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Strategic goals



The main strategic goal is to increase the value of the Company by profitable growth.

- Stora Enso will grow mainly through M&As.
- Stora Enso's ROCE target is 13% over the cycle, compared with the current WACC of 10 %.
- D/E ratio should be below 0.8. This figure can be temporarily increased to 1-1.2 to finance major strategic acquisitions as long as there is an accepted plan to come down to the target level.
- Stora Enso's dividend policy is to distribute on average one third of the net profit to the shareholders.

Goal for Stora Enso growth



Stora Enso's growth must exceed the market growth and match the growth of our best competitors.

This is achieved by:

1. M&A's

- Facilitates quick strengthening of group structure
- Generates value through synergies
- Consolidates industry structure

2. Organic growth

- Facilitated through asset restructuring program (ARP)
- Improves asset quality through implementation of new technology
- Improves competitiveness of financial performance of existing assets

Stora Enso asset restructuring



- Stora Enso's strategy has led to the development of the asset restructuring plan.
- The main part of this plan comprises development of the current mills.
- The mill development plans are based on the development potential and consequent capital expenditure needs.
- This should facilitate an optimal use of capital in realisation of individual projects both from group and divisional viewpoint.
- A model was created that classifies each mill's suitability and potential to accommodate new capacity (either new production line or modernization of existing projects) or its ranking as a future cash-cow and shut-down project.

Criteria of project selection



- Strengthening of strategic core business areas
- Improvement of asset quality to best quartile
- Improved customer value
- Profitability/competitiveness of project/mill
- Divisional priority

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**Magazine Paper Division
Asset restructuring**

Summary

Asset restructuring Uncoated Magazine Paper Europe



Stora Enso's SC business (highly consolidated market structure):

Strong market position

Restructuring program:

To keep market position and to improve competitiveness

Projects:

High-quality SC papers:

- New paper machine in Kvarnsveden
- Shut down of Langerbrugge PM 2
- Divestiture of Wolfsheck

SC-B / Improved News:

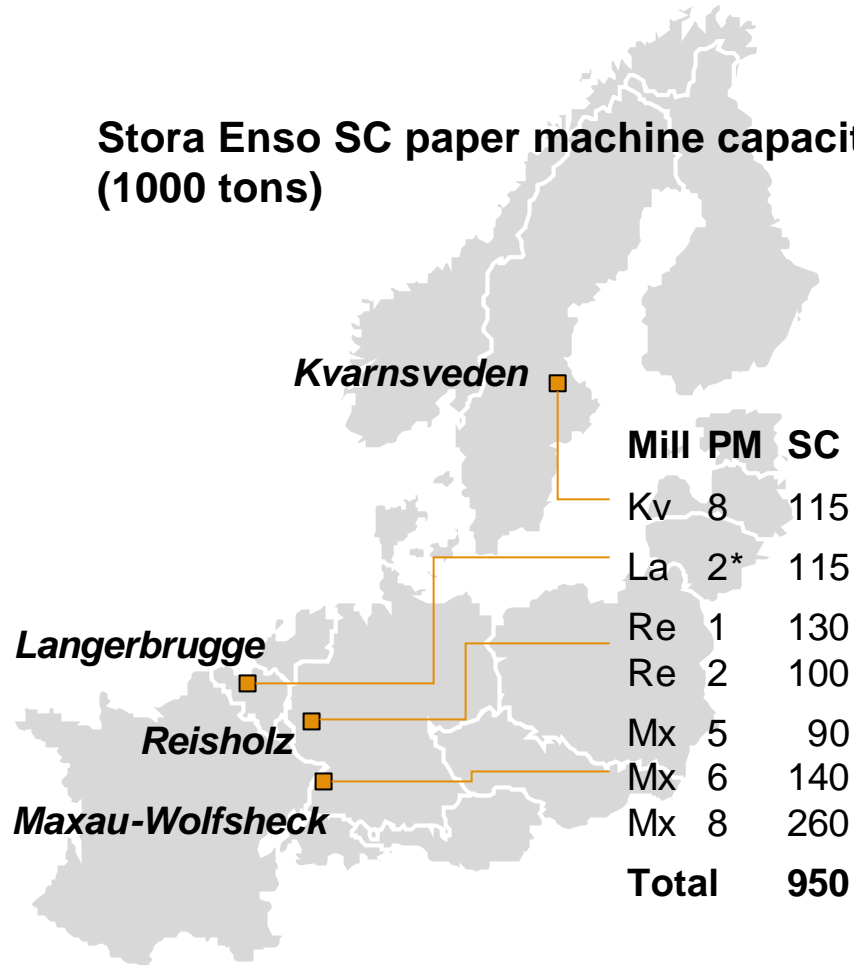
- Conversion of Langerbrugge PM 3 to SC-B
- Rebuild of Maxau PM 6
- Shut-down of Kvarnsveden PM 9

Summary

Stora Enso's SC production in Europe



Stora Enso SC paper machine capacities
(1000 tons)



Stora Enso 2001 in W. Europe

- SC paper production: 950,000 tons

SC market in W. Europe

- Market demand in 2001:
3.2 million tons

* Langerbrugge PM 2 closed 2003, PM 3 started in 12/2002

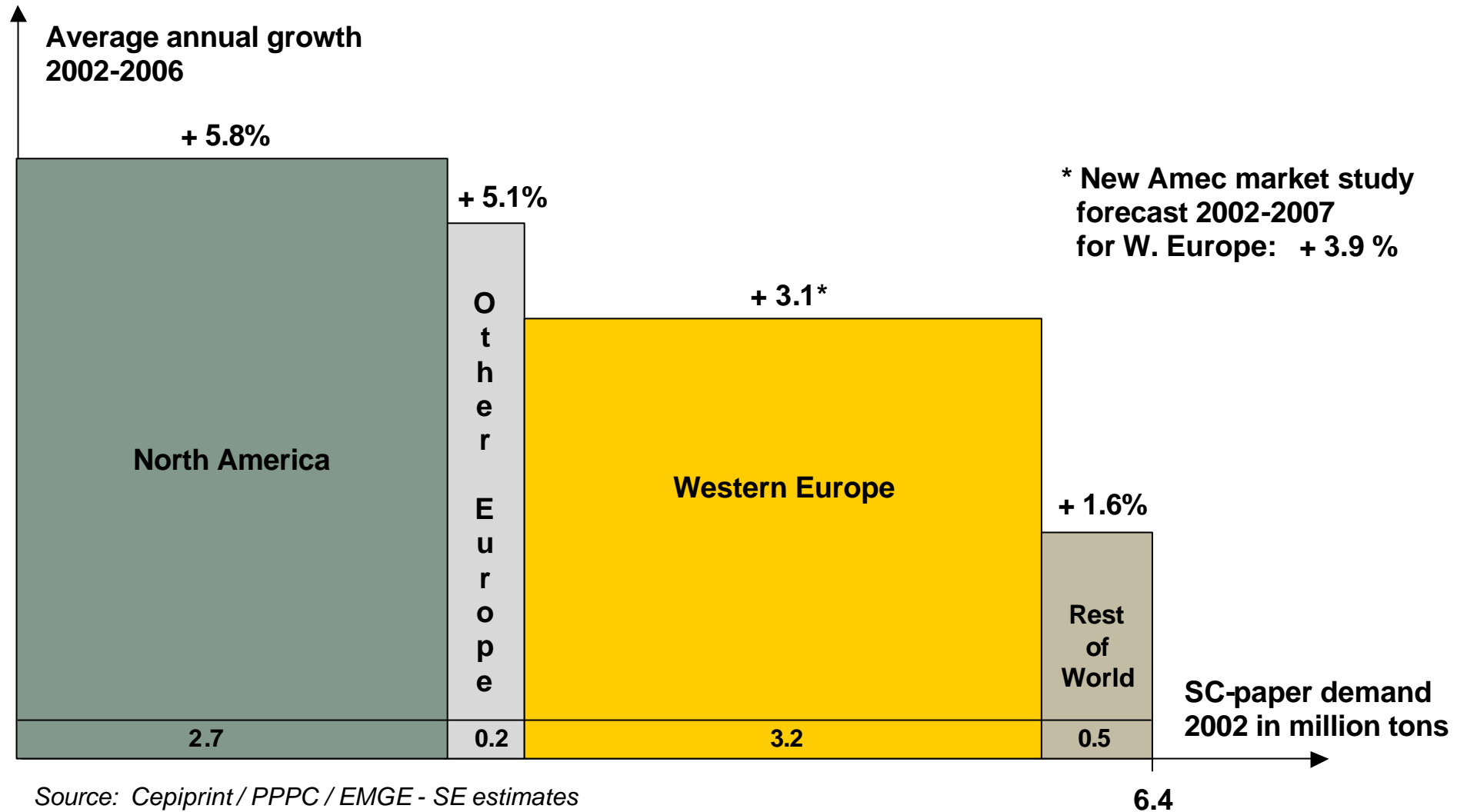
Net capacity change



Mill	Machine	Time frame	High-quality SC	SC-B and improved news
Langerbrugge	PM2	2002	-115 000	
Langerbrugge	PM3	2003	165 000	
Kvarnsveden	PM12	2005	400 000	
Kvarnsveden	PM9	2005		-135 000
Maxau	PM6	2004		120 000
Wolfsheck	PM4-5	2004/5	-90 000	
Langerbrugge	PM3	2005	-165 000	165 000
NET CHANGE			195 000	150 000

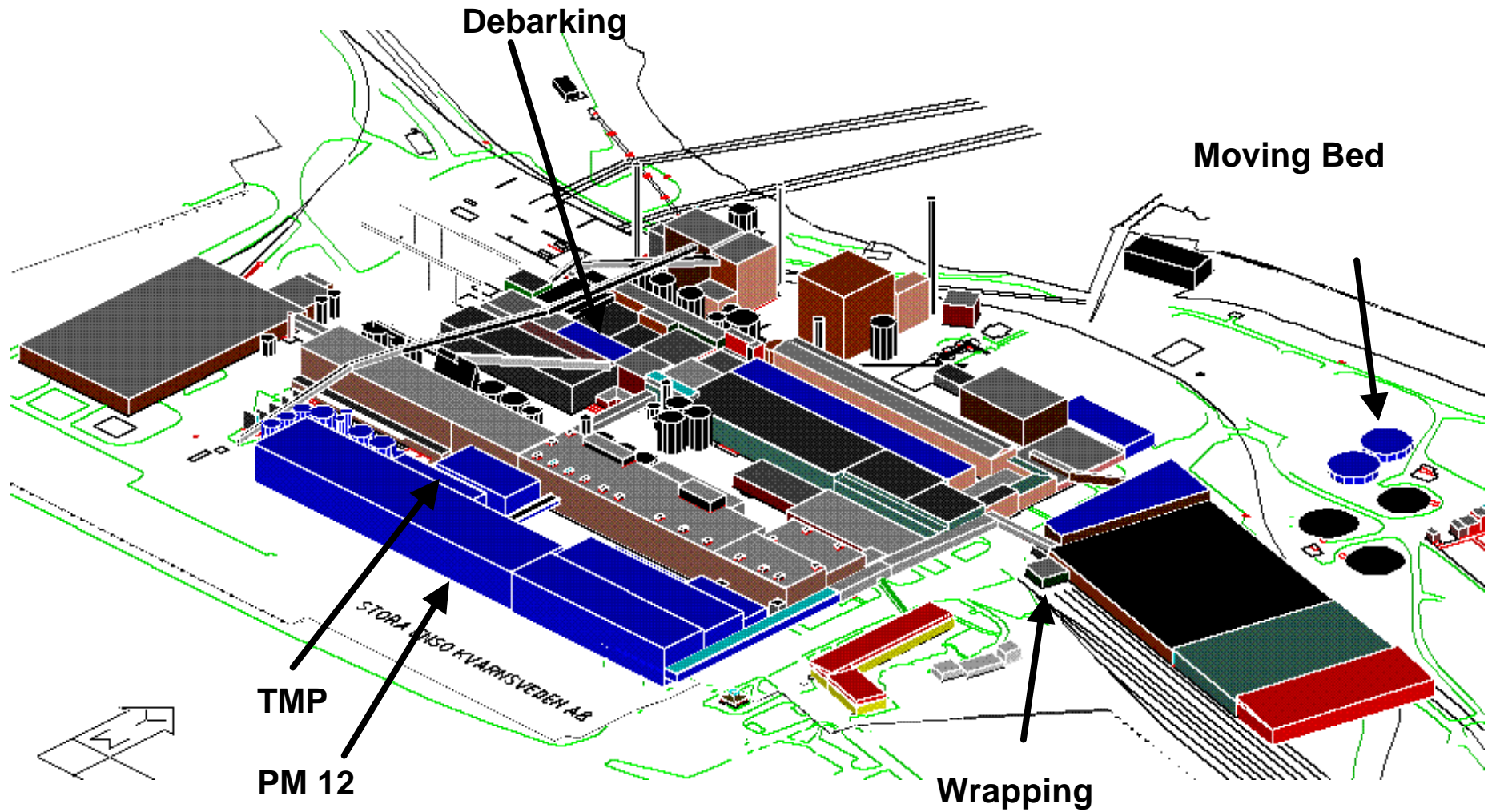
Market

SC-paper market sizes 2002 and growth rates by region 2002 - 2006



Program details

Kvarnsveden PM 12 - mill layout 3-dimensional



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Fine Paper
Asset restructuring

Stora Enso Fine Paper

Office Paper Mills' Specialisation Program 2003-2005



Main Purpose of Proposed Capital Investments

1. Improved competitiveness and asset quality
2. Maintain leading position as the Office Paper Supplier in Europe
3. Give scope for mill specialization at Veitsiluoto, Varkaus and Imatra mills

Office paper asset restructuring

Rebuilding Veitsiluoto PM3



Summary:

The main aim is to improve competitiveness in growing office paper market through restructuring and streamlining of production by 2005. The main features are:

1. Veitsiluoto to continue A4 production with improved assets (rebuild of PM3), utilising integrated pulp from Veitsiluoto pulp mill.
2. Varkaus to switch from forms to envelope and scholastics.
3. Imatra to switch from A4 reels to forms and preprints.
4. Nymölla to continue with A4 production.
5. Berghuizer to concentrate on specialities.
6. Kemijärvi pulp mill to be integrated to Veitsiluoto LWC production.

Office paper asset restructuring

Rebuilding Veitsiluoto PM3



The main features of Veitsiluoto PM3 rebuild:

- Production: increase of 115,000 up to 290,000
- Grade: uncoated fine paper
- Capex: EUR 125 million
- Project timing: completion November 2003