



storaenso

Welcome to the Annual General Meeting

THE RENEWABLE MATERIALS COMPANY



Welcome!

Jorma Eloranta, Chairman of the Board of Directors



Stora Enso's Annual General Meeting

14 March 2019



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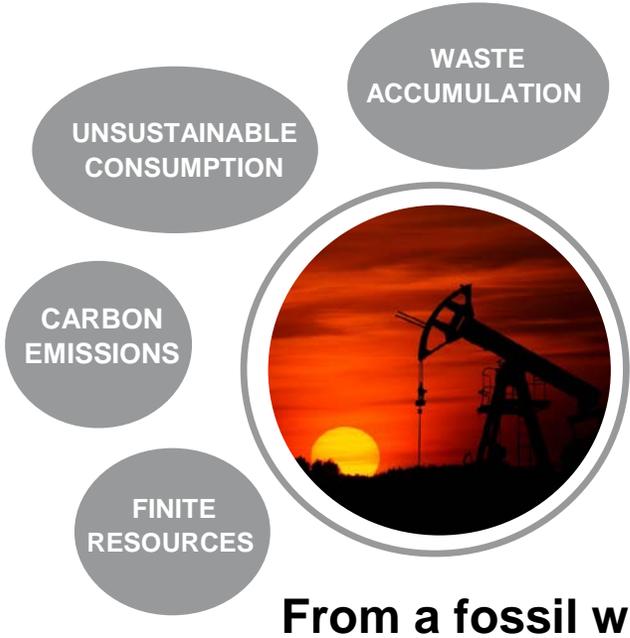
CEO's report

Karl-Henrik Sundström

Small changes make a big impact



Stora Enso – well positioned for the future



Everything
that's made
from fossil-based
materials today
can be made from a
tree tomorrow.



Stora Enso progress 2018



EUR 10.5 billion sales

EUR 1.3 billion operational EBIT

15.5% Return On Capital Employed

Proposed increased dividend by 22%

A leader in the bioeconomy

Full year results

2014–2018



EUR million	2014	2015	2016	2017	2018
Sales	10 213	10 040	9 802	10 045	10 486
Operational EBIT	810	915	884	1 004	1 325
Operational EBIT margin	7.9%	9.1%	9.0%	10.0%	12.6%
Operational ROCE	9.5%	10.6%	10.2%	11.9%	15.5%
Cash flow from operations	1 139	1 556	1 633	1 492	1 365
Cash flow after investing activities	255	599	834	825	811
EPS excl. IAC	EUR 0.40	EUR 1.24	EUR 0.65	EUR 0.89	EUR 1.29
Dividend per share	EUR 0.30	EUR 0.33	EUR 0.37	EUR 0.41	EUR 0.50*
Net debt/last 12 months' operational EBITDA**	2.3	2.2	1.9	1.4	1.1

* Proposal for 2018

**Restated due to a change in group's operational EBITDA definition to include the operational EBITDA of its equity accounted investments (EAI)

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Strategic targets

Years 2014–2018



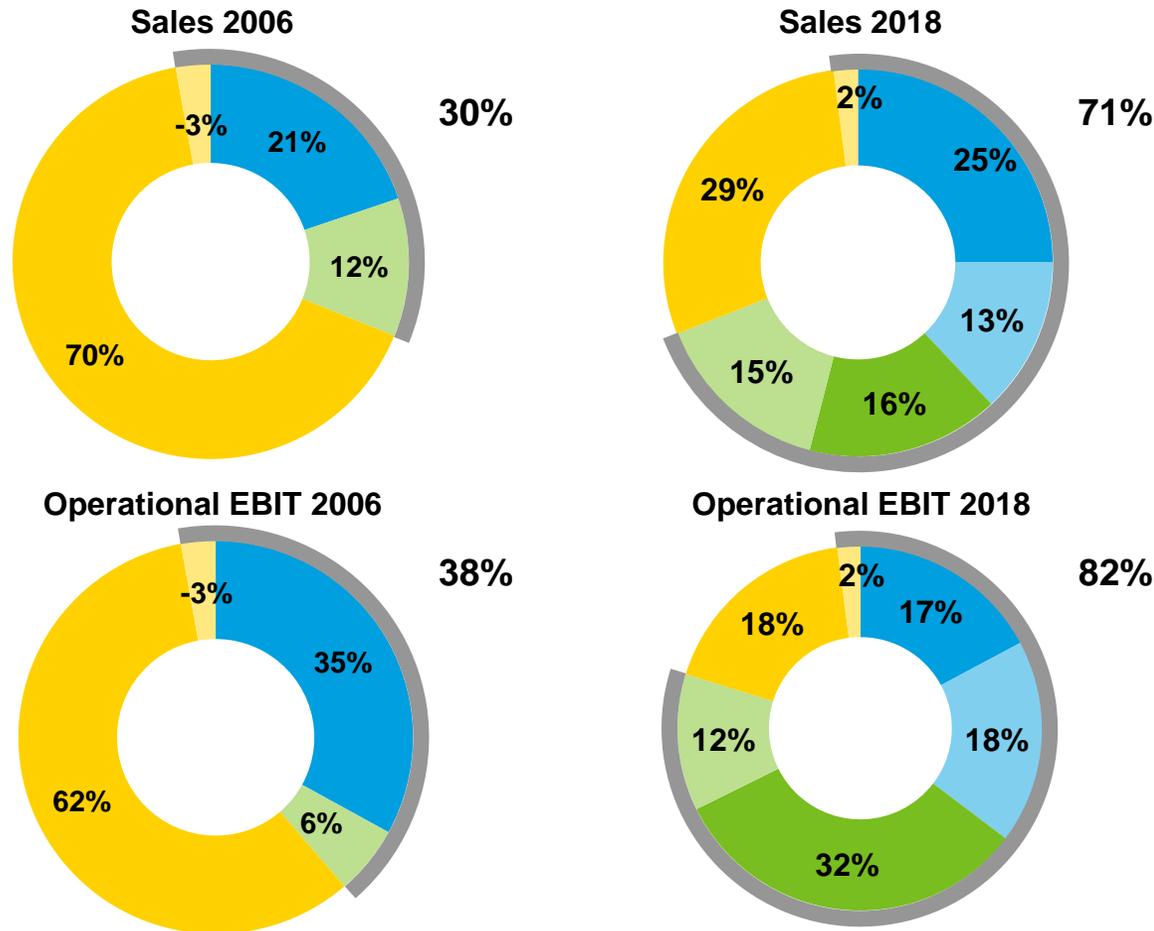
Group targets		2014	2015	2016	2017	2018	Status
Dividend	To distribute 50% of EPS over the cycle	EUR 0.30	EUR 0.33	EUR 0.37	EUR 0.41	EUR 0.50*	●
Growth**	To grow faster than the relevant market	0.9% (YoY)	4.6% (YoY)	3.1% (YoY)	8.5% (YoY)	5.9%*** (YoY)	●
Net debt to operational EBITDA	<2.0 (UPDATED)	2.3	2.2	1.9	1.4	1.1	●
Fixed costs to sales	<20%	25.1%	25.0%	25.3%	25.1%	23.6%	●
Net debt to equity	<60% (UPDATED)	65%	60%	47%	38%	31%	●
Operational ROCE	>13%	9.5%	10.6%	10.2%	11.9%	15.5%	●

Divisional targets		2014	2015	2016	2017	2018	Status
Consumer Board	Operational ROOC >20%	17.8%	15.5%	12.7%	14.6%	11.9%	●
Packaging Solutions	Operational ROOC >20%	14.1%	11.1%	7.6%	19.6%	27.2%	●
Biomaterials	Operational ROOC >15%	3.9%	12.4%	8.5%	10.5%	17.9%	●
Wood Products	Operational ROOC >20%	17.3%	15.7%	16.8%	20.5%	28.1%	●
Paper	Cash flow after investing activities to sales >7%	6.2%	5.5%	8.5%	5.5%	5.7%	●

* Dividend proposal ** Excluding Paper *** Excluding Paper and Puumerkki

Transformation journey continues

2018: Growth businesses 71% of sales and 82% of operational EBIT

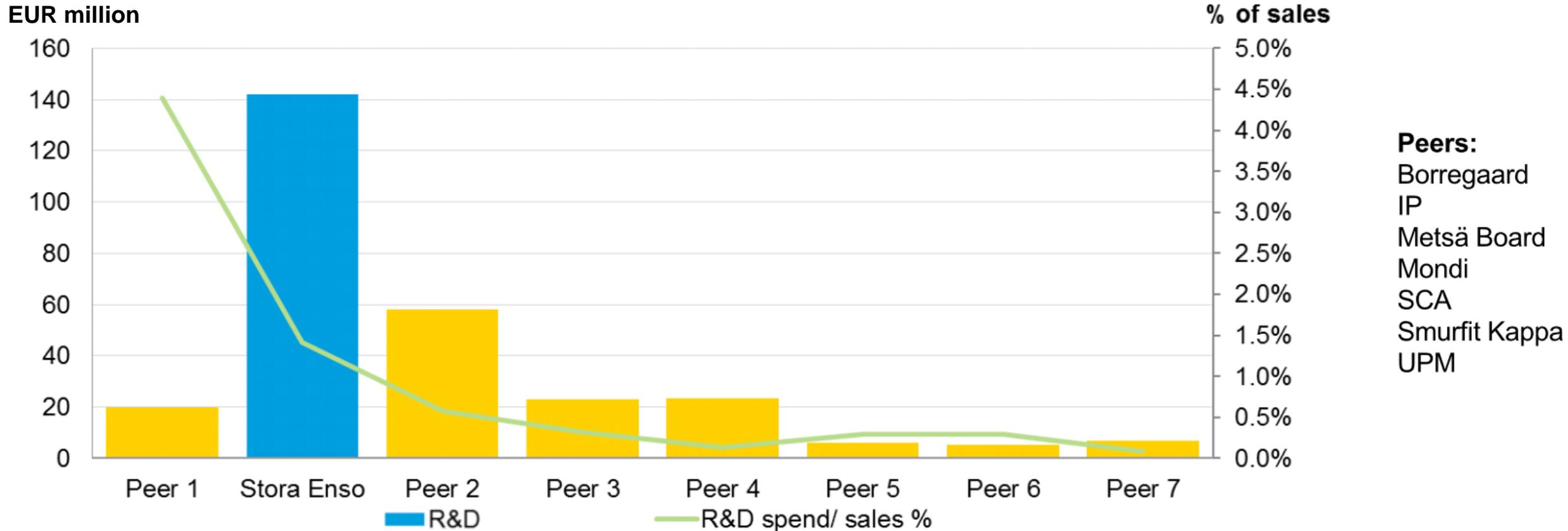


- Consumer Board
- Packaging Solutions*
- Biomaterials
- Wood Products
- Paper**
- Other & eliminations

* In 2006 included in Consumer Board

** In 2006 includes merchants

We take the lead in innovation in our industry

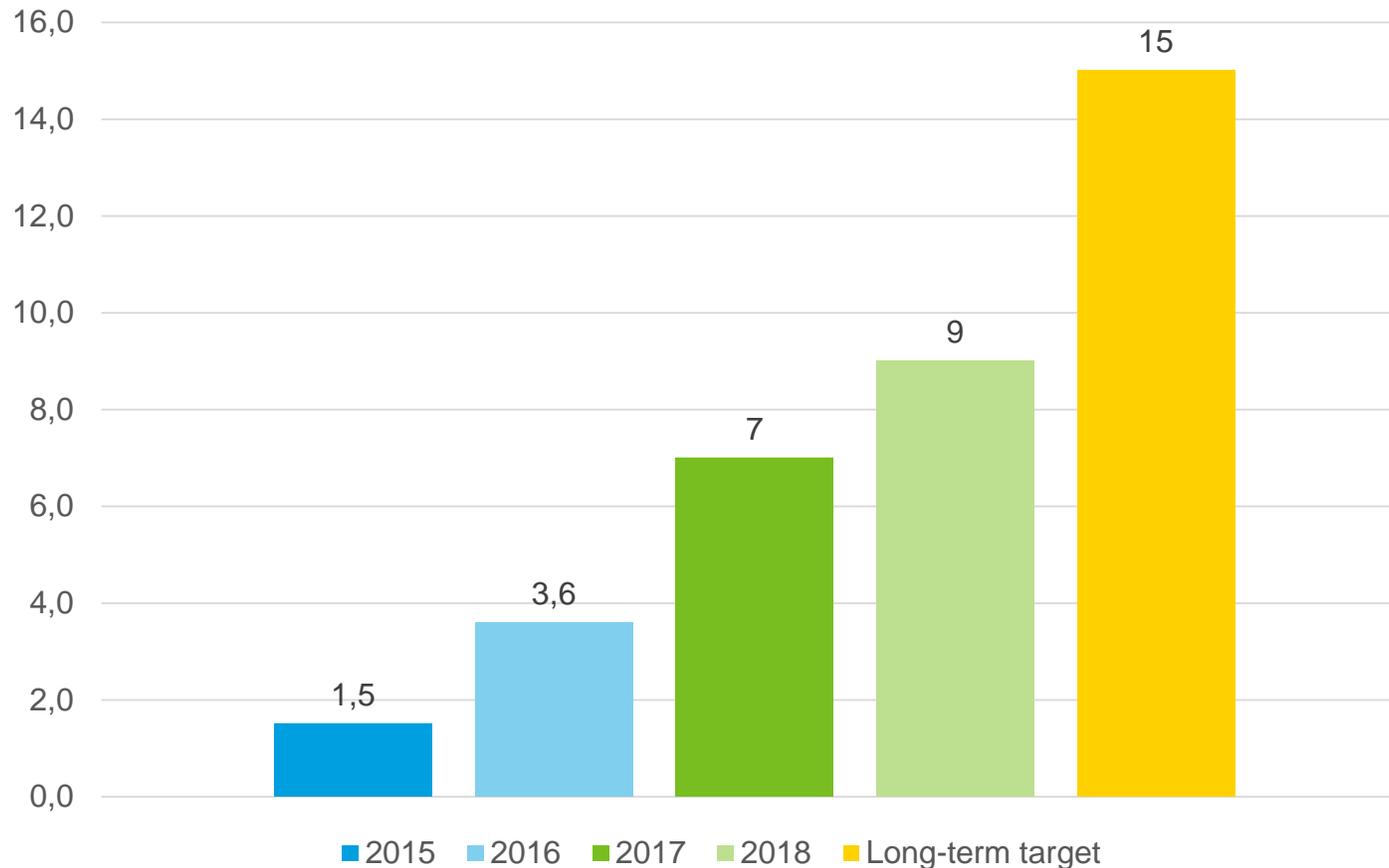


Source: Stora Enso, annual reports 2017

Accelerating renewable growth with new products and services



% of sales from new products and services



In 2018

9%

of our sales came from new products and services

Long-term target

15%

of our sales is expected to come from new products and services

Our drivers for accelerating growth



High-quality containerboards



Value added services in corrugated packaging



Intelligent packaging



Biocomposites

Next generation liquid and food packaging



Building components and systems



Bio-barriers



Future bio-based chemical intermediates



Innovation never happens in isolation



Awarded as Finland's most startup-friendly company

Screened ~500 digital start-ups
- deeper collaboration with 17

TRÄ Group - innovative digital services for wooden buildings

DuraSense™

Husqvarna's most innovative supplier

Piloting MFC films

Sustainable RFID tag technology, ECO™ by Stora Enso

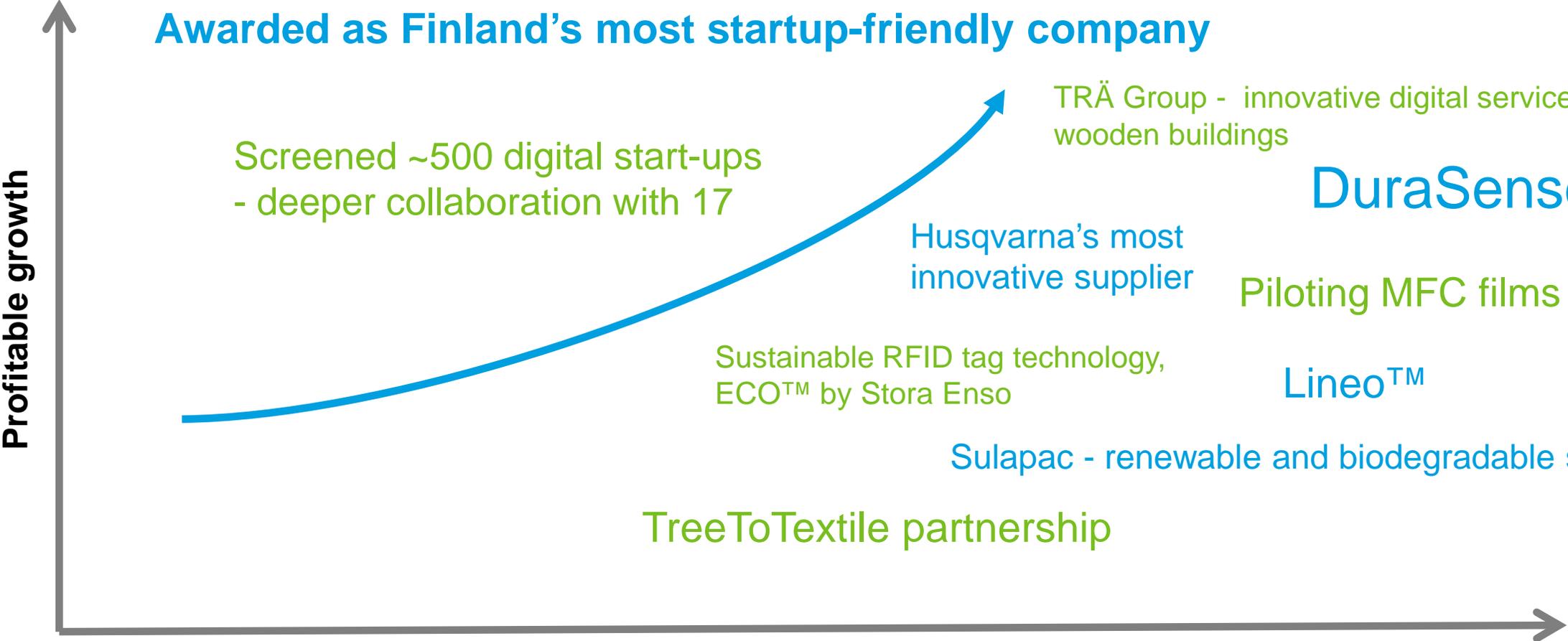
Lineo™

Sulapac - renewable and biodegradable straws

TreeToTextile partnership

Asset transformation

Innovation & customer focus

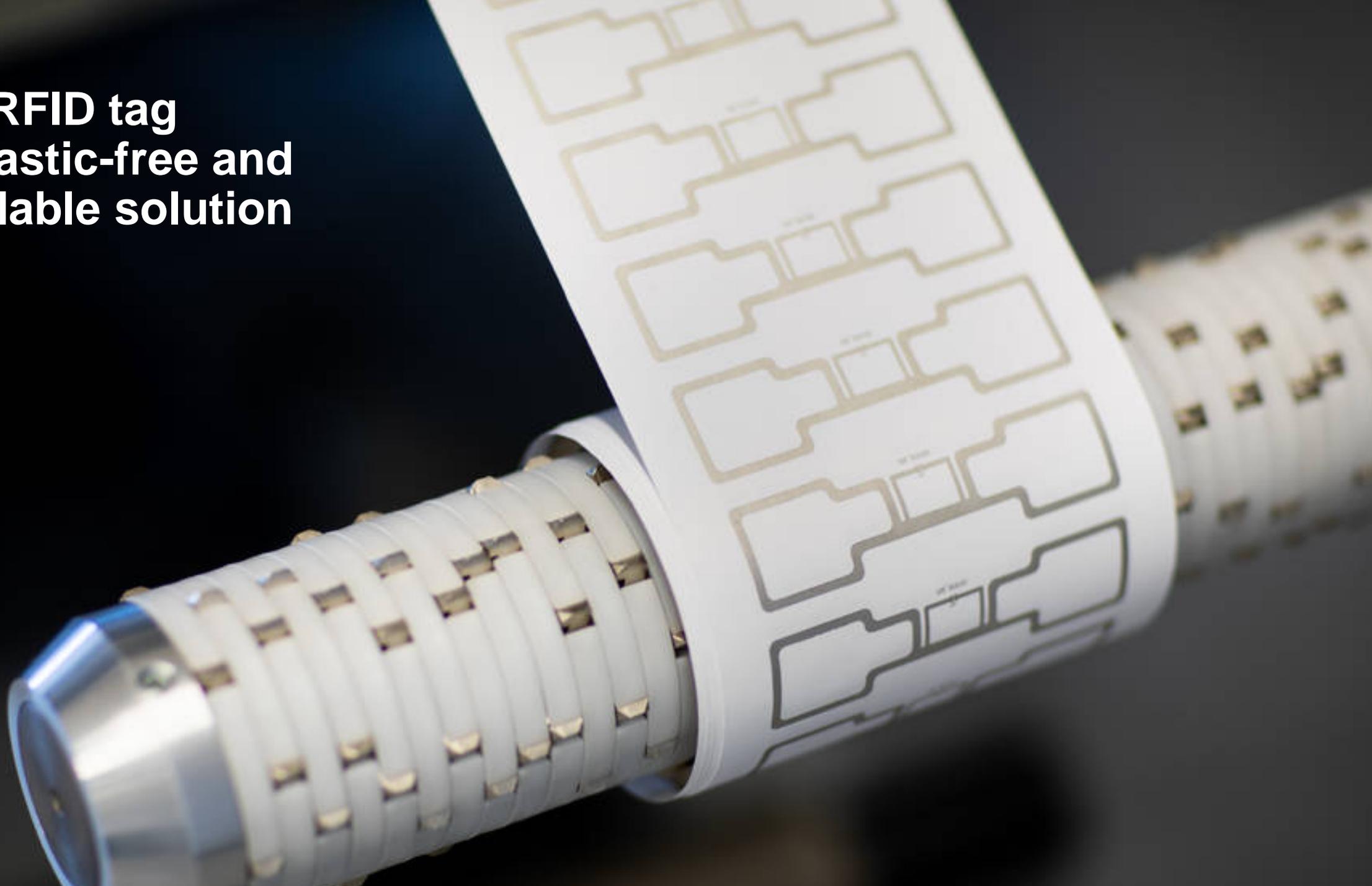




EUR 52 million
investment to increase
dissolving pulp
production

TreeToTextile
partnership to develop
woodfibre-based
textiles

**ECO RFID tag
– a plastic-free and
recyclable solution**



Biocomposites – in commercial phase





1.15 million hectares of productive forest land to direct ownership in Sweden

Direct ownership of the forests in Sweden



	Unit	Stora Enso's 49% holding of Bergvik Skog in Sweden	Stora Enso's Swedish forests after transaction
Ha (gross land)	Ha ('000)	1 133	1 388
Ha (productive forest)	Ha ('000)	926	1 149
Forest cubic meters (m ³ fo)	m ³ fo (million)	127	144
Forest cubic meters / ha (productive f)	m ³ fo/ha	136	125
IFRS value* (Bio Assets + Land)	MEUR	2 323	2 707
IFRS value*/ha (productive forest)	EUR/ha	2 507	2 355
IFRS value*/m ³ fo	EUR/m ³ fo	18.2	18.8

Values calculated with LRF Konsult's statistics**	Unit	Stora Enso's 49% holding of Bergvik Skog in Sweden	Stora Enso's Swedish forests after transaction
Value/m ³ fo	EUR/m ³ fo	44.2	44.2
Value of the timber (m ³ fo)	MEUR	5 573	6 356

Financial impacts estimate for Stora Enso

- Bergvik Väst consolidated as a subsidiary
- Cash out effect of 200 MEUR
- Debt would increase by 800 MEUR, 600 MEUR financed with Green bonds
- Net debt to operational EBITDA ratio would increase by 0.5x
- Capital employed would increase by 1 BEUR resulting a decrease in ROCE of 1%-point

* Based on 31 Dec 2018 valuation. IFRS value of Stora Enso Swedish forest after transaction is based on a pro-rata allocation of forest values and the values may change as a result of purchase accounting allocations.

**LRF Konsult's market statistics for forest property prices. These reference prices are applicable for small-size lands. Calculation for Stora Enso is referential and based on LRF's price for Mellersta (453 SEK/m³fo) and applied for all properties. FX rate of 10.2548 (European central bank, 31 Dec 2018) applied to all SEK currencies.

Forests, plantations, and land use

We respect the local environment



- Renewability requires sustainable forestry that keep forests healthy and productive.
 - Sustainably managed forests grow forever.
- 89% of our wood comes from managed semi-natural forests, the rest from tree plantations.
- We know the origin of all the wood we use through traceability systems.
 - 100% comes from sustainable sources.
 - 76% is certified.
- 96% of lands owned and managed by Stora Enso are covered by certification.



Stora Enso as a taxpayer

Close to EUR 1.3 billion total taxes paid



EUR million in 2018	Finland	Sweden	Germany	UK	China	Poland	Belgium	Austria	Brazil	Russia	Other	Total
Primary activity	Production	Production and sales	Production and sales	Sales	Production and sales	Production and sales	Production and sales	Production and sales	Production	Production and sales		
Taxes borne												
Corporate income tax	1	71	-1	0	8	17	18	12	2	11	13	152
Employment taxes	90	89	12	1	14	6	10	13	3	3	19	260
Operational taxes	13	7	5	0	29	7	4	0	3	5	4	77
Total Taxes Borne	104	167	16	1	51	30	32	25	8	19	36	489
Taxes collected												
VAT & similar*	35	78	69	79	8	42	6	9	3	11	34	374
Payroll taxes	143	87	25	2	11	10	9	16	2	1	20	326
Other taxes	78	0	0	0	1	0	0	0	2	0	2	87
Total Taxes Collected	256	165	94	81	20	52	15	25	11	12	56	787
Total Taxes Paid	360	332	110	82	71	82	47	50	19	31	92	1 276

* VAT, good and services taxes and similar turnover related taxes

Winning in sustainability



Included on CDP's 2018 Climate A List, which identifies the global companies that are taking leadership in climate action.



Achieved the highest recognition level – Gold – in the Ecovadis ethical supplier rating system, improving our performance by two points.



Ranked the most sustainable listed company in Sweden by Dagens Industri, Aktuell Hållbarhet, and Lund University School of Economics and Management.



Ranked "Industry Leader 2018" in the Sustainable Brand Index™ B2B.



Top-ranked in gender balance and gender equality by Equileap.

FINDIX

Ranked best in diversity by Findix report, examining the diversity of 89 Finnish companies.



Among the top ten sustainability reports globally according to *Reporting matters 2018* by the World Business Council for Sustainable Development (WBCSD).



Ranked best sustainability report by Finnish media in a competition organised by seven not-for-profit organisations.



Included in Report Watch's Best Practices in Annual Sustainability Reporting.



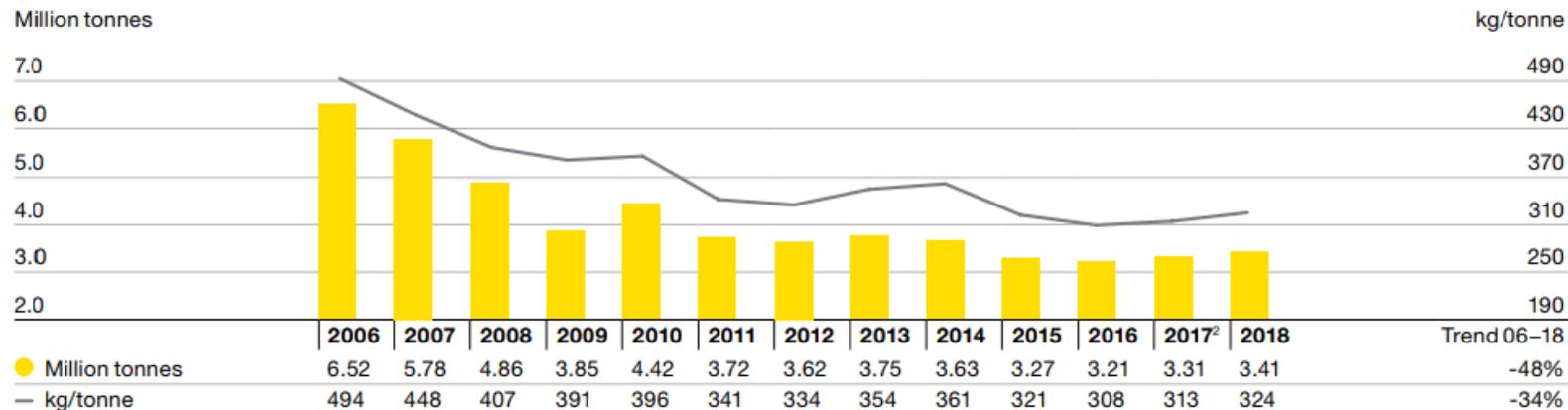
Taking the lead to combat global warming

Setting ambitious reduction targets for greenhouse gas emissions



- Stora Enso was the **first forest products company** to have externally approved science-based targets (SBT) to reduce its greenhouse gas (GHG) emissions.
- **Targets for our operations**
 - Reducing GHG emissions from operations by **31%** per tonne of pulp, paper, and board produced by 2030, compared to a 2010 baseline.
- **Engagement targets for our suppliers**
 - 70% of our non-fibre suppliers in terms of spend to set GHG reduction targets.
- **Engagement targets for our customers**
 - Training our customer-facing staff on the advantages of setting science-based targets.

Greenhouse gas emissions in relation to production¹

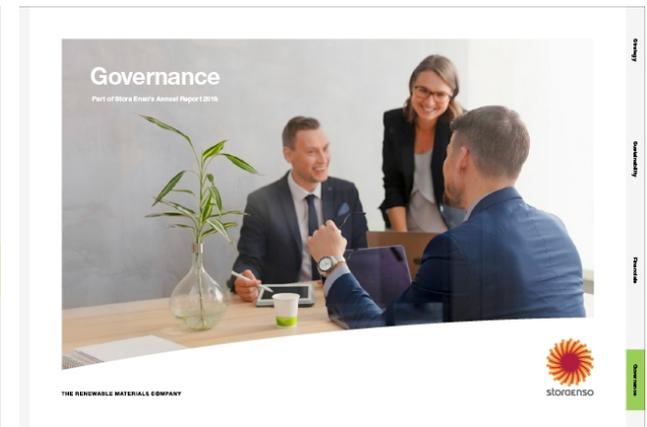
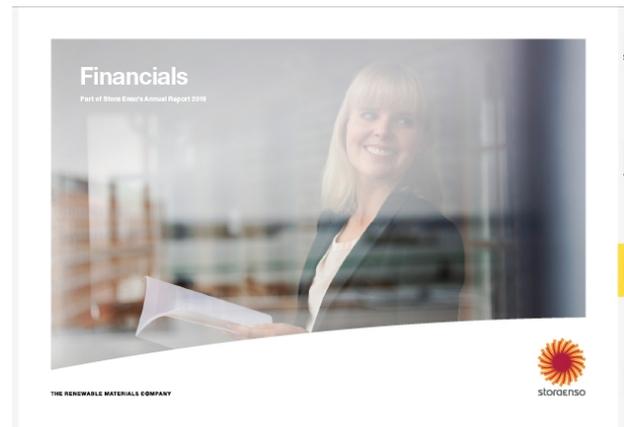
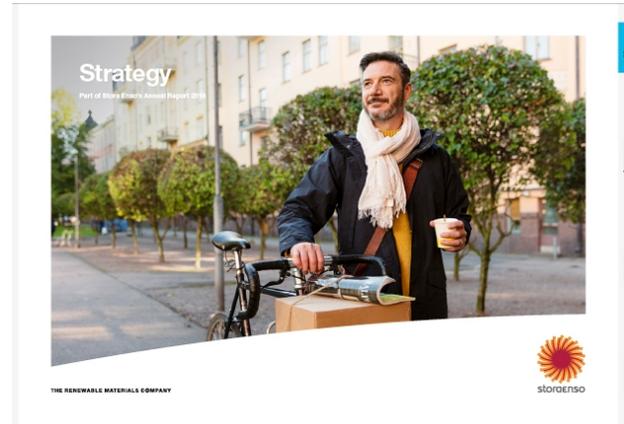


¹ Covering direct and indirect emissions as fossil CO₂ equivalents (scope 1 and 2) from board, pulp, paper and corrugated production units.

Excluding joint operations. Normalised figures are reported per unit of sales production.

² Historical figures recalculated due to accuracy improvements.

When you want to know more Read our Annual Report



storaenso.com/annualreport2018

Group Leadership Team of Stora Enso



Stora Enso progress 2018



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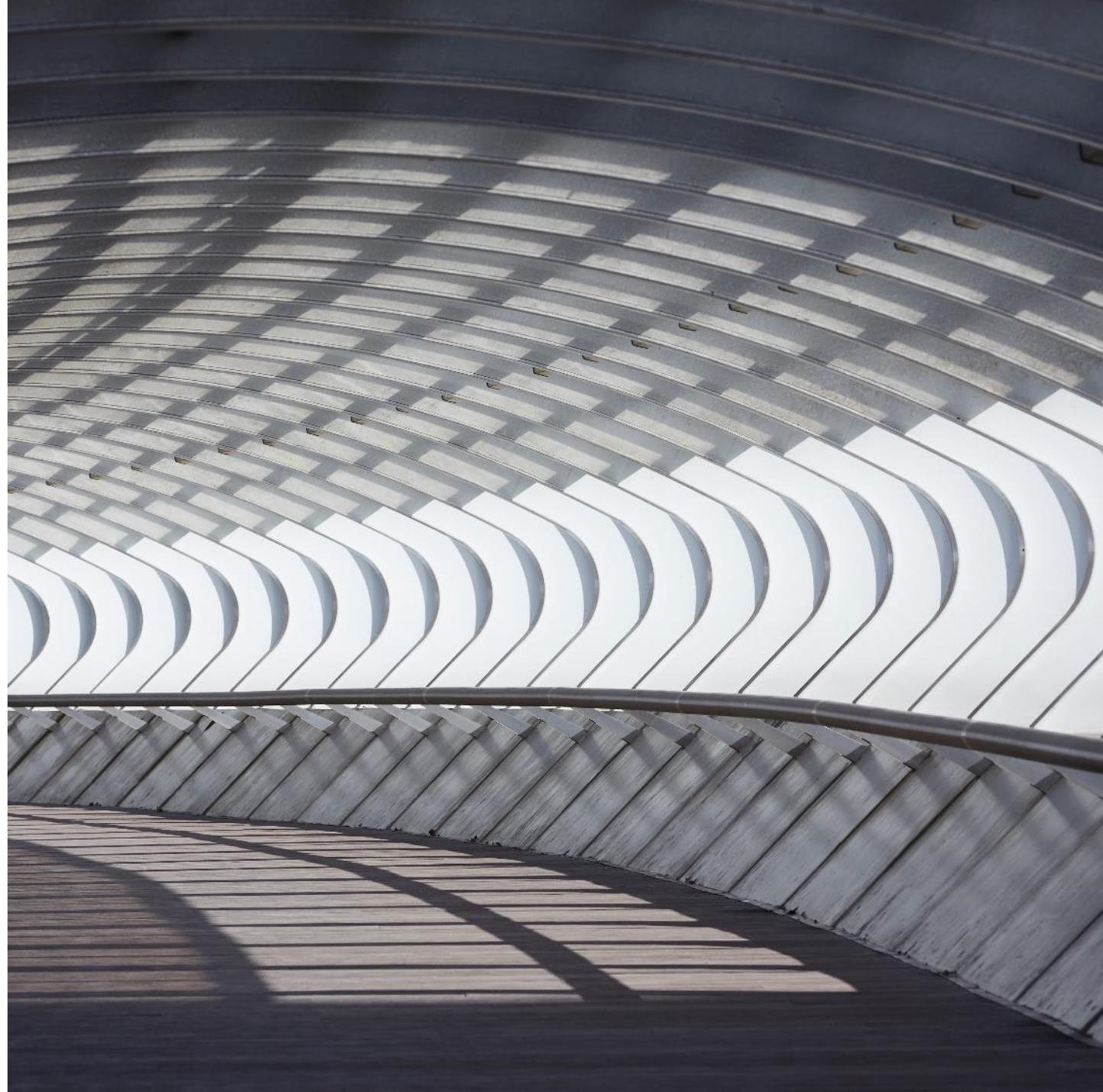
THE RENEWABLE MATERIALS COMPANY

Auditor's Report 2018

The Annual General Meeting of Stora Enso Oyj

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)





Audit 2018

What we have audited

- The consolidated financial statements
- The parent company's financial statements

Group scoping

- We performed audit procedures at 27 reporting components in 11 countries that are considered significant based on our overall risk assessment and materiality.

Key audit matters

- Valuation of biological assets
- Provisions and contingent liabilities



To the Annual General Meeting of Stora Enso Oyj

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements
- the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

Other statements:

- We support the proposal that the financial statements are adopted.
- The proposal by the Board of Directors regarding the distribution of profits is in compliance with the Limited Liability Companies Act.
- We support that the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Adoption of the annual accounts



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Dividend



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Dividend



The parent company's distributable shareholders' equity on 31 December 2018 amounted to EUR 1 473 289 418.75, including the profit for the financial period of EUR 223 340 113.24.

The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share, total of no more than EUR 394 309 993.50 be paid to the shareholders of the Company.

Record date 18 March 2019

Payment date on or about 25 March 2019

Discharge of the members of the Board of Directors and the CEO from liability



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Shareholders' Nomination Board Report

Marcus Wallenberg, Chairman



Shareholders' Nomination Board in 2018–2019



Members

- Marcus Wallenberg (Chairman), Harri Sailas, Jorma Eloranta and Hans Stråberg.

Activity

- Convened 3 times, each member of the Shareholders' Nomination Board attended all meetings.¹

Key action points

- Board members election preparations
- Board independence and annual evaluation review
- Board long-term succession planning

¹Jorma Eloranta and Hans Stråberg did not participate in the decision-making relating to Board remuneration.

Proposed annual remuneration



Board of Directors

Chairman	EUR 192 000
Vice Chairman	EUR 109 000
Members	EUR 74 000

It is proposed that the annual remuneration for the members of the Board of Directors be paid in Company shares and cash so that 40% will be paid in Stora Enso R shares to be purchased on the Board members' behalf from the market at a price determined in public trading, and the rest in cash. The shares will be purchased within two weeks from the publication of the interim report for the period 1 January 2019 – 31 March 2019 or as soon as possible in accordance with applicable legislation.

In addition, annual remuneration shall be paid to members of the Board Committees as follows:

Financial and Audit Committee

Chairman	EUR 20 600
Members	EUR 14 400

Remuneration Committee

Chairman	EUR 10 300
Members	EUR 6 200

Sustainability and Ethics Committee

Chairman	EUR 10 300
Members	EUR 6 200

Composition of the Board of Directors



Jorma Eloranta, proposed Chairman

- Chairman of Stora Enso's Board of Directors since April 2017, Vice Chairman April 2016 – April 2017. Independent of the company and the significant shareholders.
- Born 1951. M.Sc. (Tech.), D. Sc. (Tech.) h.c



Hans Stråberg, proposed Vice Chairman

- Vice Chairman of Stora Enso's Board of Directors since April 2017, member since April 2009. Independent of the company and the significant shareholders.
- Born 1957. M.Sc. (Eng.)



Elisabeth Fleuriot

- Member of Stora Enso's Board of Directors since April 2013. Independent of the company and the significant shareholders.
- Born 1956. M.Sc. (Econ.)



Hock Goh

- Member of Stora Enso's Board of Directors since April 2012. Independent of the company and the significant shareholders.
- Born 1955. B. Eng (Hons) in Mechanical Engineering



Christiane Kuehne

- Member of Stora Enso's Board of Directors since April 2017. Independent of the company and the significant shareholders.
- Born 1955. LL.M., B.B.A



Antti Mäkinen

- Member of Stora Enso's Board of Directors since March 2018. Independent of the company but not of its significant shareholders due to his position as CEO of Solidium Oy.
- Born 1961. LL.M.



Richard Nilsson

- Member of Stora Enso's Board of Directors since April 2014. Independent of the company but not of its significant shareholders due to his employment at FAM AB.
- Born 1970. B.Sc. (BA and Econ.)



Göran Sandberg

- Member of Stora Enso's Board of Directors since April 2017. Independent of the company but not of its significant shareholders due to his position as executive director of majority shareholders of FAM AB.
- Born 1955. Ph.D.



Proposed new member: Mikko Helander

- Proposed member of Stora Enso's Board of Directors since March 2019. Independent of the company and of its significant shareholders.
- Born 1960. M.Sc. (Tech.)

New proposed member of the Board of Directors



Mikko Helander

- Born 1960
- M.Sc. (Tech.), honorary title of vuorineuvos
- Strong industrial as well as retail operative background and since January 2015 acts as President and CEO of Kesko Oyj.
- Prior to his current position, Mr. Helander has acted as CEO of Metsä Board Oyj (2006–2014) and Metsä Tissue Oyj (2003–2006). Previous working experience further includes several positions in Valmet Oyj (1984–1990, 1993–2003) where Mr. Helander among others has acted as head of the operative management in Italy and as the Managing Director of the Valmet Converting business in UK. Mr. Helander has also acted as Managing Director of Kasten Hövik Oy (1990–1993).
- Independent of the Company and of its significant shareholders.



Proposed annual remuneration



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Members	EUR 74 000

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Number of members of the Board of Directors



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Election of Chairman, Vice Chairman and other members of the Board of Directors



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Composition of the Board of Directors



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- Chairman of Stora Enso's Board of Directors since April 2017, Vice Chairman April 2016 – April 2017. Independent of the company and the significant shareholders.
- Born 1951. M.Sc. (Tech.), D. Sc. (Tech.) h.c



Hans Stråberg, proposed Vice Chairman

- Vice Chairman of Stora Enso's Board of Directors since April 2017, member since April 2009. Independent of the company and the significant shareholders.
- Born 1957. M.Sc. (Eng.)



Elisabeth Fleuriot

- Member of Stora Enso's Board of Directors since April 2013. Independent of the company and the significant shareholders.
- Born 1956. M.Sc. (Econ.)



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- Born 1961. LL.M.



Richard Nilsson

- Member of Stora Enso's Board of Directors since April 2014. Independent of the company but not of its significant shareholders due to his employment at FAM AB.
- Born 1970. B.Sc. (BA and Econ.)



Göran Sandberg

- Member of Stora Enso's Board of Directors since April 2017. Independent of the company but not of its significant shareholders due to his position as executive director of majority shareholders of FAM AB.
- Born 1955. Ph.D.



Proposed new member: Mikko Helander

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Auditor's fees



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Election of auditor



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Election of Auditor



The Board of Directors proposes to the AGM that PricewaterhouseCoopers Oy be elected as auditor of the Company until the end of the following AGM.

PricewaterhouseCoopers Oy has notified the company that in the event it will be elected as auditor, Samuli Perälä, APA, will act as the responsible auditor.

Authorising the Board to decide on the repurchase of the Company's own shares



Authorising the Board of Directors to decide on the repurchase of the Company's own shares

- The Board of Directors proposes to the AGM that the Board of Directors be authorised to decide on the repurchase of Stora Enso R shares as follows.
 - The amount of R shares to be repurchased shall not exceed 2 000 000 shares, which corresponds to approximately 0.25 % of all shares and 0.33 % of all R shares in the Company.
 - Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Own shares can be repurchased using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets.
 - Own shares may be repurchased primarily in order to use the shares as part of the Company's incentive and remuneration scheme. The repurchased shares may be held for reissue, canceled or transferred further.
 - The Board of Directors decides on all other matters related to the repurchase of own shares. The authorisation is effective until the next AGM, however, no longer than until 31 July 2020.

Authorising the Board to decide on the issuance of shares



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Authorising the Board of Directors to decide on the issuance of shares



- The Board proposes that the AGM authorise the Board to decide on the issuance of Stora Enso R shares on the following terms:
 - The amount of shares to be issued based on this authorisation shall not exceed a total of 2 000 000 R shares, corresponding to approximately 0.25 % of all shares and 0.33 % of all R shares. The authorisation covers both the issuance of new shares as well as the transfer of own shares held by the Company.
 - The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights for the purpose of using the shares as part of the Company's incentive and remuneration scheme.
 - The Board shall decide on other terms and conditions of a share issue. The authorisation shall remain in force until 31 July 2020.



It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and 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. 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. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.