

INTRODUCTION

Norske Skog is a world leading producer of publication paper. Publication paper includes newsprint and magazine paper. The group has eight fully-owned mills in six countries and one partly-owned mill in Malaysia. The annual production capacity for the fully-owned mills is approximately three million tonnes. Newsprint and magazine paper

is sold through sales offices and agents to over 80 countries. The group has approximately 3 000 employees.

The parent company, Norske Skogindustrier ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on the Oslo Stock Exchange, with the ticker NSG.

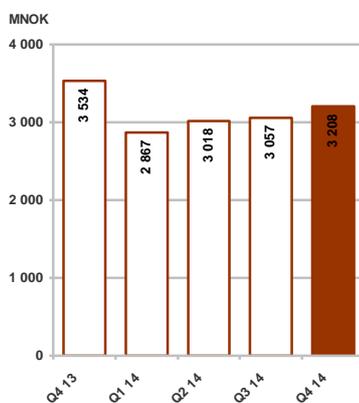
KEY FIGURES (UNAUDITED)

All amounts are presented in NOK million unless otherwise stated.

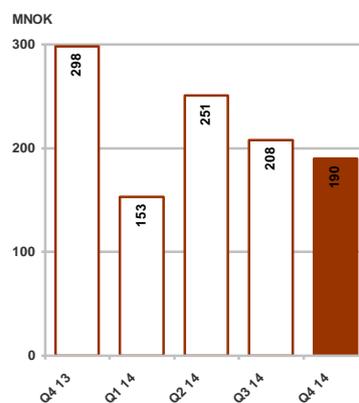
	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
INCOME STATEMENT					
Operating revenue	3 208	3 057	3 534	12 150	13 339
Gross operating earnings	190	208	298	801	862
Operating earnings	-238	97	-283	65	-1 111
Profit/loss for the period	-1 208	-192	-457	-1 504	-1 844
Earnings per share (NOK)	-6.36	-1.01	-2.41	-7.92	-9.71
CASH FLOW					
Net cash flow from operating activities	425	31	313	200	68
Net cash flow from investing activities	-72	-44	-42	48	-169
Cash flow per share (NOK)	2.24	0.17	1.65	1.06	0.36
OPERATING MARGIN AND PROFITABILITY (%)					
Gross operating margin	5.9	6.8	8.4	6.6	6.5
Return on capital employed ¹⁾	5.0	6.5	5.0	5.6	3.3
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	645	661	738	2 612	3 039
Deliveries (1 000 tonnes)	676	668	777	2 616	3 050
Production / capacity (%)	86	88	89	88	88

	31 DEC 2014	30 SEP 2014	30 Jun 2014	31 Mar 2014	31 DEC 2013
BALANCE SHEET					
Non-current assets	10 686	9 934	10 500	10 419	10 611
Current assets	3 291	3 239	3 268	3 832	4 005
Total assets	13 977	13 173	13 767	14 251	14 617
Equity	1 285	2 012	2 331	2 273	2 175
Net interest-bearing debt	7 387	6 931	6 952	6 800	6 817

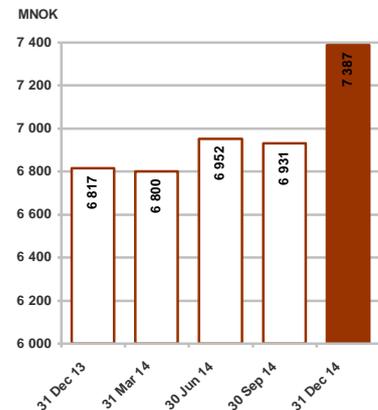
OPERATING REVENUE



GROSS OPERATING EARNINGS



NET INTEREST-BEARING DEBT



DEFINITIONS

¹⁾ Return on capital employed (annualised) = (Gross operating earnings - Capital expenditure) : Capital employed (average)

REPORT OF THE BOARD OF DIRECTORS FOR THE FOURTH QUARTER OF 2014

- After close of quarter Norske Skog raised EUR 290 million in a senior secured note (SSN) and used the proceeds to extend debt maturities and realize immediate deleveraging
- Immediate deleveraging of around NOK 500 million was realized in the refinancing
- Fourth quarter 2014: Gross operating earnings NOK 190 million (NOK 208 million in the third quarter)
- The ramp-up of the new magazine paper machine at Boyer in Australia was completed. The machine has been operating in accordance with business plan since late November last year
- Cash flow from operating activities NOK 641 million before net financial items in the quarter (NOK 46 million in the third quarter)
- Net interest-bearing debt increased by NOK 456 million in the quarter to NOK 7 387 million, with a negative exchange rate effect on debt amounting to NOK 827 million more than outweighing a positive cash flow in the quarter
- Loss for the period NOK 1 208 million (loss of NOK 192 million in the third quarter) largely reflecting negative FX effects on power contracts and foreign denominated debt

INCOME STATEMENT

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	3 208	3 057	3 534	12 150	13 339
Gross operating earnings	190	208	298	801	862
Depreciation	-188	-186	-196	-735	-728
Operating earnings	-238	97	-283	65	-1 111
Profit/loss before income taxes	-1 101	-40	-597	-1 291	-2 344
Profit/loss for the period	-1 208	-192	-457	-1 504	-1 844

Operating revenue increased from the previous quarter, due to higher sales volumes, higher value sales at Boyer and a slight positive impact from a weaker NOK.

Cost of materials increased from the third quarter on a per tonne basis, reflecting full production of higher value magazine paper at Boyer and a weaker NOK. Fixed costs were flat, despite a somewhat negative exchange rate effect.

Gross operating earnings declined to NOK 190 million in the quarter, from NOK 208 million in the previous quarter. The decline largely reflected a weak magazine paper market in Europe and effects of Boyer ramp-up going into fourth quarter. The result in the other activities segment was also reduced, due to amongst other things an unfavourable currency development around year-end.

Depreciation was NOK 188 million and flat from the third quarter.

Income taxes amounted to NOK 108 million in third quarter. The amount was mainly related to a reduced deferred tax asset in France.

Loss for the period came in at NOK 1 208 million due to a lower mark to market valuation of EUR denominated power contracts presented in line item Other gains and losses and negative translation effects on non-hedge accounted foreign debt included in line item Financial items. Both negative effects were a consequence of a weak NOK.

Global demand for newsprint declined by 7% last year compared to the year before. There was a decrease of 3% for magazine paper.

Capacity utilisation for the group was 86% in the fourth quarter (88% in the third quarter).

SPECIAL ITEMS IN OPERATING EARNINGS

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Restructuring expenses	-7	5	-149	-4	-145
Other gains and losses	-233	70	-237	3	-1 100

Other gains and losses consisted of a mark-to-market decrease in the value of energy contracts recognised on the balance sheet following the weakening of NOK. The value of energy contracts are derived from

exchanges rates, electricity prices and discount rates in accordance with IFRS standards.

FINANCIAL ITEMS

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Net interest expenses incl. realised gain/loss on interest rate derivatives	-161	-138	-160	-602	-622
Unrealised gain/loss on interest rate derivatives	0	0	1	1	8
Net interest expenses	-161	-138	-159	-601	-614
Currency gains/losses ¹⁾	-674	11	-170	-690	-618
Other financial items	-24	-11	6	-66	-26
Total financial items	-858	-138	-323	-1 357	-1 258

¹⁾ Currency gains and losses on accounts receivable and accounts payable are reported as Operating revenue and Cost of materials respectively.

Net interest expenses were NOK 161 million in the quarter and higher than in the previous quarter, reflecting the effect of a weaker NOK on foreign denominated interest. Currency losses reflected a negative

translation effect on EUR and USD denominated debt when converted to NOK at a weaker exchange rate.

CASH FLOW

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Gross operating earnings	190	208	298	801	862
Change in working capital ¹⁾	522	-136	243	470	164
Payments made relating to restructuring activities	-9	-12	-8	-154	-122
Adjustment for other items	-46	-7	-23	-128	-158
Cash flow from net financial items	-216	-15	-184	-747	-622
Taxes paid	-17	-6	-14	-42	-56
Net cash flow from operating activities	425	31	313	200	68
Purchases of property, plant and equipment and intangible assets	-74	-55	-176	-274	-529
Sales of property, plant and equipment, intangible assets, shares in companies and other investments.	2	10	162	329	410

¹⁾ Change in working capital includes changes in provisions and other receivables.

Net cash flow from operating activities was NOK 425 million. Working capital decreased by NOK 522 million in the quarter, due to a seasonal release and reflecting drawings on the new AR factoring facility at Bruck in Austria. The Austrian facility is different from the other AR facilities in Norway and France, in the respect that receivables are derecognised from the balance sheet.

Cash flow from net financial items was NOK -216 million due to bond interest payments made in the quarter.

Purchases of property, plant and equipment of NOK 74 million, reflected some quarterly variations in maintenance capex.

BALANCE SHEET

	31 DEC 2014	30 SEP 2014	30 JUN 2014	31 DEC 2013
Non-current assets	10 686	9 934	10 500	10 611
Cash and cash equivalents	710	500	580	1 015
Other current assets	2 581	2 739	2 688	2 990
Total assets	13 977	13 173	13 767	14 617
Equity including non-controlling interests	1 285	2 012	2 331	2 175
Non-current liabilities	8 931	8 763	8 987	8 779
Current liabilities	3 761	2 398	2 449	3 662
Net interest-bearing debt	7 387	6 931	6 952	6 817

Equity was NOK 1 285 million at 31 December 2014. The decrease reflected loss for the period, in part offset by a positive currency translation difference recorded in other comprehensive income. Details are provided in the condensed consolidated statement of changes in group equity later in this report. Equity per share was NOK 7.

Net interest-bearing debt increased by NOK 456 million to NOK 7 387 million at 31 December 2014, due to a negative exchange rate effect on debt. Both USD and EUR denominated debt increased in NOK terms with a weaker NOK.

Cash and cash equivalents amounted to NOK 710 million at 31 December 2014 and was in part amplified by drawings on the new AR factoring facility in Austria.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	2 280	2 244	2 668	9 001	9 432
Gross operating earnings	129	159	159	582	326
Depreciation	-103	-99	-99	-398	-359
Operating earnings	13	67	-72	177	-158
Gross operating margin (%)	5.7	7.1	6.0	6.5	3.5
Return on capital employed (%) ^{*)}	6.2	8.6	6.7	7.4	2.6
Production (1 000 tonnes)	478	493	573	1 986	2 232
Deliveries (1 000 tonnes)	496	508	598	1 998	2 237
Production / capacity (%)	84	86	91	87	89

^{*)} Annualised return on capital employed.

The segment constitutes Norske Skog's European operations in the publication paper market, with mills in Norway, France, Austria and Germany. Annual production capacity is 2 290 000 tonnes.

Operating revenue increased slightly compared to the previous quarter, despite a modest decrease in sales volumes, reflecting a certain positive foreign exchange effect with a weaker NOK.

Cost of materials increased on a per tonne basis from the third quarter, in large due to foreign exchange. Fixed costs were also impacted by foreign exchange and slightly higher than in the previous quarter.

Gross operating earnings declined to NOK 129 million in the quarter, from NOK 159 million in the third quarter, with a weak magazine paper market in Europe.

Demand for newsprint and magazine paper in Europe decreased by 6% and 3% respectively last year compared to the previous year.

Capacity utilisation was 84% in the fourth quarter (86% in the third quarter).

PUBLICATION PAPER AUSTRALASIA

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	930	816	857	3 158	3 871
Gross operating earnings	92	59	140	287	593
Depreciation	-81	-87	-93	-328	-354
Operating earnings	-1	-36	56	-77	57
Gross operating margin (%)	9.9	7.2	16.3	9.1	15.3
Return on capital employed (%) ^{*)}	6.6	4.5	3.8	4.7	6.3
Production (1 000 tonnes)	167	168	165	626	807
Deliveries (1 000 tonnes)	180	161	178	618	813
Production / capacity (%)	93	94	84	92	88

^{*)} Annualised return on capital employed.

The segment consists of Norske Skog's operations in Australasia. Annual production capacity is 715 000 tonnes.

Operating revenue increased compared to the previous quarter, due to full production at the new magazine paper machine at Boyer and seasonally higher sales volumes.

Cost of materials went up on a per tonne basis compared to the third quarter, reflecting full production of higher value paper at Boyer and a weaker NOK. Fixed costs decreased despite the negative foreign exchange effect with ongoing cost reduction initiatives.

Gross operating earnings increased to NOK 92 million, from

NOK 59 million in the third quarter, with completion of the ramp-up at Boyer and seasonality.

Demand for newsprint in Oceania decreased by 6% last year, compared to the previous year. Demand for magazine paper in Oceania declined by 2% last year.

Capacity utilisation was 93% in the fourth quarter (94% in the third quarter).

OTHER ACTIVITIES

	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	19	33	41	120	313
Gross operating earnings	-32	-10	-0	-67	-56
Depreciation	-4	-1	-3	-9	-15
Operating earnings	-251	66	-267	-36	-1 011

Other activities consist mainly of unallocated group costs and purchase and resale activities to the business units. Operating earnings of NOK

-251 million mainly constituted a decrease in the value of energy contracts. See "special items in operating earnings" above.

HEALTH AND SAFETY

The H-value (the number of lost-time injuries per million working hours) was 0.97 in the 12 month period from 1 January to 31 December 2014.

RISK MANAGEMENT

Norske Skog conducts continuous evaluations of its operational and financial risk factors. The main operational risks are related to prices and sales volumes for newsprint and magazine paper, as well as the prices of key input factors such as wood, recovered paper and energy.

The main financial risks are related to the development of key currencies and liquidity from operations. Financial risk management mainly includes currency, interest rate and liquidity risk. A description of risk factors and risk management is given in the annual financial statements for 2013.

SHARES

The foreign ownership share was 17.6% at 31 December 2014. An overview of the main shareholders at the end of September 2014 is included in Note 9.

OUTLOOK

Publication paper prices in Europe were relatively stable into 2015, beyond certain foreign exchange effects, particular in the UK market. The market balance for newsprint and magazine paper is expected to improve into the second half of 2015, when already announced capacity closures in the industry have been completed.

Paper prices in Australasia are to a large degree stable reflecting long term pricing contracts and a large logistical disadvantage for non-domestic producers. Export volumes for newsprint out of Australasia track international prices in Asia and is still expected to be challenging.

The new magazine paper machine at Boyer in Australia should give a significantly positive contribution to gross operating earnings in 2015. Last year the machine was a significant negative contributor due to a prolonged ramp-up.

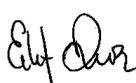
Variable costs for the group are expected to remain relatively stable. Fixed costs initiatives continue.

The refinancing plan announced in January has been successfully completed. Following these transactions, the capital structure has improved significantly through enhanced liquidity, immediate de-leveraging and an extended maturity profile. Despite this leverage remains high and requires improved profitability, but the refinancing enables the group to focus on improving operations, cost initiatives and capital efficiency.

SKØYEN, 26 FEBRUARY 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA



Jarle Roth
Chair



Eilif Due
Board member



Siri Beate Hatlen
Board member



Karin Bing Orgland
Board member



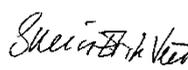
Jon-Aksel Torgersen
Board member



Kjetil Bakkan
Board member



Paul Kristiansen
Board member



Svein Erik Veie
Board member



Sven Ombudstvedt
President and CEO

INTERIM FINANCIAL STATEMENTS, FOURTH QUARTER OF 2014

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	6	3 208	3 057	3 534	12 150	13 339
Distribution costs		-331	-312	-363	-1 249	-1 398
Cost of materials		-1 839	-1 798	-2 053	-7 228	-8 017
Change in inventories		-125	-34	-147	-30	-45
Employee benefit expenses		-473	-477	-458	-1 908	-2 002
Other operating expenses		-249	-228	-214	-935	-1 014
Gross operating earnings		190	208	298	801	862
Depreciation	4	-188	-186	-196	-735	-728
Restructuring expenses		-7	5	-149	-4	-145
Other gains and losses	8	-233	70	-237	3	-1 100
Impairments	3, 4	0	0	0	0	0
Operating earnings		-238	97	-283	65	-1 111
Share of profit in associated companies		-4	0	9	1	26
Financial items		-858	-138	-323	-1 357	-1 258
Profit/loss before income taxes		-1 101	-40	-597	-1 291	-2 344
Income taxes		-108	-152	140	-213	500
Profit/loss for the period		-1 208	-192	-457	-1 504	-1 844
Profit/loss for the period attributable to:						
Owners of the parent		-1 208	-192	-457	-1 504	-1 844
Non-controlling interests		0	0	0	0	0
Basic/diluted earnings per share (NOK)		-6.36	-1.01	-2.41	-7.92	-9.71

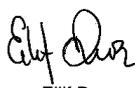
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Profit/loss for the period	-1 208	-192	-457	-1 504	-1 844
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences	573	-187	-8	647	140
Tax expense on translation differences	157	0	-23	182	-30
Hedge of net investment in foreign operations	-192	61	-56	-151	-243
Tax expense on net investment hedge	10	0	-1	10	-4
Reclassified translation differences upon divestment of foreign operations	0	0	-34	1	221
Reclassified hedging gain/loss on net investment upon divestment of foreign operations	0	0	0	0	-361
Tax expense on reclassifications	0	0	0	0	101
Other items	0	0	0	-7	1
Tax expense on other items	0	0	0	0	0
Total	548	-127	-122	681	-175
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post employment benefit obligations	-68	0	52	-68	52
Tax effect on remeasurements of post employment benefit obligations	0	0	1	0	1
Total	0	0	53	0	53
Other comprehensive income for the period	481	-127	-69	614	-122
Comprehensive income for the period	-727	-318	-526	-890	-1 966
Comprehensive income for the period attributable to:					
Owners of the parent	-727	-318	-526	-890	-1 967
Non-controlling interests	0	0	0	0	1

CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 DEC 2014	30 SEP 2014	31 DEC 2013
Deferred tax asset		598	412	541
Intangible assets	4, 6	92	77	152
Property, plant and equipment	3, 4, 6	9 180	8 720	9 025
Investments in associated companies	5	429	401	595
Other non-current assets	8	387	323	299
Total non-current assets		10 686	9 934	10 611
Inventories		1 334	1 382	1 274
Trade and other receivables		1 209	1 321	1 574
Cash and cash equivalents	7	710	500	1 015
Other current assets	8	39	37	141
Total current assets		3 291	3 239	4 005
Total assets		13 977	13 173	14 617
Paid-in equity		12 302	12 302	12 302
Retained earnings and other reserves		-11 017	-10 291	-10 127
Non-controlling interests		0	0	0
Total equity		1 285	2 012	2 175
Pension obligations		820	696	714
Deferred tax liability		415	274	392
Interest-bearing non-current liabilities	7	7 004	7 332	6 973
Other non-current liabilities	8	692	460	699
Total non-current liabilities		8 931	8 763	8 779
Interest-bearing current liabilities	7	1 267	272	1 044
Trade and other payables		2 172	1 844	2 040
Tax payable		13	11	39
Other current liabilities	8	309	272	540
Total current liabilities		3 761	2 398	3 662
Total liabilities		12 692	11 161	12 441
Total equity and liabilities		13 977	13 173	14 617

SKØYEN, 26 FEBRUARY 2015 – THE BOARD OF DIRECTORS OF NORSKE SKOGINDUSTRIER ASA

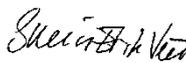

Jarle Roth
Chair

Eilif Due
Board member

Siri Beate Hatlen
Board member

Karin Bing Orgland
Board member

Jon-Aksel Torgersen
Board member

Kjetil Bakkan
Board member

Paul Kristiansen
Board member

Svein Erik Veie
Board member

Sven Ombudstvedt
President and CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Cash generated from operations	3 371	2 933	3 629	12 562	13 490
Cash used in operations	-2 714	-2 880	-3 118	-11 573	-12 745
Cash from net financial items	-216	-15	-184	-747	-622
Taxes paid	-17	-6	-14	-42	-56
Net cash flow from operating activities ¹⁾	425	31	313	200	68
Purchases of property, plant and equipment and intangible assets	-74	-55	-176	-274	-529
Sales of property, plant and equipment and intangible assets	2	1	1	4	23
Dividend received	0	0	2	1	18
Purchase of shares in companies and other investments	0	0	-29	-8	-68
Sales of shares in companies and other investments	0	9	161	325	387
Net cash flow from investing activities	-72	-44	-42	48	-169
New loans raised	91	75	29	569	873
Repayments of loans	-295	-134	-109	-1 209	-1 024
Net cash flow from financing activities	-204	-58	-80	-640	-151
Foreign currency effects on cash and cash equivalents	61	-9	5	86	74
Total change in cash and cash equivalents	210	-80	195	-306	-178
Cash and cash equivalents at start of period	500	580	820	1 015	1 194
Cash and cash equivalents at end of period	710	500	1 015	710	1 015
^{1) Reconciliation of net cash flow from operating activities}					
Gross operating earnings	190	208	298	801	862
Change in working capital	522	-136	243	470	164
Payments made relating to restructuring activities	-9	-12	-8	-154	-122
Adjustment for other items	-46	-7	-23	-128	-158
Cash flow from net financial items	-216	-15	-184	-747	-622
Taxes paid	-17	-6	-14	-42	-56
Net cash flow from operating activities	425	31	313	200	-68

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Retained earnings	Hedge accounting	Other equity reserves	Total before non-controlling interests	Non-controlling interests	Total equity
Equity 1 January 2013	12 302	-8 361	317	-116	4 142	9	4 151
Profit/loss for the period	0	-1 387	0	0	-1 387	0	-1 387
Other comprehensive income for the period	0	0	-450	398	-52	1	-51
Equity 30 September 2013	12 302	-9 748	-133	282	2 702	10	2 712
Profit/loss for the period	0	-457	0	0	-457	0	-457
Other comprehensive income for the period	0	0	-57	-12	-69	0	-69
Non-controlling interest - divested operations	0	0	0	0	0	-10	-10
Equity 31 December 2013	12 302	-10 205	-190	269	2 175	0	2 175
Profit/loss for the period	0	-296	0	0	-296	0	-296
Other comprehensive income for the period	0	0	41	91	132	0	132
Equity 30 September 2014	12 302	-10 500	-149	359	2 012	0	2 012
Profit/loss for the period	0	-1 208	0	0	-1 208	0	-1 208
Other comprehensive income for the period	0	0	-182	664	482	0	482
Equity 31 December 2014	12 302	-11 708	-331	1 023	1 285	0	1 285

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Norske Skogindustrier ASA ("the company") and its subsidiaries ("the group") manufacture, distribute and sell publication paper. This includes newsprint and magazine paper.

The interim financial statements were authorised for issue by the board of directors in Norske Skogindustrier ASA on 26 February 2015.

Norske Skog's segment structure has been changed with effect from 1 January 2014. See Note 6 Operating segments for more information.

All amounts in the interim financial statements are presented in NOK million unless otherwise stated. Due to rounding, there may be differences in the summation of columns and rows.

The table below shows the applied average (un-weighted monthly) quarterly foreign exchange rates (Q4 2014 and Q3 2014) and the closing exchange rate (31 December 2014, 30 September 2014 and 31 December 2013) for the most important currencies for the Norske Skog group.

	Q4 2014	Q3 2014	31 DEC 2014	30 SEP 2014	31 DEC 2013
AUD	5.88	5.78	6.09	5.62	5.43
EUR	8.59	8.27	9.04	8.12	8.38
GBP	10.89	10.42	11.57	10.45	10.05
NZD	5.38	5.26	5.83	5.01	5.00
USD	6.88	6.24	7.43	6.45	6.08

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements for 2013. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the

preparation of the annual financial statements for the year ended 31 December 2013, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2014. These changes are described in the annual financial statements for 2013.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Estimated decline in value of intangible assets and property, plant and equipment

Intangible assets which have an indefinite useful life and goodwill are not subject to amortisation, but are tested annually for impairment. Property, plant and equipment, and intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. Norske Skog applies a weighted average cost of capital (WACC) model for calculating the present value of future cash flows. Calculation of value in use requires use of estimates.

There was no indication that further impairments or reversals of previous impairments should be made at 31 December 2014.

Commodity contracts and embedded derivatives in commodity contracts measured at fair value

Commodity contracts that fail to meet the own-use exemption criteria in IAS 39 *Financial Instruments – recognition and measurement* are recognised in the balance sheet and valued at fair value. Fair values of commodity contracts and embedded derivatives in commodity contracts which are not traded in an active market, are assessed through valuation techniques. Norske Skog has one long-term energy contract in New Zealand. The electricity prices for long-term electricity

contracts in New Zealand are not directly observable in the market for the whole contract length. Price forecasts from acknowledged external sources are used in the estimation of fair value. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

See Note 9 in the annual financial statements for 2013 for more information regarding the calculation of fair value of derivatives.

Recognition of deferred tax assets

Deferred tax assets are recognized to the extent it is probable that it would be realized. Significant judgment is required to determine the amount that can be recognized. Convincing evidences, required for utilization of tax losses carried forward when an entity has a history on of recent losses, are based on external independent analysts and specific internal events and one-off factors. The recognition requirements for unused tax losses are entity by entity, and the group may recognize deferred tax assets even if the group as a whole may not have evidence of sufficient taxable profit. Recognised deferred tax assets are mainly related to Norske Skog's Norwegian operations. Norske Skog has in 2014 recognized a deferred tax asset impairment losses of approximately NOK 200 million related to its Norwegian operations and approximately NOK 100 million related to its French operations.

Provisions

Provisions for environmental restoration, dismantling costs, restructuring activities and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; an outflow of resources is more likely than not to be required to settle the obligation and the amount can be reliably estimated.

Provisions for future environmental and dismantling liabilities are based on a number of assumptions made using management's best judgment.

See Note 2 in the annual financial statements for 2013 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

Contingent liabilities

Norske Skog is an international company that, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates.

Norske Skog has continued the process related to simplification of the group's corporate structure in 2014. The simplification of the group's corporate structure in combination with changes in individual countries' tax laws could increase the group's tax exposure. However, due to completed reorganisations and tax assessments, the overall tax exposure has decreased during the last years.

4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-DEC	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Carrying value at start of period	9 025	152	9 177
Additions ¹⁾	263	95	358
Depreciation	-727	-8	-735
Impairments	0	0	0
Value changes	-9	0	-9
Disposals	-9	-156	-165
Currency translation differences	637	9	646
Carrying value at end of period	9 180	92	9 272

¹⁾ The difference between additions and the line Purchases of property, plant and equipment and intangible assets in the condensed consolidated statement of cash flows is due to finance leases, allocated emission allowances, accruals for payments and other additions with no cash impact.

5. DIVESTMENT OF OPERATIONS

In January 2014, the terms of sale for Norske Skog's remaining 49% stake in Norske Skog Pisa Ltda. in Brazil were renegotiated, with an accelerated timeline and a sales price of USD 37 million. The transaction was completed on 17 January. Following this, Norske Skog has no remaining interests in South America, and the investment in associated company in Pisa (NOK 223 million at the end of 2013) has been derecognised from the balance sheet. The value at the end of

2013 reflected the agreed sales price, so the transaction did not result in any additional income statement impact in 2014. The sales proceeds from the transaction was received during the second quarter of 2014.

Norske Skog's share in the sales offices Norske Skog Czech & Slovak Republic spol s.r.o. (Czech Republic) and Norske Skog Polska Sp.z o.o. (Poland) were sold in June 2014.

6. OPERATING SEGMENTS

The composition of Norske Skog's operating segments was changed with effect from 1 January 2014. The activities of the Norske Skog group are now focused on two business systems, namely Europe and Australasia. The segment structure is in line with how the group is managed internally. Norske Skog's chief operating decision maker is corporate management, who distribute resources and assess performance of the group's operating segments. According to the operating model, all mills have a direct reporting line to corporate management. The mills have been aggregated into two operating segments, publication paper Europe and publication paper Australasia, based on geographical location. Norske Skog has an integrated strategy in Europe and Australasia to maximize the profit in each region. The optimisation is carried out through coordinated sales- and operational planning. The regional planning, in combination with

structured sales and operational processes, ensures maximisation of profit.

Publication paper includes newsprint and magazine paper. Newsprint includes standard newsprint and other paper qualities used in newspapers, inserts, catalogues etc. Magazine paper includes the paper qualities super calendered (SC) and light weight coated (LWC). Magazine paper is used in magazines, catalogues and advertising materials.

Activities that are not part of the operating segments are included in other activities.

The comparative figures for 2013 have been restated in accordance with the new segment structure.

Q4 2014	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 280	930	19	-21	3 208
Distribution costs	-217	-115	0	0	-331
Cost of materials	-1 341	-484	-14	0	-1 839
Change in inventories	-71	-54	0	0	-125
Employee benefit expenses	-335	-119	-20	0	-473
Other operating expenses	-188	-65	-17	21	-249
Gross operating earnings	129	92	-32	0	190
Depreciation	-103	-81	-4	0	-188
Restructuring expenses	-5	-2	0	0	-7
Other gains and losses	-9	-9	-215	0	-233
Impairments	0	0	0	0	0
Operating earnings	13	-1	-251	0	-238

Q3 2014	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 244	816	33	-36	3 057
Distribution costs	-212	-101	0	0	-312
Cost of materials	-1 315	-482	-1	0	-1 798
Change in inventories	-58	24	0	0	-34
Employee benefit expenses	-328	-126	-23	0	-477
Other operating expenses	-172	-73	-20	36	-228
Gross operating earnings	159	59	-10	0	208
Depreciation	-99	-87	-1	0	-186
Restructuring expenses	5	0	0	0	5
Other gains and losses	1	-8	77	0	70
Impairments	0	0	0	0	0
Operating earnings	67	-36	66	0	97

Q4 2013	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 668	857	41	-32	3 334
Distribution costs	-254	-109	0	0	-363
Cost of materials	-1 617	-426	-11	0	-2 053
Change in inventories	-106	-41	0	0	-147
Employee benefit expenses	-322	-124	-12	0	-458
Other operating expenses	-210	-17	-19	32	-214
Gross operating earnings	159	140	0	0	298
Depreciation	-99	-93	-3	0	-196
Restructuring expenses	-132	-4	-13	0	-149
Other gains and losses	0	13	-250	0	-237
Impairments	0	0	0	0	0
Operating earnings	-72	56	-267	0	-283

OPERATING SEGMENT PUBLICATION PAPER EUROPE

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the five

European mills and the regional sales organization are included in the operating segment publication paper Europe.

INCOME STATEMENT	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	2 280	2 244	2 668	9 001	9 432
Distribution costs	-217	-212	-254	-864	-967
Cost of materials	-1 341	-1 315	-1 617	-5 452	-5 954
Change in inventories	-71	-58	-106	-57	-33
Employee benefit expenses	-335	-328	-322	-1 339	-1 377
Other operating expenses	-188	-172	-210	-708	-775
Gross operating earnings	129	159	159	582	326
Depreciation	-103	-99	-99	-398	-359
Restructuring expenses	-5	5	-132	-2	-133
Other gains and losses	-9	1	0	-5	8
Impairments	0	0	0	0	0
Operating earnings	13	67	-72	177	-158
Share of operating revenue from external parties (%)	100	100	94	99	96

OPERATING SEGMENT PUBLICATION PAPER AUSTRALASIA

The publication paper Australasia segment encompasses production and sale of newsprint and magazine paper in Australasia. All the three

mills in Australasia and the regional sales organization are included in the operating segment publication paper Australasia.

INCOME STATEMENT	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	930	816	857	3 158	3 871
Distribution costs	-115	-101	-109	-385	-431
Cost of materials	-484	-482	-426	-1 760	-2 207
Change in inventories	-54	24	-41	27	-12
Employee benefit expenses	-119	-126	-124	-480	-528
Other operating expenses	-65	-73	-17	-274	-279
Gross operating earnings	92	59	140	287	593
Depreciation	-81	-87	-93	-328	-354
Restructuring expenses	-2	0	-4	-2	0
Other gains and losses	-9	-8	-13	-33	-182
Impairments	0	0	0	0	0
Operating earnings	-1	-36	56	-77	57
Share of operating revenue from external parties (%)	100	100	100	100	100

OTHER ACTIVITIES

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, real estate activities, energy (commodity contracts and embedded

derivatives in commodity contracts) and other holding company activities.

INCOME STATEMENT	Q4 2014	Q3 2014	Q4 2013	YTD 2014	YTD 2013
Operating revenue	19	33	41	120	313
Distribution costs	0	0	0	0	0
Cost of materials	-14	-1	-11	-15	-156
Change in inventories	0	0	0	0	0
Employee benefit expenses	-20	-23	-12	-90	-97
Other operating expenses	-17	-20	-19	-82	-117
Gross operating earnings	-32	-10	0	-67	-56
Depreciation	-4	-1	-3	-9	-15
Restructuring expenses	0	0	-13	0	-13
Other gains and losses	-215	77	-250	41	-926
Impairments	0	0	0	0	0
Operating earnings	-251	66	-267	-36	-1 011
Share of operating revenue from external parties (%)	5	0	28	1	17
OPERATING REVENUE					
Energy	0	0	0	0	106
Real estate activities	1	0	1	1	1
Corporate functions	17	32	29	114	142
Miscellaneous	4	8	19	28	95
Eliminations	-3	-7	-7	-23	-31
Total	19	33	41	120	313
GROSS OPERATING EARNINGS					
Energy	0	0	0	0	0
Real estate activities	1	0	0	1	-1
Corporate functions	-32	-10	1	-59	-52
Miscellaneous	-1	0	0	-8	-4
Eliminations	0	0	0	0	0
Total	-32	-10	0	-67	-56

PROPERTY, PLANT AND EQUIPMENT PER SEGMENT

	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS	TOTAL
Publication paper Europe	5 215	1	5 216
Publication paper Australasia	3 943	18	3 962
Other activities	22	73	95
Total	9 180	92	9 272

7. INTEREST-BEARING DEBT

NET INTEREST-BEARING DEBT

Norske Skog has as a result of the termination of a large part of the fair value hedge portfolio in the first half of 2009 recognised a hedge reserve (deferred income). The hedge reserve is included in interest-bearing debt and amounted to NOK 174 million at 31 December 2014. The corresponding figure at 30 September 2014 was NOK 173 million.

The hedge reserve does not constitute any payment obligation for the group, but will be amortised in the income statement over the lifetime of the debt that has been hedged.

31 DEC 2014	REPORTED KEY FIGURES
Interest-bearing non-current liabilities	7 004
Interest-bearing current liabilities	1 267
- Hedge reserve	174
- Cash and cash equivalents	710
= Net interest-bearing debt	7 387

DEBT REPAYMENT SCHEDULE

CONTRACTUAL INSTALMENT PAYMENTS ON CURRENT AND NON-CURRENT INTEREST-BEARING DEBT	31 DEC 2014
2015	1 267
2016	1 476
2017	3 763
2018	29
2019	29
2020	30
2021	21
2022	15
2023 to 2033	1 521
Total	8 151

Total debt listed in the repayment schedule may differ from the carrying value in the balance sheet.

This is due to premiums and discounts on issued bonds and hedge reserve.

BONDS

Bond financing constitutes the majority of Norske Skog's total debt financing. In October 2014 the remaining NOK 185 million of the NOK bond (NSG 15) was repaid. All bonds are issued by

Norske Skogindustrier ASA and are unsecured. The table below shows Norske Skog's issued bonds at 31 December 2014 (see Note 11 Events after the balance sheet date for more information).

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 31 DEC 2014
October 2015	USD	6.125%	USD 200 mill	USD 158 mill
October 2033	USD	7.125%	USD 200 mill	USD 200 mill
June 2016	EUR	11.75%	EUR 150 mill	EUR 130 mill
June 2017	EUR	7.00%	EUR 500 mill	EUR 388 mill

8. ENERGY CONTRACTS, DERIVATIVES AND FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

31 DEC 2014	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	20	227	-81	-260
Energy contracts (level2)	0	0	-9	-6
Other raw material contracts (level 3)	3	0	0	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	-0	0
Total	23	227	-90	-266

Norske Skog's portfolio of commodity contracts consists primarily of physical energy contracts. The fair value of commodity contracts is particularly sensitive to future fluctuations in energy prices. The fair value of embedded derivatives in physical contracts depends on currency and price index fluctuations. In valuation of derivative contracts the fair value includes the impact of credit risk. For 2014 credit risk adjustments is applied to derivative liability positions based on Norske Skog's own credit risk.

Higher energy prices have a positive impact on fair value. Energy prices in New Zealand are virtually unchanged compared with the previous quarter.

The energy contracts in Norway are nominated in EUR. These contracts contain embedded derivatives that are recognised at fair value in accordance with IAS 39 *Financial instruments – recognition and measurement*. NOK has weakened against EUR during the quarter, which has had a negative effect on the fair value of the embedded derivatives.

A decrease in estimates of consumer price indices has a positive impact on fair value. Consumer price indices, which affect the fair value, show only small changes compared with the previous quarter.

Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Other gains and losses. Realised effects from financial energy contracts are also included in this accounting line.

Gains and losses on level 3 financial instruments recognised in the income statement, line item Other gains and losses, amounted to NOK - 187 million in the fourth quarter (NOK 96 million in the third quarter).

9. PRINCIPAL SHAREHOLDERS

PRINCIPAL SHAREHOLDERS AT 31 DECEMBER 2014	NUMBER OF SHARES	OWNERSHIP %
Nobelsystem Scandinavia AS	10 300 000	5.42
Kontrari AS	9 600 000	5.05
Dimensional Fund Advisors	6 721 165	3.54
Skandinaviska Enskilda Banken	6 295 000	3.31
AT Skog BA	6 065 911	3.19
Allskog BA	5 295 662	2.79
Astrup Fearnley AS	5 189 688	2.73
Uthalden A/S	4 450 000	2.34
Nil Spectatio Finans AS	4 225 116	2.22
Nordnet Bank AB (Nominee)	3 410 940	1.80
Danske Bank A/S (Nominee)	3 232 118	1.70
Fiducia AS	2 986 644	1.57
Barokk Invest AS	2 760 403	1.45
Sothic Capital Management	2 694 300	1.42
AS Havlide	2 296 466	1.21
SES AS	2 200 000	1.16
Alfaplan AS	2 000 000	1.05
Torstein I. Tvenge	2 000 000	1.05
Myra Matsenter AS	1 989 192	1.05
Shareholders with < 1% ownership	106 233 021	55.93
Total	189 945 626	100.00

The data is provided by RD:IR and VPS, through the Nominee ID service. The data is obtained through the analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Norske Skogindustrier ASA share register. Whilst every reasonable effort is

made to verify all data, neither RD:IR nor VPS can guarantee the accuracy of the analysis.

10. THE NORSKE SKOG SHARE

	31 DEC 2014	30 SEP 2014	30 JUN 2014	31 MAR 2014	31 DEC 2013
Share price (NOK)	3.84	3.94	4.92	4.90	4.74
Book value of equity per share (NOK)	6.77	10.59	12.27	11.97	11.45

11. EVENTS AFTER THE BALANCE SHEET DATE

On 22 January 2015, Norske Skog launched two separate offers (i) an offering of EUR 290 million (EUR 179 million) Senior Secured Notes (SSN) due December 2019 to achieve a broader refinancing and debt extension of the group's capital structure and (ii) an exchange offer of existing notes.

On 24 February 2015, Norske Skog completed the refinancing of a portion of its bond maturities through the issuance of EUR 290 million senior secured notes (SSN) and the exchange of existing bonds into new bonds with longer maturities. Norske Skog has extended the maturities on a significant portion of its indebtedness, with new notes maturing in 2019, 2021 and 2023. The new EUR 290 million SSN mature in December 2019 and will be structurally senior to all remaining existing notes and notes issued in the exchange offer. The exchange notes will be structurally junior to the SSN, but structurally senior to remaining existing notes and mature in 2021 and 2023. The remaining existing notes will be structurally junior to the SSN and exchange notes.

More than 75% of the existing bond holders consented to the transactions, and approximately 45% of the existing bonds participated in the exchange offer. Immediate de-leveraging of around NOK 500 million was realized in the refinancing. This leads to a significant

improvement in the group's total liquidity, despite a short-term increase in the cost of borrowings.

In January, prior to the offering of the SSN and the exchange offer, several changes in the Norske Skog corporate structure were made. Norske Skog AS was established as the issuer of the SSN, while Norske Skog Holding AS was established as the offeror of the exchange notes.

The chair of the board at Norske Skogindustrier ASA Jarle Roth has informed the election committee that he is not a candidate for re-election as chair. The election committee unanimously proposes that Jon-Aksel Torgersen take over as new chair at the annual general meeting on 16 April 2015. Jon-Aksel Torgersen has been director of the board since 2012, and has extensive management and board experience from Norwegian and international industry, shipping and finance.

There have been no other events after the balance sheet date with significant impact on the interim financial statements for the fourth quarter of 2014.

The table below shows the Norske Skog group's issued bonds maturity profile after the completed refinancing at 24 February 2015.

MATURITY	CURRENCY	COUPON	ORIGINAL AMOUNT	OUTSTANDING AMOUNT 24 FEB 2015
October 2015	USD	6.125%	USD 200 mill	USD 41 mill
October 2033	USD	7.125%	USD 200 mill	USD 95 mill
June 2016	EUR	11.75%	EUR 150 mill	EUR 121 mill
June 2017	EUR	7.00%	EUR 500 mill	EUR 218 mill
December 2019	EUR	11.75%	EUR 290 mill	EUR 290 mill
February 2021	EUR	8.00%	EUR 159 mill	EUR 159 mill
February 2023	EUR	8.00%	EUR 61 mill	EUR 61 mill

12. HISTORICAL FIGURES

INCOME STATEMENT	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Operating revenue	3 208	3 057	3 018	2 867	3 534
Variable costs	-2 296	-2 144	-2 057	-2 009	-2 563
Fixed costs	-722	-705	-710	-705	-673
Gross operating earnings	190	208	251	153	298
Depreciation	-188	-186	-180	-181	-196
Restructuring expenses	-7	5	0	-2	-149
Other gains and losses	-233	70	51	114	-237
Operating earnings	-238	97	122	84	-283
Share of profit in associated companies	-4	0	-3	8	9
Financial items	-858	-138	-284	-77	-323
Profit/loss before income taxes	-1 101	-40	-165	15	-597
Income taxes	-108	-152	51	-4	140
Profit/loss for the period	-1 208	-192	-114	11	-457

SEGMENT INFORMATION	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Publication paper Europe					
Operating revenue	2 280	2 244	2 266	2 211	2 668
Gross operating earnings	129	159	173	121	159
Deliveries (1 000 tonnes)	496	508	504	490	599
Publication paper Australasia					
Operating revenue	930	816	755	658	857
Gross operating earnings	92	59	82	54	140
Deliveries (1 000 tonnes)	180	161	147	130	178
Other activities					
Operating revenue	19	33	34	34	41
Gross operating earnings	-32	-10	-4	-21	0

BALANCE SHEET	31 DEC 2014	30 SEP 2014	30 JUN 2014	31 MAR 2014	31 Dec 2013
Total non-current assets	10 686	9 934	10 500	10 419	10 611
Inventories	1 334	1 382	1 456	1 377	1 274
Trade and other receivables	1 209	1 321	1 176	1 458	1 574
Cash and cash equivalents	710	500	580	878	1 015
Other current assets	39	37	55	119	141
Total current assets	3 291	3 239	3 268	3 832	4 005
Total assets	13 977	13 173	13 767	14 251	14 617
Total equity	1 285	2 012	2 331	2 273	2 175
Total non-current liabilities	8 931	8 763	8 987	8 728	8 779
Trade and other payables	2 172	1 844	1 907	1 860	2 040
Other current liabilities	1 589	555	542	1 390	1 623
Total current liabilities	3 761	2 398	2 449	3 251	3 662
Total liabilities	12 692	11 161	11 437	11 978	12 441
Total equity and liabilities	13 977	13 173	13 767	14 251	14 617

CASH FLOW	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Reconciliation of net cash flow from operating activities					
Gross operating earnings	190	208	251	153	298
Change in operating working capital	437	-117	62	27	282
Payments made relating to restructuring activities	-9	-12	-21	-111	-8
Cash flow from net financial items	-216	-15	-458	-58	-184
Taxes paid	-17	-6	-2	-17	-14
Other	40	-25	-84	3	-61
Net cash flow from operating activities	425	31	-252	-4	313
Purchases of property, plant and equipment and intangible assets	-74	-55	-29	-116	-176
Net divestments	1	10	261	49	132
Dividend received	0	0	0	0	2
Net cash flow from investing activities	-72	-44	231	-67	-42
Net cash flow from financing activities	-204	-58	-313	-65	-80
Foreign currency effects on cash and cash equivalents	61	-9	36	-1	5
Total change in cash and cash equivalents	210	-80	-298	-137	195