Stora Enso Oyj

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COMPANY PROFILE

Stora Enso Oyj is a Finland-based renewable materials group operating across five main areas: Packaging Solutions (corrugated packaging), Packaging Materials (containerboard and kraft paper), Biomaterials (market pulp), Wood Products (sawn timber and mass timber), and Forest (forest land and wood supply in Sweden and the Baltics). The company has been transitioning away from graphic paper toward packaging, biomaterials, and construction-related wood products, supported by substantial owned forest assets.

RECOMMENDATION	CURRENT PRICE	TARGET PRICE
BUY	**9.39 EUR**	**10.90 EUR**
12-month horizon	as of report date	12-month fundamental

IMPLIED UPSIDE	MARKET CAP	ENTERPRISE VALUE
+16.0%	**EUR 7.4 bn**	**EUR 10.8 bn**
vs. current price	shares × price	mcap + net debt

P/E 2026E	EV/EBITDA 2026E	FCF YIELD 2026E	DIVIDEND YIELD 2026E	NET DEBT / EBITDA 2026E
18.2×	6.8×	1.2%	4.4%	2.2×

RESEARCH SNAPSHOT

The call, the math, and the three reasons why

02

This page is the institutional summary. Read it in 30 seconds — the rest of the report is the supporting evidence.

RECOMMENDATION	TARGET PRICE	CURRENT PRICE	IMPLIED UPSIDE
BUY	**10.90 EUR**	**9.39 EUR**	**+16.0%**
12-month horizon	12-month fundamental	as of report date	vs. current price

MARKET CAP	ENTERPRISE VALUE	P/E · EV/EBITDA 2026E	FCF · DIV YIELD 2026E
EUR 7.4 bn	**EUR 10.8 bn**	**18.2× · 6.8×**	**1.2% · 4.4%**
shares × price	mcap + net debt	forward forecast basis	

01 H1 2027 Forest Demerger

The H1 2027 forest demerger separates 1.2 million hectares carrying a EUR 5.6-5.7 billion fair value from a group EV of just EUR 10,791 million, forcing the market to price the two segments independently.

`EUR 5.6-5.7bn`

02 Packaging Materials Ramp-Up

Packaging Materials generates EUR 587 million EBITDA at a 22.9% margin, backed by 750,000 tonnes of new Oulu capacity targeting EUR 800 million incremental sales by 2027, supporting industrial cash flow.

`22.9% margin`

03 EBITDA Growth to 2029

Group EBITDA rises from EUR 1,520 million in 2027 toward EUR 1,869 million by 2029, and applying the 8.5x fair multiple versus peers' 8.0x drives the EUR 10.9 target.

`8.5x multiple`

THESIS BREAKER

A 30-40% collapse in Nordic forest land pricing or a failure by the industrial business to generate enough cash to avoid pushing excessive debt onto the new ForestCo.

SHARE PRICE DEVELOPMENT

Price trajectory and valuation anchors

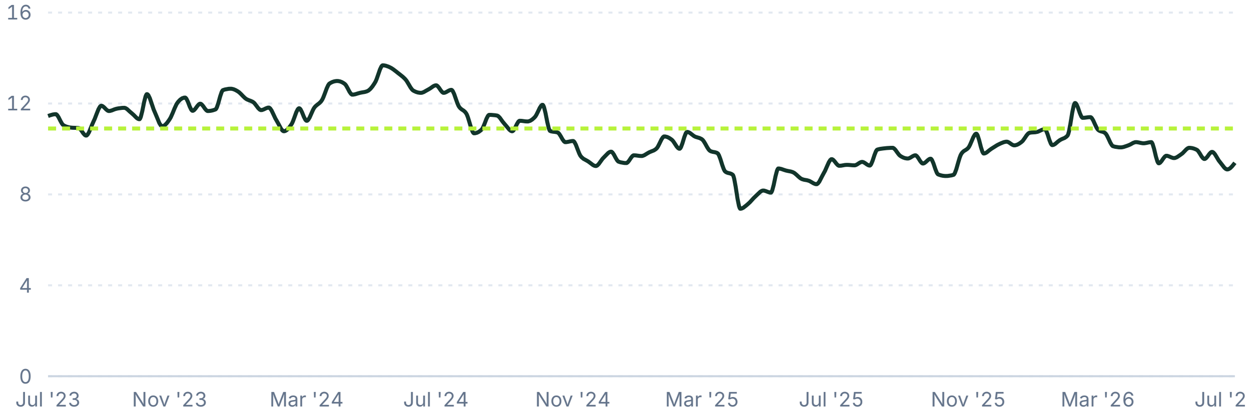
03

24+ months of monthly closes with the 12-month target overlaid. Quick facts pull from market data.

Share price — last 24 months

EUR per share, with 12-month target line

- Share price
- 12-month target



CURRENT PRICE **9.39 EUR** 6 July 2026	TARGET PRICE **10.90 EUR** 12-month	IMPLIED UPSIDE **+16.0%** vs. current	52-WEEK HIGH **12.26 EUR** past 12m
52-WEEK LOW **8.50 EUR** past 12m	1-YEAR CHANGE **+1.3%** price only	3-YEAR CHANGE **−12.3%** price only	REPORT DATE **6 July 2026**

VALUE BREAKDOWN · PART 1

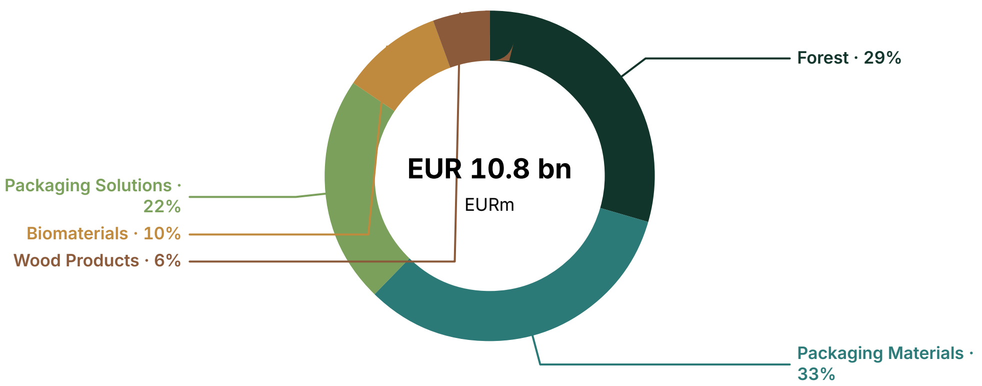
Enterprise-value allocation by segment

04

Each segment's share of the group's enterprise value, with revenue / EBIT / EV economics.

Enterprise value by segment

EUR millions



SEGMENT ECONOMICS

	REVENUE	SHARE OF REVENUE PER DIVISION	COMP. EBIT	SHARE OF EBIT PER DIVISION	E
Forest	860	9.1%	207	29.7%	3,18
Packaging Materials	2,560	27.1%	216	31.0%	3,53
Packaging Solutions	2,985	31.6%	163	23.4%	2,39
Biomaterials	1,266	13.4%	67	9.6%	1,06
Wood Products	1,776	18.8%	45	6.4%	61
Total	**9,447**	**100.0%**	**698**	**100.1%**	**10,79**

VALUE BREAKDOWN · PART 2

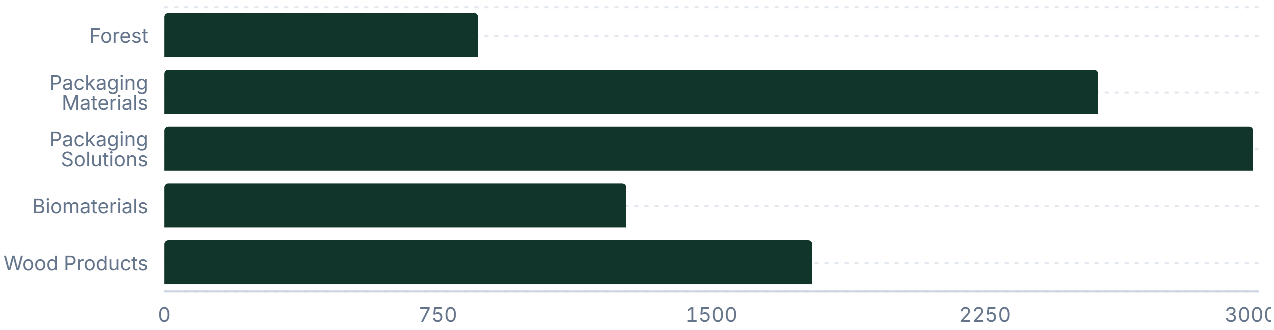
05

Net sales and EBIT by segment

Two horizontal bar charts showing where revenue and earnings actually come from.

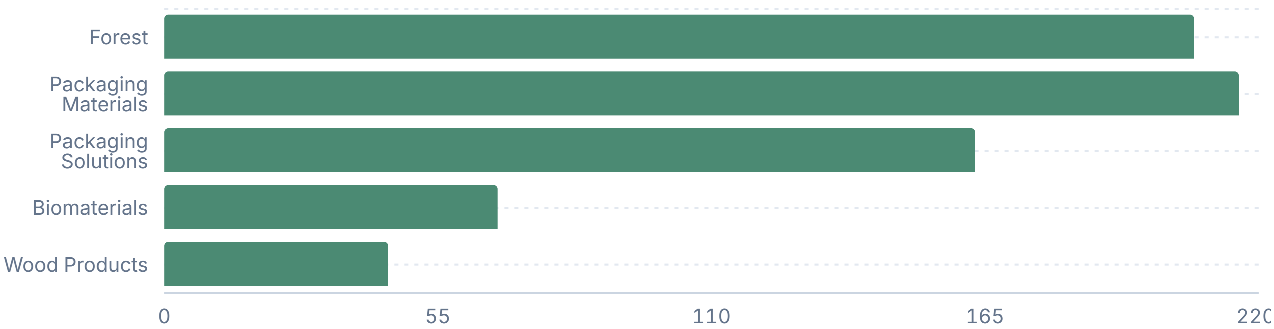
Net sales by segment

EUR millions, latest reported



Comparable EBIT by segment

EUR millions, latest reported



INTERPRETATION

The allocation of enterprise value points to a wide gap between the parts and the whole. Using a strict asset NAV framework for the Forest segment, the Swedish forest assets alone are worth approximately EUR 5.7 billion. If the market is accurately pricing the group enterprise value at EUR 10.8 billion, it implies that the remainder of Stora Enso's industrial operations are worth only EUR 5.1 billion, translating to a distressed implied EV/EBITDA multiple of 4.0x. The valuation is capped until the planned 2027 demerger separates the physical assets from the operating businesses.

RECOMMENDATION

06 Why we land on the call we do

The supporting prose, the rating decision, and the three load-bearing reasons.

Stora Enso's re-rating depends on one event: the H1 2027 statutory demerger of ~1.2 million hectares of Swedish forest, currently sitting inside a EUR 10,791 million group enterprise value but carrying a disclosed fair value of EUR 5.6–5.7 billion. The group's SOTP allocation caps Forest at only EUR 3,180 million (29.5% of EV), leaving the remaining EUR 5,091 million of residual EV to cover EUR 1.26 billion of non-forest 2026E EBITDA — a distressed ~4.0x multiple versus an 8.5x selected fair EV/EBITDA and an 8.0x 2027e peer median.

The market is mispricing the separability of the forest NAV, not the industrial cash flow: at the current EUR 9.394 share price versus a target of EUR 10.9, roughly 16% upside is available even before full NAV recognition. The key conditions are explicit: Oulu BM6 must hit EBITDA breakeven by end-2025, the November 2026 ForestCo Capital Markets Day must confirm a debt split consistent with dual investment-grade ratings, and the H1 2027 demerger must execute without material tax leakage.

BUY

TARGET PRICE
10.90 EUR

CURRENT PRICE
9.39 EUR

IMPLIED UPSIDE
+16.0%

12-MONTH VIEW
The upcoming H1 2027 forest demerger acts as a catalyst to unlock trapped asset value while modernised industrial assets ramp up toward cash generation.

MAIN DRIVER
Execution of the H1 2027 forest demerger

MAIN RISK
Suboptimal debt allocation or packaging overcapacity

01 H1 2027 Forest Demerger
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`8.5x multiple`

THESIS BREAKER
A 30-40% collapse in Nordic forest land pricing or a failure by the industrial business to generate enough cash to avoid pushing excessive debt onto the new ForestCo.

CORE ANALYSIS · EXECUTIVE MAP

07

How the company creates economic value

The mental model behind every segment deep-dive that follows.

Stora Enso's valuation currently reflects a divergence between its cash-generating industrial operations and its high-duration, asset-backed forest holdings.

The key point from the enterprise value allocation is that the Forest segment appears mispriced relative to recent private market transactions. The analytical allocation normalizes the Forest segment's enterprise value to EUR 3,180 million to fit within the group EV control total. However, the company has disclosed that the fair value of its Swedish forest holdings alone is approximately EUR 5.6 to 5.7 billion. Because the group enterprise value is capped at EUR 10.8 billion, the market is effectively forcing a choice: either the forest assets are discounted relative to their private market clearing price, or the remaining industrial packaging and biomaterials businesses are priced at distressed multiples.

Operationally, the company earns the vast majority of its current cash flow from Packaging Materials and Packaging Solutions, which together account for roughly 59% of group revenue and over 54% of allocated EBIT. These segments are undergoing a major capital transition, marked by the EUR 1+ billion conversion of the Oulu mega-site in Finland from graphic paper to renewable consumer packaging. Meanwhile, Biomaterials and Wood Products are operating at cyclical troughs, contributing minimally to group profit despite generating nearly a third of total revenue.

ANALYTICAL ANCHOR

The core analytical task is to determine whether the planned 2027 demerger of the Swedish forest assets can realize the forest asset value without stranding the industrial business with excessive debt.

CORE ANALYSIS · SEGMENT DEEP DIVES

08

Forest

Segment deep dive — Asset-backed.

Historically, the market valued Stora Enso's forest assets mainly as a captive wood supply that smoothed commodity cost volatility for its pulp and paper mills. That has shifted: the market increasingly treats the forest as a separable, hard asset with its own return characteristics. Forest land offers a natural inflation hedge, driven by steady biological volume growth and land appreciation. As land scarcity increases globally and the shift to decarbonisation lifts demand for renewable wood fibre, the premium on mature, certified Nordic forest land has widened. The planned demerger of the Swedish forest assets into a new publicly listed entity, tentatively named 'ForestCo' and expected in the first half of 2027, forces the market to price this asset not on an operating cash-flow multiple, but on its realizable net asset value.

FOREST FACT SHEET

ASSET-BACKED

2026E REVENUE
EUR 860m

ALLOCATED EV
EUR 3,180m

GROSS ASSET VALUE (SWEDEN)
EUR 5,600m - 5,700m

IMPLIED PRICE/HECTARE
~EUR 5,140

The Nordic forest land market is illiquid, with fragmented private ownership and high barriers to entry for institutional capital. Demand for this asset class comes from three distinct end-markets. First, structural baseline demand for sawlogs and pulpwood from the European packaging and construction sectors. Second, an emerging, still nascent, market for biogenic carbon sequestration and biodiversity offsets. Third, institutional capital—particularly insurance companies and pension funds—is aggressively seeking low-correlation, high-duration real assets. The supply of large-scale, contiguous, well-managed forest land in stable European jurisdictions is effectively fixed, giving existing asset holders structural pricing power. Following the divestment of a 12.4% stake in 2025, Stora Enso retains over 1.2 million hectares of productive forest land in Sweden, giving it significant scale in a constrained market.

Forest unit economics need to be looked at in two parts: cash yield and fair-value appreciation. The cash yield from harvesting timber is structurally low, at roughly 2.5% to 3.5% return on capital, because sustainable harvesting limits require annual growth to exceed annual felling. Total economic return is significantly higher once land appreciation is included, which has averaged approximately 4.5% annually over the long term. Combined, the historical total return on Swedish forest assets is approximately 7%. Investors cannot value these assets on a standard EV/EBITDA multiple because most of the economic value creation accrues on the balance sheet as capital

CORE ANALYSIS · SEGMENT DEEP DIVES

08 Packaging Materials

Segment deep dive — Commodity.

This segment is the industrial core of the group following the exit from graphic paper. The market values Packaging Materials as a high-volume, capital-intensive cash engine built to capture the structural shift away from fossil-based plastic packaging. Because the segment relies heavily on large fixed-cost production sites (mills), operating leverage is high. Small changes in European containerboard pricing or capacity utilisation translate directly into large EBITDA swings. The current valuation reflects expectations that the recent capital investments—specifically the EUR 1.7 billion cumulative conversion of the Oulu mega-site—will deliver durable margin expansion rather than just replacing lost paper revenues.

PACKAGING MATERIALS FACT SHEET

COMMODITY

2026E REVENUE
EUR 2,560m

ALLOCATED EV
EUR 3,531m

2026E EBITDA
EUR 587m

IMPLIED EV/EBITDA MULTIPLE
~6.0x

Underlying demand for renewable packaging board grows at a steady GDP-plus rate of roughly 2% to 3% annually, driven by e-commerce, sustainable food packaging, and consumer goods. But the supply side of the market is prone to cyclical gluts. Because adding capacity requires building or converting large paper machines, new supply arrives in large, lumpy increments. When multiple producers add capacity at the same time—as happened in the European containerboard market between 2022 and 2024—pricing spreads compress. Stora Enso is trying to insulate itself from pure corrugated commodity cycles by skewing its product mix toward higher-specification consumer boards, such as those used for liquid packaging and direct food contact, which carry higher technical barriers to entry and stickier customer relationships.

Stora Enso's main competitive advantage is its deep integration into virgin Nordic wood pulp and its modernised asset base. The Oulu site conversion is a good example: it uses patented fibre processing technology to make lighter but stronger boards, letting customers cut transport weight. Peers like Smurfit Westrock run efficient, scale-driven recycled containerboard networks at 14% to 16% margins, but Stora Enso's projected margin profile is higher because it produces premium virgin-fibre consumer board, which commands higher pricing per tonne. The advantage rests on the high capital cost of replicating these integrated mega-sites.

The bridge is mathematically sound and backed by historical cycle data. A 6.0x EV/EBITDA multiple aligns with mid-cycle valuations for capital-intensive European packaging peers

CORE ANALYSIS · SEGMENT DEEP DIVES

08

Packaging Solutions

Segment deep dive — Profit engine.

This segment converts board into finished corrugated packaging, representing 31.6% of group revenue (EUR 2,985 million) and 23.4% of estimated EBIT (EUR 163 million). The allocated EV of EUR 2,393 million implies a valuation multiple of roughly 7x estimated 2026 EBITDA (EUR 348 million).

The market values this segment for its proximity to the end consumer and its ability to capture the final converting margin, which is typically less volatile than upstream production of the raw paper rolls. The competitive position was significantly expanded by the 2023 acquisition of De Jong Packaging Group in the Netherlands, which added to Stora Enso's footprint in the dense Western European fresh produce and e-commerce markets.

Unit economics in converting depend heavily on throughput volume and the ability to pass through raw material cost changes to fast-moving consumer goods (FMCG) clients. The valuation bridge here is plausible but demanding: maintaining an 11% to 12% EBITDA margin in a highly fragmented European converting market requires good cost control and high capacity utilisation. If European retail demand stagnates, the segment could struggle to pass through the costs of the premium board produced by the upstream Packaging Materials division, squeezing the consolidated margin.

PACKAGING SOLUTIONS FACT SHEET

PROFIT ENGINE

2026E REVENUE
EUR 2,985m

ALLOCATED EV
EUR 2,393m

2026E EBITDA
EUR 348m

IMPLIED EV/EBITDA MULTIPLE
~7.0x

CORE ANALYSIS · SEGMENT DEEP DIVES

08

Smaller segments — grouped deep dives

Segments that don't warrant a full deep dive — a short fact strip each.

Biomaterials

Commodity — 2026E Revenue: EUR 1,266m · Allocated EV: EUR 1,068m

Wood Products

Commodity — 2026E Revenue: EUR 1,776m · Allocated EV: EUR 619m

CORE ANALYSIS · CROSS-SEGMENT BRIDGE

09 Putting the segments back together

How the parts add up — and where the multiple has to come from.

The forecast relies on the Packaging Materials segment moving from a capital-spending phase into a cash-generation phase. The heavy capex burden in 2026 (EUR 1,187 million) is expected to decline toward a maintenance run-rate by 2027 and 2028, in line with the Oulu mega-site reaching full capacity.

The bridge to EUR 1.86 billion in EBITDA by 2029 is supported primarily by the current businesses scaling into their newly built capacity. It does not require speculative technological breakthroughs or untested markets; it requires the European packaging market to absorb the 750,000 tonnes of new capacity without triggering a protracted price war.

The weakest part of the financial bridge is the assumption on Biomaterials and Wood Products. If the European construction market stays structurally depressed because of high interest rates, or if global pulp capacity additions outpace demand, the group will struggle to hit the 10.2% EBIT margin projected for 2029. The historical group EBIT figures from 2023 and 2024 were distorted by non-cash impairment and restructuring charges. The cleaner 2025 and 2026 figures show that the underlying cash operating capability is intact, provided the heavy depreciation schedule is managed through high factory utilisation.

> **BRIDGE MECHANICS**
>
> The bridge to EUR 1.86 billion in EBITDA by 2029 relies on the Packaging Materials segment absorbing its new fixed costs as peak capex rolls off.

The allocation of enterprise value points to a wide gap between the value of the parts and the market's valuation of the whole. Using a strict asset NAV framework for the Forest segment, the Swedish forest assets alone are worth approximately EUR 5.7 billion. If the market is accurately pricing the group enterprise value at EUR 10.8 billion, it implies that the remainder of Stora Enso's industrial operations—which generate roughly EUR 1.26 billion in non-forest EBITDA—are worth only EUR 5.1 billion. That is a distressed implied EV/EBITDA multiple of 4.0x for a modernised packaging and biomaterials business.

Under this framework, current economics easily support the group valuation. In fact, they suggest the equity is substantially undervalued, provided the asset value can be separated without value destruction. For the valuation to fail, one of two things must happen: either the private-market clearing price for Nordic forest land must collapse by 30% to 40% (highly unlikely given structural supply constraints), or the industrial business must fail to generate cash, stranding the group with unserviceable debt.

Comparing the asset value to enterprise value requires deducting net debt and assessing separability. The 2027 demerger is the explicit mechanism for this. However, residual equity value cannot be stated precisely today because the EUR 3.4 billion in net debt has not yet been formally allocated between the new ForestCo and the remaining industrial company.

If ForestCo takes on EUR 1.5 billion of debt, its equity value would be roughly EUR 4.2 billion. This would leave the industrial business with EUR 1.9 billion in debt. If the industrial business then re-rates to a normal peer multiple of 6.5x EBITDA, its EV would rise to roughly EUR 8.2 billion, creating substantial equity upside. The main risk to this assumption is execution of the demerger and avoiding tax leakage.

CORE ANALYSIS · SCENARIOS & VERDICT

10 Scenario logic and the bottom-line judgment

How the report would look different if the call breaks the wrong way.

The scenarios differ based on the market's willingness to assign separate multiples to the two segments once the demerger is announced.

In the Bear scenario, the Oulu machine ramp-up runs into technical delays or launches into a severe European containerboard price war, suppressing industrial EBITDA. At the same time, high interest rates cool institutional demand for low-yielding forest land, causing the asset NAV to compress. Downside depends entirely on whether the industrial business can cover its debt load if the packaging cycle deteriorates.

In the Base scenario, the packaging business hits its EUR 500–600 million EBITDA requirement, and demerger preparations proceed smoothly, letting the market value the forest assets at their stated EUR 5.7 billion book value without applying a conglomerate discount.

The Bull scenario requires the market to recognize the full forest NAV while also re-rating the industrial business to match peers like Mondi or Smurfit Westrock (6.0x to 7.5x EV/EBITDA). This would only play out if the European construction and pulp markets undergo a synchronized cyclical recovery in 2027, amplifying the operating leverage in the Biomaterials and Wood Products divisions just as the demerger completes.

BOTTOM LINE

The central investment debate for Stora Enso is whether the market is correctly pricing a capital-intensive packaging business, or incorrectly discounting a large, liquid real-asset portfolio held inside a corporate structure. The enterprise value allocation confirms that the latter is true. The market is applying a conglomerate discount so steep that if the Swedish forest holdings are valued at their demonstrated private-market clearing price, the remaining industrial operations are priced at distressed levels.

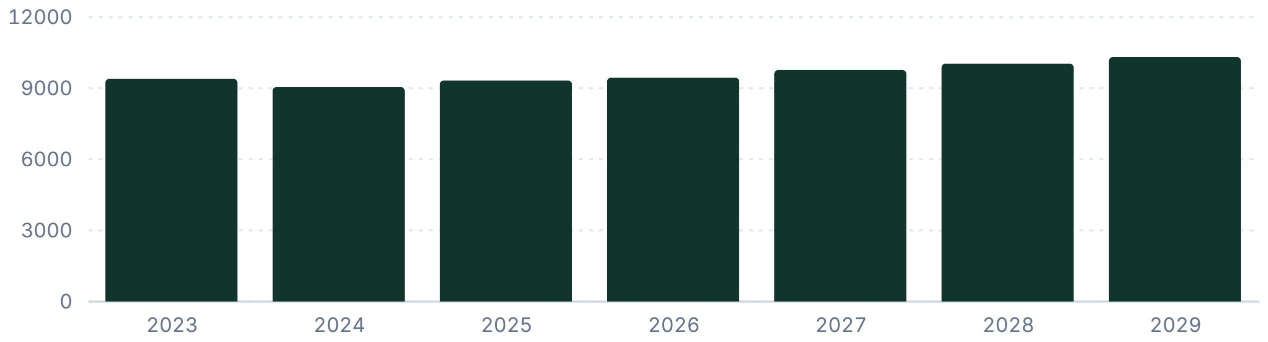
FINANCIAL BRIDGE · PART 1

14 Net sales, EBITDA / EBIT, EBIT margin

Group-level top-down view. Shaded bands show forecast periods.

Net sales

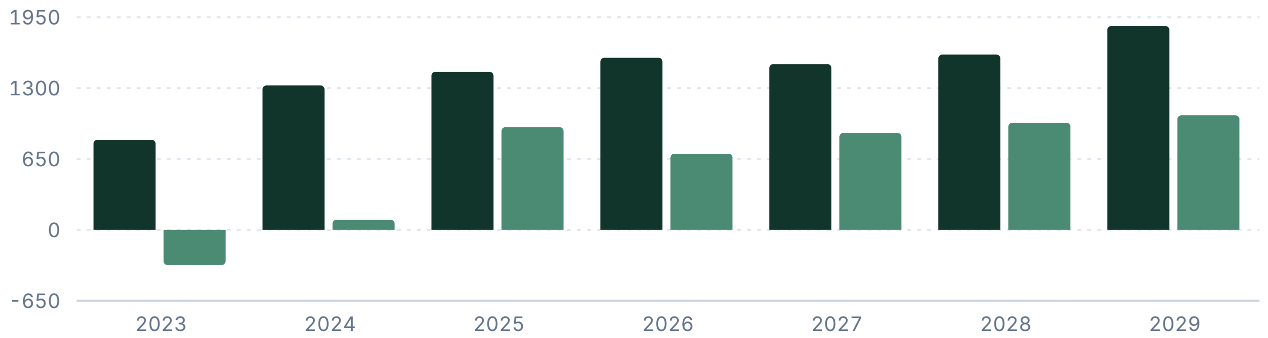
EUR millions



EBITDA & EBIT

EUR millions

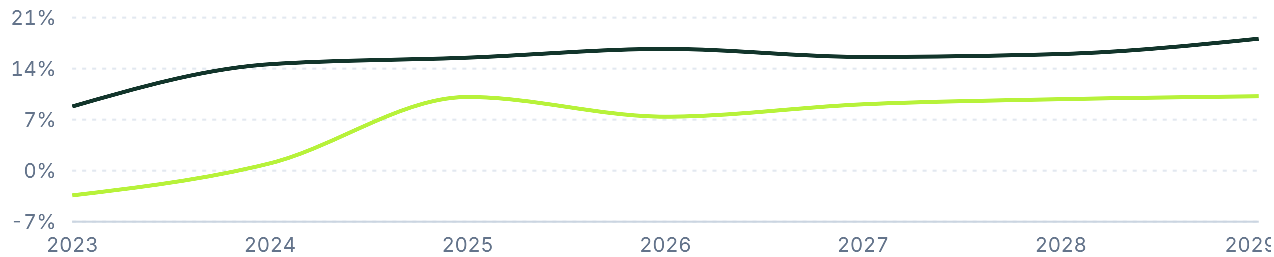
- EBITDA
- EBIT



EBIT and EBITDA margin

% of net sales

- EBITDA margin
- EBIT margin



FINANCIAL BRIDGE · PART 2

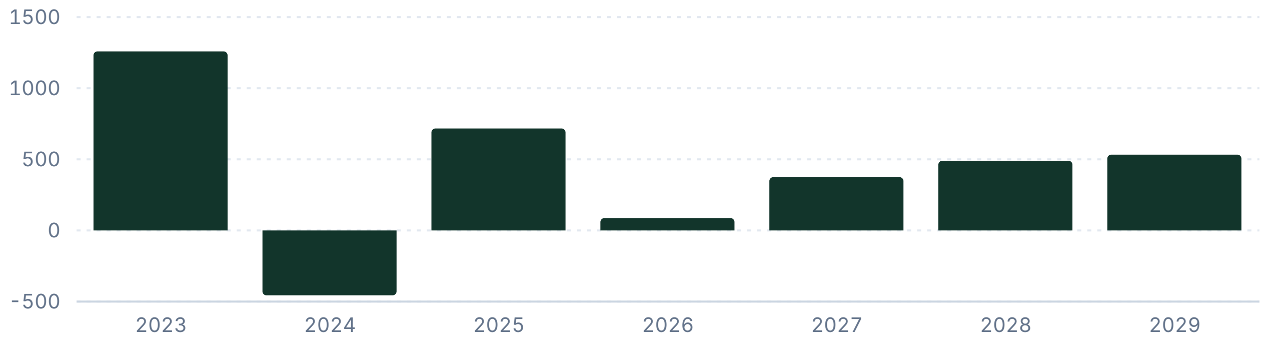
15

Free cash flow, leverage, and key financials

Cash generation and balance-sheet capacity.

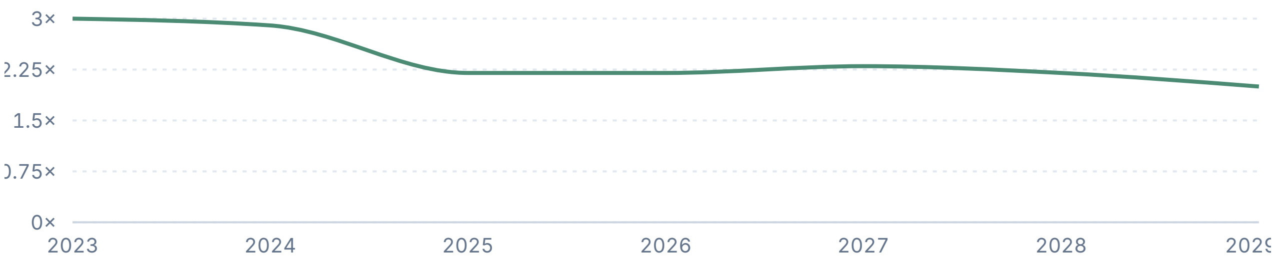
Free cash flow

EUR millions



Net debt / EBITDA

Ratio



KEY FINANCIALS

	2025	2026	2027	2028	2029
Net Sales	9,326	9,447	9,768	10,036	10,313
EBITDA	1,449	1,578	1,520	1,607	1,869
Comparable EBIT	942	698	889	982	1,050
Net Earnings	**686**	**406**	**568**	**636**	**600**
EPS (EUR)	0.9	0.5	0.7	0.8	0.8
DPS (EUR)	0.3	0.4	0.6	0.6	0.6

VALUATION

Target price derivation

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Why this method and multiple were selected, and the company's own multiples behind it.

As an asset-heavy integrated forest products company approaching a planned 2027 demerger, Stora Enso is best valued using an EV/EBITDA multiple on mid-cycle 2027 estimates to adequately capture the combined value of its industrial operations and extensive forest holdings. The company's normalized historical EV/EBITDA average is 9.0x, reflecting the durable asset backing of its real estate. Peers currently trade at a 2027e EV/EBITDA median of 8.0x. Stora Enso trades at 7.2x EV/EBITDA on 2027e versus this peer median and its own historical baseline; the selected fair multiple of 8.5x reflects a slight premium to current peer levels, justified by the significant underlying value of its forest assets, which is partially obscured by near-term cyclical industrial weakness. The primary valuation risk is a prolonged structural downturn in containerboard and biomaterials pricing, which could structurally depress cash generation and force the market to assign a lower multiple despite the underlying asset value.

HISTORICAL AND FORECAST MULTIPLES

METRIC	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	NORM. AVG	SELECTED FAIR MULTIPLE
P/E	20.04x	10.03x	6.75x	-22.93x	-41.89x	12.31x	18.07x	13.05x	11.60x	12.28x	13.00x
P/FCF	-262.20x	58.89x	-108.97x	7.85x	-16.82x	11.77x	85.15x	19.75x	15.12x	9.81x	
P/BV	1.40x	1.19x	0.83x	0.90x	0.76x	0.78x	0.68x	0.67x	0.66x	0.98x	
P/S	1.44x	1.25x	0.89x	1.05x	0.85x	0.91x	0.78x	0.76x	0.74x	1.06x	
EV/Sales	1.81x	1.49x	1.09x	1.31x	1.26x	1.24x	1.15x	1.12x	1.09x	1.37x	
EV/EBITDA	10.44x	7.16x	4.98x	14.86x	8.58x	8.00x	6.90x	7.19x	6.84x	9.00x	8.50x
EV/EBIT	16.77x	9.67x	6.33x	-38.12x	122.21x	12.30x	15.60x	12.29x	11.19x	11.27x	
Dividend yield	1.9%	1.9%	4.2%	4.8%	2.1%	2.3%	4.4%	6.2%	6.8%	2.5%	

VALUATION

Peers and target price bridge

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Validated peer multiples, each method's implied price and weight, and the sensitivity of the target.

PEER COMPARISON

COMPANY	COUNTRY	MKT CAP	P/E 2026E	P/E 2027E	EV/EBITDA 2026E	EV/EBIT 2026E	P/BV	EBIT MARGIN	ROE	DIV YIELD
UPM	Finland	12.3 EURbn	15.1x	12.5x	7.2x	13.6x	1.2x	11.4%	8.2%	5.3%
Metsa Board	Finland	872 EURm	-38.4x	13.5x	4.9x	59.2x	0.6x	1.3%	-1.6%	n/a
Mondi plc	UK / South Africa	34 EURm	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Holmen AB (publ)	Sweden	57.5 SEKbn	16.7x	15.9x	10.0x	13.6x	0.9x	17.6%	5.5%	n/a
Smurfit Westrock Plc	Ireland / USA	22.0 USDbn	14.5x	12.1x	9.1x	14.5x	1.1x	8.7%	5.7%	n/a
Weyerhaeuser Company	USA	18.1 USDbn	19.0x	17.3x	11.8x	18.1x	1.6x	15.4%	8.8%	n/a
Peer median	-	-	15.9x	13.5x	9.1x	14.1x	1.1x	11.4%	6.9%	n/a
Peer average	-	-	16.3x	14.3x	8.6x	15.0x	1.1x	10.9%	7.1%	n/a

TARGET PRICE BRIDGE

METHOD	FORECAST METRIC	METRIC VALUE	SELECTED MULTIPLE	IMPLIED PRICE	WEIGHT
EV/EBITDA	2027e EBITDA	1,520 EURm	8.50x	11.91 EUR	60%
P/E	2027e EPS	0.72 EUR	13.00x	9.36 EUR	40%
Weighted target price				10.9 EUR	100%

SENSITIVITY — IMPLIED SHARE PRICE

2027E EBITDA (EURM)	MULTIPLE 7.5X	MULTIPLE 8.5X (BASE)	MULTIPLE 9.5X
1,216 (-20%)	7.09	8.63	10.18
1,368 (-10%)	8.54	10.27	12.01
1,520 (Base)	9.98	11.91	13.84
1,672 (+10%)	11.43	13.55	15.67
1,824 (+20%)	12.87	15.19	17.50

MULTIPLES & SENSITIVITY

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Forward multiples and EBITDA × multiple grid

How the implied value changes when EBITDA and the trading multiple move.

FORWARD MULTIPLES

	2026
P/E	18.2×
EV/EBITDA	6.8×
EV/EBIT	15.5×
P/FCF	84.7×
P/BV	0.7×
Dividend Yield	4.4%
Net Debt / EBITDA	2.2×

EBITDA × EV/EBITDA sensitivity

EBITDA EV/EBITDA →	6.5×	7.5×	8.5×	9.5×	10.5×
-20% EUR 1,262m	EUR 8,203m EUR 6.30 / sh	EUR 9,465m EUR 7.90 / sh	EUR 10,727m EUR 9.50 / sh	EUR 11,989m EUR 11.10 / sh	EUR 13,251m EUR 12.70 / sh
-10% EUR 1,420m	EUR 9,230m EUR 7.60 / sh	EUR 10,650m EUR 9.40 / sh	EUR 12,070m EUR 11.20 / sh	EUR 13,490m EUR 13.00 / sh	EUR 14,910m EUR 14.80 / sh
Base EUR 1,578m	EUR 10,257m EUR 8.90 / sh	EUR 11,835m EUR 10.90 / sh	EUR 13,413m EUR 12.90 / sh	EUR 14,991m EUR 14.90 / sh	EUR 16,569m EUR 16.90 / sh
+10% EUR 1,735m	EUR 11,278m EUR 10.20 / sh	EUR 13,013m EUR 12.40 / sh	EUR 14,748m EUR 14.60 / sh	EUR 16,483m EUR 16.80 / sh	EUR 18,218m EUR 19.00 / sh
+20% EUR 1,893m	EUR 12,305m EUR 11.50 / sh	EUR 14,198m EUR 13.90 / sh	EUR 16,091m EUR 16.30 / sh	EUR 17,984m EUR 18.70 / sh	EUR 19,877m EUR 21.10 / sh

SCENARIO VALUATION

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Bear / Base / Bull bridge

Revenue, EBITDA, multiple, EV, equity, value-per-share and upside in each scenario.

SCENARIO BRIDGE

	REVENUE	EBITDA	MARGIN	MULTIPLE	EV	EQUITY	VALUE / SHARE	UPSIDE
Bear	9,500	1,300	13.7%	7.3×	9,490	6,233	EUR 7.90	−15.9%
Base	9,768	1,520	15.6%	7.6×	11,491	8,234	EUR 10.44	+11.1%
Bull	10,300	1,800	17.5%	7.8×	13,986	10,729	EUR 13.60	+44.8%

KEY CONDITIONS

The scenarios differ based on the market's willingness to assign separate multiples to the two segments once the demerger is announced.

THESIS BREAKER

A collapse in Nordic forest land prices, or a failure to generate the EBITDA needed to cover debt obligations, would break the thesis.

CATALYSTS

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Monitoring checklist

Near, medium and long-term events that could shift the call.

CATALYST REGISTER

	TIMING	SEGMENT	INDICATOR	VALUATION IMPACT
Oulu BM6 EBITDA breakeven	NEAR-TERM	Packaging Materials	End 2025 financial reporting	Validates EUR 1bn capex payback
ForestCo Capital Markets Day	MEDIUM-TERM	Forest	Nov 2026 debt allocation announcements	Defines capital structure & debt
European Containerboard Pricing stabilization	NEAR-TERM	Packaging Materials	Industry pricing indices	Determines packaging spread margin
Statutory Demerger Execution	MEDIUM-TERM	Forest	H1 2027 finalized transaction	Unlocks independent asset NAV

READ-THROUGH

The most important catalyst is the November 2026 Capital Markets Day for Bergslagets Skogar (ForestCo), which will set out the capital structure and debt allocation for the demerged entity. This catalyst is the most likely to be misread by the market: if investors focus only on gross asset value without accounting for debt and wood-supply encumbrances, they may misprice the equity split. The easiest catalyst to track is the quarterly volume and margin progression of the Packaging Materials division. The monitoring checklist ties directly back to the valuation by testing the two core pillars of the thesis: is the industrial business generating enough cash to command a peer multiple, and is the asset separation proceeding without value destruction?

RISKS

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Risk register

Each risk's segment, mechanism, early-warning trigger, impact band and structural type.

RISK REGISTER

	SEGMENT	MECHANISM	EARLY WARNING	IMPACT	TYPE
Suboptimal Demerger Debt Allocation	Forest	Pushing too much net debt onto ForestCo diminishes equity value.	CMD disclosures and dual rating guidance	HIGH	THESIS-BREAKER IF COMBINED
Packaging Overcapacity	Packaging Materials	Simultaneous capacity additions compress pricing spreads.	Industry supply data	MEDIUM	MANAGEABLE
Prolonged Construction Slump	Wood Products	High interest rates keep European housing starts depressed.	Macro housing indicators	MEDIUM	MANAGEABLE
Fibre Cost Inflation	Packaging Materials	Nordic wood inflation pressures mill input costs.	Transfer pricing changes	LOW	MANAGEABLE

READ-THROUGH

The biggest risk to the thesis is a bungled execution of the 2027 demerger. Because the valuation upside relies heavily on realizing the EUR 5.7 billion forest asset value, any regulatory, tax, or debt-structuring hurdle that prevents the spin-off would force the market to keep valuing the company as an integrated conglomerate, keeping the discount in place. Tax leakage or excessive separation costs are specific early warning signs to watch closely in the pre-demerger documentation. The risk of packaging overcapacity is already partly priced into the current depressed industrial multiple. But the interaction between risks matters: if packaging margins collapse, the group will generate less free cash flow over the next two years, forcing it to allocate a higher share of the EUR 3.4 billion net debt to the new ForestCo to keep the industrial business solvent. That would directly erode the equity value of the forest spin-off. An underappreciated risk is the trajectory of European wood fibre costs. Although Stora Enso owns vast forests, the planned separation means the industrial business will technically buy wood from the new ForestCo. Even with long-term contracts, friction in transfer pricing or broader Nordic wood cost inflation could pressure the recurring earnings quality of the industrial mills.

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APPENDIX

Income statement

INCOME STATEMENT — EUR MILLIONS

	2023	2024	2025	2026 *E*	2027 *E*	2028 *E*
Net Sales	**9,396**	**9,049**	**9,326**	*9,447*	*9,768*	*10,036*
EBITDA	**826**	**1,324**	**1,449**	*1,578*	*1,520*	*1,607*
EBITDA margin	8.8%	14.6%	15.5%	*16.7%*	*15.6%*	*16.0%*
Depreciation	-1,148	-1,231	-507	*-880*	*-631*	*-625*
Operating Profit (EBIT)	**-322**	**93**	**942**	*698*	*889*	*982*
EBIT margin	-3.4%	1.0%	10.1%	*7.4%*	*9.1%*	*9.8%*
Net financial items	-173	-211	-159	*-154*	*-121*	*-123*
Pre-tax Profit	**-495**	**-118**	**783**	*544*	*768*	*859*
Net Earnings	**-431**	**-183**	**686**	*406*	*568*	*636*
PER SHARE						
EPS	-0.6	-0.2	0.9	*0.5*	*0.7*	*0.8*
DPS	0.6	0.2	0.3	*0.4*	*0.6*	*0.6*
Payout ratio	-109.8%	-86.2%	28.7%	*80.0%*	*80.0%*	*80.0%*

E = Valuatum estimate (not yet actualised)

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APPENDIX

Balance sheet

BALANCE SHEET — EUR MILLIONS	2023	2024	2025	2026 *E*	2027 *E*	2028 *E*
ASSETS						
Tangible assets	7,135	7,489	7,122	*7,425*	*7,678*	*7,889*
Intangibles	392	350	295	*299*	*309*	*317*
Goodwill	505	162	171	*171*	*171*	*171*
Non-current assets	**14,565**	**14,877**	**14,858**	***15,165***	***15,428***	***15,647***
Inventories	1,413	1,585	1,802	*1,766*	*1,826*	*1,876*
Receivables	2,177	1,132	965	*995*	*1,029*	*1,057*
Cash & equivalents	2,464	1,999	1,212	*1,528*	*1,580*	*1,624*
Current assets	**6,054**	**4,716**	**3,979**	***4,289***	***4,435***	***4,557***
Total Assets	**20,754**	**19,802**	**19,059**	***19,676***	***20,085***	***20,426***
EQUITY & LIABILITIES						
Equity	10,888	9,988	10,649	*10,858*	*11,101*	*11,282*
Long-term debt	4,183	3,889	3,093	*2,274*	*2,316*	*2,360*
Short-term debt	691	1,841	913	*2,274*	*2,316*	*2,360*
Long-term liabilities	**4,687**	**4,083**	**3,356**	***2,537***	***2,579***	***2,623***
Current liabilities	**3,674**	**4,232**	**3,277**	***4,506***	***4,621***	***4,726***
Total liabilities & equity	**20,754**	**19,802**	**19,059**	***19,676***	***20,085***	***20,426***
CAPITAL STRUCTURE & RATIOS						
Net debt	2,481	3,814	3,257	*3,481*	*3,521*	*3,577*
Capital invested	13,298	13,719	13,443	*13,878*	*14,153*	*14,378*
Equity ratio	52.5%	50.4%	55.9%	*55.2%*	*55.3%*	*55.2%*
Gearing	22.8%	38.2%	30.6%	*32.1%*	*31.7%*	*31.7%*
Net debt / EBITDA	3.0×	2.9×	2.2×	*2.2×*	*2.3×*	*2.2×*
Current ratio	1.7	1.1	1.2	*1*	*1*	*1*

E = Valuatum estimate (not yet actualised)

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APPENDIX

Cash flow

CASH FLOW — EUR MILLIONS	2023	2024	2025	2026 *E*	2027 *E*	2028 *E*
OPERATIONS						
CF from operations	1,234	1,329	1,116	*1,160*	*1,179*	*1,243*
Operating cash flow	1,300	1,397	1,136	*1,274*	*1,268*	*1,334*
Change in working capital	-474	-281	77	*126*	*20*	*17*
INVESTING & FREE CASH						
Gross capex	667	1,543	488	*1,187*	*893*	*845*
Capex (ex. M&A)	-667	-1,543	-488	*-1,187*	*-893*	*-845*
Free Operating Cash Flow	**1,259**	**-456**	**717**	***87***	***375***	***490***
Free cash flow to firm	**1,259**	**-456**	**717**	***87***	***375***	***490***
FINANCING						
CF from financing	92	-159	-1,300	*344*	*-233*	*-355*
Dividends paid	-434	-473	-158	*-197*	*-325*	*-455*
Net change in cash	**659**	**-373**	**-672**	***316***	***52***	***43***

E = Valuatum estimate (not yet actualised)

APPENDIX

25 Quarterly snapshot

HISTORICAL QUARTERS — LAST TWO COMPLETED YEARS, EUR MILLIONS

	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25
Net Sales	2,164	2,301	2,261	2,322	2,362	2,426	2,283	2,254
EBITDA	263	274	265	582	288	194	358	615
EBITDA margin	12.2%	11.9%	11.7%	25.1%	12.2%	8.0%	15.7%	27.3%
Comparable EBIT	145	148	139	-279	171	64	237	476
EBIT margin	6.7%	6.4%	6.1%	-12.0%	7.2%	2.6%	10.4%	21.1%
Net Earnings	72	38	84	-379	107	15	201	364
EPS	0.1	0.1	0.1	-0.5	0.1	0	0.3	0.5

CURRENT YEAR — QUARTERLY, EUR MILLIONS

	Q1/26	Q2/26 *E*	Q3/26 *E*	Q4/26 *E*
Net Sales	2,358	*2,473*	*2,327*	*2,289*
EBITDA	270	*241*	*402*	*664*
EBITDA margin	11.5%	*9.8%*	*17.3%*	*29.0%*
Comparable EBIT	130	*47*	*174*	*347*
EBIT margin	5.5%	*1.9%*	*7.5%*	*15.2%*
Net Earnings	35	*2*	*116*	*252*
EPS	0	*0*	*0.2*	*0.3*

E = Valuatum estimate (not yet actualised)

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SOURCES & DISCLAIMER

Sources, assumptions, and standard disclaimer

SOURCES REGISTER

	VALUE	CATEGORY	USED IN
Current Share Price	9.394	MARKET DATA	Cover Page & Valuation Assessment
Peer Median Multiple (2027E)	8.0x	CONSENSUS ESTIMATES	Investment Summary
Segment EV Allocations	EUR 10,791m total	COMPANY VALUE MAP	Core Analysis & EV Breakdown
Forecast 2027E EBITDA	EUR 1,520m	ANALYST-GENERATED ESTIMATE	Valuation Scenarios & Target Price Calculation

DISCLAIMER

This analysis relies on reconstructed SOTP estimates and provided model inputs which may differ from formal statutory reports.