



Driving performance in the bioeconomy

CFO Seppo Parvi

Driving performance



Digitalise and automate to drive efficiency and cost savings



Make selective investments meeting strategic criteria



Ensure sustainable, profitable growth through robust asset management

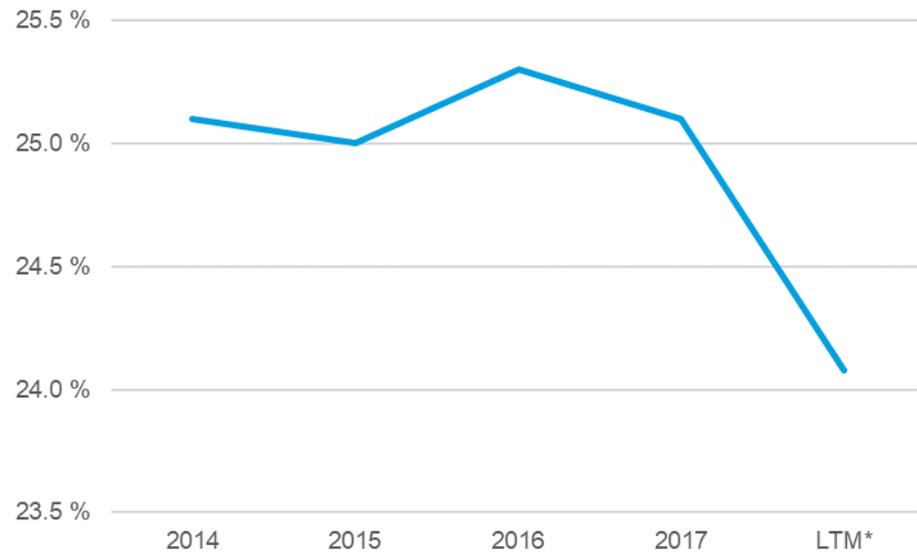


Automation is improving efficiency and reducing costs

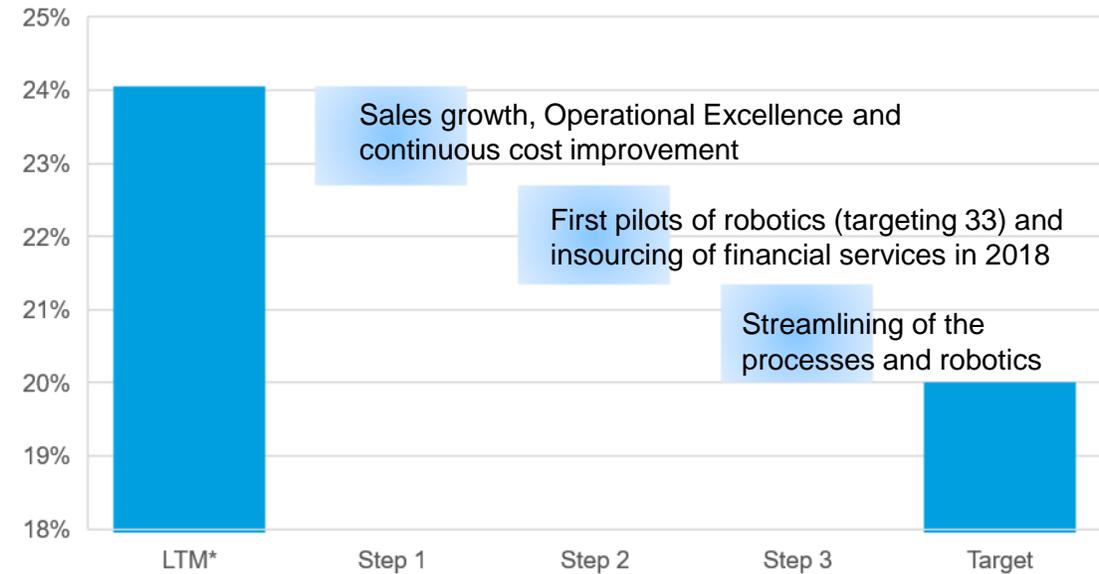
Group's fixed costs to sales target < 20%



Fixed costs to sales

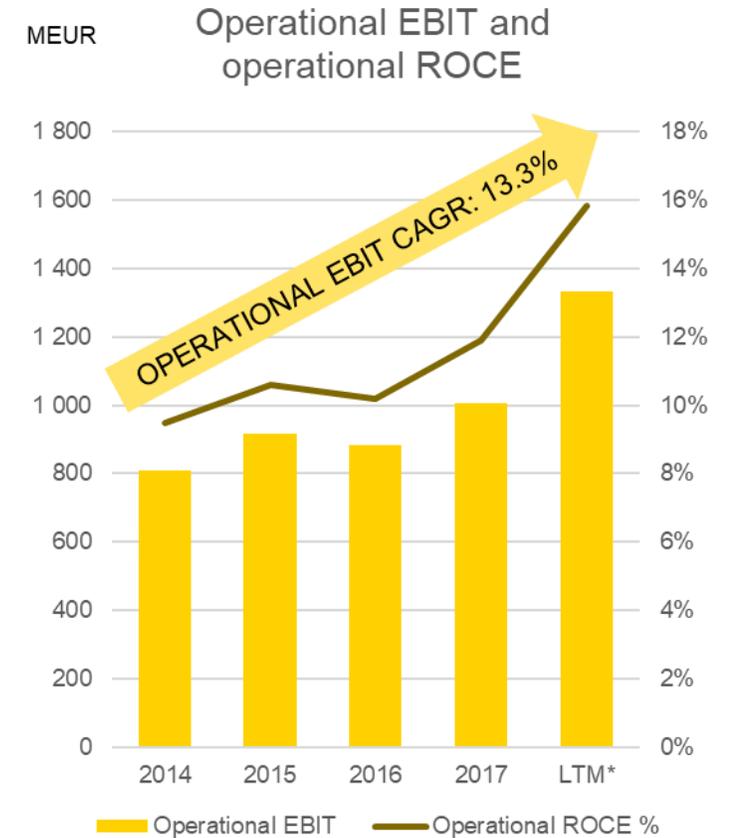
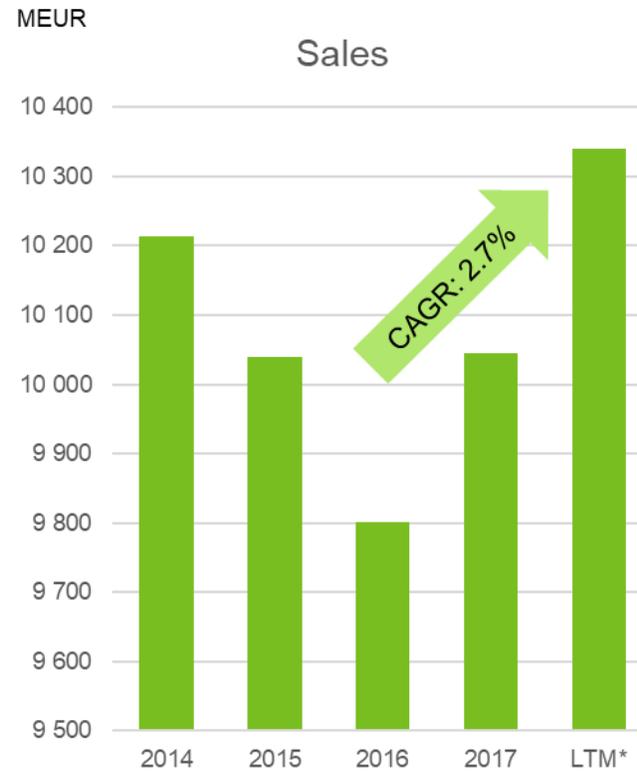


Roadmap to Fixed costs to sales target



* LTM = Last twelve months

Strong evidence of profitable growth...



...demonstrates the success of our transformation

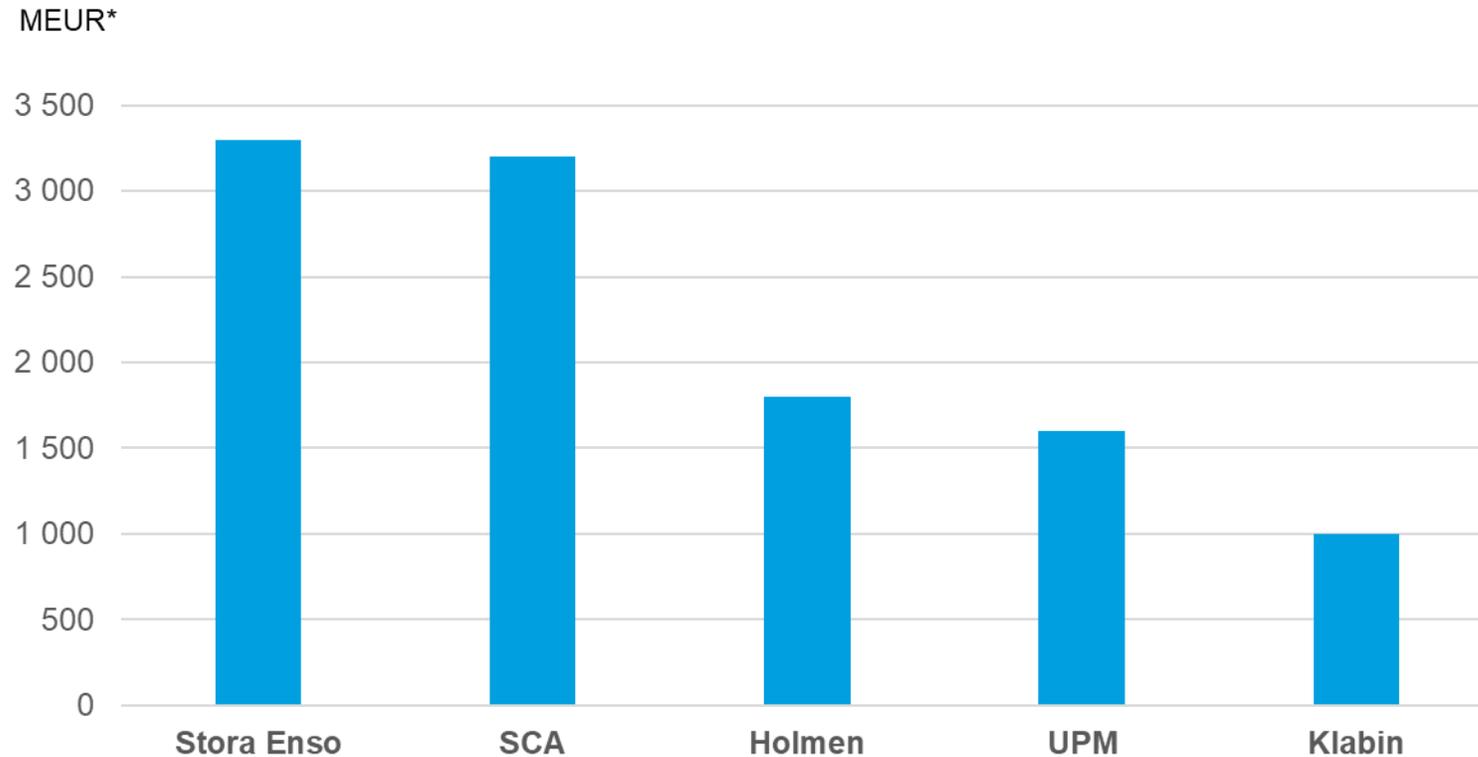


| Group strategic targets | | Q1/15 | | Q3/18 | |
|--------------------------------|---|------------|---|--------------|---|
| Dividend | To distribute 50% of EPS over the cycle | | | | |
| Growth* | To grow faster than the relevant market | 3.0% (YoY) | ● | 3.6% (YoY)** | ● |
| Net debt to operational EBITDA | <2.0x (NEW, was 3.0) | 2.6 | ● | 1.1 | ● |
| Fixed costs to sales | <20% | 24.2% | ● | 23.3% | ● |
| Debt to equity | <60% (NEW, was 80%) | 65% | ● | 34% | ● |
| Operational ROCE | >13% | 10.1% | ● | 16.7% | ● |

| Divisional strategic targets | | Q1/15 | | Q3/18 | |
|------------------------------|--|-------|---|-------|---|
| Consumer Board | Operational ROOC > 20% | 17.3% | ● | 10.3% | ● |
| Packaging Solutions | Operational ROOC > 20% | 12.9% | ● | 30.4% | ● |
| Biomaterials | Operational ROOC > 15% | 11.4% | ● | 20.9% | ● |
| Wood Products | Operational ROOC > 20% | 11.7% | ● | 31.6% | ● |
| Paper | Cash flow after investing activities to sales > 7% | 5.9% | ● | 8.3% | ● |

* Excluding Paper and divested businesses ** Excluding Paper and Puumerkki

Access to wood is a critical advantage in the bioeconomy... We are one of the biggest forest owners globally



*Exchange rates, European central bank 31 Dec 2017
SEK/EUR 9.8438
BRL/EUR 3.9729

...giving us a competitive edge with potential upside

Productive forest assets in Sweden



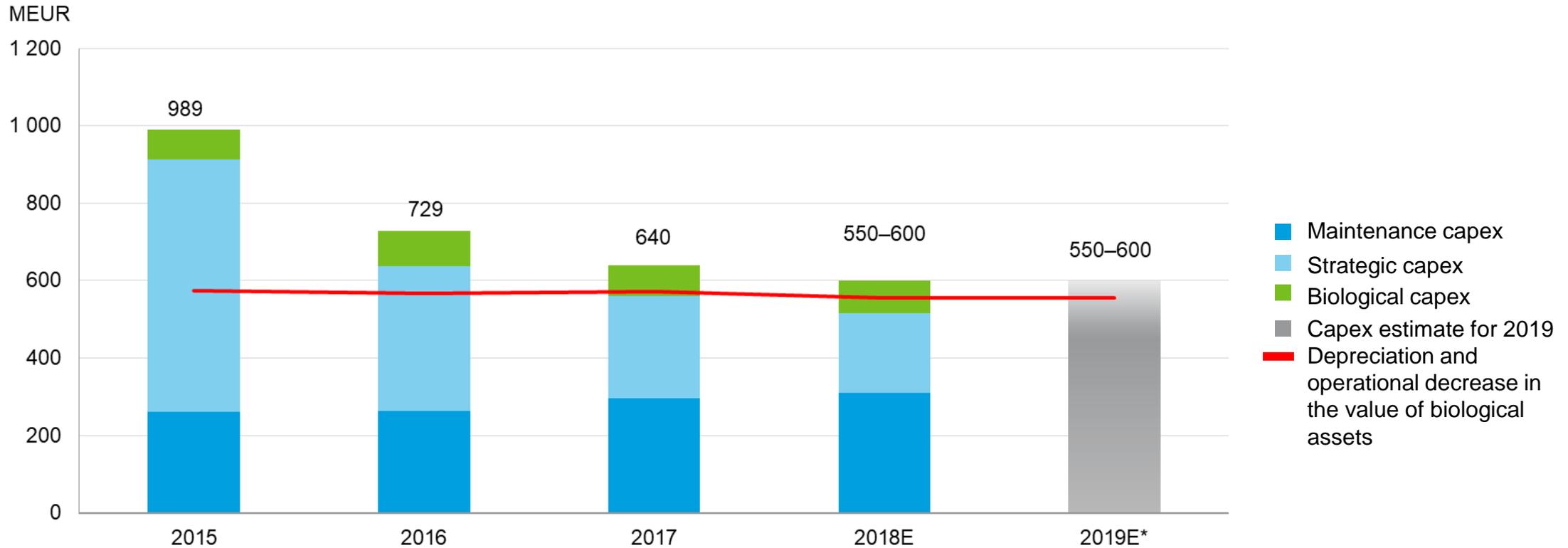
| | Unit | Stora Enso's 49% holding of Bergvik Skog in Sweden | SCA |
|---|-----------------------------|--|-------|
| Ha (gross land) | Ha ('000) | 1 133 | 2 600 |
| Ha (productive forest) | Ha ('000) | 926 | 2 000 |
| Forest cubic meters (m ³ fo) | m ³ fo (million) | 126 | 232 |
| M ³ /ha (productive f) | m ³ /ha | 136 | 116 |
| IFRS value* (Bio Assets + Land) | MEUR | 2 284 | 3 357 |
| IFRS value*/ha (productive forest) | EUR/ha | 2 465 | 1 679 |
| IFRS value*/m ³ fo | EUR/m ³ fo | 18.1 | 14.5 |

| Values calculated with LRF Konsult's statistics** | Unit | Stora Enso's 49% holding of Bergvik Skog in Sweden | SCA |
|---|-----------------------|--|-------|
| Value/m ³ fo | EUR/m ³ fo | 42.2 | 28.0 |
| Value of the timber (m ³ fo) | MEUR | 5 318 | 6 505 |

* IFRS Value based on 31 Dec 2017 valuation.

**LRF Konsult's market statistics for forest property prices. These reference prices are applicable for small-size lands. Calculation for Stora Enso is referential and based on LRF's price for Mellersta (415 SEK/m³fo) and applied for all properties. FX rate of 9.8438 (European central bank, 31 Dec 2017) applied to all SEK currencies.

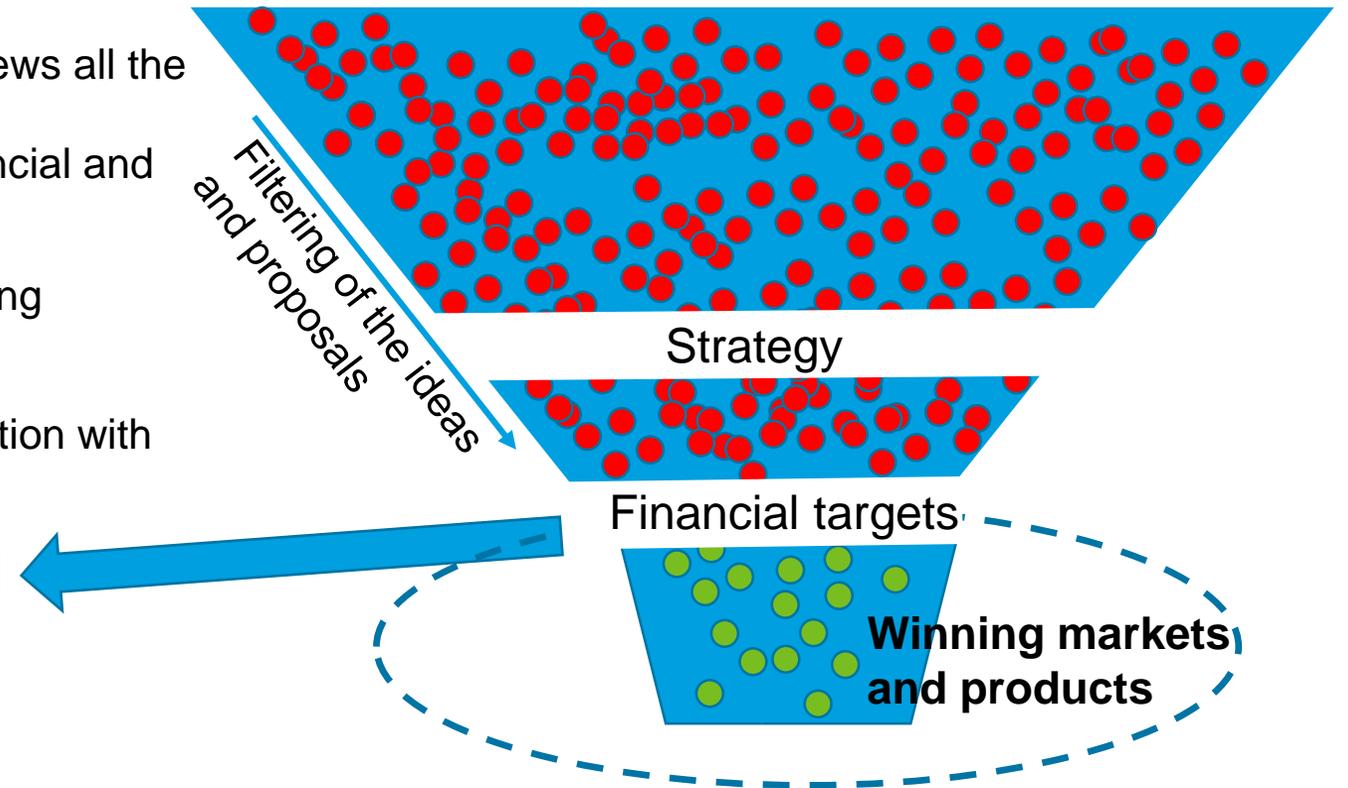
Active capex management – at or below depreciation



*Guidance for 2019. Does not include Leases (IFRS 16 to be adopted in 2019)

Large number of opportunities prioritised through robust capital allocation

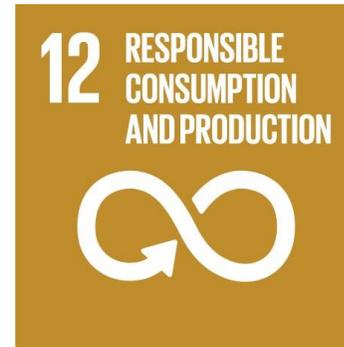
- Systematic approach on Group capex (>10MEUR)
 - Investment Working Group headed by CFO reviews all the proposals to ensure quality and prioritisation
 - Alignment with the Stora Enso strategy and financial and sustainability targets
- Selective investments to strategic projects in winning markets and products
- New cash flow modelling tool helps asset prioritisation with 20–30 years perspective



| Divisional financial targets | |
|------------------------------|-------------------------------------|
| Consumer Board | Operational ROOC > 20% |
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| Biomaterials | Operational ROOC > 15% |
| Wood Products | Operational ROOC > 20% |
| Paper | Cash flow after capex to sales > 7% |

Sustainable business = profitable business...

The UN's Sustainable Development Goals (SDGs)



- The use of renewable materials
- Bioeconomy
- Circular economy
- Material efficiency



- Renewable materials in the carbon cycle
- Carbon risks and opportunities
- Science-based targets



- Sustainable forestry
- Biodiversity

... and we have ambitious reduction targets for CO₂...



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- First forest products company to set externally approved science-based targets
- Targets for our operations
 - Reduce greenhouse gas emissions by 31% per tonne by 2030 vs 2010

Q3 Interim Report

| | Q3/18 | 2017 | Target | Target to be reached by |
|---|-------|------|--------|-------------------------|
| Reduction of fossil CO ₂ -e emissions per saleable tonne of pulp, paper and board (kg/t) | -24% | -20% | -31% | end of 2030 |

Science-based target (SBT) performance compared to 2010 base-year level¹

¹ Covering direct fossil CO₂-e emissions from production and indirect fossil CO₂-e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

...impacting our funding and reporting



Revolving Credit Facility with a green aspect

Pricing includes sustainability component based on ability to reduce greenhouse gas emissions.



Green Bond Framework

A loan-format to support sustainability-focused fixed income investors and to report environmental impacts.



Sustainable Finance strategy

The aim is to influence and develop the financial markets and to secure funding partners with sustainability agenda.



Climate-related financial disclosure

CFO support for better disclosure of climate risks and opportunities based on recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).



Integrated reporting

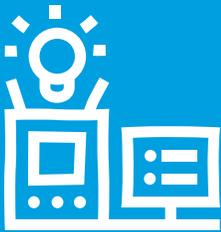
The World Business Council for Sustainable Development (WBCSD) Redefining Value Board and programme: work on international reporting frameworks, materiality assessment standards, and data assurance methodologies.



Delivering performance



Digitalise and automate to drive efficiency and cost savings



Make selective investments meeting strategic criteria



Ensure sustainable, profitable growth through robust asset management



Disclaimer



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THE RENEWABLE MATERIALS COMPANY



storaenso