

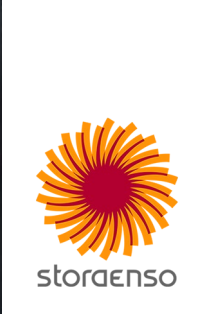
# Financial results for Q4 and full year 2021

Record high quarter driven by strong demand and strategic progress

President and CEO Annica Bresky  
CFO Seppo Parvi

28 January 2022

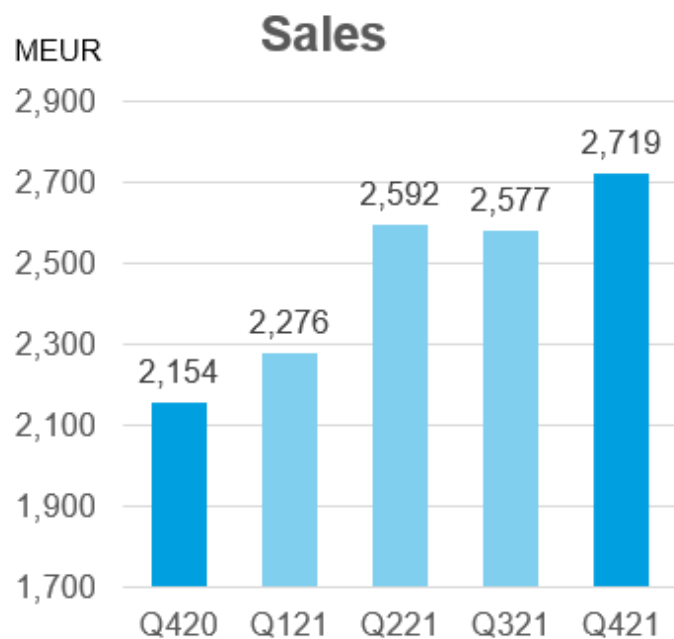




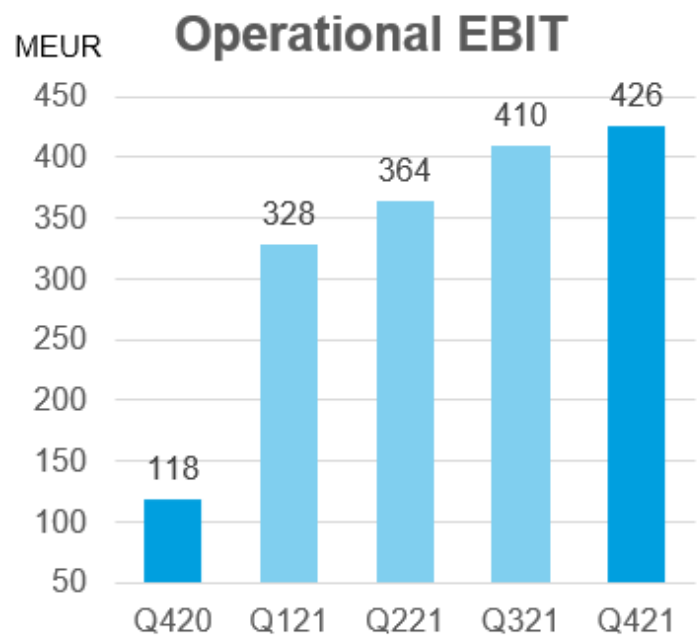
## Record high quarter driven by strong demand and strategic progress

- Record high Q4 results in four divisions
- Record performances support continued commercial momentum into 2022
- Successfully mitigated higher variable input costs

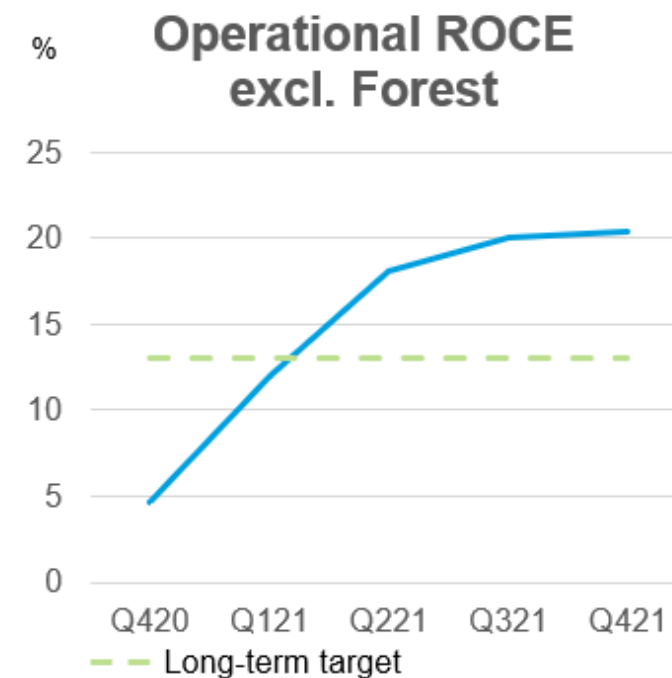
# Operational EBIT continues strong trend



Sales increased +26% YoY

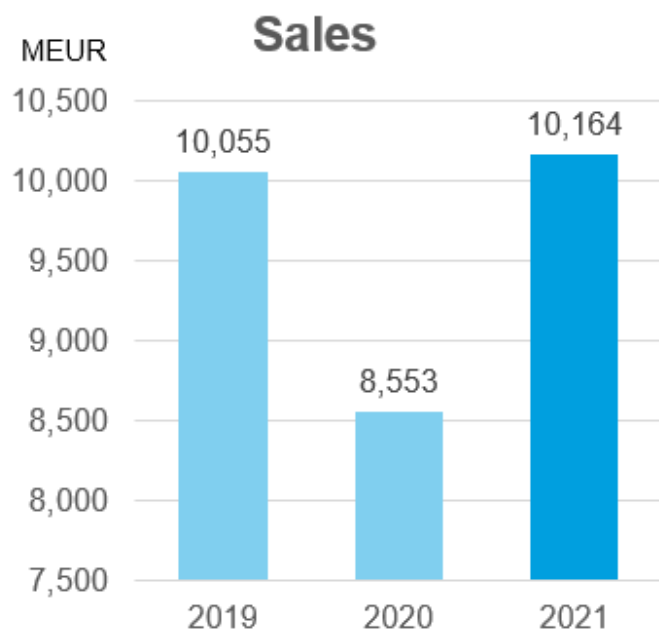


OpEBIT +262% YoY

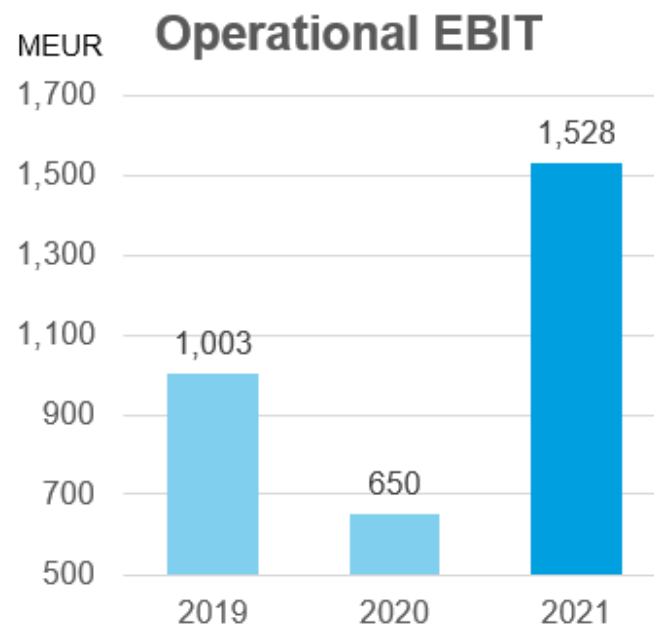


OpROCE excl. Forest 20.4%,  
above l-t target of >13%

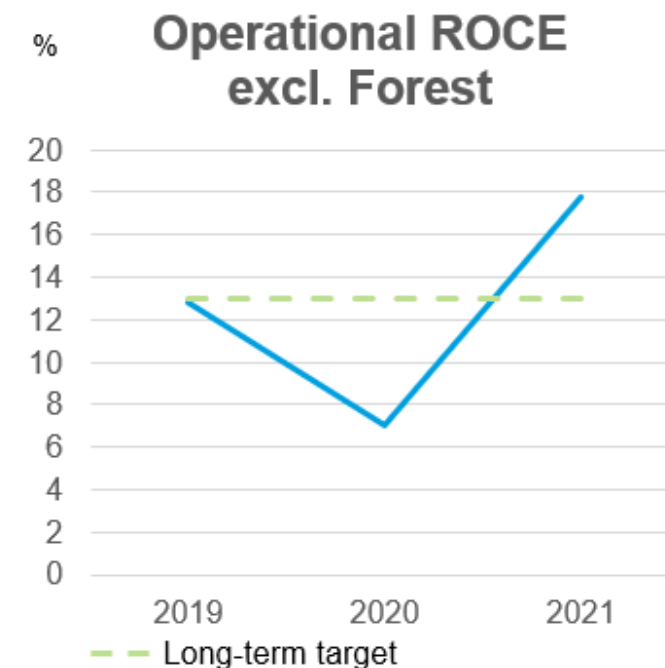
# Strong annual performance



Sales increased +19% YoY

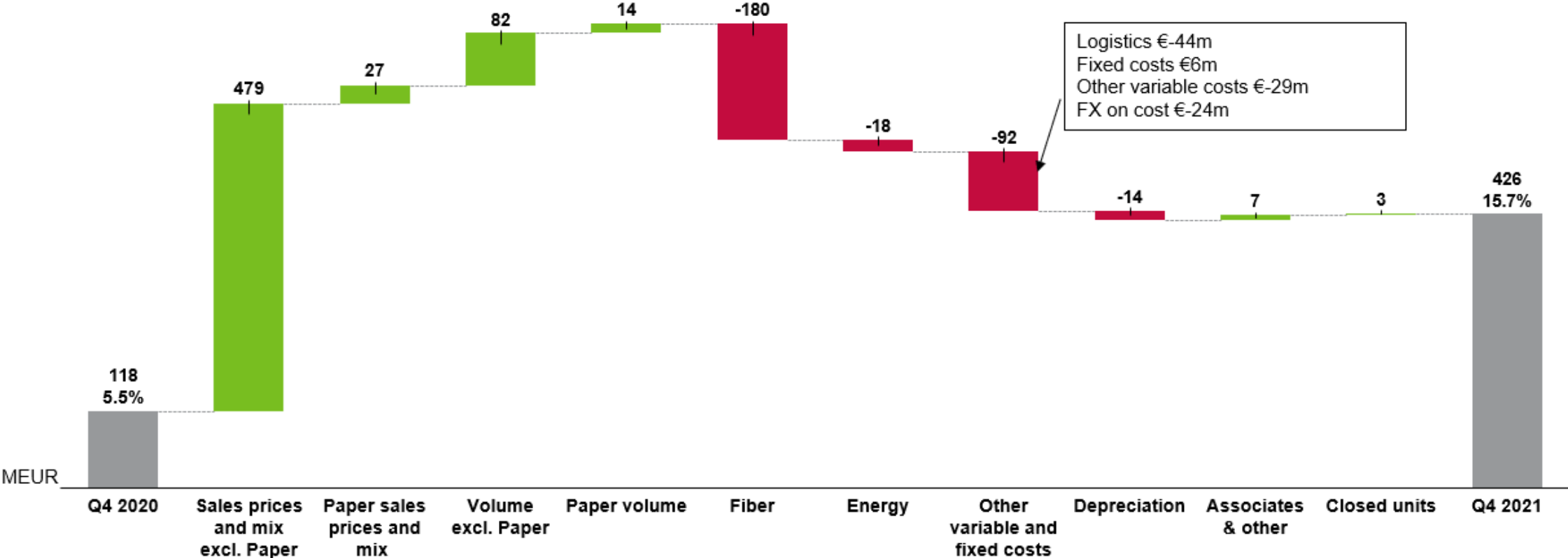


OpEBIT +135% YoY



OpROCE excl. Forest 17.8%,  
above l-t target of >13%

# Higher prices major driver for increase in profitability

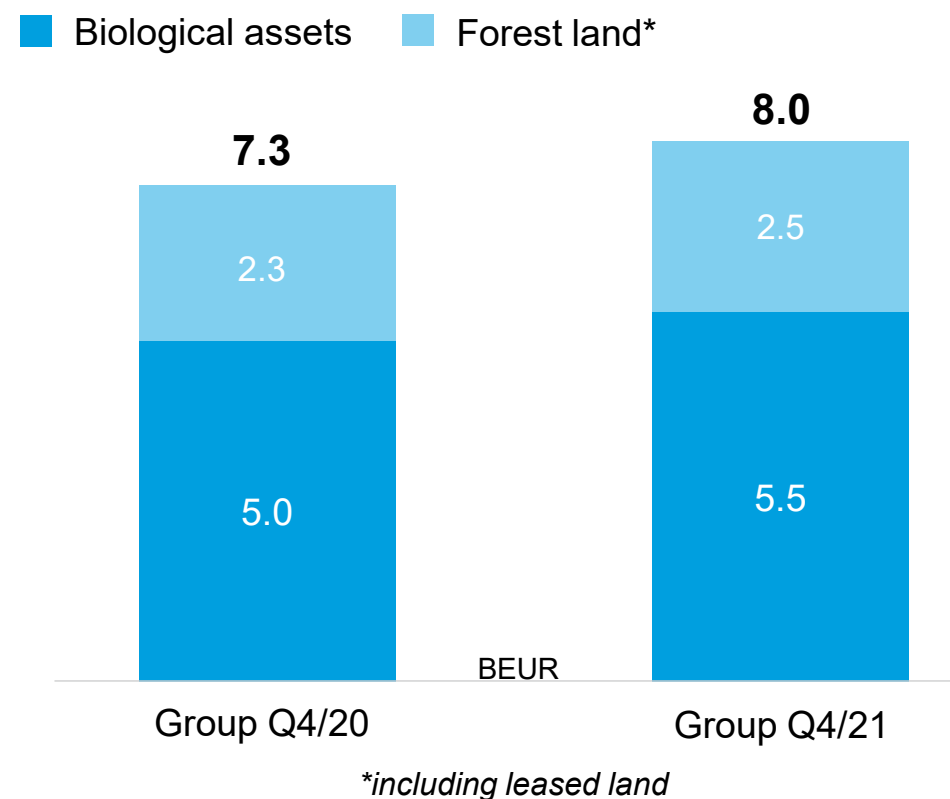




# Forest assets fair value increased to €8 billion



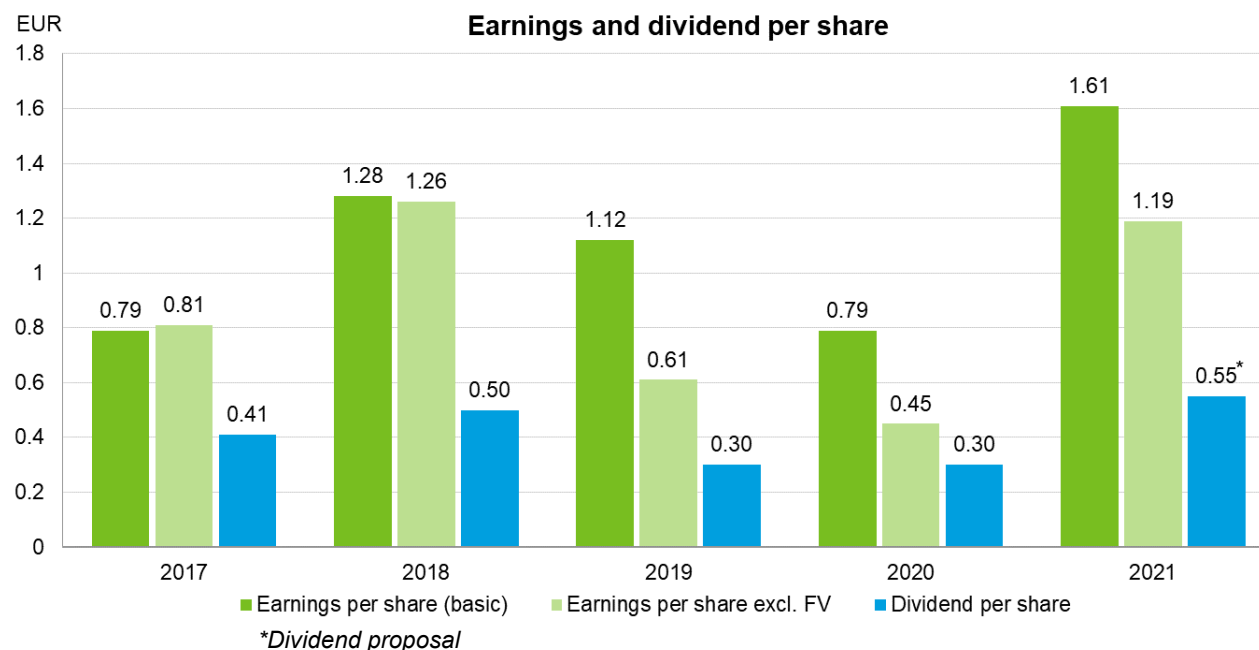
## Group forest assets



- Forest value €10.10 per share
- Increased forest assets fair values
  - Higher market transaction-based prices and the inclusion of retention areas in Sweden
  - Higher values in the Tornator holding
  - In plantations mainly due to positive WACC and FX related changes



# Dividend increased to an all-time high of €0.55 per share



- Dividend policy to distribute 50% of EPS, excluding fair valuation, over the cycle
- Dividend proposal of €0.55 per share for 2021 totalling €434m, an increase of €0.25 per share from 2020



# Strong momentum in strategy execution



- The transformation from primarily a paper company to the renewable materials company is largely complete
- Sustainability is the opportunity driving both our short and long-term strategy
- Evolution phase to deliver long-term profitable growth
  - Closures and divestments of uncompetitive paper mills
  - Resources and capacity freed up to accelerate growth in renewable packaging and green building materials
  - Lignode project moving ahead according to plan
- Targeted investments in
  - Packaging: conversions, debottlenecking and complementary M&A
  - Building Solutions: new capacity and projects to drive growth
  - Biomaterials Innovations: new products such as lignin for various applications





# Strategic initiatives supporting growth



- Expanding our positioning for growth in sustainable packaging by a €23m investment to increase containerboard capacity in Varkaus, Finland
- Ceased production of dissolving pulp to focus on growth in other existing and new innovative pulp grades and products
- Completed containerboard ramp-up and commercialisation phase at the Oulu site in Finland
- Investment of €40m to enhance operational and carbon footprint performance for fluff production at Skutskär, Sweden (announced in January 2022)



# Commercialising our innovations



- Launched Performa Light CarbonZero™, the first carbon neutral cartonboard offer in the market
- The ramp-up of the dispersion barrier technology in Forshaga site, Sweden proceeded according to plan. Commercial deliveries started during H2 2021
- Extended packaging offering with a new portfolio of bio-based foams used for protective and thermal packaging. The offering consists of fully recyclable Fibrease™ and Papira®
- Launched NaturaFluff Eco, a new oxygen-delignified fluff pulp grade with circa 30% lower carbon footprint compared to traditional fluff pulp
- Lignode to replace fossil-based anode materials in batteries for electric vehicles and other applications
- Building Solutions: launched a new building concept for industrial buildings. Low carbon, fast and simple construction and easy to disassemble and reassemble

# EU Taxonomy is still in its early days



- Forest industry and its main products are largely out of the scope of the EU Taxonomy
- Therefore, only a few relevant economic activity categories to report on
  - The most relevant categories for Stora Enso are forest management in its own forests, manufacturing of wooden-based materials and components for improving buildings' energy efficiency, and bio-based electricity and heat sales

## Proportion of taxonomy eligible activities

|          |    |
|----------|----|
| Turnover | 5% |
| CAPEX    | 4% |
| OPEX     | 6% |



# Our leading performance in ESG is recognised



(ESG rating agencies in alphabetical order)



- Climate A-\*, Forest A- and Water B



- ESG rating increased from AA to AAA (highest possible score)



- Highest recognition level (Platinum) received



- ESG rating improved from 19.6 to 18.0\*\* out of 40.0

FTSE  
Russell

- ESG rating increased from 4.1 to 4.2 out of 5.0

Transition  
Pathway  
Initiative

- Top-ranked in both management quality and carbon



- ESG QualityScore highest possible score in Social & Environment

VigeoEiris\*\*\*

- ESG rating improved from 68 to 73 out of 100

# Financial highlights



## **Sales**

+26% to €2,719m in Q4  
+19% to €10,164m in 2021

## **OpEBIT**

+262% to €426m in Q4  
+135% to €1,528m in 2021

## **EPS (basic)**

€0.78 in Q4  
€1.61 in 2021

## **OpROCE excl. Forest**

20% in Q4  
18% in 2021

## **Cash flow from operations**

€619m in Q4  
€1,752m in 2021

## **Net debt to OpEBITDA**

1.1

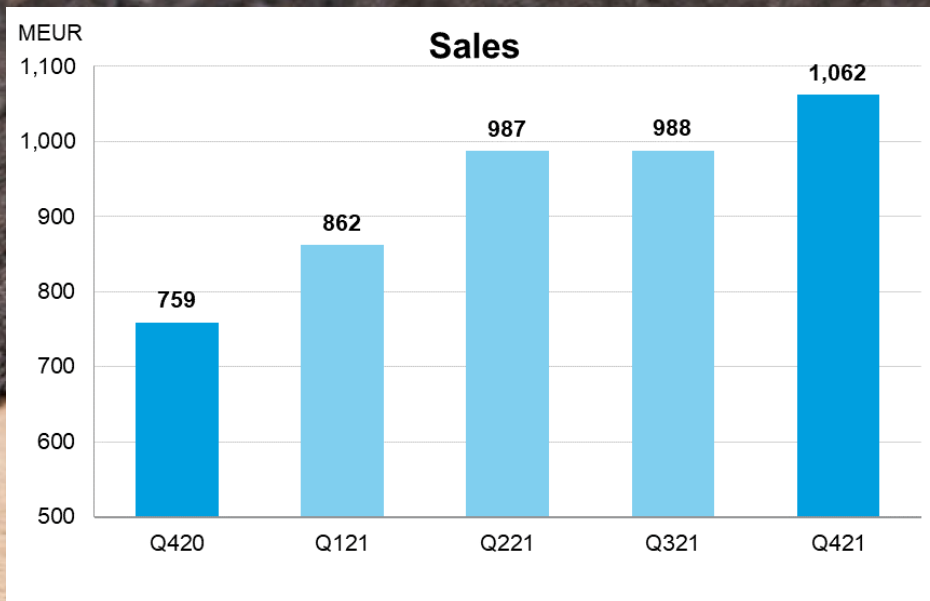


# Packaging Materials

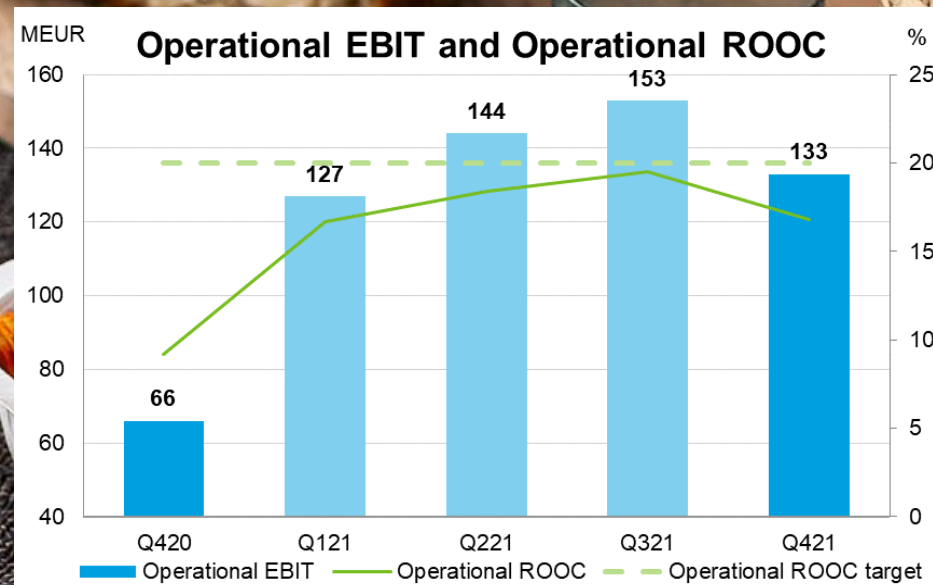
Record quarter driven by high deliveries and improved profitability in containerboard



storaenso



- Sales +40% YoY, all-time high
- Driven by clearly higher board prices including better mix and higher deliveries, supported by the containerboard ramp-up at the Oulu site

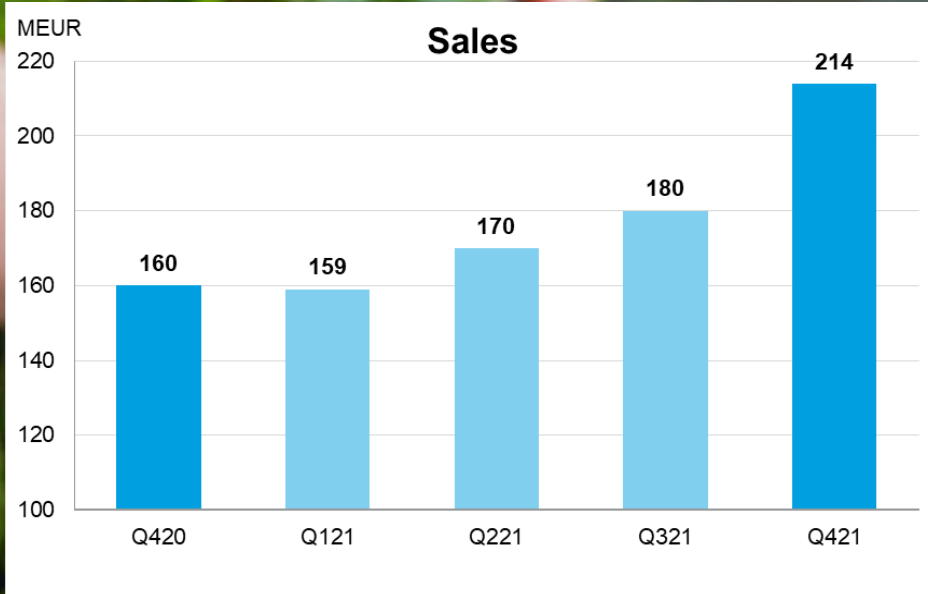


- OpEBIT +100% YoY, record high Q4
- Improved containerboard performance
- Higher sales partly offset by higher variable costs
- OpROOC 16.8% (9.2%), below long-term target of >20%

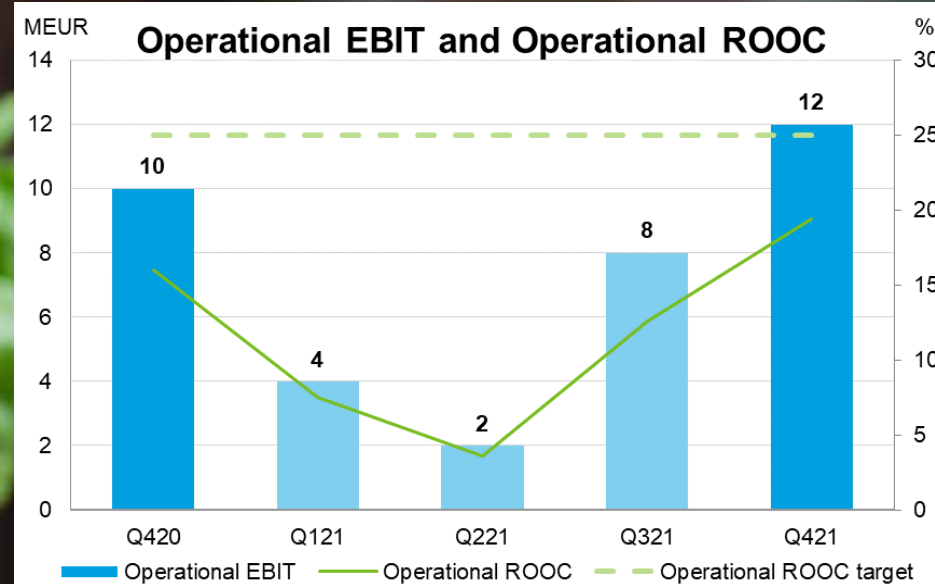


# Packaging Solutions

All-time high sales driven by increased prices and sales in innovation and services



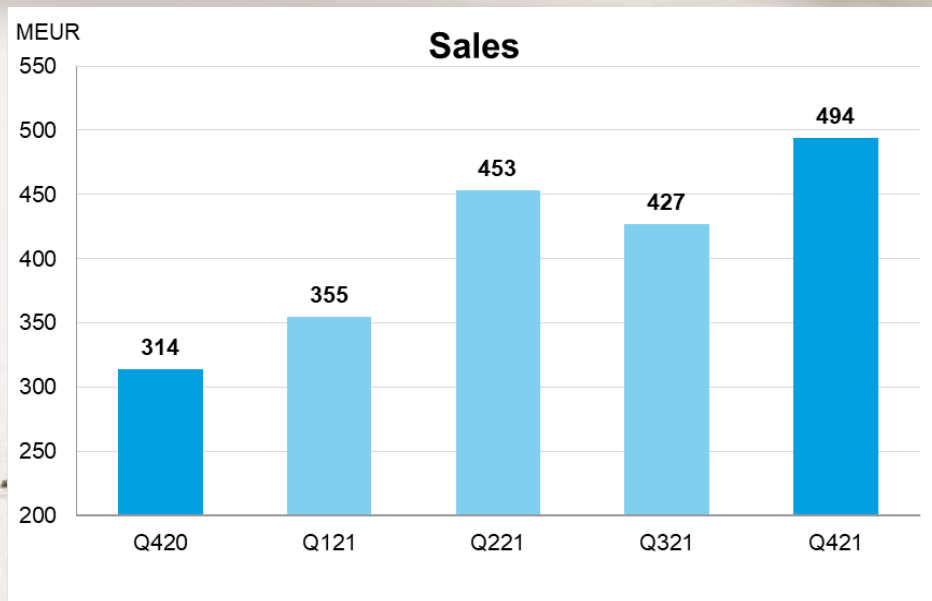
- Sales +34% YoY, all-time high
- Higher prices following increased containerboard prices
- Strong growth in innovation and services



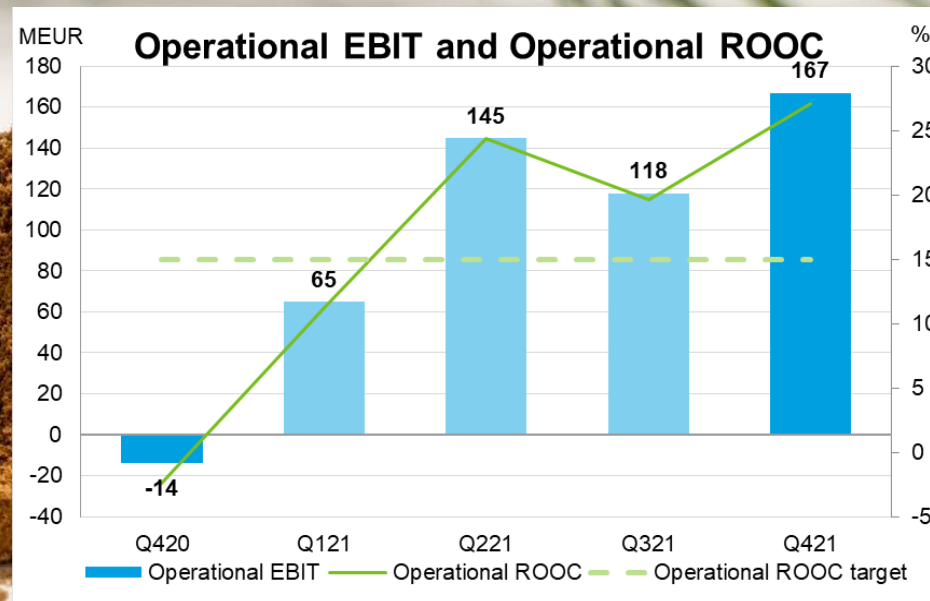
- OpEBIT +27% YoY
- Improved margins in traditional businesses
- Partly offset by increased spend in new businesses
- OpROOC 19.4%, below long-term target of >25%

# Biomaterials

All-time high performance mainly driven by high pulp prices and volumes



- Sales +57% YoY, all-time high
- Significantly higher prices
- Record high deliveries

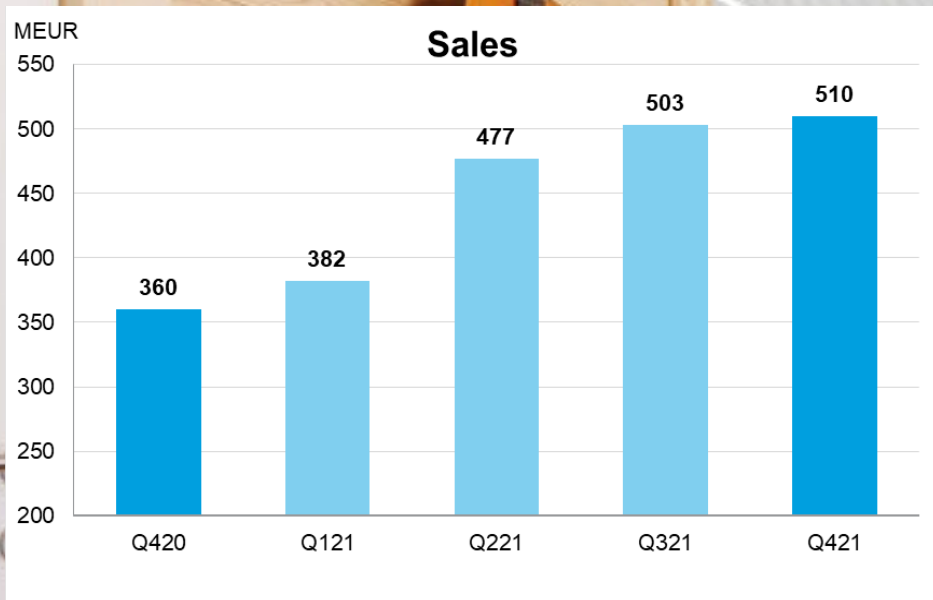


- OpEBIT +€181m YoY, all-time high
- Significantly higher sales prices and volumes as well as lower maintenance costs due to changes in maintenance schedule
- OpROOC 27.1%, above long-term target of >15%

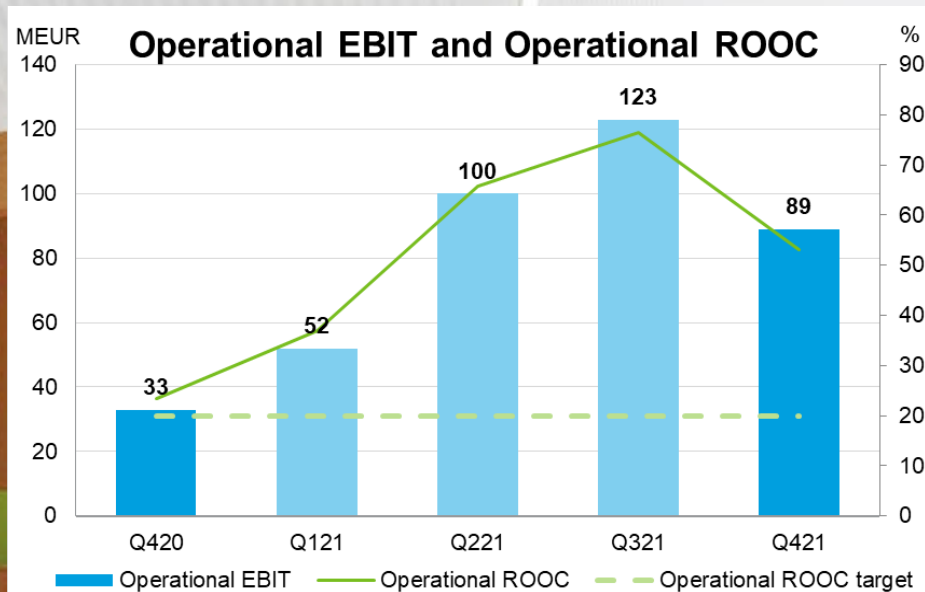


# Wood Products

Record high Q4 profitability driven by high prices and a balanced product mix



- Sales +42% YoY
- Record high prices, solid demand and balanced mix
- Slightly lower classic sawn deliveries

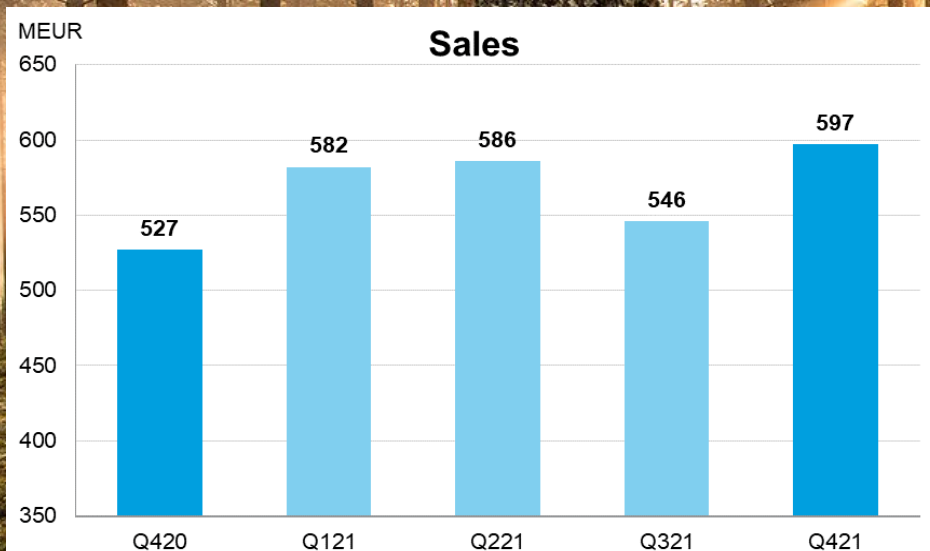


- OpEBIT +170% YoY, record high Q4
- Extraordinary high profitability continued driven by record prices. More than offset clearly higher raw material costs
- OpROOC 53.1%, clearly above long-term target of >20%

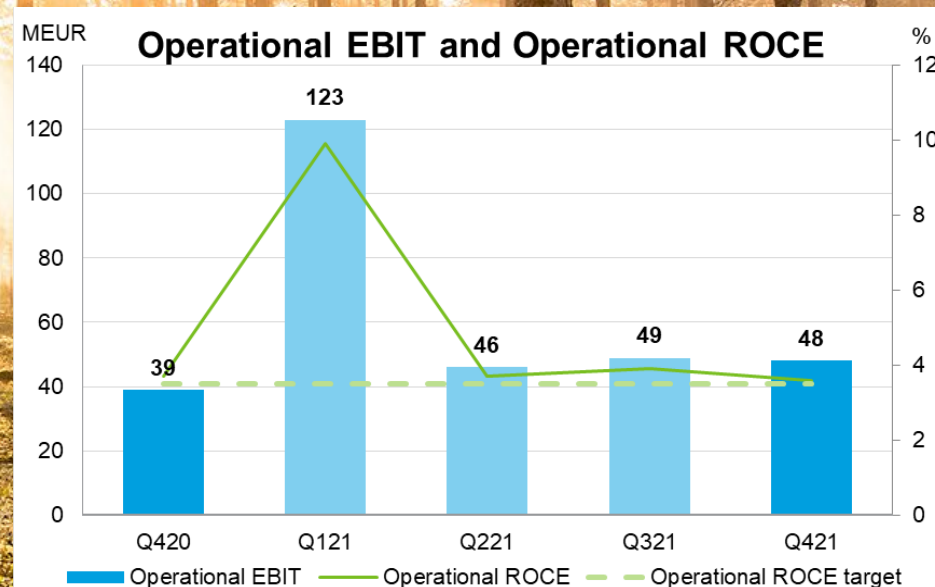


# Forest

Strong profitability driven by good operational performance



- Sales +13% YoY
- Driven by improved product mix and wood prices, especially for logs

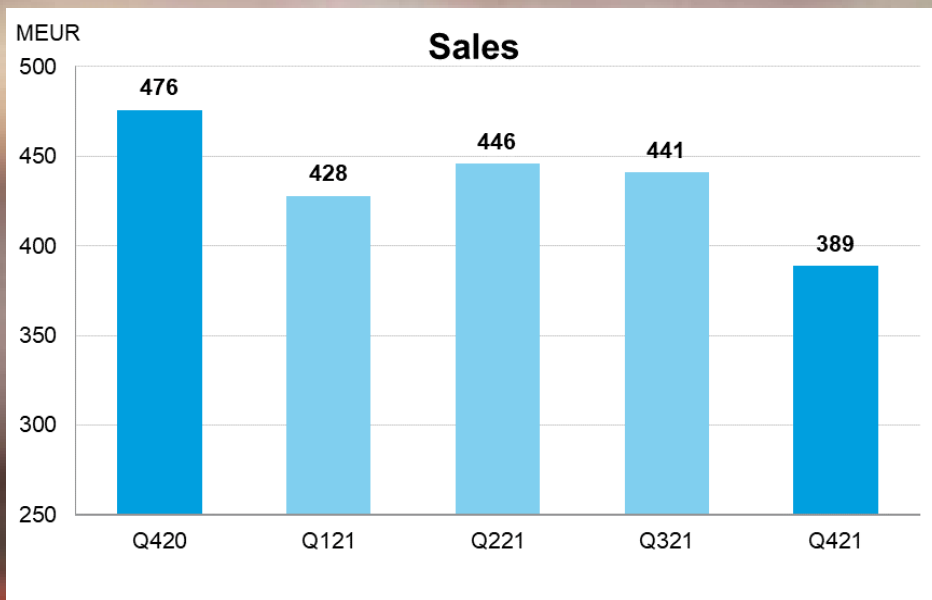


- OpEBIT +21% YoY, record high Q4
- Driven by Stora Enso's own forest assets mainly due to higher wood prices and wind power projects in Finland and Sweden
- OpROCE 3.6%, above the long-term target of >3.5%

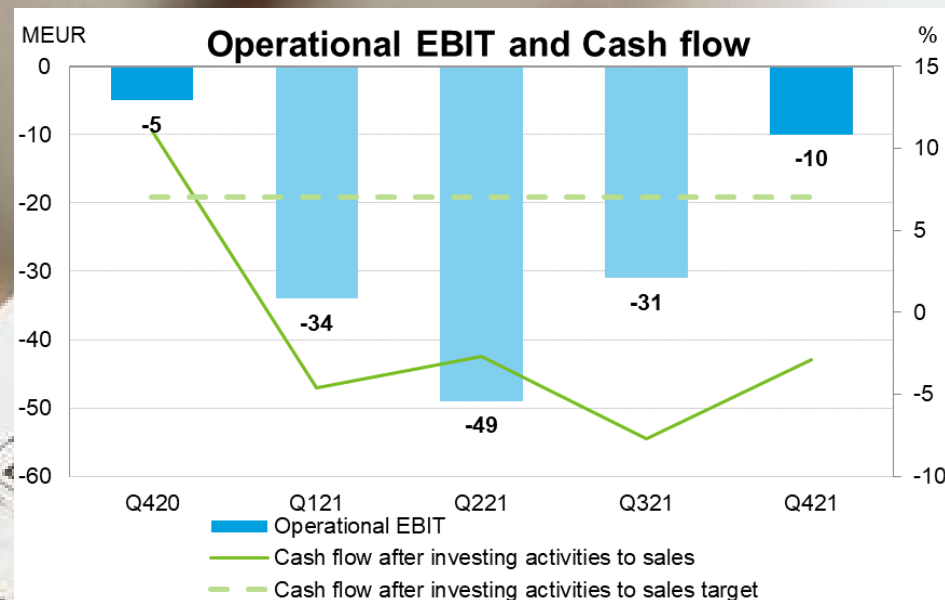


# Paper

Turnaround ongoing, cost inflation mitigated by price increases



- Sales -18% YoY
- Driven by Veitsiluoto and Kvarnsveden site closures and Oulu site conversion
- Sales from retained business increased by 12% mainly due to increased prices



- OpEBIT -112% YoY to -10 MEUR
- Higher prices more than offset by clearly higher variable costs (PfR and energy). Structural changes decreased fixed costs and volumes
- Cash flow to sales (after investments) -2.9%, retained business 7.4%

# Development of long-term financial targets



| Group long-term financial targets |  | Q4 20 | Q4 21 |   | 2020  | 2021   |   |
|-----------------------------------|--|-------|-------|---|-------|--------|---|
| Dividend*                         | To distribute 50% of EPS excluding fair valuation over the cycle | -     | -     |   | 0.30  | 0.55** | ● |
| Growth*** YoY                     | > 5%   | -2.5% | 39.0% | ● | -8.7% | 28.7%  | ● |
| Net debt to operational EBITDA    | < 2.0x   | 2.3   | 1.1   | ● | 2.3   | 1.1    | ● |
| Net debt to equity                | < 60%  | 33%   | 22%   | ● | 33%   | 22%    | ● |
| Operational ROCE excl. Forest     | > 13%  | 4.7%  | 20.4% | ● | 7.0%  | 17.8%  | ● |

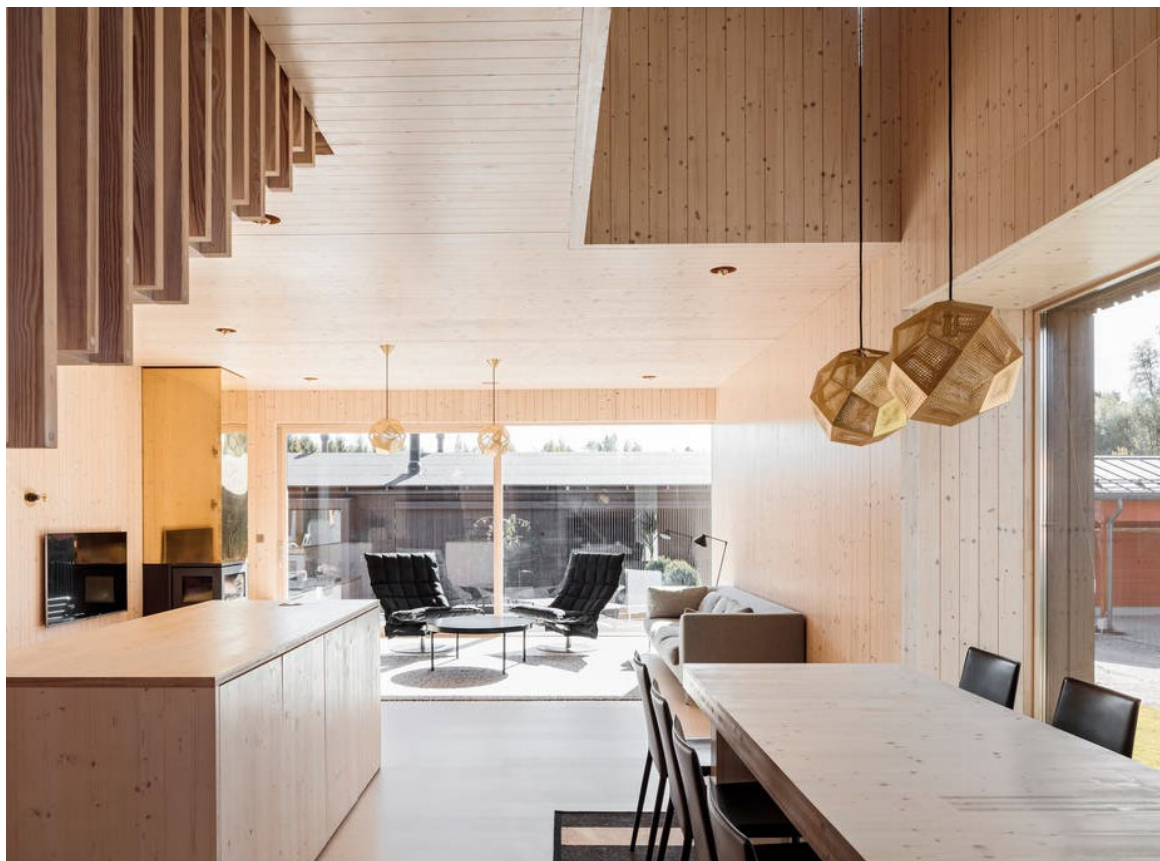
| Divisional long-term financial targets |  | Q4 20 | Q4 21 |   | 2020  | 2021  |   |
|--|--|-------|-------|---|-------|-------|---|
| Packaging Materials                    | Operational ROOC > 20%                             | 9.2%  | 16.8% | ● | 13.9% | 18.0% | ● |
| Packaging Solutions                    | Operational ROOC > 25%                             | 16.0% | 19.4% | ● | 13.9% | 10.8% | ● |
| Biomaterials                           | Operational ROOC > 15%                             | -2.4% | 27.1% | ● | 0.4%  | 20.8% | ● |
| Wood Products                          | Operational ROOC > 20%                             | 23.5% | 53.1% | ● | 19.1% | 59.4% | ● |
| Forest                                 | Operational ROCE > 3.5%                            | 3.7%  | 3.6%  | ● | 3.8%  | 5.1%  | ● |
| Paper                                  | Cash flow after investing activities to sales > 7% | 11.1% | -2.9% | ● | 1.8%  | -4.5% | ● |

\* Annual dividend. \*\* Dividend proposal \*\*\* Excluding Paper



# Annual outlook and guidance

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



## Outlook

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

## Guidance

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



## Record high quarter driven by strong demand and strategic progress

- Record high Q4 results in most businesses
- Forest fair valuation reached €8 billion
- All-time high dividend of €0.55 per share proposed
- Positive commercial momentum into 2022
- Well positioned to capture future growth



# Disclaimer



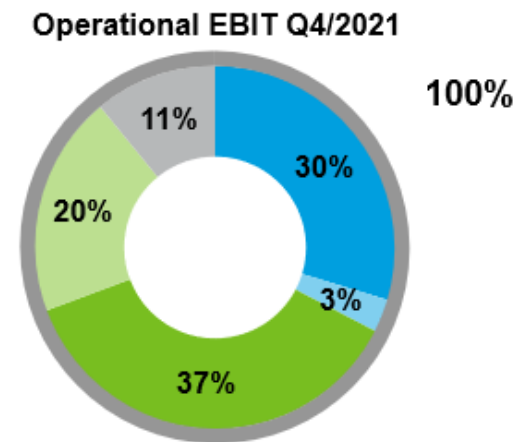
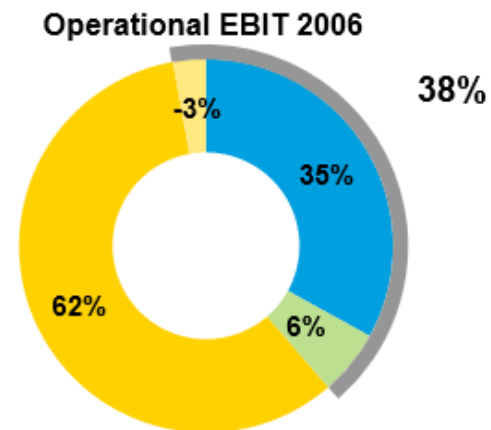
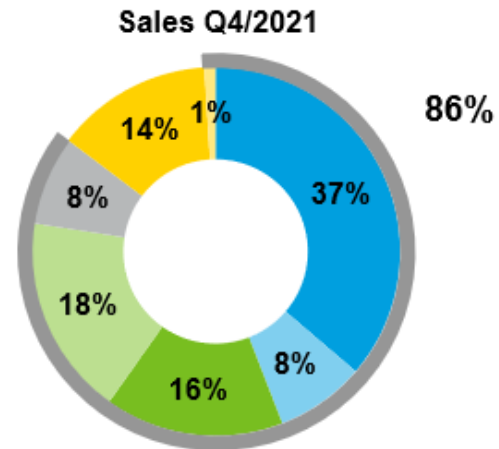
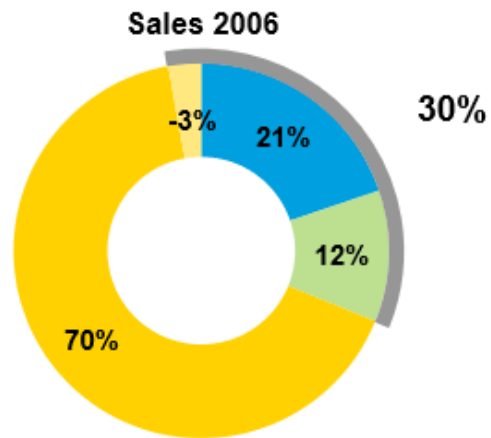
It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.



## THE RENEWABLE MATERIALS COMPANY



# Growth businesses 86% of sales and 100% of operational EBIT



- Packaging Materials
- Packaging Solutions<sup>1</sup>
- Biomaterials
- Wood Products
- Forest
- Paper<sup>2</sup>
- Other & eliminations<sup>3</sup>

<sup>1</sup> In 2006 included in Packaging Materials

<sup>2</sup> In 2006 includes merchants

<sup>3</sup> In 2006 includes Forest

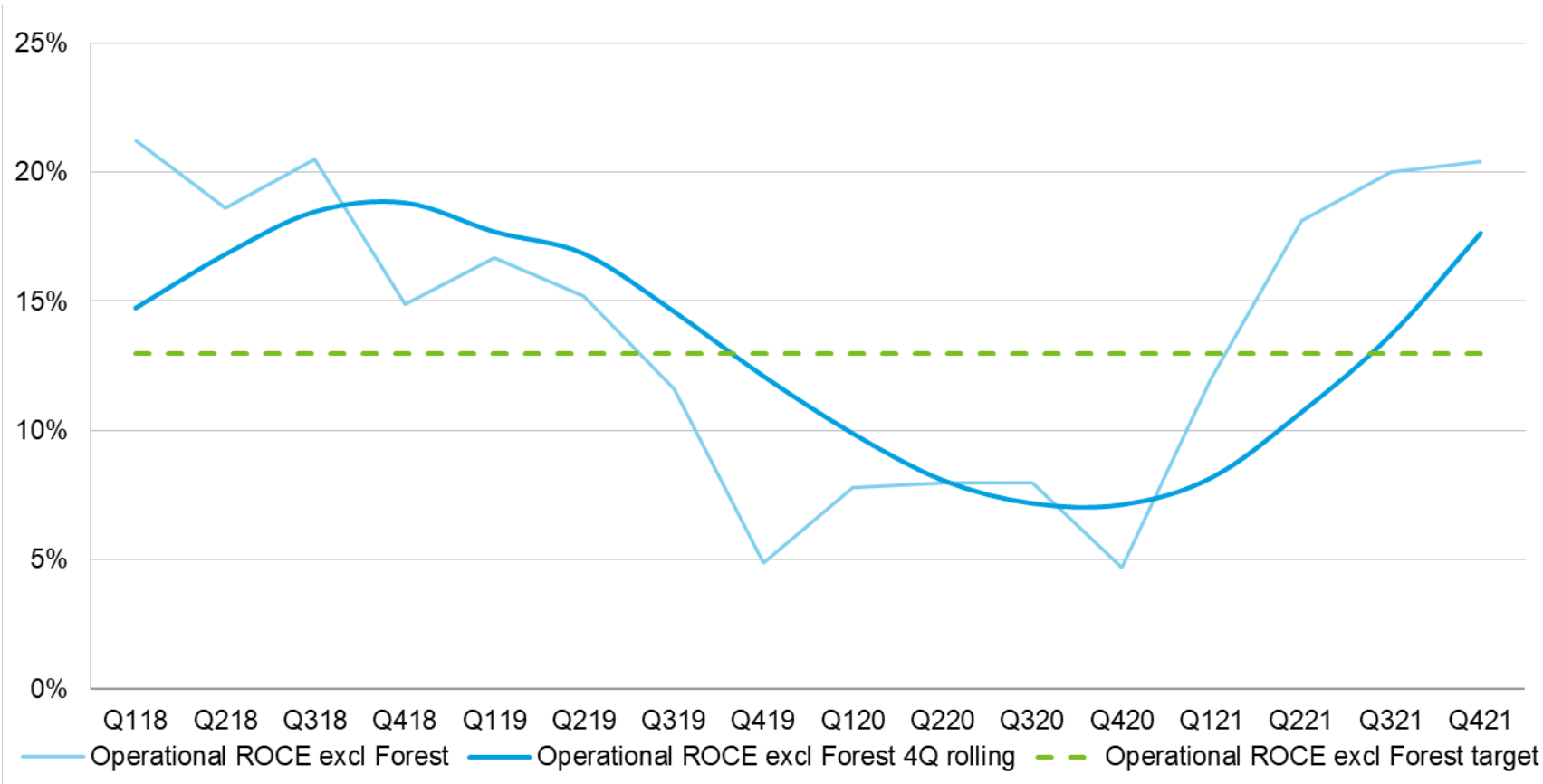
# Operational EBIT by segments



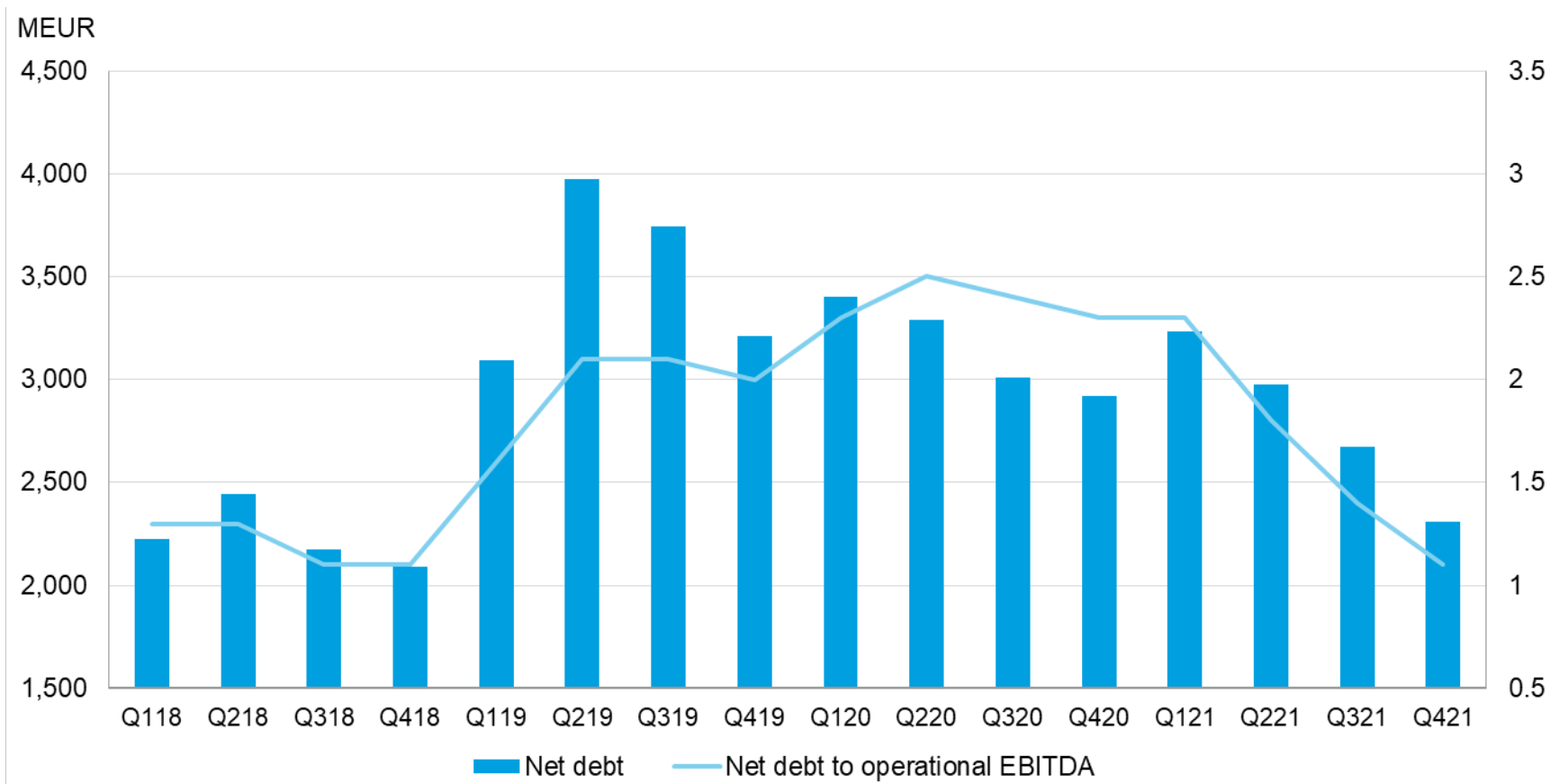
| MEUR                | Q421  | Q420  | Change %<br>Q421-Q420 | Q321  | Change %<br>Q421-Q321 |
|---------------------|-------|-------|-----------------------|-------|-----------------------|
| Packaging Materials | 133   | 66    | 99.9%                 | 153   | -12.9%                |
| % of sales          | 12.5% | 8.8%  |                       | 15.4% |                       |
| Packaging Solutions | 12    | 10    | 26.6%                 | 8     | 55.7%                 |
| % of sales          | 5.6%  | 6.0%  |                       | 4.3%  |                       |
| Biomaterials        | 167   | -14   | n/m                   | 118   | 41.2%                 |
| % of sales          | 33.9% | -4.3% |                       | 27.7% |                       |
| Wood Products       | 89    | 33    | 170.1%                | 123   | -27.8%                |
| % of sales          | 17.5% | 9.2%  |                       | 24.5% |                       |
| Forest              | 48    | 39    | 21.4%                 | 49    | -3.0%                 |
| % of sales          | 8.0%  | 7.5%  |                       | 9.0%  |                       |
| Paper               | -10   | -5    | -112.3%               | -31   | 67.7%                 |
| % of sales          | -2.6% | -1.0% |                       | -7.0% |                       |
| Other               | -17   | -16   | -12.1%                | -3    | n/m                   |
| % of sales          | -6.1% | -6.7% |                       | -1.1% |                       |



# Development of operational ROCE excluding Forest

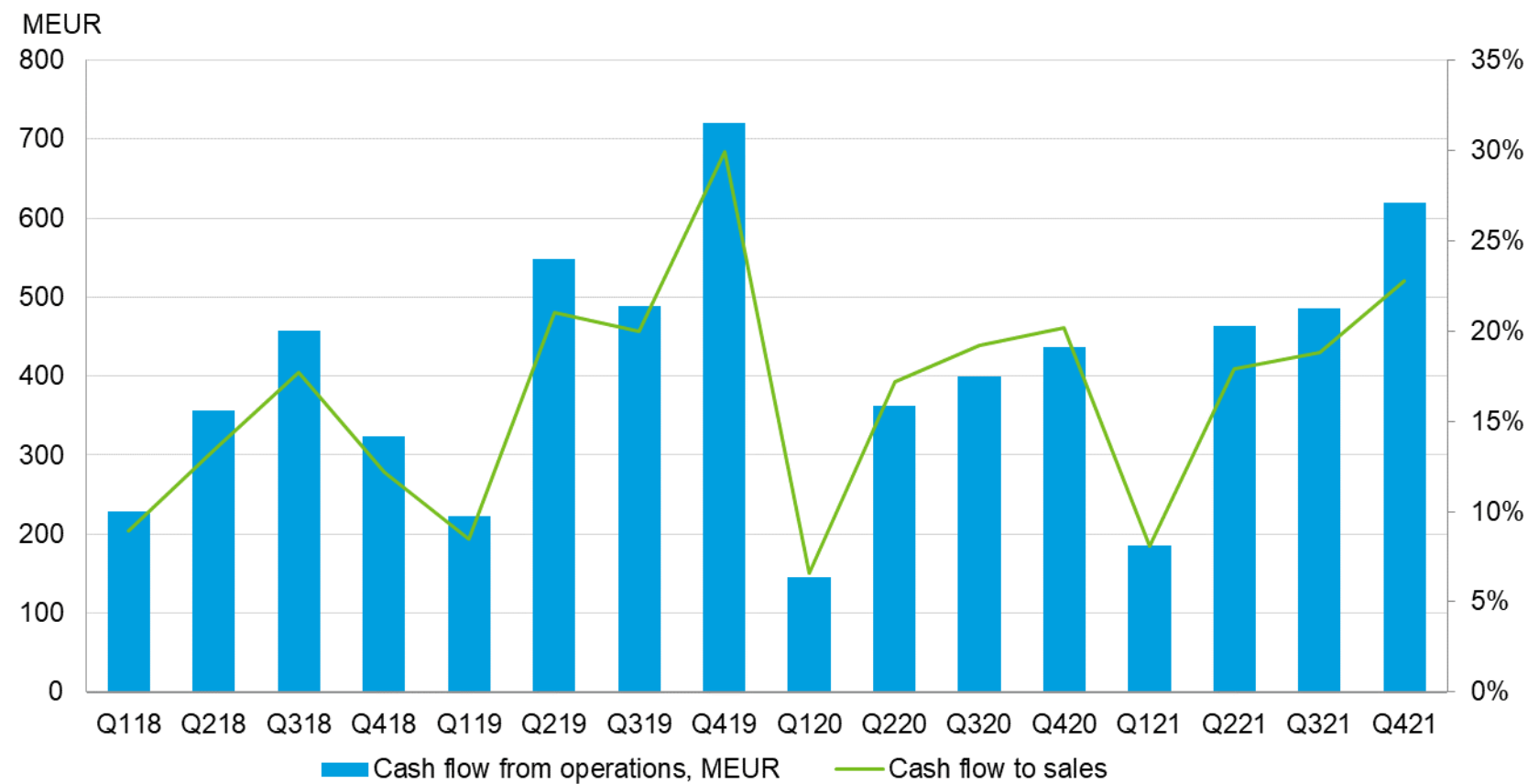


# Year-on-year net debt/OpEBITDA

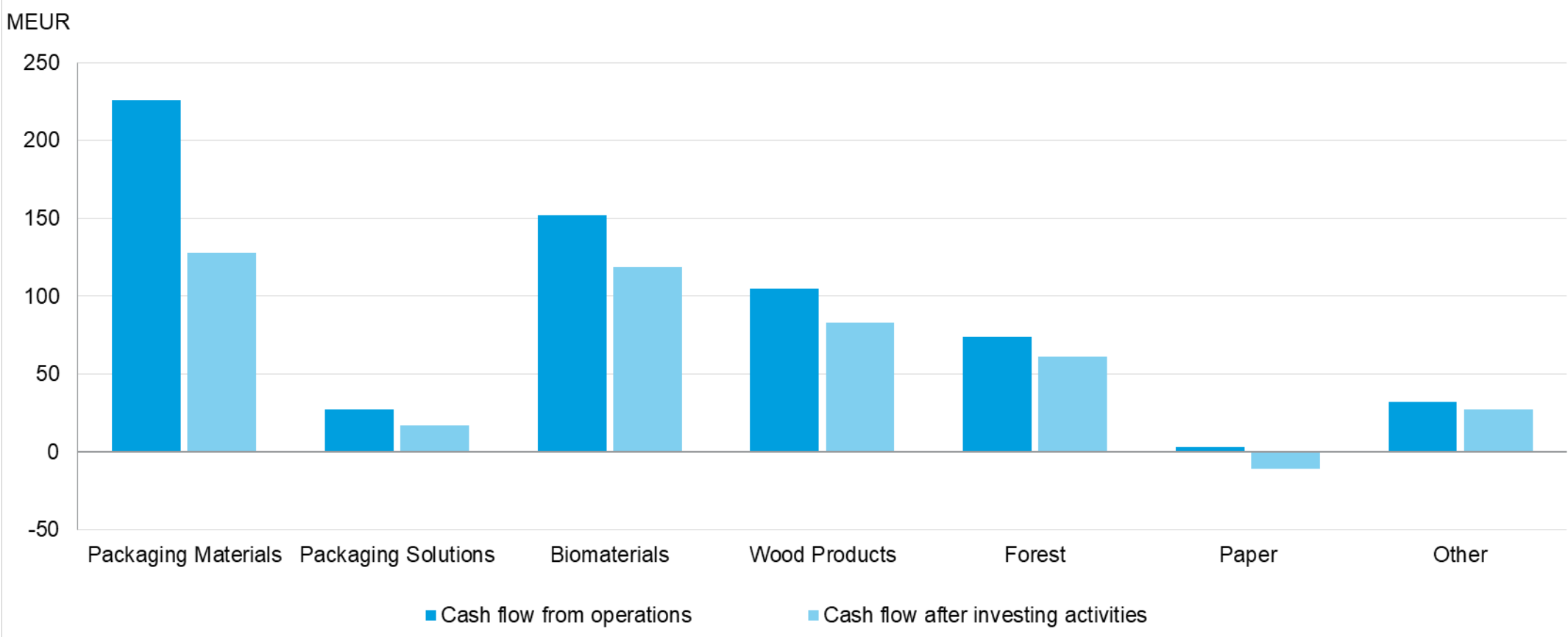




# Cash flow development



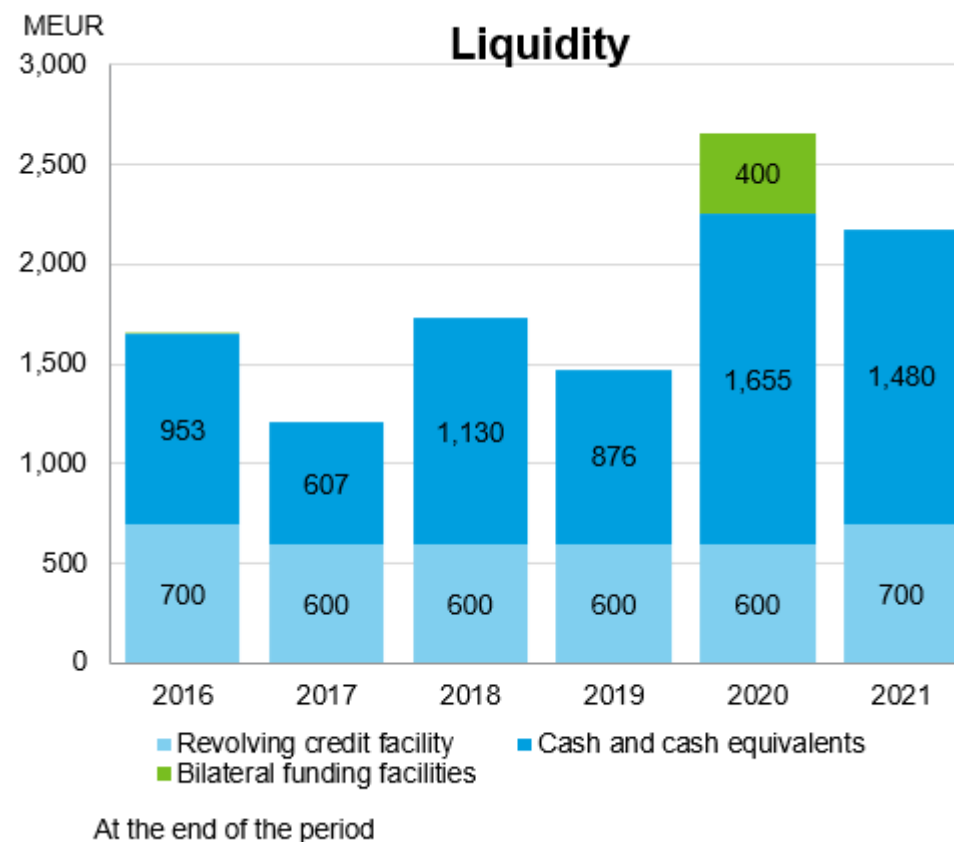
# Cash flow by divisions in Q4



# Continued focus on strong liquidity

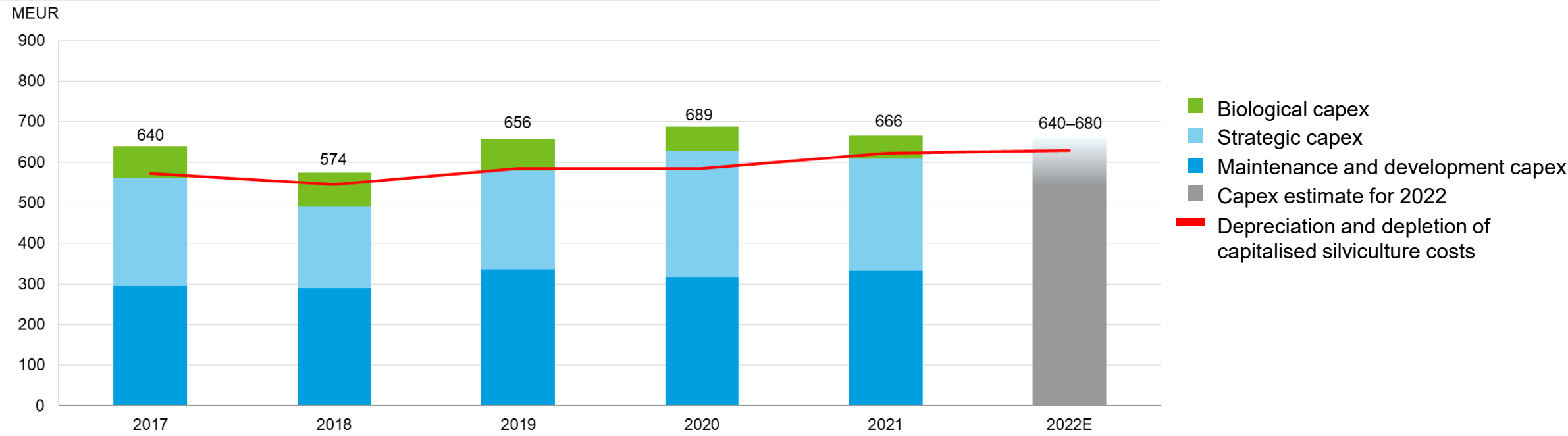


- Liquidity at the end of Q4 2021:
  - €1,480m cash and cash equivalents
  - €700m committed revolving credit facility fully undrawn
  - €1,000m statutory pension premium loans available
- No financial covenants on Stora Enso Oyj's debt
- Net debt to operational EBITDA for the last 12 months at 1.1x and gearing at 22%





# Selective capex to support growth



Capex for 2019-2021 and estimate for 2022 include the capitalised leasing contracts according to IFRS 16 Leases standard

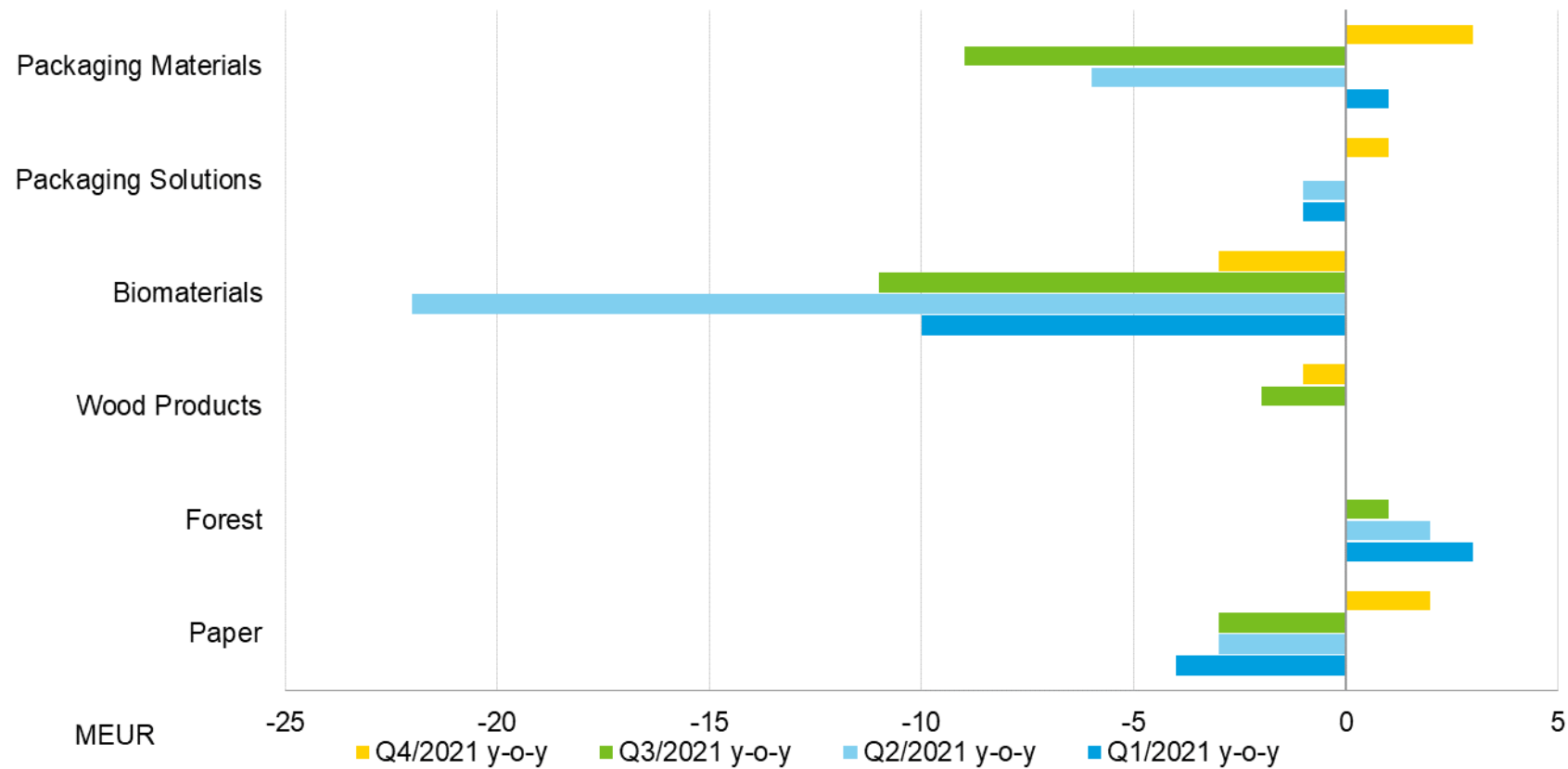
# Net Financial Items



| MEUR                                     | Q4<br>2021 | Q4<br>2020 | Change<br>MEUR<br>Q421/<br>Q420 | Q3<br>2021 | Change<br>MEUR<br>Q421/<br>Q321 |
|--|------------|------------|---------------------------------|------------|---------------------------------|
| <b>Net interest expense</b>              | <b>-30</b> | <b>-33</b> | <b>3</b>                        | <b>-31</b> | <b>1</b>                        |
| Average interest rate*                   | 3.1%       | 3.1%       | 0                               | 3.0%       | 0.1                             |
| <b>Foreign exchange gains and losses</b> | <b>-5</b>  | <b>6,5</b> | <b>-11</b>                      | <b>-2</b>  | <b>-3</b>                       |
|  |            |            |                                 |            |                                 |
| <b>Other financial items, of which</b>   | <b>-12</b> | <b>-4</b>  | <b>-8</b>                       | <b>-4</b>  | <b>-7</b>                       |
| Pension costs (IAS 19R)                  | -1         | -2         | 1                               | -1         | 0                               |
| Other items                              | -11        | -2         | -9                              | -3         | -7                              |
|  |            |            |                                 |            |                                 |
| <b>Total net financial items</b>         | <b>-46</b> | <b>-30</b> | <b>-16</b>                      | <b>-37</b> | <b>-9</b>                       |

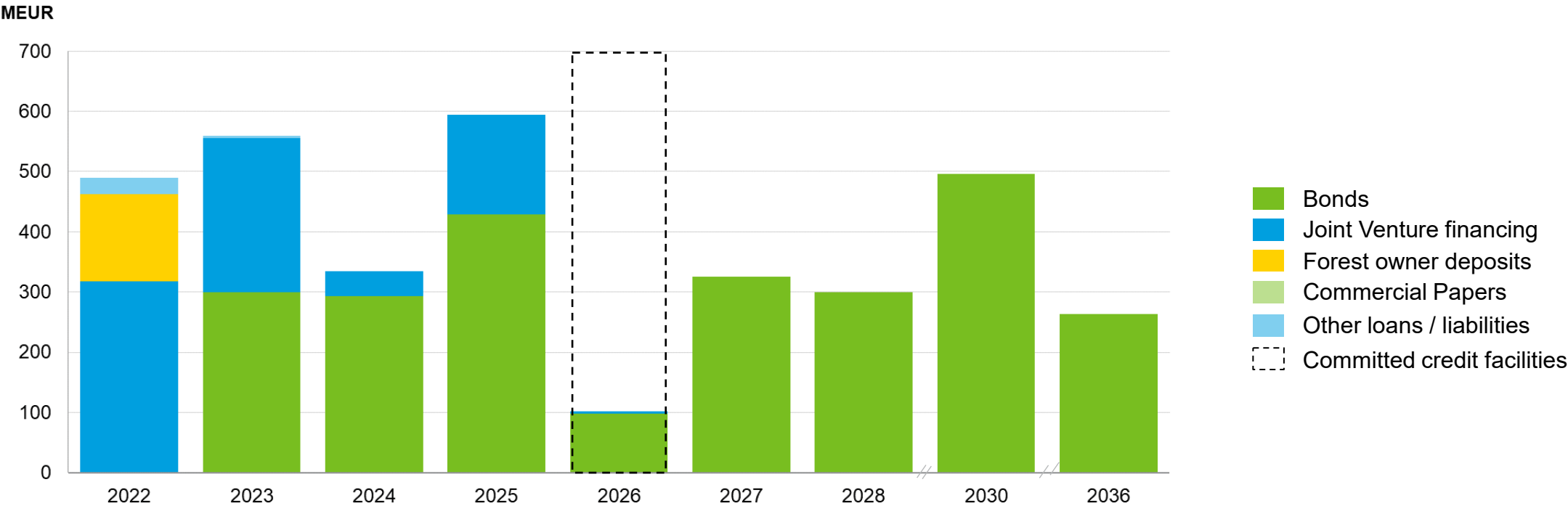
\* Quarterly gross interest expense divided by average gross debt

# Net FX by division





# Maturity profile Q4 2021



Committed credit facilities are fully undrawn and mature in 2026 (€700m)

# Transaction risk and hedges Q4 2021



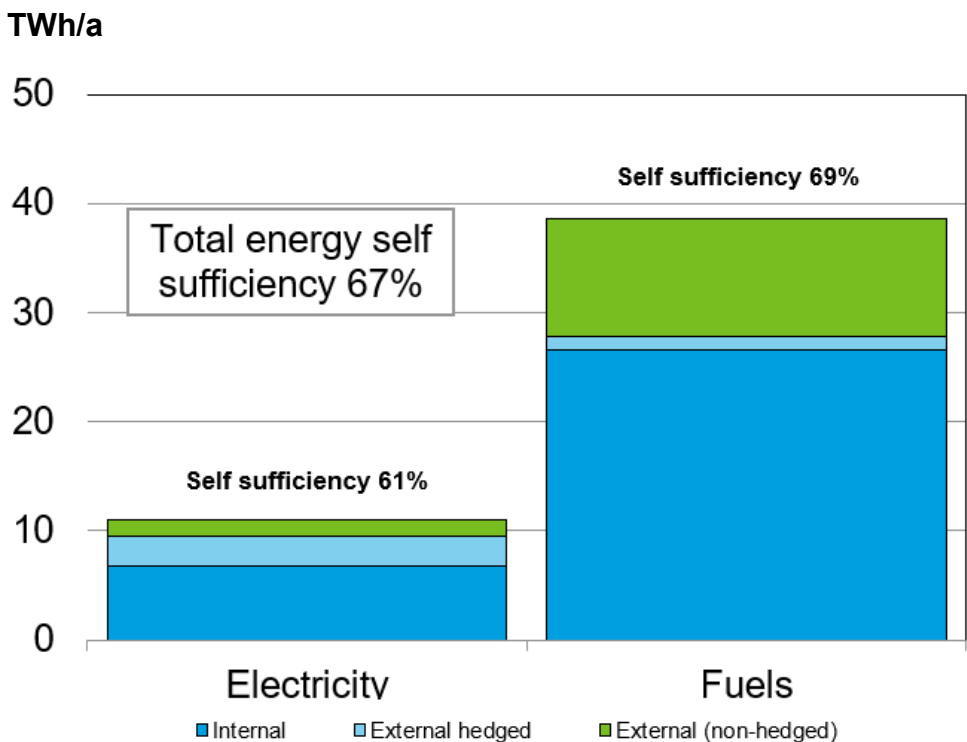
| <b>MEUR</b>  | <b>USD</b> | <b>EUR</b> | <b>GBP</b> | <b>SEK</b> |
|--|------------|------------|------------|------------|
| Estimated annual operative transaction risk exposure from cash flows for the next 12 months* | 1,712      | 995        | 346        | -191       |
| Cash flow hedges for the next 12 months as at 31 December 2021                               | -740       | -553       | -78        | 89         |
| <b>Hedge ratio for the next 12 months as at 31 December 2021</b>                             | <b>43%</b> | <b>56%</b> | <b>22%</b> | <b>47%</b> |
| Effect of 10% currency strengthening on Operational EBIT**                                   | 171        | 99         | 35         | -19        |

\*Cash flows are forecasted highly probable foreign exchange net operating cash flows. The exposure presented in the EUR column relates to operative transaction risk exposure from EUR denominated cash flows in Group companies located in Sweden, Czech Republic and Poland with functional currency other than EUR.

\*\* 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.

# Stora Enso energy balance Q4 2021

## Pulp, paper and board sites in Europe and overseas



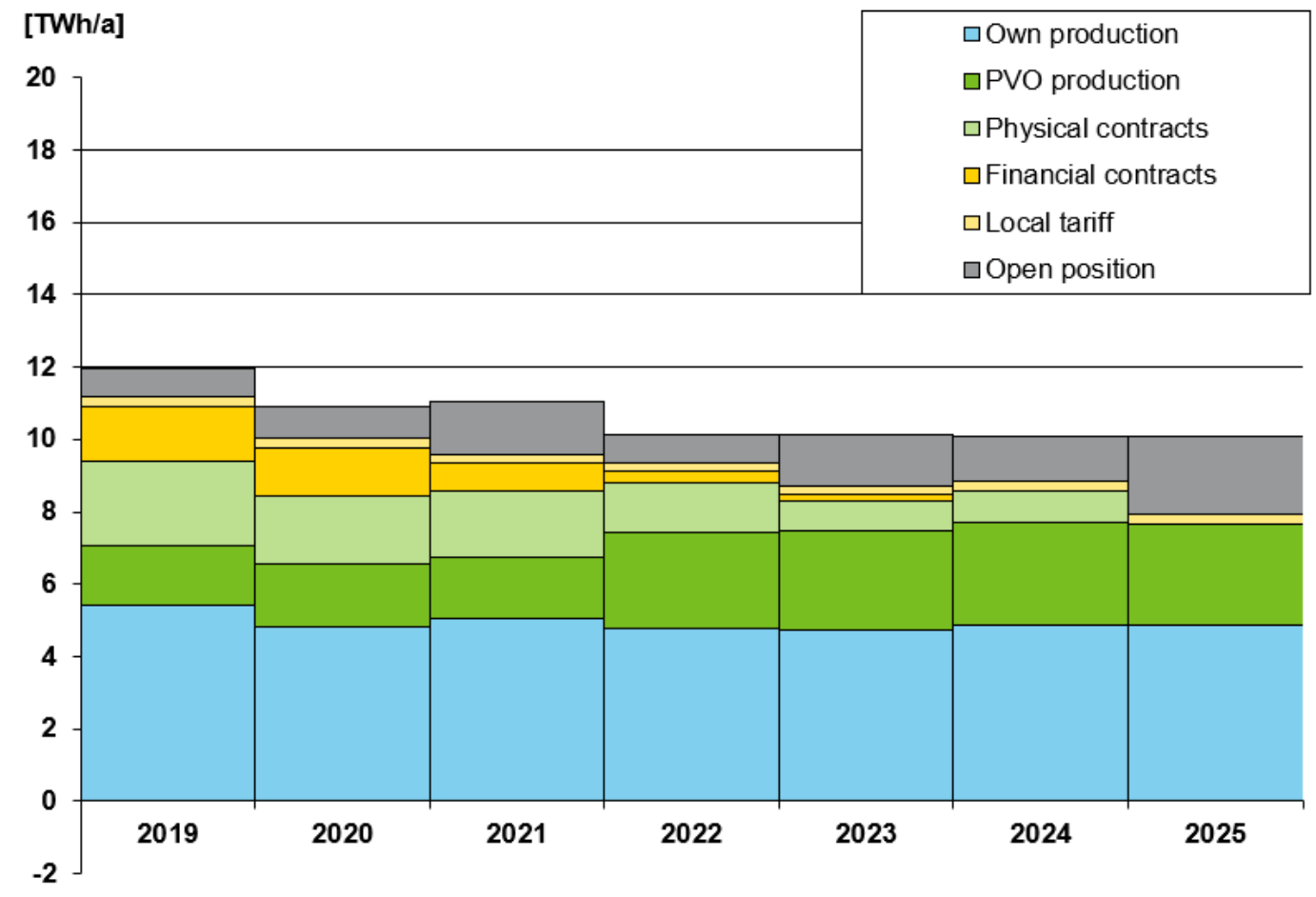
| Impact on non-hedged volume on operating profit from 10% change in: | EUR million p.a. |
|---|------------------|
| Electricity market price  | ~14.2            |
| Fossil fuel price   | ~17.6            |

External hedged volumes are secured from energy price risk exposure



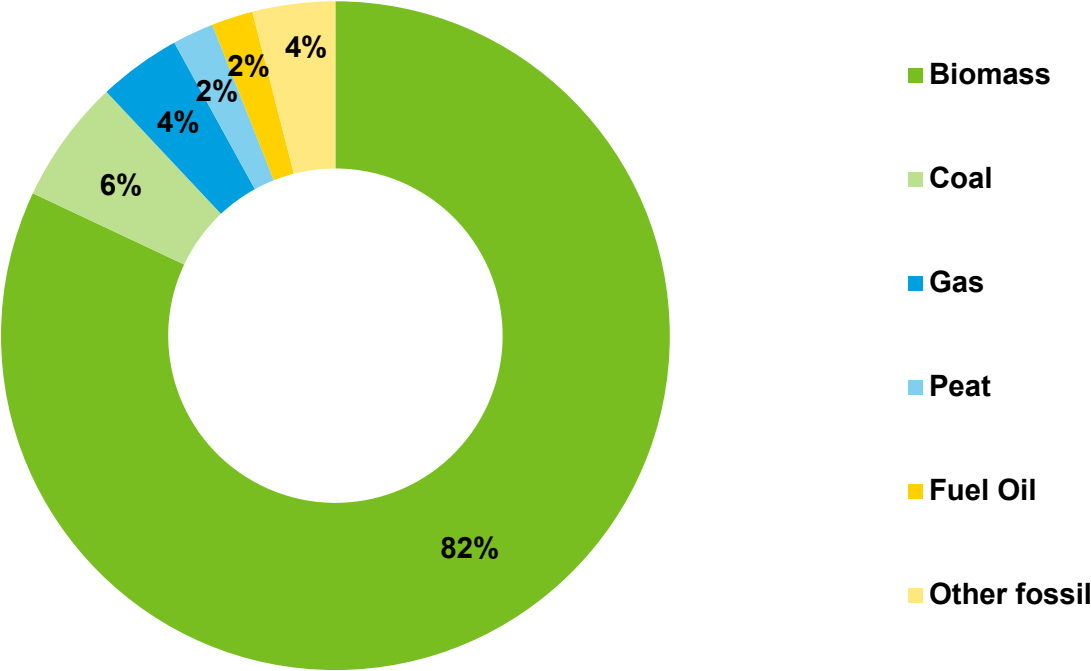
# Stora Enso electricity procurement Q4 2021

## Pulp, paper and board sites in Europe and overseas



# Stora Enso fuels Q4 2021

## Pulp, paper and board sites in Europe and overseas



Total Q4 fuel consumption was 9.9 TWh

# Permanent pulp, paper and board capacity reductions since 2006



| Site                           | 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               |
| Baierfurt 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               |

| Site              | 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               |
| <b>Total</b>      |             |  | <b>7,680,000</b>      |

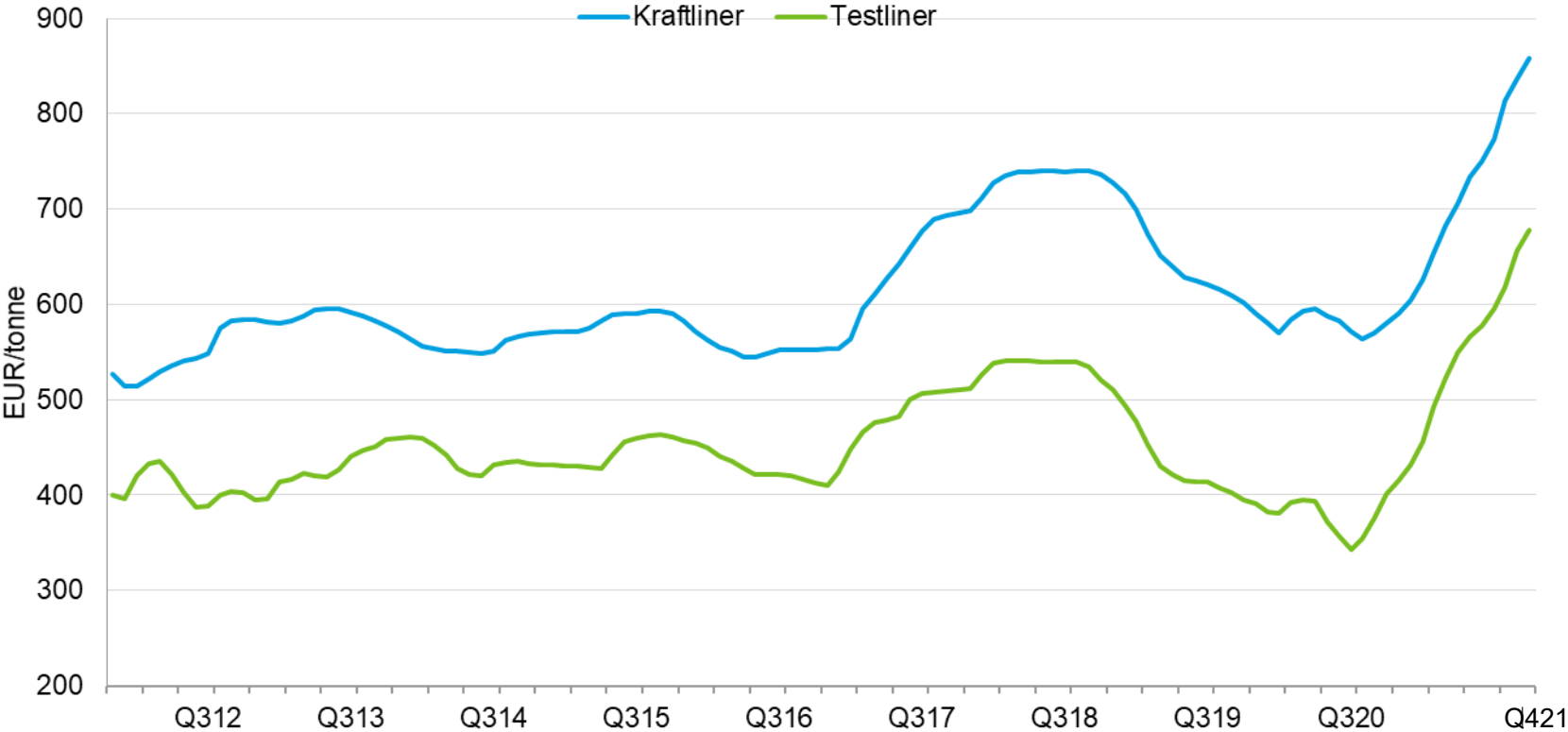


# Permanent sawn wood capacity reductions since 2006



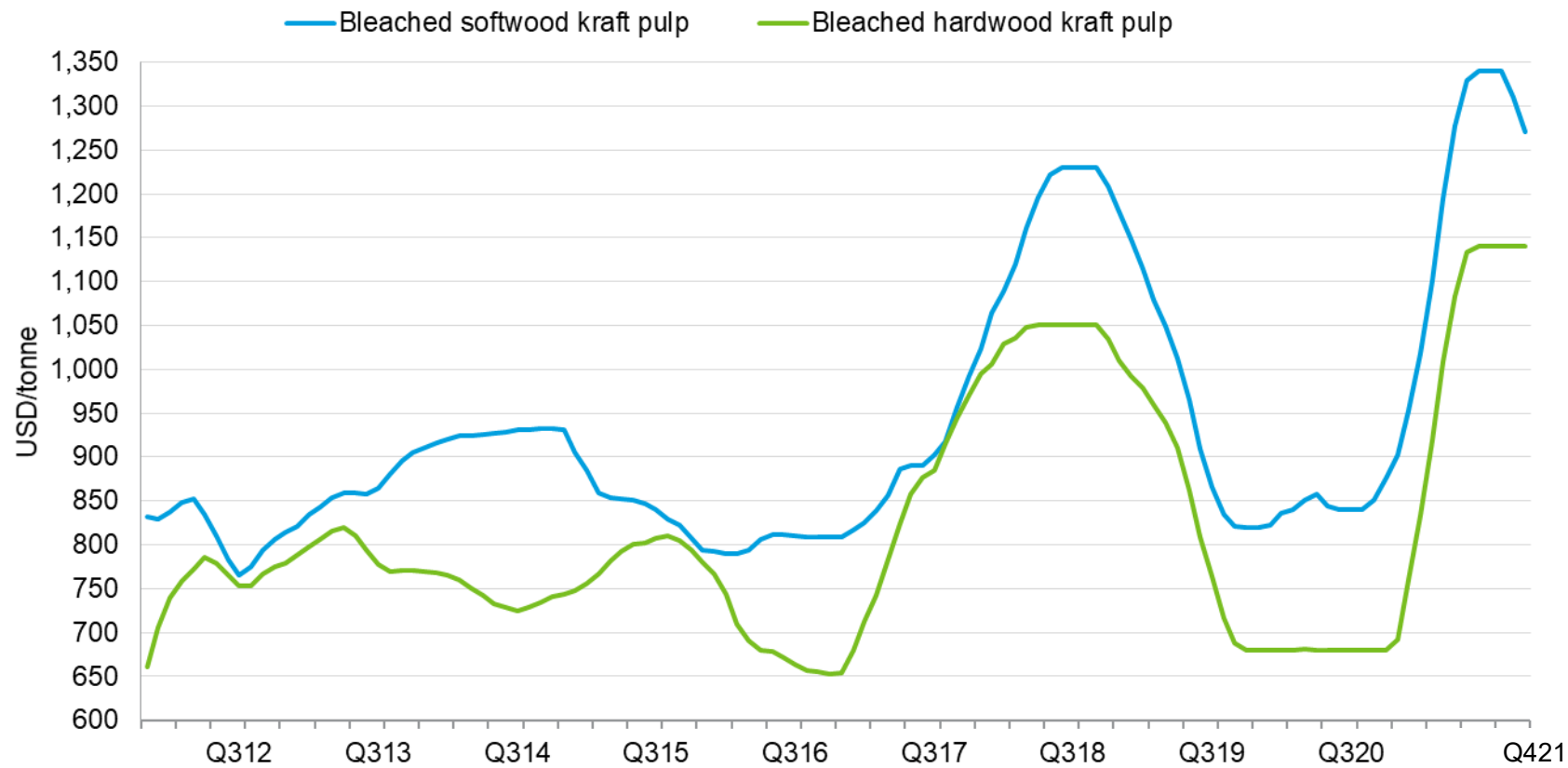
| Site                | Date        | Capacity reduction, m <sup>3</sup> |
|---------------------|-------------|------------------------------------|
| Veitsiluoto Sawmill | 2006        | 100,000                            |
| Honkalahti Sawmill  | 2006        | 90,000                             |
| 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                            |
| <b>Total</b>        |             | <b>2,560,000</b>                   |

# Kraftliner and testliner prices



Source: FOEX

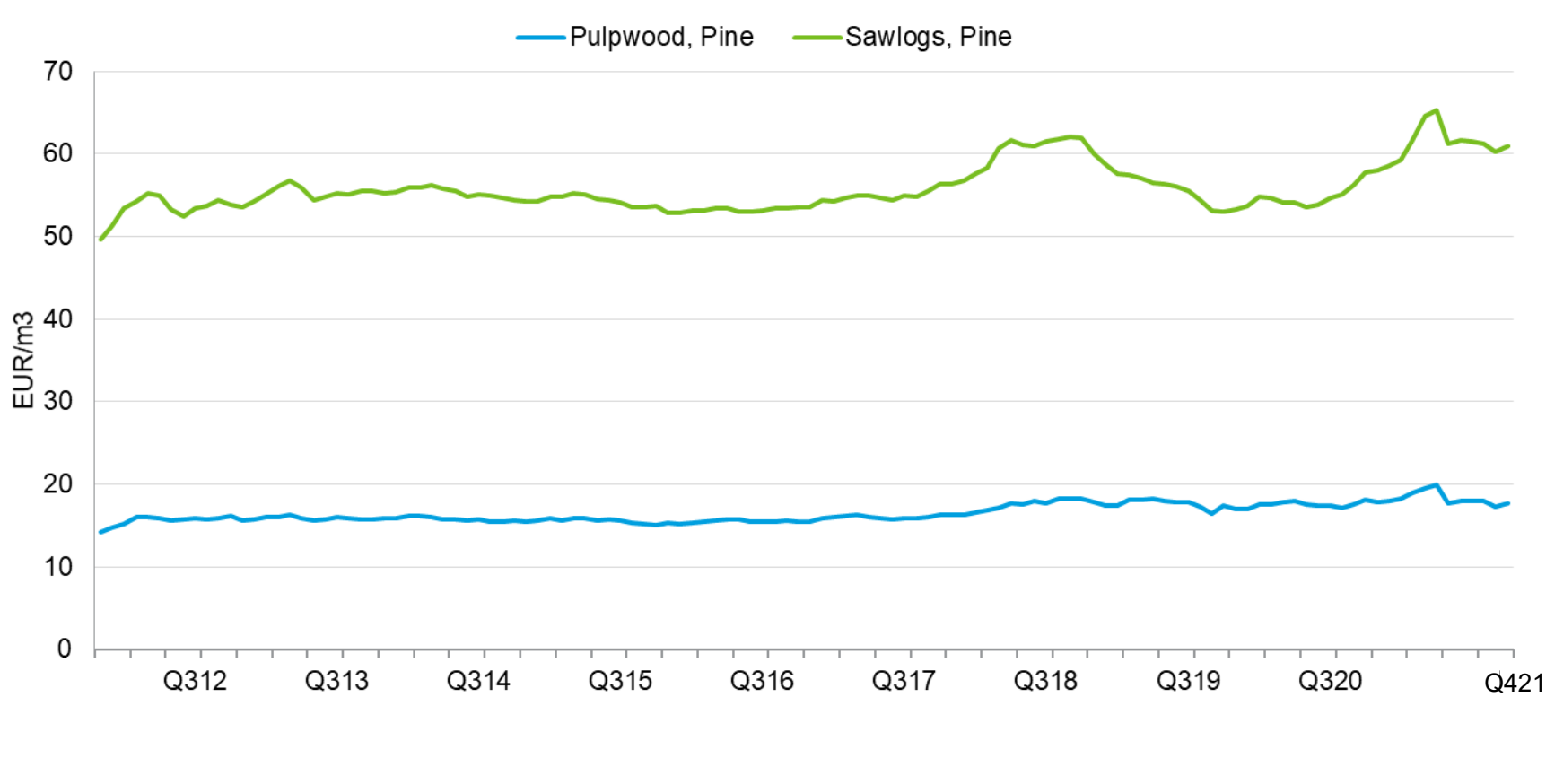
# Pulp price development



Source: FOEX

# Pulp wood and saw log prices

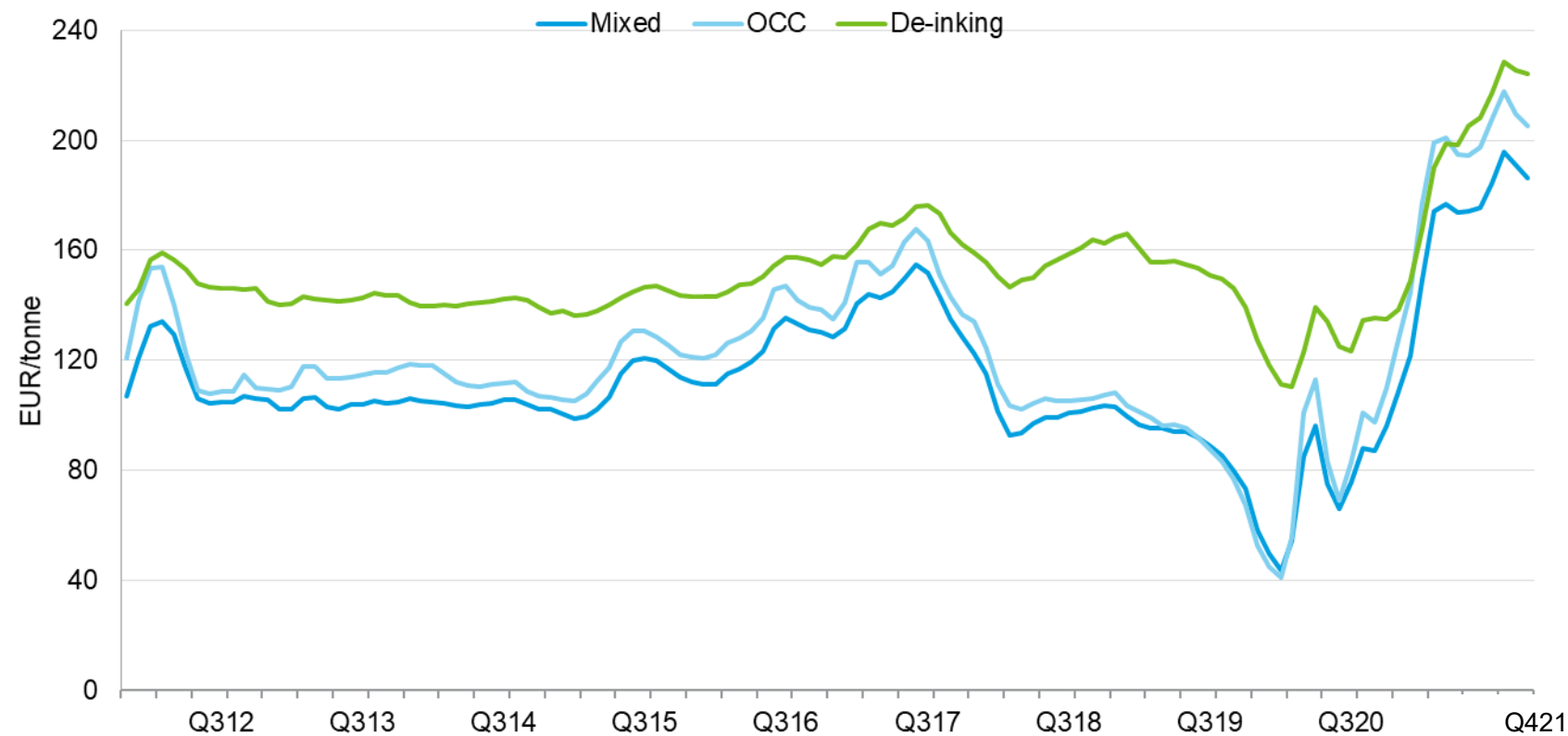
## Wood prices in Finland



Source: Luonnonvarakeskus

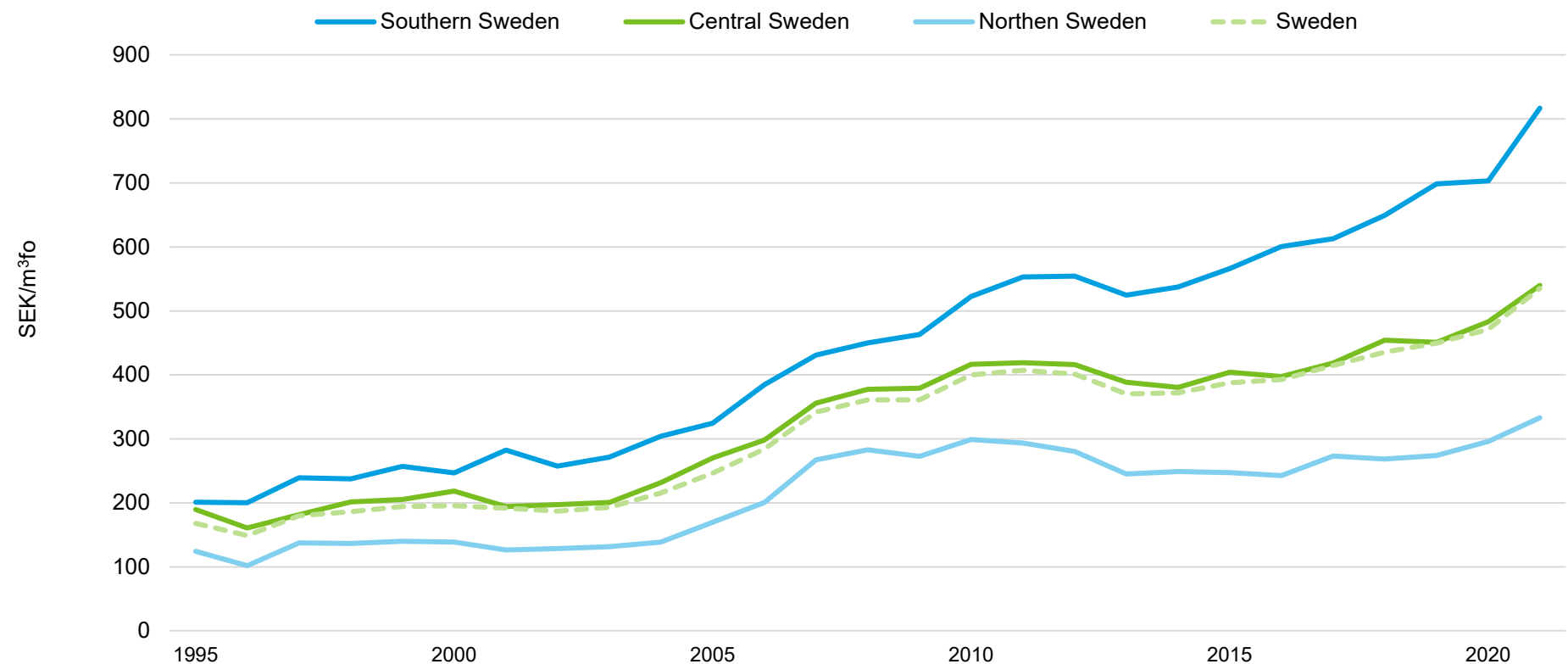


# Paper for recycling prices



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

# Market transaction based forest prices in Sweden



Source: Ludvig & Co 28 January 2022

**THE RENEWABLE MATERIALS COMPANY**