



THIRD QUARTER 2020

- QUARTERLY REPORT
- PRESENTATION
- PRESS RELEASES



INTRODUCTION

Norske Skog 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 six mills in five countries, with an annual production capacity of 2.3 million tonnes. Four of the mills are located in Europe, one in Australia and one in New Zealand. The group also operates a pellet facility in New Zealand. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group has approximately 2 300 employees.

Of the four mills in Europe, two will produce recycled containerboard following planned conversion projects. In addition to the traditional publication paper business, Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of exciting fibre projects.

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	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
INCOME STATEMENT					
Total operating income	2 199	2 167	3 187	7 136	9 610
EBITDA*	73	138	505	590	1 378
Operating earnings	-31	-122	1 113	-63	2 516
Profit/loss for the period	-89	-59	1 018	-522	2 202
Earnings per share (NOK)**	-1.08	-0.71	12.33	-6.32	26.69
CASH FLOW					
Net cash flow from operating activities	115	-109	150	476	681
Net cash flow from operating activities per share (NOK)**	1.39	-1.32	1.82	5.77	8.25
Net cash flow from investing activities	-131	241	-1	518	-181
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin*	3.3	6.4	15.8	8.3	14.3
Return on capital employed (annualised)*	-7.3	0.8	30.2	5.2	27.4
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	417	404	577	1 324	1 750
Deliveries (1 000 tonnes)	441	389	573	1 325	1 713
Production / capacity (%)	71	69	88	75	89

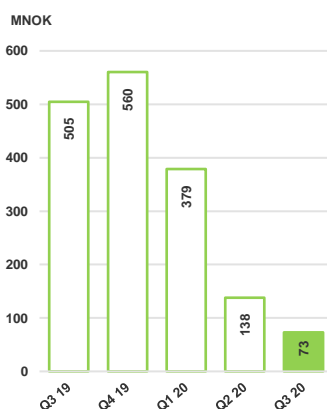
* As defined in Alternative Performance Measures

**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

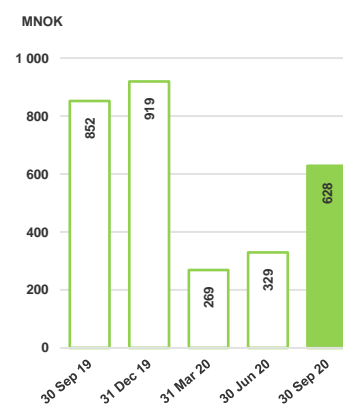
TOTAL OPERATING INCOME



EBITDA



NET INTEREST-BEARING DEBT



NOK MILLION	30 SEP 2020	30 JUN 2020	31 DEC 2019	30 SEP 2019
BALANCE SHEET				
Non-current assets	5 356	5 228	5 248	5 675
Assets held for sale	0	0	631	446
Current assets	3 956	4 393	4 360	4 219
Total assets	9 311	9 621	10 240	10 340
Equity	4 715	5 017	5 493	5 649
Net interest-bearing debt	628	329	919	852

REPORT OF THE BOARD OF DIRECTORS FOR THE THIRD QUARTER OF 2020

- EBITDA for the period NOK 73 million, compared to NOK 138 million in the previous quarter
 - Volumes improving from Q2 2020, but still impacted by COVID-19 restrictions
 - Gain of NOK 86 million included in previous quarter
- Cash flow from operations of NOK 115 million versus NOK -109 million in the previous quarter
 - Cash of NOK 1 093 million following dividend payment of NOK 3.00 per share in the quarter
 - Net interest-bearing debt of NOK 628 million
- Norske Skog Saugbrugs to permanently close PM5
 - Super calendared magazine paper capacity reduction of 100 000 tonnes
 - Redundancy cost of NOK 40 million to be recognised in Q4 2020, and expected annual cost savings of NOK 80 million
- Strategic projects progressing according to plan
 - Construction of the Bruck boiler and energy efficiency initiatives at Saugbrugs remain on track
 - Main studies for European containerboard projects progressing towards final investment decisions in H1 2021
- Circa Group planning a 1 000 tonnes Cyrene™ facility in France
 - Norske Skog owns 27.7% of Circa Group (subject to FIRB approval)
 - Consortium with Circa Group received a EUR ~12 million EU grant for construction of the Cyrene™ plant

PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue	2 174	2 012	3 025	6 771	9 178
Other operating income	25	154	162	365	432
Total operating income	2 199	2 167	3 187	7 136	9 610
Distribution cost	-268	-279	-315	-847	-927
Cost of materials	-1 243	-1 096	-1 650	-3 742	-5 190
Fixed cost	-615	-653	-717	-1 957	-2 115
EBITDA	73	138	505	590	1 378

COVID-19 caused much of the world to close down from March and since then various countries have re-opened and partly closed down again. This has impacted the movement of people and reduced general economic activity. The demand for publication paper in markets where Norske Skog operates reached bottom levels in May and June, and going into the third quarter there were modest signs of demand improvement. This trend has continued throughout the third quarter, but markets have not returned to pre COVID-19 levels. Western European demand is likely to be down in the region of 20% in 2020 versus 2019. Price negotiations for the second half of 2020 were concluded in June, and we have seen a 5-6% lower price environment in the third quarter compared to the second quarter. For Norske Skog, this has to some extent been mitigated by a change in our geographical mix, which contained less export for the third quarter. Throughout the quarter, the health and safety of the group's employees has remained a priority.

Higher operating revenue in the third quarter compared to the previous quarter was mainly driven by an increase in deliveries (sales volume) as a result of easing of COVID-19 restrictions on movement.

Cost of materials (mainly fibre and energy) increased compared to the previous quarter, mostly driven by higher sales volumes. Cost of materials was largely unchanged on a per tonne basis in the quarter.

Fixed costs (including employee benefit expenses) decreased compared to the previous quarter due to temporary layoffs at Norske Skog's mills resulting from market downtime at the mills.

EBITDA decreased quarter-over-quarter mainly due to gain from sale of the Tasmanian forest assets impacting the EBITDA in the second quarter with a NOK 86 million positive effect. Excluding this gain, the EBITDA is up in the quarter.

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Restructuring expenses	-12	-5	-8	-29	-25
Depreciation	-108	-111	-118	-326	-343
Impairments	0	-193	-38	-193	38
Derivatives and other fair value adjustments	16	49	696	-106	1 468
Operating earnings	-31	-122	1 113	-63	2 516

Restructuring expenses recognised in the quarter of NOK 12 million relates to restructuring in the Australasian region.

Depreciation of NOK 108 million is slightly below previous quarter, due to impairment recognized in the second quarter.

Derivatives and other fair value adjustments mainly reflects an increase in the embedded derivatives related to energy contracts in Norway, that

are sensitive to change in paper and pulpwood prices as well as currency.

The mark-to-market valuation of embedded derivatives related to energy contracts in New Zealand was slightly reduced compared to the previous quarter as local energy prices decreased in the quarter.

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Share of profit in associated companies	4	-16	0	-16	0
Financial items	-56	86	-89	-399	-148
Income taxes	-7	-7	-6	-44	-165
Profit/loss for the period	-89	-59	1 018	-522	2 202

In second quarter, Norske Skog increased its share in Circa Group to 27.7% from 10%, subject to approval the Foreign Investment Review Board in Australia. This company represents the majority of the financial impact under share of profit in associated companies.

Financial items were negative by NOK 56 million mainly due to an increase in unrealised currency loss on debt denominated in other

currencies than NOK. NOK weakened at the end of the third quarter compared to the second quarter.

Net interest expenses were in line with previous quarter.

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

DIVERSIFICATION BEYOND PUBLICATION PAPER

On 17 June, Norske Skog announced its planned entry into the packaging market with containerboard projects at both Golbey and Bruck. The projects involve the conversion of two machines to containerboard production at a total investment cost of approximately EUR 350 million. Production of containerboard is expected to start in first half of 2023, with full utilisation reached by the end of 2025. The converted machines are expected to generate an annual EBITDA of EUR 70-80 million once at full utilisation.

At the Bruck paper mill, the EUR 72 million investment in a waste-to-energy facility is progressing in accordance with the timetable. In the quarter, Norske Skog finalised the deep foundation groundwork in order to prepare for installation and other civil works. The boiler is expected to start operating in the first half of 2022, and will provide additional revenue and cost savings of approximately EUR 19 million annually.

In the quarter, Norske Skog continued to test and develop CEBINA and bio-composites with machine suppliers and customers.

In the second quarter, Norske Skog entered into an agreement with the Australia-based Circa Group (an advanced biochemical materials company and the world's only producer of Cyrene™) increasing its share from 10% to become the largest shareholder with a 27.7% stake in the company, subject to approval from the Foreign Investment Review Board in Australia. In the third quarter, Circa Group received an EU grant of approximately EUR 12 million as part of an eleven-member consortium. The grant would go towards the construction of a 1,000 tonnes plant in France for the production of Cyrene™.

The group has launched several fibre and energy growth initiatives beyond its traditional publication paper business, and the strategic containerboard and boiler projects. These initiatives broaden the operations of the group in the form of biogas, wood pellets, biochemicals and bio-composites. These initiatives are at various stages of the development cycle, ranging from early-phase research to final stages of commercialisation. By 2023, the group expects approximately 25% of its EBITDA to be generated from these non-paper growth initiatives.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Total operating income	1 727	1 655	2 321	5 513	7 215
EBITDA	84	75	404	488	1 215
EBITDA margin (%)	4.9	4.5	17.4	8.9	16.8
Return on capital employed (%) (annualised)	-5.3	-2.5	30.6	4.1	31.1
Production (1 000 tonnes)	341	334	435	1 086	1 314
Deliveries (1 000 tonnes)	362	322	426	1 080	1 283
Production / capacity (%)	72	70	90	76	91

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 increased from the previous quarter with higher sales volumes, but a modest decrease in sales prices.

Distribution costs were lower in the quarter both in total and on a per tonne basis, due to a reduction in export volumes. Cost of materials increased due to higher sales volumes, but saw a modest decrease on a per tonne basis due to reduction in cost for pulpwood, recovered paper and energy in the quarter. Employee benefit expenses saw a slight decrease in the quarter as a result of temporary lay-offs resulting from market down-time due to the COVID-19 situation. On a per tonne basis, employee benefit expenses were also lower.

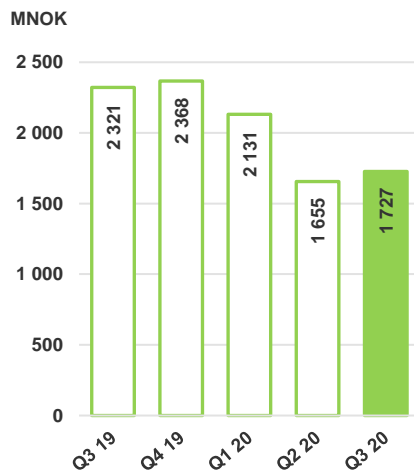
In the third quarter, the European operations have received limited governmental support. There has also been provided some support in the form of deferred payments of public taxes and duties.

EBITDA increased slightly from previous period, but still significantly impacted by the challenging operating environment.

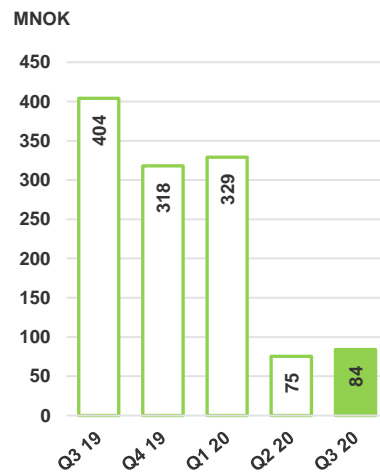
Demand for newsprint in Europe decreased by 23% through July September this year compared to the same period last year. Magazine paper demand declined with Super Calendared paper decreasing 15% and Lightweight Coated paper decreasing 23%. (Source: Eurograph).

Capacity utilisation was 72% in the period.

EUROPE
TOTAL OPERATING INCOME



EUROPE
EBITDA



PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Total operating income	447	513	852	1 580	2 373
EBITDA	-7	63	113	119	176
EBITDA margin (%)	-1.6	12.3	13.2	7.5	7.4
Return on capital employed (%) (annualised)	-57.1	143.8	55.9	26.0	14.0
Production (1 000 tonnes)	75	70	142	238	436
Deliveries (1 000 tonnes)	79	67	147	246	429
Production / capacity (%)	69	65	81	73	83

The segment consists of Norske Skog's operations in Australasia with mills in Australia and New Zealand. The annual production capacity is 0.4 million tonnes.

Operating revenue increased from the previous quarter, but total operating income decreased due to a gain of NOK 86 million recognised in the previous quarter from sale of the Tasmanian forest. Sales volumes increased compared to the previous quarter.

Distribution costs were higher in the quarter, but lower on a per tonne basis due to slight reduction in export volumes. Cost of materials increased in the quarter due to an increase in sales volumes, but were slightly lower on a per tonne basis. Employee benefit expenses were markedly lower in the quarter in total and on a per tonne basis.

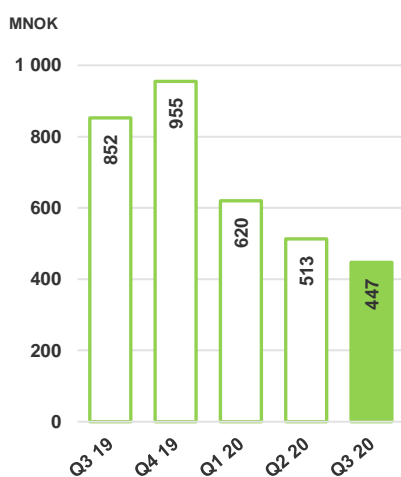
In the third quarter the Australasian operations has received governmental support of approximately NOK 23 million mainly in relation to employees.

EBITDA decreased compared to previous quarter, but the previous quarter included a gain of NOK 86 million. Despite favourable AUD exchange rates to USD for export sales, weak export prices impacted the EBITDA margin negatively.

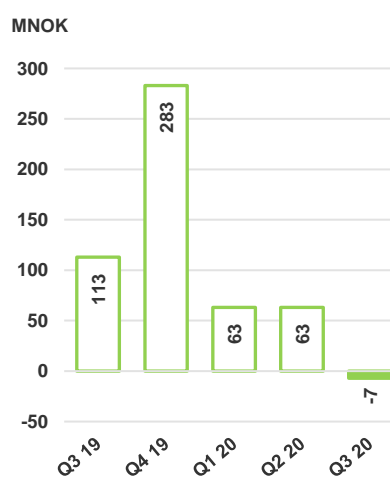
Demand for newsprint in Australasia declined by 46% through September this year compared to the same period last year. Demand for magazine paper decreased by 24%. (Source: official statistics).

Capacity utilisation was 69% in the period, a marginal improvement from the previous quarter, which reflected less market related downtime.

AUSTRALASIA
TOTAL OPERATING INCOME



AUSTRALASIA
EBITDA



OTHER ACTIVITIES

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Total operating income	50	38	43	136	121
EBITDA	-4	0	-12	-18	-13

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 negative by

approximately NOK 40 million per annum, but are not uniformly distributed throughout the quarters of the year. In third quarter EBITDA from pellets impacted positively.

CASH FLOW

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
EBITDA	73	138	505	590	1 378
Change in working capital	127	12	-180	360	-220
Restructuring payments	-15	-21	-10	-42	-27
Gain and losses from divestments	1	-92	-89	-152	-179
Net financial items	-32	-52	-34	-149	-103
Taxes paid	-17	-81	-16	-82	-108
Other items	-21	-13	-25	-49	-60
Net cash flow from operating activities	115	-109	150	476	681
Purchases of property, plant and equipment and intangible assets					
-whereof maintenance capex	-160	-128	-82	-388	-237
	-57	-62	-51	-161	-170

Net cash flow from operating activities was NOK 115 million. Change in working capital (decrease) reflects reduced inventory in the period, but is also negatively impacted by accrual for CO2 compensation recognized during the year but to be paid in 2021.

Restructuring relates mainly to payments of redundancy and transaction costs at Albury. Taxes paid in third quarter relate to Golbey.

BALANCE SHEET

NOK MILLION	30 SEP 2020	30 JUN 2020	31 DEC 2019	30 SEP 2019
Non-current assets	5 356	5 228	5 248	5 675
Assets held for sale	0	0	631	446
Cash and cash equivalents	1 093	1 487	970	909
Inventories, trade and other receivables and other current assets	2 862	2 906	3 390	3 310
Total assets	9 311	9 621	10 240	10 340
Equity	4 715	5 017	5 493	5 649
Non-current liabilities	2 650	2 611	2 393	2 438
Current liabilities	1 946	1 993	2 354	2 253
Net interest-bearing debt	628	329	919	852

Total assets decreased in the third quarter mainly due to payment of dividend in August of NOK 3.00 per share, or equivalent to approximately NOK 248 million. In addition, there was a slight decrease in inventories and a slight increase in trade and other receivables.

Property, plant and equipment saw a modest increase, mainly driven by continued investment in the multifuel boiler in Bruck and the energy efficiency projects in Saugbrugs, more than offsetting depreciation in the quarter.

Cash and cash equivalents decreased by NOK 394 million to NOK 1 093 million at quarter end mainly due to payment of dividend of NOK 3.00 per share and investing activities in the period

Non-current and current liabilities were mainly impacted in the quarter by reduced utilisation of the factoring facility in Golbey, and a slight increase in trade and other payables.

Net interest-bearing debt increased from NOK 329 million to NOK 628 million in the quarter mainly due to the decrease in cash and cash equivalents.

OUTLOOK

Although some improvement has been seen, the near-term market balance for publication paper in Europe is expected to remain weak due to a structural demand shift in light of COVID-19. The continued level of the national restrictions caused by the global coronavirus pandemic, is expected to impact demand development in the coming periods. The significant announced capacity closures are expected to improve the long-term market balance, especially in 2021.

As a consequence of the expected continued challenging market, Norske Skog has decided to permanently close one machine at Saugbrugs. The closure is expected to give an annual fixed costs saving of NOK 80 million.

Following the significant demand drop for publication paper in the Australasian region due to COVID-19, the region is subject to


overcapacity, and exports to lower margin Asian markets have increased. This has led the Australasian region to announce a strategic review of the Tasman mill. The Tasman mill has newsprint capacity of 150 000 tonnes. The mill is likely to stop production of newsprint in the first quarter of 2021.

The Group will continue to optimise operations in the region as well as seek to realise added value at the facilities beyond the current production of publication paper. Norske Skog will continue its work to improve the core business, convert certain of the Group's paper machines and diversify the business within bioenergy, fibre and biochemicals.

SKØYEN, 21 OCTOBER 2020
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



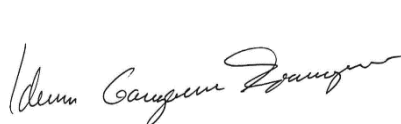
Arvid Grundekjøn
Board member



Anneli Finsrud Nesteng
Board member



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, THIRD QUARTER OF 2020

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating revenue		2 174	2 012	3 025	6 771	9 178
Other operating income		25	154	162	365	432
Total operating income	5	2 199	2 167	3 187	7 136	9 610
Distribution costs		-268	-279	-315	-847	-927
Cost of materials		-1 243	-1 096	-1 650	-3 742	-5 190
Employee benefit expenses		-417	-441	-482	-1 321	-1 414
Other operating expenses		-198	-212	-235	-637	-701
Restructuring expenses		-12	-5	-8	-29	-25
Depreciation	4	-108	-111	-118	-326	-343
Impairments	4	0	-193	38	-193	38
Derivatives and other fair value adjustments	7	16	49	696	-106	1 468
Operating earnings		-31	-122	1 113	-63	2 516
Share of profit in associated companies		4	-16	0	-16	0
Financial items	6	-56	86	-89	-399	-148
Profit/loss before income taxes		-82	-52	1 024	-478	2 367
Income taxes		-7	-7	-6	-44	-165
Profit/loss for the period		-89	-59	1 018	-522	2 202
Basic earnings per share (NOK)		-1.08	-0.71	12.33	-6.32	26.69
Diluted earnings per share (NOK)		-1.08	-0.71	12.33	-6.32	26.69

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Profit/loss for the period	-89	-59	1 018	-522	2 202
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	35	-95	70	326	-20
Tax expense on translation differences	0	0	0	-4	0
Reclassified translation differences upon divestment of foreign operations	0	0	0	-62	0
Other comprehensive income for the period	35	-95	70	260	-20
Total comprehensive income for the period	-54	-154	1 088	-262	2 182

CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 SEP 2020	30 JUN 2020	31 DEC 2019	30 SEP 2019
Deferred tax asset		137	137	137	64
Intangible assets	4	47	35	38	23
Property, plant and equipment	4	3 853	3 748	3 685	4 098
Investments in associated companies		65	64	1	1
Other non-current assets	7	1 253	1 244	1 387	1 489
Total non-current assets		5 356	5 228	5 248	5 675
Assets held for sale		0	0	631	446
Inventories		1 386	1 492	1 427	1 530
Trade and other receivables		1 095	990	1 573	1 332
Cash and cash equivalents		1 093	1 487	970	909
Other current assets	7	382	424	390	447
Total current assets		3 956	4 393	4 360	4 219
Total assets		9 311	9 621	10 240	10 340
Paid-in equity	8	8 510	8 510	8 510	8 510
Retained earnings		-3 795	-3 494	-3 018	-2 862
Total equity		4 715	5 017	5 493	5 649
Pension obligations		325	323	295	265
Deferred tax liability		336	338	316	327
Interest-bearing non-current liabilities	6	1 657	1 612	1 470	1 502
Other non-current liabilities	7	331	338	312	344
Total non-current liabilities		2 650	2 611	2 393	2 438
Interest-bearing current liabilities	6	65	204	419	259
Trade and other payables		1 651	1 528	1 685	1 691
Tax payable		53	56	62	142
Other current liabilities	7	177	205	188	161
Total current liabilities		1 946	1 993	2 354	2 253
Total liabilities		4 596	4 605	4 747	4 691
Total equity and liabilities		9 311	9 621	10 240	10 340

SKØYEN, 21 OCTOBER 2020
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



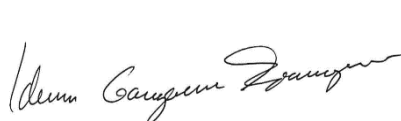
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Trine-Marie Hagen
Board member



Idunn Gangaune Finnanger
Board member



Svein Erik Veie
Board member



Paul Kristiansen
Board member



Sven Ombudstvedt
CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Cash generated from operations	2 108	2 384	3 011	7 363	9 588
Cash used in operations	-1 944	-2 360	-2 811	-6 656	-8 696
Cash flow from currency hedges and financial items	-4	-28	-7	-71	-24
Interest payments received	-2	3	4	5	8
Interest payments made	-26	-26	-30	-82	-88
Taxes paid	-17	-81	-16	-82	-108
Net cash flow from operating activities ¹⁾	115	-109	150	476	681
Purchases of property, plant and equipment and intangible assets	-160	-128	-82	-388	-237
Sales of property, plant and equipment and intangible assets	-1	374	93	932	93
Purchase of shares in companies and other financial payments	-7	-19	-11	-77	-41
Sales of shares in companies and other financial instruments	37	14	0	51	4
Net cash flow from investing activities	-131	241	-1	518	-181
New loans raised	30	53	4	337	1 291
Repayments of loans	-169	-82	-104	-735	-1 771
Dividends paid	-248	-268	0	-516	0
Net cash flow from financing activities	-387	-297	-100	-914	-479
Foreign currency effects on cash and cash equivalents	9	-6	-1	43	-24
Total change in cash and cash equivalents	-394	-172	48	124	-3
Cash and cash equivalents at start of period	1 487	1 659	861	970	912
Cash and cash equivalents at end of period	1 093	1 487	909	1 093	909
^{1) Reconciliation of net cash flow from operating activities}					
Profit/loss before income taxes	-82	-52	1 024	-478	2 367
Change in working capital	127	12	-180	360	-220
Change in restructuring provisions	-3	-16	-2	-13	-2
Depreciation and impairments	108	304	80	519	305
Derivatives and other fair value adjustments	-29	-58	-713	68	-1 506
Gain and losses from divestment of business activities and PPE	1	-92	-89	-152	-179
Net financial items without cash effect	19	-121	55	266	45
Taxes paid	-17	-81	-16	-82	-108
Change in pension obligations and other employee benefits	-3	-3	-2	-5	-9
Adjustment for other items	-6	0	-5	-6	-12
Net cash flow from operating activities	115	-109	150	476	681

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Other paid-in equity	Retained earnings	Total equity
Equity 1 January 2019	5 160	2 249	-5 044	2 365
Profit/loss for the period	0	0	1 185	1 185
Other comprehensive income for the period	0	0	-90	-90
Increase share capital	1 102	0	0	1 102
Equity 30 June 2019	6 261	2 249	-3 950	4 560
Profit/loss for the period	0	0	1 018	1 018
Other comprehensive income for the period	0	0	70	70
Equity 30 September 2019	6 261	2 249	-2 862	5 649
Profit/loss for the period	0	0	-158	-158
Other comprehensive income for the period	0	0	2	2
Equity 31 December 2019	6 261	2 249	-3 018	5 493
Profit/loss for the period	0	0	-433	-433
Other comprehensive income for the period	0	0	225	225
Dividends paid	0	0	-268	-268
Equity 30 June 2020	6 261	2 249	-3 494	5 017
Profit/loss for the period	0	0	-89	-89
Other comprehensive income for the period	0	0	35	35
Dividends paid	0	0	-248	-248
Equity 30 September 2020	6 261	2 249	-3 795	4 715

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 quarter and the closing exchange rate at month ends for the most important currencies for the group.

	Q3 2020	Q2 2020	30 SEP 2020	30 JUN 2020	31 DEC 2019
AUD	6.53	6.57	6.75	6.68	6.17
EUR	10.67	11.02	11.10	10.91	9.86
GBP	11.79	12.43	12.17	11.96	11.59
NZD	6.04	8.18	6.24	6.24	5.92
USD	9.13	10.02	9.48	9.74	8.78

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. Given that the actual impact of the COVID-19 situation on global economy and demand for publication paper is unclear there remains uncertainty and circumstances may require further impairment testing.

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-SEP 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*	382	26	408	64
Depreciation	-293	-26	-319	-7
Impairments	-193	0	-193	0
Value changes	-6	0	-6	0
Disposals	-8	0	-8	-52
Currency translation differences	278	9	287	3
Carrying value at end of period	3 727	127	3 853	47

*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.

PER OPERATING SEGMENTS

30 SEP 2020	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	3 369	29
Publication paper Australasia	408	3
Other activities	76	16
Total	3 853	47

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 Albury 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.

The pellets operation of Natures Flame is included in Green Energy under other activities.

Q3 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 702	448	49	-26	2 174
Other operating income	25	-1	1	0	25
Total operating income	1 727	447	50	-26	2 199
Distribution costs	-201	-62	-5	0	-268
Cost of materials	-942	-286	-15	0	-1 243
Employee benefit expenses	-339	-62	-17	1	-417
Other operating expenses	-161	-45	-18	25	-198
EBITDA	84	-7	-4	0	73
Restructuring expenses	0	-12	0	0	-12
Depreciation	-93	-13	-3	0	-108
Derivatives and other fair value adjustments	0	-7	23	0	16
Operating earnings	-9	-39	16	0	-31
Share of operating revenue from external parties (%)	100	100	52	0	100

Q2 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 607	408	37	-40	2 012
Other operating income	49	105	1	0	154
Total operating income	1 655	513	38	-40	2 167
Distribution costs	-218	-57	-5	0	-279
Cost of materials	-857	-250	-2	13	-1 096
Employee benefit expenses	-343	-86	-13	1	-441
Other operating expenses	-162	-58	-19	26	-212
EBITDA	75	63	0	0	138
Restructuring expenses	0	-5	0	0	-5
Depreciation	-93	-15	-3	0	-111
Impairments	-122	-71	0	0	-193
Derivatives and other fair value adjustments	0	-11	59	0	49
Operating earnings	-140	-38	56	0	-122
Share of operating revenue from external parties (%)	99	100	35	0	100

Q3 2019	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 258	754	43	-29	3 025
Other operating income	63	99	0	0	162
Total operating income	2 321	852	43	-29	3 187
Distribution costs	-219	-93	-3	0	-315
Cost of materials	-1 192	-456	-6	5	-1 650
Employee benefit expenses	-331	-128	-23	0	-482
Other operating expenses	-175	-63	-23	25	-235
EBITDA	404	113	-12	0	505
Restructuring expenses	-2	-6	0	0	-8
Depreciation	-87	-29	-3	0	-118
Impairments	0	38	0	0	38
Derivatives and other fair value adjustments	0	-16	711	0	696
Operating earnings	316	101	697	0	1 113
Share of operating revenue from external parties (%)	100	100	45	0	100

YTD 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	5 319	1 411	134	-93	6 771
Other operating income	194	169	2	0	365
Total operating income	5 513	1 580	136	-93	7 136
Distribution costs	-647	-185	-15	0	-847
Cost of materials	-2 862	-866	-28	13	-3 742
Employee benefit expenses	-1 019	-248	-56	3	-1 321
Other operating expenses	-497	-161	-55	77	-637
EBITDA	488	119	-18	0	590
Restructuring expenses	0	-28	-1	0	-29
Depreciation	-276	-42	-8	0	-326
Impairments	-122	-71	0	0	-193
Derivatives and other fair value adjustments	0	-22	-84	0	-106
Operating earnings	91	-43	-111	0	-63
Share of operating revenue from external parties (%)	100	100	46	0	100

YTD 2019	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	6 906	2 261	110	-99	9 178
Other operating income	309	112	11	0	432
Total operating income	7 215	2 373	121	-99	9 610
Distribution costs	-647	-271	-9	0	-927
Cost of materials	-3 852	-1 352	-11	25	-5 190
Employee benefit expenses	-976	-382	-57	0	-1 414
Other operating expenses	-525	-193	-58	75	-701
EBITDA	1 215	176	-13	0	1 378
Restructuring expenses	-3	-13	-10	0	-25
Depreciation	-250	-85	-8	0	-343
Impairments	0	38	0	0	38
Derivatives and other fair value adjustments	0	-30	1 499	0	1 468
Operating earnings	962	87	1 467	0	2 516
Share of operating revenue from external parties (%)	100	100	42	0	100

INCOME STATEMENT	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
OTHER OPERATING REVENUE					
Corporate functions	24	25	24	74	72
Green energy and other	26	13	19	62	49
Total	50	38	43	136	121
EBITDA					
Corporate functions	-8	-1	-16	-28	-27
Green energy and other	4	1	4	10	13
Total	-4	0	-12	-18	-13

6. FINANCIAL ITEMS AND DEBT REPAYMENTS

FINANCIAL ITEMS

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Net interest expenses	-31	-25	-28	-85	-124
Currency gains/losses*	-19	117	-51	-283	6
Other financial items	-6	-6	-10	-30	-30
Total financial items	-56	86	-89	-399	-148

*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. The outstanding amount of bonds, excluding repurchased bonds, was EUR 104.5 million per 30 September 2020.

In 2019, Norske Skog established a revolving credit facility of EUR 31 million. EUR 20 million had been utilised per 30 September 2020. The facility has a tenor of three years.

During the first quarter of 2020 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 installments 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. As of 30 September 2020 the loan has been drawn by EUR 4.2 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 financing agreements.

BONDS

MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE*	AMOUNT OUTSTANDING 30 SEP 2020
June 2022	EUR	EURIBOR + 6%	125	105

*Excluding repurchased bonds

DEBT REPAYMENT SCHEDULE*

NOK MILLION	2020	2021	2022	2023	2024-
Bonds	0	0	1 160	0	0
Debt to credit institutions	6	39	261	41	28
Total	6	39	1 421	41	28

*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 -6.7 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

30 SEP 2020	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	363	1 122	-12	-4
Energy contracts (level 2)	0	1	-50	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	-5	0
Total	363	1 123	-67	-4

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.

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

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 virtually unchanged in third quarter compared to second 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 -3 million in the third quarter (NOK +56 million in the second 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.	2 179 465	2.64
ARCTIC FUNDS PLC	1 877 880	2.28
VERDIPAPIRFONDET EIKA SPAR	1 806 403	2.19
VERDIPAPIRFONDET EIKA NORGE	1 496 580	1.81
VERDIPAPIRFONDET HOLBERG NORGE	1 400 000	1.70
RBC INVESTOR SERVICES BANK S.A.	1 361 111	1.65
Banque Degroof Petercam Lux. SA	1 208 053	1.46
MP PENSJON PK	994 015	1.20
FRAM REALINVEST AS	850 000	1.03
TVECO AS	825 000	1.00
VERDIPAPIRFONDET FIRST GENERATOR	569 882	0.69
CARUCEL HOLDING AS	550 000	0.67
WENAASGRUPPEN AS	549 110	0.67
M25 INDUSTRIER AS	450 000	0.55
TVENGE	425 000	0.52
VERDIPAPIRFONDET EIKA BALANSERT	418 271	0.51
PENSJONSORDNINGEN	315 400	0.38
BR INDUSTRIER AS	305 000	0.37
Nordnet Bank AB	265 040	0.32
Other shareholders	12 492 404	15.14
Total	82 500 000	100.00

The data is extracted from VPS 21 October 2020. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

9. THE NORSKE SKOG SHARE

	30 SEP 2020	30 JUN 2020	31 DEC 2020
Share price (NOK)	26.95	32.90	43.70
Book value of equity per share (NOK)	57.15	60.81	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 third quarter of 2020.

On 9 October Norske Skog announced that it initiated a strategic review process to identify alternative production options to reposition the Tasman newsprint mill at Kawerau industrial site in New Zealand.

Norske Skog will permanently stop production on PM5 at Norske Skog Saugbrugs. This will result in restructuring costs of approximately NOK 40 million that will be recognized in fourth quarter

12. HISTORICAL FIGURES

INCOME STATEMENT	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Total operating income	2 199	2 167	2 771	3 344	3 187
Variable costs	-1 511	-1 375	-1 703	-1 985	-1 965
Fixed costs	-615	-653	-689	-799	-717
EBITDA	73	138	379	560	505
Restructuring expenses	-12	-5	-12	-198	-8
Depreciation	-108	-111	-107	-112	-118
Impairments	0	-193	0	-247	38
Derivatives and other fair value adjustment	16	49	-170	-120	696
Operating earnings	-31	-122	90	-117	1 113
Share of profit in associated companies	4	-16	-4	-36	0
Financial items	-56	86	-429	-22	-89
Profit/loss before income taxes	-82	-52	-343	-175	1 024
Income taxes	-7	-7	-30	17	-6
Profit/loss for the period	-89	-59	-374	-158	1 018

SEGMENT INFORMATION	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Publication paper Europe					
Total operating income	1 727	1 655	2 131	2 368	2 321
EBITDA	84	75	329	318	404
Deliveries (1 000 tonnes)	362	322	396	441	426
Publication paper Australasia					
Total operating income	447	513	620	955	852
EBITDA	-7	63	63	283	113
Deliveries (1 000 tonnes)	79	67	99	132	147
Other activities					
Total operating income	50	38	48	48	43
EBITDA	-4	0	-13	-41	-12

BALANCE SHEET	30 SEP 2020	30 JUN 2020	31 MAR 2020	31 DEC 2019	30 SEP 2019
Total non-current assets	5 356	5 228	5 620	5 248	5 675
Assets held for sale	0	0	307	631	446
Inventories	1 386	1 492	1 410	1 427	1 530
Trade and other receivables	1 095	990	1 329	1 573	1 332
Cash and cash equivalents	1 093	1 487	1 659	970	909
Other current assets	382	424	307	390	447
Total current assets	3 956	4 393	4 705	4 360	4 219
Total assets	9 311	9 621	10 633	10 240	10 340
Total equity	4 715	5 017	5 439	5 493	5 649
Total non-current liabilities	2 650	2 611	2 730	2 393	2 438
Trade and other payables	1 651	1 528	1 802	1 685	1 691
Other current liabilities	295	466	662	669	562
Total current liabilities	1 946	1 993	2 464	2 354	2 253
Total liabilities	4 596	4 605	5 194	4 747	4 691
Total equity and liabilities	9 311	9 621	10 633	10 240	10 340

CASH FLOW	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Reconciliation of net cash flow from operating activities					
EBITDA	73	138	379	560	505
Change in working capital	127	12	222	-43	-180
Payments made relating to restructuring activities	-15	-21	-6	-140	-10
Gain and losses from divestment	1	-92	-62	-236	-89
Cash flow from net financial items	-32	-52	-65	-48	-34
Taxes paid	-17	-81	17	-143	-16
Other	-21	-13	-14	-30	-25
Net cash flow from operating activities	115	-109	470	-78	150
Purchases of property, plant and equipment and intangible assets	-160	-128	-100	-132	-82
Net divestments	29	369	509	133	82
Net cash flow from investing activities	-131	241	408	0	-1
Net cash flow from financing activities	-387	-297	-229	135	-100
Foreign currency effects on cash and cash equivalents	9	-6	40	3	-1
Total change in cash and cash equivalents	-394	-172	689	61	48

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	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Operating earnings	-31	-122	1 113	-63	2 516
Restructuring expenses	12	5	8	29	25
Depreciation	108	111	118	326	343
Impairments	0	193	-38	193	-38
Derivatives and other fair value adjustments	-16	-49	-696	106	-1 468
EBITDA	73	138	505	590	1 378

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

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
EBITDA	73	138	505	590	1 378
Total operating income	2 199	2 167	3 187	7 136	9 610
EBITDA margin	3.3 %	6.4 %	15.8 %	8.3 %	14.3 %

Variable costs: Distribution costs + cost of materials.

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Distribution costs	268	279	315	847	927
Cost of materials	1 243	1 096	1 650	3 742	5 190
Variable costs	1 511	1 375	1 965	4 589	6 117

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Employee benefit expenses	417	441	482	1 321	1 414
Other operating expenses	198	212	235	637	701
Fixed costs	615	653	717	1 957	2 115

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	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
EBITDA	73	138	505	590	1 378
Capital expenditure	160	128	82	388	237
Average capital employed	4 734	5 054	5 601	5 200	5 547
Return on capital employed (annualised)	-7.3 %	0.8 %	30.2 %	5.2 %	27.4 %

NOK MILLION	30 SEP 2020	30 JUN 2020	31 DEC 2019	30 SEP 2019
Intangible assets	47	35	38	23
Tangible assets	3 853	3 748	3 685	4 098
Assets held for sale	0	0	631	446
Inventory	1 386	1 492	1 427	1 530
Trade and other receivables	1 095	990	1 573	1 332
Trade and other payables	-1 651	-1 528	-1 685	-1 691
Capital employed	4 730	4 737	5 670	5 738

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	30 SEP 2020	30 JUN 2020	31 DEC 2019	30 SEP 2019
Interest-bearing non-current liabilities	1 657	1 612	1 470	1 502
Interest-bearing current liabilities	65	204	419	259
Cash and cash equivalents	-1 093	-1 487	-970	-909
Net interest-bearing debt	628	329	919	852

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).



Norske Skog

Q3 2020 presentation

22 October 2020

www.norskeskog.com



Third quarter in brief



EBITDA for the period of NOK 73 million, compared to NOK 138 million in the previous quarter

- Gain of NOK 86 million included in the previous quarter, underlying EBITDA improvement
- Volumes improving from Q2 2020, but still impacted by COVID-19 restrictions



Cash flow from operations of NOK 115 million versus NOK -109 million in the previous quarter

- Cash position of NOK 1,093 million following dividend payment of NOK 3.00 per share in the quarter
- Net interest-bearing debt of NOK 628 million



Norske Skog Saugbrugs to permanently close PM5

- Supercalendered magazine paper capacity reduction of 100,000 tonnes
- Redundancy cost of NOK 40 million to be recognised in Q4 2020, and expected annual cost savings of NOK 80 million



Strategic projects progressing according to plan

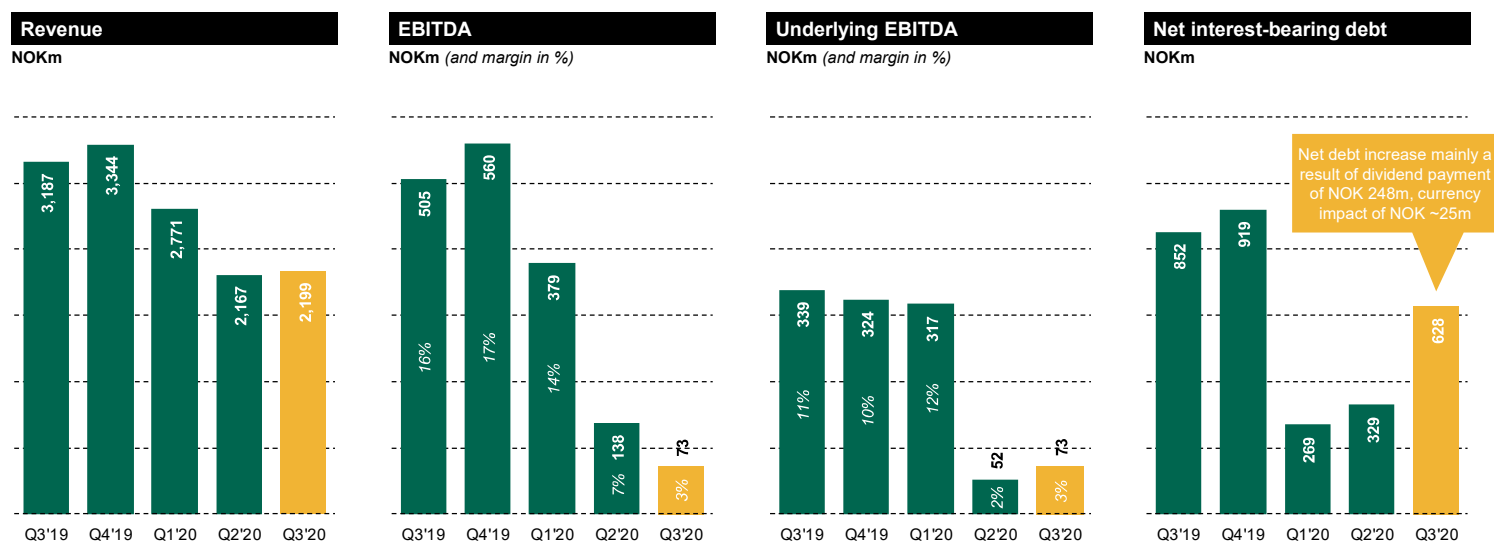
- Construction of the Bruck boiler and energy efficiency initiatives at Saugbrugs remain on track
- Main studies for European containerboard projects progressing towards final investment decision in H1 2021



Circa Group planning a 1,000 tonnes Cyrene™ facility in France

- Norske Skog owns 27.7% of Circa Group (subject to FIRB approval)
- Consortium with Circa Group received a EUR ~12 million EU Flagship grant for construction of the Cyrene™ plant

Underlying EBITDA improving in Q3 2020 vs Q2 2020

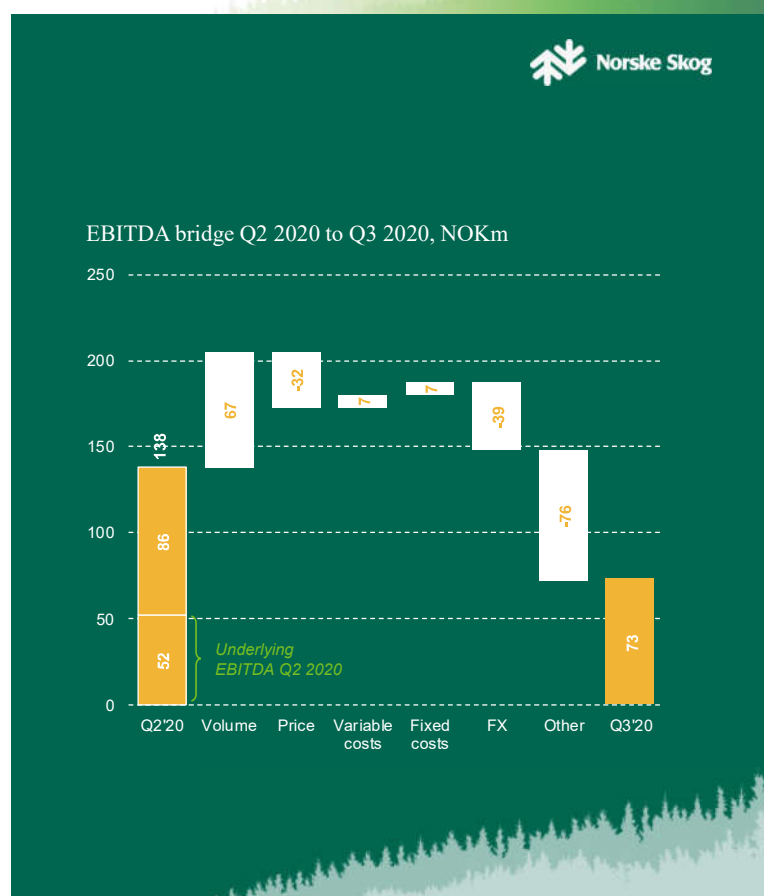


3

Underlying EBITDA growth driven by better volumes and costs

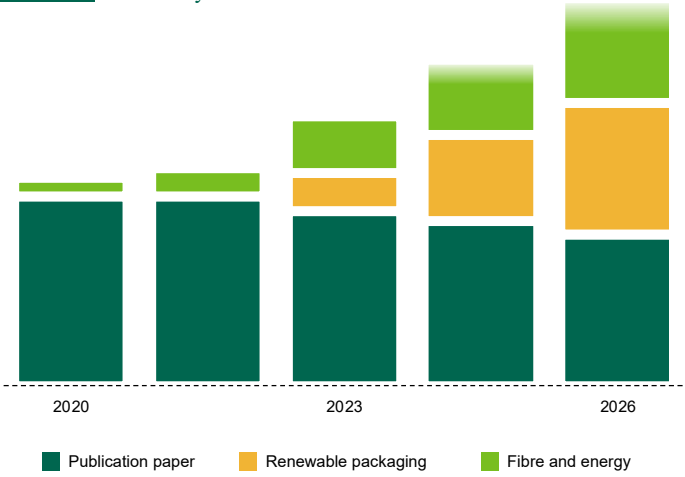
- Volumes recovering from lows in May and June, but still impacted by restrictions with utilisation of 71% in the quarter
- Industry price decline from H1 2020 to H2 2020, somewhat mitigated by reduced exports
- Lower variable costs mainly resulting from reduced energy prices and recovered paper prices
- Reduction in fixed costs as a result of temporary layoffs at most mills following market-related downtime
- Stronger NOK in the quarter resulting in negative FX impact
- Change in other items mainly relate to gain on sale of Tasmanian forest which occurred in Q2 2020

4



Corporate 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

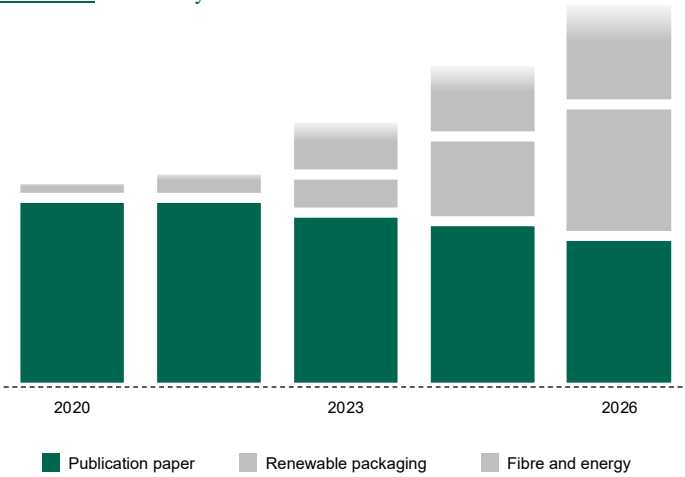
5



Agenda item: Publication paper

Improve and optimise publication paper cash flows

Illustrative over-the-cycle EBITDA

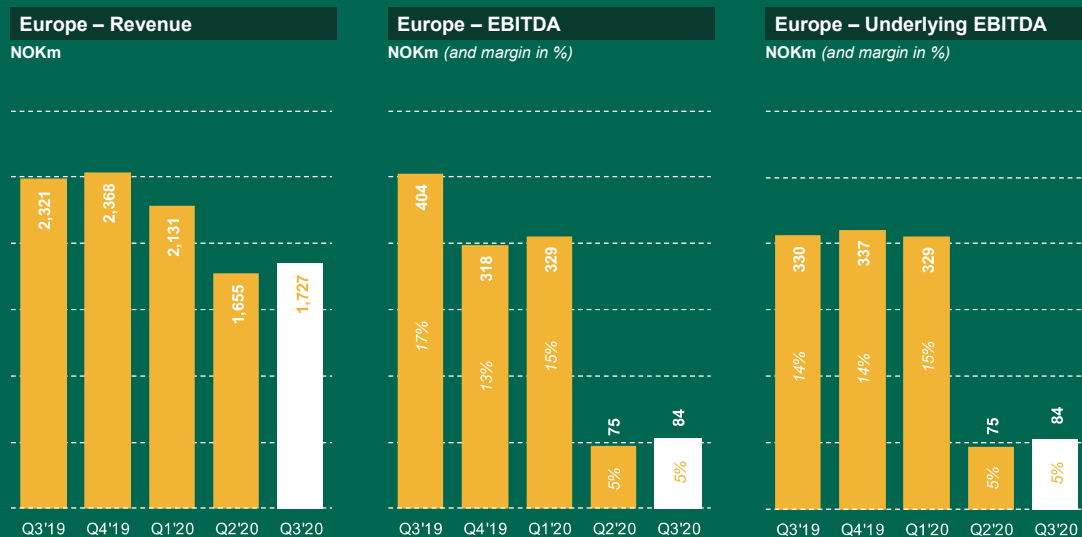


- Remain a producer of all publication paper grades
- Continue improving mill cost base (NEXT / Terminator)
- Unlock property values (Porsnes Utvikling)
- Close Saugbrugs PM5 to adapt to market changes
- Reposition the Tasman mill towards strategic players

6

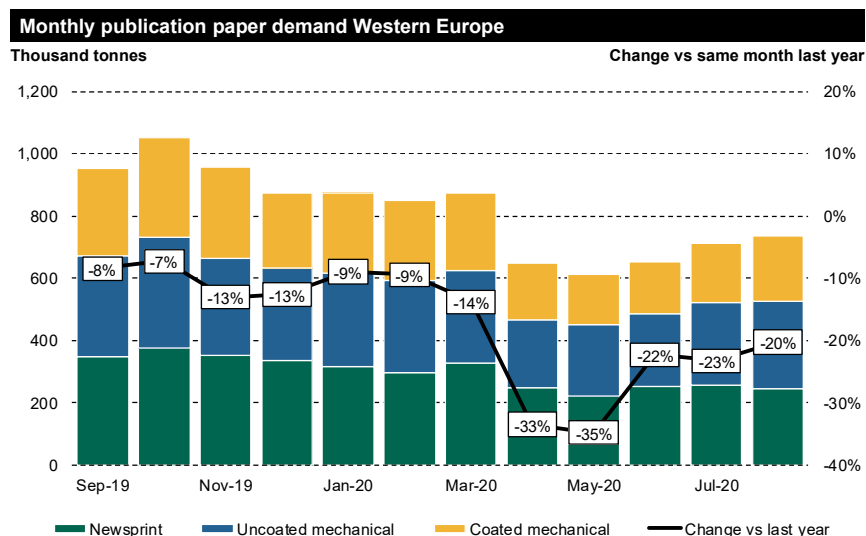


Q3 2020 financials for Europe



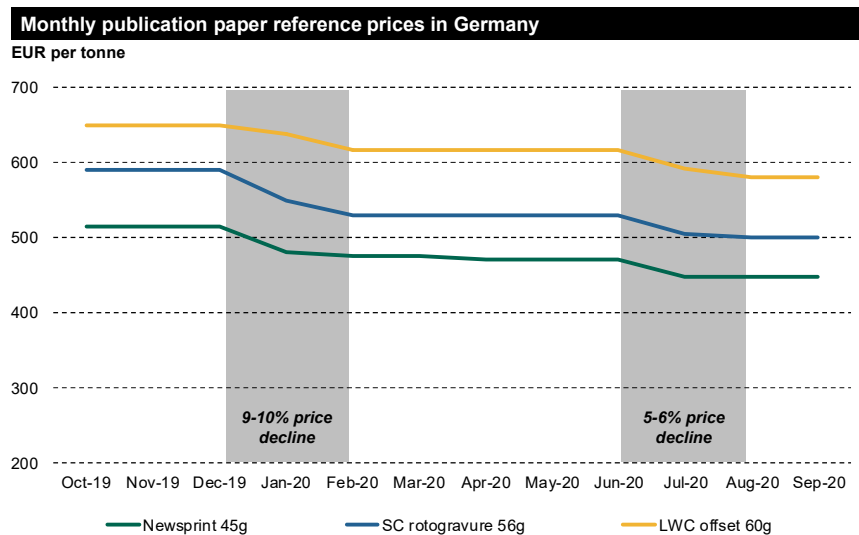
- Newsprint, SC and LWC demand decreased by 23%, 15% and 23%, respectively through July this year
- Realised prices somewhat lower in the quarter and modest signs of volume improvement
- Favourable raw material prices
- Stronger NOK in the quarter

Signs of demand improvement into H2 2020



- Western European publication paper demand amounted to ~11.4m tonnes in 2019
- Demand decline seen in August 2020 vs August 2019 implies a demand loss of up to 2.5m tonnes annualised
- So far in H2 2020 there has been announced ~2m tonnes of capacity closures in Western Europe
- Capacity closures announced after price agreements for the second half of 2020 were in place

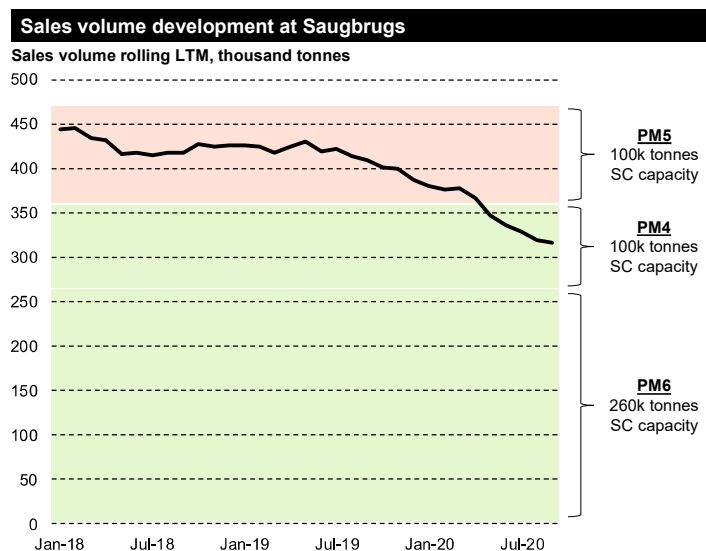
Industry impacted during price negotiations for H2 2020



- COVID-19 impacted the industry during semi-annual price negotiations
- Publication paper prices down for the second half 2020
- Price negotiations for the first half of 2021 to be carried out towards the end of 2020

9 Sources: RISI

Closing Saugbrugs PM5



10

- Closure of PM5 (SC capacity of 100,000 tonnes) expected to have limited impact on sales volume given current trading
- Norske Skog will have 360,000 tonnes of SC capacity following the potential closure and will remain a reliable supplier of SC magazine paper
- Closure expected to result in annual cost savings of NOK ~80m from 2021 and a one-time restructuring cost of NOK ~40m in Q4 2020

Current operational figures for the Saugbrugs mill (all three machines)

- SC magazine capacity of 460,000 tonnes
- ~900k fm³ consumption
- ~1.1 TWh electricity consumption

Identifying new value in former Saugbrugs administration office

Part of former Saugbrugs administration office in Halden to be used for high school

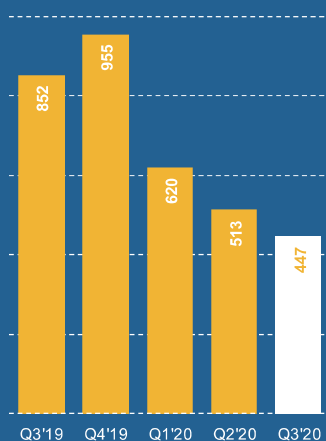


- Porsnes Utvikling¹ to redevelop part of former Saugbrugs administration office for high school purposes
- Financing and municipality lease agreement in place
- Redevelopment completion planned for Q2 2022
- Porsnes Utvikling to develop remaining sections of the administration office and surrounding area
- Norske Skog explores opportunities for areas owned in the 'greater' region surrounding Saugbrugs

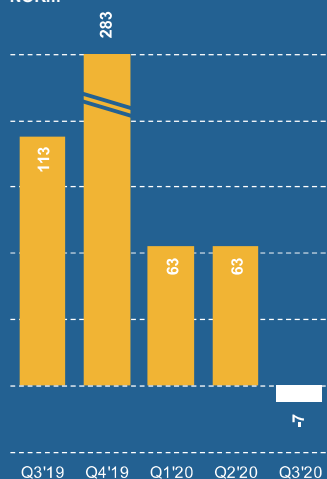
1) Porsnes Utvikling AS is a 50/50 joint venture between Norske Skog Saugbrugs AS and Ringstad Næringsutvikling AS

Q3 2020 financials for Australasia

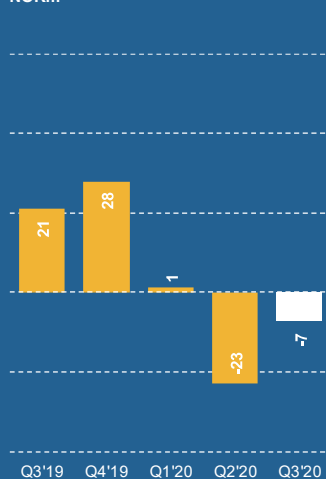
Australasia – Revenue
NOKm



Australasia – EBITDA
NOKm



Australasia – Underlying EBITDA
NOKm

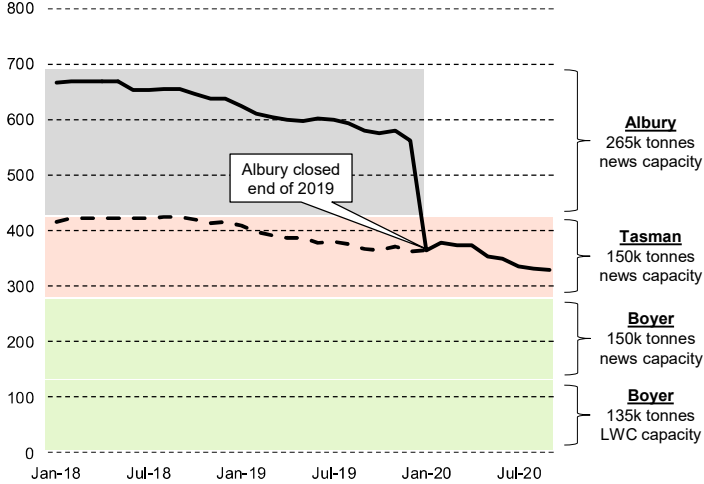


- Demand for newsprint and magazine paper declined by 24% through September
- Somewhat higher wood prices following sale of Tasmanian forest

Repositioning the Tasman mill towards strategic players

Sales volume development in Australasia

Sales volume rolling LTM, thousand tonnes



- COVID-19 causing material demand impact in the Australasian region
- Opportunity for Norske Skog to cover newsprint demand with Boyer mill
- Closure of Tasman (newsprint capacity of 150,000 tonnes) expected to have limited impact on sales volume given current trading
- Reviewing mill options (incl. BCTMP) as part of repositioning towards strategic players in the region, conclusion expected Q1 2021

Operational figures for Tasman mill

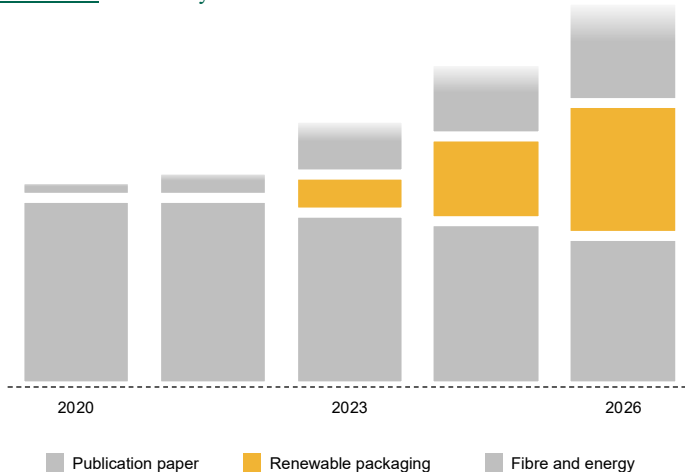
- Newsprint capacity of 150,000 tonnes
- ~320k tonnes wood consumption
- ~470 GWh electricity consumption

13

Agenda item: Renewable packaging

Diversify and innovate within fibre and energy

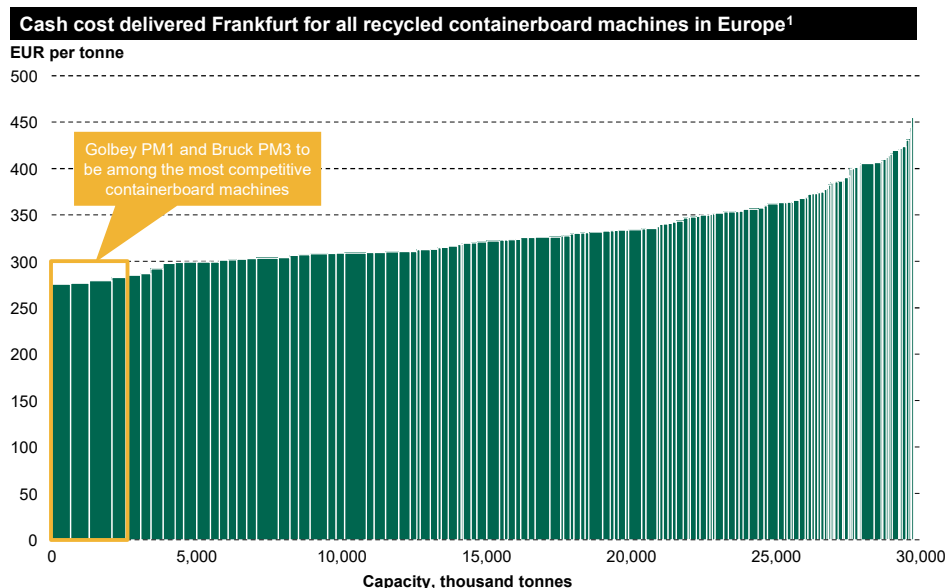
Illustrative over-the-cycle EBITDA



- Packaging projects in Bruck and Golbey
- Replace newsprint with containerboard production
- Expected EBITDA contribution of NOK 700-800m
- Expected start-up during H1 2023

14

Entering the containerboard market with first-quartile capacity



- 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

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

Norske Skog will be a containerboard producer in 2023



Norske Skog Golbey – France

- PM1 to become a producer of 555,000 tonnes of recycled containerboard
- Current PM1 capacity of 235,000 tonnes newsprint
- Capex estimate of EUR ~250m



Norske Skog Bruck – Austria

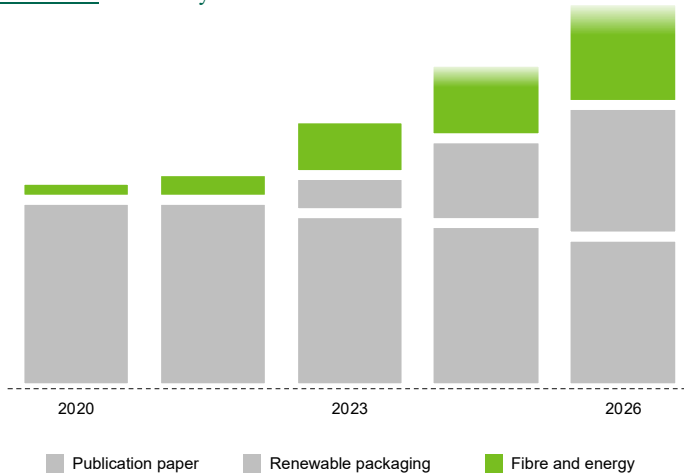
- PM3 to become a producer of 210,000 tonnes of recycled containerboard
- Current PM3 capacity of 125,000 tonnes newsprint
- Capex estimate of EUR ~100m

- ✓ 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

Agenda item: Fibre and energy

Diversify and innovate within fibre and energy

Illustrative over-the-cycle EBITDA

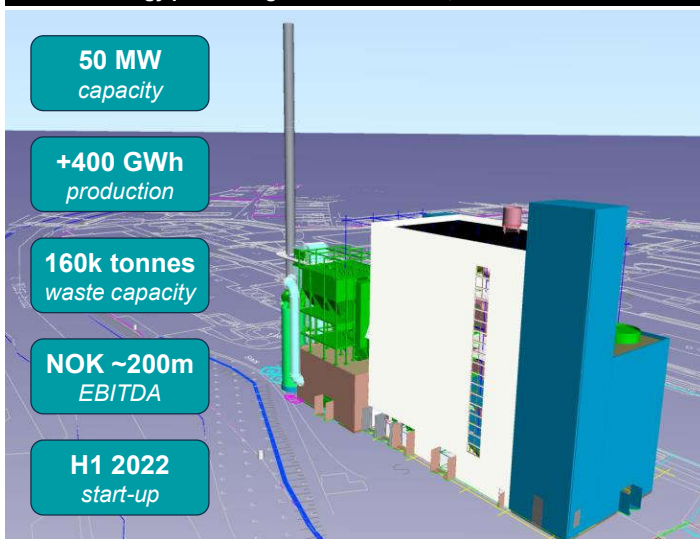


- **Pellets:** Producing 85,000 tonnes of renewable energy pellets in New Zealand with annual EBITDA of NOK ~30m
- **Waste to energy plant:** Sustainable energy capacity of 50 MW and EBITDA of NOK ~200m, on track for start-up in H1 2022
- **CEBINA:** Final product qualification for glue in Q4 2020 and target commercial readiness during Q1 2021
- **Bio composites:** Decision on pilot facility and potential Innovation Norway grant expected during Q4 2020
- **Circa:** Biobased chemicals company planning a 1,000 tonnes plant in France with EUR ~12m EU grant, start-up end 2022
- **FibreMatrix:** Exploring potential for strategic partner in commercial scale fibre board facility, decision during Q1 2021

17

50 MW of sustainable energy capacity being installed in Bruck

Waste to energy plant being installed in Bruck, Austria



- State-of-the-art 50 MW fluidised bed waste to energy plant
- Proven technology from Valmet, order placed in Q1 2020
- Replace gas consumption with energy produced from regional waste
- Reducing the CO₂ footprint of the Bruck mill with 150,000 tonnes
- Significant demand for waste offtake in Austria and surrounding areas
- Increasing landfill regulation to further drive demand for waste offtake
- Full utilisation of incineration capacity, last Austrian plant built in 2012
- Revenue generation from waste gate fees and electricity production
- Expected EBITDA contribution of NOK ~200m

18

Progressing according to plan towards start-up H1 2022

Waste to energy plant being installed in Bruck, Austria



- Finalised the deep foundation for the boiler
- On track for start-up in H1 2022
- Invested EUR ~15m as of Q3 2020
- Expected remaining capex profile
 - EUR ~10m in Q4 2020
 - EUR ~40m in 2021
 - EUR ~7m in Q1 2022
- EUR ~4m of EUR 54m in local debt drawn as of Q3 2020
- Remaining to be drawn as capex is incurred

19

EU Flagship grant for a 1,000 tonne Cyrene™ plant in France

ReSolute

biomasse: moteur de l'économie circulaire



- Circa¹ has developed and a uniquely scalable Furacell process for bio chemicals production
- Technology verification over +10 years, 5 pilot plants and multiple machine supplier tests
- Circa currently sells through Merck KGaA and directly to customers globally
- Bio chemicals are used in electronics, agrochem, pharma (incl. COVID-19 treatments), etc.
- Recently awarded EUR 12m EU Flagship Grant for a 1,000 tonne plant in France
- On 14 Oct, the EU published their chemicals strategy to reach the zero emission ambition
- Toxic and fossil chemicals pose a substantial problem as production is set to double by 2030
- Chemicals produced from biomass waste are essential in replacing fossil and toxic chemicals

20

1) Norske Skog increased its ownership stake in Circa Group Pty Ltd from 10% to 27.7% during Q2 2020, subject to FIRB approval. Circa has a commercial demonstration plant located at the Norske Skog Boyer mill in Tasmania

Outlook

Clear priorities in the short term

- Actively adapt to market changes
- Reposition Australasian operations
- Maintain a robust balance sheet

Execute on strategy in the long term

- Remain a producer of all publication paper grades
- Become a leading producer of renewable packaging
- Develop and commercialise fibre and energy projects

Invitation to Capital Markets Day in Q1 2021

www.norskeskog.com



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This presentation contains statements regarding the future in connection with Norske Skog's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Press release

Capacity adjustments

Norske Skog's EBITDA in the third quarter of 2020 was NOK 73 million, a slight increase from NOK 52 million in the second quarter of 2020 when excluding the gain of NOK 86 million from the sale of the Tasmanian forest. Although, there are modest signs of demand improvement, the markets have not returned to pre-COVID-19 levels. Norske Skog Saugbrugs (Norway) will permanently cease production at one of their SC-machines (PM5/100 000 tonnes) during the fourth quarter.

- The corona restrictions have had a severe negative impact on operations due to a sudden and considerable drop in demand for publication paper. To ensure future profitability and competitiveness, we will adjust our production capacity to the prevailing market conditions; thus, we will close one SC-machine at Saugbrugs. In close dialogue with the employees, we will start a process to adapt the Saugbrugs organisation to a two-machine site. We will also identify new industrial opportunities at our mills in a response to the falling publication paper demand, says Sven Ombudstvedt, CEO of Norske Skog.

Operating earnings in the third quarter of 2020 were NOK -31 million compared to operating earnings of NOK -122 million in the second quarter of 2020, mainly driven by a modest sales volume increase. Net loss in the quarter was NOK 89 million compared to a net loss of NOK 59 million in the previous quarter. So far this year, Norske Skog in Norway recorded a net loss of about NOK 45 million due to sale of excess energy. The market downtime due to corona pandemic had a considerable effect on the costs as the mills had to sell unused energy at a substantially lower market energy price than the contractual price.

- The Norwegian government implemented several Covid-19 related compensation schemes, but failed to compensate the power-intensive industry for the considerable extra costs related to the sale of excess energy as a result of market downtime. The low economic activity due to Covid-19 triggered a sharp decline in energy market prices; thus, leaving the industry to sell excess energy at prices far below contractual prices at huge losses. At the same time, the government controlled Statnett decided to increase the future grid tariffs. We are a green company with renewable input factors and recyclable end products; nevertheless, these manoeuvres by the Norwegian government are incomprehensible in the context of the green shift, says Sven Ombudstvedt, CEO of Norske Skog.

Cash flow from operations was NOK 115 million in the quarter compared to NOK -109 million in the previous quarter, mainly due to a reduction of inventory and lower paid taxes. Net interest-bearing debt was NOK 628 million at the end of the third quarter, with an equity ratio of 51%.

Status projects

Norske Skog plans to invest and convert two newsprint machines at respectively Bruck and Golbey to recycled containerboard. The conversions at Golbey and Bruck will introduce 765,000 tonnes of competitive containerboard capacity to meet the growing demand for renewable packaging. The final investment decision is expected in H1 2021. Following the conversions, both mills will have access to renewable energy and will have reduced their carbon footprints to become among the best performers in the industry. The approximately EUR 350 million investment is expected to be financed with partial export credit agency (ECA) guarantees and cash on balance.

Norske Skog actively work to realise and develop value from the infrastructure assets and industry competence. Norske Skog sold the Albury mill at the end of 2019, and the Tasmanian forest in June. The scale-up of pellets production capacity in New Zealand at the start of 2020 was successfully delivered. The installment of a 50 MW

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renewable waste to energy boiler in Austria is progressing according to plan. Detailed engineering for the containerboard projects in Austria and France are on track for final investment decision in the first half of 2021. Norske Skog is the largest shareholder in Circa, which recently received a EUR 12 million EU Flagship Grant for the production of a first-of-its-kind 1,000 tonnes bio chemicals plant in France.

- We now have several promising on-going projects within biocomposites and biochemicals, and we are also reviewing the opportunity to produce bleached chemi-thermomechanical pulp (BCTMP) both in New Zealand and Norway. Our fibre projects like CEBINA, FibreMatrix and Cyrene, indirectly through our ownership in Circa, also demonstrate promising progress, says Sven Ombudstvedt, CEO of Norske Skog.

Key figures, third quarter of 2020

NOK MILLION (unless otherwise stated)	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
INCOME STATEMENT					
Total operating income	2 199	2 167	3 187	7 136	9 610
EBITDA	73	138	505	590	1 378
Operating earnings	-31	-122	1 113	-63	2 516
Profit/loss for the period	-89	-59	1 018	-522	2 202
CASH FLOW					
Net cash flow from operating activities	115	-109	150	476	681
Net cash flow from investing activities	-131	241	-1	518	-181
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin	3.3	6.4	15.8	8.3	14.3
Return on capital employed (annualised)	-7.3	0.8	30.2	5.2	27.4
Capacity utilisation (Production / capacity %)	71	69	88	75	89

Segment information

Total annual production capacity for the group is 2.3 million tonnes. In Europe, the capacity is 1.9 million tonnes, while in Australasia the capacity is 0.4 million tonnes.

Europe

Operating income increased from the previous quarter due to higher sales volumes. Sales prices decreased moderately. Variable cost per tonne decreased in the quarter due to lower fibre and energy prices. In Norway, Norske Skog was forced to sell excess energy contract volumes at prices substantially below contract prices. Fixed costs were lower due to lower employee benefit expenses and maintenance. According to Eurograph, demand for newsprint in Western Europe decreased by 23% through July compared to the same period in 2019. SC magazine paper demand decreased by 15%, while demand for LWC magazine paper declined by 23%. Our capacity utilisation was 72% in the quarter, up from 70 % in the previous quarter.

Australasia

Operating income decreased from the previous quarter due to a gain of NOK 86 million recognised in the previous quarter from the sale of the Tasmanian forest. Sales volumes increased compared to the previous quarter. Despite favourable AUD exchange rates to USD for export sales, weak export prices impacted the EBITDA margin negatively. Variable costs per tonne were in line with the previous quarter. Fixed costs were slightly down in the quarter. According to official trade statistics, demand for newsprint in Australasia declined by 24% through September compared to the same period in 2019. Demand for magazine paper declined by 24%. Capacity utilisation was 69% in the period, up from 65% in the previous quarter.

Outlook

Although some improvement has been seen, the near-term market balance for publication paper in Europe is expected to remain weak due to a structural demand shift in light of COVID-19. The continued level of the national restrictions caused by the global coronavirus pandemic, is expected to impact demand development in the coming periods. The significant announced capacity closures are expected to improve the long-term market balance, especially in 2021. As a consequence of the expected continued challenging market, Norske Skog has decided to permanently close one paper machine at Saugbrugs. The closure is expected to give an annual fixed costs saving of NOK 80 million.

Following the significant demand drop for publication paper in the Australasian region due to COVID-19, the region is subject to overcapacity, and exports to lower margin Asian markets have increased. This has led the Australasian region to announce a strategic review of the Tasman mill. The Tasman mill has a newsprint capacity of 150,000 tonnes. The mill is likely to stop production of newsprint in the first quarter of 2021.

The Group will continue to optimise operations in the region as well as seek to realise added value at the facilities beyond the current production of publication paper. Norske Skog will continue its work to improve the core business, convert certain of the Group's paper machines and diversify the business within bioenergy, fibre and biochemicals.

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, two of which will produce recycled containerboard following planned conversion projects. In addition, the Group operates two publication paper mills and a 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 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.

Presentation and quarterly material

The company will hold a live presentation today at Continental Hotel (Oslo) at 08:30 for pre-registered participants. There is a link to the webcast on www.norskeskog.com. The presentation, the quarterly financial statements and the press releases are available on www.norskeskog.com and published on www.newsweb.no under the ticker NSKOG. 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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Pressemelding

Kapasitetstilpasninger

Norske Skogs EBITDA i tredje kvartal 2020 var NOK 73 millioner, en økning fra NOK 52 millioner i andre kvartal 2020 når en gevinst på 86 millioner kroner fra salget av skog på Tasmania (Australia) ikke tas med. Selv om det er få tegn til forbedringer i etterspørselen, har ikke markedene kommet tilbake til nivåer før COVID-19. Norske Skog Saugbrugs (Norge) vil stanse produksjonen på en av SC-maskinene permanent (PM5 / 100 000 tonn) i løpet av fjerde kvartal.

- Koronarestriksjonene har hatt alvorlig, negativ innvirkning på driften på grunn av et plutselig og betydelig fall i etterspørselen etter publikasjonspapir. For å sikre fremtidig lønnsomhet og konkurransekraft, må vi tilpasse vår produksjonskapasitet til de utfordrende markedsforholdene. Vi vil derfor legge ned en SC-maskin på Saugbrugs (Norge). I dialog med de ansatte vil vi starte en prosess for å tilpasse Saugbrugs organisasjonen til en to-maskins fabrikk. Vi vil også identifisere nye industrielle alternativer ved våre fabrikker, som svar på den fallende etterspørselen etter publikasjonspapir, sier Sven Ombudstvedt, konsernsjef i Norske Skog.

Driftsresultatet i tredje kvartal 2020 var på NOK -31 millioner sammenlignet med et driftsresultat på NOK 122 millioner i andre kvartal 2020, som hovedsaklig var påvirket av en beskjeden økning i salgsvolumer. Underskuddet i kvartalet var NOK 89 millioner sammenlignet med et underskudd på NOK 59 millioner kroner i forrige kvartal. Hittil i år har Norske Skog i Norge tapt rundt 45 millioner kroner på salg av overskuddsenergi. Produksjonsstans, som følge av koronapandemien, hadde en betydelig negativ effekt på kostnadene særlig da fabrikkene måtte selge ubrukt elektrisk kraft til en vesentlig lavere pris enn kontraktsprisen.

- Den norske regjeringen implementerte flere kompensasjonsordninger knyttet til Covid-19, men klarte ikke å kompensere kraftforedlende industri for betydelige ekstrakostnader knyttet til salg av overskuddsenergi som følge av markedstilpasninger. Den lave økonomiske aktiviteten på grunn av Covid-19 utløste i tillegg et kraftig fall i energiprisene. Industrien ble tvunget til å selge overskuddskraft med store tap til markedspriser langt under kontraktspriser. Samtidig bestemte det Regjeringskontrollerte Statnett å vedta økninger i de fremtidige nettareffene. Norske Skog er grønne med både fornybare innsatsfaktorer, som energi og råstoff, samt resirkulerbare sluttprodukter. Manglende kompensasjonsordning kombinert med økte tariffes midt i coronapandemien er uforståelige manøvrer fra den norske Regjeringen, særlig sett i lys av det grønne skiftet, sier Sven Ombudstvedt, konsernsjef i Norske Skog.

Kontantstrøm fra drift var 115 millioner kroner i kvartalet sammenlignet med -109 millioner kroner i forrige kvartal, som hovedsaklig skyldes en reduksjon i varelagrene og og mindre betalt skatt. Netto rentebærende gjeld var 628 millioner kroner ved utgangen av tredje kvartal, med en egenkapitalandel på 51%.

Status prosjekter

Norske Skog planlegger å investere i konvertering av to avisapirmaskiner til produksjon av bølgepapp basert på returpapir. Konverteringene på Golbey og Bruck vil introdusere 765.000 tonn med konkurransedyktig bølgepappkapasitet for å møte den økende etterspørselen etter fornybar emballasje. Den endelige investeringsbeslutningen forventes i 1. kvartal 2021. Etter konverteringen vil begge fabrikkene få tilgang til miljøvennlig energi og redusere karbonfotavtrykket til å bli en av de laveste i bransjen. Investeringen på EUR 350 millioner er planlagt finansiert med eksportkredittgarantier og kontantbeholdning.

Norske Skog jobber aktivt for å utnytte vår bransjekompetanse til å utvikle verdier knyttet til våre fabrikknett. Norske Skog solgte Albury-fabrikken i slutten av 2019, og skogen på Tasmania i juni. Økningen i produksjonskapasiteten ved pelletsanlegget i New Zealand ved starten av 2020 har vært vellykket. Byggingen av det

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Norway

50 MW fornybar energiavfallsanlegg i Østerrike følger opprinnelig plan. Detaljplanlegging for emballasjeprosjektene i Østerrike og Frankrike er i rute for endelige investeringsbeslutninger i første halvdel av 2021. Norske Skog er også den største aksjonæren i Circa, som nylig mottok et EU-støtte på EUR 12 millioner for produksjon av 1000 tonn med første-av-sitt-slag biokjemikalier i Frankrike.

- Vi har flere lovende, pågående prosjekter innen biokompositter og biokjemikalier, og vi vurderer muligheten for å produsere bleket kjemitermomekanisk masse både i New Zealand og Norge. Også våre fiberprosjekter som CEBINA, FibreMatrix og Cyrene, indirekte gjennom vårt eierskap i Circa, viser lovende utvikling, sier Sven Ombudstvedt.

Nøkkeltall, tredje kvartal 2020

NOK MILLIONER (om ikke annet opplyst)	Q3 2020	Q2 2020	Q3 2019	YTD 2020	YTD 2019
Resultatregnskap					
Totale inntekter	2 199	2 167	3 187	7 136	9 610
EBITDA	73	138	505	590	1 378
Driftsresultat	-31	-122	1 113	-63	2 516
Resultat for perioden	-89	-59	1 018	-522	2 202
Kontantstrøm					
Netto kontantstrøm fra operasjonelle aktiviteter	115	-109	150	476	681
Netto kontantstrøm fra investeringsaktiviteter	-131	241	-1	518	-181
Driftsmargin og lønnsomhet (%)					
EBITDA margin	3.3	6.4	15.8	8.3	14.3
Avkastning på investert kapital (annualisert)	-7.3	0.8	30.2	5.2	27.4
Kapasitetsutnyttelse (produksjon/kapasitet %)	71	69	88	75	89

Segmentinformasjon

Samlet årlig produksjonskapasitet for konsernet er 2,3 millioner tonn. I Europa er konsernets kapasitet 1,9 millioner tonn, mens i Australasia er kapasiteten 0,4 millioner tonn.

Europa

Driftsinntektene økte fra forrige kvartal på grunn av høyere salgsvolum. Salgsprisene falt noe i kvartalet. Variabel kostnad per tonn falt i kvartalet på grunn av lavere pris på fiber og energipriser. I Norge ble Norske Skog tvunget til å selge overskuddskraft til priser betydelig under kontraktsprisene. Faste kostnader var lavere grunnet lavere lønnsutgifter og vedlikehold. I følge Eurograph falt etterspørselen etter avispapir i Europa med 23% til og med mai sammenlignet med samme periode i 2019. Etterspørselen etter superkalandrert magasinpapir (SC) falt med 15%, mens etterspørselen etter LWC magasinpapir falt med 23%. Kapasitetsutnyttelsen var 72% i kvartalet, opp fra 70% i forrige kvartal.

Australasia

Driftsinntektene gikk ned fra forrige kvartal på grunn av en gevinst på 86 millioner kroner som ble tatt med i forrige kvartal fra skogsalget på Tasman. Salgsvolumene økte sammenlignet med forrige kvartal. Til tross for gunstige AUD-kurser til USD for eksportsalg, påvirket svake eksportpriser EBITDA-marginen negativt. Variable kostnader per tonn var i tråd med forrige kvartal. Faste kostnader gikk noe ned i kvartalet. Ifølge offisiell handelsstatistikk falt etterspørselen etter avispapir i Australasia med 24% til og med juni sammenlignet med samme periode i 2019. Etterspørselen etter magasinpapir falt med 24%. Kapasitetsutnyttelsen var 69% i perioden, opp fra 65% i forrige kvartal.

Utsikter

Selv med noen forbedringer, forventes markedsbalansen for publikasjonspapir i Europa på kort sikt å forbli svak på grunn av et strukturelt etterspørselsskifte som følge av COVID-19. Nivået på de nasjonale coronarestriksjonene er forventet å påvirke utviklingen i etterspørselen fremover. De betydelige annonserte kapasitetsnedleggelsene forventes å bedre den langsiktige markedsbalansen, spesielt i 2021. Som en konsekvens av fortsatte forventninger

til utfordrende markeder, har Norske Skog besluttet å stenge en maskin permanent ved Saugbrugs. Stengingen forventes å gi en årlig besparelse i faste kostnader på NOK 80 millioner.

Etter betydelige fall i etterspørselen etter publikasjonspapir i Australasia-regionen på grunn av COVID-19, har regionen overkapasitet, og eksporten til asiatiske lav-margin markeder har økt. Dette har ført til at vi vil foreta en strategisk gjennomgang av Tasman-fabrikken. Tasmanfabrikken har avisapirkapasitet på 150.000 tonn. Fabrikken vil sannsynligvis stanse produksjonen av avisapir i første kvartal 2021.

Konsernet vil fortsette å optimalisere driften i regionen samt søke å realisere merverdi på anleggene utover dagens produksjon av publikasjonspapir. Norske Skog vil fortsette arbeidet med å forbedre kjernevirksomheten, konvertere enkelte av konsernets papirmaskiner og diversifisere virksomheten innen bioenergi, fiber og biokjemikalier.

Om Norske Skog

Norske Skog er en verdensledende produsent av publikasjonspapir med sterke markedsposisjoner og kundeforhold i Europa og Australasia. Norske Skog konsernet driver fire fabrikker i Europa, hvorav to vil produsere resirkulert bølgepapp etter gjennomføringen av de planlagte konverteringsprosjektene. I tillegg driver konsernet to publikasjonspapirfabrikker og et pelletsanlegg i Australasia. Norske Skog tar sikte på å diversifisere virksomheten ytterligere og fortsette omstillingen til en voksende og høy-margin virksomhet gjennom en rekke spennende fiberprosjekter. Konsernet har cirka 2.300 ansatte i fem land, har hovedkontor i Norge og er notert på Oslo Børs under tickeren NSKOG.

Presentasjon og kvartalsmaterieil

Konsernsjefen vil presentere kvartalet på Hotel Continental i dag klokken 08:30 for forhåndsregistrerte deltakere. Presentasjon, kvartalsregnskapet og pressemeldinger er tilgjengelig på www.norskeskog.com og publisert på www.newsweb.no under tickeren NSKOG. Hvis du ønsker å motta Norske Skogs pressemeldinger på publiseringstidspunktet, kan du abonnere på dette gjennom www.newsweb.no.

Norske Skog
Kommunikasjon og samfunnskontakt

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