



# *Stora Enso moving ahead*

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## Two steps in one go

- Capacity reductions on assets with poor profitability
- Investments and controlled curtailments to complete plan for full Russian wood duties

## Overview

- About 1 700 employees in total affected by capacity closure plan
- Provisions and write-downs total about EUR 280 million
- Estimated operating profit improvement EUR 140 million to be realised by end 2010
- Maintenance joint venture with ABB in Finland
  - About 1 450 employees to be transferred

## Ready for full Russian duties

- Measures taken earlier (Summa, Kemijärvi and Norrsundet closures) were necessary
- Production curtailments at Sunila and Enocell Mill, if needed, based on availability of low-cost wood
- Wood Supply Russia planned to be downsized substantially

## Planned closures to improve cost-competitiveness

Mill, machine	Country	Grades	Capacity reduction	Timing
Baienfurt Mill, cartonboard machine	Germany	Folding box board	190 000 tonnes	By the end of 2008
Imatra Mills, BM 1*	Finland	Cupstock, liquid packaging board	170 000 tonnes	By the end of 2009
Kabel Mill, PM 3	Germany	Coated magazine paper	140 000 tonnes	By the end of 2008
Corenso Varkaus, coreboard machine	Finland	Coreboard	100 000 tonnes	By the end of 2008
Paikuse Sawmill	Estonia	Sawn goods	170 000 m <sup>3</sup>	By the end of 2008

\*Two old polymer coating (PE) machines (PE 2 at Imatra and PE 4 at Karhula) are also planned to be permanently shut down.

## Estimated effects

### Planned closures and personnel reductions

External sales reduction	EUR 440 million
Capital employed reduction	EUR 200 million
Operating profit improvement	EUR 140 million*
Provisions and fixed asset write-downs**	EUR 280 million
Total personnel reduction	1 700
Personnel transferred to new maintenance joint venture	1 450

\* Once the full impact is realised by the end of 2010, the estimated annual operating profit improvement will be about EUR 140 million

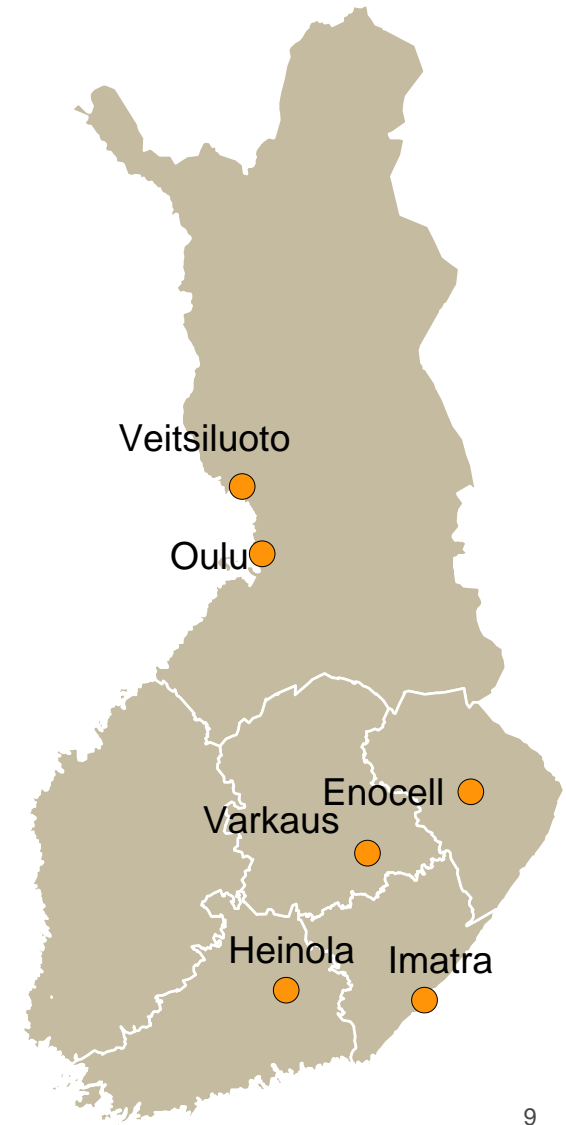
\*\* As non-recurring items in financial results for Q3 2008, about half of which are cash costs impacting over the restructuring period.

## Further planned measures to improve cost-competitiveness

- Investments of about EUR 135 million to develop the Group's operations at Imatra, Fors and Ingerois mills
- Cost improvement measures
  - Imatra Mills in Finland
  - Varkaus Mill in Finland
  - Veitsiluoto Mill in Finland
  - Maxau Mill in Germany
  - Hylte Mill in Sweden
- Focused administration; assessment complete by end 2008
- Kotka Mill to remain as part of the Group

## Joint venture with ABB to provide mill maintenance services in Finland

- Letter of intent signed with ABB to establish a joint venture
  - Covers Veitsiluoto, Oulu, Varkaus, Imatra, Enocell and Heinola mills
- Under ABB management, according to their customer service concept. Stora Enso owns 51%, ABB 49%
- New company planned to start 1 January 2009; about 1 450 employees planned to be transferred to the new company



## Personnel responsibility

- Help to affected personnel in finding new employment opportunities
- Job openings in other Stora Enso units available to those affected
- Stora Enso to actively work with labour authorities to find new jobs and training opportunities
- Support to those having to move to another location
- Solutions found for some 800 people affected by restructuring announced in October 2007

## Stora Enso's future

- Growth markets
- Fibre-based packaging
- Selected paper grades
- Cost-competitive plantation-based pulp raw material



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# *Appendix*

## Planned total personnel reductions by country

Country/unit	Personnel reduction
Germany	600
Finland	550
Russian Wood Supply	400
Other countries	150
<b>Total</b>	<b>1 700</b>