STORA ENSO OYJ INTERIM REVIEW 21 July 2011 at 13.00 EET

Stora Enso Interim Review January–June 2011

Continued solid performance year-on-year, uncertainty in European markets increasing

- ***EUR 228 million quarterly operating profit excluding NRI and fair valuations, up by 7% year-on-year due to significantly higher sales prices, offset by cost inflation and unfavourable exchange rates.***
- ***Continued efficiency improvement path with announced plans in Fine Paper and Logistics – Q2 NRI total negative EUR 32 million.***
- ***Quarterly ROCE excluding NRI and fair valuations 10%.***
- ***Balance sheet with debt/equity at 0.41 and liquidity at EUR 996 million remained strong.***
- ***Full year 2011 cost inflation forecast unchanged at approximately 4%, continuing actions to mitigate cost inflation.***
- ***Increasing uncertainty in European economy – operating profit excluding NRI and fair valuations in the third quarter is expected to be in approximately the same range as Q2 2011.***

Summary of Second Quarter Results

		Q2/11	Q1/11	Q2/10
Sales	**EUR million**	**2 817.1**	**2 726.9**	**2 692.2**
EBITDA excl. NRI and fair valuations	EUR million	357.6	368.3	329.8
Operating Profit excl. NRI and Fair Valuations	**EUR million**	**228.3**	**248.0**	**212.9**
Operating profit (IFRS)	EUR million	184.7	237.2	215.6
Profit before tax excl. NRI	EUR million	181.8	213.2	201.5
Profit before tax	EUR million	150.1	186.0	193.0
Net profit excl. NRI	EUR million	164.1	175.3	168.4
Net profit	EUR million	136.0	155.9	159.9
EPS excl. NRI	EUR	0.21	0.22	0.22
EPS	EUR	0.17	0.20	0.20
CEPS excl. NRI	EUR	0.39	0.39	0.38
ROCE excl. NRI and fair valuations	%	10.4	11.4	10.5

Fair valuations include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 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, or reversals of write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they exceed one cent per share.

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Markets

Compared with Q2/2010

Product	Market	Demand	Price
Consumer board	Europe	slightly stronger	higher
Industrial packaging	Europe	slightly stronger	significantly higher
Newsprint	Europe	slightly stronger	significantly higher
Coated magazine paper	Europe	slightly stronger	significantly higher
Uncoated magazine paper	Europe	slightly weaker	significantly higher
Coated fine paper	Europe	significantly weaker	slightly higher
Uncoated fine paper	Europe	weaker	significantly higher
Wood products	Europe	slightly stronger	slightly higher

Industry inventories were higher for fine paper, slightly higher for magazine paper and wood products, and lower for newsprint.

Compared with Q1/2011

Product	Market	Demand	Price
Consumer board	Europe	stable	stable
Industrial packaging	Europe	stable	slightly higher
Newsprint	Europe	significantly stronger	stable
Coated magazine paper	Europe	slightly stronger	stable
Uncoated magazine paper	Europe	slightly stronger	stable
Coated fine paper	Europe	significantly weaker	stable
Uncoated fine paper	Europe	weaker	stable
Wood products	Europe	significantly stronger	slightly higher

Industry inventories were significantly higher for uncoated magazine paper, higher for coated magazine paper and uncoated fine paper, slightly higher for wood products, and lower for newsprint and coated fine paper.

Stora Enso Deliveries and Production

	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11-Q1/11	Change % Q1-Q2/11-Q1-Q2/10
Paper and board deliveries (1 000 tonnes)	2 609	2 506	2 798	10 758	5 115	5 317	-6.8	4.1	-3.8
Paper and board production (1 000 tonnes)	2 630	2 618	2 786	10 812	5 248	5 461	-5.6	0.5	-3.9
Wood products deliveries (1 000 m^3)	1 423	1 238	1 457	5 198	2 661	2 606	-2.3	14.9	2.1
Market pulp deliveries (1 000 tonnes)*	247	313	278	1 009	560	522	-11.2	-21.1	7.3
Corrugated packaging deliveries (million m^2)	242	247	256	1 027	489	506	-5.5	-2.0	-3.4

**Stora Enso's net market pulp position will be about 1 million tonnes for 2011.*

Breakdown of Sales Change Q2/2010 to Q2/2011

	Sales
Q2/10, EUR million	**2 692.2**
Price and mix, %	9
Currency, %	-1
Volume, %	-1
Other sales*, %	2
Total before structural changes, %	9
Structural change**, %	-4
Total, %	5
Q2/11, EUR million	**2 817.1**

**Wood, energy, RCP, by-products etc.*
***Asset closures, major investments, divestments and acquisitions*

Key Figures

EUR million	Q2/11	Q1/11	Q2/10	Q1-Q2/11	Q1-Q2/10	2010	Change % Q2/11-Q2/10	Change % Q2/11-Q1/11	Change % Q1-Q2/11-Q1-Q2/10
Sales	2 817.1	2 726.9	2 692.2	5 544.0	4 988.1	10 296.9	4.6	3.3	11.1
EBITDA excl. NRI and fair valuations	357.6	368.3	329.8	725.9	561.9	1 216.5	8.4	-2.9	29.2
Operating profit excl. NRI and fair valuations	228.3	248.0	212.9	476.3	332.3	754.1	7.2	-7.9	43.3
Operating margin excl. NRI and fair valuations, %	8.1	9.1	7.9	8.6	6.7	7.3	2.5	-11.0	28.4
Operating profit (IFRS)	184.7	237.2	215.6	421.9	339.0	1 026.8	-14.3	-22.1	24.5
Operating margin (IFRS), %	6.6	8.7	8.0	7.6	6.8	10.0	-17.5	-24.1	11.8
Profit before tax excl. NRI	181.8	213.2	201.5	395.0	338.3	745.7	-9.8	-14.7	16.8
Profit before tax	150.1	186.0	193.0	336.1	310.9	925.9	-22.2	-19.3	8.1
Net profit for the period excl. NRI	164.1	175.3	168.4	339.4	289.4	627.0	-2.6	-6.4	17.3
Net profit for the period	136.0	155.9	159.9	291.9	262.0	769.3	-14.9	-12.8	11.4
Capital expenditure	85.4	57.3	75.3	142.7	188.1	400.4	13.4	49.0	-24.1
Depreciation and impairment charges excl. NRI	140.1	135.4	127.4	275.5	254.2	529.4	10.0	3.5	8.4
ROCE excl. NRI and fair valuations, %	10.4	11.4	10.5	11.0	8.3	9.2	-1.0	-8.8	32.5
ROCE excl. NRI, %	9.8	12.1	11.0	11.1	9.2	10.3	-10.9	-19.0	20.7
Earnings per share (EPS) excl. NRI, EUR	0.21	0.22	0.22	0.43	0.37	0.79	-4.5	-4.5	16.2
EPS (basic), EUR	0.17	0.20	0.20	0.37	0.33	0.97	-15.0	-15.0	12.1
Cash earnings per share (CEPS) excl. NRI, EUR	0.39	0.39	0.38	0.78	0.69	1.46	2.6	0.0	13.0
CEPS, EUR	0.35	0.39	0.33	0.74	0.63	1.33	6.1	-10.3	17.5
Return on equity (ROE), %	8.6	9.9	11.9	9.3	9.8	13.5	-27.7	-13.1	-5.1
Debt/equity ratio	0.41	0.38	0.49	0.41	0.49	0.39	-16.3	7.9	-16.3
Equity per share, EUR	7.90	8.01	6.92	7.90	6.92	7.87	14.2	-1.4	14.2
Equity ratio, %	48.5	48.1	44.8	48.5	44.8	48.0	8.3	0.8	8.3

Average number of employees	27 019	26 323	28 040	26 623	27 670	27 383	-3.6	2.6	-3.8
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 or reversals of 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 equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.

Reconciliation of Operating Profit

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11-Q1/11	Change % Q1-Q2/11-Q1-Q2//10
Profit from operations, excl. NRI and fair valuations	217.5	232.9	202.4	687.1	450.4	307.6	7.5	-6.6	46.4
Equity accounted investments, operational, excl. fair valuations	10.8	15.1	10.5	67.0	25.9	24.7	2.9	-28.5	4.9
Operating Profit excl. NRI and Fair Valuations	**228.3**	**248.0**	**212.9**	**754.1**	**476.3**	**332.3**	**7.2**	**-7.9**	**43.3**
Fair valuations	-11.9	16.4	11.2	92.5	4.5	34.1	-206.3	-172.6	-86.8
Operating Profit, excl. NRI	**216.4**	**264.4**	**224.1**	**846.6**	**480.8**	**366.4**	**-3.4**	**-18.2**	**31.2**
NRI	-31.7	-27.2	-8.5	180.2	-58.9	-27.4	-272.9	-16.5	-115.0
Operating Profit (IFRS)	**184.7**	**237.2**	**215.6**	**1 026.8**	**421.9**	**339.0**	**-14.3**	**-22.1**	**24.5**

Q2/2011 Results (compared with Q2/2010)

Operating profit at EUR 228 million excluding non-recurring items and fair valuations was EUR 15 million higher than a year ago. This represents an operating margin of 8.1% (7.9%).

Price increases in local currencies and a favourable product mix increased operating profit by EUR 239 million. Paper and board production was curtailed by 6% (8%) and sawnwood production by 3% (5%) of capacity.

The costs of pulpwood, chemicals, RCP, pulp and sawlogs were higher than a year ago, but productivity improvements and cost savings partly compensated for the cost increases. The overall net impact of the increase in variable costs in local currencies was a negative EUR 128 million.

Exchange rates had negative impacts on sales and on costs totalling EUR 48 million, after hedges.

Decreased volumes had a negative impact on operating profit of EUR 32 million mainly due to the deteriorated pulp balance and maintenance.

The share of the operational results of equity accounted investments amounted to EUR 11 (EUR 11) million, with the largest contributions from Tornator and Bergvik Skog.

The Group recorded a net negative EUR 32 million of non-recurring items at operating profit level in the second quarter of 2011 due to continued restructuring and efficiency improvement plans as announced on 12 July 2011.

Net financial items were EUR -35 (EUR -23) million. Net interest expenses increased from EUR 24 million to EUR 28 million. Net foreign exchange losses amounted to EUR 1 (gain EUR 6) million and the net loss from other financial items totalled EUR 6 (EUR 5) million.

Group capital employed was EUR 8 839 million on 30 June 2011, a net increase of EUR 636 million mainly due to an increase of EUR 330 million in working capital primarily to optimise wood costs and secure short-term wood availability, EUR 240 million of impairment reversal in the fourth quarter of 2010 and an increase of EUR 180 million in the PVO valuation. The increase was partly offset by EUR 220 million due to low capital expenditure compared with depreciation.

January–June 2011 Results (compared with January–June 2010)
Sales increased by EUR 556 million year-on-year. Operating profit excluding non-recurring items and fair valuations increased by EUR 144 million or 43%. Significantly higher sales prices in local currencies and a favourable product mix more than compensated for higher variable costs.

Q2/2011 Results (compared with Q1/2011)
Sales were up by 3% or EUR 90 million on the previous quarter. Operating profit excluding non-recurring items and fair valuations was EUR 20 million lower than in the previous quarter at EUR 228 million. The overall negative impact of maintenance was EUR 37 million greater than in the previous quarter. Higher sales prices and volumes were offset by higher variable costs. Fixed costs excluding maintenance stoppages remained favourable.

Capital Structure

EUR million	30 June 11	31 Mar 11	31 Dec 10	30 June 10
Operative fixed assets	6 289.1	6 394.2	6 445.2	6 068.4
Equity accounted investments	1 716.0	1 725.4	1 744.0	1 687.1
Operative working capital	1 653.0	1 530.3	1 399.3	1 323.2
Non-current interest-free items, net	-450.9	-473.2	-493.9	-519.2
Operating Capital Total	**9 207.2**	**9 176.7**	**9 094.6**	**8 559.5**
Net tax liabilities	-368.2	-408.6	-429.9	-356.4
Capital Employed	**8 839.0**	**8 768.1**	**8 664.7**	**8 203.1**
Equity attributable to Company shareholders	6 229.2	6 318.1	6 202.9	5 457.1
Non-controlling interests	49.1	49.0	51.8	52.7
Net interest-bearing liabilities	2 560.7	2 401.0	2 410.0	2 698.0
Held for sale	-	-	-	-4.7
Financing Total	**8 839.0**	**8 768.1**	**8 664.7**	**8 203.1**

Financing Q2/2011 (compared with Q1/2011)
Cash flow from operations remained healthy at EUR 207 (EUR 163) million despite the increase in working capital mainly due to a decrease in accounts payable. Cash flow after investing activities was EUR 122 (EUR 106) million. Interest-bearing net liabilities of the Group increased by EUR 160 million to EUR 2 561 million due to dividend payment.

Total unutilised committed credit facilities remained unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 996 million, which is EUR 112 million less than at the end of the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 600 million.

The debt/equity ratio at 30 June 2011 was 0.41 (0.38) due to dividend payment.

On 4 April 2011 Stora Enso announced that it had signed a loan facility agreement with the International Finance Corporation (IFC) to extend the maturity of USD 128 million in syndicated loans under its existing facility with IFC. The extension prolongs the maturity by three years to June 2014.

Cash Flow

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11 –Q1-Q2/10
Operating profit	184.7	237.2	215.6	1 026.8	421.9	339.0	-14.3	-22.1	24.5
Depreciation and other non-cash items	182.5	104.6	101.3	172.4	287.1	202.5	80.2	74.5	41.8
Change in working capital	-160.0	-178.9	-12.4	-207.1	-338.9	-117.8	n/m	10.6	-187.7
Cash Flow from Operations	**207.2**	**162.9**	**304.5**	**992.1**	**370.1**	**423.7**	**-32.0**	**27.2**	**-12.7**
Capital expenditure	-85.4	-57.3	-75.3	-400.4	-142.7	-188.1	-13.4	-49.0	24.1
Cash Flow after Investing Activities	**121.8**	**105.6**	**229.2**	**591.7**	**227.4**	**235.6**	**-46.9**	**15.3**	**-3.5**

Capital Expenditure for January–June 2011

Capital expenditure for the first half of 2011 totalled EUR 143 million, which is 52% of depreciation in the same period. The capital expenditure forecast for the Group for the full year 2011 has changed from the earlier estimate of EUR 550 million to approximately EUR 500 million with no impact on strategic project timings. Annual depreciation in 2011 will be about EUR 570 million. The equity injection into Montes del Plata, a joint venture in Uruguay, will be approximately EUR 120 million. Close to 80% of capital expenditure including equity injections is allocated for the strategic high-return growth areas in 2011.

The main projects during the first half of 2011 were power plants.

Near-term Outlook

Demand (compared with Q3/2010)

Demand is forecast to be stable for consumer board, industrial packaging, newsprint and coated magazine paper, and weaker for uncoated magazine paper and fine paper. Demand for wood products is predicted to be slightly weaker, mainly due to increased customer inventories. As before, production will be curtailed if necessary in order to optimise earnings and working capital.

Prices (compared with Q2/2011)

Consumer board prices are forecast to be stable, however the product and geographical mix is expected to decrease cartonboard average prices. Industrial packaging prices are forecast to be stable. Newsprint prices in Europe are anticipated to be slightly higher, and the negotiations regarding European-wide price increases are currently ongoing. Magazine paper prices in Europe are predicted to be slightly higher and fine paper prices stable with an unfavourable geographical and product mix. The fine paper price increases announced will not have a material impact during the third quarter as they are expected to take effect only in September. Prices for wood products are forecast to be stable.

In the third quarter of 2011, as in the second quarter, foreign exchange rates are expected to have a negative impact on the results. The Group expects its cost inflation excluding internal actions to remain unchanged at approximately 4% for the full year 2011. Actions continue to mitigate cost inflation.

There is increasing uncertainty in the European economy. Operating profit excluding NRI and fair valuations in the third quarter of 2011 is forecast to be in approximately the same range as the second quarter of 2011.

Segments Q2/11 compared with Q2/10

Consumer Board

Consumer Board manufactures all major types of consumer board, such as liquid packaging board, food service board, graphical board and cartonboard for packaging food, cigarettes, pharmaceuticals, cosmetics and luxury products.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	662.2	647.0	586.3	2 314.7	1 309.2	1 109.4	12.9	2.3	18.0
EBITDA*	122.8	134.1	108.9	410.4	256.9	210.5	12.8	-8.4	22.0
Operating profit*	84.5	95.8	76.9	277.1	180.3	147.4	9.9	-11.8	22.3
% of sales	12.8	14.8	13.1	12.0	13.8	13.3	-2.3	-13.5	3.8
ROOC, %**	22.6	25.7	24.7	21.1	24.3	24.5	-8.5	-12.1	-0.8
Paper and board deliveries, 1 000 t***	627	594	590	2 326	1 221	1 141	6.3	5.6	7.0
Paper and board production, 1 000 t***	603	645	591	2 367	1 248	1 193	2.0	-6.5	4.6
Market Pulp deliveries, 1 000 t	98	120	108	388	218	197	-9.3	-18.3	10.7

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

- Stora Enso is taking a significant step forward in renewable materials innovation by building a pre-commercial plant at Imatra in Finland to produce microfibrillated cellulose. The new type of renewable material will be used in existing and new unique fibre-based paper and board products, barrier materials, and other potential future applications.
- Stora Enso announced the investment of approximately EUR 90 million in Skoghall Mill in Sweden.
- Stora Enso and Alucha Recycling Technologies have received the European Union's LIFE environment award for developing and investing in innovative recycling technology in Stora Enso's Barcelona Mill.
- There will be an annual maintenance stoppage at Imatra Mills in Finland during the third quarter of 2011.

Consumer board sales were EUR 662 million, up 13% on the second quarter of 2010. Operating profit was EUR 85 million, up EUR 8 million on the second quarter of 2010. Higher sales prices and somewhat higher volumes compensated for higher chemical and fibre costs. The maintenance stoppage at Enocell Pulp Mill reduced pulp deliveries in the second quarter of 2011.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Consumer board	Europe	slightly stronger	stable	higher	stable

Industrial Packaging
Industrial Packaging manufactures corrugated packaging and containerboard, cores and coreboard, and also paper sacks, and sack and kraft paper.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	240.0	243.4	259.2	949.5	483.4	482.4	-7.4	-1.4	0.2
EBITDA*	33.3	32.2	29.5	114.0	65.5	49.5	12.9	3.4	32.3
Operating profit*	19.5	19.4	17.1	65.5	38.9	24.8	14.0	0.5	56.9
% of sales	8.1	8.0	6.6	6.9	8.0	5.1	22.7	1.3	56.9
ROOC, %**	11.7	12.0	10.9	11.0	11.9	8.3	7.3	-2.5	43.4
Paper and board deliveries, 1 000 t	194	205	247	864	399	473	-21.5	-5.4	-15.6
Paper and board production, 1 000 t	195	206	239	871	401	480	-18.4	-5.3	-16.5
Corrugated packaging deliveries, million m^2	242	247	256	1 027	489	506	-5.5	-2.0	-3.4
Corrugated packaging production, million m^2	242	249	258	1 033	491	508	-6.2	-2.8	-3.3

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

- The new containerboard machine for the Ostrołęka project in Poland has been ordered.
- The Inpac International acquisition is expected to be completed during the third quarter of 2011.

Industrial packaging sales were EUR 240 million, down 7% on the second quarter of 2010. Operating profit was EUR 20 million, up EUR 2 million on the second quarter of 2010. Increased sales prices more than offset higher corrugated raw material costs. The laminating paper business was divested in July 2010.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Industrial packaging	Europe	slightly stronger	stable	significantly higher	slightly higher

Newsprint and Book Paper
Newsprint and Book Paper manufactures a wide range of standard and improved newsprint, and book and directory paper grades.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	334.6	314.5	325.1	1 261.6	649.1	612.5	2.9	6.4	6.0
EBITDA*	50.4	45.4	16.1	80.6	95.8	36.4	213.0	11.0	163.2
Operating profit/loss*	27.5	26.0	-6.6	-10.8	53.5	-8.2	n/m	5.8	n/m
% of sales	8.2	8.3	-2.0	-0.9	8.2	1.3	n/m	-1.2	n/m
ROOC, %**	11.6	10.9	-2.5	-1.1	11.4	-1.6	n/m	6.4	n/m
Paper deliveries, 1 000 t	585	554	676	2 576	1 139	1 269	-13.5	5.6	-10.2
Paper production, 1 000 t	581	558	648	2 554	1 139	1 282	-10.3	4.1	-11.2

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

- The paper quality improvement investment at Sachsen Mill in Germany is proceeding as planned and scheduled to be completed by the end of the second quarter of 2012.
- There will be a maintenance stoppage at Hylte Mill in Sweden during the third quarter of 2011.
- Industry inventories were lower than in the second quarter of 2010 and the previous quarter.

Newsprint and book paper sales were EUR 335 million, up 3% on the second quarter of 2010. Operating profit was EUR 28 million, an improvement of EUR 34 million on a year ago as higher sales prices more than compensated for higher variable costs. Volumes were slightly lower than a year earlier as the permanent shutdown of the newsprint machines at Varkaus Mill in Finland at the end of the third quarter of 2010 and the newsprint machine at Maxau Mill in Germany at the end of November 2010 reduced production volumes.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Newsprint	Europe	slightly stronger	significantly stronger	significantly higher	stable
Newsprint	Overseas	weaker	slightly stronger	significantly higher	stable

Magazine Paper

Magazine Paper manufactures uncoated magazine paper mainly for periodicals and advertising, and coated matt, silk and glossy magazine paper for specialist and general interest magazines, supplements, home shopping catalogues and magazine covers.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	517.2	482.0	530.2	2 054.2	999.2	965.7	-2.5	7.3	3.5
EBITDA*	58.7	54.3	46.0	191.9	113.0	73.3	27.6	8.1	54.2
Operating profit*	33.9	28.2	22.0	90.9	62.1	25.9	54.1	20.2	139.8
% of sales	6.6	5.9	4.1	4.4	6.2	2.7	61.0	11.9	129.6
ROOC, %**	10.1	8.4	7.1	7.1	9.2	4.1	42.3	20.2	124.4
Paper deliveries, 1 000 t***	577	503	598	2 396	1 080	1 124	-3.5	14.7	-3.9
Paper production, 1 000 t***	601	558	614	2 398	1 159	1 164	-2.1	7.7	-0.4
Market Pulp deliveries, 1 000 t	128	151	145	526	279	272	-11.7	-15.2	2.6

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

- Industry inventories were slightly higher than a year ago, and higher for coated magazine paper and significantly higher for uncoated magazine paper than in the previous quarter.

Magazine Paper segment's sales were EUR 517 million, down 3% on the second quarter of 2010 mainly due to lower pulp volumes. The annual maintenance stoppage at Skutskär Pulp Mill in Sweden was completed as planned. Operating profit was EUR 34 million, up EUR 12 million on a year ago as higher prices more than compensated for higher variable costs.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Coated magazine paper	Europe	slightly stronger	slightly stronger	significantly higher	stable
Coated magazine paper	Latin America	significantly stronger	stable	significantly higher	stable
Uncoated magazine paper	Europe	slightly weaker	slightly stronger	significantly higher	stable
Uncoated magazine paper	China	significantly stronger	stable	slightly higher	slightly higher

Fine Paper

Fine Paper manufactures high quality graphic and office paper for printers and publishers, merchants, envelope converters, office equipment manufacturers and office suppliers.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	532.2	563.3	554.4	2 125.7	1 095.5	1 028.9	-4.0	-5.5	6.5
EBITDA*	71.5	102.4	101.0	344.5	173.9	163.1	-29.2	-30.2	6.6
Operating profit*	48.7	79.9	79.4	259.4	128.6	120.9	-38.7	-39.0	6.4
% of sales	9.2	14.2	14.3	12.2	11.7	11.8	-35.7	-35.2	-0.8
ROOC, %**	20.2	33.3	33.5	27.4	26.7	25.6	-39.7	-39.3	4.3
Paper deliveries, 1 000 t ***	626	650	687	2 596	1 276	1 310	-8.9	-3.7	-2.6
Paper production, 1 000 t ***	650	651	694	2 622	1 301	1 342	-6.3	-0.2	-3.1
Market Pulp deliveries, 1 000 t	21	42	25	95	63	53	-16.0	-50.0	18.9

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

- Stora Enso announced that the Fine Paper Business Area planned to increase competitiveness by restructuring its operations. Co-determination negotiations are ongoing.
- Industry inventories for coated fine paper were higher than a year ago but lower than in the previous quarter.
- Industry inventories for uncoated fine paper were significantly higher than a year ago and also higher than in the previous quarter.
- During the third quarter of 2011 there will be annual maintenance stoppages at Varkaus and Oulu mills in Finland and at Suzhou Mill in China.

Fine paper sales were EUR 532 million, down 4% on the second quarter of 2010. Operating profit was EUR 49 million, down EUR 31 million on the previous year as higher sales prices could not compensate for higher variable costs, lower volumes and major maintenance costs. The annual maintenance stoppages at Nymölla Mill in Sweden and Uetersen Mill in Germany were completed as planned.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Coated fine paper	Europe	significantly weaker	significantly weaker	slightly higher	stable
Coated fine paper	China	stronger	stronger	slightly lower	stable
Uncoated fine paper	Europe	weaker	weaker	significantly higher	stable

Wood Products

Wood Products manufactures wood-based products for construction and interior decoration, and solid biofuels for the energy sector. Its recyclable products are made from high quality renewable European pine or spruce.

EUR million	Q2/11	Q1/11	Q2/10	2010	Q1-Q2/11	Q1-Q2/10	Change % Q2/11-Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	465.4	409.7	422.7	1 588.7	875.1	754.3	10.1	13.6	16.0
EBITDA*	44.7	22.6	39.5	110.7	67.3	54.4	13.2	97.8	23.7
Operating profit*	35.2	11.8	30.1	70.9	47.0	35.5	16.9	198.3	32.4
% of sales	7.6	2.9	7.1	4.5	5.4	4.7	7.0	162.1	14.9
ROOC, %**	23.9	8.0	20.5	12.3	15.8	12.3	16.6	198.8	28.5
Deliveries, 1 000 m^3	1 379	1 199	1 417	5 057	2 578	2 535	-2.7	15.0	1.7

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

- Following the co-determination negotiations at Kopparfors Sawmill in Sweden, Stora Enso announced in June 2011 that Kopparfors Sawmill and the pellet mill would be permanently closed down by the end of 2011.
- The pre-manufactured construction element investment at Ybbs Sawmill in Austria and Imavere pellet plant investment in Estonia are proceeding according to plan. These projects are expected to be completed in the third quarter of 2012 and fourth quarter of 2011, respectively.
- Following the weakening of market conditions, industry inventories were slightly higher than in the second quarter of 2010 and the previous quarter.
- Annual maintenance stoppages in several sawmills in the Nordic countries are ongoing in the third quarter of 2011.
- On 21 July 2011 Stora Enso announced a combined heat and power (CHP) plant investment at Zdírec Mill in the Czech Republic.

Wood product sales were EUR 465 million, up 10% on the second quarter of 2010. Operating profit was EUR 35 million, up EUR 5 million on a year earlier. Higher sales prices were partly offset by higher wood costs.

Markets

Product	Market	Demand Q2/11 compared with Q2/10	Demand Q2/11 compared with Q1/11	Price Q2/11 compared with Q2/10	Price Q2/11 compared with Q1/11
Wood products	Europe	slightly stronger	significantly stronger	slightly higher	slightly higher
Wood products	Asia, Middle East and North Africa	significantly weaker	stronger	stable	slightly lower

Short-term Risks and Uncertainties

The main short-term risks and uncertainties are related to increased economic uncertainty.

Energy sensitivity analysis for 2011: the direct effect on 2011 operating profit of a 10% increase in electricity, oil and other fossil fuel market prices would be about negative EUR 26 million annual impact, after the effect of hedges.

Wood sensitivity analysis for 2011: the direct effect on 2011 operating profit of a 10% increase in wood prices would be about negative EUR 232 million annual impact.

Pulp sensitivity analysis for 2011: the direct effect on 2011 operating profit of a 10% increase in yearly average pulp prices would be about positive EUR 54 million annual impact.

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

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operating profit of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be positive EUR 107 million, negative EUR 82 million and positive EUR 54 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

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 9 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. 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 licences in the municipality of Eunápolis in response to claims by a state prosecutor that Veracel's plantations exceeded the legal limits, which Veracel disputes. Veracel's position is supported by documentation issued by the State environmental authority.

Class Action Lawsuits in USA

In the context of magazine paper sales in the USA in 2002 and 2003, Stora Enso was sued in a number of class action (and other civil) lawsuits filed in the USA by various magazine paper purchasers that claimed damages for alleged antitrust violations. On 14 December 2010 a US federal court granted a motion for summary judgement that Stora Enso had filed seeking dismissal of the direct purchaser class action claims. The ruling, which the plaintiffs have appealed, means that the court has ruled in favour of Stora Enso and found the direct purchaser class action claims to be without legal foundation. Further, most of the indirect purchaser actions have been dismissed by a consent judgement, subject, however, to being reinstated if the plaintiffs' appeal in the direct cases is successful. The ruling, if it stands on appeal, will also provide a strong legal basis for final dismissal of all remaining civil cases. No provisions have been made in Stora Enso's accounts for these lawsuits.

Legal Proceeding in Finland

On 3 December 2009 the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling.

On 31 March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsäliitto claiming compensation for damages allegedly suffered due to the competition law infringements amounting altogether to EUR 283 million.

Stora Enso denies that Metsähallitus suffered any damages whatsoever and will forcefully defend itself. No provisions have been made in Stora Enso's accounts for this lawsuit.

Share Capital

During the quarter 762 A shares were converted into R shares. The shares were recorded in the Finnish trade register on 16 May 2011.

On 30 June 2011 Stora Enso had 177 149 022 A shares and 612 389 477 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

Norges Bank was lending out certain Stora Enso shares and therefore the number of shares in Stora Enso Oyj held by Norges Bank (The Central Bank of Norway) was temporarily less than 5% of the paid-up share capital and the number of shares in Stora Enso Oyj in April and May 2011.

Decisions of the Annual General Meeting on 20 April 2011

The AGM approved a proposal by the Board of Directors that the Company distribute a dividend of EUR 0.25 per share for the year 2010.

The AGM approved a proposal that the Board of Directors shall have seven members and that of the current members of the Board of Directors, Gunnar Brock, Birgitta Kantola, Mikael Mäkinen, Juha Rantanen, Hans Stråberg, Matti Vuoria and Marcus Wallenberg be re-elected members of the Board of Directors until the end of the following AGM. Carla Grasso was not seeking re-election.

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

The AGM approved a proposal that a Nomination Board be appointed to prepare proposals concerning (a) the number of members of the Board of Directors, (b) the members of the Board of Directors, (c) the remuneration for the Chairman, Vice Chairman and members of the Board of Directors and (d) the remuneration for the Chairman and members of the committees of the Board of Directors.

Decisions by Board of Directors

At its meeting held after the AGM, the Stora Enso Board of Directors re-elected from among its members Gunnar Brock as its Chairman and Juha Rantanen as Vice Chairman.

Birgitta Kantola (chairwoman), Gunnar Brock and Juha Rantanen were re-elected as members of the Financial and Audit Committee.

Gunnar Brock (chairman), Hans Stråberg and Matti Vuoria were re-elected as members of the Remuneration Committee.

This report is unaudited.

Helsinki, 21 July 2011
Stora Enso Oyj
Board of Directors

Financials

Basis of Preparation
Except as described below, 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 2010.

The following amendments to standards and interpretations were adopted from 1 January 2011 but had no impact on the Group financial statements:

- IAS 24 *Related Party Disclosure* – Revised definition of related parties
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value with the difference between the fair value of the instrument issued and the carrying value of the liability extinguished being recognised in profit or loss.
- *Amendments to IFRS* – Through the annual improvements process, the minor and non-urgent changes are collected into one ensemble and implemented at the beginning of the year. In addition, the IASB has published a few other small amendments which have also been implemented at the beginning of the year. These changes and amendments effective from 1 January 2011 relate to nine standards and interpretations. They did not have a significant effect on the Group financial statements.

Condensed Consolidated Income Statement

EUR million	Q2/11	Q1/11	Q2/10	Q1-Q2/11	Q1-Q2/10	2010	Change % Q2/11–Q2/10	Change % Q2/11–Q1/11	Change % Q1-Q2/11–Q1-Q2/10
Sales	2 817.1	2 726.9	2 692.2	5 544.0	4 988.1	10 296.9	4.6	3.3	11.1
Other operating income	57.1	57.0	31.9	114.1	66.2	159.1	79.0	0.2	72.4
Materials and services	-1 757.2	-1 668.2	-1 641.3	-3 425.4	-3 069.4	-6 391.4	-7.1	-5.3	-11.6
Freight and sales commissions	-262.5	-257.1	-263.9	-519.6	-489.1	-1 010.1	0.5	-2.1	-6.2
Personnel expenses	-370.5	-343.2	-361.8	-713.7	-690.8	-1 375.3	-2.4	-8.0	-3.3
Other operating expenses	-165.6	-143.3	-148.2	-308.9	-260.2	-482.2	-11.7	-15.6	-18.7
Share of results of equity accounted investments	6.4	20.0	14.9	26.4	34.0	112.5	-57.0	-68.0	-22.4
Depreciation and impairment	-140.1	-154.9	-108.2	-295.0	-239.8	-282.7	-29.5	9.6	-23.0
Operating Profit	**184.7**	**237.2**	**215.6**	**421.9**	**339.0**	**1 026.8**	**-14.3**	**-22.1**	**24.5**
Net financial items	-34.6	-51.2	-22.6	-85.8	-28.1	-100.9	-53.1	32.4	-205.3
Profit before Tax	**150.1**	**186.0**	**193.0**	**336.1**	**310.9**	**925.9**	**-22.2**	**-19.3**	**8.1**
Income tax	-14.1	-30.1	-33.1	-44.2	-48.9	-156.6	57.4	53.2	9.6
Net Profit for the Period	**136.0**	**155.9**	**159.9**	**291.9**	**262.0**	**769.3**	**-14.9**	**-12.8**	**11.4**
Attributable to:									
Owners of the Parent	135.7	155.6	159.1	291.3	260.6	766.0	-14.7	-12.8	11.8
Non-controlling interests	0.3	0.3	0.8	0.6	1.4	3.3	-62.5	0.0	-57.1
	136.0	**155.9**	**159.9**	**291.9**	**262.0**	**769.3**	**-14.9**	**-12.8**	**11.4**
Earnings per Share									
Basic earnings per share, EUR	0.17	0.20	0.20	0.37	0.33	0.97	-15.0	-15.0	12.1
Diluted earnings per share, EUR	0.17	0.20	0.20	0.37	0.33	0.97	-15.0	-15.0	12.1

Consolidated Statement of Comprehensive Income

EUR million	Q2/11	Q1/11	Q2/10	Q1-Q2/11	Q1-Q2/10	2010
Net profit for the period	136.0	155.9	159.9	291.9	262.0	769.3
Other Comprehensive Income						
Actuarial losses on defined benefit pension plans	-	-	-	-	-	-32.5
Available for sale financial assets	29.5	8.1	-28.5	37.6	-45.1	95.9
Currency and commodity hedges	-60.1	-3.1	-4.8	-63.2	19.1	107.7
Share of other comprehensive income of equity accounted investments	-	3.0	-1.1	3.0	-1.4	9.2
Currency translation movements on equity net investments (CTA)	-21.0	-52.2	112.8	-73.2	257.1	305.6
Currency translation movements on non-controlling interests	0.3	-1.9	5.0	-1.6	6.1	5.1
Net investment hedges	11.2	3.5	6.9	14.7	-1.2	-9.8
Income tax relating to components of other comprehensive income	13.0	0.3	-	13.3	-4.7	-13.4
Other Comprehensive Income, Net of Tax	**-27.1**	**-42.3**	**90.3**	**-69.4**	**229.9**	**467.8**
Total Comprehensive Income	**108.9**	**113.6**	**250.2**	**222.5**	**491.9**	**1 237.1**
Total Comprehensive Income Attributable to:						
Owners of the Parent	108.3	115.2	244.4	223.5	484.4	1 228.7
Non-controlling interests	0.6	-1.6	5.8	-1.0	7.5	8.4
	108.9	**113.6**	**250.2**	**222.5**	**491.9**	**1 237.1**

Condensed Consolidated Statement of Cash Flows

EUR million	Q1-Q2/11	Q1-Q2/10
Cash Flow from Operating Activities		
Operating profit	421.9	339.0
Hedging result from OCI	-63.1	16.9
Adjustments for non-cash items	287.1	202.5
Change in net working capital	-334.0	-181.3
Cash Flow Generated by Operations	**311.9**	**377.1**
Net financials items paid/received	-74.7	48.5
Income taxes paid, net	-73.4	-21.0
Net Cash Provided by Operating Activities	**163.8**	**404.6**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries	0.1	-5.6
Acquisitions of equity accounted investments	-24.9	-13.2
Proceeds from sale of fixed assets and shares	17.3	13.2
Capital expenditure	-142.7	-188.1
Payments/proceeds of the non-current receivables, net	-19.3	5.2
Net Cash Used in Investing Activities	**-169.5**	**-188.5**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	18.7	350.5
Long-term debt, payments	-52.4	-708.2
Change in short-term borrowings	132.2	270.2
Dividends and capital repayments paid	-197.2	-157.7
Dividend to non-controlling interests	-1.7	-1.3
Net Cash Used in Financing Activities	**-100.4**	**-246.5**
Net Decrease in Cash and Cash Equivalents	**-106.1**	**-30.4**
Cash and bank in disposed companies	-	-0.1
Translation adjustment	-1.3	9.0
Net cash and cash equivalents at the beginning of period	1 103.1	877.0
Net Cash and Cash Equivalents at Period End	**995.7**	**855.5**
Cash and Cash Equivalents at Period End	**1 025.3**	**857.5**
Bank Overdrafts at Period End	**-29.6**	**-2.0**
Net Cash and Cash Equivalents at Period End	**995.7**	**855.5**
Acquisitions of Subsidiary Companies		
Non-controlling interests	-	5.6
Fair Value of Net Assets	**-**	**5.6**
Goodwill	-0.1	-
Total Purchase Consideration	**-0.1**	**5.6**
Disposal of Subsidiary Companies		
Cash and cash equivalents	-	0.1
Fixed assets	-	0.5
Interest-bearing liabilities	-	-0.1
Tax liabilities	-	-0.1
Net assets in Divested Companies	**-**	**0.4**
Income Statement capital gain/loss	-	-
Total Disposal Consideration Received in Cash and Kind	**-**	**0.4**

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	Q1-Q2/11	2010	Q1-Q2/10
Carrying value at 1 January	5 565.8	5 157.7	5 157.7
Acquisition of subsidiary companies	-0.1	7.8	-
Capital expenditure	134.4	377.0	177.4
Additions in biological assets	8.3	23.4	10.7
Change in emission rights	24.6	15.7	35.3
Disposals	-11.1	-25.1	-19.9
Disposals of subsidiary companies	-	-0.8	-0.5
Depreciation and impairment	-295.0	-282.7	-239.8
Translation difference and other	-56.3	292.8	210.2
Statement of Financial Position Total	**5 370.6**	**5 565.8**	**5 331.1**

Borrowings

EUR million	30 June 11	31 Dec 10	30 June 10
Non-current borrowings	3 282.5	3 259.2	3 042.6
Current borrowings	803.1	752.0	1 003.8
	4 085.6	**4 011.2**	**4 046.4**

	Q1-Q2/11	2010	Q1-Q2/10
Carrying value at 1 January	4 011.2	3 936.7	3 936.7
Debt acquired with new subsidiaries	-	0.8	-
Debt disposed with sold subsidiaries	-	-5.6	-0.1
Proceeds/Payments of borrowings (net)	113.5	-111.2	-39.3
Translation difference and other	-39.1	190.5	149.1
Statement of Financial Position Total	**4 085.6**	**4 011.2**	**4 046.4**

Condensed Consolidated Statement of Financial Position

EUR million		30 June 11	31 Dec 10	30 June 10
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	5 116.8	5 334.3	5 081.5
Biological assets	O	188.3	190.5	189.0
Emission rights	O	65.5	41.0	60.6
Equity accounted investments	O	1 716.0	1 744.0	1 687.1
Available-for-sale: Interest-bearing	I	80.3	78.7	72.9
Available-for-sale: Operative	O	918.5	879.4	737.3
Non-current loan receivables	I	145.1	126.5	160.5
Deferred tax assets	T	96.9	111.0	150.1
Other non-current assets	O	47.6	37.2	38.8
		8 375.0	**8 542.6**	**8 177.8**
Current Assets				
Inventories	O	1 609.8	1 474.6	1 363.3
Tax receivables	T	6.9	1.7	9.2
Operative receivables	O	1 677.8	1 621.8	1 597.4
Interest-bearing receivables	I	274.2	285.1	257.5
Cash and cash equivalents	I	1 025.3	1 110.9	857.5
		4 594.0	**4 494.1**	**4 084.9**
Asset of disposal group classified as held for sale		-	-	33.3
		4 594.0	**4 494.1**	**4 118.2**
Total Assets		**12 969.0**	**13 036.7**	**12 296.0**
Equity and Liabilities				
Owners of the Parent		6 229.2	6 202.9	5 457.1
Non-controlling Interests		49.1	51.8	52.7
Total Equity		**6 278.3**	**6 254.7**	**5 509.8**
Non-current Liabilities				
Post-employment benefit provisions	O	316.3	320.5	329.5
Other provisions	O	145.3	148.6	206.6
Deferred tax liabilities	T	380.3	422.6	376.7
Non-current debt	I	3 282.5	3 259.2	3 042.6
Other non-current operative liabilities	O	36.9	62.0	21.9
		4 161.3	**4 212.9**	**3 977.3**
Current Liabilities				
Current portion of non-current debt	I	192.2	303.5	588.8
Interest-bearing liabilities	I	610.9	448.5	415.0
Operative liabilities	O	1 634.6	1 697.1	1 637.5
Tax liabilities	T	91.7	120.0	139.0
		2 529.4	**2 569.1**	**2 780.3**
Liability directly associated with the assets classified as held for sale		-	-	28.6
		2 529.4	**2 569.1**	**2 808.9**

Total Liabilities	**6 690.7**	**6 782.0**	**6 786.2**
Total Equity and Liabilities	**12 969.0**	**13 036.7**	**12 296.0**

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 and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Step Acquisitione Revaluation Surplus	Availabl for Sale Financial Assets	Currency and Commodity Hedges	Currency and Commodity Hedges of Equity Accounted Investments	CTA and Net Investmen t Hedges	Retained Earnings	Attributable to Owners of the Parent	Non-controlling Interests	Total
Balance at 31 December 2009	**1 342.2**	**76.6**	**2 042.1**	**-10.2**	**3.9**	**684.2**	**-0.8**	**-19.0**	**-194.6**	**1 199.9**	**5 124.3**	**58.2**	**5 182.5**
Profit for the period	-	-	-	-	-	-	-	-	-	260.6	260.6	1.4	262.0
OCI before tax	-	-	-	-	-	-45.1	19.1	-1.4	255.9	-	228.5	6.1	234.6
Income tax relating to components of OCI	-	-	-	-	-	0.6	-5.6	-	0.3	-	-4.7	-	-4.7
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-44.5**	**13.5**	**-1.4**	**256.2**	**260.6**	**484.4**	**7.5**	**491.9**
Distribution relating to 2009	-	-	-	-	-	-	-	-	-	-	-	-1.3	-1.3
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	-5.6	-5.6
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	6.1	6.1	-6.1	-
Return of capital (EUR 0.20 per share)	-	-	-157.7	-	-	-	-	-	-	-	-157.7	-	-157.7
Transfer to retained earnings	-	-	-1 251.3	-	-	-	-	-	-	1 251.3	-	-	-
Balance at 30 June 2010	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**639.7**	**12.7**	**-20.4**	**61.6**	**2 717.9**	**5 457.1**	**52.7**	**5 509.8**
Profit for the period	-	-	-	-	-	-	-	-	-	505.4	505.4	1.9	507.3
OCI before tax	-	-	-	-	-	141.0	88.6	10.6	39.9	-32.5	247.6	-1.0	246.6
Income tax relating to components of OCI	-	-	-	-	-	-0.7	-23.4	-	2.2	13.2	-8.7	-	-8.7
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**140.3**	**65.2**	**10.6**	**42.1**	**486.1**	**744.3**	**0.9**	**745.2**
Distribution relating to 2009	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	-0.4	-0.4
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	1.5	1.5	-1.5	-
Balance at 31 December 2010	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**780.0**	**77.9**	**-9.8**	**103.7**	**3 205.5**	**6 202.9**	**51.8**	**6 254.7**
Profit for the period	-	-	-	-	-	-	-	-	-	291.3	291.3	0.6	291.9
OCI before tax	-	-	-	-	-	37.6	-63.2	3.0	-58.5	-	-81.1	-1.6	-82.7
Income tax relating to components of OCI	-	-	-	-	-	0.4	16.7	-	-3.8	-	13.3	-	13.3
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**38.0**	**-46.5**	**3.0**	**-62.3**	**291.3**	**223.5**	**-1.0**	**222.5**
Dividend (EUR 0.25 per share)	-	-	-	-	-	-	-	-	-	-197.2	-197.2	-	-197.2
Distribution relating to 2010	-	-	-	-	-	-	-	-	-	-	-	-1.7	-1.7
Balance at 30 June 2011	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**818.0**	**31.4**	**-6.8**	**41.4**	**3 299.6**	**6 229.2**	**49.1**	**6 278.3**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	30 June 11	31 Dec 10	30 June 10
On Own Behalf			
Mortgages	7.7	5.2	11.2
On Behalf of Equity Accounted Investments			
Guarantees	316.1	154.6	182.1
On Behalf of Others			
Guarantees	100.3	108.3	121.4
Other Commitments, Own			
Operating leases, in next 12 months	32.3	32.3	26.8
Operating leases, after next 12 months	84.0	88.3	73.3
Pension liabilities	0.4	0.4	0.1
Other commitments	94.3	94.8	32.7
Total	**635.1**	**483.9**	**447.6**
Mortgages	7.7	5.2	11.2
Guarantees	416.4	262.9	303.5
Operating leases	116.3	120.6	100.1
Pension liabilities	0.4	0.4	0.1
Other commitments	94.3	94.8	32.7
Total	**635.1**	**483.9**	**447.6**

Purchase Agreement Commitments

EUR million		Scheduled Contract Payments			
Type of Supply	**Contract Total**	**Q3-Q4/2011**	**2012-2013**	**2014-2015**	**2016+**
Fibre	1 514.1	156.3	440.4	418.2	499.2
Energy	1 953.1	196.7	496.2	405.8	854.4
Logistics	373.3	29.1	93.7	74.8	175.7
Other production costs	758.9	57.5	106.2	45.1	550.1
Capital Expenditure	218.1	71.6	143.2	3.3	-
Total Contractual Commitments at 30 June 2011	**4 817.5**	**511.2**	**1 279.7**	**947.2**	**2 079.4**

Fair Values of Derivative Financial Instruments

EUR million	30 June 11			31 Dec 10	30 June 10
	Positive Fair Values	**Negative Fair Values**	**Net Fair Values**	**Net Fair Values**	**Net Fair Values**
Interest rate swaps	103.6	-17.4	86.2	135.4	149.6
Interest rate options	-	-33.2	-33.2	-35.3	-42.8
Forward contracts	36.4	-18.4	18.0	47.6	98.1
Currency options	43.3	-15.8	27.5	22.1	-30.3
Commodity contracts	20.6	-15.1	5.5	11.6	-5.5
Equity swaps ("TRS")	1.3	-10.6	-9.3	13.8	-2.3
Total	**205.2**	**-110.5**	**94.7**	**195.2**	**166.8**

Nominal Values of Derivative Financial Instruments

EUR million	30 June 11	31 Dec 10	30 June 10
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	81.3	827.5	866.1
Maturity 2–5 years	1 721.1	2 569.8	1 665.4
Maturity 6–10 years	200.0	804.7	1 006.1
	2 002.4	4 202.0	3 537.6
Interest rate options	540.9	601.0	541.7
Total	**2 543.3**	**4 803.0**	**4 079.3**
Foreign Exchange Derivatives			
Forward contracts	2 050.3	2 333.1	2 557.5
Currency options	2 710.1	2 683.4	2 555.2
Total	**4 760.4**	**5 016.5**	**5 112.7**
Commodity Derivatives			
Commodity contracts	248.2	297.6	310.8
Total	**248.2**	**297.6**	**310.8**
Total Return (Equity) Swaps			
Equity swaps ("TRS")	88.7	83.1	112.7
Total	**88.7**	**83.1**	**112.7**

Sales by Segment

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	662.2	647.0	2 314.7	611.5	593.8	586.3	523.1
Industrial Packaging	240.0	243.4	949.5	241.7	225.4	259.2	223.2
Newsprint and Book Paper	334.6	314.5	1 261.6	326.2	322.9	325.1	287.4
Magazine Paper	517.2	482.0	2 054.2	547.5	541.0	530.2	435.5
Fine Paper	532.2	563.3	2 125.7	533.5	563.3	554.4	474.5
Wood Products	465.4	409.7	1 588.7	410.3	424.1	422.7	331.6
Other	703.6	723.3	2 524.6	627.3	623.4	648.6	625.3
Inter-segment sales	-638.1	-656.3	-2 522.1	-612.8	-670.3	-634.3	-604.7
Total	**2 817.1**	**2 726.9**	**10 296.9**	**2 685.2**	**2 623.6**	**2 692.2**	**2 295.9**

Operating Profit/Loss by Segment excluding NRI and Fair Valuations

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	84.5	95.8	277.1	52.1	77.6	76.9	70.5
Industrial Packaging	19.5	19.4	65.5	22.0	18.7	17.1	7.7
Newsprint and Book Paper	27.5	26.0	-10.8	-2.7	0.1	-6.6	-1.6
Magazine Paper	33.9	28.2	90.9	19.5	45.5	22.0	3.9
Fine Paper	48.7	79.9	259.4	67.6	70.9	79.4	41.5
Wood Products	35.2	11.8	70.9	10.2	25.2	30.1	5.4
Other	-31.8	-28.2	-65.9	-22.3	-4.9	-16.5	-22.2
Operating Profit excl. NRI and fair valuations by Segment	**217.5**	**232.9**	**687.1**	**146.4**	**233.1**	**202.4**	**105.2**
Share of results of equity accounted investments excl. fair valuations	10.8	15.1	67.0	20.4	21.9	10.5	14.2
Operating Profit excl. NRI and Fair Valuations*	**228.3**	**248.0**	**754.1**	**166.8**	**255.0**	**212.9**	**119.4**
Fair valuations*	-11.9	16.4	92.5	41.9	16.5	11.2	22.9
Operating Profit excl. NRI	**216.4**	**264.4**	**846.6**	**208.7**	**271.5**	**224.1**	**142.3**
NRI	-31.7	-27.2	180.2	202.2	5.4	-8.5	-18.9
Operating Profit (IFRS)	**184.7**	**237.2**	**1 026.8**	**410.9**	**276.9**	**215.6**	**123.4**
Net financial items	-34.6	-51.2	-100.9	-21.7	-51.1	-22.6	-5.5
Profit before Tax and Non-controlling Interests	**150.1**	**186.0**	**925.9**	**389.2**	**225.8**	**193.0**	**117.9**
Income tax expense	-14.1	-30.1	-156.6	-76.2	-31.5	-33.1	-15.8
Net Profit	**136.0**	**155.9**	**769.3**	**313.0**	**194.3**	**159.9**	**102.1**

** Fair valuations include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.*

NRI by Segment

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	-2.2	-	217.4	167.6	49.8	-	-
Industrial Packaging	-0.1	-	-21.5	-5.0	-	-3.3	-13.2
Newsprint and Book Paper	-6.2	-1.7	-58.5	-1.1	-44.4	-13.0	-
Magazine Paper	-2.8	3.4	2.4	-1.1	-	9.2	-5.7
Fine Paper	-20.4	-	68.9	60.4	-	8.5	-
Wood Products	-	-28.9	4.0	1.9	-	0.5	1.6
Other	-	-	-17.2	-5.2	-	-10.4	-1.6
Equity accounted investments	-	-	-15.3	-15.3	-	-	-
NRI on Operating Profit	**-31.7**	**-27.2**	**180.2**	**202.2**	**5.4**	**-8.5**	**-18.9**
NRI on tax	3.6	7.8	-37.9	-37.9	-	-	-
NRI on Net Profit	**-28.1**	**-19.4**	**142.3**	**164.3**	**5.4**	**-8.5**	**-18.9**

Fair Valuations* by Segment

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	-4.6	-	-	-	-	-	-
Industrial Packaging	-2.0	-	-	-	-	-	-
Newsprint and Book Paper	-2.9	-	-	-	-	-	-
Magazine Paper	-3.5	-	-	-	-	-	-
Fine Paper	-2.9	-	-	-	-	-	-
Wood Products	-1.8	-	-	-	-	-	-
Other	10.2	11.5	31.7	-7.1	14.0	6.8	18.0
Equity accounted investments	-4.4	4.9	60.8	49.0	2.5	4.4	4.9
Fair Valuations on Operating Profit	**-11.9**	**16.4**	**92.5**	**41.9**	**16.5**	**11.2**	**22.9**

** Fair valuations include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, and valuations of biological assets related to forest assets in equity accounted investments.*

Operating Profit/Loss by Segment

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	77.7	95.8	494.5	219.7	127.4	76.9	70.5
Industrial Packaging	17.4	19.4	44.0	17.0	18.7	13.8	-5.5
Newsprint and Book Paper	18.4	24.3	-69.3	-3.8	-44.3	-19.6	-1.6
Magazine Paper	27.6	31.6	93.3	18.4	45.5	31.2	-1.8
Fine Paper	25.4	79.9	328.3	128.0	70.9	87.9	41.5
Wood Products	33.4	-17.1	74.9	12.1	25.2	30.6	7.0
Other	-21.6	-16.7	-51.4	-34.6	9.1	-20.1	-5.8
Share of results of equity accounted investments	6.4	20.0	112.5	54.1	24.4	14.9	19.1
Operating Profit (IFRS)	**184.7**	**237.2**	**1 026.8**	**410.9**	**276.9**	**215.6**	**123.4**
Net financial items	-34.6	-51.2	-100.9	-21.7	-51.1	-22.6	-5.5
Profit before Tax and Non-controlling Interests	**150.1**	**186.0**	**925.9**	**389.2**	**225.8**	**193.0**	**117.9**
Income tax expense	-14.1	-30.1	-156.6	-76.2	-31.5	-33.1	-15.8
Net Profit	**136.0**	**155.9**	**769.3**	**313.0**	**194.3**	**159.9**	**102.1**

Equity Accounted Investments in the Income Statement

EUR million	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Share of results in equity accounted investments excl. fair valuations and NRI	10.8	15.1	67.0	20.4	21.9	10.5	14.2
Fair valuations in equity accounted investments	-4.4	4.9	60.8	49.0	2.5	4.4	4.9
NRI related to equity accounted investments	-	-	-15.3	-15.3	-	-	-
Equity Accounted Investments in Operating Profit	**6.4**	**20.0**	**112.5**	**54.1**	**24.4**	**14.9**	**19.1**
Equity accounted investments share of taxes	-4.2	-6.5	-40.6	-25.1	-5.6	-5.7	-4.2
Equity Accounted Investments in Net profit	**2.2**	**13.5**	**71.9**	**29.0**	**18.8**	**9.2**	**14.9**

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	30 June 11	31 Dec 10	30 June 11	31 Dec 10
SEK	9.1739	8.9655	8.9418	9.5464
USD	1.4453	1.3362	1.4042	1.3272
GBP	0.9026	0.8608	0.8682	0.8583

Transaction Risk and Hedges in Main Currencies as at 30 June 2011

EUR million	USD	GBP	SEK
Estimated annual net operating cash flow exposure	1 070	540	-820
Transaction hedges as at 30 June 2011	-500	-250	550
Hedging percentage as at 30 June 2011 for the next 12 months	**47%**	**46%**	**67%**

Changes in Exchange Rates on Operating Profit

Operating Profit: Currency strengthening of + 10%	EUR million
USD	107
SEK	-82
GBP	54

The sensitivity is based on estimated next 12 months net operating cash flow. The calculation does not take into account currency hedges, and assumes no changes occurs other than a single currency exchange rate movement. Weakening would have the opposite impact.

Stora Enso Shares

Trading volume	Helsinki		Stockholm	
	A share	**R share**	**A share**	**R share**
April	93 103	81 929 885	187 145	20 690 330
May	74 166	92 324 265	138 212	23 451 611
June	92 669	84 707 931	106 496	12 618 947
Total	**259 938**	**258 962 081**	**431 853**	**56 760 888**

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	**R share**	**A share**	**R share**
April	8.40	8.14	75.25	72.70
May	8.05	7.77	71.80	69.20
June	7.35	7.24	68.10	66.15

Calculation of Key Figures

Return on capital employed, ROCE (%)	100 x	Operating profit / Capital employed [1) 2)]
Return on operating capital, ROOC (%)	100 x	Operating profit / Operating capital [1) 2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity [2)]
Equity ratio (%)	100 x	Total equity / Total assets
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Interest-bearing net liabilities / Equity
CEPS		Net profit/loss for the period [3)] – Fixed asset depreciation and impairment / Average number of shares
EPS		Net profit/loss for the period [3)] / Average number of shares

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

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Stora Enso's third quarter 2011 results will be published on 21 October 2011 at 13.00 EET.

PRESS CONFERENCE IN HELSINKI

Time:	14.00 local time today
Location:	Stora Enso Oyj
Address:	Kanavaranta 1
Presentations:	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, 09.00 US Eastern time).

If you wish to participate, please dial:

Continental Europe and the UK	+44 (0)20 7138 0824
Finland	+358 (0)9 2319 4345
Sweden	+46 (0)8 5051 3785
USA	+1 212 444 0481
Access code:	8948012#

The live webcast may be accessed at www.storaenso.com/investors

Stora Enso is the global rethinker of the packaging, paper and wood products industry. We always rethink the old and expand to the new to offer our customers innovative solutions based on renewable materials. Stora Enso employs some 26 000 people worldwide, and our sales in 2010 amounted to EUR 10.3 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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