Stora Enso Interim Review January–June 2015

Transformation continues with strong cash flow, despite some operational challenges

Q2/2015 (compared with Q2/2014)

- **Sales EUR 2 562 (EUR 2 579) million decreased by 0.7%; sales excluding the structurally declining paper and divested businesses increased by 4.8% mainly due to increase in Montes del Plata pulp mill volumes.**
- **Operational EBIT EUR 207 (EUR 209) million, operational EBIT margin remained unchanged at 8.1%, despite operational challenges amounting to EUR 12 million in the Consumer Board division.**
- **EPS excluding non-recurring items EUR 0.18 (EUR 0.13).**
- **Cash flow from operations EUR 489 (EUR 288) million, cash flow after investing activities EUR 261 (EUR 29) million.**
- **Net debt to operational EBITDA 2.7 (2.8), liquidity EUR 1.0 (1.6) billion.**
- **Operational ROCE 9.4% (9.8%).**

Q2/2015 (compared with Q1/2015)

- **Sales increased by 2.9%, sales excluding the structurally declining paper and divested businesses increased by 4.5%.**
- **Operational EBIT decreased by 5.9% due to higher maintenance activity and operational challenges in the Consumer Board division.**

Q1–Q2/2015 (compared with Q1–Q2/2014)

- **Sales declined by 1.8%, sales excluding the structurally declining paper and divested businesses increased by 3.8%.**
- **Operational EBIT increased by 9.2% due to positive foreign exchange impacts and lower variable costs, offset partly by lower average sales prices for paper.**

Transformation

- **The construction of the Guangxi consumer board mill in China is proceeding according to plan and the installation of the main machinery has begun. The board machine is expected to be operational in mid-2016 as announced earlier.**
- **The conversion of the Varkaus mill's fine paper machine in Finland for kraftliner is proceeding as planned and expected to start at the end of 2015.**

Outlook

Q3/2015 sales are estimated to be similar to the amount of the EUR 2 562 million in Q2/2015. Operational EBIT is expected to be in line with the EUR 207 million recorded in Q2/2015. The negative maintenance impact is expected to be EUR 15 million higher in Q3 than in Q2/2015.

Kanavaranta 1
00160 Helsinki
P.O. Box 309
FI-00101 Helsinki, Finland
Tel +358 2046 131
Fax +358 2046 21471
www.storaenso.com

Stora Enso Oyj
Business ID 1039050-8

KEY FIGURES

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	2 562	2 579	-0.7%	2 491	2.9%	5 053	5 147	-1.8%	10 213
Operational EBITDA	318	326	-2.5%	340	-6.5%	658	628	4.8%	1 269
Operational EBITDA margin	12.4%	12.6%		13.6%		13.0%	12.2%		12.4%
Operational EBIT	207	209	-1.0%	220	-5.9%	427	391	9.2%	810
Operational EBIT margin	8.1%	8.1%		8.8%		8.5%	7.6%		7.9%
Operating profit (IFRS)	214	85	151.8%	215	-0.5%	429	280	53.2%	400
Profit before tax excl. NRI	156	145	7.6%	154	1.3%	310	251	23.5%	399
Profit before tax	148	39	279.5%	162	-8.6%	310	169	83.4%	120
Net profit for the period	123	1	n/m	129	-4.7%	252	101	149.5%	90
Capital expenditure	220	173	27.2%	130	69.2%	350	274	27.7%	781
Capital expenditure excluding investments in biological assets	203	158	28.5%	108	88.0%	311	245	26.9%	713
Depreciation and impairment charges excl. NRI	135	134	0.7%	133	1.5%	268	273	-1.8%	547
Net interest-bearing liabilities	3 479	3 336	4.3%	3 444	1.0%	3 479	3 336	4.3%	3 274
Operational ROCE	9.4%	9.8%		10.1%		9.9%	9.2%		9.5%
Earnings per share (EPS), excl. NRI, EUR	0.18	0.13		0.15		0.33	0.22		0.40
EPS (basic), EUR	0.17	0.00		0.16		0.33	0.13		0.13
Return on equity (ROE)	9.2%	0.1%		9.6%		9.7%	3.8%		1.7%
Debt/equity ratio	0.70	0.66		0.65		0.70	0.66		0.65
Net debt/last twelve months' operational EBITDA	2.7	2.8		2.6		2.7	2.8		2.6
Fixed costs to sales	25.5%	24.8%		23.9%		24.7%	25.0%		25.1%
Equity per share, EUR	6.33	6.46		6.77		6.33	6.46		6.43
Average number of employees	27 173	29 704	-8.5%	26 781	1.5%	26 999	29 162	-7.4%	29 009
TRI rate	10.3	11.0	-6.4%	10.1	2.0%	10.3	12.4	-16.9%	12.5
LTA rate	4.2	4.3	-2.3%	4.8	-12.5%	4.4	5.1	-13.7%	5.2

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 incidents) 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

	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Board deliveries, 1 000 tonnes	778	791	-1.6%	748	4.0%	1 526	1 574	-3.0%	3 158
Board production, 1 000 tonnes	852	886	-3.8%	852	0.0%	1 704	1 764	-3.4%	3 489
Corrugated packaging deliveries, million m^2	287	272	5.5%	274	4.7%	561	534	5.1%	1 104
Market pulp deliveries, 1 000 tonnes	470	299	57.2%	457	2.8%	927	609	52.2%	1 371
Wood product deliveries, 1 000 m^3	1 186	1 265	-6.2%	1 061	11.8%	2 247	2 424	-7.3%	4 646
Paper deliveries, 1 000 tonnes	1 445	1 483	-2.6%	1 432	0.9%	2 877	3 006	-4.3%	6 006
Paper production, 1 000 tonnes	1 444	1 466	-1.5%	1 472	-1.9%	2 916	3 046	-4.3%	6 034

RECONCILIATION OF OPERATIONAL PROFITABILITY

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Operational EBITDA	**318**	**326**	**-2.5%**	**340**	**-6.5%**	**658**	**628**	**4.8%**	**1 269**
Equity accounted investments (EAI), operational*	24	17	41.2%	13	84.6%	37	36	2.8%	88
Depreciation and impairment excl. NRI	-135	-134	-0.7%	-133	-1.5%	-268	-273	1.8%	-547
Operational EBIT	**207**	**209**	**-1.0%**	**220**	**-5.9%**	**427**	**391**	**9.2%**	**810**
Fair valuations and non-operational items**	15	-18	183.3%	-13	215.4%	2	-29	106.9%	-131
Non-recurring items	-8	-106	92.5%	8	-200.0%	-	-82	100.0%	-279
Operating Profit (IFRS)	**214**	**85**	**151.8%**	**215**	**-0.5%**	**429**	**280**	**53.2%**	**400**

* *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.*

SECOND QUARTER 2015 RESULTS (compared with second quarter 2014)

BREAKDOWN OF CHANGE IN SALES Q2/2014 TO Q2/2015

	Sales
Q2/14, EUR million	**2 579**
Price and mix	-2%
Currency	2%
Volume	-
Other sales*	-1%
Total before structural changes	-1%
Structural changes**	-
Total	-1%
Q2/15, EUR million	**2 562**

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

Group sales of EUR 2 562 million were EUR 17 million lower than a year ago. Sales decreased due to declining paper demand and the divestments of the Uetersen mill in Germany and Corenso. Sales in the divested units in the second quarter 2014 were EUR 77 million. Lower volumes in the Wood Products division were offset by new delivery volumes from Montes del Plata in the Biomaterials division and increased sales in the Consumer Board and Packaging Solutions divisions excluding Corenso. Operational EBIT was EUR 207 (EUR 209) million, a decrease of EUR 2 million. The operational EBIT margin was 8.1% (8.1%).

Lower sales prices in local currencies, especially in paper grades, decreased operational EBIT by EUR 77 million despite higher hardwood pulp sales prices. Variable costs were EUR 44 million lower, mainly due to wood costs. Transportation costs increased by EUR 16 million. The increase in volumes had a positive impact of EUR 10 million on operational EBIT. Net fixed costs were EUR 29 million higher due to higher maintenance costs and higher costs for preparations ahead of the start-up of the consumer board mill in Guangxi in China. The increased costs and lower harvesting volumes at the Guangxi operations had a negative operational EBIT impact of EUR 16 million compared to the same period last year.

The net foreign exchange impact on operational EBIT was a positive EUR 59 million mainly due to a stronger US dollar and a weaker Brazilian real, approximately EUR 30 million of this relates to the Biomaterials division. As Stora Enso is primarily a euro and Swedish crown cost-based company, selling significant volumes in other currencies such as the US dollar and British pound, a material part of the effect on operational EBIT is a combination of price and currency movements. Operational challenges at several mills increased variable and fixed costs.

Paper production was curtailed by 9% (9%), board production by 5% (6%), and sawn wood production by 3% (1%) to reduce working capital.

The average number of employees in the second quarter of 2015 was 27 173, which is 2 531 lower than a year earlier. The main reasons for the reduction in the number of employees, compared to a year ago, are the divestments, machine closures and other restructuring actions. The average number of employees was 1 840 lower in Europe, and 600 lower in China than a year earlier due to the divestment of Corenso and headcount reductions in Packaging Solutions.

The Group recorded non-recurring items (NRI) with a negative impact of EUR 8 million in its second quarter 2015 operating profit. The NRI is related to the announced closure of the Group's corrugated converting unit in Chennai, India.

Net financial expenses of EUR 66 million were EUR 20 million higher than a year ago. Net interest expenses increased by EUR 2 million. The fair valuation of interest rate derivatives had a comparatively positive impact of EUR 13 million. An expense of EUR 15 million was recorded in the second quarter in connection with the early repayment in May of a USD 389 million bond, originally maturing in 2016. There was no net foreign exchange impact in the second quarter regarding cash, interest-bearing assets and liabilities and related hedges (a gain of EUR 15 million in the second quarter of 2014).

During 2012 and 2013, Stora Enso participated, proportionally with its share of ownership in Teollisuuden Voima Oyj (TVO) through Pohjolan Voima Oy, in the financing of the bidding and engineering phase of the Finnish Olkiluoto 4 (OL4) nuclear power plant unit of TVO by granting a shareholder loan of EUR 5 million. TVO's General Meeting decided in June 2015 not to apply for a construction license for OL4 during the validity of the decision-in-principle given by the Finnish Parliament which had a term limit of 30 June 2015. As a result, the shareholder loan-receivable was written off during the quarter.

BREAKDOWN OF CHANGE IN CAPITAL EMPLOYED – 30 JUNE 2014 TO 30 JUNE 2015

	Capital Employed
30 June 2014, EUR million	**8 580**
Capital expenditure less depreciation	268
Impairments and reversal of impairments	-204
Valuation of biological assets	-65
Available-for-sale: operative (mainly PVO)	-142
Equity accounted investments	8
Net liabilities in defined benefit plans	-62
Operative working capital and other interest-free items, net	-45
Net tax liabilities	79
Translation difference	289
Other changes	-52
30 June 2015, EUR million	**8 654**

The operational return on capital employed was 9.4% (9.8%). Excluding the ongoing Guangxi investment in the Consumer Board division, the operational return on capital employed would have been 10.9%. In the second quarter of 2014, the operational return on capital employed excluding the Guangxi investment in Consumer Board and the Montes del Plata investment in Biomaterials would have been 12.7%.

JANUARY–JUNE 2015 RESULTS (compared with January–June 2014)

Sales decreased by EUR 94 million or 1.8% to EUR 5 053 million. Operational EBIT was EUR 36 million higher at EUR 427 million. Lower sales prices, in local currencies, mainly in the Paper division decreased operational EBIT by EUR 158 million. Variable costs were EUR 56 million lower and net fixed costs EUR 16 million higher. The net foreign exchange impact on operational EBIT was a positive EUR 126 million. Higher volumes had a positive impact of EUR 21 million.

SECOND QUARTER 2015 RESULTS (compared with first quarter 2015)

Sales were EUR 71 million or 2.9% higher at EUR 2 562 million and operational EBIT was EUR 13 million lower at EUR 207 million. Net fixed costs were EUR 39 million higher mainly due to increased maintenance activity in second quarter of 2015. Lower variable costs and higher delivery volumes had a positive impact of EUR 4 million and EUR 9 million, respectively. The result from Nordic forest equity accounted investments was EUR 11 million higher. The net foreign exchange translation impact on operational EBIT was immaterial. The maintenance work performed at several mills during the second quarter of 2015 decreased operational EBIT by EUR 35 million and operational challenges in the Consumer Board division by EUR 6 million.

FINANCING IN SECOND QUARTER 2015 (compared with first quarter 2015)

CAPITAL STRUCTURE

EUR million	30 Jun 15	31 Mar 15	31 Dec 14	30 Jun 14
Operative fixed assets*	6 968	7 253	6 932	6 856
Equity accounted investments	1 078	1 048	1 056	1 068
Operative working capital, net	1 253	1 286	1 174	1 340
Non-current interest-free items, net	-586	-574	-604	-543
Operating Capital Total	**8 713**	**9 013**	**8 558**	**8 721**
Net tax liabilities	-59	-38	-47	-141
Capital Employed	**8 654**	**8 975**	**8 511**	**8 580**
Equity attributable to owners of the Parent	4 994	5 336	5 070	5 093
Non-controlling interests	181	195	167	151
Net interest-bearing liabilities	3 479	3 444	3 274	3 336
Financing Total	**8 654**	**8 975**	**8 511**	**8 580**

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

Total unutilised committed credit facilities were unchanged at EUR 700 million, and the cash and cash equivalents net of overdrafts amounted to EUR 986 million, which is EUR 334 million lower than in the previous quarter. The excess liquidity that Stora Enso has had in the past, has been brought down by reducing gross debt. In addition, Stora Enso has access to various long-term sources of funding up to EUR 1 000 (1 050) million.

The net debt was EUR 3 479 million, an increase of EUR 35 million from the previous quarter, mainly as a result of the payment of dividend of EUR 237 million and the capital expenditure programme, which were partially offset by strong net cash inflows from operating activities.

Stora Enso exercised its right to redeem all of the USD 389 million bond maturing in April 2016 through a make whole process in May.

The fair value of PVO shares, accounted for as available-for-sale investments, decreased in the quarter by EUR 236 million to EUR 226 million. The change in fair value is mainly the result of decreases in the electricity prices and increased discount rates due to an increase in long-term interest rates during the quarter. The changes in fair valuation are included in the Other Comprehensive Income in equity.

The ratio of net debt to the last twelve months’ operational EBITDA was 2.7 (2.6).

CASH FLOW IN SECOND QUARTER 2015

CASH FLOW

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Operational EBITDA	318	326	-2.5%	340	-6.5%	658	628	4.8%	1 269
NRI on operational EBITDA	-7	-111	93.7%	8	-187.5%	1	-129	100.8%	-122
Dividends received from equity accounted investments	31	17	82.4%	-	n/m	31	17	82.4%	19
Other adjustments	21	10	110.0%	10	110.0%	31	16	93.8%	29
Change in working capital	126	46	173.9%	-187	167.4%	-61	-92	33.7%	-56
Cash Flow from Operations	**489**	**288**	**69.8%**	**171**	**186.0%**	**660**	**440**	**50.0%**	**1 139**
Cash spent on fixed and biological assets	-228	-162	-40.7%	-142	-60.6%	-370	-294	-25.9%	-787
Acquisitions of equity accounted investments	-	-97	100.0%	-	n/m	-	-97	100.0%	-97
Cash Flow after Investing Activities	**261**	**29**	**n/m**	**29**	**n/m**	**290**	**49**	**n/m**	**255**

Second quarter 2015 cash flow from operations was EUR 489 million. Receivables and inventories decreased by EUR 40 million and EUR 90 million, respectively. Payables increased by EUR 10 million. Payments relating to the previously announced restructuring provisions were EUR 15 million.

CAPITAL EXPENDITURE IN JANUARY – JUNE 2015

Additions to fixed and biological assets during the first half 2015 totalled EUR 350 million, of which EUR 311 million were fixed assets and EUR 39 million biological assets. Depreciations during the first half of 2015 totalled EUR 268 million. Investments in fixed assets and biological assets had a cash outflow impact of EUR 370 million in the first half of 2015.

The main project ongoing during the first half of 2015 was the board machine project in Guangxi, China.

CAPITAL EXPENDITURE, EQUITY INJECTIONS AND DEPRECIATION FORECAST 2015

EUR million	Forecast 2015
Capital expenditure	820–880
Depreciation	530–550

The capital expenditure forecast includes EUR 110 million for biological assets and approximately EUR 390 million for the Guangxi project.

NEAR-TERM OUTLOOK

Sales in the third quarter of 2015 are estimated to be similar to the amount of the EUR 2 562 million in the second quarter of 2015. Operational EBIT is expected to be in line with the EUR 207 million recorded in the second quarter. The negative maintenance impact is expected to be EUR 15 million higher in the third quarter than in the second quarter.

SEGMENTS IN SECOND QUARTER 2015 (compared with second quarter 2014)

Stora Enso reorganised its divisional and reporting structure as of 1 January 2015. The IFRS reporting segments are formed by the divisions and the segment Other. Henceforth, Stora Enso will report financial figures for the divisions Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper and the segment Other.

Consumer Board division

Stora Enso's Consumer Board division is a provider of boards for printing and packaging applications internationally. The wide board and barrier coating selection is suitable for packaging concepts and optimising packaging for liquid, food, pharmaceutical and luxury packaging. We operate five mills in Finland, Sweden and Spain. We serve brand owners globally and are expanding in growth markets such as China and Pakistan to meet rising demand.

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	603	596	1.2%	569	6.0%	1 172	1 160	1.0%	2 297
Operational EBITDA	114	126	-9.5%	115	-0.9%	229	229	-	439
Operational EBITDA margin	18.9%	21.1%		20.2%		19.5%	19.7%		19.1%
Operational EBIT	78	91	-14.3%	79	-1.3%	157	153	2.6%	292
Operational EBIT margin	12.9%	15.3%		13.9%		13.4%	13.2%		12.7%
Operational ROOC*	16.1%	22.7%		17.3%		17.1%	19.2%		17.8%
Cash flow from operations	124	100	24.0%	39	217.9%	163	158	3.2%	386
Cash flow after investing activities	39	44	-11.4%	-28	239.3%	11	65	-83.1%	60
Board deliveries, 1 000 tonnes	643	626	2.7%	603	6.6%	1 246	1 227	1.5%	2 434
Board production, 1 000 tonnes	645	633	1.9%	638	1.1%	1 283	1 242	3.3%	2 426

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

- Sales were slightly higher due to higher volumes.
- Operational EBIT declined EUR 13 million. The operational challenges at the Imatra and Skoghall mills and lower harvesting volumes in Guangxi had a negative effect of EUR 12 million. Preparations ahead of the start-up of the Guangxi mill increased fixed costs by EUR 10 million.
- The construction of the Guangxi consumer board mill is proceeding according to plan and the installation of the main machinery has begun. The board machine is expected to be operational in mid-2016. Going forward, the preparation costs at Guangxi mill ahead of the start-up are estimated to remain roughly on the same level at EUR 10 million as in the second quarter of 2015.
- In May, Stora Enso and NXP Semiconductors announced that they have entered into a joint development of intelligent packaging solutions, involving both the Consumer Board and Packaging Solutions divisions. The packaging divisions will also open an Innovation Centre at the Group's head office in Helsinki later this year.
- During the third quarter, there will be a scheduled maintenance shutdown at the Imatra and Ingerois mills in Finland.

Markets

Product	Market	Demand Q2/15 compared with Q2/14	Demand Q2/15 compared with Q1/15	Price Q2/15 compared with Q2/14	Price Q2/15 compared with Q1/15
Consumer board	Europe	Stable	Stronger	Slightly higher	Stable

Packaging Solutions division

Stora Enso's Packaging Solutions division develops fibre-based packaging and operates at every stage of the value chain from pulp production, material and packaging production to recycling. Our solutions serve leading converters, brand owners and retailer customers helping to optimise performance, reduce total costs and enhance sales. The container board mills are located in Finland and Poland, and there are converting plants in ten countries in Europe and Asia.

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	226	259	-12.7%	221	2.3%	447	526	-15.0%	1 065
Operational EBITDA	38	40	-5.0%	40	-5.0%	78	86	-9.3%	183
Operational EBITDA margin	16.8%	15.4%		18.1%		17.4%	16.3%		17.2%
Operational EBIT	24	23	4.3%	26	-7.7%	50	53	-5.7%	118
Operational EBIT margin	10.6%	8.9%		11.8%		11.2%	10.1%		11.1%
Operational ROOC*	11.7%	10.4%		12.9%		12.6%	12.0%		14.1%
Cash flow from operations	39	39	-	30	30.0%	69	81	-14.8%	182
Cash flow after investing activities	20	29	-31.0%	18	11.1%	38	62	-38.7%	128
Board deliveries, 1 000 tonnes	135	165	-18.2%	145	-6.9%	280	347	-19.3%	724
Board production, 1 000 tonnes	207	253	-18.2%	214	-3.3%	421	522	-19.3%	1 063
Corrugated packaging deliveries, million m^2	287	272	5.5%	274	4.7%	561	534	5.1%	1 104
Corrugated packaging production, million m^2	276	266	3.8%	275	0.4%	551	523	5.4%	1 085

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

- Sales excluding the divested Corenso increased by 6.1%.
- Operational EBIT was EUR 1 million higher. Operational EBIT for ongoing business, excluding Corenso, increased by EUR 4 million due to higher volumes and lower variable costs.
- In May, Stora Enso and NXP Semiconductors announced that they have entered into a joint development of intelligent packaging solutions, involving both Consumer Board and Packaging Solutions divisions. The packaging divisions will also open an Innovation Centre at the Group's head office in Helsinki later this year.
- In June, Stora Enso announced plans to close its packaging unit in Chennai, India due to unprofitability.
- The conversion of the Varkaus mill paper machine for kraftliner will begin during the third quarter with some negative cost impact. The machine is expected to start production at the end of 2015.

Markets

Product	Market	Demand Q2/15 compared with Q2/14	Demand Q2/15 compared with Q1/15	Price Q2/15 compared with Q2/14	Price Q2/15 compared with Q1/15
Corrugated packaging	Europe	Slightly stronger	Stable	Slightly higher	Slightly higher

Biomaterials division

Stora Enso's Biomaterials division offers a variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We also develop new ways to maximise the value extractable from wood, as well as other kinds of lignocellulosic biomasses. Sugars and lignin hold potential for use in applications in the specialty chemical, construction, personal care and food industries. We have a global presence with operations in Brazil, Finland, Laos, Sweden, Uruguay and the USA.

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	364	243	49.8%	354	2.8%	718	506	41.9%	1 104
Operational EBITDA	87	28	210.7%	100	-13.0%	187	66	183.3%	173
Operational EBITDA margin	23.9%	11.5%		28.2%		26.0%	13.0%		15.7%
Operational EBIT	59	10	n/m	73	-19.2%	132	31	n/m	89
Operational EBIT margin	16.2%	4.1%		20.6%		18.4%	6.1%		8.1%
Operational ROOC*	8.9%	1.8%		11.4%		10.3%	2.9%		3.9%
Cash flow from operations	133	61	118.0%	18	n/m	151	92	64.1%	136
Cash flow after investing activities	35	-7	n/m	-18	294.4%	17	-38	144.7%	-108
Pulp deliveries, 1 000 tonnes	630	462	36.4%	593	6.2%	1 223	965	26.7%	2 076

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

- Sales were clearly higher due to the volumes from the Montes del Plata pulp mill in Uruguay and positive foreign exchange movements.
- Operational EBIT was clearly higher due to the Montes del Plata ramp-up, positive foreign currency impact and higher hardwood pulp prices.
- Montes del Plata performed at the nominal capacity level in June. The annual nominal capacity of the mill is 1.3 million tonnes, of which Stora Enso's share is 50%.
- At Sunila mill in Finland, the first volumes of lignin are expected to be commercialised during the second half of 2015.
- The construction of the Xylose Demo Plant in the USA is proceeding well and is on schedule.
- During the third quarter, there will be a scheduled maintenance shutdown at Skutskär Mill.

Markets

Product	Market	Demand Q2/15 compared with Q2/14	Demand Q2/15 compared with Q1/15	Price Q2/15 compared with Q2/14	Price Q2/15 compared with Q1/15
Softwood pulp	Europe	Stable	Slightly stronger	Lower	Lower
Hardwood pulp	Europe	Stable	Stable	Slightly higher	Slightly higher

Wood Products division

Stora Enso's Wood Products division provides versatile wood-based solutions for building and housing. Our product range covers all areas of urban construction including massive wood elements and housing modules, wood components and pellets. We also offer a variety of sawn timber goods. Our customers are mainly construction and joinery companies, merchandisers and retailers. Wood Products operates globally and has more than 20 production units in Europe.

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	441	490	-10.0%	392	12.5%	833	935	-10.9%	1 779
Operational EBITDA	32	47	-31.9%	23	39.1%	55	77	-28.6%	126
Operational EBITDA margin	7.3%	9.6%		5.9%		6.6%	8.2%		7.1%
Operational EBIT	23	37	-37.8%	15	53.3%	38	57	-33.3%	89
Operational EBIT margin	5.2%	7.6%		3.8%		4.6%	6.1%		5.0%
Operational ROOC*	17.9%	27.1%		11.7%		14.8%	21.1%		17.3%
Cash flow from operations	50	6	n/m	14	257.1%	64	1	n/m	86
Cash flow after investing activities	42	3	n/m	4	n/m	46	-5	n/m	58
Deliveries,1 000 m^3	1 142	1 221	-6.5%	1 025	11.4%	2 167	2 337	-7.3%	4 493

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

- Sales decreased mainly due to lower deliveries.
- Operational EBIT declined EUR 14 million due to lower sales prices in local currencies, increased fixed costs and higher transportation costs, partly due to change in market mix.
- In the second quarter, log sorting started as planned at the Murow sawmill.
- Pellet production started at the Ždírec sawmill in the Czech Republic in June.
- The Pälkäne production unit was closed in June as part of the rationalising of the operational model in Building Solutions Finland announced in March 2015.

Markets

Product	Market	Demand Q2/15 compared with Q2/14	Demand Q2/15 compared with Q1/15	Price Q2/15 compared with Q2/14	Price Q2/15 compared with Q1/15
Wood products	Europe	Significantly weaker	Significantly stronger	Slightly lower	Stable

Paper division

Stora Enso's Paper division provides best-in-class paper solutions for print media and office use. The wide selection covers papers made from recycled and fresh wood fibre. Our main customer groups include publishers, retailers, printing houses, merchants, converters and office suppliers. Our mills are located predominantly in Europe, as well as in Brazil and China. Three of the mills produce paper based on 100%-recycled fibre.

EUR million	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	915	970	-5.7%	914	0.1%	1 829	1 969	-7.1%	3 912
Operational EBITDA	52	83	-37.3%	61	-14.8%	113	168	-32.7%	361
Operational EBITDA margin	5.7%	8.6%		6.7%		6.2%	8.5%		9.2%
Operational EBIT	12	36	-66.7%	18	-33.3%	30	71	-57.7%	172
Operational EBIT margin	1.3%	3.7%		2.0%		1.6%	3.6%		4.4%
Operational ROOC*	3.1%	7.1%		4.5%		3.8%	7.1%		9.4%
Cash flow from operations	59	59	-	65	-9.2%	124	69	79.7%	354
Cash flow after investing activities	47	36	30.6%	54	-13.0%	101	28	260.7%	243
Cash flow after investing activities to sales	5.1%	3.7%		5.9%		5.5%	1.4%		6.2%
Paper deliveries, 1 000 tonnes	1 445	1 483	-2.6%	1 432	0.9%	2 877	3 006	-4.3%	6 006
Paper production, 1 000 tonnes	1 444	1 466	-1.5%	1 472	-1.9%	2 916	3 046	-4.3%	6 034

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

- Sales declined by 5.7% to EUR 915 million. Volumes excluding the disposal of the Uetersen mill were stable.
- Operational EBIT was EUR 24 million lower as the positive currency effect was not enough to offset lower average prices in local currencies.
- Depreciation was EUR 7 million lower mainly due to fixed asset impairments recorded in the fourth quarter of 2014.
- Cash flow after investing activities to sales increased to 5.1%.
- Paper production at the Varkaus mill will cease at the end of August decreasing the Group’s uncoated fine paper capacity by 280 000 tonnes annually. The machine will be converted to produce kraftliner.
- During the third quarter, there will be a major maintenance shutdown at the Oulu mill and smaller maintenance shutdowns at the Anjala, Langerbrugge, Maxau and Veitsiluoto mills.

Markets

Product	Market	Demand Q2/15 compared with Q2/14	Demand Q2/15 compared with Q1/15	Price Q2/15 compared with Q2/14	Price Q2/15 compared with Q1/15
Paper	Europe	Weaker	Slightly weaker	Lower	Slightly lower

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	Q2/15	Q2/14	Change % Q2/15–Q2/14	Q1/15	Change % Q2/15–Q1/15	Q1–Q2/15	Q1–Q2/14	Change % Q1–Q2/15–Q1–Q2/14	2014
Sales	629	654	-3.8%	647	-2.8%	1 276	1 343	-5.0%	2 567
Operational EBITDA	-5	2	n/m	1	n/m	-4	2	-300.0%	-13
Operational EBITDA margin	-0.8%	0.3%		0.2%		-0.3%	0.1%		-0.5%
Operational EBIT	11	12	-8.3%	9	22.2%	20	26	-23.1%	50
Operational EBIT margin	1.7%	1.8%		1.4%		1.6%	1.9%		1.9%
Cash flow from operations	84	23	265.2%	5	n/m	89	39	128.2%	-5
Cash flow after investing activities	78	-76	202.6%	-1	n/m	77	-63	222.2%	-126

- Operational EBIT was EUR 1 million lower.

GLOBAL RESPONSIBILITY IN SECOND QUARTER 2015 (compared with second quarter 2014)

Stora Enso's Global Responsibility organisation was strengthened with the appointments of a new EVP for Global Responsibility, and new Heads of Human Rights and Social Affairs, Forest and Land Use, and Environment and Efficiency.

Safety performance

TRI AND LTA RATES

	Q2/15	Q2/14	Q1/15	Q1–Q2/15	Q1–Q2/14	2014	Target	Target to be reached by
Total Recordable Incidents (TRI) rate	10.3	11.0	10.1	10.3	12.4	12.5	8.8	end of 2015
Lost-Time Accident (LTA) rate	4.2	4.3	4.8	4.4	5.1	5.2	3.6	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.*

Two new strategic relationships

Partnership with the International Labour Organization (ILO)
As announced earlier, Stora Enso and the International Labour Organization (ILO) concluded a two-year partnership agreement in April. It consists of a global and local component that will be implemented over the partnership period.

The global component will ensure that Stora Enso Group's policies and practices are aligned with the ILO's standards and will increase Stora Enso's understanding of potential operational impacts on labour rights. The planning and implementation work started in May.

A local component will focus on Stora Enso's operations in Pakistan through the 35% owned Bulleh Shah Packaging (BSP). It aims to clarify Stora Enso's and BSP's roles and responsibilities in the local value chain; provide training for the organisation on human and labour rights; organise pilot interventions in local communities with input from civil society; and provide a medium-term technical support programme. The planning and implementation work will take place during the third quarter.

Membership in Business for Social Responsibility (BSR)
Building on the work in Guangxi, China, and Laos last year as part of the Human Rights assessments report published in the first quarter of 2015, Stora Enso has formalised membership of the non-profit Business for Social Responsibility (BSR). BSR currently provides support for the closure of the packaging unit in Chennai, India and the operations in Guangxi.

Human and Labour Rights

Actions plans to address the Danish Institute for Human Rights (DIHR) assessment findings
Action plans for all priority findings are in place. Moreover, action plans for lower priority findings are also ready, six months ahead of plan.

Of the preventive and remediation actions approximately 70% are prioritised, based on the UN Guiding Principles on Business and Human Rights and criteria created in collaboration with DIHR. The plans involve approximately 300 individual preventive or remediation actions at units across the Group.

PROGRESS ON THE IMPLEMENTATION OF PREVENTIVE AND REMEDIATION ACTIONS

	Completed	On track	Not on track	Regular review*
Implementation progress, % all the actions	23%	67%	2%	8%

** Longer-term actions without a targeted end-date that require continuous review.*

In Bulleh Shah Packaging, Pakistan, child labor is being addressed through supplier training and auditing. Additional actions include human rights training for security service providers; improving grievance mechanisms; training regarding workplace harassment and discrimination; implementation of Supplier Code of Conduct; and review of contractor wages and working conditions.

In Guangxi, China**,** Stora Enso will continue to implement its land contract correction programme. Related actions include securing community consent. Additional actions include human rights training for security service providers; advancing childrens' rights among migrant families working for Stora Enso's forestry contractors; development of a Transportation Impact Management Plan; implementation of the supplier Code of

Conduct and Responsible Sourcing Programme launched in 2014. BSR will support in the planning and implementation of human rights actions in Guangxi.

Responsible Sourcing

Implementation of the new Supplier Code of Conduct
By the end of the second quarter, 82%* of the Group's spending on materials and services was covered by the new Code.

SUPPLIER CODE OF CONDUCT

	30 Jun 15	31 Mar 15	31 Dec 14	30 Jun 14	Target	Target to be reached by
% of supplier spend covered by the Supplier Code of Conduct*	82%	77%	78%	n/a	90%	end of 2016

** Excluding joint operations and wood supply. The target scope covers the Group's total annual supplier spending.*

Mitigating Child Labour in Pakistan
Bulleh Shah Packaging conducted 209 (90) audits of its material and service suppliers during the second quarter of 2015. There were no child labour cases identified during these audits.

BULLEH SHAH PACKAGING'S DIRECT SUPPLIERS OF DOMESTIC FIBRE AND AGRICULTURAL RESIDUALS

	30 Jun 15	31 Mar 15	31 Dec 14	30 Jun 14	Target	Target to be reached by
Number of direct active suppliers*	286	210	143	130		
Annual audit coverage (%)**	32%	9%	87%	62%	55%	end of 2015

** As of 1 January 2015, the definition of active suppliers was changed to cover all suppliers Bulleh Shah Packaging had financial transactions with during 2014. Together with the addition of new suppliers, this increases the number of suppliers in the active supplier base.*
*** The share of direct suppliers of OCC and agricultural residuals that are audited during the calendar year. Excluding institutional OCC suppliers identified as low risk.*

By the end of the quarter, of the initially identified 640 child workers, 580 children (289 in Q1 2015) from the discontinued supply chain of used carton board (UCB) were attending the schools established through BSP's support. This is part of a comprehensive support programme, which involves the establishment of a total of six schools in Lahore. All the six schools, operated by the Pakistani non-governmental organisation Idara-e-Taleem-o-Aagahi (ITA), were in operation by the end of the quarter. As the school capacity has now been built – with funding commitment for eight years – this issue will no longer be reported in the interim reviews.

The mobile medical clinic was delayed due to operational licence issues. It is expected to start operating in the second half of the year.

Forestry and land use in Guangxi, China

Correction of land leasing contracts
Stora Enso leases a total of 86 596 hectares of land in various regions of Guangxi, of which 38% (38%) is social land leased from village collectives, individual households and local forest farms.

SOCIAL FORESTLANDS LEASED BY STORA ENSO IN GUANGXI

	30 Jun 15	31 Mar 15	31 Dec 14	30 Jun 14	Target	Target to be reached by
Social forestland leased, ha	32 483	32 508	32 591	32 800		
Leased area without contractual defects, ha	16 394	16 212	16 003	15 200		
Lease contracts without contractual defects, % of all contracts	62%	61%	61%	58%	100%	start-up of the planned pulp mill*

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.
** The decision on the investment in the pulp mill will be made after the start-up of the board mill in 2016.*

In cases of conflict that our contract correction procedures cannot resolve, we will terminate the contracts in a responsible way. The target for the end of 2015 is to terminate identified irreconcilable contracts corresponding to 1 065 hectares. By the end of the second quarter, irreconcilable contracts, corresponding to 266 hectares, had been terminated.

Land occupations by the Social Landless Movements in Bahia, Brazil

As of the end of June, 5 496 hectares of land owned by Veracel were occupied by social landless movements not involved in the Sustainable Settlement Initiative. Veracel has reserved 16 500 hectares to support this initiative. The total land area owned by Veracel was 211 500 hectares as of the end of 2014, of which 90 500 are used for eucalyptus plantations. During the second quarter 2015 the company resumed forest management on 163 hectares of land previously owned occupied by social movements.

LAND OCCUPIED BY SOCIAL LANDLESS MOVEMENTS NOT INVOLVED IN THE SUSTAINABLE SETTLEMENT INITIATIVE

	30 Jun 15	31 Mar 15	31 Dec 14	30 Jun 14
Area occupied by social movements not involved in the Sustainable Settlement Initiative, ha	5 496	5 659	2 219	1 873

Additional actions related to the human rights action plans include awareness-raising of Veracel's grievance mechanism; the compliance monitoring of Veracel's Responsible Sourcing Program; and human rights training for security staff.

Developments in forest certification

In April a renewed Forest Stewardship Council's (FSC®) Forest Management certification was granted for forestry operations in Guangxi, China, which are also certified by the China Forest Certification Council (CFCC®).

Environmental performance

ENVIRONMENTAL PERFORMANCE COMPARED TO BASELINE LEVELS*

	Q2/15**	Q2/14	Q1/15	Q1-Q2/15**	Q1-Q2/14	2014	Target	Target to be reached by
Climate and energy								
Reduction of CO_2 emissions per saleable tonne of pulp, paper and board (kg/t)***	-32%	-31%	-27%	-29%	-27%	-27%	-35%	end of 2025
Process water discharges								
Reduction of volume per saleable tonne of pulp, paper and board (m^3/t)	-4%	-3%	-4%	-4%	-6%	-4%	-6%	end of 2015
Reduction of Chemical Oxygen Demand (COD) per saleable tonne of pulp, paper and board (kg/t)	-2%	-7%	-5%	-4%	-8%	-5%	-7%	end of 2015

**From baseline levels: year 2006 in CO_2 emissions, year 2005 in the volume (m^3) of process water discharges, and year 2007 in the Chemical Oxygen Demand (COD) levels of process water discharges. Historical figures recalculated due to changes in baseline or data completion.*
***Q2 performance includes April and May. The Q2 performance will be completed with June performance in the Interim Review for the Q3.*
****Covering direct fossil CO_2 emissions from production and indirect fossil CO_2 emissions related to purchased electricity and heat (Scope 1 and 2).*

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 Sustainability Index (ESI) Excellence Europe
- Euronext Vigeo – Europe 120
- MSCI Global Sustainability Indexes

SHORT-TERM RISKS AND UNCERTAINTIES

The main short-term risks and uncertainties are related to the 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 7 million on operational EBIT for the next 12 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 172 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 130 million on operational EBIT for the next 12 months.

Chemical and filler sensitivity analysis the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 58 million on operational EBIT for the next 12 months.

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

Foreign exchange rate 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 crown and British pound against the euro would be about positive EUR 105 million, negative EUR 85 million and positive EUR 48 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

SECOND QUARTER EVENTS

In May, Stora Enso announced new financial targets for the Group and divisions. The key divisional financial target is the Return on Operating Capital (ROOC) percentage – with the exception of the Paper division, which has Cash Flow after Investing Activities to Sales, because its target focuses on the division’s cash flow generation.

LEGAL PROCEEDINGS

Proceedings in Latin America

Veracel
Fibria and Stora Enso each own 50% of Veracel, and the joint ownership is 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 estimated that the interest to be paid regarding the dispute should be approximately USD 54 (EUR 44) million. Stora Enso denies any breach of contract and disputes the method for calculating the interest to be paid. 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 (EUR 6) 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 relevant 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
In 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 claims related to contracts for major equipment that Andritz delivered to the Montes del Plata Pulp mill project. CEPP disputed the claims brought by Andritz and also actively pursued claims of its own amounting to USD 110 (EUR 91) million against Andritz for breach by Andritz of its obligations under the contracts.

In April 2015, the parties signed a settlement agreement and withdrew the case from arbitration. The settlement agreement resulted in a USD 44 million (EUR 40 million) cash payment made by Montes del Plata of which Stora Enso’s share is 50%. The payment was recorded as capital expenditure in the Biomaterials segment in the second quarter of 2015. Following this the case will not be reported in future quarterly releases.

Legal Proceeding in Finland

Finnish wood claim
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 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, certain 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 amount to approximately EUR 10 million. Stora Enso denies that Metsähallitus and the 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. In November 2014 the Helsinki Court of Appeal revoked the decision of the District Court. Stora Enso and the other defendants have sought permission to appeal the Court of Appeals decision in the Supreme Court. This permission was granted in May 2015. No provisions have been made in Stora Enso’s accounts for these lawsuits.

CHANGES IN GROUP MANAGEMENT

On 1 April 2015, Noel Morrin started as Executive Vice President Global Responsibility and became a new member of the Group Leadership Team.

SHARE CAPITAL AND SHAREHOLDINGS

During the second quarter of 2015, the conversion of a total of 401 090 A shares into R shares were recorded in the Finnish trade register.

On 30 June 2015, Stora Enso had 176 604 814 A shares and 612 015 173 R shares in issue. The company did not hold its own shares.

From April to June 2015, due to a share lending transaction, the number of shares in Stora Enso Oyj held by Norges Bank (The Central Bank of Norway) was once temporarily less than 5% of the paid-up share capital and the number of shares in Stora Enso Oyj.

DECISIONS OF ANNUAL GENERAL MEETING ON 22 APRIL 2015

The Annual General Meeting (AGM) approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.30 per share for the year 2014.

The AGM approved a proposal that of the current members of the Board of Directors – Gunnar Brock, Anne Brunila, Elisabeth Fleuriot, Hock Goh, Mikael Mäkinen, Richard Nilsson, Juha Rantanen and Hans Stråberg – be re-elected members of the Board of Directors until the end of the following AGM.

The AGM approved a proposal by the Nomination Committee to keep the annual remuneration for the Board of Directors unchanged.

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

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

DECISIONS BY THE BOARD OF DIRECTORS

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

Juha Rantanen (chairman), Gunnar Brock, Mikael Mäkinen and Richard Nilsson were elected as members of the Financial and Audit Committee.

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

Anne Brunila (chairman), Elisabeth Fleuriot and Richard Nilsson were elected as members of the Global Responsibility and Ethics Committee.

EVENTS AFTER THE PERIOD

On 15 July 2015, the conversion of 7 000 A shares into R shares was registered in the Finnish trade register.

This release has been prepared in Finnish, English and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 21 July 2015
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 Financial Report for 2014.

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

New division structure

As announced on 18 December 2014, Stora Enso has reorganised its divisional and reporting structure. In Stora Enso, the IFRS reporting segments are composed of the divisions and the segment Other. The new structure is valid from 1 January 2015 onwards. Henceforth, Stora Enso will report financial figures for the divisions Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper and the segment Other. The historical figures according to the new reporting structure were published on 18 March 2015.

Virdia Inc. acquisition

On 19 June 2014, Stora Enso acquired 100% of the shares of Virdia Inc, a US-based leading developer of extraction and separation technologies for the conversion of cellulosic biomass into highly refined sugars and lignin. The accounting for the business combination has been finalised. The assets and liabilities recognised for the business combination have been determined using a combination of income and cost approaches. The cash consideration was EUR 17 million with maximum additional payouts totalling EUR 21 million following the completion of specific technical and commercial milestones by 2017. At the time of acquisition the fair value of the contingent consideration amounted to EUR 15 million. Subsequent changes in the fair value have been recognised in the Income Statement. On 30 June 2015 the fair value of the contingent consideration totalled EUR 19 million. The transaction resulted in goodwill of EUR 28 million.

As the business was acquired near the end of the second quarter of 2014, the fair values of the acquired assets, liabilities and goodwill as at 30 June 2014 were determined on a provisional basis pending finalisation of the post-combination review of the fair value of the acquired assets. As a result of the post-combination review a part of the consideration was allocated to the acquired intangible assets decreasing the amount of goodwill initially recognized from EUR 44 million to EUR 28 million.

EUR million	30 Jun 2015 (finalised)	31 Dec 2014 (provisional)	30 Jun 2014 (provisional)
Acquired Net Assets			
Cash and cash equivalents, net of bank overdraft	1	1	1
Intangible assets and property, plant and equipment	20	20	2
Tax assets and liabilities	-5	-5	0
Working capital	-4	-4	-2
Interest-bearing assets and liabilities	-8	-8	-7
Fair Value of Net Assets in Acquired Companies	**4**	**4**	**-6**
Goodwill	28	28	44
Total Purchase Consideration	**32**	**32**	**38**

Uetersen mill divestment completed

In February 2015, Stora Enso completed the divestment announced on 13 December 2014 of its Uetersen specialty and coated fine paper mill in Germany to a company mainly owned by the private equity fund Perusa Partners Fund 2.

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Q2/15	Q2/14	Q1/15	Q1–Q2/15	Q1–Q2/14	2014
Sales	**2 562**	**2 579**	**2 491**	**5 053**	**5 147**	**10 213**
Other operating income	32	52	28	60	85	168
Change in inventories of finished goods and WIP	-24	-23	55	31	17	3
Change in net value of biological assets	-20	-13	-9	-29	-20	-114
Materials and services	-1 511	-1 582	-1 508	-3 019	-3 188	-6 244
Freight and sales commissions	-250	-231	-241	-491	-468	-939
Personnel expenses	-352	-367	-323	-675	-728	-1 383
Other operating expenses	-128	-203	-138	-266	-347	-625
Share of results of equity accounted investments	41	20	-7	34	70	87
Depreciation, amortisation and impairment charges	-136	-147	-133	-269	-288	-766
Operating Profit	**214**	**85**	**215**	**429**	**280**	**400**
Net financial items	-66	-46	-53	-119	-111	-280
Profit before Tax	**148**	**39**	**162**	**310**	**169**	**120**
Income tax	-25	-38	-33	-58	-68	-30
Net Profit for the Period	**123**	**1**	**129**	**252**	**101**	**90**
Attributable to:						
Owners of the Parent	130	1	129	259	100	99
Non-controlling interests	-7	-	-	-7	1	-9
Net Profit for the Period	**123**	**1**	**129**	**252**	**101**	**90**
Earnings per Share						
Basic earnings per share, EUR	0.17	0.00	0.16	0.33	0.13	0.13
Diluted earnings per share, EUR	0.17	0.00	0.16	0.33	0.13	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2/15	Q2/14	Q1/15	Q1–Q2/15	Q1–Q2/14	2014
Net profit for the period	123	1	129	252	101	90
Other Comprehensive Income (OCI)						
Items that will Not be Reclassified to Profit and Loss						
Actuarial gains and losses on defined benefit plans	-	-1	-	-	-1	-100
Income tax relating to items that will not be reclassified	-	-	-	-	-	17
	-	**-1**	**-**	**-**	**-1**	**-83**
Items that may be Reclassified Subsequently to Profit and Loss						
Share of OCI of EAIs that may be reclassified	5	-6	-1	4	-9	-17
Currency translation movements on equity net investments (CTA)	-68	15	191	123	11	63
Currency translation movements on non-controlling interests	-7	1	18	11	1	14
Net investment hedges	12	10	-37	-25	15	8
Cash flow hedges	63	-5	-51	12	-14	-74
Non-controlling interests' share of cash flow hedges	1	-	-1	-	-	-1
Available-for-sale investments	-234	37	23	-211	25	96
Income tax relating to items that may be reclassified	-14	-3	17	3	-3	8
	-242	**49**	**159**	**-83**	**26**	**97**
Total Comprehensive Income	**-119**	**49**	**288**	**169**	**126**	**104**
Attributable to:						
Owners of the Parent	-106	48	271	165	124	100
Non-controlling interests	-13	1	17	4	2	4
Total Comprehensive Income	**-119**	**49**	**288**	**169**	**126**	**104**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million		30 Jun 15	31 Dec 14	30 Jun 14
Assets				
Non-current Assets				
Goodwill	O	247	242	264
Other intangible assets	O	162	157	49
Property, plant and equipment	O	5 607	5 419	5 486
		6 016	**5 818**	**5 799**
Biological assets	O	687	643	652
Emission rights	O	31	27	30
Equity accounted investments	O	1 078	1 056	1 068
Available-for-sale: Interest-bearing	I	28	30	20
Available-for-sale: Operative	O	234	444	375
Non-current loan receivables	I	61	70	63
Deferred tax assets	T	238	259	190
Other non-current assets	O	78	85	87
		8 451	**8 432**	**8 284**
Current Assets				
Inventories	O	1 421	1 403	1 446
Tax receivables	T	9	8	13
Operative receivables	O	1 531	1 484	1 637
Interest-bearing receivables	I	60	74	77
Cash and cash equivalents	I	987	1 446	1 553
		4 008	**4 415**	**4 726**
Total Assets		**12 459**	**12 847**	**13 010**
Equity and Liabilities				
Owners of the Parent		4 994	5 070	5 093
Non-controlling Interests		181	167	151
Total Equity		**5 175**	**5 237**	**5 244**
Non-current Liabilities				
Post-employment benefit provisions	O	462	483	398
Other provisions	O	151	159	188
Deferred tax liabilities	T	264	264	294
Non-current debt	I	3 337	3 530	4 254
Other non-current operative liabilities	O	51	47	44
		4 265	**4 483**	**5 178**
Current Liabilities				
Current portion of non-current debt	I	557	611	160
Interest-bearing liabilities	I	720	751	634
Bank overdrafts	I	1	2	1
Other provisions	O	61	82	89
Other operative liabilities	O	1 638	1 631	1 654
Tax liabilities	T	42	50	50
		3 019	**3 127**	**2 588**
Total Liabilities		**7 284**	**7 610**	**7 766**
Total Equity and Liabilities		**12 459**	**12 847**	**13 010**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q1–Q2/15	Q1–Q2/14
Cash Flow from Operating Activities		
Operating profit	429	280
Hedging result from OCI	-8	7
Adjustments for non-cash items	292	252
Change in net working capital	-61	-92
Cash Flow Generated by Operations	**652**	**447**
Net financial items paid	-136	-99
Income taxes paid, net	-45	-10
Net Cash Provided by Operating Activities	**471**	**338**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries and business operations, net of acquired cash	-	-16
Acquisitions of equity accounted investments	-	-97
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	-20	-
Proceeds from disposal of shares in equity accounted investments	-	61
Proceeds from disposal of intangible assets, property plant, and equipment	3	10
Capital expenditure	-370	-294
Proceeds from non-current receivables, net	5	28
Net Cash Used in Investing Activities	**-382**	**-308**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	100	136
Repayment of long-term debt	-496	-457
Change in short-term borrowings	45	-77
Dividends paid	-237	-237
Sale of interest in subsidiaries to non-controlling interests	-	28
Equity injections from, less dividends to, non-controlling interests	10	53
Purchase of own shares*	-6	-4
Net Cash Used in Financing Activities	**-584**	**-558**
Net Decrease in Cash and Cash Equivalents	**-495**	**-528**
Translation adjustment	37	19
Net cash and cash equivalents at the beginning of period	1 444	2 061
Net Cash and Cash Equivalents at Period End	**986**	**1 552**
Cash and Cash Equivalents at Period End	**987**	**1 553**
Bank Overdrafts at Period End	**-1**	**-1**
Net Cash and Cash Equivalents at Period End	**986**	**1 552**
Acquisitions		
Cash and cash equivalents, net of bank overdraft	-	1
Intangible assets and property, plant and equipment	-	2
Operating working capital	-	-2
Interest-bearing liabilities and receivables	-	-7
Fair Value of Net Assets Acquired	**-**	**-6**
Goodwill (provisional for 2014)	-	44
Total Purchase Consideration	**-**	**38**
Cash and cash equivalents in acquired companies, net of bank overdraft	-	-1
Net Purchase Consideration	**-**	**37**
Cash part of consideration, net of acquired cash	-	16
Non-cash part of consideration	-	21
Net Purchase Consideration	**-**	**37**

Disposals		
Cash and cash equivalents	20	1
Working capital	-21	-
Interest-bearing assets and liabilities	1	-
Net Assets in Divested Companies	**-**	**1**
Gain on sale	-	-
Total Disposal Consideration	**-**	**1**
Cash part of consideration	-	1
Non-cash part of consideration	-	-
Total Disposal Consideration	**-**	**1**

** Own shares purchased for the Group's share award programme. The Group did not hold any own shares at the end of June 2015.*

PROPERTY, PLANT AND EQUIPMENT, GOODWILL, BIOLOGICAL ASSETS AND OTHER INTANGIBLE ASSETS

EUR million	Q1–Q2/15	Q1–Q2/14	2014
Carrying value at 1 January	6 461	6 442	6 442
Acquisition of subsidiary companies	-	46	48
Additions in tangible and intangible assets	311	245	713
Additions in biological assets	39	29	68
Harvesting in biological assets	-30	-16	-44
Disposals	-2	-6	-11
Disposals of subsidiary companies	-	-	-41
Depreciation and impairment	-269	-288	-766
Valuation of biological assets	1	-4	-70
Translation difference and other	192	3	122
Statement of Financial Position Total	**6 703**	**6 451**	**6 461**

BORROWINGS

EUR million	30 Jun 15	31 Dec 14	30 Jun 14
Bond loans	2 275	2 582	2 865
Loans from credit institutions	1 487	1 414	1 394
Finance lease liabilities	65	69	73
Other non-current liabilities	67	76	82
Non-current Debt including Current Portion	**3 894**	**4 141**	**4 414**
Short-term borrowings	489	487	434
Interest payable	63	84	69
Derivative financial liabilities	168	180	131
Bank overdrafts	1	2	1
Total Interest-bearing Liabilities	**4 615**	**4 894**	**5 049**

EUR million	Q1–Q2/15	2014	Q1–Q2/14
Carrying value at 1 January	4 894	5 501	5 501
Proceeds of new long-term debt	100	166	136
Repayment of long-term debt	-496	-922	-457
Change in short-term borrowings and interest payable	-19	-32	-100
Change in derivative financial liabilities	-12	39	-10
Translation differences and other	148	142	-21
Total Interest-bearing Liabilities	**4 615**	**4 894**	**5 049**

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	Cash Flow 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 2013	**1 342**	**77**	**633**	**-**	**4**	**262**	**-9**	**-22**	**-218**	**3 144**	**5 213**	**60**	**5 273**
Profit/loss for the period	-	-	-	-	-	-	-	-	-	100	100	1	101
OCI before tax	-	-	-	-	-	25	-14	-9	26	-1	27	1	28
Income tax relating to components of OCI	-	-	-	-	-	-2	2	-	-3	-	-3	-	-3
Total Comprehensive Income	-	-	-	-	**-**	**23**	**-12**	**-9**	**23**	**99**	**124**	**2**	**126**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-2	-239
Acquisitions and disposals	-	-	-	-	-	-	-	15	-	-15	-	86	86
Loss on NCI buy-in	-	-	-	-	-	-	-	-	-	-5	-5	5	-
Purchase of treasury shares	-	-	-	-4	-	-	-	-	-	-	-4	-	-4
Share-based payments	-	-	-	4	-	-	-	-	-	-2	2	-	2
Balance at 30 Jun 2014	**1 342**	**77**	**633**	**-**	**4**	**285**	**-21**	**-16**	**-195**	**2 984**	**5 093**	**151**	**5 244**
Loss for the period	-	-	-	-	-	-	-	-	-	-1	-1	-10	-11
OCI before tax	-	-	-	-	-	71	-60	-8	45	-99	-51	12	-39
Income tax relating to components of OCI	-	-	-	-	-	-2	12	-	1	17	28	-	28
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**69**	**-48**	**-8**	**46**	**-83**	**-24**	**2**	**-22**
Dividend	-	-	-	-	-	-	-	-	-	-	-	-4	-4
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	15	15
Loss on NCI buy-in	-	-	-	-	-	-	-	-	-	-3	-3	3	-
Share-based payments	-	-	-	-	-	-	-	-	-	4	4	-	4
Balance at 31 Dec 2014	**1 342**	**77**	**633**	**-**	**4**	**354**	**-69**	**-24**	**-149**	**2 902**	**5 070**	**167**	**5 237**
Profit for the period	-	-	-	-	-	-	-	-	-	259	259	-7	252
OCI before tax	-	-	-	-	-	-211	12	4	98	-	-97	11	-86
Income tax relating to components of OCI	-	-	-	-	-	-	-2	-	5	-	3	-	3
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-211**	**10**	**4**	**103**	**259**	**165**	**4**	**169**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-1	-238
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	11	11
Purchase of treasury shares	-	-	-	-6	-	-	-	-	-	-	-6	-	-6
Share-based payments	-	-	-	6	-	-	-	-	-	-4	2	-	2
Balance at 30 Jun 2015	**1 342**	**77**	**633**	**-**	**4**	**143**	**-59**	**-20**	**-46**	**2 920**	**4 994**	**181**	**5 175**

Capital Commitments

The Group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 300 million (compared with EUR 278 million at 30 June 2014 and EUR 301 million at 31 December 2014). These included the Group's share of direct capital expenditure contracts in joint operations.

COMMITMENTS AND CONTINGENCIES

EUR million	30 Jun 15	31 Dec 14	30 Jun 14
On Own Behalf			
Mortgages	4	4	4
On Behalf of Equity Accounted Investments			
Guarantees	17	19	18
On Behalf of Others			
Guarantees	6	6	5
Other Commitments, Own			
Operating leases, in next 12 months	86	83	75
Operating leases, after next 12 months	851	823	851
Other commitments	5	5	45
Total	**969**	**940**	**998**
Mortgages	4	4	4
Guarantees	23	25	23
Operating leases	937	906	926
Other commitments	5	5	45
Total	**969**	**940**	**998**

SALES BY SEGMENT

EUR million	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	603	569	2 297	554	583	596	564
Packaging Solutions	226	221	1 065	263	276	259	267
Biomaterials	364	354	1 104	314	284	243	263
Wood Products	441	392	1 779	415	429	490	445
Paper	915	914	3 912	984	959	970	999
Other	629	647	2 567	645	579	654	689
Inter-segment sales	-616	-606	-2 511	-623	-596	-633	-659
Total	**2 562**	**2 491**	**10 213**	**2 552**	**2 514**	**2 579**	**2 568**

OPERATIONAL EBIT BY SEGMENT

EUR million	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	78	79	292	44	95	91	62
Packaging Solutions	24	26	118	30	35	23	30
Biomaterials	59	73	89	34	24	10	21
Wood Products	23	15	89	10	22	37	20
Paper	12	18	172	68	33	36	35
Other	11	9	50	23	1	12	14
Operational EBIT	**207**	**220**	**810**	**209**	**210**	**209**	**182**
Fair valuations and non-operational items*	15	-13	-131	-79	-23	-18	-11
Non-recurring Items	-8	8	-279	-225	28	-106	24
Operating Profit/Loss (IFRS)	**214**	**215**	**400**	**-95**	**215**	**85**	**195**
Net financial items	-66	-53	-280	-98	-71	-46	-65
Profit/Loss before Tax	**148**	**162**	**120**	**-193**	**144**	**39**	**130**
Income tax expense	-25	-33	-30	59	-21	-38	-30
Net Profit/Loss	**123**	**129**	**90**	**-134**	**123**	**1**	**100**

** 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 the Group's share of tax and net financial items of EAI.*

NRI BY SEGMENT

EUR million	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	-	2	-	-	-	-	-
Packaging Solutions	-8	-	8	8	-	-	-
Biomaterials	-	3	-	-	-	-	-
Wood Products	-	-	-11	2	-	-	-13
Paper	-	2	-329	-235	28	-115	-7
Other	-	1	53	-	-	9	44
NRI on Operating Profit	**-8**	**8**	**-279**	**-225**	**28**	**-106**	**24**
NRI on tax	-2	-	60	53	-	1	6
NRI on Net Profit	**-10**	**8**	**-219**	**-172**	**28**	**-105**	**30**
NRI on Net Profit attributable to							
Owners of the Parent	-6	8	-219	-172	28	-105	30
Non-controlling interests	-4	-	-	-	-	-	-
	-10	**8**	**-219**	**-172**	**28**	**-105**	**30**

FAIR VALUATIONS AND NON-OPERATIONAL ITEMS* BY SEGMENT

EUR million	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	2	2	-60	-58	-4	-	2
Packaging Solutions	-1	-1	-1	-	-	-	-1
Biomaterials	-3	-5	-4	3	-2	-2	-3
Wood Products	-	-1	-1	-	-	-	-1
Paper	-	-2	-1	-	-	1	-2
Other	17	-6	-64	-24	-17	-17	-6
FV and Non-operational Items on Operating Profit	**15**	**-13**	**-131**	**-79**	**-23**	**-18**	**-11**

** 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	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	80	83	232	-14	91	91	64
Packaging Solutions	15	25	125	38	35	23	29
Biomaterials	56	71	85	37	22	8	18
Wood Products	23	14	77	12	22	37	6
Paper	12	18	-158	-167	61	-78	26
Other	28	4	39	-1	-16	4	52
Operating Profit/Loss (IFRS)	**214**	**215**	**400**	**-95**	**215**	**85**	**195**
Net financial items	-66	-53	-280	-98	-71	-46	-65
Profit/Loss before Tax	**148**	**162**	**120**	**-193**	**144**	**39**	**130**
Income tax expense	-25	-33	-30	59	-21	-38	-30
Net Profit/Loss	**123**	**129**	**90**	**-134**	**123**	**1**	**100**

KEY EXCHANGE RATES FOR THE EURO

One Euro is	Closing Rate		Average Rate	
	30 Jun 15	31 Dec 14	30 Jun 15	31 Dec 14
SEK	9.2150	9.3930	9.3422	9.0969
USD	1.1189	1.2141	1.1158	1.3288
GBP	0.7114	0.7789	0.7323	0.8064

TRANSACTION RISK AND HEDGES IN MAIN CURRENCIES AS AT 30 JUNE 2015

EUR million	USD	SEK	GBP
Estimated annual net operating cash flow exposure	1 050	-850	480
Transaction hedges as at 30 June 2015	-530	430	-240
Hedging percentage as at 30 June 2015 for the next 12 months	**50%**	**51%**	**50%**

Additionally there are USD hedges for 13–18 months with the nominal value of EUR 14 million.

CHANGES IN EXCHANGE RATES ON OPERATIONAL EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	105
SEK	-85
GBP	48

The sensitivity is based on the estimated net operating cash flow of the next 12 months. The calculation does not take into account currency hedges, and assumes that no changes occur other than exchange rate movement in one currency. A 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 Group's Financial Report.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 30 JUNE 2015

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	-	-	-	262	262	262
Non-current loan receivables	61	-	-	-	61	65
Trade and other operative receivables	1 191	-	-	-	1 191	1 191
Interest-bearing receivables	7	17	36	-	60	60
Cash and cash equivalents	987	-	-	-	987	987
Carrying Amount by Category	**2 246**	**17**	**36**	**262**	**2 561**	**2 565**

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	-	-	3 337	3 337	3 434
Current portion of non-current debt	-	7	550	557	557
Interest-bearing liabilities	75	92	553	720	720
Trade and other operative payables	21	-	1 359	1 380	1 379
Bank overdrafts	-	-	1	1	1
Carrying Amount by Category	**96**	**99**	**5 800**	**5 995**	**6 091**

EUR million	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	53	-	53
Available-for-sale Financial Assets	28	-	234	262
Derivative Financial Liabilities	-	175	-	175
Trade and other operative liabilities	-	-	21	21

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 31 DECEMBER 2014

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	474	474	474
Non-current loan receivables	70	-	-	-	70	74
Trade and other operative receivables	1 202	1	-	-	1 203	1 203
Interest-bearing receivables	13	38	23	-	74	74
Cash and cash equivalents	1 446	-	-	-	1 446	1 446
Carrying Amount by Category	**2 731**	**39**	**23**	**474**	**3 267**	**3 271**

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	-	-	3 530	3 530	3 699
Current portion of non-current debt	-	6	605	611	611
Interest-bearing liabilities	75	106	570	751	751
Trade and other operative payables	17	-	1 296	1 313	1 313
Bank overdrafts	-	-	2	2	2
Carrying Amount by Category	**92**	**112**	**6 003**	**6 207**	**6 376**

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	62	-	62
Available-for-sale investments	30	-	444	474
Derivative financial liabilities	-	187	-	187
Trade and other operative liabilities	-	-	17	17

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS: 30 JUNE 2015

EUR million	Q1–Q2/15	2014	Q1–Q2/14
Opening balance at 1 January	444	361	361
Losses recognised in income statement	-2	-	-
Gains/Losses recognised in other comprehensive income	-208	76	14
Additions	-	8	-
Disposals	-	-1	-
Closing Balance	**234**	**444**	**375**

Level 3 Financial Assets

The level 3 financial assets consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 4.02% 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 +42 million and -42 million, respectively. A +/- 1% change in the discount rate would change the valuation by EUR -25 million and +33 million, respectively.

STORA ENSO SHARES

Trading volume	Helsinki		Stockholm	
	A share	R share	A share	R share
April	191 117	67 324 278	251 640	12 975 225
May	117 232	69 749 369	203 590	14 615 057
June	69 307	56 387 712	226 319	7 751 484
Total	**377 656**	**193 461 359**	**681 549**	**35 341 766**

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
April	9.48	9.43	87.00	86.70
May	9.52	9.53	90.95	88.70
June	9.29	9.25	86.05	85.35

AVERAGE NUMBER OF SHARES

Million	Q2/15	Q2/14	Q1/15	Q1–Q2/15	Q1–Q2/14	2014
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	789.8	789.5	789.8	789.8	789.0	789.2

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 [2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity[2)]
Net interest-bearing liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Net interest-bearing 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		Net interest-bearing liabilities / LTM operational EBITDA
Fixed costs		Maintenance, personnel and other administration type of costs, excluding NRI and fair valuations
Last 12 months (LTM)		12 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

For further information, please contact:
Seppo Parvi, CFO, tel.: +358 2046 21205
Ulla Paajanen-Sainio, SVP, Investor Relations, tel.: +358 2046 21242
Ulrika Lilja, EVP, Global Communications, tel.: +46 1046 71668

Stora Enso's third quarter 2015 results will be published on 23 October 2015.

Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wood and paper on global markets. Our aim is to replace non-renewable materials by innovating and developing new products and services based on wood and other renewable materials. We employ some 27 000 people in more than 35 countries, and our sales in 2014 were EUR 10.2 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) on the International OTCQX over-the-counter market.
www.storaenso.com

STORA ENSO OYJ