# quarter three interim review

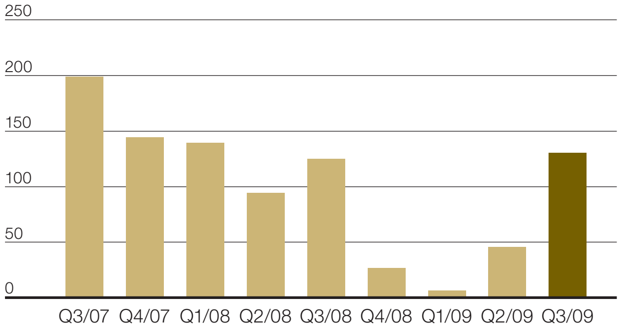
january–september 2009

# Stora Enso in brief

Stora Enso is a global paper, packaging and forest products company producing newsprint and book paper, magazine paper, fine paper, consumer board, industrial packaging and wood products. The Group has 29 000 employees and 85 production facilities in more than 35 countries worldwide, and is a publicly traded company listed in Helsinki and Stockholm. Our annual production capacity is 12.7 million tonnes of paper and board, 1.5 billion square metres of corrugated packaging and 6.9 million cubic metres of sawn wood products, including 3.2 million cubic metres of value-added products. Our sales in 2008 were EUR 11.0 billion.

**Operating profit by quarter**

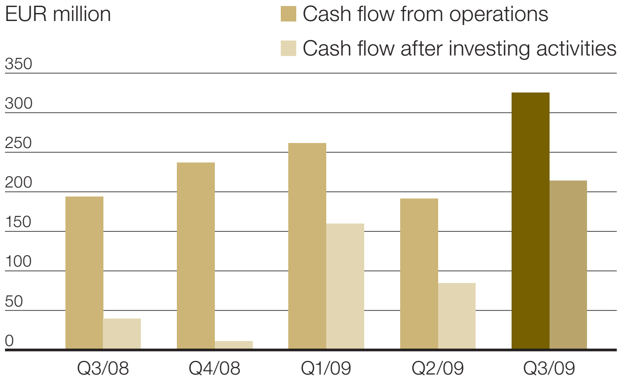
EUR million



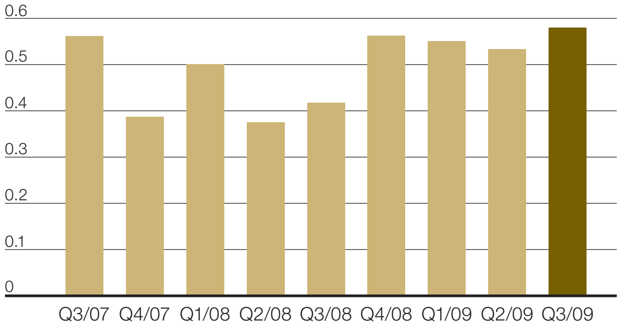

Continuing operations
Excluding non-recurring items and fair valuations

**Cash flow**

EUR million




**Debt/equity**




Total operations
Target ≤ 0.8

# Stora Enso Interim Review January–September 2009

Early actions pay off – strong cash flow, all Business Areas profitable

- EUR 216 million cash flow after capital expenditure
  - strongest quarter since fourth quarter of 2006
- Improved EUR 132 million operating profit excluding NRI and fair valuations
  - includes EUR -28 million non-cash impact from 2003-2009 wood supply inventory error
- EUR 655 million non-recurring items, including EUR 71 million future cash impact, due to earlier announced impairment and restructuring costs
- Market outlook remains weak for fourth quarter of 2009

## Summary of Third Quarter Results

| Continuing Operations | | Q3/09 | Q2/09 | Q3/08 |
|---|---|---|---|---|
| Sales | EUR million | 2 231.0 | 2 184.8 | 2 722.7 |
| EBITDA excl. NRI and fair valuations | EUR million | 255.9 | 190.4 | 302.1 |
| **Operating Profit excl. NRI and Fair Valuations** | **EUR million** | **131.5** | **48.5** | **125.5** |
| Operating loss (IFRS) | EUR million | -502.6 | -209.4 | -138.7 |
| Profit before tax excl. NRI | EUR million | 106.4 | 47.2 | 117.8 |
| Loss before tax | EUR million | -548.7 | -370.6 | -161.7 |
| Net profit excl. NRI | EUR million | 92.5 | 44.9 | 116.5 |
| Net loss | EUR million | -519.7 | -368.3 | -119.1 |
| EPS excl. NRI | EUR | 0.12 | 0.06 | 0.14 |
| EPS | EUR | -0.66 | -0.46 | -0.16 |
| CEPS excl. NRI | EUR | 0.29 | 0.24 | 0.37 |
| ROCE excl. NRI | % | 7.7 | 2.8 | 5.4 |
| ROCE excl. NRI and fair valuations | % | 6.6 | 2.3 | 4.9 |

Fair valuations include synthetic options net of realised and open hedges, $CO_2$ emission rights, and valuations of biological assets mainly related to associated companies' forest assets.

NRI = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they exceed one cent per share.

**Message from CEO Jouko Karvinen:**

"Our third quarter was further proof of the power of early and proactive actions in an exceptionally difficult operational environment. The clear improvement in earnings – with all Business Areas in the black although the profits are still unsatisfactory — was not achieved through market recovery, or only developments in external costs, it was significantly due to our own actions.

"We understand that these actions, including the plans announced during the third quarter, come with a heavy burden for our employees. This is why we believe it is important for us actively to participate with the Ministry of Employment and the Economy of Finland in proactively dealing with regional structural changes and establishing new alternatives for people affected by the ongoing change in the forest products industry. This applies also to Tolkkinen in Finland, where we already have clear interest in our property, which is a good sign of likely re-employment opportunities for our people. The speed and magnitude of the change in the forest products industry requires co-operation and looking forward – and that is exactly what we are doing together with local and national authorities.

"Through dedicated efforts, in the third quarter we have been able to demonstrate solid cash flow, improved earnings and a strong balance sheet. This all has a purpose beyond the short term as well. It gives us a platform to build our future – be it selectively improving our asset base in Europe, or selected strategic investments in Latin America and China when the opportunity and time are right.

"Looking forward, the markets remain generally weak and the structural overcapacity in Europe continues to put pressure on prices in several product ranges. That, combined with unclear macroeconomic and raw material cost development trends, makes visibility poor and quarter-by-quarter predictions difficult. We already know the fourth quarter will be negatively impacted by seasonally weaker demand than in the third quarter, and by maintenance and upgrade stoppages in certain segments, but we believe it is still too early, and it would not be very productive to spend time on 2010 forecasts yet. We rather continue to spend all of our energy on earnings and pricing quality — and timely implementation of our cost-reduction and restructuring programmes. We will focus on what we can do ourselves, we will not await or speculate about market recovery or other external improvements, but rather build our own good times to come."

## Near-term Outlook

The demand outlook for the Group's products remains challenging as no immediate improvement in the market environment is anticipated. Most graphic papers are under pressure, aggravated by weak advertising markets and structural changes in paper consumption.

Despite slight seasonal improvement in Europe, demand for publication paper and fine paper is predicted to be weaker in the fourth quarter than a year earlier, resulting in oversupply. Demand is forecast to be better than a year earlier for consumer board and weaker for industrial packaging and wood products.

In Europe prices for publication paper and fine paper are expected to remain under pressure in the fourth quarter compared with the third quarter as supply exceeds demand. Prices are forecast to increase for containerboard and to remain largely unchanged for other industrial packaging grades and consumer board. Prices for wood products are predicted to rise more slowly than in the last two quarters as demand for sawnwood in construction markets seasonally slows down.

In China demand for uncoated magazine paper is forecast to be stronger than in the third quarter but weaker than a year ago, leaving prices unchanged. Flat demand is anticipated for coated fine paper with prices rising slowly.

In Latin America demand for coated magazine paper is expected to increase slightly from the previous quarter but remain lower than a year earlier. Prices are foreseen to remain under pressure.

Stora Enso maintains its earlier year-on-year cost deflation forecast before own actions of approximately 4% for the full year 2009. The main contributor is lower fibre costs, which account for half of the total cost deflation.

## Markets

### Compared with Q3/2008

Market demand in Europe was clearly weaker than a year ago for all the Group's products.

In Europe market prices in local currencies were higher for newsprint and consumer board, and largely unchanged for coated fine paper. Wood product prices recovered to the level of a year ago after bottoming out earlier in the year. Prices were somewhat lower for magazine paper and clearly lower for uncoated fine paper and industrial packaging, and also for newsprint in overseas markets. Producer inventories were lower in newsprint, magazine paper, fine paper and wood products.

In Latin America market demand for coated magazine paper was weaker but prices slightly higher. In China market demand for coated fine paper was stronger but prices lower, whereas market demand for uncoated magazine paper was significantly weaker and prices lower.

### Compared with Q2/2009

Market demand improved in Europe for magazine paper, coated fine paper, consumer board, industrial packaging and wood products, mostly due to seasonal factors. Market demand for newsprint and uncoated fine paper weakened.

In Europe market prices in local currencies decreased for magazine paper, fine paper, most industrial packaging grades and newsprint, and also for newsprint in overseas markets. Prices were largely unchanged for consumer board and increased for RCP-based containerboard and wood products. Producer inventories were somewhat higher in newsprint, unchanged in uncoated fine paper and slightly lower in magazine paper, coated fine paper and wood products.

In Latin America market demand for coated magazine paper strengthened but prices declined. In China market demand for coated fine paper and uncoated magazine paper improved, but although coated fine paper prices rose, uncoated magazine paper prices remained unchanged.

## Stora Enso Deliveries and Production

| | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Paper and board deliveries (1 000 tonnes) | 2 587 | 2 500 | 2 971 | 11 836 | 7 430 | 8 985 | -12.9 | 3.5 | -17.3 |
| Paper and board production (1 000 tonnes) | 2 626 | 2 460 | 3 015 | 11 746 | 7 449 | 9 048 | -12.9 | 6.7 | -17.7 |
| Wood products deliveries (1 000 $m^3$) | 1 190 | 1 301 | 1 441 | 5 893 | 3 604 | 4 471 | -17.4 | -8.5 | -19.4 |
| Corrugated packaging deliveries (million $m^2$) | 245 | 238 | 271 | 1 071 | 711 | 817 | -9.6 | 2.9 | -13.0 |

Mill closures and restructurings reduced comparative deliveries as follows for the period Q1-Q3/09 compared with Q1-Q3/08: Summa Mill closure in January 2008 by some 39 000 tonnes of newsprint and 8 000 tonnes of magazine paper; Anjala Mill restructuring in the first quarter of 2008 by some 25 000 tonnes of magazine paper; Baienfurt Mill closure in December 2008 by some 119 000 tonnes of cartonboard.

### Q3/2009 Results

(compared with Q3/2008)

Sales at EUR 2 231.0 million were EUR 491.7 million less than in the third quarter of 2008. Deliveries were lower in all segments. Prices in local currencies were lower in all segments.

# Key figures

| EUR million | Q3/09 | Q2/09 | Q3/08 | Q1–Q3/09 | Q1–Q3/08 | 2008 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| **Continuing Operations** | | | | | | | | | |
| Sales | 2 231.0 | 2 184.8 | 2 722.7 | 6 546.3 | 8 426.3 | 11 028.8 | -18.1 | 2.1 | -22.3 |
| EBITDA excl. NRI and fair valuations | 255.9 | 190.4 | 302.1 | 580.6 | 863.9 | 1 027.2 | -15.3 | 34.4 | -32.8 |
| Operating profit excl. NRI and fair valuations | 131.5 | 48.5 | 125.5 | 183.0 | 360.0 | 388.4 | 4.8 | 171.1 | -49.2 |
| Operating profit excl. NRI | 152.5 | 59.9 | 140.7 | 177.5 | 338.3 | 318.8 | 8.4 | 154.6 | -47.5 |
| Operating margin excl. NRI, % | 6.8 | 2.7 | 5.2 | 2.7 | 4.0 | 2.9 | 30.8 | 151.9 | -32.5 |
| Operating loss/profit (IFRS) | -502.6 | -209.4 | -138.7 | -712.9 | 57.6 | -726.6 | -262.4 | -140.0 | n/m |
| Operating loss/profit, % of sales | -22.5 | -9.6 | -5.1 | -10.9 | 0.7 | -6.6 | n/m | -134.4 | n/m |
| Profit before tax and minority interests excl. NRI | 106.4 | 47.2 | 117.8 | 71.5 | 232.5 | 151.6 | -9.7 | 125.4 | -69.2 |
| Loss before tax and minority interests | -548.7 | -370.6 | -161.7 | -967.4 | -48.2 | -893.8 | -239.3 | -48.1 | n/m |
| Net profit for the period excl. NRI | 92.5 | 44.9 | 116.5 | 77.2 | 212.9 | 142.8 | -20.6 | 106.0 | -63.7 |
| Net loss for the period | -519.7 | -368.3 | -119.1 | -924.1 | -24.4 | -679.0 | n/m | -41.1 | n/m |
| ROCE from continuing operations excl. NRI and fair valuations, % | 6.6 | 2.3 | 4.9 | 3.0 | 4.8 | 4.1 | 34.7 | 187.0 | -37.5 |
| ROCE from continuing operations excl. NRI, % | 7.7 | 2.8 | 5.4 | 2.9 | 4.5 | 3.4 | 42.6 | 175.0 | -35.6 |
| Earnings per share (EPS) excl. NRI, EUR | 0.12 | 0.06 | 0.14 | 0.10 | 0.26 | 0.18 | -14.3 | 100.0 | -61.5 |
| EPS (basic), EUR | -0.66 | -0.46 | -0.16 | -1.17 | -0.04 | -0.86 | n/m | -43.5 | n/m |
| Cash earnings per share (CEPS) excl. NRI, EUR | 0.29 | 0.24 | 0.37 | 0.63 | 0.93 | 0.99 | -21.6 | 20.8 | -32.3 |
| CEPS, EUR | 0.24 | -0.29 | 0.22 | 0.07 | 0.78 | 0.94 | 9.1 | 182.8 | -91.0 |
| Return on equity (ROE), %* | -39.2 | -26.8 | -6.3 | -23.1 | -0.4 | -10.1 | n/m | -46.3 | n/m |
| Debt/equity ratio* | 0.58 | 0.53 | 0.42 | 0.58 | 0.42 | 0.56 | 38.1 | 9.4 | 38.1 |
| Equity per share, EUR* | 6.30 | 7.00 | 9.02 | 6.30 | 9.02 | 7.09 | -30.2 | -10.0 | -30.2 |
| Equity ratio, %* | 44.4 | 47.0 | 50.7 | 44.4 | 50.7 | 46.2 | -12.4 | -5.5 | -12.4 |
| Average number of employees | 28 689 | 29 116 | 34 331 | 29 051 | 34 331 | 33 815 | -16.4 | -1.5 | -15.4 |
| Average number of shares (million) | | | | | | | | | |
| periodic | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 0.0 | 0.0 | 0.0 |
| cumulative | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 0.0 | 0.0 | 0.0 |
| cumulative, diluted | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 788.6 | 0.0 | 0.0 | 0.0 |

NRI = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they exceed one cent per share.
Fair valuations include synthetic options net of realised and open hedges, $CO_2$ emission rights, and valuations of biological assets mainly related to associated companies' forest assets.
* Total operations

# Reconciliation of Operating Profit

| EUR million | Q3/09 | Q2/09 | Q3/08 | Q1–Q3/09 | Q1–Q3/08 | 2008 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Profit from operations, excl. NRI | 125.5 | 42.2 | 129.4 | 157.4 | 339.9 | 346.3 | -3.0 | 197.4 | -53.7 |
| Associated companies, operational, excl. fair valuations | 6.0 | 6.3 | -3.9 | 25.6 | 20.1 | 42.1 | 253.8 | -4.8 | 27.4 |
| **Operating Profit excl. NRI and Fair Valuations** | **131.5** | **48.5** | **125.5** | **183.0** | **360.0** | **388.4** | **4.8** | **171.1** | **-49.2** |
| Fair valuations | 21.0 | 11.4 | 15.2 | -5.5 | -21.7 | -69.6 | 38.2 | 84.2 | 74.7 |
| **Operating Profit, excl. NRI** | **152.5** | **59.9** | **140.7** | **177.5** | **338.3** | **318.8** | **8.4** | **154.6** | **-47.5** |
| NRI | -655.1 | -269.3 | -279.4 | -890.4 | -280.7 | -1 045.4 | -134.5 | -143.3 | -217.2 |
| **Operating Loss/Profit (IFRS)** | **-502.6** | **-209.4** | **-138.7** | **-712.9** | **57.6** | **-726.6** | **-262.4** | **-140.0** | **n/m** |

### Q3/2009 Results

(compared with Q3/2008) (continued)

Operating profit of EUR 131.5 million excluding non-recurring items and fair valuations was a slight improvement on EUR 125.5 million in the previous year. Operating profit increased by EUR 27.4 million in Consumer Board and by EUR 23.7 million in Wood Products, improved slightly in Magazine Paper and Newsprint, but deteriorated by EUR 12.7 million in Fine Paper and by EUR 9.7 million in Industrial Packaging. In the segment Other there was an operating loss excluding non-recurring items and fair valuations of EUR 44.9 (EUR 7.8) million, including a one-off non-cash net loss of EUR 27.8 million to correct an error identified by Stora Enso in its Wood Supply Finland accounts that since 2003 has caused an accumulating overvaluation of the wood inventory. The Group has taken actions to correct the error and management controls in this local unit, and to ensure that inventory valuations and controls are correct in all other units too.

In the third quarter of 2009, the Group curtailed paper and board production by 14%, pulp production by 22% and sawnwood production by 19% of capacity.

Lower sales prices in local currencies decreased the operating profit of the paper and board segments by EUR 50 million. Wood Products sales prices were unchanged. Lower sales volumes in all segments reduced operating profit by EUR 116 million.

Lower wood costs increased Group operating profit by approximately EUR 27 million after taking into account the correction of the wood inventory error. Lower variable costs, including pulp, chemicals and recycled paper costs, increased Group operating profit by EUR 87 million. Fixed costs decreased by EUR 52 million, mainly due to cost improvement actions, including restructuring. Lower depreciation improved the operating profit by EUR 41 million. Deliveries of wood to the Group's mills were 17% less than a year earlier at 7.5 million cubic metres.

The share of associated company operational results, excluding non-recurring items and fair valuations, amounted to EUR 6.0 (EUR -3.9) million. Operating profit includes a net effect of EUR 21.0 (EUR 15.2) million for fair valuations related to the accounting of share-based compensation, Total Return Swaps (TRS), $CO_2$ emission rights and IAS 41 forest valuations mainly related to associated companies.

Stora Enso has recorded EUR 655 million of write-downs and provisions related to annual fixed asset impairment testing (EUR 353 million) and restructuring of the Group (EUR 302 million) as non-recurring items in the third quarter of 2009, as announced on 16 October 2009. The non-recurring items had a beneficial impact of EUR 43 million on tax, net of a deferred tax asset write-down.

Net financial items were EUR -46.1 (EUR -23.0) million. Net interest expenses decreased from EUR 40.1 million to EUR 24.7 million, mainly due to lower interest rates. The Group has an interest rate risk policy of synchronising interest costs with earnings over the business cycle by swapping long-term fixed interest rates to short-term floating interest rates. Net foreign exchange losses amounted to EUR 19.4 (gain EUR 5.6) million, of which EUR 7.1 million related to the release of cumulative translation adjustments upon the liquidation and return of capital of certain foreign subsidiaries. The remaining foreign exchange loss related to borrowings, currency derivatives and bank accounts. The net loss from other financial items amounted to EUR 2.0 (gain EUR 11.5) million.

Group capital employed was EUR 7 892.8 million on 30 September 2009, a net decrease of EUR 2 283.2 million due to fixed asset impairments, restructuring costs and decrease in the fair value of listed and unlisted securities.

**January–September 2009 Results**

(compared with the same period in 2008)

Sales at EUR 6 546.3 million were EUR 1 880.0 million lower than the EUR 8 426.3 million a year earlier due to lower deliveries and lower prices in local currencies.

Operating profit excluding non-recurring items and fair valuations decreased by EUR 177.0 million to EUR 183.0 million as lower sales volumes, lower prices in local currencies and higher energy costs more than offset lower fixed and fibre costs and depreciation.

**Q3/2009 Results**

(compared with Q2/2009)

Sales at EUR 2 231.0 million were EUR 46.2 million higher than the previous quarter's EUR 2 184.8 million. Operating profit excluding non-recurring items and fair valuations increased by EUR 83.0 million to EUR 131.5 million as lower fixed costs, higher volumes and lower depreciation more than offset lower sales prices in local currencies. Group capital employed was EUR 7 892.8 million on 30 September 2009, a net decrease of EUR 600.6 million due to fixed asset impairments and restructuring.

# Capital Structure

| EUR million | 30 Sep 09 | 30 Jun 09 | 31 Dec 08 | 30 Sep 08 |
|---|---|---|---|---|
| Operative fixed assets | 6 037.2 | 6 593.7 | 6 853.7 | 8 044.8 |
| Associated companies | 1 177.3 | 1 117.9 | 1 042.5 | 1 177.1 |
| Operative working capital | 1 471.0 | 1 540.6 | 1 674.7 | 1 882.5 |
| Non-current interest-free items, net | -500.2 | -482.6 | -513.6 | -432.3 |
| **Operating Capital Total** | **8 185.3** | **8 769.6** | **9 057.3** | **10 672.1** |
| Net tax liabilities | -292.5 | -276.2 | -282.8 | -496.1 |
| **Capital Employed** | **7 892.8** | **8 493.4** | **8 774.5** | **10 176.0** |
| Equity attributable to Company shareholders | 4 968.1 | 5 518.8 | 5 594.0 | 7 112.5 |
| Non-controlling interests | 57.0 | 57.0 | 56.5 | 74.0 |
| Net interest-bearing liabilities | 2 867.7 | 2 917.6 | 3 124.0 | 2 989.5 |
| **Financing Total** | **7 892.8** | **8 493.4** | **8 774.5** | **10 176.0** |

### Financing Q3/2009
(compared with Q2/2009)

Cash flow from operations was EUR 325.5 (EUR 189.3) million and cash flow after investing activities EUR 216.1 (EUR 81.0) million which is the strongest since the fourth quarter of 2006. At the end of the period, interest-bearing net liabilities of the Group were EUR 2 867.7 million, a decrease of EUR 49.9 million.

Total unutilised committed credit facilities remained unchanged at EUR 1 400 million, and cash and cash equivalents net of overdrafts decreased by EUR 107.7 million to EUR 536.8 million. In addition, Stora Enso has access to various long-term sources of funding up to EUR 700 million.

On 30 September 2009 Stora Enso announced that it had successfully issued a EUR 390 million seven-year bond under its EMTN (Euro Medium Term Note) programme. The seven-year maturity of the bond will lengthen Stora Enso's average debt maturity profile. The bond pays a floating coupon of Euribor + 4.21% and there are no financial covenants. Sole Lead Manager for the deal was SEK Securities. The settlement date was October 7, and the transaction will be recorded in the fourth quarter of 2009.

The debt/equity ratio at 30 September 2009 was 0.58 (0.53). The currency effect on equity was positive EUR 108 million net of the hedging of equity translation risks. The fair valuations of unlisted securities, mainly related to the unlisted Finnish power supply company Pohjolan Voima, included within available-for-sale assets decreased equity by EUR 49 million. The decrease in the fair valuation of Pohjolan Voima was mainly due to an increase in the estimated future costs of nuclear waste management.

### Financing Q3/2009
(compared with Q3/2008)

At the end of the third quarter of 2009 Stora Enso had current borrowings of EUR 1 414.4 million compared with EUR 585.5 million at the end of the third quarter of 2008. Cash and cash equivalents at the end of the third quarter of 2009 amounted to EUR 536.8 million, compared with EUR 392.0 million at the end of the third quarter of 2008.

# Cash Flow

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| **Continuing Operations** | | | | | | | | | |
| Operating loss/profit | -502.6 | -209.4 | -138.7 | -726.6 | -712.9 | 57.6 | -262.4 | -140.0 | n/m |
| Depreciation and other non-cash items | 693.2 | 366.8 | 231.8 | 1 443.2 | 1 160.9 | 618.4 | 199.1 | 89.0 | 87.7 |
| Change in working capital | 134.9 | 31.9 | 100.1 | 31.8 | 330.4 | -164.3 | 34.8 | 322.9 | 301.1 |
| **Cash Flow from Operations** | **325.5** | **189.3** | **193.2** | **748.4** | **778.4** | **511.7** | **68.5** | **71.9** | **52.1** |
| Capital expenditure | -109.4 | -108.3 | -152.8 | -704.7 | -321.9 | -481.2 | 28.4 | -1.0 | 33.1 |
| **Cash Flow after Investing Activities** | **216.1** | **81.0** | **40.4** | **43.7** | **456.5** | **30.5** | **434.9** | **166.8** | **n/m** |
| **Discontinued Operations** | | | | | | | | | |
| Cash flow from discontinued operations after investing activities | 0.0 | 0.0 | 0.0 | 51.5 | 0.0 | 51.5 | n/a | n/a | -100.0 |
| **Total Cash Flow after Investing Activities** | **216.1** | **81.0** | **40.4** | **95.2** | **456.5** | **82.0** | **434.9** | **166.8** | **456.7** |

### Capital Expenditure for January–September 2009

The target capital expenditure for the Group for the full year 2009 is approximately EUR 400 million. Capital expenditure for the first three quarters of 2009 totalled EUR 321.9 million including land acquisitions, which is 76% of depreciation for first three quarters of 2009. The impairment charge and restructuring write-downs in the third quarter of 2009 are expected to reduce depreciation by EUR 15 million per quarter.

The main projects during the first three quarters of 2009 were power plants and energy-related projects at existing mills (EUR 131 million), development of existing production (EUR 64 million) and plantations in South America and China (EUR 31 million).

### Short-term Risks and Uncertainties

The main short-term risks and uncertainties are related to price pressure on the Group's products caused by structural overcapacity in several grades.

Energy sensitivity analysis for 2010: the direct effect on 2010 operating profit of a 10% change in electricity and oil market prices would be about EUR 15 million annual impact, after the effect of hedges.

Wood sensitivity analysis for 2010: the direct effect on 2010 operating profit of a 10% change in wood prices would be about EUR 190 million annual impact.

### Near-term Outlook

The demand outlook for the Group's products remains challenging as no immediate improvement in the market environment is anticipated. Most graphic papers are under pressure, aggravated by weak advertising markets and structural changes in paper consumption.

Despite slight seasonal improvement in Europe, demand for publication paper and fine paper is predicted to be weaker in the fourth quarter than a year earlier, resulting in oversupply. Demand is forecast to be better than a year earlier for consumer board and weaker for industrial packaging and wood products.

In Europe prices for publication paper and fine paper are expected to remain under pressure in the fourth quarter compared with the third quarter as supply exceeds demand. Prices are forecast to increase for containerboard and to remain largely unchanged for other industrial packaging grades and consumer board. Prices for wood products are predicted to rise more slowly than in the last two quarters as demand for sawnwood in construction markets seasonally slows down.

In China demand for uncoated magazine paper is forecast to be stronger than in the third quarter but weaker than a year ago, leaving prices unchanged. Flat demand is anticipated for coated fine paper with prices rising slowly.

In Latin America demand for coated magazine paper is expected to increase slightly from the previous quarter but remain lower than a year earlier. Prices are foreseen to remain under pressure.

Stora Enso maintains its earlier year-on-year cost deflation forecast before own actions of approximately 4% for the full year 2009. The main contributor is lower fibre costs, which account for half of the total cost deflation.

## Third Quarter Events

### July

On 3 July 2009 Stora Enso undertook a partial buyback of the 2009 3.875% Swedish Medium-Term Note. The nominal value bought back amounted to SEK 867.2 (EUR 80) million and the cash amount paid was SEK 892.4 (EUR 82.6) million, of which SEK 18.5 (EUR 1.7) million related to interest. A loss of SEK 6.7 (EUR 0.6) million has been recorded in the third quarter of 2009.

On 15 July 2009 Stora Enso announced that Stora Enso Oyj, NewPage Corporation ("NewPage") and NewPage's largest shareholder, Cerberus Capital Management, L.P., planned to reorganise NewPage's capital structure through a series of concurrent transactions, including debt tender offers and a potential contribution and cancellation of a portion of the NewPage vendor note held by Stora Enso and the debt acquired by Cerberus. On 25 September, NewPage announced that it would not proceed with its tender offer for its Second Lien Notes, Senior Subordinated Notes and Payment-in-Kind Notes. There was therefore, no contribution or cancellation of the NewPage vendor note held by Stora Enso. As of 23 September, Cerberus had validly tendered and not withdrawn USD 11.l million of Floating Rate Notes and USD 49.0 million of 10% Notes. On 30 September NewPage announced a private placement offering of USD 1.7 billion 11.375% Senior Secured Notes due 2014. The net proceeds of the offering, together with approximately USD 5 million of borrowings under NewPage's revolving credit facility, were used to repay all amounts outstanding under NewPage's term loan.

On 22 July 2009 Stora Enso announced that the Finnish National Board of Patents and Registration had confirmed that Stora Enso could decrease its share premium fund. The schedule for distribution of funds was also confirmed.

On 24 July 2009 Stora Enso announced that the Finnish National Board of Patents and Registration had given its consent for Stora Enso Oyj to decrease its share premium fund by EUR 1 688 145 310.08 and its reserve fund by EUR 353 946 990.12. The funds have been decreased by transferring these respective amounts to the invested non-restricted equity fund.

### August

On 19 August 2009 Stora Enso announced that it planned further reductions in its manufacturing capacity due to ongoing weak demand and the resulting heavy losses, including:

- permanent closure of Sunila Pulp Mill during the second quarter of 2010
- permanent closure of Tolkkinen Sawmill by the end of 2009; curtailments at other sawmills to continue
- restarting divestment of Kotka Mills
- uncoated fine paper orders to be prioritised to Veitsiluoto Mill and Nymölla Mill to minimise total costs; more curtailments of uncoated fine paper machines at Varkaus and Imatra mills
- permanent shutdown of uncoated fine paper machine PM 8 at Imatra Mills during the first quarter of 2010
- permanent closure of Varkaus Mills by the end of 2010 unless uncoated fine paper supply and demand balance and pricing clearly recover

Approximately 450 to 1 100 employees in Finland would be affected by the plans, depending on the outcome of the plans for Varkaus Mills and excluding the Kotka divestment process.

### September

On 28 September 2009 Stora Enso announced that it is restarting production at Enocell Pulp Mill in Finland. Enocell Pulp Mill at Uimaharju in eastern Finland has been temporarily shut down since the end of March 2009. Production at the mill is scheduled to resume at the beginning of November 2009.

On 30 September 2009 Stora Enso announced that it had successfully issued a EUR 390 million seven-year bond under its EMTN (Euro Medium Term Note) programme. The seven-year maturity of the bond will lengthen Stora Enso's average debt maturity profile. The bond pays a floating coupon of Euribor + 4.21% and there are no financial covenants.

## Restructuring Actions

On 23 April 2009 Stora Enso announced that it was reorganising its operations with the aim of reducing annual fixed costs by EUR 250 million, mainly through savings in administration. The reorganisation is progressing on schedule to reach the targeted savings. Saving plans are now ready in various parts of administration, including Sales and Marketing. The number of employees affected will depend on the outcome of the co-determination procedures, the majority of which are scheduled to be concluded during 2009 or at the latest early 2010. The majority of the cost reductions will be achieved by the end of the fourth quarter of 2009 and start having an impact on Stora Enso's operating profit from the first quarter of 2010 onwards. The new cost-reduction programme incorporates the earlier focused administration project and the restructuring of financial administration that started in 2007. As a result Stora Enso has recorded a EUR 51 million restructuring provision as a non-recurring item in its third quarter results.

## 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 associated 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 BRL 20 million (EUR 8 million) fine. 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 competent authorities. In November 2008 a Federal Court suspended the effects of the decision as an interim measure. Veracel has not recorded any provision for the reforestation or the possible fine.

On 30 September 2009 a judge in the State of Bahia issued an interim decision ordering the State Government of Bahia not to grant Veracel further plantation licenses in the municipality of Eunápolis in response to claims by a state prosecutor that Veracel's plantations exceeded the legal limits, which Veracel disputes.

## Inspections by Competition Authorities

In 2007, following US Federal District Court trial, Stora Enso was found not guilty of charges by the US Department of Justice relating to practices in the sale of coated magazine paper in the USA in 2002 and 2003. Coincident with this case, Stora Enso has been named in a number of class action lawsuits filed in the USA which still are pending.

The Finnish Competition Authority has investigated wood purchase practices in Finland. The Authority has proposed to the Finnish Market Court that a fine of EUR 30 million be imposed on Stora Enso for violating competition laws in purchasing practices during the period from 1997 to 2004. The Market Court is handling the case and its decision is expected by the end of 2009. Stora Enso considers the Competition Authority's proposal groundless.

No provisions have been made in Stora Enso's accounts for the above-mentioned lawsuits and investigation.

**Share Capital**

During the quarter, the conversion of 2 000 A shares into R shares was recorded in the Finnish Trade Register on 14 August 2009.

On 30 September 2009 Stora Enso had 177 150 084 A shares and 612 388 415 R shares in issue of which the Company held no A shares and 918 512 R shares with a nominal value of EUR 1.6 million. The holding represents 0.12% of the Company's share capital and 0.04% of the voting rights.

Changes in shareholdings

On 7 October 2009 Stora Enso Oyj was informed that the number of shares in the Company held by Tradewinds Global Investors, LLC (USA registered number 801-65208) had decreased below 5% of the paid-up share capital and the number of shares in Stora Enso Oyj on 30 September 2009.

**Events after the Period**

On 9 October 2009 Stora Enso announced that its co-determination negotiations at Tolkkinen Sawmill in Finland had been concluded. Tolkkinen Sawmill will be permanently closed down by the end of 2009. The closure will reduce Stora Enso's annual production capacity by 260 000 m3 of sawn wood.

On 13 October 2009 Stora Enso announced that its Nomination Committee had been appointed. The composition of the Committee is as follows: Claes Dahlbäck (Chairman of the Board of Directors), Ilkka Niemi (Vice Chairman of the Board of Directors), Marcus Wallenberg (appointed by shareholder FAM) and Keijo Suila (appointed by shareholder Solidium). Keijo Suila is the Chairman of the Nomination Committee.

On 16 October 2009 Stora Enso announced that Stora Enso and Arauco had completed the acquisition of the majority of Grupo ENCE's operations in Uruguay announced on 18 May 2009. The joint acquisition on a 50/50 basis includes approximately 130 000 hectares of owned land and plantations, 6 000 hectares of leased lands and other operations owned by Grupo ENCE in the central and western areas of Uruguay. As previously announced, the enterprise value of the transaction, which was completed ahead of the original target of the end of 2009, was USD 344 (EUR 253) million, including USD 33 million of assumed debt. Stora Enso's share of the enterprise value is 50%.

This report is unaudited.

Helsinki, 22 October 2009
Stora Enso Oyj
Board of Directors

# Segments Q3/09 compared with Q3/08

## Newsprint and Book Paper

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 330.0 | 327.5 | 405.2 | 1 594.7 | 966.2 | 1 180.7 | -18.6 | 0.8 | -18.2 |
| EBITDA* | 58.6 | 57.9 | 60.7 | 255.2 | 164.9 | 171.6 | -3.5 | 1.2 | -3.9 |
| Operating profit* | 34.8 | 31.1 | 33.5 | 140.8 | 87.4 | 87.8 | 3.9 | 11.9 | -0.5 |
| % of sales | 10.5 | 9.5 | 8.3 | 8.8 | 9.0 | 7.4 | 26.5 | 10.5 | 21.6 |
| ROOC, %** | 12.6 | 10.9 | 11.6 | 12.1 | 10.6 | 10.0 | 8.6 | 15.6 | 6.0 |
| Deliveries, 1 000 t | 622 | 610 | 712 | 2 870 | 1 778 | 2 125 | -12.6 | 2.0 | -16.3 |
| Production, 1 000 t | 627 | 600 | 707 | 2 808 | 1 800 | 2 109 | -11.3 | 4.5 | -14.7 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Newsprint and book paper sales were EUR 330.0 million, down 19% on the third quarter of 2008 due to lower deliveries. Operating profit was EUR 34.8 million, up 4% on the third quarter of 2008 due to lower production costs, especially fibre and fixed costs. Unfavourable exchange rate trends were mostly compensated by higher prices in Europe.

**Markets**

Compared with Q3/2008

In Europe demand remained weaker than a year ago as circulations continued to decline and advertising markets stayed very weak. Prices in Europe were higher but under pressure, whereas overseas prices were lower.

Compared with Q2/2009

Throughout Europe demand further weakened as free daily newspapers reduced pagination. Prices in Europe started to turn down while overseas prices seemed to be bottoming out.

## Magazine Paper

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 469.0 | 396.0 | 544.9 | 2 177.0 | 1 245.8 | 1 632.7 | -13.9 | 18.4 | -23.7 |
| EBITDA* | 55.3 | 33.9 | 61.4 | 223.5 | 116.5 | 170.3 | -9.9 | 63.1 | -31.6 |
| Operating profit* | 30.6 | 5.7 | 27.4 | 88.8 | 36.2 | 69.1 | 11.7 | n/m | -47.6 |
| % of sales | 6.5 | 1.4 | 5.0 | 4.1 | 2.9 | 4.2 | 30.0 | n/m | -31.0 |
| ROOC, %** | 9.3 | 1.6 | 7.2 | 6.0 | 3.6 | 6.1 | 29.2 | n/m | -41.0 |
| Deliveries, 1 000 t | 565 | 512 | 688 | 2 786 | 1 564 | 2 077 | -17.9 | 10.4 | -24.7 |
| Production, 1 000 t | 555 | 503 | 706 | 2 774 | 1 559 | 2 130 | -21.4 | 10.3 | -26.8 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Magazine paper sales were EUR 469.0 million, down 14% on the third quarter of 2008 due to weaker demand. Operating profit was EUR 30.6 million, up 12% on the third quarter of 2008 as lower production costs more than offset lower sales. Fibre and fixed costs were lower than a year ago.

### Markets

#### Compared with Q3/2008

In Europe demand remained weaker than a year earlier, especially for coated magazine paper, but the year-on-year decline has slowed for coated reels. Prices were under pressure and lower than a year ago.

Throughout Latin America demand was weaker due to the economic crisis, but prices were slightly higher.

In China demand for SC paper was considerably weaker due to customers switching to LWC paper, which cost much less than a year ago, and newsprint.

#### Compared with Q2/2009

In Europe demand for coated and uncoated grades began to improve, mainly due to the catalogue season. Prices were under pressure and declined in Europe and overseas markets.

In Latin America demand strengthened slightly with the improving economic outlook and stabilisation of customer inventories. Prices declined due to the appreciation of the Brazilian currency.

In China demand for SC paper was seasonally stronger but prices were stable.

## Fine Paper

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 449.6 | 450.4 | 543.9 | 2 111.7 | 1 331.9 | 1 626.9 | -17.3 | -0.2 | -18.1 |
| EBITDA* | 42.0 | 25.2 | 69.3 | 219.8 | 89.8 | 200.3 | -39.4 | 66.7 | -55.2 |
| Operating profit* | 20.4 | -4.1 | 33.1 | 80.4 | 10.6 | 90.1 | -38.4 | n/m | -88.2 |
| % of sales | 4.5 | -0.9 | 6.1 | 3.8 | 0.8 | 5.5 | -26.2 | n/m | -85.5 |
| ROOC, %** | 7.3 | -1.3 | 7.5 | 5.3 | 1.2 | 7.0 | -2.7 | n/m | -82.9 |
| Deliveries, 1 000 t | 616 | 638 | 694 | 2 730 | 1 844 | 2 108 | -11.2 | -3.4 | -12.5 |
| Production, 1 000 t | 639 | 625 | 706 | 2 707 | 1 855 | 2 096 | -9.5 | 2.2 | -11.5 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Fine paper sales were EUR 449.6 million, down 17% on the third quarter of 2008 due to lower sales prices and volumes. Operating profit was EUR 20.4 million, down 38% on the third quarter of 2008, despite lower variable and fixed costs and lower depreciation.

Stora Enso has concluded the co-determination negotiations concerning permanent shutdown of paper machine (PM) 8 at Imatra Mills in Finland due to the significant decrease in demand for uncoated fine paper and resultant overcapacity. The machine will be permanently shut down at the end of the first quarter of 2010. The shutdown of PM 8 will reduce fine paper annual production capacity by 210 000 tonnes.

The annual maintenance stoppage at Nymölla Mill will have negative impact on Fine Paper fourth quarter operating profit.

### Markets

#### Compared with Q3/2008

In Europe demand for coated fine paper was clearly weaker than a year ago due to lower advertising spending. Demand for uncoated fine paper was much weaker due to the economic slowdown. Coated fine paper prices were unchanged but uncoated fine paper prices were lower than a year ago. Industry inventories were lower in both grades.

In China coated fine paper demand was stronger but prices remained lower than a year ago.

#### Compared with Q2/2009

In Europe coated fine paper demand strengthened while industry inventories decreased slightly. Uncoated fine paper demand weakened seasonally but industry inventories were stable. Coated and uncoated fine paper prices declined.

In China coated fine paper demand improved and prices continued to rise.

# Consumer Board

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 470.7 | 460.3 | 563.9 | 2 231.9 | 1 390.9 | 1 725.6 | -16.5 | 2.3 | -19.4 |
| EBITDA* | 93.7 | 71.9 | 71.8 | 242.0 | 210.2 | 210.4 | 30.5 | 30.3 | -0.1 |
| Operating profit* | 64.9 | 41.6 | 37.5 | 107.3 | 122.0 | 103.0 | 73.1 | 56.0 | 18.4 |
| % of sales | 13.8 | 9.0 | 6.7 | 4.8 | 8.8 | 6.0 | 106.0 | 53.3 | 46.7 |
| ROOC, %** | 21.3 | 13.5 | 9.6 | 7.2 | 13.1 | 8.7 | 121.9 | 57.8 | 50.6 |
| Deliveries, 1 000 t | 567 | 545 | 617 | 2 442 | 1 641 | 1 896 | -8.1 | 4.0 | -13.4 |
| Production, 1 000 t | 589 | 551 | 625 | 2 437 | 1 649 | 1 911 | -5.8 | 6.9 | -13.7 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Consumer board sales were EUR 470.7 million, down 17% on the third quarter of 2008 mainly due to the temporary shutdown of Enocell Pulp Mill and the permanent closure of Baienfurt Board Mill. Operating profit was EUR 64.9 million, up 73% on the third quarter of 2008 mainly due to lower costs and higher prices.

Consumer Board's results are expected to be substantially down in the fourth quarter of 2009 due to seasonal slowdown and maintenance stoppages at Skoghall and Imatra mills during the quarter. In addition, Imatra board machine 4 will have a major quality and productivity upgrade in November.

### Markets

#### Compared with Q3/2008

Demand for consumer board was weaker than a year ago, but prices were generally higher.

#### Compared with Q2/2009

Demand for consumer board strengthened and prices were largely unchanged.

# Industrial Packaging

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 203.7 | 194.0 | 273.1 | 1 076.5 | 594.9 | 834.0 | -25.4 | 5.0 | -28.7 |
| EBITDA* | 22.5 | 12.9 | 35.4 | 132.7 | 50.6 | 112.5 | -36.4 | 74.4 | -55.0 |
| Operating profit* | 10.3 | 0.9 | 20.0 | 73.9 | 14.7 | 67.7 | -48.5 | n/m | -78.3 |
| % of sales | 5.1 | 0.5 | 7.3 | 6.9 | 2.5 | 8.1 | -30.1 | n/m | -69.1 |
| ROOC, %** | 7.2 | 0.6 | 10.8 | 11.2 | 3.3 | 12.6 | -33.3 | n/m | -73.8 |
| Paper and board deliveries, 1 000 t | 217 | 195 | 260 | 1 008 | 603 | 779 | -16.5 | 11.3 | -22.6 |
| Paper and board production, 1 000 t | 216 | 181 | 271 | 1 020 | 586 | 802 | -20.3 | 19.3 | -26.9 |
| Corrugated packaging deliveries, million $m^2$ | 245 | 238 | 269 | 1 071 | 711 | 817 | -8.9 | 2.9 | -13.0 |
| Corrugated packaging production, million $m^2$ | 239 | 239 | 271 | 1 066 | 704 | 814 | -11.8 | 0.0 | -13.5 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Industrial packaging sales were EUR 203.7 million, down 25% on the third quarter of 2008 due to lower prices and volumes in all businesses. Operating profit was EUR 10.3 million, down 49% on the third quarter of 2008 as lower volumes and prices outweighed the benefits of lower costs.

**Markets**

Compared with Q3/2008

Demand for industrial packaging grades continued to be clearly weaker than a year earlier and prices were lower.

Compared with Q2/2009

Demand improved by seasonal factors. Prices in general were lower but RCP-based containerboard prices improved towards the end of the quarter.

# Wood Products

| EUR million | Q3/09 | Q2/09 | Q3/08 | 2008 | Q1–Q3/09 | Q1–Q3/08 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| Sales | 306.9 | 315.8 | 366.2 | 1 503.3 | 894.7 | 1 154.6 | -16.2 | -2.8 | -22.5 |
| EBITDA* | 17.1 | -1.1 | -2.0 | -19.4 | 1.7 | -10.9 | n/m | n/m | 115.6 |
| Operating profit/loss* | 9.4 | -8.7 | -14.3 | -67.5 | -23.0 | -48.6 | 165.7 | 208.0 | 52.7 |
| % of sales | 3.1 | -2.8 | -3.9 | -4.5 | -2.6 | -4.2 | 179.5 | 210.7 | 38.1 |
| ROOC, %** | 6.4 | -5.9 | -7.5 | -9.8 | -5.1 | -8.6 | 185.3 | 208.5 | 40.7 |
| Deliveries, 1 000 $m^3$ | 1 190 | 1 301 | 1 441 | 5 893 | 3 604 | 4 471 | -17.4 | -8.5 | -19.4 |

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital

Wood product sales were EUR 306.9 million, down 16% on the third quarter of 2008 due to lower deliveries. Operating profit was EUR 9.4 million, up 166% on the third quarter of 2008 due to lower raw material and fixed costs.

**Markets**

Compared with Q3/2008

Demand was weaker than year ago, reflecting reduced construction activity in most markets. After bottoming out in the first quarter of 2009, prices recovered to reach the levels of a year earlier in the third quarter due to the improved supply and demand balance.

Compared with Q2/2009

With seasonal improvement in demand and a reasonable supply and demand balance, the order inflow was good and prices rose.

### 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 Annual Report for 2008, except for the effects of the adoption of the standards described below:

#### IFRS 8 Operating Segments

The Group's reportable segments remain unchanged from those reported in previous interim reports. The adoption of this standard has had no impact on the reported results or financial position of the Group.

#### IAS 1 (revised 2007) Presentation of Financial Statements

The revised standard has introduced a number of terminology changes and revised titles for the primary statements, however the adoption of this standard has had no impact on the reported results or financial position of the Group.

#### Discontinued Operations

The divestment of the Merchants segment in 2008 has been accounted for as a discontinued operation. The income statements have been re-presented to disclose the results from discontinued operations separately, but the Statement of Financial Position and Statement of Cash Flows are presented as previously reported.

#### Held for Sale

On 1 October 2009 the Group contributed 100% of its shares in Stora Enso Uruguay S.A. to a newly established joint-venture company. As the Group no longer controls this subsidiary, its assets and liabilities have been reclassified as 'Held for Sale' in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

## Condensed Consolidated Income Statement

| EUR million | Q3/09 | Q2/09 | Q3/08 | Q1–Q3/09 | Q1–Q3/08 | 2008 | Change % Q3/09–Q3/08 | Change % Q3/09–Q2/09 | Change % Q1–Q3/09–Q1–Q3/08 |
|---|---|---|---|---|---|---|---|---|---|
| **Continuing Operations** | | | | | | | | | |
| **Sales** | 2 231.0 | 2 184.8 | 2 722.7 | 6 546.3 | 8 426.3 | 11 028.8 | -18.1 | 2.1 | -22.3 |
| Other operating income | 30.7 | 31.4 | 23.8 | 113.9 | 68.7 | 120.2 | 29.0 | -2.2 | 65.8 |
| Materials and services | -1 403.7 | -1 363.4 | -1 712.1 | -4 138.7 | -5 174.6 | -6 905.0 | 18.0 | -3.0 | 20.0 |
| Freight and sales commissions | -207.2 | -196.9 | -292.4 | -615.2 | -861.1 | -1 127.1 | 29.1 | -5.2 | 28.6 |
| Personnel expenses | -298.1 | -325.6 | -364.5 | -999.7 | -1 266.9 | -1 669.1 | 18.2 | 8.4 | 21.1 |
| Other operating expenses | -155.9 | -401.1 | -223.2 | -671.7 | -530.4 | -752.7 | 30.2 | 61.1 | -26.6 |
| Share of results of associated companies | 8.8 | 6.0 | 1.6 | 34.2 | 37.9 | 0.7 | n/m | 46.7 | -9.8 |
| Depreciation and impairment | -708.2 | -144.6 | -294.6 | -982.0 | -642.3 | -1 422.4 | -140.4 | n/m | -52.9 |
| **Operating Loss/Profit** | **-502.6** | **-209.4** | **-138.7** | **-712.9** | **57.6** | **-726.6** | **n/m** | **-140.0** | **n/m** |
| Net financial items | -46.1 | -161.2 | -23.0 | -254.5 | -105.8 | -167.2 | -100.4 | 71.4 | -140.5 |
| **Loss before Tax** | **-548.7** | **-370.6** | **-161.7** | **-967.4** | **-48.2** | **-893.8** | **-239.3** | **-48.1** | **n/m** |
| Income tax | 29.0 | 2.3 | 42.6 | 43.3 | 23.8 | 214.8 | -31.9 | n/m | 81.9 |
| **Net Loss for the Period from Continuing Operations** | **-519.7** | **-368.3** | **-119.1** | **-924.1** | **-24.4** | **-679.0** | **n/m** | **-41.1** | **n/m** |
| **Discontinued Operations** | | | | | | | | | |
| Profit after tax for the period from discontinued operations | - | - | 0.9 | - | 4.2 | 4.3 | -100.0 | n/a | -100.0 |
| **Net Loss for the Period** | **-519.7** | **-368.3** | **-118.2** | **-924.1** | **-20.2** | **-674.7** | **n/m** | **-41.1** | **n/m** |
| **Attributable to:** | | | | | | | | | |
| Owners of the Parent | -519.7 | -367.9 | -118.7 | -925.8 | -24.9 | -673.4 | n/m | -41.3 | n/m |
| Non-controlling interests | 0.0 | -0.4 | 0.5 | 1.7 | 4.7 | -1.3 | -100.0 | 100.0 | -63.8 |
| | **-519.7** | **-368.3** | **-118.2** | **-924.1** | **-20.2** | **-674.7** | **n/m** | **-41.1** | **n/m** |
| **Earnings per Share** | | | | | | | | | |
| Basic earnings per share, EUR | -0.66 | -0.46 | -0.15 | -1.17 | -0.03 | -0.85 | n/m | -43.5 | n/m |
| Diluted earnings per share, EUR | -0.66 | -0.46 | -0.15 | -1.17 | -0.03 | -0.85 | n/m | -43.5 | n/m |
| **Earnings per Share from Continuing Operations** | | | | | | | | | |
| Basic earnings per share, EUR | -0.66 | -0.46 | -0.16 | -1.17 | -0.04 | -0.86 | n/m | -43.5 | n/m |
| Diluted earnings per share, EUR | -0.66 | -0.46 | -0.16 | -1.17 | -0.04 | -0.86 | n/m | -43.5 | n/m |

# Consolidated Statement of Comprehensive Income

| EUR million | Q3/09 | Q2/09 | Q3/08 | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|---|---|---|---|---|---|---|
| Net loss for the period | -519.7 | -368.3 | -118.2 | -924.1 | -20.2 | -674.7 |
| **Other Comprehensive Income** | | | | | | |
| Actuarial gains & losses on defined benefit pension plans | -5.5 | - | - | -5.5 | - | -12.7 |
| Buy-out of minority interests | - | - | -0.7 | - | -0.7 | -0.7 |
| Asset revaluation on step acquisition | - | 3.9 | 0.0 | 3.9 | - | - |
| Available for sale financial assets | -45.6 | 334.4 | -377.7 | 105.3 | 7.9 | -398.0 |
| Currency and commodity hedges | 98.4 | 103.3 | -116.7 | 204.0 | -74.6 | -312.2 |
| Share of other comprehensive income of associates | 1.2 | 2.2 | -5.4 | -9.2 | 1.5 | -9.5 |
| Currency translation movements on equity net investments (CTA) | 101.8 | 85.0 | -158.5 | 205.3 | -128.8 | -310.2 |
| Net investment hedges | -9.1 | 21.0 | 81.4 | 16.4 | 87.5 | 0.6 |
| Items from equity recognised in Income Statement | 13.0 | -13.0 | 10.6 | - | - | -32.4 |
| Income tax relating to components of other comprehensive income | -27.5 | -32.3 | 14.4 | -63.8 | 3.3 | 89.7 |
| **Other Comprehensive Income, Net of Tax** | **126.7** | **504.5** | **-552.6** | **456.4** | **-103.9** | **-985.4** |
| **Total Comprehensive Income** | **-393.0** | **136.2** | **-670.8** | **-467.7** | **-124.1** | **-1 660.1** |
| **Total Comprehensive Income Attributable to:** | | | | | | |
| Owners of the Parent | -393.0 | 136.5 | -670.0 | -468.2 | -126.2 | -1 644.7 |
| Non-controlling interests | 0.0 | -0.3 | -0.8 | 0.5 | 2.1 | -15.4 |
| | **-393.0** | **136.2** | **-670.8** | **-467.7** | **-124.1** | **-1 660.1** |

# Condensed Consolidated Statement of Cash Flows

| EUR million | Q1–Q3/09 | Q1–Q3/08 |
|---|---|---|
| **Cash Flow from Operating Activities** | | |
| Operating loss/profit | -712.9 | 69.4 |
| Hedging result from OCI | 213.6 | -3.7 |
| Adjustments for non-cash items | 1 160.9 | 629.0 |
| Change in net working capital | 352.2 | -244.0 |
| **Cash Flow Generated by Operations** | **1 013.8** | **450.7** |
| Net financials items paid | -271.1 | -128.3 |
| Income taxes paid/received, net | -4.5 | -22.2 |
| **Net Cash Provided/Used by Operating Activities** | **738.2** | **300.2** |
| | | |
| **Cash Flow from Investing Activities** | | |
| Acquisitions of subsidiaries | -8.3 | -4.2 |
| Acquisitions of associated companies | -0.5 | -52.4 |
| Proceeds from sale of fixed assets and shares | 84.6 | 208.5 |
| Capital expenditure | -321.9 | -483.5 |
| Proceeds from (payment of) non-current receivables, net | -33.5 | -17.3 |
| **Net Cash Used in Investing Activities** | **-279.6** | **-348.9** |
| | | |
| **Cash Flow from Financing Activities** | | |
| Proceeds from issue of new long-term debt | 225.2 | 278.0 |
| Long-term debt, payments | -164.9 | -371.1 |
| Change in short-term borrowings | -171.2 | -30.6 |
| Dividends and capital repayments paid | -157.7 | -354.9 |
| Equity repayment and dividend to non-controlling interests | -7.5 | -2.7 |
| **Net Cash Used in Financing Activities** | **-276.1** | **-481.3** |
| | | |
| **Net Increase/Decrease in Cash and Cash Equivalents** | **182.5** | **-530.0** |
| Cash and bank in disposed companies | - | -8.8 |
| Cash and bank in acquired companies | 4.3 | - |
| Translation adjustment | -22.6 | 51.5 |
| Net cash and cash equivalents at the beginning of period | 372.6 | 879.3 |
| **Net Cash and Cash Equivalents at Period End** | **536.8** | **392.0** |
| | | |
| **Cash and Cash Equivalents at Period End** | **548.3** | **398.5** |
| **Bank Overdrafts at Period End** | **-11.5** | **-6.5** |
| **Net Cash and Cash Equivalents at Period End** | **536.8** | **392.0** |
| | | |
| **Acquisitions of Subsidiary Companies** | | |
| Cash and cash equivalents | 4.4 | - |
| Fixed assets | 18.4 | 4.2 |
| Working capital | 20.4 | 0.2 |
| Tax assets and liabilities | 15.1 | -0.5 |
| Interest-bearing liabilities | -44.1 | -1.2 |
| Minority interests | -2.0 | 1.5 |
| **Fair Value of Net Assets** | **12.2** | **4.2** |
| Gain from step acquisition realised directly in equity | -3.9 | - |
| **Total Purchase Consideration** | **8.3** | **4.2** |
| | | |
| **Disposal of Subsidiary Companies** | | |
| Cash and cash equivalents | - | 8.8 |
| Fixed assets | - | 294.7 |
| Working capital | 0.1 | 172.5 |
| Interest bearing liabilities | - | -230.4 |
| Tax liabilities | - | -25.9 |
| **Net Assets in Divested Companies** | **0.1** | **219.7** |
| Income Statement capital gain | - | 1.5 |
| **Total Disposal Consideration Received in Cash and Kind** | **0.1** | **221.2** |

## Property, Plant and Equipment, Intangible Assets and Goodwill

| EUR million | Q1–Q3/09 | Q1–Q3/08 | 2008 |
|---|---|---|---|
| Carrying value at 1 January | 5 899.4 | 7 232.4 | 7 232.4 |
| Acquisition of subsidiary companies | 18.4 | 4.2 | 3.9 |
| Capital expenditure | 293.8 | 444.8 | 648.2 |
| Additions in biological assets | 28.1 | 38.6 | 58.7 |
| Change in emission rights | -27.9 | 75.9 | 61.8 |
| Disposals | -26.7 | -50.4 | -54.7 |
| Disposals of subsidiary companies | - | -294.7 | -281.8 |
| Depreciation and impairment, continuing operations | -982.0 | -642.3 | -1 422.4 |
| Depreciation and impairment, discontinued operations | - | -27.8 | -46.1 |
| Held for sale | -98.3 | - | - |
| Translation difference and other | 108.7 | -48.0 | -300.6 |
| **Balance Sheet Total** | **5 213.5** | **6 732.7** | **5 899.4** |

## Borrowings

| EUR million | 30 Sep 09 | 30 Sep 08 | 31 Dec 08 |
|---|---|---|---|
| Non-current borrowings | 2 453.5 | 3 404.4 | 3 007.8 |
| Current borrowings | 1 414.4 | 585.5 | 1 068.3 |
| | **3 867.9** | **3 989.9** | **4 076.1** |

| | Q1–Q3/09 | Q1-Q3/08 | 2008 |
|---|---|---|---|
| Carrying value at 1 January | 4 076.1 | 4 441.4 | 4 441.4 |
| Debt acquired with new subsidiaries | 44.1 | 1.2 | 1.0 |
| Debt disposed with sold subsidiaries | - | -230.4 | -230.4 |
| Payments of borrowings (net) | -316.2 | -220.3 | -59.7 |
| Translation difference and other | 63.9 | -2.0 | -76.2 |
| **Total Borrowings** | **3 867.9** | **3 989.9** | **4 076.1** |

# Condensed Consolidated Statement of Financial Position

| EUR million | | 30 Sep 09 | 31 Dec 08 | 30 Sep 08 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Fixed Assets and Other Non-current Investments** | | | | |
| Fixed assets | O | 5 031.0 | 5 698.8 | 6 536.7 |
| Biological assets | O | 143.4 | 133.6 | 114.9 |
| Emission rights | O | 39.1 | 67.0 | 81.1 |
| Investment in associated companies | O | 1 177.3 | 1 042.5 | 1 177.1 |
| Available-for-sale: Listed securities | I | 68.7 | 154.9 | 174.2 |
| Available-for-sale: Unlisted shares | O | 723.5 | 954.3 | 1 312.1 |
| Non-current loan receivables | I | 169.1 | 130.3 | 140.5 |
| Deferred tax assets | T | 187.9 | 74.5 | 113.9 |
| Other non-current assets | O | 22.7 | 16.2 | 28.8 |
| | | **7 562.7** | **8 272.1** | **9 679.3** |
| **Current Assets** | | | | |
| Inventories | O | 1 429.9 | 1 693.6 | 1 910.5 |
| Tax receivables | T | 9.7 | 25.0 | 51.6 |
| Operative receivables | O | 1 447.2 | 1 583.2 | 1 841.3 |
| Interest-bearing receivables | I | 214.1 | 251.1 | 287.2 |
| Cash and cash equivalents | I | 548.3 | 415.8 | 398.5 |
| | | **3 649.2** | **3 968.7** | **4 489.1** |
| Asset of disposal group classified as held for sale | | 103.0 | - | - |
| | | **3 752.2** | **3 968.7** | **4 489.1** |
| **Total Assets** | | **11 314.9** | **12 240.8** | **14 168.4** |
| **Equity and Liabilities** | | | | |
| Owners of the Parent | | 4 968.1 | 5 594.0 | 7 112.5 |
| Non-controlling interests | | 57.0 | 56.5 | 74.0 |
| **Total Equity** | | **5 025.1** | **5 650.5** | **7 186.5** |
| **Non-current Liabilities** | | | | |
| Post-employment benefit provisions | O | 307.4 | 299.0 | 305.7 |
| Other provisions | O | 193.8 | 202.3 | 127.8 |
| Deferred tax liabilities | T | 363.6 | 277.5 | 599.6 |
| Non-current debt | I | 2 453.5 | 3 007.8 | 3 404.4 |
| Other non-current operative liabilities | O | 21.7 | 28.5 | 27.6 |
| | | **3 340.0** | **3 815.1** | **4 465.1** |
| **Current Liabilities** | | | | |
| Current portion of long-term debt | I | 998.2 | 437.4 | 94.2 |
| Interest-bearing liabilities | I | 416.2 | 630.9 | 491.3 |
| Operative liabilities | O | 1 406.1 | 1 602.1 | 1 869.3 |
| Tax liabilities | T | 126.5 | 104.8 | 62.0 |
| | | **2 947.0** | **2 775.2** | **2 516.8** |
| **Liability directly associated with the assets classified as held for sale** | | 2.8 | - | - |
| | | **2 949.8** | **2 775.2** | **2 516.8** |
| **Total Liabilities** | | **6 289.8** | **6 590.3** | **6 981.9** |
| **Total Equity and Liabilities** | | **11 314.9** | **12 240.8** | **14 168.4** |

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

# Statement of Changes in Equity

| EUR million | Share Capital | Share Premium & Reserve Fund | Invested Non-Resticted Equity Fund | Treasury Shares | Step Acquisition Revaluation Surplus | Available for Sale Financial Assets | Currency and commodity hedges | Currency and Commodity Hedges of Associates | CTA & Net Investment Hedges | Retained Earnings | Attributable to Owners of the Parent | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2007** | **1 342.2** | **2 276.4** | **0.0** | **-10.2** | **0.0** | **899.1** | **62.4** | **-1.1** | **-115.6** | **3 140.4** | **7 593.6** | **71,9** | **7 665,5** |
| Loss for the period | - | - | - | - | - | - | - | - | - | -24.9 | -24.9 | 4.7 | -20.2 |
| OCI before tax | - | - | - | - | - | 7.9 | -74.6 | 1.5 | -38.7 | -0.7 | -104.6 | -2.6 | -107.2 |
| Income tax relating to components of OCI | - | - | - | - | - | 5.8 | 20.3 | - | -22.8 | - | 3.3 | - | 3.3 |
| **Total Comprehensive Income** | - | - | - | - | - | 13.7 | -54.3 | 1.5 | -61.5 | -25.6 | -126.2 | 2.1 | -124.1 |
| Dividend (EUR 0.45 per share) | - | - | - | - | - | 0.0 | 0.0 | 0.0 | 0.0 | -354.9 | -354.9 | 0.0 | -354.9 |
| **Balance at 30 September 2008** | **1 342.2** | **2 276.4** | **0.0** | **-10.2** | **0.0** | **912.8** | **8.1** | **0.4** | **-177.1** | **2 759.9** | **7 112.5** | **74.0** | **7 186.5** |
| Loss for the period | - | - | - | - | - | - | - | - | - | -648.5 | -648.5 | -6.0 | -654.5 |
| OCI before tax | - | - | - | - | - | -405.9 | -237.7 | -10.9 | -289.3 | -12.6 | -956.4 | -11.5 | -967.9 |
| Income tax relating to components of OCI | - | - | - | - | - | 3.7 | 63.5 | - | 22.6 | -3.4 | 86.4 | - | 86.4 |
| **Total Comprehensive Income** | **-** | **-** | **-** | **-** | **-** | **-402.2** | **-174.2** | **-10.9** | **-266.7** | **-664.5** | **-1 518.5** | **-17.5** | **-1 536.0** |
| **Balance at 31 December 2008** | **1 342.2** | **2 276.4** | **0.0** | **-10.2** | **0.0** | **510.6** | **-166.1** | **-10.5** | **-443.8** | **2 095.4** | **5 594.0** | **56.5** | **5 650.5** |
| Loss for the period | - | - | - | - | - | - | - | - | - | -925.8 | -925.8 | 1.7 | -924.1 |
| OCI before tax | - | - | - | - | 3.9 | 105.3 | 204.0 | -9.2 | 222.9 | -5.5 | 521.4 | -1.2 | 520.2 |
| Income tax relating to components of OCI | - | - | - | - | - | -6.1 | -53.4 | - | -4.3 | - | -63.8 | - | -63.8 |
| **Total Comprehensive Income** | **0.0** | **0.0** | **0.0** | **0.0** | **3.9** | **99.2** | **150.6** | **-9.2** | **218.6** | **-931.3** | **-468.2** | **0.5** | **-467.7** |
| **Transfer to distributable reserves** | **-** | **-1 927.1** | **1 927.1** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.0** | **-** | **0.0** |
| **Return of capital (EUR 0,20 per share)** | **-** | **-157.7** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-157.7** | **-** | **-157.7** |
| **Balance at 30 September 2009** | **1 342.2** | **191.6** | **1 927.1** | **-10.2** | **3.9** | **609.8** | **-15.5** | **-19.7** | **-225.2** | **1 164.1** | **4 968.1** | **57.0** | **5 025.1** |

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

## Commitments and Contingencies

| EUR million | 30 Sep 09 | 31 Dec 08 | 30 Sep 08 |
|---|---|---|---|
| **On Own Behalf** | | | |
| Pledges given | 0.8 | 0.8 | 0.8 |
| Mortgages | 46.2 | 62.0 | 85.3 |
| **On Behalf of Associated Companies** | | | |
| Guarantees | 185.9 | 180.5 | 203.5 |
| **On Behalf of Others** | | | |
| Guarantees | 123.5 | 156.3 | 162.1 |
| **Other Commitments, Own** | | | |
| Operating leases, in next 12 months | 26.3 | 28.9 | 28.2 |
| Operating leases, after next 12 months | 83.5 | 95.0 | 102.6 |
| Pension liabilities | 0.2 | 0.2 | 0.2 |
| Other commitments | 36.8 | 40.4 | 26.0 |
| **Total** | **503.2** | **564.1** | **608.7** |
| | | | |
| Pledges given | 0.8 | 0.8 | 0.8 |
| Mortgages | 46.2 | 62.0 | 85.3 |
| Guarantees | 309.4 | 336.8 | 365.6 |
| Operating leases | 109.8 | 123.9 | 130.8 |
| Pension liabilities | 0.2 | 0.2 | 0.2 |
| Other commitments | 36.8 | 40.4 | 26.0 |
| **Total** | **503.2** | **564.1** | **608.7** |

## Purchase Agreement Commitments

| EUR million | Scheduled Contract Payments | | | | |
|---|---|---|---|---|---|
| **Type of Supply** | **Contract Total** | **Q4/09** | **2010–11** | **2012–13** | **2014+** |
| Fibre | 1 282.0 | 50.0 | 313.9 | 299.5 | 618.6 |
| Energy | 1 835.3 | 109.1 | 623.1 | 327.6 | 775.5 |
| Logistics | 488.1 | 17.0 | 128.1 | 98.6 | 244.4 |
| Other production costs | 659.4 | 44.5 | 134.6 | 71.0 | 409.3 |
| | 4 264.8 | 220.6 | 1 199.7 | 796.7 | 2 047.8 |
| Capital Expenditure | 119.8 | 25.3 | 94.5 | - | - |
| Acquisitions - Uruguay | 114.0 | 114.0 | - | - | - |
| **Total Contractual Commitments at 30 September 2009** | **4 498.6** | **359.9** | **1 294.2** | **796.7** | **2 047.8** |

## Fair Values of Derivative Financial Instruments

| EUR million | 30 Sep 09 | | | 31 Dec 08 | 30 Sep 08 |
|---|---|---|---|---|---|
| | **Positive Fair Values** | **Negative Fair Values** | **Net Fair Values** | Net Fair Values | Net Fair Values |
| Interest rate swaps | 248.9 | -42.4 | 206.5 | 227.2 | 84.0 |
| Interest rate options | - | -29.9 | -29.9 | -38.0 | -12.4 |
| Forward contracts | 30.2 | -136.0 | -105.8 | -73.9 | 40.9 |
| Currency options | 44.8 | -12.3 | 32.5 | -14.6 | -16.1 |
| Commodity contracts | 16.1 | -69.9 | -53.8 | -90.7 | 78.1 |
| Equity swaps (“TRS”) & equity options | 4.7 | -19.3 | -14.6 | -57.4 | -37.2 |
| **Total** | **344.7** | **-309.8** | **34.9** | **-47.4** | **137.3** |

# Nominal Values of Derivative Financial Instruments

| EUR million | 30 Sep 09 | 31 Dec 08 | 30 Sep 08 |
|---|---|---|---|
| **Interest Rate Derivatives** | | | |
| Interest rate swaps | | | |
| Maturity under 1 year | 1 287.7 | 592.8 | 74.4 |
| Maturity 2–5 years | 2 430.3 | 1 683.4 | 2 259.3 |
| Maturity 6–10 years | 848.9 | 2 341.6 | 2 329.2 |
| | 4 566.9 | 4 617.8 | 4 662.9 |
| Interest rate options | 382.3 | 394.3 | 390.7 |
| **Total** | **4 949.2** | **5 012.1** | **5 053.6** |
| **Foreign Exchange Derivatives** | | | |
| Forward contracts | 2 716.8 | 3 049.4 | 3 297.0 |
| Currency options | 1 768.1 | 1 438.9 | 1 583.8 |
| **Total** | **4 484.9** | **4 488.3** | **4 880.8** |
| **Commodity Derivatives** | | | |
| Commodity contracts | 435.8 | 604.6 | 507.3 |
| **Total** | **435.8** | **604.6** | **507.3** |
| **Total Return (Equity) Swaps** | | | |
| Equity swaps (“TRS”) | 104.7 | 158.2 | 158.2 |
| Equity options | - | 22.0 | 21.9 |
| **Total** | **104.7** | **180.2** | **180.1** |

## Sales by Segment

| EUR million | Q3/09 | Q2/09 | Q1/09 | 2008 | Q4/08 | Q3/08 | Q2/08 | Q1/08 |
|---|---|---|---|---|---|---|---|---|
| Newsprint and Book Paper | 330.0 | 327.5 | 308.7 | 1 594.7 | 414.0 | 405.2 | 389.0 | 386.5 |
| Magazine Paper | 469.0 | 396.0 | 380.8 | 2 177.0 | 544.3 | 544.9 | 540.5 | 547.3 |
| Fine Paper | 449.6 | 450.4 | 431.9 | 2 111.7 | 484.8 | 543.9 | 537.8 | 545.2 |
| Consumer Board | 470.7 | 460.3 | 459.9 | 2 231.9 | 506.3 | 563.9 | 587.3 | 574.4 |
| Industrial Packaging | 203.7 | 194.0 | 197.2 | 1 076.5 | 242.5 | 273.1 | 285.4 | 275.5 |
| Wood Products | 306.9 | 315.8 | 272.0 | 1 503.3 | 348.7 | 366.2 | 409.8 | 378.6 |
| Other | 450.1 | 507.8 | 682.5 | 3 586.9 | 794.6 | 857.0 | 947.7 | 987.6 |
| Inter-segment sales | -449.0 | -467.0 | -602.5 | -3 253.2 | -732.7 | -831.5 | -825.7 | -863.3 |
| **Continuing Operations** | **2 231.0** | **2 184.8** | **2 130.5** | **11 028.8** | **2 602.5** | **2 722.7** | **2 871.8** | **2 831.8** |
| Discontinued operations | - | - | - | 708.7 | -1.8 | 0.4 | 180.5 | 529.6 |
| Inter-segment sales | - | - | - | -179.3 | 0.9 | 0.0 | -45.8 | -134.4 |
| **Total** | **2 231.0** | **2 184.8** | **2 130.5** | **11 558.2** | **2 601.6** | **2 723.1** | **3 006.5** | **3 227.0** |

## Operating Profit/Loss by Segment excluding NRI and Fair Valuations

| EUR million | Q3/09 | Q2/09 | Q1/09 | 2008 | Q4/08 | Q3/08 | Q2/08 | Q1/08 |
|---|---|---|---|---|---|---|---|---|
| Newsprint and Book Paper | 34.8 | 31.1 | 21.5 | 140.8 | 53.0 | 33.5 | 27.9 | 26.4 |
| Magazine Paper | 30.6 | 5.7 | -0.1 | 88.8 | 19.7 | 27.4 | 14.5 | 27.2 |
| Fine Paper | 20.4 | -4.1 | -5.7 | 80.4 | -9.7 | 33.1 | 19.7 | 37.3 |
| Consumer Board | 64.9 | 41.6 | 15.5 | 107.3 | 4.3 | 37.5 | 23.0 | 42.5 |
| Industrial Packaging | 10.3 | 0.9 | 3.5 | 73.9 | 6.2 | 20.0 | 20.1 | 27.6 |
| Wood Products | 9.4 | -8.7 | -23.7 | -67.5 | -18.9 | -14.3 | -10.9 | -23.4 |
| Other | -44.9 | -24.3 | -21.3 | -77.4 | -48.2 | -7.8 | -8.2 | -13.2 |
| **Operating Profit/Loss excl. NRI by Segment** | **125.5** | **42.2** | **-10.3** | **346.3** | **6.4** | **129.4** | **86.1** | **124.4** |
| Share of results of associated companies excl. fair valuations | 6.0 | 6.3 | 13.3 | 42.1 | 22.0 | -3.9 | 8.3 | 15.7 |
| **Operating Profit excl. NRI and Fair Valuations*** | **131.5** | **48.5** | **3.0** | **388.4** | **28.4** | **125.5** | **94.4** | **140.1** |
| Fair valuations* | 21.0 | 11.4 | -37.9 | -69.6 | -47.9 | 15.2 | -21.8 | -15.1 |
| **Operating Profit/Loss excl. NRI** | **152.5** | **59.9** | **-34.9** | **318.8** | **-19.5** | **140.7** | **72.6** | **125.0** |
| NRI | -655.1 | -269.3 | 34.0 | -1 045.4 | -764.7 | -279.4 | -1.3 | - |
| **Operating Loss/Profit (IFRS)** | **-502.6** | **-209.4** | **-0.9** | **-726.6** | **-784.2** | **-138.7** | **71.3** | **125.0** |
| Net financial items | -46.1 | -161.2 | -47.2 | -167.2 | -61.4 | -23.0 | -40.9 | -41.9 |
| **Loss/Profit before Tax and Non-Controlling Interests** | **-548.7** | **-370.6** | **-48.1** | **-893.8** | **-845.6** | **-161.7** | **30.4** | **83.1** |
| Income tax expense | 29.0 | 2.3 | 12.0 | 214.8 | 191.0 | 42.6 | -1.8 | -17.0 |
| **Net Loss/Profit from Continuing Operations** | **-519.7** | **-368.3** | **-36.1** | **-679.0** | **-654.6** | **-119.1** | **28.6** | **66.1** |
| **Discontinued Operations** | | | | | | | | |
| Net profit/loss after tax for the period from discontinued operations | - | - | - | 4.3 | 0.1 | 0.9 | -1.8 | 5.1 |
| **Net Loss/Profit** | **-519.7** | **-368.3** | **-36.1** | **-674.7** | **-654.5** | **-118.2** | **26.8** | **71.2** |

* Fair valuations include synthetic options net of realised and open hedges, $CO_2$ emission rights, and valuations of biological assets mainly related to associated companies' forest assets

# NRI by Segment

| EUR million | Q3/09 | Q2/09 | Q1/09 | 2008 | Q4/08 | Q3/08 | Q2/08 | Q1/08 |
|---|---|---|---|---|---|---|---|---|
| Newsprint and Book Paper | -80.1 | - | 29.0 | -15.2 | -5.0 | -7.8 | -2.4 | - |
| Magazine Paper | -152.1 | - | - | -60.4 | -19.1 | -38.7 | -2.6 | - |
| Fine Paper | -313.6 | - | - | -394.2 | -399.7 | -1.5 | 7.0 | - |
| Consumer Board | -35.8 | - | - | -301.4 | -118.9 | -178.2 | -4.3 | - |
| Industrial Packaging | -28.2 | - | - | -64.6 | -45.4 | -18.2 | -1.0 | - |
| Wood Products | -8.7 | - | - | -88.0 | -80.0 | -8.0 | - | - |
| Other | -36.6 | -269.3 | 5.0 | -121.6 | -96.6 | -27.0 | 2.0 | - |
| **NRI on Operating Profit** | **-655.1** | **-269.3** | **34.0** | **-1 045.4** | **-764.7** | **-279.4** | **-1.3** | **-** |
| NRI on financial items | - | -148.5 | - | - | - | - | - | - |
| NRI on tax | 42.9 | 4.6 | -9.9 | 223.6 | 177.3 | 43.9 | 2.4 | - |
| **NRI on Net Profit** | **-612.2** | **-413.2** | **24.1** | **-821.8** | **-587.4** | **-235.5** | **1.1** | **-** |
| **Discontinued Operations** | | | | | | | | |
| NRI in discontinued operations | - | - | - | -4.5 | - | - | -4.5 | - |

NRI = Non-recurring items

# Operating Profit by Segment

| EUR million | Q3/09 | Q2/09 | Q1/09 | 2008 | Q4/08 | Q3/08 | Q2/08 | Q1/08 |
|---|---|---|---|---|---|---|---|---|
| Newsprint and Book Paper | -45.3 | 31.1 | 50.5 | 125.6 | 48.0 | 25.7 | 25.5 | 26.4 |
| Magazine Paper | -121.5 | 5.7 | -0.1 | 28.4 | 0.6 | -11.3 | 11.9 | 27.2 |
| Fine Paper | -293.2 | -4.1 | -5.7 | -313.8 | -409.4 | 31.6 | 26.7 | 37.3 |
| Consumer Board | 29.1 | 41.6 | 15.5 | -194.1 | -114.6 | -140.7 | 18.7 | 42.5 |
| Industrial Packaging | -17.9 | 0.9 | 3.5 | 9.3 | -39.2 | 1.8 | 19.1 | 27.6 |
| Wood Products | 0.7 | -8.7 | -23.7 | -155.5 | -98.9 | -22.3 | -10.9 | -23.4 |
| Other | -63.3 | -281.9 | -60.3 | -227.2 | -133.5 | -25.1 | -32.1 | -36.5 |
| Share of result of associated companies | 8.8 | 6.0 | 19.4 | 0.7 | -37.2 | 1.6 | 12.4 | 23.9 |
| **Operating Loss/Profit (IFRS)** | **-502.6** | **-209.4** | **-0.9** | **-726.6** | **-784.2** | **-138.7** | **71.3** | **125.0** |
| Net financial items | -46.1 | -161.2 | -47.2 | -167.2 | -61.4 | -23.0 | -40.9 | -41.9 |
| **Loss/Profit before Tax and Non-controlling Interests** | **-548.7** | **-370.6** | **-48.1** | **-893.8** | **-845.6** | **-161.7** | **30.4** | **83.1** |
| Income tax expense | 29.0 | 2.3 | 12.0 | 214.8 | 191.0 | 42.6 | -1.8 | -17.0 |
| **Net Loss/Profit from Continuing Operations** | **-519.7** | **-368.3** | **-36.1** | **-679.0** | **-654.6** | **-119.1** | **28.6** | **66.1** |
| **Discontinued Operations** | | | | | | | | |
| Net loss/profit after tax for the period from discontinued operations | - | - | - | 4.3 | 0.1 | 0.9 | -1.8 | 5.1 |
| **Net Loss/Profit** | **-519.7** | **-368.3** | **-36.1** | **-674.7** | **-654.5** | **-118.2** | **26.8** | **71.2** |

# Key Exchange Rates for the Euro

| | Closing Rate | | Average Rate | |
|---|---|---|---|---|
| **One Euro is** | **30 Sep 09** | **31 Dec 08** | **30 Sep 09** | **31 Dec 08** |
| SEK | 10.2320 | 10.8700 | 10.7089 | 9.6280 |
| USD | 1.4643 | 1.3917 | 1.3664 | 1.4710 |
| GBP | 0.9093 | 0.9525 | 0.8865 | 0.7972 |

## Transaction Risk and Hedges in Main Currencies as at 30 September 2009

| EUR million | USD | GBP | SEK |
|---|---|---|---|
| Estimated annual net operating cash flow exposure | 700 | 450 | -1 000 |
| Transaction hedges as at 30 September 2009 | -370 | -235 | 625 |
| **Hedging percentage as at 30 September 2009 for the next 12 months** | **53%** | **52%** | **63%** |

## Changes in Exchange Rates on Operating Profit

| Operating Profit: Currency effect +/- 10% | EUR million |
|---|---|
| USD | 70 |
| SEK | -100 |
| GBP | 45 |

The sensitivity is based on expected 2009 net operating cash flow. The calculation does not take into account currency hedges, and assumes no changes occur other than a single currency exchange rate movement.

## Stora Enso Shares

| Trading volume | Helsinki | | Stockholm | |
|---|---|---|---|---|
| | A share | R share | A share | R share |
| July | 123 246 | 77 741 480 | 184 727 | 21 901 842 |
| August | 170 721 | 126 710 808 | 264 794 | 21 004 691 |
| September | 301 194 | 107 355 161 | 232 259 | 24 053 464 |
| **Total** | **595 161** | **311 807 449** | **681 780** | **66 959 997** |

| Closing price | Helsinki, EUR | | Stockholm, SEK | |
|---|---|---|---|---|
| | A share | R share | A share | R share |
| July | 5.34 | 4.46 | 55.00 | 46.20 |
| August | 5.92 | 4.79 | 60.00 | 48.90 |
| September | 6.28 | 4.76 | 64.75 | 48.50 |

## Calculation of Key Figures

| | | |
|---|---|---|
| Return on capital employed, ROCE (%) | 100 x | $\frac{\text{Operating profit}}{\text{Capital employed}^{1)\,2)}}$ |
| Return on operating capital, ROOC (%) | 100 x | $\frac{\text{Operating profit}}{\text{Operating capital}^{1)\,2)}}$ |
| Return on equity, ROE (%) | 100 x | $\frac{\text{Profit before tax and non-controlling items – taxes}}{\text{Total Equity}^{2)}}$ |
| Equity ratio (%) | 100 x | $\frac{\text{Total Equity}}{\text{Total assets}}$ |
| Interest-bearing net liabilities | | Interest-bearing liabilities – interest-bearing assets |
| Debt/Equity ratio | | $\frac{\text{Interest-bearing net liabilities}}{\text{Equity}}$ |

1) Capital employed = Operating capital – Net tax liabilities
2) Average for the financial period


**Concept and design:** Philips Design
**Photography:** Stora Enso image archive
**Printing:** Speedmaster Oy
**Cover stock:** Performa Alto 200 g/m²
**Text stock:** TerraPrint Silk 90 g /m²

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**Publication dates for financial information**

| | |
|---|---|
| 4 February 2010 | Full year results 2009 |
| 22 April 2010 | Interim Review for January-March 2010 |
| 22 July 2010 | Interim Review for January-June 2010 |
| 27 October 2010 | Interim Review for January-September 2010 |


**challenge:** how to differentiate consumer products in a store?

**solution:** Stora Enso DeLight is standing out through its shape.

Stora Enso DeLight is a ready answer to two rising consumer megatrends: self-expression and environmental awareness. DeLight is based on a technical innovation in package converting that enables Stora Enso to introduce new shapes and user-friendly functions into consumer packaging. The secret of the fibre-based hybrid package lies in its strengthened rim which ensures that even the most challenging forms hold together and are effectively sealed.

Stora Enso DeLight offers an attractive alternative to many competing materials in terms of sustainability: Compared with traditional packaging materials such as aluminium and CPET, DeLight is light-weight and recyclable. Product-information can be printed directly onto the surface of the board, so no extra labels are needed for DeLight packages. The space-saving designs are also particularly economical in logistics and can be customised according to the customer's wishes.

The first customer to bring this innovation into shops was the food-processing company Atria, whose new Atria Fresh microwave dishes are packed in DeLight trays.

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