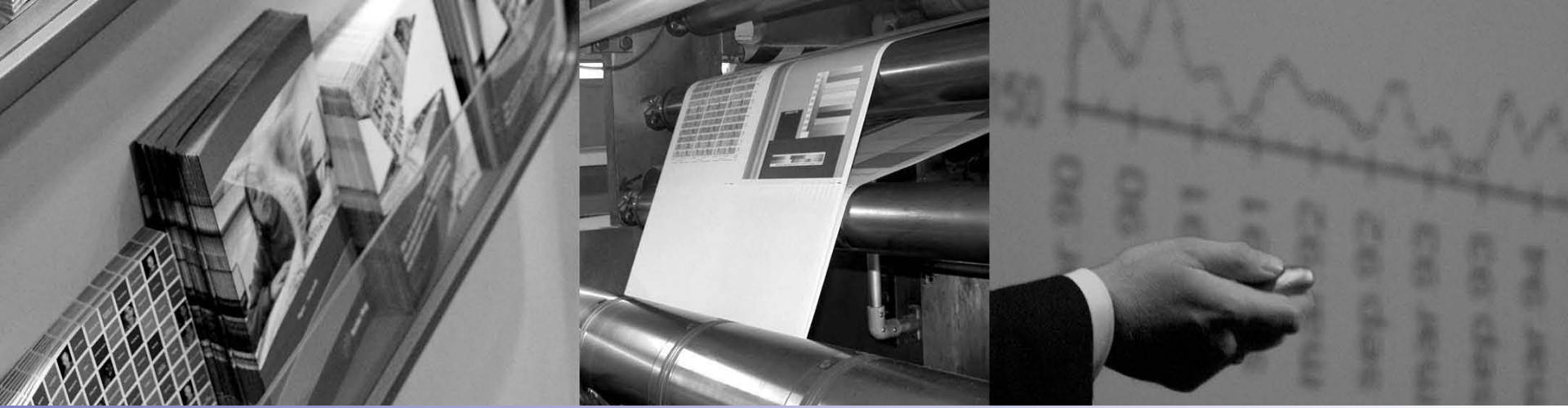


Future on Paper

Q4 2008 presentation

5 February 2009



Future on Paper

Q4 2008 presentation

Christian Rynning-Tønnesen
President and CEO

Webcast
5 February 2009



2008: A year of firm actions

Q1/Q2:

- Closure of Steti and Follum PM2
 - Capacity reduction of 260.000 t/y
- Downsizing/Staff reductions at head office
- Combined cost cut: NOK 500 mill

Q2/Q3:

- Sale of Korean mills (NOK 3.8 bn in cash proceeds)

Q1-Q4:

- Sale of other assets: NOK 600 mill
- Improvement program of NOK 3 bn completed close to target

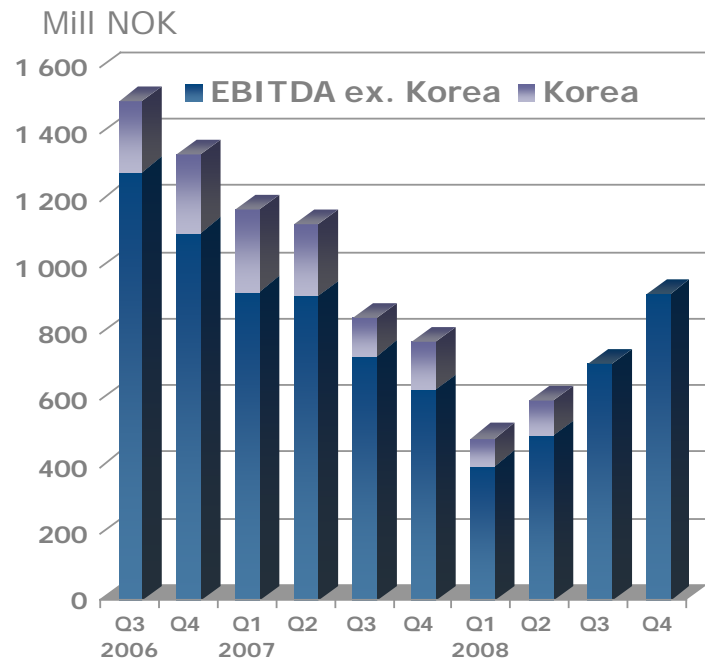
Strongly improved EBITDA through 2008

Q4:

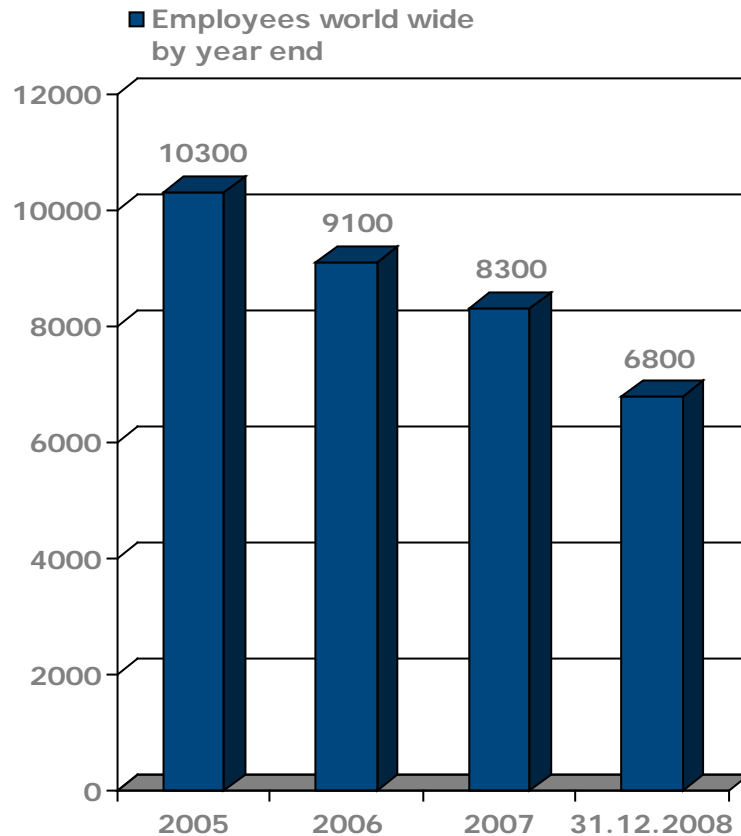
- EBITDA NOK 922 mill

Full year:

- EBITDA NOK 2 723 mill
- Cash flow NOK 2 bn



Downsized with 3 500 employees in three years



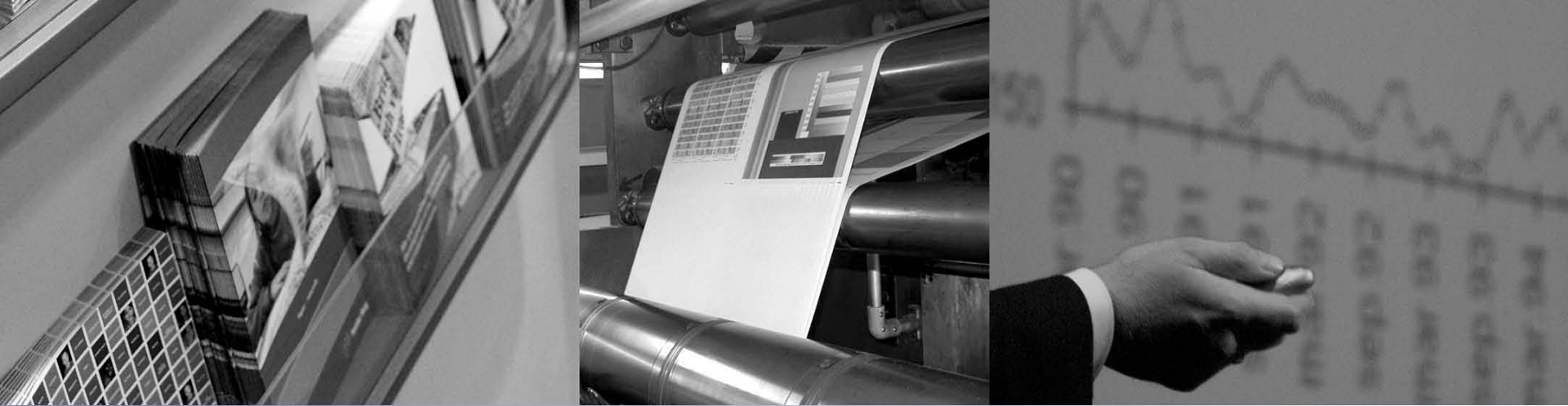
- 2008:
 - Korea
 - Steti
 - Follum PM2
 - Large headquarter cuts

Divestments	1 300
Closures	1 000
Downsizing	1 200
Total cuts	3 500

Strengthened cash position

■ Cash flow	NOK 2.0 bn
■ Sale of Korea*	NOK 3.8 bn
■ Sale of other assets	NOK 0.6 bn
<hr/>	
■ Net cash received	NOK 6.4 bn
<hr/> <hr/>	

*) Incl debt assumed by the buyer of approx NOK 800 million



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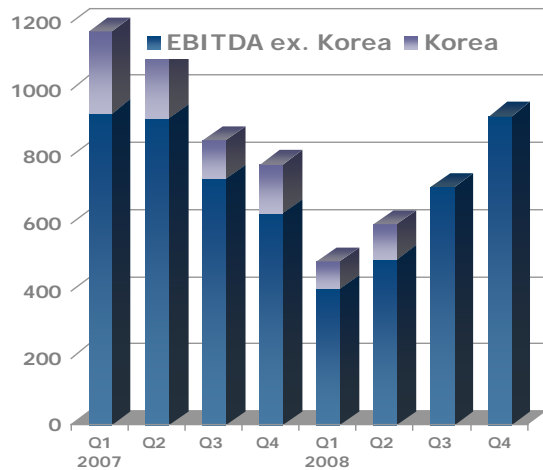
Audun Røneid
CFO

Webcast
5 February 2008



Key financial results Q4 2008

EBITDA



EBITDA Q4: NOK 922 mill

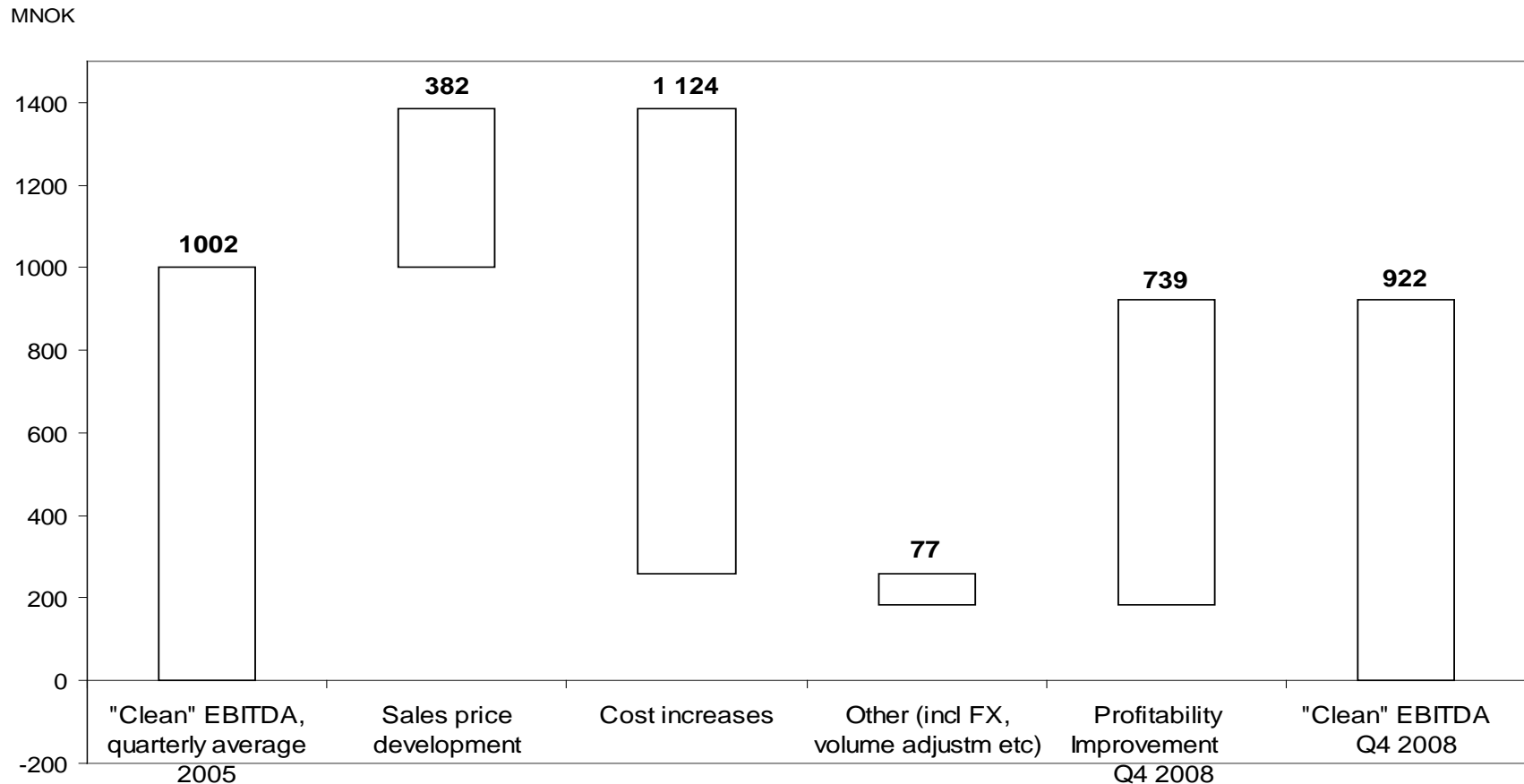
- +NOK 210 mill vs Q3
- Driven by currency movements and lower input cost
- Weak results in Asia, other regions are improved

Key figures NOK million	2008 Q4	2008 Q3	2007 Q4
Operating revenue	7 354	6 317	6 956
EBITDA	922	712	777
EBIT before special items	256	111	59
Profit after tax	(1 282)	(1 212)	(910)

Net result: –NOK 1.3 bn

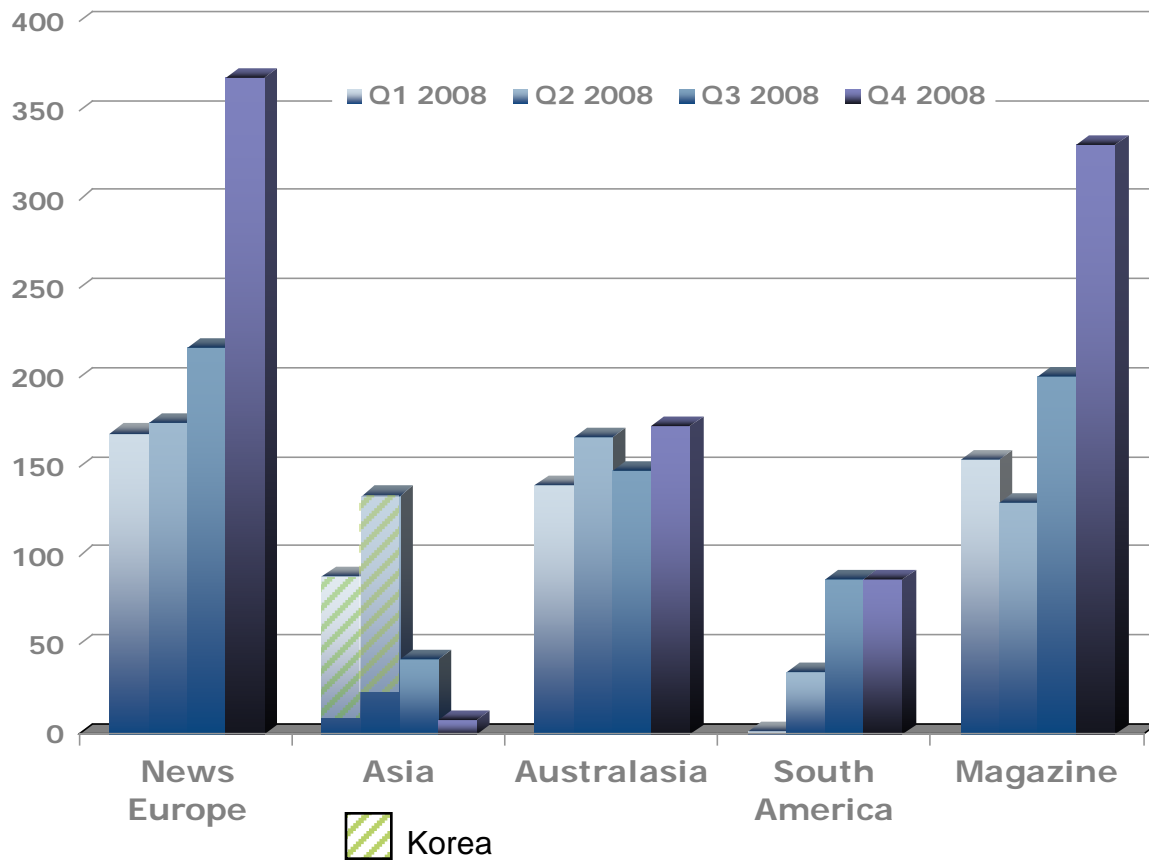
- Reduced value of energy portfolio NOK 2.4bn
- Write down on mills in China NOK 0.5 bn
- Reversal of write down Saugbrugs Norway NOK 1 bn
- No cash impact

NOK 3 bn annual effect gained from the improvement program



Result segments (EBITDA)

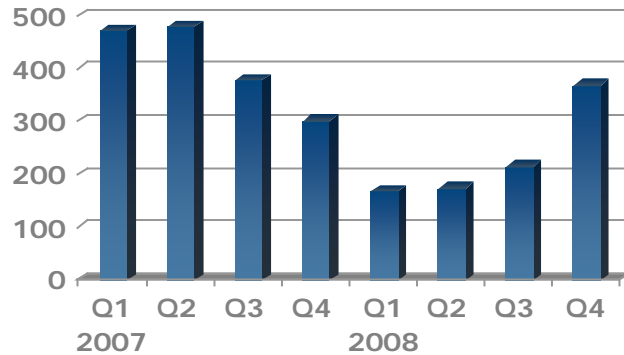
NOK mill



*) Q3 and Q4 ex Norske Skog Korea

Newsprint Europe

EBITDA NOK mill

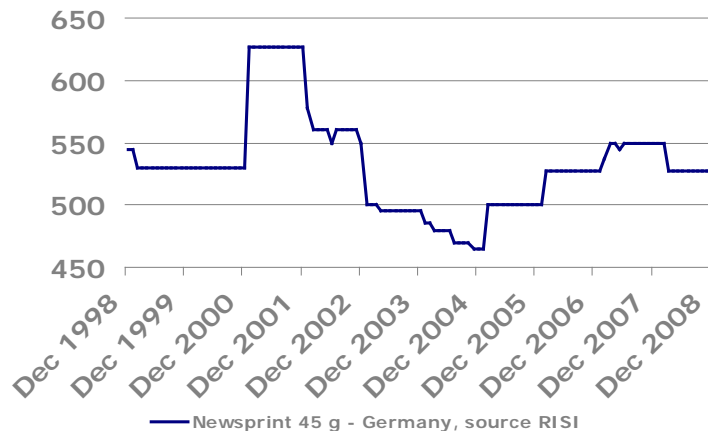


Key figures

NOK million

	2008 Q4	2008 Q3	2007 Q4
Operating revenue	2 396	1 915	2 245
EBITDA	369	217	303
EBITDA margin %	15.4	11.3	13.5
Deliveries 1 000 ton	517	472	562

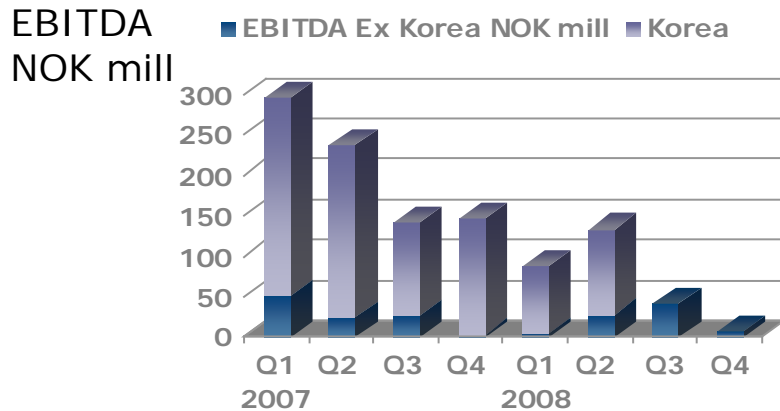
Price development newsprint Euro/tonne



Strong improvement

- Q4 vs Q3: Improved results, mainly due to currency changes and cost reductions
- Year '08 vs '07: Result down due to lower prices and higher costs
- Demand: -4% in Europe in 2008

Newsprint Asia



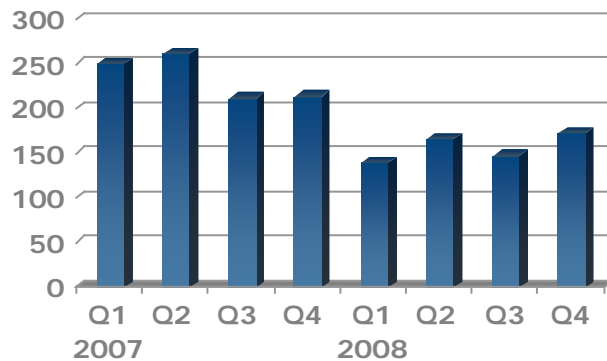
Key figures NOK million	2008 Q4	2008 Q3	2007 Q4
Operating revenue	382	467	1 359
EBITDA	8	42	148
EBITDA ex Korea	8	42	4
EBITDA margin %	2.1	9.0	10.9
Deliveries 1 000 ton	81	120	407

Weak result

- Q4 vs Q3: Operating rate at 65% (89% Q3) reduces profit
- YTD '08 vs '07: Sale of Korea reduces Asia's overall impact on the results
- Demand in Asia (excl. Japan) +2.5% YTD Nov '08
- Weaker market balance in China

Newsprint Australasia

EBITDA NOK mill



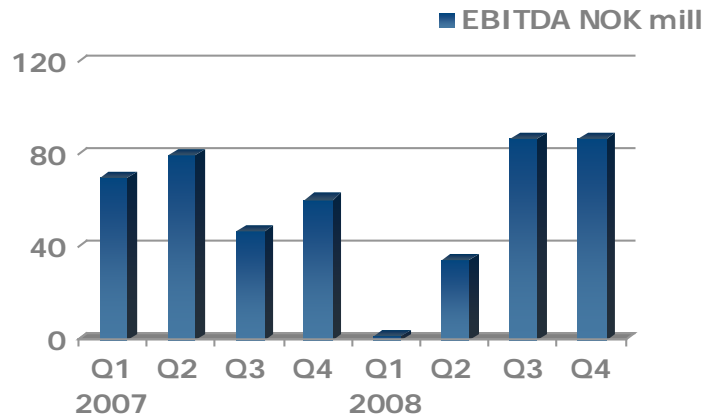
Key figures NOK million	2008 Q4	2008 Q3	2007 Q4
Operating revenue	917	911	946
EBITDA	173	148	214
EBITDA margin %	18.9	16.3	22.6
Deliveries 1 000 ton	222	218	215

Improved result

- Q4 vs Q3: Results up, mainly due to lower costs
- '08 vs '07: Results down from NOK 928 to NOK 628 because of lower prices
- Demand -6% in '08

Newsprint South America

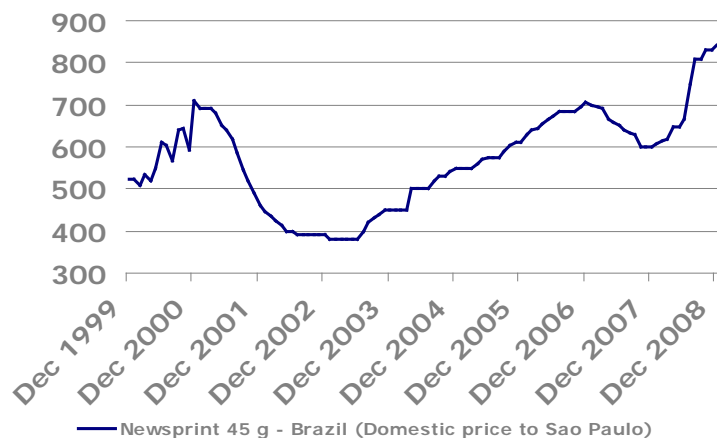
EBITDA



Key figures

NOK million	2008 Q4	2008 Q3	2007 Q4
Operating revenue	387	364	305
EBITDA	87	87	61
EBITDA margin %	22.5	23.9	20
Deliveries 1 000 ton	79	77	76

Price development newsprint Brazil USD/tonne

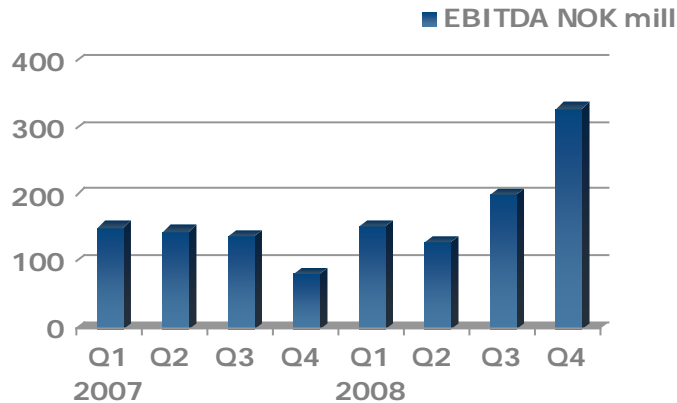


Stable results

- Q4 vs Q3:
 - Highest EBITDA margin among our segments
- Year '08 vs '07: Weaker results due to increased fibre and energy costs
- Demand +8% in '08, but weakening market balance in '09

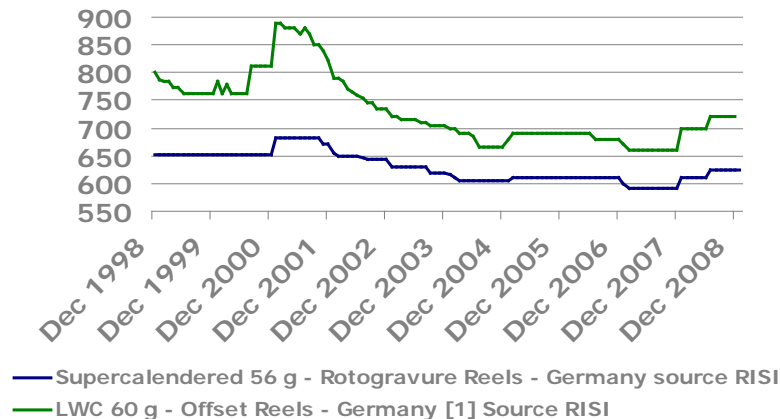
Magazine

EBITDA



Key figures NOK million	2008	2008	2007
	Q4	Q3	Q4
Operating revenue	2 232	1 856	1 671
EBITDA	331	201	83
EBITDA margin %	14.8	10.8	5
Deliveries 1000 ton	343	339	324

Price development magazine Euro/tonne

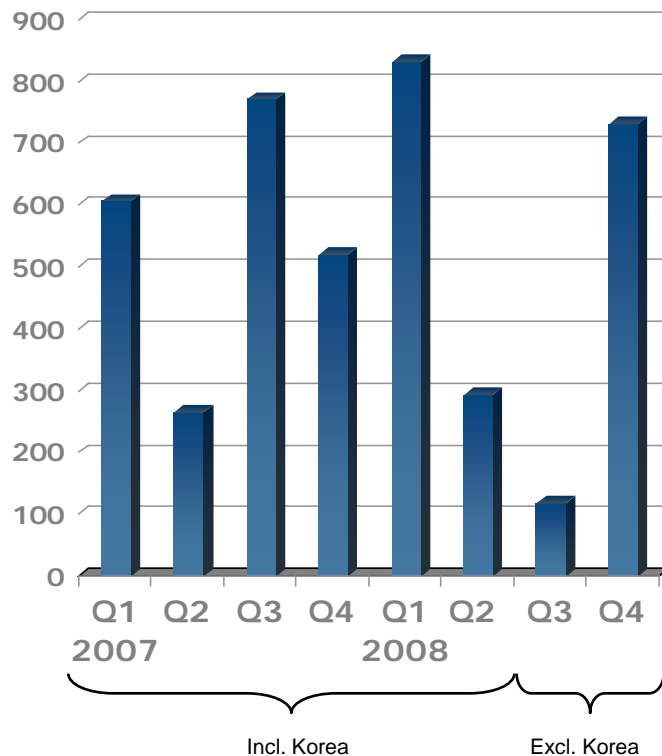


Strong improvement

- Q4 vs Q3: EBITDA improved, due to currency changes, also impact from higher prices and lower costs
- Year '08 vs '07: EBITDA up mainly due to higher prices
- SC demand Europe +6% in '08
- LWC demand Europe -4% in '08

Cash flow from operations^{*)}

Mill NOK



- Q4 cash flow: NOK 732 mill
 - Improved due to higher EBITDA and positive cash from net financial items
- Year '08: NOK 1 984 mill in cash flow
 - Minus NOK 182 mill compared to 2007
 - EBITDA reduced by NOK 1.2 bn, but working capital is reduced in 2008 compared with an increase in 2007

Favourable NOK at year-end

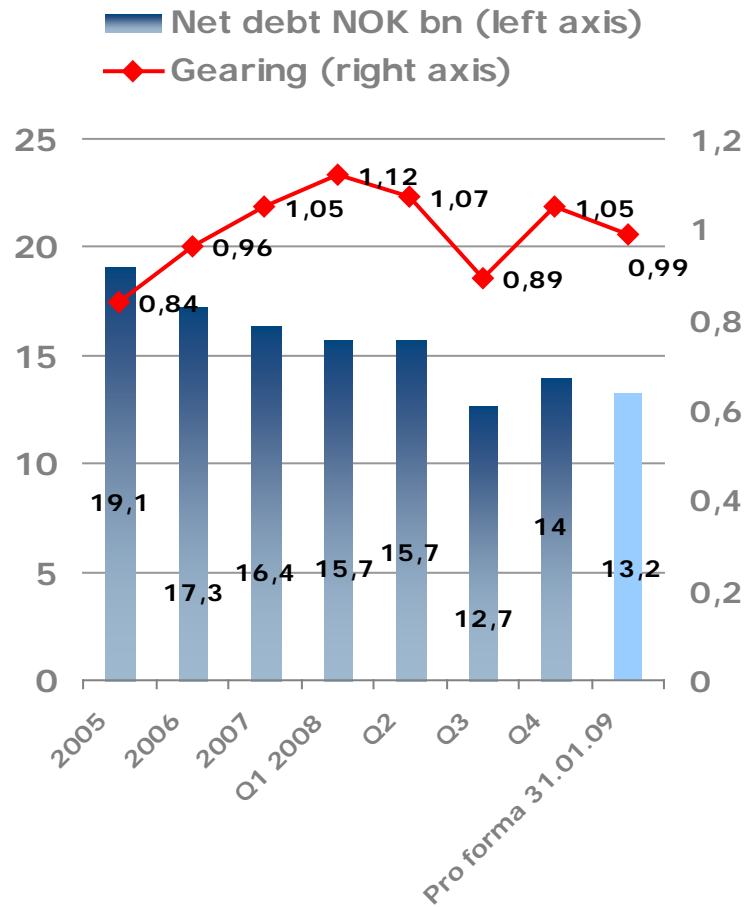


*Value of Norske Skog's trade-weighted basket of currencies

Main currency impacts from weaker NOK:

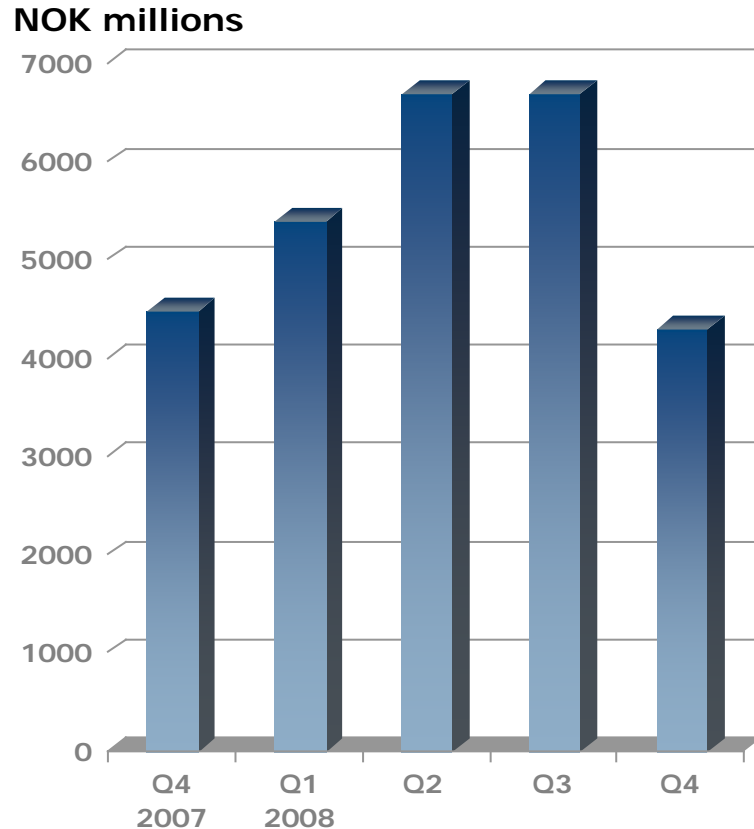
- Profit and loss account:
 - Improved EBITDA and EBIT
 - Financial items: Loss on currency hedging, realised gain from higher value on cash
- Cash flow:
 - Positive impact from higher EBITDA and realised gain from cash
- Balance sheet:
 - Increased assets and debt, minor impact on equity
 - Higher gearing

Debt and gearing

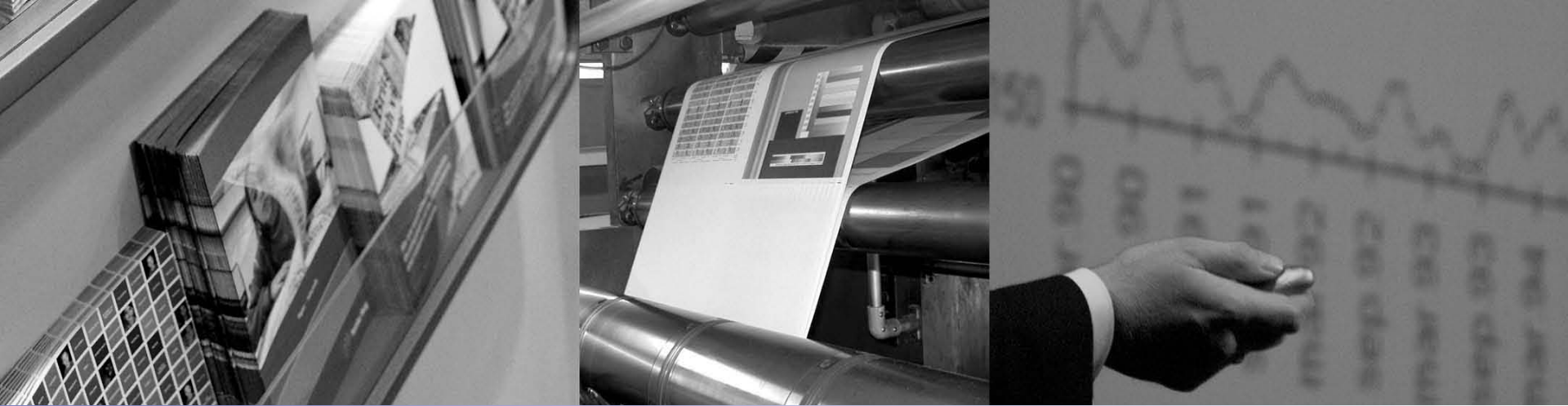


- Net debt and gearing increased because of weak NOK at 31.12.08
- Gearing also negatively affected by reduced value of energy portfolio
- By 31.01.09 (pro forma):
 - Net debt: NOK 13.2 bn
 - Gearing: 0.99
- Covenant on bank debt: Gearing < 1.4; good headroom

Value of energy portfolio



- Portfolio:
 - Contracts in Norway, Brazil and New Zealand
- Reduced value of NOK 2.4 bn in Q4 because of lower energy forward prices
- Full year 2008: No material change in value
- No cash impact



Future on Paper

Summary and outlook

Christian Rynning-Tønnesen
President and CEO

Webcast
5 February 2009



Recession strategy:

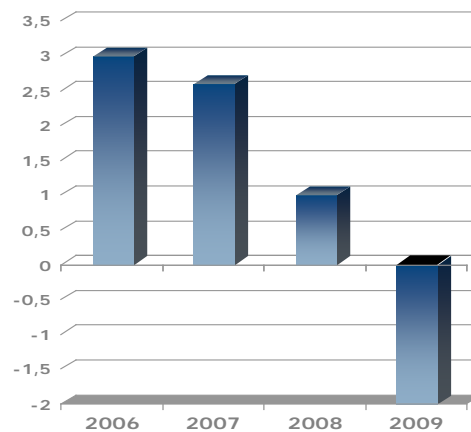
Defend price level and cost cuts

- Negative GDP growth in all markets except Asia

Consequences:

- Declining paper demand
- Reduced costs on fibre, energy and chemicals

IMF-prognoses from January 29 '09 on GDP-growth advanced economies y/y



Actions:

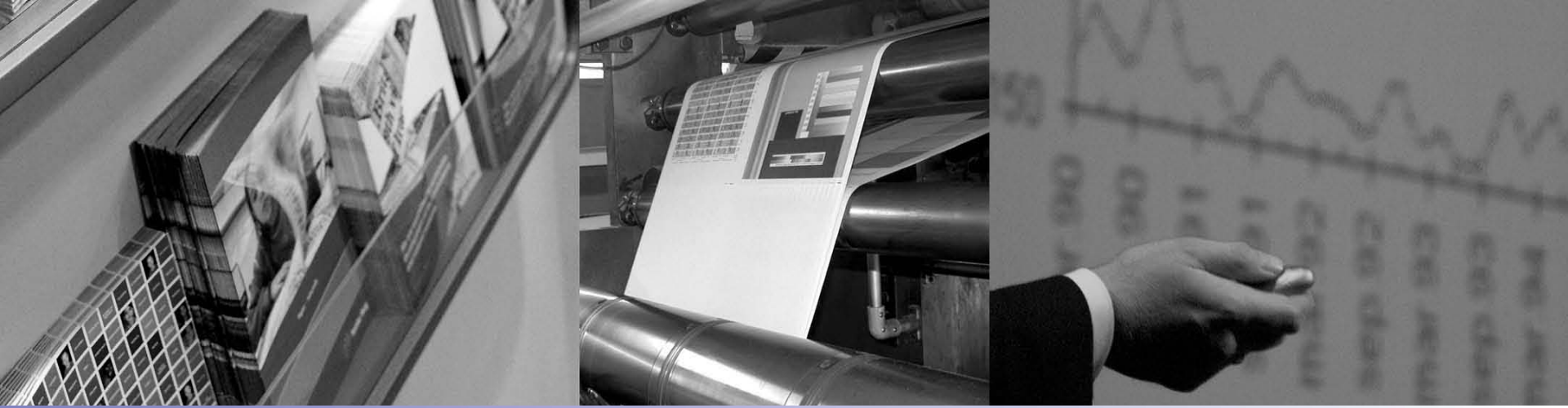
- Continued focus on cost cuts and capital discipline
- Capacity will be adjusted to maintain a healthy supply/demand balance

Curtailments in Europe in 2009

- 200 000 tonnes of newsprint
- 75 000 tonnes of magazine paper

Outlook

- Positive elements:
 - Price increase in European newsprint for '09
 - Price increase in Australia likely in 2nd half of '09
 - Reduced costs on recovered paper, energy and pulp
- Risks/negative elements:
 - Recession is deepening and leads to reduced paper demand
 - Currency changes
- Focus:
 - Swift capacity response to demand development
 - Continue cost reductions
 - Reduce net debt further



Future on Paper

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