



# Solid platform for profitable growth in the bioeconomy

**Annica Bresky**  
**EVP, Consumer Board division**

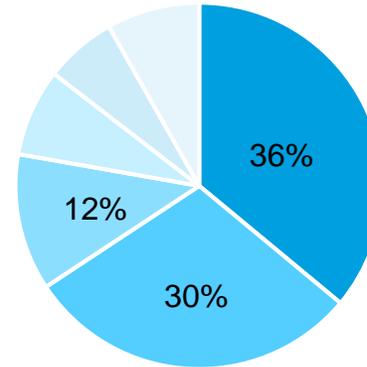
# We are well positioned in the bioeconomy



**70** countries  
**2 516 MEUR** sales 2017  
**+5.6%** Q3 YTD 2018

## Sales by product

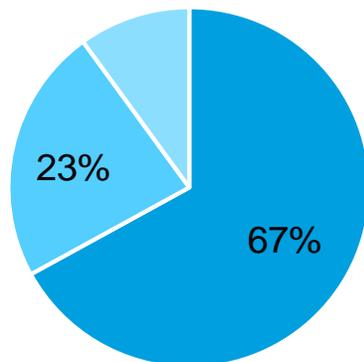
- Liquid Packaging Board
- Folding Boxboard
- Food Service Board
- Coated Unbleached Kraft
- Solid Bleached Sulphate
- Others



**Nr 1** in LPB globally  
**Nr 1** in LPB, CUK and SBS in Europe

## Sales by region

- Europe
- Asia-Pacific
- Others



## Renewable material from certified forests and plantations



**14%** share of new products  
**40+** joint customer projects  
**30+** digitalization projects

**+2.5%**

**Global market growth**  
 - premium consumer boards



**50 MEUR EBIT Q3/18**  
**10.3% ROOC Q3/18**

# Our strategy provides a solid platform...



**Global leader in attractive end-use segments**

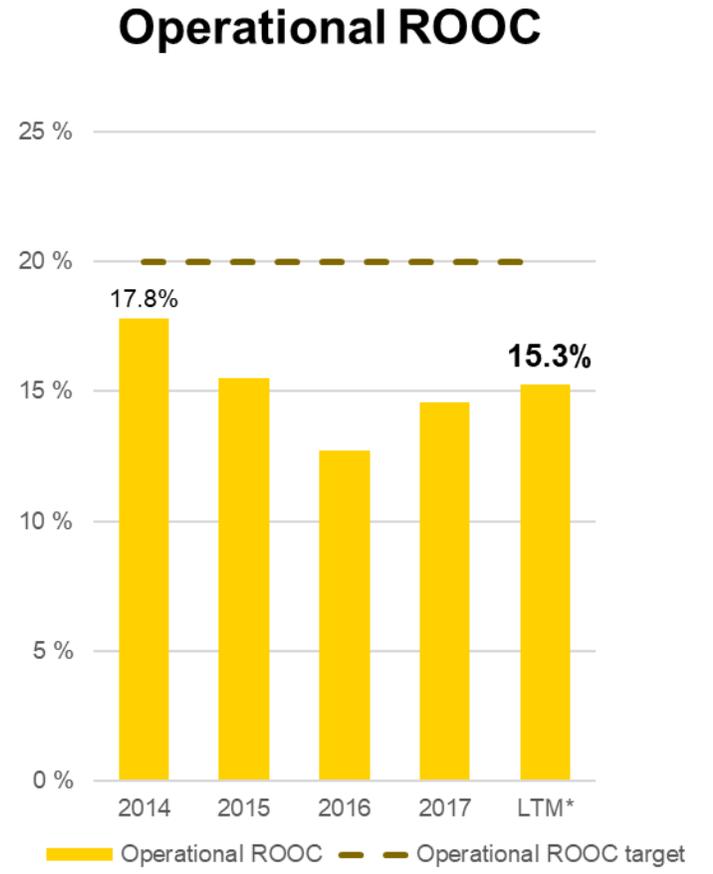
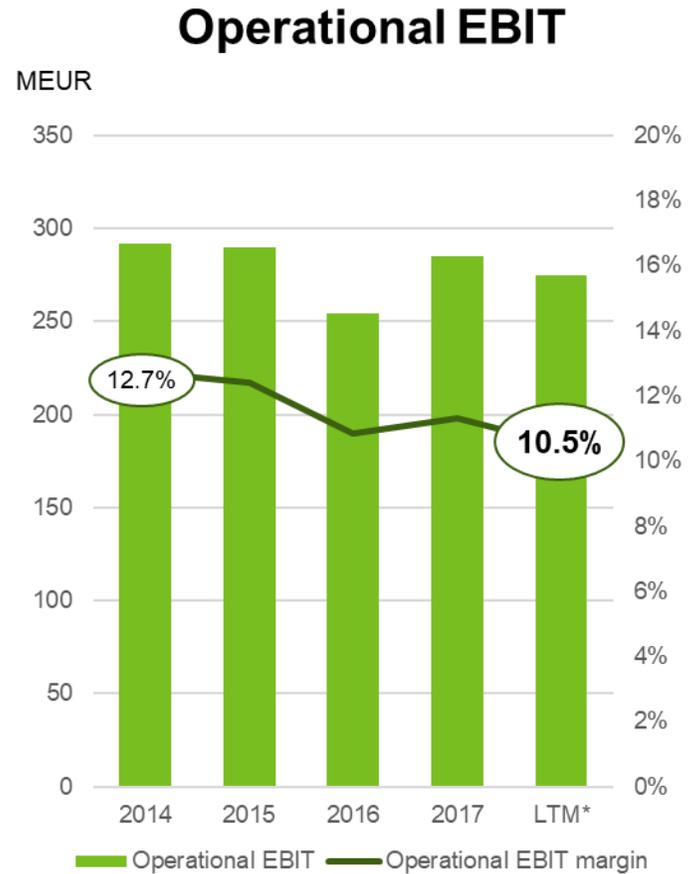
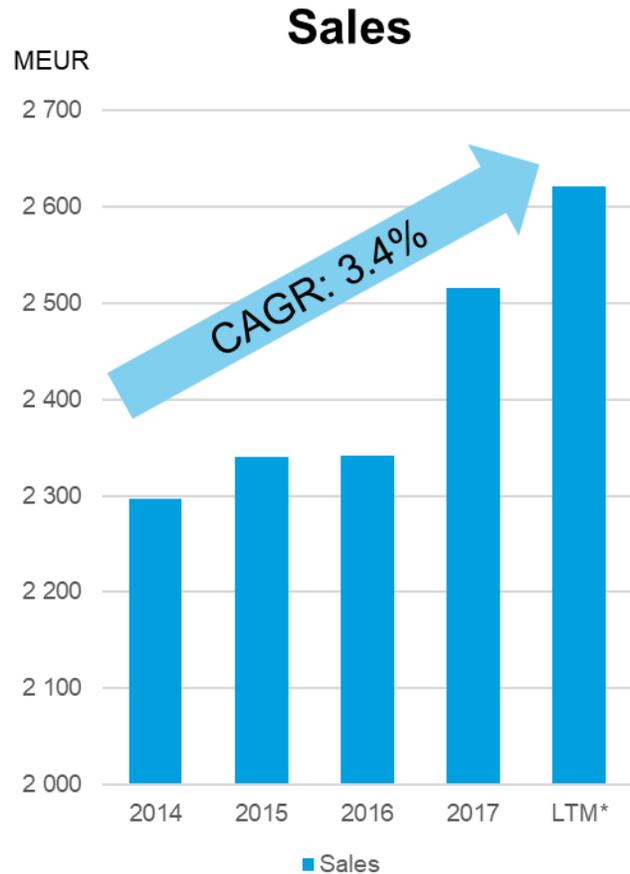


**Customer driven innovations based on renewable materials**



**Competitive and well-positioned assets**

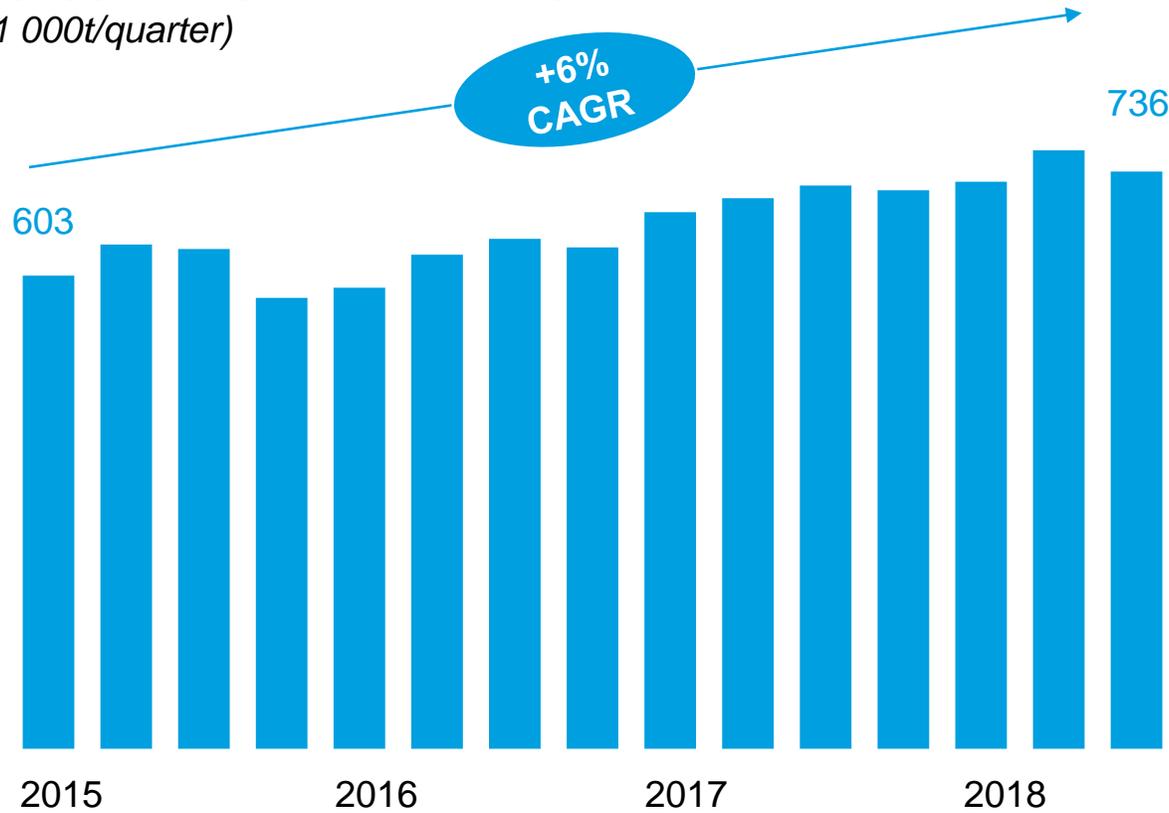
# ...delivering sustainable profitable growth...



# ... and temporary profitability headwinds are addressed through profit improvement actions



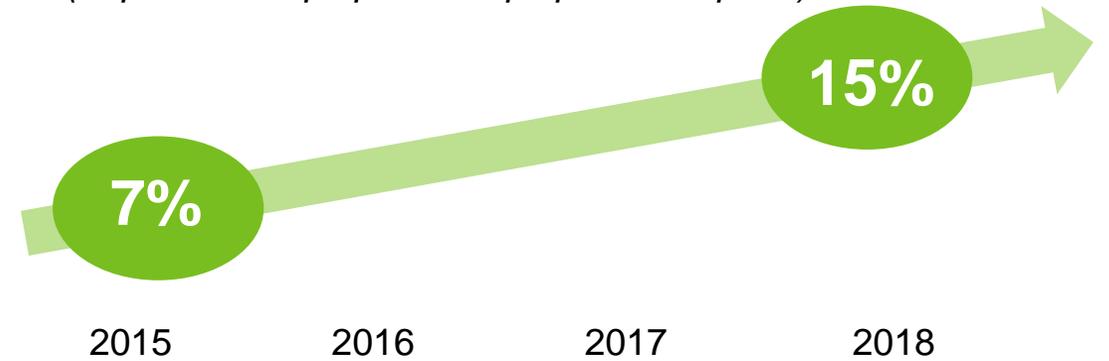
**CONSUMER BOARD DELIVERIES**  
(1 000t/quarter)



**CHEMICAL PULP PRICE DEVELOPMENT**  
(EUR/ t)



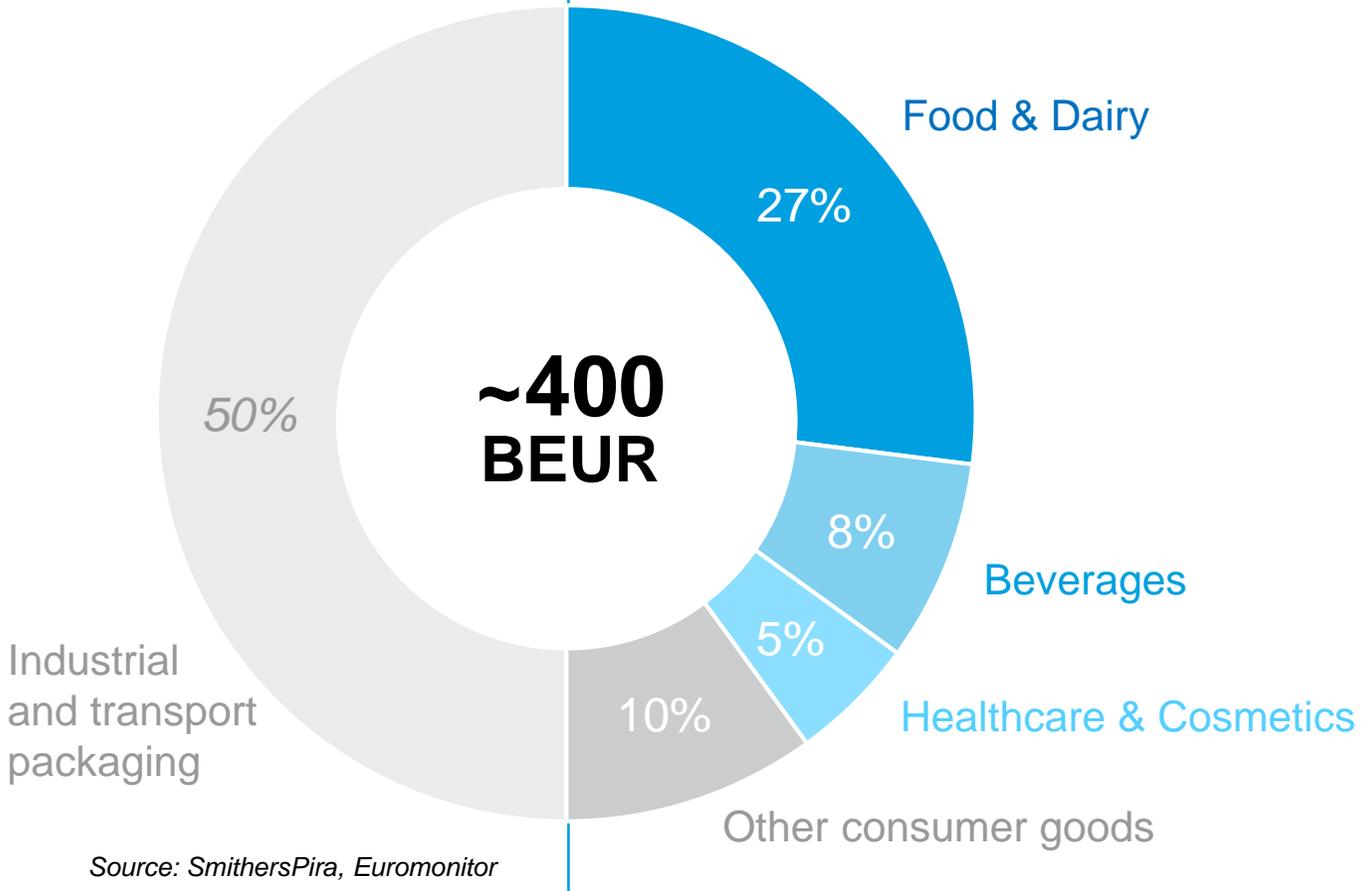
**NET EXPOSURE TO PURCHASED PULP**  
(% purchased pulp to total pulp consumption)



# Attractive end-use segments offer significant opportunities ...



GLOBAL PACKAGING MATERIALS MARKET

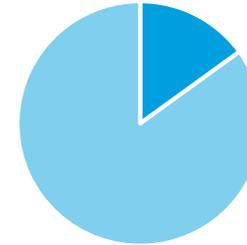


ADDRESSABLE MARKET FOR CONSUMER BOARD

PAPER BOARD'S SHARE OF TOTAL PACKAGING

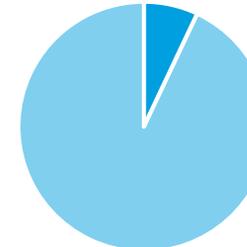
SEGMENT GROWTH  
(p.a. – 2022)

Food & Dairy



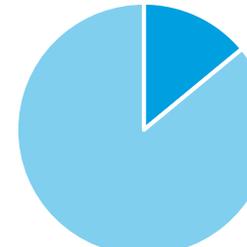
**+2.3%**

Beverages



**+2.6%**

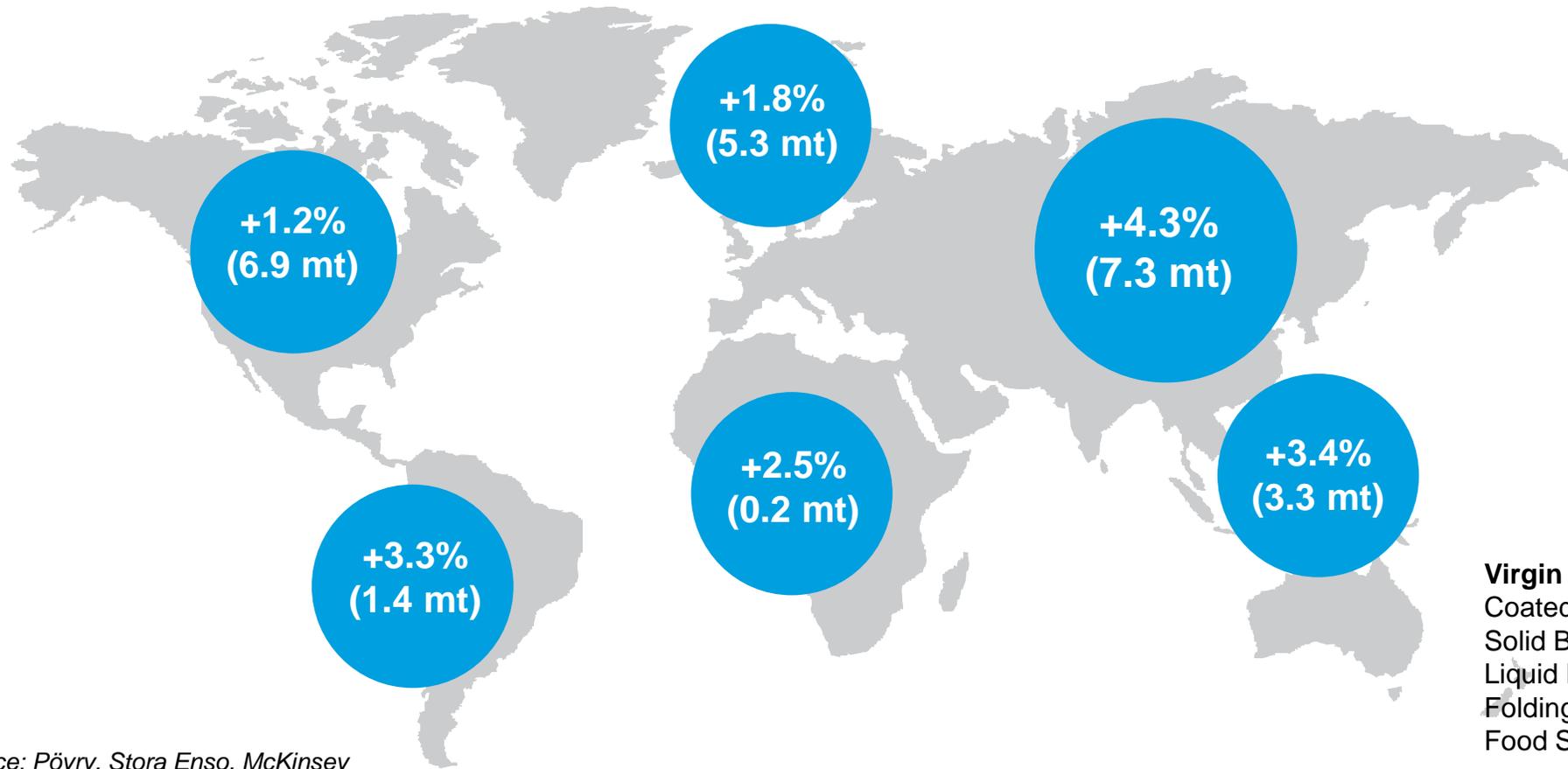
Healthcare & Cosmetics



**+2.8%**

Source: SmithersPira, Euromonitor

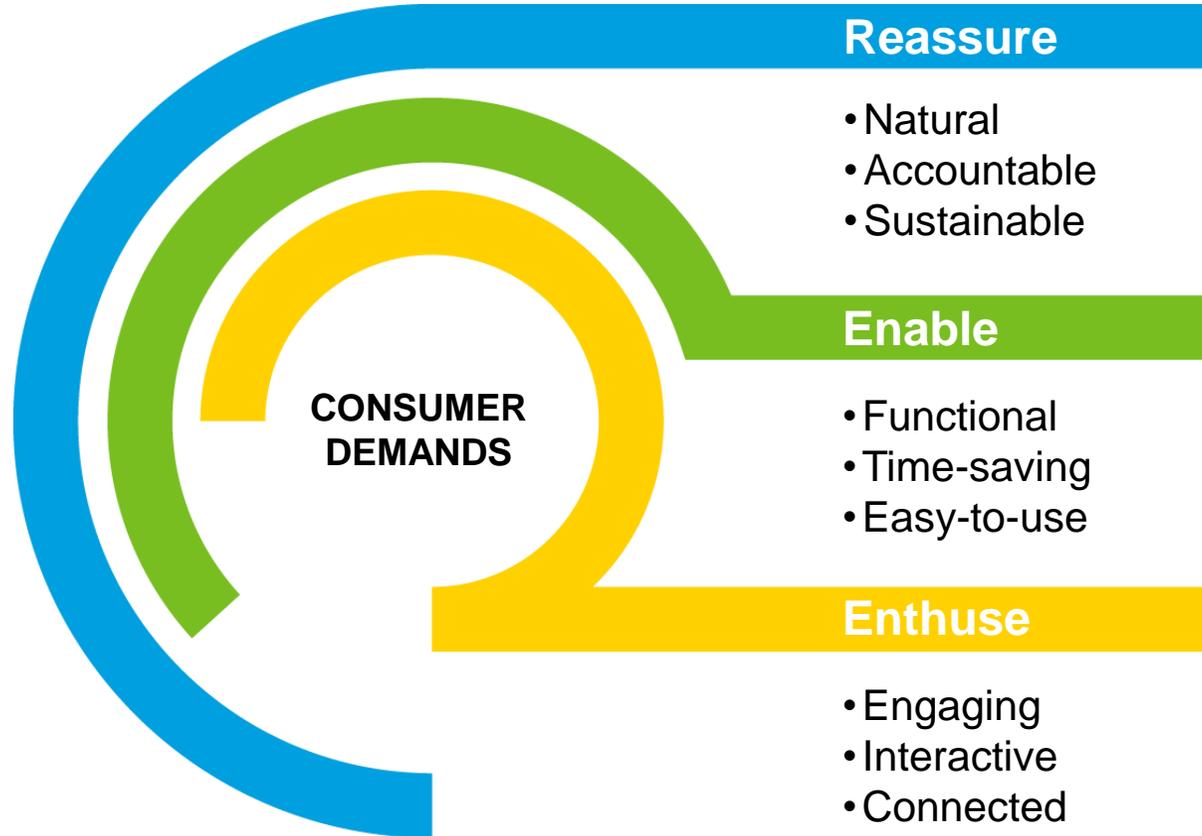
# ... while demand for virgin fibre boards continues to be strong, 2.6% p.a by 2030



**Virgin fibre board grades:**  
Coated Unbleached Kraft (CUK)  
Solid Bleached Sulphate (SBS)  
Liquid Packaging Board (LPB)  
Folding Box Board (FBB)  
Food Service Boards (FSB)

Source: Pöyry, Stora Enso, McKinsey

# Powerful trends impact packaging, our products can meet consumers' new demands



# Our target is 25% of sales from new products and services



BIO-BARRIERS AND FILMS

REPLACING PE-FILMS IN CUPS



POUCHES FOR LOW TO MEDIUM SHELF LIFE



LIDS



REPLACING ALUMINIUM FOIL



POUCHES WITH HIGH BARRIER PROPERTIES



GLOBAL MARKET SIZE

~80 BEUR

2019-2021

2021-2023

2023-2025

BIOCOMPOSITES

STRAWS



CAPS, CLOSURES & PACKAGING COMPONENTS



RIGID CONTAINERS



TRAYS



CAPS WITH HINGES



TUBES



~25 BEUR

Source: SmithersPira, internal analysis

# We have leading positions in attractive segments ...



## CONSUMER BOARD MARKET SHARE (CAPACITY)

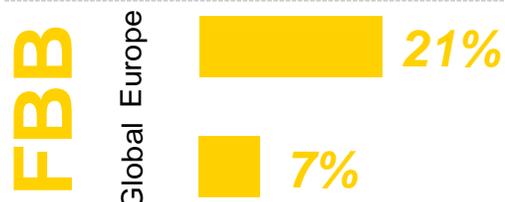
## POTENTIAL OULU CONVERSION



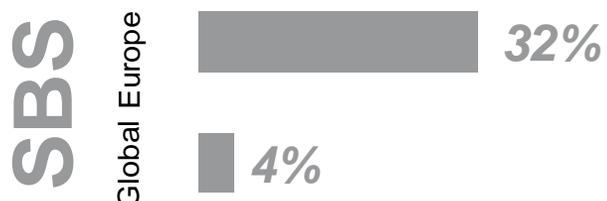
450 000 tonnes of new CUK capacity in Oulu, enables further growth also in existing mills



Strong pull globally for CUK driven by eco-trend



Full capacity utilization limits growth of CUK. Europe is a net importer



Pulp integration and superior product yield are key success factors

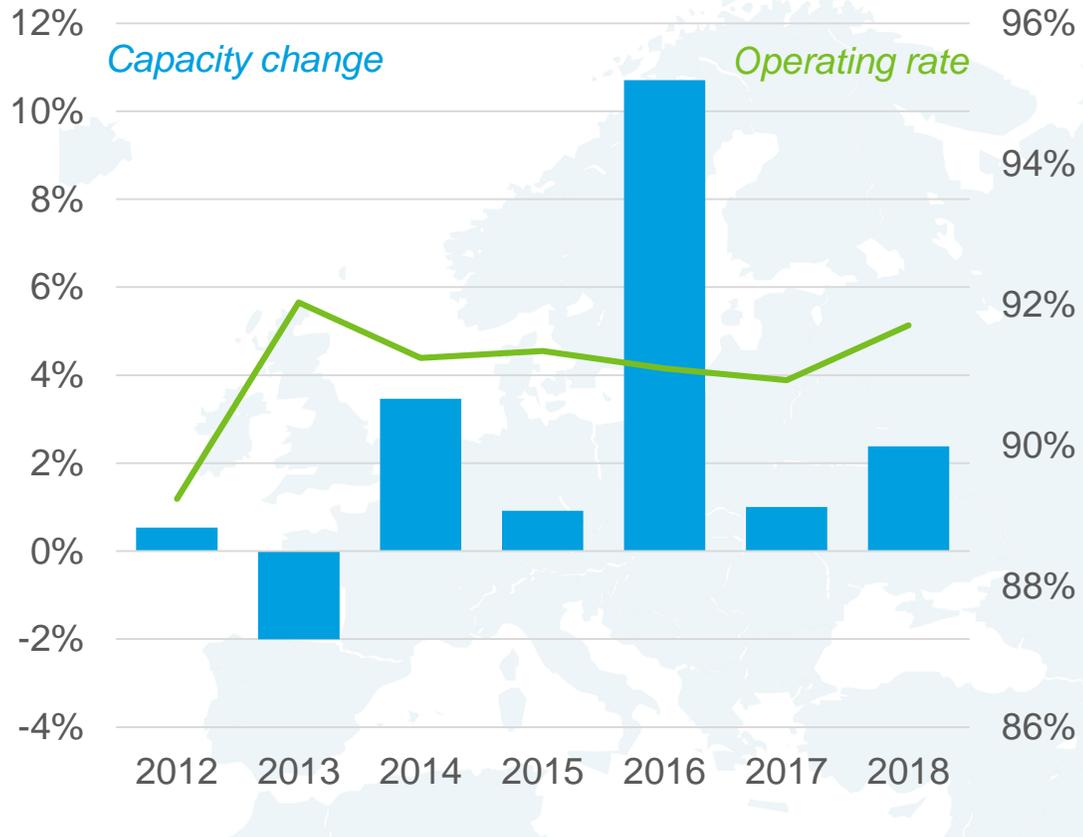
Source: Pöyry

# ... and for the potential Oulu conversion, market fundamentals are strong

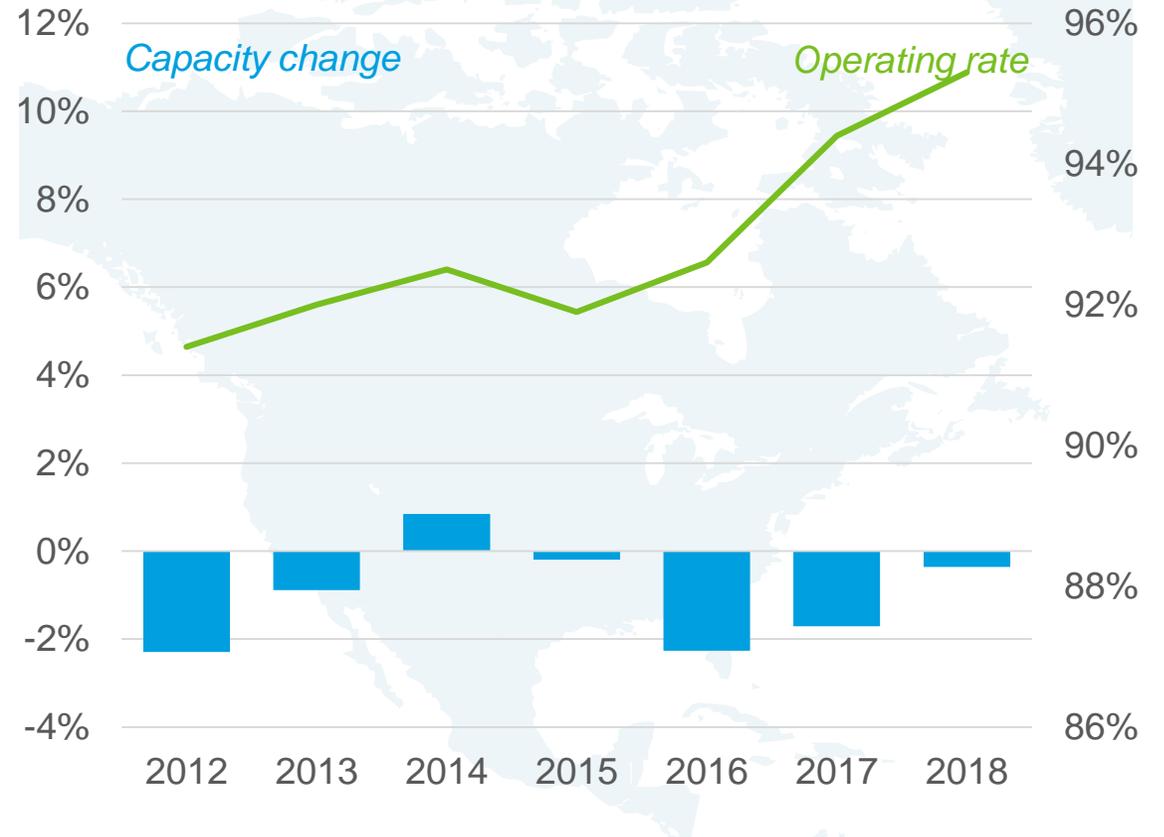


## OPERATING RATE AND CAPACITY CHANGES IN THE CARTON BOARD INDUSTRY

### EUROPE



### NORTH AMERICA



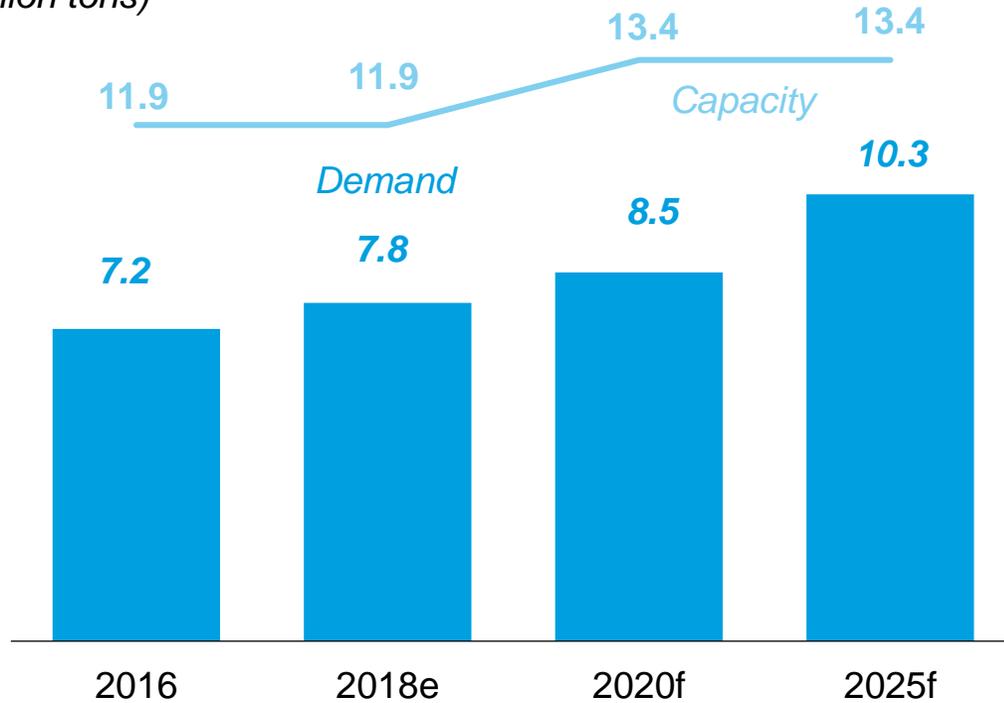
Source: RISI, Pöyry

# We continue to grow our premium offering in Beihai...



## DEMAND AND CAPACITY IN CHINA VIRGIN FIBRE BOARD

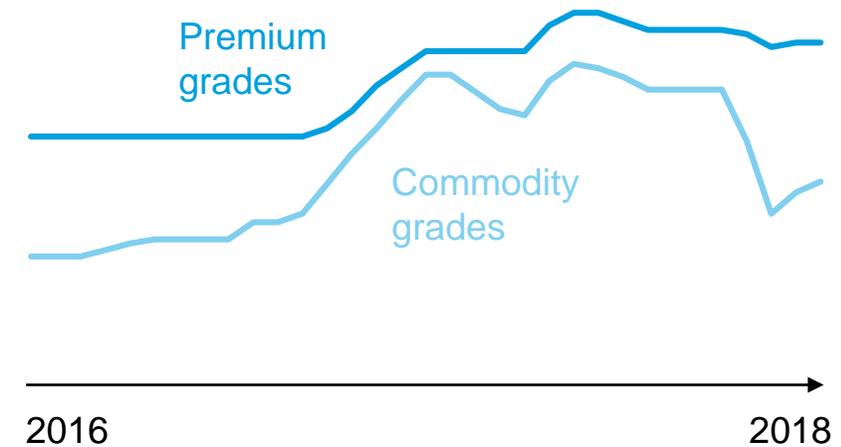
(Million tons)



Source: Pöyry, RISI

## PRICING OF PREMIUM AND COMMODITY GRADE VIRGIN FIBRE BOARD IN CHINA

(RMB/t)



# ... and profitability improvements are ongoing



Fully qualify our liquid packaging board

Launch premium carton board grades

Further develop service offering

Stable production at design capacity

Adjust product mix to optimise division profitability

Continue to increase productivity in forestry operations

TRADITIONAL FORESTRY OPERATIONS



STORA ENSO FORESTRY OPERATIONS



# We deliver sustainable and profitable growth

## Grow faster than the global packaging market (3-4% per year)



# Disclaimer



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.

THE RENEWABLE MATERIALS COMPANY



storaenso