Stora Enso investor kit
strategy and market environment, and financial performance
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.
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Stora Enso in brief

Leading global provider of renewable solutions in packaging, biomaterials, wooden constructions and paper

Sales
EUR 10.1 billion in 2019

Operational EBIT
EUR 1 003 million in 2019

Some 25 000 employees in 30 countries

Stora Enso shares are listed on NASDAQ OMX Helsinki and Stockholm. In addition, the shares are traded in the USA as ADRs.
Our divisions from 1 January 2020 onwards

Stora Enso group 2019: Sales 10 055 MEUR / Operational EBIT 1 003 MEUR / Operational ROCE 10.3%
Our road to success in the bioeconomy

- Introducing new products and services
- Addressing attractive end-use segments
- Delivering sustainable profitable growth
- Generating superior ROCE
Targeting sustainable profitable growth based on customer insight and innovation

Our transformation strategy continues…

- **Customer insight**
  Developing offerings according to customers’ requirements to create value and growth, with sales excellence.

- **Structured processes**
  Clear roles and responsibilities, standardised and harmonised working methods, operational excellence.

- **Motivated employees**
  Focus on inspiring leadership, good communication, performance management and target setting.

- **Innovation**
  Focus on bio-based materials and chemicals, digitalisation, intelligent packaging and new packaging solutions.

…delivering sustainable profitable growth

- **Cash flow from operations**
  Dividend
  To distribute 50% of EPS over the cycle

- **Strategic growth investments**
  Capex at or below depreciation and depletion* over the business cycle

- **Sustainable profitable growth**
  Business and CAPEX driven by ROCE

- **Strong balance sheet**
  Net debt to operational EBITDA target <2x

*Operational decrease in the value of biological assets

Our transformation strategy continues…

- Targeting sustainable profitable growth based on customer insight and innovation
These are our drivers for accelerating renewable growth

In 2019 7% of our sales came from new products and services

Long-term target 15% of our sales is expected to come from new products and services
## Development of strategic financial targets

### Group strategic financial targets

<table>
<thead>
<tr>
<th></th>
<th>Q1 19</th>
<th>Q1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend</strong>*</td>
<td>0.50</td>
<td>0.15/0.35***</td>
</tr>
<tr>
<td><strong>Growth</strong>*</td>
<td>3.6% (YoY)</td>
<td>-13.8% (YoY)</td>
</tr>
<tr>
<td><strong>Net debt to operational EBITDA</strong></td>
<td>&lt;2.0x</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Fixed costs to sales</strong></td>
<td>22.4%</td>
<td>24.9%</td>
</tr>
<tr>
<td><strong>Net debt to equity</strong></td>
<td>&lt;60%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Operational ROCE</strong></td>
<td>&gt;13%</td>
<td>14.5%</td>
</tr>
<tr>
<td><strong>Operational ROCE excl. Forest</strong></td>
<td></td>
<td>16.7%</td>
</tr>
</tbody>
</table>

### Divisional strategic financial targets

<table>
<thead>
<tr>
<th>Division</th>
<th>Q1 19</th>
<th>Q1 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging Materials</td>
<td>14.0%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Packaging Solutions</td>
<td>11.8%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Biomaterials</td>
<td>16.2%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Wood Products</td>
<td>17.7%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Forest</td>
<td>6.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Paper</td>
<td>6.1%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

* Annual dividend. Dividend **Additional payment of a maximum of EUR 0.35 to be decided later *** Excluding Paper
## Capacities by grade

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity 1 000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Board</td>
<td>3 290</td>
</tr>
<tr>
<td>Containerboards*</td>
<td>1 410</td>
</tr>
<tr>
<td>Corrugated Packaging</td>
<td>1 370 (Mm²)</td>
</tr>
<tr>
<td>Sawn goods</td>
<td>5.7 Mm³</td>
</tr>
<tr>
<td>Short-fibre pulp</td>
<td>1 100</td>
</tr>
<tr>
<td>Long-fibre pulp</td>
<td>500</td>
</tr>
<tr>
<td>Fluff pulp</td>
<td>350</td>
</tr>
<tr>
<td>Dissolving pulp</td>
<td>300</td>
</tr>
<tr>
<td>Unbleached kraft pulp</td>
<td>50</td>
</tr>
<tr>
<td><strong>Net market pulp</strong></td>
<td><strong>2 300</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity 1 000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsprint</td>
<td>1 800</td>
</tr>
<tr>
<td>Uncoated Magazine (SC)</td>
<td>1 070</td>
</tr>
<tr>
<td>Coated Magazine</td>
<td>260</td>
</tr>
<tr>
<td>Total Magazine Paper</td>
<td>1 330</td>
</tr>
<tr>
<td>Coated Fine*</td>
<td>800</td>
</tr>
<tr>
<td>Uncoated Fine</td>
<td>1 000</td>
</tr>
<tr>
<td>Total Fine Paper</td>
<td>1 800</td>
</tr>
<tr>
<td><strong>Paper Total</strong></td>
<td><strong>4 930</strong></td>
</tr>
</tbody>
</table>

*Oulu coated fine paper production to continue until end of September 2020. Containerboards capacity to increase by 450 000 t/a after Oulu PM7 conversion. The production of the converted machine to start by end of 2020.
We are perfectly positioned to benefit from the megatrends

- Global warming
- Growing middle class
- Eco awareness
- Changing lifestyles
- Urbanisation
- Growing population
- Digitalisation

Increasing demand for raw material that is **renewable**, **reusable** and **fossil free**
The renewable materials growth company

Everything that’s made with fossil-based materials today can be made from a tree tomorrow.
Substituting materials from finite resources is our key competitive advantage

Our products substitute fossil-based products, saving 20 Mt CO₂

Resource efficient value chain, emissions:
11 Mt CO₂

Our forests are carbon neutral and absorb 3 Mt CO₂

Our total climate benefit: 12 Mt CO₂

Stora Enso
5 June 2020
We are one of the largest private forest owners in the world
Total biological asset value in balance sheet ~ 4.3 BEUR

**Swedish forests**
- 1,408,000 ha of forest land
- Fair value: 3.1 BEUR (31 Mar 2020)

**Tornator**
- Stora Enso’s share 255,000 ha in Finland, 27,000 ha in Estonia and 5,000 ha in Romania
- Fair value: 748 MEUR (31 Mar 2020)

**Veracel plantations, Brazil**
- Stora Enso’s share 112,000 ha of forest land
- Fair value: 69 MEUR (31 Mar 2020)

**Montes del Plata, Uruguay**
- Stora Enso’s share 131,000 ha of forest land
- Fair value: 234 MEUR (31 Mar 2020)

**Guangxi, Southern China (leased)**
- 81,000 ha of forest land
- Fair value: 182 MEUR (31 Mar 2020)

In addition:
- Laos: trial plantation, 3,900 ha (leased land)
- Russia: 369,500 ha (long-term harvesting rights)

In addition, land book value totals 528 MEUR in the balance sheet as at 31 Mar 2020.
Oulu paper mill is converting to packaging board as planned
Reducing our paper capacity by 20%

- 450 000 t/a high-quality virgin-fibre-based kraftliner
- 530 000 t/a unbleached softwood pulp
- Oulu Mill’s EBITDA margin expected to improve by 15–20 percentage points
- 350 MEUR investment in 2019–2022
- Production on the converted machine to start by the end of 2020

Source: Pöyry February 2020
Note: * Excluding paper and Barcelona Mill.
Historical figures before 2018 not restated
Financial performance - divisions
Sales, EBITDA margins, EBIT margins and ROOC

Stora Enso
Divisions
# Divisional structure as of 1 January 2020

<table>
<thead>
<tr>
<th>Division</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth</strong></td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>Consumer board and containerboard business</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
</tr>
<tr>
<td>Biomaterials</td>
<td>No changes</td>
</tr>
<tr>
<td>Forest</td>
<td>Nordic forest assets and wood supply operations in Nordics, Russia and Baltics</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
</tr>
<tr>
<td>Wood Products</td>
<td>No changes</td>
</tr>
<tr>
<td>Paper</td>
<td>No changes</td>
</tr>
</tbody>
</table>

**5 June 2020**

Stora Enso
Packaging Materials division in brief

• Strong offering of renewable and recyclable materials with low carbon footprint for consumer and industrial packaging

• Serving demanding packaging end uses with premium materials based on both virgin and recycled fiber

• Customers are converters, brand owners and retailers

• We are targeting expansion of relative market share in profitable niches in consumer board business and growth on the fluting and kraftliner market
Packaging Materials key figures

<table>
<thead>
<tr>
<th>Divisional strategic target</th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging Materials Operational ROOC &gt; 20%</td>
<td>14.0%</td>
<td>13.4%</td>
</tr>
</tbody>
</table>
Geographical exposure – Packaging Materials

Production Facilities

Sweden
- Fors Mill
- Skoghall Mill

Finland
- Imatra Mill
- Ingerois Mill
- Varkaus Mill
- Heinola Mill

Poland
- Ostroleka Mill

China
- Beihai Mill

Worldwide sales network
R&D: Karlstad, Sweden and Imatra, Finland

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity 1,000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Board</td>
<td>3,290</td>
</tr>
<tr>
<td>Containerboards</td>
<td>1,410</td>
</tr>
</tbody>
</table>
Our target is 25% of sales from new products and services

Source: SmithersPira, internal analysis
We continue to grow our premium offering in Beihai

DEMAND AND CAPACITY IN CHINA VIRGIN FIBER BOARD
(Million tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td>2018e</td>
<td>7.8</td>
<td>11.9</td>
</tr>
<tr>
<td>2020f</td>
<td>8.5</td>
<td>13.4</td>
</tr>
<tr>
<td>2025f</td>
<td>10.3</td>
<td>13.4</td>
</tr>
</tbody>
</table>

Source: Pöyry, RISI

PRICING OF PREMIUM AND COMMODITY GRADE VIRGIN FIBER BOARD IN CHINA
(RMB/t)

Premium grades

Commodity grades
Our strategy is supported by attractive market opportunities

GLOBAL PACKAGING MATERIALS MARKET

CONSUMER BOARD

~400 Bn EUR

Source: SmithersPira, Euromonitor

PAPER BOARD’S SHARE OF TOTAL PACKAGING

SEGMENT GROWTH (p.a. – 2022)

Food & Dairy

+2.3%

Beverages

+2.6%

Healthcare & Cosmetics

+2.8%

Transport & Industrial

+3.0%

Source: SmithersPira, Euromonitor

5 June 2020
Stora Enso

THE RENEWABLE MATERIALS COMPANY
Global demand growth for Packaging Material grades is 2.5% CAGR or ~6 Mt yearly

Source: Pöyry, Stora Enso, McKinsey
Strong Stora Enso market position in all product lines

Consumer Board’s global market position 2019

<table>
<thead>
<tr>
<th>Rank</th>
<th>Market share</th>
<th>Rel. market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBB</td>
<td>#5</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31%</td>
</tr>
<tr>
<td>SBS</td>
<td>#8</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>23%</td>
</tr>
<tr>
<td>LPB</td>
<td>#1</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>128%</td>
</tr>
<tr>
<td>CUK</td>
<td>#4</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14%</td>
</tr>
</tbody>
</table>

Consumer Board’s European market position 2019

<table>
<thead>
<tr>
<th>Rank</th>
<th>Market share</th>
<th>Rel. market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBB</td>
<td>#2</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60%</td>
</tr>
<tr>
<td>SBS</td>
<td>#1</td>
<td>33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>103%</td>
</tr>
<tr>
<td>LPB</td>
<td>#1</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>110%</td>
</tr>
<tr>
<td>CUK</td>
<td>#1</td>
<td>54%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>142%</td>
</tr>
</tbody>
</table>


Stora Enso
Stora Enso targeting share of wallet rather than share of market in virgin premium segment

Containerboard markets

Kraftliner:
- Stora Enso’s kraftliner portfolio addresses the higher quality segment of the global kraftliner market
- Main competitors are other Nordic suppliers in EU and high quality US suppliers in overseas

SC Fluting:
- Stora Enso is small player globally but one of the three only premium Nordic quality producers

Testliner:
- Testliner is “local play” considering transport costs represent high share of total cost
- Stora Enso small player globally, however strongly positioned in Poland and befitting from integrated buyer
Global kraftliner demand in our markets is expected to grow 3% p.a. from 2020 to 2030

- Global kraftliner demand excl. North America is expected to grow 3% p.a. 2020-2030
- Global SC fluting demand excl. North America is estimated to grow 1.6% p.a. 2020-2030
- Recycled containerboard demand in Europe is expected to grow 2.0% p.a. 2020-2030

Source: Pöyry February 2020
Packaging Solutions in brief

• Packaging Solutions division focuses on growing new services and packaging solutions

• Innovation collaboration throughout the whole value chain for developing new renewable packaging

• Our high-end packaging solutions are used by leading customers and brands across multiple industries

• There are growth opportunities following the growing e-commerce sector as well as the trend to replace plastics with renewable materials
Formed fiber products replace plastic in packaging

- Plastic free, renewable and recyclable material that can be used for various applications in food and non-food use

- Moisture and grease resistant

- Can be used for instance in bowls, plates, coffee cup lids, as well as in agriculture, electronics and cosmetics packaging to replace plastic parts

- Products are made from various pulps by pressing it into a desired shape in a molding machine
Packaging Solutions
Reporting based on divisional structure in 2019

<table>
<thead>
<tr>
<th>Divisional strategic target</th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging Solutions</td>
<td>Operational ROOC &gt; 30%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

- Divisional ROOC target Q1/20: 30% (met Q1/20: 14.4%)

Sales
- Q1/19: 182 MEUR
- Q1/20: 149 MEUR (-17%)

Operational EBIT
- Q1/19: 8 EUR
- Q1/20: 8 EUR
Geographical exposure – Packaging Solutions

Production Facilities
- Finland
  - Kristinankaupunki
  - Lahti
- Poland
  - Lodz
  - Mosina
  - Ostroleka
  - Tychy
- Russia
  - Arzamas
  - Balabanovo
  - Lukhovitsy
- Estonia
  - Tallinn
- Latvia
  - Riga
- Lithuania
  - Kaunas
- Sweden
  - Jönköping
  - Skene
  - Vikingstad
- Dongguan, China
- Beijing
- Shanghai

Sales
- Finland

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity 1,000 t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrugated packaging</td>
<td>1,370 (Mm²)</td>
</tr>
</tbody>
</table>
Well-positioned to capture growth opportunities in fragmented markets

Europe

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Size (BEUR)</th>
<th>CAGR (%)</th>
<th>#1</th>
<th>Relative Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>2.4</td>
<td>3%</td>
<td>#6</td>
<td>58%*</td>
</tr>
<tr>
<td>Poland &amp; Baltics</td>
<td>1.5</td>
<td>3-5%</td>
<td>#2</td>
<td>81%*</td>
</tr>
<tr>
<td>Nordics</td>
<td>0.6</td>
<td>1-2%</td>
<td>#1</td>
<td>102%*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market</th>
<th>Source: Stora Enso analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>Using virgin fiber boards from Beihai and Europe</td>
</tr>
</tbody>
</table>

Note: CAGR 2019–2020, Market sizes in 2019
*Relative market share, measured as a share of largest competitor
Strong position and growth in our home box markets

Key box segments:

<table>
<thead>
<tr>
<th>Food</th>
<th>Retail</th>
<th>Industrial goods</th>
<th>E-commerce</th>
<th>Consumer electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Food" /></td>
<td><img src="image2" alt="Retail" /></td>
<td><img src="image3" alt="Industrial goods" /></td>
<td><img src="image4" alt="E-commerce" /></td>
<td><img src="image5" alt="Consumer electronics" /></td>
</tr>
</tbody>
</table>

Key box markets:

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Size</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordics (#1)</td>
<td>0.6 BEUR</td>
<td>1–2% CAGR</td>
</tr>
<tr>
<td>Poland &amp; Baltics (#2)</td>
<td>1.5 BEUR</td>
<td>3–5% CAGR</td>
</tr>
<tr>
<td>Russia (#6)</td>
<td>2.4 BEUR</td>
<td>3% CAGR</td>
</tr>
<tr>
<td>China (#3)*</td>
<td>1.7 BEUR</td>
<td>8% CAGR</td>
</tr>
</tbody>
</table>

*Position in rigid box market
Note: CAGR 2019–2020, Market sizes in 2019

5 June 2020
Stora Enso
E-commerce is driving growth in packaging

E-commerce packaging by materials
(Global market value share, 2019E)

- Corrugated: 80%
- Flexibles: 15%
- Secondary protective: 4%
- Mailers: 1%

Corrugated packaging growth in E-commerce

- ~13% CAGR (2019–2023)
- ~34 BEUR market value globally in 2019
- In 2023, estimated global market value 56 BEUR and in Europe 12 BEUR
- ~22 BEUR market value added in E-commerce segment globally until 2023

Note: Market values for Global and Europe (Western, Central and Eastern) in 2019E. 1.10 EUR/USD average exchange rate used in calculations.
Source: Sustainable ecommerce packaging 2019E
Biomaterials division in brief

- Biomaterials division offers a wide variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers

- Fluff pulp primarily used in diapers and hygiene products

- Dissolving pulp for textiles

- We also develop new ways to maximise the value extractable from the wood as well as other kinds of lignocellulosic biomasses – the extracted sugars and lignin hold potential for use in a range of applications
Biomaterials— geared towards growth

Sample product categories:
- Paper, packaging and tissue production: **Supreme by Stora Enso (Softwood)**, **Perform by Stora Enso (Hardwood)** and **Select by Stora Enso (Hardwood)**.
- Fluff pulp for hygiene products; diapers, and feminine care products: **Care by Stora Enso**
- Dissolving pulp for viscose fabrics e.g. textiles, pharmaceuticals, sponges, cellophane: **Pure by Stora Enso**
- Lignin (adhesive for construction, carbon fibre and energy storage) **Lineo™ by Stora Enso**
- Xylose
- By-products: tall oil, turpentine

Main competitors include UPM, Metsä Fibre, Södra, Arauco and Suzano

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**Divisional strategic target**

<table>
<thead>
<tr>
<th></th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomaterials</td>
<td>Operational ROOC &gt; 15%</td>
<td>16.2%</td>
</tr>
</tbody>
</table>
Biomaterials worldwide

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity (kt/a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-fibre pulp</td>
<td>1 100</td>
</tr>
<tr>
<td>Long-fibre pulp</td>
<td>500</td>
</tr>
<tr>
<td>Fluff pulp</td>
<td>350</td>
</tr>
<tr>
<td>Dissolving pulp</td>
<td>300</td>
</tr>
<tr>
<td>Net market pulp</td>
<td>2 250</td>
</tr>
</tbody>
</table>

- **Montes del Plata**
  - Capacity: 1.4Mt/a

- **Veracel**
  - Capacity: 1.2Mt/a

- **Sunila**
  - Capacity: 375kt/a

- **Enocell**
  - Capacity: 490kt/a

- **Skutskär**
  - Capacity: 540kt/a
Despite of short-term challenges, demand for pulp is expected to grow 2% on long term

**Textiles, nonwovens**
- 107 Mt market, growing 3%/y
- 6.8 Mt market pulp (dissolving)

**Carton board**
- 48 Mt market, growing 2.0%/y
- 5.3 Mt market pulp

**Tissue**
- 36 Mt market, growing 4%/y
- 23 Mt market pulp

**Hygiene**
- 590 billions of converted unit, growing 3.5%/y
- 6.2 Mt market pulp (fluff)

**Paper**
- Specially: 29 Mt market, growing 2.0%/y
- 9 Mt market pulp

**Graphic**
- 101 Mt market, declining -1.0%/y
- 16 Mt market pulp

**Pulp consumption increase (Mt)**

Source: Stora Enso, based on available external information from AFRY, Hawkins Wright, Smithers, FastmarketsRISI, Euromonitor in April 2020
We expect a balanced market in pulp to continue

Pulp (hardwood and softwood) demand grows 2% CAGR by 2023

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand, Mt/a</th>
<th>Market balance, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>65</td>
<td>89</td>
</tr>
<tr>
<td>2023</td>
<td>72</td>
<td>90</td>
</tr>
</tbody>
</table>

Pulp average capacity growth

- **2007-2018**: + 1.6 Mt/y (90% ratios)
- **2019-2023**: +0.9 Mt/y

Share in pulp demand growth

Source: Stora Enso, based on available external information from AFRY, Hawkins Wright, Smithers, FastmarketsRISI, Euromonitor in April 2020
Megatrends support the demand for virgin pulp in China

To 2030:

Urbanisation

- 58% (+200 million people)

Growing middle class

- 70%
- 5 trillion to 9.6 trillion (private consumption in USD)

Changing lifestyles

- 60% (safe sanitation services)
- 90%

Eco awareness

- Ban on imported recovered fibre
- 5 June 2020

From 14 kg to 21 kg per capita consumption

+10 Mt of hardwood and softwood

Source: World Bank, UN Global Goals, Morgan Stanley Research, RISI, Stora Enso
**Biomaterials strategic focus areas**

**Maximise value from eucalyptus pulp**
- Constantly improve the cost competitiveness of Montes del Plata
- Improve understanding of customer value and develop most profitable sales mix
- Continue to improve production efficiency

**Grow in existing pulp business**
- Ramp up volume growth and achieve world class quality in fluff and dissolving pulp
- Continue to develop product qualities and new products for current customers
- Continue to improve production efficiency
- Differentiate in the softwood business

**Generate profitable growth from innovation platforms**
- Build and develop strong businesses and speed up the go-to-market for:
  - Biobinders
  - Bio-based carbons
  - Microfibrillated cellulose
  - Bio-based fibers and films
  - Biofoams
  - Biorefineries
  - Pulp innovation
Innovation is key for sustainable profitable growth

### Product platforms

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Diagram" /></td>
<td><img src="image2.png" alt="Diagram" /></td>
<td><img src="image3.png" alt="Diagram" /></td>
<td><img src="image4.png" alt="Diagram" /></td>
</tr>
</tbody>
</table>

**Technology platform for extraction & separation**
Wood Products division in brief

- Innovative wood-based products for construction, interior usages and everyday living
- The product range covers all areas of construction, including massive wooden elements and wooden components
- It also includes a variety of sawn timber goods and pellets for sustainable heating
- Biocomposites product range replaces plastics in consumer goods
- High demands with regard to safety, quality, design and sustainability
- Customers are mainly merchants and retailers, industrial integrators and construction companies
This building grows back in 17 minutes.

We can cut construction emissions by up to 75% using renewable materials.

Geologen Trummen Strand
Växjö, Sweden

Picture: FOJAB architects
The wood used removed 5 700 tonnes of CO₂ from the atmosphere.

And it equals 40 million car kilometres.

Üstra-Siedlung
Hannover, Germany
Strong and light without losing flexibility in design

Millimetre precision using latest technology

Head above Water
London, England
Wood Products – accelerating growth

Sample product categories:
• Classic sawn
• Classic planed
• CLT (Cross laminated timber)
• LVL (Laminated Veneer Lumber)
• Construction beams
• Window and door components
• Building Solutions
• Building Components
• ThermoWood
• Pellets
• Biocomposites
Main competitors include Binderholz, Holzindustrie Schweighofer, SCA Timber and Metsä Fibre
Our operations well positioned in Europe

- **Employees**
  - Wood Products: 3,800

- **Production Units**
  - Sweden: 2
  - Russia: 2
  - Finland: 4
  - Latvia: 1
  - Lithuania: 1
  - Estonia: 2
  - Austria: 1
  - Poland: 1
  - Czech: 2
  - Germany: 1
  - Netherlands: 1

- **Sales to Countries**
  - Czech: 3
  - Poland: 2
  - Germany: 2
  - Netherlands: 2

- **Number of Mills**
  - Total: 4,038
  - Active: 21

- **Financials**
  - Sales: EUR 1.6 billion
  - Capacity: 5.7 Mm³

### Grades and Capacities

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sawn goods</td>
<td>5.7 Mm³</td>
</tr>
<tr>
<td>Further processing</td>
<td>2.6 Mm³</td>
</tr>
<tr>
<td>CLT</td>
<td>240 000 m³</td>
</tr>
<tr>
<td>LVL</td>
<td>75 000 m³</td>
</tr>
<tr>
<td>Pellets</td>
<td>500 000 t</td>
</tr>
</tbody>
</table>
Getting the right log is critical for profitability in Wood Products

Customer demand | Sawing pattern | Log pricing | Cutting | Purchasing

Demand flow

Material flow
Buildings of the future will be cheaper and more sustainable

Our solutions offer:

• Up to 70% faster construction time
• Up to 80% fewer truck deliveries on site
• Carbon emissions cut by up to 75% using wood
• Faster, safer and quieter construction
• Healthier indoor climate
• Good thermal resistance and insulating properties
DuraSense® by Stora Enso – gradually replacing plastics with biocomposites

- Biocomposites enable the use of renewable wood in products typically produced from plastics, such as disposable cutlery, furniture, as well as storage and logistics goods
- Includes renewable materials and can reduce the consumption of fossil-based plastic by up to 60%
- Always a better alternative than fossil-based plastic
  - For example, with wood fiber we can reduce the carbon footprint of a product up to 80%
The target to grow profitable 6–8% p.a. through innovative wood-based solutions

Building Components and Solutions

Competitive Classic Planed

Biocomposites

+300–400 MEUR

+100–150 MEUR

+up to 200 MEUR

We target to increase the new products and services from 4% to 15% of sales by 2024
Forest division in brief

- The new Forest division started operations as of 1 January 2020
- Includes Stora Enso’s Swedish forest assets and the 41% share of Tornator* as well as wood supply operations in Finland, Sweden, Russia and the Baltics
- The division’s key focus areas are sustainable forest management, competitive wood supply to Stora Enso’s mills and innovation
- We are one of the biggest private forest owners in the world

*Tornator owns more than 700,000 hectares of forest in Finland, Estonia and Romania
## Forest key figures

### Divisonal strategic target

<table>
<thead>
<tr>
<th>Divisional strategic target</th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Operational ROOC &gt; 5%</td>
<td>6.6%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
Forest division creates value through supply, innovation and sustainable forest management

Competitive wood supply  Innovation  Sustainable forest management
Stora Enso’s forest assets over 3 BEUR in Sweden

- Forest division’s biological assets at the end of Q1 2020:
  - Swedish forests EUR 3.1 billion
  - Stora Enso’s share in Tornator EUR 748 million

- We are targeting to increase harvesting volumes by 10–15% in our Swedish forests

- Secured availability and reasonably priced wood for the Swedish mills

- Own Swedish forests represent:
  - 50% of raw material needs in Sweden
  - 70% of raw material needs in Central Sweden

- Own forests give tactical flexibility and additional synergies in wood supply

- Good forest growth due to location in Central Sweden
Sustainable forest management – we are not compromising biodiversity

Forest growth
Productivity

Economical aspects

Environmental aspects

Social aspects

Growing forests good for the climate
Protecting biodiversity
Limit impact on soil and water

Stora Enso regenerates forest by planting 65.5 million seedlings in 2019

98% of the lands Stora Enso owns or manages were covered by forest certification schemes

Stora Enso invested EUR 72 million in future growth through silviculture and fertilisation in 2019

Sustainable forestry

Jobs in rural areas
Dialogue with indigenous people
Recreation considerations
## Forest fair valuation

<table>
<thead>
<tr>
<th></th>
<th>Productive land (ha)</th>
<th>Price per ha (EUR)</th>
<th>Value (BEUR)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest holdings in Sweden</td>
<td>1 140 000</td>
<td>3 020</td>
<td>3.4</td>
</tr>
<tr>
<td>Forest holdings in Finland</td>
<td>262 000</td>
<td>2 960</td>
<td>0.8</td>
</tr>
<tr>
<td>Forest holdings in plantations</td>
<td>220 000</td>
<td>3 230</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total forest holdings</strong></td>
<td><strong>1 622 000</strong></td>
<td><strong>3 040</strong></td>
<td><strong>4.9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Productive land (ha)</th>
<th>Price per ha (EUR)</th>
<th>Value (BEUR)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest value in Sweden based on LRF**</td>
<td>1 140 000</td>
<td>5 700</td>
<td>6.5</td>
</tr>
<tr>
<td>Forest value in Finland based on real estate register***</td>
<td>262 000</td>
<td>3 300</td>
<td>0.9</td>
</tr>
</tbody>
</table>

* Land and biological assets  
** LRF Konsult  
*** Real estate register (Kuinteistörekisteri) and Stora Enso
Controlling ~30% of wood supply and a #1 Nordic position are competitive advantages

#1 Nordic position
Wood procurement by region (million m³ sub)

Central Europe, China, Uruguay and Brazil are integrated to business divisions.

We control ~30% of our wood raw material consumption (million m³ sub)

Central Europe, China, Uruguay and Brazil are integrated to business divisions.

Supply from own sources based on ownership
Long-term supply contracts
Purchased
Sold externally
Strong relationships with private forest owners and digitalisation competitive advantages

- Strong relationships with private forest owners - representing 50% of our wood supply
- We offer harvesting, wood trade, planning, silviculture, management, digital toolbox, advisory and consulting services for forest owners
- Advanced CRM and sales force management
- Forest division continues to invest in digitalisation and new technologies
  - Big forest data and precision forestry
  - Digitalising forest owner service channel
  - Optimised supply chain
  - Maximising raw material value
Paper division in brief

- Renewable and best-in-class paper solutions for print media and office use from virgin wood and recycled fibers
- Customers include publishers, retailers, printing houses, merchants, converters and office suppliers
- The products and services meet the customers’ quality and sustainability requirements
- End uses: newspapers and supplements, books, magazines, advertising, note books, art books, office
- Focus on further developing the sustainability and efficiency of operations
Paper – geared to cash generation

Sample product categories
- Paper selection for print media: Newsprint and book papers, Uncoated mechanical papers (SC), Coated papers (Brands: e.g Nova, InnoPress)
- Paper selection for office use: transactional needs, office printing, writing and educational needs (Brands: e.g 4CC, MultiCopy, Zoom)
Main competitors include UPM, Sappi, Norske Skog, Holmen and the Navigator company

<table>
<thead>
<tr>
<th>Divisional strategic target</th>
<th>Q1/19</th>
<th>Q1/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>Cash flow after investing activities to sales &gt;7%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>
# Paper worldwide

<table>
<thead>
<tr>
<th>Grade</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsprint</td>
<td>1 800 t</td>
</tr>
<tr>
<td>Uncoated Magazine (SC)</td>
<td>1 070 t</td>
</tr>
<tr>
<td>Coated Magazine</td>
<td>260 t</td>
</tr>
<tr>
<td>Total Magazine Paper</td>
<td>1 330 t</td>
</tr>
<tr>
<td>Coated Fine*</td>
<td>800 t</td>
</tr>
<tr>
<td>Uncoated Fine</td>
<td>1 000 t</td>
</tr>
<tr>
<td>Total Fine Paper</td>
<td>1 800 t</td>
</tr>
<tr>
<td><strong>Paper Total</strong></td>
<td><strong>4 930 t</strong></td>
</tr>
</tbody>
</table>

*Oulu coated fine paper production to continue until end of September 2020*
Strong free cash flow generation in Paper during 2019

Cash flow after investing activities to sales %

Division target: >7%
Since 2013 we have transformed significantly our Paper business

-24%  -39%  -37%  -66%  +17%
Paper demand in Europe  Our production capacity  Our deliveries  Our accidents  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 2013–2019
*) Increase in percentage points from 45 in 2013 to 62 in 2019
Innovations
Innovations – a few snapshots
Focus on innovations

In 2019, Stora Enso’s expenditure on research and development was EUR 141 million, which was equivalent to 1.4% of sales.

65 priority founding patent applications filed and over 430 patents granted worldwide in 2019
We are investing in R&D more than competitors both absolute and relative terms

Source: Stora Enso and competitors annual reports 2019
Innovation projects with high potential impact to transformation

- Bio-barriers, MFC films
  - Liquid and food packaging

- Native and modified MFC
  - Specialty papers, nonwovens, personal and home care, barrier materials

- Intelligent packaging
  - Sophisticated applications to brand owners and supply chains

- Bio-based plastics
  - Chemical intermediates
  - Textiles and nonwovens

- Dissolving pulp to novel cellulose materials

- Lignin for phenol replacement

- Carbon fibre

- Bio-based carbons for energy storage

- Biocomposites
  - Reduction of fossil raw materials in adhesives
  - Sports and leisure, wind energy, automotive, aviation
  - Anode material for batteries, activated carbon for double layer capacitors
  - Replacement of fossil-based plastics in composites
Innovation in packaging
Advancing the renewable packaging industry with innovations

- Microfibrillated cellulose (MFC)
- Biobarrier coatings
- Biocomposites
- Intelligent packaging
- Design driven innovation
We see many new opportunities to replace fossil-based materials...

Lignin-based products
- Lineo™ by Stora Enso
- Carbon fibre
- Carbon for energy storage

- Market size 1.2 BEUR
- Growth ~20%/a
- EBITDA 30–50%

Biocomposites
- DuraSense™ by Stora Enso for wood-based biocomposites
- Less fossil-based materials with higher share of fibre

- Market size 7 BEUR
- Growth ~15%/a
- EBITDA 20–30%

Liquid packaging MFC
- Source reduction

MFC films
- Functional barriers for paper and board packaging

- Market size 1.5 BEUR
- Growth ~5%/a
- EBITDA >20%
...Iceland Foods chooses our Trayforma to replace plastics

• Iceland Foods, the UK’s leading specialist retailer in the frozen food category, launched the first plastic-free pledge for its own brand products for a UK supermarket
  – Target is to be plastic-free by 2023 through an overhaul of their entire product range

• Ready meals packed in paperboard trays

• Trayforma™ by Stora Enso food-safe and suitable for cooking at high temperatures in ovens and microwaves food trays
Micro-fibrillated cellulose improves product properties and can replace fossil-based materials

Today

• MFC is used to make more durable, lighter, high-quality packaging products

Future potential

• Barrier coating solutions for grease and oxygen barriers
• Biodegradable replacement for aluminium foil
• Carrier for example in cosmetics
• 3D printing
Biocomposites – gradually replacing plastic

- Use in products, such as disposable cutlery, furniture, as well as storage and logistics goods
- Raw material for markets where plastics dominate
- Can reduce the consumption of fossil-based plastic by up to 60%
- Always a better alternative than fossil-based plastic
  - Reduce the carbon footprint of a product up to 80%

Target market
4.5 Mt
1-5 years

DuraSense™
by Stora Enso
Stora Enso, Intelligent Packaging

- Digitalization of packaging and product flows using RFID technology
- Offering provided in three focus areas from tag products to retail and pulp & paper solutions
- Circa 40 people in Europe and Asia
- Milestones:
  • Started 10 years ago in Stora Enso, last 3-4 active commercialization.
  • 2017 - Inauguration of PackPerformance Center in: a dedicated RFID development and testing site in Tampere, Finland
  • 2018 – Establishment of Business Unit structure for Intelligent Packaging within Stora Enso group
  • 2018 – Launching ECO™ technology

Intelligent Packaging Verticals

- ECO RFID tag products
- New Retail solutions
- Industrial solutions
Intelligent packaging
Connecting packages, products and value chains

Radio-Frequency Identification (RFID)
Scope of Intelligent Packaging

• Complete offering for end-to-end execution
• Value driven approach to digitalisation projects
• Unique capabilities to connect products and embed identifiers
• Post sales support
• Software platform and supporting enterprise software integrations
Business success requires end-to-end solution
From tags and integration to cloud and applications

<table>
<thead>
<tr>
<th>ENTERPRISE APPLICATIONS</th>
<th>Asset Management</th>
<th>Track &amp; Trace</th>
<th>Data Analytics</th>
<th>Integrations</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLOUD PLATFORM</td>
<td>Data Integration</td>
<td>Data Collection</td>
<td>Data Processing</td>
<td>Data Analytics</td>
</tr>
<tr>
<td></td>
<td>Intelligent Packaging Cloud data platform (Microsoft Azure)</td>
<td>Open data and management Interfaces</td>
<td></td>
<td></td>
</tr>
<tr>
<td>READER INFRASTRUCTURE</td>
<td>RFID Gate</td>
<td>RFID Cabinet</td>
<td>RFID Forklift</td>
<td>RFID Station</td>
</tr>
<tr>
<td>TAG &amp; INTEGRATION</td>
<td>Tags Design &amp; Performance</td>
<td>Tag Manufacturing &amp; Converting</td>
<td>Integration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bracket</td>
<td>Bobbin</td>
<td>Bumper</td>
<td>Tail</td>
</tr>
</tbody>
</table>
Studies show significant benefits for RFID

**Improvement in Key Retail Metrics/KPIs Before and After RFID Adoption**

<table>
<thead>
<tr>
<th>Before RFID</th>
<th>After RFID</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Accuracy</td>
<td>67.4%</td>
<td>84.5%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>64.6%</td>
<td>71.7%</td>
</tr>
<tr>
<td>Store Out-of-Stocks</td>
<td>16.5%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Shrinkage</td>
<td>17.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>8.9%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Average Markdown</td>
<td>14.8%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

*Improvement is reflected by reduction*

Source: EKN—Kurt Salmon RFID in Retail Survey, 2016

**McKinsey study 2018 on Supply Chain potential of Intelligent Packaging in industrial goods**

- **3-11%** Tied-in capital reduction
- **4-7%** Cost decrease in supply chain
- **1-2%** Improvement in service level and product availability

5 June 2020

Stora Enso
ECO RFID Tag Technology
Unique RFID technology launched in Nov 2018

Key benefits:
- Sustainable
- Reliable
- Performant
- Cost neutral

Available in several tag designs

Traditional RFID structure: 6 layers + release liner
ECO RFID structure: 3 layers + release liner
Digitizing Supply Chains for better visibility

1. Automated inventory management with RFID-gates that auto-register which RFID-tagged items enter the warehouse at inbound and leave the warehouse at outbound

2. Automated counting and scanning as RFID reader scans contents of box with RFID-tagged items, useful in receiving and picking

3. Automated cycle count with handheld RFID-reader (or even a drone with an RFID-reader) performs cycle count of items in floor storage

4. Forklifts with RFID-scanners enable sensing of pick/put-away locations quality controls that correct packages are picked

5. Stock location management with RFID readers on shelves sense which RFID-tagged items are placed on the shelves

6. Shipping QC with RFID-reader gate verifies that correct RFID-tagged packages are loaded on the truck avoiding incorrect shipments

7. Dispatch navigation with RFID-readers in the ceiling identify items in the dispatch area and lights guide workers to correct boxes

8. Packaging validation with RFID-reader in pack stations verifies content of package being built – verifies pack completion and warns if line items are missing

9. Smart container with RFID-readers at the door that register which RFID-tagged items enter and leave the container

10. RFID-reader in trunk of van keeps automated inventory count and tracks RFID-tagged equipment

11. Anti-tamper protection of goods with sealed tag and/or unique code to identify genuine product

12. Returns management with RFID tags also on return flow from customers or other warehouses to enable full integration with other use cases

13. Automated inventory management with RFID-gates that auto-register which RFID-tagged items enter the warehouse at inbound and leave the warehouse at outbound
Retail and RFID
RFID market development example – Macy’s

“Men’s and women’s undergarments, men’s slacks, denim apparel and women’s shoes”

“All lines of businesses at its stores, except for jewelry and cosmetics.”

“All items in every store tagged.”

Macy’s to RFID-Tag 100 Percent of Items
Speaking at last week’s RFID in Retail and Apparel conference, Bill Cameron, the company’s SVP of logistics and operations, said Macy’s aim is to have all items RFID-tagged at the store by the end of 2017.
By Mark Robert
Tags: Apparel, Retail, RFID Journal Source: StoreEnergy

30% 2012
60% 2016
100% 2017

Source: RFID Journal October 2016

What is RFID?
- Radio Frequency Identification (RFID) is the use of radio waves to read and capture information stored on a tag attached to an object.
- RFID tag can be read from up to several metres away.
- There is no need for a direct line of sight.
- Fast reading speeds.
- Two types:
  - NFC for short range consumer applications
  - UHF for long range reading in supply chain applications

30% 2012
60% 2016
100% 2017

“Men’s and women’s undergarments, men’s slacks, denim apparel and women’s shoes”

“All lines of businesses at its stores, except for jewelry and cosmetics.”

“All items in every store tagged.”

Source: RFID Journal October 2016
Item Level Tagging Benefits in retail stores

Example in food category

• Waste reduction up to 20%*

• Labour cost reduction up to 50%*
  – Cut labour costs of shelf life management
  – Improve visibility of use-by dates
  – Simplify mark down process
  – Reduce net food waste in store
  – Improve stock rotation
  – Enhance recall management

*based on Avery Dennison pilots and retailer feedback
Innovative and award-winning design

- Leak-tight renewable and 100% recyclable packaging for fresh fish
- WorldStar packaging award
- Sustainability award by World Packaging Organisation
- Original design replacing traditional pressed pulp packaging for eggs
- Best packaging and label award for Food at ProdExtraPack
Stora Enso named Husqvarna’s most innovative supplier

Long term collaboration between Stora Enso and Husqvarna Group

Motivation for the award:

Stora Enso invests for the long term in competence, resources and proactive involvement in order to understand its customers’ needs. Through this initiative, Stora Enso has enabled Husqvarna to sustainably achieve its ambitious goals concerning development and innovations in the supply chain.

New packaging for chain saws reduces cost and CO₂ emissions

- 37% capacity fill
- 5 300 pallets/year
- 180 containers/year
- 190 000 kg CO₂/year
Innovation in Biomaterials

- Pulp applications
- Cellulose modification and pulp process by-products
- Developing the extraction technology
- Further development of sugars
From wood to renewable products

Extraction and separation technologies

20–30% Lignin

25–35% hemicellulose

35–45% cellulose

Cellulose and hemicellulose

Sugars

Lignin

Lignin, biochemicals, bioplastics, regenerated cellulose, pulp etc
Innovation is key for sustainable profitable growth

Product platforms

1. Improved pulp properties
2. Regenerated cellulose & MFC
3. Lignin
4. Bio-based chemicals

Technology platform for extraction & separation
Platform 1: improving pulp properties for existing products

Fluff pulp
- Hygiene and health, growing by 3.6% per year
- Life expectancy and increased disposable income in developing countries
- Improve fluff pulp properties to increase customer value

Dissolving pulp
- Dissolving pulp to textiles is a 6.1 Mt market, growing 6.8% per year
- The increase of cellulosic fibre in textiles is driven by global brand owners
- Improve quality to be able to differentiate in the value chain

Pulp for specialty papers
- Flexible packaging, labels, security, décor, among others
- 28 Mt market, growing 1.8% per year
- Fibre improvements, special additives, sustainable coatings & barriers, source reduction and other innovation opportunities

Source: Smithers Pira, Hawkins Wright
Platform 2: Developing new technologies for using wood fibre in textiles, non-woven and specialty papers

**Regenerated cellulose**
- Participate in the development of new technologies for using wood fibre in textile
- Growing interest from global brand owners increases demand for renewable fibres
- Opportunity to leverage on existing assets to enter this new market

**MFC**
- MFC has potential to be used in specialty papers and non-woven
- MFC is a versatile material with potential to work as strength enhancer, additive, binder and barrier material
- Stora Enso has a long history in the research of MFC and has a demonstration plant in Imatra, Finland

Source: Stora Enso
Platform 3: Lignin – big opportunities in many markets

**Phenol replacement**
- Phenolic resins is a 2.8 Mt market, growing at 4% CAGR
- It replaces phenol in adhesives for plywood, OSB (oriented strand board), laminates, LVL and other wood construction materials
- The carbon footprint for lignin is roughly 1/10 of the carbon footprint of phenol

**Carbon fibre**
- Light-weight high performance composites
- 70–80 Kt market, growing at 9–12% CAGR
- Low-carbon-footprint carbon fibre is unoccupied market space

**Energy storage**
- Substitution of conventional hard carbon anode materials in energy storage, namely Li-Ion Batteries and Supercapacitors
- Market growing on average by 20% CAGR
- Key applications: portable consumer electronics, power tools, electrical vehicles, stationary applications and back-up systems

Source: Stora Enso, Carbon Composites, IDTechEx, LuxResearch, Markets and Research, Zion Research
Renewable Lineo™ by Stora Enso can replace fossil-based materials

• Wood-based lignin is a renewable, non-toxic, traceable material

• Environment benefit, for example, in carbon fibres, energy storage and mechanical forest industry

• Today as a replacement for oil-based phenolic materials in glues for example in plywood and paper lamination

• Lignin makes up 20-30% of round wood

Market size; 3Mt for Phenol replacement
Platform 4: Bio-based chemicals replacing fossil-based materials

Bioplastics and intermediates

- Growing interest in packaging/bottling markets for renewable solutions
- Reduction on carbon footprint and enhanced properties are key target areas
- Market clearly favoring second generation biomass as the raw material source
- It is a very populated market place, thus, strategic alliances will be crucial to win in this industry

Xylose

- Key application is the xylitol (sweetener) market (approximately 120 Kt at 4–6% CAGR)
- Compared to C6 sugars it still is a rather undeveloped market, mainly due to lack of pure xylose availability. This is changing with the biorefinery concepts
- Growing interest and developments taking place in the market
- Stora Enso well positioned to be a frontrunner here

Source: PwC, Kline and Industry experts
Innovation in Wood Products

- Product innovations
- Building Systems
- Digitalisation
From a classic sawn producer to a leading provider of innovative wood-based solutions

Classic sawn
Cross Laminated Timber (CLT)
Laminated Veneer Lumber (LVL)

Industrial components
Construction beams
Pellets

Building Solutions
Online services and e-business
Building Systems driving growth

Find the film from Stora Enso’s YouTube page (youtube.com/storaenso), or use a direct link youtube.com/watch?v=3El9hp_T5k
New ways of improving efficiency through digitalisation – Forest categorisation & log value

Buyer takes pictures

Pictures to cloud service

Cloud

Calculation

ProCalc data - Value of logs

Results

- Quality class
- Value for sawmills
  - Pricing proposal for buyer
Digitalisation in Wood Products

1. Market information
   - Product demand forecast based on market
   - Optimised raw material specification based on demand

2. Digital customer interaction
   - Intelligent products
   - Scan each single product

3. Forest categorisation based on collected info
   - Trees cut based on profit optimisation
   - Individualisation of each log and digital data transfer to mill

4. Optimised raw material specification based on demand
   - Simulate production, based on demand and log info
   - Scan each single log

5. Wood Products end-to-end Digitalisation
   - Automate, robotise and mobilise production

6. Wood Products end-to-end Digitalisation
   - Stora Enso
   - 5 June 2020
   - THE RENEWABLE MATERIALS COMPANY
   - Scan each single product

7. Market information
   - Customers
   - Competitors
   - Industries
   - Products
   - Markets

8. Optimised raw material specification based on demand
   - Simulate production, based on demand and log info

9. Automate, robotise and mobilise production
   - Intelligent products
   - Scan each single product

10. Product demand forecast based on market
    - Optimised raw material specification based on demand
    - Simulate production, based on demand and log info
    - Scan each single log

11. Forest categorisation based on collected info
    - Trees cut based on profit optimisation
    - Individualisation of each log and digital data transfer to mill

12. Digital customer interaction
    - Intelligent products
    - Scan each single product

Group’s financial performance, dividend policy, ownership and top management
Financial performance - Group

Historical figures before 2018 not restated
Cost structure 2019
% of costs

- Logistics and commissions: 11%
- Fibre: 6%
- Chemicals and fillers: 6%
- Energy: 10%
- Material: 13%
- Personnel: 34%
- Depreciation: 10%
- Other: 6%
Capex raised temporarily above depreciation

Capex for 2019 and estimate for 2020 include the capitalised leasing contracts according to IFRS 16 Leases standard.
Year-on-year net debt/EBITDA

Historical figures before 2018 not restated
Revolving Credit Facility 600 MEUR matures in January 2023 and is fully undrawn.
Sustainability in 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.

Green Bonds
First green bonds issued in February in 2019 to finance Bergvik Skog forest acquisition.

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
Stora Enso dividend policy

- Strive to pay stable dividends linked to the long-term performance
- Half of the EPS over the cycle

*Additional payment of a maximum of up to EUR 0.35 per share to be decided later*
### Ownership Distribution

as of 31 March 2020

<table>
<thead>
<tr>
<th>Category</th>
<th>% of shares</th>
<th>% of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solidium Oy*</td>
<td>10.7%</td>
<td>27.3%</td>
</tr>
<tr>
<td>FAM AB</td>
<td>10.2%</td>
<td>27.3%</td>
</tr>
<tr>
<td>Social Insurance Institution of Finland (KELA)</td>
<td>3.1%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Finnish institutions (excl. Solidium and KELA)</td>
<td>12.1%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Swedish institutions (excl. FAM)</td>
<td>8.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Swedish private shareholders</td>
<td>4.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Finnish private shareholders</td>
<td>4.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>ADR holders</td>
<td>1.8%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Under nominee names (non-Finnish/non-Swedish shareholders)</td>
<td>44.5%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>

* Entirely owned by the Finnish State

5 June 2020

Stora Enso
## Major Shareholders
### as of 31 March 2020

<table>
<thead>
<tr>
<th>By voting power</th>
<th>A shares</th>
<th>R shares</th>
<th>% of shares</th>
<th>% of votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Solidium Oy*</td>
<td>62 655 036</td>
<td>21 792 540</td>
<td>11</td>
<td>27.3</td>
</tr>
<tr>
<td>2 FAM AB**</td>
<td>63 123 386</td>
<td>17 000 000</td>
<td>10</td>
<td>27.3</td>
</tr>
<tr>
<td>3 Social Insurance Institution of Finland (KELA)</td>
<td>23 825 086</td>
<td>973 982</td>
<td>3</td>
<td>10.1</td>
</tr>
<tr>
<td>4 Varma Mutual Pension Insurance Company</td>
<td>8 513 018</td>
<td>1 140 874</td>
<td>1</td>
<td>3.6</td>
</tr>
<tr>
<td>5 MB-Bolangen i Vetlanda AB (incl. Stiftelsen Seydlitz Smålant)</td>
<td>4 828 000</td>
<td>1 110 000</td>
<td>1</td>
<td>2.1</td>
</tr>
<tr>
<td>6 Ilmarinen Mutual Pension Company</td>
<td>2 962 762</td>
<td>15 991 24</td>
<td>2</td>
<td>1.3</td>
</tr>
<tr>
<td>7 Erik Johan Ljungberg's Education Foundation</td>
<td>1 780 540</td>
<td>2 336 224</td>
<td>1</td>
<td>0.8</td>
</tr>
<tr>
<td>8 Swedbank Robur Funds</td>
<td>14 239 630</td>
<td>2</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>9 Elo Mutual Pension Insurance Company</td>
<td>10 609 225</td>
<td>1</td>
<td>1</td>
<td>0.6</td>
</tr>
<tr>
<td>10 Bergslaget's Healthcare Foundation</td>
<td>626 269</td>
<td>1 609 483</td>
<td>0</td>
<td>0.3</td>
</tr>
<tr>
<td>11 SEB Investment Management</td>
<td>5 829 608</td>
<td>1</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>12 The State Pension Fund</td>
<td>5 813 755</td>
<td>1</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>13 Nordea Investment Fund</td>
<td>5 726 164</td>
<td>1</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>14 Lannebo Funds</td>
<td>4 850 000</td>
<td>1</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>15 Unionen (Swedish trade union)</td>
<td>3 782 750</td>
<td>1</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>16 The Society of Swedish Literature in Finland</td>
<td>3 000 000</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
</tr>
<tr>
<td>17 Schweizerische Nationalbank</td>
<td>2 741 911</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
</tr>
<tr>
<td>18 Keva (Local Government Pensions Institution)</td>
<td>2 493 208</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
</tr>
<tr>
<td>19 AFA Insurance</td>
<td>2 115 005</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
</tr>
<tr>
<td>20 Investment Fund Nordes Pro Suomi</td>
<td>1 885 304</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
</tr>
</tbody>
</table>

20 largest total                                            | 168 314 097| 125 041 587| 37          | 75.6       |

*Entirely owned by the Finnish State. **As confirmed to Stora Enso.

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List has been compiled by the company, based upon shareholder information from Euroclear Finland Oy and Euroclear Sweden AB share registers and a database managed by Citibank, N.A. (as the company’s ADR agent bank). This information includes only direct registered holdings, thus certain holdings (which may be substantial) of ordinary shares and ADRs held in nominee or brokerage accounts can not be included. The list is therefore incomplete.
Group Leadership Team

President and CEO
Annica Bresky

CFO
Seppo Parvi

Packaging Solutions
David Ekberg

Sourcing & Logistics
Johanna Hagelberg

Paper
Kati ter Horst

Packaging Materials
Hannu Kasurinen

Communication
Ulrika Lilja

Legal & Acting HR
Per Lyrvall

Biomaterials
Markus Mannström

Sustainability
Noel Morrin

Forest
Jari Suominen

Wood Products
Seppo Toikka (acting)
Board of Directors

Jorma Eloranta
since April 2016
Chair

Hans Stråberg
since April 2009
Vice Chair

Håkan Buskhe
since June 2020

Elisabet Fleuriot
since April 2013

Hock Goh
since April 2012

Mikko Helander
since March 2019

Christiane Kuehne
since April 2017

Antti Mäkinen
since March 2018

Richard Nilsson
since April 2014
External recognition in 2019

Euronext Vigeo
Stora Enso is listed in the Euronext Vigeo Europe, and Eurozone 120 indices as one of the 120 most advanced companies in terms of environmental, social, and governance performance.

Ethibel
Stora Enso is a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe. The ESI indices are composed of companies that display the best performance in the field of corporate social responsibility.

FTSE4Good Index
Stora Enso is included in the FTSE4Good Index Series. These indices measure the performance of companies that meet globally recognised corporate responsibility standards.

MSCI
In 2019, Stora Enso received a rating of AA in the MSCI ESG Ratings assessment. Stora Enso is included in several of MSCI’s ESG indices.

ECPI Ethical Indices
Stora Enso is included in the ECPI EMU Ethical Equity index, which covers environmental, social, and governance criteria.

Transition Pathway Initiative (TPI)
Stora Enso is top-ranked in greenhouse gas management and performance by the TPI. An asset owner-led and asset manager-supported global initiative, the TPI assesses companies’ preparedness for transition to a low carbon economy, supporting efforts to address climate change.

CDP
Stora Enso is included in CDP’s Climate List, which identifies the global companies that are taking leadership in climate action.

STOXX ESG indices
Stora Enso is included in several STOXX ESG indices. These indices rate leading global companies according to environmental, social, and governance criteria.

Equileap
Ranked globally at number 29, Stora Enso was also rated the best performing Finnish company and best in our industry in gender balance and gender equality by Equileap.

Ecovadis
Stora Enso was included in the top 1% (industry suppliers) of the Ecovadis ethical supplier rating system, and achieved the highest recognition level (Gold).

OMX Sustainability Finland index
Stora Enso is included in the NASDAQ OMX Sustainability Finland index.

WBCSD
Stora Enso’s Sustainability Report 2018 was included in the top ten sustainability reports globally according to the 2019 Reporting matters publication by the World Business Council for Sustainable Development (WBCSD).

Sustainability Reporting Awards Finland
Stora Enso’s Sustainability Report 2018 was chosen as the best in Finland in a competition organized by an independent group of expert organisations.

ReportWatch
Stora Enso’s Annual report 2018, including the Sustainability report, received the highest A+ ranking among more than 300 reports globally.

Stockholm School of Economics
Stora Enso received the highest score in the 2019 ‘Walking the talk’ study on sustainability communications by the Mistra Center for Sustainable Markets (Misum) at the Stockholm School of Economics. The study included 95 Large Cap companies at the Stockholm stock exchange.

Most sustainable company 2019
Stora Enso was ranked the most sustainable listed company in our sector in Sweden by Dagens Industri, Aktuell Hållbarhet, and Lund University School of Economics and Management. We were also ranked overall best in the category for ‘Climate and environment.’
Sponsored ADR Programme

Stora Enso has established a sponsored Level I ADR programme in the US. The ADRs trade on the premier tier of Over-The-Counter (“OTC”) market in the US. Details are as follows:

Ticker Symbol                      SEOAY
CUSIP                               86210M106
Ratio                               1 ADR : 1 Ordinary Shares
ADR depositary                      Citibank

Share price information            www.citi.com/DR or www.otcqx.com

Please contact the Citibank's dedicated ADR broker desks:

Scott Pollak (New York)            Mike Woods (London)
Tel: +1 212 723 5676                Tel: +44 20 7500 2030
Email: scott.h.pollak@citi.com      Email: michael.woods@citi.com
Financial results for Q1 2020
Strengthening our resilience for the headwinds

President and CEO Annica Bresky
CFO Seppo Parvi

21 April 2020
Better than expected quarter, supported by Packaging Materials and Forest
Q1 2020 year-on-year

- Sales decreased by 16% to 2 207 (2 635) MEUR
- Operational EBIT decreased to 180 (335) MEUR
- The profit protection programme savings target has been increased to 350 MEUR (275 MEUR) by end of 2021
- Cash flow from operations amounted to 146 (223) MEUR Cash flow after investing activities was -32 (94) MEUR
- Net debt to operational EBITDA at 2.3x (1.6x) above the target level of <2.0x
- Operational ROCE at 6.8% (14.5%), below the strategic target of 13%
  - Operational ROCE excluding Forest division was 7.6% (16.7%)
- New dividend proposal EUR 0.15 per share. In addition, the Board of Directors (BOD) proposes to the AGM that the BOD be authorised to decide at its discretion on a dividend payment of a maximum of up to EUR 0.35 per share to be distributed in one or several instalments at a later stage when it is possible to make a more reliable estimate on the impacts of the Covid-19 pandemic on Stora Enso’s business and liquidity

5 June 2020
Stora Enso
Active cost management partly offset price and volume decreases
Operational EBIT Q1 y-o-y
Fighting Covid-19 by strengthening our resilience

• Health and safety of our employees is a key priority

• Early proactive measures
  - Minimised impact on running our operations
  - Secured our ability to serve our customers
  - Active management of cash, cost and working capital
  - CAPEX forecast reduced to 675–725 MEUR
  - Postponed the annual mill maintenance shutdowns to the second half of 2020 (except for Heinola Mill, Q2 2020)
  - Preparation for temporary layoffs started
  - Securing liquidity

• Difficult to predict demand for the rest of the year due to macroeconomic uncertainties
  - Accelerated structural demand decline for paper
  - Mixed conditions for other divisions depending on end use
  - Forest division adapts operations to match wood demand
Increased profit protection programme to 350 MEUR continuous and 85 MEUR one-time savings

30 MEUR continuous and 10 MEUR one-time savings in Q1
Strong liquidity and good access to funding sources

- Actions to secure liquidity:
  - 756 MEUR cash and cash equivalents at the end of Q1 2020
  - 600 MEUR committed revolving credit facility fully undrawn
  - 400 MEUR additional funding facilities through bilateral arrangements agreed and signed early April
  - 950 MEUR statutory pension premium loans available
- Limited debt maturities in 2020 and next bond maturity in September 2021
- No financial covenants on Stora Enso Oyj’s debt
- Net debt to operational EBITDA for the last 12 months at 2.3x and gearing at 48%

At the end of the period *agreed and signed in early April
Key events during Q1

- As of 1 January 2020, new divisions: Packaging Materials, Packaging Solutions and Forest

- The expansion of the corrugated packaging plant in Riga, Latvia was completed and the ramp-up is proceeding as planned

- The divestment of the Pfarrkirchen sawn construction timber (KVH) mill was finalised

- Postponement of AGM due to Covid-19
Annual General Meeting on 4 June 2020

- New dividend proposal EUR 0.15 per share
- The Board of Directors (BOD) proposes to the AGM that the BOD be authorised to decide, at its discretion, on a dividend payment of a maximum of up to EUR 0.35 per share, to be distributed in one or several instalments at a later stage when it is possible to make a more reliable estimate on the impacts of the Covid-19 pandemic on Stora Enso’s business and liquidity.

*Dividend proposal
**Additional payment of a maximum of up to EUR 0.35 per share to be decided later
## Focusing on margin and cash flow

### Summary financials Q1 2020

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1/20</th>
<th>Q1/19</th>
<th>Change% Q1/20- Q1/19</th>
<th>Q4/19</th>
<th>Change% Q1/20- Q4/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,207</td>
<td>2,635</td>
<td>-16.2%</td>
<td>2,411</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Operational EBITDA</td>
<td>335</td>
<td>484</td>
<td>-30.8%</td>
<td>277</td>
<td>20.8%</td>
</tr>
<tr>
<td>Operational EBITDA margin</td>
<td>15.2%</td>
<td>18.4%</td>
<td></td>
<td>11.5%</td>
<td></td>
</tr>
<tr>
<td>Operational EBIT</td>
<td>180</td>
<td>335</td>
<td>-46.3%</td>
<td>124</td>
<td>45.0%</td>
</tr>
<tr>
<td>Operational EBIT margin</td>
<td>8.1%</td>
<td>12.7%</td>
<td></td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td>Profit before tax excl. IAC</td>
<td>220</td>
<td>286</td>
<td>-22.8%</td>
<td>678</td>
<td>-67.5%</td>
</tr>
<tr>
<td>Net profit for the period (IFRS)</td>
<td>149</td>
<td>226</td>
<td>-33.9%</td>
<td>519</td>
<td>-71.3%</td>
</tr>
<tr>
<td>EPS excl. IAC and FV, EUR</td>
<td>0.12</td>
<td>0.32</td>
<td>-62.4%</td>
<td>0.07</td>
<td>63.5%</td>
</tr>
<tr>
<td>EPS (basic), EUR</td>
<td>0.19</td>
<td>0.29</td>
<td>-34.4%</td>
<td>0.66</td>
<td>-70.7%</td>
</tr>
<tr>
<td>Operational ROCE</td>
<td>6.8%</td>
<td>14.5%</td>
<td></td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>Operational ROCE excluding Forest</td>
<td>7.6%</td>
<td>16.7%</td>
<td></td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Cash Flow from Operations</td>
<td>146</td>
<td>223</td>
<td>-34.5%</td>
<td>725</td>
<td>-79.9%</td>
</tr>
<tr>
<td>Net debt/last 12 months’ operational EBITDA</td>
<td>2.3</td>
<td>1.6</td>
<td></td>
<td>2.0</td>
<td></td>
</tr>
</tbody>
</table>
Packaging Materials
Strong demand continues in liquid, food and pharma Q1 y-o-y

• Sales decreased by 8% to 764 MEUR
  – Lower containerboard prices
  – Lower board deliveries in Europe due to the Finnish paper union strike

• Operational EBIT decreased by 3 MEUR to 95 MEUR
  – Top line impact only partly offset by lower pulp, paper for recycling and fixed costs
  – No covid-19 impact on Beihai
  – Strong operational performance with several production records

• Operational ROOC remained stable at 13.4% (14.0%)

• The conversion of Oulu Mill to kraftliner production is proceeding as planned
Packaging Solutions
Stable demand for e-commerce and food
Q1 y-o-y

- Sales decreased by 17% to 149 MEUR from last year’s record high Q1 level
- Covid-19 impact on China Packaging but back in full operation since March
  - Lower box prices in Europe due to decreased raw material prices
- Operational EBIT remained stable at 8 MEUR
  - Improved corrugated margin in Europe
- Operational ROOC increased to 14.4% (11.8%) due to lower operating capital and improved EBIT margin
Biomaterials
Mixed demand for different pulp end uses
Q1 y-o-y

- Sales decreased by 28% to 286 MEUR from last year’s record high level
- Significantly lower pulp prices
  - Lower volumes due to the Finnish paper union strike
  - Weak demand for graphical paper end uses
  - Strong demand for tissue, hygiene and packaging end uses
- Operational EBIT decreased by 110 MEUR to -7 MEUR from last year’s record high Q1 level
  - Top line impact partly offset by lower fixed costs
- Operational ROOC decreased to -1.1% (16.2%)
Wood Products
Satisfactory performance during a challenging quarter
Q1 y-o-y

- Sales decreased by 16% to 338 MEUR
  - Lower classic sawn prices
  - Lower deliveries due to the Finnish union strike and lower demand
- Operational EBIT decreased by 11 MEUR from last year’s record high Q1 level to 18 MEUR
  - Top line impact partly offset by lower wood and fixed costs
- Operational ROOC decreased to 11.4% (17.7%) mainly due to lower profitability
Forest
Managing a challenging business environment
Q1 y-o-y

• Sales decreased -16% to 542 MEUR
  − Difficult harvesting conditions due to mild winter
  − Clearly lower deliveries due to the Finnish paper union strike

• Operational EBIT increased by 11 MEUR to 44 MEUR
  − Improved profitability from own forest holdings

• Operational ROOC decreased to 4.3% (6.6%), due to increased operating capital after Bergvik Skog restructuring
Paper
Accelerating structural decline in demand
Q1 y-o-y

• Sales decreased by 22% to 591 MEUR mainly due to Finnish strike
  − Oversupplied paper market impacted deliveries and prices negatively
  − Dawang paper mill divestment impact -12 MEUR

• Operational EBIT decreased by 48 MEUR to 21 MEUR
  − Top line impact partly offset by lower fiber costs and good fixed costs management

• Cash flow after investing activities to sales ratio decreased to 0.0% (6.1%) driven by lower profitability

• After the Oulu Mill conversion Paper division’s share of Group sales will be approximately 20%
  − Paper capacity reduced by approximately 1.1 million tonnes
Guidance and outlook is discontinued due to exceptional uncertainty

Stora Enso is discontinuing its quarterly guidance and annual outlook until further notice, due to exceptional uncertainty in the global economy.

The current situation has accelerated the structural demand decline for paper and the market conditions for the Group’s other products continue to be mixed.

Stora Enso continues to put focus on securing strong liquidity and cash flow, active management of cost and working capital to stay resilient and ensure quick recovery after the pandemic is over and the cycle turns.
Strengthening our resilience for the headwinds

• Better than expected quarter, supported by Packaging Materials and Forest

• The Covid-19 pandemic creates exceptional uncertainty
  – Mixed demand for our different products
  – Only minor disturbances on our operations so far

• Strengthening our resilience and ability for quick recovery
  – Protect the health of our employees
  – Serve our customers by securing business continuity
  – Continue innovation and launching new products

• Focus on what we can impact:
  – Staying close to our customers and partners
  – Securing strong liquidity
  – Active management of cash flow, working capital, costs and capex
THE RENEWABLE MATERIALS COMPANY