STORA ENSO OYJ INTERIM REVIEW 20 July 2012 at 13.00 EET

Stora Enso Interim Review January–June 2012

Quarterly performance as anticipated, European paper and wood products markets continue to weaken

- ***Operational EBIT at similar level to Q1 2012, lower year-on-year at EUR 141 (EUR 239) million mainly due to lower sales prices.***
- ***Cash flow from operations EUR 246 (EUR 207) million and liquidity EUR 1 240 (EUR 996) million, both stronger year-on-year.***
- ***NRI with a positive net impact of EUR 56 million on net profit and EUR 0.07 impact on EPS.***
- ***Printing and Reading and Building and Living plan additional cost reductions and temporary production curtailments in the second half of 2012.***
- ***Strategic investments to transform the Group progressing.***
- ***Q3 2012 sales are expected to be at roughly similar level and operational EBIT at similar level or somewhat higher than in Q2 2012.***

Summary of Second Quarter Results

		Q2/12	Q1/12	Q2/11
Sales	EUR million	2 720.4	2 673.3	2 817.1
Operational EBITDA	EUR million	248.1	262.1	357.6
Operational EBIT*	**EUR million**	**141.2**	**147.4**	**239.1**
Operating profit (IFRS)	EUR million	152.7	123.9	180.5
Profit before tax excl. NRI	EUR million	31.8	101.0	177.6
Profit before tax	EUR million	85.9	89.9	145.9
Net profit excl. NRI	EUR million	13.5	80.2	164.1
Net profit	EUR million	69.5	74.1	136.0
EPS excl. NRI	EUR	0.02	0.10	0.21
EPS	EUR	0.09	0.09	0.17
CEPS excl. NRI	EUR	0.20	0.28	0.39
Operational ROCE	%	6.5	6.8	10.9

**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, CO_2 emission rights and valuations of biological assets related to forest assets in EAI.*

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Stora Enso Deliveries and Production

	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Paper and board deliveries (1 000 tonnes)	2 574	2 549	2 609	10 330	5 123	5 115	-1.3	1.0	0.2
Paper and board production (1 000 tonnes)	2 610	2 576	2 630	10 346	5 186	5 248	-0.8	1.3	-1.2
Wood products deliveries (1 000 m^3)	1 292	1 154	1 423	5 072	2 446	2 661	-9.2	12.0	-8.1
Market pulp deliveries (1 000 tonnes)*	246	261	247	1 130	507	560	-0.4	-5.7	-9.5
Corrugated packaging deliveries (million m^2)	282	261	242	1 018	543	489	16.5	8.0	11.0

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

Breakdown of Sales Change Q2/2011 to Q2/2012

Q2/11, EUR million	**2 817.1**
Price and mix, %	-3
Currency, %	1
Volume, %	-2
Other sales*, %	-
Total before structural changes, %	-4
Structural change**, %	1
Total, %	-3
Q2/12, EUR million	**2 720.4**

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

Key Figures

EUR million	Q2/12	Q1/12	Q2/11	Q1-Q2/12	Q1-Q2/11	2011	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	2 720.4	2 673.3	2 817.1	5 393.7	5 544.0	10 964.9	-3.4	1.8	-2.7
Operational EBITDA	248.1	262.1	357.6	510.2	725.9	1 308.0	-30.6	-5.3	-29.7
Operational EBIT	141.2	147.4	239.1	288.6	497.4	866.7	-40.9	-4.2	-42.0
Operational EBIT margin, %	5.2	5.5	8.5	5.4	9.0	7.9	-38.8	-5.5	-40.0
Operating profit (IFRS)	152.7	123.9	180.5	276.6	411.2	759.3	-15.4	23.2	-32.7
Operating margin (IFRS), %	5.6	4.6	6.4	5.1	7.4	6.9	-12.5	21.7	-31.1
Profit before tax excl. NRI	31.8	101.0	177.6	132.8	384.3	639.1	-82.1	-68.5	-65.4
Profit before tax	85.9	89.9	145.9	175.8	325.4	420.9	-41.1	-4.4	-46.0
Net profit for the period excl. NRI	13.5	80.2	164.1	93.7	339.4	498.2	-91.8	-83.2	-72.4
Net profit for the period	69.5	74.1	136.0	143.6	291.9	342.2	-48.9	-6.2	-50.8
Capital expenditure	154.2	62.2	85.4	216.4	142.7	453.3	80.6	147.9	51.6
Depreciation and impairment charges excl. NRI	140.9	142.7	140.1	283.6	275.5	554.9	0.6	-1.3	2.9
Operational ROCE, %	6.5	6.8	10.9	6.7	11.4	10.0	-40.4	-4.4	-41.2
Earnings per share (EPS) excl. NRI, EUR	0.02	0.10	0.21	0.12	0.43	0.63	-90.5	-80.0	-72.1
EPS (basic), EUR	0.09	0.09	0.17	0.18	0.37	0.43	-47.1	-	-51.4
Cash earnings per share (CEPS) excl. NRI, EUR	0.20	0.28	0.39	0.48	0.78	1.33	-48.7	-28.6	-38.5
CEPS, EUR	0.26	0.28	0.35	0.54	0.74	1.16	-25.7	-7.1	-27.0
Return on equity (ROE), %	4.8	5.0	8.6	4.9	9.3	5.6	-44.2	-4.0	-47.3
Debt/equity ratio	0.54	0.46	0.41	0.54	0.41	0.47	31.7	17.4	31.7
Equity per share, EUR	7.05	7.49	7.90	7.05	7.90	7.45	-10.8	-5.9	-10.8
Equity ratio, %	43.3	45.6	48.5	43.3	48.5	45.8	-10.7	-5.0	-10.7
Average number of employees	29 226	29 041	27 019	28 817	26 623	27 958	8.2	0.6	8.2
Average number of shares (million)									
periodic	788.6	788.6	788.6	788.6	788.6	788.6			
cumulative	788.6	788.6	788.6	788.6	788.6	788.6			
cumulative, diluted	788.6	788.6	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, 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	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Operational EBIT	**141.2**	**147.4**	**239.1**	**866.7**	**288.6**	**497.4**	**-40.9**	**-4.2**	**-42.0**
Fair valuations and non-operational items*	-33.1	1.2	-26.9	-27.5	-31.9	-27.3	-23.0	n/m	-16.8
Non-recurring items	44.6	-24.7	-31.7	-79.9	19.9	-58.9	240.7	280.6	133.8
Operating Profit (IFRS)	**152.7**	**123.9**	**180.5**	**759.3**	**276.6**	**411.2**	**-15.4**	**23.2**	**-32.7**

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

Q2/2012 Results (compared with Q2/2011)

Sales at EUR 2 720 million were EUR 97 million lower than a year ago. Operational EBIT at EUR 141 million was EUR 98 million lower than a year ago. This represents an operational EBIT margin of 5.2% (8.5%).

Clearly lower sales prices in local currencies, mainly in paper and pulp grades, decreased operational EBIT by EUR 83 million and slightly lower deliveries and production decreased operational EBIT by EUR 14 million. Paper and board production was curtailed by 7% (6%) and sawnwood production by 6% (3%) to manage inventories.

Lower pulp and recycled paper costs were partly offset by slightly higher sawlog and chemical prices. The overall net impact of variable costs in local currencies was a positive EUR 14 million. Fixed costs were unchanged, with costs in Europe lower due to cost saving measures including permanent closure of Kopparfors Sawmill and the Fine Paper restructuring programme launched in the first half of 2011. Fixed costs were higher mainly in Asia due to the Inpac acquisition and the board and pulp mill project in China.

The average number of employees at 29 200 was 2 200 higher than a year ago. The number of employees increased by 2 800 mainly in Asia due to the Inpac acquisition and decreased by 600 in Europe.

Exchange rates had a negative net impact on operational EBIT totalling EUR 16 million, after hedges. The second quarter 2011 results included the material favourable impact of Swedish krona hedges.

Fair valuations and non-operational items were EUR -33 (EUR -27) million. The Group recorded as non-recurring items (NRI) a positive EUR 45 million at operating profit level comprising EUR 41 million positive impact due to a tax-free dividend from Pohjolan Voima (PVO), EUR 21 million positive impact due to a release of valuation allowance on value added tax for Arapoti Mill in Brazil, EUR 9 million negative impact due to an adjustment related to an equity accounted investment and EUR 8 million negative impact on operating profit due to restructuring plans in the Printing and Reading Business Area. Additionally the Group recorded as a non-recurring item in financial items EUR 10 million positive impact due to reversal of a provision relating to the NewPage Stevens Point Mill.

Net financial items were EUR -67 (EUR -35) million. Net interest expenses increased from EUR 28 million to EUR 42 million. Net foreign exchange loss amounted to EUR 18 (EUR 1) million. The net loss from other financial items totalled EUR 7 (EUR 6) million, including a NRI with EUR 10 million positive impact due to the NewPage lease guarantee provision reversal. The remaining loss of EUR 17 million was mainly related to the fair valuations of interest rate derivatives and financial fees.

Group capital employed was EUR 8 647 million on 30 June 2012, a net decrease of EUR 190 million on a year earlier. Group capital employed decreased primarily due to a EUR 480 million reduction in the valuation of PVO mainly resulting from lower anticipated future electricity prices, EUR 60 million from capital expenditure being lower than depreciation and a EUR 60 million decrease in working capital. Increases were primarily due to EUR 70 million from the Inpac acquisition and a EUR 230 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. In addition, changes in the impact of foreign exchange rates increased capital employed by EUR 100 million, mainly due to strengthening of the Swedish krona, Chinese Renminbi and US dollar, partly offset by weakening of the Brazilian Real.

The operational return on capital employed was 6.5% (10.9%).

January–June 2012 Results (compared with January–June 2011)

Sales decreased by EUR 150 million year-on-year. Operational EBIT decreased by EUR 209 million due to lower prices in local currencies and lower delivery volumes. Exchange rates had a negative net impact on operational EBIT, after hedges. Fixed and variable costs remained unchanged.

Q2/2012 Results (compared with Q1/2012)

Sales were slightly higher than in the previous quarter at EUR 2 720 million. Operational EBIT was EUR 6 million lower than in the previous quarter at EUR 141 million. Delivery volumes and pulp sales prices in local currencies were slightly higher and paper sales prices in local currencies slightly lower than in the previous quarter. Exchange rates had a positive net impact on operational EBIT, after hedges. Fixed costs increased due to higher personnel costs and scheduled maintenance at several European mills.

Capital Structure

EUR million	**30 Jun 12**	**31 Mar 12**	**31 Dec 11**	**30 Jun 11**
Operative fixed assets	5 879.3	6 032.0	6 120.4	6 289.1
Equity accounted investments	1 947.9	1 925.9	1 913.1	1 716.0
Operative working capital, net	1 587.3	1 529.6	1 504.6	1 653.0
Non-current interest-free items, net	-453.8	-467.6	-486.1	-450.9
Operating Capital Total	**8 960.7**	**9 019.9**	**9 052.0**	**9 207.2**
Net tax liabilities	-313.7	-315.0	-346.4	-368.2
Capital Employed	**8 647.0**	**8 704.9**	**8 705.6**	**8 839.0**
Equity attributable to Company shareholders	5 560.9	5 906.7	5 872.7	6 229.2
Non-controlling interests	91.5	86.5	87.1	49.1
Net interest-bearing liabilities	2 994.6	2 711.7	2 745.8	2 560.7
Financing Total	**8 647.0**	**8 704.9**	**8 705.6**	**8 839.0**

Financing Q2/2012 (compared with Q1/2012)

Cash flow from operations was EUR 246 (EUR 224) million. Cash flow after investing activities was EUR 75 (EUR 111) million. Interest-bearing net liabilities of the Group increased by EUR 283 million to EUR 2 995 million mainly due to payment of the 2012 dividend during the second quarter.

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 240 million, which is EUR 11 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 600 million.

In June 2012 Stora Enso issued two five-year bonds totalling SEK 1 700 million (EUR 193 million) under its EMTN (Euro Medium Term Note) programme. There are no financial or change of control covenants in the new debt.

The debt/equity ratio at 30 June 2012 was 0.54 (0.46). The increase is primarily due to the EUR 237 million dividend payment made during the second quarter of 2012 and EUR 138 million reduction in the value of PVO. The currency effect on owners’ equity net of the hedging of equity translation risks was negative EUR 19 million.

Cash Flow

EUR million	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Operating profit	152.7	123.9	180.5	759.3	276.6	411.2	-15.4	23.2	-32.7
Depreciation and other non-cash items	152.1	111.6	186.7	492.0	263.7	297.8	-18.5	36.3	-11.5
Change in working capital	-59.2	-11.8	-160.0	-217.0	-71.0	-338.9	63.0	n/m	79.0
Cash Flow from Operations	**245.6**	**223.7**	**207.2**	**1 034.3**	**469.3**	**370.1**	**18.5**	**9.8**	**26.8**
Cash spent on fixed and biological assets	-127.6	-94.3	-85.4	-409.6	-221.9	-142.7	-49.4	-35.3	-55.5
Acquisitions of equity accounted investments	-43.5	-18.0	-11.0	-128.6	-61.5	-24.9	-295.5	-141.7	-147.0
Cash Flow after Investing Activities	**74.5**	**111.4**	**110.8**	**496.1**	**185.9**	**202.5**	**-32.8**	**-33.1**	**-8.2**

Capital Expenditure for January–June 2012

Additions to fixed and biological assets in the first half of 2012 totalled EUR 216 million, which is 76% of depreciation in the same period.

The equity injection into Montes del Plata, a joint venture in Uruguay, was EUR 62 million in the first half of 2012. The Montes del Plata Pulp Mill is currently 60% completed and now expected to start up approximately mid-year 2013, instead of by the end of the first quarter of 2013 as originally scheduled.

Investments in fixed assets and biological assets had a cash outflow impact of EUR 222 million in the first half of 2012.

The full year 2012 capital expenditure forecast for the Group remains unchanged at approximately EUR 700–750 million. Annual depreciation in 2012 will be approximately 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 half of 2012 were Montes del Plata, the Ostrołęka containerboard machine and the Skoghall woodyard investment.

Near-term Outlook

In the third quarter of 2012 Group sales are expected to be at roughly similar level and operational EBIT at similar level or somewhat higher than in the second quarter of 2012 due to improvement in variable and fixed costs.

Segments Q2/12 compared with Q2/11

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	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	1 190.8	1 227.2	1 242.6	5 022.0	2 418.0	2 455.1	-4.2	-3.0	-1.5
Operational EBITDA	107.5	133.4	138.1	547.6	240.9	285.9	-22.2	-19.4	-15.7
Operational EBIT	41.7	67.3	72.2	285.3	109.0	157.4	-42.2	-38.0	-30.7
% of sales	3.5	5.5	5.8	5.7	4.5	6.4	-39.7	-36.4	-29.7
Operational ROOC, %*	5.5	8.9	9.2	9.2	7.1	10.0	-40.2	-38.2	-29.0
Paper deliveries, 1 000 t	1 762	1 783	1 788	7 219	3 545	3 495	-1.5	-1.2	1.4
Paper production, 1 000 t	1 803	1 809	1 832	7 228	3 612	3 599	-1.6	-0.3	0.4

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

- Lower sales prices in local currencies and slightly lower paper deliveries than a year ago were not fully offset by lower variable costs. Exchange rates had a negative net impact on sales and costs after hedges.
- The Business Area is planning further cost reductions and temporary production curtailments in the second half of 2012.

Markets

Product	Market	Demand Q2/12 compared with Q2/11	Demand Q2/12 compared with Q1/12	Price Q2/12 compared with Q2/11	Price Q2/12 compared with Q1/12
Paper	Europe	Weaker	Slightly weaker	Slightly lower	Stable

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	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	246.5	241.7	268.6	1 092.0	488.2	560.2	-8.2	2.0	-12.9
Operational EBITDA	13.3	14.9	49.0	200.4	28.2	112.6	-72.9	-10.7	-75.0
Operational EBIT	14.7	7.2	31.2	169.2	21.9	84.7	-52.9	104.2	-74.1
% of sales	6.0	3.0	11.6	15.5	4.5	15.1	-48.3	100.0	-70.2
Operational ROOC, %*	4.1	2.0	9.5	12.0	3.0	12.7	-56.8	105.0	-76.4
Pulp deliveries, 1 000 t**	439	459	447	1 851	898	925	-1.8	-4.4	-2.9

** Operational ROOC = 100% x Operational EBIT/Average operating capital*
*** Historical pulp deliveries in 2010 and 2011 are published at www.storaenso.com/investors.*

- Market pulp prices significantly lower than a year ago were partly offset by beneficial exchange rates, which also improved the results of equity accounted investments.
- Pulp production volumes were lower due to annual maintenance shutdowns at Enocell Mill in Finland and Skutskär Mill in Sweden.
- Dissolving pulp production continued successfully at Enocell Mill.
- The Montes del Plata pulp mill project is progressing and currently 60% of the construction work has been completed. The mill is expected to start up approximately mid-year 2013.

Markets

Product	Market	Demand Q2/12 compared with Q2/11	Demand Q2/12 compared with Q1/12	Price Q2/12 compared with Q2/11	Price Q2/12 compared with Q1/12
Softwood pulp	Europe	Stronger	Stable	Significantly lower	Slightly higher

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	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	443.7	381.2	465.4	1 671.1	824.9	875.1	-4.7	16.4	-5.7
Operational EBITDA	20.1	11.3	44.7	102.3	31.4	67.3	-55.0	77.9	-53.3
Operational EBIT	11.5	9.8	35.2	62.8	21.3	47.0	-67.3	17.3	-54.7
% of sales	2.6	2.6	7.6	3.8	2.6	5.4	-65.8	0.0	-51.9
Operational ROOC, %*	7.8	6.8	23.9	10.9	7.4	15.8	-67.4	14.7	-53.2
Deliveries, 1 000 m^3	1 254	1 109	1 379	4 920	2 363	2 578	-9.1	13.1	-8.3

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

- Volumes and sales prices in local currencies were lower, whereas raw material prices remained high relative to end-product prices, especially in Central Europe.
- Sales volumes were reallocated from poorly performing European markets to other markets.
- In addition to ongoing actions, temporary capacity and cost cuts are being planned throughout the Business Area. Co-determination negotiations will start in the countries affected.

- The Building Solutions business has strengthened its position as a pioneer in industrialised wood-based construction by acquiring a module production unit at Hartola in Finland in July 2012.

Markets

Product	Market	Demand Q2/12 compared with Q2/11	Demand Q2/12 compared with Q1/12	Price Q2/12 compared with Q2/11	Price Q2/12 compared with Q1/12
Wood products	Europe	Weaker	Stronger	Slightly lower	Slightly higher

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	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	826.8	779.3	829.6	3 194.6	1 606.1	1 637.4	-0.3	6.1	-1.9
Operational EBITDA	122.1	113.0	142.6	495.8	235.1	291.1	-14.4	8.1	-19.2
Operational EBIT	72.5	61.7	93.9	301.3	134.2	194.9	-22.8	17.5	-31.1
% of sales	8.8	7.9	11.3	9.4	8.4	11.9	-22.1	11.4	-29.4
Operational ROOC, %*	13.0	11.4	17.5	14.2	12.1	18.4	-25.7	14.0	-34.2
Paper and board deliveries, 1 000 t	812	766	821	3 111	1 578	1 620	-1.1	6.0	-2.6
Paper and board production, 1 000 t	807	767	798	3 118	1 574	1 649	1.1	5.2	-4.5
Corrugated packaging deliveries, million m^2	282	261	242	1 018	543	489	16.5	8.0	11.0
Corrugated packaging production, million m^2	275	257	242	1 006	532	491	13.6	7.0	8.4

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

- On average lower sales prices in local currencies and lower board deliveries were not fully offset by higher corrugated packaging volumes supported by the Inpac acquisition in the third quarter of 2011. Exchange rates had a negative net impact on sales and costs after hedges.
- Fixed costs were higher mainly in Asia due to the Inpac acquisition and the board and pulp mill project in China.
- 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 are progressing according to plan. Construction work will start after the necessary permits and approvals are obtained. Projects at Ostrołęka and Skoghall are proceeding according to plan.
- Previously announced plans at Skoghall, Fors, Páty and Barcelona to mitigate cost increases and adjust capacity to lower demand are proceeding according to plan and are expected to reduce employment by approximately 200 persons and annual costs by EUR 12 million gradually from late 2012 onwards.

Markets

Product	Market	Demand Q2/12 compared with Q2/11	Demand Q2/12 compared with Q1/12	Price Q2/12 compared with Q2/11	Price Q2/12 compared with Q1/12
Consumer board	Europe	Slightly weaker	Stable	Stable	Stable
Corrugated packaging	Europe	Slightly stronger	Slightly stronger	Lower	Stable

Other

The segment Other includes the Nordic forest equity accounted investments, Stora Enso's shareholding in Pohjolan Voima, operations supplying wood to the Nordic mills and Group shared services and administration.

EUR million	Q2/12	Q1/12	Q2/11	2011	Q1-Q2/12	Q1-Q2/11	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	662.2	703.4	700.1	2 700.5	1 365.6	1 419.2	-5.4	-5.9	-3.8
Operational EBITDA	-14.9	-10.5	-16.8	-38.1	-25.4	-31.0	11.3	-41.9	18.1
Operational EBIT	0.8	1.4	6.6	48.1	2.2	13.4	-87.9	-42.9	-83.6
% of sales	0.1	0.2	0.9	1.8	0.2	0.9	-88.9	-50.0	-77.8

- Lower volumes in Bergvik Skog and Tornator.
- Lower costs in Group shared services and administration.
- Planning in progress to redefine the internal service offering.

Short-term Risks and Uncertainties
The main short-term risks and uncertainties relate to the economic situation in Europe and the ability of certain countries to refinance excessive debts and further increasing imbalance in the European paper market.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 28 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 204 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 51 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 120 million, negative EUR 92 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.

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 Proceedings 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.

Share Capital
During the quarter no A shares were converted into R shares.

On 30 June 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.

Changes in shareholdings
Norges Bank (The Central Bank of Norway) lent out Stora Enso shares and as a result the number of shares in Stora Enso Oyj held by Norges Bank was temporarily for two periods in April and May 2012 less than 5% of the paid-up share capital and the number of shares in Stora Enso Oyj as Norges Bank conducted two successive similar lending operations, the second of which ended with the return of the shares lent and the acquisition of additional shares.

Decisions of the Annual General Meeting on 24 April 2012
The AGM approved a proposal by the Board of Directors that the Company distribute a dividend of EUR 0.30 per share for the year 2011.

The AGM approved a proposal that the Board of Directors shall have eight members and that of the current members of the Board of Directors, Gunnar Brock, Birgitta Kantola, Mikael Mäkinen, Juha Rantanen, Hans Stråberg, Matti Vuoria and Marcus Wallenberg be re-elected members of the Board of Directors until the end of the following AGM and that Hock Goh be elected a new member of the Board of Directors for the same term of office.

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

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

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

Birgitta Kantola (chairwoman), Gunnar Brock and Juha Rantanen were re-elected as members of the Financial and Audit Committee. Gunnar Brock (chairman), Hans Stråberg and Matti Vuoria were re-elected as members of the Remuneration Committee.

Events after the Period
According to Stora Enso’s Corporate Governance, the CFO also acts as deputy to the CEO as defined by the Finnish Companies Act. The deputy to the CEO with effect from 1 August 2012 will therefore be Karl-Henrik Sundström.

This report is unaudited.

Helsinki, 20 July 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

In the first quarter of 2012 Stora Enso 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 second 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	Q2/12	Q1/12	Q2/11	Q1-Q2/12	Q1-Q2/11	2011	Change % Q2/12–Q2/11	Change % Q2/12–Q1/12	Change % Q1-Q2/12–Q1-Q2/11
Sales	2 720.4	2 673.3	2 817.1	5 393.7	5 544.0	10 964.9	-3.4	1.8	-2.7
Other operating income	80.0	43.5	57.1	123.5	114.1	208.9	40.1	83.9	8.2
Materials and services	-1 737.5	-1 729.8	-1 757.2	-3 467.3	-3 425.4	-6 971.9	1.1	-0.4	-1.2
Freight and sales commissions	-250.3	-242.0	-262.5	-492.3	-519.6	-1 018.9	4.6	-3.4	5.3
Personnel expenses	-373.0	-342.1	-370.5	-715.1	-713.7	-1 393.9	-0.7	-9.0	-0.2
Other operating expenses	-139.9	-148.9	-165.6	-288.8	-308.9	-575.2	15.5	6.0	6.5
Share of results of equity accounted investments	-6.1	14.7	2.2	8.6	15.7	118.0	n/m	-141.5	-45.2
Depreciation and impairment	-140.9	-144.8	-140.1	-285.7	-295.0	-572.6	-0.6	2.7	3.2
Operating Profit	**152.7**	**123.9**	**180.5**	**276.6**	**411.2**	**759.3**	**-15.4**	**23.2**	**-32.7**
Net financial items	-66.8	-34.0	-34.6	-100.8	-85.8	-338.4	-93.1	-96.5	-17.5
Profit/Loss before Tax	**85.9**	**89.9**	**145.9**	**175.8**	**325.4**	**420.9**	**-41.1**	**-4.4**	**-46.0**
Income tax	-16.4	-15.8	-9.9	-32.2	-33.5	-78.7	-65.7	-3.8	3.9
Net Profit/Loss for the Period	**69.5**	**74.1**	**136.0**	**143.6**	**291.9**	**342.2**	**-48.9**	**-6.2**	**-50.8**
Attributable to:									
Owners of the Parent	65.8	72.9	135.7	138.7	291.3	339.7	-51.5	-9.7	-52.4
Non-controlling interests	3.7	1.2	0.3	4.9	0.6	2.5	n/m	208.3	n/m
	69.5	**74.1**	**136.0**	**143.6**	**291.9**	**342.2**	**-48.9**	**-6.2**	**-50.8**
Earnings per Share									
Basic earnings per share, EUR	0.09	0.09	0.17	0.18	0.37	0.43	-47.1	-	-51.4
Diluted earnings per share, EUR	0.09	0.09	0.17	0.18	0.37	0.43	-47.1	-	-51.4

Consolidated Statement of Comprehensive Income

EUR million	Q2/12	Q1/12	Q2/11	Q1-Q2/12	Q1-Q2/11	2011
Net profit for the period	69.5	74.1	136.0	143.6	291.9	342.2
Other Comprehensive Income						
Actuarial losses on defined benefit pension plans	-	-	-	-	-	-55.8
Available for sale financial assets	-131.2	-68.5	29.5	-199.7	37.6	-240.5
Currency and commodity hedges	-18.3	24.0	-60.1	5.7	-63.2	-128.4
Share of other comprehensive income of equity accounted investments	-9.8	-1.9	-	-11.7	3.0	-19.4
Currency translation movements on equity net investments (CTA)	-17.8	17.7	-21.0	-0.1	-73.2	-76.2
Currency translation movements on non-controlling interests	1.3	-1.8	0.3	-0.5	-1.6	-
Net investment hedges	-1.2	-6.3	11.2	-7.5	14.7	6.0
Income tax relating to components of other comprehensive income	3.3	-3.9	13.0	-0.6	13.3	40.8
Other Comprehensive Income, net of tax	**-173.7**	**-40.7**	**-27.1**	**-214.4**	**-69.4**	**-473.5**
Total Comprehensive Income	**-104.2**	**33.4**	**108.9**	**-70.8**	**222.5**	**-131.3**
Total Comprehensive Income Attributable to:						
Owners of the Parent	-109.2	34.0	108.3	-75.2	223.5	-133.8
Non-controlling interests	5.0	-0.6	0.6	4.4	-1.0	2.5
	-104.2	**33.4**	**108.9**	**-70.8**	**222.5**	**-131.3**

Condensed Consolidated Statement of Cash Flows

EUR million	Q1-Q2/12	Q1-Q2/11
Cash Flow from Operating Activities		
Operating profit	276.6	411.2
Hedging result from OCI	5.5	-63.1
Adjustments for non-cash items	263.7	297.8
Change in net working capital	-47.6	-334.0
Cash Flow Generated by Operations	**498.2**	**311.9**
Net financial items paid	-96.8	-74.7
Income taxes paid, net	-72.9	-73.4
Net Cash Provided by Operating Activities	**328.5**	**163.8**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries, net of acquired cash	-3.3	0.1
Acquisitions of equity accounted investments	-61.5	-24.9
Proceeds from sale of fixed assets and shares, net of disposed cash	2.5	17.3
Capital expenditure	-221.9	-142.7
Payments/proceeds of non-current receivables, net	-31.3	-19.3
Net Cash Used in Investing Activities	**-315.5**	**-169.5**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	853.0	18.7
Long-term debt, payments	-436.8	-52.4
Change in short-term borrowings	-81.5	132.2
Dividends paid	-236.6	-197.2
Dividend to non-controlling interests	-0.2	-1.7
Net Cash Provided by/Used in Financing Activities	**97.9**	**-100.4**
Net Increase/Decrease in Cash and Cash Equivalents	**110.9**	**-106.1**
Translation adjustment	-5.5	-1.3
Net cash and cash equivalents at the beginning of period	1 134.3	1 103.1
Net Cash and Cash Equivalents at Period End	**1 239.7**	**995.7**
Cash and Cash Equivalents at Period End	**1 248.6**	**1 025.3**
Bank Overdrafts at Period End	**-8.9**	**-29.6**
Net Cash and Cash Equivalents at Period End	**1 239.7**	**995.7**

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	-
Goodwill (provisional for 2012)	0.1	-0.1
Total Purchase Consideration	**0.3**	**-0.1**
Less cash and cash equivalents in acquired companies	-1.1	-
Net Purchase Consideration	**-0.8**	**-0.1**
Acquisition of subsidiaries	3.3	-0.1
Payment concerning unfinished 2011 acquisition	-4.1	-
Net Purchase Consideration	**-0.8**	**-0.1**

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	Q1-Q2/12	2011	Q1-Q2/11
Carrying value at 1 January	5 480.2	5 565.8	5 565.8
Acquisition of subsidiary companies	0.5	63.3	-0.1
Additions in fixed assets	208.8	436.1	134.4
Additions in biological assets	7.6	17.2	8.3
Change in emission rights	-3.7	2.0	24.6
Disposals	-1.8	-13.4	-11.1
Depreciation and impairment	-285.7	-572.6	-295.0
Translation difference and other	38.6	-18.2	-56.3
Statement of Financial Position Total	**5 444.5**	**5 480.2**	**5 370.6**

Borrowings

EUR million	30 June 12	31 Dec 11	30 June 11
Non-current borrowings	3 838.3	3 339.4	3 282.5
Current borrowings	892.8	1 034.0	803.1
	4 731.1	**4 373.4**	**4 085.6**

	Q1-Q2/12	2011	Q1-Q2/11
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)	330.1	331.6	113.5
Translation difference and other	27.6	25.2	-39.1
Statement of Financial Position Total	**4 731.1**	**4 373.4**	**4 085.6**

Condensed Consolidated Statement of Financial Position

EUR million		30 June 12	31 Dec 11	30 June 11
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	5 186.7	5 224.6	5 116.8
Biological assets	O	218.6	212.6	188.3
Emission rights	O	39.2	43.0	65.5
Equity accounted investments	O	1 947.9	1 913.1	1 716.0
Available-for-sale: Interest-bearing	I	92.8	82.0	80.3
Available-for-sale: Operative	O	434.8	640.2	918.5
Non-current loan receivables	I	209.8	125.3	145.1
Deferred tax assets	T	133.1	121.9	96.9
Other non-current assets	O	45.3	26.6	47.6
		8 308.2	**8 389.3**	**8 375.0**
Current Assets				
Inventories	O	1 550.0	1 528.7	1 609.8
Tax receivables	T	19.9	6.2	6.9
Operative receivables	O	1 748.3	1 654.6	1 677.8
Interest-bearing receivables	I	185.3	281.5	274.2
Cash and cash equivalents	I	1 248.6	1 138.8	1 025.3
		4 752.1	**4 609.8**	**4 594.0**
Total Assets		**13 060.3**	**12 999.1**	**12 969.0**
Equity and Liabilities				
Owners of the Parent		5 560.9	5 872.7	6 229.2
Non-controlling Interests		91.5	87.1	49.1
Total Equity		**5 652.4**	**5 959.8**	**6 278.3**
Non-current Liabilities				
Post-employment benefit provisions	O	331.7	333.1	316.3
Other provisions	O	140.6	147.7	145.3
Deferred tax liabilities	T	421.2	401.0	380.3
Non-current debt	I	3 838.3	3 339.4	3 282.5
Other non-current operative liabilities	O	26.8	31.9	36.9
		4 758.6	**4 253.1**	**4 161.3**
Current Liabilities				
Current portion of non-current debt	I	213.5	250.0	192.2
Interest-bearing liabilities	I	679.3	784.0	610.9
Operative liabilities	O	1 711.0	1 678.7	1 634.6
Tax liabilities	T	45.5	73.5	91.7
		2 649.3	**2 786.2**	**2 529.4**
Total Liabilities		**7 407.9**	**7 039.3**	**6 690.7**
Total Equity and Liabilities		**13 060.3**	**12 999.1**	**12 969.0**

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 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	-	-	-	-	-	-	-	-	-	291.3	291.3	0.6	291.9
OCI before tax	-	-	-	-	-	37.6	-63.2	3.0	-58.5	-	-81.1	-1.6	-82.7
Income tax relating to components of OCI	-	-	-	-	-	0.4	16.7	-	-3.8	-	13.3	-	13.3
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**38.0**	**-46.5**	**3.0**	**-62.3**	**291.3**	**223.5**	**-1.0**	**222.5**
Dividend	-	-	-	-	-	-	-	-	-	-197.2	-197.2	-1.7	-198.9
Balance at 30 June 2011	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**818.0**	**31.4**	**-6.8**	**41.4**	**3 299.6**	**6 229.2**	**49.1**	**6 278.3**
Profit for the period	-	-	-	-	-	-	-	-	-	48.4	48.4	1.9	50.3
OCI before tax	-	-	-	-	-	-278.1	-65.2	-22.4	-11.7	-55.8	-433.2	1.6	-431.6
Income tax relating to components of OCI	-	-	-	-	-	0.7	16.6	-	2.3	7.9	27.5	-	27.5
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-277.4**	**-48.6**	**-22.4**	**-9.4**	**0.5**	**-357.3**	**3.5**	**-353.8**
Dividend	-	-	-	-	-	-	-	-	-	-	-	-1.9	-1.9
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	-	-	-	-	-	-	-	-	-	138.7	138.7	4.9	143.6
OCI before tax	-	-	-	-	-	-199.7	5.7	-11.7	-7.6	-	-213.3	-0.5	-213.8
Income tax relating to components of OCI	-	-	-	-	-	-1.5	-1.0	-	1.9	-	-0.6	-	-0.6
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-201.2**	**4.7**	**-11.7**	**-5.7**	**138.7**	**-75.2**	**4.4**	**-70.8**
Dividend	-	-	-	-	-	-	-	-	-	-236.6	-236.6	-0.2	-236.8
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Balance at 30 June 2012	**1 342.2**	**76.6**	**633.1**	**-10.2**	**3.9**	**339.4**	**-12.5**	**-40.9**	**26.3**	**3 203.0**	**5 560.9**	**91.5**	**5 652.4**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	30 June 12	31 Dec 11	30 June 11
On Own Behalf			
Pledges	1.0	1.3	-
Mortgages	9.6	9.7	7.7
On Behalf of Equity Accounted Investments			
Guarantees	500.2	390.2	316.1
On Behalf of Others			
Guarantees	5.0	5.0	100.3
Other Commitments, Own			
Operating leases, in next 12 months	62.7	66.1	48.6*
Operating leases, after next 12 months	526.2	525.8	488.0*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.2	5.1	55.0*
Total	**1 110.3**	**1 003.6**	**1 016.1***
Pledges	1.0	1.3	-
Mortgages	9.6	9.7	7.7
Guarantees	505.2	395.2	416.4
Operating leases	588.9	591.9	536.6*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.2	5.1	55.0*
Total	**1 110.3**	**1 003.6**	**1 016.1***

** 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 30 June 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 200 million at 30 June 2012 (compared with EUR 218 million at 30 June 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 322 million at 30 June 2012 (compared with EUR 436 million at 30 June 2011 and EUR 436 million at 31 December 2011) of which Stora Enso has guaranteed EUR 189 million (compared with EUR 189 million at 30 June 2011 and EUR 189 million at 31 December 2011).

Fair Values of Derivative Financial Instruments

EUR million	30 June 12			31 Dec 11	30 June 11
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values	Net Fair Values
Interest rate swaps	115.6	-52.7	62.9	95.8	86.2
Interest rate options	-	-55.0	-55.0	-51.0	-33.2
Forward contracts	15.7	-23.5	-7.8	4.8	18.0
Currency options	20.4	-27.8	-7.4	-16.1	27.5
Commodity contracts	12.5	-19.8	-7.3	-2.1	5.5
Equity swaps ("TRS")	-	-2.2	-2.2	-22.6	-9.3
Total	**164.2**	**-181.0**	**-16.8**	**8.8**	**94.7**

Nominal Values of Derivative Financial Instruments

EUR million	30 June 12	31 Dec 11	30 June 11
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	35.7	61.6	81.3
Maturity 2–5 years	2 083.3	2 073.3	1 721.1
Maturity 6–10 years	250.0	250.0	200.0
	2 369.0	2 384.9	2 002.4
Interest rate options	532.4	522.8	540.9
Total	**2 901.4**	**2 907.7**	**2 543.3**
Foreign Exchange Derivatives			
Forward contracts	2 327.8	1 750.2	2 050.3
Currency options	2 873.5	2 669.4	2 710.1
Total	**5 201.3**	**4 419.6**	**4 760.4**
Commodity Derivatives			
Commodity contracts	268.2	236.7	248.2
Total	**268.2**	**236.7**	**248.2**
Total Return (Equity) Swaps			
Equity swaps (“TRS”)	55.2	73.3	88.7
Total	**55.2**	**73.3**	**88.7**

Sales by Segment

EUR million	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	1 190.8	1 227.2	5 022.0	1 283.8	1 283.1	1 242.6	1 212.5
Biomaterials	246.5	241.7	1 092.0	255.4	276.4	268.6	291.6
Building and Living	443.7	381.2	1 671.1	382.0	414.0	465.4	409.7
Renewable Packaging	826.8	779.3	3 194.6	756.6	800.6	829.6	807.8
Other	662.2	703.4	2 700.5	643.9	637.4	700.1	719.1
Inter-segment sales	-649.6	-659.5	-2 715.3	-640.1	-672.2	-689.2	-713.8
Total	**2 720.4**	**2 673.3**	**10 964.9**	**2 681.6**	**2 739.3**	**2 817.1**	**2 726.9**

Operational EBIT by Segment

EUR million	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	41.7	67.3	285.3	55.6	72.3	72.2	85.2
Biomaterials	14.7	7.2	169.2	27.2	57.3	31.2	53.5
Building and Living	11.5	9.8	62.8	6.0	9.8	35.2	11.8
Renewable Packaging	72.5	61.7	301.3	32.8	73.6	93.9	101.0
Other	0.8	1.4	48.1	23.3	11.4	6.6	6.8
Operational EBIT	**141.2**	**147.4**	**866.7**	**144.9**	**224.4**	**239.1**	**258.3**
Fair valuations and non-operational items*	-33.1	1.2	-27.5	45.6	-45.8	-26.9	-0.4
Non-recurring items	44.6	-24.7	-79.9	-21.0	-	-31.7	-27.2
Operating Profit (IFRS)	**152.7**	**123.9**	**759.3**	**169.5**	**178.6**	**180.5**	**230.7**
Net financial items	-66.8	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	**85.9**	**89.9**	**420.9**	**110.3**	**-14.8**	**145.9**	**179.5**
Income tax expense	-16.4	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	**69.5**	**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, CO_2 emission rights, 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	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	12.9	-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	31.7	-	-21.0	-21.0	-	-	-
NRI on Operating Profit	**44.6**	**-24.7**	**-79.9**	**-21.0**	-	**-31.7**	**-27.2**
NRI on financial items	9.5	13.6	-138.3	-10.1	-128.2	-	-
NRI on tax	1.9	5.0	62.2	50.8	-	3.6	7.8
NRI on Net Profit	**56.0**	**-6.1**	**-156.0**	**19.7**	**-128.2**	**-28.1**	**-19.4**

Fair Valuations and Non-operational Items* by Segment

EUR million	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	-0.4	-1.0	-7.9	2.0	-0.3	-9.2	-0.4
Biomaterials	-22.8	-4.6	-18.5	2.7	-11.6	-5.4	-4.2
Building and Living	-0.1	-2.2	-1.8	-	-	-1.8	-
Renewable Packaging	-	-0.7	-6.6	-	-	-6.6	-
Other	-9.8	9.7	7.3	40.9	-33.9	-3.9	4.2
Fair Valuations and Non-operational Items on Operating Profit	**-33.1**	**1.2**	**-27.5**	**45.6**	**-45.8**	**-26.9**	**-0.4**

**Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO_2 emission rights, valuations of biological assets 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	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	54.2	56.7	248.3	61.3	72.0	35.5	79.5
Biomaterials	-8.1	2.6	163.3	37.4	45.7	23.9	56.3
Building and Living	11.4	7.6	27.5	1.4	9.8	33.4	-17.1
Renewable Packaging	72.5	45.9	285.8	26.2	73.6	85.0	101.0
Other	22.7	11.1	34.4	43.2	-22.5	2.7	11.0
Operating Profit (IFRS)	**152.7**	**123.9**	**759.3**	**169.5**	**178.6**	**180.5**	**230.7**
Net financial items	-66.8	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	**85.9**	**89.9**	**420.9**	**110.3**	**-14.8**	**145.9**	**179.5**
Income tax expense	-16.4	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	**69.5**	**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	
	30 June 12	**31 Dec 11**	**30 June 12**	**31 Dec 11**
SEK	8.7728	8.9120	8.8815	9.0307
USD	1.2590	1.2939	1.2968	1.3922
GBP	0.8068	0.8353	0.8225	0.8678

Transaction Risk and Hedges in Main Currencies as at 30 June 2012

EUR million	USD	GBP	SEK
Estimated annual net operating cash flow exposure	1 200	600	-920
Transaction hedges as at 30 June 2012	-600	-270	450
Hedging percentage as at 30 June 2012 for the next 12 months	**50%**	**45%**	**49%**

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

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency strengthening of + 10%	EUR million
USD	120
SEK	-92
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
April	48 452	101 315 371	55 280	22 197 822
May	51 443	92 275 901	55 870	24 039 446
June	52 915	78 477 950	55 271	19 127 758
Total	**152 810**	**272 069 222**	**166 421**	**65 365 026**

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
April	6.59	5.15	56.95	46.85
May	5.86	4.39	50.35	39.31
June	5.85	4.84	52.00	42.57

Calculation of Key Figures

Operational return on capital employed, operational ROCE (%)	100 x	Operational EBIT / Capital employed [1) 2)]
Operational return on operating capital, operational ROOC (%)	100 x	Operational EBIT / Operating capital [2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity [2)]
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 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

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Stora Enso's third quarter 2012 results will be published on 23 October 2012 at 13.00 EET.

ANALYST CONFERENCE CALL
CEO Jouko Karvinen and SVP Investor Relations Ulla Paajanen-Sainio will be hosting a combined conference call and webcast today at 14:00 Finnish time (13:00 CET, 12:00 UK time, 07:00 US Eastern time).

If you wish to participate, please dial:

Continental Europe and the UK	+44 (0)20 3140 8286
Finland	+358 (0)9 6937 9543
Sweden	+46 (0)8 5352 6408
USA	+1 646 254 3366
Access code:	4495930

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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