



Norske Skog

Q1 2024 presentation

19 April 2024

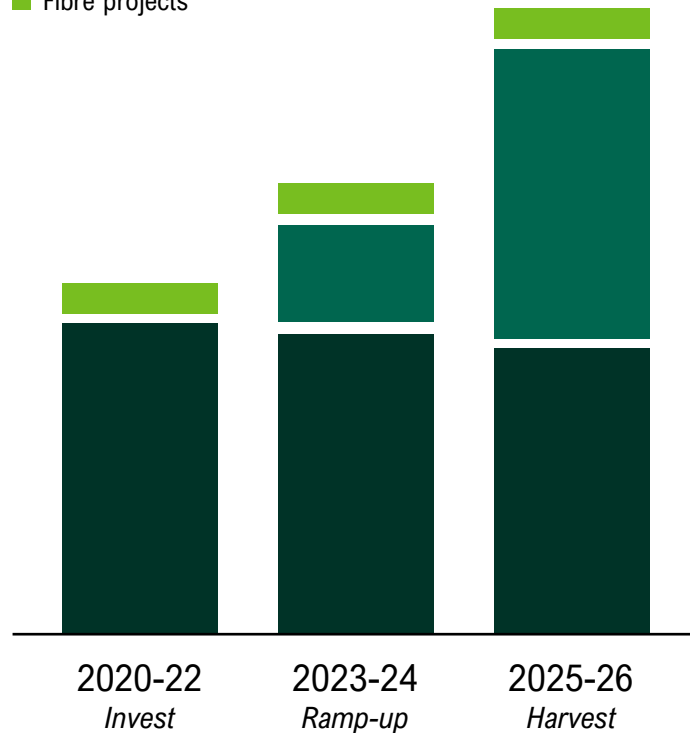
*We create
green value*

Norske Skog

Fibre processing industry

Strategic transition

- Publication paper
- Packaging paper
- Fibre projects



→ Publication paper

→ Capacity: 1 590kt

→ Packaging paper

→ Capacity: 760kt (2025-26)

→ Net debt NOK 3.2bn

→ Remaining net expansion capex NOK 0.4bn

→ Cash NOK 1.9bn and liquidity NOK 2.3bn

→ 2023 CDP Climate Change Score “A-”

Five high quality industrial sites

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



Quarter highlights

First quarter 2024

Earnings negatively impacted by deconsolidation of Tasman and lower CO2 prices

- Quarterly EBITDA of NOK 76m impacted negatively by NOK 46m from Tasman deconsolidation
- Negative NOK 32m revaluation of surplus balance of CO2 allowances due to price decline

Positive development in containerboard and publication paper markets, but closures still required

- Price increases for containerboard implemented in March, further increases are necessary
- Stabilising demand for publication paper and market for longer contracts returning

Continued growth in containerboard, Golbey PM1 on track for start-up in H2 2024

- Bruck PM3 delivering 38kt of containerboard in the quarter, expect around 85% utilisation of design capacity by H2 2024
- Start-up of Golbey PM1 will increase Norske Skog's total production capacity with more than 30%

Maintaining a strong cash position as debt repayments increase

- Equity ratio of 41% and interest coverage ratio of 11.9x
- Repurchased EUR 34.4m of outstanding bonds after the quarter

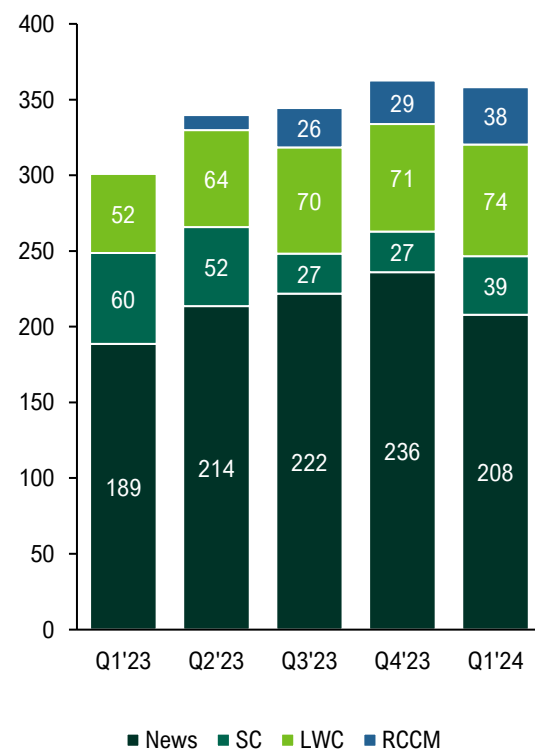


Key figures

First quarter 2024

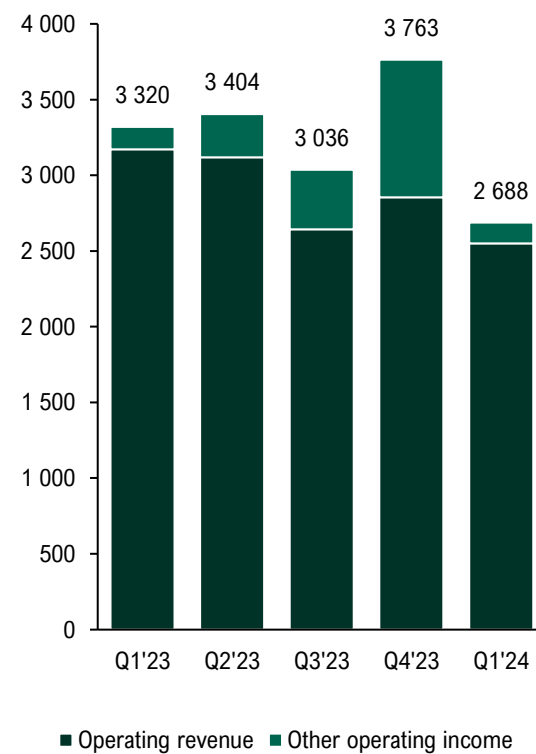
Deliveries volume

Thousand tonnes



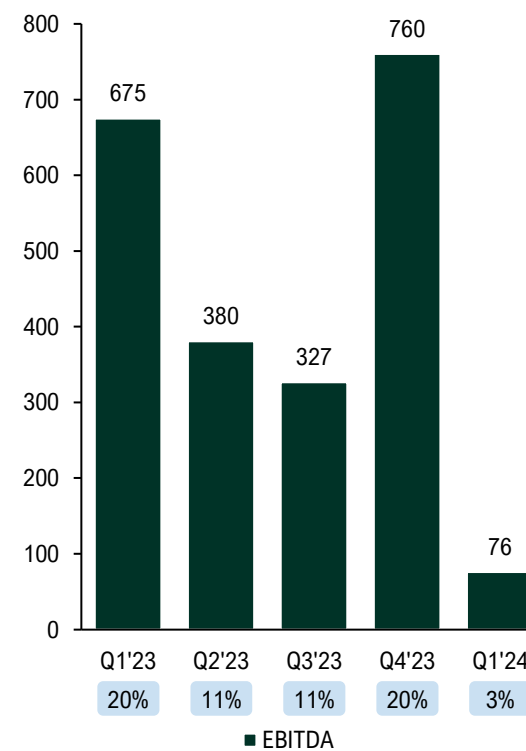
Total operating income

NOKm



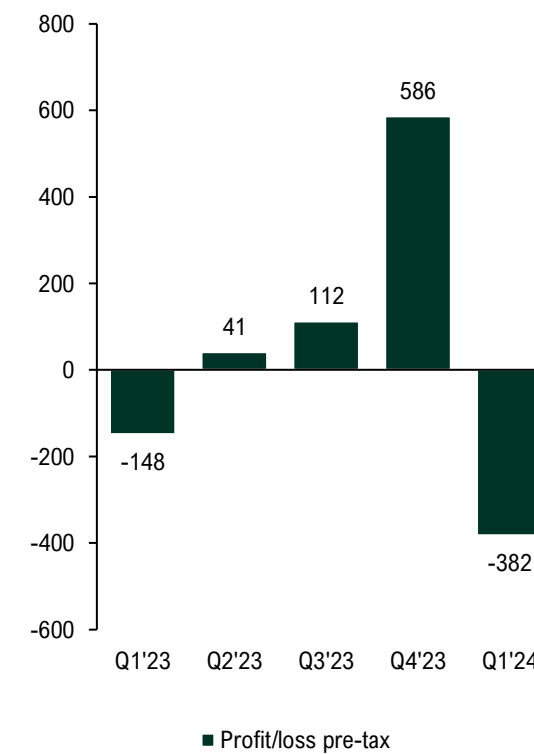
EBITDA

NOKm (and margin)



Pre-tax profit

NOKm

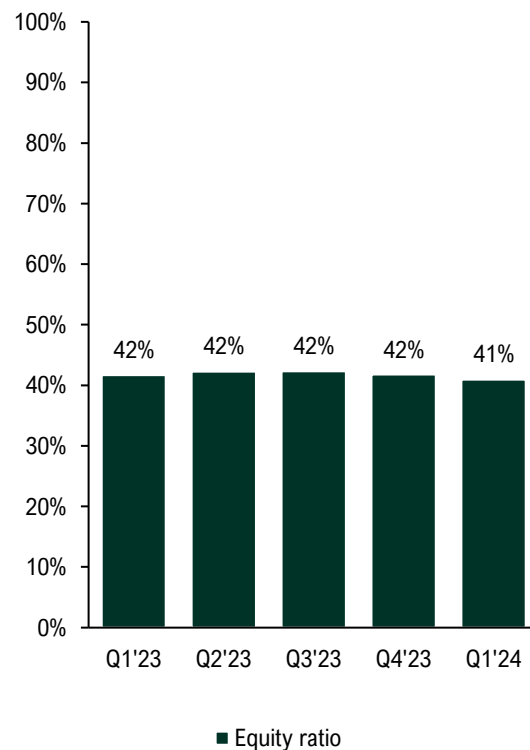


Financial position

First quarter 2024

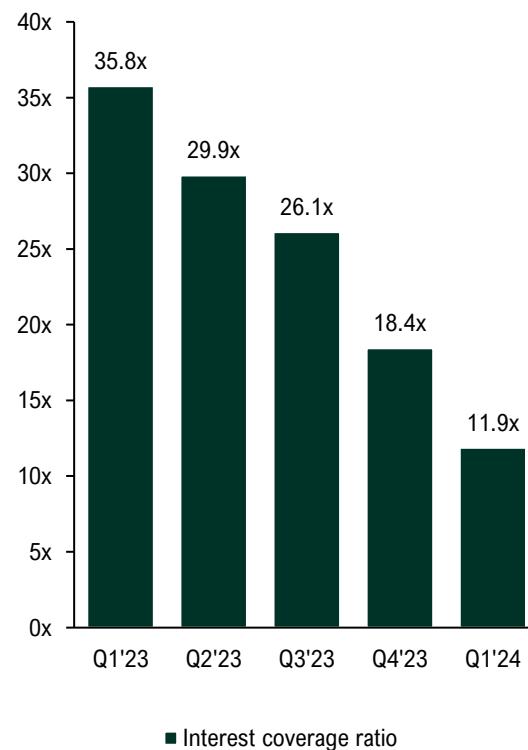
Equity ratio

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



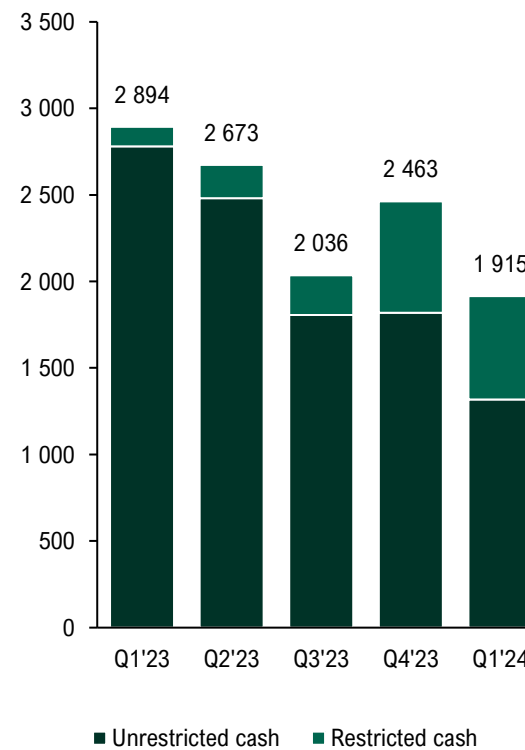
Interest coverage ratio

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



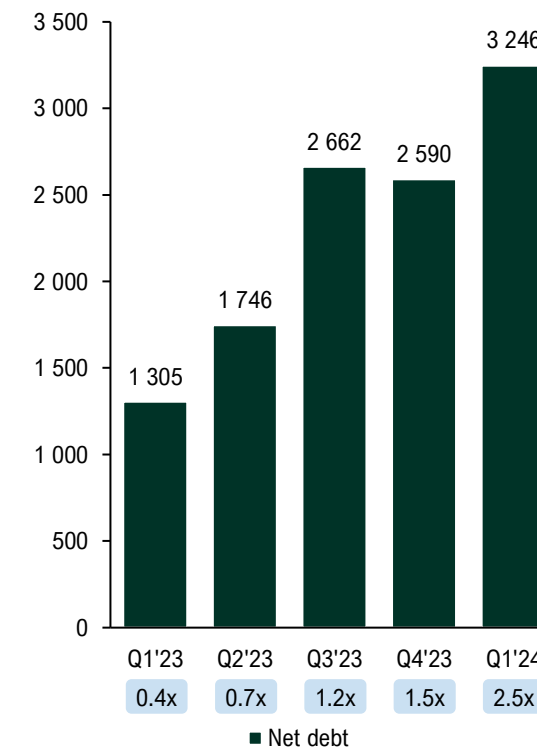
Cash

NOKm
group covenant of min. NOK 100m unrestricted



Net debt

NOKm (and leverage ratio)
no group maintenance covenant



Segment financials

Results driven by CO2 price and Tasman deconsolidation

NOK million	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Publication Paper Europe					
Deliveries, kt	245	267	258	270	262
Total operating inc.	2 864	2 843	2 405	3 028	2 058
EBITDA	763	429	335	723	166
EBITDA margin	27%	15%	14%	24%	8%
Publication Paper Australasia					
Deliveries, kt	56	63	60	63	59
Total operating inc.	434	489	476	568	438
EBITDA	-23	-5	27	80	-74
EBITDA margin	-5%	-1%	6%	14%	-17%
Packaging Paper					
Deliveries, kt	0	10	26	29	38
Total operating inc.	24	75	128	135	177
EBITDA	-38	-40	-31	-38	-7
EBITDA margin	-158%	-54%	-24%	-28%	-4%
Other					
Total operating inc.	61	89	133	152	158
EBITDA	-27	-2	-5	-6	-9

Q1 2024

Publication Paper Europe

- EBITDA margin of 8% negatively impacted by NOK 32m from decline in CO2 prices
- Lower newsprint deliveries due to unplanned stops
- Average prices 3% down from previous quarter
- Following the quarter, Norwegian CO2 compensation for 2023 received and around 100k allowances sold

Publication Paper Australasia

- EBITDA negatively impacted by deconsolidation of Norske Skog Tasman with NOK 46m
- Underlying EBITDA negative due to larger share of lower priced export deliveries

Packaging Paper

- Continued growth in containerboard deliveries, expect positive EBITDA from Bruck PM3 in Q2 2024
- Average price in the quarter equal to previous quarter as price increases implemented throughout March offset price reductions in January and February, higher prices reflected from beginning of Q2 2024



Containerboard ramp-up

Continued increase in delivery volumes



Golbey PM1

- Containerboard production start-up in H2 2024
- Final piping and electrical work being completed and expect production commissioning start in Q3 2024
- Remaining gross capex of NOK 1.0bn to be paid until Q3 2025, and NOK 0.6bn of energy certificates and grants to be received until Q1 2027. Thus, remaining net capex of NOK 0.4bn

Bruck PM3

- Continued growth in production and deliveries, expect around 85% utilisation end of 2024 in line with plan
- Excellent product quality and customer feedback
- Continue to improve production efficiency as utilisation and process optimisation increases



Update on Saugbrugs

Ongoing process to determine future opportunities for Saugbrugs PM6



Insurance coverage Q1 2024

- Business interruption insurance: No recognition in the quarter, but received cash payment of NOK 215m
- Property damage insurance: Recognised NOK 52m in other operating income and NOK 2m in other operating expenses. Cash payment of NOK 88m received

Remaining insurance coverage

- Property damage insurance: Expect to recognise similar amounts over next three quarters as in Q1 2024. Additional NOK 295m expected to be recognised in other operating income following identification of potential expansion project at Saugbrugs
- NOK 615m to be received and recognised in the event of project investments and as investment costs accrue

Delivery of SC magazine paper from PM4 and PM5 developing positively

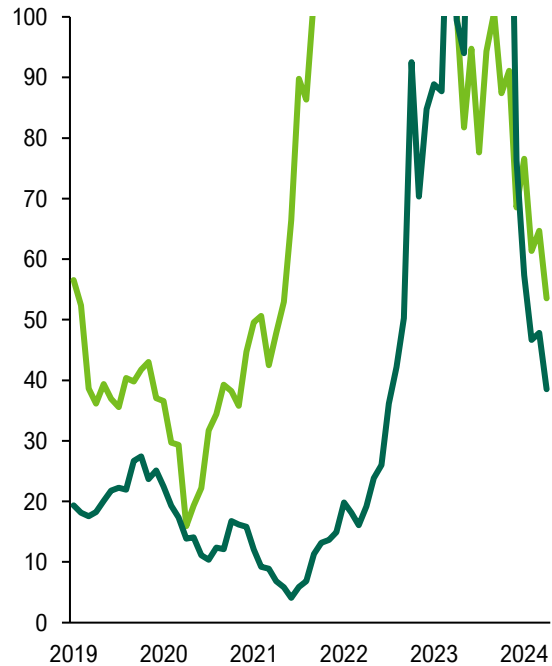


Raw materials

Spruce pulpwood prices at elevated levels and EUA price significantly down

Energy prices Germany

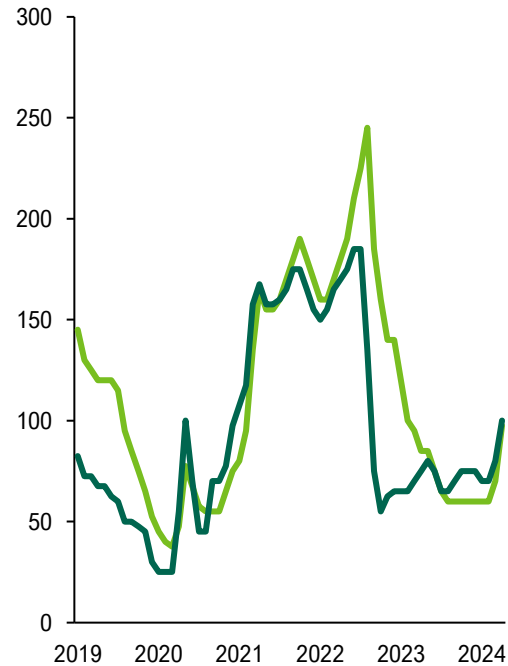
EUR per MWh



— Electricity — Natural gas

Recycled paper prices Germany

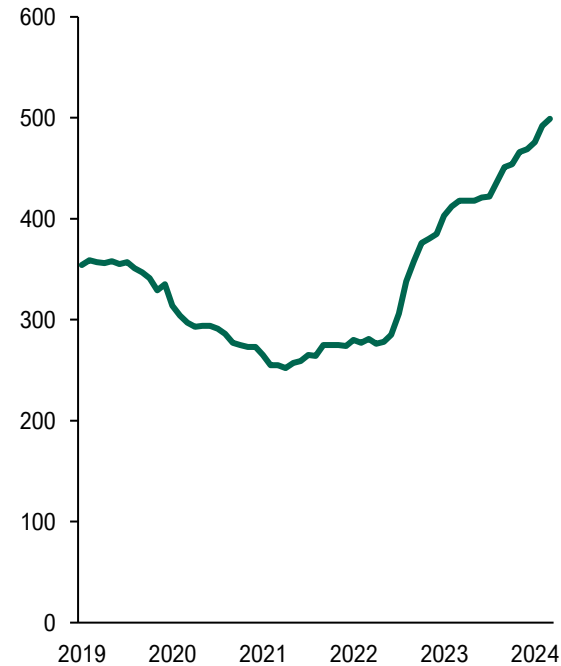
EUR per tonne



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Spruce pulpwood prices Norway

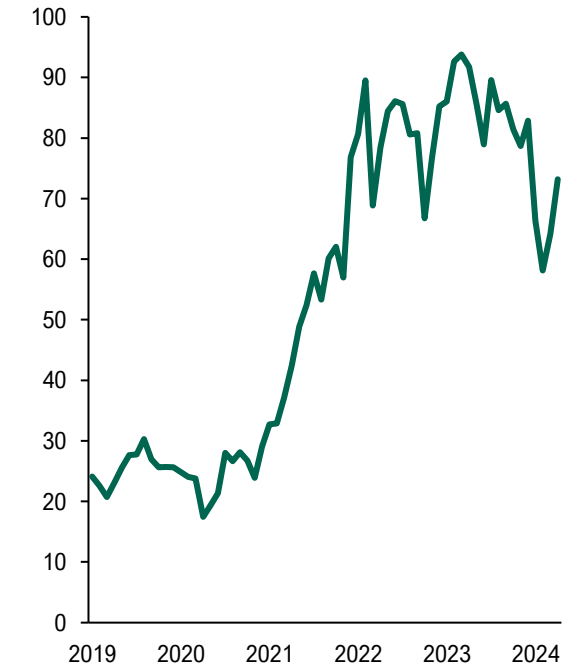
NOK per solid cubic metre



— Spruce pulpwood

CO2 (EUA) price

EUR per allowance



— EUA

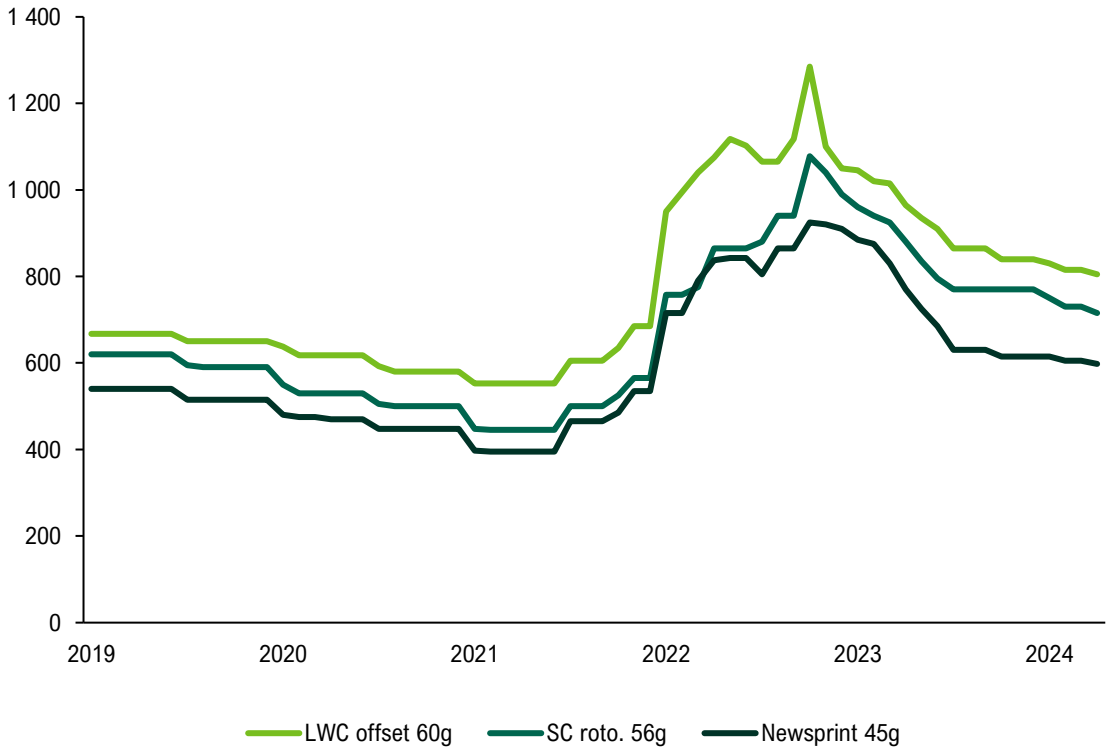


Publication paper market

Publication paper prices remain at low levels as demand stabilises

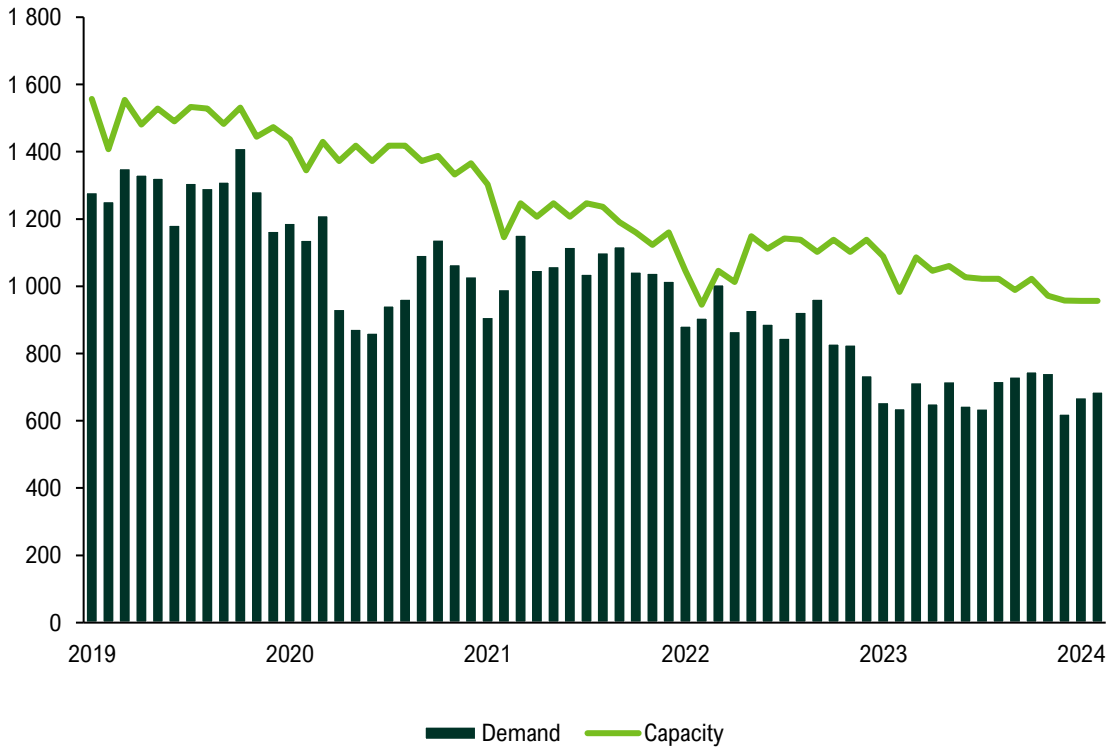
Publication paper prices Germany

EUR per tonne



Monthly publication paper demand and capacity Western Europe

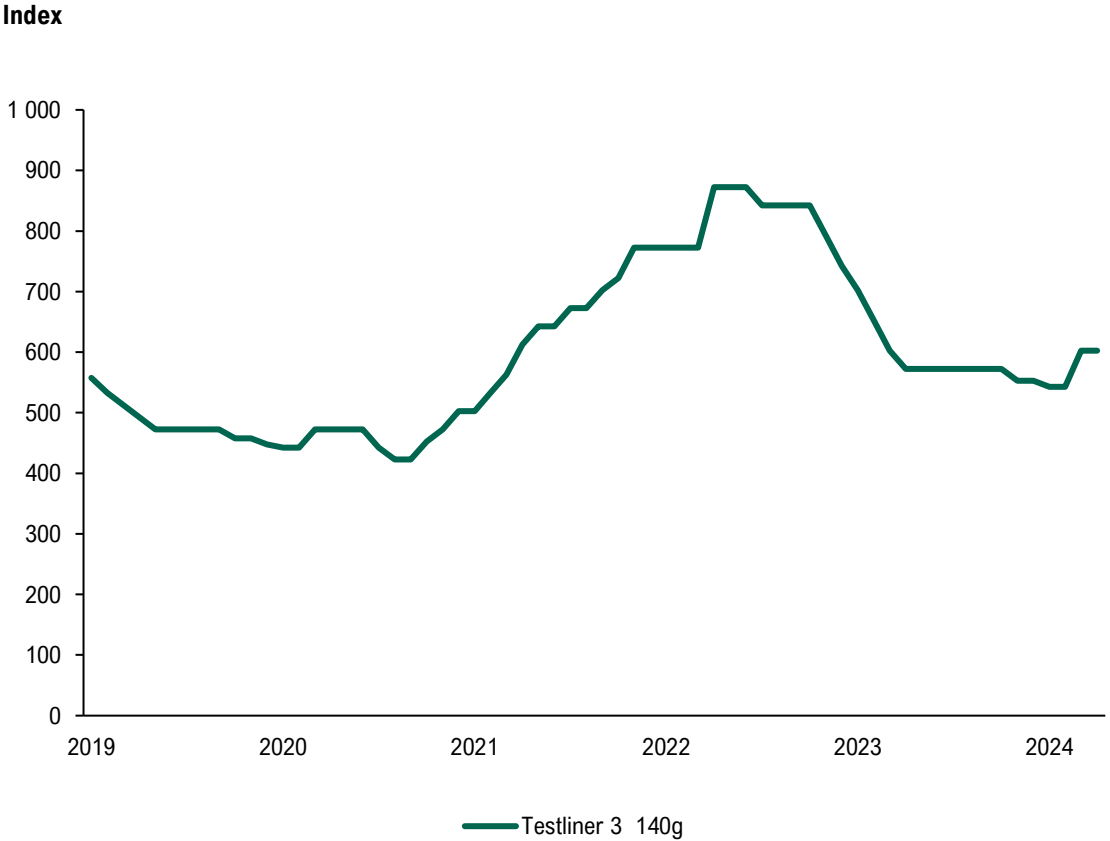
Thousand tonnes



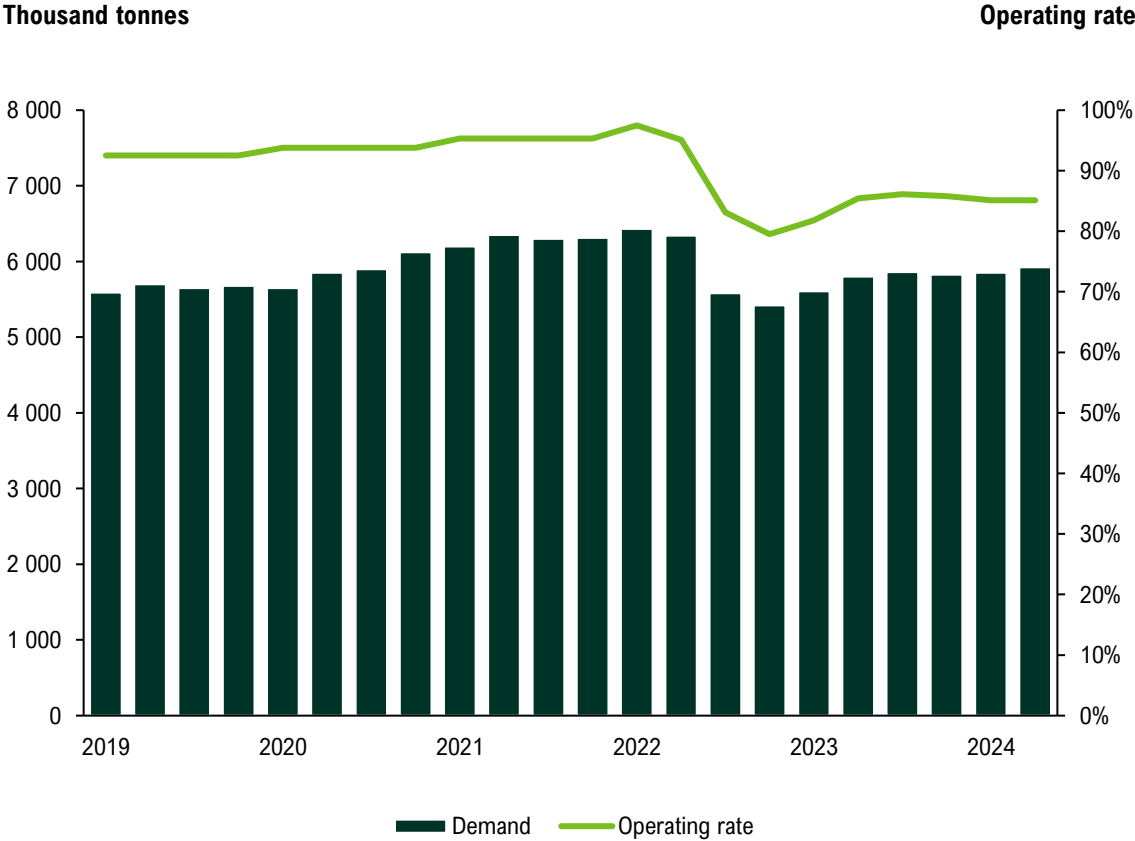
Packaging paper market

Price increases implemented as demand growth returns

Recycled containerboard index Germany



Quarterly recycled containerboard demand and operating rate Western Europe



Outlook

Concluding remarks

- Energy costs stabilising, but pulpwood costs remain high and recycled paper availability is challenging
- Publication paper prices remain at low levels as industry continues to see low utilisation
- Price increases for containerboard implemented, but further increases are required
- Expect negative EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in H2 2024
- Significant focus on reducing production cost and working capital to maintain competitive position
- Maintaining a strong liquidity position as investments near completion and debt repayments increase





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