Stora Enso
Q4 and full year results

1 January – 31 December 2015

THE RENEWABLE MATERIALS COMPANY

Solid performance continues; proposal to increase dividend to 0.33 euros per share

Q4/2015 (compared with Q4/2014)

- Sales EUR 2 487 (EUR 2 552) million decreased 2.5%; sales excluding the structurally declining paper business and divested Corenso and Barcelona Mill increased 5.4%, primarily due to the Montes del Plata pulp mill and Varkaus Mill kraftliner volumes.
- Operational EBIT increased 15.8% to EUR 242 (EUR 209) million, mainly due to strong performance in Biomaterials, lower variable costs, and favourable FX.
- EPS EUR 0.53 (EUR -0.15), supported by Bergvik Skog forest fair valuation gain.
- Cash flow from operations amounted to EUR 412 (EUR 442) million, cash flow after investing activities EUR 75 (EUR 178) million.
- Continued improvement of the balance sheet; net debt to operational EBITDA 2.4 (2.6), liquidity reduced to EUR 0.8 (EUR 1.4) billion, as planned.
- Operational ROCE 11.3% (9.7%), operational ROCE excluding the Beihai Mill project in Guangxi 13.3% (13.1%).

Q4/2015 (compared with Q3/2015)

- Sales remained unchanged, sales excluding the structurally declining paper business and the divested Barcelona Mill increased 2.2%, due to small improvements across businesses.
- Operational EBIT decreased EUR 4 million, due to seasonally increased fixed costs, lower hardwood pulp prices, and unfavourable FX.

Full year 2015 (compared with 2014)

- Sales EUR 10 040 (EUR 10 213) million decreased 1.7%; sales excluding the structurally declining paper business and divested Corenso and Barcelona Mill increased 4.6%, primarily due to Montes del Plata pulp mill volumes.
- Operational EBIT EUR 915 (810) million increased 13.0%, mainly due to strong performance in Biomaterials, favourable FX, and lower variable costs.
- EPS EUR 1.02 (EUR 0.13)
- Strong cash flow from operations amounted to EUR 1 556 (EUR 1 139) million, cash flow after investing activities EUR 599 (EUR 255) million.
- The Board of Directors proposes dividend to increase from 0.30 euros to 0.33 euros.

Transformation

- Varkaus Mill kraftliner ramp-up proceeding, full production expected in early 2017 as earlier announced.
- The construction of the Beihai consumer board mill in China is proceeding, and the board machine is expected to be operational during Q2.
- In October, Stora Enso completed the divestment of the Barcelona consumer board mill in Spain.
- In December, Stora Enso announced plans to divest its ownership in the Arapoti paper mill in Brazil.

Outlook

- Q1/2016 sales are estimated to be similar to the amount of EUR 2 487 million and operational EBIT is expected to be in line with the EUR 242 million recorded in Q4/2015. There are no major scheduled annual maintenance shutdowns during Q1/2016.

KEY FIGURES

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	2 487	2 552	-2.5%	2 500	-0.5%	10 040	10 213	-1.7%
Operational EBITDA	341	308	10.7%	353	-3.4%	1 352	1 269	6.5%
Operational EBITDA margin	13.7%	12.1%		14.1%		13.5%	12.4%	
Operational EBIT	242	209	15.8%	246	-1.6%	915	810	13.0%
Operational EBIT margin	9.7%	8.2%		9.8%		9.1%	7.9%	
Operating profit (IFRS)	393	-95	n/m	237	65.8%	1 059	400	164.8%
Profit before tax excl. NRI	610	32	n/m	128	n/m	1 048	399	162.7%
Profit/loss before tax	360	-193	286.5%	144	150.0%	814	120	n/m
Net profit/loss for the period	407	-134	n/m	124	228.2%	783	90	n/m
Capital expenditure	355	280	26.8%	284	25.0%	989	781	26.6%
Capital expenditure excluding investments in biological assets	331	258	28.3%	270	22.6%	912	713	27.9%
Depreciation and impairment charges excl. NRI	121	134	-9.7%	128	-5.5%	517	547	-5.5%
Net interest-bearing liabilities	3 240	3 274	-1.0%	3 248	-0.2%	3 240	3 274	-1.0%
Operational ROCE	11.3%	9.7%		11.6%		10.6%	9.5%	
Earnings per share (EPS), excl. NRI, EUR	0.78	0.06		0.13		1.24	0.40	
EPS (basic), EUR	0.53	-0.15		0.16		1.02	0.13	
Return on equity (ROE)	30.7%	-10.1%		9.7%		14.6%	1.7%	
Debt/equity ratio	0.60	0.65		0.66		0.60	0.65	
Net debt/last 12 months' operational EBITDA ratio	2.4	2.6		2.5		2.4	2.6	
Fixed costs to sales	25.7%	25.6%		25.0%		25.0%	25.1%	
Equity per share, EUR	6.83	6.43		6.24		6.83	6.43	
Average number of employees	26 080	27 987	-6.8%	27 232	-4.2%	26 783	29 009	-7.7%
TRI rate	12.6	12.4	1.6%	10.7	17.8%	11.0	12.5	-12.0%
LTA rate	5.6	5.2	7.7%	4.3	30.2%	4.7	5.2	-9.6%

Operational EBIT comprises the operating profit excluding NRI and fair valuations of the segments and Stora Enso's share of the operating profit excluding NRI and fair valuations of its equity-accounted investments (EAI). Fair valuations 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 the group's share of tax and net financial items of 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 disclosed individually if they exceed one cent per share.
TRI (Total recordable incidents) rate = number of incidents per one million hours worked.

LTA (Lost-time accident) rate = number of lost-time accidents per one million hours worked.

DELIVERIES AND PRODUCTION

	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Board deliveries, 1 000 tonnes	741	775	-4.4%	778	-4.8%	3 045	3 158	-3.6%
Board production, 1 000 tonnes	840	822	2.2%	850	-1.2%	3 394	3 489	-2.7%
Corrugated packaging deliveries, million m^2	274	287	-4.5%	277	-1.1%	1 112	1 104	0.7%
Market pulp deliveries, 1 000 tonnes	486	413	17.7%	460	5.7%	1 873	1 371	36.6%
Wood product deliveries, 1 000 m^3	1 157	1 102	5.0%	1 086	6.5%	4 490	4 646	-3.4%
Paper deliveries, 1 000 tonnes	1 424	1 520	-6.3%	1 477	-3.6%	5 778	6 006	-3.8%
Paper production, 1 000 tonnes	1 435	1 512	-5.1%	1 443	-0.6%	5 794	6 034	-4.0%

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CEO comment

"Stora Enso has shown its ability to transform into a renewable materials growth company. In the fourth quarter, sales excluding the structurally declining paper business and divestments increased 5.4%. This was mainly driven by the Montes del Plata pulp mill and kraftliner from Varkaus Mill. We also continued to generate strong cash flow during the quarter.

Operational EBIT in the fourth quarter increased 15.8% to EUR 242 million year-on-year, mainly due to strong performance in the Biomaterials division, lower variable costs and favourable foreign exchange. Division Wood Products delivered its highest fourth quarter operational EBIT ever, mainly due to lower wood costs and positive foreign exchange impact. Group return on capital employed excluding our board mill project in Beihai, China exceeded our strategic target 13%.

We are dedicated to be a driving force of innovation in our industry. During the quarter, we have opened two innovation centres to tap into new opportunities. The Innovation Centre for packaging in Helsinki is designed to drive innovation in packaging. It will be a venue for innovation and R&D, where we will develop innovative and sustainable packaging concepts together with customers and other stakeholders. The Innovation Centre for biomaterials in Stockholm will host research, application, business development and strategic marketing. Its purpose is to create renewable solutions and products from biomass in order to replace fossil-based products.

We are investing for growth. The construction of the Beihai consumer board mill in China is proceeding, and the board machine is expected to be operational during the second quarter in 2016. We have also taken new investment decisions during the quarter. Wood Products division will invest EUR 16 million to start pellet production and to build a new boiler at Ala Sawmill in Sweden and EUR 10 million to renew the boiler at our Honkalahti Sawmill in Finland.

In December, we announced plans to divest our ownership in the Arapoti paper mill in Brazil. The divestment is part of our transformation into a renewable materials growth company.

I am proud that our Sustainability Report 2014 has won four awards, including best sustainability report. The awards are the result of an annual sustainability report review, commissioned by Finland's leading non-profit corporate responsibility network FIBS. We have recently completed a three-year corporate responsibility initiative on water stewardship run by us and the global chemicals company Kemira in the Guangxi Province in Southern China. The projects have given almost 2 600 villagers better access to clean water.

Stora Enso is among the few companies globally to publicly report on group-wide human rights findings covering production units, wood supply operations, supply chain management and local community relations.

We have set action plans based on a group-wide Human Rights assessment consolidated by the Danish Institute for Human Rights. Due to better than expected progress, we started implementation early and achieved 69% completion by the end December of preventive and remediation actions.

A lot of work remains, but we have now shown our ability to transform into a renewable materials growth company. The transformation is visible in the value we bring to our customers, and it has started to be reflected in our improved operational EBIT and ROCE. We have exciting opportunities ahead.

The Board of Directors proposes a dividend of 0.33 euros per share for 2015, up 0.03 euros per share compared with the preceding year.

When it comes to the outlook for the first quarter of 2016, our sales are estimated to be similar to the amount of EUR 2 487 million. Operational EBIT is expected to be in line with the EUR 242 million recorded in Q4/2015. There are no major scheduled annual maintenance shutdowns during Q1/2016.

I would like to thank our customers for their business, our employees for their dedication and our investors for their trust."

Karl-Henrik Sundström, CEO

Dividend proposal per share

0.33 EUR

Operational EBIT margin (2015)

9.1%

Operational ROCE (2015)

10.6%

(Target >13%)

RECONCILIATION OF OPERATIONAL PROFITABILITY

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Operational EBITDA	**341**	**308**	**10.7%**	**353**	**-3.4%**	**1 352**	**1 269**	**6.5%**
Equity accounted investments (EAI), operational*	22	35	-37.1%	21	4.8%	80	88	-9.1%
Depreciation and impairment excl. NRI	-121	-134	9.7%	-128	5.5%	-517	-547	5.5%
Operational EBIT	**242**	**209**	**15.8%**	**246**	**-1.6%**	**915**	**810**	**13.0%**
Fair valuations and non-operational items**	401	-79	n/m	-25	n/m	378	-131	n/m
Non-recurring items	-250	-225	-11.1%	16	n/m	-234	-279	16.1%
Operating Profit (IFRS)	**393**	**-95**	**n/m**	**237**	**65.8%**	**1 059**	**400**	**164.8%**

* The group's share of operational EBIT of equity accounted investments (EAI).

** Fair valuations and non-operational items include equity incentive schemes and related hedges, CO_2 emission rights, valuations of biological assets, and the group's share of tax and net financial items of EAI.

Fourth quarter 2015 results (compared with Q4/2014)

BREAKDOWN OF CHANGE IN SALES Q4/2014 TO Q4/2015

Sales Q4/2014, EUR million	**2 552**
Price and mix	-2%
Currency	1%
Volume	-
Other sales*	1%
Total before structural changes	-
Structural changes**	-3%
Total	-3%
Sales Q4/2015, EUR million	**2 487**

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

Group sales at EUR 2 487 million were EUR 65 million lower than the same quarter a year ago. Sales excluding structurally declining paper business, the divested Corenso business operations and Barcelona Mill increased by EUR 83 million or 5.4%, mainly due to the Montes del Plata Pulp Mill and the Varkaus Mill kraftliner ramp-up.

Operational EBIT increased 15.8% to EUR 242 (EUR 209) million, mainly due to strong performance in Biomaterials, lower variable costs, and favourable foreign exchange rates.

The operational EBIT margin increased from 8.2% to 9.7%. The impact of exchange rates on sales and costs had a positive impact of EUR 42 million, partly offset by declining prices in local currencies. Lower volumes in Packaging Solutions – due to the divestment of the Corenso business operations – were offset by higher sales volumes in Biomaterials, driven by Montes del Plata, and in Consumer Board. Variable costs were EUR 35 million lower than a year ago, driven by lower wood and energy costs. Depreciation was EUR 14 million lower mainly due to machine closures and the impairment of intangible assets and property, plant and equipment, reducing depreciation by EUR 7 million.

Sales prices decreased operational EBIT by EUR 37 million, as the deterioration in paper prices in local currencies were only partly offset by higher pulp and board prices in local currencies. Fixed costs were EUR 8 million higher mainly due to slightly higher maintenance costs. The result in equity accounted investments, mainly in the forest associates, decreased by EUR 13 million.

Board production was curtailed by 6% (11%), paper production by 7% (8%), and sawn wood production by 3% (7%) to reduce working capital.

Fair valuations and non-operational items had a positive EUR 401 (negative EUR 79) million impact on operating profit. The biological asset fair value in the group's equity accounted investment Bergvik Skog was increased by approximately EUR 430 million net of tax, due to the decrease from 6.25% to 5.2% of the post-tax discount rate used by Bergvik Skog in the discounted cash flow based valuation of the biological assets.

Earnings per share was EUR 0.53 (EUR -0.15) and earnings per share excluding non-recurring items was EUR 0.78 (EUR 0.06).

The group recorded non-recurring items (NRI) with a negative net impact of approximately EUR 250 million in its operating profit and a positive impact of approximately EUR 59 million on income tax in the fourth quarter of 2015. The NRIs include a negative item of approximately EUR 236 million, mainly due to fixed asset impairments in the Paper and Biomaterials divisions, which were mostly related to: further weakened long-term earnings expectations, resulting from a decline in the European paper markets; a negative item in Paper of approximately EUR 31 million, which was due to fixed asset impairments related to the ongoing disposal of Arapoti Mill in Brazil (estimated to be completed during Q1/2016); a negative item in the Paper and Consumer Board divisions of approximately EUR 19 million, related to the renegotiation of a long-term supply agreement; and a positive item in the segment Other of approximately EUR 36 million, related to land disposal transactions in the group's Nordic forest equity accounted investments.

Net financial expenses at EUR 33 million were EUR 65 million lower than a year ago. The net interest expenses decreased by EUR 15 million, mainly due to lower debt and interest rates levels. Other net financial expenses were EUR 25 million lower mainly due to the early repayment of bonds a year ago. The net foreign exchange impact in the fourth quarter in respect of cash, interest-bearing assets and liabilities, and related hedges amounted to a loss of EUR 6 (loss EUR 31) million.

The average number of employees in the group in the fourth quarter of 2015 was 26 080, which is 1 907 lower than in the same quarter a year ago. The average number of employees in Europe was 19 700, which is 900 lower than a year ago. In China, the average number of employees was 5 000, which is 600 lower than a year ago.

BREAKDOWN OF CHANGE IN CAPITAL EMPLOYED – 31 DECEMBER 2014 TO 31 DECEMBER 2015

EUR million	
Capital Employed 31 December 2014	**8 511**
Capital expenditure less depreciation	434
Impairments and reversal of impairments	-242
Valuation of biological assets	-13
Available-for-sale: operative (mainly PVO)	-313
Equity accounted investments	492
Net liabilities in defined benefit plans	106
Operative working capital and other interest-free items, net	-224
Net tax liabilities	3
Translation difference	83
Other changes	-84
Capital Employed 31 December 2015	**8 753**

The operational return on capital employed in the fourth quarter of 2015 was 11.3% (9.7%). Excluding the ongoing transformational investment in Beihai Mill, in the Guangxi region, China, the operational return on capital employed would have been 13.3%. In the fourth quarter of 2014, the operational return on capital employed, excluding the Beihai and the Montes del Plata investments would have been 13.1%.

Full year 2015 results (compared with full year 2014)

BREAKDOWN OF CHANGE IN SALES 2014 TO 2015

Sales 2014, EUR million	**10 213**
Price and mix	-2%
Currency	2%
Volume	-1%
Other sales*	-
Total before structural changes	-1%
Structural changes**	-1%
Total	-2%
Sales 2015, EUR million	**10 040**

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

Sales at EUR 10 040 million were EUR 173 million or 1.7% lower than a year earlier, mainly due to a structural decline in paper demand, resulting in lower paper prices in local currencies and lower paper delivery volumes, as well as divestments and closures. Foreign exchange rate changes, especially the strengthening of the US dollar, increased sales. Sales excluding the structurally declining paper business, and divested Corenso business operations and Barcelona Mill, increased by 4.6%, primarily due to the Montes del Plata ramp up.

Stora Enso divested the Corenso business operations in late 2014, Uetersen Mill in Germany in early 2015, Barcelona Mill in Spain and Komárom packaging plant in Hungary in autumn 2015. Stora Enso also permanently shut down the corrugated packaging converting unit in Chennai, India in 2015.

Operational EBIT increased 13.0% to EUR 915 (810) million, mainly due to strong performance in Biomaterials, favourable foreign exchange rates, and lower variable costs.

The operational EBIT margin increased from 7.9% to 9.1%. Lower variable costs mainly in energy and wood improved operational EBIT by EUR 120 million. Depreciation was EUR 30 million lower, mainly due to the impairment of intangible assets, and property, plant and equipment accounted in 2014. The impact of exchange rates on sales and costs increased operational EBIT by EUR 215 million after hedges compared with 2014. Operational EBIT decreased by EUR 210 million due to lower sales prices in local currencies, mainly in Paper, by EUR 30 million due to higher fixed cost, and by EUR 20 million due to lower delivery volumes.

The share of the operational results of equity accounted investments amounted to EUR 80 (EUR 88) million, with the main contributions from Bergvik Skog and Tornator.

Net financial expenses at EUR 245 million were EUR 35 million lower than a year ago. The net interest expenses decreased by EUR 22 million due to lower debt and improved debt portfolio. The fair valuation of interest rate derivatives had comparatively a positive impact of EUR 12 million. The net foreign exchange impact in 2015 in respect of cash, interest-bearing assets and liabilities and related hedges was a loss of EUR 43 (loss EUR 42) million, mainly due to the revaluation of USD loans in Chinese and Brazilian subsidiaries.

Fourth quarter 2015 results (compared with Q3/2015)

Sales decreased by EUR 13 million to EUR 2 487 million. Operational EBIT was EUR 4 million lower than in the previous quarter, at EUR 242 million. Sales prices in local currencies were EUR 13 million lower, mainly due to lower hardwood pulp prices. The impact of exchange rates on sales and costs had a negative EUR 15 million impact on operational EBIT. Fixed costs were seasonally higher, despite lower maintenance costs. Energy, transportation and commissioning costs were EUR 24 million lower compared to the previous quarter. Depreciation was EUR 5 million lower, mainly due to the impairment of intangible assets and property, plant and equipment accounted in the fourth quarter of 2015.

Financing in fourth quarter 2015 (compared with Q3/2015)

CAPITAL STRUCTURE

EUR million	31 Dec 15	30 Sep 15	30 Jun 15	31 Mar 15	31 Dec 14
Operative fixed assets*	6 822	6 874	6 968	7 253	6 932
Equity accounted investments	1 570	1 057	1 078	1 048	1 056
Operative working capital, net	884	1 031	1 253	1 286	1 174
Non-current interest-free items, net	-476	-551	-586	-574	-604
Operating Capital Total	**8 800**	**8 411**	**8 713**	**9 013**	**8 558**
Net tax liabilities	-47	-66	-59	-38	-47
Capital Employed	**8 753**	**8 345**	**8 654**	**8 975**	**8 511**
Equity attributable to owners of the Parent	5 388	4 923	4 994	5 336	5 070
Non-controlling interests	125	174	181	195	167
Net interest-bearing liabilities	3 240	3 248	3 479	3 444	3 274
Financing Total	**8 753**	**8 345**	**8 654**	**8 975**	**8 511**

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

The unutilised committed credit facility was extended by one year to January 2019 and was unchanged at EUR 700 million. Cash and cash equivalents net of overdrafts were at EUR 807 million, which is EUR 10 million more than for the previous quarter. In addition, Stora Enso has access to various long-term sources of funding up to EUR 850 (900) million.

The net debt was EUR 3 240 million, a decrease of EUR 8 million from the previous quarter.

The fair value of PVO shares accounted for as available-for-sale investments decreased in the quarter by EUR 56 million to EUR 123 million. The change in fair value is mainly a result of a decrease in electricity prices. The changes in fair valuation are included in the Other Comprehensive Income in equity.

The ratio of net debt to operational EBITDA for the prior 12 months was 2.4 (2.5).

The debt/equity ratio at 31 December 2015 was 0.60 (0.66).

Cash flow in fourth quarter 2015

CASH FLOW

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Operational EBITDA	341	308	10.7%	353	-3.4%	1 352	1 269	6.5%
NRI on operational EBITDA	-41	-11	-272.7%	16	n/m	-24	-122	80.3%
Dividends received from equity accounted investments	-	1	-100.0%	1	-100.0%	32	19	68.4%
Other adjustments	8	7	14.3%	16	-50.0%	55	29	89.7%
Change in working capital	104	137	-24.1%	98	6.1%	141	-56	n/m
Cash Flow from Operations	**412**	**442**	**-6.8%**	**484**	**-14.9%**	**1 556**	**1 139**	**36.6%**
Cash spent on fixed and biological assets	-336	-264	-27.3%	-250	-34.4%	-956	-787	-21.5%
Acquisitions of equity accounted investments	-1	-	-100.0%	-	-100.0%	-1	-97	99.0%
Cash Flow after Investing Activities	**75**	**178**	**-57.9%**	**234**	**-67.9%**	**599**	**255**	**134.9%**

Fourth quarter 2015 cash flow after investing activities was EUR 75 million. Working capital decreased by EUR 104 million, mainly due to EUR 100 million lower receivables. Payments related to the previously announced restructuring provisions were EUR 15 million.

Capital expenditure

Additions to fixed and biological assets in 2015 totalled EUR 989 million, of which EUR 912 million were fixed assets and EUR 77 million biological assets. Depreciations in 2015 totalled EUR 517 million. Additions in fixed assets and biological assets had a cash outflow impact of EUR 956 million in 2015.

The main projects ongoing in 2015 were the board machine project in Beihai, Guangxi, and the conversion of the Varkaus Mill paper machine for kraftliner.

CAPITAL EXPENDITURE, EQUITY INJECTIONS AND DEPRECIATION FORECAST 2016

EUR million	Forecast 2016
Capital expenditure	680–720
Depreciation	520–540

The capital expenditure forecast includes approximately EUR 100 million for the group's biological assets and approximately EUR 160 million for the Beihai Mill in China.

Segments in fourth quarter 2015 (compared with Q4/2014)

Stora Enso reorganised its divisional and reporting structure as of 1 January 2015. The IFRS reporting segments are formed by the divisions and the segment Other. Henceforth, Stora Enso will report financial figures for the divisions Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper and the segment Other.

Consumer Board division

Consumer Board division develops and provides consumer packaging boards for printing and packaging applications. A wide board and barrier coating selection is suitable for the design and optimisation of packaging for liquid, food, pharmaceutical and luxury goods. We serve brand owners globally and are expanding in growth markets such as China and Asia Pacific to meet rising demand.

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	560	554	1.1%	608	-7.9%	2 340	2 297	1.9%
Operational EBITDA	89	81	9.9%	116	-23.3%	434	439	-1.1%
Operational EBITDA margin	15.9%	14.6%		19.1%		18.5%	19.1%	
Operational EBIT	53	44	20.5%	80	-33.8%	290	292	-0.7%
Operational EBIT margin	9.5%	7.9%		13.2%		12.4%	12.7%	
Operational ROOC*	10.6%	10.0%		16.4%		15.5%	17.8%	
Cash flow from operations	152	127	19.7%	166	-8.4%	481	386	24.6%
Cash flow after investing activities	-15	16	-193.8%	25	-160.0%	21	60	-65.0%
Board deliveries, 1 000 tonnes	575	588	-2.2%	637	-9.7%	2 458	2 434	1.0%
Board production, 1 000 tonnes	575	555	3.6%	632	-9.0%	2 490	2 426	2.6%

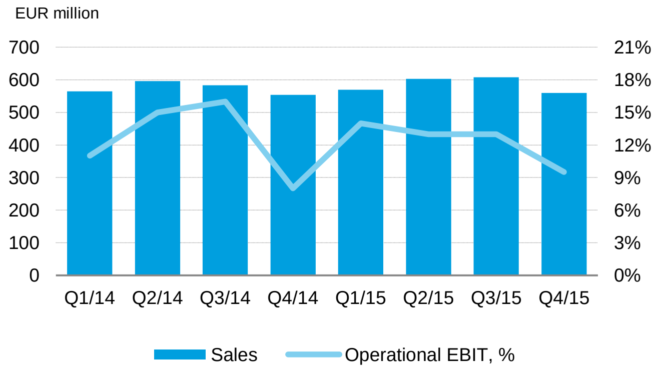
* Operational ROOC = 100% x Operational EBIT/Average operating capital

- Sales excluding the divested Barcelona Mill were EUR 34 million or 6.5% higher due to increased board volumes and higher wood sales from the Beihai forestry operations, in the Guangxi region, China.
- Higher variable costs, mainly pulp and chemicals, were more than offset by higher delivery volumes and positive foreign exchange impact.
- The construction of the Beihai consumer board mill in China is proceeding. The board machine is expected to be operational during the second quarter of 2016. The preparation costs ahead of the start-up are estimated be approximately EUR 10–15 million quarterly during the first half of 2016.
- Operational ROOC without the Beihai Mill investment would have been 24.0% (18.7%).
- In October, Stora Enso completed the divestment of Barcelona Mill in Spain which produced recycled-fibre based consumer board.
- The Innovation Centre for packaging in Helsinki was inaugurated in November.

MARKETS

Product	Market	Demand Q4/15 compared with Q4/14	Demand Q4/15 compared with Q3/15	Price Q4/15 compared with Q4/14	Price Q4/15 compared with Q3/15
Consumer board	Europe	Stable	Weaker	Stable	Stable

SALES AND OPERATIONAL EBIT



Operational ROOC (2015)

15.5%

(Target: >20%)

Scheduled annual maintenance shutdowns in 2016

Q1 -
Q2 -
Q3 Imatra and Ingerois mills
Q4 Skoghall and Fors mills

Packaging Solutions division

Packaging Solutions division develops fibre-based packaging, and operates at every stage of the value chain from pulp production, material and packaging production to recycling. Our solutions serve leading converters, brand owners and retailer customers helping to optimise performance, reduce total costs and enhance sales.

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	240	263	-8.7%	226	6.2%	913	1 065	-14.3%
Operational EBITDA	37	46	-19.6%	32	15.6%	147	183	-19.7%
Operational EBITDA margin	15.4%	17.5%		14.2%		16.1%	17.2%	
Operational EBIT	22	30	-26.7%	18	22.2%	90	118	-23.7%
Operational EBIT margin	9.2%	11.4%		8.0%		9.9%	11.1%	
Operational ROOC*	10.5%	14.5%		8.7%		11.1%	14.1%	
Cash flow from operations	23	43	-46.5%	46	-50.0%	138	182	-24.2%
Cash flow after investing activities	-24	21	-214.3%	6	n/m	20	128	-84.4%
Board deliveries, 1 000 tonnes	166	187	-11.2%	141	17.7%	587	724	-18.9%
Board production, 1 000 tonnes	265	267	-0.7%	218	21.6%	904	1 063	-15.0%
Corrugated packaging deliveries, million m^2	274	287	-4.5%	277	-1.1%	1 112	1 104	0.7%
Corrugated packaging production, million m^2	270	292	-7.5%	272	-0.7%	1 093	1 085	0.7%

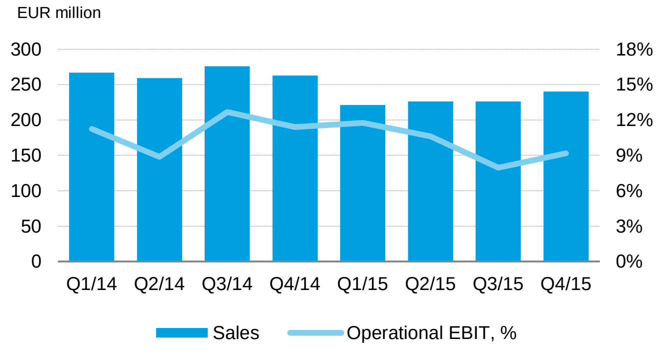
* Operational ROOC = 100% x Operational EBIT/Average operating capital

- Sales, excluding the divested Corenso operations, increased by EUR 11 million or 5.0% mainly due to the ramp up of kraftliner production at Varkaus Mill.
- Operational EBIT excluding the impact of the divested Corenso operations decreased by EUR 4 million. Start-up impact of EUR 9 million relating to the kraftliner production at Varkaus Mill was only partly offset by higher sales prices in local currencies for containerboard and corrugated board.
- Production of kraftliner began on the converted machine at Varkaus Mill in October. The machine is ramping-up and full production is expected in early 2017. The quality of kraftliner is already good and customer qualification is proceeding according to plan.
- The Innovation Centre for packaging in Helsinki was inaugurated in November.
- In February 2016, Stora Enso finalised the transaction to increase its ownership stake from 51% to 90% in its Chinese subsidiary Stora Enso Inpac Packaging Co. Ltd., as announced earlier. The transaction was reflected in the group's 31 December 2015 financial statements.

MARKETS

Product	Market	Demand Q4/15 compared with Q4/14	Demand Q4/15 compared with Q3/15	Price Q4/15 compared with Q4/14	Price Q4/15 compared with Q3/15
Corrugated packaging	Europe	Stable	Stable	Slightly higher	Stable

SALES AND OPERATIONAL EBIT



Operational ROOC (2015)

11.1%

(Target: >20%)

Scheduled annual maintenance shutdowns in 2016
Q1 -
Q2 Ostrołęka Mill
Q3 Heinola Mill
Q4 Varkaus Mill

Biomaterials division

Biomaterials division offers a variety of pulp grades to meet the demands of paper, board, tissue, textile and hygiene product producers. We also develop new ways to maximise the value extractable from wood, as well as other kinds of lignocellulosic biomasses. Sugars and lignin hold potential for use in applications in the specialty chemical, construction, personal care and food industries. We have a global presence with operations in Brazil, Finland, Laos, Sweden, Uruguay and the USA.

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	374	314	19.1%	392	-4.6%	1 484	1 104	34.4%
Operational EBITDA	108	60	80.0%	125	-13.6%	420	173	142.8%
Operational EBITDA margin	28.9%	19.1%		31.9%		28.3%	15.7%	
Operational EBIT	81	34	138.2%	100	-19.0%	313	89	251.7%
Operational EBIT margin	21.7%	10.8%		25.5%		21.1%	8.1%	
Operational ROOC*	12.7%	5.6%		15.5%		12.4%	3.9%	
Cash flow from operations	127	17	n/m	107	18.7%	385	136	183.1%
Cash flow after investing activities	91	-40	n/m	79	15.2%	187	-108	273.1%
Pulp deliveries, 1 000 tonnes	644	583	10.5%	632	1.9%	2 499	2 076	20.4%

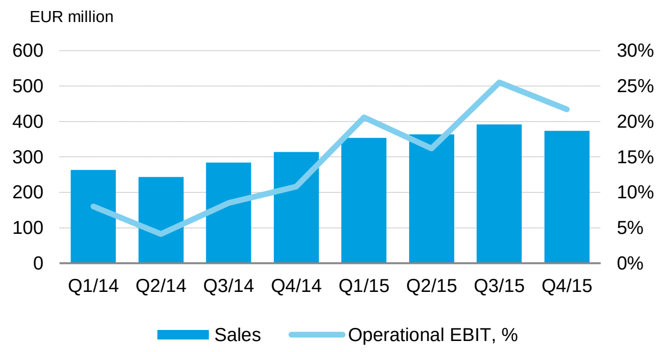
* Operational ROOC = 100% x Operational EBIT/Average operating capital

- Sales were EUR 60 million or 19.1% higher driven by the Montes del Plata ramp-up and the positive foreign exchange impact.
- Operational EBIT was clearly higher mainly due to higher hardwood pulp sales prices in local currencies, increased Montes del Plata volumes, positive foreign exchange impact and lower wood costs for the Nordic mills.
- The Innovation Centre for biomaterials in Stockholm was officially inaugurated in December.

MARKETS

Product	Market	Demand Q4/15 compared with Q4/14	Demand Q4/15 compared with Q3/15	Price Q4/15 compared with Q4/14	Price Q4/15 compared with Q3/15
Softwood pulp	Europe	Stable	Stable	Significantly lower	Slightly lower
Hardwood pulp	Europe	Stable	Stable	Higher	Stable

SALES AND OPERATIONAL EBIT



Operational ROOC (2015)

12.4%

(Target: >15%)

Scheduled annual maintenance shutdowns in 2016

Q1 -
Q2 Montes del Plata Mill
Q3 Veracel and Skutskär mills
Q4 Enocell Mill

Wood Products division

Wood Products division provides versatile wood-based solutions for building and housing. Our product range covers all areas of urban construction including massive wood elements and housing modules, wood components and pellets. We also offer a variety of sawn timber goods. Our customers are mainly construction and joinery companies, merchandisers and retailers. Wood Products operates globally and has more than 20 production units in Europe.

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	395	415	-4.8%	375	5.3%	1 603	1 779	-9.9%
Operational EBITDA	26	19	36.8%	30	-13.3%	111	126	-11.9%
Operational EBITDA margin	6.6%	4.6%		8.0%		6.9%	7.1%	
Operational EBIT	21	10	110.0%	22	-4.5%	81	89	-9.0%
Operational EBIT margin	5.3%	2.4%		5.9%		5.1%	5.0%	
Operational ROOC*	16.6%	7.6%		17.5%		15.7%	17.3%	
Cash flow from operations	10	33	-69.7%	44	-77.3%	118	86	37.2%
Cash flow after investing activities	-21	15	-240.0%	34	-161.8%	59	58	1.7%
Wood products deliveries, 1 000 m^3	1 116	1 066	4.7%	1 051	6.2%	4 334	4 493	-3.5%

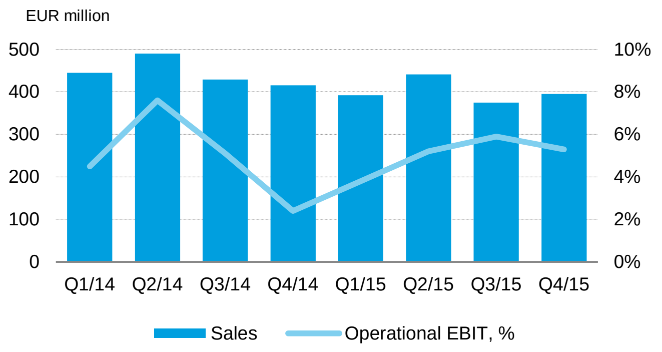
* Operational ROOC = 100% x Operational EBIT/Average operating capital

- Sales were EUR 20 million lower mainly due to lower sawn good prices in local currencies, and lower sales volumes in traditional sawn goods, compensated by focusing on higher margin products.
- Operational EBIT improved mainly due to lower wood costs and positive foreign exchange impact.
- On 14 December 2015, Stora Enso announced a EUR 16 million investment in pellet production and a new boiler at Ala Sawmill in Sweden, and a EUR 10 million investment in the renewal of the boiler at Honkalahti Sawmill in Finland.
- Investment in a new production line for wooden building elements at Varkaus Mill is proceeding according to plan and production is scheduled to begin in the second quarter of 2016.

MARKETS

Product	Market	Demand Q4/15 compared with Q4/14	Demand Q4/15 compared with Q3/15	Price Q4/15 compared with Q4/14	Price Q4/15 compared with Q3/15
Wood products	Europe	Slightly stronger	Slightly weaker	Slightly lower	Slightly lower

SALES AND OPERATIONAL EBIT



Operational ROOC (2015)

15.7%

(Target: >18%)

Paper division

Paper division provides best-in-class paper solutions for print media and office use. The wide selection covers papers made from recycled and fresh wood fibre. Our main customer groups include publishers, retailers, printing houses, merchants, converters and office suppliers. Our mills are located predominantly in Europe, and in China. Three of the mills produce paper based on 100%-recycled fibre.

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	890	984	-9.6%	911	-2.3%	3 630	3 912	-7.2%
Operational EBITDA	74	109	-32.1%	44	68.2%	231	361	-36.0%
Operational EBITDA margin	8.3%	11.1%		4.8%		6.4%	9.2%	
Operational EBIT	41	68	-39.7%	6	n/m	77	172	-55.2%
Operational EBIT margin	4.6%	6.9%		0.7%		2.1%	4.4%	
Operational ROOC*	12.5%	15.1%		1.6%		5.5%	9.4%	
Cash flow from operations	54	213	-74.6%	108	-50.0%	286	354	-19.2%
Cash flow after investing activities	16	172	-90.7%	84	-81.0%	201	243	-17.3%
Cash flow after investing activities to sales	1.8%	17.5%		9.2%		5.5%	6.2%	
Paper deliveries, 1 000 tonnes	1 424	1 520	-6.3%	1 477	-3.6%	5 778	6 006	-3.8%
Paper production, 1 000 tonnes	1 435	1 512	-5.1%	1 443	-0.6%	5 794	6 034	-4.0%

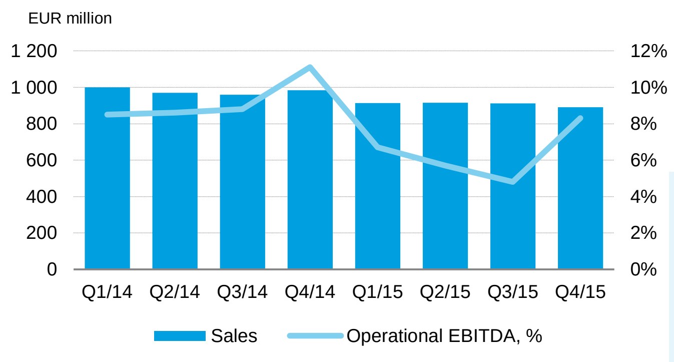
* Operational ROOC = 100% x Operational EBIT/Average operating capital

- Sales declined by 9.6% mainly due to the disposal of Uetersen Mill in early 2015, the conversion of the Varkaus fine paper mill into a kraftliner producer in autumn 2015, and lower sales prices in local currencies, which were partly offset by the positive foreign exchange impact. Excluding the divestments, closures and conversion, volumes remained flat.
- Lower sales prices in local currencies, and higher costs for chemical pulp were only partly offset by favourable foreign currency movements. Depreciation was EUR 7 million lower, mainly due to the impairment of intangible assets and property, plant and equipment in the fourth quarter of 2015.
- Cash flow after investing activities was weak in the fourth quarter 2015, mainly due to a cash payment related to renegotiation of a long-term supply agreement, seasonally high capital expenditure, and provision payments related to earlier announced restructuring cases.
- In December, Stora Enso announced plans to divest its ownership in the Arapoti Mill in Brazil to Papeles Bio Bio.

MARKETS

Product	Market	Demand Q4/15 compared with Q4/14	Demand Q4/15 compared with Q3/15	Price Q4/15 compared with Q4/14	Price Q4/15 compared with Q3/15
Paper	Europe	Slightly weaker	Slightly stronger	Slightly lower	Stable

SALES AND OPERATIONAL EBITDA*



Cash flow after investing activities to sales (2015)

5.5%

(Target: >7%)

Scheduled annual maintenance shutdowns in 2016

Q1 –
Q2 Langerbrugge Mill
Q3 Anjala, Maxau, Oulu, and Veitsiluoto mills
Q4 –

* The Paper division's financial target is cash flow after investing activities to sales, because the division's goal is to generate cash flow for the group to transform into a renewable materials growth company

Other

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

EUR million	Q4/15	Q4/14	Change % Q4/15–Q4/14	Q3/15	Change % Q4/15–Q3/15	2015	2014	Change % 2015–2014
Sales	639	645	-0.9%	563	13.5%	2 478	2 567	-3.5%
Operational EBITDA	7	-7	200.0%	6	16.7%	9	-13	169.2%
Operational EBITDA margin	1.1%	-1.1%		1.1%		0.4%	-0.5%	
Operational EBIT	24	23	4.3%	20	20.0%	64	50	28.0%
Operational EBIT margin	3.8%	3.6%		3.6%		2.6%	1.9%	
Cash flow from operations	46	9	n/m	13	n/m	148	-5	n/m
Cash flow after investing activities	28	-6	n/m	6	n/m	111	-126	188.1%

- Operational EBIT remained unchanged, as lower net costs in group functions and services were offset by lower capital gains on land disposal in the forest associates.

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Sustainability in fourth quarter 2015 (compared with Q4/2014)

Safety performance

TRI AND LTA RATES*

	Q4/15	Q4/14	Q3/15	2015	2014	Target	Target to be reached by**
TRI rate	12.6	12.4	10.7	11.0	12.5	8.8	end of 2015
LTA rate	5.6	5.2	4.3	4.7	5.2	3.6	end of 2015

TRI (Total recordable incident) rate = number of incidents per one million hours worked.
LTA (Lost-time accident) rate = number of lost-time accidents per one million hours worked.
* For Stora Enso employees
** A new target will be introduced in Q1/16.

The target for 2015 was not achieved. The TRI and LTA rates increased from 2014 in Consumer Board and Wood Supply. TRI rate improved by 12% and the LTA rate by 10% compared to 2014.

Human and Labour Rights

Stora Enso's partnership with the International Labour Organization (ILO)

Preparations for earlier agreed actions in Pakistan – organising a workshop with ILO's Pakistani stakeholders and initiating formative ground research – continued during the fourth quarter. The process is following an agreed ILO methodology. The workshop will take place during the first quarter.The selection and capacity building of a team of external experts to carry out formative ground research is in progress. An initial study report will be completed in April 2016 by the expert team, followed by a review of the wheat straw supply chain in May 2016.

Action plans to address the Danish Institute for Human Rights (DIHR) assessment findings

PROGRESS ON THE IMPLEMENTATION OF PREVENTIVE AND REMEDIATION ACTIONS

	Completed	On track	Not on track	Regular review*
Implementation progress, % of all the actions	69%	14%	12%	5%

*Longer-term actions without a targeted end-date that require continuous review.

At the end of the year 69% (55% by the end of Q3) of the preventive and remediation actions were completed. The actions are based on the UN Guiding Principles on Business and Human Rights and criteria created in collaboration with DIHR.

The increase in 'Not on track' action items from the third quarter is due to the large number of action items that were scheduled for completion in December and a lag in reporting of progress due to the holiday season. As of 13 January 2016, the percentage of 'Not on track' action items had decreased to 6%, and the percentage of 'Completed' action items had increased to 75%.

Responsible Sourcing

Implementation of the Supplier Code of Conduct

SUPPLIER CODE OF CONDUCT

	31 Dec 15	30 Sep 15	31 Dec 14	Target	Target to be reached by
% of supplier spend covered by the Supplier Code of Conduct*	90%	87%	78%	90%	end of 2016

* Excluding joint operations and wood supply. The target scope covers the group's total annual supplier spending.

At the end of the year, the target for Supplier Code of Conduct coverage on goods, materials and services was achieved. In 2016 this indicator will also cover Wood Supply units.

Mitigating Child Labour in Pakistan

BULLEH SHAH PACKAGING'S DIRECT SUPPLIERS OF DOMESTIC FIBRE AND AGRICULTURAL BY-PRODUCTS

	31 Dec 15	30 Sep 15	31 Dec 14[1)]	Target	Target to be reached by
Number of direct active suppliers	335	335	143		
Annual audit coverage (%)[2)]	45%	45%	87%	55%	end of 2015

1) As of 1 January 2015, the definition of active suppliers was changed to cover all suppliers Bulleh Shah Packaging had financial transactions with during 2014. Together with the addition of new suppliers, this increased the number of suppliers in the active supplier base in 2015.

2) The share of direct suppliers of OCC and agricultural by-products that are audited during the calendar year. Excluding institutional OCC suppliers identified as low risk.

Bulleh Shah Packaging conducted 50 (75) internal audits and 9 (0) external audits of its material and service suppliers during the fourth quarter.The auditing of suppliers of domestic fibre and agricultural by-products focused on the follow-up audits of suppliers that had child labour cases not in compliance with ILO conventions found during the previous quarter. The total number of internal audits in 2015 was 395 (267 in 2014), and the total number of external audits was 30 (21).

During 2015, six cases of young workers not in compliance with ILO conventions, and unacceptable for Stora Enso and BSP, were confirmed in third party external audits by the external assurance provider SGS. The cases were found in the operations of waste paper suppliers. The hiring of these young workers by subcontractors violates the suppliers' contractual obligations under Bulleh Shah Packaging's Supplier Sustainability Requirements. The suppliers were immediately instructed to take corrective action in accordance with BSP's Child Labour Remediation Policy. All of the suppliers involved in these cases were re-audited within two months. The re-audits confirmed that in four cases, the young worker had left the workplace. In two cases this was due to the end of their temporary employment. In the two other cases, while the supplier was willing to comply with the Child Labour Remediation Policy, the young worker was not. Consequently, the supplier had to terminate their employment. In two cases the suppliers were found to be complying with BSP's Child Labour Remediation Policy.

CHILD LABOUR AND YOUNG WORKER CASES IDENTIFIED IN THE SUPPLIER AUDITS DURING 2014-2015

		2014					2015					2014–2015
		Q1	**Q2**	**Q3**	**Q4**	**Q1–Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1–Q4**	**Total**
Internal audits (BSP)	Below 14 years*	7	-	-	-	7	-	-	3	-	3	10
	14–18 years**	5	-	-	-	5	-	3	5	-	8	13
External audits (SGS)	Below 14 years	-	-	-	-	-	-	-	-	-	-	-
	14–18 years	-	-	1	-	1	-	3	-	3	6	7
Total		**12**	**-**	**1**	**-**	**13**	**-**	**6**	**8**	**3**	**17**	**30**

* Cases involving workers below 14 years of age are referred to as child labour cases in accordance with Pakistan-specific implementation of the ILO Minimum Working Age Convention (ILO C138)
** Cases involving workers between 14–18 years of age are referred to as young workers in accordance with Pakistan-specific implementation of the ILO Minimum Working Age Convention (ILO C138)

The mobile medical clinic has been delayed due to administrative license issues involving the implementing partner Yunus Center at AIT (Asian Institute of Technology). They are now solved and the work on preparing the mobile clinic has started.

Forestry and land use in Guangxi, China

Correction of land leasing contracts

SOCIAL FORESTLANDS LEASED BY STORA ENSO IN GUANGXI

	31 Dec 15	30 Sep 15	31 Dec 14	Target	Target to be reached by
Social forestland leased, ha	32 322	32 507	32 591		
Leased area without contractual defects, ha	16 471	16 439	16 003		
Lease contracts without contractual defects, % of all contracts	63%	62%	61%	100%	start-up of the planned pulp mill*

In contracts without defects the ownership of land is clear or solved, and the contracting procedure is proven to be legal, authentic and valid. The contract correction process includes a desktop documentation review, field investigations, legal and operational risk analysis, stakeholder consultations, the collection of missing documentation and the signing of new agreements or amendments directly with the villages or households concerned, or in some cases contract termination.

*The decision on the investment in the pulp mill will be made after the start-up of the board mill in 2016.

Stora Enso leases a total of 86 236 hectares of land in various regions of Guangxi, of which 37% (38%) is social land leased from village collectives, individual households and local forest farms.

In cases of conflict that the contract correction procedures cannot resolve, Stora Enso will terminate the contracts in a responsible way. The target for the end of 2015 was to terminate identified irreconcilable contracts corresponding to 1 065 hectares. At the end of the year, irreconcilable contracts corresponding to 401 hectares had been terminated. The correction of most complex contracts required more time than anticipated.

Land occupations by the Social Landless Movements in Bahia, Brazil

LAND OCCUPIED BY SOCIAL LANDLESS MOVEMENTS NOT INVOLVED IN THE SUSTAINABLE SETTLEMENT INITIATIVE

	31 Dec 15	30 Sep 15	31 Dec 14
Area occupied by social movements not involved in the Sustainable Settlement Initiative, ha	5 461	5 773	2 219

At the end of the year, 5 461 hectares of land owned by Veracel were occupied by social landless movements not involved in the Sustainable Settlement Initiative. Veracel has reserved 16 500 hectares to support this initiative. The total land area owned by Veracel was 216 000 hectares at the end of the year, of which 85 000 hectares are planted with eucalyptus for pulp production. During the fourth quarter, 312 hectares of land previously occupied by social movements were returned to Veracel.

Environmental performance

ENVIRONMENTAL PERFORMANCE COMPARED TO BASELINE LEVELS*

	Q4/15	Q4/14	Q3/15	2015	2014	Target	Target to be reached by
Climate and energy							
Reduction of CO_2 emissions per saleable tonne of pulp, paper and board (kg/t)**	-32%	-26%	-32%	-32%	-29%	-35%	end of 2025
Process water discharges							
Reduction of volume per saleable tonne of pulp, paper and board (m^3/t)	-3%	-1%	-1%	-2%	-3%	-6%	end of 2015
Reduction of Chemical Oxygen Demand (COD) per saleable tonne of pulp, paper and board (kg/t)	-3%	-1%	-3%	-3%	-5%	-7%	end of 2015

*From baseline levels: year 2006 in CO_2 emissions, year 2005 in the volume (m^3) of process water discharges, and year 2007 in the Chemical Oxygen Demand (COD) levels of process water discharges. Historical figures recalculated due to changes in the baselines or data completion.

**Covering direct fossil CO_2 emissions from production and indirect fossil CO_2 emissions related to purchased electricity and heat (Scope 1 and 2).

Fossil CO_2 emissions per tonne decreased in Consumer Board, Paper and Biomaterials divisions improving the group's performance. The group's Chemical Oxygen Demand (COD) levels and the volume of process water discharges were affected by weak related performance at some of the largest mills during the year, and the targets were not reached. The weaker than expected performance on process water discharges per tonne was mainly due to the Imatra mill's production problems during Q3 and repair work of aerators at the Nymölla mill during Q2 and Q3.

In connection with the Paris Climate Conference (COP21), Stora Enso signed the Paris Pledge for Action for businesses, investors, cities, and other organisations to pledge their commitment to the goals of the Paris Agreement under the United Nations Framework Convention on Climate Change. Stora Enso also signed a science based greenhouse gas emissions reduction target pledge proposed by We Mean Business, an alliance of international NGOs. Stora Enso was the only Finnish company to sign the pledge.

Stora Enso is included in the following sustainability indices:

- Carbon Disclosure Project's (CDP) Nordic Carbon Disclosure Leadership Index (CDLI)
- FTSE4 Good Index
- UN Global Compact 100 Stock Index
- STOXX Global ESG Leaders indices
- ECPI Ethical Indices
- OMX GES Sustainability Finland index
- Ethibel Sustainability Index (ESI) Excellence Europe and Excellence Investment Register
- Euronext Vigeo – Europe 120
- MSCI Global Sustainability and SRI Indexes

In November, Stora Enso's Global Responsibility Performance 2014 report won four awards in the independent annual sustainability report review, commissioned by FIBS, Finland's leading non-profit corporate responsibility network. The four awards include the best sustainability report, best reporting on Human Rights and on Tax Footprint and Stora Enso was the top choice of a consortium of Finnish corporate sustainability students.

In January, Stora Enso was included in The Sustainability Yearbook 2016 by RobecoSAM, the specialist on Sustainability Investing, moving up from Bronze Class to Silver Class with the title of Industry Mover, a distinction given to companies that have achieved the largest proportional improvement in their sustainability performance compared to the previous year.

Short-term risks and uncertainties

The main short-term risks and uncertainties are related to the increasing imbalance in the European paper market.

Energy sensitivity analysis: the direct effect of a 10% increase in electricity, heat, oil and other fossil fuel market prices would have a negative impact of approximately EUR 5 million on operational EBIT for the next 12 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 169 million on operational EBIT for the next 12 months.

Pulp sensitivity analysis: the direct effect of a 10% increase in pulp market prices would have a positive impact of approximately EUR 105 million on operational EBIT for the next 12 months.

Chemicals and fillers sensitivity analysis: the direct effect of a 10% increase in chemical and filler prices would have a negative impact of approximately EUR 47 million on operational EBIT for the next 12 months.

A decrease in energy, wood, pulp 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 crown and British pound against the euro would be about positive EUR 115 million, negative EUR 92 million and positive EUR 41 million annual impact, respectively. A weakening of the currencies would have the opposite impact. These numbers are before the effect of hedges and assuming that no changes will occur other than a single currency exchange rate movement.

The group incurs annual unhedged net costs worth approximately EUR 100 million in Brazilian real (BRL) in its operations in Brazil. For these flows, a 10% strengthening in the value of BRL would have a EUR 10 million negative impact on operational EBIT.

Legal proceedings

Proceedings in Latin America

Veracel

Fibria and Stora Enso each own 50% of Veracel, and the joint ownership is governed by a shareholder agreement. In May 2014, Fibria initiated arbitration proceedings against Stora Enso claiming that Stora Enso was in breach of certain provisions of the shareholder agreement. Fibria has estimated that the interest to be paid regarding the dispute should be approximately USD 54 (EUR 50) million. Stora Enso denies any breach of contract and disputes the method for calculating the interest to be paid. No provisions have been made in Stora Enso’s accounts for this case.

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 joint operations company 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 fine of BRL 20 (EUR 5) million. 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 relevant authorities. In November 2008, a Federal Court suspended the effects of the decision. No provisions have been recorded in Veracel’s or Stora Enso’s accounts for the reforestation or the possible fine.

Proceeding in Finland

Finnish wood claim

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 Metsä Group claiming compensation for damages allegedly suffered due to competition law infringements. The total claim against the defendants amounts to approximately EUR 160 million and the secondary claim against Stora Enso to approximately EUR 87 million. In addition, certain Finnish municipalities and private forest owners initiated similar legal proceedings. The total amount claimed from the defendants amounts to approximately EUR 34 million, the secondary claims solely against Stora Enso amount to approximately EUR 7 million. Stora Enso denies that Metsähallitus and the other plaintiffs suffered any damages whatsoever and will forcefully defend itself. In March 2014, the Helsinki District Court dismissed 13 private forest owners’ claims as time-barred. In November 2014, the Helsinki Court of Appeal revoked the decision of the District Court. Stora Enso and the other defendants have appealed the Court of Appeals decision in the Supreme Court. No provisions have been made in Stora Enso’s accounts for these lawsuits.

Major events in 2015

Financial targets

In May, Stora Enso announced new financial targets for the group and divisions. The key divisional financial target is the Return on Operating Capital (ROOC) percentage – with the exception of the Paper division, which has Cash Flow after Investing Activities to Sales, because its target focuses on the division's cash flow generation.

Decisions of the Annual General Meeting in 2015

Stora Enso Oyj's Annual General Meeting (AGM) convened on 22 April 2015. The AGM approved the proposal by the Board of Directors that the Company distributes a dividend of EUR 0.30 per share for the year 2014.

The AGM approved a proposal that of the current members of the Board of Directors – Gunnar Brock, Anne Brunila, Elisabeth Fleuriot, Hock Goh, Mikael Mäkinen, Richard Nilsson, Juha Rantanen and Hans Stråberg – be re-elected onto the Board of Directors until the end of the following AGM.

The AGM approved a proposal by the Nomination Committee to keep the annual remuneration for the Board of Directors unchanged.

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

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

Nomination Board

In November, Stora Enso announced the appointments to its Nomination Board. The composition of the Nomination Board is as follows: Gunnar Brock (Chairman of the Board of Directors of Stora Enso), Juha Rantanen (Vice Chairman of the Board of Directors of Stora Enso), Kari Järvinen (Managing Director of Solidium Oy), and Marcus Wallenberg (Chairman of the Board of Directors of FAM AB). Kari Järvinen is the Chairman of the Nomination Board.

Changes in the organisational structure

Stora Enso reorganised its divisional and reporting structure as of 1 January 2015. The Renewable Packaging division was split into two separate divisions and reporting segments: Consumer Board and Packaging Solutions. The name of the Building and Living division was changed to Wood Products and the name of Printing and Reading division to Paper. The current IFRS reporting segments are formed by the divisions and the segment Other. Stora Enso now reports financial figures for the divisions Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper and the segment Other. The historical figures have been restated accordingly.

Changes in group management

On 1 January 2015, Jari Latvanen took up the position as Executive Vice President, Consumer Board division and became a new member of the Group Leadership Team.

On 16 March 2015, Gilles van Niewenhuyzen took up the position of Executive Vice President, Packaging Solutions division, and Markus Mannström began working as Chief Technology Officer (CTO). Both joined the Group Leadership Team.

On 1 April 2015, Noel Morrin took up the position of Executive Vice President, Sustainability and became a new member of the Group Leadership Team.

Juha Vanhainen, Executive Vice President, Energy, Logistics and Wood Supply Operations in Finland and Sweden, left his position at Stora Enso on 15 March 2015.

Terhi Koipijärvi was acting Executive Vice President, Global Responsibility and an acting member of the Group Leadership Team until 31 March 2015.

Personnel

On 31 December 2015, there were 25 680 (27 200) employees in the group. The average number of employees in 2015 was 26 783, which was 2 226 lower than the average number in 2014.

Share capital

During the fourth quarter of 2015, the conversion of a total of 65 334 A shares into R shares was recorded in the Finnish trade register. During 2015, a total of 524 114 converted shares were recorded in the trade register.

On 31 December 2015, Stora Enso had 176 532 090 A shares and 612 087 897 R shares in issue. The total number of shares was 788 619 987 and the votes amounted to 237 740 879. The company did not hold its own shares.

From April to June 2015, due to a share lending transaction, the number of shares in Stora Enso Oyj held by Norges Bank (The Central Bank of Norway) was once temporarily less than 5% of the paid-up share capital and the number of shares in Stora Enso Oyj.

On 30 December 2015, BlackRock Inc.'s indirect holding in Stora Enso shares reached the threshold of 5% and on 31 December BlackRock Inc.'s indirect holding in Stora Enso shares fell below the threshold of 5%.

Events after the period

On 15 January 2016, the conversion of 25 000 A shares into R shares was registered with the Finnish trade register.

On 4 January 2016, BlackRock Inc.'s indirect holding in Stora Enso shares increased over the threshold of 5%.

Annual General Meeting

Stora Enso Oyj's Annual General Meeting (AGM) will be held at 16.00 (Finnish time) on Thursday 28 April 2016 at the 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 **storaenso.com/agm**. Stora Enso's annual accounts, the Report of the Board of Directors and the auditor's report for 2015 will be published on Stora Enso Oyj's website **storaenso.com/annualreport** during the week commencing on Monday 15 February 2016. 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 **storaenso.com/agm** from 12 May 2016.

The Board of Directors' proposal for the payment of dividend

The Board of Directors proposes to the AGM that a dividend of EUR 0.33 per share be distributed for the year 2015.

The dividend would be paid to shareholders who on the record date of the dividend payment, 2 May 2016, 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 to Euroclear Sweden registered shares will be forwarded by Euroclear Sweden AB and paid in Swedish crowns. Dividends payable to ADR holders will be forwarded by Citibank N.A. and paid in US dollars.

The Board of Directors proposes to the AGM that the dividend be paid on or about 10 May 2016.

This release has been prepared in Finnish, English and Swedish. If there are any variations in the content between the versions, the English version shall govern. This report is unaudited.

Helsinki, 4 February 2016
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 Financial Report for 2014.

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

New division structure

As announced on 18 December 2014, Stora Enso has reorganised its divisional and reporting structure. In Stora Enso, the IFRS reporting segments are composed of the divisions and the segment Other. The new structure is valid from 1 January 2015 onwards. Henceforth, Stora Enso will report financial figures for the divisions Consumer Board, Packaging Solutions, Biomaterials, Wood Products and Paper, and the segment Other. The historical figures according to the new reporting structure were published on 18 March 2015.

Virdia Inc. acquisition

On 19 June 2014, Stora Enso acquired 100% of the shares of Virdia Inc, a US-based leading developer of extraction and separation technologies for the conversion of cellulosic biomass into highly refined sugars and lignin. The accounting for the business combination has been finalised. The assets and liabilities recognised for the business combination have been determined using a combination of income and cost approaches. The cash consideration was EUR 17 million with maximum additional payouts totalling EUR 21 million following the completion of specific technical and commercial milestones by 2017. At the time of acquisition, the fair value of the contingent consideration amounted to EUR 15 million. Subsequent changes in the fair value have been recognised in the Income Statement. The transaction resulted in goodwill of EUR 28 million. On 31 December 2015 the fair value of the contingent consideration totalled EUR 21 million.

As the business was acquired near the end of the second quarter of 2014, the fair values of the acquired assets, liabilities and goodwill as at 30 June 2014 were determined on a provisional basis pending the finalisation of the post-combination review of the fair value of the acquired assets. As a result of the post-combination review a part of the consideration was allocated to the acquired intangible assets decreasing the amount of goodwill initially recognised from EUR 44 million to EUR 28 million.

EUR million	30 Jun 2015 (finalised)	31 Dec 2014 (provisional)	30 Jun 2014 (provisional)
Acquired Net Assets			
Cash and cash equivalents, net of bank overdraft	1	1	1
Intangible assets and property, plant and equipment	20	20	2
Tax assets and liabilities	-5	-5	0
Working capital	-4	-4	-2
Interest-bearing assets and liabilities	-8	-8	-7
Fair Value of Net Assets in Acquired Companies	**4**	**4**	**-6**
Goodwill	28	28	44
Total Purchase Consideration	**32**	**32**	**38**

Disposal of Uetersen Mill in Germany

On 13 December 2014, Stora Enso announced the divestment of its Uetersen specialty and coated fine paper mill in Germany to a company mainly owned by the private equity fund Perusa Partners Fund 2. Following the agreement, the group recorded a EUR 30 million fixed asset impairment and inventory write-down in its 2014 Financial Statements. The transaction was completed in February 2015. The impact on the group's 2015 net result was immaterial.

Disposal of the Komárom packaging plant in Hungary

On 30 September, Stora Enso divested its offset printed micro-flute packaging plant in Komárom to Van Genechten Packaging International S.A., a leading Belgian packaging company. The cash consideration for the divestment of the shares was EUR 12 million, subject to customary post-closing adjustments. The transaction resulted in a loss of approximately EUR 4 million, mainly due to cumulative translation adjustments. Based on 2014 annual figures, the divestment will reduce Stora Enso's annual sales by EUR 14 million and simultaneously decrease the annual corrugated packaging converting capacity by approximately 15 million m^2. The Komárom plant employs approximately 90 people and was part of the Packaging Solutions division.

EUR million	30 Sep 2015
Non-current assets	8
Inventories	1
Receivables	3
Cash and cash equivalents	2
Total assets	**14**
Current liabilities	2
Total liabilities	**2**
Net assets disposed of on 30 September 2015	**12**

Disposal of Barcelona Mill in Spain

On 27 July, Stora Enso signed an agreement to divest its Barcelona mill, which produces recycled-fibre based consumer board, to the private equity fund Quantum. The closing took place on 1 October. The initial cash consideration for the divestment of the shares was EUR 10 million subject to customary post-closing adjustments. On 30 September 2015, the net assets to be disposed of were measured at fair value which resulted in an impairment of EUR 1 million. Based on the annual figures for 2014, the divestment reduces Stora Enso's annual sales by EUR 117 million and simultaneously decreases Stora Enso's annual board production capacity by approximately 195 000 tonnes from the beginning of the fourth quarter of 2015 onwards. The Barcelona Mill employs approximately 220 people and was part of the Consumer Board division.

EUR million	30 Sep 2015
Non-current assets	6
Inventories	13
Receivables	25
Cash and cash equivalents	2
Total assets	**46**
Non-current liabilities	1
Current liabilities	34
Total liabilities	**35**
Net assets disposed of on 1 October 2015	**11**

Disposal of Arapoti Mill in Brazil

On 31 December 2015 Stora Enso signed an agreement to divest its entire 80% shareholding in the Arapoti magazine paper mill in Paraná, Brazil, to Papeles Bio Bio, a Chilean paper producer. The consideration for the divestment of the shares is approximately EUR 19 million, subject to customary closing day adjustments. Following the agreement, the group has recognised a EUR 34 million expense consisting of fixed asset impairments, deferred tax asset write-down, and transaction costs in its fourth quarter 2015 accounts. EUR 6 million of the total impact was allocated to the non-controlling interest holders. The transaction is expected to be completed during the first quarter of 2016. At completion, the cumulative translation adjustment loss will be transferred from an equity reserve to the income statement. On 31 December 2015 the cumulative translation adjustment was negative EUR 26 million. Arapoti mill is not presented as held for sale in the group's 31 December 2015 statement of financial position due to its immaterial impact on the group's financial statements. Arapoti Mill employs approximately 320 people and is part of the Paper division.

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Q4/15	Q4/14	Q3/15	2015	2014
Sales	**2 487**	**2 552**	**2 500**	**10 040**	**10 213**
Other operating income	38	47	30	128	168
Change in inventories of finished goods and WIP	7	-36	-20	18	3
Change in net value of biological assets	-41	-79	-19	-89	-114
Materials and services	-1 532	-1 533	-1 457	-6 008	-6 244
Freight and sales commissions	-232	-232	-247	-970	-939
Personnel expenses	-321	-331	-317	-1 313	-1 383
Other operating expenses	-127	-151	-110	-503	-625
Share of results of equity accounted investments	480	16	5	519	87
Depreciation, amortisation and impairment charges	-366	-348	-128	-763	-766
Operating Profit/Loss	**393**	**-95**	**237**	**1 059**	**400**
Net financial items	-33	-98	-93	-245	-280
Profit/Loss before Tax	**360**	**-193**	**144**	**814**	**120**
Income tax	47	59	-20	-31	-30
Net Profit/Loss for the Period	**407**	**-134**	**124**	**783**	**90**
Attributable to:					
Owners of the Parent	424	-125	124	807	99
Non-controlling interests	-17	-9	-	-24	-9
Net Profit /Loss for the Period	**407**	**-134**	**124**	**783**	**90**
Earnings per share					
Basic earnings per share, EUR	0.53	-0.15	0.16	1.02	0.13
Diluted earnings per share, EUR	0.54	-0.15	0.15	1.02	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q4/15	Q4/14	Q3/15	2015	2014
Net profit/loss for the period	407	-134	124	783	90
Other Comprehensive Income (OCI)					
Items that will Not be Reclassified to Profit and Loss					
Actuarial gains and losses on defined benefit plans	75	-97	2	77	-100
Income tax relating to items that will not be reclassified	-36	14	-	-36	17
	39	**-83**	**2**	**41**	**-83**
Items that may be Reclassified Subsequently to Profit and Loss					
Share of OCI of EAIs that may be reclassified	2	-4	-1	5	-17
Currency translation movements on equity net investments (CTA)	76	-33	-171	28	63
Currency translation movements on non-controlling interests	3	7	-8	6	14
Net investment hedges	-9	-6	1	-33	8
Cash flow hedges	18	-24	30	60	-74
Non-controlling interests' share of cash flow hedges	-	-1	1	1	-1
Available-for-sale investments	-66	99	-50	-327	96
Income tax relating to items that may be reclassified	-4	5	-7	-8	8
	20	**43**	**-205**	**-268**	**97**
Total Comprehensive Income	**466**	**-174**	**-79**	**556**	**104**
Attributable to:					
Owners of the Parent	480	-171	-72	573	100
Non-controlling interests	-14	-3	-7	-17	4
Total Comprehensive Income	**466**	**-174**	**-79**	**556**	**104**

CTA = Cumulative Translation Adjustment
OCI = Other Comprehensive Income
EAI = Equity Accounted Investments

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million		31 Dec 15	31 Dec 14
Assets			
Goodwill	O	248	242
Other intangible assets	O	156	157
Property, plant and equipment	O	5 627	5 419
		6 031	**5 818**
Biological assets	O	640	643
Emission rights	O	20	27
Equity accounted investments	O	1 570	1 056
Available-for-sale: Listed securities	I	28	30
Available-for-sale: Operative	O	131	444
Non-current loan receivables	I	68	70
Deferred tax assets	T	246	259
Other non-current assets	O	63	85
Non-current Assets		**8 797**	**8 432**
Inventories	O	1 373	1 403
Tax receivables	T	6	8
Operative receivables	O	1 324	1 484
Interest-bearing receivables	I	53	74
Cash and cash equivalents	I	808	1 446
Current Assets		**3 564**	**4 415**
Total Assets		**12 361**	**12 847**
Equity and Liabilities			
Owners of the Parent		5 388	5 070
Non-controlling Interests		125	167
Total Equity		**5 513**	**5 237**
Post-employment benefit provisions	O	378	483
Other provisions	O	112	159
Deferred tax liabilities	T	252	264
Non-current debt	I	3 342	3 530
Other non-current operative liabilities	O	49	47
Non-current Liabilities		**4 133**	**4 483**
Current portion of non-current debt	I	228	611
Interest-bearing liabilities	I	626	751
Bank overdrafts	I	1	2
Other provisions	O	48	82
Other operative liabilities	O	1 765	1 631
Tax liabilities	T	47	50
Current Liabilities		**2 715**	**3 127**
Total Liabilities		**6 848**	**7 610**
Total Equity and Liabilities		**12 361**	**12 847**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	2015	2014
Cash Flow from Operating Activities		
Operating profit	1 059	400
Hedging result from OCI	-11	-
Adjustments for non-cash items	356	795
Change in net working capital	141	-56
Cash Flow Generated by Operations	**1 545**	**1 139**
Net financial items paid	-251	-212
Income taxes paid, net	-78	-39
Net Cash Provided by Operating Activities	**1 216**	**888**
Cash Flow from Investing Activities		
Acquisition of subsidiary shares and business operations, net of acquired cash	-	-16
Acquisition of shares in equity accounted investments	-1	-97
Acquisition of available-for-sale investments	-14	-9
Proceeds from disposal of subsidiary shares and business operations, net of disposed cash	-10	72
Proceeds from disposal of shares in equity accounted investments	-	61
Proceeds from disposal of intangible assets and property, plant and equipment	27	14
Capital expenditure	-956	-787
Proceeds from non-current receivables, net	5	16
Net Cash Used in Investing Activities	**-949**	**-746**
Cash Flow from Financing Activities		
Proceeds from issue of new long-term debt	435	166
Repayment of long-term debt	-1 181	-922
Change in short-term borrowings	46	17
Dividends paid	-237	-237
Sale of interest in subsidiaries to non-controlling interests	-	7
Equity injections from, less dividends to, non-controlling interests	10	94
Purchase of own shares*	-6	-4
Net Cash Used in Financing Activities	**-933**	**-879**
Net Decrease in Cash and Cash Equivalents	**-666**	**-737**
Translation adjustment	29	120
Net cash and cash equivalents at the beginning of period	1 444	2 061
Net Cash and Cash Equivalents at Period End	**807**	**1 444**
Cash and Cash Equivalents at Period End	**808**	**1 446**
Bank Overdrafts at Period End	**-1**	**-2**
Net Cash and Cash Equivalents at Period End	**807**	**1 444**
Acquisitions		
Cash and cash equivalents, net of bank overdraft	-	1
Intangible assets and property, plant and equipment	-	20
Operating working capital	-	-4
Tax assets and liabilities	-	-5
Interest-bearing liabilities and receivables	-	-8
Fair Value of Net Assets Acquired	**-**	**4**
Goodwill (provisional for 2014)	-	28
Total Purchase Consideration	**-**	**32**
Cash and cash equivalents in acquired companies, net of bank overdraft	-	-1
Net Purchase Consideration	**-**	**31**
Cash part of consideration, net of acquired cash	-	16
Non-cash part of consideration	-	15
Net Purchase Consideration	**-**	**31**

Disposals		
Cash and cash equivalents	25	31
Goodwill	-	3
Other intangible assets and property, plant and equipment	12	38
Working capital	-14	25
Tax assets and liabilities	-	2
Interest-bearing assets and liabilities	-1	2
Non-controlling interests	-	-7
Net Assets in Divested Companies	**22**	**94**
Gain on sale	-	10
Total Disposal Consideration	**22**	**104**
Cash part of consideration	15	103
Non-cash part of consideration	7	1
Total Disposal Consideration	**22**	**104**

* Own shares purchased for the group's share award programme. The group did not hold any of its own shares at the end of December 2015.

PROPERTY, PLANT AND EQUIPMENT, GOODWILL, BIOLOGICAL ASSETS AND OTHER INTANGIBLE ASSETS

EUR million	2015	2014
Carrying value at 1 January	6 461	6 442
Acquisition of subsidiary companies	-	48
Additions in tangible and intangible assets	912	713
Additions in biological assets	77	68
Harvesting in biological assets	-76	-44
Disposals	-23	-11
Disposals of subsidiary companies	-12	-41
Depreciation and impairment	-763	-766
Valuation of biological assets	-13	-70
Translation difference and other	108	122
Statement of Financial Position Total	**6 671**	**6 461**

BORROWINGS

EUR million	31 Dec 15	31 Dec 14
Bond loans	1 834	2 582
Loans from credit institutions	1 637	1 414
Finance lease liabilities	61	69
Other non-current liabilities	38	76
Non-current Debt including Current Portion	**3 570**	**4 141**
Short-term borrowings	492	487
Interest payable	64	84
Derivative financial liabilities	70	180
Bank overdrafts	1	2
Total Interest-bearing Liabilities	**4 197**	**4 894**

EUR million	2015	2014
Carrying value at 1 January	4 894	5 501
Proceeds of new long-term debt	435	166
Repayment of long-term debt	-1 181	-922
Change in short-term borrowings and interest payable	-15	-32
Change in derivative financial liabilities	-110	39
Translation differences and other	174	142
Total Interest-bearing Liabilities	**4 197**	**4 894**

STATEMENT OF CHANGES IN EQUITY

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

					Fair Valuation Reserve								
EUR million	Share Capital	Share Premium and Reserve Fund	Invested Non-Restricted Equity Fund	Treasury Shares	Step Acquisition Revaluation Surplus	Available-for-Sale Investments	Cash Flow 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 2013	**1 342**	**77**	**633**	**-**	**4**	**262**	**-9**	**-22**	**-218**	**3 144**	**5 213**	**60**	**5 273**
Profit/loss for the year	-	-	-	-	-	-	-	-	-	99	99	-9	90
OCI before tax	-	-	-	-	-	96	-74	-17	71	-100	-24	13	-11
Income tax relating to components of OCI	-	-	-	-	-	-4	14	-	-2	17	25	-	25
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**92**	**-60**	**-17**	**69**	**16**	**100**	**4**	**104**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-6	-243
Acquisitions and disposals	-	-	-	-	-	-	-	15	-	-15	-	101	101
Loss on NCI buy-in	-	-	-	-	-	-	-	-	-	-8	-8	8	-
Purchase of treasury shares	-	-	-	-4	-	-	-	-	-	-	-4	-	-4
Share-based payments	-	-	-	4	-	-	-	-	-	2	6	-	6
Balance at 31 December 2014	**1 342**	**77**	**633**	**-**	**4**	**354**	**-69**	**-24**	**-149**	**2 902**	**5 070**	**167**	**5 237**
Profit/loss for the year	-	-	-	-	-	-	-	-	-	807	807	-24	783
OCI before tax	-	-	-	-	-	-327	60	5	-5	77	-190	7	-183
Income tax relating to components of OCI	-	-	-	-	-	-	-15	-	7	-36	-44	-	-44
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**-327**	**45**	**5**	**2**	**848**	**573**	**-17**	**556**
Dividend	-	-	-	-	-	-	-	-	-	-237	-237	-2	-239
Acquisitions and disposals	-	-	-	-	-	-	-	-	-	-	-	-39	-39
Loss on NCI buy-out	-	-	-	-	-	-	-	-	-	-16	-16	16	-
Purchase of treasury shares	-	-	-	-6	-	-	-	-	-	-	-6	-	-6
Share-based payments	-	-	-	6	-	-	-	-	-	-2	4	-	4
Balance at 31 December 2015	**1 342**	**77**	**633**	**-**	**4**	**27**	**-24**	**-19**	**-147**	**3 495**	**5 388**	**125**	**5 513**

COMMITMENTS AND CONTINGENCIES

EUR million	31 Dec 15	31 Dec 14
On Own Behalf		
Mortgages	4	4
On Behalf of Equity Accounted Investments		
Guarantees	17	19
On Behalf of Others		
Guarantees	30	6
Other Commitments, Own		
Operating leases, in next 12 months	83	83
Operating leases, after next 12 months	804	823
Other commitments	11	5
Total	**949**	**940**
Mortgages	4	4
Guarantees	47	25
Operating leases	887	906
Other commitments	11	5
Total	**949**	**940**

Capital Commitments

The group's direct capital expenditure contracts, excluding acquisitions, amounted to EUR 196 million (compared with EUR 301 million at 31 December 2014). These amounts include the group's share of direct capital expenditure contracts in joint operations.

SALES BY SEGMENT

EUR million	2015	Q4/15	Q3/15	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	2 340	560	608	603	569	2 297	554	583	596	564
Packaging Solutions	913	240	226	226	221	1 065	263	276	259	267
Biomaterials	1 484	374	392	364	354	1 104	314	284	243	263
Wood Products	1 603	395	375	441	392	1 779	415	429	490	445
Paper	3 630	890	911	915	914	3 912	984	959	970	999
Other	2 478	639	563	629	647	2 567	645	579	654	689
Inter-segment sales	-2 408	-611	-575	-616	-606	-2 511	-623	-596	-633	-659
Total	**10 040**	**2 487**	**2 500**	**2 562**	**2 491**	**10 213**	**2 552**	**2 514**	**2 579**	**2 568**

OPERATIONAL EBIT BY SEGMENT

EUR million	2015	Q4/15	Q3/15	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	290	53	80	78	79	292	44	95	91	62
Packaging Solutions	90	22	18	24	26	118	30	35	23	30
Biomaterials	313	81	100	59	73	89	34	24	10	21
Wood Products	81	21	22	23	15	89	10	22	37	20
Paper	77	41	6	12	18	172	68	33	36	35
Other	64	24	20	11	9	50	23	1	12	14
Operational EBIT	**915**	**242**	**246**	**207**	**220**	**810**	**209**	**210**	**209**	**182**
Fair valuations and non-operational items*	378	401	-25	15	-13	-131	-79	-23	-18	-11
Non-recurring Items	-234	-250	16	-8	8	-279	-225	28	-106	24
Operating Profit/Loss (IFRS)	**1 059**	**393**	**237**	**214**	**215**	**400**	**-95**	**215**	**85**	**195**
Net financial items	-245	-33	-93	-66	-53	-280	-98	-71	-46	-65
Profit/Loss before Tax	**814**	**360**	**144**	**148**	**162**	**120**	**-193**	**144**	**39**	**130**
Income tax expense	-31	47	-20	-25	-33	-30	59	-21	-38	-30
Net Profit/Loss	**783**	**407**	**124**	**123**	**129**	**90**	**-134**	**123**	**1**	**100**

* Fair valuations and non-operational items include equity incentive schemes and related hedges, CO_2 emission rights, valuations of biological assets, and the group's share of tax and net financial items of EAI.

NRI BY SEGMENT

EUR million	2015	Q4/15	Q3/15	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	-2	-4	-	-	2	-	-	-	-	-
Packaging Solutions	-8	-	-	-8	-	8	8	-	-	-
Biomaterials	-17	-20	-	-	3	-	-	-	-	-
Wood Products	-	-	-	-	-	-11	2	-	-	-13
Paper	-254	-262	6	-	2	-329	-235	28	-115	-7
Other	47	36	10	-	1	53	-	-	9	44
NRI on Operating Profit/Loss	**-234**	**-250**	**16**	**-8**	**8**	**-279**	**-225**	**28**	**-106**	**24**
NRI on tax	57	59	-	-2	-	60	53	-	1	6
NRI on Net Profit/Loss	**-177**	**-191**	**16**	**-10**	**8**	**-219**	**-172**	**28**	**-105**	**30**
Attributable to:										
Owners of the Parent	-167	-185	16	-6	8	-219	-172	28	-105	30
Non-controlling interests	-10	-6	-	-4	-	-	-	-	-	-
NRI on Net Profit/Loss	**-177**	**-191**	**16**	**-10**	**8**	**-219**	**-172**	**28**	**-105**	**30**

FAIR VALUATIONS AND NON-OPERATIONAL ITEMS* BY SEGMENT

EUR million	2015	Q4/15	Q3/15	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	-30	-36	2	2	2	-60	-58	-4	-	2
Packaging Solutions	-2	-	-	-1	-1	-1	-	-	-	-1
Biomaterials	12	22	-2	-3	-5	-4	3	-2	-2	-3
Wood Products	-1	-	-	-	-1	-1	-	-	-	-1
Paper	-2	1	-1	-	-2	-1	-	-	1	-2
Other	401	414	-24	17	-6	-64	-24	-17	-17	-6
FV and Non-operational Items on Operating Profit	**378**	**401**	**-25**	**15**	**-13**	**-131**	**-79**	**-23**	**-18**	**-11**

* Fair valuations (FV) and non-operational items include equity incentive schemes and related hedges, CO2 emission rights, valuations of biological assets, and the group’s share of tax and net financial items of EAI

OPERATING PROFIT/LOSS BY SEGMENT

EUR million	2015	Q4/15	Q3/15	Q2/15	Q1/15	2014	Q4/14	Q3/14	Q2/14	Q1/14
Consumer Board	258	13	82	80	83	232	-14	91	91	64
Packaging Solutions	80	22	18	15	25	125	38	35	23	29
Biomaterials	308	83	98	56	71	85	37	22	8	18
Wood Products	80	21	22	23	14	77	12	22	37	6
Paper	-179	-220	11	12	18	-158	-167	61	-78	26
Other	512	474	6	28	4	39	-1	-16	4	52
Operating Profit/Loss (IFRS)	**1 059**	**393**	**237**	**214**	**215**	**400**	**-95**	**215**	**85**	**195**
Net financial items	-245	-33	-93	-66	-53	-280	-98	-71	-46	-65
Profit/Loss before Tax	**814**	**360**	**144**	**148**	**162**	**120**	**-193**	**144**	**39**	**130**
Income tax expense	-31	47	-20	-25	-33	-30	59	-21	-38	-30
Net Profit/Loss	**783**	**407**	**124**	**123**	**129**	**90**	**-134**	**123**	**1**	**100**

KEY EXCHANGE RATES FOR THE EURO

One Euro is	Closing Rate		Average Rate	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
SEK	9.1895	9.3930	9.3545	9.0969
USD	1.0887	1.2141	1.1096	1.3288
GBP	0.7340	0.7789	0.7260	0.8064

TRANSACTION RISK AND HEDGES IN MAIN CURRENCIES AS AT 31 DECEMBER 2015

EUR million	EUR	USD	SEK	GBP	Other	Total
Sales during 2015	5 795	1 732	1 027	484	1 002	10 040
Costs during 2015	-4 761	-519	-2 143	-80	-1 234	-8 737
Net amount	**1 034**	**1 213**	**-1 116**	**404**	**-232**	**1 303**
Estimated annual net operating cash flow exposure		1 150	-920	410		
Transaction hedges as at 31 Dec 2015		-550	440	-220		
Hedging percentage as at 31 Dec 2015 for the next 12 months		**48%**	**48%**	**54%**		

CHANGES IN EXCHANGE RATES ON OPERATIONAL EBIT

Operational EBIT: Currency Strengthening of + 10%	EUR million
USD	115
SEK	-92
GBP	41

The sensitivity is based on the estimated net operating cash flow for the next 12 months. The calculation does not take into account currency hedges, and it assumes that no changes occur other than exchange rate movement in a currency. A currency 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 that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that 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 group's Financial Report.

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 31 DECEMBER 2015

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available-for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	159	159	159
Non-current loan receivables	68	-	-	-	68	70
Trade and other operative receivables	987	-	-	-	987	987
Interest-bearing receivables	12	12	29	-	53	53
Cash and cash equivalents	808	-	-	-	808	808
Carrying Amount by Category	**1 875**	**12**	**29**	**159**	**2 075**	**2 077**

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	-	-	3 342	3 342	3 445
Current portion of non-current debt	-	-	228	228	228
Interest-bearing liabilities	22	48	556	626	626
Trade and other operative payables	24	-	1 421	1 445	1 445
Bank overdrafts	-	-	1	1	1
Carrying Amount by Category	**46**	**48**	**5 548**	**5 642**	**5 745**

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	41	-	41
Available-for-sale investments	28	-	131	159
Derivative financial liabilities	-	70	-	70
Trade and other operative liabilities	-	3	21	24

CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT AND FAIR VALUE CATEGORIES: 31 DECEMBER 2014

EUR million	Loans and Receivables	Financial Items at Fair Value through Income Statement	Hedging Derivatives	Available- for-Sale Investments	Carrying Amounts	Fair Value
Financial Assets						
Available-for-sale	-	-	-	474	474	474
Non-current loan receivables	70	-	-	-	70	74
Trade and other operative receivables	1 202	1	-	-	1 203	1 203
Interest-bearing receivables	13	38	23	-	74	74
Cash and cash equivalents	1 446	-	-	-	1 446	1 446
Carrying Amount by Category	**2 731**	**39**	**23**	**474**	**3 267**	**3 271**

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	-	-	3 530	3 530	3 699
Current portion of non-current debt	-	6	605	611	611
Interest-bearing liabilities	75	106	570	751	751
Trade and other operative payables	17	-	1 296	1 313	1 313
Bank overdrafts	-	-	2	2	2
Carrying Amount by Category	**92**	**112**	**6 003**	**6 207**	**6 376**

EUR million	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	62	-	62
Available-for-sale investments	30	-	444	474
Derivative financial liabilities	-	187	-	187
Trade and other operative liabilities	-	-	17	17

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS: 31 DECEMBER 2015

EUR million	2015	2014
Opening balance at 1 January	444	361
Losses recognised in income statement	-2	-
Losses/Gains recognised in Available-for-sale investments reserve	-325	76
Additions	14	8
Disposals	-	-1
Closing Balance	**131**	**444**

Level 3 Financial Assets

The level 3 financial assets 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 3.76% 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 +36 million and -36 million, respectively. A +/- 1% change in the discount rate would change the valuation by EUR -14 million and +18 million, respectively.

Stora Enso shares

TRADING VOLUME

	Helsinki		Stockholm	
	A share	R share	A share	R share
October	170 008	83 648 069	208 763	16 885 419
November	156 592	57 921 006	164 466	9 262 057
December	105 133	56 018 731	201 904	7 966 735
Total	**431 733**	**197 587 806**	**575 133**	**34 114 211**

CLOSING PRICE

	Helsinki, EUR		Stockholm, SEK	
	A share	R share	A share	R share
October	8.59	8.45	80.80	79.15
November	9.33	9.35	86.20	85.80
December	8.40	8.39	76.90	76.80

AVERAGE NUMBER OF SHARES

Million	Q4/15	Q4/14	Q3/15	2015	2014
Periodic	788.6	788.6	788.6	788.6	788.6
Cumulative	788.6	788.6	788.6	788.6	788.6
Cumulative, diluted	789.8	789.6	789.8	789.8	789.2

CALCULATION OF KEY FIGURES

Operational return on capital employed, operational ROCE (%)	100 x	Operational EBIT / Capital employed[1) 2)]
Operational return on operating capital, operational ROOC (%)	100 x	Operational EBIT / Operating capital [2)]
Return on equity, ROE (%)	100 x	Net profit/loss for the period / Total equity[2)]
Net interest-bearing liabilities		Interest-bearing liabilities – interest-bearing assets
Debt/equity ratio		Net interest-bearing liabilities / Equity [3)]
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		Net interest-bearing liabilities / LTM operational EBITDA
Fixed costs		Maintenance, personnel and other administration type of costs, excluding NRI and fair valuations
Last 12 months (LTM)		12 months prior to the reporting date
TRI		Total recordable incident rate = number of incidents per one million hours worked
LTA		Lost-time accident rate = number of lost-time accidents per one million hours worked

1) Capital employed = Operating capital – Net tax liabilities
2) Average for the financial period
3) Attributable to the owners of the Parent

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Stora Enso's Q1/ 2016 results will be published on

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Stora Enso is a leading provider of renewable solutions in packaging, biomaterials, wood and paper on global markets. Our aim is to replace non-renewable materials by innovating and developing new products and services based on wood and other renewable materials. We employ some 26 000 people in more than 35 countries, and our sales in 2015 were EUR 10.0 billion. Stora Enso shares are listed on Nasdaq Helsinki (STEAV, STERV) and Nasdaq Stockholm (STE A, STE R). In addition, the shares are traded in the USA as ADRs (SEOAY) on the International OTCQX over-the-counter market. **storaenso.com**