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Advancing our renewable materials future

Annica Bresky, President & CEO
15 March 2022

THE RENEWABLE MATERIALS COMPANY

Today's agenda

01
Purpose and performance

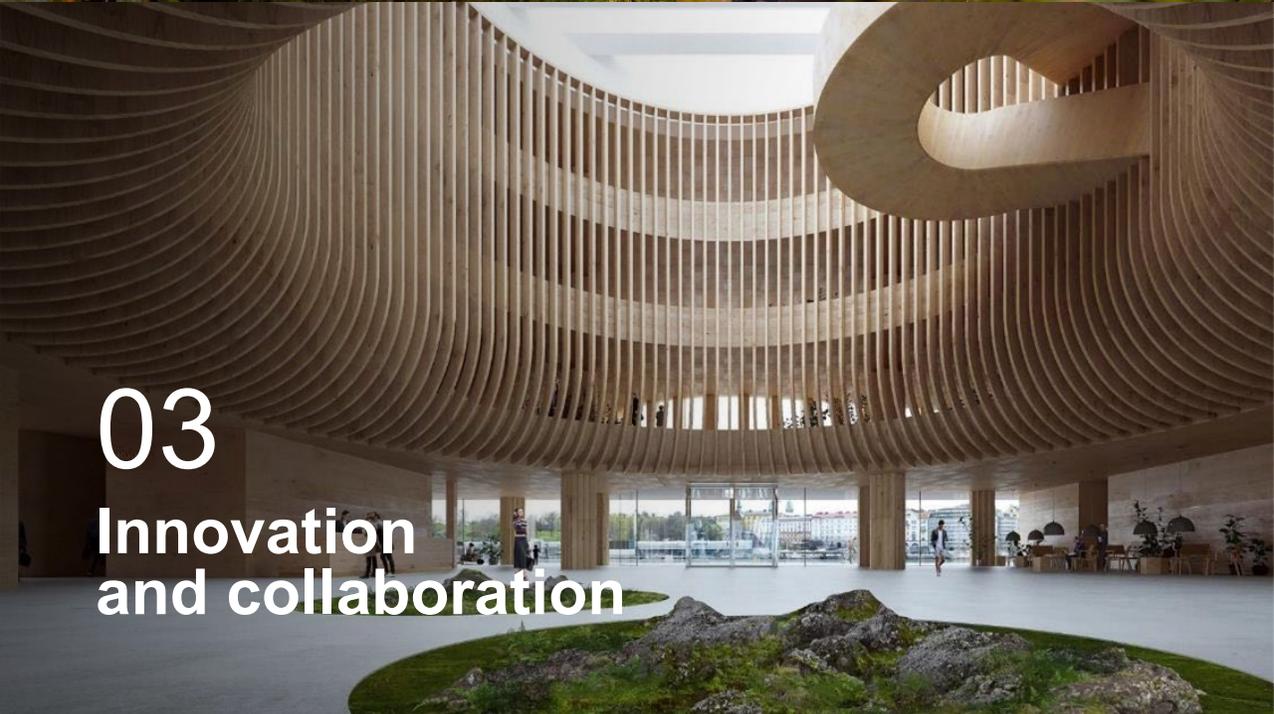


02
Sustainability and our growth



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03
Innovation and collaboration



04
Realising our renewable future



THE RENEWABLE MATERIALS COMPANY

01 Purpose and performance



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Our purpose

Do good
for people and
the planet



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Replace
non-renewable
materials with
renewable
products



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Outstanding performance in 2021



Sales

8.6 → **10.2**
BEUR 2020 → BEUR 2021

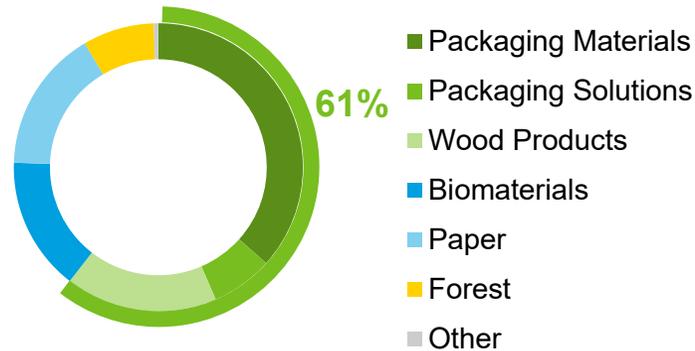
Operational EBIT

650 → **1,528**
MEUR 2020 → MEUR 2021

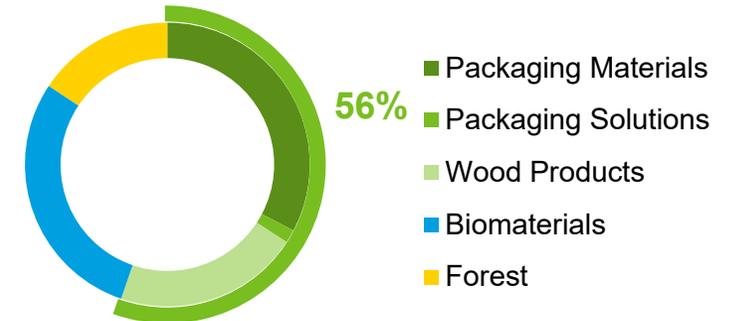
Forest value

7.3 → **8.0**
BEUR 2020 → BEUR 2021

External sales 2021



Operational EBIT 2021



1.1 net debt

to operational EBITDA Q4/21

17.8%

operational ROCE excluding Forest in 2021

~22,000

employees

We are well on our way to meeting long-term targets...



Key long-term targets		2019	2020	2021
Growth (excl. Paper)	> 5%	-3.0%	-8.7%	28.7%
Net debt to operational EBITDA	< 2.0x	2.0	2.3	1.1
Net debt to equity	< 60%	43%	33%	22%
Operational ROCE excl. Forest	> 13%	12.8%	7.0%	17.8%
Dividend per share (EUR)	To distribute 50% of EPS excluding fair valuation over the cycle	0.30	0.30	0.55
Climate: Reduction of fossil CO ₂ e emissions (scope 1 and 2)	-50% by the end of 2030 from 2019	Baseline	-13%	-14%
Climate: Reduction of fossil CO ₂ e emissions (scope 3)	-50% by the end of 2030 from 2019	Baseline	-11%	-2%
Circularity	100% by 2030	n/a	n/a	93%
Biodiversity: Forest certification coverage	≥96%	99%	99%	99%

...and are delivering on our strategic roadmap to accelerate and focus growth



Driving operational excellence and cost savings

- ✓ New decentralised **operating model**
- ✓ **410 MEUR** in ongoing cost savings

Reducing exposure to Paper

~30% of sales 2018 → **~14%** of sales Q4 2021

Investing in our growth businesses

+500 MEUR
Sales (completed or decided)

+800 MEUR
Sales (feasibility study ongoing)

2019

2020

2021

2022

Transformation

Evolution

Securing supply of sustainable and competitive raw materials

- ✓ Direct ownership of our **Swedish forests**

Accelerating our innovation agenda

- ✓ Commercialisation of new bio-based and renewable materials

02 Sustainability and our growth

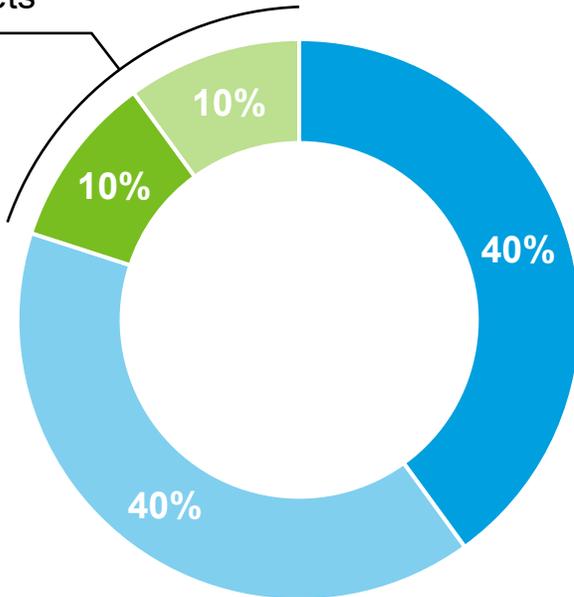


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Lifting business performance by aligning ESG targets with remuneration

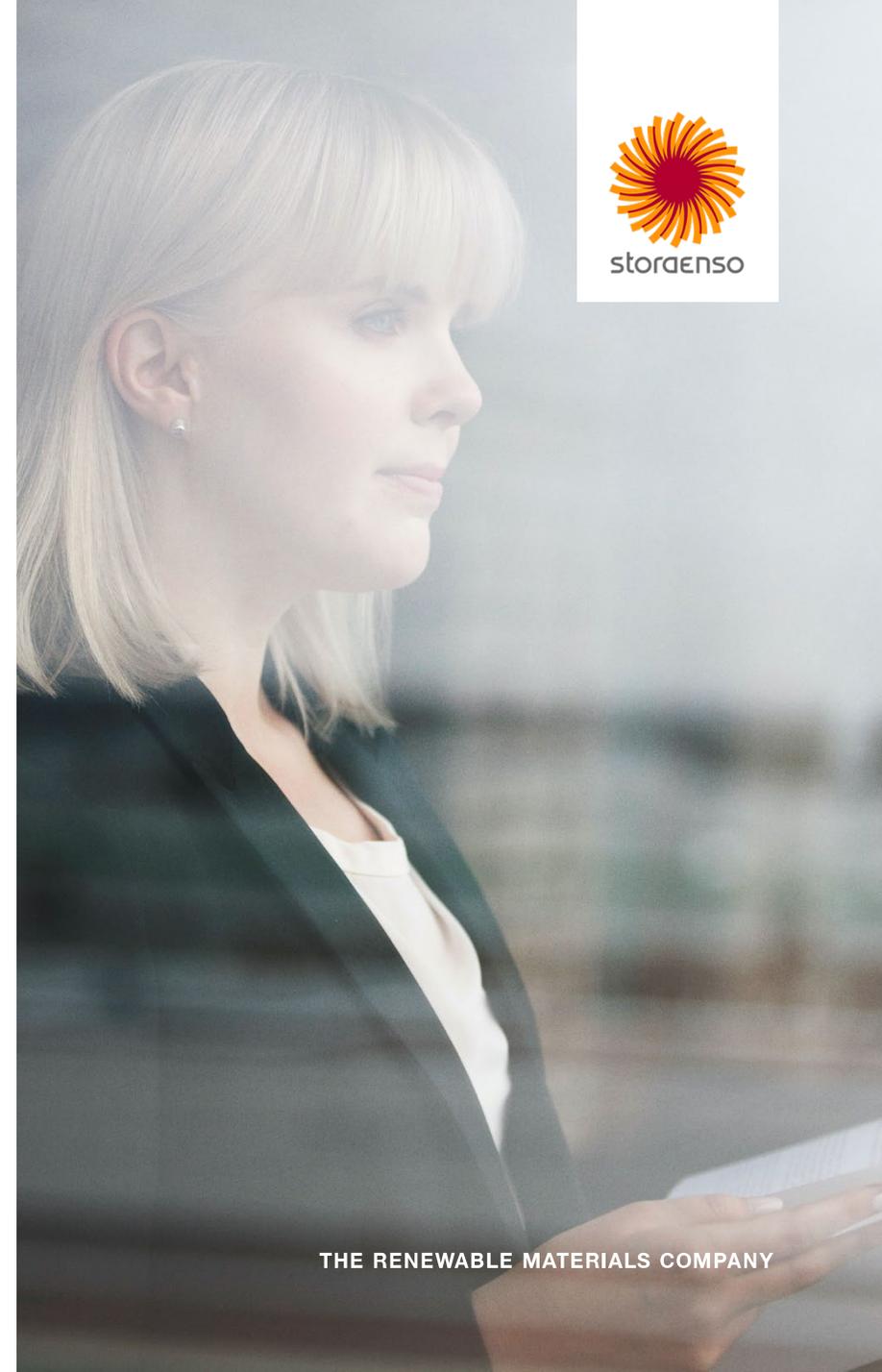


ESG targets



- Total shareholder return (TSR)
- Earnings per share (EPS)
- CO₂ emission reduction
- Diversity and inclusion

The purpose of the LTIP is to incentivise and align management with shareholder interests and the long-term strategy of the company



Sustainability is driving our growth strategy



Renewable packaging

>20%

EBIT margin
significant growth potential



Renewable building solutions

~20%

EBIT margin, **3x** sales and
>**10%** market growth



**Renewable biomaterials
innovations**

>35%

margin in novel markets
strong growth potential

03 Innovation and collaboration



ROOMS

COMMON SPACE



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2 billion m²

The expected annual growth of the global building stock

50 million tonnes

Decrease of CO₂ if 10% of new buildings were built with wood

This saving is equivalent to removing **12.5 million** petrol cars annually

Only ~2%

Of European multi-storey buildings are made from wood, a great opportunity for growth

Creating renewable building solutions – low carbon building concepts driving long-term growth

- The construction industry represents **40% of global CO₂ emissions**, there is a need to shift to renewable materials
- Construction materials represent **11% of global CO₂ emissions**
- Construction related CO₂ emissions can be reduced **by 75% by building with wood**
- **Wooden buildings store carbon**, contributing to greener environments
- People living or working in wooden buildings report **better levels of wellbeing**



Partnering to expand reach and development of **new products and sustainable solutions**



Building Solutions

Accelerating the use of **environmentally friendly construction** products globally



PureFiber™

Removing plastic waste by **replacing single-use plastics** with formed fiber



Circular Solutions

Tripling the recycling capacity of beverage cartons in Poland



NeoLigno®

Commercialising the world's first entirely **bio-based furniture board**



Pulpex

Industrialising the production of **eco-friendly paper bottles**



Lineo®

Replacing fossil-based materials with **bio-based solutions in asphalt**



Aqua™

Replacing plastics in food packaging applications



Innovating a future powered by Lignode®

- Increasing demand of anode battery material driven by electrification of vehicles, consumer electronics and large-scale energy storage systems
- Strategic material with no current local supply in Europe
- The carbon market for batteries is growing by >30% annually
- >450,000 tonnes of carbon material needed in Europe by 2025
- Ramping up production in our pilot plant, pre-feasibility study for commercial investment ongoing
- Exploring strategic partnerships to accelerate scale-up and commercialisation





Investing in renewable packaging

Strong long-term demand for high-quality, low carbon packaging supports our growth strategy and leading position

- Feasibility study to explore expansion in renewable packaging board
- Target customer segments: frozen and chilled food, beverages, pharma and cosmetics
- Potential sales of 800 MEUR, capacity of 750kt of Folding Box Board and Coated Unbleached Kraft
- Capex 900 – 1,000 MEUR in 2023 – 2026
- Net reduction of total market pulp exposure of 300kt

04 Realising our renewable future



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Annual outlook and guidance

Our outlook and guidance remain unchanged for the time being despite increased geopolitical concerns caused by the Russian invasion of Ukraine.

Outlook

- The macroeconomic environment and the pandemic are persisting uncertainties. Demand for Stora Enso's products across all divisions is supporting a sustained commercial momentum
- Measures such as pricing, flexibility in sourcing and logistics, as well as hedging are in place to manage volatility

Guidance

- Stora Enso's full year 2022 operational EBIT is estimated to be approximately in line with the full year operational EBIT for 2021 (1,528 MEUR)



Operational EBIT in FY 2022 estimated to be approximately in line with FY 2021

Record high results driven by strong demand and strategic progress

- ✓ Record high profitability and balance sheet
- ✓ Forest fair valuation reached 8 BEUR
- ✓ All-time high dividend of 0.55 EUR per share
- ✓ Well positioned to capture future growth

storaenso.com/annualreport



We make a positive climate impact every year



Our value chain emissions

10.2
million tonnes of CO₂



Our forests remove carbon

-1.5
million tonnes of CO₂



Our products store carbon

-2.5
million tonnes of CO₂



Our products substitute fossil-based products, saving

-17.2
million tonnes of CO₂



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**Thank you
for your
time and trust**

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.

Explanations



Slide 21

Negative value indicates a net removal from atmosphere. Calculated by the Swedish University of Agricultural Sciences (SLU) based on Stora Enso's forest and production figures: Climate effects of a forestry company – including biogenic carbon fluxes and substitution effects (2021 update).

Net annual carbon sequestration with forward-looking simulation in Stora Enso's forest assets. Excludes purchased wood from third-party forest owners, whose forests are estimated to have an additional net carbon sequestration of –5 million tonnes of CO₂ annually. For more information, see also Carbon in Stora Enso's forests.

Stora Enso's fossil CO₂e emissions in 2021 including direct emissions from our operations, emissions from purchased energy as well as emissions from other sources along our value chain (Scope 1, 2, and 3). Calculated based on the guidance provided by the Greenhouse Gas Protocol.



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