



New Norske Skog  
4 May 2018

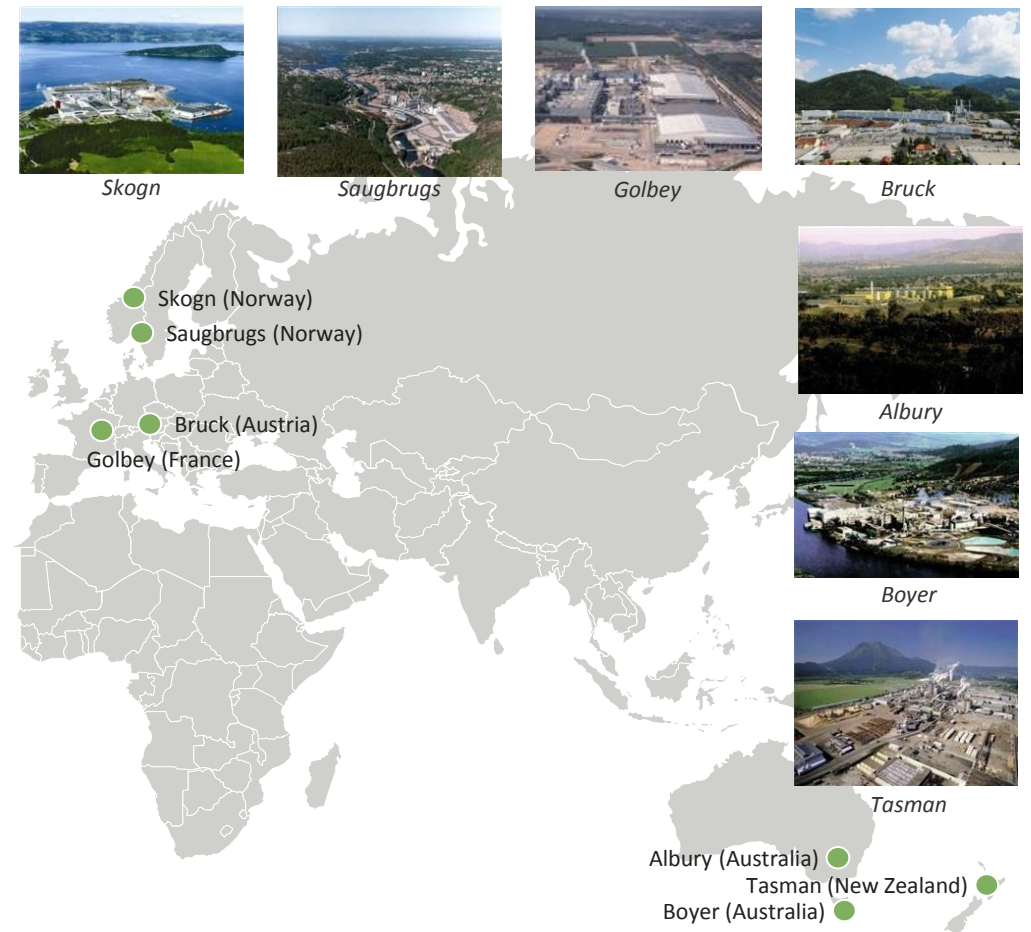
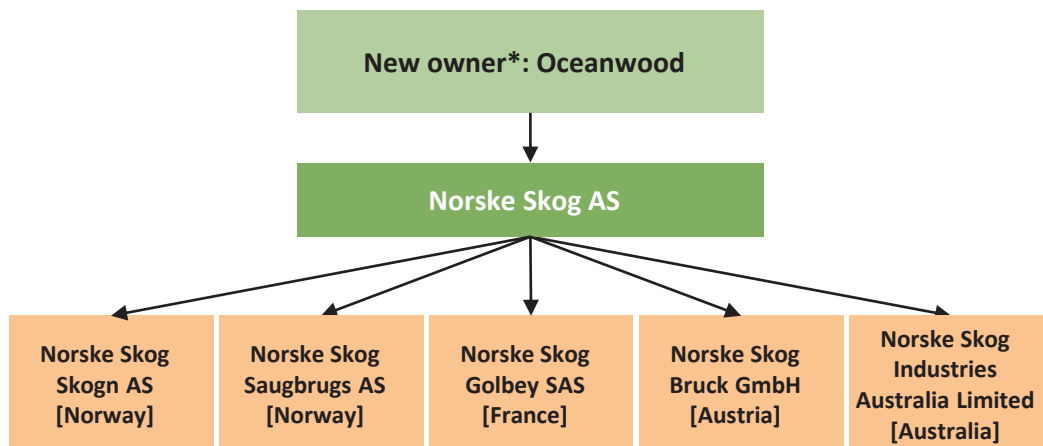


# Leading European and sole Australasian publication paper producer



## Norske Skog overview

- The group has the following production capacities
  - Newsprint – 1.8m tons
  - Magazine paper – 0.9m tons
- Production capacities by segment
  - 4 mills in Europe – 2.0m tons
  - 3 mills in Australasia – 0.7m tons
- 2017 revenue NOK 11.4 billion
- 2,500 employees



Note: Presented overview only reflects the key operating subsidiaries

\* Subject to the satisfaction of conditions and closing occurring under the Sale and Purchase Agreement

- **Acquisition of 100% of Norske Skog AS by a wholly owned subsidiary of Oceanwood Opportunities Master Fund**
- **Following a four-month competitive auction process, Oceanwood emerged as the winning bidder by offering the highest net cash proceeds**
  - More than 100 potentially interested bidders were approached
  - Strong interest throughout, with interest from strategic and financial investors in addition to existing creditors
- **Net cash proceeds<sup>(1)</sup>: NOK 2.3 billion/ EUR 235 million**
  - Estimated recovery<sup>(2)</sup>: 69%
  - Enterprise Value in excess of 5x LTM (last twelve months) March 2018 EBITDA
- **Estimated completion<sup>(3)</sup>: H2 2018**
  - Pending approvals from the relevant antitrust authorities and other regulatory bodies in the countries concerned (including Australia and New Zealand)

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*1. Based on the current assumptions of the relevant purchase price adjustments that will be made on completion of the transaction*

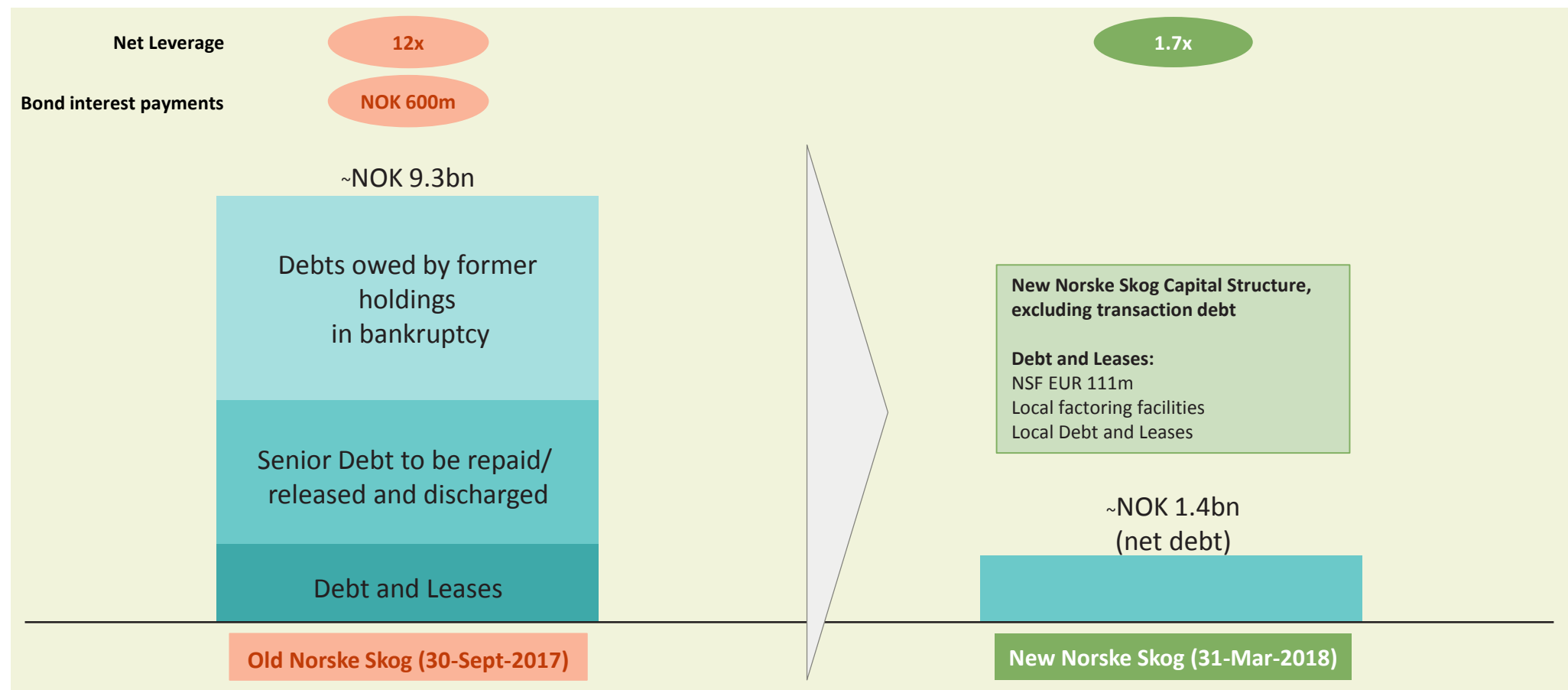
*2. Based on the outstanding liabilities under the SSNs and the Liquidity Facility as at 31 December 2017*

*3. Subject to the satisfaction of conditions and closing occurring under the Sale and Purchase Agreement*

# New balance sheet will enable strategic flexibility



- The recapitalization process will reduce the total debt level by about NOK 8.0bn
  - Leverage (net debt/EBITDA) down to a sustainable level
  - Access to capital on similar terms as competitors
- Norske Skog's new balance sheet enables strategic flexibility both at Group and business unit level
  - Significantly lower debt and funding restrictions position the company for growth investments
  - Reduction in interest payments will enhance the group's overall cash flow



# Oceanwood: A long-term and active supportive partner

## Oceanwood Overview

- Oceanwood Capital is an independent investment management firm founded in 2006 and located in London and Malta
- Oceanwood manages over US\$ 2 billion of capital, primarily for public pension plans and other institutional investors
- Portfolio is largely focused on consumer services with increasing focus on process industries
- Dedicated to investing in companies across Europe by employing a deep, fundamental approach to investing
- Focused on balance sheet sustainability and constructive approach when working with management teams aiming at positive results for all stakeholders

## Oceanwood participation in Norske Skog capital structure

- Oceanwood has been with the company for several years and know the company very well:
  - First investment in Norske Skog in 2015
  - Largest single creditor of Norske Skog both in old and new capital structure
  - Supported Norske Skog as one of the lenders under the c. EUR 16m liquidity facility and guarantee facility to secure operations through the recapitalization process

## Oceanwood's vision for Norske Skog

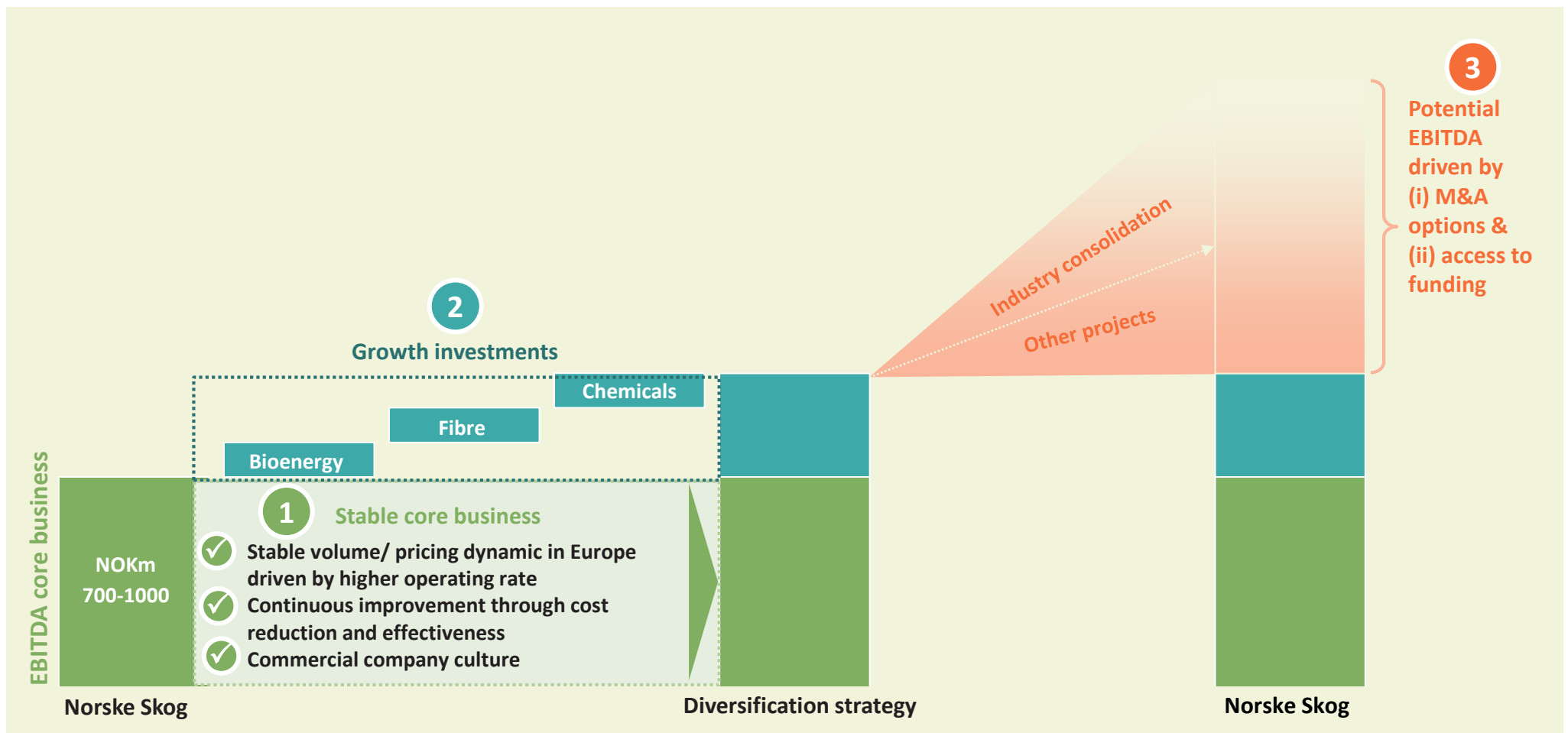
Further develop a sustainable business platform





# Significantly improved finances enable renewed focus

- Norske Skog core business is in the top-tier in the production of publication papers in a strong market
- Norske Skog is developing several growth investments within bioenergy, fibre and chemicals
- Norske Skog will work for a consolidation of publication paper in Europe



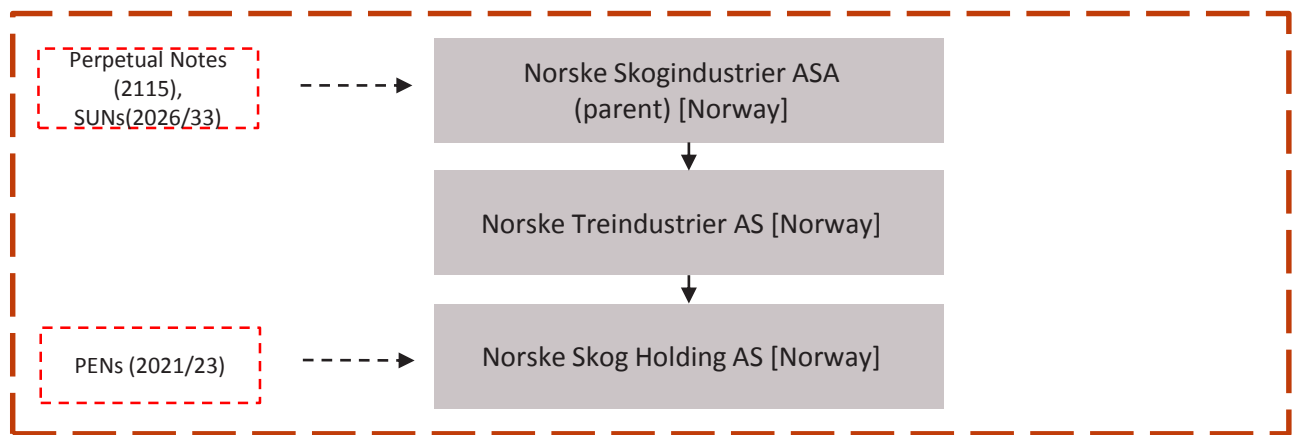
# Print remains the revenue source for newspapers

- Total global newspaper revenues on print is USD 140 billion
- Print's share of total revenues is about 92%
  - Digital content is largely distributed for free – the print circulation market is 25 times larger
  - Print advertising market 6 times larger than the digital market

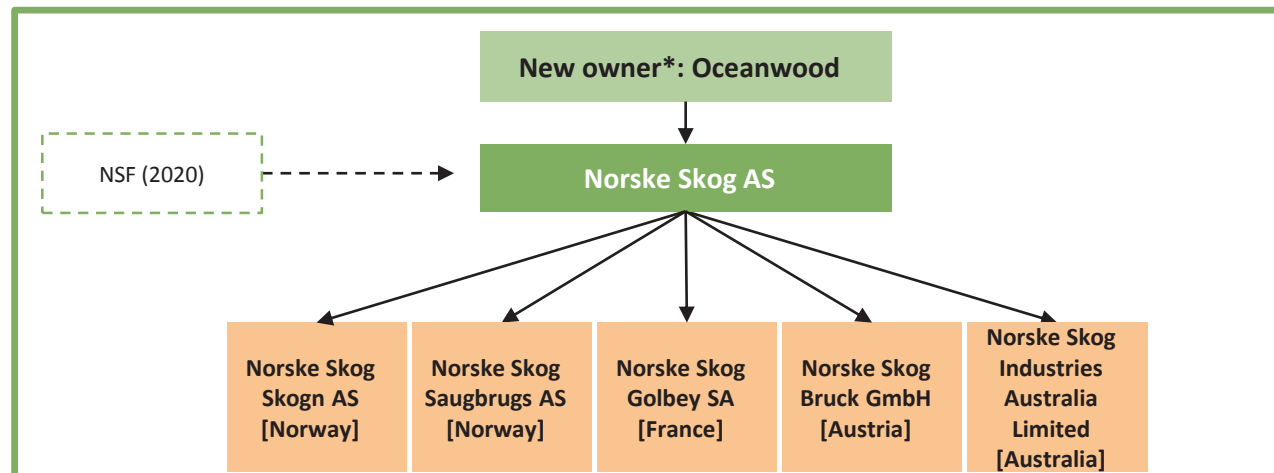


# From complex to simplified legal structure

- Norske Skog AS is the parent company in the new group structure
- All mills are profitable and contained in separate legal entities with sound balance sheets
- All mills have operated as normal during the recapitalization process



- All unsecured debt issued by Norske Skogindustrier ASA and Norske Skog Holding AS are liabilities owed by the respective bankruptcy estates but does not form part of the balance sheet of Norske Skog AS and its subsidiaries



- The SSN EUR 290m and the EUR 16m liquidity facility will be partially repaid, with the remainder released and discharged upon completion of the sale
- The NSF EUR 111m issued by Norske Skog AS remains in place
- Operating cash flows kept within the operating units and Norske Skog AS

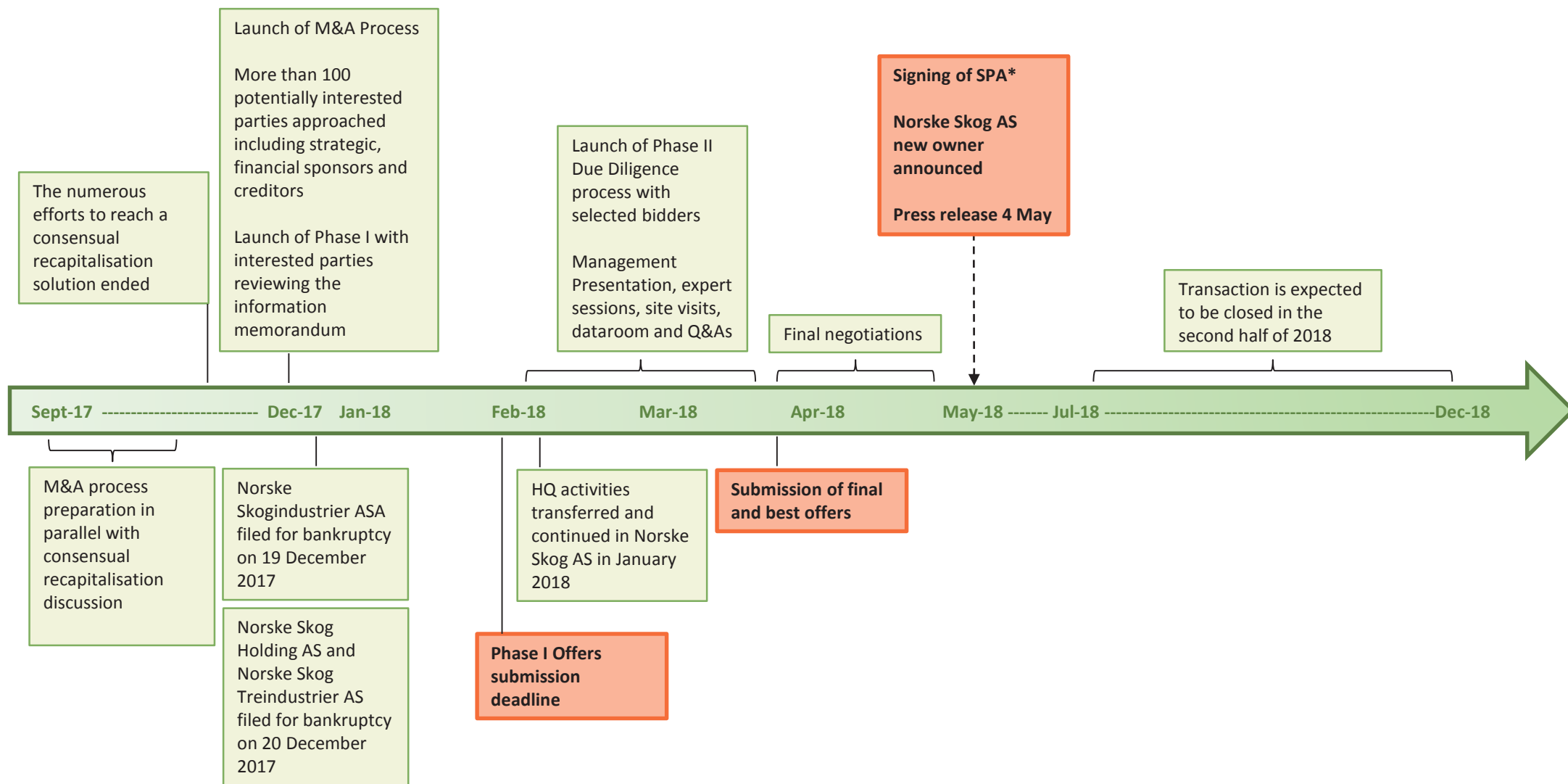
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# A structured, competitive and impartial sales process

Following a four-month auction process in which more than 100 potentially interested bidders were approached, Oceanwood emerged as the winning bidder by offering the highest value in cash for the shares and the intercompany loans



Source: Company Information

\* SPA - Sale and Purchase Agreement

