

Future on Paper

Norske Skog

Financial details, Q 1 2008

Market Update

Key financials

		Q1/08	Q4/07	Q1/07
Operating revenue	NOK mill	6 269	6 956	6 726
Underlying gross operating earnings *	NOK mill	634	926	1 103
Underlying operating earnings *	NOK mill	(44)	235	405
Underlying gross operating margin *	%	10,1 %	13,3 %	16,4 %
Underlying operating margin *	%	-0,7 %	3,4 %	6,0 %
Return on capital employed *	%	0,2 %	0,7 %	4,6 %
Profit before tax	NOK mill	(1 108)	(82)	(135)
Net profit	NOK mill	(966)	(910)	(99)
Earnings per share	NOK	(5,04)	(4,65)	(0,50)
Cash flow from operating activities	NOK mill	832	521	607
Cash flow per share	NOK	4,40	2,75	3,21
Net interest bearing debt	NOK mill	15 742	16 408	16 611
Net interest bearing debt / equity	Ratio	1,12	1,05	0,93
Production	1 000 tonnes	1 469	1 476	1 504
Deliveries	1 000 tonnes	1 442	1 599	1 427

* The numbers are exclusive of items that are deemed not to be related to the underlying operation. The numbers are reconciled to the IFRS accounts on the next slide.

Comparison underlying versus IFRS

Underlying Gross operating earnings

Cash flow hedging effects

Gross operating earnings IFRS

Q1/08	Q4/07	Q1/07
634	926	1 103
(145)	(148)	72
489	778	1 175

Underlying Operating earnings

Value changes energy contracts

Value changes derivatives

Value changes other assets

Cash flow hedging effects

Special, non-recurring items

Restructuring expenses

Impairments

Operating earnings IFRS

Q1/08	Q4/07	Q1/07
(44)	235	405
475	4 489	(22)
467	439	(396)
0	27	0
(145)	(148)	72
(291)	0	(2)
(198)	0	0
(1 254)	(4 866)	0
(990)	176	57

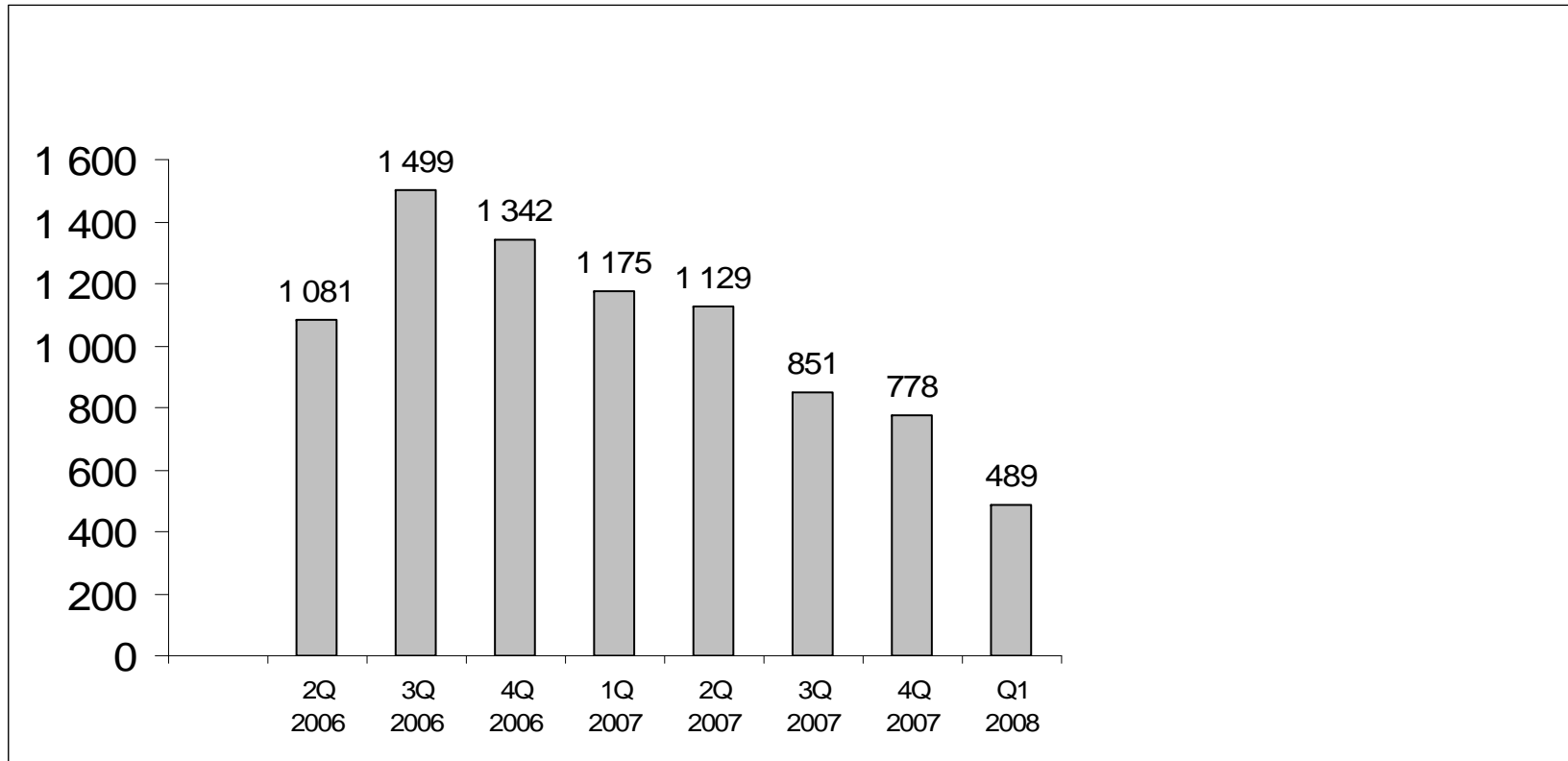
Gross operating earnings (EBITDA) by segments

NOK	Q1 2007	Q4 2007	Q1 2007
Europe Newsprint	169	303	473
Asia	89	148	297
Australasia	140	214	251
South America	2	61	70
Sales offices/ Eliminations	3	31	(14)
Total Newsprint	403	757	1 077
Magazine Paper	154	83	152
Total Paper	557	840	1 251
Energy	(5)	2	(43)
Other activities	(63)	(89)	(56)
Eliminations	0	25	23
Gross operating earnings- IFRS	489	778	1 175
Realized gains-Cash flow hedge	(145)	(148)	72
Underlying gross operating earnings	634	926	1 103

Profit and loss account

	Q1/08	Q4/07	Q1/07
Operating revenue	6 269	6 956	6 726
Distribution costs	(579)	(592)	(592)
Cost of materials	(3 913)	(3 709)	(3 872)
Change in inventory	120	(473)	306
Employee benefit expenses	(874)	(860)	(919)
Other operating expenses	(534)	(544)	(474)
Gross operating earnings	489	778	1 175
Depreciations	(721)	(719)	(735)
Operating earnings before restructuring expenses	(232)	59	440
Restructuring expenses	(198)	0	0
Other gains and losses	694	4 983	(383)
Impairments	(1 254)	(4 866)	0
Operating earnings	(990)	176	57
Share of profit in associated companies	(1)	1	13
Financial items	(117)	(259)	(205)
Profit before tax	(1 108)	(82)	(135)
Taxes	142	(828)	36
Net profit	(966)	(910)	(99)
Attributable to minority interests	(11)	(30)	(5)
Attributable to equity holders of the company	(955)	(880)	(94)
Earnings per share	(5,04)	(4,65)	(0,50)

Gross operating earnings



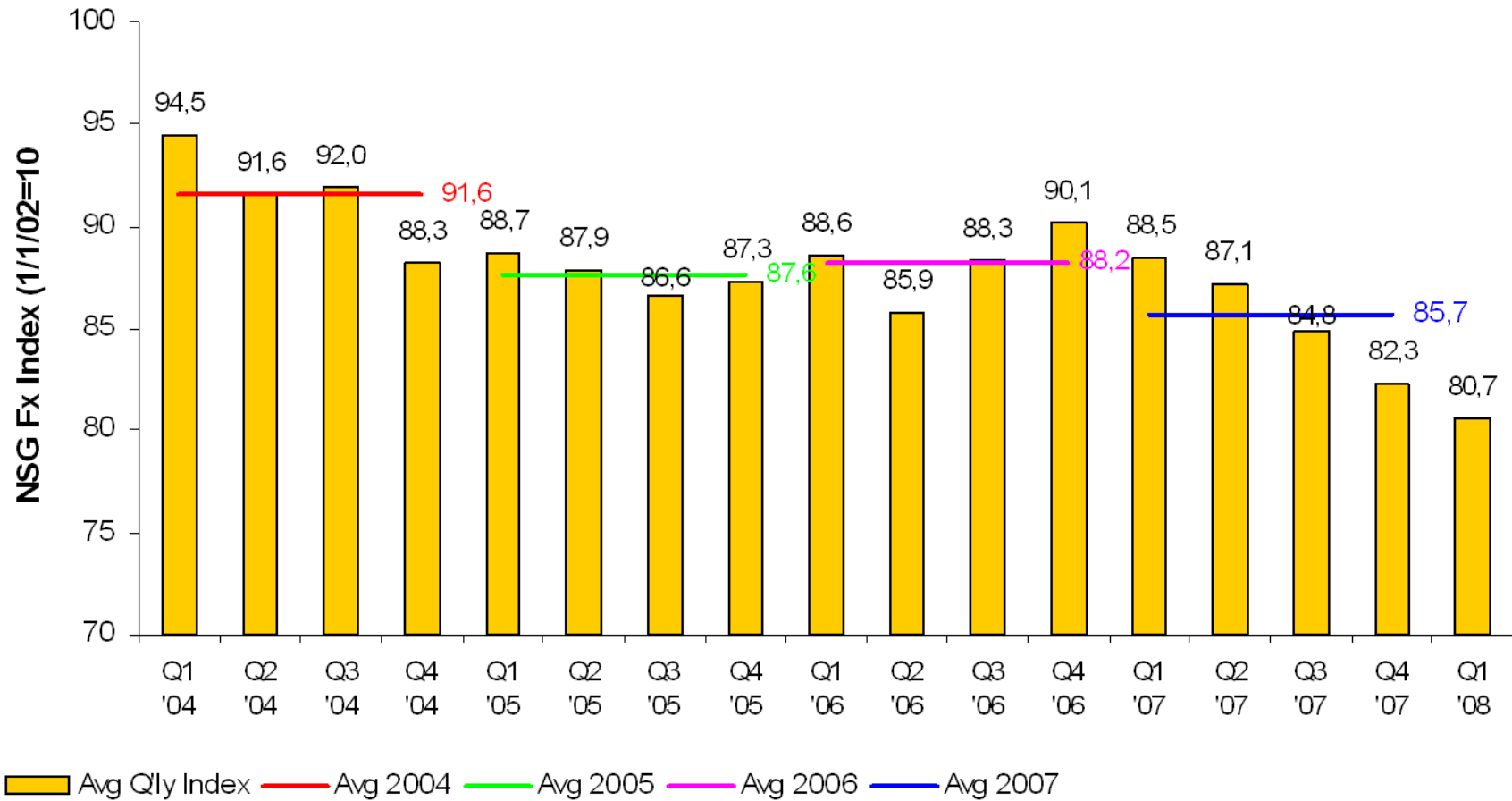
Financial items

	Q1 2008	Q4 2007	Q1 2007
Net interest cost	(291)	(289)	(258)
Interest rate derivatives	41	38	2
Realized currency gain/loss cash flow hedge	145	148	(72)
Urealized currency gain/loss cash flow hedge	(50)	(95)	153
Other currency gain/loss	79	(25)	2
Other financial items	(41)	(37)	(31)
Total financial items	(117)	(260)	(204)
Gearing ¹⁾	1,12	1,06	0,93
Net interest bearing debt ²⁾	15742	16408	16605

1) Gearing = Net interest bearing debt / Equity

2) Net interest-bearing debt = Interest bearing debt – Cash and Cash equivalents - Interest rate swaps (fair value hedge)




Norske Skog's currency index



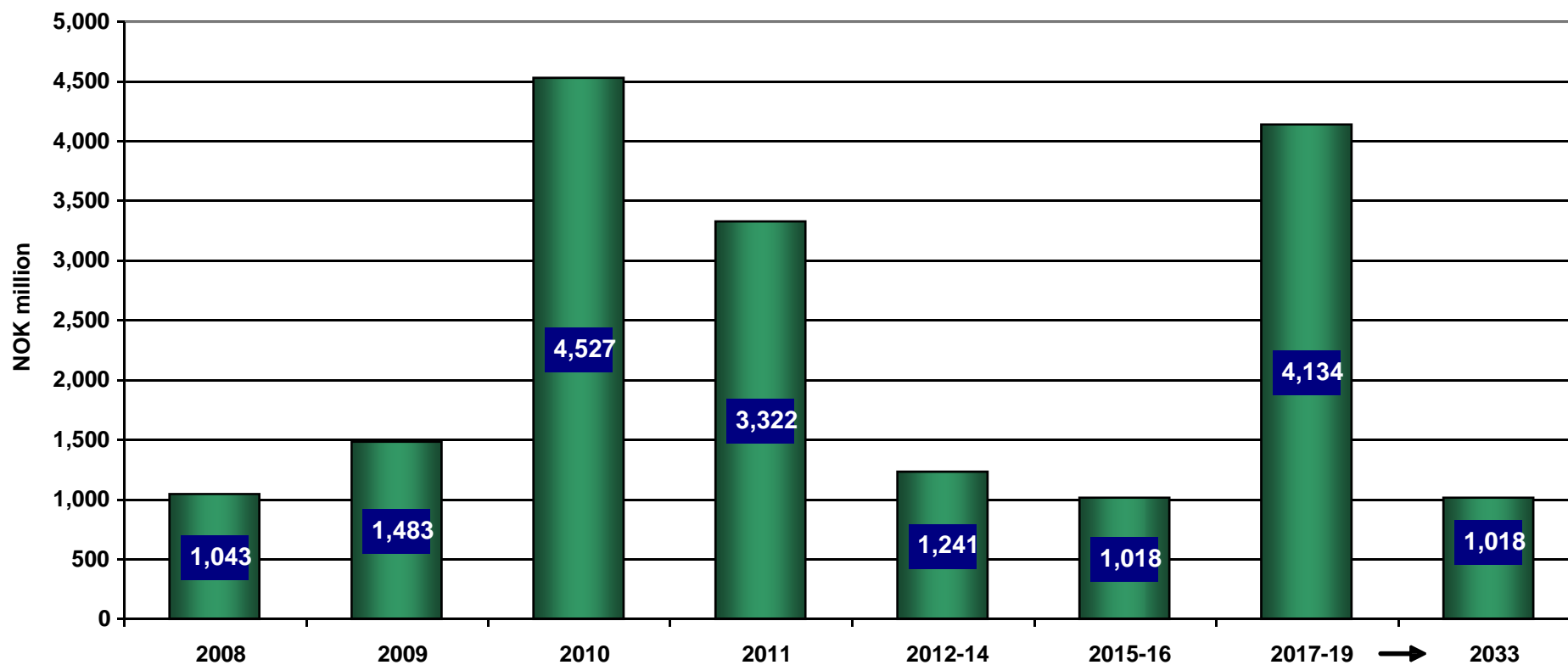
Balance sheet

	31.03.2008	31.12.2007	31.03.2007
Deferred tax asset	12	11	221
Other intangible assets	200	132	3 046
Property, plant and equipment	25 676	28 401	32 489
Investments in associated companies	223	234	343
Other non-current assets	750	529	420
Total non-current assets	26 861	29 307	36 519
Inventory	2 895	2 731	2 970
Receivables	3 666	3 811	3 918
Cash and cash equivalents	1 982	1 792	537
Other current assets	6 704	5 619	596
Total current assets	15 247	13 953	8 021
Total assets	42 108	43 260	44 540
Paid-in equity	12 297	12 310	12 309
Retained earnings	1 725	3 282	5 583
Minority interests	356	365	432
Total equity	14 378	15 957	18 324
Pension obligations	529	519	537
Deferred tax	1 776	2 033	1 619
Interest-bearing non-current liabilities	17 153	17 294	14 552
Other non-current liabilities	1 764	1 687	1 772
Total non-current liabilities	21 222	21 533	18 480
Interest-bearing current liabilities	1 075	1 141	2 683
Trade and other receivables	4 460	3 702	3 832
Tax payable	89	73	159
Other current liabilities	884	854	1 062
Total current liabilities	6 508	5 770	7 736
Total liabilities	27 730	27 303	26 216
Total equity and liabilities	42 108	43 260	44 540

Balance sheet – currency effect Q1

Gross Assets less non-interest bearing debt		Debt		Currency rate change	
Distribution as of	31.03.08	Distribution as of	31.03.08	Q4-Q1:	
NOK	27 %	NOK	4 %	EUR	1,1%
EUR	24 %	EUR	49 %	AUD	-2,5%
AUD	12 %	AUD	13 %	NZD	-4,6%
NZD	8 %	NZD	0 %	USD	-5,9%
USD	6 %	USD	24 %	CNY	6,0%
CNY	4 %	CNY	3 %	KRW	-12,1%
KRW	15 %	KRW	6 %		
Other	4 %	Other	1 %		
					
Decrease in Q1:		-604	Decrease in Q1:		452
					
Decreased equity: -152					

Debt maturity schedule 31.03.2008



Cash flow

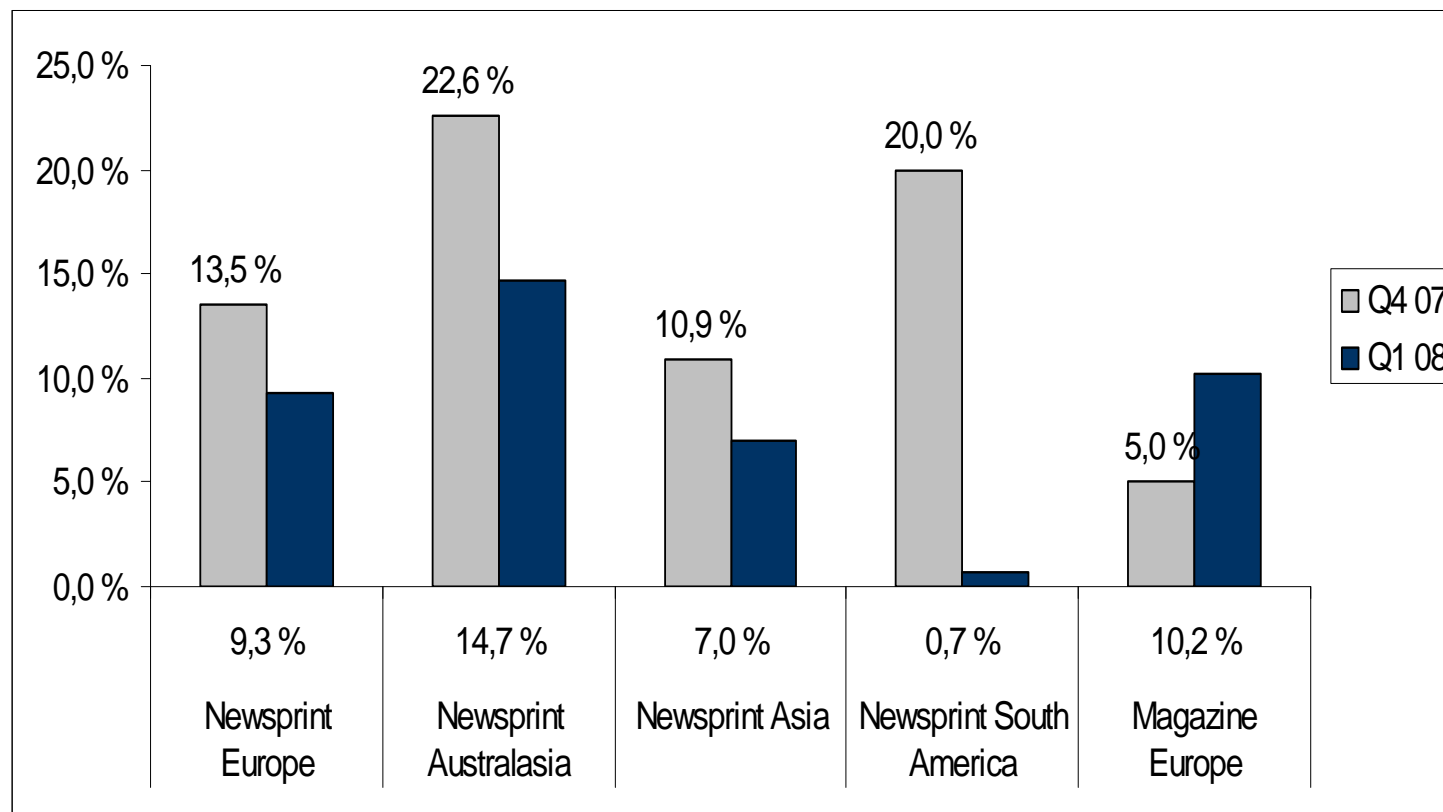
	Q1 2008	Q4 2007	Q3 2007
Gross operating earnings	489	778	851
Restructuring cost	(198)	0	0
Other gains and losses	694	4 983	69
Adjustment of non-cash items in Gross operating earnings	(798)	(4 869)	(81)
Change in Working Capital	605	287	197
Operational Cash Flow	792	1 179	1 036
Cash from net financial items	65	(317)	(120)
Taxes paid	(25)	(341)	(144)
Levered Operational Cash Flow	832	521	772
Investments (capex)	(390)	(599)	(449)
Sales of operational fixed assets	105	9	4
Other investments / divestments	-	-	-
Sales/purchase of shares	(15)	-	-
Dividend received	-	-	87
Dividend paid	-	-	-
Free Cash Flow	532	(69)	414
New equity	-	-	-
FX and other non-cash items on cash and debt	24	(108)	817
Change in net interest bearing debt	556	(177)	1 231

P&L account by operational segments

Q1 2008 - Million NOK

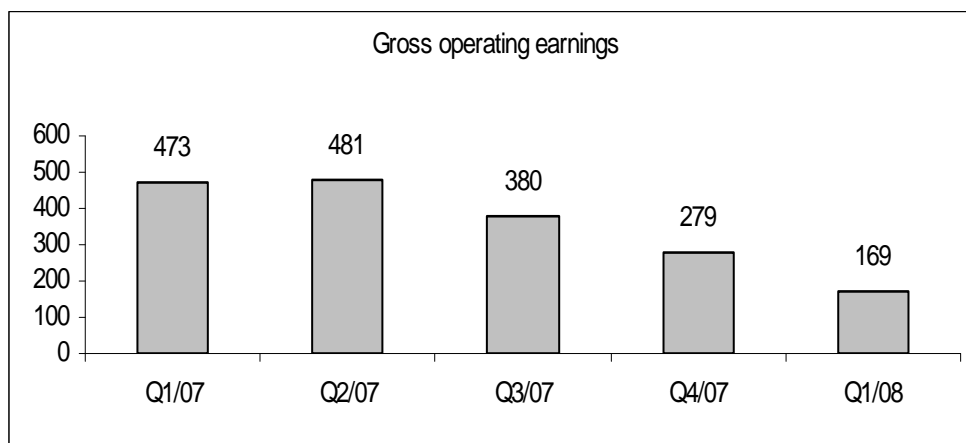
	Newsprint	Magazine	Energy	Other	Eliminations	Group
Operating revenue	4 427	1 514	418	923	(1 013)	6 269
Gross operating earnings	403	154	(5)	(63)	0	489
Depreciation	(596)	(112)	0	(13)	0	(721)
Gross operating earnings after depreciations (EBIT)	(193)	42	(5)	(76)	0	(232)
Restructuring expenses	(180)	0	0	(18)	0	(198)
Other gains and losses	(286)	(4)	986	0	(2)	694
Impairments	(1 261)	0	0	7	0	(1 254)
Operating earnings - IFRS	(1 920)	38	981	(87)	(2)	(990)

Gross operating margins by operating segment



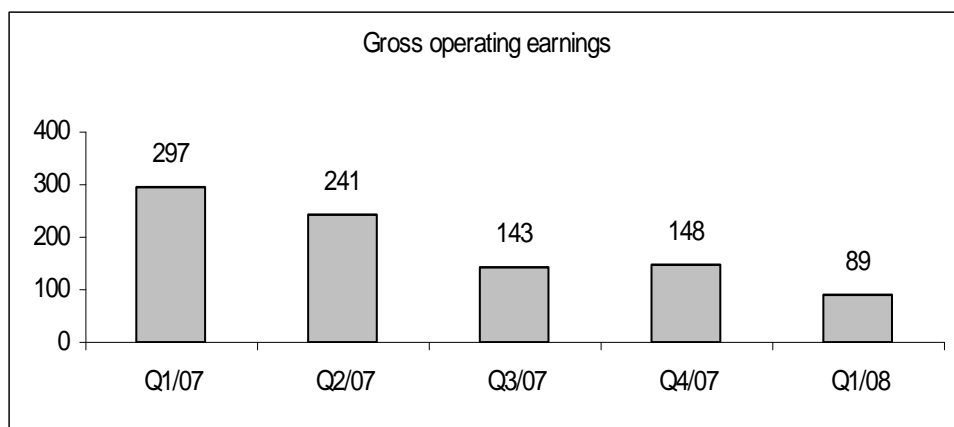
Europe Newsprint

Key figures	Q1 2008	Q4 2007	Q1 2007
Operating revenue	1 823	2 245	2 156
Gross operating earnings	169	303	473
Operating earnings before restructuring expenses	(36)	87	290
Operating earnings IFRS	(475)	175	289
Gross operating margin %	9,3	13,5	21,9
Shipments	471	562	497
Production	480	494	536
Production / capacity %	86	88	97



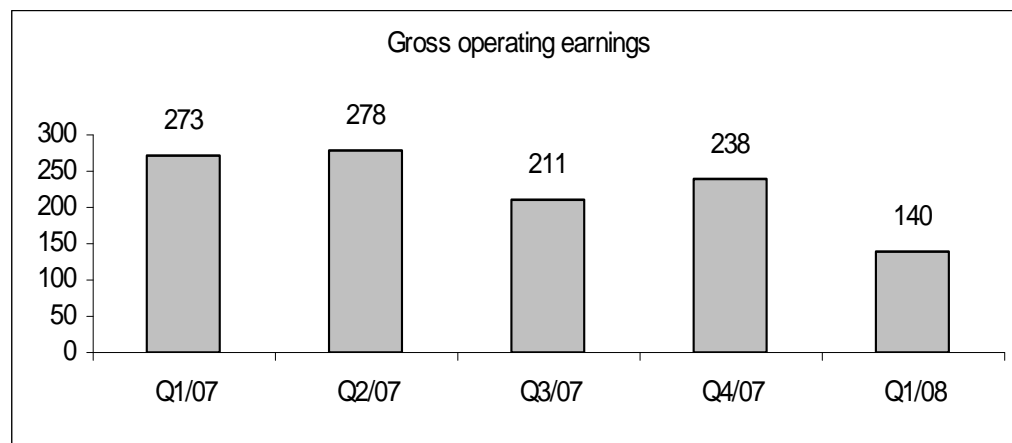
Asia Newsprint

Key figures	Q1 2008	Q4 2007	Q1 2007
Operating revenue	1 267	1 359	1 381
Gross operating earnings	89	148	297
Operating earnings before restructuring expenses	(95)	(21)	134
Operating earnings IFRS	(860)	(25)	149
Gross operating margin %	7,0	10,9	21,5
Shipments	385	407	364
Production	372	374	389
Production / capacity %	92	93	97



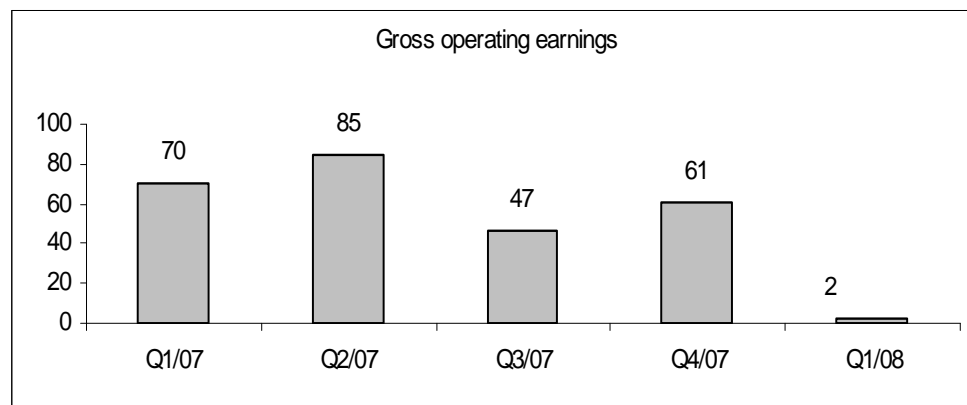
Australasia Newsprint

Key figures	Q1 2008	Q4 2007	Q1 2007
Operating revenue	953	946	943
Gross operating earnings	140	214	251
Operating earnings before restructuring expenses	(35)	45	98
Operating earnings IFRS	20	186	(76)
Gross operating margin %	14,7	22,6	26,6
Shipments	219	215	194
Production	206	209	198
Production / capacity %	94	96	90



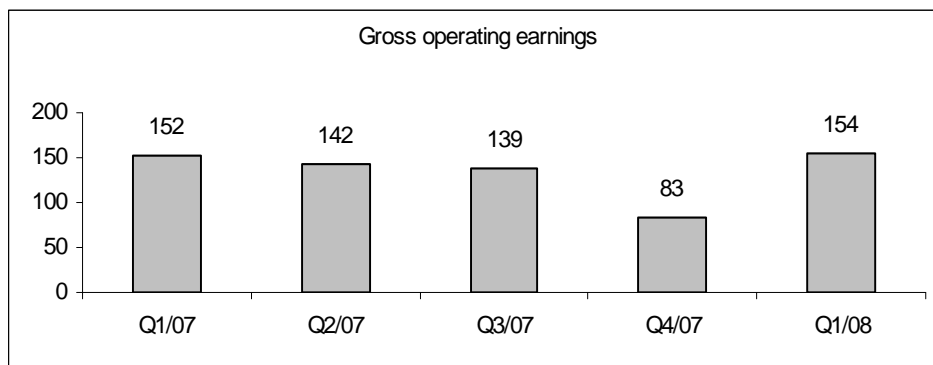
South America Newsprint

Key figures	Q1 2008	Q4 2007	Q1 2007
Operating revenue	270	305	314
Gross operating earnings	2	61	70
Operating earnings before restructuring expenses	(29)	33	26
Operating earnings IFRS	(633)	175	(78)
Gross operating margin %	0,7	20,0	22,3
Shipments	68	76	68
Production	73	75	73
Production / capacity %	94	94	94



Europe Magazine

Key figures	Q1 2008	Q4 2007	Q1 2007
Operating revenue	1 514	1 671	1 598
Gross operating earnings	154	83	152
Operating earnings before restructuring expenses	42	(52)	311
Operating earnings IFRS	38	(2 087)	(7)
Gross operating margin %	10,2	5,0	9,5
Shipments	298	339	304
Production	337	324	308
Production / capacity %	97	93	89

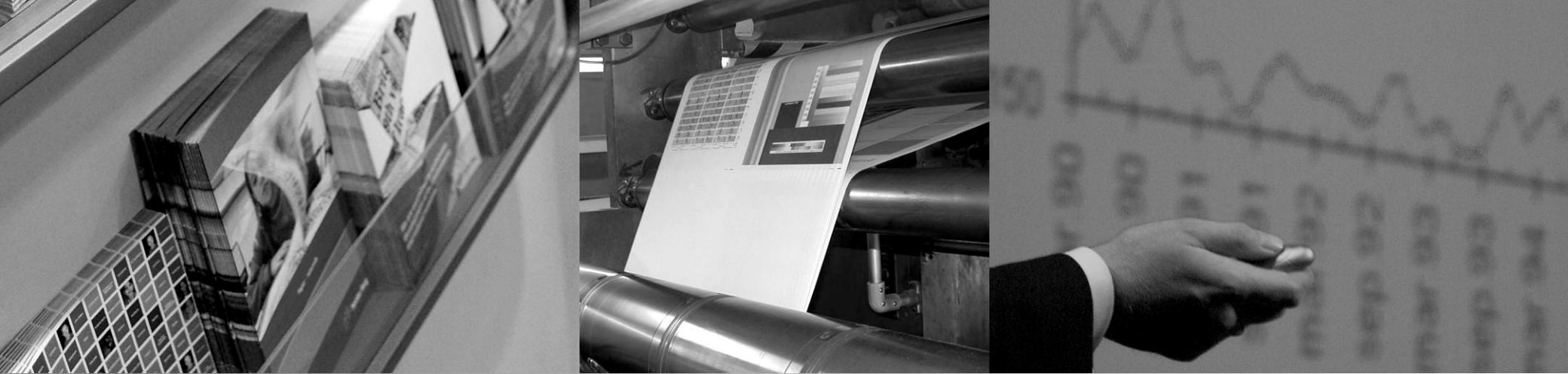


Operational summary

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Production					
Newsprint Europe	480	494	525	537	536
Newsprint Australasia	206	209	211	213	198
Newsprint Asia	372	374	385	391	389
Newsprint South America	73	75	78	77	73
Magazine Europe	337	324	330	322	308
Deliveries					
Newsprint Europe	471	562	510	517	497
Newsprint Australasia	219	215	200	196	194
Newsprint Asia	385	407	381	392	364
Newsprint South America	68	76	80	77	68
Magazine Europe	298	339	352	296	304
Production/Capacity					
Newsprint Europe	86 %	88 %	95 %	97 %	97 %
Newsprint Australasia	94 %	96 %	96 %	97 %	90 %
Newsprint Asia	92 %	93 %	96 %	97 %	97 %
Newsprint South America	94 %	94 %	100 %	99 %	94 %
Magazine Europe	97 %	93 %	95 %	93 %	89 %

Financial Summary

	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Operating Revenue					
Newsprint Europe	1823	2245	2087	2201	2156
Newsprint Australasia	953	946	895	941	943
Newsprint Asia	1267	1359	1312	1408	1381
Newsprint South America	270	305	318	347	314
Magazine Europe	1514	1671	1719	1522	1598
Gross operating earnings before restructuring expenses					
Newsprint Europe	169	303	381	480	473
Newsprint Australasia	140	214	214	266	251
Newsprint Asia	89	148	134	238	297
Newsprint South America	2	61	46	80	70
Magazine Europe	154	83	138	147	152
Operating Earnings IFRS					
Newsprint Europe	(475)	175	207	305	289
Newsprint Australasia	20	186	(15)	7	(76)
Newsprint Asia	(860)	(25)	(29)	56	149
Newsprint South America	(633)	175	(243)	(252)	(78)
Magazine Europe	38	(2 087)	(13)	(6)	(7)
Gross operating margin %					
Newsprint Europe	9,3 %	13,5 %	18,3 %	21,8 %	21,9 %
Newsprint Australasia	14,7 %	22,6 %	23,9 %	28,3 %	26,6 %
Newsprint Asia	7,0 %	10,9 %	10,2 %	16,9 %	21,5 %
Newsprint South America	0,7 %	20,0 %	14,5 %	23,1 %	22,3 %
Magazine Europe	10,2 %	5,0 %	8,0 %	9,7 %	9,5 %



Future on Paper

Market update

May 2008

Demand Q1'08 vs Q 1'07

Partly based on preliminary statistics

Region/Product	Q1'08/Q1'07	Comments
N. Am – Std News	-5.7%	Down, but less than 2007
Europe – Std News	-3.5%	Easter 2008 was in March, versus April last year
Europe – Magazine	+ 1.3%	
Asia (ex Japan) – Std News	+4.6%	Strong growth in China and India
Australasia – Std News	-11.7%	Destocking in 2008
South Am – Std News	+14.7%	Increased consumption, but also customer stock building
World – Std News	- 0.7 %	

Newsprint & OUNC - Europe

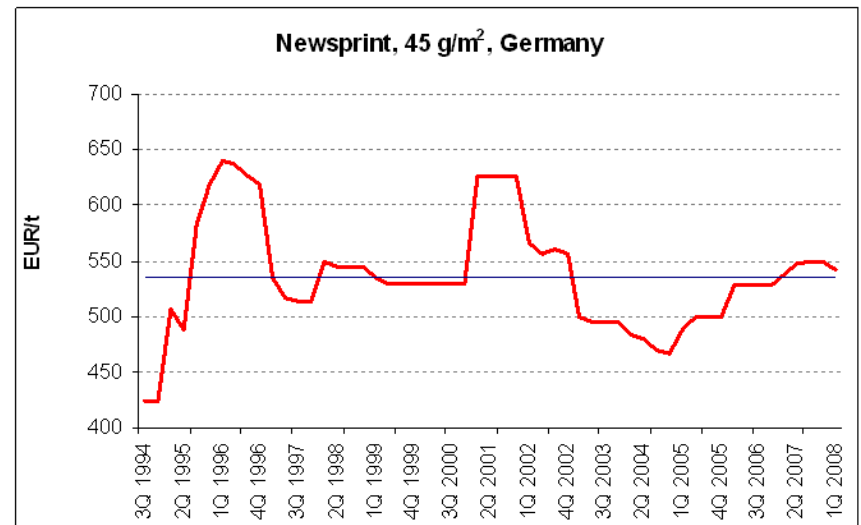
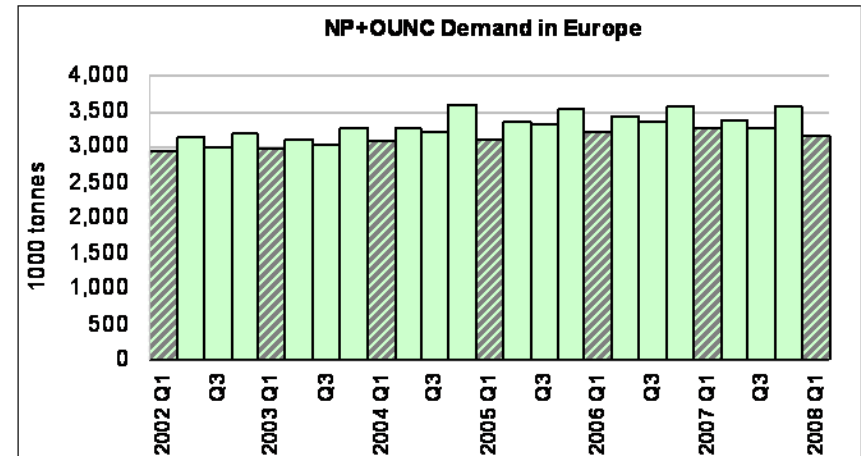
OUNC = Improved newsprint & other uncoated publication papers

- Demand in Europe:
 - Q1 08/Q1 07: -3.2%
 - 6 months y/y: -1.5%

- Total deliveries from W. Europe:
 - Q1 08/Q1 07: -0.1%
 - 6 months y/y: -0.5%

- Total deliveries of Std Newsprint from N. Am to West Europe:
 - Q1 08/Q1 07: -4.9%
 - 6 months y/y: +15.6%

- Reference price Newsprint April:
€528/mt, - 4% from April 2007



Source: Cepiprint, RISI, PPPC

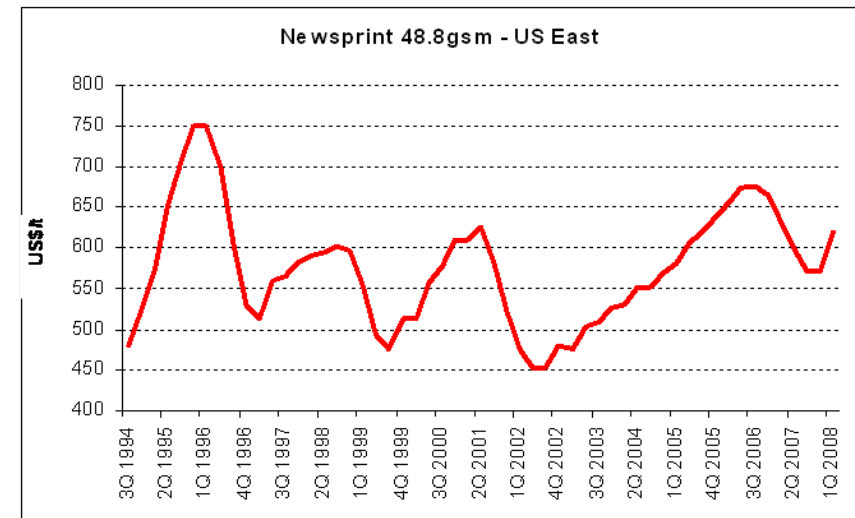
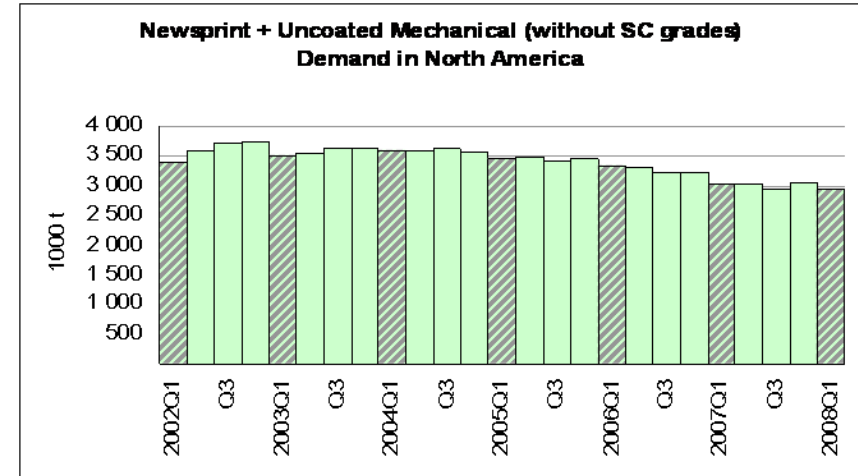
Newsprint - North America

- **Std. Newsprint demand:**
 - Q1 08/Q1 07: -5.7%
 - Last 6 mths y/y: -7.5%

- **Uncoated Mech Papers (excl. SC) demand:**
 - Q1 08/Q1 07: +4.2%
 - Last 6 mths y/y : +3.9%

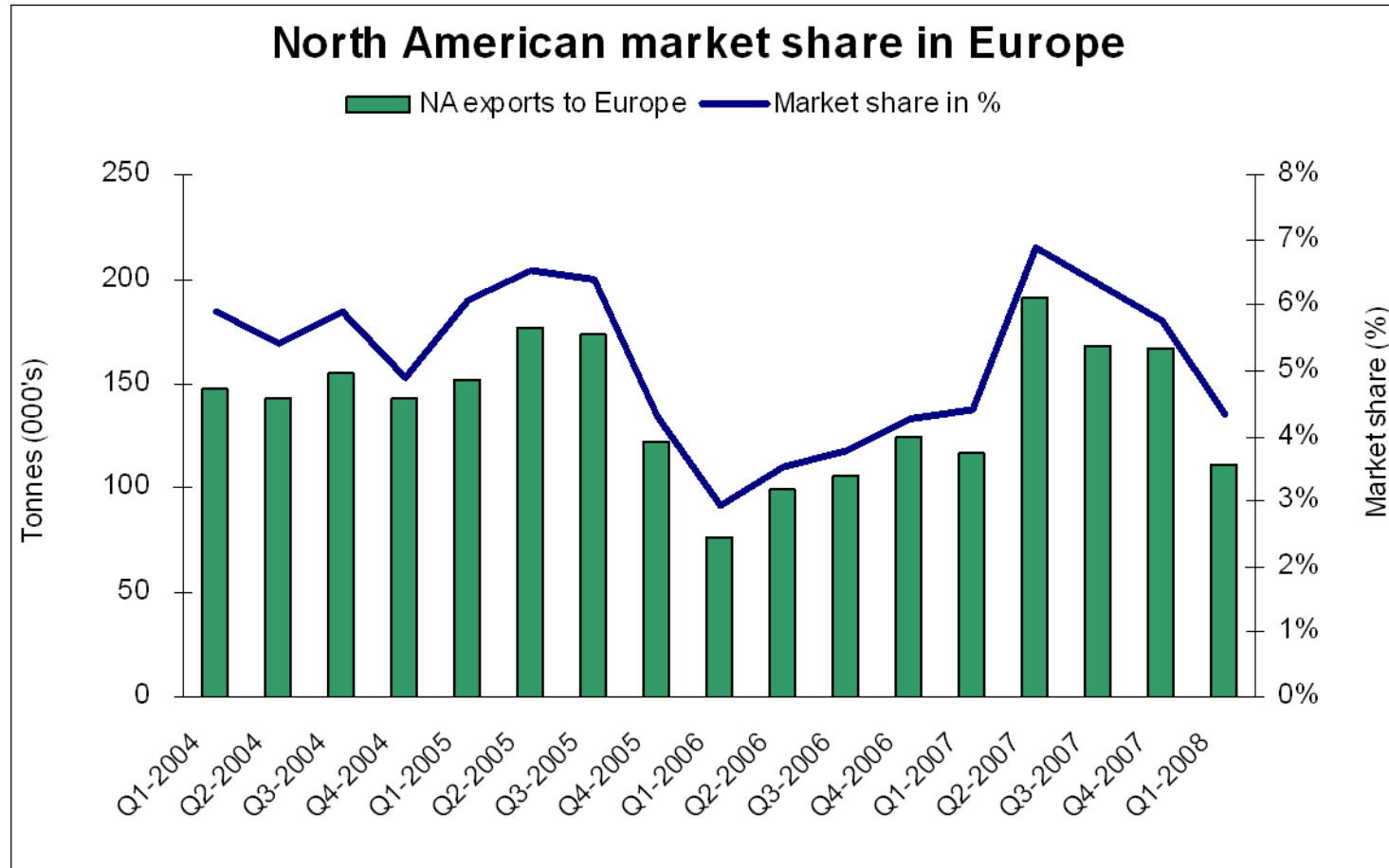
- **Combined Std NP & Uncoated Mech (excl. SC) demand:**
 - Q1 08/Q1 07 : -3.1%
 - Last 6 mths y/y : -4.5%

- **Reference price Newsprint April:**
 - \$705/mt for 45g/m²
 - +\$80 (13%) since December 2007
 - On par with December 2006



Source: PPPC, RISI

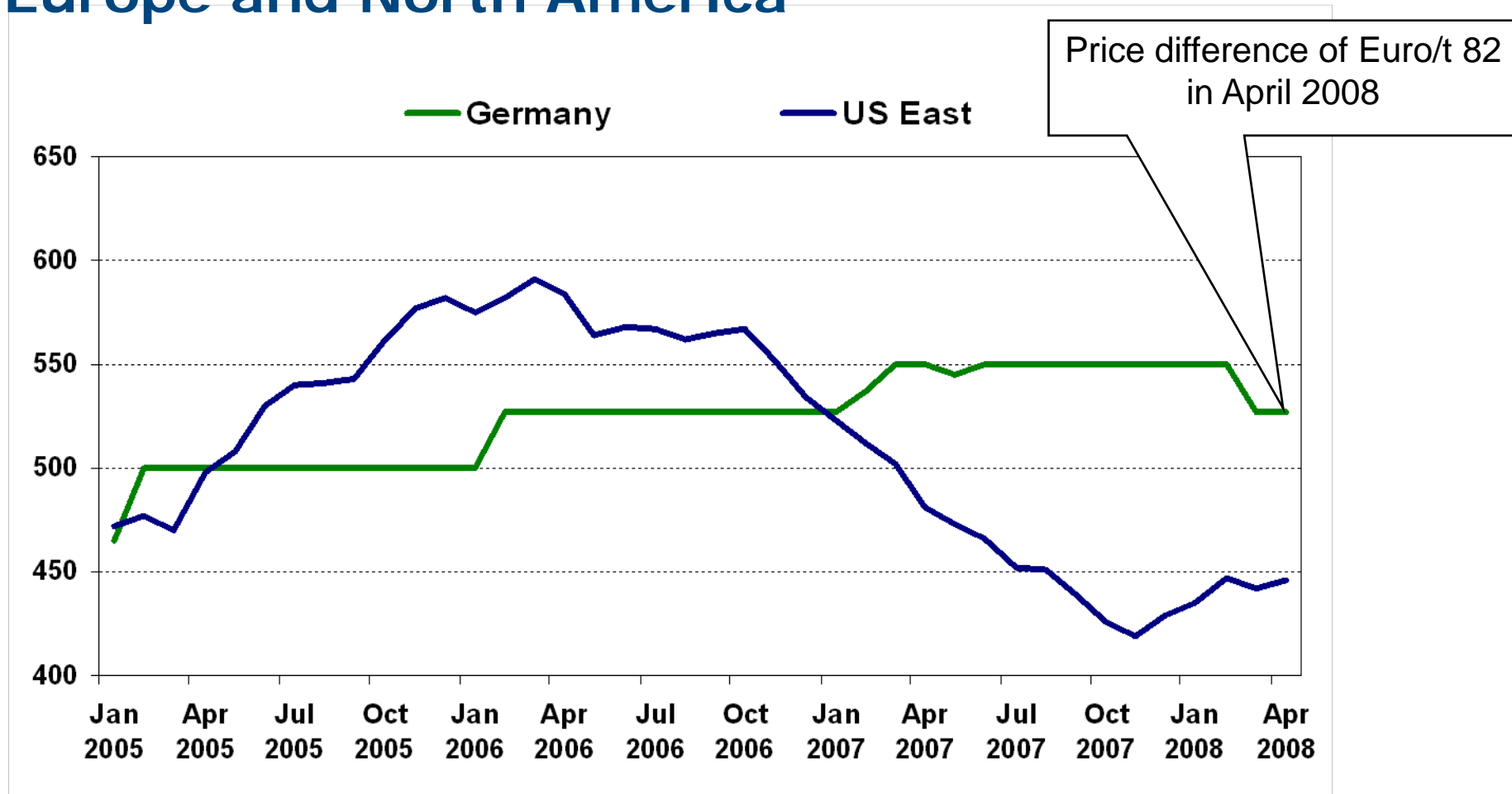
N. American Newsprint shipments to Europe



Source: PPPC March, 2008



Newsprint prices, Euro/t and 45g/m2, Europe and North America



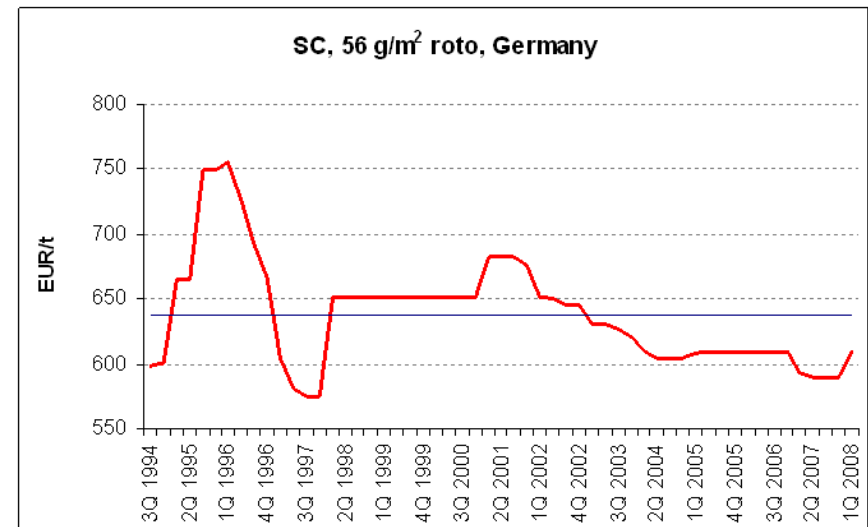
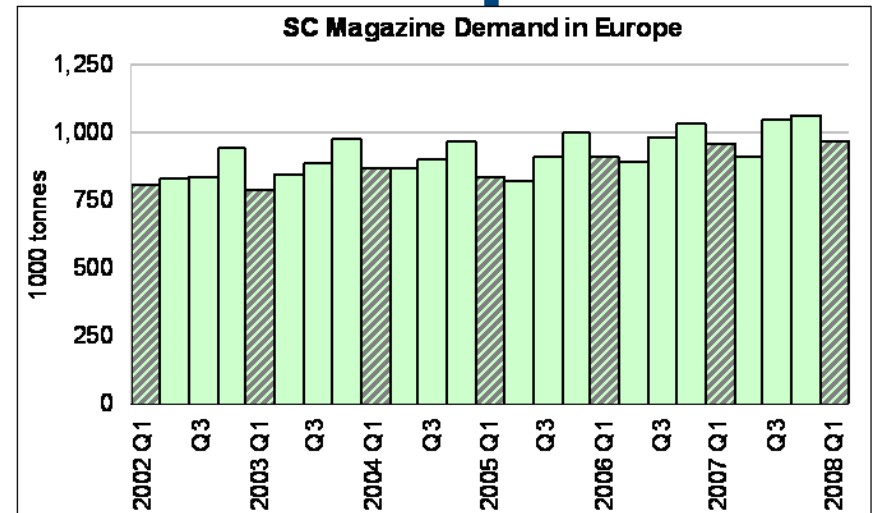
Source: RISI

SC Magazine Paper - Europe

- Demand in Europe:
 - Q1 08/Q1 07: +0.9%
 - 6 months y/y: +2.4%

- Total deliveries from Europe:
 - Q1 08/Q1 07: +2.9%
 - 6 months y/y: +1.9%

- Reference price SC April 2008:
 - €610/mt, unchanged since Jan '08
 - +20€ since Dec 2007

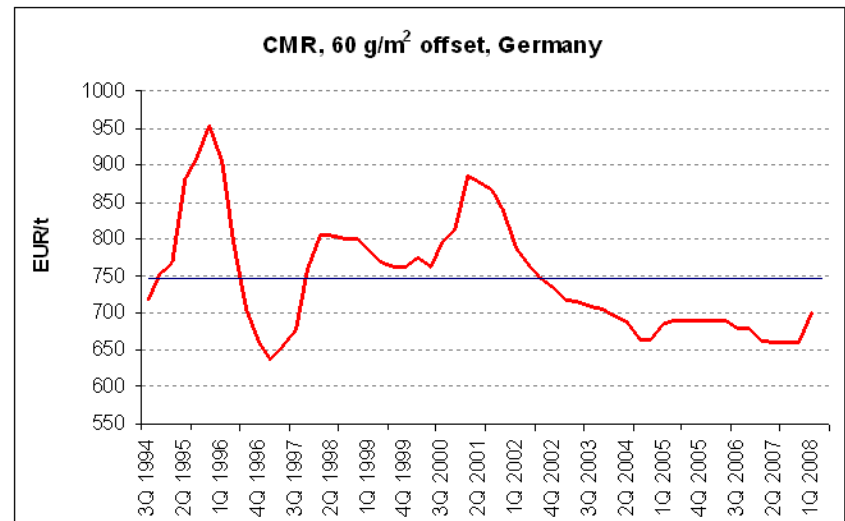
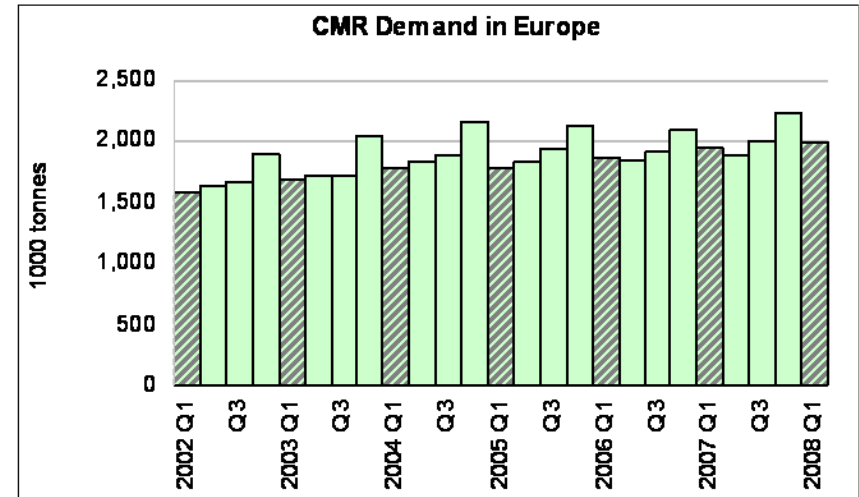


Source: PPPC, Cepiprint, RISI

CMR Magazine Paper - Europe

CMR = Coated Mechanical Reels (LWC, MWC & HWC)

- **Demand in Europe:**
 - Q1 08/Q1 07: +1.6%
 - 6 months y/y: +4.3%
- **Total deliveries from Europe:**
 - Q1 08/Q1 07: +1.5%
 - 6 months y/y: +2.5%
- **Reference price CMR April 2008**
 - €700/mt, unchanged since Jan '08
 - +40€ since Dec '07

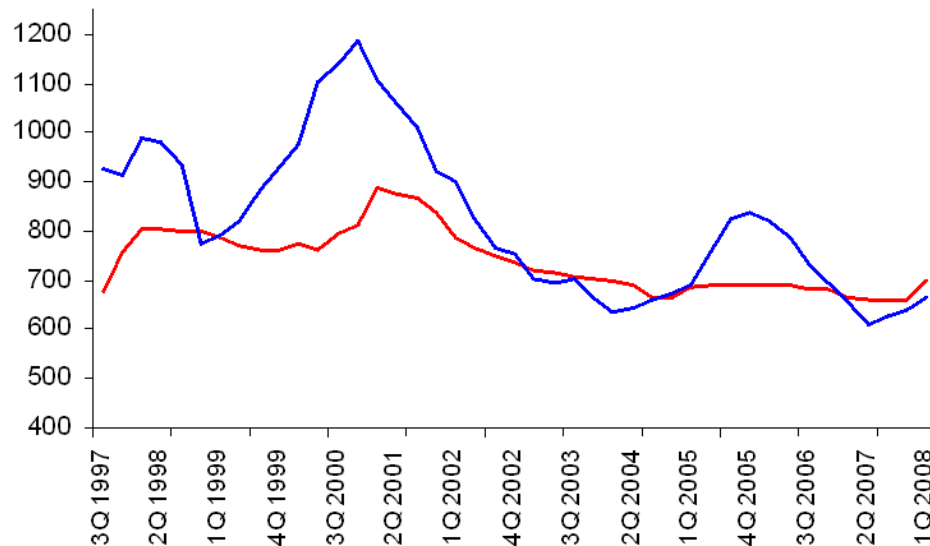


Source: PPPC, Cepiprint, RISI

Magazine Paper Prices - Europe and North America

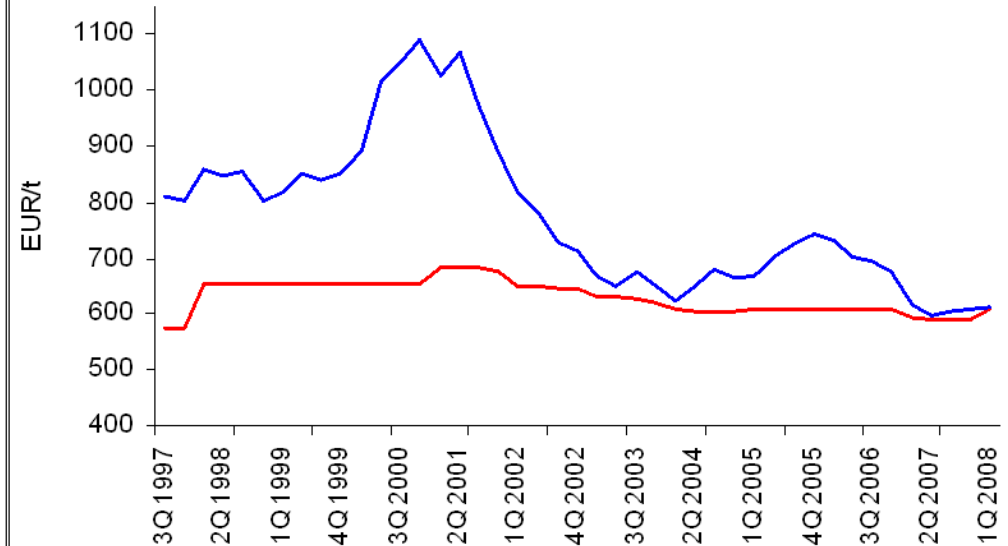
LWC Paper Prices

— LWC Europe 60 g / 40 lb — LWC USA 60 g / 40 lb



SC Paper Prices

— SC Europe 56 g — SC USA 52 g / 35 lb

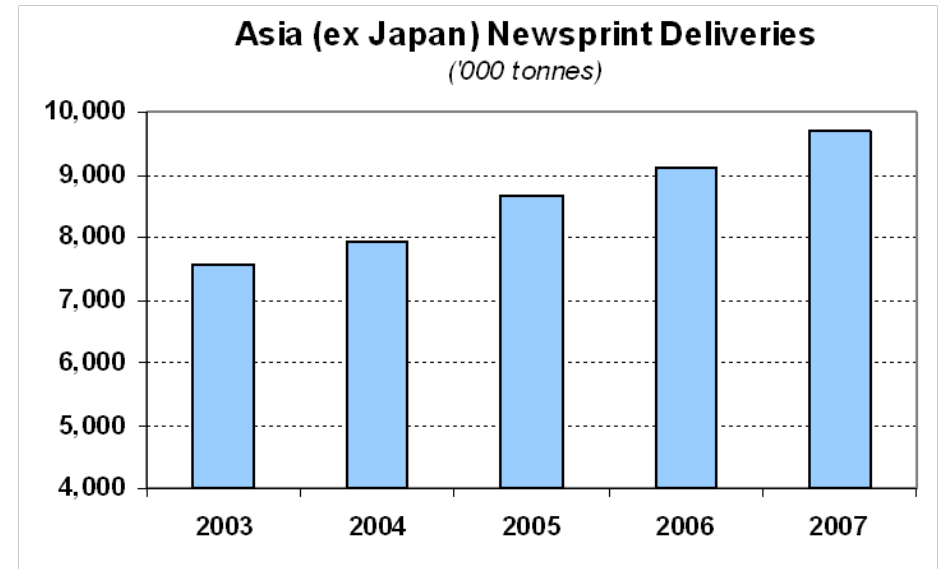


Source: RISI

Asia

- **Demand standard newsprint:**
 - YTD March '08 vs YTD March '07
 - Japan: - 0.1%
 - Non-Japan Far-East: + 4.6%
 - China: +4.0%
 - South Korea: - 6.4%
 - India: +24.6%

- **Prices Q1 2008**
 - Korea USD 651 (46 gsm)
 - China USD 672 (48.8 gsm incl. Vat)
 - India USD 660 (45 gsm)
 - Hong Kong USD 590 (48.8 gsm)



Market	GSM	Currency	Q4 2007	Q1 2008
China domestic	48.8	RMB (USD)	4550 (612)	4817 (672)
S.Korea	45.0	th.KRW (USD)	608 (660)	618 (651)
India	45.0	USD	615	660
Hong Kong	48.8	USD	562	590

Source: PPPC, NSI internal

Australasia – Q1 2008

- **Deliveries Standard Newsprint:**
 - - 11.7% YTD March
 - Underlying consumption is relatively stable
 - H1 07 saw high import increase due to Albury mill water situation

- **Prices:**
 - Australia: Newsprint down 7% from July 1st '07

Source: NSI internal

Latin America Q1 2008

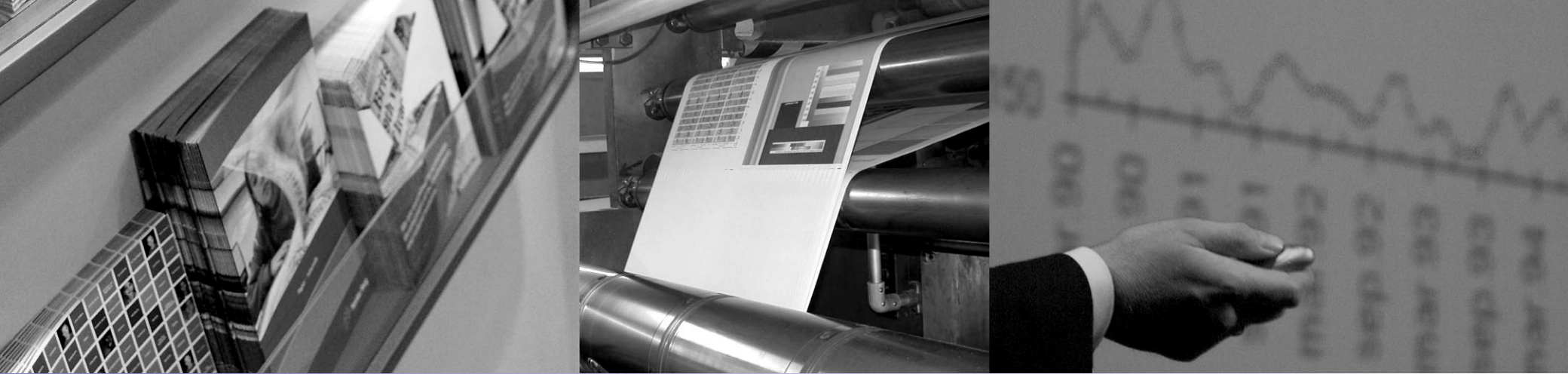
■ Demand – Standard Newsprint

- Regional demand: + 14.7 %
- Brazil demand: +24.5%
 - Brazilian dailies newsprint consumption increased by +18% in the first quarter and by +24% in the month (Mar'08/Mar'07) pushed by circulation (+9%) and ad lineage (+22%)..
 - Customer stock building in Brazil

■ Prices

- Price Brazil 45g March 2008 = USD 620/t

Source: PPPC, Cepiprint, NSI internal



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