

Establishing a leading European recycled containerboard supplier

Norske Skog's board of directors has made the final investment decision to convert one machine at the Golbey (France) industrial site from standard newsprint to recycled containerboard. This is the second major step for Norske Skog to establish a leading independent recycled containerboard supplier in Europe. The conversion at Golbey will add a further 550 000 tonnes of cost-competitive and low-emission containerboard capacity, bringing Norske Skog's total capacity to 760 000 tonnes. The containerboard production will be 100% based on recycled fibre and will use green energy generated from a new biomass plant being constructed at the Golbey production site.

"Today, we are very proud to announce that the second of our two announced containerboard projects has been approved by the board and received financing commitments from quality banks in the Nordics and Europe. Golbey and Bruck will together supply 760 000 tonnes of lightweight containerboard, produced from green energy and 100% recycled materials. The packaging business will become an important and strong part of Norske Skog's business going forward," says Norske Skog's CEO Sven Ombudstvedt.

As announced in June 2020, Norske Skog will introduce 760 000 tonnes of competitive recycled containerboard capacity in Europe by investing approximately EUR 350 million to convert Golbey PM1 and Bruck PM3 (Austria). The final investment decision for the conversion of the Bruck PM3 was announced on 23 April 2021. 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.

Norske Skog will invest approximately EUR 250 million in the conversion of Golbey PM1, and a syndication of financing facilities of approximately EUR 175 million is being finalised, subject to final documentation and final approval from the relevant export credit agency. The remaining investment amount will be covered by cash on balance and cash flows from operations.

Recycled containerboard production at Golbey PM1 will start in the fourth quarter of 2023, about one year after the start-up of the Bruck PM3, allowing for stepwise commercial introduction of the containerboard volumes. Full production of 550 000 tonnes of lightweight testliner and fluting is expected in the second half of 2026, allowing for a normal start-up curve. In parallel, Green Valley Energie (GVE), a joint venture of Pearl Infrastructure Capital, Veolia Industries Global Solutions and Norske Skog Golbey, will construct a green energy biomass facility adjacent to the Golbey industrial site. This facility will provide cost-efficient and sustainable steam to be used for both containerboard and newsprint production.

The second machine at Golbey, with capacity of 330 000 tonnes of standard and improved newsprint, will continue production unaffected by the containerboard project. Norske Skog will remain a committed supplier of high-quality publication paper products also after the planned conversions.

"This investment decision marks an important step in Norske Skog's development as we look to enhance long-term value for all our stakeholders. Increased focus on environmentally friendly products and the continued rise of online shopping have created a significant need for renewable packaging solutions. Recycled containerboard production at Golbey will meet this demand with cost-leading and environmentally friendly capacity. Located centrally in continental Europe, the Golbey 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.

Norske Skog ASA

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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 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.

Phone conference, presentation and press release

The company will arrange a phone conference at 08:30 CET. You can use the following call details: [+47 21 40 41 84](tel:+4721404184), [518538067#](tel:+4721404184518538067) (Telephone: +47 21 40 41 84 and conference ID: 518 538 067#).

Under the ticker NSKOG on www.newsweb.no and on the website www.norskeskog.com, the presentation and the press release are available, in addition, there is also a link with recordings of the presentation with key people on www.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.

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