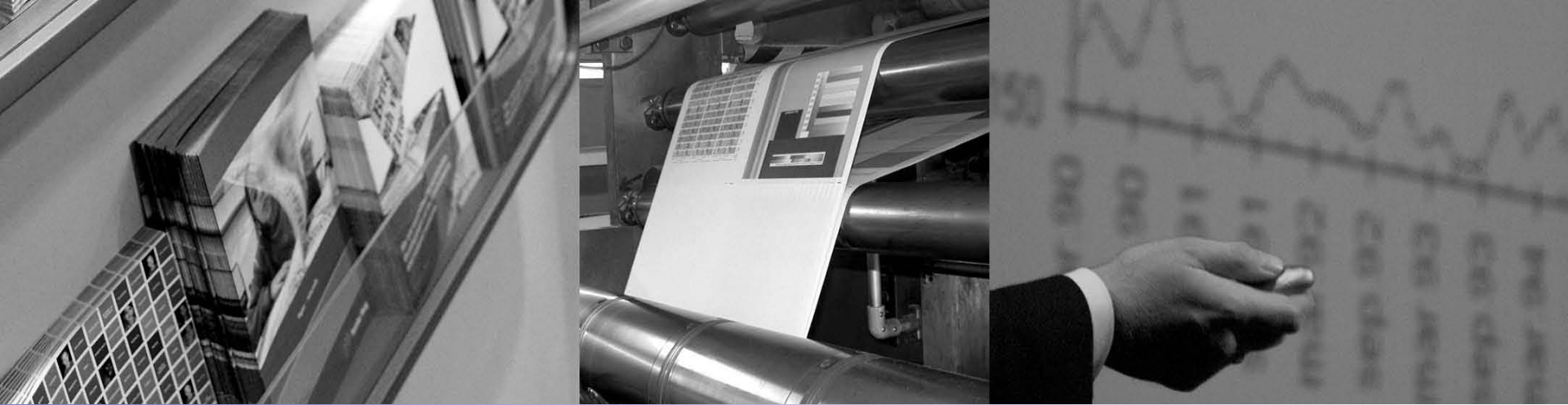


Future on Paper

Q2 2009 presentation

6 August 2009



Future on Paper

Q2 2009 presentation

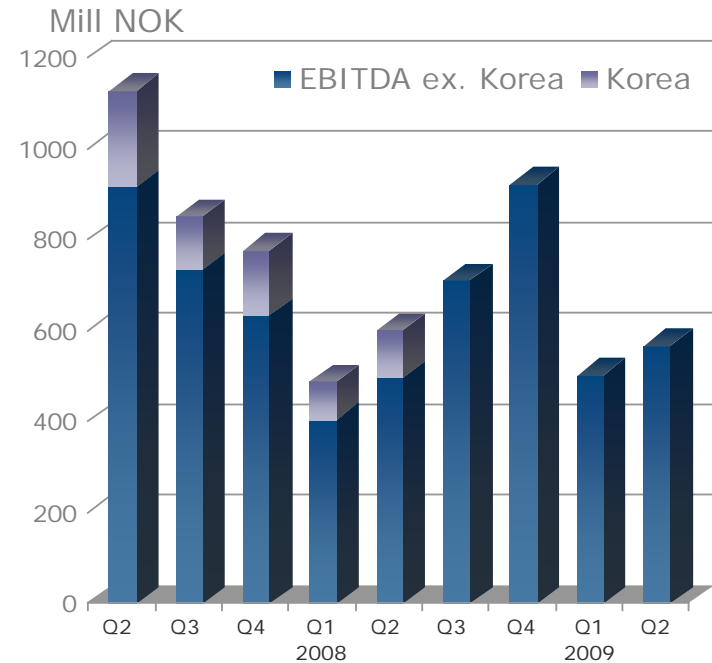
Christian Rynning-Tønnesen
President and CEO

Webcast
6 August 2009



Q2 2009 in brief

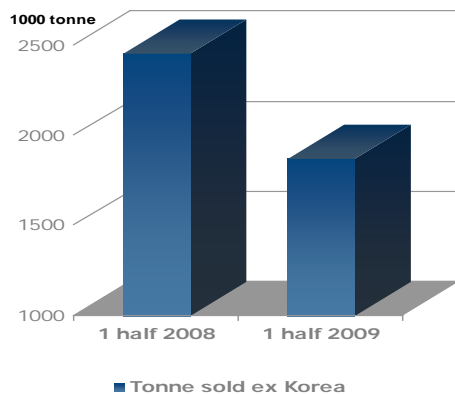
- EBITDA NOK 568 mill
 - NOK 504 mill Q1 '09
 - NOK 496 mill ex Korea Q2 '08
- No significant volume changes from Q1
 - Markets are still very weak
- Lower cost compared to Q1
- Sale of 56 per cent share in Shanghai Norske Skog Potential Paper (SNP)



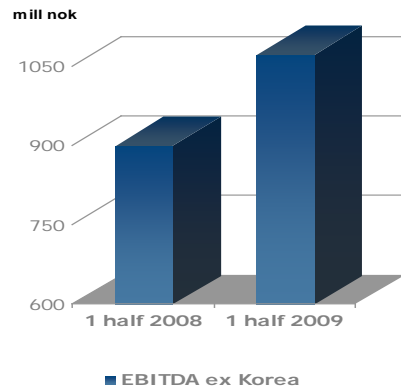
1 half '09 vs 1 half '08:

Lower volumes- higher EBITDA

Volumes -24%



EBITDA + 19%



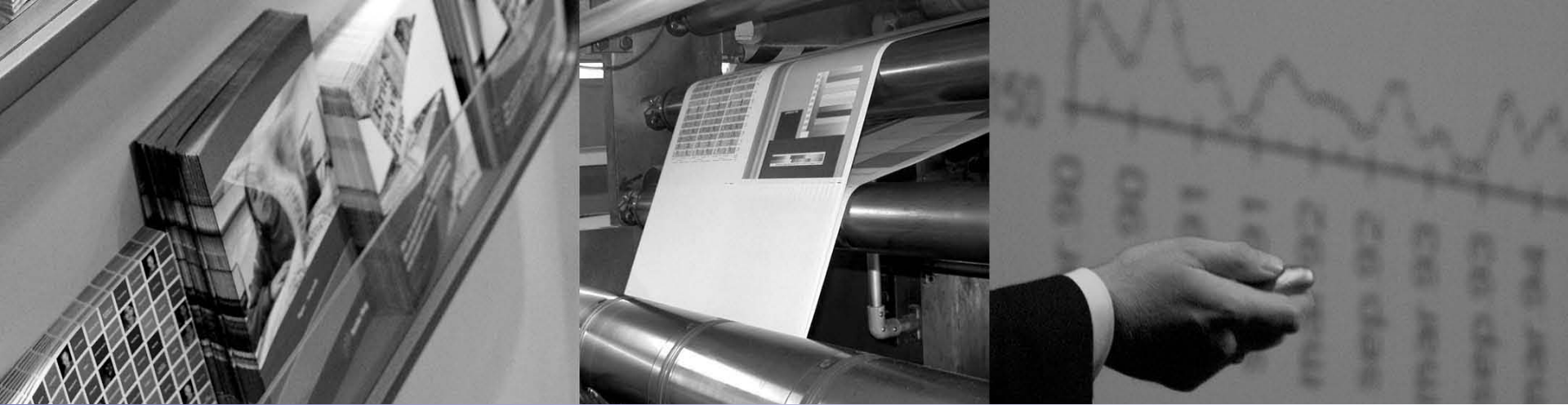
- EBITDA margin up from 8.1% to 10.3%
- Fixed costs taken out to meet falling volumes:
 - Norske Skog Steti closed
 - Norske Skog Follum PM2 permanently idled
- Improvement program NOK 3 bn/y implemented
- Weaker NOK

Further cost reductions

- Additional 10 per cent downsizing by end 2009 (600 employees)
- One machine at Norske Skog Parenco, Netherland indefinitely idled
 - 225 000 ton/year taken out
 - Downsizing by 170-200 employees
- Total cost effect:
 - NOK 230 mill in 2009
 - NOK 600-700 mill in 2010

Debt reduction; still high priority

- Bond buy back
 - Gain of NOK 247 mill in Q2'09
 - In total NOK 2.3 bn in bond debt bought back during the last three quarters
- Reduced CAPEX-level
 - New target NOK 600 mill
- Sale of shares in SNP (Shanghai)



Future on Paper

Q2 2009 presentation

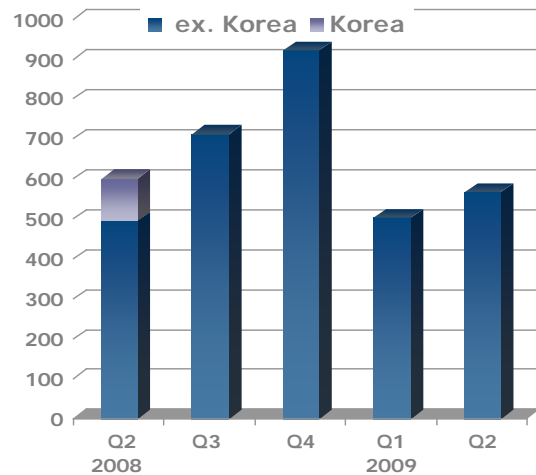
Audun Røneid
CFO

Webcast
6 August 2009



Key financial results Q2 2009

EBITDA NOK mill



EBITDA: NOK 568 mill

- Up from NOK 504 mill in Q1 '09
- Lower cost offset lower average prices

Key figures NOK million	2009 Q2	2009 Q1	2008 Q2
Operating revenue	5 160	5 259	5 724*
EBITDA	568	504	496*
EBIT before special items	-98	-149	-73*
Result after tax	-538	-1111	695

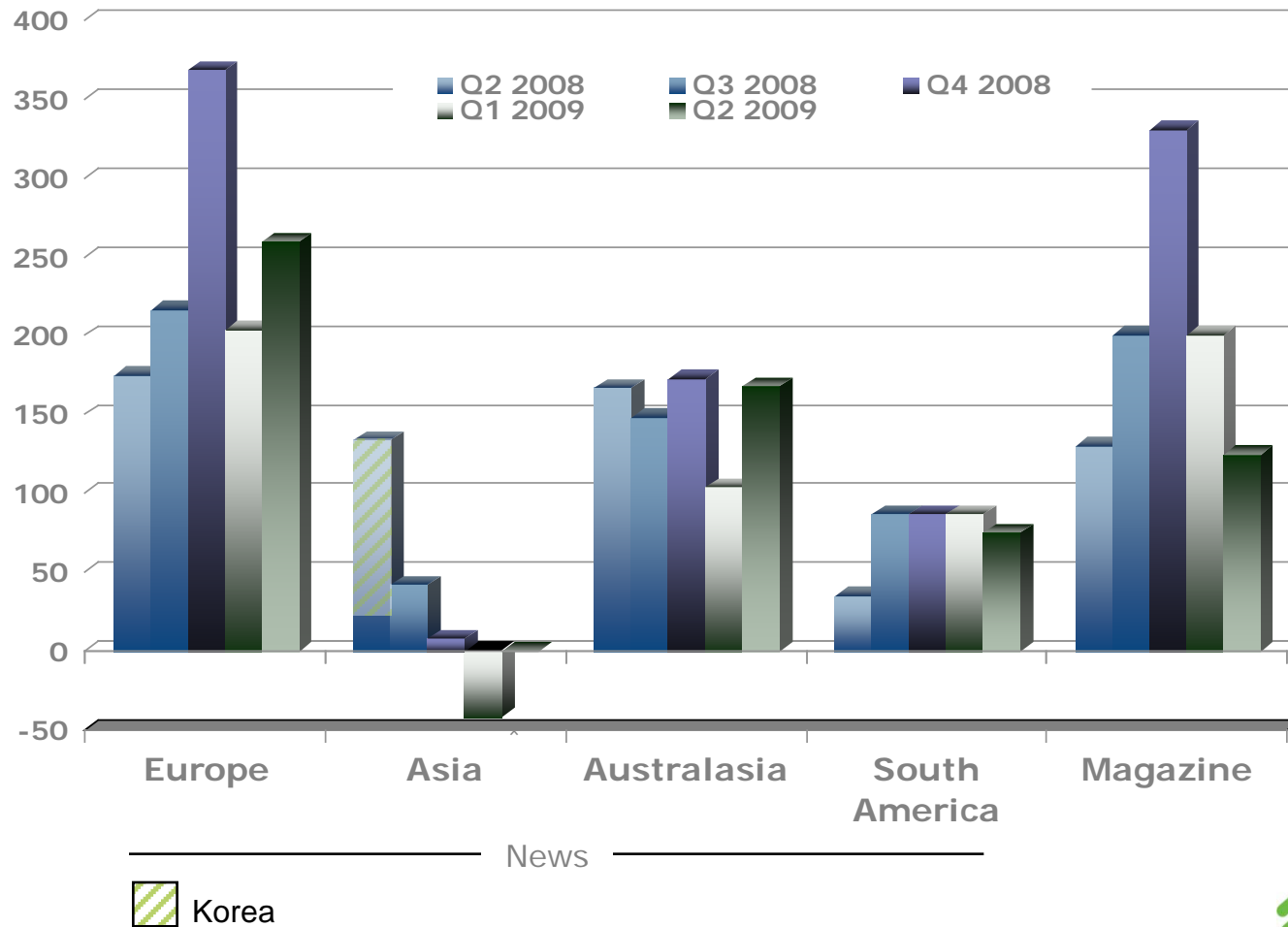
*Ex. Korea

Net result: NOK -538 mill

- Impairments and restructuring costs NOK 930 mill
- Value of energy portfolio increased by NOK ~870 mill
- Accounted tax cost NOK 460 mill

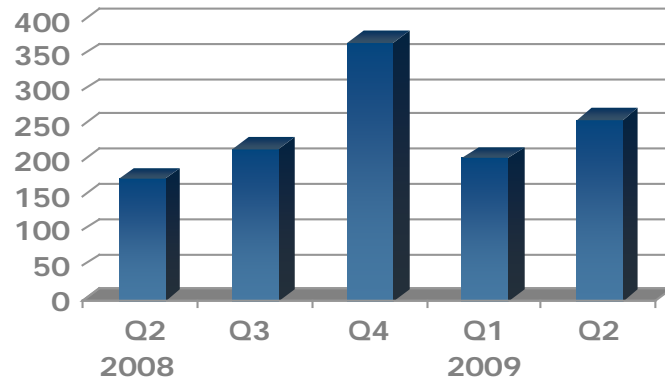
Result segments (EBITDA)

NOK mill

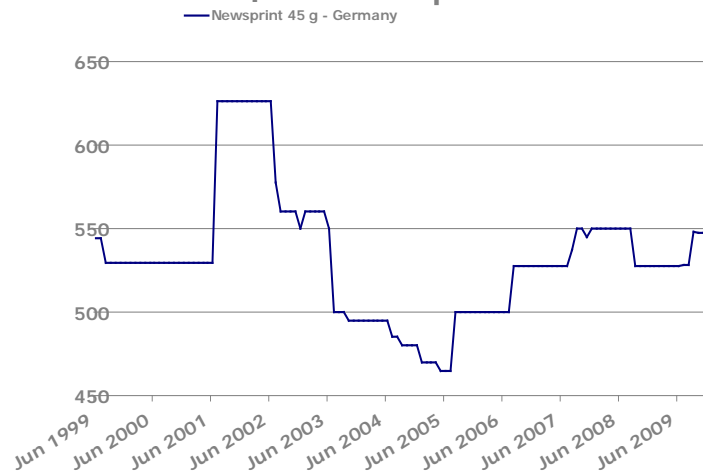


Newsprint Europe

EBITDA NOK mill



Price development newsprint Euro/tonne



Source: RISI

Key figures

NOK million

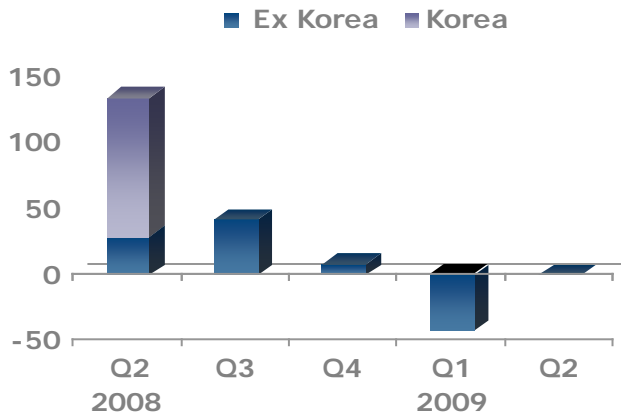
	2009 Q2	2009 Q1	2008 Q2
Operating revenue	1 615	1 575	1 942
EBITDA	260	204	175
EBITDA margin %	16.1	13.0	9.0
Deliveries 1 000 tonnes	356	347	505

Cost reductions improved EBITDA

- Continued extensive downtime
 - Operating rate: 71% (76% Q1)
- Prices unchanged from Q1
- Demand: - 13% YTD '09 vs YTD '08

Newsprint Asia

EBITDA NOK mill



Key figures

NOK million

	2009 Q2	2009 Q1	2008 Q2*
Operating revenue	387	330	471
EBITDA	0	-42	29
EBITDA margin %	0	-12.7	6.2
Deliveries 1 000 tonnes	117	88	141

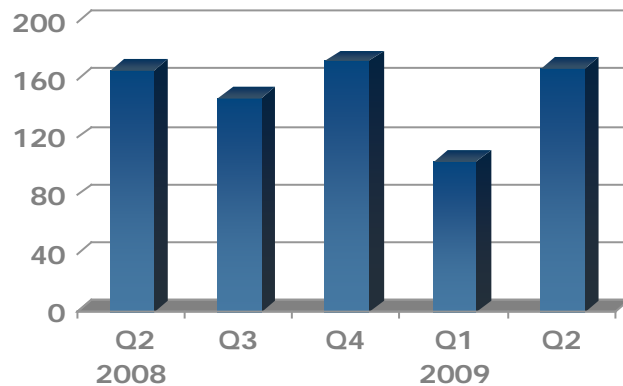
* Ex Korea

Still low volumes and low prices

- Continued weak pricing in China and most other Asian countries
- Operating rate: 71% (62% in Q1'09)
- Demand: -15-20% YTD '09 vs YTD '08

Newsprint Australasia

EBITDA NOK mill



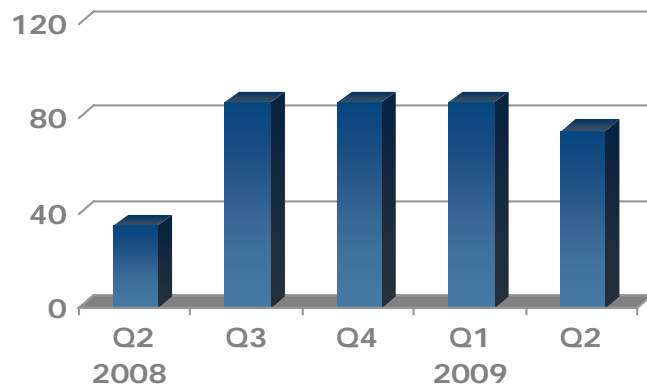
Key figures NOK million	2009 Q2	2009 Q1	2008 Q2
Operating revenue	836	713	977
EBITDA	168	104	167
EBITDA margin %	20.1	14.5	17.0
Deliveries 1 000 tonnes	189	173	222

Improving result: Cost reductions and higher volumes

- Operating rate: 93% in Q2, up from 88% in Q1 '09
- Lower prices on export volumes
- Prices up 7% in Australia from 1 July on long term contracts
- Demand: --~15% YTD '09 vs YTD '08

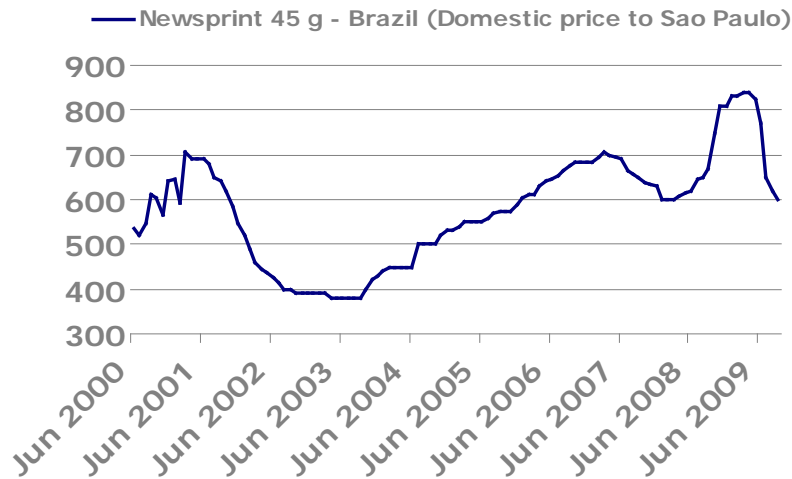
Newsprint South America

EBITDA NOK mill



Key figures NOK million	2009 Q2	2009 Q1	2008 Q2
Operating revenue	329	315	295
EBITDA	75	87	35
EBITDA margin %	22.9	27.6	11.9
Deliveries 1 000 tonnes	59	54	71

Price development newsprint Brazil USD/tonne

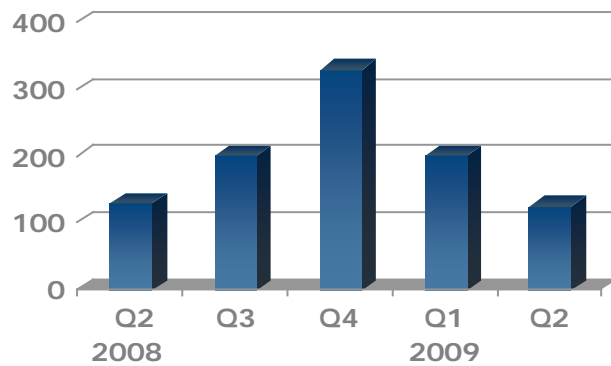


Margins under pressure

- Operating rate: 72% in Q2 down from 87% in Q1
 - One month downtime in Pisa, Br.
- Favourable currency development has partly offset lower price
- Demand: - ~20%

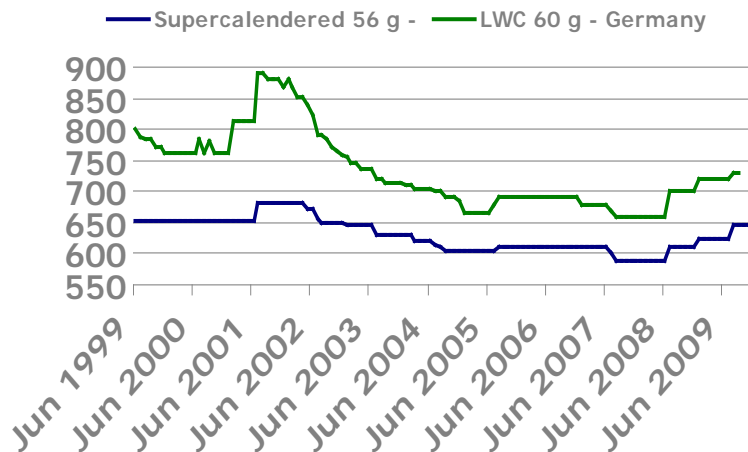
Magazine paper

EBITDA NOK mill



Key figures NOK million	2009 Q2	2009 Q1	2008 Q2
Operating revenue	1 387	1 603	1 642
EBITDA	125	201	130
EBITDA margin %	9.0	12.6	7.9
Deliveries 1000 tonnes	226	262	325

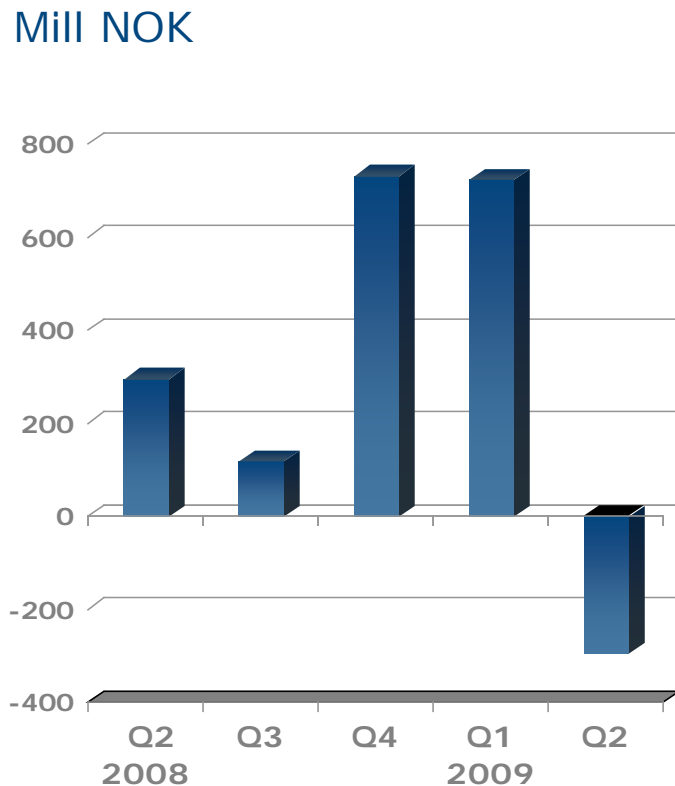
Price development magazine Euro/tonne



Weak result

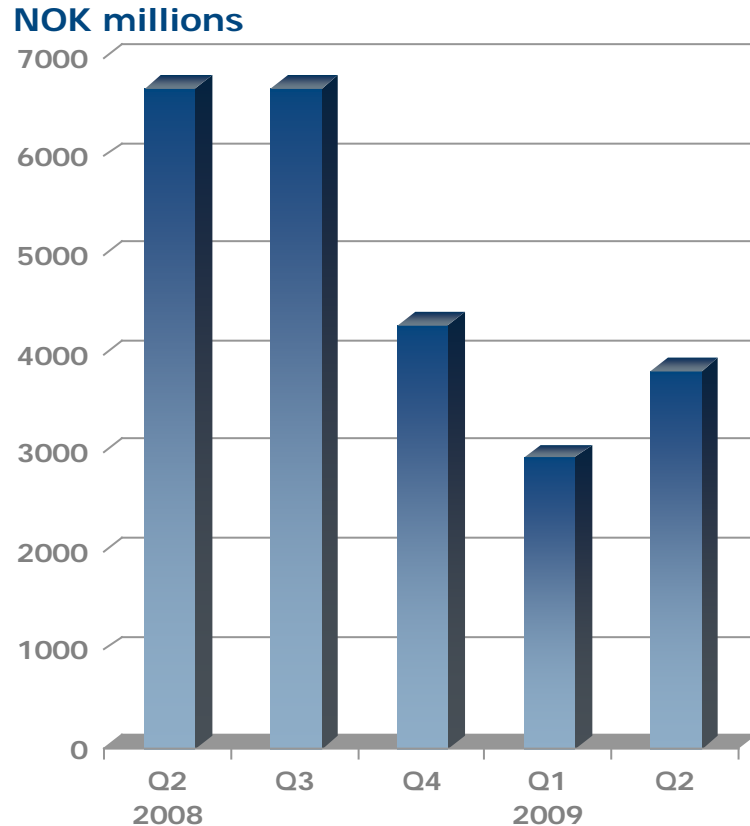
- Demand still weak
- Lower sales volumes
- Operating rate: 71%, as in Q1
- Negative impact from weaker USD
- Demand YTD '09 vs YTD '08:
 - SC -9%
 - CMR -27%

Cash flow^{*)}



- Cash flow NOK -293 mill (NOK +723 mill Q1)
 - Financial items: NOK -737 mill (vs. NOK +303 mill Q1 '09)
 - Average financial items NOK -250 mill/quarter
 - Interest payments NOK ~550 mill in Q2 vs NOK ~75 mill in Q1; gain from interest swaps in Q1
- New capex level 2009: NOK 600 mill

Value of energy portfolio



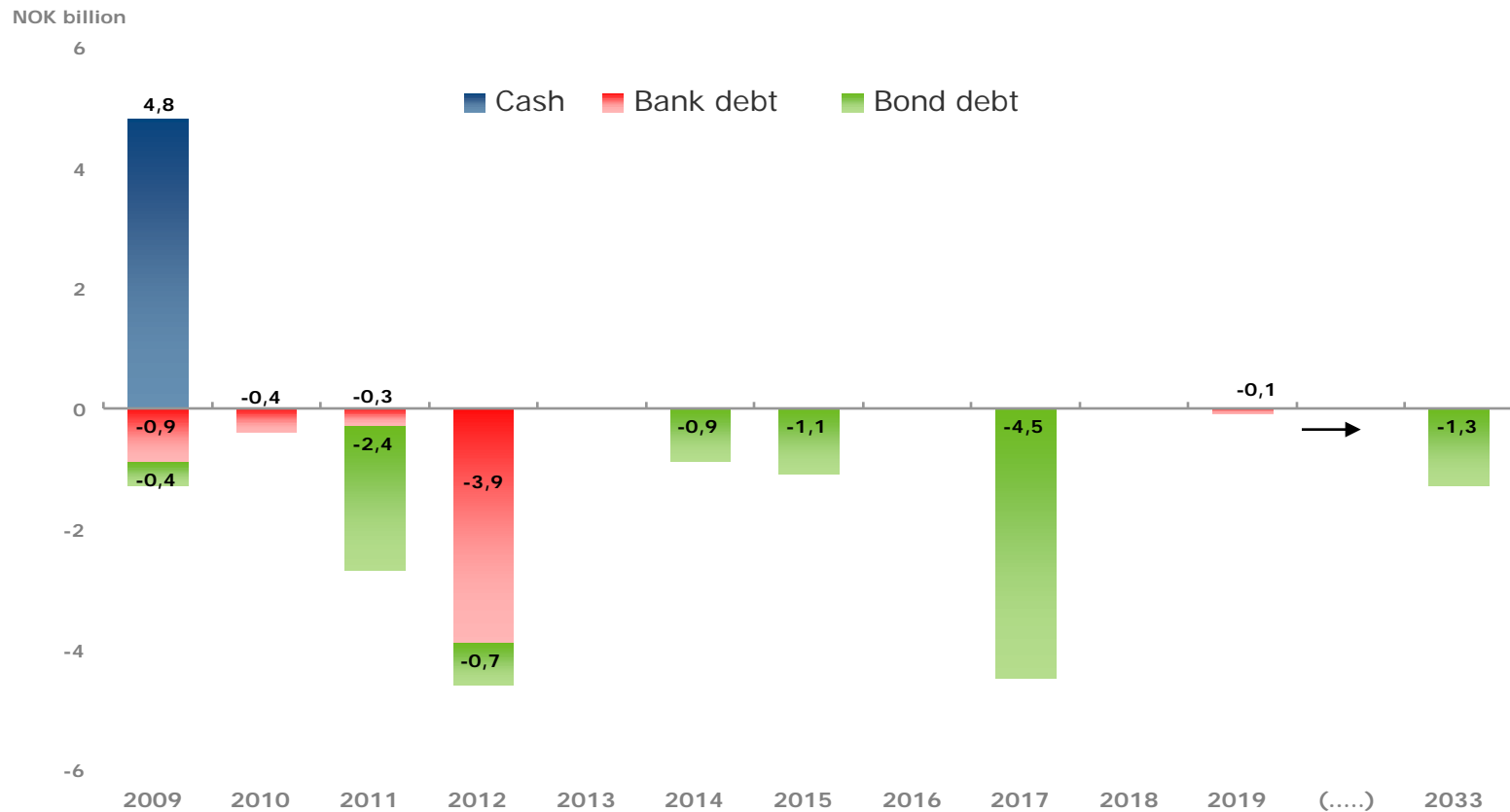
- Increase of NOK 0.9 bn during Q2 due to higher forward prices
- Balance sheet value of ~NOK 3.8 bn
- No cash impact, but affects equity and gearing

Loan transactions

- Innovation Norway loan: NOK 250 mill/12 years
- Issued NOK 750 mill five year bonds
- NOK 237 mill (2012 bond) bought back at 83%
- USD 77.5 mill (2011 bond) bought back at 75%

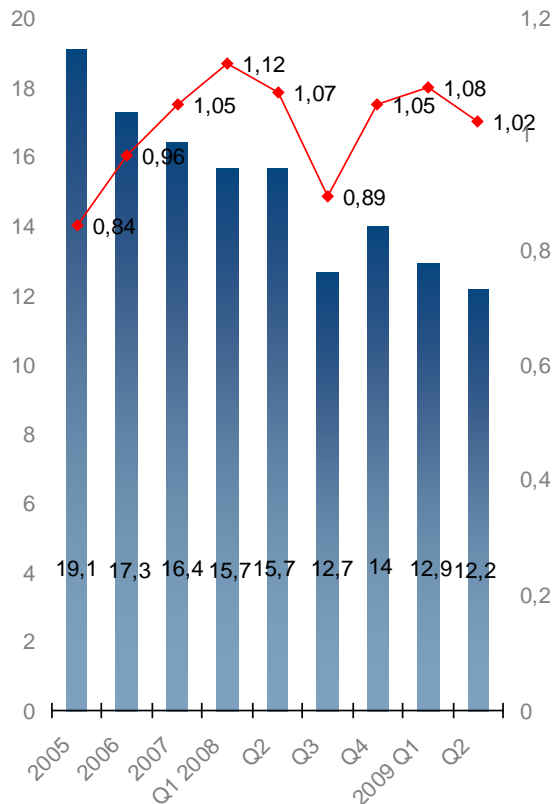
Cash and debt maturity profile

as of 30.06.09



Ample headroom to covenants

■ Net debt NOK bn (left axis) ◆ Gearing (right axis)



- Net debt reduced by NOK 3.5 bn since Q2 '08
- Gearing 1.02
- Covenant bank debt:
 - Gearing < 1.4
 - Equity > NOK 9 bn

Next six months

Positive elements

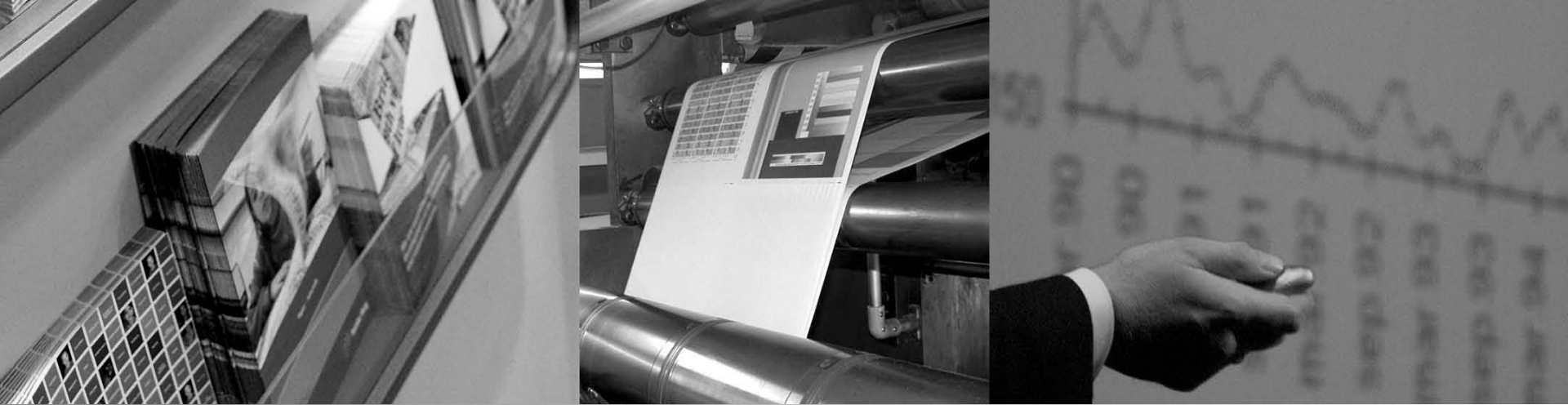
- 7% price increase in domestic long-term contracts in Australia
- Further cost reductions under implementation

Risk/negative elements

- Economic outlook and demand uncertain
- Downward pressure on prices in most markets
- Currency

Focus

- Reduce costs by NOK 600-700 mill/year
- Adjust production to demand



Future on Paper

Q2 2009 presentation

6 August 2009