



# Creating value in Paper

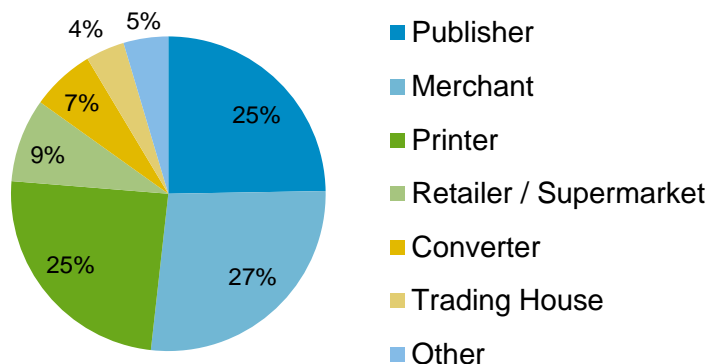
**Kati ter Horst**  
**EVP, Paper division**

# Our ambition is to be the most sustainable value creator in Paper



**80%** of sales in Europe  
**2 920 MEUR** sales 2017  
**+7.2%** Q3 YoY

## Balanced customer base for several end-uses



**>90%**



of our brands have an ecolabel



Production capacity **5.4 Mt Paper**  
**5 000** employees



**+125%** Operational EBIT Q3 YoY  
**8.3%** Cash flow after investing activities to sales (Target: >7%)

**>1 500** customers

**+20%** points improvement in customer satisfaction since 2014 (NPS)



**10** paper mills  
**19** paper machine lines  
**3** pulp mills  
**2** sheeting plants



# Since 2013 we have transformed our Paper business...



**-17%**

Paper demand  
in Europe

**-33%**

Our production  
capacity

**-21%**

Our deliveries

**-82%**

Our accidents

**+20%**

Customer satisfaction\*

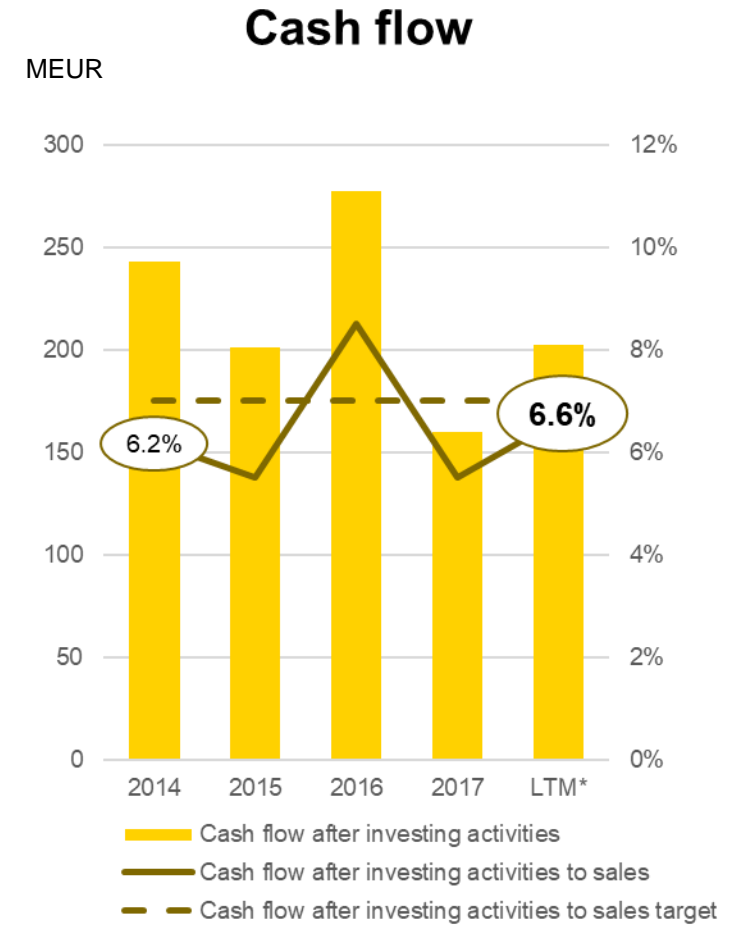
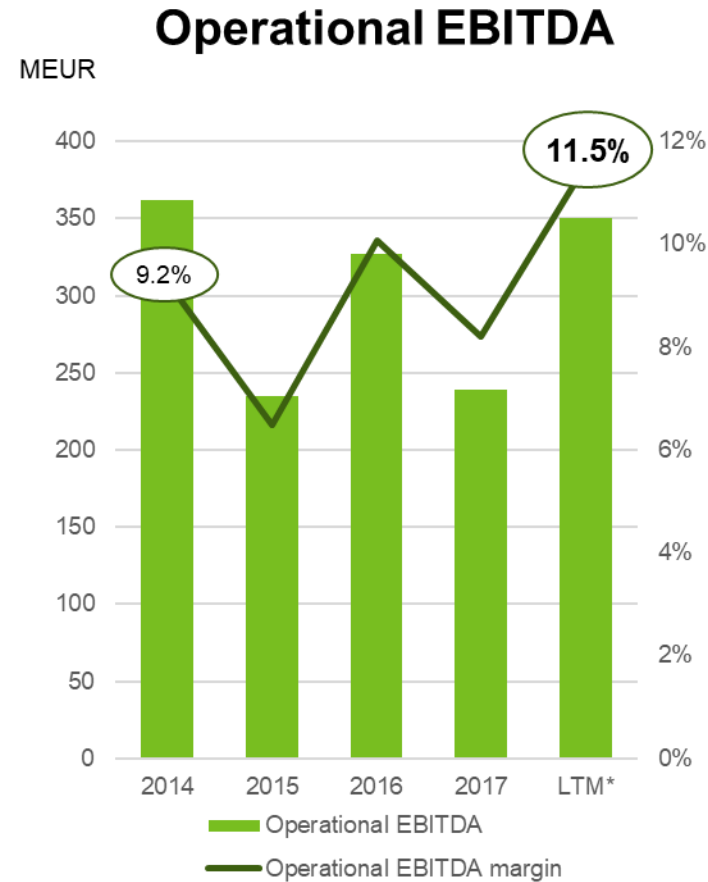
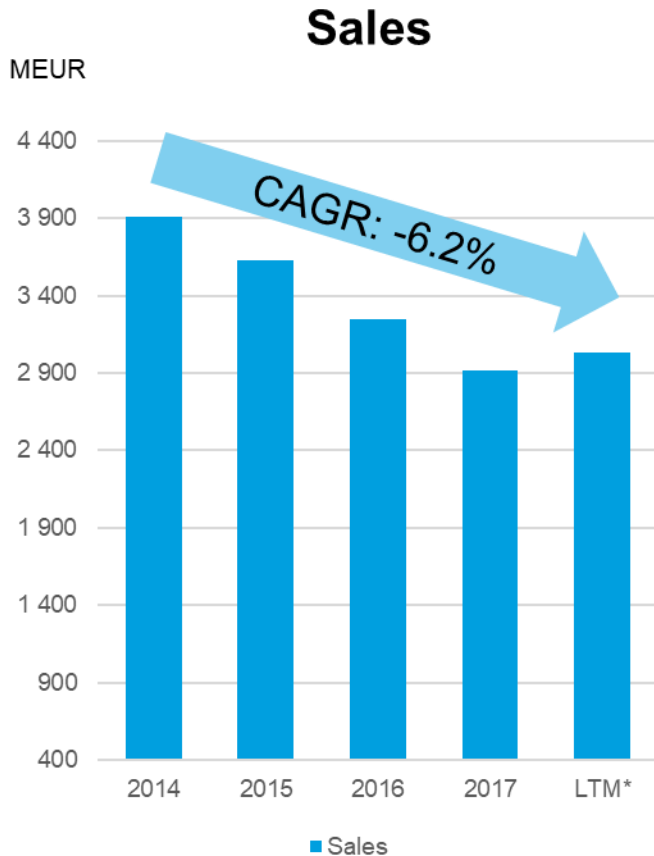
## Optimising profitability and cash flow:

- Focus on the right product and customer segments
- Pricing excellence
- Variable and fixed cost control
- High operational efficiency and capacity utilisation
- Focused investments
- Working capital reduction
- Innovation and digitalisation

Change 2013–Q3/2018

\*) Percentage points in NPS

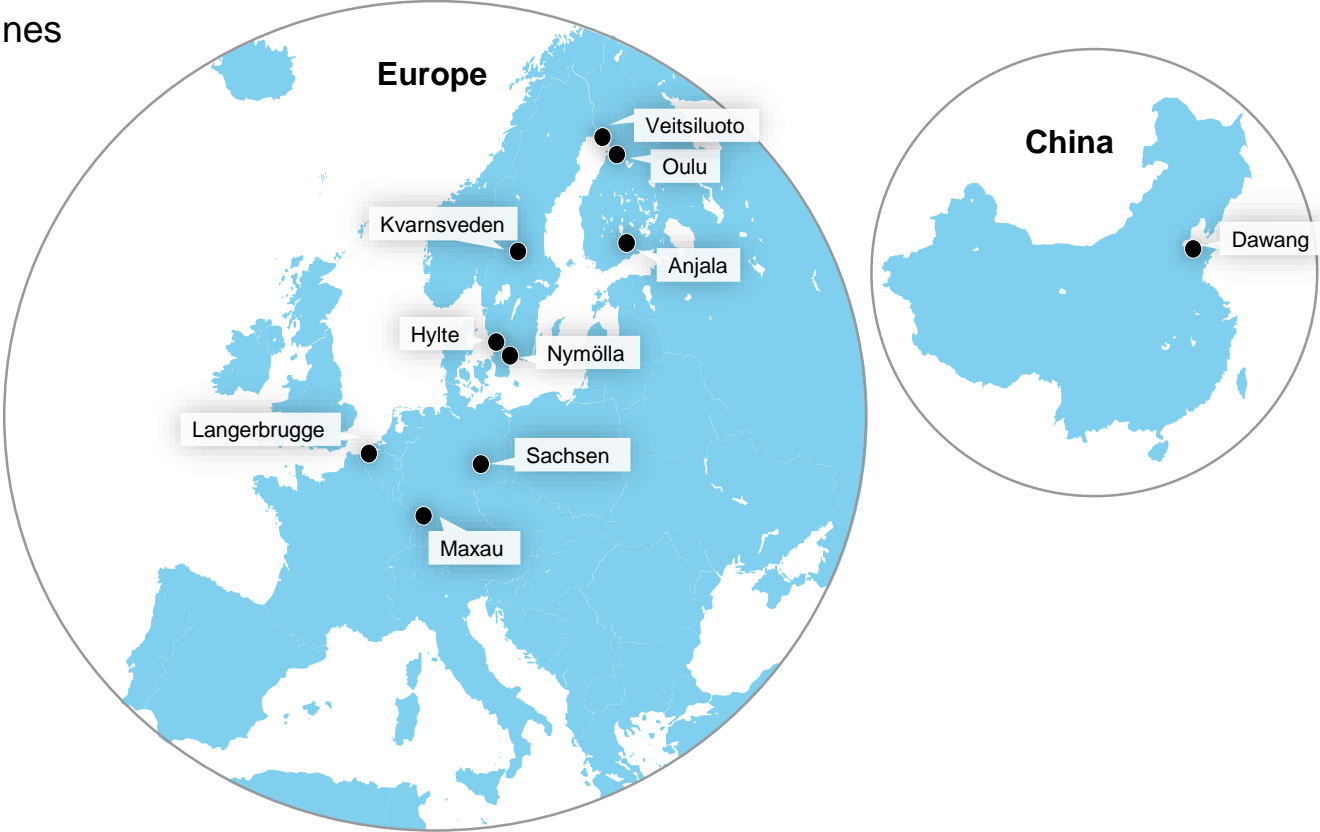
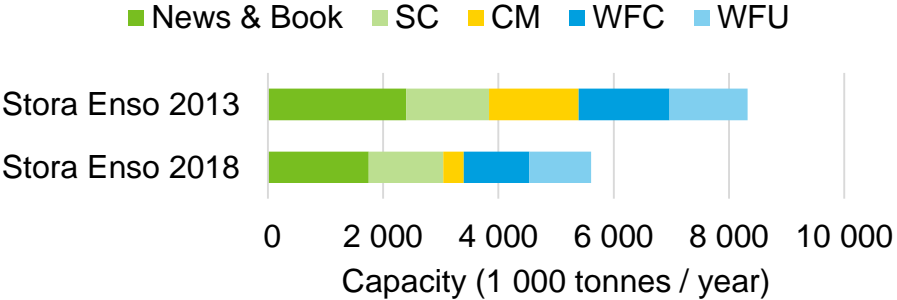
# ...and have delivered continued solid performance



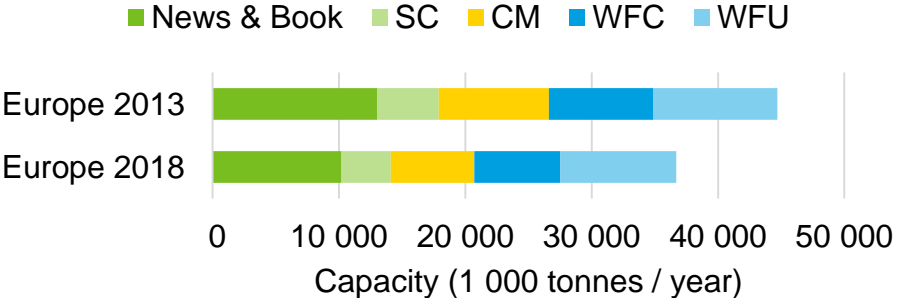
# Our strong European assets serve global markets...



Stora Enso (global) capacity changes since 2013  
 Closed & converted: 1.8 million tonnes Sold: 0.9 million tonnes



European total capacity changes since 2013  
 Closed & converted: 8.0 million tonnes

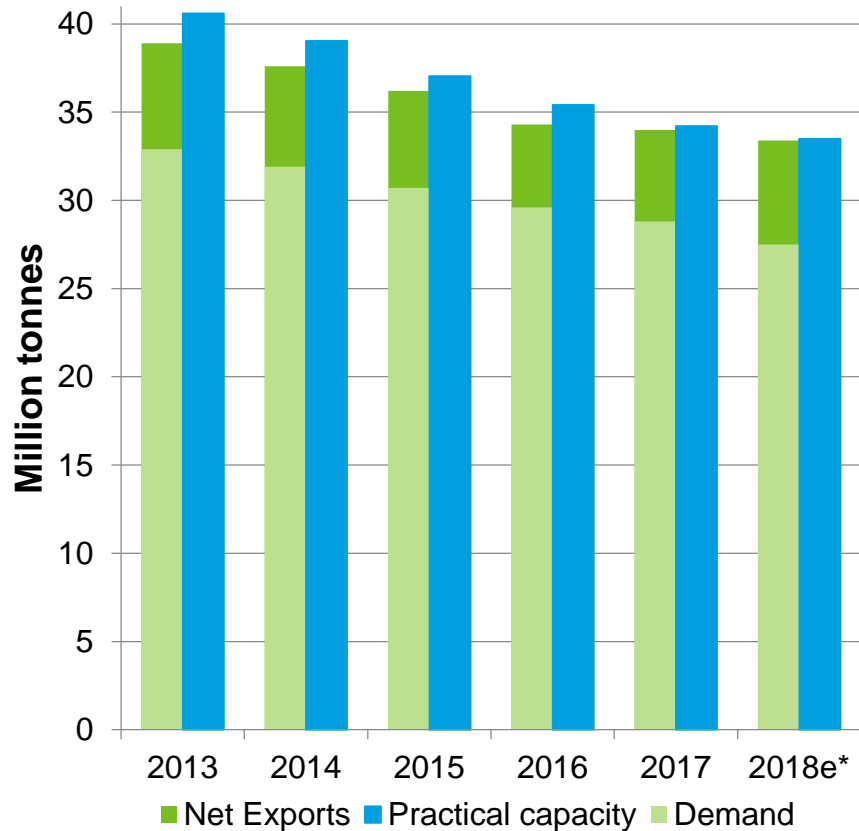


Source: Stora Enso & Pöyry

# ...and an improved market balance has driven up prices

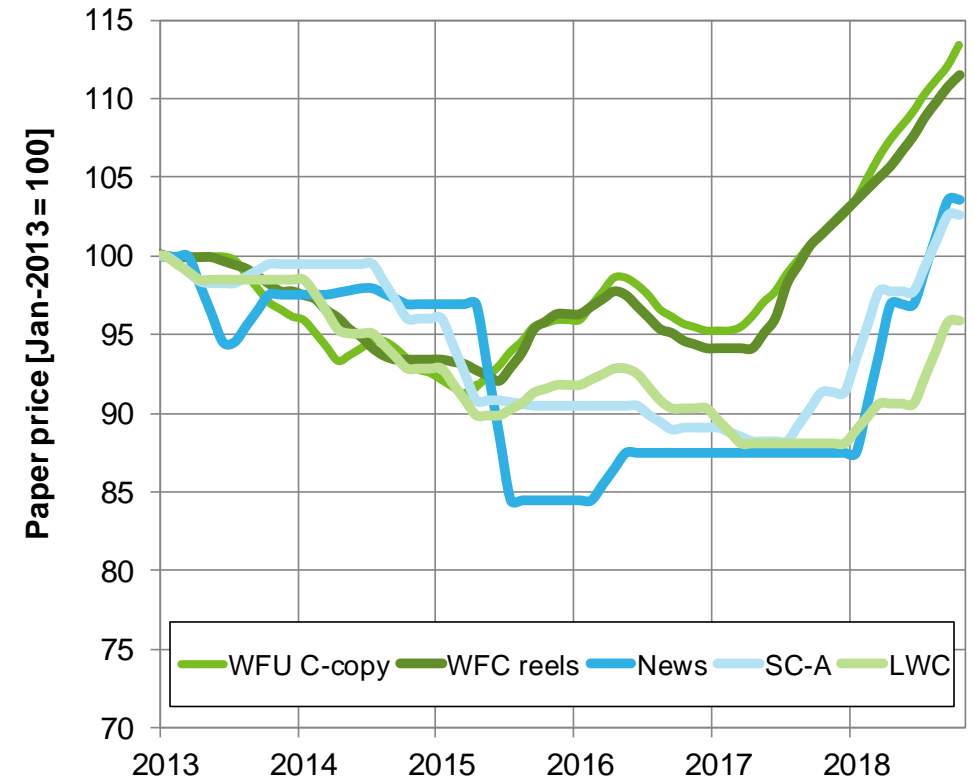


## European market balance



- European supply and demand balanced in 2017
- European market balance is supported by overseas exports
- Asian share of global paper demand has grown to about 50% in 2018 (33% in 2007)
- Market balance has been the main driver for price increases

## German PPI market price indices



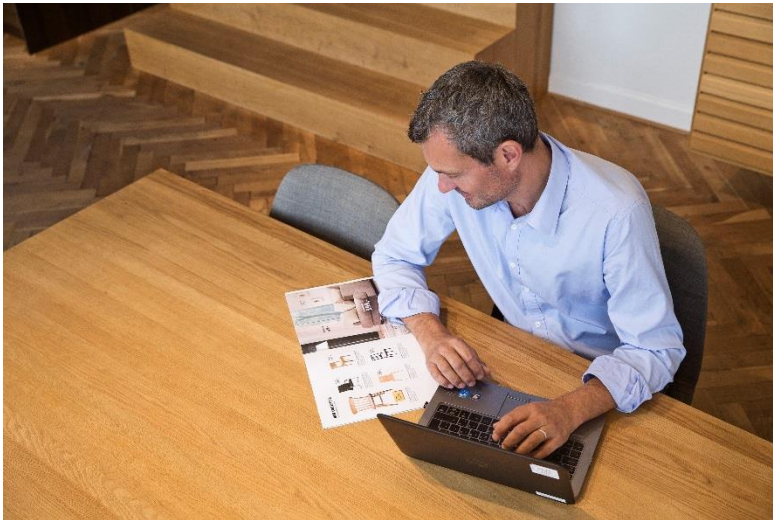
Source: Stora Enso, PPPC, Euro-Graph, PPI & Pöyry

\*) Based on 2018 1-7 YTD growth %

# This is how we will create further value in Paper



## 1. Commercial excellence



Sales optimisation, pricing, business intelligence and commercial competence

## 2. Focused innovation



Operational excellence, new and improved paper grades, non-paper related business

## 3. Smart operations



Lean manufacturing, asset strategy, supply chain and digitalisation

# 1. Commercial excellence



**Sales  
optimisation**

**Business  
intelligence**

**Pricing**

**Commercial  
competence**



## 2. Focused innovation



**Operational excellence:**  
competitive assets and cost,  
improving processes and  
ways of working

Example: Green energy  
solutions



**New or improved paper  
grades** to fit customer needs.  
Many of our products have  
been developed together with  
our customers.

Example: Multicopy Zero



**Non-paper related new  
businesses** utilising our  
knowhow and infrastructure.

Example: Hylte biocomposites

# Case: Focused investments in green energy



Belgium

Delivering renewable energy from Langerbrugge Mill to Volvo Car Gent in Belgium



Germany

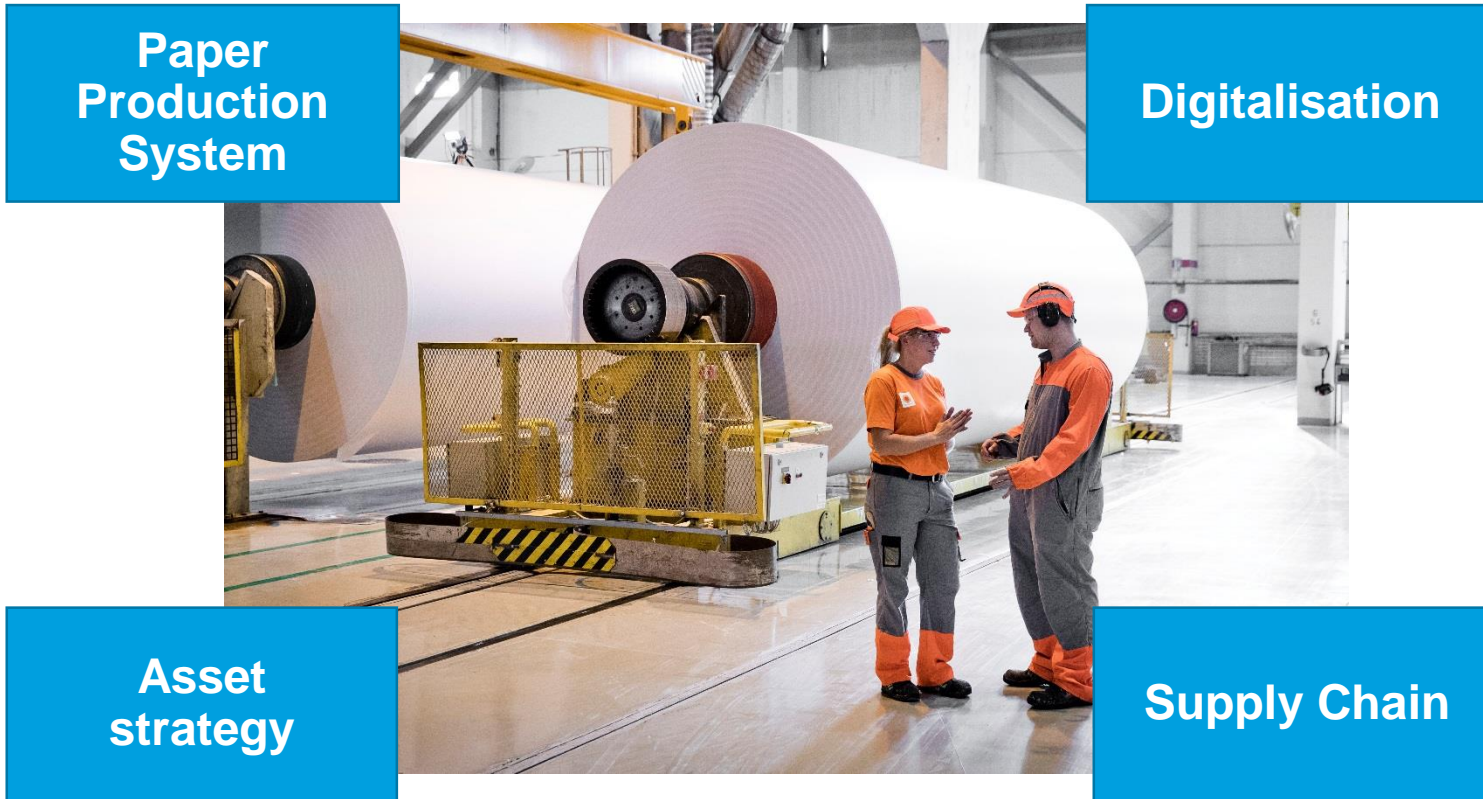
Investing 25 MEUR to boost green energy generation at Maxau Mill in Germany



Sweden

Co-operating with Gasum on a biogas plant at Nymölla Mill in Sweden

# 3. Smart operations



# Creating value in Paper



- Continuous focus on operational efficiency and cost reduction
- Best global commercial team to maximise sales result and create value to customers
- Innovation in assets, paper grades and business models



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