Interim Review

Fourth Quarter and Full Year Results 2007

Stora Enso Fourth Quarter and Full Year Results 2007

Operating profit burdened by high wood costs; corrective actions underway; proposed dividend per share unchanged at EUR 0.45.

Summary of Fourth Quarter Results (compared with Q4/2006)

Continuing Operations:		Q4/2007	Q4/2006	2007	2006
Sales	EUR million	3 372.7	3 319.9	13 373.6	12 957.2
Operating Profit excl. non-recurring items (NRI)	EUR million	340.1	217.8	1 171.7	884.4
Operating Profit excl. NRI, non-operational items and forest revaluation gains from associated companies	**EUR million**	**156.3**	**223.8**	**906.0**	**871.8**
Operating Profit	EUR million	-48.4	254.4	246.2	741.5
Profit Before Tax excl. NRI	EUR million	292.9	165.2	1 002.8	691.1
Profit Before Tax	EUR million	-95.6	234.8	77.3	711.2
Net Profit excl. NRI	EUR million	229.0	153.2	780.0	550.7
Net Profit	EUR million	-50.8	302.3	71.5	700.4
EPS excl. NRI	EUR	0.29	0.19	0.99	0.69
EPS	EUR	-0.06	0.38	0.09	0.88
CEPS excl. NRI	EUR	0.52	0.49	2.01	1.84
ROCE excl. NRI	%	12.8	8.8	11.3	8.7
ROCE excl. NRI, non-operational items and forest revaluation gains from associated companies	%	5.9	9.0	8.7	8.6

Message from CEO Jouko Karvinen:

"The year 2007, especially its fourth quarter, was one of the most challenging in the recent history of Stora Enso. Although we made progress in improving operational performance in many areas, the operating profit for the fourth quarter excluding non-recurring items and upward revaluations of forest assets of associated companies was clearly less than for the fourth quarter of 2006. The fourth quarter's profit deterioration, which was mainly due to Wood Products and certain one-time functional costs, meant we could not stay on our path of year-on-year improvement. Whilst Fine Paper and Industrial Packaging did improve their profit compared with the previous year, we cannot be satisfied with the results for the last quarter. Newsprint and Book Paper, Magazine Paper and Consumer Board enjoyed stronger demand in the fourth quarter than a year ago, but raw material cost increases and adverse exchange rate changes reduced their profitability.

"We made clear progress during 2007 in several areas. The divestment of our operations in North America at fair market value not only released significant capital, but also allows us to focus and further invest in Stora Enso's future. The deal with New Page also created a strong entity with good prospects in the North American market.

"Another area where we were able to respond to both short-term and long-term threats was the issue of wood imported from Russia. In 2007 we managed to reduce the amount of wood imported by nearly three million cubic metres by changing some of our pulping lines from birch to pine and by increasing consumption of domestically sourced Finnish wood. That not only kept our integrated paper and board mills running and several thousand employees working; crucially, it also enabled us to maintain supplies to our paper and board customers throughout the year.

"Despite tremendous efforts we still had to import more than four million cubic metres of wood at prices already dramatically higher due to the mild winter in 2007, and under the threat of increasing Russian duties. Our plans to close down the pulp mills at Kemijärvi and Norrsundet are based on the clear objective of reducing the need to buy excessively expensive imported wood, thereby safeguarding the future of the larger entities and Stora Enso as a whole. The closures of Summa Mill and part of Anjala Mill in Finland are due to long-term profitability issues that we were unable to solve despite the tremendous efforts of our employees and earlier investments. We remain convinced that our responsibility to all our stakeholders is to secure the profitability of Stora Enso operations and to do our utmost to support new business creation and re-employment of the people affected by our restructuring programmes.

"A real threat to the future of the whole forest products industry in Finland is the impending increases in duties on wood exported from Russia. We are preparing for a number of scenarios that include capacity reductions and some investments in order to minimise the effects of the duties, especially on our financial performance and thereby employment too. The fact is we will have to launch some of these actions in the next few months to be able to cope with the steep increases in duties. As we have said before, the time to act is now, not at the end of 2008.

"The economic outlook is uncertain in Europe and globally. We expect to face average unit cost inflation of 2.5 to 3.0% this year. However, our business units have concrete plans to reduce costs and improve margins and productivity that should largely offset cost inflation for the year as a whole. We still see big opportunities to improve our productivity and efficiency, and in balancing and prioritising our investments in existing businesses and selected new projects. We remain committed to our goal of improving long-term returns even with these realities and external challenges."

Near-term Market Outlook

In Europe demand for newsprint should remain steady; contract negotiations are still ongoing in Europe. Overseas prices for newsprint have increased in the first quarter. The magazine paper market has strengthened and prices for coated and SC magazine paper are rising. Fine paper demand is expected to strengthen for seasonal reasons in the next few months, but no price changes are foreseen.

Normal seasonal strengthening in demand for consumer board is anticipated, although slightly less than a year ago. Markets outside Europe are very competitive due to unfavourable exchange rates, but a slight rise in prices in local currencies is predicted. Demand for industrial packaging products is forecast to remain firm, leading to some price increases.

Despite the on-going recovery in demand in Japan, the general outlook for wood products demand remains depressed, and prices are likely to decline further. Judging by the current outlook, the already announced production curtailments will continue at least into the second quarter of 2008.

In Latin America demand for coated magazine paper is expected to remain firm with prices rising further. In China the outlook for fine paper demand and prices remains positive.

Markets

Compared with Q4/2006
In Europe market demand was stronger for magazine paper, consumer board and industrial packaging, and slightly stronger for newsprint, but virtually unchanged for fine paper and clearly weaker for wood products.

Prices were higher for newsprint, uncoated fine paper, industrial packaging and wood products. Prices were lower for all magazine paper grades and slightly lower for coated fine paper and consumer board, mainly due to exchange rate trends.

Producer inventories were lower than a year ago in magazine paper and higher in newsprint, fine paper and wood products.

In Latin America market demand for coated magazine paper was stronger and prices increased.

In China market demand for coated fine paper continued to grow and prices were higher than a year ago.

Compared with Q3/2007
In Europe demand was seasonally stronger for newsprint, magazine paper and coated fine paper, but slightly weaker for uncoated fine paper and consumer board. Industrial packaging demand remained healthy. Demand for wood products sharply deteriorated as the market became oversupplied following the very buoyant first half of 2007.

Prices were largely unchanged for newsprint, magazine paper and uncoated fine paper, but coated fine paper and consumer board prices declined slightly. Prices for some industrial packaging products increased. Wood product prices clearly decreased due to heavy oversupply, high inventories and weaker demand.

Producer inventories increased in wood products, were virtually unchanged in fine paper and decreased in newsprint and magazine paper.

In Latin America market deliveries were lower, but prices higher.

In China market demand for coated fine paper continued to grow and prices increased.

Stora Enso Deliveries and Production from Continuing Operations

	2006	2007	Q4/06	Q3/07	Q4/07	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07
Paper and board deliveries (1 000 tonnes)	12 489	12 477	3 160	3 112	3 147	-0.4	1.1
Paper and board Production (1000 tonnes)	12 547	12 459	3 135	3 119	3 056	-2.5	-2.0
Wood products deliveries (1 000 m^3)	6 551	6 348	1 653	1 545	1 421	-14.0	-8.0

Q4/2007 Results from continuing operations
(compared with Q4/2006)
Sales at EUR 3 372.7 million were approximately the same as a year earlier. Higher average prices for industrial packaging and consumer boards were largely offset by lower deliveries in wood products.

Key figures

EUR million	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Continuing Operations										
Sales	3 319.9	12 957.2	3 410.5	3 355.9	3 234.5	3 372.7	13 373.6	1.6	4.3	3.2
EBITDA excluding NRI	429.6	1 697.4	518.2	445.1	382.6	288.4	1 634.3	-32.9	-24.6	-3.7
Operating profit excluding NRI	217.8	884.4	327.2	252.4	252.0	340.1	1 171.7	56.2	35.0	32.5
Operating profit excl. NRI, non-operational items and forest revaluation gains from associated companies	223.8	871.8	311.6	231.0	207.1	156.3	906.0	-30.2	-24.5	3.9
NRI (operational)	36.6	-142.9	-12.0	24.4	-549.4	-388.5	-925.5	n/m	29.3	n/m
Operating margin excluding NRI, %	6.6	6.8	9.6	7.5	7.8	10.1	8.8	53.0	29.5	29.4
Operating profit	254.4	741.5	315.2	276.8	-297.4	-48.4	246.2	-119.0	83.7	-66.8
Net financial items[1)]	-19.6	-30.3	-38.7	-56.1	-26.9	-47.2	-168.9	-140.8	-75.5	n/m
Profit before tax and minority interests excluding NRI	165.2	691.1	288.5	196.3	225.1	292.9	1 002.8	77.3	30.1	45.1
Profit before tax and minority interests	234.8	711.2	276.5	220.7	-324.3	-95.6	77.3	-140.7	70.5	-89.1
Net profit for the period excluding NRI	153.2	550.7	219.2	153.2	178.6	229.0	780.0	49.5	28.2	41.6
Net profit for the period	302.3	700.4	207.2	179.2	-264.1	-50.8	71.5	-116.8	80.8	-89.8
EPS from continuing operations excluding NRI, Basic, EUR	0.19	0.69	0.28	0.19	0.23	0.29	0.99	52.6	26.1	43.5
EPS from continuing operations, Basic, EUR	0.38	0.88	0.26	0.22	-0.33	-0.06	0.09	-115.8	81.8	-89.8
CEPS from continuing operations excluding NRI, EUR	0.49	1.84	0.55	0.46	0.48	0.52	2.01	6.1	8.3	9.2
ROCE from continuing operations excluding NRI, %	8.8	8.7	12.7	9.6	9.4	12.8	11.3	45.5	36.2	29.9
ROCE excl. NRI, non-operational items and forest revaluation gains from associated companies, %	9.0	8.6	12.1	8.7	7.7	5.9	8.7	-34.4	-23.4	1.2
Total Operations										
EPS from total operations, Basic, EUR	0.33	0.74	0.28	0.18	-0.56	-0.17	-0.27	-151.5	69.6	-136.5
EPS from total operations, excluding NRI, Basic, EUR	0.12	0.55	0.26	0.13	0.23	0.26	0.88	116.7	-13.0	60.0

1) Includes capital gains totalling EUR 163.0 million in 2006, comprising EUR 130.0 million (sale of Sampo shares) in Q1/2006 and EUR 33.0 million (sale of Finnlines shares) in Q4/2006

NRI = Non-recurring items

CEPS = (Net profit for the period + depreciation and amortisation)/average number of shares

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

Roconciliation of Operating Profit, Continuing Operations

EUR million	2006	2007	Change % 2007-2006	Q4/06	Q3/07	Q4/07	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07
Profit from operations, excl. NRI	783.8	831.6		197.8	189.6	143.5		
Associated companies, operational	88.0	74.4		26.0	17.5	12.8		
Operating Profit excl. NRI and non-operational items	**871.8**	**906.0**	**3.9**	**223.8**	**207.1**	**156.3**	**-30.2**	**-24.5**
Non-operational Items*	12.6	- 1.3		- 6.0	- 3.1	- 35.2		
Non-operational Items, Associated Companies*		267.0			48.0	219.0		
Operating Profit, excl NRI	**884.4**	**1 171.7**	**32.5**	**217.8**	**252.0**	**340.1**	**56.2**	**35.0**
NRI	- 142.9	- 925.5		36.6	- 549.4	- 388.5		
Operating Profit, as reported	**741.5**	**246.2**	**-66.8**	**254.4**	**- 297.4**	**- 48.4**	**-119.0**	**83.7**

*) Non-Operational Items include fair valuation of Total Return Swaps, synthetic options and CO2 emission rights and valuations from associated companies' forest

Operating profit excluding non-recurring items, non-operational items and valuation gains in forest assets in associated companies decreased by EUR 67.5 million to EUR 156.3 million, which is 4.6% of sales. Operating profit was higher in Fine Paper and Industrial Packaging mainly due higher sales prices, approximately the same in Merchants, but lower in Newsprint, Magazine Paper and Consumer Board, mainly due to higher recycled paper and wood costs. Profitability clearly deteriorated in Wood Products due to weakening demand and higher wood raw material costs.

Changes in exchange rates, mainly depreciation of the US dollar and British pound, decreased operating profit by some EUR 20 million compared with the fourth quarter of 2006.

Deliveries of wood to the Group's mills totalled 10.8 million cubic metres, approximately the same as in the fourth quarter of 2006. Wood costs were considerably higher than a year earlier.

The share of associated company results amounted to EUR 231.8 (EUR 26.0) million with EUR 219 million of increase coming from the IAS 41 fair valuation of Bergvik Skog AB (EUR 163 million), Tornator Oy (EUR 17 million) and Veracel Celulose S.A. (EUR 39 million) forest asset holdings due to higher estimated wood prices and harvesting volumes. The shares of Bergvik and Tornator results are presented in the segment Other and the share of Veracel results in Fine Paper.

Operating profit includes a negative net effect of EUR 35.2 million (negative EUR 6.0 million) from the accounting of share-based compensation, Total Return Swaps (TRS) and CO_2 emission rights. These non-operational items are reported in the segment Other.

Non-recurring items had a net impact of EUR -388.5 (EUR 36.6) million on operating profit. The final net impact of the planned restructuring programme in Kymenlaakso, Kemijärvi, Norrsundet and Group administration announced in October amounted to EUR -335.5 million. The remaining EUR -53.0 million of net impact arises from other provisions and write-downs due to various additional personnel reductions, site clearance and spare part inventory write-downs. Non-recurring expenses at EUR -388.5 million for the fourth quarter of 2007 were EUR 14.0 million lower than announced on 22 January 2008 as a result of decreased restructuring cost estimates.

Operating profit of the segment Other excluding non-recurring items, non-operational items and valuation gains in forest assets of associated companies was EUR -10.6 (19.2) million in the fourth quarter of 2007, a deterioration of EUR 29.8 million. Comparative figures for the fourth quarter of 2006 include internal reallocation of additional logistics costs related to starting up a new shipping system that increased the operating profit of Other operations by EUR 20.7 million and correspondingly decreased segmental operating profits. In addition, there were credit losses in sales companies of EUR 3.0 million in the fourth quarter of 2007.

Net financial items were EUR -47.2 (EUR -19.6) million. Net interest expenses increased to EUR 42.4 (EUR 39.7) million and net foreign exchange losses on borrowings, currency derivatives and bank accounts were EUR 5.5 (EUR 11.0) million. Income from other financial items decreased to EUR 0.7 (EUR 31.1) million. A non-recurring capital gain of EUR 33 million on the sale of Finnlines shares was included in the fourth quarter of 2006.

Profit before tax and minority interests excluding non-recurring items increased by EUR 127.7 million to EUR 292.9 million and profit before tax amounted to EUR -95.6 (EUR 234.8) million including non-recurring items.

Net taxes including non-recurring items totalled positive EUR 44.8 (positive EUR 67.5) million, leaving a net loss for the quarter of EUR -50.8 (positive EUR 302.3) million.

Earnings per share excluding non-recurring items increased by EUR 0.10 to EUR 0.29. Earnings per share including non-recurring items were EUR -0.06 (EUR 0.38). Cash earnings per share were EUR 0.52 (EUR 0.49) excluding non-recurring items.

The return on capital employed was 12.8% (8.8%) excluding non-recurring items. The return on capital employed excluding non-recurring items, non-operational items and forest assets valuations was 5.9% (9.0%). Capital employed was EUR 10 502.6 million on 31 December 2007, a net decrease of EUR 1 643.5 million, mainly due to restructuring and impairments of the Group's fixed assets and goodwill.

Financial Results 2007 from continuing operations (compared with previous year)

Sales at EUR 13 373.6 million were 3.2% higher than in 2006, largely due to clearly higher average prices for wood products and industrial packaging, and increased deliveries in Industrial Packaging and Magazine Paper as market demand improved. The acquisition of Arapoti Mill in September 2006 increased Magazine Paper deliveries by 121 000 tonnes and sales by EUR 85 million. Deliveries decreased slightly in all other segments. In Fine Paper deliveries decreased by 6.5%, mainly due to the permanent shutdown of Berghuizer Mill in 2007 (89 000 tonnes and EUR 74 million impact) and the inclusion of Celbi Pulp Mill in the comparative figures until July 2006 (187 000 tonnes and EUR 85 million impact). Deliveries of wood products were 3.1% lower, mainly due to market-related production curtailments at sawmills in the fourth quarter of 2007.

Operating profit excluding non-recurring items, non-operational items and valuation gains in forest assets in associated companies increased by EUR 34.2 million to EUR 906.0 million, and was clearly higher in Wood Products as higher average sales prices more than offset higher average wood costs. Operating profit was clearly lower in Consumer Board, mainly due to higher wood costs and production curtailments at Enocell Pulp Mill. Operating profit was lower in Newsprint despite higher newsprint prices, because wood, recycled paper and energy costs rose. Magazine Paper operating profit was lower as sales prices decreased while recycled paper and wood costs increased. Operating profit was higher in Fine Paper because higher office paper prices more than offset higher wood costs and the divested Celbi Pulp Mill's EUR 29.1 million operating profit in 2006. Operating profit was higher in Industrial Packaging mainly due to higher prices and volumes.

Changes in exchange rates, mainly depreciation of the US dollar, decreased operating profit by some EUR 60 million compared with 2006.

The share of associated company results amounted to EUR 341.4 (EUR 88.0) million, which includes EUR 267 million from the IAS 41 fair valuation of forest asset holdings in the associated companies Bergvik Skog (EUR 163 million), Tornator (EUR 65 million) and Veracel (EUR 39 million). These non-operational items are reported in the segments Fine Paper (EUR 39 million) and Other (EUR 228 million). The share of associated company results excluding the forest valuations decreased by EUR 13.6 million.

In 2007 the research and development expenses of continuing operations were EUR 87.5 (EUR 79.4 million), equivalent to 0.7% of sales.

Net financial items were EUR -168.9 (EUR -30.3] million. The 2006 figure includes a non-recurring capital gain of EUR 163.0 million from the sale of shares in Sampo Oyj and Finnlines Oyj.

Profit before tax and minority interests excluding non-recurring items increased by EUR 311.7 million to EUR 1 002.8 million. Profit before tax including non-recurring items was EUR 77.3 (EUR 711.2) million.

Net taxes totalled EUR 5.8 (EUR 10.8) million.

Earnings per share excluding non-recurring items increased by EUR 0.30 to EUR 0.99. Earnings per share including non-recurring items were EUR 0.09 (EUR 0.88).

The return on capital employed was 11.3% (8.7%) excluding non-recurring items. The return on capital employed excluding non-recurring items, non-operational items and forest asset valuations was 8.7% (8.6%).

Discontinued Operations

On 21 December 2007 Stora Enso finalised the divestment of its North American subsidiary Stora Enso North America, Inc (SENA) to NewPage Corporation. Stora Enso North America is classified as a discontinued operation according to IFRS, so its net loss is reported in a single line after the net profit from continuing operations. This loss on the discontinued operation includes the loss on disposal, including cumulative exchange rate differences and equity hedges.

The operating profit from discontinued operations, excluding loss on disposal and other NRI, for 2007 was EUR -0.4 (EUR -14.9) million and EUR 3.7 (EUR -5.7) million including NRI. The loss on disposal before tax was EUR 28.3 million, net of positive cumulative exchange rate differences and equity hedges.

Q4/2007 Results from continuing operations (compared with Q3/2007)

Sales at EUR 3 372.7 million were 4.3% higher than the previous quarter's EUR 3 234.5 million. Merchants' sales rose by 9.5% for seasonal reasons. Deliveries increased in Newsprint, decreased in Wood Products and were almost unchanged in the other segments.

Operating profit excluding non-recurring items, non-operational items and valuation gains in forest assets of associated companies decreased by EUR 50.8 million to EUR 156.3 million. Wood Products' operating profit decreased to zero (EUR 37.1 million), mainly due to the rapid fall in prices and significantly lower deliveries as demand from the construction sector weakened, in addition to the usual seasonal slowdown. Operating profit increased slightly in Consumer Board and Industrial Packaging but decreased in Fine Paper, Newsprint and Magazine Paper.

Operating profit includes EUR 219 (EUR 48) million of IAS 41 forest valuation gains from associated companies, comprising EUR 180 (EUR 48) million in the segment Other and EUR 39 (EUR 0) million in Fine Paper. Operating profit includes a negative net effect of EUR 35.2 million (EUR -3.1 million) from the accounting of share-based compensation, Total Return Swaps (TRS) and CO_2 emission rights. These non-operational items are reported in the segment Other.

Changes in exchange rates, mainly depreciation of the US dollar and British pound, decreased operating profit by some EUR 10 million compared with the previous quarter.

Profit before tax amounted to EUR 292.9 (EUR 225.1) million excluding non-recurring items and EUR -95.6 (EUR -324.3) million including non-recurring items.

Earnings per share were EUR 0.29 (EUR 0.23) excluding non-recurring items and EUR -0.06 (EUR -0.33) including non-recurring items. Cash earnings per share were EUR 0.52 (EUR 0.48) excluding non-recurring items.

The return on capital employed was 12.8% (9.4%) excluding non-recurring items. The return on capital employed excluding non-recurring items, non-operational items and forest asset valuations in associated companies was 5.9% (7.7%). Group capital employed was EUR 10 502.6 million on 31 December 2007, a net decrease of EUR 1 466.2 million mainly due to divestment of Stora Enso North America, Inc and divestment of Arapoti's forest holdings. Capital employed was also decreased by provisions and write-downs related to the planned mill closures in Kemijärvi, Summa and Norrsundet.

Capital Structure

EUR million	31 Dec 2006	31 Mar 2007	30 Jun 2007	30 Sep 2007	31 Dec 2007
Fixed assets	11 234.7	11 029.2	11 029.5	10 200.6	8 493.2
Associated companies	805.2	868.3	907.3	963.6	1 154.5
Operative working capital	2 183.6	2 415.4	2 497.4	2 527.3	2 084.3
Non-current interest-free items, net	-1 204.0	-1 050.7	-954.3	-929.4	-610.8
Operating Capital Total	**13 019.5**	**13 262.2**	**13 479.9**	**12 762.1**	**11 121.2**
Net tax liabilities	-873.4	-888.3	-889.1	-793.3	-618.6
Capital Employed	**12 146.1**	**12 373.9**	**12 590.8**	**11 968.8**	**10 502.6**
Equity attributable to Company shareholders	7 799.6	7 642.0	8 052.9	7 592.6	7 476.1
Minority interests	103.5	106.2	117.0	43.6	71.9
Net interest-bearing liabilities	4 243.0	4 625.7	4 420.9	4 332.6	2 954.6
Financing Total	**12 146.1**	**12 373.9**	**12 590.8**	**11 968.8**	**10 502.6**

Financing (compared with Q3/07)
Cash flow from continuing operations was EUR 314.8 (EUR 319.7) million and cash flow after investing activities EUR 10.7 (EUR 122.0) million compared with the third quarter of 2007. Cash flow from continuing operations was approximately the same as in the previous quarter. Weak cash flow due to lower profitability was offset by a decrease in working capital.

At the end of the period, interest-bearing net liabilities were EUR 2 954.6 million, a decrease of EUR 1 378.0 million mainly due to divestment of Stora Enso North America, Inc. Total unutilised credit facilities and cash and cash-equivalent net reserves increased by EUR 0.7 billion to EUR 2.3 billion.

Group shareholders' equity amounted to EUR 7 476.1 million or EUR 9.48 (EUR 9.63) per share, compared with the market capitalisation on the Helsinki Stock Exchange on 31 December 2007 of EUR 8.1 billion. Distributable funds in Stora Enso Oyj equity amounted to EUR 2 658.5 million.

The debt/equity ratio at 31 December 2007 was 0.40 (0.57). The currency effect on equity was negative EUR 47.2 million net of the hedging of equity translation risks.

Cash Flow

EUR million	2006	2007	Q4/06	Q3/07	Q4/07	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Continued Operations								
Operating profit	741.5	246.2	254.4	-297.4	-48.4	-119.0	-83.7	-66.8
Adjustments*	780.8	1 216.5	216.8	672.2	154.7	-28.6	-77.0	55.8
Change in working capital	191.4	-237.9	70.6	-55.1	208.5	195.3	n/m	-224.3
Cash Flow from Operations	**1 713.7**	**1 224.8**	**541.8**	**319.7**	**314.8**	**-41.9**	**-1.5**	**-28.5**
Capital expenditure	-535.6	-783.8	-166.2	-197.7	-304.1	83.0	53.8	46.3
Cash Flow after Investing Activities	**1 178.1**	**441.0**	**375.6**	**122.0**	**10.7**	**-97.2**	**-91.2**	**-62.6**
Discontinued Operations								
Cash flow from a discontinued operation after investing activities	152.6	95.8	61.6	23.5	59.0	-4.2	151.1	-37.2
Total Cash Flow after Investing Activities	**1 330.7**	**536.8**	**437.2**	**145.5**	**69.7**	**-84.1**	**-52.1**	**-59.7**

*) Adjustments include depreciations, other non-cash income and expenses and capital gains and losses which are included in proceeds from the sale of fixed assets and shares.

Capital Expenditure
Capital expenditure for 2007 totalled EUR 820.4 million (excluding North American operations and land acquisitions), which is 83.0% of scheduled depreciation. The Group's total capital expenditure for 2008 is expected to be about EUR 900 million, including land acquisitions.

The main projects during the year were the super-calendered (SC) paper machine (PM6) at Dawang Mill, China (EUR 76.6 million), which is a joint venture between Stora Enso and Shandong Huatai Paper, land acquisitions and plantations in South America (EUR 38.4 million), the third corrugated board plant in Russia (EUR 33.7 million), plantations at Guangxi in China (EUR 38.1 million), and woodhandling (EUR 32.7 million) and rebuilding PM 3 (EUR 50.9 million) at Varkaus Mill in Finland.

Short-term Risks and Uncertainties
The global economic slowdown may reduce demand for the Group's products. The impending Russian wood duties will severely increase wood costs and make some production economically unviable in 2009. The direct impact of the weak US dollar and its indirect impact on trade flows may also adversely affect the Group's profitability.

Near-term Market Outlook
In Europe demand for newsprint should remain steady; contract negotiations are still ongoing in Europe. Overseas prices for newsprint have increased in the first quarter. The magazine paper market has strengthened and prices for coated and SC magazine paper are rising. Fine paper demand is expected to strengthen for seasonal reasons in the next few months, but no price changes are foreseen.

Normal seasonal strengthening in demand for consumer board is anticipated, although slightly less than a year ago. Markets outside Europe are very competitive due to unfavourable exchange rates, but a slight rise in prices in local currencies is predicted. Demand for industrial packaging products is forecast to remain firm, leading to some price increases.

Despite the on-going recovery in demand in Japan, the general outlook for wood products demand remains depressed, and prices are likely to decline further. Judging by the current outlook, the already announced production curtailments will continue at least into the second quarter of 2008.

In Latin America demand for coated magazine paper is expected to remain firm with prices rising further. In China the outlook for fine paper demand and prices remains positive.

Fourth Quarter Events

October
On 25 October 2007 in response to dramatic cost increases and to safeguard long-term profitability, Stora Enso announced its plans to close down permanently Summa Paper Mill and one magazine paper machine at Anjala Mill, and the pulp mills at Kemijärvi and Norrsundet. The closures would reduce annual capacity by 505 000 tonnes of newsprint and magazine paper and 550 000 tonnes of pulp. The number of personnel affected by these planned permanent mill closures would total about 1 400 – about 1 100 in Finland and about 300 in Sweden.

On 25 October 2007 Stora Enso also announced its plans to divest its mills at Kotka in Finland. The laminating paper business and the special coated magazine paper operations at Kotka are to be divested as Stora Enso continues to focus its portfolio. These two businesses do not compete directly with products of other Group mills. The sawmilling operations at Kotka could also be sold if a satisfactory offer is received. The mills at Kotka employ about 650 people.

On 25 October 2007 Stora Enso also announced its plan to reduce its administrative staff by about 300 in Group administrative functions and shared services (out of total Group administrative staff of about 850) in the UK, Finland, Sweden and Germany.

November
On 1 November 2007 Stora Enso announced that it had finalised the partial divestment of Stora Enso Arapoti in Brazil to Arauco as anticipated in the announcement on 27 September 2007. Stora Enso sold 100% of the Arapoti sawmill, 80% of the shares of the forest holding company and 20% of the shares of the coated paper mill company to Arauco. The total consideration was USD 208 million (EUR 144 million).

On 5 November 2007 Stora Enso announced projects to improve energy efficiency through investments totalling EUR 260 million at Langerbrugge Mill in Belgium and Maxau Mill in Germany. Both projects are scheduled to be completed in the second quarter of 2010.

On 7 November 2007 Stora Enso announced that it had launched actions, in close co-operation with the local employment and business centres and the Finnish government, to support the employees affected by the planned restructuring measures in Finland announced on 25 October 2007. The planned actions, which include financial and other resource support for re-employment, retraining and relocation, as well as start-up assistance for new businesses, were proposed as part of the co-determination negotiations at Kymenlaakso and Kemijärvi.

On 29 November 2007 Stora Enso announced additional temporary production curtailments of about 120 000 m3 in glue-laminated products and about 500 000 m3 in mainly whitewood sawnwood in Austria, the Baltic States and Finland in the fourth quarter of 2007 and early 2008.

December
On 7 December 2007 Stora Enso announced its intention to delist its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE) in the USA. The delisting took effect on 28 December 2007, and since 31 December 2007 Stora Enso's ADRs have been traded on the International OTCQX – a premium market tier that distinguishes leading international companies from other securities traded over-the-counter. The delisting was followed on 7 January 2008 by the filing of Form 15F with the US Securities and Exchange Commission (SEC) to deregister and terminate its reporting obligations under the Securities Exchange Act of 1934.

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

As a result of an investigation, the Finnish Competition Authority has proposed to the Finnish Market Court that a fine of EUR 30 million should be imposed on Stora Enso for violating competition laws in the purchasing of wood in Finland in the period from 1997 to 2004. Stora Enso considers the proposal groundless.

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

Changes in Group Composition
On 21 September 2007 Stora Enso signed a definitive agreement to sell its North American subsidiary Stora Enso North America, Inc to NewPage Holding Corporation. The combined company, to be called NewPage, will be among the North American leaders in its field. The transaction was finalised in December 2007. Stora Enso will hold 19.9% of the new company shares and a vendor note of nominal value USD 200 million. They are both considered financial investments.

Changes in Group Management and Organisational Structure
Stora Enso's Board of Directors appointed Jouko Karvinen, M.Sc. (Eng.), as the new CEO of Stora Enso. He joined the company on 1 January 2007 and took up the position of CEO following the Annual General Meeting (AGM) on 29 March 2007.

Jukka Härmälä left the position of CEO at the AGM on 29 March 2007. Following his special assignments period, former CEO Jukka Härmälä retired from Stora Enso at the end of August 2007.

On 29 March 2007 Stora Enso's Board of Directors appointed Hannu Ryöppönen as Deputy CEO in addition to his role as CFO.

Pekka Laaksonen, Senior Executive Vice President, Fine Paper and member of the Executive Management Group (EMG), accepted the position of CEO with Valio Ltd. He relinquished his duties with Stora Enso on 15 August 2007.

Kai Korhonen relinquished the position of Senior Executive Vice President, Packaging Boards and member of the Executive Management Group (EMG) on 31 August 2007. He continued to undertake special assignments for CEO Jouko Karvinen until the end of 2007.

Jussi Huttunen, Senior Executive Vice President, Market Services, left Stora Enso in July 2007.

Stora Enso has reorganised its operations from four divisions into the following seven current business areas: Fine Paper, Merchants, Consumer Board, Industrial Packaging, Magazine Paper, Newsprint and Book Paper, and Wood Products. Following this reorganisation, Stora Enso has a single management group called the Group Executive Team (GET). In addition to CEO Jouko Karvinen, the other GET members are:
Hannu Ryöppönen, Deputy CEO and CFO
Hannu Alalauri, EVP Magazine Paper
Aulis Ansaharju, EVP Fine Paper, Country Manager Finland
Mats Nordlander, EVP Consumer Board, Merchants and Market Services
Veli-Jussi Potka, EVP Industrial Packaging
Elisabet Salander Björklund, EVP Wood Products, Wood Supply, Pulp Supply and Sustainability
Juha Vanhainen, EVP Newsprint and Book Paper
Christer Ågren, EVP IT and Human Resources, Country Manager Sweden
Bernd Rettig, EVP Technology and R&D, Operations Improvement, Logistics, Energy and Investments, Country Manager Germany

Personnel
On 31 December 2007 there were 37 997 employees, 5 890 less than at the end of 2006. Most of the decrease (4 451 employees) was due to the divestment of Stora Enso North America, Inc and the permanent closures of Berghuizer and Reisholz Mills. The average number of Group employees decreased by 2 240 persons during the year to 43 391. The average number of employees in the continuing operations was 39 239 (41 036) during the year.

Share Capital
During the quarter 335 377 A shares were converted into R shares. The latest conversion was recorded in the Finnish Trade Register on 14 December 2007.

During the quarter the Company allocated 16 156 repurchased R shares under the terms of the Stora Enso North America Option Plan.

On 31 December 2007 Stora Enso had 177 479 033 A shares and 612 059 466 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
Stora Enso has been informed that the shares in the Company held by the affiliated investment advisers of Franklin Resources, Inc. fell below 5% of the paid-up share capital on 20 September 2007, and that the shares in the Company held by NWQ Investment Management Company, LLC fell below 5% of the paid-up share capital on 30 September 2007. The shares in the Company held by the Knut and Alice Wallenberg Foundation and the Marianne and Marcus Wallenberg Foundation were transferred to Foundation Asset Management (FAM) on 19 November 2007.

Events after the Period
On 10 January 2008 Stora Enso announced that it is investing EUR 29 million in converting a coated magazine paper machine (PM 2) at its Anjala Mill in Finland to produce coated and uncoated book paper. The project started in January 2008 and will be completed in the fourth quarter of 2008.

On 17 January 2008 Stora Enso announced that it had concluded the co-determination negotiations at Summa, Kemijärvi and Anjala Mills, and the Helsinki Headquarters. As the reasons for the capacity and resource cuts announced on 25 October 2007 (excess capacity in standard and improved newsprint and uncoated magazine paper, and dramatic cost increases, especially for imported wood) had not changed in the meantime, Stora Enso had to take action to safeguard its cost and competitive position, and thereby the future of the Group.

As a result of the negotiations, the total number of personnel will be reduced by 985, compared with the initial planned reduction of 1 100 as announced in October 2007. Approximately 170 of these 985 have a fixed-term contract, approximately 255 are taking retirement, and the announced retraining and employment support is intended to assist the remaining approximately 560 people affected.

On 25 January 2008 Stora Enso announced that it had signed a letter of intent with Anaika Group to sell part of the Kemijärvi Mill real estate to Anaika Group to enable it to start a high quality engineering works and gluelam beam operations at the mill site. When in full production, Anaika Group's operations will employ about 100 people directly and provide substantial indirect employment in the region. Anaika Group will itself develop the production facilities.

On 28 January 2008 announced that Stora Enso's Hannu Alalauri, EVP Magazine Paper, and representatives of Huatai Paper and local government inaugurated Stora Enso's 200 000 tonnes per year super-calendered (SC) paper machine at Dawang Mill in Shandong province, China. The machine started production on 25 November 2007.

Annual General Meeting
The Annual General Meeting will be held at 16.00 (Finnish time) on Wednesday 26 March 2008 at the Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

Distribution of Dividend
The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.45 per share be paid for the financial year ending 31 December 2007. If the proposal is approved, the dividend payment will be issued on 10 April 2008 to shareholders entered on the dividend record date of 31 March 2008 in the register of shareholders maintained by the Finnish Central Securities Depository, Swedish VPC and Deutsche Bank Trust Company Americas.

This report is unaudited.

Helsinki, 13 February 2008
Stora Enso Oyj
Board of Directors

Newsprint and Book Paper

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	1 704.0	448.7	430.0	436.3	1 734.9	-2.8	1.5	1.8
Operating profit*	232.1	57.6	52.2	48.4	211.9	-16.0	-7.3	-8.7
% of sales	13.6	12.8	12.1	11.1	12.2	-13.3	-8.3	-10.3
ROOC, %**	16.7	16.4	15.6	15.2	15.7	-7.3	-2.6	-6.0
Deliveries, 1 000 t	3 091	812	753	803	3 061	-1.1	6.6	-1.0
Production, 1 000 t	3 096	787	795	735	3 061	-6.6	-7.5	-1.1

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

Newsprint sales were EUR 436.3 million, down 3% on the fourth quarter of 2006. Operating profit was EUR 48.4 million, down 16% on the fourth quarter of 2006 mainly due to prices increases for raw materials such as recovered paper and wood, and unfavourable changes in exchange rates.

Summa Mill in Finland permanently ceased production at the end of January 2008, reducing standard and improved newsprint production by 270 000 tonnes per year.

Markets

Compared with Q4/2006

In Europe demand for newsprint was slightly stronger than a year earlier due to the relatively buoyant circulations of paid-for newspapers and continuing growth in free dailies. Newsprint imports from North America continued to increase considerably, while domestic deliveries decreased slightly. Prices were higher than in the last quarter of 2006. Average producer inventories ended 2007 slightly higher than a year earlier.

Compared with Q3/2007

Demand improved significantly in the traditionally strongest quarter of the year as domestic deliveries increased while imports from North America decreased. Prices remained stable and producer inventories declined significantly.

Magazine Paper

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	2 220.3	589.3	587.3	589.5	2 296.3	0.0	0.4	3.4
Operating profit*	70.7	22.4	17.0	12.6	52.2	-43.8	-25.9	-26.2
% of sales	3.2	3.8	2.9	2.1	2.3	-44.7	-27.6	-28.1
ROOC, %**	3.5	4.5	3.6	2.9	2.7	-35.6	-19.4	-22.9
Deliveries, 1 000 t	2 765	761	774	785	2 993	3.2	1.4	8.2
Production, 1 000 t	2 772	737	745	730	2 951	-0.9	-2.0	6.5

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

Magazine paper sales were EUR 589.5 million, similar to the fourth quarter of 2006. Operating profit was EUR 12.6 million, down 44% on the fourth quarter of 2006 due to adverse exchange rate trends and rises in the prices of major raw materials such as pulp, wood and recovered paper.

The SC paper machine at Dawang Mill in Shandong province, China started production in November 2007, about a month ahead of schedule. The launch of the SC grades into the market looks promising. Stora Enso's Reisholz Mill in Germany, which had an annual capacity of 215 000 tonnes of SC paper, was permanently closed down on 5 December 2007 as part of Stora Enso's profitability improvement measures. Kabel Mill in Germany is to be restructured with a significant reduction in personnel. An action plan to improve mill profitability was launched at Corbehem Mill in France. The plan includes efficiency enhancements and shutting down a coal-fired power plant, closing down the maintenance company and reducing the maintenance workforce. Summa Mill in Finland permanently ceased production at the end of January 2008, reducing uncoated magazine paper production by 80 000 tonnes per year. Anjala Mill PM 2 in Finland will cease production of coated magazine paper immediately after the first quarter of 2008, reducing coated magazine paper production by 155 000 per year.

Markets

Compared with Q4/2006
In Europe demand for magazine paper grades was much stronger than a year ago. Producer inventories were lower in uncoated and coated grades. Prices were lower for all grades due to full-year contract commitments.

In Latin America demand was stronger and prices higher.

Compared with Q3/2007
In Europe there was the usual year-end peak in demand for magazine paper, which was seasonally stronger than in the previous quarter, especially for coated grades. Producer inventories decreased. Prices remained virtually unchanged for all grades, but some product and sales mix improvements were achieved.

In Latin America deliveries decreased but prices increased.

Fine Paper

EUR million	2006	Q4/06	Q3/07	Q4/07***	2007***	Change % Q4/07-Q4/06***	Change % Q4/07-Q3/07***	Change % 2007-2006***
Sales	2 261.8	542.1	529.7	526.7	2 156.2	-2.8	-0.6	-4.7
Operating profit*	152.7	28.2	38.6	75.2/36.2	208.6/169.6	166.7/28.4	94.8/-6.2	36.6/11.1
% of sales	6.8	5.2	7.3	14.3/6.9	9.7/7.9	175.0/32.7	95.9/-5.5	42.6/16.2
ROOC, %**	7.1	5.7	7.3	14.1/6.8	9.8/8.0	147.4/19.3	93.2/-6.8	38.0/12.7
Deliveries, 1 000 t	3 022	730	696	681	2 826	-6.7	-2.2	-6.5
Production, 1 000 t	3 032	737	705	693	2 856	-6.0	-1.7	-5.8

* Excluding non-recurring items ** ROOC = 100% x Operating profit/Operating capital
***Operating profit, % of sales and ROOC, % including/excluding Veracel forest revaluation gain of EUR 39 million

Fine paper sales were EUR 526.7 million, down 3% on the fourth quarter of 2006 due to restructuring. Operating profit excluding Veracel forest valuation was EUR 36.2 million, up 28% on the fourth quarter of 2006 due to higher sales prices and improved productivity.

Berghuizer Mill in the Netherlands was permanently shut down. Paper machine PM 7 permanently ceased production in April 2007 and PM 8 in October 2007. These machines had a total capacity of 245 000 tonnes of uncoated fine paper per year.

Markets

Compared with Q4/2006
In Europe coated fine paper demand was similar to a year ago. Coated fine paper prices decreased slightly but industry inventories increased. Uncoated fine paper demand was also similar to a year ago. Uncoated fine paper prices and industry inventories rose during the fourth quarter of 2007.

In China coated fine paper demand and prices increased during 2007.

Compared with Q3/2007
In Europe coated fine paper demand was stronger than in the previous quarter for seasonal reasons. Coated fine paper prices decreased slightly, but industry inventories were unchanged. Uncoated fine paper demand was slightly weaker than in the previous quarter, as demand softened in the fourth quarter following an exceptionally strong third quarter. Uncoated fine paper prices and industry inventories were unchanged.

In China coated fine paper demand strengthened and prices rose.

Merchants

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	1 907.2	508.2	474.4	519.3	2 006.0	2.2	9.5	5.2
Operating profit*	32.7	12.5	7.9	12.2	44.9	-2.4	54.4	37.3
% of sales	1.7	2.5	1.7	2.3	2.2	-8.0	35.3	29.4
ROOC, %**	5.5	9.3	6.1	9.6	8.6	3.2	57.4	56.4

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

Sales were EUR 519.3 million, up 2% on the fourth quarter of 2006 as prices and volumes increased. Operating profit was EUR 12.2 million, down 2% on the fourth quarter of 2006 due to lower margins.

Business was seasonally strong in the quarter, but weaker than usual around the year-end holidays.

Consumer Board

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	2 331.9	560.2	562.1	579.1	2 300.9	3.4	3.0	-1.3
Operating profit*	240.9	39.4	27.0	29.6	158.0	-24.9	9.6	-34.4
% of sales	10.3	7.0	4.8	5.1	6.9	-27.1	6.3	-33.0
ROOC, %**	11.9	7.9	5.9	6.9	8.4	-12.7	16.9	-29.4
Deliveries, 1 000 t	2 537	609	632	622	2 532	2.1	-1.6	-0.2
Production, 1 000 t	2 566	613	621	638	2 533	4.1	2.7	-1.3

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

Consumer board sales were EUR 579.1 million, up 3% on the fourth quarter of 2006 mainly due to higher volumes. Operating profit was EUR 29.6 million, down 25 % on the fourth quarter of 2006 due to higher wood costs and unfavourable exchange rate trends.

Markets

Compared with Q4/2006
Delivery volumes were higher and average prices slightly lower than a year ago, mainly due to the currency and sales mix.

Compared with Q3/2007
Delivery volumes and average prices decreased slightly.

Industrial Packaging

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	970.7	258.5	267.8	275.4	1 083.5	6.5	2.8	11.6
Operating profit*	85.0	22.3	24.9	28.2	112.1	26.5	13.3	31.9
% of sales	8.8	8.6	9.3	10.2	10.3	18.6	9.7	17.0
ROOC, %**	13.6	14.2	15.1	16.6	17.1	16.9	9.9	25.7
Deliveries, 1 000 t	1 006	248	257	256	1 065	3.2	-0.4	5.9
Production, 1 000 t	1 014	261	253	260	1 058	-0.4	2.8	4.3

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

Industrial packaging sales were EUR 275.4 million, up 7% on the fourth quarter of 2006 due to higher sales prices and volumes. Operating profit was EUR 28.2 million, up 27% on the fourth quarter of 2006 mainly due to higher sales prices across all businesses.

A project to build a new core factory at Tychy in southern Poland was started at the end of 2007. The new factory is scheduled to begin production by the end of 2008. Corenso's core factory at Newcastle in the United Kingdom was closed down as production was concentrated in two other factories in the UK at Bolton and Milton Keynes to increase efficiency.

In Poland a new heavy-duty box production line at Lodz Mill will come fully on stream in the first quarter of 2008, strengthening Stora Enso's position and coverage as a supplier of value-added products. In Russia the corrugated packaging plant at Lukhovitsy will start up during the first quarter of 2008. In Hungary construction of an offset-printed microflute packaging plant at Komarom will begin in the first quarter. At Wisconsin Rapids Mill in the USA conversion of a paper machine (PM12) to produce coreboard is expected to be completed during the first quarter of 2008. The coreboard it produces will be converted into cores at Corenso's own core factory in North America and sold to other North American core manufacturers.

Markets

Compared with Q4/2006
Prices of industrial packaging products were higher than a year ago due to good demand, especially for containerboards. Delivery volumes were good and also higher than twelve months earlier in all products.

Compared with Q3/2007
Demand remained healthy, despite seasonal weakness in converted products at the end of the year. Prices rose in some products.

Wood Products

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Sales	1 673.0	440.3	461.4	393.7	1 853.1	-10.6	-14.7	10.8
Operating profit*	63.4	22.3	37.1	0.0	151.2	-100.0	-100.0	138.5
% of sales	3.8	5.1	8.0	0.0	8.2	-100.0	-100.0	115.8
ROOC, %**	8.0	11.4	18.9	0.0	18.8	-100.0	-100.0	135.0
Deliveries, 1 000 m^3	6 551	1 653	1 545	1 421	6 348	-14.0	-8.0	-3.1

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

Wood product sales were EUR 393.7 million, down 11% on the fourth quarter of 2006 mainly because sales prices and deliveries decreased as markets deteriorated. Operating profit was EUR 0.0 million. There were large production curtailments during the quarter, mainly in Finland, the Baltic States and Austria.

During 2007 Wood Products continued its focused investment programme to add value to its product portfolio and improve profitability. In the last quarter of 2007 investments in expanding joinery component production at Ala Mill in Sweden and Honkalahti Mill in Finland, and in pellet production at Gruvön Mill in Sweden and Zdirec Mill in the Czech Republic were announced.

Acquisition of Swietajno sawmill in Poland is expected to be finalised and a ThermoWood plant project started at Bad St. Leonhard in Austria in the first quarter of 2008.

Markets

Compared with Q4/2006
Demand was clearly weaker, especially in North America and Japan, but prices were higher than a year earlier.

Compared with Q3/2007
Following the very strong first half of 2007, markets for wood products became heavily oversupplied during the fourth quarter of 2007. The situation was aggravated by the seasonally weaker demand in Europe and continuing difficult market conditions in Japan and North America. Prices clearly decreased, especially in whitewood.

Key Ratios

	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Continuing Operations								
Earnings per share (basic), EUR	**0.88**	0.38	-0.33	-0.06	**0.09**	-115.8	81.8	-89.8
Earnings per share excluding NRI EUR	**0.69**	0.19	0.23	0.29	**0.99**	52.6	26.1	43.5
Cash earnings per share (CEPS), EUR	**2.24**	0.72	0.61	0.40	**2.05**	-44.4	-34.4	-8.5
CEPS excluding NRI, EUR	**1.84**	0.49	0.48	0.52	**2.01**	6.1	8.3	9.2
Return on capital employed (ROCE), %	**7.3**	10.2	-11.1	-1.8	**2.4**	-117.6	83.8	-67.1
ROCE excluding NRI, %	**8.7**	8.8	9.4	12.8	**11.3**	45.5	36.2	29.9
Return on equity (ROE), %*	**7.7**	13.7	-22.3	-7.3	**-2.7**	-153.3	67.3	-135.1
Debt/equity ratio*	**0.54**	0.54	0.57	0.40	**0.40**	-25.9	-29.8	-25.9
Equity per share, EUR*	**9.89**	9.89	9.63	9.48	**9.48**	-4.1	-1.6	-4.1
Equity ratio, %*	**45.3**	45.3	45.5	49.3	**49.3**	8.8	8.4	8.8
Operating profit, % of sales	**5.7**	7.7	-9.2	-1.4	**1.8**	-118.2	84.8	-68.4
Operating profit excluding NRI, % of sales	**6.8**	6.6	7.8	10.1	**8.8**	53.0	29.5	29.4
Capital expenditure, EUR million*	**583.4**	179.7	211.3	313.1	**820.4**	74.2	48.2	40.6
Capital employed, EUR million	**10 221**	10 221	10 696	10 503	**10 503**	2.8	-1.8	2.8
Interest-bearing net liabilities, EUR million*	**4 243**	4 243	4 333	2 955	**2 955**	-30.4	-31.8	-30.4
Average number of employees	**41 036**	41 036	39 848	39 239	**39 239**	-4.4	-1.5	-4.4
Average number of shares (million)								
periodic	**788.6**	788.6	788.6	788.6	**788.6**			
cumulative	**788.6**	788.6	788.6	788.6	**788.6**			
cumulative, diluted	**788.9**	788.9	788.9	788.9	**788.8**			

NRI=Non-recurring items

* Total operations

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Dec 06	31 Dec 07	31 Dec 06	31 Dec 07
SEK	9.0404	9.4415	9.2517	9.2517
USD	1.3170	1.4721	1.2563	1.3710
GBP	0.6715	0.7333	0.6819	0.6847
CAD	1.5281	1.4449	1.4247	1.4692

Transaction Risk and Hedges in Main Currencies as at 31 December 2007

EUR Million	EUR	USD	GBP	SEK	JPY	Other	Total
Sales during 2007	7 800	1 500	900	1 400	300	1 400	13 300
Costs during 2007	-7 300	-600	-200	-2 400	0	-1 200	-11 700
Net Operating cash flow*	**500**	**900**	**700**	**-1 000**	**300**	**200**	**1 600**
Transaction hedges as at 31 Dec.		395	327	-742	85		
Hedging percentage as at 31 Dec., %		44%	47%	56%/74%**	28%		
Average Hedging % during 2007		31%	32%	40%/53%**	30%		

* Continuing operations excluding NRI

** 56% and 40% represent the hedging ratios included the profit margin of the Swedish production units. Hedging ratios 74% and 53% exclude the profit margin

Condensed Consolidated Income Statement

EUR million	2006	Q4/06	Q3/07	Q4/07	2007	Change % Q4/07-Q4/06	Change % Q4/07-Q3/07	Change % 2007-2006
Continuing Operations								
Sales	12 957.2	3 319.9	3 234.5	3 372.7	13 373.6	1.6	4.3	3.2
Other operating income	364.9	39.4	25.7	33.1	113.8	-16.0	28.8	-68.8
Materials and services	-7 536.0	-1 930.6	-1 976.9	-2 169.7	-8 124.2	-12.4	-9.8	-7.8
Freight and sales commissions	-1 240.3	-322.4	-294.5	-294.7	-1 184.0	8.6	-0.1	4.5
Personnel expenses	-1 890.5	-457.4	-451.6	-492.9	-1 883.7	-7.8	-9.1	0.4
Other operating expenses	-933.8	-154.1	-154.6	-363.2	-840.1	-135.7	-134.9	10.0
Share of results of associated companies	88.0	26.0	65.5	231.8	341.4	791.5	253.9	288.0
Depreciation and impairment	-1 068.0	-266.4	-745.5	-365.5	-1 550.6	-37.2	51.0	-45.2
Operating Profit / (Loss)	**741.5**	**254.4**	**-297.4**	**-48.4**	**246.2**	**-119.0**	**83.7**	**-66.8**
Net financial items	-30.3	-19.6	-26.9	-47.2	-168.9	-140.8	-75.5	-457.4
Profit / (Loss) before Tax	**711.2**	**234.8**	**-324.3**	**-95.6**	**77.3**	**-140.7**	**70.5**	**-89.1**
Income tax	-10.8	67.5	60.2	44.8	-5.8	-33.6	-25.6	46.3
Net Profit / (Loss) for the Period from Continuing Operations	**700.4**	**302.3**	**-264.1**	**-50.8**	**71.5**	**-116.8**	**-80.8**	**-89.8**
Discontinued Operation								
Loss after tax for the period from a discontinued operation	-111.2	-37.5	-177.0	-86.9	-283.9	-131.7	50.9	-155.3
Net Profit / (Loss) for the Period	**589.2**	**264.8**	**-441.1**	**-137.7**	**-212.4**	**-152.0**	**68.8**	**-136.0**
Attributable to:								
Equity holders of the Parent Company	585.0	263.0	-439.9	-135.3	-214.7	-151.4	69.2	-136.7
Minority interests	4.2	1.8	-1.2	-2.4	2.3	-233.3	-100.0	-45.2
	589.2	**264.8**	**-441.1**	**-137.7**	**-212.4**	**-152.0**	**68.8**	**-136.0**
Earnings per Share								
Basic earnings per share, EUR	0.74	0.33	-0.56	-0.17	-0.27	-151.5	69.6	-136.5
Diluted earnings per share, EUR	0.74	0.33	-0.56	-0.17	-0.27	-151.5	69.6	-136.5
Earnings per Share from Continuing Operations								
Basic earnings per share, EUR	0.88	0.38	-0.33	-0.06	0.09	-115.8	81.8	-89.8
Diluted earnings per share, EUR	0.88	0.38	-0.33	-0.06	0.09	-115.8	81.8	-89.8

Consolidated Statement of Recognised Income & Expense

EUR million	2006	Q4/06	Q3/07	Q4/07	2007
Total Operations					
Defined benefit plan actuarial gains / (losses)	135.1	135.1	-2.1	16.8	17.3
Tax on actuarial movements	-46.6	-46.6	0.6	-6.2	-6.3
Aggregate fair value movements in Available-for-Sale assets	251.6	354.7	-7.3	3.8	217.3
Currency and commodity hedges	-45.3	-135.4	17.6	-28.3	5.6
Associate hedges	11.1	3.9	1.7	0.1	5.1
Tax on Other Comprehensive Income Movements (OCI)	50.2	50.2	-4.0	7.8	-3.2
Currency translation movements on equity net investments (CTA)	-86.4	-9.2	-21.0	-61.5	-85.3
Equity net investment hedges	118.0	42.1	11.9	18.8	53.7
Tax on equity hedges	-30.7	-11.0	-3.1	-4.1	-13.2
Income & Expense Recognised in Equity	**357.0**	**383.8**	**-5.7**	**-52.8**	**191.0**
Items from Equity Recognised in Income Statement	-5.8	-9.2	-15.0	69.1	52.7
Net Income & Expense Recognised in Equity	**351.2**	**374.6**	**-20.7**	**16.3**	**243.7**
Net profit / (loss) for the year	589.2	264.8	-441.1	-137.7	-212.4
Total Recognised Income & Expense for the Year	**940.4**	**639.4**	**-461.8**	**-121.4**	**31.3**
Attributable to:					
Equity holders of the Parent Company	936.2	637.6	-460.6	-119.0	29.0
Minority interests	4.2	1.8	-1.2	-2.4	2.3
Total Recognised Income & Expense for the Period	**940.4**	**639.4**	**-461.8**	**-121.4**	**31.3**

Condensed Consolidated Cash Flow Statement

EUR million	2006	2007
Cash Flow from Operating Activities		
Operating profit	735.8	249.9
Adjustments	979.1	1 411.6
Change in net working capital	289.0	-330.9
Cash Flow Generated by Operations	**2 003.9**	**1 330.6**
Net financial items	-293.5	-319.2
Income taxes paid	-215.4	-111.6
Net Cash Provided by Operating Activities	**1 495.0**	**899.8**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries	-329.8	-71.4
Acquisitions of associated companies	-19.4	-91.6
Proceeds from sale of fixed assets and shares	700.8	415.6
Capital expenditure	-583.4	-820.4
Proceeds from (payment of) the non-current receivables, net	-21.4	17.8
Net Cash Used in Investing Activities	**-253.2**	**-550.0**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	775.4	289.0
Repayment in long-term liabilities	-550.3	-799.5
Change in short-term borrowings	-869.3	1 145.4
Dividends paid	-354.9	-354.9
Minority equity injections less dividends	6.6	7.0
Options exercised	-2.0	-2.4
Repurchase / Sale of own shares	0.2	0.3
Net Cash Used in Financing Activities	**-994.3**	**284.9**
Net Increase (Decrease) in Cash and Cash Equivalents	**247.5**	**634.7**
Cash and bank in acquired companies	1.6	0.3
Cash and bank in sold companies	-20.2	-110.8
Translation adjustment	-68.8	45.5
Net cash and cash equivalents at the beginning of period	149.5	309.6
Net Cash and Cash Equivalents at Period End	**309.6**	**879.3**
Cash and Cash Equivalents at Period End	**609.0**	**970.7**
Bank Overdraft at Period End	**-299.4**	**-91.4**
Net Cash and Cash Equivalents at Period End	**309.6**	**879.3**
Acquisitions of Subsidiary Companies		
Cash and cash equivalents	1.6	0.3
Working capital	47.2	-9.6
Fixed assets	281.1	10.7
Tax liabilities	1.2	-0.1
Interest-bearing liabilities	-4.4	-1.2
Minority interests	1.1	71.3
Fair Value of Net Assets	**327.8**	**71.4**
Goodwill	2.0	-
Total Purchase Consideration	**329.8**	**71.4**
Disposal of Subsidiary Companies		
Cash and cash equivalents	20.2	110.8
Working capital	59.5	-155.0
Fixed assets	217.9	1 779.9
Interest-bearing assets	1.2	29.6
Tax liabilities	-18.0	-49.6
Interest-bearing liabilities	-12.0	-1 019.2
Minority interests	-0.2	-0.6
Net Assets in Divested Companies	**268.6**	**695.9**
Income Statement capital gain	197.9	5.0
Total Disposal Consideration Received in Cash & Kind	**466.5**	**700.9**

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	2006	2007
Carrying value at 1 January	11 213.2	10 440.4
Acquisition of subsidiary companies	283.1	10.7
Additions	559.1	770.2
Additions in biological assets	24.3	50.2
Change in emission rights	54.4	-92.9
Disposals	-19.4	-52.9
Disposals of subsidiary companies	-217.9	-1 780.0
Depreciation, amortisation and impairment, Cont. Oper.	-1 068.0	-1 550.7
Depreciation, amortisation and impairment, Disc. Oper.	-189.7	-330.6
Translation difference and other	-198.7	-232.0
Balance Sheet Total	**10 440.4**	**7 232.4**

Borrowings

EUR million	31 Dec 2006	31 Dec 2007
Non-current borrowings	4 081.0	3 354.8
Current borrowings	1 146.9	1 086.6
	5 227.9	**4 441.4**

	2006	2007
Carrying value at 1 January	6 055.6	5 227.9
Debt acquired with new subsidiaries	4.4	1.2
Debt disposed with sold subsidiaries	-12.0	-1 019.3
Proceeds from / payments of borrowings (net)	-683.7	358.3
Translation difference and other	-136.4	-126.7
Total Borrowings	**5 227.9**	**4 441.4**

Discontinued Operations

EUR Million	2007
Sales	1 769.9
Operating costs	-1 737.9
Operating profit before remeasurement to fair value	32.0
(Loss) recognised on the remeasurement to fair value	-28.3
Operating (loss)	**3.7**
Net financial items	-97.3
(Loss) before tax	**-93.6**
Tax related to operations*	-190.3
(Loss) after tax from a discontinued operation	**-283.9**
Net cash provided by operating activities	30.6
Net cash used in investing activities	-1.7
Net cash provided by financing activities	-59.1
Net increase (decrease) in cash and cash equivalents	**-30.2**

* Includes non-cash tax on CTA & Equity Hedge of (EUR 189.3) million

Condensed Consolidated Balance Sheet

EUR million		31 Dec 06	31 Dec 07
Assets			
Fixed Assets and Other Non-current Investments			
Fixed assets	O	10 230.8	7 138.5
Biological assets	O	111.5	88.7
Emission rights	O	98.1	5.2
Investment in associated companies	O	805.2	1 154.5
Available-for-Sale: Listed securities	I	41.2	161.8
Available-for-Sale: Unlisted shares	O	794.3	1 260.8
Non-current loan receivables	I	149.2	126.5
Deferred tax assets	T	53.5	63.7
Other non-current assets	O	61.1	22.6
		12 344.9	**10 022.3**
Current Assets			
Inventories	O	2 019.5	1 992.6
Tax receivables	T	66.6	34.3
Operative receivables	O	2 156.6	2 063.1
Interest-bearing receivables	I	185.5	227.8
Cash and cash equivalents	I	609.0	970.7
		5 037.2	**5 288.5**
Total Assets		**17 382.1**	**15 310.8**
Equity and Liabilities			
Equity attributable to Company shareholders		7 799.6	7 476.1
Minority interests		103.5	71.9
Total Equity		**7 903.1**	**7 548.0**
Non-current Liabilities			
Post-employmennt benefit provisions	O	763.1	327.3
Other provisions	O	308.3	135.9
Deferred tax liabilities	T	793.0	582.0
Non-current debt	I	4 081.0	3 354.8
Other non-current operative liabilities	O	193.7	170.2
		6 139.1	**4 570.2**
Current Liabilities			
Current portion of long-term debt	I	630.2	513.1
Interest-bearing liabilities	I	516.7	573.5
Operative liabilities	O	1 992.5	1 971.4
Tax liabilities	T	200.5	134.6
		3 339.9	**3 192.6**
Total Liabilities		**9 479.0**	**7 762.8**
Total Equity and Liabilities		**17 382.1**	**15 310.8**

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

Changes in Group Shareholders' Equity

EUR million	Share Capital	Capital Reserves	Treasury Shares	OCI	CTA	Retained Earnings	Total
Balance at 31 December 2004	**1 423.3**	**1 009.2**	**-180.8**	**67.6**	**-218.9**	**5 525.0**	**7 625.4**
Repurchase of Stora Enso Oyj shares	-	-	-344.7	-	-	-	-344.7
Cancellation of Stora Enso Oyj shares	-41.2	-224.4	265.6	-	-	-	0.0
Dividend (EUR 0.45 per share)	-	-	-	-	-	-365.3	-365.3
Buy-out of minority interests	-	-	-	-	-	-43.2	-43.2
Net loss for the period	-	-	-	-	0.2	-111.1	-110.9
Net income recognised directly to equity	-	-	-	400.4	91.6	-33.2	458.8
Balance at 31 December 2005	**1 382.1**	**784.8**	**-259.9**	**468.0**	**-127.1**	**4 972.2**	**7 220.1**
Cancellation of Stora Enso Oyj shares	-39.9	-15.9	249.1	-	-	-193.3	0.0
Dividend (EUR 0.45 per share)	-	-	-	-	-	-354.9	-354.9
Options exercised	-	-2.0	0.3	-	-	-	-1.7
Buy-out of minority interests	-	-	-	-	-	-0.1	-0.1
Net profit for the period	-	-	-	-	-5.8	585.0	579.2
Net expense recognised directly to equity	-	-	-	267.6	0.9	88.5	357.0
Balance at 31 December 2006	**1 342.2**	**766.9**	**-10.5**	**735.6**	**-132.0**	**5 097.4**	**7 799.6**
Dividend (EUR 0.45 per share)	-	-	-	-	-	-354.9	-354.9
Options exercised	-	-2.4	0.3	-	8.5	-8.5	-2.1
Buy-out of minority interests	-	-	-	-	-	4.5	4.5
Net profit for the period	-	-	-	-	52.7	-214.7	-162.0
Net income recognised directly to equity	-	-	-	224.8	-44.8	11.0	191.0
Balance at 31 December 2007	**1 342.2**	**764.5**	**-10.2**	**960.4**	**-115.6**	**4 534.8**	**7 476.1**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	31 Dec 06	31 Dec 07
On Own Behalf		
Pledges given	1.0	0.8
Mortgages	146.8	135.9
On Behalf of Associated Companies		
Mortgages	0.8	0.0
Guarantees	343.0	249.7
On Behalf of Others		
Guarantees	9.5	118.5
Other Commitments, Own		
Leasing commitments, in next 12 months	38.4	30.6
Leasing commitments, after next 12 months	130.3	112.2
Pension liabilities	0.2	0.2
Other commitments	17.1	22.5
Total	**687.1**	**670.4**
Pledges given	1.0	0.8
Mortgages	147.6	135.9
Guarantees	352.5	368.2
Leasing commitments	168.7	142.8
Pension liabilities	0.2	0.2
Other commitments	17.1	22.5
Total	**687.1**	**670.4**

Purchase Agreement Commitments

Eur million		Scheduled Contract Payments			
Type of Supply	Contract Total	2008	2009-10	2011-12	2013+
Fibre	2 279	251	451	411	1 166
Energy	1 578	345	603	303	327
Logistics	591	97	135	104	255
Other production costs	682	47	41	35	559
	5 130	740	1 230	853	2 307
Capital Expenditure	136	124	12	-	-
Total Contractual Commitments	**5 266**	**864**	**1 242**	**853**	**2 307**

Net Fair Values of Derivative Financial Instruments

EUR million	31 Dec 06	31 Dec 07		
	Net Fair Values	Positive Fair Values	Negative Fair Values	Net Fair Values
Interest rate swaps	48.1	99.2	-39.8	59.4
Interest rate options	-1.8	0.9	-7.0	-6.1
Cross-currency swaps	-1.2	-	-	-
Forward contracts	28.2	14.6	-34.3	-19.7
FX options	5.9	25.9	-8.7	17.2
Commodity contracts	63.2	94.1	-2.1	92.0
Equity swaps	7.0	3.6	-37.9	-34.3
Equity options	-	0.0	-0.6	-0.6
Total	**149.4**	**238.3**	**-130.4**	**107.9**

Nominal Values of Derivative Financial Instruments

EUR million	31 Dec 06	31 Dec 07
Interest Rate Derivatives		
Interest rate swaps		
Maturity under 1 year	177.4	69.9
Maturity 2–5 years	2 152.1	2 164.4
Maturity 6–10 years	2 490.5	2 470.9
	4 820.0	4 705.2
Interest rate options	318.0	491.6
Total	**5 138.0**	**5 196.8**
Foreign Exchange Derivatives		
Cross-currency swap agreements	6.9	-
Forward contracts	1 778.4	3 114.1
FX Options	662.8	2 607.7
Total	**2 448.1**	**5 721.8**
Commodity Derivatives		
Commodity contracts	635.8	417.2
Total	**635.8**	**417.2**
Equity swaps		
Equity swaps	328.6	213.9
Equity options	-	22.0
Total	**328.6**	**235.9**

Sales by Segment

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Newsprint and Book Paper	406.6	421.5	427.2	448.7	**1 704.0**	438.7	429.9	430.0	436.3	**1 734.9**
Magazine Paper	533.6	526.7	570.7	589.3	**2 220.3**	566.6	552.9	587.3	589.5	**2 296.3**
Fine Paper	609.3	572.3	538.1	542.1	**2 261.8**	577.0	522.8	529.7	526.7	**2 156.2**
Merchants	496.3	452.6	450.1	508.2	**1 907.2**	532.9	479.4	474.4	519.3	**2 006.0**
Consumer Board	584.5	583.8	603.4	560.2	**2 331.9**	589.6	570.1	562.1	579.1	**2 300.9**
Industrial Packaging	225.8	241.1	245.3	258.5	**970.7**	266.1	274.2	267.8	275.4	**1 083.5**
Wood Products	389.1	425.8	417.8	440.3	**1 673.0**	472.3	525.7	461.4	393.7	**1 853.1**
Other and elimination	-53.3	9.4	-40.4	-27.4	**- 111.7**	-32.7	0.9	-78.2	52.7	**-57.3**
Continuing Operations	**3 191.9**	**3 233.2**	**3 212.2**	**3 319.9**	**12 957.2**	**3 410.5**	**3 355.9**	**3 234.5**	**3 372.7**	**13 373.6**
Discontinued Operation	475.4	442.8	486.2	462.4	**1 866.8**	487.9	484.3	485.3	449.8	**1 907.3**
Elimination	- 59.6	- 59.7	- 60.3	- 50.5	**- 230.1**	- 43.0	- 35.0	- 34.9	- 24.5	**- 137.4**
Total	**3 607.7**	**3 616.3**	**3 638.1**	**3 731.8**	**14 593.9**	**3 855.4**	**3 805.2**	**3 684.9**	**3 798.0**	**15 143.5**

Operating Profit by Segment excluding NRI

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Continuing Operations										
Newsprint and Book Paper	55.9	57.6	61.0	57.6	**232.1**	61.1	50.2	52.2	48.4	**211.9**
Magazine Paper	24.0	12.3	12.0	22.4	**70.7**	13.0	9.6	17.0	12.6	**52.2**
Fine Paper	44.4	50.3	29.8	28.2	**152.7**	60.2	34.6	38.6	75.2	**208.6**
Merchants	9.6	2.9	7.7	12.5	**32.7**	16.6	8.2	7.9	12.2	**44.9**
Consumer Board	81.3	55.9	64.3	39.4	**240.9**	72.4	29.0	27.0	29.6	**158.0**
Industrial Packaging	18.5	18.1	26.1	22.3	**85.0**	29.3	29.7	24.9	28.2	**112.1**
Wood Products	4.1	15.0	22.0	22.3	**63.4**	54.8	59.3	37.1	0.0	**151.2**
Other	37.5	-67.0	23.3	13.1	**6.9**	19.8	31.8	47.3	133.9	**232.8**
Operating Profit excl. NRI	**275.3**	**145.1**	**246.2**	**217.8**	**884.4**	**327.2**	**252.4**	**252.0**	**340.1**	**1 171.7**
NRI	-23.2	6.7	-163.0	36.6	**-142.9**	-12.0	24.4	-549.4	-388.5	**-925.5**
Operating Profit (IFRS)	**252.1**	**151.8**	**83.2**	**254.4**	**741.5**	**315.2**	**276.8**	**-297.4**	**-48.4**	**246.2**
Net financial items	81.3	-67.3	-24.7	-19.6	**-30.3**	-38.7	-56.1	-26.9	-47.2	**-168.9**
Profit before tax and Minority Interests	**333.4**	**84.5**	**58.5**	**234.8**	**711.2**	**276.5**	**220.7**	**-324.3**	**-95.6**	**77.3**
Income tax expense	-91.3	-21.6	34.6	67.5	**-10.8**	-69.3	-41.5	60.2	44.8	**-5.8**
Net Profit from Continuing Operations	**242.1**	**62.9**	**93.1**	**302.3**	**700.4**	**207.2**	**179.2**	**-264.1**	**-50.8**	**71.5**
Discontinued Operation										
Loss after tax for the period from a discontinued operation	**-15.7**	**-22.0**	**-36.0**	**-37.5**	**-111.2**	**15.3**	**-35.3**	**-177.0**	**-86.9**	**-283.9**
Net Profit	**226.4**	**40.9**	**57.1**	**264.8**	**589.2**	**222.5**	**143.9**	**-441.1**	**-137.7**	**-212.4**

NRI by Segment

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Newsprint and Book Paper	-	1.3	-	-	**1.3**	-	-	-	-110.0	**-110.0**
Magazine Paper	-2.9	1.2	-164.0	2.1	**-163.6**	-	-	-218.0	-231.0	**-449.0**
Fine Paper	-16.9	2.4	72.0	1.0	**58.5**	-	-	-32.6	21.0	**-11.6**
Merchants	-	-	-	0.4	**0.4**	-	24.4	-	-	**24.4**
Consumer Board	-	-7.2	-	2.3	**-4.9**	-	-	-186.8	-12.5	**-199.3**
Industrial Packaging	-	1.7	-	-	**1.7**	-	-	-5.9	-1.0	**-6.9**
Wood Products	1.7	1.2	-24.0	0.4	**-20.7**	-12.0	-	-106.1	-	**-118.1**
Other	-5.1	6.1	-47.0	30.4	**-15.6**	-	-	-	-55.0	**-55.0**
Continuing Operations	**-23.2**	**6.7**	**-163.0**	**36.6**	**-142.9**	**-12.0**	**24.4**	**-549.4**	**-388.5**	**-925.5**
Discontinued Operation	-	-	-14.2	23.4	**9.2**	44.0	-11.6	-	-28.3	**4.1**
Total	**-23.2**	**6.7**	**-177.2**	**60.0**	**-133.7**	**32.0**	**12.8**	**-549.4**	**-416.8**	**-921.4**

Operating Profit by Segment

EUR million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Continuing Operations										
Newsprint and Book Paper	55.9	58.9	61.0	57.6	**233.4**	61.1	50.2	52.2	-61.6	**101.9**
Magazine Paper	21.1	13.5	-152.0	24.5	**-92.9**	13.0	9.6	-201.0	-218.4	**-396.8**
Fine Paper	27.5	52.7	101.8	29.2	**211.2**	60.2	34.6	6.0	96.2	**197.0**
Merchants	9.6	2.9	7.7	12.9	**33.1**	16.6	32.6	7.9	12.2	**69.3**
Consumer Board	81.3	48.7	64.3	41.7	**236.0**	72.4	29.0	-159.8	17.1	**-41.3**
Industrial Packaging	18.5	19.8	26.1	22.3	**86.7**	29.3	29.7	19.0	27.2	**105.2**
Wood Products	5.8	16.2	-2.0	22.7	**42.7**	42.8	59.3	-69.0	0.0	**33.1**
Other	32.4	-60.9	-23.7	43.5	**-8.7**	19.8	31.8	47.3	78.9	**177.8**
Operating Profit	**252.1**	**151.8**	**83.2**	**254.4**	**741.5**	**315.2**	**276.8**	**-297.4**	**-48.4**	**246.2**
Net financial items	81.3	-67.3	-24.7	-19.6	**-30.3**	-38.7	-56.1	-26.9	-47.2	**-168.9**
Profit before Tax and Minority Interests	**333.4**	**84.5**	**58.5**	**234.8**	**711.2**	**276.5**	**220.7**	**-324.3**	**-95.6**	**77.3**
Income tax expense	-91.3	-21.6	34.6	67.5	**-10.8**	-69.3	-41.5	60.2	44.8	**-5.8**
Net Profit from Continuing Operations	**242,1**	**62,9**	**93,1**	**302,3**	**700,4**	**207,2**	**179,2**	**-264,1**	**-50,8**	**71,5**
Discontinued Operation										
Loss after tax for the period from a discontinued operation	**-15,7**	**-22,0**	**-36,0**	**-37,5**	**-111,2**	**15,3**	**-35,3**	**-177,0**	**-86,9**	**-283,9**
Net Profit	**226,4**	**40,9**	**57,1**	**264,8**	**589,2**	**222,5**	**143,9**	**-441,1**	**-137,7**	**-212,4**

Associated Companies by Segment

EUR Million	Q1/06	Q2/06	Q3/06	Q4/06	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007
Newsprint and Book Paper	-	-	-	-	-	-	-	-	-	-
Magazine Paper	2.3	0.8	3.2	3.8	**10.1**	3.6	1.2	-0.5	-3.0	**1.3**
Fine Paper	7.6	-1.6	5.0	1.5	**12.5**	5.1	-3.9	4.2	39.5	**44.9**
Merchants	-	-	-	-	-	-	-	0.1	-	**0.1**
Consumer Board	-	-	-	-	-	-	-	-	-	-
Industrial Packaging	0.1	0.4	-0.2	0.1	**0.4**	0.1	0.1	0.2	-0.2	**0.2**
Wood Products	0.4	0.0	0.0	0.2	**0.6**	-	-	-	0.5	**0.5**
Other	20.3	18.6	5.1	20.4	**64.4**	15.3	22.6	61.5	195.0	**294.4**
Continuing Operations Total	**30.7**	**18.2**	**13.1**	**26.0**	**88.0**	**24.1**	**20.0**	**65.5**	**231.8**	**341.4**
Discontinued Operation	0.9	2.0	-2.9	-0.6	**-0.6**	0.1	-0.2	-0.7	2.1	**1.3**
Total	**31.6**	**20.2**	**10.2**	**25.4**	**87.4**	**24.2**	**19.8**	**64.8**	**233.9**	**342.7**

Stora Enso Shares

Closing Price	Helsinki, EUR		Stockholm, SEK		New York, USD
	A share	**R share**	**A share**	**R share**	**ADRs**
October	12.65	12.66	116.25	116.25	18.41
November	10.89	11.26	105.00	105.75	16.52
December	10.19	10.24	96.75	97.25	14.85*

* The closing price for New York is for 28 December 2007, which was the last trading day for Stora Enso's ADRs on the New York Stock Exchange.

Trading Volume	Helsinki		Stockholm		New York
	A share	**R share**	**A share**	**R share**	**ADRs**
October	177 727	153 355 339	187 010	17 588 624	4 011 700
November	195 902	96 095 412	388 461	10 448 510	4 052 000
December	170 594	54 883 938	115 482	4 434 159	6 476 600*
Total	**544 223**	**304 334 689**	**690 953**	**32 471 293**	**14 540 300**

* Trading volume up to 28 December 2007

Changes in Accounting Policy and Reclassification in 2006

Operating profit for 2006 has been reclassified. Total Return Swaps (TRS) which are partially hedging cash settled synthetic option programmes for Management, previously reported in other financial items, are now reported in operating profit under personnel expenses, with an effect on operating profit of EUR 1.6 million and EUR 24.6 million in Q4/2006 and Q1-Q4/2006, respectively. TRS instruments do not qualify for hedge accounting and therefore all periodic changes to their fair value are recorded in the Income Statement.

The share of associated company results previously reported with financial items is now reported in operating profit. The associated companies supply Stora Enso with wood, pulp and logistic services, so this change in accounting policy has been implemented to reflect the operational nature of these investments. The change has increased operating profit by EUR 26.0 million and EUR 88.0 million in Q4/2006 and Q1-Q4/2006, respectively.

Reclassifications have no effect on profit before tax. Comparative amounts disclosed for each prior period presented have been restated.

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