

Focus on the future

**Financial Results
July–September 2006**

26 October 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.

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Highlights

Highlights Q3 2006

- Cash flow after investing activities stronger than the second quarter
- Operating profit excluding non-recurring items was maintained
- Sales similar quarter on quarter
- Results negatively impacted by the earlier announced non-recurring items related primarily to planned closure and divestment decisions
- Demand for most of the Group's products was slightly higher than in the previous quarter

Financial Highlights Q3 2006



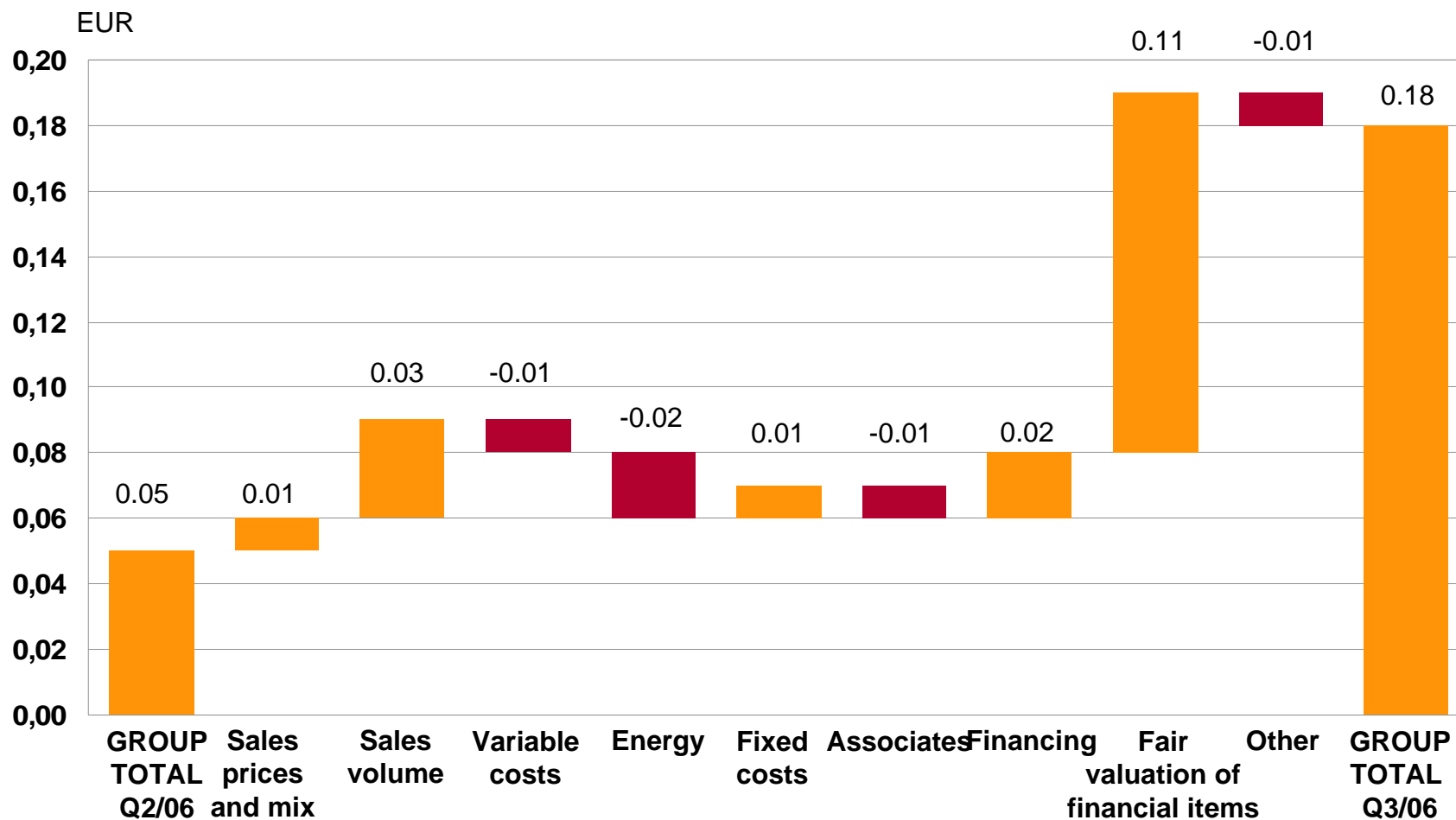
	III/05	II/06	III/06
Sales (EUR million)	3 219.2	3 616.3	3 638.1
Operating profit* (EUR million)	106.2	182.2	195.2
Profit before tax* (EUR million)	93.0	53.2	197.0
EPS (EUR)	0.08	0.05	0.07
EPS* (EUR)	0.08	0.05	0.18
Cash EPS* (EUR)	0.44	0.39	0.52
Debt/Equity	0.62	0.65	0.59

*excluding non-recurring items

- Cash flow improved after investing activities to EUR 473.8 (EUR 299.6) million
- Operating profit increased in Packaging Boards and Wood Products, remained unchanged in Publication Paper and decreased in Fine Paper
 - Publication paper profitability was burdened by problematic situation in Corbehem Mill as a consequence of PM closures and the standstill at Port Hawkesbury Mill
 - Fine paper operating profit decreased due to Celbi Pulp Mill divestment, and higher maintenance and energy costs

Change in EPS

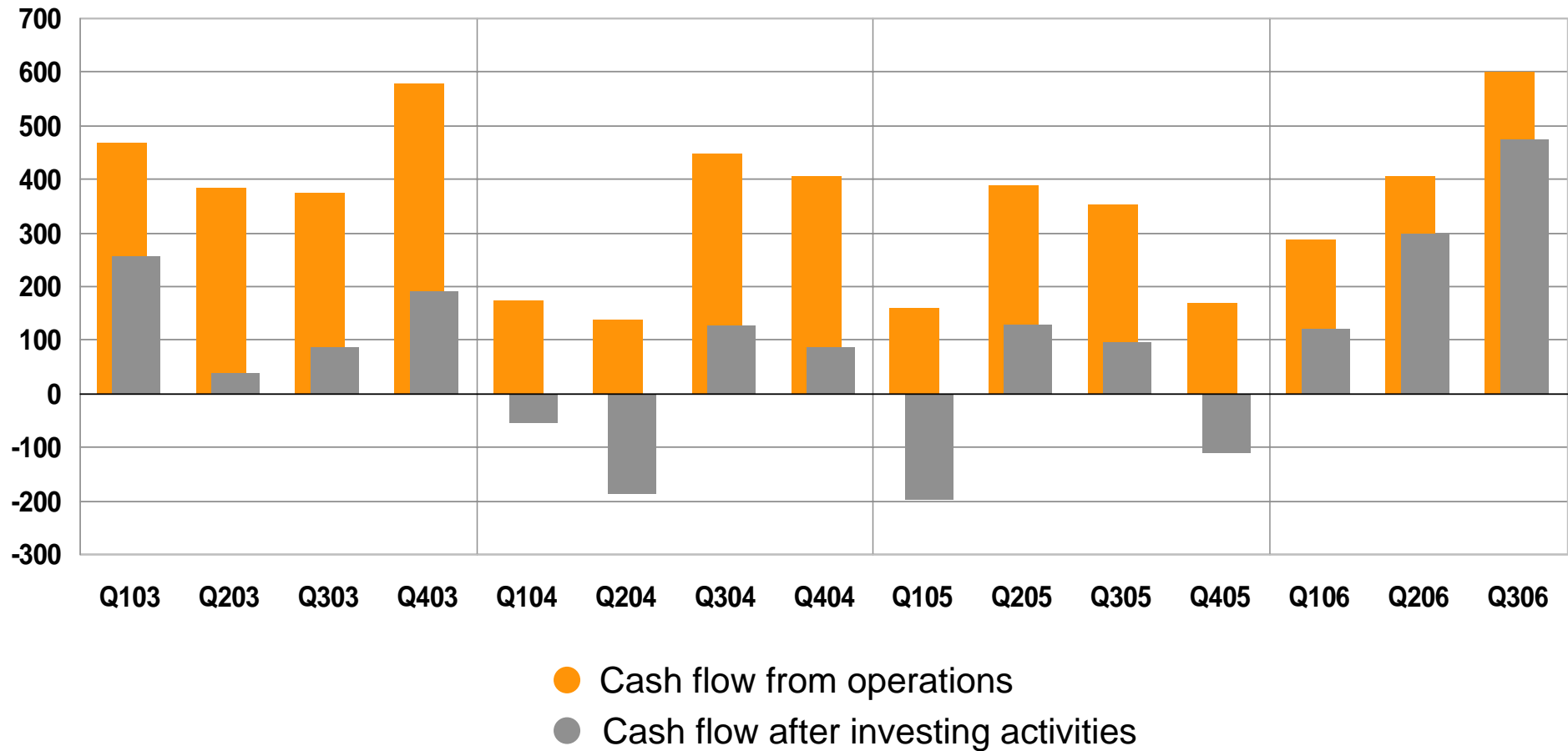
Q2/06 – Q3/06



Excluding non-recurring items

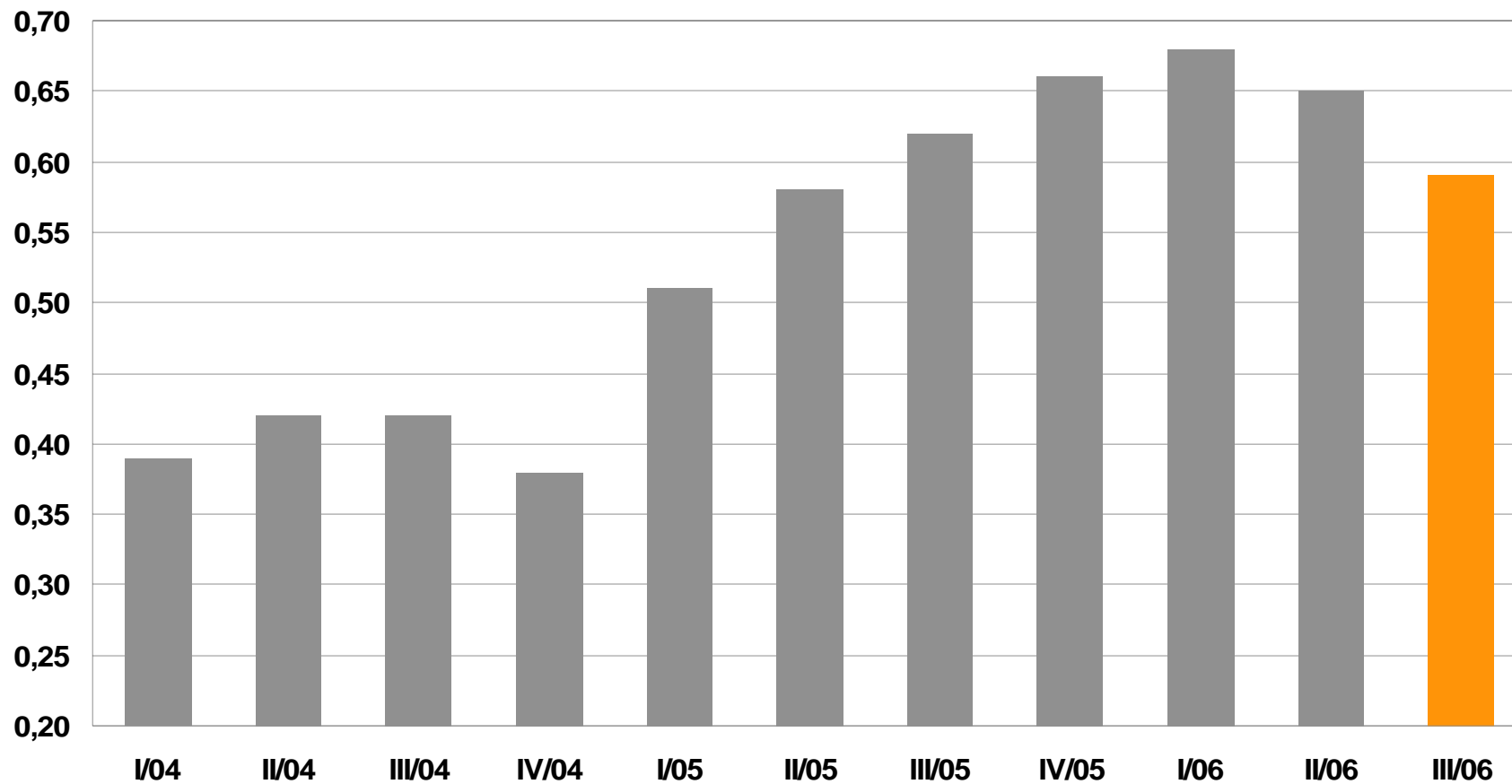
Operating Cash Flow

EUR million



Debt/Equity

2004 – Q3/06



Target ≤ 0.8

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Financials

Summary Financials



	2005	I/06	II/06	III/06
Sales (EUR million)	13 188	3 608	3 616	3 638
EBITDA* (EUR million)	1 487	463	451	463
Operating profit* (EUR million)	358	194	182	195
Operating profit (EUR million)	-94	171	189	18
Profit before tax* (EUR million)	273	211	53	197
Net profit (EUR million)	-126	226	41	57
Earnings per share* (EUR)	0.28	0.20	0.05	0.18
Earnings per share, basic (EUR)	-0.16	0.29	0.05	0.07
Cash earnings per share* (EUR)	1.70	0.54	0.39	0.52
ROCE* (%)	3.1	6.5	6.1	6.7
Debt/Equity	0.66	0.68	0.65	0.59

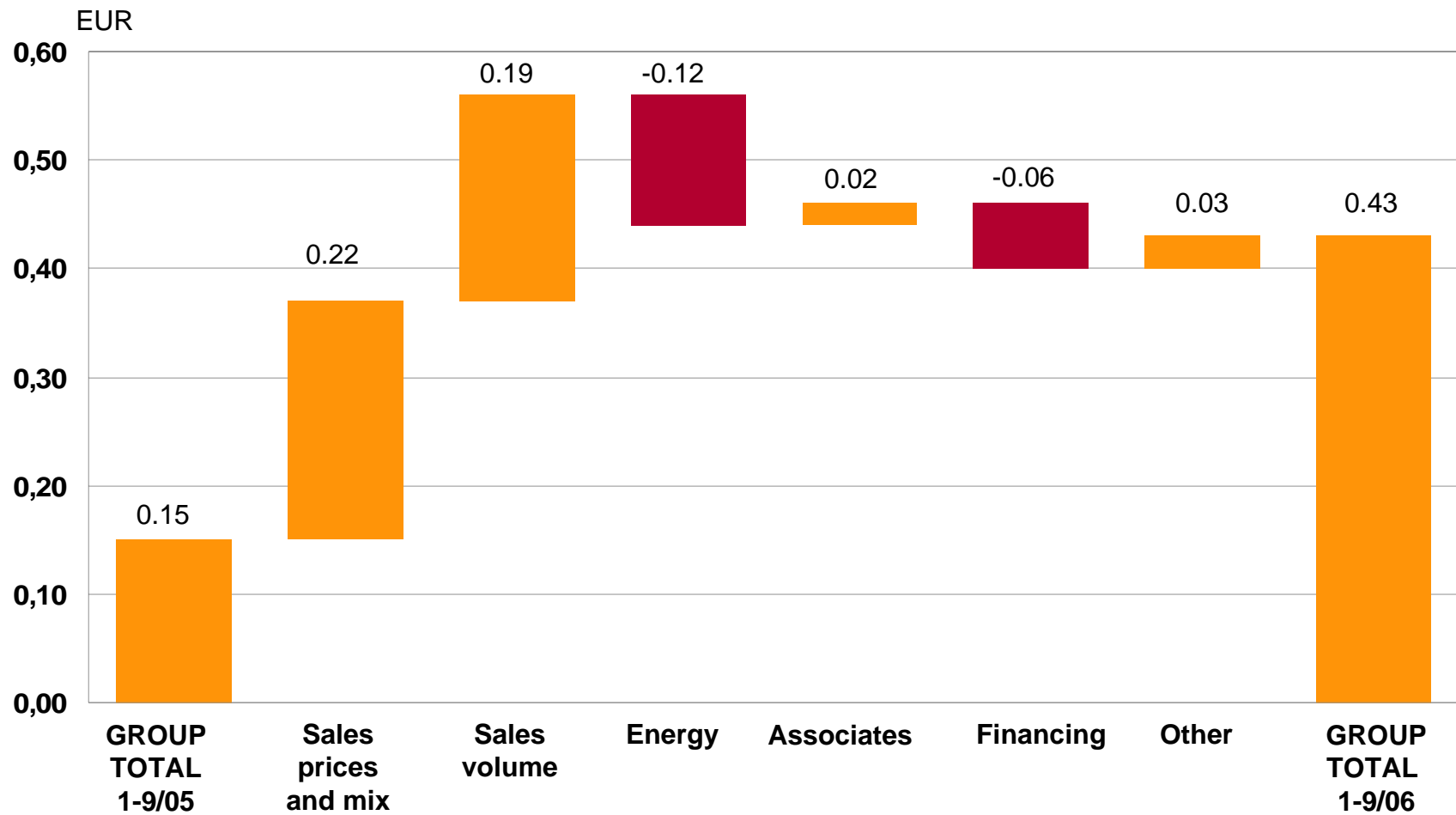
*excluding non-recurring items

Net Financial Items

EUR million	Q1/2006	Q2/2006	Q3/2006
Interest income, deposits	4.8	5.0	5.2
Interest expenses, borrowings	-66.5	-70.1	-70.4
Interest rate swaps (incl. TRS interest)	17.5	5.4	4.0
Capitalised interest	-	-	0.8
Net Interest Expense	-44.2	-59.7	-60.4
Foreign Exchange Gains and Losses	-7.0	-11.1	4.0
Other Financial Items, of which	166.4	-78.4	48.0
Capital gains, listed shares	136.7	-	-2.1
Unrealised fair valuation of option hedges (TRS)	41.7	-61.2	36.0
Unrealised fair valuation of other financial items	-8.9	-10.7	15.7
Other items	-3.1	-6.5	-1.6
Net Financial Items Total	115.2	-149.2	-8.4

Change in EPS

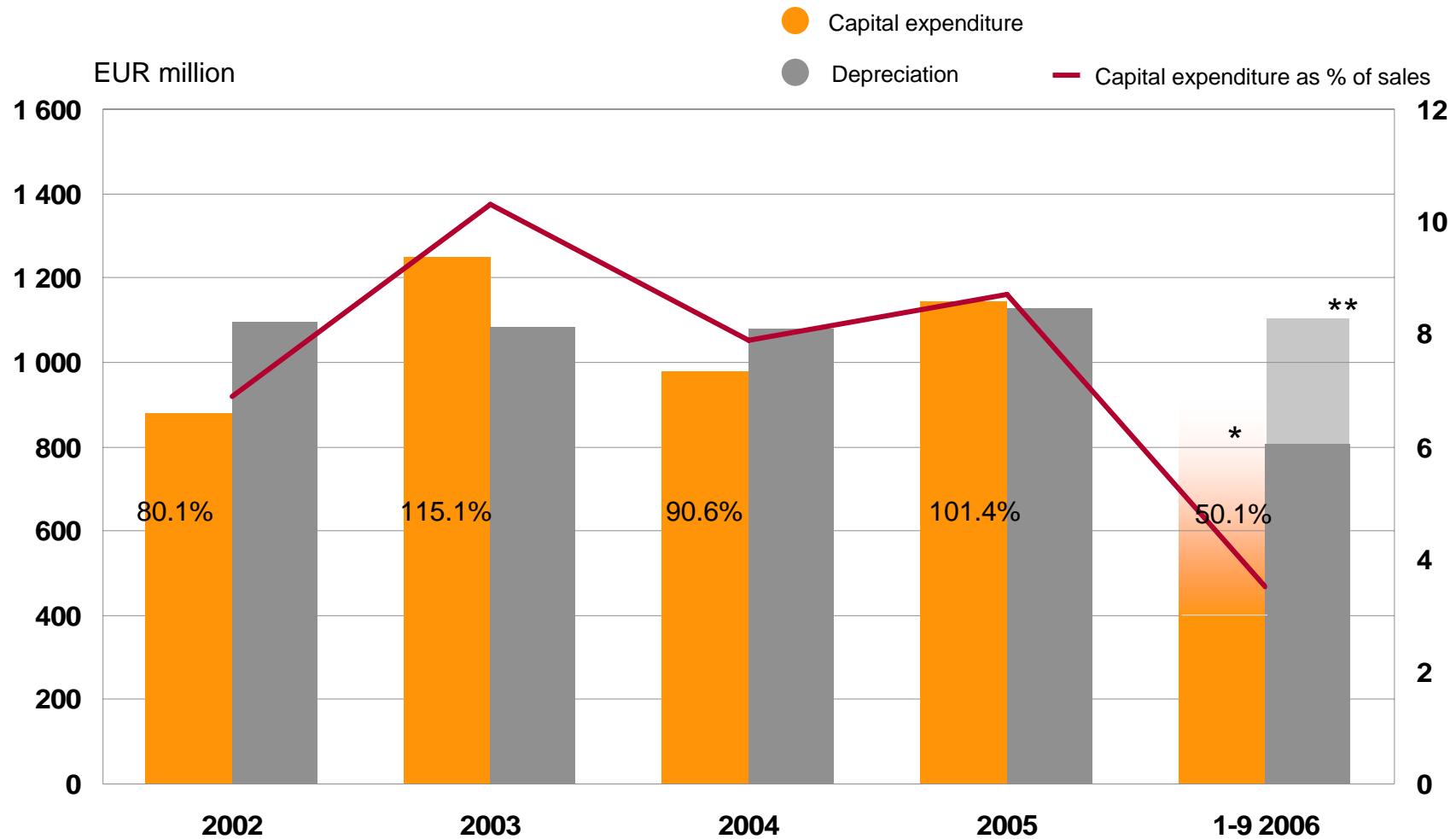
1-9/05 – 1-9/06



Excluding non-recurring items

Capital Expenditure and Depreciation

2002 – 1-9/06



* Capex expected to be below the previously communicated target of 800 million for 2006

** Est. scheduled depreciation EUR 1.1 billion for 2006

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Market Outlook

Near-term Market Outlook

Western Europe

	Demand	Price	Comments
Magazine Papers			
Uncoated Magazine			Good demand; prices expected to be unchanged until year end
Coated Magazine			Coated magazine market to remain competitive; some price pressures exist
Newsprint			Good demand; prices expected to be unchanged until year end
Fine Papers			
Uncoated Fine Paper			Demand healthy; price increases forecast to be finalised during fourth quarter
Coated Fine Paper			Demand healthy; prices expected to be stable
Packaging Boards			Seasonally weaker market; prices expected to be stable
Wood Products			Good outlook for most markets; further price increases expected in Q4

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

Near-term Market Outlook

North America

	Demand	Price	Comments
Magazine Papers			
Uncoated Magazine	→	→	Seasonal demand improvement
Coated Magazine	→	→	Seasonal demand improvement; prices expected to remain stable
Newsprint	↘	→	Demand remains weak; prices expected to remain stable
Fine Papers			
Coated Fine Paper	↗	→	Healthy demand; prices expected to remain stable

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

Outlook

- Profit 2007 programme proceeding ahead of schedule
 - Pre-tax profit improvement target of EUR 300 million from mid 2007 onwards is expected to be clearly exceeded
- Asset Performance Review (APR) programme completed with the exception of the planned closures of Reisholz and Berghuizer mills.
- Market-related production curtailments in coated magazine paper are anticipated to continue during the fourth quarter 2006
- Prices for the Group's products are generally expected to be stable for the rest of the year

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Appendix

Third Quarter Events

- Pankakoski Mill sold to an international group of investors for EUR 20 million.
- Divestment of Celbi Pulp Mill finalised. Sales price was approximately EUR 430 million
- Full payment of USD 80 (EUR 50) million received for Advance Agro shares
- Stora Enso reached an agreement to acquire 100% of the shares in Vinson Indústria de Papel Arapoti Ltda. and Vinson Empreendimentos Agrícolas Ltda. from International Paper, which have been combined to form Stora Enso Arapoti, for USD 420 million (EUR 333 million)

Third Quarter Events (cont.)

- Investment announcement of EUR 31.5 million in Nebolchi Sawmill and EUR 12.5 million in Impilahti Sawmill
- Divestment of Wolfsheck Mill to Rohner AG as an asset sale
- Announcement to restart Port Hawkesbury Mill in Canada
- Signing of contract with Beihai city in Guangxi province, China, to secure further fibre resources (approximately 30 000 ha) during 2006-2008

Events after the Period

- On 4 October Stora Enso announced its intention to close down Reisholz and Berghuizer mills. Summa and Uetersen mills will remain in operation while further improving their financial performance.
- On 26 October Stora Enso announced that it is initiating exclusive discussions with the aim of joint ownership regarding certain assets of Stora Enso Arapoti in Brazil with Arauco, a Chilean forest products company. The Arapoti assets were formerly owned by Inpacel - Indústria de Papel Arapoti Ltda. and Inpacel Agroflorestal Ltda., subsidiaries of International Paper.
- On 26 October Stora Enso announced that it will invest EUR 32.4 million in rebuilding the finishing department at Anjala Mill, EUR 25.3 million in a new sheeting line at Oulu Mill and EUR 16.8 million in a cross-laminated element plant at Bad St. Leonhard Sawmill.

Events after the Period (cont.)

Jouko Karvinen becomes CEO

- Currently CEO of Philips Medical Systems Division and member of the Board of Management of Royal Philips Electronics
- 25-year career in industrial automation and healthcare technologies in business-to-business markets
- Master of Science in Electronics and Industrial Economics
- Will join Stora Enso on 1 January 2007
 - Taking up the position of CEO following the AGM on 29 March 2007



Jukka Härmälä will leave the position of CEO following the AGM on 29 March 2007, and will continue to undertake special assignments specified by the Board of Directors until the end of August 2007

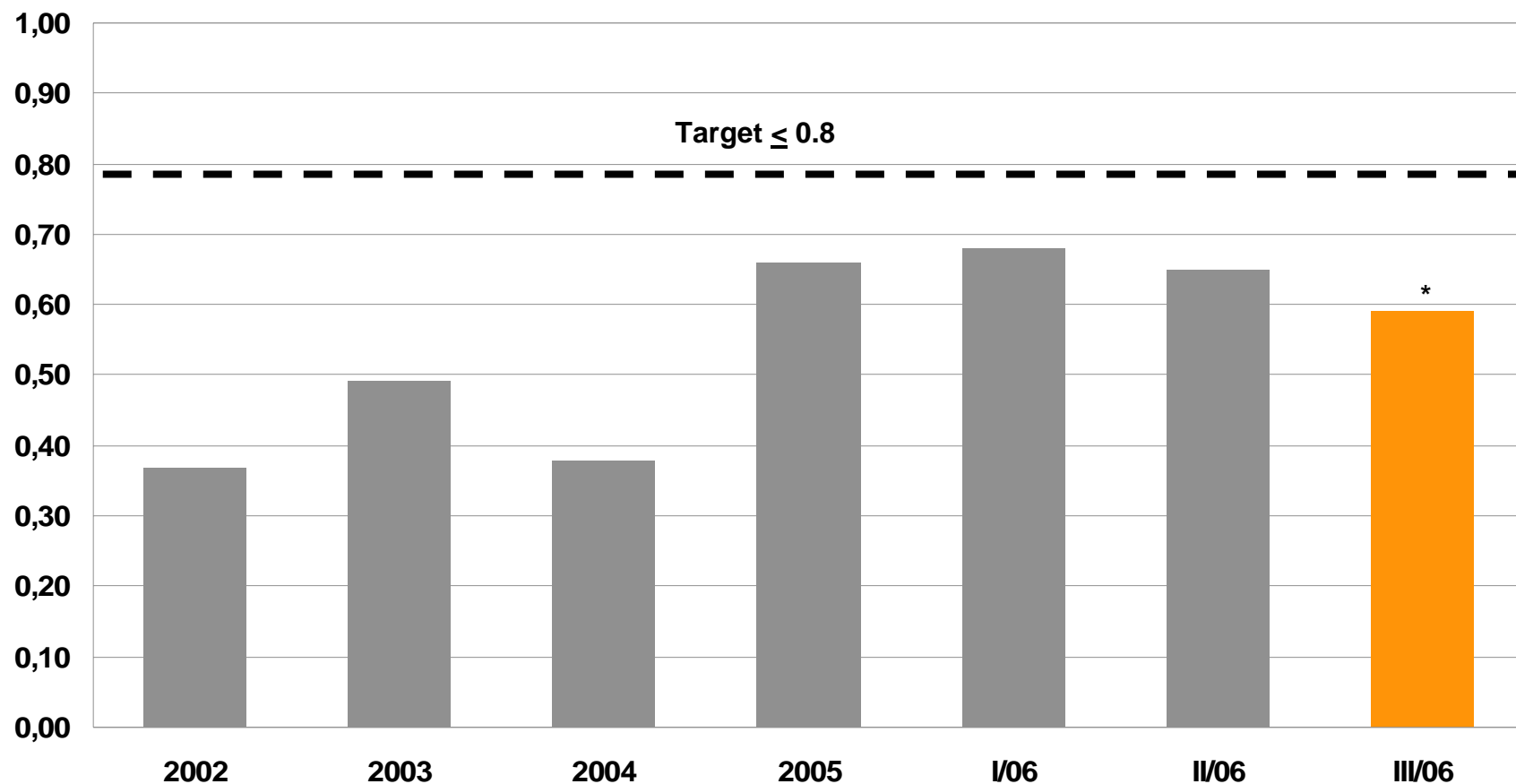
Non-Recurring Items Effect During Q3

	Excluding non-recurring items	Non-recurring items	IFRS
EBITDA (EUR million)	462.8	-38.9	423.9
EBIT (EUR million)	195.2	-177.2	18.0
Profit after financial items (EUR million)	197.0	-177.2	19.8
Tax effect	-56.0	93.3	37.3
Net profit* (EUR million)	141.0	-83.9	57.1
EPS (EUR)	0.18	-0.11	0.07

*Attributable to Company shareholders

Debt/Equity

2002 – Q3/06



* Interest-bearing net liabilities EUR 4 463m
Shareholder's equity EUR 7 588m

Operating Profit by Division

EUR million	III/05	IV/05	I/06	II/06	III/06
Publication Paper	67.9	72.3	70.3	55.3	57.0
% of sales	5.8	5.6	6.0	4.8	4.6
Fine Paper	-1.2	28.9	52.7	46.3	32.4
% of sales	-0.2	3.9	6.8	6.3	4.5
Packaging Boards	73.5	62.6	99.5	70.8	93.7
% of sales	9.3	7.5	11.4	8.0	10.3
Wood Products	-1.8	-7.2	3.8	14.9	21.4
% of sales	-0.5	-1.8	1.0	3.4	5.1

excluding non-recurring items

Publication Paper

EUR million	2005	III/05	IV/05	I/06	II/06	III/06	% Change III/II
Sales	4 675.9	1 166.0	1 280.2	1 171.0	1 145.2	1 226.7	7.1
Operating profit	193.3	67.9	72.3	70.3	55.3	57.0	3.1
% of sales	4.1	5.8	5.6	6.0	4.8	4.6	
ROOC, %*	4.4	5.9	6.4	6.3	5.1	5.3	
Deliveries, 1 000 t	7 008	1 734	1 881	1 666	1 662	1 741	4.8
Production, 1 000 t	7 087	1 849	1 892	1 717	1 674	1 721	2.8

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

In Europe:

- Demand for magazine grades and newsprint was stronger than a year ago
- Prices were higher than a year ago, especially in newsprint, and virtually unchanged on the previous quarter in all grades except for a slight decline in coated magazine paper

In North America:

- Demand for newsprint and magazine paper was weaker than a year ago; newsprint demand was also weaker than in the previous quarter; magazine paper market was seasonally stronger than in the previous quarter
- Prices were higher than a year ago and the previous quarter in newsprint and uncoated magazine paper; coated magazine paper prices were lower than a year ago and the previous quarter

Fine Paper

EUR million	2005	III/05	IV/05	I/06	II/06	III/06	% Change III/II
Sales	2 690.3	625.4	737.9	776.3	738.9	722.8	-2.2
Operating profit	62.2	-1.2	28.9	52.7	46.3	32.4	-30.0
% of sales	2.3	-0.2	3.9	6.8	6.3	4.5	
ROOC, %*	2.2	-0.2	4.2	7.6	6.7	5.0	
Deliveries, 1 000 t	3 521	811	942	994	945	954	1.0
Production, 1 000 t	3 554	914	982	1 029	944	941	-0.3

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

In Europe:

- Coated fine paper demand was weaker than a year ago but stronger than the previous quarter; uncoated fine paper demand was stronger than a year ago but weaker than in the previous quarter
- Uncoated fine paper prices increased slightly, whereas coated fine paper prices were stable

In North America:

- Demand for coated fine paper was stronger than in the previous year and quarter
- Coated fine paper prices levelled off after rising during the third quarter

Packaging Boards

EUR million	2005	III/05	IV/05	I/06	II/06	III/06	% Change III/II
Sales	3 190.2	788.7	838.8	869.0	881.8	909.0	3.1
Operating profit	220.0	73.5	62.6	99.5	70.8	93.7	32.3
% of sales	6.9	9.3	7.5	11.4	8.0	10.3	
ROOC, %*	7.3	9.6	8.3	13.4	9.6	13.0	
Deliveries, 1 000 t	3 621	890	929	959	971	991	2.1
Production, 1 000 t	3 678	1 009	952	1 005	958	970	1.3

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

- Demand generally remained good during the quarter
- Inventories decreased and prices were stable

Wood Products

EUR million	2005	III/05	IV/05	I/06	II/06	III/06	% Change III/II
Sales	1 588.3	398.0	389.7	377.1	437.8	418.5	-4.4
Operating profit	-3.1	-1.8	-7.2	3.8	14.9	21.4	43.6
% of sales	-0.2	-0.5	-1.8	1.0	3.4	5.1	
ROOC, %*	-0.5	-1.0	-4.2	2.3	8.8	12.6	
Deliveries, 1 000 m ³	6 741	1 639	1 706	1 563	1 746	1 593	-8.8

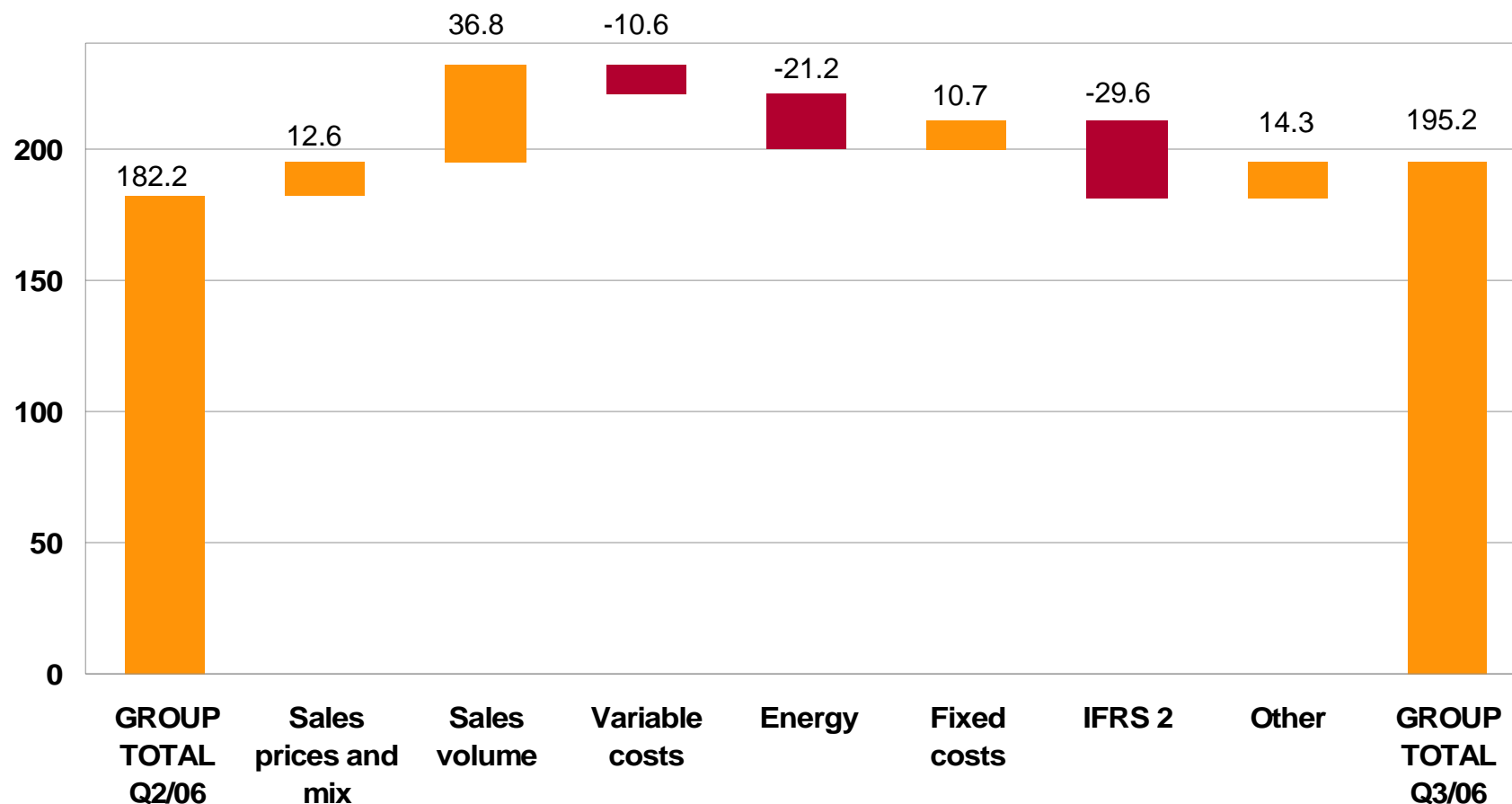
*) 100% x Operating profit/Operating capital
excluding non-recurring items

- Demand remained good in Europe, Asia, North Africa and the Middle East
- In the USA prices decreased due to weakness in the housing market and worsening oversupply in wood products

Change in Operating Profit

Q2/06 – Q3/06

EUR million

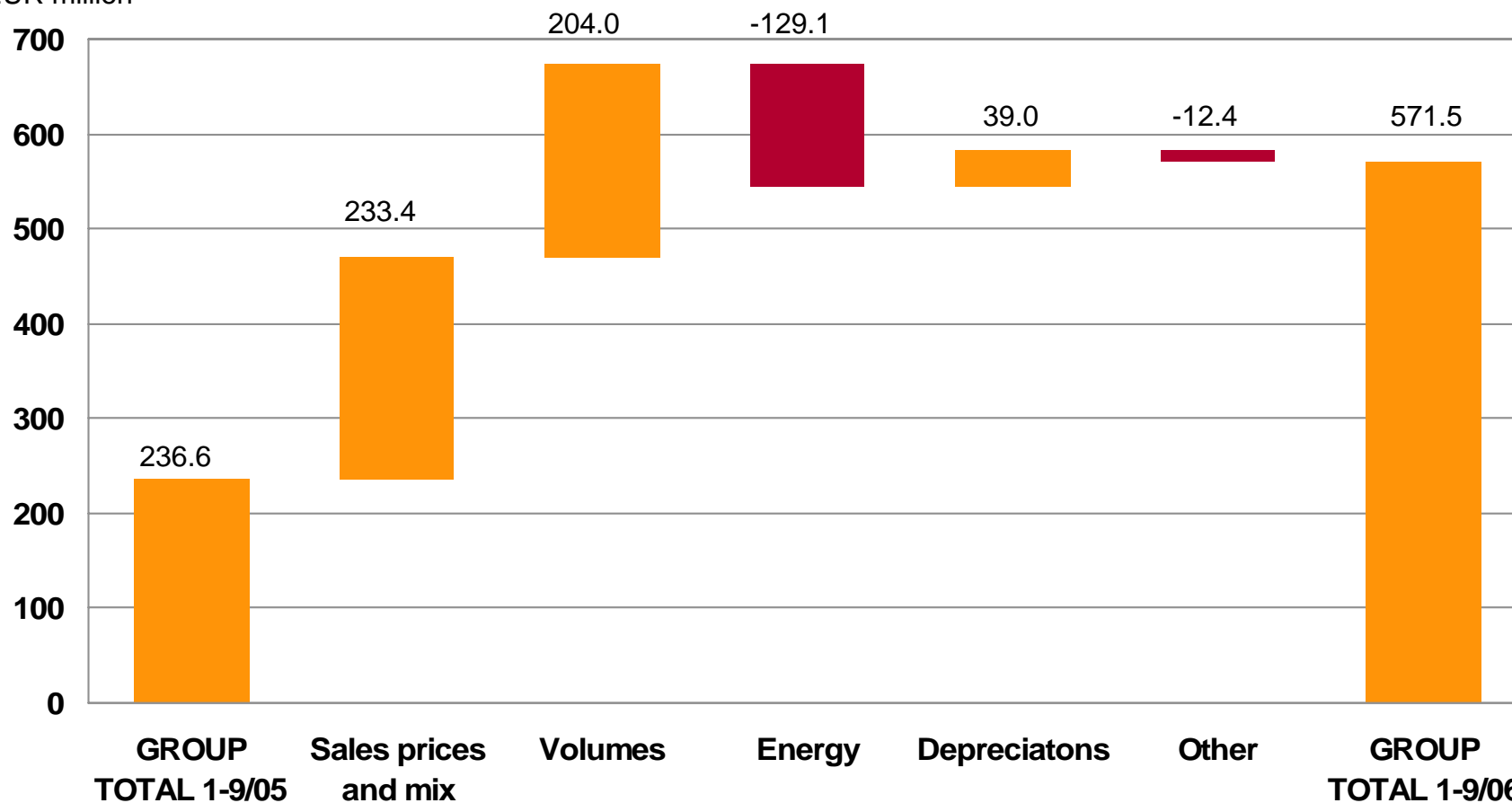


excluding non-recurring items

Change in Operating Profit

1-9/05 – 1-9/06

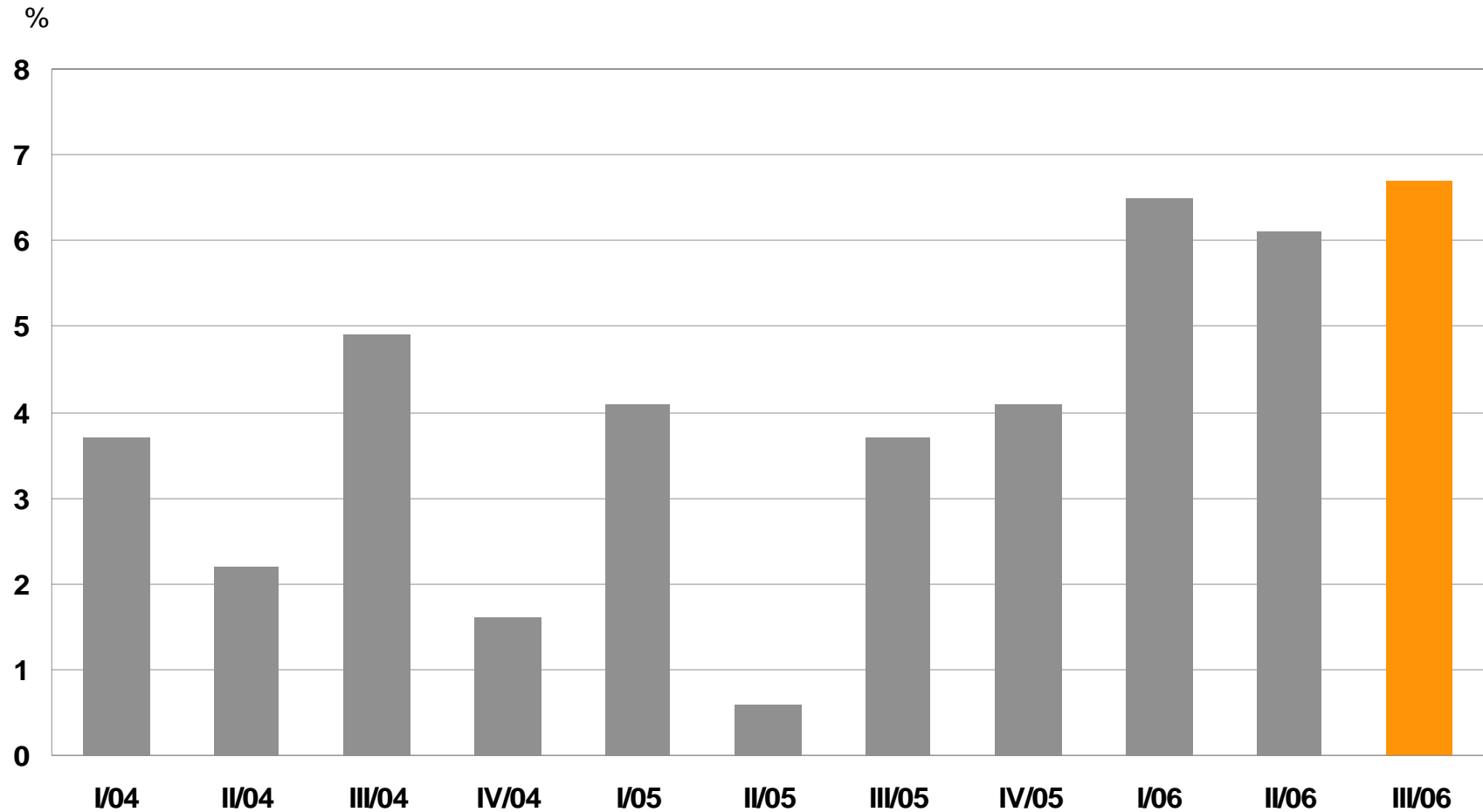
EUR million



excluding non-recurring items

ROCE by Quarter

2004 – Q3/06



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

excluding non-recurring items