

STORA ENSO OYJ INTERIM REVIEW 23 October 2012 at 13.00 EET

Stora Enso Interim Review January–September 2012

Stable performance in weak Europe, preparing for the future

- *Operational EBIT EUR 34 million higher than in Q2 2012 at EUR 175 (EUR 141) million mainly due to lower costs, EUR 50 million lower year-on-year.*
- *Cash flow from operations EUR 312 (EUR 362) million and liquidity EUR 1 700 (EUR 1 181) million.*
- *Ratio of net debt to the last twelve months' operational EBITDA 2.8 (2.7 in Q2 2012).*
- *New packaging joint-venture to be established in Pakistan.*
- *New profitability improvement actions planned across all Business Areas, estimated annual cost savings EUR 36 million and 520 employees affected.*
- *Q4 2012 sales expected to be at roughly similar level and operational EBIT in line with or slightly lower than Q3 2012.*

Summary of Third Quarter Results

		Q3/12	Q2/12	Q3/11
Sales	EUR million	2 694.1	2 720.4	2 739.3
Operational EBITDA	EUR million	299.6	248.1	339.2
Operational EBIT*	EUR million	174.7	141.2	224.4
Operating profit (IFRS)	EUR million	161.3	152.7	178.6
Profit before tax excl. NRI	EUR million	102.2	31.8	113.4
Profit/loss before tax	EUR million	102.2	85.9	-14.8
Net profit excl. NRI	EUR million	81.3	13.5	78.3
Net profit/loss	EUR million	81.3	69.5	-49.9
EPS excl. NRI	EUR	0.10	0.02	0.10
EPS	EUR	0.10	0.09	-0.06
CEPS excl. NRI	EUR	0.29	0.20	0.27
Operational ROCE	%	8.0	6.5	10.3

**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 Deliveries and Production

							Change %	Change %	Change %
	Q3/12	Q2/12	Q3/11	2011	Q1-Q3/ 12	Q1-Q3/ 11	Q3/12– Q3/11	Q3/12– Q2/12	Q1-Q3/12– Q1-Q3/11
Paper and board deliveries (1 000 tonnes)	2 576	2 574	2 609	10 330	7 699	7 724	-1.3	0.1	-0.3
Paper and board production (1 000 tonnes)	2 610	2 610	2 586	10 346	7 796	7 834	0.9	-	-0.5
Wood products deliveries (1 000 m ³)	1 129	1 292	1 234	5 072	3 575	3 895	-8.5	-12.6	-8.2
Market pulp deliveries (1 000 tonnes)*	267	246	281	1 130	774	841	-5.0	8.5	-8.0
Corrugated packaging deliveries (million m ²)	275	282	256	1 018	818	745	7.4	-2.5	9.8

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

Breakdown of Sales Change Q3/2011 to Q3/2012

	Sales
Q3/11, EUR million	2 739.3
Price and mix, %	-3
Currency, %	2
Volume, %	-3
Other sales*, %	1
Total before structural changes, %	-3
Structural change**, %	1
Total, %	-2
Q3/12, EUR million	2 694.1

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

** Asset closures, major investments, divestments and acquisitions

Key Figures

EUR million	Q3/12	Q2/12	Q3/11	Q1- Q3/12	Q1- Q3/11	2011	Change %	Change %	Change %
							Q3/12- Q3/11	Q3/12- Q2/12	Q1-Q3/12- Q1-Q3/11
Sales	2 694.1	2 720.4	2 739.3	8 087.8	8 283.3	10 964.9	-1.7	-1.0	-2.4
Operational EBITDA	299.6	248.1	339.2	809.8	1 065.1	1 308.0	-11.7	20.8	-24.0
Operational EBIT	174.7	141.2	224.4	463.3	721.8	866.7	-22.1	23.7	-35.8
Operational EBIT margin, %	6.5	5.2	8.2	5.7	8.7	7.9	-20.7	25.0	-34.5
Operating profit (IFRS)	161.3	152.7	178.6	437.9	589.8	759.3	-9.7	5.6	-25.8
Operating margin (IFRS), %	6.0	5.6	6.5	5.4	7.1	6.9	-7.7	7.1	-23.9
Profit before tax excl. NRI	102.2	31.8	113.4	235.0	497.7	639.1	-9.9	221.4	-52.8
Profit/loss before tax	102.2	85.9	-14.8	278.0	310.6	420.9	n/m	19.0	-10.5
Net profit for the period excl. NRI	81.3	13.5	78.3	175.0	417.7	498.2	3.8	n/m	-58.1
Net profit/loss for the period	81.3	69.5	-49.9	224.9	242.0	342.2	262.9	17.0	-7.1
Capital expenditure	130.5	154.2	79.9	346.9	222.6	453.3	63.3	-15.4	55.8
Depreciation and impairment charges excl. NRI	149.3	140.9	138.4	432.9	413.9	554.9	7.9	6.0	4.6
Operational ROCE, %	8.0	6.5	10.3	7.0	11.1	10.0	-22.3	23.1	-36.9
Earnings per share (EPS) excl. NRI, EUR	0.10	0.02	0.10	0.22	0.53	0.63	-	n/m	-58.5
EPS (basic), EUR	0.10	0.09	-0.06	0.28	0.31	0.43	266.7	11.1	-9.7
Cash earnings per share (CEPS) excl. NRI, EUR	0.29	0.20	0.27	0.77	1.05	1.33	7.4	45.0	-26.7
CEPS, EUR	0.29	0.26	0.12	0.83	0.86	1.16	141.7	11.5	-3.5
Return on equity (ROE), %	5.7	4.8	-3.2	5.1	5.3	5.6	278.1	18.8	-3.8
Debt/equity ratio	0.52	0.54	0.45	0.52	0.45	0.47	15.6	-3.7	15.6
Net debt/last twelve months' operational EBITDA	2.8	2.7	2.0	2.8	2.0	2.1	40.0	3.7	40.0
Equity per share, EUR	7.27	7.05	7.53	7.27	7.53	7.45	-3.5	3.1	-3.5
Equity ratio, %	42.7	43.3	46.5	42.7	46.5	45.8	-8.2	-1.4	-8.2
Average number of employees	29 167	29 226	28 771	28 915	27 458	27 958	1.4	-0.2	5.3
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
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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	Q3/12	Q2/12	Q3/11	2011	Q1- Q3/12	Q1- Q3/11	Change %	Change %	Change %
							Q3/12– Q3/11	Q3/12– Q2/12	Q1-Q3/12– Q1-Q3/11
Operational EBIT	174.7	141.2	224.4	866.7	463.3	721.8	-22.1	23.7	-35.8
Fair valuations and non-operational items*	-13.4	-33.1	-45.8	-27.5	-45.3	-73.1	70.7	59.5	38.0
Non-recurring items	-	44.6	-	-79.9	19.9	-58.9	-	-100.0	133.8
Operating Profit (IFRS)	161.3	152.7	178.6	759.3	437.9	589.8	-9.7	5.6	-25.8

**Fair valuations and non-operational items include equity incentive schemes, synthetic options net of realised and open hedges, CO₂ 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.*

Q3/2012 Results (compared with Q3/2011)

Sales at EUR 2 694 million were EUR 45 million lower than a year ago. Operational EBIT at EUR 175 million was EUR 50 million lower than a year ago. This represents an operational EBIT margin of 6.5% (8.2%).

Clearly lower sales prices in local currencies, especially for paper and pulp products, had a negative impact of EUR 95 million on operational EBIT. Lower deliveries of paper and sawn goods, partly offset by higher deliveries and production of packaging, decreased operational EBIT by EUR 15 million. Paper and board production was curtailed by 8% (9%) and sawnwood production by 10% (8%) to manage inventories.

The overall net impact of variable costs in local currencies was a positive EUR 67 million, mainly due to lower corrugated raw material, recycled paper and pulp prices. Only sawlog prices were higher than last year, mainly due to limited log availability in Central Europe. Fixed costs were similar to the corresponding period a year ago.

The average number of employees in the third quarter of 2012 was 400 higher than a year earlier at 29 200 as the number of employees increased by 1 000 in Asia, but decreased by 600 in other areas.

Fair valuations and non-operational items were EUR -13 (EUR -46) million.

Net financial items were EUR -59 (EUR -193) million. Net interest expenses increased from EUR 36 million to EUR 44 million. Net foreign exchange losses amounted to EUR 0 (EUR 11) million. The net loss from other financial items totalled EUR 15 (EUR 146) million and was mainly related to the fair valuations of interest rate derivatives. A provision of EUR 128 million due to the NewPage lease guarantee was recorded in the third quarter of 2011.

Group capital employed was EUR 8 824 million on 30 September 2012, a net increase of EUR 160 million on a year earlier. Group capital employed was increased by a EUR 210 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 260 million, mainly due to strengthening of the Swedish krona. Group capital employed was decreased by a EUR 330 million reduction in the valuation of PVO mainly due to lower anticipated future electricity prices. Working capital remained unchanged excluding changes in foreign exchange rates.

The operational return on capital employed was 8.0% (10.3%) impacted by the ongoing strategic investments in Biomaterials and Renewable Packaging.

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

Sales decreased by EUR 196 million year-on-year. Operational EBIT decreased by EUR 259 million, mainly due to lower prices in local currencies and lower volumes. Exchange rates had a negative net impact on operational EBIT, after hedges. Fixed costs remained unchanged, but variable costs, mainly for corrugated raw material, recycled paper and pulp, were clearly lower.

Q3/2012 Results (compared with Q2/2012)

Sales were similar to the previous quarter at EUR 2 694 million. Operational EBIT was EUR 34 million higher than in the previous quarter at EUR 175 million. As expected, fixed and variable costs, especially for fibre, were lower. Delivery volumes in packaging products and sawn goods, and paper sales prices in local currencies were slightly lower than in the previous quarter.

Capital Structure

EUR million	30 Sep 12	30 Jun 12	31 Dec 11	30 Sep 11
Operative fixed assets	6 001.2	5 879.3	6 120.4	6 155.1
Equity accounted investments	1 977.5	1 947.9	1 913.1	1 726.8
Operative working capital, net	1 641.5	1 587.3	1 504.6	1 586.5
Non-current interest-free items, net	-461.1	-453.8	-486.1	-435.6
Operating Capital Total	9 159.1	8 960.7	9 052.0	9 032.8
Net tax liabilities	-335.0	-313.7	-346.4	-367.4
Capital Employed	8 824.1	8 647.0	8 705.6	8 665.4
Equity attributable to Company shareholders	5 735.0	5 560.9	5 872.7	5 934.5
Non-controlling interests	89.3	91.5	87.1	83.4
Net interest-bearing liabilities	2 999.8	2 994.6	2 745.8	2 647.5
Financing Total	8 824.1	8 647.0	8 705.6	8 665.4

Financing Q3/2012 (compared with Q2/2012)

Cash flow from operations was EUR 312 (EUR 246) million. Cash flow after investing activities was EUR 120 (EUR 75) million. Interest-bearing net liabilities of the Group remained unchanged at EUR 3 000 million.

Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 1 700 million, which is EUR 460 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. With current cash and cash equivalents the Group can cover all debt maturities till the end of 2014.

In August 2012 Stora Enso tapped two five-year bonds with a total of SEK 1 000 million (EUR 119 million) under its EMTN (Euro Medium Term Note) programme. There are no financial or change of control covenants in the new debt.

In September 2012 Stora Enso issued a EUR 500 million 5.5-year bond under its EMTN programme. The new notes were issued with a 5.096% yield and were priced at 99.580. There are no financial or change of control covenants in the new debt.

The operational EBITDA margin for the last twelve months was 9.8% (10.1%). The ratio of net debt to the last twelve months' operational EBITDA was 2.8 (2.7). The debt/equity ratio at 30 September 2012 was 0.52 (0.54). The decrease is primarily due to the EUR 80 million net profit attributable to owners of the parent company for the third quarter of 2012 and EUR 69 million increase in the value of PVO.

Cash Flow

							Change %	Change %	Change %
EUR million	Q3/12	Q2/12	Q3/11	2011	Q1- Q3/12	Q1- Q3/11	Q3/12- Q3/11	Q3/12- Q2/12	Q1-Q3/12- Q1-Q3/11
Operating profit	161.3	152.7	178.6	759.3	437.9	589.8	-9.7	5.6	-25.8
Depreciation and other non-cash items	147.4	152.1	143.2	492.0	411.1	441.0	2.9	-3.1	-6.8
Change in working capital	3.7	-59.2	40.1	-217.0	-67.3	-298.8	-90.8	106.3	77.5
Cash Flow from Operations	312.4	245.6	361.9	1 034.3	781.7	732.0	-13.7	27.2	6.8
Cash spent on fixed and biological assets	-155.0	-127.6	-79.9	-409.6	-376.9	-222.6	-94.0	-21.5	-69.3
Acquisitions of equity accounted investments	-37.0	-43.5	-62.2	-128.6	-98.5	-87.1	40.5	14.9	-13.1
Cash Flow after Investing Activities	120.4	74.5	219.8	496.1	306.3	422.3	-45.2	61.6	-27.5

Capital Expenditure for January–September 2012

Additions to fixed and biological assets in the first three quarters of 2012 totalled EUR 347 million, which is 80% of depreciation in the same period. The equity injection into Montes del Plata, a joint venture in Uruguay, was EUR 99 million in the first three quarters of 2012.

Investments in fixed assets and biological assets had a cash outflow impact of EUR 377 million in the first three quarters of 2012.

The full year 2012 capital expenditure forecast for the Group has been decreased to approximately EUR 550–600 million. In addition, the equity injection into Montes del Plata, a joint venture in Uruguay, will be approximately EUR 130 million in 2012. Annual depreciation will be approximately EUR 580 million in 2012.

The main projects ongoing during the first three quarters of 2012 were Montes del Plata, the Ostrołęka containerboard machine and the Skoghall woodyard investment.

Near-term Outlook

In the fourth quarter of 2012 Group sales are expected to be at roughly similar level and the operational EBIT in line with or slightly lower than the third quarter of 2012. Mill maintenance will have a negative impact on Renewable Packaging and Biomaterials during the quarter.

Segments Q3/12 compared with Q3/11

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	Q3/12	Q2/12	Q3/11	2011	Q1- Q3/12	Q1- Q3/11	Change % Q3/12- Q3/11	Change % Q3/12- Q2/12	Change % Q1-Q3/12- Q1-Q3/11
Sales	1 226.8	1 190.8	1 283.1	5 022.0	3 644.8	3 738.2	-4.4	3.0	-2.5
Operational EBITDA	119.4	107.5	138.4	547.6	360.3	424.3	-13.7	11.1	-15.1
Operational EBIT	51.1	41.7	72.3	285.3	160.1	229.7	-29.3	22.5	-30.3
% of sales	4.2	3.5	5.6	5.7	4.4	6.1	-25.0	20.0	-27.9
Operational ROOC, %*	6.7	5.5	9.3	9.2	7.0	9.9	-28.0	21.8	-29.3
Paper deliveries, 1 000 t	1 794	1 762	1 837	7 219	5 339	5 333	-2.3	1.8	0.1
Paper production, 1 000 t	1 789	1 803	1 818	7 228	5 401	5 417	-1.6	-0.8	-0.3

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

- Lower sales prices in local currencies and slightly lower paper deliveries were not fully offset by lower variable costs, especially for recycled paper.
- There are production curtailments to manage pricing quality and inventories.
- It is planned to shut down Hylte Mill PM 1 permanently by the end of 2012.
- Stora Enso will examine the possibility of selling Corbehem Mill in France.

Markets

Product	Market	Demand Q3/12 compared with Q3/11	Demand Q3/12 compared with Q2/12	Price Q3/12 compared with Q3/11	Price Q3/12 compared with Q2/12
Paper	Europe	Weaker	Stable	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.

							Change %	Change %	Change %
EUR million	Q3/12	Q2/12	Q3/11	2011	Q1- Q3/12	Q1- Q3/11	Q3/12- Q3/11	Q3/12- Q2/12	Q1-Q3/12- Q1-Q3/11
Sales	267.6	246.5	276.4	1 092.0	755.8	836.6	-3.2	8.6	-9.7
Operational EBITDA	37.5	13.3	61.5	200.4	65.7	174.1	-39.0	182.0	-62.3
Operational EBIT	32.5	14.7	57.3	169.2	54.4	142.0	-43.3	121.1	-61.7
% of sales	12.1	6.0	20.7	15.5	7.2	17.0	-41.5	101.7	-57.6
Operational ROOC, %*	9.0	4.1	17.1	12.0	5.0	13.9	-47.4	119.5	-64.0
Pulp deliveries, 1 000 t	467	439	461	1 851	1 365	1 386	1.3	6.4	-1.5

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

- Market pulp prices significantly lower than a year ago were partly offset by improved product mix.
- The annual maintenance stoppage at Sunila Pulp Mill was completed in early October 2012 according to plan.
- Actions are planned to improve efficiency at Skutskär Pulp Mill in Sweden to reduce costs and improve the mill's competitiveness in response to the challenging market environment.
- The Montes del Plata pulp mill project is progressing and currently more than 70% of the construction work has been completed. The schedule is unchanged and the mill is expected to start up approximately mid-year 2013.

Markets

Product	Market	Demand Q3/12 compared with Q3/11	Demand Q3/12 compared with Q2/12	Price Q3/12 compared with Q3/11	Price Q3/12 compared with Q2/12
Softwood pulp	Europe	Slightly stronger	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.

							Change %	Change %	Change %
EUR million	Q3/12	Q2/12	Q3/11	2011	Q1- Q3/12	Q1- Q3/11	Q3/12- Q3/11	Q3/12- Q2/12	Q1-Q3/12- Q1-Q3/11
Sales	403.3	443.7	414.0	1 671.1	1 228.2	1 289.1	-2.6	-9.1	-4.7
Operational EBITDA	10.4	20.1	19.6	102.3	41.8	86.9	-46.9	-48.3	-51.9
Operational EBIT	0.7	11.5	9.8	62.8	22.0	56.8	-92.9	-93.9	-61.3
% of sales	0.2	2.6	2.4	3.8	1.8	4.4	-91.7	-92.3	-59.1
Operational ROOC, %*	0.5	7.8	6.7	10.9	5.1	13.0	-92.5	-93.6	-60.8
Deliveries, 1 000 m ³	1 097	1 254	1 199	4 920	3 460	3 777	-8.5	-12.5	-8.4

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

- Although demand weakened, sales prices in local currencies remained stable year-on-year, whereas volumes decreased slightly.
- Higher raw material prices and declining by-product income reduced profits significantly, with Austrian and Czech raw material markets reaching their highest-ever levels.
- Actions are planned to improve flexibility and reduce costs at the Ala and Gruvön sawmills in Sweden and Varkaus Sawmill in Finland from the first quarter of 2013.
- Co-determination negotiations concerning possible temporary capacity reductions and lay-offs in Finland in November–March have concluded, enabling rapid and flexible action.

- Building and Living acquired the remaining 50% shareholding in the sawn timber trading company RETS Timber Oy Ltd with effect from 1 September 2012.

Markets

Product	Market	Demand Q3/12 compared with Q3/11	Demand Q3/12 compared with Q2/12	Price Q3/12 compared with Q3/11	Price Q3/12 compared with Q2/12
Wood products	Europe	Weaker	Significantly weaker	Stable	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	Q3/12	Q2/12	Q3/11	2011	Q1-Q3/12	Q1-Q3/11	Change % Q3/12–Q3/11	Change % Q3/12–Q2/12	Change % Q1-Q3/12–Q1-Q3/11
Sales	812.2	826.8	800.6	3 194.6	2 418.3	2 438.0	1.4	-1.8	-0.8
Operational EBITDA	134.0	122.1	122.0	495.8	369.1	413.1	9.8	9.7	-10.7
Operational EBIT	82.9	72.5	73.6	301.3	217.1	268.5	12.6	14.3	-19.1
% of sales	10.2	8.8	9.2	9.4	9.0	11.0	10.9	15.9	-18.2
Operational ROOC, %*	14.2	13.0	13.7	14.2	12.7	16.9	3.6	9.2	-24.9
Paper and board deliveries, 1 000 t	782	812	772	3 111	2 360	2 391	1.3	-3.7	-1.3
Paper and board production, 1 000 t	821	807	768	3 118	2 395	2 417	6.9	1.7	-0.9
Corrugated packaging deliveries, million m ²	275	282	256	1 018	818	745	7.4	-2.5	9.8
Corrugated packaging production, million m ²	269	275	251	1 006	801	742	7.2	-2.2	8.0

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

- Lower average sales prices in local currencies were offset by lower variable costs, especially for corrugated raw material and recycled fibre. Higher volumes offset higher fixed costs mainly due to growth initiatives.
- Stora Enso signed an agreement to establish a joint venture called Bulleh Shah Packaging (Private) Limited with Packages Ltd. of Pakistan in September. The joint-venture transaction is expected to be completed during the first quarter of 2013.
- There will be an annual maintenance stoppage similar to a year ago at Skoghall Mill in Sweden during the fourth quarter of 2012.
- In the integrated plantation-based board and pulp mills project at Beihai city in Guangxi in China, the preparations are proceeding according to plan. The project schedule will be confirmed when the final approvals are given and detailed plans are in place.
- The new containerboard machine project at Ostrołęka Mill in Poland is proceeding according to plan. As announced on 11 January 2011, Stora Enso plans to shut down board machine (BM) 2 at Ostrołęka Mill permanently.
- The corrugated packaging plant at Ruovesi in Finland is planned to be permanently closed down in the second quarter of 2013.
- The woodyard investment at Skoghall Mill in Sweden will be completed according to plan in the fourth quarter of 2012.
- Converting operations at Páty Mill in Hungary were permanently closed down according to plan in the third quarter of 2012.

Markets

Product	Market	Demand Q3/12 compared with Q3/11	Demand Q3/12 compared with Q2/12	Price Q3/12 compared with Q3/11	Price Q3/12 compared with Q2/12
Consumer board	Europe	Stable	Stable	Stable	Stable
Corrugated packaging	Europe	Slightly stronger	Slightly weaker	Lower	Slightly higher

Other

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

EUR million	Q3/12	Q2/12	Q3/11	2011	Q1-Q3/12	Q1-Q3/11	Change % Q3/12–Q3/11	Change % Q3/12–Q2/12	Change % Q1-Q3/12–Q1-Q3/11
Sales	644.9	662.2	637.4	2 700.5	2 010.5	2 056.6	1.2	-2.6	-2.2
Operational EBITDA	-1.7	-14.9	-2.3	-38.1	-27.1	-33.3	26.1	88.6	18.6
Operational EBIT	7.5	0.8	11.4	48.1	9.7	24.8	-34.2	n/m	-60.9
% of sales	1.2	0.1	1.8	1.8	0.5	1.2	-33.3	n/m	-58.3

- Lower sales prices and higher harvesting costs affected Bergvik Skog's results.
- The write-down of capitalised project costs and unlisted shares in the third quarter of 2012 was partly offset by lower costs in Group shared services and administration.
- Redefinition of the internal service offering has been finalised and efficiency gains are expected from 2013 onwards.

Short-term Risks and Uncertainties

The main short-term risks and uncertainties continue to relate to the economic situation in Europe and its potential impact on 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 21 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 202 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 65 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 115 million, negative EUR 95 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 Oyj (SEO) and Stora Enso North America (SENA) were 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 district court granted a motion for summary judgement that Stora Enso had filed on behalf of both SEO and SENA seeking dismissal of the direct purchaser class action claims. Following appeal, a federal court of appeals on 6 August 2012 upheld the district court's ruling as to SEO, which means that the direct purchaser class action claims against SEO have been found to be without legal foundation, but reversed the district court's ruling as to SENA and referred that part of the case back to the district court for a jury trial to determine whether SENA's conduct did violate the federal antitrust laws. The appeal court's decision is procedural and does not constitute a legal finding that SENA has violated antitrust laws. SENA intends to request the US Supreme Court to review and reverse the federal court of appeals decision vacating the district court's ruling as to SENA. Furthermore, most of the indirect purchaser actions have been dismissed by a consent judgement, subject, however, to being reinstated if the plaintiffs in the direct cases are ultimately successful in obtaining a final judgement that SENA violated antitrust laws. Since Stora Enso disposed of SENA in 2007, Stora Enso's liability, if any, will be determined by the provisions in the SENA Sales and Purchasing Agreement. 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 160 million and the secondary claim against Stora Enso to approximately EUR 85 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 70 million and the secondary claims and claims solely against Stora Enso to approximately EUR 25 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 September 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, 23 October 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.

Condensed Consolidated Income Statement

EUR million	Q3/12	Q2/12	Q3/11	Q1- Q3/12	Q1- Q3/11	2011	Change %	Change %	Change %
							Q3/12– Q3/11	Q3/12– Q2/12	Q1-Q3/12– Q1-Q3/11
Sales	2 694.1	2 720.4	2 739.3	8 087.8	8 283.3	10 964.9	-1.7	-1.0	-2.4
Other operating income	47.7	80.0	41.7	171.2	155.8	208.9	14.4	-40.4	9.9
Materials and services	-1 724.6	-1 737.5	-1 750.3	-1 191.9	-1 175.7	-1 697.9	1.5	0.7	-0.3
Freight and sales commissions	-255.8	-250.3	-255.8	-748.1	-775.4	-1 018.9	-	-2.2	3.5
Personnel expenses	-331.1	-373.0	-352.3	-1 046.2	-1 066.0	-1 393.9	6.0	11.2	1.9
Other operating expenses	-127.7	-139.9	-118.0	-416.5	-426.9	-575.2	-8.2	8.7	2.4
Share of results of equity accounted investments	8.0	-6.1	12.4	16.6	28.1	118.0	-35.5	231.1	-40.9
Depreciation and impairment	-149.3	-140.9	-138.4	-435.0	-433.4	-572.6	-7.9	-6.0	-0.4
Operating Profit	161.3	152.7	178.6	437.9	589.8	759.3	-9.7	5.6	-25.8
Net financial items	-59.1	-66.8	-193.4	-159.9	-279.2	-338.4	69.4	11.5	42.7
Profit/Loss before Tax	102.2	85.9	-14.8	278.0	310.6	420.9	n/m	19.0	-10.5
Income tax	-20.9	-16.4	-35.1	-53.1	-68.6	-78.7	40.5	-27.4	22.6
Net Profit/Loss for the Period	81.3	69.5	-49.9	224.9	242.0	342.2	262.9	17.0	-7.1
Attributable to:									
Owners of the Parent	80.0	65.8	-50.3	218.7	241.0	339.7	259.0	21.6	-9.3
Non-controlling interests	1.3	3.7	0.4	6.2	1.0	2.5	225.0	-64.9	n/m
	81.3	69.5	-49.9	224.9	242.0	342.2	262.9	17.0	-7.1
Earnings per Share									
Basic earnings per share, EUR	0.10	0.09	-0.06	0.28	0.31	0.43	266.7	11.1	-9.7
Diluted earnings per share, EUR	0.10	0.09	-0.06	0.28	0.31	0.43	266.7	11.1	-9.7

Consolidated Statement of Comprehensive Income

EUR million	Q3/12	Q2/12	Q3/11	Q1-Q3/12	Q1-Q3/11	2011
Net profit/loss for the period	81.3	69.5	-49.9	224.9	242.0	342.2
Other Comprehensive Income						
Actuarial losses on defined benefit pension plans	-2.6	-	-	-2.6	-	-55.8
Available-for-sale financial assets	65.8	-131.2	-92.4	-133.9	-54.8	-240.5
Currency and commodity hedges	36.2	-18.3	-55.8	41.9	-119.0	-128.4
Share of other comprehensive income of equity accounted investments	-3.8	-9.8	-17.7	-15.5	-14.7	-19.4
Currency translation movements on equity net investments (CTA)	19.5	-17.8	-99.4	19.4	-172.6	-76.2
Currency translation movements on non-controlling interests	-1.2	1.3	-0.7	-1.7	-2.3	-
Net investment hedges	-17.8	-1.2	5.2	-25.3	19.9	6.0
Income tax relating to components of other comprehensive income	-3.2	3.3	14.9	-3.8	28.2	40.8
Other Comprehensive Income, net of tax	92.9	-173.7	-245.9	-121.5	-315.3	-473.5
Total Comprehensive Income	174.2	-104.2	-295.8	103.4	-73.3	-131.3
Total Comprehensive Income Attributable to:						
Owners of the Parent	174.1	-109.2	-295.5	98.9	-72.0	-133.8
Non-controlling interests	0.1	5.0	-0.3	4.5	-1.3	2.5
	174.2	-104.2	-295.8	103.4	-73.3	-131.3

Condensed Consolidated Statement of Cash Flows

EUR million	Q1-Q3/12	Q1-Q3/11
Cash Flow from Operating Activities		
Operating profit	437.9	589.8
Hedging result from OCI	40.5	-116.9
Adjustments for non-cash items	411.1	441.0
Change in net working capital	-40.8	-293.3
Cash Flow Generated by Operations	848.7	620.6
Net financial items paid	-206.3	-61.8
Income taxes paid, net	-91.3	-94.0
Net Cash Provided by Operating Activities	551.1	464.8
Cash Flow from Investing Activities		
Acquisitions of subsidiaries and business operations, net of acquired cash	-11.1	-24.5
Acquisitions of equity accounted investments	-98.5	-87.1
Proceeds from sale of fixed assets and shares, net of disposed cash	6.0	18.9
Capital expenditure	-376.9	-222.6
Payments/proceeds of non-current receivables, net	-41.8	-3.4
Net Cash Used in Investing Activities	-522.3	-318.7
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	1 471.7	50.0
Long-term debt, payments	-476.3	-64.0
Change in short-term borrowings	-189.4	149.5
Dividends paid	-236.6	-197.2
Dividend to non-controlling interests	-2.5	-1.8
Net Cash Provided by/Used in Financing Activities	566.9	-63.5
Net Increase in Cash and Cash Equivalents	595.7	82.6
Translation adjustment	-30.3	-5.1
Net cash and cash equivalents at the beginning of period	1 134.3	1 103.1
Net Cash and Cash Equivalents at Period End	1 699.7	1 180.6
Cash and Cash Equivalents at Period End	1 707.8	1 183.3
Bank Overdrafts at Period End	-8.1	-2.7
Net Cash and Cash Equivalents at Period End	1 699.7	1 180.6
Acquisitions		
Cash and cash equivalents, net of bank overdraft	1.8	14.7
Fixed assets	5.8	49.6
Working capital	8.5	12.6
Tax assets and liabilities	0.6	-4.4
Interest-bearing liabilities and receivables	-5.0	-5.1
Fair Value of Net Assets Acquired	11.7	67.4
Non-controlling interest (as proportionate share)	-0.2	-35.5
Goodwill (provisional for 2011)	0.1	10.7
Value of previously held equity interests	-2.8	-
Total Purchase Consideration	8.8	42.6
Less cash and cash equivalents in acquired companies	-1.8	-14.7
Net Purchase Consideration	7.0	27.9
Cash part of the consideration, net of acquired cash	11.1	24.5
Non-cash part of the consideration	0.2	3.4
Payment concerning unfinished 2011 acquisition	-4.3	-
Net Purchase Consideration	7.0	27.9

Inpac Acquisition

EUR million	Final Fair Value Table
Cash and cash equivalents, net of bank overdraft	15.7
Fixed assets	52.4
Working capital	12.5
Tax assets and liabilities	-4.6
Interest-bearing assets and liabilities	-5.4
Non-controlling interest	-37.6
Net assets	33.0
Goodwill	11.5
Purchase consideration	44.5
Consideration	44.5
Cash and cash equivalents in acquired companies, net of bank overdraft	-15.7
Cash flow impact	28.8

Inpac acquisition

On 28 July 2011 Stora Enso completed the acquisition of 51% of the shares in the Chinese packaging company Inpac International Print & Packaging Co., Ltd., subsequently renamed Stora Enso Inpac Packaging Co. Ltd. Inpac is a packaging products company with production operations in China and India, and service operations in Korea. Inpac specialises in manufacturing consumer packaging, especially for global manufacturers of consumer electronics and other consumer goods. The acquisition gives Stora Enso access to new customers in the fast-growing Chinese, Indian and Korean markets, and will enable it to grow with global key customers in new geographic areas.

The Inpac acquisition accounting was finalised in the third quarter of 2012 and the final consideration amounted to EUR 44.5 million and goodwill to EUR 11.5 million. During 2012 there was a EUR 0.2 million adjustment to the provisional net asset amount presented in 2011 Annual Report. The acquisition was financed from the Group's own cash assets. The goodwill is based on future earnings expectations and synergy benefits. The non-controlling interest in Inpac was valued as the proportionate share of the acquiree's net assets.

Property, Plant and Equipment, Intangible Assets and Goodwill

EUR million	Q1-Q3/12	2011	Q1-Q3/11
Carrying value at 1 January	5 480.2	5 565.8	5 565.8
Acquisition of subsidiary companies	5.9	63.3	60.3
Additions in fixed assets	334.0	436.1	210.5
Additions in biological assets	12.9	17.2	12.1
Change in emission rights	-3.5	2.0	15.7
Disposals	-1.8	-13.4	-12.5
Depreciation and impairment	-435.0	-572.6	-433.4
Translation difference and other	108.8	-18.2	-96.2
Statement of Financial Position Total	5 501.5	5 480.2	5 322.3

Borrowings

EUR million	30 Sep 12	31 Dec 11	30 Sep 11
Non-current borrowings	4 433.7	3 339.4	3 328.7
Current borrowings	778.0	1 034.0	1 016.8
	5 211.7	4 373.4	4 345.5
	Q1-Q3/12	2011	Q1-Q3/11
Carrying value at 1 January	4 373.4	4 011.2	4 011.2
Debt acquired with new subsidiaries	0.4	5.4	13.5
Proceeds of borrowings (net)	767.6	331.6	357.6
Translation difference and other	70.3	25.2	-36.8
Statement of Financial Position Total	5 211.7	4 373.4	4 345.5

Condensed Consolidated Statement of Financial Position

EUR million		30 Sep 12	31 Dec 11	30 Sep 11
Assets				
Fixed Assets and Other Non-current Investments				
Fixed assets	O	5 242.7	5 224.6	5 066.4
Biological assets	O	219.3	212.6	199.2
Emission rights	O	39.5	43.0	56.7
Equity accounted investments	O	1 977.5	1 913.1	1 726.8
Available-for-sale: Interest-bearing	I	92.0	82.0	75.7
Available-for-sale: Operative	O	499.7	640.2	832.8
Non-current loan receivables	I	225.6	125.3	130.6
Deferred tax assets	T	124.2	121.9	107.9
Other non-current assets	O	41.4	26.6	48.5
		8 461.9	8 389.3	8 244.6
Current Assets				
Inventories	O	1 525.9	1 528.7	1 571.5
Tax receivables	T	17.9	6.2	7.3
Operative receivables	O	1 754.3	1 654.6	1 633.2
Interest-bearing receivables	I	186.5	281.5	308.4
Cash and cash equivalents	I	1 707.8	1 138.8	1 183.3
		5 192.4	4 609.8	4 703.7
Total Assets		13 654.3	12 999.1	12 948.3
Equity and Liabilities				
Owners of the Parent		5 735.0	5 872.7	5 934.5
Non-controlling Interests		89.3	87.1	83.4
Total Equity		5 824.3	5 959.8	6 017.9
Non-current Liabilities				
Post-employment benefit provisions	O	334.0	333.1	312.2
Other provisions	O	141.1	147.7	138.8
Deferred tax liabilities	T	430.7	401.0	381.0
Non-current debt	I	4 433.7	3 339.4	3 328.7
Other non-current operative liabilities	O	27.4	31.9	33.1
		5 366.9	4 253.1	4 193.8
Current Liabilities				
Current portion of non-current debt	I	207.9	250.0	217.9
Interest-bearing liabilities	I	570.1	784.0	798.9
Operative liabilities	O	1 638.7	1 678.7	1 618.2
Tax liabilities	T	46.4	73.5	101.6
		2 463.1	2 786.2	2 736.6
Total Liabilities		7 830.0	7 039.3	6 930.4
Total Equity and Liabilities		13 654.3	12 999.1	12 948.3

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	-	-	-	-	-	-	-	-	-	241.0	241.0	1.0	242.0
OCI before tax	-	-	-	-	-	-54.8	-119.0	-14.7	-152.7	-	-341.2	-2.3	-343.5
Income tax relating to components of OCI	-	-	-	-	-	2.1	31.3	-	-5.2	-	28.2	-	28.2
Total Comprehensive Income	-	-	-	-	-	-52.7	-87.7	-14.7	-157.9	241.0	-72.0	-1.3	-73.3
Dividend	-	-	-	-	-	-	-	-	-	-197.2	-197.2	-1.8	-199.0
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	35.5	35.5
Buy-out of non-controlling interest	-	-	-	-	-	-	-	-	-	0.8	0.8	-0.8	-
Balance at 30 Sep 2011	1 342.2	76.6	633.1	-10.2	3.9	727.3	-9.8	-24.5	-54.2	3 250.1	5 934.5	83.4	6 017.9
Profit for the period	-	-	-	-	-	-	-	-	-	98.7	98.7	1.5	100.2
OCI before tax	-	-	-	-	-	-185.7	-9.4	-4.7	82.5	-55.8	-173.1	2.3	-170.8
Income tax relating to components of OCI	-	-	-	-	-	-1.0	2.0	-	3.7	7.9	12.6	-	12.6
Total Comprehensive Income	-	-	-	-	-	-186.7	-7.4	-4.7	86.2	50.8	-61.8	3.8	-58.0
Dividend	-	-	-	-	-	-	-	-	-	-	-	-1.8	-1.8
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	1.7	1.7
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	-	-	-	-	-	-	-	-	-	218.7	218.7	6.2	224.9
OCI before tax	-	-	-	-	-	-133.9	41.9	-15.5	-5.9	-2.6	-116.0	-1.7	-117.7
Income tax relating to components of OCI	-	-	-	-	-	-0.6	-10.1	-	6.2	0.7	-3.8	-	-3.8
Total Comprehensive Income	-	-	-	-	-	-134.5	31.8	-15.5	0.3	216.8	98.9	4.5	103.4
Dividend	-	-	-	-	-	-	-	-	-	-236.6	-236.6	-2.5	-239.1
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	0.2	0.2
Balance at 30 Sep 2012	1 342.2	76.6	633.1	-10.2	3.9	406.1	14.6	-44.7	32.3	3 281.1	5 735.0	89.3	5 824.3

CTA = Cumulative Translation Adjustment

OCI = Other Comprehensive Income

Commitments and Contingencies

EUR million	30 Sep 12	31 Dec 11	30 Sep 11
On Own Behalf			
Pledges	0.8	1.3	-
Mortgages	9.7	9.7	16.1
On Behalf of Equity Accounted Investments			
Guarantees	582.0	390.2	298.1
On Behalf of Others			
Guarantees	5.1	5.0	7.3
Other Commitments, Own			
Operating leases, in next 12 months	60.2	66.1	46.9*
Operating leases, after next 12 months	497.4	525.8	501.9*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.0	5.1	9.4*
Total	1 160.6	1 003.6	880.1*
Pledges	0.8	1.3	-
Mortgages	9.7	9.7	16.1
Guarantees	587.1	395.2	305.4
Operating leases	557.6	591.9	548.8*
Pension liabilities	0.4	0.4	0.4
Other commitments	5.0	5.1	9.4*
Total	1 160.6	1 003.6	880.1

* 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 September 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 120 million at 30 September 2012 (compared with EUR 238 million at 30 September 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 272 million at 30 September 2012 (compared with EUR 431 million at 30 September 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 September 2011 and EUR 189 million at 31 December 2011).

Fair Values of Derivative Financial Instruments

EUR million	30 Sep 12			31 Dec 11	30 Sep 11
	Positive Fair Values	Negative Fair Values	Net Fair Values	Net Fair Values	Net Fair Values
Interest rate swaps	125.4	-64.8	60.6	95.8	100.7
Interest rate options	-	-55.8	-55.8	-51.0	-54.7
Forward contracts	8.4	-71.8	-63.4	4.8	34.7
Currency options	32.9	-9.4	23.5	-16.1	-16.5
Commodity contracts	11.1	-14.8	-3.7	-2.1	5.7
Equity swaps ("TRS")	-	-1.9	-1.9	-22.6	-27.1
Total	177.8	-218.5	-40.7	8.8	42.8

Nominal Values of Derivative Financial Instruments

EUR million	30 Sep 12	31 Dec 11	30 Sep 11
Interest Rate Derivatives			
Interest rate swaps			
Maturity under 1 year	34.8	61.6	26.8
Maturity 2–5 years	2 085.7	2 073.3	1 888.6
Maturity 6–10 years	250.0	250.0	300.0
	2 370.5	2 384.9	2 215.4
Interest rate options	523.0	522.8	908.3
Total	2 893.5	2 907.7	3 123.7
Foreign Exchange Derivatives			
Forward contracts	2 352.5	1 750.2	2 027.6
Currency options	2 570.4	2 669.4	2 895.9
Total	4 922.9	4 419.6	4 923.5
Commodity Derivatives			
Commodity contracts	313.3	236.7	195.2
Total	313.3	236.7	195.2
Total Return (Equity) Swaps			
Equity swaps ("TRS")	54.8	73.3	75.6
Total	54.8	73.3	75.6

Sales by Segment

EUR million	Q3/12	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	1 226.8	1 190.8	1 227.2	5 022.0	1 283.8	1 283.1	1 242.6	1 212.5
Biomaterials	267.6	246.5	241.7	1 092.0	255.4	276.4	268.6	291.6
Building and Living	403.3	443.7	381.2	1 671.1	382.0	414.0	465.4	409.7
Renewable Packaging	812.2	826.8	779.3	3 194.6	756.6	800.6	829.6	807.8
Other	644.9	662.2	703.4	2 700.5	643.9	637.4	700.1	719.1
Inter-segment sales	-660.7	-649.6	-659.5	-2 715.3	-640.1	-672.2	-689.2	-713.8
Total	2 694.1	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	Q3/12	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	51.1	41.7	67.3	285.3	55.6	72.3	72.2	85.2
Biomaterials	32.5	14.7	7.2	169.2	27.2	57.3	31.2	53.5
Building and Living	0.7	11.5	9.8	62.8	6.0	9.8	35.2	11.8
Renewable Packaging	82.9	72.5	61.7	301.3	32.8	73.6	93.9	101.0
Other	7.5	0.8	1.4	48.1	23.3	11.4	6.6	6.8
Operational EBIT	174.7	141.2	147.4	866.7	144.9	224.4	239.1	258.3
Fair valuations and non-operational items*	-13.4	-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)	161.3	152.7	123.9	759.3	169.5	178.6	180.5	230.7
Net financial items	-59.1	-66.8	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	102.2	85.9	89.9	420.9	110.3	-14.8	145.9	179.5
Income tax expense	-20.9	-16.4	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	81.3	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, CO₂ 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	Q3/12	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	Q3/12	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	-7.9	-22.8	-4.6	-18.5	2.7	-11.6	-5.4	-4.2
Building and Living	-0.1	-0.1	-2.2	-1.8	-	-	-1.8	-
Renewable Packaging	-	-	-0.7	-6.6	-	-	-6.6	-
Other	-5.4	-9.8	9.7	7.3	40.9	-33.9	-3.9	4.2
Fair Valuations and Non-operational Items on Operating Profit	-13.4	-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, CO₂ 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	Q3/12	Q2/12	Q1/12	2011	Q4/11	Q3/11	Q2/11	Q1/11
Printing and Reading	51.1	54.2	56.7	248.3	61.3	72.0	35.5	79.5
Biomaterials	24.6	-8.1	2.6	163.3	37.4	45.7	23.9	56.3
Building and Living	0.6	11.4	7.6	27.5	1.4	9.8	33.4	-17.1
Renewable Packaging	82.9	72.5	45.9	285.8	26.2	73.6	85.0	101.0
Other	2.1	22.7	11.1	34.4	43.2	-22.5	2.7	11.0
Operating Profit (IFRS)	161.3	152.7	123.9	759.3	169.5	178.6	180.5	230.7
Net financial items	-59.1	-66.8	-34.0	-338.4	-59.2	-193.4	-34.6	-51.2
Profit/Loss before Tax	102.2	85.9	89.9	420.9	110.3	-14.8	145.9	179.5
Income tax expense	-20.9	-16.4	-15.8	-78.7	-10.1	-35.1	-9.9	-23.6
Net Profit/Loss	81.3	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 Sep 12	31 Dec 11	30 Sep 12	31 Dec 11
SEK	8.4498	8.9120	8.7341	9.0307
USD	1.2930	1.2939	1.2817	1.3922
GBP	0.7981	0.8353	0.8122	0.8678

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

EUR million	USD	GBP	SEK
Estimated annual net operating cash flow exposure	1 150	620	-950
Transaction hedges as at 30 Sep 2012	-580	-280	380
Hedging percentage as at 30 Sep 2012 for the next 12 months	50%	45%	40%

Additional GBP hedges for 13–16 months increase the hedging percentages by 6%.

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency strengthening of + 10%	EUR million
USD	115
SEK	-95
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
July	28 398	83 248 082	49 283	24 521 468
August	60 754	72 564 074	77 160	31 075 003
September	66 177	70 369 945	81 073	25 549 055
Total	155 329	226 182 101	207 516	81 145 526

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
July	6.15	4.65	53.00	38.88
August	6.13	4.80	51.00	40.12
September	5.81	4.83	50.75	40.88

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		$\frac{\text{Net profit/loss for the period}^{3)} - \text{depreciation and impairment}}{\text{Average number of shares}}$
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 of the segments and Stora Enso's share of operating profit/loss excluding NRI and fair valuations of its equity accounted investments (EAI)
Operational EBITDA		Operating profit/loss excluding fixed asset depreciation and impairment, share of results of equity accounted investments, NRI and fair valuations
Net debt to operational EBITDA ratio		$\frac{\text{Interest-bearing net liabilities}}{\text{Operational EBITDA}}$
Last twelve months (LTM)		Twelve months preceding the reporting date

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 full year 2012 results will be published on 5 February 2013.

PRESS CONFERENCE IN STOCKHOLM

Time: 13.00 local time today (14.00 EET)

Location: World Trade Center Stockholm, plan 4, sektion D

Address: Klarabergsviadukten 70/Kungsbron 1

Presentations: Jouko Karvinen, CEO
Karl-Henrik Sundström, CFO

The conference will be held in English. Questions can be addressed to Jouko Karvinen and Karl-Henrik Sundström after the presentation.

ANALYST CONFERENCE CALL

CEO Jouko Karvinen, CFO Karl-Henrik Sundström and SVP Investor Relations Ulla Paajanen-Sainio will be hosting a combined conference call and webcast today at 16.00 Finnish time (15.00 CET, 14.00 UK time, 09.00 US Eastern time).

If you wish to participate, please dial:

Continental Europe and the UK +44 (0) 20 7136 6283

Finland +358 (0) 9 6937 9543

Sweden	+46 (0) 8 5352 6408
USA	+1 212 444 0896
Access code:	8894140

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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