

## Norske Skog will enter the European packaging markets in Q4 2022

Norske Skog's board of directors has made the final investment decision to convert one machine at the Bruck (Austria) industrial site from newsprint to recycled containerboard production. This is the first major step of the two planned European conversion projects in the group's strategy of establishing Norske Skog as a leading independent European producer of recycled containerboard. The conversion at Bruck will introduce 210 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. The project has received financing commitment from regional banks. Containerboard production will be based 100% on recycled fibre and will use steam from a new waste-to-energy plant, making Bruck a cost leading and green energy producer.

*"This investment decision represents the coming of a new era for Norske Skog and is a major step to become a leading independent European producer of high-quality, renewable and environmentally produced containerboard. The conversion project illustrates the inherent potential of our industrial sites and will strengthen Norske Skog's asset base and cash flow generation for decades ahead,"* says Norske Skog's CEO Sven Ombudstvedt.

As announced in June 2020, Norske Skog plans to introduce 765 000 tons of competitive recycled containerboard capacity in Europe by investing approximately EUR 350 million to convert Bruck PM3 and Golbey PM1 (France). The converted machines are expected to generate an annual EBITDA of approximately NOK 700-800 million in 2025/26, based on historical trend prices for containerboard and recycled fibre. The final investment decision to convert Bruck PM3 was taken on 22 April, and a similar decision for Golbey PM1 is expected in the second quarter of 2021.

Norske Skog will invest approximately EUR 100 million in the conversion of Bruck PM3, and financing facilities of EUR 70 million have been committed by banks at agreed terms subject to final documentation. The remaining investment amount will be covered by cash on balance and cash flows.

Recycled containerboard production at Bruck PM3 will start in the fourth quarter of 2022 following a three-month production stand-still. Full production utilisation of 210 000 tonnes of testliner and fluting is expected in the second half of 2025. The waste-to-energy plant starting up at the Bruck industrial site in the first half of 2022, will supply cost efficient and sustainable steam for the containerboard production. The second machine at Bruck, with capacity of 265 000 tonnes of LWC magazine paper, will continue production unaffected by the project. Norske Skog will still remain a committed supplier of high-quality publication paper products, and a strong and reliable supplier of all publication paper grades after the planned conversion.

The Bruck conversion project consists of the following main installations;

- new OCC plant for production of 100% of the pulp needed for the containerboard production,
- rebuild of PM3 to production of recycled containerboard, including a new winder, electrical, automation and auxiliary systems, and
- mill site integration and civil works.

*"This investment decision marks an important step in Norske Skog's evolution as we look to enhance long-term value for all stakeholders. Increasing focus on environmentally conscious products and the continued rise of online shopping, has created a significant need for renewable packaging solutions. Recycled containerboard production at Bruck will meet this demand with cost-leading and environmental-friendly capacity. Located centrally in continental Europe, the Bruck industrial site is well positioned for the large containerboard market, and it has good and established access to recycled fibre,"* says Norske Skog's CEO Sven Ombudstvedt.

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## **Webinar**

The company will not hold a live presentation of its first quarter results due COVID-19 restrictions, but will arrange a webinar today at 08.30 CET for pre-registered participants. At this webinar, the CEO will present the first quarter results and provide an update of the Bruck conversion project. You may register for the webinar by sending an e-mail to [info@norskeskog.com](mailto:info@norskeskog.com). If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange [www.newsweb.no](http://www.newsweb.no).

## **About Norske Skog**

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog group operates four mills in Europe, of which two will produce recycled containerboard following planned conversion projects. In addition, the group operates one publication paper mill, a converting grade mill and one wood pellets facility in Australasia.

Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising conversions, energy and fibre projects. The group has approximately 2 300 employees in five countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

## **For further information**

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