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STORA and Enso merger approved by European Commission

On June 18, STORA and Enso notified the European Commission about their proposal to combine the operations of the two companies.

Based on an initial six-week examination, the Commission decided on July 31, 1998, that a more in-depth study was required and that a final decision would be announced on December 4, 1998, at the latest.

Today, the Commission has announced its approval with the following background:

- STORA and Enso have undertaken to respect a price protection mechanism for liquid packaging board for a limited period of time.
- To increase competition in Europe, the two companies and the Finnish and Swedish governments have confirmed that they will support the application of the opening of a duty-free quota on North American liquid packages.
- By the end of September, 1999, Enso should offer to sell the Pure Pak converting unit belonging to the Enso subsidiary Pakenso Oy to the Norwegian company, Elopak. The converting unit, located in Lahti, Finland, produces liquid packagings for the Finnish, Russian and Baltic markets and has annual sales of approximately FIM 220 million, with about 80 employees. Although the unit is profitable, the divestment will have no significant effect on STORA ENSO's business operations. Statutory talks between the company and its employees have been started.

In a comment on the Commission's decision, STORA ENSO's CEO-designate, Jukka Härmälä says: "The Commission's decision is logical and also takes into account the arguments presented by the parties concerned. Moreover, the decision affects neither the size nor the direction of the synergies that the merger is expected to generate."

It is expected that accounting for payment and a listing of the STORA ENSO share can be started on December 29, 1998.

Initially, the STORA ENSO share will be traded in FIM on the Helsinki Exchange (HEX). As of January 4, 1999, the share will be quoted in euro. On the Stockholm Stock Exchange (SSE), the share will be traded in SEK and, as soon as possible thereafter, also in euro.

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