StoraEnso
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Interim Review January–March 2001

Earnings per share were EUR 0.31; previous quarter EUR 0.28.

Adoption of IAS 39 standards has reduced the EPS by EUR 0.06.

Sales were EUR 3,637.0 million, similar to the previous quarter.

Operating profit was EUR 523.0 million; previous quarter EUR 440.7 million.

Profit before tax and minority interests was EUR 429.5 million; previous quarter EUR 360.2 million.

Cash flow from operations was EUR 597.0 million; previous quarter EUR 729.4 million.

Key Ratios	I/00	II/00	III/00	IV/00	2000	I/01
Earnings per share (basic), EUR	0.38	0.83	0.36	0.19	1.77	0.31
Earnings per share excl. non-rec. items, EUR	0.36	0.26	0.37	0.28	1.32	0.31
Cash earnings per share (CEPS), EUR	0.69	1.14	0.66	0.62	3.16	0.65
CEPS excl. non-recurring items, EUR	0.67	0.57	0.67	0.61	2.61	0.65
Return on capital employed (ROCE), %	17.7	36.5	20.7	9.3	20.7	15.2
ROCE excl. non-recurring items, %	16.9	16.1	21.6	12.4	16.8	15.2
Return on equity (ROE), %	19.4	38.9	18.1	8.0	19.5	16.1
Debt/equity ratio	0.72	0.40	0.65	0.59	0.59	0.59
Equity per share, EUR	8.0	8.7	9.5	9.4	9.4	9.3
Equity ratio, %	38.4	43.0	39.6	40.9	40.9	39.9
Operating profit, % of sales	17.2	32.1	16.4	9.0	18.2	14.4
Operating profit excl. non-recurring items, % of sales	16.2	14.1	17.1	12.0	14.8	14.4
Capital expenditure, EUR million	134	162	207	266	769	176
Capital expenditure, % of sales	4.5	5.2	6.4	7.2	5.9	4.8
Capital employed, EUR million	10 792	9 499	14 644	13 903	13 903	13 611
Interest-bearing net liabilities, EUR million	4 515	2 711	5 759	5 183	5 183	5 040
Average number of employees	39 029	41 157	42 978	43 975	41 785	42 570
Average number of shares (million)	759.8	759.9	812.1	914.7	812.0	906.2
Number of shares diluted (million)					813.5	908.3

January - March result

Earnings per share for January to March were EUR 0.31 (EUR 0.28), up 10.7% on the previous quarter, and cash earnings per share were EUR 0.65 (EUR 0.61), up 6.6%. There were no non-recurring items in the first quarter of 2001.

The general slowdown in the US economy has increased uncertainty and lowered consumption, especially in coated fine paper and coated magazine paper in North America, where coated fine paper prices have softened. European demand and prices have remained fairly stable. To keep the supply and demand balance healthy, Stora Enso curtailed production of paper and board for market reasons by 205,000 tonnes in the first quarter.

Paper and board deliveries totalled 3,337,000 tonnes, which is 256,000 tonnes less than the previous quarter's 3,593,000 tonnes. Deliveries of timber products totalled 1,242,000 m^3, compared with the previous quarter's 1,312,000 m^3.

EUR million	Jan-Dec 2000	Jan-Mar 2000	Oct-Dec 2000	Jan-Mar 2001
Sales	13 017.0	2 991.7	3 678.0	3 637.0
EBITDA [1) 2)]	2 970.2	716.7	748.9	825.8
Operating profit [2)]	1 925.6	485.6	440.7	523.0
Operating margin [2)]	14.8%	16.2%	12.0%	14.4%
Operating profit	2 371.3	509.6	330.6	523.0
Profit before taxes [2)]	1 653.3	422.6	360.2	429.5
Profit before taxes	2 099.0	446.6	250.1	429.5
Net profit	1 435.0	290.7	175.9	283.3
EPS [2)], Basic, EUR	1.32	0.36	0.28	0.31
EPS, Basic, EUR	1.77	0.38	0.19	0.31
CEPS [2)], EUR	2.61	0.67	0.61	0.65
ROCE [2)]	16.8%	16.9%	12.4%	15.2%

1) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation
2) Excluding non-recurring items

First quarter results (compared with previous quarter)
Sales for the quarter at EUR 3,637.0 million were almost the same as the previous quarter's EUR 3,678.0 million. The previous quarter's figure included sales of EUR 74.7 million from the Gruvön mill, which has been accounted as an associated company from 1 January 2001 onwards. The sales increase was attributable to increased sales prices in magazine paper, newsprint and packaging boards, partially offset by a decrease in fine paper prices. Regardless of recent weakening, the euro was on average stronger against the US dollar and the British pound than in the previous quarter having a negative EUR 90 million effect on sales.

The operating profit excluding non-recurring items for the first quarter was EUR 523.0 million (EUR 440.7 million), which is 18.7% more than in the previous quarter and 14.4% of sales. There was an improvement in operating profit in all paper and board product areas except fine paper due to increased prices, especially in newsprint. The previous period included EUR 8.3 million of operating profit from the Gruvön mill. Timber, Merchants and Forest operations reported lower profits than in the previous quarter.

The estimated currency effect of the US dollar and British pound on the operating profit was a negative EUR 20 million or EUR 0.01 per share. The fall in recovered paper prices increased the operating profit by EUR 15 million and the earnings per share by EUR 0.01. Increase in energy prices decreased operating profit by EUR 14 million or by EUR 0.01 per share.

The share of results of associated companies amounted to EUR 28.3 million (EUR 7.7 million), of which EUR 5.8 million was from Sunila Oy and EUR 21.4 million from Billerud AB. This contributed EUR 0.02 to earnings per share.

Net financial items were EUR 121.8 million. Net interest expenses for the quarter were EUR 77.0 million (EUR 95.9 million), which is 5.7% of interest-bearing net liabilities. Net foreign exchange loss was EUR 53.6 million, of which EUR –77.2 million (EUR 0.06 per share) was due to adoption of the new International Accounting Standard for Financial Instruments (IAS 39).

Profit before taxes and minority interests excluding non-recurring items amounted to EUR 429.5 million (EUR 250.1 million). Taxes totalled EUR 146 million (EUR 73.1 million), equivalent to a tax rate of 34.0% (29.2%). Taxes reduced earnings per shares by EUR 0.16. The minority interest on profits was EUR -0.2 million (EUR -1.2 million), and the profit for the period was EUR 283.3 million (EUR 175.9 million).

The return on capital employed was 15.2% (12.4%). Capital employed was EUR 13,611.1 million at the end of the period, a net decrease of EUR 291.8 million since the beginning of the year mainly due to year 2000 dividends.

First quarter results (compared with the same period in 2000)
Sales increased by EUR 645.3 million or 21.6%, including EUR 553.6 million due to the acquisition of Consolidated Papers. The first quarter of 2000 included EUR 81.7 million of sales from the Gruvön mill.

The operating profit excluding non-recurring items increased by EUR 37.4 million or 7.7%. Paper and board product areas reported increased profits with the largest increase in newsprint, but the operating profits of Timber, Merchants and Forest operations were lower than in the same period last year.

Profit before taxes and minority interests excluding non-recurring items increased by EUR 6.9 million. The estimated currency effect of the US dollar on the operating profit was a EUR 20 million.

Capital structure, EUR million	31 Dec. 2000	31 Mar. 2000	31 Mar. 2001
Fixed assets	15 280.7	11 601.8	15 061.9
Working capital	1 276.2	899.9	1 092.1
Operating capital	16 556.9	12 501.7	16 154.0
Net tax liabilities	-2 654.0	-1 711.6	-2 542.9
Capital employed	13 902.9	10 790.1	13 611.1
Shareholders' equity	8 570.8	6 069.5	8 430.5
Minority interests	149.4	206.6	140.3
Interest-bearing net liabilities	5 182.7	4 514.0	5 040.3
Financing total	13 902.9	10 790.1	13 611.1

Financing

The cash flow from operations was EUR 597.0 million (EUR 729.4 million). The operating cash flow (cash flow from operations minus investing activities) amounted to EUR 715.7 million (EUR 462.8 million). At the end of the period interest-bearing net liabilities were EUR 5,040.3 million, down EUR 142.4 million compared with the end of 2000. Cash reserves and unutilised credit facilities totalled EUR 2.2 billion at the end of the period.

The debt/equity ratio at the end of period was 0.59, the same as at the end of 2000. Equity per share was EUR 9.3 (EUR 9.4). The dividend of EUR 417.8 million for 2000 was deducted from the equity and entered into current liabilities. The date of the payment was 4 April 2001, after the end of the review period.

Change in interest-bearing net liabilities EUR million	Group cash flow	Translation difference	Impact on the balance sheet
Operating profit	523.0		523.0
Depreciation	298.8		298.8
Change in working capital[1)]	-224.8	-8.9	-233.7
Cash flow from operations[1)]	597.0	-8.9	588.1
Capital expenditure	-175.7		-175.7
Acquisitions	-10.3		-10.3
Disposals	20.6		20.6
Other change in fixed assets	284.1	-198.7	85.4
Operating cash flow[1)]	715.7	-207.6	508.1
Net financing items	-93.5		-93.5
Taxes paid	-246.2	-11.0	-257.2
Share issue	11.9		11.9
Other change in shareholders' equity	7.2	-24.9	-17.7
Minority interests	-9.2		-9.2
Change in net interest-bearing net liabilities	385.9	-243.5	142.4

1) Excluding the unpaid dividend of EUR 417.8 million reported as interest free current liabilities

Capital expenditure

Capital expenditure totalled EUR 175.7 million, which is in line with the Group's policy of not exceeding the annual level of depreciation. The main investment during the quarter was the new pulping line (EUR 35 million) at Imatra, Finland, which came on stream 2 April.

On 9 January Stora Enso announced its plan to restructure its newsprint and magazine paper production capacity to increase profitability. Stora Enso intends to build a new 400,000 tonnes per year newsprint/SC machine at Langerbrugge, Belgium and to shut down two paper machines with a combined capacity of about 230,000 tonnes per year at Langerbrugge and Summa, Finland. The total investment cost is estimated at EUR 430 million. In addition, it was decided to shut down a 140,000 tonnes per year offline coater at Nymölla, Sweden. From the year 2002 Nymölla will concentrate on production of uncoated fine paper. During the quarter it was also decided to rebuild Summa's newsprint machine no. 3 and TMP plant at a cost of EUR 20 million.

Issues outstanding with competition authorities

The company has given its reply to a statement of objection from European Commission in autumn 1999 related to newsprint producer's operations from 1989 to 1995. The company is still waiting for the EU's response. No provision has been made in this respect.

Changes in group composition

As the Group's pulp sales and purchases are in balance, it was decided to dissolve the pulp product area and reallocate the non-integrated pulp mills to the product areas, so pulp is now included in product area reporting. All product area figures in this report have been calculated accordingly.

Major decisions of AGM on 20 March 2001

The Annual General Meeting of Shareholders approved the proposed dividend of EUR 0.45 per share.

Ilkka Niemi was elected to the Board of Directors in place of Raimo Luoma, who was resigning from the Board. All the other members were re-elected.

The AGM approved reduction of the share capital by EUR 39,390,190 through the cancellation of 910,600 A and 22,260,100 R repurchased shares. The new share capital was recorded in the Finnish Trade Register on 9 April 2001. The new share capital is EUR 1,539,058,903.90.

The Board of Directors was authorised to repurchase up to 9,679,000 A shares and up to 35,586,000 R shares by 19 March 2002. The repurchases started on 28 March 2001. By 10 April the company had repurchased 62,500 A and 1,721,500 R shares at a total cost of EUR 19 million, the average price paid for A shares being EUR 10.77 and for R shares EUR 10.75.

Events after the period

On 9 April Stora Enso announced that it will invest EUR 14 million in expanding the corrugated board and box production capacity of its Balabanovo mill in Russia from 70 million to 105 million m^2. The new capacity will come on stream in March 2002.

Market outlook

European demand is still fairly stable. European coated fine paper prices are under pressure, but magazine paper prices are still solid. European newsprint supply and demand are in balance. Paperboard market is weakening slightly. Buyers' inventories are generally low and further large-scale de-stocking is unlikely. Demand for sawn timber will remain weak. In North America, coated fine paper and magazine paper demand is expected to remain weak, with prices under pressure.

Stora Enso will continue to adjust capacity utilisation as appropriate. The full year financial results will depend very much on the industry's ability to maintain prices, on internal efficiency and cost awareness.

This report is unaudited.

Helsinki, 26 April 2001
Stora Enso Oyj
Board of Directors

Magazine paper

EUR million	2000	I/00	II/00	III/00	IV/00	I/01	Change I/IV %
Sales	2 818.8	562.5	590.0	729.1	937.2	910.2	-2.9
Operating profit	399.4	91.6	91.4	138.6	77.8	113.6	46.0
% of sales	14.2	16.3	15.5	19.0	8.3	12.5	
ROOC, %*	15.5	17.1	17.1	22.9	8.6	12.7	
Deliveries, 1000 t	3 269	676	707	838	1 048	994	-5.2

* ROOC = 100% x Operating profit/Operating capital

Compared with the last quarter of 2000, sales decreased by 2.9% to EUR 910.2 million. The operating profit was EUR 113.6 million, up 46%. Price rises of 5-8% for SC and LWC paper implemented in Europe at the beginning of 2001 and declines in chemical pulp and recovered paper prices, partially offset by higher energy prices, increased the operating profit. Production was curtailed for market reasons by 30,000 tonnes in North America.

Following the buoyant year 2000 for both Europe and North America, the market has calmed down, but demand has still remained fairly good. There is some concern about medium-weight coated (MWC) grades, which are affected by the slack market for coated fine paper.

Producers' inventories increased during the first quarter and now exceed last year's average figures.

The economic outlook for the coming months is still quite good for Europe, and demand and prices are not expected to change significantly from today's levels, though there is some uncertainty concerning coated papers. The North American market for magazine paper will be weaker than last year owing to economic uncertainty.

Newsprint

EUR million	2000	I/00	II/00	III/00	IV/00	I/01	Change I/IV %
Sales	1 766.7	416.0	417.0	449.6	484.1	501.7	3.6
Operating profit	268.3	62.6	43.2	80.8	81.7	134.1	64.1
% of sales	15.2	15.0	10.4	18.0	16.9	26.7	
ROOC, %*	19.9	18.1	12.7	24.1	25.2	43.0	
Deliveries, 1000 t	3 134	759	747	789	840	780	-7.1

* ROOC = 100% x Operating profit/Operating capital

Compared with the previous quarter, sales increased by 3.6% to EUR 501.7 million and operating profit by 64.1% to EUR 134.1 million. Rises in European sales prices and lower recovered paper prices, partially offset by higher energy prices, increased the operating profit.

Slower growth in the economies has started to reduce newsprint consumption through cuts in advertising expenditure. In European markets in particular there is still good demand, but in North America some producers have already taken market-related downtime.

There were no curtailments at Stora Enso's newsprint mills during the period.

The market is expected to remain in good balance in the coming months.

Fine paper

EUR million	2000	I/00	II/00	III/00	IV/00	I/01	Change I/IV %
Sales	3 473.2	758.5	768.1	883.5	1 063.1	1 021.3	-3.9
Operating profit	688.8	150.5	146.5	194.1	197.7	167.6	-15.2
% of sales	19.8	19.8	19.1	22.0	18.6	16.4	
ROOC, %*	20.3	21.4	20.9	24.5	16.6	14.9	
Deliveries, 1000 t	3 151	771	720	793	867	857	-1.2

* ROOC = 100% x Operating profit/Operating capital

Sales amounted to EUR 1,021.3 million, 3.9% less than in the previous quarter. The operating profit declined to EUR 167.6 million, about 15%, owing to market-related production curtailments of 135,000 tonnes, comprising 35,000 tonnes of curtailments in North America and 100,000 tonnes in Europe.

Demand for coated fine paper remained weak throughout the first quarter, especially in North America, mainly because of de-stocking, but price levels were maintained in Western Europe. Demand for uncoated fine paper has weakened somewhat, but with an order book of three weeks the market is still relatively healthy. However, the weak market is continuing to put downward pressure on the prices of both grades, even though producers' and customers' inventories are back to normal.

The coated fine paper market is expected to remain weak during the second half of the year.

Packaging boards

EUR million	2000	I/00	II/00	III/00	IV/00	I/01	Change I/IV %
Sales	2 975.0	719.2	746.9	753.0	755.9	651.8	-13.8
Operating profit	441.3	115.7	91.2	130.5	103.9	115.1	10.8
% of sales	14.8	16.1	12.2	17.3	13.7	17.7	
ROOC, %*	15.4	16.4	12.7	18.0	14.5	17.5	
Deliveries, 1000 t	3 417	876	855	848	838	706	-15.8

* ROOC = 100% x Operating profit/Operating capital

Compared with the previous quarter, sales declined by EUR 104.1 million to EUR 651.8 million mainly because they no longer include the Gruvön mill sales. The operating profit rose by EUR 11.2 million to EUR 115.1 million due to price rises in some grades. Market-related production curtailments totalled 40,000 tonnes during the quarter.

Overall the market for consumer packaging boards was a bit weaker than in the previous quarter.

Corrugated packaging demand in Russia and the Baltic States grew. The Finnish market was stable but demand in Sweden weakened.

The market for laminating papers and cores was sound. The demand for containerboards and coreboards was clearly weaker than last year.

No major change in the market situation is expected in the second quarter.

Timber

EUR million	2000	I/00	II/00	III/00	IV/00	I/01	Change I/IV %
Sales	1 242.1	298.1	334.8	293.7	315.5	307.3	-2.6
Operating profit	73.3	23.8	21.7	16.5	11.3	5.6	-50.4
% of sales	5.9	8.0	6.5	5.6	3.6	1.8	
ROOC, %*	18.6	24.6	22.1	16.5	11.5	5.7	
Deliveries, 1000 m^3	4 880	1 159	1 290	1 120	1 312	1 242	-5.3

* ROOC = 100% x Operating profit/Operating capital

Sales were EUR 307.3 million, down 2.6% on the previous quarter. The operating profit was EUR 5.6 million, down about 50%, mainly due to the weak market.

The global oversupply is especially severe in commodity construction and packaging grades. Some speciality segments in interior decorations have also been hit hard by the oversupply, which has led to a much steeper price decline than expected.

The markets in the USA and Japan are also suffering from flat consumption and oversupply in commodity construction materials, but the balance between supply and demand seems to be better in system building components.

Global demand for wood products is expected to remain flat, with the oversupply in the market persisting through the first half of 2001.

Merchants

Sales were EUR 231.4 million, and the operating profit was EUR 0.2 million. E-business project costs have reduced the operating profit by EUR 2.0 million.

The markets are expected to remain difficult throughout the year.

Forest

Sales rose by 4.2% to EUR 511.5 million, but the operating profit fell by 12.8% to EUR 25.3 million because lower volumes were harvested in the Group's own forests.

The market and wood prices remained stable in Finland and Sweden. The weather was better than the very wet end of last year, which had an adverse effect on forest operations and forest roads. However, curtailed production at some Swedish mills resulted in regional stock increases and downward pressure on pulpwood and sawlog prices.

Deliveries to the mills in the Nordic countries totalled 10.8 million m^3 (solid under bark), 7% more than in the previous quarter. Imports of wood increased by 23% to 2.5 million m^3. Felling in the Group's forests at 0.9 million m^3 was 46% less than in the previous quarter, when felling had been increased to compensate for private owners' weather-related problems.

FINANCIALS

Condensed Consolidated Income Statement

EUR million	Full year 2000	Jan.–Mar. 2000	Jan.–Mar. 2001
Sales	13 017.0	2 991.7	3 637.0
Expenses and other operating income	-7 520.6	-1 805.5	-2 251.9
Personnel expenses	-1 995.7	-445.5	-559.3
Depreciation, amortisation and impairment charges	-1 129.4	-231.1	-302.8
Operating profit	2 371.3	509.6	523.0
Share of results of associated companies	20.6	5.8	28.3
Net financial items	-292.9	-68.8	-121.8
Profit before tax and minority interests	2 099.0	446.6	429.5
Income tax expense	-650.3	-148.5	-146.0
Profit after tax	1 448.7	298.1	283.5
Minority interests	-13.7	-7.4	-0.2
Net profit for the period	1 435.0	290.7	283.3
Key ratios			
Basic earnings per share, EUR	1.77	0.38	0.31
Diluted earnings per share, EUR	1.76	0.38	0.31

Accounting principles

This interim report is in compliance with IAS 34 Interim Financial Reporting.

The accounting policies and methods of computation used in this interim report are the same as used in the last annual report, except that the Group adopted IAS 39, Financial instruments: Recognition and Measurement as of 1 January 2001,which has resulted in the following adjustments in the opening balance.

In accordance with the transitional provisions of IAS 39, Stora Enso recorded a cumulative adjustment of EUR 15.6 million net of taxes in retained earnings to recognise at fair value all derivatives that are designated as fair value hedging instruments. Stora Enso also recorded a cumulative adjustment of EUR –27.8 million in the retained earnings to recognise the difference between the carrying values and fair values of related hedged assets and liabilities.

Stora Enso recorded an adjustment of EUR 23.0 million in interest-bearing assets and adjustment of EUR 3.2 million in interest bearing-liabilities to recognise at the fair value all derivatives that are designated as cash flow hedging instruments. Stora Enso also recorded a corresponding cumulative adjustment of EUR 13.8 million net of taxes in the hedging reserve (equity) to recognise the difference between the carrying values and fair values of these derivatives.

Upon adoption of IAS 39 Stora Enso also recognised in its balance sheet other derivatives, either as assets or liabilities, and measured them at fair value. This recognition resulted in the adjustments of EUR 5.0 million in interest-bearing assets and EUR 25.2 million in interest-bearing liabilities. Stora Enso recorded a corresponding cumulative adjustment of EUR –14.3 million net of taxes in retained earnings to recognise the difference between the carrying values and fair values of these derivatives.

Stora Enso classified its investments as available for sale. Stora Enso measured these securities to fair value and recorded a cumulative adjustment of EUR 61.9 million net of taxes in the available for sale reserve (equity).

This report is unaudited

Key exchange rates for the euro

One euro is	Closing rate		Average rate	
	31 Dec. 2000	31 Mar. 2001	31 Dec. 2000	31 Mar. 2001
SEK	8.8313	9.157	8.4416	8.998054
USD	0.9305	0.8832	0.9242	0.923648
GBP	0.6241	0.6192	0.6088	0.632958
CAD	1.3965	1.3904	1.3711	1.410168

Condensed Consolidated Cash Flow Statement (IAS)

EUR million	2000	Jan.–Mar. 2000	Jan.–Mar. 2001
Cash flow from operating activities			
Operating profit	2 371.3	509.6	523.0
Adjustments	531.9	188.5	298.8
Change in net working capital	96.6	-70.9	-517.1
Cash flow generated by operations	2 999.8	627.2	304.7
Net financial items	-285.9	-68.7	-224.9
Income taxes paid	-553.3	-144.7	-246.2
Net cash provided by operating activities	2 160.6	413.8	-166.4
Acquisitions	-4 559.1	-31.9	-10.3
Proceeds from sale of fixed assets or shares	720.8	78.6	20.6
Capital expenditure	-769.3	-134.9	-175.7
Proceeds from the long-term receivables, net	-20.6	0.6	47.0
Net cash used in investing activities	-4 628.2	-87.6	-118.4
Cash flow from financing activities			
Change in long-term liabilities	2 077.8	-147.6	-178.7
Change in short-term borrowings	-744.8	-286.5	217.1
Dividends paid	-303.9	-	-
Proceeds from issuance of share capital	1 717.2	-	11.9
Purchase of own shares	-173.7	-	-81.6
Other change in shareholders' equity	-2.4	99.7	7.2
Other change in minority interests	-	-2.8	-9.2
Net cash used in financing activities	2 570.2	-337.2	-33.3
Net increase in cash and cash equivalents	102.6	-11.0	-318.1
Translation differences on cash holdings	-0.3	3.6	2.4
Cash and bank at the beginning of period	642.2	642.2	744.5
Cash and cash equivalents at end of period	744.5	634.8	428.8

Capital expenditure and commitments

EUR million	2000	Jan.-Mar. 2000	Jan.-Mar. 2001
Opening net book amount	11 248.4	11 248.4	15 103.4
Acquisition of subsidiary	5 830.3	11.1	10.3
Additions	769.3	134.9	175.7
Disposals	-1 315.3	-33.2	-300.6
Depreciation, amortisation, impairment and translation differences	-1 429.3	-39.5	-106.1
Closing net book amount	15 103.4	11 321.7	14 882.7
Borrowings			
Current	1 340.8	1 652.7	1 623.7
Non-current	5 514.7	3 829.7	5 358.6
Total	6 855.5	5 482.4	6 982.3
Opening amount, borrowings	5 769.5	5 769.5	6 855.5
Acquisition of subsidiary	1 204.9	10.9	-
Proceeds from (payments of) borrowings, net	76.8	-434.1	106.5
Translation difference	-195.7	136.1	20.3
Closing amount	6 855.5	5 482.4	6 982.3
Acquisition			
Property, plant and equipment	3 897.3	11.1	10.3
Borrowings	-1 204.9	-10.9	-
Other assets, less liabilities	-66.3	15.9	-
Fair value of net assets	2 626.1	16.1	10.3
Goodwill	1 933.0	15.8	-
Total purchase consideration	4 559.1	31.9	10.3

Condensed Consolidated Balance sheet

Assets

EUR million		31 Dec. 2000	31 Mar. 2000	31 Mar. 2001
Fixed assets and other long-term investments				
Property, plant and equipment,				
intangible assets and goodwill	O	15 103.4	11 321.7	14 882.7
Investment in other companies	O	177.2	280.1	179.2
Investment in associated companies	I	213.6	166.6	354.6
Investments	I	132.3	50.0	204.7
Non-current loan receivables	I	486.3	67.7	484.2
Deferred tax assets	T	11.7	5.9	17.0
Other non-current assets	O	254.5	87.4	256.1
Fixed assets and other				
long-term investments		16 379.0	11 979.4	16 378.5
Current assets				
Inventories	O	1 589.5	1 343.4	1 676.4
Tax receivables	T	153.0	97.1	149.9
Short-term receivables	O	2 360.7	2 227.6	2 371.1
Current portion of loan receivables	I	96.2	49.3	469.7
Cash and cash equivalents	I	744.4	634.8	428.8
		4 943.8	4 352.2	5 095.9
Total assets		**21 322.8**	**16 331.6**	**21 474.4**

Shareholders' equity and liabilities

EUR million		31 Dec. 2000	31 Mar. 2000	31 Mar. 2001
Shareholders' equity		8 570.8	6 069.5	8 430.5
Minority interests		149.4	206.6	140.3
Long-term liabilities				
Pension provisions	O	771.8	578.9	777.8
Deferred tax liabilities	T	2 247.5	1 521.1	2 256.0
Other provisions	O	173.4	200.4	150.2
Long-term debt	I	5 514.7	3 829.7	5 358.6
Other long-term liabilities	O	92.6	88.0	51.9
		8 800.0	6 218.1	8 594.5
Current liabilities				
Interest-bearing liabilities	I	1 340.8	1 652.7	1 623.7
Tax liabilities	T	571.2	293.5	453.8
Other current liabilities	O	1 890.6	1 891.2	2 231.6
		3 802.6	3 837.4	4 309.1
Total minority interests and liabilities		12 752.0	10 262.1	13 043.9
Total shareholders' equity and liabilities		**21 322.8**	**16 331.6**	**21 474.4**

Items designated with "O" are included in the operating capital.
Items designated with "I" are included in interest-bearing net liabilities.
Items designated with "T" are included in the tax liability.

Equity Reconciliation (IAS)

EUR million	Share capital	Share issue	Share issue premium	Treasury shares	Other comprehensive income	Cumulative translation adjustment	Retained earnings	Total
Balance at 31 Dec. 1997	1 277.5		354.3			-19.9	3 901.3	5 513.2
Change in accounting policy with respect to forest accounting (net of deferred tax)						2.8	12.1	14.9
Balance at 31 Dec. 1997, restated	1 277.5		354.3			-17.1	3 913.4	5 528.1
Transfer to reserves			23.4				-23.4	
Dividends paid (EUR 0.33 per share)							-242.6	-242.6
Net profit for the period							185.3	185.3
Translation adjustment						-170.9		-170.9
Balance at 31 Dec. 1998, restated	1 277.5		377.7			-188.0	3 832.7	5 299.9
Balance at 31 Dec. 1998	1 277.5		377.7			-188.0	3 826.3	5 293.5
Effect of adopting IAS 19 (revised)							-27.2	-27.2
Change in accounting policy with respect to forest accounting (net of deferred tax)							6.4	6.4
Balance at 31 Dec. 1998, restated	1 277.5		377.7			-188.0	3 805.5	5 272.7
Warrants exercised	0.1		1.9					2.0
Dividends paid (EUR 0.35 per share)							-268.3	-268.3
Net profit for the period							746.4	746.4
Translation adjustment						203.7		203.7
Balance at 31 Dec. 1999, restated	1 277.6		379.6			15.7	4 283.6	5 956.5
Balance at 31 Dec. 1999, as previously reported	1 277.6		379.6			12.7	4 283.3	5 953.2
Change in accounting policy with respect to forest accounting (net of deferred tax)						3.0	0.3	3.3
Balance at 31 Dec. 1999, restated	1 277.6		379.6			15.7	4 283.6	5 956.5
Dividends paid (EUR 0.40 per share)							-303.9	-303.9
To be placed at the disposal of the Board of Directors							-1.0	-1.0
Share issue	0.4		-0.4					0.0
Share issue (Consolidated Papers)	284.5		1 432.7					1 717.2
Conversion of share capital from FIM to EUR	13.8		-13.8					0.0
Acquisition of Stora Enso Oyj shares				-173.7				-173.7
Options issued (Consolidated Papers)			25.1				0.9	26.0
Net profit for the period							1 435.0	1 435.0
Translation adjustment						-85.3		-85.3
Balance at 31 Dec. 2000	1 576.3		1 823.2	-173.7		-69.6	5 414.6	8 570.8
Effect of adopting IAS 39					75.7		-26.5	49.2
Balance at 31 Dec. 2000, restated	1 576.3		1 823.2	-173.7	75.7	-69.6	5 388.1	8 620.0
Acquisition of Stora Enso Oyj shares				-81.6				-81.6
Dividends paid (EUR 0.45 per share)							-417.8	-417.8
Share issue	0.5		1.8					2.3
Share issue	1.6	3.3	4.7					9.6
Net profit for the period							283.3	283.3
Change in other comprehensive income entries					-10.2			-10.2
Translation adjustment						24.9		24.9
Balance at 31 Mar. 2001	1 578.4	3.3	1 829.7	-255.3	65.5	-44.7	5 253.6	8 430.5

Other comprehensive income comprises hedging reserve of cash flow derivatives and available for sale reserve.

Commitments and Contingent Liabilities

EUR million	31 Dec. 2000	31 Mar. 2000	31 Mar. 2001
On own behalf			
Pledges given	38.9	67.6	22.0
Mortgages	400.8	646.0	407.1
On behalf of associated companies			
Mortgages	1.0	1.0	1.0
Guarantees	14.5	11.2	14.4
On behalf of others			
Pledges given	0.4	2.6	0.4
Guarantees	102.8	201.6	101.1
Other commitments, own			
Leasing commitments, in next 12 months	30.3	23.2	31.3
Leasing commitments, after next 12 months	106.9	95.3	148.0
Pension liabilities	2.9	3.0	2.7
Other contingencies	87.2	42.3	100.4
Total			
Pleges given	39.3	70.2	22.4
Mortgages	401.8	647.0	408.1
Guarantees	117.3	212.8	115.5
Leasing commitments	137.2	118.5	179.3
Pension liabilities	2.9	3.0	2.7
Other commitments	87.2	42.3	100.4
Total	**785.7**	**1 093.8**	**828.4**

Risk Management Contracts

EUR million	31 Dec. 2000	31 Mar. 2000	31 Mar. 2001
Current value			
Interest rate derivatives	16.7	-0.5	4.2
Foreign exchange derivatives	113.8	20.3	-125.1
Commodity derivatives	5.0		18.9
Equity swaps			-15.8
Nominal value			
Interest rate derivatives	737.5	1 059.8	1 356.7
Foreign exchange derivatives	4 801.9	3 781.9	5 134.4
Commodity derivatives	175.9		211.0
Equity swaps			73.8

Sales by product area

EUR million	1999	I/2000	II/2000	III/2000	IV/2000	2000	I/2001
Magazine	2 156.5	562.5	590.0	729.1	937.2	2 818.8	910.2
Newsprint	1 641.8	416.0	417.0	449.6	484.1	1 766.7	501.7
Fine paper	2 493.8	758.5	768.1	883.5	1 063.1	3 473.2	1 021.3
Packaging boards	2 541.5	719.2	746.9	753.0	755.9	2 975.0	651.8
Timber	1 140.0	298.1	334.8	293.7	315.5	1 242.1	307.3
Merchants	787.2	225.4	221.4	212.9	230.9	890.6	231.4
Forest	1 630.3	508.1	452.2	426.4	490.7	1 877.4	511.5
Other	-1 880.7	-522.8	-449.5	-494.8	-599.4	-2 066.5	-498.2
Continuing operations total	10 510.4	2 965.0	3 080.9	3 253.4	3 678.0	12 977.3	3 637.0
Divested paper units	24.7	0.0	0.0	0.0	0.0	0.0	0.0
Discontinuing operations, Energy	228.0	46.4	23.9	0.0	0.0	70.3	0.0
Internal sales, Energy	-127.4	-19.7	-10.9	0.0	0.0	-30.6	0.0
Total	10 635.7	2 991.7	3 093.9	3 253.4	3 678.0	13 017.0	3 637.0

Adjusted operating profit by product area

(Product area figures excluding non-recurring items and goodwill amortisation)

EUR million	1999	I/2000	II/2000	III/2000	IV/2000	2000	I/2001
Magazine	328.4	91.6	91.4	138.6	77.8	399.4	113.6
Newsprint	306.4	62.6	43.2	80.8	81.7	268.3	134.1
Fine paper	238.7	150.5	146.5	194.1	197.7	688.8	167.6
Packaging boards	237.7	115.7	91.2	130.5	103.9	441.3	115.1
Timber	43.5	23.8	21.7	16.5	11.3	73.3	5.6
Merchants	4.1	5.0	2.4	0.5	2.0	9.9	0.2
Forest	132.3	28.2	34.5	23.6	29.0	115.3	25.3
Other	-22.9	-4.6	-2.9	-1.7	-25.9	-35.1	-1.9
Continuing operations Total	1 268.2	472.8	428.0	582.9	477.5	1 961.2	559.6
Divested paper units	-1.6	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations, Energy	91.9	26.9	25.8	0.0	0.0	52.7	0.0
Operating profit Total (adjusted)	1 358.5	499.7	453.8	582.9	477.5	2 013.9	559.6
Amortisation on consolidation goodwill	-61.9	-14.1	-14.8	-22.6	-36.8	-88.3	-36.6
Non-recurring items	103.0	24.0	554.9	-23.1	-110.1	445.7	0.0
Operating profit Total (IAS)	1 399.6	509.6	993.9	537.2	330.6	2 371.3	523.0
Net financial items	-266.6	-68.8	-96.5	-39.4	-88.2	-292.9	-121.8
Share of results of associated companies	9.7	5.8	4.4	2.7	7.7	20.6	28.3
Profit before tax and minority interests	1 142.7	446.6	901.8	500.5	250.1	2 099.0	429.5
Income tax expense	-391.8	-148.5	-266.9	-161.9	-73.1	-650.3	-146.0
Profit after tax	750.9	298.1	634.9	338.6	177.0	1 448.7	283.5
Minority interests	-4.5	-7.4	-1.0	-4.1	-1.2	-13.7	-0.2
Net profit for the period	746.4	290.7	633.9	334.5	175.9	1 435.0	283.3

Operating profit by product area (IAS)

EUR million	1999	I/2000	II/2000	III/2000	IV/2000	2000	I/2001
Magazine	306.0	86.1	87.1	127.9	56.7	357.8	98.1
Newsprint	299.1	61.0	43.2	79.2	80.1	263.5	132.5
Fine paper	238.2	148.1	148.4	167.7	164.7	628.9	152.7
Packaging boards	247.7	114.3	95.3	129.1	13.5	352.2	113.5
Timber	41.0	22.4	21.7	15.1	9.9	69.1	4.1
Merchants	0.5	4.1	2.8	0.3	1.1	8.3	-0.5
Forest	132.3	28.2	36.7	26.5	27.3	118.7	25.3
Other	-28.3	18.5	8.1	-8.6	-22.7	-4.7	-2.7
Continuing operations Total	1 236.4	482.7	443.3	537.2	330.6	1 793.8	523.0
Divested paper units	22.9	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations, Energy	140.1	26.9	550.6	0.0	0.0	577.5	0.0
Operating profit Total	1 399.4	509.6	993.9	537.2	330.6	2 371.3	523.0
Net financial items	-266.6	-68.8	-96.5	-39.4	-88.2	-292.9	-121.8
Share of results of associated companies	9.7	5.8	4.4	2.7	7.7	20.6	28.3
Profit before tax and minority interests	1 142.5	446.6	901.8	500.5	250.1	2 099.0	429.5
Income tax expense	-391.8	-148.5	-266.9	-161.9	-73.1	-650.3	-146.0
Profit after tax	750.7	298.1	634.9	338.6	177.0	1 448.7	283.5
Minority interests	-4.5	-7.4	-1.0	-4.1	-1.2	-13.7	-0.2
Net profit for the period	746.2	290.7	633.9	334.5	175.9	1 435.0	283.3

SHARES

Closing price	Helsinki, EUR		Stockholm, SEK		New York, USD
	Series A	Series R	Series A	Series R	ADRs
January	11.40	11.25	99.00	102.00	10.55
February	11.80	11.70	105.50	105.00	10.58
March	10.60	10.74	96.50	98.00	9.25

Trading volume	Helsinki		Stockholm		New York
	Series A	Series R	Series A	Series R	ADRs
January	268 855	39 171 154	445 589	36 213 250	3 907 200
February	662 961	28 457 016	383 103	36 990 926	3 210 800
March	1 139 490	48 983 467	1 037 696	40 262 981	2 530 200
Total	2 071 306	116 611 637	1 866 388	113 467 157	9 648 200

Market capitalisation on 31 March was EUR 9.9 billion on the Helsinki Exchanges.

Number of shares outstanding	A shares	R shares	Total
Number of shares, 31 Dec. 1999	208 951 188	550 658 501	759 609 689
New R shares subscribed, 26 Jan. 2000		246 000	246 000
Share issue (Consolidated Papers Inc.), 11 Sep. 2000		167 367 577	167 367 577
Conversion of A shares to R shares,16-27 Oct. 2000	-14 454 732	14 454 732	-
Number of shares entered in the trade register, 31 Dec. 2000	**194 496 456**	**732 726 810**	**927 223 266**
New R shares subscribed, 5 Jan. 2001		312 000	312 000
New R shares subscribed, 16 Mar. 2001		964 201	964 201
Shares cancelled as decided by AGM 2001	-910 600	-22 260 100	-23 170 700
Number of shares entered in the trade register, 9 Apr. 2001	**193 585 856**	**711 742 911**	**905 328 767**
Number of shares repurchased, 25 Apr. 2001	62 500	1 721 500	1 784 000
Number of shares outstanding, 25 Apr. 2001	193 523 356	710 021 411	903 544 767
New R shares subscribable against bonds with warrants		2 412 000	2 412 000
New R shares in form of ADRs subscribable against Stora Enso North America option programme		4 715 424	4 715 424
R shares owned by Stora Enso's subsidiary, Merivienti Oy		-5 591	-5 591

• On 25 April 2001 Stora Enso Oyj held 62,500 Series A shares and 1,721,500 Series R shares, counter value EUR 3.0 million. This represents 0.2% of the company's share capital and 0.1% of voting rights.

• Stora Enso's subsidiary Merivienti Oy holds 5,591 Series R shares, counter value EUR 9,504.70. This represents 0.0% of the company's share capital and voting rights.

Largest Shareholders as of 31 March 2001	% of shares	% of votes
Finnish State	14.8	23.8
Investor AB	8.4	23.7
Social Insurance Institution of Finland	3.0	9.0
Sampo-Varma Group	1.1	3.8
Varma-Sampo Mutual Pension Insurance Company	1.0	3.4
Robur	4.0	1.4
Ilmarinen Mutual Pension Insurance Company	0.9	1.1
Erik Johan Ljungberg's Training Fund	0.7	0.9
Suomi Mutual Life Assurance Company	0.2	0.8
Knut and Alice Wallenberg Foundation	0.2	0.6
10 largest in total	**34.5**	**68.7**

The interim review for January – June will be published on 26 July 2001.

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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