



storaenso

Financial results Q3 2022

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

President and CEO Annica Bresky
CFO Seppo Parvi

21 October 2022

Our purpose



Do good for
people and the
planet



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

Strong quarterly 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

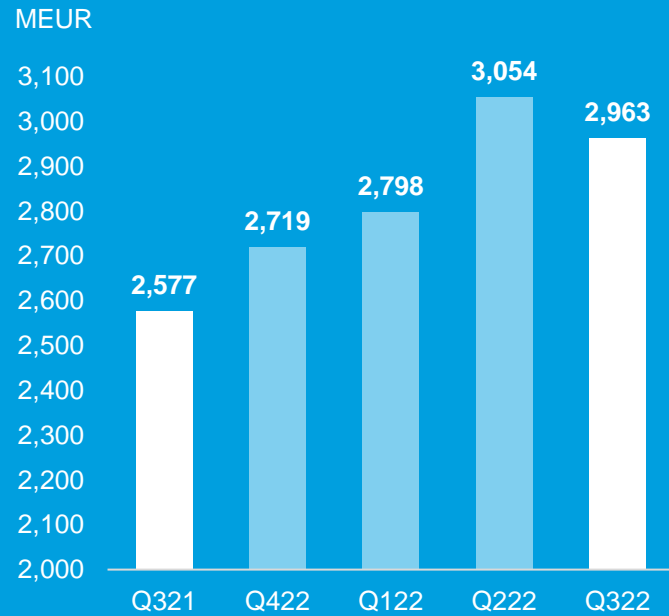
*Subject to employee consultation and regulatory approval



Continued strong performance

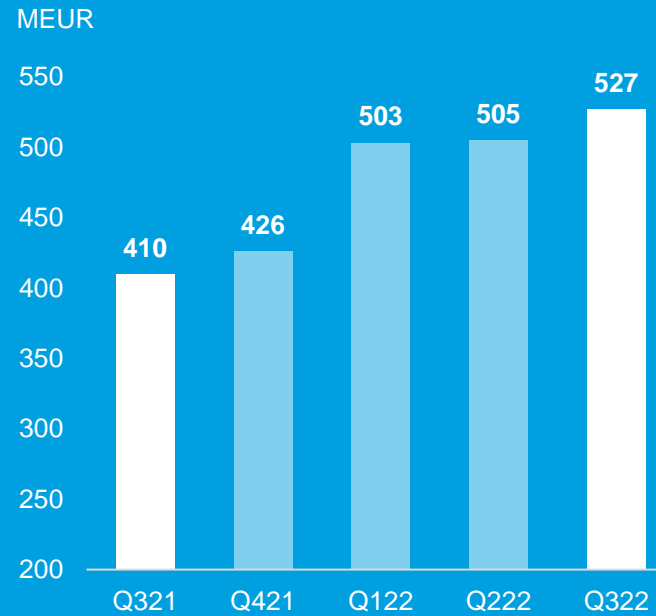


Sales



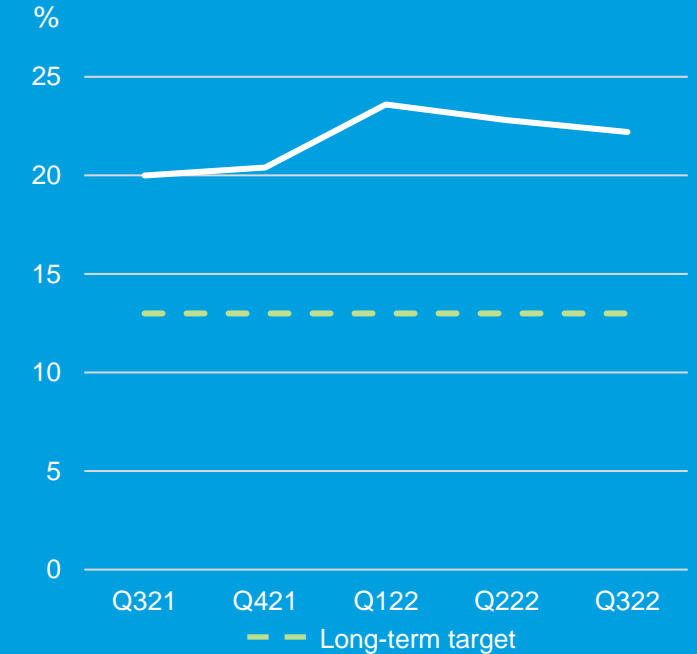
Sales increased by 15% YoY
Sales excluding Paper +17% YoY

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**

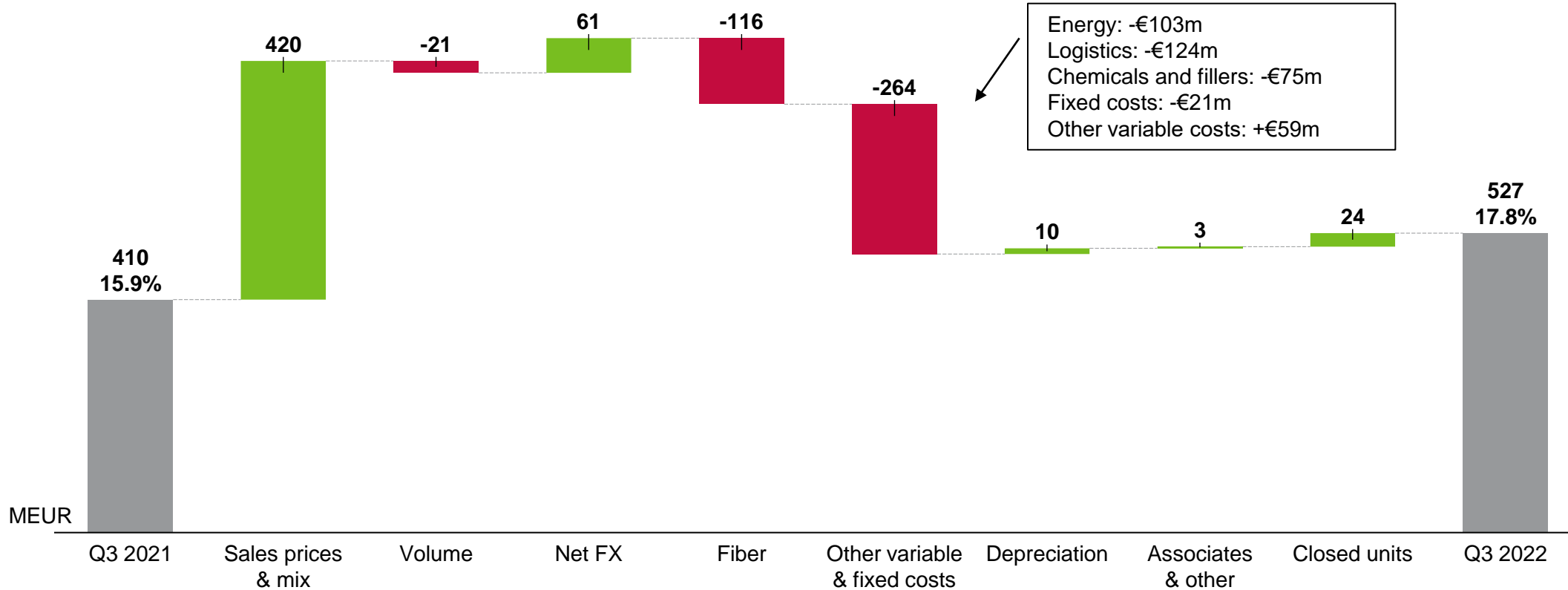
The divestment process continues for the remaining two sites

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% | ● |

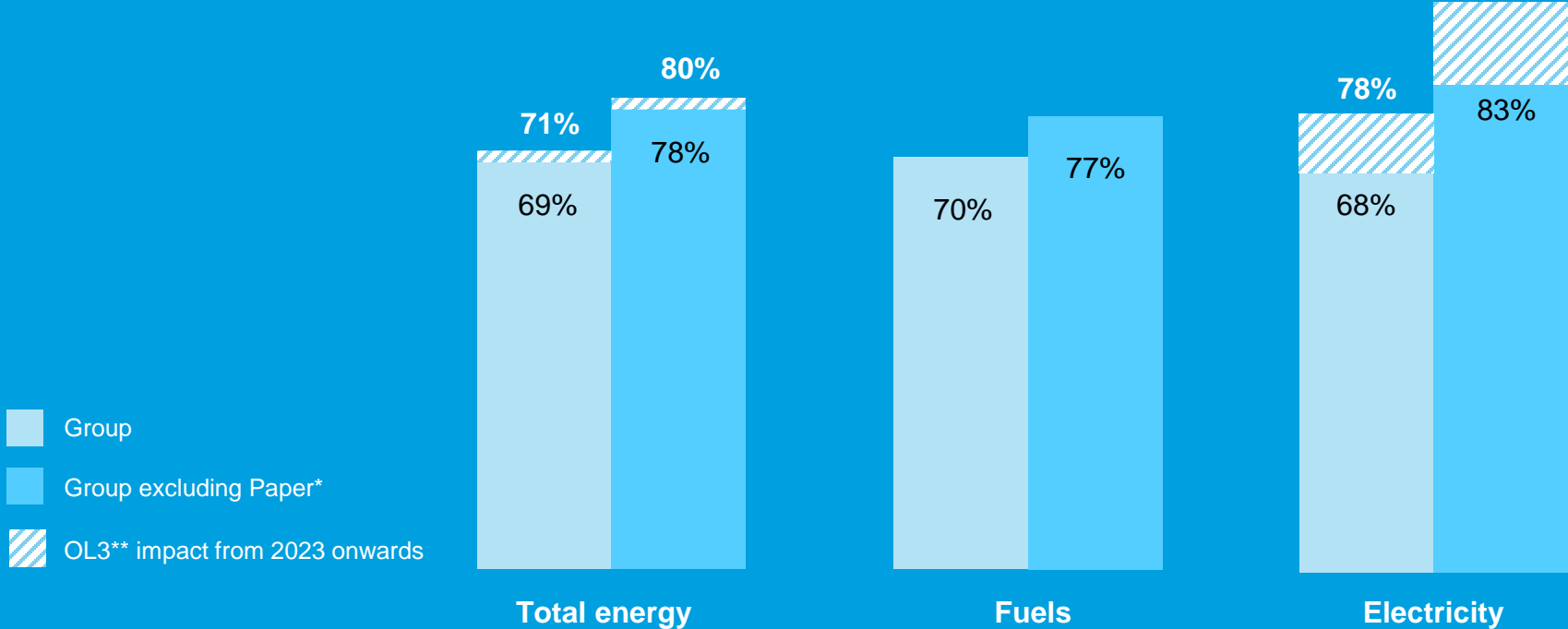
Proactive variable cost increase mitigation has safeguarded profitability



Reducing cost exposure with higher energy self-sufficiency



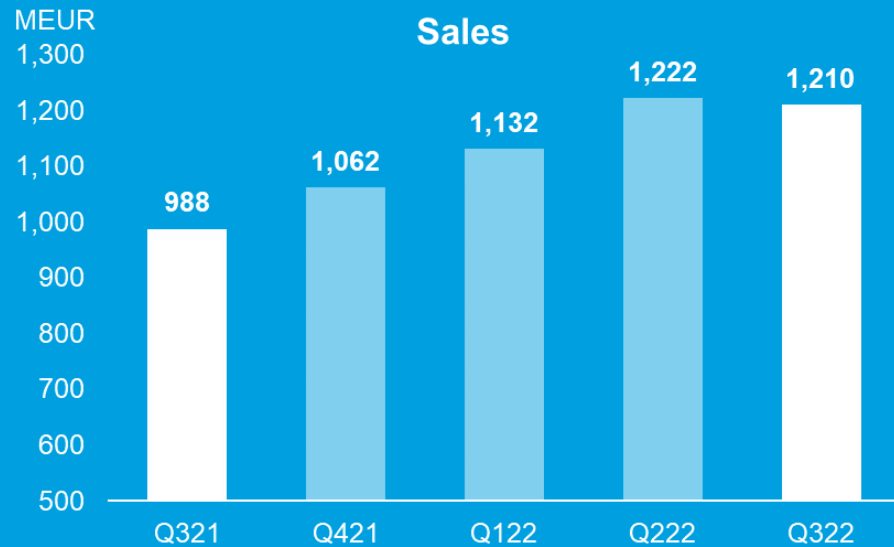
Energy self-sufficiency (FY2022e)



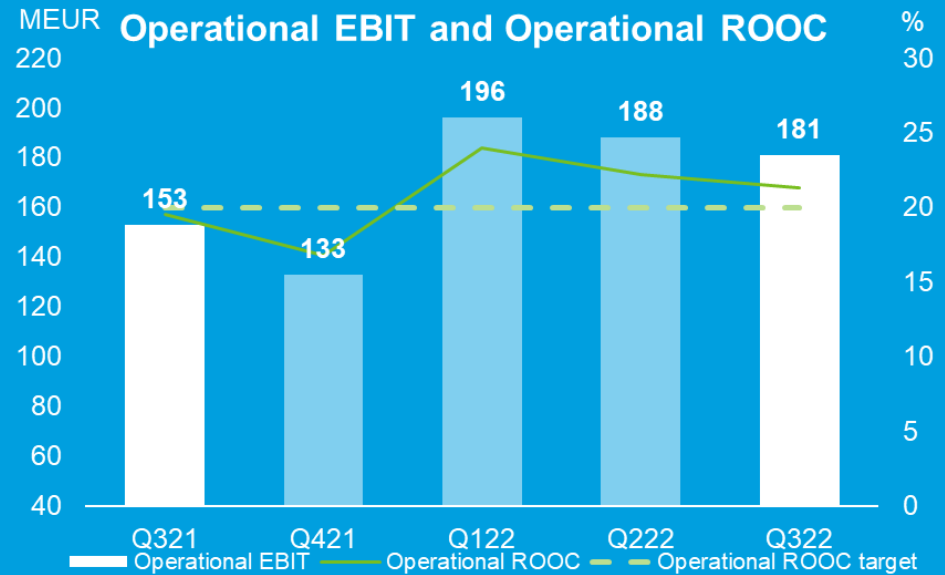
*Excluding four paper sites in divestment process
 **Olkiluoto 3 nuclear power plant in Finland

Packaging Materials

Strong quarter driven by improved containerboard profitability



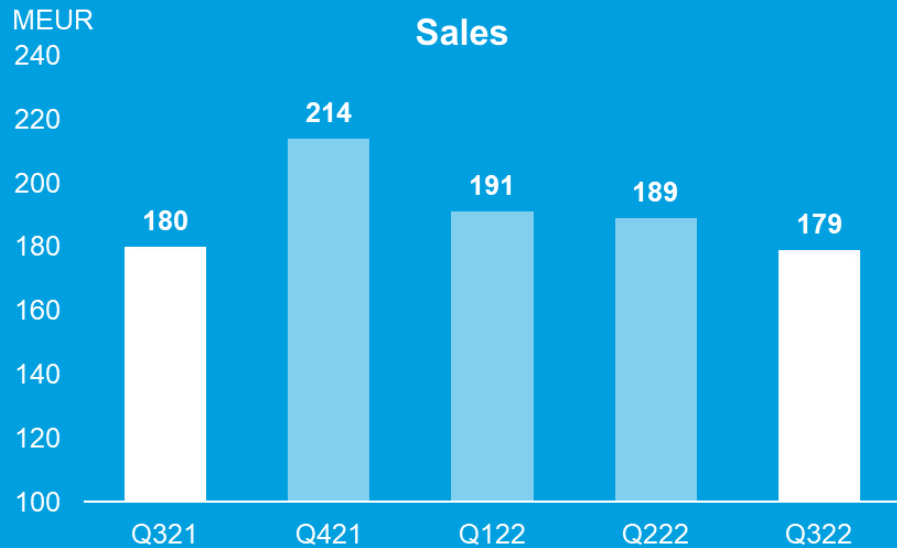
- Sales +23% YoY
- Driven by higher board prices
- Further weakening demand in containerboard
- Stable demand in consumer board with strong orderbook but pressure on margins due to increasing variable costs



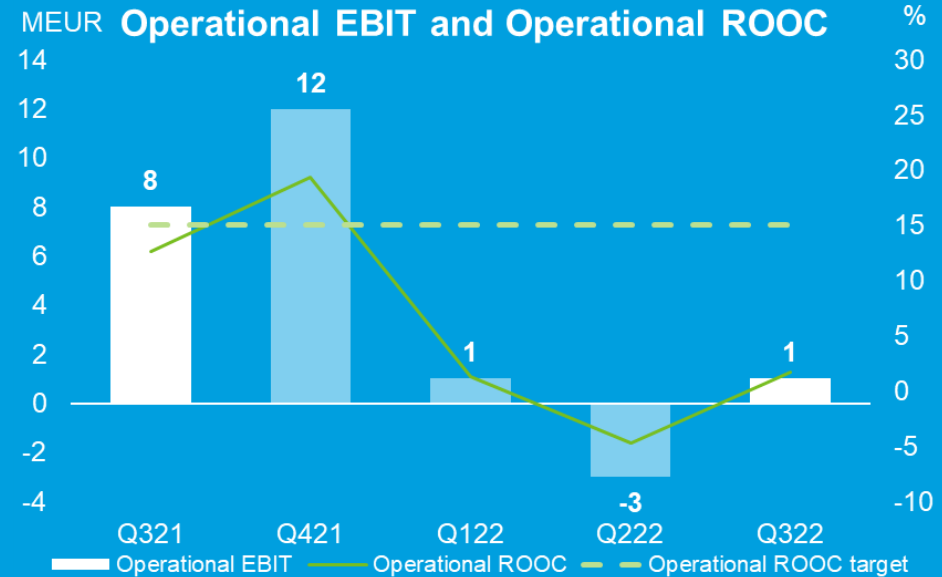
- OpEBIT +19% YoY
- Driven by improved containerboard profitability
- Higher board prices offset higher variable costs
- OpROOC at 21.3%, long-term target >20%

Packaging Solutions

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



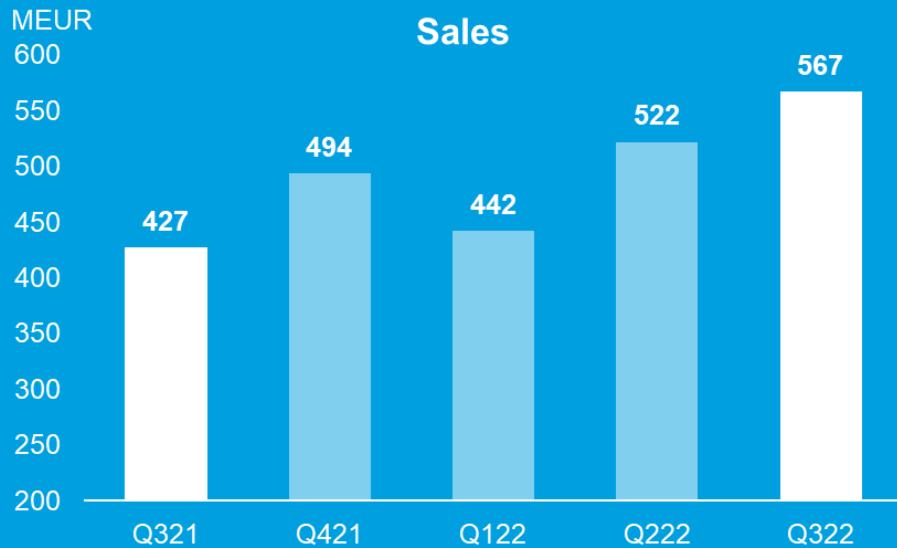
- Sales flat YoY
- Higher prices in European corrugated packaging and growth in new businesses
- Divestment of Russian units and lower deliveries in Europe



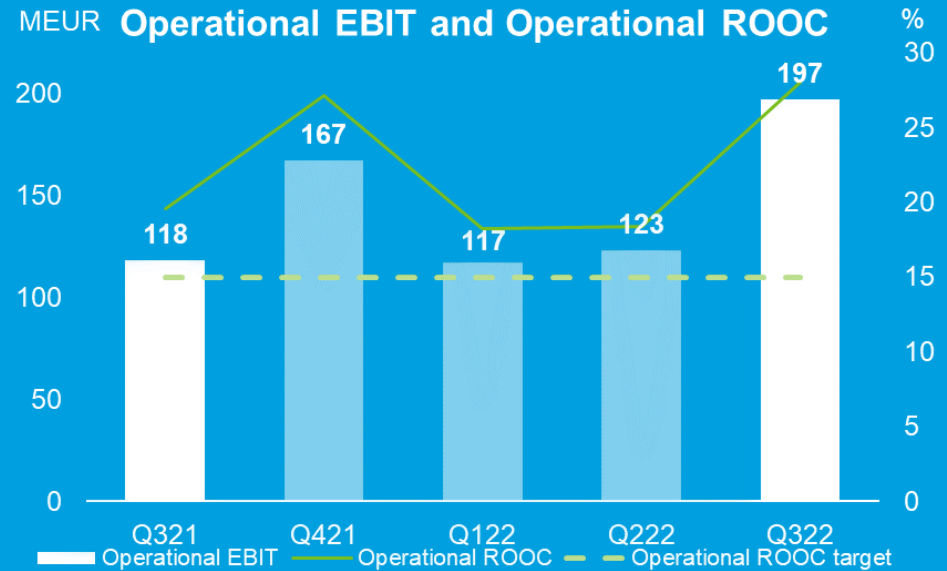
- OpEBIT -€7m YoY
- Effected by exit from Russia
- Higher ramp-up costs in new businesses
- OpROOC at 1.7%, long-term target >15%

Biomaterials

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



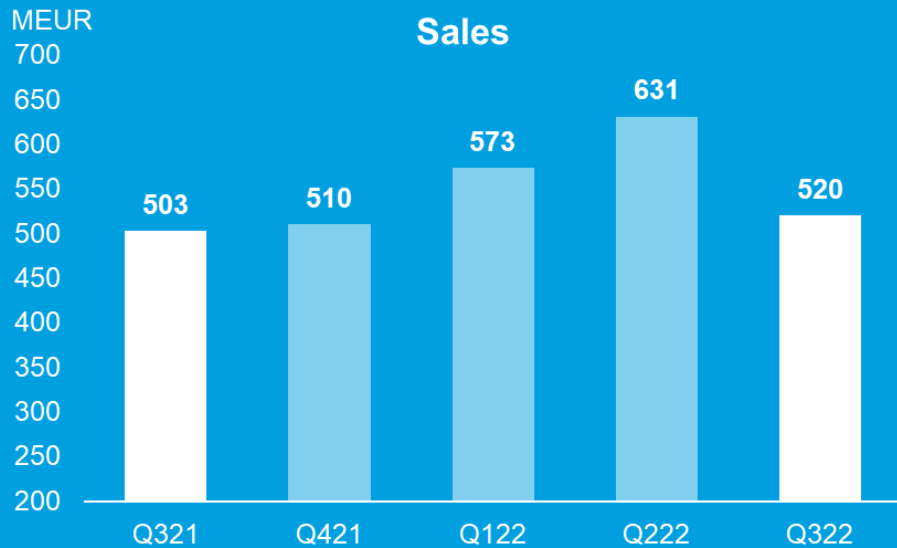
- Sales +33% YoY, all-time high quarter
- Driven by all-time high price levels and a strong US dollar
- Lower wood availability and logistical constraints



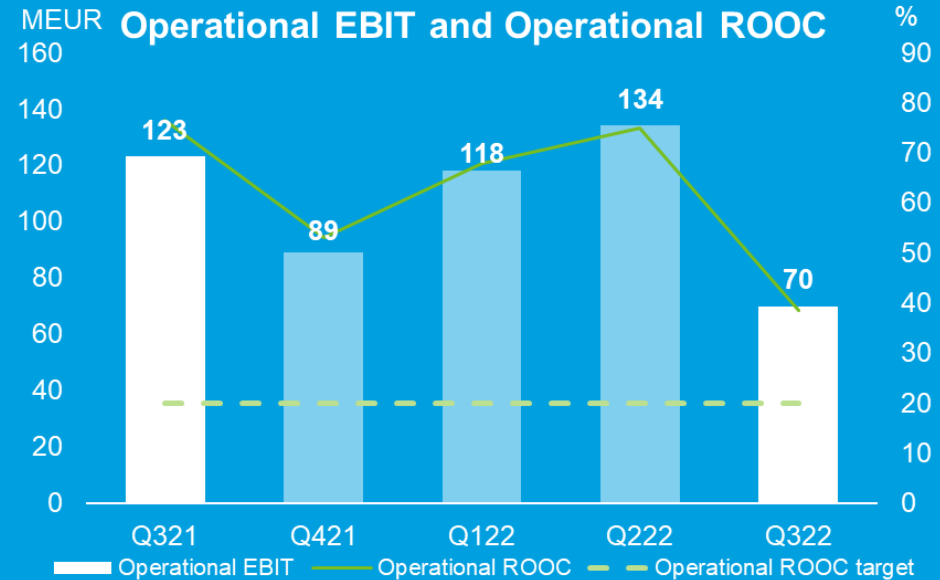
- OpEBIT +67% YoY, all-time high quarter
- Higher sales prices and positive FX fully offset higher variable costs
- OpROOC at 28.0%, long-term target >15%

Wood Products

Record-high Q3 sales



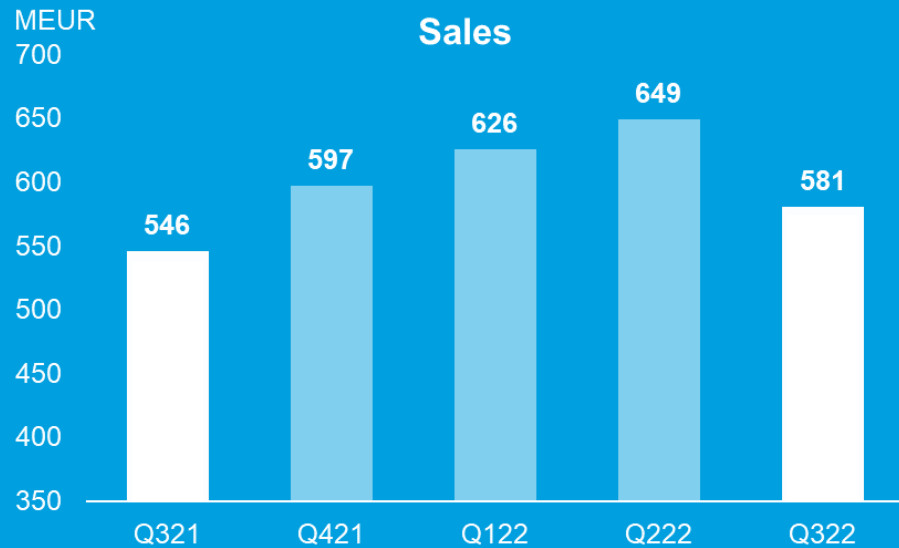
- Sales +3% YoY, record-high quarter
- Driven by higher sales prices
- The sawn wood market continued to weaken
- Good demand in Building Solutions



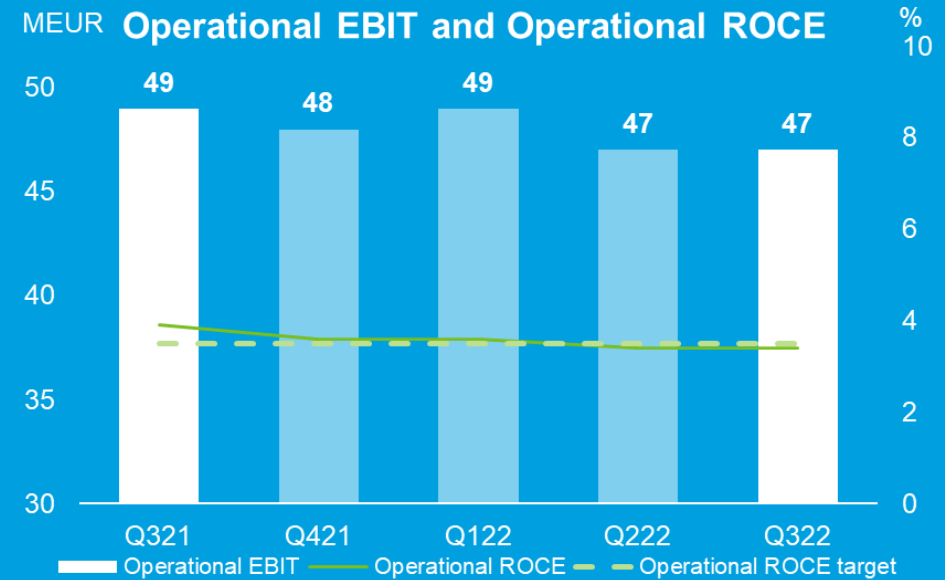
- OpEBIT -€53m YoY
- Affected by increased costs, mainly for logistics, electricity and raw materials
- OpROOC at 38.4%, long-term target >20%

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



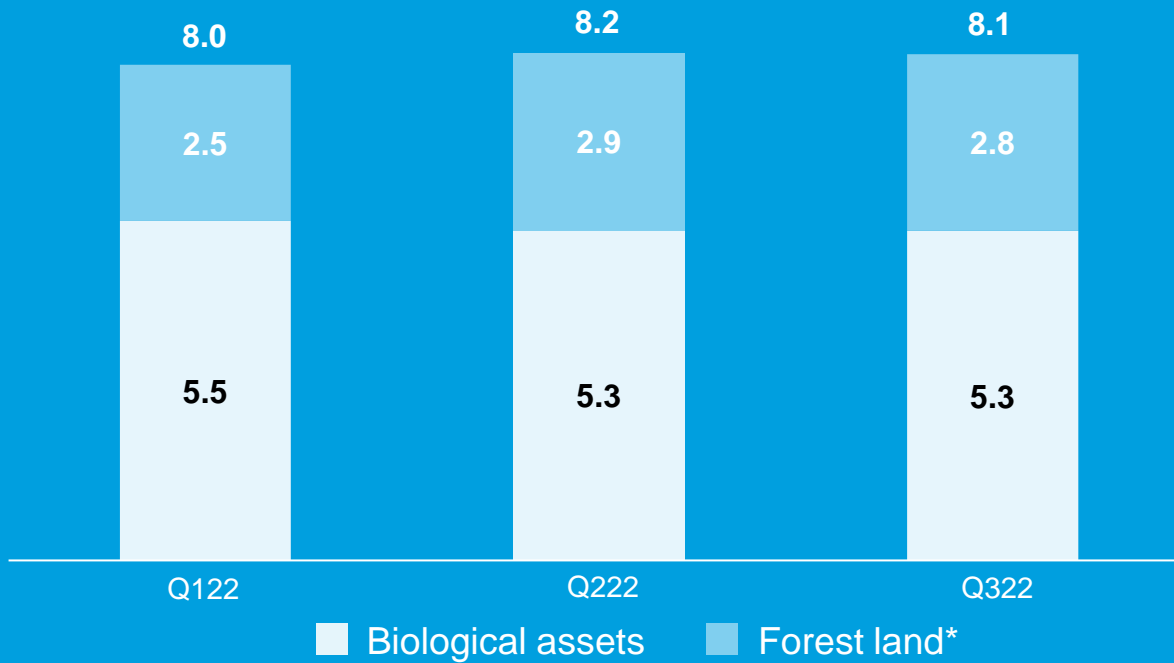
- OpEBIT continued at a stable level reflecting resilient forest performance
- OpROCE at 3.4%, long-term target >3.5%

Forest assets fair value remaining stable



Group forest assets

€ billion

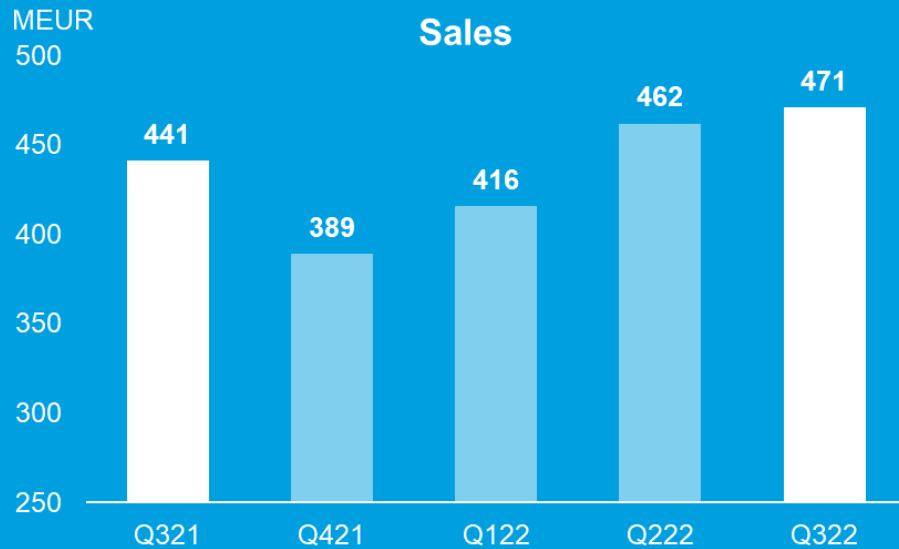


*Including leased land

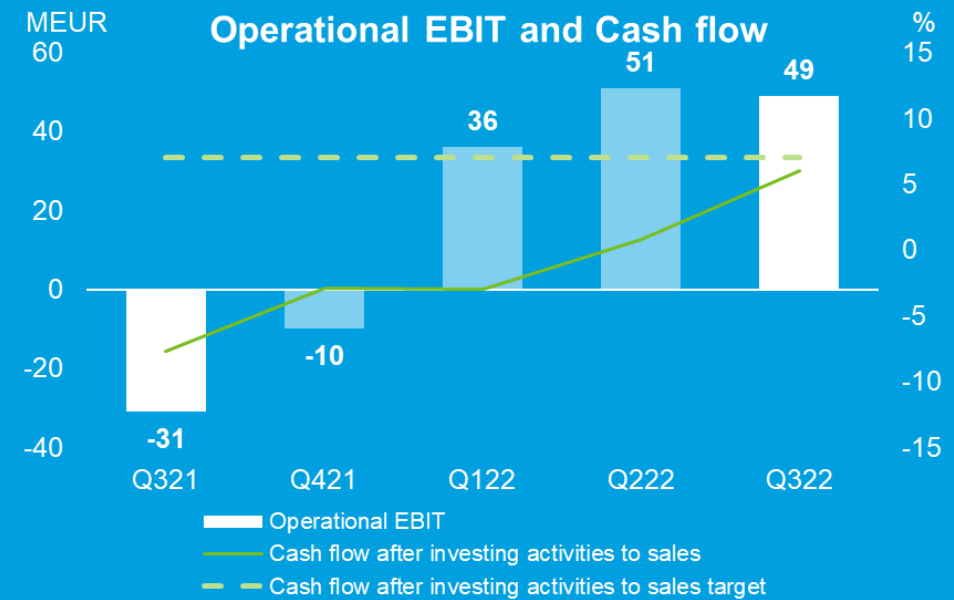
- Slight decrease in fair value mainly due to foreign exchange rates
- Fair value of €8.1 billion equivalent to €10.30 per share
- ~30% self-sufficiency of wood supply from own forest assets and long-term agreements

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 cyclicity
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

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



- Acting on strategic initiatives for long-term growth in our key strategic areas:
 - Renewable packaging, building solutions and biomaterials innovation
- Acquiring De Jong Packaging Group advances our strategic direction, accelerate revenue growth and build market share in renewable packaging in Western Europe
- Accelerating growth in renewable packaging by investing in conversion for growing end-use segments
- Positioning ourselves to accelerate growth in building solutions and biomaterials innovations



Disclaimer



It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.








THE RENEWABLE MATERIALS COMPANY

Our leading performance in ESG is recognised



(ESG rating agencies in alphabetical order)

| | |
|--|--|
|  <p>Climate A-, Forest A- and Water B</p> |  <p>ESG rating AAA (highest possible score)</p> |
|  <p>Highest recognition level, Platinum</p> |  <p>ESG rating 15.9* out of 40.0</p> |
| <p>FTSE Russell</p> <p>ESG rating 4.4 out of 5.0</p> | <p>Transition Pathway Initiative</p> <p>Top-ranked in both management quality and carbon</p> |
|  <p>ESG QualityScore highest possible score in Social & Environment</p> | <p>VigeoEiris**</p> <p>ESG rating 73 out of 100</p> |

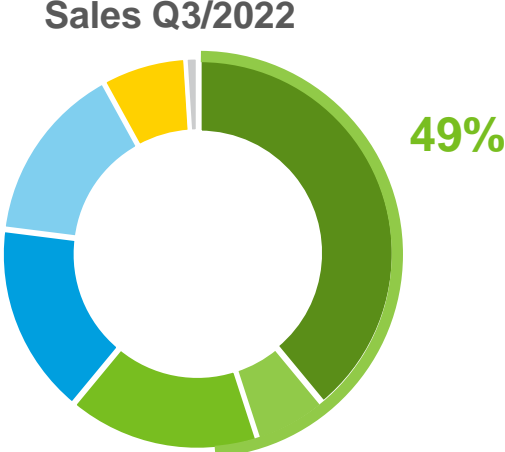
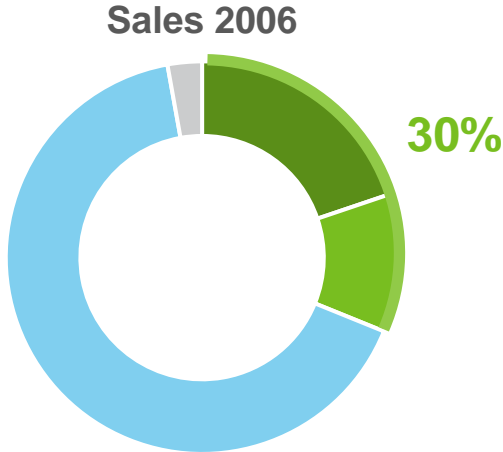
Development of long-term targets



| Key long-term targets | | Q3 21 | Q3 22 |
|--------------------------------|--------|-------|-------|
| 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% |

| | | 2020 | 2021 |
|---|--|------|------|
| Dividend per share (EUR) | To distribute 50% of EPS excluding fair valuation over the cycle | 0.30 | 0.55 |
| Climate: Reduction of fossil CO ₂ e emissions (scope 1 and 2) | -50% by the end of 2030 from 2019 | -13% | -18% |
| Climate: Reduction of fossil CO ₂ e emissions (scope 3) | -50% by the end of 2030 from 2019 | -10% | 0% |
| Circularity | 100% by 2030 | n/a | 93% |
| Biodiversity: Forest certification coverage | ≥ 96% | 99% | 99% |

Strategic growth areas 49% of sales



- Packaging Materials
- Packaging Solutions¹
- Wood Products
- Biomaterials
- Paper²
- Forest
- Other and eliminations³

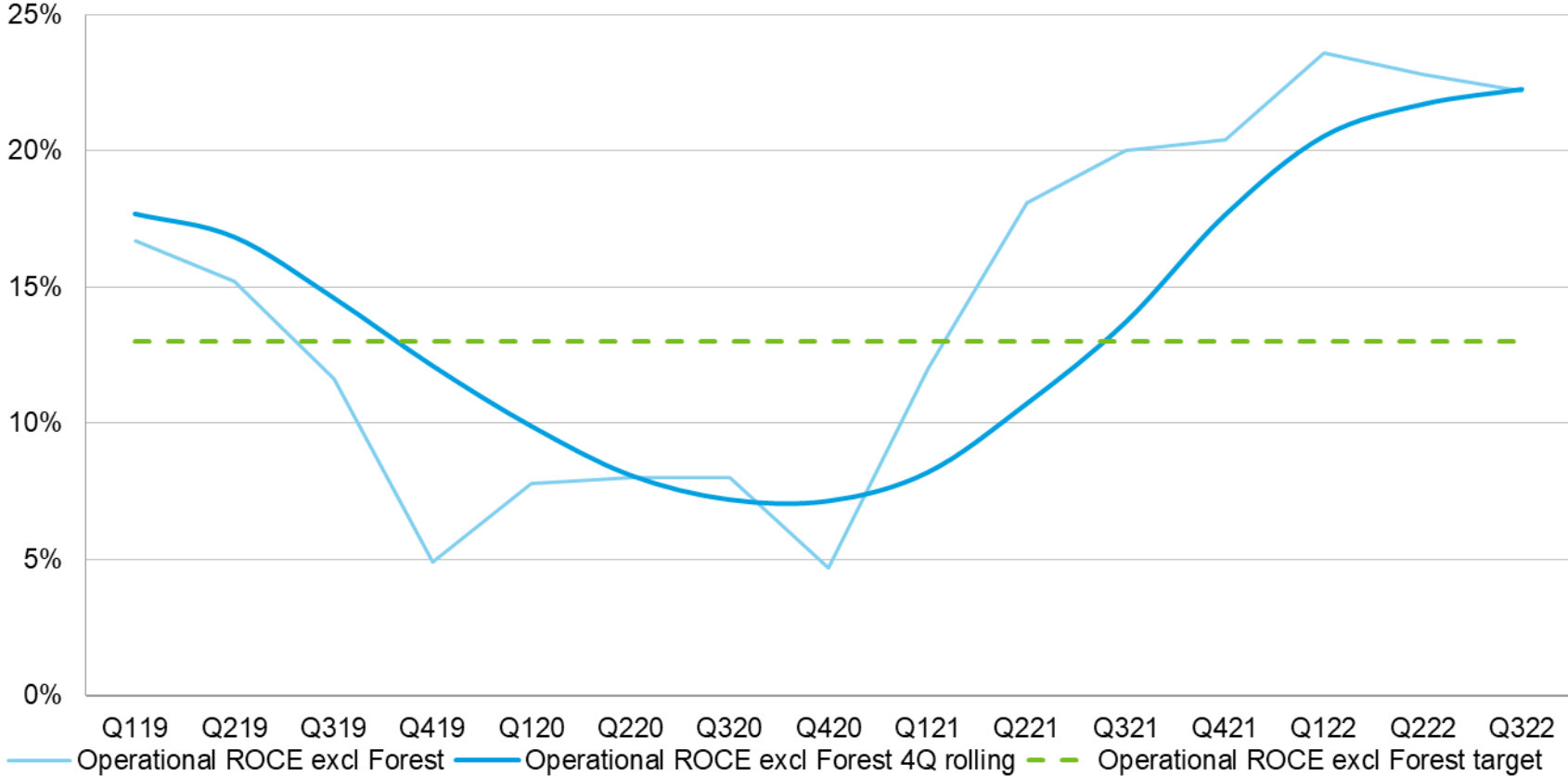
¹ In 2006 included in Packaging Materials
² In 2006 included merchants
³ In 2006 included Forests

Operational EBIT by segments

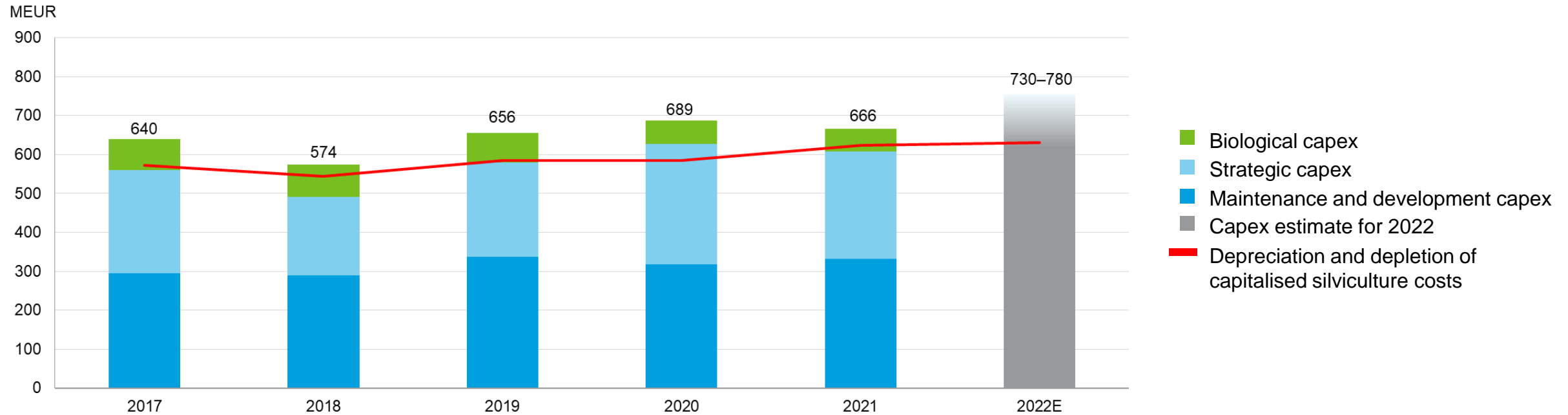


| MEUR | Q322 | Q321 | Change % Q322-Q321 | Q222 | Change % Q322-Q222 |
|---------------------|-------|-------|-----------------------|-------|-----------------------|
| Packaging Materials | 181 | 153 | 18.7% | 188 | -3.6% |
| % of sales | 15.0% | 15.4% | | 15.4% | |
| Packaging Solutions | 1 | 8 | -87.6% | -3 | 136.5% |
| % of sales | 0.5% | 4.3% | | -1.4% | |
| Biomaterials | 197 | 118 | 66.8% | 123 | 60.4% |
| % of sales | 34.8% | 27.7% | | 23.6% | |
| Wood Products | 70 | 123 | -43.1% | 134 | -47.7% |
| % of sales | 13.5% | 24.5% | | 21.3% | |
| Forest | 47 | 49 | -4.9% | 47 | 0.4% |
| % of sales | 8.1% | 9.0% | | 7.2% | |
| Paper | 49 | -31 | 258.9% | 51 | -2.6% |
| % of sales | 10.5% | -7.0% | | 10.9% | |
| Other | -12 | -3 | -289.9% | -19 | 36.0% |
| % of sales | -4.4% | -1.1% | | -6.7% | |

Development of operational ROCE excluding Forest

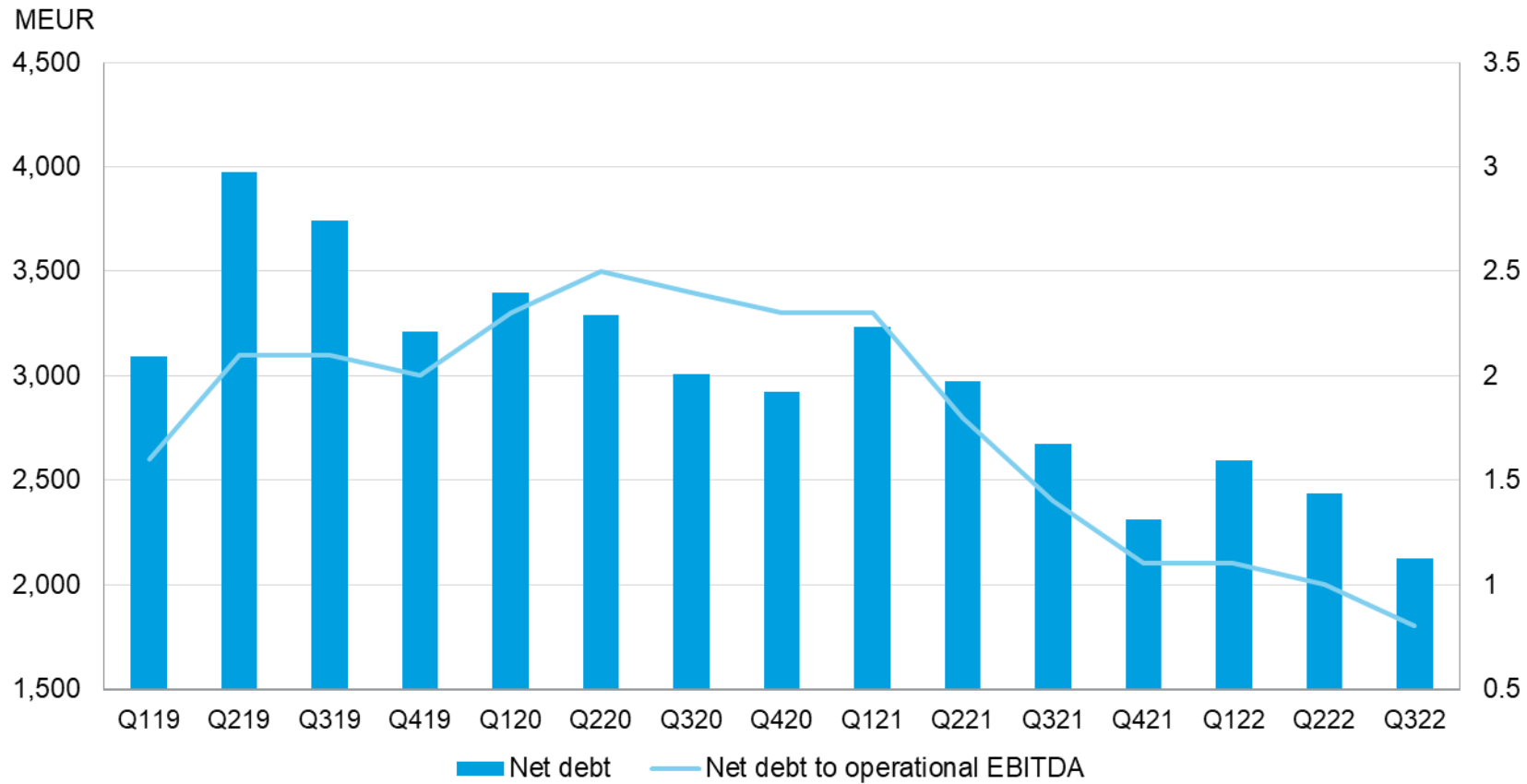


Capex estimate for 2022

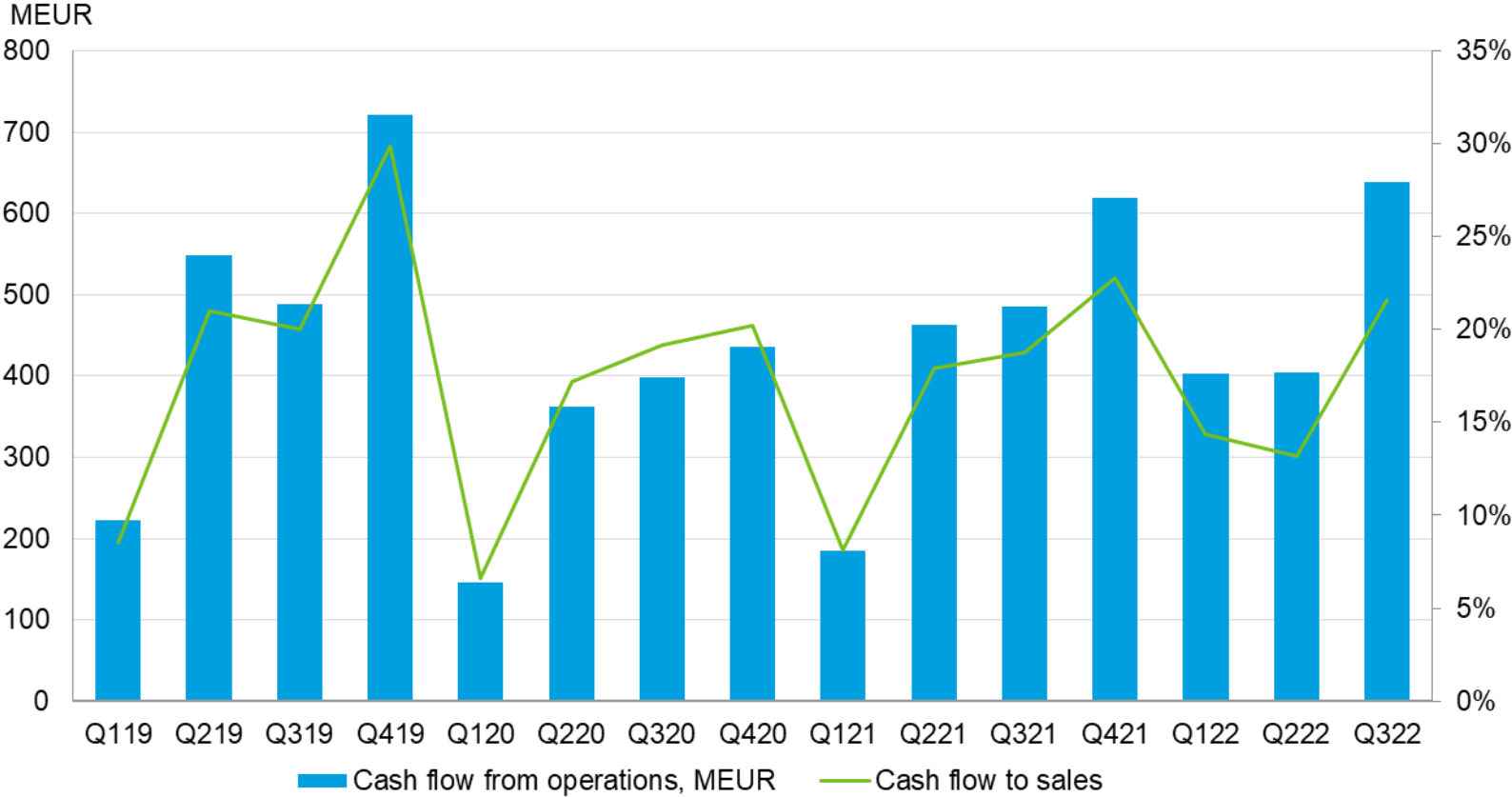


Capex for 2019-2021 and estimate for 2022 include the capitalised leasing contracts according to IFRS 16 Leases standard

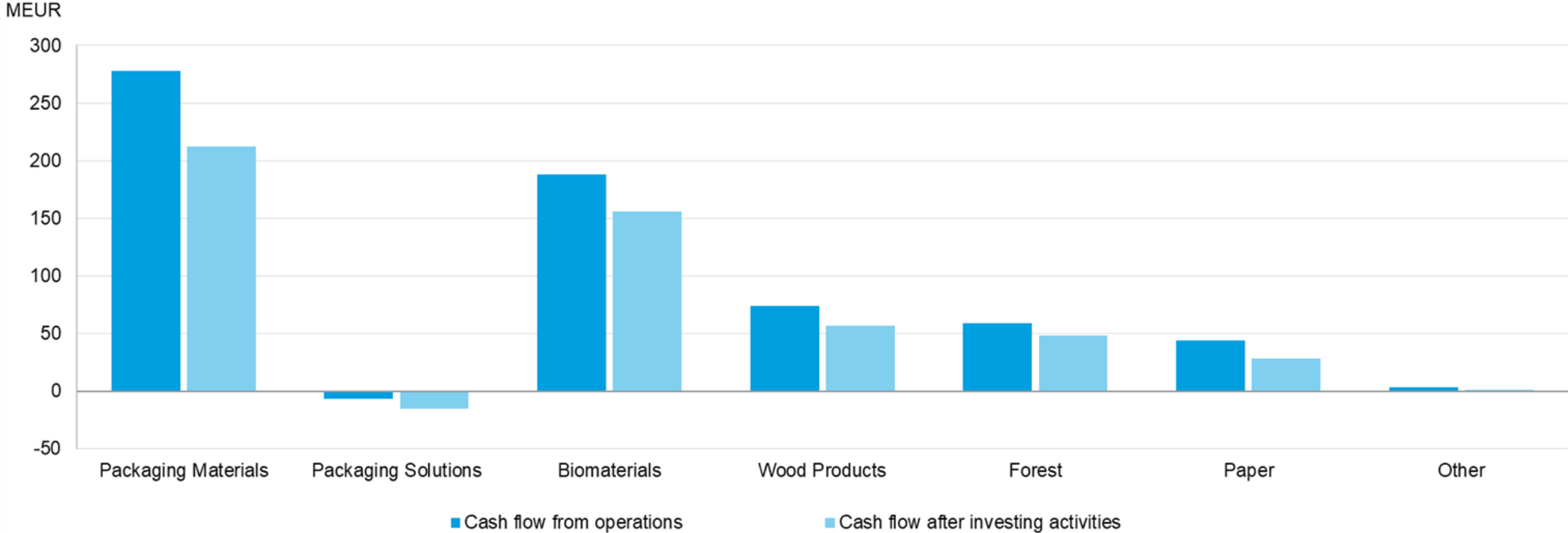
Year-on-year net debt/OpEBITDA



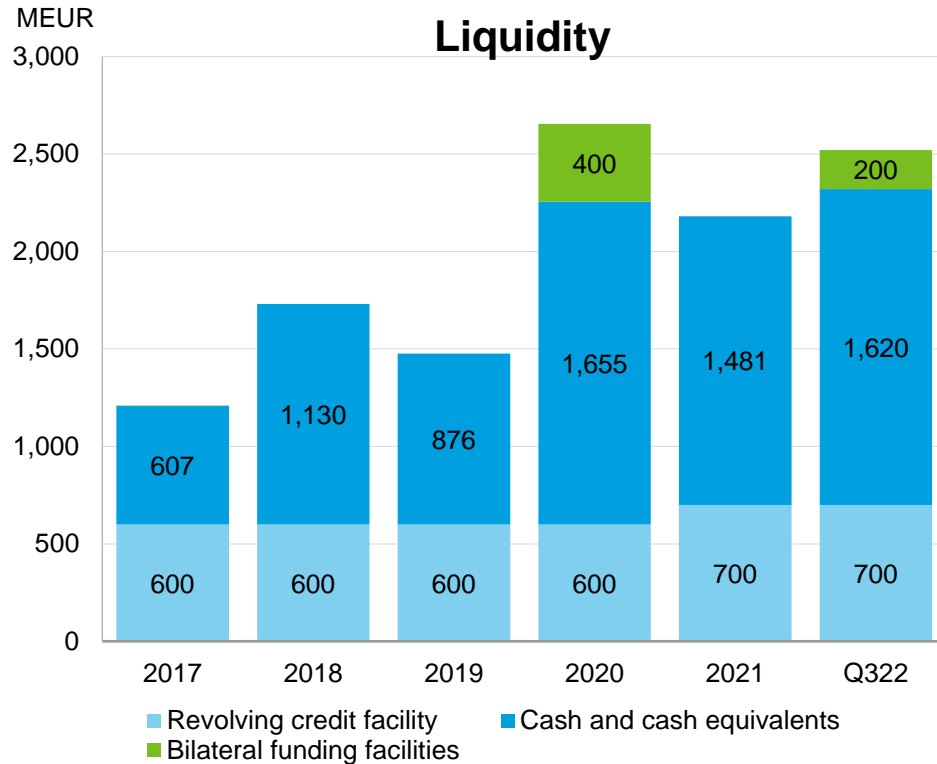
Cash flow development



Cash flow by divisions in Q3



Continued focus on strong liquidity



At the end of the period

- Liquidity at the end of Q3 2022:
 - €1,620m cash and cash equivalents
 - €700m committed revolving credit facility fully undrawn
 - €200m committed bilateral credit facility fully undrawn
 - €1,050m statutory pension premium loans available
- No financial covenants on Stora Enso Oyj's debt
- Net debt to operational EBITDA for the last 12 months at 0.8x and gearing at 17%

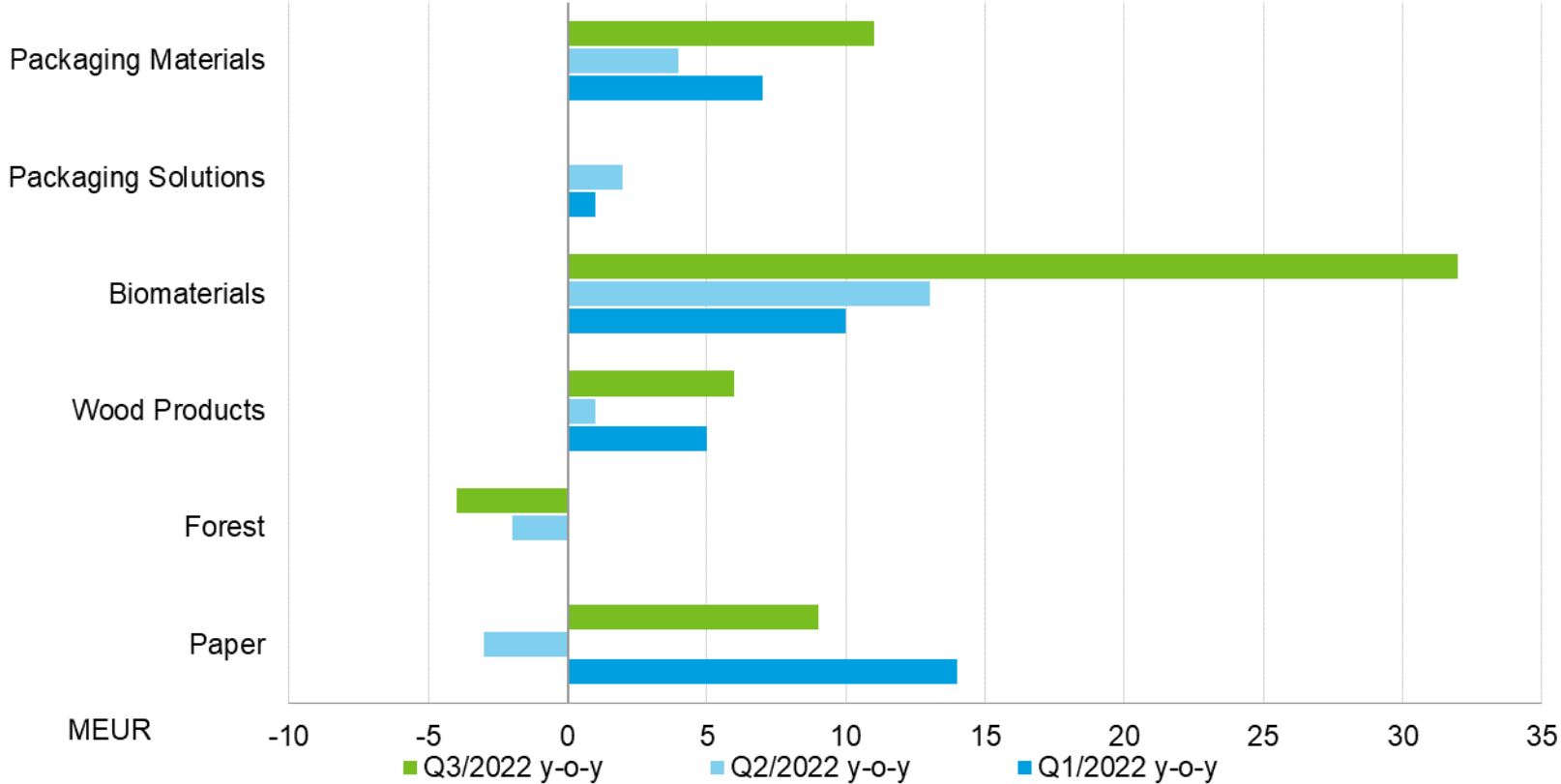
Net Financial Items



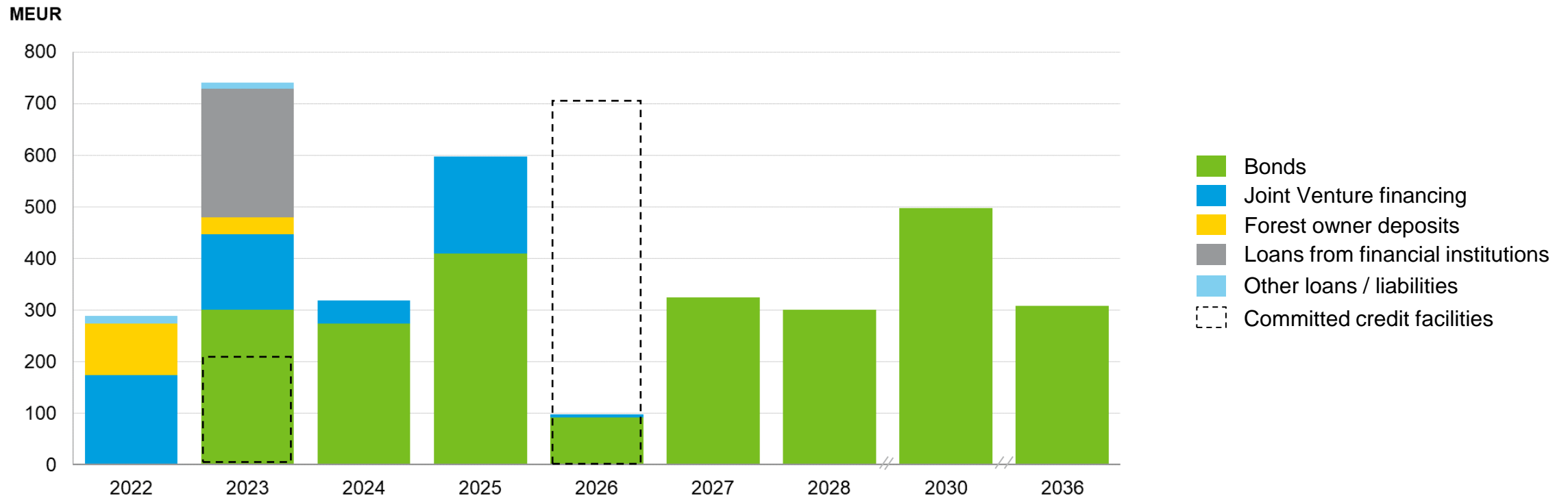
| MEUR | Q3 2022 | Q3 2021 | Change MEUR Q322/ Q321 | Q2 2022 | Change MEUR Q322/ Q222 |
|--|------------|------------|---------------------------------|------------|---------------------------------|
| Net interest expense | -27 | -31 | 4 | -28 | 0 |
| Average interest rate* | 3.3% | 3.0% | | 3.3% | |
| Foreign exchange gains and losses | -9 | -2 | -7 | 0 | -9 |
| | | | | | |
| Other financial items, of which | -27 | -4 | -22 | -2 | -25 |
| Pension costs (IAS 19R) | -1 | -1 | 0 | -1 | 0 |
| Other items | -26 | -4 | -22 | -1 | -25 |
| | | | | | |
| Total net financial items | -63 | -37 | -26 | -29 | -34 |

* Quarterly gross interest expense divided by average gross debt

Net FX by division



Maturity profile Q3 2022



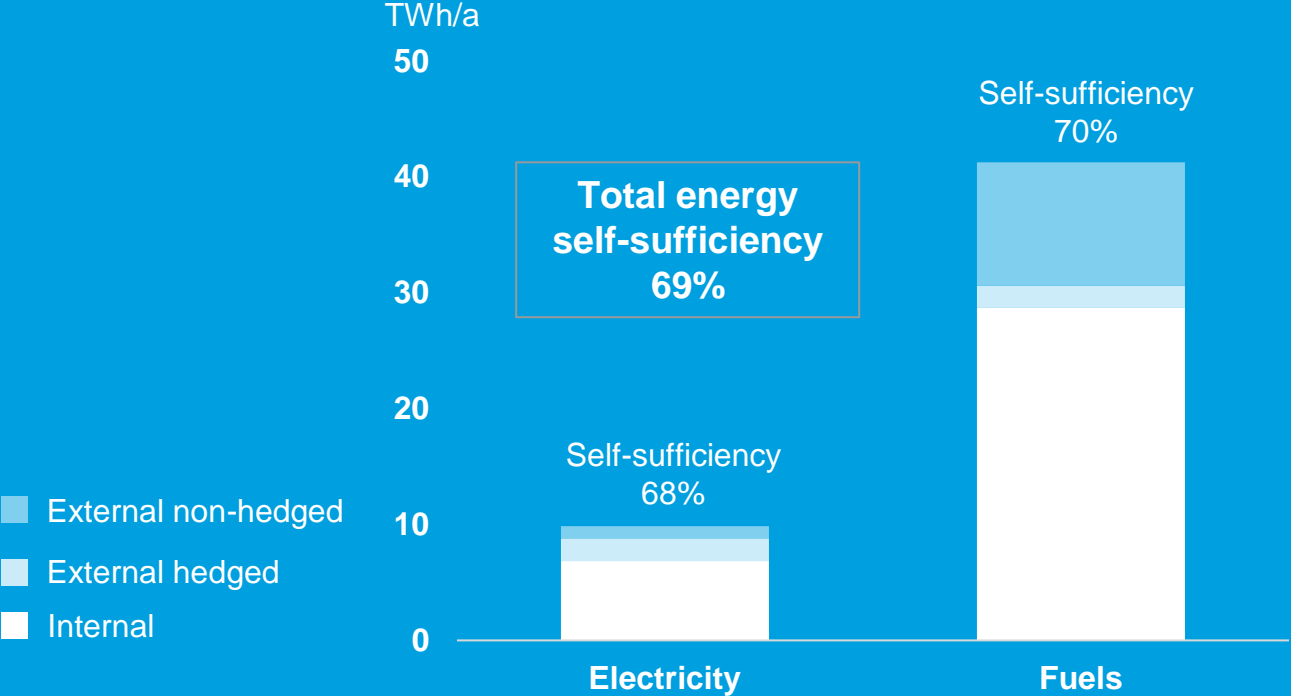
Committed credit facilities are fully undrawn and mature in 2023 (€200m) and 2026 (€700m)

Our business is resilient to energy price fluctuations

Total energy self-sufficiency excluding Paper 78%



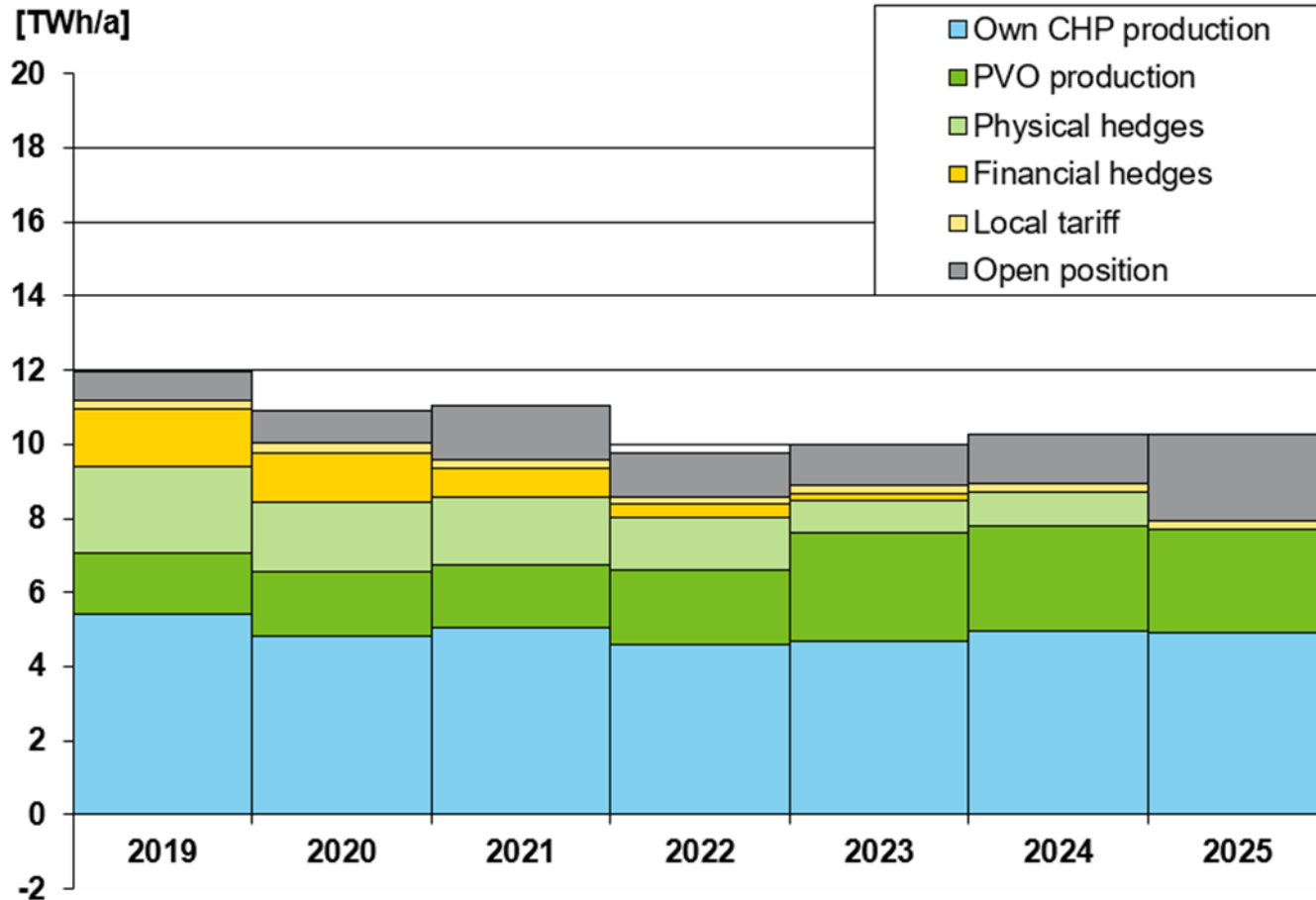
Group energy balance estimate FY2022



| Impact on non-hedged volume on operating profit from 10% change for the next 12 months in: | EUR million p.a. |
|--|------------------|
| Electricity market price | ~40.6 |
| Fossil fuel price | ~23.7 |
| Energy hedging in 2022 | ~80% |
| Energy costs of total costs in 2021 | ~7% |

Stora Enso electricity supply-demand estimate FY2022

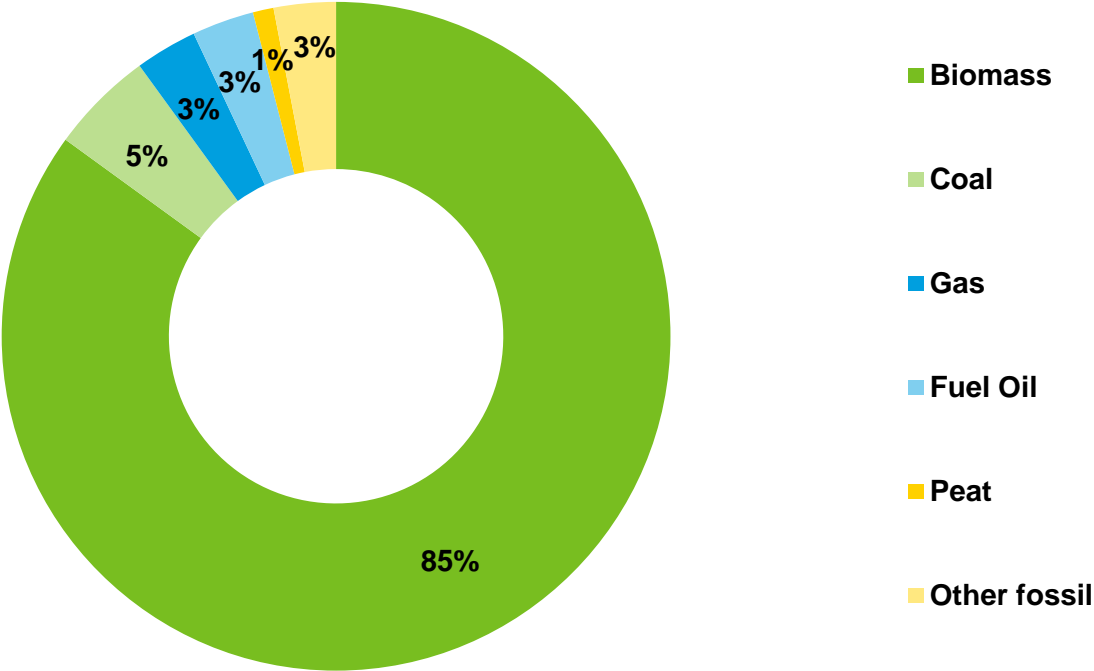
Pulp, paper and board mills in Europe and overseas



CHP = combined heat and power

Stora Enso fuels Q3 2022

Pulp, paper and board sites in Europe and overseas



Total Q3 fuel consumption was 8.4 TWh

Permanent pulp, paper and board capacity reductions since 2006



| Site | Date | Grade | Capacity reduction, t |
|--------------------------------|------------|-------------------------------------|-----------------------|
| Corbehem PM 3 and PM 4 | Jun 2006 | LWC | 250,000 |
| Varkaus PM 1 | End 2006 | WFC | 95,000 |
| Berghuizer Mill | Oct 2007 | WFU | 235,000 |
| Reisholz Mill | End 2007 | SC | 215,000 |
| Summa Mill | Jan 2008 | Newsprint, uncoated mag, book paper | 415,000 |
| Anjala Mill PM1 | Feb 2008 | Coated magazine paper | 155,000 |
| Baienfurt Mill | End 2008 | FBB | 190,000 |
| Kabel Mill PM 3 | End 2008 | Coated magazine | 140,000 |
| Kemijärvi Pulp Mill | April 2008 | Long-fibre (SW) pulp | 250,000 |
| Norrsundet Pulp Mill | Dec 2008 | Long-fibre (SW), pulp | 300,000 |
| Varkaus Mill coreboard machine | Dec 2008 | Coreboard | 100,000 |
| Imatra PM 8 | Mar 2010 | WFU | 210,000 |
| Varkaus PM 2 and PM 4 | Sep 2010 | Newsprint, directory paper | 290,000 |
| Maxau PM 7 | Nov 2010 | Newsprint | 195,000 |

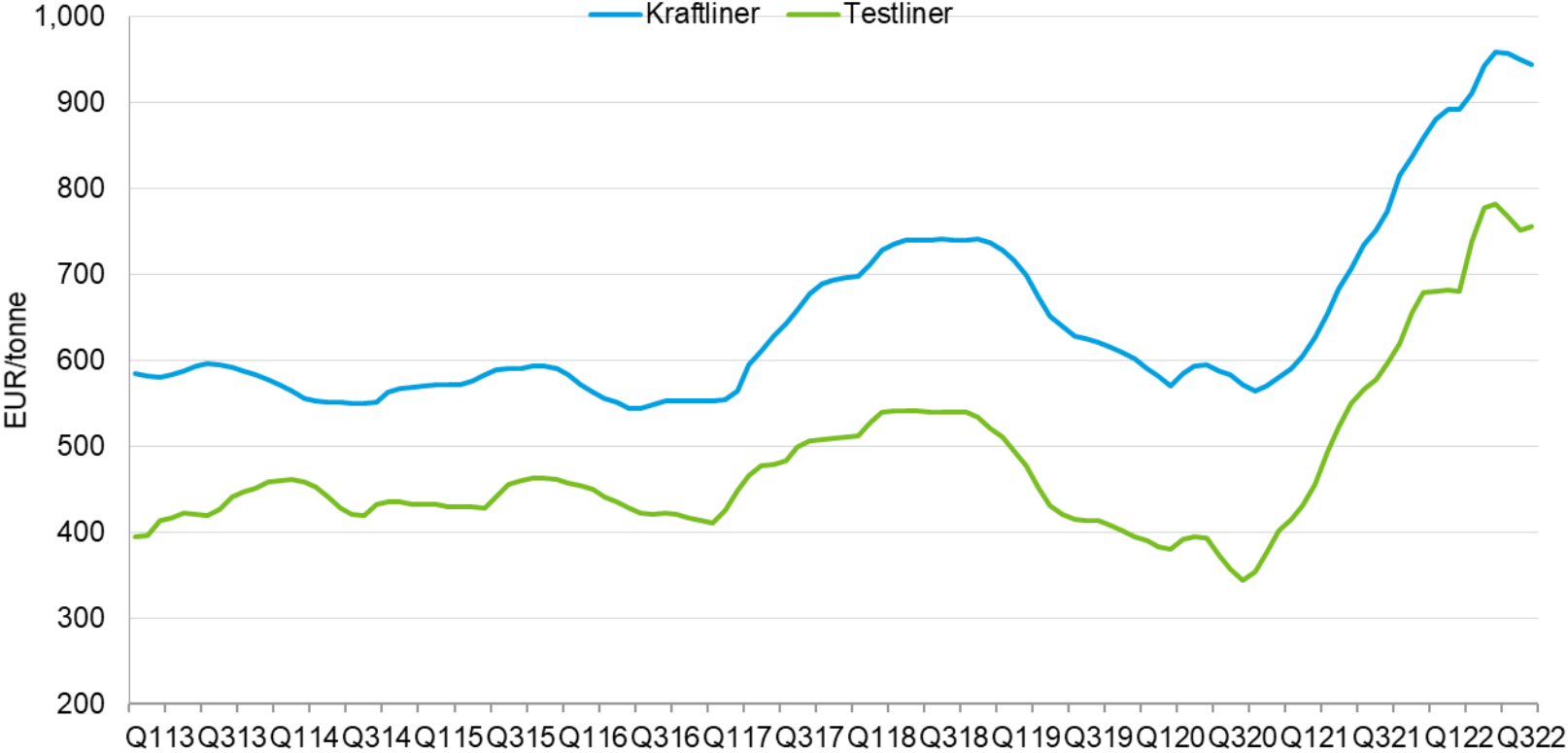
| Site | Date | Grade | Capacity reduction, t |
|-------------------|-------------|--|-----------------------|
| Hylte PM1 | Dec 2012 | Newsprint | 180,000 |
| Ostroleka PM2 | Jan 2013 | Containerboard | 85,000 |
| Hylte PM2 | May 2013 | Newsprint | 205,000 |
| Kvarnsveden PM11 | May 2013 | Newsprint | 270,000 |
| Veitsiluoto PM1 | Apr 2014 | Coated magazine | 190,000 |
| Corbehem Mill | July 2014 | LWC | 330,000 |
| Varkaus | Aug 2015 | WFU | 280,000 |
| Suzhou | Jun 2016 | WFU | 240,000 |
| Kvarnsveden PM8 | Jun 2017 | SC | 100,000 |
| Imatra PM 6 | End of 2019 | Coated spec. | 90,000 |
| Oulu PM 6 and PM7 | Sep 2020 | WFC | 1,080,000 |
| Hylte PM3 | Dec 2020 | News | 235,000 |
| Kvarnsveden site | Q3 2021 | SC, impr. News, packaging paper | 565,000 |
| Veitsiluoto site | Q3 2021 | LWC, MWC, WFU, speciality paper, packaging paper | 790,000 |
| Total | | | 7,680,000 |

Permanent sawn wood capacity reductions since 2006



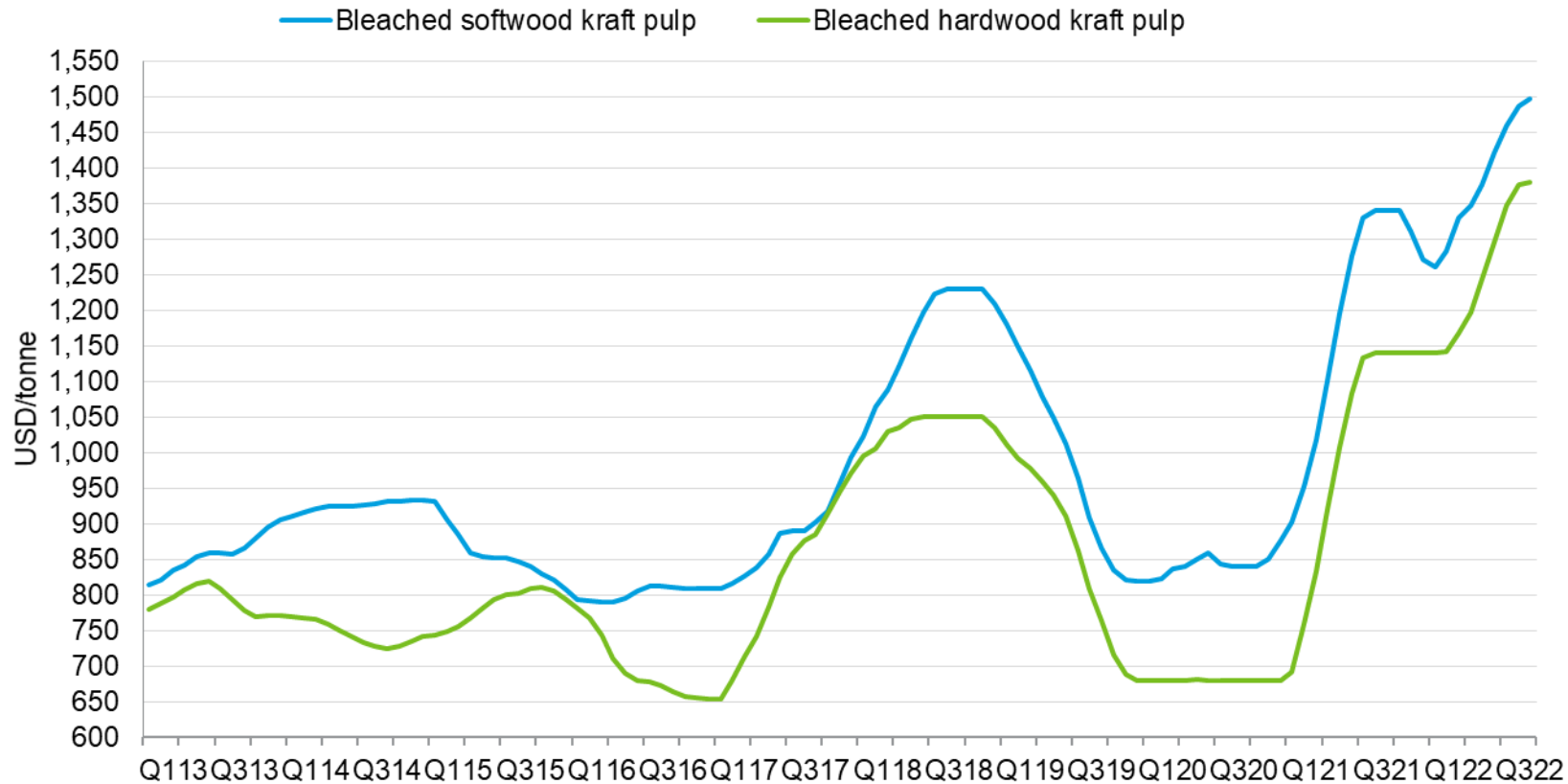
| Site | Date | Capacity reduction, m ³ |
|---------------------|-------------|------------------------------------|
| Veitsiluoto Sawmill | 2006 | 100,000 |
| Honkalahti Sawmill | 2006 | 90,000 |
| Sauga Sawmill | 2007 | 130,000 |
| Sollenau Sawmill | 2007 | 110,000 |
| Näpi Sawmill | 2007-2008 | 100,000 |
| Kotka Sawmill | 2007-2008 | 70,000 |
| Paikuse Sawmill | 2008 | 220,000 |
| Zdirec Sawmill | 2008 | 120,000 |
| Ybbs Sawmill | 2008 & 2009 | 200,000 |
| Kitee Sawmill | 2008 & 2009 | 130,000 |
| Varkaus Sawmill | 2009 | 60,000 |
| Tolkkinen Sawmill | 2009 | 260,000 |
| Kopparfors Sawmill | 2011 | 310,000 |
| Sollenau Sawmill | 2014 | 400,000 |
| Kitee | 2019 | 260,000 |
| Total | | 2,560,000 |

Kraftliner and testliner prices



Source: FOEX

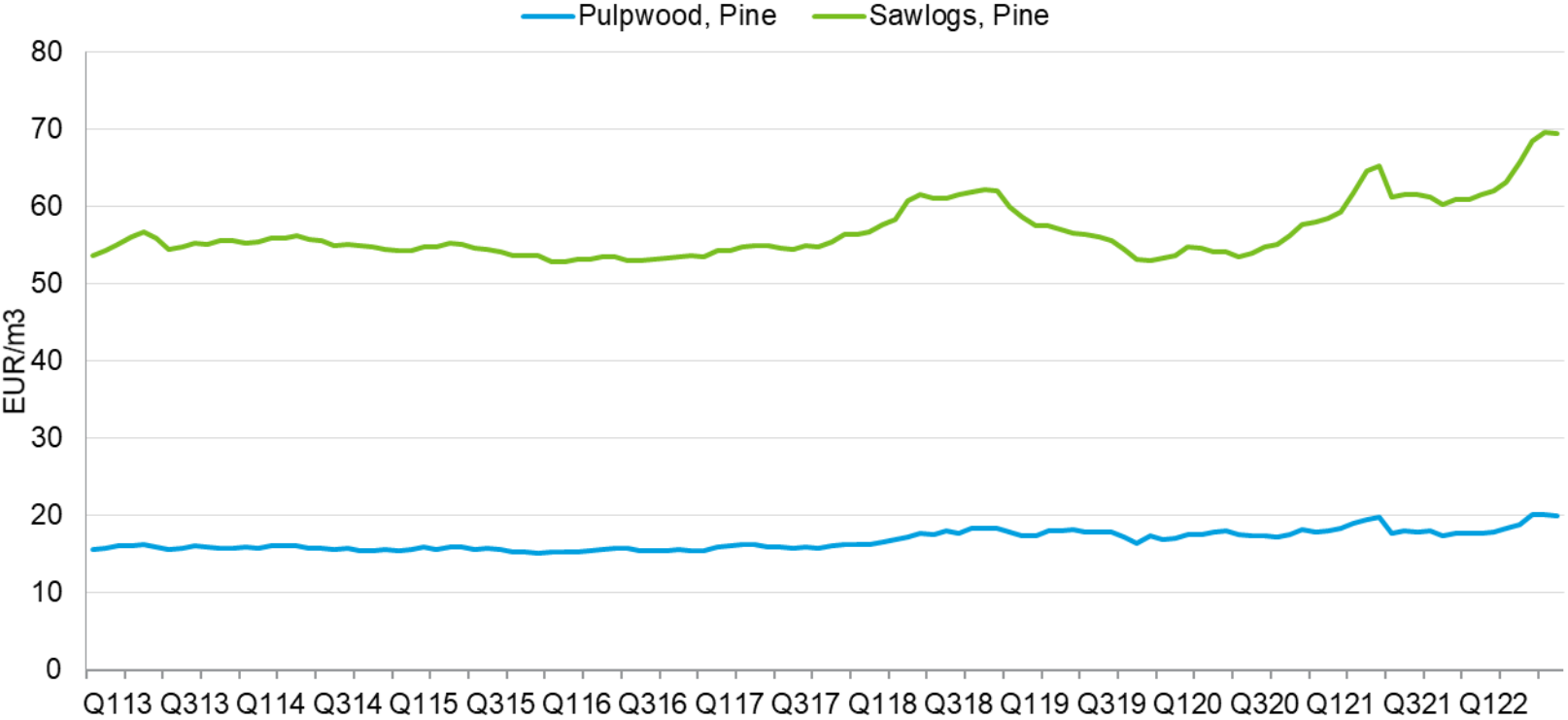
Pulp price development



Source: FOEX

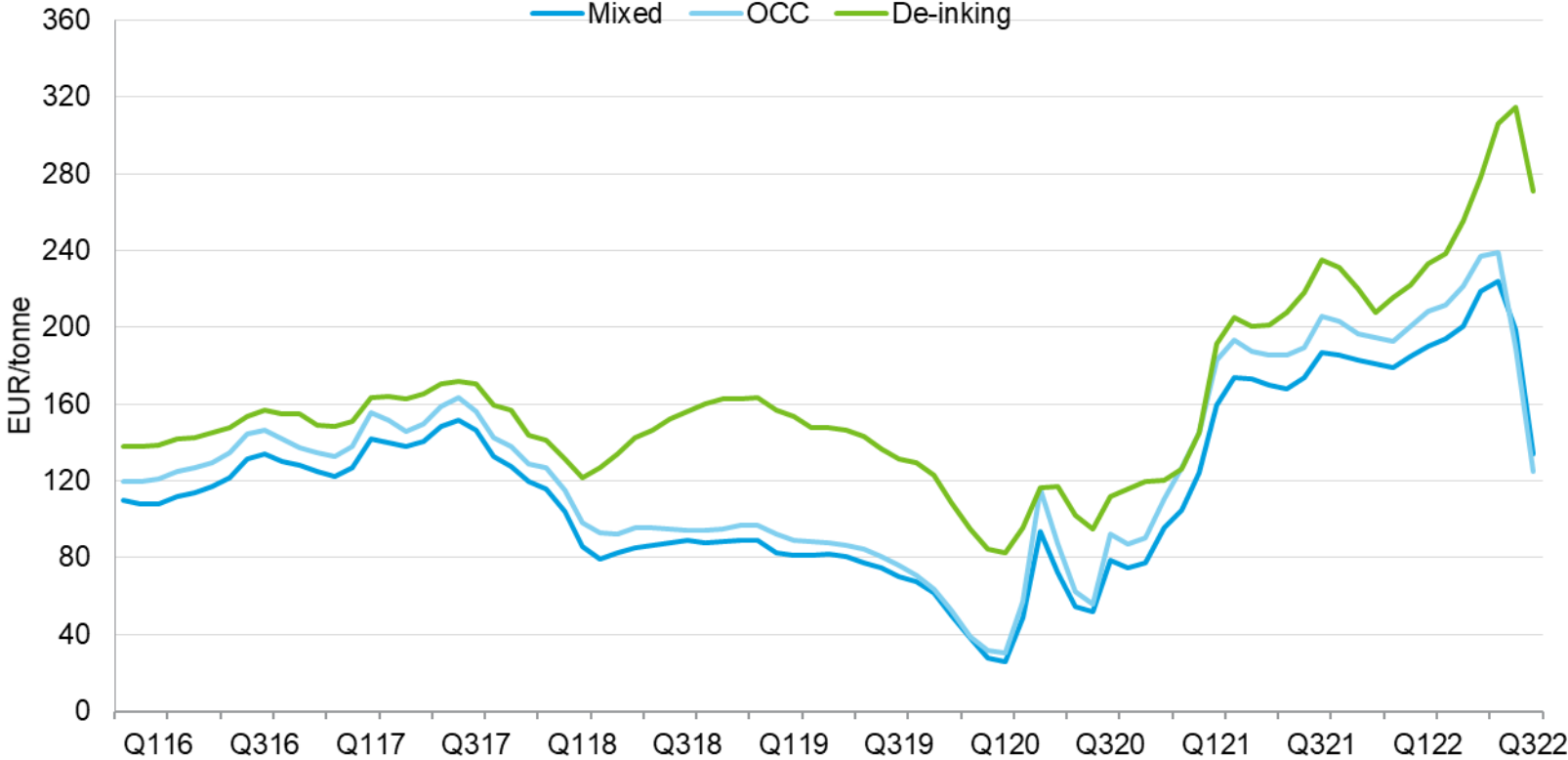
Pulp wood and saw log prices

Wood prices in Finland



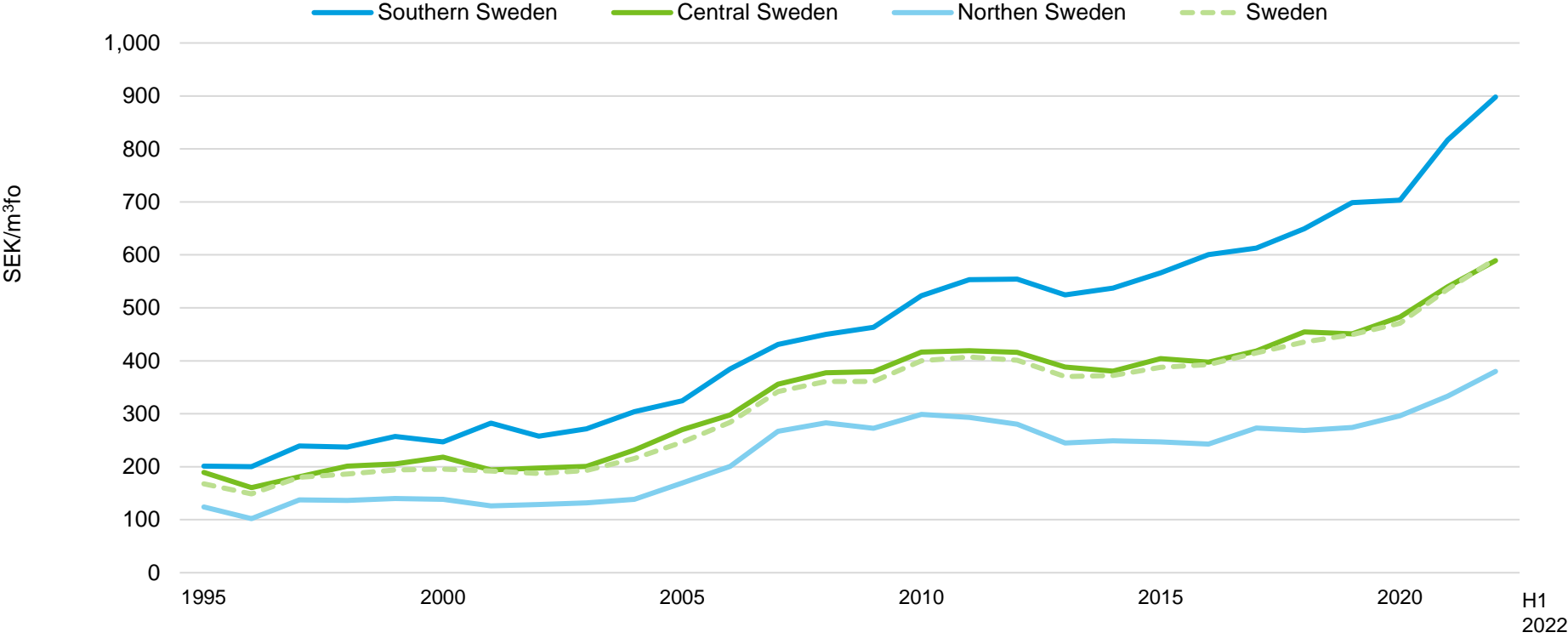
Source: Luonnonvarakeskus

Paper for recycling prices



Source: FOEX

Market transaction-based forest prices in Sweden



Source: Ludvig & Co 25 August 2022 report, based on nominal prices

THE RENEWABLE MATERIALS COMPANY