Stora Enso Interim Review January–September 2014

Solid quarterly performance – the transformation journey continues

*Q3/2014 (compared with Q3/2013)**

- **Sales EUR 2 514 (EUR 2 553) million declined 1.5%.**
    - Sales excluding the structurally declining paper business increased 3%.
- **Operational EBIT EUR 210 (EUR 184) million, 14% higher than a year ago due to continued focused cost management.**
    - Renewable Packaging continued strong performance for the third quarter in a row. Operational EBIT increased by 30%.
    - Biomaterials improved its performance despite Montes del Plata ramp-up.
    - Building and Living performance similar to last year's good Q3.
    - Stable performance in Printing and Reading. Cash flow from operations to sales ratio 7.5% (5.4%).
- **EPS excluding NRI EUR 0.12 (EUR 0.13).**
- **Cash flow from operations EUR 257 (EUR 347) million, cash flow after investing activities EUR 28 (EUR 164) million.**
- **Net debt to operational EBITDA 2.8 (3.1), liquidity remained strong at EUR 1.5 (2.1) billion.**
- **Operational ROCE 9.7% (8.3%).**

*Q1–Q3/2014 (compared with Q1–Q3/2013)**

- **Sales EUR 7 661 (EUR 7 951) million, operational EBIT EUR 601 (EUR 426) million due to lower costs.**

Transformation

- **Montes del Plata Pulp Mill in Uruguay started up in early June and the ramp-up is moving ahead, but at a slower pace than previously expected. In 2014 Stora Enso's share of its production is expected to be 245 000–275 000 tonnes, 55 000–75 000 tonnes less than anticipated in July.**
- **Stora Enso Guangxi Integrated Project and Operations proceeding as planned.**
- **Conversion of Varkaus Mill fine paper machine in Finland to produce virgin-fibre-based containerboard proceeding as planned, expected to start at the end of 2015.**
- **New investment in a demonstration and market development plant in the USA for the extraction and separation of highly pure sugars from biomass to be converted into differentiated biochemicals.**

Restructuring

- **Stora Enso has signed an agreement to divest its Corenso business operations to Powerflute Oyj in order to streamline its business and to transform Stora Enso into a customer-focused renewable materials company. Closing is expected during Q4/2014.**
- **In October the buyer of Uetersen Mill withdrew the merger approval application due to indicated negative outcome by the competition authorities. As a consequence the parties agreed to terminate the share purchase agreement. Stora Enso is currently considering its alternative options.**

Outlook

Q4/2014 sales are estimated to be roughly similar to the EUR 2 514 million in Q3/2014. Operational EBIT is expected to be somewhat lower than the EUR 210 million in Q3/2014 due to normal seasonal weakness in the Renewable Packaging and Building and Living divisions.

***** *The data for the comparative periods in 2013 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 16.*

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Key Figures*

EUR million	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	2 514	2 553	-1.5%	2 579	-2.5%	7 661	7 951	-3.6%	10 563
Operational EBITDA	333	319	4.4%	326	2.1%	961	830	15.8%	1 090
Operational EBITDA margin, %	13.2%	12.5%		12.6%		12.5%	10.4%		10.3%
Operational EBIT	210	184	14.1%	209	0.5%	601	426	41.1%	578
Operational EBIT margin, %	8.4%	7.2%		8.1%		7.8%	5.4%		5.5%
Operating profit (IFRS)	215	156	37.8%	85	152.9%	495	260	90.4%	50
Profit before tax excl. NRI	116	126	-7.9%	145	-20.0%	367	239	53.6%	350
Profit/loss before tax	144	103	39.8%	39	269.2%	313	92	240.2%	-189
Net profit/loss for the period	123	84	46.4%	1	n/m	224	89	151.7%	-71
Capital expenditure	227	168	35.1%	173	31.2%	501	482	3.9%	760
Depreciation and impairment charges excl. NRI	140	157	-10.8%	134	4.5%	413	467	-11.6%	603
Operational ROCE, %	9.7%	8.3%		9.8%		9.3%	6.3%		6.5%
Earnings per share (EPS) excl. NRI, EUR	0.12	0.13		0.13		0.34	0.25		0.40
EPS (basic), EUR	0.15	0.11		0.00		0.28	0.11		-0.07
Return on equity (ROE), %	9.2%	6.2%		0.1%		5.6%	2.1%		-1.3%
Debt/equity ratio	0.66	0.64		0.66		0.66	0.64		0.61
Net debt/last twelve months' operational EBITDA	2.8	3.1		2.8		2.8	3.1		2.9
Equity per share, EUR	6.65	6.82		6.46		6.65	6.82		6.61
Average number of employees	29 627	28 997	2.2%	29 704	-0.3%	29 302	29 032	0.9%	28 921
TRI rate	14.1	13.0	8.5%	11.0	28.2%	13.0	14.6	-11.0%	14.0
LTA rate	6.0	5.5	9.1%	4.3	39.5%	5.3	6.3	-15.9%	6.0

** Data for the comparative periods in 2013 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 16.*
***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.*
***TRI** (Total recordable incident) rate = number of incidents per one million hours worked.*
***LTA** (Lost-time accident) rate = number of lost-time accidents per one million hours worked.*

Stora Enso Deliveries and Production

	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Paper and board deliveries, 1 000 tonnes	2 383	2 456	-3.0%	2 363	0.8%	7 141	7 460	-4.3%	9 898
Paper and board production, 1 000 tonnes	2 379	2 469	-3.6%	2 352	1.1%	7 189	7 484	-3.9%	9 911
Wood products deliveries, 1 000 m^3	1 120	1 191	-6.0%	1 265	-11.5%	3 544	3 683	-3.8%	4 930
Market pulp deliveries, 1 000 tonnes	349	254	37.4%	299	16.7%	958	845	13.4%	1 180
Corrugated packaging deliveries, million m^2	283	278	1.8%	272	4.0%	817	809	1.0%	1 086

Reconciliation of Operational Profitability

EUR million	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Operational EBITDA	**333**	**319**	4.4%	**326**	2.1%	**961**	**830**	15.8%	**1 090**
Equity accounted investments (EAI), operational*	17	22	-22.7%	17	0.0%	53	63	-15.9%	91
Depreciation and impairment excl. NRI	-140	-157	10.8%	-134	-4.5%	-413	-467	11.6%	-603
Operational EBIT	**210**	**184**	**14.1%**	**209**	**0.5%**	**601**	**426**	**41.1%**	**578**
Fair valuations and non-operational items**	-23	-5	n/m	-18	-27.8%	-52	-19	-173.7%	11
Non-recurring items	28	-23	221.7%	-106	126.4%	-54	-147	63.3%	-539
Operating Profit (IFRS)	**215**	**156**	**37.8%**	**85**	**152.9%**	**495**	**260**	**90.4%**	**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.*

THIRD QUARTER 2014 RESULTS (compared with third quarter 2013)

Breakdown of Sales Change Q3/2013 to Q3/2014

	Sales
Q3/13, EUR million	**2 553**
Price and mix, %	-1%
Currency, %	-
Volume, %	-
Other sales*, %	-
Total before structural changes, %	-1%
Structural changes**, %	-1%
Total, %	-2%
Q3/14, EUR million	**2 514**

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

Group sales at EUR 2 514 million were EUR 39 million lower than a year ago as the decline in sales in the paper products was only partly offset by the sales from Montes del Plata Pulp Mill. Sales, excluding paper, increased 3%. Operational EBIT was EUR 210 million (EUR 184 million), a margin of 8.4% (7.2%).

Lower volumes and lower sales prices in local currencies for paper grades decreased operational EBIT by EUR 17 million and EUR 13 million, respectively. Higher volumes in packaging and biomaterials improved operational EBIT by EUR 19 million. Paper and board production was curtailed by 8% (8%) and sawnwood production by 5% (1%) to manage inventories.

Variable costs were EUR 17 million lower, mainly due to lower fibre costs and energy costs. Fixed costs increased by EUR 10 million, due to higher maintenance activity.

Depreciation was EUR 15 million lower, mainly due to the impairment of fixed assets recorded in the fourth quarter of 2013. Net foreign exchange rates had a positive impact of EUR 16 million. The result in equity accounted investments, mainly in the Forest associates, decreased by EUR 5 million.

The average number of employees in the third quarter was 1 640 lower in Europe, excluding the increase of 1 000 people due to the Efora acquisition in the fourth quarter of 2013, and 1 360 higher in China than a year before. The average number of employees in the Group in the third quarter of 2014 was 29 630, which is 630 higher than a year before.

The Group recorded a non-recurring item (NRI) with a positive impact of approximately EUR 28 million in its operating profit in the third quarter of 2014. The NRI was related to a partial reversal of EUR 34 million loss on disposal write-offs at Uetersen Mill accounted in the second quarter of 2014. The buyer of Uetersen Mill withdrew the application for merger as the German Federal Cartel Office indicated intentions to prohibit the proposed merger. The Uetersen Mill continues as part of Stora Enso going forward.

Net financial expenses at EUR 71 million were EUR 18 million higher than a year ago. Net interest expenses decreased by EUR 5 million due to lower debt levels and increased interest income from deposits. The fair valuation of interest rate derivatives had a comparatively positive impact of EUR 4 million. The net foreign exchange impact in the third quarter was a loss of EUR 16 (gain of EUR 11) million in terms of cash, interest-bearing assets and liabilities and related hedges.

Breakdown of Capital Employed Change 30 September 2013 to 30 September 2014

	Capital Employed
30 September 2013, EUR million	**8 902**
Capital expenditure less depreciation	223
Impairments and reversal of impairments	-571
Valuation of biological assets	183
Available-for-sale: operative (mainly PVO)	-14
Equity accounted investments	118
Net liabilities in defined benefit plans	62
Operative working capital and other interest-free items, net	-100
Net tax liabilities	36
Net assets of disposal group classified as held for sale	-72
Translation difference	-13
Other changes	34
30 September 2014, EUR million	**8 788**

The operational return on capital employed was 9.7% (8.3%). Excluding the ongoing strategic investments in Biomaterials and Renewable Packaging, the operational return on capital employed would have been 13.0% (10.2%).

January–September 2014 Results (compared with January–September 2013)

Sales decreased by EUR 290 million to EUR 7 661 million year-on-year due to lower sales of paper grades and paper machine restructurings. Sales, excluding paper, increased 1%. Operational EBIT increased by EUR 175 million to EUR 601 million mainly due to clearly lower variable and fixed costs. Sales prices in local currencies and volumes were negatively impacted by decreased paper demand, but depreciation was lower, mainly due to the impairment of fixed assets recorded in the fourth quarter of 2013.

THIRD QUARTER 2014 RESULTS (compared with second quarter 2014)

Sales decreased by EUR 65 million to EUR 2 514 million, mainly due to lower wood products and wood supply sales in the third quarter. Sales, excluding paper, decreased 3%. Operational EBIT remained stable at EUR 210 million (EUR 209 million). Sales prices in local currencies decreased slightly mainly in Printing and Reading. Maintenance costs were higher and other fixed costs seasonally lower. Variable costs decreased.

Capital Structure

EUR million	30 Sep 14	30 Jun 14	31 Dec 13	30 Sep 13
Operative fixed assets*	7 011	6 856	6 824	7 159
Equity accounted investments	1 065	1 068	1 013	1 003
Operative working capital, net	1 403	1 340	1 179	1 470
Non-current interest-free items, net	-542	-543	-466	-534
Operating Capital Total	**8 937**	**8 721**	**8 550**	**9 098**
Net tax liabilities	-149	-141	-86	-196
Capital Employed	**8 788**	**8 580**	**8 464**	**8 902**
Equity attributable to owners of the Parent	5 241	5 093	5 213	5 381
Non-controlling interests	171	151	60	86
Net interest-bearing liabilities	3 459	3 336	3 191	3 435
Held for sale**	-83	-	-	-
Financing Total	**8 788**	**8 580**	**8 464**	**8 902**

** Operative fixed assets include property, plant and equipment, goodwill, biological assets, emission rights, available-for-sale operative shares and other intangible assets.*
*** Held for sale relates to the ongoing Corenso disposal. For further details, see Basis of Preparation on page 16.*

Financing in Third Quarter 2014 (compared with second quarter 2014)

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 518 million. In addition, Stora Enso has access to various long-term sources of funding up to EUR 1 050 (1 050) million. The net debt was EUR 3 459 million, an increase of EUR 123 million from the previous quarter mainly as a result of translation of US dollar denominated net debt.

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

The net debt/equity ratio at 30 September 2014 was 0.66 (0.66).

Cash Flow

EUR million	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Operational EBITDA	333	319	4.4%	326	2.1%	961	830	15.8%	1 090
NRI on operational EBITDA	18	-23	178.3%	-111	116.2%	-111	-117	5.1%	37
Dividends received from equity accounted investments	1	2	-50.0%	17	-94.1%	18	20	-10.0%	38
Other adjustments	6	1	n/m	10	-40.0%	22	-10	n/m	-178
Change in working capital	-101	48	n/m	46	n/m	-193	67	n/m	265
Cash Flow from Operations	**257**	**347**	**-25.9%**	**288**	**-10.8%**	**697**	**790**	**-11.8%**	**1 252**
Cash spent on fixed and biological assets	-229	-182	-25.8%	-162	-41.4%	-523	-524	0.2%	-740
Acquisitions of equity accounted investments	-	-1	100.0%	-97	100.0%	-97	-31	-212.9%	-31
Cash Flow after Investing Activities	**28**	**164**	**-82.9%**	**29**	**-3.4%**	**77**	**235**	**-67.2%**	**481**

Cash Flow for Third Quarter 2014

Third quarter 2014 cash flow after investing activities remained positive at EUR 28 million. Inventories increased by EUR 30 million, receivables increased by EUR 10 million and payables decreased by EUR 35 million. Payments related to the previously announced restructuring provisions were EUR 25 million.

Capital Expenditure for January–September 2014

Additions to fixed and biological assets in the first three quarters of 2014 totalled EUR 501 million, which represents 121% of the depreciation in the same period. Investments in fixed assets and biological assets had a cash outflow impact of EUR 523 million in the first three quarters of 2014.

The main projects ongoing during the first three quarters of 2014 were Montes del Plata Pulp Mill in Uruguay (EUR 110 million) and Stora Enso Guangxi Integrated Project and Operations in China (EUR 170 million).

Capital Expenditure and Depreciation Forecast 2014*

EUR million	Forecast 2014
Capital expenditure	790–840
Depreciation	550–560

* Capital expenditure includes approximately EUR 260 million for the project in Guangxi, China.

Near-term Outlook

In the fourth quarter of 2014, sales are estimated to be roughly similar to the EUR 2 514 million in the third quarter. Operational EBIT is expected to be somewhat lower than the EUR 210 million in the third quarter due to normal seasonal weakness in the Renewable Packaging and Building and Living divisions.

SEGMENTS IN THIRD QUARTER 2014 (compared with third quarter 2013)

The reporting order of the segments has been changed as of the third quarter 2014.

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	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	851	829	2.7%	849	0.2%	2 523	2 484	1.6%	3 272
Operational EBITDA	180	152	18.4%	166	8.4%	495	400	23.8%	522
Operational EBITDA margin, %	21.2%	18.3%		19.6%		19.6%	16.1%		16.0%
Operational EBIT	130	100	30.0%	114	14.0%	336	245	37.1%	318
% of sales	15.3%	12.1%		13.4%		13.3%	9.9%		9.7%
Operational ROOC, %*	20.2%	16.9%		18.3%		17.6%	14.0%		13.3%
Cash flow from operations	159	194	-18.0%	139	14.4%	398	369	7.9%	515
Cash flow after investment activities	24	153	-84.3%	73	-67.1%	151	188	-19.7%	275
Paper and board deliveries, 1 000 t	903	874	3.3%	880	2.6%	2 655	2 542	4.4%	3 373
Paper and board production, 1 000 t	903	869	3.9%	886	1.9%	2 667	2 560	4.2%	3 410
Corrugated packaging deliveries, million m^2	283	278	1.8%	272	4.0%	817	809	1.0%	1 086
Corrugated packaging production, million m^2	270	266	1.5%	266	1.5%	793	791	0.3%	1 057

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

- Sales increased by 2.7% due to due to higher volumes, especially in consumer board mills, and wood sales in Guangxi Integrated Project and Operations.
- Operational EBIT improved due to higher volumes and lower variable costs as a result of improved operational efficiency. Sales prices in local currencies were slightly higher.
- Stora Enso Guangxi Integrated Project and Operations is proceeding as planned. Site levelling work is mainly completed. The board machine is expected to be operational in early 2016 as previously announced.
- Conversion of Varkaus Mill fine paper machine in Finland to produce virgin-fibre-based containerboard is proceeding as planned and expected to start up at the end of 2015.
- Stora Enso signed an agreement to divest its Corenso business operations to Powerflute Oyj in order to streamline its business and to transform Stora Enso into a customer-focused renewable materials company.
- There will be maintenance stoppages at Skoghall and Fors mills during the fourth quarter.

Markets

Product	Market	Demand Q3/14 compared with Q3/13	Demand Q3/14 compared with Q2/14	Price Q3/14 compared with Q3/13	Price Q3/14 compared with Q2/14
Consumer board	Europe	Stable	Stable	Stable	Stable
Corrugated packaging	Europe	Slightly stronger	Slightly stronger	Stable	Stable

Biomaterials

Biomaterials offers a variety of pulp grades and by-products to meet the demands of paper, board and tissue producers among others. Chemical pulp and its derivatives are excellent raw materials, made from renewable resources in a sustainable manner. Biomaterials comprises three Nordic stand-alone pulp mills and Latin American joint operations Veracel and Montes del Plata together with the connected tree plantations.

EUR million	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	284	239	18.8%	243	16.9%	790	767	3.0%	1 033
Operational EBITDA	47	37	27.0%	28	67.9%	113	111	1.8%	153
Operational EBITDA margin, %	16.5%	15.5%		11.5%		14.3%	14.5%		14.8%
Operational EBIT	24	17	41.2%	10	140.0%	55	53	3.8%	77
% of sales	8.5%	7.1%		4.1%		7.0%	6.9%		7.5%
Operational ROOC, %*	4.2%	3.3%		1.8%		3.3%	3.5%		3.8%
Cash flow from operations	27	48	-43.8%	61	-55.7%	119	72	65.3%	114
Cash flow after investment activities	-30	-33	9.1%	-7	n/m	-68	-195	65.1%	-231
Pulp deliveries, 1 000 t	528	444	18.9%	462	14.3%	1 493	1 380	8.2%	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 16.*

- Sales increased by 18.8%, mainly due to the start-up of Montes del Plata.
- Operational EBIT improved due to higher volumes.
- Increased activity in innovation area increased fixed costs
- Montes del Plata Pulp Mill in Uruguay started up in early June and the ramp-up is moving ahead, but at a slower pace than previously expected. In 2014 Stora Enso's share of its production expected to be 245 000–275 000 tonnes, 55 000–75 000 tonnes less than anticipated in July due to some typical instability in the manufacturing process during the ramp-up period.
- In September Stora Enso announced a new investment in a demonstration and market development plant in the USA for the extraction and separation of highly pure sugars from biomass to be converted into differentiated biochemicals.
- There will be a maintenance stoppage at Enocell Pulp Mill during the fourth quarter.

Markets

Product	Market	Demand Q3/14 compared with Q3/13	Demand Q3/14 compared with Q2/14	Price Q3/14 compared with Q3/13	Price Q3/14 compared with Q2/14
Softwood pulp	Europe	Slightly weaker	Stable	Higher	Stable
Hardwood pulp	Europe	Slightly stronger	Stable	Lower	Slightly lower

Building and Living

Building and Living 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	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	429	460	-6.7%	490	-12.4%	1 364	1 401	-2.6%	1 867
Operational EBITDA	30	33	-9.1%	47	-36.2%	107	85	25.9%	115
Operational EBITDA margin, %	7.0%	7.2%		9.6%		7.8%	6.1%		6.2%
Operational EBIT	22	24	-8.3%	37	-40.5%	79	56	41.1%	75
% of sales	5.1%	5.2%		7.6%		5.8%	4.0%		4.0%
Operational ROOC,%*	16.0%	17.7%		27.1%		20.1%	13.6%		13.9%
Cash flow from operations	52	42	23.8%	6	n/m	53	82	-35.4%	125
Cash flow after investment activities	48	37	29.7%	3	n/m	43	67	-35.8%	97
Deliveries,1 000 m^3	1 090	1 157	-5.8%	1 221	-10.7%	3 427	3 573	-4.1%	4 776

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

- Sales decreased by 6.7% due to lower volumes and mix impact, mainly related to Japanese market.
- Operational EBIT decreased slightly mainly due to lower volumes and slightly lower sales prices in local currencies due to weaker demand in the Japanese market. The decline was partly offset by lower fixed costs.
- Murow Sawmill investment proceeding as planned.

Markets

Product	Market	Demand Q3/14 compared with Q3/13	Demand Q3/14 compared with Q2/14	Price Q3/14 compared with Q3/13	Price Q3/14 compared with Q2/14
Wood products	Europe	Weaker	Stable	Slightly higher	Stable

Printing and Reading

Printing and Reading is a 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	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	959	1 041	-7.9%	970	-1.1%	2 928	3 265	-10.3%	4 319
Operational EBITDA	84	81	3.7%	83	1.2%	252	204	23.5%	290
Operational EBITDA margin, %	8.8%	7.8%		8.6%		8.6%	6.2%		6.7%
Operational EBIT	33	13	153.8%	36	-8.3%	104	-2	n/m	34
% of sales	3.4%	1.2%		3.7%		3.6%	-0.1%		0.8%
Operational ROOC, %*	6.7%	1.9%		7.1%		6.9%	-0.1%		1.4%
Cash flow from operations	72	56	28.6%	59	22.0%	141	203	-30.5%	382
Cash flow from operations to sales, %	7.5%	5.4%		6.1%		4.8%	6.2%		8.8%
Cash flow after investment activities	43	5	n/m	36	19.4%	71	125	-43.2%	248
Paper deliveries, 1 000 t	1 480	1 582	-6.4%	1 483	-0.2%	4 486	4 918	-8.8%	6 525
Paper production, 1 000 t	1 476	1 600	-7.8%	1 466	0.7%	4 522	4 924	-8.2%	6 501

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

- Sales decreased by 7.9%, mainly due to the structural decline in demand for paper and asset closures (Veitsiluoto Mill PM1 in Finland and Corbehem Mill in France)
- Operational EBIT improved due to EUR 20 million lower depreciation, mainly due to the impairment of fixed assets recorded in the fourth quarter of 2013. Sales prices in local currencies were lower. Lower volumes, partly due to asset closures, were offset by lower variable and fixed costs.
- In October the buyer of Uetersen Mill withdrew the merger approval application due to indicated negative outcome by the competition authorities. As a consequence the parties agreed to terminate the share purchase agreement. Stora Enso is currently considering its options.

Markets

Product	Market	Demand Q3/14 compared with Q3/13	Demand Q3/14 compared with Q2/14	Price Q3/14 compared with Q3/13	Price Q3/14 compared with Q2/14
Paper	Europe	Slightly weaker	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	Q3/14	Q3/13	Change % Q3/14–Q3/13	Q2/14	Change % Q3/14–Q2/14	Q1–Q3/14	Q1–Q3/13	Change % Q1–Q3/14–Q1–Q3/13	2013
Sales	579	612	-5.4%	654	-11.5%	1 922	2 018	-4.8%	2 690
Operational EBITDA	-8	16	-150.0%	2	n/m	-6	30	-120.0%	10
Operational EBITDA margin, %	-1.4%	2.6%		0.3%		-0.3%	1.5%		0.4%
Operational EBIT	1	30	-96.7%	12	-91.7%	27	74	-63.5%	74
% of sales	0.2%	4.9%		1.8%		1.4%	3.7%		2.8%
Cash flow from operations	-53	7	n/m	23	n/m	-14	64	-121.9%	116
Cash flow after investment activities	-57	2	n/m	-76	25.0%	-120	50	n/m	92

- Operational EBIT declined due to divestment of Thiele Kaolin, winding down of the captive insurance company and lower earnings from wood supply.

GLOBAL RESPONSIBILITY IN THIRD QUARTER 2014 (compared with third quarter 2013)

Stora Enso's quarterly Global Responsibility reporting aims to increase transparency and underline the fact that financial and corporate responsibility performance are strongly integrated in Stora Enso's everyday operations.

People and Ethics

Health and Safety

	Q3/14	Q2/14	2013	Q3/13	Target	Target to be reached by
Total Recordable Incidents (TRI) rate	14.1	11.0	14.0	13.0	<5.0	end of 2015
Lost-Time Accident (LTA) rate	6.0	4.3	6.0	5.5	<1.0	end of 2015

***TRI** (Total recordable incident) rate = number of incidents per one million hours worked. **LTA** (Lost-time accident) rate = number of lost-time accidents per one million hours worked.*

Human Rights

The Human Rights assessments proceeded as planned and were completed 95% by the end of third quarter. They cover all production units, wood supply operations, their supply chain management and relations with local communities. For more information, please visit: http://www.storaenso.com/rethink/responsibility/people-and-ethics/human-rights.

Human Rights Assessment

	30 Sep 14	30 Jun 14	31 Dec 13	30 Sep 13	Target	Target to be reached by
Completion rate (%) of human rights assessments	95%	0%	n/a	n/a	100%	end of 2014

As part of Stora Enso's Group wide human rights assessments and commitment to the Children's Rights and Business Principles, the collaboration with Save the Children, announced in July, was initiated and is still ongoing. It includes the reviews of the Group's Global Responsibility policies and guidelines to ensure that they duly address the rights of children and young workers.

Due to the prevalence of child labour in India, Save the Children will evaluate potential child rights violations in the Stora Enso Chennai Mill's supply networks. By the end of the first quarter of 2015, Save the Children will map the relevant local stakeholders at the mill's supply networks and perform situation analysis of potential child rights violations. The evaluation focuses on the prevalence and root causes of possible violations, addresses gaps in legislation and relevant policy frameworks, attitudes and practices, and how all relevant stakeholders can together combat the child rights violations.

Other issues

In the fourth quarter children were found living with their families on a forestry site in Guangxi. Stora Enso is considering the best options to address the family situation of the migrant workers.

Responsible Sourcing

Implementation of the new Supplier Code of Conduct (CoC) announced on 1 July 2014

The new Supplier CoC strengthens the previous Sustainability Requirements for Suppliers. The Supplier CoC is a document that forms an integral part of contracts between Stora Enso and suppliers. By the end of the third quarter 32%* of the Group's spending on materials and services were covered by the new Supplier CoC.

Supplier Code of Conduct

	30 Sep 14	30 Jun 14	31 Dec 13	30 Sep 13	Target**	Target to be reached by
% of supplier spend covered by the Supplier CoC	32%*	n/a	94%***	n/a	90%	end of 2016

**The Group's suppliers (other than wood) in terms of supplier spending.*
***All suppliers including wood.*
****The Group contracts valid in 2013 (other than wood) covered by the previous sustainability requirements for suppliers.*

Mitigating Child Labour in Pakistan
Bulleh Shah Packaging, Stora Enso's 35% owned equity accounted investment, conducted 24 on-site audits at its domestic fibre suppliers' premises during the quarter. One potential young worker case was identified, based on ILO definitions, in the agricultural by-product sub-suppliers' operations. The case was identified by an external assurance provider SGS and is still to be verified. There were no child labour cases identified during these audits.

Bulleh Shah Packaging's direct suppliers of domestic fibre*

	Q3/14	Q2/14	2013	Q3/13	Target**	Target to be reached by
Number of direct domestic fibre suppliers	130	130	n/a	n/a		
Audit coverage	79%	62%	n/a	n/a	100%	end of 2014
Total number of audits	24	101	n/a	n/a		

**The direct domestic fibre suppliers include the direct suppliers of Old Corrugated Containers (OCC) and agricultural by-products such as wheat straw.*
***For the direct suppliers of Old Corrugated Containers (OCC).*

Preparations for community work in rural areas continued together with local government, non-governmental organisations and organisations with similar agricultural supply chains.

Stora Enso continues to support 640 children who were discovered working in the collection of used carton board (UCB) in the supply chain which was terminated in April 2014. Due to time required for finding right partners and practical solutions, this support initiative has proceeded slower than was earlier expected. By the end of the quarter, 125 children 6–14 years of age had left waste collection and sorting to attend school as part of this support initiative. Stora Enso is committed to enable all the identified children from the terminated UCB supply chain to go to school by the end of the first quarter of 2015.

Forest and Land Use

Correction of Land Leasing Contracts in Guangxi, China
Stora Enso leases a total of 90 200 hectares of land in various regions of Guangxi of which 36% (37%) is social land, leased from village collectives and households. By the end of the quarter, 58% of the lease contracts were without contractual defects**.

Social Forestlands Leased by Stora Enso in Guangxi

	30 Sep 14	30 Jun 14	31 Dec 13	30 Sep 13	Target	Target to be reached by
Social forestland leased, ha	32 623	32 800	32 990	32 997		
Leased area without contractual defects, ha	15 320	15 200	14 366	13 800		
Lease contracts without contractual defects, % of all contracts	58%	58%	54%	52%	100%	start-up of the planned pulp mill*

** The final decision on the pulp mill will be made after the start-up of the board mill in 2016.*
*** In the contracts without defects the ownership of land is clear or solved, and contracting procedure is proven to be legal, authentic and valid. The contract correction process includes a desktop documentation review, field investigations, legal and operational risk analysis, stakeholder consultations, the collection of missing documentation and the signing of new agreements or amendments directly with the villages or households concerned, or in some cases contract termination.*

Creating Shared Value in Guangxi, China
In the Water Stewardship Project, undertaken jointly with Kemira in Guangxi, the baseline study was completed. Technical onsite planning and related feasibility studies for the pilot projects in villages are underway. The Water Stewardship Project consists of the baseline study, pilot projects in villages, water monitoring as well as increasing awareness on water issues in Guangxi. The project started in December 2013 and will last until the end of 2015.

Out of the three projects, a Transportation Development Study was put on hold in order to fully focus on the Forest Contractor Development Project, which aims at the capacity building of selected contractors to help to improve the safety, quality and efficiency of forestry operations.

Dialogue with Landless People's Social Movements in Bahia, Brazil
Stora Enso's joint operation Veracel in Brazil continued to engage in dialogues with the six social landless movements in Bahia. As part of this dialogue the Sustainable Settlement Initiative was launched in 2012, with the aim to provide farming land, and technical and educational support to generate income for hundreds of families. This initiative is facilitated by the Government of the State of Bahia, and conducted in co-operation

with the social landless movements, the National Institute of Colonisation and Agrarian Reform (INCRA) and Veracel. Veracel has reserved 16 500 hectares of land for the settlements.

At the end of the quarter, 2 223 (845) hectares of Veracel's land were occupied by social landless movements that are not part of the Sustainable Settlement Initiative. The occupied area has increased due to new occupations by social movement FETRAF (Federation of Family Agriculture Workers) as its effort to be included in the Sustainable Settlements Initiative. Repossession of these areas is being sought through legal processes.

Land occupied by social landless movements not part of the Sustainable Settlement Initiative

	30 Sep 14	30 Jun 14	31 Dec 13	30 Sep 13
Additional Veracel's lands occupied by social movements, ha	2 223	1 873	1 453	845

Environment and Efficiency

On 15 October, Stora Enso was included for the fifth consecutive year in the Carbon Disclosure Project's (CDP) Nordic Carbon Disclosure Leadership Index (CDLI) for the Group's reporting on carbon emissions. Company disclosures to CDP are marked out for a total of 100, and Stora Enso achieved the maximum score.
Stora Enso's target for CO_2 emissions is 35% below the 2006 benchmark level by the end of 2025.

Stora Enso is included in the following sustainability indices:

- Carbon Disclosure Leadership Index
- FTSE4 Good Index
- UN Global Compact 100 Stock Index
- STOXX Global ESG Leaders indices
- ECPI Ethical Indices
- OMX GES Sustainability Finland index
- Ethibel Investment Register
- Euronext Vigeo – Europe 120

Short-term Risks and Uncertainties

The main short-term risks and uncertainties are related to the economic situation in Europe and to further increasing imbalance in the European paper market.

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 13 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 187 million on operational EBIT for the next twelve months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 95 million on operational EBIT for the next twelve months.

Chemicals and fillers sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 59 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 103 million, negative EUR 74 million and positive EUR 46 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.

Legal Cases

Latin American Cases

Veracel

Fibria and Stora Enso each owns 50% of Veracel, the joint ownership being governed by a shareholder agreement. In May 2014, Fibria initiated arbitration proceedings against Stora Enso claiming that Stora Enso was in breach of certain provisions of the shareholder agreement. Fibria has indicated that the interest of the case is approximately USD 50 million (EUR 35 million). Stora Enso denies any breach of contract and disputes the method of calculating the interest of the case. No provisions have been made in Stora Enso's accounts for this case.

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 joint-operations company Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible fine of BRL 20 million (EUR 7 million). 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. No provisions have been recorded in Veracel's or Stora Enso's accounts for the reforestation or the possible fine.

Montes del Plata

During the second quarter of 2014, Celulosa y Energía Punta Pereira S.A. ("CEPP"), a joint-operations company in the Montes del Plata group formed by Stora Enso and Arauco, was notified of arbitration proceedings initiated against it by Andritz Pulp Technologies Punta Pereira S.A., a subsidiary of Andritz AG, claiming EUR 200 million. The arbitration relates to contracts for the delivery, construction, installation, commissioning and completion by Andritz of major components of the Montes del Plata pulp mill project located at Punta Pereira in Uruguay. CEPP disputes the claims brought by Andritz and is also actively pursuing claims of its own amounting to USD 110 million (EUR 80 million) against Andritz for breach by Andritz of its obligations under the contracts. No provisions have been made in Montes del Plata's or Stora Enso's accounts for these claims.

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 Metsä Group 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 35 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. The decision was appealed by all claimants. No provisions have been made in Stora Enso's accounts for these lawsuits.

Kemijärvi Pulp Mill in Finland was permanently closed down in 2008. Following court proceedings 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.

Third Quarter Events

In August, there was a severe forest fire in Västmanland in central Sweden. Out of the nearly 14 000 hectares of forest burned, 1 700 hectares are owned by Bergvik Skog, Stora Enso's 49% owned forest holding company. A sub-contractor for Stora Enso Wood Supply Sweden was in the area doing soil preparation work, and reported a fire to the emergency service. The police is investigating the cause of the fire. Stora Enso is fully supporting the police in their investigation.

Changes in Organisational Structure

In September, the Printing and Living Division was divided into two separate Divisions: Printing and Reading, and Building and Living. The Global Identity function was split into two entities: Global Communications and Global Responsibility.

Changes in Group Management

Karl-Henrik Sundström took up the position of CEO on 1 August 2014.

Stora Enso's Group Leadership Team (GLT) had four new members as of 1 September 2014. Kati ter Horst was appointed Executive Vice President, Head of the Printing and Reading Division. Jari Suominen continued to lead the Building and Living business, as Executive Vice President of a separate Division. Ulrika Lilja was appointed Executive Vice President, Global Communications. Terhi Koipijärvi was appointed an acting Executive Vice President, Global Responsibility and an acting member of the GLT.

Juha Vanhainen, Executive Vice President, Energy, Logistics, Business Information Services and Wood Supply Operations in Finland and Sweden and a member of the GLT, will take up the position of CEO with the Finnish food company Apetit Plc and leave his position at Stora Enso on 15 March 2015.

Share Capital

On 30 September 2014, Stora Enso had 177 056 204 A shares and 611 563 783 R shares in issue of which the Company held no A shares or R shares.

Events after the Period

On 14 October Stora Enso announced the appointment of Johanna Hagelberg as Executive Vice President Sourcing and a new member of the Group Leadership Team as of 1 November 2014.

On 15 October Stora Enso announced the appointment of the Nomination Board. The composition of the Nomination Board is as follows: Gunnar Brock (Chairman of the Board of Directors of Stora Enso), Juha Rantanen (Vice Chairman of the Board of Directors of Stora Enso), Pekka Ala-Pietilä (Chairman of the Board of Directors of Solidium), and Marcus Wallenberg (Chairman of the Board of Directors of Foundation Asset Management). Pekka Ala-Pietilä is the Chairman of the Nomination Board.

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, 22 October 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 that 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.

Virdia Inc. acquisition

In the second quarter of 2014, Stora Enso acquired 100% of the shares in the US-based company Virdia, a leading developer of extraction and separation technologies for conversion of biomass into highly refined sugars and lignin. The acquisition of Virdia supports the vision of Stora Enso's Biomaterials Division in becoming a significant player in biochemicals and biomaterials. The technology enables more efficient extraction of different valuable fractions of the biomass, allowing the possibility to develop and commercialise cost-effective renewable solutions to address well-identified market-driven needs.

The cash consideration was EUR 17 million with maximum potential payouts totalling EUR 21 million following completion of specific technical and commercial milestones by 2017. The fair value of the estimated payouts is approximately EUR 15 million. Virdia's impact on Stora Enso's 2014 sales and earnings is expected to be limited.

The fair values of the acquired assets, liabilities and goodwill as at 30 September 2014 have been determined on a provisional basis pending finalisation of the post-combination review of the fair value of the acquired assets and liabilities.

EUR million	
Cash consideration	17
Fair value of the contingent consideration	15
Total assets acquired	20
Total liabilities acquired	16
Provisional goodwill	28

Corenso divestment

On 30 September 2014, Stora Enso signed an agreement to divest its Corenso business operations to the Finnish packaging materials company Powerflute Oyj. Closing of the transaction is expected to take place during the fourth quarter of 2014 subject to customary conditions. Corenso is one of the world's leading integrated producers of high-performance cores and high-quality coreboard. It employs about 920 employees in 10 countries in Europe, Asia and North America and has its head office in Lahti, Finland. Corenso is part of Stora Enso Renewable Packaging Division. The divestment is a natural step in streamlining the business and transforming Stora Enso into a customer-focused renewable materials company in growth markets.

Corenso business operations were measured in closing on 30 September 2014 at carrying amount. No impairment loss was recognised on reclassification of assets and liabilities as held for sale, the fair value less cost to sell was higher than the carrying amount.

EUR million	30 Sep 2014
Non-current assets	49
Inventories	20
Receivables	32
Cash and cash equivalents	10
Assets	**111**
Non-current liabilities	1
Current liabilities	27
Total Liabilities	**28**
Net Assets	**83**

Condensed Consolidated Income Statement*

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 16.*

EUR million	Q3/14	Q3/13	Q2/14	Q1–Q3/14	Q1–Q3/13	2013
Sales	2 514	2 553	2 579	7 661	7 951	10 563
Other operating income	36	30	52	121	106	140
Materials and services	-1 516	-1 585	-1 618	-4 707	-5 062	-6 550
Freight and sales commissions	-239	-237	-231	-707	-747	-982
Personnel expenses	-324	-314	-367	-1 052	-1 041	-1 390
Other operating expenses	-127	-149	-203	-474	-503	-644
Share of results of equity accounted investments	1	15	20	71	53	102
Depreciation and impairment	-130	-157	-147	-418	-497	-1 189
Operating Profit	**215**	**156**	**85**	**495**	**260**	**50**
Net financial items	-71	-53	-46	-182	-168	-239
Profit/Loss before Tax	**144**	**103**	**39**	**313**	**92**	**-189**
Income tax	-21	-19	-38	-89	-3	118
Net Profit/Loss for the Period	**123**	**84**	**1**	**224**	**89**	**-71**
Attributable to:						
Owners of the Parent	124	82	1	224	84	-53
Non-controlling interests	-1	2	-	-	5	-18
	123	**84**	**1**	**224**	**89**	**-71**
Earnings per Share						
Basic earnings per share, EUR	0.15	0.11	0.00	0.28	0.11	-0.07
Diluted earnings per share, EUR	0.15	0.11	0.00	0.28	0.11	-0.07

Consolidated Statement of Comprehensive Income*

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 16.*

EUR million	Q3/14	Q3/13	Q2/14	Q1–Q3/14	Q1–Q3/13	2013
Net profit/loss for the period	123	84	1	224	89	-71
Other Comprehensive Income						
Items that will Not be Reclassified to Profit and Loss						
Actuarial losses and gains on defined benefit plans	-2	-2	-1	-3	-2	74
Share of OCI of EAIs that will not be reclassified	-	-	-	-	-1	-1
Income tax relating to items that will not be reclassified	3	1	-	3	1	-27
	1	**-1**	**-1**	**-**	**-2**	**46**
Items that may be Reclassified Subsequently to Profit and Loss						
Share of OCI of EAIs that may be reclassified	-4	1	-6	-13	12	13
Currency translation movements on equity net investments (CTA)	85	-32	15	96	-129	-227
Currency translation movements on non-controlling interests	6	-3	1	7	-4	-6
Net investment hedges	-1	-8	10	14	6	23
Currency and commodity hedges	-36	7	-5	-50	-21	-26
Available-for-sale financial assets	-28	69	37	-3	-107	-101
Income tax relating to items that may be reclassified	6	1	-3	3	3	2
	28	**35**	**49**	**54**	**-240**	**-322**
Total Comprehensive Income	**152**	**118**	**49**	**278**	**-153**	**-347**
Total Comprehensive Income Attributable to:						
Owners of the Parent	147	119	48	271	-154	-323
Non-controlling interests	5	-1	1	7	1	-24
	152	**118**	**49**	**278**	**-153**	**-347**

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

Condensed Consolidated Statement of Financial Position*

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 16.*

EUR million		30 Sep 14	31 Dec 13	30 Sep 13	1 Jan 13
Assets					
Non-current Assets					
PPE*, goodwill and other intangible assets	O	5 944	5 808	6 332	6 565
Biological assets	O	696	634	454	474
Emission rights	O	31	21	18	30
Equity accounted investments	O	1 065	1 013	1 003	941
Available-for-sale: Interest-bearing	I	26	10	10	96
Available-for-sale: Operative	O	340	361	355	451
Non-current loan receivables	I	62	80	79	134
Deferred tax assets	T	208	229	165	143
Other non-current assets	O	89	63	70	85
		8 461	**8 219**	**8 486**	**8 919**
Current Assets					
Inventories	O	1 444	1 445	1 515	1 510
Tax receivables	T	9	13	14	18
Operative receivables	O	1 621	1 555	1 676	1 714
Interest-bearing receivables	I	66	147	137	211
Cash and cash equivalents	I	1 523	2 073	2 121	1 921
		4 663	**5 233**	**5 463**	**5 374**
Assets of disposal group classified as held for sale		111	-	-	-
Total Assets		**13 235**	**13 452**	**13 949**	**14 293**
Equity and Liabilities					
Owners of the Parent		5 241	5 213	5 381	5 770
Non-controlling Interests		171	60	86	92
Total Equity		**5 412**	**5 273**	**5 467**	**5 862**
Non-current Liabilities					
Post-employment benefit provisions	O	398	378	465	480
Other provisions	O	190	127	124	145
Deferred tax liabilities	T	310	312	331	358
Non-current debt	I	3 872	4 201	4 374	4 799
Other non-current operative liabilities	O	43	24	15	11
		4 813	**5 042**	**5 309**	**5 793**
Current Liabilities					
Current portion of non-current debt	I	584	544	640	202
Interest-bearing liabilities	I	680	756	768	698
Operative liabilities	O	1 662	1 821	1 721	1 698
Tax liabilities	T	56	16	44	40
		2 982	**3 137**	**3 173**	**2 638**
Liabilities directly associated with the assets classified as held for sale		28	-	-	-
Total Liabilities		**7 823**	**8 179**	**8 482**	**8 431**
Total Equity and Liabilities		**13 235**	**13 452**	**13 949**	**14 293**

** 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

Condensed Consolidated Statement of Cash Flows*

EUR million	Q1–Q3/14	Q1–Q3/13
Cash Flow from Operating Activities		
Operating profit	495	260
Hedging result from OCI	-1	-
Adjustments for non-cash items	395	463
Change in net working capital	-193	67
Cash Flow Generated by Operations	**696**	**790**
Net financial items paid	-148	-134
Income taxes paid, net	-22	-33
Net Cash Provided by Operating Activities	**526**	**623**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries and business operations, net of acquired cash	-16	-
Acquisitions of equity accounted investments	-97	-31
Acquisitions of available-for-sale investments	-	-9
Proceeds from disposal of shares in equity accounted investments	61	-
Proceeds from disposal of available-for-sale investments	-	43
Proceeds from sale of fixed assets	8	87
Capital expenditure	-523	-524
Proceeds from non-current receivables, net	35	107
Net Cash Used in Investing Activities	**-532**	**-327**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	154	223
Long-term debt, payments	-552	-152
Change in short-term borrowings	-43	94
Dividends paid	-237	-237
Sale of interest in subsidiaries to non-controlling interests	28	-
Equity injections from, less dividends to, non-controlling interests	69	-6
Purchase of own shares**	-4	-
Net Cash Used in Financing Activities	**-585**	**-78**
Net Decrease/Increase in Cash and Cash Equivalents	**-591**	**218**
Net cash and cash equivalents of disposal group classified as held for sale	-10	**-**
Translation adjustment	58	-16
Net cash and cash equivalents at the beginning of period	2 061	1 917
Net Cash and Cash Equivalents at Period End	**1 518**	**2 119**
Cash and Cash Equivalents at Period End	**1 523**	**2 121**
Bank Overdrafts at Period End	**-5**	**-2**
Net Cash and Cash Equivalents at Period End	**1 518**	**2 119**

Acquisitions		
Cash and cash equivalents, net of bank overdraft	1	-
Intangible assets and property, plant and equipment	19	-
Working capital	-2	-
Tax assets and liabilities	-6	
Interest-bearing liabilities and receivables	-8	-
Fair Value of Net Assets Acquired	**4**	**-**
Goodwill (provisional for 2014)	28	-
Total Purchase Consideration	**32**	**-**
Less cash and cash equivalents in acquired companies	-1	-
Net Purchase Consideration	**31**	**-**
Cash part of consideration, net of acquired cash	16	-
Non-cash part of consideration	15	-
Net Purchase Consideration	**31**	**-**
Disposals		
Cash and cash equivalents	1	-

Net Assets in Divested Companies	**1**	**-**
Total Disposal Consideration	**1**	-
Cash part of consideration	1	**-**
Total Disposal Consideration	**1**	-

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 16.*
*** Own shares purchased for the Group's share award programme. The Group did not hold any own shares at the end of September 2014.*

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

EUR million	Q1–Q3/14	Q1–Q3/13	2013
Carrying value at 1 January	6 442	7 039	7 039
Acquisition of subsidiary companies	47	-	1
Additions in tangible and intangible assets	455	447	710
Additions in biological assets	46	35	50
Harvesting in biological assets	-26	-12	-20
Disposals	-5	-74	-80
Disposals of subsidiary companies	-	-	-2
Depreciation and impairment	-418	-497	-1 189
Assets of disposal group classified as held for sale	-41	-	-
Valuation of biological assets	-9	-7	185
Translation difference and other	149	-145	-252
Statement of Financial Position Total	**6 640**	**6 786**	**6 442**

Borrowings

EUR million	30 Sep 14	31 Dec 13	30 Sep 13
Bond loans	2 884	3 177	3 284
Loans from credit institutions	1 418	1 398	1 412
Finance lease liabilities	73	77	96
Other non-current liabilities	81	93	222
Non-current Debt including Current Portion	**4 456**	**4 745**	**5 014**
Short-term borrowings	429	510	541
Interest payable	81	93	88
Derivative financial liabilities	165	141	137
Bank overdrafts	5	12	2
Total Interest-bearing Liabilities	**5 136**	**5 501**	**5 782**

EUR million	Q1–Q3/14	2013	Q1–Q3/13
Carrying value at 1 January	5 501	5 699	5 699
Proceeds of new long-term debt	154	239	223
Repayment of long-term debt	-552	-377	-152
Change in short-term borrowings and interest payable	-93	101	127
Change in derivative financial liabilities	24	-51	-55
Translation differences and other	102	-110	-60
Total Interest-bearing Liabilities	**5 136**	**5 501**	**5 782**

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**
Profit for the period	-	-	-	-	-	-	-	-	-	84	84	5	89
OCI before tax	-	-	-	-	-	-107	-21	11	-123	-2	-242	-4	-246
Income tax relating to components of OCI	-	-	-	-	-	1	4	-	-2	1	4	-	4
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-106**	**-17**	**11**	**-125**	**83**	**-154**	**1**	**-153**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-7	-244
Share-based payments	-	-	-	-	-	-	-	-	-	1	1	-	1
NCI transaction in EAI	-	-	-	-	-	-	-	-	-	1	1	-	1
Cancellation of treasury shares	-	-	-	10	-	-	-	-	-	-10	-	-	-
Balance at 30 Sep 2013	**1 342**	**77**	**633**	**-**	**4**	**256**	**-5**	**-23**	**-135**	**3 232**	**5 381**	**86**	**5 467**
Loss for the period	-	-	-	-	-	-	-	-	-	-137	-137	-23	-160
OCI before tax	-	-	-	-	-	6	-5	1	-81	76	-3	-2	-5
Income tax relating to components of OCI	-	-	-	-	-	-	1	-	-2	-28	-29	-	-29
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**6**	**-4**	**1**	**-83**	**-89**	**-169**	**-25**	**-194**
Disposals	-	-	-	-	-	-	-	-	-	-	-	-1	-1
Share-based payments	-	-	-	-	-	-	-	-	-	1	1	-	1
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	-	-	-	-	-	-	-	-	-	224	224	-	224
OCI before tax	-	-	-	-	-	-3	-50	-13	110	-3	41	7	48
Income tax relating to components of OCI	-	-	-	-	-	-4	10	-	-3	3	6	-	6
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-7**	**-40**	**-13**	**107**	**224**	**271**	**7**	**278**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-4	-241
Acquisitions and disposals	-	-	-	-	-	-	-	15	-	-15	-	103	103
Loss on NCI buy-in	-	-	-	-	-	-	-	-	-	-5	-5	5	-
Purchase of treasury shares	-	-	-	-4	-	-	-	-	-	-	-4	-	-4
Share-based payments	-	-	-	4	-	-	-	-	-	-1	3	-	3
Balance at 30 Sep 2014	**1 342**	**77**	**633**	**-**	**4**	**255**	**-49**	**-20**	**-111**	**3 110**	**5 241**	**171**	**5 412**

** Data for the comparative periods have been restated. For further details, see Basis of Preparation on page 16..*

Commitments and Contingencies

EUR million	30 Sep 14	31 Dec 13	30 Sep 13
On Own Behalf			
Mortgages	4	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	86	71	66
Operating leases, after next 12 months	824	510	535
Other commitments	6	5	5
Total	**943**	**627**	**635**
Mortgages	4	18	6
Guarantees	23	23	23
Operating leases	910	581	601
Other commitments	6	5	5
Total	**943**	**627**	**635**

Capital Commitments

The Group’s direct capital expenditure contracts, excluding acquisitions, amounted to EUR 280 million (compared with EUR 187 million at 30 September 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	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	851	849	823	3 272	788	829	835	820
Biomaterials	284	243	263	1 033	266	239	266	262
Building and Living	429	490	445	1 867	466	460	500	441
Printing and Reading	959	970	999	4 319	1 054	1 041	1 101	1 123
Other	579	654	689	2 690	672	612	685	721
Inter-segment sales	-588	-627	-651	-2 618	-634	-628	-661	-695
Total	**2 514**	**2 579**	**2 568**	**10 563**	**2 612**	**2 553**	**2 726**	**2 672**

Operational EBIT by Segment

EUR million	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	130	114	92	318	73	100	77	68
Biomaterials	24	10	21	77	24	17	14	22
Building and Living	22	37	20	75	19	24	28	4
Printing and Reading	33	36	35	34	36	13	-17	2
Other	1	12	14	74	-	30	22	22
Operational EBIT	**210**	**209**	**182**	**578**	**152**	**184**	**124**	**118**
Fair valuations and non-operational items*	-23	-18	-11	11	30	-5	-8	-6
Non-recurring Items	28	-106	24	-539	-392	-23	-33	-91
Operating Profit/Loss (IFRS)	**215**	**85**	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-71	-46	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**144**	**39**	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-21	-38	-30	118	121	-19	-3	19
Net Profit/Loss	**123**	**1**	**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	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	-	-	-	120	144	-28	4	-
Biomaterials	-	-	-	2	-8	-1	11	-
Building and Living	-	-	-13	-7	-	-	-	-7
Printing and Reading	28	-115	-7	-644	-538	8	-30	-84
Other	-	9	44	-10	10	-2	-18	-
NRI on Operating Profit/Loss	**28**	**-106**	**24**	**-539**	**-392**	**-23**	**-33**	**-91**
NRI on tax	-	1	6	145	114	3	9	19
NRI on Net Profit/Loss	**28**	**-105**	**30**	**-394**	**-278**	**-20**	**-24**	**-72**
NRI on Net Profit/Loss attributable to								
Owners of the Parent	28	-105	30	-369	-253	-20	-24	-72
Non-controlling interests	-	-	-	-25	-25	-	-	-
	28	**-105**	**30**	**-394**	**-278**	**-20**	**-24**	**-72**

Fair Valuations and Non-operational Items* by Segment

EUR million	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	-4	-	1	-1	-	-1	-	-
Biomaterials	-2	-2	-3	5	13	-4	-2	-2
Building and Living	-	-	-1	-	-	-	-	-
Printing and Reading	-	1	-2	2	3	-1	-	-
Other	-17	-17	-6	5	14	1	-6	-4
FVs and Non-operational Items on Operating Profit	**-23**	**-18**	**-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	Q3/14	Q2/14	Q1/14	2013	Q4/13	Q3/13	Q2/13	Q1/13
Renewable Packaging	126	114	93	437	217	71	81	68
Biomaterials	22	8	18	84	29	12	23	20
Building and Living	22	37	6	68	19	24	28	-3
Printing and Reading	61	-78	26	-608	-499	20	-47	-82
Other	-16	4	52	69	24	29	-2	18
Operating Profit/Loss (IFRS)	**215**	**85**	**195**	**50**	**-210**	**156**	**83**	**21**
Net financial items	-71	-46	-65	-239	-71	-53	-59	-56
Profit/Loss before Tax	**144**	**39**	**130**	**-189**	**-281**	**103**	**24**	**-35**
Income tax expense	-21	-38	-30	118	121	-19	-3	19
Net Profit/Loss	**123**	**1**	**100**	**-71**	**-160**	**84**	**21**	**-16**

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	30 Sep 14	31 Dec 13	30 Sep 14	31 Dec 13
SEK	9.1465	8.8591	9.0378	8.6505
USD	1.2583	1.3791	1.3554	1.3281
GBP	0.7773	0.8337	0.8122	0.8493

Transaction Risk and Hedges in Main Currencies as at 30 September 2014

EUR million	USD	SEK	GBP
Estimated annual net operating cash flow exposure	1 030	-740	460
Transaction hedges as at 30 September 2014	-480	390	-230
Hedging percentage as at 30 September 2014 for the next 12 months	**47%**	**53%**	**50%**

Additionally there are USD hedges for 13–15 months worth of EUR 30 million.

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	103
SEK	-74
GBP	46

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: 30 September 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	-	-	-	366	366	366
Non-current loan receivables	62	-	-	-	62	65
Trade and other operative receivables	1 321	-	-	-	1 321	1 321
Interest-bearing receivables	7	38	21	-	66	66
Current investments and cash	1 523	-	-	-	1 523	1 523
Carrying Amount by Category	**2 913**	**38**	**21**	**366**	**3 338**	**3 341**

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	-	6	3 866	3 872	4 085
Current portion of non-current debt	-	-	584	584	584
Interest-bearing liabilities	92	73	510	675	675
Trade and other operative payables	15	-	1 255	1 270	1 270
Bank overdrafts	-	-	5	5	5
Carrying Amount by Category	**107**	**79**	**6 220**	**6 406**	**6 619**

EUR million	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	59	-	59
Available-for-sale Financial Assets	26	-	340	366
Derivative Financial Liabilities	-	171	-	171
Trade and Other Operative Liabilities	-	-	15	15

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: 30 September 2014

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2014	361	-	361
Losses recognised in other comprehensive income	-20	-	-20
Disposals	-1	-	-1
Closing Balance at 30 September 2014	**340**	**-**	**340**

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 3.93% 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 +95 million and -54 million, respectively. A +/- 1% change in the discount rate would change the valuation by EUR -30 million and +169 million, respectively.

Stora Enso Shares

Trading Volume

	Helsinki		Stockholm	
	A share	R share	A share	R share
July	83 197	52 693 642	192 543	11 780 472
August	89 804	53 495 199	103 977	18 550 421
September	120 275	58 667 228	105 867	14 954 739
Total	**293 276**	**164 856 069**	**402 387**	**45 285 632**

Closing Price

	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
July	6.84	6.74	63.00	62.25
August	6.58	6.63	60.60	60.65
September	6.53	6.61	59.45	60.10

Average Number of Shares

Million	Q3/14	Q3/13	Q2/14	Q1–Q3/14	Q1–Q3/13	2013
Periodic	788.6	788.6	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6	788.6	788.6
Cumulative, diluted	789.5	788.6	789.5	789.1	788.6	788.6

Calculation of Key Figures

Operational return on capital employed, operational ROCE (%)	100 x	Operational EBIT / Capital employed[1) 2)]
Operational return on operating capital, operational ROOC (%)	100 x	Operational EBIT / Operating capital[1) 2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity[2)]
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Interest-bearing net liabilities / Equity [3)]
EPS		Net profit/loss for the period[3)] / 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		Interest-bearing net liabilities / Operational EBITDA
Last twelve months (LTM)		Twelve months prior to the reporting date
TRI		Total recordable incident rate = number of incidents per one million hours worked
LTA		Lost-time accident rate = number of lost-time accidents per one million hours worked

[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 fourth quarter and full year 2014 results will be published on 4 February 2015.

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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