# Stora Enso
# Interim Report

January–September 2017

Q3

THE RENEWABLE MATERIALS COMPANY

# Solid performance:
# A step change in our transformation

## Q3/2017 (compared with Q3/2016)

- Sales of EUR 2 509 (EUR 2 393) million increased 4.8%: the third consecutive quarter of sales growth. Sales excluding the paper business increased 11.1%, primarily due to operations in China, Varkaus and Murów sawmill, and favourable price development.
- Operational EBIT increased 32.4% to EUR 290 (EUR 219) million. This was mainly due to favourable sales prices and increased volumes from the recent strategic investments, and good cost management. The operational EBIT margin was 11.6% (9.2%).
- EPS was EUR 0.24 (0.16). EPS excl. IAC increased to EUR 0.27 (0.17).
- Cash flow from operations was EUR 430 (EUR 390) million, cash flow after investing activities EUR 283 (EUR 177) million.
- Balance sheet continued strengthening; net debt to operational EBITDA was 1.8 (2.1).
- Operational ROCE was 13.9% (10.1%), at the highest level since Q1/2001, and above our long-term target of 13%, operational ROCE excluding the Beihai operations 16.3% (13.5%).
- The EUR 50 million profit improvement programme is proceeding according to plan. One third of the targeted cost-savings were achieved by the end of the quarter, full effect expected by the end of 2018.

## Q1–Q3/2017 (compared with Q1–Q3/2016)

- Sales at EUR 7 534 (EUR 7 364) million increased 2.3%. Sales excluding the paper business increased 9.2%.
- Operational EBIT at EUR 724 (EUR 693) million increased 4.5%, mainly due to higher volumes.

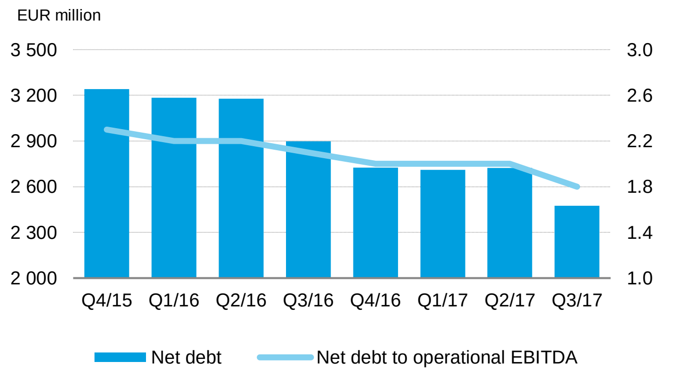
## Transformation

- The ramp-up of Beihai Mill continues to proceed ahead of plan. The consumer board machine is expected to reach full production during the first half of 2018, and operational EBITDA break-even in Q4/2017.
- Varkaus kraftliner mill ramp-up is proceeding. Full production is expected to be reached during Q4/2017. The mill reached its targeted operational EBITDA run-rate of 15%.
- In October, Stora Enso announced a EUR 52 million investment to increase the dissolving pulp capacity at Enocell Mill in Finland.
- Also in October, Stora Enso announced a EUR 42 million investment to enhance the availability of chemi-thermomechanical pulp (CTMP) at Imatra Mills in Finland.

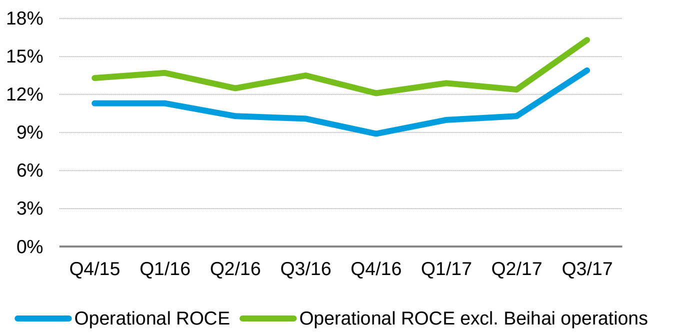
## Outlook

Q4/2017 sales are estimated to be similar to or slightly higher than the amount of EUR 2 509 million recorded in the third quarter, and operational EBIT is expected to be somewhat lower than or even in line with the EUR 290 million recorded in Q3/2017. The operational EBIT estimate for Q4/2017 includes the negative EUR 7 million impact of the ramp-up of the Beihai operations. As earlier announced, the Beihai Mill is expected to reach operational EBITDA-breakeven during Q4/2017. The impact of annual maintenance shutdowns is expected to be approximately EUR 10 million higher than in Q3/2017, and it is included in the above guidance.

**Net debt to operational EBITDA**




**Operational return on capital employed (ROCE)**



## Key figures

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 2 509 | 2 393 | 4.8% | 2 528 | -0.8% | 7 534 | 7 364 | 2.3% | 9 802 |
| Operational EBITDA | 410 | 343 | 19.5% | 341 | 20.2% | 1 103 | 1 061 | 4.0% | 1 371 |
| Operational EBITDA margin | 16.3% | 14.3% | | 13.5% | | 14.6% | 14.4% | | 14.0% |
| Operational EBIT | 290 | 219 | 32.4% | 219 | 32.4% | 724 | 693 | 4.5% | 884 |
| Operational EBIT margin | 11.6% | 9.2% | | 8.7% | | 9.6% | 9.4% | | 9.0% |
| Operating profit (IFRS) | 270 | 196 | 37.8% | 205 | 31.7% | 668 | 638 | 4.7% | 783 |
| Profit before tax excl. IAC | 244 | 170 | 43.5% | 153 | 59.5% | 588 | 465 | 26.5% | 575 |
| Profit before tax | 224 | 161 | 39.1% | 145 | 54.5% | 533 | 465 | 14.6% | 541 |
| Net profit for the period | 191 | 119 | 60.5% | 143 | 33.6% | 441 | 351 | 25.6% | 407 |
| Capital expenditure | 149 | 150 | -0.7% | 116 | 28.4% | 373 | 535 | -30.3% | 729 |
| Capital expenditure excluding investments in biological assets | 127 | 127 | 0.0% | 94 | 35.1% | 309 | 468 | -34.0% | 638 |
| Depreciation and impairment charges excl. IAC | 124 | 124 | 0.0% | 119 | 4.2% | 382 | 371 | 3.0% | 502 |
| Net interest-bearing liabilities | 2 476 | 2 899 | -14.6% | 2 724 | -9.1% | 2 476 | 2 899 | -14.6% | 2 726 |
| Operational return on capital employed (ROCE) | 13.9% | 10.1% | | 10.3% | | 11.4% | 10.6% | | 10.2% |
| Earnings per share (EPS) excl. IAC, EUR | 0.27 | 0.17 | | 0.19 | | 0.63 | 0.48 | | 0.65 |
| EPS (basic), EUR | 0.24 | 0.16 | | 0.19 | | 0.57 | 0.47 | | 0.59 |
| Return on equity (ROE) | 13.3% | 8.4% | | 9.8% | | 10.0% | 8.3% | | 7.2% |
| Debt/equity ratio | 0.43 | 0.52 | | 0.49 | | 0.43 | 0.52 | | 0.47 |
| Net debt/last 12 months' operational EBITDA ratio | 1.8 | 2.1 | | 2.0 | | 1.8 | 2.1 | | 2.0 |
| Fixed costs to sales | 23.8% | 25.5% | | 25.6% | | 24.5% | 25.1% | | 25.3% |
| Equity per share, EUR | 7.35 | 7.13 | 3.1% | 7.12 | 3.2% | 7.35 | 7.13 | 3.1% | 7.36 |
| Average number of employees | 27 001 | 26 819 | 0.7% | 26 581 | 1.6% | 26 371 | 26 372 | 0.0% | 26 269 |
| TRI rate[1 2] | 8.6 | 10.4 | -17.3% | 7.0[3] | 22.9% | 8.1 | 12.0 | -32.5% | 11.7 |
| LTA rate[1 2] | 6.4 | 4.5 | 42.2% | 4.8[3] | 33.3% | 5.7 | 4.4 | 29.5% | 4.4 |

**Operational key figures**: see chapter *Non-IFRS measures* at the beginning of the Financials section.
**Items affecting comparability (IAC)**: see chapter *Non-IFRS measures* at the beginning of the Financials section.
**TRI (Total recordable incidents) rate** = number of incidents per one million hours worked.
**LTA (Lost-time accident) rate** = number of lost-time accidents per one million hours worked.

[1] For Stora Enso employees, excluding joint operations.
[2] As of January 2017 Stora Enso applies new Occupational Health and Safety Administration (OHSA) definitions in the reporting of TRI and LTA rates to better align with international standards. Due to this change, Q3 figures are not fully comparable with historical figures.
[3] Recalculated due to additional data after the Q2/2017 Interim Report.

## Deliveries and production

| | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Consumer board deliveries, 1 000 tonnes | 718 | 650 | 10.5% | 702 | 2.3% | 2 104 | 1 868 | 12.6% | 2 507 |
| Consumer board production, 1 000 tonnes | 730 | 647 | 12.8% | 697 | 4.7% | 2 137 | 1 891 | 13.0% | 2 554 |
| Containerboard external deliveries, 1 000 tonnes | 256 | 214 | 19.6% | 247 | 3.6% | 749 | 632 | 18.5% | 869 |
| Containerboard production, 1 000 tonnes | 342 | 306 | 11.8% | 324 | 5.6% | 994 | 900 | 10.4% | 1 221 |
| Corrugated packaging deliveries, million $m^2$ | 282 | 274 | 2.9% | 275 | 2.5% | 824 | 806 | 2.2% | 1 082 |
| Market pulp external deliveries, 1 000 tonnes | 552 | 525 | 5.1% | 521 | 6.0% | 1 609 | 1 498 | 7.4% | 2 068 |
| Wood product deliveries, 1 000 $m^3$ | 1 207 | 1 143 | 5.6% | 1 325 | -8.9% | 3 789 | 3 586 | 5.7% | 4 814 |
| Paper deliveries, 1 000 tonnes | 1 177 | 1 272 | -7.5% | 1 185 | -0.7% | 3 567 | 3 934 | -9.3% | 5 141 |
| Paper production, 1 000 tonnes | 1 152 | 1 243 | -7.3% | 1 158 | -0.5% | 3 513 | 3 936 | -10.7% | 5 155 |

# CEO comment

"During the quarter, we have **made a step change in our transformation towards a renewable materials growth company**. I am very pleased to announce the third consecutive quarter of sales growth, with an increase of almost 5%. This is mainly driven by our steady progress in the transformation projects in China, Varkaus and Murów. Additionally, a favourable price development had a positive impact. If we look at sales excluding the paper business, it increased over 11%.

Operational EBIT increased over 32% to EUR 290 million, primarily due to favourable sales prices, increased volumes from strategic investments and efficient cost control. The balance sheet continued to strengthen, as net debt to operational EBITDA improved to 1.8 (2.1).

**The transformation projects continue to deliver and contribute to solidifying our position in the bioeconomy**. The ramp-up of Beihai Mill remains ahead of plan with a production volume of 105 000 (52 000) tonnes of consumer packaging board during the quarter. I am also satisfied that we have reached our targeted operational EBITDA run-rate for the Varkaus kraftliner mill. We expect full production in the fourth quarter this year. Another positive development is the turnaround in China Packaging, where we have seen increased deliveries coupled with operational improvements.

Today, we are happy to announce two important investments in Finland. We continue to invest in Finland, while expecting that the competitiveness of its export industry is ensured and further improved globally.

We will invest EUR 52 million to increase our total dissolving pulp capacity, from 150 000 tonnes to 430 000 tonnes annually at Enocell Mill. Our dissolving pulp is used in the production of viscose fibres for the textile industry. **It is a renewable raw material which can replace fossil-based products,** such as polyester.

We will also invest EUR 42 million to enhance our chemi-thermomechanical pulp (CTMP) annual production volume and drying capacity at Imatra Mills. This will boost our competitiveness in the liquid packaging board and food service board segments. It will also enable us to take the next steps in the commercialisation of micro-fibrillated cellulose (MFC). **MFC can be used for lighter, more durable packaging that requires less raw material**. The investments will support our competitiveness and contribute to **sustainable growth**.

I am proud that we have been top ranked in a study by Mistra Center for Sustainable Markets at the Stockholm School of Economics. The study explored how Sweden's largest companies communicate their sustainability aspirations, implementation and evaluation.

As always, I would like to thank our customers for their business, our employees for their dedication, and our investors for their trust."

***Karl-Henrik Sundström, CEO***

**Operational EBIT margin**

11.6%

**Operational ROCE**

13.9%

**(Target >13%)**

**Net debt to operational EBITDA**

1.8

**(Target <3.0)**

### Reconciliation of operational profitability

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Operational EBITDA** | **410** | **343** | **19.5%** | **341** | **20.2%** | **1 103** | **1 061** | **4.0%** | **1 371** |
| Equity accounted investments (EAI), operational[1] | 20 | 17 | 17.6% | 15 | 33.3% | 49 | 49 | 0.0% | 80 |
| Operational decrease in the value of biological assets | -16 | -17 | 5.9% | -18 | 11.1% | -46 | -46 | 0.0% | -65 |
| Depreciation and impairment excl. IAC | -124 | -124 | 0.0% | -119 | -4.2% | -382 | -371 | -3.0% | -502 |
| **Operational EBIT** | **290** | **219** | **32.4%** | **219** | **32.4%** | **724** | **693** | **4.5%** | **884** |
| Fair valuations and non-operational items[2] | 0 | -14 | 100.0% | -6 | 100.0% | -1 | -55 | 98.2% | -67 |
| Items affecting comparability (IAC)[3] | -20 | -9 | -122.2% | -8 | -150.0% | -55 | 0 | n/m | -34 |
| **Operating profit (IFRS)** | **270** | **196** | **37.8%** | **205** | **31.7%** | **668** | **638** | **4.7%** | **783** |

[1] The group's share of operational EBIT of equity accounted investments (EAI).
[2] Fair valuations and non-operational items include equity incentive schemes and related hedges, $CO_2$ emission rights, valuations of biological assets, and the group's share of tax and net financial items of EAI.
[3] Items affecting comparability detailed in the Financials section.

## Third quarter 2017 results (compared with Q3/2016)

### Breakdown of change in sales Q3/2016 to Q3/2017

| **Sales Q3/2016, EUR million** | **2 393** |
|---|---|
| Price and mix | 3% |
| Currency | -1% |
| Volume | 2% |
| Other sales[1] | 0% |
| Total before structural changes | 4% |
| Structural changes[2] | 1% |
| Total | 5% |
| **Sales Q3/2017, EUR million** | **2 509** |

[1] Wood, energy, paper for recycling, by-products etc.
[2] Asset closures, major investments, divestments and acquisitions

Group sales at EUR 2 509 million grew EUR 116 million or 4.8% compared to same period a year ago. Higher sales prices in local currencies, especially in Biomaterials and Packaging Solutions divisions and higher deliveries in Biomaterials, Wood Products and Packaging Solutions divisions improved sales. The negative impact of the divestments of Kabel Mill and the Suzhou Mill site was more than offset by the ramp-up of the Beihai consumer board mill in China, Varkaus kraftliner mill and LVL (laminated veneer lumber) line in Finland and Murów sawmill in Poland.

Operational EBIT at EUR 290 (EUR 219) million increased clearly by EUR 71 million or 32.4%. The operational EBIT margin increased over 2 %-points to 11.6% (9.2%).

Higher sales prices improved operational EBIT by EUR 61 million, mainly in Packaging Solutions, Biomaterials and Wood Products divisions. Higher volumes in all divisions except for Paper increased operational EBIT by EUR 68 million.

Variable costs increased EUR 33 million, mainly due to increased wood costs in Wood Products and Paper divisions, higher cost for paper for recycling (PfR) in Paper and Packaging Solutions divisions, and higher energy costs. Fixed costs had a EUR 5 million negative impact, as lower maintenance costs, partly related to the change in the maintenance sequence compared to last year, were more than offset by higher other fixed costs. The increased costs were partially offset by good cost management through our Profit Improvement Programme. The net foreign exchange impact decreased operational EBIT by EUR 20 million. The positive impact from depreciation, closed units and operational result from equity accounted investments was EUR 1 million.

The planned and unplanned production downtime was 7% (10%) for paper, 4% (6%) for board, and 0% (0%) for wood products.

The average number of employees in the third quarter of 2017 was approximately 27 000, which was 200 higher than in the same quarter a year ago. The average number of employees during the quarter in Europe was approximately 20 200, which was 100 lower than in the same quarter a year ago. In China, the average number of employees was approximately 5 700, which was 300 higher than a year ago.

Fair valuations and non-operational items had a negative EUR 1 (negative EUR 14) million net impact on operating profit. There was a positive impact of EUR 7 million from the increase in fair valuation of forests of the Nordic equity accounted investment Tornator, and a negative impact of EUR 4 million from the valuation of biological assets in the joint operation Veracel in Brazil.

Earnings per share were EUR 0.24 (EUR 0.16) and earnings per share excluding items affecting comparability (IAC) were EUR 0.27 (EUR 0.17).

The group recorded an item affecting comparability (IAC) with a negative impact of approximately EUR 20 (negative EUR 9) million on its operating profit in the third quarter of 2017. The IAC relates to the disposal of Stora Enso's 35% minority holding in the equity accounted investment Bulleh Shah Packaging Ltd. (BSP) in Pakistan to the main owner Packages Ltd.

Net financial expenses at EUR 46 million were EUR 11 million higher than a year ago. The net interest expenses decreased by EUR 4 million, due to further reduced debt levels, partly offset by lower capitalised interest and lower interest income from deposits. Other net financial expenses in the third quarter were EUR 15 (EUR 5) million and included expenses of EUR 11 million in connection with loan repayments. The net foreign exchange impact in the third quarter in respect of cash, interest-bearing assets and liabilities and related hedges amounted to a gain of EUR 1 (gain of EUR 6) million, mainly due to the revaluation of foreign currency loans in subsidiaries and joint-operations.

**Breakdown of change in capital employed 30 September 2016 to 30 September 2017**

| EUR million | Capital employed |
|---|---|
| **30 September 2016** | **8 618** |
| Capital expenditure less depreciation | -34 |
| Impairments and reversal of impairments | -107 |
| Fair valuation of biological assets | -113 |
| Costs related to growth of biological assets | -141 |
| Available-for-sale: operative (mainly PVO) | 44 |
| Equity accounted investments | 147 |
| Net liabilities in defined benefit plans | -55 |
| Operative working capital and other interest-free items, net | 105 |
| Net tax liabilities | 20 |
| Translation difference | -160 |
| Other changes | -1 |
| **30 September 2017** | **8 323** |

The operational return on capital employed (ROCE) in the third quarter of 2017 was 13.9% (10.1%). Excluding the Beihai operations in the Consumer Board division, the operational ROCE would have been 16.3% (13.5%).

## January–September 2017 results (compared with January–September 2016)

Sales increased EUR 170 million or 2.3% to EUR 7 534 million. Operational EBIT increased EUR 31 million to EUR 724 million. Clearly higher volumes increased operational EBIT by EUR 133 million in all divisions except for Paper. Higher sales prices, mainly in Packaging Solutions, Biomaterials and Wood Products divisions improved operational EBIT by EUR 52 million. Variable costs were EUR 53 million higher, mainly due to higher costs for Paper for Recycling (PfR), logistic, energy and chemicals. Fixed costs increased EUR 59 million, primarily due to ramp-up of strategic investments and partly due to changes in the maintenance sequence. Depreciations were EUR 11 million higher than a year ago, mainly related to the start-up of Beihai Mill. The net foreign exchange impact decreased operational EBIT by EUR 24 million. Impact from the closed units was EUR 8 million negative.

## Third quarter 2017 results (compared with Q2/2017)

Sales were EUR 19 million or 0.8% lower at EUR 2 509 million. Operational EBIT increased clearly by EUR 71 million to EUR 290 million. Higher sales prices, especially in Biomaterials and Packaging Solutions divisions, improved operational EBIT by EUR 36 million. Volumes had a EUR 22 million and fixed costs a EUR 39 million positive impact on operational EBIT, respectively. Variable costs were EUR 8 million higher and negative net foreign exchange impact EUR 14 million. Higher depreciation and negative impact from the closed units were only partly offset by EUR 5 million higher result from the equity accounted investments.

## Financing in third quarter 2017 (compared with Q2/2017)

**Capital structure**

| EUR million | 30 Sep 17 | 30 Jun 17 | 31 Dec 16 | 30 Sep 16 |
|---|---|---|---|---|
| Operative fixed assets[1] | 6 441 | 6 465 | 6 785 | 6 941 |
| Equity accounted investments | 1 594 | 1 590 | 1 594 | 1 455 |
| Operative working capital, net | 906 | 961 | 825 | 801 |
| Non-current interest-free items, net | -554 | -570 | -554 | -494 |
| **Operating Capital Total** | **8 387** | **8 446** | **8 650** | **8 703** |
| Net tax liabilities | -64 | -60 | -56 | -85 |
| **Capital Employed** | **8 323** | **8 386** | **8 594** | **8 618** |
| | | | | |
| Equity attributable to owners of the Parent | 5 799 | 5 612 | 5 806 | 5 624 |
| Non-controlling interests | 48 | 50 | 62 | 95 |
| Net interest-bearing liabilities | 2 476 | 2 724 | 2 726 | 2 899 |
| **Financing Total** | **8 323** | **8 386** | **8 594** | **8 618** |

[1] Operative fixed assets include property, plant and equipment, goodwill, biological assets, emission rights, available-for-sale operative shares and other intangible assets.

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts decreased by EUR 82 million to EUR 413 million as a result of further reduction in gross debt and partly offset by strong cash flow from operations in the quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 900 (900) million.

The net debt was EUR 2 476 million, a decrease of EUR 248 million from the previous quarter. During the third quarter, Standard & Poor's raised Stora Enso's long-term corporate credit rating to BB+ from BB, mentioning successful transformation into a growth-oriented company with improved profitability and reduction of execution risks as the basis for the rating action.

The fair value of PVO shares accounted for as available-for-sale investments increased in the quarter by EUR 51 million to EUR 266 million. The change in fair value is mainly caused by the increase in electricity prices. The changes in fair valuation are included in the Other Comprehensive Income in equity.

The ratio of net debt to the last twelve months' operational EBITDA was 1.8 (2.0). The debt/equity ratio at 30 September 2017 was 0.43 (0.49).

## Cash flow in third quarter 2017 (compared with Q2/2017)

### Cash flow

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Operational EBITDA | 410 | 343 | 19.5% | 341 | 20.2% | 1 103 | 1 061 | 4.0% | 1 371 |
| IAC on operational EBITDA | - | -3 | 100.0% | -8 | 100.0% | -32 | -51 | 37.3% | -77 |
| Dividends received from equity accounted investments | - | - | - | 8 | -100.0% | 20 | 58 | -65.5% | 58 |
| Other adjustments | -3 | -7 | 57.1% | -3 | 0.0% | -1 | 1 | -200.0% | -2 |
| Change in working capital | 23 | 57 | -59.6% | 27 | -14.8% | -117 | 103 | -213.6% | 283 |
| **Cash Flow from Operations (non-IFRS)** | **430** | **390** | **10.3%** | **365** | **17.8%** | **973** | **1 172** | **-17.0%** | **1 633** |
| Cash spent on fixed and biological assets | -138 | -213 | 35.2% | -128 | -7.8% | -401 | -578 | 30.6% | -798 |
| Acquisitions of equity accounted investments | -9 | - | - | - | - | -9 | - | - | -1 |
| **Cash Flow after Investing Activities (non-IFRS)** | **283** | **177** | **59.9%** | **237** | **19.4%** | **563** | **594** | **-5.2%** | **834** |

Third quarter 2017 cash flow after investing activities was EUR 283 million. Working capital decreased by EUR 23 million, mainly due to continuous working capital management. Cash spent on fixed and biological assets was EUR 138 million. Payments related to the previously announced provisions were EUR 7 million.

## Capital expenditure

Additions to fixed and biological assets in the third quarter 2017 totalled EUR 149 million, of which EUR 127 million were fixed assets and EUR 22 million biological assets. Depreciations and impairment charges totalled EUR 124 million. Additions in fixed and biological assets had a cash outflow impact of EUR 138 million.

The main projects ongoing in the third quarter of 2017 were the new polyethylene extrusion (PE) coating plant and an automated roll warehouse at Imatra Mills in Finland, the PE coating investment at Beihai Mill in China, the Heinola Fluting Mill upgrade in Finland, the consolidation of manufacturing of corrugated packaging in Finland and the fluff pulp investment at Skutskär Mill in Sweden.

### Capital expenditure and depreciation forecast 2017

| EUR million | Forecast 2017 |
|---|---|
| Capital expenditure | 600–650 |
| Depreciation | 490–510 |
| Operational decrease in biological asset values | 50–70 |

The capital expenditure forecast includes approximately EUR 100 million for the group's biological assets. It also includes the following major projects:

- EUR 50 million for the new PE coating plant and an automated roll warehouse at Imatra Mills
- EUR 24 million for the PE coating investment at Beihai Mill
- EUR 18 million for the fluff pulp investment at Skutskär Mill in Sweden
- EUR 19 million for the consolidation of the manufacturing of corrugated packaging in Finland
- EUR 14 million for the Heinola Fluting Mill upgrade
- EUR 11 million for the new cross-laminated timber (CLT) production unit at Gruvön sawmill in Sweden

# Segments in third quarter 2017 (compared with Q3/2016)

## Consumer Board division

**Beihai Mill ramp-up continues ahead of plan**

*The Consumer Board division develops and provides consumer packaging boards for printing and packaging applications. A wide board and barrier coating selection is suitable for the design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods. We serve converters and brand owners globally and are expanding in growth markets such as China and Asia Pacific to meet rising demand.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 639 | 599 | 6.7% | 630 | 1.4% | 1 880 | 1 762 | 6.7% | 2 342 |
| Operational EBITDA | 127 | 118 | 7.6% | 111 | 14.4% | 357 | 355 | 0.6% | 447 |
| Operational EBITDA margin | 19.9% | 19.7% | | 17.6% | | 19.0% | 20.1% | | 19.1% |
| Operational EBIT | 86 | 67 | 28.4% | 69 | 24.6% | 216 | 216 | 0.0% | 254 |
| Operational EBIT margin | 13.5% | 11.2% | | 11.0% | | 11.5% | 12.3% | | 10.8% |
| Operational ROOC[1] | 17.7% | 12.9% | | 13.9% | | 14.7% | 13.9% | | 12.7% |
| Cash flow from operations (non-IFRS) | 111 | 89 | 24.7% | 140 | -20.7% | 318 | 339 | -6.2% | 453 |
| Cash flow after investing activities (non-IFRS) | 62 | -30 | n/m | 81 | -23.5% | 145 | 27 | n/m | 40 |
| Board deliveries, 1 000 tonnes | 718 | 650 | 10.5% | 702 | 2.3% | 2 104 | 1 868 | 12.6% | 2 507 |
| Board production, 1 000 tonnes | 730 | 647 | 12.8% | 697 | 4.7% | 2 137 | 1 891 | 13.0% | 2 554 |

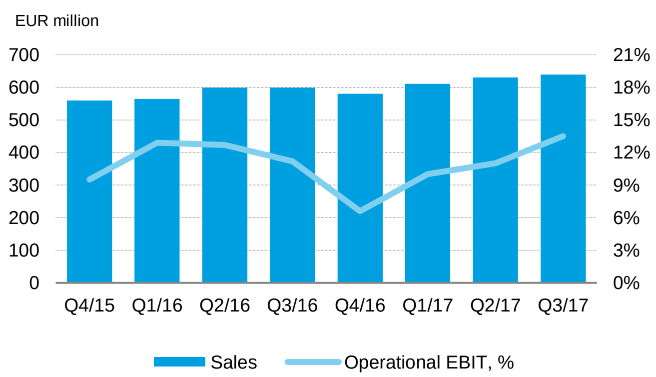
[1] Operational ROOC = 100 x Operational EBIT/Average operating capital
For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Sales increased EUR 40 million or 6.7% to EUR 639 million, as the ramp-up of Beihai Mill increased volumes and sales prices.
- Operational EBIT improved EUR 19 million to EUR 86 million. Lower profitability for the European operations, due to slightly higher costs, was more than offset by improvements related to the ramp-up of Beihai Mill.
- Operational ROOC excluding the Beihai operations was 40.5% (42.3%).
- The ramp-up of Beihai Mill continues ahead of plan. The power turbine, which was damaged during Q1/2017, is back in operation. The remaining related provision of EUR 3.2 million has been reversed. The consumer board machine is expected to reach full production during the first half of 2018, and operational EBITDA break-even in Q4/2017. The production volume of Beihai Mill in Q3/2017 was 105 000 (52 000) tonnes of consumer packaging board.
- The ramp-up of Beihai's operations had a negative impact of EUR 13 million (negative EUR 42 million) on the third quarter 2017 operational EBIT. For Q4/2017, the impact is estimated to be EUR 7 million negative (negative EUR 38 million) including a quarterly depreciation of EUR 10 million.
- In September, the divestment of the 35% minority holding in Bulleh Shah Packaging Ltd. to the main owner Packages Ltd. was completed.
- In October, Stora Enso announced an investment at Imatra Mills in Finland to enhance the availability of chemi-thermomechanical pulp (CTMP). The investment includes a new drying and re-pulping plant for CTMP, and an extension of the pulp warehouse.

### Markets

| Product | Market | Demand Q3/17 compared with Q3/16 | Demand Q3/17 compared with Q2/17 | Price Q3/17 compared with Q3/16 | Price Q3/17 compared with Q2/17 |
|---|---|---|---|---|---|
| Consumer board | Europe | Slightly stronger | Stable | Slightly lower | Slightly lower |

### Sales and operational EBIT




**Operational ROOC**

17.7%

**Operational ROOC excl. Beihai**

40.5%

**(Target: >20%)**

**Scheduled annual maintenance shutdowns**

| | 2017 | 2016 |
|---|---|---|
| Q1 | – | – |
| Q2 | – | – |
| Q3 | Imatra and Ingerois mills | Imatra and Ingerois mills |
| Q4 | Skoghall and Fors mills | Skoghall and Fors mills |

# Packaging Solutions division

### Profitable growth continues

*Packaging Solutions division develops fibre-based packaging, and operates at every stage of the value chain from pulp production, material and packaging production to recycling. Our solutions serve leading converters, brand owners and retailer customers helping to optimise performance, reduce total costs and enhance sales.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 318 | 259 | 22.8% | 313 | 1.6% | 921 | 762 | 20.9% | 1 044 |
| Operational EBITDA | 65 | 37 | 75.7% | 56 | 16.1% | 164 | 93 | 76.3% | 129 |
| Operational EBITDA margin | 20.4% | 14.3% | | 17.9% | | 17.8% | 12.2% | | 12.4% |
| Operational EBIT | 48 | 21 | 128.6% | 40 | 20.0% | 112 | 45 | 148.9% | 64 |
| Operational EBIT margin | 15.1% | 8.1% | | 12.8% | | 12.2% | 5.9% | | 6.1% |
| Operational ROOC[1] | 22.4% | 9.6% | | 18.3% | | 17.6% | 7.0% | | 7.6% |
| Cash flow from operations (non-IFRS) | 83 | 39 | 112.8% | 53 | 56.6% | 167 | 88 | 89.8% | 132 |
| Cash flow after investing activities (non-IFRS) | 60 | 23 | 160.9% | 41 | 46.3% | 117 | 40 | 192.5% | 63 |
| Board deliveries (external), 1 000 tonnes | 256 | 214 | 19.6% | 247 | 3.6% | 749 | 632 | 18.5% | 869 |
| Board production, 1 000 tonnes | 342 | 306 | 11.8% | 324 | 5.6% | 994 | 900 | 10.4% | 1 221 |
| Corrugated packaging deliveries, million $m^2$ | 282 | 274 | 2.9% | 275 | 2.5% | 824 | 806 | 2.2% | 1 082 |
| Corrugated packaging production, million $m^2$ | 286 | 274 | 4.4% | 272 | 5.1% | 825 | 799 | 3.3% | 1 073 |

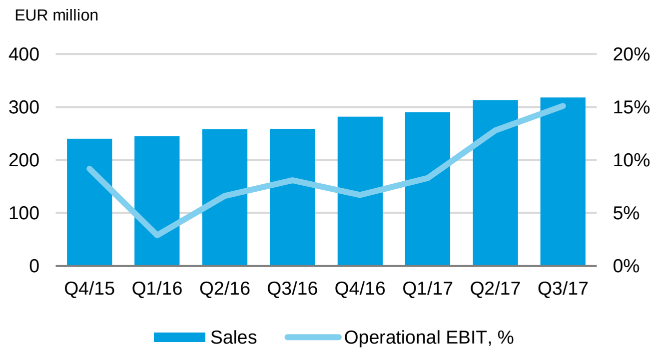
[1] Operational ROOC = 100 x Operational EBIT/Average operating capital
For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Sales increased EUR 59 million or 22.8% to EUR 318 million on the back of Varkaus kraftliner mill ramp-up, favourable prices in European units and increased deliveries in Containerboard and China Packaging units.
- Record-high operational EBIT of EUR 48 million, increased EUR 27 million or 128.6% from a year ago. Clearly higher sales prices in containerboard, better volumes overall coupled with operational improvements in China Packaging more than offset higher costs. Varkaus kraftliner mill improved its operational EBIT by EUR 7 million compared to a year ago.
- At Varkaus kraftliner mill in Finland, the ramp-up is proceeding according to plan and full production is expected to be reached during Q4/2017. The mill reached its targeted operational EBITDA run-rate of 15%.
- To respond to strong demand increase, an investment of EUR 16 million was decided in capacity expansion and technology upgrade in China. The project is expected to be completed in mid-2019.
- During the quarter, Stora Enso completed the divestment of the business and assets of its Swedish subsidiary Stora Enso Re-board AB, a producer of rigid paperboard for expositions and displays, to Culas AB. The transaction had no significant impact on Stora Enso's sales and operational EBIT.

### Markets

| Product | Market | Demand Q3/17 compared with Q3/16 | Demand Q3/17 compared with Q2/17 | Price Q3/17 compared with Q3/16 | Price Q3/17 compared with Q2/17 |
|---|---|---|---|---|---|
| Virgin fibre-based containerboard | Global | Stronger | Slightly stronger | Significantly higher | Slightly higher |
| Recycled fibre based (RCP) containerboard | Europe | Significantly stronger | Stable | Significantly higher | Higher |
| Corrugated packaging | Europe | Significantly stronger | Stable | Slightly higher | Slightly higher |

### Sales and operational EBIT




### Operational ROOC

22.4%

(Target: >20%)

### Scheduled annual maintenance shutdowns

| | 2017 | 2016 |
|---|---|---|
| **Q1** | – | – |
| **Q2** | Ostrołęka Mill | Ostrołęka Mill |
| **Q3** | Varkaus Mill | Heinola Mill |
| **Q4** | Heinola Mill | Varkaus Mill |

# Biomaterials division

## Favourable pulp cycle continues

*The Biomaterials division offers a variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We also develop new ways to maximise the value extractable from wood, as well as other kinds of lignocellulosic biomasses. Sugars and lignin hold potential for use in applications in the specialty chemical, construction, personal care and food industries.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 379 | 334 | 13.5% | 371 | 2.2% | 1 119 | 1 027 | 9.0% | 1 376 |
| Operational EBITDA | 124 | 79 | 57.0% | 100 | 24.0% | 314 | 286 | 9.8% | 361 |
| Operational EBITDA margin | 32.7% | 23.7% | | 27.0% | | 28.1% | 27.8% | | 26.2% |
| Operational EBIT | 88 | 43 | 104.7% | 62 | 41.9% | 203 | 184 | 10.3% | 224 |
| Operational EBIT margin | 23.2% | 12.9% | | 16.7% | | 18.1% | 17.9% | | 16.3% |
| Operational ROOC[1] | 14.8% | 6.7% | | 9.8% | | 10.7% | 9.5% | | 8.5% |
| Cash flow from operations (non-IFRS) | 92 | 97 | -5.2% | 131 | -29.8% | 298 | 340 | -12.4% | 419 |
| Cash flow after investing activities (non-IFRS) | 61 | 64 | -4.7% | 99 | -38.4% | 212 | 241 | -12.0% | 278 |
| Pulp deliveries, 1 000 tonnes | 666 | 613 | 8.6% | 646 | 3.1% | 1 974 | 1 857 | 6.3% | 2 508 |

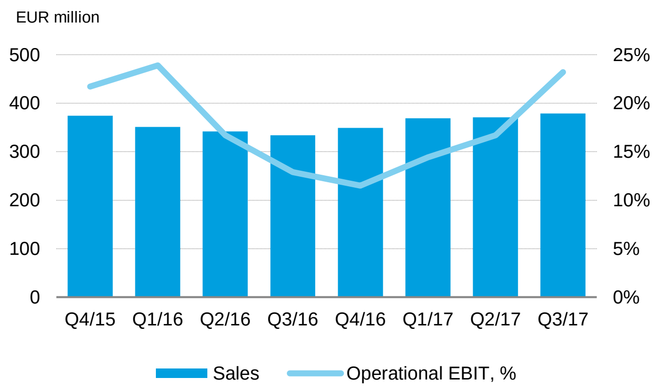
[1] Operational ROOC = 100 x Operational EBIT/Average operating capital
For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Sales increased EUR 45 million or 13.5% to EUR 379 million due to increased deliveries in Latin American and Nordic mills, supported by higher sales prices.
- Operational EBIT more than doubled to EUR 88 million, driven by higher pulp prices, increased volumes and lower maintenance costs, mainly due to changed sequence of maintenance shutdowns.
- Montes del Plata pulp mill made its best ever quarterly production in Q3/2017.
- In October, Stora Enso announced an investment at Enocell Mill to increase its dissolving pulp capacity.

### Markets

| Product | Market | Demand Q3/17 compared with Q3/16 | Demand Q3/17 compared with Q2/17 | Price Q3/17 compared with Q3/16 | Price Q3/17 compared with Q2/17 |
|---|---|---|---|---|---|
| Softwood pulp | Europe | Stable | Stable | Significantly higher | Slightly higher |
| Hardwood pulp | Europe | Stable | Stable | Significantly higher | Higher |

### Sales and operational EBIT




### Operational ROOC

**14.8%**

**(Target: >15%)**

### Scheduled annual maintenance shutdowns

| | 2017 | 2016 |
|---|---|---|
| **Q1** | – | – |
| **Q2** | Montes del Plata and Sunila mills | Montes del Plata Mill |
| **Q3** | – | Veracel and Skutskär mills |
| **Q4** | Veracel and Skutskär mills | Enocell Mill |

# Wood Products division

## Continued solid performance

*Wood Products division provides versatile wood-based solutions for building and housing. Our product range covers all areas of urban construction including massive wood elements, wood components, and pellets. We also offer a variety of sawn timber goods. Our customers are mainly merchants and retailers, industrial integrators and construction companies.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 415 | 385 | 7.8% | 440 | -5.7% | 1 271 | 1 200 | 5.9% | 1 595 |
| Operational EBITDA | 37 | 30 | 23.3% | 43 | -14.0% | 111 | 94 | 18.1% | 118 |
| Operational EBITDA margin | 8.9% | 7.8% | | 9.8% | | 8.7% | 7.8% | | 7.4% |
| Operational EBIT | 29 | 22 | 31.8% | 35 | -17.1% | 86 | 71 | 21.1% | 88 |
| Operational EBIT margin | 7.0% | 5.7% | | 8.0% | | 6.8% | 5.9% | | 5.5% |
| Operational ROOC[1] | 21.3% | 17.5% | | 25.5% | | 21.6% | 18.5% | | 16.8% |
| Cash flow from operations (non-IFRS) | 62 | 44 | 40.9% | 28 | 121.4% | 112 | 145 | -22.8% | 142 |
| Cash flow after investing activities (non-IFRS) | 50 | 23 | 117.4% | 21 | 138.1% | 81 | 86 | -5.8% | 75 |
| Wood products deliveries, 1 000 $m^3$ | 1 169 | 1 107 | 5.6% | 1 288 | -9.2% | 3 669 | 3 467 | 5.8% | 4 643 |

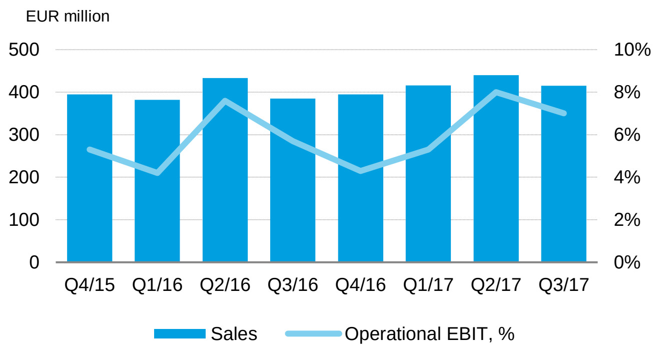
[1] Operational ROOC = 100 x Operational EBIT/Average operating capital
For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Sales increased 10.5% excluding the transfer of the Baltic wood sourcing operations to the segment Other in Q2/2017, mainly due to increased volumes, higher prices and better product mix due to strategic choices. Sales growth in Building Components and Systems unit was 14%.
- The highest third quarter operational EBIT in 10 years at EUR 29 million, an increase of EUR 7 million or 31.8%. Higher wood costs, due to exceptionally low Central European cost level in the comparison period, were more than offset by higher sales prices and volumes.
- The ramp-up of the laminated veneer lumber (LVL) production at Varkaus Mill continues. Full production is expected in mid-2018.
- In July, Stora Enso announced an investment of EUR 45 million in a new cross-laminated timber (CLT) production unit at Gruvön sawmill in Sweden. The production is scheduled to begin during the first quarter of 2019.

### Markets

| Product | Market | Demand Q3/17 compared with Q3/16 | Demand Q3/17 compared with Q2/17 | Price Q3/17 compared with Q3/16 | Price Q3/17 compared with Q2/17 |
|---|---|---|---|---|---|
| Wood products | Europe | Slightly stronger | Weaker | Slightly higher | Stable |

### Sales and operational EBIT




### Operational ROOC

21.3%

(Target: >18%)

# Paper division

### Temporary headwinds effecting profitability and cash flow

*Paper division provides best-in-class paper solutions for print media and office use. The wide selection covers papers made from recycled and fresh wood fibre. Our main customer groups include publishers, retailers, printing houses, merchants, converters and office suppliers. Three of the mills produce paper based on 100% recycled fibre.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 727 | 792 | -8.2% | 719 | 1.1% | 2 194 | 2 485 | -11.7% | 3 245 |
| Operational EBITDA | 56 | 77 | -27.3% | 37 | 51.4% | 161 | 234 | -31.2% | 324 |
| Operational EBITDA margin | 7.7% | 9.7% | | 5.1% | | 7.3% | 9.4% | | 10.0% |
| Operational EBIT | 29 | 53 | -45.3% | 11 | 163.6% | 82 | 147 | -44.2% | 211 |
| Operational EBIT margin | 4.0% | 6.7% | | 1.5% | | 3.7% | 5.9% | | 6.5% |
| Operational ROOC[1] | 16.0% | 19.4% | | 5.4% | | 12.7% | 17.6% | | 19.4% |
| Cash flow from operations (non-IFRS) | 24 | 109 | -78.0% | 91 | -73.6% | 157 | 225 | -30.2% | 351 |
| Cash flow after investing activities (non-IFRS) | 6 | 93 | -93.5% | 76 | -92.1% | 114 | 187 | -39.0% | 277 |
| Cash flow after investing activities to sales (non-IFRS) | 0.8% | 11.7% | | 10.6% | | 5.2% | 7.5% | | 8.5% |
| Paper deliveries, 1 000 tonnes | 1 177 | 1 272 | -7.5% | 1 185 | -0.7% | 3 567 | 3 934 | -9.3% | 5 141 |
| Paper production, 1 000 tonnes | 1 152 | 1 243 | -7.3% | 1 158 | -0.5% | 3 513 | 3 936 | -10.7% | 5 155 |

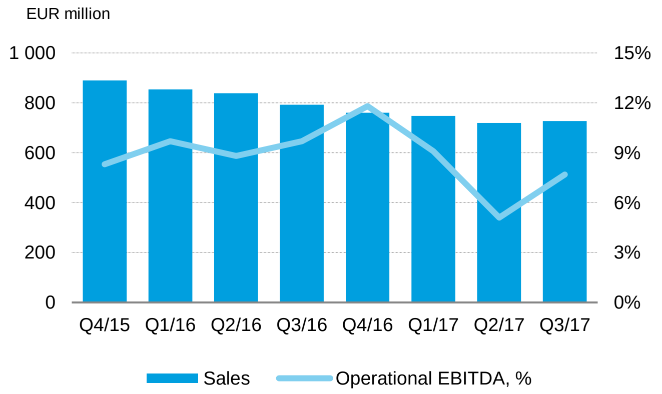
[1] Operational ROOC = 100% x Operational EBIT/Average operating capital
For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Sales for ongoing operations decreased EUR 10 million or -1.3%, mainly due to Veitsiluoto Mill PM2 incident's impact on sales and negative foreign exchange impact. The divestments of Kabel Mill and Suzhou Mill site decreased sales by EUR 55 million.
- Operational EBIT decreased EUR 24 million to EUR 29 million. Variable costs increased EUR 19 million mainly due to higher Paper for Recycling (PfR), energy, wood, and chemicals costs. In addition, net foreign exchange had a negative EUR 7 million impact.
- For the first nine months, the cash flow after investing activities to sales ratio was 5.2%. Cash flow after investing activities to sales ratio was 0.8% for the quarter. This was a result of lower EBITDA and increased working capital after a low level at the end of the previous quarter.
- In September, Stora Enso announced that the negotiations at Kvarnsveden Mill regarding the reorganisation and permanent closure of paper machine 8 were concluded. The number of people affected is 122. The restructuring is anticipated to result in annual cost savings of EUR 12 million.
- Veitsiluoto Mill paper machine (PM) 2 had an incident in early August 2017, where a part of the drying section was fully damaged. PM2 is now operating based on an interim technical solution and the final repair will take place in Q4/2017. Business interruption and property damages are estimated to be largely covered by the insurance.

### Markets

| Product | Market | Demand Q3/17 compared with Q3/16 | Demand Q3/17 compared with Q2/17 | Price Q3/17 compared with Q3/16 | Price Q3/17 compared with Q2/17 |
|---|---|---|---|---|---|
| Paper | Europe | Weaker | Stable | Stable | Slightly higher |

### Sales and operational EBITDA




### Cash flow after investing activities to sales[1]

**0.8%**

**(Target: >7%)**

### Scheduled annual maintenance shutdowns

| | 2017 | 2016 |
|---|---|---|
| **Q1** | – | – |
| **Q2** | Oulu Mill | Langerbrugge Mill |
| **Q3** | Veitsiluoto Mill | Anjala, Maxau, Oulu, and Veitsiluoto mills |
| **Q4** | Nymölla Mill | – |

[1] The Paper division's financial target is cash flow after investing activities to sales (non-IFRS), because the division's goal is to generate cash flow for the group so that it can transform into a renewable materials growth company.

# Other

*The segment Other includes the Nordic forest equity-accounted investments, Stora Enso's shareholding in the energy company Pohjolan Voima, operations supplying wood to the Nordic and Baltic mills, plantations not connected to any mill site, and group shared services and administration.*

| EUR million | Q3/17 | Q3/16 | Change % Q3/17–Q3/16 | Q2/17 | Change % Q3/17–Q2/17 | Q1–Q3/17 | Q1–Q3/16 | Change % Q1-Q3/17–Q1-Q3/16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 593 | 559 | 6.1% | 628 | -5.6% | 1 872 | 1 836 | 2.0% | 2 477 |
| Operational EBITDA | 1 | 2 | -50.0% | -6 | 116.7% | -4 | -1 | n/m | -8 |
| Operational EBITDA margin | 0.2% | 0.4% | | -1.0% | | -0.2% | -0.1% | | -0.3% |
| Operational EBIT | 10 | 13 | -23.1% | 2 | n/m | 25 | 30 | -16.7% | 43 |
| Operational EBIT margin | 1.7% | 2.3% | | 0.3% | | 1.3% | 1.6% | | 1.7% |
| Cash flow from operations (non-IFRS) | 58 | 12 | n/m | -78 | 174.4% | -79 | 35 | n/m | 136 |
| Cash flow after investing activities (non-IFRS) | 44 | 4 | n/m | -81 | 154.3% | -106 | 13 | n/m | 101 |

For non-IFRS measures, see chapter *Non-IFRS measures* at the beginning of the Financials section.

- Operational EBIT decreased EUR 3 million to EUR 10 million.

# Sustainability in third quarter 2017 (compared with Q3/2016)

## Safety performance

**TRI and LTA rates**[1 2]

| | Q3/17 | Q3/16 | Q2/17[3] | Q1–Q3/17 | Q1–Q3/16 | 2016 | Milestone | Milestone to be reached by |
|---|---|---|---|---|---|---|---|---|
| TRI rate | 8.6 | 10.5 | 7.0 | 8.1 | 12.0 | 11.7 | | |
| LTA rate | 6.4 | 4.4 | 4.8 | 5.7 | 4.4 | 4.4 | 4.0 | end of 2017 |

**TRI** (Total recordable incident) rate = number of incidents per one million hours worked.
**LTA** (Lost-time accident) rate = number of lost-time accidents per one million hours worked.
[1] For Stora Enso employees, excluding joint operations
[2] As of January 2017 Stora Enso applies new Occupational Safety and Health Administration (OSHA) definitions in the reporting of TRI and LTA rates to better align with international standards. Due to this change, the 2017 figures are not fully comparable with historical figures.
[3] Recalculated due to additional data after the Q2/2017 Interim Report.

The LTA rate has increased and therefore the year-end milestone remains a challenge. Stora Enso has decided to implement a new Safety Roadmap to drive a step-change in performance. The roadmap focuses on improving governance and ways of working, control and compliance with standards, and building on leadership and best practices. The first element of the Roadmap was put in place in August.

## Suppliers

### Implementation of the Supplier Code of Conduct

**Supplier Code of Conduct**

| | 30 Sep 17 | 30 Jun 17 | 31 Dec 16 | 30 Sep 16 | Target | Target to be reached by |
|---|---|---|---|---|---|---|
| % of supplier spend covered by the Supplier Code of Conduct[1] | 94% | 93% | 92% | 92% | 95% | end of 2017 |

[1] Excluding joint operations.

The implementation is progressing according to plan.

## Human rights

### Action plans to address the Danish Institute for Human Rights (DIHR) assessment findings

**Progress on the implementation of preventive and remediation actions**

| | Completed | On track | Not on track | Closed[1] | Regular review[2] |
|---|---|---|---|---|---|
| Implementation progress, % of all the actions | 87% | 0% | 1% | 9% | 3% |

[1] Issues that were identified in the Human Rights assessments but closed following reassessment of their validity in specific local contexts.
[2] Longer-term actions without a targeted end-date that require continuous review.

At the end of the quarter, 87% (87% in Q2) of the preventive and remediation actions were completed and 99% of the actions were resolved. The actions are based on the UN Guiding Principles on Business and Human Rights and criteria created in collaboration with Danish Institute for Human Rights. As reported earlier, the remaining actions will be progressed to an appropriate conclusion during 2017 and the reporting on Human Rights Action Plan progress will be stopped after the Q4 report.

### Mitigating child labour in Pakistan and partnership with the International Labour Organization (ILO)

Stora Enso has completed the earlier announced divestment of its 35% minority holding in the equity accounted investment Bulleh Shah Packaging (Private) Ltd. (BSP) in Pakistan to the main owner Packages Ltd. The group will continue to support its share of the two community investment programmes it has been funding in Pakistan after the divestment of BSP. The contract for the school programme is in place until 2023. Support for the mobile medical clinic continues until it is handed over to a medical facility in Lahore, which is expected before year-end.

Stora Enso will also carry on with the Public Private Partnership with the ILO to promote decent work and to combat child labour in the Punjab Province of Pakistan until the end of 2018. Quarterly reporting of the ILO Partnership in Pakistan will be stopped after this report.

# Forests, plantations, and land use

### Correction of land leasing contracts in Guangxi, China

**Social forestlands leased by Stora Enso in Guangxi**

| | 30 Sep 17 | 30 Jun 17 | 31 Dec 16 | 30 Sep 16 |
|---|---|---|---|---|
| Social forestland leased, ha | 29 701 | 29 831 | 30 500 | 31 127 |
| Leased area without contractual defects, ha | 16 329 | 16 341 | 16 480 | 16 583 |
| Lease contracts without contractual defects, % of all contracts | 66% | 66% | 66% | 65% |

In contracts without defects the ownership of land is clear or solved, and the contracting procedure is proven to be legal, authentic and valid. The contract correction process includes a desktop documentation review, field investigations, legal and operational risk analysis, stakeholder consultations, the collection of missing documentation and the signing of new agreements or amendments directly with the villages or households concerned, or in some cases contract termination.

Stora Enso leases a total of 82 744 hectares of land in various regions of Guangxi, of which 36% is social land leased from village collectives, individual households, and local forest farms.

As announced earlier Stora Enso is reconsidering its plans to build a chemical pulp mill in Beihai, and decrease the area of its leased forestland in the Guangxi region. As part of this process, Stora Enso aims to have only land leased that is free of contractual defects.

### Land occupations by the Social Landless Movements in Bahia, Brazil

**Land occupied by social landless movements not involved in the Sustainable Settlement Initiative**

| | 30 Sept 17 | 30 Jun 17 | 31 Dec 16 | 30 Sept 16 |
|---|---|---|---|---|
| Area occupied by social movements not involved in the Sustainable Settlement Initiative, ha | 3 425 | 3 566 | 3 499 | 3 465 |

At the end of the quarter, 3 425 hectares of land owned by Veracel were occupied by social landless movements not involved in the Sustainable Settlement Initiative. During the quarter, Veracel continued to seek repossessions of occupied areas through legal processes, and the company resumed forest management on 141 hectares. Veracel has reserved 16 500 hectares to support the Sustainable Settlement Initiative. At the end of 2016, the total land area owned by Veracel was 215 000 hectares, of which 73 000 hectares are planted with eucalyptus for pulp production.

# Carbon dioxide

### Performance compared to baseline level[1]

| | Q3/17 | Q3/16 | Q2/17 | Q1-Q3/17 | Q1-Q3/16 | 2016 | Target | Target to be reached by |
|---|---|---|---|---|---|---|---|---|
| Reduction of fossil $CO_2$ emissions per saleable tonne of pulp, paper and board (kg/t) | -41% | -44% | -41% | -40% | -41% | -41% | -35% | end of 2025 |

[1] From baseline year 2006. Covering direct fossil $CO_2$ emissions from production and indirect fossil $CO_2$ emissions related to purchased electricity and heat (Scope 1 and 2). Historical figures recalculated due to divestments, or data completion. Excluding joint operations.

For over a decade, Stora Enso has actively reduced the energy intensity of its operations, and in many places also its dependency on fossil fuels. Today, over 75% of the energy the group generates and uses comes from Carbon Neutral sources inside and outside the company. It is Stora Enso's firm intention to drive down fossil fuel use even more over the next ten years to get as close to zero as possible using technically and commercially feasible means.

Stora Enso is ahead of the 2025 target at present. The adverse impact on the group's fossil $CO_2$ emissions from coal use for energy production at Beihai Mill is reflected in the Q3 data. Work has already begun to define a long-term strategy to migrate away from coal at Beihai.

# Other events

In October, Stora Enso received a top rating in a report on Sustainability Communication in Sweden. The study, which includes the 90 companies listed on the Nasdaq OMX Stockholm Large Cap index, is conducted with the aim of exploring and measuring sustainability communications. The report is commissioned by the Mistra Center for Sustainable Markets (MISUM) in collaboration with the Stockholm School of Economics.

# Short-term risks and uncertainties

Increasing competition, and supply and demand balances in the paper, pulp, packaging, wood products and roundwood markets may have an impact on our market share and profitability. Changes in the global economic and political environment, sharp market corrections, increasing volatility in foreign exchange rates and deteriorating economic conditions in our main markets could all have impacts on Stora Enso's profits, cash flows and financial position. A more detailed description of risks is available in Stora Enso's Annual Report at storaenso.com/annualreport.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 15 million on operational EBIT for the next 12 months, after the effect of hedges.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 178 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 120 million on operational EBIT for the next 12 months.

Chemical and filler sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 53 million on operational EBIT for the next 12 months.

A decrease of energy, wood, pulp or chemical and filler prices would have the opposite impact.

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish crown and British pound against the euro would be about positive EUR 115 million, negative EUR 89 million and positive EUR 31 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

The group incurs annual unhedged net costs worth approximately EUR 120 million in Brazilian real (BRL) in its operations in Brazil. For these flows, a 10% strengthening in the value of BRL would have a EUR 12 million negative impact on operational EBIT.

# Legal proceedings

## Proceedings in Latin America

Fibria and Stora Enso each own 50% of Veracel, and the joint ownership is governed by a shareholder agreement. In May 2014, Fibria initiated arbitration proceedings against Stora Enso claiming that Stora Enso was in breach of certain provisions of the shareholder agreement. Fibria has estimated that the interest to be paid regarding the dispute should be approximately USD 54 (EUR 46) million. Stora Enso denies any breach of contract and disputes the method for calculating the interest to be paid. No provisions have been made in Stora Enso's accounts for this case.

On 11 July 2008, Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's joint operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of BRL 20 (EUR 5) million. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

## Proceedings in Finland

In December 2009, the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling. In March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsäliitto claiming compensation for damages allegedly suffered due to competition law infringements. In its ruling issued in June 2016, the Helsinki District Court dismissed Metsähallitus' claim for damages against Stora Enso, Metsäliitto and UPM. Metsähallitus has appealed this ruling. Following reductions by Metsähallitus, the total claim against the defendants now amounts to approximately EUR 125 million and the secondary claim against Stora Enso to approximately EUR 68 million.

In addition, certain Finnish municipalities and private forest owners initiated similar legal proceedings. The total amount claimed from the defendants amounts to approximately EUR 24 million, the secondary claims solely against Stora Enso amount to approximately EUR 5 million. Stora Enso denies that the plaintiffs suffered any damages whatsoever and will forcefully defend itself. No provisions have been made in Stora Enso's accounts for these lawsuits.

## Proceedings in Sweden

In July and August 2016, six Swedish Insurance companies filed lawsuits against Stora Enso. The claimed amount is approximately SEK 300 million (EUR 31 million) attributable to insurance compensation paid to injured parties in connection with the forest fire in Västmanland, Sweden in 2014. Stora Enso denies liability and will respond within the frame of the legal proceedings.

# Share capital and shareholdings

During the third quarter of 2017, the conversions of 60 000 A shares into R shares were recorded in the Finnish trade register.

On 30 September 2017, Stora Enso had 176 446 320 A shares and 612 173 667 R shares in issue. The company did not hold its own shares. The total number of Stora Enso shares in issue was 788 619 987 and the total number votes was at least 237 663 686.

# Events during the period

Stora Enso's Shareholders' Nomination Board was established in August.

The Shareholders' Nomination Board is composed of the following members: Jorma Eloranta (Chairman of the Board of Directors), Hans Stråberg (Vice Chairman of the Board of Directors), Harri Sailas (Chairman of the Board of Directors of Solidium Oy), and Marcus Wallenberg (Chairman of the Board of Directors of FAM AB).

The Shareholders' Nomination Board elected Marcus Wallenberg as its Chairman.

# Decisions of Annual General Meeting on 27 April 2017

The AGM approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.37 per share for the year 2016.

The AGM approved a proposal that of the current members of the Board of Directors – Anne Brunila, Jorma Eloranta, Elisabeth Fleuriot, Hock Goh, Mikael Mäkinen, Richard Nilsson, and Hans Stråberg – be re-elected members of the Board of Directors until the end of the following AGM and that Christiane Kuehne and Göran Sandberg be elected new members of the Board of Directors for the same term of office.

The AGM approved the proposed annual remuneration for the Board of Directors as follows:

| | |
|---|---|
| Chairman | EUR 170 000 |
| Vice Chairman | EUR 100 000 |
| Members | EUR 70 000 |

The AGM approved the proposal that the current auditor Authorised Public Accountants Deloitte Oy shall be re-elected auditor of the Company until the end of the following AGM. The AGM approved a proposal that remuneration for the auditor shall be paid according to invoice approved by Financial and Audit Committee.

The AGM approved the proposal to amend the Company's Articles of Association so that the shareholders' meeting shall decide on the election of Chairman and Vice Chairman of the Board of Directors, with the exception of a vacancy during the term of office, in which case the Board of Directors shall have the right to elect a new Chairman or Vice Chairman from among its members for the remaining term of office. It was also approved to allow for the notice to the shareholders' meetings to be published on the Company's website in addition to which details on the date and location of the meeting, together with the address of the Company's website be published in at least two Finnish and two Swedish newspapers, and to amend the terminology to that the reference to "Authorised Public Accountants approved by the Finnish Central Chamber of Commerce" be changed to "Authorised Public Accountants".

The AGM approved the proposal to amend the Charter of the Shareholders' Nomination Board so that the Shareholders' Nomination Board shall prepare and present to the shareholders' meeting a proposal regarding the Chairman and Vice Chairman of the Board of Directors in connection with its proposal regarding the members of the Board of Directors.

# Decisions by the Board of Directors

At its meeting held after the AGM, the Stora Enso Board of Directors elected from among its members Jorma Eloranta as its Chairman and Hans Stråberg as Vice Chairman. Richard Nilsson (chairman), Jorma Eloranta, Mikael Mäkinen and Christiane Kuehne were elected as members of the Financial and Audit Committee. Jorma Eloranta (chairman), Elisabeth Fleuriot and Hans Stråberg were elected as members of the Remuneration Committee. Anne Brunila (chairman), Hock Goh and Göran Sandberg were elected as members of the Sustainability and Ethics Committee.

# Events after the period

The conversion of 34 000 A shares into R shares was recorded in the Finnish trade register on 16 October 2017.

*This release has been prepared in Finnish, English and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.*

Helsinki, 25 October 2017
Stora Enso Oyj
Board of Directors

# Financials

## Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the group's Financial Report for 2016.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated.

## Non-IFRS measures

The group's key non-IFRS performance metric is operational EBIT, which is used to evaluate the performance of its operating segments and to steer allocation of resources to them. Operational EBIT comprises the operating profit excluding items affecting comparability (IAC) and fair valuations from the segments and Stora Enso's share of the operating profit of equity accounted investments (EAI), also excluding items affecting comparability and fair valuations.

Items affecting comparability are exceptional transactions that are not related to recurring business operations. The most common items affecting comparability are capital gains, additional write-downs or reversals of write-downs, provisions for planned restructuring and penalties. Items affecting comparability are normally disclosed individually if they exceed one cent per share.

Fair valuations and non-operational items include equity incentive schemes and related hedges, $CO_2$ emission rights, valuations of biological assets and the group's share of income tax and net financial items of EAI.

Cash flow from operations (non-IFRS) is a group specific way to present operative cash flow without hedging result from OCI and starting from operational EBITDA instead of operating profit.

Cash flow after investing activities (non-IFRS) is calculated as follows: cash flow from operations (non-IFRS) excluding cash spent on intangible assets, property, plant and equipment, and biological assets and acquisitions of EAIs.

The full list of the non-IFRS measures is presented at the end of this report.

## Change in the reporting of costs related to growth of biological assets

Stora Enso changed its reporting regarding the costs related to the growth of biological assets (i.e. growing trees) starting from the fourth quarter of 2016.

Costs related to the development of biological assets are capitalised on the balance sheet during the growth cycle (i.e. until the time of harvesting). At harvesting, the capitalised costs are transferred from *biological assets* to *inventory*. Prior to the change, Stora Enso has included the costs related to the growth of biological assets in its operational EBITDA.

From the fourth quarter of 2016 onwards, these growth costs are excluded from operational EBITDA and presented as *Operational decrease in the value of biological assets*. This change affects the following non-IFRS key figures: operational EBITDA, operational EBITDA margin, and net debt to last 12 months' operational EBITDA ratio. The historical figures are restated according to the new reporting structure. Restated figures are presented in Stora Enso Oyj stock exchange release, published on 8 December 2016.

There is no impact on operational EBIT, the subtotals of the official Condensed Consolidated Income Statement or the group's other IFRS figures.

## The following amendments to the standards are applied to the annual periods beginning on 1 January 2017

- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment entities – Applying the consolidation Exception*. The amendments provide an exemption from consolidation of subsidiaries for entities that meet the definition of investment entity. This change is not relevant to the group.

## Future standard changes endorsed by the EU but not yet effective in 2017

As disclosed in Stora Enso's Financial Report 2016, we do not expect that the following standards would have any significant impact on the group:

- IFRS 15: *Revenue from contracts with Customers*
- IFRS 9: *Financial Instruments*

## Condensed consolidated income statement

| EUR million | Q3/17 | Q3/16 | Q2/17 | Q1–Q3/17 | Q1–Q3/16 | 2016 |
|---|---|---|---|---|---|---|
| **Sales** | **2 509** | **2 393** | **2 528** | **7 534** | **7 364** | **9 802** |
| Other operating income | 36 | 30 | 34 | 94 | 94 | 123 |
| Change in inventories of finished goods and WIP | 2 | -10 | -19 | 6 | -15 | 9 |
| Materials and services | -1 466 | -1 414 | -1 474 | -4 438 | -4 318 | -5 833 |
| Freight and sales commissions | -239 | -234 | -245 | -729 | -702 | -920 |
| Personnel expenses | -310 | -308 | -354 | -989 | -1 015 | -1 334 |
| Other operating expenses | -123 | -119 | -140 | -408 | -406 | -561 |
| Share of results of equity accounted investments | 5 | 10 | 14 | 35 | 32 | 156 |
| Change in net value of biological assets | -20 | -22 | -20 | -52 | -59 | -261 |
| Depreciation, amortisation and impairment charges | -124 | -130 | -119 | -385 | -337 | -398 |
| **Operating Profit** | **270** | **196** | **205** | **668** | **638** | **783** |
| Net financial items | -46 | -35 | -60 | -135 | -173 | -242 |
| **Profit before Tax** | **224** | **161** | **145** | **533** | **465** | **541** |
| Income tax | -33 | -42 | -2 | -92 | -114 | -134 |
| **Net Profit for the Period** | **191** | **119** | **143** | **441** | **351** | **407** |
| | | | | | | |
| **Attributable to:** | | | | | | |
| Owners of the Parent | 191 | 129 | 146 | 451 | 372 | 463 |
| Non-controlling interests | 0 | -10 | -3 | -10 | -21 | -56 |
| **Net Profit for the Period** | **191** | **119** | **143** | **441** | **351** | **407** |
| | | | | | | |
| **Earnings per Share** | | | | | | |
| Basic earnings per share, EUR | 0.24 | 0.16 | 0.19 | 0.57 | 0.47 | 0.59 |
| Diluted earnings per share, EUR | 0.24 | 0.16 | 0.19 | 0.57 | 0.47 | 0.59 |

## Consolidated statement of comprehensive income

| EUR million | Q3/17 | Q3/16 | Q2/17 | Q1–Q3/17 | Q1–Q3/16 | 2016 |
|---|---|---|---|---|---|---|
| Net profit for the period | 191 | 119 | 143 | 441 | 351 | 407 |
| **Other Comprehensive Income (OCI)** | | | | | | |
| **Items that will Not be Reclassified to Profit and Loss** | | | | | | |
| Actuarial gains and losses on defined benefit plans | 4 | -10 | 0 | 4 | -10 | -62 |
| Income tax relating to items that will not be reclassified | -1 | 0 | 0 | -1 | 0 | 15 |
| | **3** | **-10** | **0** | **3** | **-10** | **-47** |
| **Items that may be Reclassified Subsequently to Profit and Loss** | | | | | | |
| Share of OCI of EAIs that may be reclassified | 0 | 1 | 2 | 3 | -4 | 0 |
| Currency translation movements on equity net investments (CTA) | -59 | -24 | -176 | -228 | 1 | 124 |
| Currency translation movements on non-controlling interests | -2 | -1 | -2 | -4 | -5 | -3 |
| Net investment hedges | 11 | 2 | 21 | 36 | 8 | -11 |
| Cash flow hedges | 3 | 2 | 27 | 27 | 26 | 13 |
| Non-controlling interests' share of items that may be reclassified | 0 | 0 | 1 | 0 | 0 | 0 |
| Available-for-sale investments | 37 | 31 | -22 | 1 | 108 | 138 |
| Income tax relating to items that may be reclassified | 0 | 0 | -8 | -7 | -6 | -1 |
| | **-10** | **11** | **-157** | **-172** | **128** | **260** |
| **Total Comprehensive Income** | **184** | **120** | **-14** | **272** | **469** | **620** |
| **Attributable to:** | | | | | | |
| Owners of the Parent | 186 | 131 | -10 | 286 | 495 | 679 |
| Non-controlling interests | -2 | -11 | -4 | -14 | -26 | -59 |
| **Total Comprehensive Income** | **184** | **120** | **-14** | **272** | **469** | **620** |

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income
EAI = Equity Accounted Investments

## Condensed consolidated statement of financial position

| EUR million | | 30 Sep 17 | 31 Dec 16 | 30 Sep 16 |
|---|---|---|---|---|
| **Assets** | | | | |
| Goodwill | O | 237 | 238 | 247 |
| Other intangible assets | O | 173 | 180 | 176 |
| Property, plant and equipment | O | 5 282 | 5 611 | 5 624 |
| | | **5 692** | **6 029** | **6 047** |
| Biological assets | O | 458 | 489 | 645 |
| Emission rights | O | 15 | 14 | 17 |
| Equity accounted investments | O | 1 594 | 1 594 | 1 455 |
| Available-for-sale: Listed securities | I | 25 | 42 | 31 |
| Available-for-sale: Operative | O | 276 | 253 | 232 |
| Non-current loan receivables | I | 54 | 7 | 9 |
| Deferred tax assets | T | 154 | 214 | 192 |
| Other non-current assets | O | 48 | 57 | 58 |
| **Non-current Assets** | | **8 316** | **8 699** | **8 686** |
| Inventories | O | 1 331 | 1 346 | 1 290 |
| Tax receivables | T | 10 | 9 | 6 |
| Operative receivables | O | 1 325 | 1 273 | 1 280 |
| Interest-bearing receivables | I | 70 | 46 | 128 |
| Cash and cash equivalents | I | 418 | 953 | 781 |
| **Current Assets** | | **3 154** | **3 627** | **3 485** |
| **Total Assets** | | **11 470** | **12 326** | **12 171** |
| **Equity and Liabilities** | | | | |
| Owners of the Parent | | 5 799 | 5 806 | 5 624 |
| Non-controlling Interests | | 48 | 62 | 95 |
| **Total Equity** | | **5 847** | **5 868** | **5 719** |
| Post-employment benefit provisions | O | 444 | 436 | 390 |
| Other provisions | O | 110 | 114 | 97 |
| Deferred tax liabilities | T | 175 | 203 | 235 |
| Non-current debt | I | 2 092 | 2 655 | 2 604 |
| Other non-current operative liabilities | O | 48 | 61 | 65 |
| **Non-current Liabilities** | | **2 869** | **3 469** | **3 391** |
| Current portion of non-current debt | I | 389 | 552 | 650 |
| Interest-bearing liabilities | I | 557 | 563 | 588 |
| Bank overdrafts | I | 5 | 4 | 6 |
| Other provisions | O | 28 | 20 | 23 |
| Other operative liabilities | O | 1 722 | 1 774 | 1 746 |
| Tax liabilities | T | 53 | 76 | 48 |
| **Current Liabilities** | | **2 754** | **2 989** | **3 061** |
| **Total Liabilities** | | **5 623** | **6 458** | **6 452** |
| **Total Equity and Liabilities** | | **11 470** | **12 326** | **12 171** |

Items designated with “O” comprise Operating Capital
Items designated with “I” comprise Net Interest-bearing Liabilities
Items designated with “T” comprise Net Tax Liabilities

## Condensed consolidated statement of cash flows

| EUR million | Q1–Q3/17 | Q1–Q3/16 |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Operating profit | 668 | 638 |
| Hedging result from OCI | -3 | -1 |
| Adjustments for non-cash items | 422 | 431 |
| Change in net working capital | -117 | 103 |
| **Cash Flow Generated by Operations** | **970** | **1 171** |
| Net financial items paid | -166 | -156 |
| Income taxes paid, net | -74 | -72 |
| **Net Cash Provided by Operating Activities** | **730** | **943** |
| | | |
| **Cash Flow from Investing Activities** | | |
| Acquisitions of equity accounted investments | -9 | - |
| Acquisitions of available-for-sale investments | -8 | -2 |
| Proceeds from disposal of subsidiary shares and business operations, net of disposed cash | 4 | 38 |
| Proceeds from disposal of shares in equity accounted investments | 6 | 26 |
| Proceeds from disposal of available-for-sale investments | - | 10 |
| Proceeds and advances from disposal of intangible assets and property, plant and equipment | 43 | 123 |
| Income taxes paid on disposal of property | -15 | - |
| Capital expenditure | -401 | -578 |
| Proceeds from/payment of non-current receivables, net | -45 | -5 |
| **Net Cash Used in Investing Activities** | **-425** | **-388** |
| | | |
| **Cash Flow from Financing Activities** | | |
| Proceeds from issue of new long-term debt | 424 | 329 |
| Repayment of long-term debt | -1 007 | -606 |
| Change in short-term borrowings | 54 | 5 |
| Dividends paid | -292 | -260 |
| Buy-out of interest in subsidiaries from non-controlling interests | - | -46 |
| Equity injections from, less dividends to, non-controlling interests | - | -2 |
| Purchase of own shares[1] | -3 | -2 |
| **Net Cash Used in Financing Activities** | **-824** | **-582** |
| | | |
| **Net Change in Cash and Cash Equivalents** | **-519** | **-27** |
| Translation adjustment | -17 | -5 |
| Net cash and cash equivalents at the beginning of period | 949 | 807 |
| **Net Cash and Cash Equivalents at Period End** | **413** | **775** |
| | | |
| **Cash and Cash Equivalents at Period End** | **418** | **781** |
| **Bank Overdrafts at Period End** | **-5** | **-6** |
| **Net Cash and Cash Equivalents at Period End** | **413** | **775** |
| | | |
| **Disposals** | | |
| Cash and cash equivalents | - | 1 |
| Other intangible assets and property, plant and equipment | - | 39 |
| Working capital | - | 6 |
| Interest-bearing assets and liabilities | - | 3 |
| Non-controlling interests | - | -4 |
| **Net Assets in Divested Companies** | **-** | **45** |
| Gain on sale | - | 0 |
| **Total Disposal Consideration** | **-** | **45** |
| | | |
| Cash part of consideration | - | 39 |
| Non-cash part of consideration | - | 6 |
| **Total Disposal Consideration** | **-** | **45** |
| **Cash Received Regarding Previous Year Disposals** | **4** | **-** |

[1] Own shares purchased for the group's share award programme. The group did not hold any of its own shares at the end of September 2017.

## Property, plant and equipment, goodwill, biological assets and other intangible assets

| EUR million | Q1–Q3/17 | Q1–Q3/16 | 2016 |
|---|---|---|---|
| Carrying value at 1 January | 6 518 | 6 671 | 6 671 |
| Additions in tangible and intangible assets | 309 | 468 | 638 |
| Additions in biological assets | 64 | 67 | 91 |
| Costs related to growth of biological assets | -46 | -46 | -141 |
| Disposals | -11 | -3 | -253 |
| Disposals of subsidiary companies | 0 | -39 | -39 |
| Depreciation and impairment | -385 | -337 | -398 |
| Fair valuation of biological assets | -6 | -13 | -120 |
| Translation difference and other | -293 | -76 | 69 |
| **Statement of Financial Position Total** | **6 150** | **6 692** | **6 518** |

## Borrowings

| EUR million | 30 Sep 17 | 31 Dec 16 | 30 Sep 16 |
|---|---|---|---|
| Bond loans | 1 364 | 1 705 | 1 704 |
| Loans from credit institutions | 1 054 | 1 434 | 1 475 |
| Finance lease liabilities | 53 | 56 | 60 |
| Other non-current liabilities | 10 | 12 | 15 |
| **Non-current Debt including Current Portion** | **2 481** | **3 207** | **3 254** |
| Short-term borrowings | 479 | 452 | 499 |
| Interest payable | 36 | 54 | 44 |
| Derivative financial liabilities | 42 | 57 | 45 |
| Bank overdrafts | 5 | 4 | 6 |
| **Total Interest-bearing Liabilities** | **3 043** | **3 774** | **3 848** |

| EUR million | Q1–Q3/17 | 2016 | Q1–Q3/16 |
|---|---|---|---|
| Carrying value at 1 January | 3 774 | 4 197 | 4 197 |
| Proceeds of new long-term debt | 424 | 368 | 329 |
| Repayment of long-term debt | -1 007 | -781 | -606 |
| Change in short-term borrowings and interest payable | 9 | -50 | -13 |
| Change in derivative financial liabilities | -15 | -13 | -25 |
| Translation differences and other | -142 | 53 | -34 |
| **Total Interest-bearing Liabilities** | **3 043** | **3 774** | **3 848** |

## Statement of changes in equity

| | | | | | Fair Valuation Reserve | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EUR million** | **Share Capital** | **Share Premium and Reserve fund** | **Invested Non-Restricted Equity Fund** | **Treasury Shares** | **Step Acquisition Revaluation Surplus** | **Available-for-Sale Investments** | **Cash Flow Hedges** | **OCI of Equity Accounted Investments** | **CTA and Net Investment Hedges** | **Retained Earnings** | **Attributable to Owners of the Parent** | **Non-controlling Interests** | **Total** |
| **Balance at 31 December 2015** | **1 342** | **77** | **633** | **-** | **4** | **27** | **-24** | **-19** | **-147** | **3 495** | **5 388** | **125** | **5 513** |
| Profit/loss for the period | - | - | - | - | - | - | - | - | - | 372 | 372 | -21 | 351 |
| OCI before tax | - | - | - | - | - | 108 | 26 | -4 | 9 | -10 | 129 | -5 | 124 |
| Income tax relating to components of OCI | - | - | - | - | - | -1 | -4 | - | -1 | - | -6 | - | -6 |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **-** | **107** | **22** | **-4** | **8** | **362** | **495** | **-26** | **469** |
| Dividend | - | - | - | - | - | - | - | - | - | -260 | -260 | - | -260 |
| Acquisitions and disposals | - | - | - | - | - | - | - | - | - | - | - | -4 | -4 |
| Purchase of treasury shares | - | - | - | -2 | - | - | - | - | - | - | -2 | - | -2 |
| Share-based payments | - | - | - | 2 | - | - | - | - | - | 1 | 3 | - | 3 |
| **Balance at 30 September 2016** | **1 342** | **77** | **633** | **-** | **4** | **134** | **-2** | **-23** | **-139** | **3 598** | **5 624** | **95** | **5 719** |
| Profit/loss for the period | - | - | - | - | - | - | - | - | - | 91 | 91 | -35 | 56 |
| OCI before tax | - | - | - | - | - | 30 | -13 | 4 | 104 | -52 | 73 | 2 | 75 |
| Income tax relating to components of OCI | - | - | - | - | - | -2 | 4 | - | 3 | 15 | 20 | - | 20 |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **-** | **28** | **-9** | **4** | **107** | **54** | **184** | **-33** | **151** |
| Acquisitions and disposals | - | - | - | - | - | - | - | - | - | -1 | -1 | - | -1 |
| Share-based payments | - | - | - | - | - | - | - | - | - | -1 | -1 | - | -1 |
| **Balance at 31 December 2016** | **1 342** | **77** | **633** | **-** | **4** | **162** | **-11** | **-19** | **-32** | **3 650** | **5 806** | **62** | **5 868** |
| Profit/loss for the period | - | - | - | - | - | - | - | - | - | 451 | 451 | -10 | 441 |
| OCI before tax | - | - | - | - | - | 1 | 27 | 3 | -192 | 4 | -157 | -4 | -161 |
| Income tax relating to components of OCI | - | - | - | - | - | 4 | -4 | - | -7 | -1 | -8 | - | -8 |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **-** | **5** | **23** | **3** | **-199** | **454** | **286** | **-14** | **272** |
| Dividend | - | - | - | - | - | - | - | - | - | -292 | -292 | - | -292 |
| Purchase of treasury shares | - | - | - | -3 | - | - | - | - | - | - | -3 | - | -3 |
| Share-based payments | - | - | - | 3 | - | - | - | - | - | -1 | 2 | - | 2 |
| **Balance at 30 September 2017** | **1 342** | **77** | **633** | **-** | **4** | **167** | **12** | **-16** | **-231** | **3 811** | **5 799** | **48** | **5 847** |

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income
NCI = Non-controlling Interests

## Commitments and contingencies

| EUR million | 30 Sep 17 | 31 Dec 16 | 30 Sep 16 |
|---|---|---|---|
| **On Own Behalf** | | | |
| Mortgages | 6 | 9 | 9 |
| **On Behalf of Equity Accounted Investments** | | | |
| Guarantees | 4 | 4 | 4 |
| **On Behalf of Others** | | | |
| Guarantees | 31 | 34 | 37 |
| **Other Commitments, Own** | | | |
| Operating leases, in next 12 months | 81 | 86 | 84 |
| Operating leases, after next 12 months | 654 | 747 | 753 |
| Pension liabilities | 1 | 1 | 1 |
| Other commitments | 6 | 9 | 10 |
| **Total** | **783** | **890** | **898** |
| | | | |
| Mortgages | 6 | 9 | 9 |
| Guarantees | 35 | 38 | 41 |
| Operating leases | 735 | 833 | 837 |
| Pension liabilities | 1 | 1 | 1 |
| Other commitments | 6 | 9 | 10 |
| **Total** | **783** | **890** | **898** |

## Capital Commitments

The group’s direct capital expenditure contracts amounted to EUR 128 million (compared with EUR 148 million on 30 September 2016 and EUR 171 million on 31 December 2016). These amounts include the group’s share of direct capital expenditure contracts in joint operations.

## Sales by segment

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Consumer Board | 639 | 630 | 611 | 2 342 | 580 | 599 | 599 | 564 |
| Packaging Solutions | 318 | 313 | 290 | 1 044 | 282 | 259 | 258 | 245 |
| Biomaterials | 379 | 371 | 369 | 1 376 | 349 | 334 | 342 | 351 |
| Wood Products | 415 | 440 | 416 | 1 595 | 395 | 385 | 433 | 382 |
| Paper | 727 | 719 | 748 | 3 245 | 760 | 792 | 839 | 854 |
| Other | 593 | 628 | 651 | 2 477 | 641 | 559 | 629 | 648 |
| Inter-segment sales | -562 | -573 | -588 | -2 277 | -569 | -535 | -574 | -599 |
| **Total** | **2 509** | **2 528** | **2 497** | **9 802** | **2 438** | **2 393** | **2 526** | **2 445** |

## Operational EBIT by segment

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Consumer Board | 86 | 69 | 61 | 254 | 38 | 67 | 76 | 73 |
| Packaging Solutions | 48 | 40 | 24 | 64 | 19 | 21 | 17 | 7 |
| Biomaterials | 88 | 62 | 53 | 224 | 40 | 43 | 57 | 84 |
| Wood Products | 29 | 35 | 22 | 88 | 17 | 22 | 33 | 16 |
| Paper | 29 | 11 | 42 | 211 | 64 | 53 | 43 | 51 |
| Other | 10 | 2 | 13 | 43 | 13 | 13 | 0 | 17 |
| **Operational EBIT** | **290** | **219** | **215** | **884** | **191** | **219** | **226** | **248** |
| Fair valuations and non-operational items[1] | 0 | -6 | 5 | -67 | -12 | -14 | -15 | -26 |
| Items affecting comparability | -20 | -8 | -27 | -34 | -34 | -9 | 37 | -28 |
| **Operating Profit (IFRS)** | **270** | **205** | **193** | **783** | **145** | **196** | **248** | **194** |
| Net financial items | -46 | -60 | -29 | -242 | -69 | -35 | -99 | -39 |
| **Profit before Tax** | **224** | **145** | **164** | **541** | **76** | **161** | **149** | **155** |
| Income tax expense | -33 | -2 | -57 | -134 | -20 | -42 | -31 | -41 |
| **Net Profit** | **191** | **143** | **107** | **407** | **56** | **119** | **118** | **114** |

[1] Fair valuations and non-operational items include equity incentive schemes and related hedges, $CO_2$ emission rights, valuations of biological assets, and the group’s share of income tax and net financial items of EAI.

### Items affecting comparability (IAC), fair valuations and non-operational items

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Impairments and reversals of intangible assets, PPE and biological assets | 0 | 0 | -3 | -133 | -167 | -6 | 41 | -1 |
| Restructuring costs excluding fixed asset impairments | 0 | 0 | -14 | -19 | 0 | -3 | -16 | 0 |
| Disposals | -20 | 0 | 0 | 144 | 155 | 0 | 16 | -27 |
| Other | 0 | -8 | -10 | -26 | -22 | 0 | -4 | 0 |
| **Total IAC** | **-20** | **-8** | **-27** | **-34** | **-34** | **-9** | **37** | **-28** |
| Fair valuations and non-operational items | 0 | -6 | 5 | -67 | -12 | -14 | -15 | -26 |
| **Total** | **-20** | **-14** | **-22** | **-101** | **-46** | **-23** | **22** | **-54** |

### Items affecting comparability (IAC) by segment

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Consumer Board | -20 | -8 | -3 | -77 | -77 | 0 | 0 | 0 |
| Packaging Solutions | 0 | 0 | -3 | -21 | -12 | -9 | 0 | 0 |
| Biomaterials | 0 | 0 | -3 | 0 | 0 | 0 | 0 | 0 |
| Wood Products | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Paper | 0 | 0 | -18 | 78 | 69 | 0 | 37 | -28 |
| Other | 0 | 0 | 0 | -14 | -14 | 0 | 0 | 0 |
| **IAC on Operating Profit** | **-20** | **-8** | **-27** | **-34** | **-34** | **-9** | **37** | **-28** |
| IAC on tax | 0 | 1 | 6 | -22 | -11 | 1 | -10 | -2 |
| **IAC on Net Profit** | **-20** | **-7** | **-21** | **-56** | **-45** | **-8** | **27** | **-30** |
| | | | | | | | | |
| **Attributable to:** | | | | | | | | |
| Owners of the Parent | -20 | -7 | -21 | -47 | -37 | -8 | 27 | -29 |
| Non-controlling interests | 0 | 0 | 0 | -9 | -8 | 0 | 0 | -1 |
| **IAC on Net Profit** | **-20** | **-7** | **-21** | **-56** | **-45** | **-8** | **27** | **-30** |

### Fair valuations and non-operational items[1] by segment

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Consumer Board | 0 | -1 | -1 | -110 | -102 | -2 | -4 | -2 |
| Packaging Solutions | 0 | 0 | -1 | -1 | 0 | 0 | 0 | -1 |
| Biomaterials | -4 | -2 | -1 | -13 | -5 | -3 | -2 | -3 |
| Wood Products | 0 | 0 | -1 | 0 | 0 | 0 | 0 | 0 |
| Paper | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 4 | -3 | 9 | 57 | 95 | -9 | -9 | -20 |
| **FV and Non-operational Items on Operating Profit** | **0** | **-6** | **5** | **-67** | **-12** | **-14** | **-15** | **-26** |

[1] Fair valuations (FV) and non-operational items include equity incentive schemes and related hedges, $CO_2$ emission rights, valuations of biological assets, and the group's share of income tax and net financial items of EAI.

### Operating profit/loss by segment

| EUR million | Q3/17 | Q2/17 | Q1/17 | 2016 | Q4/16 | Q3/16 | Q2/16 | Q1/16 |
|---|---|---|---|---|---|---|---|---|
| Consumer Board | 66 | 60 | 57 | 67 | -141 | 65 | 72 | 71 |
| Packaging Solutions | 48 | 40 | 20 | 42 | 7 | 12 | 17 | 6 |
| Biomaterials | 84 | 60 | 49 | 211 | 35 | 40 | 55 | 81 |
| Wood Products | 29 | 35 | 21 | 88 | 17 | 22 | 33 | 16 |
| Paper | 29 | 11 | 24 | 289 | 133 | 53 | 80 | 23 |
| Other | 14 | -1 | 22 | 86 | 94 | 4 | -9 | -3 |
| **Operating Profit (IFRS)** | **270** | **205** | **193** | **783** | **145** | **196** | **248** | **194** |
| Net financial items | -46 | -60 | -29 | -242 | -69 | -35 | -99 | -39 |
| **Profit before Tax** | **224** | **145** | **164** | **541** | **76** | **161** | **149** | **155** |
| Income tax expense | -33 | -2 | -57 | -134 | -20 | -42 | -31 | -41 |
| **Net Profit** | **191** | **143** | **107** | **407** | **56** | **119** | **118** | **114** |

### Key exchange rates for the euro

| One Euro is | Closing Rate | | Average Rate | |
|---|---|---|---|---|
| | **30 Sep 17** | **31 Dec 16** | **30 Sep 17** | **31 Dec 16** |
| SEK | 9.6490 | 9.5525 | 9.5826 | 9.4673 |
| USD | 1.1806 | 1.0541 | 1.1132 | 1.1066 |
| GBP | 0.8818 | 0.8562 | 0.8725 | 0.8189 |

### Transaction risk and hedges in main currencies as at 30 September 2017

| EUR million | USD | SEK | GBP |
|---|---|---|---|
| Estimated annual operating cash flow exposure | 1150 | -890 | 310 |
| Transaction hedges as at 30 September 2017 | -580 | 500 | -160 |
| **Hedging percentage as at 30 September 2017 for the next 12 months** | **50%** | **56%** | **52%** |

Additionally there are hedges for 13–15 months with the nominal value of EUR 20 million for USD hedges and EUR 7 million for SEK hedges.

### Changes in exchange rates on Operational EBIT

| Operational EBIT: Currency Strengthening of + 10% | EUR million |
|---|---|
| USD | 115 |
| SEK | -89 |
| GBP | 31 |

The sensitivity is based on the estimated net operating cash flow for the next 12 months. The calculation does not take into account currency hedges, and it assumes that no changes occur other than exchange rate movement in a currency. A currency weakening would have the opposite impact.

## Fair Values of Financial Instruments

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the group's Financial Report.

### Carrying amounts of financial assets and liabilities by measurement and fair value categories: 30 September 2017

| EUR million | Loans and Receivables | Financial Items at Fair Value through Income Statement | Hedging Derivatives | Available-for-Sale Investments | Carrying Amounts | Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Available-for-sale | - | - | - | 301 | 301 | 301 |
| Non-current loan receivables | 54 | - | - | - | 54 | 54 |
| Trade and other operative receivables | 963 | - | - | - | 963 | 963 |
| Interest-bearing receivables | 10 | 9 | 51 | - | 70 | 70 |
| Cash and cash equivalents | 418 | - | - | - | 418 | 418 |
| **Carrying Amount by Category** | **1 445** | **9** | **51** | **301** | **1 806** | **1 806** |

| EUR million | Financial Items at Fair Value through Income Statement | Hedging Derivatives | Measured at Amortised Cost | Carrying Amounts | Fair Value |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| Non-current debt | - | - | 2 092 | 2 092 | 2 371 |
| Current portion of non-current debt | - | - | 389 | 389 | 389 |
| Interest-bearing liabilities | 6 | 36 | 515 | 557 | 557 |
| Trade and other operative payables | 20 | - | 1 409 | 1 429 | 1 429 |
| Bank overdrafts | - | - | 5 | 5 | 5 |
| **Carrying Amount by Category** | **26** | **36** | **4 410** | **4 472** | **4 751** |

| EUR million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivative financial assets | - | 60 | - | 60 |
| Trade and other operative receivables | - | - | - | - |
| Available-for-sale investments | 25 | - | 276 | 301 |
| Derivative financial liabilities | - | 42 | - | 42 |
| Trade and other operative liabilities | - | - | 20 | 20 |

### Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2016

| EUR million | Loans and Receivables | Financial Items at Fair Value through Income Statement | Hedging Derivatives | Available-for-Sale Investments | Carrying Amounts | Fair Value |
|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | |
| Available-for-sale | - | - | - | 295 | 295 | 295 |
| Non-current loan receivables | 7 | - | - | - | 7 | 7 |
| Trade and other operative receivables | 870 | 3 | - | - | 873 | 873 |
| Interest-bearing receivables | 5 | 12 | 29 | - | 46 | 46 |
| Cash and cash equivalents | 953 | - | - | - | 953 | 953 |
| **Carrying Amount by Category** | **1 835** | **15** | **29** | **295** | **2 174** | **2 174** |

| EUR million | Financial Items at Fair Value through Income Statement | Hedging Derivatives | Measured at Amortised Cost | Carrying Amounts | Fair Value |
|---|---|---|---|---|---|
| **Financial Liabilities** | | | | | |
| Non-current debt | - | - | 2 655 | 2 655 | 2 974 |
| Current portion of non-current debt | - | - | 552 | 552 | 552 |
| Interest-bearing liabilities | 7 | 50 | 506 | 563 | 563 |
| Trade and other operative payables | 23 | - | 1 468 | 1 491 | 1 491 |
| Bank overdrafts | - | - | 4 | 4 | 4 |
| **Carrying Amount by Category** | **30** | **50** | **5 185** | **5 265** | **5 584** |

| EUR million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Derivative financial assets | - | 41 | - | 41 |
| Trade and other operative receivables | - | 3 | - | 3 |
| Available-for-sale investments | 42 | - | 253 | 295 |
| Derivative financial liabilities | - | 57 | - | 57 |
| Trade and other operative liabilities | - | - | 23 | 23 |

### Reconciliation of level 3 fair value measurement of financial assets: 30 September 2017

| EUR million | Q1–Q3/17 | 2016 | Q1–Q3/16 |
|---|---|---|---|
| Opening balance at 1 January | 253 | 131 | 131 |
| Gains/losses recognised in income statement | -2 | 5 | 5 |
| Gains/losses recognised in Available-for-sale investments reserve | 18 | 125 | 104 |
| Additions | 7 | 2 | 3 |
| Disposals | - | -10 | -11 |
| **Closing Balance** | **276** | **253** | **232** |

### Level 3 Financial Assets

The level 3 financial assets consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 3.44% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by EUR +37 million and -37 million, respectively. A +/- 1% change in the discount rate would change the valuation by EUR -28 million and +56 million, respectively.

# Stora Enso shares

## Trading volume

| | Helsinki | | Stockholm | |
|---|---|---|---|---|
| | A share | R share | A share | R share |
| July | 79 447 | 52 408 156 | 135 048 | 11 487 363 |
| August | 70 864 | 50 898 253 | 107 644 | 12 911 705 |
| September | 64 948 | 41 791 108 | 82 250 | 9 262 601 |
| **Total** | **215 259** | **145 097 517** | **324 942** | **33 661 669** |

## Closing price

| | Helsinki, EUR | | Stockholm, SEK | |
|---|---|---|---|---|
| | A share | R share | A share | R share |
| July | 11.50 | 11.30 | 108.90 | 107.90 |
| August | 11.07 | 11.04 | 104.60 | 104.20 |
| September | 11.96 | 11.95 | 115.30 | 115.30 |

## Average number of shares

| Million | Q3/17 | Q3/16 | Q2/17 | Q1–Q3/17 | Q1–Q3/16 | 2016 |
|---|---|---|---|---|---|---|
| Periodic | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 |
| Cumulative | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 |
| Cumulative, diluted | 789.9 | 790.0 | 789.9 | 789.9 | 789.9 | 789.9 |

## Calculation of key figures

| | | |
|---|---|---|
| **Operational return on capital employed, operational ROCE (%)** | 100 x | Operational EBIT / Capital employed[1 2] |
| **Operational return on operating capital, operational ROOC (%)** | 100 x | Operational EBIT / Operating capital[2] |
| **Return on equity, ROE (%)** | 100 x | Net profit/loss for the period / Total equity[2] |
| **Net interest-bearing liabilities** | | Interest-bearing liabilities – interest-bearing assets |
| **Debt/equity ratio** | | Net interest-bearing liabilities / Equity[3] |
| **EPS** | | Net profit/loss for the period[3] / Average number of shares |
| **Operational EBIT** | | Operating profit/loss excluding items affecting comparability (IAC) and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding IAC and fair valuations of its equity accounted investments (EAI) |
| **Operational EBITDA** | | Operating profit/loss excluding operational decrease in the value of biological assets, fixed asset depreciation and impairment, share of results of equity accounted investments, IAC and fair valuations. |
| **Net debt/last 12 months' operational EBITDA ratio** | | Net interest-bearing liabilities / LTM operational EBITDA |
| **Fixed costs** | | Maintenance, personnel and other administration type of costs, excluding IAC and fair valuations |
| **Last 12 months (LTM)** | | 12 months prior to the reporting date |
| **TRI** | | Total recordable incident rate = number of incidents per one million hours worked |
| **LTA** | | Lost-time accident rate = number of lost-time accidents per one million hours worked |

[1] Capital employed = Operating capital – Net tax liabilities
[2] Average for the financial period
[3] Attributable to the owners of the Parent

## List of non-IFRS measures

Operational EBITDA
Operational EBITDA margin
Operational EBIT
Operational EBIT margin
Profit before tax excl. IAC
Capital expenditure
Capital expenditure excl. investments in biological assets
Capital employed
Depreciation and impairment charges excl. IAC
Operational ROCE
Earnings per share (EPS), excl. IAC
Net debt/last 12 months' operational EBITDA ratio
Fixed costs to sales
Operational ROOC
Cash flow from operations
Cash flow after investing activities

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**Stora Enso's Q4 and full year 2017 results will be published on**

# 9 February 2018

**Stora Enso's Capital Markets Day be held in London on 8 November 2017.**

*Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wood and paper on global markets. Our aim is to replace non-renewable materials by innovating and developing new products and services based on wood and other renewable materials. We employ some 25 000 people in more than 35 countries, and our sales in 2016 were EUR 9.8 billion. Stora Enso shares are listed on Nasdaq Helsinki (STEAV, STERV) and Nasdaq Stockholm (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY).* **storaenso.com**