

It is all about performance

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storaenso

THE RENEWABLE MATERIALS COMPANY

Do you know?



Forest values
3 481 MEUR
(2015)
Net debt 2 899
MEUR (Q3/16)



Net debt/EBITDA
2.1x



Operative working
capital to sales
improved

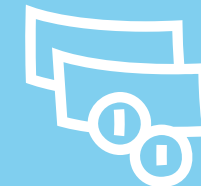
2013	17%
Q316	11%



Improved rating
outlook



Cash flow from
operations improved 27%
from 2013 to LTM



It is all about performance



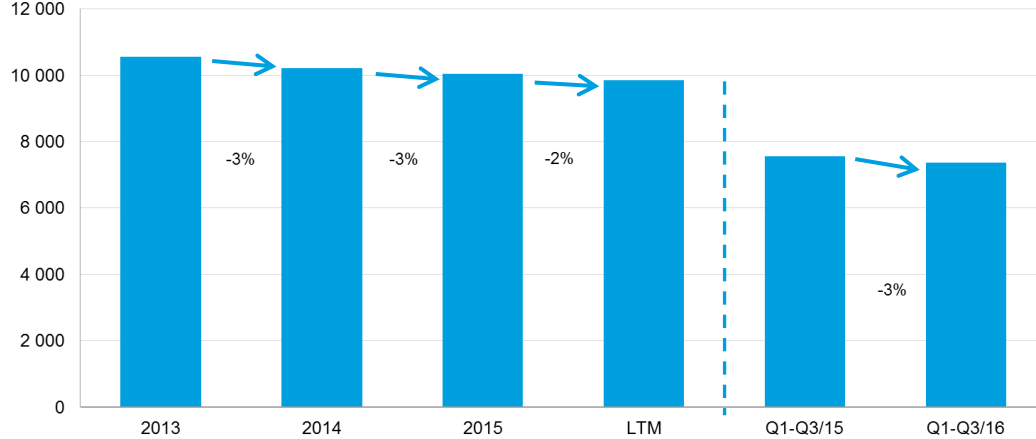
- Improving cost structure
- Reducing working capital – best in class
- Managing debt portfolio

- Delivering on transformational investments
- Harmonising processes – digitalisation
- Continuing to review non-core asset

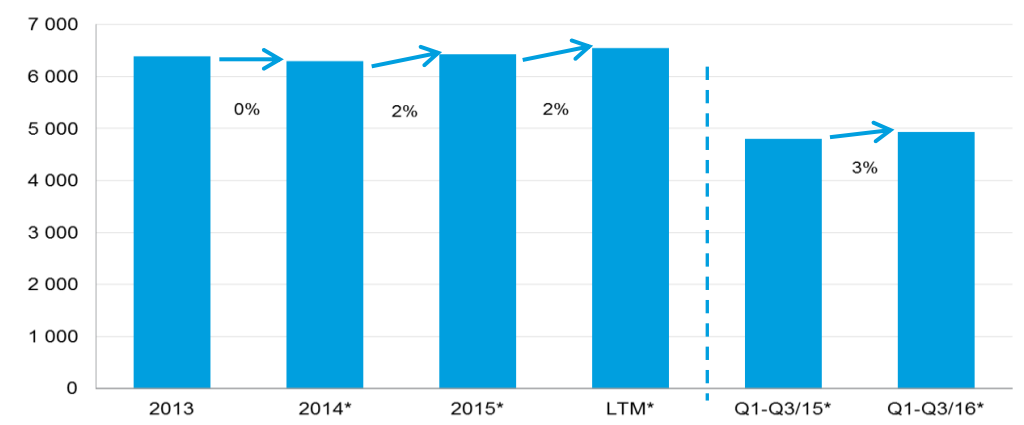
Improving underlying profitable growth

Stora Enso group 2013– Q3/2016

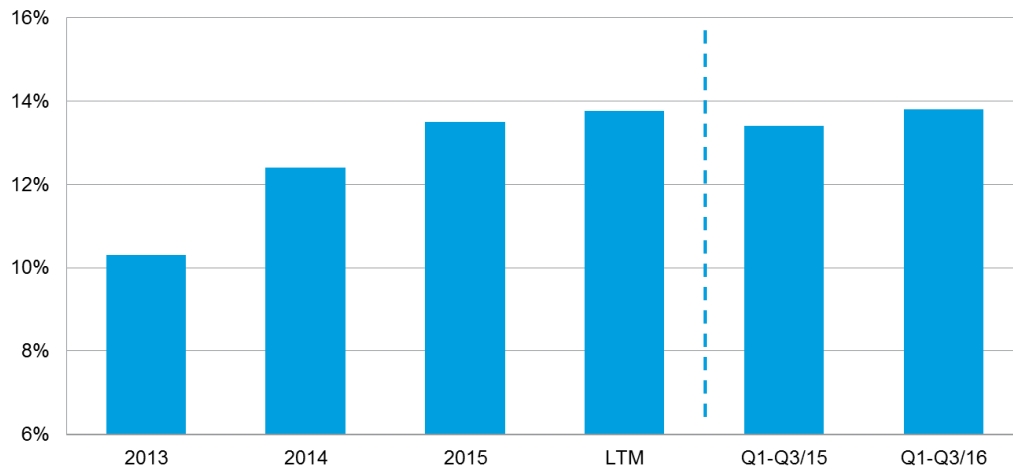
MEUR **Sales decline due to paper**



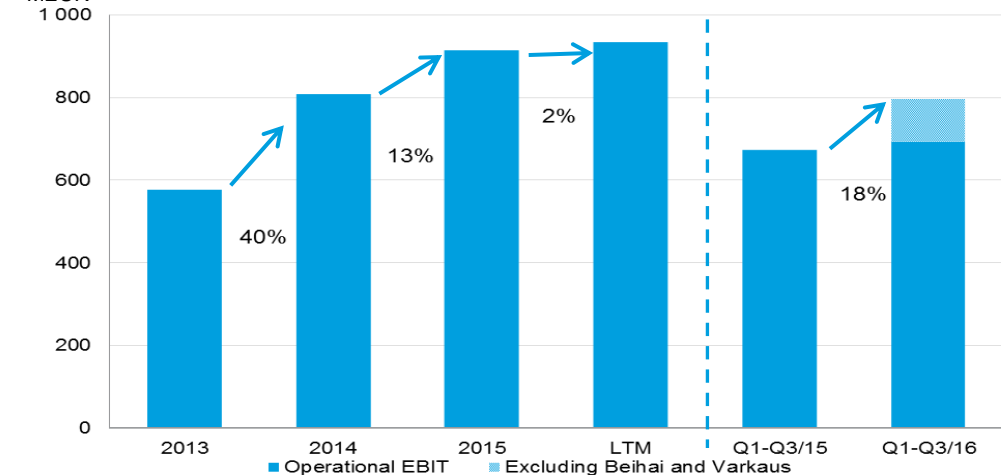
MEUR **Sales of growth businesses increasing steadily**



Operational EBITDA % improving



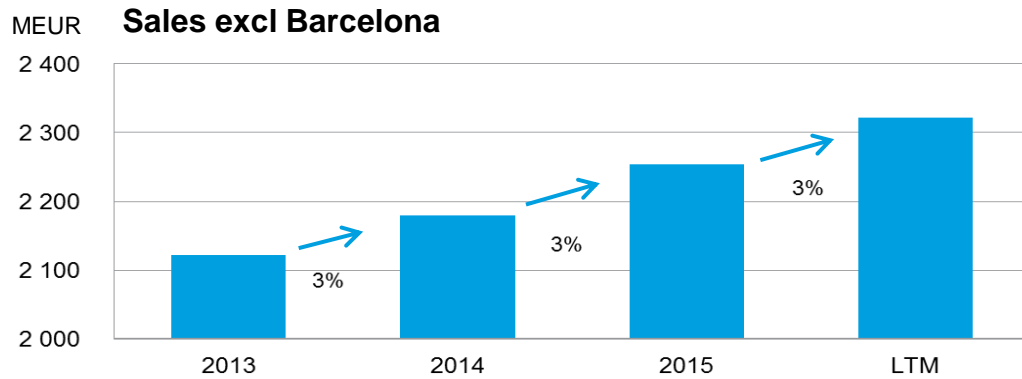
Op. EBIT increasing despite Beihai start-up



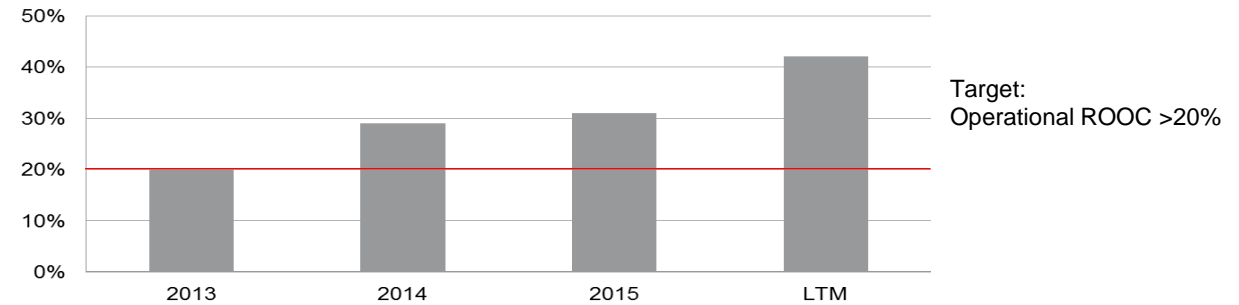
Growth accelerating in Consumer Board and Packaging Solutions



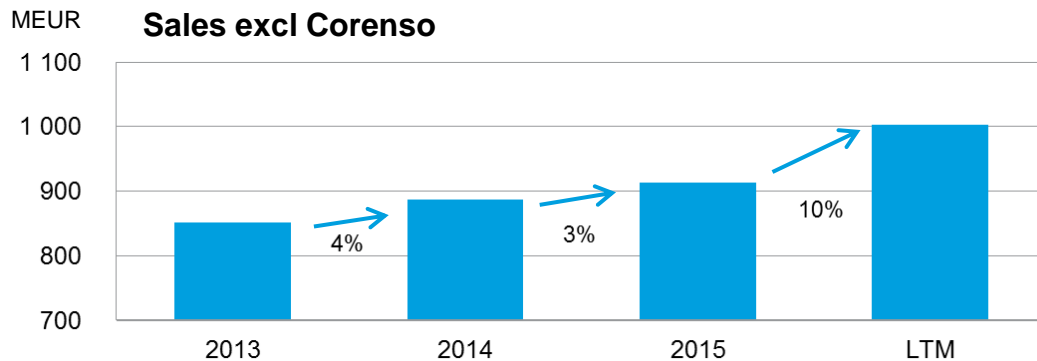
Consumer Board



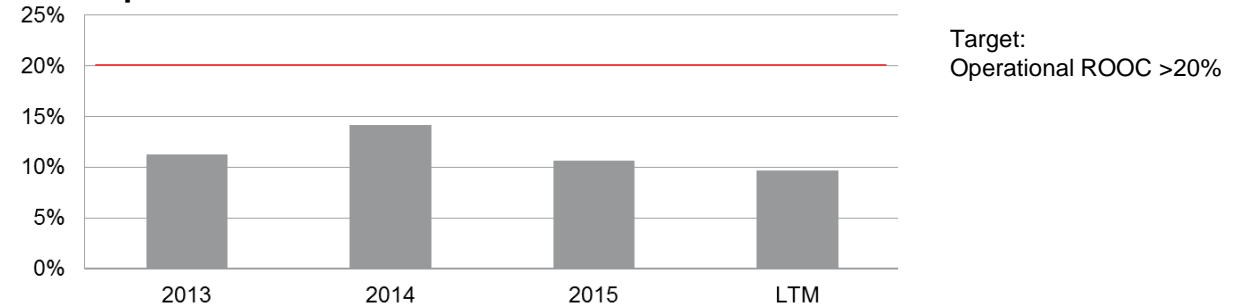
Operational ROOC excluding Beihai



Packaging Solutions



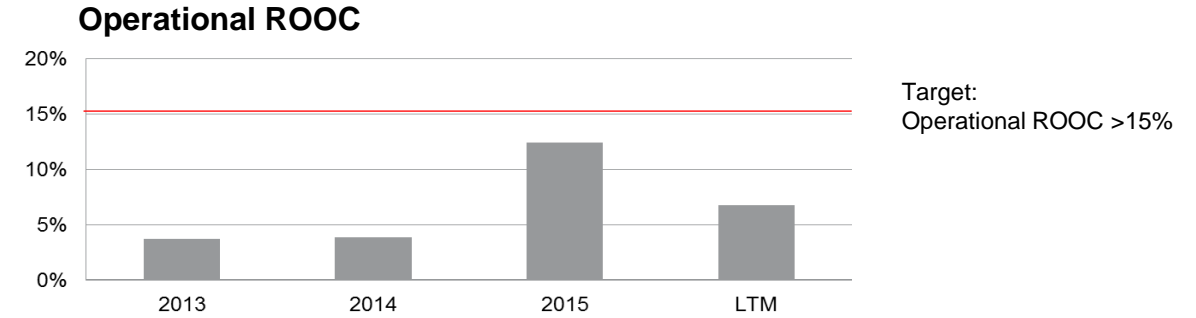
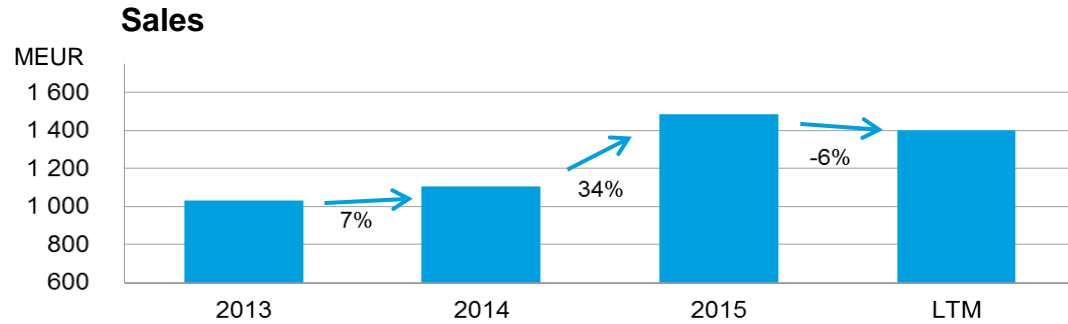
Operational ROOC



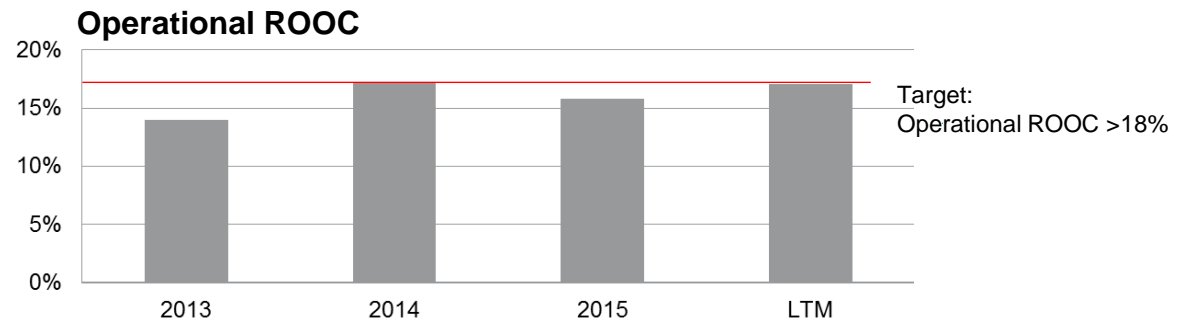
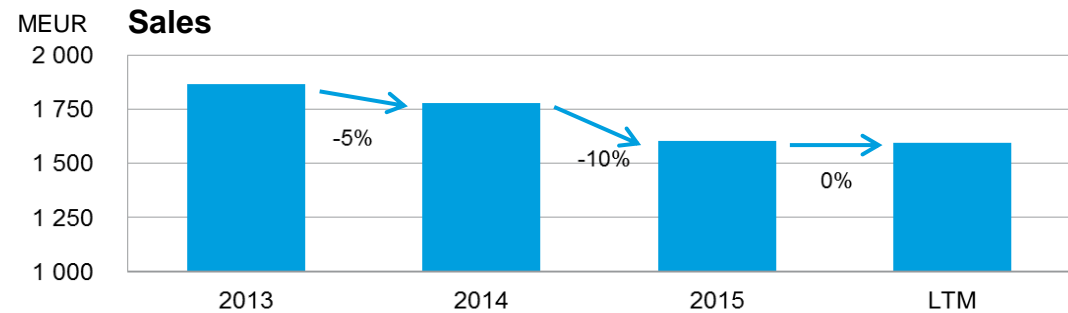
Wood Products on long-term target



Biomaterials



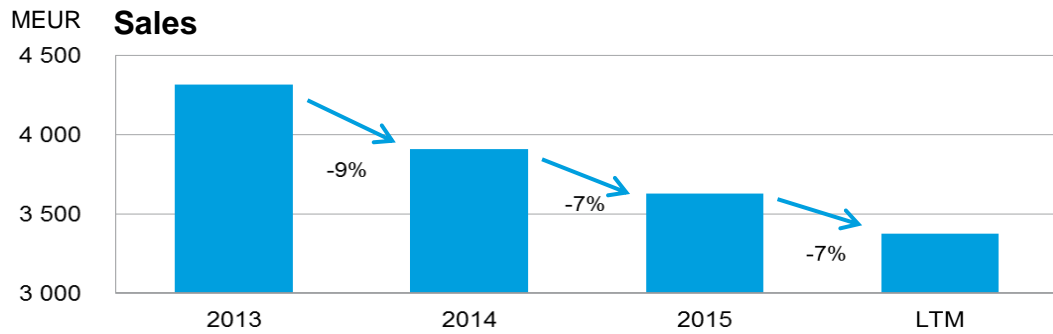
Wood Products



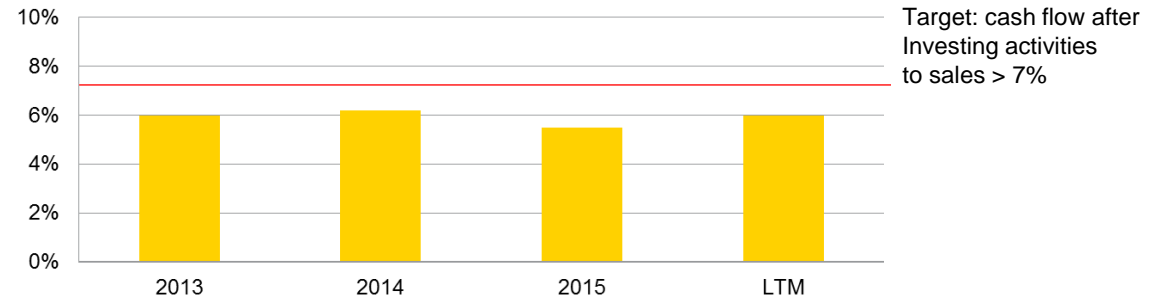
Stable cash flow in Paper



Paper



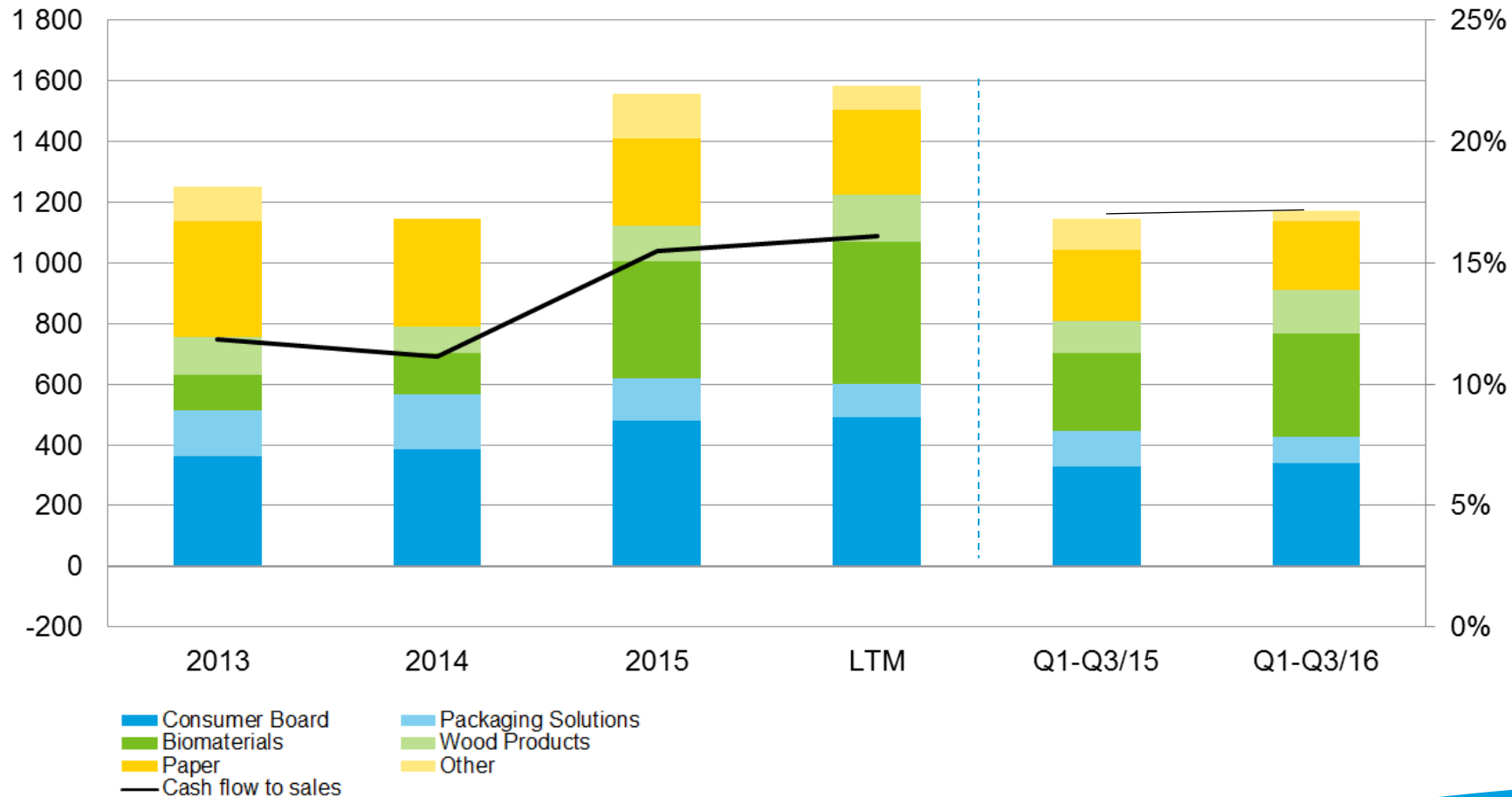
Cash flow after investing activities to sales



All divisions contribute to the cash flow



MEUR **Cash flow from operations**



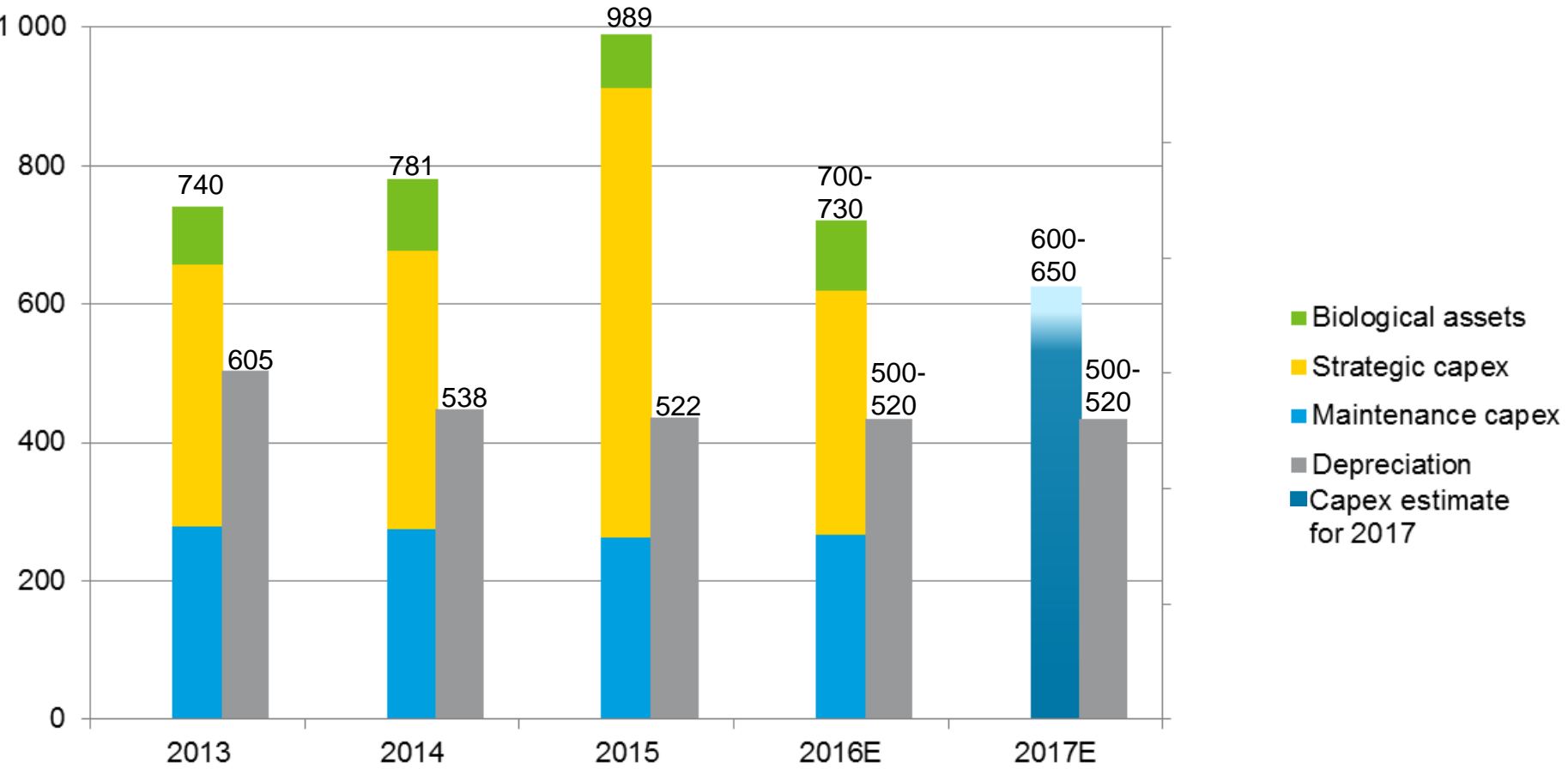
Capital allocation

Capex on its way to the level of depreciation + 100 MEUR to biological assets capex



MEUR

1 000

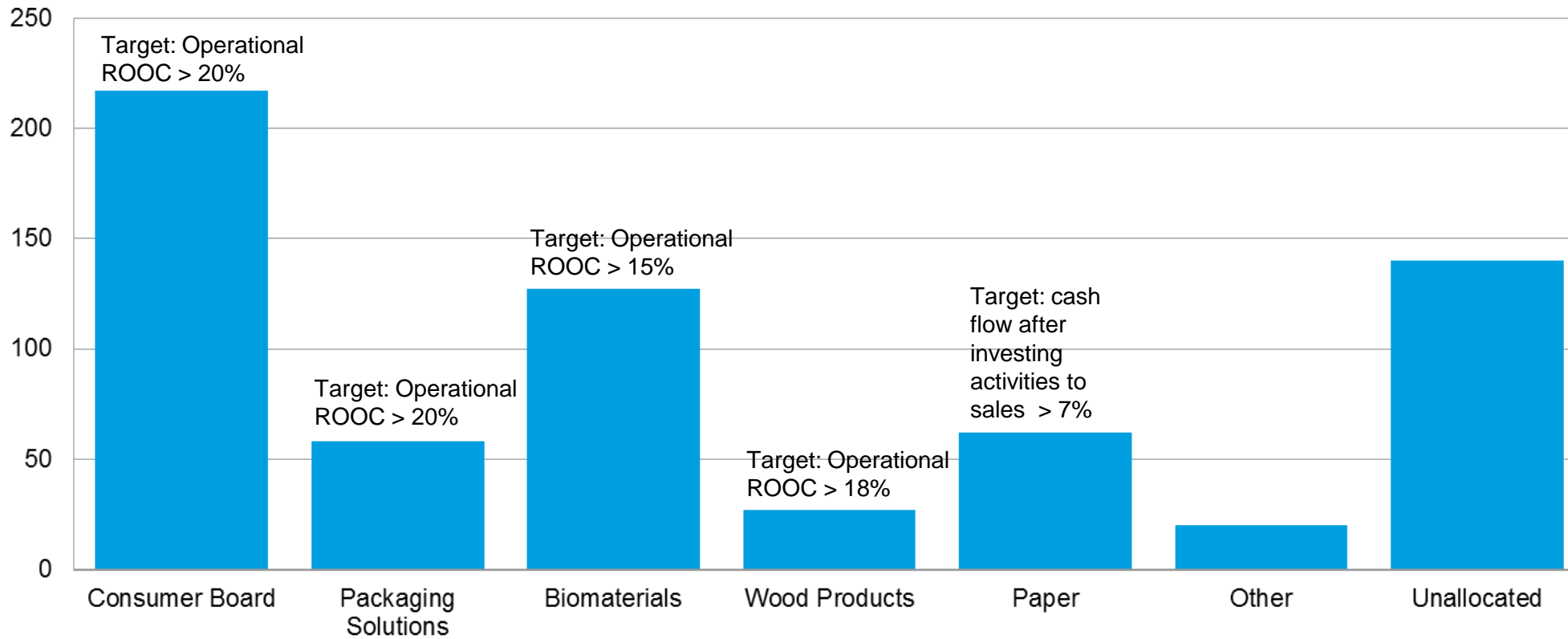


Capex allocation 2017

Both strategic and maintenance



MEUR



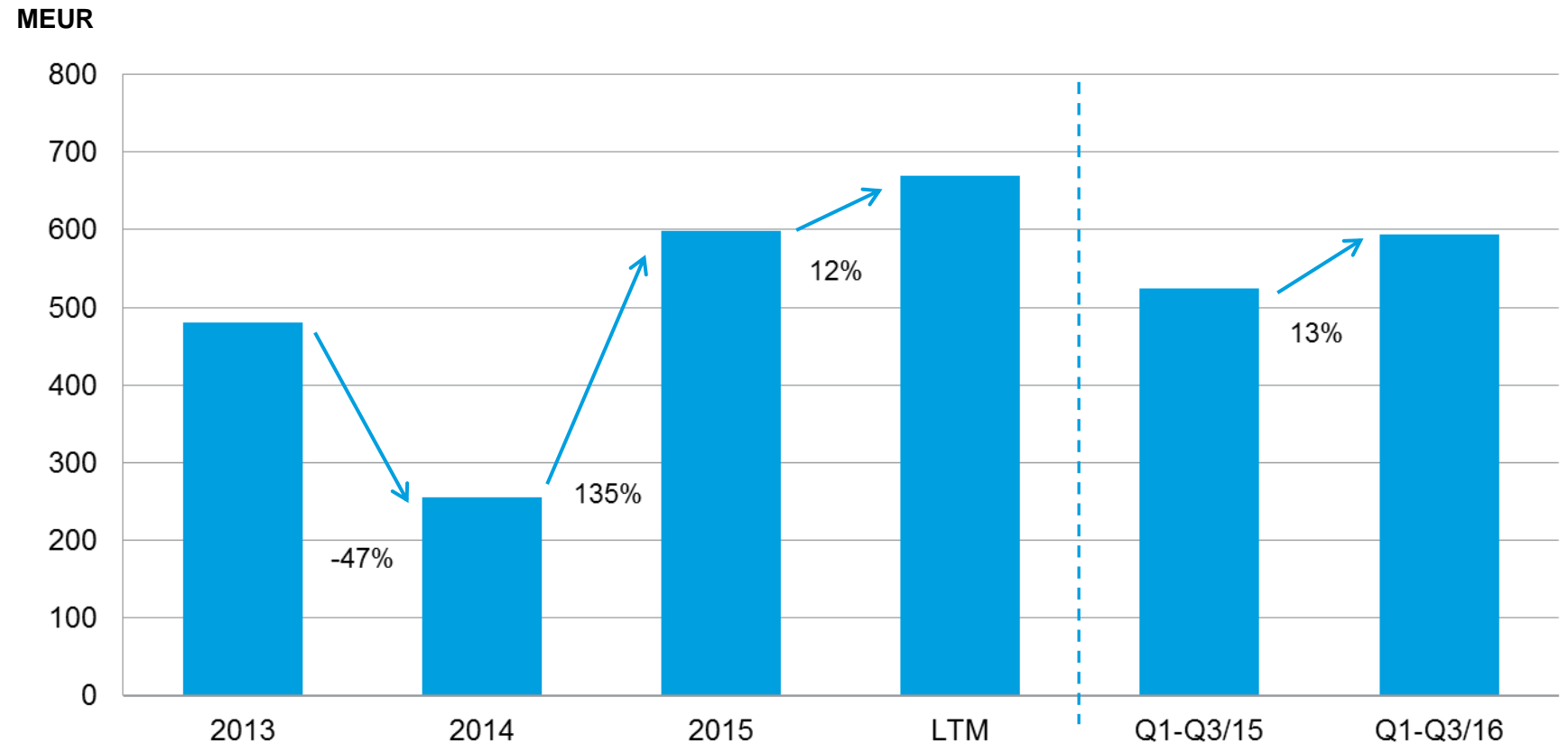
Cash flow supports transformation

Cash flow after capex



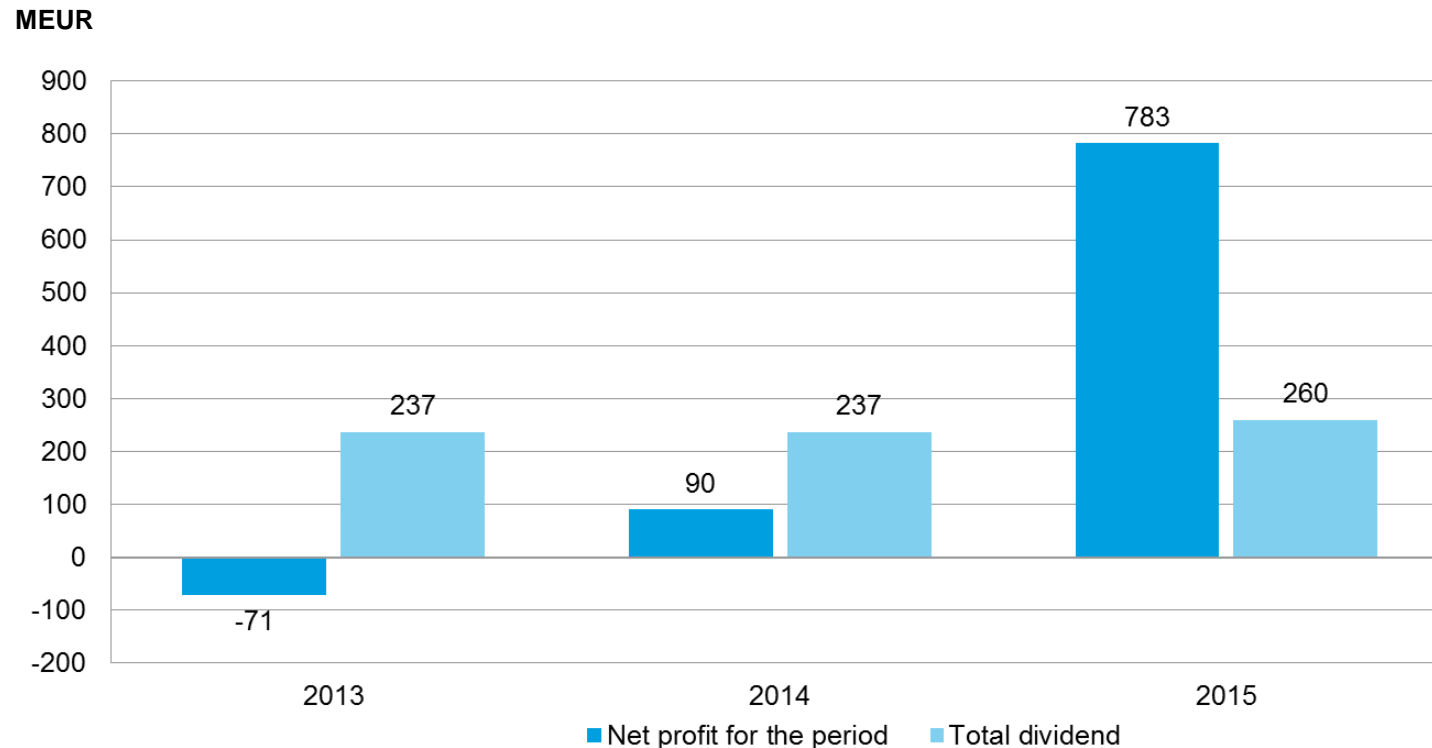
Cash flow tool box

- EBITDA
- Profitability improvement
- Working capital improvement
- Supply chain lead times
- Capex control
- Non-core asset disposal



Dividend stable during transformation period

10% increase in dividend paid for 2015



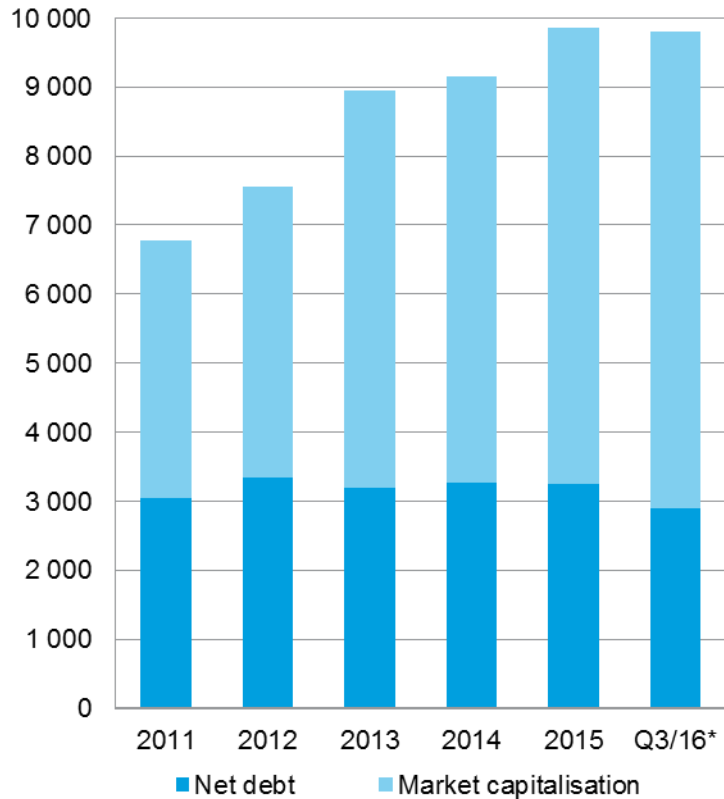
- Stable dividends linked to the long-term performance
- Half of the net income over the cycle

Dividend of EUR 0.33 per share for 2015 totalling EUR 260 million was paid in May 2016

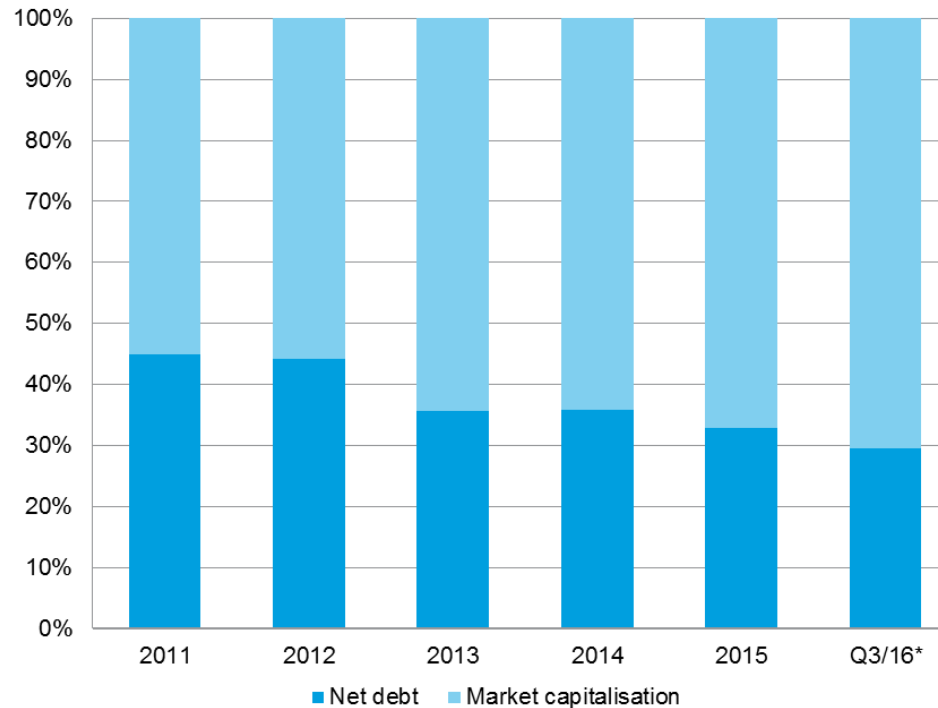
Enterprise value increased by 45% since 2011



Enterprise value



Distribution of the enterprise value



* Market capitalisation as of 25 October 2016

Strategic targets ambitious, but reachable



Group targets		2013	LTM	Status
Dividend	To distribute 50% of net income over the cycle			
Growth*	To grow faster than the relevant market	4.3% (YoY)	2.8% (YoY)	✓
Net debt to operational EBITDA	<3.0x	2.9	2.1	✓
Fixed costs to sales	<20%	27.2%	25.2%	
Debt to equity	<80%	61%	52%	✓
Operational ROCE	>13%	6.5%	11.0%	
<i>Operational ROCE excl. Beihai</i>		8.1***	13.7%	✓

Divisional targets		2013	LTM	Status
Consumer Board	Operational ROOC > 20%	14.4%	13.0%	
<i>Consumer Board excl. Beihai</i>		20.0%	42.0%	✓
Packaging Solutions	Operational ROOC > 20%	11.3%	9.7%	
Biomaterials	Operational ROOC > 15%	3.8%	6.8%	
Wood Products	Operational ROOC > 18%	13.9%	17.1%	
Paper	Cash flow after investing activities to sales > 7%	5.7%	6.0%	

*Excluding Paper and Barcelona Mill

**Excluding also Montes del Plata investment

LTM = Q4/15-Q3/16

Disclaimer



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Thank you!