

Focus on the future

Financial Results 2004

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IV Quarter 2004 Results

Highlights Q4 2004

	IV/2003	I/2004	II/2004	III/2004	IV/2004
Sales, EUR million	3 028.8	3 017.9	3 102.9	3 033.1	3 241.9
Operating profit*, EUR million	77.4	103.4	58.5	131.6	42.9
EPS, EUR	-0.05	0.49	0.06	0.16	0.18
EPS*, EUR	0.00	0.06	0.06	0.10	0.03
Cash EPS*, EUR	0.35	0.41	0.43	0.45	0.38
Debt/Equity	0.49	0.39	0.42	0.41	0.38

- Higher deliveries in most business areas; demand improved
- Low U.S. dollar depressed earnings
- Seasonal shutdown resulted in lower production and higher fixed costs
- Some costs rose

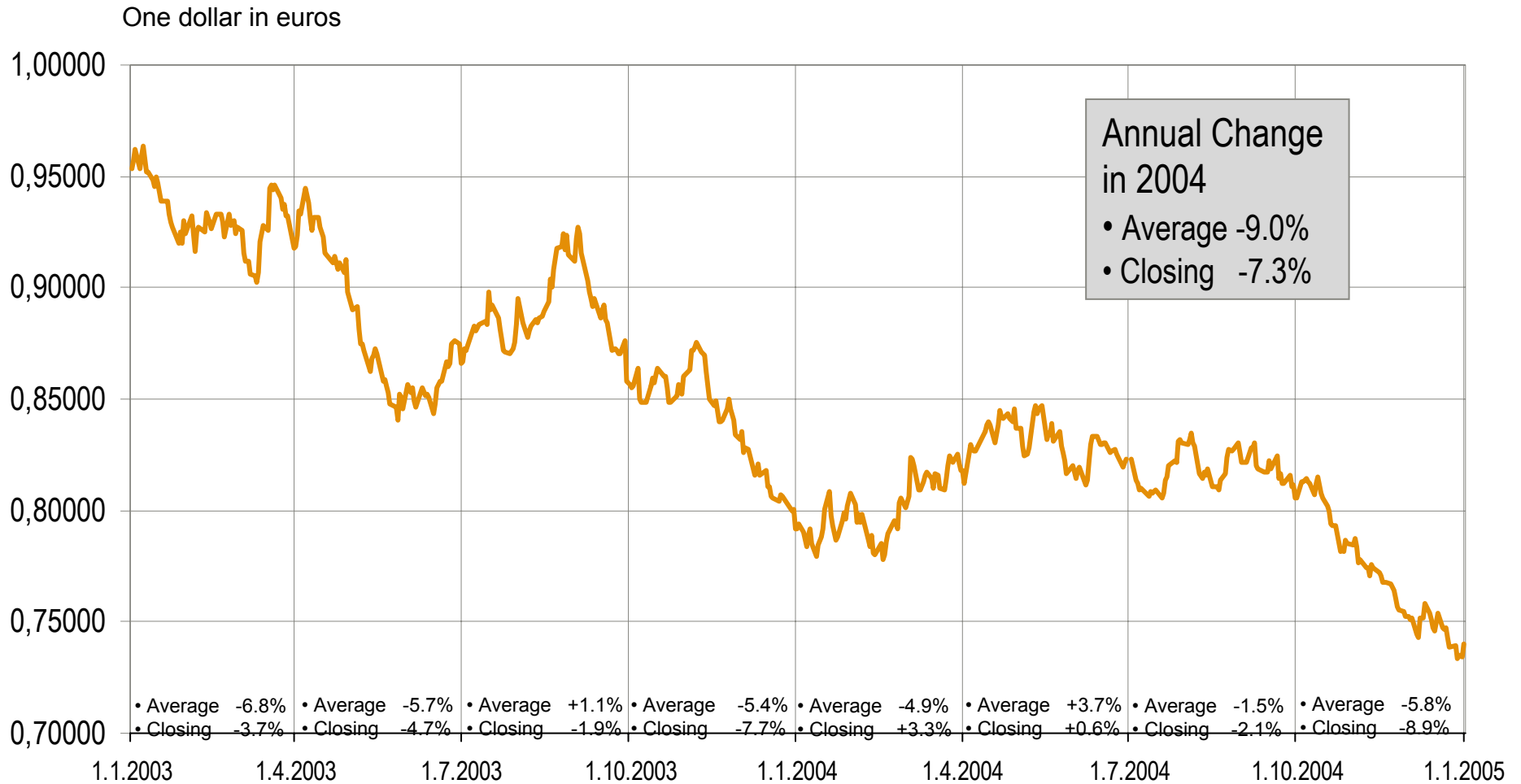
*) excluding non-recurring items

Factors Affecting Profitability during the Fourth Quarter

Profitability negatively impacted by about:

- EUR 40 million of higher fixed costs related to holiday season shutdowns
- EUR 15 million of higher wood costs
- EUR 10 million energy-related costs
- EUR 15 million effect of the weakening of US dollar net of hedges
 - Average weakening 5.8 % in Q4 vs Q3 2004

Development of USD against EUR



Summary Financials



EUR million	2003	2004	I/04	II/04	III/04	IV/04
Sales	12 172	12 396	3 018	3 103	3 033	3 242
EBITDA*	1 711	1 508	394	363	418	333
Operating profit*	526	336	103	59	132	43
Operating profit	471	706	219	59	206	223
Profit before tax*	319	269	81	49	115	25
Net profit	138	740	407	52	131	150
EPS*, EUR	0.24	0.25	0.06	0.06	0.10	0.03
EPS, basic, EUR	0.16	0.89	0.49	0.06	0.16	0.18
CEPS*, EUR	1.63	1.67	0.41	0.43	0.45	0.38
ROCE*, %	4.5	3.0	3.7	2.2	4.9	1.6
Debt/Equity	0.49	0.38	0.39	0.42	0.41	0.38

*excluding non-recurring items

Transaction Risk and Hedges in 2004

EUR million	EUR	USD	GBP	SEK	CAD	Other	Total
Sales 2004	6 200	3 300	900	1 100	100	800	12 400
Costs 2004	- 6 200	-1 800	-200	-2 000	-200	-500	-10 900
Net operating cash flow	0	1 500	700	-900	-100	300	1 500
Transaction hedges as at 31 Dec		222	136	-103	-28		
Hedging percentage as at 31 Dec		14.8%	19.4%	11.4%	28.0%		
Average hedging percentage during 2004		11.9%	30.8%	14.7%	43.3%		

1) excluding non-recurring items

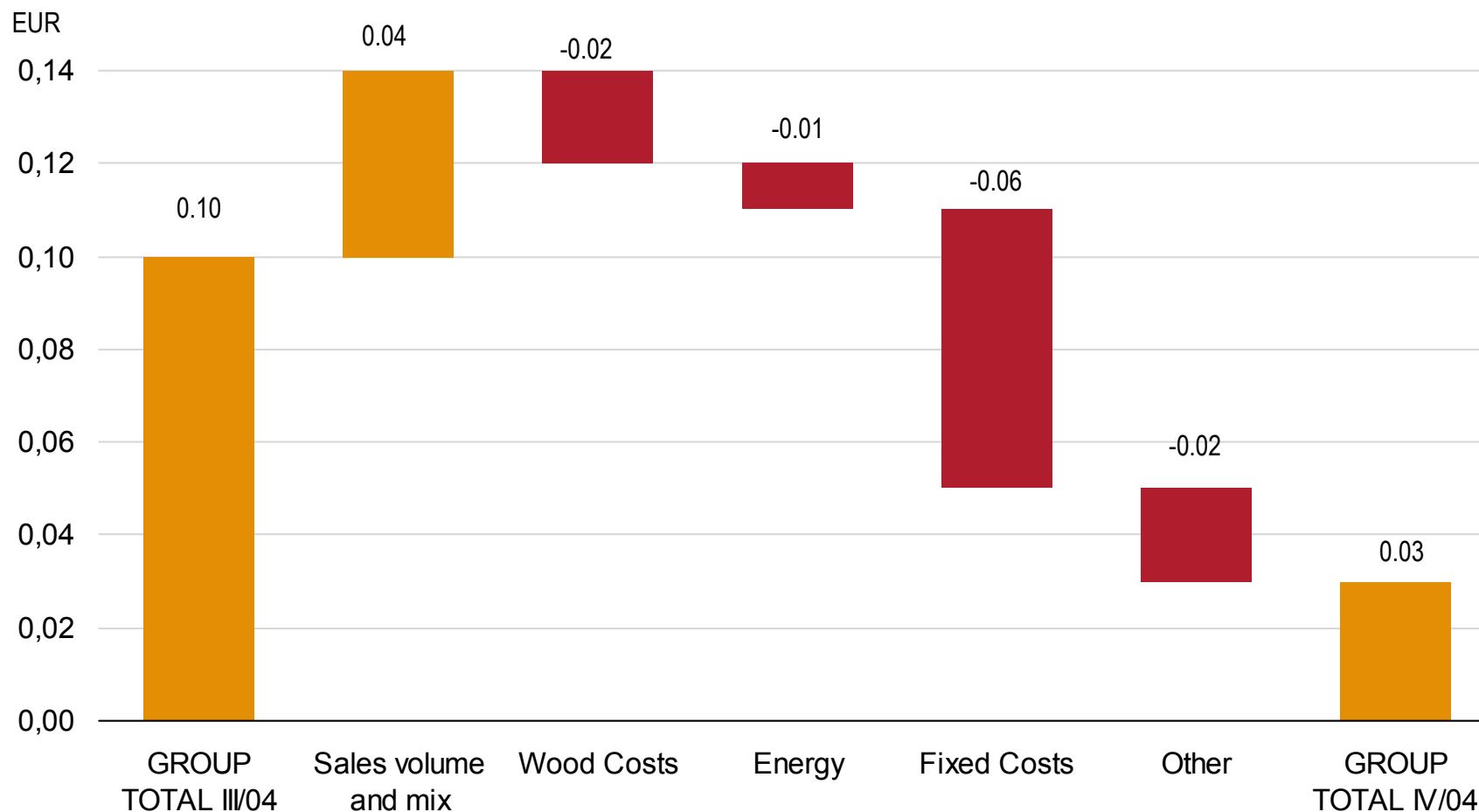
Net Financial Items



EUR million	I/04	II/04	III/04	IV/04
Net interest	-42.0	-34.9	-31.8	-32.6
Foreign exchange profit/loss	4.8	-1.6	-1.5	-2.8
Valuation of financial instruments	13.6	5.9	5.7	7.1
Other financial items	3.3	4.4	0.6	-4.2
Total	-20.3	-26.2	-27.0	-32.5

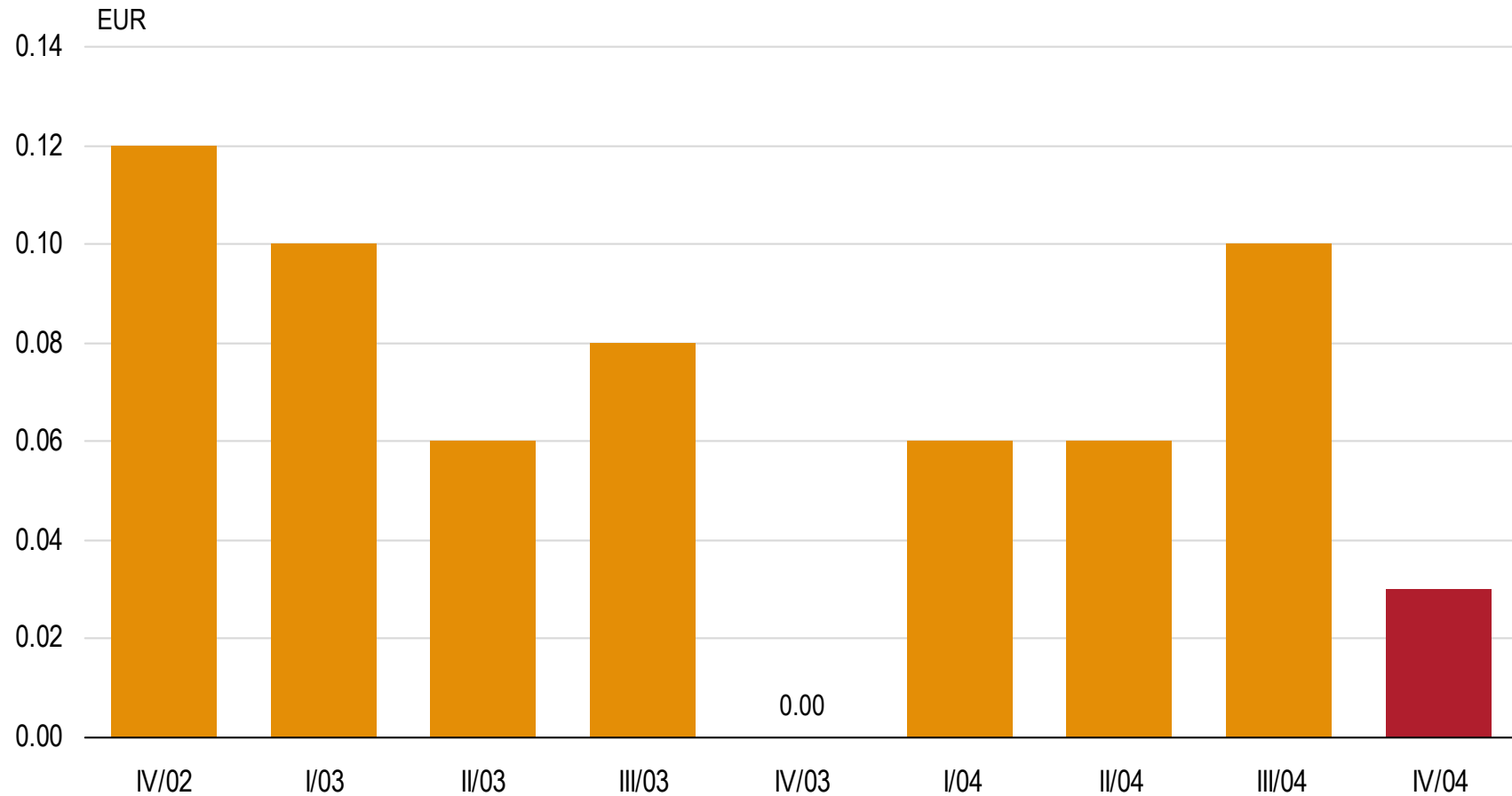
excluding non-recurring items

Change in EPS III/2004 vs IV/2004



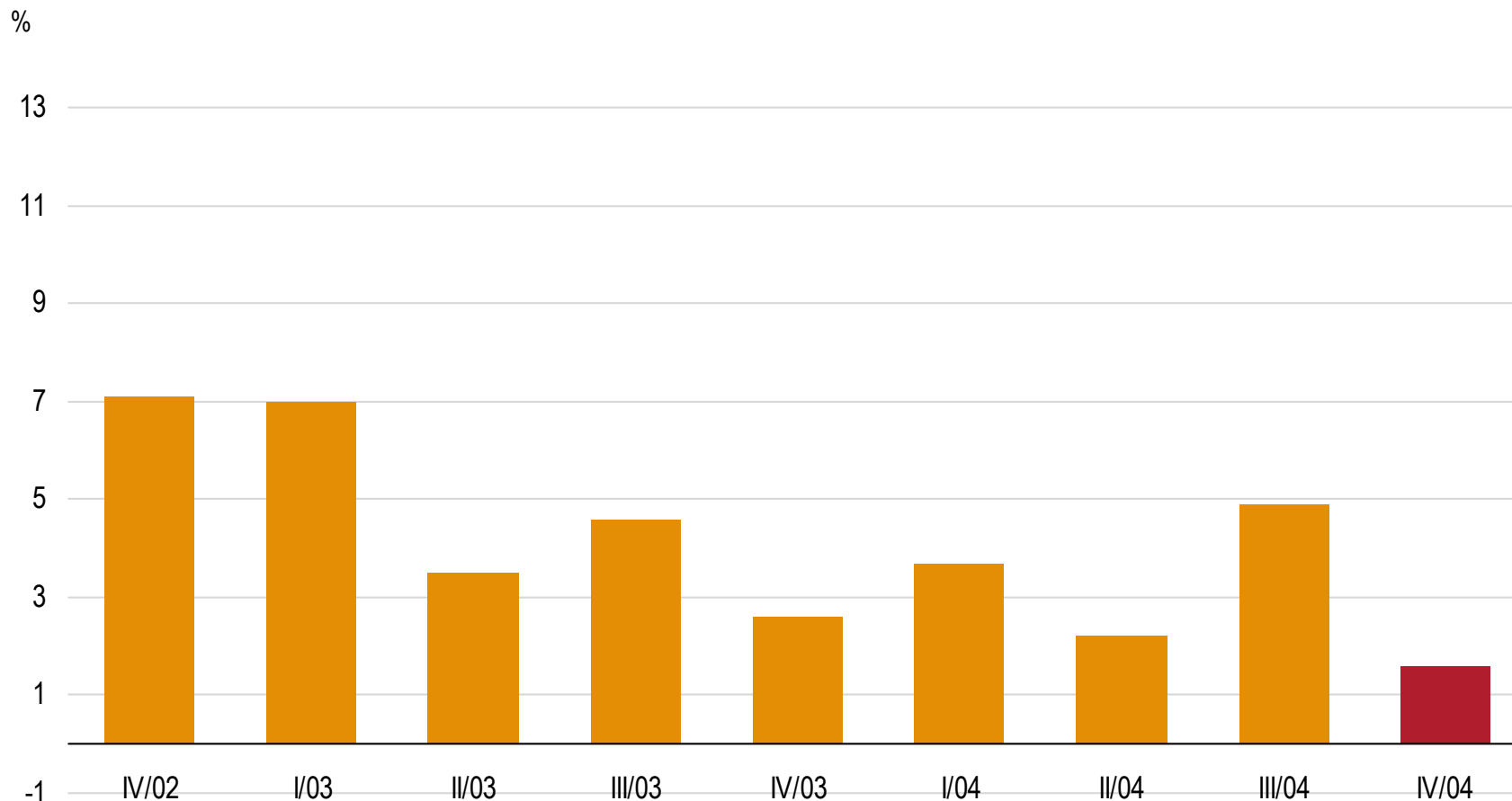
excluding non-recurring items

EPS by Quarter



excluding non-recurring items

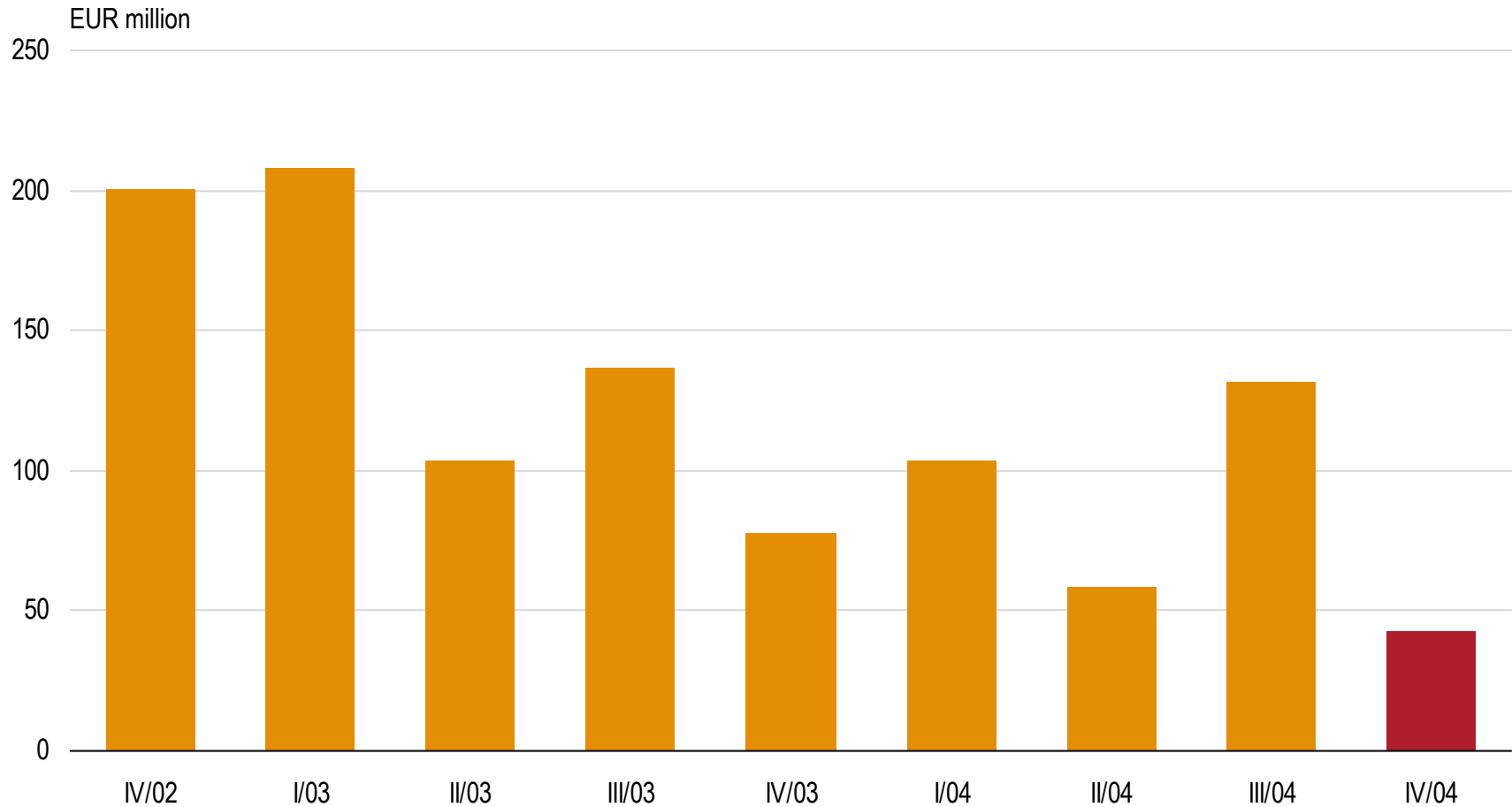
ROCE by Quarter



Target \geq 13% over the cycle (current WACC 8.7 %)

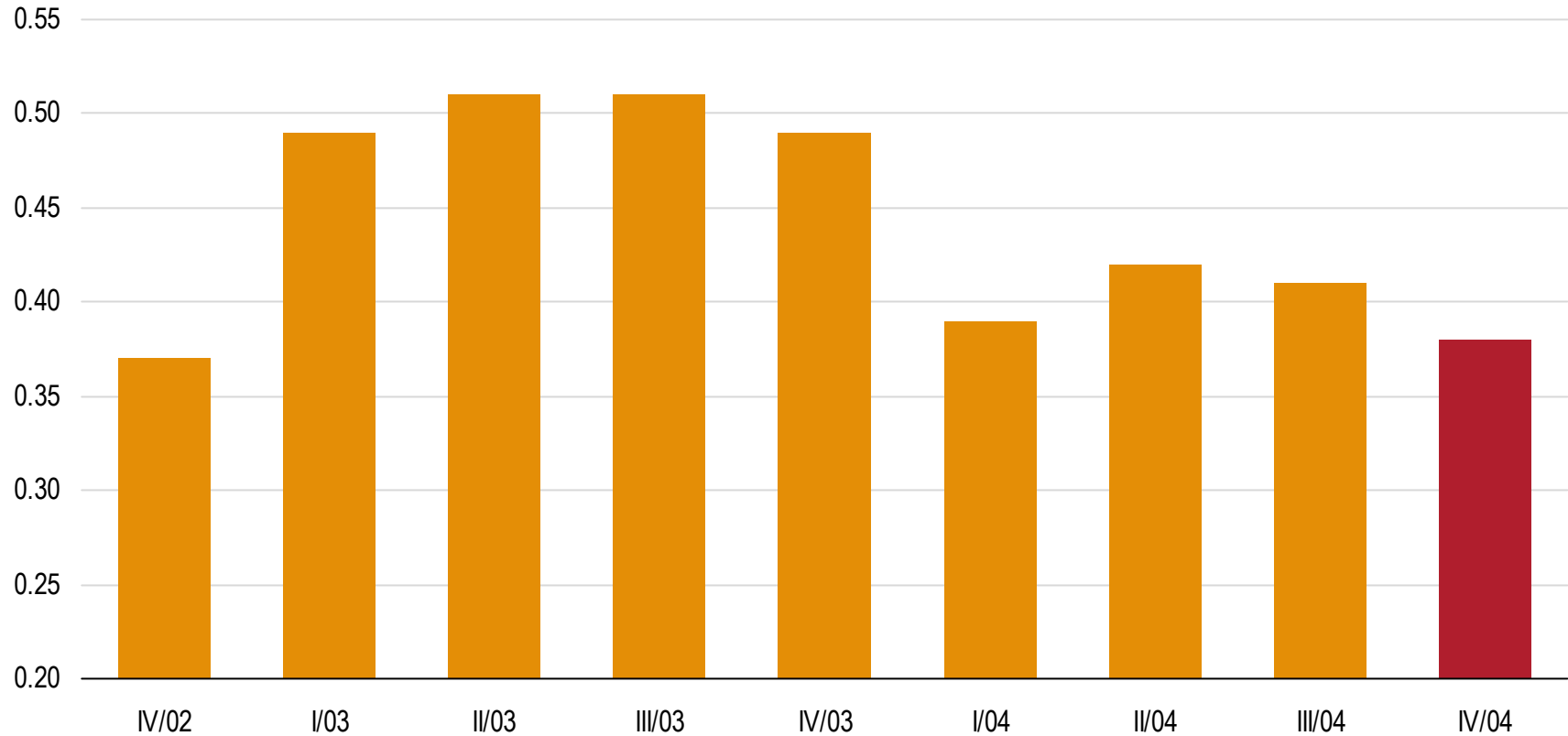
excluding non-recurring items

Operating Profit by Quarter



excluding non-recurring items

Debt/Equity



Target ≤ 0.8

Main Events in Q4/2004

- **Acquisition of 66 % of the shares of Polish packaging producer Intercell S.A.**
 - One of Poland's biggest corrugated packaging companies
 - Integrated operations from waste collection to corrugated packaging production
 - Sales EUR 150 million, EBITDA EUR 27 million, 1 700 employees
- **Divestment of Finnantara plantation in Indonesia**
 - Book value EUR 21 million; minor gain booked
- **Decision to modify the newsprint machine 4 press section at Langerbrugge mill**
 - 40 000 tonnes of production will be lost in early 2005

Events after the Period

- **Announcement of the intention to buy French paper merchant Papeteries de France (PdF) from International Paper**
 - Sales EUR 160 million and sales volumes 160 000 tonnes
- **New syndicated credit facility EUR 1.75 billion**
 - Replacement of existing EUR 2.5 billion syndicated facility in order to save costs while extending maturity
- **Rebuild of a boiler number 2 at Hylte Mill**
 - Capex EUR 40 million
 - Completion February 2006

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Year 2004 Review

Key Figures

	2002	2003	2004
Sales (1 000 tonnes)	13 149	13 551	14 409
Sales (EUR million)	12 783	12 172	12 396
EBITDA* (EUR million)	2 146	1 711	1 508
Operating profit* (EUR million)	900	526	336
Operating profit (EUR million)	-178	471	706
Earnings per share* (EUR)	0.55	0.24	0.25
Earnings per share (EUR)	-0.27	0.16	0.89
Cash earnings per share* (EUR)	1.95	1.63	1.67
Net debt (EUR million)	3 227	3 919	3 051
Debt to equity	0.38	0.49	0.38
ROCE* (%)	7.0	4.5	3.0

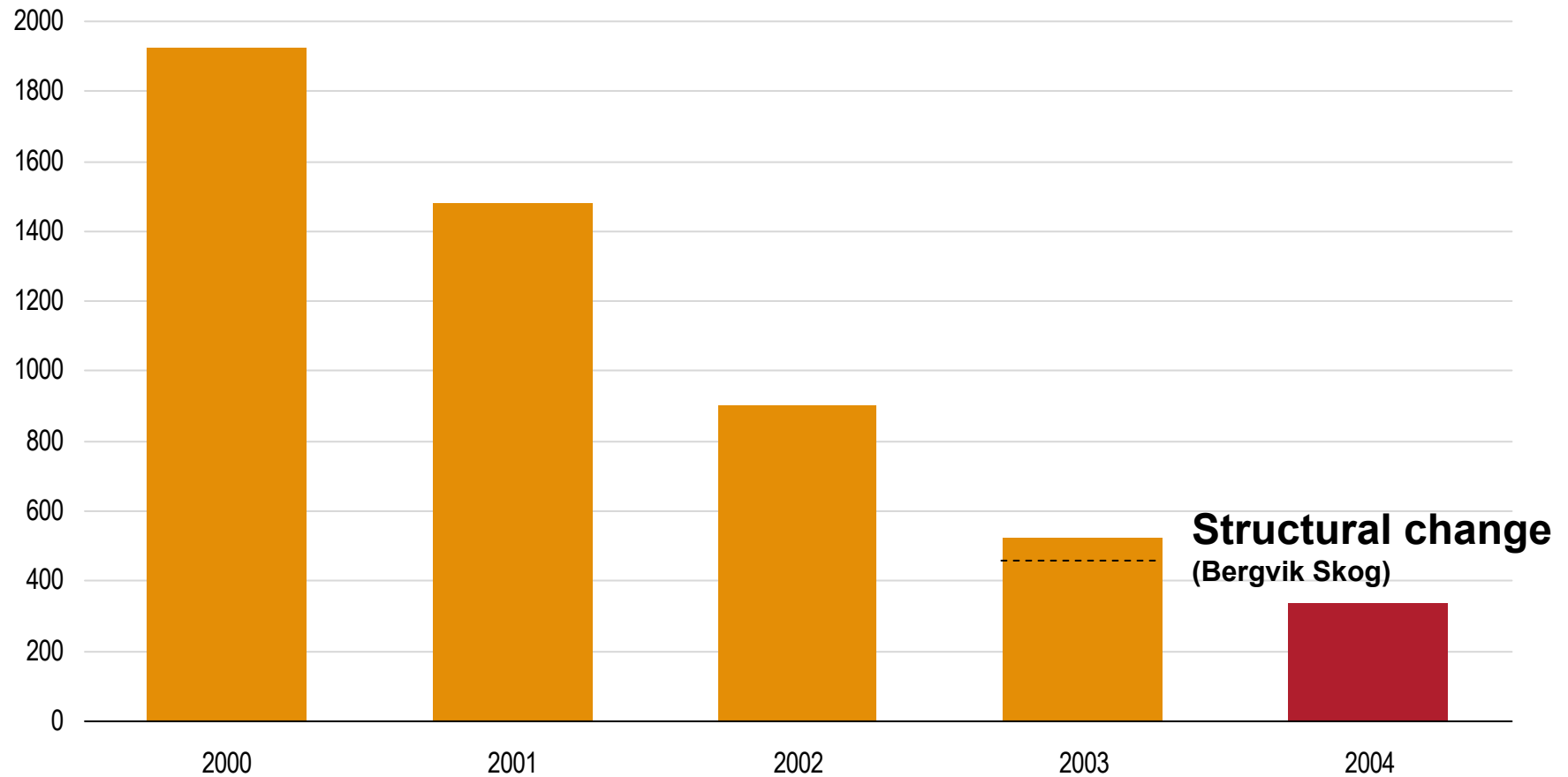
*excluding non-recurring items

Factors Affecting the Financial Performance - 2004

- Deliveries increased by 6.3 %
- EPS excluding non-recurring items increased from 0.24 to 0.25
- Decline in average selling prices
- Two major machine rebuilds in North America
- Weak U.S. dollar
 - Declined 9 % on average vs. 2003
- Divestment of the Swedish forests decreased the operating profit by about EUR 80 million, decreased financial costs by EUR 45 million; net effect EUR 35 million

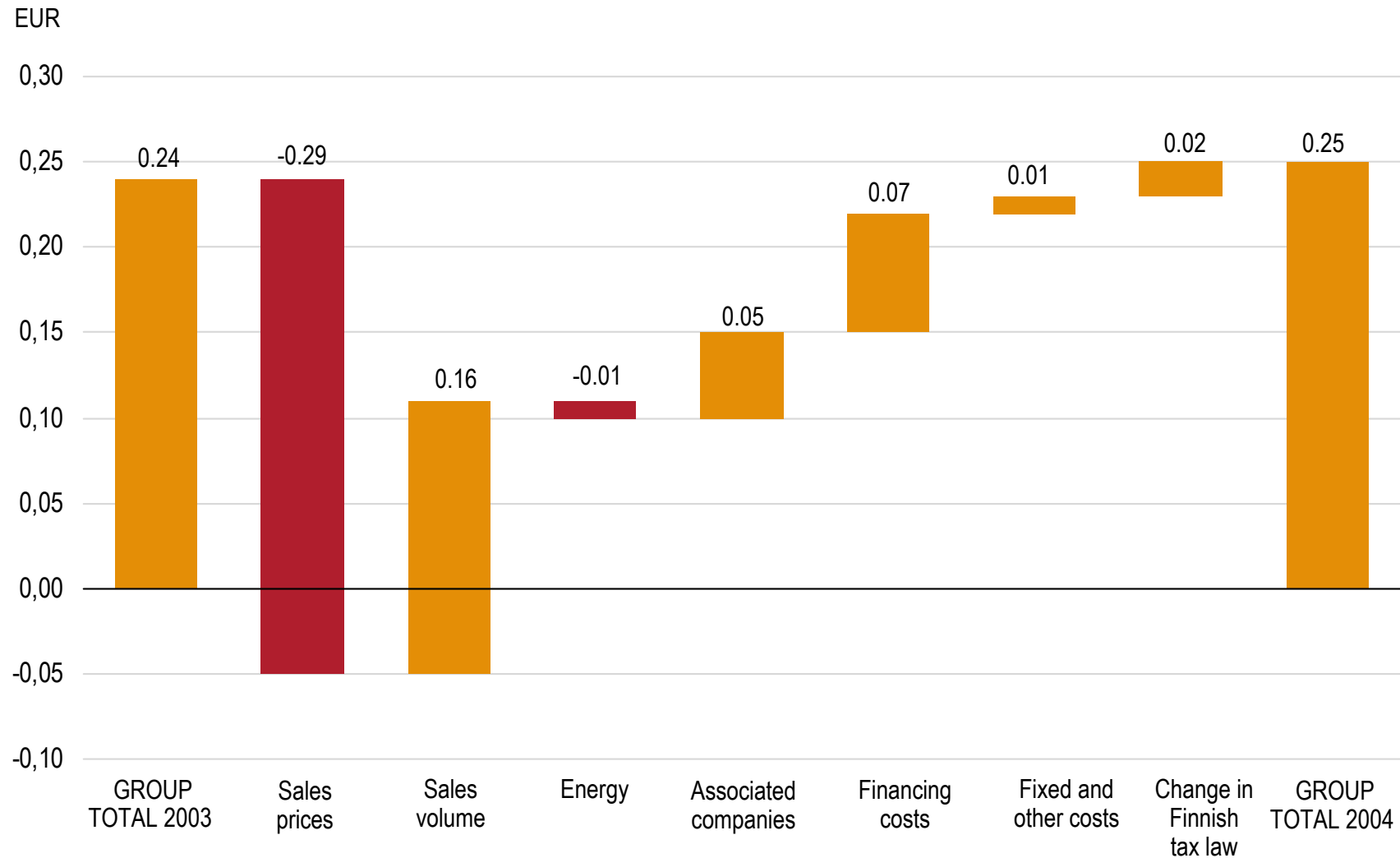
Operating Profit

EUR million



excluding non-recurring items

Change in EPS from 2003 to 2004

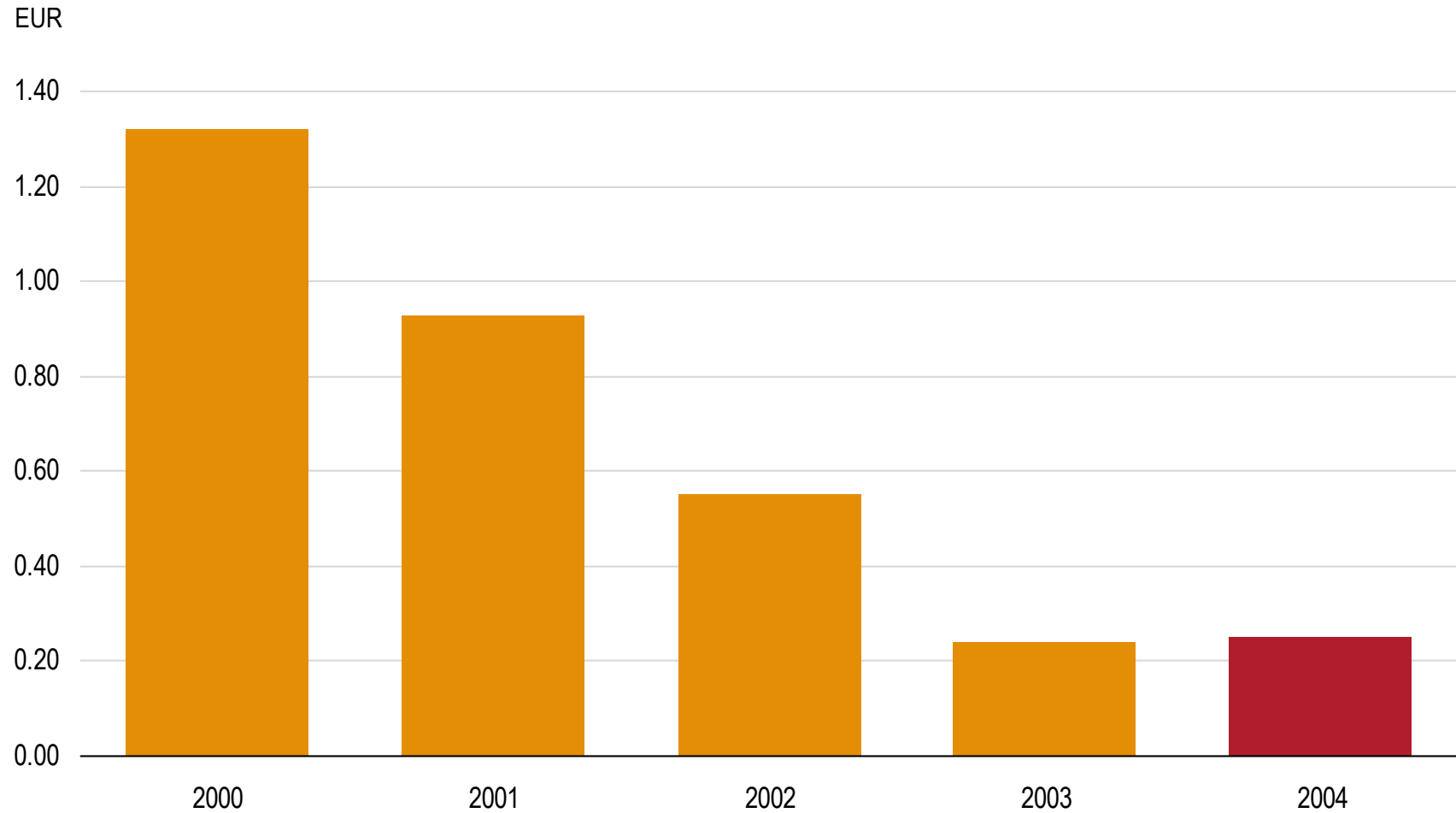


excluding non-recurring items

Market-Related Production Curtailments in 2001-2004

Tonnes	2001	2002	2003	2004
Publication Paper				
Europe	461 000	714 000	448 000	240 000
North America	229 000	160 000	49 000	
Fine Paper				
Europe	504 000	190 000	146 000	36 000
North America	166 000	60 000	30 000	7 000
Packaging	180 000	133 000	109 000	81 000
Total	1 540 000	1 257 000	782 000	364 000

EPS

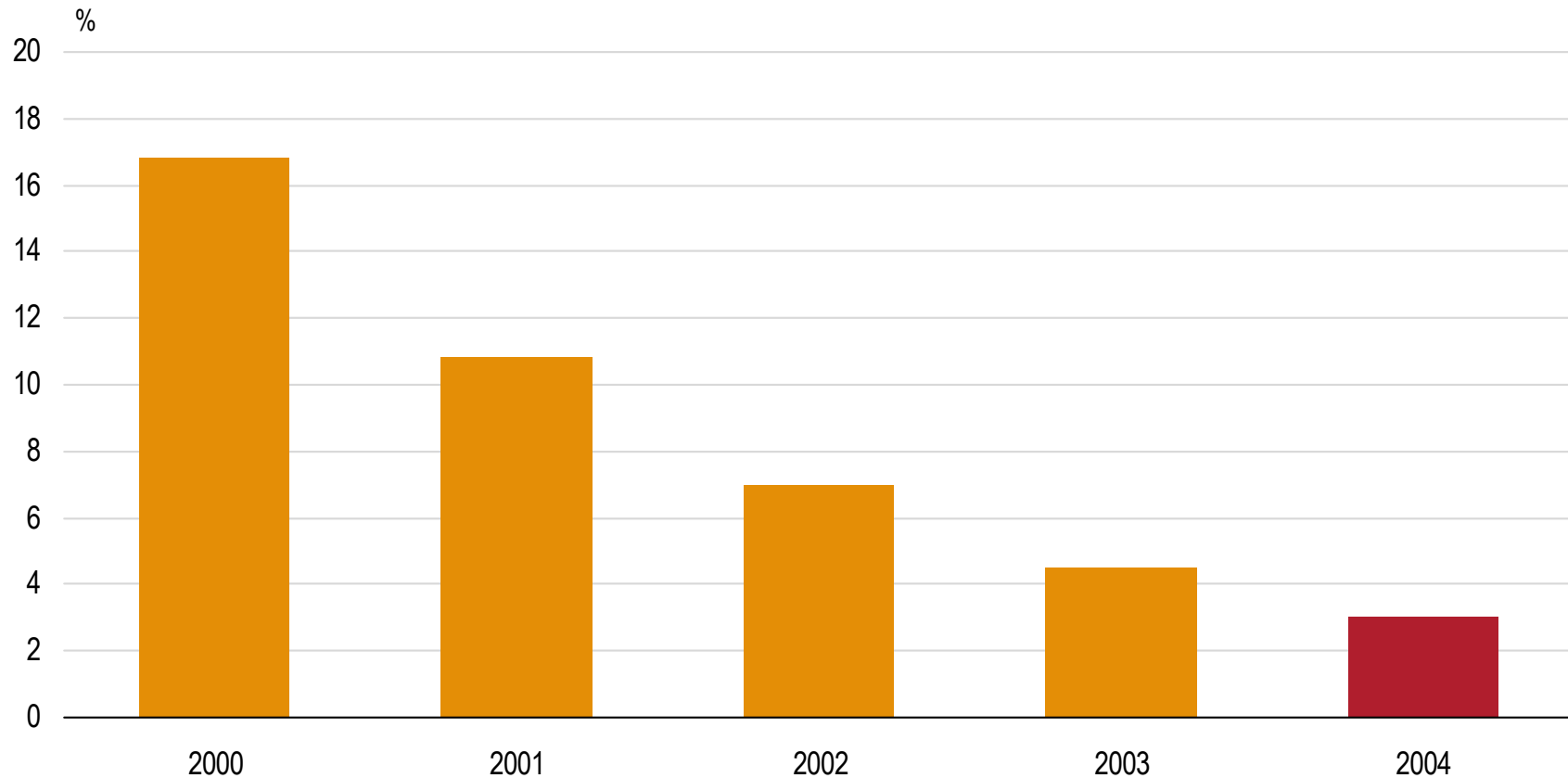


excluding non-recurring items

Non-recurring Items Effect

EUR million	2004 excl. non-recs.	SENA	Bergvik divestment	Finnish TEL pension	2004 IAS
EBIT	336.4	74.1	115.7	179.9	706.1
PTP	269.3	74.1	115.7	179.9	639.0
Net Profit	211.1	44.4	356.5	127.7	739.7
EPS, EUR	0.25	0.05	0.43	0.16	0.89

ROCE

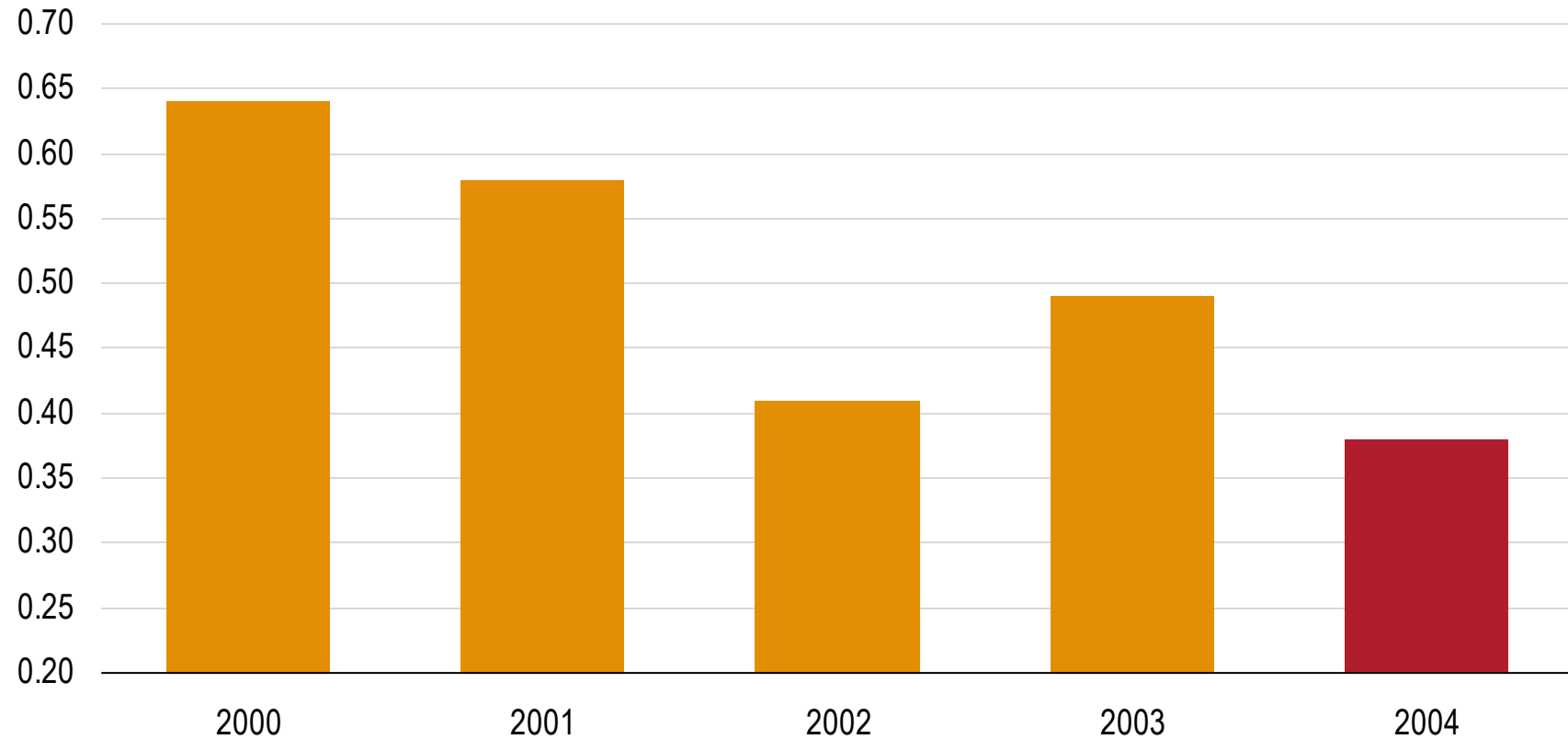


Target \geq 13% over the cycle

Present WACC = 8.7% before tax

excluding non-recurring items

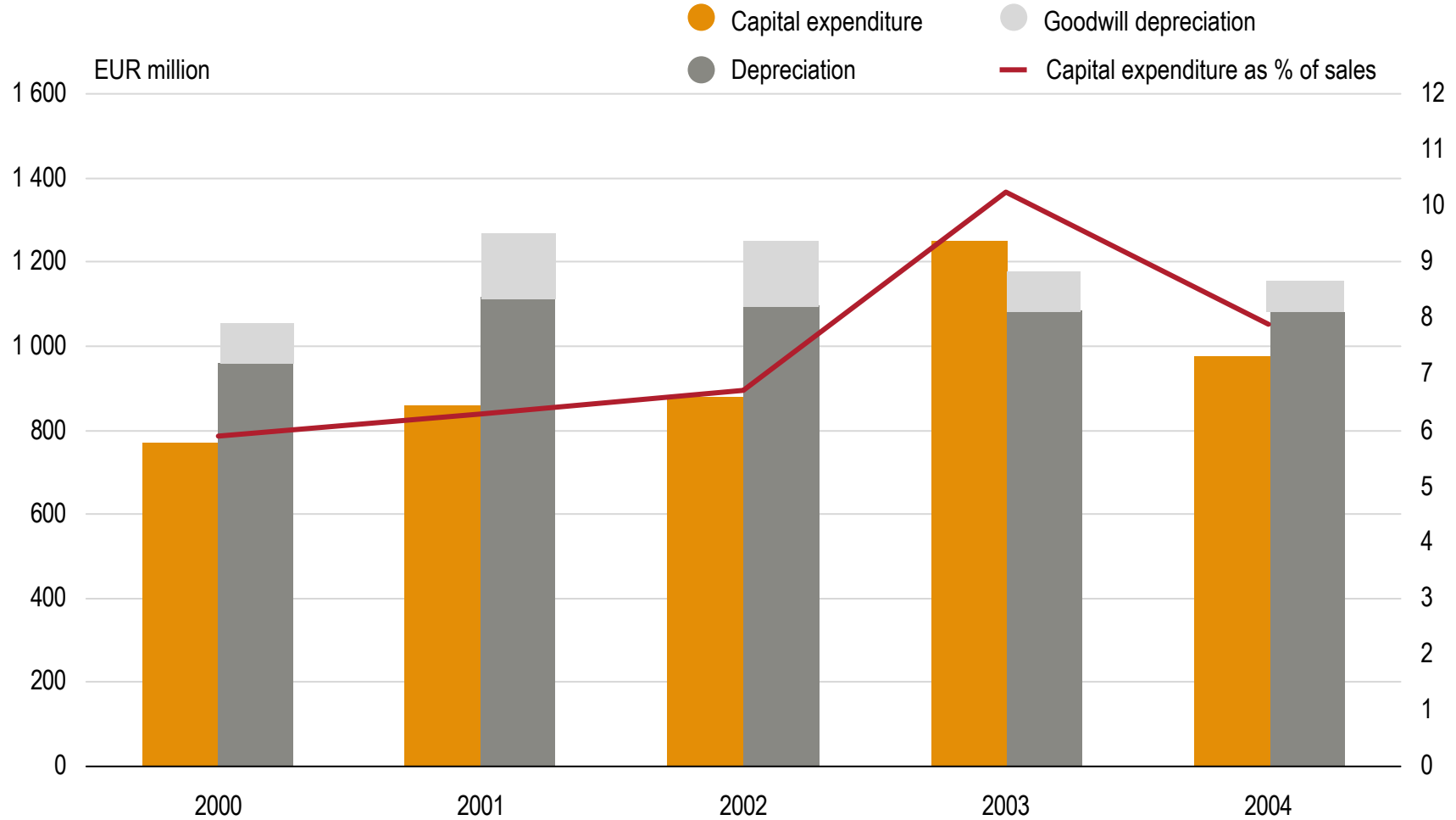
Debt/Equity



Target ≤ 0.8

restated debt/equity ratio

Capital Expenditure and Depreciation



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North America H2 2004

Stora Enso North America Business Results

USD million	2003	2004	H1/04	H2/04
Sales (1 000 tonnes)	2 707	2 820	1 336	1 484
Sales	1 887	1 997	918	1 079
EBITDA*	95	142	17	125
EBITA*	-184	-140	-130	-10
Capital Expenditure	182	204	120	84
Cash flow after Capex	-121	-61	-100	39
Market-related downtime (1 000 tonnes)	79	7		7

*excluding non-recurring items

Stora Enso North America Activities During H2 2004

- Significant improvement in performance
 - Loss of USD 10 million EBITA versus USD 130 million loss in H1 2004
- Both volumes and prices increased
- About USD 10 million negative effect on Port Hawksbury mill result related to the CAD appreciation
- Modification of health care benefits announced in Q3/2004

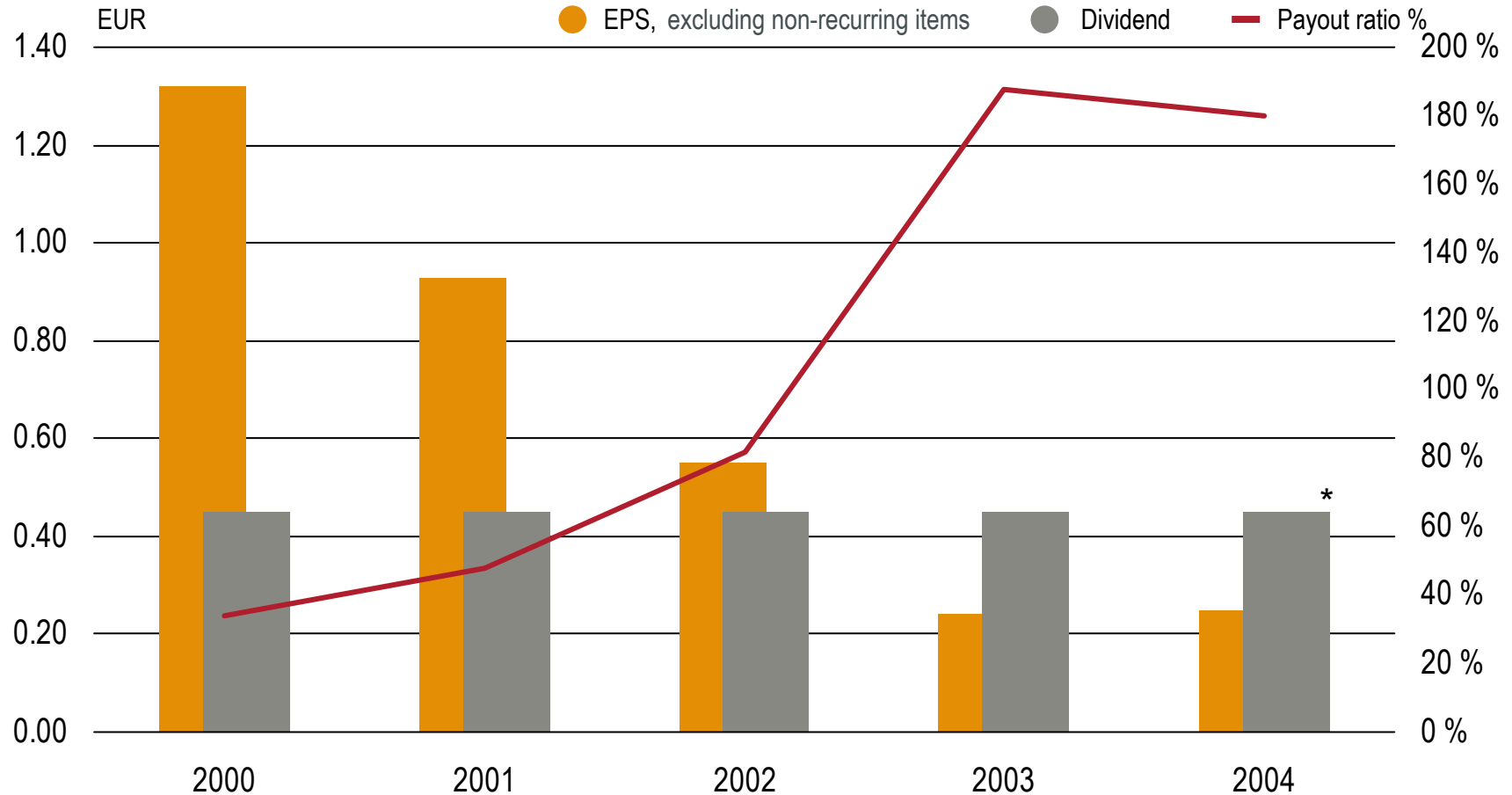
Profit Enhancement Programme

- Programme proceeding according to plan
- Three paper machine shutdowns
- Four Paper machines modernised
 - PM 26 at Biron Mill to be completed February 2005
 - PM 64 Whiting Mills postponed until early 2006
- Workforce to be further reduced to some 5000 people by mid 2005 from 7300 in 2000
- Savings of USD 145 million p.a. to be realised by mid-year 2005

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Shareholder Information

Earnings Per Share and Dividend



*) Board proposal

Share Buy-Back Programme

Current programme approved by AGM 2004 to end 17 March 2005. Allows repurchase up to :

A shares	9 000 000
R shares	32 700 000

Status through 19 January 2005:

Shares	Number of shares purchased:	Average purchase price:	% of authorisation
A shares	12 300	10.65	0.10
R shares	16 709 600	10.83	51.1

	2002	2003	2004
Total shares in issue:	899 778 299	864 262 499	837 243 399

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Market Outlook











Near-term Market Outlook

Western Europe

	Price	Demand	Comments
Magazine Paper SC			Demand is strong; Prices expected to increase Q1 2005
CMR			Demand is strong; Prices expected to increase Q1 2005
Newsprint			Demand is strong; Prices expected to increase Q1 2005
Fine Papers WFC			Good demand; prices stable
WFU			Good demand; prices under pressure
Packaging Boards			Firm demand outlook; moderate price increases are being implemented
Timber			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 Paper SC			Demand remains strong; price increases will continue to be implemented
CMR			Demand remains strong; price increases will continue to be implemented
Newsprint			Demand stable; some price increases are anticipated
Fine Papers WFC			Demand remains strong; further price increases anticipated
Speciality Papers			Demand stable; order back-log strengthening

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**Summary and
Conclusions**

Summary

- Financial result for the full year 2005 is expected to exceed that of 2004
- The demand picture is generally positive
- Some price increases will be implemented in Q1 2005
- Profits are expected to be influenced in Q1 2005 by:
 - Impact of the U.S. 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
- The economic impact of the recent storm in the Northern Europe cannot yet be estimated

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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Appendix

Currency Hedging

- Group's hedging policy is to hedge a maximum 75 % of net cash flows in each major currency
- Major net cash flows (2004):
 - USD + 1 500
 - GBP + 700
 - (EUR million equivalent)
- Operational cash flow hedges had a positive impact of EUR 5 million in Q4/2004 (EUR 16.4 million for 2004)

Operating Profit by Product Area



EUR million	IV/03	I/04	II/04	III/04	IV/04
Publication Paper	43.0	8.7	-3.8	48.2	38.2
% sales	3.9	0.9	-0.4	4.4	3.3
Fine Paper	10.1	18.1	4.6	27.9	13.7
% sales	1.3	2.3	0.6	3.5	1.7
Packaging Boards	51.3	82.1	67.7	84.8	43.0
% sales	7.8	11.9	9.6	12.6	6.1
Wood Products	9.5	11.4	21.3	10.9	-8.9
% sales	2.6	3.1	5.1	2.8	-2.3

excluding non-recurring items

Publication Paper

EUR million	2003	2004	I/04	II/04	III/04	IV/04	Change % III/IV
Sales	4 295.7	4 343.3	1 019.2	1 069.6	1 090.6	1 163.9	6.7
Operating profit	111.1	91.3	8.7	-3.8	48.2	38.2	-20.7
% of sales	2.6	2.1	0.9	-0.4	4.4	3.3	
ROOC, %*	2.8	2.3	0.9	-0.4	4.6	3.6	
Deliveries, 1000 t	6 954	7 398	1 732	1 819	1 846	2 001	8.4
Production, 1000 t	7 011	7 396	1 830	1 782	1 886	1 899	0.7

In Europe:

- Publication paper demand was better than year ago
- Prices were stable, overseas prices increased

In North America:

- Magazine paper demand was good and prices increased
- Imports increased
- Newsprint demand was stable

Fine Paper

EUR million	2003	2004	I/04	II/04	III/04	IV/04	Change % III/IV
Sales	3 197.7	3 173.1	788.9	786.3	791.8	806.1	1.8
Operating profit	153.5	64.3	18.1	4.6	27.9	13.7	-50.9
% of sales	4.8	2.0	2.3	0.6	3.5	1.7	
ROOC, %*	4.4	1.9	2.2	0.5	3.2	1.6	
Deliveries, 1000 t	3 591	3 893	959	964	974	995	2.2
Production, 1000 t	3 624	4 033	984	999	1 041	1 010	-3.0

In Europe:

- Fine paper demand followed the normal seasonal pattern
- Uncoated fine paper prices remained similar to the previous quarter
- Moderate price increases were implemented in coated segment

*100% x Operating profit/Operating capital

In North America:

- Demand for coated fine paper increased substantially
- Price increases were implemented

Asia:

- Fine paper demand experienced seasonal weakening; prices stabilised

Packaging Boards

EUR million	2003	2004	I/04	II/04	III/04	IV/04	Change % III/IV
Sales	2 761.6	2 771.5	692.0	704.4	674.6	700.5	3.8
Operating profit	292.4	277.6	82.1	67.7	84.8	43.0	-49.3
% of sales	10.6	10.0	11.9	9.6	12.6	6.1	
ROOC, %*	11.6	10.6	13.1	10.7	13.4	6.5	
Deliveries, 1000 t	3 006	3 119	776	790	766	787	2.7
Production, 1000 t	3 050	3 090	771	775	798	747	-6.4

- Demand was good in all businesses
- Some prices were increased in consumer boards and coreboards

*100% x Operating profit/Operating capital

Wood Products

EUR million	2003	2004	I/04	II/04	III/04	IV/04	Change % III/IV
Sales	1 400.0	1 566.8	373.1	419.2	388.5	386.0	-0.6
Operating profit	26.5	34.7	11.4	21.3	10.9	-8.9	N/A
% of sales	1.9	2.2	3.1	5.1	2.8	-2.3	
ROOC, %*	5.1	5.2	7.0	12.5	6.3	-5.2	
Deliveries, 1000 m ³	5 822	6 664	1 597	1 777	1 595	1 695	6.3
Production, 1000 m ³	6 168						

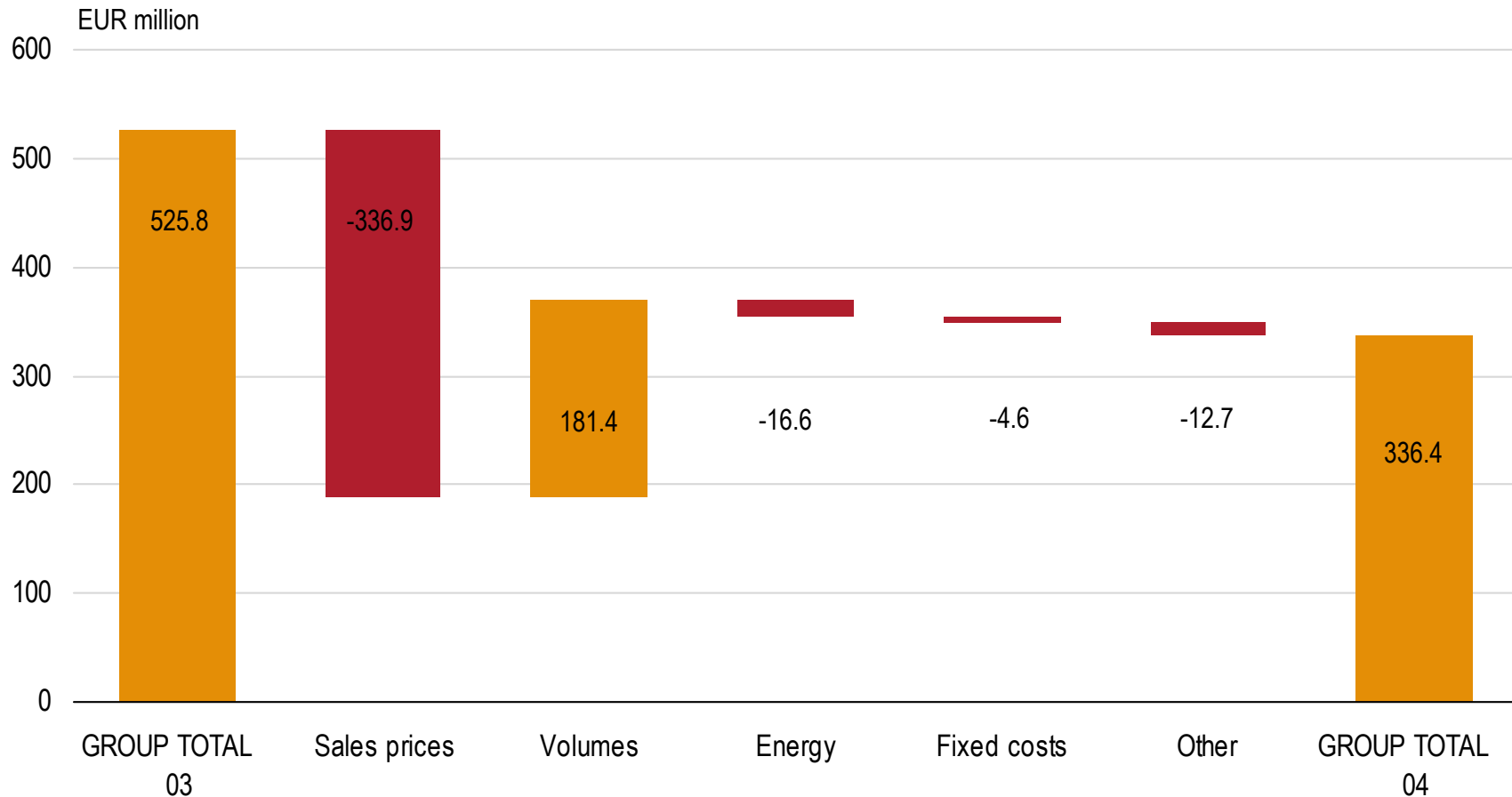
- Increased raw material costs in the Baltic region, Russia and Sweden
- Wood products' markets are oversupplied in Europe, North America and Japan
- Globally the wood products market is stable
- European construction market (whitewood) is polarised
 - Weak outlook in the UK, the Netherlands and Germany; strong elsewhere
- Joinery and retail businesses (redwood) are stable in Europe and overseas market

*100% x Operating profit/Operating capital

Market-Related Production Curtailments

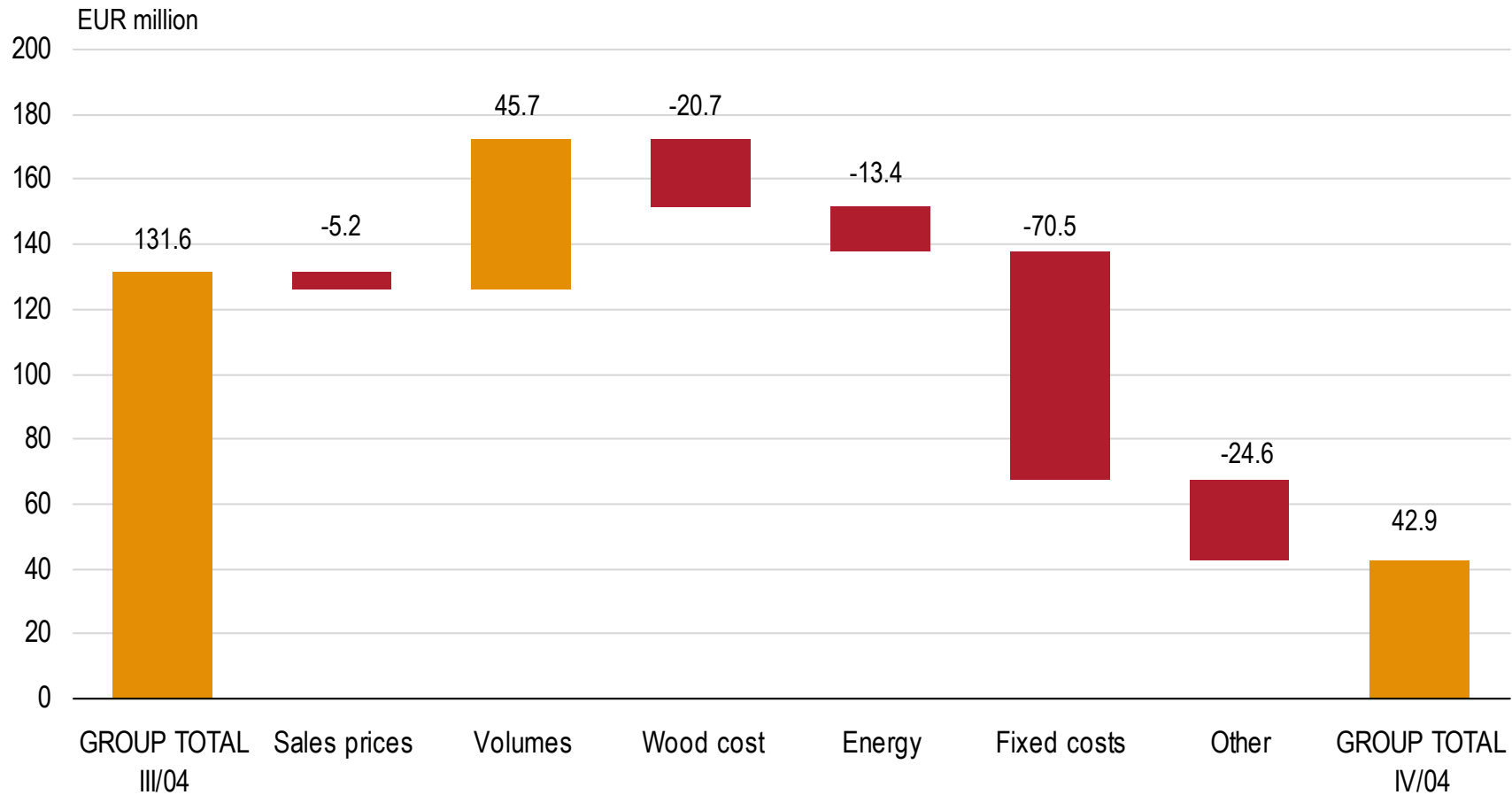
Tonnes	2003	2004	I/2004	II/2004	III/2004	IV/2004
Publication Paper						
Europe	448 000	240 000	93 000	74 000	21 000	52 000
North America	49 000					
Fine Paper						
Europe	146 000	36 000	12 000	8 000	3 000	13 000
North America	30 000	7 000				7 000
Packaging	109 000	81 000	20 000	16 000	37 000	8 000
Total	782 000	364 000	125 000	98 000	61 000	80 000

Change in Group Operating Profit from 2003 to 2004



excluding non-recurring items

Change in Group Operating Profit from III/2004 to IV/2004



excluding non-recurring items

Main Events in 2004

First Quarter:

- Stora Enso restructured its Swedish forestland ownership
 - Retaining 43.3 % ownership in Bergvik Skog
 - Financial effects:
 - Capital employed decreased by EUR 1 272.3 million
 - Wood Supply Europe's operating profit is decreasing by EUR 100 million on annual basis
 - Annual EUR -40 million effect on Group's result after net financial items

Second Quarter:

- The Group's activities in Russia were expanded:
 - Second sawmill at Nebolchi was started
 - Second corrugated packaging mill at Arzamas was started

Main Events in 2004 (cont.)

Third Quarter:

- Acquisition of Dutch paper merchant Scaldia Papier
 - Debt free transaction value EUR 30 million

Fourth Quarter:

- Acquisition of 66 % of the shares of Polish packaging producer Intercell S.A.
- Divestment of Finnantara plantation in Indonesia

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: 4.1% (at a share price of EUR 10.98)
- Record date: 29 March 2005
- Dividend payment issued: 8 April 2005

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results for 2004, visit
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