

Focus on the future

Annual General Meeting

22 March 2005

It should be noted that 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 within the meaning of the United States Private Securities Litigation Reform Act of 1995. 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.

Year 2004 in Brief

- Deliveries increased
- Decline in average selling prices
- Two major machine rebuilds in North America
- Weak US dollar
- Divestment of the Swedish forests

Main Events in 2004

- Nebolchi sawmill and Arzamas corrugated packaging mill were started in Russia
- Acquisition of Dutch paper merchant Scaldia Papier
- Acquisition of 66% of the shares of Polish packaging producer Intercell S.A.
- Divestment of Finnantara plantation in Indonesia

Income Statement



EUR million	2003	2004
Sales	12 172.3	12 395.8
Expenses and other business income	-10 500.5	-10 517.7
Depreciation, amortisation and impairment charges	-1 200.4	-1 172.0
Operating profit	471.4	706.1
Share of results of associated companies	-23.0	38.9
Financial income and expenses	-237.7	-106.0
Profit before tax and minority interests	210.7	639.0
Direct tax	-67.0	108.8
Minority interests	-5.8	-8.1
Profit for the period	137.9	739.7
Operating profit for the period excl. non-recurring items	525.8	336.4
Profit for the period excl. non-recurring items	204.2	211.1

Balance Sheet

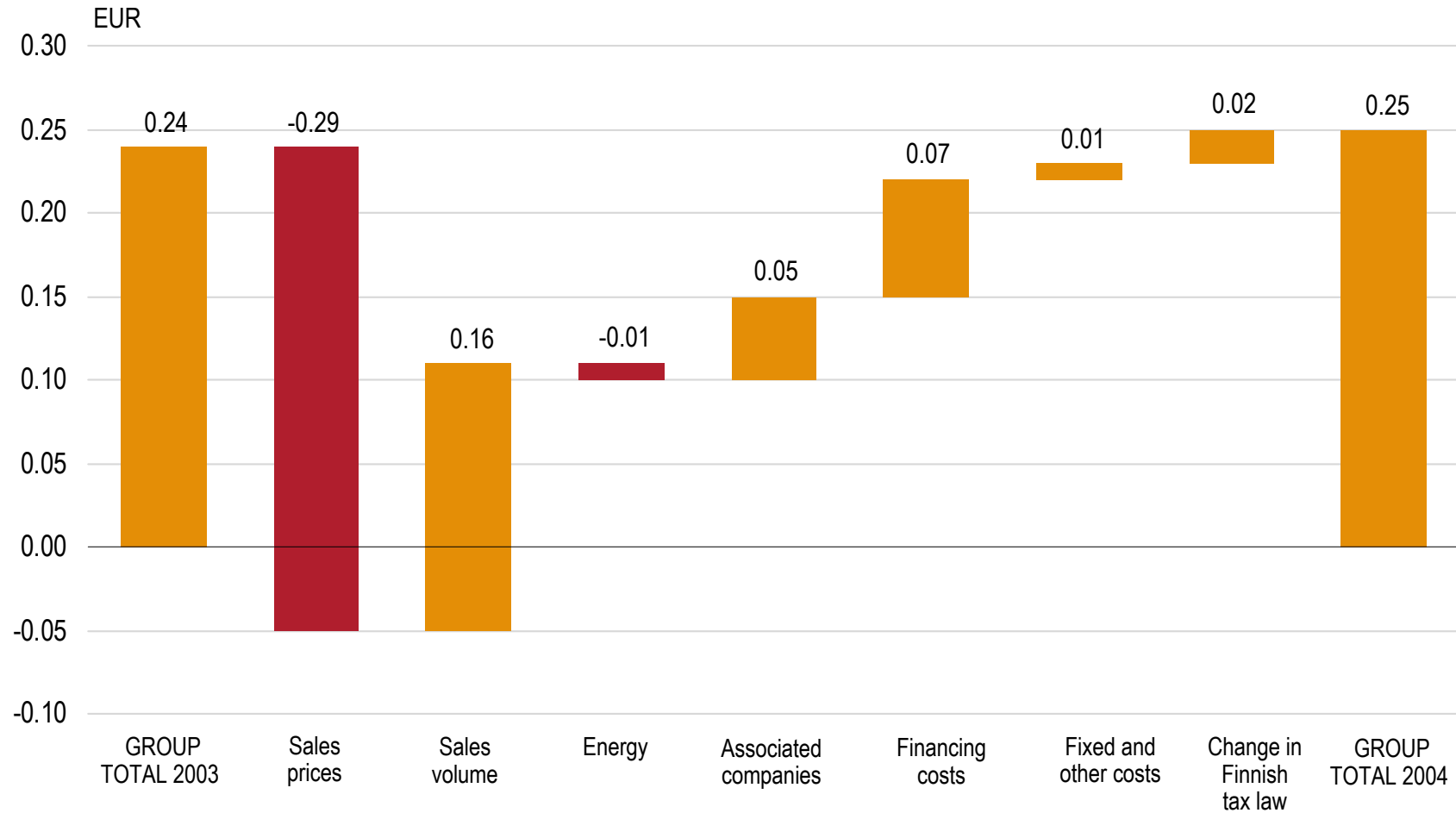
EUR million	2003	2004
Fixed assets and other long-term investments	13 449.5	12 091.4
Inventories	1 623.5	1 771.3
Receivables, investments, cash and bank	2 869.1	2 549.2
Shareholders' equity	7 952.9	8 051.1
Minority interests	60.3	136.1
Tax liabilities	2 129.7	1 672.1
Interest-bearing liabilities	5 174.2	4 027.6
Operating liabilities	2 625.0	2 525.0
Balance sheet total	17 942.1	16 411.9
Interest-bearing net liabilities	3 918.9	3 051.4

Earnings per Share and Cash Earnings per Share



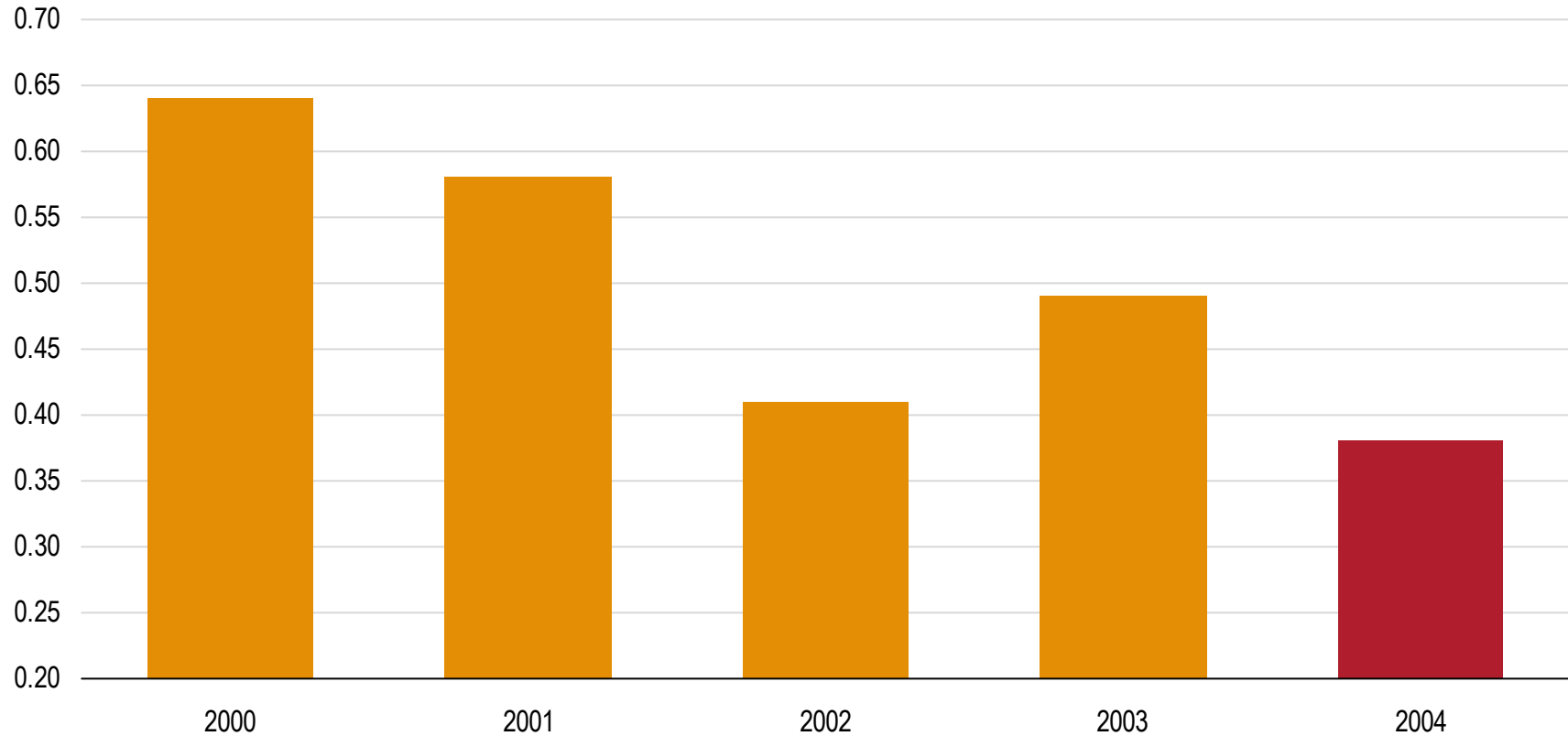
excluding non-recurring items

Change in EPS from 2003 to 2004



excluding non-recurring items

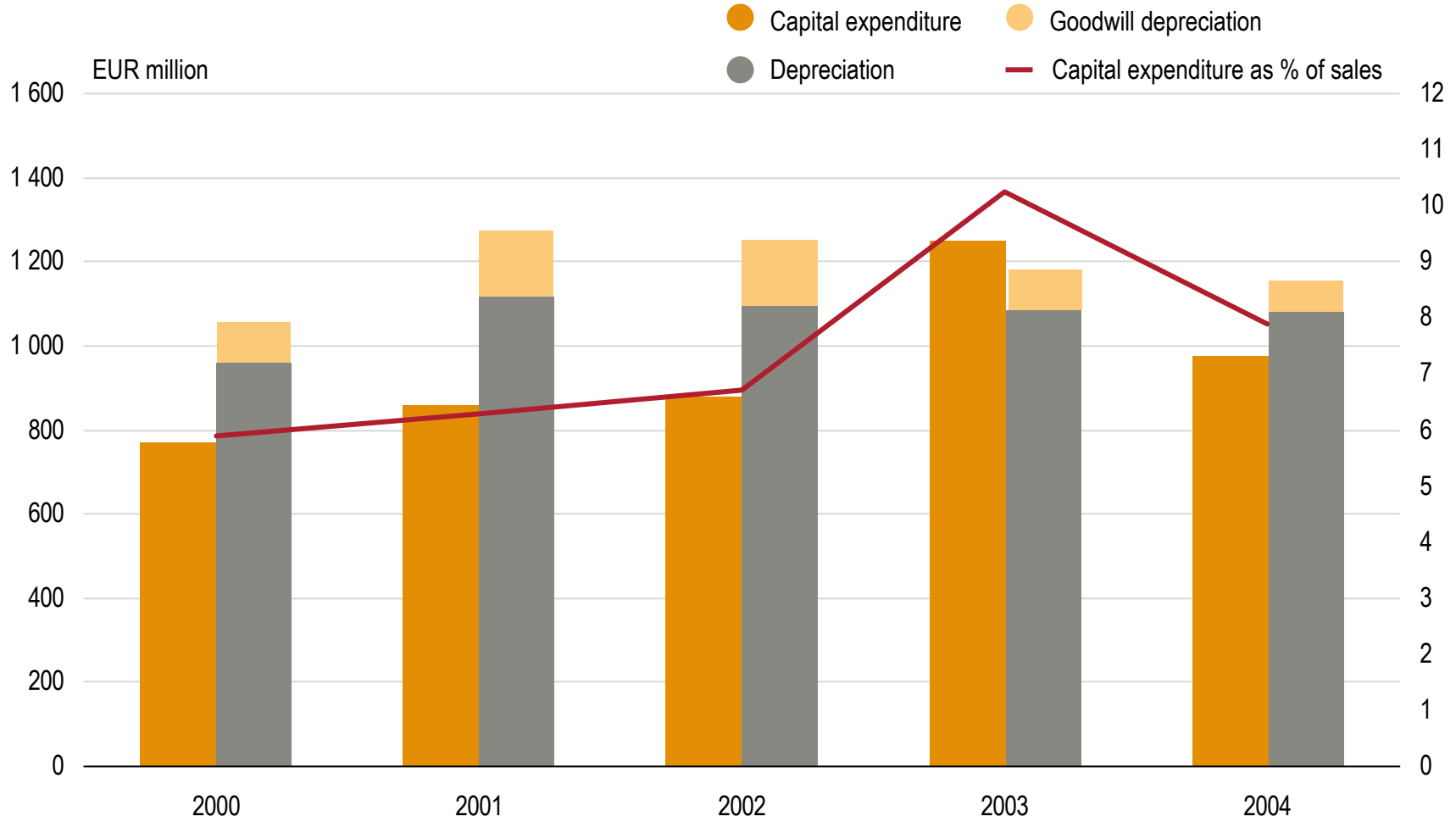
Debt/Equity



Target ≤ 0.8

restated debt/equity ratio

Capital Expenditure and Depreciation



North American Profit Enhancement Programme

- Programme proceeding according to plan
- Three paper machine shutdowns
- Four paper machines modernised
 - PM 26 at Biron Mill has been completed in February 2005
 - PM 64 at Whiting Mill postponed until early 2006
- Workforce to be further reduced to some 5 000 people by mid 2005 from 7 300 in 2000
- Savings of USD 145 million p.a. to be realised by mid-year 2005

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Outlook

Near-term Market Outlook

Western Europe

	Price	Demand	Comments
Magazine Papers			
SC	▲	▲	Demand strong; prices have increased 3-5 % in local currencies
CMR	▲	▲	Demand strong; prices have increased 3-5 % in local currencies
Newsprint	▲	▲	Demand strong; prices have increased 5-7 % in local currencies
Fine Papers			
WFC	▶	▲	Good demand; prices stable
WFU	▶	▲	Good demand; prices under pressure
Packaging Boards	▶	▶	Firm demand outlook; moderate price increases are being implemented
Wood Products	▶	▶	Global demand outlook stable, some European markets weak; increased supply will put pressure on sawn products prices

Near-term Market Outlook

North America

	Price	Demand	Comments
Magazine Papers			
SC	▲	▲	Demand remains strong; price increases will be implemented in April
CMR	▲	▲	Demand remains strong; price increases will be implemented in April
Newsprint	▲	▶	Demand rather weak; some price increases suggested
Fine Papers			
WFC	▲	▲	Demand remains strong; price increases will be implemented in April
Speciality Papers	▶	▶	Demand stable; order back-log strengthening

Summary

- Financial result for the full year 2005 is expected to exceed that of 2004
- The demand picture is generally positive
- Price increases have been implemented in Publication Papers in Q1
- Profits are expected to be influenced in Q1 2005 by:
 - Impact of the US dollar
 - Costs related to rebuilds
 - Langerbrugge (lost tonnes 40 000)
 - Summa (lost tonnes 15 000)
 - Corbehem (lost tonnes 31 000)
 - Biron (lost tonnes 10 000)
 - Cost increases in energy and chemicals

Improving Profitability

- Focus on harvesting rebuilt, modified and new machines
 - Maxau, Langerbrugge, Kvarnsveden, Corbehem, Summa, Biron, Veitsiluoto, Wisconsin Rapids and Nymölla
- Intensifying the short and long term efforts to lower fibre costs (e.g. Veracel)
- Explore possibilities to improve the profitability of Forest Products business
- Address long-term competitiveness of the fine paper business in Europe
- Continue share buy-backs within the framework of Finnish law (up to 10%)

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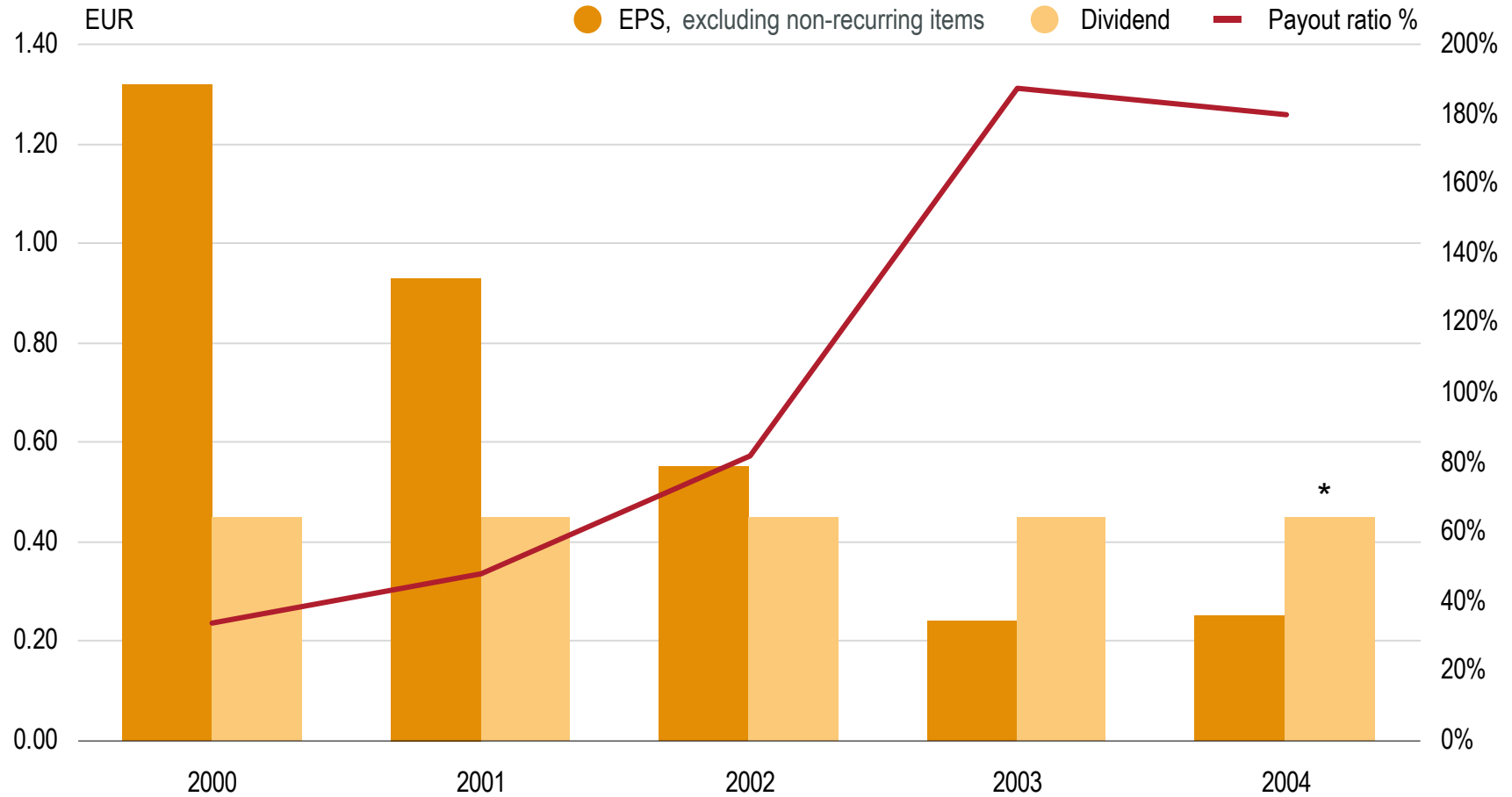
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Dividend

Dividend Proposal

- Dividend proposal: EUR 0.45 per share
- Payout ratio: 180% excl. non-recurring items, 51% including non-recurring items
- Total dividend payment: about EUR 370 million (assuming 820 million shares outstanding)
- Dividend yield: 3.9% (at a share price of EUR 11.48)
- Record date: 29 March 2005
- Dividend payment issued: 8 April 2005

Earnings Per Share and Dividend



*) Board proposal

Proposed Distribution of Profit

EUR million

Profits from previous periods	4 439.1
Profit for the financial period	121.0
Dividend of EUR 0.45 per share to be distributed on 837 243 399 shares	-376.7
Retained earnings after distribution of dividend	4 183.4

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Remuneration

Remuneration for Members of the Board of Directors

Proposal for the year 2005

Chairman	EUR 135 000
Vice chairman	EUR 85 000
Members	EUR 60 000

- All board remuneration payable only for non-executive board members

Remuneration for Members of the Board Committees

Proposal for the year 2005

Financial and Audit Committee

Chairman	EUR	10 000
Members	EUR	7 000

Compensation Committee

Chairman	EUR	5 000
Members	EUR	3 000

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**Proposed Board
Members**

Proposed Members of the Board of Directors

- Gunnar Brock
- Lee A. Chaden
- Claes Dahlbäck
- Harald Einsmann
- Jukka Härmälä
- Birgitta Kantola
- Ilkka Niemi
- Jan Sjöqvist
- Matti Vuoria
- Marcus Wallenberg

Gunnar Brock

- Swedish, born 1950
- M.Sc. (Econ.) (Stockholm School of Economics)
- President and CEO of Atlas Copco Group
- Extensive international experience from top management positions in large leading corporations

Birgitta Kantola

- Finnish, born 1948
- Degree from Vasa Commercial College and LL.M. (University of Helsinki)
- Partner of Birka Consulting AB
- Extensive experience of several top management positions within finance

Matti Vuoria

- Finnish, born 1951
- LL.M (University of Turku) and B.Sc. (Arts) (University of Oulu)
- President and CEO of Varma Mutual Pension Insurance Company
- Previously full-time Chairman of Fortum Corporation

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Auditor

Proposed Auditor



PricewaterhouseCoopers Oy,
Authorised Public Accountants

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Nomination Committee

Appointment of Nomination Committee

Duties

- To prepare proposals concerning (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chairman and members of the committees of the Board of Directors and (d) the remuneration for the Chairman and members of the committees of the Board of Directors
- **Members**
 - The Chairman of the Board of Directors
 - The Vice Chairman of the Board of Directors
 - Two members appointed by the two largest shareholders (one each) according to the register of shareholders on 1 October 2005
- **Remuneration for 2005**
 - EUR 3 000/year (payable only to non-board members)

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Share Capital

Reduction of Share Capital by Cancellation of Shares

- Authorisation of AGM 2004
 - not more than 9 000 000 Series A shares
 - not more than 32 700 000 Series R shares
- Shares repurchased by the Company to be cancelled
 - 16 300 Series A shares
 - 24 250 000 Series R shares
- Number of shares and share capital after cancellation
 - 179 030 345 Series A shares
 - 633 946 754 Series R shares
 - Share capital EUR 1 382.1 million
(EUR 1 423.3 million before cancellation)

Authorisation to Repurchase Shares in the Company

- Repurchase of shares in the Company by using distributable equity
- Not more than 17 900 000 Series A shares and not more than 62 150 000 Series R shares (however, not exceeding 10% of the votes or share capital)
- In public trading at the market price prevailing at the time of the repurchase
- Shares repurchased can be used
 - to develop the capital structure
 - for the financing of acquisitions or other transactions or
 - to be otherwise disposed of or cancelled
 - cancellation requires a separate decision of a shareholders' meeting
- Authorisation is valid until 21 March 2006

Authorisation to Dispose of Shares in the Company

- Not more than 17 900 000 Series A shares and not more than 62 150 000 Series R shares
- The Board shall be authorised to decide to whom and in which manner the shares are to be transferred:
 - in business acquisitions and other arrangements or in public trading
 - by derogation from the pre-emptive rights of shareholders
- The Board shall decide on the transfer price and on the basis for the calculation
- Shares can be disposed of for other consideration than cash
- The Board shall be authorised to decide on all other terms and conditions of the disposal
- Authorisation is valid until 21 March 2006

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Shareholders' Proposal

A Proposal by the Shareholders Matti Liimatainen and Annina Käppi

Shareholders Liimatainen and Käppi propose that:

- in its wood procurement in Finland Stora Enso Oyj commits itself to socially, ecologically and economically sustainable principles by specifying in its purchases from the Finnish state enterprise Metsähallitus that wood shall not be procured from specific restricted forest areas in the Lapp people's native locality in Inari that are considered especially valuable for reindeer herding as reindeer grazing forest areas.
- Stora Enso continues its normal wood procurement from privately-owned forests in the Inari area and from Metsähallitus's areas other than the restricted reindeer grazing forest areas marked on the maps by Inari reindeer herding co-operatives.

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To view Stora Enso's
annual report for 2004, visit
www.storaenso.com