



1Q15 Presentation

23 April 2015

In need of print

- Print is the revenue source
 - More than 90% of all newspaper revenue come from the print edition
 - Digital versions are to a large extent free and cross subsidised by print revenue
- Print is the ad channel*
 - Paper ad retention 5 times higher than TV and 10 times higher than online
 - 50% of high value goods (cars, domestic appliances) bought with reference to a paper ad
- Nothing beats a printed recipe
 - Jamie Oliver and Time Out are launching a print version of the chef's online Food Tube brand



*Australian survey

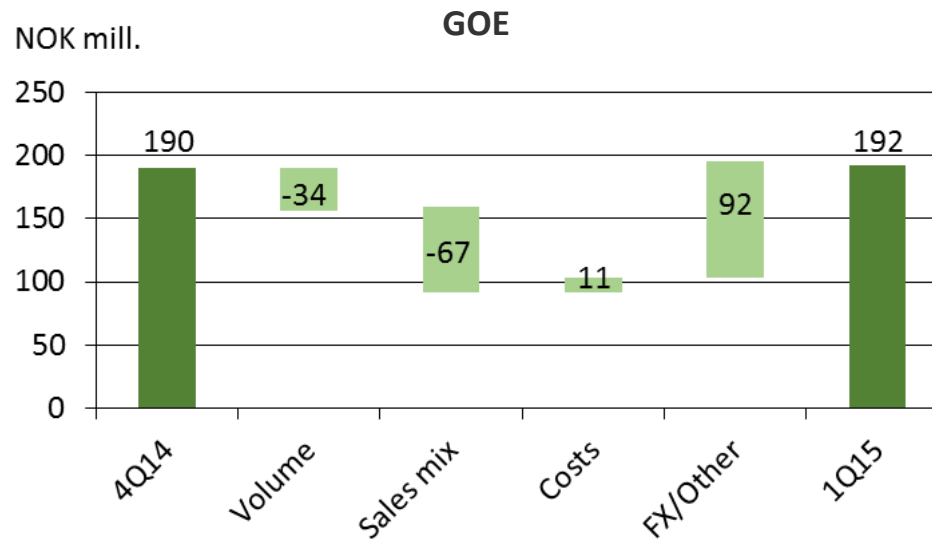
Key messages

- Gross operating earnings 1Q15 NOK 192 million
 - Marked improvement from NOK 153 million in 1Q14 following the completion of the Boyer conversion
 - Flat GOE from 4Q14 with weak European markets and low Asian newsprint prices offsetting positive foreign exchange rate effects and improvements at Boyer
- Refinancing of the group successfully completed in 1Q15
 - Transactions main driver of positive financial items amounting to NOK 600 million in the quarter
- Profit after tax 1Q15 NOK 663 million
 - Comparing to losses of NOK 45 million and NOK 1 017 million in 1Q14 and 4Q14 respectively
- Net debt NOK 7 126 million quarter end 1Q15
 - An increase from NOK 6 800 million a year ago with a weaker NOK inflating debt denominated in foreign currencies
 - A decrease from NOK 7 387 at year end with gains on exchanged bonds more than offsetting a seasonal increase in WC
- Walsum under strategic review



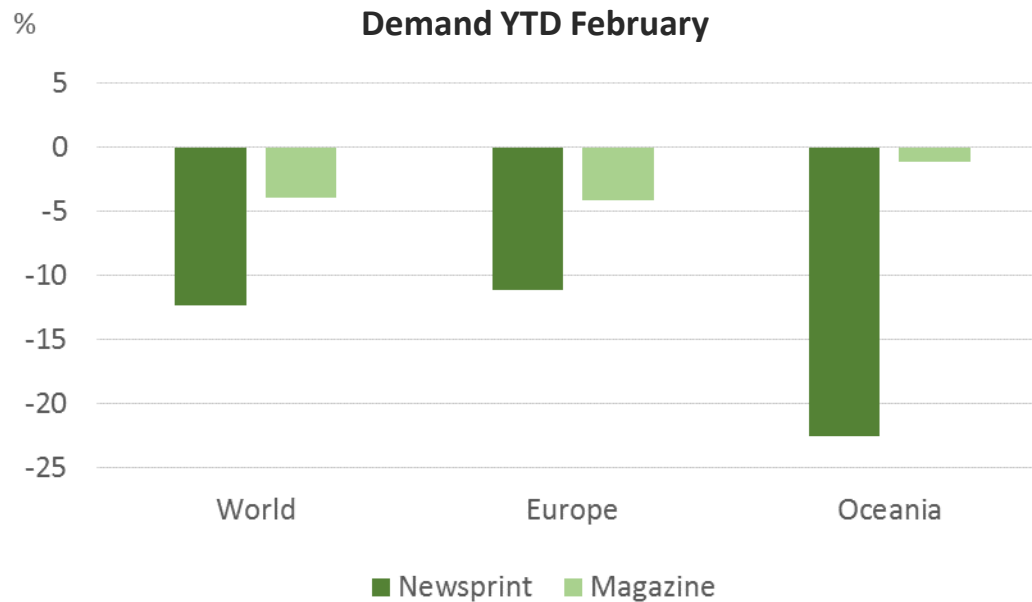
1Q15 GOE flat with neutralizing factors

- Improvement at Boyer
- Weak European publication paper markets
- Positive foreign exchange rate effects
- Low Asian export prices for newsprint



Weak newsprint demand into 2015

- World newsprint demand includes a reduction in China of 16% which is likely to be largely statistical
- European newsprint decline amplified by stock building last year. Modest demand reduction for magazine
- Oceania newsprint demand derived from variable trade data. Domestic Australian demand down around 10% for newsprint and relatively stable for magazine

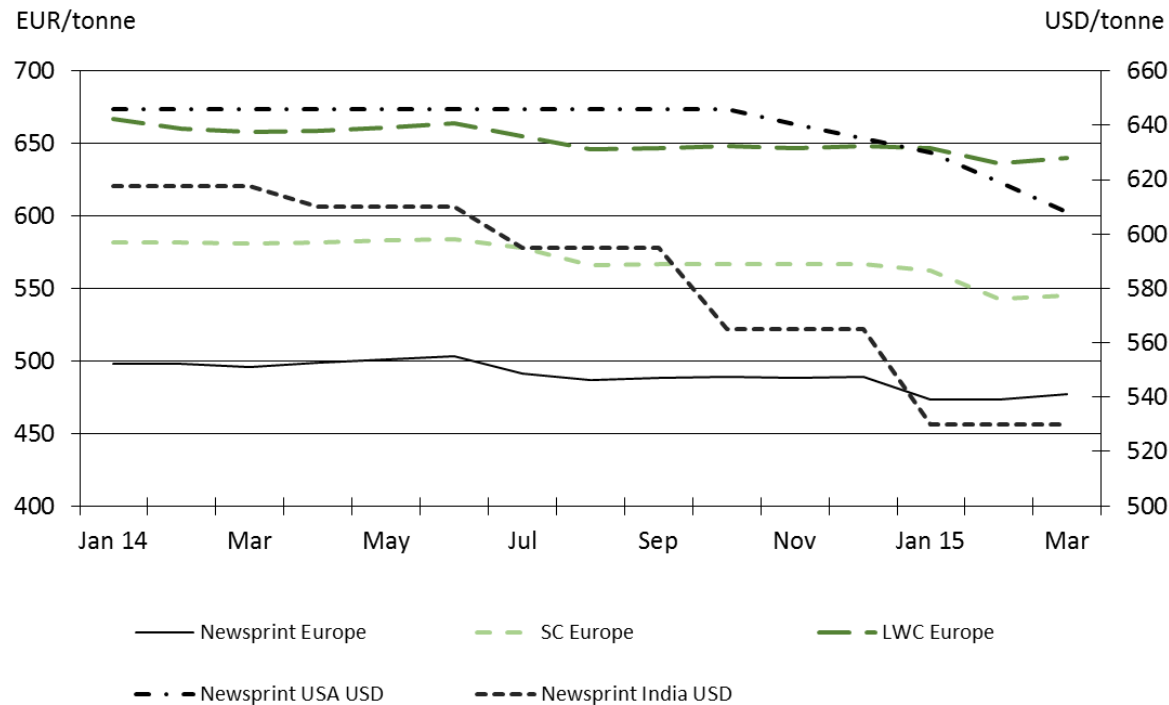


PPPC, RISI



Publication paper prices lower in the USA and Asia

- Newsprint prices in the USA are lower with weak export opportunities for NA producers
- Asian prices at depressed levels with Ruble capacity being marginal supply
- European publication paper prices relatively stable

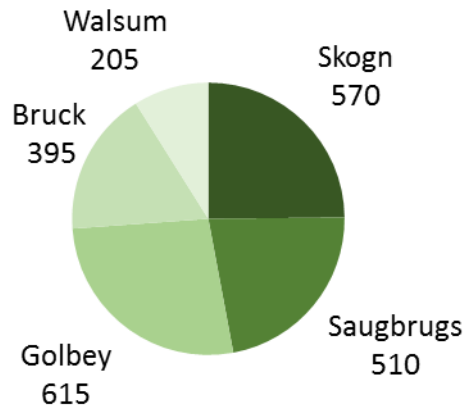


RISI

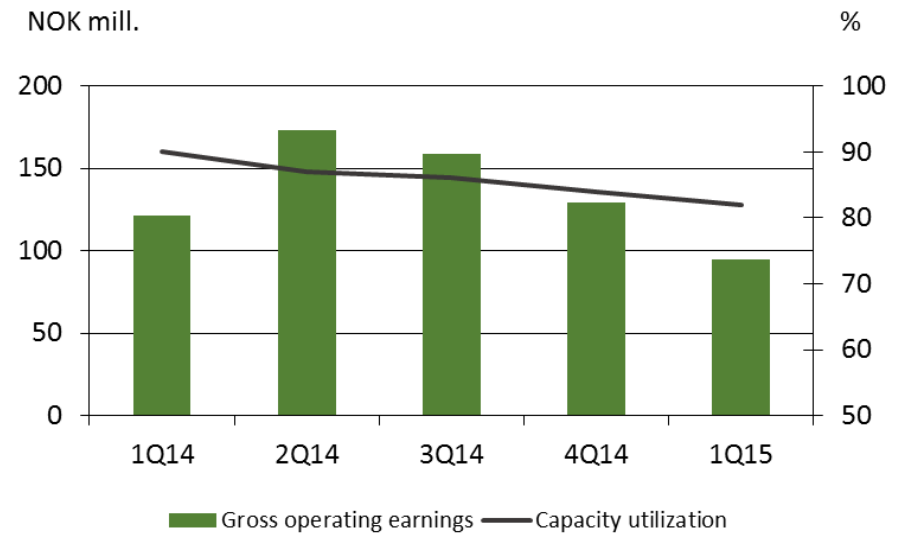


Publication paper Europe

Mill capacities ('000 tonnes)

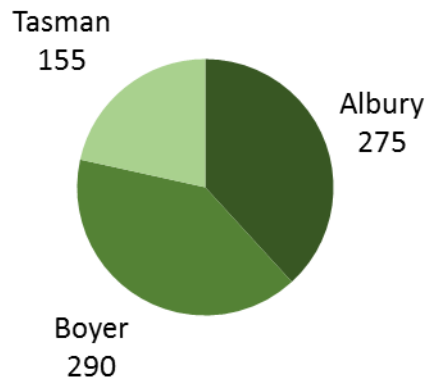


- Low sales volumes offsetting positive FX
 - Weak European publication paper markets
 - Capacity utilization reduced to support company's commercial policy

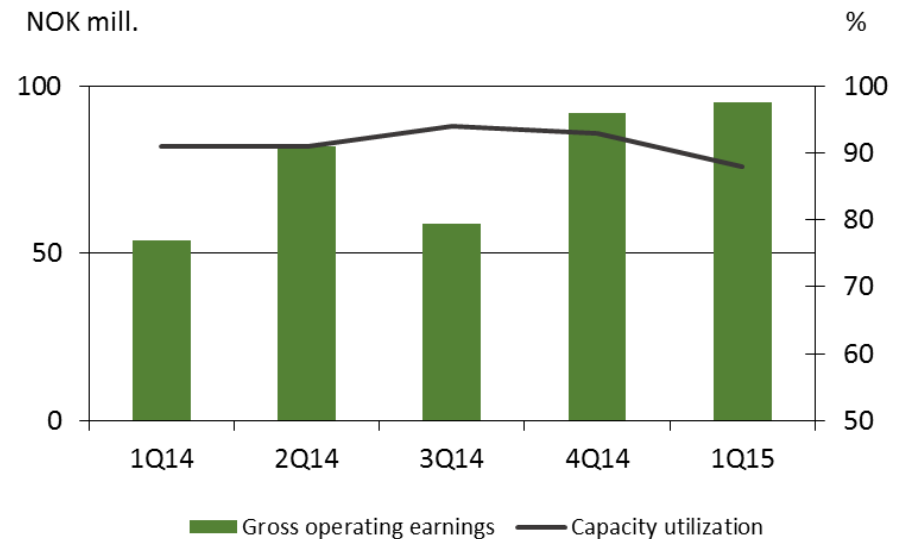


Publication paper Australasia

Mill capacities ('000 tonnes)

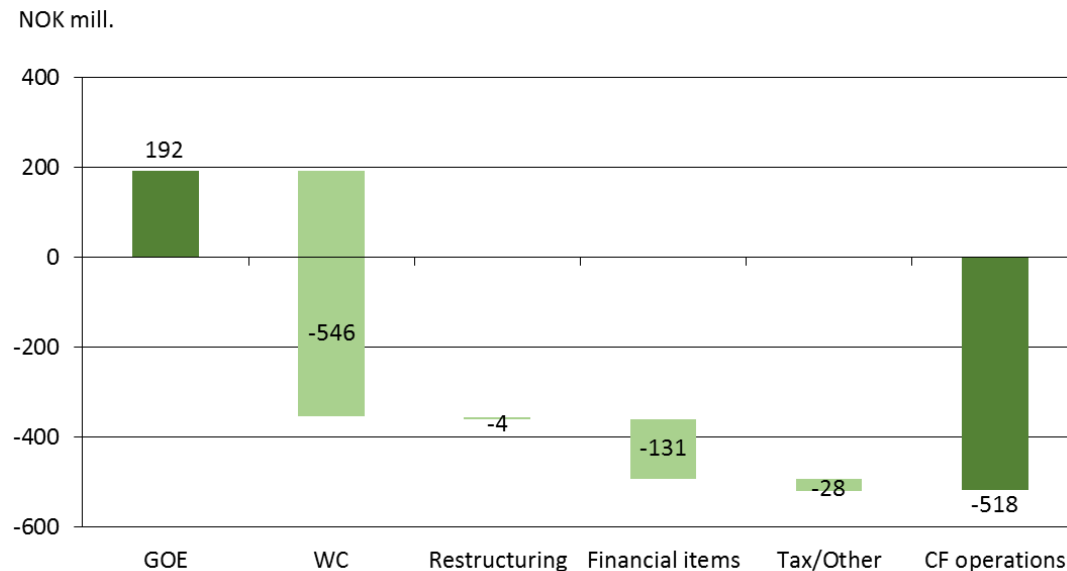


- Boyer conversion and Asian newsprint exports
 - Significant improvement in GOE yoy with the completion of the Boyer conversion
 - Flat GOE qoq with an improvement at Boyer outweighed by weak Asian export markets for newsprint



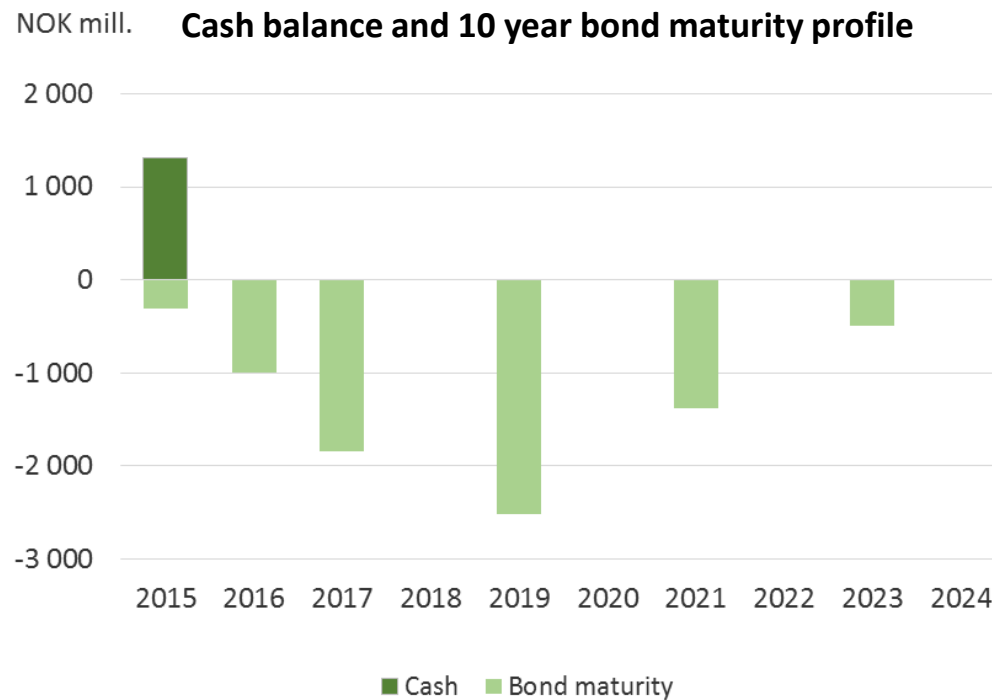
Seasonally negative cash flow from operations

- Large increase in WC with seasonality and opportunistic capturing of cash discounts
 - Supplier cash discounts attractive use of low yielding cash balances
- Financial items mainly constitute paid accrued interest on exchanged bonds



Cash options and extended maturities

- Strong cash position
 - Covering next two years maturities at nominal levels
 - Enables execution of bond buy backs strategy
- Unlevered capacity on AR facilities amounting to NOK 500 million



Outlook

- The market balance for newsprint and magazine paper expected to improve into 2H15
 - All announced capacity closures have now been completed
 - Giving room for price increases in the summer negotiations
- The group has a significant competitive advantage in Australia and New Zealand
 - As the sole domestic producer
 - Export markets for newsprint to Asia challenging, but to improve with announced Russian capacity closures
- Input factor prices expected to remain relatively stable
 - Consumption of input factors to decrease with ongoing efficiency projects at all mills
- Fixed costs initiatives are set to continue



Active responses to market conditions

- Active portfolio management through downtime
 - Shift schedule optimization and market stops during 1Q15
 - Market related summer stops are planned
- Group's commercial policy stays firm
 - No deliveries without agreed price
- Demand decline to level out through the year*
 - European newsprint demand forecasted to decline by 5.9% in 2015 and magazine demand to decrease by 3.3%
 - Capacity utilization rates to increase with now completed capacity closures in Europe
 - Newsprint 96% and magazine 89%
- Active portfolio management through strategic measures
 - Walsum currently under review
 - Alternative utilization of group's assets

*RISI



