

# Responsibility & Performance

## **Restructuring of Stora Enso's and Korsnäs's Swedish Forest Assets**

Stockholm Press Conference

8 December 2003

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# Agenda for the Press Conference

- 1. Presentation:  
Stora Enso Deputy CEO  
Björn Hägglund
- 2. Presentation:  
Kinnevik CEO Vigo Carlund
- 3. Presentation:  
Bergvik Skog AB, CEO  
designate, Torbjörn  
Larsson



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Björn Hägglund, Deputy CEO

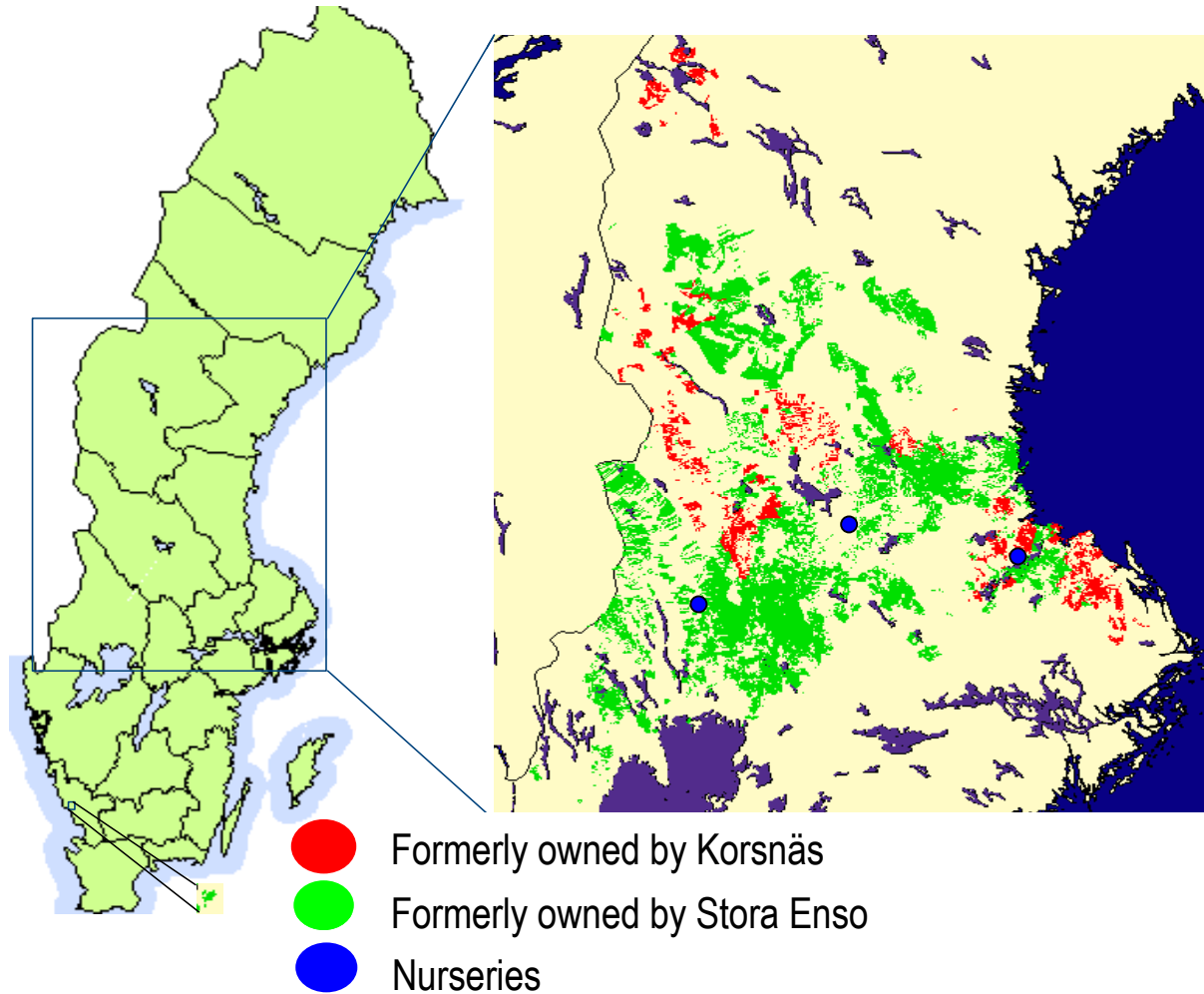
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# Restructuring of Stora Enso's Swedish Forest Assets

- Stora Enso and Korsnäs will contribute their respective Swedish forestlands totalling 2.3 million hectares (of which 1.8 million is productive), to a forest owning company Bergvik Skog AB
- A majority of the equity will be placed with institutional investors, primarily in Nordic countries
- The debt of the new company will be in the form of a syndicated bank loan, organised by Nordea and Svenska Handelsbanken
- A 15-year wood supply agreement will secure delivery of wood at market price to Stora Enso and Korsnäs
- The deal is intended to close during first quarter of 2004

# Location of the forests

Geographic location of Bergvik Skog's Forestland



# Rationale for Restructuring Swedish Forest Assets

- Consistent with its policy of concentrating its resources on its core businesses
- Approximately 45 % equity stake will be retained. The leverage structure provides good return in Bergvik Skog AB.

# Impact of the Restructuring on Swedish Wood Supply

- Swedish wood and timber prices are competitive in European context
- The restructuring is not expected to have any significant impact on Swedish market wood prices
- Forestry has over longer periods proved to be stable and predictable with low operating risks
- Bergvik Skog is valued at approximately SEK 18 billion (EUR 2 billion), or approximately SEK 10 000 (EUR 1 111) per productive forestland hectare

# Stora Enso Wood Supply Sweden



- Stora Enso Wood Supply Sweden will remain responsible for Stora Enso's wood procurement and supply to its Swedish mills
- Bergvik will buy operating, harvesting and silvicultural services from Stora Enso and Korsnäs

# Financial Impact of the Restructuring on Stora Enso

- Transaction is expected to be completed and booked in Q1 2004
- Capital employed will be reduced by EUR 1 345 million
- Equity will increase by EUR 257 million
- Deferred tax liability will be reduced by EUR 219 million
- Cash proceeds will be approximately EUR 1 260 million

# Allocation of the Proceeds to be Received

- The completion of the project is independent of other strategic initiatives
- Proceeds will be used to further develop the Group's core business areas
- Use of proceeds could include actions in emerging markets such as Russia, China and South America
  - To be carried through within a few years