

Financial results Q4 2022

Delivering the best FY financial performance
in 22 years despite Q4 market challenges

Stora Enso Roadshow presentation

31 January 2023

Our purpose



Do good for
people and the
planet



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

We are creating the foundation for a renewable future



Our products replace and substitute fossil-based products

Foundation



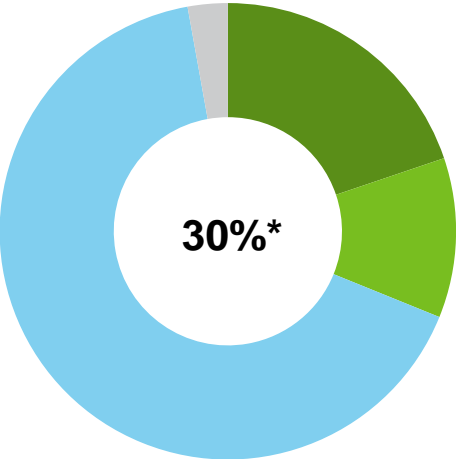
Key strategic growth areas



Strategic growth areas 60% of sales (pro forma 2022)

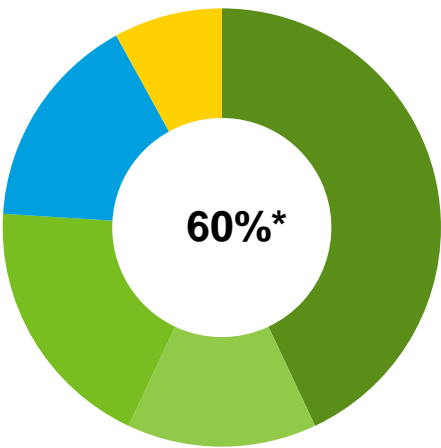


Sales 2006



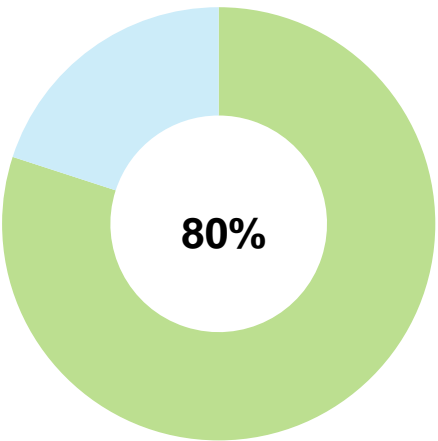
- Packaging
- Wood Products
- Paper

Sales 2022
Pro forma illustration**



- Packaging Materials
- Packaging Solutions
- Wood Products
- Biomaterials
- Forest
- Other and eliminations

Sales in ~2030



- Growth areas
- Other business

*Strategic growth areas include Packaging Materials, Packaging Solutions, Biomaterials Innovations (part of Biomaterials) and Building Solutions (part of Wood Products)
**2022 pro forma illustration excludes Paper and includes De Jong Packaging

Delivering the best FY financial performance in 22 years despite Q4 market challenges



- Biomaterials delivered a quarterly all-time high result, containerboard and sawn wood experienced continued slowdown
- Reshaping for future growth to drive outperformance over the cycle
 - Completed the De Jong acquisition in January 2023
 - Completed the majority of paper sites divestments and dissolved the Paper division
 - Started a process to divest the consumer packaging site and forestry operations in Beihai, China
 - Investment decision in cost-leading consumer board line at the Oulu site, Finland
 - Partnering with Polestar to contribute to their Polestar 0 project of a climate neutral car for 2030 with Lignode
- The Board proposes an all-time high dividend of €0.60 per share

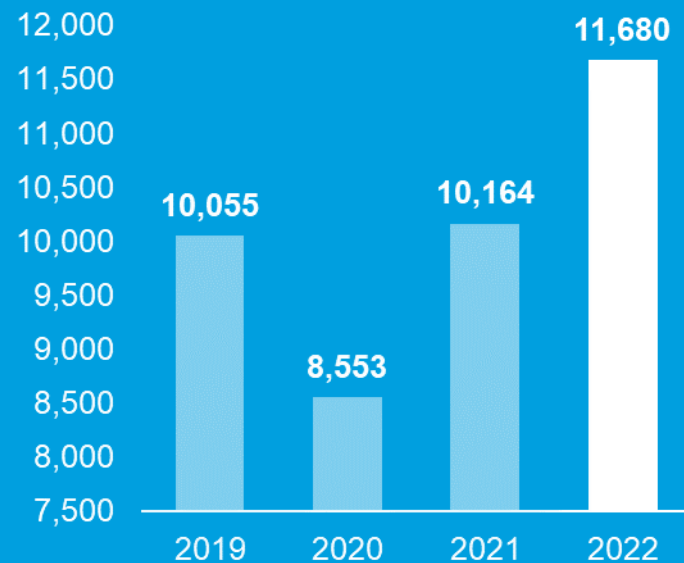


Delivered the strongest FY financial performance since 2000



Sales

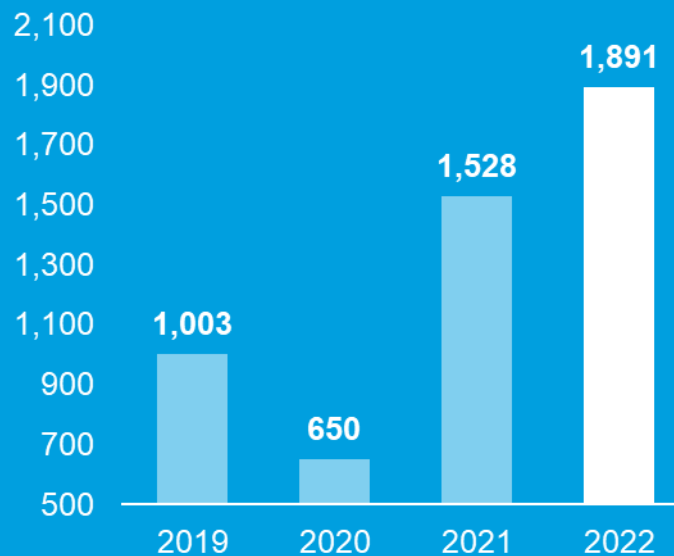
MEUR



Sales increased by +15% YoY

Operational EBIT

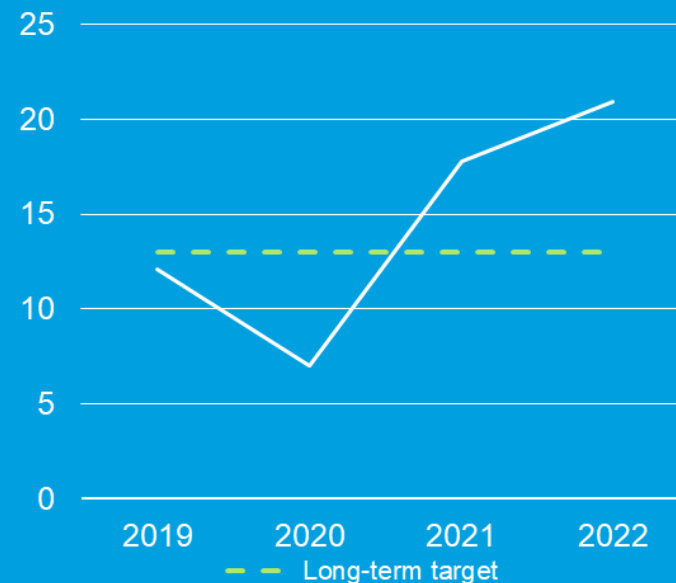
MEUR



OpEBIT +24% YoY

Operational ROCE excl. Forest

%



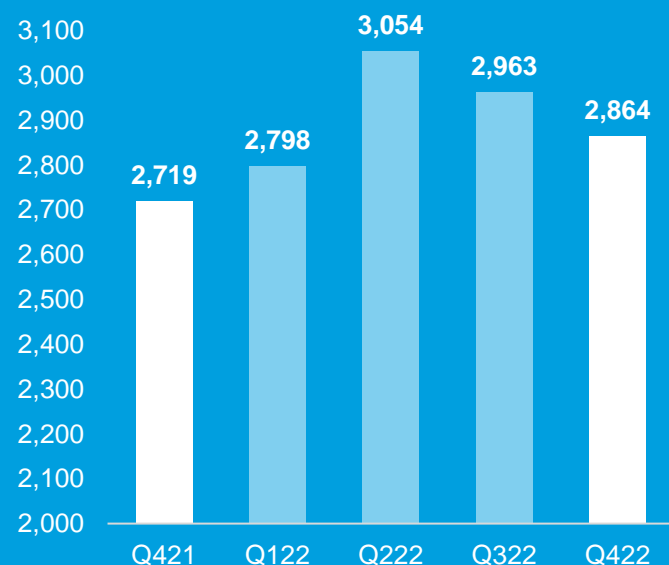
OpROCE excl. Forest 20.9%,
above long-term target of >13%

Market-driven slowdown and higher cost levels impacted sales and profit in the back half of 2022



Sales

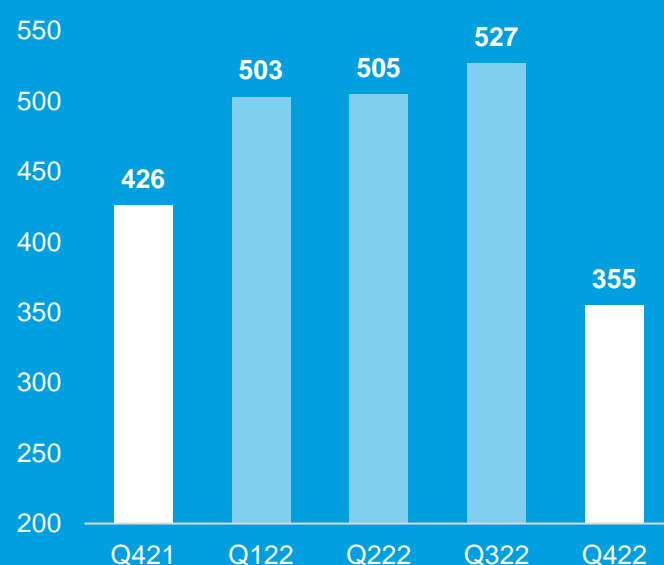
MEUR



Sales increased by +5% YoY
Sales excluding Paper +5% YoY

Operational EBIT

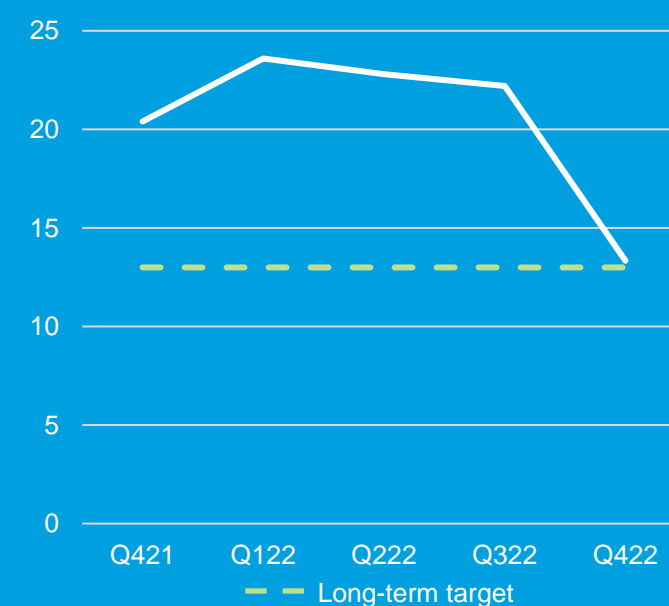
MEUR



OpEBIT -16.7% YoY

Operational ROCE excl. Forest

%



OpROCE excl. Forest 13.2%,
above long-term target of >13%

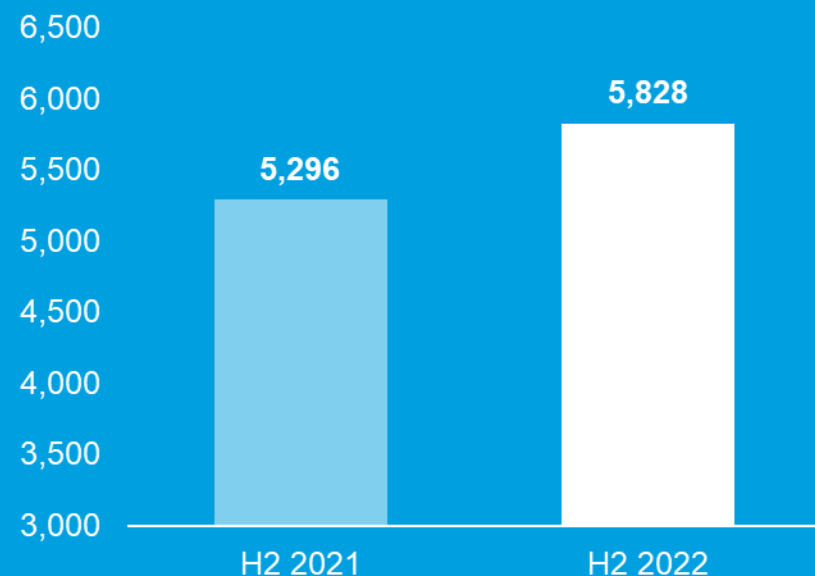
Continued strong performance with similar trend YoY in H2

Development comparison H2/2021 vs H2/2022



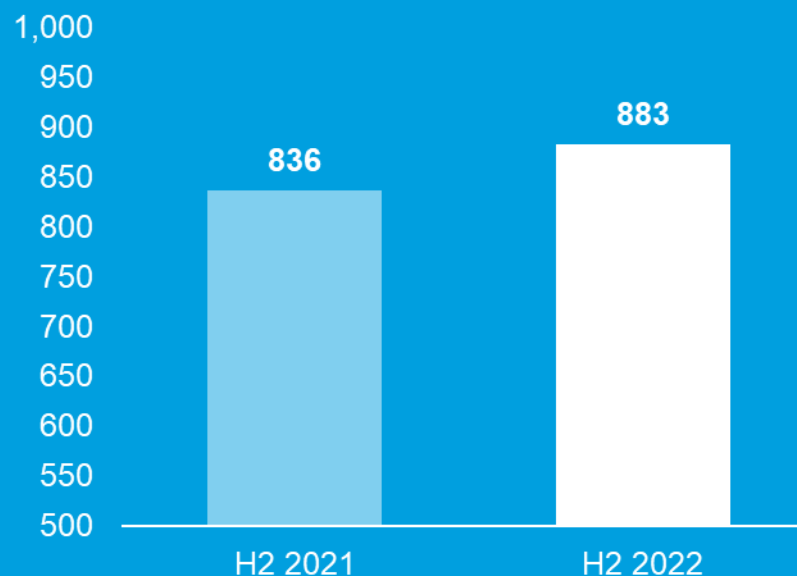
Sales

MEUR



Operational EBIT

MEUR



- Maintenance costs impact on EBIT:
 - H2/2021: €314m
 - H2/2022: €330m
 - Q3/2021: €169m
 - Q3/2022: €150m
 - Q4/2021: €146m
 - Q4/2022: €180m

Completed De Jong Packaging Group acquisition to grow market share in Western European markets



Integration process started

€1* billion

Sales est 2022

€114* million

EBITDA est 2022



Capacity increase
by ~1,200 million
m2 to more than
2,000 million m2

€30 million

average annual
synergies over
the cycle after
three years

€40 million

additional annual
EBITDA estimated by
2025 from ongoing
expansions projects

-  Stora Enso corrugated packaging operations
-  De Jong Packaging Group operations
HQ in The Netherlands



Excellent fit with a possible conversion at the Langerbrugge site in Belgium

Exiting the paper business enables investments in key strategic segments



Divestments for a total EV of €378 million

- Nymölla site to Sylvamo, completed in January 2023
- Maxau site to Schwarz Group and Hylte site to Sweden Timber, completions expected in H1/2023
- The divestment process for the Anjala site was discontinued, the site is retained in Stora Enso and continues with paper production
- Ongoing feasibility study for a potential conversion at the retained Langerbrugge site



Sales process for divestment of the Beihai site has been initiated to allocate capital for growth in other core sites



- Divestment would include both industrial site and forestry operations
 - Beihai site annual production capacity: 250kt mechanical pulp and 550kt consumer board
 - 73k ha leased eucalyptus plantations
 - Stora Enso's ownership is approximately 80%
- Capital and resources will be allocated for growth in other existing sites such as the Oulu site in Finland
- Existing and new customers in China and other Asian markets will continue to be served from Stora Enso's other global sites
- No committed timeline for completion



Recent partnering and developments to accelerate long-term growth



- Biomaterials Innovations
 - Partnership with Polestar to contribute to their Polestar 0 project of a climate neutral car for 2030 with Lignode
 - Progressing with the feasibility study for the first industrial scale production of Lignode
 - Monitoring the development of battery technologies within wood-based materials
- Renewable Packaging
 - Moving ahead according to plan with the ~€1bn investment in consumer board in Oulu, Finland
- Sustainable Building Solutions
 - Launched a new low carbon wood construction solution, Sylva, prefab and custom-made for more efficient use of material



All long-term Group level financial targets were exceeded in 2022



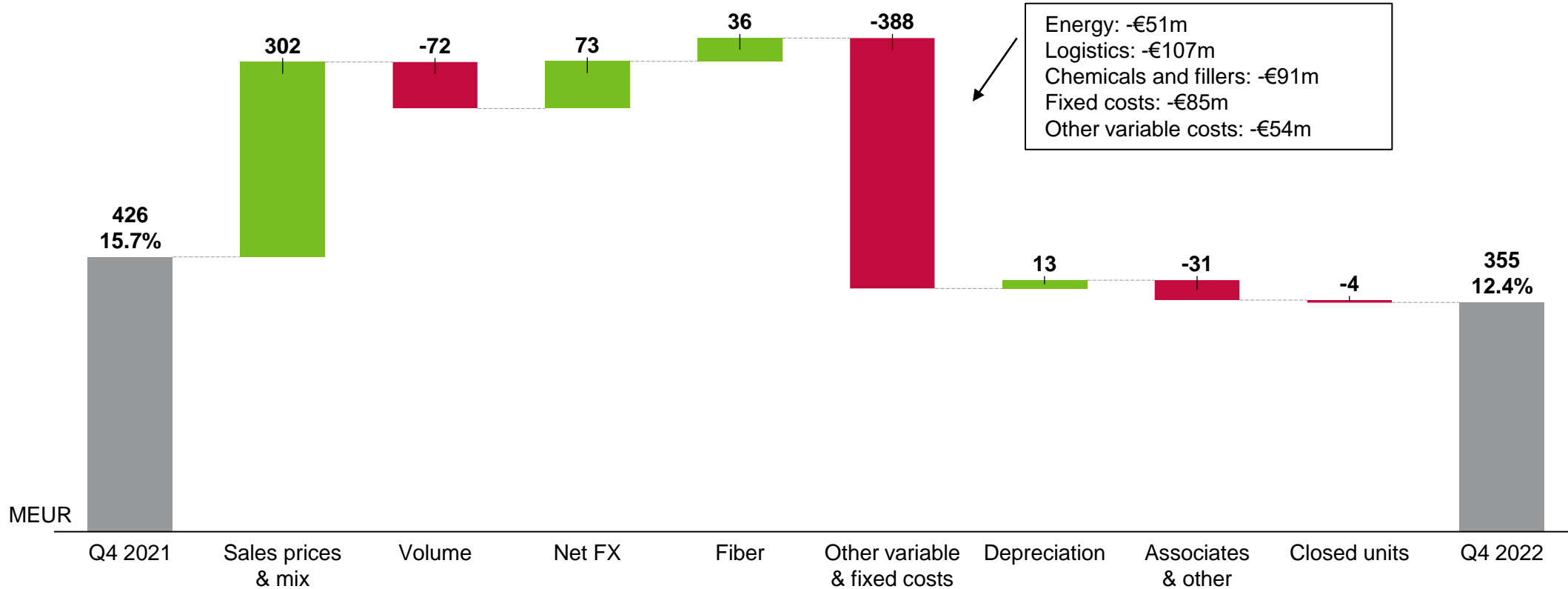
Group long-term financial targets		Q4 21	Q4 22		2021	2022	
Dividend*	To distribute 50% of EPS excluding fair valuation over the cycle	-	-		0.55	0.60**	●
Growth excl. Paper YoY	> 5%	39%	5%	●	29%	17%	●
Net debt to operational EBITDA	< 2.0x	1.1	0.7	●	1.1	0.7	●
Net debt to equity	< 60%	22%	15%	●	22%	15%	●
Operational ROCE excl. Forest	> 13%	20.4%	13.2%	●	17.8%	20.9%	●

Divisional long-term financial targets		Q4 21	Q4 22		2021	2022	
Packaging Materials	Operational ROOC > 20%	16.8%	3.6%	●	18.0%	18.2%	●
Packaging Solutions	Operational ROOC > 15%	19.4%	-1.4%	●	10.8%	-0.7%	●
Biomaterials	Operational ROOC > 15%	27.1%	35.0%	●	20.8%	25.8%	●
Wood Products	Operational ROOC > 20%	53.1%	-7.5%	●	59.4%	44.2%	●
Forest	Operational ROCE > 3.5%	3.6%	4.4%	●	5.1%	3.7%	●
Paper	Cash flow after investing activities to sales > 7%	-2.9%	-0.7%	●	-4.5%	0.9%	●

* Annual dividend. ** Dividend proposal

Higher prices were offset by increased variable costs

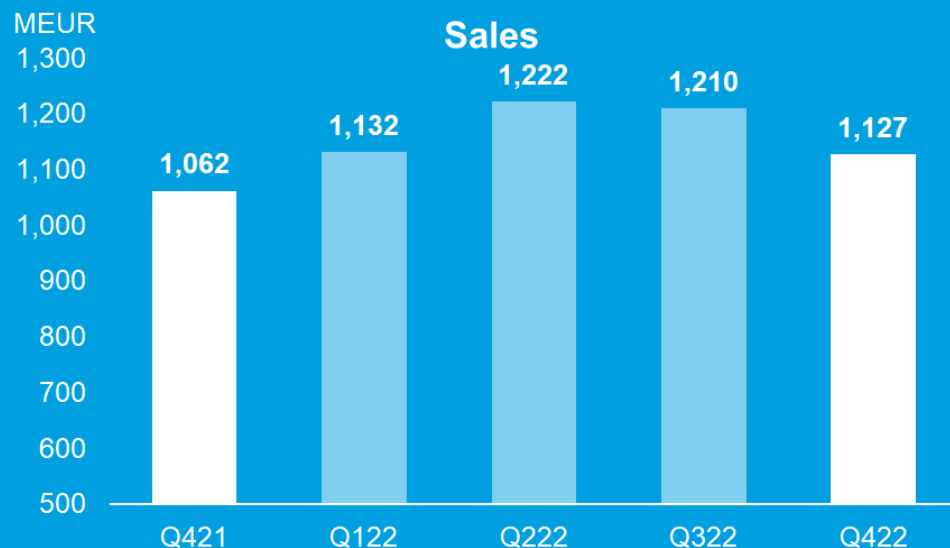
Maintenance costs €34 million higher year-on-year



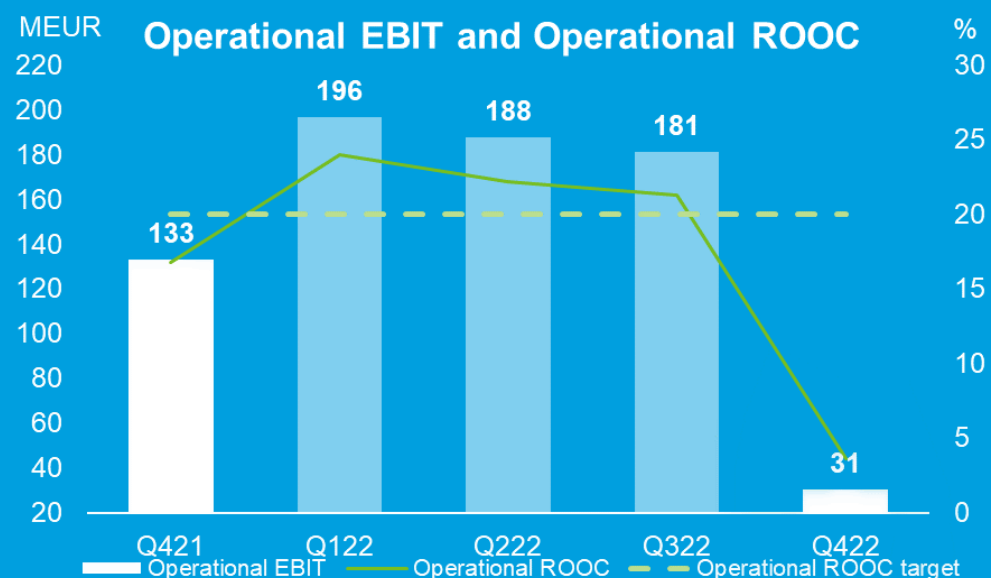
Packaging Materials

Price increases to mitigate cost inflation continues in consumer board

The containerboard market demand remained weak



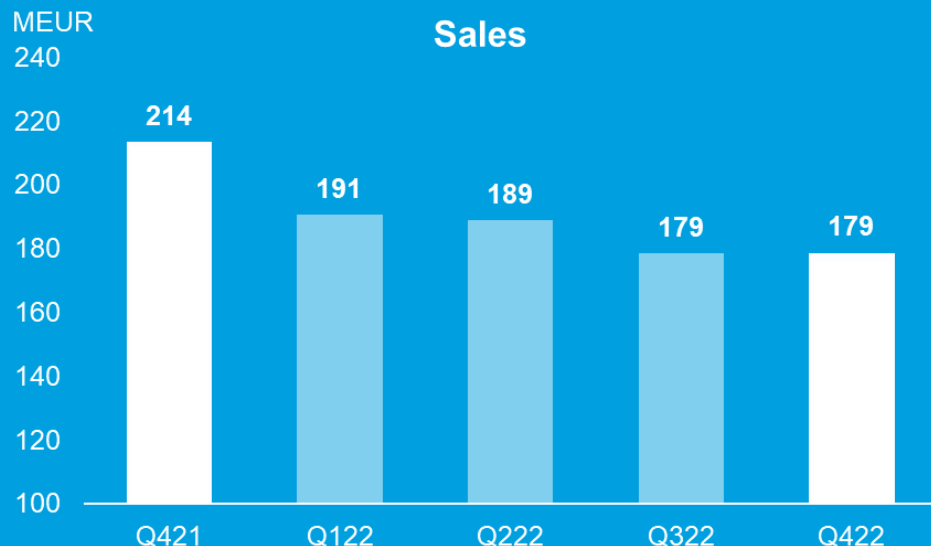
- Sales +6% YoY, driven by higher board prices
- Consumer board demand remained stable, price increases implemented to mitigate variable cost escalation
- Continued weak demand in containerboard markets



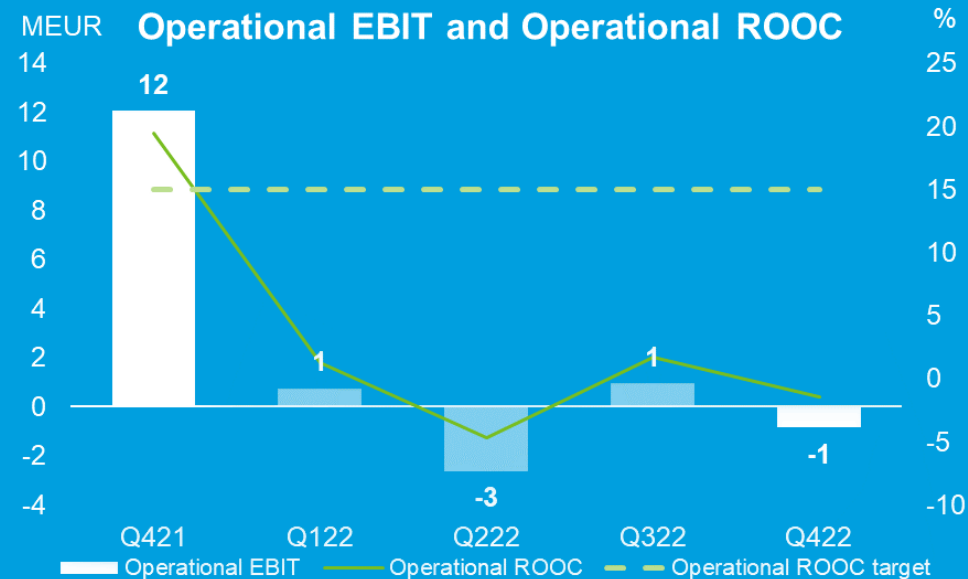
- OpEBIT -€102m YoY
- Increased short-term operating costs due to annual maintenance shutdowns at four large sites, and inflationary pressures
- Margin squeeze due to escalated variable costs and lower volumes OpROOC at 3.6%, long-term target >20%

Packaging Solutions

Sales and profitability were impacted by the exit from Russian operations and high inflationary pressures



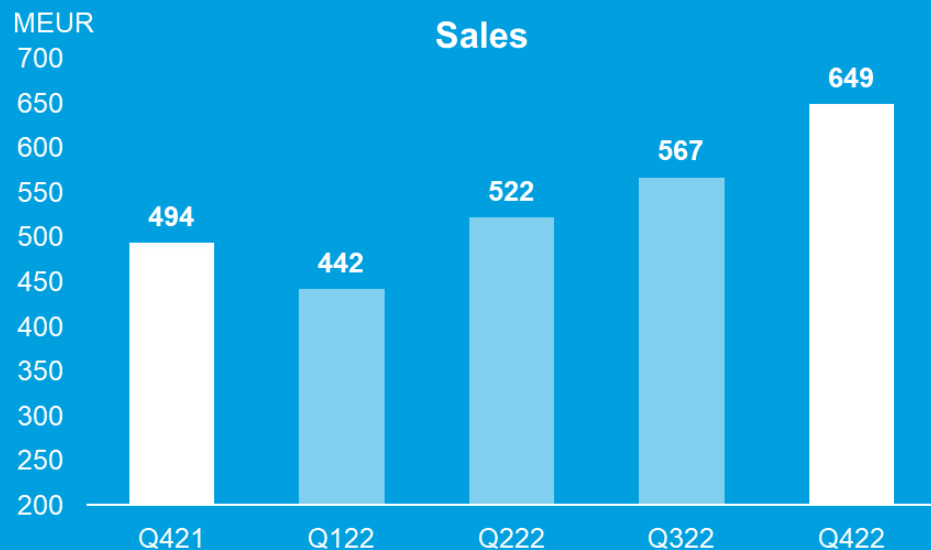
- Sales -16% YoY
- Lower sales mainly due to the divestment of the Russian units
- Higher sales prices in the corrugated packaging operations despite softer market conditions



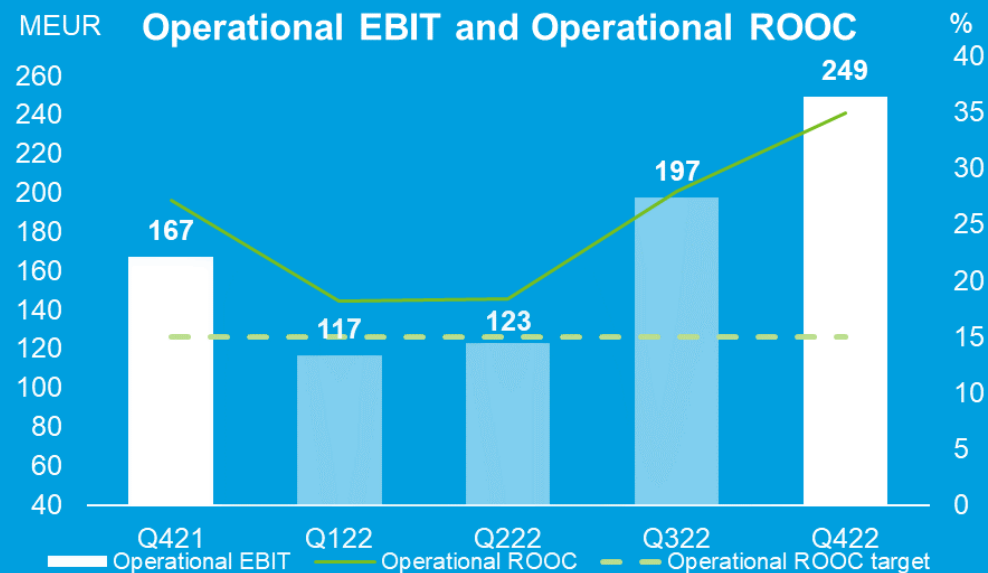
- OpEBIT -€13m YoY
- Negatively impacted by the exit from Russia
- Higher costs related to investments in growing the new businesses
- OpROOC at -1.4%, long-term target >15%

Biomaterials

All-time high quarterly sales and profitability reached through record high pricing and effective operational performance



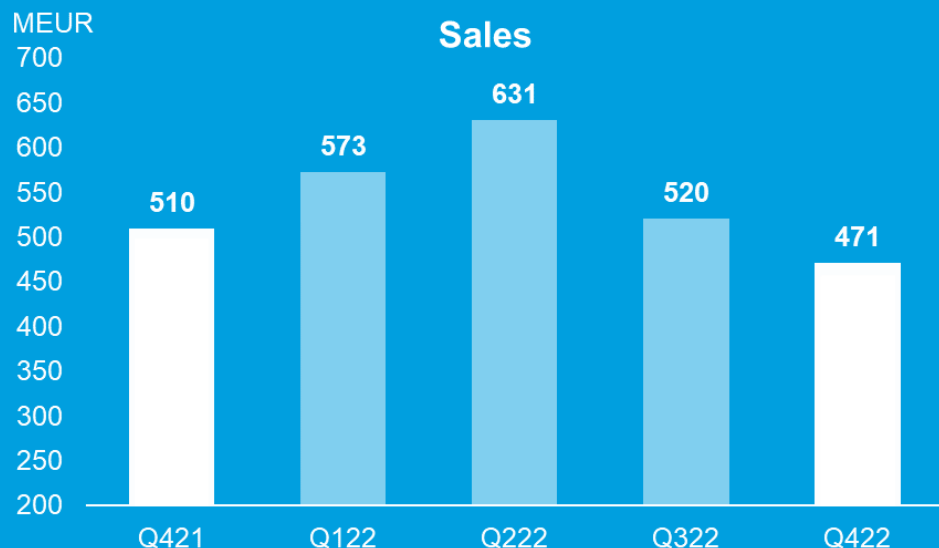
- Sales +32% YoY, all-time high quarter
- The record high sales were driven by strong prices and deliveries, supported by good performance in by-product sales and effective operational performance



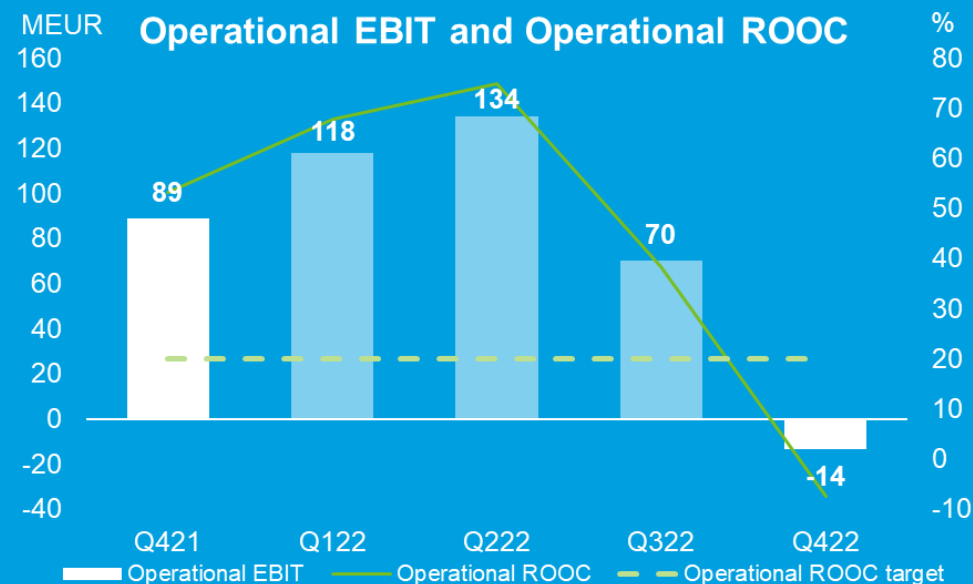
- OpEBIT +49% YoY, all-time high quarter
- Higher sales prices and positive FX impact fully offset higher costs
- OpROOC at 35%, clearly above the long-term target of >15%

Wood Products

Rapid market decline in sawn wood with continued stability in Building Solutions



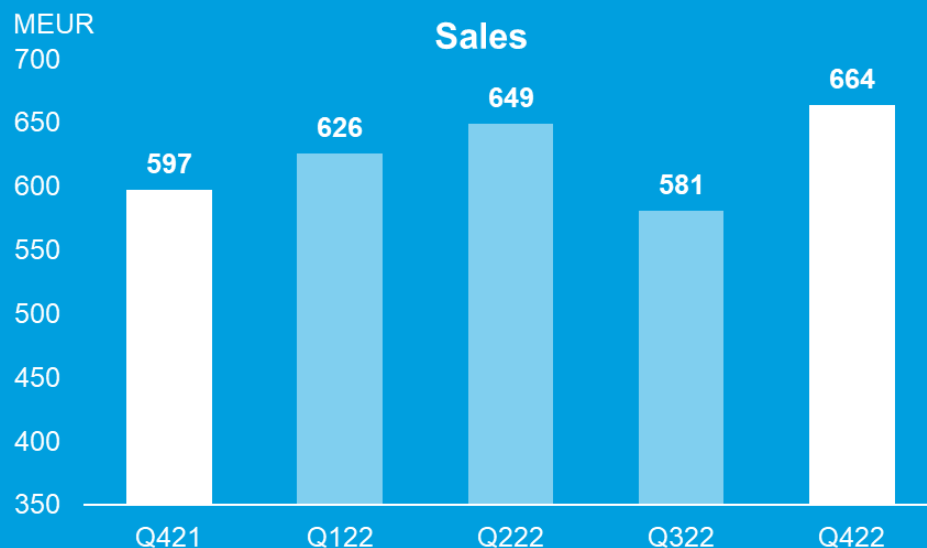
- Sales -7% YoY
- The construction market was impacted by market slowdown with fewer building permits and projects
- Lower sales mainly impacted by lower prices in sawn wood and the exit from the Russian operations
- The stable demand in Building Solutions continued



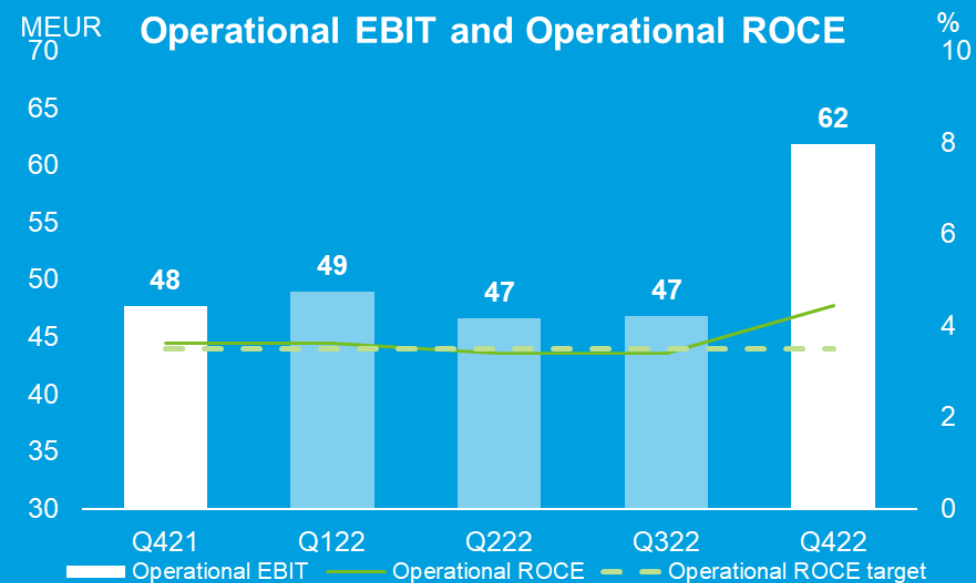
- OpEBIT -€103m YoY
- Lower sales prices and increased costs for logistics, electricity and raw materials
- OpROOC at -7.5%, long-term target >20%

Forest

Wood demand and prices remained on a high level



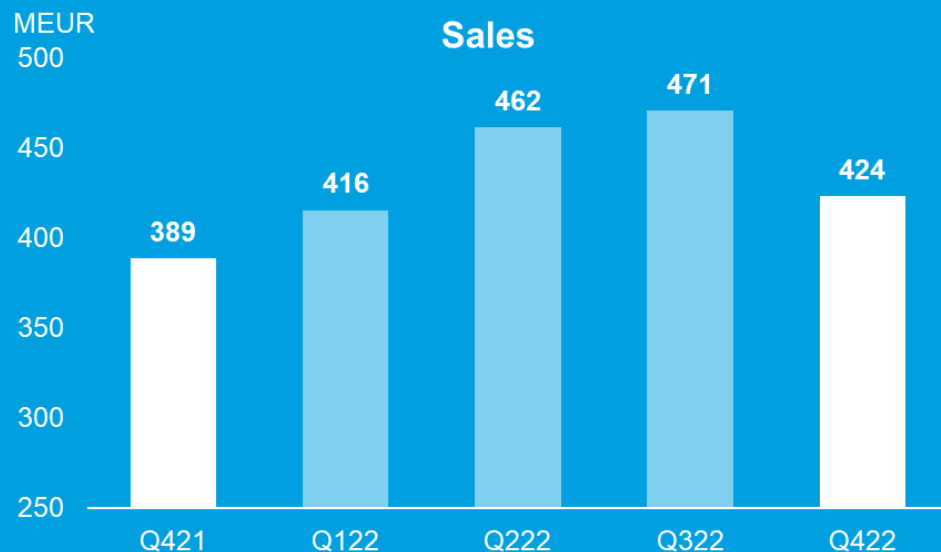
- Sales +11% YoY driven by increased wood demand and higher prices
- Tighter wood markets both in Finland and Sweden mitigated by flexible sourcing



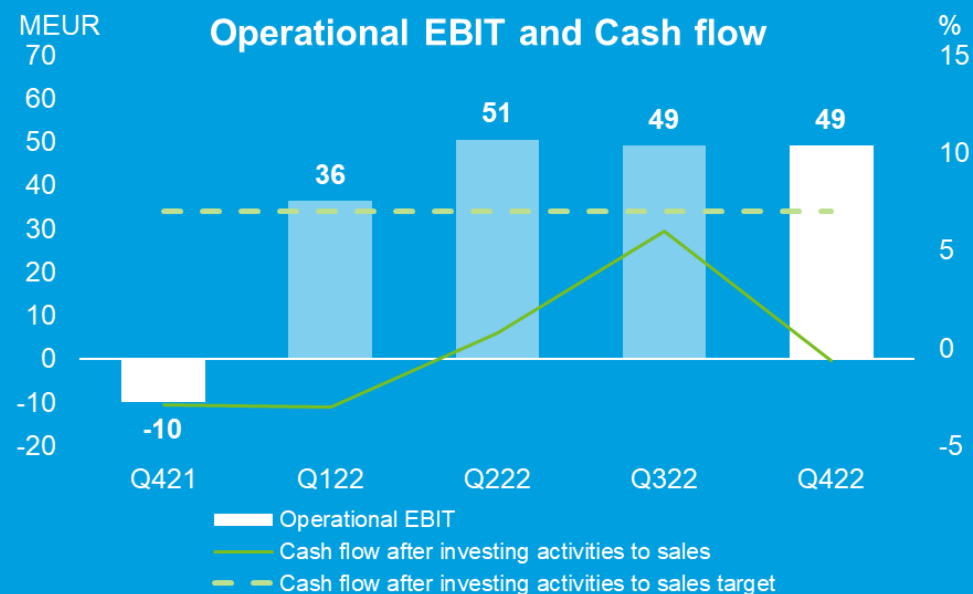
- OpEBIT +30% YoY
- Supported by efficient operational performance
- Positive impact from land sales in Sweden of €10m
- OpROCE at 4.4%, above long-term target of >3.5% despite the higher fair value of the Nordic forest assets

Paper

Delivered significantly improved profitability due to business turnaround after restructuring



- Sales +9% YoY
- Higher sales prices for Stora Enso's products
- Volumes impacted by scheduled maintenance shutdowns during the quarter



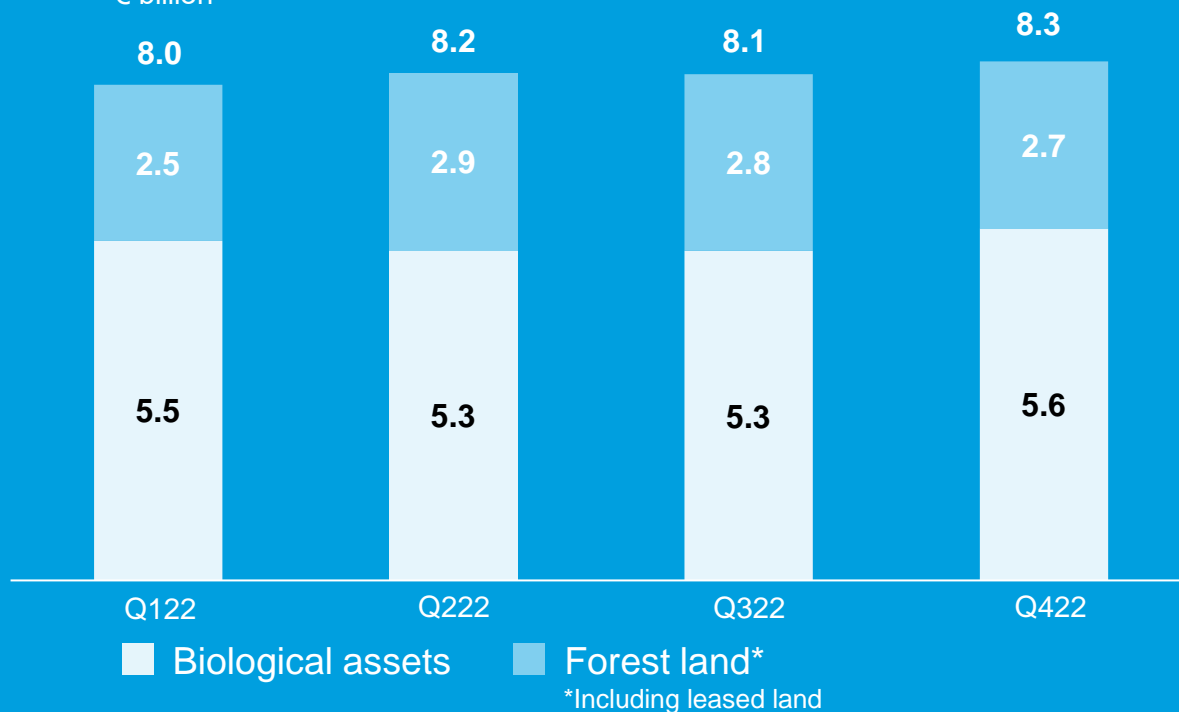
- OpEBIT +€59m YoY
- Higher paper prices more than offset higher variable costs
- Cash flow to sales after investments -0.7%, impacted by restructuring provision payouts and transaction costs related to the announced divestments (long-term target >7%)

Market transaction-based fair valuation applied for Tornator



Group forest assets

€ billion

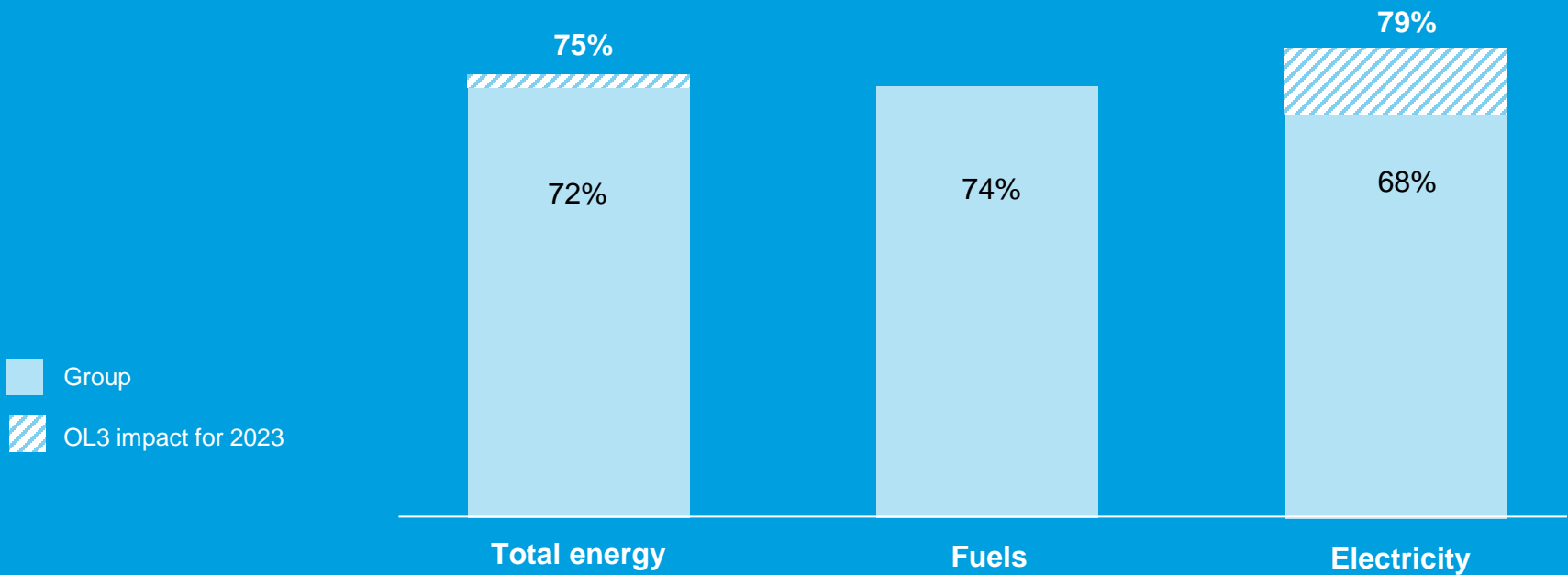


- Fair value of €8.3 billion equivalent to €10.52 per share
- Change in the fair valuation method from DCF to market transaction-based in Finland resulted in a €265m positive impact q-o-q
- Positive impact from higher market transaction-based forest property prices in Sweden was largely offset by negative FX SEK/EUR
- Higher WACCs for plantations decreased fair values slightly

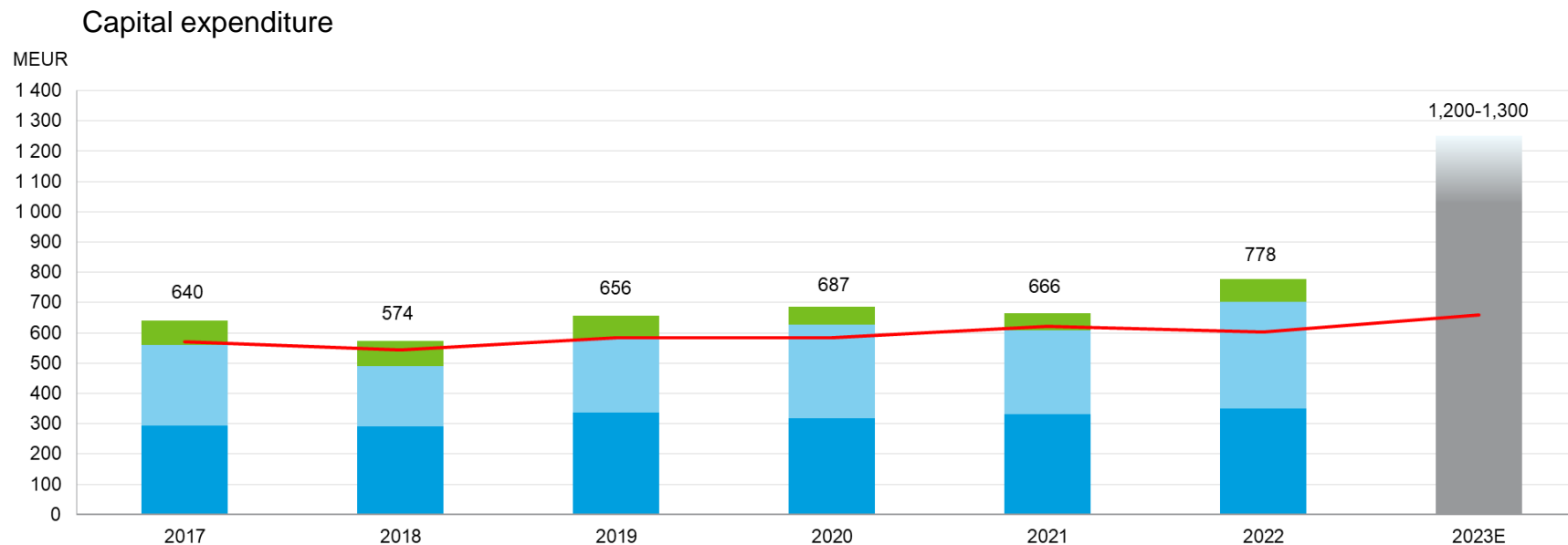
Energy self-sufficiency is expected to increase in 2023



Energy self-sufficiency excl. JVs (FY2023e)



Higher capex estimate mainly due to growth investments in consumer board



The majority of the increase in 2023 relates to the consumer board investment in Oulu, Finland

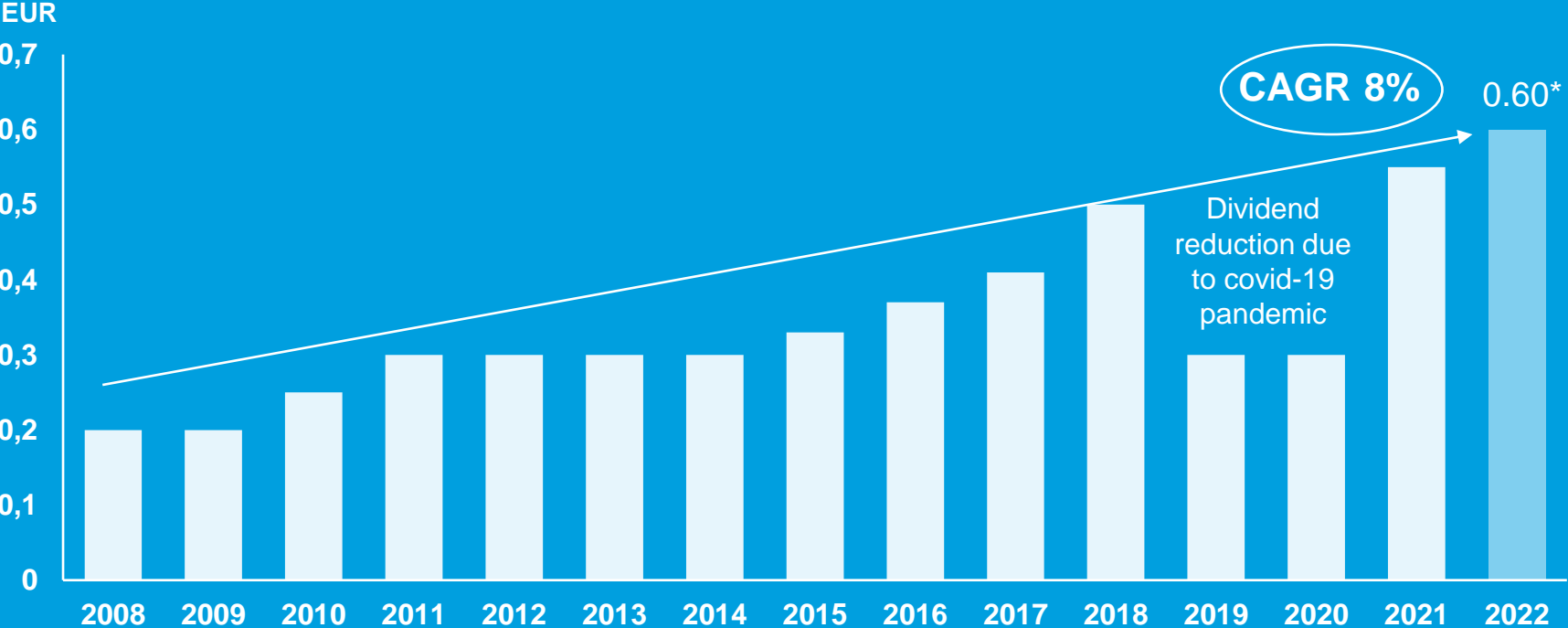
- Biological capex
- Strategic capex
- Maintenance and development capex
- Capex estimate for 2023
- Depreciation and depletion of capitalised silviculture costs

Capex for 2019-2022 and estimate for 2023 include the capitalised leasing contracts according to IFRS 16 Leases standard

Dividend proposal: to increase to an all-time high of €0.60 per share



Dividend



Target:
50% of EPS
excluding fair
valuation over
the cycle

Changes in segment reporting – exited the Paper division



Changes as of 1 January 2023

- The Paper division is discontinued
- The Maxau and Hylte paper sites are reported in Segment Other until completion of the divestments
- The Langerbrugge and Anjala sites, retained in Stora Enso, are reported as part of Packaging Materials
- The New Business units transferred from Packaging Solutions to Segment Other
- Restated figures shall be issued prior to the Q1/2023 reporting (Q1 report publication date 25 April 2023)



Annual guidance: the full-year 2023 operational EBIT is expected to be lower than for the full-year 2022 (€1,891m)



- Market conditions and inflationary pressures are expected to be more challenging in 2023 than in 2022
- To manage market volatility, measures like pricing, flexibility in product mix, capacity, inventory, sourcing and logistics, and reinforced cost control are in place
- Stora Enso benefits from its self-sufficiency in energy of 72% as well as hedging, and in wood of ~30%
- Stora Enso's extensive changes in the past three years have reshaped the Company to be financially, operationally and strategically in a stronger position for future growth



Market development

Q1/2023 market demand outlook year-on-year



Packaging Materials

The overall demand for consumer board is expected to remain stable while the overall containerboard demand is expected to remain weak

Packaging Solutions

Demand for corrugated packaging is expected to weaken in Europe

Biomaterials

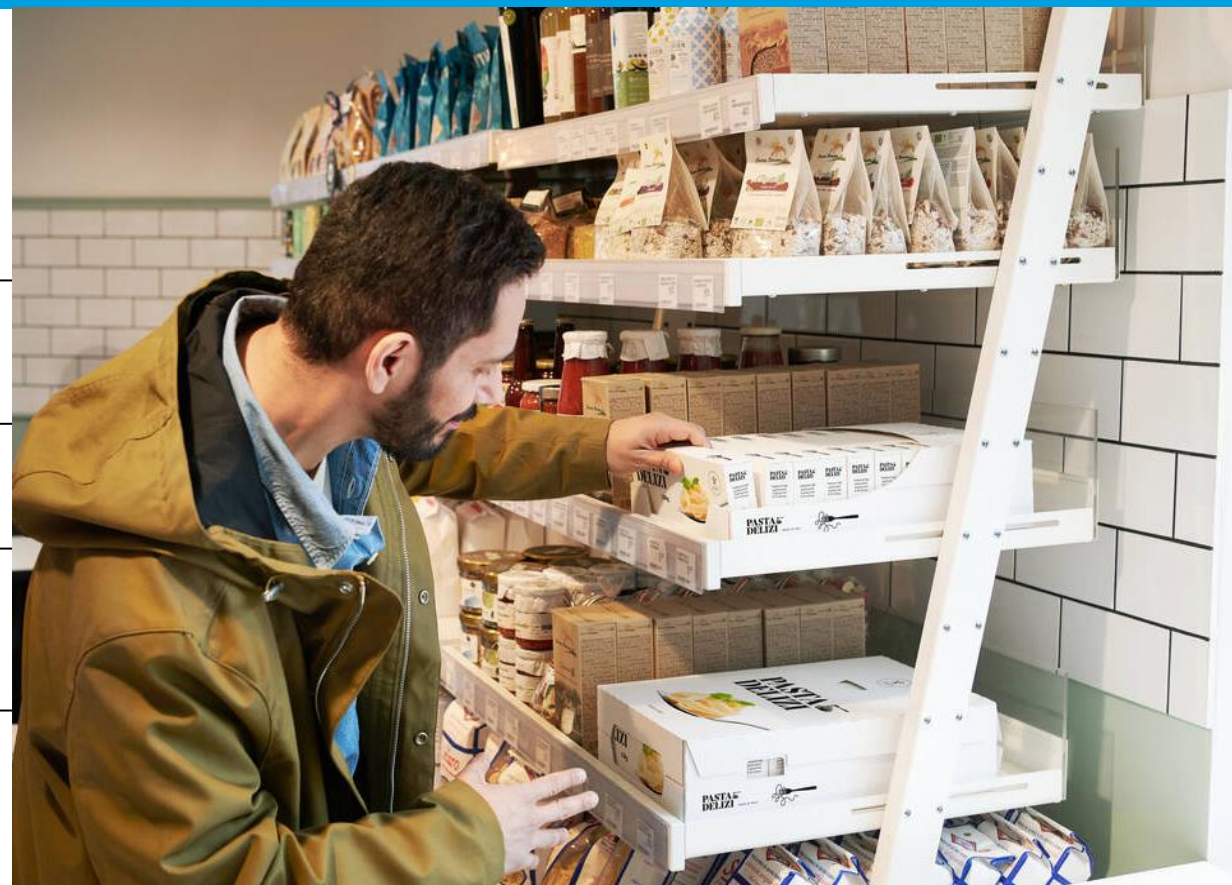
Pulp demand is expected to be on par with the previous year

Wood Products

The demand for sawn wood is expected to be significantly weaker especially in Europe with the overseas markets remaining stable

Forest

Pulpwood demand is expected to remain stable, while demand for sawlogs is expected to decrease



Delivering the best FY financial performance in 22 years despite Q4 market challenges



- Our performance in 2022 demonstrates the strength of our leading market positions and our ability to be proactive and agile
- Quarterly all-time high results in Biomaterials, with continued slowdown in containerboard and sawn wood
- Investing in organic and acquisitive growth, and entering partnerships, all to drive outperformance over the cycle
- The Board proposes an all-time high dividend of €0.60 per share



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