

## INTRODUCTION

Norske Skog (“the group”) is a world leading producer of publication paper with strong market positions in Europe and Australasia. Publication paper includes newsprint and magazine paper. Norske Skog operates a total of six mills in five countries, with an annual production capacity of 2.3 million tonnes. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group also operates a pellets factory in New Zealand with a capacity of 85 000 tonnes. The group has approximately 2 300 employees.

In addition to the traditional publication paper business, new growth initiatives related to renewable energy, biochemical products and fibre products have been launched.

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

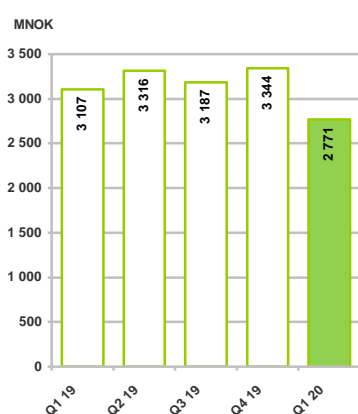
## KEY FIGURES

NOK MILLION (unless otherwise stated)	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
<b>INCOME STATEMENT</b>					
Total operating income	2 771	3 344	3 107	2 771	3 107
EBITDA*	379	560	429	379	429
Operating earnings	90	-117	253	90	253
Profit/loss for the period	-374	-158	153	-374	153
Earnings per share (NOK)**	-4.53	-1.92	1.85	-4.53	1.85
<b>CASH FLOW</b>					
Net cash flow from operating activities	470	-78	305	470	305
Net cash flow from operating activities per share (NOK)**	5.70	-0.95	3.70	5.70	3.70
Net cash flow from investing activities	408	0	-92	408	-92
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
EBITDA margin*	13.7	16.8	13.8	13.7	13.8
Return on capital employed (annualised)*	20.2	30.0	26.0	20.2	26.0
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	503	560	585	503	585
Deliveries (1 000 tonnes)	495	573	549	495	549
Production / capacity (%)	86	88	89	86	89

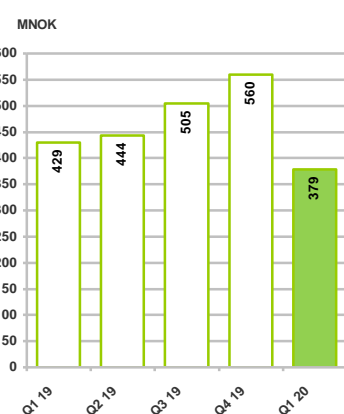
\*As defined in Alternative Performance Measures

\*\*Adjusted for the share split on 18 September 2019 pursuant to which the number of shares was increased from 30 000 to 82 500 000

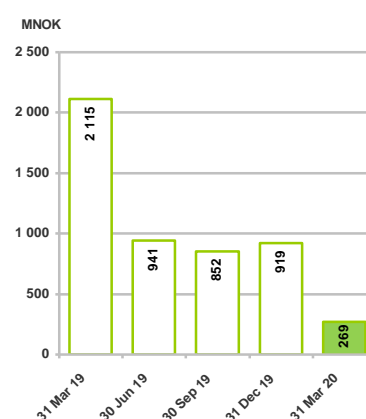
### TOTAL OPERATING INCOME



### EBITDA



### NET INTEREST-BEARING DEBT



NOK MILLION	31 MAR 2020	31 DEC 2019	31 MAR 2019
<b>BALANCE SHEET</b>			
Non-current assets	5 620	5 248	4 878
Assets held for sale	307	631	0
Current assets	4 705	4 360	3 675
Total assets	10 633	10 240	8 553
Equity	5 439	5 493	2 456
Net interest-bearing debt	269	919	2 115

## REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2020

- EBITDA for the period NOK 379 million, compared to NOK 560 million in the previous quarter
  - Includes gain of NOK 62 million related to recycling of translation differences following completion of Albury sale, while fourth quarter includes gain of NOK 236 million
- Cash flow from operations NOK 470 million, an increase from NOK -78 million in the previous quarter
  - Reflects receipt of CO2 compensation for 2019 in the quarter
  - Proceeds from Albury transactions included in cash flow from investing activities
- Loss for the period NOK 374 million, compared to loss of NOK 158 million in the previous quarter
  - Impacted by financial items of NOK -433 million, mainly due to unrealised currency loss on debt denominated in other currencies than NOK
  - Additional impact of NOK -170 million from derivatives and other fair value adjustments
- The Annual General Meeting held 16 April approved dividend of NOK 6.25 per share
  - NOK 3.25 per share to be paid on 24 April 2020
  - Board of Director's received authority to decide on payment and timing of remaining NOK 3.00 per share
- COVID-19 pandemic with significant near-term impact
  - Worldwide restriction on movement reduces current demand for publication paper
  - Reduced newsprint and catalogue distribution due to domestic lock downs.

## PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Operating revenue	2 585	3 022	2 996	2 585	2 996
Other operating income	186	322	111	186	111
<b>Total operating income</b>	<b>2 771</b>	<b>3 344</b>	<b>3 107</b>	<b>2 771</b>	<b>3 107</b>
Distribution costs	-300	-315	-304	-300	-304
Cost of materials	-1 403	-1 670	-1 687	-1 403	-1 687
Fixed cost	-689	-799	-687	-689	-687
<b>EBITDA</b>	<b>379</b>	<b>560</b>	<b>429</b>	<b>379</b>	<b>429</b>

Operating revenue reduced compared to previous quarter as deliveries dropped in the quarter, partly driven by the loss of Albury production volume following the sale and closure end of December 2019. Asian prices remained weak in the first quarter, but the group has less exposure to the Asian spot markets due to reduced exports from Australasia in the first quarter.

Other operating income for the first quarter includes an extraordinary non-cash gain of approximately NOK 62 million related to the Albury sale from recycling of translation differences through the income statement.

Cost of materials decreased due to lower sales volumes and also reduced per tonne. Underlying there was a reduction in variable cost for pulpwood, recovered paper and energy. Fixed costs decreased due to lower employee benefit expenses and maintenance costs, but were unchanged per tonne.

EBITDA decreased quarter-over-quarter, mainly due to gain from sale of water rights and termination of energy contract recognised in the previous quarter.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Restructuring expenses	-12	-198	-8	-12	-8
Depreciation	-107	-112	-113	-107	-113
Impairments	0	-247	0	0	0
Derivatives and other fair value adjustments	-170	-120	-55	-170	-55
<b>Operating earnings</b>	<b>90</b>	<b>-117</b>	<b>253</b>	<b>90</b>	<b>253</b>

Restructuring expenses recognised in the quarter mainly relates to redundancies from the restructuring in Australasia and the sales of forest in Tasmania.

Depreciation of NOK 107 million is below previous quarter following impairment recognised in previous quarter related to Tasman.

Derivatives and other fair value adjustments mainly reflects a decrease in mark-to-market valuation of embedded derivatives related to energy contracts in New Zealand as local energy prices declined in the quarter.

Embedded derivatives related to energy contracts in Norway that are sensitive to change in paper and pulpwood prices as well as currency had a negative change in the quarter due to a weaker NOK.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Financial items	-433	-58	8	-433	8
Income taxes	-30	17	-109	-30	-109
<b>Profit/loss for the period</b>	<b>-374</b>	<b>-158</b>	<b>153</b>	<b>-374</b>	<b>153</b>

Financial items were negative NOK 433 million mainly due to unrealised currency loss on debt denominated in other currencies than NOK which weakened considerably in the quarter. Net interest expenses were in line with previous quarter.

Income taxes in the quarter relates to the operations in Golbey and Bruck.

## DIVERSIFICATION BEYOND PUBLICATION PAPER

The group has launched several growth initiatives beyond its traditional publication paper business. These initiatives broaden the operations of the group, from renewable energy in the form of biogas and wood pellets to fibre-based construction boards, bio chemicals and bio composite. A bio composite demonstration plant is being developed in co-operating with Borregaard with funding from Innovation Norway. The initiatives are at various stages of the development cycle, ranging from early-phase research to final stages of implementation.

At the Bruck paper mill the EUR 72 million investment in a waste-to-energy facility is progressing in accordance with timetable, but progress may be impacted by COVID-19. This will provide additional revenue and cost savings potential.

By 2023, the group expects approximately 25% of its EBITDA to be generated from non-paper growth initiatives.

The group has an asset portfolio with attractive conversion potential and will continue to develop value enhancing transactions that strengthen underlying operations and support diversification.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

NOK MILLION (unless otherwise stated)	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Total operating income	2 131	2 368	2 366	2 131	2 366
<b>EBITDA</b>	<b>329</b>	<b>318</b>	<b>393</b>	<b>329</b>	<b>393</b>
EBITDA margin (%)	15.4	13.4	16.6	15.4	16.6
Return on capital employed (%) (annualised)	19.6	19.6	30.3	19.6	30.3
Production (1 000 tonnes)	411	426	446	411	446
Deliveries (1 000 tonnes)	396	441	416	396	416
Production / capacity (%)	86	88	93	86	93

The segment consists Norske Skog's European operations in the publication paper market with mills in Norway, France and Austria. Annual production capacity is 1.9 million tonnes.

Operating income decreased from the previous quarter due to lower sales volumes and a decrease in sales prices.

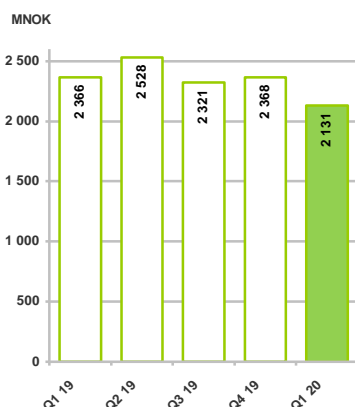
Cost of material decreased due to lower sales volumes but also a slight decrease per tonne. Underlying there was a reduction in variable cost for pulpwood, recovered paper and energy in the quarter. Fixed costs were lower compared to the previous quarter mainly due to slightly lower employee benefit expenses and maintenance expenses and other operating costs.

EBITDA was in line with previous period, but the first quarter was positively impacted by sale of CO2 emission allowances recognised in the quarter.

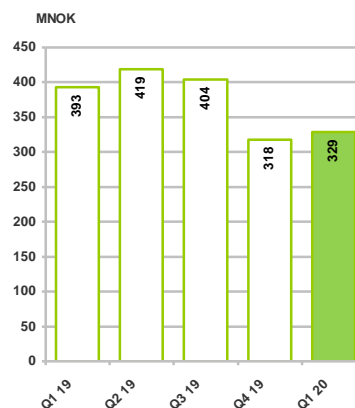
Demand for newsprint in Europe decreased by 12% through February this year compared to the same period last year. Magazine paper demand declined with Super Calendared paper decreasing 4% and Lightweight Coated paper decreasing 9%. (Source: Eurograph).

Capacity utilisation was 86% in the period.

**EUROPE  
TOTAL OPERATING INCOME**



**EUROPE  
EBITDA**



**PUBLICATION PAPER AUSTRALASIA**

NOK MILLION (unless otherwise stated)	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Total operating income	620	955	747	620	747
<b>EBITDA</b>	<b>63</b>	<b>283</b>	<b>43</b>	<b>63</b>	<b>43</b>
EBITDA margin (%)	10.2	29.6	5.7	10.2	5.7
Return on capital employed (%) (annualised)	44.6	172.7	6.1	44.6	6.1
Production (1 000 tonnes)	92	134	139	92	139
Deliveries (1 000 tonnes)	99	132	133	99	133
Production / capacity (%)	85	86	80	85	80

The segment consists of Norske Skog's operations in Australasia with mills in Australia and New Zealand. Norske Skog's Albury mill, with a production capacity of 265 000 tonnes of newsprint, ceased production on 5 December 2019. After the closure of Albury the annual production capacity is 0.4 million tonnes.

Operating income decreased from the previous quarter due to the closure of Albury as well as gains of NOK 255 million recognised in the previous quarter, related to sale of water rights and termination of the energy contract in relation to the sale of Albury. Total operating income includes a NOK 62 million gain from recycling of translation difference following the completion of the sale of Albury. Sales volumes declined compared to the previous quarter following the closure of Albury, Asian newsprint prices remained low in the quarter, with less impact as export volumes have been reduced.

Cost of materials decreased in the quarter following the cessation of production at Albury. Costs per tonne increased compared to

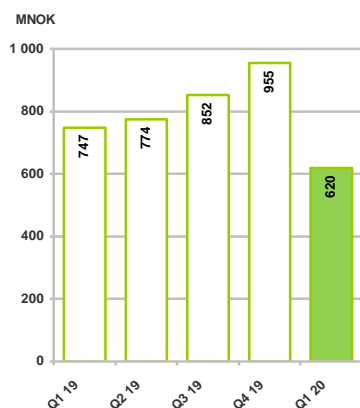
previous quarter. Fixed cost were down in the quarter but increased per tonne due to lower production volumes.

EBITDA decreased due to the gains from sale of water rights and termination of energy contract included in previous quarter. Despite reduced export volumes and favourable AUD exchange rates to USD for export sales, weak export prices impacted the EBITDA margin negatively.

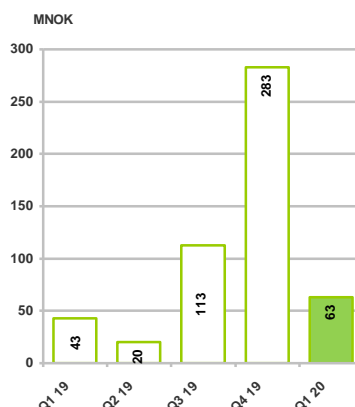
Demand for newsprint in Australasia declined by 16% through March this year compared to the same period last year. Demand for magazine paper decreased by 15% through March. (Source: official statistics).

Capacity utilisation was 85% in the period in line with previous quarter reflecting similar market related downtime in the quarter.

**AUSTRALASIA  
TOTAL OPERATING INCOME**



**AUSTRALASIA  
EBITDA**



## OTHER ACTIVITIES

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Total operating income	48	48	34	48	34
EBITDA	-13	-41	-6	-13	-6

Operating income in other activities mainly consist of non-paper related operations defined as Green Energy which includes pellets and biogas. Other activities also include unallocated headquarter costs. The unallocated headquarter costs are estimated to be

approximately NOK 40 million per annum, but are not uniformly distributed throughout the quarters of the year.

## CASH FLOW

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
EBITDA	379	560	429	379	429
Change in working capital	222	-43	-75	222	-75
Restructuring payments	-6	-140	-4	-6	-4
Gain and losses from divestment of business activities and PPE	-62	-236	0	-62	0
Net financial items	-65	-48	-20	-65	-20
Taxes paid	17	-143	-1	17	-1
Other items	-14	-30	-23	-14	-23
<b>Net cash flow from operating activities</b>	<b>470</b>	<b>-78</b>	<b>305</b>	<b>470</b>	<b>305</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-100</b>	<b>-132</b>	<b>-77</b>	<b>-100</b>	<b>-77</b>
-whereof maintenance capex	-42	-84	-52	-42	-52

Net cash flow from operating activities was NOK 470 million. Change in working capital (decrease) includes the impact of the CO2 compensation of NOK 170 million recognised in 2019, but received in first quarter 2020.

Restructuring relates to payments of redundancy and other restructuring costs relating to closure of the Albury mill. Taxes paid in the quarter mainly relate to Golbey refund of tax received in the quarter. Proceeds from the termination of energy contracts and sale of Albury received in the quarter is included under investing activities.

## BALANCE SHEET

NOK MILLION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Non-current assets	5 620	5 248	4 878
Assets held for sale	307	631	0
<b>Cash and cash equivalents</b>	<b>1 659</b>	<b>970</b>	<b>638</b>
Inventories, trade and other receivables and other current assets	3 046	3 390	3 037
Total assets	10 633	10 240	8 553
<b>Equity</b>	<b>5 439</b>	<b>5 493</b>	<b>2 456</b>
Non-current liabilities	2 730	2 393	3 417
Current liabilities	2 464	2 354	2 680
<b>Net interest-bearing debt</b>	<b>269</b>	<b>919</b>	<b>2 115</b>

Total assets increased in the first quarter mainly due impact from translation due to weakening of NOK in the period.

Assets held for sale of NOK 307 million reflects the book value of the Tasmanian forest. The sale is expected to be completed in Q2 2020.

Cash and cash equivalents increased by NOK 689 million to NOK 1 659 million at quarter end and includes restricted cash of NOK 98 million. The increase is mainly due to receipt of proceeds from the sale of Albury as well as settlement of CO2 compensation for 2019.

Non-current and current liabilities were impacted in the period by repurchase of own bonds amounting to EUR 20.5 million, drawdown on RCF of EUR 20 million, and currency impact on liabilities denominated in other currencies than NOK.

Net interest-bearing debt decreased from NOK 919 million to NOK 269 million in the quarter due to increase in cash and cash equivalents.

## OUTLOOK

The global market balance for publication paper has in April weakened due to national imposed restrictions following the outbreak of the coronavirus. This caused a negative impact on distribution of newspapers, catalogues and magazines as well as uncertainty on the supply of raw materials. In the short-term, the fall in demand may develop beyond the structural decline experienced during 2019 and into 2020. Insufficient supply of raw material may lead to temporary closures of production. Lower sales prices in the first half of 2020 will to some degree be offset by a decrease in input cost from energy, pulpwood and recovered paper.

The group will continuously monitor and evaluate the impact of the corona situation on the company's operations and business outlook. The health and safety of the group's employees are top priority under the circumstances. Further operational as well as liquidity measures could be implemented at future dates.

In light of these unprecedented and challenging circumstances, Norske Skog will remain committed to the on-going task to improve core business, convert certain of the group's paper machines and diversify the business within bioenergy, fibre and biochemicals.

SKØYEN, 22 APRIL 2020  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang  
Chair



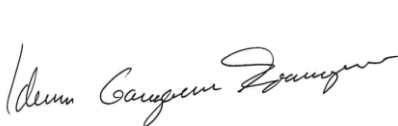
Arvid Grundekjøn  
Board member



Anneli Finsrud Nesteng  
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Trine-Marie Hagen  
Board member



Idunn Gangaune Finnanger  
Board member



Svein Erik Veie  
Board member



Paul Kristiansen  
Board member



Sven Ombudstvedt  
CEO

## INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2020

### CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Operating revenue		2 585	3 022	2 996	2 585	2 996
Other operating income		186	322	111	186	111
<b>Total operating income</b>	5	<b>2 771</b>	<b>3 344</b>	<b>3 107</b>	<b>2 771</b>	<b>3 107</b>
Distribution costs		-300	-315	-304	-300	-304
Cost of materials		-1 403	-1 670	-1 687	-1 403	-1 687
Employee benefit expenses		-462	-524	-456	-462	-456
Other operating expenses		-227	-275	-231	-227	-231
Restructuring expenses		-12	-198	-8	-12	-8
Depreciation	4	-107	-112	-113	-107	-113
Impairments	4	0	-247	0	0	0
Derivatives and other fair value adjustments	7	-170	-120	-55	-170	-55
<b>Operating earnings</b>		<b>90</b>	<b>-117</b>	<b>253</b>	<b>90</b>	<b>253</b>
Financial items	6	-433	-58	8	-433	8
<b>Profit/loss before income taxes</b>		<b>-343</b>	<b>-175</b>	<b>261</b>	<b>-343</b>	<b>261</b>
Income taxes		-30	17	-109	-30	-109
<b>Profit/loss for the period</b>		<b>-374</b>	<b>-158</b>	<b>153</b>	<b>-374</b>	<b>153</b>
Basic earnings per share (NOK)		-4.53	-1.92	1.85	-4.53	1.85
Diluted earnings per share (NOK)		-4.53	-1.92	1.85	-4.53	1.85

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
<b>Profit/loss for the period</b>	<b>-374</b>	<b>-158</b>	<b>153</b>	<b>-374</b>	<b>153</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Currency translation differences	386	26	-62	386	-62
Tax expense on translation differences	-4	0	0	-4	0
Reclassified translation differences upon divestment of foreign operations	-62	0	0	-62	0
<b>Total</b>	<b>320</b>	<b>26</b>	<b>-62</b>	<b>320</b>	<b>-62</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of post-employment benefit obligations	0	-29	0	0	0
Tax effect on remeasurements of employment benefit obligations	0	5	0	0	0
<b>Total</b>	<b>0</b>	<b>-24</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other comprehensive income for the period</b>	<b>320</b>	<b>2</b>	<b>-62</b>	<b>320</b>	<b>-62</b>
<b>Total comprehensive income for the period</b>	<b>-53</b>	<b>-156</b>	<b>91</b>	<b>-53</b>	<b>91</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 MAR 2020	31 DEC 2019	31 MAR 2019
Deferred tax asset		137	137	64
Intangible assets	4	92	38	66
Property, plant and equipment	4	4 034	3 685	4 513
Other non-current assets	7	1 357	1 388	235
<b>Total non-current assets</b>		<b>5 620</b>	<b>5 248</b>	<b>4 878</b>
<b>Assets held for sale</b>	4	<b>307</b>	<b>631</b>	<b>0</b>
Inventories		1 410	1 427	1 502
Trade and other receivables		1 329	1 573	1 223
Cash and cash equivalents		1 659	970	638
Other current assets	7	307	390	312
<b>Total current assets</b>		<b>4 705</b>	<b>4 360</b>	<b>3 675</b>
<b>Total assets</b>		<b>10 633</b>	<b>10 240</b>	<b>8 553</b>
Paid-in equity	8	8 510	8 510	7 409
Retained earnings		-3 071	-3 018	-4 953
<b>Total equity</b>		<b>5 439</b>	<b>5 493</b>	<b>2 456</b>
Pension obligations		342	295	261
Deferred tax liability		364	316	329
Interest-bearing non-current liabilities	6	1 667	1 470	2 348
Other non-current liabilities	7	358	312	480
<b>Total non-current liabilities</b>		<b>2 730</b>	<b>2 393</b>	<b>3 417</b>
Interest-bearing current liabilities	6	262	419	405
Trade and other payables		1 802	1 685	1 822
Tax payable		131	62	181
Other current liabilities	7	269	188	272
<b>Total current liabilities</b>		<b>2 464</b>	<b>2 354</b>	<b>2 680</b>
<b>Total liabilities</b>		<b>5 194</b>	<b>4 747</b>	<b>6 097</b>
<b>Total equity and liabilities</b>		<b>10 633</b>	<b>10 240</b>	<b>8 553</b>

SKØYEN, 22 APRIL 2020  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang  
Chair



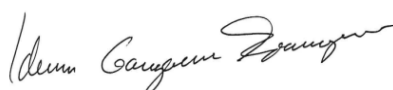
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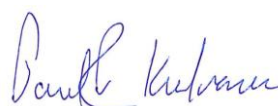
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Svein Erik Veie  
Board member



Paul Kristiansen  
Board member



Sven Ombudstvedt  
CEO



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Cash generated from operations	2 871	2 975	3 265	2 871	3 265
Cash used in operations	-2 352	-2 862	-2 939	-2 352	-2 939
Cash flow from currency hedges and financial items	-39	-14	-7	-39	-7
Interest payments received	4	4	2	4	2
Interest payments made	-30	-38	-15	-30	-15
Taxes paid	17	-143	-1	17	-1
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>470</b>	<b>-78</b>	<b>305</b>	<b>470</b>	<b>305</b>
Purchases of property, plant and equipment and intangible assets	-100	-132	-77	-100	-77
Sales of property, plant and equipment and intangible assets	559	131	0	559	0
Purchase of shares in companies and other financial payments	-50	-8	-15	-50	-15
Sales of shares in companies and other financial instruments	0	10	0	0	0
<b>Net cash flow from investing activities</b>	<b>408</b>	<b>0</b>	<b>-92</b>	<b>408</b>	<b>-92</b>
New loans raised	255	147	26	255	26
Repayments of loans	-484	-12	-501	-484	-501
<b>Net cash flow from financing activities</b>	<b>-230</b>	<b>135</b>	<b>-474</b>	<b>-230</b>	<b>-474</b>
Foreign currency effects on cash and cash equivalents	40	3	-13	40	-13
<b>Total change in cash and cash equivalents</b>	<b>689</b>	<b>61</b>	<b>-274</b>	<b>689</b>	<b>-274</b>
<b>Cash and cash equivalents at start of period</b>	<b>970</b>	<b>909</b>	<b>912</b>	<b>970</b>	<b>912</b>
<b>Cash and cash equivalents at end of period</b>	<b>1 659</b>	<b>970</b>	<b>638</b>	<b>1 659</b>	<b>638</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Profit/loss before income taxes	-343	-175	261	-343	261
Change in working capital	222	-43	-75	222	-75
Change in restructuring provisions	6	58	4	6	4
Depreciation and impairments	107	359	113	107	113
Derivatives and other fair value adjustments	155	94	35	155	35
Gain and losses from divestment of business activities and PPE	-62	-236	0	-62	0
Net financial items without cash effect	368	10	-28	368	-28
Taxes paid	17	-143	-1	17	-1
Change in pension obligations and other employee benefits	2	3	-3	2	-3
Adjustment for other items	0	-7	0	0	0
<b>Net cash flow from operating activities</b>	<b>470</b>	<b>-78</b>	<b>305</b>	<b>470</b>	<b>305</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Other paid-in equity	Retained earnings	Total equity
<b>Equity 1 January 2019</b>	<b>5 160</b>	<b>2 249</b>	<b>-5 044</b>	<b>2 365</b>
Profit/loss for the period	0	0	153	153
Other comprehensive income for the period	0	0	-62	-62
<b>Equity 31 March 2019</b>	<b>5 160</b>	<b>2 249</b>	<b>-4 953</b>	<b>2 456</b>
Profit/loss for the period	0	0	1 891	1 891
Increase share capital	1 102	0	0	1 102
Other comprehensive income for the period	0	0	44	44
<b>Equity 31 December 2019</b>	<b>6 261</b>	<b>2 249</b>	<b>-3 018</b>	<b>5 493</b>
Profit/loss for the period	0	0	-374	-374
Other comprehensive income for the period	0	0	320	320
<b>Equity 31 March 2020</b>	<b>6 261</b>	<b>2 249</b>	<b>-3 071</b>	<b>5 439</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Norske Skog ASA (“the company”) and its subsidiaries (“the group” or “Norske Skog”) produce, distribute and sell publication paper. This includes newsprint and magazine paper.

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) foreign exchange rates per quarters and the closing exchange rate at month ends for the most important currencies for the group.

	Q1 2020	Q4 2019	31 MAR 2020	31 DEC 2019	31 MAR 2019
AUD	6.23	6.22	6.41	6.17	6.11
EUR	10.46	10.09	11.51	9.86	9.66
GBP	12.12	11.74	12.98	11.59	11.25
NZD	6.01	5.87	6.25	5.92	5.85
USD	9.49	9.11	10.51	8.78	8.60

## 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 2019. 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 2019, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2020. These changes are described in the annual financial statements for 2019.

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 property, plant and equipment, and investments in associated companies*

Property, plant and equipment are tested for possible impairment charges whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A prolonged decrease in prices or demand beyond the historical level could be an indicator of impairment and an impairment test will be prepared. The recoverable amount is the higher of an asset’s fair value less sales costs or 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. The key drivers of profitability in the industry and thus asset values for Norske Skog are product prices relative to production costs. Contracted prices/costs are reflected when applicable. If the impairment tests indicate lower values than the carrying amounts, impairment will be recognized.

### *Commodity contracts*

Norske Skog’s portfolio of commodity contracts consist mainly of contracts that are settled through physical delivery. Embedded derivatives in commodity contracts are measured at fair value and embedded derivatives that are not traded in an active market, are assessed through valuation techniques.

The fair value of embedded derivatives in physical contracts vary depending on changes in currency, paper prices, pulpwood and price indexes. The energy contracts in Norway are nominated in EUR and contain embedded derivatives that are sensitive to changes in NOK against EUR.

Commodity contracts that fail to meet the own-use exemption criteria in IFRS 9 *Financial instruments* – recognition and measurement are recognised in the balance sheet and valued at fair value. Norske Skog has one long-term financial energy contract in New Zealand. The long-term electricity prices 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 consolidated financial statements for 2019 for more information regarding the calculation of fair value of derivatives.

### *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 consolidated financial statements for 2019 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.

## 4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-MAR 2020	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	3 567	118	3 685	38
Additions*	101	15	116	50
Depreciation	-97	-8	-105	-2
Impairments	0	0	0	0
Value changes	-3	0	-3	0
Disposals	0	0	0	0
Currency translation differences	334	7	341	6
<b>Carrying value at end of period</b>	<b>3 902</b>	<b>132</b>	<b>4 034</b>	<b>92</b>

\*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 right-of-use assets allocated emission allowances, accruals for payments and other additions with no cash impact.

### ASSETS HELD FOR SALE

On 6 February Norske Skog announced that it had entered into an agreement to sell its Tasmanian forest assets to a fund controlled by the Australian based investment manager New Forest Oty Ltd for a sales price of AUD 62.5 million (NOK ~400 million). Non-current assets included in the agreement of NOK 307 million is classified as assets held for sale as of 31 March 2020.

### PER OPERATING SEGMENTS

31 MAR 2020	ASSET HELD FOR SALE	TOTAL PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	0	3 484	79
Publication paper Australasia	307	467	3
Other activities	0	84	9
<b>Total</b>	<b>307</b>	<b>4 034</b>	<b>92</b>

## 5. OPERATING SEGMENTS

The activities of the Norske Skog group are focused on two business segments, 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. Norske Skog has an integrated strategy in Europe and Australasia to maximise 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 improved newsprint 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.

Operating revenue consist mainly of sale of goods for both Publication Paper Europe and Publication Paper Australasia.

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European mills and the regional sales organization are included in the operating segment publication paper Europe.

The publication paper Australasia segment encompasses production and sale of newsprint and magazine paper in Australasia. Both mills in Australasia and the regional sales organization are included in the operating segment publication paper Australasia. Comparables for 2019 includes Albany which ceased production on 5 December 2019.

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, energy (commodity contracts and embedded derivatives in commodity contracts), Green Energy business and other holding company activities.

Q1 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 010	555	47	-27	2 585
Other operating income	121	65	0	0	186
<b>Total operating income</b>	<b>2 131</b>	<b>620</b>	<b>48</b>	<b>-27</b>	<b>2 771</b>
Distribution costs	-228	-67	-5	0	-300
Cost of materials	-1 062	-330	-11	0	-1 403
Employee benefit expenses	-338	-101	-25	1	-462
Other operating expenses	-175	-59	-19	26	-227
<b>EBITDA</b>	<b>329</b>	<b>63</b>	<b>-13</b>	<b>0</b>	<b>379</b>
Restructuring expenses	0	-11	-1	0	-12
Depreciation	-90	-14	-3	0	-107
Derivatives and other fair value adjustments	0	-4	-166	0	-170
<b>Operating earnings</b>	<b>239</b>	<b>34</b>	<b>-184</b>	<b>0</b>	<b>90</b>
Share of operating revenue from external parties (%)	100	100	49		100

Q4 2019	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 307	695	48	-27	3 022
Other operating income	61	260	0	0	322
<b>Total operating income</b>	<b>2 368</b>	<b>955</b>	<b>48</b>	<b>-27</b>	<b>3 344</b>
Distribution costs	-226	-84	-4	0	-315
Cost of materials	-1 260	-399	-11	0	-1 670
Employee benefit expenses	-353	-127	-44	0	-524
Other operating expenses	-210	-62	-30	27	-275
<b>EBITDA</b>	<b>318</b>	<b>283</b>	<b>-41</b>	<b>0</b>	<b>560</b>
Restructuring expenses	-3	-192	-2	0	-198
Depreciation	-87	-22	-3	0	-112
Impairments	0	-247	0	0	-247
Derivatives and other fair value adjustments	0	-10	-110	0	-120
<b>Operating earnings</b>	<b>227</b>	<b>-189</b>	<b>-156</b>	<b>0</b>	<b>-117</b>
Share of operating revenue from external parties (%)	100	100	47		100

Q1 2019	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 263	740	33	-40	2 996
Other operating income	104	7	1	0	111
<b>Total operating income</b>	<b>2 366</b>	<b>747</b>	<b>34</b>	<b>-40</b>	<b>3 107</b>
Distribution costs	-215	-86	-2	0	-304
Cost of materials	-1 271	-428	-4	15	-1 687
Employee benefit expenses	-312	-127	-17	0	-456
Other operating expenses	-175	-63	-18	25	-231
<b>EBITDA</b>	<b>393</b>	<b>43</b>	<b>-6</b>	<b>0</b>	<b>429</b>
Restructuring expenses	-2	0	-7	0	-8
Depreciation	-81	-28	-3	0	-113
Derivatives and other fair value adjustments	0	-6	-50	0	-55
<b>Operating earnings</b>	<b>310</b>	<b>9</b>	<b>-65</b>	<b>0</b>	<b>253</b>
Share of operating revenue from external parties (%)	99	100	31		100

INCOME STATEMENT	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
<b>OTHER OPERATING REVENUE</b>					
Corporate functions	25	26	24	25	24
Green energy and other	23	23	10	23	10
<b>Total</b>	<b>48</b>	<b>48</b>	<b>34</b>	<b>48</b>	<b>34</b>
<b>EBITDA</b>					
Corporate functions	-19	-43	-6	-19	-6
Green energy and other	5	2	0	5	0
<b>Total</b>	<b>-13</b>	<b>-41</b>	<b>-6</b>	<b>-13</b>	<b>-6</b>

## 6. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Net interest expenses	-29	-29	-54	-29	-54
Currency gains/losses*	-382	20	73	-382	73
Other financial items	-23	-49	-10	-23	-10
<b>Total financial items</b>	<b>-433</b>	<b>-58</b>	<b>8</b>	<b>-433</b>	<b>8</b>

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

### FINANCING

In 2019 Norske Skog issued a EUR 125 million senior secured bond. The bond matures in June 2022 and has an interest rate of EURIBOR (zero floor) + 6% with quarterly interest payments. The proceeds were mainly used to refinance existing debt. During the first quarter Norske Skog repurchased bonds with a nominal value of EUR 20.5 million. The total amount of repurchased bonds was EUR 20.5 million per 31.03.2020. The outstanding amount of bonds, excluding repurchased bonds, was EUR 104.5 per 31.03.2020.

In 2019, Norske Skog established a revolving credit facility of EUR 31 million. EUR 20 million had been utilised per 31 March.2020. The facility has a tenor of three years.

During the first quarter Norske Skog entered into a EUR 54 million credit facility to finance the construction of an incineration boiler on

the Bruck mill. The facility will be utilised incrementally as expenditures incur during the construction phase, after which it will be repaid by quarterly instalments up until the final maturity date in 2028. The borrower under the facility is Norske Skog Bruck GmbH and Norske Skog ASA has provided a guarantee of EUR 20 million.

The remaining financing arrangements for the group includes leasing, factoring, and other credit facilities on mill level.

Norske Skog shall in accordance with its financial covenants have (i) unrestricted cash and cash equivalents of minimum NOK 100 million, and (ii) net interest-bearing debt to EBITDA\* less than 2.75x, on a consolidated basis.

\*The EBITDA used in the financial covenants calculations may differ from the EBITDA shown in the financial reporting due to adjustment requirements in the financial agreements.

### BONDS

MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE*	AMOUNT OUTSTANDING* 31 MAR 2020
June 2022	EUR	EURIBOR + 6%	125	105

\*Excluding repurchased bonds

### DEBT REPAYMENT SCHEDULE\*

NOK MILLION	2020	2021	2022	2023	2024-
Bonds	0	0	1 203	0	0
Debt to credit institutions	220	35	267	32	58
<b>Total</b>	<b>220</b>	<b>35</b>	<b>1 470</b>	<b>32</b>	<b>58</b>

\*Not including items relating to IFRS 16.

Total debt listed in the repayment schedule differ from the carrying value in the balance sheet. This is due to the amortized cost principle.

Financed amounts from securitisation arrangements is classified as interest-bearing current liabilities. This amounts to NOK 191 million in debt repayment in 2020. The financed amount represents a group of individual loans, which are settled individually at maturity of the accounts receivable.

New loans are initiated on a consecutive basis based on new accounts receivable included under the securitization agreement. The liability is in its nature current and Norske Skog does not have an unconditional right to defer settlement beyond twelve months. The liabilities are liabilities that are settled through its normal operating cycle. The corresponding accounts receivable is derecognised when the customer pays it.

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

31 MAR 2020	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	211	1 211	-2	-6
Energy contracts (level 2)	0	0	-72	-5
Other derivatives and financial instruments carried at fair value (level 2)	0	0	-66	0
<b>Total</b>	<b>211</b>	<b>1 211</b>	<b>-140</b>	<b>-11</b>

Norske Skog's portfolio of commodity contracts consists primarily of contracts that are settled through physical delivery. The fair value of financial energy contracts is particularly sensitive to future fluctuations in energy prices. The fair value of embedded derivatives in physical contracts depends on paper prices, pulpwood prices, currency and price index fluctuations.

Higher energy prices have a positive impact on fair value. Energy prices in New Zealand have decreased in the short end and the long end of the price curve compared to previous quarter.

The energy contracts in Norway are nominated in EUR. The energy contracts at Skogn and Saugbrugs expires at the end of 2026, and both contracts have a yearly consumption of approximately 876 000 MWh. The contract prices are sensitive to change in paper and pulpwood prices. These contracts contain embedded derivatives that are recognized at fair value in accordance with IFRS 9 *Financial instruments - recognition and measurement*. The assumed paper and pulpwood prices in the contract period are based on forecasts from external sources independent of the company. The base line for price assumptions used in the initial valuation was the forecasts as of fourth quarter 2018 when the electricity contracts started. The external forecast prices on paper is lower compared to fourth quarter 2018

which have a significant positive effect on the embedded derivatives year to date. Forecast paper prices is lower in first quarter compared to fourth quarter which have a positive effect on the embedded derivatives. Pulpwood prices is virtually unchanged from previous quarter.

NOK has weakened against EUR compared to the previous 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.

Gains and losses on level 3 financial instruments recognised in the income statement, line item Derivatives and other fair value adjustments, amounted to NOK -148 million in the first quarter. Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Derivatives and other fair value adjustments.

See Note 8 in consolidated financial statements for 2019 for more information including sensitivity analyses regarding the calculation of fair value of commodity contracts and derivatives.

## 8. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
NS NORWAY HOLDING AS	52 161 386	63.23
J.P. MORGAN BANK LUXEMBOURG S.A	2 071 219	2.51
ARTIC FUNDS PLC	1 937 551	2.35
BANQUE DEGROOF PETERCAM LUX. SA	1 540 447	1.87
VERDIPAPIRFONDET EIKA SPAR	1 324 000	1.60
MP PENJON PK	1 208 976	1.47
VERDPAPIRFONDET HOLBERG NORGE	1 198 281	1.45
VERDIPAPIRFONDET EIKA NORGE	1 109 000	1.34
SEB PRIME SOLUTION SISSENER CANOPUS	1 000 000	1.21
RBC INVESTOR SERVICES BANK S.A	886 111	1.07
FRAM REALINVEST AS	850 000	1.03
TVECO AS	825 000	1.00
HOLMEN SPESIALFOND	694 000	0.84
VERDIPAPIRFONDET DELPHI NORGE	650 000	0.79
WENAASGRUPPEN AS	549 110	0.67
PACTUM AS	535 000	0.65
OM HOLDING AS	502 965	0.61
MANDATUM LIFE INSURANCE COM LTD-7	488 896	0.59
TVENGE, TORSTEIN INGVALD	425 000	0.52
VERDIPAPIRFONDET EIKA BALANSERT	384 868	0.47
Other shareholders	12 158 190	14.74
<b>Total</b>	<b>82 500 000</b>	<b>100.00</b>

The data is extracted from VPS 22 April 2020. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.



## 9. THE NORSKE SKOG SHARE

	31 MAR 2020	31 DEC 2019
Share price (NOK)	33.80	43.70
Book value of equity per share (NOK)	65.93	66.58

## 10. RELATED PARTIES

Oceanwood is a related party to Norske Skog through the ownership in NS Norway Holding AS (parent company).

There have not been any transactions with related parties in 2020.

## 11. EVENTS AFTER THE BALANCE SHEET DATE

There has been no events after the balance sheet date with significant impact on the interim financial statements for the first quarter of 2020.

In Norway Saugbrugs has ceased production on two paper machines (PM4 and PM5) due to negative market developments as a result of the corona virus restrictions. As a result of this, 173 employees are temporarily laid off.

In New Zealand, the production at the Tasman mill ceased production from 13 April due to national lock down restrictions. Nature's Flame pellets production has been deemed essential for domestic, industrial and public heating and remains operational.

## 12. HISTORICAL FIGURES

INCOME STATEMENT	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Total operating income</b>	<b>2 771</b>	<b>3 344</b>	<b>3 187</b>	<b>3 316</b>	<b>3 107</b>
Variable costs	-1 703	-1 985	-1 965	-2 161	-1 991
Fixed costs	-689	-799	-717	-711	-687
<b>EBITDA</b>	<b>379</b>	<b>560</b>	<b>505</b>	<b>444</b>	<b>429</b>
Restructuring expenses	-12	-198	-8	-9	-8
Depreciation	-107	-112	-118	-113	-113
Impairments	0	-247	38	0	0
Derivatives and other fair value adjustment	-170	-120	696	828	-55
<b>Operating earnings</b>	<b>90</b>	<b>-117</b>	<b>1 113</b>	<b>1 150</b>	<b>253</b>
Financial items	-433	-58	-89	-68	8
<b>Profit/loss before income taxes</b>	<b>-343</b>	<b>-175</b>	<b>1 024</b>	<b>1 082</b>	<b>261</b>
Income taxes	-30	17	-6	-50	-109
<b>Profit/loss for the period</b>	<b>-374</b>	<b>-158</b>	<b>1 018</b>	<b>1 032</b>	<b>153</b>

SEGMENT INFORMATION	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Publication paper Europe</b>					
Total operating income	2 131	2 368	2 321	2 528	2 366
EBITDA	329	318	404	419	393
Deliveries (1 000 tonnes)	396	441	426	441	416
<b>Publication paper Australasia</b>					
Total operating income	620	955	852	774	747
EBITDA	63	283	113	20	43
Deliveries (1 000 tonnes)	99	132	147	149	133
<b>Other activities</b>					
Total operating income	48	48	43	44	34
EBITDA	-13	-41	-12	5	-6

BALANCE SHEET	31 MAR 2020	31 DEC 2019	30 SEP 2019	31 JUN 2019	31 MAR 2019
<b>Total non-current assets</b>	<b>5 620</b>	<b>5 248</b>	<b>5 675</b>	<b>5 512</b>	<b>4 878</b>
<b>Assets held for sale</b>	<b>307</b>	<b>631</b>	<b>446</b>	<b>0</b>	<b>0</b>
Inventories	1 410	1 427	1 530	1 547	1 502
Trade and other receivables	1 329	1 573	1 332	1 227	1 223
Cash and cash equivalents	1 659	970	909	861	638
Other current assets	307	390	447	224	312
<b>Total current assets</b>	<b>4 705</b>	<b>4 360</b>	<b>4 219</b>	<b>3 859</b>	<b>3 675</b>
<b>Total assets</b>	<b>10 633</b>	<b>10 240</b>	<b>10 340</b>	<b>9 372</b>	<b>8 553</b>
<b>Total equity</b>	<b>5 439</b>	<b>5 493</b>	<b>5 649</b>	<b>4 560</b>	<b>2 456</b>
<b>Total non-current liabilities</b>	<b>2 730</b>	<b>2 393</b>	<b>2 438</b>	<b>2 403</b>	<b>3 417</b>
Trade and other payables	1 802	1 685	1 691	1 796	1 822
Other current liabilities	662	669	562	613	858
<b>Total current liabilities</b>	<b>2 694</b>	<b>2 354</b>	<b>2 253</b>	<b>2 409</b>	<b>2 680</b>
<b>Total liabilities</b>	<b>5 194</b>	<b>4 747</b>	<b>4 691</b>	<b>4 811</b>	<b>6 097</b>
<b>Total equity and liabilities</b>	<b>10 633</b>	<b>10 240</b>	<b>10 340</b>	<b>9 372</b>	<b>8 553</b>

CASH FLOW	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Reconciliation of net cash flow from operating activities</b>					
EBITDA	379	560	505	444	429
Change in working capital	222	-43	-180	35	-75
Payments made relating to restructuring activities	-6	-140	-10	-13	-4
Gain and losses from divestment of business activities and PPE	-62	-236	-89	-89	0
Cash flow from net financial items	-65	-48	-34	-50	-20
Taxes paid	17	-143	-16	-91	-1
Other	-14	-30	-25	-11	-23
<b>Net cash flow from operating activities</b>	<b>470</b>	<b>-78</b>	<b>150</b>	<b>225</b>	<b>305</b>
Purchases of property, plant and equipment and intangible assets	-100	-132	-82	-78	-77
Net divestments	509	133	82	-10	-15
<b>Net cash flow from investing activities</b>	<b>408</b>	<b>0</b>	<b>-1</b>	<b>-88</b>	<b>-92</b>
<b>Net cash flow from financing activities</b>	<b>-229</b>	<b>135</b>	<b>-100</b>	<b>95</b>	<b>-474</b>
Foreign currency effects on cash and cash equivalents	40	3	-1	-9	-13
<b>Total change in cash and cash equivalents</b>	<b>689</b>	<b>61</b>	<b>48</b>	<b>223</b>	<b>-274</b>

## ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority's (ESMA) has defined new guidelines for alternative performance measures (APM). An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). The company uses EBITDA, EBITDA margin and return on capital employed (annualized) to measure operating performance on group level. It is the company's view that the APMs provides the investors relevant and specific operating figures which may enhance their understanding of the performance.

EBITDA, EBITDA margin, variable costs, fixed costs, return on capital employed and net interest-bearing debt are defined by the company below.

EBITDA: Operating earnings for the period, before restructuring expenses, depreciation and amortization and impairment charges, derivatives and other fair value adjustments, determined on an entity, combined or consolidated basis. EBITDA is used for providing consisting information of operating performance and cash generating which is relative to other companies and frequently used by other stakeholders.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Operating earnings	90	-117	253	90	253
Restructuring expenses	12	198	8	12	8
Depreciation	107	112	113	107	113
Impairments	0	247	0	0	0
Derivatives and other fair value adjustments	-170	120	-55	-170	-55
<b>EBITDA</b>	<b>379</b>	<b>560</b>	<b>429</b>	<b>379</b>	<b>429</b>

**EBITDA margin:** EBITDA / total operating income. EBITDA margin assist in providing a more comprehensive analysis of operating performance relative to other companies.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
EBITDA	379	560	429	379	429
Total operating income	2 771	3 344	3 107	2 771	3 107
<b>EBITDA margin</b>	<b>13.7%</b>	<b>16.8%</b>	<b>13.8%</b>	<b>13.7%</b>	<b>13.8%</b>

**Variable costs:** Distribution costs + cost of materials

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Distribution costs	300	315	304	300	304
Cost of materials	1 403	1 670	1 687	1 403	1 687
<b>Variable costs</b>	<b>1 703</b>	<b>1 985</b>	<b>1 991</b>	<b>1 703</b>	<b>1 991</b>

**Fixed costs:** Employee benefit expenses + other operating expenses.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
Employee benefit expenses	462	524	456	462	456
Other operating expenses	227	275	231	227	231
<b>Fixed costs</b>	<b>689</b>	<b>799</b>	<b>687</b>	<b>689</b>	<b>687</b>

**Return on capital employed (annualised):** (Annualised EBITDA – Annualised Capital expenditure) / Capital employed (average). Return on capital employed assist in providing a more comprehensive analysis of returns relative to other companies.

NOK MILLION	Q1 2020	Q4 2019	Q1 2019	YTD 2020	YTD 2019
EBITDA	379	560	429	379	429
Capital expenditure	100	132	77	100	77
Average capital employed	5 520	5 704	5 419	5 520	5 419
<b>Return on capital employed (annualised)</b>	<b>20.2%</b>	<b>30.0%</b>	<b>26.0%</b>	<b>20.2%</b>	<b>26.0%</b>

NOK MILLION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Intangible assets	92	38	66
Tangible assets	4 034	3 685	4 513
Assets held for sale	307	631	0
Inventory	1 410	1 427	1 502
Trade and other receivables	1 329	1 573	1 223
Trade and other payables	-1 802	-1 685	-1 822
<b>Capital employed</b>	<b>5 370</b>	<b>5 670</b>	<b>5 482</b>

**Net interest-bearing debt:** Net interest-bearing debt consist of bond issued and other interest-bearing liabilities (current and non-current) reduced by cash and cash equivalent.

NOK MILLION	31 MAR 2020	31 DEC 2019	31 MAR 2019
Interest-bearing non-current liabilities	1 667	1 470	2 348
Interest-bearing current liabilities	262	419	405
Cash and cash equivalents	-1 659	-970	-638
<b>Net interest-bearing debt</b>	<b>269</b>	<b>919</b>	<b>2 115</b>

**Capital expenditure (Capex):** Purchases of property, plant and equipment and intangible assets.

**Maintenance capex:** Capex required to maintain the Group's current business in accordance with GAAP according to the latest annual financial statements (but excluding any capex for the development of new business).