

# Welcome to the Annual General Meeting



THE RENEWABLE MATERIALS COMPANY

# Headphones Kielikanavat



Choose your language / Valitse kielikanava



English

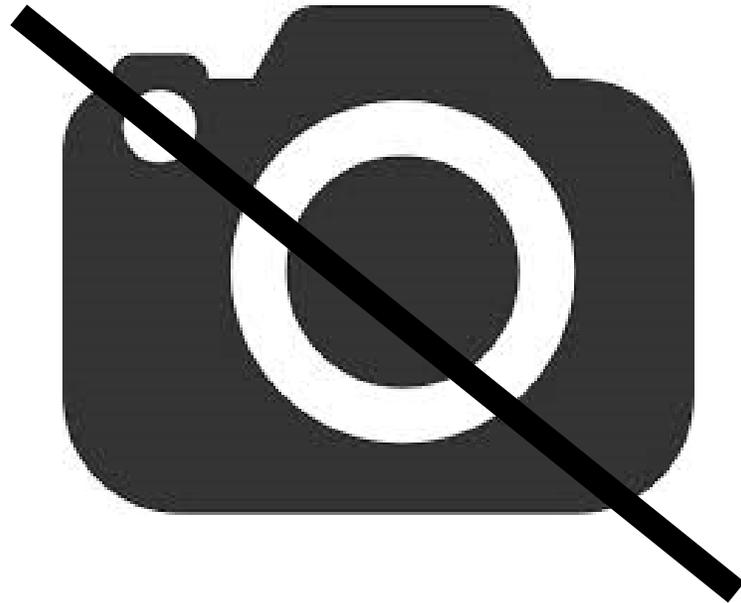


Svenska



Suomi

**No photography or video or audio recording**



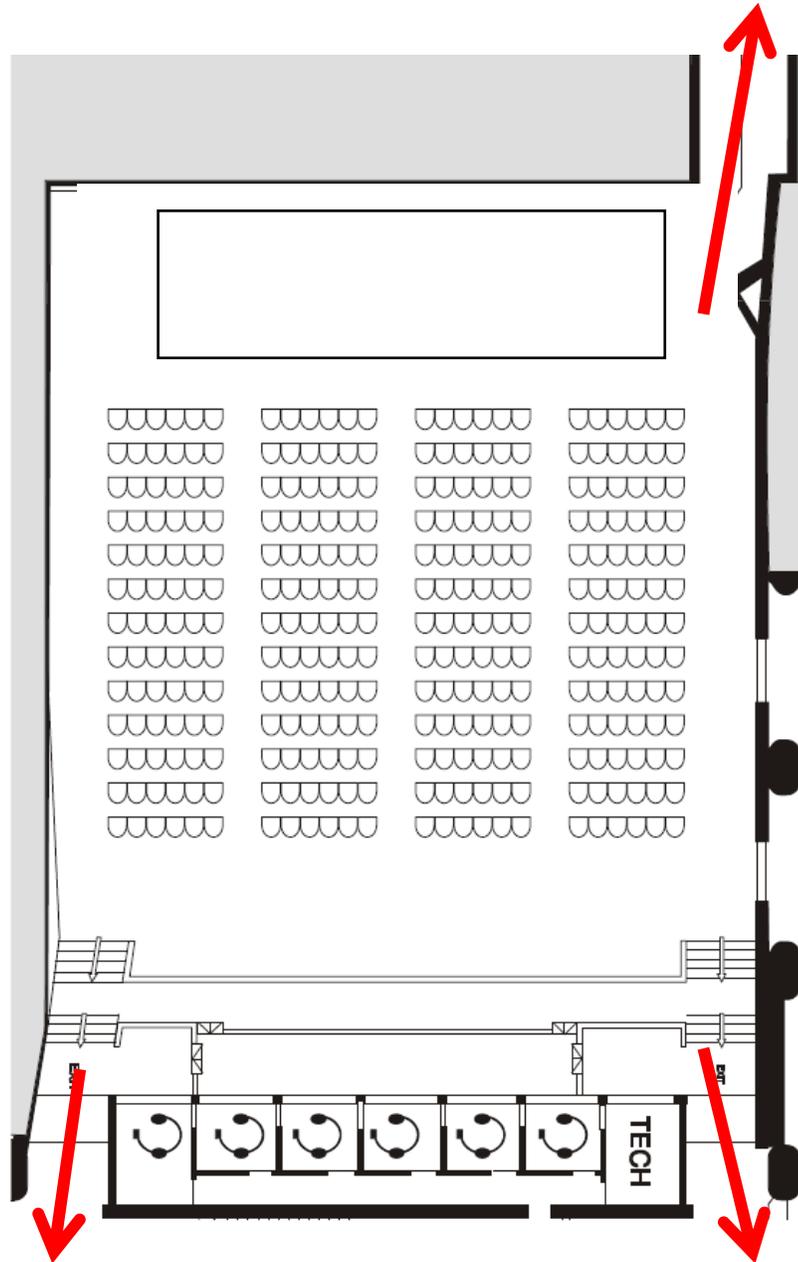


It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. 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.



# Welcome!

## Gunnar Brock, Chairman of the Board of Directors



## Emergency exits

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English



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# Stora Enso's Annual General Meeting

28 April 2016





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# Karl-Henrik Sundström, CEO



# Another year of progress



# Full year 2015 results



EUR million	2015	2014	Change %
Sales	10 040	10 213	-1.7%
Operational EBIT	915	810	13.0%
Operational ROCE	10.6%	9.5%	11.6%
Cash flow from operations	1 556	1 139	36.6%
Cash flow after investments	599	255	134.9%
EPS excl. NRI	EUR 1.24	EUR 0.40	210%
Dividend	0.33*	0.30	10%
Net Debt/ last 12 months' operational EBITDA	2.4	2.6	

\* Proposal for 2015

# Another quarter of progress

## Q1 2016 year-on-year



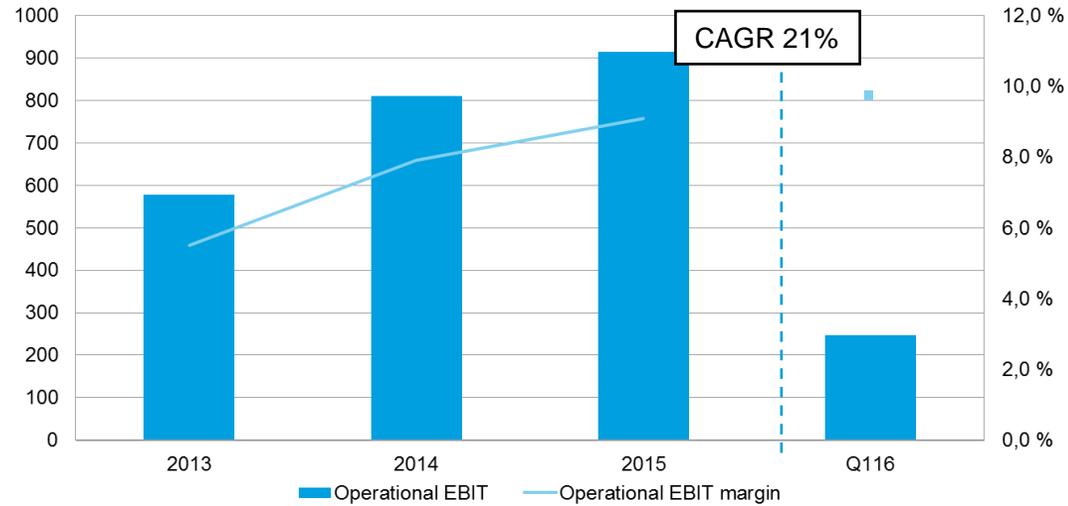
- Sales EUR 2 445 million
  - Slightly down, but increased excluding the structurally declining paper business and divested Barcelona Mill by 2.4%
- Operational EBIT increased 12.7% to EUR 248 million and margin was record high at 10.1%
- Cash flow from operations EUR 289 (EUR 171) million
  - Cash flow after investing activities EUR 96 (EUR 29) million
- Continued strengthening of the balance sheet despite high investments
  - Net debt to operational EBITDA 2.3 (2.6)



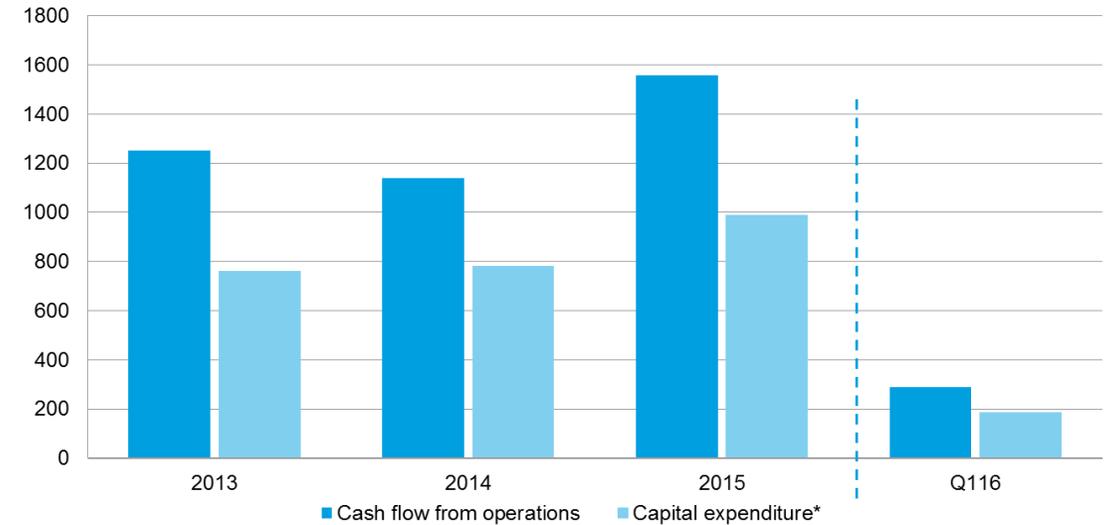
# Transformation benefits clearly visible



MEUR Operational EBIT and operational EBIT margin

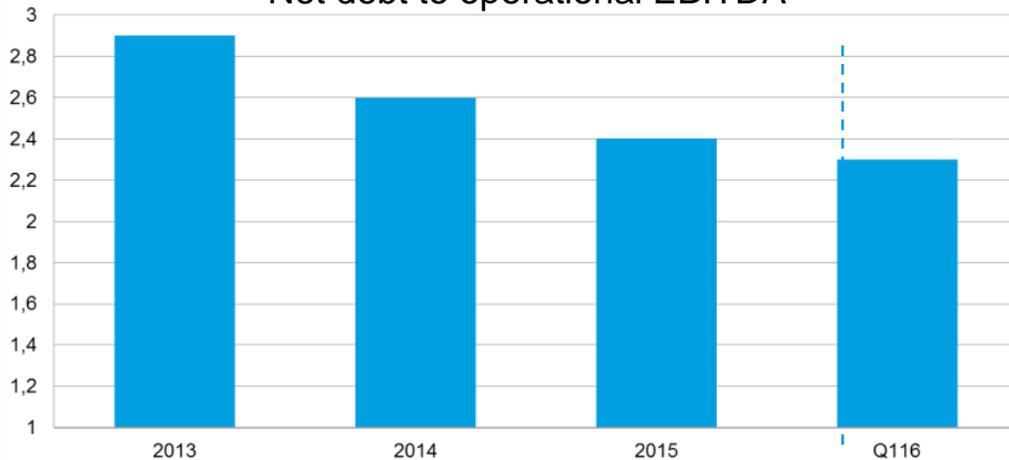


MEUR Cash flow from operations and CAPEX



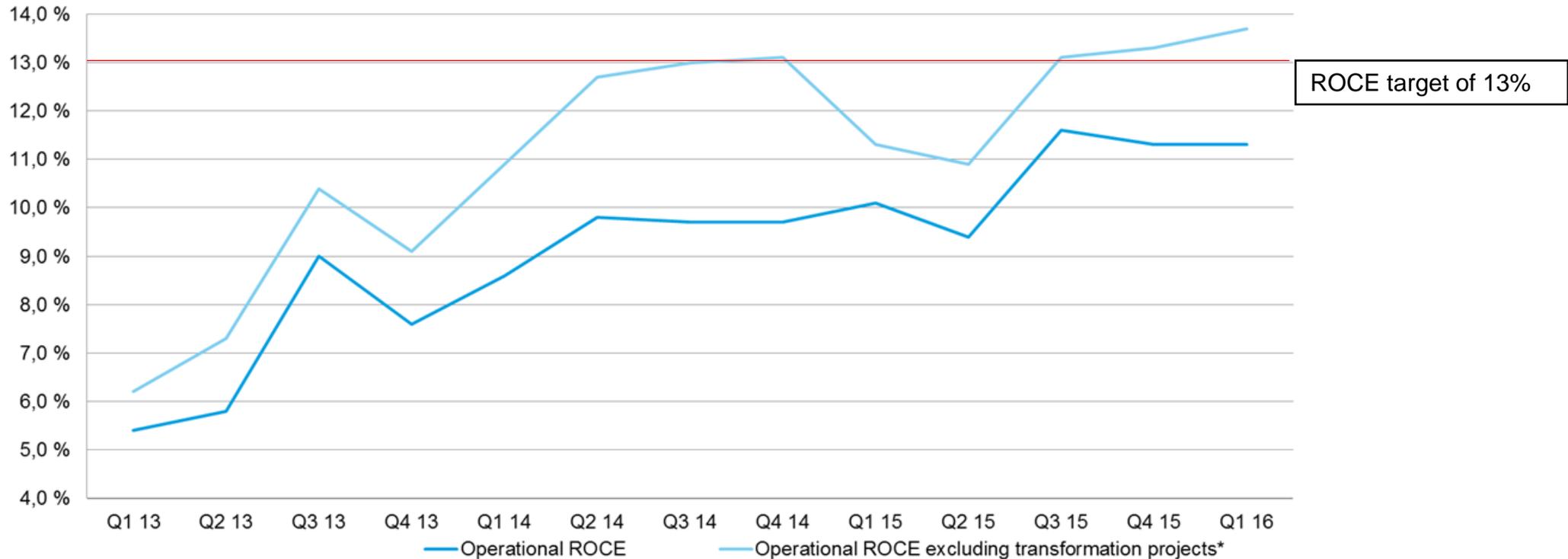
\* Includes biological assets

Net debt to operational EBITDA



# Continuous improvements

## Operational ROCE 11.3%, excluding Beihai Mill project 13.7%



*\*Excluding Montes del Plata until end of 2014 and excluding Beihai Mill project in Guangxi*

# Strategic targets ambitious, but reachable



Group targets		2014	2015	Status
Dividend	To distribute 50% of net income over the cycle			
Growth*	To grow faster than the relevant market	0.9% (YoY)	4.6% (YoY)	✓
Net debt to operational EBITDA	<3.0x	2.6	2.4	✓
Fixed costs to sales	<20%	25.1%	25.0%	
Debt to equity	<80%	65%	60%	✓
Operational ROCE	>13%	9.5%	10.6%	
<i>Operational ROCE excl. Beihai</i>		12.7**%	12.2%	

Divisional targets		2014	2015	Status
Consumer Board	Operational ROOC > 20%	17.8%	15.5%	
<i>Consumer Board excl. Beihai</i>		27.2%	29.7%	✓
Packaging Solutions	Operational ROOC > 20%	14.1%	11.1%	
Biomaterials	Operational ROOC > 15%	3.9%	12.4%	
Wood Products	Operational ROOC > 18%	17.3%	15.7%	
Paper	Cash flow after investing activities to sales > 7%	6.2%	5.5%	

\*Excluding Paper, Corenso and Barcelona Mill

\*\*Excluding also Montes del Plata investments

# Stora Enso's offering at a glance



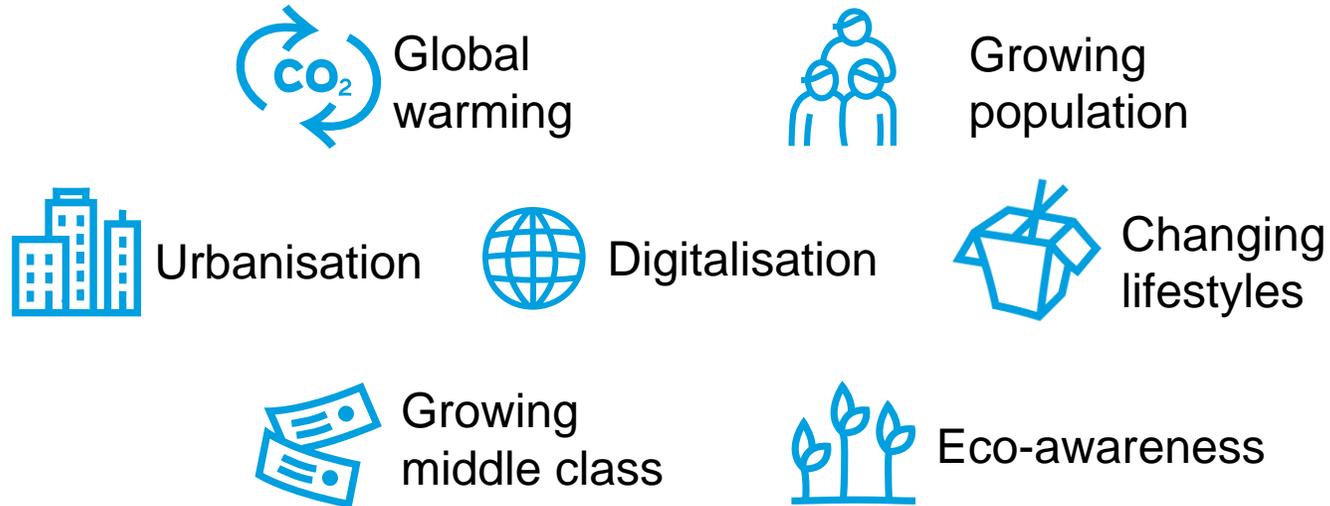
# Broad customer base



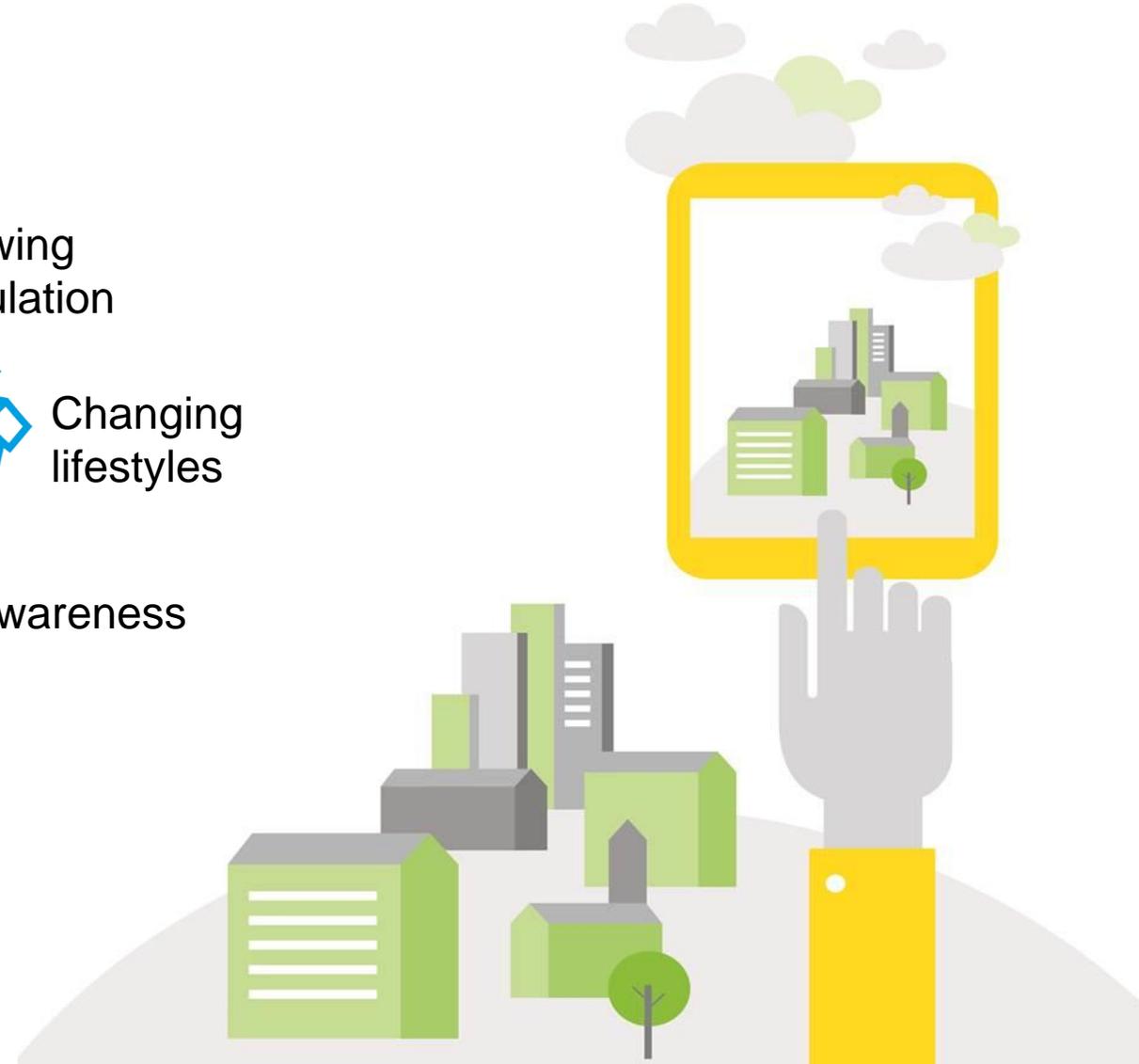
# Stora Enso responds to global megatrends



- Major global trends drive the world's demand for renewable materials



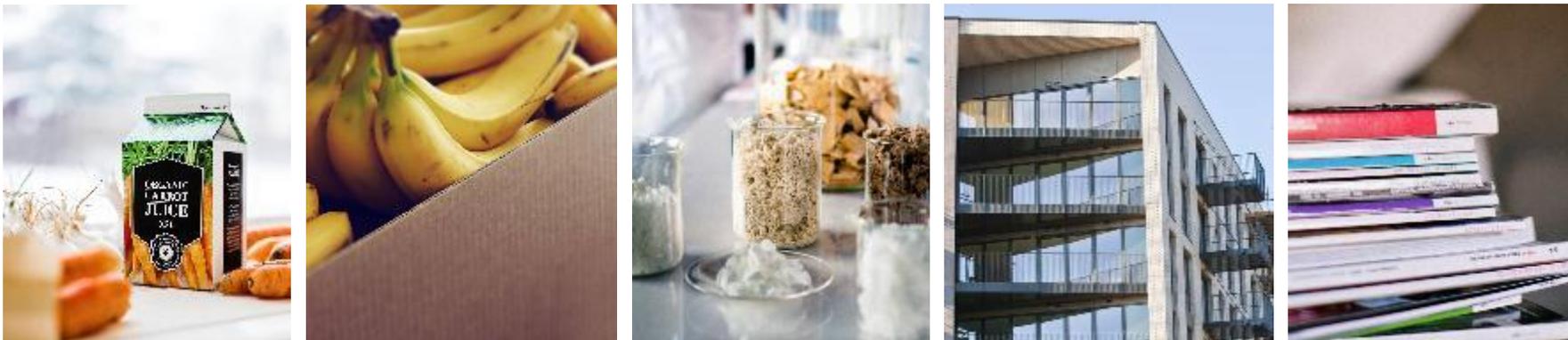
- Bio-based products are not only reusable, but also renewable



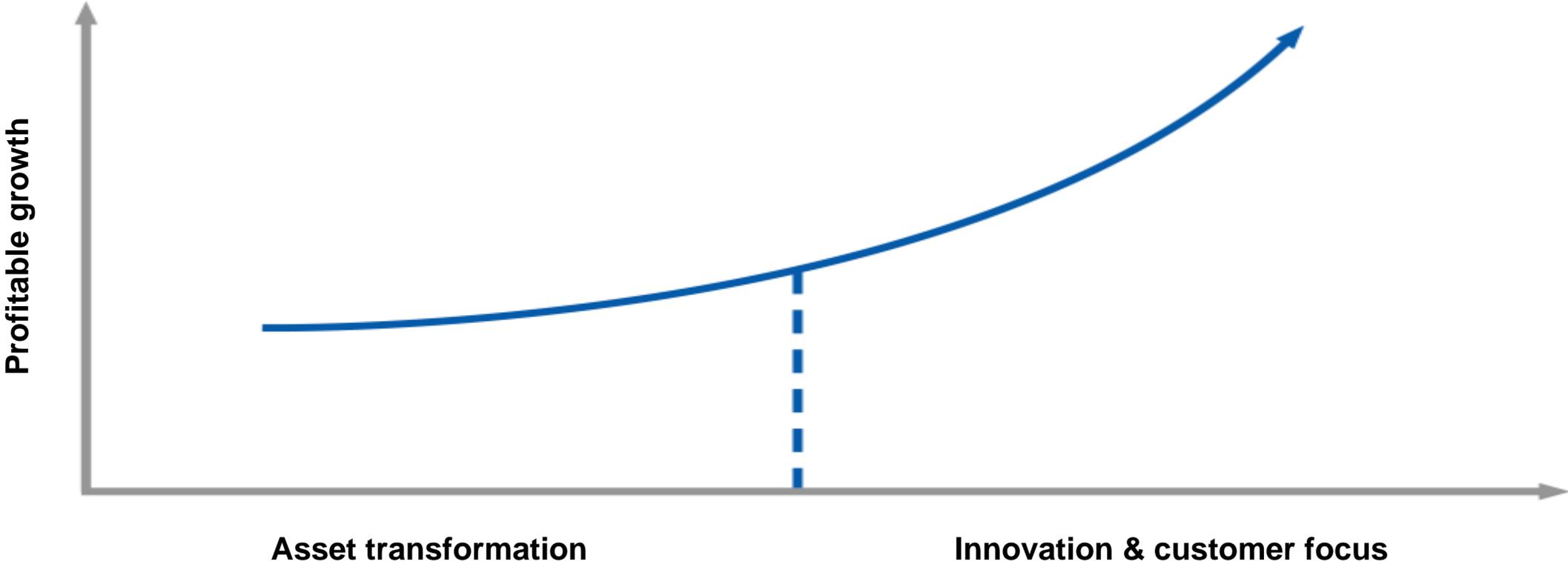
**”Everything that’s made with fossil-based materials today  
can be made from a tree tomorrow”**



From a traditional  
paper and board  
producer to a global  
renewable materials  
growth company



# From asset transformation to sales transformation



# Innovation Centre for biomaterials



- Located in Stockholm
- Maximize the value of wood and biomass
- Research, application, business development and strategic marketing
- Boost innovation by identifying business opportunities and linking them with innovation and research centres
- Xylose demonstration and market development plant under construction in Louisiana, USA, expected to be completed in early 2017



# Innovation Centre for packaging



- Located in Helsinki
- Venue for innovation and R&D work
- Develop innovative and sustainable packaging concepts with customers and other stakeholders
- A packaging design lab and virtual reality retail technology, among other things
- Co-operation with NXP on intelligent packaging solutions announced in Q2 2015, customer project ongoing
- Commercial phase for MFC announced in Q2 2015, customer deliveries started



# More for less with Micro Fibrillated Cellulose (MFC)

## The first time MFC is used for Liquid Packaging board in dairy segment



- The customer Elopak wish to make packaging as light as possible
- Renewable innovation: New Natura Concept based on MFC from Stora Enso
- Stiffness and strength are maintained with less weight → more packaging material per ton of board
- Successfully launched in Eastern Europe, more than 100 million packages produced
- Western Europe next in line



# Transformation – Beihai Mill expected to start up in May, ahead of the plan



- Beihai consumer board mill, the largest direct Nordic investment in China
- Full production expected 18–24 months from start up
- New PE Coating line investment to meet increasing demand for food service board announced in March
- BCTMP (mechanical) mill operational in Q4 2016
  - 220 000 tonnes annual capacity
- Deliveries of chemical pulp already started
  - 130 000 tonnes hardwood from Veracel
  - 90 000 tonnes softwood from the market



# Transformation – to increase growth businesses of Packaging Solutions and Wood Products in the portfolio



- Varkaus kraftliner ramping up and full production expected in early 2017
- Wooden elements investment in Varkaus proceeding according to plan and production to start in June
- The official inauguration of the next generation Varkaus Mill will take place on 29 April 2016





# Non-core asset divestments and closures in 2015 and Q1 2016

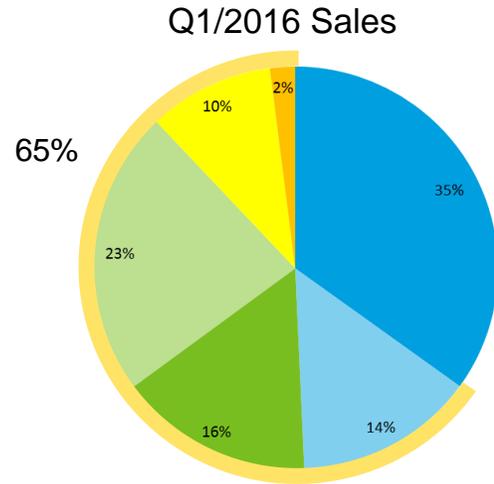
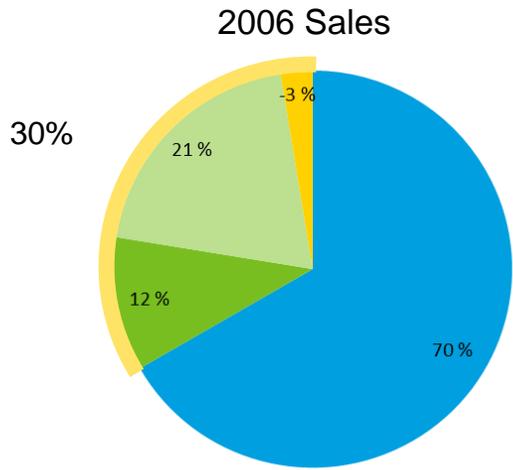


- Non-core asset divestments
  - Uetersen Mill Q1 2015
  - Komárom Mill Q3 2015
  - Barcelona Mill Q4 2015
  - Arapoti Mill Q1 2016
  - IL Recycling announced in April 2016
- Closures
  - Corrugated packaging converting unit in Chennai, India 2015
  - Pälkäne production unit Q2 2015



# Transformation journey continues

## Growth businesses 65% of sales and 79% of operational EBIT



2006

■ Paper businesses, incl. Merchants

■ Biomaterials

■ Wood products business

■ Packaging business

■ Other and eliminations

In 2006, all pulp used internally.

Q1/2016

■ Paper

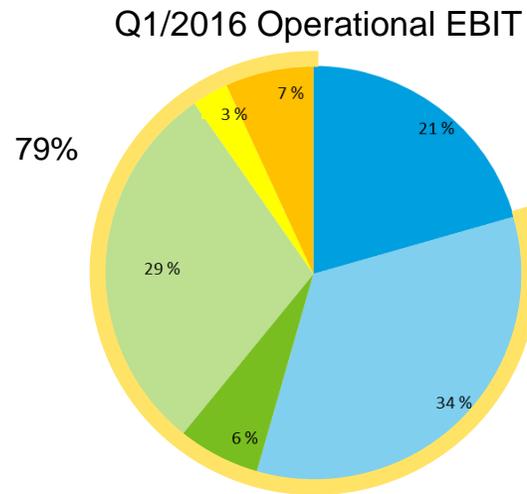
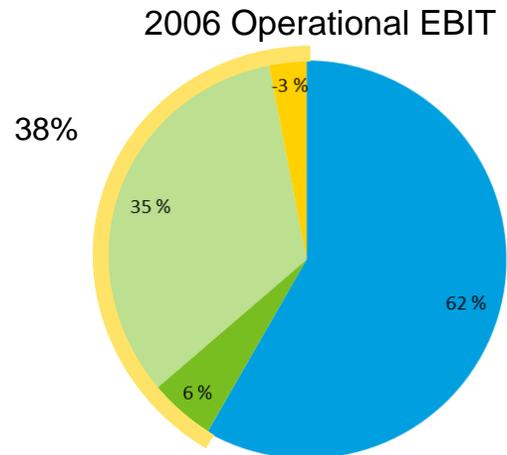
■ Biomaterials

■ Wood products business

■ Consumer Board

■ Packaging Solutions

■ Other and eliminations



# Stora Enso as a taxpayer



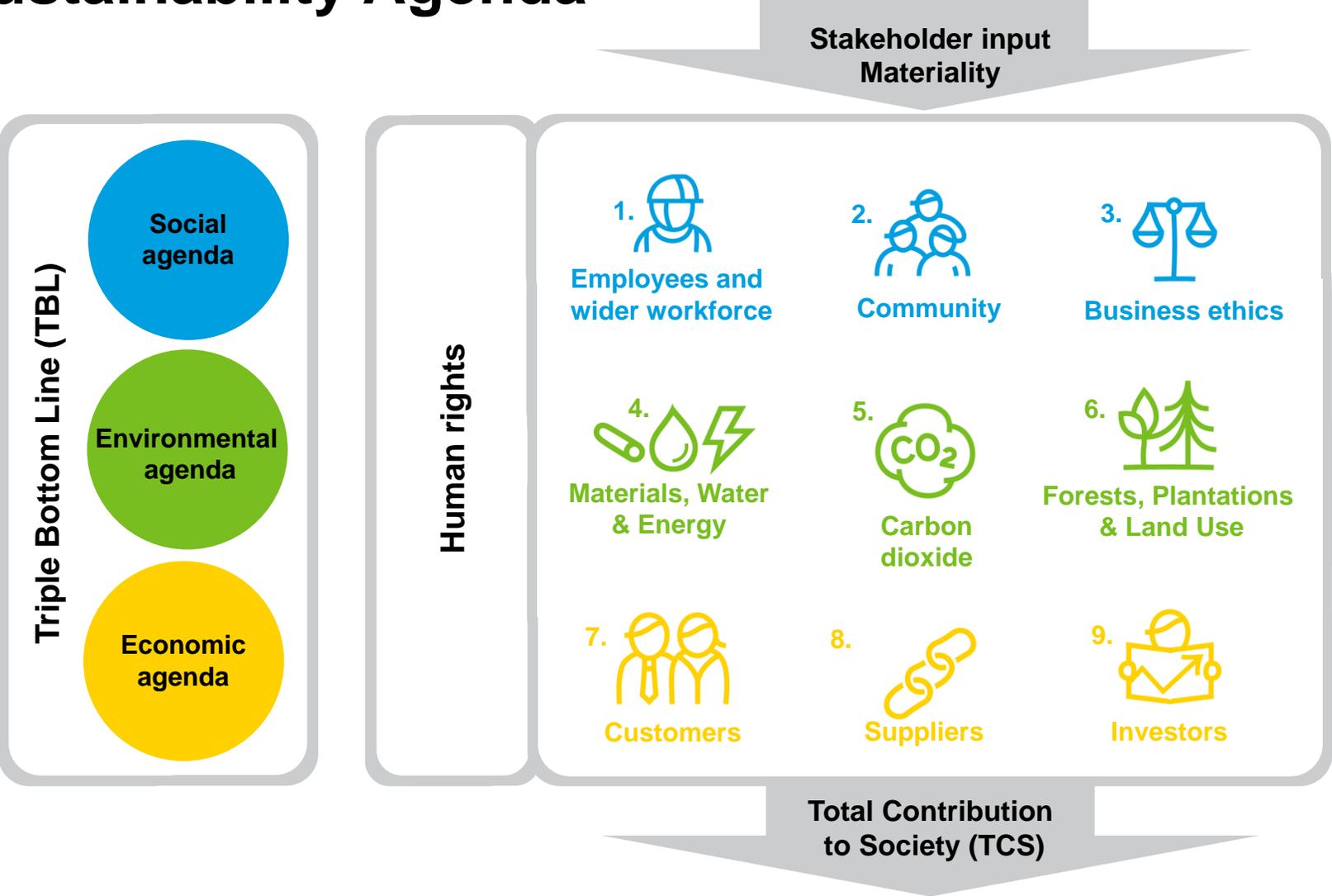
EUR million in 2015	Finland	Sweden	Germany	UK	China	Poland	Belgium	Austria	Brazil	Russia	Other	Total
Primary activity	Production	Production and sales	Production and sales	Sales	Sales	Production and sales	Production and sales	Production and sales	Production	Production and sales		
<b>Taxes borne</b>												
Corporate income tax	-	37	3	-	4	10	2	-	2	4	17	<b>79</b>
Employment taxes	89	87	17	1	13	4	11	11	3	3	20	<b>259</b>
Operational taxes	20	6	7	-	20	6	6	1	9	4	6	<b>85</b>
<b>Total Taxes Borne</b>	<b>109</b>	<b>130</b>	<b>27</b>	<b>1</b>	<b>37</b>	<b>20</b>	<b>19</b>	<b>12</b>	<b>14</b>	<b>11</b>	<b>43</b>	<b>423</b>
<b>Taxes collected</b>												
VAT & similar*	33	71	113	85	9	27	9	8	3	9	28	<b>395</b>
Payroll taxes	143	82	37	2	12	8	10	14	3	1	21	<b>333</b>
Other taxes	52	-	-	-	-	-	-	-	10	-	2	<b>64</b>
<b>Total Taxes Collected</b>	<b>228</b>	<b>153</b>	<b>150</b>	<b>87</b>	<b>21</b>	<b>35</b>	<b>19</b>	<b>22</b>	<b>16</b>	<b>10</b>	<b>51</b>	<b>792</b>
<b>Total Taxes Paid</b>	<b>337</b>	<b>283</b>	<b>177</b>	<b>88</b>	<b>58</b>	<b>55</b>	<b>38</b>	<b>34</b>	<b>30</b>	<b>21</b>	<b>94</b>	<b>1 215</b>

\* VAT, goods and services taxes and similar turnover related taxes

# Our progress in sustainability



# Our Sustainability Agenda



# Why sustainability matters



- Our purpose, values and company culture are based on fair business
- Consumers today consider the materials they buy, how the goods have been produced and under what kind of working conditions
- Rightly managed, sustainability is a competitive advantage
- **Because you care!** Investors, customers, employees and partners



# Human rights

## Integrated in our sustainability work

- We are committed to the UN Guiding Principles on Business and Human Rights
- Group-wide human rights assessments completed
  - Action plans were launched in 2015
- A unique Public-Private Partnership with ILO
  - Combatting child labour in supply chains in Pakistan continues

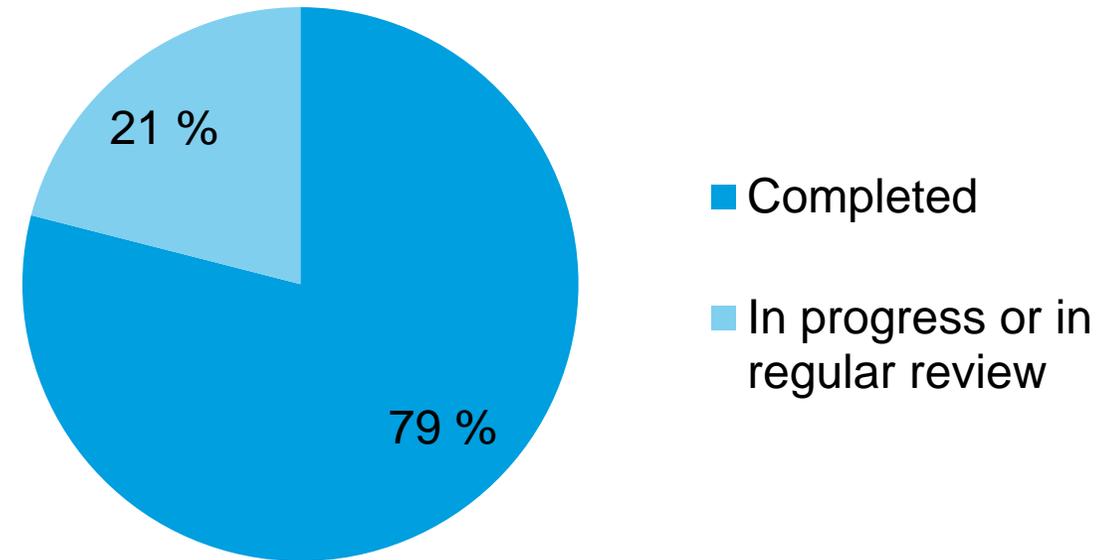


# Human Rights Action Plans in 2015–2016

## Transparent reporting of progress



- All action plans were developed by the end of Q2/2015
- Most of the action plans will be completed by the end of Q4/2016
- Total of 366 action items
- We report on our progress quarterly in our interim reviews



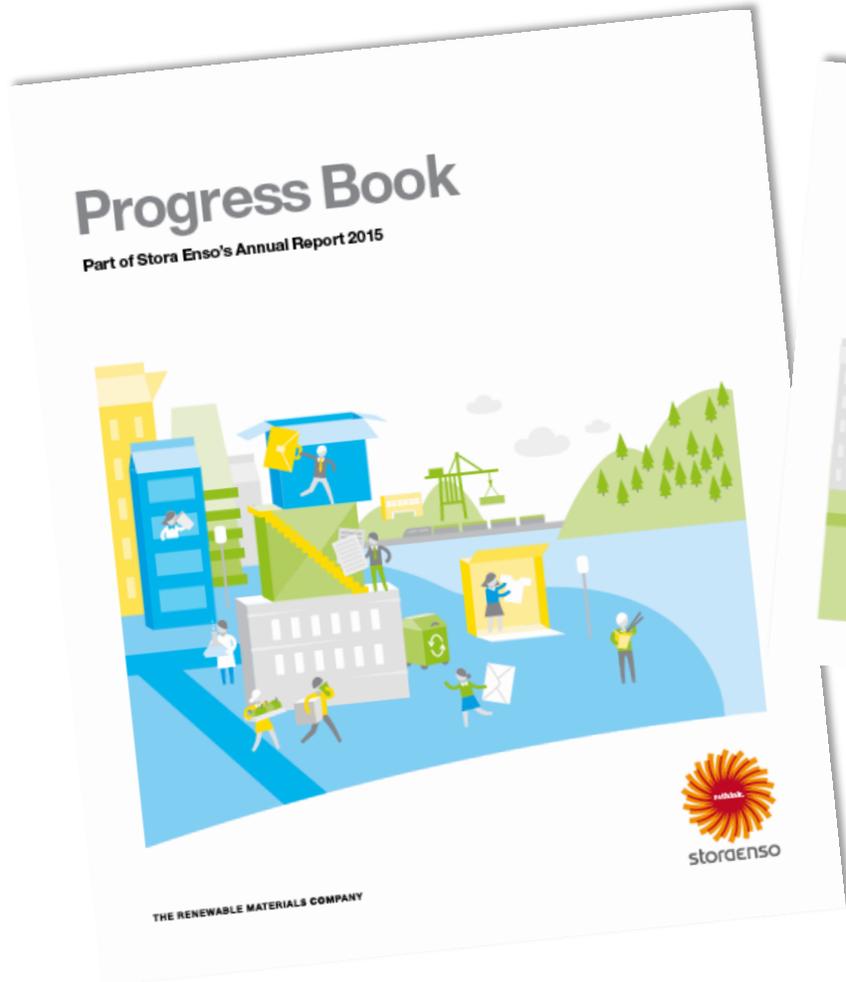
# We combat global warming with renewable materials



- Our renewable raw material absorbs CO<sub>2</sub> and our products act as carbon storages
- A high share of CO<sub>2</sub> emissions from our production are fossil free, biogenic emissions from using biomass fuels
- Our target is to reduce fossil CO<sub>2</sub> emissions by 35% from 2006 to 2025
  - In 2015 we reached a 32% reduction
- We report on our emissions transparently
  - We were highly ranked in the Carbon Disclosure Leadership Index in 2015

# When you want to know more

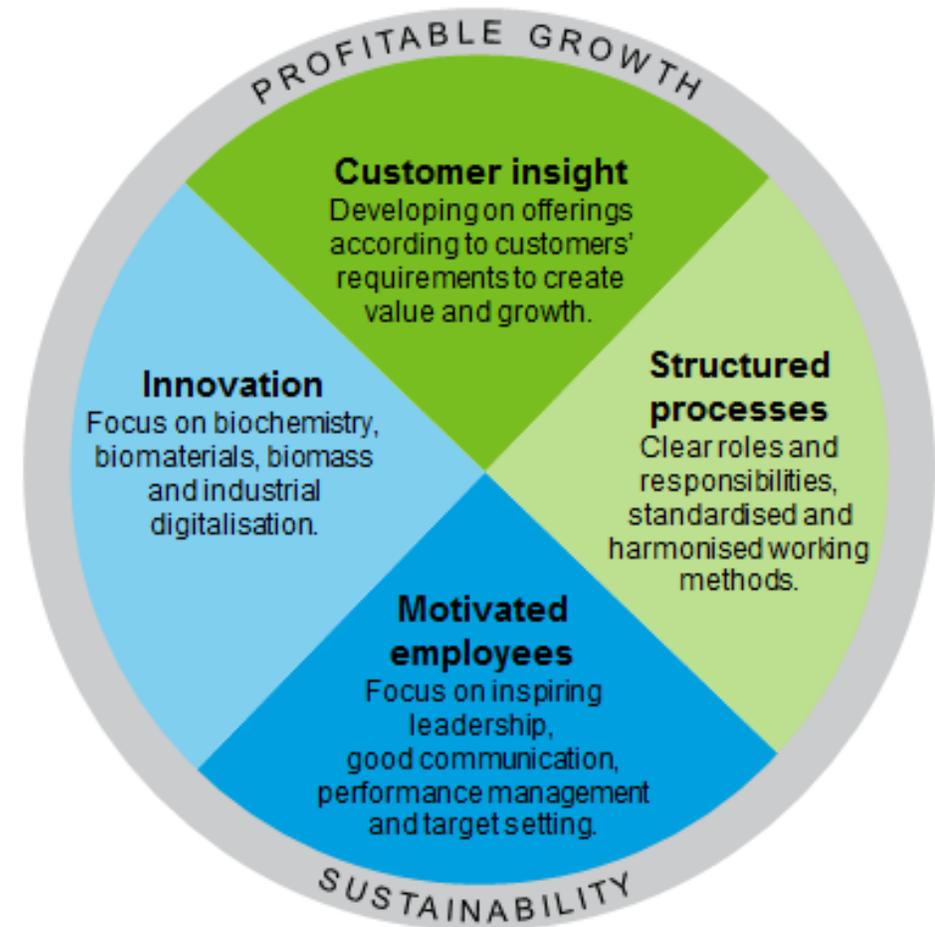
## Read our reports



# Strategy for transformation continues



Stora Enso's strategy is about **profitable growth** based on **customer insights** and **innovation**, supported by **structured processes** and **motivated employees**.





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# Adoption of the annual accounts





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# Dividend



# Dividend



The Parent Company distributable shareholders' equity on 31 December 2015 amounted to EUR 1 615 273 728.69, including the profit for the period of EUR 192 837 825.45

The Board of Directors proposes to the AGM that a dividend of EUR 0.33 per share, total of EUR 260 244 595.71 be paid to the shareholders of the Company.

Record date 2 May 2016

Payment date on or about 10 May 2016



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





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# Shareholders' Nomination Board Report



# Shareholders' Nomination Board in 2015



## Members

- Kari Järvinen (Chairman), Marcus Wallenberg, Gunnar Brock and Juha Rantanen

## Activity

- Convened 5 times, each member of the Shareholders' Nomination Board attended all meetings

## Key action points

- Board members election preparations
- Preparation of the Board Diversity Policy
- Board independence and annual evaluation review

# Annual remuneration



## Board of Directors

Chairman	EUR 170 000
Vice Chairman	EUR 100 000
Members	EUR 70 000

It is proposed that Board members use 40% of the above mentioned annual remuneration for purchasing Stora Enso R shares from the market and that the purchases will be carried out within two weeks from the AGM.

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

## Financial and Audit Committee

Chairman	EUR 20 000
Members	EUR 14 000

## Remuneration Committee

Chairman	EUR 10 000
Members	EUR 6 000

## Sustainability and Ethics Committee

Chairman	EUR 10 000
Members	EUR 6 000

Remuneration shall be paid only to non-executive Board members.

# Composition of the Board of Directors



It is proposed that the Board of Directors shall have eight (8) members:

Gunnar Brock  
Anne Brunila  
Jorma Eloranta, new member  
Elisabeth Fleuriot  
Hock Goh  
Mikael Mäkinen  
Richard Nilsson  
Hans Stråberg



# New proposed member of the Board of Directors



## Jorma Eloranta

- Born 1951
- M.Sc. (Tech), D.Sc. (Tech) h.c.
- Chair of the Board of Neste, Suominen and Uponor. Vice Chair of the Board of Finnish Fair Foundation. Member of the Board of Cargotec. Senior Advisor of Eera. Chair of the Board and President of Pienelo Ltd.
- President and CEO of Metso 2004–2011, President and CEO of Kvaerner Masa-Yards 2001–2003 and President and CEO of Patria Industries Group 1997–2000. Executive Vice President of Finvest Group and Jaakko Pöyry Group 1996 and President of Finvest 1985–1995.



# Appointment of Shareholders' Nomination Board



## Duties

- It is proposed to appoint a Shareholders' Nomination Board to exist until otherwise decided and to annually prepare proposals for the shareholders' meeting regarding the proposed Board member candidates and remuneration
- Shareholders' Nomination Board also to attend to Board succession planning

## Members

- Chairman of the Board of Directors
- Vice Chairman of the Board of Directors
- Two members appointed by the two largest shareholders (one each) as of 31 August each year

## Remuneration

- Members of the Shareholders' Nomination Board shall not receive separate compensation.

## Charter

- It is proposed that the AGM adopts the Charter for the Shareholders' Nomination Board



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# Number of members in the Board of Directors





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Mikael Mäkinen  
Richard Nilsson  
Hans Stråberg





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# Auditor's fees





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# Election of Auditors



The Board of Directors proposes to the AGM that Authorised Public Accountants Deloitte & Touche Oy continue as the statutory auditor of the Company until the end of the following AGM.



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# Thank you!





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