

Future on Paper

Norske Skog

Financial details, Q1 2010



Key financials

		Q1 10	Q4 09	Q1 09	YTD 10	YTD 09
Operating revenue	NOK mill	4 455	4 909	5 259	4 455	5 259
Gross operating earnings	NOK mill	275	472	504	275	504
Gross operating earnings after depreciation	NOK mill	- 252	- 27	- 149	- 252	- 149
Gross operating margin	%	6.2	9.6	9.6	6.2	9.6
Operating earnings	NOK mill	-1 364	1 075	-1 374	-1 364	-1 374
Profit/loss before income taxes	NOK mill	-1 606	887	-1 500	-1 606	-1 500
Net profit/loss for the period	NOK mill	-1 153	667	-1 111	-1 153	-1 111
Earnings per share	NOK	-6.04	3.53	-5.73	-6.04	-5.73
Net cash flow from operating activities	NOK	101	537	723	101	723
Cash flow per share	NOK	0.53	2.83	3.82	0.53	3.82
Net interest bearing debt	NOK mill	9 465	9 595	12 925	9 465	12 925
Net interest bearing debt/equity	NOK mill	0.86	0.80	1.08	0.86	1.08
Production		950	966	985	950	985
Deliveries		951	1 007	924	951	924

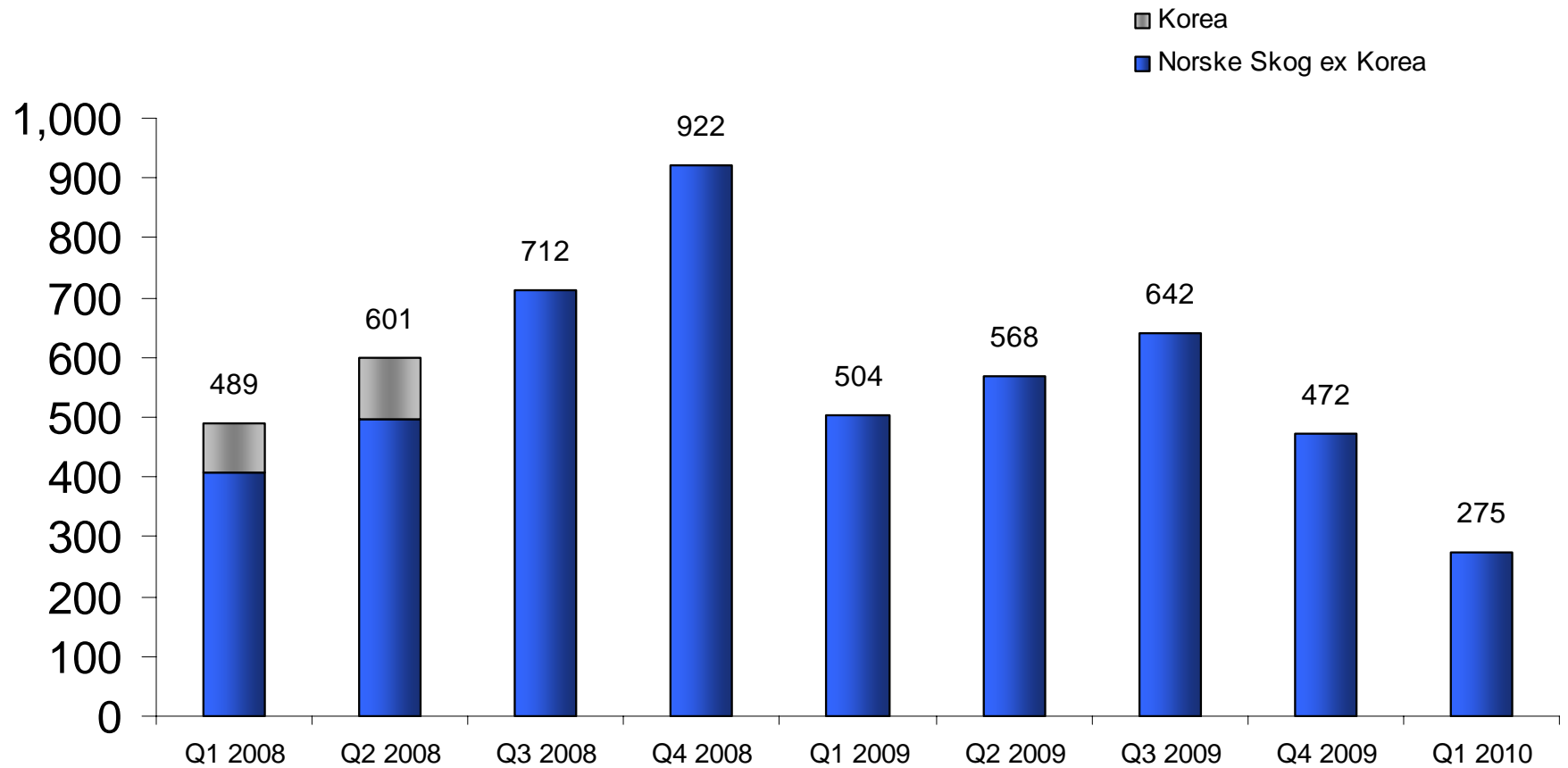
Gross operating earnings - segment distribution

	Q1 10	Q4 09	Q1 09	YTD 10	YTD 09
Newsprint					
Europe	18	151	204	18	204
Outside Europe	196	216	149	196	149
Sales offices/eliminations	10	17	- 8	10	- 8
Total Newsprint	225	383	345	225	345
Magazine paper	56	162	201	56	201
Total Paper	281	545	547	281	547
Energy	46	- 32	10	46	10
Other activities	- 52	- 40	- 53	- 52	- 53
Eliminations	- 0	- 0	- 0	0	- 0
Gross operating earnings	275	472	504	275	504

Income statement

	Q1 10	Q4 09	Q1 09	YTD 10	YTD 09
Operating revenue	4 455	4 909	5 259	4 455	5 259
Distribution costs	- 431	- 452	- 419	- 431	- 419
Cost of materials	-2 720	-2 678	-3 149	-2 720	-3 149
Change in inventories	0	- 175	134	0	134
Employee benefit expenses	- 670	- 726	- 809	- 670	- 809
Other operating expenses	- 358	- 406	- 513	- 358	- 513
Gross operating earnings	275	472	504	275	504
Depreciation	- 528	- 499	- 652	- 528	- 652
Gross operating earnings after depreciation	- 252	- 27	- 149	- 252	- 149
Restructuring expenses	0	- 90	- 1	0	- 1
Other gains and losses	- 913	1 418	-1 225	- 913	-1 225
Impairments	- 198	- 226	- 0	- 198	- 0
Operating earnings	-1 364	1 075	-1 374	-1 364	-1 374
Share of profit in associated companies	- 4	0	17	- 4	17
Financial items	- 237	- 188	- 143	- 237	- 143
Profit/loss before income taxes	-1 606	887	-1 500	-1 606	-1 500
Income taxes	453	- 220	389	453	389
Net profit/loss for the period	-1 153	667	-1 111	-1 153	-1 111
Majority share of net profit/loss for the period	-1 145	670	-1 086	-1 145	-1 086
Minority share of net profit/loss for the period	- 8	- 3	- 25	- 8	- 25
Basic/diluted earnings per share	-6.04	3.53	-5.73	-6.04	-5.73

Gross operating earnings



Financial items

	Q1-10	Q4-09	Q1-09	YTD 2010	YTD 2009
Net interest cost (excl. IR derivatives)	- 192	- 201	- 283	- 192	- 283
Realised and unrealised gains/losses on IR swaps *	11	51	- 211	11	- 211
Realized currency gain/loss cash flow hedge	110	101	- 119	110	- 119
Urealized currency gain/loss cash flow hedge	- 91	- 73	373	- 91	373
Other currency gain/loss	- 67	- 39	129	- 67	129
Other financial items	- 8	- 29	- 32	- 8	- 32
Total financial items	- 237	- 188	- 143	- 237	- 143
Gearing ¹⁾	0.86	0.80	1.08	0.86	1.08
Net interest bearing debt ²⁾	9 465	9 596	12 925	9 465	12 925

¹⁾ Gearing = Net interest bearing debt / Equity

²⁾ Net interest-bearing debt = Interest bearing debt - Hedge reserve – Cash and Cash equivalents
- Gain fair value hedge

Balance sheet

	31/03/10	31/12/09	30/09/09	31/03/09
Deferred tax asset	130	128	119	102
Other intangible assets	249	208	215	284
Property, plant and equipment	17 051	17 561	19 244	23 086
Investment in associated companies	230	228	223	262
Other non-current assets	4 575	5 420	265	354
Total non-current assets	22 235	23 546	20 067	24 088
Inventories	2 007	2 003	2 240	2 653
Receivables	2 427	2 511	2 577	3 138
Cash and cash equivalents	4 169	4 241	4 560	5 307
Other current assets	733	853	5 958	3 661
Total current assets	9 336	9 609	15 335	14 758
Total assets	31 571	33 155	35 401	38 845
Paid-in equity	12 302	12 302	12 302	12 302
Retained earnings and other reserves	-1 279	- 315	-1 069	- 379
Minority interests	22	28	29	233
Total equity	11 044	12 015	11 263	12 156
Pension obligations	629	665	604	608
Deferred tax liability	1 376	1 836	1 596	1 140
Interest-bearing non-current liabilities	13 708	13 892	13 984	16 312
Other non-current liabilities	1 026	922	2 062	2 148
Total non-current liabilities	16 740	17 316	18 246	20 209
Interest-bearing current liabilities	331	355	1 032	2 010
Trade and other payables	3 154	3 196	3 430	4 046
Tax payable	34	35	48	71
Other current liabilities	269	237	1 383	354
Total current liabilities	3 787	3 824	5 893	6 481
Total liabilities	20 527	21 140	24 138	26 689
Total equity and liabilities	31 571	33 155	35 401	38 845

Cash flow

	Q1 2010	Q4 2009	Q1 2009	YTD 10	YTD 09
Gross operating earnings	275	472	504	275	504
Restructuring expenses	0	- 90	- 1	0	- 1
Other items	- 81	30	13	- 81	13
Change in working capital	- 157	257	- 60	- 157	- 60
Operational cash flow	37	670	456	37	456
Cash from net financial items	82	- 78	303	82	303
Taxes paid	- 19	- 55	- 36	- 19	- 36
Levered operational cash flow	101	537	723	101	723
Purchases of fixed assets (capex)	- 83	- 180	- 79	- 83	- 79
Sales of fixed assets	11	20	4	11	4
Other investments / divestments	0	- 193	19	0	19
Purchase/sale of shares in companies	0	0	0	0	0
Purchase/sale of treasury shares	0	0	- 1	0	- 1
Dividend received	0	0	0	0	0
Dividend paid	0	0	0	0	0
Free cash flow	29	184	666	29	666
New equity	0	0	0	0	0
FX and other non-cash items on cash and debt	102	237	456	102	456
Change in net interest bearing debt	131	421	1 122	131	1 122

Income statement by operating segments – Q1 2010

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	2 613	1 503	589	528	- 778	4 455
Distribution costs	- 252	- 151	0	- 29	0	- 431
Cost of materials	-1 540	- 914	- 541	- 388	664	-2 720
Change in inventories	30	- 28	0	- 2	- 0	0
Employee benefit expenses	- 388	- 213	0	- 69	- 0	- 670
Other operating expenses	- 239	- 140	- 2	- 92	115	- 358
Gross operating earnings	225	56	46	- 52	- 0	275
Depreciation	- 380	- 137	0	- 10	0	- 528
Gross operating earnings after depreciation	- 156	- 81	46	- 62	- 0	- 252
Restructuring expenses	0	0	0	0	0	0
Other gains and losses	30	0	- 954	10	0	- 913
Impairments	- 198	0	0	0	0	- 198
Operating earnings	- 324	- 81	- 908	- 52	- 0	-1 364

Income statement by operating segments – Q4 2009

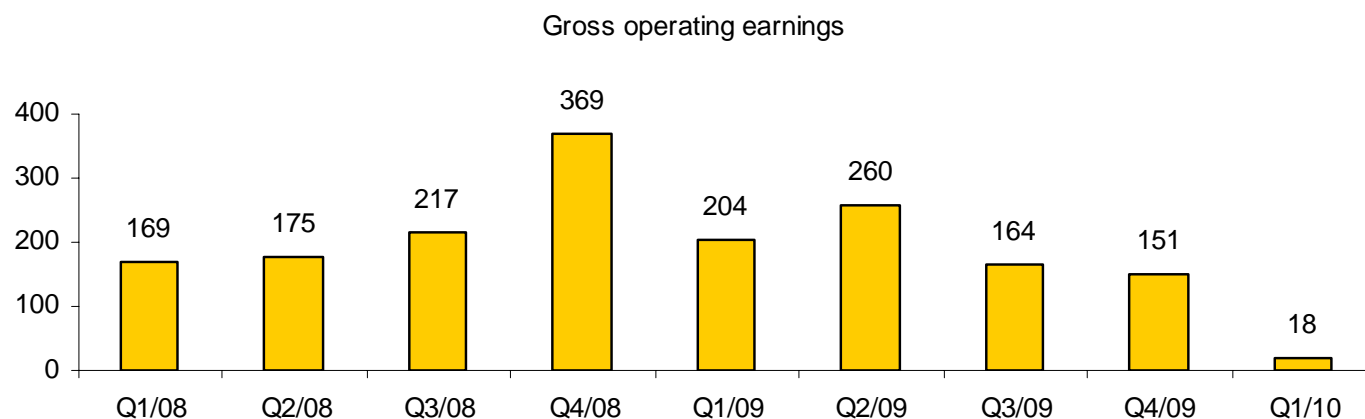
	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	2 999	1 674	435	523	- 723	4 909
Distribution costs	- 272	- 155	0	- 26	0	- 452
Cost of materials	-1 490	- 916	- 467	- 394	589	-2 678
Change in inventories	- 136	- 46	0	6	- 0	- 175
Employee benefit expenses	- 440	- 221	0	- 65	0	- 726
Other operating expenses	- 279	- 174	- 0	- 85	134	- 406
Gross operating earnings	383	162	- 32	- 40	- 0	472
Depreciation	- 326	- 163	0	- 10	- 0	- 499
Gross operating earnings after depreciation	57	- 2	- 32	- 50	- 0	- 27
Restructuring expenses	- 70	- 18	0	- 2	- 0	- 90
Other gains and losses	32	0	1 368	17	- 0	1 418
Impairments	- 27	- 200	0	0	- 0	- 226
Operating earnings	- 7	- 219	1 336	- 34	- 0	1 075

Income statement by operating segments – Q1 2009

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	3 329	1 603	449	567	- 688	5 259
Distribution costs	- 255	- 145	0	- 20	0	- 419
Cost of materials	-2 103	- 784	- 437	- 410	586	-3 149
Change in inventories	199	- 66	0	0	- 0	134
Employee benefit expenses	- 463	- 251	0	- 95	- 0	- 809
Other operating expenses	- 362	- 157	- 1	- 96	102	- 513
Gross operating earnings	345	201	10	- 53	- 0	504
Depreciation	- 483	- 159	0	- 11	0	- 652
Gross operating earnings after depreciation	- 138	43	10	- 64	- 0	- 149
Restructuring expenses	- 1	0	0	0	0	- 1
Other gains and losses	126	0	-1 360	9	0	-1 225
Impairments	- 0	0	0	0	0	- 0
Operating earnings	- 13	43	-1 350	- 55	- 0	-1 374

Newsprint, Europe

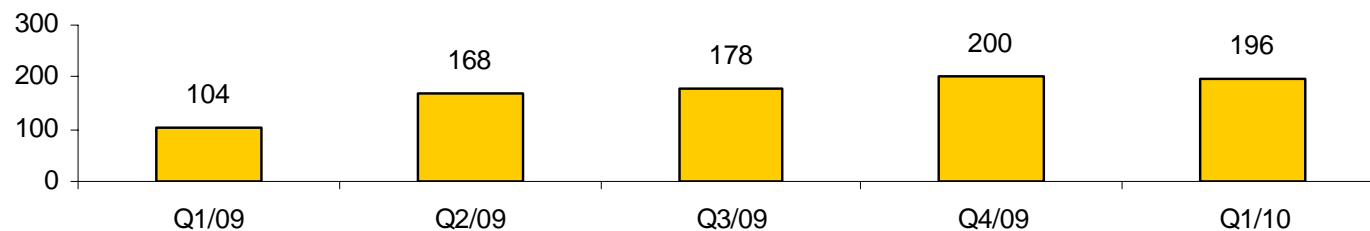
Key figures	Q1 2010	Q4 2009	Q1 2009	YTD 2010	YTD 2009
Operating revenue	1 314	1 549	1 575	1 314	1 575
Gross operating earnings	18	151	204	18	204
Gross operating earnings after depreciations	- 146	- 30	- 7	- 146	- 7
Gross operating margin %	1.4	9.7	13.0	1.4	13.0
Production	367	350	379	367	379
Deliveries	356	371	347	356	347
Production / capacity %	83	80	76	83	76



Newsprint, outside Europe

Key figures	Q1 2010	Q4 2009	Q1 2009	YTD 2010	YTD 2009
Operating revenue	1 243	1 369	1 358	1 243	1 358
Gross operating earnings	196	216	149	196	149
Gross operating earnings after depreciations	- 20	- 71	- 121	- 20	- 121
Gross operating margin %	15.8	15.8	11.0	15.8	11.0
Production	286	303	357	286	357
Deliveries	288	322	315	288	315
Production / capacity %	87	84	80	87	80

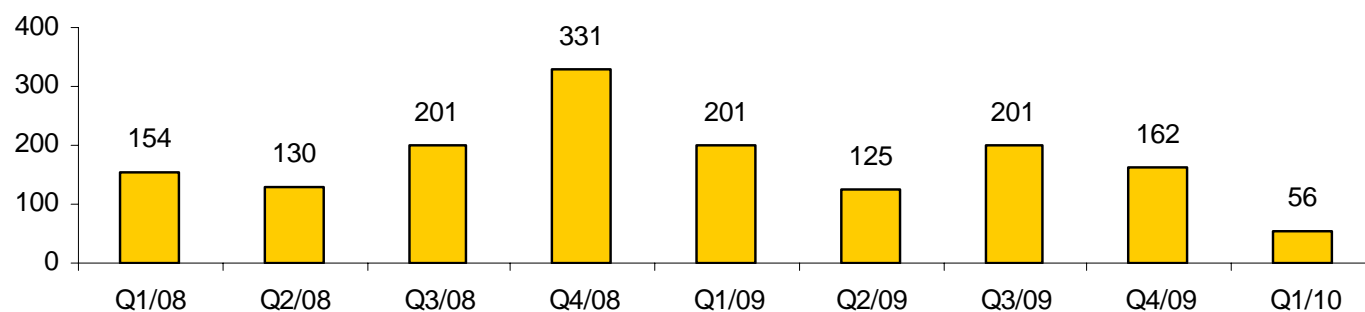
Gross operating earnings



Magazine

Key figures	Q1 2010	Q4 2009	Q1 2009	YTD 2010	YTD 2009
Operating revenue	1 503	1 674	1 603	1 503	1 603
Gross operating earnings	56	162	201	56	201
Gross operating earnings after depreciations	- 81	- 2	43	- 81	43
Gross operating margin %	3.7	9.6	12.6	3.7	12.6
Production	296	313	249	296	249
Deliveries	307	314	262	307	262
Production / capacity %	85	89	71	85	71

Gross operating earnings



Energy

Key figures	Q1 2010	Q4 2009	Q1 2009	YTD 2010	YTD2009
Operating revenue	589	435	449	589	449
Gross operating earnings	46	- 32	10	46	10
Other gains and losses	- 954	1 368	-1 360	- 954	-1 360
Operating earnings IFRS	- 908	1 336	-1 350	- 908	-1 350

Other Activities

Key figures	Q1 2010	Q4 2009	Q1 2009	YTD 2010	YTD 2009
Operating revenue	528	523	567	528	567
Recovered paper	198	157	127	198	127
Real estates activitites	5	3	3	5	3
Bio-Fuel	0	0	0	0	0
Corporate functions	66	59	66	66	66
Miscellaneous	277	319	382	277	382
Eliminations	- 18	- 14	- 11	- 18	- 11
Gross operating earnings	- 52	- 40	- 53	- 52	- 53

Operational summary-volumes

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Production					
Newsprint Europe	367	350	329	351	379
Newsprint Outside Europe	286	303	350	368	357
Magazine Europe	296	313	297	250	249
Deliveries					
Newsprint Europe	356	371	331	356	347
Newsprint Outside Europe	288	322	391	365	315
Magazine Europe	307	314	294	226	262
Capacity					
Newsprint Europe	441	440	440	497	497
Newsprint Outside Europe	330	359	414	450	450
Magazine Europe	350	350	350	350	350
Production/Capacity %					
Newsprint Europe	83	80	75	71	76
Newsprint Outside Europe	87	84	85	82	80
Magazine Europe	85	89	85	71	71

Financial Summary

	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Operating revenue					
Newsprint Europe	1 314	1 549	1 460	1 615	1 575
Newsprint Outside Europe	1 243	1 369	1 618	1 551	1 358
Magazine Europe	1 503	1 674	1 607	1 387	1 603
Gross operating earnings					
Newsprint Europe	18	151	164	260	204
Newsprint Outside Europe	196	216	274	243	149
Magazine Europe	56	162	201	125	201
Gross operating earnings after depreciation					
Newsprint Europe	- 146	- 30	- 41	41	- 7
Newsprint Outside Europe	- 20	71	11	- 34	- 121
Magazine Europe	- 81	- 2	34	- 31	43
Gross operating margin %					
Newsprint Europe	1.4	9.7	11.3	16.1	13.0
Newsprint Outside Europe	15.8	15.8	16.9	15.7	11.0
Magazine Europe	3.7	9.6	12.5	9.0	12.6