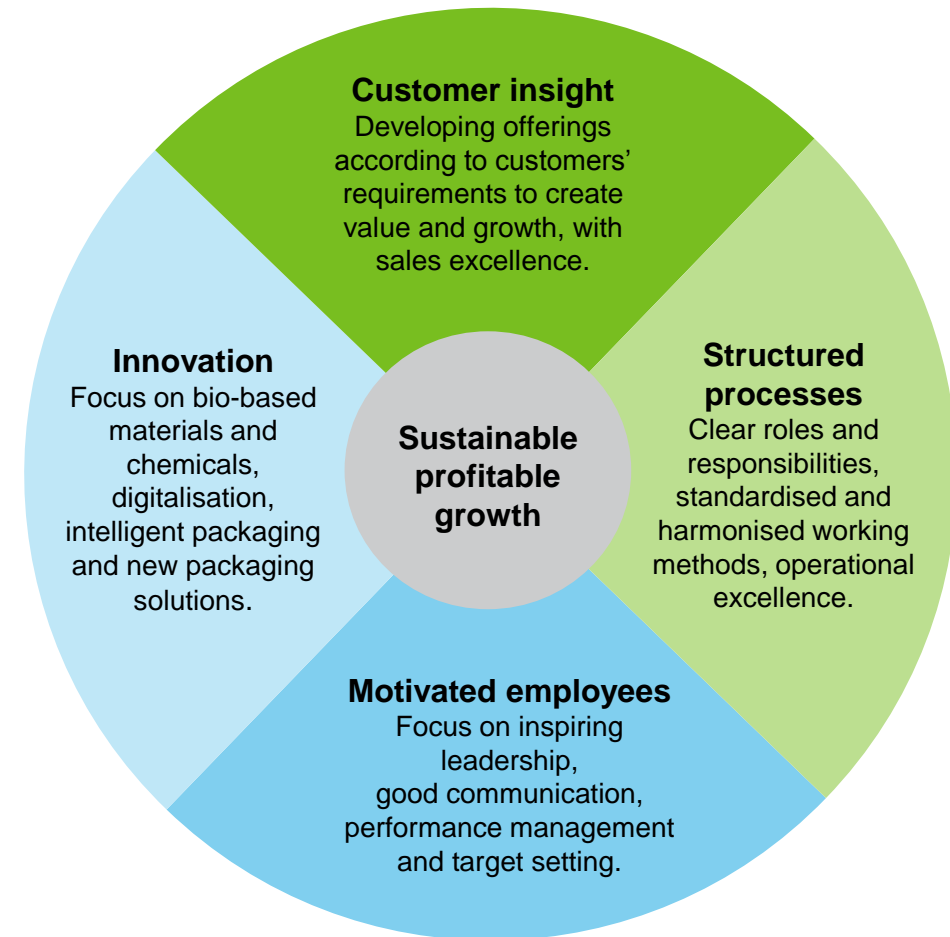
Generating
superior
ROCE



Our transformation strategy continues...



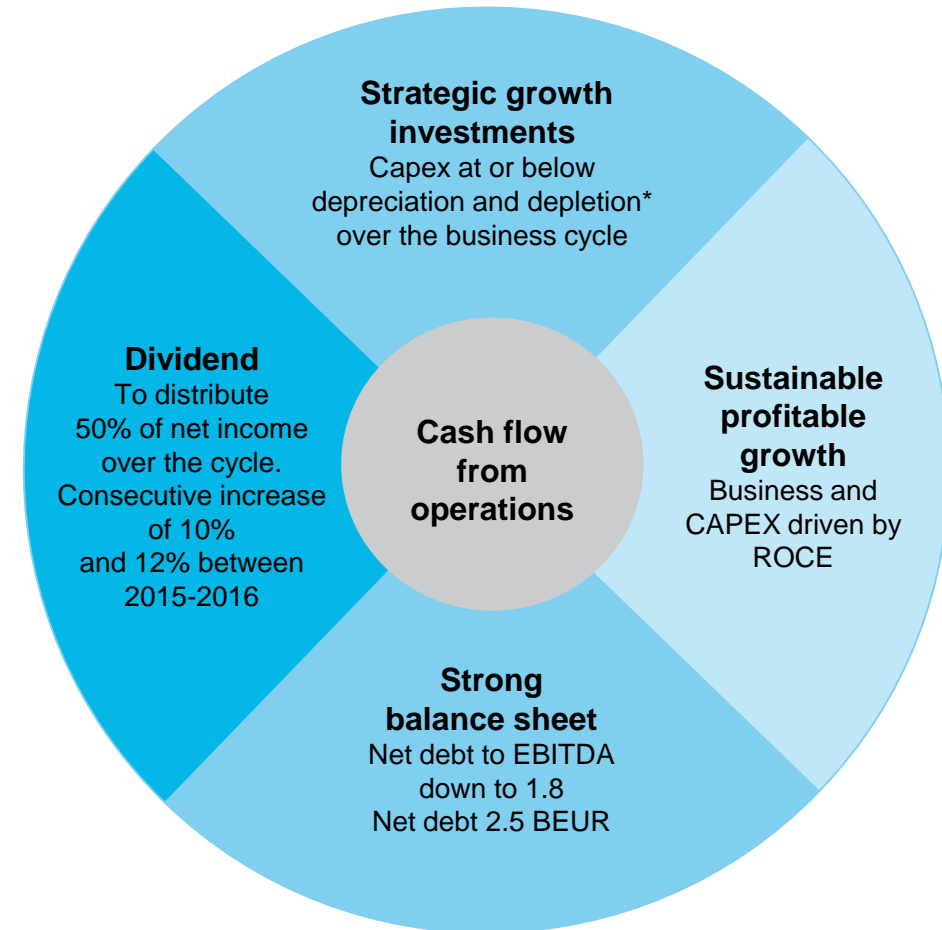
Stora Enso's strategy is about **sustainable profitable growth** based on **customer insights** and **innovation**, supported by **structured processes** and **motivated employees**



...delivering sustainable profitable growth



- Continued strategic growth investments
- Sustainable profitable growth
- Strong balance sheet
- Dividend



**Operational decrease in the value of biological assets*






We are well-positioned for growth...



			Sales 2016 EUR and % of group's sales	Market growth
	Consumer Board	+	2.3 BEUR 24%	2016–2030 for virgin board: Europe 1.8%, North America 1.2%, Latin America 3.3%, China 4.3%, Rest of Asia 3.4%, Africa 2.5%
	Packaging Solutions	+	1.0 BEUR 11%	High quality SC fluting 1-3%; Kraftliner 2–3% excl. North Am; Testliner 3–4% Eastern Europe
	Biomaterials	+	1.4 BEUR 14%	Market pulp 2.5% or 1.7 Mt/year; Fastest growth in textiles (3%) and hygiene (3.6%)
	Wood Products	+	1.6 BEUR 16%	Global sawn softwood 2–3%, European new construction 3.5%
	Paper	-	3.2 BEUR 33%	Declining 3–5% annually

...with strong market positions



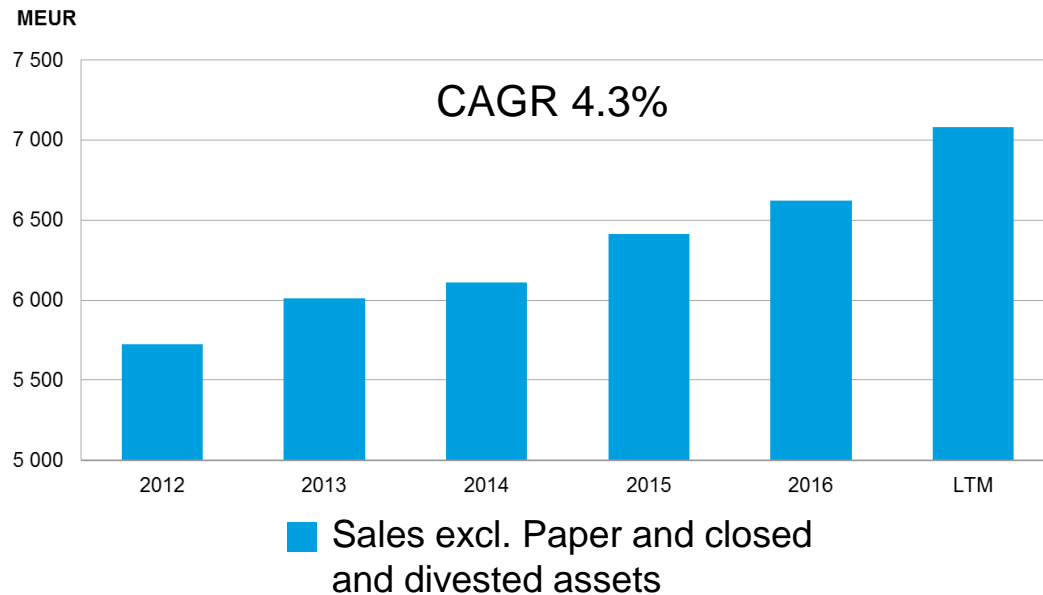
	Position	Relative market share*
 Consumer Board	#1 in LPB, FSB and CUK in Europe or the world	110% LPB Global 110% LPB Europe 130% CUK Europe 50% FSB Global 157% FSB Europe
 Packaging Solutions	#6 in containerboard in Europe	62% Unbleached virgin fibre based containerboard 85% Corrugated Central Eastern Europe 62% Corrugated Russia 107% Corrugated Nordics
 Biomaterials	Widest pulp grades portfolio #1 in Europe in fluff	19% BHKP 47% NBSK 10% Fluff 11% Dissolving Pulp
 Wood Products	#1 in Europe and #4 in the world in supplying wooden construction material	210% Classic sawn Europe 110% CLT Global 150% Industrial components (Nordic, Baltic, Poland) 84% Construction beam in Europe
 Paper	#2 in Europe	63% in Europe

*Paper has calculated the relative market share figure from capacities and others from market size, Consumer Board from market volume

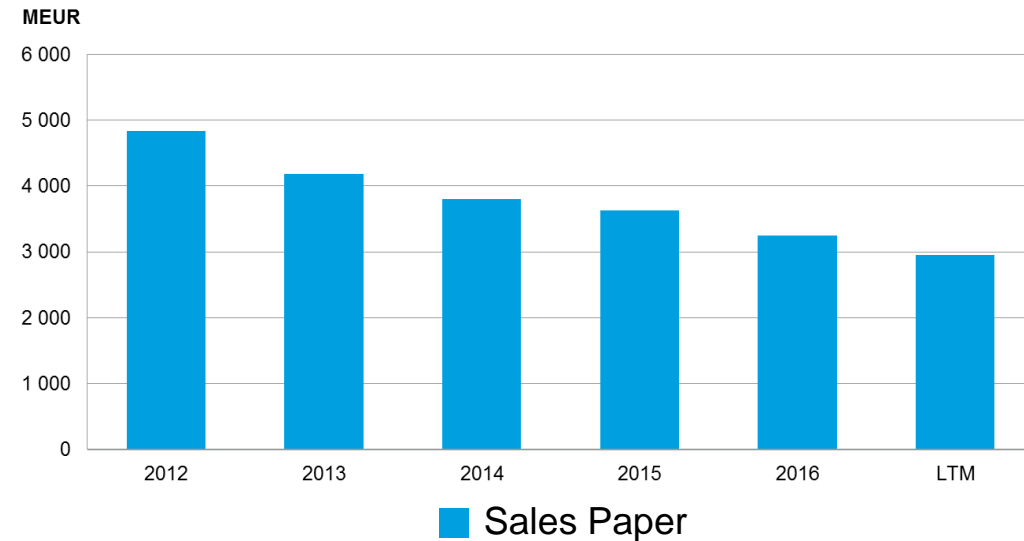
We are delivering on our transformation strategy...



Sales excluding Paper growing 4.3% CAGR

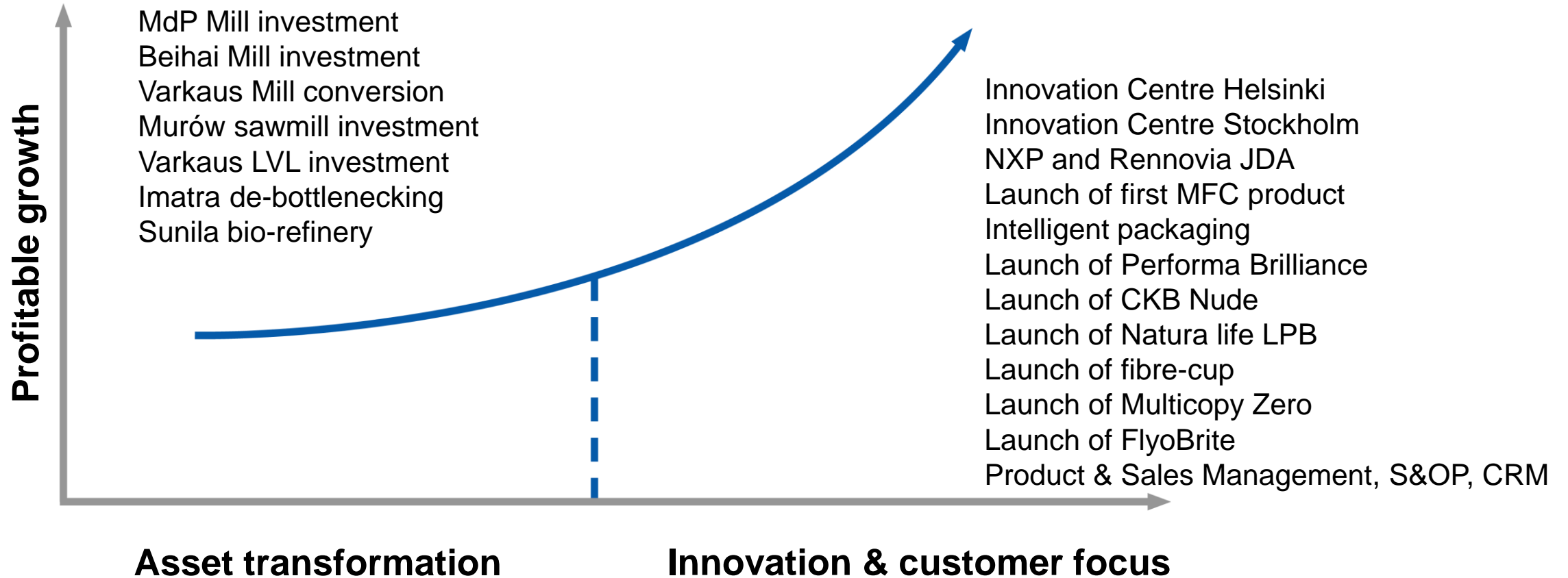


...while Paper sales are decreasing






LTM = Q4/16-Q3/17

...and now improving sales and innovation



...and we are developing further in the bioeconomy



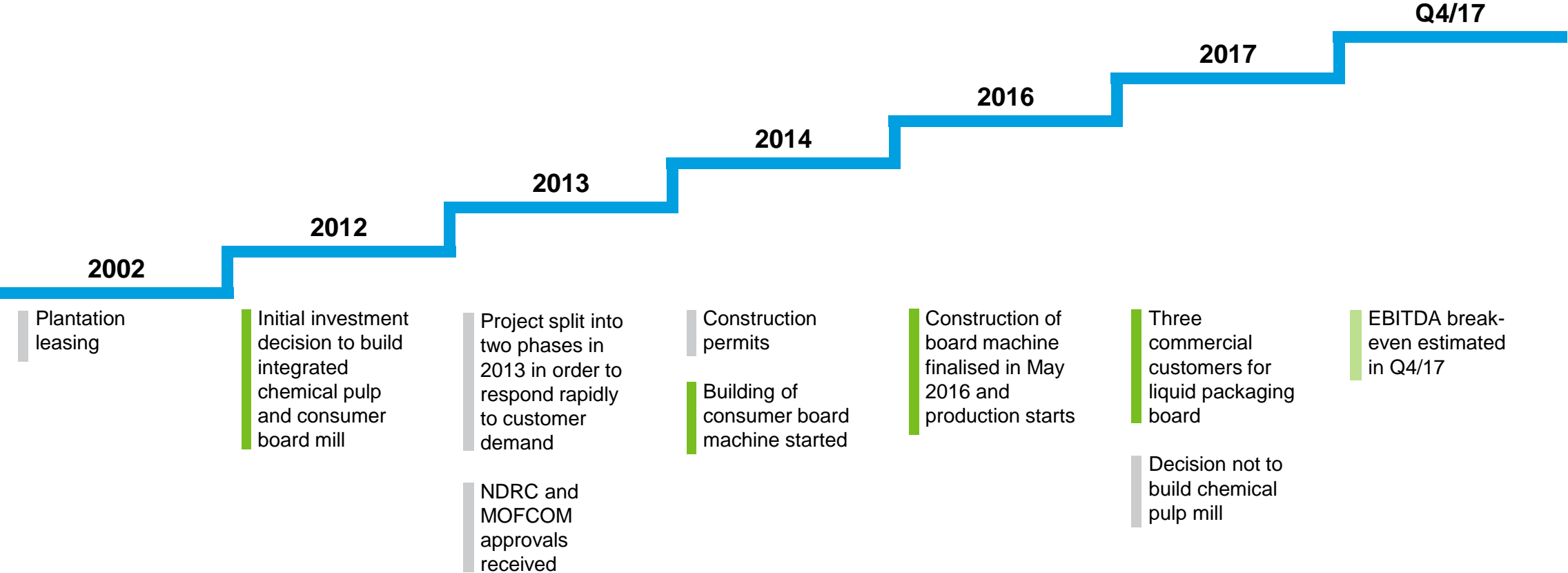
	PRODUCT / TECHNOLOGY	CUSTOMER USE EXAMPLES	R&D	PILOTING	SCALING	FULLY ADOPTED BY MARKETS
1. BIO-CHEMICALS – INDUSTRIAL INTERMEDIATES 	Lignin	▪ Replace phenol			●	
	Xylose	▪ Sweetener, personal care		●		
	Biomass polymers	▪ Replace oil-based plastic	●			
	Dissolving pulp	▪ Textiles, packaging		●		
	Modified fibres	▪ Performance chemicals ▪ Personal care ingredients	● ●			
2. REPLACING FOSSIL MATERIALS IN PRODUCTS 	Micro-fibrillated cellulose	▪ Bio-barrier in food cartons ▪ Lightweight board ▪ Strengthening liner		●		
	Biocomposites	▪ Building & construction		●		
	Lignin bio-carbon fibre	▪ Lightweight structures, energy storage, transportation			●	
	Building systems	▪ High rise buildings			●	
	Modified wood	▪ Cladding, decking		●		
3. ENABLING INNOVATIONS OF NEW CONSUMER EXPERIENCES 	Nano cellulose	▪ Transparent / Electronic ▪ Programmable / Foam / Spheres	●			
	Digitalisation	▪ Material with in-built monitoring and tracking capabilities for intelligent packaging		●	●	

These are our drivers for accelerating renewable growth

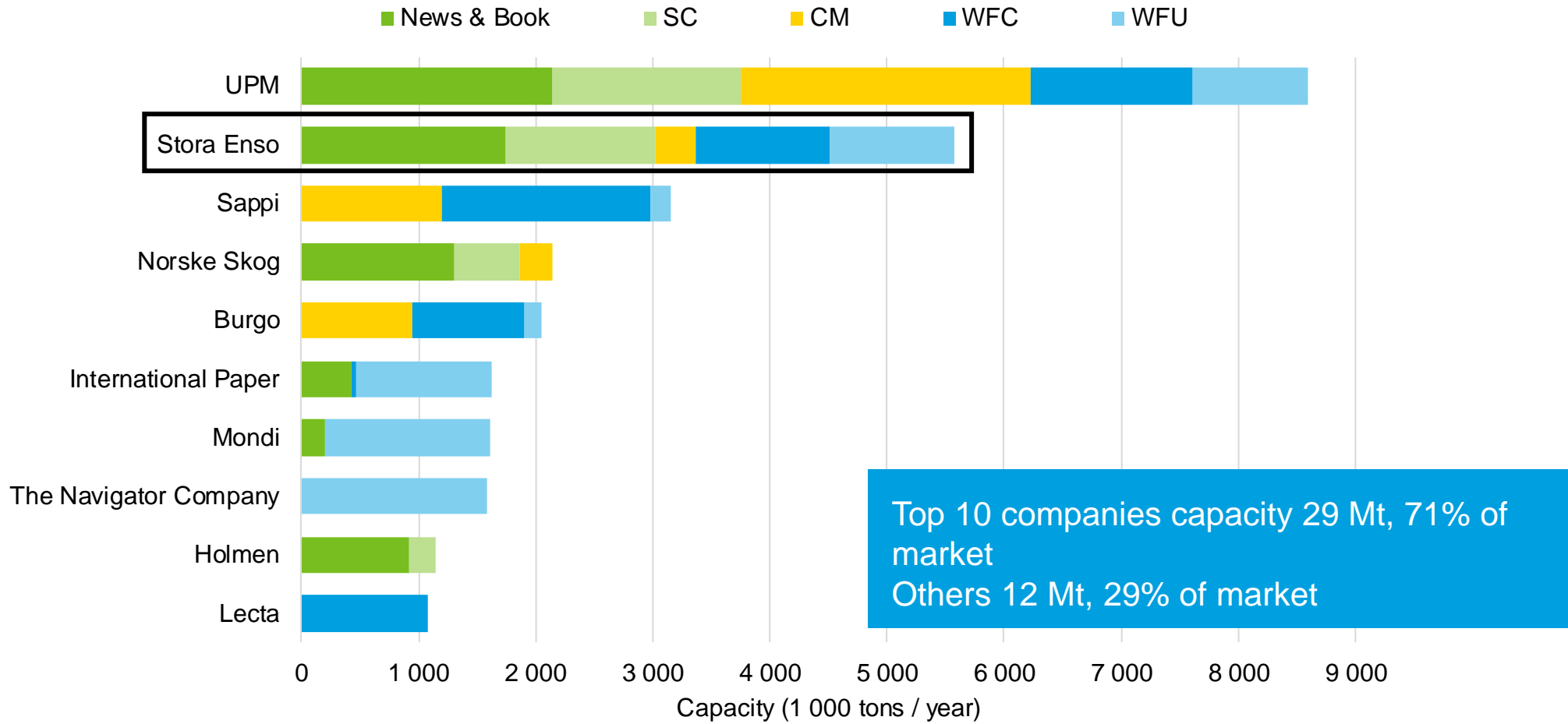


In 2017, close to **5%** of our sales comes from NEW products and services

Beihai – already the most efficient Consumer Board mill



Our Paper division has a strong competitive position in Europe...



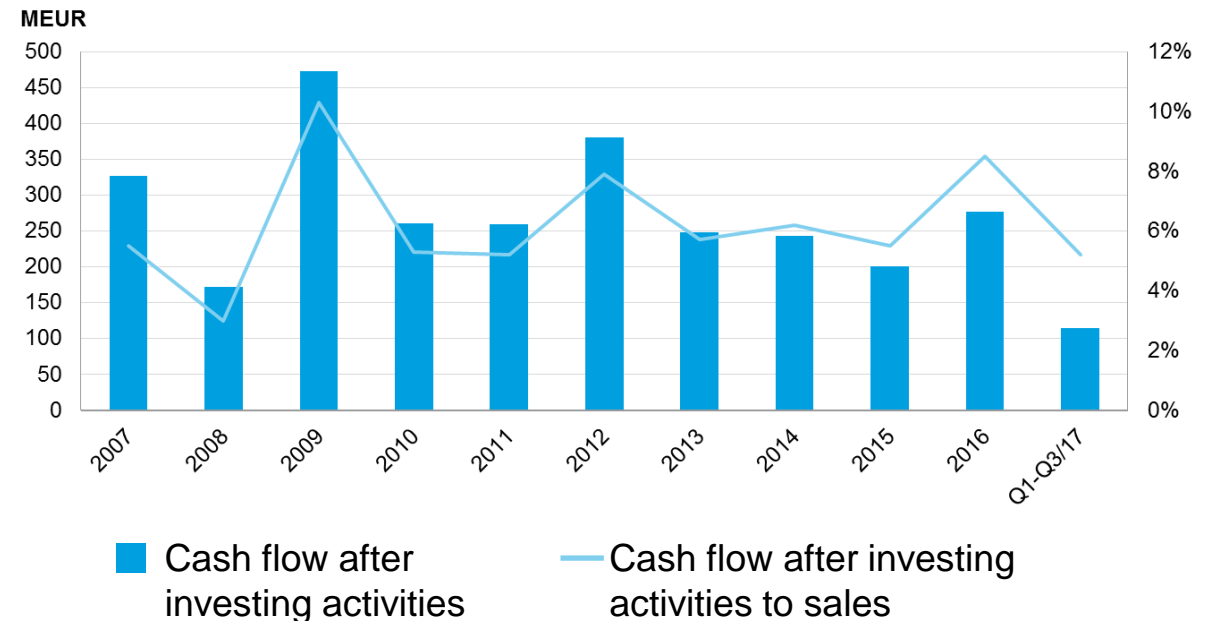
Source: Pöyry

...and continues to deliver good cash flow

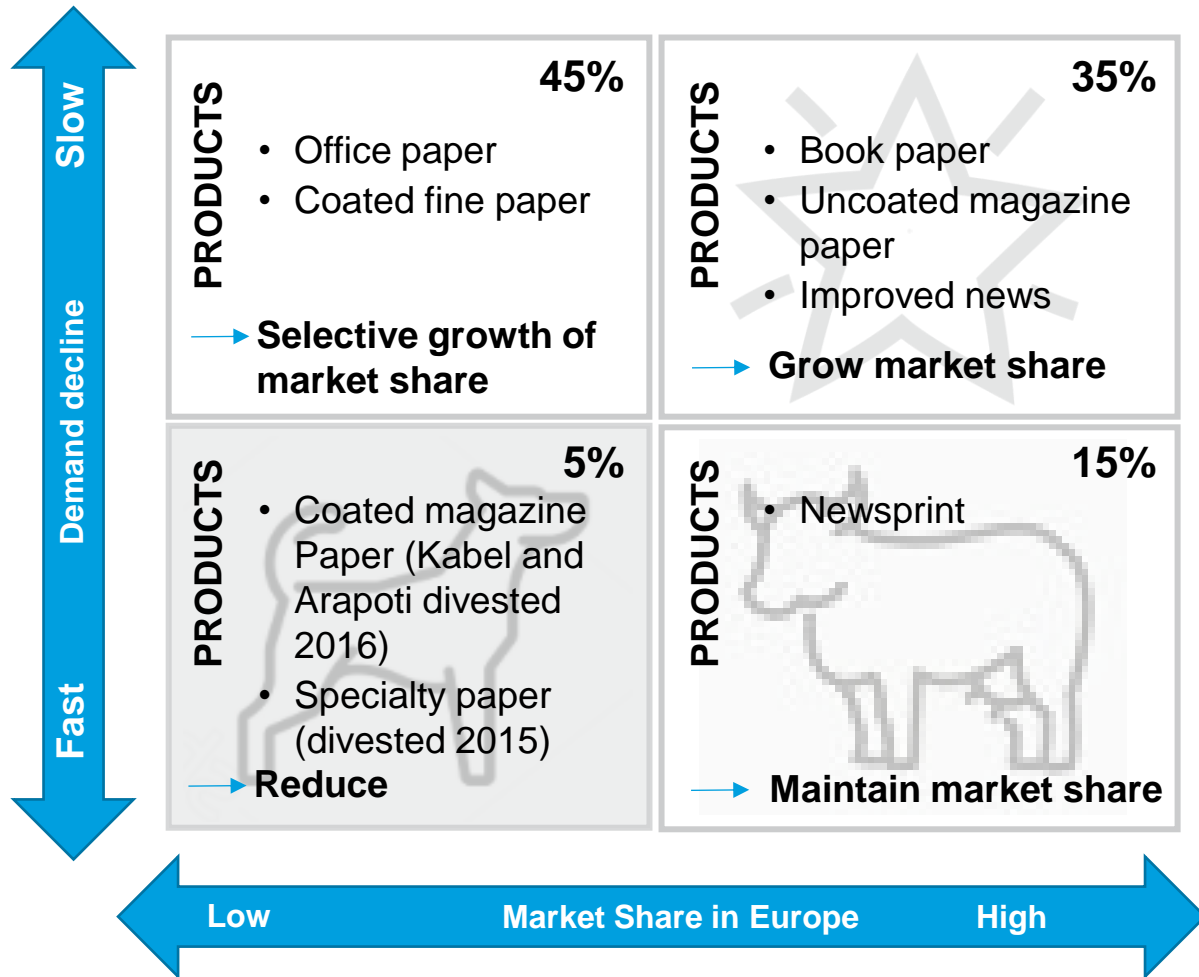


- Focus is on delivering good cash flow for group's sales and innovation transformation
- In order to maintain cash flow
 - Concentrate on selected product segments
 - Ensure each machine is cash generating
 - Improve efficiencies
 - Continue reducing costs
 - Continue to make selected divestments
- Free cash flow after investments target is more than 7% to sales

Positive cash flow after investing activities



Clear focus and direction in Paper



Wood Products division continues to build on strengths...



- **#1 in Europe**

in supplying wooden construction material

- 210% Classic sawn Europe
- 110% CLT global
- 150% Industrial components Europe

- **#4 in the world**

in supplying wooden construction material

- Increased ROOC target from 18% to 20%



...strengthening our premium offering through digitalisation...



Products



Cross laminated timber - CLT



Laminated Veneer Lumber - LVL



Construction beams



Industrial components



Bio composites



Classic sawn



Classic planed



Pellets

Services



**Panel systems
Building systems**



Modular systems



**Walls, floor, roofs etc.
Building components**



Integrated distribution concept

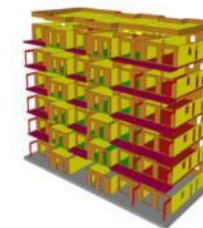
E-tools



**MySupply
E-business**



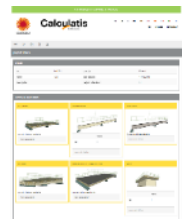
Pellet webshop



**BIM
Digital tools**



CLT360



Calculatis

...and innovations taking wood to new heights



PEFC-certified house Mäihä, Finland



Ris de Orangis, Paris, France



Student homes Haugesund, Norway



International House Sydney, Australia



Trummens Strand, Sweden



Crome Court, UK



Green Office Enjoy, France. BBCA-certified

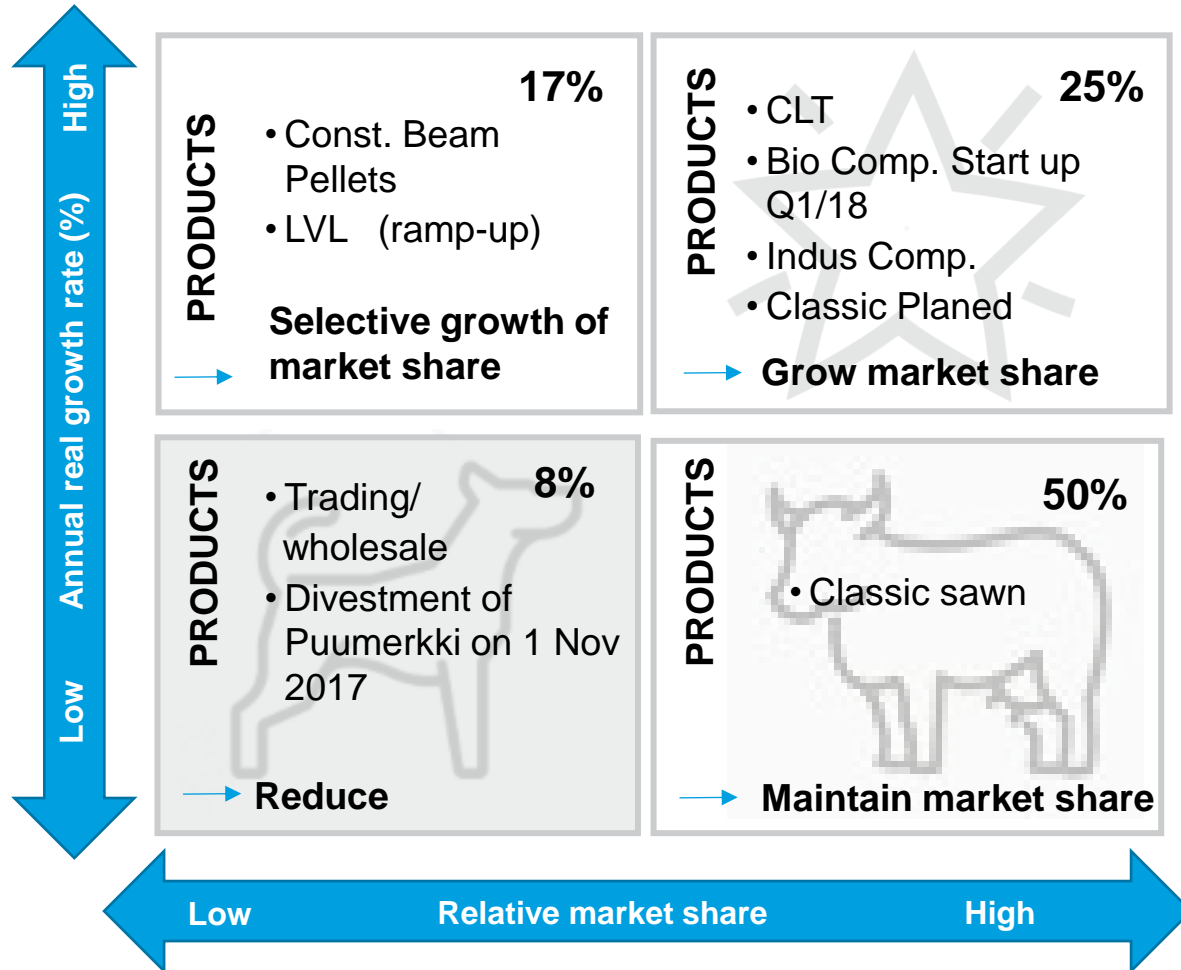


Wine Museum, Bordeaux, France



Photo: Lendlease

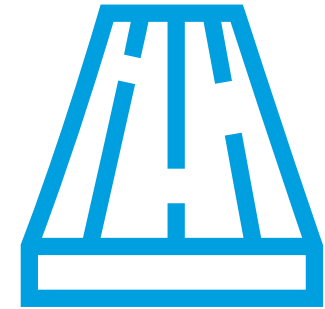
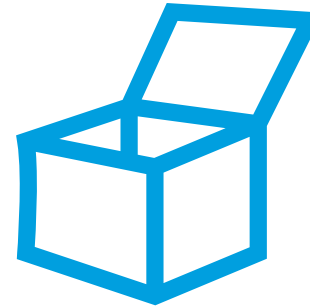
Wood Products: Gaining market share against competing materials



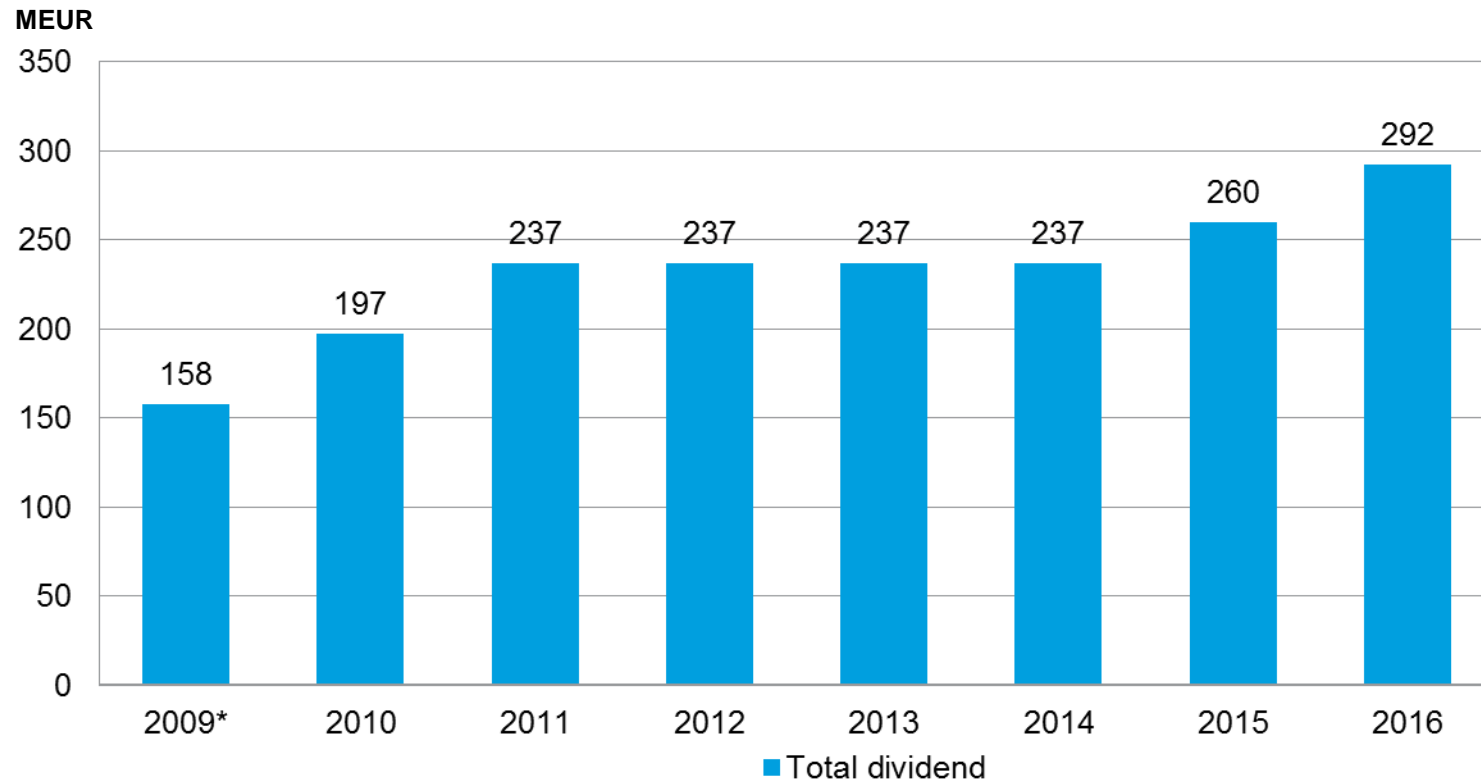
Selective M&A to strengthen our business



- Acquisitions to be considered in the following areas:
 - To strengthen relative market share in focused areas
 - To strengthen existing synergies
 - New products and technologies supporting our strategies
- Supporting sustainable profitable growth



Sustainable profitable growth driving dividends



- Dividends linked to the long-term performance
- 50% of net income over the cycle

Dividend of EUR 0.37 per share for 2016 totalling EUR 292 million was paid in May 2017

* *Distribution of capital*

Our road to success in the bioeconomy

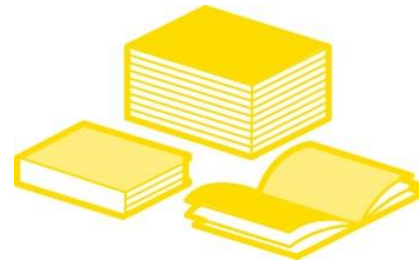
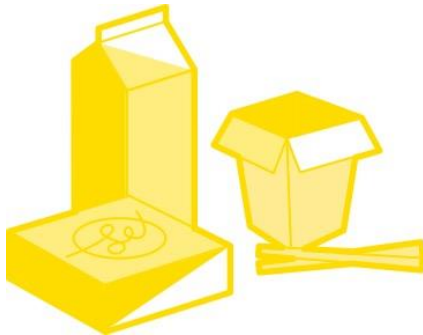
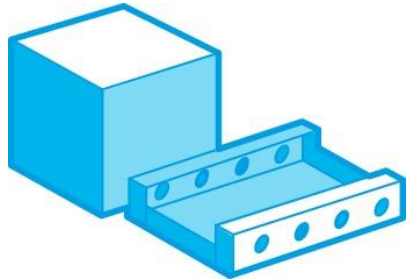


Introducing
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Addressing
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Delivering
sustainable
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growth

Generating
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Disclaimer



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THE RENEWABLE MATERIALS COMPANY



storaenso