

Stock Exchange Release 24 April 2012 at 13.00 EET

STORA ENSO OYJ INTERIM REVIEW 24 April 2012 at 13.00 EET

Stora Enso Interim Review January–March 2012

Earnings remained moderate as expected, liquidity further improved

- *Operational EBIT decreased year-on-year to EUR 147 (EUR 258) million mainly due to lower prices in Printing and Reading and Biomaterials, and lower volumes in Renewable Packaging. Operational EBIT was similar to Q4 2011.*
- *Cash flow from operations strong at EUR 224 (EUR 163) million. Liquidity improved to EUR 1 251 (EUR 1 108) million year-on-year.*
- *Plan to build plantation-based integrated board and pulp mills at Beihai city in Guangxi, China.*
- *Profit improvement action plans in Renewable Packaging, and Printing and Reading announced during Q1 2012.*
- *Q2 2012 sales are forecast to be slightly higher and operational EBIT approximately in the range of Q1 2012 as there will be maintenance stoppages in several European mills and the benefits of improving variable costs are expected to become only slowly apparent in the results.*

Summary of First Quarter Results

		Q1/12	Q4/11	Q1/11
Sales	EUR million	2 673.3	2 681.6	2 726.9
Operational EBITDA	EUR million	262.1	242.9	368.3
Operational EBIT	EUR million	147.4	144.9	258.3
Operating profit (IFRS)	EUR million	123.9	169.5	230.7
Profit before tax excl. NRI	EUR million	101.0	141.4	206.7
Profit before tax	EUR million	89.9	110.3	179.5
Net profit excl. NRI	EUR million	80.2	80.5	175.3
Net profit	EUR million	74.1	100.2	155.9
EPS excl. NRI	EUR	0.10	0.10	0.22
EPS	EUR	0.09	0.12	0.20
CEPS excl. NRI	EUR	0.28	0.28	0.39
Operational ROCE	%	6.8	6.7	11.9

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, CO₂ emission rights and valuations of biological assets related to forest assets in EAI.



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Stora Enso Oyj
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Stora Enso Deliveries and Production

					Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
	Q1/12	Q4/11	Q1/11	2011		
Paper and board deliveries (1 000 tonnes)	2 549	2 606	2 506	10 330	1.7	-2.2
Paper and board production (1 000 tonnes)	2 576	2 512	2 618	10 346	-1.6	2.5
Wood products deliveries (1 000 m ³)	1 154	1 177	1 238	5 072	-6.8	-2.0
Market pulp deliveries (1 000 tonnes)*	261	289	313	1 130	-16.6	-9.7
Corrugated packaging deliveries (million m ²)	261	273	247	1 018	5.7	-4.4

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

Breakdown of Sales Change Q1/2011 to Q1/2012

	Sales
Q1/11, EUR million	2 726.9
Price and mix, %	-1
Currency, %	-1
Volume, %	-1
Other sales*, %	-
Total before structural changes, %	-3
Structural change**, %	1
Total, %	-2
Q1/12, EUR million	2 673.3

* Wood, energy, RCP, by-products etc.

** Asset closures, major investments, divestments and acquisitions

Key Figures

EUR million	Q1/12	Q4/11	Q1/11	2011	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Sales	2 673.3	2 681.6	2 726.9	10 964.9	-2.0	-0.3
Operational EBITDA	262.1	242.9	368.3	1 308.0	-28.8	7.9
Operational EBIT	147.4	144.9	258.3	866.7	-42.9	1.7
Operational EBIT margin, %	5.5	5.4	9.5	7.9	-42.1	1.9
Operating profit (IFRS)	123.9	169.5	230.7	759.3	-46.3	-26.9
Operating margin (IFRS), %	4.6	6.3	8.5	6.9	-45.9	-27.0
Profit before tax excl. NRI	101.0	141.4	206.7	639.1	-51.1	-28.6
Profit before tax	89.9	110.3	179.5	420.9	-49.9	-18.5
Net profit for the period excl. NRI	80.2	80.5	175.3	498.2	-54.2	-0.4
Net profit for the period	74.1	100.2	155.9	342.2	-52.5	-26.0
Capital expenditure	62.2	230.7	57.3	453.3	8.6	-73.0
Depreciation and impairment charges excl. NRI	142.7	140.9	135.4	554.9	5.4	1.3
Operational ROCE, %	6.8	6.7	11.9	10.0	-42.9	1.5
Earnings per share (EPS) excl. NRI, EUR	0.10	0.10	0.22	0.63	-54.5	-
EPS (basic), EUR	0.09	0.12	0.20	0.43	-55.0	-25.0
Cash earnings per share (CEPS) excl. NRI, EUR	0.28	0.28	0.39	1.33	-28.2	-
CEPS, EUR	0.28	0.30	0.39	1.16	-28.2	-6.7
Return on equity (ROE), %	5.0	6.7	9.9	5.6	-49.5	-25.4
Debt/equity ratio	0.46	0.47	0.38	0.47	21.1	-2.1
Equity per share, EUR	7.49	7.45	8.01	7.45	-6.5	0.5
Equity ratio, %	45.6	45.8	48.1	45.8	-5.2	-0.4
Average number of employees	29 041	29 639	26 323	27 958	10.3	-2.0
Average number of shares (million)						
periodic	788.6	788.6	788.6	788.6		
cumulative	788.6	788.6	788.6	788.6		
cumulative, diluted	788.6	788.6	788.6	788.6		

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, CO₂ 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	Q1/12	Q4/11	Q1/11	2011	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Operational EBIT	147.4	144.9	258.3	866.7	-42.9	1.7
Fair valuations and non-operational items*	1.2	45.6	-0.4	-27.5	n/m	-97.4
Non-recurring items	-24.7	-21.0	-27.2	-79.9	9.2	-17.6
Operating Profit (IFRS)	123.9	169.5	230.7	759.3	-46.3	-26.9

*Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO₂ emission rights and valuations of biological assets related to forest assets in equity accounted investments (EAI) and Group's share of tax and net financial items of EAI.

Q1/2012 Results (compared with Q1/2011)

Operational EBIT at EUR 147 million was EUR 111 million lower than a year ago. This represents an operational EBIT margin of 5.5% (9.5%).

Lower prices in local currencies, mainly in paper and pulp grades, decreased operational EBIT by EUR 33 million and slightly lower deliveries and production decreased operational EBIT by EUR 26 million. Paper and board production was curtailed by 7% (7%) and sawnwood production by 10% (2%) 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 variable costs in local currencies was a negative EUR 32 million, partially due to operational issues.

Fixed costs net of cost saving actions were similar to the first quarter of 2011 despite the Inpac acquisition during the second half of 2011.

Exchange rates had a negative net impact on sales and costs totalling EUR 18 million, after hedges.

The Group recorded as non-recurring items (NRI) a negative EUR 25 million at operating profit level and a positive EUR 14 million at financial item level in the first quarter of 2012.

Net financial items were EUR -34 (EUR -51) million. Net interest expenses increased from EUR 23 million to EUR 38 million. Net foreign exchange gains amounted to EUR 8 (loss EUR 12) million. The net loss from other financial items totalled EUR 4 (EUR 16) million, including a NRI with EUR 14 million positive impact due to the reversal of a provision relating to the NewPage lease guarantee and a net accounting loss of EUR 12 million relating to the repurchase of a portion of the Eurobond maturing in 2014. The remaining loss of EUR 6 million was mainly related to the fair valuations of interest rate derivatives and financial fees.

Group capital employed was EUR 8 705 million on 31 March 2012, a net decrease of EUR 63 million on a year earlier. Group capital employed decreased primarily due to a EUR 320 million reduction in the valuation of PVO mainly resulting from lower anticipated future electricity prices, EUR 120 million from capital expenditure being lower than depreciation and a EUR 40 million decrease in operative working capital. Increases were 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 100 million decrease in net tax liabilities and EUR 70 million from the Inpac acquisition. In addition, changes in the impact of foreign exchange rates increased capital employed by EUR 40 million, mainly due to strengthening of the Chinese Renminbi.

The operational return on capital employed at 6.8% (11.9%) was below cost of capital.

Q1/2012 Results (compared with Q4/2011)

Sales were similar to the previous quarter at EUR 2 673 million. Operational EBIT was EUR 2 million higher than in the previous quarter at EUR 147 million. Higher capacity utilisation than in the previous quarter more than offsetting slightly lower delivery volumes increased operational EBIT by EUR 30 million. Lower sales prices in local currencies than in the previous quarter decreased operational EBIT by EUR 24 million. Lower maintenance activity and an impact from fixed costs increased operational EBIT by EUR 29 million. Lower capital gains and volumes in Bergvik Skog and Tornator than in the fourth quarter of 2011 decreased operational EBIT by EUR 15 million as expected.

Capital Structure

EUR million	31 Mar 12	31 Dec 11	31 Mar 11
Operative fixed assets	6 032.0	6 120.4	6 394.2
Equity accounted investments	1 925.9	1 913.1	1 725.4
Operative working capital, net	1 529.6	1 504.6	1 530.3
Non-current interest-free items, net	-467.6	-486.1	-473.2
Operating Capital Total	9 019.9	9 052.0	9 176.7
Net tax liabilities	-315.0	-346.4	-408.6
Capital Employed	8 704.9	8 705.6	8 768.1
Equity attributable to Company shareholders	5 906.7	5 872.7	6 318.1
Non-controlling interests	86.5	87.1	49.0
Net interest-bearing liabilities	2 711.7	2 745.8	2 401.0
Financing Total	8 704.9	8 705.6	8 768.1

Financing Q1/2012 (compared with Q4/2011)

Cash flow from operations was EUR 224 (EUR 302) million. Cash flow after investing activities was EUR 111 (EUR 74) million. Interest-bearing net liabilities of the Group decreased by EUR 34 million to EUR 2 712 million due to cash flow generation from the operations.

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 251 million, which is EUR 117 million more than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 600 million.

In February 2012 Stora Enso raised a long-term loan of EUR 150 million from the European Investment Bank (EIB) to finance the new containerboard machine investment at Ostrołęka Mill in Poland announced in January 2011.

In February 2012 Stora Enso issued a EUR 500 million seven-year bond under the EMTN (Euro Medium Term Note) programme. The new notes were issued with a 5.531% yield and were priced at 99.824. Stora Enso also announced a tender offer for its EUR 750 million Eurobond maturing in 2014. On 9 March 2012 Stora Enso announced that it had successfully repurchased notes with nominal value EUR 337 million from the 2014 bond and the transaction was priced at 105.970.

The debt/equity ratio at 31 March 2012 was 0.46 (0.47). The currency effect on owners' equity net of the hedging of equity translation risks was positive EUR 13 million.

Cash Flow

EUR million	Q1/12	Q4/11	Q1/11	2011	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Operating profit	123.9	169.5	230.7	759.3	-46.3	-26.9
Depreciation and other non-cash items	111.6	51.0	111.1	492.0	0.5	118.8
Change in working capital	-11.8	81.8	-178.9	-217.0	93.4	-114.4
Cash Flow from Operations	223.7	302.3	162.9	1 034.3	37.3	-26.0
Cash spent on fixed and biological assets	-94.3	-187.0	-57.3	-409.6	-64.6	49.6
Acquisitions of equity accounted investments	-18.0	-41.5	-13.9	-128.6	-29.5	56.6
Cash Flow after Investing Activities	111.4	73.8	91.7	496.1	21.5	50.9

Capital Expenditure for January–March 2012

Additions to fixed and biological assets in the first quarter of 2012 totalled EUR 62 million, which is 44% of depreciation in the same period. In addition, the equity injection into Montes del Plata, a joint venture in Uruguay, was EUR 18 million in the first quarter of 2012. Investments in fixed assets and biological assets had a cash outflow impact of EUR 94 million in the first quarter of 2012.

The capital expenditure forecast for the Group for the full year 2012 has changed due to the announced consumer board and pulp mill project in China and is approximately EUR 700–750 million. Annual depreciation in 2012 will be about EUR 580 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 ongoing during the first quarter of 2012 were the Ostrołęka containerboard machine and the Skoghall woodyard investment.

Near-term Outlook

In the second quarter of 2012 Group sales are forecast to be slightly higher and operational EBIT approximately in the range of the first quarter of 2012 as there will be maintenance stoppages in several European mills and the benefits of improving variable costs are expected to become only slowly apparent in the results. The main maintenance impact is anticipated to be in the Biomaterials Business Area.

Segments Q1/12 compared with Q1/11

Stora Enso has reorganised its Business Area and Reporting Segment structure based on the different markets and customers the Business Areas serve. The new reporting segments are Printing and Reading, Biomaterials, Building and Living, Renewable Packaging and Other. The comparative data have been reclassified accordingly.

Printing and Reading

Printing and Reading's wide offering serves publishers, advertisers, printing houses, merchants, office equipment manufacturers and office suppliers, among others. Printing and Reading produces newsprint, SC paper, coated paper grades and office paper.

EUR million	Q1/12	Q4/11	Q1/11	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Sales	1 227.2	1 283.8	1 212.5	1.2	-4.4
Operational EBITDA	133.4	123.3	147.8	-9.7	8.2
Operational EBIT	67.3	55.6	85.2	-21.0	21.0
% of sales	5.5	4.3	7.0	-21.4	27.9
Operational ROOC, %*	8.9	7.2	10.8	-17.6	23.6
Paper deliveries, 1 000 t	1 783	1 886	1 707	4.5	-5.5
Paper production, 1 000 t	1 809	1 811	1 767	2.4	-0.1

* Operational ROOC = $100\% \times \text{Operational EBIT} / \text{Average operating capital}$

- Lower sales prices in local currencies than a year ago were not fully offset by lower variable costs.
- Volumes were higher than a year ago due to efficient sales and production even though European paper demand was weaker than in the previous year.
- Acquisition of Danish RCP collector Danfiber A/S was completed in January 2012. The consideration for a 51% shareholding amounted to EUR 0.4 million.
- Plans to reduce annual costs by approximately EUR 48 million with the full impact from the third quarter of 2013 onwards through restructuring and selected investments in coated magazine paper operations are proceeding.
- Co-determination negotiations regarding plans to streamline Swedish mill maintenance operations are ongoing and expected to be completed during the second quarter of 2012. Plans are expected to reduce annual costs by approximately EUR 7 million starting gradually from late 2012 onwards.

Markets

Product	Market	Demand Q1/12 compared with Q1/11	Demand Q1/12 compared with Q4/11	Price Q1/12 compared with Q1/11	Price Q1/12 compared with Q4/11
Paper	Europe	Weaker	Weaker	Slightly lower	Slightly lower

Biomaterials

Biomaterials offers a variety of pulp grades to meet the demands of paper, board and tissue producers. Pulp is an excellent raw material: it is made from renewable resources in a sustainable manner, and has many different uses.

EUR million	Q1/12	Q4/11	Q1/11	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Sales	241.7	255.4	291.6	-17.1	-5.4
Operational EBITDA	14.9	26.3	63.6	-76.6	-43.3
Operational EBIT	7.2	27.2	53.5	-86.5	-73.5
% of sales	3.0	10.6	18.3	-83.6	-71.7
Operational ROOC, %*	2.0	7.7	16.1	-87.6	-74.0
Pulp deliveries, 1 000 t	459	465	478	-4.0	-1.3

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

- Market pulp prices were significantly lower than a year ago.
- Volumes were lower than a year ago due to annual maintenance in Veracel Pulp Mill in the first quarter of 2012.
- Softwood pulp production volumes were lower due to operational issues in Nordic pulp mills. Montes del Plata 1.3 million tonnes per year pulp mill project is progressing, with almost 5 000 workers on site. Civil works on the site are advancing well. Erection of the digester, pre-assembly of bleaching towers and erection of recovery boiler structural steel and evaporator effects have continued.
- Production of dissolving pulp at Enocell Mill in Finland and deliveries to customers successfully started during the first quarter of 2012.

Markets

Product	Market	Demand Q1/12 compared with Q1/11	Demand Q1/12 compared with Q4/11	Price Q1/12 compared with Q1/11	Price Q1/12 compared with Q4/11
Softwood pulp	Europe	Weaker	Stronger	Significantly lower	Lower

Building and Living

Building and Living provides wood-based products and innovations for construction and interior decoration, as well as solid biofuels for the energy sector. Building and Living products address building, living and packaging needs. The products are recyclable, and made from high quality renewable European pine or spruce.

EUR million	Q1/12	Q4/11	Q1/11	Change % Q1/12- Q1/11	Change % Q1/12- Q4/11
Sales	381.2	382.0	409.7	-7.0	-0.2
Operational EBITDA	11.3	15.4	22.6	-50.0	-26.6
Operational EBIT	9.8	6.0	11.8	-16.9	63.3
% of sales	2.6	1.6	2.9	-10.3	62.5
Operational ROOC, %*	6.8	4.2	8.0	-15.0	61.9
Deliveries, 1 000 m ³	1 109	1 143	1 199	-7.5	-3.0

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

- Lower sales volumes than a year ago were partly offset by lower fixed costs; further cost reductions will be implemented in the second quarter of 2012.
- One-time gain of EUR 8 million in the first quarter of 2012 due to consolidation of equity accounted investment.
- Production curtailments implemented at highest-cost assets to defend margins and manage inventory levels will continue during the second quarter of 2012 if necessary in response to the slowdown in the global construction industry.

- CLT-based solutions in urban multi-storey building continued to grow as planned, with Nordic market as trailblazer. The new 60 000 m³ per year CLT production unit at Ybbs in Austria started up on schedule. In addition, the focus is now on strengthening design and project management resources.
- Progress as planned towards long-term target of transforming the business from basic sawmilling to more value-added products and concepts, such as post and beam products, building solutions and industrial components. Share of value-added products increased to 35% of end product sales, compared with 33% a year ago.

Markets

Product	Market	Demand Q1/12 compared with Q1/11	Demand Q1/12 compared with Q4/11	Price Q1/12 compared with Q1/11	Price Q1/12 compared with Q4/11
Wood products	Europe	Slightly weaker	Stable	Slightly higher	Stable

Renewable Packaging

Renewable Packaging produces fibre-based packaging materials and innovative packaging solutions for all major consumer goods and industrial packaging applications. Renewable Packaging operates in every stage of the value chain, from pulp production, material and package production to recycling. The Business Area comprises three business units: Consumer Board, Packaging Solutions and Packaging Asia.

EUR million	Q1/12	Q4/11	Q1/11	Change % Q1/12– Q1/11	Change % Q1/12– Q4/11
Sales	779.3	756.6	807.8	-3.5	3.0
Operational EBITDA	113.0	82.7	148.5	-23.9	36.6
Operational EBIT	61.7	32.8	101.0	-38.9	88.1
% of sales	7.9	4.3	12.5	-36.8	83.7
Operational ROOC, %*	11.4	6.1	19.1	-40.3	86.9
Paper and board deliveries, 1 000 t	766	720	799	-4.1	6.4
Paper and board production, 1 000 t	767	701	851	-9.9	9.4
Corrugated packaging deliveries, million m ²	261	273	247	5.7	-4.4
Corrugated packaging production, million m ²	257	264	249	3.2	-2.7

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

- Production volumes were lower than a year ago due to tight inventory control and some selected capacity was curtailed due to somewhat weaker demand.
- Stora Enso plans to invest EUR 1.6 billion in building integrated plantation-based board (450 000 tonnes per year) and pulp (total capacity 900 000 tonnes per year) mills at Beihai city in Guangxi, southern China.
- Stora Enso plans permanent closure of its converting unit at Páty in Hungary and improvements to the operational cost efficiency of its consumer board mill at Barcelona in Spain. Plans are expected to reduce annual costs by approximately EUR 4 million starting gradually from late 2012 onwards.
- Co-determination negotiations at Fors and Skoghall mills regarding plans to streamline Swedish mill maintenance operations and a general mill review are ongoing and expected to be completed during the second quarter of 2012. Plans are expected to reduce annual costs by approximately EUR 8 million starting gradually from late 2012 onwards.

Markets

Product	Market	Demand Q1/12 compared with Q1/11	Demand Q1/12 compared with Q4/11	Price Q1/12 compared with Q1/11	Price Q1/12 compared with Q4/11
Consumer board	Europe	Weaker	Stronger	Stable	Stable
Corrugated packaging	Europe	Slightly weaker	Stable	Slightly 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	Q1/12	Q4/11	Q1/11	Change %	Change %
				Q1/12– Q1/11	Q1/12– Q4/11
Sales	703.4	643.9	719.1	-2.2	9.2
Operational EBITDA	-10.5	-4.8	-14.2	26.1	-118.8
Operational EBIT	1.4	23.3	6.8	-79.4	-94.0
% of sales	0.2	3.6	0.9	-77.8	-94.4

- Operational EBIT was as expected lower than a year ago in Bergvik Skog and Tornator due to lower volumes.
- Operational EBIT was clearly lower than a year ago in Nordic wood sourcing operations mainly due to EUR 5 million inventory adjustment.
- Planning is in progress to redefine the internal service offering.

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: 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 26 million on operational EBIT for the next twelve months, after the effect of hedges.

Wood sensitivity analysis: the direct effect of a 10% increase in wood prices would have a negative impact of approximately EUR 207 million on operational EBIT for the next twelve months.

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

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

Foreign exchange rates sensitivity analysis for the next twelve months: the direct effect on operational EBIT of a 10% strengthening in the value of the US dollar, Swedish krona and British pound against the euro would be about positive EUR 116 million, negative EUR 90 million and positive EUR 62 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.

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. The total claim against all the defendants amounts to approximately EUR 159 million and the secondary claim against Stora Enso to approximately EUR 87 million.

In addition, Finnish municipalities and private forest owners have initiated similar legal proceedings. The total amount claimed from all the defendants amounts to approximately EUR 72 million and the secondary claims and claims solely against Stora Enso to approximately EUR 26 million.

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

Changes in Organisational Structure and Group Management

The Group Executive Team has been as follows since 19 March 2012:

Jouko Karvinen, Chief Executive Officer

Juan Bueno, Executive Vice President, Biomaterials Business Area

Lars Häggström, Executive Vice President, Global People and Organisation

Hannu Kasurinen, Executive Vice President, Building and Living Business Area

Per Lyrvall, Executive Vice President, Global Ethics and Compliance, General Counsel

Mats Nordlander, Executive Vice President, Renewable Packaging Business Area

Lauri Peltola, Executive Vice President, Global Identity

Karl-Henrik Sundström, Executive Vice President, Chief Financial Officer (as of 1 August 2012)

Juha Vanhainen, Executive Vice President, Printing and Reading Business Area

The current CFO, Markus Rauramo, has been appointed as CFO of Fortum Corporation. He will remain with Stora Enso and in the Group Executive Team until Karl-Henrik Sundström joins the Company.

Share Capital

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

On 31 March 2012 Stora Enso had 177 147 772 A shares and 612 390 727 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.

This report is unaudited.

Helsinki, 24 April 2012

Stora Enso Oyj

Board of Directors

Financials

Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the accounting policies set out in International Accounting Standard 34 on Interim Financial Reporting and in the Group's Annual Report for 2011.

There were no new EU-endorsed standards or interpretations effective from 1 January 2012. IASB has published one amendment effective from 1 January 2012. It does not affect the Group's financial statements.

New Business Area Structure

Stora Enso has reorganised its Business Area and Reporting Segment structure based on the different markets and customers the Business Areas serve. The new reporting segments are Printing and Reading, Biomaterials, Building and Living, Renewable Packaging and Other.

The Printing and Reading Business Area comprises the former Newsprint and Book Paper, Magazine Paper and Fine Paper reporting segments. The Biomaterials Business Area mainly comprises tree plantations, the Group's joint-venture Veracel and Montes del Plata pulp mills and Nordic stand-alone pulp mills. The Wood Products Business Area was renamed the Building and Living Business Area. The Renewable Packaging Business Area comprises the former Consumer Board and Industrial Packaging reporting segments, and includes the plantations in Guangxi in China. The segment Other includes the Nordic forest equity accounted investments, Stora Enso's shareholding in Pohjolan Voima, the operations supplying wood to the Nordic mills and Group administration. The comparative data have been reclassified accordingly.

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 presented on one line in Stora Enso's operating profit. The share of taxes of equity accounted investments has been eliminated from tax expense. Comparative data have been reclassified accordingly.

Operational EBIT as new key operative measure

The Group adopted operational EBIT as a key operative non-IFRS measure with effect from the fourth quarter of 2011 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.

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 initial acquisition accounting of the integration of the company has been only provisionally determined at the end of the first quarter of 2012. The necessary fair valuations and other calculations have not been finalised and they are based on management's best estimate. For more information, see Annual Report 2011, Note 4, Acquisitions and Disposals.

Condensed Consolidated Income Statement

EUR million	Q1/12	Q4/11	Q1/11	2011	Change % Q1/12– Q1/11	Change % Q1/12– Q4/11
Sales	2 673.3	2 681.6	2 726.9	10 964.9	-2.0	-0.3
Other operating income	43.5	53.1	57.0	208.9	-23.7	-18.1
Materials and services	-1 729.8	-1 796.2	-1 668.2	-6 971.9	-3.7	3.7
Freight and sales commissions	-242.0	-243.5	-257.1	-1 018.9	5.9	0.6
Personnel expenses	-342.1	-327.9	-343.2	-1 393.9	0.3	-4.3
Other operating expenses	-148.9	-148.3	-143.3	-575.2	-3.9	-0.4
Share of results of equity accounted investments	14.7	89.9	13.5	118.0	8.9	-83.6
Depreciation and impairment	-144.8	-139.2	-154.9	-572.6	6.5	-4.0
Operating Profit	123.9	169.5	230.7	759.3	-46.3	-26.9
Net financial items	-34.0	-59.2	-51.2	-338.4	33.6	42.6
Profit before Tax	89.9	110.3	179.5	420.9	-49.9	-18.5
Income tax	-15.8	-10.1	-23.6	-78.7	33.1	-56.4
Net Profit for the Period	74.1	100.2	155.9	342.2	-52.5	-26.0
Attributable to:						
Owners of the Parent	72.9	98.7	155.6	339.7	-53.1	-26.1
Non-controlling interests	1.2	1.5	0.3	2.5	n/m	-20.0
	74.1	100.2	155.9	342.2	-52.5	-26.0
Earnings per Share						
Basic earnings per share, EUR	0.09	0.12	0.20	0.43	-55.0	-25.0
Diluted earnings per share, EUR	0.09	0.12	0.20	0.43	-55.0	-25.0

Consolidated Statement of Comprehensive Income

EUR million	Q1/12	Q4/11	Q1/11	2011
Net profit for the period	74.1	100.2	155.9	342.2
Other Comprehensive Income				
Actuarial losses on defined benefit pension plans	-	-55.8	-	-55.8
Available for sale financial assets	-68.5	-185.7	8.1	-240.5
Currency and commodity hedges	24.0	-9.4	-3.1	-128.4
Share of other comprehensive income of equity accounted investments	-1.9	-4.7	3.0	-19.4
Currency translation movements on equity net investments (CTA)	17.7	96.4	-52.2	-76.2
Currency translation movements on non-controlling interests	-1.8	2.3	-1.9	-
Net investment hedges	-6.3	-13.9	3.5	6.0
Income tax relating to components of other comprehensive income	-3.9	12.6	0.3	40.8
Other Comprehensive Income, net of tax	-40.7	-158.2	-42.3	-473.5
Total Comprehensive Income	33.4	-58.0	113.6	-131.3
Total Comprehensive Income Attributable to:				
Owners of the Parent	34.0	-61.8	115.2	-133.8
Non-controlling interests	-0.6	3.8	-1.6	2.5
	33.4	-58.0	113.6	-131.3

Condensed Consolidated Statement of Cash Flows

EUR million	Q1/12	Q1/11
Cash Flow from Operating Activities		
Operating profit	123.9	230.7
Hedging result from OCI	21.4	-5.0
Adjustments for non-cash items	111.6	111.1
Change in net working capital	-8.8	-205.9
Cash Flow Generated by Operations	248.1	130.9
Net financial items paid	-68.6	-71.4
Income taxes paid, net	-54.6	-47.3
Net Cash Provided by Operating Activities	124.9	12.2
Cash Flow from Investing Activities		
Acquisitions of subsidiaries, net of acquired cash	-3.3	-
Acquisitions of equity accounted investments	-18.0	-13.9
Proceeds from sale of fixed assets and shares, net of disposed cash	1.6	9.4
Capital expenditure	-94.3	-57.3
Payments/proceeds of non-current receivables, net	-1.7	3.1
Net Cash Used in Investing Activities	-115.7	-58.7
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	657.5	19.0
Long-term debt, payments	-397.0	-15.4
Change in short-term borrowings	-152.8	52.3
Dividend to non-controlling interests	-0.2	-1.2
Net Cash Provided by Financing Activities	107.5	54.7
Net Increase in Cash and Cash Equivalents	116.7	8.2
Translation adjustment	-0.2	-3.7
Net cash and cash equivalents at the beginning of period	1 134.3	1 103.1
Net Cash and Cash Equivalents at Period End	1 250.8	1 107.6
Cash and Cash Equivalents at Period End	1 251.0	1 115.0
Bank Overdrafts at Period End	-0.2	-7.4
Net Cash and Cash Equivalents at Period End	1 250.8	1 107.6
Acquisitions of Subsidiary Companies		
Cash and cash equivalents, net of bank overdraft	1.1	-
Fixed assets	0.4	-
Working capital	-1.2	-
Tax assets and liabilities	0.1	-
Fair Value of Net Assets Acquired	0.4	-
Non-controlling interest (as proportionate share)	-0.2	-
Provisional goodwill	0.1	-
Total Purchase Consideration	0.3	-
Less cash and cash equivalents in acquired companies	-1.1	-
Net Purchase Consideration	-0.8	-
Acquisitions of subsidiaries	3.3	-
Payment concerning unfinished 2011 acquisition	-4.1	-
Net Purchase Consideration	-0.8	-

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	Q1/12	Q1/11	2011
Carrying value at 1 January	5 480.2	5 565.8	5 565.8
Acquisition of subsidiary companies	0.4	-	63.3
Additions in fixed assets	59.0	54.6	436.1
Additions in biological assets	3.2	2.7	17.2
Change in emission rights	32.4	59.9	2.0
Disposals	-1.0	-8.2	-13.4
Depreciation and impairment	-144.8	-154.9	-572.6
Translation difference and other	30.5	-14.3	-18.2
Statement of Financial Position Total	5 459.9	5 505.6	5 480.2

Borrowings

EUR million	31 Mar 12	31 Dec 11	31 Mar 11
Non-current borrowings	3 597.9	3 339.4	3 320.7
Current borrowings	863.1	1 034.0	748.4
	4 461.0	4 373.4	4 069.1

	Q1/12	2011	Q1/11
Carrying value at 1 January	4 373.4	4 011.2	4 011.2
Debt acquired with new subsidiaries	-	5.4	-
Proceeds of borrowings (net)	79.1	331.6	67.8
Translation difference and other	8.5	25.2	-9.9
Statement of Financial Position Total	4 461.0	4 373.4	4 069.1

Condensed Consolidated Statement of Financial Position

EUR million		31 Mar 12	31 Dec 11	31 Mar 11
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	5 175.0	5 224.6	5 221.1
Biological assets	O	209.5	212.6	183.6
Emission rights	O	75.4	43.0	100.9
Equity accounted investments	O	1 925.9	1 913.1	1 725.4
Available-for-sale: Interest-bearing	I	83.8	82.0	79.0
Available-for-sale: Operative	O	572.1	640.2	888.6
Non-current loan receivables	I	127.5	125.3	125.0
Deferred tax assets	T	130.1	121.9	100.3
Other non-current assets	O	32.0	26.6	30.6
		8 331.3	8 389.3	8 454.5
Current Assets				
Inventories	O	1 541.2	1 528.7	1 596.7
Tax receivables	T	13.7	6.2	6.7
Operative receivables	O	1 709.2	1 654.6	1 713.5
Interest-bearing receivables	I	287.0	281.5	349.1
Cash and cash equivalents	I	1 251.0	1 138.8	1 115.0
		4 802.1	4 609.8	4 781.0
Total Assets		13 133.4	12 999.1	13 235.5
Equity and Liabilities				
Owners of the Parent		5 906.7	5 872.7	6 318.1
Non-controlling Interests		86.5	87.1	49.0
Total Equity		5 993.2	5 959.8	6 367.1
Non-current Liabilities				
Post-employment benefit provisions	O	332.3	333.1	319.0
Other provisions	O	141.0	147.7	150.3
Deferred tax liabilities	T	416.0	401.0	415.9
Non-current debt	I	3 597.9	3 339.4	3 320.7
Other non-current operative liabilities	O	26.3	31.9	34.5
		4 513.5	4 253.1	4 240.4
Current Liabilities				
Current portion of non-current debt	I	244.9	250.0	228.3
Interest-bearing liabilities	I	618.2	784.0	520.1
Operative liabilities	O	1 720.8	1 678.7	1 779.9
Tax liabilities	T	42.8	73.5	99.7
		2 626.7	2 786.2	2 628.0
Total Liabilities		7 140.2	7 039.3	6 868.4
Total Equity and Liabilities		13 133.4	12 999.1	13 235.5

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 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	-	-	-	-	-	-	-	-	-	155.6	155.6	0.3	155.9
OCI before tax	-	-	-	-	-	8.1	-3.1	3.0	-48.7	-	-40.7	-1.9	-42.6
Income tax relating to components of OCI	-	-	-	-	-	0.3	0.9	-	-0.9	-	0.3	-	0.3
Total Comprehensive Income	-	-	-	-	-	8.4	-2.2	3.0	-49.6	155.6	115.2	-1.6	113.6
Dividend	-	-	-	-	-	-	-	-	-	-	-	-1.2	-1.2
Balance at 31 March 2011	1 342.2	76.6	633.1	-10.2	3.9	788.4	75.7	-6.8	54.1	3 361.1	6 318.1	49.0	6 367.1
Profit for the period	-	-	-	-	-	-	-	-	-	184.1	184.1	2.2	186.3
OCI before tax	-	-	-	-	-	-248.6	-125.3	-22.4	-21.5	-55.8	-473.6	1.9	-471.7
Income tax relating to components of OCI	-	-	-	-	-	0.8	32.4	-	-0.6	7.9	40.5	-	40.5
Total Comprehensive Income	-	-	-	-	-	-247.8	-92.9	-22.4	-22.1	136.2	-249.0	4.1	-244.9
Dividend	-	-	-	-	-	-	-	-	-	-197.2	-197.2	-2.4	-199.6
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
Profit for the period	-	-	-	-	-	-	-	-	-	72.9	72.9	1.2	74.1
OCI before tax	-	-	-	-	-	-68.5	24.0	-1.9	11.4	-	-35.0	-1.8	-36.8
Income tax relating to components of OCI	-	-	-	-	-	0.1	-5.5	-	1.5	-	-3.9	-	-3.9
Total Comprehensive Income	-	-	-	-	-	-68.4	18.5	-1.9	12.9	72.9	34.0	-0.6	33.4
Dividend	-	-	-	-	-	-	-	-	-	-	-	-0.2	-0.2
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Balance at 31 Mar 2012	1 342.2	76.6	633.1	-10.2	3.9	472.2	1.3	-31.1	44.9	3 373.8	5 906.7	86.5	5 993.2

CTA = Cumulative Translation Adjustment

OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	31 Mar 12	31 Dec 11	31 Mar 11
On Own Behalf			
Pledges	1.1	1.3	-
Mortgages	9.7	9.7	5.2
On Behalf of Equity Accounted Investments			
Guarantees	433.8	390.2	137.6
On Behalf of Others			
Guarantees	5.1	5.0	102.1
Other Commitments, Own			
Operating leases, in next 12 months	64.6	66.1	55.2*
Operating leases, after next 12 months	522.9	525.8	482.2*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.4	5.1	59.7*
Total	1 043.0	1 003.6	842.4

Pledges	1.1	1.3	-
Mortgages	9.7	9.7	5.2
Guarantees	438.9	395.2	239.7
Operating leases	587.5	591.9	537.4*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.4	5.1	59.7*
Total	1 043.0	1 003.6	842.4

* 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 March 2011 have been reclassified to comply with the changes in reporting.

Capital commitments

The Group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 199 million at 31 March 2012, compared with EUR 35 million at 31 March 2011 and EUR 214 million at 31 December 2011.

The Group's share of capital expenditure contracts in equity accounted investments, excluding acquisitions, amounted to EUR 393 million (compared with NIL at 31 March 2011 and EUR 436 million at 31 December 2011) of which Stora Enso has guaranteed EUR 189 million (compared with NIL at 31 March 2011 and EUR 189 million at 31 December 2011).

Fair Values of Derivative Financial Instruments

EUR million	31 Mar 12		31 Dec 11		31 Mar 11
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values	Net Fair Values
Interest rate swaps	151.2	-54.2	97.0	95.8	124.6
Interest rate options	-	-48.3	-48.3	-51.0	-27.4
Forward contracts	8.0	-27.1	-19.1	4.8	20.9
Currency options	18.8	-12.4	6.4	-16.1	40.5
Commodity contracts	15.1	-19.6	-4.5	-2.1	16.7
Equity swaps ("TRS")	-	-6.3	-6.3	-22.6	18.7
Total	193.1	-167.9	25.2	8.8	194.0

Nominal Values of Derivative Financial Instruments

EUR million	31 Mar 12	31 Dec 11	31 Mar 11
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	60.5	61.6	781.8
Maturity 2–5 years	2 067.7	2 073.3	1 568.0
Maturity 6–10 years	250.0	250.0	768.7
	2 378.2	2 384.9	3 118.5
Interest rate options	511.9	522.8	547.7
Total	2 890.1	2 907.7	3 666.2
Foreign Exchange Derivatives			
Forward contracts	2 310.1	1 750.2	2 287.0
Currency options	2 485.7	2 669.4	2 502.6
Total	4 795.8	4 419.6	4 789.6
Commodity Derivatives			
Commodity contracts	257.3	236.7	279.6
Total	257.3	236.7	279.6
Total Return (Equity) Swaps			
Equity swaps ("TRS")	67.2	73.3	73.3
Total	67.2	73.3	73.3

Sales by Segment

EUR million	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	1 227.2	5 022.0	1 283.8	1 283.1	1 242.6	1 212.5
Biomaterials	241.7	1 092.0	255.4	276.4	268.6	291.6
Building and Living	381.2	1 671.1	382.0	414.0	465.4	409.7
Renewable Packaging	779.3	3 194.6	756.6	800.6	829.6	807.8
Other	703.4	2 700.5	643.9	637.4	700.1	719.1
Inter-segment sales	-659.5	-2 715.3	-640.1	-672.2	-689.2	-713.8
Total	2 673.3	10 964.9	2 681.6	2 739.3	2 817.1	2 726.9

Operational EBIT by Segment

EUR million	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	67.3	285.3	55.6	72.3	72.2	85.2
Biomaterials	7.2	169.2	27.2	57.3	31.2	53.5
Building and Living	9.8	62.8	6.0	9.8	35.2	11.8
Renewable Packaging	61.7	301.3	32.8	73.6	93.9	101.0
Other	1.4	48.1	23.3	11.4	6.6	6.8
Operational EBIT	147.4	866.7	144.9	224.4	239.1	258.3
Fair valuations and non-operational items*	1.2	-27.5	45.6	-45.8	-26.9	-0.4
Non-recurring items	-24.7	-79.9	-21.0	-	-31.7	-27.2
Operating Profit (IFRS)	123.9	759.3	169.5	178.6	180.5	230.7
Net financial items	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	89.9	420.9	110.3	-14.8	145.9	179.5
Income tax expense	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	74.1	342.2	100.2	-49.9	136.0	155.9

*Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO₂ emission rights and valuations of biological assets related to forest assets in EAI and Group's share of tax and net financial items of EAI.

NRI by Segment

EUR million	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	-9.6	-29.1	3.7	-	-27.5	-5.3
Biomaterials	-	12.6	7.5	-	-1.9	7.0
Building and Living	-	-33.5	-4.6	-	-	-28.9
Renewable Packaging	-15.1	-8.9	-6.6	-	-2.3	-
Other	-	-21.0	-21.0	-	-	-
NRI on Operating Profit	-24.7	-79.9	-21.0	-	-31.7	-27.2
NRI on Financial items	13.6	-138.3	-10.1	-128.2	-	-
NRI on tax	5.0	62.2	50.8	-	3.6	7.8
NRI on Net Profit	-6.1	-156.0	19.7	-128.2	-28.1	-19.4

Fair Valuations and Non-operational Items* by Segment

EUR million	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	-1.0	-7.9	2.0	-0.3	-9.2	-0.4
Biomaterials	-4.6	-18.5	2.7	-11.6	-5.4	-4.2
Building and Living	-2.2	-1.8	-	-	-1.8	-
Renewable Packaging	-0.7	-6.6	-	-	-6.6	-
Other	9.7	7.3	40.9	-33.9	-3.9	4.2

**Fair Valuations and Non-
operational Items on
Operating Profit**

1.2	-27.5	45.6	-45.8	-26.9	-0.4
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*Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO₂ emission rights and 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	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	56.7	248.3	61.3	72.0	35.5	79.5
Biomaterials	2.6	163.3	37.4	45.7	23.9	56.3
Building and Living	7.6	27.5	1.4	9.8	33.4	-17.1
Renewable Packaging	45.9	285.8	26.2	73.6	85.0	101.0
Other	11.1	34.4	43.2	-22.5	2.7	11.0
Operating Profit (IFRS)	123.9	759.3	169.5	178.6	180.5	230.7
Net financial items	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	89.9	420.9	110.3	-14.8	145.9	179.5
Income tax expense	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	74.1	342.2	100.2	-49.9	136.0	155.9

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Mar 12	31 Dec 11	31 Mar 12	31 Dec 11
SEK	8.8455	8.9120	8.8524	9.0307
USD	1.3356	1.2939	1.3110	1.3922
GBP	0.8339	0.8353	0.8345	0.8678

Transaction Risk and Hedges in Main Currencies as at 31 March 2012

EUR million	USD	GBP	SEK
Estimated annual net operating cash flow exposure	1 160	620	-900
Transaction hedges as at 31 Mar 2012	-580	-280	390
Hedging percentage as at 31 Mar 2012 for the next 12 months	50%	45%	43%

Additional USD and GBP hedges for 13–14 months increase the hedging percentages by 2% and 4% respectively.

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency strengthening of + 10%	EUR million
USD	116
SEK	-90
GBP	62

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
January	124 956	114 203 048	245 891	38 175 676
February	115 237	90 036 594	143 346	21 685 228
March	73 232	98 490 288	93 020	20 562 593
Total	313 425	302 729 930	482 257	80 423 497

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
January	6.68	5.44	60.50	48.35
February	6.74	5.64	60.00	49.61
March	6.77	5.57	59.30	49.20

Calculation of Key Figures

Operational return on capital employed, operational ROCE (%)	100 x	$\frac{\text{Operational EBIT}}{\text{Capital employed}^{1) 2)}$
Operational return on operating capital, operational ROOC (%)	100 x	$\frac{\text{Operational EBIT}}{\text{Operating capital}^{2)}$
Return on equity, ROE (%)	100 x	$\frac{\text{Profit before tax and non-controlling items} - \text{taxes}}{\text{Total equity}^{2)}$
Equity ratio (%)	100 x	$\frac{\text{Total equity}}{\text{Total assets}}$
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		$\frac{\text{Interest-bearing net liabilities}}{\text{Equity}}$
CEPS		$\frac{\text{Net profit/loss for the period}^{3)} - \frac{\text{Fixed asset depreciation and impairment}}{\text{Average number of shares}}}{\text{Average number of shares}}$
EPS		$\frac{\text{Net profit/loss for the period}^{3)}}{\text{Average number of shares}}$
Operational EBIT		Operating profit/loss excluding NRI and fair valuations and 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

For further information, please contact:

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Stora Enso's second quarter 2012 results will be published on 20 July 2012 at 13.00 EET.

PRESS CONFERENCE IN HELSINKI

Time: 13.15 local time today

Location: Marina Congress Center, Helsinki

Address: Katajanokanlaituri 6

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 SVP Investor Relations Ulla Paajanen-Sainio will be hosting a combined conference call and webcast today at 14:30 Finnish time (13:30 CET, 12:30 UK time, 07:30 US Eastern time).

If you wish to participate, please dial:

Continental Europe and the UK	+44(0)20 7136 2051
Finland	+358(0)9 6937 9590
Sweden	+46(0)8 5876 9446
USA	+1646 254 3360
Access code:	6346554

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

Stora Enso is the global rethinker of the paper, biomaterials, wood products and packaging industry. We always rethink the old and expand to the new to offer our customers innovative solutions based on renewable materials. Stora Enso employs some 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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