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Stora Enso Fourth Quarter and Full Year Results 2013

Cash flow remained strong, proposed dividend unchanged at EUR 0.30

Q4/2013 (compared with Q4/2012)

- **Operational EBIT EUR 152 (EUR 158) million including EUR 19 million impact of lower depreciation due to impairment charges, a margin of 5.8% (5.8%).**
- **Negative NRI of approximately EUR 392 million, mainly due to fixed asset impairments (EUR 556 million) and Guangxi plantations fair valuation gain (EUR 179 million).**
- **Renewable Packaging profitability improved by lower variable costs and production from Ostrołęka Mill's new containerboard machine, which reached its target 20% EBITDA margin by the end of the year.**
- **Strong cash flow from operations at EUR 470 (EUR 473) million, cash flow after investing activities EUR 310 (EUR 273) million.**

Full year 2013 (compared with 2012)

- **Operational EBIT EUR 578 (EUR 630) million, a margin of 5.5% (5.8%).**
- **EPS excluding NRI EUR 0.40 (EUR 0.33).**
- **Strong cash flow from operations at EUR 1 246 (EUR 1 254) million, cash flow after investing activities improved to EUR 756 (EUR 578) million.**
- **Net debt to operational EBITDA ratio improved to 2.3 (2.5), net debt decreased to EUR 2 434 million.**

Transformation and divestment of non-core assets

- **Montes del Plata Pulp Mill currently finalising construction works, mill commissioning and final permit process. Start-up expected to commence during the first months of 2014.**
- **Consumer board machine investment in Guangxi, China proceeding as planned. Machine expected to be operational in early 2016, as previously announced.**
- **As announced today, Stora Enso is divesting its 40% shareholding in the US processed kaolin clay producer Thiele Kaolin Company for USD 76 (EUR 56) million. A capital gain of EUR 37 million will be recorded in Q1/2014.**

Restructuring

- **EUR 200 million streamlining and structure simplification programme announced on 23 April 2013 proceeding as planned.**
- **Plan to permanently shut down a coated magazine paper machine at Veitsiluoto Mill in Finland announced in January 2014.**

Outlook

- **In Q1/2014 sales are expected to be similar to the EUR 2 604 million and operational EBIT similar or somewhat higher compared with the EUR 152 million in Q4/2013. Average prices are forecast to improve and fixed costs to decrease from Q4/2013. Renewable Packaging will be impacted by Guangxi project costs and lost production due to Skoghall Mill recovery boiler incident.**

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Key Figures*

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	2 604	2 556	2 727	10 544	10 815	-4.5	1.9	-2.5
Operational EBITDA	246	311	276	1 044	1 094	-10.9	-20.9	-4.6
Operational EBITDA margin, %	9.4	12.2	10.1	9.9	10.1	-6.9	-23.0	-2.0
Operational EBIT	152	184	158	578	630	-3.8	-17.4	-8.3
Operational EBIT margin, %	5.8	7.2	5.8	5.5	5.8	-	-19.4	-5.2
Operating loss/profit (IFRS)	-218	158	254	34	701	-185.8	-238.0	-95.1
Operating margin (IFRS), %	-8.4	6.2	9.3	0.3	6.5	-190.3	-235.5	-95.4
Profit before tax excl. NRI	110	125	83	350	317	32.5	-12.0	10.4
Loss/profit before tax	-282	102	204	-189	481	-238.2	n/m	-139.3
Net profit for the period excl. NRI	118	104	89	323	263	32.6	13.5	22.8
Net loss/profit for the period	-160	84	266	-71	490	-160.2	-290.5	-114.5
Capital expenditure	176	102	209	425	556	-15.8	72.5	-23.6
Depreciation and impairment charges excl. NRI	128	145	150	564	583	-14.7	-11.7	-3.3
Operational ROCE, %	7.6	9.0	7.3	7.1	7.3	4.1	-15.6	-2.7
Earnings per share (EPS) excl. NRI, EUR	0.15	0.13	0.11	0.40	0.33	36.4	15.4	21.2
EPS (basic), EUR	-0.18	0.11	0.33	-0.07	0.61	-154.5	-263.6	-111.5
Cash earnings per share (CEPS) excl. NRI, EUR	0.31	0.32	0.30	1.12	1.07	3.3	-3.1	4.7
CEPS, EUR	0.46	0.29	0.45	1.16	1.28	2.2	58.6	-9.4
Return on equity (ROE), %	-11.9	6.2	18.2	-1.3	8.3	-165.4	-291.9	-115.7
Debt/equity ratio	0.47	0.51	0.48	0.47	0.48	-2.1	-7.8	-2.1
Net debt/last twelve months' operational EBITDA	2.3	2.5	2.5	2.3	2.5	-8.0	-8.0	-8.0
Equity per share, EUR	6.61	6.82	7.32	6.61	7.32	-9.7	-3.1	-9.7
Equity ratio, %	41.3	41.1	42.8	41.3	42.8	-3.5	0.5	-3.5
Average number of employees	27 748	28 297	28 331	28 231	28 777	-2.1	-1.9	-1.9
Average number of shares (million)								
periodic	788.6	788.6	788.6	788.6	788.6			
cumulative	788.6	788.6	788.6	788.6	788.6			
cumulative, diluted	788.6	788.6	788.6	788.6	788.6			

** Data for the comparative periods have been restated following adoption of the revised IAS 19 Employee Benefits standard. Data for the comparative periods have been restated in all tables affected by IAS 19. For further details, please see Basis of Preparation on page 14.*
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.

NRI = Non-recurring items. These are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, additional write-downs or reversals of write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally disclosed individually if they exceed one cent per share.

Stora Enso Deliveries and Production

	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Paper and board deliveries (1 000 tonnes)	2 438	2 456	2 569	9 898	10 268	-5.1	-0.7	-3.6
Paper and board production (1 000 tonnes)	2 427	2 469	2 561	9 911	10 357	-5.2	-1.7	-4.3
Wood products deliveries (1 000 m^3)	1 247	1 191	1 175	4 930	4 750	6.1	4.7	3.8
Market pulp deliveries (1 000 tonnes)*	335	254	284	1 180	1 058	18.0	31.9	11.5
Corrugated packaging deliveries (million m^2)	277	278	279	1 086	1 097	-0.7	-0.4	-1.0

** Stora Enso's net market pulp position was 1.1 million tonnes for 2013.*

Reconciliation of Operational Profitability

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Operational EBITDA	**246**	**311**	**276**	**1 044**	**1 094**	**-10.9**	**-20.9**	**-4.6**
Equity accounted investments (EAI), operational*	34	18	32	98	119	6.3	88.9	-17.6
Depreciation and impairment excl. NRI	-128	-145	-150	-564	-583	14.7	11.7	3.3
Operational EBIT	**152**	**184**	**158**	**578**	**630**	**-3.8**	**-17.4**	**-8.3**
Fair valuations and non-operational items**	22	-3	-14	-5	-59	257.1	n/m	91.5
Non-recurring items	-392	-23	110	-539	130	n/m	n/m	n/m
Operating Loss/Profit (IFRS)	**-218**	**158**	**254**	**34**	**701**	**-185.8**	**-238.0**	**-95.1**

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

Q4/2013 Results (compared with Q4/2012)

Breakdown of Sales Change Q4/2012 to Q4/2013

	Sales
Q4/12, EUR million	**2 727**
Price and mix, %	-1
Currency, %	-2
Volume, %	-
Other sales*, %	-
Total before structural changes, %	-3
Structural change**, %	-2
Total, %	-5
Q4/13, EUR million	**2 604**

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

Sales at EUR 2 604 million were EUR 123 million lower than a year ago as sales of paper products declined, partly due to the previously announced permanent shutdowns of paper machines at Kvarnsveden and Hylte mills in Sweden. Operational EBIT was EUR 152 (EUR 158) million, an operational EBIT margin of 5.8% (5.8%).

Clearly lower sales volumes, especially for newsprint due to permanent paper machine shutdowns, and slightly lower sales prices in local currencies for all paper products decreased operational EBIT by EUR 48 million. This was partly offset by slightly lower wood costs across divisions and lower pulp costs, which increased operational EBIT by EUR 23 million. Depreciation was EUR 22 million lower, mainly due to fixed asset impairments. Fixed costs remained stable. Paper and board production was curtailed by 11% (9%) and sawnwood production by 2% (5%) to manage supply.

The average number of employees in the fourth quarter of 2013 was 580 lower than a year earlier at 27 750. The number of employees decreased most in Sweden due to permanent shutdowns of paper machines and restructurings, whereas decreases in Finland were offset by the acquisition of ABB’s 49% shareholding in Efora Oy, which employs around 1 000 people. The average number of employees in China increased by 520 in the fourth quarter.

The Group recorded non-recurring items (NRI) with a negative net impact of approximately EUR 392 million on operating profit and a positive impact of approximately EUR 114 million on income tax in its fourth quarter 2013 results. The NRI are fixed asset impairments of EUR 556 million mainly in Printing and Reading, a fair valuation gain of EUR 179 million and related provision release of EUR 7 million on Group plantation assets in China, a production disruption cost of EUR 12 million in Renewable Packaging, EUR 12 million costs related to joint-venture establishment in China, the EUR 8 million settlement cost of a legal case with a supplier at the Group’s equity accounted investment Veracel and a gain of EUR 10 million relating to the Group’s share of the effect of the new tax rate on the equity accounted investment Tornator.

Net financial expenses at EUR 64 million were EUR 14 million higher than a year ago. The net interest expenses and the fair valuation of interest rate derivatives were similar to the previous year. The net foreign exchange impact in the fourth quarter of 2013 in respect of cash, interest-bearing assets and liabilities and related hedges was a gain of EUR 9 (a loss of EUR 1) million. During the quarter, prepayment of loans from Finnish pension institutions and bonds resulted in a charge of EUR 11 million. A one-time EUR 11 million gain from the settlement of the NewPage lease guarantee was recorded in the fourth quarter of 2012.

Breakdown of Capital Employed Change Q4/2012 to Q4/2013

	Capital Employed
Q4/12, EUR million	**8 619**
Capital expenditure less depreciation	-179
Impairments and reversal of impairments	-592
Valuation of biological assets	179
Available-for-sale: operative (mainly PVO)	-89
Equity accounted investments	142
Net liabilities in defined benefit plans	98
Operative working capital and other interest-free items, net	-332
Net tax liabilities	136
Translation difference	-258
Other changes	-17
Q4/13, EUR million	**7 707**

The operational return on capital employed was 7.6% (7.3%). Excluding the ongoing strategic investments in Biomaterials and Renewable Packaging the operational return on capital employed would have been 9.1% (8.4%).

January–December 2013 Results (compared with January–December 2012)

Breakdown of Sales Change 2012 to 2013

	Sales
2012, EUR million	**10 815**
Price and mix, %	-1
Currency, %	-1
Volume, %	-
Other sales*, %	-
Total before structural changes, %	-2
Structural change**, %	-1
Total, %	-3
2013, EUR million	**10 544**

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

Sales at EUR 10 544 million were EUR 271 million lower than in the previous year due to permanent machine shutdowns and deteriorating demand and prices in Printing and Reading. Operational EBIT was EUR 52 million lower at EUR 578 million. The operational EBIT margin was 5.5% (5.8%).

Significantly lower sales prices in local currencies for paper were partly offset by the improved product mix and sales prices in Building and Living. Lower sales volumes in Printing and Reading were partly offset by increased deliveries in Renewable Packaging due to Ostrołęka Mill's new PM 5. Variable costs were clearly lower as wood and pulp costs decreased, and fixed costs were also lower than a year ago. Full year 2013 depreciation was EUR 19 million lower year-on-year due to fixed asset impairments.

Net financial expenses at EUR 223 million were EUR 3 million higher than a year earlier. Net interest expenses increased by EUR 30 million mainly as a result of higher average gross debt during the year, lower capitalised interest and lower interest income from loans to equity accounted investments. The net foreign exchange losses in respect of cash, interest-bearing assets and liabilities and related hedges were EUR 1 (EUR 12) million. The fair valuation of interest rate derivatives had a EUR 40 million positive impact compared with 2012 due to higher long-term interest rates. A gain of EUR 12 million from the sale of EUR 99 million of subordinated debt of the equity accounted investments Bergvik Skog and Tornator was recorded in 2013, whereas a EUR 34 million gain was recorded on the reversal of NewPage lease guarantee provisions and settlement in 2012.

Q4/2013 Results (compared with Q3/2013)

Sales increased by EUR 48 million to EUR 2 604 million. Operational EBIT was EUR 32 million lower than in the previous quarter at EUR 152 million. The fourth quarter results include the impact of EUR 19 million lower depreciation due to fixed asset impairments. Fixed costs were higher due to seasonality and increased maintenance activity, but variable costs were lower. Renewable Packaging volumes were lower than in the previous quarter, partly due to annual maintenance stoppages at Skoghall and Fors mills.

Capital Structure

EUR million	31 Dec 13	30 Sep 13	30 Jun 13	31 Mar 13	31 Dec 12
Operative fixed assets*	5 234	5 613	5 571	5 904	6 022
Equity accounted investments	1 961	1 972	1 999	2 058	1 965
Operative working capital, net	1 085	1 363	1 418	1 570	1 460
Non-current interest-free items, net	-499	-575	-580	-601	-611
Operating Capital Total	**7 781**	**8 373**	**8 408**	**8 931**	**8 836**
Net tax liabilities	-74	-181	-174	-196	-217
Capital Employed	**7 707**	**8 192**	**8 234**	**8 735**	**8 619**
Equity attributable to owners of the Parent	5 213	5 381	5 261	5 772	5 770
Non-controlling interests	60	86	88	89	92
Net interest-bearing liabilities	2 434	2 725	2 885	2 874	2 757
Financing Total	**7 707**	**8 192**	**8 234**	**8 735**	**8 619**

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

Financing Q4/2013 (compared with Q3/2013)
Total unutilised committed credit facilities were unchanged at EUR 700 million, and cash and cash equivalents net of overdrafts remained strong at EUR 2 053 million, which is EUR 43 million less than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 800 million.

During the fourth quarter of 2013, loans from Finnish pension institutions with a nominal value of EUR 125 million were repaid early by Stora Enso. In addition, Stora Enso repurchased EUR 77 million of the 5.125% bond notes due in June 2014. Following the repurchase, the aggregate nominal amount of the outstanding notes is EUR 270 million.

In November 2013 Stora Enso signed a new EUR 700 million committed credit facility agreement with a syndicate of 14 banks to refinance its existing EUR 700 million facility. The new facility matures in January 2017 and will be used as a backup for general corporate purposes. The loan has no financial covenants.

The ratio of net debt to the last twelve months' operational EBITDA was 2.3 (2.5).

The debt/equity ratio at 31 December 2013 was 0.47 (0.51). The decrease is primarily due to the EUR 291 million decrease in net debt due to solid cash flow generation in the fourth quarter of 2013.

Cash Flow

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Operational EBITDA	246	311	276	1 044	1 094	-10.9	-20.9	-4.6
NRI on Operational EBITDA	162	-23	-13	34	18	n/m	n/m	88.9
Dividends received from equity accounted investments	18	2	93	38	102	-80.6	n/m	-62.7
Other adjustments	-172	-3	-24	-171	-34	n/m	n/m	n/m
Change in working capital	216	44	141	301	74	53.2	n/m	n/m
Cash Flow from Operations	**470**	**331**	**473**	**1 246**	**1 254**	**-0.6**	**42.0**	**-0.6**
Cash spent on fixed and biological assets	-149	-107	-184	-424	-561	19.0	-39.3	24.4
Acquisitions of equity accounted investments	-11	-8	-16	-66	-115	31.3	-37.5	42.6
Cash Flow after Investing Activities	**310**	**216**	**273**	**756**	**578**	**13.6**	**43.5**	**30.8**

Q4/2013 cash flow
Fourth quarter 2013 cash flow from operations remained solid at EUR 470 million. Inventories and receivables decreased by EUR 70 million and EUR 75 million, respectively. Payables increased by EUR 60 million. Payments from the previously announced restructuring provisions were EUR 20 million.

Capital Expenditure for January–December 2013
Additions to fixed and biological assets in 2013 totalled EUR 425 million, which is 75% of depreciation in the same period. Investments in fixed assets and biological assets had a cash outflow impact of EUR 424 million in 2013.

The EUR 36 million equity injection into Montes del Plata, a joint venture in Uruguay, and EUR 30 million cost of acquiring a 35% shareholding in Bulleh Shah, a joint venture in Pakistan, totalled EUR 66 million in 2013.

The main projects ongoing during 2013 were Montes del Plata Pulp Mill and the Ostrołęka containerboard machine.

Capital Expenditure, Equity Injections and Depreciation Forecast 2014*

EUR million	Forecast 2014

Capital expenditure	820–900
Equity injections	30
Total	**850–930**
Depreciation	550–580

* Capital expenditure includes approximately EUR 300 million for the project in Guangxi, China and approximately EUR 150 million for Montes del Plata Pulp Mill in Uruguay. As of 2014 Stora Enso will consolidate Veracel and Montes del Plata line-by-line in accordance with IFRS 11. For further details, please see Basis for Preparation on page 14.

Streamlining and structure simplification programme to cut EUR 200 million from fixed costs
The streamlining and structure simplification programme, which is intended to achieve annual net fixed cost savings of EUR 200 million after compensating for inflation in addition to cost takeout in the second quarter of 2014 versus actual 2012 is proceeding according to plan. The full impact of the net cost savings is expected from the second quarter of 2014 onwards. This programme does not include capacity reductions.

About 70% of the cost reduction actions specific to this programme were completed by the end of the fourth quarter of 2013. Most of the non-recurring one-time costs totalling EUR 88 million related to the programme were already announced by the end of the third quarter of 2013. Due to the programme, about 1 300 employees exited by the end of the year.

Near-term Outlook
In the first quarter of 2014 sales are expected to be similar to the EUR 2 604 million and operational EBIT similar or somewhat higher compared with the EUR 152 million in the fourth quarter of 2013. Average prices are forecast to improve and fixed costs to decrease compared with the fourth quarter of 2013. Renewable Packaging will be affected by Guangxi project costs and lost production due to the Skoghall Mill recovery boiler incident.

Segments Q4/13 compared with Q4/12

Printing and Reading

Printing and Reading, part of the Printing and Living Division, is a world-class responsible supplier of paper from renewable sources for print media and office use. Its wide offering serves publishers, retailers, printing houses, merchants, converters and office suppliers, among others. Printing and Reading produces newsprint, book paper, SC paper, coated paper and office paper.

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	1 054	1 041	1 194	4 319	4 839	-11.7	1.2	-10.7
Operational EBITDA	86	81	129	290	493	-33.3	6.2	-41.2
Operational EBIT	36	13	59	34	223	-39.0	176.9	-84.8
% of sales	3.4	1.2	4.9	0.8	4.6	-30.6	183.3	-82.6
Operational ROOC, %*	6.1	1.9	7.9	1.4	7.4	-22.8	221.1	-81.1
Paper deliveries, 1 000 t	1 607	1 582	1 791	6 525	7 130	-10.3	1.6	-8.5
Paper production, 1 000 t	1 577	1 600	1 809	6 501	7 210	-12.8	-1.4	-9.8

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

- Lower sales volumes due to declining demand and related capacity reductions, and slightly lower sales prices in local currencies decreased operational EBIT. This was partly offset by lower variable costs resulting from operational improvements and lower fixed costs.
- Depreciation was EUR 19 million lower mainly due to fixed asset impairments recorded in the fourth quarter of 2013.
- As announced in January 2014, the permanent shutdown of a coated mechanical paper machine at Veitsiluoto Mill in Finland is planned.

Markets

Product	Market	Demand Q4/13 compared with Q4/12	Demand Q4/13 compared with Q3/13	Price Q4/13 compared with Q4/12	Price Q4/13 compared with Q3/13
Paper	Europe	Weaker	Slightly stronger	Slightly lower	Stable

Biomaterials

Biomaterials offers a variety of pulp grades to meet the demands of paper, board and tissue producers. Pulp made from renewable resources in a sustainable manner is an excellent raw material with many different end uses. Biomaterials comprises mainly plantations, the Group’s joint-venture Veracel and Montes del Plata pulp mills, Nordic stand-alone pulp mills, the Pulp Competence Centre and Biorefinery.

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	258	242	256	1 014	1 012	0.8	6.6	0.2
Operational EBITDA	28	29	33	107	99	-15.2	-3.4	8.1
Operational EBIT	24	17	28	77	82	-14.3	41.2	-6.1
% of sales	9.3	7.0	10.9	7.6	8.1	-14.7	32.9	-6.2
Operational ROOC, %*	7.2	4.9	7.8	5.6	5.7	-7.7	46.9	-1.8
Pulp deliveries, 1 000 t	484	444	471	1 864	1 836	2.8	9.0	1.5

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

- Lower variable costs, mainly for wood, were more than offset by Biorefinery Business Unit costs, and higher costs for Montes del Plata Pulp Mill. Fixed costs were similar to a year ago.
- Montes del Plata Pulp Mill is currently finalising the construction works, mill commissioning and the final permit process. The start-up process is expected to commence during the first months of 2014.

Markets

Product	Market	Demand Q4/13 compared with Q4/12	Demand Q4/13 compared with Q3/13	Price Q4/13 compared with Q4/12	Price Q4/13 compared with Q3/13
Softwood pulp	Europe	Stable	Slightly weaker	Significantly higher	Slightly higher
Hardwood pulp	Europe	Slightly weaker	Stronger	Stable	Slightly lower

Building and Living

Building and Living, part of the Printing and Living Division, provides wood-based innovations and solutions for everyday living and housing needs. The product range covers all areas of urban construction, from supporting structures to interior design and environmental construction. Further-processed products include massive wood elements and housing modules, wood components and pellets, in addition to a variety of sawn timber goods.

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	466	460	456	1 867	1 684	2.2	1.3	10.9
Operational EBITDA	30	33	17	115	59	76.5	-9.1	94.9
Operational EBIT	19	24	7	75	29	171.4	-20.8	158.6
% of sales	4.1	5.2	1.5	4.0	1.7	173.3	-21.2	135.3
Operational ROOC, %*	14.4	17.7	4.8	13.9	5.2	200.0	-18.6	167.3
Deliveries, 1 000 m^3	1 203	1 157	1 132	4 776	4 592	6.3	4.0	4.0

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

- Slightly lower sales prices in overseas markets were more than offset by lower log prices in the Nordic countries, clearly higher by-product income in Central Europe, lower fixed costs and higher volumes in all businesses.

Markets

Product	Market	Demand Q4/13 compared with Q4/12	Demand Q4/13 compared with Q3/13	Price Q4/13 compared with Q4/12	Price Q4/13 compared with Q3/13
Wood products	Europe	Significantly stronger	Slightly higher	Stable	Stable

Renewable Packaging

Renewable Packaging offers fibre-based packaging materials and innovative packaging solutions for consumer goods and industrial applications. Renewable Packaging operates throughout the value chain, from pulp production to production of materials and packaging, and recycling. It comprises three business units: Consumer Board, Packaging Solutions and Packaging Asia.

EUR million	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	788	829	798	3 272	3 216	-1.3	-4.9	1.7
Operational EBITDA	122	152	106	522	476	15.1	-19.7	9.7
Operational EBIT	73	100	55	318	273	32.7	-27.0	16.5
% of sales	9.3	12.1	6.9	9.7	8.5	34.8	-23.1	14.1
Operational ROOC, %*	12.2	16.9	9.3	13.3	12.1	31.2	-27.8	9.9
Paper and board deliveries, 1 000 t	831	874	778	3 373	3 138	6.8	-4.9	7.5
Paper and board production, 1 000 t	850	869	752	3 410	3 147	13.0	-2.2	8.4
Corrugated packaging deliveries, million m^2	277	278	279	1 086	1 097	-0.7	-0.4	-1.0
Corrugated packaging production, million m^2	266	266	275	1 057	1 076	-3.3	-	-1.8

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

- Containerboard sales volumes were higher due to Ostrołęka Mill's new PM 5 and stronger consumer board deliveries at the end of the year. Increased production despite annual maintenance stoppages at Skoghall and Fors mills improved operational EBIT. Variable costs were lower. Average sales prices in local currencies remained stable.
- The consumer board machine project in Guangxi, China is proceeding as planned. Approvals from MOFCOM (Ministry of Commerce of People's Republic of China) were received in November. The machine is forecast to be operational in the beginning of 2016, as previously announced.

Markets

Product	Market	Demand Q4/13 compared with Q4/12	Demand Q4/13 compared with Q3/13	Price Q4/13 compared with Q4/12	Price Q4/13 compared with Q3/13
Consumer board	Europe	Slightly stronger	Slightly weaker	Slightly lower	Stable
Corrugated packaging	Europe	Weaker	Stable	Slightly higher	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	Q4/13	Q3/13	Q4/12	2013	2012	Change % Q4/13–Q4/12	Change % Q4/13–Q3/13	Change % 2013–2012
Sales	672	612	673	2 690	2 684	-0.1	9.8	0.2
Operational EBITDA	-20	16	-9	10	-33	-122.2	-225.0	130.3
Operational EBIT	-	30	9	74	23	-100.0	-100.0	221.7
% of sales	-	4.9	1.3	2.8	0.9	-100.0	-100.0	211.1

- Fixed costs increased due to acquisition of ABB's 49% shareholding in Efora Oy.
- Operational EBIT was EUR 51 million higher than a year earlier mainly due to inventory adjustment in Nordic wood sourcing operations in 2012 and lower expenditure in Group Functions and Group Services.
- Stora Enso divests its 40% shareholding in the US based processed kaolin clay producer Thiele Kaolin Company for USD 76 (EUR 56) million. A capital gain of EUR 37 million will be recorded in Q1/2014.

Short-term Risks and Uncertainties

The main short-term risks and uncertainties relate to the economic situation in Europe, and the persistent 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 13 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 190 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 69 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 95 million, negative EUR 78 million and positive EUR 53 million annual impact, respectively. Weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming no changes occur other than a single currency exchange rate movement.

Fourth Quarter Events

In October Stora Enso announced the appointments to its Nomination Board.

Veracel

On 11 July 2008 Stora Enso announced that a federal judge in Brazil had issued a decision claiming that the permits issued by the State of Bahia for the operations of Stora Enso’s equity accounted investment Veracel were not valid. The judge also ordered Veracel to take certain actions, including reforestation with native trees on part of Veracel’s plantations and a possible BRL 20 million (EUR 7 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.

During construction of Veracel Pulp Mill, a supplier won the international tendering to supply part of the mill. The proposal included an element to make the plant eligible for a Drawback Suspension Tax Benefit which would provide exemptions on imports. One of the conditions of the drawback was that funds used to pay the supplier be raised outside Brazil. At the same time, part of the mill construction was financed locally. Following a tax inspection at the supplier, Federal Tax Authorities issued a tax infraction note against the supplier intended to cancel the drawback benefits. The supplier presented its defence and the appeal is still pending a decision from the Administrative Tax Entity Court. In parallel, the supplier filed an arbitration proceeding against Veracel in order to determine which company shall be responsible for eventual damages if the supplier is found guilty. In September 2013 the International Chamber of Commerce Arbitration Court decided that Veracel and the supplier shall share liability for any potential damages in the ratio Veracel 75% and the supplier 25%, which decision has been challenged by Veracel. In spite of this, the supplier and Veracel entered into a settlement agreement in December 2013, agreeing that the supplier should make certain tax payments of which Veracel paid to the supplier, and expensed, BRL 45 million (EUR 16 million), of which Stora Enso’s share amounts to BRL 22.5 million (EUR 8 million). The settlement is subject to formal acceptance of the payment by the Brazilian authorities and the final decision of the Chamber of Commerce Arbitration Court.

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. In December 2010 a US federal district court granted a motion for summary judgement dismissing the direct purchaser class action claims on SEO and SENA. Following appeal, a federal court of appeals on 6 August 2012 upheld the district court’s ruling as to SEO, 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 trial of the case against SENA was scheduled to begin in August 2013. Because Stora Enso disposed of SENA in 2007, Stora Enso’s liability, if any, would have been determined by the provisions in the SENA

Sales and Purchasing Agreement. On 17 July 2013, Stora Enso reached an agreement (which is subject to approval by the US federal district court) to settle the cases filed by the direct magazine paper purchasers without any admission of liability by SENA or SEO. Stora Enso has paid into escrow USD 8 million (EUR 6 million) to cover the cost of settling those claims, which cost has been recorded in the third quarter 2013 accounts. The only remaining cases of any substance, filed on behalf of indirect purchasers of publication paper in the California (CA) and Connecticut (CT) state courts, are about to be settled as well – without any admission of liability by SENA or SEO – via payments of USD 0.1 million (EUR 0.1 million) plus proportionate cost (CA) and USD 0.1 million (EUR 0.1 million) (CT). These settlements have to be approved by the responsible courts. In previous periods the cases were disclosed as a contingent liability.

Legal Proceedings in Finland

In December 2009 the Finnish Market Court fined Stora Enso for competition law infringements in the market for roundwood in Finland from 1997 to 2004. Stora Enso did not appeal against the ruling. In March 2011 Metsähallitus of Finland initiated legal proceedings against Stora Enso, UPM and 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 initiated similar legal proceedings. The total amount claimed from all the defendants amounts to approximately EUR 45 million and the secondary claims solely against Stora Enso to approximately EUR 10 million. Stora Enso denies that Metsähallitus and other plaintiffs suffered any damages whatsoever and will forcefully defend itself. No provisions have been made in Stora Enso’s accounts for these lawsuits.

Kemijärvi Pulp Mill in Finland was permanently closed down in 2008. In December 2011 the Vaasa Administrative Court gave its decision concerning the environmental permit for the closure of the mill. The judgement included an obligation to remove the majority of the sludge from the bottom of the water treatment lagoon. Following an appeal by Stora Enso, the Supreme Administrative Court in August 2013 gave its decision concerning the water treatment lagoon in the environmental permit related to the closure of Kemijärvi Pulp Mill. The Court ordered Stora Enso to remove the majority of the sludge, and returned the case to the Regional State Administrative Agency with an order to Stora Enso to deliver a new action plan by the end of 2014 for removal of the majority of the sludge from the basin at the Kemijärvi site. The Agency was also ordered to consider and evaluate the costs to Stora Enso against the environmental benefits achievable if the Agency ordered Stora Enso to remove the sludge. No provisions have been made in Stora Enso’s accounts for this case.

Changes in Organisational Structure and Group Management

On 23 April 2013 Stora Enso announced that it planned to change from four Business Areas to three Divisions by integrating the Building and Living Business Area with the Printing and Reading Business Area in a new Printing and Living Division. The segment reporting has remained as before.

On 31 May 2013 Stora Enso announced that from 1 July 2013 onwards the Stora Enso Group Leadership Team would comprise the following persons and roles:

Jouko Karvinen, Chief Executive Officer
Juan Bueno, Head of Biomaterials Division
Lars Häggström, Head of Global People and Organisation
Per Lyrvall, Head of Global Ethics and Compliance, General Counsel, Country Senior Executive, Sweden
Mats Nordlander, Head of Renewable Packaging Division
Lauri Peltola, Head of Global Identity, Country Senior Executive, Finland
Karl-Henrik Sundström, Head of Printing and Living Division
Jyrki Tammivuori, acting Chief Financial Officer (until 31 January 2014)
Juha Vanhainen, Executive Vice President, EUR 200 million Streamlining and Structure Simplification Programme, Wood Supply Operations in Finland and Sweden, Energy, Logistics and Business Information Services

Personnel

On 31 December 2013 there were 27 985 employees in the Group, 218 less than at the end of 2012. The average number of employees in 2013 was 28 231, which was 546 lower than the average number in 2012. The number of employees decreased most in Sweden due to permanent shutdowns of paper machines and restructurings, whereas decreases in Finland were offset by the acquisition of ABB’s 49% shareholding in

Efora Oy, which employs around 1 000 people. Excluding the effects of the acquisition of Efora Oy, the number of employees in Europe decreased by approximately 1 650 during 2013.

Share Capital
During the quarter the conversions of a total of 50 168 A shares into R shares were recorded in the Finnish trade register on15 October and 16 December 2013.

On 31 December 2013 Stora Enso had 177 096 204 A shares and 611 523 783 R shares in issue of which the Company held no A shares or R shares.

Events after the Period
The conversion of 25 000 A shares into R shares was recorded in the Finnish trade register on 15 January 2014.

Seppo Parvi started as new Chief Financial Officer on 1 February 2014. According to Stora Enso's Corporate Governance, the CFO also acts as deputy to the CEO as defined by the Finnish Companies Act. On 5 February 2014 Stora Enso's Board of Directors appointed Seppo Parvi as deputy to the CEO.

Annual General Meeting
The Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Wednesday 23 April 2014 at Marina Congress Center, Katajanokanlaituri 6, Helsinki, Finland.

The agenda of the AGM and proposals on the agenda of the AGM, as well as the AGM notice, will be available on Stora Enso Oyj's website at www.storaenso.com/agm. Stora Enso's annual accounts, the Report of the Board of Directors and the auditor's report for 2013 will be published on Stora Enso Oyj's website www.storaenso.com/investors during the week commencing on Monday 17 February 2014. The proposals for decisions and the other above-mentioned documents will also be available at the AGM. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the AGM will be available on Stora Enso Oyj's website www.storaenso.com/agm from 7 May 2014.

The Board of Directors' Proposal for the Payment of Dividend
The Board of Directors proposes to the AGM that a dividend of EUR 0.30 per share be distributed for the year 2013.

The dividend would be paid to shareholders who on the record date of the dividend payment, 28 April 2014, are recorded in the shareholders' register maintained by Euroclear Finland Oy or in the separate register of shareholders maintained by Euroclear Sweden AB for Euroclear Sweden registered shares. Dividends payable for Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish krona. Dividends payable to ADR holders will be forwarded by Deutsche Bank Trust Company Americas and paid in US dollars.

The Board of Directors proposes to the AGM that the dividend be paid on 15 May 2014.

This report has been prepared in Finnish, English and Swedish. In case of variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 5 February 2014
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 2012.

The Group has applied the following amendment effective from 1 January 2013 that requires restatement of previous financial statements:

- IAS 19 Employee Benefits (revised) eliminates the 'corridor method', streamlines the presentation of changes in assets and liabilities arising from defined benefit plans and enhances the disclosure requirements arising from the standard. The Group has not applied the 'corridor method'. The effects of this amendment on the Group financial statements are not material. The effects on the Condensed Consolidated Income Statement and the Condensed Consolidated Statement of Financial Position are the following:

Effects of Changes to IAS 19 Employee Benefits

EUR million	As published 2012	Adjustment 2012	Restated 2012
Operational EBIT	618	12	630
Operating profit (IFRS)	689	12	701
Net financial items	-207	-13	-220
Profit before tax	482	-1	481
Income tax	9	-	9
Net profit for the period	491	-1	490
Attributable to:			
Owners of the Parent	481	-1	480
Non-controlling interests	10	-	10
	491	**-1**	**490**
Total equity	5 876	-14	5 862
Post-employment benefit provisions	462	18	480
Deferred tax liabilities	344	-4	340

The following standards have also been applicable for the first time effective from 1 January 2013:

- IAS 1 Presentation of Financial Statements (amendment) introduces changes to the presentation of items of other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.
- IFRS 7 Financial Instruments: Enhanced disclosure requirements related to offsetting of financial assets and financial liabilities. The amendment might have some effect on presentation in the financial statements but had no impact on the Group's financial position or performance.
- IFRS 13 Fair Value Measurement establishes the definition of fair value and introduces a single IFRS framework for measuring fair value while seeking to increase consistency and comparability by requiring disclosures about fair value measurements applied in the financial statements of an entity. The application of IFRS 13 has not materially affected the fair value measurements carried out by the Group. The new standard also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards. Some of these disclosures are specifically required for financial instruments, thereby affecting the financial statement. The additional disclosures are included in this Interim Review.
- IAS 12 Income Taxes (amendment) provides additional regulation on deferred tax in the case of recovery of underlying assets. The amendment is not relevant to the Group.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine introduces accounting treatment for stripping costs arising in the mining industry. The interpretation is not relevant to the Group.

Stora Enso will apply the new IFRS 10 Consolidated Financial Statements, 11 Joint Arrangements and 12 Disclosure of Interests in Other Entities as of 1 January 2014. The change will affect Montes del Plata and Veracel, which will then be treated as joint operations and thus consolidated with the line-by-line method.

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

Condensed Consolidated Income Statement

EUR million	**Q4/13**	**Q3/13**	**Q4/12**	**2013**	**2012**	**Change % Q4/13–Q4/12**	**Change % Q4/13–Q3/13**	**Change % 2013–2012**
Sales	2 604	2 556	2 727	10 544	10 815	-4.5	1.9	-2.5
Other operating income	35	29	48	122	219	-27.1	20.7	-44.3
Materials and services	-1 523	-1 612	-1 782	-6 635	-6 974	14.5	5.5	4.9
Freight and sales commissions	-234	-236	-260	-977	-1 008	10.0	0.8	3.1
Personnel expenses	-344	-309	-311	-1 368	-1 349	-10.6	-11.3	-1.4
Other operating expenses	-123	-134	-162	-602	-578	24.1	8.2	-4.2
Share of results of equity accounted investments	51	9	91	100	108	-44.0	n/m	-7.4
Depreciation and impairment	-684	-145	-97	-1 150	-532	n/m	n/m	-116.2
Operating Loss/Profit	**-218**	**158**	**254**	**34**	**701**	**-185.8**	**-238.0**	**-95.1**
Net financial items	-64	-56	-50	-223	-220	-28.0	-14.3	-1.4
Loss/Profit before Tax	**-282**	**102**	**204**	**-189**	**481**	**-238.2**	**n/m**	**-139.3**
Income tax	122	-18	62	118	9	96.8	n/m	n/m
Net Loss/Profit for the Period	**-160**	**84**	**266**	**-71**	**490**	**-160.2**	**-290.5**	**-114.5**
Attributable to:								
Owners of the Parent	-137	82	262	-53	480	-152.3	-267.1	-111.0
Non-controlling interests	-23	2	4	-18	10	n/m	n/m	-280.0
	-160	**84**	**266**	**-71**	**490**	**-160.2**	**-290.5**	**-114.5**
Earnings per Share								
Basic earnings per share, EUR	-0.18	0.11	0.33	-0.07	0.61	-154.5	-263.6	-111.5
Diluted earnings per share, EUR	-0.18	0.11	0.33	-0.07	0.61	-154.5	-263.6	-111.5

Consolidated Statement of Comprehensive Income

EUR million	2013	2012
Net loss/profit for the period	-71	490
Other Comprehensive Income		
Items that will Not be Reclassified to Profit and Loss		
Actuarial gains/losses on defined benefit plans	74	-184
Share of other comprehensive income of equity accounted investments that will not be reclassified	-1	-5
Income tax relating to items that will not be reclassified	-27	35
	46	**-154**
Items that may be Reclassified Subsequently to Profit and Loss		
Share of other comprehensive income of equity accounted investments that may be reclassified	15	1
Currency translation movements on equity net investments (CTA)	-227	-29
Currency translation movements on non-controlling interests	-6	-3
Net investment hedges	23	-17
Currency and commodity hedges	-28	34
Available-for-sale financial assets	-101	-178
Income tax relating to items that may be reclassified	2	-3
	-322	**-195**
Total Comprehensive Income	**-347**	**141**
Total Comprehensive Income Attributable to:		
Owners of the Parent	-323	134
Non-controlling interests	-24	7
	-347	**141**

Condensed Consolidated Statement of Cash Flows

EUR million	2013	2012
Cash Flow from Operating Activities		
Operating profit	34	701
Hedging result from OCI	-23	34
Adjustments for non-cash items	911	479
Change in net working capital	285	56
Cash Flow Generated by Operations	**1 207**	**1 270**
Net financial items paid	-176	-230
Income taxes paid, net	-43	-104
Net Cash Provided by Operating Activities	**988**	**936**
Cash Flow from Investing Activities		
Acquisitions of subsidiaries and business operations, net of acquired cash	25	-11
Acquisitions of equity accounted investments	-66	-115
Acquisitions of available-for-sale investments	-9	-
Proceeds from sale of fixed assets and shares, net of disposed cash	23	8
Proceeds from disposal of available-for-sale investments	42	-
Capital expenditure	-424	-561
Proceeds from/payments of non-current receivables, net	96	-5
Net Cash Used in Investing Activities	**-313**	**-684**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	151	1 472
Long-term debt, payments	-371	-571
Change in short-term borrowings	20	-179
Dividends paid	-237	-237
Dividend to non-controlling interests	-7	-3
Net Cash Used in/Provided by Financing Activities	**-444**	**482**
Net Increase in Cash and Cash Equivalents	**231**	**734**
Translation adjustment	-23	-23
Net cash and cash equivalents at the beginning of period	1 845	1 134
Net Cash and Cash Equivalents at Period End	**2 053**	**1 845**
Cash and Cash Equivalents at Period End	**2 065**	**1 850**
Bank Overdrafts at Period End	**-12**	**-5**
Net Cash and Cash Equivalents at Period End	**2 053**	**1 845**
Acquisitions		
Cash and cash equivalents, net of bank overdraft	32	2
Intangible assets and property, plant and equipment	1	6
Working capital	-22	8
Tax assets and liabilities	-	1
Interest-bearing liabilities and receivables	-	-5
Fair Value of Net Assets Acquired	**11**	**12**
Value of previously held equity interests	-4	-3
Total Purchase Consideration	**7**	**9**
Less cash and cash equivalents in acquired companies	-32	-2
Net Purchase Consideration	**-25**	**7**
Cash part of the consideration, net of acquired cash	-25	11
Payment concerning unfinished 2011 acquisition	-	-4
Net Purchase Consideration	**-25**	**7**

Disposals		
Cash and cash equivalents	1	-
Property, plant and equipment	2	-
Interest-bearing liabilities	-2	-
Non-controlling interests	-1	-
Net Assets in Divested Companies	**-**	**-**
Gain on sale	-	-
Total Net Assets Sold	**-**	**-**

Property, Plant and Equipment, Goodwill, Biological Assets and Other Intangible Assets

EUR million	2013	2012
Carrying value at 1 January	5 541	5 437
Acquisition of subsidiary companies	1	6
Additions in tangible and intangible assets	406	536
Additions in biological assets	19	20
Disposals	-26	-2
Disposals of subsidiary companies	-2	-
Depreciation and impairment	-1 150	-532
Valuation of biological assets	179	-
Translation difference and other	-116	76
Statement of Financial Position Total	**4 852**	**5 541**

Borrowings

EUR million	31 Dec 13	31 Dec 12
Bond loans	3 177	3 378
Loans from credit institutions	859	788
Financial lease liabilities	77	99
Other non-current liabilities	94	257
Non-current Debt including Current Portion	**4 207**	**4 522**
Short-term borrowings	391	332
Interest payable	87	84
Derivative financial liabilities	141	191
Bank overdrafts	12	5
Total Interest-bearing Liabilities	**4 838**	**5 134**

EUR million	2013	2012
Carrying Value at 1 January	5 134	4 373
Proceeds of new long-term debt	151	1 472
Repayment of long-term debt	-371	-571
Change in short-term borrowings and interest payable	62	-200
Change in derivative financial liabilities	-50	28
Translation differences and other	-88	32
Total Interest-bearing Liabilities	**4 838**	**5 134**

Condensed Consolidated Statement of Financial Position

EUR million		31 Dec 13	31 Dec 12
Assets			
Non-current Assets			
PPE*, goodwill and other intangible assets	O	4 453	5 319
Biological assets	O	399	222
Emission rights	O	21	30
Equity accounted investments	O	1 961	1 965
Available-for-sale: Interest-bearing	I	10	96
Available-for-sale: Operative	O	361	451
Non-current loan receivables	I	80	134
Deferred tax assets	T	229	143
Other non-current assets	O	16	23
		7 530	**8 383**
Current Assets			
Inventories	O	1 376	1 458
Tax receivables	T	13	19
Operative receivables	O	1 521	1 687
Interest-bearing receivables	I	249	297
Cash and cash equivalents	I	2 065	1 850
		5 224	**5 311**
Total Assets		**12 754**	**13 694**
Equity and Liabilities			
Owners of the Parent		5 213	5 770
Non-controlling Interests		60	92
Total Equity		**5 273**	**5 862**
Non-current Liabilities			
Post-employment benefit provisions	O	378	480
Other provisions	O	121	142
Deferred tax liabilities	T	300	340
Non-current debt	I	3 702	4 341
Other non-current operative liabilities	O	16	12
		4 517	**5 315**
Current Liabilities			
Current portion of non-current debt	I	505	181
Interest-bearing liabilities	I	631	612
Operative liabilities	O	1 812	1 685
Tax liabilities	T	16	39
		2 964	**2 517**
Total Liabilities		**7 481**	**7 832**
Total Equity and Liabilities		**12 754**	**13 694**

** PPE = Property, Plant and Equipment*

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

CTA = Cumulative Translation Adjustment
NCI = Non-controlling Interests
OCI = Other Comprehensive Income
EAI = Equity Accounted Investments

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 2011	**1 342**	**77**	**633**	**-10**	**4**	**541**	**-17**	**-29**	**32**	**3 300**	**5 873**	**87**	**5 960**
Profit for the period	-	-	-	-	-	-	-	-	-	480	480	10	490
OCI before tax	-	-	-	-	-	-178	34	-4	-46	-184	-378	-3	-381
Income tax relating to components of OCI	-	-	-	-	-	-1	-6	-	4	35	32	-	32
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-179**	**28**	**-4**	**-42**	**331**	**134**	**7**	**141**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-2	-239
Balance at 31 Dec 2012	**1 342**	**77**	**633**	**-10**	**4**	**362**	**11**	**-33**	**-10**	**3 394**	**5 770**	**92**	**5 862**
Loss for the period	-	-	-	-	-	-	-	-	-	-53	-53	-18	-71
OCI before tax	-	-	-	-	-	-101	-28	14	-204	74	-245	-6	-251
Income tax relating to components of OCI	-	-	-	-	-	1	5	-	-4	-27	-25	-	-25
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-100**	**-23**	**14**	**-208**	**-6**	**-323**	**-24**	**-347**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-7	-244
Disposals	-	-	-	-	-	-	-	-	-	-	-	-1	-1
Share-based payments	-	-	-	-	-	-	-	-	-	2	2	-	2
NCI transaction in EAI	-	-	-	-	-	-	-	-	-	1	1	-	1
Cancellation of treasury shares	-	-	-	10	-	-	-	-	-	-10	-	-	-
Balance at 31 Dec 2013	**1 342**	**77**	**633**	**-**	**4**	**262**	**-12**	**-19**	**-218**	**3 144**	**5 213**	**60**	**5 273**

Commitments and Contingencies

EUR million	31 Dec 13	31 Dec 12
On Own Behalf		
Pledges	-	1
Mortgages	18	6
On Behalf of Equity Accounted Investments		
Guarantees	554	653
On Behalf of Others		
Guarantees	5	5
Other Commitments, Own		
Operating leases, in next 12 months	68	92
Operating leases, after next 12 months	477	497
Other commitments	5	5
Total	**1 127**	**1 259**
Pledges	-	1
Mortgages	18	6
Guarantees	559	658
Operating leases	545	589
Other commitments	5	5
Total	**1 127**	**1 259**

Capital commitments

The Group’s direct capital expenditure contracts, excluding acquisitions, amounted to EUR 69 million (compared with EUR 72 million at 31 December 2012). The Group’s share of capital expenditure contracts in equity accounted investments, excluding acquisitions, amounted to EUR 73 million (compared with EUR 213 million at 31 December 2012) of which Stora Enso has guaranteed EUR 44 million (compared with EUR 189 million at 31 December 2012).

Sales by Segment

EUR million	2013	Q4/13	Q3/13	Q2/13	Q1/13	2012	Q4/12	Q3/12	Q2/12	Q1/12
Printing and Reading	4 319	1 054	1 041	1 101	1 123	4 839	1 194	1 227	1 191	1 227
Biomaterials	1 014	258	242	257	257	1 012	256	268	246	242
Building and Living	1 867	466	460	500	441	1 684	456	403	444	381
Renewable Packaging	3 272	788	829	835	820	3 216	798	812	827	779
Other	2 690	672	612	685	721	2 684	673	645	663	703
Inter-segment sales	-2 618	-634	-628	-661	-695	-2 620	-650	-661	-650	-659
Total	**10 544**	**2 604**	**2 556**	**2 717**	**2 667**	**10 815**	**2 727**	**2 694**	**2 721**	**2 673**

Operational EBIT by Segment

EUR million	2013	Q4/13	Q3/13	Q2/13	Q1/13	2012	Q4/12	Q3/12	Q2/12	Q1/12
Printing and Reading	34	36	13	-17	2	223	59	53	43	68
Biomaterials	77	24	17	14	22	82	28	32	15	7
Building and Living	75	19	24	28	4	29	7	1	11	10
Renewable Packaging	318	73	100	77	68	273	55	83	73	62
Other	74	-	30	22	22	23	9	9	2	3
Operational EBIT	**578**	**152**	**184**	**124**	**118**	**630**	**158**	**178**	**144**	**150**
Fair valuations and non-operational items*	-5	22	-3	-17	-7	-59	-14	-13	-34	2
Non-recurring Items	-539	-392	-23	-33	-91	130	110	-	45	-25
Operating Profit/Loss (IFRS)	**34**	**-218**	**158**	**74**	**20**	**701**	**254**	**165**	**155**	**127**
Net financial items	-223	-64	-56	-47	-56	-220	-50	-63	-70	-37
Loss/Profit before Tax	**-189**	**-282**	**102**	**27**	**-36**	**481**	**204**	**102**	**85**	**90**
Income tax expense	118	122	-18	-6	20	9	62	-21	-16	-16
Net Loss/Profit	**-71**	**-160**	**84**	**21**	**-16**	**490**	**266**	**81**	**69**	**74**

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

NRI by Segment

EUR million	2013	Q4/13	Q3/13	Q2/13	Q1/13	2012	Q4/12	Q3/12	Q2/12	Q1/12
Printing and Reading	-644	-538	8	-30	-84	70	67	-	13	-10
Biomaterials	2	-8	-1	11	-	-7	-7	-	-	-
Building and Living	-7	-	-	-	-7	-	-	-	-	-
Renewable Packaging	120	144	-28	4	-	-53	-38	-	-	-15
Other	-10	10	-2	-18	-	120	88	-	32	-
NRI on Operating Loss/Profit	**-539**	**-392**	**-23**	**-33**	**-91**	**130**	**110**	**-**	**45**	**-25**
NRI on Financial items	-	-	-	-	-	34	11	-	9	14
NRI on tax	145	114	3	9	19	63	56	-	2	5
NRI on Net Loss/Profit	**-394**	**-278**	**-20**	**-24**	**-72**	**227**	**177**	**-**	**56**	**-6**
NRI on Net Loss/Profit attributable to										
Owners of the Parent	-369	-253	-20	-24	-72	221	175	-	52	-6
Non-controlling interests	-25	-25	-	-	-	6	2	-	4	-
	-394	**-278**	**-20**	**-24**	**-72**	**227**	**177**	**-**	**56**	**-6**

Fair Valuations and Non-operational Items* by Segment

EUR million	2013	Q4/13	Q3/13	Q2/13	Q1/13	2012	Q4/12	Q3/12	Q2/12	Q1/12
Printing and Reading	2	3	-1	-	-	-1	-	-	-	-1
Biomaterials	-11	5	-2	-11	-3	-29	6	-7	-24	-4
Building and Living	-	-	-	-	-	-3	-1	-	-	-2
Renewable Packaging	-1	-	-1	-	-	-1	-	-	-	-1
Other	5	14	1	-6	-4	-25	-19	-6	-10	10
Fair Valuations and Non-operational Items on Operating Loss/Profit	**-5**	**22**	**-3**	**-17**	**-7**	**-59**	**-14**	**-13**	**-34**	**2**

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

Operating Profit/Loss by Segment

EUR million	2013	Q4/13	Q3/13	Q2/13	Q1/13	2012	Q4/12	Q3/12	Q2/12	Q1/12
Printing and Reading	-608	-499	20	-47	-82	292	126	53	56	57
Biomaterials	68	21	14	14	19	46	27	25	-9	3
Building and Living	68	19	24	28	-3	26	6	1	11	8
Renewable Packaging	437	217	71	81	68	219	17	83	73	46
Other	69	24	29	-2	18	118	78	3	24	13
Operating Profit/Loss (IFRS)	**34**	**-218**	**158**	**74**	**20**	**701**	**254**	**165**	**155**	**127**
Net financial items	-223	-64	-56	-47	-56	-220	-50	-63	-70	-37
Loss/Profit before Tax	**-189**	**-282**	**102**	**27**	**-36**	**481**	**204**	**102**	**85**	**90**
Income tax expense	118	122	-18	-6	20	9	62	-21	-16	-16
Net Loss/Profit	**-71**	**-160**	**84**	**21**	**-16**	**490**	**266**	**81**	**69**	**74**

Key Exchange Rates for the Euro

One Euro is	Closing Rate		Average Rate	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
SEK	8.8591	8.5820	8.6505	8.7067
USD	1.3791	1.3194	1.3281	1.2856
GBP	0.8337	0.8161	0.8493	0.8111

Transaction Risk and Hedges in Main Currencies as at 31 December 2013

EUR million	EUR	USD	SEK	GBP	Other	Total
Sales during 2013	6 270	1 430	1 180	550	1 114	10 544
Costs during 2013	-5 580	-580	-2 220	-70	-1 010	-9 460
Net amount	**690**	**850**	**-1 040**	**480**	**104**	**1 084**
Estimated annual net operating cash flow exposure		950	-780	530		
Transaction hedges as at 31 Dec 2013		-450	450	-260		
Hedging percentage as at 31 Dec 2013 for the next 12 months		**47%**	**58%**	**49%**		

Changes in Exchange Rates on Operational EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	95
SEK	-78
GBP	53

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.

Fair Values of Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the Financial Statements.

Carrying Amounts of Financial Assets and Liabilities by Measurement and Fair Value Categories: 31 December 2013

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Financial Assets	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	371	371	371
Non-current loan receivables	80	-	-	-	80	82
Trade and other operative receivables	1 254	2	-	-	1 256	1 256
Interest-bearing receivables	135	82	32	-	249	249
Current investments and cash	2 065	-	-	-	2 065	2 065
Carrying Amount by Category	3 534	84	32	371	4 021	4 023

EUR million	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Measured at Amortised Cost	Carrying Amounts	Fair Value
Financial Liabilities					
Non-current debt	-	4	3 698	3 702	3 870
Current portion of non-current debt	-	-	505	505	505
Interest-bearing liabilities	101	39	479	619	619
Trade and other operative payables	-	-	1 370	1 370	1 370
Bank overdrafts	-	-	12	12	12
Carrying Amount by Category	101	43	6 064	6 208	6 376

EUR million	Level 1	Level 2	Level 3	Total
Derivative Financial Assets	-	116	-	116
Available-for-sale Financial Assets	10	-	361	371
Derivative Financial Liabilities	-	144	-	144

Reconciliation of Level 3 Fair Value Measurement of Financial Assets: 31 December 2013

EUR million	Unlisted Shares	Unlisted Interest-bearing Securities	Total
Opening balance at 1 January 2013	451	90	541
Interest capitalised	-	9	9
Gains (losses) recognised in income statement	1	2	3
Gains in OCI transferred to income statement	-	-7	-7
Losses recognised in other comprehensive income	-97	-	-97
Additions	9	-	9
Disposals	-3	-94	-97
Closing Balance at 31 December 2013	361	-	361

Unlisted shares

The unlisted shares consist mainly of PVO shares for which the valuation method is described in more detail in the Annual Report. The valuation is most sensitive to changes in electricity prices and discount rates. The discount rate of 5.01% used in the valuation model is determined using the weighted average cost of capital method. A +/- 5% change in the electricity price used in the DCF would change the valuation by +/- EUR 37 million and a +/- 1% change in the discount rate would change the valuation by -/+ EUR 46 million.

Unlisted Interest-bearing Securities

During the third quarter of 2013, a EUR 99 million loan note issued by Papyrus Holding AB, classified in the Statement of Financial Position as an unlisted interest-bearing security, was derecognised as a result of the Group receiving a cash prepayment of EUR 40 million, with the terms on the remaining portion of the loan being changed through mutual agreement. The new loan note has been classified in the Statement of Financial Position as a non-current loan receivable.

Stora Enso Shares

Trading volume	Helsinki		Stockholm	
	A share	**R share**	**A share**	**R share**
October	128 594	77 573 305	279 783	28 709 510
November	687 350	62 914 314	309 857	17 772 810
December	81 145	44 727 753	115 924	17 297 136
Total	897 089	185 215 372	705 564	63 779 456

Closing Price	Helsinki, EUR		Stockholm, SEK	
	A share	**R share**	**A share**	**R share**
October	6.97	6.85	61.45	60.25
November	7.35	7.27	65.25	64.55
December	7.31	7.30	65.30	64.55

Calculation of Key Figures

Operational return on capital employed, operational ROCE (%)	100 x	Operational EBIT / Capital employed[1) 2)]
Operational return on operating capital, operational ROOC (%)	100 x	Operational EBIT / Operating capital[1) 2)]
Return on equity, ROE (%)	100 x	Profit before tax and non-controlling items – taxes / Total equity[2)]
Equity ratio (%)	100 x	Total equity / Total assets
Interest-bearing net liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Interest-bearing net liabilities / Equity [3)]
CEPS		Net profit/loss for the period[3)] – Fixed asset depreciation and impairment – Fair valuation of biological assets / 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 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		Interest-bearing net liabilities / 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 first quarter 2014 results will be published on 23 April 2014.

Webcast and conference call for analysts and investors
CEO Jouko Karvinen, CFO Seppo Parvi 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 EDT).

If you wish to participate, please dial:

Continental Europe and UK	+44(0)20 3427 1919
Finland	+358 (0)9 6937 9543
Sweden	+46 (0)8 5033 6539
US	+1 212 444 0412
Confirmation Code:	**1382582**

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 28 000 people worldwide, and our sales in 2013 amounted to EUR 10.5 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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