

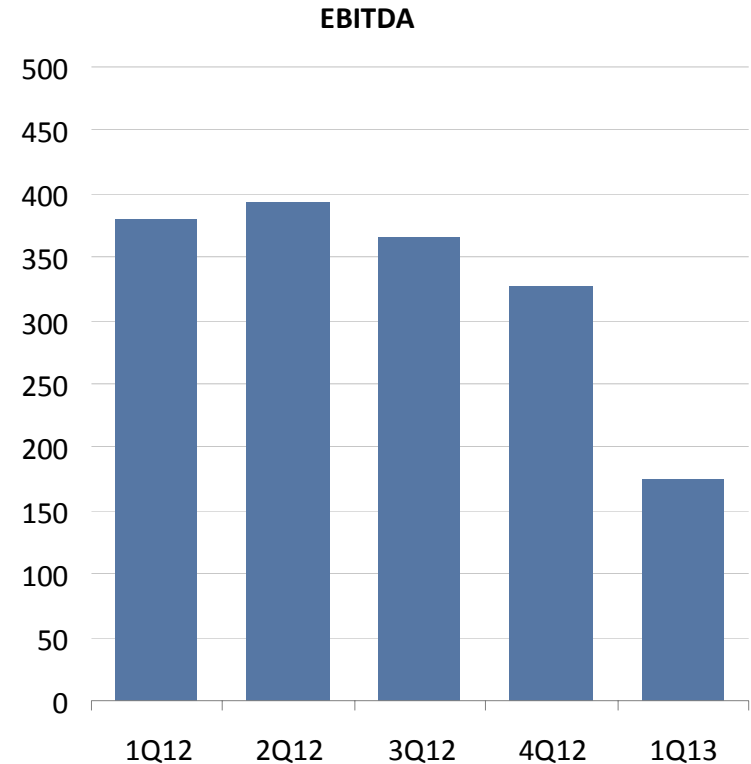
1Q13 presentation

25 April 2013

1Q13 in brief

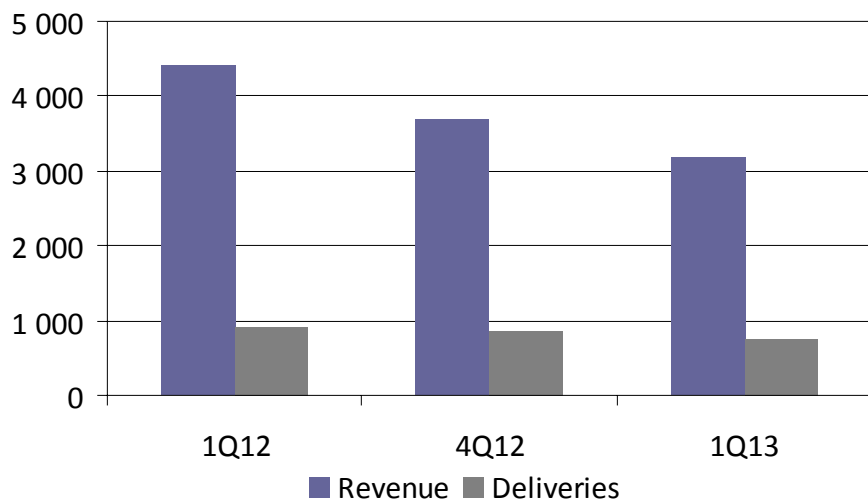
- EBITDA NOK 174 mill. (NOK 332 mill. 4Q12)
 - Lower prices, seasonality and active capacity management
- Negative cash flow from operations NOK 106 mill.
 - Restructuring payments and increased working capital
- Net debt increased to NOK 6 482 mill.
 - Adverse currency effects and negative cash flow
- Development projects on track
 - Boyer conversion and Saugbrugs energy efficiency

NOK mill.

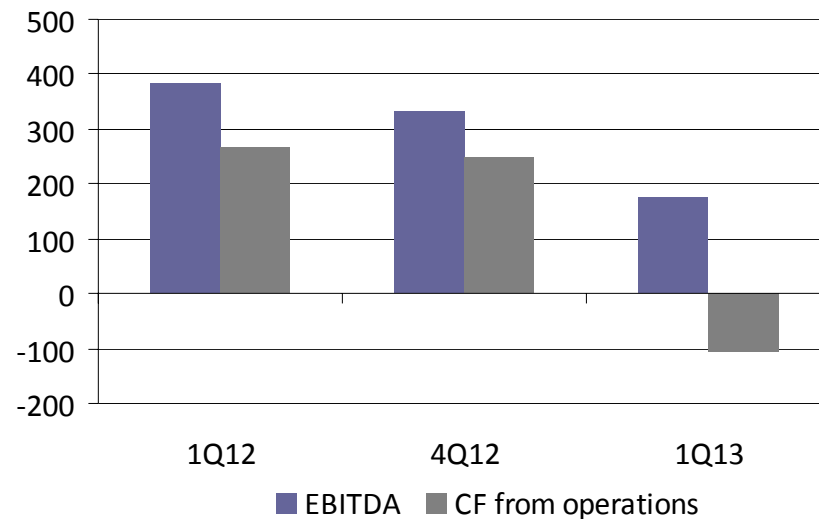


Lower prices, seasonality and less capacity

NOK mill. and 1 000 tonnes



NOK mill.



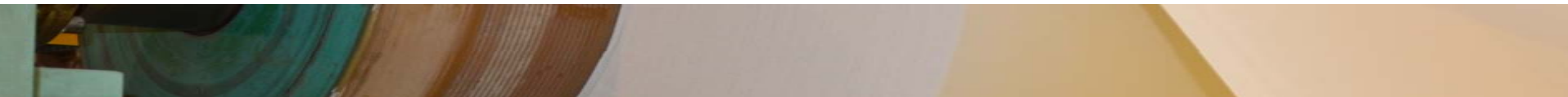
Key developments in 1Q13

Market

- Publication paper prices lower into 1H13
- Significant capacity closures announced
 - Prices increases expected into 2H13
- Stable input factor costs

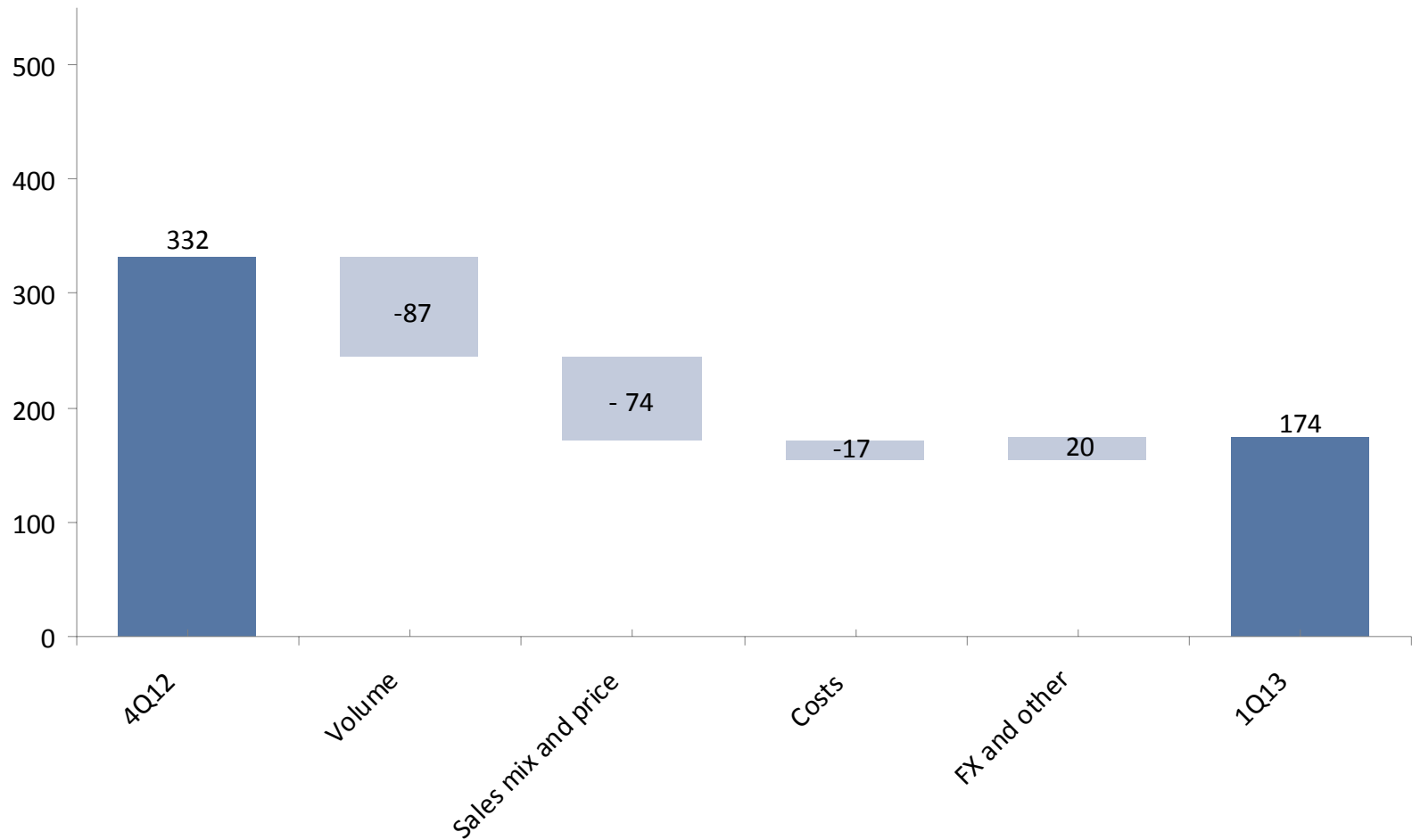
Norske Skog

- One machine at Tasman closed permanently on 9 January
 - 160 thousand tonnes of capacity removed from the Asian export market
- Active capacity management
 - 160 thousand tonnes of capacity (PM2) to be temporarily idled at Skogn from June



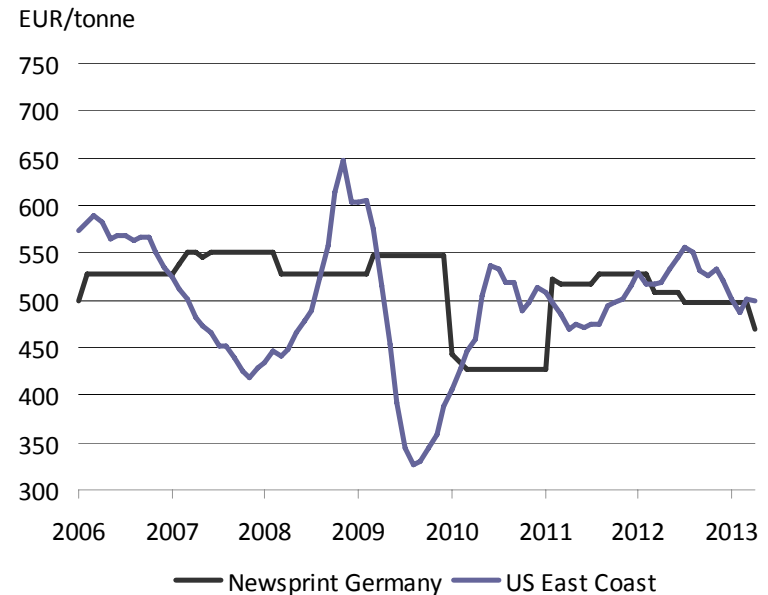
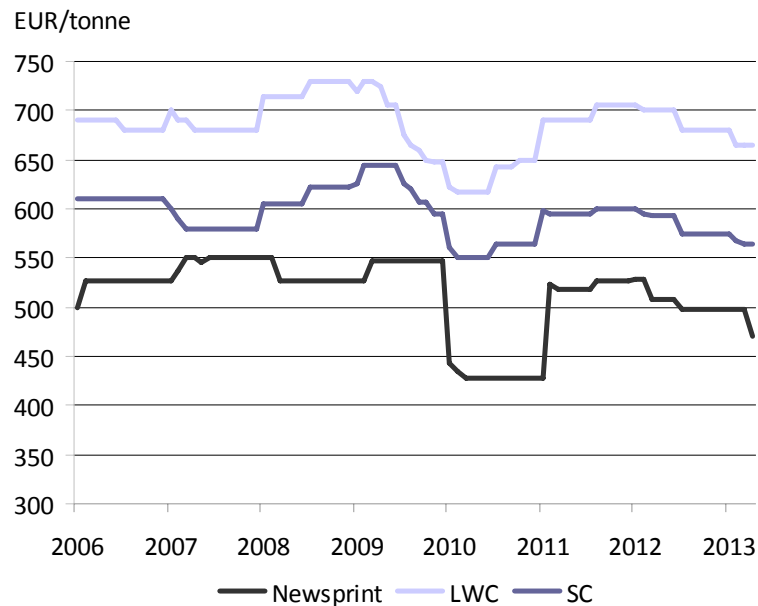
EBITDA change from 4Q12 to 1Q13

NOK mill.



Publication paper prices lower

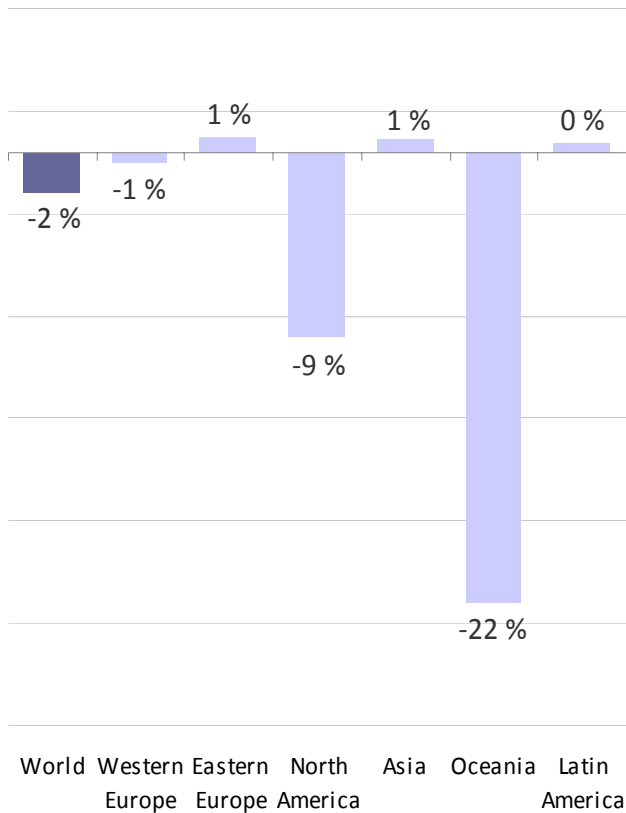
- European reference prices into 2013
 - Magazine paper reduced by 2%
 - Newsprint reduced by 5%
- US newsprint prices reduced in USD
 - Above European level in EUR



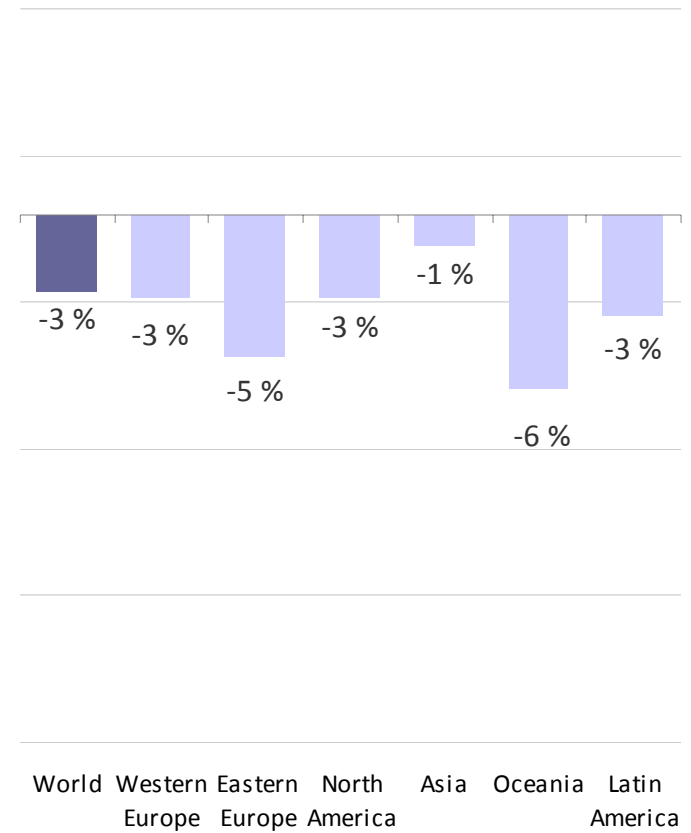
RISI, German and US East Coast prices

Weak demand

Newsprint



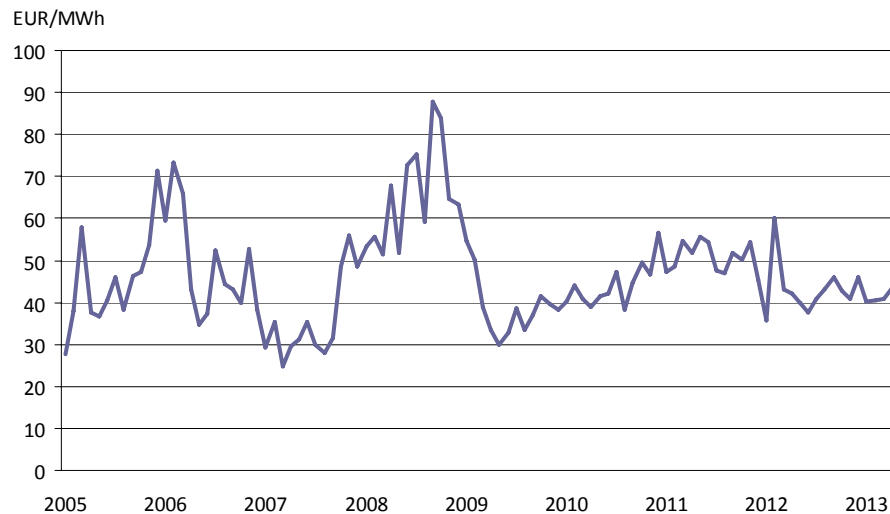
Magazine



Input costs - Energy

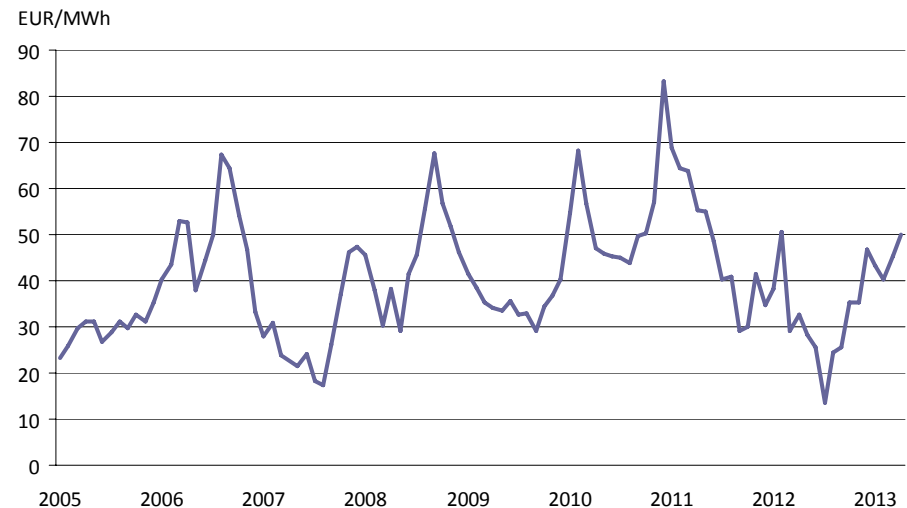
- Electricity prices around mid-cycle
 - German price relatively stable – NSG spot exposure in continental Europe
 - Norwegian price spike from summer trough – NSG only long term contracted volumes

Power Germany (EUR/MWh)



Reuters

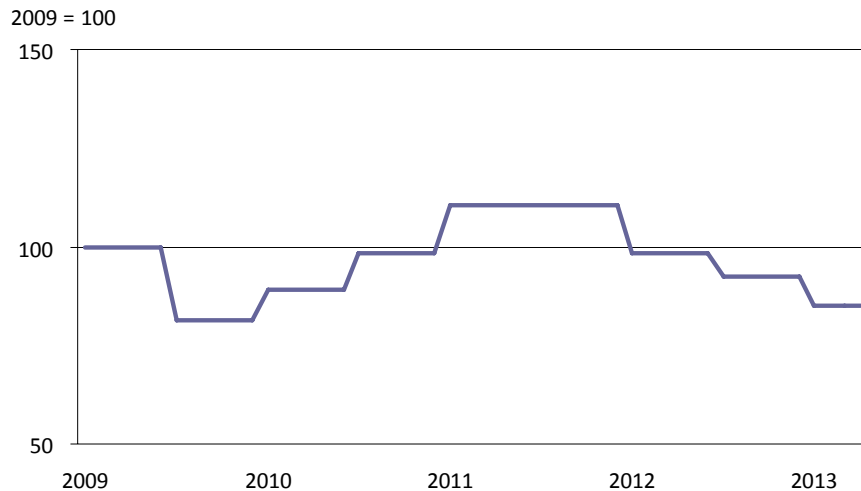
Power Norway (EUR/MWh)



Input costs - Fibre

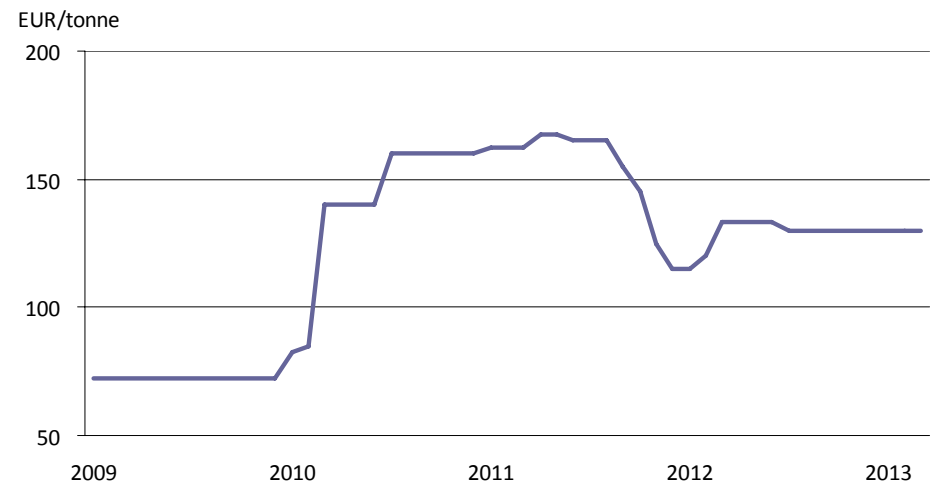
- Lower wood prices in Norway
 - Favourable S/D situation for NSG following capacity closures
- Recovered paper price flat into 2013
 - NSG with less exposure following divestment of Norske Skog Parenco

Wood Norway (NOK/m³)



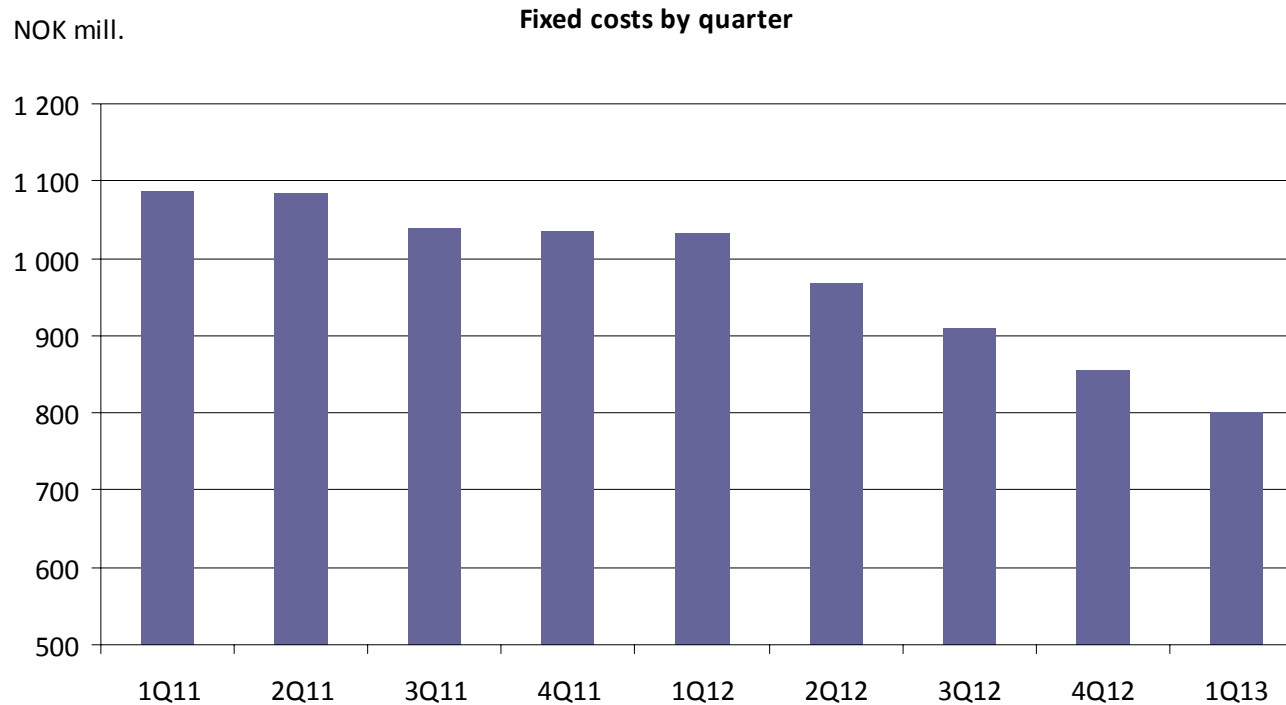
Company data, RISI

Recovered newspapers Europe (EUR/tonne)



Fixed costs reduction continues

- Fixed costs reach new level
 - Reduced capacity and cost initiatives
 - Quarterly level down by close to NOK 300 mill. during last two years





1Q13 financials

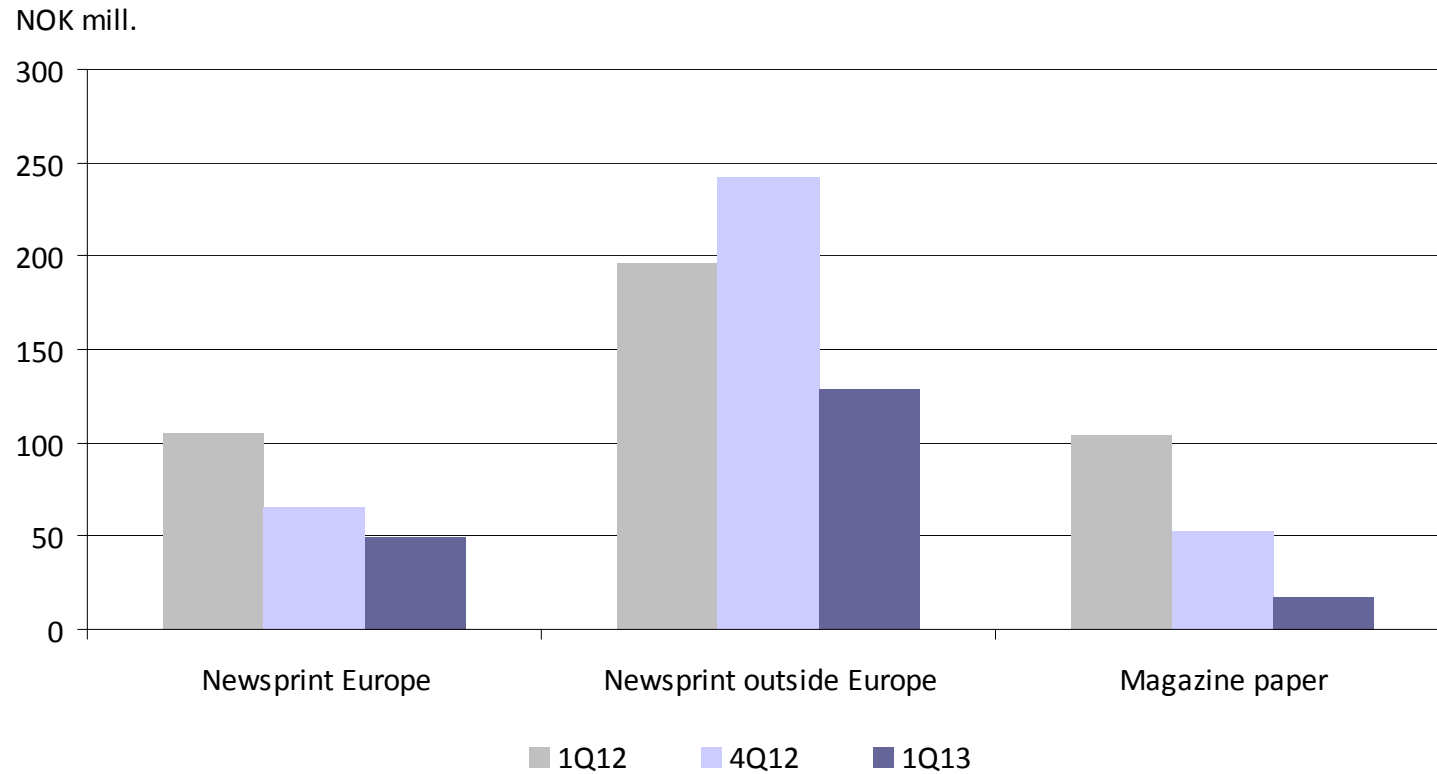
Key messages 1Q13

- EBITDA weak
 - Price reductions versus 4Q12
 - Seasonality
- Cash flow negative
 - Weak EBITDA, restructuring payments and seasonally increased working capital
 - Relatively high capex with two development projects
- Debt higher
 - Negative cash flow and currency translation with weaker NOK

Summary P&L

Key figures (NOK mill.)	1Q12	4Q12	1Q13
Operating revenue	4 411	3 689	3 186
Variable costs	3 000	2 507	2 212
Fixed costs	1 026	850	800
EBITDA	385	332	174
<i>EBITDA margin %</i>	<i>8.7</i>	<i>9.0</i>	<i>5.5</i>
Depreciation	251	223	198
Special items	-716	-1 863	-153
EBIT	-582	-1 753	-178
Financials, taxes and other	240	-161	-204
Profit/loss for the period	-343	-1 914	-381

EBITDA by business area



Newsprint Europe

Capacity	Tonnes
Skogn, Norway	550 000
Golbey, France	630 000
Bruck, Austria	125 000
Total	1 305 000

- EBITDA declined
 - Reduced prices and seasonally lower volumes
 - Skogn impacted by UK price decline and depreciating GBP

Key figures (NOK mill.)	1Q12	2Q12	3Q12	4Q12	1Q13
Operating revenue	1 115	1 205	1 072	1 136	979
EBITDA	105	108	87	65	49
EBITDA margin (%)	9.4	8.9	8.1	5.7	5.0
Deliveries ('000 tonnes)	279	308	290	310	277
Operating rate (%)	83	89	90	91	89



Newsprint outside Europe

Capacity	Tonnes
Albury, Australia	280 000
Boyer, Australia	270 000
Tasman, New Zealand	155 000
Pisa, Brazil	185 000
Singburi, Thailand	125 000
Total	1 015 000

- EBITDA declined
 - Lower volumes with seasonality and restructuring in Australasia
 - 4Q12 inflated by non-recurring cost element in Brazil

Key figures (NOK mill.)	1Q12	2Q12	3Q12	4Q12	1Q13
Operating revenue	1 359	1 399	1 317	1 187	1 026
EBITDA	196	218	223	242	129
EBITDA margin (%)	14.4	15.6	16.9	20.4	12.6
Deliveries ('000 tonnes)	276	290	272	255	221
Operating rate (%)	86	92	92	84	86



Magazine

Capacity	Tonnes
Saugbrugs, Norway	530 000
Walsum, Germany	425 000
Bruck, Austria	270 000
Total	1 225 000

- EBITDA declined
 - Reduced prices and seasonally lower volumes

Key figures (NOK mill.)	1Q12	2Q12	3Q12	4Q12	1Q13
Operating revenue	1 762	1 602	1 580	1 311	1 152
EBITDA	109	95	89	57	17
EBITDA margin (%)	6.2	5.9	5.6	4.3	1.5
Deliveries ('000 tonnes)	356	330	338	283	252
Operating rate (%)	83	90	89	86	87



Summary Cash flow

Key figures (NOK mill.)	1Q12	4Q12	1Q13
EBITDA	385	332	174
Change operating working capital	41	201	-81
Net financial items	-90	-135	16
Restructuring and other	-69	-151	-214
Cash flow from operations	267	247	-106
Cash flow from investments	224	-73	-155
Net cash flow after investments	491	174	-261

Currency gains/losses

NOK mill.



Average rates	4Q12	1Q13	Change
EUR	7.36	7.43	0.95%
USD	5.68	5.63	-0.88%
AUD	5.90	5.84	-1.02%
NZD	4.68	4.70	+0.43%
GBP	9.12	8.72	-4.39%
BRL	2.76	2.82	+2.17%

Closing rates	4Q12	1Q13	Change
EUR	7.34	7.47	+1.77%
USD	5.57	5.83	+4.67%
AUD	5.78	6.10	+5.54%
NZD	4.58	4.88	+6.55%
GBP	9.00	8.83	-1.89%
BRL	2.72	2.89	+6.25%

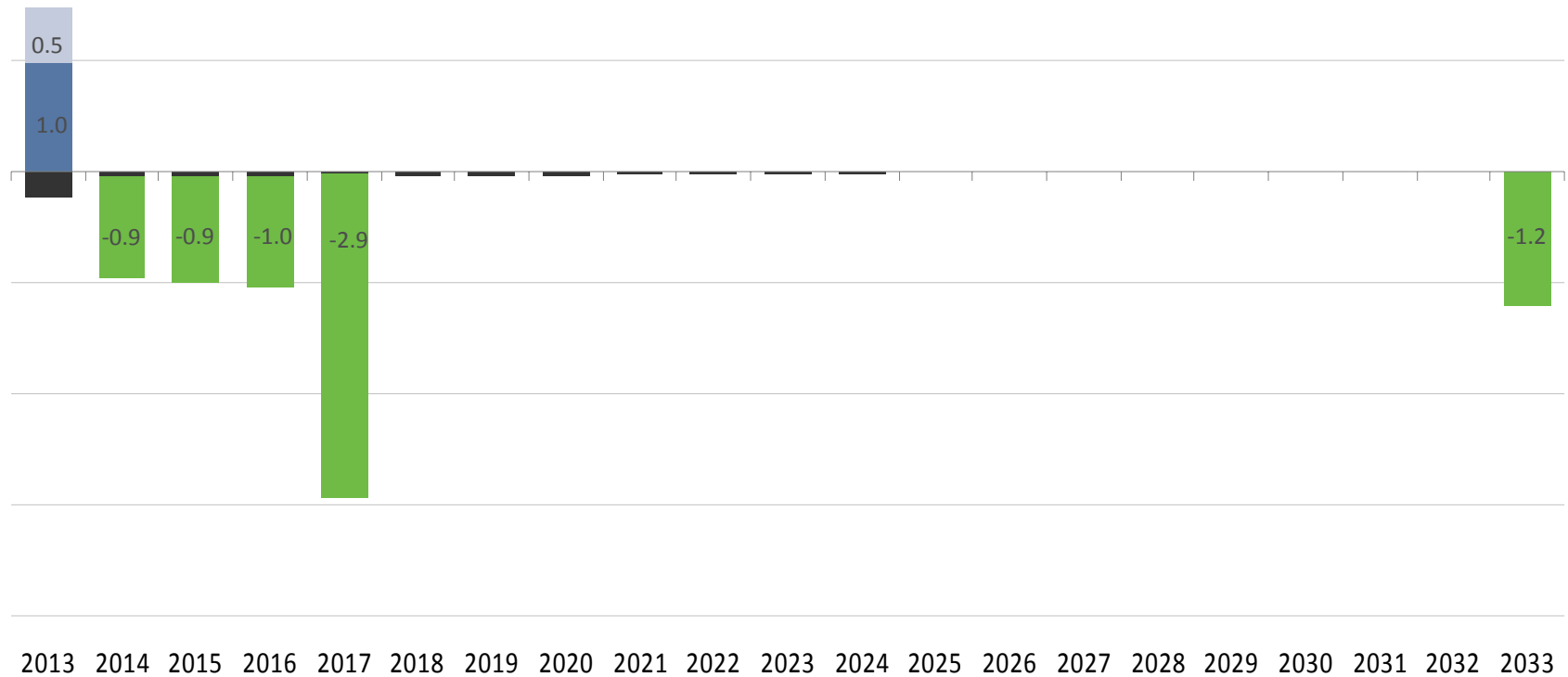
Summary Balance sheet

Key figures (NOK mill.)	1Q12	4Q12	1Q13
Non-current assets	14 328	11 393	11 531
Cash and cash equivalents	1 157	1 194	971
Other current assets	4 726	3 456	3 595
Total assets	20 210	16 043	16 097
Equity	6 933	4 151	4 070
Non-current liabilities	9 631	9 092	9 240
Current liabilities	3 646	2 801	2 787
Net interest bearing debt	7 096	6 021	6 482

Maturity profile

NOK bn.

■ Cash
 ■ RCF
 ■ Bank
 ■ Bonds



End March 2013

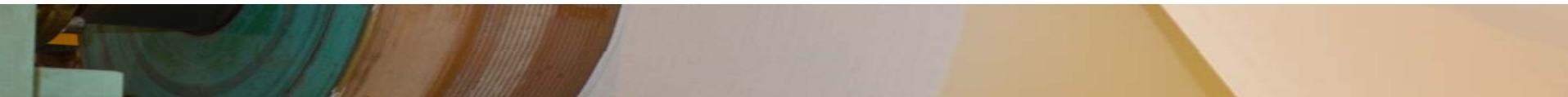




Outlook and focus

Outlook

- Challenging operating environment through 1H13
 - Weak demand in both Europe and Australasia
- Relatively stable costs through the year
- Price increases in 2H13 with industry-wide capacity closures



Management focus

- Improve margins
 - Active capacity management
 - Continued cost reductions
- Further identification and sale of unrelated assets
- Cash generation and net debt reduction
- Improving the Norwegian regulatory framework
 - Grid transmission costs, CO2 compensation, property taxes, transportation, waste as a resource



Q&A