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Another quarter with robust growth and profitability

Stora Enso Roadshow presentation

21 October 2021

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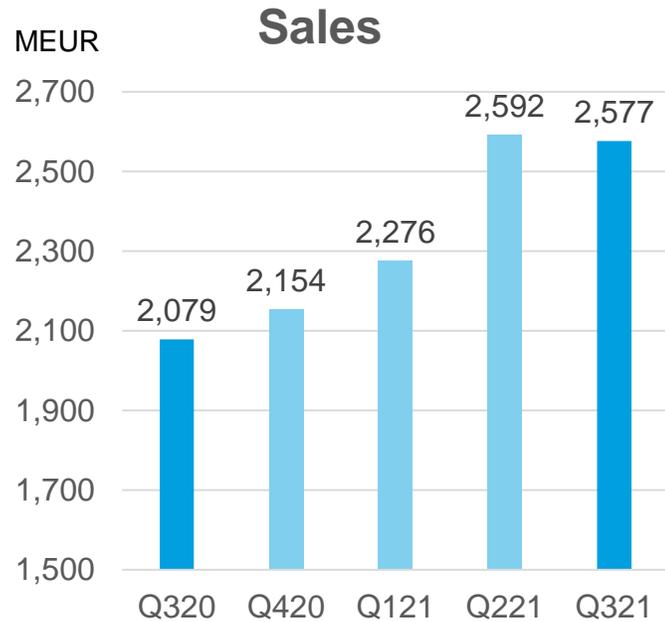
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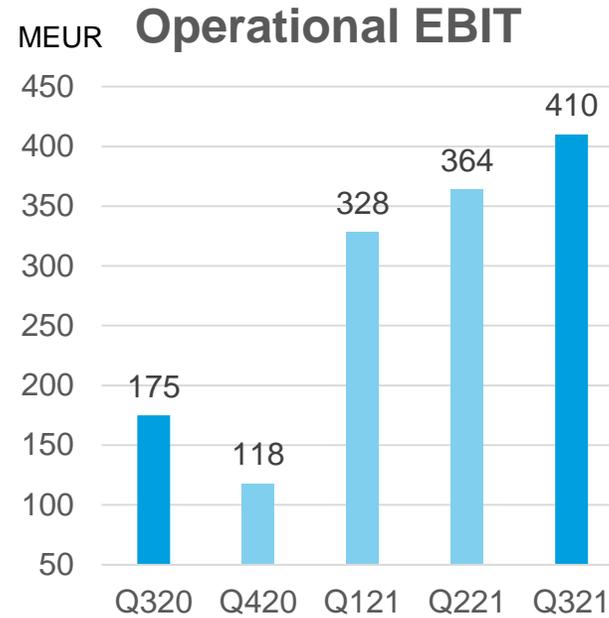
- The strategic transformation programme is creating a focused and powerful foundation for growth
- Solid underlying demand and top line growth in key focus areas: Packaging Materials, Wood Products and Biomaterials. Forest assets yielding well
- Investment in expansion of attractive packaging segment to accelerate growth
- We are in a strong position to end the year on a high level

THE RENEWABLE MATERIALS COMPANY

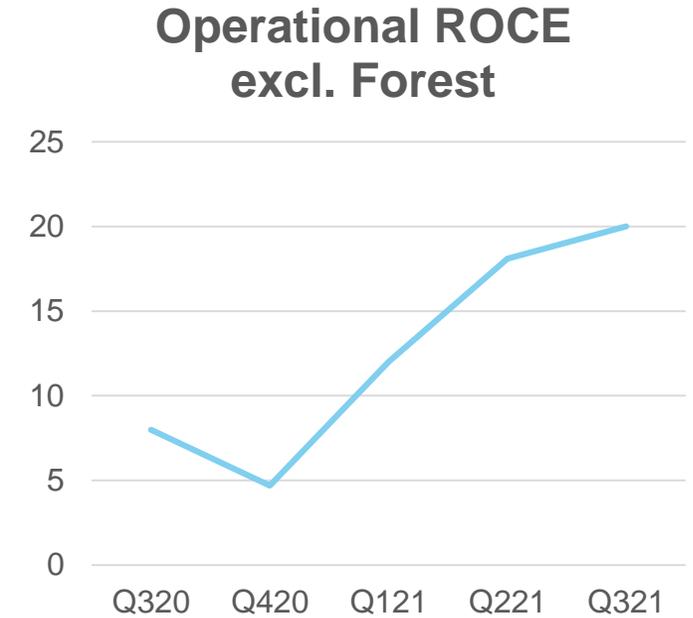
Operational EBIT trending up



Sales increased +24% YoY

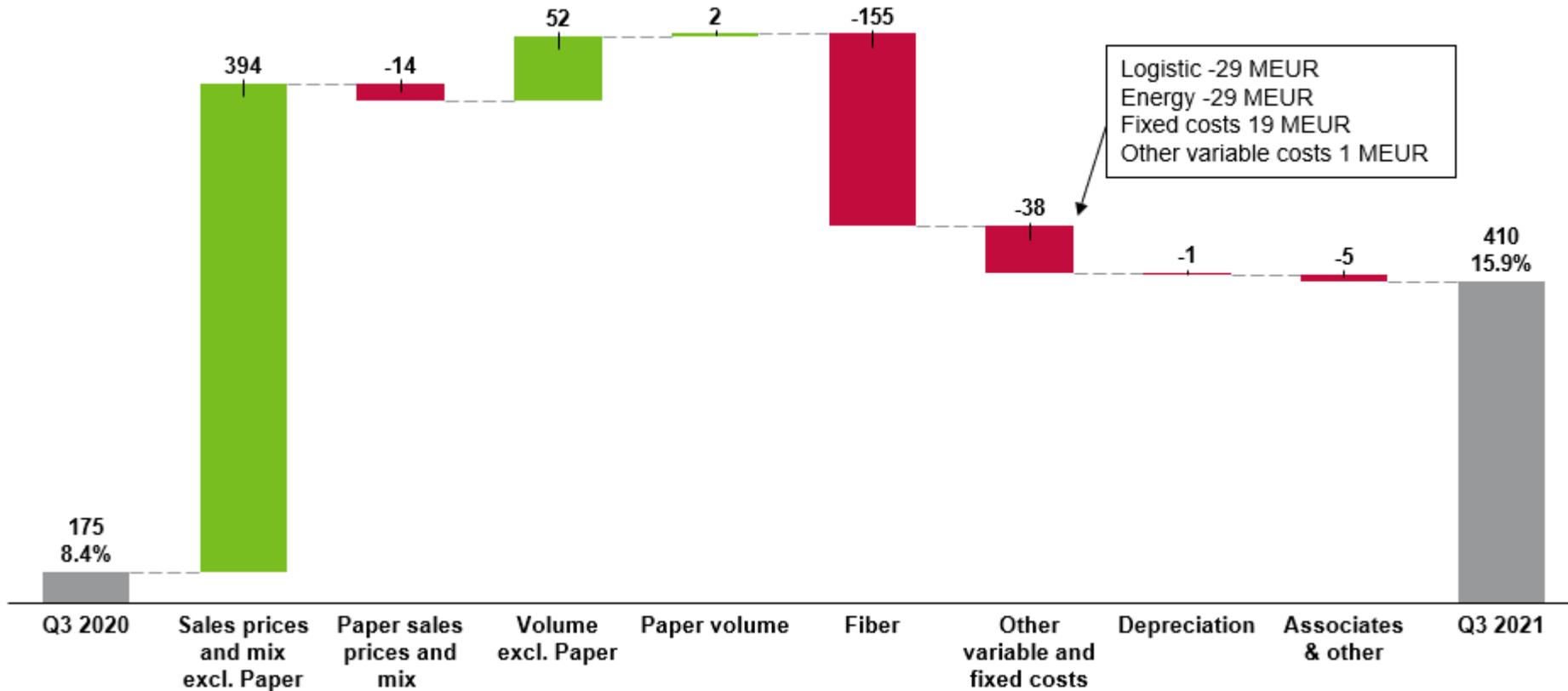


OpEBIT +134% YoY



OpROCE excluding Forest above long-term target of 13%

Higher prices offsetting higher costs





Strategy execution moving ahead



- We are taking action to grow our packaging position following a strong demand for sustainable packaging
- Pilot production of Lignode, wood-based carbon for batteries, is ramping up according to plan, evaluation of partners is in progress
- Exposure in paper will move towards 10% of total sales after the ongoing restructurings are finalised
 - Paper production at Veitsiluoto and Kvarnsveden sites terminated, Sachsen paper mill in Germany divested
 - Remaining business turning around
- We are implementing a decentralised operating model

Taking action to grow in sustainable packaging

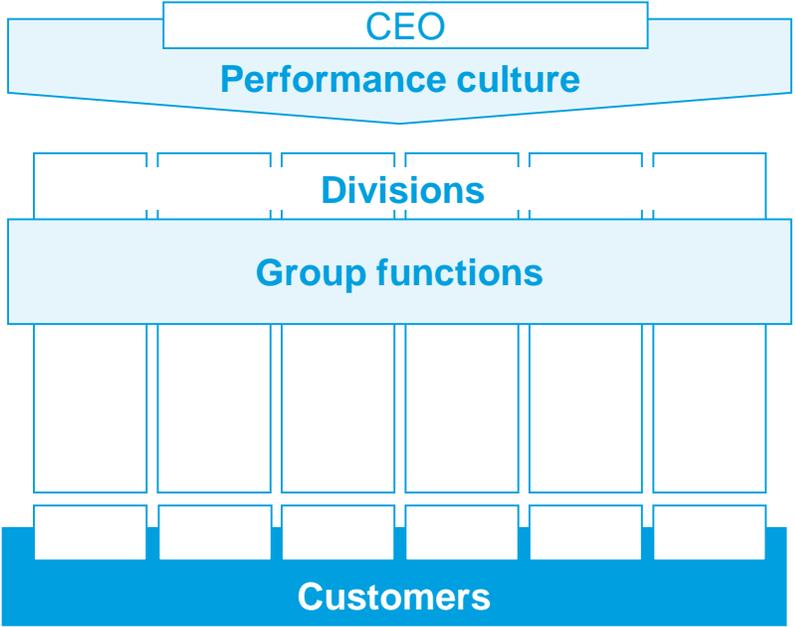


- Skoghall site in Sweden is a key strategic asset that is highly competitive and a quality leader
- The 97 MEUR investment at Skoghall will accelerate our growth in strategic packaging
- Building on our global leading position in liquid packaging board and coated unbleached kraft
- Debottlenecking of existing production line completes in H2 2023, annual board grades production of 100 000 tonnes
- A scope reduction from the feasibility study for board and pulp investment 800 – 850 MEUR
- Pre-feasibility study in Oulu, Finland to start for conversion of the 2nd idle line to drive market share in packaging board grades

Decentralised operating model to strengthen execution of strategy and customer intimacy



- Empowered divisions
- Focused functions
- Performance culture
- Business specific processes





Stora Enso sets ambitious goal to offer 100% regenerative solutions by 2050



- Stora Enso fully supports the European Commission's climate goals - EU's Green Deal is an opportunity to transition to a low-carbon society
- Sustainably managed forests and renewable, circular products are part of the solution in reaching the EU's ambitious climate goals
- We develop regenerative, renewable and circular solutions which contribute positively to climate change and restore negative impacts on the environment
- Our renewable products can help our customers to become:
 - 100% circular
 - biodiversity net positive
 - carbon net positive

Stora Enso is taking the lead with new 2030 sustainability targets



CO₂

Upgraded Science Based Target

- Aligned with a 1.5-degrees scenario
 - Scope 1, 2 & 3: **50% absolute reductions** (2019 baseline)



Circular

Products and value chains

- Circular Design Guidelines by 2025
- **100% of our products recyclable** by 2030



Biodiversity

Expanding scope and actions

- Detailed **action plan** towards 2030
- **Active biodiversity management with 15 indicators**



Financial highlights



Sales +24% to 2 577
MEUR

OpEBIT
+134% to 410
MEUR

EPS (basic)
0.38 EUR

OpROCE excluding
Forest 20%

Cash flow from
operations
485 MEUR

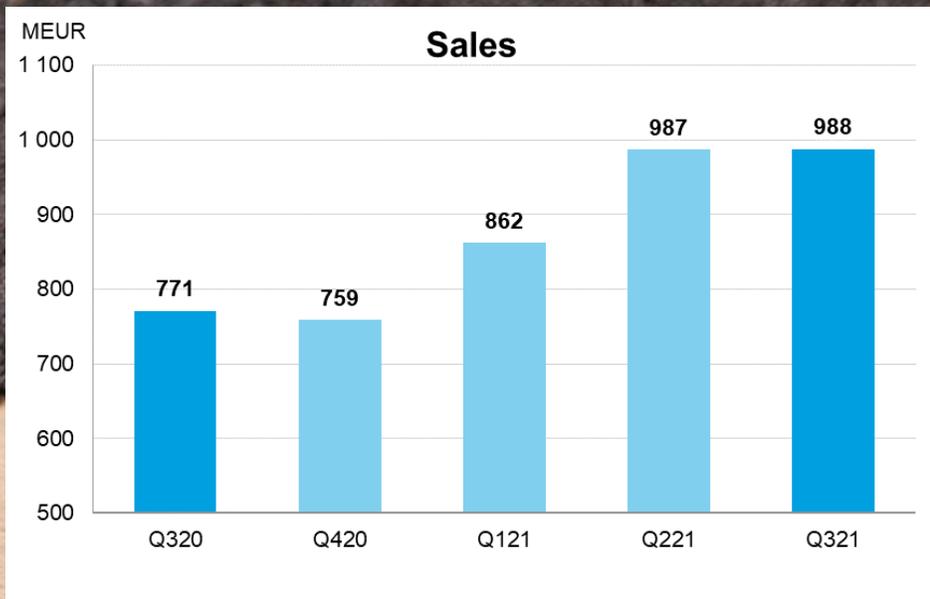
Net debt to
OpEBITDA 1.4

Packaging Materials

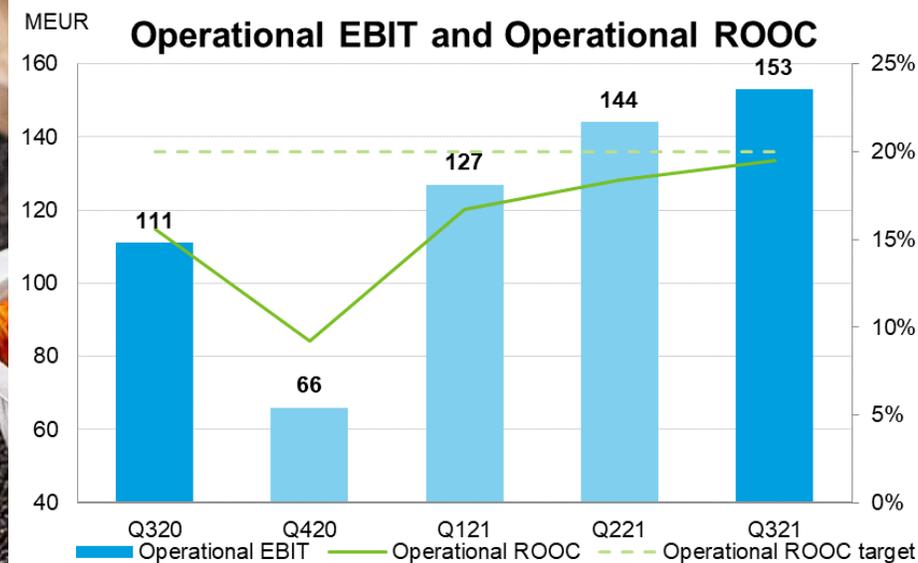
Excellent quarter with continued stability



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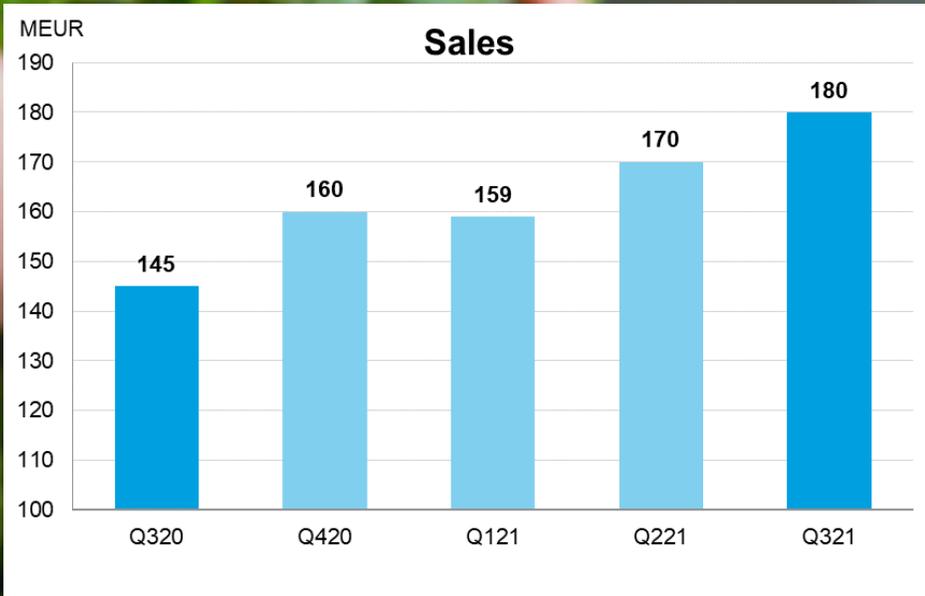
- Sales +28% YoY, all-time high
- Driven by higher deliveries, mainly from the ramp-up of production at Oulu, and higher prices



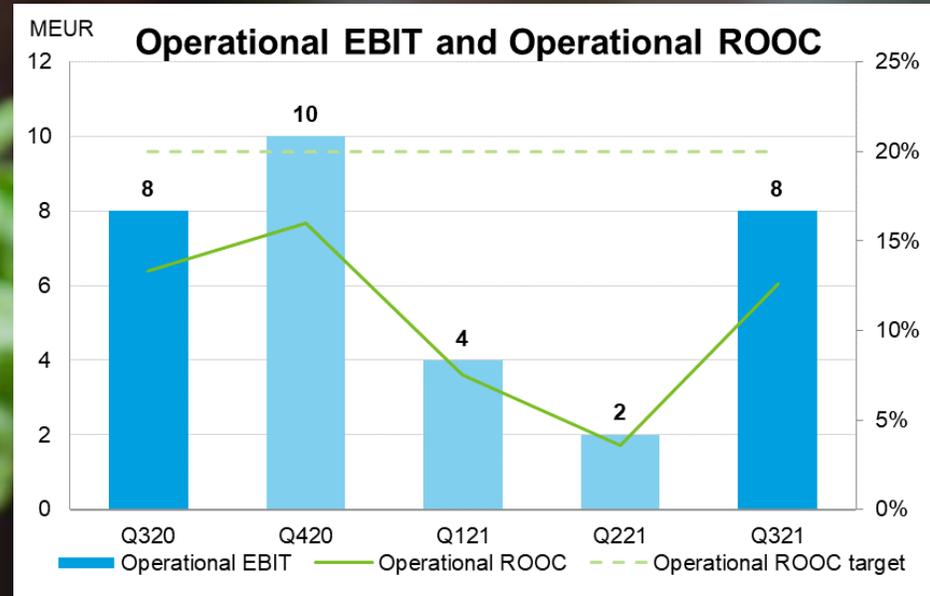
- OpEBIT +37% YoY, all-time high
- Very strong containerboard performance
- Higher sales partly offset by higher variable costs
- OpROOC 19.5% (15.6%), close to long term target

Packaging Solutions

Strong growth continues, driven by price increases, innovation and service



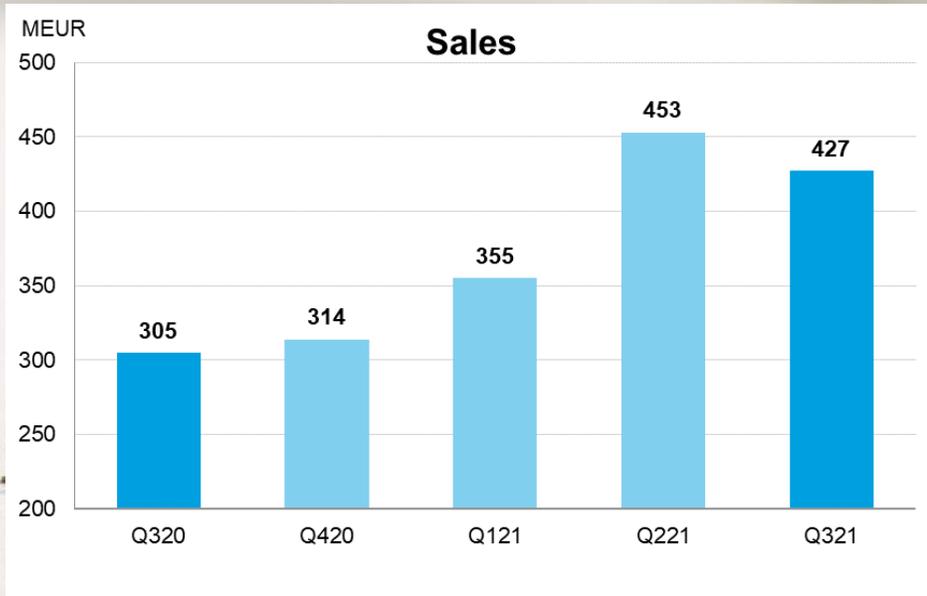
- Sales +24% YoY
- Driven by prices and increased sales in innovation and services
- Following step increase in containerboard raw material prices



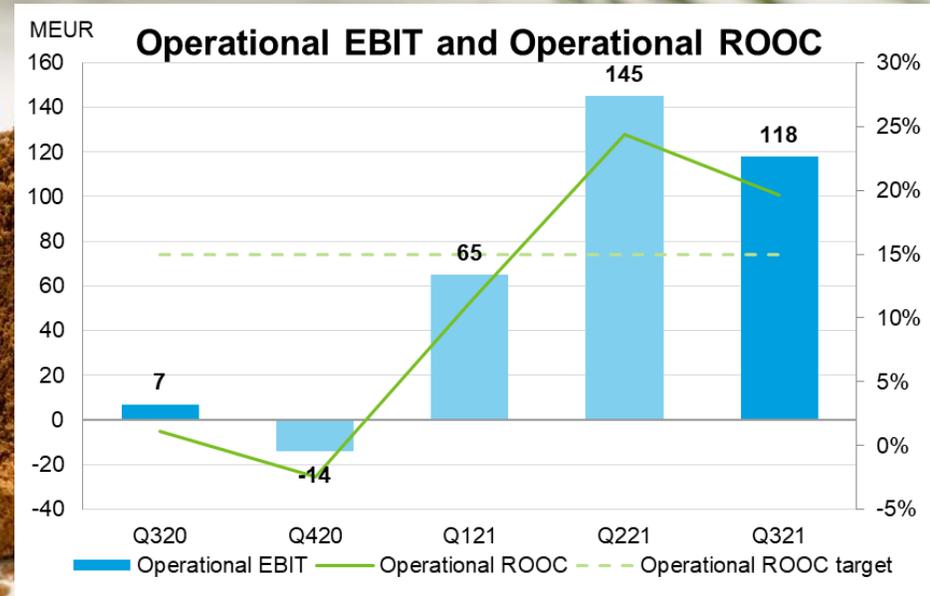
- OpEBIT on the same level YoY
- Improved margins in corrugated business
- Offset by increased investments in new businesses and higher fixed costs
- OpROOC at 12.6%, below long term target

Biomaterials

Record third quarter sales despite global logistics challenges



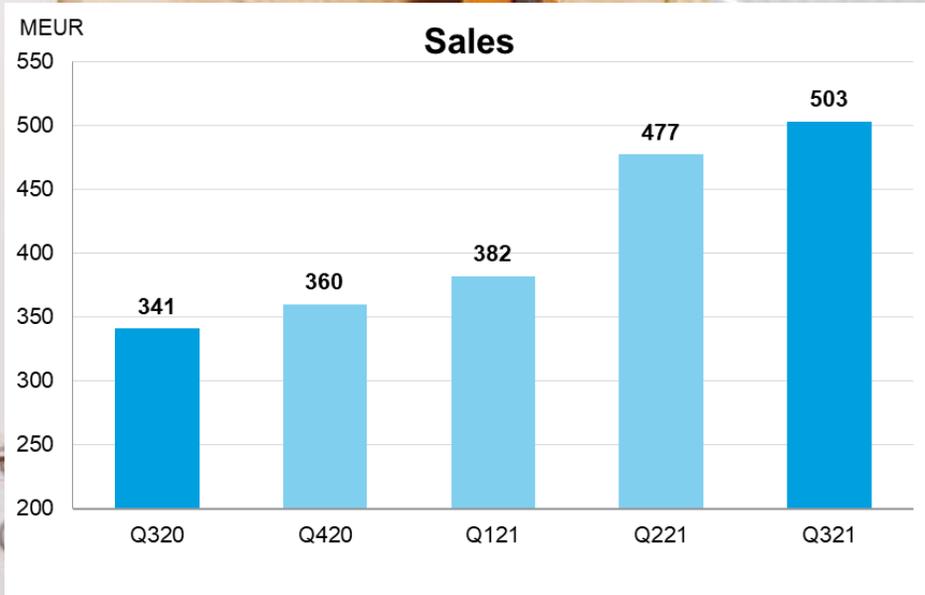
- Sales +40% YoY, record high Q3
- Clearly higher prices
- Partly offset by slightly lower deliveries due to global logistics disturbances
- Volumes are shifting to Q4



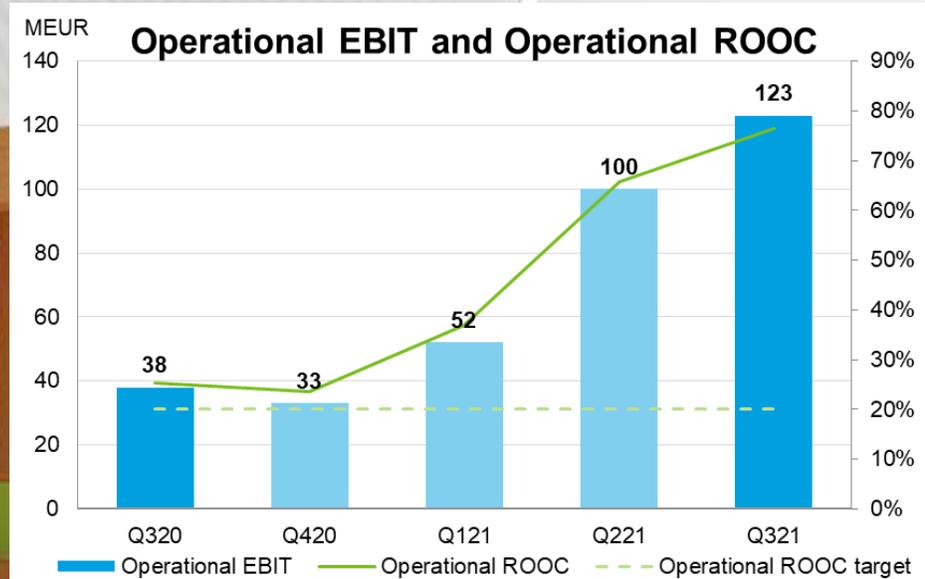
- OpEBIT +111 MEUR YoY, 2nd highest Q3
- Clearly higher sales prices
- Partly offset by higher maintenance costs due to changed maintenance schedule
- OpROOC 19.6%, significantly above long term target

Wood Products

An all-time high result



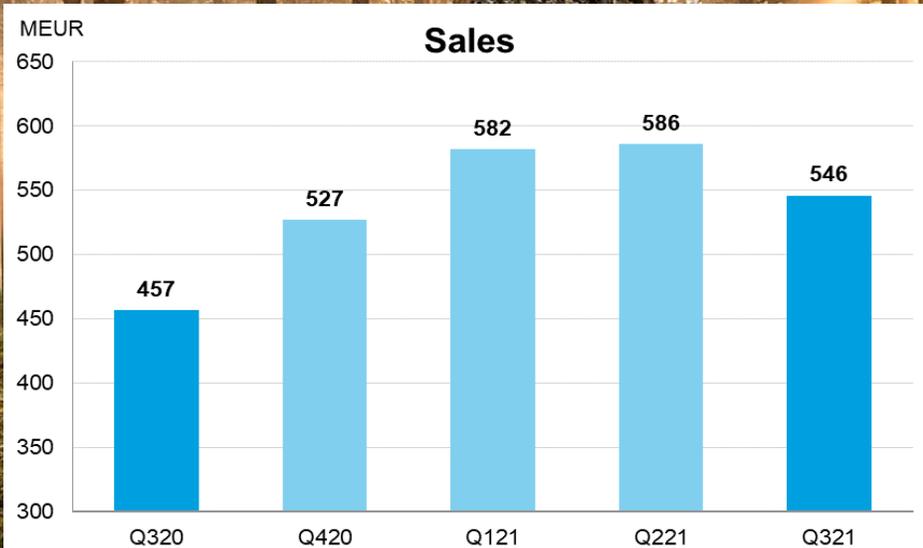
- Sales +48% YoY, all-time high
- Record high prices
- Slightly lower classic sawn deliveries



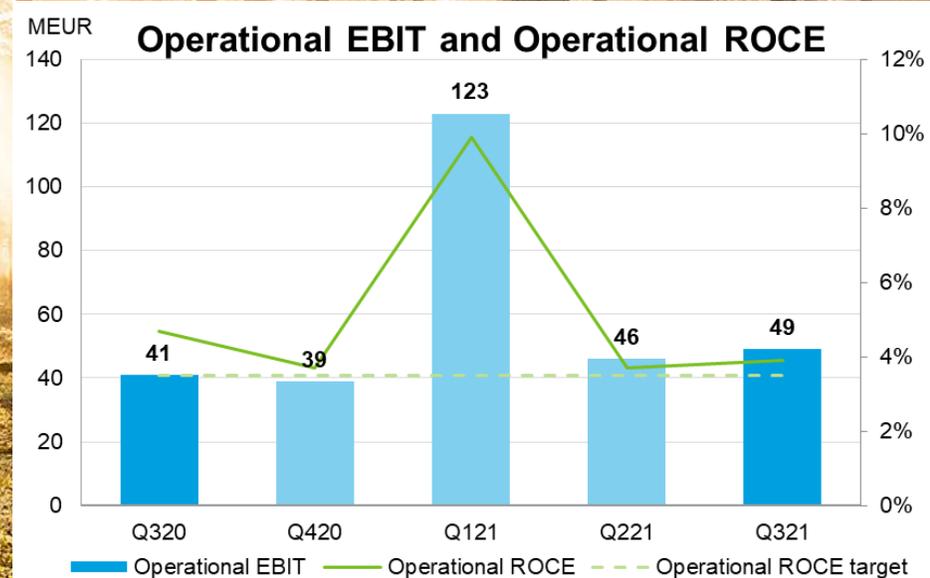
- OpEBIT +228% YoY, all-time high
- Extraordinary high profitability due to record prices
- Partly offset by higher raw material and production costs
- OpROOC 76.5%, significantly above long term target

Forest

Good and stable financial performance continues



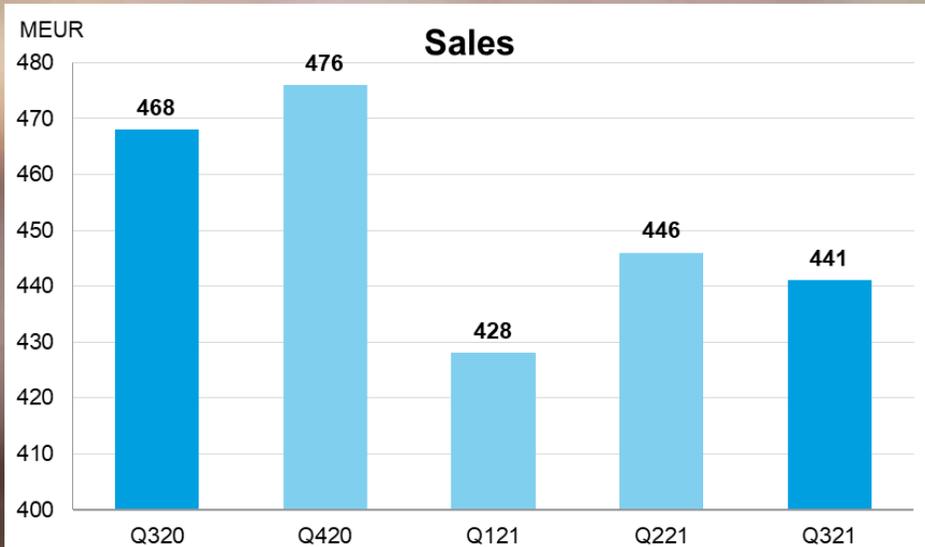
- Sales +19% YoY, record high Q3
- Driven by higher deliveries, especially in Sweden and Finland, as well as increased wood prices



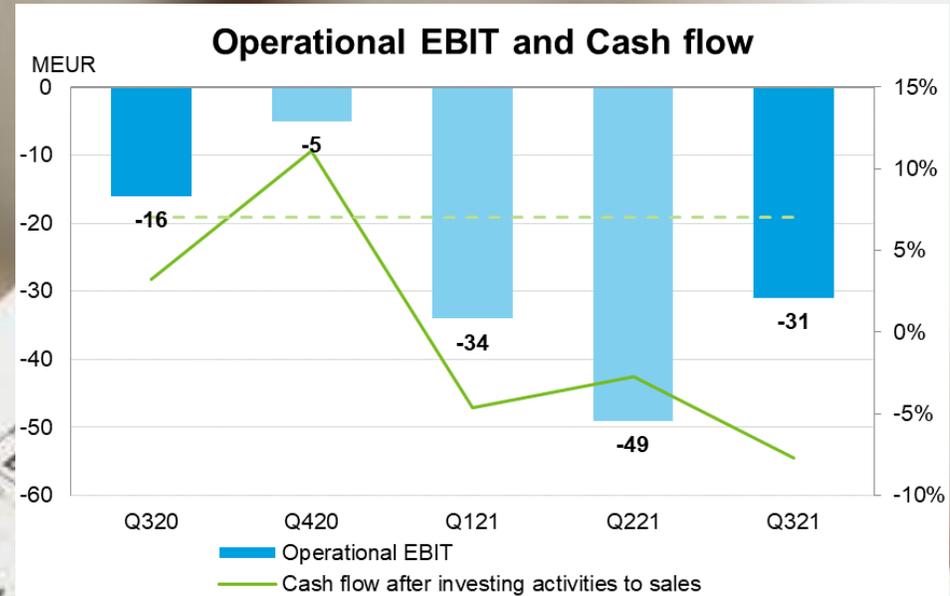
- OpEBIT +21% YoY, record high Q3
- Higher margin in own forest assets
- 7.4 BEUR total value of the Group's forest assets
- OpROCE 3.9%, above the long-term target

Paper

Result still impacted by restructuring and high input costs, remaining business is turning around



- Sales -6% YoY
- Due to structural changes in Oulu and Veitsiluoto paper mills
- Sales from remaining business increased by 85 MEUR, mainly due to higher deliveries



- OpEBIT -91% YoY to -31 MEUR
- Driven by clearly higher input costs (energy, fiber and logistics) and lower prices
- Cash flow to sales (after investments) -7.7%

Development of long-term financial targets



Group long-term financial targets		Q3 20	Q3 21	
Dividend*	To distribute 50% of EPS excluding fair valuation over the cycle	0.30	0.30	●
Growth** YoY	> 5%	-6.0%	32.5%	●
Net debt to operational EBITDA	< 2.0x	2.4	1.4	●
Net debt to equity	< 60%	42%	27%	●
Operational ROCE excl. Forest	> 13%	7.8%	20.0%	●

Divisional long-term financial targets		Q3 20	Q3 21	
Packaging Materials	Operational ROOC > 20%	15.6%	19.5%	●
Packaging Solutions	Operational ROOC > 25%	13.3%	12.6%	●
Biomaterials	Operational ROOC > 15%	1.1%	19.6%	●
Wood Products	Operational ROOC > 20%	25.2%	76.5%	●
Forest	Operational ROCE > 3.5%	4.7%	3.9%	●
Paper	Cash flow after investing activities to sales > 7%	3.2%	-7.7%	●

* Annual dividend. ** Excluding Paper

Annual outlook for FY 2021 remains unchanged

Operational EBIT in FY 2021 expected to be higher than in FY 2020



- Global economic activity is continuing at a healthy level
- Resilient demand for our products in key segments



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