

Paper, packaging & forest products

Financial Results
Q4 and Full Year 2007

Jouko Karvinen, CEO

Hannu Ryöppönen, DCEO & CFO

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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CEO Message

2007

- A very challenging year and final quarter
 - Characterised by:
 - Solid demand
 - High fibre costs
 - Impact of weak USD

Q4 Results

- Underlying paper & board business' earnings sound
- Quarterly profit depressed by:
 - Wood Products
 - Segment 'Other'

Actions

- Actions taken:
 - Divestment of Stora Enso North America
 - Closing pulp capacity in Finland and Sweden, to reduce wood consumption
 - Permanent closure of Summa Mill and one machine at Anjala Mill
 - Significant reduction in Group administration costs
 - Continued cost reduction and productivity improvements
 - Selective investments
- Managed to compensate for reduced wood imports from Russia, enabling continuity in production at integrate mills and service of customers

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Year 2007 Review

FY 2007 Results (Continuing Operations)

Highlights



Operating profit* compared to 2006:

Business Area	Result	Positive Factors	Negative Factors
Wood Products	+	Higher average sales prices	Higher average wood costs
Consumer Board	-		Higher wood costs, production curtailments at Enocell
Newsprint	-	Higher newsprint prices	Rises in wood, recycled fibre and energy costs
Magazine Paper	-	Greater demand	Sales prices decreased; recycled paper and wood costs increased
Fine Paper	+	Higher office paper prices	Higher wood costs
Industrial Packaging	+	Higher prices and volumes	

*Excl. NRIs, non-operational items and forest asset revaluations

Key annual figures (Continuing Operations)

2005 – 2007

	2005	2006	2007
Sales (1 000 tonnes)	11 673	12 489	12 477
Sales (EUR million)	11 343	12 957	13 374
EBITDA* (EUR million)	1 280	1 697	1 634
Operating profit** (EUR million)	438	872	906
Operating profit (EUR million)	210	742	246
Earnings per share*, EUR	0.33	0.69	0.99
Earnings per share, EUR	0.09	0.88	0.09
Cash earnings per share*, EUR	1.46	1.84	2.01
Net debt (EUR million) ***	5 084	4 243	2 955
Debt to equity ***	0.70	0.54	0.40
ROCE, (%)**	4.7	8.6	8.7

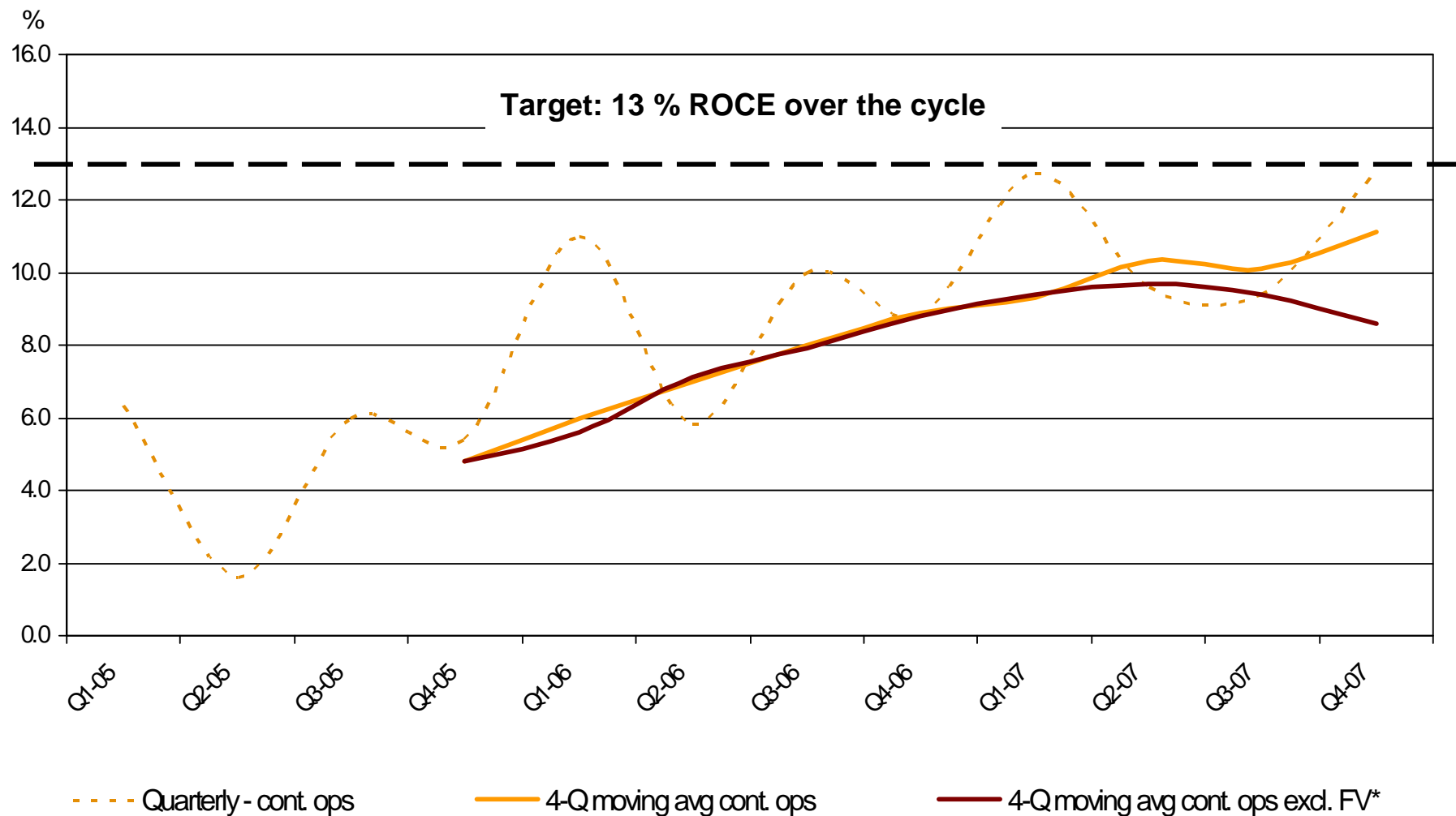
*excluding non-recurring items (NRI)

**excluding NRI, non-operational items and forest revaluation gains

***Total Operations

Improvement path

ROCE Q1/2005 – Q4/2007



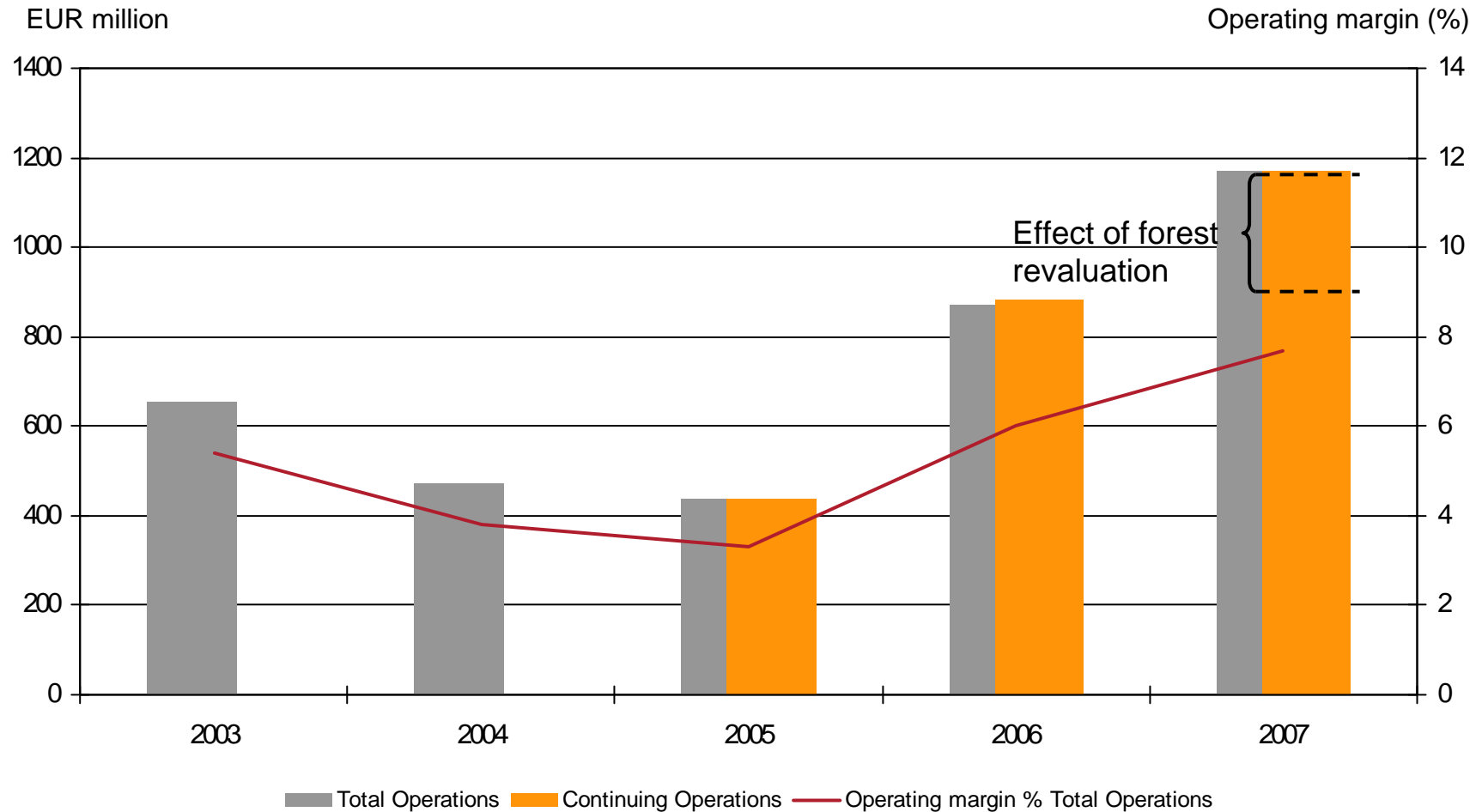
Based on EBIT excluding non-recurring items

* FV = excluding forest valuation & non-operational items

Q3/07 includes one time forest revaluation gain in Tornator of EUR 48m; Q4/07 includes one time forest revaluation gain of EUR 219m in Bergvik, Tornator & Veracel

Operating profit

2003 – 2007



Comparatives excluding goodwill amortisation

excluding non-recurring items

Composition of costs (Continuing Operations)

2005 – 2007



Costs	2005	2006	2007
Variable costs	61 %	59 %	63 %
Fibre	18 %	22 %	25 %
Chemicals and Fillers	9 %	9 %	9 %
Energy	8 %	8 %	8 %
Production Service and Material	14 %	10 %	11 %
Logistics & Commissions	12 %	10 %	10 %
Fixed costs	30 %	32 %	29 %
Personnel	17 %	18 %	17 %
Other	13 %	14 %	12 %
Depreciation and impairment	9 %	9 %	8 %
Total costs	100 %	100 %	100 %
Total costs (excl. NRIs), EUR million	12 083	12 073	12 202

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Q4 2007 Results

Financial highlights (Continuing Operations)

Q4 2007



	IV/06	I/07	II/07	III/07	IV/07
Sales (EUR million)	3 319.9	3 410.5	3 355.9	3 234.5	3 372.7
Operating profit** (EUR million)	223.8	311.6	231.0	207.1	156.3
Operating profit (EUR million)	254.4	315.2	276.8	-297.4	-48.4
EPS (EUR)	0.38	0.26	0.22	-0.33	-0.06
EPS* (EUR)	0.19	0.28	0.19	0.23	0.29
Cash EPS* (EUR)	0.49	0.55	0.46	0.48	0.52
ROCE**	9.0	12.1	8.7	7.7	5.9
Debt/Equity ***	0.54	0.61	0.55	0.57	0.40

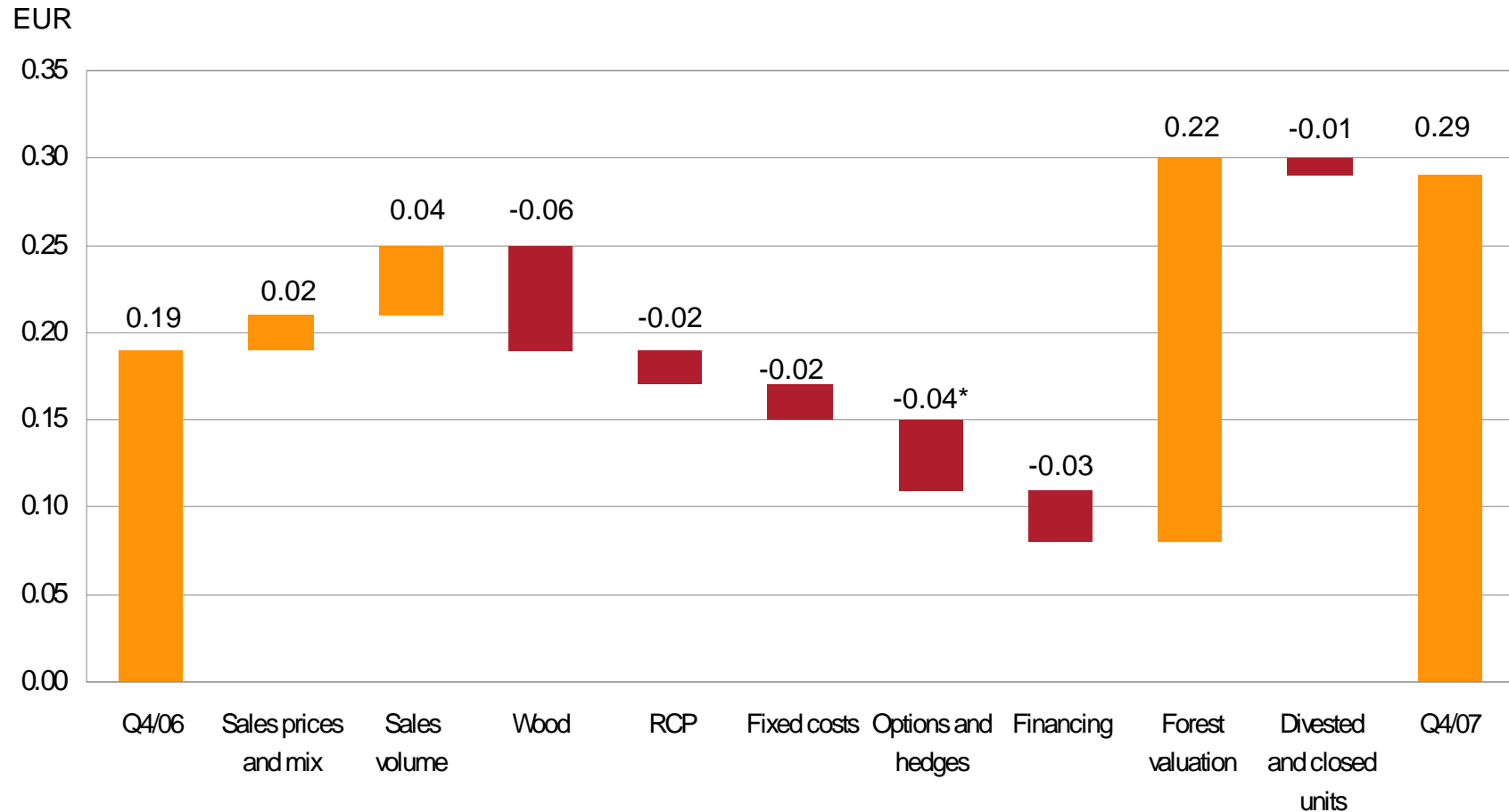
*excluding non-recurring items (NRI)

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***Total Operations

Change in EPS (Continuing Operations)

Q4/06 – Q4/07

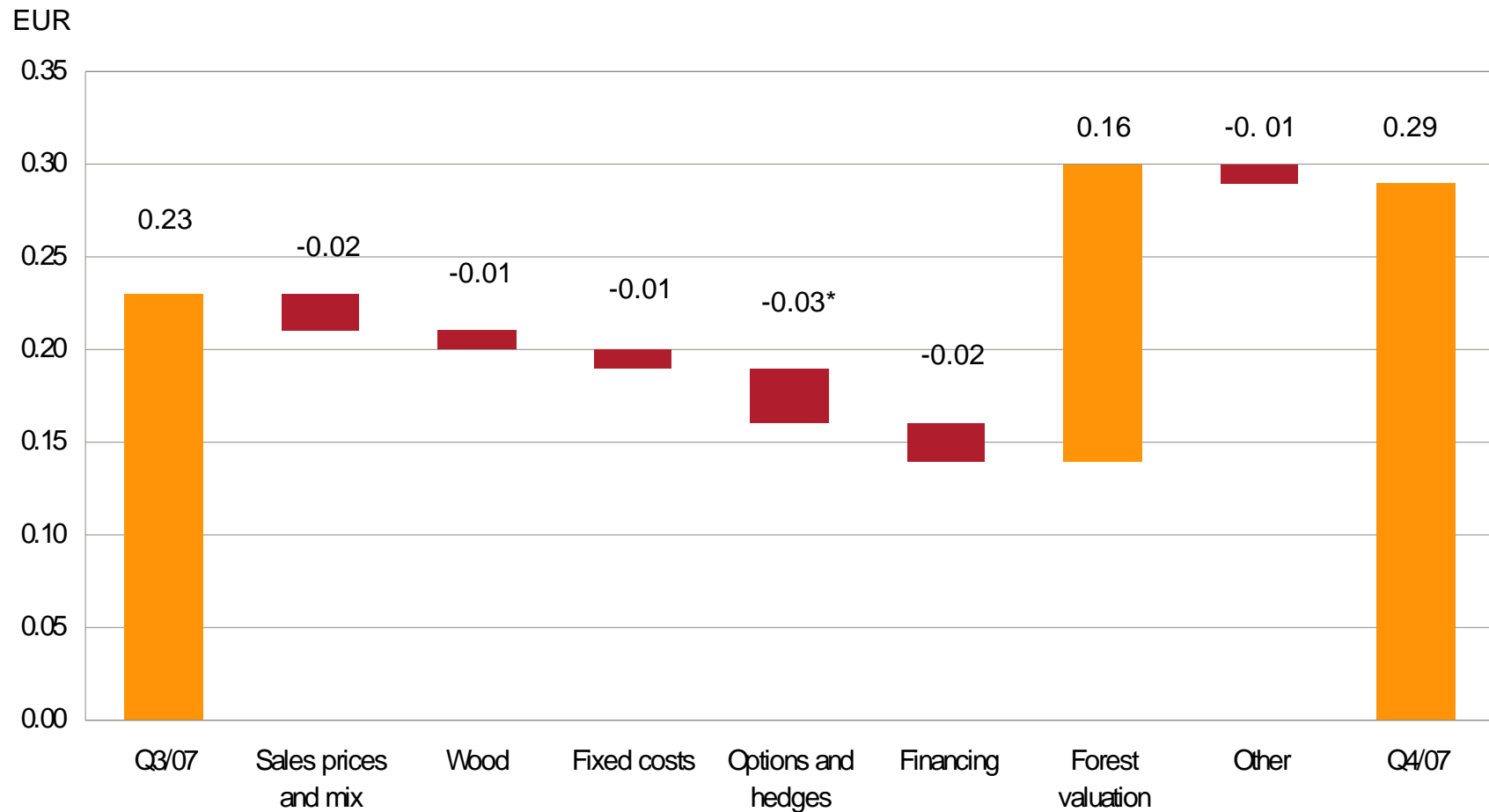


* Options and hedges is a net of share-based compensation fair value movements and the impact of the hedging instruments

Excluding non-recurring items

Change in EPS (Continuing Operations)

Q3/07 – Q4/07



* Options and hedges is a net of share-based compensation fair value movements and the impact of the hedging instruments

Excluding non-recurring items

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Near-term Market Outlook

Near-term market outlook

Business Area	Demand development	Price development
Newsprint	Demand should remain steady	Contract negotiations are still on-going; overseas prices have increased in the first quarter
Magazine Paper	Market has strengthened	Prices for coated and SC grades are rising
Fine Paper	Demand is expected to strengthen for seasonal reasons	No price changes foreseen
Consumer Board	Normal seasonal strengthening of demand anticipated, although slightly less than a year ago	A slight rise in prices in local currencies is predicted
Industrial Packaging	Demand forecast to remain firm	Some price increases are expected
Wood Products	General demand outlook remains depressed (despite on-going demand recovery in Japan)	Prices are likely to decline further

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Mitigating cost inflation

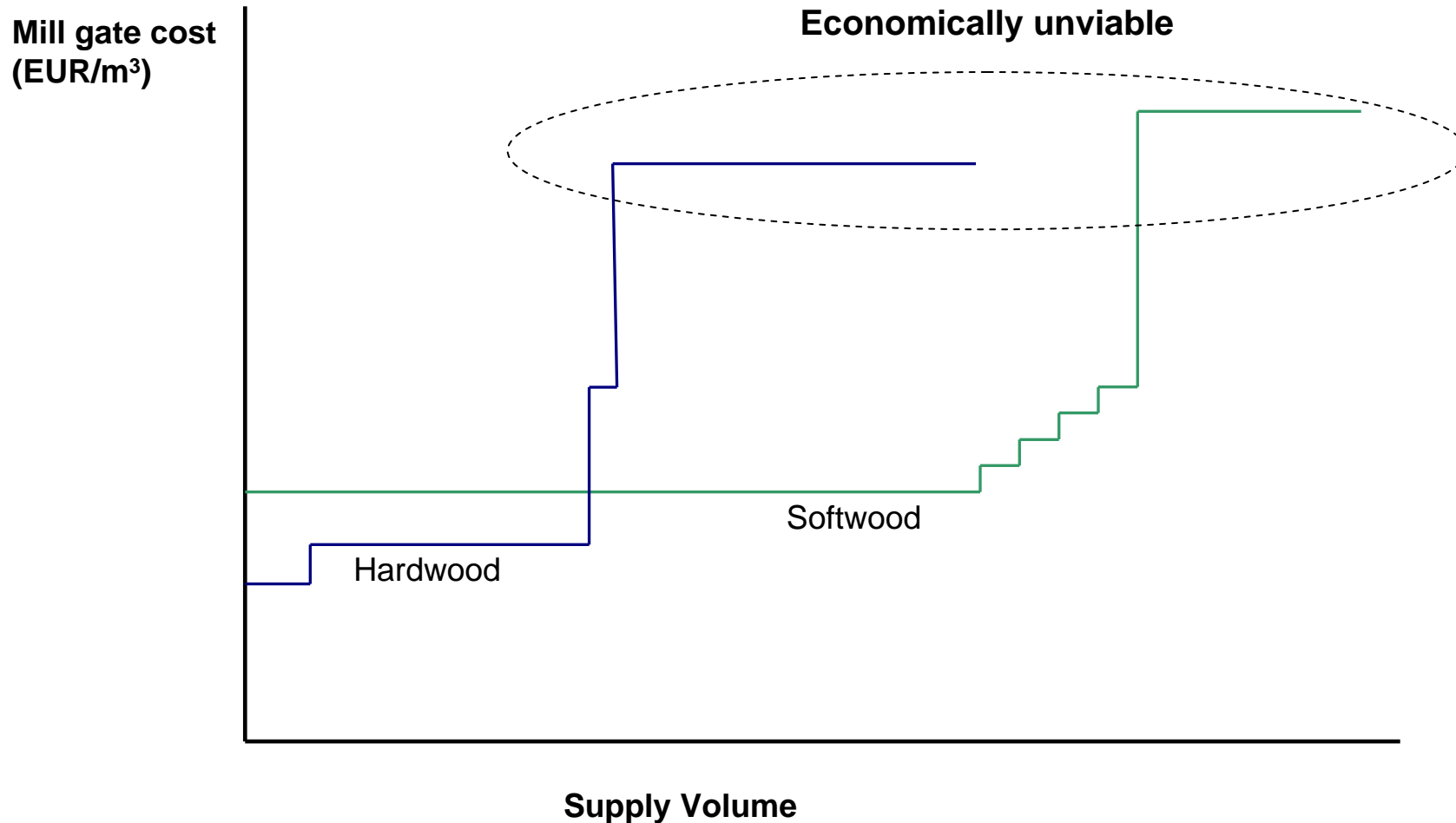
Mitigating cost inflation

Examples of on-going actions

- Energy cost reduction and efficiency improvement, especially in Newsprint and Magazine Business Areas
- Production optimisation:
 - Lower wood consumption ratio and RCP yield increase
 - More focus on predictive maintenance
- Increase customer profitability:
 - Simplify business model with key customers
 - Improve customer/product/market area mix
- Outsourcing

Marginal wood costs

Assuming full Russian export duty implementation

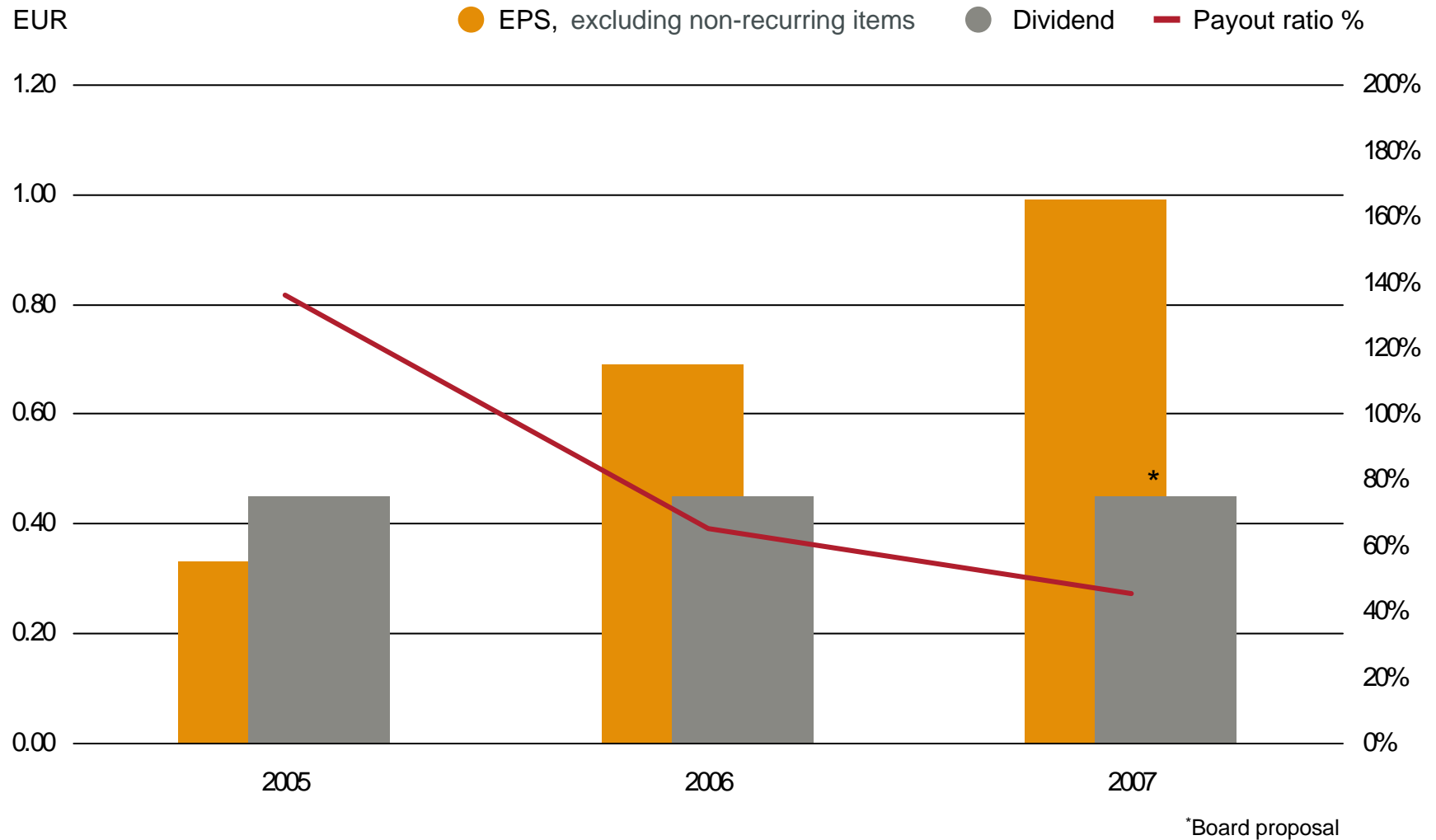


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Shareholder Information

Earnings per share and dividend (Cont. Operations) STORAENSO

2005 – 2007



Dividend proposal

- Dividend proposal: EUR 0.45
 - Payout ratio: 45.5% excl. non-recurring items
 - Total dividend payment: about EUR 355 million (assuming 788.6 million outstanding shares)
 - Dividend yield: 5.0% (at a share price of EUR 9.00)
- Record date: 31 March 2008
- Payment date: 10 April 2008

Annual general meeting (AGM)

AGM to be held at 16:00 Finnish time on Wednesday 26 March 2008

Marina Congress Centre, Katajanokanlaituri 6, Helsinki, Finland

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Summary

Summary

- Economic outlook and business environment is challenging
- Robust actions taken to counter challenges
- Rising export duties on Russian wood is a serious threat
- Business units have concrete plans to reduce costs and improve margins:
 - Should largely offset 2.5-3% estimated unit cost inflation during 2008
- Remain committed to goal of improving long-term returns despite external challenges facing the Company

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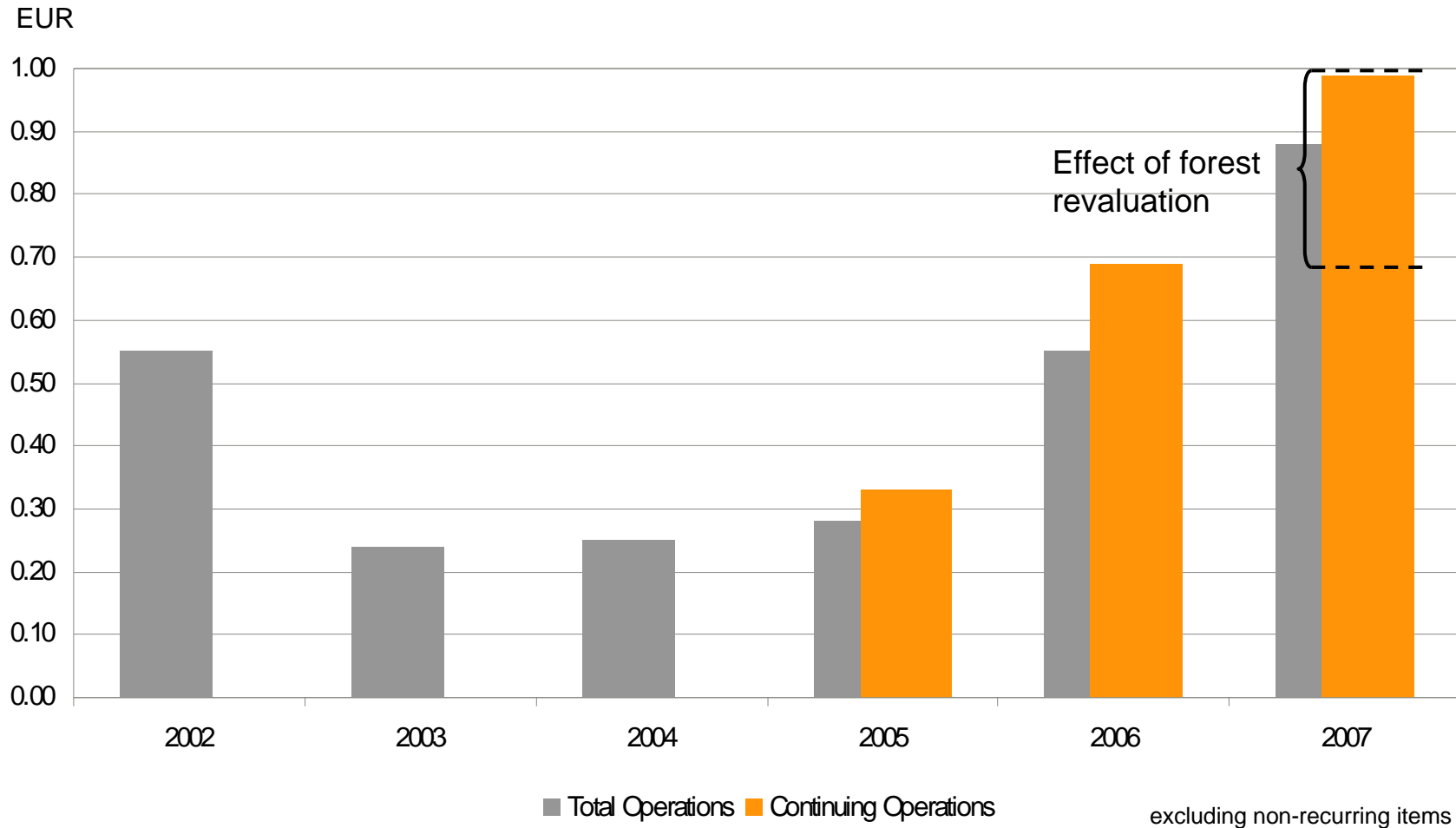
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Appendix

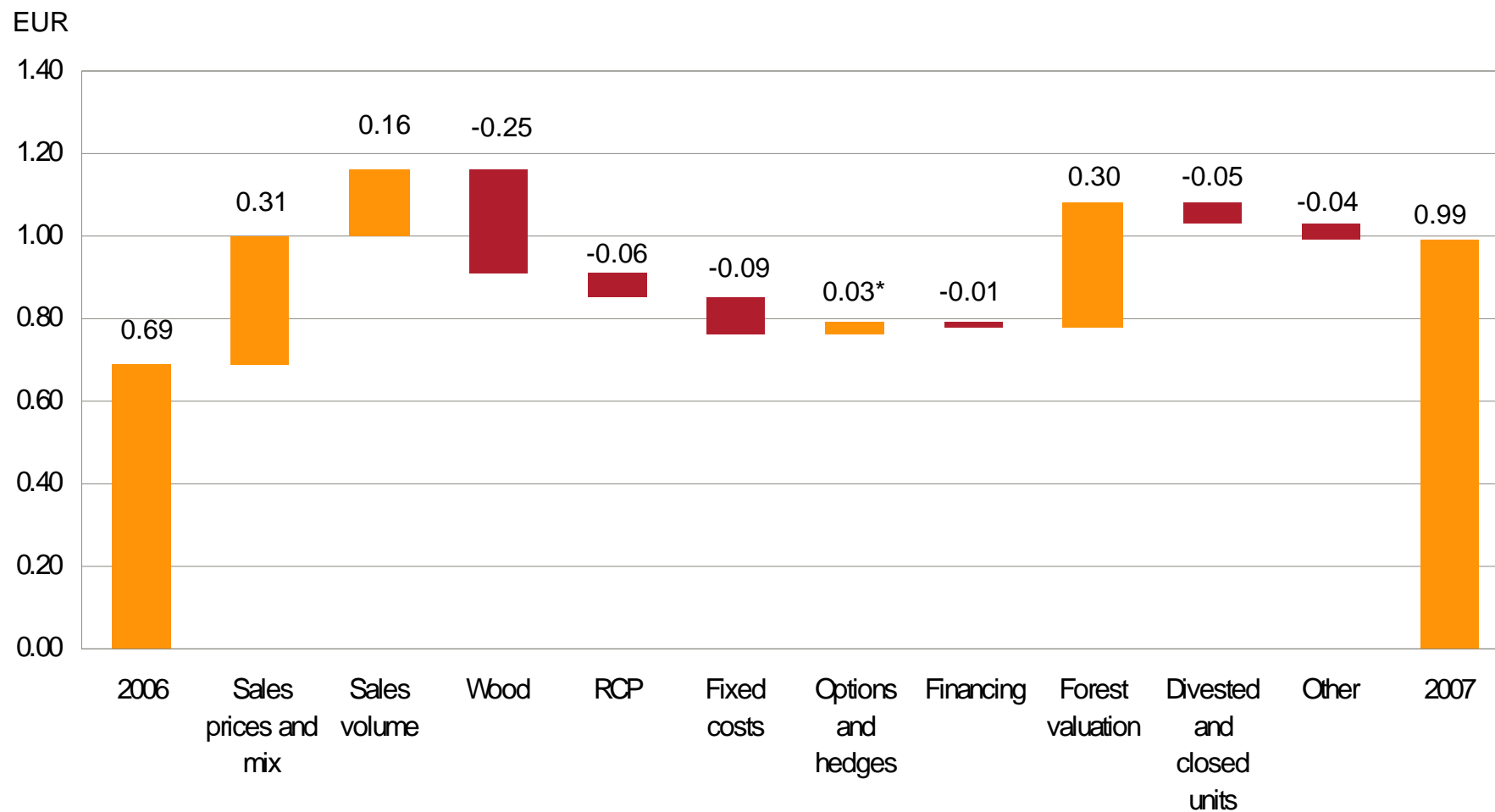
Earnings per share

2002 – 2007



Change in EPS (Continuing Operations)

1-12/06 – 1-12/07



* Options and hedges is a net of share-based compensation fair value movements and the impact of the hedging instruments

Excluding non-recurring items

Summary financials (Continuing Operations)



EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales (EUR million)	12 957.2	13 373.6	3410.5	3 355.9	3 234.5	3 372.7
EBITDA* (EUR million)	1 697.4	1 634.3	518.2	445.1	382.6	288.4
Operating profit* (EUR million)	884.4	1 171.7	327.2	252.4	252.0	340.1
Operating profit** (EUR million)	871.8	906.0	311.6	231.0	207.1	156.3
Operating profit (EUR million)	741.5	246.2	315.2	276.8	-297.4	-48.4
Profit before tax* (EUR million)	691.1	1002.8	288.5	196.3	225.1	292.9
Net profit (EUR million)	700.4	71.5	207.2	179.2	-264.1	-50.8
Earnings per share* (EUR)	0.69	0.99	0.28	0.19	0.23	0.29
Earnings per share, basic (EUR)	0.88	0.09	0.26	0.22	-0.33	-0.06
Cash earnings per share* (EUR)	1.84	2.01	0.55	0.46	0.48	0.52
ROCE* (%)	8.7	11.3	12.7	9.6	9.4	12.8
ROCE** (%)	8.6	8.7	12.1	8.7	7.7	5.9
Debt/Equity ***	0.54	0.40	0.61	0.55	0.57	0.40

*excluding non-recurring items (NRI)

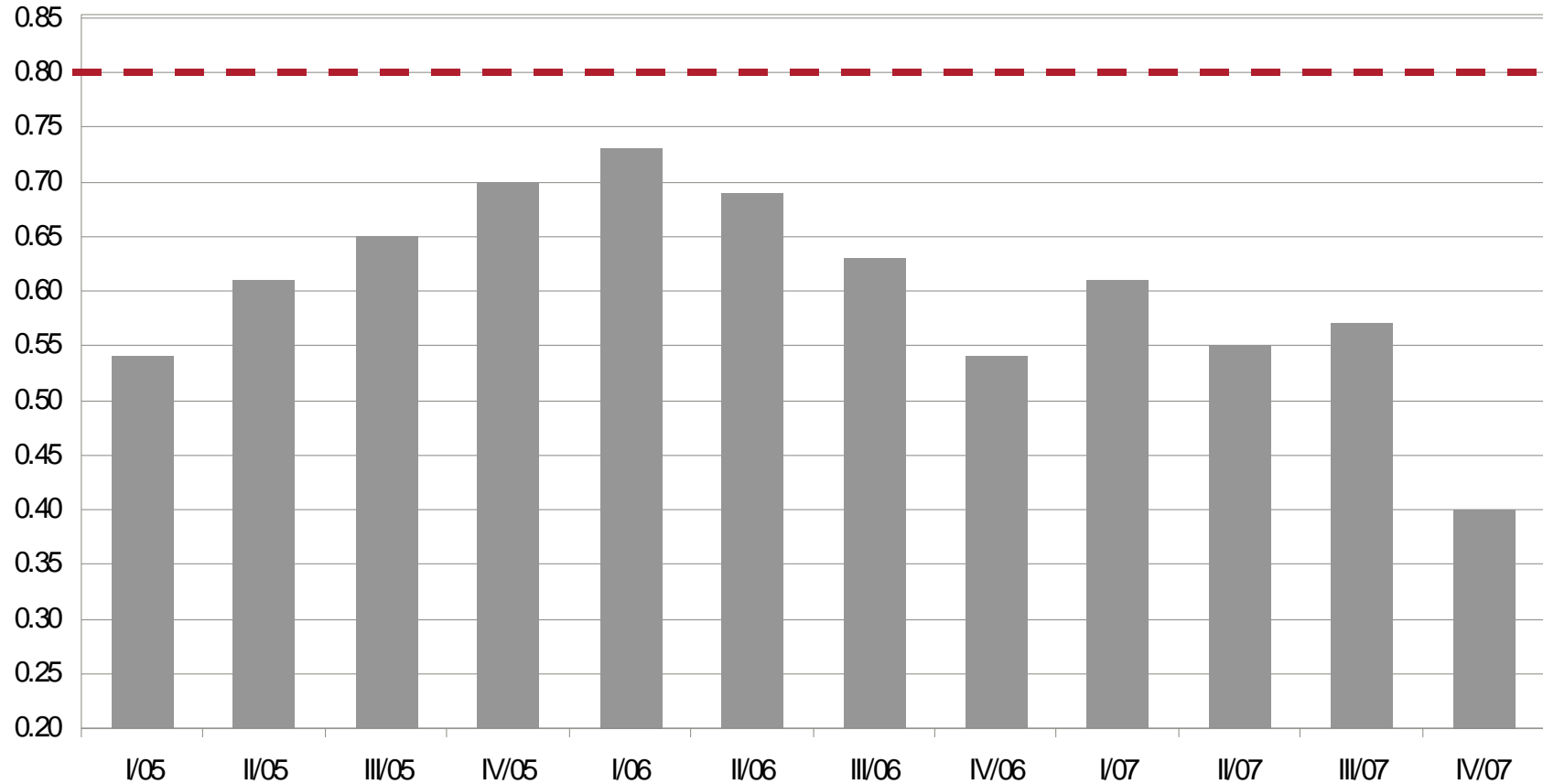
**excluding NRI, non-operational items and forest revaluation gains in associated companies

***Total Operations

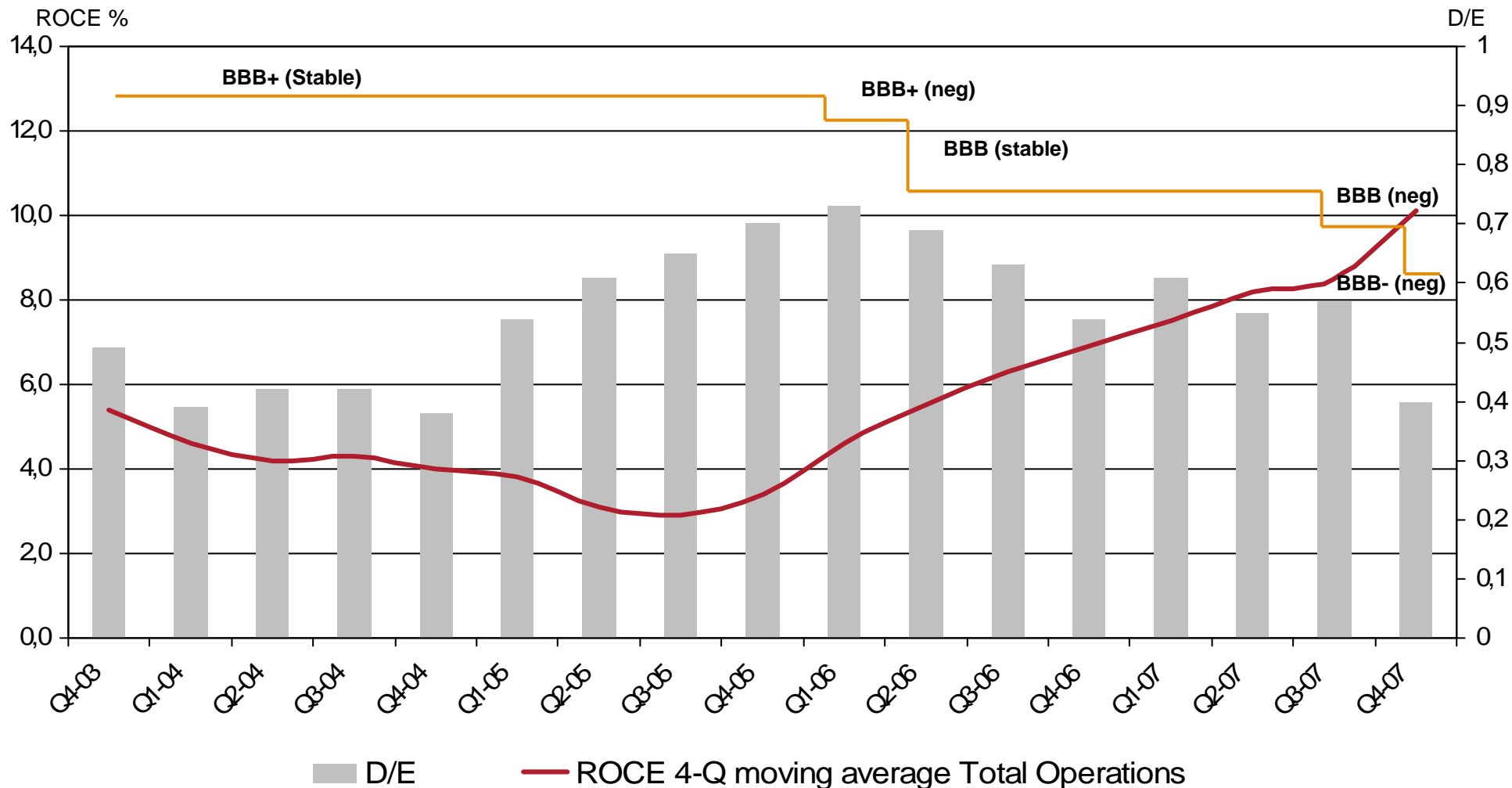
Debt/Equity

2005 – 2007

Objective ≤ 0.8



Financial performance and rating development (Standard & Poor's)



Note: Based on EBIT excluding non-recurring items (and goodwill amortisation in 2003-2004)

Net Financial Items from Continuing Operations 2007



EUR million	Q1/2007	Q2/2007	Q3/2007	Q4/2007	Total 2007
Interest income, deposits*	19.0	18.9	18.1	17.8	73.8
Interest expenses, borrowings*	-62.6	-60.4	-57.1	-59.3	-239.4
Interest rate swaps*	0.9	3.0	0.1	-0.9	3.1
Net Interest Expense	-42.7	-38.5	-38.9	-42.4	-162.5
Foreign Exchange Gains and Losses	3.6	-0.5	-0.4	-5.5	-2.8
Other Financial Items, of which	0.4	-17.1	12.4	0.7	-3.6
Capital gains, listed shares	1.0	0.9	1.7	0.1	3.7
Unrealised fair valuation of financial items	0.7	-15.6	13.5	7.2	5.8
Other items	-1.3	-2.4	-2.8	-6.6	-13.1
Net Financial Items Total	-38.7	-56.1	-26.9	-47.2	-168.9

* Continuing operations interest income and expenses include interest received from and paid to Stora Enso North America

Non-recurring items effect (Continuing Operations) 2007



	Excluding non-recurring items	Non-recurring items	IFRS
EBITDA (EUR million)	1 634.3	-178.9	1 455.4
EBIT (EUR million)	1 171.7	-925.5	246.2
Profit after financial items (EUR million)	1 002.8	-925.5	77.3
Tax effect	-222.8	217.0	-5.8
Net profit (EUR million)	780.0	-708.5	71.5
EPS (EUR)	0.99	-0.90	0.09

Transaction risk and hedges in 2007

(Continuing Operations)

EUR million	EUR	USD	GBP	SEK	JPY	Other	Total
Sales 2007	7 800	1 500	900	1 400	300	1 400	13 300
Costs 2007	-7 300	-600	-200	-2 400	0	-1 200	-11 700
Net operating cash flow *	500	900	700	-1 000	300	200	1 600
Transaction hedges as at 31 Dec		395	327	-563	85		
Hedging percentage as at 31 Dec		44%	47%	56% / 74% **	28%		
Average hedging percentage during 2007		31%	32%	40% / 53% **	30%		

* excluding non-recurring items

** 56 % represents the hedging ratio including the profit margin of the Swedish production units. Hedging ratios 74 % and 53 % are excluding the profit margin.

Newsprint

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	1 704.0	1734.9	438.7	429.9	430.0	436.3
Operating profit*	232.1	211.9	61.1	50.2	52.2	48.4
% of sales	13.6	12.2	13.9	11.7	12.1	11.1
ROOC, %**	16.7	15.7	17.6	14.7	15.6	15.2
Deliveries, 1 000 t	3 091	3 061	756	749	753	803
Production, 1 000 t	3 096	3 061	785	746	795	735

Continuing Operations

*excluding non-recurring items

**100 % x Operating profit/Operating capital

Compared with Q4/2006

In Europe demand for newsprint was slightly stronger than a year earlier due to the relatively buoyant circulations of paid-for newspapers and continuing growth in free dailies. Newsprint imports from North America continued to increase considerably, while domestic deliveries decreased slightly. Prices were higher than in the last quarter of 2006. Average producer inventories ended 2007 slightly higher than a year earlier.

Compared with Q3/2007

Demand improved significantly in the traditionally strongest quarter of the year as domestic deliveries increased while imports from North America decreased. Prices remained stable and producer inventories declined significantly.

Magazine Paper

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	2 220.3	2 296.3	566.6	552.9	587.3	589.5
Operating profit*	70.7	52.2	13.0	9.6	17.0	12.6
% of sales	3.2	2.3	2.3	1.7	2.9	2.1
ROOC, %**	3.5	2.7	2.6	1.9	3.6	2.9
Deliveries, 1 000 t	2 765	2 993	717	717	774	785
Production, 1 000 t	2 772	2 951	737	739	745	730

Continuing Operations

*excluding non-recurring items

**100 % x Operating profit/Operating capital

Compared with Q4/2006

In Europe demand for magazine paper grades was much stronger than a year ago. Producer inventories were lower in uncoated and coated grades. Prices were lower for all grades due to full-year contract commitments. In Latin America demand was stronger and prices higher.

Compared with Q3/2007

In Europe there was the usual year-end peak in demand for magazine paper, which was seasonally stronger than in the previous quarter, especially for coated grades. Producer inventories decreased. Prices remained virtually unchanged for all grades, but some product and sales mix improvements were achieved. In Latin America deliveries decreased but prices increased.

Fine Paper

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	2 261.8	2 156.2	577.0	522.8	529.7	526.7
Operating profit*	152.7	208.6	60.2	34.6	38.6	75.2
Operating profit***	152.7	169.6	60.2	34.6	38.6	36.2
% of sales	6.8	9.7	10.4	6.6	7.3	14.3
ROOC, %**	7.1	9.8	11.7	6.5	7.3	14.1
ROOC, %***	7.1	8.0	11.7	6.5	7.3	6.8
Deliveries, 1 000 t	3 022	2 826	760	689	696	681
Production, 1 000 t	3 032	2 856	738	720	705	693

Compared with Q4/2006

In Europe coated fine paper demand was similar to a year ago. Coated fine paper prices decreased slightly but industry inventories increased. Uncoated fine paper demand was also similar to a year ago. During fourth quarter of 2007 uncoated fine paper prices and industry inventories rose. In China coated fine paper demand and prices increased during 2007.

Compared with Q3/2007

In Europe coated fine paper demand was stronger than in the previous quarter for seasonal reasons. Coated fine paper prices decreased slightly, but industry inventories were unchanged. Uncoated fine paper demand was slightly weaker than in the previous quarter, as demand softened in the fourth quarter following an exceptionally strong third quarter. Uncoated fine paper prices and industry inventories were unchanged. In China coated fine paper demand strengthened and prices rose.

Continuing Operations

*excluding non-recurring items

**100 % x Operating profit/Operating capital

***excluding NRI and forest revaluation gain in Veracel

Merchants

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	1 907.2	2 006.0	532.9	479.4	474.4	519.3
Operating profit*	32.7	44.9	16.6	8.2	7.9	12.2
% of sales	1.7	2.2	3.1	1.7	1.7	2.3
ROOC, %**	5.5	8.6	12.3	6.2	6.1	9.6

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

Business was seasonally strong in the quarter, but weaker than usual around the year-end holidays.

Consumer Board

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	2 331.9	2 300.9	589.6	570.1	562.1	579.1
Operating profit*	240.9	158.0	72.4	29.0	27.0	29.6
% of sales	10.3	6.9	12.3	5.1	4.8	5.1
ROOC, %**	11.9	8.4	14.6	5.9	5.9	6.9
Deliveries, 1 000 t	2 537	2 532	638	640	632	622
Production, 1 000 t	2 566	2 533	646	628	621	638

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

Compared with Q4/2006

Delivery volumes were higher and average prices slightly lower than a year ago, mainly due to the currency and sales mix.

Compared with Q3/2007

Delivery volumes and average prices decreased slightly.

Industrial Packaging

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	970.7	1 083.5	266.1	274.2	267.8	275.4
Operating profit*	85.0	112.1	29.3	29.7	24.9	28.2
% of sales	8.8	10.3	11.0	10.8	9.3	10.2
ROOC, %**	13.6	17.1	18.5	18.3	15.1	16.6
Deliveries, 1 000 t	1 006	1 065	279	273	257	256
Production, 1 000 t	1 014	1 058	271	274	253	260

Continuing Operations

*excluding non-recurring items

**100 % x Operating profit/Operating capital

Compared with Q4/2006

Prices of industrial packaging products were higher than a year ago due to good demand, especially for containerboards. Delivery volumes were good and also higher than twelve months earlier in all products.

Compared with Q3/2007

Demand remained healthy, despite seasonal weakness in converted products at the end of the year. Prices rose in some products.

Wood Products

EUR million	2006	2007	I/07	II/07	III/07	IV/07
Sales	1 673.0	1 853.1	472.3	525.7	461.4	393.7
Operating profit*	63.4	151.2	54.8	59.3	37.1	0.0
% of sales	3.8	8.2	11.6	11.3	8.0	0.0
ROOC, %**	8.0	18.8	27.3	28.6	18.9	0.0
Deliveries, 1 000 t	6 551	6 348	1 619	1 763	1 545	1 421

Continuing Operations

*excluding non-recurring items

**100 % x Operating profit/Operating capital

Compared with Q4/2006

Demand was clearly weaker, especially in North America and Japan, but prices were higher than a year earlier.

Compared with Q3/2007

Following the very strong first half of 2007, markets for wood products became heavily oversupplied during the fourth quarter of 2007. The situation was aggravated by the seasonally weaker demand in Europe and continuing difficult market conditions in Japan and North America. Prices clearly decreased, especially in whitewood.

Events during Q4

- Intention to close Summa, Kemijärvi and Norrsundet mills; divestment of Kotka mill announced
- Reduction of administrative staff by 300 in Group and Shared Service functions in the UK, Finland, Sweden and Germany announced
- Finalisation of the partial divestment of Stora Enso Arapoti units to Arauco announced; total consideration of USD 208 million (EUR 144 million)
- Investments totalling EUR 260 million to improve energy efficiency at Langerbrugge and Maxau mills announced

Events during Q4, cont

- In co-operation with local employment and business centres in Finland, Stora Enso launched actions to support employees affected by planned restructuring measures in Kymenlaakso and Kemijärvi
- Additional temporary curtailments in glue-laminated products during Q4 2007 and early 2008 announced
- Intention to delist ADRs from the NYSE announced – ADRs to trade on the International OTCQX; deregistration from the Securities and Exchange Commission followed, terminating reporting obligations under the Securities Exchange Act of 1934
- Divestment of North American paper operations to NewPage finalised

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