

Paper, packaging & forest products

**Stora Enso Launches New
Group Organisation**

**Jouko Karvinen, CEO
Hannu Ryöppönen, DCEO & CFO**

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Driving Forces for New Organisation



Internal:

- Complex organisation
 - Multiple layers of management
 - Faster decision making and execution required

External:

- Industry facing significant challenges
 - Cost increases (wood, energy, logistics)
 - Supply/demand imbalance in certain segments
 - Adverse currency movements
 - Clear need for further capacity reductions and consolidation

New Organisation Objectives



- Main objectives:
 - Clarify the responsibility of individual businesses
 - Speed-up decision making in the organisation by de-layering
 - Increase transparency – internally and externally
 - Clear focus on our North American business
 - Facilitate downwards or upwards scalability in the future

Reporting Units



Reporting Unit	Executive Responsible	Responsibility
Fine Paper Business Area	Aulis Ansaharju	Fine Paper, Country Manager Finland
Consumer Board Business Area, Merchants Business Area	Mats Nordlander	Consumer Board, Merchants and Market Services
Industrial Packaging Business Area	Veli-Jussi Potka	Industrial Packaging
Magazine Paper Business Area	Hannu Alalauri	Magazine Paper
Newsprint Business Area	Juha Vanhainen	Newsprint
Wood Products Business Area	Elisabet Salander Björklund	Wood Products, Wood Supply and Pulp Supply
North America Business Area	John Gillen*	North America businesses

** John Gillen will continue heading Stora Enso's North America Business Area through a transitional period. Details of the North American business and organisational structure will be announced in due course.*

Group Function Leaders



Executive Responsible	Responsibility
Hannu Ryöppönen, Deputy CEO and CFO	Finance and Strategy, Purchasing
Bernd Rettig	Technology and R&D, Operations Improvement, Logistics, Investments, Country Manager Germany
Christer Ågren	HR Services, Leadership Development, IT, Country Manager Sweden

Impairment Charge

Non-recurring item in Q3 2007 (no cash effect)

- Several factors triggering the impairment charge:
 - Reorganisation into eight separate business areas
 - Increased wood costs (mainly driven by Russian export duties)
 - Poor outlook for magazine papers
 - Rising interest rates
 - Adverse currency movements
- Total impairment charge of about EUR 1 300 million* consists of:
 - About EUR 1 000 million* on fixed assets
 - About EUR 300 million* on goodwill
- The estimated distribution of the impairment between the Business Areas will be announced by 15 October 2007

** Currency rates prevailing on 31 July 2007 were used in calculating the impairment charge estimate; the actual impairment charge will be determined using rates prevailing at the closing of the annual accounts for 2007.*

Impairment Charge

Financial impact on the Group



- The impact of the impairment charge on the Group’s financial figures are estimated as follows:

One-time positive tax impact	EUR 100 million
Annual depreciation reduction	EUR 100 million
Capital employed reduction	EUR 1 200 million
Earnings per share (annualised)	EUR +0.11
Debt / Equity Ratio	0.55 to 0.64
ROCE (annualised)	+1.4 percentage points

- The discount rate used in the impairment calculation varied from 8.5% to 9.7% (pre-tax) based on business/country mix
- The Group’s pre-tax weighted average cost of capital (WACC) is 9.1%

Financial Reporting



- Financial reporting according to the new organisation will be implemented from Q3 2007
 - To be published on 25 October 2007
- Reclassified historical figures will be available by 15 October 2007, to facilitate analysis of the third quarter results

Comments from Jouko Karvinen



- Summary of current objectives:
 - Strengthen the company and improve profitability
 - Complete the new organisation
 - Speed-up execution of necessary structural changes
 - Participate in industry restructuring