

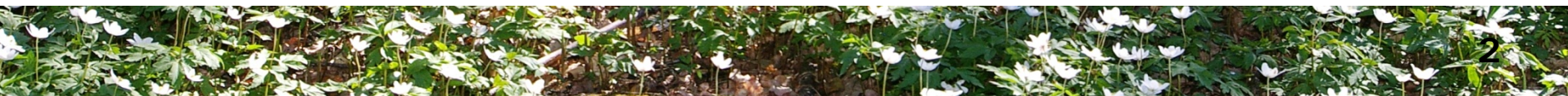
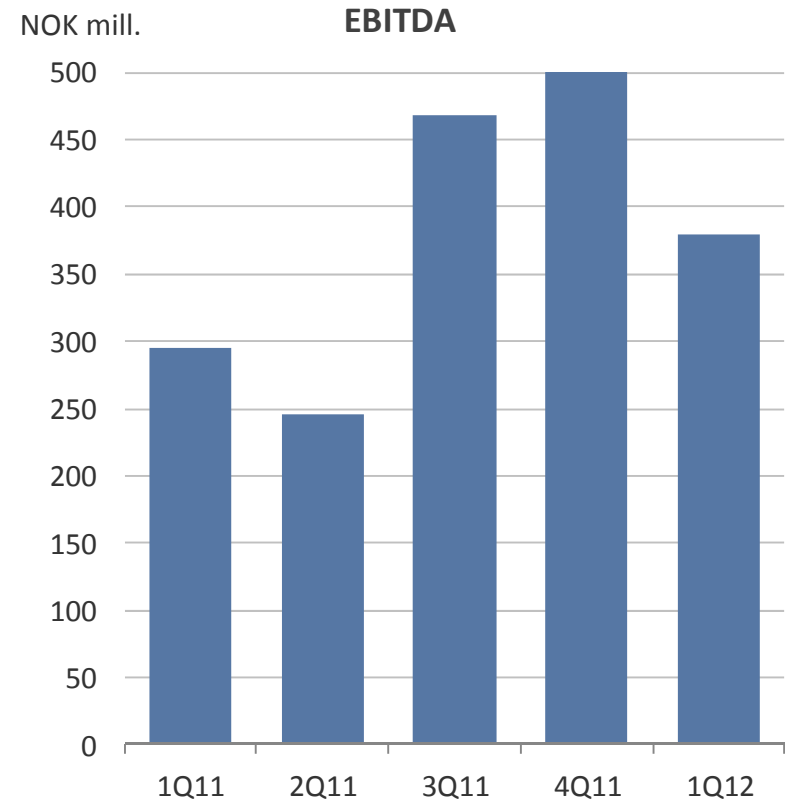


1Q12 presentation

3 May 2012

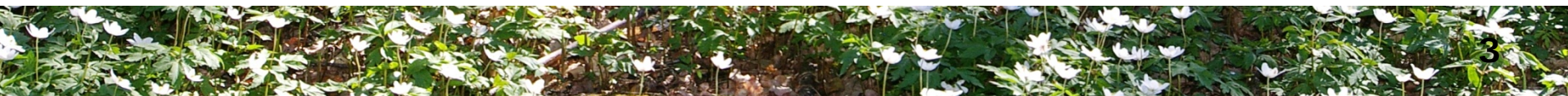
1Q12 in brief

- 1Q12 EBITDA NOK 380 mill. (NOK 503 mill. 4Q11): Seasonality, strong NOK, weak demand for newsprint
- Cash flow from operations NOK 267 mill. (4Q11 NOK 409 mill). Net debt reduced by NOK 767 mill. to NOK 7 096 mill.
- Financial headroom significantly improved
- Depreciation level in 2012 reduced to NOK 1 bn. with extended economic life for several paper machines



Lower costs (YoY) and seasonality (QoQ)

1Q12 vs. 1Q11			1Q12 vs. 4Q11		
Revenue NOK 4 411 mill.	↓	-4%	Revenue NOK 4 411 mill.	↓	-11%
EBITDA NOK 380 mill.	↑	+28%	EBITDA NOK 380 mill.	↓	-24%
CF from operations NOK 267 mill.	↑	nm	CF from operations NOK 267 mill.	↓	-35%
Deliveries 911' tonnes	→	-1%	Deliveries 911' tonnes	↓	-11%



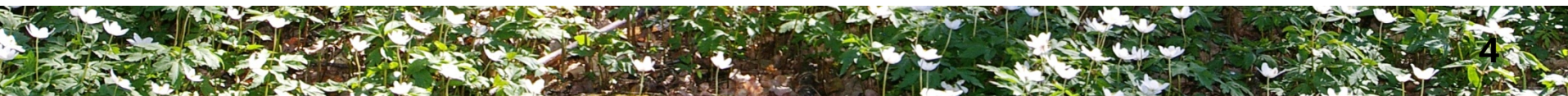
Key developments in 1Q12

Market

- Flat price level for newsprint and magazine in Europe
- Recovered paper inflation from trough
- Weak demand for newsprint in Europe and Australasia
- Mixed demand development for magazine in Europe
 - SC improving, LWC weaker

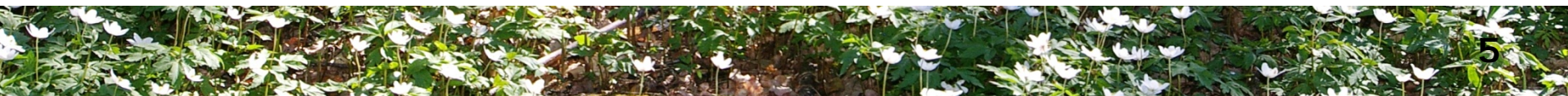
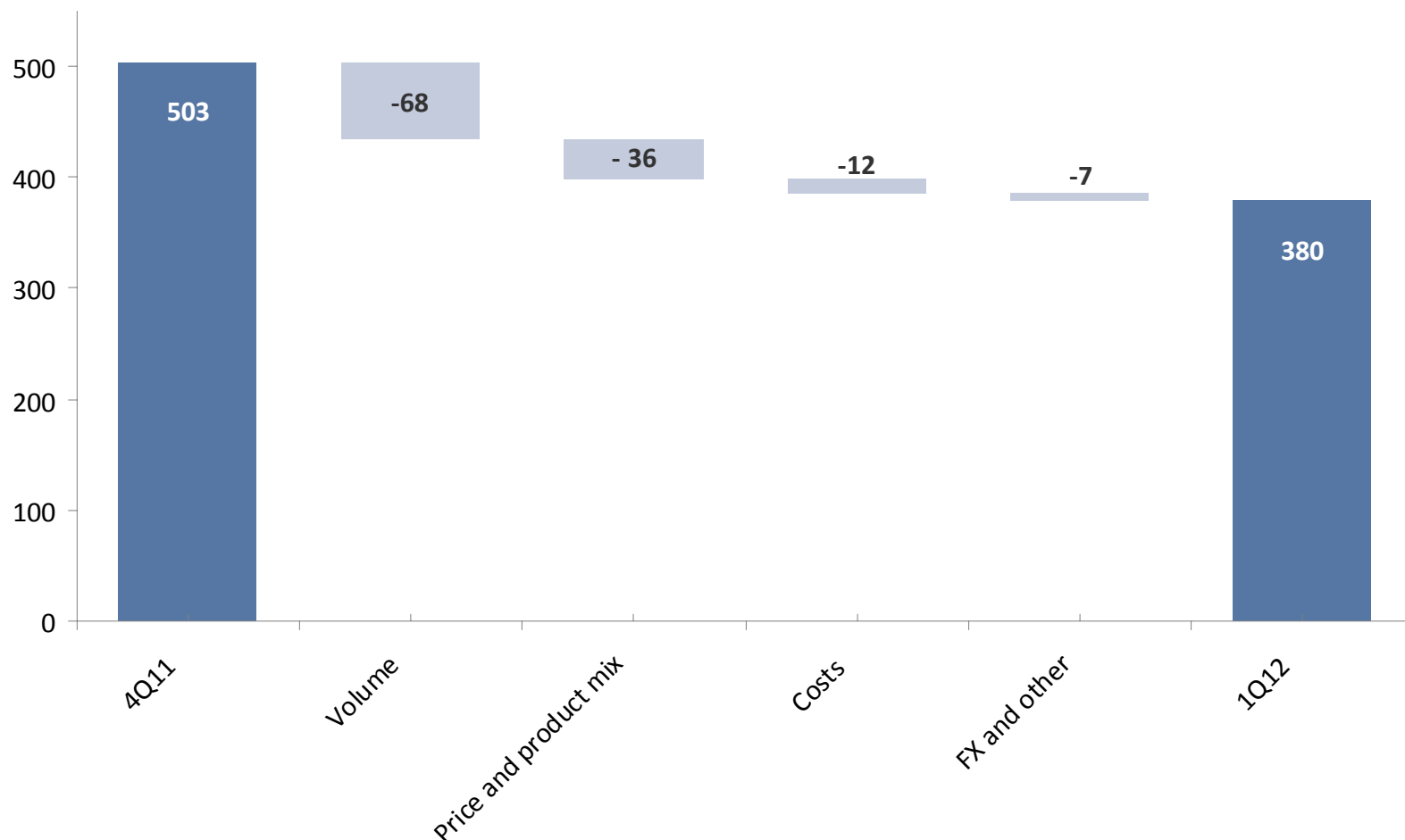
Norske Skog

- Divestment of excess power completed
- Sale agreements entered for discontinued Norske Skog Follum in Norway and Norske Skog Bio Bio in Chile



EBITDA contributions from 4Q11 to 1Q12

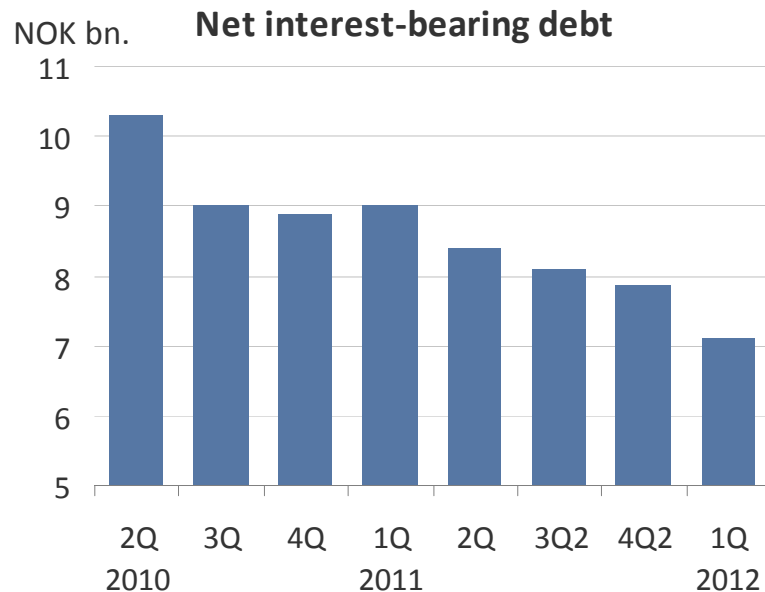
NOK mill.



Debt reduced and leverage improved

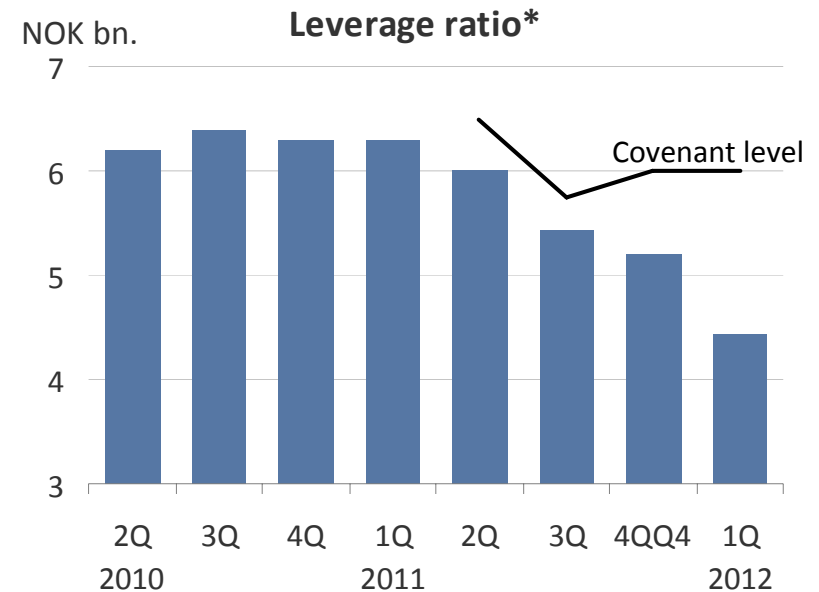
Net debt reduced by NOK 767 mill.

- CF from operations, disposals, stronger NOK and gain from bond buy-backs

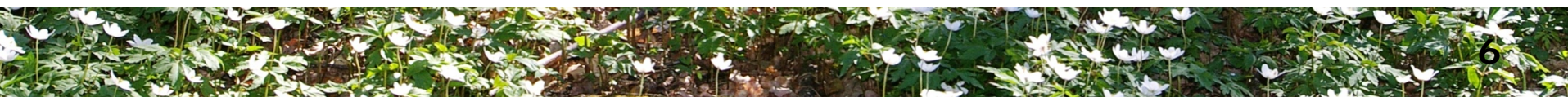


Leverage ratio considerably down

- 25% covenant headroom

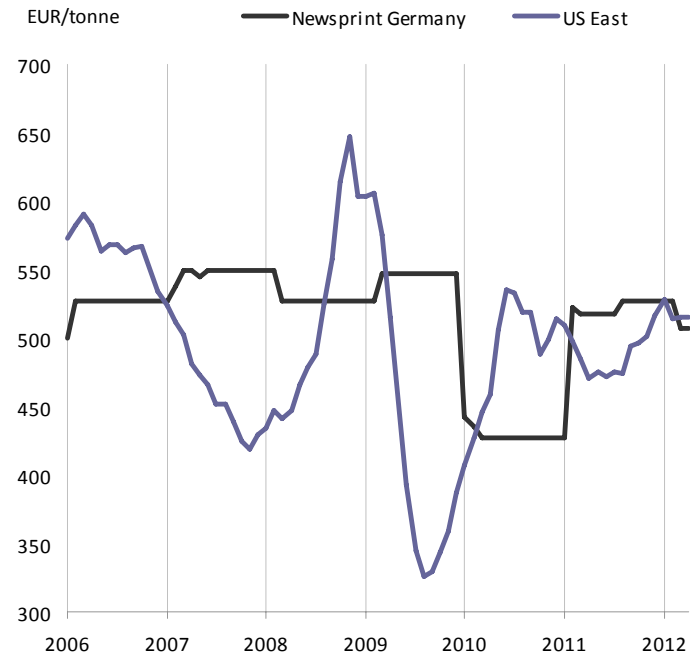
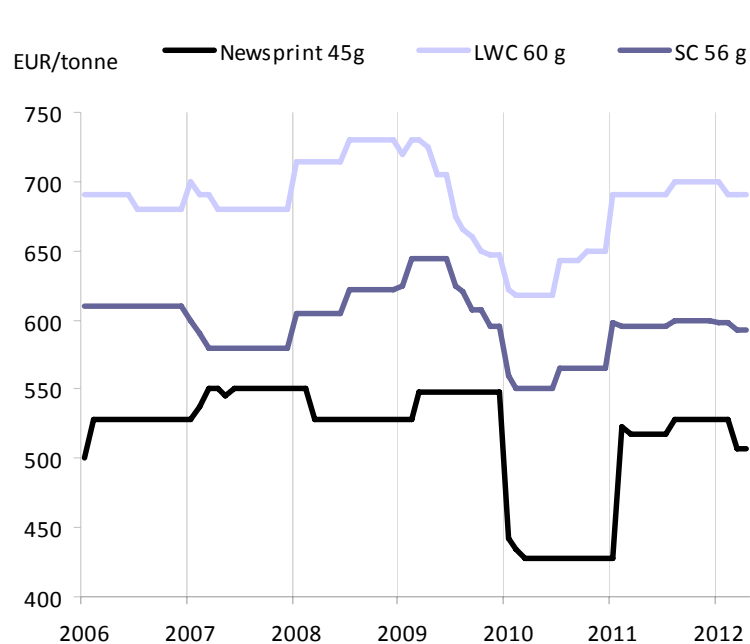


*) Net interest-bearing debt / EBITDA

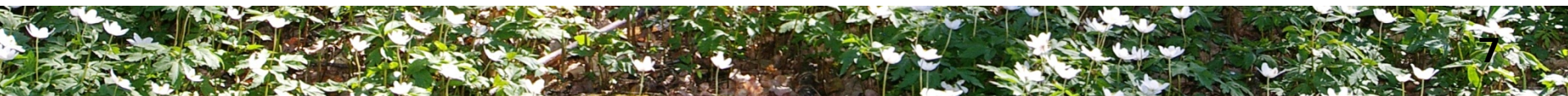


Publication paper prices fairly flat

- Newsprint Germany slightly lower
 - Other continent flat, UK slightly lower
- Magazine prices flat
- Newsprint USD in EUR stable – containing trade flows

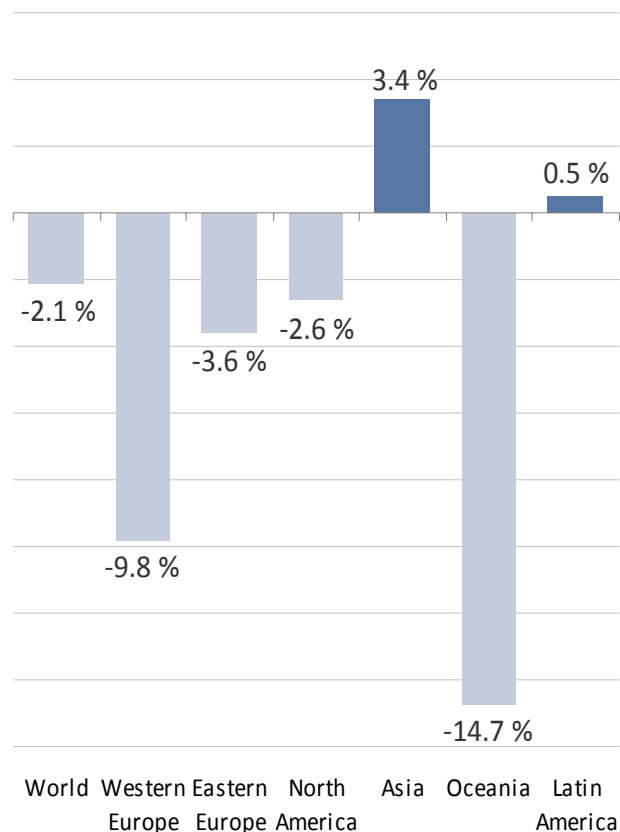


Source: RISI; German reference prices

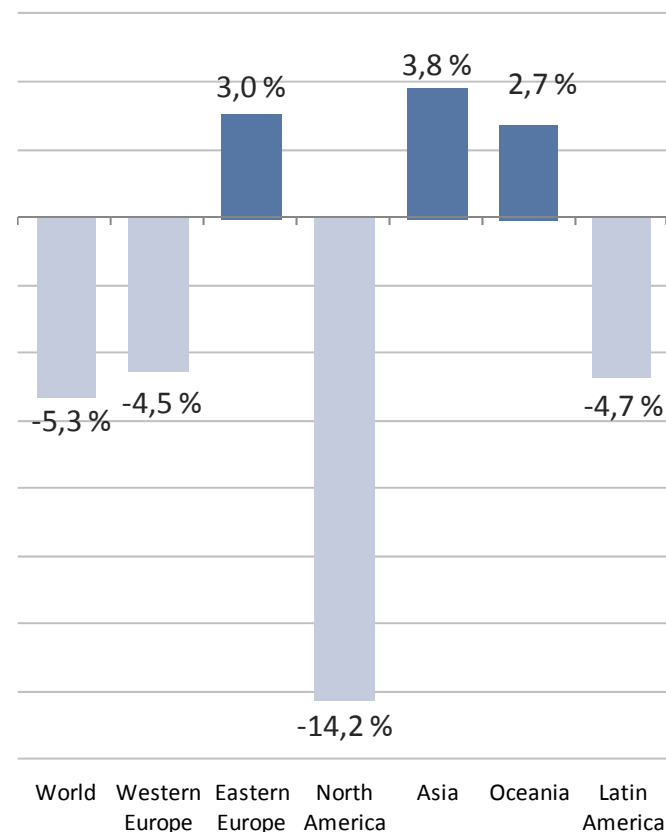


Demand development YTD 2012

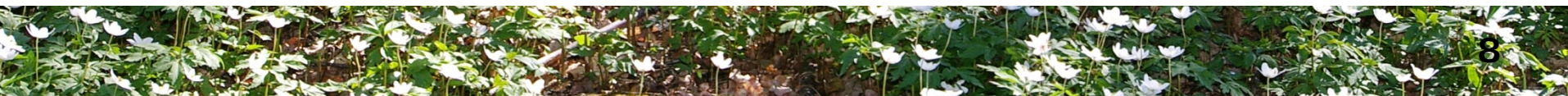
Newsprint



Magazine

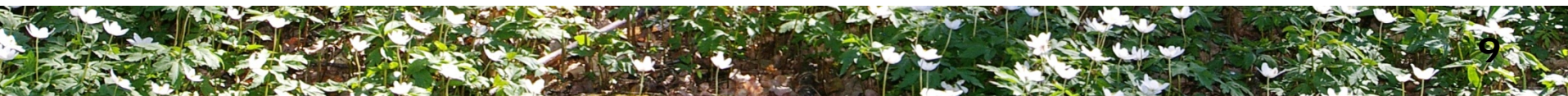
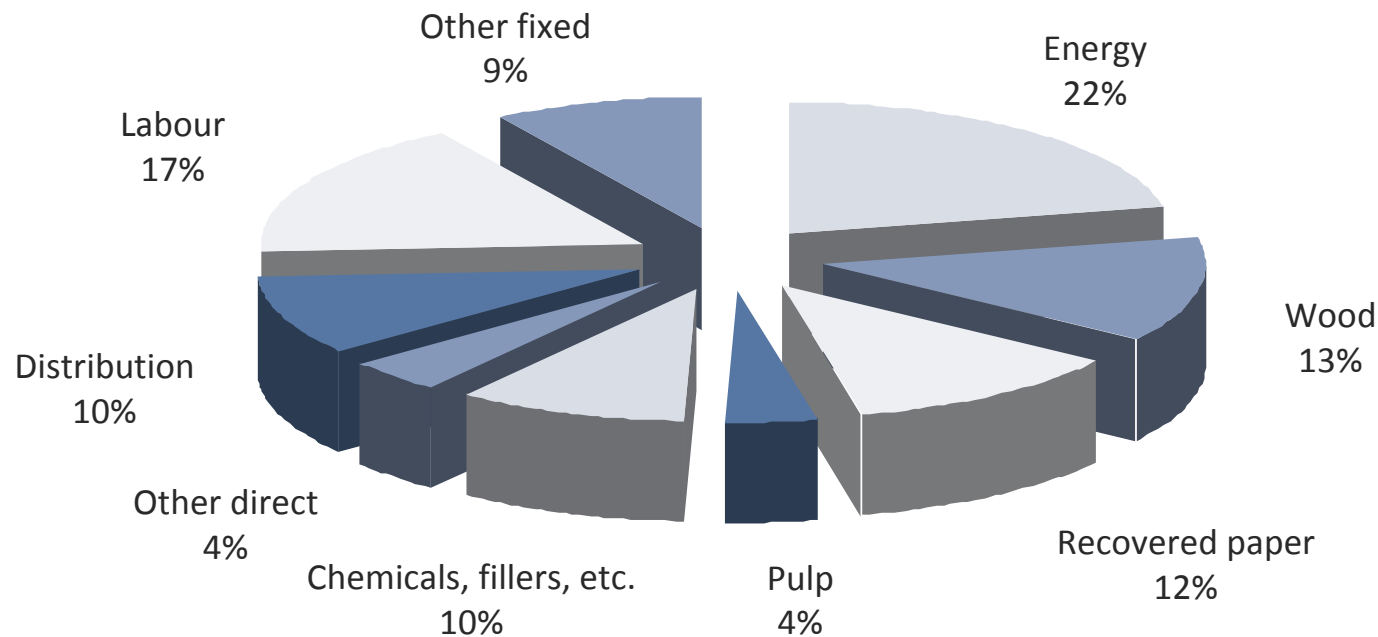


Source: PPPC, YoY Jan-Mar 2012



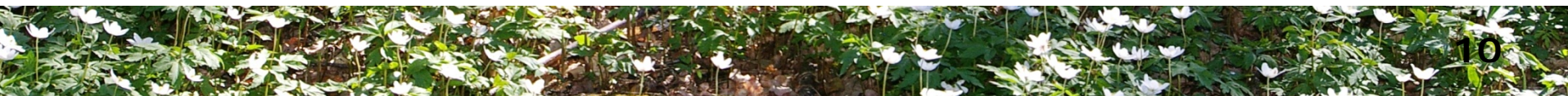
Group cost categories and relative size

- $\frac{3}{4}$ variable costs, $\frac{1}{4}$ fixed costs
- Variable costs predominantly energy and fibre
- $\frac{2}{3}$ of energy costs contracted, $\frac{1}{3}$ spot exposure
- Fibre sourced mainly through wood and recovered paper
- $\frac{2}{3}$ virgin fibre, $\frac{1}{3}$ recycled



Group sensitivities

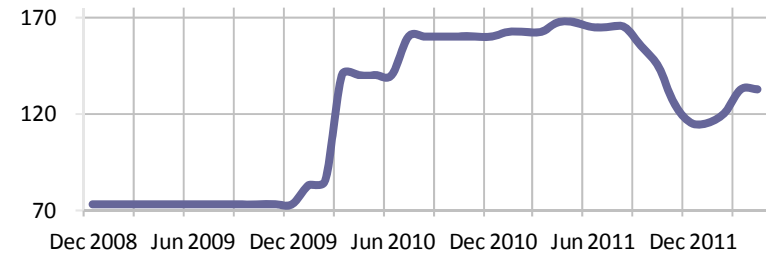
Variable costs	Change	EBITDA impact
• Energy	+/- 5%	-/+ NOK 200m
• Wood	+/- 5%	-/+ NOK 100m
• Recovered paper	+/- 5%	-/+ NOK 100m
• Pulp	+/- 5%	-/+ NOK 35m
• NOK	Appreciating	Impact
• EBITDA	1%	- NOK 50m
• Net debt	1%	- NOK 75m



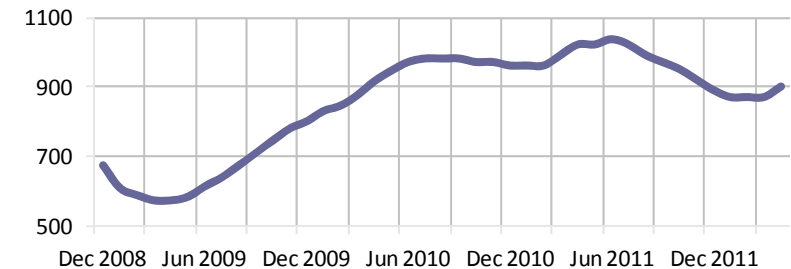
Fibre costs

- Recovered paper prices turned at year end
- Pulp prices stable at high level
- Norwegian wood prices lower into 2012

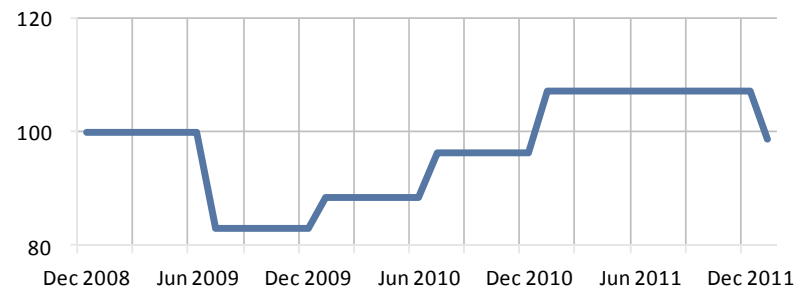
Recovered paper (Europe, EUR)



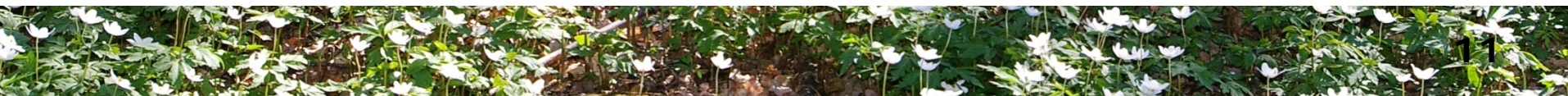
Market pulp (NBSK, USD)



Wood (Norway, Index)



Sources: RISI; Newspapers (2.01) Germany, NBSK Western Europe
Wood Index: Dec 2008 = 100, Company data

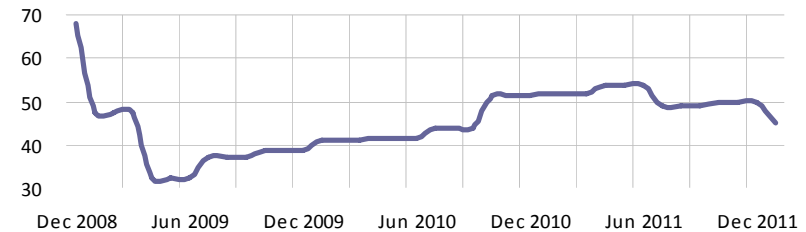


Energy costs

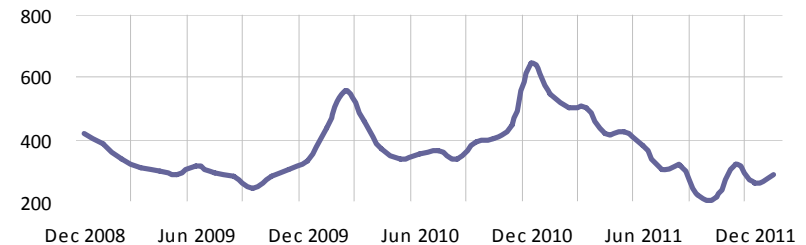
- European spot electricity lower
 - Positive for spot exposed European capacity
- Norway spot electricity at low level
 - Less impact with bulk of electricity contracted
- European gas prices higher
 - Impacting gas fired generation capacity

Sources: KWK-index quarterly, EEX, Elspot, NordPool, UK and European natural gas index, ICE futures

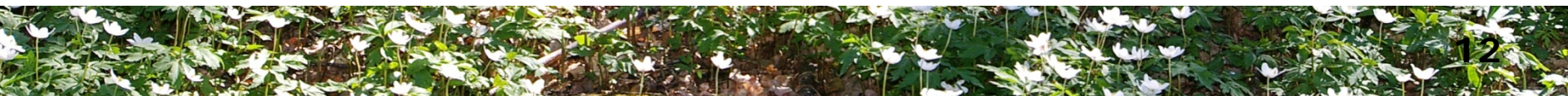
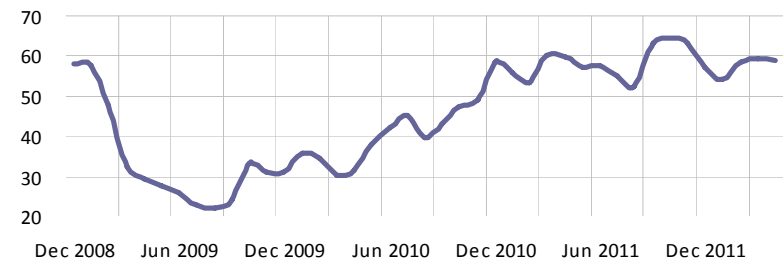
Power Germany (EUR/MWh)



Power Norway (NOK/MWh)

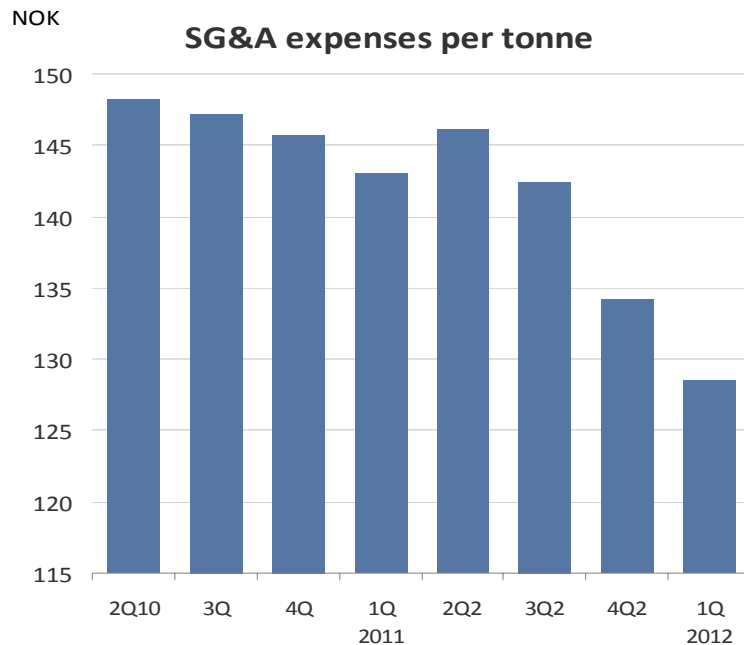


Gas Europe (EUR/MWh)

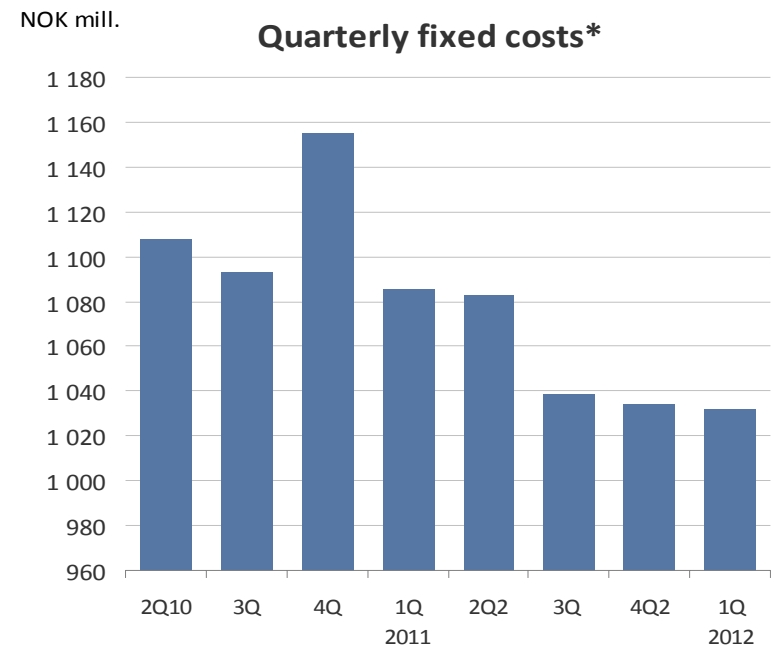


Fixed costs trending down

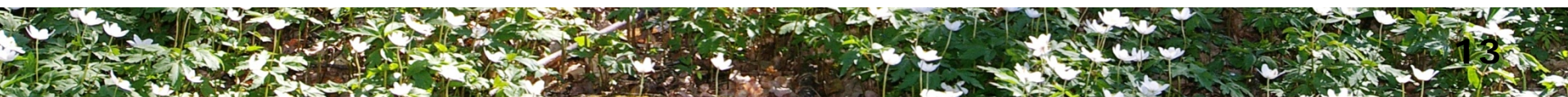
- SG&A expenses reduced
 - To below NOK 130 per tonne



- Steady decline in fixed costs
 - Reduction every quarter since 2010
 - To approach NOK 900m by year-end



*) Adjusted for provisions





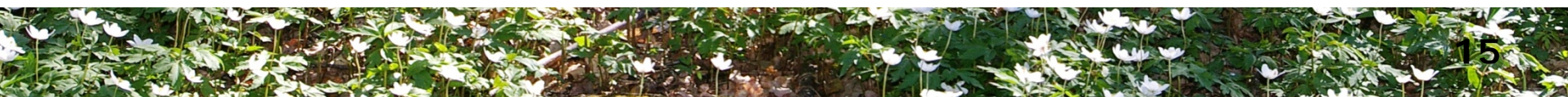
1Q12 presentation

Financials

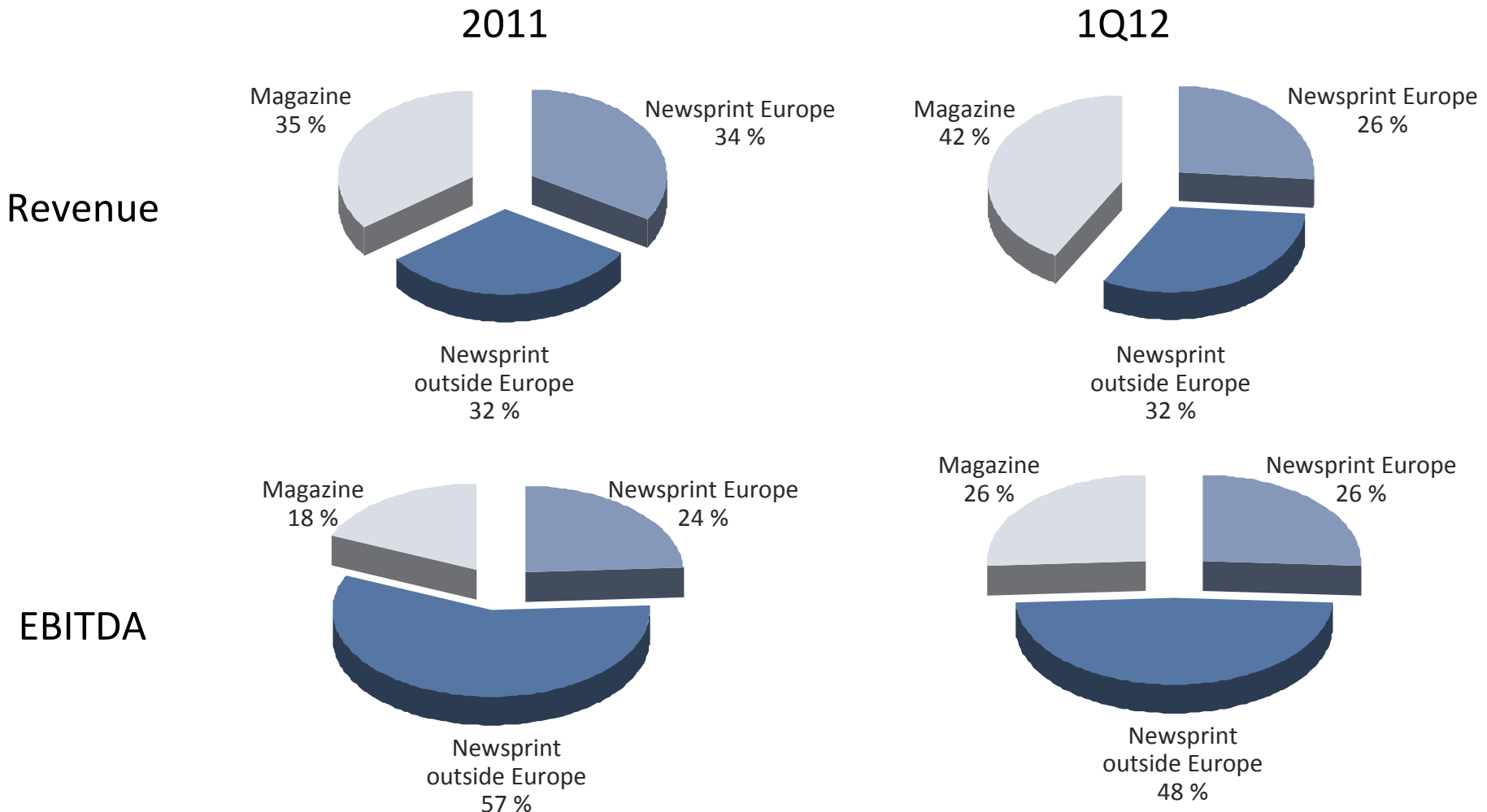
Key financials 1Q12

- **Revenues down**
 - Realized prices reduced with product mix and stronger NOK YoY
 - Seasonally lower sales volumes QoQ
- **Costs**
 - Variable lower; predominantly YoY
 - Fixed at level QoQ, down YoY
- **New depreciation level**
 - Extended economic life of paper machines
- **Other gains and losses**
 - Reduced value of energy assets
- **Financials**
 - Interest payments and FX gains

Key figures (NOK mill.)	1Q11	4Q11	1Q12
Operating revenue	4 594	4 970	4 411
EBITDA	296	503	380
Depreciation	-431	-365	-251
Other gains and losses	369	-532	-670
Financials	46	-358	109
Net result	169	-592	-343



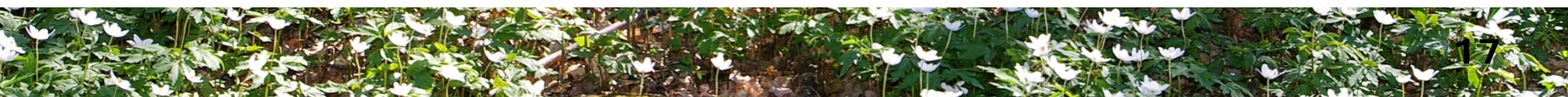
Revenue and EBITDA contribution by segment



Newsprint Europe

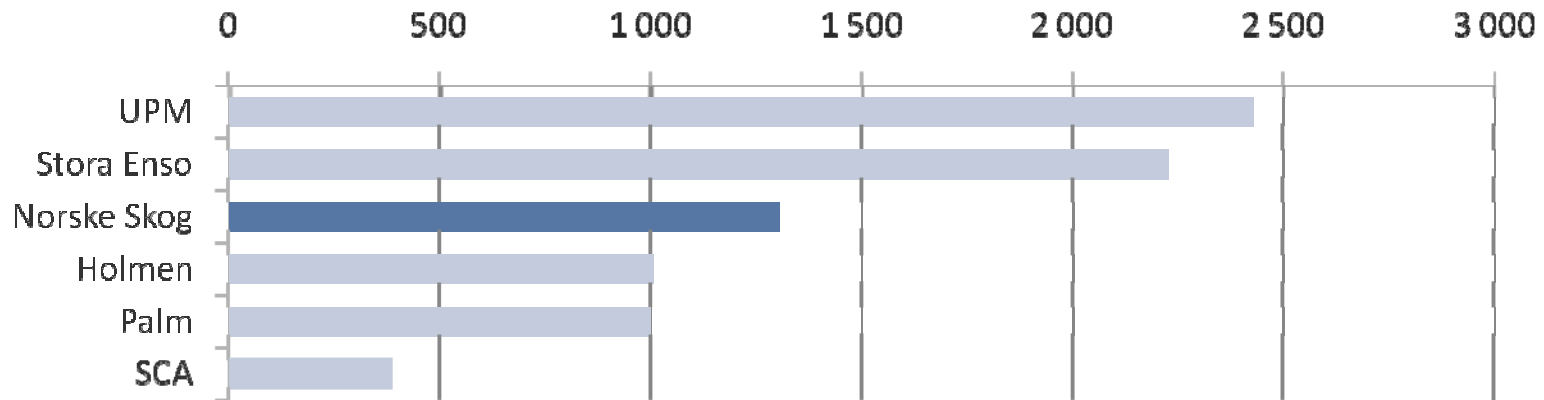
- Norske Skog 3rd largest in Europe
- 1.3 mill. tonnes of capacity
- 3 mills in 3 countries
 - Norway, France and Austria
- Weak newsprint demand and seasonally lower volumes
- Lower fixed costs compared to same period last year
- Norske Skog Parenco reported under magazine from 4Q11

Key figures (NOK mill.)	1Q11	2Q11	3Q11	4Q11	1Q12
Operating revenue	1 499	1 619	1 548	1 368	1 115
EBITDA	56	45	144	141	104
EBITDA margin	3.7 %	2.8 %	9.3 %	10.3 %	9.4 %
Deliveries (tonnes 000')	379	402	374	333	279
Operating rate (%)	96	88	89	87	83

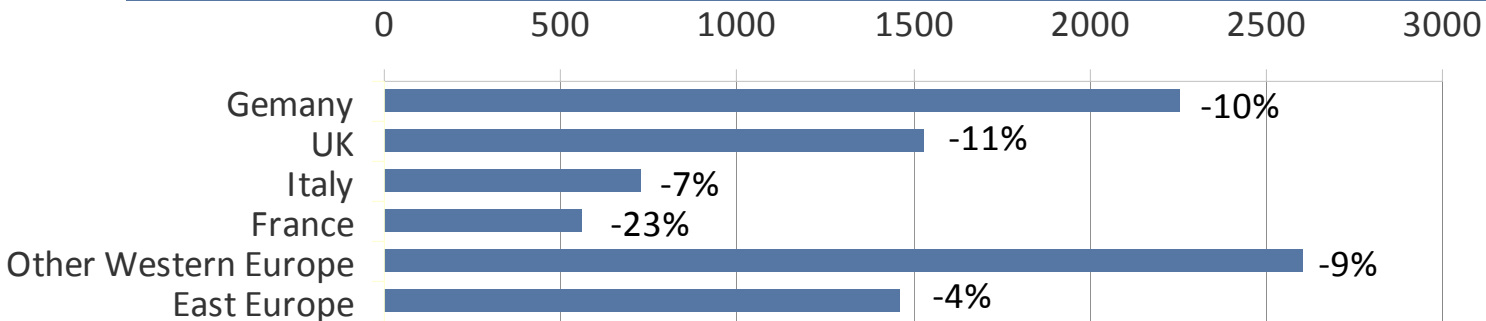


Newsprint Europe

Western Europe newsprint capacity by producers (EUR marked)



Annual demand (YTD growth)

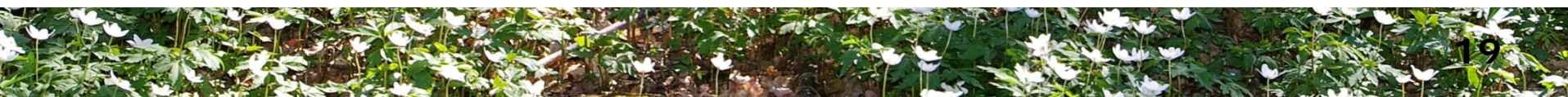


Source: PPPC, Euro-Graph

Newsprint outside Europe

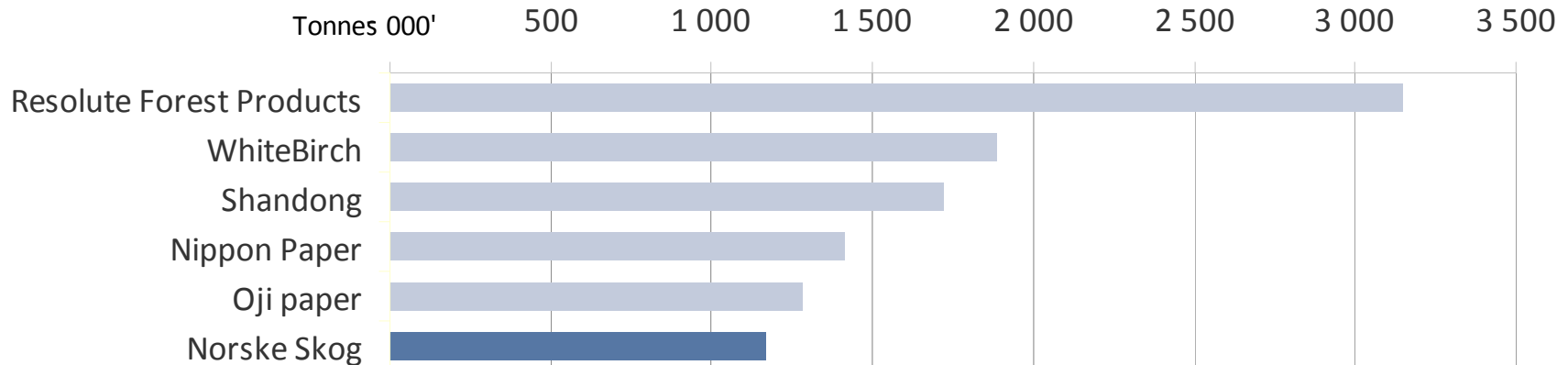
- 6th largest player
- 1.3 tonnes of capacity
- 6 mills in 5 countries
 - Australia (2), New Zealand, Chile, Brazil, Thailand
- Currency-driven increase in realized prices, weak domestic demand in Australasia
- Higher variable costs in NOK with strong AUD, stable fixed costs

Key figures (NOK mill.)	1Q11	2Q11	3Q11	4Q11	1Q12
Operating revenue	1 327	1 445	1 484	1 423	1 359
EBITDA	214	219	246	236	196
EBITDA margin	16.1 %	15.2 %	16.6 %	16.6 %	14.4 %
Deliveries (tonnes 000')	278	304	314	294	276
Operating rate (%)	88	92	97	86	86

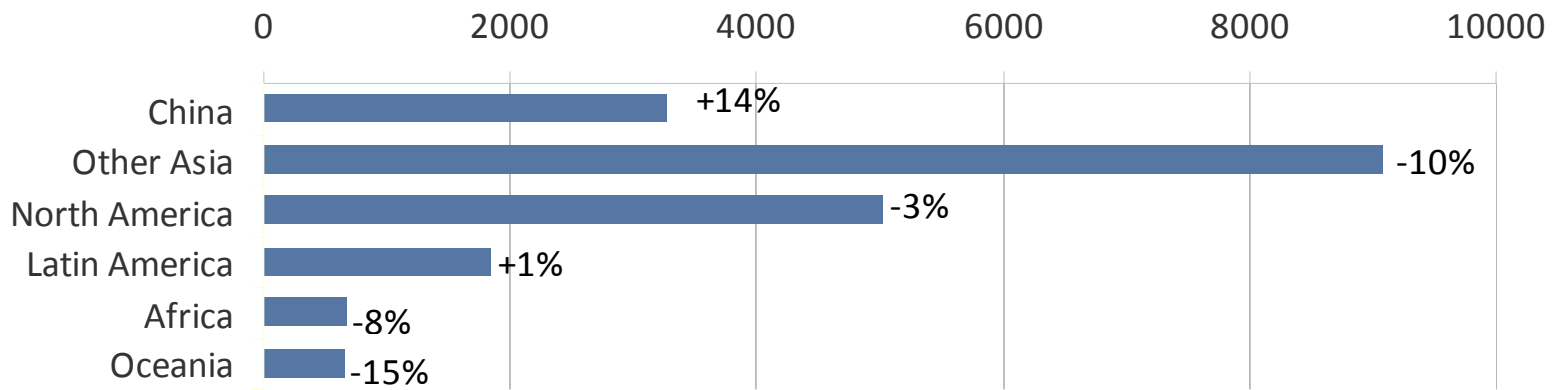


Newsprint outside Europe

Outside Europe newsprint capacity by producers (USD marked)



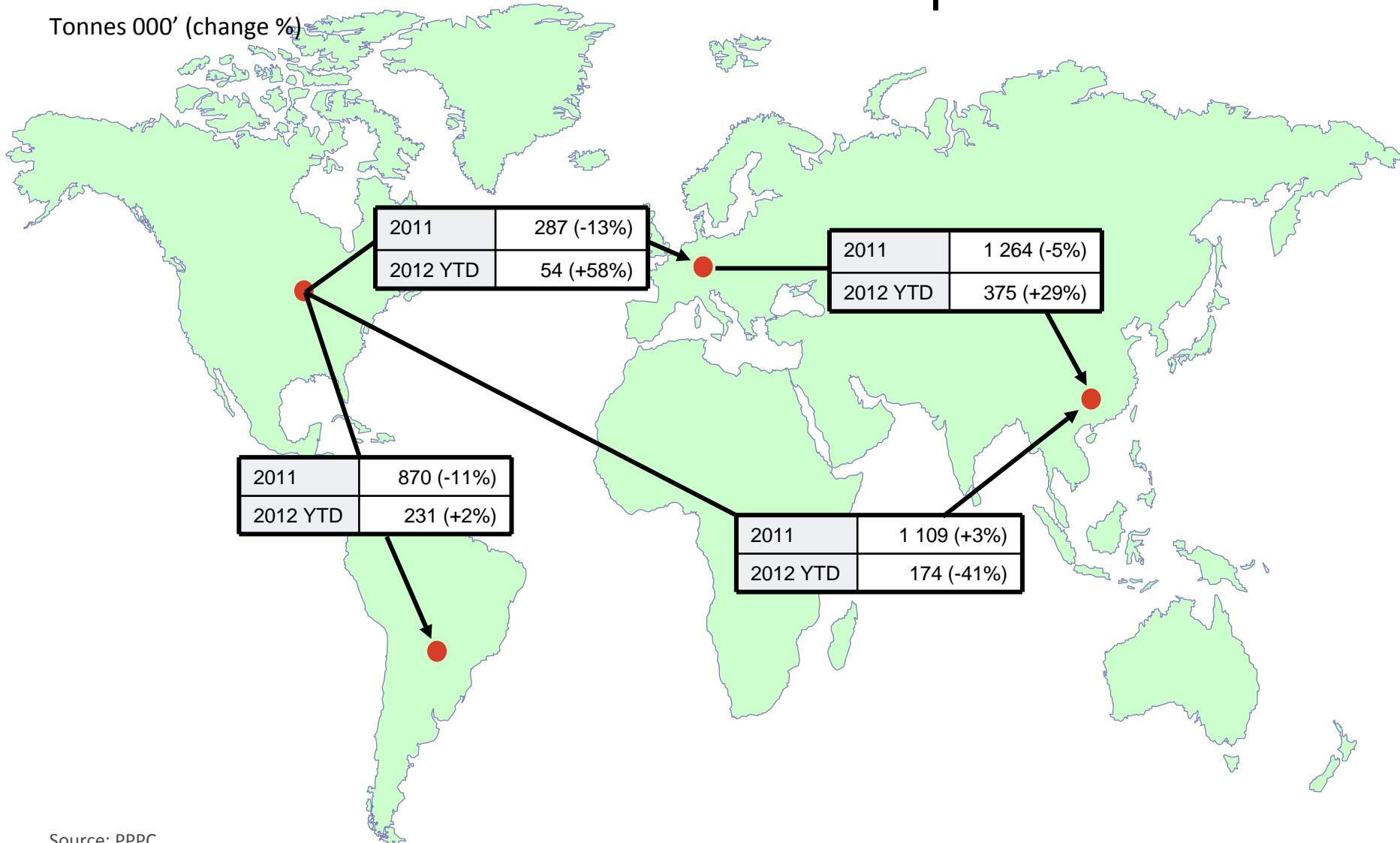
Annual demand (YTD growth)



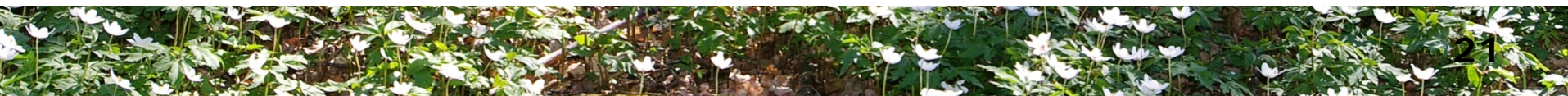
Source: PPPC, Euro-Graph

Main trade flows – Standard newsprint

Tonnes 000' (change %)



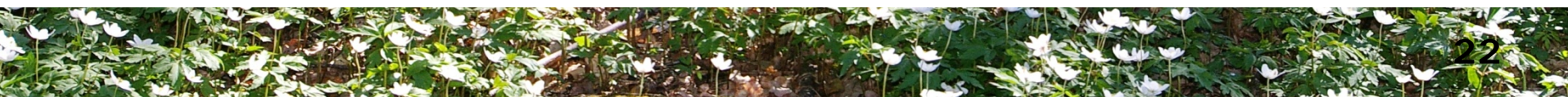
Source: PPPC



Magazine

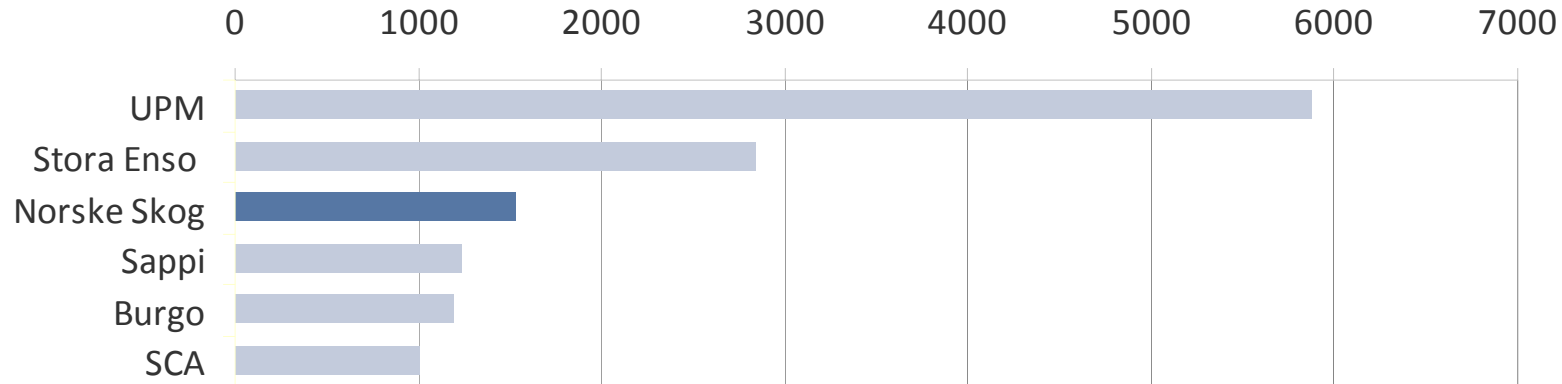
- 3rd largest player in Europe
- 1.5 tonnes of capacity
- 4 mills in 4 countries
 - Norway, Germany, Austria, Netherlands
- Revenues higher YoY with Norske Skog Saugbrugs in full production, QoQ seasonally decline
- Variable costs lower, especially YoY
- Norske Skog Parenco reported under magazine from 4Q11

Key figures (NOK mill.)	1Q11	2Q11	3Q11	4Q11	1Q12
Operating revenue	1 482	1 276	1 568	1 966	1762
EBITDA	60	15	77	139	104
EBITDA margin	4.1 %	1.2 %	4.9 %	7.1 %	5.9 %
Deliveries (tonnes 000')	262	217	307	392	356
Operating rate (%)	72	65	89	88	83

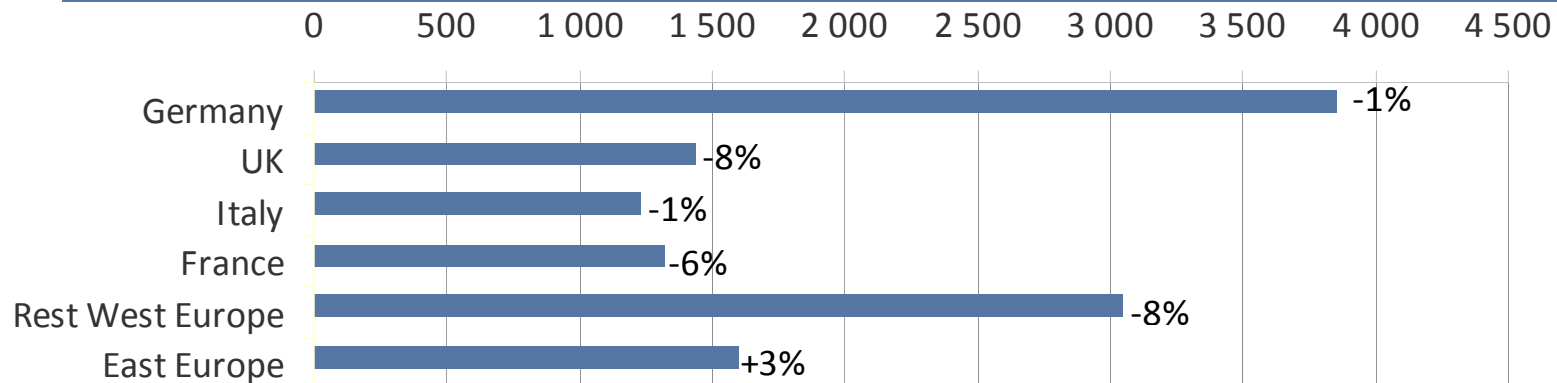


Magazine

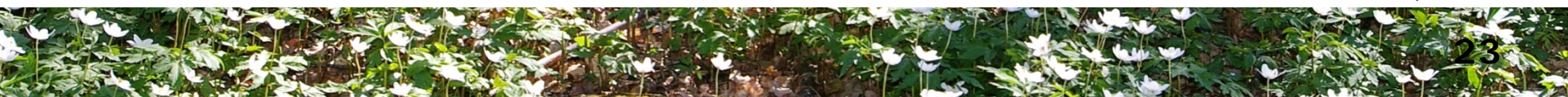
Western Europe magazine capacity by producers



Annual demand (YTD growth)

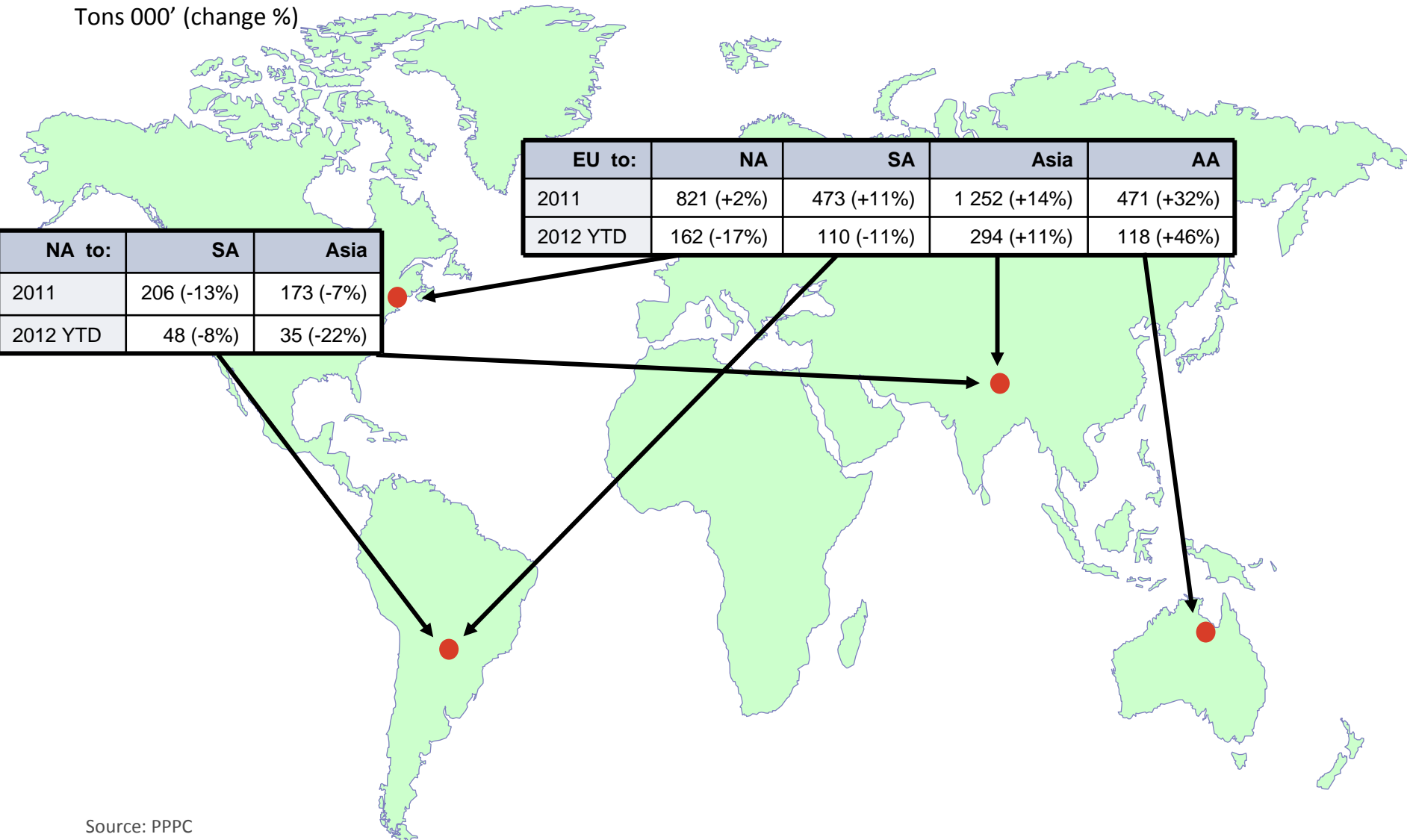


Source: PPPC, Euro-Graph

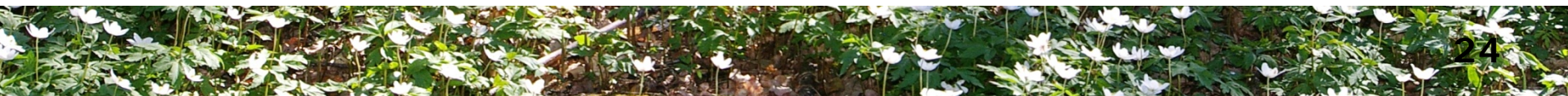


Main trade flows – Magazine paper

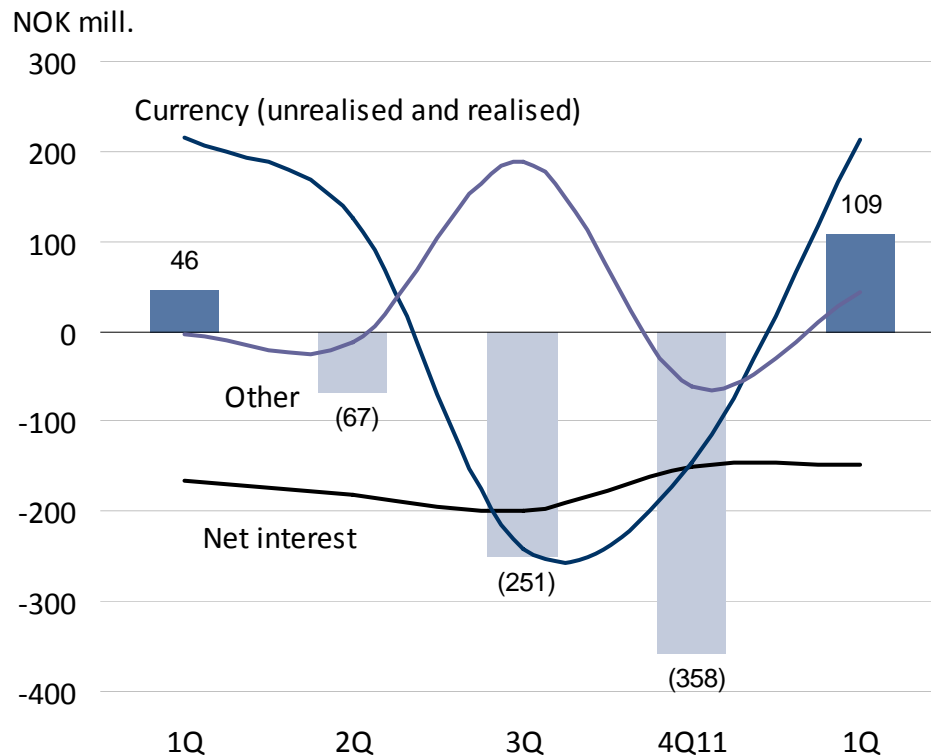
Tons 000' (change %)



Source: PPPC



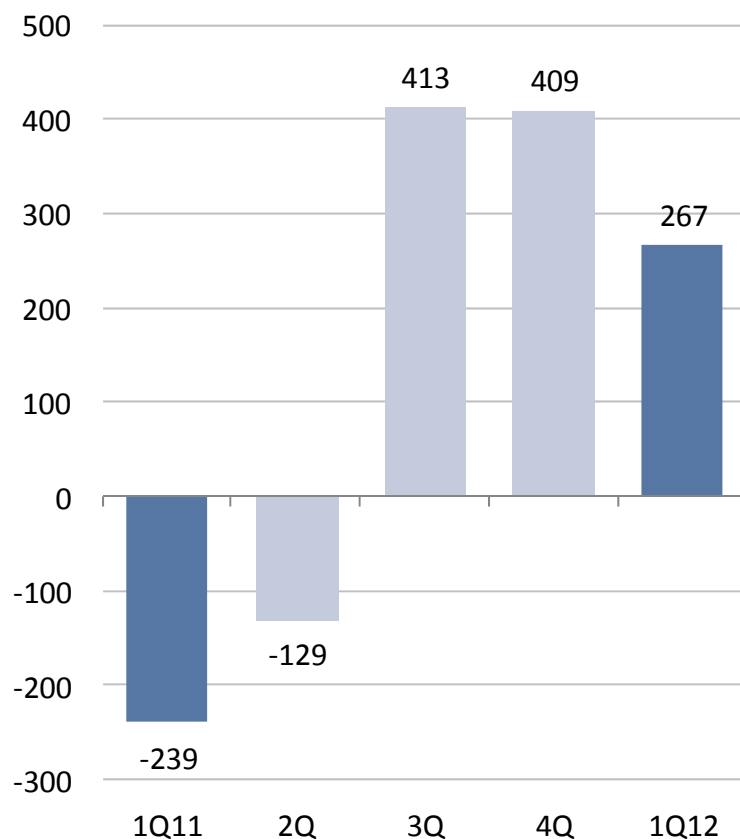
Financial items



- Net interest stable at lower level
- Currency gain reflecting appreciation of NOK
 - Cash flow hedge
 - Non-hedge accounted debt
- Other including gain on bond buy-backs

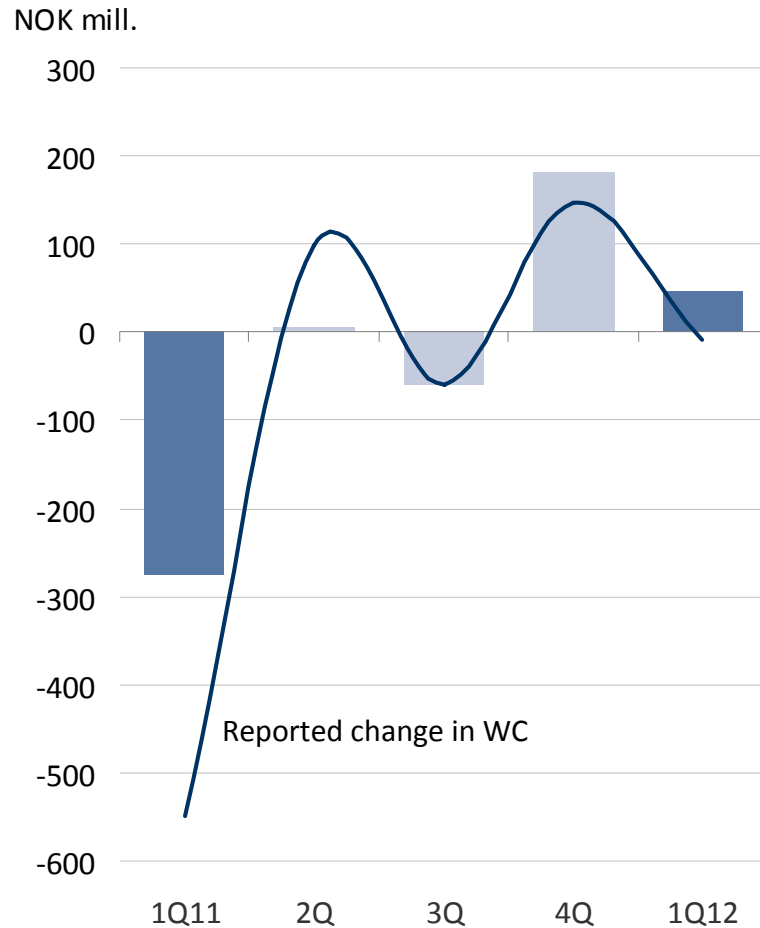
Solid cash flow from operations

NOK mill.

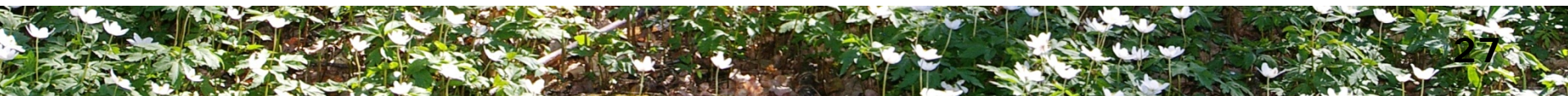


(NOK mill.)	1Q12
EBITDA	380
Change in operating WC	48
CF from net financial items	-90
Other	-71
CF from operations	267
Capex	-90
Divestments	314
Net investments	224

Change in operating working capital

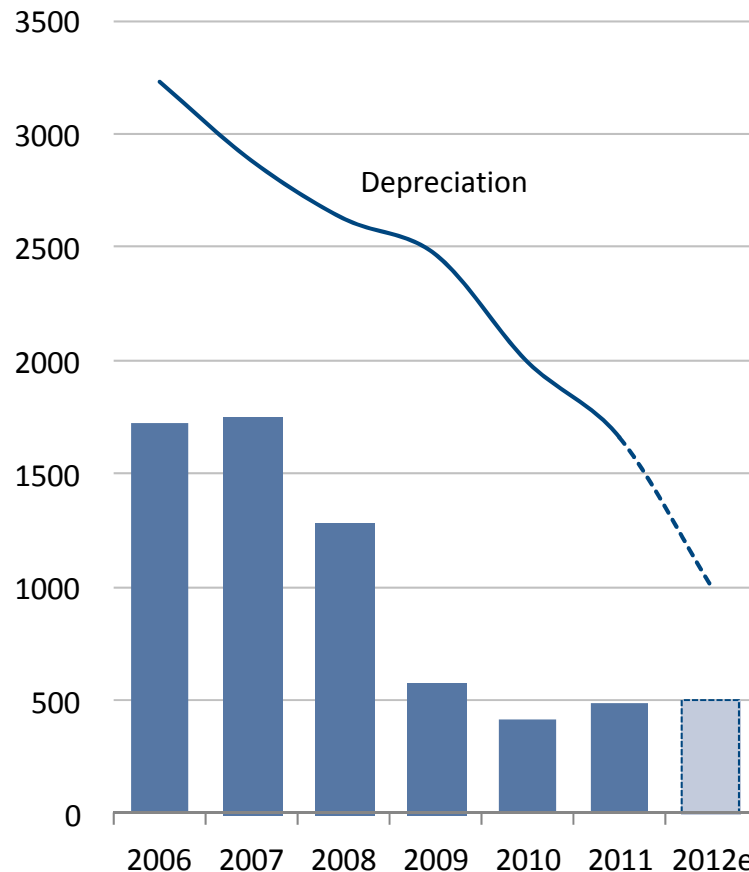


- Working capital released in 1Q
 - Operating WC reduced by NOK 48 mill.
 - Mainly through lower AR
- Reported change in WC
 - - NOK 8 mill., disrupted by non-operating provisions



Annual CAPEX has stabilized

NOK mill.

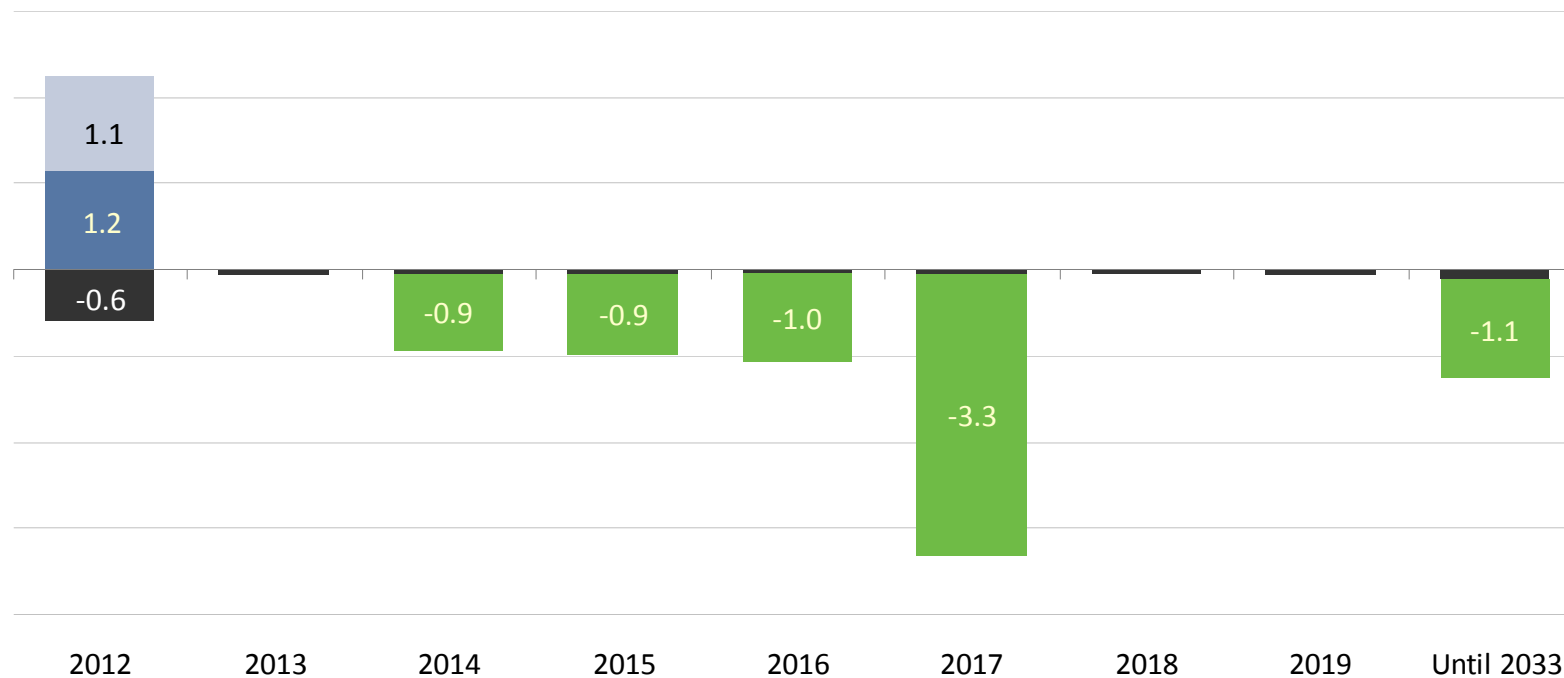


- CAPEX stable last two years
 - At around NOK 400 mill. per year
 - Rebuild at Norske Skog Saugbrugs included in 2011 figures
 - Expecting level below NOK 500 mill.
- Depreciation trending down
 - Disposals and extended economic life
 - To annual level around NOK 1 bn.

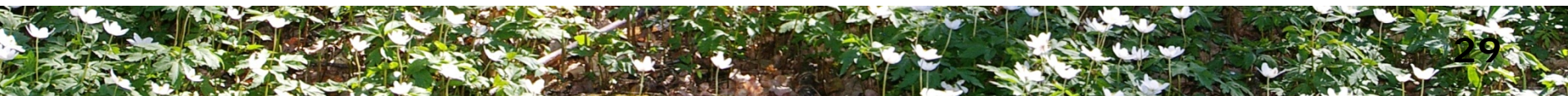
Maturity profile

NOK bn*

■ Cash ■ RCF ■ Bank ■ Bonds



*) As of 31 March 2012

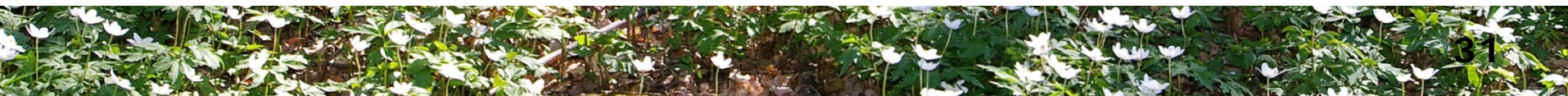




Outlook and focus

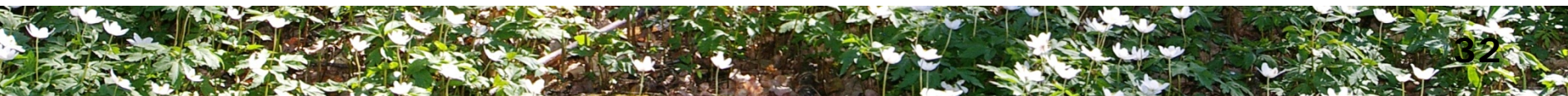
Outlook

- Stable price environment
- Lower volumes
 - Weak macro economic climate
 - Demand decline especially in Australia
 - In part offset through lower capacity
- Somewhat lower variable costs and reduced fixed costs



Management focus

- Improve margins
- Continued reduction of net debt
- Reduction of fixed costs and other productivity measures
- Further identification and sale of unrelated assets
- Active capacity management
 - Temporary adaptations
 - Permanent closures/conversions





Q & A