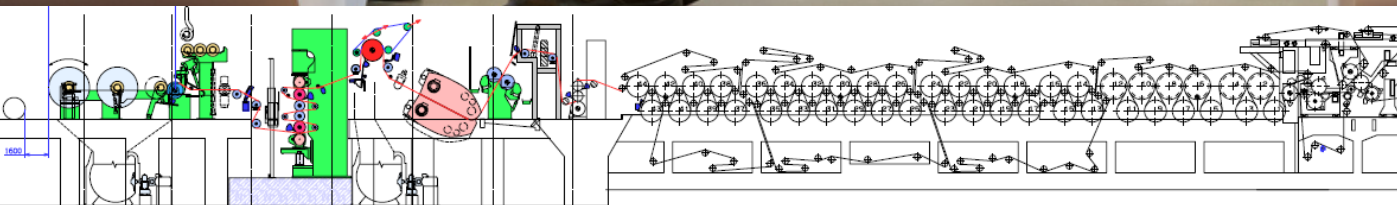




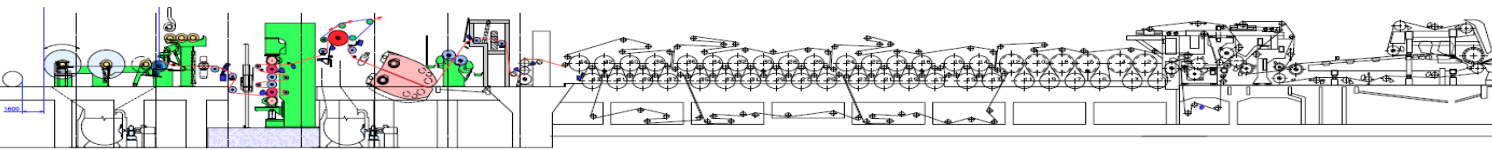
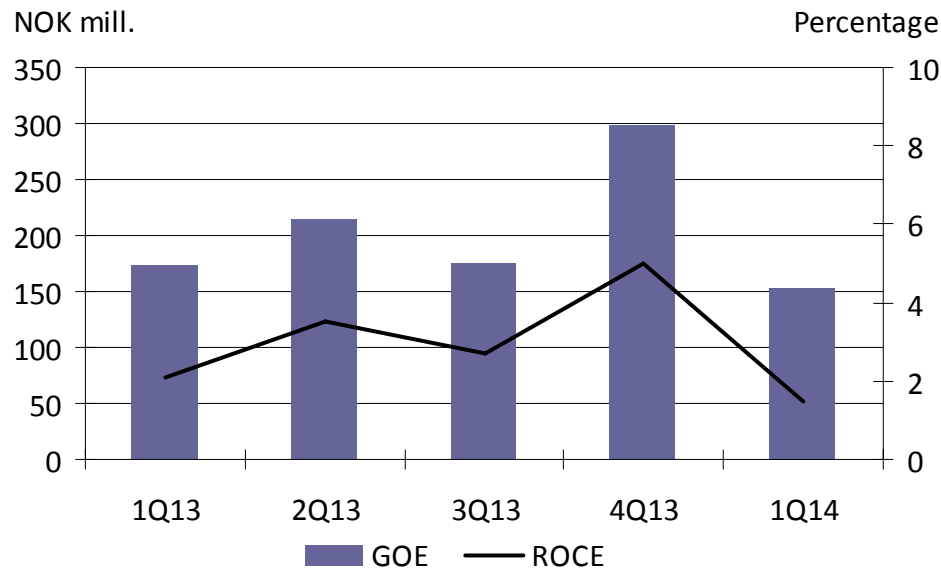
1Q14 Presentation

April 2014



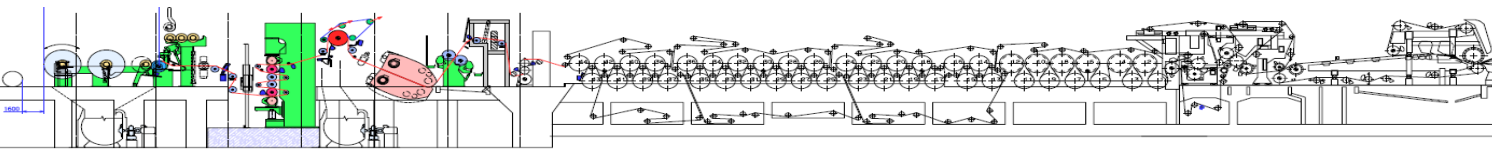
1Q14 – Several negative one-offs

- GOE NOK 153 mill.
 - Boyer conversion
 - Walsum optimizing to one machine
 - Saugbrugs start-up curve new TMP
 - Seasonality
- Cash flow from operations NOK 54 mill.
 - Before net financial items
- Net debt decreased to NOK 6 800 mill.
 - Cash flow offset by FX effect on debt



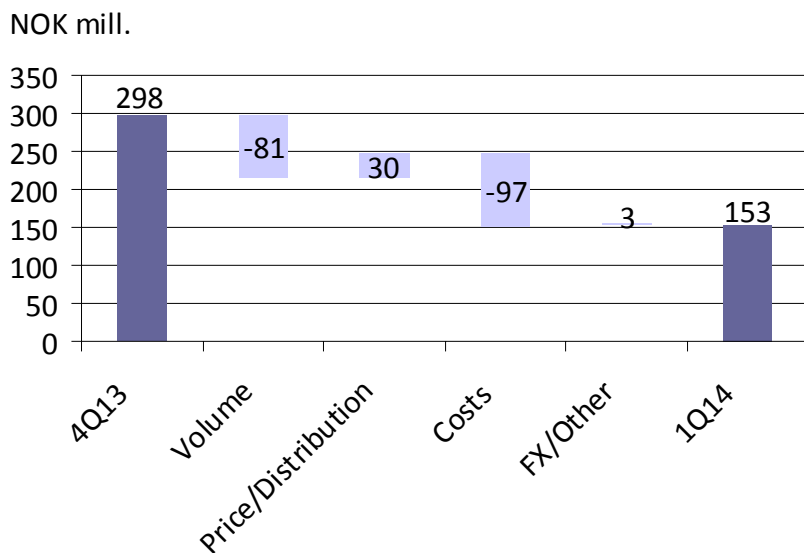
1Q14 - Positive developments

- Increased Newsprint prices in Europe into the first half
 - High capacity utilisation for newsprint
- Stable prices in Australasia
 - New contract prices already reflected from the fourth quarter last year
- Moderate demand declines as expected
- Distribution and trade financing agreement entered with CellMark in Asia
 - Offsetting seasonal build in WC
- New thermo-mechanical pulp plant at Saugbrugs in Norway officially opened
- Boyer magazine paper production commissioned as planned
 - First reel of commercial paper produced on April 8. GOE contribution from the second quarter
- New EUR 40 mill. factoring facility signed on April 15 with Crédit Agricole
 - Linked to trade receivables at Golbey in France

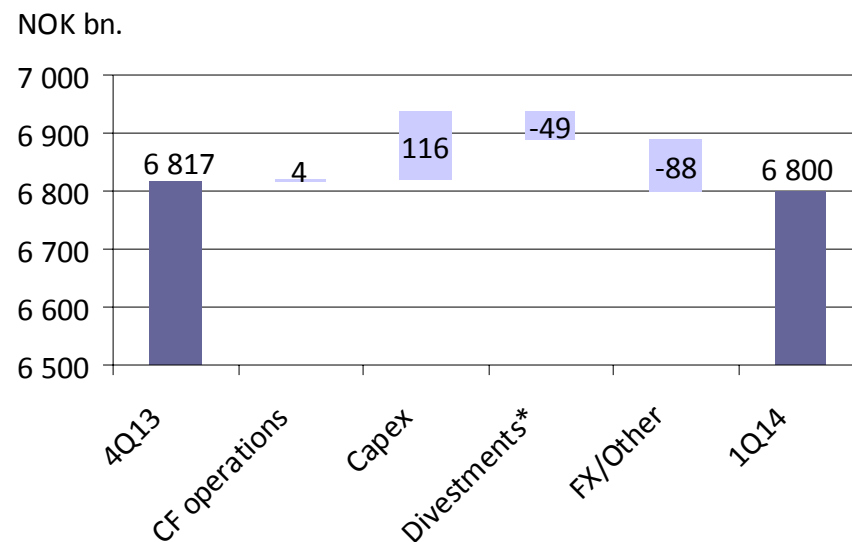


GOE and net debt bridges from 4Q13 to 1Q14

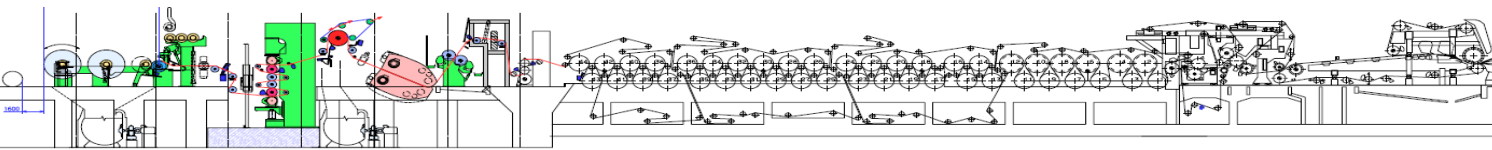
GOE



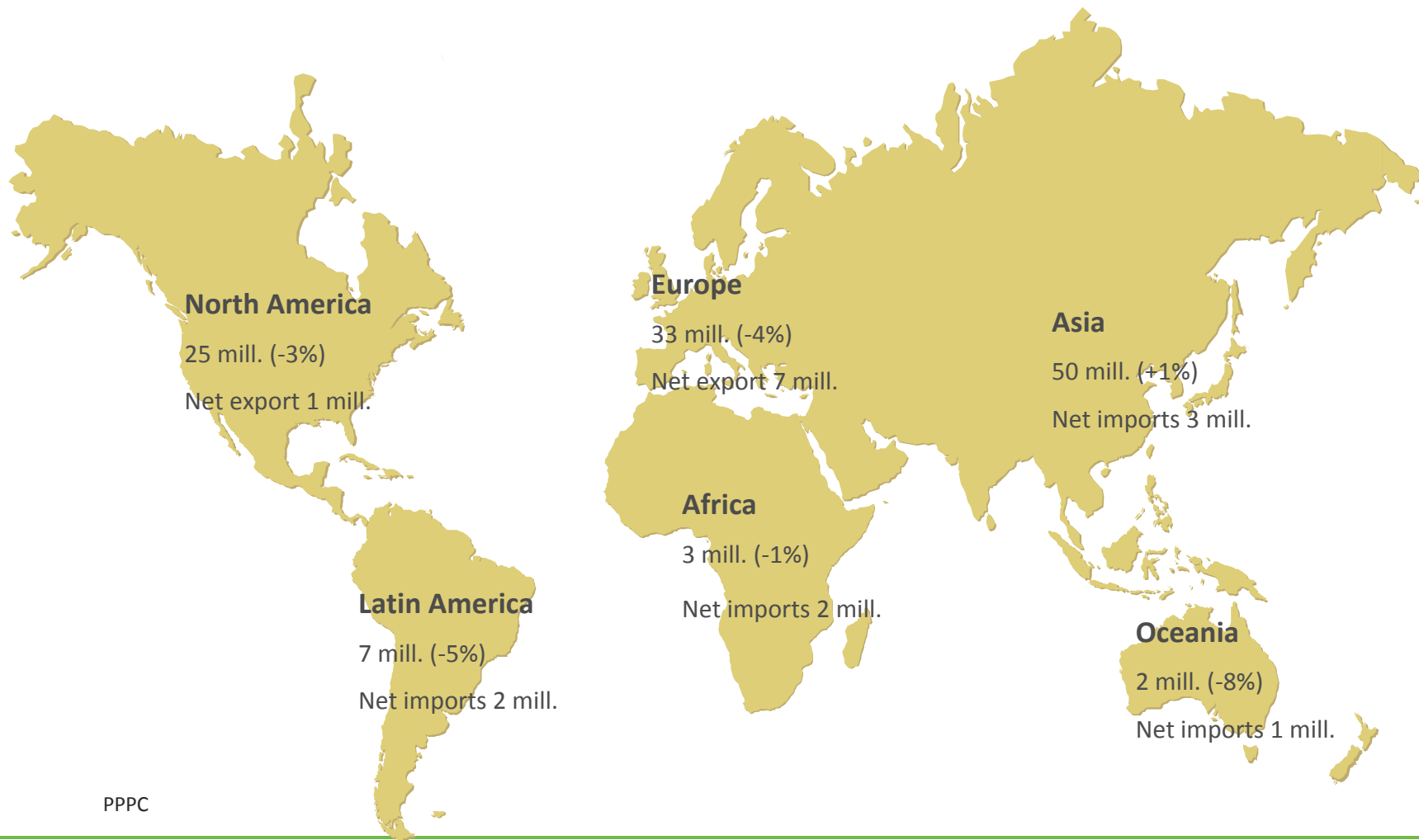
Net debt



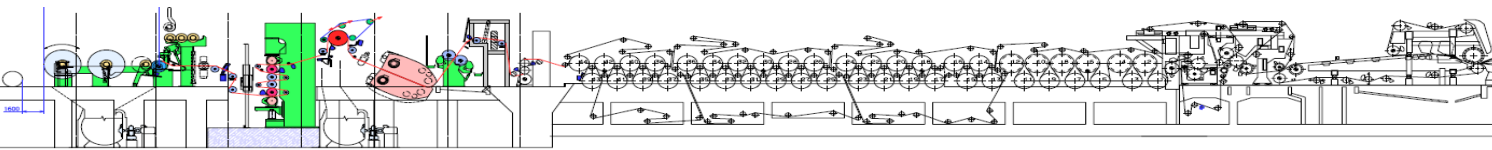
* Divestments largely accounting for released WC



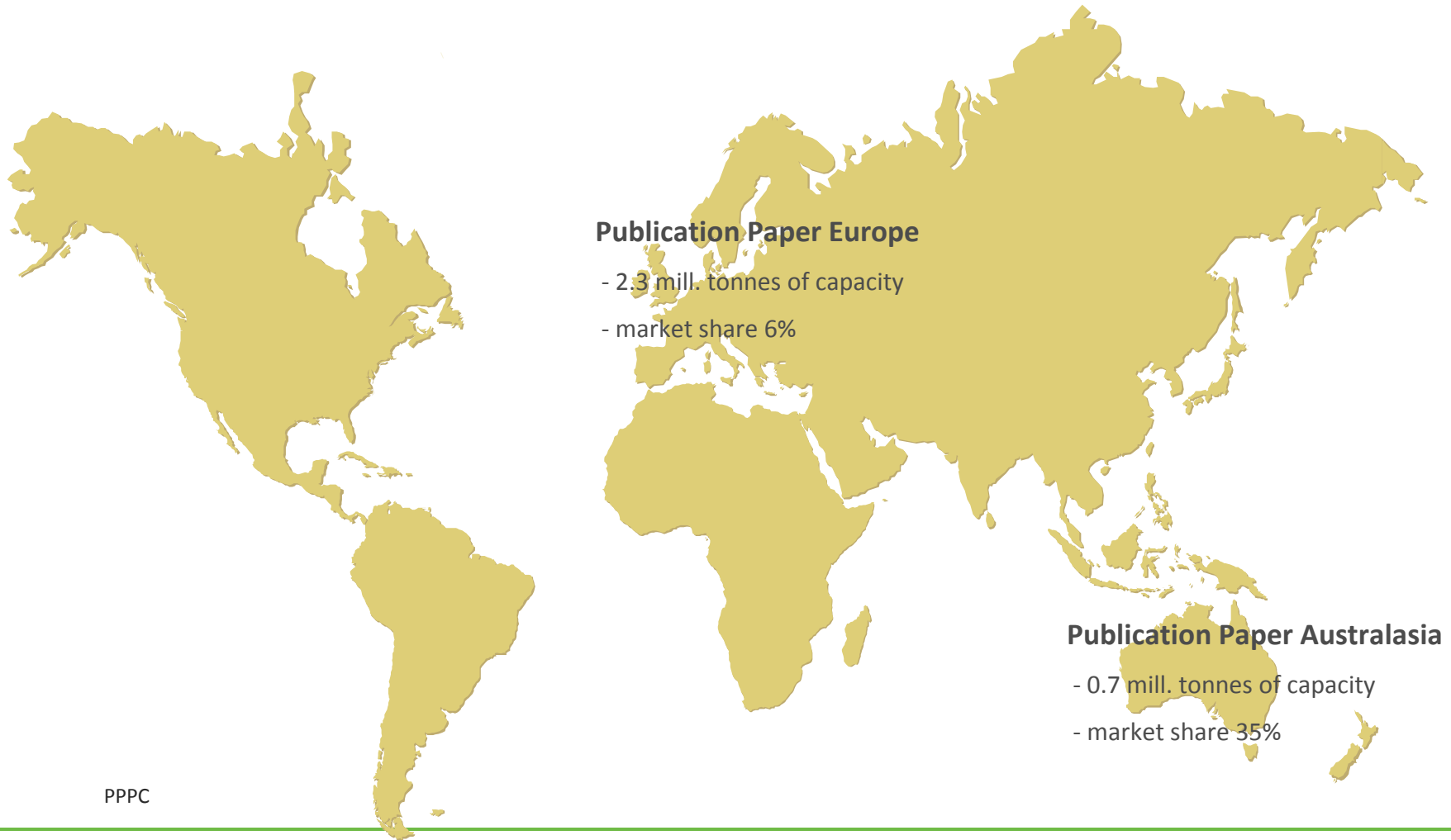
World graphic paper demand 120 mill. tonnes (-2%)



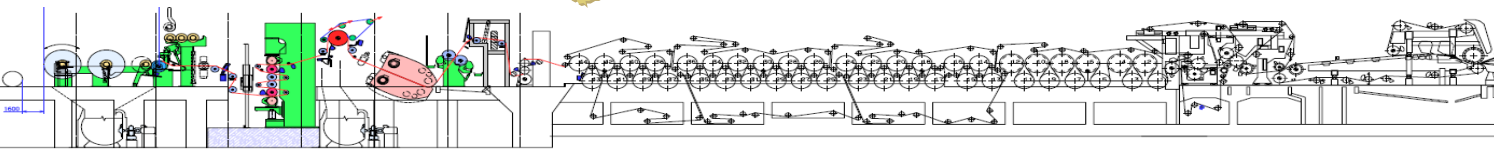
PPPC



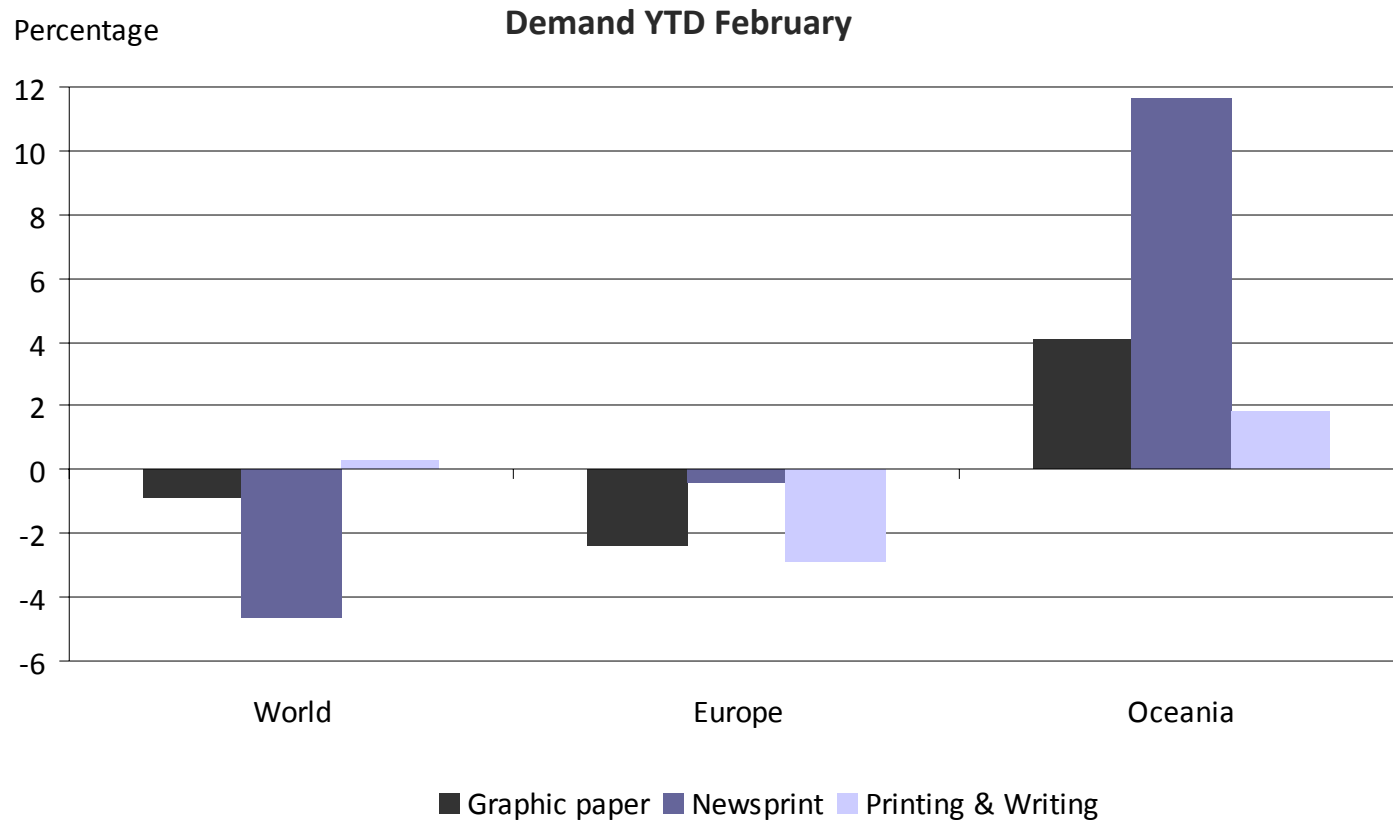
Norske Skog - Two diverse business systems



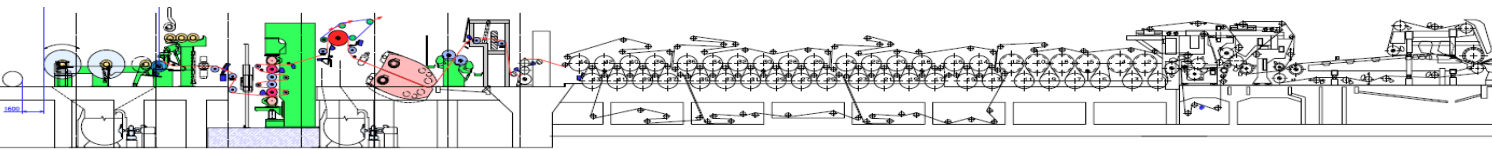
PPPC



Modest demand declines as expected



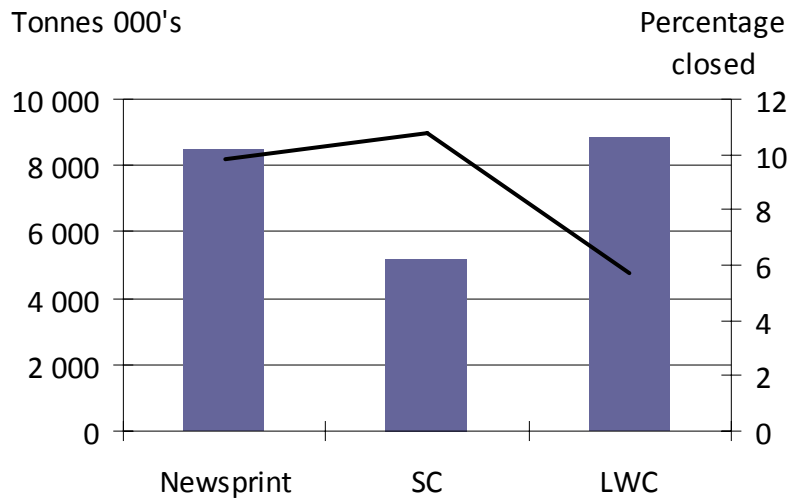
PPPC



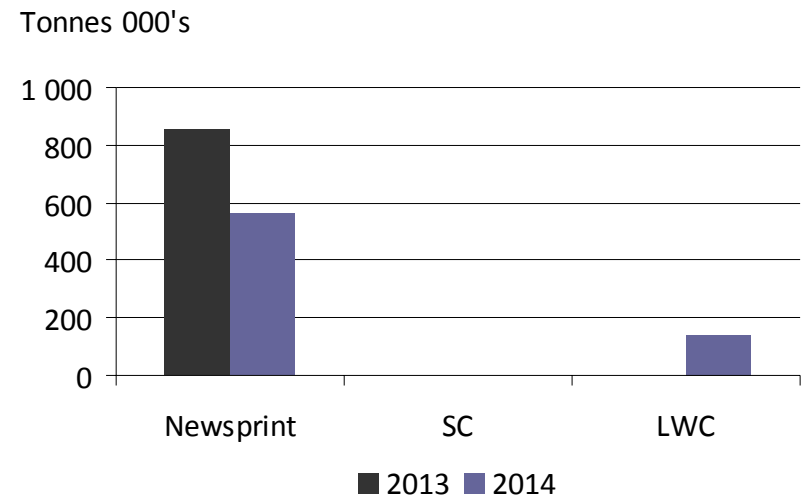
Publication paper supply realigned

- **Europe:** Market balance for newsprint and SC magazine paper in Europe
- **Australasia:** Newsprint capacity reduced by 34% in 2013

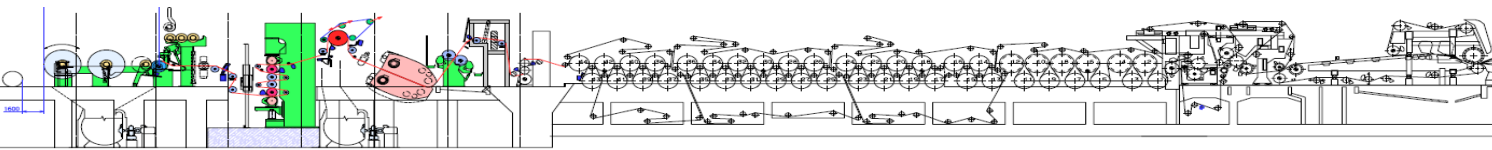
Europe capacity and closures 2013



Australasia capacity changes

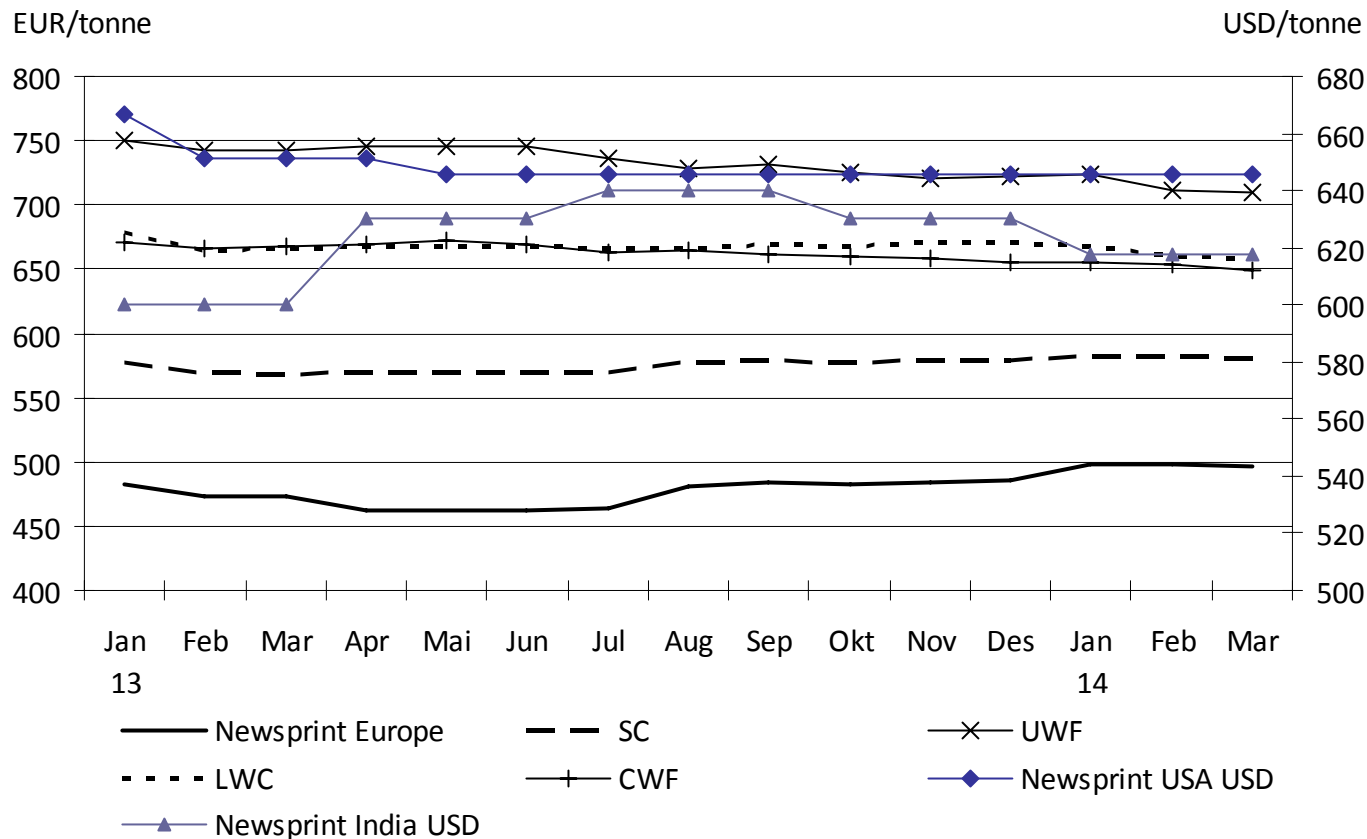


PPPC / Company data

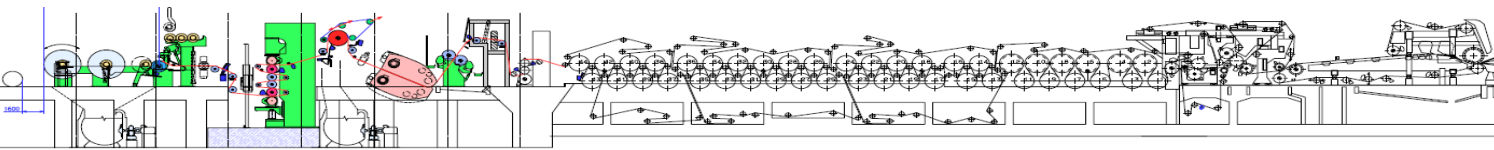


European Newsprint prices higher into 2014

- Graphic paper prices in general relatively stable

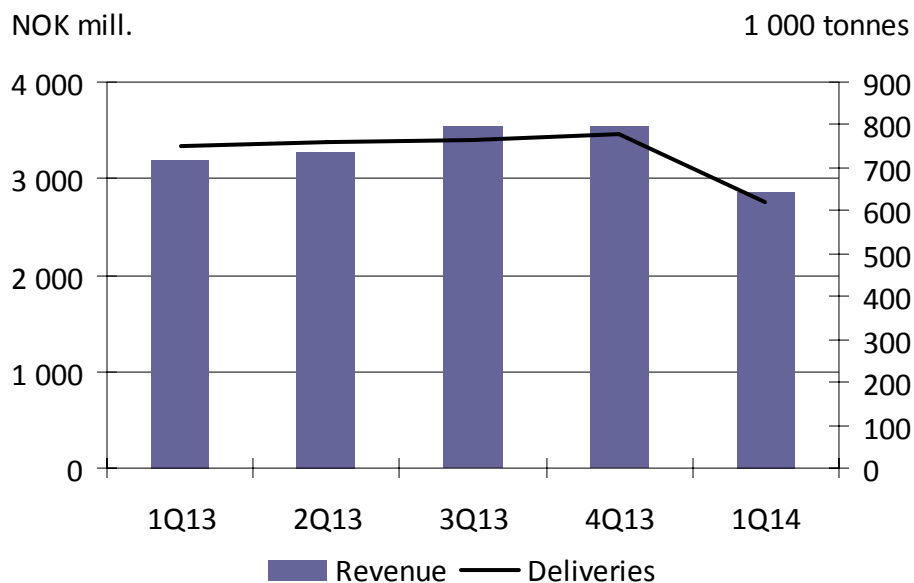


RISI

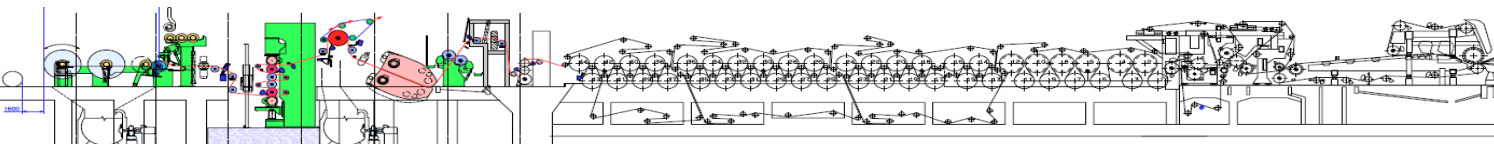
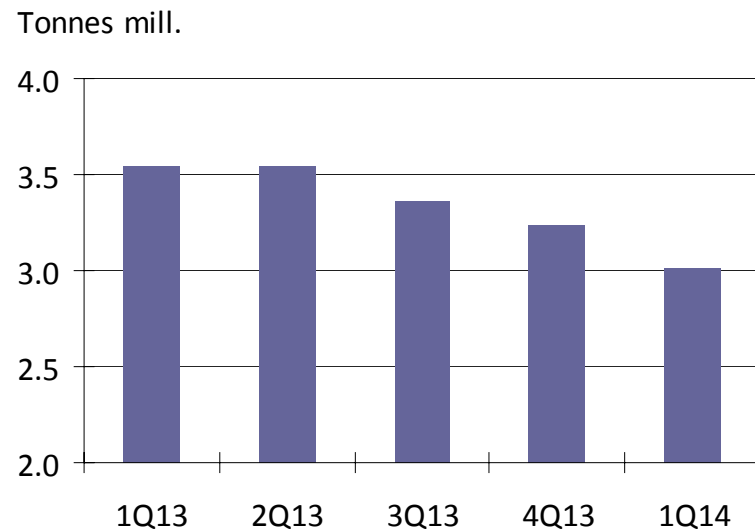


Deliveries and revenue suppressed by Boyer conversion

Group revenue and deliveries

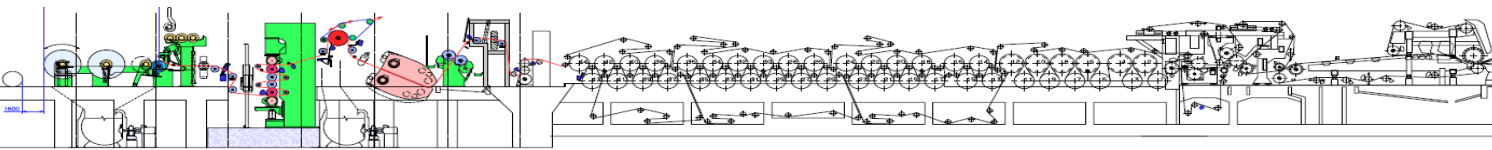
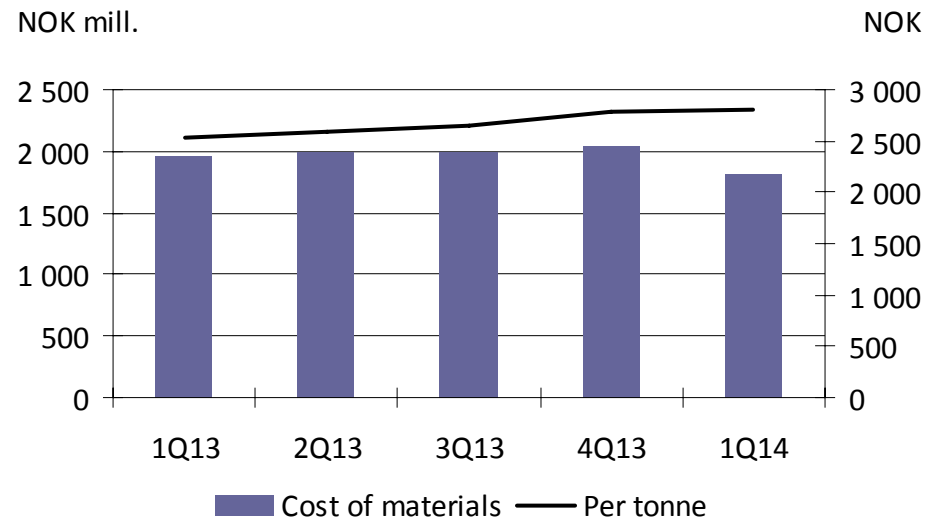
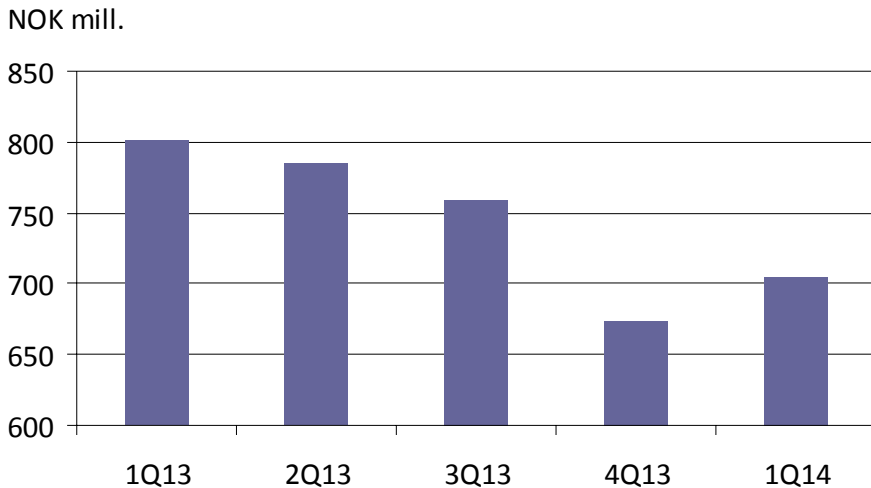


Group capacity



Make the trend your friend

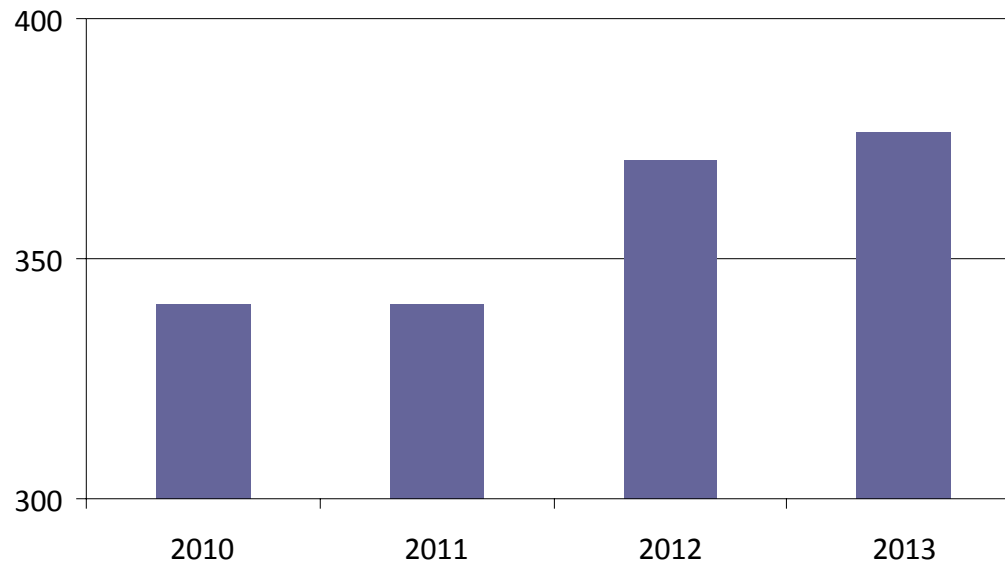
- Fixed costs trending lower
 - Portfolio optimisation
 - Ongoing cost reduction programmes
 - Previous quarter helped by positive one-off
- Cost of materials lower
 - Boyer standstill and Walsum closure
 - Slight increasing trend on a per tonne basis
 - NOK depreciation



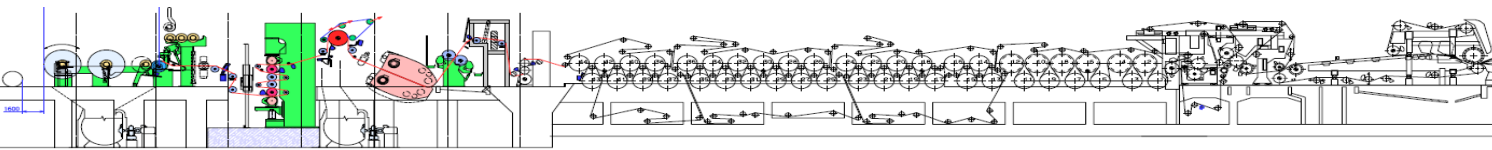
Strong economies of scale position

- Portfolio optimisation
 - Smaller business units divested and closed

Average mill size (1 000 tonnes)



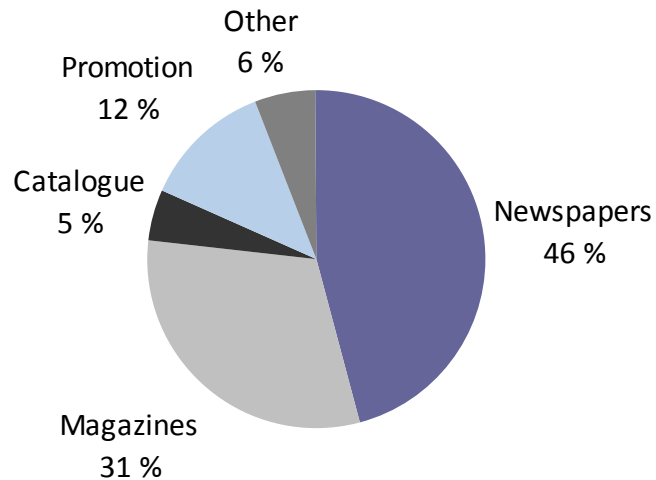
Company data



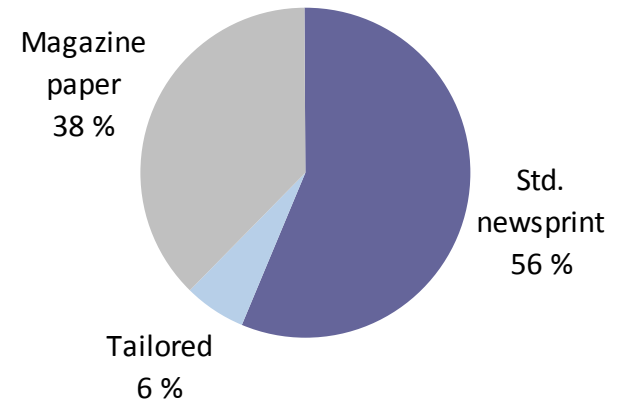
Niche segments growing in importance

- Print based promotion getting increased attention
- Quality magazines gaining traction
 - Revenue model tilted towards selling price

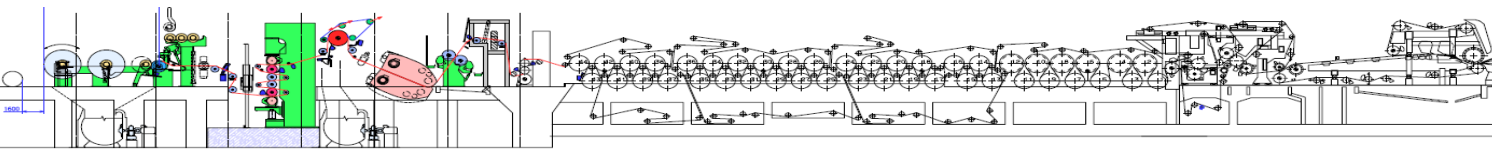
Norske Skog paper end use



Norske Skog paper products

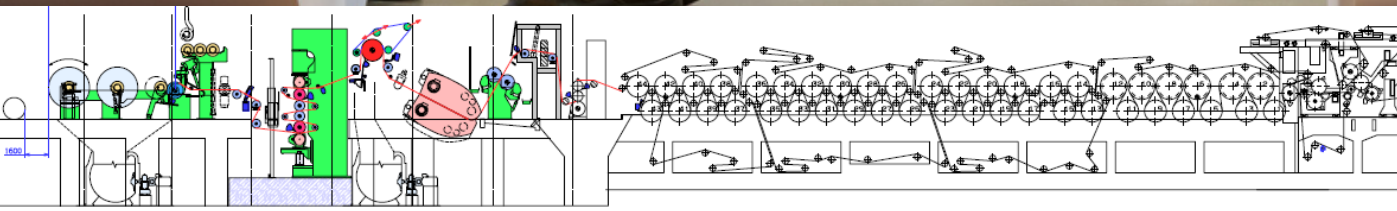


Company data



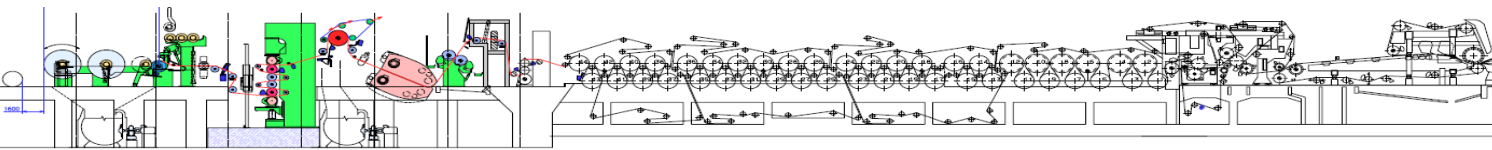


Financials

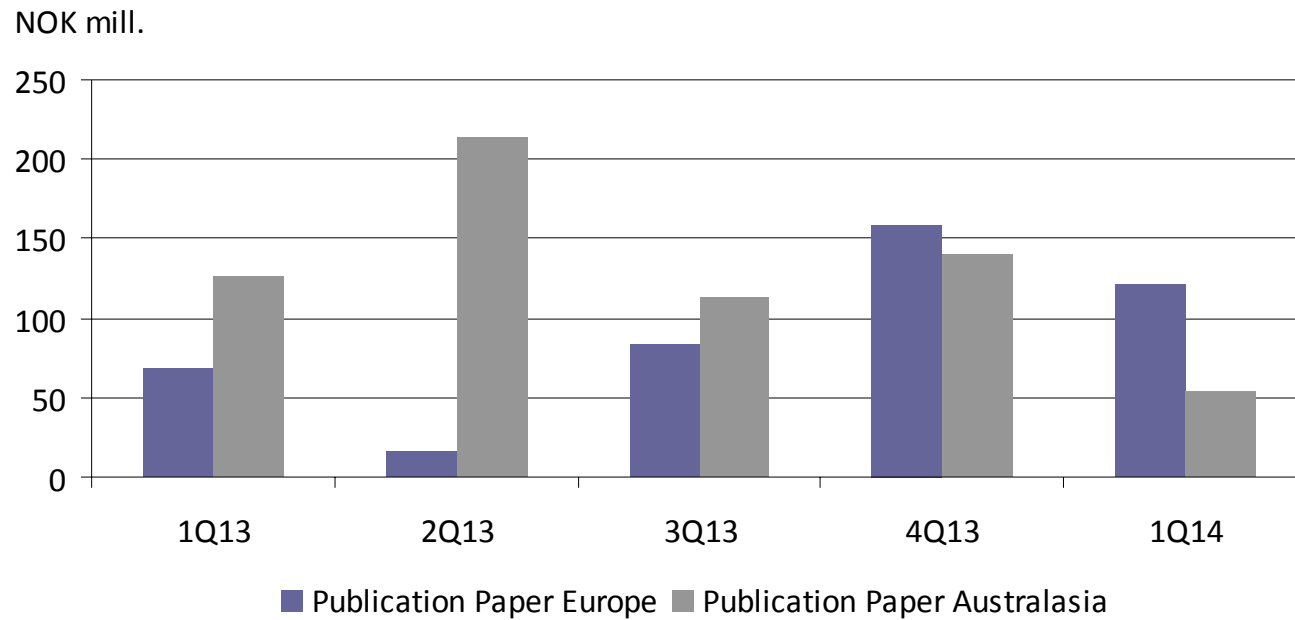


Key takeaways 1Q14

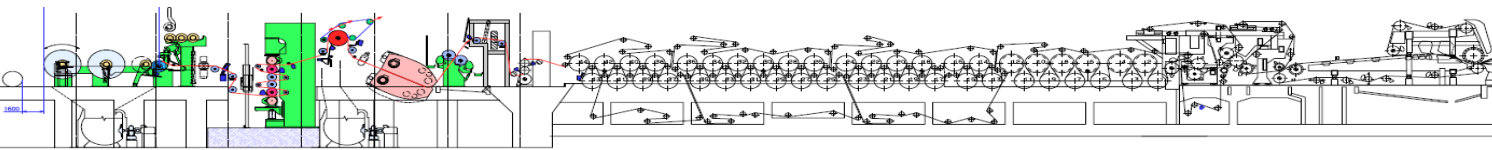
- Weak GOE due to several negative one-offs in addition to seasonal factors
 - YoY not directly comparable due to deconsolidation of Pisa in Brazil and Singburi in Thailand
- Profit for the period NOK 11 mill. (fourth quarter last year loss NOK 457 mill.)
- Cash flow from operations positive before financial items
 - WC release largely offsetting restructuring payments at Walsum
- Net debt somewhat reduced in difficult quarter
 - Positive FX effect outweighing high capex related to project completions



GOE by business system



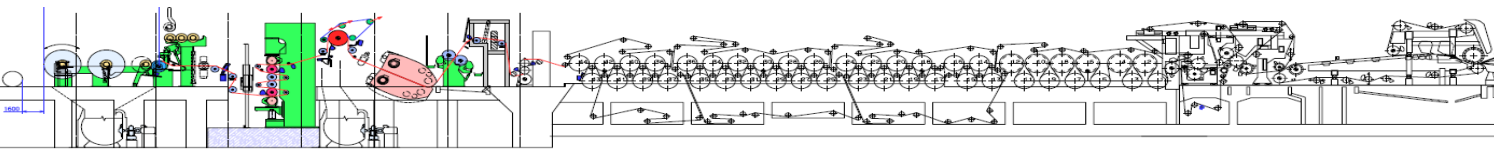
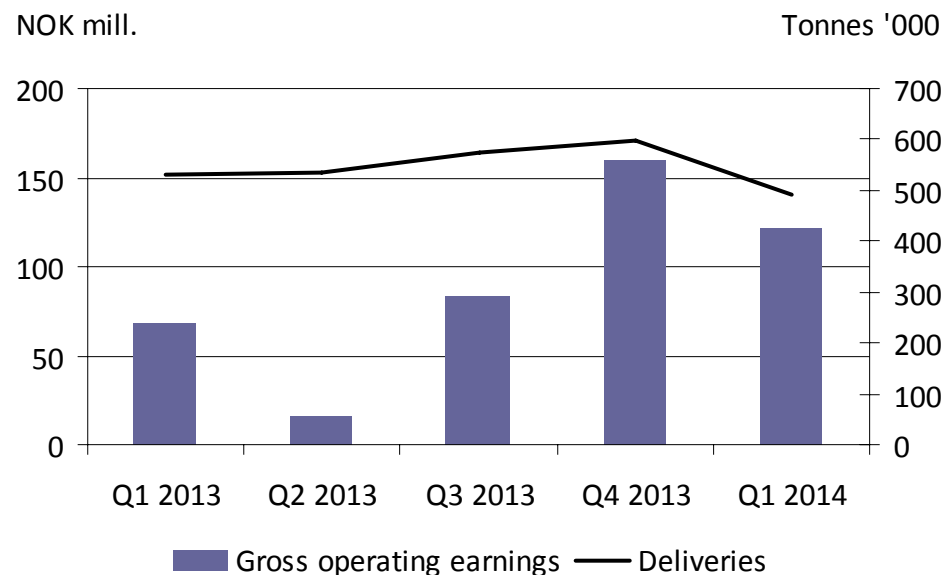
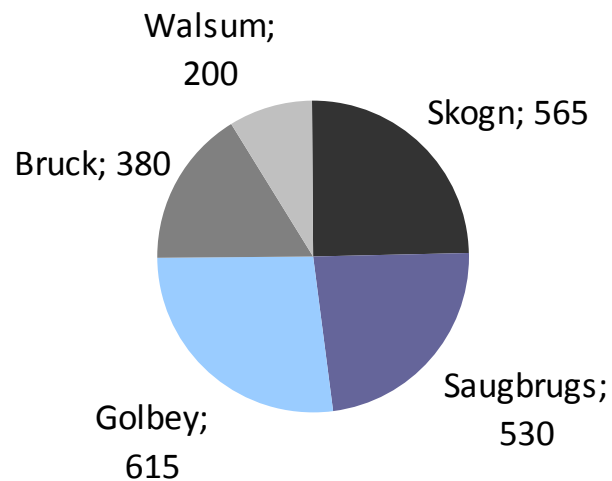
The figures are not restated for deconsolidation of Pisa and Singburi



Publication paper Europe

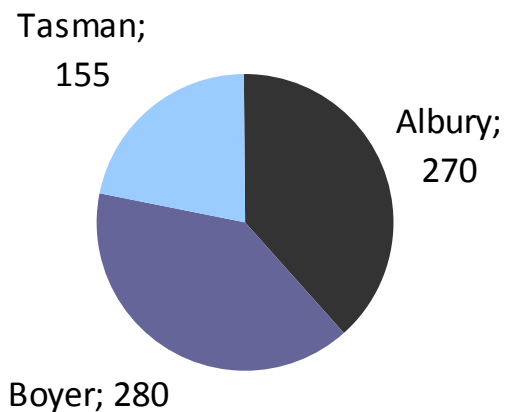
Mills and capacity tonnes

- Walsum loss, Saugbrugs start-up curve, seasonality
- Walsum contribution to improve

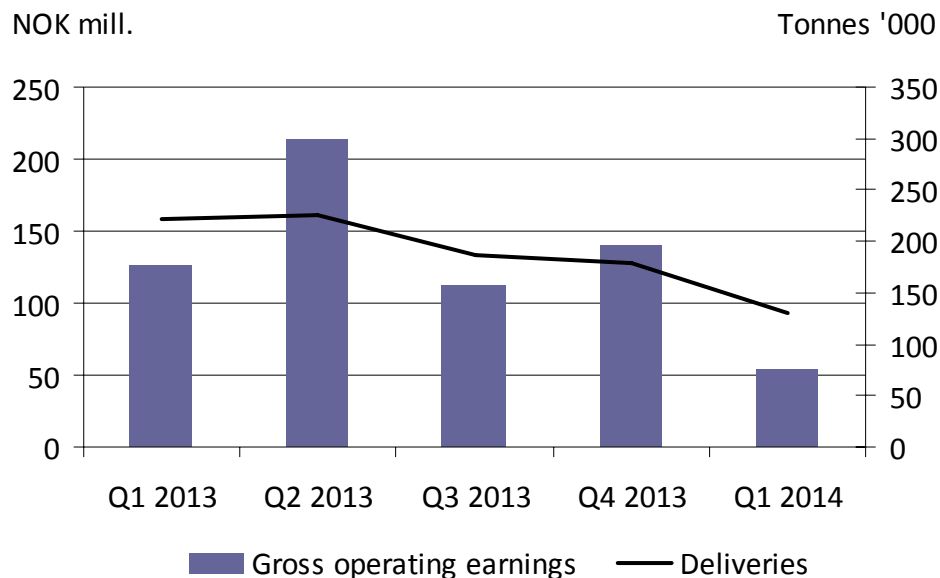


Publication paper Australasia

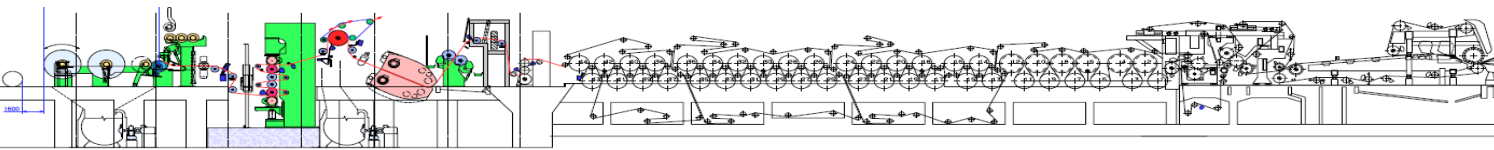
Mills and capacity tonnes



- Boyer loss, positive one-off in fixed costs in the fourth quarter
- Boyer to contribute to GOE from second quarter

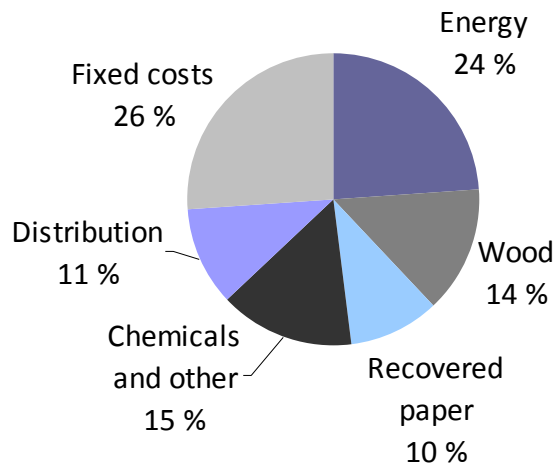


The figures are not restated for deconsolidation of Pisa and Singburi



Energy and fibre most important input factors

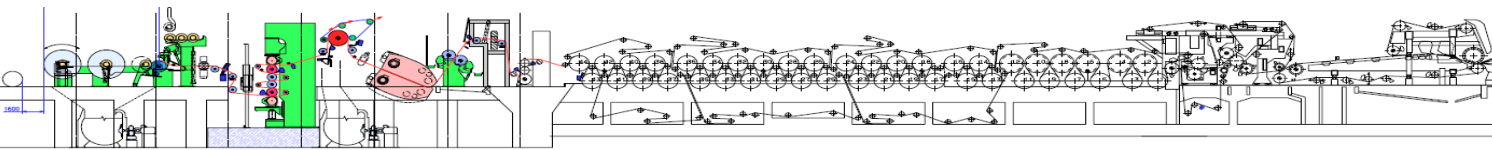
Group cost constituents



- Virtual vertical integration
 - Most input factors secured on LT-contracts
 - Sensitivity to price volatility mitigated
- Fixed costs
 - 2/3 employee benefit expenses
 - 1/3 other operating expenses

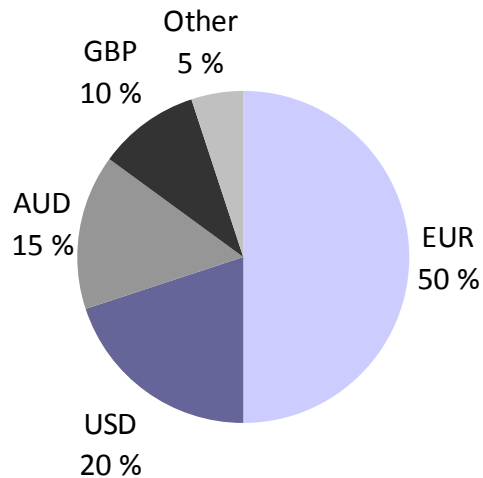
Annual consumption of input factors

Electric power (MWh)	5.8
Fibre	
- Recovered paper (mill. tonnes)	0.9
- Sawmill chips (mill. m3)	1.1
- Roundwood (mill. m3)	2.6
Pigments and fillers (mill. tonnes)	0.4
Purchased pulp (mill. tonnes)	0.1



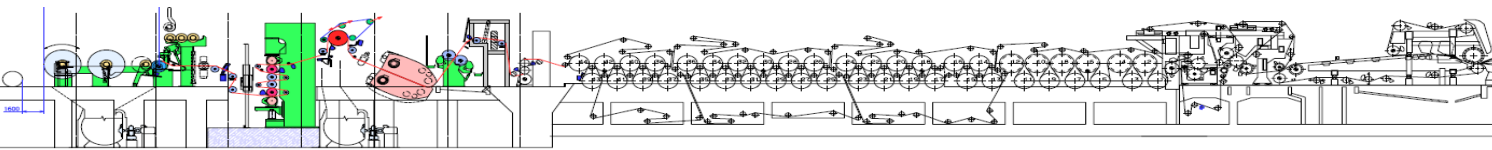
FX exposure and sensitivity

Group revenue by currency



- GOE sensitivity mitigated by cost base
 - And depressed margins in Europe
- USD and GBP largely naked exposures
- FX both translation and competitiveness
 - EUR operations translated to NOK
 - NOK cost base to internationally priced products
 - AUD depreciation to USD improves competitiveness for Australasian assets

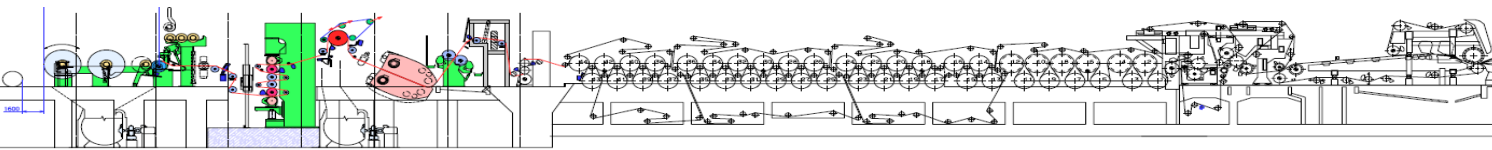
Sensitivity to 1% NOK depreciation	GOE	Net debt
EUR	10	40
USD	10	20
AUD	3	0
GBP	10	0
Other	-3	0



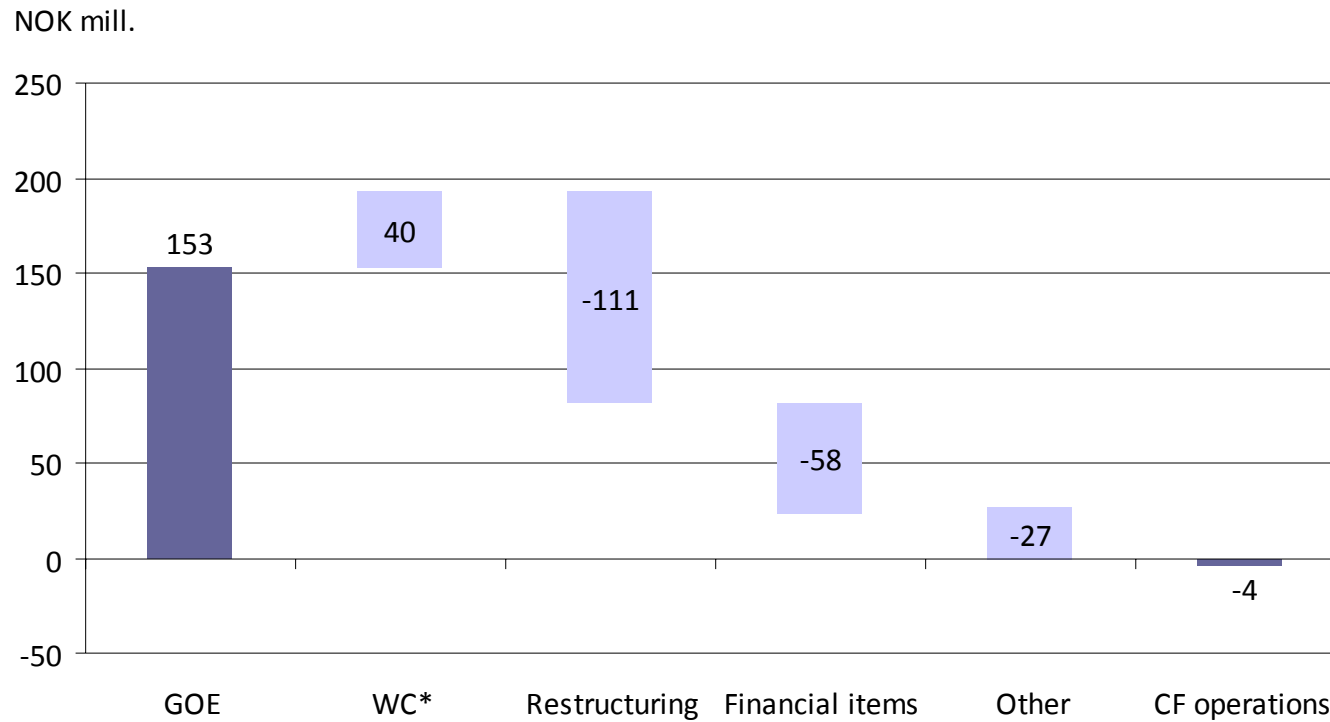
Special items in operating earnings

- Other gains and losses
 - Primarily mark-to-market increase in the value of energy contracts
 - NOK appreciation EUR contracts in Norway
 - Higher electricity prices in New Zealand

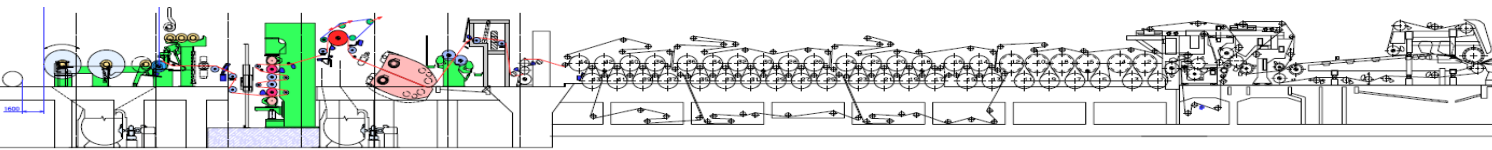
	Q1 2014	Q4 2013	Q1 2013	YTD 2014	YTD 2013
Restructuring expenses	-2	-149	0	-2	0
Other gains and losses	114	-237	-153	114	-153



Cash flow from operations



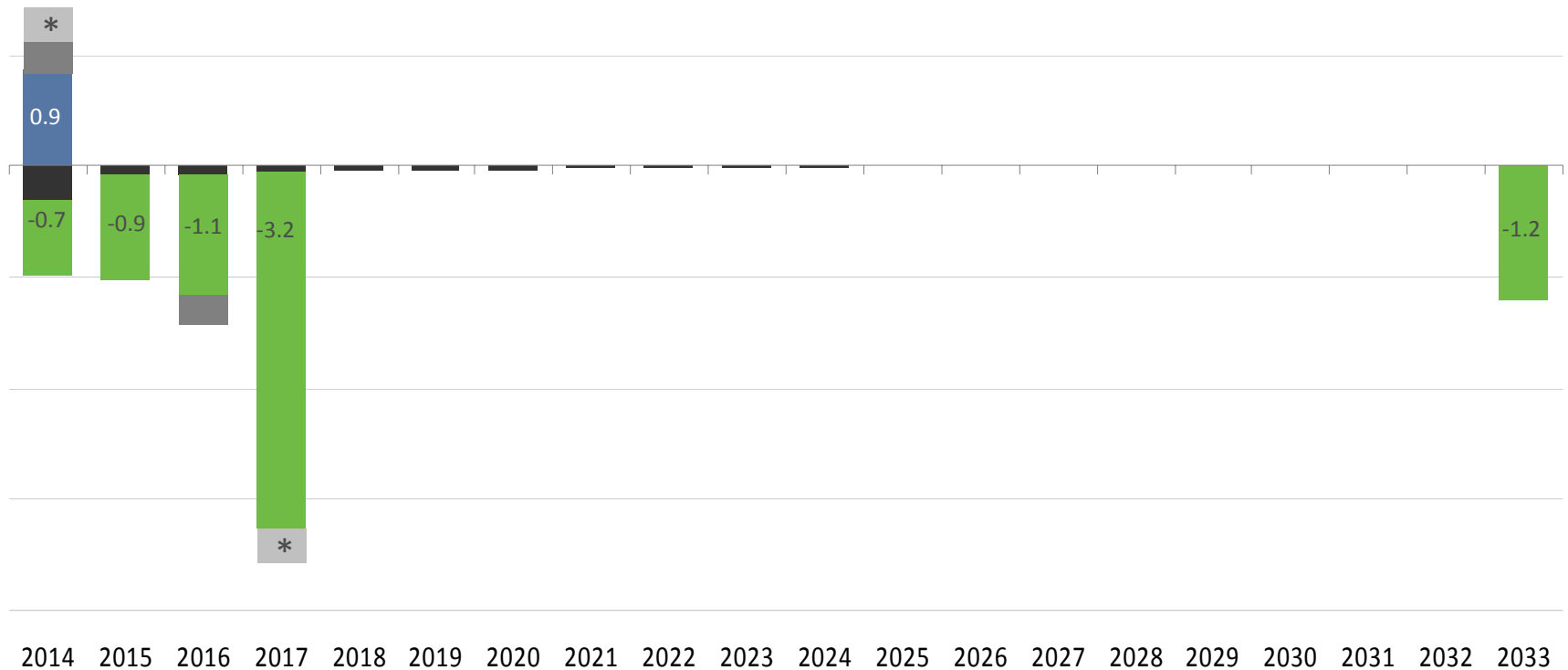
* WC release booked as divestments not included



Maturity profile

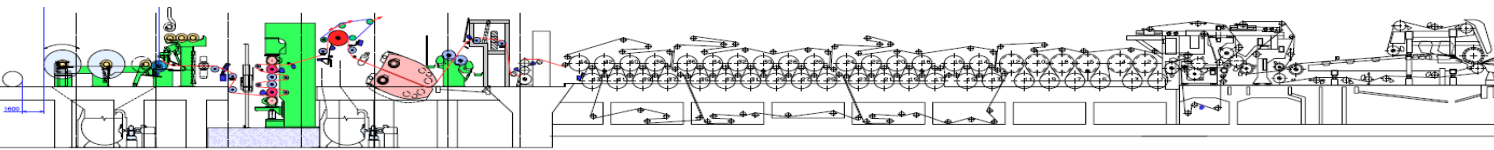
NOK bn.

■ Cash ■ Bank ■ Bonds



31 March 2014

* A new factoring facility was signed with Crédit Agricole on April 15



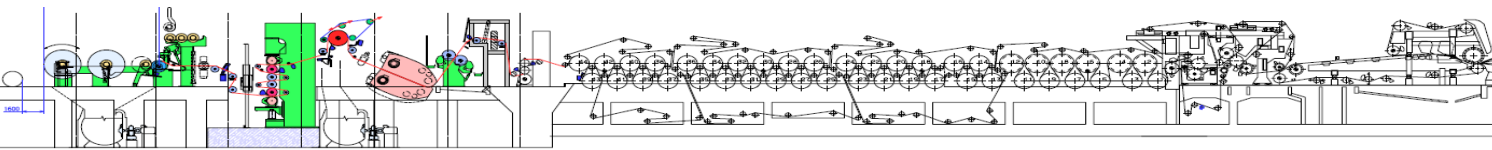
Liquidity management

At hand

- Cash on balance sheet and NOK 250 mill. facility in Norway
- New EUR 40 mill. facility in France
- Pisa proceeds of USD 35 mill. still to be received in the second quarter
- Remaining break fee from customer in Australasia to be received in the second half

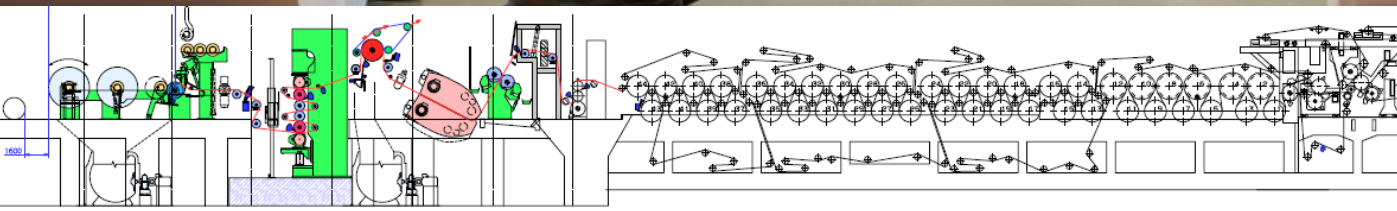
In progress

- Capex reduction following Boyer and Saugbrugs completions
- Improved contribution from Boyer, Saugbrugs and Walsum
- Lower interest payments post bond maturities
- Seasonality in cash flow generation
 - Higher deliveries and WC release in the second half





Concluding remarks



VANTAGE  TM

Concluding remarks

- Newsprint prices in Europe have improved
 - High capacity utilisation for newsprint
- Large development projects completed
 - Boyer conversion at Tasmania in Australia
 - New thermo-mechanical pulp (TMP) plant at Saugbrugs in Norway
- Revenue to improve with Boyer conversion and seasonality
 - Scope for further price increases in Europe and higher market share in Australia
- Variable costs expected to remain relatively stable
 - New TMP line at Saugbrugs to mitigate other possible increases
- Fixed costs to decline with ongoing cost reduction programmes
 - Right-sizing of costs at Walsum
 - Tailored cost initiatives at all sites

