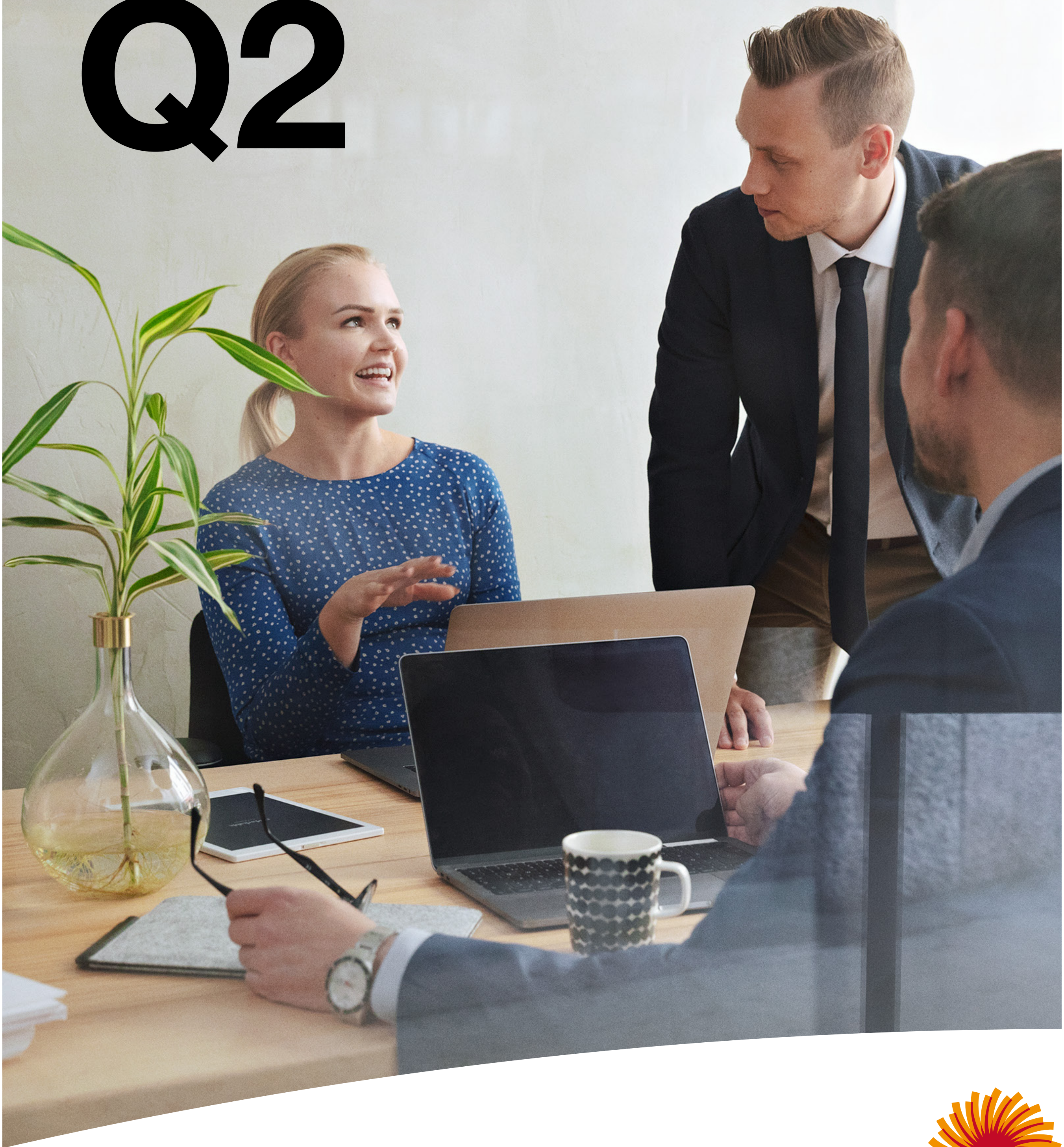
Stora Enso
Half year financial report

January–June 2019

Q2



THE RENEWABLE MATERIALS COMPANY

storaenso

Fit for the future, protecting profit and cash flow

Bergvik Skog transaction completed

Q2/2019 (compared with Q2/2018)

- Sales decreased by 2.1% to EUR 2 608 (2 664) million.
  - Sales, excluding Paper, decreased 0.9%.
  - The decrease was due to lower volumes and prices.
- Operational EBIT margin was 11.0% (12.3%), above 10% for the eighth consecutive quarter.
  - The decrease was due to lower volumes and prices, but was partially offset by the profit protection programme with an impact of EUR 45 million.
  - Operational EBIT was EUR 287 (327) million.
- Operating profit (IFRS) was EUR 142 (317) million.
- Items affecting comparability (IAC) amounted to a negative EUR 120 million, and were related to the Bergvik Skog transaction, environmental provisions, restructuring and the profit protection programme.
- EPS decreased to EUR 0.08 (0.28) and EPS excl. IAC was EUR 0.22 (0.31).
- Strong cash flow from operations amounted to EUR 548 (357) million. Cash flow after investing activities was EUR 428 (231) million.
- The net debt to operational EBITDA ratio at 2.2 (1.3) increased temporarily slightly over the target level of 2.0, due to the restructuring of Bergvik Skog (impact 0.6) and the adoption of IFRS 16 Leases (impact 0.3).
- Operational ROCE was 11.3% (15.5%), below the strategic target of 13%. The adoption of the IFRS 16 Leases had a negative impact of 0.4 percentage points and the Bergvik Skog restructuring a negative impact of 0.8 percentage points on ROCE for the second quarter of 2019.

Q1-Q2/2019 (compared with Q1-Q2/18)

- Sales were EUR 5 242 (5 243) million, similar to the comparison period.
- Operational EBIT of EUR 610 million decreased by 12.3%, mainly due to increased wood costs. Lower volumes were offset by higher prices.

Main events

- The restructuring of the Swedish forest assets from Bergvik Skog was finalised.
- Stora Enso decided to invest approximately EUR 350 million to convert the Oulu paper mill in Finland into packaging production. Production on the converted machine is estimated to start by the end of 2020.
- Stora Enso evaluates expansion in Wood Products. The plan includes potential investments of EUR 90 million in cross laminated timber (CLT) and construction beams production. The Group also plans to close Kitee sawmill with a possible consolidation of spruce production to Varkaus.
- Stora Enso will invest EUR 10 million to build a pilot facility for producing bio-based carbon materials based on lignin. Wood-based carbon can be utilised as a crucial component in batteries that are typically used in consumer electronics, the automotive industry and large-scale energy storage systems.

Profit protection programme increased to EUR 200 million

The profit protection programme's target increased from EUR 120 million to EUR 200 million. The programme is proceeding ahead of plan. EUR 60 million of the cost savings was achieved by the end of the second quarter. About half of the increased target will be achieved during 2019 and the full impact will be attained by the end of 2020.

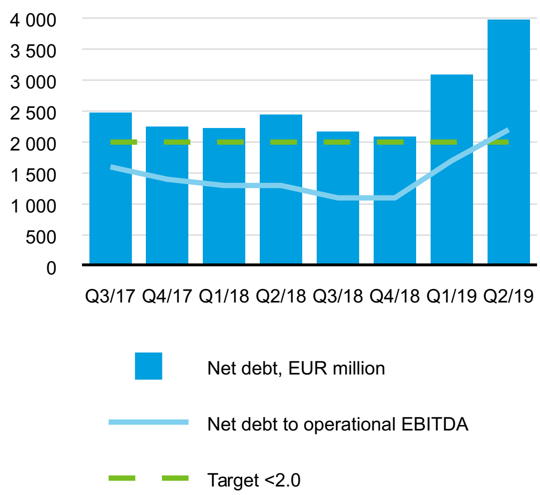
Outlook for 2019

Further deteriorating trading conditions caused by geopolitical uncertainties related to trade wars and a possible hard Brexit are expected to impact Stora Enso negatively. Demand growth is forecast to slow down for Stora Enso’s businesses in general and demand decline is escalating for European paper. Costs are forecast to increase in 2019 compared to 2018. Stora Enso will implement additional Profit Protection measures to mitigate these cost increases and the geopolitical uncertainties. Due to the current uncertainties in the business environment Stora Enso will not comment on estimated sales development in the outlook.

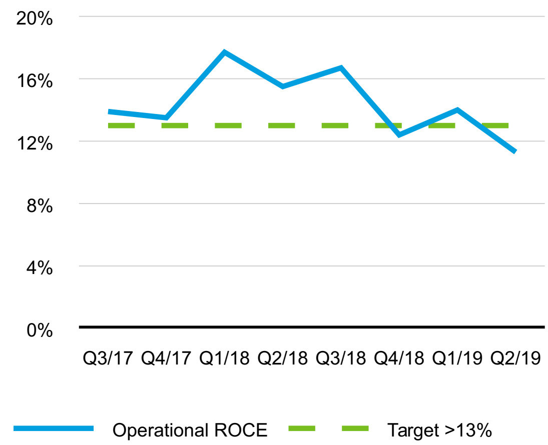
Guidance for Q3/2019

Q3/2019 operational EBIT is expected to be in the range of EUR 200–280 million. During the third quarter, there will be annual maintenance shutdown at the Beihai, Imatra, Heinola, Ostrołęka, Enocell and Veitsiluoto mills. The total maintenance impact is estimated to be on the same level as in Q3/2018 and EUR 30 million more than in Q2/2019.

Net debt to operational EBITDA



Operational return on capital employed (ROCE)



Key figures

EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	2 608	2 664	-2.1%	2 635	-1.0%	5 242	5 243	0.0%	10 486
Operational EBITDA	435	466	-6.6%	471	-7.6%	907	970	-6.5%	1 878
Operational EBITDA margin	16.7%	17.5%		17.9%		17.3%	18.5%		17.9%
Operational EBIT	287	327	-12.3%	324	-11.4%	610	696	-12.3%	1 325
Operational EBIT margin	11.0%	12.3%		12.3%		11.6%	13.3%		12.6%
Operating profit (IFRS)	142	317	-55.3%	313	-54.7%	454	672	-32.4%	1 390
Profit before tax excl. IAC	214	285	-25.0%	286	-25.2%	499	618	-19.2%	1 190
Profit before tax (IFRS)	93	257	-63.8%	282	-66.9%	375	590	-36.5%	1 210
Net profit for the period (IFRS)	52	213	-75.6%	226	-76.9%	278	486	-42.9%	988
Cash flow from operations	548	357	53.4%	223	145.6%	770	586	31.5%	1 365
Cash flow after investing activities	428	231	85.1%	94	n/m	521	344	51.5%	811
Capital expenditure	126	126	0.1%	78	60.9%	204	208	-1.8%	574
Capital expenditure excluding investments in biological assets	108	103	5.0%	64	68.9%	173	167	3.1%	491
Depreciation and impairment charges excl. IAC	134	121	10.2%	133	0.5%	267	243	10.0%	479
Net interest-bearing liabilities	3 973	2 442	62.7%	3 093	28.4%	3 973	2 442	62.7%	2 092
Operational return on capital employed (ROCE)	11.3%	15.5%		14.0%		12.5%	16.5%		15.5%
Earnings per share (EPS) excl. IAC, EUR	0.22	0.31	-27.5%	0.30	-25.8%	0.52	0.66	-21.7%	1.29
EPS (basic), EUR	0.08	0.28	-73.2%	0.29	-74.5%	0.37	0.63	-41.2%	1.28
Return on equity (ROE)	3.1%	13.9%		13.6%		8.3%	16.0%		15.5%
Net debt/equity ratio	0.59	0.40		0.47		0.59	0.40		0.31
Net debt to last 12 months' operational EBITDA ratio	2.2	1.3		1.7		2.2	1.3		1.1
Fixed costs to sales, %	23.3%	23.5%		22.4%		22.9%	23.1%		23.6%
Equity per share, EUR	8.52	7.66	11.2%	8.27	3.1%	8.52	7.66	11.2%	8.51
Average number of employees (FTE)	26 553	26 155	1.5%	26 036	2.0%	26 352	25 798	2.1%	26 067
TRI rate[1,2]	7.2	5.1	41.2%	6.6	9.1%	6.9	5.6	23.1%	6.1

Operational key figures, items affecting comparability and other non-IFRS measures: The list of Stora Enso's non-IFRS measures and the calculation of the key figures are presented at the end of this report. See also the chapter *Non-IFRS measures* at the beginning of the Financials section.

TRI (Total recordable incidents) rate = number of incidents per one million hours worked.

[1] For own employees, including employees of joint operations Veracel and Montes del Plata

[2] Historical figures recalculated due to additional data after the Q1/2019 Interim Report

Production and external deliveries

	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Consumer board deliveries, 1 000 tonnes	735	763	-3.6%	688	6.9%	1 423	1 486	-4.2%	2 914
Consumer board production, 1 000 tonnes	697	729	-4.4%	691	1.0%	1 388	1 498	-7.4%	2 922
Containerboard deliveries, 1 000 tonnes	222	242	-8.3%	242	-8.3%	464	499	-7.0%	985
Containerboard production, 1 000 tonnes	326	301	8.3%	324	0.5%	650	636	2.2%	1 320
Corrugated packaging deliveries, million m^2	238	233	2.0%	230	3.3%	468	462	1.2%	940
Corrugated packaging production, million m^2	269	264	1.9%	257	4.7%	526	529	-0.5%	1 048
Market pulp deliveries, 1 000 tonnes	600	511	17.4%	541	10.8%	1 141	1 008	13.2%	2 017
Wood products deliveries, 1 000 m^3	1 290	1 332	-3.1%	1 203	7.3%	2 493	2 568	-2.9%	5 095
Paper deliveries, 1 000 tonnes	1 013	1 137	-10.9%	1 079	-6.0%	2 092	2 309	-9.4%	4 591
Paper production, 1 000 tonnes	995	1 151	-13.5%	1 101	-9.6%	2 096	2 329	-10.0%	4 633

CEO comment

"We continued our transformation with two major steps during the quarter. Firstly, we finalised restructuring of our Swedish forest holdings by dividing Bergvik Skog with its shareholders. Currently we have a direct holding of 1.4 million hectares of forest in Sweden. This transaction increased our forestland holding by over 250 000 hectares and gives us better access to competitive raw material supply for the future. The direct ownership of forestlands improves our opportunities to further develop sustainable forest management, thus strengthening our competitiveness and self-sufficiency. This is important for us, as we strongly believe in the bioeconomy and the future business opportunities it offers to us. The average value per hectare in our balance sheet is 2 000 euros in Sweden. In the restructuring of Bergvik Skog AB, we decided to increase our part of the Swedish forest holdings, while one of the other major owners recently decided to sell with the price of 3 700 euros per hectare. Further, using the price statistics from LRF Konsult for smaller lots, the price per hectare has been 5 700 euros.

The second major step in the transformation was our announcement of converting Oulu paper mill to kraftliner packaging board production. This is another action that shows our determination to grow in the packaging sector and reduce our exposure in the declining paper business. We have quite recently completed a similar project successfully when we converted one paper machine at Varkaus Mill to kraftliner. We have a proven track record in machine conversions.

We reached double-digit operational EBIT margin for the eighth consecutive quarter, despite the further geopolitical uncertainty that impacted Stora Enso's trading conditions. This materialised in a sales decline, and we have decided to intensify our profit protection measures. We increased the profit protection programme's target from EUR 120 million to EUR 200 million. I am impressed by the actions we have taken throughout the organisation. The programme is proceeding ahead of plan, and EUR 60 million of the cost savings have already been achieved.

Our cash flow from operations was strong at EUR 548 million and we will continue on this path. We have intensified working capital management, addressing inventories is important in this economic environment. The focus on profit protection and cash generation is an opportunity to make us more fit for the future.

The Consumer Board division improved its profitability year-on-year mainly due to successful selling price increases. The other divisions were clearly impacted by deteriorated trading conditions and they are addressing costs vigorously. The Biomaterials and Wood Products divisions were able to reach their strategic operating capital targets during the quarter. This was an especially great achievement as Stora Enso is facing challenging markets.

We continue our proactive portfolio management and evaluate expansion in Wood Products to respond to the renewable materials construction demand in line with the global megatrend of green building. Stora Enso has initiated a feasibility study for a possible cross laminated timber (CLT) unit with 120 000 m^3 capacity in connection with our Ždírec sawmill in the Czech Republic and a new 60 000 m^3 construction beam mill located at the Ybbs sawmill in Austria.

We are also investing in bio-based carbon materials for energy storage in Biomaterials division at Sunila Mill in Finland. We are building a pilot facility for producing bio-based carbon materials based on lignin. Wood-based carbon can be utilised as a crucial component in batteries typically used in consumer electronics, the automotive industry and large-scale energy storage systems.

In Consumer Board we introduced DuraSense White and Cupforma Natura Solo. DuraSense is a biocomposite with a lower carbon footprint suitable for replacing plastic packaging components as such caps, lids and other types of food contact closures. Cupforma Natura Solo is a new renewable paperboard for paper cups. It is applicable for hot and cold drinking cups, as well as for ice cream packaging. It is produced without a traditional plastic coating layer and designed for full fibre recovery in a recycling process. These are two good examples of replacing fossil-based materials with renewable ones in the bioeconomy.

As regards sustainability, Stora Enso was featured as a world leader in societal impact in a report by BCG (Boston Consulting Group).

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

11.0%

Operational ROCE

11.3%

(Target >13%)

Net debt to operational EBITDA

2.2

(Target <2.0)

Reconciliation of operational profitability

EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Operational EBITDA	**435**	**466**	**-6.6%**	**471**	**-7.6%**	**907**	**970**	**-6.5%**	**1 878**
Depreciation and depletion of equity accounted investments (EAI)	-2	-2	-28.4%	-2	-32.0%	-4	-3	-20.1%	-7
Operational decrease in the value of biological assets	-13	-15	17.3%	-13	2.9%	-25	-28	8.8%	-66
Depreciation and impairment excl. IAC	-134	-122	-9.3%	-133	-0.5%	-267	-243	-10.0%	-479
Operational EBIT	**287**	**327**	**-12.3%**	**324**	**-11.4%**	**610**	**696**	**-12.3%**	**1 325**
Fair valuations and non-operational items[1]	-25	17	-245.5%	-7	-256.0%	-32	3	n/m	45
Items affecting comparability (IAC)	-120	-28	n/m	-4	n/m	-124	-28	n/m	20
Operating profit (IFRS)	**142**	**317**	**-55.3%**	**313**	**-54.7%**	**454**	**672**	**-32.4%**	**1 390**

[1] Fair valuations and non-operational items include CO_2 emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI. Until the end of 2018, fair valuations and non-operational items also included equity incentive schemes and related hedges. The previous periods have not been restated due to immateriality.

Second quarter 2019 results (compared with Q2/2018)

Breakdown of change in sales Q2/2018 to Q2/2019

Sales Q2/2018, EUR million	**2 664**
Price and mix	-1%
Currency	0%
Volume	-2%
Other sales[1]	1%
Total before structural changes	-2%
Structural changes[2]	0%
Total	-2%
Sales Q2/2019, EUR million	**2 608**

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

Group sales decreased 2.1% or EUR 56 million to EUR 2 608 million. Deliveries were lower, especially in the Paper division, and prices for pulp and containerboard products continued to decrease. This was only partly offset by higher external sales in Wood Supply, impacted by the tight wood situation in the Nordic countries last year.

Operational EBIT decreased 12% or EUR 40 million to EUR 287 (327) million. The operational EBIT margin decreased by 1.3 percentage points to 11.0% (12.3%). Lower prices and the negative volume impact were only partly offset by lower fixed costs, mainly due to the impact from the profit protection programme and the altered maintenance schedule.

Lower sales prices, especially for pulp and containerboard, decreased operational EBIT by EUR 31 million. The total volume impact was a negative EUR 16 million, mainly due to lower deliveries from the Paper division.

Variable costs continued to increase and were EUR 17 million higher, driven by higher wood costs. Fixed costs decreased by EUR 34 million, mainly due to the profit protection programme and the altered maintenance schedule. The impact from net foreign exchange increased operational EBIT by EUR 8 million. Operational result from equity accounted investments decreased by EUR 13 million, mainly due to the restructuring of Bergvik Skog and the related costs. From 1 June 2019 onwards, the Group's Swedish forest holdings are reported as a subsidiary. Depreciation was EUR 5 million higher, driven by the adoption of the IFRS 16 Leases standard, which had a slight overall positive impact on the operational EBIT level.

The planned and unplanned production downtime, initiated to manage inventory levels, was 21% (7%) for paper, 9% (8%) for board, and 1% (0%) for wood products.

The average number of employees in the second quarter of 2019 was approximately 26 600 (26 200).

Fair valuations and non-operational items had a negative net impact on the operating profit of EUR 25 (positive EUR 15) million. The impact came mainly from charges related to the financial instruments in the Nordic equity accounted investments Bergvik Skog and Tornator.

Earnings per share decreased by 73.2% to EUR 0.08 (EUR 0.28) and earnings per share excluding items affecting comparability (IAC) decreased to EUR 0.22 (EUR 0.31).

The Group recorded items affecting comparability (IACs) with a negative impact of EUR 120 (negative EUR 28) million on its operating profit. The related tax impact was a positive EUR 6 million. The IACs relate mainly to the following actions:

- the Oulu conversion was a negative EUR 14 million.
- the Kitee sawmill planned closure was a negative EUR 10 million, and is part of the ongoing profit protection programme.
- other environmental provisions amounted to a negative EUR 8 million.
- the Bergvik Skog restructuring was a negative EUR 88 million. The Bergvik Skog item includes a reclassification of exchange rate differences historically accumulated to equity (CTA reserve) through the Income Statement of EUR -171 million in Other operating expenses. In addition, a net gain of EUR 82 million on the transaction was presented in Share of results of equity accounted investments. The net impact from the transactions on the Group's equity from items affecting comparability was a positive EUR 93 million as currency translation adjustments and interest rate swap terminations had a neutral effect on the Group's equity. (More information about the Bergvik Skog transaction can be found on page 27.)

IAC Income statement related to Bergvik Skog	EUR million
A net gain in Share of results of equity accounted investments	+82
Reclassification from Other comprehensive income in equity to Other operating expenses of a currency translation adjustment (CTA)	-171
Total in Income statement	**-88**

Equity movements	
CTA	+171
Total IAC	-88
Interest rate swap termination	+10
Total change in Equity	**+93**

Net financial expenses of EUR 48 million were EUR 12 million lower than a year ago. Net interest expenses of EUR 35 million increased by EUR 4 million compared to a year ago, mainly as a result of higher gross debt levels and the implementation of IFRS 16, partly offset by the lower average interest expense rate on borrowings. Other net financial expenses were EUR 4 (EUR 3) million. The net foreign exchange impact in respect of cash, interest-bearing assets and liabilities and related foreign-currency hedges amounted to a loss of EUR 9 (loss of EUR 26) million, mainly due to a revaluation of foreign currency net debt in subsidiaries.

Breakdown of change in capital employed 30 June 2018 to 30 June 2019

EUR million	Capital employed
30 June 2018	**8 523**
Capital expenditure less depreciation	61
Right-of-use assets - adoption of IFRS 16 Leases	530
Impairments and reversal of impairments	3
Fair valuation of biological assets	3
Costs related to growth of biological assets	-64
Unlisted securities (mainly PVO)	77
Equity accounted investments	-907
Net liabilities in defined benefit plans	-27
Operative working capital and other interest-free items, net	197
Net tax liabilities	-64
Acquisition of subsidiary companies	2 322
Translation difference	33
Other changes	11
30 June 2019	**10 696**

The operational return on capital employed (ROCE) in the second quarter of 2019 was 11.3% (15.5%). The adoption of the IFRS 16 Leases had a negative impact of 0.4 percentage points and the Bergvik Skog restructuring a negative impact of 0.8 percentage points on ROCE for the second quarter of 2019.

January–June 2019 results (compared with January–June 2018)

Sales were flat at EUR 5 242 (5 243) million. Operational EBIT decreased EUR 86 million to EUR 610 (696) million, representing a margin of 11.6% (13.3%). Higher sales prices in local currencies increased operational EBIT by EUR 43 million and volumes had a negative impact of EUR 44 million, especially in Paper division. Variable costs, driven by higher wood costs, continued to increase, and decreased operational EBIT by EUR 89 million. Fixed costs were EUR 25 million lower, supported by the profit protection programme and the impact of the adoption of IFRS 16 Leases standard, which was also the main reason for the higher depreciation of EUR 15 million. Net foreign exchange had a positive impact of EUR 6 million. Operational result from equity accounted investments decreased by EUR 12 million, mainly due to the restructuring of Bergvik Skog and the related costs. From 1 June 2019 onwards, the Group's Swedish forest holdings are reported as a subsidiary.

Second quarter 2019 results (compared with Q1/2019)

Sales decreased by EUR 27 million, or 1.0%, to EUR 2 608 million. Operational EBIT decreased by EUR 37 million to EUR 287 million. Sales prices in local currencies had a negative impact of EUR 51 million, mainly due to lower pulp and containerboard prices, while volumes had a negative impact of EUR 8 million, mainly due to a decrease in deliveries in Paper division. Variable costs were EUR 28 million lower as energy costs were seasonally lower and pulp prices decreased. Fixed costs were EUR 18 million higher mainly due to seasonally higher personnel costs in the summer months. The net foreign exchange impact increased the profitability by EUR 17 million. Operational result from equity accounted investments decreased by EUR 8 million, mainly due to the restructuring of Bergvik Skog and the related costs. From 1 June 2019 onwards, the Group's Swedish forest holdings are reported as a subsidiary. Depreciations were EUR 4 million lower.

Segments in the second quarter 2019 (compared with Q2/2018)

Consumer Board division

Value management continues

The ambition of the Consumer Board division is to be the global leader in high-quality virgin fibre cartonboard. We aim to be the preferred partner of customers and brand owners in premium end-use packaging and graphical segments. Our wide board and barrier coating selection is suitable for consumer packaging for liquid, food, pharmaceutical and luxury goods.

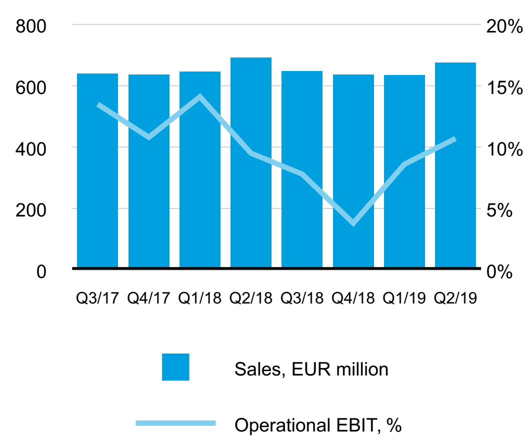
EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	675	691	-2.3%	634	6.6%	1 309	1 337	-2.1%	2 622
Operational EBITDA	118	112	5.4%	101	17.2%	219	248	-11.8%	423
Operational EBITDA margin	17.5%	16.2%		15.9%		16.7%	18.6%		16.1%
Operational EBIT	72	65	11.1%	54	32.8%	127	156	-18.9%	231
Operational EBIT margin	10.7%	9.5%		8.6%		9.7%	11.7%		8.8%
Operational ROOC	12.8%	13.1%		10.3%		12.1%	15.9%		11.9%
Cash flow from operations	113	100	12.7%	55	103.6%	168	149	12.8%	339
Cash flow after investing activities	84	64	31.4%	11	n/m	95	74	28.8%	177
Board deliveries, 1 000 tonnes	736	764	-3.7%	688	6.9%	1 424	1 487	-4.3%	2 916
Board production, 1 000 tonnes	697	729	-4.4%	691	1.0%	1 388	1 498	-7.4%	2 922

- Sales decreased slightly, 2.3% or EUR 16 million, to EUR 675 million mainly due to lower cartonboard deliveries. Price increases are coming through in Europe.
- Operational EBIT increased EUR 7 million to EUR 72 million. Production issues at Fors Mill and low board deliveries were more than offset by lower variable costs and price increases coming through.
- Operational ROOC remained stable at 12.8%.
- Stora Enso introduced a new renewable paperboard for paper cups, Cupforma Natura Solo. It is suitable for hot and cold drinking cups, and ice cream packaging. It is produced without a traditional plastic coating layer and designed for full fibre recovery in a recycling process.
- Stora Enso introduced DuraSense White, a biocomposite with lower carbon footprint suitable for replacing plastic packaging components such as caps, lids and other types of food contact closures.

Markets

Product	Market	Demand Q2/19 compared with Q2/18	Demand Q2/19 compared with Q1/19	Price Q2/19 compared with Q2/18	Price Q2/19 compared with Q1/19
Consumer board	Europe	Stable	Slightly stronger	Slightly higher	Stable

Sales and operational EBIT



Operational ROOC

12.8%

(Target: >20%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	–	–
Q2	–	Beihai Mill
Q3	Beihai and Imatra mills	Imatra and Ingerois mills
Q4	Fors, Ingerois and Skoghall mills	Skoghall and Fors mills

Packaging Solutions division

Focusing on cost management

The Packaging Solutions division provides fibre-based board materials and corrugated packaging products and services that are designed for a wide array of applications. Our renewable high-end packaging solutions serve leading converters, brand owners and retailers – including those in e-commerce that are looking to optimise performance, drive innovation and improve their sustainability.

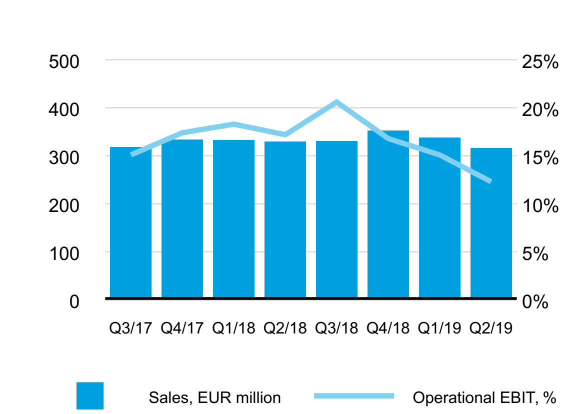
EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	316	329	-3.9%	338	-6.6%	655	662	-1.1%	1 344
Operational EBITDA	58	73	-20.3%	70	-17.0%	128	151	-15.1%	313
Operational EBITDA margin	18.4%	22.2%		20.7%		19.6%	22.8%		23.3%
Operational EBIT	39	57	-31.6%	51	-23.9%	90	118	-23.5%	245
Operational EBIT margin	12.3%	17.2%		15.1%		13.8%	17.8%		18.2%
Operational ROOC	16.3%	25.6%		21.8%		19.2%	26.8%		27.2%
Cash flow from operations	65	74	-12.8%	60	8.2%	124	139	-10.7%	272
Cash flow after investing activities	53	43	23.0%	48	10.0%	101	89	13.4%	172
Board deliveries, 1 000 tonnes	314	316	-0.5%	329	-4.6%	644	646	-0.3%	1 308
Board production, 1 000 tonnes	326	301	8.3%	324	0.5%	650	636	2.2%	1 320
Corrugated packaging deliveries, million m^2	267	260	2.8%	259	3.0%	527	523	0.7%	1 059
Corrugated packaging production, million m^2	269	264	1.9%	257	4.7%	526	529	-0.5%	1 048

- Sales decreased 3.9%, or EUR 13 million, to EUR 316 million driven by clearly lower recycled-paper-based (RCP) containerboard and kraftliner prices, supported by a slight delivery growth.
- Operational EBIT decreased EUR 18 million from last year's record high Q2 level to EUR 39 million. Clearly lower RCP containerboard and kraftliner prices were partly offset by lower fixed costs that were related to altered maintenance schedule and lower costs in the corrugated packaging units.
- Operational ROOC at 16.3% (25.6%) decreased due to lower profitability, driven by clearly lower containerboard prices.
- In May, Stora Enso announced an investment of approximately EUR 350 million to convert the Oulu paper mill in Finland into packaging production. The investment includes converting paper machine 7 into a 450 000 tonnes high-quality virgin-fibre-based kraftliner machine, and the closure of paper machine 6 and the sheeting plant. Production on the converted machine is expected to begin by the end of 2020.

Markets

Product	Market	Demand Q2/19 compared with Q2/18	Demand Q2/19 compared with Q1/19	Price Q2/19 compared with Q2/18	Price Q2/19 compared with Q1/19
Virgin fibre-based containerboard	Global	Slightly weaker	Stable	Lower	Lower
Recycled fibre based (RCP) containerboard	Europe	Stable	Slightly weaker	Significantly lower	Significantly lower
Corrugated packaging	Europe	Slightly stronger	Slightly stronger	Slightly higher	Slightly lower

Sales and operational EBIT



Operational ROOC

16.3%

(Target: >20%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	Ostrołęka Mill PM5	–
Q2	–	Heinola and Varkaus mills
Q3	Heinola and Ostrołęka kraft mills	Ostrołęka Mill
Q4	Varkaus Mill	–

Biomaterials division

Stable performance in a rocky environment

The Biomaterials division offers a wide variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We are maximising the business potential of the by-products extracted in our processes, such as tall oil and turpentine from biomass. Based on our strong innovation approach, all fractions of biomass, like sugars and lignin, hold substantial potential for use in various applications.

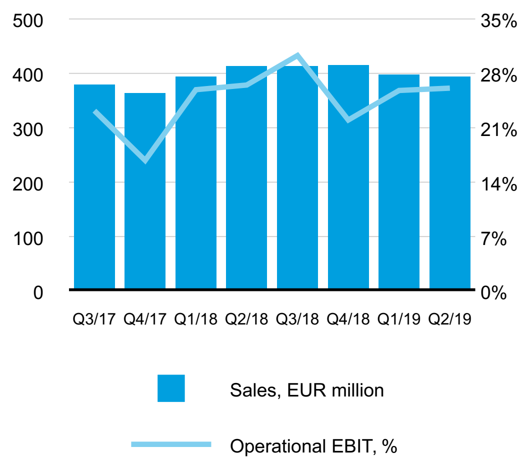
EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	394	413	-4.6%	398	-1.1%	792	807	-1.9%	1 635
Operational EBITDA	133	141	-6.0%	135	-1.8%	268	277	-3.4%	550
Operational EBITDA margin	33.7%	34.1%		33.9%		33.8%	34.3%		33.6%
Operational EBIT	103	109	-5.7%	103	-0.1%	206	211	-2.5%	427
Operational EBIT margin	26.1%	26.5%		25.8%		26.0%	26.2%		26.1%
Operational ROOC	15.6%	18.6%		16.2%		16.1%	18.0%		17.9%
Cash flow from operations	138	134	3.3%	105	31.5%	244	201	21.2%	438
Cash flow after investing activities	104	109	-4.9%	69	50.4%	173	154	12.1%	327
Pulp deliveries, 1 000 tonnes	628	614	2.2%	588	6.9%	1 215	1 225	-0.8%	2 432

- Sales decreased 4.6% or EUR 19 million from last year's record high Q2 to EUR 394 million as higher deliveries were more than offset by clearly lower pulp prices.
- Operational EBIT also decreased, but only by EUR 6 million to EUR 103 million from last year's record high Q2 level. Clearly lower pulp prices were partly offset by higher volumes and lower fixed costs, especially in maintenance, related to the altered maintenance schedule at Enocell Mill in Finland.
- Operational ROOC stood at 15.6% and thus remained above the strategic target level.
- Stora Enso will invest EUR 10 million to build a pilot facility for producing bio-based carbon materials based on lignin. Wood-based carbon can be utilised as a crucial component in batteries typically used in consumer electronics, the automotive industry and large-scale energy storage systems. The pilot plant will be located at Stora Enso’s Sunila Mill in Finland.

Markets

Product	Market	Demand Q2/19 compared with Q2/18	Demand Q2/19 compared with Q1/19	Price Q2/19 compared with Q2/18	Price Q2/19 compared with Q1/19
Softwood pulp	Europe	Weaker	Stable	Significantly lower	Lower
Hardwood pulp	Europe	Weaker	Slightly weaker	Slightly lower	Slightly lower
Hardwood pulp	China	Weaker	Slightly weaker	Significantly lower	Lower

Sales and operational EBIT



Operational ROOC

15.6%

(Target: >15%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	Veracel Mill	–
Q2	–	Enocell Mill
Q3	Enocell Mill	Sunila Mill
Q4	Montes del Plata and Skutskär mills	Montes del Plata and Skutskär mills

Wood Products division

Focusing on value management

The Wood Products division is a leading provider of innovative wood-based solutions. The product range covers all areas of construction, including massive wooden elements and wooden components. It also includes a variety of sawn timber goods and pellets for sustainable heating. The emerging product range of Biocomposites addresses the opportunities to replace plastics in consumer goods and creates potential in various demanding exterior applications in a cost-competitive way.

EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	412	430	-4.3%	403	2.1%	815	823	-1.0%	1 622
Operational EBITDA	47	55	-13.6%	40	17.9%	88	93	-5.6%	199
Operational EBITDA margin	11.5%	12.8%		10.0%		10.8%	11.3%		12.3%
Operational EBIT	35	47	-24.5%	29	21.5%	65	76	-14.9%	165
Operational EBIT margin	8.6%	10.9%		7.2%		7.9%	9.2%		10.2%
Operational ROOC	20.3%	31.7%		17.7%		19.6%	26.4%		28.1%
Cash flow from operations	51	41	23.2%	19	165.2%	70	52	33.8%	147
Cash flow after investing activities	38	27	41.9%	8	n/m	46	20	131.5%	80
Wood products deliveries, 1 000 m^3	1 251	1 288	-2.9%	1 168	7.1%	2 419	2 478	-2.4%	4 932

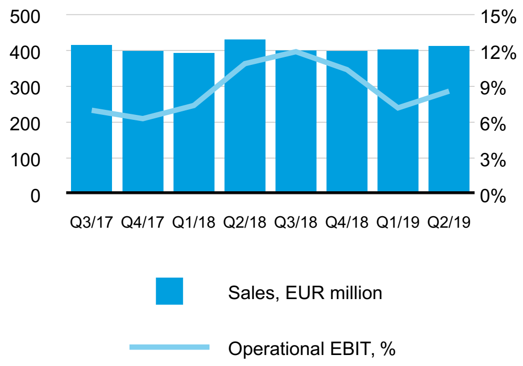
- Sales decreased 4.3%, or EUR 18 million to EUR 412 million on the back of lower sales prices and deliveries.
- Operational EBIT decreased EUR 12 million to EUR 35 million from last year's record high Q2 level. Sales prices decreased, especially in classic sawn products, and the volume impact was negative, mainly due to decreased overseas sales.
- Operational ROOC ended above the strategic target at 20.3%.
- Stora Enso inaugurated its new production unit for cross laminated timber (CLT) at Gruvön sawmill in Sweden. The project proceeded according to plan from the investment decision made in July 2017 to the start of commercial deliveries in the first quarter of 2019.
- Stora Enso has initiated a feasibility study for a possible cross laminated timber (CLT) unit in connection with its Ždírec mill in Czech Republic and a new construction beam unit to be locatedat the Ybbs mill in Austria. Stora Enso also plans to consolidate production to increase focus on efficiency and to streamline the asset base. The plan includes the possible closure of Kitee sawmill.
- During the quarter, Stora Enso was selected as the provider of wooden materials for the following landmark building projects around the world, among others:
  - Üstra-Siedlung in Hannover, Germany:several multi-storey residential buildings with a total of 139 apartments and a kindergarten. CLT is the main material used and all exterior walls were finalised with windows, insulation etc by Brüggemann before erected on site. CLT usage: 4 300 m^3.
  - FILAO Project in Clichy (suburb of Paris), France: a multi-storey residential building with 31 flats. Originally planned to be built with concrete, but Woodeum, Real Estate Developer, successfully switched it to massive timber construction using CLT, LVL and Gluelam in different applications for the main frame. LVL usage: 6m^3 / CLT usage: 600 m^3.
  - Hotel Ratschingserhof in Ratschings, Austria: an extension of the existing hotel and redesign of the façade. Our customer Oberrauch finalised this project in only 2 months, enabling the hotel to do the construction without losing too much of the tourist seasons. LVL-X and Reglued LVL usage: 45 m^3.
  - Gertrud Street Project in Melbourne, Australia: the vertical and horizontal extension of an old Victorian era ‘worker’s cottage’ in a suburb that has strict regulations on the delivery of building materials. This project used several LVL products, such as LVL-X panels and new re-glued LVL for walls, roofs and floors. It was also a pilot project for our Track & Trace service. LVL usage: 130 m^3.

Wood Products division (continued)

Markets

Product	Market	Demand Q2/19 compared with Q2/18	Demand Q2/19 compared with Q1/19	Price Q2/19 compared with Q2/18	Price Q2/19 compared with Q1/19
Wood products	Europe	Slightly weaker	Slightly stronger	Slightly lower	Slightly lower

Sales and operational EBIT



Operational ROOC

20.3%

(Target: >20%)

Paper division

Stable performance in a declining market

Stora Enso is the second largest paper producer in Europe with an established customer base and a wide product portfolio for print and office use. Customers benefit from Stora Enso's broad selection of papers made from recycled and virgin fibre as well as our valuable industry experience, know-how and customer support.

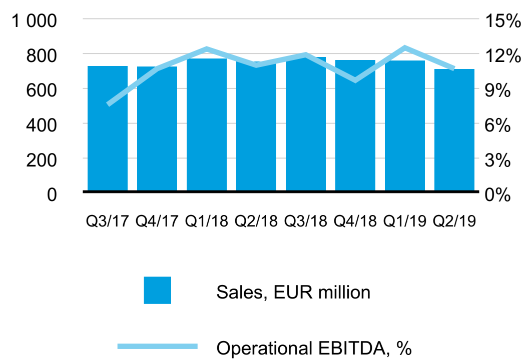
EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	712	754	-5.6%	760	-6.4%	1 472	1 526	-3.5%	3 066
Operational EBITDA	76	83	-7.9%	95	-19.7%	172	179	-4.1%	345
Operational EBITDA margin	10.7%	11.0%		12.5%		11.7%	11.7%		11.3%
Operational EBIT	50	54	-7.9%	69	-27.8%	119	123	-3.6%	234
Operational EBIT margin	7.0%	7.2%		9.1%		8.1%	8.1%		7.6%
Operational ROOC	23.8%	28.4%		33.7%		29.1%	32.7%		30.2%
Cash flow from operations	70	54	28.9%	59	18.0%	129	113	13.8%	222
Cash flow after investing activities	47	43	12.5%	46	2.3%	93	91	2.6%	175
Cash flow after investing activities to sales, %	6.6%	5.7%		6.1%		6.3%	6.0%		5.7%
Paper deliveries, 1 000 tonnes	1 013	1 137	-10.9%	1 079	-6.0%	2 092	2 309	-9.4%	4 591
Paper production, 1 000 tonnes	995	1 151	-13.5%	1 101	-9.6%	2 096	2 329	-10.0%	4 633

- Sales decreased 5.6%, or EUR 42 million, to EUR 712 million, due to clearly lower paper deliveries. Paper prices were higher in all segments.
- Operational EBIT decreased slightly to EUR 50 million. Increased paper prices in all grades together with lower fixed costs were more than offset by clearly lower volumes and higher variable cost, especially wood.
- Cash flow after investing activities to sales ratio increased to 6.6% (5.7%), due to positive working capital development during the second quarter of this year.
- Stora Enso will invest EUR 350 million to convert the Oulu paper mill in Finland into packaging production. The investment includes converting paper machine 7 into high-quality virgin-fibre-based kraftliner production, and the closure of paper machine 6, and sheeting plant. Feasibility of PM6 for conversion to produce board grades will be assessed later. The total current paper capacity of the mill is over 1 million tonnes. Oulu Mill will continue to produce woodfree coated papers until the end of Q3/2020, and production on the converted machine is expected to begin by the end of 2020.

Markets

Product	Market	Demand Q2/19 compared with Q2/18	Demand Q2/19 compared with Q1/19	Price Q2/19 compared with Q2/18	Price Q2/19 compared with Q1/19
Paper	Europe	Significantly weaker	Weaker	Higher	Stable

Sales and operational EBITDA



Cash flow after investing activities to sales[1]

6.6%

(Target: >7%)

Scheduled annual maintenance shutdowns

	2019	2018
Q1	–	–
Q2	Nymölla Mill	Oulu Mill
Q3	Veitsiluoto Mill	Veitsiluoto Mill
Q4	–	–

[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.

Segment Other

Bergvik Skog transaction finalised

The segment Other includes the Group's Swedish forest holdings, the Finnish forest equity-accounted investment Tornator, 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 the Group's shared services and administration.

EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Sales	868	844	2.9%	922	-5.8%	1 790	1 682	6.4%	3 425
Operational EBITDA	3	3	-10.8%	30	-91.1%	33	23	42.3%	48
Operational EBITDA margin	0.3%	0.3%		3.3%		1.8%	1.4%		1.4%
Operational EBIT	-12	-5	-147.4%	17	-172.4%	5	12	-60.7%	23
Operational EBIT margin	-1.4%	-0.6%		1.9%		0.3%	0.7%		0.7%
Cash flow from operations	112	-48	n/m	-76	247.1%	36	-70	152.0%	-52
Cash flow after investing activities	102	-54	284.6%	-89	214.1%	13	-83	115.1%	-119

- Sales increased EUR 24 million to EUR 868 million mainly due to higher external sales in Wood Supply, impacted by the tight wood situation in the Nordic countries last year.
- Operational EBIT was negatively affected by the advisory and other costs related to the restructuring of the Swedish forest holdings, amounting to EUR 9 million.
- In May, Stora Enso finalised the restructuring of Bergvik Skog's forests holdings. Stora Enso's forest holdings in Sweden increased to 1.4 million hectares, of which 1.15 million hectares is productive forest land. Upon completion of the restructuring, Stora Enso's Swedish forest assets were placed in a fully owned subsidiary and consolidated line by line in Stora Enso's results in the segment Other from 1 June 2019 onwards. The average value per hectare in our balance sheet is 2 000 euros in Sweden. In the restructuring of Bergvik Skog AB, we decided to increase our part of the Swedish forest holdings, while one of the other major owners recently decided to sell with the price of 3 700 euros per hectare. Further, using the price statistics from LRF Konsult for smaller lots, the price per hectare has been 5 700 euros.

Financing in the second quarter 2019 (compared with Q1/2019)

Capital structure

EUR million	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Operative fixed assets[1]	10 018	7 197	6 636	6 417
Equity accounted investments	622	1 707	1 729	1 543
Operative working capital, net	1 274	1 330	1 078	1 068
Non-current interest-free items, net	-508	-482	-488	-447
Operating Capital Total	**11 406**	**9 752**	**8 955**	**8 581**
Net tax liabilities	-710	-124	-132	-58
Capital Employed	**10 696**	**9 628**	**8 824**	**8 523**
Equity attributable to owners of the Parent	6 722	6 522	6 714	6 043
Non-controlling interests	1	13	18	38
Net interest-bearing liabilities	3 973	3 093	2 092	2 442
Financing Total	**10 696**	**9 628**	**8 824**	**8 523**

[1] Operative fixed assets include goodwill, other intangible assets, property, plant and equipment, right-of-use assets, biological assets, emission rights, and unlisted securities.

Cash and cash equivalents net of overdrafts decreased by EUR 395 million to EUR 826 million. Net debt increased to EUR 3 973 (EUR 3 093) million mainly as a result of new long-term debt issued for the financing of the acquisition of subsidiary shares in Bergvik Väst AB and EUR 729 million of acquired net debt in Bergvik Skog as at the transaction date. The ratio of net debt to the last 12 months' operational EBITDA was 2.2, compared to the ratio of 1.7 at the end of the previous quarter. The net debt/equity ratio on 30 June 2019 was 0.59 (0.47). The average interest rate on borrowings was 3.4% (4.3%).

In the second quarter Stora Enso issued SEK 1 000 million loan in Green Bond format under the EMTN and Green Bond frameworks. The loan matures in 2026. In addition, Stora Enso entered into a new amortising credit-institution loan with the nominal of SEK 1 500 million. The loan matures in 2021.

Stora Enso has a EUR 600 million committed revolving credit facility that was fully undrawn at the quarter end. Additionally, Stora Enso has access to various committed long-term sources of funding up to EUR 1 000 (1 000) million.

The fair value of Pohjolan Voima (PVO) shares, accounted for as equity investment fair valued through other comprehensive income under IFRS 9, increased in the quarter by EUR 1 million to EUR 395 million.

Cash flow in the second quarter 2019 (compared with Q1/2019)

Operative cash flow

EUR million	Q2/19	Q2/18	Change % Q2/19-Q2/18	Q1/19	Change % Q2/19-Q1/19	Q1-Q2/19	Q1-Q2/18	Change % Q1-Q2/19–Q1-Q2/18	2018
Operational EBITDA	435	466	-6.6%	471	-7.6%	907	970	-6.5%	1 878
IAC on operational EBITDA	-127	-28	n/m	-1	n/m	-128	-28	n/m	20
Other adjustments	163	15	n/m	-12	n/m	152	0	100.0%	-104
Change in working capital	76	-97	177.8%	-236	132.0%	-160	-357	55.1%	-428
Cash Flow from Operations	**548**	**357**	**53.4%**	**223**	**145.6%**	**770**	**586**	**31.5%**	**1 365**
Cash spent on fixed and biological assets	-120	-125	3.9%	-123	2.3%	-243	-241	-0.8%	-525
Acquisitions of equity accounted investments	0	0	100.0%	-6	101.1%	-6	0	-100.0%	-29
Cash Flow after Investing Activities	**428**	**231**	**85.1%**	**94**	**n/m**	**521**	**344**	**51.5%**	**811**

Second quarter 2019 cash flow after investing activities was strong at EUR 428 million. Working capital decreased by EUR 76 million, mainly due to lower inventories and trade receivables. Cash spent on fixed and biological assets was EUR 120 million. Payments related to the previously announced provisions amounted to EUR 9 million.

Capital expenditure

Additions to fixed and biological assets in the second quarter 2019 totalled EUR 126 (126) million, of which EUR 108 million were fixed assets including EUR 8 million of leases capex, and EUR 18 million biological assets. Depreciations and impairment charges totalled EUR 134 (121) million. Additions in fixed and biological assets had a cash outflow impact of EUR 120 (125) million.

The main projects ongoing in the second quarter of 2019 were the Oulu mill conversion in Finland, the chemi-thermomechanical pulp (CTMP) flash drying at Imatra Mills in Finland, the capacity extension and technology upgrade in the China Packaging unit, the fluff pulp investment at Skutskär Mill in Sweden, the dissolving pulp investment at Enocell Mill in Finland the Launkalne sawmill expansion in Latvia, and the new steam turbine project at Maxau Mill in Germany.

Capital expenditure and depreciation forecast 2019

EUR million	Forecast 2019
Capital expenditure	610–660
Depreciation and operational decrease in biological asset values	590–630

Stora Enso’s capital expenditure forecast for 2019 includes approximately EUR 100 million for the Group's biological assets and the capitalised leasing contracts according to IFRS 16 Leases of approximately EUR 40 million. The capital expenditure forecast takes into account a reduction of EUR 50 million as part of the profit protection programme and the addition of EUR 70 million due to the conversion of Oulu Mill. The depreciation and operational decrease in the biological asset values forecast includes also the impact of IFRS 16. The operational decrease in biological asset values is forecast to be EUR 50–70 million.

Sustainability in the second quarter 2019 (compared with Q2/2018)

Safety performance

TRI rate

	Q2/19	Q2/18	Q1/19	Q1-Q2/19	Q1-Q2/18	2018	Milestone	Milestone to be reached by
TRI rate [1 2]	7.2	5.1	6.6	6.9	5.6	6.1	5.3	end of 2019

TRI (Total recordable incident) rate = number of incidents per one million hours worked

[1] For own employees, including employees of joint operations Veracel and Montes del Plata

[2] Historical figures recalculated due to additional data after the Q1/2019 Interim Report

The milestone for 2019 is 5.3. The injury rate continued to increase in the second quarter as slips, trips and hand injuries, outside normal operations dominated reported accidents.

Suppliers

Implementation of the Supplier Code of Conduct

	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018	Target
% of supplier spend covered by the Supplier Code of Conduct[1]	96%	95%	95%	95%	95%

[1] Excluding joint operations, intellectual property rights, leasing fees, financial trading, and government fees such as customs, and wood purchases from private individual forest owners.

The target is to maintain the high coverage level of 95%.

Forests, plantations, and land use

Agreements with social landless movements and land occupations in Bahia, Brazil

	30 Jun 2019	31 Mar 2019	31 Dec 2018	30 Jun 2018
Productive area occupied by social movements not involved in the agreements, ha	480	468	468	3 048

At the end of the second quarter, 480 hectares of productive land owned by Veracel were occupied by social landless movements not involved in the agreements. Veracel continues to recover occupied areas through legal processes. During the quarter the occupied area increased by 12 hectares due to an expansion of previous occupation.

Previously Veracel has voluntarily reserved 16 500 hectares to support the Sustainable Settlement Initiative. At the end of 2018, the total land area owned by Veracel was 213 500 hectares, of which 76 000 hectares are planted with eucalyptus for pulp production.

Carbon dioxide

Science-based target (SBT) performance compared to 2010 base-year level

	Q2/19	Q2/18	Q1/19	Q1-Q2/19	Q1-Q2/18	2018	Target	Target to be reached by
Reduction of fossil CO_2e emissions per saleable tonne of board, pulp, and paper (kg/t) [1 2]	-21%	-25%	-12%	-17%	-16%	-18%	-31%	end of 2030

[1] Covering direct fossil CO_2e emissions from production and indirect fossil CO_2e emissions related to purchased electricity and heat (Scope 1 and 2). Excluding joint operations.

[2] Historical figures recalculated due to additional data after the Q1/2019 Interim Report

In 2017, the Science Based Target initiative approved our 2030 target to reduce by 31% our greenhouse gas (GHG) emissions from operations per tonne of board, pulp, and paper produced compared to a 2010 base-year.

In the second quarter, the CO_2e emissions decreased less than a year ago. This was mainly due to lower production in the Paper division, as it was not possible to fully adjust energy consumption accordingly. However, the Group's total emissions were at the same level as a year ago.

Other events

Stora Enso was featured as a world leader in societal impact in a report by BCG (Boston Consulting Group).

Stora Enso's annual slavery and human trafficking statement was published in June on storaenso.com/sustainability. It describes the steps Stora Enso is taking to prevent modern slavery in its operations and supply chains, in accordance with the United Kingdom's Modern Slavery Act 2015.

Short-term risks and uncertainties

Increasing competition, and supply and demand imbalances in the paper, pulp, packaging, wood products and roundwood markets may affect Stora Enso's 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 the main markets could all affect Stora Enso's profits, cash flows and financial position.

With reference to current geopolitical circumstances, there is an increasing risk of an escalation in protectionist measures to the extent that global trade could materially shrink. This would have major knock-on effects for inflation, business sentiment, consumer sentiment and ultimately global economic growth.

To mitigate the impact of deteriorating geopolitical and macroeconomic conditions, and increased uncertainty in the global economy, Stora Enso has initiated a Profit Protection Programme, targeting EUR 200 million reductions in fixed and variable costs by the end of 2020.

Other risks and uncertainties include, but are not limited to, general industry conditions, such as changes in the cost or availability of raw materials, energy and transportation costs, unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation, material disruption at one of our manufacturing facilities, risks inherent in conducting business through joint ventures, and other factors that can be found in Stora Enso's press releases and disclosures.

A more detailed description of risks is available in Stora Enso's Financial Report at storaenso.com/annualreport2018

Energy sensitivity analysis: the direct effect of a 10% increase in electricity and fossil fuel market prices would have a negative impact of approximately EUR 13 million on operational EBIT for the next 12 months.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 193 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 125 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 55 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 krona and British pound against the euro would be approximately positive EUR 148 million, negative EUR 97 million and positive EUR 33 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 and approximately EUR 110 million in Chinese Renminbi (CNY) in its operations in China. For these flows, a 10% strengthening in the value of a foreign currency would have a EUR 12 million and EUR 11 million negative impact on operational EBIT, respectively.

Legal proceedings

Contingent liabilities

Stora Enso has undertaken significant restructuring actions in recent years which have included the divestment of companies, sale of assets and mill closures. These transactions include a risk of possible environmental or other obligations the existence of which would be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Stora Enso is party to legal proceedings that arise in the ordinary course of business and which primarily involve claims arising out of commercial law. The management does not consider that liabilities related to such proceedings before insurance recoveries, if any, are likely to be material to the Group's financial condition or results of operations.

Legal proceedings in Latin America

Veracel

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.

In June 2017, Veracel received a tax infringement note referring to year 2012 with a total amount of BRL 224 (EUR 50) million including interest and fines. The dispute was limited to fiscal year 2012 for which the tax authority applied another transfer pricing method due to a different interpretation of a transition rule. The total exposure at year end 2018 was BRL 241 (EUR 54) million considering interest until 31 December 2018. Stora Enso's share of the exposure was BRL 120 (EUR 27) million.

Veracel has filed an administrative defence against the tax note in July 2017 which has been finally decided in favour of Veracel in May 2019

Legal proceedings in Sweden

Insurance claim

In July and August 2016, six Swedish insurance companies filed lawsuits in the Environmental Court and the District Court of Falun against Stora Enso, due to damage caused by the forest fire in Västmanland, Sweden, in 2014. The claimed amount is approximately SEK 300 (EUR 30) million, excluding interest. Stora Enso denies liability. The Supreme Court has in a decision found that the Environmental code is not applicable on damage caused by fire, closing the procedure in the Environmental Court. Further it has come to Stora Enso's knowledge that the Supreme Court, in a case in which Stora Enso is not party, has ruled that a traffic insurance held by Stora Enso's sub-supplier is applicable on the damage. This traffic insurance cover damage up to SEK 300 million, excluding interest, which corresponds to the amount claimed from Stora Enso.

Company fine

In January 2018, a Swedish prosecutor filed a lawsuit against Stora Enso and its supplier, due to the forest fire in Västmanland, Sweden in 2014, claiming a company fine of SEK 5 million each. Both Stora Enso and the supplier have disputed the claim.

Major events in 2019

Decisions of Annual General Meeting 2019

Stora Enso Oyj's Annual General Meeting (AGM) was held on 14 March 2019 in Helsinki. The AGM approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.50 per share for the year 2018.

The AGM approved the proposal that of the current members of the Board of Directors – **Jorma Eloranta**, **Elisabeth Fleuriot**, **Hock Goh**, **Christiane Kuehne**, **Antti Mäkinen, Richard Nilsson**, **Göran Sandberg**, and **Hans Stråberg** – be re-elected members of the Board of Directors until the end of the following AGM and that **Mikko Helander** be elected new member of the Board of Directors for the same term of office. The AGM elected Jorma Eloranta as Chair of the Board of Directors and Hans Stråberg as Vice Chair.

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

Chair	EUR 192 000 (2018: 175 000)
Vice Chair	EUR 109 000 (2018: 103 000)
Members	EUR 74 000 (2018: 72 000)

The AGM also approved the proposal that the annual remuneration for the members of the Board of Directors, be paid in Company shares and cash so that 40% will be paid in Stora Enso R shares to be purchased on the Board members' behalf from the market at a price determined in public trading, and the rest in cash.

The AGM also approved the proposed annual remuneration for the Board committees.

The AGM approved the proposal that PricewaterhouseCoopers Oy be elected as auditor until the end of the following AGM. PricewaterhouseCoopers Oy has notified the company that **Samuli Perälä,** APA, will act as the responsible auditor. It was resolved that the remuneration for the auditor shall be paid according to invoice approved by the Financial and Audit Committee.

The AGM approved the proposals that the Board of Directors be authorised to decide on the repurchase and on the issuance of Stora Enso R shares. The amount of shares to be issued or repurchased shall not exceed a total of 2 000 000 R shares, corresponding to approximately 0.25% of all shares and 0.33% of all R shares.

Decisions by the Board of Directors

At its meeting held after the AGM, Stora Enso's Board of Directors elected Richard Nilsson (chair), Jorma Eloranta, and Elisabeth Fleuriot as members of the Financial and Audit Committee.

Jorma Eloranta (chair), Antti Mäkinen and Hans Stråberg were elected members of the Remuneration Committee.

Christiane Kuehne (chair), Hock Goh and Göran Sandberg were elected members of the Sustainability and Ethics Committee.

Share capital and shareholdings

During the second quarter of 2019, the conversions of 600 A shares into R shares were recorded in the Finnish trade register.

On 30 June 2019, Stora Enso had 176 258 836 A shares and 612 361 151 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 at least 237 494 951.

Events after the period

On 15 July, the conversion of 400 A shares into R shares was recorded in the Finnish trade register

On 19 July, Stora Enso announced an investment of EUR 10 million to build a pilot facility for producing bio-based carbon materials based on lignin at Sunila Mill in Finland.

Also on 19 July, Stora Enso announced that it had initiated a feasibility study for a possible cross laminated timber (CLT) unit in connection with its Ždírec mill in Czech Republic and a new construction beam unit located at the Ybbs mill in Austria.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

This report 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, 19 July 2019
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 2018 with the exception of new and amended standards applied to the annual periods beginning on 1 January 2019.

All figures in this Interim Report have been rounded to the nearest million, unless otherwise stated. Therefore, percentages and figures in this report may not add up precisely to the totals presented and may vary from previously published financial information.

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, changes in depreciation due to restructuring and penalties. Items affecting comparability are normally disclosed individually if they exceed one cent per share.

Fair valuations and non-operational items include CO_2 emission rights, valuations of biological assets and the Group's share of income tax and net financial items of EAI. Until the end of 2018, fair valuations and non-operational items also included equity incentive schemes and related hedges. The previous periods have not been restated due to immateriality.

Cash flow from operations (non-IFRS) is a Group specific way to present operative cash flow 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.

The following new and amended standards are applied to the annual periods beginning on 1 January 2019

Stora Enso has applied the following new and amended standards from 1 January 2019:

- IFRS 16 *Leases*. The new leasing standard replaced the guidance in IAS 17 and related interpretations and is a significant change in accounting by lessees in particular. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use (ROU) asset for virtually all lease contracts. The distinction between operating and finance lease is removed for lessees. Before transition to IFRS 16, the Group had mainly contracts classified as operating leases, which were not capitalised and Stora Enso did not have any material finance lease contracts in effect at the end of 2018. Stora Enso is mainly acting as a lessee and does not have any material lease agreements where it would act as a lessor.

  In accordance IFRS 16, at inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The change in lease definition mainly relates to the concept of control and amendment in lease definition have no material effect to the Group.

  Stora Enso adopted IFRS 16 on 1 January 2019, using the modified retrospective approach and therefore the comparative information will not be restated and continues to be reported under IAS 17 and IFRIC 4. Effect of initial application of IFRS 16 is recognised in balance sheet at 1 January 2019. At transition, lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate. ROU assets are measured an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group allocates the consideration in the contract to each lease component and will separate non-lease components if these are identifiable.

  ROU assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted mainly for lease payments made at or before the commencement date. The ROU assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term or the end of the useful life of the ROU asset. In addition, the ROU asset is adjusted for certain remeasurements of the lease liability. ROU assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

  Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease term applied corresponds to the non-cancellable period except in cases where the Group is reasonably certain to exercise renewal option or prolong the contract. The lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities are remeasured mainly when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Group's assessment whether it will exercise an extension option. When lease liability is remeasured, a corresponding adjustment is generally made to the carrying amount of the ROU asset.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group has also applied the exemption not to recognise contracts which are ending in 2019. The Group has defined low value asset exemption to include leases in which the underlying asset is not material to Stora Enso. The assessment of whether the underlying asset is material and is within the scope or excluded from the recognition requirements of IFRS 16 is based on the concept of materiality in the Conceptual Framework and IAS 1. Leases of low value assets are mainly including IT and office equipment, certain vehicles and machinery and other low value items. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. In addition the Group has applied hindsight in determination of lease term if lease contract includes extension options.

On transition to IFRS 16, leases previously classified as operating leases under IAS 17 resulted in the recognition of ROU assets and lease liabilities. It also resulted in decrease in operative expenses and an increase in depreciation charges and interest expenses. Under IFRS 16, cash paid for interest portion of lease liability is presented as part of operating activities and cash payments for the principal portion of lease liability is presented as part of financing activities. The adoption of IFRS 16 does not have an impact on the total net cash flow. Stora Enso's most material lease agreements capitalised at the implementation consist of land leases (~55%), operative machinery and equipment (~30%) and properties (~15%).

Undiscounted operating lease commitments at the end of 2018 were EUR 731 million. On transition to IFRS 16, the Group recognised an additional EUR 525 million of lease liabilities. No adjustment to the opening balance of retained earnings has been made due to IFRS 16 transition. The weighted average discount rate was 4.1%.

EUR million	**1 Jan 2019**
Operating lease commitments at 31 December 2018	731
Discounted using the incremental borrowing rates at 1 January 2019	544
Finance lease liabilities recognised as at 31 December 2018	1
Short term leases	-9
Leases of low-value assets	-16
Other*	5
Lease liabilities recognised at 1 January 2019	**526**
Finance lease liabilities recognised as at 31 December 2018	-1
Additional lease liabilities as a result of the initial application of IFRS 16	**525**

* Lease period adjustments (e.g. extension options), exclusion of non-lease components and variable rents not included in the measurement of the lease liability

As at 1 January 2019, the Group recognised an additional EUR 530 million of ROU assets. Amount is including prepaid expenses of EUR 5 million, presented as accrued expenses in balance sheet before transition and reclassified to ROU assets at IFRS 16 implementation. In addition certain land use contracts, amounting to EUR 80 million, before IFRS 16 transition accounted as intangible assets were classified on transition to IFRS 16 as leases. All the liabilities related to the arrangements have already been settled in previous periods and therefore there is no effect on the lease liability or income statement.

- Other amended IFRS standards and interpretations do not have material effect on the Group.

Future standard changes endorsed by the EU but not yet effective in 2019

- No future standard changes endorsed by the EU.

Condensed consolidated income statement

EUR million	Q2/19	Q2/18	Q1/19	Q1-Q2/19	Q1-Q2/18	2018
Sales	**2 608**	**2 664**	**2 635**	**5 242**	**5 243**	**10 486**
Other operating income	33	28	36	69	46	92
Change in inventories of finished goods and WIP	-28	-2	41	13	69	125
Materials and services	-1 523	-1 530	-1 577	-3 100	-3 028	-6 157
Freight and sales commissions	-228	-235	-230	-458	-468	-932
Personnel expenses	-349	-358	-334	-682	-683	-1 330
Other operating expenses	-302	-153	-114	-417	-277	-526
Share of results of equity accounted investments	69	42	5	75	45	181
Change in net value of biological assets	-11	-17	-13	-24	-31	-68
Depreciation, amortisation and impairment charges	-128	-121	-136	-264	-243	-479
Operating Profit	**142**	**317**	**313**	**454**	**672**	**1 390**
Net financial items	-48	-60	-31	-79	-82	-180
Profit before Tax	**93**	**257**	**282**	**375**	**590**	**1 210**
Income tax	-41	-44	-56	-97	-104	-221
Net Profit for the Period	**52**	**213**	**226**	**278**	**486**	**988**
Attributable to:						
Owners of the Parent	59	221	232	291	495	1 013
Non-controlling interests	-7	-8	-6	-13	-9	-24
Net Profit for the Period	**52**	**213**	**226**	**278**	**486**	**988**
Earnings per Share						
Basic earnings per share, EUR	0.08	0.28	0.29	0.37	0.63	1.28
Diluted earnings per share, EUR	0.08	0.28	0.29	0.37	0.63	1.28

Consolidated statement of comprehensive income

EUR million	Q2/19	Q2/18	Q1/19	Q1-Q2/19	Q1-Q2/18	2018
Net profit/loss for the period	52	213	226	278	486	988
Other Comprehensive Income (OCI)						
Items that will Not be Reclassified to Profit and Loss						
Equity instruments at fair value through other comprehensive income	-4	12	-19	-23	4	97
Actuarial gains and losses on defined benefit plans	0	0	0	0	0	-24
Income tax relating to items that will not be reclassified	1	0	0	1	-1	5
	-3	**12**	**-19**	**-22**	**3**	**78**
Items that may be Reclassified Subsequently to Profit and Loss						
Share of OCI of EAIs that may be reclassified	11	1	0	11	2	4
Currency translation movements on equity net investments (CTA)	129	24	27	156	-86	-36
Currency translation movements on non-controlling interests	0	0	1	0	0	0
Net investment hedges	1	-16	-6	-5	-8	-14
Cash flow hedges	4	-28	-34	-29	-63	-24
Cost of hedging - time value of options	2	-2	-1	1	-2	-2
Non-controlling interests' share of cash flow hedges	-1	0	1	-1	0	-2
Income tax relating to items that may be reclassified	-5	10	9	4	16	7
	140	**-11**	**-4**	**137**	**-141**	**-68**
Total Comprehensive Income	**189**	**214**	**203**	**393**	**348**	**999**
Attributable to:						
Owners of the Parent	198	222	208	406	357	1 025
Non-controlling interests	-9	-8	-5	-13	-9	-27
Total Comprehensive Income	**189**	**214**	**203**	**393**	**348**	**999**

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

Condensed consolidated statement of financial position

EUR million		30 Jun 2019	31 Dec 2018	30 Jun 2018
Assets				
Goodwill	O	322	243	237
Other intangible assets	O	172	254	248
Property, plant and equipment	O	5 507	5 234	5 131
Right-of-use assets	O	578	0	0
		6 579	**5 731**	**5 616**
Biological assets	O	2 999	457	449
Emission rights	O	42	26	30
Equity accounted investments	O	622	1 729	1 543
Listed securities	I	9	13	19
Unlisted securities	O	398	422	321
Non-current interest-bearing receivables	I	56	54	55
Deferred tax assets	T	86	120	110
Other non-current assets	O	43	48	50
Non-current Assets		**10 833**	**8 601**	**8 193**
Inventories	O	1 558	1 567	1 420
Tax receivables	T	10	9	14
Operative receivables	O	1 481	1 487	1 451
Interest-bearing receivables	I	26	55	66
Cash and cash equivalents	I	833	1 130	629
Current Assets		**3 909**	**4 248**	**3 580**
Total Assets		**14 742**	**12 849**	**11 773**
Equity and Liabilities				
Owners of the Parent		6 722	6 714	6 043
Non-controlling Interests		1	18	38
Total Equity		**6 723**	**6 732**	**6 081**
Post-employment benefit provisions	O	386	401	361
Other provisions	O	132	101	102
Deferred tax liabilities	T	753	168	140
Non-current interest-bearing liabilities	I	3 823	2 265	2 163
Other non-current operative liabilities	O	33	34	34
Non-current Liabilities		**5 127**	**2 970**	**2 800**
Current portion of non-current debt	I	354	403	382
Interest-bearing liabilities	I	712	675	657
Bank overdrafts	I	7	1	8
Other provisions	O	20	16	17
Other operative liabilities	O	1 745	1 960	1 786
Tax liabilities	T	53	92	42
Current Liabilities		**2 892**	**3 147**	**2 892**
Total Liabilities		**8 019**	**6 117**	**5 693**
Total Equity and Liabilities		**14 742**	**12 849**	**11 773**

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-Q2/19	Q1-Q2/18
Cash Flow from Operating Activities		
Operating profit	454	672
Adjustments for non-cash items	476	271
Change in net working capital	-160	-357
Cash Flow Generated by Operations	**770**	**586**
Net financial items paid	-84	-69
Income taxes paid, net	-100	-105
Net Cash Provided by Operating Activities	**587**	**411**
Cash Flow from Investing Activities		
Acquisition of subsidiary shares and business operations, net of acquired cash	-465	0
Acquisitions of equity accounted investments	-6	0
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	0	40
Proceeds from disposal of unlisted securities	5	1
Proceeds and advances from disposal of intangible assets and property, plant and equipment	4	4
Capital expenditure	-243	-241
Proceeds from non-current receivables, net	0	4
Net Cash Used in Investing Activities	**-705**	**-192**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	852	371
Repayment of long-term debt and lease liabilities	-703	-243
Change in short-term borrowings	55	-11
Dividends paid	-394	-323
Buy-out of interest in subsidiaries from non-controlling interests	0	0
Equity injections from, less dividends to, non-controlling interests	-3	0
Purchase of own shares[1]	-3	-5
Net Cash Provided by Financing Activities	**-196**	**-212**
Net Change in Cash and Cash Equivalents	**-315**	**8**
Translation adjustment	13	10
Net cash and cash equivalents at the beginning of period	1 128	603
Net Cash and Cash Equivalents at Period End	**826**	**621**
Cash and Cash Equivalents at Period End	**833**	**629**
Bank Overdrafts at Period End	**-7**	**-8**
Net Cash and Cash Equivalents at Period End	**826**	**621**

[1] Own shares purchased for the Group's share award programme. The Group did not hold any of its own shares at 30 June 2019.

Statement of changes in equity

EUR million	Share Capital	Share Premium and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Fair Valuation Reserve: Step Acquisition Revaluation Surplus	Fair Valuation Reserve: Equity investments through OCI	Fair Valuation Reserve: Available-for-Sale Investments	Fair Valuation Reserve: Cash Flow Hedges	Fair Valuation Reserve: 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 2017	**1 342**	**77**	**633**	**—**	**4**	**—**	**205**	**15**	**-14**	**-288**	**4 034**	**6 008**	**47**	**6 055**
Adoption of IFRS 2 and IFRS 9	—	—	—	—	—	205	-205	—	—	—	8	8	—	8
Balance at 1 January 2018	**1 342**	**77**	**633**	**—**	**4**	**205**	**—**	**15**	**-14**	**-288**	**4 042**	**6 016**	**47**	**6 063**
Profit/loss for the period	—	—	—	—	—	—	—	—	—	—	495	495	-9	486
OCI before tax	—	—	—	—	—	4	—	-65	2	-94	—	-153	—	-153
Income tax relating to components of OCI	—	—	—	—	—	—	—	14	—	2	-1	15	—	15
Total Comprehensive Income	**—**	**—**	**—**	**—**	**—**	**4**	**—**	**-50**	**2**	**-93**	**494**	**357**	**-9**	**348**
Dividend	—	—	—	—	—	—	—	—	—	—	-323	-323	—	-323
Purchase of treasury shares	—	—	—	-5	—	—	—	—	—	—	—	-5	—	-5
Share-based payments	—	—	—	5	—	—	—	—	—	—	-7	-2	—	-2
Balance at 30 June 2018	**1 342**	**77**	**633**	**—**	**4**	**209**	**—**	**-35**	**-12**	**-381**	**4 206**	**6 043**	**38**	**6 081**
Profit/loss for the period	—	—	—	—	—	—	—	—	—	**—**	**518**	518	-15	502
OCI before tax	—	—	—	—	—	93	—	38	2	44	-24	153	-3	151
Income tax relating to components of OCI	—	—	—	—	—	1	—	-9	—	1	5	-2	—	-2
Total Comprehensive Income	**—**	**—**	**—**	**—**	**—**	**94**	**—**	**29**	**2**	**46**	**499**	**669**	**-18**	**651**
Dividend	—	—	—	—	—	—	—	—	—	—	**—**	**—**	**-2**	**-2**
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	—	-2	-2
NCI buy-out	—	—	—	—	—	—	—	—	—	—	-2	-2	2	—
Purchase of treasury shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	—	—	4	4	—	4
Balance at 31 December 2018	**1 342**	**77**	**633**	**—**	**4**	**304**	**—**	**-7**	**-11**	**-335**	**4 706**	**6 714**	**18**	**6 732**
Profit/loss for the period	—	—	—	—	—	—	—	—	—	—	291	291	-13	278
OCI before tax	—	—	—	—	—	-23	—	-28	11	151	—	111	—	110
Income tax relating to components of OCI	—	—	—	—	—	1	—	4	—	—	—	5	—	5
Total Comprehensive Income	**—**	**—**	**—**	**—**	**—**	**-22**	**—**	**-25**	**11**	**151**	**291**	**406**	-13	**393**
Dividend	—	—	—	—	—	—	—	—	—	—	-394	-394	—	-394
Acquisitions and disposals	—	—	—	—	—	—	—	—	—	—	—	—	-3	-3
Purchase of treasury shares	—	—	—	-3	—	—	—	—	—	—	—	-3	—	-3
Share-based payments	—	—	—	3	—	—	—	—	—	—	-4	-1	—	-1
Balance at 30 June 2019	**1 342**	**77**	**633**	**—**	**4**	**282**	**—**	**-32**	**—**	**-184**	**4 598**	**6 722**	**1**	**6 723**

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

Goodwill, other intangible assets, property, plant and equipment, right-of-use assets and biological assets

EUR million	Q1-Q2/19	Q1-Q2/18	2018
Carrying value at 1 January	6 187	6 224	6 224
Additions in right-of-use assets due to adoption of IFRS 16	530	0	0
Additions in tangible and intangible assets	161	167	491
Additions in right-of-use assets	12	0	0
Additions in biological assets	32	41	83
Costs related to growth of biological assets	-25	-28	-66
Acquisition of subsidiary companies	2 934	0	5
Disposals	-3	-9	-5
Disposals of subsidiary companies	0	-30	-37
Depreciation and impairment	-264	-243	-479
Fair valuation of biological assets	1	-3	-2
Translation difference and other	12	-53	-26
Statement of Financial Position Total	**9 577**	**6 065**	**6 187**

Acquisitions in Q2 2019 - Bergvik Skog AB restructuring

The Group owns 49.8% of shares in Bergvik Skog AB which continue to be reported as an equity accounted investment.

On 31 May 2019, Bergvik Väst AB, a subsidiary of Bergvik Skog AB, was distributed as dividend to the shareholders of Bergvik Skog AB. At the same date the Group acquired additional 20% of the shares in Bergvik Väst AB from other shareholders resulting in a total holding in Bergvik Väst AB of 69.8%. Simultaneously, Bergvik Väst AB was demerged and Stora Enso became the 100% owner of a new subsidiary holding around 69.8% of the former Bergvik Väst AB assets and liabilities. The acquisition date of the new subsidiary is 31 May 2019.

As a result of the transaction Stora Enso's direct forest holdings in Sweden are 1.4 million hectares, of which 1.15 million hectares is productive forest land.

Separately from the above transactions Stora Enso also acquired from Bergvik Skog AB 100% of the nursery business Bergvik Skog Plantor AB, three wind turbine projects and real estates companies, presented in the table below as Other acquisitions.

The fair values of the identifiable assets and liabilities as at the acquisition date are presented in the table below:

EUR million	Acquisition of 69.8% of Bergvik Väst AB	Other acquisitions	Total
Cash and cash equivalents, net of bank overdrafts	64	0	64
Land	305	-	305
Other property, plant and equipment	8	19	27
Biological assets	2 524	-	2 524
Operating working capital	-35	7	-29
Tax liabilities	-590	0	-591
Interest-bearing liabilities	-793	-	-793
Fair value of Net Assets Acquired	**1 483**	**25**	**1 508**
Purchase consideration on acquisitions, cash part	501	27	528
Fair value of 49.8% of shares in Bergvik Väst AB, non-cash	1 058	-	1 058
Total Purchase Consideration	**1 559**	**27**	**1 586**
Fair value of Net Assets Acquired	-1 483	-25	-1 508
Goodwill (provisional for 2019)	**76**	**2**	**78**
Cash out flow with purchase consideration on acquisitions	-501	-27	-528
Cash and cash equivalents, net of bank overdrafts of acquired subsidiaries	64	0	64
Cash flow on acquisition of subsidiary shares and business operations, net of acquired cash	**-438**	**-27**	**-465**

The fair value of the shares received as dividend was determined based on the acquired net assets value of Bergvik Väst AB, whereby the fair values of the biological assets and land were estimated through a discounted cash flow model. A deferred tax liability was also included in the acquisition balances.

The fair values of the acquired assets, liabilities and goodwill as at 30 June 2019 have been determined on a provisional basis pending finalisation of the post-combination review of the fair value of the acquired assets mainly with respect to biological assets valuation and related deferred tax liabilities.

The provisional goodwill represents the value of securing a competitive raw material supply for the long term in Sweden. With direct ownership, Stora Enso will have better visibility of its wood supply and the acquisition provides better opportunities to further develop sustainable forest management and strengthening of Group's competitiveness. The goodwill has been allocated to the Divisions benefiting from the acquisition.

Almost all the revenues of the acquired entity are internal from Stora Enso Group point of view. The acquired entity's net profit has been reported for the first five months of the year in the Group result as part of the Share of results of the equity accounted investments. Therefore, even if the acquisition would have taken place from 1 January 2019 it would not have a significant impact on the Group sales and net profit figure for Q219 and for the first half of 2019. Related transaction costs during 2019 amounted to EUR 3 million and were recorded to Other operating expenses.

Mainly as a result of these transactions the total amount of equity accounted investments of the Group decreased from EUR 1 729 million at end of 2018 to EUR 622 million at end of June 2019.

Borrowings

EUR million	30 Jun 2019	30 Jun 2018	31 Dec 2018
Bond loans	2 010	1 519	1 523
Loans from credit institutions	1 620	1 019	1 140
Lease liabilities	508	0	0
Finance lease liabilities	0	1	1
Derivative financial liabilities	32	0	0
Other non-current liabilities	7	6	4
Non-current interest bearing liabilities including current portion	**4 177**	**2 545**	**2 668**
Short-term borrowings	651	520	566
Interest payable	27	28	40
Derivative financial liabilities	34	109	68
Bank overdrafts	7	8	1
Total Interest-bearing Liabilities	**4 896**	**3 210**	**3 344**

EUR million	Q1-Q2/19	Q1-Q2/18	2018
Carrying value at 1 January	3 344	3 016	3 016
Additions in lease liabilities due to adoption of IFRS 16	525	0	0
Acquisition of subsidiary companies	793	0	0
Proceeds of new long-term debt	852	371	578
Additions in lease liabilities	12	0	0
Repayment of long-term debt	-661	-243	-358
Repayment of lease liabilities	-42	0	0
Change in short-term borrowings and interest payable	72	-12	46
Change in derivative financial liabilities	-2	73	32
Translation differences and other	3	5	30
Total Interest-bearing Liabilities	**4 896**	**3 210**	**3 344**

Commitments and contingencies

EUR million	30 Jun 2019	31 Dec 2018	30 Jun 2018
On Own Behalf			
Mortgages	2	2	2
Operating leases, in next 12 months	0	100	87
Operating leases, after next 12 months	0	631	654
Other commitments	4	6	6
On Behalf of Equity Accounted Investments			
Guarantees	4	4	4
On Behalf of Others			
Guarantees	6	23	24
Other commitments	13	13	14
Total	**29**	**779**	**791**
Mortgages	2	2	2
Guarantees	10	27	28
Operating leases	0	731	741
Other commitments	18	19	20
Total	**29**	**779**	**791**

Operating lease obligations have been reported on balance sheet in accordance with requirements of IFRS 16 Leases since 1 January 2019.

Capital Commitments

EUR million	30 Jun 2019	31 Dec 2018	30 Jun 2018
Total	**255**	**111**	**128**

The Group's direct capital expenditure contracts include the Group's share of direct capital expenditure contracts in joint operations.

Sales by segment – total

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	675	634	2 622	637	648	691	646
Packaging Solutions	316	338	1 344	352	330	329	333
Biomaterials	394	398	1 635	415	413	413	394
Wood Products	412	403	1 622	399	400	430	393
Paper	712	760	3 066	761	779	754	772
Other	868	922	3 425	913	831	844	838
Inter-segment sales	-770	-821	-3 229	-820	-815	-797	-797
Total	**2 608**	**2 635**	**10 486**	**2 657**	**2 585**	**2 664**	**2 579**

Sales by segment – external

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	672	630	2 608	634	645	688	642
Packaging Solutions	310	332	1 318	346	323	323	326
Biomaterials	323	318	1 233	325	305	319	284
Wood Products	382	370	1 497	367	366	398	366
Paper	699	745	3 004	747	764	738	756
Other	223	239	825	239	183	198	206
Total	**2 608**	**2 635**	**10 486**	**2 657**	**2 585**	**2 664**	**2 579**

Disaggregation of revenue

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Product sales	2 567	2 608	10 346	2 623	2 550	2 626	2 547
Service sales	40	27	140	34	35	38	32
Total	**2 608**	**2 635**	**10 486**	**2 657**	**2 585**	**2 664**	**2 579**

Sales comprise mainly sales of products and are typically recognised at a point in time when Stora Enso transfers control of products to a customer.

Product and service sales by segment

EUR million		Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	Product sales	672	631	2 611	634	645	688	643
	Service sales	3	3	11	3	3	3	3
Packaging Solutions	Product sales	315	338	1 340	351	329	328	332
	Service sales	1	1	4	1	1	1	1
Biomaterials	Product sales	386	391	1 610	410	407	407	387
	Service sales	8	7	25	5	6	6	7
Wood Products	Product sales	406	400	1 619	398	399	429	392
	Service sales	6	3	3	1	0	1	1
Paper	Product sales	708	757	3 043	755	773	748	767
	Service sales	4	3	23	6	5	7	5
Other	Product sales	627	690	2 430	665	579	587	599
	Service sales	241	232	995	248	252	257	239
Inter-segment sales	Product sales	-548	-599	-2 307	-590	-583	-562	-573
	Service sales	-222	-223	-922	-229	-232	-236	-224
Total		**2 608**	**2 635**	**10 486**	**2 657**	**2 585**	**2 664**	**2 579**

Operational EBIT by segment

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	72	54	231	24	50	65	91
Packaging Solutions	39	51	245	59	68	57	61
Biomaterials	103	103	427	91	125	109	102
Wood Products	35	29	165	42	48	47	29
Paper	50	69	234	45	65	54	69
Other	-12	17	23	9	2	-5	17
Operational EBIT	**287**	**324**	**1 325**	**271**	**358**	**327**	**369**
Fair valuations and non-operational items[1]	-25	-7	45	37	5	17	-14
Items affecting comparability	-120	-4	20	47	0	-28	0
Operating Profit (IFRS)	**142**	**313**	**1 390**	**356**	**363**	**317**	**355**
Net financial items	-48	-31	-180	-41	-58	-60	-22
Profit before Tax	**93**	**282**	**1 210**	**315**	**305**	**257**	**333**
Income tax expense	-41	-56	-221	-16	-101	-44	-60
Net Profit	**52**	**226**	**988**	**299**	**204**	**213**	**273**

[1] Fair valuations and non-operational items include CO_2 emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI. Until the end of 2018, fair valuations and non-operational items also included equity incentive schemes and related hedges. The previous periods have not been restated due to immateriality.

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

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Impairments and reversals of intangible assets, PPE and biological assets	6	-3	0	0	0	0	0
Restructuring costs excluding fixed asset impairments	-31	-1	0	0	0	0	0
Acquisition and disposals	-88	0	20	47	0	-28	0
Other	-8	0	0	0	0	0	0
Total IAC on Operating Profit	**-120**	**-4**	**20**	**47**	**0**	**-28**	**0**
Fair valuations and non-operational items	-25	-7	45	37	5	17	-14
Total	**-145**	**-11**	**65**	**84**	**5**	**-11**	**-14**

As a result of the Bergvik Skog restructuring transactions, an expense of EUR 88 million was recorded as items affecting comparability in Q2/2019. The Bergvik Skog item includes a reclassification of exchange rate differences historically accumulated to equity (CTA reserve) through the Income Statement of EUR -171 million in Other operating expenses. In addition, a net gain of EUR 82 million on the transaction was presented in Share of results of equity accounted investments.

Items affecting comparability (IAC) by segment

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	-4	-4	0	0	0	0	0
Packaging Solutions	17	0	0	0	0	0	0
Biomaterials	0	0	0	0	0	0	0
Wood Products	-10	0	0	0	0	0	0
Paper	-27	0	0	0	0	0	0
Other	-96	0	20	47	0	-28	0
IAC on Operating Profit	**-120**	**-4**	**20**	**47**	**0**	**-28**	**0**
IAC on tax	6	1	-27	0	-27	0	0
IAC on Net Profit	**-115**	**-3**	**-8**	**47**	**-27**	**-28**	**0**
Attributable to:							
Owners of the Parent	-115	-3	-8	47	-27	-28	0
Non-controlling interests	0	0	0	0	0	0	0
IAC on Net Profit	**-115**	**-3**	**-8**	**47**	**-27**	**-28**	**0**

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

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	0	0	-1	0	0	0	-1
Packaging Solutions	0	0	-1	0	0	0	-1
Biomaterials	1	0	-3	3	-2	-3	-1
Wood Products	0	0	-1	0	0	0	-1
Paper	-3	5	0	-4	-1	4	1
Other	-23	-12	51	38	7	17	-11
FV and Non-operational Items on Operating Profit	**-25**	**-7**	**45**	**37**	**5**	**17**	**-14**

[1] Fair valuations and non-operational items include CO_2 emission rights, valuations of biological assets, and the Group's share of income tax and net financial items of EAI. Until the end of 2018, fair valuations and non-operational items also included equity incentive schemes and related hedges. The previous periods have not been restated due to immateriality.

Operating profit/loss by segment

EUR million	Q2/19	Q1/19	2018	Q4/18	Q3/18	Q2/18	Q1/18
Consumer Board	68	50	230	25	50	65	90
Packaging Solutions	56	51	244	59	68	56	60
Biomaterials	104	103	425	94	123	106	101
Wood Products	25	29	164	42	48	47	28
Paper	20	74	234	41	65	58	70
Other	-132	5	93	95	9	-16	6
Operating Profit (IFRS)	**142**	**313**	**1 390**	**356**	**363**	**317**	**355**
Net financial items	-48	-31	-180	-41	-58	-60	-22
Profit before Tax	**93**	**282**	**1 210**	**315**	**305**	**257**	**333**
Income tax expense	-41	-56	-221	-16	-101	-44	-60
Net Profit	**52**	**226**	**988**	**299**	**204**	**213**	**273**

Key exchange rates for the euro

One Euro is	Closing Rate		Average Rate	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
SEK	10.5633	10.2548	10.5187	10.2567
USD	1.1380	1.1450	1.1298	1.1815
GBP	0.8966	0.8945	0.8736	0.8847

Transaction risk and hedges in main currencies as at 30 June 2019

EUR million	USD	SEK	GBP
Estimated annual operating cash flow exposure	1 475	-972	326
Transaction hedges as at 30 June 2019	-742	568	-154
Hedging percentage as at 30 June 2019 for the next 12 months	**50%**	**58%**	**47%**

Changes in exchange rates on Operational EBIT

Operational EBIT: Currency strengthening of +10%	EUR million
USD	148
SEK	-97
GBP	33

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 June 2019

EUR million	Amortised cost	Fair value through OCI	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial assets						
Listed securities	-	9	-	-	9	9
Unlisted securities	-	394	4	-	398	398
Non-current interest-bearing receivables	52	-	-	4	56	56
Trade and other operative receivables	1 074	52	-	-	1 125	1 125
Short-term interest-bearing receivables	4	-	6	16	26	26
Cash and cash equivalents	833	-	-	-	833	833
Total	**1 962**	**455**	**9**	**20**	**2 447**	**2 447**

EUR million	Amortised cost	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial liabilities					
Non-current interest-bearing liabilities	3 790	5	28	3 823	4 170
Current portion of non-current debt	354	-	-	354	354
Short-term interest-bearing liabilities	676	3	33	712	712
Trade and other operative payables	1 457	21	-	1 478	1 478
Bank overdrafts	7	-	-	7	7
Total	**6 285**	**29**	**61**	**6 374**	**6 722**

The following items are measured at fair value on a recurring basis.

EUR million	Level 1	Level 2	Level 3	Total
Listed securities	9	-	-	9
Unlisted securities	-	-	398	398
Trade and other operative receivables	-	52	-	52
Derivative financial assets	-	26	-	26
Total financial assets	**9**	**78**	**398**	**485**
Trade and other operative liabilities	-	-	21	21
Derivative financial liabilities	-	69	-	69
Total financial liabilities	**-**	**69**	**21**	**90**

Carrying amounts of financial assets and liabilities by measurement and fair value categories: 31 December 2018

EUR million	Amortised cost	Fair value through OCI	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial assets						
Listed securities	-	13	-	-	13	13
Unlisted securities	-	415	8	-	422	422
Non-current interest-bearing receivables	54	-	-	-	54	54
Trade and other operative receivables	1 092	44	-	-	1 136	1 136
Short-term interest-bearing receivables	1	-	5	49	55	55
Cash and cash equivalents	1 130	-	-	-	1 130	1 130
Total	**2 277**	**472**	**13**	**49**	**2 811**	**2 811**

EUR million	Amortised cost	Fair value through Income Statement	Hedge accounted derivatives	Total carrying amount	Fair value
Financial liabilities					
Non-current interest-bearing liabilities	2 265	-	-	2 265	2 541
Current portion of non-current debt	403	-	-	403	403
Short-term interest-bearing liabilities	604	7	63	675	675
Trade and other operative payables	1 627	21	-	1 648	1 648
Bank overdrafts	1	-	-	1	1
Total	**4 901**	**28**	**63**	**4 992**	**5 268**

The following items are measured at fair value on a recurring basis.

EUR million	Level 1	Level 2	Level 3	Total
Listed securities	13	-	-	13
Unlisted securities	-	-	422	422
Trade and other operative receivables	-	44	-	44
Derivative financial assets	-	54	-	54
Total financial assets	**13**	**98**	**422**	**533**
Trade and other operative liabilities	-	-	21	21
Derivative financial liabilities	-	70	-	70
Total financial liabilities	**-**	**70**	**21**	**91**

Reconciliation of level 3 fair value measurement of financial assets and liabilities: 30 June 2019

EUR million	Q1-Q2/19	2018	Q1-Q2/18
Financial assets			
Opening balance at 1 January	422	318	318
Gains/losses recognised in income statement	-1	-2	-2
Gains/losses recognised in other comprehensive income	-19	104	6
Additions	0	3	0
Disposals	-5	-1	-1
Closing Balance	**398**	**422**	**321**

EUR million	Q1-Q2/19	2018	Q1-Q2/18
Financial liabilities			
Opening balance at 1 January	21	20	20
Gains/losses recognised in income statement	0	1	0
Closing Balance	**21**	**21**	**20**

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 3.55% 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 +75 million and -75 million, respectively. A +/- 1%-point change in the discount rate would change the valuation by EUR -91 million and +148 million, respectively.

Stora Enso shares

Trading volume

	Helsinki		Stockholm	
	A share	R share	A share	R share
April	97 995	60 291 439	165 621	14 503 566
May	140 669	60 846 285	185 303	18 708 791
June	75 118	67 407 970	140 559	22 612 177
Total	**313 782**	**188 545 694**	**491 483**	**55 824 534**

Closing price

	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
April	13.80	11.07	151.50	119.50
May	12.35	9.46	131.00	100.10
June	13.50	10.34	142.50	109.40

Average number of shares

Million	Q2/19	Q2/18	Q1/19	2018
Periodic	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6
Cumulative, diluted	789.7	789.8	789.7	789.9

Calculation of key figures

Operational return on capital employed, operational ROCE (%)	100 x	Annualised operational EBIT / Capital employed[1 2]
Operational return on operating capital, operational ROOC (%)	100 x	Annualised 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
Net debt/equity ratio		Net interest-bearing liabilities / Equity[3]
Earnings per share (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, IACs and fair valuations. The definition includes the respective items of subsidiaries, joint arrangements and equity accounted investments.
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 end of reporting period
TRI		Total recordable incident rate = number of incidents 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	Depreciation and impairment charges excl. IAC
Operational EBITDA margin	Operational ROCE
Operational EBIT	Earnings per share (EPS), excl. IAC
Operational EBIT margin	Net debt/last 12 months' operational EBITDA ratio
Profit before tax excl. IAC	Fixed costs to sales
Capital expenditure	Operational ROOC
Capital expenditure excl. investments in biological assets	Cash flow from operations
Capital employed	Cash flow after investing activities

Contact information

Stora Enso Oyj
P.O.Box 309
FI-00101 Helsinki, Finland
Visiting address: Kanavaranta 1
Tel. +358 2046 131

Stora Enso AB
P.O.Box 70395
SE-107 24 Stockholm, Sweden
Visiting address: World Trade Center
Klarabergsviadukten 70
Tel. +46 1046 46 000

storaenso.com
storaenso.com/investors

For further information, please contact:
Seppo Parvi, CFO, tel. +358 2046 21205
Ulla Paajanen, SVP, Investor Relations, tel. +358 40 763 8767
Satu Härkönen, SVP, Communications, tel. +358 40 832 7458

Stora Enso's Q3 results 2019 will be published on

29 October 2019

Part of the bioeconomy, Stora Enso is a leading global provider of renewable solutions in packaging, biomaterials, wooden constructions and paper. We believe that everything that is made from fossil-based materials today can be made from a tree tomorrow. Stora Enso has some 26 000 employees in over 30 countries. Our sales in 2018 were EUR 10.5 billion. Stora Enso shares are listed on Nasdaq Helsinki Oy (STEAV, STERV) and Nasdaq Stockholm AB (STE A, STE R). **storaenso.com/investors**

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