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✓ **Company Participants**

Jutta Mikkola - Stora Enso Oyj, Senior Vice President & Head-Investor Relations

Hans Mikael Sohlström - Stora Enso Oyj, President & Chief Executive Officer

Niclas Rosenlew - Stora Enso Oyj, Chief Financial Officer

✓ **Other Participants**

Cole Hathorn - Analyst

Linus Larsson - Analyst

Ioannis Masvoulas - Analyst

Gabriel Simoes - Analyst

Reinhardt van der Walt - Analyst

Martin Melbye - Analyst

Andrew P. Jones - Analyst

Detlef Winckelmann - Analyst

Joni Sandvall - Analyst

MANAGEMENT DISCUSSION SECTION

Jutta Mikkola

00:00:03 Hello, everyone. My name is Jutta Mikkola. And as the Head of Investor Relations, I'm delighted to welcome you to our First Quarter Results Presentation. With me today is our President and CEO, Hans Sohlström; and our CFO, Niclas Rosenlew.

00:00:23 This quarter, our main theme was focus on our own actions drives results. This highlights the decisions and actions we took last year and the momentum we are bringing into this year. Hans will start with key highlight areas, and after that, Niclas will take you through our performance and results. We'll wrap it up with the key main takeaways. Once we have finished, like usual, we will open the floor for your questions. So, thank you once again and hope you had a good time with us.

00:01:00 With these words, Hans, the stage is yours.

Hans Mikael Sohlström

00:01:03 Thank you, Jutta, and hello, everyone. Great to have you with us. The first quarter of 2026 developed largely as expected. While market conditions remained challenging, we continued to drive performance through our own actions across operations, costs, commercial excellence, and

procurement. Demand in our main markets stayed at a relatively low level and pricing pressure persisted in some business segments while prices firmed up and increased in others.

- 00:01:31 We delivered resilient results, with sales of €2.4 billion and EBIT of €159 million. Operationally, the ramp-up of the new consumerboard line at Oulu continued. We focused on improving the technical runnability of production. This, in addition to the weak market, impacted profitability during the quarter and is expected to continue into the second quarter. While the ramp-up continues to impact short-term profitability, we remain confident in bringing the line to full operational performance during 2027.
- 00:02:07 Stora Enso's segment reporting changed as of January 1, 2026, and the group has restarted the comparative figures for its segment reporting for 2025. This quarter marks the first time we report under our new reporting structure, which reflects how we manage the business and how value is created across the group.
- 00:02:32 A key to value creation is the P&L responsibility across 6 business areas and 23 business units. I am pleased to see that this decentralized P&L responsibility is already having a positive effect through our leaders focusing on continuous profit improvement. This provides a strong foundation for performance culture going forward.
- 00:02:55 We continued the preparation for the separation of our Swedish forest assets business into a new publicly listed company, which is expected to be completed during the first half of 2027. Preparations for the separation of our Swedish forest assets business, now named Bergslagens Skogar, formally Forest Company, continued to progress as planned. We'll discuss this more in detail a bit further in the presentation.
- 00:03:24 Our strategic priorities remain unchanged. Lead in customer value creation through innovation, quality, and sustainability. Grow faster than market with superior customer offering, leading technology, and operational efficiency. Expand margin through business focus, a positive performance culture, and systematic value creation. Generate cash with high conversion ratio and disciplined capital allocation. We continue to strengthen our competitiveness and ability to deliver consistent performance regardless of external market volatility.
- 00:04:04 As said, one of our key strategic priorities is to expand margins through business focus, stronger performance culture, and a systematic value creation. This has been a core priority throughout last year and continues to be so going forward. We have identified €500 million to €700 million of value creation initiatives, all with clear ownership and already underway expected to support margin expansion over the next two to four years. Development in the first quarter have been encouraging. First quarter underlying profitability improved as a result of our own actions offsetting market headwinds from unfavorable exchange rates as well as a continued pressure on prices and demand.
- 00:04:51 With the wood costs easing, the market headwind can even turn into a tailwind at some point. The Oulu ramp-up continues to weigh on profitability in the short term, but once fully ramped up, it will be a clear contributor. Overall, the fundamentals of our margin expansion story remains firmly intact, with increasing contribution from own actions as we move forward.
- 00:05:16 Next, a couple of words about the progress of the demerger of the Swedish forest business. We are moving ahead with our plans to demerger the Swedish forest assets into a separate listed company, with completion anticipated in the first half of 2027. Today, I'm happy to announce the

name of the company, Bergslagets Skogar. The new name reflects both the geographic and historic footprint in Sweden's Bergslagen region and a long-term approach to value creation where planning horizons extend across generations. This company will represent a high quality forest asset entity with over 1.2 million hectares of sustainably managed forest land in Sweden and positioned to become Europe's largest listed pure play forest company.

00:06:07 A few words about the logo. In earlier centuries, timber transported from the forest was marked to indicate ownership and origin. In Bergslagen, that mark was the letter B, which today inspires the new logo. The design reference the wood structures historically used in the Falun mine where timber formed the foundation for safety, stability, and continuity, values that continue to guide forest management today. The name and the logo are not the only thing we are announcing today. We will be hosting Bergslagets Skogar's Capital Market Day on November 3, 2026 in Stockholm. So please do mark the day into your calendar. That is where the company will provide investors with an overview of Bergslagets Skogar's standalone strategy, value creation drivers, capital allocation framework, and financial profile.

00:07:03 Then let's move on to the innovation highlights. This time I have three examples related to another strategic priority, lead in customer value creation through innovation, quality, and sustainability. The first example is our partnership with Majoral and ZFoam. We codeveloped a jewelry package made from Papira. Papira is our trademark wood-based and fully renewable and recyclable packaging foam. It was awarded in the Paris Packaging Week Innovation Awards for its performance, design, and environmental responsibility. This shows that our sustainable fiber solutions are making an impact in premium packaging.

00:07:46 The second example highlights the importance of the strong link between material development and converting expertise, in this case, with Aristo. Aristo is a manufacturer of paperboard boxes and paper bags. Our CKB Nude Aqua, a dispersion-coated board solution, offers grease resistance and delivers the physical properties converters expect from high-performing board. In addition, it serves as an alternative to plastic materials.

00:08:17 The third case highlights our progress in emission reduction, particularly at our Imatra mills, where we have significantly reduced greenhouse gas emissions. More broadly, reducing CO2 is a priority across all our mills, with Imatra as a strong example. In the first quarter, total group Scope 1 and 2 emissions were down by 62% compared to the 2019 base year, reflecting continued improvements in energy efficiency and lower operational emissions. At Imatra, this has translated into a reduction of more than 100,000 tonnes of CO2.

00:08:56 Taken together, these cases demonstrate how innovation, quality, and sustainability come together in our offering, supporting customer value creation and strengthening our position in sustainable packaging. It is about combining material innovation with application expertise while at the same time reducing our environmental footprint.

00:09:19 With that, I will conclude this section and hand over to you, Niclas, to take you through the financials.

Niclas Rosenlew

00:09:27 Thank you, Hans, and hello, everyone. Let's now take a look at the financial overview for the first quarter. During the first quarter, as Hans already mentioned, our own actions have been driving the performance. Sales was stable at €2.4 billion and would have increased excluding the negative

FX effect. Deliveries were higher in all segments other than biomaterials where the Veracel site had planned maintenance during the first quarter. Adjusted EBIT for the first quarter was €159 million. Comparing year-on-year and excluding the impact from the Oulu ramp-up, the underlying profitability improved, reflecting a stable underlying performance despite market headwinds. This we can clearly see when looking more closely at the EBIT bridge for Q1.

00:10:32 So looking at the big picture, adjusted EBIT declined by €16 million compared to last year, with the primary reason being the ramp-up of the new line in Oulu. The Oulu ramp-up had a negative impact of €29 million on our EBIT for the first quarter. Last year, the ramp-up only started at the end of the first quarter. Nevertheless, our underlying performance has strengthened thanks to our disciplined strategy execution and the focus on own actions.

00:11:10 This progress is particularly evident in the improvements we made to both variable and fixed costs. On the fixed cost side, we saw gains even with planned maintenance at the Veracel site which we didn't have last year at this time. Looking at the market movements, lower wood costs improved profitability but negative FX effects and some price and mix changes more than offset those positive contributions. The net FX had a dual hit on us this time. Weaker dollar reduced our sales, while then the stronger Swedish krona pushed our costs up.

00:12:00 Let's then turn the focus on to cash flow, which is another important strategic priority for us. In the quarter, we spent €100 million less on CapEx compared to last year. This is fully aligned with our plan to reduce CapEx as we are well invested and have competitive assets. While the underlying cash flow continues to improve, in the first quarter, it was impacted by restructuring-related one-off items and slightly higher working capital. Specifically, we closed a packaging solution site in China and had other restructuring-related payments as well as

00:12:46 related to our cost reduction actions.

00:12:51 Also, changes in working capital had a somewhat more negative impact compared to Q1 2025. This was mainly due to higher receivables related to the relatively strong consumer packaging sales. Q1 is typically the quarter where we tie up a bit more working capital. So in sum, CapEx came down, but restructuring actions and working capital movements impacted cash flow in Q1 negatively. However, from an underlying cash flow perspective, the positive trend has continued.

00:13:32 If we then move on to the balance sheet and net debt, net debt was about €3.5 billion, a clear decrease from last year's €4 billion levels. However, it did increase from last quarter and this was mainly driven by the full year dividend booking, which is around €200 million, as well as lower cash flow. Net debt to EBITDA was 3.1 times.

00:14:03 On this note, I want to say a few words about the € 1 billion hybrid that we successfully issued in April this year. It is a good instrument for us optimizing our balance sheet. It is treated as equity under IFRS and partly by the rating agencies. So it supports credit metrics, protects our investment-grade profile, and ensures resilience in a volatile world. We are pleased with the interest the hybrid attracted. The hybrid further strengthens our capital structure, enhances our financial flexibility, and supports the long-term strategy and the steps ahead related to our Swedish forest demerger.

00:14:51 As Hans said, this is the first time we report based on the new segment structure. Compared to the previous reporting structure, this better reflects our portfolio and focus, how we manage the business as well as how value is created across the group. Let's start with consumer packaging. We

started the year reasonably well with improving sales. This was mainly due to higher deliveries of food and liquid products and structural changes, meaning the ramp-up of Oulu and the Junnikkala acquisition. While order inflow improved, especially in food and liquid, demand for European consumerboard grades remained mixed. Adjusted EBIT increased by €10 million. The underlying profitability improved as we made good progress with own actions lowering the variable and the fixed costs. Also, lower wood costs supported profitability improvements. This was partly offset by the adverse impact of the ramp-up of the new line in Oulu, pushing the first quarter results down by €29 million.

00:16:14 In integrated packaging, sales decreased slightly but profitability improved. The sales decline was mainly due to negative impact from FX. Volumes, on the other hand, improved. Adjusted EBIT increased by €6 million as lower variable costs were partly offset by lower prices and negative FX. Demand for containerboard and corrugated board remained stable.

00:16:47 Also in biomaterials, the main reason for lower sales was the negative FX, mainly the weaker dollar, but also the deliveries were somewhat lower. This was because we carried out planned maintenance at the Veracel site during the first quarter and we did not have the Veracel maintenance in the comparable quarter last year. Adjusted EBIT decreased by €20 million as lower sales were only partly offset by lower variable costs. The softwood market remained weak, but for Asian hardwood, prices recovered slightly sequentially.

00:17:31 Then commenting on the other segment. This is where we have the Swedish forest assets where we prepare for the demerger as well as the Central European wood products operations where we have the strategic review ongoing. In addition, the other segment includes the growth business unit, the wood and energy business area and group functions.

00:17:59 Segment other sales, mainly sales of wood and wood products, remained stable. The intercompany sales of wood and logistics services from segment other to industrial segments have been eliminated and do not show any more in these segment numbers. Adjusted EBIT decreased by €10 million and this was mainly due to higher wood costs in Central European wood products operations.

00:18:32 With that said, I will hand back to you, Hans, for concluding remarks.

Hans Mikael Sohlström

00:18:40 So thank you, Niclas. As said, the first quarter of 2026 developed largely as expected with stable performance. While market conditions remained challenging, we continue to drive performance through our own actions across operations, costs, commercial excellence, and procurement. Our strategic priorities remain unchanged. We will lead in customer value creation through innovation, quality, and sustainability. We will grow faster than market with superior customer offering, leading technology, and operational efficiency. We will expand margins through business focus, a positive performance culture, and systematic value creation. And we will generate cash with high conversion ratio and disciplined capital allocation.

00:19:27 I would like to thank our employees for their strong contribution at the start of the year. Also, I would like to thank our customers, partners, and shareholders for your continued trust. Together, we are building a stronger, more focused, and more sustainable Stora Enso.

00:20:12 Thank you for listening, and we are now ready to take your questions.

QUESTION AND ANSWER SECTION

Operator

00:20:16 Our first question comes from Cole Hathorn with Jefferies. Please unmute your line, turn your video on, and ask your question.

Analyst: Cole Hathorn

00:20:26 **Question – Cole Hathorn:** Good morning. Thanks for taking my question. I've got a few on my side. I'd just like to start with consumer packaging and your own internal actions there. I mean, the consumer packaging division did very well and I'm just wondering if there's any color you can break out between how much of the performance was from lower wood costs, how much was it from your own internal actions, and any guidance you can give for the benefit of those internal actions through 2026? I'm just trying to break down how much is just market relief versus your delivery. Thank you.

00:21:09 **Answer – Hans Mikael Sohlström:** Yeah. Thank you very much, Cole. Well, first of all, sequentially, our volumes improved. And so in that respect, that was what was partly a contributor. But the main part of all the improvement really comes from our own actions. The value creation programs, the thousands of programs, which is a culture in our company where we continuously improve and drive performance in every mill, every operation, and also every business area. So our performance is mainly driven by our own actions.

00:21:46 **Answer – Niclas Rosenlew:** And maybe, Cole, to add, I mean, on the 2026 and so on, we don't provide an exact number. But of course, going back to kind of the CMD, we had this €500 million to €700 million target over the next two to four years. As Hans said, that's kind of we work across all businesses, all functions, everything on these thousands of initiatives any one day. And of course, we push it as hard as possible. But think about it as a relatively even distribution over that period of time. That's at least how we push it.

00:22:29 **Question – Cole Hathorn:** So it's right, do you think, to think that those internal actions as well as some hopefully market wood cost relief should continue to benefit through the rest of the year?

00:22:40 **Answer – Niclas Rosenlew:** Well, the own actions, those we are pushing throughout the year. So that's a continuum. Of course, then when it comes to other kind of market drivers, be it wood costs or sales prices or whatever, that's then a different factor. But the own actions will continue to push across the year.

00:23:02 **Question – Cole Hathorn:** Well then, maybe just my follow up is on wood cost relief and how you're managing the cost inflation in kind of energy and logistics. Just any color of commercially, are you doing any surcharges to offset higher logistics costs on liquid packaging board? And then wood cost relief through 2026, how are you thinking about it? Thank you.

00:23:26 **Answer – Niclas Rosenlew:** Yes, Cole. We are, of course, working also on pricing. And even if when it comes to energy, we are, to a large extent, self-sufficient in energy, 75% self-sufficient, oil and

gas represents only 3% of our total fuels. But we have impacts from the war in Iran and the Hormuz Strait's closure through increased logistics costs as well as also some chemical costs. And of course, we do whatever we can also to improve our pricing.

00:24:13 **Question – Cole Hathorn:** Thank you.

Operator

00:24:15 Our next question comes from Linus Larsson with SEB. Please unmute your line, turn your video on, and ask your question.

Analyst:Linus Larsson

00:24:22 **Question – Linus Larsson:** Good morning, gents. Thanks for taking my question. It's an ever-changing world that we're living in. And then given the geopolitics, I would be very curious to hear your thoughts on or your observations from the real world, what you are seeing. So it seems like tensions escalated towards the end of the first quarter. What are you seeing in terms of client activity, order books, et cetera now at the beginning of – in the early parts of the second quarter? Any color on that would be super interesting. Thank you.

00:25:11 **Answer – Hans Mikael Sohlström:** Well, thank you, Linus, for your question. The demand for Stora Enso's products is mainly driven by private consumption. So about two-thirds of Stora Enso's top line really relies on private consumption, and the consumers' confidence is now with the increased geopolitical uncertainty and the war is, of course, on a low level. And of course, that impacts also the demand for our products.

00:25:46 And it only underlines the fact that we need to continue to do what we have been doing the last couple of years, focusing on our customers, serving them better than ever before, continuing driving costs out, improving competitiveness, performance. And I'm truly proud of the work that is being performed every day by all Stora Enso employees in every business area, every business unit, every mill and operations across the world. I think we're doing a fantastic job and I'm so happy to see that we have really embedded this culture, performance culture of continuous improvement. And I think we have only seen the beginning of what we can perform here in terms of improved competitiveness.

00:26:32 **Answer – Niclas Rosenlew:** Yeah. And then just to add to what Hans said or what – reiterating what Hans said earlier, on the cost side, we do see an impact, negative impact by higher costs, and that's mainly from logistics and chemicals where we see it. And that came pretty quickly actually after the conflict started.

00:26:59 **Question – Linus Larsson:** Right. Thanks. That's helpful. And maybe dialing back a bit to the previous question and a follow-up on what you just said, Niclas, I mean, the variable cost side, what's the net of things in the second quarter would you say? I presume you have still a tailwind from fiber costs Q2 versus Q1? How significant is that? And is that bigger or smaller than the headwind that you are talking about in terms of logistics and chemicals?

00:27:37 **Answer – Niclas Rosenlew:** Yeah. It's, of course, a bit tricky to kind of give an exact number because as you said in the beginning, the world is a pretty dynamic place and every day is kind of a

new reality. And again, that's why – as Hans said, that's why we are really focusing on managing our own actions. And I mean, we expect to see higher costs to chemicals, transportation, which we then work on offsetting. And then you are right, then we'll have some tailwind from wood costs and then, as you saw now in Q1, a big headwind from FX. So exactly where those will land is, of course, a bit premature or I don't want to say, but it's going to be a mix of those things.

00:28:33 **Question – Linus Larsson:** Sorry. Just finally, the FX side, is that a headwind still Q2 on Q1 given today's exchange rates?

00:28:42 **Answer – Niclas Rosenlew:** Well, I was saying it's – as you saw, it was a significant headwind in Q1. Again, how it will fall out in Q2 depends on the rates and we can all check the kind of today's rates, but also how they then develop over the quarter. So it was not a comment on Q2 specifically but rather on Q1.

00:29:06 **Question – Linus Larsson:** Okay. Fair enough. Thank you.

Operator

00:29:09 Our next question comes from Ioannis Masvoulas with Morgan Stanley. Please unmute your line, turn your video on, and ask your question.

Analyst:Ioannis Masvoulas

00:29:20 **Question – Ioannis Masvoulas:** Yes. Thank you very much for the presentation. Can you hear me okay?

00:29:25 **Answer – Hans Mikael Sohlström:** Ioannis, we can hear you. Hi.

00:29:27 **Question – Ioannis Masvoulas:** Excellent. Hello there. My video is off but I'll just focus on two questions from my side. The first on consumer packaging, a key aspect of the CMD last year was your focus on taking market share versus recycled grades. And in today's environment where recycle-based packaging products are probably facing greater energy cost pressures, are you seeing that potential share gains accelerating or is it still too early to tell?

00:29:58 **Answer – Hans Mikael Sohlström:** Well, Ioannis, you're right that the higher cost of fossil energy, oil, gas, natural gas basically improves our relative competitiveness because we are self-sufficient in energy. But of course, we have logistic costs which are moving up. But I think the rest remains to be seen.

00:30:30 **Question – Ioannis Masvoulas:** Okay. Thank you. And maybe just on the ramp-up costs, which they are running above the original target which you have set at about €100 million, I think you're guiding Q2 similar to Q1. So around €30 million incremental impact. How should we think about the overall ramp-up costs? And when do you actually expect this to no longer be a drag to earnings for the segment? Thank you.

00:31:01 **Answer – Hans Mikael Sohlström:** So, basically, what has happened in the first quarter is that from a technical perspective, from productivity production, we have clearly improved and we are

on a good level according to plan. But of course, with the subdued demand which is due to the geopolitical uncertainty, the low consumer confidence, it also means, of course, that we are not running full. So we are taking also some market-related downtime and that then also has an impact then on the profit generation of this new production line.

00:31:43 **Question – Ioannis Masvoulas:** So just a quick follow-up to clarify here because I would think that Oulu is the most cost competitive mill that you have, at least once it runs fully. If you need to take some market-related downtime, would it not make sense to do so in some of the other higher cost mills in the footprint?

00:32:09 **Answer – Hans Mikael Sohlström:** Ioannis, you are absolutely right. But on the other hand, it's also a question of getting your products qualified. Normally, it's a long process of several months per customer. So as the production volumes are increasing rapidly, there is a certain also time lag for sales to pick up through the quality verification and qualification processes which takes several months as such.

00:32:35 **Question – Ioannis Masvoulas:** Thanks very much. I'll rejoin the queue.

Operator

00:32:39 Our next question comes from Gabriel Simoes with Goldman Sachs. Please unmute your line and ask your question.

Analyst:Gabriel Simoes

00:32:46 **Question – Gabriel Simoes:** Hi, Hans, Niclas. Thank you for taking my questions. So the first one would be on the restructuring expenses. So this quarter, we had lower than expected cash generation here despite the stronger adjusted EBITDA. And I understand that a portion of that is because of the changing in reporting and the spin-off of the forestry business, a portion of that, the higher restructuring expenses. And I just wanted to understand until when we should see higher expenses in that front?

00:33:10 And the second question would be on the consumerboard side. So I just wanted to understand how you're seeing competition in this market and what impacts you have seen in terms of competition since the beginning of the Middle East conflict? So I wanted to understand if competition with Chinese products has increased because of how hard it has been to get products to the Middle East or it has decreased given the higher transportation costs. So I just wanted to understand your – like how you balance that. Thank you.

00:33:44 **Answer – Niclas Rosenlew:** So, Gabriel, good to hear you. On the restructuring charges, you're absolutely right that they were higher than usual. And the single biggest element in the restructuring charges were actually our closure of a site in China. So it was a packaging solutions site in China where we actually consolidated or we closed down the whole site and we took on the production in other sites that we have in China. And that was twofold, the cost kind of from this closure. One was the restructuring, so essentially employee-related cost. And the other element was then a write-down of assets in that site. So that was by far the single biggest thing now in Q1.

00:34:44

Then we had a couple kind of a continuation – again, back to all the actions we drive, the value creation actions, there was an element of that. And then you are right, there was an element, although a smaller one, related to the Swedish forest demerger. So that was kind of in a nutshell.

00:35:05 **Answer – Hans Mikael Sohlström:** And if I continue then, Gabriel, on the Chinese competition. So basically, with higher logistic costs, with higher costs of fossil energy, that basically improves our competitiveness in our domestic market in Europe. Because of course, the Chinese competitors, they very much rely on oil, gas, fossil energy as their primary source of energy. And then of course, they have significant and higher logistic costs due to our domestic market, Europe, than what we have.

00:35:44 **Question – Gabriel Simoes:** All right. Thank you. If I could just ask a quick follow-up on the first question. I'm just trying to understand given that the majority of the restructuring expenses this quarter came because of the shutdown of this plant in China. Just wanted to understand like how we should see these expenses coming throughout the year given that a portion of it should still be for the spin-off?

00:36:10 **Answer – Niclas Rosenlew:** Yeah. So the China one was a one-off. Of course, we don't rule out similar measures in the future. And then what comes to the value creation, we do take constant action now. So there will likely be some in the future as well. And then exactly as you say, we are moving forward with the preparation of the demerger. So there will be some there as well. But I would – we can't give you an exact number, but out of the total IAC, the spin-off related was single-digit type of cost.

00:37:02 **Question – Gabriel Simoes:** Okay. Thank you very much.

Operator

00:37:04 Our next question comes from Reinhardt van der Walt with Bank of America. You may now unmute your video and turn your audio on and ask your question.

Analyst: Reinhardt van der Walt

00:37:15 **Question – Reinhardt van der Walt:** Good morning, team. Congratulations on the results. I just wanted to follow up on one of your answers to the previous questions around the import dynamics in Europe. Are you seeing any change in customer thinking around security of supply at this point, given the geopolitical issues and the conflict?

00:37:45 **Answer – Hans Mikael Sohlström:** Yeah. Thank you, Reinhardt. Well, it's perhaps a little bit premature to draw some really fundamental conclusions. But clearly, in a world of – in a very volatile world, security of supply is important. I mean, we saw that throughout COVID, 2020. And yes, also in this very volatile world, long-term customer relationship, partnerships, security of supply is key.

00:38:18 **Question – Reinhardt van der Walt:** Right. Got it. But you're not seeing explicitly customers talking about it or sort of changing their behavior yet. But it's kind of just the natural conclusion that at some point, it will become more salient?

00:38:28 **Answer – Hans Mikael Sohlström:** I think too early to draw some really fundamental conclusions, but it is important. And of course, customers, in customer meetings, they raise this topic.

00:38:38 **Question – Reinhardt van der Walt:** Got it. Understood. And maybe just my second question on prices. So FBB index seems like it's just ticked up a little bit. How are you seeing pricing in your business? Are you seeing that same kind of translation in prices? And if at all possible, can you give us a sense of how much of that price increase you think is cost push versus market balance-related?

00:39:09 **Answer – Hans Mikael Sohlström:** Reinhardt, we are following the same public statistics as you are doing. And basically also that public pricing information and public price statistics is reflected also in our own businesses across the board.

00:39:27 **Question – Reinhardt van der Walt:** All right. Very clear. Thank you so much.

Operator

00:39:31 Our next question comes from Martin Melbye with ABG. Please unmute your line and ask your question.

Analyst:Martin Melbye

00:39:38 **Question – Martin Melbye:** Good morning. A question on maintenance. I think on page 18 of your report, you have a good setup showing maintenance by quarter, but you don't give the full year. Historically, you've spent like €500 million per year on maintenance. Last year it was only €390 million. Is this year closer to the €390 million? And is the €390 million the new normal?

00:40:10 **Answer – Niclas Rosenlew:** So, if we zoom out a bit and talk about the full kind of CapEx, of which maintenance of course is a part or a significant part even, and as you know, we have deliberately and for a reason, a good reason said that we are going to take down CapEx and €550 million or below is the target for this year. And of course, that very much relates to kind of the so-called strategic CapEx, i.e., we do not see a need to kind of expand or do any major new CapEx initiatives because we have what we need essentially. But of course, we are looking at maintenance as well. And it's part of the kind of normal efficiencies. We can maybe take it offline. I don't have an exact kind of number now for the full year in mind for maintenance specifically. But yes, we continue to work on that as well.

00:41:16 **Answer – Hans Mikael Sohlström:** And Martin, if I can continue on your question there, I mean, we have in the CMD in November of last year, we have launched our four strategic priorities. Lead in customer value, grow faster than the market, expand margins, and fourth, generate cash. And as you know, we have also guided for significantly lower capital expenditure this year compared to earlier years. And in general, as we also explained in our CMD, our asset base is well invested. We have strong modern asset base, actually the best in our industry. And now we have a strong focus on cash generation.

00:42:07 **Question – Martin Melbye:** Okay. And this kind of question has been asked many times now, but you haven't really answered fully the way maybe the analysts want you to. On the logistical cost and the chemical cost, is it possible to give a number in Q2 or for the year?

00:42:22 **Answer – Hans Mikael Sohlström:** We don't give any guidance there. But the logistic costs and the related chemical costs are higher because of higher oil and gas prices. But as I said, we are to a large extent self-sufficient in energy and we are using bioenergy. So we are less impacted than many of our competitors.

00:42:48 **Answer – Niclas Rosenlew:** And the reason, Martin, not to give a number, it's not like we don't have scenarios internally. Of course we have and anyone can calculate those scenarios. But as we all know, it's a moving target. So today, the scenario might look a bit different from yesterday and so on. So that's why it's more through a kind of a scenario thinking that we then plan our actions.

00:43:15 **Question – Martin Melbye:** All right. Thank you.

Operator

00:43:18 Our next question comes from Andrew Jones with UBS. Please unmute your line and ask your question.

Analyst:Andrew P. Jones

00:43:25 **Question – Andrew P. Jones:** Hi, gents. I've got a couple. Just firstly on Oulu, I don't see any EBIT number for that or a specific volume number in the release. I mean, in 4Q, you said it was sort of minus €31 million on EBIT. Do you have a number you can give us on the profitability of Oulu and maybe a utilization that it was running at? That's my first question and then I'll follow up with another one.

00:43:49 **Answer – Niclas Rosenlew:** So the number for Q1 was €29 million. And then there, as a bit of an exception to everything else where we don't – where we say that we don't give guidance. But for Oulu specifically then for Q2, we've said similar levels, but €29 million was the number.

00:44:09 **Answer – Hans Mikael Sohlström:** And I want to point out, Andrew, that as I've mentioned before, I mean, if you dissect the €29 million compared to the €31 million in the fourth quarter, it's very different. I mean, from a productivity, from a performance perspective, we are on a clearly better level again according to our ambition level. But of course, the whole market and the demand pricing, all of that then also has an impact.

00:44:44 **Question – Andrew P. Jones:** Sure. And the utilization in 1Q and maybe now?

00:44:47 **Answer – Hans Mikael Sohlström:** We're not disclosing that.

00:44:50 **Question – Andrew P. Jones:** Okay. And then just on the progression of prices as we go into 2Q and into 3Q. I mean, there's different lags in the business. I mean, I guess the index went up on consumerboard by €30 or so. On FBB, obviously containerboard, we've seen larger price increases, kraftliner up €30 and testliner up about €100. How should we see that translating into your business into the second quarter and third quarter given the sort of lags and the sort of translation to box pricing? How should we think about that sort of price cost spread as we move through the next couple of quarters?

00:45:33 **Answer – Hans Mikael Sohlström:** Yeah. Thank you, Andrew. Of course, your question is very, very relevant. But the only thing I will say is that we are following the same statistics as you are following and we don't really give you any guidance on pricing.

00:45:50 **Question – Andrew P. Jones:** Okay. Okay, no worries. Thanks.

Operator

00:45:54 Our next question comes from Detlef Winckelmann with JP Morgan. Please unmute your audio, turn your video on, and ask your question.

Analyst:Detlef Winckelmann

00:46:02 **Question – Detlef Winckelmann:** Good morning, guys. Just one question from me, please. We've just gone through US results. I think they're all talking about less consumerboard coming from Europe into America. At the same time, you're now talking about Europe becoming more competitive versus Asia. So clearly, there's a lot of things on the go right now. I'm just curious, if things stay as they are, which is a big if, I agree, does that tighten your overall market? I want to just kind of get your thoughts on the puts and takes there. Are we moving a little bit tighter, a bit looser with all these things going on at the moment, or unchanged?

00:46:41 **Answer – Hans Mikael Sohlström:** Well, thank you for the question, Detlef. First of all, I mean, we – the whole as a part of the business case for Oulu was also significant sales to the US. And we are following that plan. I mean, of course, with the import tariffs, the profitability of our business in the US as well as also, by the way, the weakening of the US dollar. Go one year back, the US dollar was about 15% stronger against the euro as today.

00:47:12 So of course, the tariffs and the weaker US dollar has an impact on the profitability of our sales to the US, but also with the tariffs and the current currency exchange rates, we can make money in the US. And we are there in the long term. So we are establishing and growing sales also to the US. But of course, Europe is our main market and that's where the main part of our cartonboard volumes are going.

00:47:44 **Question – Detlef Winckelmann:** And maybe if I can just follow up on that. I mean, I fully understand over the last year or so, we've seen FX fluctuations, tariffs, et cetera. But I think a lot of the consumerboard commentary out of the US has been pertaining to the last, call it, two, three months ever since the Middle East crisis has taken off. You yourself referred to Europe becoming a bit more competitive relative to Asia because of energy prices in Asia going up by a bit more. So my question was more around the shorter term, how this Middle East crisis has shuffled or shifted supply chains and kind of balances in Europe and if it's changed at all?

00:48:20 **Answer – Hans Mikael Sohlström:** Well, I think it's a little bit early to draw any profound conclusions here. But when I was referring to competitiveness, cost competitiveness, I was mainly referring to our company, which is to a large extent self-sufficient in energy. But of course, logistic plays a role here. And of course, it's better to be local in Europe than having long and expensive logistic chains.

00:48:53 **Question – Detlef Winckelmann:** Cool. Thank you.

Operator

00:48:55 Our next question comes from Joni Sandvall with Nordea. Please unmute your line, turn your video on, and ask your question.

Analyst:Joni Sandvall

00:49:03 **Question – Joni Sandvall:** Yeah, thanks. A couple of questions from my side, maybe starting with sales. Have you actually – because in the anticipation of, let's say, higher prices, so have you seen any prebuying in the market during Q1 or early Q2?

00:49:20 **Answer – Hans Mikael Sohlström:** Well, thank you, Joni, for the question. It's really hard to say where the volumes and the demand goes. Does it go to stock or does it go to consumption? Of course, we have our models. We have our generative AI models that are quite good and which we use as a prediction for demand. And the more we use them, the more accurate they become. So I think that I cannot really say that that there would be any major stock building happening as we speak. But on the other hand, we cannot be sure either.

00:50:07 **Question – Joni Sandvall:** Okay. Okay. And the second question still on the variable costs, maybe going a different way. So if assuming you have seen the energy-related and oil-related costs go up, when do you expect these to be fully visible in your P&L? Because I think in Q2, still chemical costs, for example, are not fully visible still.

00:50:35 **Answer – Hans Mikael Sohlström:** It, of course, depends on what we are sourcing. I think on the logistics side in general, I mean, there's not one rule that cuts across everything. There's cost – the cost increase comes through quicker while then in some chemical grades, there might be a bit of a lag. There's some of these or quite a few of these where we've seen the cost go quite a lot up kind of index-based. So therefore, it's relatively quick that the cost go up. And then it very much depends, of course, on the oil price fluctuation, how that develops over the quarter. But I would say in general, assume a relatively quick kind of throughput on the cost side on these things.

00:51:42 **Question – Joni Sandvall:** Okay. Thanks. That's all from me.

Operator

00:51:45 Our next question comes from Cole Hathorn with Jefferies. Please unmute your line and ask your question.

Analyst:Cole Hathorn

00:51:59 **Question – Cole Hathorn:** Thanks for taking my follow-up. Just following up on the other division, just considering we've got the forest as well as the Central Eastern European wood division, so I'm just wondering quarter-on-quarter, are there any moving parts that you can call out? And then on biomaterials, deliveries were a lot lower because of the maintenance. Should we think about 2Q benefiting from higher delivery volumes as well as higher pricing? So is there any kind of quarter-on-quarter improvement in the earnings just so that we can think about the moving parts into the next quarter? Thank you.

00:52:36 **Answer – Hans Mikael Sohlström:** Great. Cole, did you mean specifically for forest and Central European wood products or in general?

00:52:43 **Question – Cole Hathorn:** Specifically for the other division, for forest and Central Eastern European wood products. So for the Swedish forest and Central Eastern European wood products.

00:52:53 **Answer – Hans Mikael Sohlström:** Yeah. I mean, if starting with the Central European wood products, you are right there. We had this kind of building construction market seasonality where typically Q2 is a bit of a high season, buying ahead of building or construction than during the summer. And what we've seen there, I mean in Q1 results which we highlighted as well, is that the wood prices in Central Europe are high. There's a lack of supply, and that actually hit our results in Q1 and who knows how it evolves. But that's the situation for the moment at least. On the Swedish forest side, it's been, I would say in general, relatively stable, no drama.

00:53:59 **Question – Cole Hathorn:** And then it was just on the pulp side. Anything we should in particular think about for the second quarter? Am I right just assuming better volumes and better price?

00:54:09 **Answer – Hans Mikael Sohlström:** We have – in our quarterly report, we have also outlined the maintenance schedules or the annual maintenance schedules throughout the whole year. So I think that forms a good basis for your estimates about how these annual maintenance shuts might have some impact on our results development.

00:54:34 **Question – Cole Hathorn:** Hans, so then I think the developments of your internal actions and efficiency program is exceptionally positive. You've beaten expectations for the quarter and you deserve credit for the actions that you're taking. But I know – I realize that it's an uncertain market, but without kind of some handholding to the market of what you're going to deliver for internal actions for 2026 or some of the support on that, it's difficult for us to come out and really upgrade expectations. So I'm just wondering if as we go through the year, we could start kind of refining your expectations for 2026 hopefully as the market improves. And on the back of that, are there any greater actions that you're going to take around capacity rationalization to really get the supply and demand more balanced within Europe? So what can you provide us on kind of

guidance for the full year on savings? And how are you thinking about capacity rationalization actions? Thank you.

00:55:44 **Answer – Niclas Rosenlew:** On the first one, I mean, if Hans you take the bigger topic, but I mean, we've taken a – made a deliberate decision already earlier that we are not announcing €100 million or €500 million or billions of billions or whatever program per se and then these kind of follow each other. But we've taken a more strategic, longer-term view on our own actions and said that this is how we work. This is our culture. This is also part of the P&L responsibility across 23 BUs and 6 BAs. We track it methodically internally. We have one tool covering everything we do in the company. At any one day, there's approximately 2,300 actions which we monitor and we track.

00:56:41 And then going back to the CMD, we said that what we foresee and actually have identified the actions for the next two to four years is between €500 million and €700 million. And we gave ourselves a bit of leeway, two to four years, because it is a dynamic world. But anyway, I think that's a good guide to – for kind of if you want to split it up into years, for instance. I mean, take that as a basis because that's how we do it ourselves as well.

00:57:20 And then the other thing is that we'd much rather – even if I understand the desire to kind of look into the future with the exact figures, but we'd much rather show through our own actions. And so bear with us but this is a very important thing that we continue to push day in, day out. And it's more and more becoming part of the culture of Stora Enso as well that we drive towards this €500 million to €700 million.

00:57:50 **Answer – Hans Mikael Sohlström:** And Cole, as we said in the CMD, our strategic priorities is to lead in customer value, to grow faster than the market, over 4% top line growth, and to expand our margins to about 10% EBIT margin level excluding the forest, Swedish forest assets, as well as also to generate cash in order to get our net debt to EBITDA below 1. And we are fully committed to this. We have a very tangible plan to achieve this and we're working towards this with speed and determination.

00:58:34 **Question – Cole Hathorn:** Thank you.

Operator

00:58:37 We have reached the...

00:58:36 **Answer – Niclas Rosenlew:** Running out of time so maybe the...

00:58:40 Yes. Well, thank you very much for participating. And all in all, I think and hope it has become clear to all of you since a couple of years back that we are doing whatever it takes to maximize shareholder value. That's our ultimate job. That's our ultimate target. And we do it through improving profit generation in this company, cash flow. And we are doing it by structural means. And there, Bergslagens Skogar is a good example and we hope to see you in the CMD on November 3. Thank you very much and have a good day.

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