

Focus on the future

**Financial Results
January - March 2006**

26 April 2006

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.

Highlights Q1 2006



	IV/05	I/06
Sales (EUR million)	3 636.1	3 607.7
Operating profit* (EUR million)	120.9	194.1
Profit before tax* (EUR million)	96.4	210.9
EPS (EUR)	-0.31	0.29
EPS* (EUR)	0.13	0.20
CEPS* (EUR)	0.50	0.54
Debt/Equity	0.66	0.68

*excluding non-recurring items

- Profitability improved due to higher prices
 - Offset by:
 - Ongoing standstill at Port Hawkesbury Mill, Canada EUR -15 million
 - Higher energy and energy-related prices
- Operating profit includes a non-cash EUR -17.6 (EUR -2.0) million fair valuation of share-based options
- A positive non-cash hedging impact of EUR 41.7 (EUR 0.9) million in financial items

Non-Recurring Items Effect during Q1



	Excluding non-recurring items	Non-recurring items	IFRS
EBITDA (EUR million)	463.3	-23.2	440.1
EBIT (EUR million)	194.1	-23.2	170.9
Profit after financial items (EUR million)	210.9	106.8	317.7
Net profit* (EUR million)	156.8	68.2	225.0
EPS (EUR)	0.20	0.09	0.29

*Attributable to Company shareholders

First Quarter Events



- Disposal of Grycksbo Fine Paper Mill and Linghed Sawmill concluded as part of the Asset Performance Review (APR)
- Decision to restart operations at Veitsiluoto Sawmill in Northern Finland at lower production volume in spring 2006
- Launch of an offer to exchange USD 750 million 7.375 % notes due 2011 in to new notes due 2016

Events after the Period



- Stora Enso signed an agreement with Shandong Huatai Paper to form an equity joint venture company to manufacture SC-paper in Shandong Province, China
 - Planned annual capacity of up to 200 000 tonnes
 - Estimated total investment USD 100 (EUR 83) million of which Stora Enso's share is 60%
- Stora Enso's Corenso United Oy Ltd signed an agreement with Foshan Huaxin Packaging Co., Ltd. to purchase the assets of its core manufacturing plant in Nanhai, Foshan in Guangdong Province.
- Stora Enso sold additional USD 208 million of notes due 2016 and USD 300 million of new notes due 2036 raising USD 508 million of net proceeds.

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Financial Figures

Summary Financials



	2005	I/05	IV/05	I/06
Sales (EUR million)	13 188	3 145	3 636	3 608
EBITDA* (EUR million)	1 487	389	412	463
Operating profit* (EUR million)	358	113	121	194
Operating profit (EUR million)	-94	113	-319	171
Profit before tax* (EUR million)	273	84	96	211
Net profit (EUR million)	-126	60	-244	226
EPS* (EUR)	0.28	0.07	0.13	0.20
EPS, basic (EUR)	-0.16	0.07	-0.31	0.29
CEPS* (EUR)	1.70	0.41	0.50	0.54
ROCE* (%)	3.1	4.1	4.1	6.5
Debt/Equity	0.66	0.51	0.66	0.68

*excluding non-recurring items

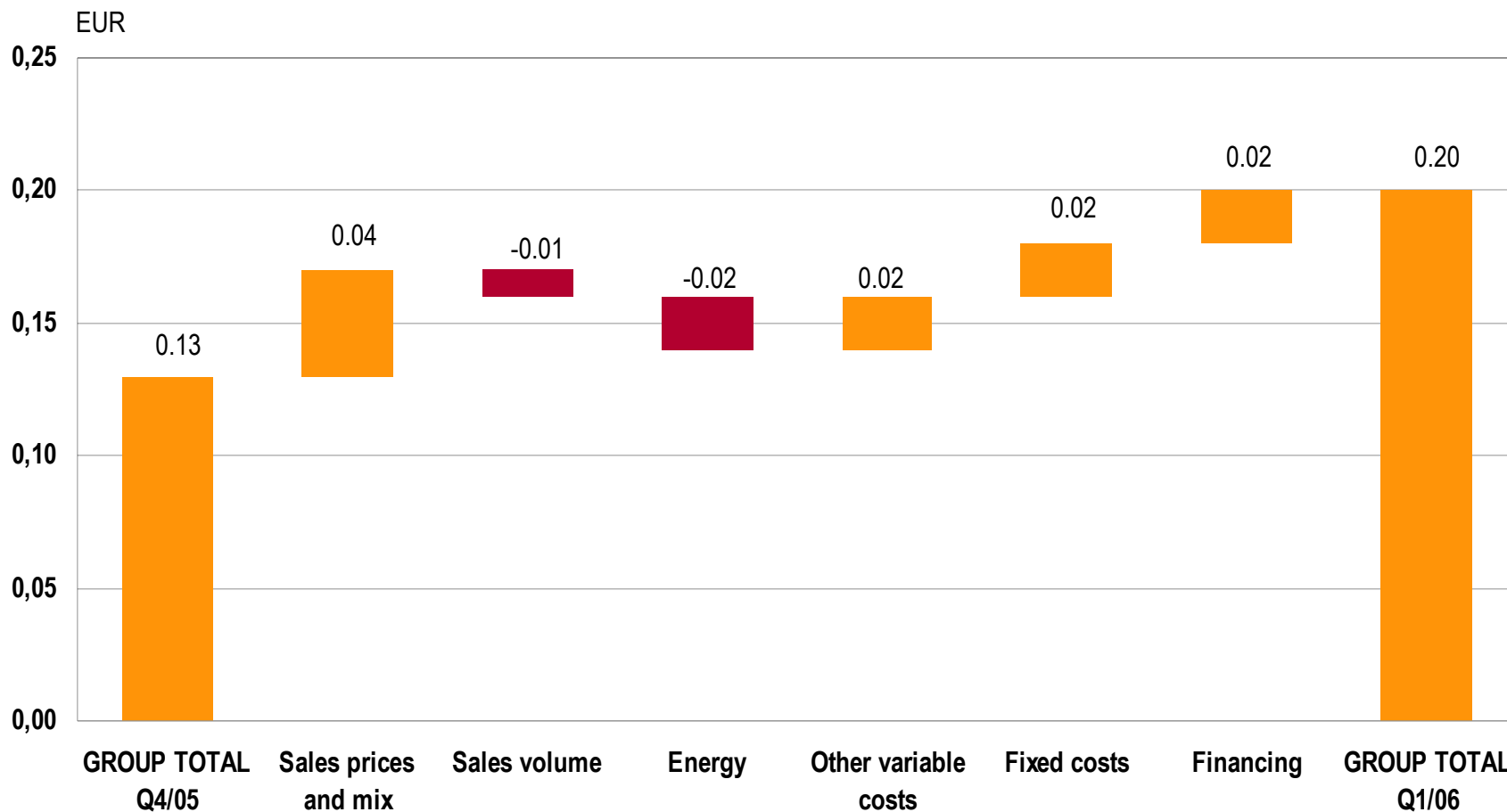
Net Financial Items



EUR million	I/05	II/05	III/05	IV/05	I/06
Net interest	-27.6	-40.2	-43.8	-53.4	-44.2
Foreign exchange profit/loss	5.7	11.2	-3.7	1.2	-7.0
Valuation of financial instruments	-4.3	-6.7	-1.9	-5.7	-14.7
Valuation of option hedges	-14.9	-6.2	29.5	0.9	41.7
Other financial items	-2.0	7.3	-5.1	8.1	139.4
Total	-43.1	-34.6	-25.0	-48.9	115.2

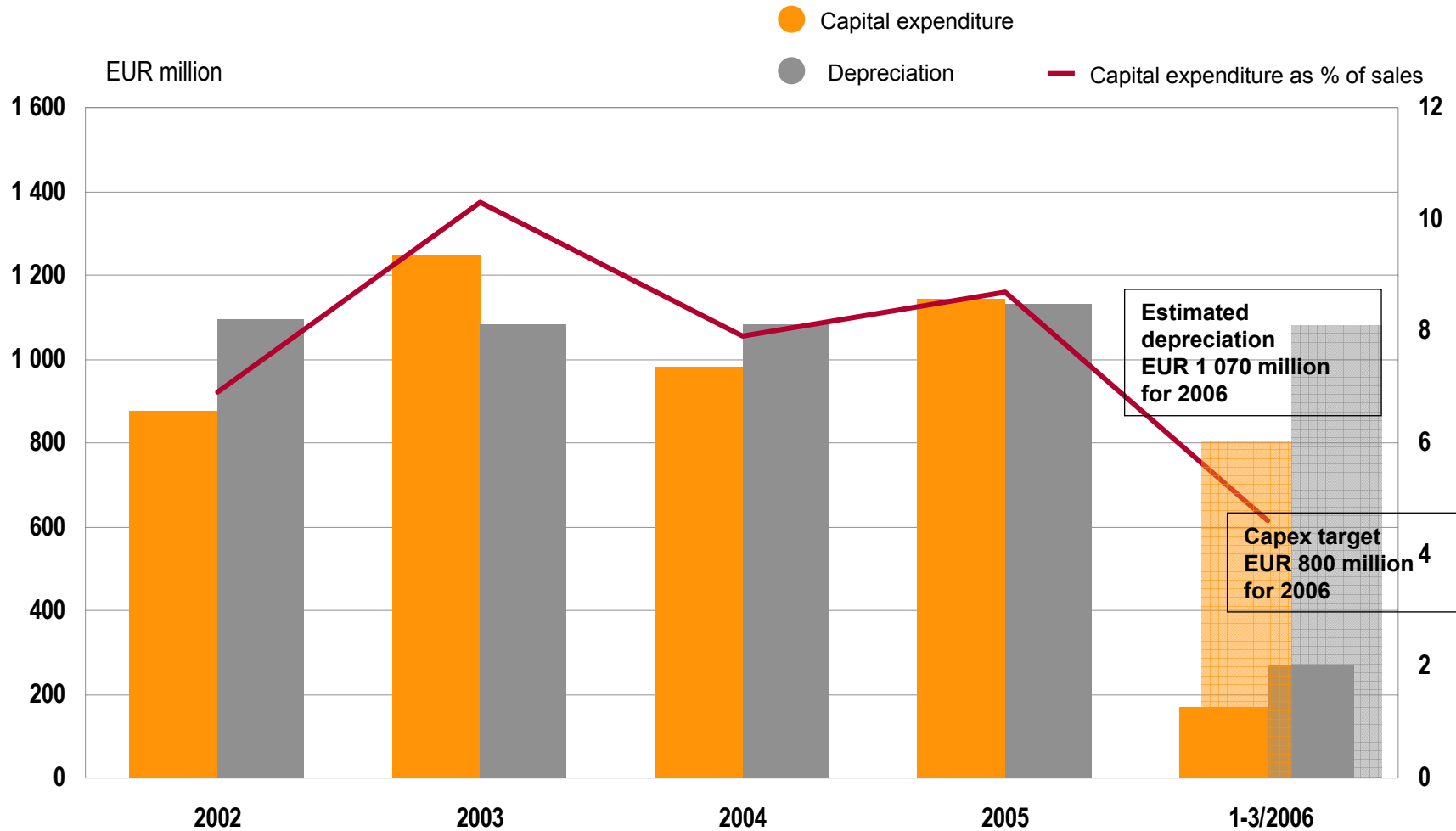
- The shareholding in Sampo Oyj was sold on 15 March
- Capital gain of EUR 130.0 million was recorded and treated as a non-recurring other financial item

Change in EPS from Q4/05 to Q1/06



excluding non-recurring items

Capital Expenditure and Depreciation



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Market Outlook

Near-term Market Outlook

Western Europe



	Demand	Price	Comments
Magazine Papers			
Uncoated Magazine	↗	→	Demand good; prices expected to be stable
Coated Magazine	→	→	Demand outlook and prices expected to be stable
Newsprint	↗	→	Demand good; prices to remain stable
Fine Papers			
Uncoated Fine Paper	↗	↗	Demand outlook somewhat improving; some price increase announcements made for copy paper
Coated Fine Paper	→	→	Stable demand, but seasonal slowing expected; prices expected to remain stable
Packaging Boards	↗	→	Demand is forecast to be good; some price increases announced for industrial packaging
Wood Products	↗	→	Demand generally good; some price increases announced

Note: Near-term = outlook for next 2-3 months

Near-term Market Outlook

North America



	Demand	Price	Comments
Magazine Papers			
Uncoated Magazine			Seasonal improvement in demand; prices remain stable
Coated Magazine			Seasonal improvement in demand; prices remain stable
Newsprint			Weak demand; prices should remain stable
Fine Papers			
Coated Fine Paper			Stable demand and prices

Note: Near-term = outlook for next 2-3 months

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Summary

Summary



- Profitability improved due to higher average sales prices
 - Offset by:
 - Port Hawkesbury Mill standstill
 - Increased energy and energy-related prices
- Continuing focus on cash flow
 - Group's capex target is EUR 800 million for 2006
- Profit 2007 and Asset Performance Review programmes proceeding according to plan
- In Europe trading conditions may not strengthen further compared to first quarter

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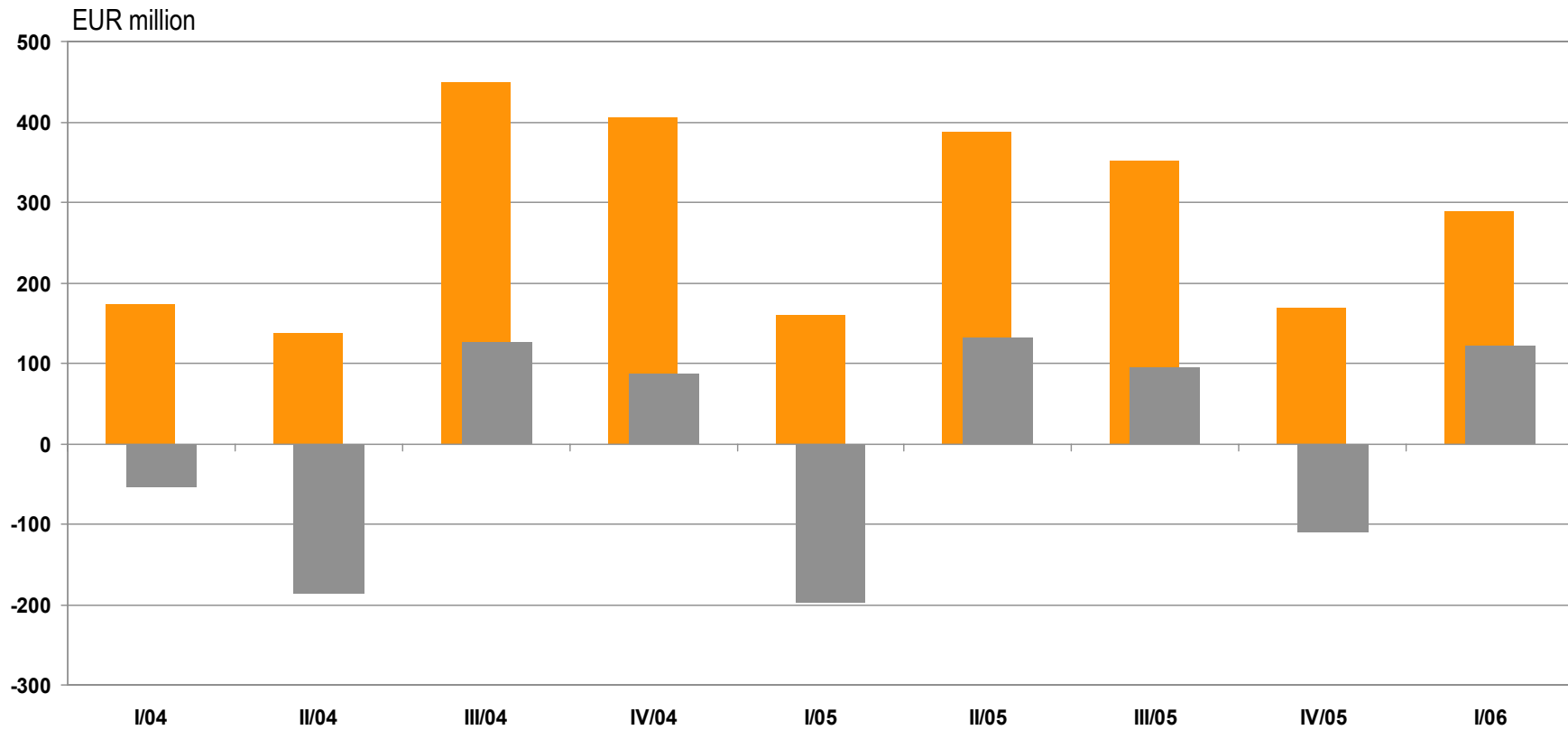
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Appendix

Operating Cash Flow

- Cash flow from operations
- Cash flow after investing activities



Operating Profit by Division



EUR million	I/05	II/05	III/05	IV/05	I/06
Publication Paper	21.6	31.5	67.9	72.3	70.3
% of sales	2.0	2.8	5.8	5.6	6.0
Fine Paper	48.1	-13.6	-1.2	28.9	52.7
% of sales	6.8	-2.2	-0.2	3.9	6.8
Packaging Boards	72.0	11.9	73.5	62.6	99.5
% of sales	9.1	1.5	9.3	7.5	11.4
Wood Products	-4.0	9.9	-1.8	-7.2	3.8
% of sales	-1.1	2.3	-0.5	-1.8	1.0

excluding non-recurring items

Publication Paper



EUR million	2005	I/05	II/05	III/05	IV/05	I/06	Change% I/IV
Sales	4 675.9	1 104.4	1 125.3	1 166.0	1 280.2	1 171.0	-8.5
Operating profit	193.3	21.6	31.5	67.9	72.3	70.3	-2.8
% of sales	4.1	2.0	2.8	5.8	5.6	6.0	
ROOC, %*	4.4	2.0	2.8	5.9	6.4	6.3	
Deliveries, 1 000 t	7 008	1 685	1 708	1 734	1 881	1 666	-11.4
Production, 1 000 t	7 087	1 759	1 587	1 849	1 892	1 717	-9.2

In Europe:

- Demand weaker than previous quarter for seasonal reasons
- Prices increased in all grades; largest increase in newsprint

*) 100% x Operating profit/Operating capital
excluding non-recurring items

In North America:

- Demand seasonally weaker in Q1 2006
- Newsprint prices higher than previous quarter and magazine paper prices unchanged

Fine Paper



EUR million	2005	I/05	II/05	III/05	IV/05	I/06	Change% I/IV
Sales	2 690.3	708.7	618.3	625.4	737.9	776.3	5.2
Operating profit	62.2	48.1	-13.6	-1.2	28.9	52.7	82.4
% of sales	2.3	6.8	-2.2	-0.2	3.9	6.8	
ROOC, %*	2.2	6.8	-1.9	-0.2	4.2	7.6	
Deliveries, 1 000 t	3 521	960	808	811	942	994	5.5
Production, 1 000 t	3 554	943	715	914	982	1 029	4.8

*) 100% x Operating profit/Operating capital
excluding non-recurring items

In Europe:

- Demand improved quarter-on-quarter
- Prices improved in uncoated and were stable in coated fine paper

In North America:

- Demand in coated fine paper stronger than previous quarter
- Prices were stable

Packaging Boards



EUR million	2005	I/05	II/05	III/05	IV/05	I/06	Change% I/IV
Sales	3 190.2	794.5	768.2	788.7	838.8	869.0	3.6
Operating profit	220.0	72.0	11.9	73.5	62.6	99.5	58.9
% of sales	6.9	9.1	1.5	9.3	7.5	11.4	
ROOC, %*	7.3	9.3	1.5	9.6	8.3	13.4	
Deliveries, 1 000 t	3 621	929	873	890	929	959	3.2
Production, 1 000 t	3 678	1 002	715	1 009	952	1 005	5.6

*) 100% x Operating profit/Operating capital
excluding non-recurring items

- Good demand
- Prices were stable in consumer boards, but increased in industrial packaging boards and speciality papers

Wood Products

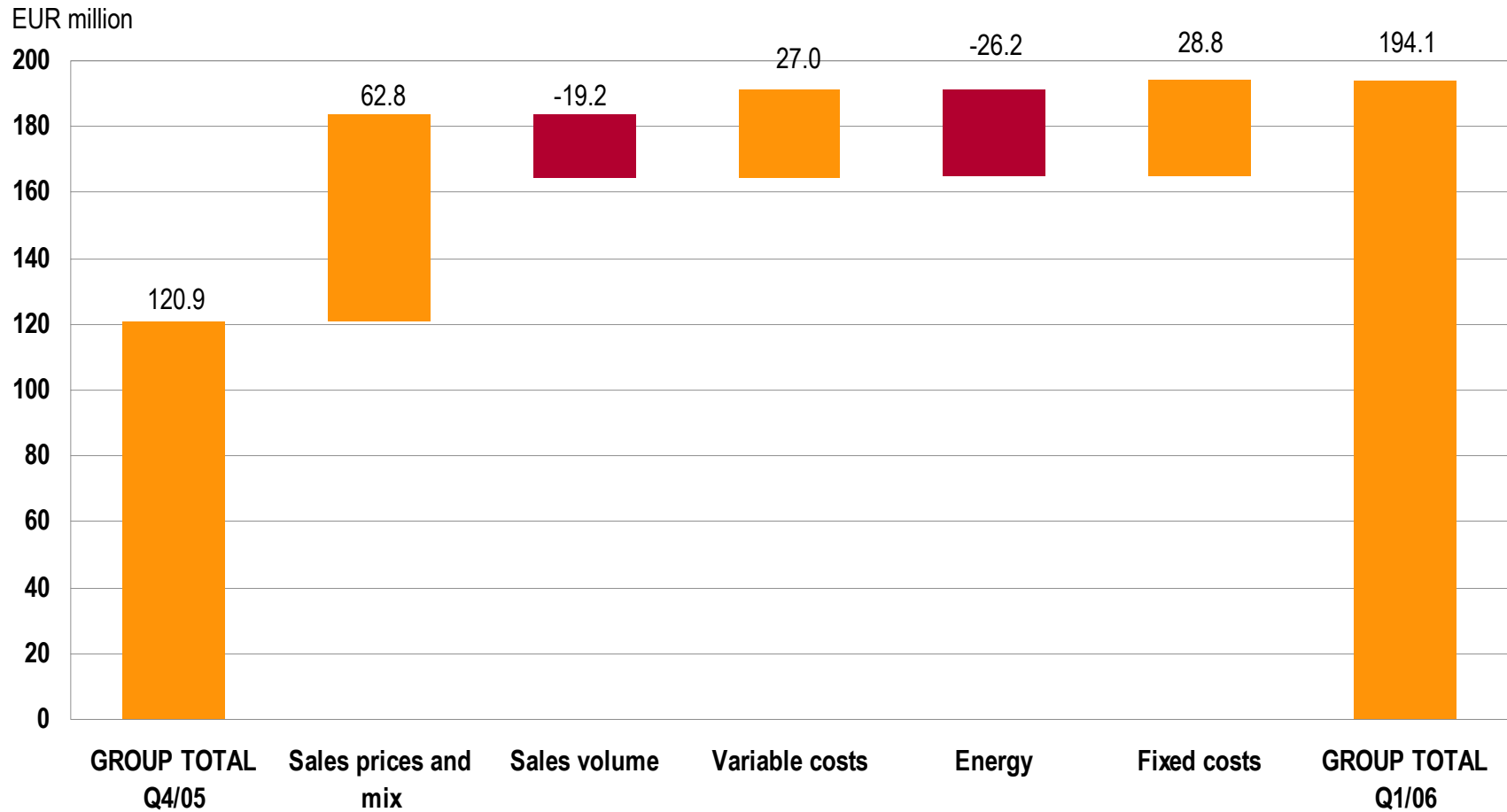


EUR million	2005	I/05	II/05	III/05	IV/05	I/06	Change% I/IV
Sales	1 588.3	366.9	433.7	398.0	389.7	377.1	-3.2
Operating profit	-3.1	-4.0	9.9	-1.8	-7.2	3.8	n/a
% of sales	-0.2	-1.1	2.3	-0.5	-1.8	1.0	
ROOC, %*	-0.5	-2.3	5.5	-1.0	-4.2	2.3	
Deliveries, 1 000 m ³	6 741	1 541	1 855	1 639	1 706	1 563	-8.4

*) 100% x Operating profit/Operating capital
excluding non-recurring items

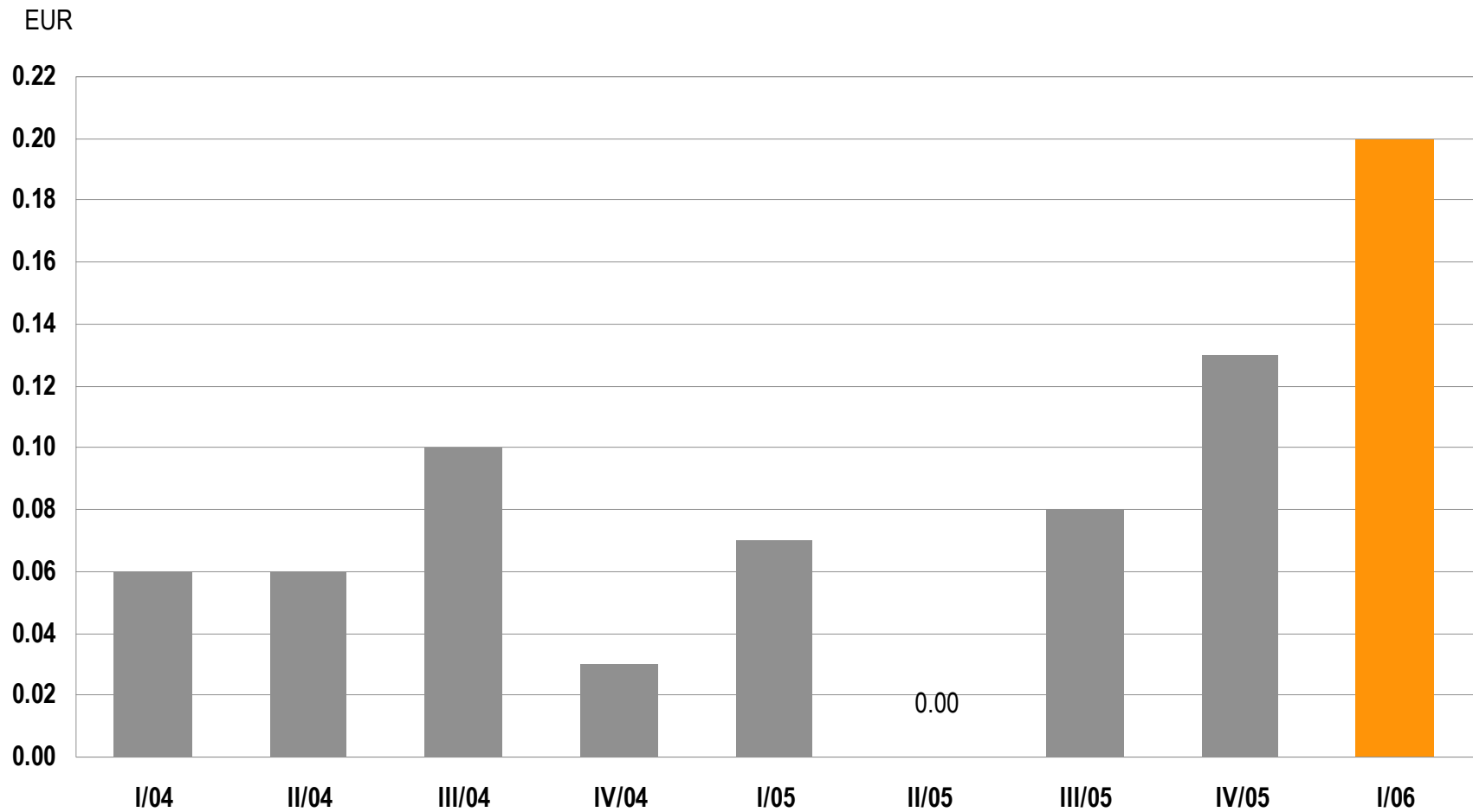
- Good demand
- Some price increases achieved
- Trading conditions remained challenging
- Profitability continued to be low

Change in Group Operating Profit from Q4/05 to Q1/06



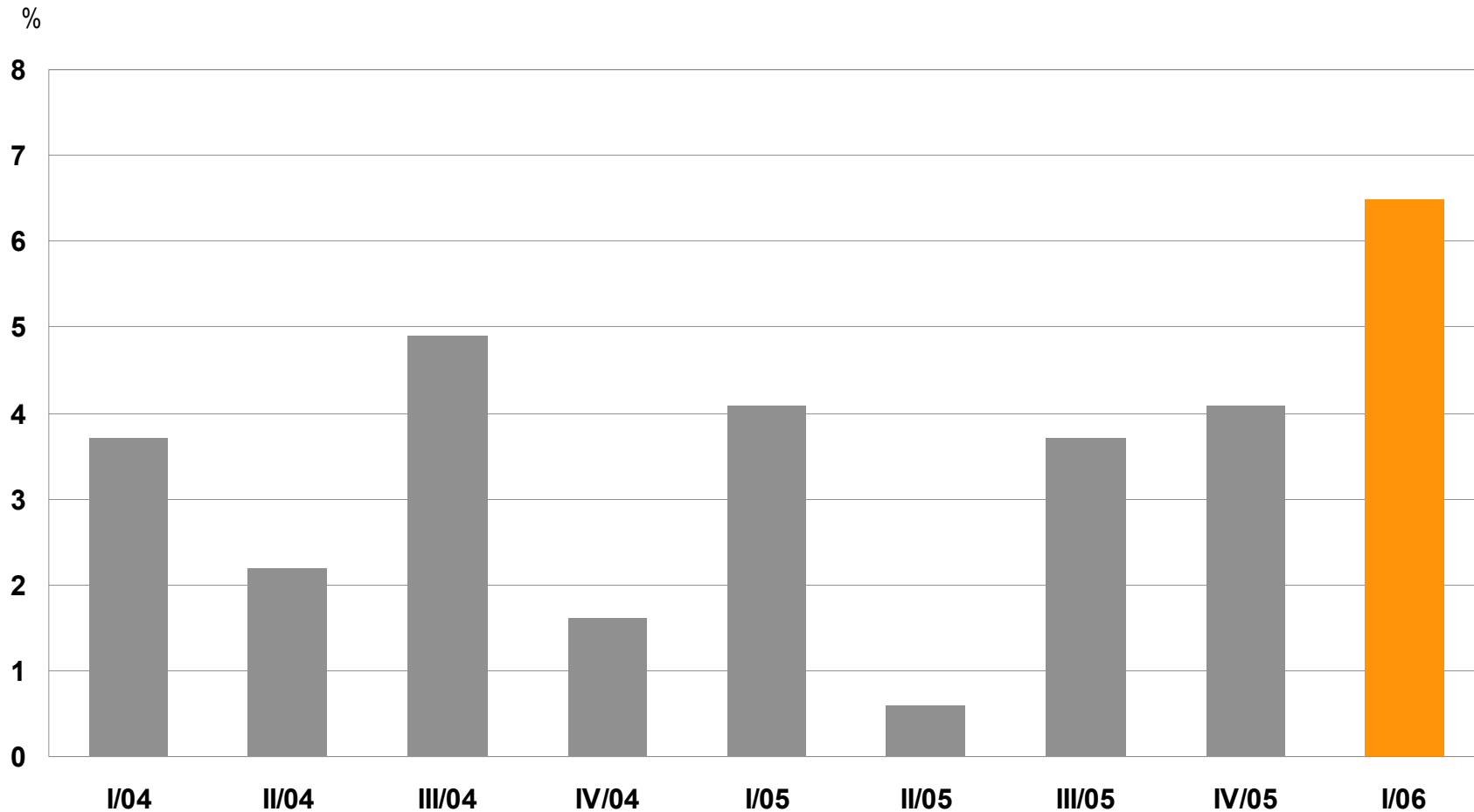
excluding non-recurring items and goodwill amortisation

EPS by Quarter



excluding non-recurring items

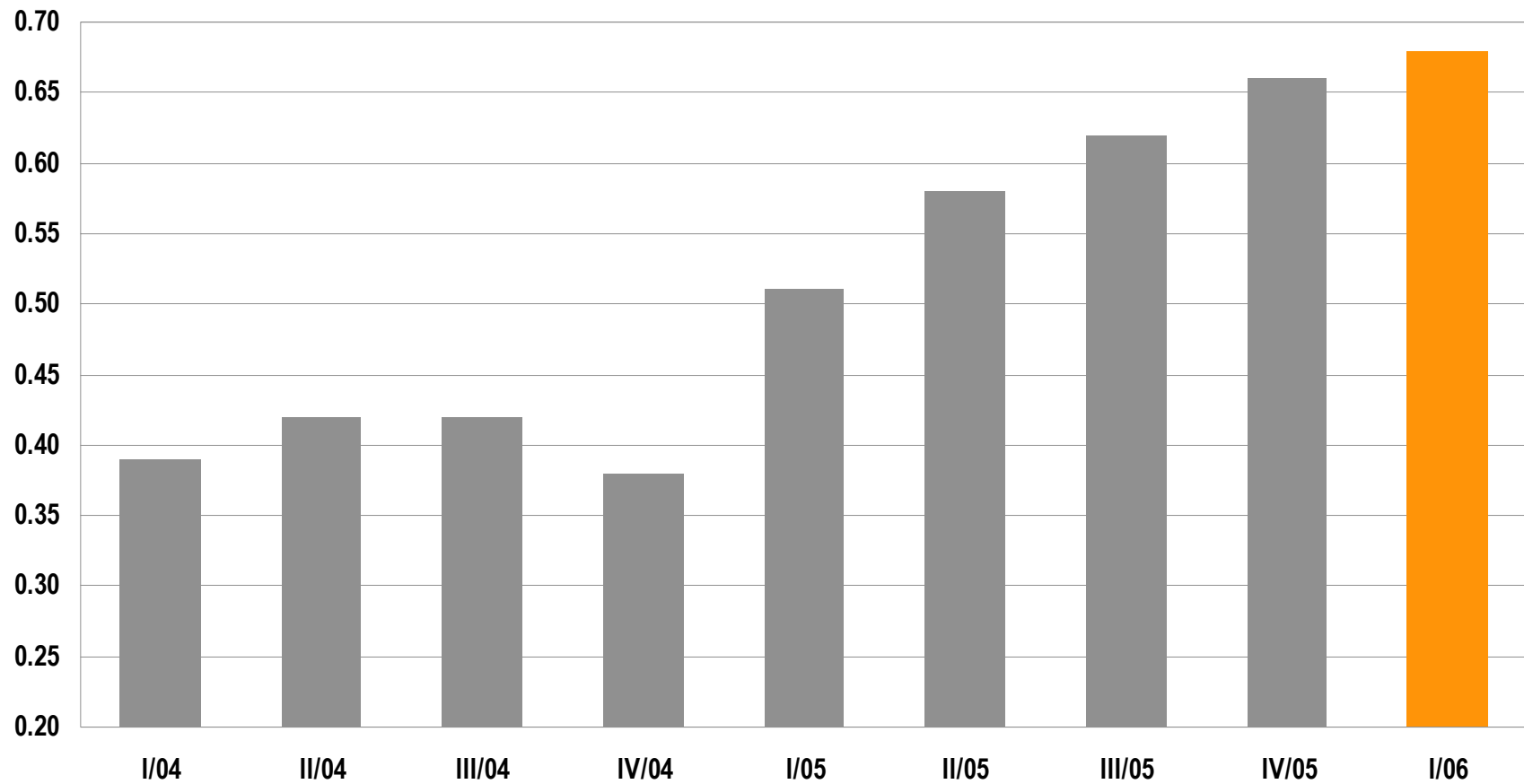
ROCE by Quarter



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

excluding non-recurring items

Debt/Equity

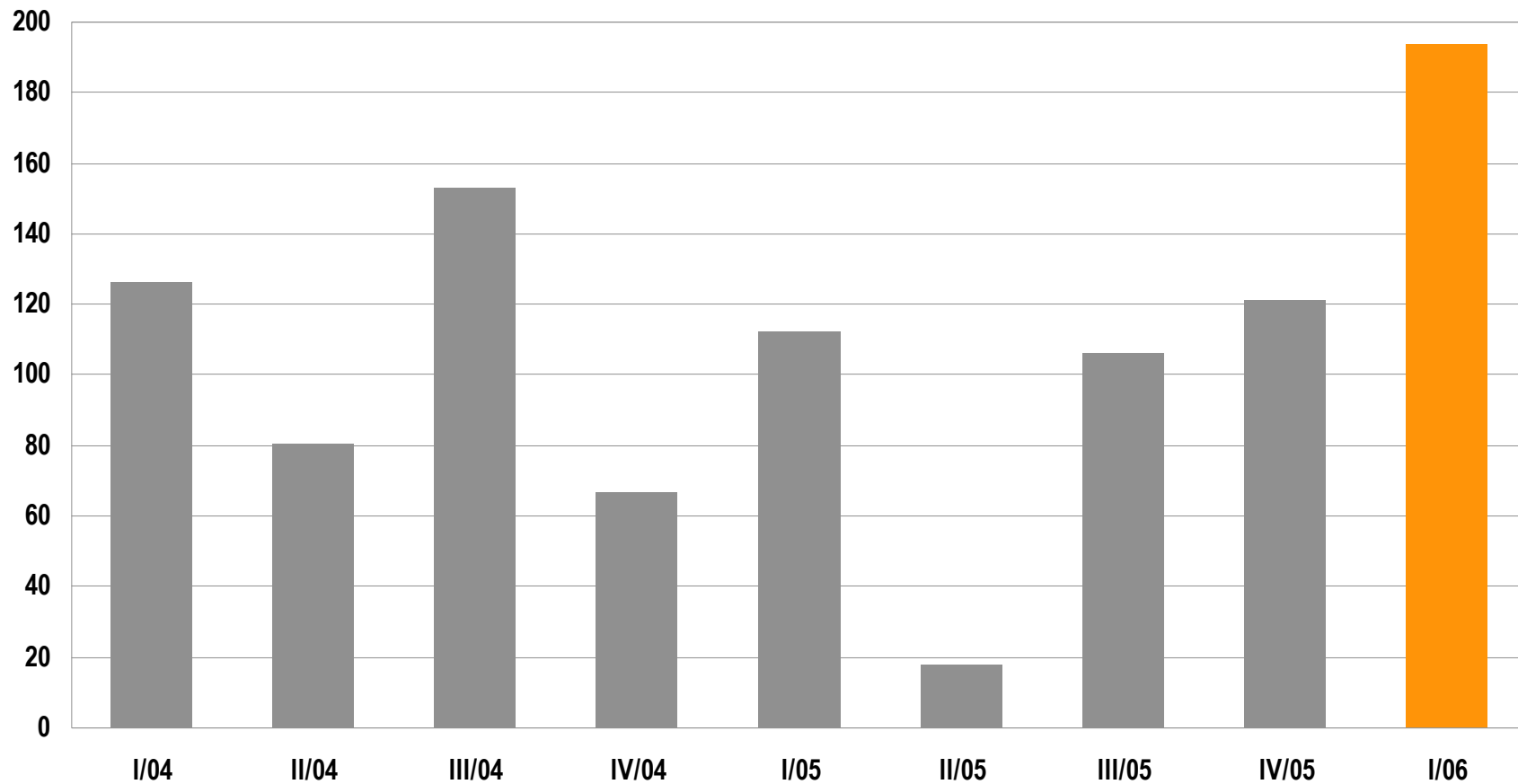


Target ≤ 0.8

Operating Profit by Quarter

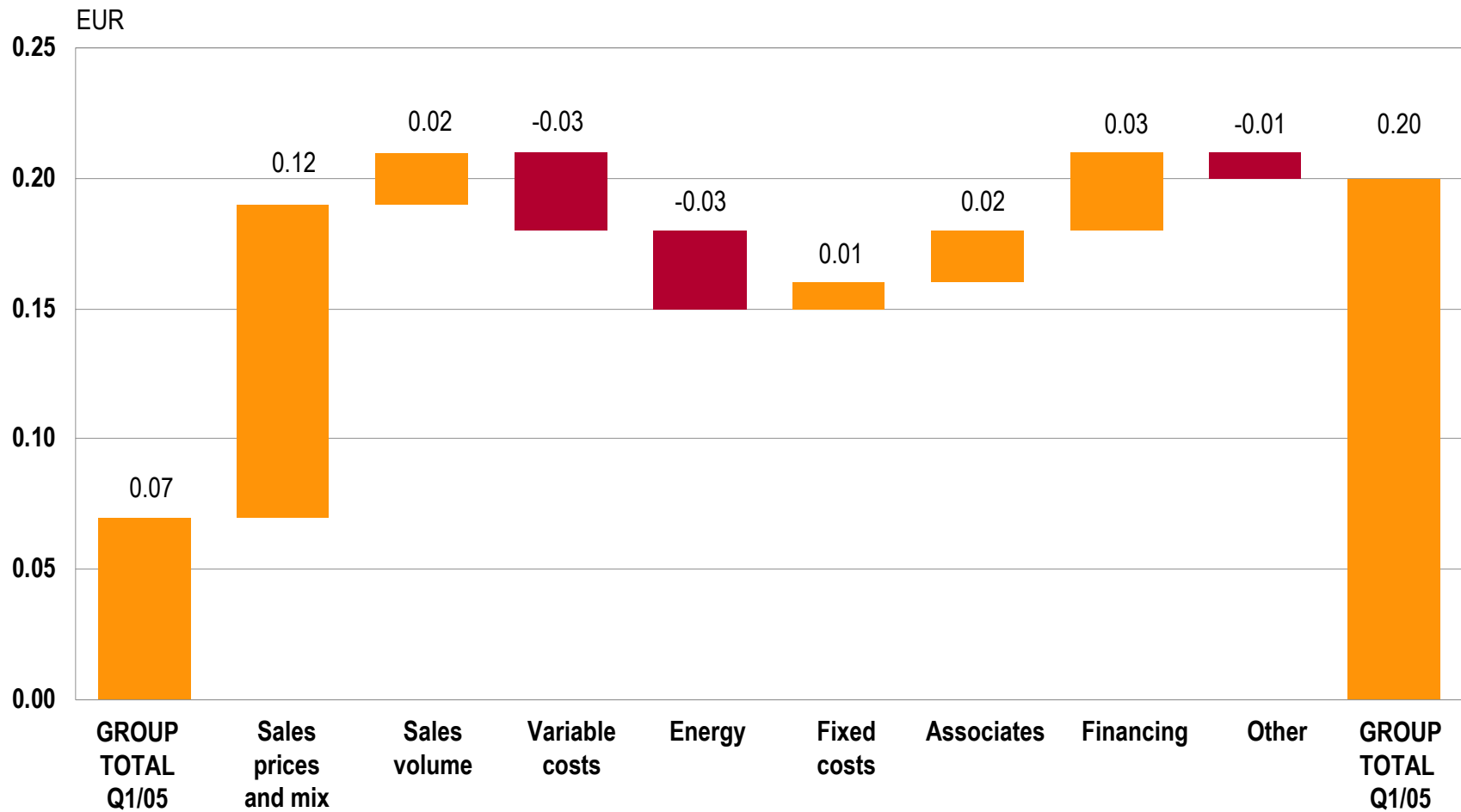


EUR million



excluding non-recurring items and goodwill amortisation

Change in EPS from Q1/05 to Q1/06

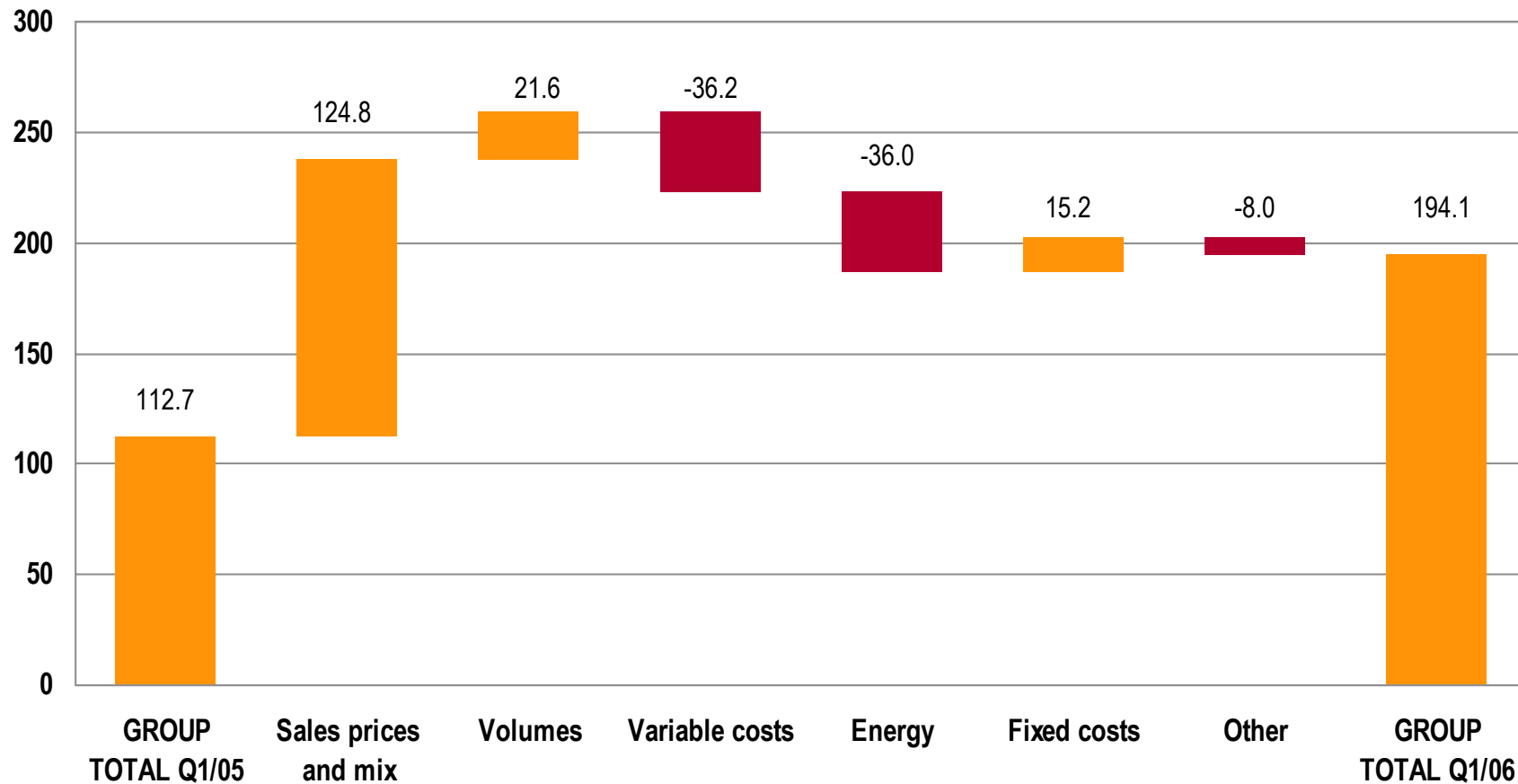


excluding non-recurring items and goodwill amortisation

Change in Group Operating Profit from Q1/05 to Q1/06



EUR million



excluding non-recurring items and goodwill amortisation

Fair Valuation of Options

Accounting Treatment

- In accordance with IFRS 2, *Share-based Payments*, the Group has to measure all synthetic option programmes at their fair value and recognise this as a liability.
- The Group has to re-measure the fair value of the liability at each closing. Any change in fair value is recognised in the income statement as a personnel expense.
- Synthetic option programmes are hedged by using Total Return Swaps (“TRS”). The fair valuation changes of the synthetic option programme and TRS are not fully correlated and therefore the fair value changes are different.
- Since TRS cannot be hedge accounted, it means that its fair value changes are presented in the income statement in the Financial Items