A promising start of the year –
Supported by profit protection programme
Financial results for Q1 2019

CEO Karl-Henrik Sundström
CFO Seppo Parvi

25 April 2019

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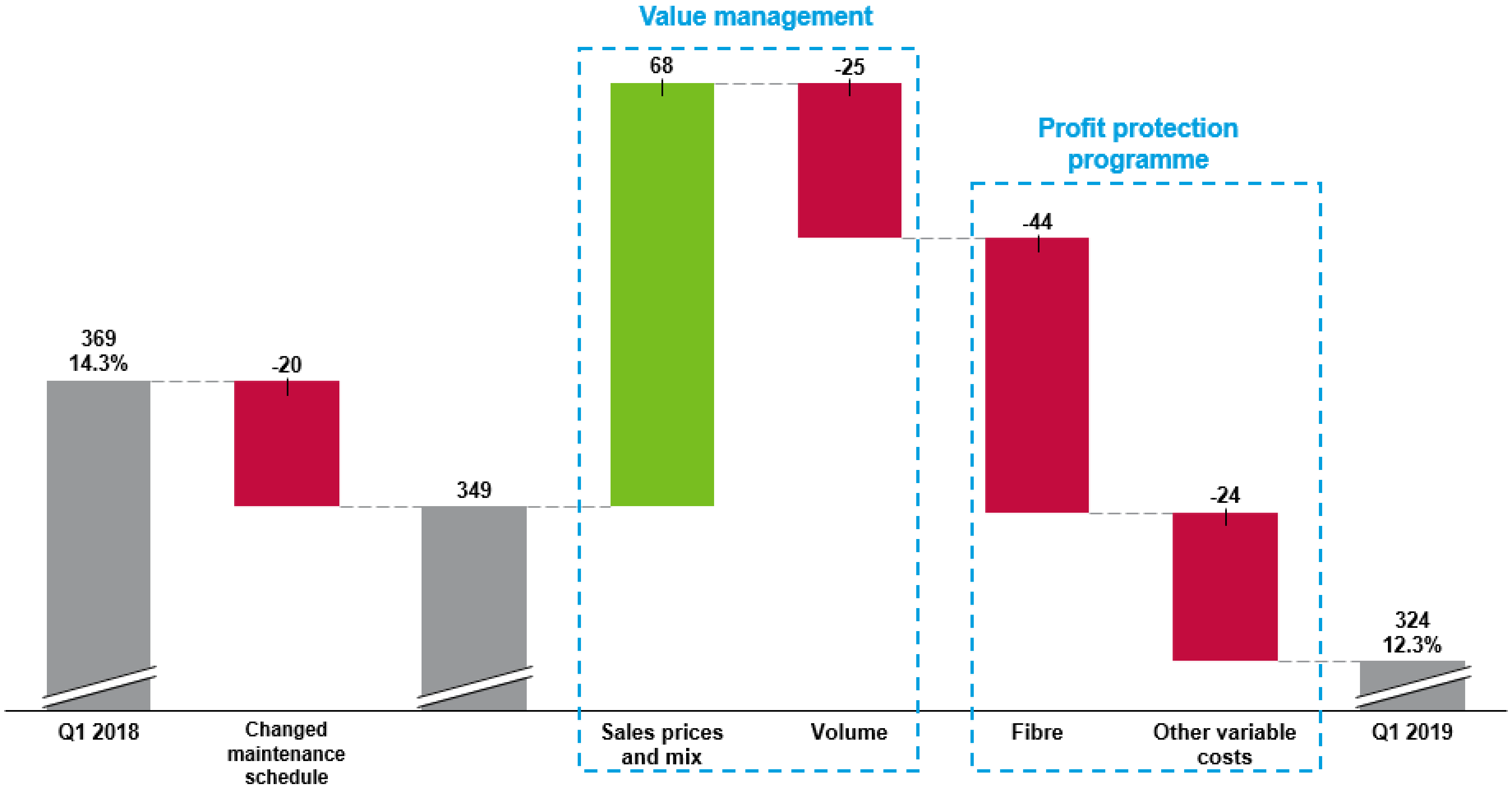
A promising start of the year
– Supported by profit protection programme
Q1 2019 year-on-year

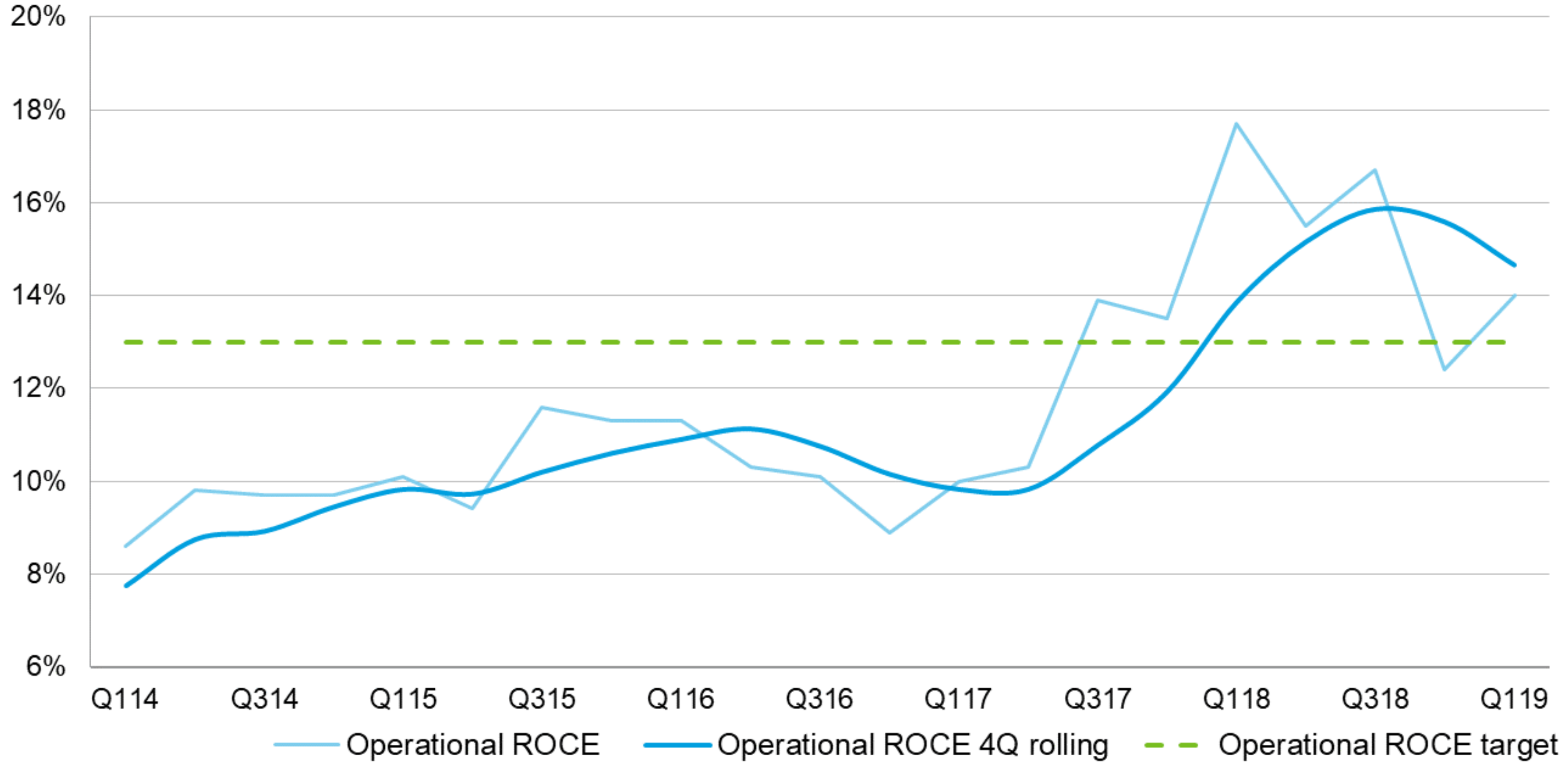
- Sales 2 635 (2 579) MEUR, +2.2%
  - Highest Q1 since 2013 and 9th consecutive quarter of growth
  - Higher prices in all divisions, and improved product mix, despite lower volumes
  - Sales growth excluding Paper was +3.6%
- Operational EBIT decreased to 324 (369) MEUR
  - Upper end of our guidance range of 260–350 MEUR
  - EBIT margin 12.3% (14.3%), above 10% for 7th consecutive quarter
  - Higher maintenance impact of 20 MEUR
- EPS decreased by 16.0% to 0.29 (0.35) EUR
- Cash flow from operations decreased slightly to 223 (229) MEUR. Net working capital increased during the quarter by 236 MEUR because of seasonal reasons. Cash flow after investing activities 94 (113) MEUR
- Net debt to operational EBITDA ratio increased to 1.7x (1.3x)
  - IFRS 16 Leases increased 0.3x
  - Dividend payment already in Q1
- Operational ROCE at 14.0% (17.7%) above the strategic target of 13%
  - IFRS 16 Leases impact negative 0.4 percentage point

Value management and profit protection paying off

Operational EBIT Q1 y-o-y



Operational ROCE continued above the strategic target of 13%



The impact of the adoption of IFRS 16 Leases was a negative 0.4 percentage points in Q1 2019

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Main events during Q1

- Formed fiber 5 MEUR investment in Hylte Mill Sweden
  - A new production line and related infrastructure to produce e.g. inserts, containers, cups, industrial packaging, etc.
  - Enables manufacturing of products that are renewable, recyclable and biodegradable and do not contain any plastic
- Oulu conversion feasibility study completed
  - Proposed plan is to convert PM7 into kraftliner production and close down PM6 and the sheeting plant
  - The decision of the potential conversion is planned to be made by the Stora Enso Board of Directors during H1 2019 after the co-determination process has been completed
- New CLT unit investment at the Gruvön sawmill completed
  - First commercial volumes produced during the quarter
- Flash-drying capacity of CTMP investment at Imatra Mills completed successfully
  - Enhances the availability of CTMP at the mill and drives the commercialisation of MFC

Bergvik Skog ownership restructuring proceeding as planned

- Previously announced restructuring of Stora Enso's forest associate Bergvik Skog is proceeding as planned
- Aim is to complete the transaction during Q2
- Impacts
  - Indirect forest holdings from 1.1 million hectares to direct ownership of 1.4 million hectares in Sweden
    - Productive forest land increase from 0.94 to 1.15 million hectares
  - Increase of net debt by about 1.0 BEUR. Issued a 600 MEUR green bond to finance
  - Increase of capital employed ~1.0 BEUR
  - ROCE impact ~1 % point
  - Transaction is forecast to increase Stora Enso's net debt to operational EBITDA temporarily above the strategic target of <2.0x due to transaction's structure. Expected to be back below the target level by the end of 2019

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Sales growth continues and profitability on good level
Summary financials Q1 2019

EUR million	Q1/19	Q1/18	Change% Q1/19-Q1/18	Q4/18	Change% Q1/19-Q4/18
Sales	2 635	2 579	2.2%	2 657	-0.9%
Operational EBITDA	471	504	-6.5%	405	16.3%
Operational EBITDA margin	17.9%	19.5%		15.3%	
Operational EBIT	324	369	-12.3%	271	19.5%
Operational EBIT margin	12.3%	14.3%		10.2%	
Profit before tax excl. IAC	286	333	-14.2%	267	6.9%
Net profit for the period	226	273	-17.4%	299	-24.4%
EPS excl. IAC, EUR	0.30	0.35	-14.9%	0.33	-8.3%
EPS (basic), EUR	0.29	0.35	-16.0%	0.39	-23.6%
Operational ROCE	14.0%	17.7%	-20.9%	12.4%	12.9%
Cash Flow from Operations	223	229	-2.8%	323	-31.0%
Net debt/last 12 months' operational EBITDA	1.7*	1.3		1.1	

** Adoption of IFRS 16 Leases impact 0.3x*

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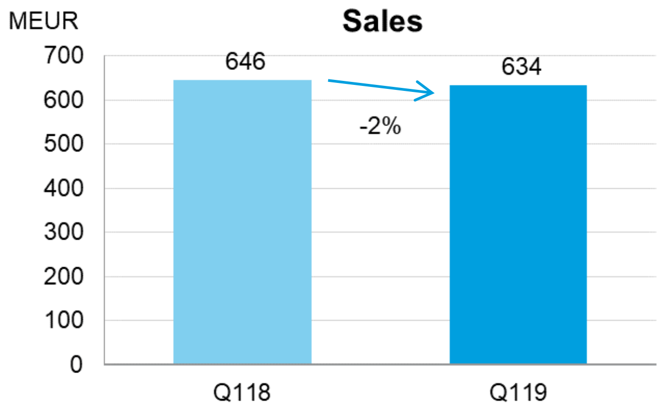
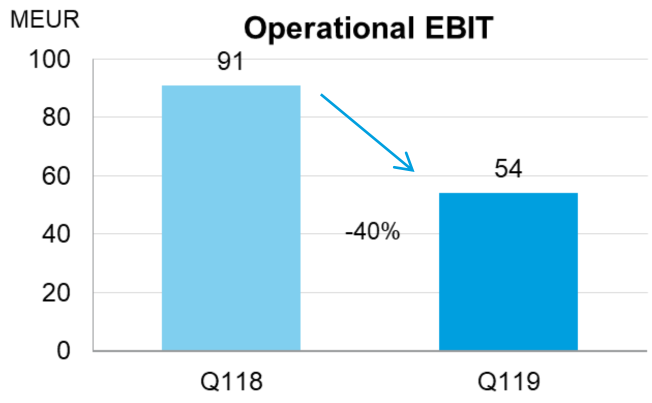
Adoption of IFRS 16 Leases impact in Q1

MEUR	Q1/19	IFRS 16 impact	Q1/19 without IFRS 16
Capital employed	9 226	260	8 966
Operational EBITDA	**471**	**19**	**452**
Depreciation (incl. EAI)	-135	-18	-118
Operational decrease in the value of biological assets	-13		-13
Operational EBIT	**324**	**2**	**322**
Fair valuations and non-operational items	-7		-7
IAC	-4		-4
Operating Profit IFRS	**313**	**2**	**311**
Net financial items	-31	-6	-25
Income tax	-56		-56
Net Profit for the Period	**226**	**-4**	**230**
Operational ROCE	**14.0%**	**-0.4%**	**14.4%**
Net debt	**3 093**	**526**	**2 569**
Net debt to operational EBITDA	**1.7**	**-0.3**	**1.4**

Consumer Board
Price increases coming through gradually
Q1 y-o-y

- Sales decreased slightly to 634 MEUR
  - Lower board deliveries were partly offset by higher pulp deliveries
  - Local sales prices had a slight positive impact
- Operational EBIT decreased 37 MEUR to 54 MEUR
  - Significantly higher variable costs especially for wood
  - Negative total volume impact
- Operational ROOC decreased to 10.3%
  - Lower profitability and impact of IFRS 16 Leases (impact -0.3 percentage points)
- Premium quality FBB in China, Arctic Deer™ by Stora Enso launched
  - Suitable for applications in food and pharmaceutical packaging, as well as publications
- Imatra PM6 to be shut down by the end of 2019
  - Decrease annual sales by approximately 70 MEUR





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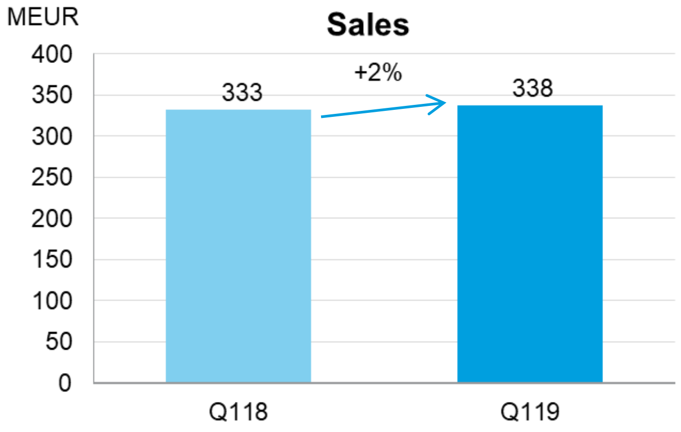
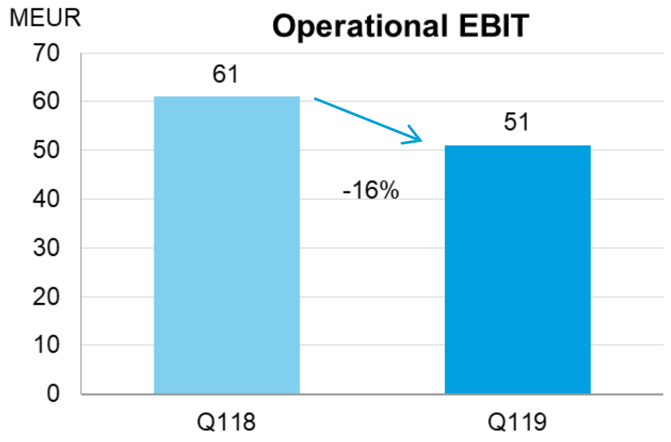
Packaging Solutions
Record Q1 sales
Q1 y-o-y

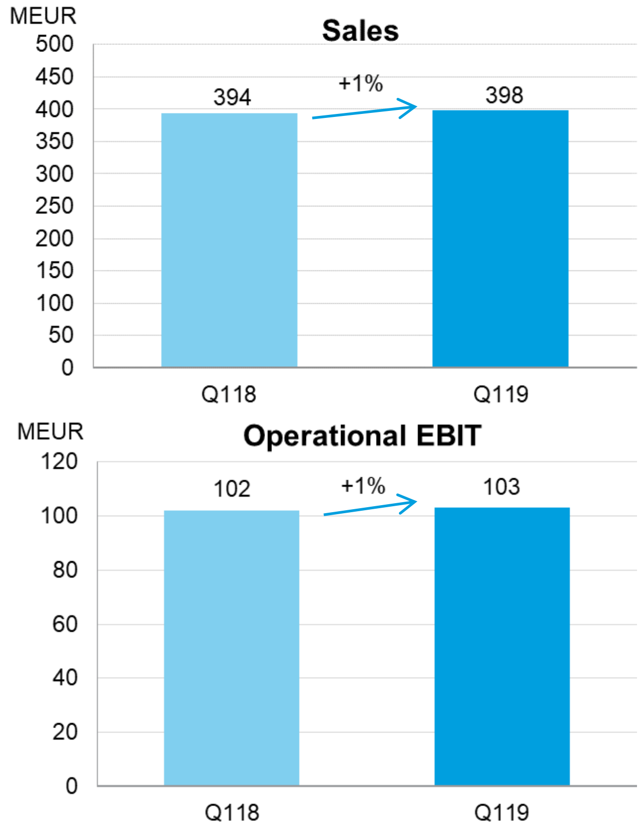
- Sales +2% to record high Q1 of 338 MEUR
  - Higher prices in Corrugated and SC Fluting
- Operational EBIT decreased 10 MEUR to 51 MEUR
  - Higher sales prices offset by overall higher costs and lower China Packaging sales margin
  - Changed maintenance schedule compared to a year ago for Ostrołęka Mill's PM5 decreased production and increased maintenance costs
- Operational ROOC at 21.8%
- Industrial scale pilot plant will be built at the Heinola fluting mill in Finland to turn sludge from the mill's water treatment plant into renewable fuel. The plant will test new energy-efficient technology. The new biofuels will reduce the carbon dioxide emissions at the mill's power plant





Biomaterials
Good performance continues – record quarter
Q1 y-o-y

- Sales +1% to record high Q1 of 398 MEUR
  - Slightly higher sales prices supported by FX
  - Lower deliveries mainly due to changed maintenance schedule in Veracel Mill in Brazil
- Operational EBIT at record high Q1 level of 103 MEUR
  - Higher sales prices partly offset by higher variable and fixed costs
- Operational ROOC at 16.2%



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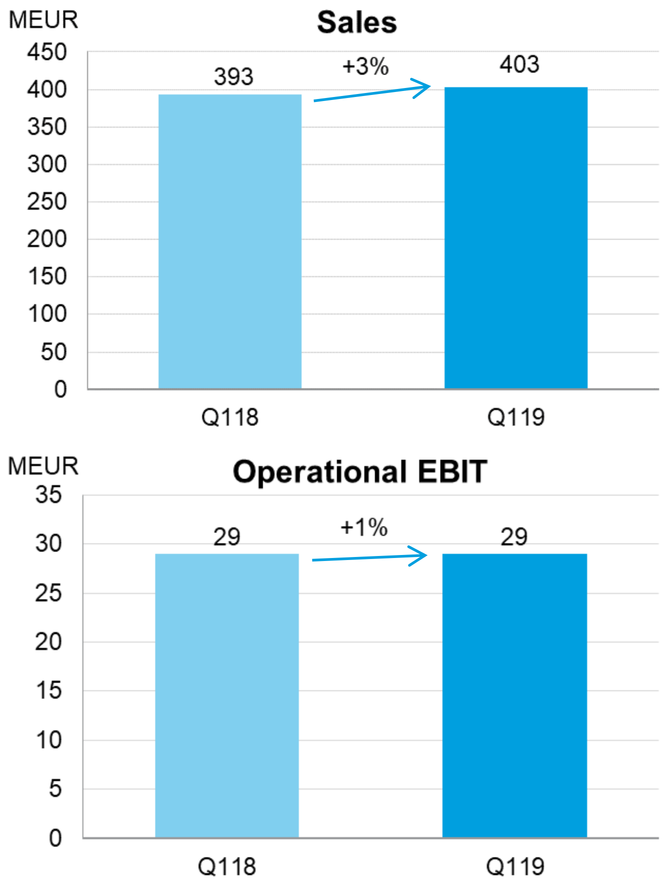
Wood Products
Continues on record level
Q1 y-o-y

- Sales increased 3%
  - Slightly higher sales prices and favourable mix changes partly offset by lower deliveries
- Operational EBIT at record high Q1 level of 29 MEUR
  - Higher sales prices offset by higher fixed costs mainly related to start-up preparations of strategic investments
  - Negative impact from volumes
- Operational ROOC decreased to 17.7%
  - Capital increase at Gruvön new CLT plant, seasonality and adoption of IFRS 16 Leases (impact -0.6 percentage points)

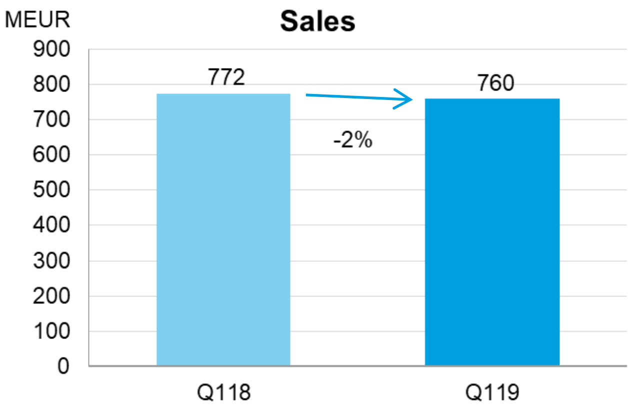


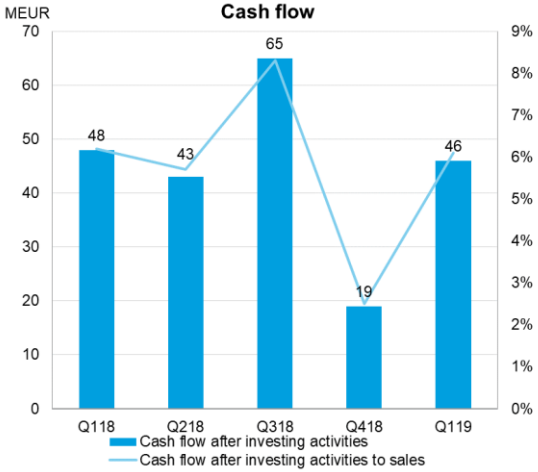
Paper

Record high Q1 profitability

Q1 y-o-y

- Sales -2% to 760 MEUR
  - Clearly higher sales prices and a better mix
  - Lower sales volumes
- Operational EBIT stable at 69 MEUR
  - EBIT margin increased to 9.1%, highest in ten years
  - Significantly higher sales prices and slightly lower fixed costs
  - Higher variable costs, especially in wood, pulp and energy
  - Lower volumes
- Cash flow after investing activities to sales ratio 6.1 (6.2)%





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Development of strategic targets

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Group strategic targets		Q1 18	Q1 19	
Dividend	To distribute 50% of EPS over the cycle	0.41*	0.50*	
Growth**	To grow faster than the relevant market	3.2% (YoY)	3.6% (YoY)	
Net debt to operational EBITDA	<2.0x	1.3	1.7	
Fixed costs to sales	<20%	22.6%	22.4%	
Net debt to equity	<60%	36%	47%	
Operational ROCE	>13%	17.7%	14.0%	

Divisional strategic targets		Q1 18	Q1 19	
Consumer Board	Operational ROOC > 20%	18.5%	10.3%	
Packaging Solutions	Operational ROOC > 20%	27.7%	21.8%	
Biomaterials	Operational ROOC > 15%	17.6%	16.2%	
Wood Products	Operational ROOC > 20%	20.4%	17.7%	
Paper	Cash flow after investing activities to sales > 7%	6.2%	6.1%	

** Annual dividend. Payment: Q1 in 2019 and Q2 in 2018 ** Excluding Paper*

Outlook for 2019 remains unchanged

Stora Enso's year 2019 is expected to be largely in line with the 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.

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Guidance for Q2 2019

- Operational EBIT is expected to be in the range of 270–350 MEUR
- During Q2 2019, there will be annual maintenance shutdown at Nymölla paper mill. The total negative impact of maintenance is estimated to be 35 MEUR less than in Q2 2018.

Annual maintenance	Q2 2019	Q2 2018
Consumer Board	-	Beihai Mill
Packaging Solutions	-	Heinola and Varkaus mills
Biomaterials	-	Enocell Mill
Paper	Nymölla Mill	Oulu Mill

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Value management and profit protection paying off

Q1 2019 year-on-year

- Sales growth 2%, ninth consecutive quarter of sales growth y-o-y
- Seventh consecutive quarter of double digit operational EBIT margin
- Operational ROCE was 14%, above the strategic target of 13%
- Balance sheet strong despite adoption of IFRS 16 Leases and dividend payment
- Value management, price vs. volume
- Profit protection programme addressing cost structure going forward – securing the future

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Operational EBIT by segments

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EUR million	Q119	Q118	Change % Q119-Q118	Q418	Change % Q119-Q418
Consumer Board	54	91	-40.3%	24	122.1%
% of sales	8.6%	14.1%		3.8%	
Packaging Solutions	51	61	-16.0%	59	-13.1%
% of sales	15.1%	18.3%		16.8%	
Biomaterials	103	102	0.9%	91	12.8%
% of sales	25.8%	25.9%		22.0%	
Wood Products	29	29	0.7%	42	-29.7%
% of sales	7.2%	7.4%		10.4%	
Paper	69	69	-0.2%	45	52.7%
% of sales	9.1%	8.9%		5.9%	
Other	17	17	0.5%	9	81.3%
% of sales	1.9%	2.0%		1.0%	

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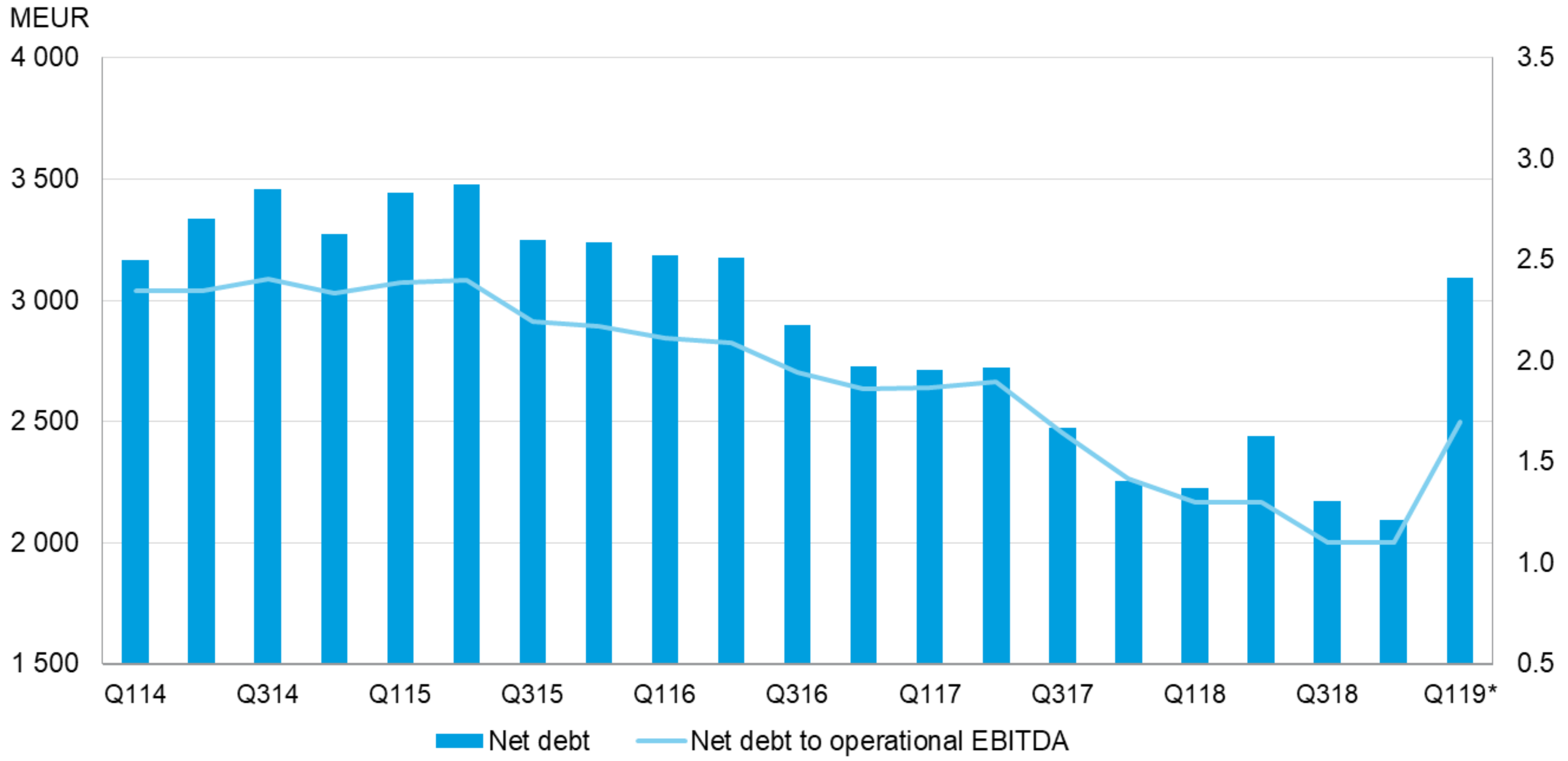
Year-on-year net debt/EBITDA



** IFRS 16 Leases impact 525 MEUR on Net debt and 0.3x on Net debt to operational EBITDA ratio in Q1/19*

Healthy cash flow generation continues

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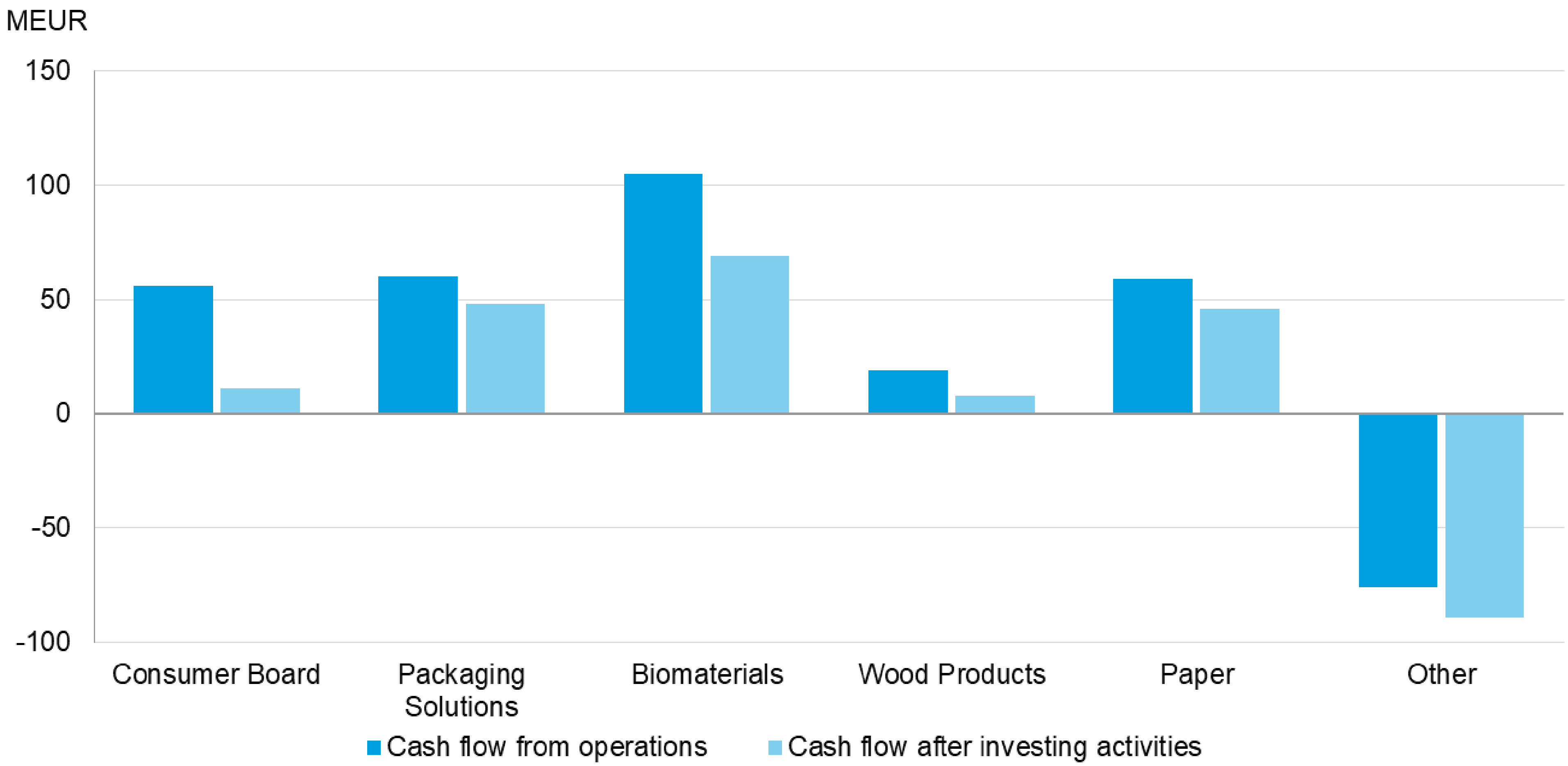
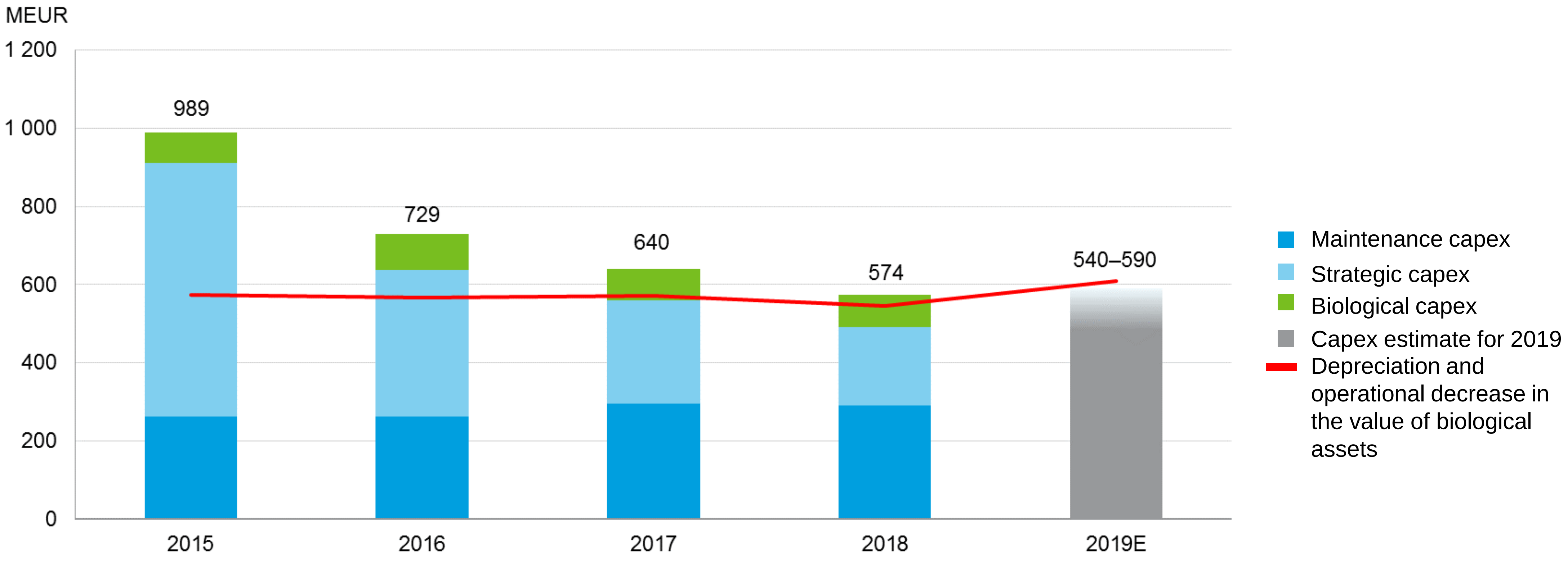
Cash flow by divisions in Q1



Capex on targeted levels



Capex estimate for 2019 includes the capitalised leasing contracts according to IFRS 16 Leases standard.

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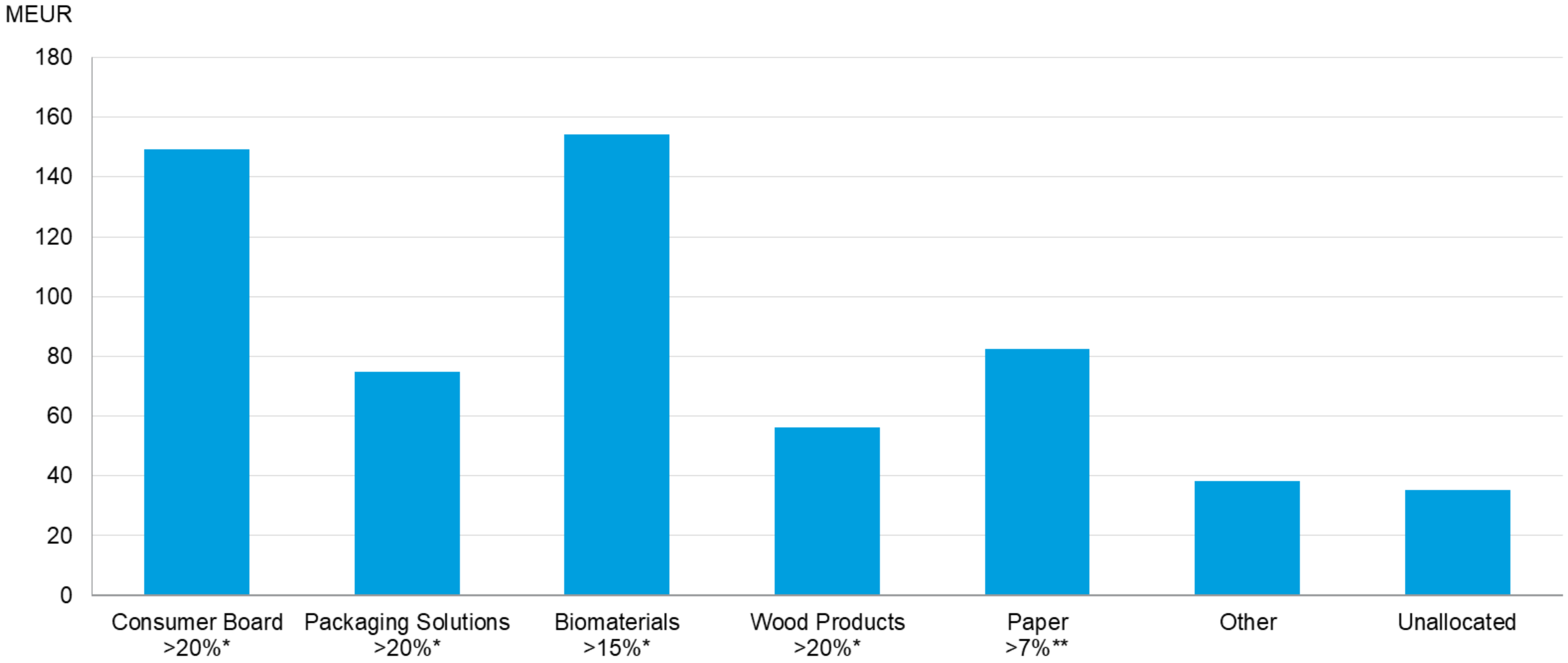
Targeted ROOC is driving CAPEX allocation
Capex forecast in 2019



** Operational ROOC target*
*** Cash flow after investing activities to sales target*

Net Financial Items

EUR million	Q1 2019	Q1 2018	Change MEUR Q119/ Q118	Q4 2018	Change MEUR Q119/ Q418
Net interest expense	**-38**	**-29**	**-9**	**-34**	**-4**
Average interest rate*	4.3%	4.1%		4.4%	
Foreign exchange gains and losses	**12**	**10**	**2**	**-4**	**16**
Other financial items, of which	**-5**	**-3**	**-2**	**-3**	**-2**
Pension costs (IAS 19R)	-2	-1	-1	-2	-
Other items	-3	-2	-1	-1	-2
Total net financial items	**-31**	**-22**	**-9**	**-41**	**10**

* *Quarterly gross interest expense divided by average gross debt*

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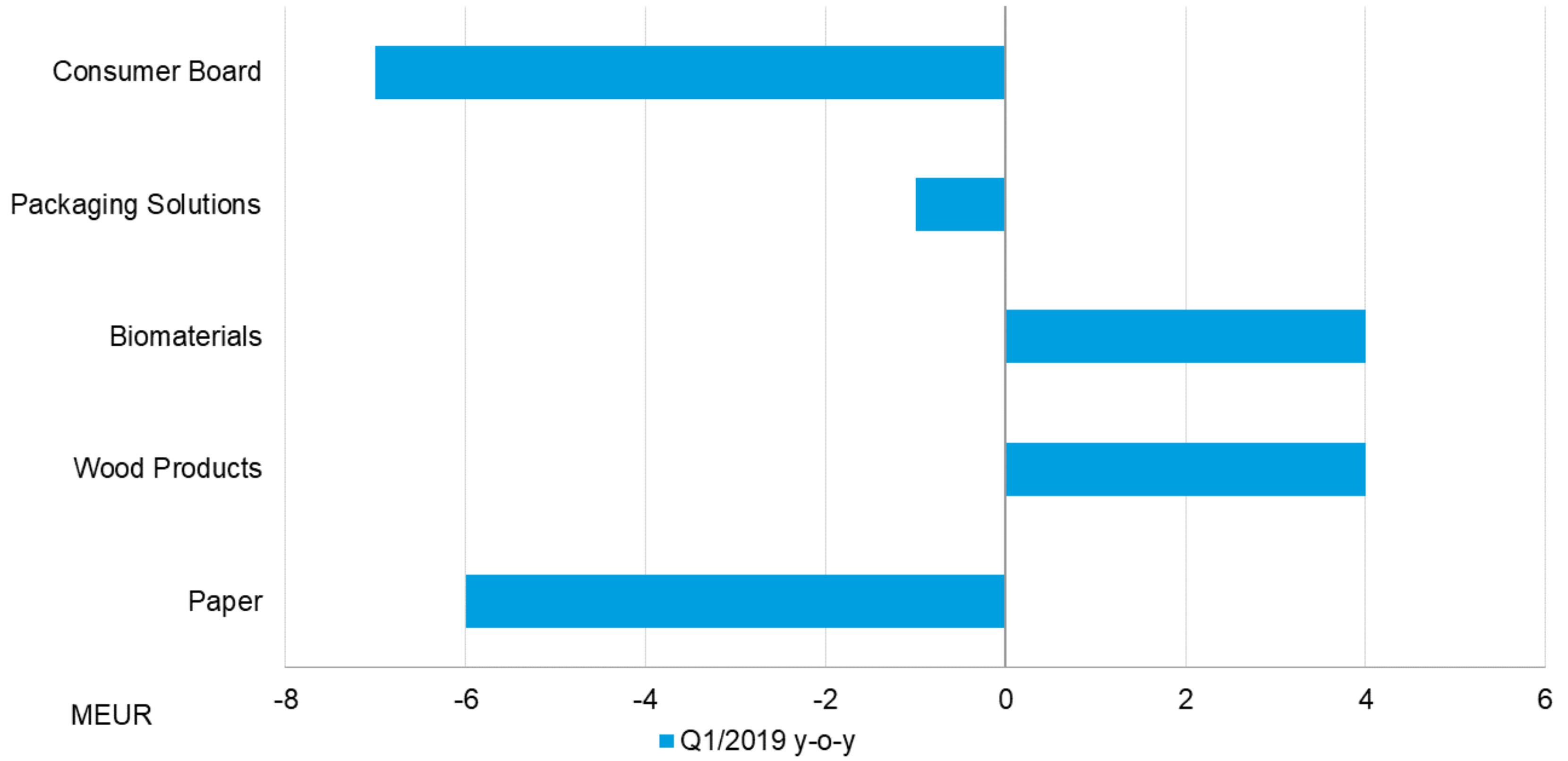
Net FX by division



Net FX y-o-y impact
-6 MEUR in Q1/2019
on operational EBIT

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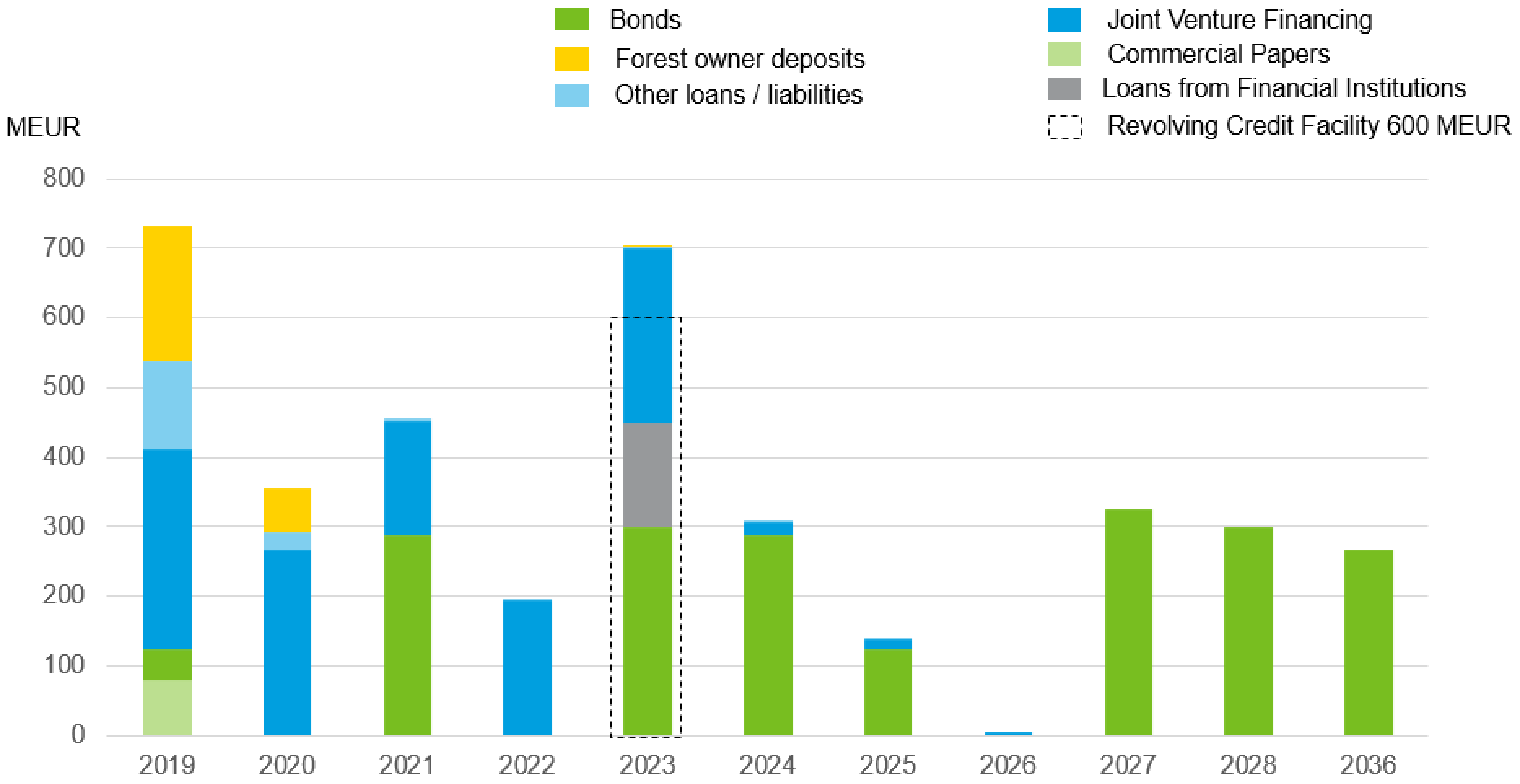
Maturity profile Q1 2019



Revolving Credit Facility 600 MEUR matures in January 2023 and is fully undrawn

Transaction risk and hedges Q1 2019

EUR Million	USD	SEK	GBP
Estimated annual operating cash flow exposure	1 620	-1 010	350
Transaction hedges as at 31 March 2019	-950	630	-190
Hedging percentage as at 31 March 2019 for the next 12 months	**59%**	**62%***	**54%**

*For the next 13-16 months, 18% of estimated exposure in SEK is hedged.

Operational EBIT: Currency strengthening of +10%**	EUR million
USD	162
SEK	-101
GBP	35

**Before currency hedges assuming no other changes other than a single currency rate movement occurs

Sensitivity analysis
Impact on operational EBIT

10% decrease in	Impact*
Energy prices	Positive 12 MEUR
Wood prices	Positive 198 MEUR
Chemical and filler prices	Positive 53 MEUR

10% increase in	Impact*
Market pulp price, total	Positive 135 MEUR

10% strengthening against Euro in the value of**	Impact*
US dollar	Positive 162 MEUR
Swedish krona	Negative 101 MEUR
British pound	Positive 35 MEUR
Brazilian real	Negative 12 MEUR
Chinese renminbi	Negative 11 MEUR

** Impact on operational EBIT for the next twelve months.*

*** Before FX hedges*

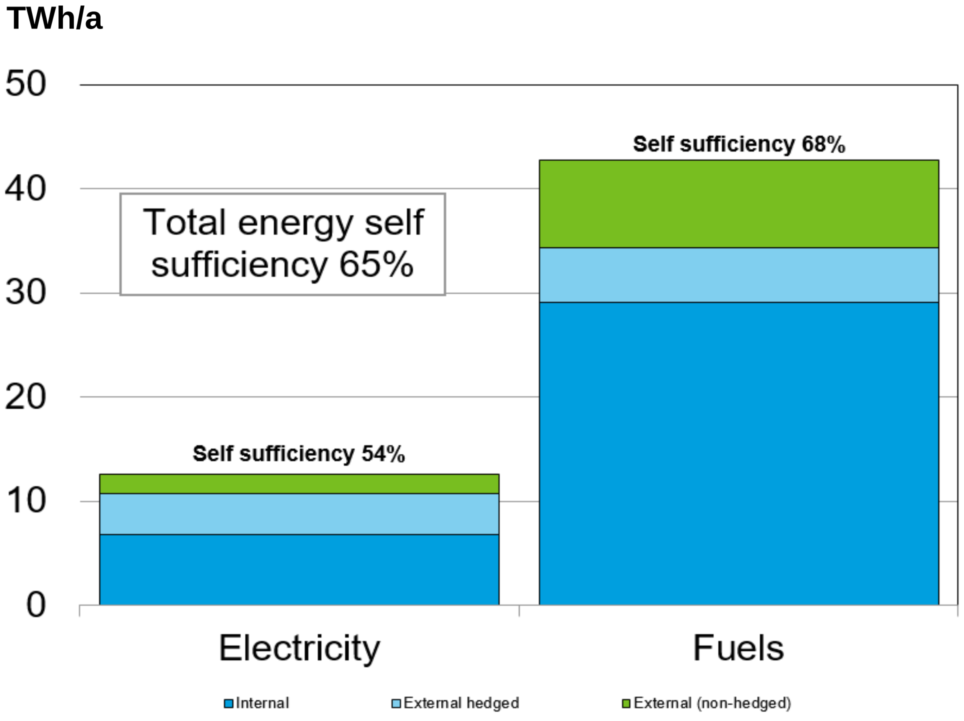
An increase of energy, wood or chemical and filler prices or decrease of pulp prices, as well as weakening of the currencies would have the opposite impact

Pulp sensitivity analysis
10% change in prices, impact on operational EBIT

10% increase in	Impact*
Hardwood pulp** prices	Positive 60 MEUR
Softwood pulp prices	Positive 40 MEUR
Fluff pulp prices	Positive 20 MEUR
Dissolving pulp prices	Positive 15 MEUR
Market pulp price, total	**Positive 135 MEUR**

** Impact on operational EBIT for the next twelve months. A decrease of pulp prices would have the opposite impact.*
*** Includes 700 000 tonnes from Montes del Plata*

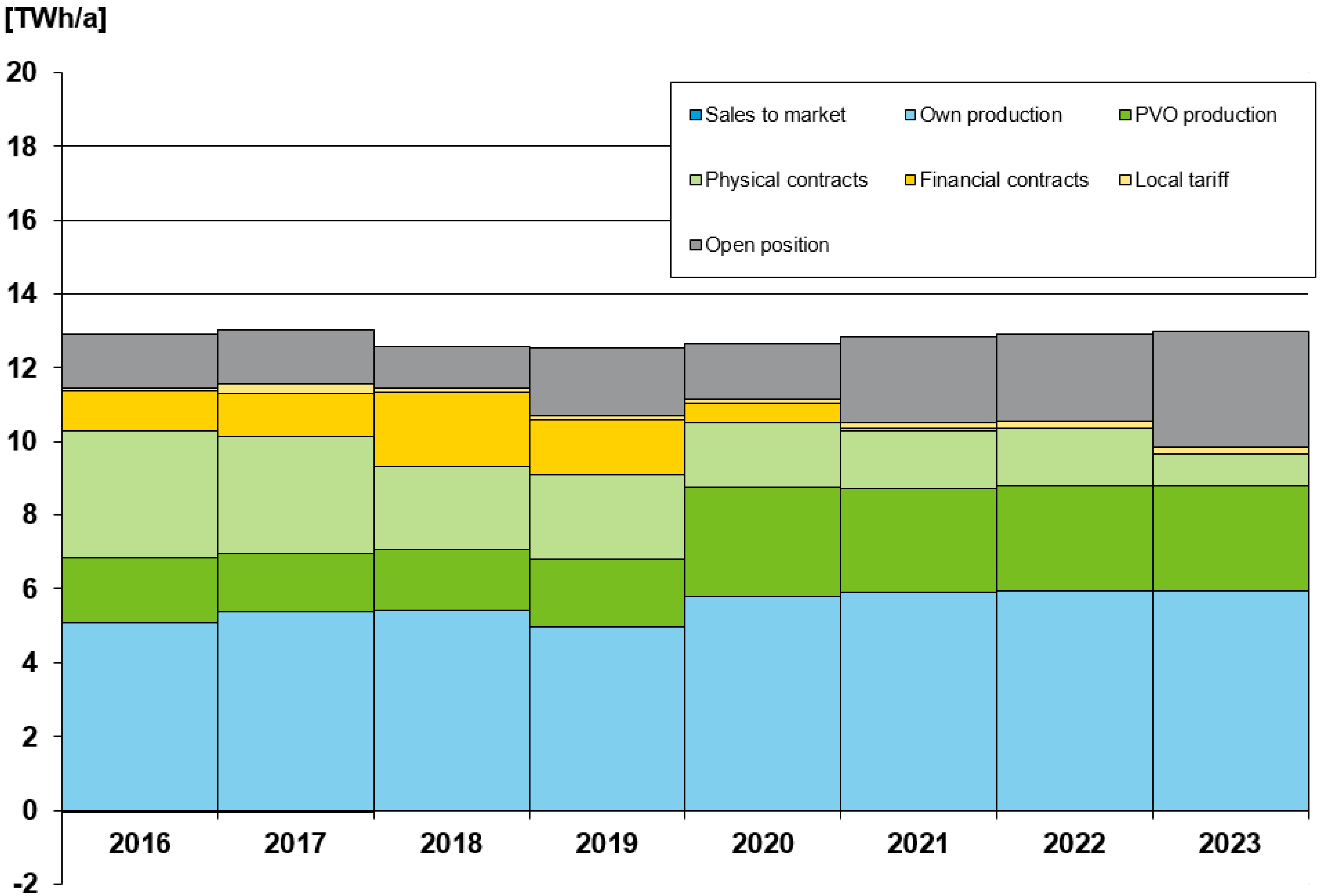
Stora Enso energy balance* Q1 2019



Impact on non-hedged volume on operating profit from 10% change in:	EUR million p.a.
Electricity market price	**~6.8**
Fossil fuel price	**~7.3**

*) Pulp, paper and board mills in Europe and overseas, incl. Beihai

Stora Enso electricity procurement* Q1 2019



*) Pulp, paper and board mills in Europe and overseas, incl. Beihai from year 2017

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Permanent pulp, paper and board capacity reductions since 2006

Mill	Date	Grade	Capacity reduction, t
Corbehem PM 3 and PM 4	Jun 2006	LWC	250 000
Varkaus PM 1	End 2006	WFC	95 000
Berghuizer Mill	Oct 2007	WFU	235 000
Reisholz Mill	End 2007	SC	215 000
Summa Mill	Jan 2008	Newsprint, uncoated mag, book paper	415 000
Anjala Mill PM1	Feb 2008	Coated magazine paper	155 000
Baienfurt Mill	End 2008	FBB	190 000
Kabel Mill PM 3	End 2008	Coated magazine	140 000
Kemijärvi Pulp Mill	April 2008	Long-fibre (SW) pulp	250 000
Norrsundet Pulp Mill	Dec 2008	Long-fibre (SW), pulp	300 000
Varkaus Mill coreboard machine	Dec 2008	Coreboard	100 000
Imatra PM 8	Mar 2010	WFU	210 000
Varkaus PM 2 and PM 4	Sep 2010	Newsprint, directory paper	290 000

Mill	Date	Grade	Capacity reduction, t
Maxau PM 7	Nov 2010	Newsprint	195 000
Hylte PM1	Dec 2012	Newsprint	180 000
Ostroleka PM2	Jan 2013	Containerboard	85 000
Hylte PM2	May 2013	Newsprint	205 000
Kvarnsveden PM11	May 2013	Newsprint	270 000
Veitsiluoto PM1	Apr 2014	Coated magazine	190 000
Corbehem Mill	July 2014	LWC	330 000
Varkaus	Aug 2015	WFU	280 000
Suzhou	Jun 2016	WFU	240 000
Kvarnsveden PM8	Jun 2017	SC	100 000
Imatra PM 6	End of 2019	Coated spec.	90 000
Total			**5 010 000**

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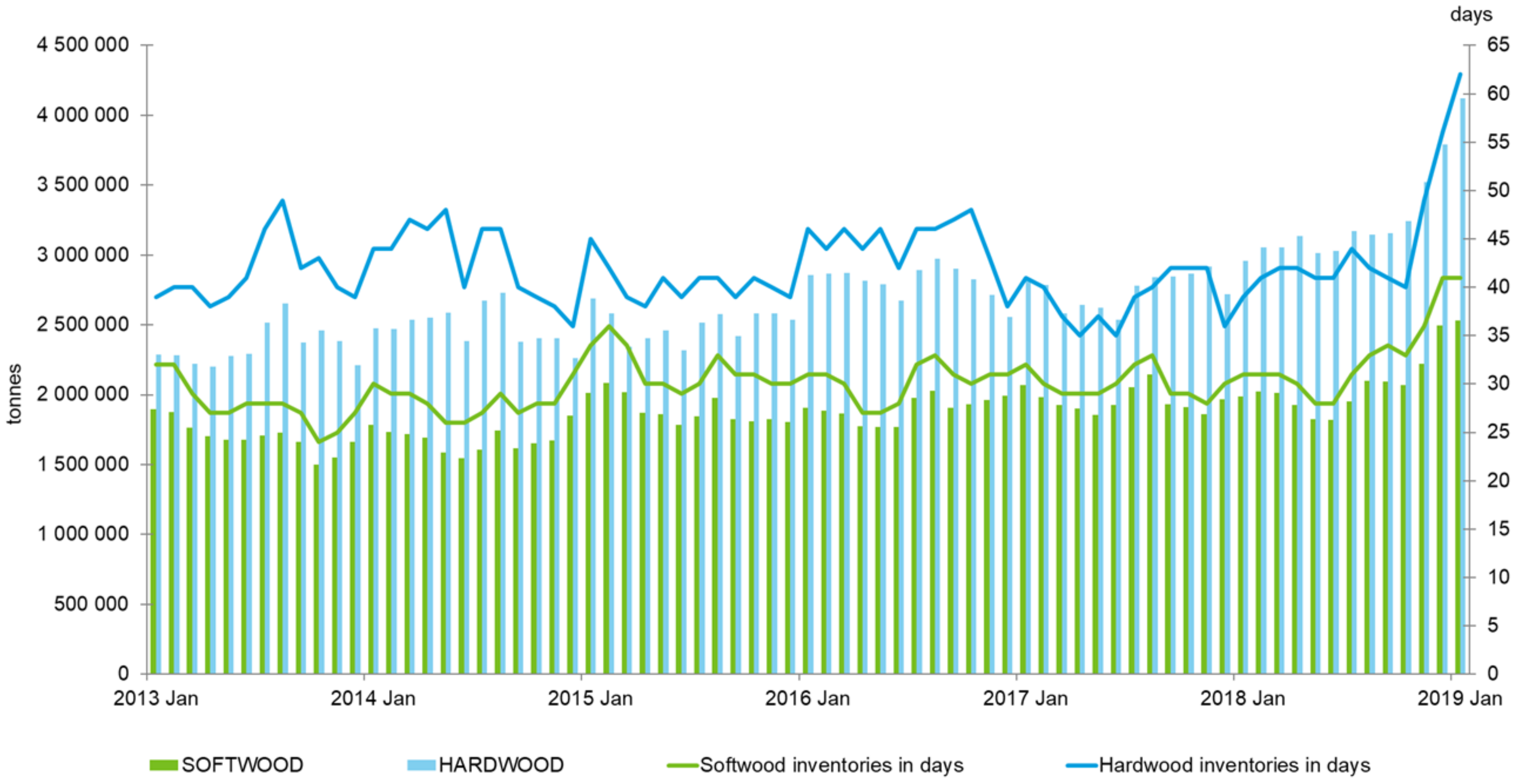
Permanent sawn wood capacity reductions since 2006

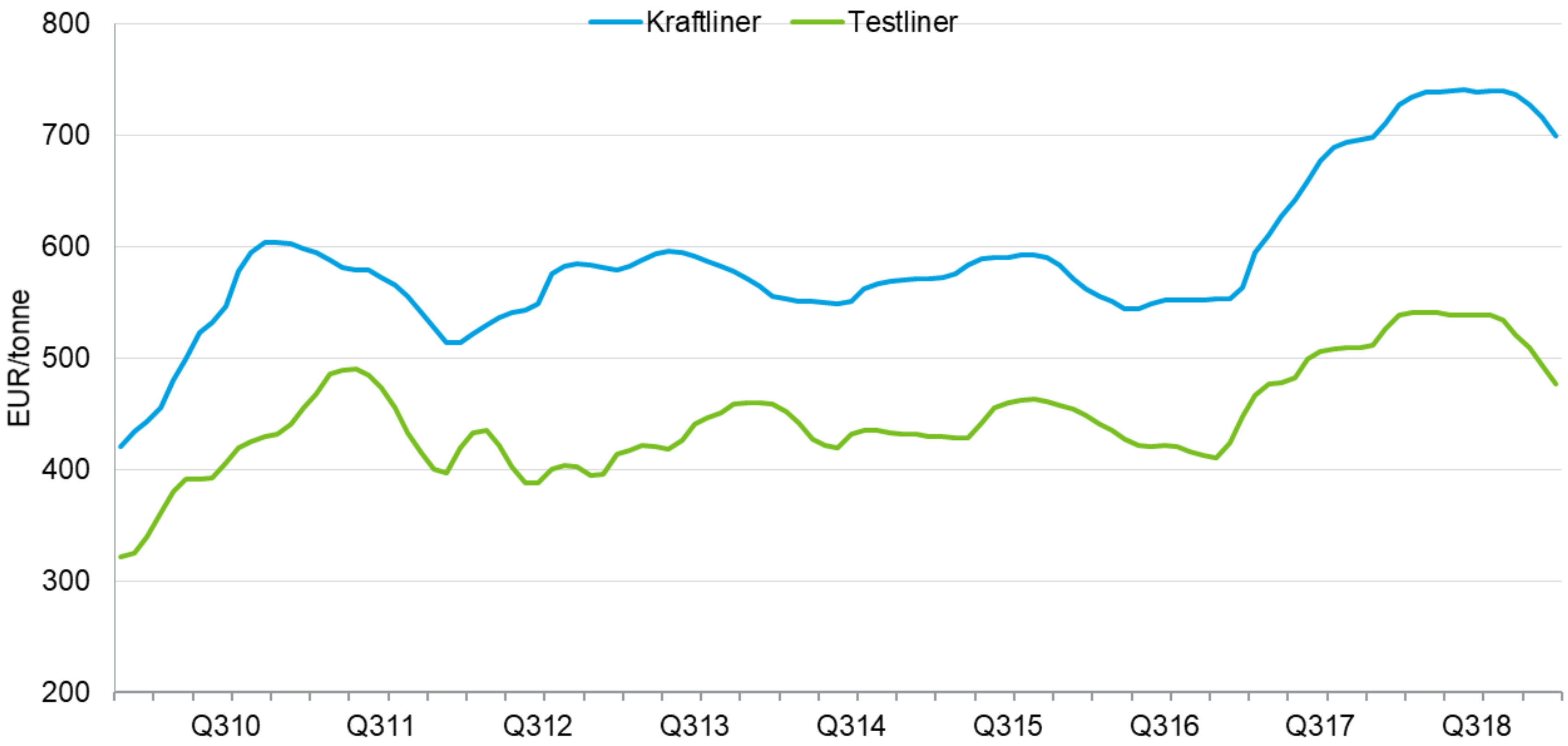
Mill	Date	Capacity reduction, m^3
Veitsiluoto Sawmill	2006	100 000
Honkalahti Sawmill	2006	90 000
Sauga Sawmill	Jun 2007	130 000
Sollenau Sawmill	2007	110 000
Näpi Sawmill	2007-2008	100 000
Kotka Sawmill	2007-2008	70 000
Paikuse Sawmill	End 2008	220 000
Zdirec Sawmill	2008	120 000
Ybbs Sawmill	2008 & Jun 2009	200 000
Kitee Sawmill	2008 & Jun 2009	130 000
Varkaus Sawmill	Jun 2009	60 000
Tolkkinen Sawmill	End 2009	260 000
Kopparfors Sawmill	End 2011	310 000
Sollenau Sawmill	Jul 2014	400 000
Total		**2 300 000**

Global bleached chemical market pulp inventories by grade in tonnes and days of supply



Source: EPIS

Kraftliner and testliner prices



Source: FOEX

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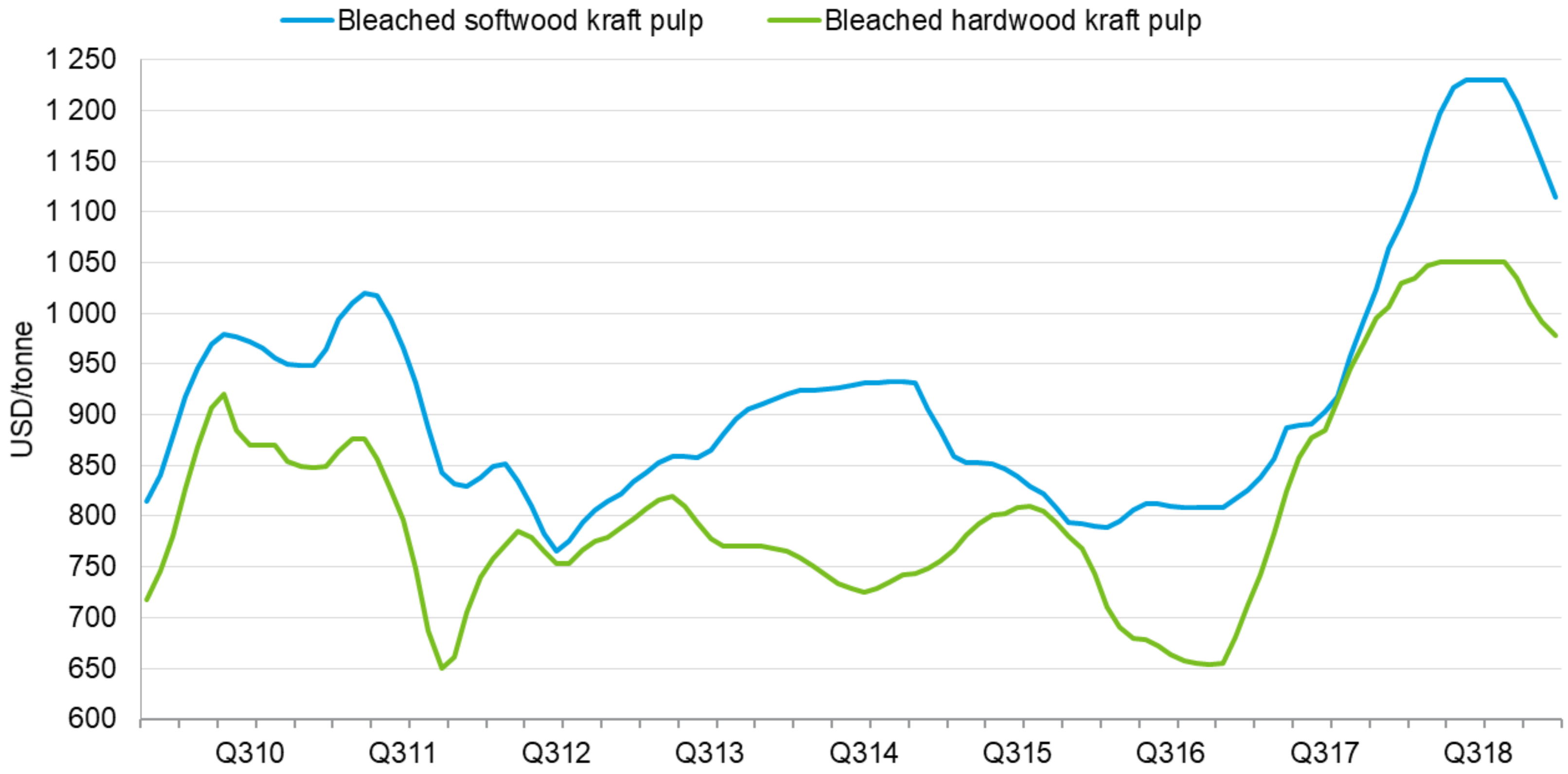
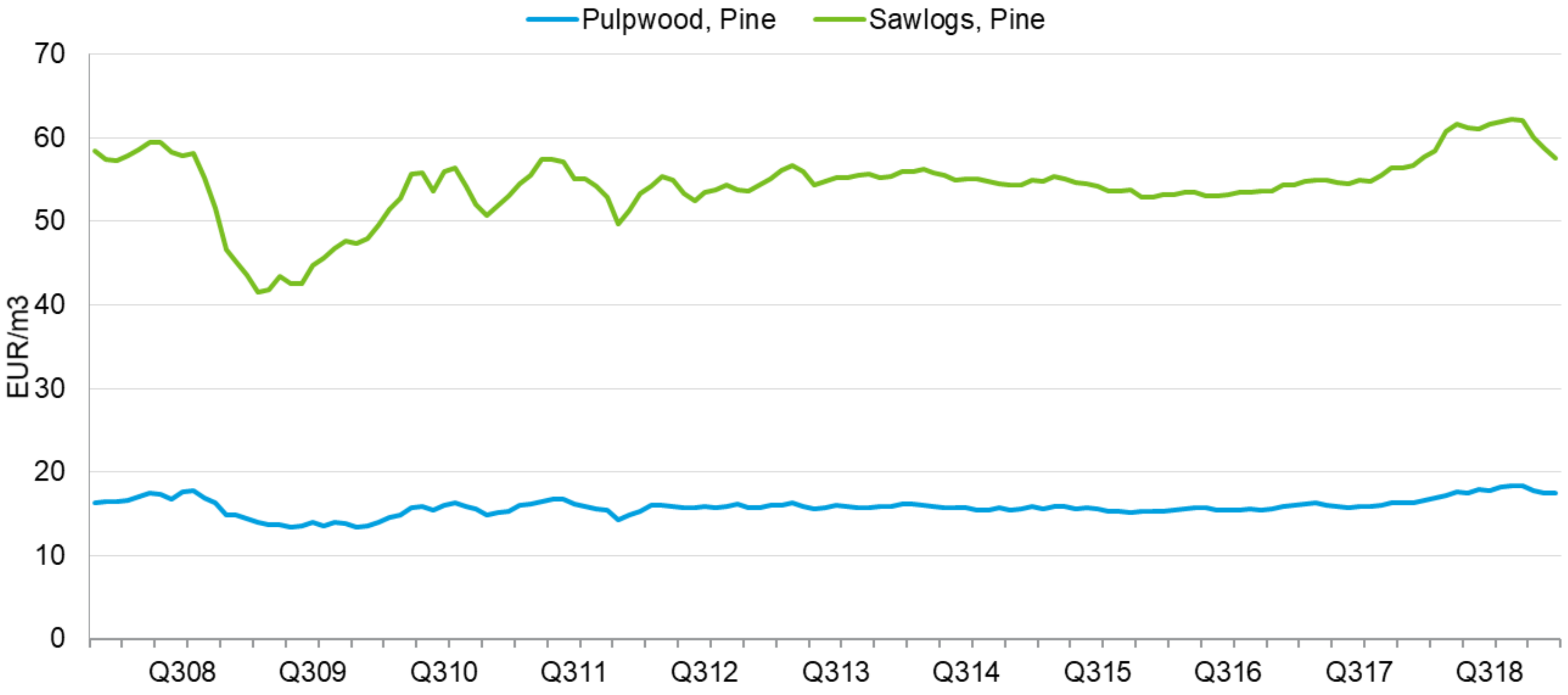
Pulp price development



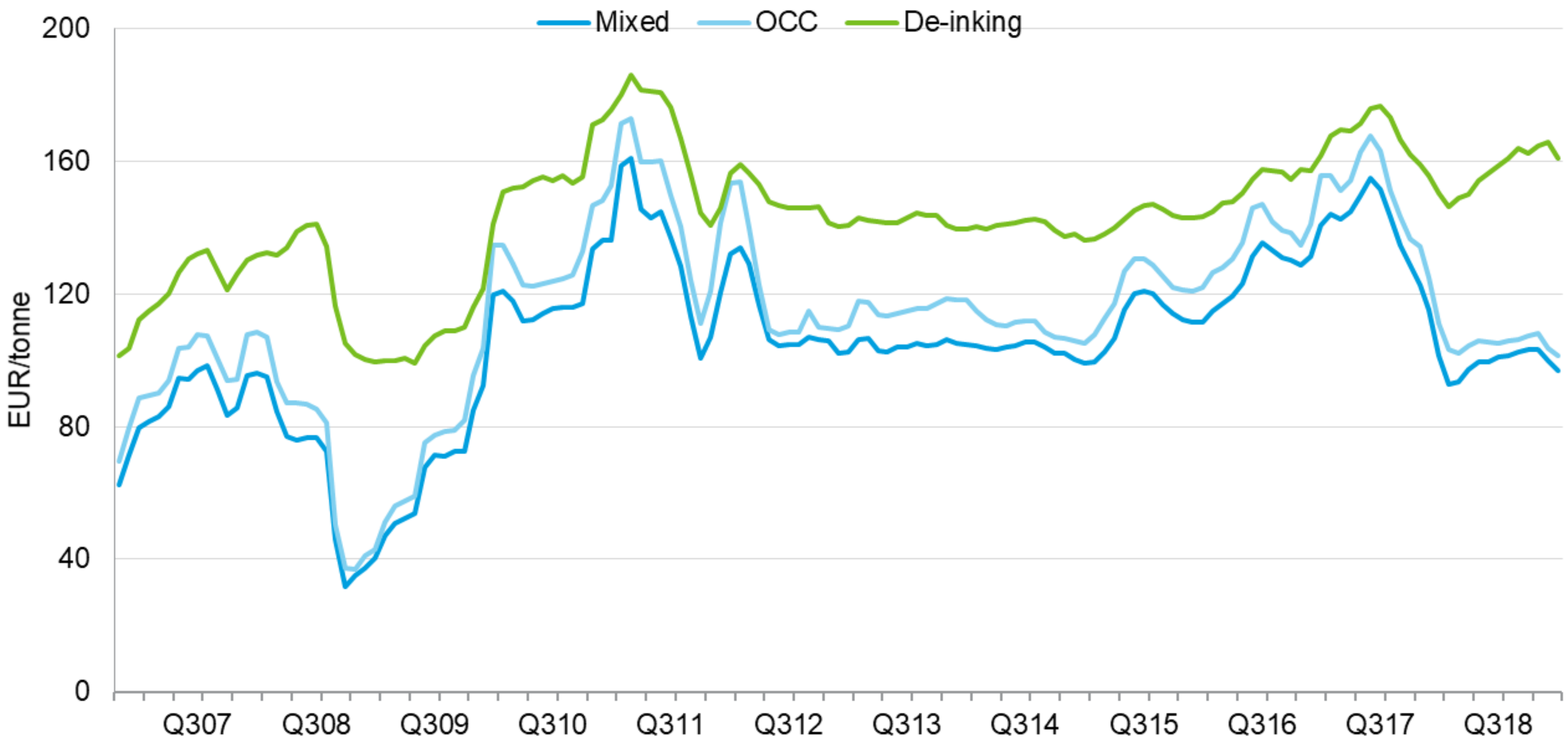
Source: FOEX

Pulp wood and saw log prices
Wood prices in Finland



Source: Luonnonvarakeskus

Paper for recycling prices



German RCP price development. free delivered
Source: Verband Deutscher Papierfabriken/Stora Enso

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