

Strong Q3 2022 performance and executing on our strategic agenda to accelerate long-term growth

Roadshow presentation
24 October 2022

Our purpose

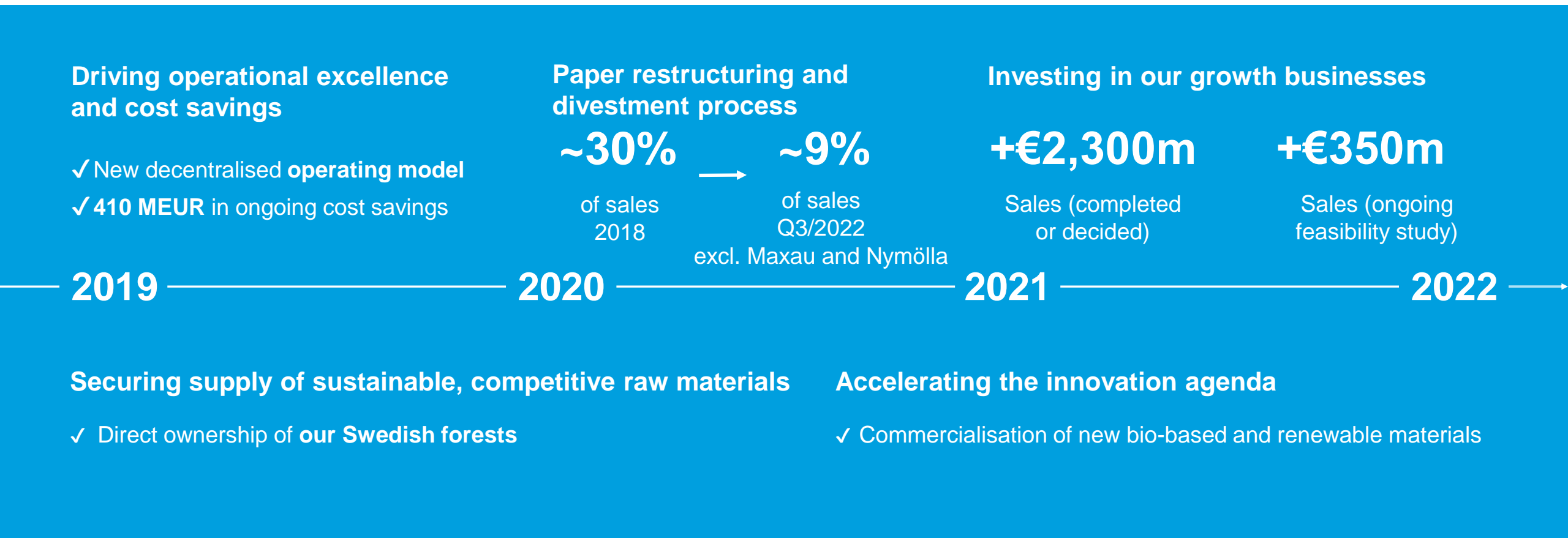


Do good for
people and the
planet



Replace non-
renewable materials
with **renewable**
products

We are delivering on our strategic roadmap to accelerate focused growth



We are creating the foundation for a renewable future



Our products replace and substitute fossil-based products

Foundation



Forest



Pulp



Traditional
wood
products

Key strategic growth areas



Renewable
packaging



Sustainable
building
solutions



Renewable
biomaterials
innovations

Strong Q3 2022 performance and executing on our strategic agenda to accelerate long-term growth



- Achieved highest quarterly opEBIT since early 2000s
- Investing in growth in renewable packaging
 - Acquisition of De Jong Packaging*, doubling our corrugating sales and capacity
 - Investment in cost-leading high-quality consumer board in Oulu, Finland
- Investing in growth in building solutions
 - Starting up a new cross-laminated timber (CLT) site
- Progressing with commercialisation of lignin-based product portfolio

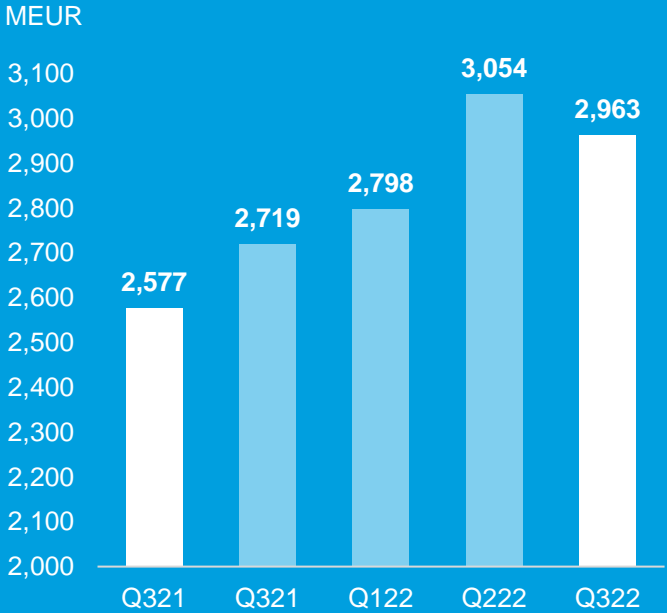
*Subject to employee consultation and regulatory approval



Continued strong performance

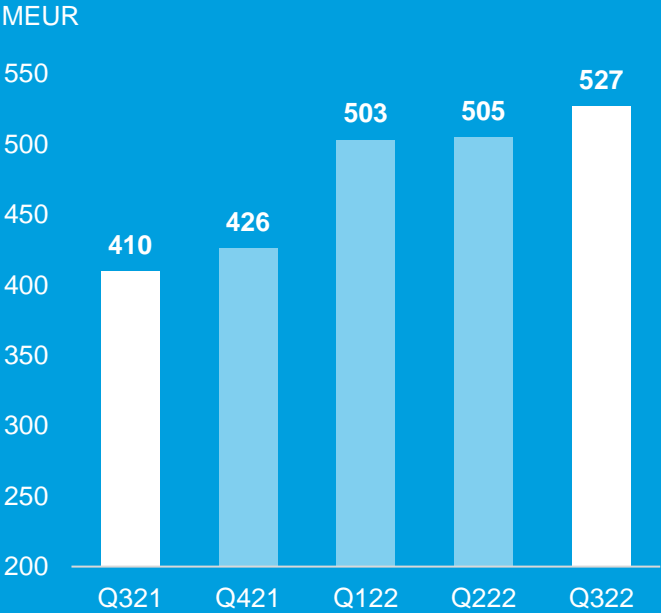


Sales



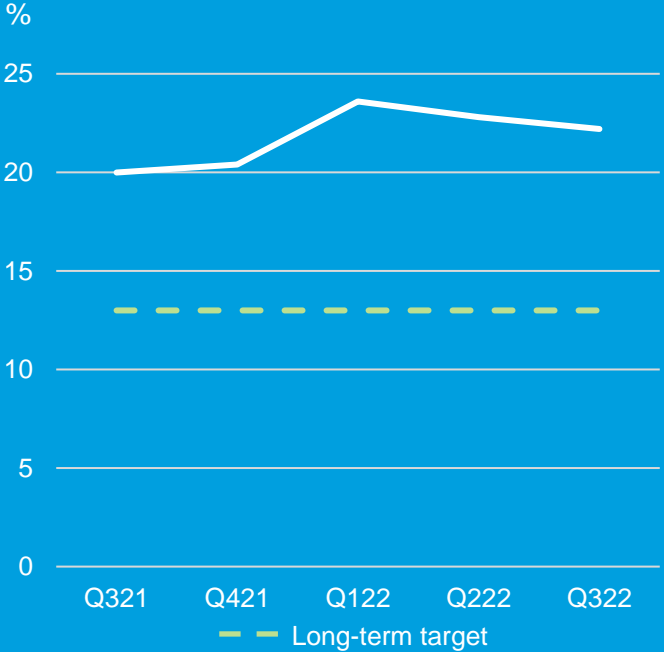
Sales increased by 15% YoY
Sales excluding Paper +17% YoY

Operational EBIT



OpEBIT +29% YoY

Operational ROCE excl. Forest



OpROCE excl. Forest 22.2%,
above long-term target of >13%

The De Jong Packaging Group acquisition will accelerate growth in renewable corrugated packaging



- Acquiring one of the largest corrugated packaging producers in Benelux with ~€1bn in sales
- Accelerating growth for Stora Enso in renewable packaging
- Strengthening European footprint in complementary markets in the Benelux, Germany and the UK
 - Competitive in growing product segments
 - Demonstrated growth track record
- Expecting closure in early 2023, subject to employee consultation and regulatory approval
- Feasibility study to explore expansion in renewable packaging board at the Langerbrugge site, Belgium



Accelerating growth in renewable packaging

Investing in cost-leading high-quality consumer board



- Investing ~€1bn in 2022 – 2025 to convert the second idle paper machine at our Oulu site in Finland. Production estimated to start early 2025
- Starting consumer board line for folding box board and coated unbleached kraft to a total capacity of 750,000 tonnes/y
- Expected annual sales ~€800m
- Reducing earnings volatility by lowering the Group's market pulp exposure by ~250,000 tonnes/y
- Target end-use segments: food and drink, frozen and chilled, mainly in Europe and North America



Investing in growth in Building Solutions

Production start at one of the most modern cross laminated timber sites worldwide



- Increasing demand for sustainable, cost-effective and renewable building materials support our growth strategy
- Accelerating Stora Enso's position as a global provider of high-quality engineered wooden elements and as a market leader in cross laminated timber (CLT)
- Annual sales target of €70m/y, investment of €79m
- Annual production at full capacity will be ~120,000 m³
- Increasing CLT total capacity to 410,000 m³
- The (CLT) site in Zdirec, Czech Republic, is well located in Stora Enso's European markets



Commercialising Biomaterials Innovations based on lignin



- Progressing with commercialisation of lignin-based product portfolio
- Ramping up commercialisation of step-stone applications for lignin-based products, customer trials ongoing:
 - End-uses such as binders/glues for furniture and construction
 - Binders in asphalt
- Ongoing customer trials for Lignode, renewable anode material for batteries
 - End-uses such as tools and other handheld applications, energy storage and e-vehicles
 - Customisation for different performance specifications
 - Partnerships with several companies including Northvolt



Paper sites divestments continue to reinforce our long-term strategic direction



Four of our five sites **will be divested** as **separate entities**, one retained for a potential conversion

Divestment of Maxau paper site to Schwarz Produktion for **EV of €210m**

Nymölla paper site to Sylvamo for **EV of €150m**

Estimated decrease in Stora Enso's **annual sales of ~€540m** (based on 2021), reducing annual paper capacity by 1,015,000 tonnes

Stora Enso will **continue to operate both sites** until the expected closing of transactions **in early 2023**

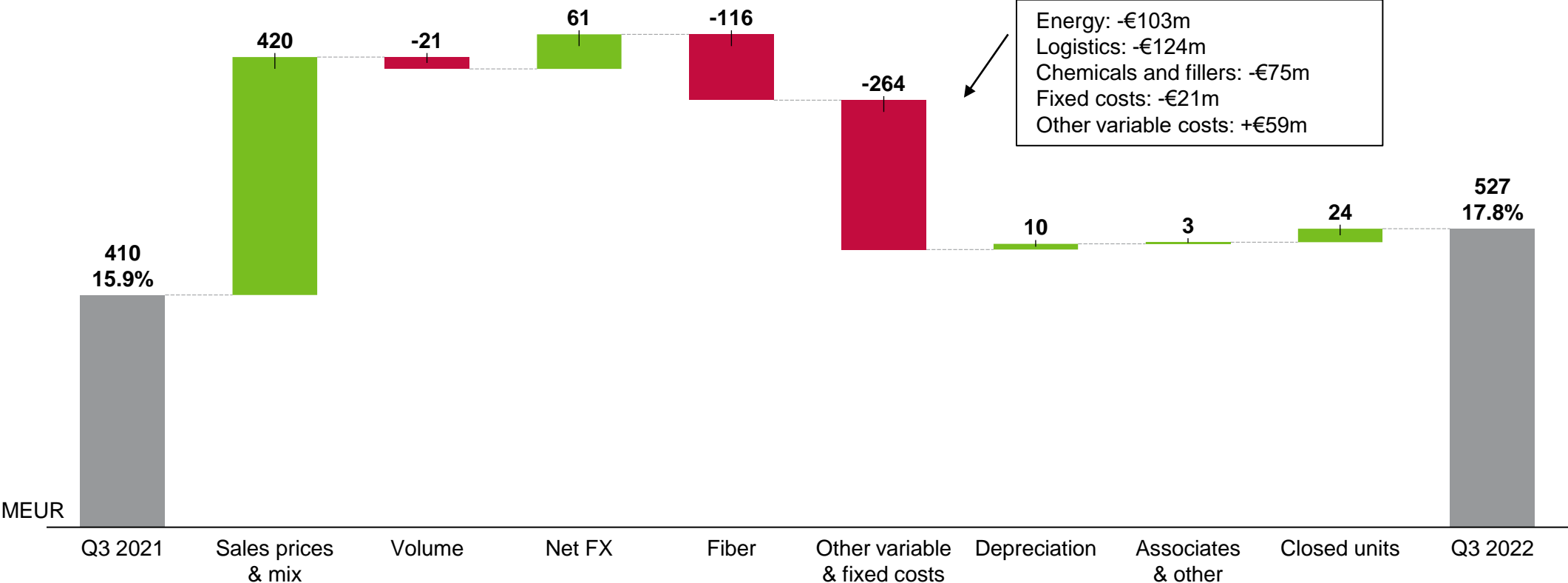
The divestment process continues for the remaining two sites

Exceeding all long-term Group level financial targets



Group long-term financial targets		Q3 21	Q3 22	
Annual dividend	To distribute 50% of EPS excluding fair valuation over the cycle	0.30	0.55	●
Growth excl. Paper YoY	> 5%	33%	17%	●
Net debt to operational EBITDA	< 2.0x	1.4	0.8	●
Net debt to equity	< 60%	27%	17%	●
Operational ROCE excl. Forest	> 13%	20.0%	22.2%	●
Divisional long-term financial targets		Q3 21	Q3 22	
Packaging Materials	Operational ROOC > 20%	19.5%	21.3%	●
Packaging Solutions	Operational ROOC > 15% (target changed from 25% to 15%)	12.6%	1.7%	●
Biomaterials	Operational ROOC > 15%	19.6%	28.0%	●
Wood Products	Operational ROOC > 20%	76.5%	38.4%	●
Forest	Operational ROCE > 3.5%	3.9%	3.4%	●
Paper	Cash flow to sales after investing activities > 7%	-7.7%	6.0%	●

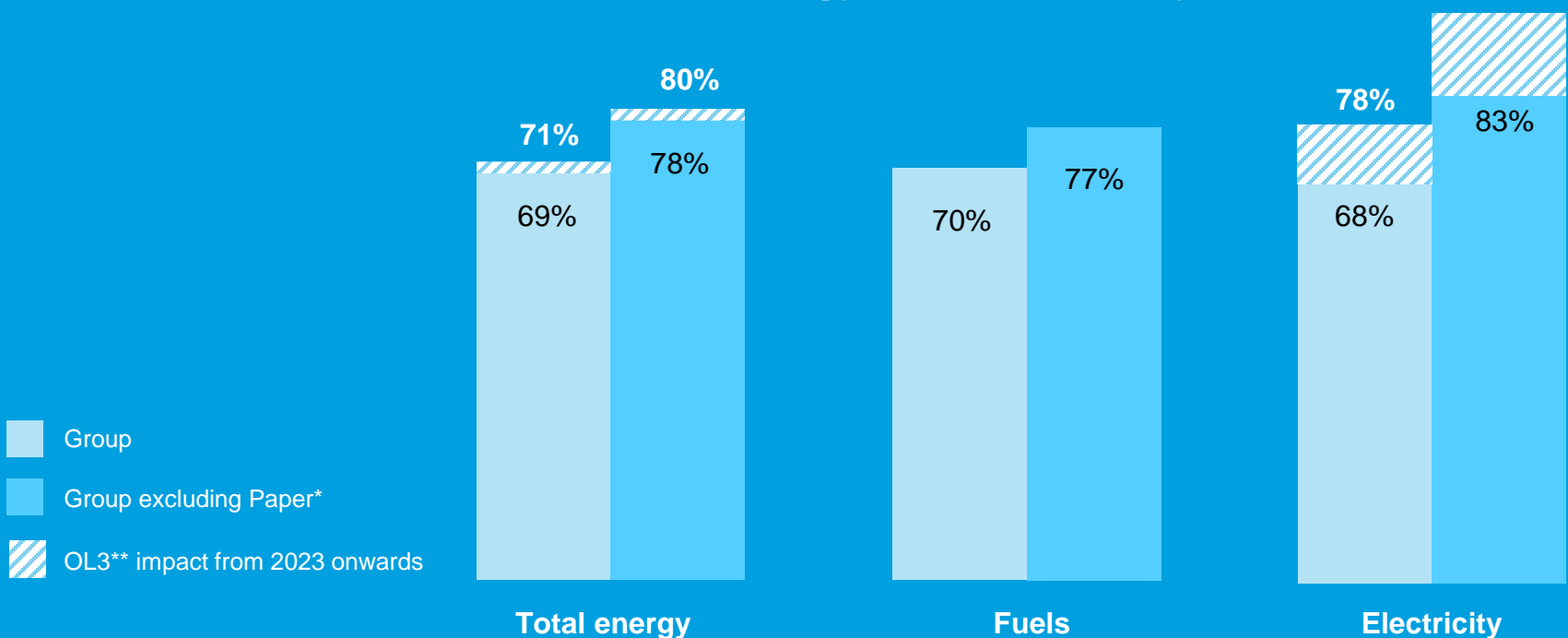
Proactive variable cost increase mitigation has safeguarded profitability



Reducing cost exposure with higher energy self-sufficiency



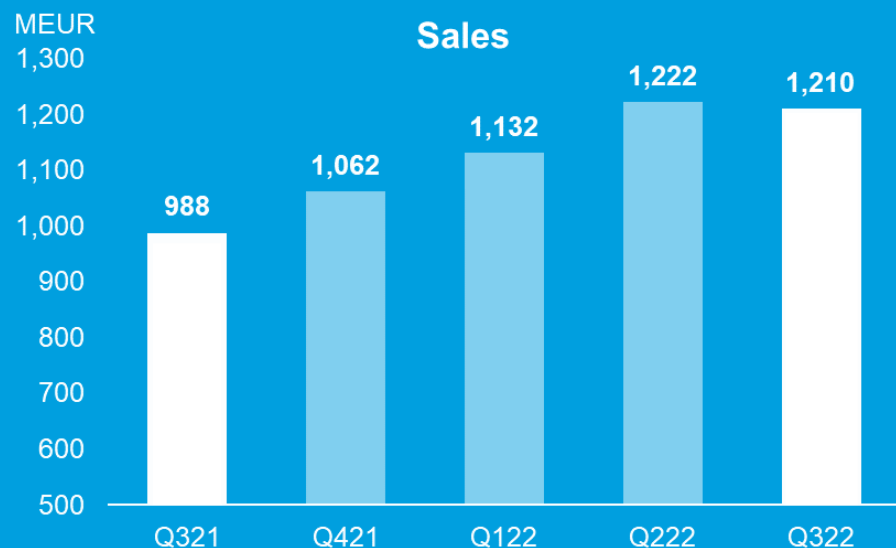
Energy self-sufficiency (FY2022e)



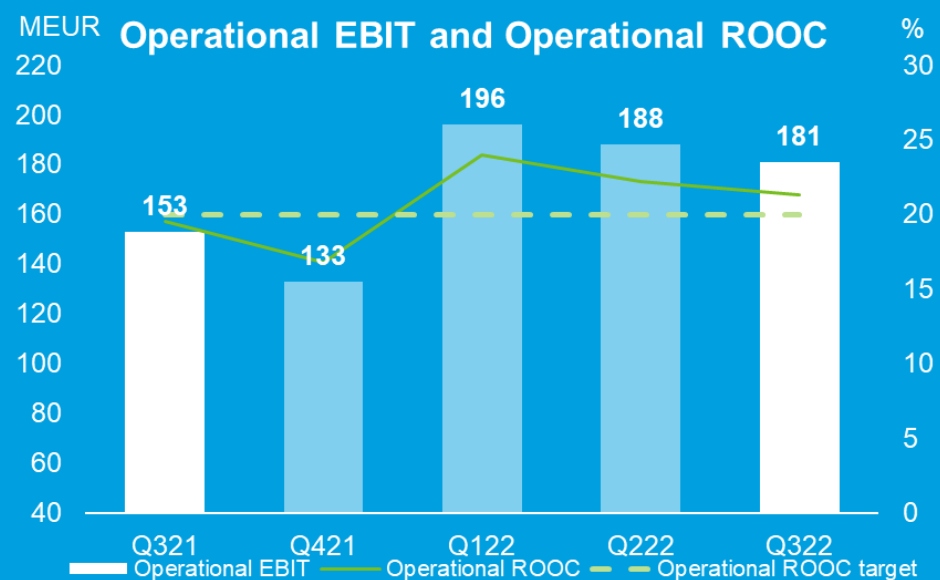
*Excluding four paper sites in divestment process
**Olkiluoto 3 nuclear power plant in Finland

Packaging Materials

Strong quarter driven by improved containerboard profitability



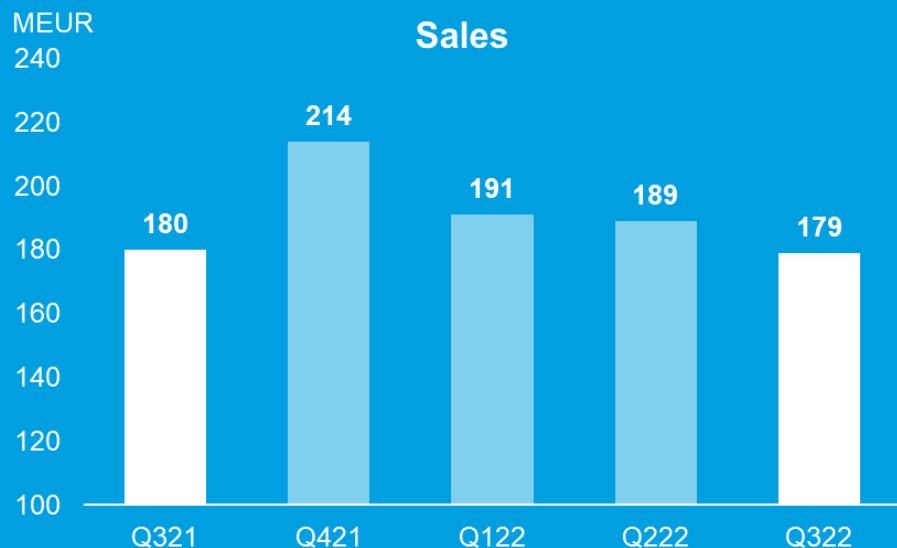
- Sales +23% YoY
- Driven by higher board prices
- Further weakening demand in containerboard
- Stable demand in consumer board with strong orderbook but pressure on margins due to increasing variable costs



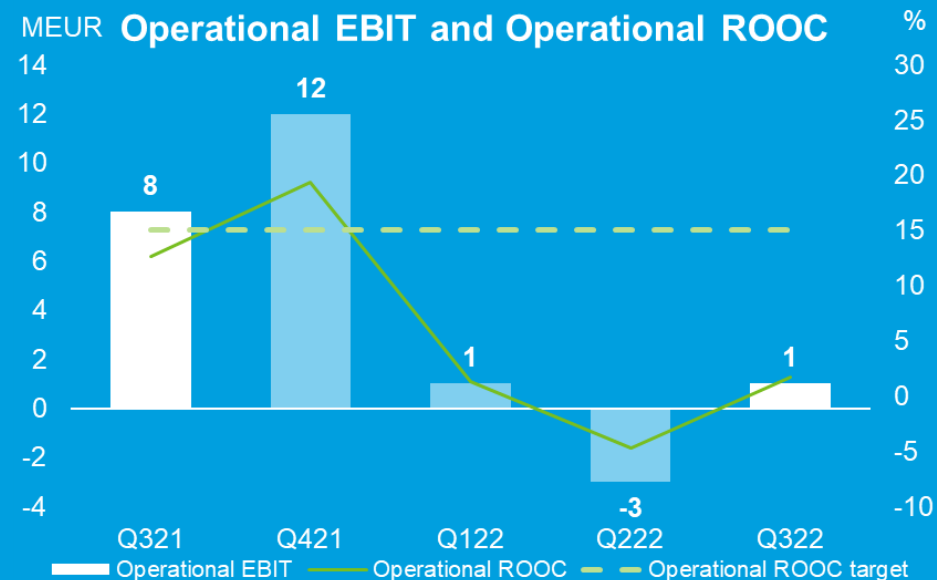
- OpEBIT +19% YoY
- Driven by improved containerboard profitability
- Higher board prices offset higher variable costs
- OpROOC at 21.3%, long-term target >20%

Packaging Solutions

YoY profitability impacted by the exit from the Russian operations, investments in new businesses and lower demand



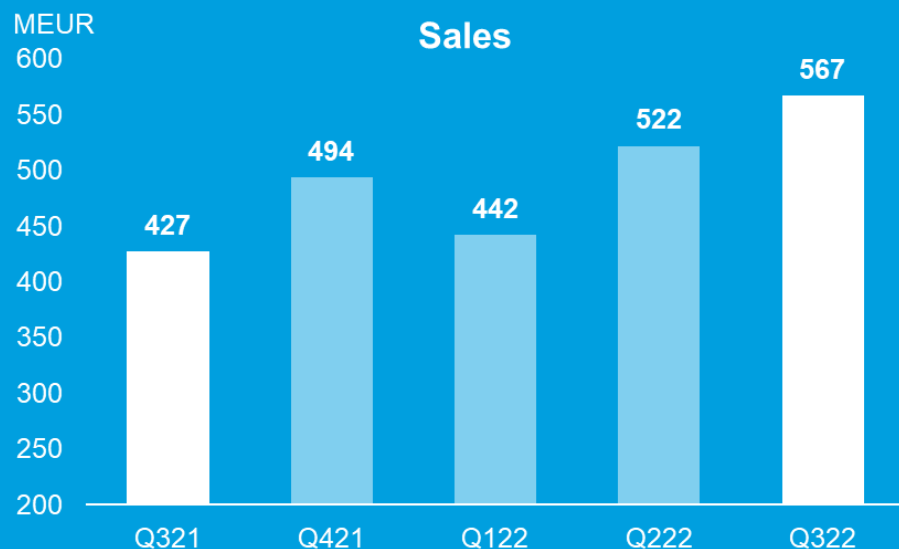
- Sales flat YoY
- Higher prices in European corrugated packaging and growth in new businesses
- Divestment of Russian units and lower deliveries in Europe



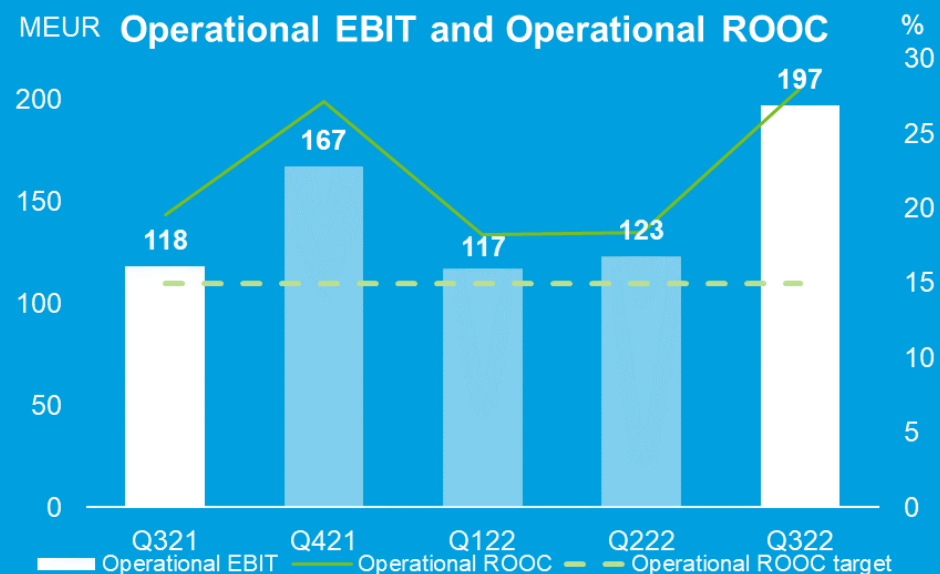
- OpEBIT -€7m YoY
- Effected by exit from Russia
- Higher ramp-up costs in new businesses
- OpROOC at 1.7%, long-term target >15%

Biomaterials

All-time high sales and profitability supported by continued strong market demand



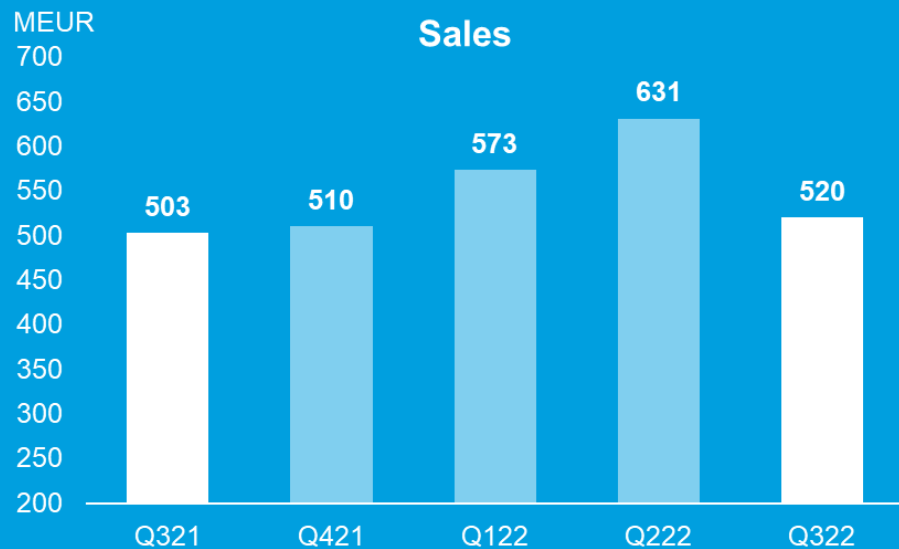
- Sales +33% YoY, all-time high quarter
- Driven by all-time high price levels and a strong US dollar
- Lower wood availability and logistical constraints



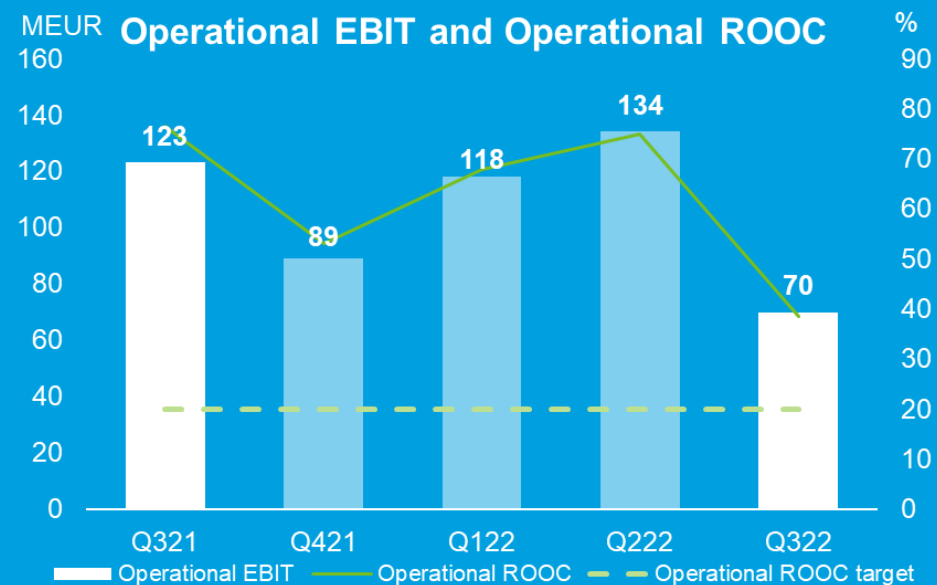
- OpEBIT +67% YoY, all-time high quarter
- Higher sales prices and positive FX fully offset higher variable costs
- OpROOC at 28.0%, long-term target >15%

Wood Products

Record-high Q3 sales



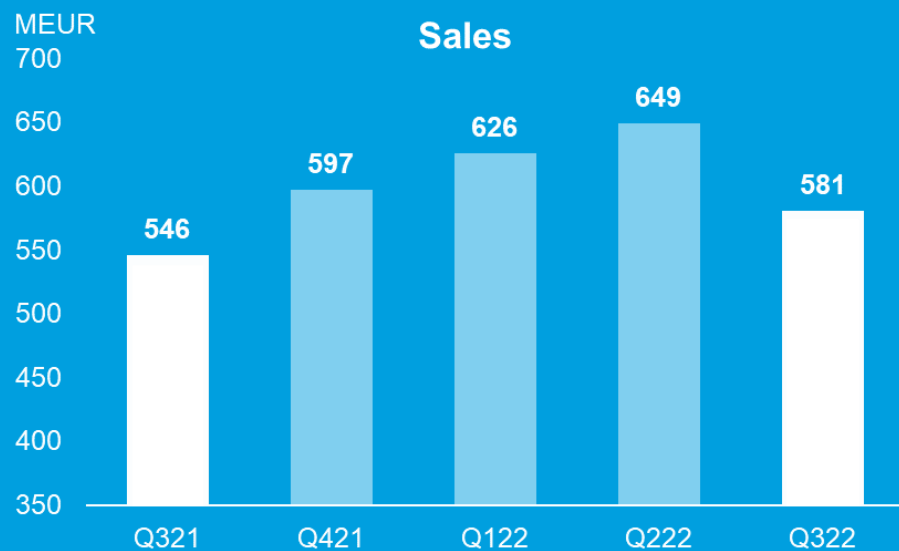
- Sales +3% YoY, record-high quarter
- Driven by higher sales prices
- The sawn wood market continued to weaken
- Good demand in Building Solutions



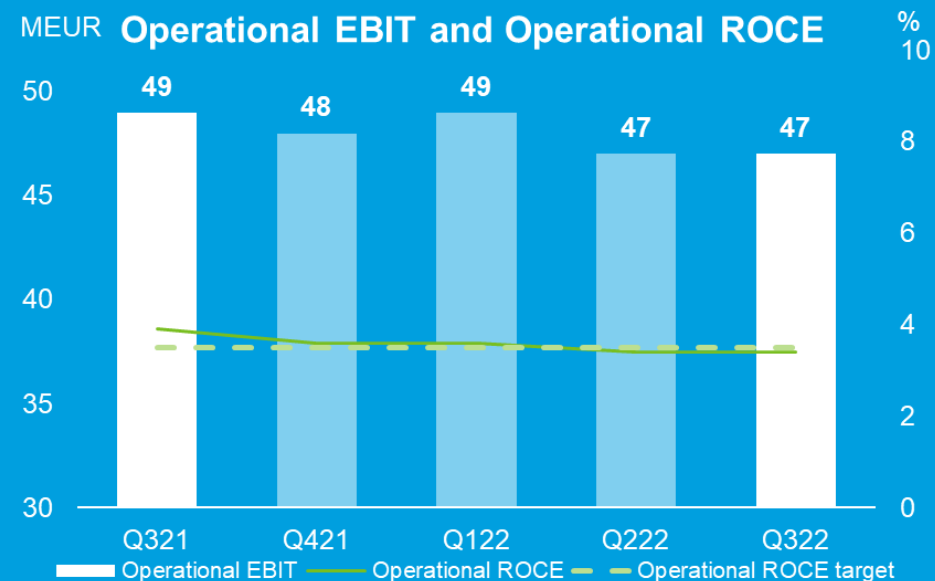
- OpEBIT -€53m YoY
- Affected by increased costs, mainly for logistics, electricity and raw materials
- OpROOC at 38.4%, long-term target >20%

Forest

Stable financial results continued with strong wood demand



- Sales +6% YoY
- Higher wood prices driven by strong demand
- Discontinued Russian wood imports largely mitigated by flexible use of own forest assets and Stora Enso's wood sourcing network in the Baltic Sea area



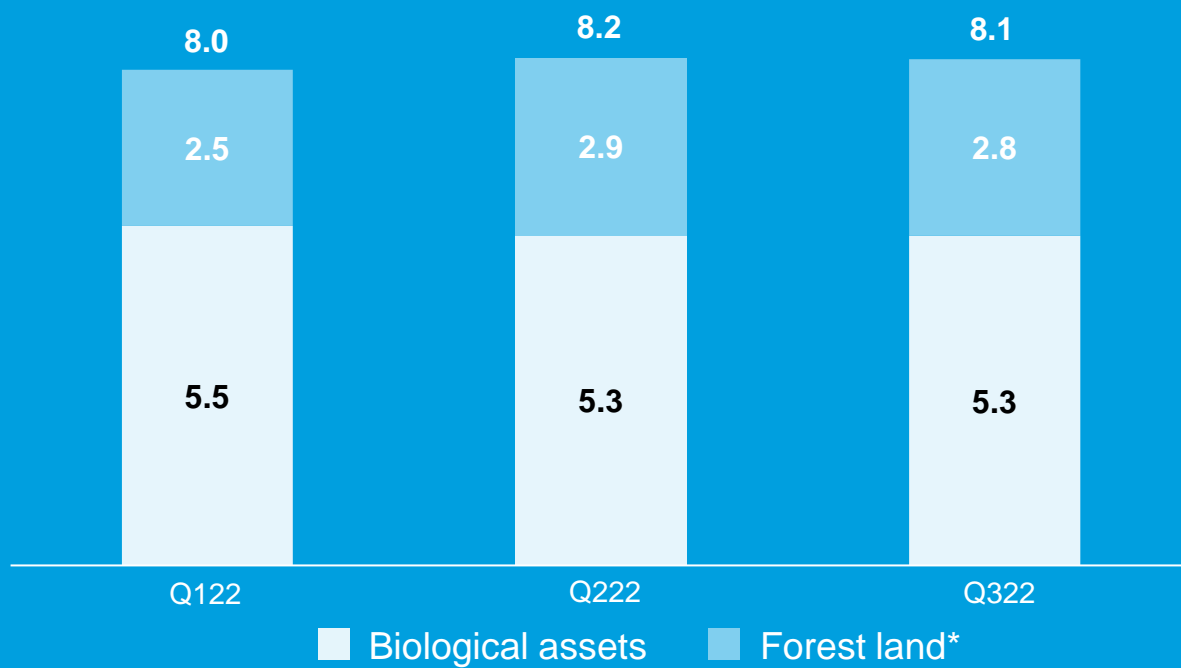
- OpEBIT continued at a stable level reflecting resilient forest performance
- OpROCE at 3.4%, long-term target >3.5%

Forest assets fair value remaining stable



Group forest assets

€ billion

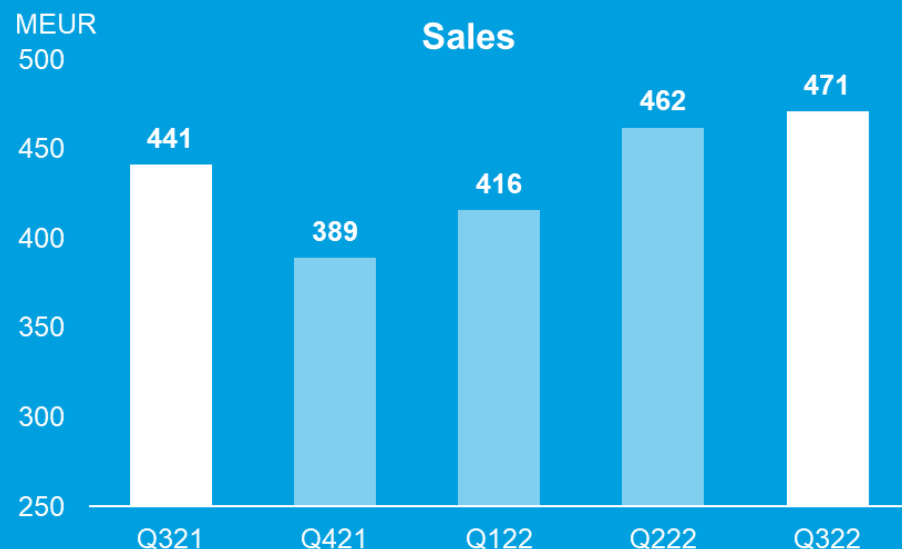


*Including leased land

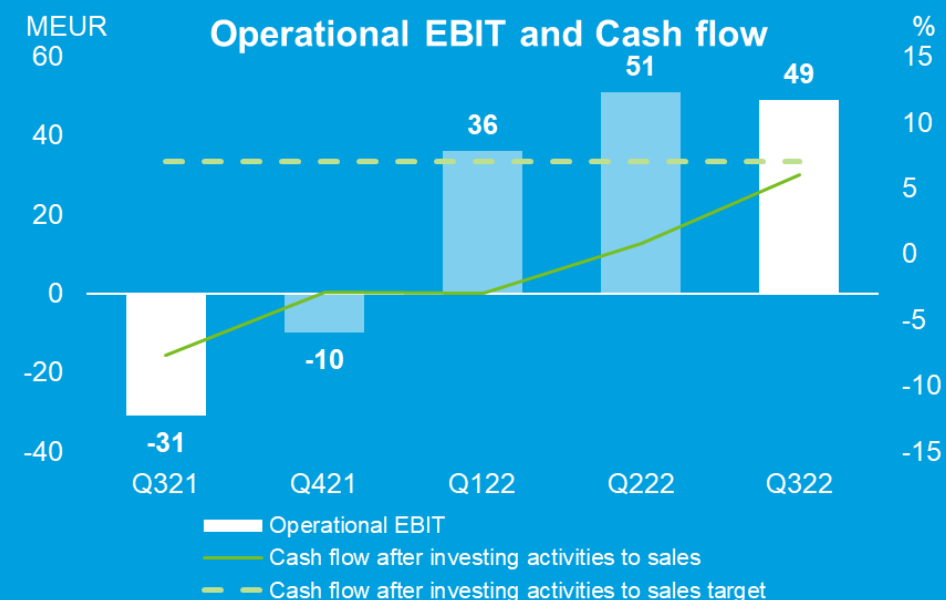
- Slight decrease in fair value mainly due to foreign exchange rates
- Fair value of €8.1 billion equivalent to €10.30 per share
- ~30% self-sufficiency of wood supply from own forest assets and long-term agreements

Paper

Business turnaround after restructuring



- Sales +7% YoY
- Higher sales prices from the retained businesses* after the closures of Veitsiluoto and Kvarnsveden paper sites in Q3/2021
- Sales from retained businesses increased by 52%



- OpEBIT +€80m YoY
- Higher prices fully mitigated higher variable costs
- Structural changes reduced fixed costs and volumes
- Cash flow to sales (after investments) 6.0%, long-term target >7%

Annual guidance reiterated: opEBIT 2022 to be higher than the full year opEBIT 2021 of €1,528 million



Q4 Outlook

- Packaging: Profitability is expected to deteriorate due to escalated cost inflation in energy, and costs for planned maintenance at four of its sites including its two largest. Stable demand in consumer board and strong orderbook. The normalisation of demand in containerboard from Q3 continues. Demand for corrugated packaging expected to remain stable
- Pulp: Showing early signs of price normalisation from extraordinary high levels, flat overall pulp demand including all our grades
- Wood Products: Continued market decline in traditional sawn from H1 peak levels. Good orderbook for Building Solutions, but demand is expected to weaken due to increased uncertainty among construction developers
- Forest: Total wood demand estimated to remain on par with Q3, strong demand for pulpwood, sawlogs at a lower level
- Paper: Solid demand outlook supported by seasonality and a good orderbook, however the division will be impacted by higher energy costs and maintenance work
- The impact from higher energy costs in Packaging Materials and Paper will be partly recognised as income in Segment Other

Stora Enso ~2030 ambition*



+30% sales

vs 2021
(excl. inflation)

**15% operational
EBIT margin**
over a cycle

Packaging >60%
of sales

Wood Products

>40%
of sales from Building
solutions

+75%
operational EBITDA over
a cycle**

**Earnings cyclical
reduced by half****

No paper exposure

Significantly reduced
market pulp exposure

New revenue streams

1 BEUR sales
from Biomaterials
innovation

5-10 TWh
of wind power on own
forest land

Disclaimer



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THE RENEWABLE MATERIALS COMPANY