



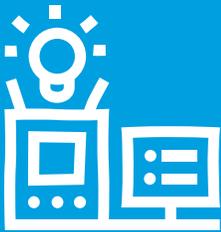
# Driving performance in the bioeconomy

CFO Seppo Parvi

# Driving performance



Digitalise and automate to drive efficiency and cost savings



Make selective investments meeting strategic criteria



Ensure sustainable, profitable growth through robust asset management

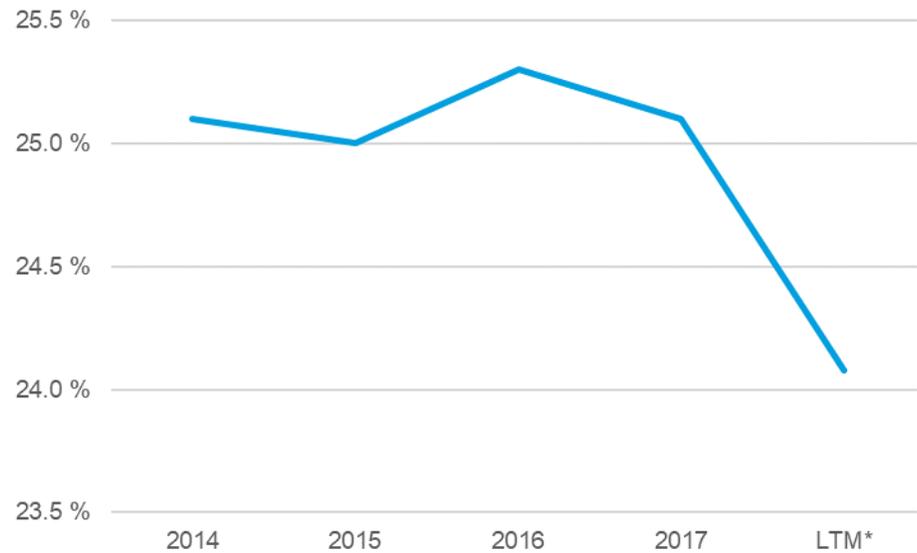


# Automation is improving efficiency and reducing costs

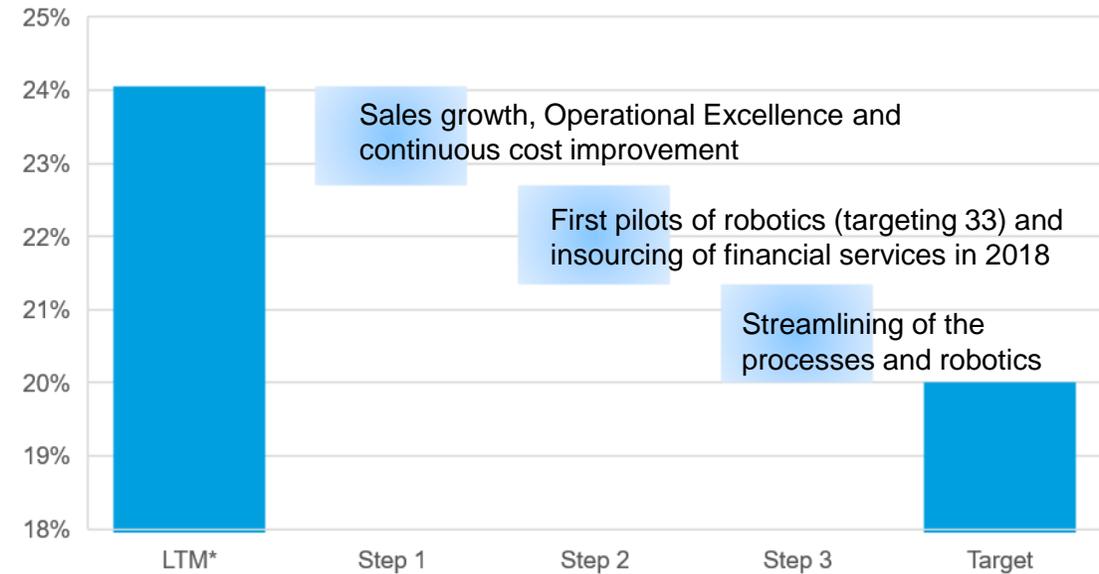
## Group's fixed costs to sales target < 20%



Fixed costs to sales

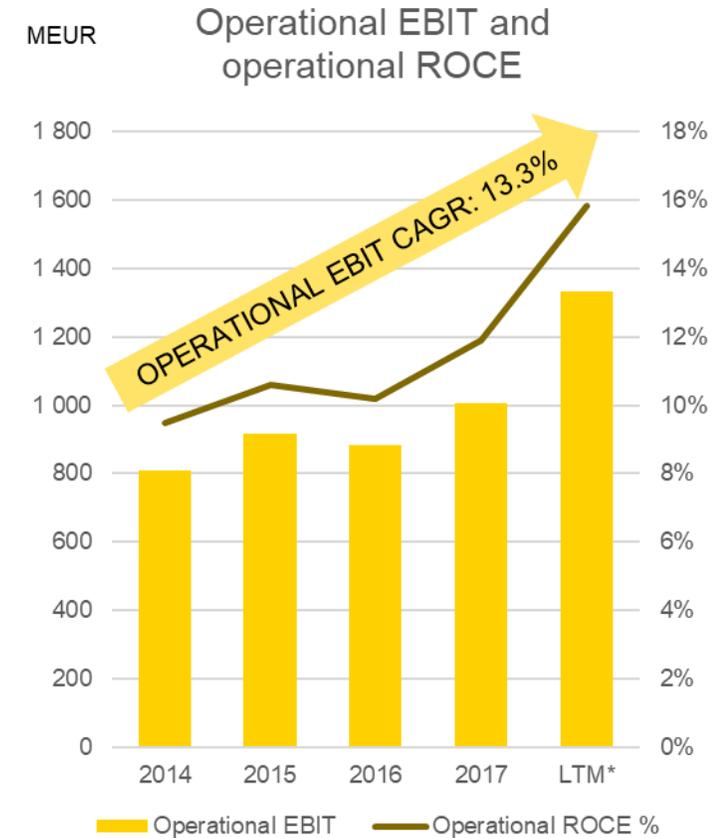
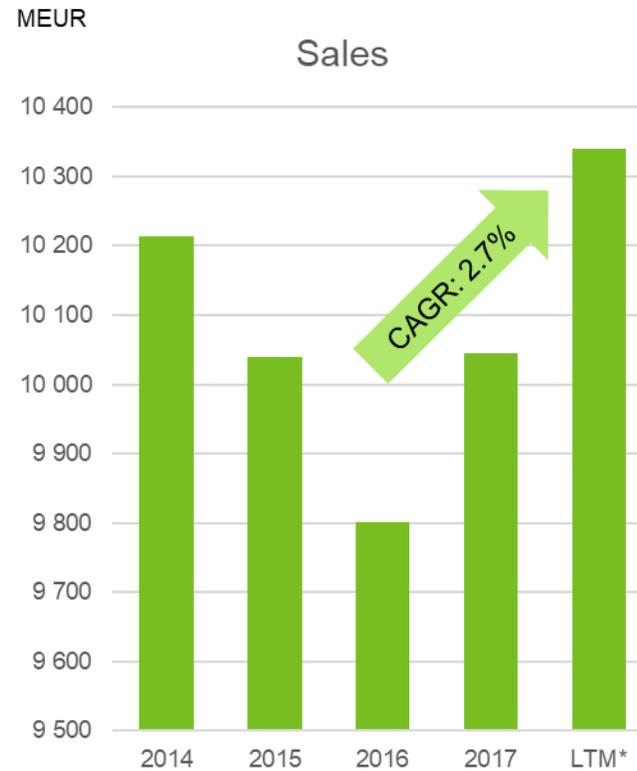


Roadmap to Fixed costs to sales target



\* LTM = Last twelve months

# Strong evidence of profitable growth...



# ...demonstrates the success of our transformation

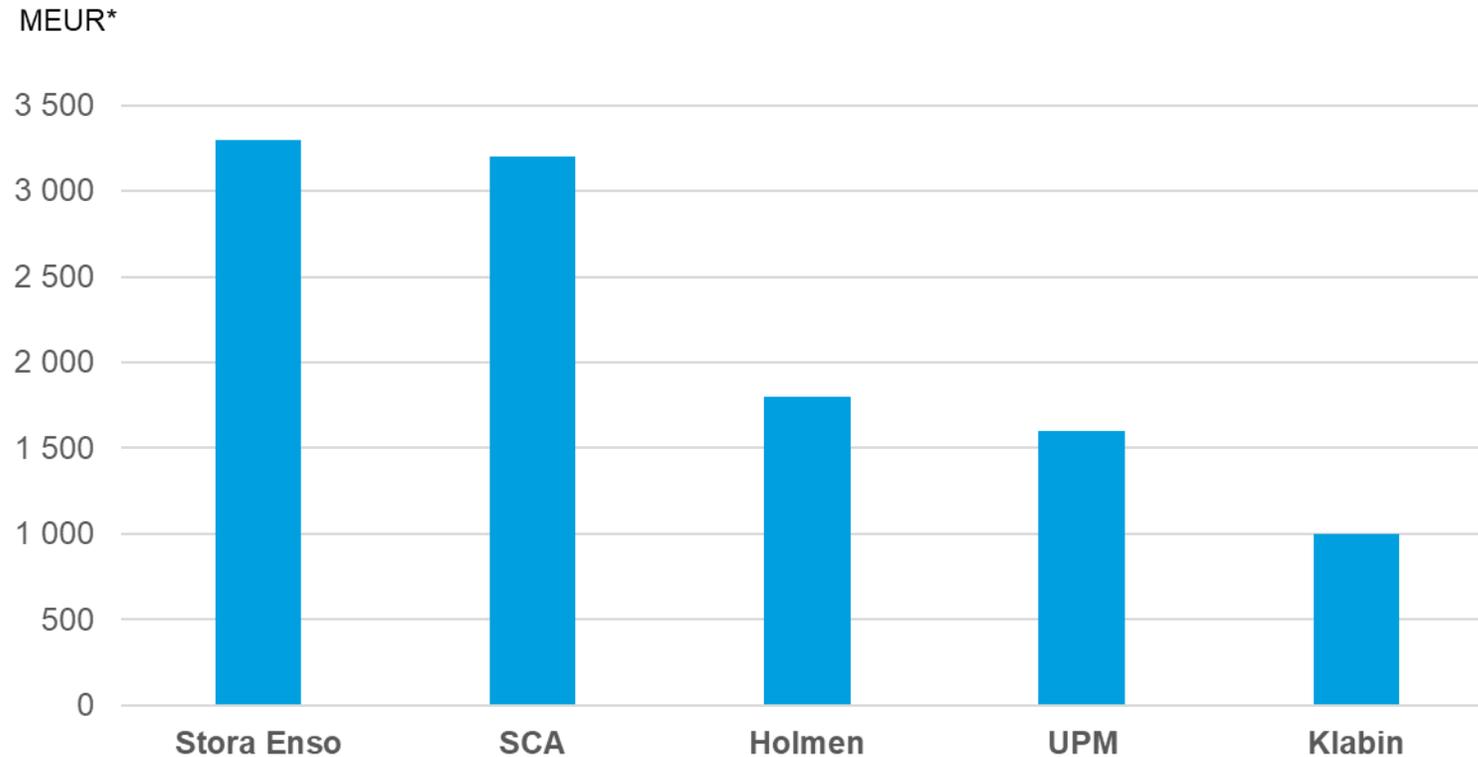


Group strategic targets		Q1/15		Q3/18	
Dividend	To distribute 50% of EPS over the cycle				
Growth*	To grow faster than the relevant market	3.0% (YoY)	●	3.6% (YoY)**	●
Net debt to operational EBITDA	<2.0x (NEW, was 3.0)	2.6	●	1.1	●
Fixed costs to sales	<20%	24.2%	●	23.3%	●
Debt to equity	<60% (NEW, was 80%)	65%	●	34%	●
Operational ROCE	>13%	10.1%	●	16.7%	●

Divisional strategic targets		Q1/15		Q3/18	
Consumer Board	Operational ROOC > 20%	17.3%	●	10.3%	●
Packaging Solutions	Operational ROOC > 20%	12.9%	●	30.4%	●
Biomaterials	Operational ROOC > 15%	11.4%	●	20.9%	●
Wood Products	Operational ROOC > 20%	11.7%	●	31.6%	●
Paper	Cash flow after investing activities to sales > 7%	5.9%	●	8.3%	●

\* Excluding Paper and divested businesses \*\* Excluding Paper and Puumerkki

# Access to wood is a critical advantage in the bioeconomy... We are one of the biggest forest owners globally



\*Exchange rates, European central bank 31 Dec 2017  
SEK/EUR 9.8438  
BRL/EUR 3.9729

# ...giving us a competitive edge with potential upside

## Productive forest assets in Sweden



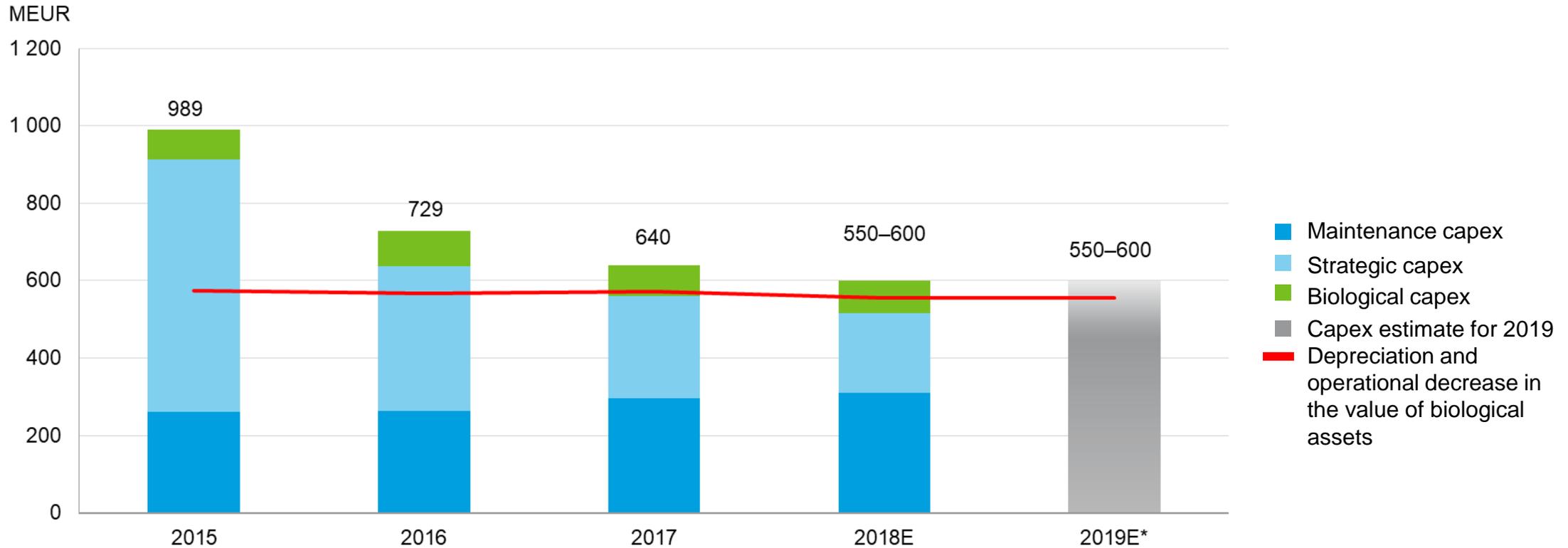
	Unit	Stora Enso's 49% holding of Bergvik Skog in Sweden	SCA
Ha (gross land)	Ha ('000)	1 133	2 600
Ha (productive forest)	Ha ('000)	926	2 000
Forest cubic meters (m <sup>3</sup> fo)	m <sup>3</sup> fo (million)	126	232
M <sup>3</sup> /ha (productive f)	m <sup>3</sup> /ha	136	116
IFRS value* (Bio Assets + Land)	MEUR	2 284	3 357
IFRS value*/ha (productive forest)	EUR/ha	2 465	1 679
IFRS value*/m <sup>3</sup> fo	EUR/m <sup>3</sup> fo	18.1	14.5

Values calculated with LRF Konsult's statistics**	Unit	Stora Enso's 49% holding of Bergvik Skog in Sweden	SCA
Value/m <sup>3</sup> fo	EUR/m <sup>3</sup> fo	42.2	28.0
Value of the timber (m <sup>3</sup> fo)	MEUR	5 318	6 505

\* IFRS Value based on 31 Dec 2017 valuation.

\*\*LRF Konsult's market statistics for forest property prices. These reference prices are applicable for small-size lands. Calculation for Stora Enso is referential and based on LRF's price for Mellersta (415 SEK/m<sup>3</sup>fo) and applied for all properties. FX rate of 9.8438 (European central bank, 31 Dec 2017) applied to all SEK currencies.

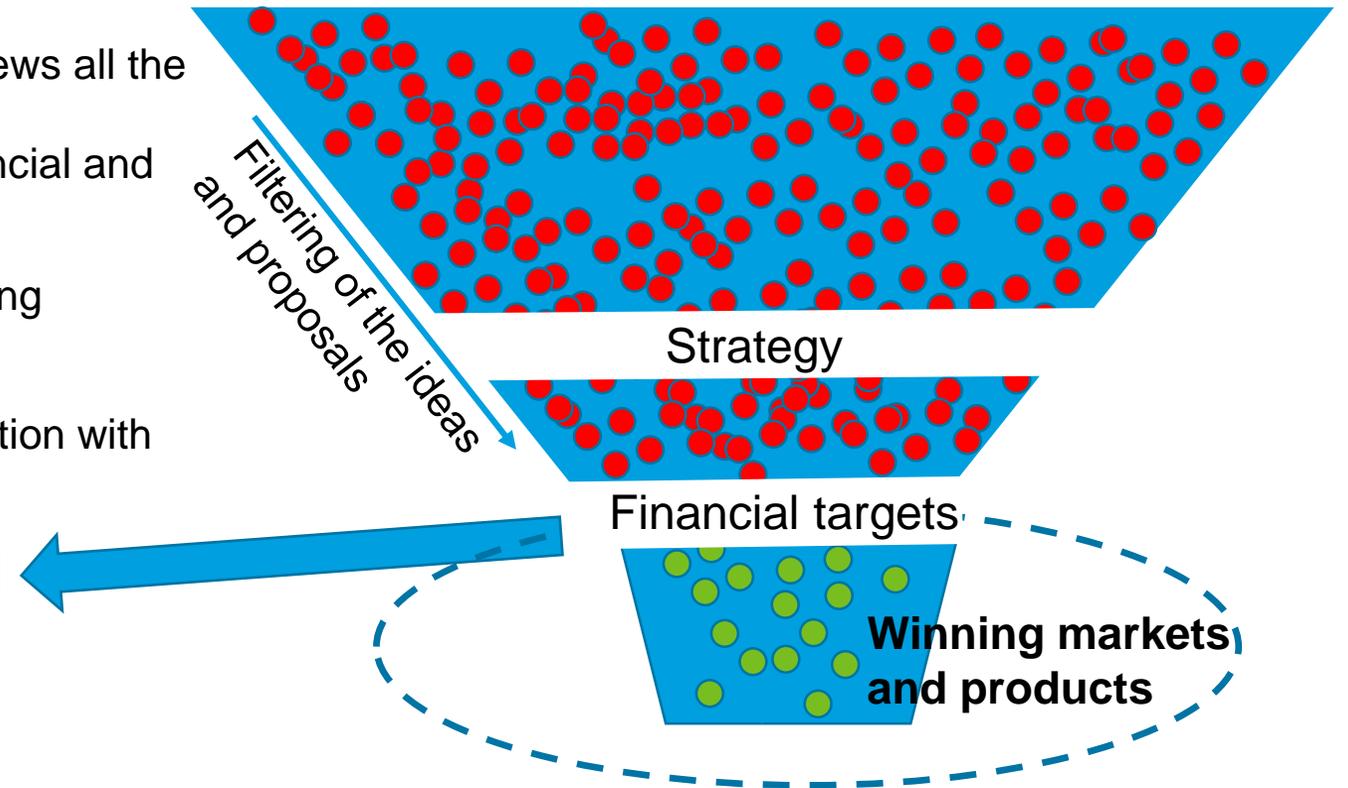
# Active capex management – at or below depreciation



\*Guidance for 2019. Does not include Leases (IFRS 16 to be adopted in 2019)

# Large number of opportunities prioritised through robust capital allocation

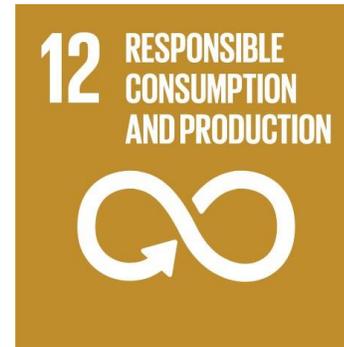
- Systematic approach on Group capex (>10MEUR)
  - Investment Working Group headed by CFO reviews all the proposals to ensure quality and prioritisation
  - Alignment with the Stora Enso strategy and financial and sustainability targets
- Selective investments to strategic projects in winning markets and products
- New cash flow modelling tool helps asset prioritisation with 20–30 years perspective



Divisional financial targets	
Consumer Board	Operational ROOC > 20%
Packaging Solutions	Operational ROOC > 20%
Biomaterials	Operational ROOC > 15%
Wood Products	Operational ROOC > 20%
Paper	Cash flow after capex to sales > 7%

# Sustainable business = profitable business...

## The UN's Sustainable Development Goals (SDGs)



- The use of renewable materials
- Bioeconomy
- Circular economy
- Material efficiency



- Renewable materials in the carbon cycle
- Carbon risks and opportunities
- Science-based targets



- Sustainable forestry
- Biodiversity

# ... and we have ambitious reduction targets for CO<sub>2</sub>...



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- First forest products company to set externally approved science-based targets
- Targets for our operations
  - Reduce greenhouse gas emissions by 31% per tonne by 2030 vs 2010

## Q3 Interim Report

	Q3/18	2017	Target	Target to be reached by
Reduction of fossil CO <sub>2</sub> -e emissions per saleable tonne of pulp, paper and board (kg/t)	-24%	-20%	-31%	end of 2030

### Science-based target (SBT) performance compared to 2010 base-year level<sup>1</sup>

<sup>1</sup> Covering direct fossil CO<sub>2</sub>-e emissions from production and indirect fossil CO<sub>2</sub>-e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

# ...impacting our funding and reporting



## Revolving Credit Facility with a green aspect

Pricing includes sustainability component based on ability to reduce greenhouse gas emissions.



## Green Bond Framework

A loan-format to support sustainability-focused fixed income investors and to report environmental impacts.



## Sustainable Finance strategy

The aim is to influence and develop the financial markets and to secure funding partners with sustainability agenda.



## Climate-related financial disclosure

CFO support for better disclosure of climate risks and opportunities based on recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).



## Integrated reporting

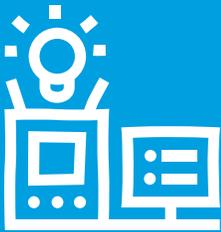
The World Business Council for Sustainable Development (WBCSD) Redefining Value Board and programme: work on international reporting frameworks, materiality assessment standards, and data assurance methodologies.



# Delivering performance



Digitalise and automate to drive efficiency and cost savings



Make selective investments meeting strategic criteria



Ensure sustainable, profitable growth through robust asset management



# 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



storaenso