

Stora Enso Interim Report

January–September 2020

Q3



storaenso

THE RENEWABLE MATERIALS COMPANY



Solid performance continues in challenging business environment

Focus on cash flow and profit protection

Q3/2020 (compared with Q3/2019)

- Sales decreased by 13.5% to EUR 2 079 (2 402) million, due to lower deliveries and prices. Sales excluding Paper decreased by 6.0%.
- Operational EBIT decreased to EUR 175 (245) million. The impact of lower sales was partly offset by continued cost management. Operational EBIT excluding Paper, EUR 191 (195) million, remained at the same level as a year ago.
- Operational EBIT margin was 8.4% (10.2%). Excluding Paper, operational EBIT margin increased to 11.8% (11.3%).
- Operating profit (IFRS) was EUR 145 (170) million.
- Items affecting comparability (IAC) amounted to EUR -25 (-36) million.
- EPS was EUR 0.11 (0.09) and EPS excl. IAC and fair valuations was EUR 0.14 (0.18).
- The fair value of biological assets, including Stora Enso's share of Tornator, decreased by EUR 17 million in the balance sheet during Q3. The total biological asset fair value was EUR 4 590 (3 604) million at the end of September.
- Cash flow from operations amounted to EUR 399 (493) million. Cash flow after investing activities was EUR 250 (347) million.
- The net debt to operational EBITDA ratio at 2.4 (2.1) was above the target level of less than 2.0. Net debt was reduced by over EUR 700 million.
- Strong liquidity at EUR 2.2 billion, including cash and committed credit facilities and good access to funding sources.
- Operational ROCE was 6.7% (9.2%), below the strategic target of more than 13%. Operational ROCE excluding Forest division was 8.0% (11.7%).

Q1-Q3/2020 (compared with Q1-Q3/19)

- Sales were EUR 6 400 (7 644) million, mainly as a result of the impact of the Covid-19 pandemic, and the Finnish union strikes during the first quarter.
- Operational EBIT was EUR 532 (879) million. Operational EBIT excluding Paper was EUR 566 (710) million.

Profit protection programme target increased to EUR 400 million

The target of the profit protection programme was increased from EUR 350 million to EUR 400 million for continuous cost savings. The target for one-time savings remains at EUR 85 million. The programme is proceeding well and ahead of plan. The target is to achieve these savings by the end of 2021.

Approximately EUR 65 million of the continuous cost savings were achieved during Q3/2020. Including the one-time cost savings, the total implemented cost saving amounted to EUR 70 million in Q3/2020. In 2019, we

achieved EUR 105 million in continuous savings, and in 2020, with over EUR 150 million delivered already by the end of Q3, we will clearly exceed the previous year's level.

Main events

- Packaging board production is expected to begin at Oulu Mill around the New Year, and paper production was stopped during the third quarter.
- Stora Enso invests EUR 79 million in a new production line for cross laminated timber (CLT) at its Ždírec sawmill in the Czech Republic.
- Stora Enso will shut down one standard newsprint paper machine (PM3) at Hylte Mill in Sweden by the end of 2020 and the deinking plant at the latest in Q2/2021.
- Stora Enso invests EUR 10 million in dispersion barrier technology for paperboard that is easier to handle in a recycling process, has a lower carbon footprint and is compostable in industrial facilities.
- Production ramp-up of new-generation formed fiber products started at Hylte Mill in Sweden.
- Stora Enso will build a pilot facility for biofoam, a lightweight, fiber-based foam material for protective packaging and cushioning.
- Stora Enso has decided to start using a valuation method for its forest assets in the Nordics based on market transaction data and change the accounting policy from the fourth quarter of 2020 onwards.

Managing uncertainties

The health and safety of Stora Enso's employees is a key priority. Thanks to Stora Enso's proactive approach during Covid-19 thus far, there has been minimal impact on the Group's ability to serve customers and run operations.

The upcoming maintenance shutdowns in Q4 are well prepared to ensure the health and safety of the Group's employees, contractors and communities in which it operates.

The Group also continues to focus on sales and customer service as well as cost and working capital management, ensuring liquidity and cash flow to remain resilient and ensure quick recovery.

Stora Enso has taken all necessary precautions to manage a possible "no-deal" Brexit in order to avoid negative impacts to its business.

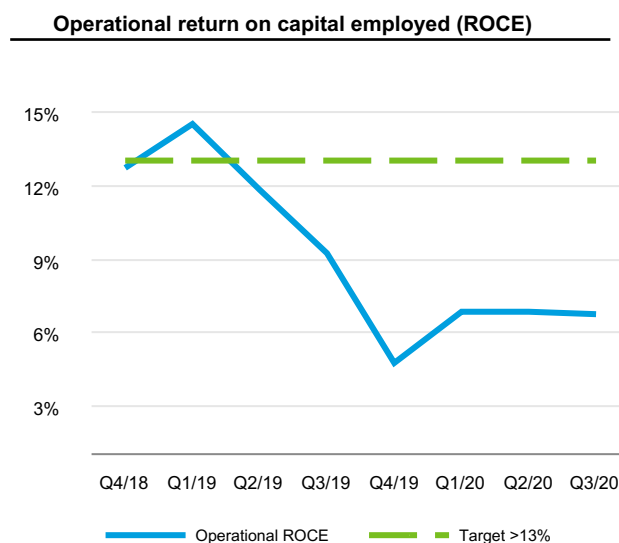
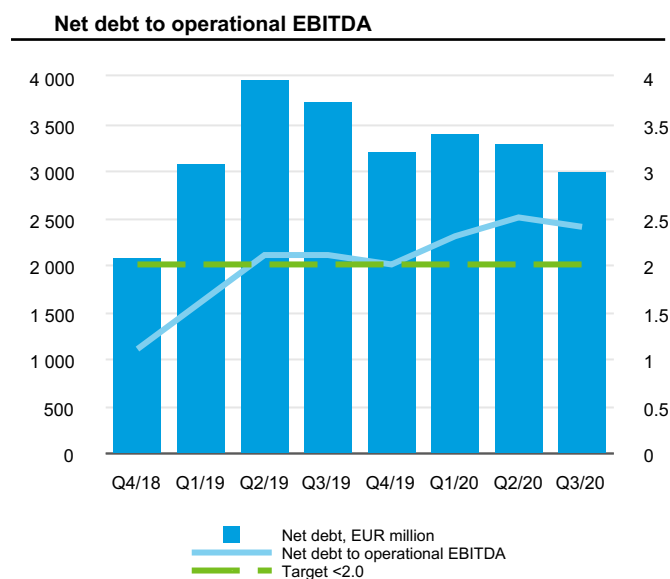
Guidance and outlook

Stora Enso has discontinued its quarterly guidance and annual outlook until further notice, due to the uncertainty in the global economy. The Covid-19 crisis has created mixed market conditions for the Group's products.

The Oulu Mill conversion from coated fine paper to kraftliner packaging material is planned to be completed during Q4 within budget. The packaging production is expected to start around the New Year. This conversion is estimated to have EUR 30–40 million negative impact on the Packaging Materials Q4/2020 operational EBIT. The mill is planned to reach designed capacity by the end of Q2/2021 and commercialisation of product portfolio by the end of 2021.

Paper production at the Oulu Mill stopped during Q3/2020. Paper division is planning to complete the sale of the mill's coated fine paper inventories during Q4/2020. Therefore, Oulu Mill is still expected to have a EUR 5–10 million negative impact on the Paper division Q4/2020 operational EBIT.

During Q4/2020 there will be annual maintenance shutdowns at seven mills. The total negative impact of maintenance is estimated to be EUR 10 million less compared to Q3/2020 and EUR 15 million less compared to Q4/2019.



Key figures

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	2 079	2 402	-13.5%	2 114	-1.7%	6 400	7 644	-16.3%	10 055
Operational EBITDA	330	397	-17.0%	332	-0.7%	997	1 337	-25.4%	1 614
Operational EBITDA margin	15.9%	16.5%		15.7%		15.6%	17.5%		16.0%
Operational EBIT	175	245	-28.6%	178	-1.5%	532	879	-39.4%	1 003
Operational EBIT margin	8.4%	10.2%		8.4%		8.3%	11.5%		10.0%
Operating profit (IFRS)	145	170	-14.6%	226	-35.6%	633	624	1.3%	1 305
Profit before tax excl. IAC and FV	144	191	-24.3%	142	1.7%	413	745	-44.6%	835
Profit before tax (IFRS)	115	115	-0.7%	190	-39.6%	513	490	4.6%	1 137
Net profit for the period (IFRS)	86	59	46.9%	144	-40.1%	380	336	12.9%	856
Cash flow from operations	399	493	-19.2%	363	9.9%	907	1 266	-28.3%	1 991
Cash flow after investing activities	250	347	-27.9%	239	4.5%	458	868	-47.3%	1 386
Capital expenditure	156	150	4.5%	144	9.0%	385	354	8.7%	656
Capital expenditure excluding investments in biological assets	143	130	10.0%	126	14.0%	341	303	12.5%	579
Depreciation and impairment charges excl. IAC	135	130	3.1%	136	-0.9%	408	397	2.7%	533
Net interest-bearing liabilities	3 008	3 745	-19.7%	3 289	-8.5%	3 008	3 745	-19.7%	3 209
Operational return on capital employed (ROCE), %	6.7%	9.2%		6.8%		6.8%	12.1%		10.3%
Operational ROCE excl. Forest division	8.0%	11.7%		7.8%		7.8%	15.0%		12.8%
Earnings per share (EPS) excl. IAC and FV ¹ , EUR	0.14	0.18	-19.3%	0.14	2.2%	0.40	0.77	-47.5%	0.84
EPS (basic), EUR	0.11	0.09	26.1%	0.19	-40.3%	0.49	0.46	7.2%	1.12
Return on equity (ROE)	4.8%	3.5%		8.1%		6.9%	6.6%		12.1%
Net debt/equity ratio	0.42	0.55		0.45		0.42	0.55		0.43
Net debt to last 12 months' operational EBITDA ratio	2.4	2.1		2.5		2.4	2.1		2.0
Fixed costs to sales, %	26.8%	24.2%		26.3%		26.0%	23.3%		24.3%
Equity per share, EUR	9.18	8.72	5.3%	9.19	0.0%	9.18	8.72	5.3%	9.42
Average number of employees (FTE)	24 428	26 414	-7.5%	25 077	-2.6%	24 817	26 347	-5.8%	26 096
TRI rate ¹²	6.4	7.6	-15.8%	4.7	36.2%	5.9	7.1	-16.9%	7.0

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020.

Operational key figures, items affecting comparability and other non-IFRS measures: The list of Stora Enso's non-IFRS measures and the calculation of the key figures are presented at the end of this report. See also the chapter *Non-IFRS measures* at the beginning of the Financials section.

IAC = Items affecting comparability, **FV** = Fair valuations and non-operational items

TRI (Total recordable incidents) rate = number of incidents per one million hours worked.

¹ For own employees, including employees of the joint operations Veracel and Montes del Plata

² Q3/19 figure recalculated due to additional data received after the report was published.

³ Earnings per share (EPS) excl. IAC and FV was added to the list of non-IFRS measures during Q1/2020 replacing the key figure of EPS excl. IAC. Comparatives are recalculated.

Production and external deliveries

	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Consumer board deliveries, 1 000 tonnes	686	702	-2.3%	734	-6.6%	2 096	2 124	-1.3%	2 811
Consumer board production, 1 000 tonnes	684	702	-2.6%	745	-8.2%	2 116	2 089	1.3%	2 775
Containerboard deliveries, 1 000 tonnes	239	241	-0.7%	236	1.2%	710	705	0.7%	943
Containerboard production, 1 000 tonnes	318	323	-1.5%	322	-1.4%	960	973	-1.3%	1 303
Corrugated packaging European deliveries, million m ²	225	231	-2.6%	212	6.3%	660	690	-4.4%	925
Corrugated packaging European production, million m ²	249	254	-1.8%	237	5.5%	734	769	-4.5%	1 033
Market pulp deliveries, 1 000 tonnes	671	559	20.0%	557	20.3%	1 754	1 700	3.2%	2 362
Wood products deliveries, 1 000 m ³	1 149	1 231	-6.7%	1 174	-2.2%	3 448	3 724	-7.4%	4 918
Wood deliveries, 1 000 m ³	2 418	2 464	-1.9%	2 814	-14.1%	8 273	8 799	-6.0%	11 717
Paper deliveries, 1 000 tonnes	731	1 010	-27.6%	666	9.8%	2 314	3 102	-25.4%	4 130
Paper production, 1 000 tonnes	723	988	-26.8%	650	11.2%	2 303	3 084	-25.3%	4 065

CEO comment

We have delivered a solid result for the quarter and I am satisfied with our performance, considering the unprecedented uncertainty and volatility on markets around the world.

Although we report a decreased operational EBIT of EUR 175 million compared to last year, excluding Paper, operational EBIT remained at the same level due to strong results in the Packaging Materials, Wood Products and Forest divisions. The pandemic's biggest effect continues to be on our Paper business. I was very glad to see a return to positive cash flow for the quarter. The market also remains challenging for Biomaterials, with low pricing. On a positive note, excluding Paper, our operational EBIT margin increased to 11.8%, a sign of the resilience of our growth businesses and good cost management.

We have been successful in our focus on working capital and we delivered a good cash flow amounting to close to EUR 400 million. We continue to stay focused on what we can influence through these challenging times: ensuring the health of our employees, serving and supporting our customers, running our operations as efficiently as possible, securing our financial resilience and building our future businesses through our innovation agenda. We want to be in a strong position when the tide turns.

I am satisfied that our major maintenance stops during the quarter have been well managed. We continue our normal safety work and our performance has improved compared to last year, even if we are not yet reaching our target level. Since we have several maintenance shutdowns planned for the last quarter of the year, we will continue our diligent work together with our partners and suppliers, with the target to protect our people, contractors and the local communities from Covid-19 outbreaks.

We have decided to start using a valuation method for our forest assets in the Nordics based on market transaction data and change the accounting policy from the fourth quarter of 2020 onwards. This method provides a more transparent, and less subjective valuation basis of the total value of the forest assets. Preliminary estimations indicate that the value of our forest assets is expected to be between EUR 6.5 billion and EUR 7.0 billion, compared with the end of Q3/2020 book value of EUR 5.4 billion.

Regarding our transformation projects, our proactive Oulu Mill conversion to packaging board proceeds according to plan and production will begin around New Year. On the note of the structural decline in paper, it was with regret that we announced the plans to shut down one paper machine at Hylte Mill in Sweden. Closures are always tough decisions impacting many people, but through this action we ensure the competitiveness of the mill. Stora Enso is committed to support the employees who will be affected by the closure. And at the same time, we have started the production of formed fiber food service products in Hylte. PureFiber™ by Stora Enso is an eco-product range produced without e.g. plastic. We have a positive momentum and see strong demand for these products.

To further strengthen our position as a global provider of high-quality engineered wooden elements, we invest close to EUR 80 million in a new production line for cross laminated timber in the Czech Republic. It further improves our capabilities to offer a high-quality range of building

solutions for customers around the world. It also supports our market leading position in CLT.

As additional steps in our innovation agenda, we invest around EUR 10 million in dispersion barrier technology in Sweden. This enables the development and production of paperboard with sustainable barrier properties that are easier to recycle, have a lower carbon footprint and can be compostable. Moreover, we will build a pilot facility for producing biofoam, a lightweight, fiber-based foam material for protective packaging and cushioning. It replaces the widely used oil-based polymer foams in packaging. With these investments, we help our customers and consumers become more eco-friendly while creating value in the circular bioeconomy.

Unfortunately, in the short-term outlook, we can see the pandemic increasing and once again creating uncertainty in the pace and strength of the global financial recovery. I am convinced that the poor visibility of the market conditions will continue. In this environment, we don't give guidance, but it is fair to say that the outlook for our businesses remains mixed. Therefore, when I look at our resilience going forward, I am pleased that our liquidity is secured, and our profit protection programme is moving ahead with speed. We have also identified additional savings opportunities and will increase the saving target further to EUR 400 million.

The winners as I see it, will be companies that have long-term sustainable businesses, from environmental, social and financial perspective; that stay close to their customers and innovate based on the consumer future needs; that can manage volatility and are agile in adapting to this changed reality. This is Stora Enso's competitive edge.

The future grows in the forest.

Annica Bresky, President and CEO

Operational EBIT
8.4%

Operational ROCE
6.7%

(Target >13%)

Reconciliation of operational profitability

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Operational EBITDA¹	330	397	-17.0%	332	-0.7%	997	1 337	-25.4%	1 614
Depreciation and silviculture costs of EAI	-6	-3	-115.5%	-3	-98.6%	-11	-14	15.6%	-16
Silviculture costs ²	-14	-19	26.6%	-16	11.1%	-45	-47	4.9%	-62
Depreciation and impairment excl. IAC	-135	-130	-3.1%	-136	0.9%	-408	-397	-2.7%	-533
Operational EBIT	175	245	-28.6%	178	-1.5%	532	879	-39.4%	1 003
Fair valuations and non-operational items ³	-4	-39	88.7	55	-108.0%	144	-94	254.3	494
Items affecting comparability (IAC)	-25	-36	30.3%	-7	-269.6%	-44	-161	72.6%	-192
Operating profit (IFRS)	145	170	-14.6%	226	-35.6%	633	624	1.3%	1 305

¹ Restated Operational EBITDA includes operational fair value changes of biological assets of EUR 50 million for 2019. In addition, the Nordic forests silviculture costs of EUR 21 million for 2019 have been presented under Operational EBITDA.

² Including damages to forests

³ Fair valuations and non-operational items include CO₂ emission rights, non-operational fair valuation changes of biological assets and the Group's share of income tax and net financial items of EAI. From 1 January 2020 onwards, the changes in the fair valuation of biological assets are categorized in non-operational and operational fair value changes. Non-operational fair value changes of biological assets reflect changes made to valuation assumptions and parameters, usually during the annual valuation process. Operational fair value changes of biological assets are included in Operational EBITDA and contain all other fair value changes, mainly due to inflation and differences in actual harvesting levels compared to the harvesting plan. The previous periods have been restated.

Third quarter 2020 results (compared with Q3/2019)

Breakdown of change in sales Q3/2019 to Q3/2020

Sales Q3/2019, EUR million	2 402
Price and mix	-3%
Currency	0%
Volume	-6%
Other sales ¹	-1%
Total before structural changes	-11%
Structural changes ²	-2%
Total	-13%
Sales Q3/2020, EUR million	2 079

¹ Energy, paper for recycling, by-products etc.

² Asset closures, major investments, divestments and acquisitions

Group sales decreased by 13%, or EUR 323 million from the previous year to EUR 2 079 (2 402) million. Group sales excluding Paper division decreased by 6%. Deliveries were clearly lower, especially for Paper, as the Covid-19 pandemic reduced demand. Sales prices were lower in all divisions despite active mix management, and slightly lower by-product sales decreased the top line further. The divestments and closures at the Dawang paper mill in China, paper production at Oulu Mill in Finland, and at the Kitee and Pfarrkirchen sawmills in Finland and Germany, as well as a small packaging paper machine closure at Imatra Mills in Finland reduced sales.

Operational EBIT decreased by 29%, or EUR 70 million, from the previous year to EUR 175 (245) million. The operational EBIT margin decreased to 8.4% (10.2%).

Lower sales prices in all divisions decreased operational EBIT by EUR 131 million. Total volume impact decreased operational EBIT by EUR 71 million, mainly due to the accelerated structural decline in paper demand. Production was curtailed due to Covid-19 pandemic.

Variable costs decreased by EUR 141 million mainly due to lower wood, pulp, chemicals and fillers and transportation costs, supported by the profit protection programme actions. Fixed costs increased by EUR 15 million, mainly due to higher annual maintenance shutdown costs, impacted by additional Covid-19 precautionary measures. Net foreign exchange rates had a positive impact of EUR 11 million on operational EBIT. The operational result from equity accounted investments remained unchanged and the impact from depreciations and divested and closed units decreased operational EBIT by EUR 5 million.

The average number of employees in the third quarter of 2020 was approximately 24 400 (26 400).

Fair valuations and non-operational items had a negative net impact on the operating profit of EUR 4 (negative 39) million. The negative impact came mainly from the forest valuation decreases.

The fair value of biological assets, including Stora Enso's share of Tornator, decreased by EUR 17 million in the balance sheet during Q3. The total biological asset fair value was EUR 4 590 (3 604) million at the end of September.

Earnings per share increased by 26.1% to EUR 0.11 (0.09), and earnings per share excluding items affecting comparability (IAC) and fair valuations decreased to EUR 0.14 (0.18).

The Group recorded items affecting comparability (IACs) with a negative impact of EUR 25 (negative 36) million on its operating profit. The related tax impact was positive EUR 5 (positive 2) million. The IACs relate mainly to the Hylte Mill restructuring in Sweden.

Net financial expenses of EUR 31 million were EUR 24 million lower than a year ago. Net interest expenses of EUR 33 million decreased by EUR 4 million, mainly as a result of lower average interest expense rate on borrowings and lower gross debt. Other net financial expenses were EUR 2 (1) million. The net foreign exchange rate impact in respect of cash equivalents, interest-bearing assets and liabilities and related foreign-currency hedges amounted to a gain of EUR 4 (loss of EUR 17) million, mainly due to a revaluation of foreign currency net debt in subsidiaries and joint operations.

Breakdown of change in capital employed 30 September 2019 to 30 September 2020

EUR million	Capital employed
30 September 2019	10 602
Capital expenditure excluding investments in biological assets less depreciation	37
Investments in biological assets less depletion of capitalised silviculture costs	29
Impairments and reversal of impairments	-63
Fair valuation of biological assets	716
Unlisted securities (mainly PVO)	-113
Equity accounted investments	-154
Net liabilities in defined benefit plans	-161
Operative working capital and other interest-free items, net	-282
Net tax liabilities	-153
Acquisition of subsidiary companies	103
Translation difference	-336
Other changes	13
30 September 2020	10 237

The operational return on capital employed (ROCE) in the third quarter of 2020 was 6.7% (9.2%). Operational ROCE excluding the Forest division was 8.0%.

January–September results 2020 (compared with January–September 2019)

Group sales decreased by 16%, or EUR 1 244 million, to EUR 6 400 (7 644) million, mainly due to Finnish union strikes in the first quarter of 2020 and the Covid-19 pandemic. Group sales excluding Paper division decreased by 11%.

Operational EBIT decreased by 39% or EUR 347 million compared to a year ago to EUR 532 (879) million. Operational EBIT excluding Paper was EUR 566 (710) million. Sales prices were lower in all divisions and had a negative impact of EUR 515 million, especially in pulp, paper and wood. Total volume impact reduced operational EBIT by EUR 237 million, mainly due to clearly lower Paper volumes. Variable and fixed costs were EUR 233 million and EUR 95 million lower respectively, positively impacted by profit protection programme actions. The net foreign exchange rate impact increased operational EBIT by EUR 111 million. The operational result from equity accounted investments decreased by EUR 24 million, driven by the restructuring of Bergvik Skog. Since 1 June 2019, the Group's Swedish forest holdings have been reported as a subsidiary. Depreciations and the impact from divested and closed units decreased operational EBIT by EUR 9 million.

Third quarter 2020 results (compared with Q2/2020)

Group sales decreased by 2%, or EUR 35 million, to EUR 2 079 (2 114) million, mainly due to increased uncertainty related to the Covid-19 pandemic. Excluding Paper division, sales decreased by 4%.

Operational EBIT remained flat at EUR 175 (178) million. Operational EBIT excluding Paper was EUR 191 (216) million. Sales prices were lower in all divisions and had a negative EUR 53 million impact. Total volume impact increased operational EBIT by EUR 1 million, mainly due to seasonally higher deliveries. Variable costs improved operational EBIT by EUR 82 million, mainly due to lower wood, transportation and pulp costs. Fixed costs increased by EUR 15 million, mainly due to higher maintenance activity and additional costs impacted by Covid-19 precautionary measures. The impact of net foreign exchange rates decreased operational EBIT by EUR 14 million. Depreciations, the operational result from equity accounted investments and the impact from divested and closed units decreased operational EBIT by EUR 3 million.

Segments in the third quarter 2020 (compared with Q3/2019)

As of 1 January 2020, Stora Enso merged its containerboard business with the Consumer Board division, creating a new Packaging Materials division. The remaining business in Packaging Solutions, together with the recently created Formed Fiber unit, constitute a more focused Packaging Solutions division. The Group also established a new Forest division as of 1 January. Certain historical figures for Packaging Materials, Packaging Solutions, Forest, Segment Other and the Group have been restated as described in the release from 19 March 2020.

Packaging Materials division

Good cost control resulting in improved profitability

The ambition of Packaging Materials division is to be a global leader in circular economy with our high-quality renewable packaging materials based on both virgin and recycled fiber. Addressing the needs of today's eco-conscious consumers, we help customers and brand owners to find the best material for their packaging and to replace fossil-based materials with low carbon footprint, renewable and recyclable alternatives. A wide selection of barrier coatings enables the design and optimisation of packaging for various demanding consumer and industrial packaging end uses.

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	771	805	-4.2%	821	-6.1%	2 356	2 485	-5.2%	3 254
Sales (Consumer board)	628	640	-1.9%	672	-6.5%	1 920	1 951	-1.6%	2 564
Sales (Containerboard)	144	165	-12.7%	151	-4.5%	440	535	-17.7%	690
Operational EBITDA	168	146	15.1%	189	-10.8%	511	459	11.3%	574
Operational EBITDA (Consumer board)	154	120	28.7%	162	-5.2%	454	339	34.0%	434
Operational EBITDA (Containerboard)	14	27	-46.0%	26	-45.3%	57	120	-52.9%	139
Operational EBITDA margin	21.8%	18.1%		23.0%		21.7%	18.5%		17.6%
Operational EBIT	111	86	29.2%	130	-14.3%	336	282	19.2%	339
Operational EBIT margin	14.4%	10.7%		15.8%		14.3%	11.3%		10.4%
Operational ROOC	15.6%	11.9%		18.2%		15.8%	13.7%		12.4%
Cash flow from operations	194	189	2.7%	198	-1.8%	510	457	11.5%	632
Cash flow after investing activities	104	133	-21.3%	127	-17.5%	255	314	-18.9%	401
Deliveries, 1 000 tonnes	1 004	1 029	-2.4%	1 047	-4.1%	3 046	3 096	-1.6%	4 111
Deliveries (Consumer board)	687	701	-2.0%	737	-6.8%	2 101	2 125	-1.1%	2 812
Deliveries (Containerboard)	317	328	-3.2%	310	2.3%	945	971	-2.7%	1 299
Production, 1 000 tonnes	1 002	1 024	-2.2%	1 068	-6.2%	3 076	3 062	0.4%	4 078
Production (Consumer board)	684	702	-2.6%	745	-8.2%	2 116	2 089	1.3%	2 775
Production (Containerboard)	318	323	-1.5%	322	-1.4%	960	973	-1.3%	1 303

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020. Sales and Operational EBITDA and EBIT margin figures for Q3/19, Q1-Q3/19 and full year 2019 have been recalculated versus the amounts presented in the earlier release.

- Sales decreased by 4% or EUR 34 million, to EUR 771 million. Clearly lower containerboard prices and the closure of a small packaging paper machine at Imatra Mills in Finland decreased sales.
- Operational EBIT increased by EUR 25 million to EUR 111 million. Clearly lower variable cost, especially for pulp, chemicals and energy, together with the profit protection programme, more than offset clearly lower containerboard prices. All in all, Consumer Board profitability continued strong, while Containerboard remained weak.
- Operational ROOC improved by 4 percentage points to 15.6% (11.9%), due to improved profitability.
- Stora Enso is investing approximately EUR 10 million in dispersion barrier technology at its Forshaga site in Sweden. The investment enables the development and production of paperboard with barrier properties that are easier to handle in a recycling process, have a lower carbon footprint and can be compostable in industrial facilities. The new equipment is expected to come into use during the second quarter of 2021.
- The conversion of Oulu Mill to kraftliner production is proceeding as planned. The kraftliner production is expected to start up around the New Year. Oulu Mill will be included in the Packaging Materials results from the fourth quarter of 2020 onwards.

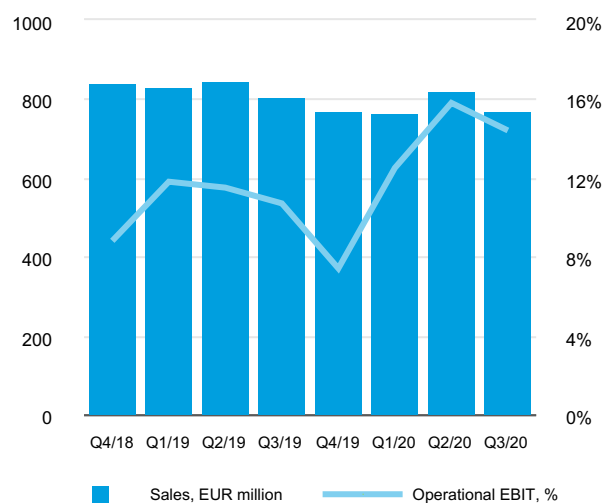
Markets

Product	Market	Demand Q3/20 compared with Q3/19	Demand Q3/20 compared with Q2/20	Price Q3/20 compared with Q3/19	Price Q3/20 compared with Q2/20
Consumer board (FBB)	Europe	Slightly weaker	Slightly weaker	Slightly lower	Stable
Virgin fiber-based containerboard	Global	Slightly weaker	Stable	Lower	Slightly lower
Recycled fiber based (RCP) containerboard	Europe	Slightly weaker	Stronger	Lower	Significantly lower

Packaging Materials division (continued)

Sales and operational EBIT

Operational ROOC



15.6%

(Target: >20%)

Scheduled annual maintenance shutdowns

	2021	2020	2019 for Packaging Materials
Q1	–	–	Ostrołęka Mill
Q2	n/a	Heinola Mill	–
Q3	n/a	Beihai, Imatra, and Varkaus mills	Beihai, Imatra, Heinola and Ostrołęka mills
Q4	n/a	Fors, Ingerois, Skoghall and Ostrołęka mills	Fors, Ingerois, Skoghall and Varkaus mills

Packaging Solutions division

Competitive market situation affecting sales and margins

Packaging Solutions division develops and sells world class fiber-based packaging products and services. We constantly innovate and find new ways to replace fossil-based packaging with renewable, eco-friendly alternatives. Our high-end packaging solutions are used by leading customers and brands across multiple industries.

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1- Q3/20- Q1-Q3/19	2019
Sales	145	167	-13.1%	141	2.8%	434	528	-17.7%	698
Operational EBITDA	15	21	-30.4%	15	-0.5%	45	55	-18.6%	71
Operational EBITDA margin	10.1%	12.6%		10.5%		10.3%	10.4%		10.2%
Operational EBIT	8	15	-48.6%	8	-4.9%	24	36	-33.1%	46
Operational EBIT margin	5.3%	9.0%		5.7%		5.6%	6.8%		6.6%
Operational ROOC	13.2%	23.1%		14.3%		13.5%	19.3%		18.9%
Cash flow from operations	10	43	-77.0%	6	61.8%	33	67	-50.8%	93
Cash flow after investing activities	7	27	-75.5%	2	196.0%	21	42	-49.2%	58
Corrugated packaging European deliveries, million m ²	250	254	-1.4%	233	7.5%	731	765	-4.5%	1 026
Corrugated packaging European production, million m ²	249	254	-1.8%	237	5.5%	734	769	-4.5%	1 033

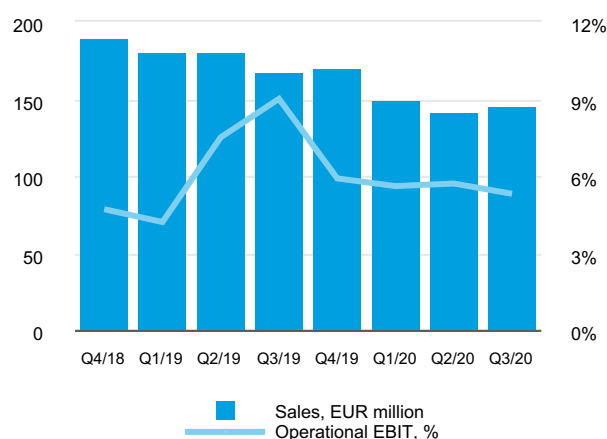
Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020. Sales and Operational EBITDA and EBIT margin figures for Q3/19, Q1-Q3/19 and full year 2019 have been recalculated versus the amounts presented in the earlier release. The biocomposites business was transferred from Wood Products to Packaging Solutions on 1 July 2020, and the historical figures have not been restated, as the change was not material for the Group.

- Sales decreased by 13%, or EUR 22 million from last year's record high Q3 level to EUR 145 million. Lower box prices in Europe due to decreased raw material prices, negative sales foreign exchange rates and lower volumes in China Packaging decreased sales.
- Operational EBIT decreased by EUR 7 million to EUR 8 million from last year's record high Q3 level. Lower sales and accelerated efforts in new businesses (biocomposites, formed fiber and Box Inc.) were only partly mitigated by lower cost for containerboard and lower fixed costs primarily relating to the profit protection programme.
- Operational ROOC decreased to 13.2% (23.1%), due to lower profitability.
- Stora Enso started the production of formed fiber food service products at Hylte Mill in Sweden. The PureFiber™ by Stora Enso eco-product range is produced without plastic and per- and polyfluoroalkyl substances (PFAS). The Group is also investing in more formed fiber capacity in Hylte, Sweden and Qian'an, China.

Markets

Product	Market	Demand Q3/20 compared with Q3/19	Demand Q3/20 compared with Q2/20	Price Q3/20 compared with Q3/19	Price Q3/20 compared with Q2/20
Corrugated packaging	Global	Slightly weaker	Stronger	Lower	Stable

Sales and operational EBIT



Operational ROOC

13.2%
(Target: >30%)

Biomaterials division

Profitability affected by challenging markets and planned maintenance stops

The Biomaterials division offers a wide variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We maximise the business potential of the side streams of our processes, such as tall oil and turpentine from biomass. Based on our strong innovation approach, all fractions of biomass, like lignin and sugars, hold potential for use in various applications.

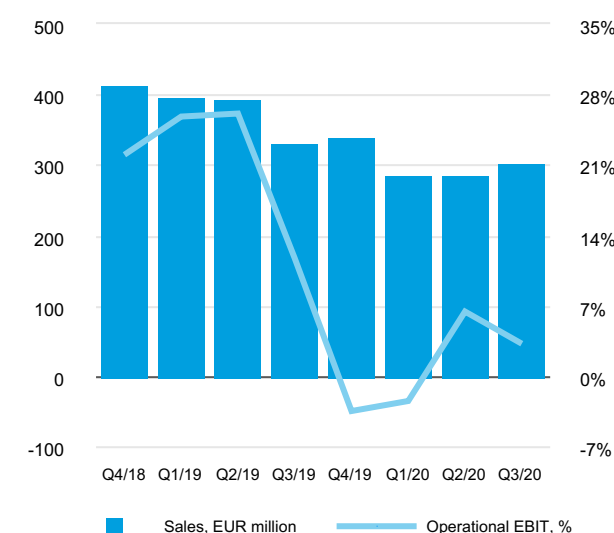
EUR million	Q3/20	Q3/19	Change %		Change %		Change %		2019
			Q3/20- Q3/19	Q2/20	Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Q1-Q3/20- Q1-Q3/19	
Sales	305	331	-8.0%	288	5.7%	879	1 123	-21.8%	1 464
Operational EBITDA	38	67	-44.1%	48	-22.3%	111	335	-66.8%	356
Operational EBITDA margin	12.3%	20.3%		16.8%		12.6%	29.8%		24.3%
Operational EBIT	10	39	-74.9%	19	-47.3%	21	245	-91.3%	233
Operational EBIT margin	3.2%	11.7%		6.4%		2.4%	21.8%		15.9%
Operational ROOC	1.6%	5.9%		3.0%		1.2%	12.8%		9.4%
Cash flow from operations	47	114	-58.4%	30	59.1%	52	358	-85.3%	423
Cash flow after investing activities	26	82	-68.2%	11	138.2	-14	254	-105.5%	266
Pulp deliveries, 1 000 tonnes	652	596	9.4%	554	17.8%	1 778	1 811	-1.8%	2 520

- Sales decreased by 8% or EUR 26 million to EUR 305 million. Significantly lower pulp prices and the negative sales foreign exchange rate impact was only partly offset by increased pulp deliveries.
- Operational EBIT decreased by EUR 29 million to EUR 10 million. Significantly lower prices and decreased production, impacted by increased maintenance activity and additional costs related to Covid-19 precautionary measures were only partly mitigated by clearly lower variable costs and positive net foreign exchange rate impact.
- Operational ROOC decreased to 1.6% (5.9%), driven by clearly lower profitability.
- Stora Enso will build a pilot facility for producing biofoam, a lightweight, fiber-based foam material for protective packaging and cushioning. Bio-based foams can be used in packaging, for example, to replace oil-based polymer foams which are widely used today. The pilot plant will be located at Fors Mill in Sweden.

Markets

Product	Market	Demand Q3/20 compared with Q3/19	Demand Q3/20 compared with Q2/20	Price Q3/20 compared with Q3/19	Price Q3/20 compared with Q2/20
Softwood pulp	Europe	Weaker	Stable	Significantly lower	Stable
Hardwood pulp	Europe	Weaker	Stronger	Significantly lower	Stable
Hardwood pulp	China	Stronger	Stronger	Significantly lower	Stable

Sales and operational EBIT



1.6%

(Target: >15%)

Scheduled annual maintenance shutdowns

	2021	2020	2019
Q1	–	–	Veracel Mill
Q2	n/a	–	–
Q3	n/a	Sunila and Veracel mills	Enocell Mill
Q4	n/a	Montes del Plata and Skutskär mills	Montes del Plata and Skutskär mills

Wood Products division

Second highest third quarter profitability

The Wood Products division is a leading provider of innovative wood-based solutions. The product range covers applications for construction, the window and door industry, as well as for the packaging and decoration industries. Pellets provide a sustainable solution for heating. The offering includes service concepts such as Building Solutions and e-business. Our solutions meet strict requirements regarding safety, quality, design and sustainability.

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	341	380	-10.3%	347	-1.7%	1 026	1 195	-14.1%	1 569
Operational EBITDA	49	39	24.3%	37	30.8%	116	127	-8.7%	153
Operational EBITDA margin	14.3%	10.3%		10.8%		11.3%	10.6%		9.8%
Operational EBIT	38	27	37.9%	26	45.7%	82	92	-11.3%	105
Operational EBIT margin	11.0%	7.2%		7.4%		7.9%	7.7%		6.7%
Operational ROOC	25.2%	15.8%		16.7%		17.8%	18.9%		16.6%
Cash flow from operations	64	57	12.0%	48	31.9%	132	126	4.7%	183
Cash flow after investing activities	57	47	21.3%	42	33.9%	107	93	15.4%	135
Wood products deliveries, 1 000 m ³	1 071	1 185	-9.6%	1 098	-2.5%	3 252	3 604	-9.8%	4 753

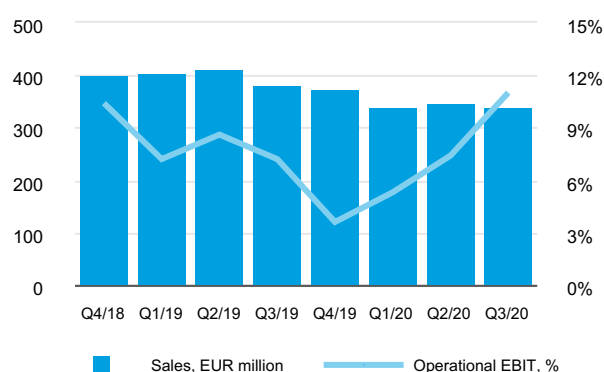
- Sales decreased by 10%, or EUR 39 million to EUR 341 million. Covid-19 related delivery restrictions and lower classic sawn prices were only partly offset by improved mix and especially very strong US market. The structural changes at the Pfarrkirchen sawmill in Germany, and at the Uimaharju and Kitee sawmills in Finland reduced sales by EUR 32 million.
- Operational EBIT increased by EUR 11 million to EUR 38 million, the second highest Q3 ever. Lower sales prices and volumes were more than offset by improved margins especially in the US, lower net raw material costs and good fixed cost control, supported by the profit protection programme actions.
- Operational ROOC increased clearly above the long-term target to 25.2% (15.8%).
- Stora Enso is investing approximately EUR 79 million in a new production line for cross laminated timber (CLT) at its Ždírec sawmill in the Czech Republic. Production is scheduled to begin during the third quarter of 2022. The estimated annual production capacity will be approximately 120 000 m³ after ramp-up.
- The investment in saw line, planer line and pellet production in Launkalne sawmill, Latvia, was completed and the production has ramped up.
- Stora Enso's focus on the mass timber construction business continues, despite the volatile construction outlook and expected project delays. The development in the Nordics was steady and at a good level, especially when it comes to school buildings in Norway and Finland. During the quarter, there was growth in France and in the UK for multi-storey residential buildings.

Markets

Product	Market	Demand Q3/20 compared with Q3/19	Demand Q3/20 compared with Q2/20	Price Q3/20 compared with Q3/19	Price Q3/20 compared with Q2/20
Wood products	Europe	Stronger	Significantly stronger	Slightly lower	Stable

Sales and operational EBIT

Operational ROOC



25.2%

(Target: >20%)

Forest division

Expected efficiency improvements coming through

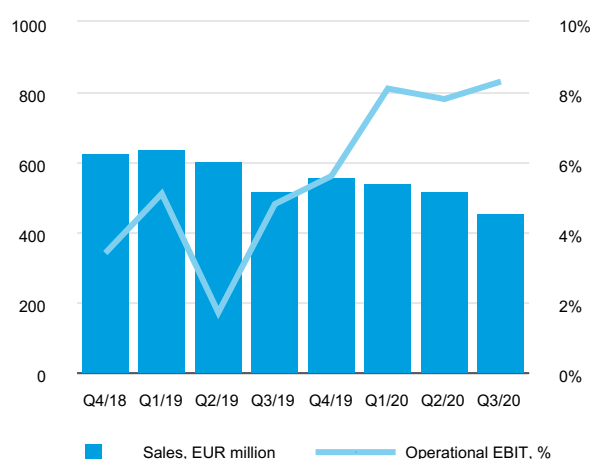
The new Forest division, which started operations in the beginning of 2020, includes Stora Enso's Swedish forest assets and the 41% share of Tornator with the majority of its forest assets located in Finland. The division also includes wood supply operations in Finland, Sweden, Russia and the Baltic countries. The division's key focus areas are sustainable forest management, competitive wood supply to Stora Enso's mills and innovation. As a major player in the bioeconomy, access to wood is critical for Stora Enso. Today, Stora Enso is one of the biggest private forest owners in the world.

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	457	518	-11.9%	519	-12.0%	1 518	1 763	-13.9%	2 321
Operational EBITDA	54	37	45.6%	54	1.0%	163	102	59.6%	145
Operational EBITDA margin	11.9%	7.2%		10.3%		10.7%	5.8%		6.2%
Operational EBIT	38	25	51.6%	41	-7.0%	123	68	80.4%	99
Operational EBIT margin	8.3%	4.8%		7.8%		8.1%	3.9%		4.3%
Operational ROOC	3.6%	2.7%		3.9%		3.9%	3.2%		3.3%
Cash flow from operations	37	47	-21.2%	115	-67.7%	162	97	67.0%	370
Cash flow after investing activities	29	37	-20.9%	106	-72.2%	135	75	79.4%	333
Wood deliveries, 1 000 m ³	8 591	8 761	-1.9%	9 316	-7.8%	27 413	29 395	-6.7%	38 775
Operational fair value change of biological assets	20	14	42.7%	20	3.8%	56	37	50.0%	50

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020.

- Sales decreased by 12% or EUR 61 million to EUR 457 million. Wood prices were lower and deliveries were clearly lower in Finland, due to lower production volumes related to increased maintenance activity and Covid-19.
- Operational EBIT increased by EUR 13 million to a high Q3 level of EUR 38 million. The profitability continued to improve in the Group's own forest holdings in Sweden and in the Nordic forest equity accounted investment, Tornator. Profitability in the Finnish and Swedish wood sourcing units improved, due to increased efficiency.
- Operational ROOC increased to 3.6% (2.7%).

Sales and operational EBIT



Operational ROOC

3.6%

(Target: >5%)

Paper division

Positive cash flow in continuously difficult market conditions

Stora Enso is the second largest paper producer in Europe with an established customer base and a wide product portfolio for print and office use. Customers benefit from Stora Enso's broad selection of papers made from recycled and virgin fiber as well as our valuable industry experience, know-how and customer support.

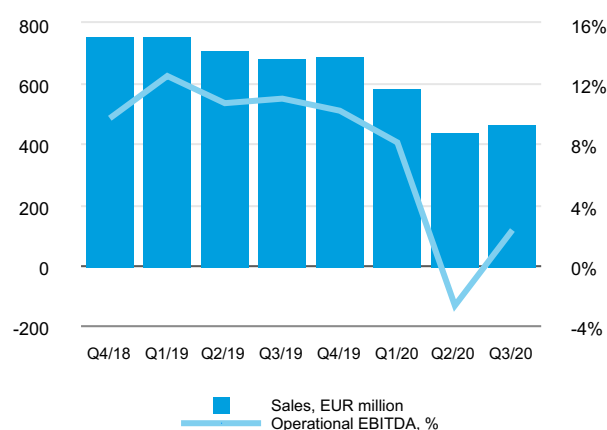
EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	468	690	-32.3%	445	5.0%	1 503	2 162	-30.5%	2 856
Operational EBITDA	11	76	-85.7%	-12	192.1%	47	248	-81.1%	318
Operational EBITDA margin	2.3%	11.0%		-2.7%		3.1%	11.5%		11.1%
Operational EBIT	-16	50	-132.4%	-39	57.8%	-34	169	-119.9%	213
Operational EBIT margin	-3.5%	7.3%		-8.7%		-2.2%	7.8%		7.4%
Operational ROOC	-10.1%	25.1%		-22.7%		-7.0%	28.9%		29.3%
Cash flow from operations	31	118	-73.5%	-20	258.1%	39	247	-84.4%	344
Cash flow after investing activities	15	99	-85.2%	-33	144.9%	-18	193	-109.5%	264
Cash flow after investing activities to sales, %	3.2%	14.4%		-7.4%		-1.2%	8.9%		9.3%
Paper deliveries, 1 000 tonnes	731	1 010	-27.6%	666	9.8%	2 314	3 102	-25.4%	4 130
Paper production, 1 000 tonnes	723	988	-26.8%	650	11.2%	2 303	3 084	-25.3%	4 065

- Sales decreased by 32%, or EUR 222 million, to EUR 468 million. The Covid-19 pandemic accelerated demand decline and placed additional pressure on both prices and deliveries in all paper grades. The divestment of the Dawang paper mill in China and discontinuation of Oulu Mill paper production in Finland decreased sales by EUR 21 million.
- Operational EBIT decreased by EUR 66 million to EUR -16 million. Lower sales were only partly mitigated by lower fiber costs, especially in pulp and paper for recycling, as well as good fixed costs management as part of the profit protection programme.
- Cash flow after investing activities to sales ratio decreased to 3.2% (14.4%), driven by lower profitability.
- Stora Enso will shut down one standard newsprint paper machine (PM3) at Hylte Mill in Sweden by the end of 2020 and the deinking plant at the latest in Q2/2021.
- Paper production at Oulu Mill stopped in the end of September. Woodfree coated paper customers will be served until the end of the year.
- The steam turbine in Maxau Mill, Germany, is now up and running. The investment of EUR 25 million was announced in 2018 and it improves the cost-competitiveness, and is reducing the CO₂ emissions at the mill.

Markets

Product	Market	Demand Q3/20 compared with Q3/19	Demand Q3/20 compared with Q2/20	Price Q3/20 compared with Q3/19	Price Q3/20 compared with Q2/20
Paper	Europe	Significantly weaker	Significantly stronger	Lower	Slightly lower

Sales and operational EBITDA



Cash flow after investing activities to sales¹

3.2%

(Target: >7%)

Scheduled annual maintenance shutdowns

	2021	2020	2019
Q1	–	–	–
Q2	n/a	–	Nymölla Mill
Q3	n/a	Veitsiluoto Mill	Veitsiluoto Mill
Q4	n/a	Nymölla Mill	–

¹ The Paper division's financial target is cash flow after investing activities to sales (non-IFRS), because the division's goal is to generate cash flow for the Group so that it can transform into a renewable materials growth company.

Segment Other

The segment Other includes Stora Enso's shareholding in the energy company Pohjolan Voima (PVO), and the Group's shared services and administration.

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Sales	230	268	-14.4%	221	4.0%	697	814	-14.4%	1 076
Operational EBITDA	-5	10	-145.4%	1	n/m	4	11	-59.1%	-4
Operational EBITDA margin	-2.0%	3.9%		0.6%		0.6%	1.3%		-0.3%
Operational EBIT	-13	2	n/m	-7	-93.1%	-20	-13	-54.8%	-32
Operational EBIT margin	-5.6%	0.9%		-3.0%		-2.8%	-1.6%		-3.0%
Cash flow from operations	16	-76	120.5%	-14	207.9%	-21	-87	75.4%	-55
Cash flow after investing activities	13	-78	116.1%	-16	177.3%	-28	-103	73.0%	-71

- Sales decreased by EUR 38 million to EUR 230 million, as sales related to internal services decreased.
- Operational EBIT decreased by EUR 15 million to EUR -13 million due to additional costs related Covid-19 precautionary measures in logistics and maintenance.

Financing in the third quarter 2020 (compared with Q2/2020)

Capital structure

EUR million	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Operative fixed assets ¹	10 519	10 626	10 779	10 057
Equity accounted investments	430	423	483	590
Operative working capital, net	792	940	771	1 163
Non-current interest-free items, net	-622	-614	-571	-506
Operating Capital Total	11 118	11 374	11 462	11 303
Net tax liabilities	-881	-854	-830	-701
Capital Employed	10 237	10 520	10 632	10 602
Equity attributable to owners of the Parent	7 243	7 244	7 429	6 875
Non-controlling interests	-14	-13	-7	-18
Net interest-bearing liabilities	3 008	3 289	3 209	3 745
Financing Total	10 237	10 520	10 632	10 602

¹ Operative fixed assets include goodwill, other intangible assets, property, plant and equipment, right-of-use assets, biological assets, emission rights, and unlisted securities.

Cash and cash equivalents net of overdrafts increased by EUR 294 million to EUR 1 356 million. Net debt decreased by EUR 281 million to EUR 3 008 (EUR 3 289) million mainly as a result of solid cash flow from operations after investments. The ratio of net debt to the last 12 months' operational EBITDA was 2.4, compared to the ratio of 2.5 in the previous quarter. The net debt/equity ratio on 30 September 2020 was 0.42 (0.45). The average interest expense rate on borrowings decreased to 3.1% (3.2%).

Stora Enso has a EUR 600 million committed revolving credit facility that was fully undrawn at the end of the quarter. In addition, Stora Enso has undrawn committed bilateral credit facility arrangements with commercial banks up to EUR 250 million. The original tenor of these bilateral arrangements varies from 18 to 24 months and they mature in 2021 and 2022. Additionally, Stora Enso has access to statutory pension premium loans in Finland up to EUR 950 (950) million.

The fair value of Pohjolan Voima Oy (PVO) shares, accounted for as an equity investment fair valued through other comprehensive income under IFRS 9, increased in the quarter by EUR 34 million to EUR 379 million mainly due to slightly higher electricity market prices and lower WACC. During the third quarter, Teollisuuden Voima Oyj (TVO) announced that the regular electricity production at Olkiluoto 3 (OL3) nuclear power plant is now expected to commence in February 2022. The revised schedule is based on the updated start-up schedule received from Areva-Siemens Consortium and has been reflected in the third quarter PVO valuation in Stora Enso's financial statements.

The Cumulative translation adjustment (net of hedges and taxes) decreased the equity by EUR 124 million in Q3/2020 due to currency movements.

Cash flow in the third quarter 2020 (compared with Q2/2020)

Operative cash flow

EUR million	Q3/20	Q3/19	Change % Q3/20- Q3/19	Q2/20	Change % Q3/20- Q2/20	Q1-Q3/20	Q1-Q3/19	Change % Q1-Q3/20- Q1-Q3/19	2019
Operational EBITDA	330	398	-17.0%	332	-0.7%	997	1 337	-25.4%	1 614
IAC on operational EBITDA	-8	-22	63.9	-2	-283.1%	-17	-150	88.5%	-128
Other adjustments	-18	-9	-112.4%	-9	-91.1%	-55	113	-148.9%	265
Change in working capital	95	126	-24.8%	42	126.0%	-17	-34	50.1%	240
Cash flow from operations	399	493	-19.2%	363	9.9%	907	1 266	-28.3%	1 991
Cash spent on fixed and biological assets	-147	-146	-1.0%	-123	-19.2%	-448	-391	-14.6%	-598
Acquisitions of equity accounted investments	-1	0	n/m	0	-100.0%	-1	-6	76.7%	-7
Cash flow after investing activities	250	347	-27.9%	239	4.5%	458	868	-47.3%	1 386

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020.

The third quarter 2020 cash flow after investing activities was positive at EUR 250 million. Working capital decreased by EUR 95 million mainly due to lower inventories and higher trade payables. Many divisions reached record low working capital levels for the quarter. Cash spent on fixed and biological assets was EUR 147 million. Payments related to the previously announced provisions amounted to EUR 21 million.

Capital expenditure

Additions to fixed and biological assets in the third quarter 2020 totalled EUR 156 (150) million, of which EUR 143 million were fixed assets including EUR 10 million of leases capex, and EUR 13 million of biological assets. Depreciations and impairment charges excluding IACs totalled EUR 135 (130) million. Additions in fixed and biological assets had a cash outflow impact of EUR 147 (146) million.

The main projects ongoing in the third quarter of 2020 were the Oulu Mill conversion into kraftliner production in Finland, the Launkalne wood products investment in Latvia, the pilot facility at Sunila Mill in Finland for producing bio-based carbon materials based on lignin and investment in new production line for cross laminated timber (CLT) at Ždírec Mill in Czech Republic.

Capital expenditure and depreciation forecast 2020

EUR million	Forecast 2020
Capital expenditure	675–725
Depreciation and depletion of capitalised silviculture costs	580–600

Stora Enso's capital expenditure forecast includes approximately EUR 70 million for the Group's biological assets and the capitalised leasing contracts according to IFRS 16 Leases of approximately EUR 30 million. The depreciation and depletion of capitalised silviculture costs forecast includes also the impact of IFRS 16. The depletion of capitalised silviculture costs is forecast to be EUR 40–60 million.

Sustainability in the third quarter 2020

Safety performance

TRI rate

	Q3/20	Q3/19	Q2/20	Q1-Q3/20	Q1-Q3/19	2019	Milestone	Milestone to be reached by
TRI rate ¹²	6.4	7.6	4.7	5.9	7.1	7.0	4.7	end of 2020

TRI (Total recordable incident) rate = number of incidents per one million hours worked

¹ For own employees, including employees of the joint operations Veracel and Montes del Plata

² Q3/19 figure recalculated due to additional data received after the report was published.

Sadly, two fatalities occurred at the Guangxi forestry operations in China, both involving contractor employees. The learnings from these tragic events will be acted upon in Stora Enso. Our Supplier Code of Conduct applies to all on-site contractors. It imposes sustainability and occupational health and safety requirements on our contractors and suppliers.

During the Covid-19 pandemic, we are taking precautionary measures to keep our employees and contractors safe and healthy.

Suppliers

Implementation of the Supplier Code of Conduct

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Target
% of supplier spend covered by the Supplier Code of Conduct ¹	97%	97%	96%	96%	95%

¹ Excluding joint operations, intellectual property rights, leasing fees, financial trading, government fees such as customs, and wood purchases from private individual forest owners.

Forests, plantations, and land use

Agreements with social landless movements and land occupations in Bahia, Brazil

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019
Productive area occupied by social movements not involved in the agreements, ha	215	200	470	470

At the end of the third quarter, 215 hectares of productive land owned by Veracel were occupied by social landless movements not involved in the agreements. The area increased slightly, due to an expansion of previous occupation and a return of one of the movements to an area where the company had earlier resumed forest management. Veracel continues to recover occupied areas through legal processes.

Since 2012, Veracel has voluntarily approved the transfer of approximately 20 000 hectares of land to benefit landless people. At the end of 2019, the total land area owned by Veracel was 213 000 hectares, of which 79 000 hectares are planted with eucalyptus for pulp production.

Carbon dioxide

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

	30 Sep 2020	30 Jun 2020	31 Dec 2019	30 Sep 2019	Target	Target to be reached by
Reduction of fossil CO ₂ e emissions per saleable tonne of board, pulp, and paper (kg/t) ¹²	-25%	-25%	-26%	-24%	-31%	end of 2030

¹ Direct fossil CO₂e emissions from production and indirect fossil CO₂e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations. Rolling four quarters.

² Historical figures recalculated due to additional data after the previous Interim Reports.

In 2017, the Science Based Target (SBT) initiative approved our 2030 target to reduce our greenhouse gas (GHG) emissions by 31% from operations per tonne of board, pulp, and paper produced compared to a 2010 base-year.

Other events

Stora Enso retained its place in the [FTSE4Good Index Series](#). These indices measure the performance of companies demonstrating strong environmental, social, and governance practices.

Stora Enso joined [Business for Nature](#) call to action in the lead-up to the United Nations conference on biodiversity.

Stora Enso's [Annual Report 2019](#), including the Sustainability Report, was awarded the highest A+ rating in the 24th "[Annual Reports on Annual Reports](#)" ranking.

Short-term risks and uncertainties

Uncertainties related to Covid-19 impacts on global economy continue to prevail in Stora Enso's business environment. Despite a strong initial recovery, high unemployment, stagnant investments, business insolvencies and surging corporate and sovereign debt may limit the revival towards the end of 2020 and beyond. The renewed increase in Covid-19 infections in parts of the world, and particularly in Europe, shows that downside risks persist and the way different countries will act, will have an impact on the economic conditions. Stora Enso also continues to face uncertainty in the short and medium terms, with the impact of Covid-19 on the forest industry and the economy at large remaining unclear. However, compared with previous recessions, both the industry in general and Stora Enso in particular with its diversified business portfolio, are considered more resilient to economic shock and deteriorating business conditions.

Stora Enso maintains a Covid-19 risk assessment process to determine the potential near- and medium-term implications of the direct and indirect impacts on Stora Enso's business operations. The process builds on several alternative scenarios, involving the identification and planning of business contingency and cash preservation measures to limit the potential impacts across Stora Enso's business divisions and to ensure sufficient liquidity in all conditions. The contemplated worst-case scenarios, which assume a renewed wave of infections and prolonged global economic contraction, would not, in Stora Enso's view, lead to circumstances that would compromise Stora Enso's ability to continue as a going concern.

The trend towards nationalist anti-globalist policies may grow following the Covid-19 pandemic, with border checks on goods and people becoming more stringent and national interests promoted. There is also a risk that even open economies, such as those in western Europe and Asian business hubs, enact policies in direct opposition to globalisation. Moreover, unclear trade relationship between EU and the UK involve elevated risk on trade flows between the two. However, potential near and mid-term effects on Stora Enso resulting from potential "no-deal" Brexit are expected to be limited due to implemented precautions.

Increasing competition, and supply and demand imbalances in the paper, pulp, packaging, wood products and roundwood markets may affect Stora Enso's market share and profitability. Changes in the global economic and political environment, sharp market corrections, increasing volatility in foreign exchange rates and deteriorating economic conditions in the main markets could all affect Stora Enso's profits, cash flow and financial position.

Stora Enso has been granted various investment subsidies and has given certain investment commitments in different countries e.g. Finland, China and Sweden. If committed planning conditions are not met, local officials may pursue administrative measures to reclaim some of the formerly granted investment subsidies or to impose penalties on Stora Enso, and the outcome of such a process could result in a negative financial impact on Stora Enso.

Other risks and uncertainties include, but are not limited to: general industry conditions, such as changes in the cost or availability of raw materials, energy and transport costs; unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; material disruption at one of our manufacturing facilities; risks inherent in conducting business through joint ventures, and other factors that can be found in Stora Enso's press releases and disclosures.

A more detailed description of risks is available in Stora Enso's Financial Report at storaenso.com/annualreport.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity and fossil fuel market prices would have a negative impact of approximately EUR 9 million on operational EBIT for the next 12 months.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 174 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 120 million on operational EBIT for the next 12 months.

Chemical and filler sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 42 million on operational EBIT for the next 12 months.

A decrease of energy, wood, pulp or chemical and filler prices would have the opposite impact.

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound would be approximately positive EUR 129 million, negative EUR 18 million and positive EUR 20 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement in an exposure currency.

The Group incurs annual unhedged net costs worth approximately EUR 158 million in Brazilian real (BRL) in its operations in Brazil and approximately EUR 42 million in Chinese Renminbi (CNY) in its operations in China. For these flows, a 10% strengthening in the value of a foreign currency would have a EUR 16 million and EUR 4 million negative impact on operational EBIT, respectively.

Legal proceedings

Contingent liabilities

Stora Enso has undertaken significant restructuring actions in recent years which have included the divestment of companies, sale of assets and mill closures. These transactions include a risk of possible environmental or other obligations the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Stora Enso is party to legal proceedings that arise in the ordinary course of business and which primarily involve claims arising out of commercial law. The management does not consider that liabilities related to such proceedings before insurance recoveries, if any, are likely to be material to the Group's financial condition or results of operations.

Legal proceedings in Latin America

Veracel

On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of, at the time of the decision, BRL 20 (EUR 3) million. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

Changes in organisational structure and Group management

Lars Völkel was appointed EVP, Head of Wood Products division, and member of the Group Leadership Team as of 1 July 2020. Previously, he held the role of the CEO of Ambibox GmbH, a renewable energy & electronic vehicle charging company in Germany.

Katariina Kravi was appointed EVP, Head of Human Resources, and member of the Group Leadership Team as of 1 September 2020. She joins most recently from a position as Chief People and Culture Officer at Tieto Oyj, a leading Nordic software and services company.

Annette Stube was appointed EVP, Head of Sustainability, and member of the Group Leadership Team as of 1 September 2020. She succeeds Stora Enso's previous Head of Sustainability **Noel Morrin**, who is retiring at the end of 2020. Annette Stube joined from a position as Head of Sustainability in A.P. Moller-Maersk, an integrated transport and logistics company.

Major events

Decisions of Annual General Meeting

Stora Enso's Annual General Meeting (AGM) was held on 4 June 2020 at the Company's Head Office in Helsinki, Finland. In order to prevent the spread of the Covid-19 pandemic, a shareholder or his/her proxy representative could not be present at the venue of the meeting.

The AGM approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.15 per share for the year 2019. In addition, the AGM approved the proposal that the Board of Directors to decide at its discretion on the payment of dividend up to a maximum of EUR 0.35 per share. A resolution on the distribution of a dividend will be made at a later stage when it is possible to make a more reliable estimate on the impacts of the Covid-19 pandemic on Stora Enso's business and liquidity.

The AGM approved the proposal that of the current members of the Board of Directors – **Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Mikko Helander, Christiane Kuehne, Antti Mäkinen, Richard Nilsson** and **Hans Stråberg** – be re-elected members of the Board of Directors until the end of the following AGM and that **Håkan Buskhe** be elected new member of the Board of Directors for the same term of office. The AGM elected Jorma Eloranta as Chair of the Board of Directors and Hans Stråberg as Vice Chair.

The AGM approved the proposed annual remuneration for the Board of Directors as follows:

Chair	EUR 197 000 (2019: EUR 192 000)
Vice Chair	EUR 112 000 (2019: EUR 109 000)
Members	EUR 76 000 (2019: EUR 74 000)

The AGM also approved the proposal that the annual remuneration for the members of the Board of Directors, be paid in Company shares and cash so that 40% will be paid in Stora Enso R shares to be purchased on the Board members' behalf from the market at a price determined in public trading, and the rest in cash.

The AGM also approved the proposed annual remuneration for the Board committees.

The AGM approved the proposal that PricewaterhouseCoopers Oy be elected as auditor until the end of the following AGM. PricewaterhouseCoopers Oy has notified the company that **Samuli Perälä**, APA, will act as the responsible auditor. It was resolved that the remuneration for the auditor shall be paid according to invoice approved by the Financial and Audit Committee.

The AGM approved the proposals that the Board of Directors be authorised to decide on the repurchase and on the issuance of Stora Enso R shares. The amount of shares shall not to exceed a total of 2 000 000 R shares, corresponding to approximately 0.25% of all shares and 0.33% of all R shares.

Decisions by the Board of Directors

At its meeting held after the AGM, Stora Enso's Board of Directors elected Richard Nilsson (chair), Jorma Eloranta, Elisabeth Fleuriot and Hock Goh as members of the Financial and Audit Committee.

Jorma Eloranta (chair), Antti Mäkinen, and Hans Stråberg were elected members of the Remuneration Committee. Christiane Kuehne (chair), Håkan Buskhe and Mikko Helander were elected members of the Sustainability and Ethics Committee.

Share capital and shareholdings

During the third quarter of 2020, the conversions of 311 A shares into R shares were recorded in the Finnish trade register. On 30 September 2020, Stora Enso had 176 254 773 A shares and 612 365 214 R shares in issue. The company did not hold its own shares. The total number of Stora Enso shares in issue was 788 619 987 and the total number votes at least 237 491 294.

Events during the period

Stora Enso's Shareholders' Nomination Board was established in September. The Shareholders' Nomination consists of the same members as for the previous period: Jorma Eloranta (Chair of Stora Enso's Board of Directors), Hans Stråberg (Vice Chair of Stora Enso's Board of Directors), Harri Sailas (Chair of the Board of Directors of Solidium Oy), and Marcus Wallenberg (Chair of the Board of Directors of FAM AB). The Shareholders' Nomination Board elected Marcus Wallenberg as its Chair.

Events after the period

On 15 October, the conversion of 150 A shares into R shares was recorded in the Finnish trade register. On 20 October, Stora Enso announced that it had decided to start using a valuation method for its forest assets in the Nordics based on market transaction data and change the accounting policy from the fourth quarter of 2020 onwards.

This report has been prepared in Finnish, English and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 20 October 2020
Stora Enso Oyj
Board of Directors

Financials

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Financial Report for 2019 with the exception of new and amended standards applied to the annual periods beginning on 1 January 2020.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

Accounting implications of the effects of Covid-19

The Group has assessed the potential accounting implications of decreased economic activity as a result of Covid-19 pandemic. IAS 36 requires non-financial assets to be tested for impairment whenever there is an indicator those assets might be impaired and in addition goodwill is tested at least every year. The uncertainty in the economic environment may decrease the reliability of long-term forecasts used in the impairment testing models. Based on the current estimates of expected performance, no impairment needs were identified at the end of the quarter.

The Group reviewed and updated its expected credit loss model for trade receivables to take into account the macro-economic developments in Q2/2020. This change did not result in a significant increase of credit loss allowances for trade receivables at the end of September but the credit risk may increase if the current trading conditions deteriorate further.

There was a slight but not material increase in the valuation allowance made for old, slow moving and obsolete finished goods and spare parts.

The Group's units in some countries have received various forms of assistance from the authorities intended to support employment or temporarily improve cash flows. The savings in income statement or cash flow improvements from the obtained relief measures were not material for Stora Enso Group during Q3/2020.

Non-IFRS measures

The Group's key non-IFRS performance metric is operational EBIT, which is used to evaluate the performance of its operating segments and to steer allocation of resources to them.

Operational EBIT comprises the operating profit excluding items affecting comparability (IAC) and fair valuations from the segments and Stora Enso's share of the operating profit of equity accounted investments (EAI), also excluding items affecting comparability and fair valuations.

Items affecting comparability are exceptional transactions that are not related to recurring business operations. The most common IAC are capital gains and losses, impairments or impairment reversals, disposal gains and losses relating to Group companies, provisions for planned restructurings, environmental provisions, changes in depreciation due to restructuring and penalties. Items affecting comparability are normally disclosed individually if they exceed one cent per share.

Fair valuations and non-operational items include CO₂ emission rights, non-operational fair valuation changes of biological assets and the Group's share of income tax and net financial items of EAI. From 1 January 2020 onwards, the changes in the fair valuation of biological assets are categorized in non-operational and operational fair value changes. Non-operational fair value changes of biological assets reflect changes made to valuation assumptions and parameters, usually during the annual valuation process. Operational fair value changes of biological assets are included in Operational EBITDA and contain all other fair value changes, mainly due to inflation and differences in actual harvesting levels compared to the harvesting plan. The previous periods have been restated.

Cash flow from operations (non-IFRS) is a Group specific way to present operative cash flow starting from operational EBITDA instead of operating profit.

Cash flow after investing activities (non-IFRS) is calculated as follows: cash flow from operations (non-IFRS) excluding cash spent on intangible assets, property, plant and equipment, and biological assets and acquisitions of EAIs.

The full list of the non-IFRS measures is presented at the end of this report.

The following new and amended standards are applied to the annual periods beginning on 1 January 2020

- Amended standards and interpretations do not have material effect on the Group.

Future standard changes endorsed by the EU but not yet effective in 2020

- No future standard changes endorsed by the EU.

Condensed consolidated income statement

EUR million	Q3/20	Q3/19	Q2/20	Q1-Q3/20	Q1-Q3/19	2019
Sales	2 079	2 402	2 114	6 400	7 644	10 055
Other operating income	33	40	24	113	110	165
Change in inventories of finished goods and WIP	-44	-27	8	-35	-14	-102
Materials and services	-1 210	-1 429	-1 237	-3 747	-4 529	-5 964
Freight and sales commissions	-190	-221	-205	-609	-679	-904
Personnel expenses	-294	-302	-328	-939	-984	-1 331
Other operating expenses	-87	-120	-81	-298	-537	-686
Share of results of equity accounted investments	7	-12	2	-12	63	229
Change in net value of biological assets	3	-16	69	194	-40	442
Depreciation, amortisation and impairment charges	-152	-145	-141	-435	-408	-597
Operating Profit	145	170	226	633	624	1 305
Net financial items	-31	-55	-36	-120	-134	-168
Profit before Tax	115	115	190	513	490	1 137
Income tax	-28	-57	-46	-133	-154	-281
Net Profit for the Period	86	59	144	380	336	856
Attributable to:						
Owners of the Parent	88	70	147	387	360	880
Non-controlling interests	-2	-11	-3	-7	-24	-24
Net Profit for the Period	86	59	144	380	336	856
Earnings per Share						
Basic earnings per share, EUR	0.11	0.09	0.19	0.49	0.46	1.12
Diluted earnings per share, EUR	0.11	0.09	0.19	0.49	0.46	1.12

Consolidated statement of comprehensive income

EUR million	Q3/20	Q3/19	Q2/20	Q1-Q3/20	Q1-Q3/19	2019
Net profit for the period	86	59	144	380	336	856
Other Comprehensive Income (OCI)						
Items that will Not be Reclassified to Profit and Loss						
Equity instruments at fair value through OCI	38	99	68	-142	76	109
Actuarial gains and losses on defined benefit plans	-20	-4	-63	-55	-4	-78
Income tax relating to items that will not be reclassified	4	1	11	10	2	6
	22	95	16	-187	73	37
Items that may be Reclassified Subsequently to Profit and Loss						
Cumulative translation adjustment (CTA)	-133	25	125	-260	181	206
Net investment hedges and loans	10	-11	2	6	-16	-9
Cash flow hedges and cost of hedging	15	-32	68	1	-61	-14
Share of OCI of Non-controlling Interests (NCI)	1	0	1	0	0	0
Share of OCI of Equity accounted investments (EAI)	0	0	0	0	11	11
Income tax relating to items that may be reclassified	-4	8	-13	-2	12	2
	-111	-11	183	-255	126	196
Total Comprehensive Income	-2	143	343	-62	536	1 089
Attributable to						
Owners of the Parent	-2	154	345	-55	561	1 113
Non-controlling interests	-1	-11	-2	-7	-25	-24
Total Comprehensive Income	-2	143	343	-62	536	1 089

CTA = Cumulative Translation Adjustment

OCI = Other Comprehensive Income

EAI = Equity Accounted Investments

Condensed consolidated statement of financial position

EUR million		30 Sep 2020	31 Dec 2019	30 Sep 2019
Assets				
Goodwill	O	278	302	312
Other intangible assets	O	145	169	168
Property, plant and equipment	O	5 382	5 610	5 530
Right-of-use assets	O	463	508	530
		6 268	6 590	6 539
Biological assets	O	3 819	3 627	2 982
Emission rights	O	49	37	39
Equity accounted investments	O	430	483	590
Listed securities	I	14	12	9
Unlisted securities	O	383	526	496
Non-current interest-bearing receivables	I	94	72	76
Deferred tax assets	T	102	81	85
Other non-current assets	O	27	37	40
Non-current Assets		11 186	11 463	10 857
Inventories	O	1 302	1 391	1 519
Tax receivables	T	15	11	9
Operative receivables	O	1 158	1 289	1 319
Interest-bearing receivables	I	28	23	16
Cash and cash equivalents	I	1 364	876	713
Current Assets		3 867	3 590	3 576
Total Assets		15 053	15 053	14 432
Equity and Liabilities				
Owners of the Parent		7 243	7 429	6 875
Non-controlling Interests		-14	-7	-18
Total Equity		7 229	7 423	6 857
Post-employment benefit obligations	O	543	458	383
Provisions	O	94	110	130
Deferred tax liabilities	T	899	875	744
Non-current interest-bearing liabilities	I	3 468	3 232	3 508
Other non-current operative liabilities	O	12	40	34
Non-current Liabilities		5 016	4 713	4 798
Current portion of non-current debt	I	471	376	332
Interest-bearing liabilities	I	561	572	700
Bank overdrafts	I	8	13	19
Provisions	O	55	55	21
Other operative liabilities	O	1 614	1 854	1 653
Tax liabilities	T	99	48	52
Current Liabilities		2 808	2 917	2 778
Total Liabilities		7 823	7 630	7 575
Total Equity and Liabilities		15 053	15 053	14 432

Items designated with "O" comprise Operating Capital

Items designated with "I" comprise Net Interest-bearing Liabilities

Items designated with "T" comprise Net Tax Liabilities

Condensed consolidated statement of cash flows

EUR million	Q1-Q3/20	Q1-Q3/19
Cash Flow from Operating Activities		
Operating profit	633	624
Adjustments for non-cash items ²	291	675
Change in net working capital	-17	-34
Cash Flow Generated by Operations²	907	1 266
Net financial items paid	-96	-112
Income taxes paid, net	-66	-139
Net Cash Provided by Operating Activities²	746	1 015
Cash Flow from Investing Activities		
Acquisition of subsidiary shares and business operations, net of acquired cash	0	-464
Acquisitions of equity accounted investments	-1	-6
Acquisitions of unlisted securities	-1	0
Cash flow on disposal of subsidiary shares and business operations, net of disposed cash	-3	0
Cash flow on disposal of unlisted securities	0	5
Cash flow on disposal of intangible assets and property, plant and equipment	4	7
Capital expenditure ²	-448	-391
Proceeds from non-current receivables, net	-18	-19
Net Cash Used in Investing Activities²	-466	-870
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	563	871
Repayment of long-term debt and lease liabilities	-201	-1 043
Change in short-term borrowings	-18	-15
Dividends paid	-118	-394
Buy-out of interest in subsidiaries from non-controlling interests	0	-8
Equity injections from, less dividends to, non-controlling interests	0	-4
Purchase of own shares ¹	-6	-3
Net Cash Provided by Financing Activities	219	-597
Net Change in Cash and Cash Equivalents	499	-452
Translation adjustment	-6	18
Net cash and cash equivalents at the beginning of period	863	1 128
Net Cash and Cash Equivalents at Period End	1 356	694
Cash and Cash Equivalents at Period End	1 364	713
Bank Overdrafts at Period End	-8	-19
Net Cash and Cash Equivalents at Period End	1 356	694

¹ Own shares purchased for the Group's share award programme. The Group did not hold any of its own shares at 30 September 2020.

² Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020.

Statement of changes in equity

EUR million	Fair Value Reserve												Total
	Share Capital	Share Premium and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Step Acquisition Revaluation Surplus	Equity instruments through OCI	Cash Flow Hedges	OCI of Equity Accounted Investments	CTA and Net Investment Hedges and loans	Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	
Balance at 1 January 2019	1 342	77	633	—	4	304	-7	-11	-335	4 706	6 714	18	6 732
Net profit for the period	—	—	—	—	—	—	—	—	—	360	360	-24	336
OCI before tax	—	—	—	—	—	76	-61	11	164	-4	186	—	186
Income tax relating to OCI	—	—	—	—	—	1	9	—	3	1	14	—	14
Total Comprehensive Income	—	—	—	—	—	77	-51	11	167	357	561	-25	536
Dividend	—	—	—	—	—	—	—	—	—	-394	-394	-1	-395
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	-10	-10
Purchase of treasury shares	—	—	—	-3	—	—	—	—	—	—	-3	—	-3
Share-based payments	—	—	—	3	—	—	—	—	—	-5	-2	—	-2
Balance at 30 September 2019	1 342	77	633	—	4	381	-58	—	-168	4 664	6 875	-18	6 857
Net profit for the period	—	—	—	—	—	—	—	—	—	520	520	—	519
OCI before tax	—	—	—	—	—	32	46	—	33	-73	38	1	39
Income tax relating to OCI	—	—	—	—	—	-1	-8	—	-2	5	-5	—	-5
Total Comprehensive Income	—	—	—	—	—	32	38	—	31	451	553	—	553
Dividend	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	11	11
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—	2	2	—	2
Balance at 31 December 2019	1 342	77	633	—	4	413	-20	—	-136	5 116	7 429	-7	7 423
Net profit for the period	—	—	—	—	—	—	—	—	—	387	387	-7	380
OCI before tax	—	—	—	—	—	-142	1	—	-254	-55	-450	—	-450
Income tax relating to OCI	—	—	—	—	—	—	-1	—	-1	10	8	—	8
Total Comprehensive Income	—	—	—	—	—	-142	1	—	-256	342	-55	-7	-62
Dividend	—	—	—	—	—	—	—	—	—	-118	-118	—	-118
Acquisitions and disposals	—	—	—	—	-4	—	—	—	—	4	—	—	—
Purchase of treasury shares	—	—	—	-6	—	—	—	—	—	—	-6	—	-6
Share-based payments	—	—	—	6	—	—	—	—	—	-13	-7	—	-7
Balance at 30 September 2020	1 342	77	633	—	—	271	-19	—	-392	5 331	7 243	-14	7 229

CTA = Cumulative Translation Adjustment OCI = Other Comprehensive Income NCI = Non-controlling Interests

Goodwill, other intangible assets, property, plant and equipment, right-of-use assets and biological assets

EUR million	Q1-Q3/20	Q1-Q3/19	2019
Carrying value at 1 January	10 216	6 187	6 187
Additions in right-of-use assets due to adoption of IFRS 16	0	530	530
Additions in tangible and intangible assets	317	281	550
Additions in right-of-use assets	25	22	29
Additions in biological assets	43	51	77
Depletion of capitalised silviculture costs	-29	-40	-51
Acquisition of subsidiary companies	5	2 925	2 988
Disposals	-3	-5	-11
Disposals of subsidiary companies	-3	0	-8
Depreciation and impairment	-435	-408	-597
Fair valuation of biological assets	223	0	493
Translation difference and other	-272	-22	29
Statement of Financial Position Total	10 087	9 521	10 216

Borrowings

EUR million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Bond loans	2 254	1 970	1 978
Loans from credit institutions	1 235	1 363	1 162
Lease liabilities	414	466	440
Derivative financial liabilities	30	35	24
Other non-current liabilities	5	6	5
Non-current interest bearing liabilities including current portion	3 938	3 840	3 608
Short-term borrowings	503	610	516
Interest payable	33	33	33
Derivative financial liabilities	26	58	23
Bank overdrafts	8	19	13
Total Interest-bearing Liabilities	4 508	4 559	4 192

EUR million	Q1-Q3/20	Q1-Q3/19	2019
Carrying value at 1 January	4 192	3 344	3 344
Additions in lease liabilities due to adoption of IFRS 16	0	525	525
Acquisition of subsidiary companies	0	793	793
Proceeds of new long-term debt	563	871	870
Additions in lease liabilities	25	22	29
Repayment of long-term debt	-164	-988	-1 216
Repayment of lease liabilities and interest	-52	-56	-88
Change in short-term borrowings and interest payable	-13	36	-58
Change in derivative financial liabilities	8	25	-21
Translation differences and other	-52	-14	13
Total Interest-bearing Liabilities	4 508	4 559	4 192

Commitments and contingencies

EUR million	30 Sep 2020	31 Dec 2019	30 Sep 2019
On Own Behalf			
Mortgages	0	2	2
Other commitments	10	3	3
On Behalf of Equity Accounted Investments			
Guarantees	2	4	4
On Behalf of Others			
Guarantees	6	6	6
Other commitments	13	13	13
Total	32	28	28
Mortgages	0	2	2
Guarantees	8	10	10
Other commitments	24	17	17
Total	32	28	28

Capital commitments

EUR million	30 Sep 2020	31 Dec 2019	30 Sep 2019
Total	214	223	266

The Group's direct capital expenditure contracts include the Group's share of direct capital expenditure contracts in joint operations.

Sales by segment – total

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	771	821	764	3 254	770	805	848	832
Packaging Solutions	145	141	149	698	170	167	181	180
Biomaterials	305	288	286	1 464	341	331	394	398
Wood Products	341	347	338	1 569	374	380	412	403
Forest	457	519	542	2 321	558	518	603	642
Paper	468	445	591	2 856	694	690	712	760
Other	230	221	246	1 076	262	268	265	280
Inter-segment sales	-637	-669	-709	-3 184	-757	-759	-807	-861
Total	2 079	2 114	2 207	10 055	2 411	2 402	2 608	2 635

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020. 2019 sales for Packaging Materials, Packaging Solutions and Inter-Segment sales have been recalculated versus the amounts presented in the release.

Sales by segment – external

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	742	793	735	3 091	732	767	805	787
Packaging Solutions	140	137	145	680	165	163	177	175
Biomaterials	267	248	233	1 193	284	268	323	318
Wood Products	322	323	316	1 457	349	356	382	370
Forest	146	175	194	790	193	164	210	224
Paper	455	432	578	2 800	681	675	699	745
Other	6	6	7	45	7	10	13	15
Total	2 079	2 114	2 207	10 055	2 411	2 402	2 608	2 635

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020.

Disaggregation of revenue

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Product sales	2 056	2 087	2 187	9 935	2 389	2 372	2 567	2 608
Service sales	23	27	20	120	22	31	40	27
Total	2 079	2 114	2 207	10 055	2 411	2 402	2 608	2 635

Sales comprise mainly sales of products and are typically recognised at a point in time when Stora Enso transfers control of products to a customer.

Product and service sales by segment

EUR million		Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	Product sales	769	819	761	3 240	767	801	844	828
	Service sales	2	2	3	14	3	4	4	4
Packaging Solutions	Product sales	145	141	148	696	169	166	181	180
	Service sales	0	0	0	2	1	0	0	0
Biomaterials	Product sales	297	281	277	1 436	336	324	386	391
	Service sales	7	8	8	27	5	8	8	7
Wood Products	Product sales	334	341	334	1 550	368	375	406	400
	Service sales	7	6	5	19	6	5	6	3
Forest	Product sales	449	510	539	2 276	551	503	586	636
	Service sales	7	10	3	45	7	15	17	6
Paper	Product sales	465	442	588	2 842	690	687	708	757
	Service sales	2	4	2	14	4	3	4	3
Other	Product sales	32	27	44	183	42	46	41	54
	Service sales	198	194	202	892	220	222	224	226
Inter-segment sales	Product sales	-436	-473	-504	-2 288	-533	-532	-585	-638
	Service sales	-201	-196	-204	-895	-224	-227	-222	-223
Total		2 079	2 114	2 207	10 055	2 411	2 402	2 608	2 635

Comparative 2019 figures have been restated as described in our [release](#) from 19 March 2020. 2019 sales for Packaging Materials, Packaging Solutions and Inter-Segment sales have been recalculated versus the amounts presented in the release.

Operational EBIT by segment

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	111	130	95	339	57	86	98	98
Packaging Solutions	8	8	8	46	10	15	14	8
Biomaterials	10	19	-7	233	-12	39	103	103
Wood Products	38	26	18	105	14	27	35	29
Forest	38	41	44	99	31	25	11	33
Paper	-16	-39	21	213	44	50	50	69
Other	-13	-7	0	-32	-19	2	-11	-4
Operational EBIT	175	178	180	1 003	124	245	299	335
Fair valuations and non-operational items ¹	-4	55	94	494	588	-39	-37	-18
Items affecting comparability	-25	-7	-12	-192	-32	-36	-120	-4
Operating Profit (IFRS)	145	226	262	1 305	680	170	142	313
Net financial items	-31	-36	-53	-168	-34	-55	-48	-31
Profit before Tax	115	190	209	1 137	646	115	93	282
Income tax expense	-28	-46	-59	-281	-127	-57	-41	-56
Net Profit	86	144	149	856	519	59	52	226

¹ Fair valuations and non-operational items include CO₂ emission rights, non-operational fair valuation changes of biological assets and the Group's share of income tax and net financial items of EAI. From 1 January 2020 onwards, the changes in the fair valuation of biological assets are categorized in non-operational and operational fair value changes. Non-operational fair value changes of biological assets reflect changes made to valuation assumptions and parameters, usually during the annual valuation process. Operational fair value changes of biological assets are included in Operational EBITDA and contain all other fair value changes, mainly due to inflation and differences in actual harvesting levels compared to the harvesting plan. The previous periods have been restated.

Items affecting comparability (IAC), fair valuations and non-operational items

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Impairments and impairment reversals	-17	-5	-5	-62	-51	-14	6	-3
Restructuring costs excluding impairments	-10	-1	-5	-52	-15	-5	-31	-1
Acquisitions and disposals	0	0	-2	-59	44	-15	-88	0
Other	2	-1	0	-19	-9	-2	-8	0
Total IAC on Operating Profit	-25	-7	-12	-192	-32	-36	-120	-4
Fair valuations and non-operational items	-4	55	94	494	588	-39	-37	-18
Total	-29	48	82	302	556	-75	-157	-22

Items affecting comparability had a negative impact on the operating profit of EUR 25 (negative EUR 36) million. The IACs relate mainly to the Hylte Mill restructuring in Sweden.

Fair valuations and non-operational items had a negative net impact on the operating profit of EUR 4 (negative EUR 39) million. The impact came mainly from the forest fair valuation decreases.

Items affecting comparability (IAC) by segment

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	-2	0	-5	6	-3	0	13	-4
Packaging Solutions	-5	0	0	-10	-4	-6	0	0
Biomaterials	0	0	0	-51	-51	0	0	0
Wood Products	0	-1	-2	-13	-2	0	-10	0
Forest	0	0	0	-41	54	-4	-91	0
Paper	-14	-5	-5	-58	-11	-21	-27	0
Other	-5	-1	0	-25	-14	-5	-5	0
IAC on Operating Profit	-25	-7	-12	-192	-32	-36	-120	-4
IAC on tax	5	1	2	13	5	2	6	1
IAC on Net Profit	-20	-5	-10	-180	-27	-35	-115	-3
Attributable to:								
Owners of the Parent	-20	-5	-10	-180	-27	-35	-115	-3
Non-controlling interests	0	0	0	0	0	0	0	0
IAC on Net Profit	-20	-5	-10	-180	-27	-35	-115	-3

Fair valuations and non-operational items¹ by segment

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	0	-1	-1	7	7	0	0	0
Packaging Solutions	0	0	0	0	0	0	0	0
Biomaterials	2	0	1	-2	-1	-2	1	0
Wood Products	0	0	0	0	0	0	0	0
Forest	-10	55	89	489	582	-35	-34	-24
Paper	4	2	5	-1	1	-3	-3	5
Other	0	-1	0	1	0	1	-1	0
FV and Non-operational Items on Operating Profit	-4	55	94	494	588	-39	-37	-18

¹ Fair valuations and non-operational items include CO₂ emission rights, non-operational fair valuation changes of biological assets and the Group's share of income tax and net financial items of EAI. From 1 January 2020 onwards, the changes in the fair valuation of biological assets are categorized in non-operational and operational fair value changes. Non-operational fair value changes of biological assets reflect changes made to valuation assumptions and parameters, usually during the annual valuation process. Operational fair value changes of biological assets are included in Operational EBITDA and contain all other fair value changes, mainly due to inflation and differences in actual harvesting levels compared to the harvesting plan. The previous periods have been restated.

Operating profit/loss by segment

EUR million	Q3/20	Q2/20	Q1/20	2019	Q4/19	Q3/19	Q2/19	Q1/19
Packaging Materials	108	129	89	352	61	86	110	94
Packaging Solutions	3	8	8	36	6	9	14	8
Biomaterials	12	19	-6	180	-65	37	104	103
Wood Products	38	25	16	92	11	27	25	29
Forest	28	96	133	547	667	-14	-115	9
Paper	-26	-42	21	154	33	26	20	74
Other	-17	-9	0	-56	-34	-2	-17	-4
Operating Profit (IFRS)	145	226	262	1 305	680	170	142	313
Net financial items	-31	-36	-53	-168	-34	-55	-48	-31
Profit before Tax	115	190	209	1 137	646	115	93	282
Income tax expense	-28	-46	-59	-281	-127	-57	-41	-56
Net Profit	86	144	149	856	519	59	52	226

Key exchange rates for the euro

One Euro is	Closing Rate		Average Rate	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
SEK	10.5713	10.4468	10.5618	10.5868
USD	1.1708	1.1234	1.1241	1.1195
GBP	0.9124	0.8508	0.8845	0.8773

Transaction risk and hedges in main currencies as at 30 September 2020

EUR million	USD	SEK	GBP
Estimated annual operative transaction risk exposure from cash flows for the next 12 months ¹	1 289	-180	201
Cash flow hedges for the next 12 months as at 30 September 2020	-625	91	-89
Hedge ratio for the next 12 months as at 30 September 2020	48%	51%	44%
Effect of 10% currency strengthening on Operational EBIT ²	129	-18	20

¹ Cash flows are forecasted highly probable foreign exchange net operating cash flows. The Group has also operative transaction risk exposure from EUR cash flows in Group companies located in Sweden, Czech Republic and Poland with functional currency other than EUR. This additional annual operating cash flow exposure amounted to EUR 810 million and there are outstanding cash flow hedges corresponding to EUR -431 million to hedge that specific risk as at 30 September 2020.

² The sensitivity is based on the estimated net operating cash flow for the next 12 months. The calculation does not take into account currency hedges and assumes no other changes occur than exchange rate movement in an exposure currency. A currency weakening would have the opposite impact.

Fair Values of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the Group's Financial Report.

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 30 September 2020

EUR million	Amortised cost	Fair value through OCI	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial assets						
Listed securities	—	14	—	—	14	14
Unlisted securities	—	379	4	—	383	383
Non-current interest-bearing receivables	91	—	—	3	94	94
Trade and other operative receivables	852	36	—	—	888	888
Short-term interest-bearing receivables	1	—	2	25	28	28
Cash and cash equivalents	1 364	—	—	—	1 364	1 364
Total	2 307	429	6	28	2 770	2 770

EUR million	Amortised cost	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial liabilities					
Non-current interest-bearing liabilities	3 438	2	28	3 468	3 840
Current portion of non-current debt	471	—	—	471	471
Short-term interest-bearing liabilities	533	6	22	561	561
Trade and other operative payables	1 317	—	—	1 317	1 317
Bank overdrafts	8	—	—	8	8
Total	5 767	8	50	5 825	6 198

The following items are measured at fair value on a recurring basis.

EUR million	Level 1	Level 2	Level 3	Total
Listed securities	14	—	—	14
Unlisted securities	—	—	383	383
Trade and other operative receivables	—	36	—	36
Derivative financial assets	—	30	—	30
Total financial assets	14	66	383	463
Trade and other operative liabilities	—	—	—	—
Derivative financial liabilities	—	58	—	58
Total financial liabilities	—	58	—	58

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2019

EUR million	Amortised cost	Fair value through OCI	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial assets						
Listed securities	—	12	—	—	12	12
Unlisted securities	—	522	3	—	526	526
Non-current interest-bearing receivables	71	—	—	1	72	72
Trade and other operative receivables	930	38	—	—	968	968
Short-term interest-bearing receivables	3	—	3	17	23	23
Cash and cash equivalents	876	—	—	—	876	876
Total	1 879	573	7	18	2 477	2 477

EUR million	Amortised cost	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial liabilities					
Non-current interest-bearing liabilities	3 207	4	21	3 232	3 549
Current portion of non-current debt	376	—	—	376	376
Short-term interest-bearing liabilities	546	1	24	572	572
Trade and other operative payables	1 574	25	—	1 598	1 598
Bank overdrafts	13	—	—	13	13
Total	5 716	30	45	5 790	6 107

The following items are measured at fair value on a recurring basis.

EUR million	Level 1	Level 2	Level 3	Total
Listed securities	12	—	—	12
Unlisted securities	—	—	526	526
Trade and other operative receivables	—	38	—	38
Derivative financial assets	—	21	—	21
Total financial assets	12	59	526	597
Trade and other operative liabilities	—	—	25	25
Derivative financial liabilities	—	50	—	50
Total financial liabilities	—	50	25	75

Reconciliation of level 3 fair value measurement of financial assets and liabilities: 30 September 2020

EUR million	Q1-Q3/20	2019	Q1-Q3/19
Financial assets			
Opening balance at 1 January	526	422	422
Gains/losses recognised in income statement	0	0	-1
Gains/losses recognised in other comprehensive income	-144	109	80
Additions	1	0	0
Disposals	0	-5	-5
Closing balance	383	526	496

EUR million	Q1-Q3/20	2019	Q1-Q3/19
Financial liabilities			
Opening balance at 1 January	-25	-21	-21
Gains/losses recognised in income statement	0	-4	0
Deductions	25	0	0
Translation difference	0	0	-1
Closing balance	0	-25	-22

Level 3 Financial Assets

The level 3 financial assets consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 3.16% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by EUR +37 million and -37 million, respectively. A +/- percentage point change in the discount rate would change the valuation by EUR -39 million and +101 million, respectively.

Stora Enso shares

Trading volume

	Helsinki		Stockholm	
	A share	R share	A share	R share
July	63 703	42 154 683	179 625	9 787 620
August	114 077	31 301 635	224 973	9 557 771
September	76 275	49 094 314	362 947	14 353 651
Total	254 055	122 550 632	767 545	33 699 042

Closing price

	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
July	11.60	10.66	122.20	110.20
August	12.85	12.33	133.00	127.10
September	13.85	13.38	146.20	140.90

Average number of shares

Million	Q3/20	Q3/19	Q2/20	2019
Periodic	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6
Cumulative, diluted	788.9	789.5	788.9	789.5

Calculation of key figures

Operational return on capital employed, operational ROCE (%)	100 x $\frac{\text{Annualised operational EBIT}}{\text{Capital employed}^2}$
Operational return on operating capital, operational ROOC (%)	100 x $\frac{\text{Annualised operational EBIT}}{\text{Operating capital}^2}$
Return on equity, ROE (%)	100 x $\frac{\text{Net profit/loss for the period}}{\text{Total equity}^2}$
Net interest-bearing liabilities	Interest-bearing liabilities – interest-bearing assets
Net debt/equity ratio	$\frac{\text{Net interest-bearing liabilities}}{\text{Equity}^3}$
Earnings per share (EPS)	$\frac{\text{Net profit/loss for the period}^3}{\text{Average number of shares}}$
Operational EBIT	Operating profit/loss excluding items affecting comparability (IAC) and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding IAC and fair valuations of its equity accounted investments (EAI)
Operational EBITDA	Operating profit/loss excluding silviculture costs and damage to forests, fixed asset depreciation and impairment, IACs and fair valuations. The definition includes the respective items of subsidiaries, joint arrangements and equity accounted investments.
Net debt/last 12 months' operational EBITDA ratio	$\frac{\text{Net interest-bearing liabilities}}{\text{LTM operational EBITDA}}$
Fixed costs	Maintenance, personnel and other administration type of costs, excluding IAC and fair valuations
Last 12 months (LTM)	12 months prior to the end of reporting period
TRI	Total recordable incident rate = number of incidents per one million hours worked

¹ Capital employed = Operating capital – Net tax liabilities

² Average for the financial period

³ Attributable to the owners of the Parent

List of non-IFRS measures

Operational EBITDA	Depreciation and impairment charges excl. IAC
Operational EBITDA margin	Operational ROCE
Operational EBIT	Earnings per share (EPS), excl. IAC and FV
Operational EBIT margin	Net debt/last 12 months' operational EBITDA ratio
Profit before tax excl. IAC and FV	Fixed costs to sales
Capital expenditure	Operational ROOC
Capital expenditure excl. investments in biological assets	Cash flow from operations
Capital employed	Cash flow after investing activities

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Stora Enso's Q4 and full year 2020 results will be published on

29 January 2021

Part of the bioeconomy, Stora Enso is a leading global provider of renewable solutions in packaging, biomaterials, wooden constructions and paper. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso has some 25 000 employees in over 30 countries. Our sales in 2019 were EUR 10.1 billion. Stora Enso shares are listed on Nasdaq Helsinki Oy (STEA V, STER V) and Nasdaq Stockholm AB (STE A, STE R). storaenso.com/investors

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.