



Norske Skog

Strategic update

Introducing packaging conversion projects

17 June 2020

Executing on strategy

Sven Ombudstvedt

Chief Executive Officer

Strategy

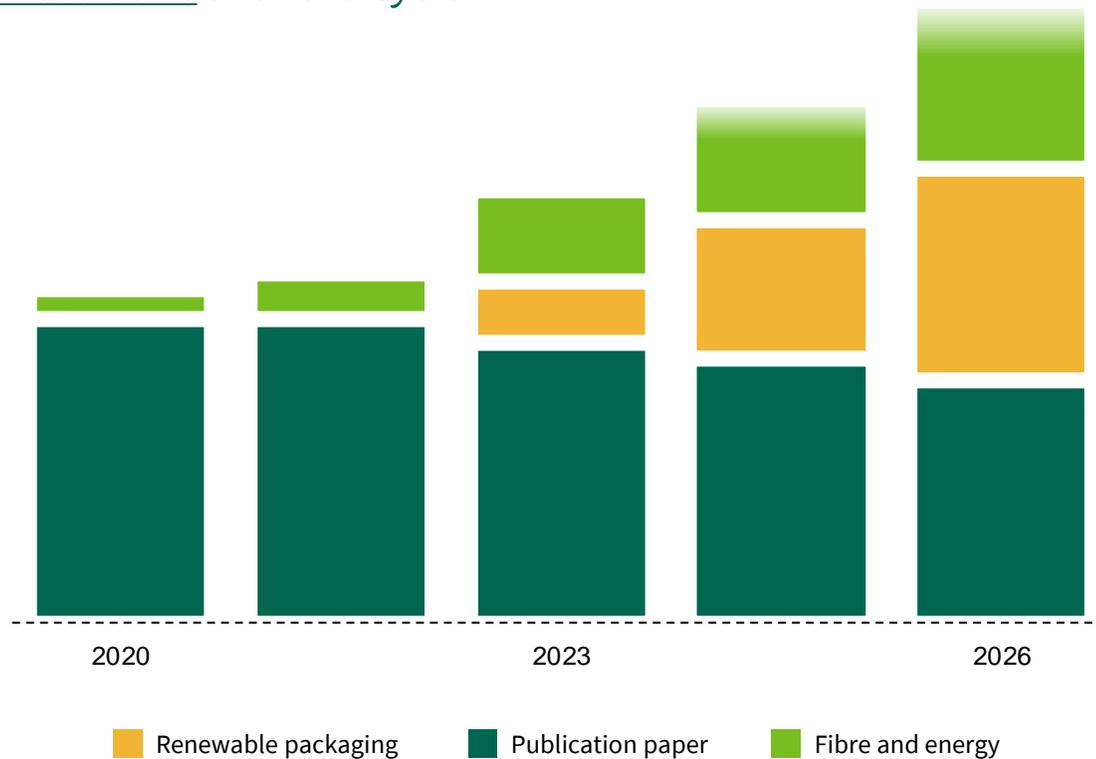


Norske Skog entering the packaging market

- Converting PM1 at Golbey and PM3 at Bruck, entering the containerboard market with 765,000 tonnes of **cost-leading supply**
- Containerboard market **driven by megatrends** within e-commerce and sustainable packaging, securing long-term operations
- **Brownfield conversion projects** limiting the total investment to approximately EUR 350m during 2021 to 2023
- Estimated EBITDA from containerboard machines of approximately **EUR 70-80m** at full utilisation¹
- Conversions provided by experienced and **best-in-class machine suppliers** based on years of studies and extensive planning
- Standstill at machines to be converted limited to approximately three months at end of project, minimising loss of cash flows
- Final investment decisions expected in H1 2021, estimated **production start in H1 2023**, full capacity utilisation end of 2025
- Constructive dialogues with banks and export credit agencies
- Balancing the newsprint market through capacity reductions of 360,000 tonnes in Western Europe

Milestone in transformation towards earnings growth

Illustrative over-the-cycle EBITDA



- Exciting portfolio of fibre and energy projects
- Introducing 765,000 tonnes of containerboard capacity
- Remain a committed producer of publication paper and maximise cash flows

Entering the containerboard market

Tore Hansesætre

Senior Vice President Strategic Projects

Value enhancing conversions in continental Europe



Norske Skog Golbey – France

- Convert PM1 to 555,000 tonnes of recycled containerboard capacity¹
- Total capex estimate of EUR 250m



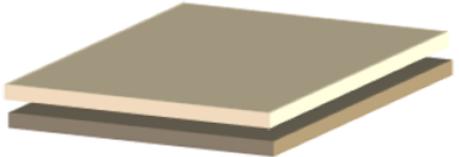
Norske Skog Bruck – Austria

- Convert PM3 to 210,000 tonnes of recycled containerboard capacity²
- Total capex estimate of EUR 90m

- Golbey and Bruck centrally located in continental Europe
- Established presence in recycled fibre markets
- Among the top brownfield opportunities in Europe
- Large industrial sites with scale advantages
- Boilers secure sustainable and competitive steam supply
- Machine specifications enable cost-leadership positions

Becoming a top 10 recycled containerboard producer

Norske Skog to focus on the main recycled containerboard products



Unbleached testliner

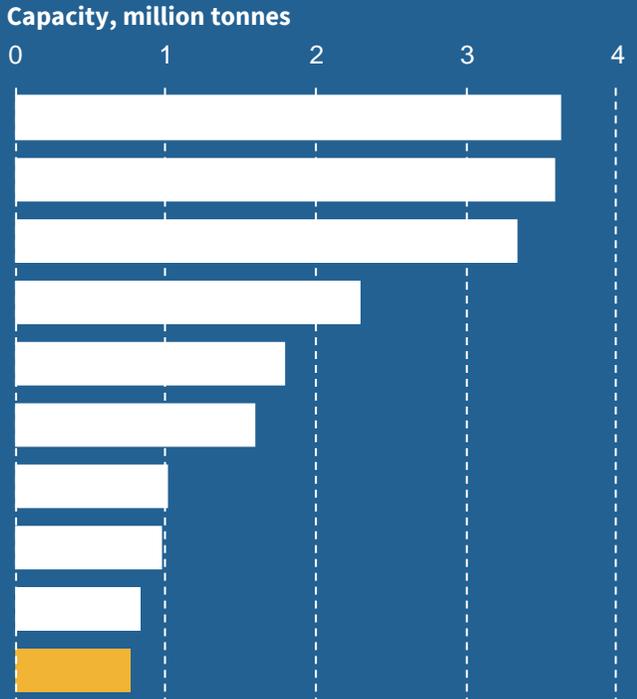
Weight range: 90-200g per sqm
Fibre: 100% recovered fibre
Use: Liner in corrugated board¹



Recycled fluting

Weight range: 75-170g per sqm
Fibre: 100% recovered fibre
Use: Fluting in corrugated board¹

Top 10 recycled containerboard suppliers in Europe

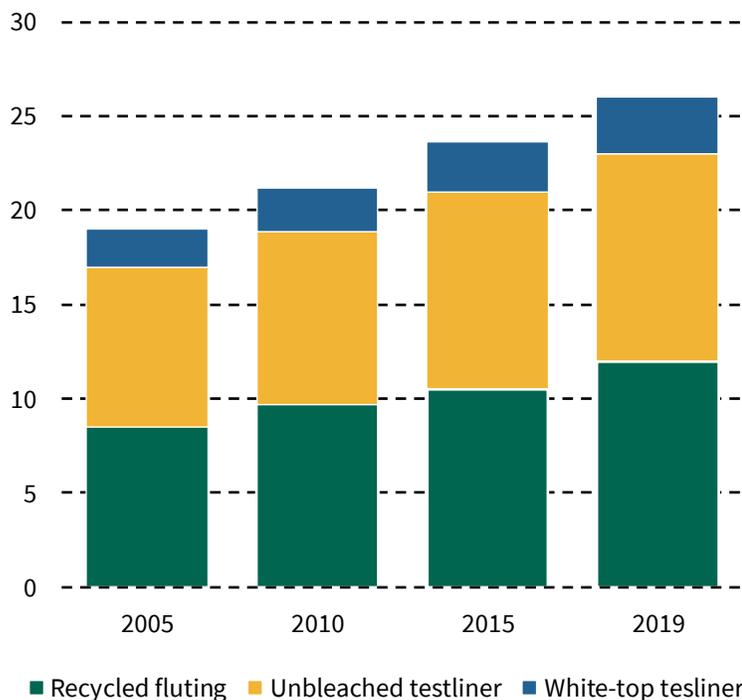


1) Combination of liner and fluting containerboards provides corrugated board

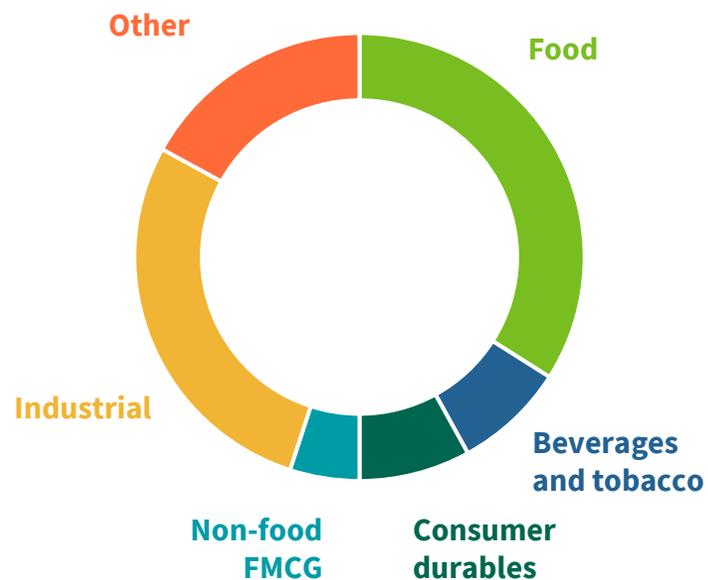
Favourable trends underpinning containerboard demand

European recycled containerboard demand

Million tonnes



Containerboard packaging end-uses

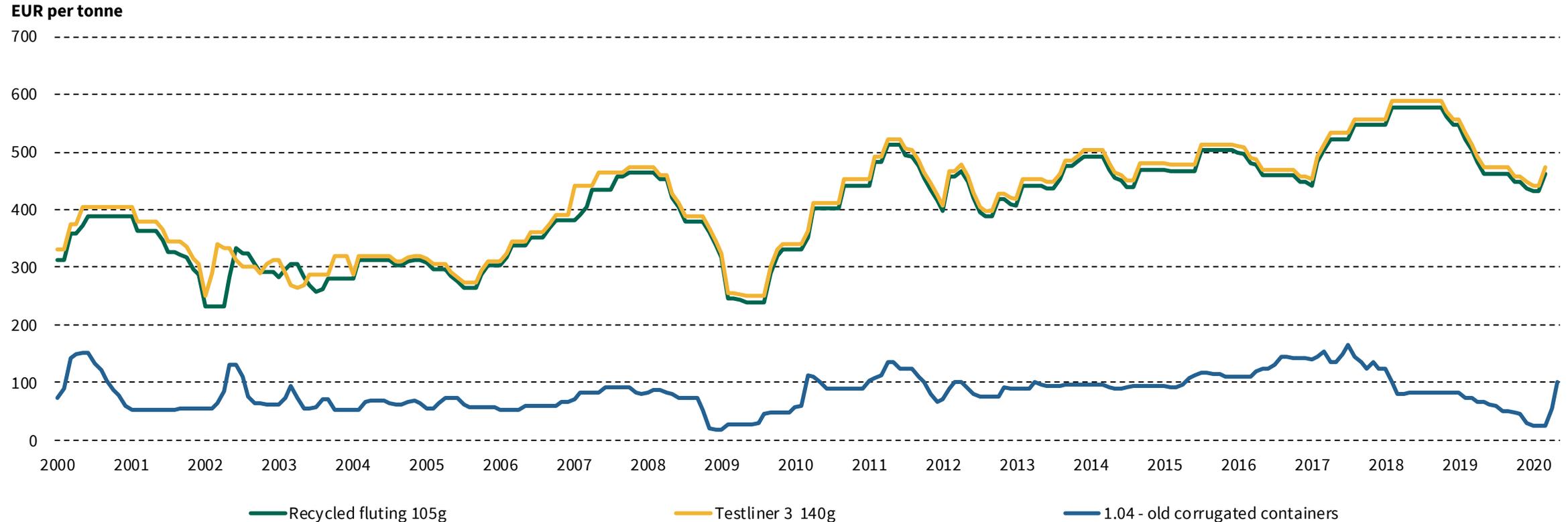


Demand trends

- Changing consumer shopping patterns
- Industrial packaging focusing on sustainability
- Fibre-based packaging substituting plastics
- Increase in consumer spending
- Population and industrial production growth

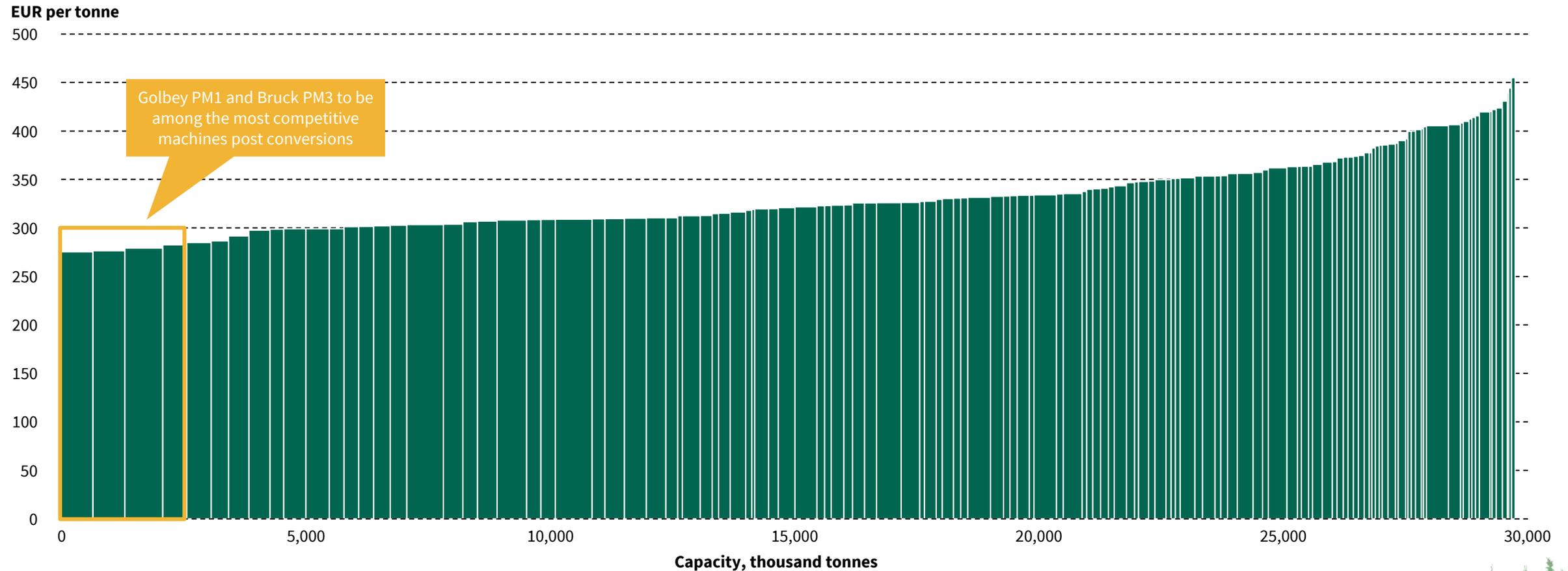
Strong price and margin environment

Recycled containerboard (fluting and testliner) and recycled fibre (OCC) reference prices in Germany



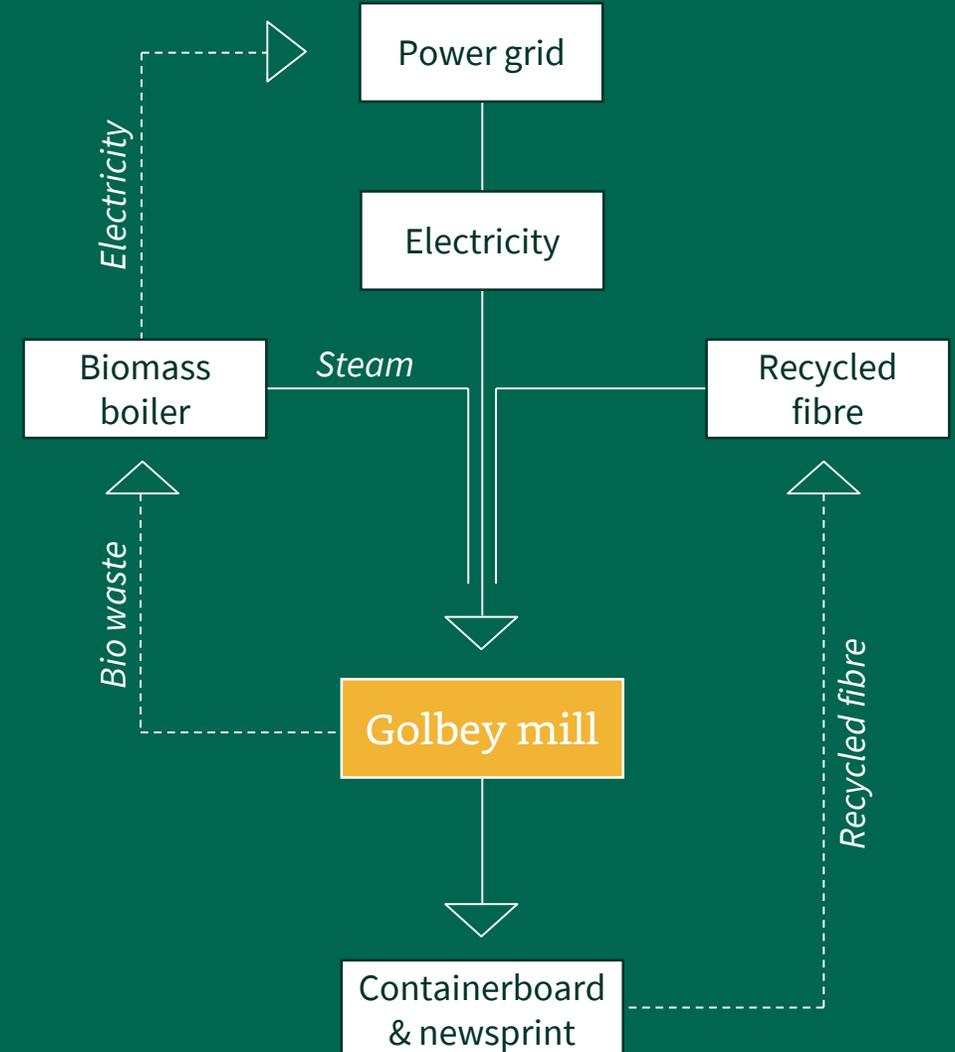
Introducing first-quartile containerboard capacity

Cash cost delivered Frankfurt for all recycled containerboard machines in Europe¹



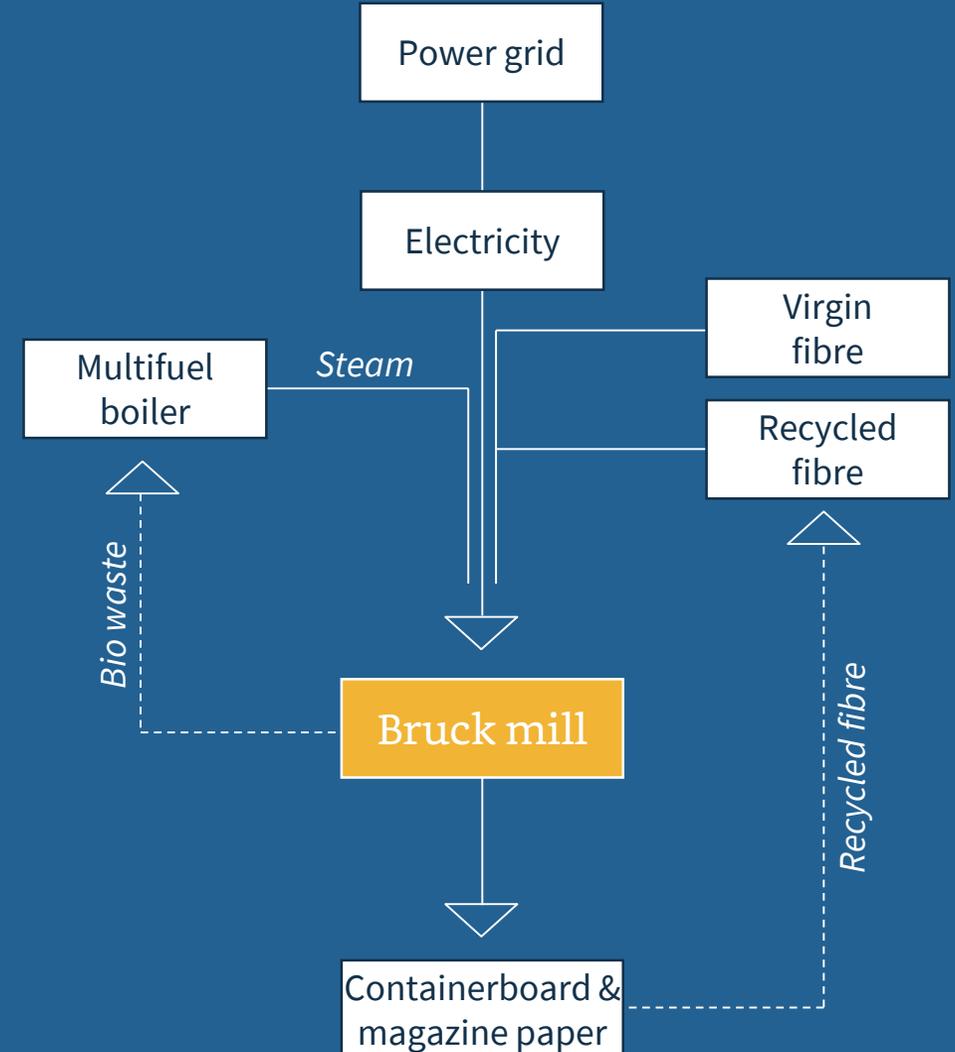
Sustainable packaging and paper production at Golbey

- Introducing 555,000 tonnes of cost-leading containerboard capacity
- Well progressed discussions with best-in-class machine suppliers
- Proven and industry-standard equipment and technical solutions
- Machine well suited for light-weight grades due to speed and width
- Experienced producer of pulp & paper based on recycled fibre
- Established and close relations to recycled fibre suppliers
- Perfect fit with new biomass boiler, supplying environmental and cost efficient steam from waste wood and sludge
- Mill electricity consumption reduced by ~30% following conversion
- Industry-leading PM2 machine with 330,000 tonnes newsprint capacity will continue production unaffected

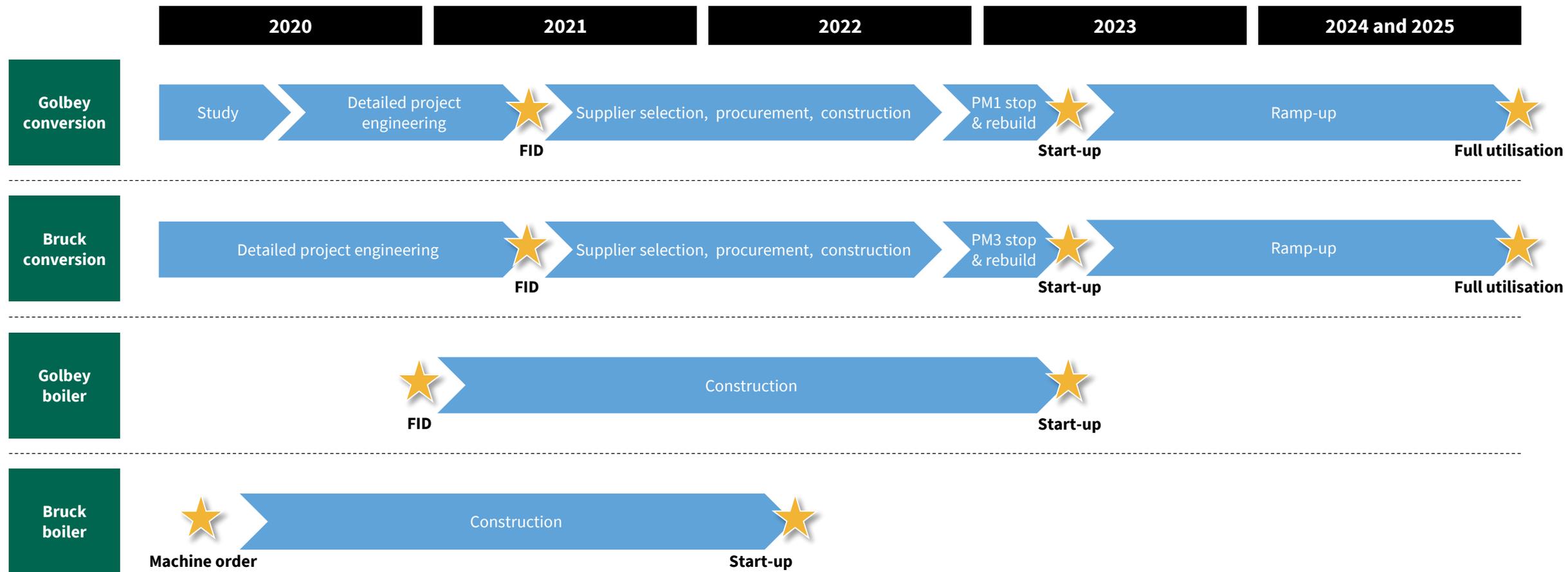


Industrial and circular ecosystem at Bruck

- 210,000 tonnes of new and cost-efficient containerboard capacity
- Well progressed discussions with best-in-class machine suppliers
- Proven and industry-standard equipment and technical solutions
- Machine width of 5.3 metres ideal to produce containerboard
- Experienced producer of pulp & paper based on recycled fibre
- Established and close relations to recycled fibre suppliers
- Integrating perfectly with state-of-the-art boiler starting in H1 2022, securing environmental steam supply from waste materials
- Significant reduction in carbon footprint with steam replacing gas
- High quality PM4 machine of 265,000 tonnes LWC capacity will continue production unaffected



Timeline

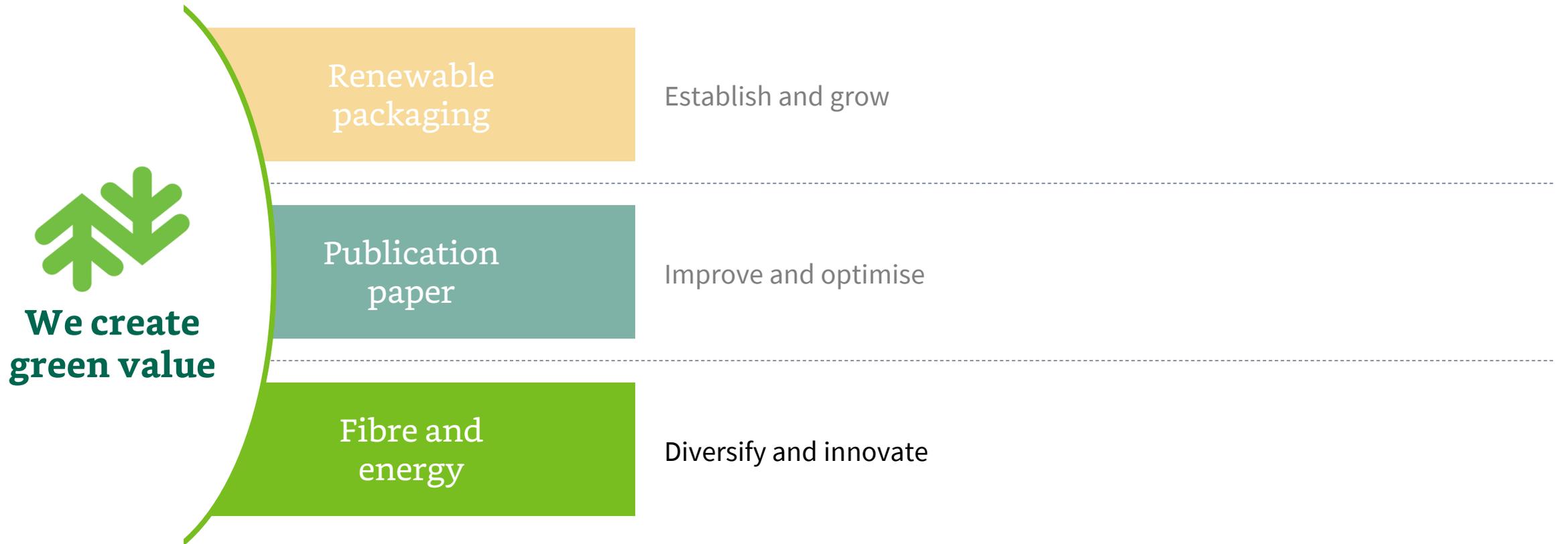


Concluding remarks

Sven Ombudstvedt

Chief Executive Officer

Strategy



Diversify and innovate through fibre and energy

- Ambition to further diversify and grow revenue streams



**We create
green value**

- Leverage unique fibre competence and quality assets
- Recent and successful increase of pellets capacity in New Zealand
- Revenues from Bruck multifuel boiler starting in H1 2022
- Golbey biomass boiler to ensure sustainable steam supply from H1 2023
- Working to commercialise CEBINA and biocomposites
- Attractive commercial potential within market pulp (BCTMP)
- Range of other exciting projects progressing rapidly

Our ambitions

- Become a producer of renewable packaging
- Remain a producer of all publication paper grades
- Explore new fibre and energy opportunities
- Develop fibre operations in Norway
- Improve Australasian operations
- Unchanged dividend policy

[CEBINA video link](#)





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