Norske Skog

Carnegie Forest Seminar

17 September 2020

www.norskeskog.com

Agenda

Norske Skog

1. Introduction to Norske Skog
2. The publication paper industry during COVID-19
3. Norske Skog strategy

Norske Skog today

- Major producer of newsprint and magazine paper
- ~2,300 employees across five countries
- HQ in Oslo (Norway) and listed on the Oslo Stock Exchange
- Four paper mills in Europe (~1.9m tonnes capacity)
- Two paper mills in Australasia (~0.4m tonnes capacity)
- One pellets facility in Australasia (~85k tonnes capacity)
- Net debt of NOK 329m as of Q2 2020

Norske Skog

Last twelve months key figures

1.6 EBITDA, NOKbn

14% EBITDA margin

1.0 Adj. EBITDA NOKbn

9% Adj. EBITDA margin

High-quality industrial assets and infrastructure

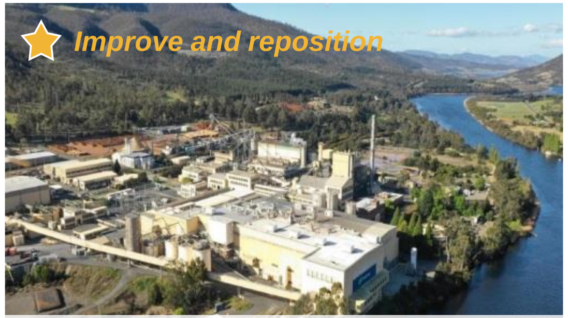
Skogn, Norway

Capacity, tonnes
Newsprint: 510,000

Saugbrugs, Norway

Capacity, tonnes
SC: 460,000

Boyer, Australia



Capacity, tonnes
Newsprint: 150,000
LWC: 135,000

Tasman, New Zealand

Capacity, tonnes
Newsprint: 150,000

Golbey, France

Capacity, tonnes
Newsprint: 565,000

Bruck, Austria

Capacity, tonnes
Newsprint: 125,000
LWC: 265,000

Nature’s Flame, New Zealand

Capacity, tonnes
Pellets: 85,000

- Publication paper, Europe
- Publication paper, Australasia
- Pellets, Australasia

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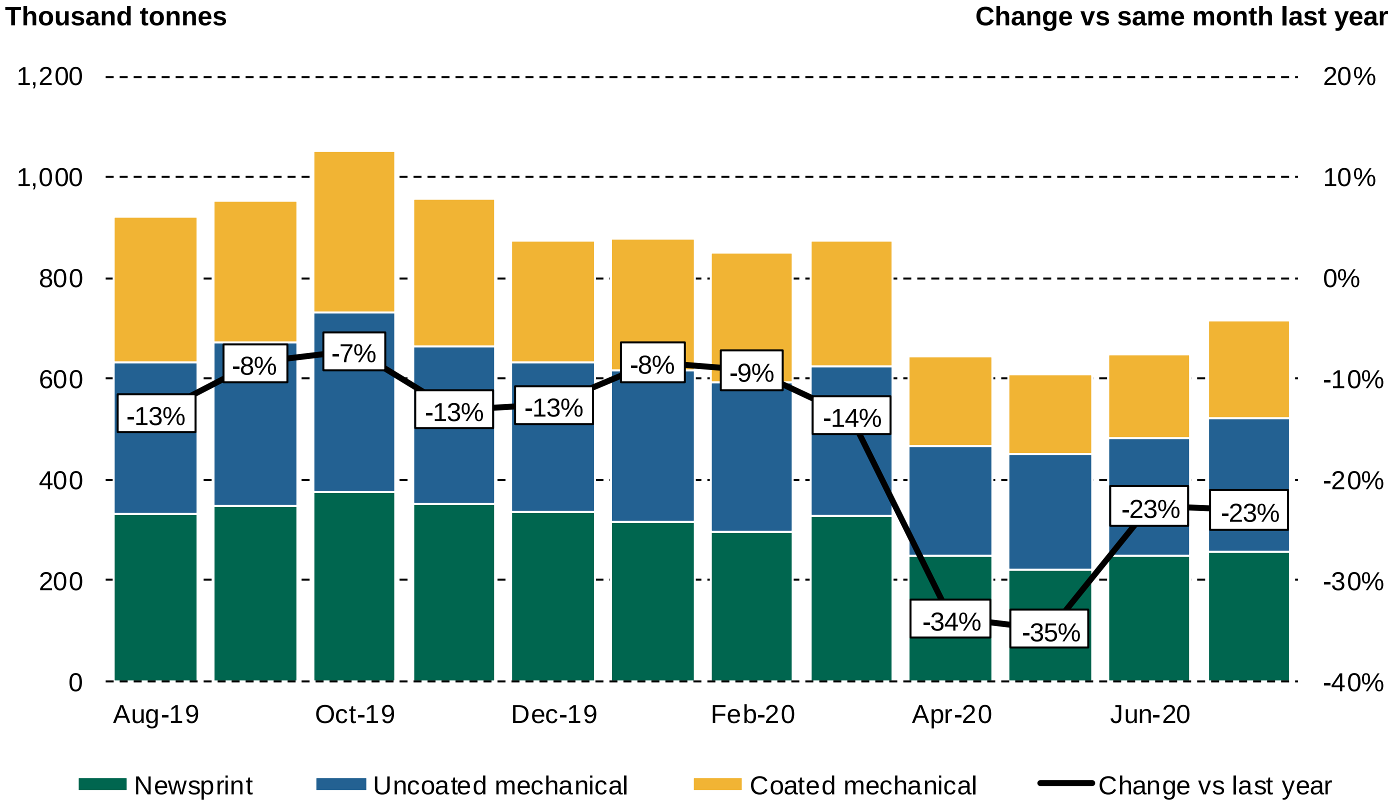
Demand has improved from the levels seen in May

Monthly publication paper demand Western Europe

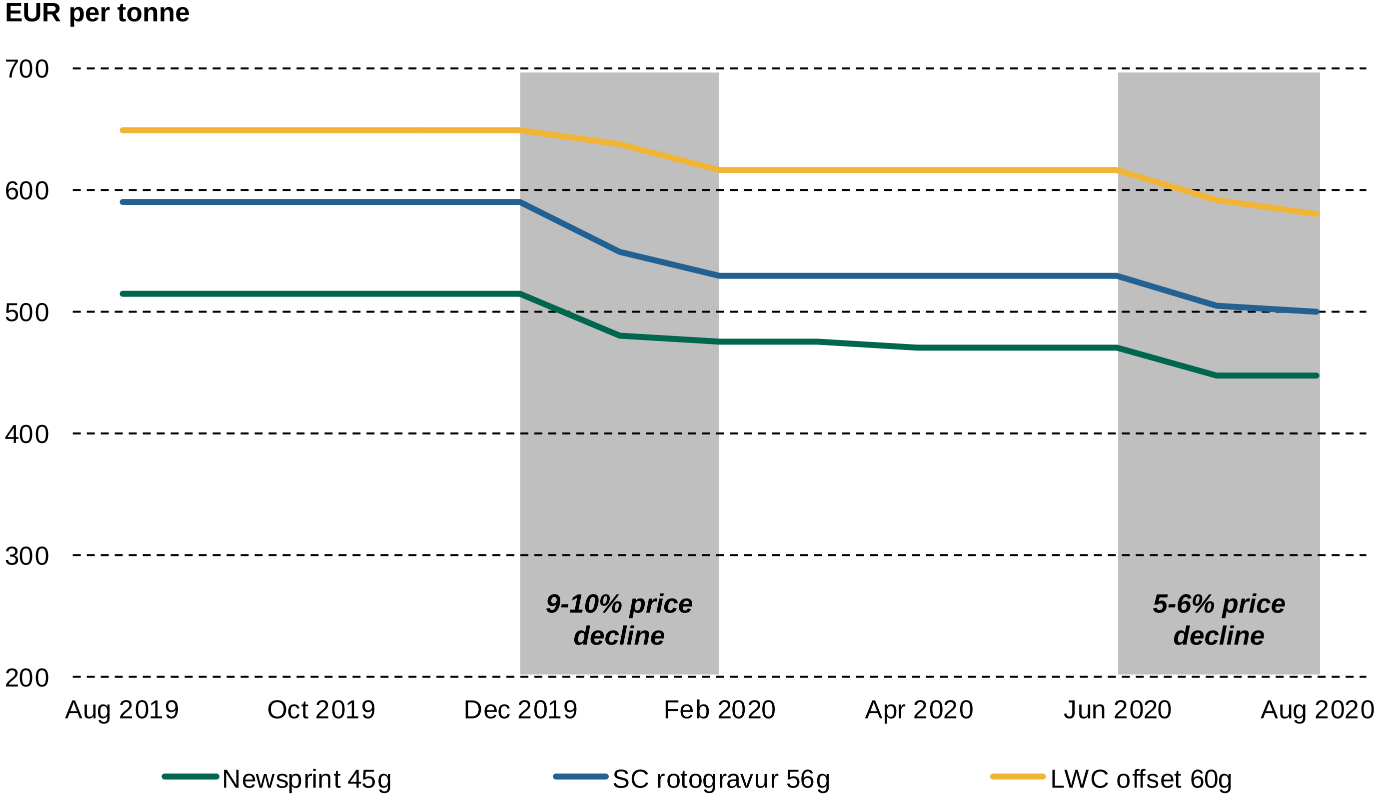


- Western European publication paper demand amounted to ~11.4m tonnes in 2019
- The demand decline seen in July 2020 vs July 2019 implies a demand loss of ~2.5m tonnes on an annual basis
- So far in Q3 there has been announced ~2m tonnes of capacity closures in Western Europe

Sources: PPPC

Industry impacted during price negotiations for H2 2020

Monthly publication paper reference prices in Germany



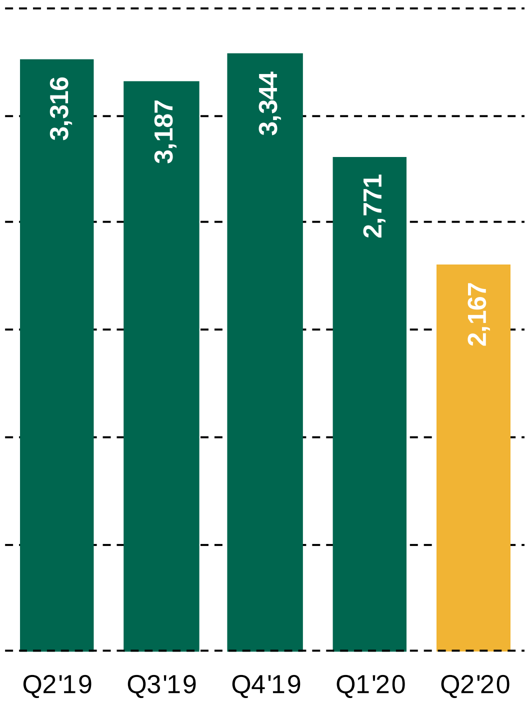
- COVID-19 impacted the industry during semi-annual price negotiations
- Publication paper prices down 5-6% for second half 2020
- Capacity closures announced after price agreements for the second half of 2020 were in place
- Price negotiations for the first half of 2021 to be carried out towards the end of 2020

Sources: RISI

Weak Q2 2020 for Norske Skog

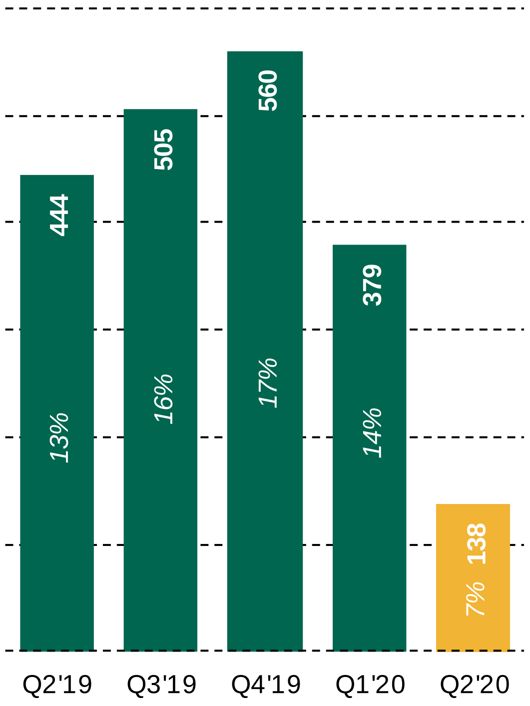
Revenue

NOKm



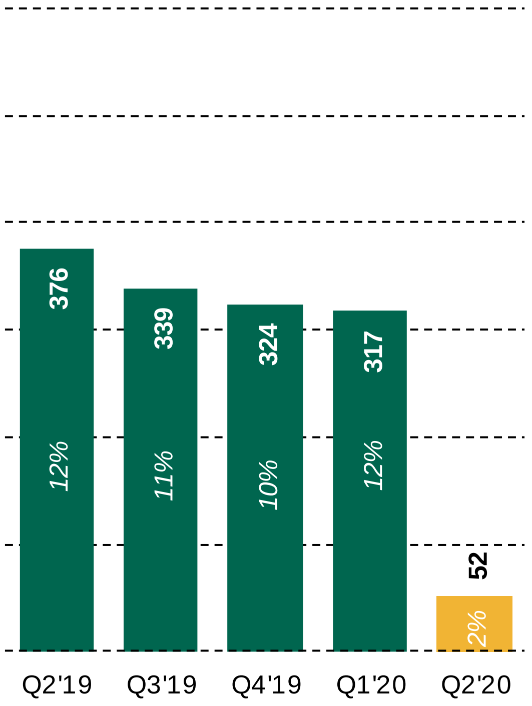
EBITDA

NOKm *(and margin in %)*



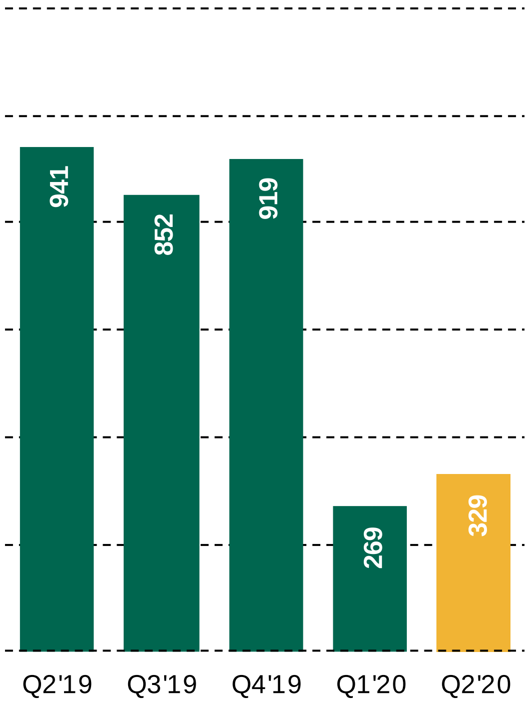
Underlying EBITDA

NOKm *(and margin in %)*



Net interest-bearing debt

NOKm



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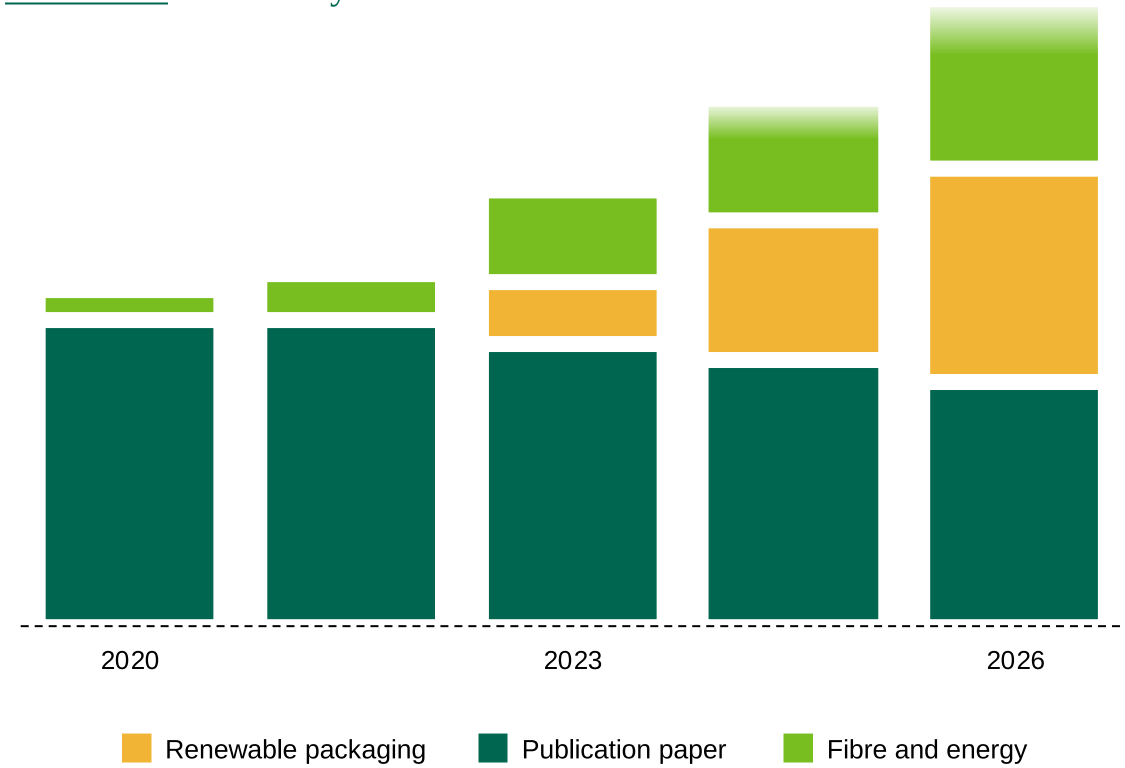
Company strategy

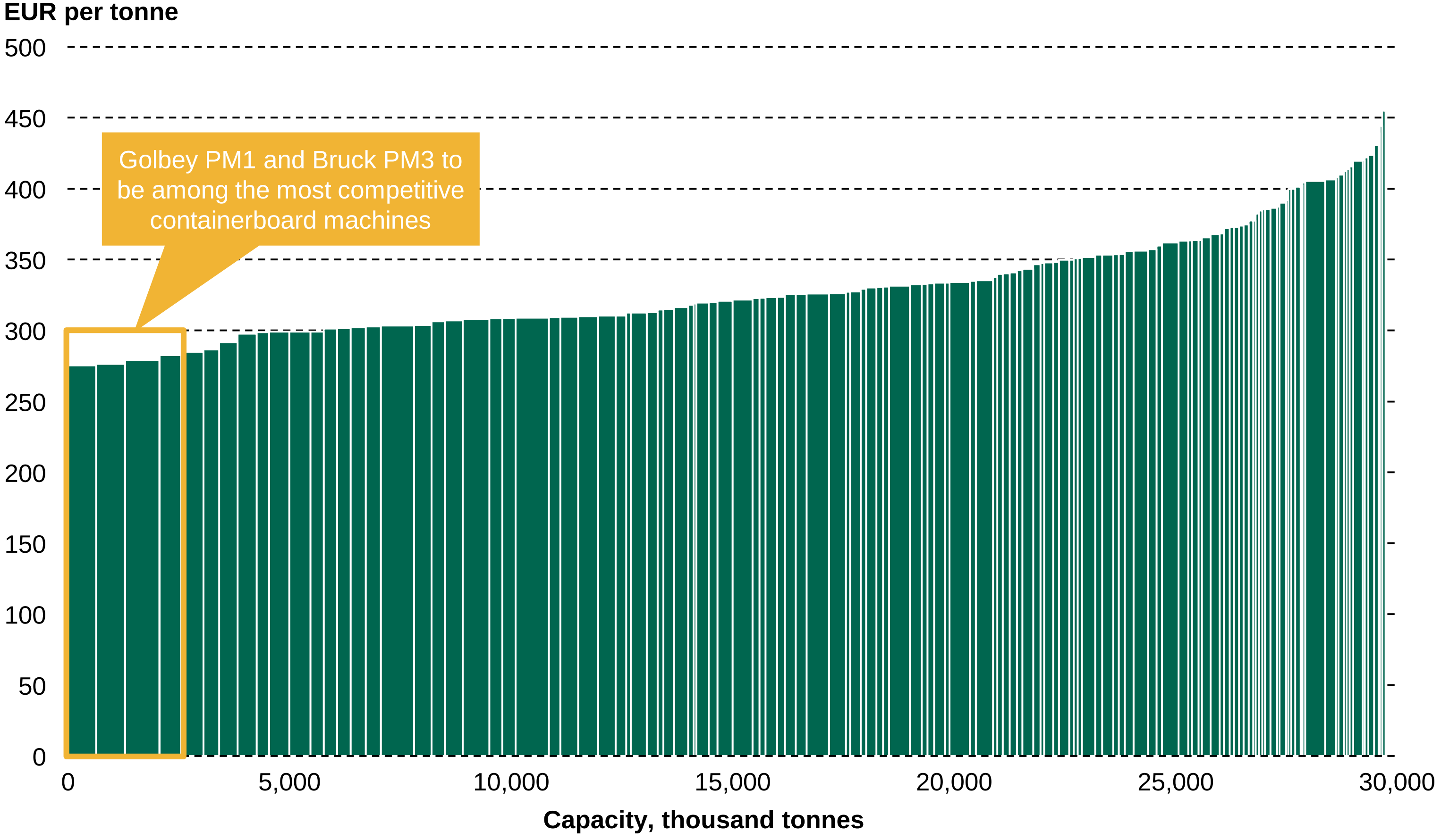
Illustrative over-the-cycle EBITDA



- Diversify and innovate within fibre and energy
- Become a leading producer of renewable packaging
- Improve and optimise publication paper cash flows

Entering the containerboard market with first-quartile capacity

Cash cost delivered Frankfurt for all recycled containerboard machines in Europe[1]



- Centrally located in continental Europe
- Established presence in recycled fibre markets
- Among the top brownfield opportunities in Europe
- Large industrial sites with scale advantages
- Boilers secure sustainable and competitive steam supply
- Machine specifications enable cost-leadership position

Source: External industry consultant (third-party), cost data as of Q3 2019
1) Europe excluding Russia

Containerboard projects in France and Austria

Norske Skog Golbey – France

- PM1 to become a producer of 555,000 tonnes of recycled containerboard[1]
- Total capex estimate of EUR 250m

- Boiler to be constructed securing competitive steam supply
- Limited equity investment, partnership with Véolia

Norske Skog Bruck – Austria

- PM3 to become a producer of 210,000 tonnes of recycled containerboard[2]
- Total capex estimate of EUR 90m

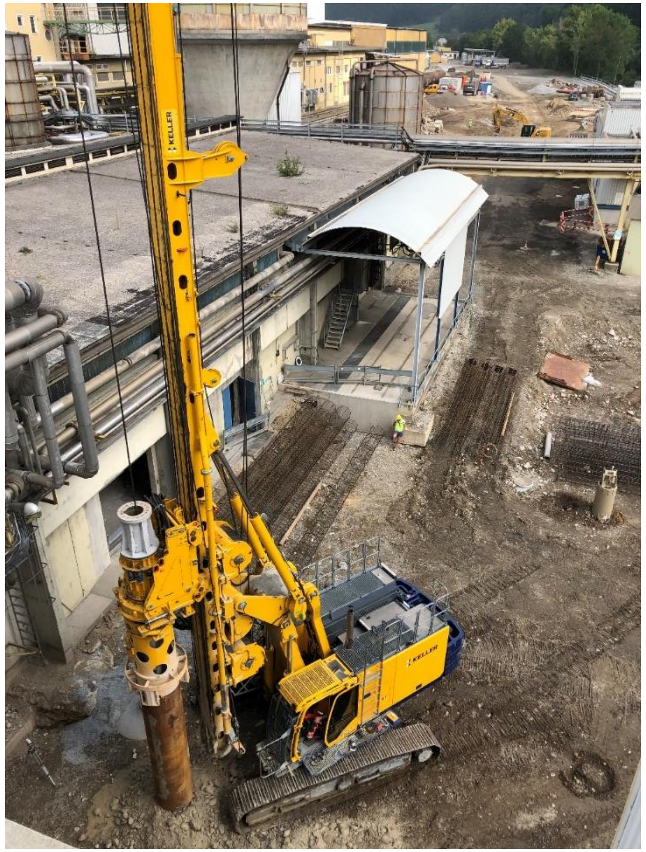
- Boiler under construction to generate revenue and savings of EUR ~19m
- Local debt funding of EUR 54m, project capex of EUR 72m

Norske Skog

- ✓ Strong process and project competence locally at the mills
- ✓ Leading competence on pulp & paper highly relevant in packaging
- ✓ In-house personnel with experience from previous and similar projects
- ✓ Working with multiple experienced and best-in-class suppliers
  - Specialised and competitive suppliers with strong reputations
  - Targeting the best solutions from the most experienced suppliers
- ✓ Support from experienced technical consultants
  - Engineering and design services also covering delivery interfaces

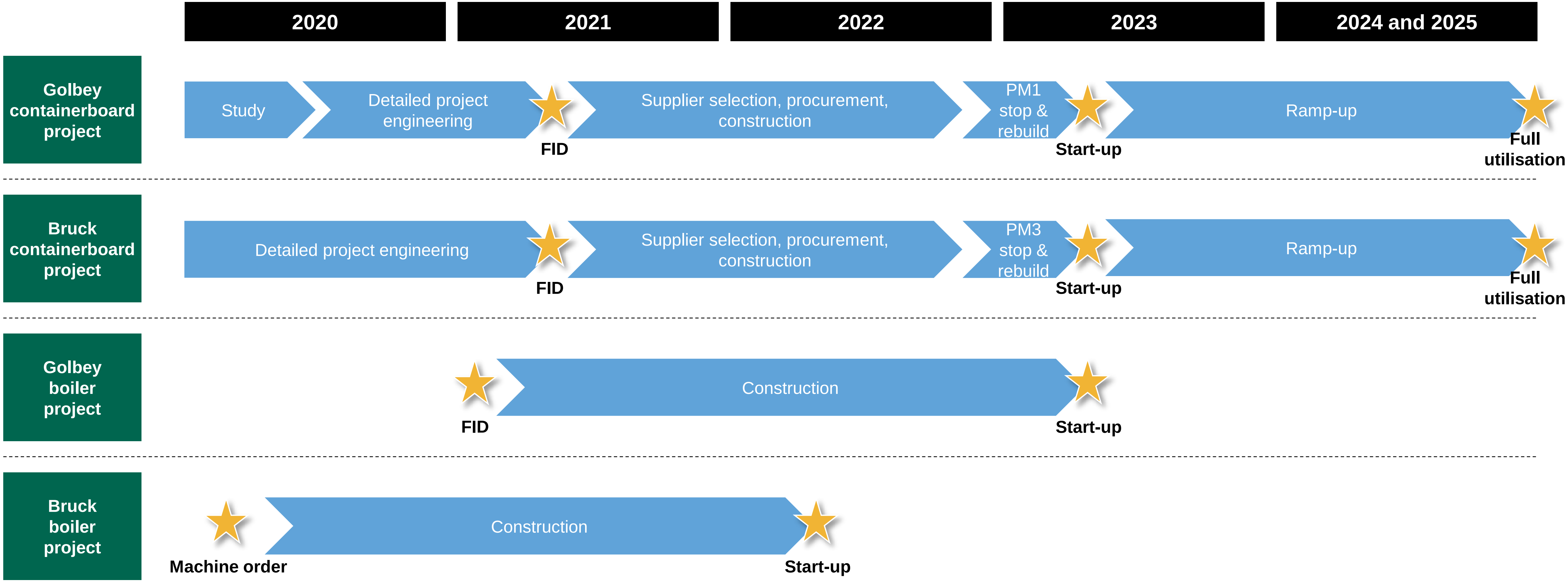
1) Current PM1 capacity of 235,000 tonnes newsprint; 2) Current PM3 capacity of 125,000 tonnes newsprint

Bruck boiler progressing according to plan



- Finalising the deep foundation for the boiler
- On track for start-up in first half of 2022
- Expect positive EBITDA impact of EUR ~19m on an annual basis

Norske Skog aims to be a containerboard producer in 2023



Exciting portfolio of fibre and energy projects

Long heritage and significant experience within fibre and process industry, combined with high quality industrial assets and infrastructure

1. **Pellets – Green and profitable energy production**
   Annual capacity of 85,000 tonnes, EBITDA of NZD ~5m
2. **CEBINA – Sustainable alternative to existing additives**
   Capacity of 500 tonnes, testing with potential customers
3. **FibreMatrix – Light and insulating boards for green buildings**
   Exploring opportunity for commercial scale fibre board facility
4. **Bio composites – Replace plastic additives with fibre**
   Decision on Saugbrugs pilot facility during Q4 2020
5. **Cyrene – The only non-toxic polar aprotic solvent**
   Circa Group[1] reviewing possibility for industrial facility in Europe

1) Norske Skog is the largest shareholder in Circa Group, the producer of Cyrene, with a 27.7% share

Outlook

Clear priorities in the short term

- Secure the health and safety of our employees
- Actively adapt to market changes
- Maintain a robust balance sheet

Execute on strategy in the long term

- Become a leading producer of renewable packaging
- Remain a producer of all publication paper grades
- Develop the downstream forest industry in Norway
- Improve and reposition Australasian operations

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