

Stora Enso **Full year** **financial results**

January–December 2018

Q4



Sales growth continued

- Temporary operational challenges – Dividend proposal EUR 0.50 per share

Q4/2018 (compared with Q4/2017)

- Sales increased 5.8% to EUR 2 657 (2 511) million, making Q4 the eighth consecutive quarter of sales growth. The growth was primarily due to favourable prices compared to a year ago, and active product mix management. Deliveries were lower, due to slightly weaker markets. Excluding the divested Puumerkki, sales increased 6.4%.
- Operational EBIT decreased slightly to EUR 271 (280) million. Higher prices were more than offset by higher costs than expected. Main reasons for higher costs were temporary operational issues of approximately EUR 40 million, at six mills. Volumes declined due to market softness across all businesses with a negative impact of EUR 11 million. The operational EBIT margin was 10.2% (11.2%), above 10% for the sixth consecutive quarter.
- EPS increased by 75.0% to EUR 0.39 (0.22) and EPS excl. IAC was EUR 0.33 (0.26).
- Cash flow from operations decreased to EUR 323 (519) million, mainly due higher operative working capital mainly driven by increased sales. Cash flow after investing activities amounted to EUR 148 (262) million.
- Balance sheet continued to strengthen, and net debt was reduced by EUR 161 million. The net debt to operational EBITDA ratio improved to 1.1 (1.4).
- Operational ROCE was 12.4% (13.5%).

Year 2018 (compared with year 2017)

- Sales of EUR 10 486 (10 045) million increased 4.4%. Excluding the divested Puumerkki, sales increased 5.6%
- Operational EBIT of EUR 1 325 (1 004) million increased 32.0%, mainly due to favourable prices and active product mix management.
- Operational ROCE was 15.5% (11.9%), well above the strategic target of 13%.

Main events Q4/2018

- The previously announced restructuring of Stora Enso's forest associate Bergvik Skog is proceeding. The shareholders signed a binding agreement aiming at completing the transaction during the first half of 2019. Bergvik Skog sold forestland in Latvia and increased fair values of its biological assets. Stora Enso's share of the increase net of tax was EUR 49 million.
- The feasibility study evaluating the potential conversion of the Oulu paper mill into packaging board production is ongoing. The environmental impact assessment was completed in December 2018.
- The investment in a new cross laminated timber (CLT) unit at the Gruvön sawmill is being completed. Commercial production will begin during the first quarter of 2019 as planned.

- Stora Enso increased its ownership up to 100% in the Sweden-based Cellutech AB.
- Stora Enso launched a new sustainable RFID tag technology, ECO™ by Stora Enso, for intelligent packaging functionalities in supply chain, retail and e-commerce applications.
- Stora Enso and startup Sulapac joined forces to develop renewable and biodegradable straws.
- Stora Enso partners with H&M group and Inter IKEA group to industrialise the joint venture TreeToTextile, with the aim of developing new textile fibres in a sustainable way at attractive cost levels.

Profit protection programme

Stora Enso announced today a profit protection programme to strengthen competitiveness. The intention is to achieve annual cost reduction of EUR 120 million as well as reduction of capital expenditure by about EUR 50 million compared to the earlier forecast.

Outlook for 2019

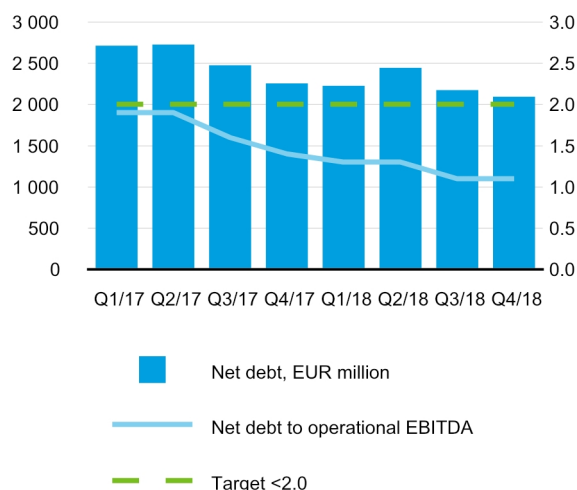
Stora Enso introduces new way of giving annual outlook and quarterly guidance. The Group starts to guide absolute range for quarterly operational EBIT, instead of comparing quarterly sales and operational EBIT to the previous quarter qualitatively.

Stora Enso's year 2019 is expected to be largely in line with 2018, provided that the current trading conditions do not significantly change. Demand growth is expected to continue for Stora Enso's other businesses except for European Paper, for which demand is forecast to continue to decline in 2019. Group's sales are expected to be higher and costs are forecast to increase in 2019 compared to 2018. Stora Enso will implement measures to mitigate these cost increases and the increased uncertainties with the profit protection programme.

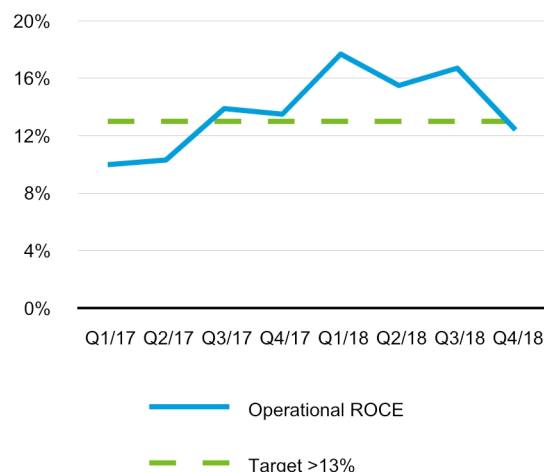
Guidance for Q1/2019

Q1/2019 operational EBIT is expected to be in the range of EUR 260–350 million. The Group's annual maintenance schedule has been changed from last year. During Q1/2019 there will be annual maintenance shutdowns at Veracel pulp mill and Ostrołęka containerboard mill. The total negative impact of maintenance is estimated to be EUR 20 million more compared to Q1/2018. In Q1/2018 there were no annual maintenance shutdowns.

Net debt to operational EBITDA



Operational return on capital employed (ROCE)



Key figures

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Sales	2 657	2 511	5.8%	2 585	2.8%	10 486	10 045	4.4%
Operational EBITDA	405	427	-5.1%	502	-19.3%	1 878	1 587	18.3%
Operational EBITDA margin	15.3%	17.0%		19.4%		17.9%	15.8%	
Operational EBIT	271	280	-3.3%	358	-24.4%	1 325	1 004	32.0%
Operational EBIT margin	10.2%	11.2%		13.8%		12.6%	10.0%	
Operating profit (IFRS)	356	236	50.7%	363	-1.9%	1 390	904	53.7%
Profit before tax excl. IAC	267	238	12.3%	305	-12.3%	1 190	826	44.1%
Profit before tax	315	209	50.7%	305	3.3%	1 210	742	63.1%
Net profit for the period	299	173	72.5%	204	46.5%	988	614	61.0%
Capital expenditure	237	267	-11.1%	129	84.4%	574	640	-10.3%
Capital expenditure excluding investments in biological assets	215	251	-14.3%	109	98.0%	491	560	-12.3%
Depreciation and impairment charges excl. IAC	114	125	-8.5%	122	-6.4%	479	507	-5.5%
Net interest-bearing liabilities	2 092	2 253	-7.1%	2 172	-3.7%	2 092	2 253	-7.1%
Operational return on capital employed (ROCE)	12.4%	13.5%		16.7%		15.5%	11.9%	
Earnings per share (EPS) excl. IAC, EUR	0.33	0.26	25.0%	0.31	3.8%	1.29	0.89	45.4%
EPS (basic), EUR	0.39	0.22	75.0%	0.27	42.6%	1.28	0.79	62.5%
Return on equity (ROE)	18.1%	11.6%		13.0%		15.5%	10.3%	
Net debt/equity ratio	0.31	0.38		0.34		0.31	0.38	
Net debt to last 12 months' operational EBITDA ratio	1.1	1.4		1.1		1.1	1.4	
Fixed costs to sales, %	25.0%	26.9%		23.3%		23.6%	25.1%	
Equity per share, EUR	8.51	7.62	11.7%	8.16	4.3%	8.51	7.62	11.7%
Average number of employees	26 151	26 116	0.1%	26 545	-1.5%	26 067	26 206	-0.5%
TRI rate ¹²	7.9	7.3	8.2%	4.6	71.7%	5.9	7.4	-20.3%

Operational key figures, items affecting comparability and other non-IFRS measures: The list of Stora Enso's non-IFRS measures and the calculation of the key figures are presented at the end of this report. See also the chapter *Non-IFRS measures* at the beginning of the Financials section.

TRI (Total recordable incidents) rate = number of incidents per one million hours worked.

¹ As of January 2018 Stora Enso's joint operations Veracel and Montes del Plata are included in the Group's consolidated safety performance. 2017 figures restated accordingly for comparability.

² Q3/18 recalculated due to additional data after the Q3/2018 Interim Report.

Deliveries and production

	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018- 2017
Consumer board deliveries, 1 000 tonnes	701	712	-1.5%	727	-3.5%	2 914	2 816	3.5%
Consumer board production, 1 000 tonnes	694	734	-5.5%	730	-5.0%	2 922	2 871	1.8%
Containerboard external deliveries, 1 000 tonnes	213	274	-22.2%	272	-21.5%	985	1 023	-3.8%
Containerboard production, 1 000 tonnes	338	339	-0.2%	345	-2.1%	1 320	1 333	-1.0%
Corrugated packaging deliveries, million m ²	276	279	-1.1%	260	6.2%	1 059	1 103	-4.0%
Market pulp external deliveries, 1 000 tonnes	532	526	1.2%	476	11.8%	2 017	2 135	-5.5%
Wood product deliveries, 1 000 m ³	1 285	1 308	-1.7%	1 242	3.5%	5 095	5 097	0.0%
Paper deliveries, 1 000 tonnes	1 121	1 146	-2.2%	1 161	-3.5%	4 591	4 713	-2.6%
Paper production, 1 000 tonnes	1 087	1 159	-6.2%	1 216	-10.5%	4 633	4 672	-0.8%

CEO comment

We continue to deliver sustainable profitable growth for the eighth consecutive quarter, with a sales increase of close to 6%. This was the highest fourth quarter sales since 2012 and the growth was primarily due to favourable prices and our active work on product mix and pricing. Due to slightly weaker markets, we have had lower levels of deliveries. We have experienced temporary operational issues at six of our mills, which has resulted in an EBIT-impact of approximately EUR 40 million. Our operational EBIT decreased a bit over 3%, while operational EBIT margin exceeded 10% for the sixth consecutive quarter.

Looking at the whole year of 2018, sales are again well above 10 billion euros and our operational EBIT increased by 32%. Our operational ROCE was close to 16%, well above the strategic target of 13%. I am also very pleased with the quite significant increase in full year EPS of 62.5%. We continue to strengthen our balance sheet and net debt/EBITDA amounted to 1.1. Therefore, the Board of Directors proposes to the Annual General Meeting a dividend of 0.50 euros per share, an increase of 22% from last year, which is the fourth year in a row with an increase. This is a vote of confidence for the future of Stora Enso.

Our transformation projects are progressing well. The investment in a new cross laminated timber (CLT) unit at the Gruvön sawmill is being completed. Commercial production will begin during the first quarter of 2019 as planned. I am additionally encouraged that we have taken an important step in securing our competitive raw material supply for the long term. We, together with the other shareholders, have signed a binding agreement aiming at completing the Bergvik Skog forestry transaction during the first half of 2019.

We continue to launch new products that enable our customers to leverage digital solutions to further advance their business. The most recent one is a new sustainable RFID tag technology called ECO™ by Stora Enso. It is designed for intelligent packaging functionalities in supply chain, retail and e-commerce applications. We have also entered an interesting partnership with H&M group and Inter IKEA group to industrialise new textile fibres in a sustainable way at attractive cost levels.

As sustainability is in the core of our business, I am indeed proud that we have been top-rated in combatting global warming by the international non-profit organisation CDP. CDP has included us on its new 2018 Climate A List, which identifies the global companies that are taking leadership in climate action. Moreover, we have been acknowledged as the leading listed company on sustainability in a ranking of all companies listed on the Stockholm Stock Exchange and we have received the award of the Best sustainable brand of the year in our industry.

With reference to current geopolitical developments, there is a notable risk of escalation in protectionist measures to the extent that global trade could materially shrink. This would have major knock-on effects for inflation, business

sentiment, consumer outlook and ultimately global economic growth. Therefore, we have started to implement a profit protection programme of EUR 120 million to be kicked-off immediately, to better prepare for potential market weakness.

In these times of increased uncertainty and less visibility, 2019 is expected to continue in line with the 2018 for us, provided that the current trading conditions do not significantly change. I expect growth in demand to continue for all our businesses except for European paper, for which demand is forecast to continue to decline in 2019. Our sales are expected to be higher and costs are forecast to increase in 2019 compared to 2018. We will implement measures to mitigate these cost increases and the increased uncertainties with our profit protection programme.

As always, I would like to thank our customers for their business, our employees for their dedication, and our investors for their trust.

Karl-Henrik Sundström, CEO

Dividend proposal per share

EUR 0.50

Operational ROCE (Q4/2018)

12.4%

(Target >13%)

Net debt to operational EBITDA

1.1

(Target <2.0)

Reconciliation of operational profitability

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Operational EBITDA	405	427	-5.1%	502	-19.3%	1 878	1 587	18.3%
Depreciation and depletion of equity accounted investments (EAI)	0	-2	87.1%	-4	94.4%	-7	-10	23.0%
Operational decrease in the value of biological assets	-20	-20	1.4%	-18	-10.0%	-66	-66	-0.3%
Depreciation and impairment excl. IAC	-114	-125	8.5%	-122	6.4%	-479	-507	5.5%
Operational EBIT	271	280	-3.3%	358	-24.4%	1 325	1 004	32.0%
Fair valuations and non-operational items ¹	37	-15	n/m	5	n/m	45	-16	n/m
Items affecting comparability (IAC)	47	-29	262.5%	0	100.0%	20	-84	123.5%
Operating profit (IFRS)	356	236	50.7%	363	-1.9%	1 390	904	53.7%

¹ Fair valuations and non-operational items include equity incentive schemes and related hedges, CO₂ emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI.

Fourth quarter 2018 results (compared with Q4/2017)

Breakdown of change in sales Q4/2017 to Q4/2018

Sales Q4/2017, EUR million	2 511
Price and mix	7%
Currency	-1%
Volume	-1%
Other sales ¹	2%
Total before structural changes	6%
Structural changes ²	0%
Total	6%
Sales Q4/2018, EUR million	2 657

¹ Wood, energy, paper for recycling, by-products etc.

² Asset closures, major investments, divestments and acquisitions

Group sales increased 5.8% or EUR 146 million to EUR 2 657 million, despite operational issues. This was the highest fourth quarter sales since 2012 and the eighth consecutive quarter of growth. Topline growth was driven by clearly higher sales prices in local currencies, as well as active mix management. This was only partly offset by lower deliveries, slightly negative currency impact and the divestment of Puumerkki in the Wood Products division in the fourth quarter of 2017.

Operational EBIT decreased 3% or EUR 9 million to EUR 271 (280) million. The operational EBIT margin decreased by 1%-point to 10.2% (11.2%). Higher prices were more than offset by higher than expected costs. Main reasons for the higher temporary costs were operational issues of approximately EUR 40 million at Veitsiluoto, Nymölla, Montes del Plata, Skutskär, Imatra and Fors mills.

Clearly higher sales prices and active mix management, especially in Paper, Biomaterials, Wood Products and Packaging Solutions divisions, improved operational EBIT by EUR 168 million. The total volume impact was EUR 11 million negative, as deliveries were slightly lower in all divisions.

Variable costs continued to increase and were EUR 123 million higher, mainly due to increased wood, pulp, chemicals and logistic costs. Fixed costs increased by EUR 34 million and net foreign exchange impact decreased operational EBIT by EUR 2 million. Operational result from equity accounted investments, depreciations and closed units decreased profitability by EUR 7 million.

The planned and unplanned production downtime was 16% (9%) for paper, 9% (4%) for board, and 1% (0%) for wood products.

The average number of employees in the fourth quarter of 2018 was approximately 26 200 (26 100). The average number of employees in Europe was approximately 19 900 (19 500). In China, the average number of employees was approximately 5 300 (5 500).

Fair valuations and non-operational items had a positive net impact on the operating profit of EUR 37 million (negative EUR 15 million). The impact came mainly from an increase in fair valuation of forests of the Nordic equity accounted investment Bergvik Skog.

Earnings per share increased by 75.0% to EUR 0.39 (EUR 0.22) and earnings per share excluding items affecting comparability (IAC) increased to EUR 0.33 (EUR 0.26).

The Group recorded an item affecting comparability (IAC) with a positive impact of EUR 47 (negative EUR 29) million on its operating profit. The IAC relates to the Stora Enso's share of the disposal gain from associated company Bergvik Skog's Latvian subsidiary.

Net financial expenses at EUR 41 million were EUR 14 million higher. Net interest expenses at EUR 34 million increased by EUR 3 million. Other net financial expenses were EUR 3 (EUR 6) million. The net foreign exchange impact in respect of cash, interest-bearing assets and liabilities and related foreign-currency hedges amounted to a loss of EUR 4 (gain of EUR 10) million, mainly due to revaluation of foreign currency net debt in subsidiaries.

Breakdown of change in capital employed 31 December 2017 to 31 December 2018

EUR million	Capital employed
31 December 2017	8 308
Capital expenditure less depreciation	59
Impairments and reversal of impairments	-1
Fair valuation of biological assets	-2
Costs related to growth of biological assets	-66
Unlisted securities (mainly PVO)	104
Equity accounted investments	186
Net liabilities in defined benefit plans	-27
Operative working capital and other interest-free items, net	384
Net tax liabilities	-54
Translation difference	-81
Other changes	14
31 December 2018	8 824

The operational return on capital employed (ROCE) in the fourth quarter of 2018 was 12.4% (13.5%).

Fourth quarter 2018 results (compared with Q3/2018)

Sales increased by EUR 72 million, or 2.8%, to EUR 2 657 million. Operational EBIT decreased by EUR 87 million to EUR 271 million. Sales prices in local currencies decreased operational EBIT by EUR 16 million, mainly due to lower pulp prices. Volume impact decreased operational EBIT by EUR 22 million, negatively impacted by too low water level at nearby lake, leading to Nymölla paper mill production restrictions. Variable costs were EUR 21 million higher, as increased wood and chemical costs were only partly offset by lower pulp costs. Fixed costs were seasonally high and decreased operational EBIT by EUR 47 million. The net foreign exchange impact increased the profitability by EUR 4 million. Operational result from equity accounted investments and depreciations increased operational EBIT by EUR 15 million.

Full year 2018 results (compared with full year 2017)

Breakdown of change in sales 2017 to 2018

Sales 2017, EUR million	10 045
Price and mix	8%
Currency	-1%
Volume	-1%
Other sales ¹	0%
Total before structural changes	5%
Structural changes ²	-1%
Total	4%
Sales 2018, EUR million	10 486

¹ Wood, energy, paper for recycling, by-products etc.

² Asset closures, major investments, divestments and acquisitions

Sales increased 4.4% or EUR 441 million to EUR 10 486 million. Operational EBIT increased by EUR 321 million or 32% to EUR 1 325 million and represents a margin of 12.6% (10.0%). Improved sales prices and active mix management in all divisions increased operational EBIT by EUR 795 million. Lower volumes decreased operational EBIT by EUR 10 million. Variable costs were EUR 387 million higher, especially for wood and also for pulp, chemicals, and transportation. Fixed costs increased EUR 55 million, mainly due to higher personnel and maintenance costs. The net foreign exchange impact decreased operational EBIT by EUR 34 million. The operational result from equity accounted investments was EUR 8 million lower. The positive impact from lower depreciation was EUR 20 million.

Financing in the fourth quarter 2018 (compared with Q3/2018)

Capital structure

EUR million	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017
Operative fixed assets ¹	6 636	6 544	6 417	6 417	6 554
Equity accounted investments	1 729	1 596	1 543	1 536	1 600
Operative working capital, net	1 078	1 112	1 068	984	729
Non-current interest-free items, net	-488	-475	-447	-456	-490
Operating Capital Total	8 955	8 777	8 581	8 481	8 393
Net tax liabilities	-132	-145	-58	-67	-85
Capital Employed	8 824	8 631	8 523	8 414	8 308
Equity attributable to owners of the Parent	6 714	6 436	6 043	6 142	6 008
Non-controlling interests	18	23	38	46	47
Net interest-bearing liabilities	2 092	2 172	2 442	2 226	2 253
Financing Total	8 824	8 631	8 523	8 414	8 308

¹ Operative fixed assets include goodwill, other intangible assets, property, plant and equipment, biological assets, emission rights, and unlisted securities.

Cash and cash equivalents net of overdrafts increased by EUR 145 million to EUR 1 128 million. Net debt was EUR 2 092 million, a decrease of EUR 80 million from the previous quarter. The ratio of net debt to the last 12 months' operational EBITDA was 1.1, unchanged compared to the ratio of 1.1 at the end of the previous quarter. The net debt/equity ratio on 31 December 2018 was 0.31 (0.34).

In the fourth quarter of 2018, Moody's Investors Service assigned Stora Enso Oyj an investment grade credit rating by upgrading the long-term issuer rating from Ba1 to Baa3 with stable outlook.

Stora Enso has EUR 600 million committed revolving credit facility that was fully undrawn at the year-end. Additionally, Stora Enso has access to various long-term sources of funding up to EUR 1 000 (900) million.

The fair value of Pohjolan Voima (PVO) shares, accounted for as equity investment fair valued through other comprehensive income under IFRS 9, decreased in the quarter by EUR 51 million to EUR 415 million. The change in the fair value was mainly driven by the decrease in electricity forward market prices.

Cash flow in the fourth quarter 2018 (compared with Q3/2018)

Operative cash flow

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Operational EBITDA	405	427	-5.1%	502	-19.3%	1 878	1 587	18.3%
IAC on operational EBITDA	47	-24	297.8%	0	100.0%	20	-76	125.9%
Other adjustments	-81	-38	-111.9%	-24	-238.9%	-104	-56	-85.6%
Change in working capital	-50	154	-132.2%	-22	-127.6%	-428	37	n/m
Cash Flow from Operations	323	519	-37.8%	457	-29.3%	1 365	1 492	-8.5%
Cash spent on fixed and biological assets	-155	-257	39.7%	-128	-20.7%	-525	-658	20.2%
Acquisitions of equity accounted investments	-19	0	-100.0%	-10	-98.2%	-29	-9	-221.4%
Cash Flow after Investing Activities	148	262	-43.3%	319	-53.4%	811	825	-1.7%

Fourth quarter 2018 cash flow after investing activities was EUR 148 million. Working capital increased by EUR 50 million, mainly due to higher sales and inventories. Cash spent on fixed and biological assets was EUR 155 million. Payments related to the previously announced provisions were EUR 3 million.

Capital expenditure

Additions to fixed and biological assets in the fourth quarter 2018 totalled EUR 237 million, of which EUR 215 million were fixed assets, in line with the normal annual pattern, and EUR 22 million biological assets. Depreciations and impairment charges totalled EUR 114 million. Additions in fixed and biological assets had a cash outflow impact of EUR 155 million. Capital expenditure in 2018 was EUR 574 million, slightly below the forecast maximum of EUR 600 million.

The main projects ongoing in the fourth quarter of 2018 were the malodorous gas handling and chemi-thermomechanical pulp (CTMP) flash drying at Imatra Mills in Finland, the Heinola Fluting Mill upgrade in Finland, the capacity extension and technology upgrade in the China Packaging unit, the fluff pulp investment at Skutskär Mill in Sweden, the dissolving pulp investment at Enocell Mill in Finland, the new cross laminated timber (CLT) production unit at Gruvön sawmill in Sweden, the Launkalne sawmill expansion in Latvia, and the new steam turbine project at Maxau Mill in Germany.

Capital expenditure and depreciation forecast 2019

EUR million	Forecast 2019
Capital expenditure	540–590
Depreciation and operational decrease in biological asset values	590–630

Stora Enso's capital expenditure forecast for 2019 includes approximately EUR 100 million for the Group's biological assets and the capitalised leasing contracts according to IFRS 16 Leases of approximately EUR 40 million. The capital expenditure forecast takes into account a reduction of EUR 50 million as part of the new profit protection programme. The depreciation and operational decrease in biological asset values forecast includes also the IFRS 16 impact. The amount of operational decrease in biological asset values in the forecast is EUR 50–70 million.

Segments in the fourth quarter 2018 (compared with Q4/2017)

Consumer Board division

Challenging market conditions continued, first price increases achieved

The ambition of the Consumer Board division is to be the global leader in high-quality virgin fibre cartonboard. We aim to be the preferred partner of customers and brand owners in premium end-use packaging and graphical segments. Our wide board and barrier coating selection is suitable for consumer packaging for liquid, food, pharmaceutical and luxury goods.

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Sales	637	636	0.2%	648	-1.6%	2 622	2 516	4.2%
Operational EBITDA	74	119	-37.8%	101	-26.6%	423	477	-11.3%
Operational EBITDA margin	11.6%	18.7%		15.6%		16.1%	19.0%	
Operational EBIT	24	69	-64.5%	50	-51.5%	231	285	-18.8%
Operational EBIT margin	3.8%	10.8%		7.8%		8.8%	11.3%	
Operational ROOC	5.0%	14.2%		10.3%		11.9%	14.6%	
Cash flow from operations	65	140	-53.8%	125	-48.1%	339	458	-26.1%
Cash flow after investing activities	13	73	-82.1%	91	-85.5%	177	218	-18.6%
Board deliveries, 1 000 tonnes	701	712	-1.5%	727	-3.5%	2 914	2 816	3.5%
Board production, 1 000 tonnes	694	734	-5.5%	730	-5.0%	2 922	2 871	1.8%

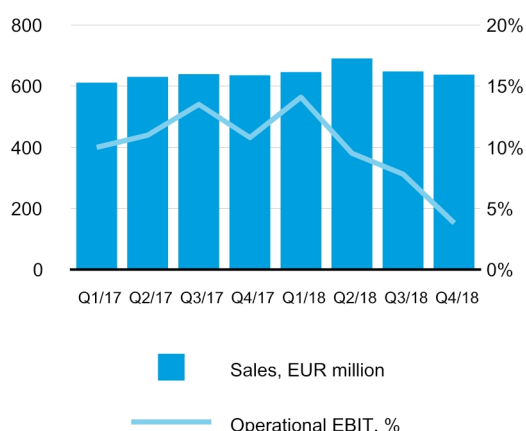
- Sales increased slightly, 0.2% or EUR 1 million to a record high Q4 of EUR 637 million. The positive effect of higher local sales prices of EUR 10 million was offset by lower volumes.
- Operational EBIT decreased EUR 45 million to EUR 24 million. Significantly higher variable costs, especially for wood, pulp and chemicals, were only partly offset by improved sales prices. Carton board production was lower. Operational challenges at Imatra and Fors mills had a slight negative impact on profitability.
- Operational ROOC declined to 5.0%, on the back of lower profitability.
- Stora Enso and startup Sulapac joined forces to develop renewable and biodegradable straws, based on Sulapac's biocomposite material - made of wood and natural binders.
- Stora Enso is investing EUR 22 million (SEK 232 million) at Skoghall Mill in Sweden in an expansion of the existing water treatment plant. Increased capacity and new, modern technology will enhance the water treatment process at the mill. The investment is expected to be completed in early 2020.
- Stora Enso has also invested EUR 7 million (SEK 70 million) in modernisation of its chemical recycling at Skoghall Mill, and EUR 3 million (SEK 30 million) in a new cooling tower at Fors Mill.

Markets

Product	Market	Demand Q4/18 compared with Q4/17	Demand Q4/18 compared with Q3/18	Price Q4/18 compared with Q4/17	Price Q4/18 compared with Q3/18
Consumer board	Europe	Slightly stronger	Slightly stronger	Higher	Stable

Sales and operational EBIT

Operational ROOC



5.0%

(Target: >20%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	–	–
Q2	–	Beihai Mill
Q3	Beihai and Imatra mills	Imatra and Ingerois mills
Q4	Fors, Ingerois and Skoghall mills	Skoghall and Fors mills

Packaging Solutions division

Record sales and profitability

The Packaging Solutions division provides fibre-based board materials and corrugated packaging products and services that are designed for a wide array of applications. Our renewable high-end packaging solutions serve leading converters, brand owners and retailers – including those in e-commerce that are looking to optimise performance, drive innovation and improve their sustainability.

EUR million	Q4/18	Q4/17	Change % Q4/18-Q4/17	Q3/18	Change % Q4/18-Q3/18	2018	2017	Change % 2018-2017
Sales	352	334	5.3%	330	6.6%	1 344	1 255	7.1%
Operational EBITDA	76	74	3.3%	86	-10.7%	313	240	30.3%
Operational EBITDA margin	21.7%	22.2%		25.9%		23.3%	19.1%	
Operational EBIT	59	58	1.7%	68	-13.3%	245	170	43.9%
Operational EBIT margin	16.8%	17.4%		20.6%		18.2%	13.5%	
Operational ROOC	25.7%	26.9%		30.4%		27.2%	19.6%	
Cash flow from operations	66	82	-19.2%	67	-0.6%	272	249	9.2%
Cash flow after investing activities	41	39	4.0%	43	-4.8%	172	156	10.2%
Board deliveries (external), 1 000 tonnes	213	274	-22.2%	272	-21.5%	985	1 023	-3.8%
Board production, 1 000 tonnes	338	339	-0.2%	345	-2.1%	1 320	1 333	-1.0%
Corrugated packaging deliveries, million m ²	276	279	-1.1%	260	6.2%	1 059	1 103	-4.0%
Corrugated packaging production, million m ²	273	277	-1.4%	245	11.3%	1 048	1 102	-4.9%

- Sales increased 5.3%, or EUR 18 million, to all time high EUR 352 million, driven by improved prices and active sales mix management in the European-based operations. Total containerboard deliveries were stable.
- Operational EBIT increased EUR 1 million to a record high Q4 of EUR 59 million. Clearly higher sales prices and good mix management in the European-based units were offset by lower sales volumes in China, higher raw material costs overall, and some spare part write-offs.
- Operational ROOC at 25.7%, significantly above the long-term target of 20%, driven by profitability.
- Stora Enso launched a new sustainable RFID tag technology called ECO™ by Stora Enso, designed for intelligent packaging functionalities in supply chain, retail and e-commerce applications. The technology enables paper-based RFID tags, providing a plastic-free and recyclable solution for packaging authentication.
- Stora Enso divested 100% of the shares of its Swedish subsidiary June Emballage AB to its management team. June Emballage is a manufacturer specialized in small-batch custom-made transport packaging in corrugated board.

Markets

Product	Market	Demand Q4/18 compared with Q4/17	Demand Q4/18 compared with Q3/18	Price Q4/18 compared with Q4/17	Price Q4/18 compared with Q3/18
Virgin fibre-based containerboard	Global	Stable	Stable	Significantly higher	Stable
Recycled fibre based (RCP) containerboard	Europe	Slightly stronger	Slightly weaker	Slightly higher	Slightly lower
Corrugated packaging	Europe	Slightly stronger	Slightly stronger	Higher	Stable

Sales and operational EBIT



25.7%

(Target: >20%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	Ostrołęka Mill PM5	–
Q2	–	Heinola and Varkaus mills
Q3	Heinola and Ostrołęka kraft mills	Ostrołęka Mill
Q4	Varkaus Mill	–

Biomaterials division

Good market conditions continued, signs of price pressure

The Biomaterials division offers a wide variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We are maximising the business potential of the by-products extracted in our processes, such as tall oil and turpentine from biomass. Based on our strong innovation approach, all fractions of biomass, like sugars and lignin, hold substantial potential for use in various applications.

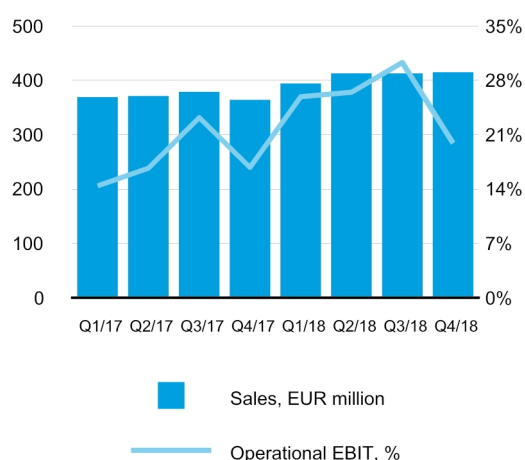
EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Sales	415	364	14.1%	413	0.6%	1 635	1 483	10.3%
Operational EBITDA	116	95	22.6%	157	-25.6%	550	409	34.4%
Operational EBITDA margin	28.0%	26.1%		37.9%		33.6%	27.6%	
Operational EBIT	91	61	49.6%	125	-27.0%	427	264	61.9%
Operational EBIT margin	22.0%	16.8%		30.3%		26.1%	17.8%	
Operational ROOC	15.0%	10.4%		20.9%		17.9%	10.5%	
Cash flow from operations	117	106	10.0%	120	-2.6%	438	404	8.4%
Cash flow after investing activities	80	59	34.8%	94	-15.0%	327	271	20.6%
Pulp deliveries, 1 000 tonnes	611	623	-1.9%	595	2.7%	2 432	2 597	-6.3%

- Sales increased 14.1% or EUR 51 million to another all-time high of EUR 415 million, driven by significantly higher sales prices.
- Operational EBIT was at record high Q4 level of EUR 91 million, an increase of EUR 30 million. Higher pulp prices were only partly offset by increased variable costs, especially for wood and energy. There were production problems at Montes del Plata and Skutskär mills during the quarter.
- Operational ROOC reached the strategic target level of 15.0%.
- Stora Enso increased its ownership up to 100% in the Sweden-based Cellutech AB, which specialises in development of new materials and applications based on cellulose, micro-fibrillated cellulose (MFC) and other wood-based components.
- Stora Enso partners with H&M group and Inter IKEA group to industrialise TreeToTextile, a joint venture between H&M group, Inter IKEA group and innovator Lars Stigsson since 2014, with the aim of developing new textile fibres in a sustainable way at attractive cost levels.
- Lineo™ by Stora Enso, a lignin-based product launched in 2018, was awarded 'Innovative Product Award 2018' by the Institution of Chemical Engineers (IChemE). Stora Enso was recognised for creating a new bio-based, sustainable material to replace fossil-fuels used in coatings and adhesives.

Markets

Product	Market	Demand Q4/18 compared with Q4/17	Demand Q4/18 compared with Q3/18	Price Q4/18 compared with Q4/17	Price Q4/18 compared with Q3/18
Softwood pulp	Europe	Slightly weaker	Stable	Significantly higher	Slightly lower
Hardwood pulp	Europe	Stable	Weaker	Higher	Slightly lower
Hardwood pulp	China	Significantly stronger	Slightly weaker	Slightly lower	Lower

Sales and operational EBIT



15.0%

(Target: >15%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	Veracel Mill	–
Q2	–	Enocell Mill
Q3	Enocell Mill	Sunila Mill
Q4	Montes del Plata and Skutskär mills	Montes del Plata and Skutskär mills

Wood Products division

Another record quarter

The Wood Products division is a leading provider of innovative wood-based solutions. The product range covers all areas of construction, including massive wooden elements and wooden components. It also includes a variety of sawn timber goods and pellets for sustainable heating. The emerging product range of Biocomposites addresses the opportunities to replace plastics in consumer goods and creates potential in various demanding exterior applications in a cost-competitive way.

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Sales	399	398	0.3%	400	-0.2%	1 622	1 669	-2.8%
Operational EBITDA	50	36	39.3%	56	-9.9%	199	147	35.2%
Operational EBITDA margin	12.6%	9.0%		13.9%		12.3%	8.8%	
Operational EBIT	42	25	66.2%	48	-12.7%	165	111	48.5%
Operational EBIT margin	10.4%	6.3%		11.9%		10.2%	6.7%	
Operational ROOC	27.1%	18.5%		31.6%		28.1%	20.5%	
Cash flow from operations	38	40	-6.1%	57	-34.1%	147	152	-3.4%
Cash flow after investing activities	23	9	158.6%	37	-36.9%	80	90	-11.2%
Wood products deliveries, 1 000 m ³	1 247	1 257	-0.7%	1 207	3.4%	4 932	4 926	0.1%

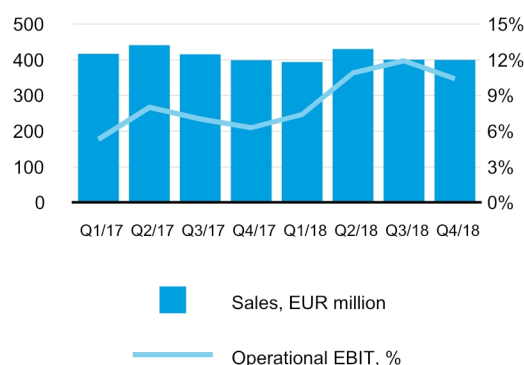
- Sales excluding the divested Puumerkki operations increased 3.5%, or EUR 13 million, mainly due to improved sales prices in classic sawn.
- Operational EBIT increased EUR 17 million, to a record high Q4 of EUR 42 million. Clearly better prices and improved mix was only partly offset by higher fixed costs related to increase in operations.
- Operational ROOC continued at a record high level of 27.1%, clearly above the strategic target of 20%.
- Stora Enso is investing a further EUR 9 million at Launkalne sawmill in Latvia to start production of pellets. The investment is expected to be completed during the first quarter of 2020.
- The investment in a new cross laminated timber (CLT) unit at the Gruvön sawmill is being completed. Commercial production will begin during the first quarter of 2019 as planned.
- During the quarter, Stora Enso was selected as the provider of wooden materials for several new building projects around the world. Together with B&K Structures, a leading sustainable frame contractor, we finalised the office building Green House in London, the second phase of Cambridge Health Road. The building is almost 50 000 ft², built to meet the rising demand from social change tenants who need flexible and affordable workspace in the capital.
- The four-storey office building Mundo A in Antwerp (Belgium) was officially opened in December. It is a new dynamic meeting place with 170 workplaces hosting 35 organisations. The office was built by CLT-S who also finalised Troubleyn Elmer, a school extension in Brussels. The two-storey extension was built on an inner court surrounded by residential houses without any other access than aerial. All elements were lifted on spot over the existing buildings. Most of the CLT walls, LVL beams, decking and roofing will remain visible according to the architect's wish.

Markets

Product	Market	Demand Q4/18 compared with Q4/17	Demand Q4/18 compared with Q3/18	Price Q4/18 compared with Q4/17	Price Q4/18 compared with Q3/18
Wood products	Europe	Slightly stronger	Stable	Higher	Stable

Sales and operational EBIT

Operational ROOC



27.1%

(Target: >20%)

Paper division

Solid quarter impacted by operational challenges

Stora Enso is the second largest paper producer in Europe with an established customer base and a wide product portfolio for print and office use. Customers benefit from Stora Enso's broad selection of papers made from recycled and virgin fibre as well as our valuable industry experience, know-how and customer support.

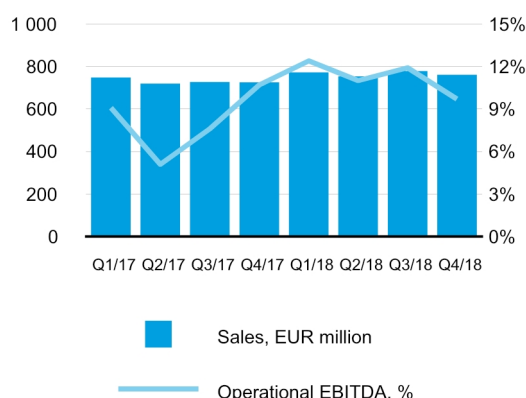
EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018- 2017
Sales	761	726	4.8%	779	-2.4%	3 066	2 920	5.0%
Operational EBITDA	73	78	-5.8%	93	-20.9%	345	239	44.3%
Operational EBITDA margin	9.7%	10.7%		11.9%		11.3%	8.2%	
Operational EBIT	45	46	-2.0%	65	-30.9%	234	128	82.7%
Operational EBIT margin	5.9%	6.3%		8.4%		7.6%	4.4%	
Operational ROOC	22.9%	24.7%		33.5%		30.2%	14.8%	
Cash flow from operations	31	102	-69.8%	78	-60.4%	222	259	-14.3%
Cash flow after investing activities	19	46	-59.1%	65	-70.8%	175	160	9.2%
Cash flow after investing activities to sales, %	2.5%	6.3%		8.3%		5.7%	5.5%	
Paper deliveries, 1 000 tonnes	1 121	1 146	-2.2%	1 161	-3.5%	4 591	4 713	-2.6%
Paper production, 1 000 tonnes	1 087	1 159	-6.2%	1 216	-10.5%	4 633	4 672	-0.8%

- Sales increased 4.8%, or EUR 35 million, to EUR 761 million, as clearly higher sales prices in all grades and a better mix were only partly offset by lower sales volumes.
- Operational EBIT decreased EUR 1 million to EUR 45 million. Significantly higher sales prices in all grades were offset by higher variable costs, especially in wood, pulp and chemicals. Production reductions caused by water shortage at Nymölla Mill and technical problems at the Veitsiluoto pulp mill had a EUR 16 million negative impact. Both mills are now back at normal operation. Softness of the coated woodfree paper market led to market curtailments at Oulu Mill.
- Cash flow after investing activities to sales ratio was 2.5% (6.3%), negatively impacted by temporary working capital challenges.

Markets

Product	Market	Demand Q4/18 compared with Q4/17	Demand Q4/18 compared with Q3/18	Price Q4/18 compared with Q4/17	Price Q4/18 compared with Q3/18
Paper	Europe	Weaker	Slightly stronger	Significantly higher	Stable

Sales and operational EBITDA



Cash flow after investing activities to sales¹

2.5%

(Target: >7%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	–	–
Q2	Nymölla Mill	Oulu Mill
Q3	Veitsiluoto Mill	Veitsiluoto Mill
Q4	Oulu Mill	–

¹ The Paper division's financial target is cash flow after investing activities to sales (non-IFRS), because the division's goal is to generate cash flow for the Group so that it can transform into a renewable materials growth company.

Segment Other

The segment Other includes the Nordic forest equity-accounted investments, Stora Enso's shareholding in the energy company Pohjolan Voima, operations supplying wood to the Nordic and Baltic mills, plantations not connected to any mill site, and the Group's shared services and administration.

EUR million	Q4/18	Q4/17	Change % Q4/18- Q4/17	Q3/18	Change % Q4/18- Q3/18	2018	2017	Change % 2018-2017
Sales	913	618	47.7%	831	9.9%	3 425	2 490	37.6%
Operational EBITDA	15	25	-40.7%	11	38.6%	48	75	-35.7%
Operational EBITDA margin	1.6%	4.0%		1.3%		1.4%	3.0%	
Operational EBIT	9	21	-55.1%	2	n/m	23	46	-50.4%
Operational EBIT margin	1.0%	3.4%		0.2%		0.7%	1.8%	
Cash flow from operations	7	49	-86.3%	11	-38.0%	-52	-30	-74.1%
Cash flow after investing activities	-27	36	-174.6%	-10	-177.2%	-119	-70	-70.5%

- Sales increased as transport and freight sales and silviculture services in Finland previously presented under other operating income were transferred to sales due to an accounting change. These are mainly internal services. The effect on external sales was EUR 11 million in the fourth quarter.
- Operational EBIT decreased by EUR 12 million to EUR 9 million due to extraordinary high profitability in Nordic forest associates in comparative period of 2017.
- Stora Enso's forest associate Bergvik Skog divested its ownership in its subsidiaries in Latvia, where the company owned a total of 0.1 million hectares of forest land. Stora Enso's share of the disposal gain is disclosed as an IAC and is not included in the above table.
- In November Stora Enso announced that the shareholders of Bergvik Skog AB had signed a binding agreement regarding the previously announced intent to restructure its ownership. With this agreement, the parties aim to complete the transaction during the first half of 2019. Stora Enso's forest holdings in Sweden will increase to 1.4 million hectares, of which 1.15 million hectares is productive forest land. Stora Enso's 49.8% share of the productive forest land in Bergvik totalled 0.9 million hectares at end of December 2018. The transaction is estimated to increase Stora Enso's balance sheet by approximately EUR 1.0 billion.

Sustainability in the fourth quarter 2018 (compared with Q4/2017)

Safety performance

TRI rate

	Q4/18	Q4/17	Q3/18	2018	2017	Milestone	Milestone to be reached by
TRI rate ^{1 2 3}	7.9	7.3	4.6	5.9	7.4	6.7	end of 2018

TRI (Total recordable incident) rate = number of incidents per one million hours worked.

¹ For own employees.

² As of January 2018 Stora Enso's joint operations Veracel and Montes del Plata are included in the Group's consolidated safety performance. 2017 figures restated accordingly for comparability.

³ Q3/18 recalculated due to additional data after the Q3/2018 Interim Report.

The milestone for 2018 was achieved. Compared to 2017, a 20% reduction was achieved on the TRI-rate. The milestone for 2019 will be communicated in the Q1 Interim Report.

Suppliers

Implementation of the Supplier Code of Conduct

	31 Dec 2018	30 Sep 2018	31 Dec 2017	Target
% of supplier spend covered by the Supplier Code of Conduct ¹	95%	95%	95%	95%

¹ Excluding joint operations, intellectual property rights, leasing fees, financial trading, and government fees such as customs, and wood purchases from private individual forest owners.

The target to maintain the high coverage level of 95% was achieved.

Human rights

During the quarter, the focus was on finalising a compliance monitoring programme on the Group's eight highest priority human rights. The ambition is to have this work completed by the end of the first quarter of 2019.

Forests, plantations, and land use

Agreements with social landless movements and land occupations in Bahia, Brazil

	31 Dec 2018	30 Sep 2018	31 Dec 2017
Productive area occupied by social movements not involved in the agreement, ha	468	3 019	3 043

During the quarter, Veracel signed a new agreement with the social landless movements to complement the earlier agreed Sustainable Settlement Initiative. In the new agreement Veracel sells 3 300 hectares of previously occupied lands to the movements and related associations, and the movements will leave from Veracel's lands corresponding to 800 hectares. In addition, Veracel donates 225 hectares. After this new agreement, 468 hectares of productive land owned by Veracel remained occupied by social landless movements not involved in the Sustainable Settlement Initiative or in the new agreement. Veracel will continue to seek repossession of remaining occupied areas through legal processes. Previously Veracel has voluntarily reserved 16 500 hectares to support the Sustainable Settlement Initiative. At the end of 2018, the total land area owned by Veracel was 213 500 hectares, of which 76 000 hectares are planted with eucalyptus for pulp production.

Carbon dioxide

Science-based target (SBT) performance compared to 2010 base-year level

	Q4/18	Q4/17	Q3/18	2018	2017	Target	Target to be reached by
Reduction of fossil CO ₂ e emissions per saleable tonne of pulp, paper and board (kg/t) ^{1 2}	-17%	-16%	-25%	-18%	-21%	-31%	end of 2030

¹ Covering direct fossil CO₂e emissions from production and indirect fossil CO₂e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

² Historical figures recalculated due to additional data after the Q3/2018 Interim Report.

In December 2017, Stora Enso's Science Based Targets to combat global warming were approved by the Science Based Target Initiative. With the new targets, Stora Enso commits to reduce greenhouse gas (GHG) emissions from operations 31% per tonne of pulp, paper and board produced by 2030 from a 2010 base-year. The full-year performance declined three percentage points from 2017, mainly due to the increased use of peat at two Finnish mills and a higher fossil content in the generation of the purchased electricity in Finland and Poland.

Other events

Stora Enso's Sustainability Report 2017 was chosen as best by Finnish financial journalists in a competition organised by seven organisations including the leading corporate responsibility network FIBS. The report was short-listed among the 10 best reports in the overall competition.

For the second time in a row, Stora Enso was top-ranked in both management quality and carbon performance by the Transition Pathway Initiative.

Stora Enso was top-rated in combatting global warming by the international non-profit organisation CDP. CDP has included Stora Enso on its new 2018 Climate A List, which identifies the global companies that are taking leadership in climate action.

In December 2017, Stora Enso's Science Based Targets to combat global warming were approved by the Science Based Target Initiative (SBTi). This initiative was founded by the UN Global Compact and three international non-profit organisations, including CDP, to encourage greater emissions reductions by companies in support of the Paris Agreement. These targets commit Stora Enso to reducing greenhouse gas (GHG) emissions from operations 31% per tonne of pulp, paper and board produced by 2030 compared to a 2010 base-year. Progress is reported in our quarterly interim reports.

Stora Enso was awarded 'Industry Leader 2018' in the Sustainable Brand Index™ B2B, which is the largest brand study on sustainability in the Nordics. The study covers over one hundred business-to-business brands across more than 10 industries in Sweden. Stora Enso was ranked as the most sustainable listed company in Sweden by Dagens Industri, Aktuell Hållbarhet and Lund University School of Economics and Management.

Stora Enso and the Forest Stewardship Council (FSC) signed an international partnership agreement establishing a long-term strategic collaboration to develop and promote sustainable forestry. Stora Enso promotes all main forest certification systems and is committed to responsible sourcing of wood and fibre only from sustainably managed forests and tree plantations.

Short-term risks and uncertainties

Increasing competition, and supply and demand imbalances in the paper, pulp, packaging, wood products and roundwood markets may affect Stora Enso's market share and profitability. Changes in the global economic and political environment, sharp market corrections, increasing volatility in foreign exchange rates and deteriorating economic conditions in the main markets could all affect Stora Enso's profits, cash flows and financial position.

With reference to current geopolitical circumstances, there is an increasing risk of an escalation in protectionist measures to the extent that global trade could materially shrink. This would have major knock-on effects for inflation, business sentiment, consumer sentiment and ultimately global economic growth.

Furthermore, as the global economy is moving into a new phase where the main central banks will begin to reduce or reverse their lenient monetary policy positions, such developments may give rise to significant uncertainty and negatively affect Stora Enso's business conditions.

Other risks and uncertainties include, but are not limited to, general industry conditions, such as changes in the cost or availability of raw materials, energy and transportation costs, unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation, material disruption at one of our manufacturing facilities, risks inherent in conducting business through joint ventures, and other factors that can be found in Stora Enso's press releases and disclosures.

A more detailed description of risks is available in Stora Enso's Financial Report at storaenso.com/investors/annual-report.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 12 million on operational EBIT for the next 12 months, after the effect of hedges.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 203 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 130 million on operational EBIT for the next 12 months.

Chemical and filler sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 62 million on operational EBIT for the next 12 months.

A decrease of energy, wood, pulp or chemical and filler prices would have the opposite impact.

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be approximately positive EUR 184 million, negative EUR 99 million and positive EUR 38 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

The Group incurs annual unhedged net costs worth approximately EUR 120 million in Brazilian real (BRL) in its operations in Brazil and approximately EUR 110 million in Chinese Renminbi (CNY) in its operations in China. For these flows, a 10% strengthening in the value of a foreign currency would have a EUR 12 million and EUR 11 million negative impact on operational EBIT, respectively.

Legal proceedings

Contingent liabilities

Stora Enso has undertaken significant restructuring actions in recent years which have included the divestment of companies, sale of assets and mill closures. These transactions include a risk of possible environmental or other obligations the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Stora Enso is party to legal proceedings that arise in the ordinary course of business and which primarily involve claims arising out of commercial law. The management does not consider that liabilities related to such proceedings before insurance recoveries, if any, are likely to be material to the Group's financial condition or results of operations.

Legal proceedings in Latin America

Veracel

On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of BRL 20 (EUR 5) million. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

Legal proceedings in Finland

Roundwood claim

In December 2009, the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling. In March 2011, Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsäliitto claiming compensation for damage allegedly suffered due to the competition infringement. In its judgement rendered in June 2016, the Helsinki District Court dismissed Metsähallitus' claim for damages against Stora Enso, UPM and Metsäliitto. Metsähallitus appealed against the District Court's judgment to the Helsinki Court of Appeal, which rendered its judgement in the matter in May 2018. In its judgement, the Court of Appeal dismissed Metsähallitus' appeal and upheld the District Court's judgement. The total amount of Metsähallitus' claim jointly and severally against Stora Enso, UPM and Metsäliitto in the Court of Appeal was approximately EUR 125 million and the secondary claim against Stora Enso was approximately EUR 68 million. Metsähallitus applied for a leave of appeal from the Supreme Court. The Supreme Court decided on 29 January 2019 that the application to appeal is denied. This concludes the case without Stora Enso having any payment obligation towards Metsähallitus. Further the entire round woodclaim case can be now considered closed without any material financial effects on Stora Enso. The quarterly reporting will discontinue.

Legal proceedings in Sweden

Insurance claim

In July and August 2016, six Swedish insurance companies filed lawsuits in the Environmental Court and the District Court of Falun against Stora Enso, due to damage caused by the forest fire in Västmanland, Sweden, in 2014. The claimed amount is approximately SEK 300 (EUR 30) million. Stora Enso denies liability. So far the Environmental Court and thereafter the Environmental Court of Appeal has found that the Environmental code is not applicable on damage caused by fire.

Company fine

In January 2018, a Swedish prosecutor filed a lawsuit against Stora Enso and its supplier, due to the forest fire in Västmanland, Sweden in 2014, claiming a company fine of SEK 5 million each. Both Stora Enso and the supplier have disputed the claim.

Major events in 2018

Decisions of Annual General Meeting 2018

Stora Enso Oyj's Annual General Meeting (AGM) was held on 28 March 2018 in Helsinki. The AGM approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.41 per share for the year 2017.

The AGM approved the proposal that of the current members of the Board of Directors – **Anne Brunila, Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Christiane Kuehne, Richard Nilsson, Göran Sandberg, and Hans Stråberg** – be re-elected members of the Board of Directors until the end of the following AGM and that **Antti Mäkinen** be elected new member of the Board of Directors for the same term of office. The AGM elected Jorma Eloranta as Chairman of the Board of Directors and Hans Stråberg as Vice Chairman.

The AGM approved the proposed annual remuneration for the Board of Directors as follows:

Chairman	EUR 175 000 (2017: EUR 170 000)
Vice Chairman	EUR 103 000 (2017: EUR 100 000)
Members	EUR 72 000 (2017: EUR 70 000)

The AGM also approved the proposal 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 AGM also approved the proposed annual remuneration for the Board committees.

The AGM approved the proposal that PricewaterhouseCoopers Oy be elected as auditor until the end of the following AGM. PricewaterhouseCoopers Oy has notified the company that **Samuli Perälä**, APA, will act as the responsible auditor. It was resolved that the remuneration for the auditor shall be paid according to invoice approved by the Financial and Audit Committee.

Decisions by the Board of Directors

At its meeting held after the AGM, Stora Enso's Board of Directors elected Richard Nilsson (chairman), Jorma Eloranta, Antti Mäkinen and Christiane Kuehne as members of the Financial and Audit Committee.

Jorma Eloranta (chairman), Elisabeth Fleuriot and Hans Stråberg were elected members of the Remuneration Committee.

Anne Brunila (chairman), Hock Goh and Göran Sandberg were elected members of the Sustainability and Ethics Committee.

Shareholders' Nomination Board

The Shareholders' Nomination Board was appointed in September and it consists of the same members as for the previous period: Jorma Eloranta (Chairman of Stora Enso's Board of Directors), Hans Stråberg (Vice Chairman of Stora Enso's Board of Directors), **Harri Sailas** (Chairman of the Board of Directors of Solidium Oy), and **Marcus Wallenberg** (Chairman of the Board of Directors of FAM AB). The Shareholders' Nomination Board elected Marcus Wallenberg as its Chairman.

The Shareholders' Nomination Board proposes to the AGM to be held on 14 March 2019 that the Company's Board of Directors shall have nine (9) members.

The Shareholders' Nomination Board proposes that of the current members of the Board of Directors - Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Christiane Kuehne, Antti Mäkinen, Richard Nilsson, Göran Sandberg, and Hans Stråberg be re-elected members of the Board of Directors until the end of the following AGM and that **Mikko Helander** be elected new member of the Board of Directors for the same term of office. The Shareholders' Nomination Board proposes that Jorma Eloranta be elected Chairman and Hans Stråberg be elected Vice Chairman of the Board of Directors. Anne Brunila has announced that she is not available for re-election to the Board of Directors.

Annual General Meeting 2019

Stora Enso Oyj's Annual General Meeting (AGM) will be held on Thursday 14 March 2019 at 4.00 p.m. Finnish time at Finlandia Hall, Mannerheimintie 13 e, Helsinki, Finland.

The proposals for decisions relating to the agenda of the AGM and the AGM notice are available on Stora Enso Oyj's website at storaenso.com/agm. Stora Enso Oyj's annual accounts, the report of the Board of Directors and the auditor's report for 2018 will be published on Stora Enso Oyj's website storaenso.com/investors/annual-report during the week commencing 11 February 2019. The proposals for decisions and the other meeting documents will also be available at the AGM. The minutes of the AGM will be available on Stora Enso Oyj's website from 28 March 2019 at the latest.

The Board of Directors' proposal for the payment of dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.50 per share be distributed for the year 2018.

The dividend would be paid to shareholders who on the record date of the dividend payment, 18 March 2019, are recorded in the shareholders' register maintained by Euroclear Finland Oy or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. Dividends payable to Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish crowns. Dividends payable to ADR holders will be forwarded by Citibank N.A. and paid in US dollars.

The Board of Directors proposes to the AGM that the dividend be paid on or about 25 March 2019.

Share capital and shareholdings

During the fourth quarter of 2018, the conversions of 14 375 A shares into R shares were recorded in the Finnish trade register. During 2018, a total of 79 648 A-shares converted into R-shares were recorded in the Finnish Trade Register.

On 31 December 2018, Stora Enso had 176 312 672 A shares and 612 307 315 R shares in issue. The company did not hold its own shares. The total number of Stora Enso shares in issue was 788 619 987 and the total number votes at least 237 543 403.

Events after the period

On 29 January the Supreme Court denied the Finnish Metsähallitus' application to appeal in the roundwood claim case.

On 1 February Stora Enso announced a profit protection programme to strengthen competitiveness. The intention is to achieve annual cost reduction of EUR 120 million as well as reduction of capital expenditure by about EUR 50 million compared to the earlier forecast.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

This report has been prepared in Finnish, English and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 1 February 2019
Stora Enso Oyj
Board of Directors

Financials

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Financial Report for 2017 with the exception of new and amended standards applied to the annual periods beginning on 1 January 2018.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

Non-IFRS measures

The Group's key non-IFRS performance metric is operational EBIT, which is used to evaluate the performance of its operating segments and to steer allocation of resources to them. Operational EBIT comprises the operating profit excluding items affecting comparability (IAC) and fair valuations from the segments and Stora Enso's share of the operating profit of equity accounted investments (EAI), also excluding items affecting comparability and fair valuations.

Items affecting comparability are exceptional transactions that are not related to recurring business operations. The most common items affecting comparability are capital gains, additional write-downs or reversals of write-downs, provisions for planned restructuring and penalties. Items affecting comparability are normally disclosed individually if they exceed one cent per share.

Fair valuations and non-operational items include equity incentive schemes and related hedges, CO₂ emission rights, valuations of biological assets and the Group's share of income tax and net financial items of EAI.

Cash flow from operations (non-IFRS) is a Group specific way to present operative cash flow without hedging result from OCI and starting from operational EBITDA instead of operating profit.

Cash flow after investing activities (non-IFRS) is calculated as follows: cash flow from operations (non-IFRS) excluding cash spent on intangible assets, property, plant and equipment, and biological assets and acquisitions of EAI.

The full list of the non-IFRS measures is presented at the end of this report.

The following new and amended standards are applied to the annual periods beginning on 1 January 2018

Stora Enso has applied the following new and amended standards from 1 January 2018:

- The Group has adopted IFRS 9 *Financial Instruments* standard effective from 1 January 2018. The standard replaced IAS 39 *Financial instruments: Recognition and Measurement*. The standard includes revised requirements for recognition and measurement of financial assets and liabilities, impairment and general hedge accounting.

The new impairment model for financial assets requires recognition of loss allowances based on the expected credit loss model. At the adoption of IFRS 9, the Group has updated its impairment methodology to be in line with IFRS 9. For trade receivables, simplified approach has been implemented and loss allowances are recognised based on expected lifetime credit losses. For receivables measured at amortised cost or fair value through other comprehensive income, general approach has been implemented with the loss allowance being recognised based on 12-month expected credit losses if there has not been a significant increase in credit risk since the initial recognition. As a result of the new impairment methodology, the Group recognised EUR 3 million negative pre-tax transition adjustment to the opening balance of retained earnings for 2018.

The Group has evaluated its financial assets and liabilities based on the new classification and measurement criteria under IFRS 9. Stora Enso has categorised its financial assets to be measured at amortised cost, at fair value through other comprehensive income and at fair value through Income statement. For financial liabilities, the classification is based on amortised cost and fair value through Income Statement categories. On the date of initial application, 1 January 2018, the financial assets and liabilities of the Group were as follows:

Classification changes of financial instruments

	Measurement category		Carrying amount		
	Classification under IAS 39	Classification under IFRS 9	Original	New	Difference
Non-current financial assets					
Listed securities	Available-for-sale financial assets	Fair value through Other comprehensive income (FVTOCI)	21	21	0
Unlisted securities	Available-for-sale financial assets	Fair value through Other comprehensive income (FVTOCI) and Fair value through Income Statement (FVTPL)	318	318	0
Non-current loan receivables	Loans and receivables (amortised cost)	Amortised cost	55	55	0
Current financial assets					
Trade and other operative receivables	Loans and receivables (amortised cost)	Amortised cost and Fair value through Other comprehensive income (FVTOCI)	965	962	-3
Interest-bearing receivables	Loans and receivables (amortised cost)	Amortised cost	15	15	0
Derivatives (under hedge accounting)	Fair value through other comprehensive income (FVTOCI)	Fair value through Other comprehensive income (FVTOCI)	49	49	0
Derivatives (not under hedge accounting)	Fair value through Income Statement (FVTPL)	Fair value through Income Statement (FVTPL)	16	16	0
Cash and cash equivalents	Loans and receivables (amortised cost)	Amortised cost	607	607	0
Total financial assets			2 046	2 043	-3
Non-current financial liabilities					
Non-current debt	Amortised cost	Amortised cost	2 046	2 046	0
Current financial liabilities					
Current portion of non-current debt	Amortised cost	Amortised cost	370	370	0
Interest-bearing liabilities	Amortised cost	Amortised cost	560	560	0
Derivatives (under hedge accounting)	Fair value through other comprehensive income (FVTOCI)	Fair value through Other comprehensive income (FVTOCI)	32	32	0
Derivatives (not under hedge accounting)	Fair value through Income Statement (FVTPL)	Fair value through Income Statement (FVTPL)	4	4	0
Bank overdrafts	Amortised cost	Amortised cost	4	4	0
Contingent consideration	Fair value through Income Statement (FVTPL)	Fair value through Income Statement (FVTPL)	20	20	0
Trade and other operative payables	Amortised cost	Amortised cost	1 576	1 576	0
Total financial liabilities			4 612	4 612	0

The Group has elected to classify its equity investments in Pohjolan Voima shares and certain listed shares held by the Group, earlier classified as available-for-sale investments (AFS) under IAS 39, at fair value through other comprehensive income (FVTOCI) under IFRS 9. The gains and losses resulting from changes in the fair value of equity investments under FVTOCI are not recycled to the Income Statement upon impairment or disposal, with only dividend income being recognised in the Income Statement.

Under IFRS 9 the changes in the time value of currency options used as hedges of foreign currency sales will be recognised in Other Comprehensive income to the extent that they relate to the hedged items, and will be reclassified from equity to profit or loss in the same period or periods during which the expected future cash flows will affect the profit or loss. The change will reduce Income Statement volatility compared to IAS 39. The outstanding option time value as at the date of adoption amounted to EUR 1 million negative and was recognised as a transition adjustment to the opening balance of retained earnings for 2018.

Figures in the comparison periods have not been restated.

- The Group has adopted IFRS 15 *Revenue from Contracts with Customers* standard and related clarifications effective from 1 January 2018. The standard replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts standards and related interpretations*. The new standard specifies how and when revenue is recognised. The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has reviewed its performance obligations, main customer contracts for each division and evaluated the impact of IFRS 15 based on the amount and timing of revenue recognition.

In conclusion, the adoption of IFRS 15 has no significant impact on the substance of the principles applied by the Group to the amount and timing of revenue recognition. The revenue recognition principles and delivery terms applied by the Group remain generally unaltered and are presented in Stora Enso's Financial Report 2017.

The Group has adopted the modified retrospective application of IFRS 15 from 1 January 2018, without adjusting prior reporting periods. The new guidance is applied only to contracts that are not completed at the adoption date. No adjustment to the opening balance of retained earnings has been made as there are no changes in the timing of the revenue recognition. As from 1 January 2018 non-significant amounts of transport and freight sales and silviculture services previously presented under Other operating income have been reclassified to the Sales line in the Consolidated Income Statement. In 2018 the amount of these items was EUR 56 million. The previous year's figures have not been restated due to immateriality.

- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* effective from 1 January 2018 were adopted prospectively without restatement of comparative periods. Tax laws or regulations may require the Group to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. To fulfil this obligation, the Group withholds the number of equity instruments equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon vesting of the share-based payment. According to the IFRS 2 amendments, such transactions are to be classified in their entirety as equity-settled share-based payment transactions, even though the tax obligation is paid in cash on behalf of the employee. Resulting from the application of the amendments, the Group recognised EUR 9 million positive transition adjustment to the opening balance of retained earnings for 2018.
- Other amended IFRS standards and interpretations are not relevant to the Group.

Future standard changes endorsed by the EU but not yet effective in 2018

- IFRS 16 *Leases*. This standard replaces the current guidance in IAS 17 and related interpretations and is a significant change in accounting by lessees in particular. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use (ROU) asset for virtually all lease contracts. In accordance IFRS 16, at inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Amendment in lease definition have no material effect to the Group.

Stora Enso adopted IFRS 16 on 1 January 2019, using the modified retrospective approach and therefore the comparative information will not be restated and continues to be reported under IAS 17 and IFRIC 4. Effect of initial application of IFRS 16 is recognized in balance sheet at 1 January 2019. At transition, lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rates. ROU assets are measured an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group allocates the consideration in the contract to each lease component and will separate non-lease components if these are identifiable.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group has also applied the exemption not to capitalise contracts which are ending in 2019. The Group has defined low value asset exemption to include leases in which the underlying asset is not material to Stora Enso. The assessment of whether the underlying asset is material and is within the scope or excluded from the recognition requirements of IFRS 16 is based on the concept of materiality in the Conceptual Framework and IAS 1. Leases of low value assets are mainly including IT and office equipment, certain vehicles and machinery and other low value items. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Undiscounted operating lease commitments at the end of Q4 are EUR 731 million. In accordance with the current assessment of the impact of implementing IFRS 16 indicates that a lease liability in the range of EUR 500–550 million will be recognised. It is expected that operating profit (IFRS) / operational EBIT will somewhat increase since the interest component of leasing payments will be presented in financial expenses. It is also assumed that operational EBITDA will increase, since both depreciation and interest component will be presented below EBITDA. Impact on EPS is not expected to be material. Operating cash flow will increase and financing cash flow will decrease since most of the lease payments are shown in financing cash flow, no impact to total cash flow.

In addition certain land use contracts, amounting to EUR 76 million, before IFRS 16 transition accounted as intangible assets will be classified on transition to IFRS 16 as leases. All the liabilities related to the arrangements have already been settled in previous periods and therefore there is no effect on the lease liability or income statement.

Condensed consolidated income statement

EUR million	Q4/18	Q4/17	Q3/18	2018	2017
Sales	2 657	2 511	2 585	10 486	10 045
Other operating income	27	53	19	92	147
Change in inventories of finished goods and WIP	-2	22	58	125	28
Materials and services	-1 602	-1 507	-1 527	-6 157	-5 945
Freight and sales commissions	-232	-239	-232	-932	-968
Personnel expenses	-339	-342	-308	-1 330	-1 331
Other operating expenses	-133	-143	-115	-526	-551
Share of results of equity accounted investments	112	31	25	181	66
Change in net value of biological assets	-17	-20	-20	-68	-72
Depreciation, amortisation and impairment charges	-114	-130	-122	-479	-515
Operating Profit	356	236	363	1 390	904
Net financial items	-41	-27	-58	-180	-162
Profit before Tax	315	209	305	1 210	742
Income tax	-16	-36	-101	-221	-128
Net Profit for the Period	299	173	204	988	614
Attributable to:					
Owners of the Parent	304	174	214	1 013	625
Non-controlling interests	-5	-1	-10	-24	-11
Net Profit for the Period	299	173	204	988	614
Earnings per Share					
Basic earnings per share, EUR	0.39	0.22	0.27	1.28	0.79
Diluted earnings per share, EUR	0.39	0.22	0.27	1.28	0.79

Consolidated statement of comprehensive income

EUR million	Q4/18	Q4/17	Q3/18	2018	2017
Net profit/loss for the period	299	173	204	988	614
Other Comprehensive Income (OCI)					
Items that will Not be Reclassified to Profit and Loss					
Equity instruments at fair value through other comprehensive income	-58	0	151	97	0
Actuarial gains and losses on defined benefit plans	-20	57	-4	-24	61
Income tax relating to items that will not be reclassified	6	-9	1	5	-10
	-73	48	148	78	51
Items that may be Reclassified Subsequently to Profit and Loss					
Share of OCI of EAls that may be reclassified	0	2	1	4	5
Currency translation movements on equity net investments (CTA)	33	-60	17	-36	-288
Currency translation movements on non-controlling interests	0	1	-1	0	-3
Net investment hedges	-3	4	-3	-14	40
Cash flow hedges	21	5	18	-24	32
Cost of hedging - time value of options	-1	0	1	-2	0
Non-controlling interests' share of cash flow hedges	-1	0	-1	-2	0
Available-for-sale investments	0	38	0	0	39
Income tax relating to items that may be reclassified	-4	-3	-5	7	-10
	46	-13	27	-68	-185
Total Comprehensive Income	272	208	379	999	480
Attributable to:					
Owners of the Parent	277	208	391	1 025	494
Non-controlling interests	-6	0	-12	-27	-14
Total Comprehensive Income	272	208	379	999	480

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income
EAI = Equity Accounted Investments

Condensed consolidated statement of financial position

EUR million		31 Dec 2018	31 Dec 2017
Assets			
Goodwill	O	243	237
Other intangible assets	O	254	229
Property, plant and equipment	O	5 234	5 310
		5 731	5 776
Biological assets	O	457	448
Emission rights	O	26	12
Equity accounted investments	O	1 729	1 600
Listed securities	I	13	21
Unlisted securities	O	422	318
Non-current loan receivables	I	54	55
Deferred tax assets	T	120	154
Other non-current assets	O	48	50
Non-current Assets		8 601	8 434
Inventories	O	1 567	1 321
Tax receivables	T	9	9
Operative receivables	O	1 487	1 319
Interest-bearing receivables	I	55	80
Cash and cash equivalents	I	1 130	607
Current Assets		4 248	3 336
Total Assets		12 849	11 770
Equity and Liabilities			
Owners of the Parent		6 714	6 008
Non-controlling Interests		18	47
Total Equity		6 732	6 055
Post-employment benefit provisions	O	401	377
Other provisions	O	101	111
Deferred tax liabilities	T	168	166
Non-current debt	I	2 265	2 046
Other non-current operative liabilities	O	34	52
Non-current Liabilities		2 970	2 752
Current portion of non-current debt	I	403	370
Interest-bearing liabilities	I	675	596
Bank overdrafts	I	1	4
Other provisions	O	16	23
Other operative liabilities	O	1 960	1 888
Tax liabilities	T	92	82
Current Liabilities		3 147	2 963
Total Liabilities		6 117	5 715
Total Equity and Liabilities		12 849	11 770

Items designated with "O" comprise Operating Capital

Items designated with "I" comprise Net Interest-bearing Liabilities

Items designated with "T" comprise Net Tax Liabilities

Condensed consolidated statement of cash flows

EUR million	2018	2017
Cash Flow from Operating Activities		
Operating profit	1 390	904
Hedging result from OCI	0	0
Adjustments for non-cash items	404	551
Change in net working capital	-428	37
Cash Flow Generated by Operations	1 365	1 492
Net financial items paid	-121	-193
Income taxes paid, net	-152	-97
Net Cash Provided by Operating Activities	1 092	1 202
Cash Flow from Investing Activities		
Acquisition of subsidiary shares and business operations, net of disposed cash	-4	0
Acquisitions of equity accounted investments	-29	-9
Acquisitions of unlisted securities	-3	-8
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	42	-4
Proceeds from disposal of shares in equity accounted investments	3	5
Proceeds from disposal of unlisted securities	1	0
Proceeds and advances from disposal of intangible assets and property, plant and equipment	9	45
Income taxes paid on disposal of property	0	-15
Capital expenditure	-525	-658
Proceeds from non-current receivables, net	8	-52
Net Cash Used in Investing Activities	-497	-696
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	578	425
Repayment of long-term debt	-358	-1 034
Change in short-term borrowings	39	76
Dividends paid	-323	-292
Buy-out of interest in subsidiaries from non-controlling interests	-2	0
Equity injections from, less dividends to, non-controlling interests	-2	-1
Purchase of own shares ¹	-5	-3
Net Cash Provided by Financing Activities	-73	-829
Net Change in Cash and Cash Equivalents	521	-323
Translation adjustment	4	-23
Net cash and cash equivalents at the beginning of period	603	949
Net Cash and Cash Equivalents at Period End	1 128	603
Cash and Cash Equivalents at Period End	1 130	607
Bank Overdrafts at Period End	-1	-4
Net Cash and Cash Equivalents at Period End	1 128	603
Disposals		
Cash and cash equivalents	2	7
Other intangible assets, property, plant and equipment and biological assets	38	3
Working capital	-2	1
Interest-bearing assets and liabilities	0	-1
Non-controlling interests	-1	0
Net Assets in Divested Companies	38	10
Gain on sale, excluding CTA release and transaction costs	6	-9
Total Disposal Consideration	44	1
Cash part of consideration	44	0
Non-cash/ not received part of consideration	0	1
Total Disposal Consideration	44	1
Cash Received Regarding Previous Year Disposals	0	3

¹ Own shares purchased for the Group's share award programme. The Group did not hold any of its own shares at 31 December 2018.

Statement of changes in equity

EUR million	Share Capital	Share Premium and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Fair Valuation Reserve						Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	Total
					Step Acquisition Revaluation Surplus	Equity investments through OCI	Available-for-Sale Investments	Cash Flow Hedges	OCI of Equity Accounted Investments	CTA and Net Investment Hedges				
Balance at 31 December 2016	1 342	77	633	0	4	0	162	-11	-19	-32	3 650	5 806	62	5 868
Profit/loss for the period	0	0	0	0	0	0	0	0	0	0	625	625	-11	614
OCI before tax	0	0	0	0	0	0	39	32	5	-248	61	-111	-3	-114
Income tax relating to components of OCI	0	0	0	0	0	0	4	-6		-8	-10	-20		-20
Total Comprehensive Income	0	0	0	0	0	0	43	26	5	-256	676	494	-14	480
Dividend	0	0	0	0	0	0	0	0	0	0	-292	-292	-1	-293
Purchase of treasury shares	0	0	0	-3	0	0	0	0	0	0	0	-3		-3
Share-based payments	0	0	0	3	0	0	0	0	0	0	0	3		3
Balance at 31 December 2017	1 342	77	633	0	4	0	205	15	-14	-288	4 034	6 008	47	6 055
Adoption of IFRS 2 and IFRS 9 ¹						205	-205				8	8		8
Balance at 1 January 2018	1 342	77	633	0	4	205	0	15	-14	-288	4 042	6 016	47	6 063
Profit/loss for the period	0	0	0	0	0	0	0	0	0	0	1 013	1 013	-24	988
OCI before tax	0	0	0	0	0	97	0	-26	4	-50	-24	0	-2	-2
Income tax relating to components of OCI	0	0	0	0	0	1	0	5	0	3	4	13	0	13
Total Comprehensive Income	0	0	0	0	0	98	0	-22	4	-47	993	1 026	-27	999
Dividend	0	0	0	0	0	0	0	0	0	0	-323	-323	-2	-326
Acquisitions and disposals	0	0	0	0	0	0	0	0	0	0	0	0	-2	-2
NCI buy-out	0	0	0	0	0	0	0	0	0	0	-2	-2	2	0
Purchase of treasury shares	0	0	0	-5	0	0	0	0	0	0	0	-5	0	-5
Share-based payments	0	0	0	5	0	0	0	0	0	0	-3	2	0	2
Balance at 31 December 2018	1 342	77	633	0	4	304	0	-7	-11	-335	4 706	6 714	18	6 732

¹ See Basis of Preparation relating to new and amended standards applied to annual periods beginning in January 2018.

CTA = Cumulative Translation Adjustment

OCI = Other Comprehensive Income

NCI = Non-controlling Interests

Goodwill, other intangible assets, property, plant and equipment, and biological assets

EUR million	2018	2017
Carrying value at 1 January	6 224	6 518
Additions in tangible and intangible assets	491	560
Additions in biological assets	83	80
Costs related to growth of biological assets	-66	-66
Acquisition of subsidiary companies	5	0
Disposals	-5	-12
Disposals of subsidiary companies	-37	-3
Depreciation and impairment	-479	-515
Fair valuation of biological assets	-2	-6
Translation difference and other	-26	-332
Statement of Financial Position Total	6 187	6 224

Borrowings

EUR million	31 Dec 2018	31 Dec 2017
Bond loans	1 523	1 352
Loans from credit institutions	1 140	1 029
Finance lease liabilities	1	29
Other non-current liabilities	4	6
Non-current Debt including Current Portion	2 668	2 416
Short-term borrowings	566	525
Interest payable	40	35
Derivative financial liabilities	68	36
Bank overdrafts	1	4
Total Interest-bearing Liabilities	3 344	3 016

EUR million	2018	2017
Carrying value at 1 January	3 016	3 774
Proceeds of new long-term debt	578	425
Repayment of long-term debt	-358	-1 034
Change in short-term borrowings and interest payable	46	54
Change in derivative financial liabilities	32	-21
Translation differences and other	30	-182
Total Interest-bearing Liabilities	3 344	3 016

Commitments and contingencies

EUR million	31 Dec 2018	31 Dec 2017
On Own Behalf		
Mortgages	2	2
Operating leases, in next 12 months	100	81
Operating leases, after next 12 months	631	644
Other commitments	6	6
On Behalf of Equity Accounted Investments		
Guarantees	4	4
On Behalf of Others		
Guarantees	23	26
Other commitments	13	0
Total	779	763
Mortgages	2	2
Guarantees	27	30
Operating leases	731	725
Other commitments	19	6
Total	779	763

Capital Commitments

EUR million	31 Dec 2018	31 Dec 2017
Total	111	152

The Group's direct capital expenditure contracts include the Group's share of direct capital expenditure contracts in joint operations.

Sales by segment

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	2 622	637	648	691	646	2 516	636	639	630	611
Packaging Solutions	1 344	352	330	329	333	1 255	334	318	313	290
Biomaterials	1 635	415	413	413	394	1 483	364	379	371	369
Wood Products	1 622	399	400	430	393	1 669	398	415	440	416
Paper	3 066	761	779	754	772	2 920	726	727	719	748
Other	3 425	913	831	844	838	2 490	618	593	628	651
Inter-segment sales	-3 229	-820	-815	-797	-797	-2 288	-565	-562	-573	-588
Total	10 486	2 657	2 585	2 664	2 579	10 045	2 511	2 509	2 528	2 497

Disaggregation of revenue

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Product sales	10 346	2 623	2 550	2 626	2 547	9 957	2 489	2 486	2 507	2 475
Service sales ¹	140	34	35	38	32	88	22	23	21	22
Total	10 486	2 657	2 585	2 664	2 579	10 045	2 511	2 509	2 528	2 497

Sales comprise mainly sales of products and are typically recognised at a point in time when Stora Enso transfers control of products to a customer.

¹ As from 1 January 2018, transport and freight sales and silviculture services in Finland previously presented under other operating income are presented in sales. In 2018, the amount of the external sales items was EUR 56 million at Group level, in addition to the internal service sales eliminations. The previous periods have not been restated due to immateriality.

Product and Service sales by segment

EUR million		2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	Product sales	2 611	634	645	688	643	2 505	633	636	628	608
	Service sales	11	3	3	3	3	11	3	3	2	3
Packaging Solutions	Product sales	1 340	351	329	328	332	1 251	333	317	312	289
	Service sales	4	1	1	1	1	4	1	1	1	1
Biomaterials	Product sales	1 610	410	407	407	387	1 453	357	371	364	361
	Service sales	25	5	6	6	7	30	7	8	7	8
Wood Products	Product sales	1 619	398	399	429	392	1 667	398	415	439	415
	Service sales	3	1	0	1	1	2	0	0	1	1
Paper	Product sales	3 043	755	773	748	767	2 910	724	726	716	744
	Service sales	23	6	5	7	5	10	2	1	3	4
Other	Product sales	2 430	665	579	587	599	2 240	551	528	566	595
	Service sales	995	248	252	257	239	250	67	65	62	56
Inter-segment sales	Product sales	-2 307	-590	-582	-562	-573	-2 069	-507	-507	-518	-537
	Service sales	-922	-229	-232	-236	-224	-219	-58	-55	-55	-51
Total		10 486	2 657	2 585	2 664	2 579	10 045	2 511	2 509	2 528	2 497

Operational EBIT by segment

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	231	24	50	65	91	285	69	86	69	61
Packaging Solutions	245	59	68	57	61	170	58	48	40	24
Biomaterials	427	91	125	109	102	264	61	88	62	53
Wood Products	165	42	48	47	29	111	25	29	35	22
Paper	234	45	65	54	69	128	46	29	11	42
Other	23	9	2	-5	17	46	21	10	2	13
Operational EBIT	1 325	271	358	327	369	1 004	280	290	219	215
Fair valuations and non-operational items ¹	45	37	5	17	-14	-16	-15	0	-6	5
Items affecting comparability	20	47	0	-28	0	-84	-29	-20	-8	-27
Operating Profit (IFRS)	1 390	356	363	317	355	904	236	270	205	193
Net financial items	-180	-41	-58	-60	-22	-162	-27	-46	-60	-29
Profit before Tax	1 210	315	305	257	333	742	209	224	145	164
Income tax expense	-221	-16	-101	-44	-60	-128	-36	-33	-2	-57
Net Profit	988	299	204	213	273	614	173	191	143	107

¹ Fair valuations and non-operational items include equity incentive schemes and related hedges, CO₂ emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI.

Items affecting comparability (IAC), fair valuations and non-operational items

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Impairments and reversals of intangible assets, PPE and biological assets	0	0	0	0	0	-8	-5	0	0	-3
Restructuring costs excluding fixed asset impairments	0	0	0	0	0	-14	0	0	0	-14
Disposals	20	47	0	-28	0	-28	-8	-20	0	0
Other	0	0	0	0	0	-34	-16	0	-8	-10
Total IAC on Operating Profit	20	47	0	-28	0	-84	-29	-20	-8	-27
Fair valuations and non-operational items	45	37	5	17	-14	-16	-15	0	-6	5
Total	65	85	5	-11	-14	-100	-44	-20	-14	-22

Items affecting comparability (IAC) by segment

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	0	0	0	0	0	-30	1	-20	-8	-3
Packaging Solutions	0	0	0	0	0	-3	0	0	0	-3
Biomaterials	0	0	0	0	0	-3	0	0	0	-3
Wood Products	0	0	0	0	0	-9	-9	0	0	0
Paper	0	0	0	0	0	-22	-4	0	0	-18
Other	20	47	0	-28	0	-17	-17	0	0	0
IAC on Operating Profit	20	47	0	-28	0	-84	-29	-20	-8	-27
IAC on tax	-27	0	-27	0	0	11	4	0	1	6
IAC on Net Profit	-8	47	-27	-28	0	-73	-25	-20	-7	-21
Attributable to:										
Owners of the Parent	-8	47	-27	-28	0	-73	-25	-20	-7	-21
Non-controlling interests	0	0	0	0	0	0	0	0	0	0
IAC on Net Profit	-8	47	-27	-28	0	-73	-25	-20	-7	-21

Fair valuations and non-operational items¹ by segment

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	-1	0	0	0	-1	-2	0	0	-1	-1
Packaging Solutions	-1	0	0	0	-1	-1	0	0	0	-1
Biomaterials	-3	3	-2	-3	-1	-7	0	-4	-2	-1
Wood Products	-1	0	0	0	-1	0	1	0	0	-1
Paper	0	-4	-1	4	1	0	0	0	0	0
Other	51	38	7	17	-11	-6	-16	4	-3	9
FV and Non-operational Items on Operating Profit	45	37	5	17	-14	-16	-15	0	-6	5

¹ Fair valuations and non-operational items include equity incentive schemes and related hedges, CO₂ emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI.

Operating profit/loss by segment

EUR million	2018	Q4/18	Q3/18	Q2/18	Q1/18	2017	Q4/17	Q3/17	Q2/17	Q1/17
Consumer Board	230	25	50	65	90	253	70	66	60	57
Packaging Solutions	244	59	68	56	60	166	58	48	40	20
Biomaterials	425	94	123	106	101	254	61	84	60	49
Wood Products	164	42	48	47	28	102	17	29	35	21
Paper	234	41	65	58	70	106	42	29	11	24
Other	93	95	9	-16	6	23	-12	14	-1	22
Operating Profit (IFRS)	1 390	356	363	317	355	904	236	270	205	193
Net financial items	-180	-41	-58	-60	-22	-162	-27	-46	-60	-29
Profit before Tax	1 210	315	305	257	333	742	209	224	145	164
Income tax expense	-221	-16	-101	-44	-60	-128	-36	-33	-2	-57
Net Profit	988	299	204	213	273	614	173	191	143	107

Key exchange rates for the euro

One Euro is	Closing Rate		Average Rate	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
SEK	10.2548	9.8438	10.2567	9.6369
USD	1.1450	1.1993	1.1815	1.1293
GBP	0.8945	0.8872	0.8847	0.8761

Transaction risk and hedges in main currencies as at 31 December 2018

EUR million	EUR	USD	SEK	GBP	Other	Total
Sales during 2018	5 935	1 961	1 083	418	1 089	10 486
Costs during 2018	-4 931	-369	-1 986	-56	-1 386	-8 728
Net amount	1 004	1 592	-903	362	-297	1 758
Estimated annual operating cash flow exposure		1 840	-990	380		
Transaction hedges as at 31 December 2018		-930	630	-190		
Hedging percentage as at 31 December 2018 for the next 12 months		51%	64%	50%		

For the next 13–18 months, 19% of the estimated exposure in SEK is hedged.

Changes in exchange rates on Operational EBIT

Operational EBIT: Currency strengthening of +10%	EUR million
USD	184
SEK	-99
GBP	38

The sensitivity is based on the estimated net operating cash flow for the next 12 months. The calculation does not take into account currency hedges, and it assumes that no changes occur other than exchange rate movement in a currency. A currency weakening would have the opposite impact.

Fair Values of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the Group's Financial Report.

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2018

EUR million	Amortised cost	Fair value through OCI	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial Assets						
Listed securities	-	13	-	-	13	13
Unlisted securities	-	415	8	-	422	422
Non-current loan receivables	54	-	-	-	54	54
Trade and other operative receivables	1 092	44	-	-	1 136	1 136
Interest-bearing receivables	1	-	5	49	55	55
Cash and cash equivalents	1 130	-	-	-	1 130	1 130
Total	2 277	472	13	49	2 811	2 811

EUR million	Amortised cost	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial Liabilities					
Non-current debt	2 265	-	-	2 265	2 541
Current portion of non-current debt	403	-	-	403	403
Interest-bearing liabilities	604	7	63	675	675
Trade and other operative payables	1 627	21	-	1 648	1 648
Bank overdrafts	1	-	-	1	1
Total	4 901	28	63	4 992	5 268

The following items are measured at fair value on a recurring basis.

EUR million	Level 1	Level 2	Level 3	Total
Listed securities	13	-	-	13
Unlisted securities	-	-	422	422
Trade and other operative receivables	-	44	-	44
Derivative financial assets	-	54	-	54
Total financial assets	13	98	422	533
Trade and other operative liabilities	-	-	21	21
Derivative financial liabilities	-	70	-	70
Total financial liabilities	-	70	21	91

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2017

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	339	339	339
Non-current loan receivables	55	-	-	-	55	55
Trade and other operative receivables	965	-	-	-	965	965
Interest-bearing receivables	15	16	49	-	80	80
Cash and cash equivalents	607	-	-	-	607	607
Carrying Amount by Category	1 642	16	49	339	2 046	2 046

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	-	2 046	2 046	2 357
Current portion of non-current debt	-	-	370	370	370
Interest-bearing liabilities	4	32	560	596	596
Trade and other operative payables	20	-	1 576	1 596	1 596
Bank overdrafts	-	-	4	4	4
Carrying Amount by Category	24	32	4 556	4 612	4 923

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	65	-	65
Trade and other operative receivables	-	-	-	-
Available-for-sale investments	21	-	318	339
Derivative financial liabilities	-	36	-	36
Trade and other operative liabilities	-	-	20	20

Reconciliation of level 3 fair value measurement of financial assets and liabilities: 31 December 2018

EUR million	2018	2017
Financial assets		
Opening balance at 1 January	318	253
Gains/losses recognised in income statement	-2	-2
Gains/losses recognised in other comprehensive income	104	60
Additions	3	7
Disposals	-1	0
Closing Balance	422	318

EUR million	2018	2017
Financial liabilities		
Opening balance at 1 January	20	23
Gains/losses recognised in income statement	1	-3
Closing Balance	21	20

Level 3 Financial Assets

The level 3 financial assets consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 4.06% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by EUR +54 million and -41 million, respectively. A +/- 1%-point change in the discount rate would change the valuation by EUR -34 million and +100 million, respectively.

Stora Enso shares

Trading volume

	Helsinki		Stockholm	
	A share	R share	A share	R share
October	111 950	58 161 667	195 654	7 890 144
November	83 820	55 842 805	109 324	13 080 621
December	228 185	47 916 924	220 614	12 447 653
Total	423 955	161 921 396	525 592	33 418 418

Closing price

	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
October	14.00	13.31	144.00	137.70
November	12.90	11.26	132.00	116.60
December	11.05	10.09	116.00	103.40

Average number of shares

Million	Q4/18	Q4/17	Q3/18	2018	2017
Periodic	788.6	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6	788.6
Cumulative, diluted	789.7	790.0	789.7	789.9	790.0

Calculation of key figures

Operational return on capital employed, operational ROCE (%)	100 x	$\frac{\text{Annualised operational EBIT}}{\text{Capital employed}^{1,2}}$
Operational return on operating capital, operational ROOC (%)	100 x	$\frac{\text{Annualised operational EBIT}}{\text{Operating capital}^2}$
Return on equity, ROE (%)	100 x	$\frac{\text{Net profit/loss for the period}}{\text{Total equity}^2}$
Net interest-bearing liabilities	Interest-bearing liabilities – interest-bearing assets	
Net debt/equity ratio	$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}^3}$	
Earnings per share (EPS)	$\frac{\text{Net profit/loss for the period}^3}{\text{Average number of shares}}$	
Operational EBIT	Operating profit/loss excluding items affecting comparability (IAC) and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding IAC and fair valuations of its equity accounted investments (EAI)	
Operational EBITDA	Operating profit/loss excluding operational decrease in the value of biological assets, fixed asset depreciation and impairment, IACs and fair valuations. The definition includes the respective items of subsidiaries, joint arrangements and equity accounted investments.	
Net debt/last 12 months' operational EBITDA ratio	$\frac{\text{Net interest-bearing liabilities}}{\text{LTM operational EBITDA}}$	
Fixed costs	Maintenance, personnel and other administration type of costs, excluding IAC and fair valuations	
Last 12 months (LTM)	12 months prior to the end of reporting period	
TRI	Total recordable incident rate = number of incidents per one million hours worked	

¹ Capital employed = Operating capital – Net tax liabilities

² Average for the financial period

³ Attributable to the owners of the Parent

List of non-IFRS measures

Operational EBITDA	Depreciation and impairment charges excl. IAC
Operational EBITDA margin	Operational ROCE
Operational EBIT	Earnings per share (EPS), excl. IAC
Operational EBIT margin	Net debt/last 12 months' operational EBITDA ratio
Profit before tax excl. IAC	Fixed costs to sales
Capital expenditure	Operational ROOC
Capital expenditure excl. investments in biological assets	Cash flow from operations
Capital employed	Cash flow after investing activities

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Stora Enso's Q1 results 2019 will be published on

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Part of the bioeconomy, Stora Enso is a leading global provider of renewable solutions in packaging, biomaterials, wooden constructions and paper. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso has some 26 000 employees in over 30 countries. Our sales in 2018 were EUR 10.5 billion. Stora Enso shares are listed on Nasdaq Helsinki Oy (STEAV, STERV) and Nasdaq Stockholm AB (STE A, STE R). storaenso.com/investors

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.