



Financial results for Q3 2021

Another quarter with robust growth and profitability

President and CEO Annica Bresky
CFO Seppo Parvi

20 October 2021

Disclaimer



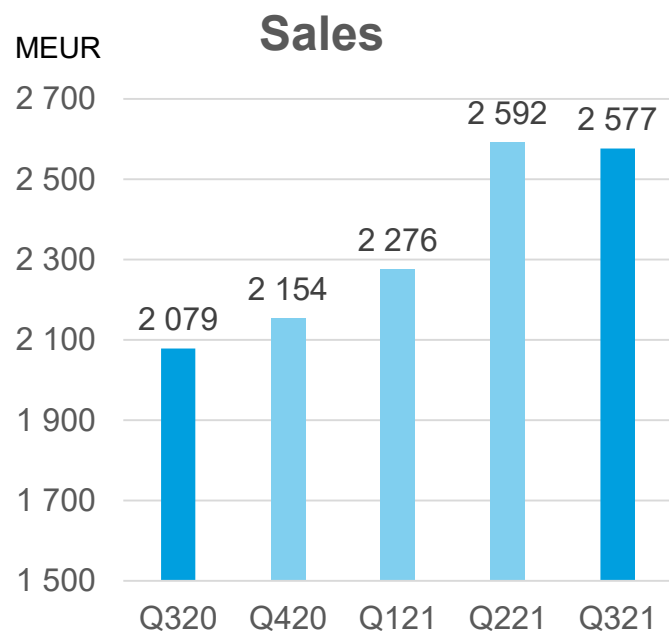
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Another quarter with robust growth and profitability

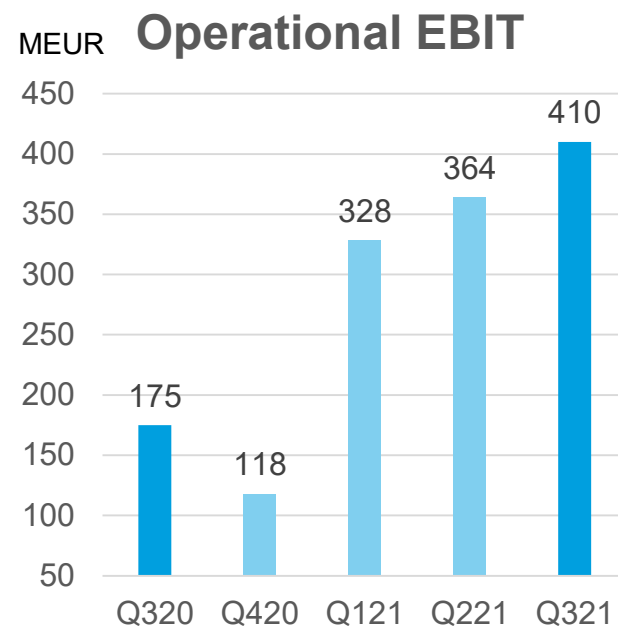
- The strategic transformation programme is creating a focused and powerful foundation for growth
- Solid underlying demand and top line growth in key focus areas: Packaging Materials, Wood Products and Biomaterials. Forest assets yielding well
- Investment in expansion of attractive packaging segment to accelerate growth
- We are in a strong position to end the year on a high level

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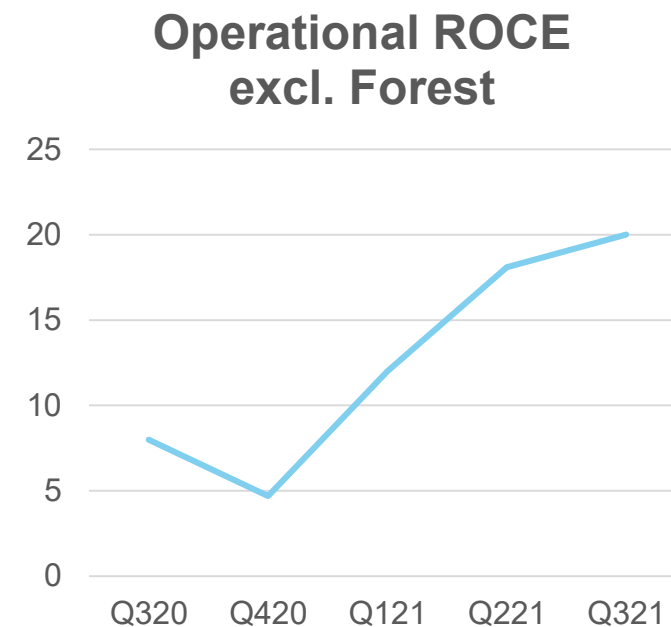
Operational EBIT trending up



Sales increased +24% YoY

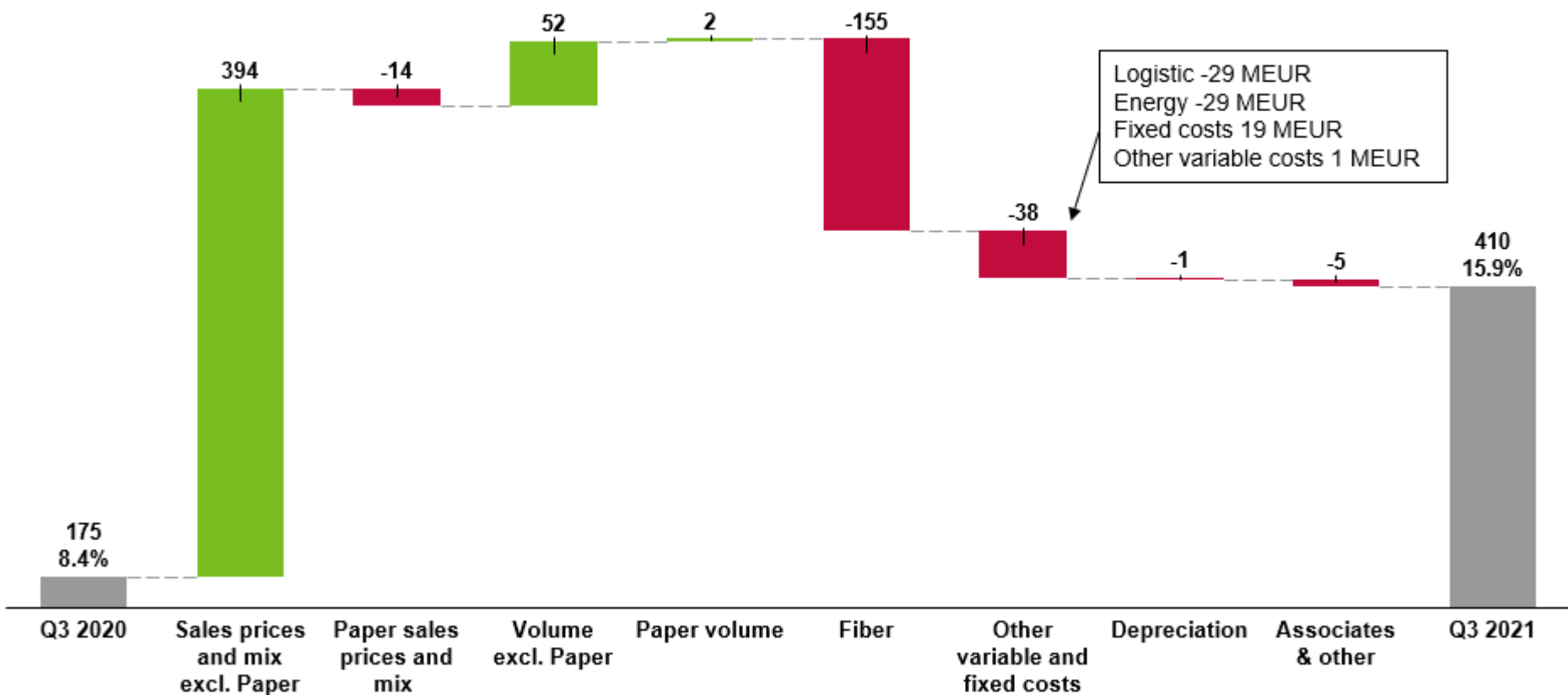


OpEBIT +134% YoY



OpROCE excluding Forest
above long-term target of 13%

Higher prices offsetting higher costs





Strategy execution moving ahead



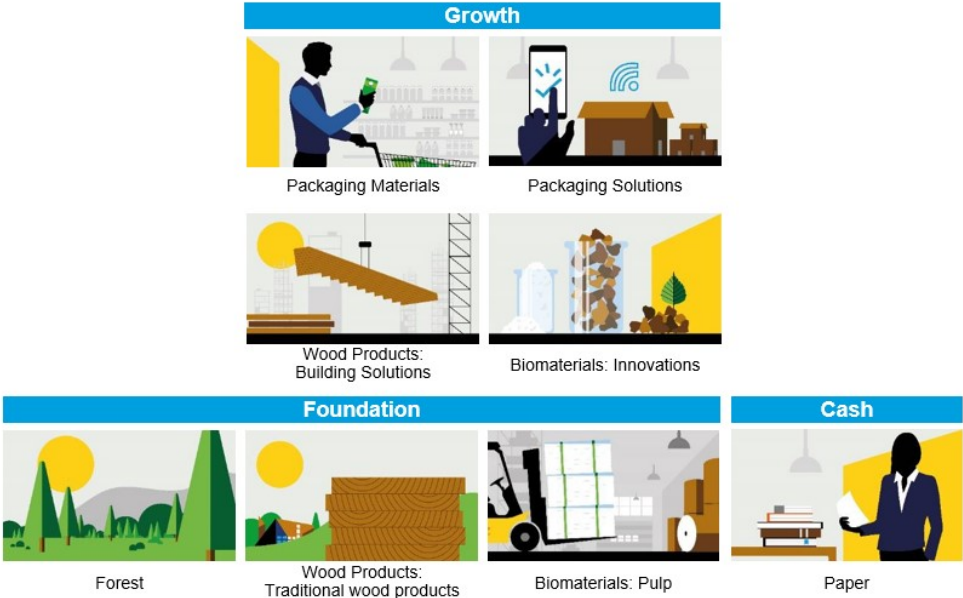
- We are taking action to grow our packaging position following a strong demand for sustainable packaging
- Pilot production of Lignode, wood-based carbon for batteries, is ramping up according to plan, evaluation of partners is in progress
- Exposure in paper will move towards 10% of total sales after the ongoing restructurings are finalised
 - Paper production at Veitsiluoto and Kvarnsveden sites terminated, Sachsen paper mill in Germany divested
 - Remaining business turning around
- We are implementing a decentralised operating model

Taking action to grow in sustainable packaging



- Skoghall site in Sweden is a key strategic asset that is highly competitive and a quality leader
- The 97 MEUR investment at Skoghall will accelerate our growth in strategic packaging
- Building on our global leading position in liquid packaging board and coated unbleached kraft
- Debottlenecking of existing production line completes in H2 2023, annual board grades production of 100 000 tonnes
- A scope reduction from the feasibility study for board and pulp investment 800 – 850 MEUR
- Pre-feasibility study in Oulu, Finland to start for conversion of the 2nd idle line to drive market share in packaging board grades

Decentralised operating model to strengthen execution of strategy and customer intimacy

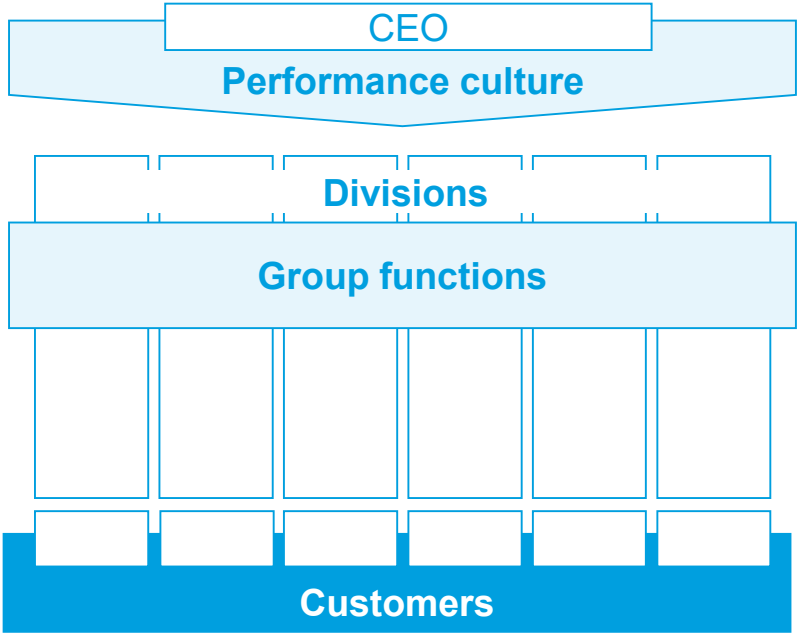


Empowered divisions

Focused functions

Performance culture

Business specific processes





Stora Enso sets ambitious goal to offer 100% regenerative solutions by 2050



- Stora Enso fully supports the European Commission's climate goals - EU's Green Deal is an opportunity to transition to a low-carbon society
- Sustainably managed forests and renewable, circular products are part of the solution in reaching the EU's ambitious climate goals
- We develop regenerative, renewable and circular solutions which contribute positively to climate change and restore negative impacts on the environment
- Our renewable products can help our customers to become:
 - 100% circular
 - biodiversity net positive
 - carbon net positive

Stora Enso is taking the lead with new 2030 sustainability targets



CO₂

Upgraded Science Based Target

- Aligned with a 1.5-degrees scenario
 - Scope 1, 2 & 3: **50% absolute reductions** (2019 baseline)



Circular

Products and value chains

- Circular Design Guidelines by 2025
- **100% of our products recyclable** by 2030



Biodiversity

Expanding scope and actions

- Detailed **action plan** towards 2030
- **Active biodiversity management with 15 indicators**



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Financial highlights



Sales +24% to 2 577
MEUR

OpEBIT
+134% to 410
MEUR

EPS (basic)
0.38 EUR

OpROCE excluding
Forest 20%

Cash flow from
operations
485 MEUR

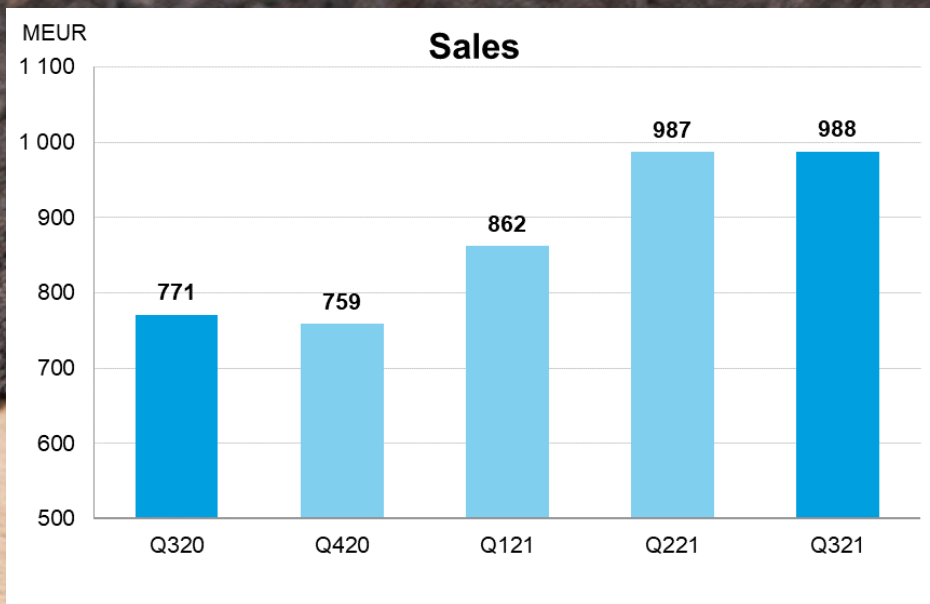
Net debt to
OpEBITDA 1.4

Packaging Materials

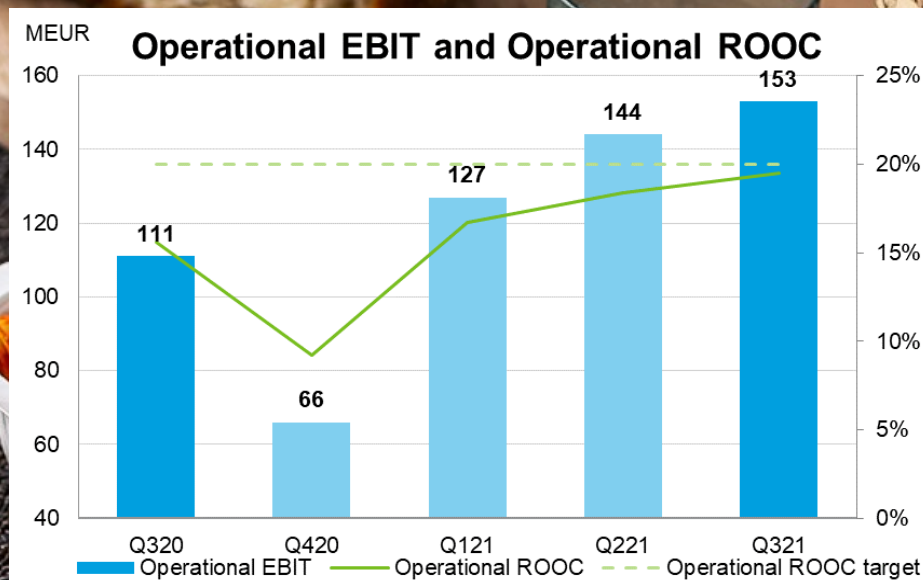
Excellent quarter with continued stability



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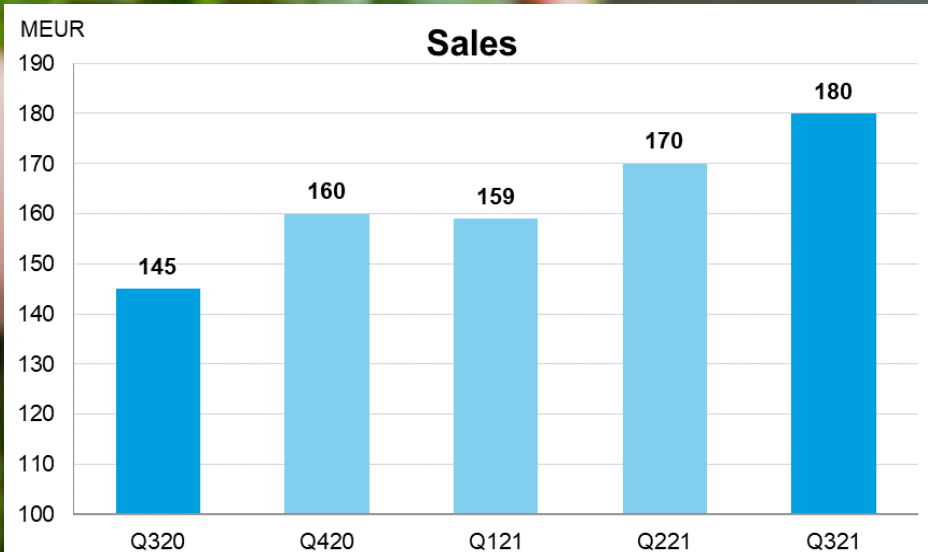
- Sales +28% YoY, all-time high
- Driven by higher deliveries, mainly from the ramp-up of production at Oulu, and higher prices



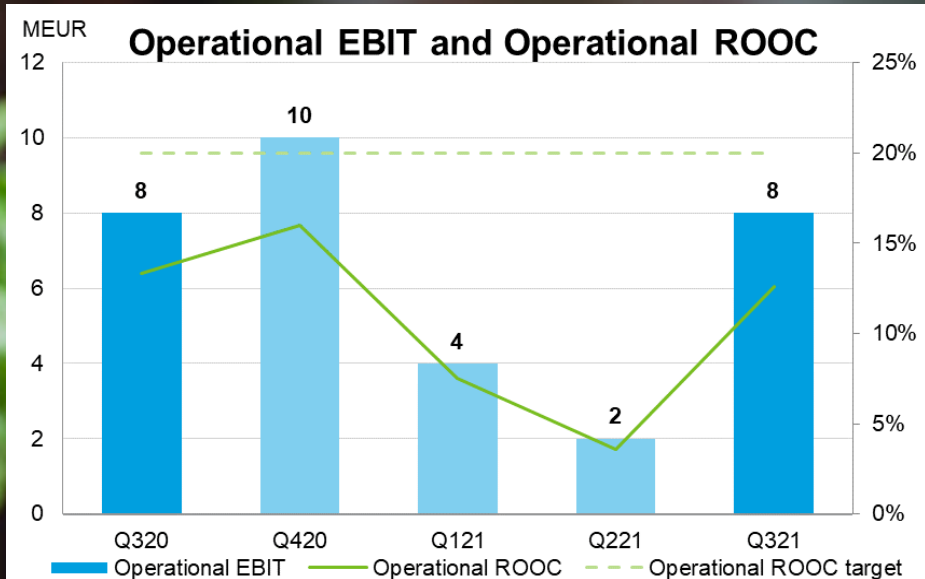
- OpEBIT +37% YoY, all-time high
- Very strong containerboard performance
- Higher sales partly offset by higher variable costs
- OpROOC 19.5% (15.6%), close to long term target

Packaging Solutions

Strong growth continues, driven by price increases, innovation and service



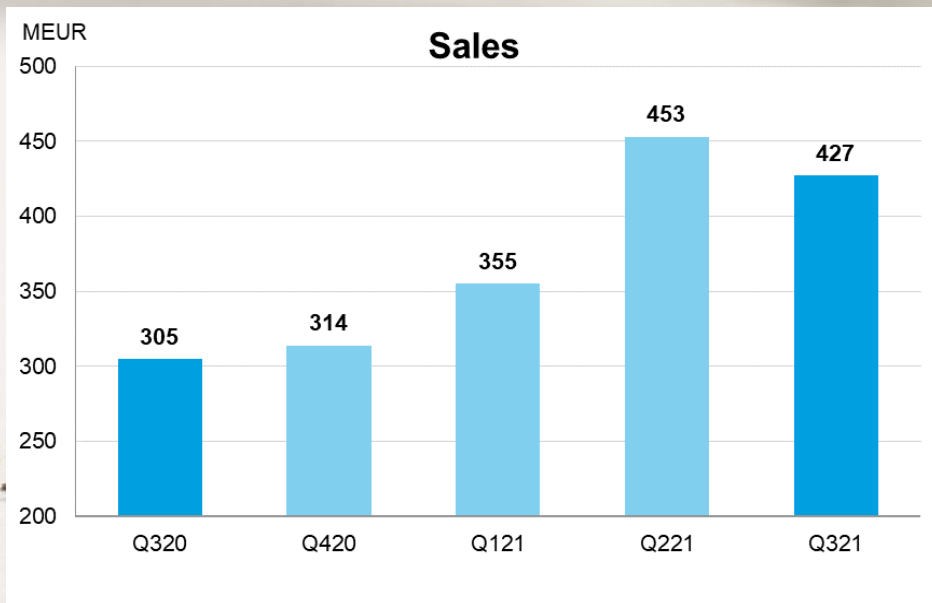
- Sales +24% YoY
- Driven by prices and increased sales in innovation and services
- Following steep increase in containerboard raw material prices



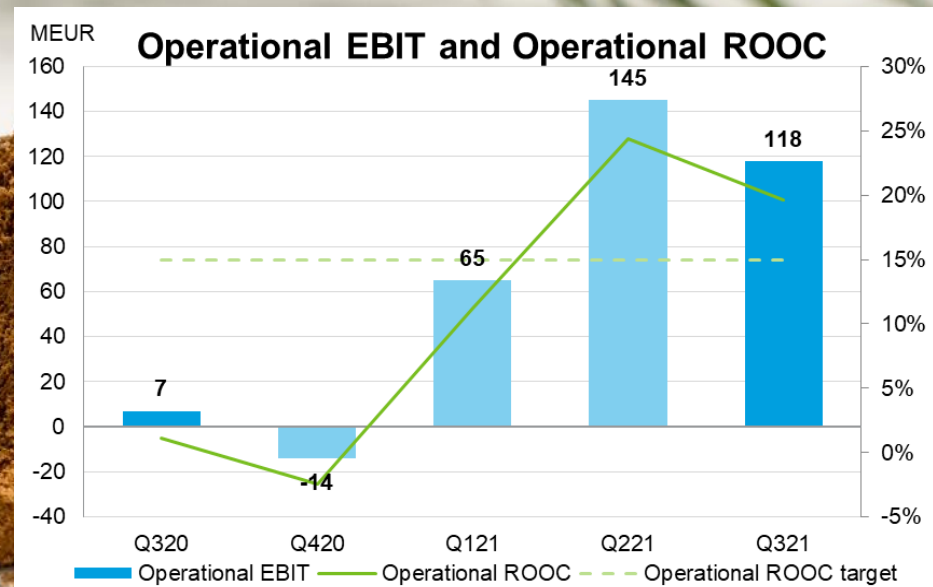
- OpEBIT on the same level YoY
- Improved margins in corrugated business
- Offset by increased investments in new businesses and higher fixed costs
- OpROOC at 12.6%, below long term target

Biomaterials

Record third quarter sales despite global logistics challenges



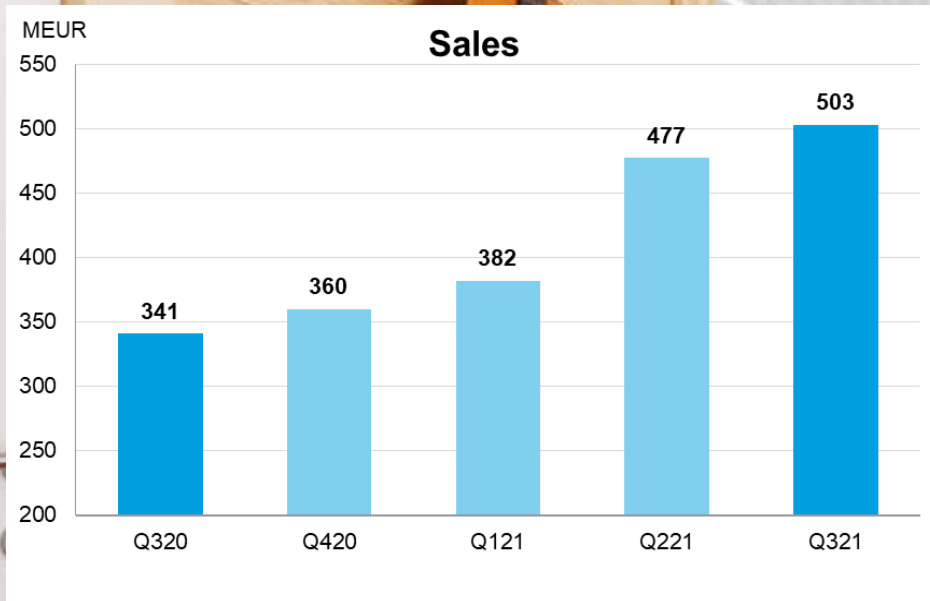
- Sales +40% YoY, record high Q3
- Clearly higher prices
- Partly offset by slightly lower deliveries due to global logistics disturbances
- Volumes are shifting to Q4



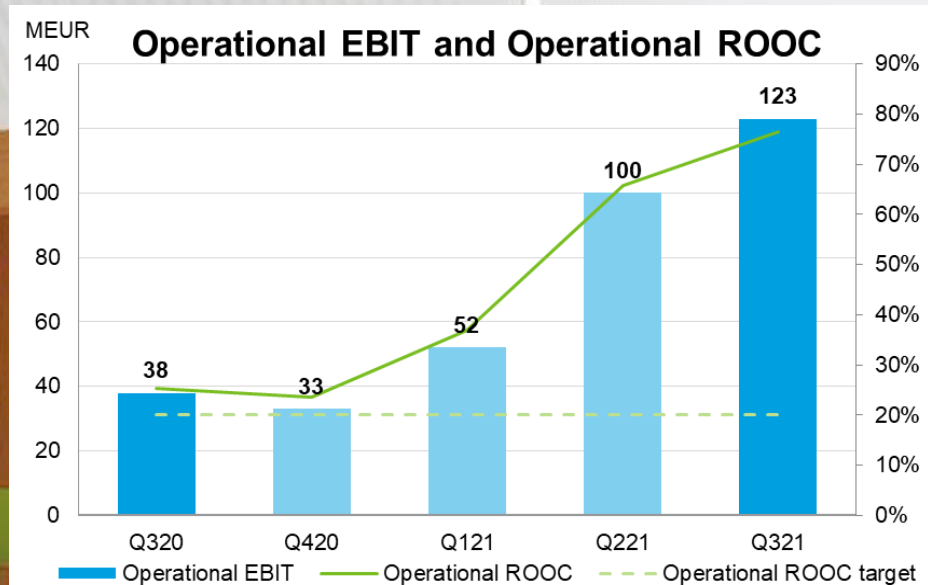
- OpEBIT +111 MEUR YoY, 2nd highest Q3
- Clearly higher sales prices
- Partly offset by higher maintenance costs due to changed maintenance schedule
- OpROOC 19.6%, significantly above long term target

Wood Products

An all-time high result



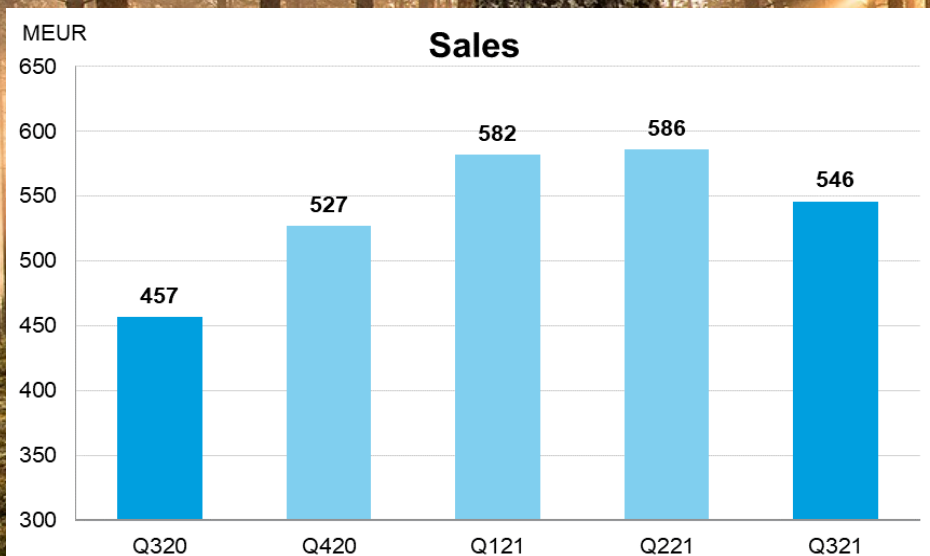
- Sales +48% YoY, all-time high
- Record high prices
- Slightly lower classic sawn deliveries



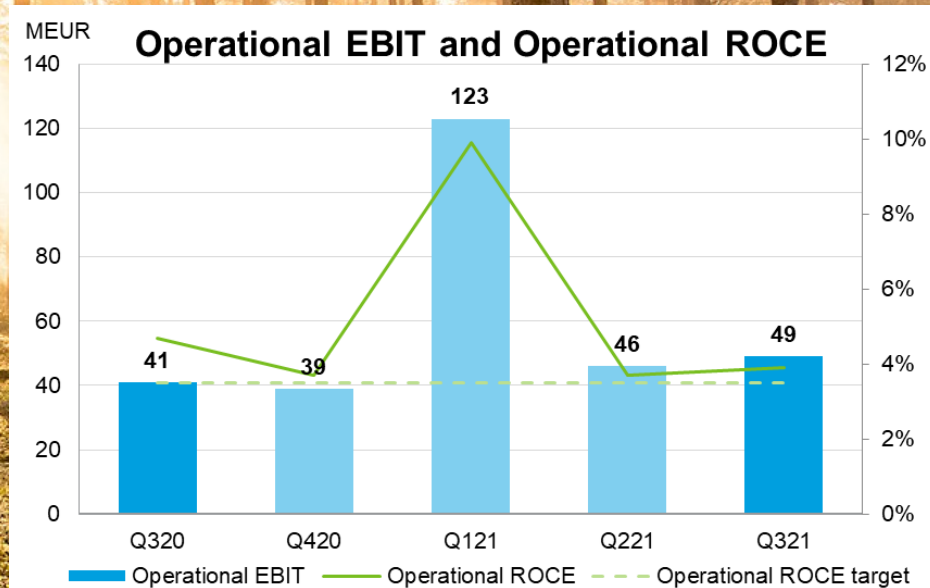
- OpEBIT +228% YoY, all-time high
- Extraordinary high profitability due to record prices
- Partly offset by higher raw material and production costs
- OpROOC 76.5%, significantly above long term target

Forest

Good and stable financial performance continues



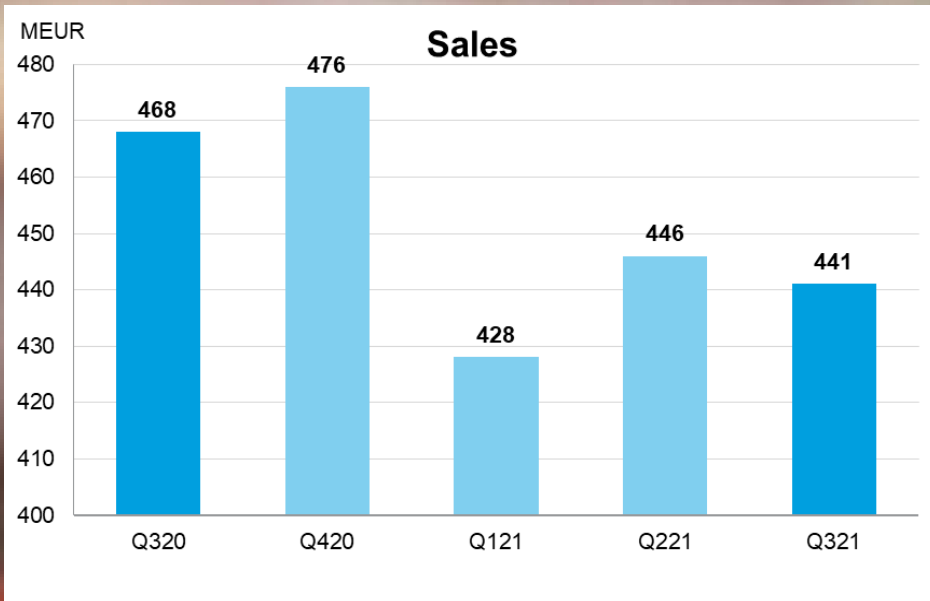
- Sales +19% YoY, record high Q3
- Driven by higher deliveries, especially in Sweden and Finland, as well as increased wood prices



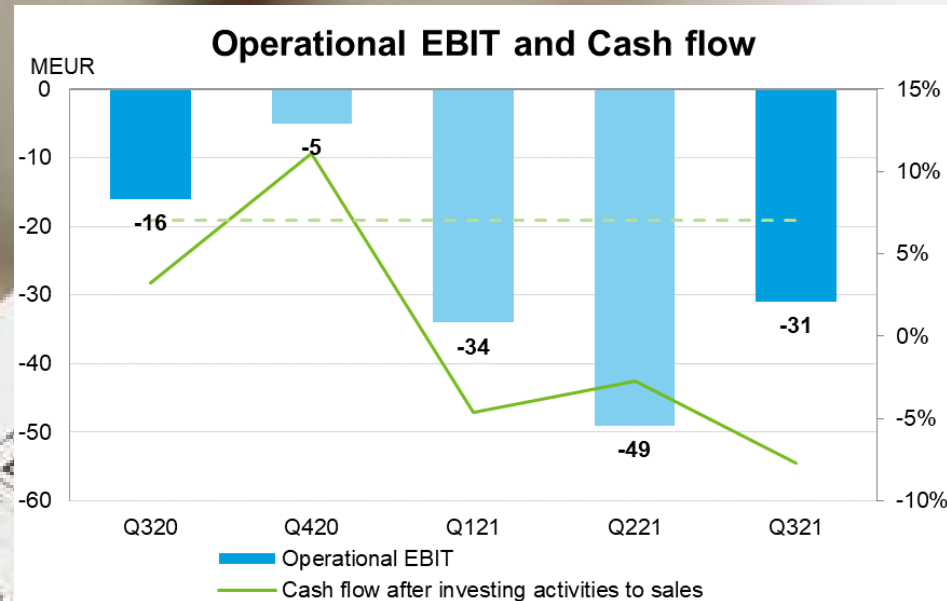
- OpEBIT +21% YoY, record high Q3
- Higher margin in own forest assets
- 7.4 BEUR total value of the Group's forest assets
- OpROCE 3.9%, above the long-term target

Paper

Result still impacted by restructuring and high input costs, remaining business is turning around



- Sales -6% YoY
- Due to structural changes in Oulu and Veitsiluoto paper mills
- Sales from remaining business increased by 85 MEUR, mainly due to higher deliveries



- OpEBIT -91% YoY to -31 MEUR
- Driven by clearly higher input costs (energy, fiber and logistics) and lower prices
- Cash flow to sales (after investments) -7.7%

Development of long-term financial targets



Group long-term financial targets		Q3 20	Q3 21	
Dividend*	To distribute 50% of EPS excluding fair valuation over the cycle	0.30	0.30	●
Growth** YoY	> 5%	-6.0%	32.5%	●
Net debt to operational EBITDA	< 2.0x	2.4	1.4	●
Net debt to equity	< 60%	42%	27%	●
Operational ROCE excl. Forest	> 13%	7.8%	20.0%	●

Divisional long-term financial targets		Q3 20	Q3 21	
Packaging Materials	Operational ROOC > 20%	15.6%	19.5%	●
Packaging Solutions	Operational ROOC > 25%	13.3%	12.6%	●
Biomaterials	Operational ROOC > 15%	1.1%	19.6%	●
Wood Products	Operational ROOC > 20%	25.2%	76.5%	●
Forest	Operational ROCE > 3.5%	4.7%	3.9%	●
Paper	Cash flow after investing activities to sales > 7%	3.2%	-7.7%	●

* Annual dividend. ** Excluding Paper

Annual outlook for FY 2021 remains unchanged

Operational EBIT in FY 2021 expected to be higher than in FY 2020



- Global economic activity is continuing at a healthy level
- Resilient demand for our products in key segments



Another quarter with robust growth and profitability

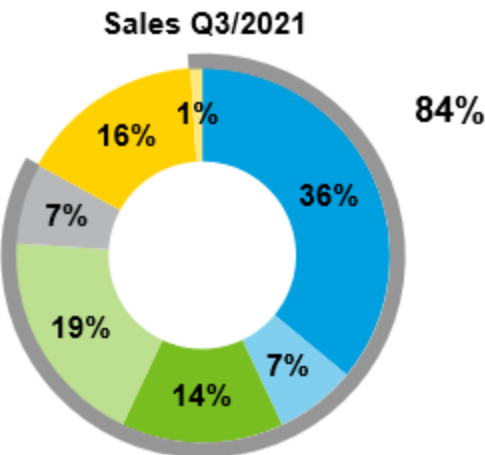
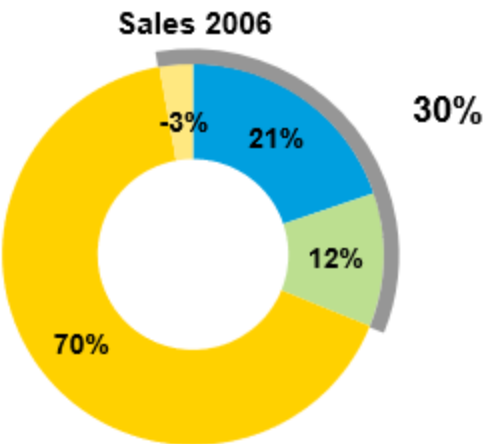
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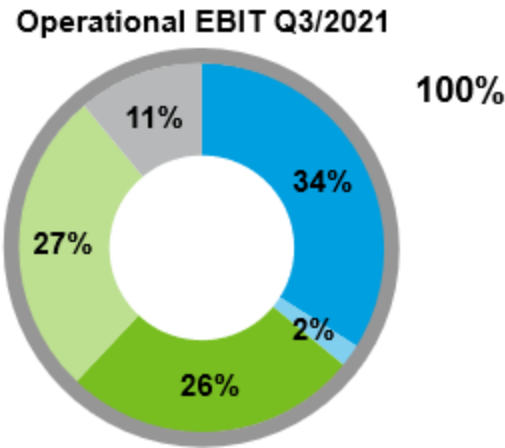
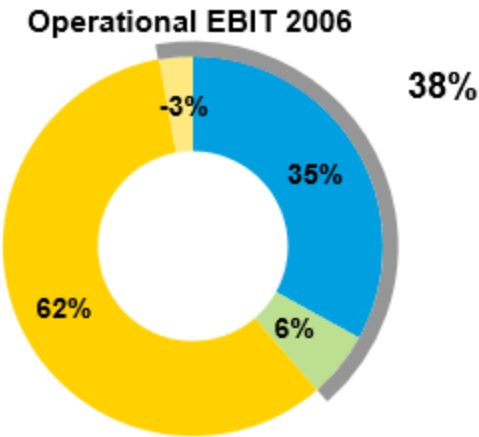
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Growth businesses 84% of sales and 100% of operational EBIT



- Packaging Materials
- Packaging Solutions¹
- Biomaterials
- Wood Products
- Forest
- Paper²
- Other & eliminations³

¹ In 2006 included in Packaging Materials
² In 2006 includes merchants
³ In 2006 includes Forest

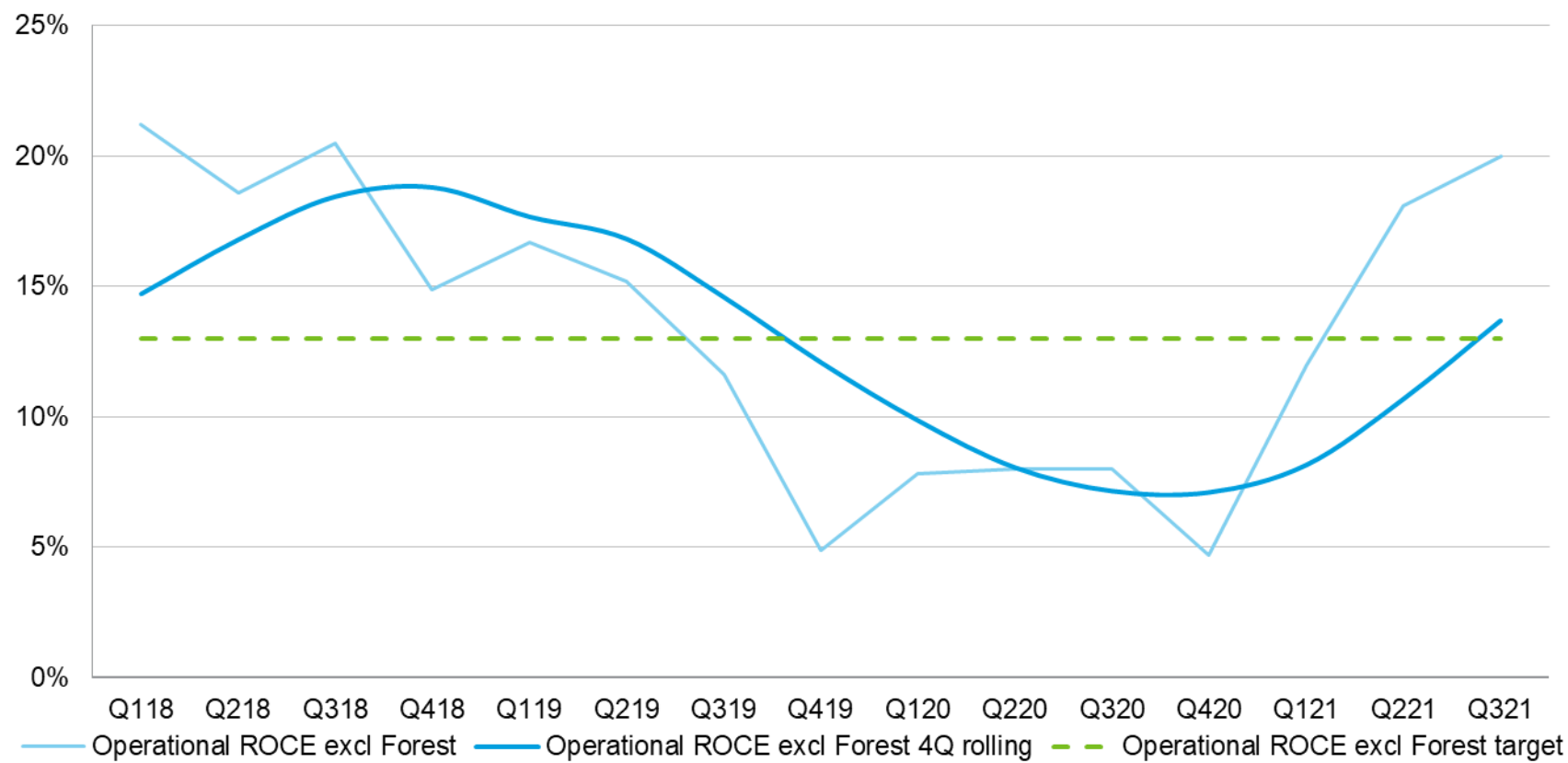


Operational EBIT by segments

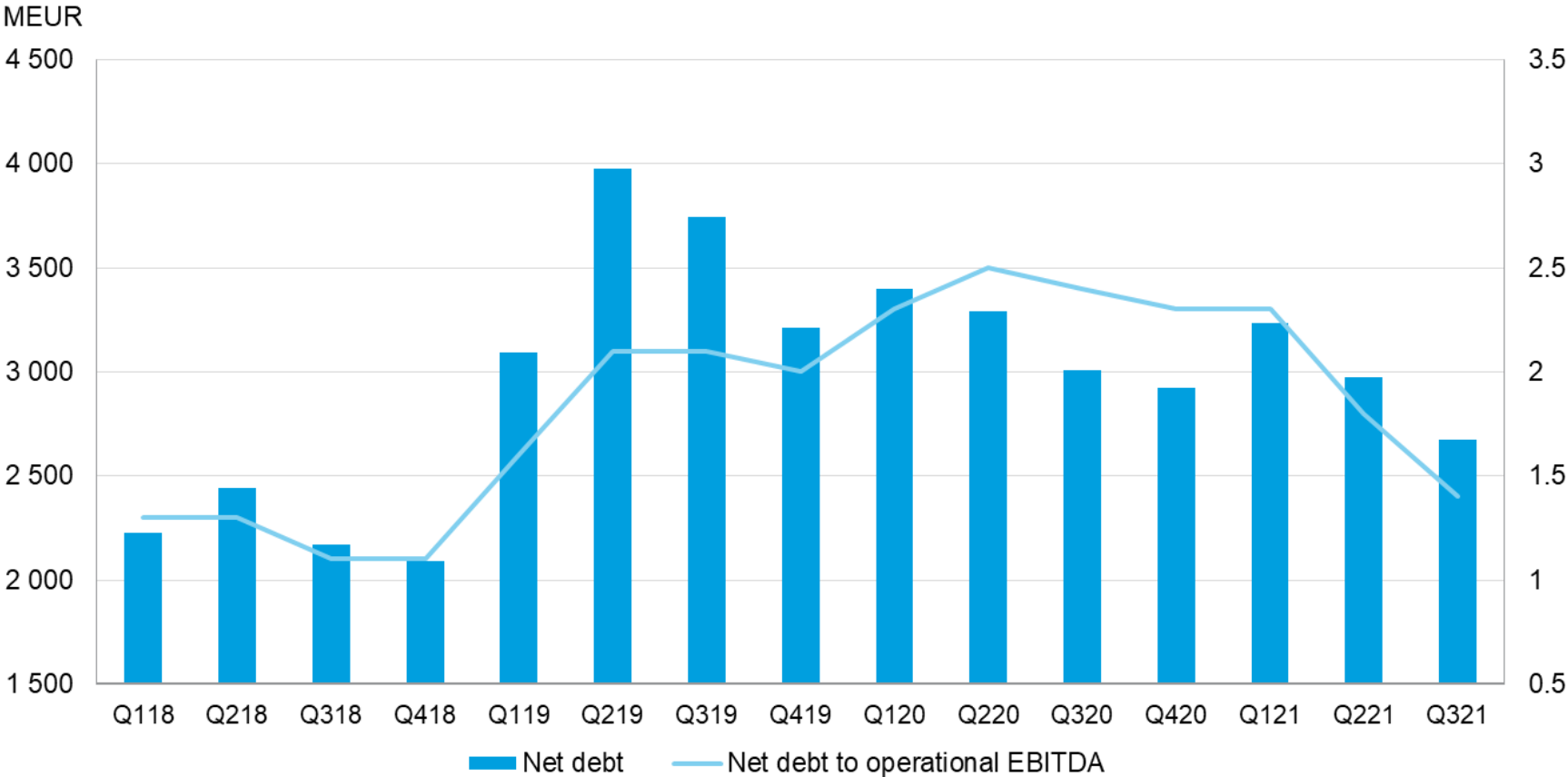


MEUR	Q321	Q320	Change % Q321-Q320	Q221	Change % Q321-Q221
Packaging Materials	153	111	37.0%	144	6.1%
% of sales	15.4%	14.4%		14.6%	
Packaging Solutions	8	8	-0.8%	2	262.8%
% of sales	4.3%	5.4%		1.3%	
Biomaterials	118	7	n/m	145	-18.5%
% of sales	27.7%	2.2%		32.1%	
Wood Products	123	38	227.6%	100	23.5%
% of sales	24.5%	11.0%		20.9%	
Forest	49	41	21.0%	46	6.3%
% of sales	9.0%	8.9%		7.9%	
Paper	-31	-16	-90.6%	-49	37.3%
% of sales	-7.0%	-3.5%		-11.1%	
Other	-3	-13	75.2%	-16	80.2%
% of sales	-1.1%	-5.6%		-6.1%	

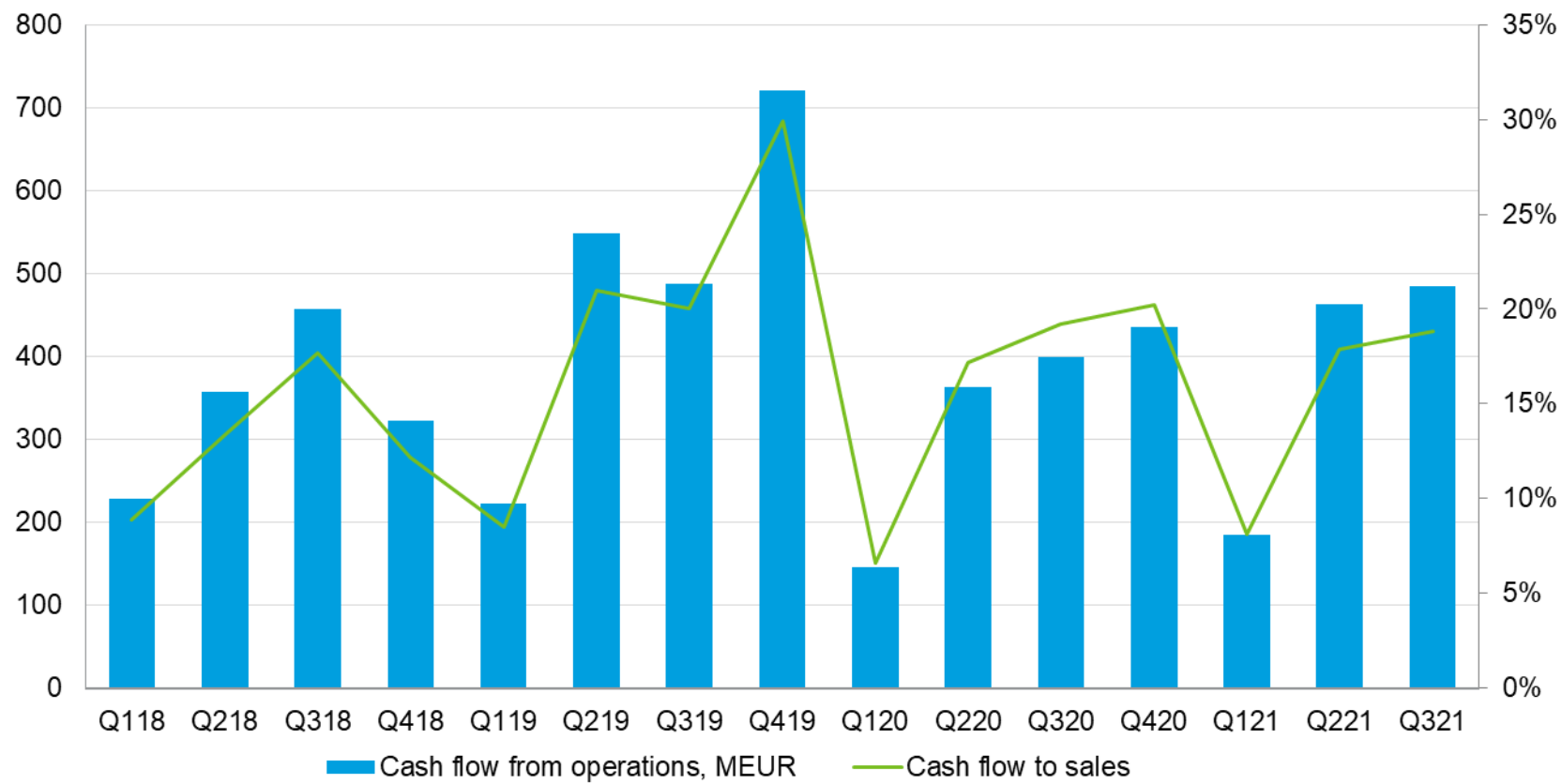
Development of operational ROCE excluding Forest



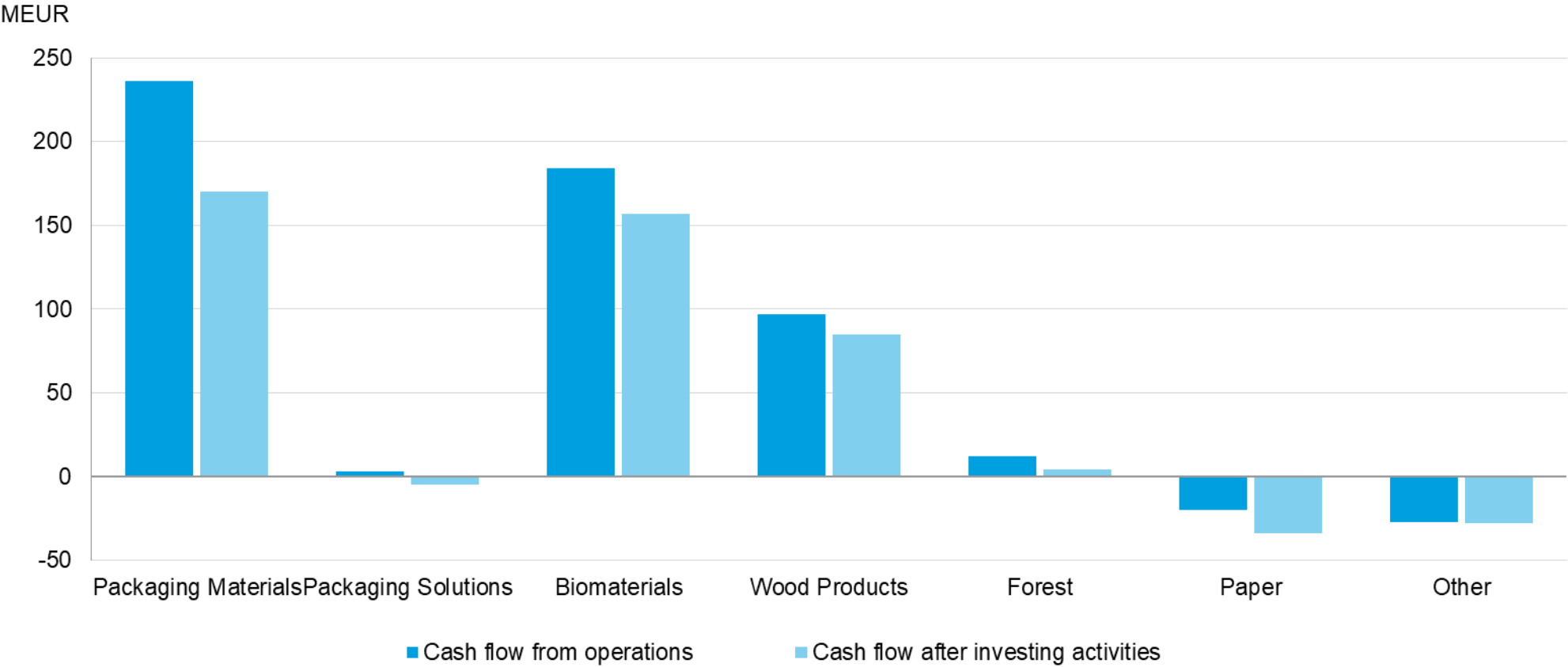
Year-on-year net debt/EBITDA



Cash flow development



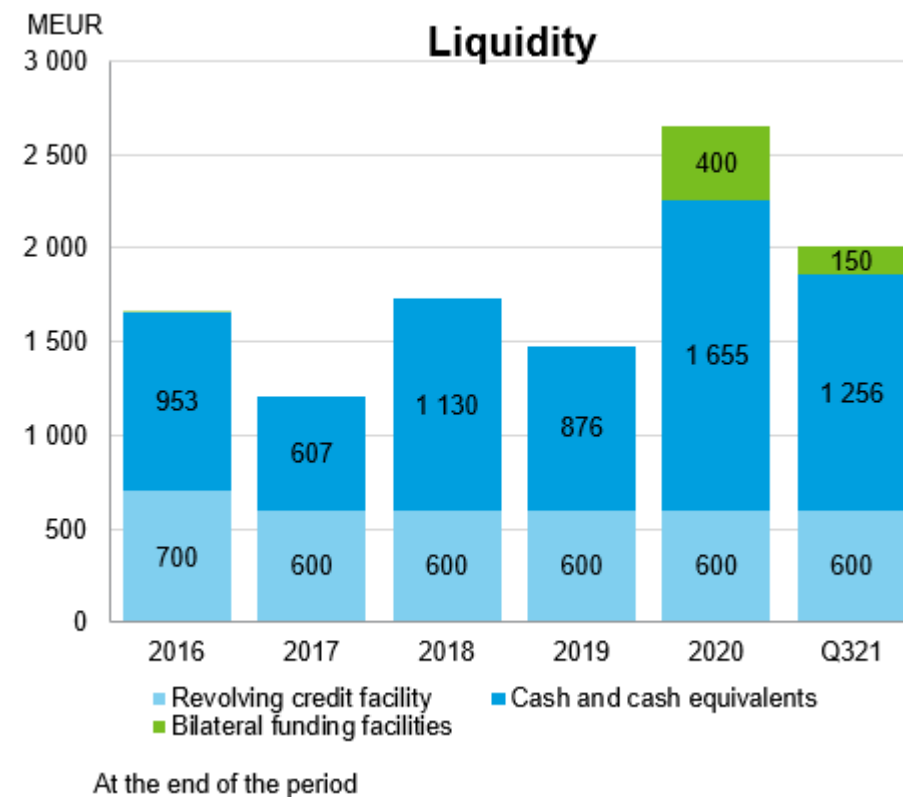
Cash flow by divisions in Q3



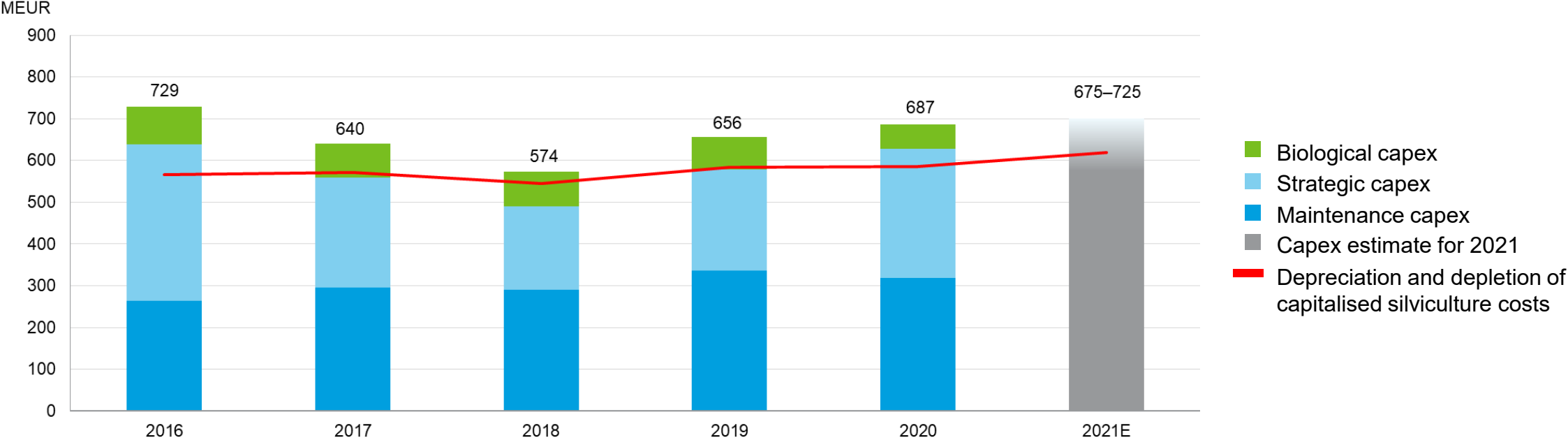
Continued focus on strong liquidity



- Liquidity at the end of Q3 2021:
 - 1 256 MEUR cash and cash equivalents
 - 600 MEUR committed revolving credit facility fully undrawn
 - 150 MEUR undrawn committed credit arrangement
 - 950 MEUR statutory pension premium loans available
- No financial covenants on Stora Enso Oyj's debt
- Net debt to operational EBITDA for the last 12 months at 1.4x and gearing at 27%



Selective capex to support growth



Capex for 2019-2020 and estimate for 2021 include the capitalised leasing contracts according to IFRS 16 Leases standard

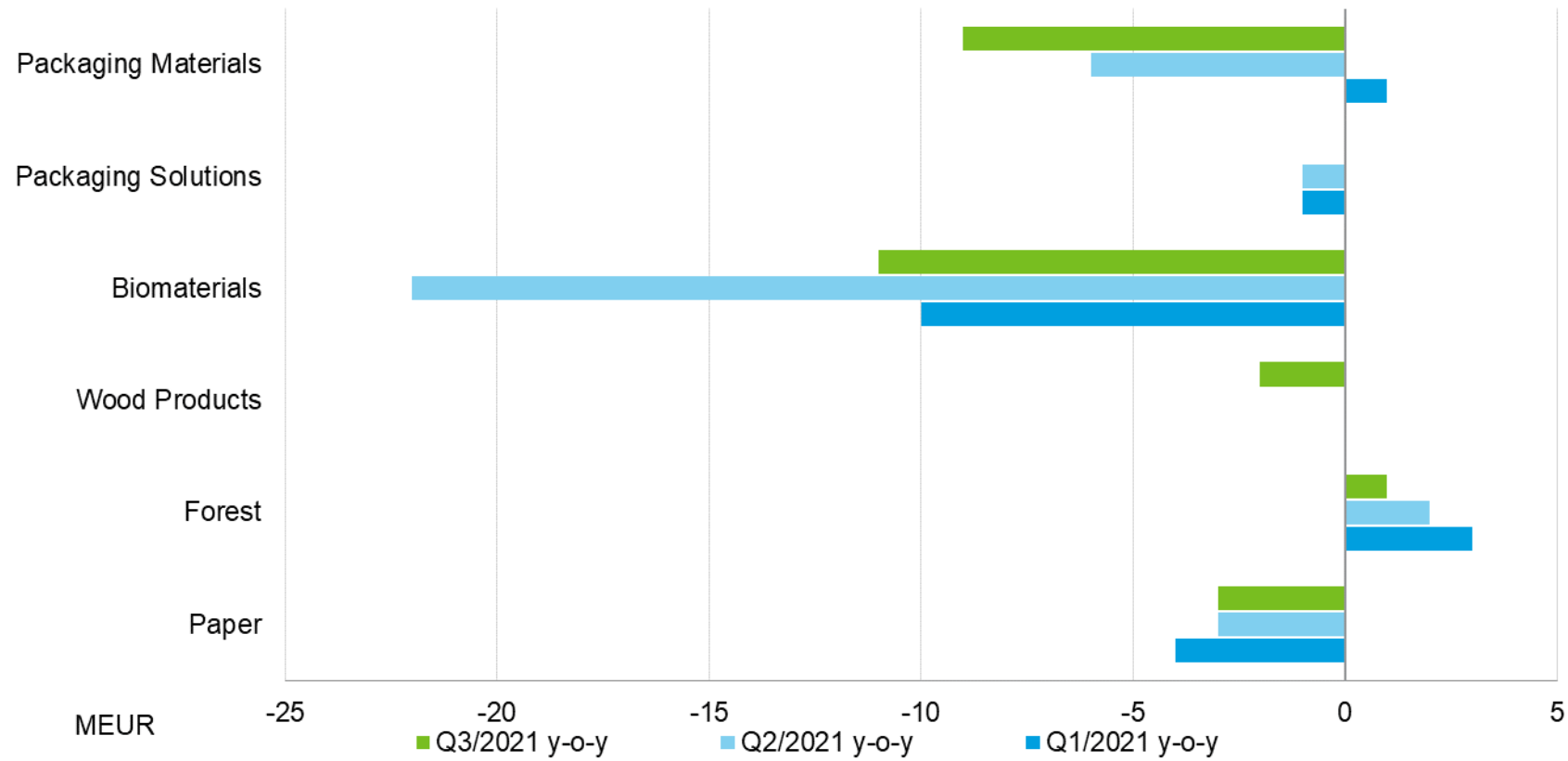
Net Financial Items



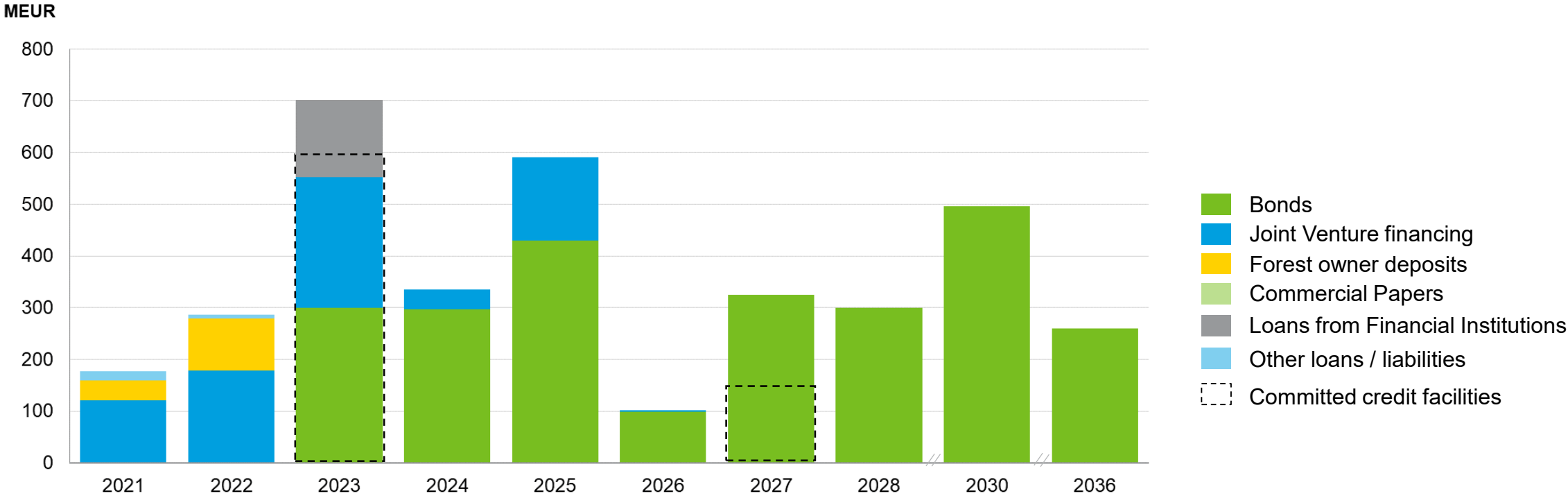
EUR million	Q3 2021	Q3 2020	Change MEUR Q321/ Q320	Q2 2021	Change MEUR Q321/ Q221
Net interest expense	-31	-33	2	-32	1
Average interest rate*	3.0%	3.1%		2.9%	0.1
Foreign exchange gains and losses	-2	4	-6	3	-5
Other financial items, of which	-4	-2	-2	-2	-3
Pension costs (IAS 19R)	-1	-1	-	-1	-
Other items	-3	-1	-2	-1	-3
Total net financial items	-37	-31	-7	-30	-7

* Quarterly gross interest expense divided by average gross debt

Net FX by division



Maturity profile Q3 2021



Committed credit facilities are fully undrawn and mature in 2023 (600 MEUR) and 2027 (150 MEUR)

Transaction risk and hedges Q3 2021



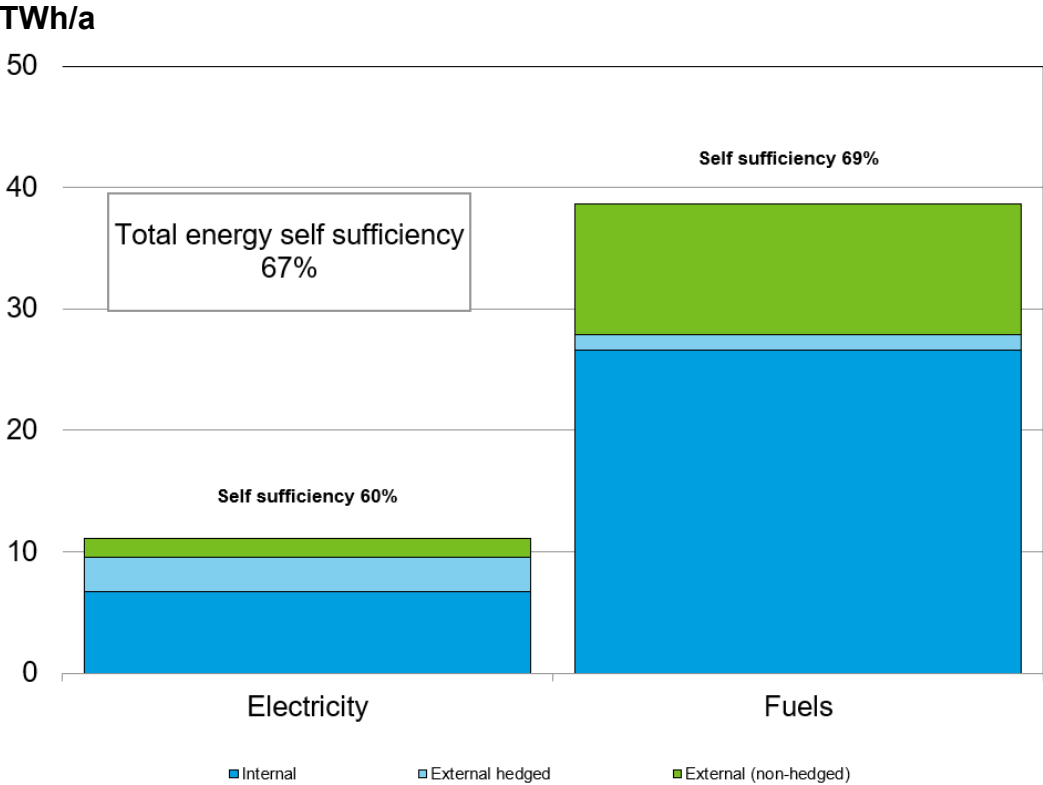
EUR Million	USD	EUR	GBP	SEK
Estimated annual operative transaction risk exposure from cash flows for the next 12 months*	1 780	964	332	-188
Cash flow hedges for the next 12 months as at 30 September 2021	-793	-524	-73	93
Hedge ratio for the next 12 months as at 30 September 2021	45%	54%	22%	50%
Effect of 10% currency strengthening on Operational EBIT**	178	96	33	-19

*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 exposing the local units to EUR related transaction risk.

** Before currency hedges assuming no other changes than a single currency rate movement in an exposure currency occurs. A currency weakening would have the opposite impact.

Stora Enso energy balance Q3 2021

Pulp, paper and board mills in Europe and overseas

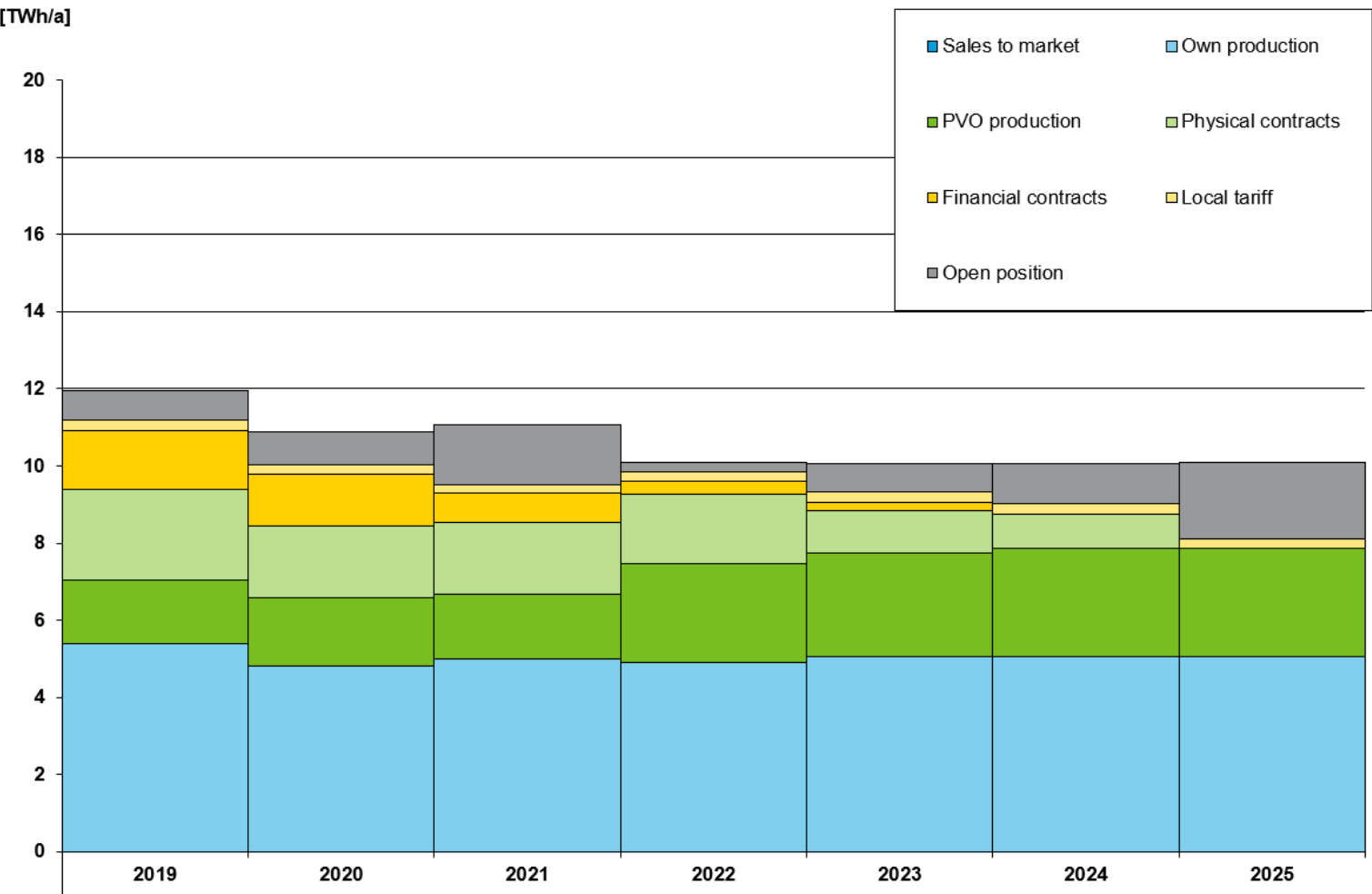


Impact on non-hedged volume on operating profit from 10% change in:	EUR million p.a.
Electricity market price	~11.6
Fossil fuel price	~9.9

External hedged volumes are secured from energy price risk exposure

Stora Enso electricity procurement Q3 2021

Pulp, paper and board mills in Europe and overseas



Permanent pulp, paper and board capacity reductions since 2006



Mill	Date	Grade	Capacity reduction, t
Corbehem PM 3 and PM 4	Jun 2006	LWC	250 000
Varkaus PM 1	End 2006	WFC	95 000
Berghuizer Mill	Oct 2007	WFU	235 000
Reisholz Mill	End 2007	SC	215 000
Summa Mill	Jan 2008	Newsprint, uncoated mag, book paper	415 000
Anjala Mill PM1	Feb 2008	Coated magazine paper	155 000
Baienfurt Mill	End 2008	FBB	190 000
Kabel Mill PM 3	End 2008	Coated magazine	140 000
Kemijärvi Pulp Mill	April 2008	Long-fibre (SW) pulp	250 000
Norrsundet Pulp Mill	Dec 2008	Long-fibre (SW), pulp	300 000
Varkaus Mill coreboard machine	Dec 2008	Coreboard	100 000
Imatra PM 8	Mar 2010	WFU	210 000
Varkaus PM 2 and PM 4	Sep 2010	Newsprint, directory paper	290 000
Maxau PM 7	Nov 2010	Newsprint	195 000

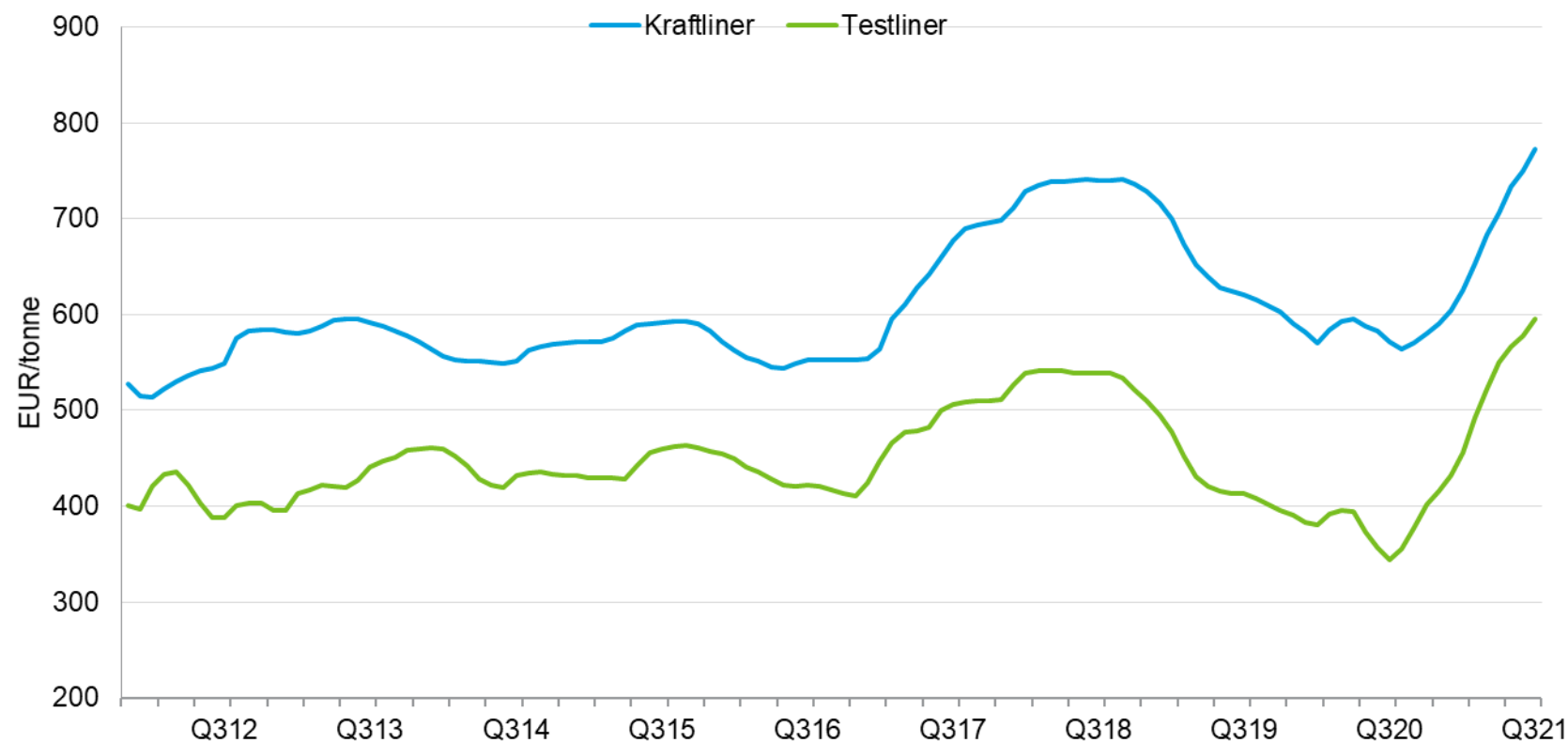
Mill	Date	Grade	Capacity reduction, t
Hylte PM1	Dec 2012	Newsprint	180 000
Ostroleka PM2	Jan 2013	Containerboard	85 000
Hylte PM2	May 2013	Newsprint	205 000
Kvarnsveden PM11	May 2013	Newsprint	270 000
Veitsiluoto PM1	Apr 2014	Coated magazine	190 000
Corbehem Mill	July 2014	LWC	330 000
Varkaus	Aug 2015	WFU	280 000
Suzhou	Jun 2016	WFU	240 000
Kvarnsveden PM8	Jun 2017	SC	100 000
Imatra PM 6	End of 2019	Coated spec.	90 000
Oulu PM 6 and PM7	Sep 2020	WFC	1 080 000
Hylte PM3	Dec 2020	News	235 000
Kvarnsveden site	Q3 2021	SC, impr. News, packaging paper	565 000
Veitsiluoto site	Q3 2021	LWC, MWC, WFU, speciality paper, packaging paper	790 000
Total			7 680 000

Permanent sawn wood capacity reductions since 2006



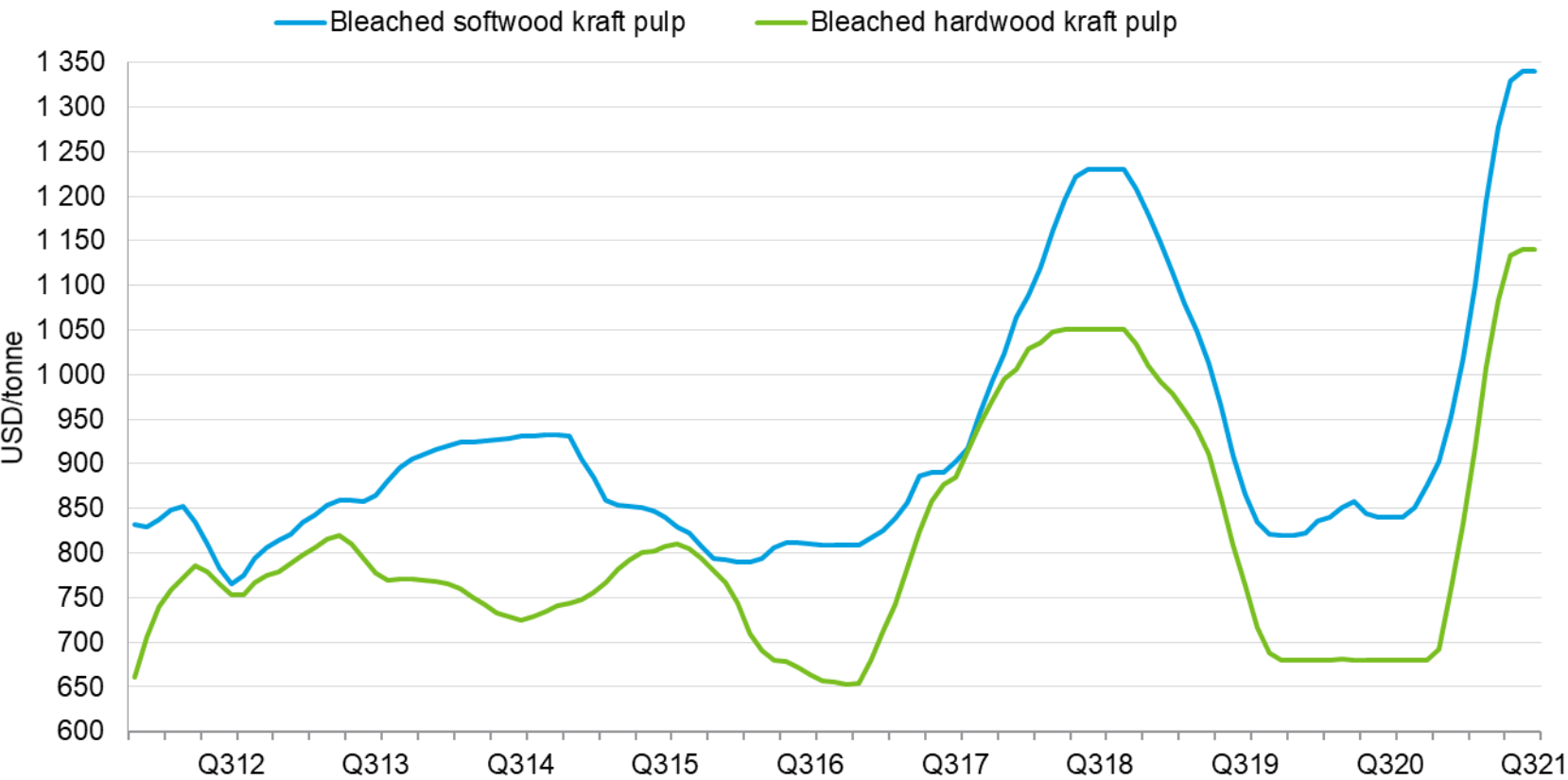
Mill	Date	Capacity reduction, m ³
Veitsiluoto Sawmill	2006	100 000
Honkalahti Sawmill	2006	90 000
Sauga Sawmill	2007	130 000
Sollenau Sawmill	2007	110 000
Näpi Sawmill	2007-2008	100 000
Kotka Sawmill	2007-2008	70 000
Paikuse Sawmill	2008	220 000
Zdirec Sawmill	2008	120 000
Ybbs Sawmill	2008 & 2009	200 000
Kitee Sawmill	2008 & 2009	130 000
Varkaus Sawmill	2009	60 000
Tolkkinen Sawmill	2009	260 000
Kopparfors Sawmill	2011	310 000
Sollenau Sawmill	2014	400 000
Kitee	2019	260 000
Total		2 560 000

Kraftliner and testliner prices



Source: FOEX

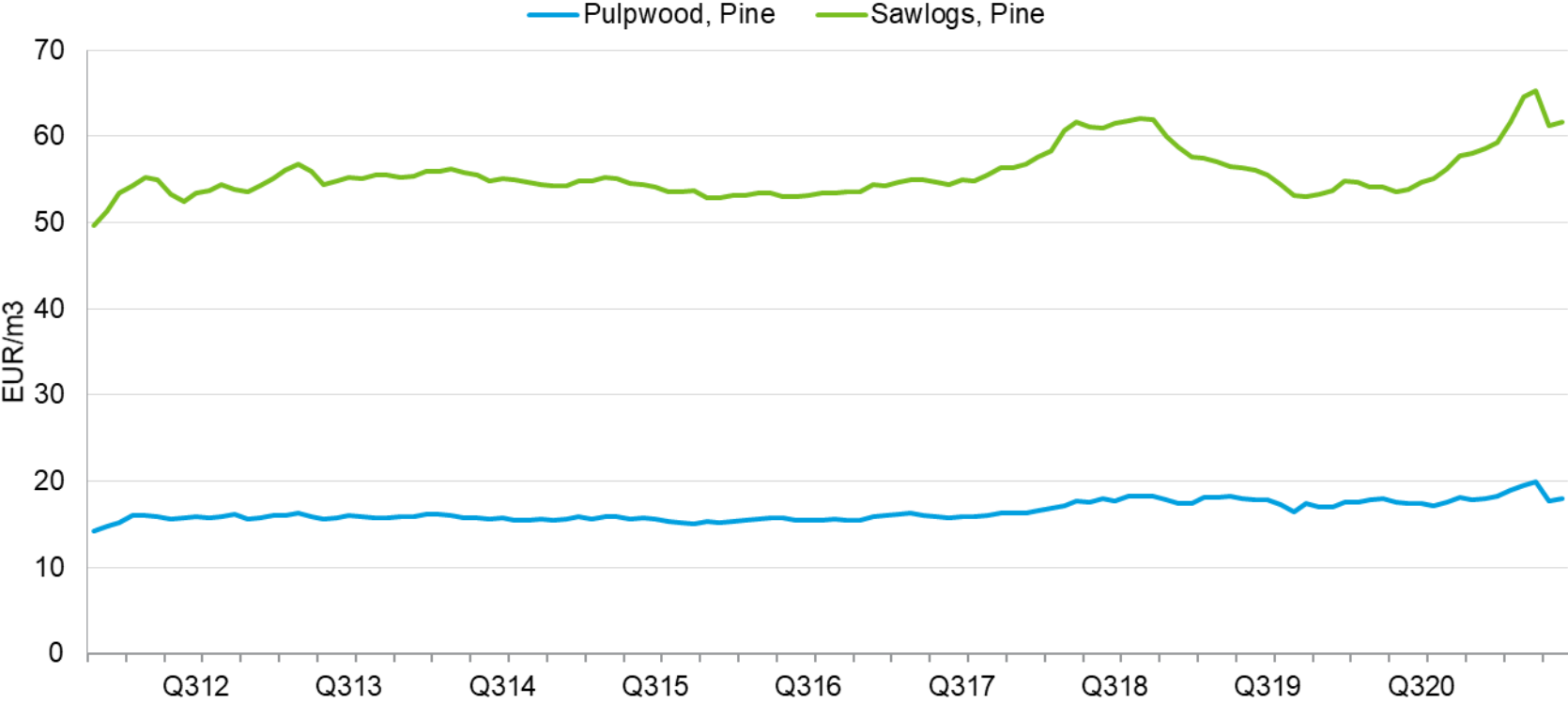
Pulp price development



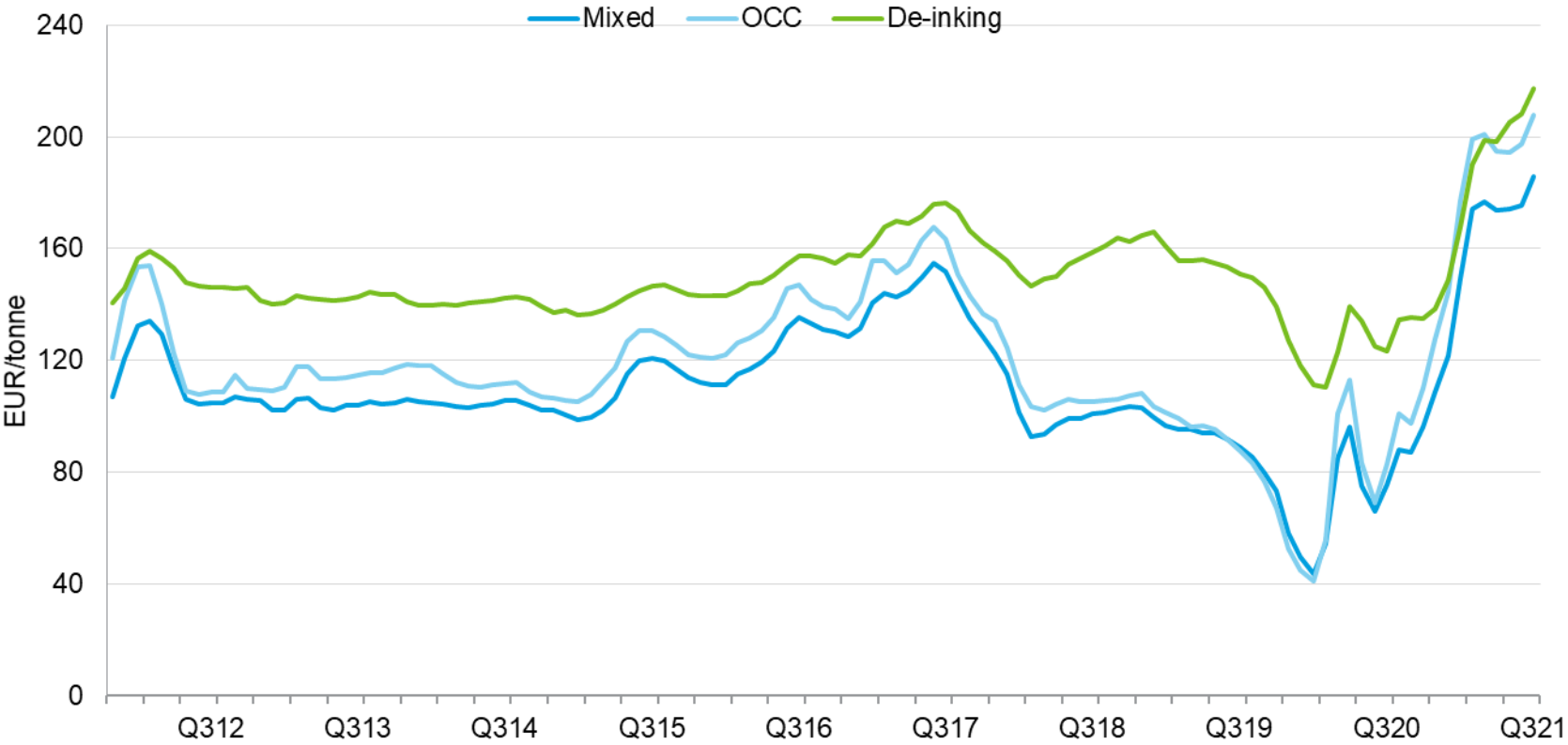
Source: FOEX

Pulp wood and saw log prices

Wood prices in Finland

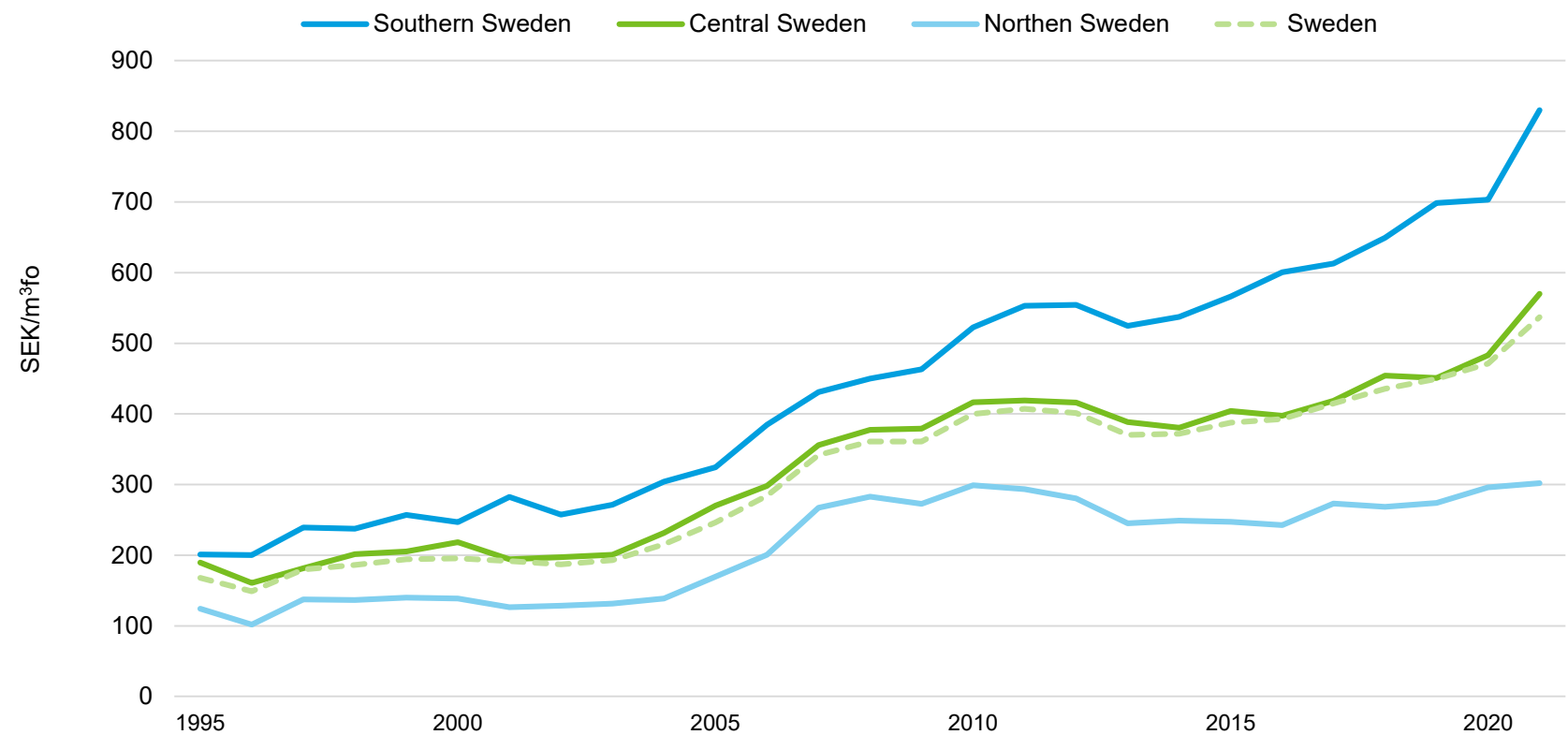


Paper for recycling prices



German RCP price development. free delivered
Source: Verband Deutscher Papierfabriken/Stora Enso

Market transaction based forest prices in Sweden



Source: Ludvig & Co, latest data H1/2021

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