

Norske Skog

Financial details

Market update

August, 2008



Second quarter results 2008



Key financials

		Q2/08	Q1/08	Q2/07	YTD 08	YTD 07
Operating revenue	NOK mill	6 528	6 269	6 794	12 797	13 520
Gross operating earnings	NOK mill	601	489	1 129	1 089	2 305
Gross operating earnings after depreciations	NOK mill	(35)	(232)	416	(267)	856
Gross operating margin	%	9,2	7,8	16,6	8,5	17,0
Return on capital employed	%	(0,1)	(0,8)	1,1		
Operating earnings	NOK mill	1 269	(990)	236	279	293
Profit before tax	NOK mill	996	(1 108)	173	(112)	38
Net profit	NOK mill	695	(966)	121	(271)	22
Earnings per share	NOK	3,74	5,04	0,71	(1,32)	0,22
Cash flow from operating activities	NOK mill	295	832	266	1 127	873
Cash flow per share	NOK	1,56	4,40	1,40	5,95	4,61
Net interest bearing debt	NOK mill	15 678	15 742	17 462	15 678	17 462
Net interest bearing debt / equity	Ratio	1,07	1,12	1,04	1,07	1,04
Production	1 000 tonnes	1 517	1 469	1 540	2 986	3 044
Deliveries	1 000 tonnes	1 502	1 442	1 478	2 944	2 905

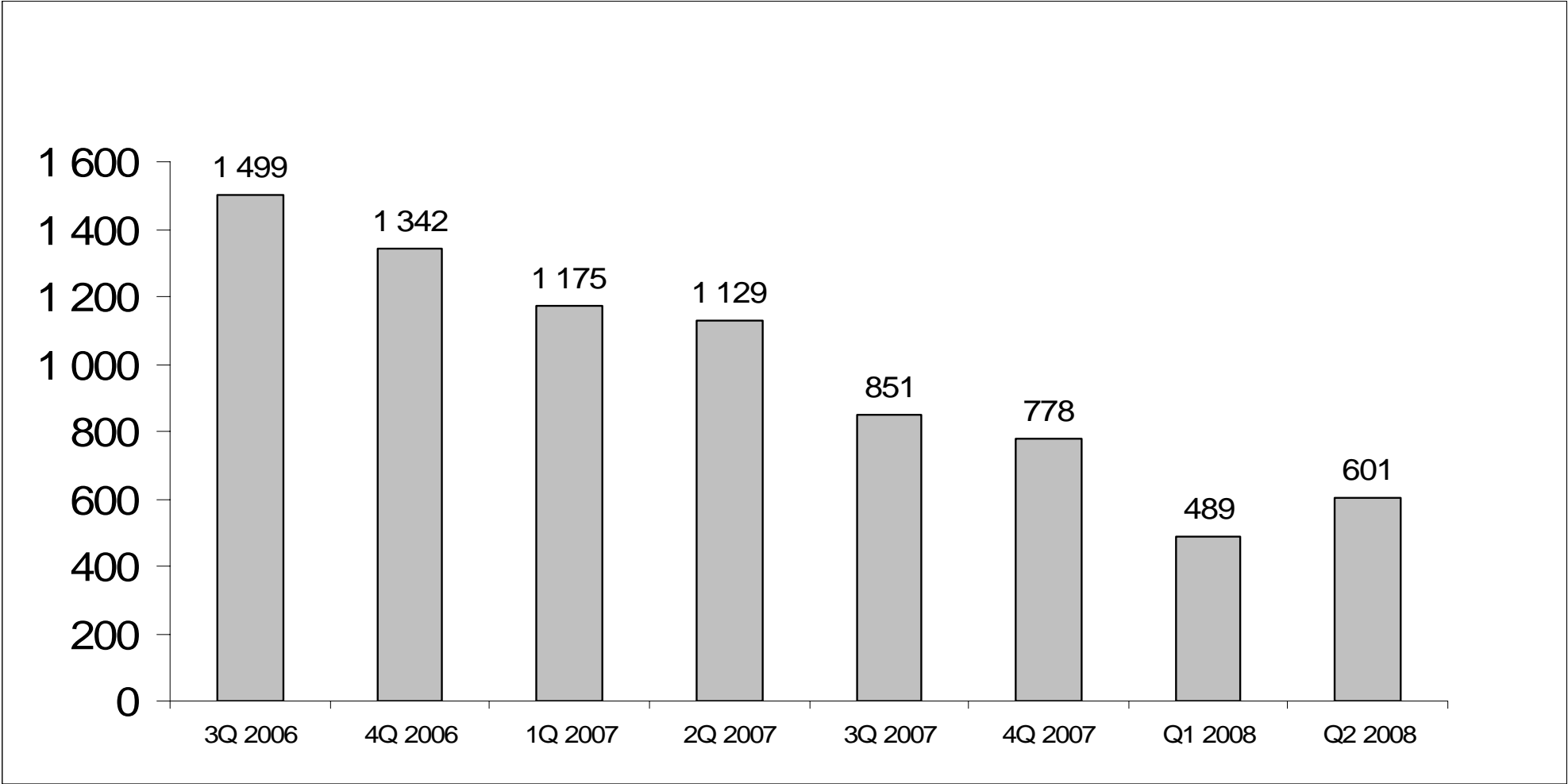
Gross operating earnings - Segment distribution

	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Newsprint Europe	175	169	480	345	954
Asia	134	89	238	223	535
Australasia	167	140	262	306	513
South America	35	2	80	37	150
Sales offices/eliminations	15	3	(4)	17	(16)
Total Newsprint	525	403	1 056	928	2 136
Magazine paper	130	154	147	284	300
Total paper	655	558	1 203	1 212	2 436
Energy	(16)	(5)	(10)	(21)	(32)
Other activities	(38)	(63)	(69)	(102)	(126)
Eliminations	0	0	5	0	26
Gross operating earnings	601	489	1 129	1 089	2 305

Income statement

	Q2/08	Q1/08	Q2/07	YTD 08	YTD 07
Operating revenue	6 528	6 269	6 794	12 797	13 520
Distribution costs	(600)	(579)	(585)	(1 179)	(1 177)
Cost of materials	(3 961)	(3 913)	(3 856)	(7 874)	(7 728)
Change in inventories	44	120	280	165	586
Employee benefit expenses	(884)	(874)	(841)	(1 758)	(1 760)
Other operating expenses	(528)	(534)	(663)	(1 062)	(1 137)
Gross operating earnings	601	489	1 129	1 089	2 305
Depreciations	(636)	(721)	(713)	(1 357)	(1 448)
Gross operating earnings after depreciations	(35)	(232)	416	(267)	856
Restructuring expenses	0	(198)	0	(198)	0
Other gains and losses	1 336	694	(206)	2 031	(589)
Impairments	(32)	(1 254)	26	(1 286)	26
Operating earnings	1 269	(990)	236	279	293
Share of profit in associated companies	3	(1)	17	1	30
Financial items	(275)	(117)	(80)	(393)	(285)
Profit before tax	996	(1 108)	173	(112)	38
Taxes	(301)	142	(52)	(159)	(16)
Net profit	695	(966)	121	(271)	22
Attributable to minority interests	(11)	(11)	(14)	(21)	(19)
Attributable to equity holders of the company	706	(955)	135	(250)	41
Earnings per share	3,74	(5,04)	0,71	(1,32)	0,22

Gross operating earnings



Financial items

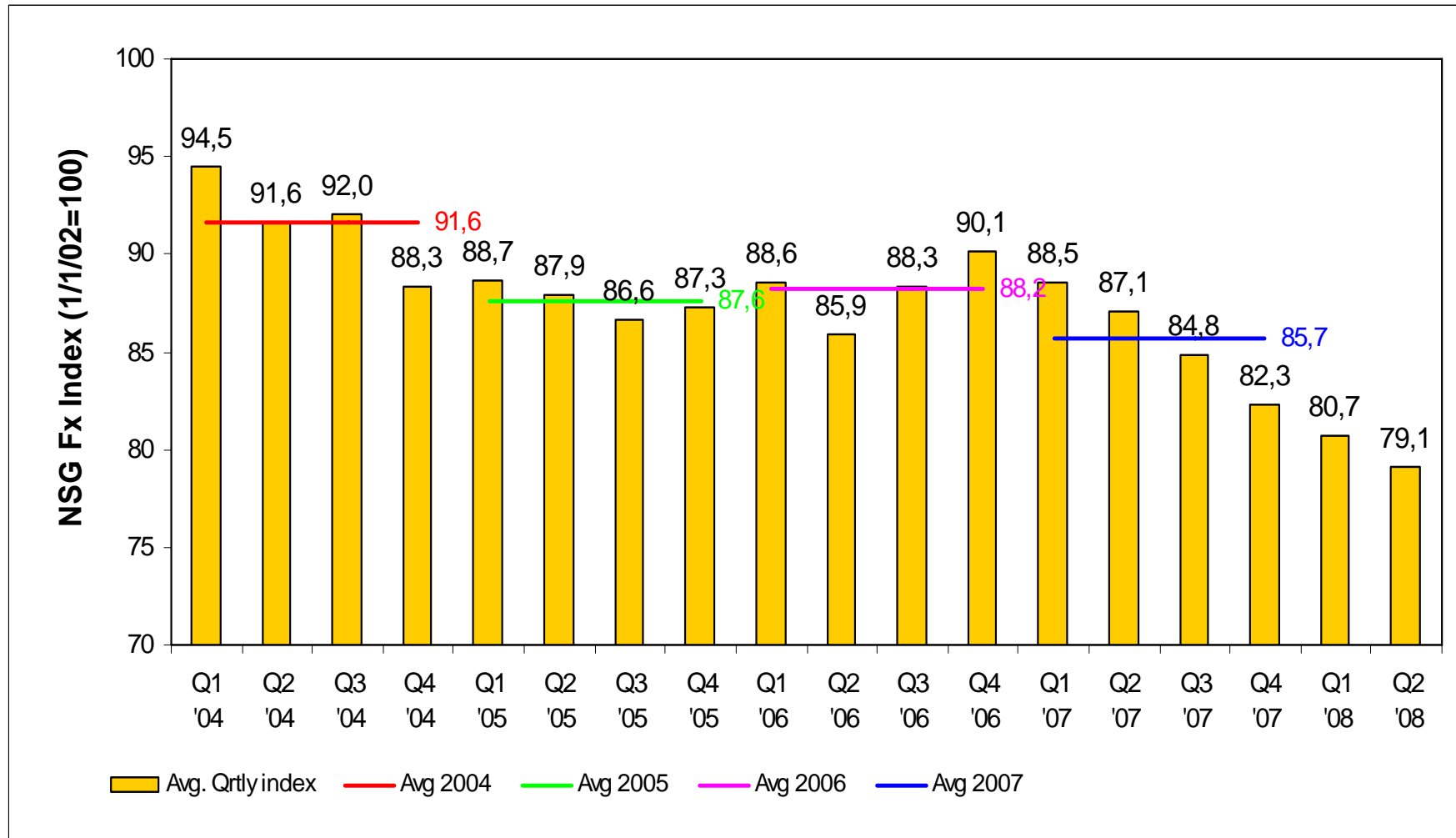
	Q2-08	Q1-08	Q2-07	YTD 2008	YTD 2007
Net interest cost	(270)	(291)	(261)	(561)	(519)
Interest rate derivatives	59	41	19	100	21
Realized currency gain/loss cash flow hedge	124	145	81	269	9
Unrealized currency gain/loss cash flow hedge	(131)	(50)	51	(181)	204
Other currency gain/loss	(13)	79	55	66	57
Other financial items	(45)	(41)	(27)	(86)	(58)
Total financial items	(275)	(117)	(80)	(393)	(285)
Gearing 1)	1,07	1,12	1,04	1,07	1,04
Net interest bearing debt 2)	15 678*	15 742	17 462	15 678*	17 462

1) Gearing = Net interest bearing debt / Equity

2) Net interest-bearing debt = Interest bearing debt – liquid assets - Interest rate swaps (fair value hedge)

*In the balance sheet NOK 287 million of interest bearing debt in Korea is reclassified to other interest free liabilities according to IFRS 5. When calculating net interest bearing debt above, this figure is included.

Norske Skog's currency index



Balance sheet

	30.06.2008	31.03.2008	31.12.2007	30.06.2007
Deferred tax asset	8	12	11	89
Other intangible assets	189	200	132	2 964
Property, plant and equipment	21 646	25 676	28 401	32 273
Investment in associated companies	224	223	234	340
Other non-current assets	489	750	529	35
Total non-current assets	22 556	26 861	29 307	35 701
Inventories	2 610	2 895	2 731	3 259
Receivables	3 120	3 666	3 811	3 994
Cash and cash equivalents	1 993	1 982	1 792	2 222
Other current assets	13 168	6 704	5 619	1 895
Total current assets	20 891	15 247	13 953	11 370
Total assets	43 447	42 108	43 260	47 071
Paid in equity	12 310	12 297	12 310	12 322
Retained earnings	2 334	1 725	3 282	4 397
Minority interests	223	356	365	426
Total equity	14 867	14 378	15 957	17 145
Pension obligations	483	529	519	511
Deferred tax	1 922	1 776	2 033	1 505
Interest bearing non-current liabilities	16 618	17 153	17 294	17 961
Other non-current liabilities	1 682	1 764	1 687	1 882
Total non-current liabilities	20 706	21 222	21 533	21 859
Interest-bearing current liabilities	1 005	1 075	1 141	3 002
Trade and other payables	4 127	4 460	3 702	3 642
Tax payable	84	89	73	167
Other current liabilities	2 658	884	854	1 256
Total current liabilities	7 874	6 508	5 770	8 067
Total liabilities	28 580	27 730	27 303	29 926
Total equity and liabilities	43 447	42 108	43 260	47 071

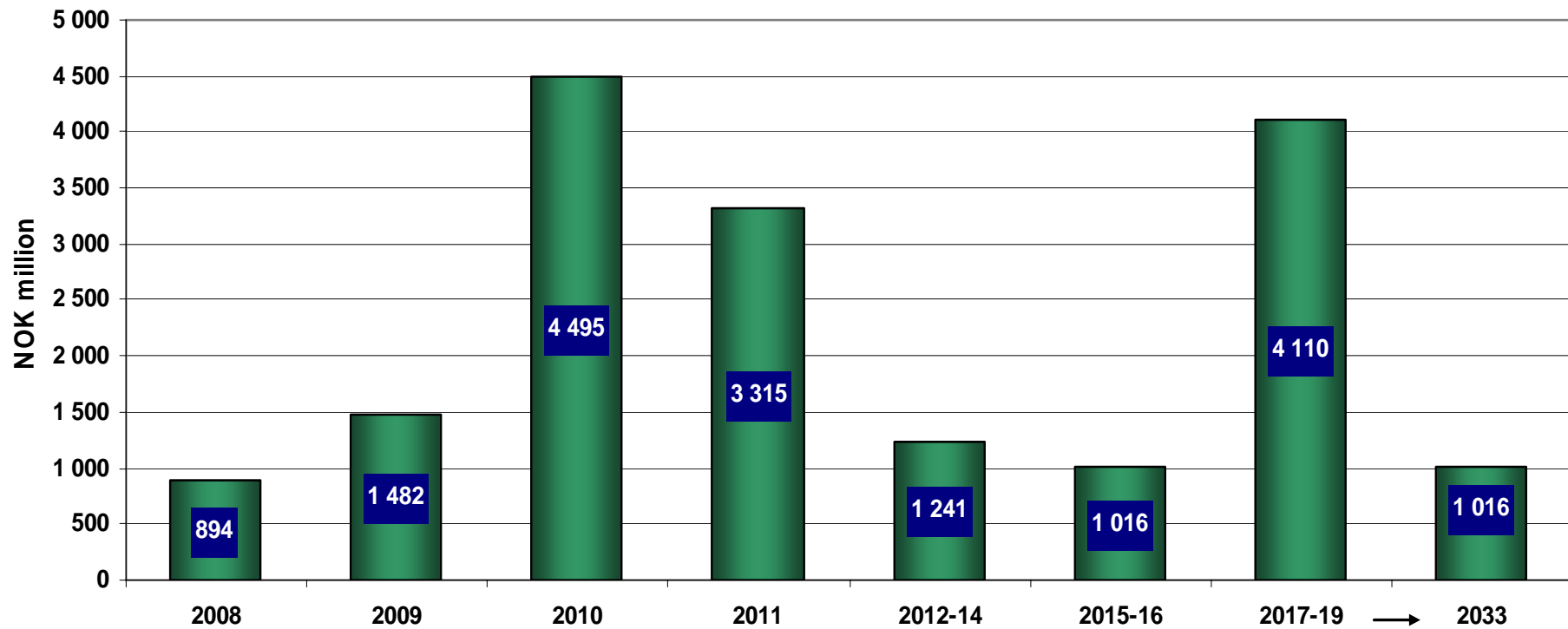
Balance sheet – currency effect Q2 2008

Gross Assets less non-interest bearing debt		Debt		Currency rate change	
Distribution as of	30.06.2008	Distribution as of	30.06.2008	Q1-Q2:	
NOK	30 %	NOK	4 %	EUR	-0,5%
EUR	24 %	EUR	41 %	AUD	5,3%
AUD	12 %	AUD	14 %	NZD	-3,2%
NZD	9 %	NZD	0 %	USD	-0,2%
USD	6 %	USD	20 %	CNY	2,1%
CNY	4 %	CNY	0 %	KRW	-5,9%
KRW	12 %	KRW	18 %		
Other	3 %	Other	3 %		
↓		↓			
Increase in Q2:		Decrease in Q2:			
44		-46			
}		}			
Increased equity:		90			

Balance sheet – currency effect YTD 2008

Gross Assets less non-interest bearing debt		Debt		Currency rate change	
Distribution as of	30.06.2008	Distribution as of	30.06.2008	YTD:	
NOK	30 %	NOK	4 %	EUR	0,2%
EUR	24 %	EUR	41 %	AUD	0,8%
AUD	12 %	AUD	14 %	NZD	-5,1%
NZD	9 %	NZD	0 %	USD	-5,2%
USD	6 %	USD	20 %	CNY	0,1%
CNY	4 %	CNY	0 %	KRW	-12,1%
KRW	12 %	KRW	18 %		
Other	3 %	Other	3 %		
↓		↓			
Decrease in YTD:		Decrease in YTD:			
	-560		-498		
}-----}					
Decreased equity:		-62			

Debt Maturity Schedule as of 30.06.2008



Cash flow

	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Gross operating earnings	601	489	1 129	1 090	2 304
Restructuring cost	-	(198)	-	(198)	-
Other gains and losses	1 336	694	(206)	2 030	(589)
Adjustment of non-cash items in Gross operating earnings	(1 307)	(798)	218	(2 105)	636
Change in Working Capital	117	605	(496)	721	(876)
Operational Cash Flow	747	792	645	1 538	1 476
Cash from net financial items	(422)	65	(327)	(357)	(574)
Taxes paid	(30)	(25)	(52)	(55)	(29)
Levered Operational Cash Flow	295	832	266	1 127	873
Investments (capex)	(272)	(390)	(499)	(662)	(698)
Sales of operational fixed assets	36	105	1	141	2
Other investments / divestments	(127)	-	-	(127)	-
Sales/purchase of shares	12	(15)	-	(3)	5
Dividend received	-	-	-	-	-
Dividend paid	-	-	(1 049)	-	(1 049)
Free Cash Flow	(56)	532	(1 281)	476	(867)
New equity	-	-	-	-	-
FX and other non-cash items on cash and debt	120	134	419	254	725
Change in net interest bearing debt	64	666	(862)	1 018	(142)

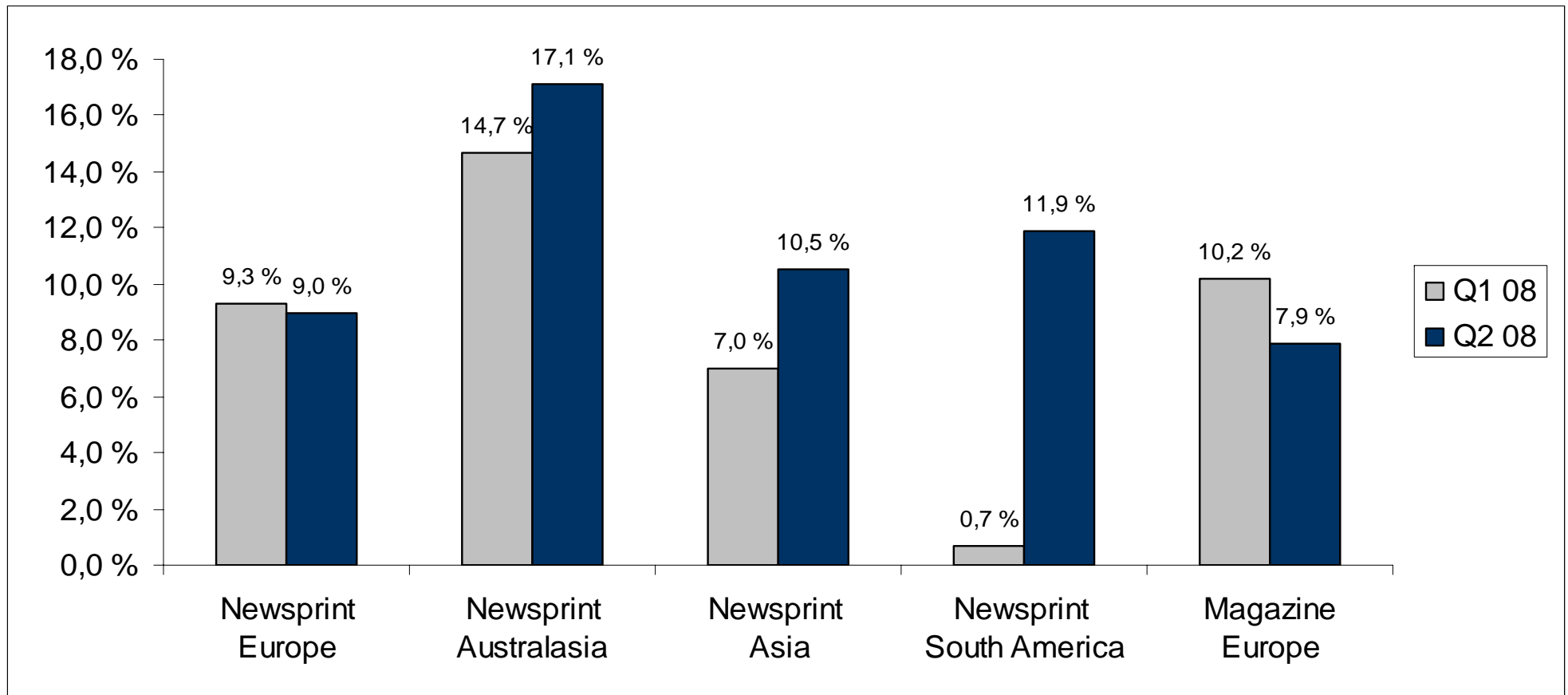
Income statement by operating segments – Q2 2008

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	4 659	1 642	289	941	(1 004)	6 528
Distribution costs	(410)	(163)	0	(26)	0	(600)
Cost of materials	(2 791)	(988)	(305)	(768)	891	(3 961)
Changes in inventories	1	46	0	(2)	(0)	44
Employee benefit expenses	(538)	(255)	0	(91)	0	(884)
Other operating expenses	(395)	(153)	(0)	(92)	112	(528)
Gross operating earnings	525	130	(16)	(38)	0	601
Depreciation	(516)	(108)	0	(12)	(0)	(636)
Gross operating earnings after depreciations	9	22	(16)	(50)	0	(35)
Restructuring expenses	0	0	0	0	0	0
Other gains and losses	1	4	1 332	0	(0)	1 336
Impairments	(32)	0	0	0	0	(32)
Operating earnings	(22)	25	1 316	(50)	(0)	1 269

Income statement by operating segments – YTD 2008

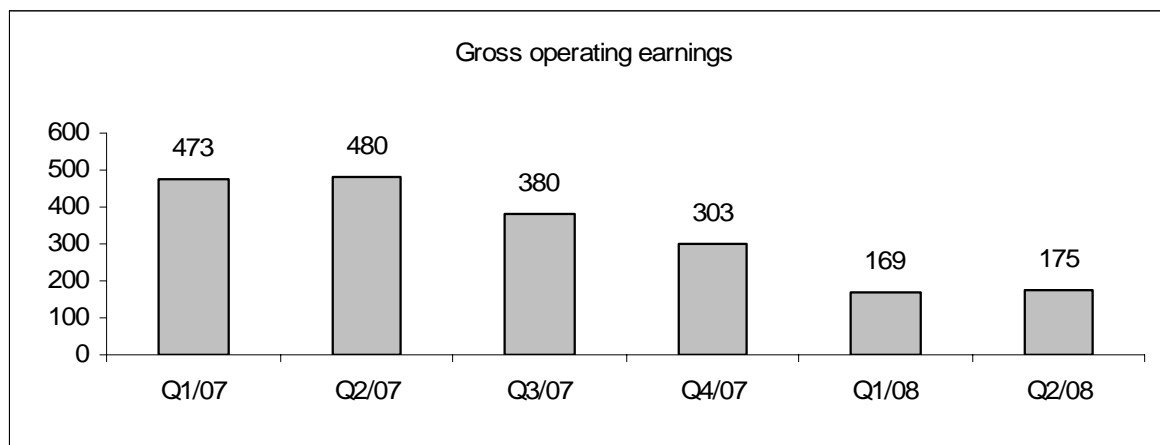
	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	9 086	3 157	708	1 864	(2 018)	12 797
Distribution costs	(801)	(323)	0	(55)	0	(1 179)
Cost of materials	(5 438)	(1 981)	(728)	(1 517)	1 790	(7 874)
Change in inventories	(40)	218	0	(14)	(0)	165
Employee benefit expenses	(1 083)	(491)	0	(184)	(0)	(1 758)
Other operating expenses	(797)	(296)	(0)	(197)	227	(1 062)
Gross operating earnings	928	284	(21)	(102)	0	1 089
Depreciations	(1 112)	(220)	0	(25)	(0)	(1 357)
Gross operating earnings after depreciations	(184)	64	(21)	(127)	0	(267)
Restructuring expenses	(180)	(0)	0	(18)	0	(198)
Other gains and losses	(287)	(1)	2 318	1	(0)	2 031
Impairments	(1 293)	0	0	7	0	(1 286)
Operating earnings	(1 945)	63	2 297	(136)	0	279

Gross operating margins by geographical regions



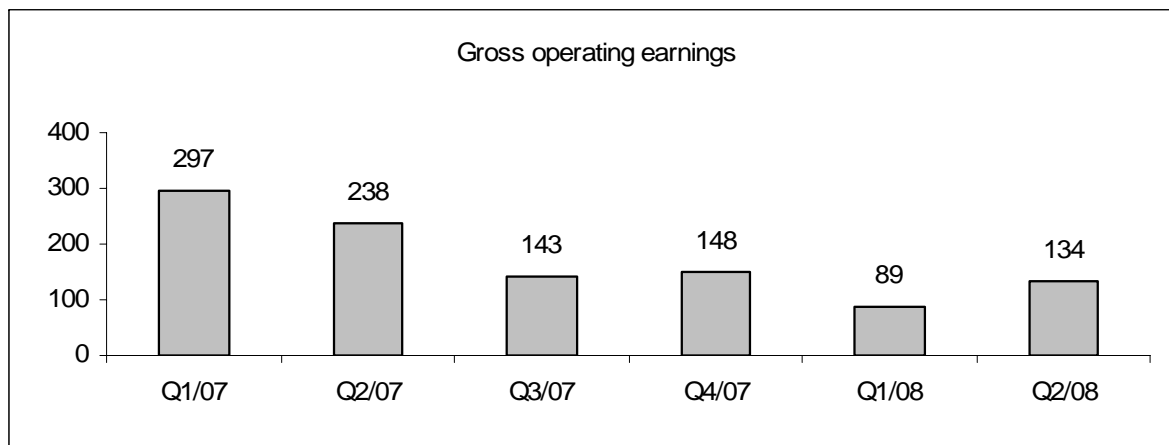
Newsprint, region Europe

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	1 942	1 823	2 201	3 765	4 357
Gross operating earnings	175	169	480	345	954
Gross operating earnings after depreciations	(19)	(36)	301	(55)	592
Operating earnings IFRS	(17)	(475)	305	(492)	594
Gross operating margin %	9,0	9,3	21,8	9,2	21,9
Production	512	480	537	992	1 073
Shipments	505	470	517	975	1 014
Production / capacity %	94	86	97	90	97



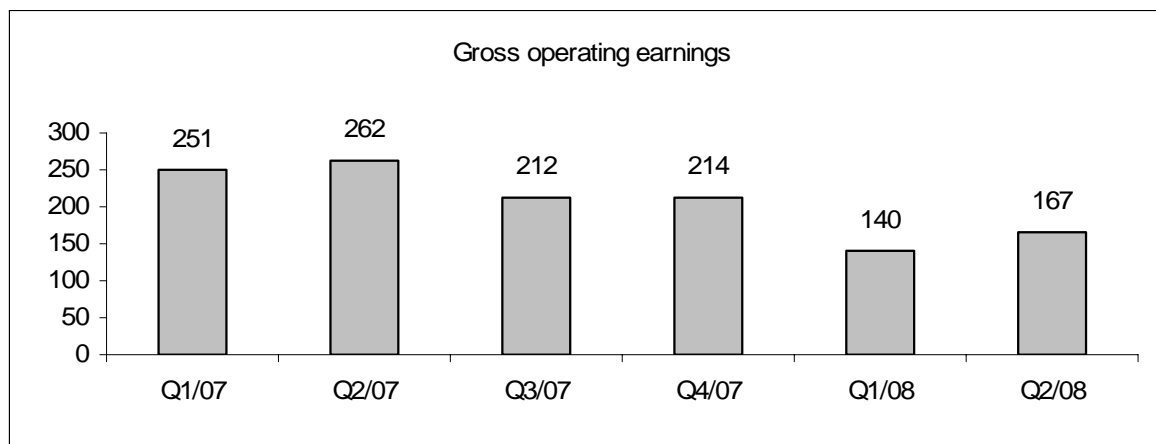
Newsprint, region Asia

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	1 275	1 267	1 408	2 541	2 789
Gross operating earnings	134	89	238	223	535
Gross operating earnings after depreciations	15	(95)	57	(80)	206
Operating earnings IFRS	16	(859)	56	(843)	205
Gross operating margin %	10,5	7,0	16,9	8,8	19,2
Production	388	372	391	760	780
Shipments	379	384	392	763	756
Production / capacity %	96	92	97	94	97



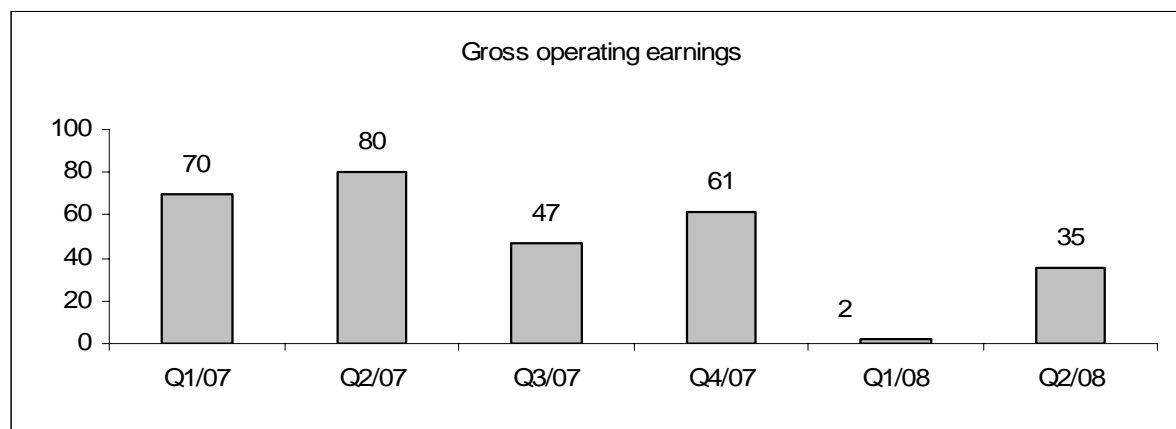
Newsprint, region Australasia

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	977	953	941	1 929	1 884
Gross operating earnings	167	140	262	306	513
Gross operating earnings after depreciations	(5)	(35)	87	(40)	164
Operating earnings IFRS	(1)	20	107	19	202
Gross operating margin %	17	14,7	27,8	15,9	27,2
Production	212	206	213	418	411
Shipments	222	219	196	441	390
Production / capacity %	97	94	97	95	94



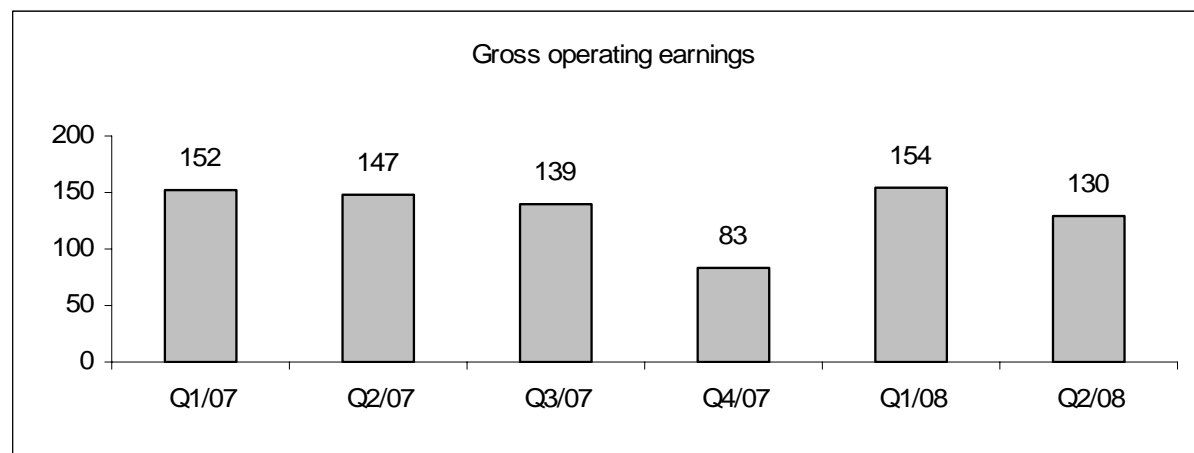
Newsprint, region South America

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	295	270	347	564	661
Gross operating earnings	35	2	80	37	150
Gross operating earnings after depreciations	5	(29)	37	(24)	63
Operating earnings IFRS	(37)	(720)	(78)	(757)	(78)
Gross operating margin %	11,9	0,7	23,1	6,6	22,7
Production	70	73	77	143	150
Shipments	71	68	77	139	145
Production / capacity %	90	94	99	92	96



Magazine

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	1 642	1 514	1 522	3 157	3 119
Gross operating earnings	130	155	147	284	300
Gross operating earnings after depreciations	22	43	2	64	(3)
Operating earnings IFRS	25	38	4	63	(3)
Gross operating margin %	7,9	10,2	9,7	9,0	9,6
Production	335	337	322	672	630
Shipments	325	298	296	624	600
Production / capacity %	96	97	93	97	91



Energy

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	289	418	252	708	536
Gross operating earnings	(16)	(5)	(10)	(21)	(32)
Gross operating earnings after depreciations	(16)	(5)	(10)	(21)	(32)
Other gains and losses	1 332	986	(211)	2 318	(549)
Operating earnings IFRS	1 316	981	(221)	2 297	(581)

Other Activities

Key figures	Q2 2008	Q1 2008	Q2 2007	YTD 2008	YTD 2007
Operating revenue	941	923	940	1 864	1 808
Gross operating earnings	(38)	(64)	(69)	(102)	(126)
Gross operating earnings after depreciations	(50)	(76)	(86)	(127)	(160)
Operating earnings IFRS	(50)	(86)	(270)	(136)	(714)

Korea

Key figures	Q2 2008	Q1 2008	YTD 2008	YTD 2007	FY 2007
Operating revenue	804	845	1 649	1 946	3 814
Gross operating earnings	105	83	188	459	718
Gross operating earnings after depreciations	38	(46)	(8)	248	286
Net Profit	(4)	(625)	(629)	149	144
Total assets	4 526	4 898	4 526	6 927	6 003

Operational summary-volumes

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Production Total	1517	1469	1476	1529	1540	1504
Newsprint Europe	512	480	494	525	537	536
Newsprint Australasia	212	206	209	211	213	198
Newsprint Asia	388	372	374	385	391	389
Newsprint South America	70	73	75	78	77	73
Magazine Europe	335	337	324	330	322	308
Deliveries Total	1502	1442	1599	1523	1478	1427
Newsprint Europe	505	470	562	510	517	497
Newsprint Australasia	222	219	215	200	196	194
Newsprint Asia	379	384	407	381	392	364
Newsprint South America	71	68	76	80	77	68
Magazine Europe	325	298	339	352	296	304
Production/Capacity %						
Newsprint Europe	94	86	88	95	97	97
Newsprint Australasia	97	94	96	96	97	90
Newsprint Asia	96	92	93	96	97	97
Newsprint South America	90	94	94	100	99	94
Magazine Europe	96	97	93	95	93	89

Financial Summary

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Operating revenue						
Newsprint Europe	1 942	1 823	2 245	2 087	2 201	2 156
Newsprint Australasia	977	953	946	895	941	943
Newsprint Asia	1 275	1 267	1 359	1 312	1 408	1 381
Newsprint South America	295	270	305	318	347	314
Magazine Europe	1 642	1 514	1 671	1 719	1 522	1 598
Gross operating earnings						
Newsprint Europe	175	169	303	381	480	473
Newsprint Australasia	167	140	201	214	262	251
Newsprint Asia	134	89	148	134	238	297
Newsprint South America	35	2	61	46	80	70
Magazine Europe	130	154	83	138	147	152
Gross operating earnings after depreciations						
Newsprint Europe	(19)	(36)	111	208	301	290
Newsprint Australasia	(5)	(35)	21	39	88	77
Newsprint Asia	15	(95)	(21)	(29)	57	149
Newsprint South America	5	(29)	33	20	37	26
Magazine Europe	22	42	(52)	(13)	2	(5)
Gross operating margin %						
Newsprint Europe	9,0	9,3	13,5	18,3	21,8	21,9
Newsprint Australasia	17,0	14,7	22,6	23,9	27,8	26,6
Newsprint Asia	10,5	7,0	10,9	10,2	16,9	21,5
Newsprint South America	11,9	0,7	20,0	14,5	23,1	22,3
Magazine Europe	7,9	10,2	5,0	8,0	9,7	9,5

Market update

August 2008



Demand YTD 2008 per Segment/Region

Segment	To:	YTD '08 /YTD'07	Comments
World – Std News	May	-1.6%	
N. Am – Std News	Jun	-8.3%	Decline accelerated in Q2
Europe – Std News	Jun	-3.5%	Decline in WE and EE
Europe – Magazine	Jun	+3.6%	Strong growth, SC in particular
Non-Japan Far East – Std News	May	+7.4%	China, India the locomotives
Australasia – Std News	May	-8.6%	Destocking in 2008, underlying consumption slightly down
South Am – Std News	May	+14.5%	Increased consumption & customer stock build

Source: PPPC, NSI internal

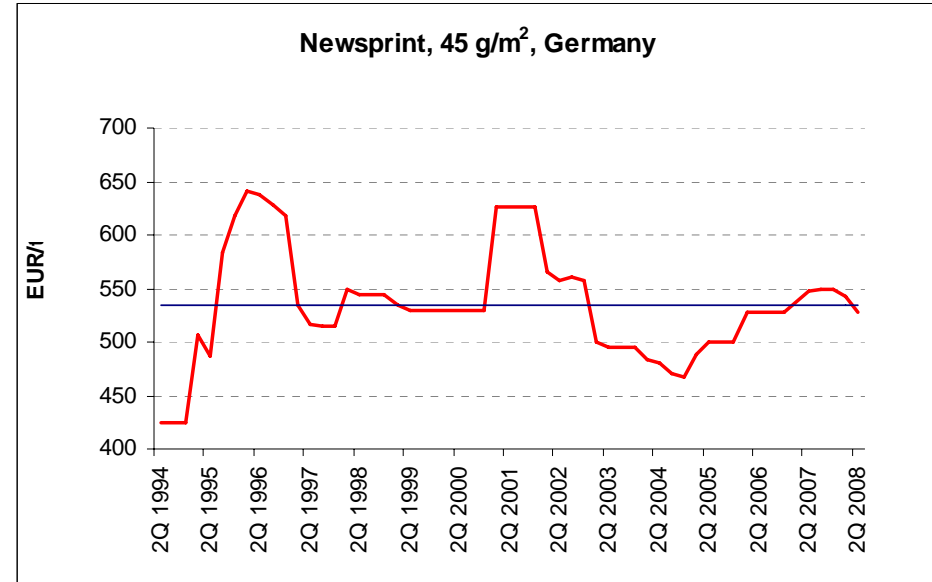
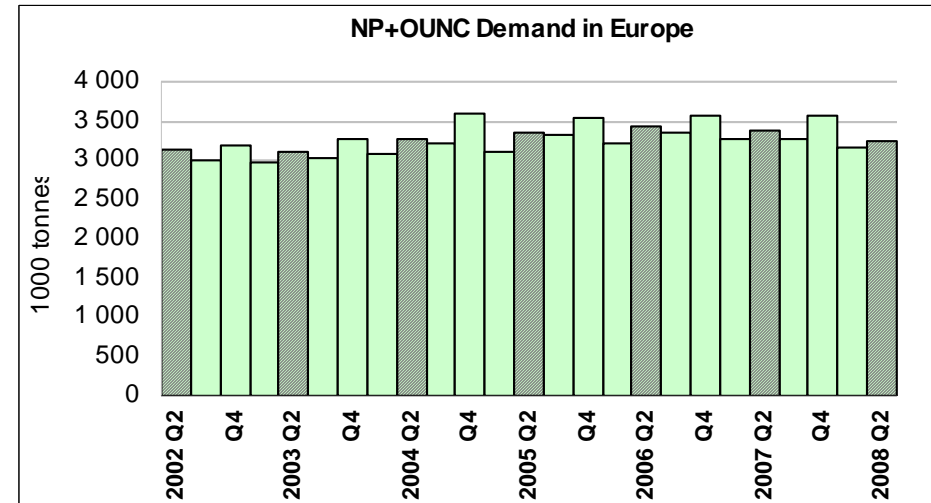
Newsprint & OUNC – Europe

OUNC = Improved newsprint & other uncoated publication papers

- Demand in Europe:
 - Q2 08/Q2 07: **-4.7%**
 - YTD 08/YTD 07: **-2.9%**

- Total deliveries of Std Newsprint from N. Am to West Europe:
 - Q2 08/Q2 07: **-32.4%**
 - YTD 08/YTD 07: **-21.9%**

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



Source: Cepiprint, RISI, PPPC

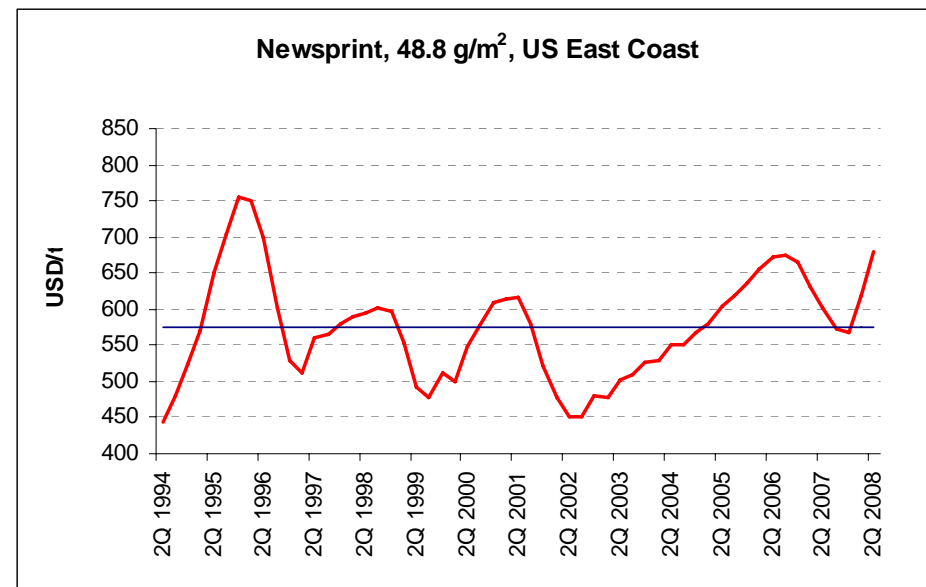
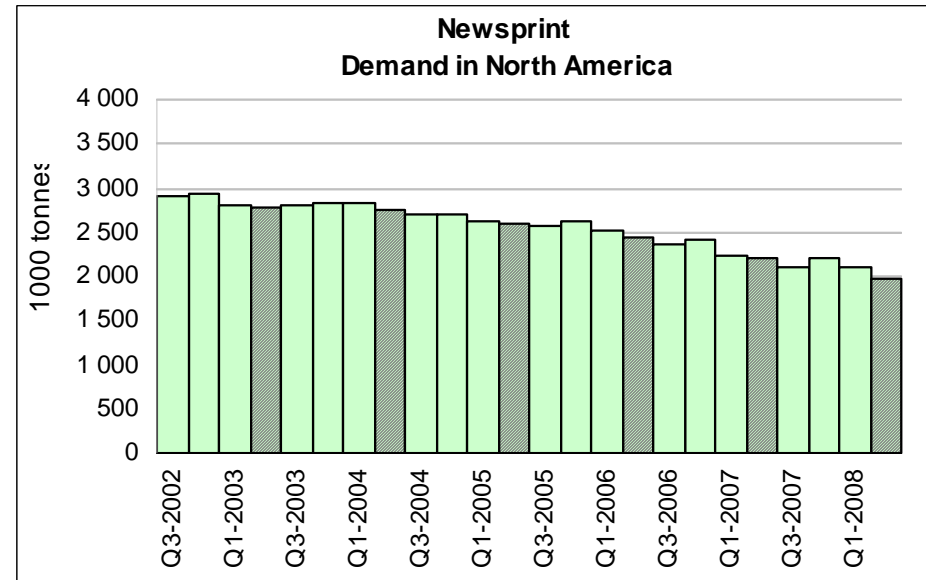
Newsprint - North America

- **Std. Newsprint demand:**
 - Q2 08/Q2 07: -11.0%
 - YTD 08/YTD 07: -8.3%

- **Uncoated Mech (incl. SC) demand:**
 - Q2 08/Q2 07: +1.5%
 - YTD 08/YTD 07: +3.8%

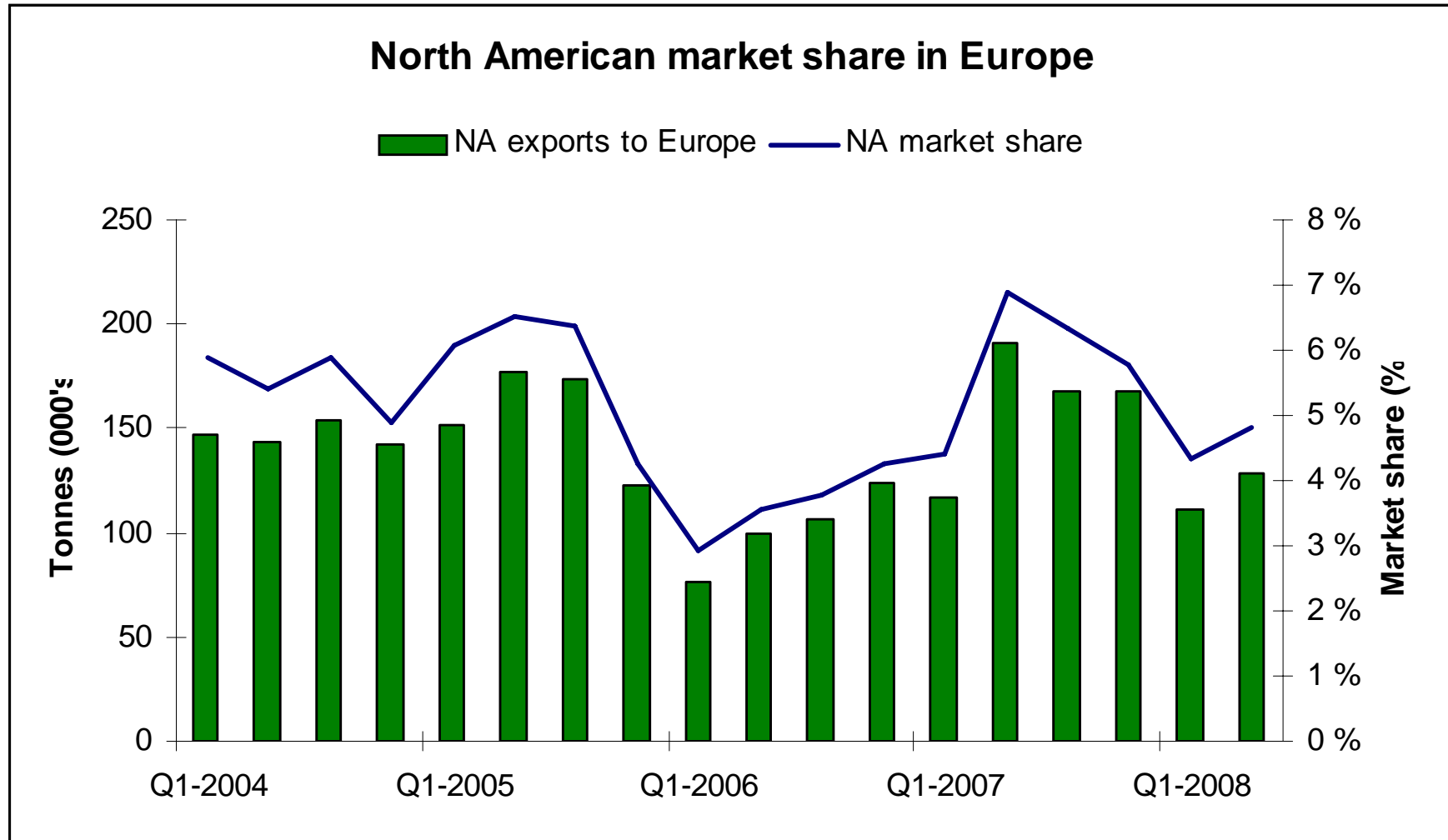
- **Coated Mechanicals demand:**
 - Q2 08/Q2 07: -11.3%
 - YTD 08/YTD 07: -3.6%

- **Reference price Newsprint April:**
 - \$745/mt for 45g/m²
 - +\$120 (19%) since December 2007
 - In real terms on par with price levels in 2006



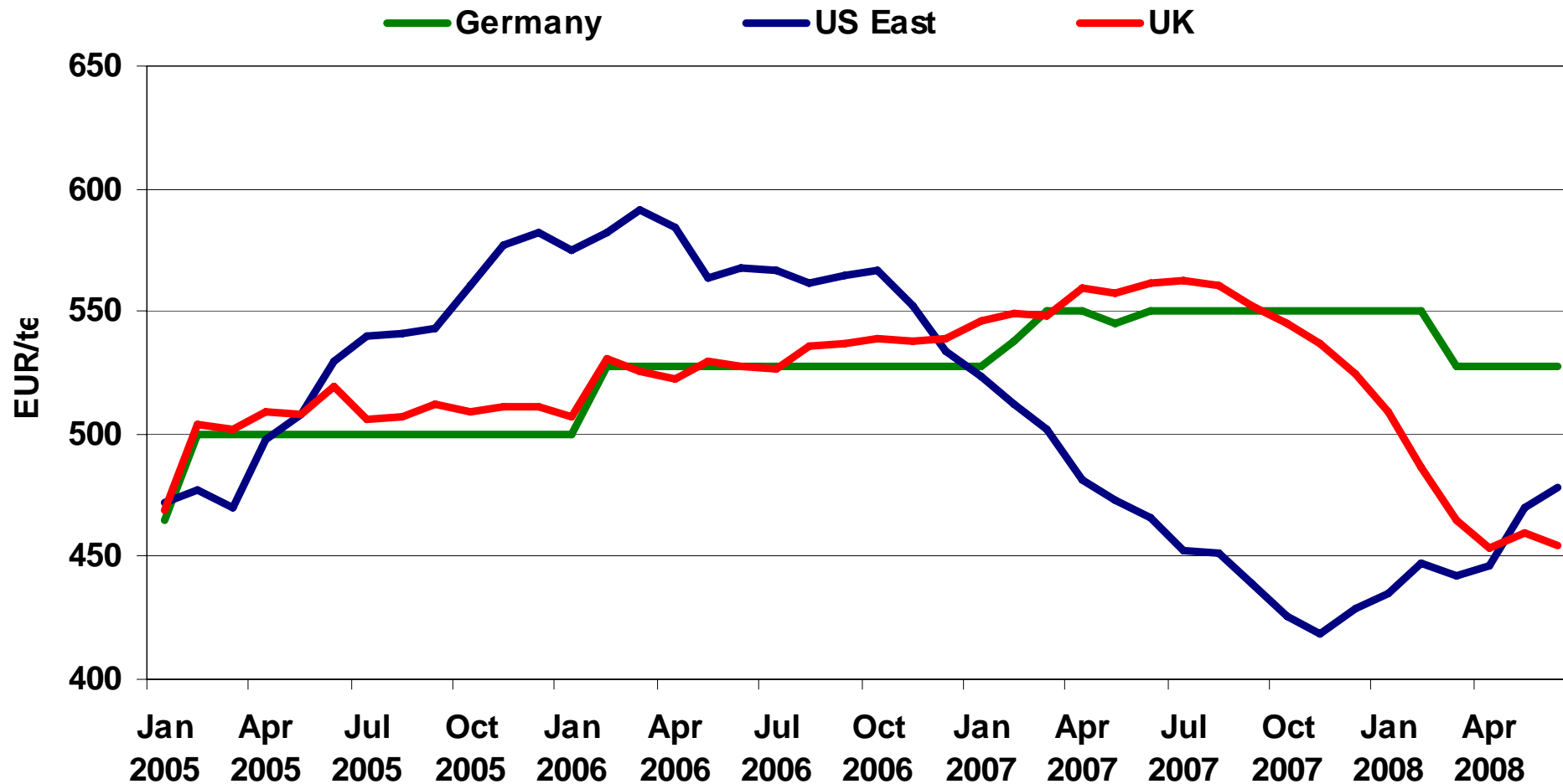
Source: PPPC, RISI

N. American Newsprint shipments to Europe



Source: PPC March. 2008

Newsprint Paper Prices (45gsm) in EUR/t - Germany, US and UK



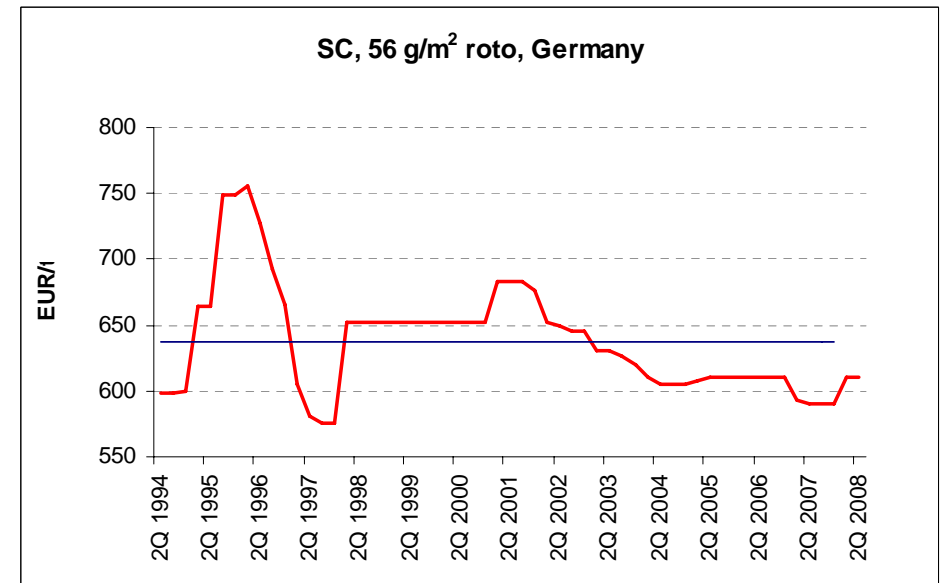
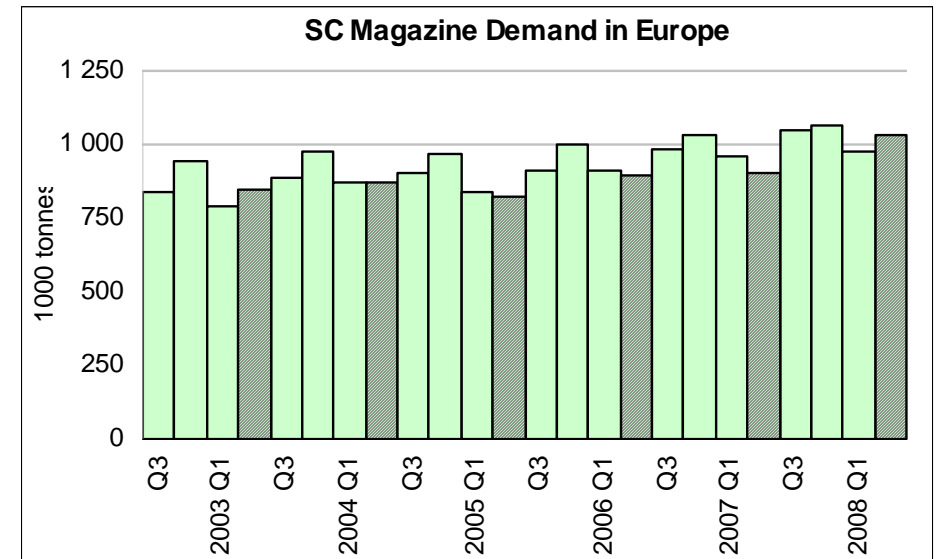
Source: RISI

SC Magazine Paper – Europe

- Demand in Europe:
 - Q2 08/Q2 07: +13.5%
 - YTD 08/YTD 07: +7.3%

- Total deliveries from Europe:
 - Q2 08/Q2 07: +10.5%
 - YTD 08/YTD 07: +6.8%

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



Source: PPPC, Cepiprint, RISI

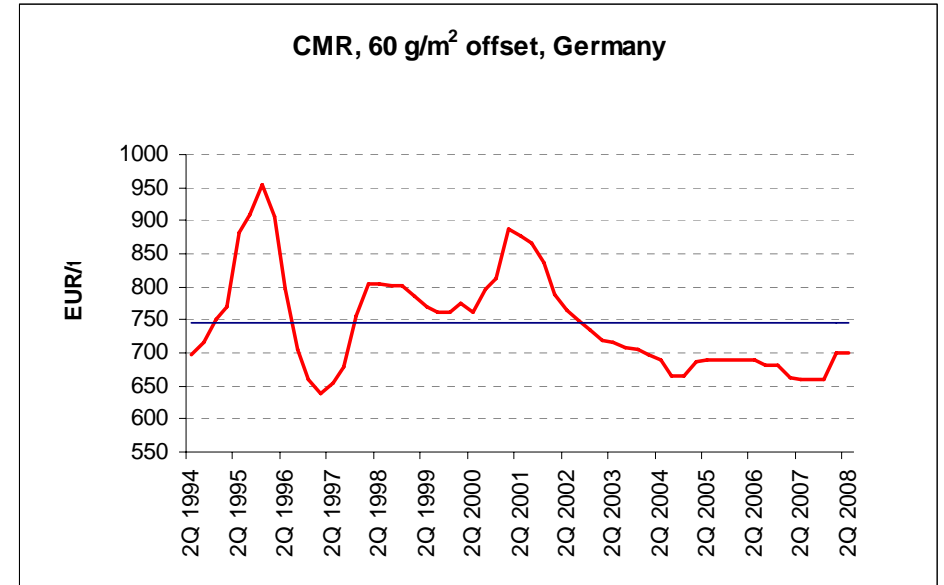
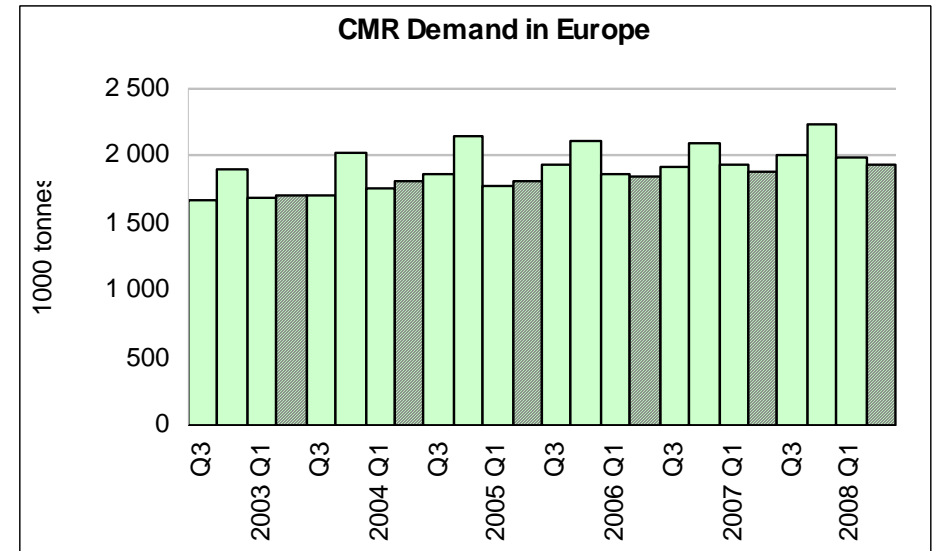
CMR Magazine Paper – Europe

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

- Demand in Europe:
 - Q2 08/Q2 07: +3.0%
 - YTD 08/YTD 07: +2.5%

- Total deliveries from Europe:
 - Q2 08/Q2 07: +2.1%
 - YTD 08/YTD 07: +1.9%

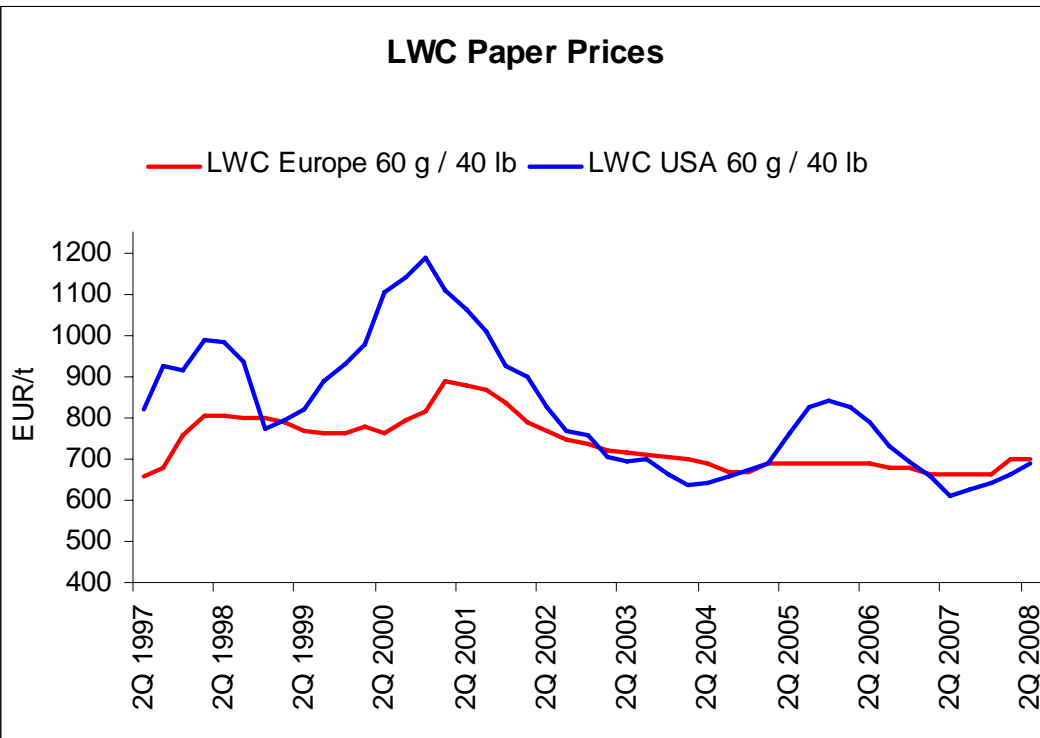
- Reference price CMR June 2008
 - €700/mt, unchanged since Jan '08
 - +40€ since Dec '07
 - Price increases implemented from July



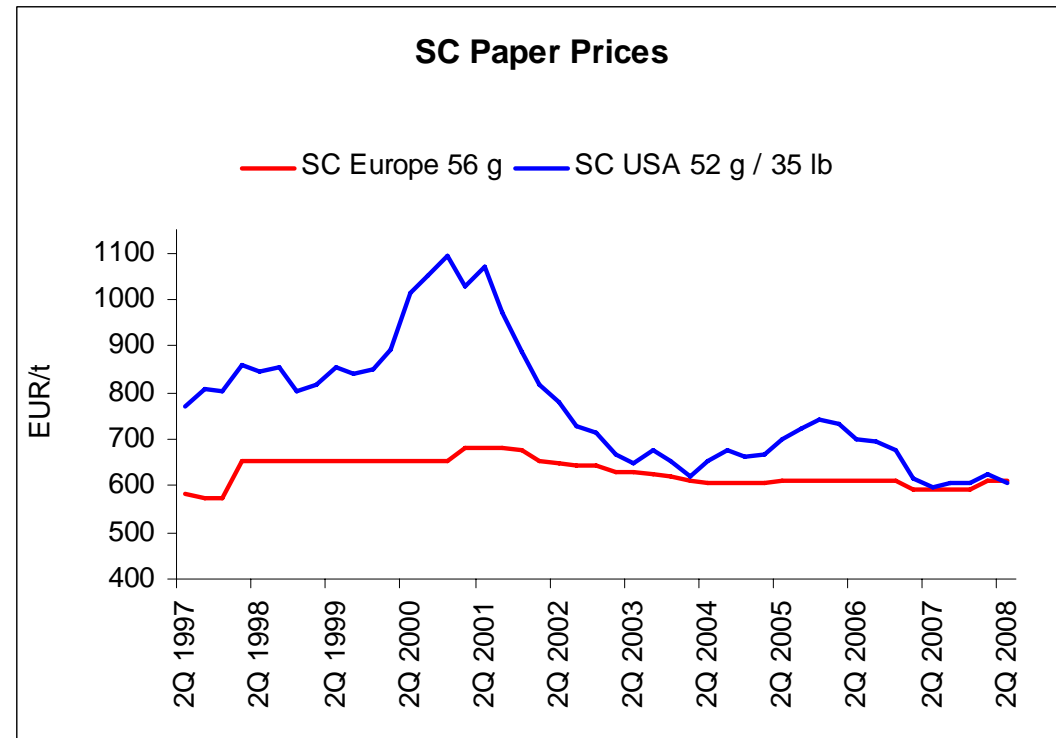
Source: PPPC, Cepiprint, RISI

Magazine Paper Prices - Europe and North America

LWC Paper Prices



SC Paper Prices



Source: RISI

Asia

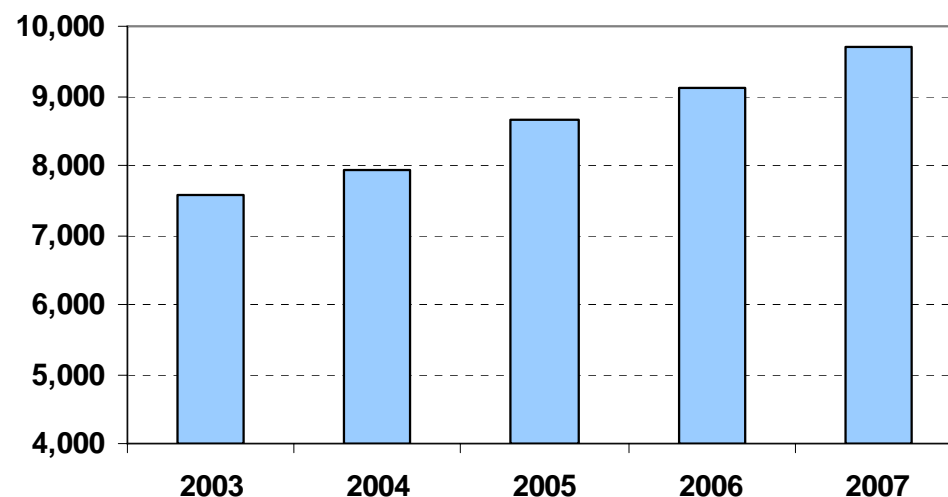
■ Demand standard newsprint:

- YTD May '08 vs YTD May '07
 - Japan: - 1.9%
 - Non-Japan Far-East: + 7.4%
 - China: +14.9%
 - South Korea: - 2.2%
 - India: +9.0%

■ Prices Q2 2008

- Korea USD 659 (45 gsm)
- China USD 640 (48.8 gsm ex. VAT)
- India USD 770 (45 gsm)
- Hong Kong USD 725 (48.8 gsm)

Asia (ex Japan) Newsprint Deliveries
(*'000 tonnes*)



Market	GSM	Currency	Q2 2008	Q1 2008
China domestic	48.8	RMB (USD)	5250 (640)	4817 (587)
S.Korea	45.0	th.KRW (USD)	640 (659)	618 (637)
India	45.0	USD	770	660
Hong Kong	48.8	USD	725	590

Source: PPPC, NSI internal

Australasia

- **Deliveries Standard Newsprint:**
 - - 8.6% YTD May, consumption slightly reduced
 - Underlying consumption relatively stable, consumer confidence down
 - H1 07 saw high import increase due to Albury mill water situation
- **Prices:**
 - Australia: Newsprint down 7% from July 1st '07
 - Further reduction by 7% from July 1st '08

Latin America

■ Demand – Standard Newsprint

- Regional demand: + 14.5 %
- Brazil demand: +15%
 - Circulation is up 9,6% from 2007
 - Ad lineage is up 21%
 - Some customer stock building in Brazil in Q1

■ Prices

- Price Brazil 45g June 2008 = USD 725/t
- Prices measured in USD are up 17% from March 2008