



**Norske Skog**

Q4 2023 presentation

8 February 2024

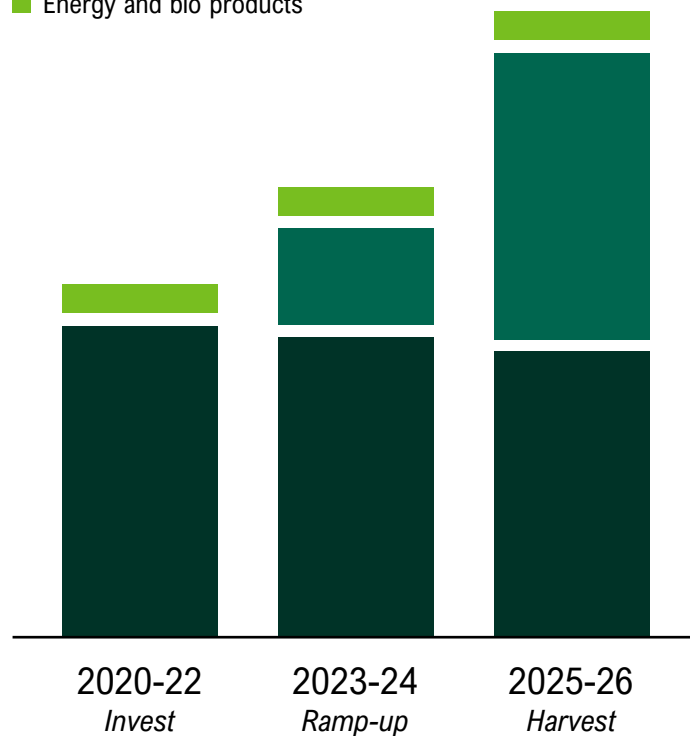
*We create  
green value*

# Norske Skog

## Fibre processing industry

### Strategic transition

- Publication paper
- Packaging paper
- Energy and bio products



- **Publication paper**
  - Capacity: 1 590kt
  - Utilisation target: 90%
  - EBITDA margin target: 10%

- **Packaging paper**
  - Capacity: 760kt (2025-26)
  - Utilisation target: 95% (2025-26)
  - EBITDA margin target: 20% (2025-26)

- Net debt NOK 2.6bn (1.5x leverage ratio<sup>1</sup>)
- Remaining net expansion capex NOK 0.6bn
- Cash NOK 2.5bn and liquidity NOK 2.9bn
- 2023 CDP Climate Change Score “A-”

## Five high quality industrial sites

Eleven paper machines with supporting infrastructure for energy, fibre, and water



# Quarter highlights

## *Fourth quarter 2023*

### Earnings positively impacted by insurance settlement

- Quarterly EBITDA of NOK 760m, incl. extraordinary net positive impact of NOK 655m from Saugbrugs and NOK 57m gain from Tasman sale
- Improved financial position and liquidity due to receipt of NOK 720m in insurance proceeds in the quarter

### Paper and containerboard prices stabilise

- Publication paper markets remain weak and further capacity closures are required
- Containerboard demand returning, but market still experiencing excess capacity

### Bruck PM3 ramp-up on plan in challenging market

- Positive customer feedback on containerboard deliveries from Bruck PM3, increased deliveries in January 2024
- Golbey PM1 progressing towards start-up in H2 2024

### Saugbrugs PM5 restarted end of Q4 2023

- Successful start-up of PM5 and expect close to normal production and on-time deliveries during Q1 2024
- Progressing with evaluation of opportunities for PM6 and related infrastructure

### Maintained good balance sheet following shareholder distributions

- Equity ratio of 42% and interest coverage ratio of 18.4x
- Completed NOK 415m share repurchase programme and paid dividend of NOK 0.67 per share, equivalent to NOK 57m

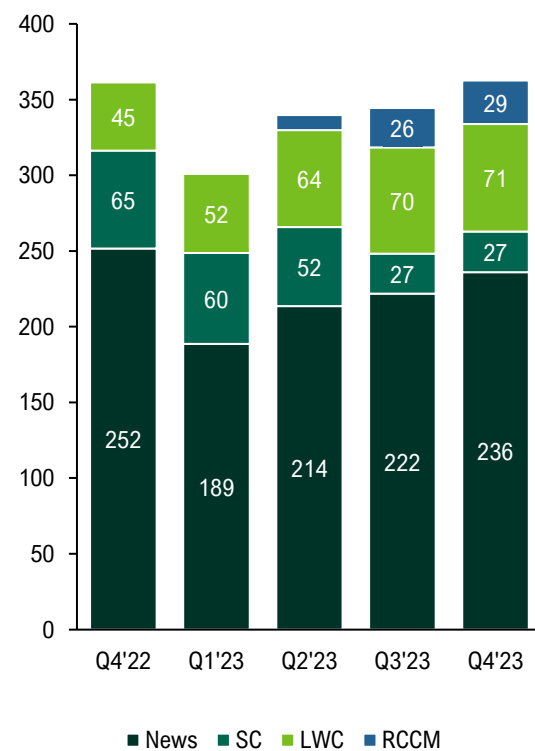


# Key figures

## Fourth quarter 2023

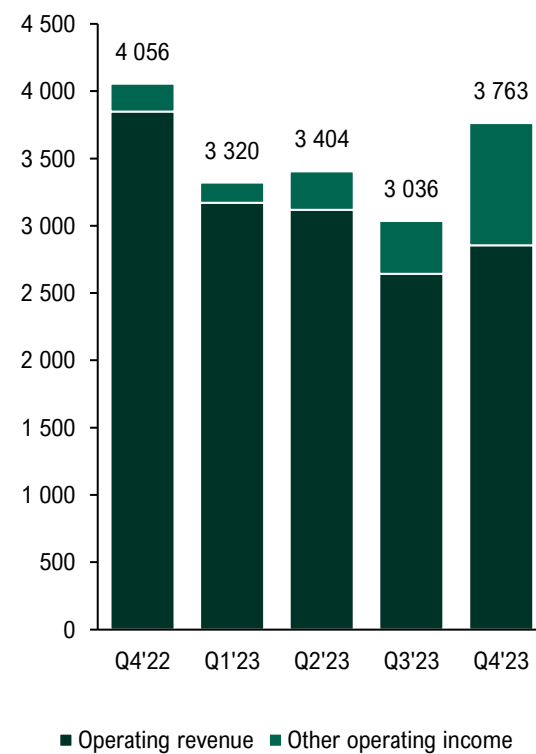
### Deliveries volume

Thousand tonnes



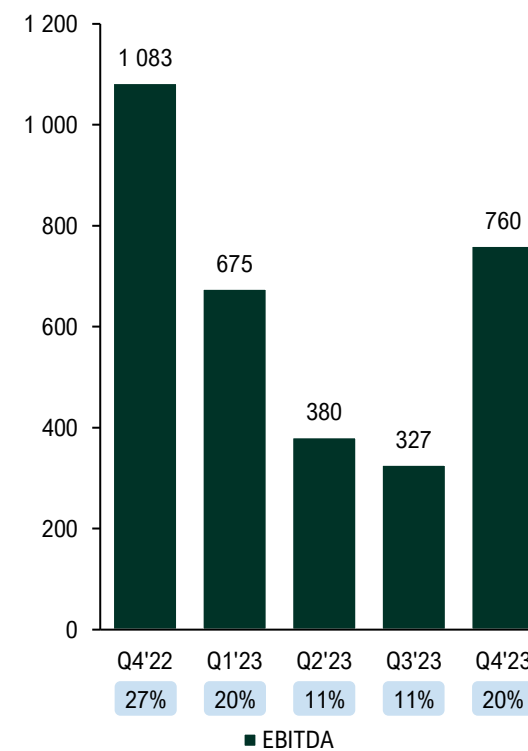
### Total operating income

NOKm



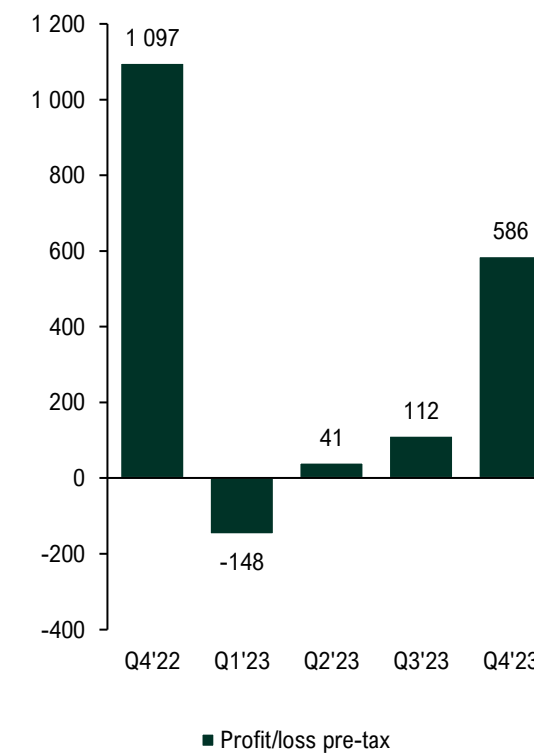
### EBITDA

NOKm (and margin)



### Pre-tax profit

NOKm

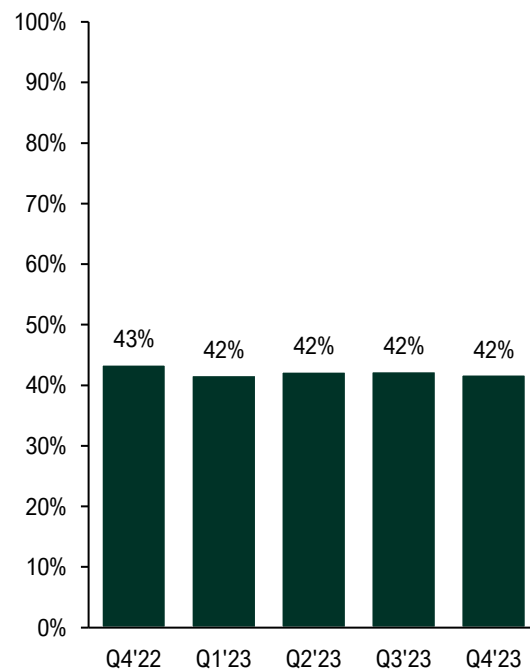


# Financial position

## Fourth quarter 2023

### Equity ratio

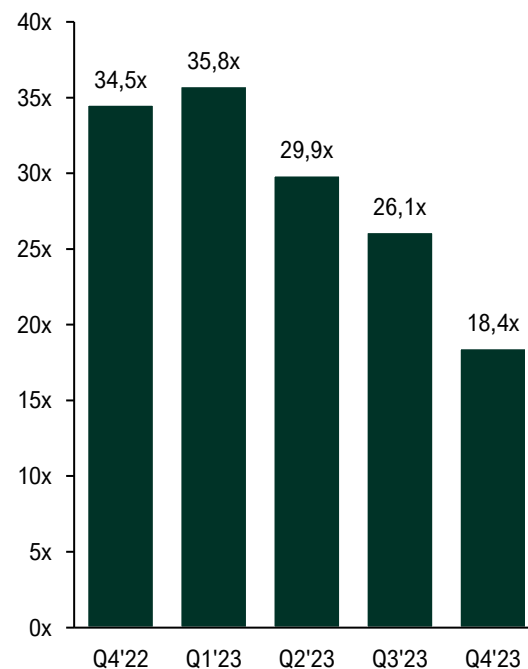
Book equity to total assets  
group covenant of min. 25%



■ Equity ratio

### Interest coverage ratio

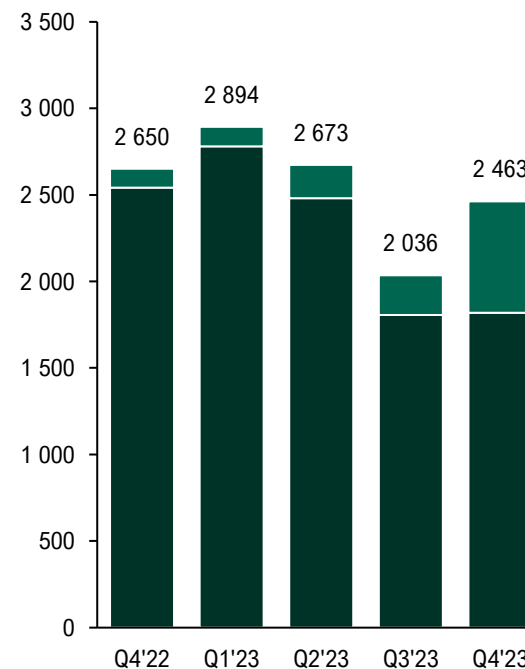
EBITDA to net cash interest cost  
group covenant of min. 2.0x



■ Interest coverage ratio

### Cash

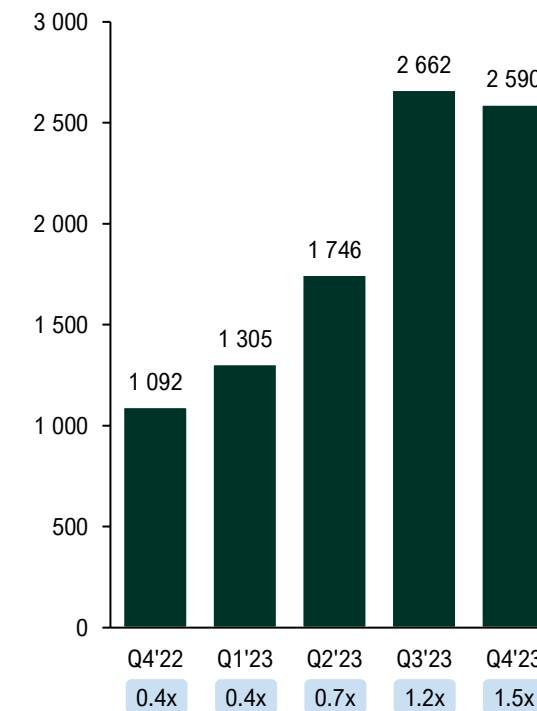
NOKm  
group covenant of min. NOK 100m unrestricted



■ Unrestricted cash ■ Restricted cash

### Net debt

NOKm (and leverage ratio)  
no group maintenance covenant



■ Net debt



# Segment financials

*Results driven by insurance and gain on sale*

NOK million	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	QoQ	YoY	YTD Q4'22	YTD Q4'23	Chg.
<b>Publication Paper Europe</b>										
Deliveries, kt	300	245	267	258	270	5%	-10%	1 462	1 040	-29%
Total operating inc.	3 551	2 864	2 843	2 405	3 028	26%	-15%	13 117	11 140	-15%
EBITDA	1 131	763	429	335	723	116%	-36%	2 962	2 250	-24%
EBITDA margin	32%	27%	15%	14%	24%			23%	20%	
<b>Publication Paper Australasia</b>										
Deliveries, kt	63	56	63	60	63	5%	0%	252	242	-4%
Total operating inc.	508	434	489	476	568	19%	12%	1 920	1 967	2%
EBITDA	33	-23	-5	27	80	197%	143%	154	80	-48%
EBITDA margin	7%	-5%	-1%	6%	14%			8%	4%	
<b>Packaging Paper</b>										
Deliveries, kt	0	0	10	26	29	11%	n.m.	0	65	n.m.
Total operating inc.	0	24	75	128	135	6%	n.m.	0	362	n.m.
EBITDA	0	-38	-40	-31	-38	22%	n.m.	0	-147	n.m.
EBITDA margin	n.m.	-158%	-54%	-24%	-28%			n.m.	-41%	
<b>Other</b>										
Total operating inc.	61	61	89	133	152	14%	147%	580	434	-25%
EBITDA	-81	-27	-2	-5	-6	17%	-93%	-12	-41	251%

## Q4 2023

### Publication Paper Europe

- EBITDA positively impacted by business interruption insurance at Saugbrugs of NOK 625m
- Seasonally higher deliveries
- Prices stabilising, pressure from lower energy prices
- Margin pressure from high pulpwood prices for producers based in the Nordics

### Publication Paper Australasia

- EBITDA positively impacted from gain on sale of assets from Tasman of NOK 57m
- Slight improvement in deliveries and improved market share in domestic markets
- Improved price terms in new contracts

### Packaging Paper

- Production ramp-up continues in challenging markets
- Deliveries slow in the quarter, Bruck participating in annual contracts from January 2024 resulting in improved deliveries volume
- Market prices remain at depressed levels



# Containerboard projects

*Continued increase in delivery volumes*

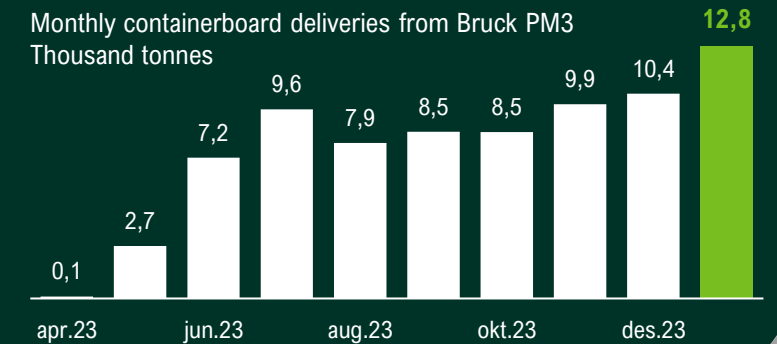


## Golbey PM1

- Containerboard production start-up in H2 2024
- Close to all deliveries completed, with main exception being piping and electrical work

## Bruck PM3

- Participating in annual delivery contracts starting from January 2024, improving delivery volumes
- Technical ramp-up performing in line with plan, excellent product quality and customer feedback
- Improving production cost as utilisation and process optimisation increases



# Saugbrugs insurance settlement

*Ongoing process to determine future opportunities for Saugbrugs PM6*



## Insurance coverage Q4 2023

- Business interruption insurance: Recognised NOK 625m in other operating income
- Property damage insurance: Recognised NOK 103m in other operating income and NOK 51m in other operating expenses. Start-up costs for Saugbrugs PM5 of NOK 22m in other operating expenses
- Payment of NOK 720m received in Q4 2023

## Insurance coverage 2024

- Property damage insurance: Expect to recognise NOK 264m in other operating income and NOK 34m in other operating expenses
- Final payment of NOK 215m for business interruption to be received in Q1 2024. Further NOK 615m to be received if and as investment costs accrue

**Revenues from PM4 and PM5 developing as planned, continue to explore future opportunities for PM6**



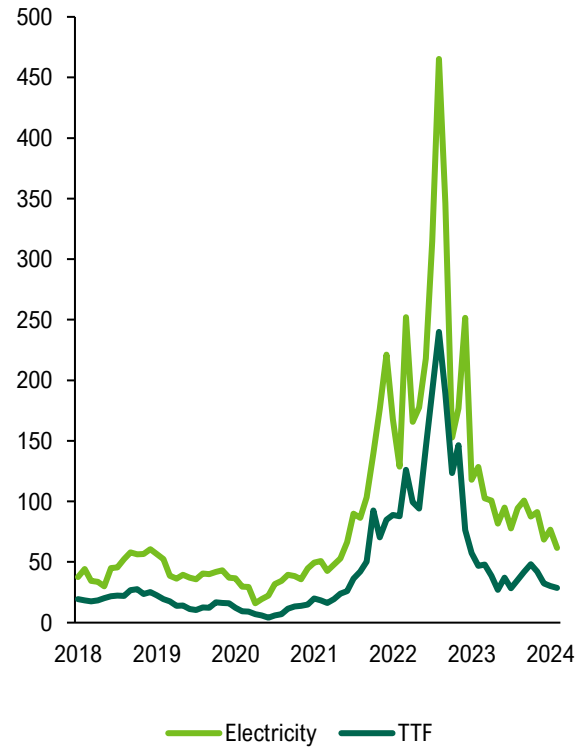


# Raw materials

*Spruce pulpwood prices at elevated levels and EUA price significantly down*

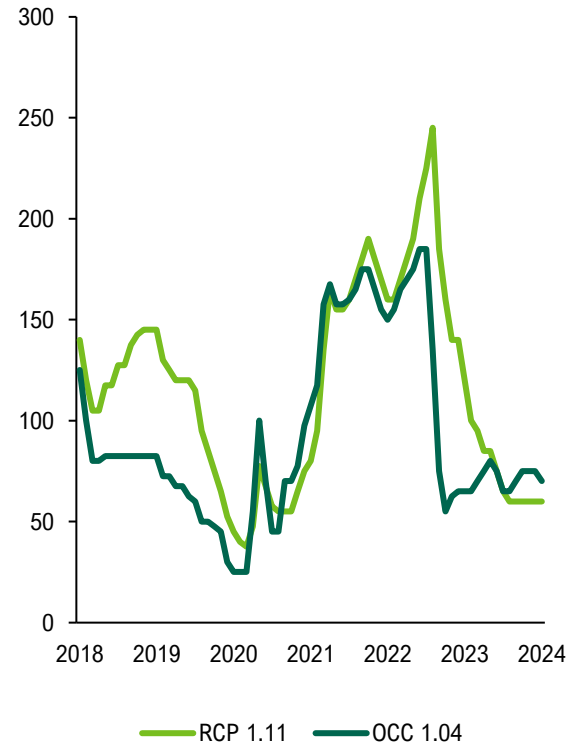
**Energy prices Germany**

EUR per MWh



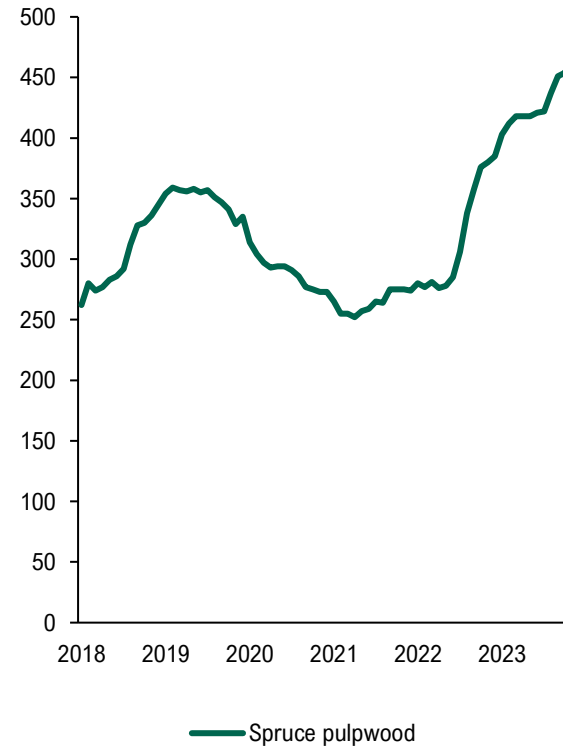
**Recycled paper prices Germany**

EUR per tonne



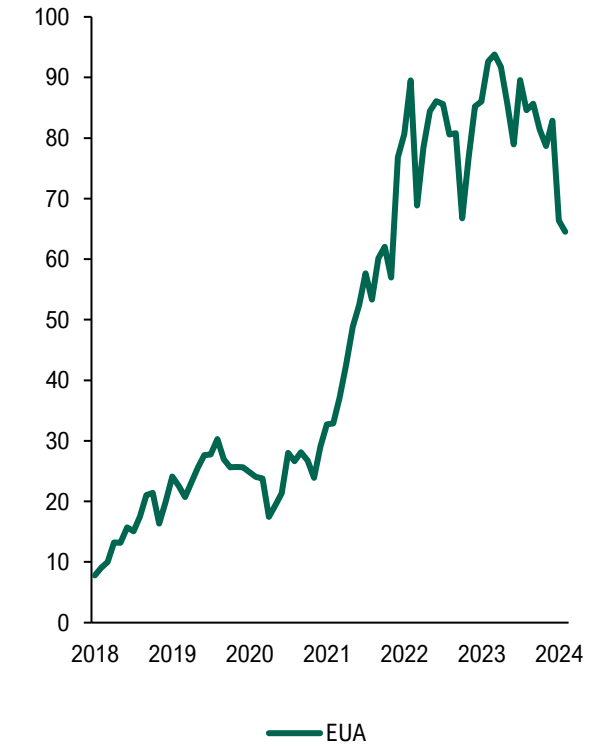
**Spruce pulpwood prices Norway**

NOK per solid cubic metre



**European Union Allowance (EUA) price**

EUR per allowance

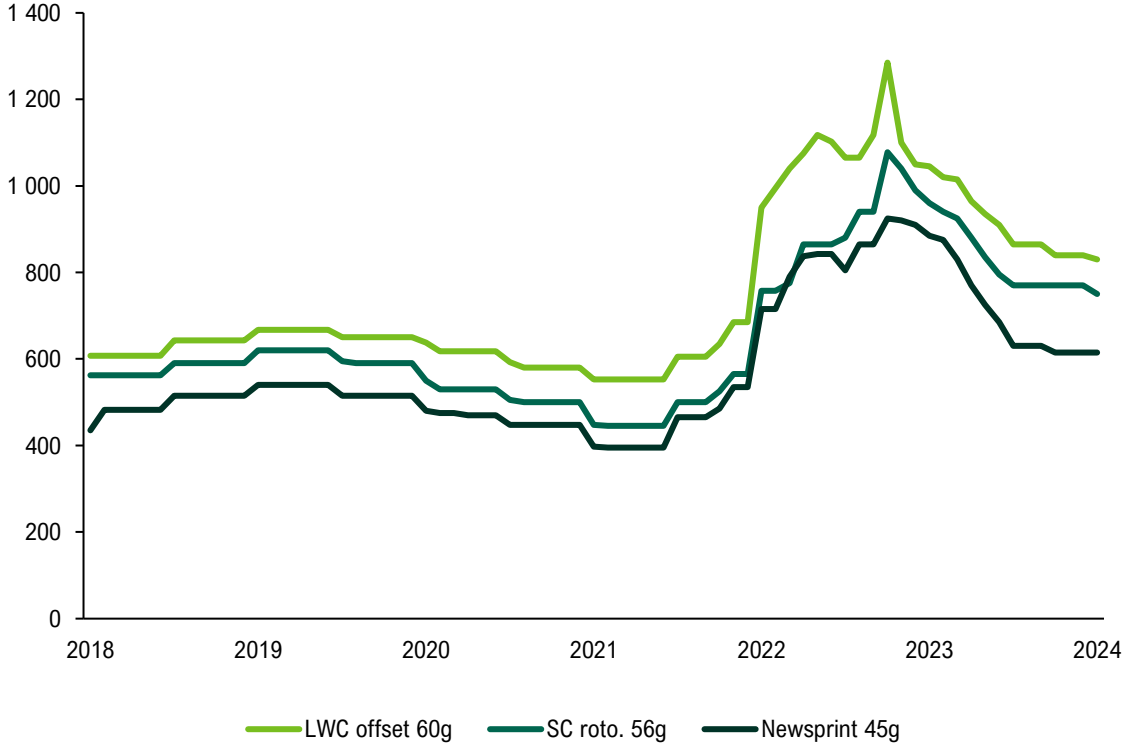


# Publication paper market

*Publication paper prices under continued pressure in oversupplied market*

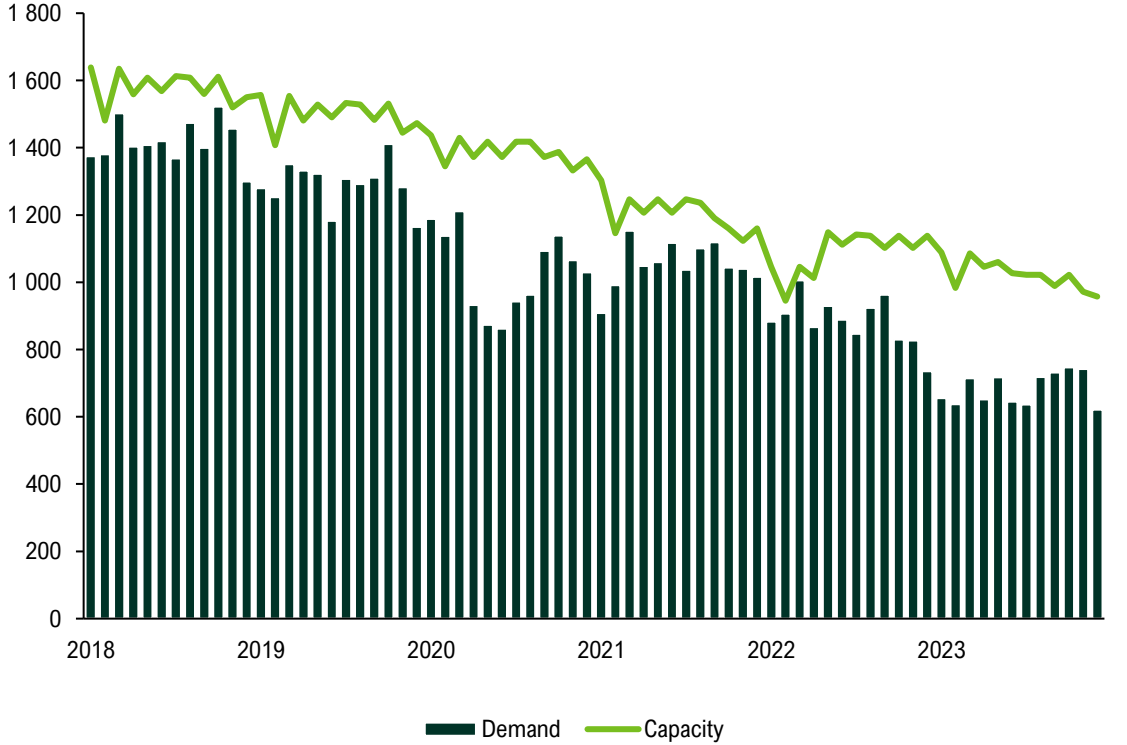
**Publication paper prices Germany**

EUR per tonne



**Monthly publication paper demand and capacity Western Europe**

Thousand tonnes



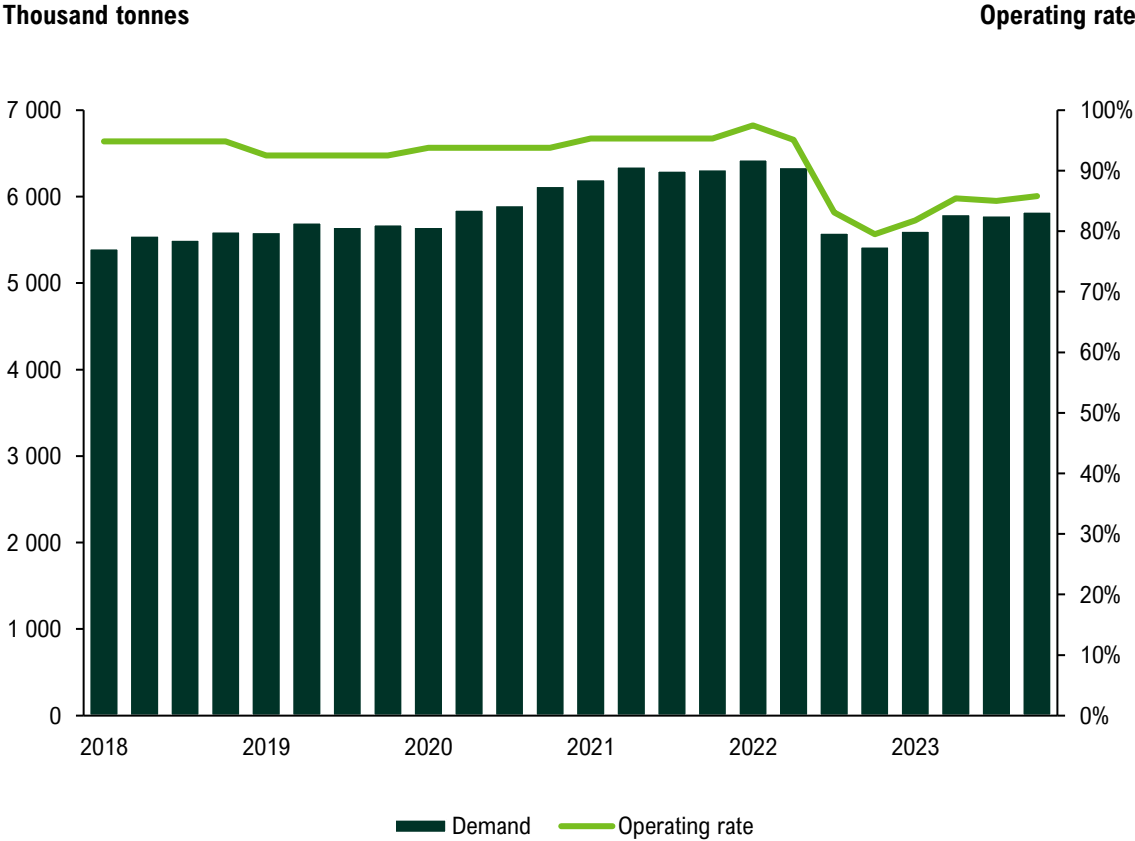
# Packaging paper market

*Demand growth returning, but industry operating rate remain low*

**Recycled containerboard index Germany**



**Quarterly recycled containerboard demand and operating rate Western Europe**



# Outlook

## *Concluding remarks*

- Recycled fibre and energy costs stabilising at lower levels, but pulpwood costs remain high
- Publication paper prices under continued pressure from weak market balance and lower input costs
- Containerboard prices stabilising at production cost in a challenging market with excess capacity
- Expect negative EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in H2 2024
- Maintaining a strong liquidity position as investments near completion and debt repayments increase
- Significant focus on reducing production cost and working capital to maintain competitive position





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