

## Stora Enso Fourth Quarter and Full Year Results 2009

**Strong cash flow through working capital management and improved quarterly earnings despite lower volumes due to reduced cost base; distribution to shareholders EUR 0.20**

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- **EUR 496 million quarterly cash flow from operations**  
– full year EUR 1 261 million
- **EUR 138 million quarterly operating profit excluding NRI and fair valuations**  
– EUR 109 million improvement on a year ago
- **Consumer Board back on stable earnings path – focus on further growth**
- **Strong Newsprint earnings due to solid and improving cost base**
- **Group will continue to seek pricing quality through managing business mix and optimising production – including necessary capacity reductions**

### Summary of Fourth Quarter Results

Continuing Operations		Q4/09	2009	Q4/08	2008
Sales	EUR million	2 398.8	8 945.1	2 602.5	11 028.8
EBITDA excl. NRI and fair valuations	EUR million	242.1	822.7	163.3	1 027.2
<b>Operating Profit excl. NRI and Fair Valuations</b>	<b>EUR million</b>	<b>137.5</b>	<b>320.5</b>	<b>28.4</b>	<b>388.4</b>
Operating profit/loss (IFRS)	EUR million	105.3	-607.6	-784.2	-726.6
Profit/loss before tax excl. NRI	EUR million	122.7	194.2	-81.0	151.6
Profit/loss before tax	EUR million	80.6	-886.8	-845.6	-893.8
Net profit/loss excl. NRI	EUR million	76.0	153.2	-67.2	142.8
Net profit/loss	EUR million	45.9	-878.2	-654.6	-679.0
EPS excl. NRI	EUR	0.09	0.19	-0.08	0.18
EPS	EUR	0.05	-1.12	-0.82	-0.86
CEPS excl. NRI	EUR	0.31	0.94	0.06	0.99
ROCE excl. NRI	%	7.5	3.9	-0.8	3.4
ROCE excl. NRI and fair valuations	%	7.0	3.9	1.2	4.1

*Fair valuations include synthetic options net of realised and open hedges, CO<sub>2</sub> emission rights, and valuations of biological assets related to forest assets in equity accounted investments.*

*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:

“The year 2009 ended on a strong note for Stora Enso. The highlight of the year – EUR 1 261 million cash flow from operations – is the result of active working capital management that we started already in late 2008. In light of the dramatic drop in demand, we promised a year ago that we would finance at least two thirds of our capital expenditure of about EUR 400 million through working capital improvement – the improvement was actually a lot more, EUR 500 million. The second significant achievement is the cost

improvements that we also started early. That allowed us not only to maintain our margin level year on year with volumes one fifth less, but more importantly enabled us to achieve margins and absolute earnings clearly higher in the second half than the first half of the year. Finally, net debt reduction of EUR 530 million in the most difficult operating environment in decades should demonstrate to our stakeholders that our strategy of acting early on things we can control, and not waiting for better times or for others to act, has been and remains the right strategy.

“After three consecutive years of very significant if different challenges, we could have hoped for an easier 2010. The good news is that, after implementation of several improvement actions, Consumer Board is not only strong, but also positioned for continued and further improving performance. We believe Industrial Packaging is also well positioned for further growth with improvement actions such as power plant investment in Poland, and the efforts to divest laminating paper will improve the situation further. At the same time, we see that following our early actions, our graphics paper businesses (newsprint, magazine paper and coated fine paper) are now well positioned to get through yet another challenging year in 2010. As we indicated already in October 2009, the underlying structural supply and demand imbalances in newsprint and some other graphical grades are putting pressure on pricing. This just underlines how crucial our early actions were, such as significant cost and capacity cuts, as well as cost-improving investments in for example power plants in Langerbrugge and Maxau, which will be completed in the next few months.

“We will now not only make sure that already announced programmes will produce the benefits promised, we will also take new measures when needed to stay on our path of defending earnings quality through proactive business mix and capacity management. Our production capacity needs to be in line with sustainably profitable demand for our products, and we will therefore not hesitate to take further temporary or permanent capacity cuts if necessary. We will also continue our working capital ratio improvements that we started five quarters ago, even though the completion of our power plant investments and seasonality will have a limiting impact on absolute short-term cash flow. We are determined to stay on our path and move even faster where possible. This, and only this, will enable us to continue to build our future growth in fibre-based packaging, low-cost pulp and other areas where we can create a sustainable earnings capability.”

### **Near-term Outlook**

Global economic recovery is underway, but any pickup in demand for the Group’s products is forecast to be slow and insufficient to restore supply and demand balance in the short term and alleviate overcapacity.

Demand for graphic paper is predicted to be somewhat better than in the exceptionally poor first quarter of 2009, but the outlook still remains weak. In Europe seasonal weakness in demand for newsprint and magazine paper is expected to be partially offset by the anticipated gradual improvement in the economy. A further seasonal improvement in demand for fine paper, especially uncoated fine paper, is foreseen in the current quarter. Demand is forecast to be better than a year ago for consumer board, industrial packaging and wood products.

In Europe market prices for publication paper grades are expected to remain under pressure due to structural supply and demand imbalance. Uncoated fine paper prices seem to have bottomed out, but coated fine paper prices remain challenging. Prices are expected to improve slightly in consumer board and industrial packaging, and stay unchanged in wood products, supported by improved market balance and low product inventories.

In China demand for uncoated magazine paper is forecast to be weaker than a year ago, and also seasonally weaker than in the fourth quarter of 2009 due to the Chinese New Year holiday. Prices are expected to be higher than in the previous quarter. Demand for coated fine paper is predicted to be stronger than a year earlier with prices similar to the last quarter.

In Latin America demand for coated magazine paper is forecast to be stronger than a year ago due to the recovery in national economies, but seasonally weaker than in the previous quarter. Prices seem to have bottomed out and price increases are foreseen.

The Group’s cost deflation forecast before own actions is approximately 1% for 2010.

## Markets

### *Compared with Q4/2008*

Market demand in Europe was clearly weaker in publication paper and fine paper, somewhat better in consumer board due to improved demand for cartonboard, and largely unchanged in industrial packaging. Market demand for wood products continued to decline year-on-year.

In Europe market prices in local currencies were higher for newsprint, largely unchanged for consumer board and wood products, and slightly lower for magazine paper. Prices were also lower for coated fine paper and clearly lower for uncoated fine paper and industrial packaging.

Industry inventories were higher in newsprint, but lower in magazine paper, fine paper and wood products.

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

### *Compared with Q3/2009*

Market demand for publication paper and fine paper improved in Europe, mainly due to seasonal factors. Market demand was also better in consumer board, supported by growing demand in Eastern Europe, and in all industrial packaging grades. Market demand for wood products remained low but unchanged on the previous quarter, despite seasonal weakness towards the end of the year.

In Europe market prices were mostly unchanged in local currencies for newsprint, stabilised by annual contracts, and also for magazine paper and consumer board. Fine paper prices eroded while prices for industrial packaging and wood product prices increased.

Industry inventories declined in newsprint, magazine paper and fine paper, but increased slightly in wood products from very low levels.

In Latin America market demand for coated magazine paper declined somewhat, but prices were unchanged. In China market demand for uncoated magazine paper clearly improved but prices remained unchanged, whereas coated fine paper demand was stable and prices rose.

## Stora Enso Deliveries and Production

	Q4/09	Q3/09	Q4/08	2009	2008	Change	Change %	Change % 2009 - 2008
						% Q4/09– Q4/08	% Q4/09– Q3/09	
Paper and board deliveries (1 000 tonnes)	2 744	2 587	2 851	10 174	11 836	-3.8	6.1	-14.0
Paper and board production (1 000 tonnes)	2 587	2 626	2 698	10 036	11 746	-4.1	-1.5	-14.6
Wood products deliveries (1 000 m <sup>3</sup> )	1 298	1 190	1 422	4 902	5 893	-8.7	9.1	-16.8
Corrugated packaging deliveries (million m <sup>2</sup> )	255	245	254	966	1 071	0.4	4.1	-9.8

*Mill closures and restructurings reduced comparative deliveries as follows for the period Q1-Q4/09 compared with Q1-Q4/08: 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 153 000 tonnes of cartonboard.*

**Q4/2009 Results (compared with Q4/2008)**

Sales at EUR 2 398.8 million were EUR 203.7 million less than in the fourth quarter of 2008. Deliveries were higher in Fine Paper, Consumer Board and Industrial Packaging and lower in Newsprint, Magazine Paper and Wood Products. Prices in local currencies were higher in Consumer Board but lower in all other paper and board segments. Wood Products sales prices were unchanged.

**Key Figures**

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	
<b>Continuing Operations</b>								
Sales	2 398.8	2 231.0	2 602.5	8 945.1	11 028.8	-7.8	7.5	-18.9
EBITDA excl. NRI and fair valuations	242.1	255.9	163.3	822.7	1 027.2	48.3	-5.4	-19.9
Operating profit excl. NRI and fair valuations	137.5	131.5	28.4	320.5	388.4	n/m	4.6	-17.5
Operating profit/loss excl. NRI	147.4	152.5	-19.5	324.9	318.8	n/m	-3.3	1.9
Operating margin excl. NRI, %	6.1	6.8	-0.8	3.6	2.9	n/m	-10.3	24.1
Operating profit/loss (IFRS)	105.3	-502.6	-784.2	-607.6	-726.6	113.4	121.0	16.4
Operating profit/loss, % of sales	4.4	-22.5	-30.1	-6.8	-6.6	114.6	119.6	-3.0
Profit/loss before tax and non-controlling interests excl. NRI	122.7	106.4	-81.0	194.2	151.6	251.5	15.3	28.1
Profit/loss before tax and non-controlling interests	80.6	-548.7	-845.6	-886.8	-893.8	109.5	114.7	0.8
Net profit/loss for the period excl. NRI	76.0	92.5	-67.2	153.2	142.8	213.1	-17.8	7.3
Net profit/loss for the period	45.9	-519.7	-654.6	-878.2	-679.0	107.0	108.8	-29.3
ROCE from continuing operations excl. NRI and fair valuations, %	7.0	6.6	1.2	3.9	4.1	n/m	6.1	-4.9
ROCE from continuing operations excl. NRI, %	7.5	7.7	-0.8	3.9	3.4	n/m	-2.6	14.7
Earnings per share (EPS) excl. NRI, EUR	0.09	0.12	-0.08	0.19	0.18	212.5	-25.0	5.6
EPS (basic), EUR	0.05	-0.66	-0.82	-1.12	-0.86	106.1	107.6	-30.2
Cash earnings per share (CEPS) excl. NRI, EUR	0.31	0.29	0.06	0.94	0.99	n/m	6.9	-5.1
CEPS, EUR	0.28	0.24	0.16	0.35	0.94	75.0	16.7	-62.8
Return on equity (ROE), %*	3.6	-39.2	-40.8	-16.2	-10.1	108.8	109.2	-60.4
Debt/equity ratio*	0.51	0.58	0.56	0.51	0.56	-8.9	-12.1	-8.9
Equity per share, EUR*	6.50	6.30	7.09	6.50	7.09	-8.3	3.2	-8.3
Equity ratio, %*	44.7	44.4	46.2	44.7	46.2	-3.2	0.7	-3.2
Average number of employees	27 612	28 643	32 205	28 696	33 815	-14.3	-3.6	-15.1
Average number of shares (million)								
periodic	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	0.0	0.0	0.0
cumulative, diluted	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<sub>2</sub> emission rights, and valuations of biological assets related to forest assets in equity accounted investments.*

*\* Total operations*

## Reconciliation of Operating Profit

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change	Change	% Change 2009 - 2008
						% Q4/09– Q4/08	% Q4/09– Q3/09	
Profit from operations, excl. NRI	101.7	125.5	6.4	259.1	346.3	n/m	-19.0	-25.2
Equity accounted investments, operational, excl. fair valuations	35.8	6.0	22.0	61.4	42.1	62.7	496.7	45.8
<b>Operating Profit excl. NRI and Fair Valuations</b>	<b>137.5</b>	<b>131.5</b>	<b>28.4</b>	<b>320.5</b>	<b>388.4</b>	<b>384.2</b>	<b>4.6</b>	<b>-17.5</b>
Fair valuations	9.9	21.0	-47.9	4.4	-69.6	120.7	-52.9	106.3
<b>Operating Profit/Loss, excl. NRI</b>	<b>147.4</b>	<b>152.5</b>	<b>-19.5</b>	<b>324.9</b>	<b>318.8</b>	<b>n/m</b>	<b>-3.3</b>	<b>1.9</b>
NRI	-42.1	-655.1	-764.7	-932.5	-1 045.4	94.5	93.6	10.8
<b>Operating Profit/Loss (IFRS)</b>	<b>105.3</b>	<b>-502.6</b>	<b>-784.2</b>	<b>-607.6</b>	<b>-726.6</b>	<b>113.4</b>	<b>121.0</b>	<b>16.4</b>

### Q4/2009 Results (compared with Q4/2008)

*(continued)*

Operating profit at EUR 137.5 million excluding non-recurring items and fair valuations was EUR 109.1 million higher than a year ago. Even though sales decreased by 8%, operating margin increased from 0% to 6% through reductions in variable and fixed costs. All the business segments were profitable. Operating profit increased by EUR 38.6 million in Consumer Board, by EUR 33.9 million in Wood Products and by EUR 31.8 million in Fine Paper, decreased slightly in Industrial Packaging, but deteriorated by EUR 15.6 million in Magazine Paper and by EUR 11.7 million in Newsprint. In the segment Other there was an operating loss excluding non-recurring items and fair valuations of EUR 26.6 (EUR 48.2) million.

In the fourth quarter of 2009, the Group curtailed paper and board production by 15%, pulp production by 19% and sawnwood production by 15% of capacity.

Lower sales prices in local currencies decreased the operating profit of the paper and board segments by EUR 94 million. Wood Products sales prices were unchanged. Sales volumes were higher in Fine Paper, Consumer Board and Industrial Packaging, but lower in Newsprint, Magazine Paper and Wood Products, resulting in a net operating profit decrease of EUR 19 million.

Lower fibre costs increased Group operating profit by EUR 117 million. Lower other variable costs, including energy, chemicals and recycled paper, increased Group operating profit by EUR 80 million. The decrease of EUR 42 million in personnel and other fixed costs increased operating profit. Maintenance costs had a negative impact of EUR 30 million, including the catch-up of the write-down of spare parts on Newsprint, Fine Paper and Magazine Paper profitability. Lower depreciation improved operating profit by EUR 21 million. Deliveries of wood to the Group's mills were 1% more than a year earlier at 8.1 million cubic metres.

The share of the operational results of equity accounted investments, excluding non-recurring items and fair valuations, amounted to EUR 35.8 (EUR 22.0) million, with the largest contribution from Bergvik Skog and Tornator due to good harvesting volumes. Operating profit includes a net effect of EUR 9.9 (EUR -47.9) million for fair valuations related to the accounting of share-based compensation, Total Return Swaps (TRS), CO<sub>2</sub> emission rights and IAS 41 forest valuations in equity accounted investments.

Stora Enso has recorded EUR 42 million non-recurring items which included market court penalty, fixed asset and share write-downs, provisions and other items, including the creation of the joint venture Montes

del Plata in Uruguay in the fourth quarter of 2009, as announced on 22 January 2010. The NRIs had a beneficial impact of approximately EUR 12 million on tax.

Net financial items were EUR -24.7 (EUR -61.4) million. Net interest expenses decreased from EUR 42.9 million to EUR 21.2 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 gains on borrowings, currency derivatives and bank accounts amounted to EUR 1.3 (loss EUR 16.4) million. The net loss from other financial items amounted to EUR 4.8 (loss EUR 2.1) million, comprising income of EUR 1.4 million from payment-in-kind notes, fair valuation gains of EUR 15.0 million on interest rate swaps, fair valuation gains of EUR 4.7 million on long-term debt and other expenses of EUR 25.9 million.

The fair valuation gains and other expenses include fair value and capital gains totalling EUR 20.5 million and EUR 25.7 million respectively, relating to the unwinding of the last five years of US dollar interest rate swaps used to hedge bonds denominated in US dollars maturing in 2016. A loss of EUR 54.4 million was recognised due to the termination of the hedge relationship which will be amortised until 2016 resulting in a quarterly reduction of interest costs of approximately EUR 2 million. The unwinding of the interest rate swaps resulted in a cash inflow of EUR 25.7 million.

Group capital employed was EUR 7 776.3 million on 31 December 2009, a net decrease of EUR 998.2 million due to fixed asset impairments, restructuring costs and decrease in the fair value of listed and unlisted securities.

#### **January–December 2009 Results (compared with previous year)**

Sales at EUR 8 945.1 million were EUR 2 083.7 million lower than the EUR 11 028.8 million a year earlier due to lower deliveries in all segments and lower prices in local currencies in Fine Paper, Industrial Packaging and Wood Products.

Operating profit excluding non-recurring items and fair valuations decreased by EUR 67.9 million to EUR 320.5 million. Although sales decreased by 19%, operating margin was maintained at 3% through reductions in variable and fixed costs. Wood Products reduced its operating loss by EUR 59.5 million from EUR 67.5 million to EUR 8.0 million. Operating profit increased by EUR 57.6 million on Consumer Board, but decreased by EUR 56.3 million in Industrial Packaging, by EUR 48.5 million in Magazine Paper, by EUR 47.7 million in Fine Paper and by EUR 12.1 million in Newsprint. In the segment Other there was an operating loss of EUR 117.1 (EUR 77.4) million.

Sales prices in local currencies were higher in Magazine Paper and Consumer Board, unchanged in Newsprint but lower in Fine Paper, Industrial Packaging and Wood Products, resulting in an overall negative impact of EUR 174 million on operating profit. The effect of adverse currency movements on sales prices reduced operating profit by a further EUR 159 million. Lower sales volumes in all segments decreased operating profit by EUR 524 million.

Lower fibre costs increased Group operating profit by approximately EUR 247 million including EUR 28 million correction of the wood inventory error identified in the third quarter 2009 results. Lower costs for chemicals and fillers increased operating profit by EUR 73 million and lower other variable costs, including energy and logistics, increased operating profit by EUR 94 million. Personnel and other fixed costs were reduced by EUR 176 million through cost-saving measures and temporary production curtailments. Lower maintenance costs increased operating profit by EUR 55 million. Lower depreciation improved operating profit by EUR 124 million. Deliveries of wood to the Group's mills were 21% less than in the year before at 30 million cubic metres.

Net financial items were EUR -279.2 (EUR -167.2) million. Net interest expenses decreased by EUR 64.5 million to EUR 100.7 million and foreign exchange losses increased from EUR 15.3 million to EUR 29.1 million. The net loss from other financial items amounted to EUR 149.4 (gain EUR 13.3) million, including EUR 148.5 million due to the impairment of the NewPage vendor note. The remaining loss of EUR 0.9 million comprises income of EUR 13.6 million from payment-in-kind notes, fair valuation gains of EUR 8.3

million on interest rate swaps, fair valuation gains of EUR 9.7 million on long-term debt and other expenses of EUR 32.5 million.

#### Q4/2009 Results (compared with Q3/2009)

Sales at EUR 2 398.8 million were EUR 167.8 million higher than the previous quarter's EUR 2 231.0 million due to higher sales prices in local currencies in Consumer Board and Wood Products and higher sales volumes in all segments except Magazine Paper. Sales prices in local currencies remained unchanged in Newsprint, Fine Paper and Industrial Packaging, but declined slightly in Magazine Paper. Operating profit excluding non-recurring items and fair valuations was slightly higher than the previous quarter at EUR 137.5 million. Group capital employed was EUR 7 776.3 million on 31 December 2009, a net decrease of EUR 116.5 million mainly due to reduced working capital.

Operating profit excluding NRI increased by EUR 6.5 million to EUR 41.3 million in Newsprint, by EUR 5.6 million to EUR 15.0 million in Wood Products and by EUR 1.7 million to EUR 22.1 million in Fine Paper. Magazine Paper operating profit decreased by EUR 26.5 million due to seasonal increase in maintenance costs, including the catch-up of the write-down of spare parts, and the cost of restarting production at Sunila Pulp Mill. Consumer Board operating profit decreased by EUR 22.0 million to EUR 42.9 million due to the annual maintenance stoppages at Skoghall and Imatra mills, and the board machine upgrade at Imatra. Industrial Packaging operating profit decreased by EUR 7.4 million to EUR 2.9 million. In the segment Other there was an operating loss of EUR 26.6 (EUR 44.9) million. The share of the operational results of equity accounted investments, excluding non-recurring items and fair valuations, amounted to EUR 35.8 (EUR 6.0) million, with the largest contribution from Bergvik Skog and Tornator due to good harvesting volumes.

Higher sales prices increased operating profit by EUR 15 million and higher sales volumes increased operating profit by EUR 22 million. Lower fibre costs increased operating profit by EUR 13 million and lower other variable costs, including energy, chemicals and logistics, increased operating profit by EUR 7 million. Seasonally higher maintenance costs decreased operating profit by EUR 57 million, with the largest impact in Consumer Board, Newsprint and Magazine Paper, including the catch-up of the write-down of spare parts in Newsprint, Fine Paper and Magazine Paper. Personnel and other fixed costs decreased operating profit by EUR 22 million.

#### Capital Structure

EUR million	31 Dec 09	30 Sep 09	30 Jun 09	31 Mar 09	31 Dec 08
Operative fixed assets	5 936.2	6 037.2	6 593.7	6 648.8	6 853.7
Equity accounted investments	1 481.3	1 177.3	1 117.9	1 063.5	1 042.5
Operative working capital	1 171.2	1 471.0	1 540.6	1 435.4	1 674.7
Non-current interest-free items, net	-498.1	-500.2	- 482.6	-491.1	-513.6
<b>Operating Capital Total</b>	<b>8 090.6</b>	<b>8 185.3</b>	<b>8 769.6</b>	<b>8 656.6</b>	<b>9 057.3</b>
Net tax liabilities	-314.3	-292.5	-276.2	-264.4	-282.8
<b>Capital Employed</b>	<b>7 776.3</b>	<b>7 892.8</b>	<b>8 493.4</b>	<b>8 392.2</b>	<b>8 774.5</b>
Equity attributable to Company shareholders	5 124.3	4 968.1	5 518.8	5 382.3	5 594.0
Non-controlling interests	58.2	57.0	57.0	57.3	56.5
Net interest-bearing liabilities	2 593.8	2 867.7	2 917.6	2 952.6	3 124.0
<b>Financing Total</b>	<b>7 776.3</b>	<b>7 892.8</b>	<b>8 493.4</b>	<b>8 392.2</b>	<b>8 774.5</b>

**Financing Q4/2009 (compared with Q3/2009)**

Cash flow from operations was EUR 495.5 (EUR 325.5) million and cash flow after investing activities EUR 393.6 (EUR 216.1) million, which is the strongest quarterly cash flow since the fourth quarter of 2006. At the end of the period, interest-bearing net liabilities of the Group were EUR 2 593.8 million, a decrease of EUR 273.9 million.

Total unutilised committed credit facilities remained unchanged at EUR 1 400 million, and cash and cash equivalents net of overdrafts increased by EUR 340.2 million to EUR 877.0 million. In addition, Stora Enso has access to various long-term sources of funding up to EUR 700 million.

The debt/equity ratio at 31 December 2009 was 0.51 (0.58). The currency effect on equity was positive EUR 30.3 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 increased equity by EUR 74.4 million. The increase in the fair valuation of Pohjolan Voima was mainly due to higher electricity prices.

**Financing Q4/2009 (compared with Q4/2008)**

At the end of the fourth quarter of 2009 Stora Enso had current borrowings of EUR 1 038.3 million compared with EUR 1 068.3 million at the end of the fourth quarter of 2008. Cash and cash equivalents net of overdrafts at the end of the fourth quarter of 2009 amounted to EUR 877.0 million, compared with EUR 372.6 million at the end of the fourth quarter of 2008.

**Cash Flow**

<b>EUR million</b>	<b>Q4/09</b>	<b>Q3/09</b>	<b>Q4/08</b>	<b>2009</b>	<b>2008</b>	<b>Change % Q4/09– Q4/08</b>	<b>Change % Q4/09– Q3/09</b>	<b>Change % 2009 - 2008</b>
<b>Continuing Operations</b>								
Operating profit/loss	105.3	-502.6	-784.2	-607.6	-726.6	113.4	121.0	16.4
Depreciation and other non-cash items	101.1	693.2	824.8	1 262.0	1 443.2	-87.7	-85.4	-12.6
Change in working capital	289.1	134.9	196.1	606.5	31.8	47.4	114.3	n/m
<b>Cash Flow from Operations</b>	<b>495.5</b>	<b>325.5</b>	<b>236.7</b>	<b>1 260.9</b>	<b>748.4</b>	<b>109.3</b>	<b>52.2</b>	<b>68.5</b>
Capital expenditure	-101.9	-109.4	-223.5	-423.7	-704.7	54.4	6.9	39.9
<b>Cash Flow after Investing Activities</b>	<b>393.6</b>	<b>216.1</b>	<b>13.2</b>	<b>837.2</b>	<b>43.7</b>	<b>n/m</b>	<b>82.1</b>	<b>n/m</b>
<b>Discontinued Operations</b>								
Cash flow from discontinued operations after investing activities	0.0	0.0	0.0	0.0	51.5	n/a	n/a	n/a
<b>Total Cash Flow after Investing Activities</b>	<b>393.6</b>	<b>216.1</b>	<b>13.2</b>	<b>837.2</b>	<b>95.2</b>	<b>n/m</b>	<b>82.1</b>	<b>n/m</b>

**Capital Expenditure for 2009**

Capital expenditure for the year 2009 totalled EUR 423.7 million, which is 77% of depreciation for the full year 2009. Stora Enso's annual depreciation will be about EUR 500 million in 2010. The target capital expenditure for the Group for the full year 2010 is approximately EUR 400 million.

The main projects during 2009 were power plants and energy-related projects at existing mills (EUR 173 million), development of existing production (EUR 78 million) and plantations in South America and China (EUR 36 million).

**Short-term Risks and Uncertainties**

The main short-term risks and uncertainties are related to possible decreases in graphic paper prices due to structural overcapacity, a large increase in RCP costs and the effect of possible oil and energy cost increases.



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.

#### **Fourth Quarter Events**

##### ***October***

On 9 October 2009 Stora Enso announced that its co-determination negotiations at Tolkkinen Sawmill in Finland had been concluded and that Tolkkinen Sawmill would be permanently closed down by the end of 2009. The closure has reduced Stora Enso's number of employees by 41 and its annual production capacity by 260 000 m<sup>3</sup> 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 included 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. Stora Enso and Arauco have established a 50/50 joint venture Montes del Plata to combine their existing assets in Uruguay. The parties have integrated the assets acquired from Grupo ENCE into this joint venture, creating a total land base of approximately 250 000 hectares, nearly half of which is planted with hardwood and softwood.

##### ***November***

On 30 November 2009 Stora Enso announced that it was restarting production at Sunila Pulp Mill in Finland as the state of the pulp market had improved since the beginning of the summer. However, uncertainties remain concerning trends in the market, the profitability of Sunila Mill in the long term and the availability of reasonably priced wood in Finland. This spring Stora Enso will therefore reassess the option of permanently closing down Sunila Pulp Mill. Production at the mill had resumed by the end of the year.

##### ***December***

On 3 December 2009 Stora Enso announced that it had been ordered by the Finnish Market Court to pay a EUR 30 million penalty for collaboration and exchange of information with other forest products companies concerning prices for purchasing roundwood in Finland from 1997 to 2004. In its ruling issued on 3 December 2009, the Finnish Market Court found that Stora Enso, UPM-Kymmene and Metsäliitto Cooperative had infringed the Act on Competition Restrictions by exchanging detailed information. Although the companies had not been proved to have agreed prices for purchasing roundwood, the Market Court regarded the collaboration as intended to stabilise roundwood prices. In the opinion of the Market Court, no specification of the economic benefit of the infringement of competition restrictions had been presented. On 21 December 2009 Stora Enso announced that it had decided to refrain from appealing to the Supreme Administrative Court against the ruling of the Finnish Market Court. However, the Group emphasised that that did not mean the ruling of the Finnish Market Court was right in Stora Enso's opinion.

On 18 December 2009 Stora Enso announced that it had signed the United Nations Global Compact CEO Water Mandate, making Stora Enso the first paper and packaging company to endorse this initiative. The CEO Water Mandate is an initiative that encourages businesses and industry to create and realise sustainable water strategies.

#### **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. Saving plans are now being implemented in various parts of administration, including Sales and Marketing. The majority of the cost reductions were achieved in 2009. The remaining planned cost reductions will be achieved by the end of

2010, so the full impact of this Next Step programme will be apparent in Stora Enso's operating profit from 2011 onwards. The majority of the co-determination procedures were completed during 2009 and actual employment reductions are underway. The final number of employees affected will depend on the outcome of the remaining co-determination procedures.

### **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 equity accounted investment 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. No provisions have been made in Stora Enso's accounts for these lawsuits.

### **Changes in Group Management and Organisational Structure**

On 23 April 2009 Stora Enso announced a new organisational structure and new Group Executive Team with immediate effect. The Business Areas are now:

- Publication Paper (comprising the former Newsprint & Book Paper and Magazine Paper) headed by Juha Vanhainen
- Packaging (comprising the former Consumer Board and Industrial Packaging) headed by Mats Nordlander
- Fine Paper headed by Hannu Alalauri
- Wood Products headed by Hannu Kasurinen

As of 23 April 2009, the Group Executive Team comprises the following eight members:

- Jouko Karvinen, CEO
- Hannu Alalauri, EVP, Fine Paper
- Hannu Kasurinen, EVP, Wood Products
- Mats Nordlander, EVP, Packaging and regional responsibility for Asia Pacific
- Markus Rauramo, CFO
- Bernd Rettig, EVP, Technology and Strategy, Country Manager Germany
- Elisabet Salander Björklund, EVP, Wood Supply, HR, Sustainability, Country Manager Sweden, regional responsibility for Latin America
- Juha Vanhainen, EVP, Publication Paper, Country Manager Finland

The changes above do not affect transparent external segment reporting.

### **Personnel**

On 31 December 2009 there were 27 390 employees in the Group, 4 277 less than at the end of 2008. The average number of employees decreased by 5 119 persons during the year to 28 696. The decrease was due to restructuring, including mill closures and Finnish maintenance outsourcing.

### **Share Capital**

No conversions were recorded during the quarter.

On 31 December 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.

#### **Events after the Period**

On 4 February 2010 Stora Enso announced that Stora Enso's and Arauco's joint-venture company in Uruguay, Montes del Plata, has decided to initiate a feasibility study on Punta Pereira as the site for a possible future pulp mill.

On 4 February 2010 Stora Enso also announced Stora Enso Nomination Committee's proposals to the Annual General Meeting on 31 March 2010 concerning members of the Board of Directors.

#### **Annual General Meeting**

The Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Wednesday 31 March 2010 at Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

The proposals relating to the agenda of the AGM as well as the AGM notice will be available on Stora Enso Oyj's website at [www.storaenso.com/agm](http://www.storaenso.com/agm). The Annual Report of Stora Enso Oyj, including the Company's annual accounts, the report of the Board of Directors and the auditor's report will be available on Stora Enso's website at [www.storaenso.com/investors](http://www.storaenso.com/investors) as a pdf document during the week commencing Monday 22 February 2010. The decision proposals and the Annual Report will also be available at the AGM. Copies of these documents and the AGM notice will be sent to shareholders upon request. The minutes of the AGM will be available on Stora Enso Oyj's website at [www.storaenso.com/agm](http://www.storaenso.com/agm) from 14 April 2010.

#### **Resolution on the use of the profit shown on the balance sheet and the covering of losses as well as the distribution of funds**

The Board of Directors proposes to the AGM that the parent company's loss for the accounting period ended 31 December 2009 and the losses from previous periods evidenced in the parent company's balance sheet, in aggregate approximately EUR 1 251,3 million, be covered through the decrease of the parent company's fund for invested unrestricted equity by the same amount.

The Board of Directors further proposes to the AGM of the Company that EUR 0.20 per share, a maximum aggregate of approximately EUR 158 million, be distributed to the shareholders from the parent company's fund for invested unrestricted equity (the Distribution).

The Distribution shall be paid to shareholders that on the Distribution record date, 7 April 2010, are recorded in the shareholders' register maintained by Euroclear Finland Ltd or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. The Distribution payable for Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish krona. The Distribution payable to ADR holders will be forwarded by Deutsche Bank Trust Company Americas and paid in US dollars.

The Board of Directors proposes to the AGM that the Distribution shall be paid by the Company on 20 April 2010.

This report is unaudited.

Helsinki, 4 February 2010  
Stora Enso Oyj  
Board of Directors

## Segments Q4/09 compared with Q4/08

### Newsprint and Book Paper

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	2009–2008
Sales	359.6	330.0	414.0	1 325.8	1 594.7	-13.1	9.0	-16.9
EBITDA*	63.3	58.6	83.6	228.2	255.2	-24.3	8.0	-10.6
Operating profit*	41.3	34.8	53.0	128.7	140.8	-22.1	18.7	-8.6
% of sales	11.5	10.5	12.8	9.7	8.8	-10.2	9.5	10.2
ROOC, %**	15.9	12.6	18.6	11.9	12.1	-14.5	26.2	-1.7
Deliveries, 1 000 t	675	622	745	2 453	2 870	-9.4	8.5	-14.5
Production, 1 000 t	651	627	699	2 451	2 808	-6.9	3.8	-12.7

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

Newsprint and book paper sales were EUR 359.6 million, down 13% on the fourth quarter of 2008 due to lower sales prices and volumes. Operating profit was EUR 41.3 million, down 22% on the fourth quarter of 2008 due to lower deliveries and prices outside Europe.

### Markets

*Compared with Q4/2008*

In Europe demand was weaker, mainly due to the decrease in classified and other advertising that adversely affected free newspapers especially hard after their years of growth. Prices and industry inventories were higher than a year ago.

*Compared with Q3/2009*

Demand improved slightly due to seasonal factors and low customer inventories, so order books increased and industry inventories decreased. Annual contracts kept European prices steady.

### Magazine Paper

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	2009–2008
Sales	430.2	469.0	544.3	1 676.0	2 177.0	-21.0	-8.3	-23.0
EBITDA*	28.8	55.3	53.2	145.3	223.5	-45.9	-47.9	-35.0
Operating profit*	4.1	30.6	19.7	40.3	88.8	-79.2	-86.6	-54.6
% of sales	1.0	6.5	3.6	2.4	4.1	-72.2	-84.6	-41.5
ROOC, %**	1.3	9.3	5.4	3.1	6.0	-75.9	-86.0	-48.3
Deliveries, 1 000 t***	586	565	709	2 150	2 786	-17.3	3.7	-22.8
Production, 1 000 t***	551	555	644	2 110	2 774	-14.4	-0.7	-23.9

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

Magazine paper sales were EUR 430.2 million, down 21% on the fourth quarter of 2008 mainly due to weaker demand. Operating profit was EUR 4.1 million, down 79% on the fourth quarter of 2008 due to lower sales volumes and prices, and higher maintenance and other fixed costs.

Sunila Pulp Mill resumed production on 1 December 2009 and prime quality pulp was being produced by Christmas.

### Markets

*Compared with Q4/2008*

In Europe demand for magazine paper was weaker than a year earlier due to the sharp decline in advertising expenditure. Prices for coated and uncoated magazine paper were raised at the start of 2009 but fell back in some markets in the second half to end the year slightly down. Industry inventories were lower.

In Latin America demand for coated magazine paper was weaker and prices were lower on average.

In China uncoated magazine paper demand and prices were substantially down on a year ago.

*Compared with Q3/2009*

In Europe demand for magazine paper strengthened, partly for seasonal reasons.

Prices for both grades were steady in Europe, but came under pressure in North and South America due to weak demand in the USA and exchange rate trends. Industry inventories in both grades dropped to their lowest levels for the year.

In Latin America demand for coated magazine paper weakened slightly, but prices were steady.

In China demand for uncoated magazine paper improved while prices remained stable.

### Fine Paper

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	
Sales	492.0	449.6	484.8	1 823.9	2 111.7	1.5	9.4	-13.6
EBITDA*	44.7	42.0	19.5	134.5	219.8	129.2	6.4	-38.8
Operating profit/loss*	22.1	20.4	-9.7	32.7	80.4	n/m	8.3	-59.3
% of sales	4.5	4.5	-2.0	1.8	3.8	n/m	0.0	-52.6
ROOC, %**	9.3	7.3	-2.5	2.8	5.3	n/m	27.4	-47.2
Deliveries, 1 000 t	694	616	622	2 538	2 730	11.6	12.7	-7.0
Production, 1 000 t	652	639	611	2 507	2 707	6.7	2.0	-7.4

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

Fine paper sales were EUR 492.0 million, up 1.5% on the fourth quarter of 2008 due to higher sales volumes. Operating profit was EUR 22.1 million, an improvement of EUR 31.8 million on the fourth quarter of 2008 due to higher volumes and generally lower variable and fixed costs. Although the whole-year operating profit was much less in 2009 than 2008, operating profit recovered in the second half of 2009 due to cost reductions and somewhat improved demand. The annual maintenance stoppage at Nymölla Mill in Sweden was taken during the fourth quarter of 2009.

Paper machine (PM) 8 at Imatra Mills will be permanently shut down in March, decreasing uncoated fine paper capacity by 210 000 tonnes.

### Markets

*Compared with Q4/2008*

In Europe demand for coated fine paper was weaker than a year ago due to advertising cutbacks, and demand for uncoated fine paper was slightly weaker following the economic slowdown. Increased shipments to overseas improved the order stock of uncoated fine paper. Coated fine paper prices were lower and uncoated fine paper prices much lower than a year earlier. Industry inventories were lower in both grades.

In China demand for coated fine paper was good and prices were higher than a year ago.

*Compared with Q3/2009*

In Europe demand for coated and uncoated fine paper recovered, partly for seasonal reasons, but prices eroded further. However, industry inventories declined in both grades.

In China coated fine paper demand was stable, but prices rose.

**Consumer Board**

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	2009–2008
Sales	505.0	470.7	506.3	1 895.9	2 231.9	-0.3	7.3	-15.1
EBITDA*	74.1	93.7	31.6	284.3	242.0	134.5	-20.9	17.5
Operating profit*	42.9	64.9	4.3	164.9	107.3	n/m	-33.9	53.7
% of sales	8.5	13.8	0.8	8.7	4.8	n/m	-38.4	81.3
ROOC, %**	14.5	21.3	1.3	13.7	7.2	n/m	-31.9	90.3
Deliveries, 1 000 t***	560	567	546	2 201	2 442	2.6	-1.2	-9.9
Production, 1 000 t***	512	589	526	2 161	2 437	-2.7	-13.1	-11.3

\* Excluding non-recurring items \*\* ROOC =  $100\% \times \text{Operating profit} / \text{Operating capital}$  \*\*\* Excluding pulp

Consumer board sales were EUR 505.0 million, unchanged on the fourth quarter of 2008. The positive impact of the increase in board sales volumes was largely offset by the one-third decrease in market pulp sales because Enocell Pulp Mill remained temporarily shut down for some of the fourth quarter of 2009. Operating profit was EUR 42.9 million, up EUR 38.6 million on the fourth quarter of 2008 due to higher board sales, a better sales mix and generally lower variable costs.

In Finland the major quality and productivity upgrade of board machine (BM) 4 at Imatra Mills was completed and Enocell Pulp Mill resumed production in early November.

The already announced plan to upgrade polymer coating (PE) is proceeding in stages through investments at Imatra Mills in Finland during 2010 and 2011. The coating machine at Karhula in Finland is now scheduled to be permanently shut down in summer 2011.

**Markets**

*Compared with Q4/2008*

Demand for consumer board was stronger than in the very difficult fourth quarter of 2008, driven by better demand for cartonboard. Board prices were relatively stable on average, with some variation between segments.

*Compared with Q3/2009*

Contrary to the normal seasonal pattern, demand strengthened, especially in Eastern Europe, and prices remained stable.

**Industrial Packaging**

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change	Change	Change
						% Q4/09– Q4/08	% Q4/09– Q3/09	% 2009– 2008
Sales	220.6	203.7	242.5	815.5	1 076.5	-9.0	8.3	-24.2
EBITDA*	14.8	22.5	20.2	65.4	132.7	-26.7	-34.2	-50.7
Operating profit*	2.9	10.3	6.2	17.6	73.9	-53.2	-71.8	-76.2
% of sales	1.3	5.1	2.6	2.2	6.9	-50.0	-74.5	-68.1
ROOC, %**	2.0	7.2	3.6	3.0	11.2	-44.4	-72.2	-73.2
Paper and board deliveries, 1 000 t	229	217	229	832	1 008	0.0	5.5	-17.5
Paper and board production, 1 000 t	221	216	218	807	1 020	1.4	2.3	-20.9
Corrugated packaging deliveries, million m <sup>2</sup>	255	245	254	966	1 071	0.4	4.1	-9.8
Corrugated packaging production, million m <sup>2</sup>	258	239	252	962	1 066	2.4	7.9	-9.8

\* Excluding non-recurring items \*\* ROOC =  $100\% \times \text{Operating profit} / \text{Operating capital}$

Industrial packaging sales were EUR 220.6 million, down 9% on the fourth quarter of 2008 mainly due to lower sales prices in all main businesses. Operating profit was EUR 2.9 million, down 53% on the fourth quarter of 2008 as lower sales prices outweighed the benefits of lower fixed and variable costs. As already announced, Stora Enso is endeavouring to divest the loss-making laminating paper business.

**Markets**

*Compared with Q4/2008*

Demand was generally similar but prices were clearly lower than a year ago.

*Compared with Q3/2009*

Demand strengthened in all industrial packaging grades and prices gradually started to improve, led by containerboard.

**Wood Products**

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change %
						Q4/09– Q4/08	Q4/09– Q3/09	
Sales	344.9	306.9	348.7	1 239.6	1 503.3	-1.1	12.4	-17.5
EBITDA*	23.9	17.1	-8.5	25.6	-19.4	n/m	39.8	232.0
Operating profit/loss*	15.0	9.4	-18.9	-8.0	-67.5	179.4	59.6	88.1
% of sales	4.3	3.1	-5.4	-0.7	-4.5	179.6	38.7	84.4
ROOC, %**	10.4	6.4	-11.1	-1.4	-9.8	193.7	62.5	85.7
Deliveries, 1 000 m <sup>3</sup>	1 298	1 190	1 422	4 902	5 893	-8.7	9.1	-16.8

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

Wood product sales were EUR 344.9 million, down 1% on the fourth quarter of 2008 mainly due to lower sales volumes. Despite lower volumes and continuing weak demand, operating profit was EUR 15.0 million, a significant improvement of EUR 33.9 million on the fourth quarter of 2008. This rebound was achieved mostly through lower fixed and wood costs.

**Markets**

*Compared with Q4/2008*

Demand was again weaker than a year ago in the main European and Asian markets due to very low construction activity. However, heavy curtailments by the wood products industry improved the supply and demand balance and clearly reduced industry inventories. After bottoming out during the first quarter of 2009, sales prices rose to end 2009 largely unchanged on a year earlier in Europe. Sawlog prices, which declined through most of 2009, have started rising due to strengthening demand and limited supply.

*Compared with Q3/2009*

Demand in the main markets remained weak but relatively stable, despite some seasonal weakening towards the year end. Prices continued to improve in Europe and Asia due to tightening supply. Inventories increased slightly during the quarter from very low levels.

## 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 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.



**Condensed Consolidated Income Statement**

EUR million	Q4/09	Q3/09	Q4/08	2009	2008	Change %	Change %	Change
						Q4/09– Q4/08	Q4/09– Q3/09	% 2009 - 2008
<b>Continuing Operations</b>								
<b>Sales</b>	2 398.8	2 231.0	2 602.5	8 945.1	11 028.8	-7.8	7.5	-18.9
Other operating income	58.9	30.7	51.4	172.8	120.2	14.6	91.9	43.8
Materials and services	-1 529.4	-1 403.7	-1 730.3	-5 668.1	-6 905.0	11.6	-9.0	17.9
Freight and sales commissions	-218.4	-207.2	-266.0	-833.6	-1 127.1	17.9	-5.4	26.0
Personnel expenses	-349.9	-298.1	-402.2	-1 349.6	-1 669.1	13.0	-17.4	19.1
Other operating expenses	-161.4	-155.9	-222.3	-833.1	-752.7	27.4	-3.5	-10.7
Share of results of equity accounted investments	77.6	8.8	-37.2	111.8	0.7	308.6	n/m	n/m
Depreciation and impairment	-170.9	-708.2	-780.1	-1 152.9	-1 422.4	78.1	75.9	18.9
<b>Operating Profit/Loss</b>	<b>105.3</b>	<b>-502.6</b>	<b>-784.2</b>	<b>-607.6</b>	<b>-726.6</b>	<b>113.4</b>	<b>121.0</b>	<b>16.4</b>
Net financial items	-24.7	-46.1	-61.4	-279.2	-167.2	59.8	46.4	-67.0
<b>Profit/Loss before Tax</b>	<b>80.6</b>	<b>-548.7</b>	<b>-845.6</b>	<b>-886.8</b>	<b>-893.8</b>	<b>109.5</b>	<b>114.7</b>	<b>0.8</b>
Income tax	-34.7	29.0	191.0	8.6	214.8	-118.2	-219.7	-96.0
<b>Net Profit/Loss for the Period from Continuing Operations</b>	<b>45.9</b>	<b>-519.7</b>	<b>-654.6</b>	<b>-878.2</b>	<b>-679.0</b>	<b>107.0</b>	<b>108.8</b>	<b>-29.3</b>
<b>Discontinued Operations</b>								
Profit after tax for the period from discontinued operations	0.0	0.0	0.1	0.0	4.3	-100.0	n/a	-100.0
<b>Net Profit/Loss for the Period</b>	<b>45.9</b>	<b>-519.7</b>	<b>-654.5</b>	<b>-878.2</b>	<b>-674.7</b>	<b>107.0</b>	<b>108.8</b>	<b>-30.2</b>
<b>Attributable to:</b>								
Owners of the Parent	46.1	-519.7	-648.5	-879.7	-673.4	107.1	108.9	-30.6
Non-controlling interests	-0.2	0.0	-6.0	1.5	-1.3	96.7	n/a	215.4
	<b>45.9</b>	<b>-519.7</b>	<b>-654.5</b>	<b>-878.2</b>	<b>-674.7</b>	<b>107.0</b>	<b>108.8</b>	<b>-30.2</b>
<b>Earnings per Share</b>								
Basic earnings per share, EUR	0.05	-0.66	-0.82	-1.12	-0.85	106.10	107.6	-31.8
Diluted earnings per share, EUR	0.05	-0.66	-0.82	-1.12	-0.85	106.10	107.6	-31.8
<b>Earnings per Share from Continuing Operations</b>								
Basic earnings per share, EUR	0.05	-0.66	-0.82	-1.12	-0.86	106.10	107.6	-30.2
Diluted earnings per share, EUR	0.05	-0.66	-0.82	-1.12	-0.86	106.10	107.6	-30.2

**Consolidated Statement of Comprehensive Income**

<b>EUR million</b>	<b>2009</b>	<b>2008</b>
Net loss for the period	-878.2	-674.7
<b>Other Comprehensive Income</b>		
Actuarial gains & losses on defined benefit pension plans	-20.4	-12.7
Asset revaluation on step acquisition	3.9	-
Available for sale financial assets	180.3	-398.0
Currency and commodity hedges	224.1	-312.3
Share of other comprehensive income of equity accounted investments	-8.5	-9.4
Currency translation movements on equity net investments (CTA)	252.6	-328.3
Currency translation movements on non-controlling interests	5.9	-5.5
Net investment hedges	0.7	1.3
Income tax relating to components of other comprehensive income	-65.0	88.8
<b>Other Comprehensive Income, net of tax</b>	<b>573.6</b>	<b>-976.1</b>
<b>Total Comprehensive Income</b>	<b>-304.6</b>	<b>-1 650.8</b>
<b>Total Comprehensive Income Attributable to:</b>		
Owners of the Parent	-312.0	-1 644.7
Non-controlling interests	7.4	-6.1
	<b>-304.6</b>	<b>-1 650.8</b>

**Condensed Consolidated Statement of Cash Flows**

<b>EUR million</b>	<b>2009</b>	<b>2008</b>
<b>Cash Flow from Operating Activities</b>		
Operating loss	-607.6	-714.8
Hedging result from OCI	233.4	-280.9
Adjustments for non-cash items	1 262.0	1 453.8
Change in net working capital	638.0	81.5
<b>Cash Flow Generated by Operations</b>	<b>1 525.8</b>	<b>539.6</b>
Net financials items paid/received	-220.3	47.7
Income taxes paid/received, net	-3.0	25.6
<b>Net Cash Provided by Operating Activities</b>	<b>1 302.5</b>	<b>612.9</b>
<b>Cash Flow from Investing Activities</b>		
Acquisitions of subsidiaries	-8.4	-4.5
Acquisitions of equity accounted investments	-128.5	-53.9
Proceeds from sale of fixed assets and shares	98.0	230.3
Capital expenditure	-423.7	-706.9
Payment of non-current receivables, net	-24.2	-16.2
<b>Net Cash Used in Investing Activities</b>	<b>-486.8</b>	<b>-551.2</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of new long-term debt	636.1	303.6
Long-term debt, payments	-411.3	-634.2
Change in short-term borrowings	-359.9	4.0
Dividends and capital repayments paid	-157.7	-354.9
Equity repayment and dividend to non-controlling interests	-7.7	-4.2
<b>Net Cash Used in Financing Activities</b>	<b>-300.5</b>	<b>-685.7</b>
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>515.2</b>	<b>-624.0</b>
Cash and bank in acquired companies	4.4	0.0
Cash and bank in disposed companies	-0.1	-31.3
Translation adjustment	-15.1	148.6
Net cash and cash equivalents at the beginning of period	372.6	879.3
<b>Net Cash and Cash Equivalents at Period End</b>	<b>877.0</b>	<b>372.6</b>
<b>Cash and Cash Equivalents at Period End</b>	<b>890.4</b>	<b>415.8</b>
<b>Bank Overdrafts at Period End</b>	<b>-13.4</b>	<b>-43.2</b>
<b>Net Cash and Cash Equivalents at Period End</b>	<b>877.0</b>	<b>372.6</b>
<b>Acquisitions of Subsidiary Companies</b>		
Cash and cash equivalents	4.4	-
Fixed assets	17.6	3.9
Working capital	20.4	0.2
Tax assets and liabilities	16.0	-0.4
Interest-bearing liabilities	-44.1	-1.0
Non-controlling interests	-2.0	1.8
<b>Fair Value of Net Assets</b>	<b>12.3</b>	<b>4.5</b>
Gain from step acquisition realised directly in equity	-3.9	-
<b>Total Purchase Consideration</b>	<b>8.4</b>	<b>4.5</b>

**Disposal of Subsidiary Companies**

Cash and cash equivalents	0.1	31.3
Fixed assets	92.6	281.8
Working capital	2.1	167.0
Interest-bearing liabilities	-	-230.4
Tax liabilities	-	-26.4
Non-controlling Interest	-	3.4
<b>Net Assets in Divested Companies</b>	<b>94.8</b>	<b>226.7</b>
Income Statement capital gain/loss	-	1.5
<b>Total Disposal Consideration Received in Cash and Kind</b>	<b>94.8</b>	<b>228.2</b>

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

<b>EUR million</b>	<b>2009</b>	<b>2008</b>
Carrying value at 1 January	5 899.4	7 232.4
Acquisition of subsidiary companies	17.6	3.9
Capital expenditure	394.4	648.2
Additions in biological assets	35.5	58.7
Change in emission rights	-41.7	61.8
Disposals	-27.9	-54.7
Disposals of subsidiary companies	-92.6	-281.8
Depreciation and impairment, continuing operations	-1 152.9	-1 422.4
Depreciation and impairment, discontinued operations	-	-46.1
Translation difference and other	125.9	-300.6
<b>Statement of Financial Position Total</b>	<b>5 157.7</b>	<b>5 899.4</b>

**Borrowings**

<b>EUR million</b>	<b>31 Dec 09</b>	<b>31 Dec 08</b>
Non-current borrowings	2 898.4	3 007.8
Current borrowings	1 038.3	1 068.3
	<b>3 936.7</b>	<b>4 076.1</b>
	<b>2009</b>	<b>2008</b>
Carrying value at 1 January	4 076.1	4 441.4
Debt acquired with new subsidiaries	44.1	1.0
Debt disposed with sold subsidiaries	-	-230.4
Payments of borrowings (net)	-255.1	-59.7
Translation difference and other	71.6	-76.2
<b>Statement of Financial Position Total</b>	<b>3 936.7</b>	<b>4 076.1</b>

**Condensed Consolidated Statement of Financial Position**

<b>EUR million</b>		<b>31 Dec 09</b>	<b>31 Dec 08</b>
<b>Assets</b>			
<b>Fixed Assets and Other Non-current Investments</b>			
Fixed assets	O	4 979.9	5 698.8
Biological assets	O	152.5	133.6
Emission rights	O	25.3	67.0
Equity accounted investments	O	1 481.3	1 042.5
Available-for-sale: Listed securities	I	71.7	154.9
Available-for-sale: Unlisted shares	O	778.5	954.3
Non-current loan receivables	I	159.6	130.3
Deferred tax assets	T	155.8	74.5
Other non-current assets	O	30.4	16.2
		<b>7 835.0</b>	<b>8 272.1</b>
<b>Current Assets</b>			
Inventories	O	1 281.6	1 693.6
Tax receivables	T	2.4	25.0
Operative receivables	O	1 362.6	1 583.2
Interest-bearing receivables	I	221.2	251.1
Cash and cash equivalents	I	890.4	415.8
		<b>3 758.2</b>	<b>3 968.7</b>
<b>Total Assets</b>		<b>11 593.2</b>	<b>12 240.8</b>
<b>Equity and Liabilities</b>			
Owners of the Parent		5 124.3	5 594.0
Non-controlling Interests		58.2	56.5
<b>Total Equity</b>		<b>5 182.5</b>	<b>5 650.5</b>
<b>Non-current Liabilities</b>			
Post-employment benefit provisions	O	305.0	299.0
Other provisions	O	180.4	202.3
Deferred tax liabilities	T	364.4	277.5
Non-current debt	I	2 898.4	3 007.8
Other non-current operative liabilities	O	43.1	28.5
		<b>3 791.3</b>	<b>3 815.1</b>
<b>Current Liabilities</b>			
Current portion of long-term debt	I	814.8	437.4
Interest-bearing liabilities	I	223.5	630.9
Operative liabilities	O	1 473.0	1 602.1
Tax liabilities	T	108.1	104.8
		<b>2 619.4</b>	<b>2 775.2</b>
<b>Total Liabilities</b>		<b>6 410.7</b>	<b>6 590.3</b>
<b>Total Equity and Liabilities</b>		<b>11 593.2</b>	<b>12 240.8</b>

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-Restricted Equity Fund	Treasury Shares	Step Acquisition Revaluation Surplus	Available for sale financial assets	Currency and commodity hedges	Currency and commodity hedges of equity accounted investments	CTA & net investment hedges	Retained Earnings	Attributable to owners of the parent	Non-controlling interests	Total
<b>Balance at 31 December 2007</b>	<b>1 342.2</b>	<b>2 276.4</b>	-	<b>-10.2</b>	-	<b>899.1</b>	<b>62.4</b>	<b>-1.1</b>	<b>-115.6</b>	<b>3 140.4</b>	<b>7 593.6</b>	<b>71.9</b>	<b>7 665.5</b>
Profit for the period	-	-	-	-	-	-	-	-	-	-673.4	<b>-673.4</b>	-1.3	<b>-674.7</b>
OCI before tax	-	-	-	-	-	-398.0	-312.3	-9.4	-327.0	-13.4	<b>-1 060.1</b>	-4.8	<b>-1 064.9</b>
Income tax relating to components of OCI	-	-	-	-	-	9.5	83.8	-	-1.2	-3.3	<b>88.8</b>	-	<b>88.8</b>
<i>Total Comprehensive Income</i>	-	-	-	-	-	-388.5	-228.5	-9.4	-328.2	-690.1	<b>-1 644.7</b>	-6.1	<b>-1 650.8</b>
Dividends relating to 2007	-	-	-	-	-	-	-	-	-	-354.9	<b>-354.9</b>	-4.2	<b>-359.1</b>
Acquisition & disposals	-	-	-	-	-	-	-	-	-	-	-	-3.3	<b>-3.3</b>
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-1.8	<b>-1.8</b>
<b>Balance at 31 December 2008</b>	<b>1 342.2</b>	<b>2 276.4</b>	-	<b>-10.2</b>	-	<b>510.6</b>	<b>-166.1</b>	<b>-10.5</b>	<b>-443.8</b>	<b>2 095.4</b>	<b>5 594.0</b>	<b>56.5</b>	<b>5 650.5</b>
Loss for the period	-	-	-	-	-	-	-	-	-	-879.7	<b>-879.7</b>	1.5	<b>-878.2</b>
OCI before tax	-	-	-	-	3.9	180.3	224.1	-8.5	253.3	-20.4	<b>632.7</b>	5.9	<b>638.6</b>
Income tax relating to components of OCI	-	-	-	-	-	-6.7	-58.8	-	-4.1	4.6	<b>-65.0</b>	-	<b>-65.0</b>
<i>Total Comprehensive Income</i>	-	-	-	-	3.9	173.6	165.3	-8.5	249.2	-895.5	<b>-312.0</b>	7.4	<b>-304.6</b>
Dividends relating to 2008	-	-	-	-	-	-	-	-	-	-	-	-2.2	<b>-2.2</b>
Acquisition & disposals	-	-	-	-	-	-	-	-	-	-	-	-3.4	<b>-3.4</b>
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-0.1	<b>-0.1</b>
Transfer to distributable reserves	-	-1 927.2	1 927.2	-	-	-	-	-	-	-	-	-	-
Return of capital	-	-157.7	-	-	-	-	-	-	-	-	<b>-157.7</b>	-	<b>-157.7</b>
<b>Balance at 31 December 2009</b>	<b>1 342,2</b>	<b>191,5</b>	<b>1 927,2</b>	<b>-10,2</b>	<b>3,9</b>	<b>684,2</b>	<b>-0,8</b>	<b>-19,0</b>	<b>-194,6</b>	<b>1 199,9</b>	<b>5 124,3</b>	<b>58,2</b>	<b>5 182,5</b>

CTA = Cumulative Translation Adjustment

OCI = Other Comprehensive Income

## Commitments and Contingencies

EUR million	31 Dec 09	31 Dec 08
<b>On Own Behalf</b>		
Pledges given	-	0.8
Mortgages	16.2	62.0
<b>On Behalf of Equity Accounted Investments</b>		
Guarantees	180.2	180.5
<b>On Behalf of Others</b>		
Guarantees	121.7	156.3
<b>Other Commitments, Own</b>		
Operating leases, in next 12 months	27.2	28.9
Operating leases, after next 12 months	79.3	95.0
Pension liabilities	0.3	0.2
Other commitments	36.4	40.4
<b>Total</b>	<b>461.3</b>	<b>564.1</b>
Pledges given	-	0.8
Mortgages	16.2	62.0
Guarantees	301.9	336.8
Operating leases	106.5	123.9
Pension liabilities	0.3	0.2
Other commitments	36.4	40.4
<b>Total</b>	<b>461.3</b>	<b>564.1</b>

## Purchase Agreement Commitments

EUR million	Contract Total	Scheduled Contract Payments			
		2010	2011-2012	2013-2014	2015+
<b>Type of Supply</b>					
Fibre	1 483.6	205.6	357.4	346.6	574.0
Energy	1 779.1	377.8	472.7	294.3	634.3
Logistics	469.6	65.0	110.1	93.7	200.8
Other production costs	697.6	75.6	121.0	50.3	450.7
	4 429.9	724.0	1 061.2	784.9	1 859.8
Capital Expenditure	113.5	112.0	1.5	0.0	0.0
<b>Total Contractual Commitments at 31 December 2009</b>	<b>4 543.4</b>	<b>836.0</b>	<b>1 062.7</b>	<b>784.9</b>	<b>1 859.8</b>

**Fair Values of Derivative Financial Instruments**

EUR million	31 Dec 09			31 Dec 08
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values
Interest rate swaps	194.7	-38.1	156.6	227.2
Interest rate options	-	-26.7	-26.7	-38.0
Forward contracts	49.2	-28.7	20.5	-73.9
Currency options	26.7	-12.8	13.9	-14.6
Commodity contracts	21.0	-42.8	-21.8	-90.7
Equity swaps ("TRS") & equity options	5.2	-19.3	-14.1	-57.4
<b>Total</b>	<b>296.8</b>	<b>-168.4</b>	<b>128.4</b>	<b>-47.4</b>

**Nominal Values of Derivative Financial Instruments**

EUR million	31 Dec 09	31 Dec 08
<b>Interest Rate Derivatives</b>		
Interest rate swaps		
Maturity under 1 year	666.8	592.8
Maturity 2–5 years	2 384.0	1 683.4
Maturity 6–10 years	861.8	2 341.6
	<u>3 912.6</u>	<u>4 617.8</u>
Interest rate options	387.4	394.3
<b>Total</b>	<b>4 300.0</b>	<b>5 012.1</b>
<b>Foreign Exchange Derivatives</b>		
Forward contracts	2 935.7	3 049.4
Currency options	1 590.7	1 438.9
<b>Total</b>	<b>4 526.4</b>	<b>4 488.3</b>
<b>Commodity Derivatives</b>		
Commodity contracts	396.7	604.6
<b>Total</b>	<b>396.7</b>	<b>604.6</b>
<b>Total Return (Equity) Swaps</b>		
Equity swaps ("TRS")	104.7	158.2
Equity options	-	22.0
<b>Total</b>	<b>104.7</b>	<b>180.2</b>



**Sales by Segment**

<b>EUR million</b>	<b>2009</b>	<b>Q4/09</b>	<b>Q3/09</b>	<b>Q2/09</b>	<b>Q1/09</b>	<b>2008</b>	<b>Q4/08</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q1/08</b>
Newsprint and Book Paper	<b>1 325.8</b>	359.6	330.0	327.5	308.7	<b>1 594.7</b>	414.0	405.2	389.0	386.5
Magazine Paper	<b>1 676.0</b>	430.2	469.0	396.0	380.8	<b>2 177.0</b>	544.3	544.9	540.5	547.3
Fine Paper	<b>1 823.9</b>	492.0	449.6	450.4	431.9	<b>2 111.7</b>	484.8	543.9	537.8	545.2
Consumer Board	<b>1 895.9</b>	505.0	470.7	460.3	459.9	<b>2 231.9</b>	506.3	563.9	587.3	574.4
Industrial Packaging	<b>815.5</b>	220.6	203.7	194.0	197.2	<b>1 076.5</b>	242.5	273.1	285.4	275.5
Wood Products	<b>1 239.6</b>	344.9	306.9	315.8	272.0	<b>1 503.3</b>	348.7	366.2	409.8	378.6
Other	<b>2 175.2</b>	619.4	450.1	507.8	597.9	<b>3 586.9</b>	794.6	857.0	947.7	987.6
Inter-segment sales	<b>-2 006.8</b>	-572.9	-449.0	-467.0	-517.9	<b>-3 253.2</b>	-732.7	-831.5	-825.7	-863.3
<b>Continuing Operations</b>	<b>8 945.1</b>	<b>2 398.8</b>	<b>2 231.0</b>	<b>2 184.8</b>	<b>2 130.5</b>	<b>11 028.8</b>	<b>2 602.5</b>	<b>2 722.7</b>	<b>2 871.8</b>	<b>2 831.8</b>
Discontinued operations	-	-	-	-	-	<b>708.7</b>	-1.8	0.4	180.5	529.6
Inter-segment sales	-	-	-	-	-	<b>-179.3</b>	0.9	0.0	-45.8	-134.4
<b>Total</b>	<b>8 945.1</b>	<b>2 398.8</b>	<b>2 231.0</b>	<b>2 184.8</b>	<b>2 130.5</b>	<b>11 558.2</b>	<b>2 601.6</b>	<b>2 723.1</b>	<b>3 006.5</b>	<b>3 227.0</b>

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

<b>EUR million</b>	<b>2009</b>	<b>Q4/09</b>	<b>Q3/09</b>	<b>Q2/09</b>	<b>Q1/09</b>	<b>2008</b>	<b>Q4/08</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q1/08</b>
Newsprint and Book Paper	<b>128.7</b>	41.3	34.8	31.1	21.5	<b>140.8</b>	53.0	33.5	27.9	26.4
Magazine Paper	<b>40.3</b>	4.1	30.6	5.7	-0.1	<b>88.8</b>	19.7	27.4	14.5	27.2
Fine Paper	<b>32.7</b>	22.1	20.4	-4.1	-5.7	<b>80.4</b>	-9.7	33.1	19.7	37.3
Consumer Board	<b>164.9</b>	42.9	64.9	41.6	15.5	<b>107.3</b>	4.3	37.5	23.0	42.5
Industrial Packaging	<b>17.6</b>	2.9	10.3	0.9	3.5	<b>73.9</b>	6.2	20.0	20.1	27.6
Wood Products	<b>-8.0</b>	15.0	9.4	-8.7	-23.7	<b>-67.5</b>	-18.9	-14.3	-10.9	-23.4
Other	<b>-117.1</b>	-26.6	-44.9	-24.3	-21.3	<b>-77.4</b>	-48.2	-7.8	-8.2	-13.2
<b>Operating Profit/Loss excl. NRI by Segment</b>	<b>259.1</b>	<b>101.7</b>	<b>125.5</b>	<b>42.2</b>	<b>-10.3</b>	<b>346.3</b>	<b>6.4</b>	<b>129.4</b>	<b>86.1</b>	<b>124.4</b>
Share of results of equity accounted investments excl. fair valuations	<b>61.4</b>	35.8	6.0	6.3	13.3	<b>42.1</b>	22.0	-3.9	8.3	15.7
<b>Operating Profit excl. NRI and Fair Valuations*</b>	<b>320.5</b>	<b>137.5</b>	<b>131.5</b>	<b>48.5</b>	<b>3.0</b>	<b>388.4</b>	<b>28.4</b>	<b>125.5</b>	<b>94.4</b>	<b>140.1</b>
Fair valuations*	<b>4.4</b>	9.9	21.0	11.4	-37.9	<b>-69.6</b>	-47.9	15.2	-21.8	-15.1
<b>Operating Profit/Loss excl. NRI</b>	<b>324.9</b>	<b>147.4</b>	<b>152.5</b>	<b>59.9</b>	<b>-34.9</b>	<b>318.8</b>	<b>-19.5</b>	<b>140.7</b>	<b>72.6</b>	<b>125.0</b>
NRI	<b>-932.5</b>	-42.1	-655.1	-269.3	34.0	<b>-1 045.4</b>	-764.7	-279.4	-1.3	-
<b>Operating Loss/Profit (IFRS)</b>	<b>-607.6</b>	<b>105.3</b>	<b>-502.6</b>	<b>-209.4</b>	<b>-0.9</b>	<b>-726.6</b>	<b>-784.2</b>	<b>-138.7</b>	<b>71.3</b>	<b>125.0</b>
Net financial items	<b>-279.2</b>	-24.7	-46.1	-161.2	-47.2	<b>-167.2</b>	-61.4	-23.0	-40.9	-41.9
<b>Loss/Profit before Tax and Non-controlling Interests</b>	<b>-886.8</b>	<b>80.6</b>	<b>-548.7</b>	<b>-370.6</b>	<b>-48.1</b>	<b>-893.8</b>	<b>-845.6</b>	<b>-161.7</b>	<b>30.4</b>	<b>83.1</b>
Income tax expense	<b>8.6</b>	-34.7	29.0	2.3	12.0	<b>214.8</b>	191.0	42.6	-1.8	-17.0
<b>Net Loss/Profit from Continuing Operations</b>	<b>-878.2</b>	<b>45.9</b>	<b>-519.7</b>	<b>-368.3</b>	<b>-36.1</b>	<b>-679.0</b>	<b>-654.6</b>	<b>-119.1</b>	<b>28.6</b>	<b>66.1</b>
<b>Discontinued Operations</b>										
Net profit/loss after tax for the period from discontinued operations	-	-	-	-	-	<b>4.3</b>	<b>0.1</b>	<b>0.9</b>	<b>-1.8</b>	<b>5.1</b>
<b>Net Loss/Profit</b>	<b>-878.2</b>	<b>45.9</b>	<b>-519.7</b>	<b>-368.3</b>	<b>-36.1</b>	<b>-674.7</b>	<b>-654.5</b>	<b>-118.2</b>	<b>26.8</b>	<b>71.2</b>

\* Fair valuations include synthetic options net of realised and open hedges, CO<sub>2</sub> emission rights, and valuations of biological assets related to forest assets in equity accounted investments.

**NRI by Segment**

<b>EUR million</b>	<b>2009</b>	<b>Q4/09</b>	<b>Q3/09</b>	<b>Q2/09</b>	<b>Q1/09</b>	<b>2008</b>	<b>Q4/08</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q1/08</b>
Newsprint and Book Paper	-52.2	-1.1	-80.1	-	29.0	-15.2	-5.0	-7.8	-2.4	-
Magazine Paper	-163.5	-11.4	-152.1	-	-	-60.4	-19.1	-38.7	-2.6	-
Fine Paper	-314.2	-0.6	-313.6	-	-	-394.2	-399.7	-1.5	7.0	-
Consumer Board	-34.2	1.6	-35.8	-	-	-301.4	-118.9	-178.2	-4.3	-
Industrial Packaging	-28.7	-0.5	-28.2	-	-	-64.6	-45.4	-18.2	-1.0	-
Wood Products	-7.7	1.0	-8.7	-	-	-88.0	-80.0	-8.0	-	-
Other	-332.0	-31.1	-36.6	-269.3	5.0	-121.6	-96.6	-27.0	2.0	-
<b>NRI on Operating Profit</b>	<b>-932.5</b>	<b>-42.1</b>	<b>-655.1</b>	<b>-269.3</b>	<b>34.0</b>	<b>-1 045.4</b>	<b>-764.7</b>	<b>-279.4</b>	<b>-1.3</b>	<b>-</b>
NRI on financial items	-148.5	-	-	-148.5	-	-	-	-	-	-
NRI on tax	49.6	12.0	42.9	4.6	-9.9	223.6	177.3	43.9	2.4	-
<b>NRI on Net Profit</b>	<b>-1 031.4</b>	<b>-30.1</b>	<b>-612.2</b>	<b>-413.2</b>	<b>24.1</b>	<b>-821.8</b>	<b>-587.4</b>	<b>-235.5</b>	<b>1.1</b>	<b>-</b>

**Discontinued Operations**

NRI in Discontinued operations	-	-	-	-	-	-4.5	-	-	-4.5	-
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**Operating Profit by Segment**

<b>EUR million</b>	<b>2009</b>	<b>Q4/09</b>	<b>Q3/09</b>	<b>Q2/09</b>	<b>Q1/09</b>	<b>2008</b>	<b>Q4/08</b>	<b>Q3/08</b>	<b>Q2/08</b>	<b>Q1/08</b>
Newsprint and Book Paper	76.5	40.2	-45.3	31.1	50.5	125.6	48.0	25.7	25.5	26.4
Magazine Paper	-123.2	-7.3	-121.5	5.7	-0.1	28.4	0.6	-11.3	11.9	27.2
Fine Paper	-281.5	21.5	-293.2	-4.1	-5.7	-313.8	-409.4	31.6	26.7	37.3
Consumer Board	130.7	44.5	29.1	41.6	15.5	-194.1	-114.6	-140.7	18.7	42.5
Industrial Packaging	-11.1	2.4	-17.9	0.9	3.5	9.3	-39.2	1.8	19.1	27.6
Wood Products	-15.7	16.0	0.7	-8.7	-23.7	-155.5	-98.9	-22.3	-10.9	-23.4
Other	-495.1	-89.6	-63.3	-281.9	-60.3	-227.2	-133.5	-25.1	-32.1	-36.5
Share of results of equity accounted investments	111.8	77.6	8.8	6.0	19.4	0.7	-37.2	1.6	12.4	23.9
<b>Operating Loss/Profit (IFRS)</b>	<b>-607.6</b>	<b>105.3</b>	<b>-502.6</b>	<b>-209.4</b>	<b>-0.9</b>	<b>-726.6</b>	<b>-784.2</b>	<b>-138.7</b>	<b>71.3</b>	<b>125.0</b>
Net financial items	-279.2	-24.7	-46.1	-161.2	-47.2	-167.2	-61.4	-23.0	-40.9	-41.9
<b>Loss/Profit before Tax and Non-controlling Interests</b>	<b>-886.8</b>	<b>80.6</b>	<b>-548.7</b>	<b>-370.6</b>	<b>-48.1</b>	<b>-893.8</b>	<b>-845.6</b>	<b>-161.7</b>	<b>30.4</b>	<b>83.1</b>
Income tax expense	8.6	-34.7	29.0	2.3	12.0	214.8	191.0	42.6	-1.8	-17.0
<b>Net Loss/Profit from Continuing Operations</b>	<b>-878.2</b>	<b>45.9</b>	<b>-519.7</b>	<b>-368.3</b>	<b>-36.1</b>	<b>-679.0</b>	<b>-654.6</b>	<b>-119.1</b>	<b>28.6</b>	<b>66.1</b>
<b>Discontinued Operations</b>										
Net loss/profit after tax for the period from discontinued operations	-	-	-	-	-	4.3	0.1	0.9	-1.8	5.1
<b>Net Loss/Profit</b>	<b>-878.2</b>	<b>45.9</b>	<b>-519.7</b>	<b>-368.3</b>	<b>-36.1</b>	<b>-674.7</b>	<b>-654.5</b>	<b>-118.2</b>	<b>26.8</b>	<b>71.2</b>

**Key Exchange Rates for the Euro**

One Euro is	Closing Rate		Average Rate	
	31 Dec 09	31 Dec 08	31 Dec 09	31 Dec 08
SEK	10.2520	10.8700	10.6180	9.6280
USD	1.4406	1.3917	1.3941	1.4710
GBP	0.8881	0.9525	0.8909	0.7972

**Transaction Risk and Hedges in Main Currencies as at 31 December 2009**

EUR million	EUR	USD	GBP	SEK	Other	Total
Sales during 2009	5 590	740	600	1 070	950	8 950
Costs during 2009	-5 040	-410	-100	-1 860	-1 110	-8 520
<b>Net Operating Cash Flow</b>	<b>550</b>	<b>330</b>	<b>500</b>	<b>-790</b>	<b>-160</b>	<b>430</b>
Estimated annual net operating cash flow exposure		750	500	-1 000		
Transaction hedges as at 31 December 2009		-390	-240	620		
<b>Hedging percentage as at 31 December 2009 for the next 12 months</b>		<b>52%</b>	<b>48%</b>	<b>62%</b>		

**Changes in Exchange Rates on Operating Profit**

Operating Profit: Currency effect +/- 10%	EUR million
USD	75
SEK	-100
GBP	50

*The sensitivity is based on expected 2010 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
October	168 411	94 689 129	260 674	25 588 406
November	140 336	64 149 293	273 816	18 987 119
December	422 913	73 802 079	174 507	21 872 535
<b>Total</b>	<b>731 660</b>	<b>232 640 501</b>	<b>708 997</b>	<b>66 448 060</b>

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
October	6.84	5.16	71.00	55.75
November	6.41	5.09	67.25	53.25
December	5.85	4.88	61.00	50.00

**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		$\frac{\text{Interest-bearing net liabilities}}{\text{Equity}}$

<sup>1)</sup> Capital employed = Operating capital – Net tax liabilities

<sup>2)</sup> Average for the financial period

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**Stora Enso's first quarter results 2010 will be published on 22 April 2010.**

**Annual General Meeting**

**31 March 2010**

**PRESS CONFERENCE IN HELSINKI**

Time: 11.30 local time today

Location: Stora Enso Oyj

Address: Kanavaranta 1

Hosts: Jouko Karvinen, CEO

Markus Rauramo, CFO

The conference will be held in Finnish. Questions can be addressed to Jouko Karvinen and Markus Rauramo after the presentation.

**ANALYST CONFERENCE CALL**

CEO Jouko Karvinen and CFO Markus Rauramo will be hosting a combined conference call and webcast today at 16.00 Finnish time (15.00 CET, 14.00 UK time, 9.00 US Eastern time).

If you wish to participate, please dial:

+44 (0)20 3003 2666	Continental Europe and the UK
0800 914 672	Finland
020 089 6377	Sweden
1 212 999 6659	USA
Access code:	8609112#

The live webcast may be accessed at [www.storaenso.com/investors](http://www.storaenso.com/investors)

*Stora Enso is the world leader in forest industry sustainability. We offer our customers solutions based on renewable raw materials. Our products provide a climate-friendly alternative to many non-renewable materials, and have a smaller carbon footprint. Stora Enso is listed in the Dow Jones Sustainability Index and the FTSE4Good Index. Stora Enso employs 27 000 people worldwide, and our sales in 2009 amounted to EUR 8.9 billion. Stora Enso shares are listed on NASDAQ OMX Helsinki (STEAV, STERV) and Stockholm (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY) in the International OTCQX over-the-counter market.*

*It should be noted that 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 within the meaning of the United States Private Securities Litigation Reform Act of 1995. 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.*

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