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STORA ENSO OYJ INTERIM REVIEW 23 April 2014 at 13.00 EET

Stora Enso First Quarter Results 2014

Clearly higher operational EBIT due to lower costs

*Q1/2014 (compared with Q1/2013)**

- **Operational EBIT EUR 182 (EUR 118) million, an increase of EUR 64 million and margin of 7.1% (4.4%).**
- **Clearly higher operational EBIT due to lower costs and lower depreciation.**
- **EPS excluding NRI EUR 0.09 (EUR 0.07).**
- **Cash flow from operations EUR 152 (EUR 126) million, cash flow after investing activities EUR 20 (EUR -46) million.**
- **Net debt to operational EBITDA 2.8 (3.1), liquidity remained strong at EUR 2.0 (1.8) billion.**

*Q1/2014 (compared with Q4/2013)**

- **Operational EBIT higher at EUR 182 (EUR 152) million, mainly due to seasonally lower maintenance costs, higher production volumes and progress in fixed cost reduction.**
- **Operational ROCE 8.6% (7.0%).**

Transformation

- **Montes del Plata (MdP) Pulp Mill ready for start-up, subject to granting of the operation permit by the local authorities in the coming weeks. In 2014 Stora Enso's share of MdP's production expected to be approximately 350 000–400 000 tonnes, a reduction from the earlier estimate of half a million tonnes.**
- **Consumer board machine investment in Guangxi, China proceeding as planned: approximately 2/3 of mill site levelling work completed, plantation harvesting building up, key equipment selected and equity injected together with IFC into the companies in early April. Board machine expected to be operational in early 2016, as previously announced.**

Restructuring

- **The EUR 200 million streamlining and structure simplification programme announced a year ago is progressing faster than initially expected and nearly all the originally targeted annualised cost reductions are already apparent in the financial results. Finalisation of the programme is continuing in the second quarter.**
- **Veitsiluoto Mill PM 1 has been permanently shut down as planned.**
- **As earlier announced, Stora Enso will invest EUR 28 million in modernising and developing Murow Sawmill in Poland to increase its capacity and improve its competitiveness. Sollenau Sawmill in Austria was permanently shutdown at the end of the first quarter as planned.**

Outlook

- **Second quarter 2014 sales are forecast to be similar to the EUR 2 568 million and operational EBIT in line with the EUR 182 million in the first quarter of 2014. Biomaterials is expected to be negatively impacted by maintenance costs at Veracel and Sunila pulp mills and Renewable Packaging by maintenance at Imatra Pulp Mill and Ostrołęka Mill, where a one-time maintenance shutdown in the Polish national electricity grid will extend the mill maintenance shutdown to two weeks.**

***** *Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

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Key Figures*

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	2 568	2 672	-3.9	2 612	-1.7	10 563
Operational EBITDA	302	254	18.9	260	16.2	1 090
Operational EBITDA margin, %	11.8	9.5		10.0		10.3
Operational EBIT	182	118	54.2	152	19.7	578
Operational EBIT margin, %	7.1	4.4		5.8		5.5
Operating profit (IFRS)	195	21	n/m	-210	192.9	50
Operating margin (IFRS), %	7.6	0.8		-8.0		0.5
Profit before tax excl. NRI	106	56	89.3	111	-4.5	350
Profit/loss before tax	130	-35	n/m	-281	146.3	-189
Net profit/loss for the period	100	-16	n/m	-160	162.5	-71
Capital expenditure	101	130	-22.3	278	-63.7	760
Depreciation and impairment charges excl. NRI	139	156	-10.9	136	2.2	603
Operational ROCE, %	8.6	5.1		7.0		6.5
Earnings per share (EPS) excl. NRI, EUR	0.09	0.07		0.15		0.40
EPS (basic), EUR	0.13	-0.02		-0.18		-0.07
Cash earnings per share (CEPS) excl. NRI, EUR	0.27	0.27		0.31		1.16
CEPS, EUR	0.31	0.23		0.46		1.21
Return on equity (ROE), %	7.5	-1.1		-11.9		-1.3
Debt/equity ratio	0.60	0.61		0.61		0.61
Net debt/last twelve months' operational EBITDA	2.8	3.1		2.9		2.9
Equity per share, EUR	6.70	7.32		6.61		6.61
Equity ratio, %	39.7	40.7		39.2		39.2
Average number of employees	28 813	28 887	-0.3	28 453	1.3	28 921
Average number of shares (million)						
periodic	788.6	788.6		788.6		788.6
cumulative	788.6	788.6		788.6		788.6
cumulative, diluted	789.6	788.6		788.6		788.6

** Data for the comparative periods have been restated following adoption of the new IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities standards. Data for the comparative periods have been restated in all tables affected. For further details, see Basis of Preparation on page 12.*

Operational EBIT comprises the operating profit excluding NRI and fair valuations of the segments and Stora Enso's share of the operating profit excluding NRI and fair valuations of its equity accounted investments (EAI). Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets and the Group's share of tax and net financial items of EAI.

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 disclosed individually if they exceed one cent per share.

Stora Enso Deliveries and Production

	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Paper and board deliveries (1 000 tonnes)	2 395	2 496	-4.0	2 438	-1.8	9 898
Paper and board production (1 000 tonnes)	2 458	2 519	-2.4	2 427	1.3	9 911
Wood products deliveries (1 000 m^3)	1 159	1 147	1.0	1 247	-7.1	4 930
Market pulp deliveries (1 000 tonnes)	310	288	7.6	335	-7.5	1 180
Corrugated packaging deliveries (million m^2)	262	260	0.8	277	-5.4	1 086

Reconciliation of Operational Profitability

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Operational EBITDA	**302**	**254**	**18.9**	**260**	**16.2**	**1 090**
Equity accounted investments (EAI), operational*	19	20	-5.0	28	-32.1	91
Depreciation and impairment excl. NRI	-139	-156	10.9	-136	-2.2	-603
Operational EBIT	**182**	**118**	**54.2**	**152**	**19.7**	**578**
Fair valuations and non-operational items**	-11	-6	-83.3	30	-136.7	11
Non-recurring items	24	-91	126.4	-392	106.1	-539
Operating Profit (IFRS)	**195**	**21**	**n/m**	**-210**	**192.9**	**50**

* *Group's share of operational EBIT of equity accounted investments (EAI).*

** *Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets and Group's share of tax and net financial items of EAI.*

FIRST QUARTER 2014 RESULTS (compared with first quarter 2013)

Breakdown of Sales Change Q1/2013 to Q1/2014

	Sales
Q1/13, EUR million	**2 672**
Price and mix, %	-
Currency, %	-2
Volume, %	-
Other sales*, %	-1
Total before structural changes, %	-3
Structural change**, %	-1
Total, %	-4
Q1/14, EUR million	**2 568**

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

Sales at EUR 2 568 million were EUR 104 million lower than a year ago as paper product sales continued to decline, partly due to the strengthening euro and the previously announced permanent shutdowns of paper machines at Kvarnsveden and Hylte mills in Sweden. Operational EBIT was EUR 182 (EUR 118) million, an increase of EUR 64 million. Operational EBIT margin was 7.1% (4.4%).

Clearly lower variable costs, especially for wood, chemicals and pulp, improved operational EBIT by EUR 39 million. Sales prices in local currencies were slightly higher than a year ago. Lower volumes, mainly in Printing and Reading, which decreased operational EBIT by EUR 11 million, were offset by EUR 27 million lower fixed costs due to cost improvement and other restructuring actions. The comparative period last year included a EUR 10 million capital gain from land sales in Uruguay and Thailand. Depreciation was EUR 20 million lower, mainly due to fixed asset impairments recorded in the fourth quarter of 2013. Paper and board production was curtailed by 7% (8%) and sawnwood production by 2% (6%) to manage supply.

The average number of employees in the first quarter was 1 710 lower in Europe, excluding the increase of 1 000 people due to the Efora acquisition in 2013, and 640 higher in China than a year earlier. The average number of employees in the first quarter of 2014 was 70 lower than a year earlier at 28 810.

The Group recorded non-recurring items (NRI) with a positive net impact of approximately EUR 24 million on operating profit and a positive impact of approximately EUR 6 million on income tax in its first quarter 2014 results. The NRI are a EUR 44 million capital gain in the segment Other due to disposal of the Group's 40.24% shareholding in the US-based processed kaolin clay producer Thiele Kaolin Company to Thiele Kaolin Company, a EUR 13 million cost in Building and Living due to the planned permanent closure of Sollenau Sawmill in Austria and a EUR 7 million cost in Printing and Reading due to the permanent shutdown of Veitsiluoto Mill paper machine 1 in Finland.

Net financial expenses at EUR 65 million were EUR 9 million higher than a year ago. Net interest expenses were EUR 4 million lower due to lower debt levels, and the fair valuation of interest rate derivatives had a negative impact of EUR 9 million. The net foreign exchange impact in the first quarter of 2014 in respect of cash, interest-bearing assets and liabilities and related hedges was a loss of EUR 10 (EUR 4) million. A gain of EUR 4 million from the sale of EUR 20 million of subordinated debt from the equity accounted investment Bergvik Skog was recorded in the first quarter of 2014.

Breakdown of Capital Employed Change 31 Mar 2013 to 31 Mar 2014

	Capital Employed
31 Mar 13, EUR million	**9 371**
Capital expenditure less depreciation	-31
Impairments and reversal of impairments	-563
Valuation of biological assets	187
Available-for-sale: operative (mainly PVO)	-62
Equity accounted investments	76
Net liabilities in defined benefit plans	61
Operative working capital and other interest-free items, net	-226
Net tax liabilities	94
Translation difference	-366
Other changes	-22
31 Mar 14, EUR million	**8 519**

The operational return on capital employed was 8.6% (5.1%). Excluding the ongoing strategic investments in Biomaterials and Renewable Packaging the operational return on capital employed would have been 10.9% (5.8%).

FIRST QUARTER 2014 RESULTS (compared with fourth quarter 2013)

Sales decreased by EUR 44 million to EUR 2 568 million. Operational EBIT was EUR 30 million higher than in the previous quarter at EUR 182 million. Fixed costs were EUR 42 million lower due to lower maintenance activity, seasonality, and the streamlining and structure simplification programme. Energy costs were seasonally higher due to the winter, and higher variable costs decreased operational EBIT by EUR 30 million. Sales prices remained stable in local currencies, but higher packaging deliveries and paper production than the low levels of the previous quarter increased operational EBIT by EUR 20 million.

Capital Structure

EUR million	31 Mar 14	31 Dec 13	31 Mar 13
Operative fixed assets*	6 770	6 824	7 511
Equity accounted investments	980	1 013	980
Operative working capital, net	1 337	1 179	1 640
Non-current interest-free items, net	-467	-466	-544
Operating Capital Total	**8 620**	**8 550**	**9 587**
Net tax liabilities	-101	-86	-216
Capital Employed	**8 519**	**8 464**	**9 371**
Equity attributable to owners of the Parent	5 286	5 213	5 772
Non-controlling interests	68	60	89
Net interest-bearing liabilities	3 165	3 191	3 510
Financing Total	**8 519**	**8 464**	**9 371**

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

Financing for First Quarter 2014 (compared with fourth quarter 2013)

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 2 016 million, which is EUR 45 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 1 100 million.

During the quarter, Stora Enso concluded the long-term external financing for the first phase development of the plantation, board and pulp mill project in Guangxi, China. The USD 460 million funding package is provided under an IFC syndicate loan structure. It comprises a USD 88 million loan with twelve years tenor from IFC and a USD 372 million loan with eight years tenor provided by commercial banks through IFC. The funding package has an average interest rate of approximately LIBOR +2.4%. At the end of the first quarter of 2014 the facility remained fully undrawn.

The ratio of net debt to the last twelve months' operational EBITDA was 2.8 (2.9).

The debt/equity ratio at 31 March 2014 was 0.60 (0.61).

Cash Flow

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Operational EBITDA	302	254	18.9	260	16.2	1 090
NRI on Operational EBITDA	-18	-51	64.7	154	-111.7	37
Dividends received from equity accounted investments	-	11	-100.0	18	-100.0	38
Other adjustments	6	-19	131.6	-168	103.6	-178
Change in working capital	-138	-69	-100.0	198	-169.7	265
Cash Flow from Operations	**152**	**126**	**20.6**	**462**	**-67.1**	**1 252**
Cash spent on fixed and biological assets	-132	-172	23.3	-216	38.9	-740
Acquisitions of equity accounted investments	-	-	-	-	-	-31
Cash Flow after Investing Activities	**20**	**-46**	**143.5**	**246**	**-91.9**	**481**

Cash Flow for First Quarter 2014

First quarter 2014 cash flow from operations was EUR 152 million. Receivables and inventories increased by EUR 120 million and EUR 70 million, respectively. Payables increased by EUR 85 million. Payments relating to the previously announced restructuring provisions were EUR 35 million.

Capital Expenditure for January–March 2014

Additions to fixed and biological assets in the first quarter of 2014 totalled EUR 101 million, which is 73% of depreciation in the same period. Investments in fixed assets and biological assets had a cash outflow impact of EUR 132 million in the first quarter of 2014.

The main projects ongoing during the first quarter 2014 were Montes del Plata Pulp Mill in Uruguay and the board machine project in Guangxi, China.

Capital Expenditure, Equity Injections and Depreciation Forecast 2014*

EUR million	Forecast 2014
Capital expenditure	760–840
Equity injections	30
Total	**790–870**
Depreciation	550–580

* Capital expenditure includes approximately EUR 260 million for the project in Guangxi, China and approximately EUR 125 million for Montes del Plata Pulp Mill in Uruguay.

Streamlining and structure simplification programme

The streamlining and structure simplification programme announced a year ago, intended to achieve annual net fixed cost savings of EUR 200 million after compensating for inflation in addition to cost takeout in the second quarter of 2014 versus actual 2012, is progressing faster than initially expected. Nearly all the originally targeted annualised cost reductions are already apparent in the financial results, three months ahead of the target schedule. Finalisation of the programme is continuing in the second quarter.

Due to the programme, about 1 850 employees exited by the end of the quarter. The total reduction in the workforce is expected to be 2 200.

Near-term Outlook

Second quarter 2014 sales are forecast to be similar to the EUR 2 568 million and operational EBIT in line with the EUR 182 million in the first quarter of 2014. Biomaterials is expected to be negatively impacted by maintenance costs at Veracel and Sunila pulp mills and Renewable Packaging by maintenance at Imatra Pulp Mill and Ostrołęka Mill, where a one-time maintenance shutdown in the Polish national electricity grid will extend the mill maintenance shutdown to two weeks.

SEGMENTS IN FIRST QUARTER 2014 (compared with first quarter 2013)

Printing and Reading

Printing and Reading, part of the Printing and Living Division, is a world-class responsible supplier of paper from renewable sources for print media and office use. Its wide offering serves publishers, retailers, printing houses, merchants, converters and office suppliers, among others. Printing and Reading produces newsprint, book paper, SC paper, coated paper and office paper.

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	999	1 123	-11.0	1 054	-5.2	4 319
Operational EBITDA	85	72	18.1	86	-1.2	290
Operational EBIT	35	2	n/m	36	-2.8	34
% of sales	3.5	0.2		3.4		0.8
Operational ROOC, %*	6.8	0.3		6.1		1.4
Paper deliveries, 1 000 t	1 523	1 684	-9.6	1 607	-5.2	6 525
Paper production, 1 000 t	1 580	1 683	-6.1	1 577	0.2	6 501

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Significantly lower costs and lower depreciation were offset by lower deliveries, partly due to capacity closures.
- The coated mechanical paper machine PM 1 at Veitsiluoto Mill in Finland has been permanently shut down as planned.
- Corbehem Mill in France has been at standstill since January 2014. Negotiations with employee representatives and evaluation of the possibility of selling the mill continue.

Markets

Product	Market	Demand Q1/14 compared with Q1/13	Demand Q1/14 compared with Q4/13	Price Q1/14 compared with Q1/13	Price Q1/14 compared with Q4/13
Paper	Europe	Slightly weaker	Weaker	Slightly lower	Stable

Biomaterials

Biomaterials offers a variety of pulp grades to meet the demands of paper, board and tissue producers. Pulp made from renewable resources in a sustainable manner is an excellent raw material with many different end uses. Biomaterials comprises mainly plantations, the Group's joint operations Veracel and Montes del Plata pulp mills, Nordic stand-alone pulp mills, the Pulp Competence Centre and Biorefinery.

EUR million**	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	263	262	0.4	266	-1.1	1 033
Operational EBITDA	38	42	-9.5	42	-9.5	153
Operational EBIT	21	22	-4.5	24	-12.5	77
% of sales	8.0	8.4		9.0		7.5
Operational ROOC, %*	4.0	4.2		4.6		3.8
Pulp deliveries, 1 000 t	503	475	5.9	484	3.9	1 864

** Operational ROOC = 100% x Operational EBIT/Average operating capital*
*** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

- Deliveries were higher and variable costs clearly lower. The first quarter results in 2013 included income from land sales in Uruguay and Thailand.
- Montes del Plata (MdP) Pulp Mill is ready for start-up, subject to granting of the operation permit by the local authorities in the coming weeks. In 2014 Stora Enso's share of MdP's production is expected to be approximately 350 000–400 000 tonnes, a reduction from the earlier estimate of half a million tonnes.

- Biomaterials is expected to be negatively impacted in the second quarter 2014 by higher maintenance costs due to maintenance stoppages at Veracel and Sunila pulp mills.

Markets

Product	Market	Demand Q1/14 compared with Q1/13	Demand Q1/14 compared with Q4/13	Price Q1/14 compared with Q1/13	Price Q1/14 compared with Q4/13
Softwood pulp	Europe	Slightly weaker	Slightly stronger	Higher	Slightly higher
Hardwood pulp	Europe	Slightly weaker	Weaker	Slightly lower	Stable

Building and Living

Building and Living, part of the Printing and Living Division, provides wood-based innovations and solutions for everyday living and housing needs. The product range covers all areas of urban construction, from supporting structures to interior design and environmental construction. Further-processed products include massive wood elements and housing modules, wood components and pellets, in addition to a variety of sawn timber goods.

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	445	441	0.9	466	-4.5	1 867
Operational EBITDA	30	13	130.8	30	-	115
Operational EBIT	20	4	n/m	19	5.3	75
% of sales	4.5	0.9		4.1		4.0
Operational ROOC, %*	15.3	2.8		14.4		13.9
Deliveries, 1 000 m^3	1 116	1 113	0.3	1 203	-7.2	4 776

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Lower fixed costs and slightly lower net raw material costs were the main reasons behind the significant profit improvement.
- As announced in February, Stora Enso will invest EUR 28 million in modernising and developing Murow Sawmill in Poland to increase its capacity and improve its competitiveness. Sollenau Sawmill in Austria was permanently shutdown at the end of the first quarter as planned.

Markets

Product	Market	Demand Q1/14 compared with Q1/13	Demand Q1/14 compared with Q4/13	Price Q1/14 compared with Q1/13	Price Q1/14 compared with Q4/13
Wood products	Europe	Stronger	Slightly weaker	Slightly higher	Slightly higher

Renewable Packaging

Renewable Packaging offers fibre-based packaging materials and innovative packaging solutions for consumer goods and industrial applications. Renewable Packaging operates throughout the value chain, from pulp production to production of materials and packaging, and recycling. It comprises three business units: Consumer Board, Packaging Solutions and Packaging Asia.

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	823	820	0.4	788	4.4	3 272
Operational EBITDA	149	119	25.2	122	22.1	522
Operational EBIT	92	68	35.3	73	26.0	318
% of sales	11.2	8.3		9.3		9.7
Operational ROOC, %*	15.0	11.4		12.2		13.3
Paper and board deliveries, 1 000 t	872	812	7.4	831	4.9	3 373
Paper and board production, 1 000 t	878	836	5.0	850	3.3	3 410
Corrugated packaging deliveries, million m^2	262	260	0.8	277	-5.4	1 086
Corrugated packaging production, million m^2	257	258	-0.4	266	-3.4	1 057

** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Higher sales prices in local currencies and clearly lower costs were the main reasons for profit improvement.
- IFC has agreed to invest in an equity stake of RMB 356 million (EUR 43 million) in Stora Enso's board and pulp mill project in Guangxi, China, representing a 5% shareholding in the project. IFC contributed the first equity payment in April. Approximately 2/3 of mill site levelling work has been completed, plantation harvesting is building up and key equipment has been selected.
- There will be annual maintenance stoppages at Ostrołęka Mill and Imatra Pulp Mill during the second quarter of 2014.

Markets

Product	Market	Demand Q1/14 compared with Q1/13	Demand Q1/14 compared with Q4/13	Price Q1/14 compared with Q1/13	Price Q1/14 compared with Q4/13
Consumer board	Europe	Stable	Slightly stronger	Stable	Slightly higher
Corrugated packaging	Europe	Stable	Stable	Stable	Stable

Other

The segment Other includes the Nordic forest equity accounted investments, Stora Enso's shareholding in Pohjolan Voima, operations supplying wood to the Nordic mills and Group shared services and administration.

EUR million	Q1/14	Q1/13	Change % Q1/14–Q1/13	Q4/13	Change % Q1/14–Q4/13	2013
Sales	689	721	-4.4	672	2.5	2 690
Operational EBITDA	-	8	-100.0	-20	100.0	10
Operational EBIT	14	22	-36.4	-	n/m	74
% of sales	2.0	3.1		-		2.8

- Operational EBIT decreased due to the divestment of Thiele Kaolin and winding down of the captive insurance company.

Short-term Risks and Uncertainties

The main short-term risks and uncertainties relate to the economic situation in Europe, and the persistent imbalance in the European paper market. Potential further EU sanctions on Russia and Russian counter actions due to the situation in Ukraine could have a negative impact on Stora Enso's operations in Russia, including wood exports.

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

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 192 million on operational EBIT for the next twelve months.

Chemicals and fillers sensitivity: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 52 million on operational EBIT for the next twelve months.

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

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be about positive EUR 98 million, negative EUR 77 million and positive EUR 48 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.

First Quarter Events

In March Stora Enso announced plans to reorganise its Renewable Packaging Division, comprising Consumer Board, Packaging Solutions and Packaging Asia, into three separate businesses reporting to the CEO. The reorganisation is planned to be implemented by 1 July 2014.

Legal Cases

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 7 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.

During construction of Veracel Pulp Mill, a supplier won the international tendering to supply part of the mill. The proposal included an element to make the plant eligible for a Drawback Suspension Tax Benefit which would provide exemptions on imports. One of the conditions of the drawback was that funds used to pay the supplier be raised outside Brazil. At the same time, part of the mill construction was financed locally. Following a tax inspection at the supplier, Federal Tax Authorities issued a tax infraction note against the supplier intended to cancel the drawback benefits. The supplier presented its defence to the Administrative Tax Entity Court and in parallel filed an arbitration proceeding against Veracel to determine which company shall be responsible for any eventual damages in case the supplier is found guilty. In September 2013 the International Chamber of Commerce Arbitration Court decided that Veracel and the supplier shall share liability for any potential damages in the ratio Veracel 75% and the supplier 25%. This decision was challenged by Veracel in a submission to the Arbitration Court. Nevertheless, the supplier and Veracel entered into a settlement agreement in December 2013, agreeing that the supplier would join a Brazilian authorities' incentive programme allowing the supplier to end this case and pay the existing debts obtaining significant discounts on interests and fines, of which Veracel paid to the supplier and expensed BRL 45 million (EUR 16 million), of which Stora Enso's share amounts to BRL 22.5 million (EUR 8 million). In February 2014 the Arbitration Court decided to reject Veracel's claims. The settlement with the supplier is still subject to formal acceptance of the payment by the Brazilian authorities.

Class Action Lawsuits in USA

In the context of magazine paper sales in the USA in 2002 and 2003, Stora Enso Oyj (SEO) and Stora Enso North America (SENA) were 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. In December 2010 a

US federal district court granted a motion for summary judgement dismissing the direct purchaser class action claims on SEO and SENA. Following appeal, a federal court of appeals on 6 August 2012 upheld the district court's ruling as to SEO, but reversed the district court's ruling as to SENA and referred that part of the case back to the district court for a jury trial to determine whether SENA's conduct did violate the federal antitrust laws. The trial of the case against SENA was scheduled to begin in August 2013. Because Stora Enso disposed of SENA in 2007, Stora Enso's liability, if any, would have been determined by the provisions in the SENA Sales and Purchasing Agreement. On 17 July 2013, Stora Enso reached an agreement (which is subject to approval by the US federal district court) to settle the cases filed by the direct magazine paper purchasers without any admission of liability by SENA or SEO. Stora Enso has paid into escrow USD 8 million (EUR 6 million) to cover the cost of settling those claims, which cost has been recorded in the third quarter 2013 accounts. The only remaining cases of any substance, filed on behalf of indirect purchasers of publication paper in the California (CA) and Connecticut (CT) state courts, have been settled as well – without any admission of liability by SENA or SEO – via payments of USD 0.1 million (EUR 0.1 million) plus proportionate cost (CA) and USD 0.1 million (EUR 0.1 million) (CT). These settlements, however, have to be approved by the responsible courts. The cases were disclosed as contingent liability in the previous periods until the third quarter of 2013.

Legal Proceedings in Finland

In December 2009 the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling. In March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsäliitto claiming compensation for damages allegedly suffered due to the competition law infringements. The total claim against all the defendants amounts to approximately EUR 160 million and the secondary claim against Stora Enso to approximately EUR 85 million. In addition, Finnish municipalities and private forest owners initiated similar legal proceedings. The total amount claimed from all the defendants amounts to approximately EUR 45 million and the secondary claims solely against Stora Enso to approximately EUR 10 million. Stora Enso denies that Metsähallitus and other plaintiffs suffered any damages whatsoever and will forcefully defend itself. In March 2014 the Helsinki District Court dismissed 13 private forest owners' claims as time-barred. No provisions have been made in Stora Enso's accounts for these lawsuits.

Kemijärvi Pulp Mill in Finland was permanently closed down in 2008. In December 2011 the Vaasa Administrative Court gave its decision concerning the environmental permit for the closure of the mill. The judgement included an obligation to remove the majority of the sludge from the bottom of the water treatment lagoon. Following an appeal by Stora Enso, the Supreme Administrative Court in August 2013 gave its decision concerning the water treatment lagoon in the environmental permit related to the closure of Kemijärvi Pulp Mill. The Court ordered Stora Enso to remove the majority of the sludge, and returned the case to the Regional State Administrative Agency with an order to Stora Enso to deliver a new action plan by the end of 2014 for removal of the majority of the sludge from the basin at the Kemijärvi site. The Agency was also ordered to consider and evaluate the costs to Stora Enso against the environmental benefits achievable if the Agency later orders Stora Enso to remove the sludge. No provisions have been made in Stora Enso's accounts for this case.

Share Capital

During the quarter the conversion of a total of 25 000 A shares into R shares was recorded in the Finnish trade register on 15 January 2014.

On 31 March 2014 Stora Enso had 177 071 204 A shares and 611 548 783 R shares in issue of which the Company held no A shares or R shares.

This release has been prepared in Finnish, English and Swedish. In case of variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 23 April 2014
Stora Enso Oyj
Board of Directors

FINANCIALS

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Annual Report for 2013.

Effects of Changes to IFRS 11 Joint Arrangements

Stora Enso adopted the new IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities as of 1 January 2014.

- IFRS 10 Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard provides additional guidance on the process of determining possible control of an entity, especially in challenging cases.
- IFRS 11 Joint Arrangements introduces core principles for determining the type of joint arrangement in which the party to the joint arrangement is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.
- IFRS 12 Disclosure of Interests in Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities as well as the effects of the interests on the financial position, performance and cash flow of the entity.

The changes affect the accounting treatment of Montes del Plata and Veracel, which are now treated as joint operations and thus Stora Enso's 50% ownership is consolidated with the proportionate line-by-line method. Montes del Plata is controlled jointly with partner Arauco and Veracel is controlled jointly with partner Fibria. Stora Enso's interpretation is that the contractual arrangements in both joint operations provide the partners with the rights to and obligations of the annual output of the relevant activities and substantially all the economic benefits of the joint operations. Previously these two entities were consolidated using the equity method.

The proportionate line-by-line consolidation of Stora Enso's 50% ownership of Montes del Plata and Veracel has no effect on published operational EBIT, net profit, equity or earnings per share. The proportionate line-by-line consolidation affects all the primary statements in the consolidated financial statements. The effects are summarised below:

- Increase in operational EBITDA
- Increase in property, plant and equipment, biological assets and net debt
- Decrease in equity accounted investments
- Increase in capital expenditure and decreases in equity injections to equity accounted investments.

Historical figures have been restated according to the new IFRS 11 standard and presented in the tables. The restated comparatives were presented in full in a press release on 19 March 2014. Additionally, the Group has revised the presentation of the cash flow statement to reflect better the underlying cash movements. The table below summarises the effects of the IFRS 11 restatement.

EUR million	Restated 2013	Restated 2012	Change 2013	Change 2012	As published 2013	As published 2012
Sales	10 563	10 837	19	22	10 544	10 815
Operational EBITDA	1 090	1 154	46	60	1 044	1 094
Operational EBIT	578	630	-	-	578	630
Operating profit (IFRS)	50	716	16	15	34	701
Net profit/loss for the period	-71	490	-	-	-71	490
Capital expenditure	760	1 012	335	456	425	556
Depreciation and impairment charges excl. NRI	603	623	39	40	564	583
Operational ROCE, %	6.5	6.9	-0.6	-0.4	7.1	7.3
Return on equity (ROE), %	-1.3	8.3	-	-	-1.3	8.3
Debt/equity ratio	0.61	0.58	0.14	0.10	0.47	0.48
Net debt/last twelve months' operational EBITDA	2.9	2.9	0.6	0.4	2.3	2.5
Equity ratio, %	39.2	41.0	-2.1	-1.8	41.3	42.8
Capital structure						
Operative fixed assets	6 824	7 520	1 590	1 498	5 234	6 022
Equity accounted investments	1 013	941	-948	-1 024	1 961	1 965
Operative working capital, net	1 179	1 526	94	66	1 085	1 460
Non-current interest-free items, net	-466	-551	33	60	-499	-611
Operating Capital Total	**8 550**	**9 436**	**769**	**600**	**7 781**	**8 836**
Net tax liabilities	-86	-237	-12	-20	-74	-217
Capital Employed	**8 464**	**9 199**	**757**	**580**	**7 707**	**8 619**
Equity attributable to owners of the Parent	5 213	5 770	-	-	5 213	5 770
Non-controlling interests	60	92	-	-	60	92
Net interest-bearing liabilities	3 191	3 337	757	580	2 434	2 757
Financing Total	**8 464**	**9 199**	**757**	**580**	**7 707**	**8 619**

Other standard changes effective from 1 January 2014:

- IAS 27 Consolidated and Separate Financial Statements was reissued and consolidation requirements previously stated in IAS 27 Consolidated and Separate Financial Statements have been revised and stated in IFRS 10 Consolidated Financial Statements.
- IAS 28 Investments in Associates and Joint Ventures supersedes IAS 28 Investments in Associates and provides consequential amendments to the standard in response to the new standard IFRS 11 Joint Arrangements.
- IAS 36 Impairment of Assets amendment clarifies disclosure requirements related to the recoverable amount of non-financial assets. The clarification might have minor effects on disclosures of Stora Enso.
- IAS 39 Financial Instruments: Recognition and Measurement amendment clarifies that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. This amendment is not relevant to the Group.

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

Condensed Consolidated Income Statement*

EUR million	Q1/14	Q1/13	Q4/13	2013
Sales	2 568	2 672	2 612	10 563
Other operating income	33	39	34	140
Materials and services	-1 573	-1 712	-1 488	-6 550
Freight and sales commissions	-237	-259	-235	-982
Personnel expenses	-361	-359	-349	-1 390
Other operating expenses	-144	-189	-141	-644
Share of results of equity accounted investments	50	25	49	102
Depreciation and impairment	-141	-196	-692	-1 189
Operating Profit/Loss	**195**	**21**	**-210**	**50**
Net financial items	-65	-56	-71	-239
Profit/Loss before Tax	**130**	**-35**	**-281**	**-189**
Income tax	-30	19	121	118
Net Profit/Loss for the Period	**100**	**-16**	**-160**	**-71**
Attributable to:				
Owners of the Parent	99	-17	-137	-53
Non-controlling interests	1	1	-23	-18
	100	**-16**	**-160**	**-71**
Earnings per Share				
Basic earnings per share, EUR	0.13	-0.02	-0.18	-0.07
Diluted earnings per share, EUR	0.13	-0.02	-0.18	-0.07

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

Consolidated Statement of Comprehensive Income*

EUR million	Q1/14	Q1/13	Q4/13	2013
Net profit/loss for the period	100	-16	-160	-71
Other Comprehensive Income				
Items that will not be Reclassified to Profit and Loss				
Actuarial gains and losses on defined benefit plans	-	-	76	74
Share of OCI of EAI that will not be reclassified	-	-1	-	-1
Income tax relating to items that will not be reclassified	-	-	-28	-27
	-	**-1**	**48**	**46**
Items that may be Reclassified Subsequently to Profit and Loss				
Share of OCI of EAI that may be reclassified	-3	3	1	13
Currency translation movements on equity net investments (CTA)	-4	77	-98	-227
Currency translation movements on non-controlling interests	-	3	-2	-6
Net investment hedges	5	-13	17	23
Currency and commodity hedges	-9	-11	-5	-26
Available-for-sale financial assets	-12	-41	6	-101
Income tax relating to items that may be reclassified	-	4	-1	2
	-23	**22**	**-82**	**-322**
Total Comprehensive Income	**77**	**5**	**-194**	**-347**
Total Comprehensive Income Attributable to:				
Owners of the Parent	76	1	-169	-323
Non-controlling interests	1	4	-25	-24
	77	**5**	**-194**	**-347**

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

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

Condensed Consolidated Statement of Cash Flows*

EUR million	Q1/14	Q1/13
Cash Flow from Operating Activities		
Operating profit	195	21
Hedging result from OCI	2	-1
Adjustments for non-cash items	95	174
Change in net working capital	-138	-69
Cash Flow Generated by Operations	**154**	**125**
Net financial items paid	-74	-66
Income taxes paid, net	-13	-3
Net Cash Provided by Operating Activities	**67**	**56**
Cash Flow from Investing Activities		
Proceeds from disposal of shares in equity accounted investments	61	-
Proceeds from sale of fixed assets	6	18
Capital expenditure	-132	-172
Proceeds from/payments of loan receivables, net	34	2
Net Cash Used in Investing Activities	**-31**	**-152**
Cash Flow from Financing Activities		
Long-term debt, payments	-61	-39
Change in short-term borrowings	-25	-15
Proceeds from disposal of subsidiary shares	5	-
Dividend to non-controlling interests	-	-7
Purchase of own shares**	-4	-
Net Cash Used in Financing Activities	**-85**	**-61**
Net Decrease in Cash and Cash Equivalents	**-49**	**-157**
Translation adjustment	4	3
Net cash and cash equivalents at the beginning of period	2 061	1 917
Net Cash and Cash Equivalents at Period End	**2 016**	**1 763**
Cash and Cash Equivalents at Period End	**2 018**	**1 764**
Bank Overdrafts at Period End	**-2**	**-1**
Net Cash and Cash Equivalents at Period End	**2 016**	**1 763**

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*
*** Own shares purchased for the Group's share award programme. The Group did not hold any own shares at the end of March 2014.*

Property, Plant and Equipment, Goodwill, Biological Assets and Other Intangible Assets

EUR million	Q1/14	Q1/13	2013
Carrying value at 1 January	6 442	7 039	7 039
Acquisition of subsidiary companies	-	-	1
Additions in tangible and intangible assets	87	120	710
Additions in biological assets	14	10	50
Disposals	-5	-8	-80
Disposals of subsidiary companies	-	-	-2
Depreciation and impairment	-141	-196	-1 189
Valuation of biological assets	-1	-3	185
Translation difference and other	-18	107	-272
Statement of Financial Position Total	**6 378**	**7 069**	**6 442**

Borrowings

EUR million	31 Mar 14	31 Dec 13	31 Mar 13
Bond loans	3 142	3 177	3 415
Loans from credit institutions	1 363	1 398	1 280
Finance lease liabilities	77	77	100
Other non-current liabilities	88	93	243
Non-current Debt including Current Portion	**4 670**	**4 745**	**5 038**
Short-term borrowings	496	510	408
Interest payable	70	93	81
Derivative financial liabilities	141	141	179
Bank overdrafts	2	12	1
Total Interest-bearing Liabilities	**5 379**	**5 501**	**5 707**

EUR million	Q1/14	2013	Q1/13
Carrying value at 1 January	5 501	5 699	5 699
Proceeds of new long-term debt	-	239	-
Repayment of long-term debt	-61	-377	-39
Change in short-term borrowings and interest payable	-75	101	-13
Change in derivative financial liabilities	-	-51	-13
Translation differences and other	14	-110	73
Total Interest-bearing Liabilities	**5 379**	**5 501**	**5 707**

Condensed Consolidated Statement of Financial Position*

EUR million		31 Mar 14	31 Dec 13	31 Mar 13	1 Jan 13
Assets					
Non-current Assets					
PPE, goodwill and other intangible assets	O	5 740	5 808	6 573	6 565
Biological assets	O	638	634	496	474
Emission rights	O	47	21	35	30
Equity accounted investments	O	980	1 013	980	941
Available-for-sale: Interest-bearing	I	14	10	100	96
Available-for-sale: Operative	O	345	361	407	451
Non-current loan receivables	I	60	80	137	134
Deferred tax assets	T	212	229	169	143
Other non-current assets	O	85	63	80	85
		8 121	**8 219**	**8 977**	**8 919**
Current Assets					
Inventories	O	1 514	1 445	1 610	1 510
Tax receivables	T	14	13	18	18
Operative receivables	O	1 689	1 555	1 851	1 714
Interest-bearing receivables	I	122	147	196	211
Cash and cash equivalents	I	2 018	2 073	1 764	1 921
		5 357	**5 233**	**5 439**	**5 374**
Total Assets		**13 478**	**13 452**	**14 416**	**14 293**
Equity and Liabilities					
Owners of the Parent		5 286	5 213	5 772	5 770
Non-controlling Interests		68	60	89	92
Total Equity		**5 354**	**5 273**	**5 861**	**5 862**
Non-current Liabilities					
Post-employment benefit provisions	O	403	378	470	480
Other provisions	O	127	127	145	145
Deferred tax liabilities	T	302	312	361	358
Non-current debt	I	4 158	4 201	4 832	4 799
Other non-current operative liabilities	O	22	24	9	11
		5 012	**5 042**	**5 817**	**5 793**
Current Liabilities					
Current portion of non-current debt	I	512	544	206	202
Interest-bearing liabilities	I	709	756	669	698
Operative liabilities	O	1 866	1 821	1 821	1 698
Tax liabilities	T	25	16	42	40
		3 112	**3 137**	**2 738**	**2 638**
Total Liabilities		**8 124**	**8 179**	**8 555**	**8 431**
Total Equity and Liabilities		**13 478**	**13 452**	**14 416**	**14 293**

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

PPE = Property, Plant and Equipment
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*

CTA = Cumulative Translation Adjustment *OCI = Other Comprehensive Income*
NCI = Non-controlling Interests *EAI = Equity Accounted Investments*

					Fair Valuation Reserve								
EUR million	**Share Capital**	**Share Premium and Reserve Fund**	**Invested Non-Restricted Equity Fund**	**Treasury Shares**	**Step Acquisition Revaluation Surplus**	**Available-for-Sale Financial Assets**	**Currency and Commodity Hedges**	**OCI of Equity Accounted Investments**	**CTA and Net Investment Hedges**	**Retained Earnings**	**Attributable to Owners of the Parent**	**Non-controlling Interests**	**Total**
Balance at 31 Dec 2012	**1 342**	**77**	**633**	**-10**	**4**	**362**	**12**	**-34**	**-10**	**3 394**	**5 770**	**92**	**5 862**
Loss for the period	-	-	-	-	-	-	-	-	-	-17	-17	1	-16
OCI before tax	-	-	-	-	-	-41	-11	2	64	-	14	3	17
Income tax relating to components of OCI	-	-	-	-	-	-1	2	-	3	-	4	-	4
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-42**	**-9**	**2**	**67**	**-17**	**1**	**4**	**5**
Dividend	-	-	-	-	-	-	-	-	-	-	-	-7	-7
Share-based payments	-	-	-	-	-	-	-	-	-	1	1	-	1
Balance at 31 Mar 2013	**1 342**	**77**	**633**	**-10**	**4**	**320**	**3**	**-32**	**57**	**3 378**	**5 772**	**89**	**5 861**
Loss for the period	-	-	-	-	-	-	-	-	-	-36	-36	-19	-55
OCI before tax	-	-	-	-	-	-60	-15	10	-268	74	-259	-9	-268
Income tax relating to components of OCI	-	-	-	-	-	2	3	-	-7	-27	-29	-	-29
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-58**	**-12**	**10**	**-275**	**11**	**-324**	**-28**	**-352**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-	-237
Disposals	-	-	-	-	-	-	-	-	-	-	-	-1	-1
Share-based payments	-	-	-	-	-	-	-	-	-	1	1	-	1
NCI transaction in EAI	-	-	-	-	-	-	-	-	-	1	1	-	1
Cancellation of treasury shares	-	-	-	10	-	-	-	-	-	-10	-	-	-
Balance at 31 Dec 2013	**1 342**	**77**	**633**	**-**	**4**	**262**	**-9**	**-22**	**-218**	**3 144**	**5 213**	**60**	**5 273**
Profit for the period	-	-	-	-	-	-	-	-	-	99	99	1	100
OCI before tax	-	-	-	-	-	-12	-9	-3	1	-	-23	-	-23
Income tax relating to components of OCI	-	-	-	-	-	-1	2	-	-1	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-13**	**-7**	**-3**	**-**	**99**	**76**	**1**	**77**
Disposals	-	-	-	-	-	-	-	15	-	-15	-	7	7
Purchase of treasury shares	-	-	-	-4	-	-	-	-	-	-	-4	-	-4
Share-based payments	-	-	-	4	-	-	-	-	-	-3	1	-	1
Balance at 31 Mar 2014	**1 342**	**77**	**633**	**-**	**4**	**249**	**-16**	**-10**	**-218**	**3 225**	**5 286**	**68**	**5 354**

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 12.*

Commitments and Contingencies

EUR million	31 Mar 14	31 Dec 13	31 Mar 13
On Own Behalf			
Mortgages	6	18	6
On Behalf of Equity Accounted Investments			
Guarantees	18	18	18
On Behalf of Others			
Guarantees	5	5	5
Other Commitments, Own			
Operating leases, in next 12 months	70	71	101
Operating leases, after next 12 months	530	510	552
Other commitments	5	5	6
Total	**634**	**627**	**688**
Mortgages	6	18	6
Guarantees	23	23	23
Operating leases	600	581	653
Other commitments	5	5	6
Total	**634**	**627**	**688**

Capital commitments

The Group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 237 million (compared with EUR 244 million at 31 March 2013 and EUR 142 million at 31 December 2013). These include the Group's share of direct capital expenditure contracts in joint operations.

Sales by Segment

EUR million	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Printing and Reading	999	4 319	1 054	1 041	1 101	1 123
Biomaterials	263	1 033	266	239	266	262
Building and Living	445	1 867	466	460	500	441
Renewable Packaging	823	3 272	788	829	835	820
Other	689	2 690	672	612	685	721
Inter-segment sales	-651	-2 618	-634	-628	-661	-695
Total	**2 568**	**10 563**	**2 612**	**2 553**	**2 726**	**2 672**

Operational EBIT by Segment

EUR million	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Printing and Reading	35	34	36	13	-17	2
Biomaterials	21	77	24	17	14	22
Building and Living	20	75	19	24	28	4
Renewable Packaging	92	318	73	100	77	68
Other	14	74	-	30	22	22
Operational EBIT	**182**	**578**	**152**	**184**	**124**	**118**
Fair valuations and non-operational items*	-11	11	30	-5	-8	-6
Non-recurring Items	24	-539	-392	-23	-33	-91
Operating Profit/Loss (IFRS)	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-30	118	121	-19	-3	19
Net Profit/Loss	**100**	**-71**	**-160**	**84**	**21**	**-16**

** Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, valuations of biological assets and Group's share of tax and net financial items of EAI.*

NRI by Segment

EUR million	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Printing and Reading	-7	-644	-538	8	-30	-84
Biomaterials	-	2	-8	-1	11	-
Building and Living	-13	-7	-	-	-	-7
Renewable Packaging	-	120	144	-28	4	-
Other	44	-10	10	-2	-18	-
NRI on Operating Profit	**24**	**-539**	**-392**	**-23**	**-33**	**-91**
NRI on tax	6	145	114	3	9	19
NRI on Net Profit	**30**	**-394**	**-278**	**-20**	**-24**	**-72**
NRI on Net Profit attributable to						
Owners of the Parent	30	-369	-253	-20	-24	-72
Non-controlling interests	-	-25	-25	-	-	-
	30	**-394**	**-278**	**-20**	**-24**	**-72**

Fair Valuations and Non-operational Items* by Segment

EUR million	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Printing and Reading	-2	2	3	-1	-	-
Biomaterials	-3	5	13	-4	-2	-2
Building and Living	-1	-	-	-	-	-
Renewable Packaging	1	-1	-	-1	-	-
Other	-6	5	14	1	-6	-4
FV and Non-operational Items on Operating Profit	**-11**	**11**	**30**	**-5**	**-8**	**-6**

** Fair valuations (FV) and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, valuations of biological assets and Group's share of tax and net financial items of EAI.*

Operating Profit/Loss by Segment

EUR million	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Printing and Reading	26	-608	-499	20	-47	-82
Biomaterials	18	84	29	12	23	20
Building and Living	6	68	19	24	28	-3
Renewable Packaging	93	437	217	71	81	68
Other	52	69	24	29	-2	18
Operating Profit/Loss (IFRS)	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-30	118	121	-19	-3	19
Net Profit/Loss	**100**	**-71**	**-160**	**84**	**21**	**-16**

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Mar 14	31 Dec 13	31 Mar 14	31 Dec 13
SEK	8.9483	8.8591	8.8575	8.6505
USD	1.3788	1.3791	1.3697	1.3281
GBP	0.8282	0.8337	0.8278	0.8493

Transaction Risk and Hedges in Main Currencies as at 31 March 2014

EUR million	USD	SEK	GBP
Estimated annual net operating cash flow exposure	980	-770	480
Transaction hedges as at 31 Mar 2014	-450	400	-230
Hedging percentage as at 31 Mar 2014 for the next 12 months	**46%**	**52%**	**48%**

Additional GBP hedge for 13–15 months increases the hedging percentage by 5%.

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	98
SEK	-77
GBP	48

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 occur other than a single currency exchange rate movement. Weakening would have the opposite impact.

Fair Values of Financial Instruments

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

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

The valuation techniques are described in more detail in the Financial Statements.

Carrying Amounts of Financial Assets and Liabilities by Measurement and Fair Value Categories: 31 March 2014

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Financial Assets	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	359	359	359
Non-current loan receivables	60	-	-	-	60	62
Trade and other operative receivables	1 382	1	-	-	1 383	1 383
Interest-bearing receivables	14	80	28	-	122	122
Current investments and cash	2 018	-	-	-	2 018	2 018
Carrying Amount by Category	**3 474**	**81**	**28**	**359**	**3 942**	**3 944**

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	5	4 153	4 158	4 367
Current portion of non-current debt	-	-	512	512	512
Interest-bearing liabilities	99	42	566	707	707
Trade and other operative payables	-	-	1 419	1 419	1 419
Bank overdrafts	-	-	2	2	2
Carrying Amount by Category	**99**	**47**	**6 652**	**6 798**	**7 007**

EUR million	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	109	-	109
Available-for-sale Financial Assets	14	-	345	359
Derivative Financial Liabilities	-	146	-	146

Carrying Amounts of Financial Assets and Liabilities by Measurement and Fair Value Categories: 31 December 2013

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Financial Assets	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	371	371	371
Non-current loan receivables	80	-	-	-	80	82
Trade and other operative receivables	1 260	2	-	-	1 262	1 262
Interest-bearing receivables	31	83	33	-	147	147
Current investments and cash	2 073	-	-	-	2 073	2 073
Carrying Amount by Category	**3 444**	**85**	**33**	**371**	**3 933**	**3 935**

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	4	4 197	4 201	4 400
Current portion of non-current debt	-	-	544	544	544
Interest-bearing liabilities	101	39	604	744	744
Trade and other operative payables	-	-	1 371	1 371	1 371
Bank overdrafts	-	-	12	12	12
Carrying Amount by Category	**101**	**43**	**6 728**	**6 872**	**7 071**

EUR million	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	118	-	118
Available-for-sale Financial Assets	10	-	361	371
Derivative Financial Liabilities	-	144	-	144

Reconciliation of Level 3 Fair Value Measurement of Financial Assets: 31 March 2014

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2014	361	-	361
Interest capitalised	-	-	-
Gains/losses recognised in income statement	-	-	-
Gains in OCI transferred to income statement	-	-	-
Losses recognised in other comprehensive income	-16	-	-16
Additions	-	-	-
Disposals	-	-	-
Closing Balance at 31 March 2014	**345**	**-**	**345**

Reconciliation of Level 3 Fair Value Measurement of Financial Assets: 31 December 2013

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2013	451	90	541
Interest capitalised	-	9	9
Gains (losses) recognised in income statement	1	2	3
Gains in OCI transferred to income statement	-	-7	-7
Losses recognised in other comprehensive income	-97	-	-97
Additions	9	-	9
Disposals	-3	-94	-97
Closing Balance at 31 December 2013	**361**	**-**	**361**

Unlisted shares

The unlisted shares consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 4.66% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by +/- EUR 34 million and a +/- 1% change in the discount rate would change the valuation by -/+ EUR 26 million.

Stora Enso Shares

Trading volume	Helsinki		Stockholm	
	A share	R share	A share	R share
January	152 937	67 834 472	263 738	23 080 578
February	194 602	97 734 588	239 718	38 293 050
March	165 392	61 344 424	243 333	21 003 625
Total	**512 931**	**226 913 484**	**746 789**	**82 377 253**

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
January	7.00	6.94	63.20	61.05
February	8.35	8.26	73.20	72.85
March	7.72	7.77	69.90	69.35

Calculation of Key Figures

Operational return on capital employed, operational ROCE (%)	100 x	$\frac{\text{Operational EBIT}}{\text{Capital employed}^{1)\,2)}}$
Operational return on operating capital, operational ROOC (%)	100 x	$\frac{\text{Operational EBIT}}{\text{Operating capital}^{1)\,2)}}$
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		$\frac{\text{Interest-bearing net liabilities}}{\text{Equity}^{3)}}$
CEPS		$\frac{\text{Net profit/loss for the period}^{3)} – \text{Fixed asset depreciation and impairment} – \text{Fair valuation of biological assets}}{\text{Average number of shares}}$
EPS		$\frac{\text{Net profit/loss for the period}^{3)}}{\text{Average number of shares}}$
Operational EBIT		Operating profit/loss excluding NRI and fair valuations of the segments and Stora Enso's share of operating profit/loss excluding NRI and fair valuations of its equity accounted investments (EAI)
Operational EBITDA		Operating profit/loss excluding fixed asset depreciation and impairment, share of results of equity accounted investments, NRI and fair valuations
Net debt to operational EBITDA ratio		$\frac{\text{Interest-bearing net liabilities}}{\text{Operational EBITDA}}$
Last twelve months (LTM)		Twelve months preceding the reporting date

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 second quarter 2014 results will be published on 21 July 2014.

WEBCAST AND CONFERENCE CALL FOR ANALYSTS AND INVESTORS

CEO Jouko Karvinen, CFO Seppo Parvi and SVP Investor Relations Ulla Paajanen-Sainio will be hosting a combined conference call and webcast today at 14.30 Finnish time (13.30 CET, 12.30 UK time, 07.30 EDT).

If you wish to participate, please dial:

UK	+44(0)20 7138 0815
Finland	+358 (0)9 6937 9590
Sweden	+46 (0)8 5065 3938
US	+1 212 444 0895
Confirmation Code:	2512216

The live webcast may be accessed at http://www.media-server.com/m/p/2k65q9d7

Stora Enso is the global rethinker of the paper, biomaterials, wood products and packaging 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 29 000 people worldwide, and our sales in 2013 amounted to EUR 10.6 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.

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