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Stora Enso Fourth Quarter and Full Year Results 2011

Full year operational EBIT improved, dividend increase to EUR 0.30 proposed

Full Year 2011 (compared with 2010)

- ***Operational EBIT improved to EUR 867 (EUR 797) million due to higher sales prices.***
- ***Operational ROCE 10.0 (9.7)%.***
- ***Strong annual cash flow from operations EUR 1 034 (EUR 992) million.***

Q4 2011 (compared with Q4 2010)

- ***Operational EBIT decreased to EUR 145 (EUR 177) million as higher sales prices and a changed product mix could not offset lower volumes and higher costs.***
- ***Cash flow from operations improved to EUR 302 (EUR 265) million due to working capital management.***
- ***Continued strong liquidity at EUR 1 134 (EUR 1 103) million.***

Actions and outlook

- ***New Reporting Segment structure from Q1 2012 onwards.***
- ***Improvement plans in Swedish mill maintenance and coated magazine paper announced.***
- ***Q1 2012 sales and operational EBIT expected to be approximately in line with Q4 2011 as combined improvements in the Business Area results are offset by lower results in forest companies (EAI).***

Summary of Fourth Quarter Results

		Q4/11	2011	Q4/10	2010
Sales	EUR million	2 681.6	10 964.9	2 685.2	10 296.9
Operational EBITDA	EUR million	242.9	1 308.0	288.8	1 216.5
Operational EBIT*	**EUR million**	**144.9**	**866.7**	**177.1**	**797.3**
Operating profit (IFRS)**	EUR million	169.5	759.3	385.8	986.2
Profit before tax excl. NRI**	EUR million	141.4	639.1	161.9	705.1
Profit before tax**	EUR million	110.3	420.9	364.1	885.3
Net profit excl. NRI	EUR million	80.5	498.2	148.7	627.0
Net profit	EUR million	100.2	342.2	313.0	769.3
EPS excl. NRI	EUR	0.10	0.63	0.19	0.79
EPS	EUR	0.12	0.43	0.39	0.97
CEPS excl. NRI	EUR	0.28	1.33	0.37	1.46
Operational ROCE	%	6.7	10.0	8.4	9.7

** The Group has adopted operational EBIT as a key operative non-IFRS measure starting from the fourth quarter of 2011. 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 include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets related to forest assets in EAI.*
*** Reclassified. See details under Equity Accounted Investment reclassification.*

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Markets

Each segment review on pages 7–11 includes historical market demand and price information.

Stora Enso Deliveries and Production

	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11-Q4/10	Change % Q4/11-Q3/11	Change % 2011-2010
Paper and board deliveries (1 000 tonnes)	2 606	2 609	2 724	10 330	10 758	-4.3	-0.1	-4.0
Paper and board production (1 000 tonnes)	2 512	2 586	2 665	10 346	10 812	-5.7	-2.9	-4.3
Wood products deliveries (1 000 m^3)	1 177	1 234	1 259	5 072	5 198	-6.5	-4.6	-2.4
Market pulp deliveries* (1 000 tonnes)	289	281	245	1 130	1 009	18.0	2.8	12.0
Corrugated packaging deliveries (million m^2)	273	256	271	1 018	1 027	0.7	6.6	-0.9

**Stora Enso's net market pulp position will be about 1 million tonnes for 2012.*

Breakdown of Sales Change Q4/2010 to Q4/2011

	Sales
Q4/10, EUR million	**2 685.2**
Price and mix, %	2
Currency, %	-
Volume, %	-2
Other sales*, %	-
Total before structural changes, %	-
Structural change**, %	-
Total, %	-
Q4/11, EUR million	**2 681.6**

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

Key Figures

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11-Q4/10	Change % Q4/11-Q3/11	Change % 2011-2010
Sales	2 681.6	2 739.3	2 685.2	10 964.9	10 296.9	-0.1	-2.1	6.5
Operational EBITDA	242.9	339.2	288.8	1 308.0	1 216.5	-15.9	-28.4	7.5
Operational EBIT	144.9	224.4	177.1	866.7	797.3	-18.2	-35.4	8.7
Operational EBIT margin, %	5.4	8.2	6.6	7.9	7.7	-18.2	-34.1	2.6
Operating profit (IFRS)*	169.5	178.6	385.8	759.3	986.2	-56.1	-5.1	-23.0
Operating margin (IFRS), %*	6.3	6.5	14.4	6.9	9.6	-56.3	-3.1	-28.1
Profit before tax excl. NRI*	141.4	113.4	161.9	639.1	705.1	-12.7	24.7	-9.4
Profit/loss before tax*	110.3	-14.8	364.1	420.9	885.3	-69.7	n/m	-52.5
Net profit for the period excl. NRI	80.5	78.3	148.7	498.2	627.0	-45.9	2.8	-20.5
Net loss/profit for the period	100.2	-49.9	313.0	342.2	769.3	-68.0	n/m	-55.5
Capital expenditure	230.7	79.9	138.8	453.3	400.4	66.2	188.7	13.2
Depreciation and impairment charges excl. NRI	140.9	138.4	142.5	554.9	529.4	-1.1	1.8	4.8
Operational ROCE, %	6.7	10.3	8.4	10.0	9.7	-20.2	-35.0	3.1
Earnings per share (EPS) excl. NRI, EUR	0.10	0.10	0.19	0.63	0.79	-47.4	-	-20.3
EPS (basic), EUR	0.12	-0.06	0.39	0.43	0.97	-69.2	n/m	-55.7
Cash earnings per share (CEPS) excl. NRI, EUR	0.28	0.27	0.37	1.33	1.46	-24.3	3.7	-8.9
CEPS, EUR	0.30	0.12	0.27	1.16	1.33	11.1	150.0	-12.8
Return on equity (ROE), %	6.7	-3.2	20.8	5.6	13.5	-67.8	n/m	-58.5
Debt/equity ratio	0.47	0.45	0.39	0.47	0.39	20.5	4.4	20.5
Equity per share, EUR	7.45	7.53	7.87	7.45	7.87	-5.3	-1.1	-5.3
Equity ratio, %	45.8	46.5	48.0	45.8	48.0	-4.6	-1.5	-4.6
Average number of employees	29 639	28 771	26 535	27 958	27 383	11.7	3.0	2.1
Average number of shares (million)								
periodic	788.6	788.6	788.6	788.6	788.6			
cumulative	788.6	788.6	788.6	788.6	788.6			
cumulative, diluted	788.6	788.6	788.6	788.6	788.6			

** Reclassified. See details under Equity Accounted Investment reclassification.*

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 include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights and valuations of biological assets related to forest assets in 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 specified individually if they exceed one cent per share.

Reconciliation of Operating Profit

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11-Q4/10	Change % Q4/11-Q3/11	Change % 2011-2010
Operational EBIT from Segments	101.9	200.8	146.4	753.1	687.1	-30.4	-49.3	9.6
Equity accounted investments (EAI), operational[1)]	43.0	23.6	30.7	113.6	110.2	40.1	82.2	3.1
Operational EBIT	**144.9**	**224.4**	**177.1**	**866.7**	**797.3**	**-18.2**	**-35.4**	**8.7**
Fair valuations, Group[2)]	-1.3	-34.6	-7.1	-31.9	31.7	81.7	96.2	-200.6
Equity accounted investments (EAI), non-operational items[3)]	46.9	-11.2	-1.7	4.4	-38.3	n/m	n/m	111.5
Non-recurring items, Group	-21.0	-	217.5	-79.9	195.5	-109.7	-100.0	-140.9
Operating Profit (IFRS)[4)]	**169.5**	**178.6**	**385.8**	**759.3**	**986.2**	**-56.1**	**-5.1**	**-23.0**

1) Group's share of operating profits of EAI excluding non-recurring items and fair valuations.
2) Fair valuations include equity incentive schemes, synthetic options net of realised and open hedges, and CO_2 emission rights.
3) EAI non-operational items include valuations of biological assets related to forest assets in EAI, non-recurring items of EAI and Group's share of tax and net financial items of EAI.
4) Reclassified. See details under Equity Accounted Investment reclassification.

Q4/2011 Results (compared with Q4/2010)

Operational EBIT at EUR 145 million was EUR 32 million lower than a year ago. This represents an operational EBIT margin of 5.4% (6.6%).

Price increases in local currencies and a changed product mix increased operational EBIT by EUR 63 million, but lower deliveries and increased production curtailments to reduce inventories decreased operational EBIT by EUR 55 million. Paper and board production was curtailed by 13% (7%) and sawnwood production by 15% (7%) of capacity to manage inventories.

The costs of chemicals and energy were higher than a year ago, but productivity improvements and cost savings partly compensated for the cost increases. The overall net impact of the increase in variable costs in local currencies was a negative EUR 28 million. The net impact of market pulp on EBIT included in the above analysis, was EUR 11 million higher than a year ago. The Group's external pulp deliveries were higher and pulp purchases lower than in the fourth quarter of 2010.

Fixed costs were EUR 15 million higher than in the fourth quarter of 2010 mainly in consumer board, industrial packaging and magazine paper.

Exchange rates had a negative net impact on sales and costs totalling EUR 9 million, after hedges.

The share of the operational results of equity accounted investments amounted to EUR 43 million, which was EUR 12 million greater than a year ago, with the main contributions from Bergvik Skog and Veracel.

The Group recorded as non-recurring items (NRI) a negative EUR 21 million at operating profit level and a negative EUR 10 million at financial item level in the fourth quarter of 2011. In addition, there are other NRI-type items related to restructuring and impairment that do not fulfil the Group NRI criteria and are netted out at Group level.

Net financial items were EUR -59 (EUR -22) million. Net interest expenses increased from EUR 26 million to EUR 35 million. Net foreign exchange losses amounted to EUR 3 (gain EUR 2) million. The net loss from other financial items totalled EUR 21 (gain EUR 2) million, including a EUR 10 million write-down of loan and interest receivables. The remaining loss of EUR 11 million was mainly related to the fair valuations and settlements of interest rate derivatives.

Group capital employed was EUR 8 706 million on 31 December 2011, a net increase of EUR 41 million on a year earlier. Group capital employed increased primarily due to a EUR 200 million increase in the value of equity accounted investments resulting mainly from an equity injection into the Montes del Plata pulp mill project and profits from the equity accounted investments, a EUR 90 million increase in operative working capital due to an increase in inventory value, a EUR 90 million decrease in net tax liabilities and EUR 70 million from the Inpac acquisition. Decreases were primarily due to a EUR 240 million reduction in the valuation of PVO resulting from lower anticipated future electricity prices and EUR 140 million from capital expenditure being lower than depreciation. The analysis above excludes the impact of foreign exchange rates, which decreased capital employed by EUR 40 million mainly due to weakening of the Brazilian Real.

January–December 2011 Results (compared with the same period in 2010)
Sales increased by EUR 668 million year-on-year to EUR 10 965 million. Operational EBIT increased by EUR 69 million to EUR 867 million. This represents an operational EBIT margin of 7.9% (7.7%).

Significantly higher sales prices in local currencies and changed product mix increased operational EBIT by EUR 590 million and much more than compensated for slightly lower volumes, partly due to structural changes, that decreased operational EBIT by EUR 77 million. Higher fixed and variable costs, especially for wood, chemicals, RCP and energy, were partly compensated by productivity improvements and cost saving actions and decreased operational EBIT by EUR 396 million. Exchange rates had a net negative impact on sales and on costs totalling EUR 23 million after hedges, and depreciation increased by EUR 27 million.

Net financial items were EUR -338 (EUR -101) million. Net interest expenses increased from EUR 90 million to EUR 122 million. Net foreign exchange losses amounted to EUR 27 (gain EUR 1) million and the net loss from other financial items totalled EUR 189 (EUR 12) million, including a negative EUR 128 million provision due to the NewPage lease guarantee and a EUR 10 million write-down of receivables.

Q4/2011 Results (compared with Q3/2011)
Sales were EUR 58 million down on the previous quarter at EUR 2 682 million. Operational EBIT was EUR 80 million lower than in the previous quarter at EUR 145 million. Higher fixed costs, lower volumes and lower sales prices in local currencies were partly offset by lower variable costs.

Capital Structure

EUR million	31 Dec 11	30 Sep 11	30 June 11	31 Mar 11	31 Dec 10
Operative fixed assets	6 120.4	6 155.1	6 289.1	6 394.2	6 445.2
Equity accounted investments	1 913.1	1 726.8	1 716.0	1 725.4	1 744.0
Operative working capital, net	1 504.6	1 586.5	1 653.0	1 530.3	1 399.3
Non-current interest-free items, net	-486.1	-435.6	-450.9	-473.2	-493.9
Operating Capital Total	**9 052.0**	**9 032.8**	**9 207.2**	**9 176.7**	**9 094.6**
Net tax liabilities	-346.4	-367.4	-368.2	-408.6	-429.9
Capital Employed	**8 705.6**	**8 665.4**	**8 839.0**	**8 768.1**	**8 664.7**
Equity attributable to Company shareholders	5 872.7	5 934.5	6 229.2	6 318.1	6 202.9
Non-controlling interests	87.1	83.4	49.1	49.0	51.8
Net interest-bearing liabilities	2 745.8	2 647.5	2 560.7	2 401.0	2 410.0
Financing Total	**8 705.6**	**8 665.4**	**8 839.0**	**8 768.1**	**8 664.7**

Financing Q4/2011 (compared with Q3/2011)
Cash flow from operations was strong at EUR 302 (EUR 362) million due to working capital management. Cash flow after investing activities was EUR 115 (EUR 282) million. Interest-bearing net liabilities of the Group increased by EUR 98 million to EUR 2 746 million due to strengthening of the US dollar.

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 134 million, which is EUR 47 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 750 million.

In December 2011 Stora Enso signed a EUR 150 million long-term loan agreement with the European Investment Bank (EIB) to finance the new containerboard machine investment at Ostrołęka Mill in Poland announced in January 2011. The loan matures in 2023 and was fully undrawn at year end 2011.

The debt/equity ratio at 31 December 2011 was 0.47 (0.45) following a decrease of EUR 190 million in the PVO valuation. The currency effect on owners' equity net of the hedging of equity translation risks was positive EUR 86 million.

Cash Flow

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11-Q4/10	Change % Q4/11–Q3/11	Change % 2011–2010
Operating profit*	169.5	178.6	385.8	759.3	986.2	-56.1	-5.1	-23.0
Depreciation and other non-cash items*	51.0	143.2	-105.2	492.0	213.0	148.5	-64.4	131.0
Change in working capital	81.8	40.1	-16.1	-217.0	-207.1	n/m	104.0	-4.8
Cash Flow from Operations	**302.3**	**361.9**	**264.5**	**1 034.3**	**992.1**	**14.3**	**-16.5**	**4.3**
Cash spent on fixed and biological assets	-187.0	-79.9	-138.8	-409.6	-400.4	-34.7	-134.0	-2.3
Cash Flow after Investing Activities	**115.3**	**282.0**	**125.7**	**624.7**	**591.7**	**-8.3**	**-59.1**	**5.6**

** Reclassified. See details under Equity Accounted Investment reclassification.*

Capital Expenditure for January–December 2011

Investments in fixed and biological assets in 2011 totalled EUR 453 million, which is 82% of depreciation in the same period. In addition, the equity injection into Montes del Plata, a joint venture in Uruguay, was EUR 129 million in 2011. Slightly more than 80% of capital expenditure including equity injections was allocated for the strategic high-return growth areas in 2011. At the year end EUR 43 million of investments in fixed and biological assets remained unpaid, resulting in EUR 410 million capital expenditure cash outflow in 2011.

The capital expenditure forecast for the Group for the full year 2012 is approximately EUR 570 million. Annual depreciation in 2012 will be about EUR 570 million. In addition, the equity injection into Montes del Plata, a joint venture in Uruguay, will be approximately EUR 150 million in 2012.

The main projects during 2011 were the Ostrołęka containerboard machine, the Skoghall woodyard investment, the CLT production unit at Ybbs and completion of power plants.

Near-term Outlook

The business environment in the first few months of 2012 is predicted to remain challenging. Uncertainty and limited visibility are expected to persist in European markets. The anticipated reduction in variable costs should progressively become apparent in the Group's results.

Group sales and operational EBIT for the first quarter of 2012 are forecast to be approximately in line with the fourth quarter of 2011 as combined improvement in the Business Area results is offset by lower results in forest companies (EAI).

Segments Q4/11 compared with Q4/10

Consumer Board

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11- Q4/10	Change % Q4/11– Q3/11	Change % 2011– 2010
Sales	571.4	626.2	611.5	2 506.8	2 314.7	-6.6	-8.8	8.3
Operational EBITDA*	64.0	102.2	90.1	423.1	410.4	-29.0	-37.4	3.1
Operational EBIT*	27.7	64.4	52.1	272.4	277.1	-46.8	-57.0	-1.7
% of sales	4.8	10.3	8.5	10.9	12.0	-43.5	-53.4	-9.2
Operational ROOC, %**	7.7	17.5	14.9	18.6	21.1	-48.3	-56.0	-11.8
Paper and board deliveries, 1 000 t***	532	583	591	2 336	2 326	-10.0	-8.7	0.4
Paper and board production, 1 000 t***	515	575	596	2 338	2 367	-13.6	-10.4	-1.2
Market pulp deliveries, 1 000 t	136	112	105	466	388	29.5	21.4	20.1

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*
**** Excluding pulp*

- Slightly higher board sales prices than a year ago could not fully compensate for higher costs and lower board volumes.
- The pre-commercial plant at Imatra in Finland to produce microfibrillated cellulose (MFC) for lighter and stronger materials for renewable packaging and potential future applications started production on schedule.
- A major breakdown of the wood drum in Fors Mill was one of the key reasons for increased costs in the fourth quarter of 2011.
- Several cost and efficiency improvement actions have been implemented, to be enhanced by the planned Swedish maintenance actions.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Consumer board	Europe	weaker	weaker	higher	stable

Industrial Packaging

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11- Q4/10	Change % Q4/11– Q3/11	Change % 2011– 2010
Sales	260.6	253.8	241.7	997.8	949.5	7.8	2.7	5.1
Operational EBITDA*	29.6	34.3	34.3	129.4	114.0	-13.7	-13.7	13.5
Operational EBIT*	13.7	20.1	22.0	72.7	65.5	-37.7	-31.8	11.0
% of sales	5.3	7.9	9.1	7.3	6.9	-41.8	-32.9	5.8
Operational ROOC, %**	7.6	11.6	14.2	10.8	11.0	-46.5	-34.5	-1.8
Paper and board deliveries, 1 000 t	187	189	195	775	864	-4.1	-1.1	-10.3
Paper and board production, 1 000 t	186	193	194	780	871	-4.1	-3.6	-10.4
Corrugated packaging deliveries, million m^2	273	256	271	1 018	1 027	0.7	6.6	-0.9
Corrugated packaging production, million m^2	264	251	272	1 006	1 033	-2.9	5.2	-2.6

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Higher sales prices in local currencies than a year ago did not fully offset higher costs and lower volumes.
- The plans to increase cost competitiveness and respond to market demand by restructuring core and coreboard operations, and by streamlining corrugated packaging production have been partially completed. The completed plans will affect 104 employees.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Industrial packaging	Europe	weaker	slightly weaker	slightly higher	slightly lower

Newsprint and Book Paper

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11–Q4/10	Change % Q4/11–Q3/11	Change % 2011–2010
Sales	338.6	330.7	326.2	1 318.4	1 261.6	3.8	2.4	4.5
Operational EBITDA*	52.8	56.6	20.6	205.2	80.6	156.3	-6.7	154.6
Operational EBIT*	28.5	33.6	-2.7	115.6	-10.8	n/m	-15.2	n/m
% of sales	8.4	10.2	-0.8	8.8	-0.9	n/m	-17.6	n/m
Operational ROOC, %**	12.2	14.5	-1.2	12.2	-1.1	n/m	-15.9	n/m
Paper deliveries, 1 000 t	606	574	658	2 319	2 576	-7.9	5.6	-10.0
Paper production, 1 000 t	595	577	619	2 311	2 554	-3.9	3.1	-9.5

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Clearly higher sales prices in local currencies than a year ago more than offset slight cost increases.
- Volumes were slightly lower than a year ago as newsprint production at Maxau Mill in Germany permanently ceased at the end of November 2010. The capacity reductions in 2010 at this mill and Varkaus Mill in Finland enabled high capacity utilisation in 2011.
- Industry inventories were slightly lower than a year ago and significantly lower than in the previous quarter.
- Plans to streamline Swedish maintenance operations were announced.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Newsprint	Europe	significantly weaker	stronger	significantly higher	stable
Newsprint	Overseas	weaker	stable	significantly higher	stable

Magazine Paper

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11–Q4/10	Change % Q4/11–Q3/11	Change % 2011–2010
Sales	533.4	562.0	547.5	2 094.6	2 054.2	-2.6	-5.1	2.0
Operational EBITDA*	44.7	74.1	47.5	231.8	191.9	-5.9	-39.7	20.8
Operational EBIT*	17.7	48.3	19.5	128.1	90.9	-9.2	-63.4	40.9
% of sales	3.3	8.6	3.6	6.1	4.4	-8.3	-61.6	38.6
Operational ROOC, %**	5.3	14.4	5.7	9.5	7.1	-7.0	-63.2	33.8
Paper deliveries, 1 000 t***	635	641	659	2 356	2 396	-3.6	-0.9	-1.7
Paper production, 1 000 t***	591	619	618	2 369	2 398	-4.4	-4.5	-1.2
Market pulp deliveries, 1 000 t	120	131	113	530	526	6.2	-8.4	0.8

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*
**** Excluding pulp*

- Higher paper sales prices in local currencies than a year ago did not fully offset higher costs and slightly lower volumes.
- Industry inventories for coated magazine paper were slightly lower than a year ago and significantly lower than in the previous quarter.
- Industry inventories for uncoated magazine paper were slightly higher than a year ago and significantly lower than in the previous quarter.
- Restructuring of coated magazine paper operations at Corbehem Mill in France, Veitsiluoto Mill in Finland and Kabel Mill in Germany is planned to increase cost competitiveness.
- Plans to streamline Swedish maintenance operations were announced.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Coated magazine paper	Europe	significantly weaker	stronger	significantly higher	stable
Coated magazine paper	Latin America	significantly weaker	significantly weaker	stable	slightly lower
Uncoated magazine paper	Europe	weaker	slightly stronger	higher	stable
Uncoated magazine paper	China	significantly weaker	significantly weaker	slightly higher	slightly lower

Fine Paper

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11– Q4/10	Change % Q4/11– Q3/11	Change % 2011– 2010
Sales	527.8	529.6	533.5	2 152.9	2 125.7	-1.1	-0.3	1.3
Operational EBITDA*	47.7	60.4	90.6	282.0	344.5	-47.4	-21.0	-18.1
Operational EBIT*	25.4	37.8	67.6	191.8	259.4	-62.4	-32.8	-26.1
% of sales	4.8	7.1	12.7	8.9	12.2	-62.2	-32.4	-27.0
Operational ROOC, %**	10.9	15.8	29.1	20.4	27.4	-62.5	-31.0	-25.5
Paper deliveries, 1 000 t***	646	622	621	2 544	2 596	4.0	3.9	-2.0
Paper production, 1 000 t***	625	622	638	2 548	2 622	-2.0	0.5	-2.8
Market Pulp deliveries, 1 000 t	33	38	27	134	95	22.2	-13.2	41.1

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*
**** Excluding pulp*

- Higher sales volumes than a year ago did not compensate for clearly lower sales prices in local currencies and higher variable costs for energy and chemicals.
- Product swaps between coated fine paper mills were completed ahead of schedule, reducing the standard woodfree coated fine paper production capacity by approximately 140 000 tonnes per year. Standard woodfree coated fine paper production was centralised at Oulu Mill in Finland and Uetersen Mill in Germany is increasing its speciality paper production as planned.
- Negotiations concerning the restructuring plans announced on 3 May 2011 have been concluded at all sites. The targeted cost savings are expected to be achieved by the end of the third quarter of 2012.
- Industry inventories for coated fine paper were significantly lower than a year ago and slightly higher than in the previous quarter.
- Industry inventories for uncoated fine paper were slightly higher than a year ago and significantly lower than in the previous quarter.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Coated fine paper	Europe	slightly weaker	stable	lower	slightly lower
Coated fine paper	China	stronger	slightly stronger	significantly lower	lower
Uncoated fine paper	Europe	slightly weaker	stable	slightly higher	slightly lower

Wood Products

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

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11- Q4/10	Change % Q4/11– Q3/11	Change % 2011– 2010
Sales	382.0	414.0	410.3	1 671.1	1 588.7	-6.9	-7.7	5.2
Operational EBITDA*	15.4	19.6	21.1	102.3	110.7	-27.0	-21.4	-7.6
Operational EBIT*	6.0	9.8	10.2	62.8	70.9	-41.2	-38.8	-11.4
% of sales	1.6	2.4	2.5	3.8	4.5	-36.0	-33.3	-15.6
Operational ROOC, %**	4.2	6.7	6.8	10.9	12.3	-38.2	-37.3	-11.4
Deliveries, 1 000 m^3	1 143	1 199	1 223	4 920	5 057	-6.5	-4.7	-2.7

** Excluding non-recurring items and fair valuations ** Operational ROOC = 100% x Operational EBIT/Average operating capital*

- Slightly lower costs than a year ago did not fully offset slightly lower sales prices and volumes.
- Operations improvement and restructuring actions continued, including closure of Kopparfors Sawmill in Sweden and its pellet mill. Improvements will continue in 2012.
- Restructuring of part of the further processing operations at Honkalahti Sawmill in Finland was completed.
- The pellet plant at Imavere in Estonia started up on schedule during the fourth quarter of 2011.
- The share of value-added products increased to 33% in 2011 (31% in 2010) and further development continues in Building Solutions and Industrial Components.
- New production of a more eco-friendly and non-toxic product called Q-Treat for durability and longevity in outdoor use was started at Uimaharju Sawmill in Finland. The new treatment makes wood hard, fire-resistant, decay-resistant and weatherproof.
- Industry inventories were slightly higher than a year ago and slightly lower than in the previous quarter.

Markets

Product	Market	Demand Q4/11 compared with Q4/10	Demand Q4/11 compared with Q3/11	Price Q4/11 compared with Q4/10	Price Q4/11 compared with Q3/11
Wood products	Europe	weaker	weaker	slightly lower	slightly lower
Wood products	Asia, Middle East and North Africa	significantly weaker	slightly weaker	lower	slightly lower

Short-term Risks and Uncertainties
The main short-term risks and uncertainties are related to continuing economic uncertainty and its potential impact on demand for the Group's products.

Energy sensitivity analysis for 2012: the direct effect on 2012 operational EBIT of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 25 million, after the effect of hedges.

Wood sensitivity analysis for 2012: the direct effect on 2012 operational EBIT of a 10% increase in wood prices would have a negative impact of approximately EUR 219 million.

Pulp sensitivity analysis for 2012: the direct effect on 2012 operational EBIT of a 10% increase in yearly average pulp prices would have a positive impact of approximately EUR 53 million.

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

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be approximately positive EUR 120 million, negative EUR 87 million and positive EUR 60 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.

Fourth Quarter Events
In November Stora Enso announced the appointments to its Nomination Board.

Veracel
On 11 July 2008 Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso's equity accounted investment Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel's plantations and a possible BRL 20 million (EUR 9 million) fine. Veracel disputes the decision and has filed an appeal against it. Veracel operates in full compliance with all Brazilian laws and has obtained all the necessary environmental and operating licences for its industrial and forestry activities from the competent authorities. In November 2008 a Federal Court suspended the effects of the decision. Veracel has not recorded any provision for the reforestation or the possible fine.

On 30 September 2009 a judge in the State of Bahia issued an interim decision ordering the State Government of Bahia not to grant Veracel further plantation licences in the municipality of Eunápolis in response to claims by a state prosecutor that Veracel's plantations exceeded the legal limits, which Veracel disputes. Veracel's position is supported by documentation issued by the State environmental authority.

Class Action Lawsuits in USA

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

Legal Proceeding in Finland

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

On 31 March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and Metsäliitto claiming compensation for damages allegedly suffered due to the competition law infringements amounting altogether to EUR 283 million. In December 2011 Metsähallitus additionally included damages allegedly suffered in 2005 in its claim. Metsähallitus also decreased its total claim to EUR 159 million and its secondary claim against Stora Enso to EUR 87.2 million.

In addition, before the end of 2011 some Finnish municipalities and private forest owners initiated similar legal proceedings. These claims are waiting to be processed and formally served by the Court. The total amount claimed by all these defendants is estimated to be less than EUR 50 million.

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

Changes in Group Management

Juan Bueno was appointed to head the Group's operations in Latin America and as a member of the Group Executive Team as of 1 April 2011.

Personnel

On 31 December 2011 there were 29 505 employees in the Group, 3 126 more than at the end of 2010 following the Inpac acquisition, which increased the number of employees by 3 600. The average number of employees in 2011 was 27 958, which was 575 higher than the average number in 2010.

Share Capital

During the quarter, the conversion of 250 A shares into R shares was recorded in the Finnish trade register on 15 November 2011.

On 31 December 2011 Stora Enso had 177 148 772 A shares and 612 389 727 R shares in issue of which the Company held no A shares and 918 512 R shares with a nominal value of EUR 1.6 million. The holding represents 0.12% of the Company's share capital and 0.04% of the voting rights.

Events after the Period

The conversion of 1 000 A shares into R shares was recorded in the Finnish trade register on 16 January 2012.

On 17 January 2012 Stora Enso announced that it was renewing its Business Area and Reporting Segment structure. The changes in the Business Areas and management took effect as of 17 January 2012. The Company now has four Business Areas and Reporting Segments:
Biomaterials, headed by EVP Juan Bueno;
Printing and Reading, headed by EVP Juha Vanhainen;

Renewable Packaging, headed by EVP Mats Nordlander;
Building and Living, headed by EVP Hannu Kasurinen.

The first financial report according to the new reporting segment structure will be the first quarter 2012 Interim Review to be released on 24 April 2012. Historical figures according to the new reporting structure will be published on Stora Enso's Capital Markets Day on 22 March 2012.

Annual General Meeting
The Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Tuesday 24 April 2012 at Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

The agenda of the AGM and proposals on the agenda of the AGM, as well as the AGM notice will be available on Stora Enso Oyj's website at www.storaenso.com/agm. Stora Enso Oyj's Annual Report including the Report of the Board of Directors and the Auditor's Report on Stora Enso Oyj will be published on Stora Enso Oyj's website www.storaenso.com/investors during the week commencing Monday 20 February 2012. The proposals on the agenda of the AGM and the other above-mentioned documents will also be available at the AGM. Copies of these documents and the AGM notice will be sent to shareholders upon request. The minutes of the AGM will be available on Stora Enso Oyj's website www.storaenso.com/agm from Tuesday 8 May 2012.

The Board of Directors' Proposal for the Payment of Dividend
The Board of Directors has decided to propose to the AGM that the Company distribute a dividend of EUR 0.30 per share for the year 2011.

The dividend would be paid to shareholders who on the record date of the dividend payment, 27 April 2012, are recorded in the shareholders' register maintained by Euroclear Finland Ltd. or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. Dividends payable for Euroclear Sweden registered shares would be forwarded by Euroclear Sweden AB and paid in Swedish krona. Dividends payable to ADR holders would be forwarded by Deutsche Bank Trust Company Americas and paid in US dollars.

The Board of Directors proposes to the AGM that the dividend payment be paid by the Company on 16 May 2012.

This report is unaudited.

Helsinki, 8 February 2012
Stora Enso Oyj
Board of Directors

Financials

Basis of Preparation
Except as described below, this unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Annual Report for 2010.

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

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

Inpac acquisition
Stora Enso acquired 51% of Inpac International on 28 July 2011. Inpac is a Chinese packaging company with production operations in China and India, and service operations in Korea. The company specialises in manufacturing consumer packaging, especially for global manufacturers of consumer electronics and other consumer goods.

The preliminary consideration amounted to EUR 45 million. The acquisition has been financed from the Stora Enso Group's own cash assets. The initial acquisition accounting of the integration of the company has been only provisionally determined at the end of 2011. The necessary fair valuations and other calculations have not been finalised and they are based on management's best estimate.

Equity Accounted Investment reclassification
Stora Enso changed the presentation of its equity accounted investments and all comparative data with effect from the fourth quarter of 2011. Stora Enso's share of the net profit of its equity accounted investments is now presented in one line in Stora Enso's operating profit. The share of taxes of equity accounted investments has been eliminated from tax expense.

The Group adopted operational EBIT as a key operative non-IFRS measure instead of operating profit excluding NRI and fair valuations, which had previously been used. 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. Comparative data have been reclassified accordingly.

Impairment testing in 2011
The Group undertook annual goodwill and fixed asset impairment testing in the fourth quarter of 2011. The testing resulted in a net reversal of fixed asset impairment of EUR 4 million.

Condensed Consolidated Income Statement

EUR million	Q4/11	Q3/11	Q4/10	2011	2010	Change % Q4/11–Q4/10	Change % Q4/11–Q3/11	Change % 2011–2010
Sales	2 681.6	2 739.3	2 685.2	10 964.9	10 296.9	-0.1	-2.1	6.5
Other operating income	53.1	41.7	54.3	208.9	159.1	-2.2	27.3	31.3
Materials and services	-1 796.2	-1 750.3	-1 747.8	-6 971.9	-6 391.4	-2.8	-2.6	-9.1
Freight and sales commissions	-243.5	-255.8	-253.7	-1 018.9	-1 010.1	4.0	4.8	-0.9
Personnel expenses	-327.9	-352.3	-374.8	-1 393.9	-1 375.3	12.5	6.9	-1.4
Other operating expenses	-148.3	-118.0	-102.1	-575.2	-482.2	-45.2	-25.7	-19.3
Share of results of equity accounted investments*	89.9	12.4	29.0	118.0	71.9	210.0	n/m	64.1
Depreciation and impairment	-139.2	-138.4	95.7	-572.6	-282.7	-245.5	-0.6	-102.5
Operating Profit*	**169.5**	**178.6**	**385.8**	**759.3**	**986.2**	**-56.1**	**-5.1**	**-23.0**
Net financial items	-59.2	-193.4	-21.7	-338.4	-100.9	-172.8	69.4	-235.4
Profit/Loss before Tax*	**110.3**	**-14.8**	**364.1**	**420.9**	**885.3**	**-69.7**	**n/m**	**-52.5**
Income tax*	-10.1	-35.1	-51.1	-78.7	-116.0	80.2	71.2	32.2
Net Profit/Loss for the Period	**100.2**	**-49.9**	**313.0**	**342.2**	**769.3**	**-68.0**	**n/m**	**-55.5**
Attributable to:								
Owners of the Parent	98.7	-50.3	312.2	339.7	766.0	-68.4	296.2	-55.7
Non-controlling interests	1.5	0.4	0.8	2.5	3.3	87.5	275.0	-24.2
	100.2	**-49.9**	**313.0**	**342.2**	**769.3**	**-68.0**	**n/m**	**-55.5**
Earnings per Share								
Basic earnings per share, EUR	0.12	-0.06	0.39	0.43	0.97	-69.2	n/m	-55.7
Diluted earnings per share, EUR	0.12	-0.06	0.39	0.43	0.97	-69.2	n/m	-55.7

** Reclassified. See details under Equity Accounted Investment reclassification.*

Consolidated Statement of Comprehensive Income

EUR million	2011	2010
Net profit for the period	342.2	769.3
Other Comprehensive Income		
Actuarial losses on defined benefit pension plans	-55.8	-32.5
Available-for-sale financial assets	-240.5	95.9
Currency and commodity hedges	-128.4	107.7
Share of other comprehensive income of equity accounted investments	-19.4	9.2
Currency translation movements on equity net investments (CTA)	-76.2	305.6
Currency translation movements on non-controlling interests	-	5.1
Net investment hedges	6.0	-9.8
Income tax relating to components of other comprehensive income	40.8	-13.4
Other Comprehensive Income, net of tax	**-473.5**	**467.8**
Total Comprehensive Income	**-131.3**	**1 237.1**
Total Comprehensive Income Attributable to:		
Owners of the Parent	-133.8	1 228.7
Non-controlling interests	2.5	8.4
	-131.3	**1 237.1**

Condensed Consolidated Statement of Cash Flows

EUR million	2011	2010
Cash Flow from Operating Activities		
Operating profit*	759.3	986.2
Hedging result from OCI	-127.3	97.3
Adjustments for non-cash items*	492.0	213.0
Change in net working capital	-173.3	-271.7
Cash Flow Generated by Operations	**950.7**	**1 024.8**
Net financials items paid	-124.8	-150.9
Income taxes paid, net	-129.1	-62.0
Net Cash Provided by Operating Activities	**696.8**	**811.9**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries, net of acquired cash	-25.0	-12.5
Acquisitions of equity accounted investments	-128.6	-16.3
Proceeds from sale of fixed assets and shares, net of disposed cash	22.1	21.3
Capital expenditure	-409.6	-400.4
Payments/proceeds of non-current receivables, net	-4.0	42.9
Net Cash Used in Investing Activities	**-545.1**	**-365.0**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	61.7	791.8
Long-term debt, payments	-83.3	-1 180.6
Change in short-term borrowings	131.2	318.5
Dividends and capital repayments paid	-197.2	-157.7
Dividend to non-controlling interests	-3.6	-1.2
Net Cash Used in Financing Activities	**-91.2**	**-229.2**
Net Increase in Cash and Cash Equivalents	**60.5**	**217.7**
Translation adjustment	-29.3	8.4
Net cash and cash equivalents at beginning of period	1 103.1	877.0
Net Cash and Cash Equivalents at Period End	**1 134.3**	**1 103.1**
Cash and Cash Equivalents at Period End	**1 138.8**	**1 110.9**
Bank Overdrafts at Period End	**-4.5**	**-7.8**
Net Cash and Cash Equivalents at Period End	**1 134.3**	**1 103.1**

** Reclassified. See details under Equity Accounted Investment reclassification.*

Acquisitions of Subsidiary Companies	2011	2010
Cash and cash equivalents, net of bank overdraft	15.7	0.5
Fixed assets	52.0	4.8
Working capital	13.1	0.1
Tax assets and liabilities	-4.6	-0.6
Interest-bearing assets and liabilities	-5.4	-0.8
Fair value of Net Assets Acquired	**70.8**	**4.0**
Non-controlling interest (as proportionate share)	-37.2	6.0
Provisional goodwill	11.3	3.0
Total purchase consideration	**44.9**	**13.0**
Less cash and cash equivalents in acquired companies	-15.7	-0.5
Net Purchase Consideration	**29.2**	**12.5**
Cash part of the consideration, net of acquired cash	25.0	12.5
Non-cash part of the consideration	4.2	-
Net Purchase Consideration	**29.2**	**12.5**

Disposal of Subsidiary Companies		
Cash and cash equivalents	-	2.9
Fixed assets	-	0.8
Working capital	-	6.7
Interest-bearing liabilities	-	-5.6
Tax liabilities	-	-8.6
Net assets in Divested Companies	**-**	**-3.8**
Income Statement capital gain	-	5.3
Total Disposal Consideration Received in Cash and Kind	**-**	**1.5**

For 2010 acquired and disposed cash have been netted against acquisitions of subsidiaries and proceeds from sale of fixed assets and shares, respectively.

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	2011	2010
Carrying value at 1 January	5 565.8	5 157.7
Acquisition of subsidiary companies	63.3	7.8
Capital expenditure	436.1	377.0
Additions in biological assets	17.2	23.4
Change in emission rights	2.0	15.7
Disposals	-13.4	-25.1
Disposals of subsidiary companies	0.0	-0.8
Depreciation and impairment	-572.6	-282.7
Translation difference and other	-18.2	292.8
Statement of Financial Position Total	**5 480.2**	**5 565.8**

Borrowings

EUR million	31 Dec 11	31 Dec 10
Non-current borrowings	3 339.4	3 259.2
Current borrowings	1 034.0	752.0
	4 373.4	**4 011.2**

	2011	2010
Carrying value at 1 January	4 011.2	3 936.7
Debt acquired with new subsidiaries	5.4	0.8
Debt disposed with sold subsidiaries	-	-5.6
Proceeds/payments of borrowings (net)	331.6	-111.2
Translation difference and other	25.2	190.5
Statement of Financial Position Total	**4 373.4**	**4 011.2**

Condensed Consolidated Statement of Financial Position

EUR million		31 Dec 11	31 Dec 10
Assets			
Fixed Assets and Other Non-current Investments			
Fixed assets	O	5 224.6	5 334.3
Biological assets	O	212.6	190.5
Emission rights	O	43.0	41.0
Equity accounted investments	O	1 913.1	1 744.0
Available-for-sale: Interest-bearing	I	82.0	78.7
Available-for-sale: Operative	O	640.2	879.4
Non-current loan receivables	I	125.3	126.5
Deferred tax assets	T	121.9	111.0
Other non-current assets	O	26.6	37.2
		8 389.3	**8 542.6**
Current Assets			
Inventories	O	1 528.7	1 474.6
Tax receivables	T	6.2	1.7
Operative receivables	O	1 654.6	1 621.8
Interest-bearing receivables	I	281.5	285.1
Cash and cash equivalents	I	1 138.8	1 110.9
		4 609.8	**4 494.1**
Total Assets		**12 999.1**	**13 036.7**
Equity and Liabilities			
Owners of the Parent		5 872.7	6 202.9
Non-controlling Interests		87.1	51.8
Total Equity		**5 959.8**	**6 254.7**
Non-current Liabilities			
Post-employment benefit provisions	O	333.1	320.5
Other provisions	O	147.7	148.6
Deferred tax liabilities	T	401.0	422.6
Non-current debt	I	3 339.4	3 259.2
Other non-current operative liabilities	O	31.9	62.0
		4 253.1	**4 212.9**
Current Liabilities			
Current portion of non-current debt	I	250.0	303.5
Interest-bearing liabilities	I	784.0	448.5
Operative liabilities	O	1 678.7	1 697.1
Tax liabilities	T	73.5	120.0
		2 786.2	**2 569.1**
Total Liabilities		**7 039.3**	**6 782.0**
Total Equity and Liabilities		**12 999.1**	**13 036.7**

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

Statement of Changes in Equity

EUR million	Share Capital	Share Premium and Reserve fund	Invested Non-Restricted Equity Fund	Treasury Shares	Step 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 December 2009	**1 342.2**	**76.6**	**2 042.1**	**-10.2**	**3.9**	**684.2**	**-0.8**	**-19.0**	**-194.6**	**1 199.9**	**5 124.3**	**58.2**	**5 182.5**
Profit for the period	-	-	-	-	-	-	-	-	-	766.0	766.0	3.3	769.3
OCI before tax	-	-	-	-	-	95.9	107.7	9.2	295.8	-32.5	476.1	5.1	481.2
Income tax relating to components of OCI	-	-	-	-	-	-0.1	-29.0	-	2.5	13.2	-13.4	-	-13.4
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**95.8**	**78.7**	**9.2**	**298.3**	**746.7**	**1 228.7**	**8.4**	**1 237.1**
Dividend	-	-	-	-	-	-	-	-	-	-	-	-1.2	-1.2
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	-6.0	-6.0
Gain on buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	7.6	7.6	-7.6	-
Return of capital	-	-	-157.7	-	-	-	-	-	-	-	-157.7	-	-157.7
Transfer to retained earnings	-	-	-1 251.3	-	-	-	-	-	-	1 251.3	-	-	-
Balance at 31 Dec 2010	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**780.0**	**77.9**	**-9.8**	**103.7**	**3 205.5**	**6 202.9**	**51.8**	**6 254.7**
Profit for the period	-	-	-	-	-	-	-	-	-	339.7	339.7	2.5	342.2
OCI before tax	-	-	-	-	-	-240.5	-128.4	-19.4	-70.2	-55.8	-514.3	-	-514.3
Income tax relating to components of OCI	-	-	-	-	-	1.1	33.3	-	-1.5	7.9	40.8	-	40.8
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-239.4**	**-95.1**	**-19.4**	**-71.7**	**291.8**	**-133.8**	**2.5**	**-131.3**
Dividend	-	-	-	-	-	-	-	-	-	-197.2	-197.2	-3.6	-200.8
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	37.2	37.2
Gain on buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	0.8	0.8	-0.8	-
Balance at 31 Dec 2011	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**540.6**	**-17.2**	**-29.2**	**32.0**	**3 300.9**	**5 872.7**	**87.1**	**5 959.8**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	31 Dec 11	31 Dec 10
On Own Behalf		
Pledges	1.3	-
Mortgages	9.7	5.2
On Behalf of Equity Accounted Investments		
Guarantees	390.2	154.6
On Behalf of Others		
Guarantees	5.0	108.3
Other Commitments, Own		
Operating leases, in next 12 months	66.1	49.2*
Operating leases, after next 12 months	525.8	448.5*
Pension liabilities	0.4	0.4
Other commitments	5.1	57.2*
Total	**1 003.6**	**823.4**
Pledges	1.3	-
Mortgages	9.7	5.2
Guarantees	395.2	262.9
Operating leases	591.9	497.7*
Pension liabilities	0.4	0.4
Other commitments	5.1	57.2*
Total	**1 003.6**	**823.4**

** Starting from the fourth quarter of 2011, Stora Enso has ceased the reporting of the Group's purchase agreement commitments for consumables and services. As a result, commitments as at 31 Dec 2010 have been reclassified to comply with the changes in reporting.*

Capital commitments

The Group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 213.9 (EUR 58.5) million. The Group's share of capital expenditure contracts of equity accounted investments, excluding acquisitions, amounted to EUR 435.7 (EUR 0.0) million of which Stora Enso has guaranteed EUR 189.0 million.

Montes del Plata pulp mill project loan guarantees

In September 2011 Stora Enso announced that the Montes del Plata pulp mill project in Uruguay, a joint venture with Arauco, was proceeding and the external financing for the project had been finalised. Montes del Plata has signed the loan agreements and as part of the financing arrangements, Stora Enso has signed an agreement to guarantee 50% of USD 1 354 million of loans raised by Montes del Plata. Stora Enso's 50% share of the total guarantee will be a maximum of USD 677 million (EUR 523.2 million), of which Stora Enso's guarantee outstanding as of 31 December 2011 amounted to EUR 99.9 million. The amount outstanding on the balance sheet date is reported in the above table Commitments and Contingencies.

Fair Values of Derivative Financial Instruments

EUR million	31 Dec 11			31 Dec 10
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values
Interest rate swaps	145.7	-49.9	95.8	135.4
Interest rate options	-	-51.0	-51.0	-35.3
Forward contracts	28.6	-23.8	4.8	47.6
Currency options	20.1	-36.2	-16.1	22.1
Commodity contracts	13.8	-15.9	-2.1	11.6
Equity swaps ("TRS")	1.3	-23.9	-22.6	13.8
Total	**209.5**	**-200.7**	**8.8**	**195.2**

Nominal Values of Derivative Financial Instruments

EUR million	31 Dec 11	31 Dec 10
Interest Rate Derivatives		
Interest rate swaps		
Maturity under 1 year	61.6	827.5
Maturity 2–5 years	2 073.3	2 569.8
Maturity 6–10 years	250.0	804.7
	2 384.9	4 202.0
Interest rate options	522.8	601.0
Total	**2 907.7**	**4 803.0**
Foreign Exchange Derivatives		
Forward contracts	1 750.2	2 333.1
Currency options	2 669.4	2 683.4
Total	**4 419.6**	**5 016.5**
Commodity Derivatives		
Commodity contracts	236.7	297.6
Total	**236.7**	**297.6**
Total Return (Equity) Swaps		
Equity swaps ("TRS")	73.3	83.1
Total	**73.3**	**83.1**

Sales by Segment

EUR million	2011	Q4/11	Q3/11	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	2 506.8	571.4	626.2	662.2	647.0	2 314.7	611.5	593.8	586.3	523.1
Industrial Packaging	997.8	260.6	253.8	240.0	243.4	949.5	241.7	225.4	259.2	223.2
Newsprint and Book Paper	1 318.4	338.6	330.7	334.6	314.5	1 261.6	326.2	322.9	325.1	287.4
Magazine Paper	2 094.6	533.4	562.0	517.2	482.0	2 054.2	547.5	541.0	530.2	435.5
Fine Paper	2 152.9	527.8	529.6	532.2	563.3	2 125.7	533.5	563.3	554.4	474.5
Wood Products	1 671.1	382.0	414.0	465.4	409.7	1 588.7	410.3	424.1	422.7	331.6
Other	2 717.7	648.7	642.1	703.6	723.3	2 524.6	627.3	623.4	648.6	625.3
Inter-segment sales	-2 494.4	-580.9	-619.1	-638.1	-656.3	-2 522.1	-612.8	-670.3	-634.3	-604.7
Total	**10 964.9**	**2 681.6**	**2 739.3**	**2 817.1**	**2 726.9**	**10 296.9**	**2 685.2**	**2 623.6**	**2 692.2**	**2 295.9**

Operational EBIT by Segments

EUR million	2011	Q4/11	Q3/11	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	272.4	27.7	64.4	84.5	95.8	277.1	52.1	77.6	76.9	70.5
Industrial Packaging	72.7	13.7	20.1	19.5	19.4	65.5	22.0	18.7	17.1	7.7
Newsprint and Book Paper	115.6	28.5	33.6	27.5	26.0	-10.8	-2.7	0.1	-6.6	-1.6
Magazine Paper	128.1	17.7	48.3	33.9	28.2	90.9	19.5	45.5	22.0	3.9
Fine Paper	191.8	25.4	37.8	48.7	79.9	259.4	67.6	70.9	79.4	41.5
Wood Products	62.8	6.0	9.8	35.2	11.8	70.9	10.2	25.2	30.1	5.4
Other	-90.3	-17.1	-13.2	-31.8	-28.2	-65.9	-22.3	-4.9	-16.5	-22.2
Operational EBIT from Segments	**753.1**	**101.9**	**200.8**	**217.5**	**232.9**	**687.1**	**146.4**	**233.1**	**202.4**	**105.2**
Equity accounted investments (EAI), operational[1)]	113.6	43.0	23.6	21.6	25.4	110.2	30.7	30.0	22.1	27.4
Operational EBIT	**866.7**	**144.9**	**224.4**	**239.1**	**258.3**	**797.3**	**177.1**	**263.1**	**224.5**	**132.6**
Fair valuations, Group[2)]	-31.9	-1.3	-34.6	-7.5	11.5	31.7	-7.1	14.0	6.8	18.0
Equity accounted investments (EAI), non-operational items[3)]	4.4	46.9	-11.2	-19.4	-11.9	-38.3	-1.7	-11.2	-12.9	-12.5
Non-recurring items, Group	-79.9	-21.0	-	-31.7	-27.2	195.5	217.5	5.4	-8.5	-18.9
Operating Profit (IFRS)[4)]	**759.3**	**169.5**	**178.6**	**180.5**	**230.7**	**986.2**	**385.8**	**271.3**	**209.9**	**119.2**
Net financial items	-338.4	-59.2	-193.4	-34.6	-51.2	-100.9	-21.7	-51.1	-22.6	-5.5
Profit/Loss before Tax[4)]	**420.9**	**110.3**	**-14.8**	**145.9**	**179.5**	**885.3**	**364.1**	**220.2**	**187.3**	**113.7**
Income tax expense[4)]	-78.7	-10.1	-35.1	-9.9	-23.6	-116.0	-51.1	-25.9	-27.4	-11.6
Net Profit/Loss	**342.2**	**100.2**	**-49.9**	**136.0**	**155.9**	**769.3**	**313.0**	**194.3**	**159.9**	**102.1**

1) Group's share of operating profits of EAI excluding non-recurring items and fair valuations.
2) Fair valuations include equity incentive schemes, synthetic options net of realised and open hedges, and CO_2 emission rights.
3) EAI non-operational items include valuations of biological assets related to forest assets in EAI, non-recurring items of EAI and Group's share of tax and net financial items of EAI.
4) Reclassified. See details under Equity Accounted Investment reclassification.

NRI by Segment

EUR million	2011	Q4/11	Q3/11	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	2.8	5.0	-	-2.2	-	217.4	167.6	49.8	-	-
Industrial Packaging	-6.7	-6.6	-	-0.1	-	-21.5	-5.0	-	-3.3	-13.2
Newsprint and Book Paper	-7.9	-	-	-6.2	-1.7	-58.5	-1.1	-44.4	-13.0	-
Magazine Paper	3.1	2.5	-	-2.8	3.4	2.4	-1.1	-	9.2	-5.7
Fine Paper	-16.7	3.7	-	-20.4	-	68.9	60.4	-	8.5	-
Wood Products	-33.5	-4.6	-	-	-28.9	4.0	1.9	-	0.5	1.6
Other	-21.0	-21.0	-	-	-	-17.2	-5.2	-	-10.4	-1.6
Equity accounted investments	-	-	-	-	-	-15.3	-15.3	-	-	-
NRI on Operating Profit	**-79.9**	**-21.0**	**-**	**-31.7**	**-27.2**	**180.2**	**202.2**	**5.4**	**-8.5**	**-18.9**
NRI on Financial items	-138.3	-10.1	-128.2	-	-	-	-	-	-	-
NRI on tax	62.2	50.8	-	3.6	7.8	-37.9	-37.9	-	-	-
NRI on Net Profit	**-156.0**	**19.7**	**-128.2**	**-28.1**	**-19.4**	**142.3**	**164.3**	**5.4**	**-8.5**	**-18.9**

Fair Valuations* by Segment and Non-operational Items in Equity Accounted Investments**

EUR million	2011	Q4/11	Q3/11	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	-4.6	-	-	-4.6	-	-	-	-	-	-
Industrial Packaging	-2.0	-	-	-2.0	-	-	-	-	-	-
Newsprint and Book Paper	-2.9	-	-	-2.9	-	-	-	-	-	-
Magazine Paper	-3.5	-	-	-3.5	-	-	-	-	-	-
Fine Paper	-2.9	-	-	-2.9	-	-	-	-	-	-
Wood Products	-1.8	-	-	-1.8	-	-	-	-	-	-
Other	-14.2	-1.3	-34.6	10.2	11.5	31.7	-7.1	14.0	6.8	18.0
Equity accounted investments	4.4	46.9	-11.2	-19.4	-11.9	-23.0	13.6	-11.2	-12.9	-12.5
Fair Valuations by Segment and Non-operational Items in EAI on Operating Profit	**-27.5**	**45.6**	**-45.8**	**-26.9**	**-0.4**	**8.7**	**6.5**	**2.8**	**-6.1**	**5.5**

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

Operating Profit/Loss by Segment

EUR million	2011	Q4/11	Q3/11	Q2/11	Q1/11	2010	Q4/10	Q3/10	Q2/10	Q1/10
Consumer Board	270.6	32.7	64.4	77.7	95.8	494.5	219.7	127.4	76.9	70.5
Industrial Packaging	64.0	7.1	20.1	17.4	19.4	44.0	17.0	18.7	13.8	-5.5
Newsprint and Book Paper	104.8	28.5	33.6	18.4	24.3	-69.3	-3.8	-44.3	-19.6	-1.6
Magazine Paper	127.7	20.2	48.3	27.6	31.6	93.3	18.4	45.5	31.2	-1.8
Fine Paper	172.2	29.1	37.8	25.4	79.9	328.3	128.0	70.9	87.9	41.5
Wood Products	27.5	1.4	9.8	33.4	-17.1	74.9	12.1	25.2	30.6	7.0
Other	-125.5	-39.4	-47.8	-21.6	-16.7	-51.4	-34.6	9.1	-20.1	-5.8
Share of results of equity accounted investments	118.0	89.9	12.4	2.2	13.5	71.9	29.0	18.8	9.2	14.9
Operating Profit (IFRS)*	**759.3**	**169.5**	**178.6**	**180.5**	**230.7**	**986.2**	**385.8**	**271.3**	**209.9**	**119.2**
Net financial items	-338.4	-59.2	-193.4	-34.6	-51.2	-100.9	-21.7	-51.1	-22.6	-5.5
Profit/Loss before Tax*	**420.9**	**110.3**	**-14.8**	**145.9**	**179.5**	**885.3**	**364.1**	**220.2**	**187.3**	**113.7**
Income tax expense*	-78.7	-10.1	-35.1	-9.9	-23.6	-116.0	-51.1	-25.9	-27.4	-11.6
Net Profit/Loss	**342.2**	**100.2**	**-49.9**	**136.0**	**155.9**	**769.3**	**313.0**	**194.3**	**159.9**	**102.1**

** Reclassified. See details under Equity Accounted Investment reclassification.*

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Dec 11	31 Dec 10	31 Dec 11	31 Dec 10
SEK	8.9120	8.9655	9.0307	9.5464
USD	1.2939	1.3362	1.3922	1.3272
GBP	0.8353	0.8608	0.8678	0.8583

Transaction Risk and Hedges in Main Currencies as at 31 December 2011

EUR million	EUR	USD	GBP	SEK	Other	Total
Sales during 2011	6 470	1 500	660	1 280	1 050	10 960
Costs during 2011	-5 730	-560	-90	-2 280	-1 090	-9 750
Net Operating Cash flow	**740**	**940**	**570**	**-1 000**	**-40**	**1 210**
Estimated annual net operating cash flow exposure		1 200	600	-870		
Transaction hedges as at 31 Dec 2011		-540	-270	380		
Hedging Percentage as at 31 Dec 2011 for the Next 12 Months		**45%**	**45%**	**44%**		

Additional USD and GBP hedges for 13–16 months increase the hedging percentages by 7% and 4% respectively.

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	120
SEK	-87
GBP	60

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.

Stora Enso Shares

Trading Volume	Helsinki		Stockholm	
	A share	R share	A share	R share
October	35 878	122 088 452	59 402	27 326 461
November	37 716	136 930 862	140 884	32 306 867
December	100 338	87 795 199	172 202	28 403 051
Total	**173 932**	**346 814 513**	**372 488**	**88 036 379**

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
October	6.85	4.60	52.50	41.60
November	5.75	4.63	43.97	41.96
December	5.03	4.63	45.95	41.37

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)]
Equity ratio (%)	100 x	Total equity / Total assets
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Interest-bearing net liabilities / Equity
CEPS		Net profit/loss for the period [3)] – Fixed asset depreciation and impairment / Average number of shares
EPS		Net profit/loss for the period [3)] / Average number of shares
Operational EBIT		Operating profit/loss excluding NRI and fair valuations + Stora Enso's share of operating profit/loss excluding NRI and fair valuations of its equity accounted investments (EAI)

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 first quarter 2012 results will be published on 24 April 2012 at 13.00 EET.
Annual General Meeting on 24 April 2012 at 16.00 EET.

PRESS CONFERENCE IN HELSINKI

Time:	14.00 local time today
Location:	Stora Enso Oyj
Address:	Kanavaranta 1
Presentations:	Jouko Karvinen, CEO Markus Rauramo, CFO

The conference will be held in Finnish. Questions can be addressed to Jouko Karvinen and Markus Rauramo after the presentation.

ANALYST CONFERENCE CALL
CEO Jouko Karvinen and CFO Markus Rauramo will be hosting a combined conference call and webcast today

at 16.00 Finnish time (15.00 CET, 14.00 UK time, 09.00 US Eastern time).

If you wish to participate, please dial:

Continental Europe and the UK	+44 (0)20 7136 2050
Finland	+358 (0)9 6937 9543
Sweden	+46 (0)8 5876 9445
USA	+1 646 254 3361
Access code:	5144825

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

Stora Enso is the global rethinker of the biomaterials, paper, packaging and wood products industry. We always rethink the old and expand to the new to offer our customers innovative solutions based on renewable materials. Stora Enso employs some 30 000 people worldwide, and our sales in 2011 amounted to EUR 11.0 billion. Stora Enso shares are listed on NASDAQ OMX Helsinki (STEAV, STERV) and Stockholm (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY) in the International OTCQX over-the-counter market.

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties, which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates.

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