



Norske Skog

Q2 2024 presentation

12 July 2024

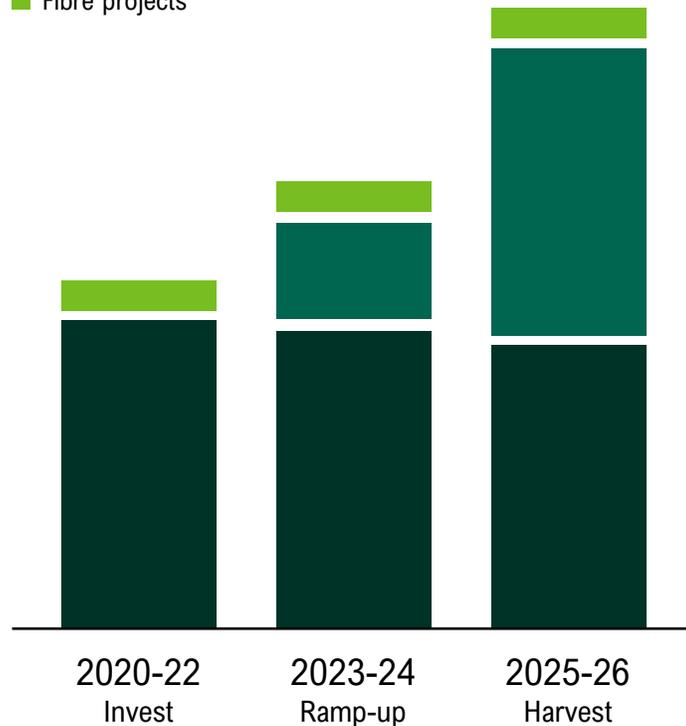
*We create
green value*

Norske Skog

Sustainable fibre processing

Strategic transition

- Publication paper
- Packaging paper
- Fibre projects



→ Leading publication paper producer

- Newsprint capacity: 990kt
- LWC magazine capacity: 400kt
- SC magazine capacity: 200kt

→ Growing packaging paper producer

- RCCM capacity: 760kt (2025-26)
- Remaining net investment of NOK 0.3bn

→ Exploring fibre projects

- BCTMP capacity: 300kt (2027-28)
- Net investment of NOK 1.5-2.0bn, will unlock NOK 615m from insurance settlement

→ 2023 CDP Climate Change Score "A-"

Five high quality industrial sites

Eleven paper machines with supporting infrastructure for energy, fibre, and water



Quarter highlights

Second quarter 2024

Earnings positively impacted by recognised insurance at Saugbrugs

- Quarterly EBITDA of NOK 471m impacted positively by NOK 338m from recognised insurance in the quarter
- Achieved positive EBITDA from Packaging Paper segment in the quarter

Positive development in containerboard and publication paper markets, but closures still required

- Price increases for containerboard and publication paper being implemented to mitigate cost increases
- Containerboard and publication paper markets still experiencing excess capacity, but publication paper closures being announced

Maintaining excellent customer feedback as containerboard deliveries continue to grow

- Bruck PM3 delivering 41kt of containerboard in the quarter, expect around 85% utilisation of design capacity by H2 2024
- Start-up of Golbey PM1 during H2 2024 will increase Norske Skog's total production capacity with more than 30%

Starting pre-engineering (main study) for BCTMP at Saugbrugs

- Saugbrugs well suited for BCTMP production, utilising a large share of existing machinery, equipment, infrastructure, and personnel
- Expect conclusion of pre-engineering and final investment decision during H1 2025

Maintaining a strong cash position following bond refinancing

- During the quarter, the EURIBOR+550bps EUR 150m secured bond was refinanced with a NIBOR+450bps NOK 1 400m unsecured bond
- Received support from DNB for a NOK 500m term loan at Skogn and a NOK 50m overdraft facility, signing expected during Q3 2024

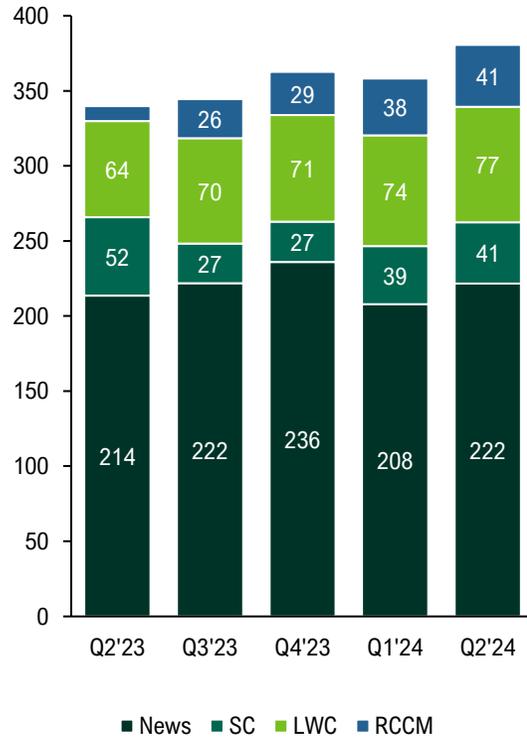


Key figures

Second quarter 2024

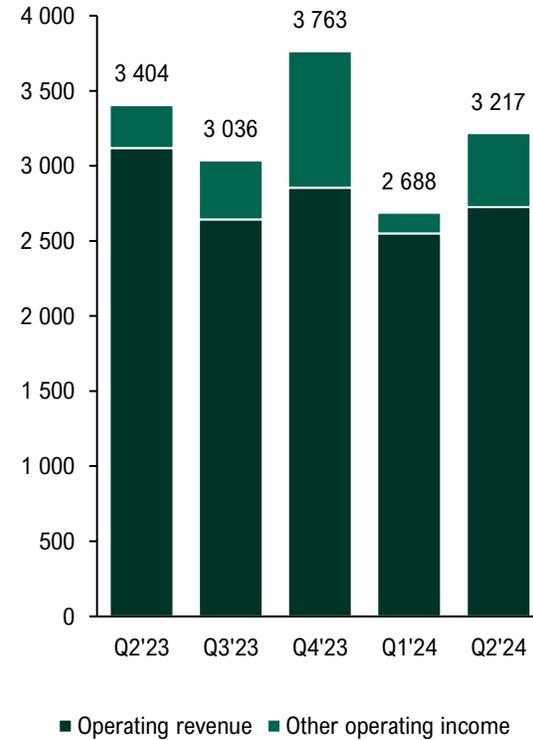
Deliveries volume

Thousand tonnes



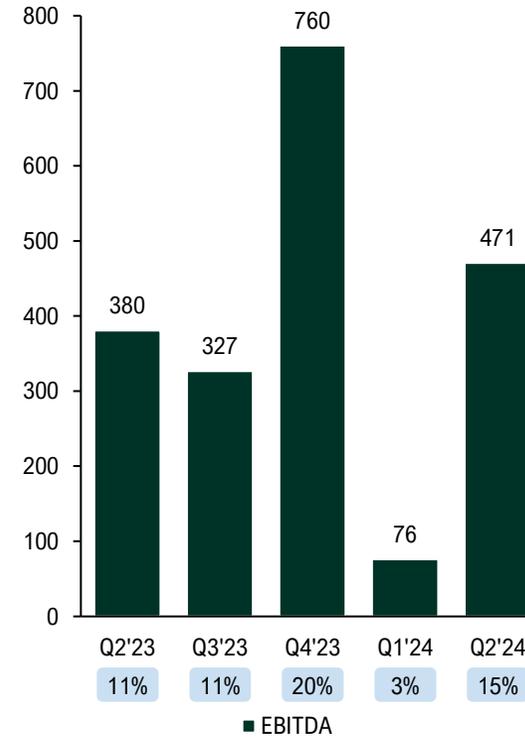
Total operating income

NOKm



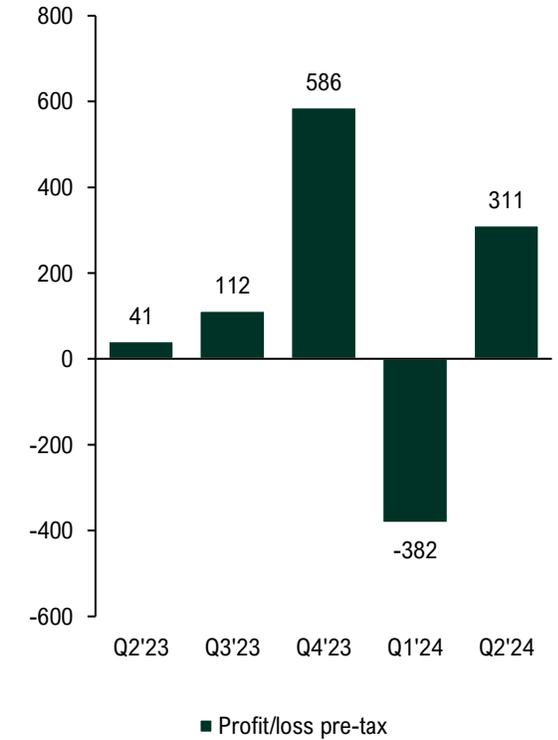
EBITDA

NOKm (and margin)



Pre-tax profit

NOKm

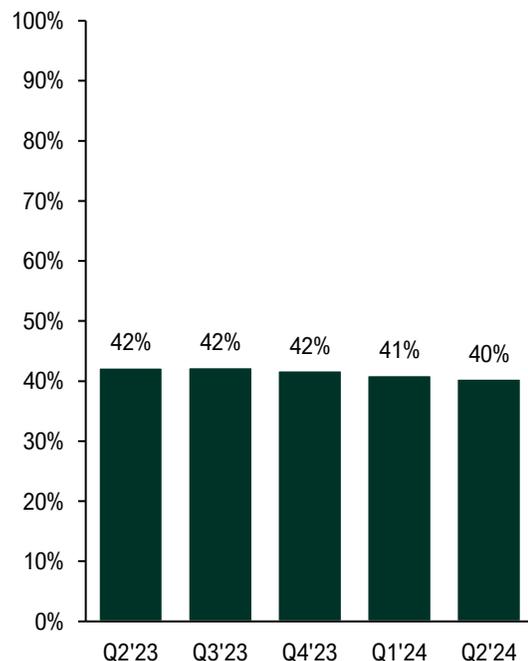


Financial position

Second quarter 2024

Equity ratio

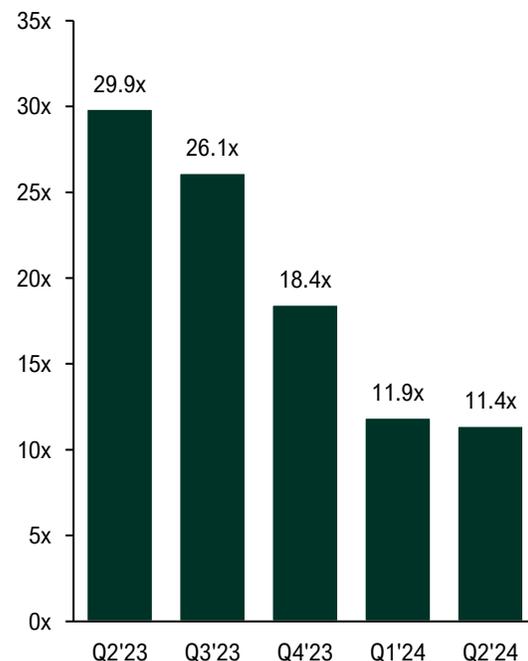
Book equity to total assets
group covenant of min. 25%



■ Equity ratio

Interest coverage ratio

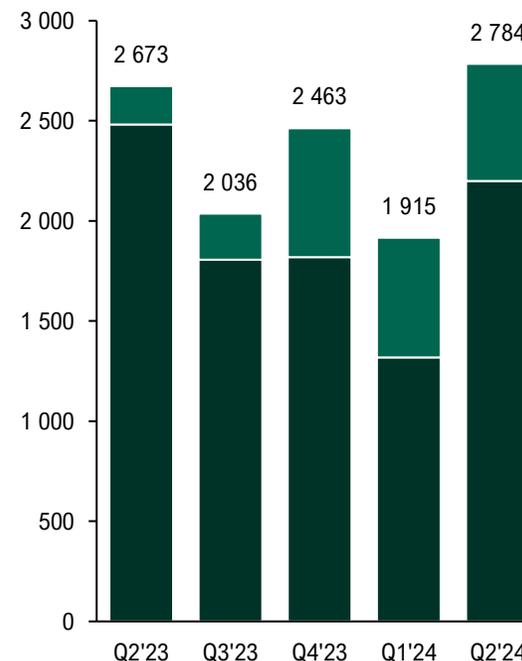
EBITDA to net cash interest cost
group covenant of min. 2.0x



■ Interest coverage ratio

Cash¹

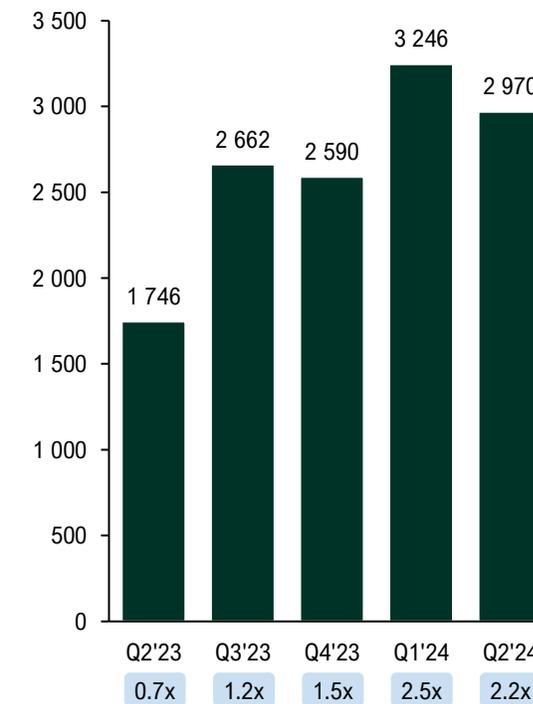
NOKm
group covenant of min. NOK 100m unrestricted



■ Unrestricted cash ■ Restricted cash

Net debt

NOKm (and leverage ratio)
no group maintenance covenant



■ Net debt



Segment financials

Results driven by recognition of insurance

NOK million	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Publication Paper Europe					
Deliveries, kt	267	258	270	262	279
Total operating inc.	2 843	2 405	3 028	2 058	2 514
EBITDA	429	335	723	166	464
EBITDA margin	15%	14%	24%	8%	18%
Publication Paper Australasia					
Deliveries, kt	63	60	63	59	60
Total operating inc.	489	476	568	438	472
EBITDA	-5	27	80	-74	6
EBITDA margin	-1%	6%	14%	-17%	1%
Packaging Paper					
Deliveries, kt	10	26	29	38	41
Total operating inc.	75	128	135	177	207
EBITDA	-40	-31	-38	-7	2
EBITDA margin	-54%	-24%	-28%	-4%	1%
Other					
Total operating inc.	89	133	152	158	189
EBITDA	-2	-5	-6	-9	-1

Q2 2024

Publication Paper Europe

- EBITDA margin of 18% positively impacted by NOK 338m from recognition of insurance
- Increased deliveries for all grades
- Average prices slightly up from previous quarter due to product mix effects
- Sold 226k CO2 allowances and received CO2 compensation for 2023 in the quarter

Publication Paper Australasia

- EBITDA slightly positive due to higher deliveries and sales prices

Packaging Paper

- Achieved positive EBITDA for the segment as containerboard deliveries continue to increase
- Higher sales prices in line with the market

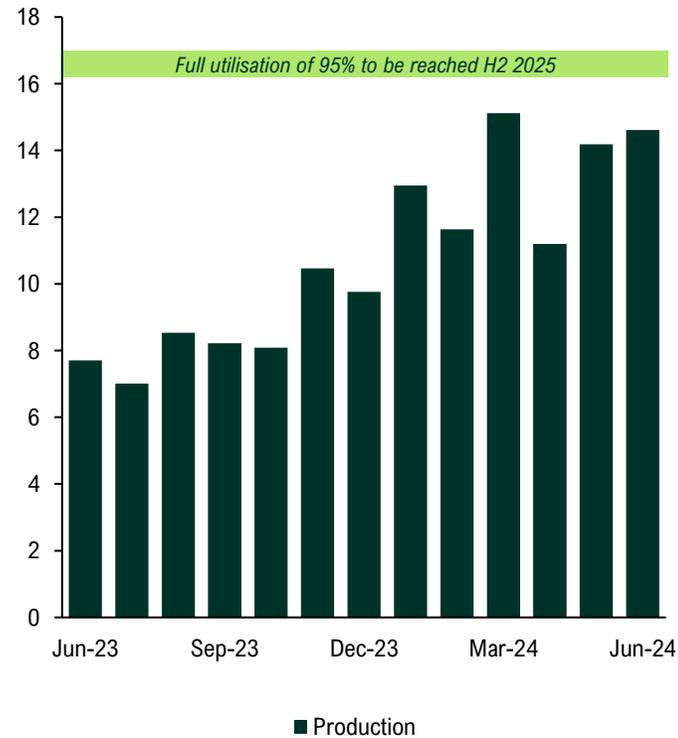


Containerboard ramp-up

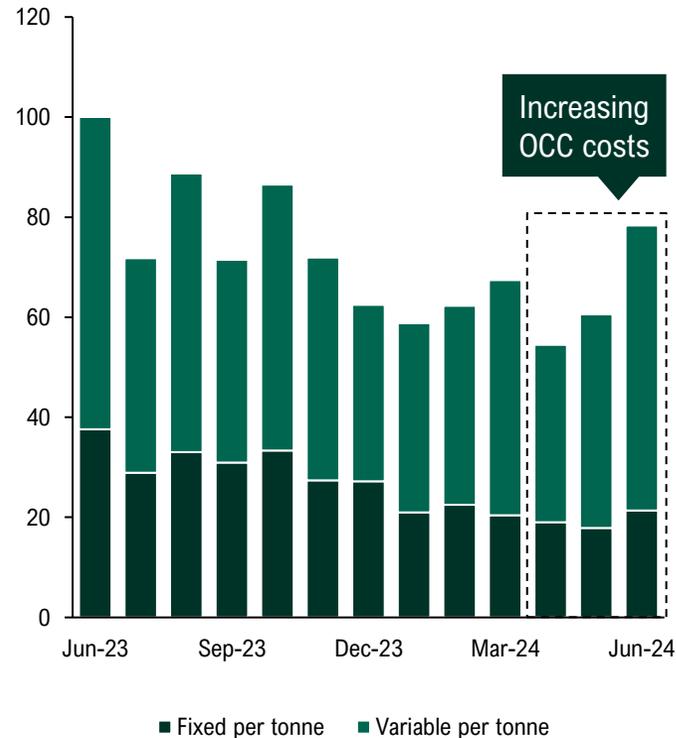
Continued increase in production volume

Monthly RCCM production Bruck PM3

Thousand tonnes



Monthly RCCM production cost Bruck PM3



Golbey PM1 – 550kt containerboard capacity

- Cabling representing majority of remaining work
- Remaining net capex of NOK 0.3bn
- Expect containerboard production start-up in H2 2024

Bruck PM3 – 210kt containerboard capacity

- Continued growth in production and deliveries, expect around 85% utilisation end of 2024 in line with plan
- Excellent product quality and customer feedback
- Continue to improve production efficiency as utilisation and process optimisation increases



Saugbrugs fibre processing

Strong local support to secure Saugbrugs as cornerstone industry in Halden



BCTMP pre-engineering (main study)

- Starting pre-engineering for 300kt BCTMP production at Saugbrugs with final investment decision H1 2025
- Expected net investment of NOK 1.5-2.0bn based on early supplier discussions for proven and industry-standard equipment and technical solutions
- Production expected to start H1 2027 and full utilisation in H1 2028, achieving return on net investment above 20%
- In addition, investments in BCTMP investments will unlock remaining insurance payments of NOK 615m¹
- The project requires updating existing environmental permits and approval from certain lenders

SC magazine paper production continues

- Saugbrugs will continue to be a reliable supplier of 200kt SC magazine paper from PM4 and PM5

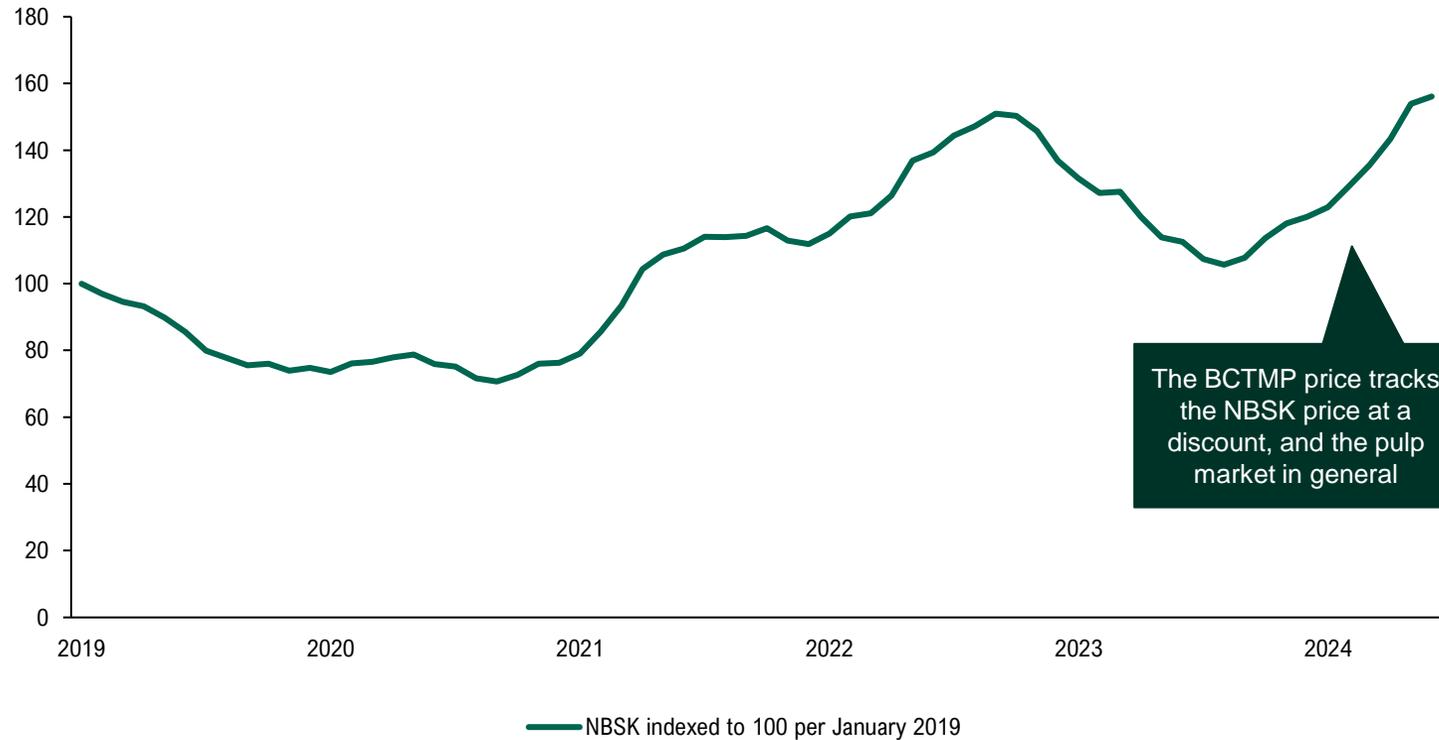


Top brownfield opportunity

Potential to become a cost-leading BCTMP supplier

Indexed Northern Bleached Softwood Kraft (NBSK) Europe price in USD

Indexed to 100 per January 2019



Sources of cost competitiveness

- ✓ Industrial site and buildings with scale advantages and personnel experienced with TMP production
- ✓ Invested NOK 165m in 2020-21 to further enhance energy efficiency of high quality TMP lines
- ✓ Access to green hydro power with sufficient grid capacity (280 MW) in place
- ✓ Biomass boiler (70 MW) secures sustainable and competitive steam supply, covering BCTMP and SC magazine paper production
- ✓ Existing water treatment facilities with excess capacity to serve BCTMP production
- ✓ Established relations to pulpwood suppliers, with expectation to return to historic consumption levels
- ✓ Existing infrastructure and processes for low-cost logistics of inbound raw materials
- ✓ Efficient transportation by road, rail, and sea of BCTMP to potential packaging, hygiene, and other customers both in Nordic and global markets

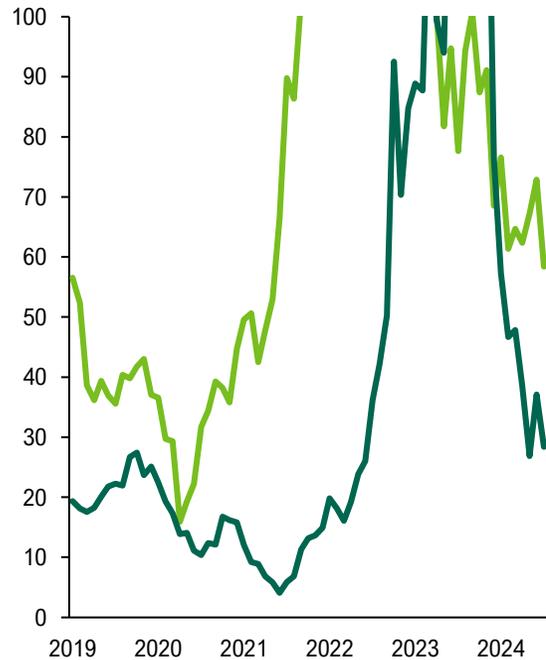


Raw materials

Recycled paper prices increasing significantly

Energy prices Germany

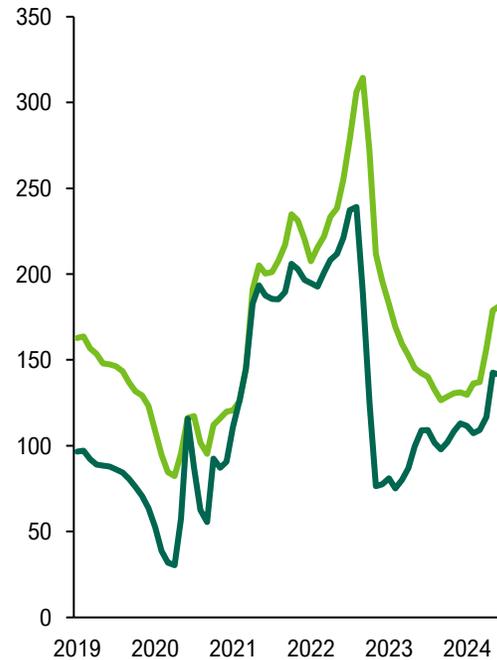
EUR per MWh



— Electricity — Natural gas

Recycled paper prices Germany

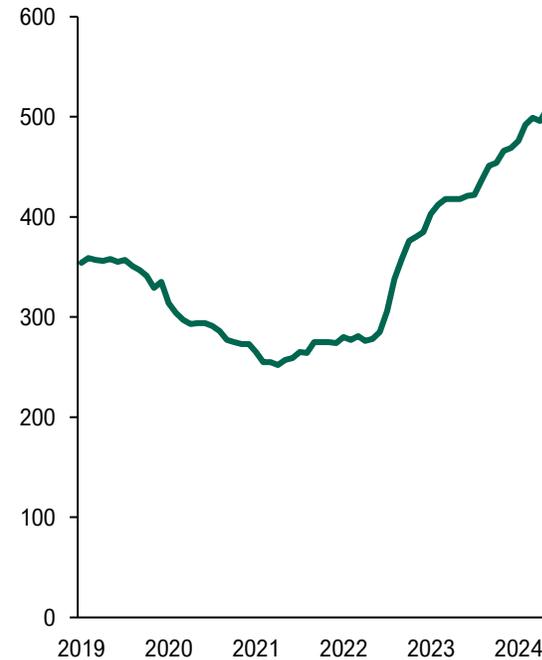
EUR per tonne



— RCP — OCC

Spruce pulpwood prices Norway

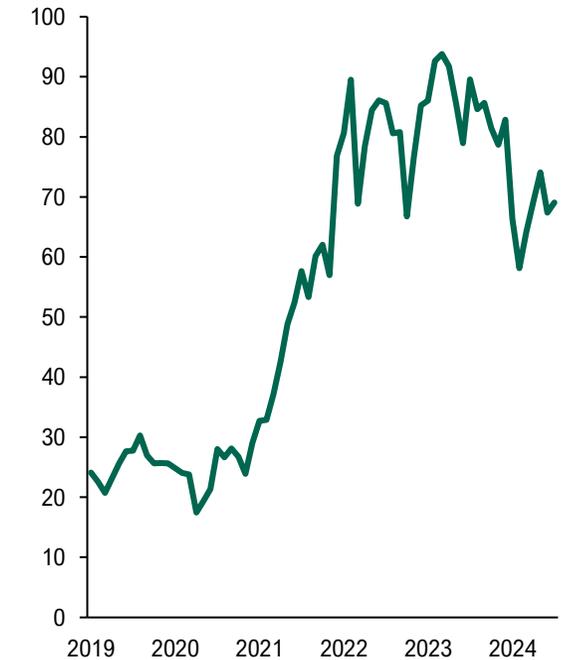
NOK per solid cubic metre



— Spruce pulpwood

CO2 (EUA) price

EUR per allowance



— EUA

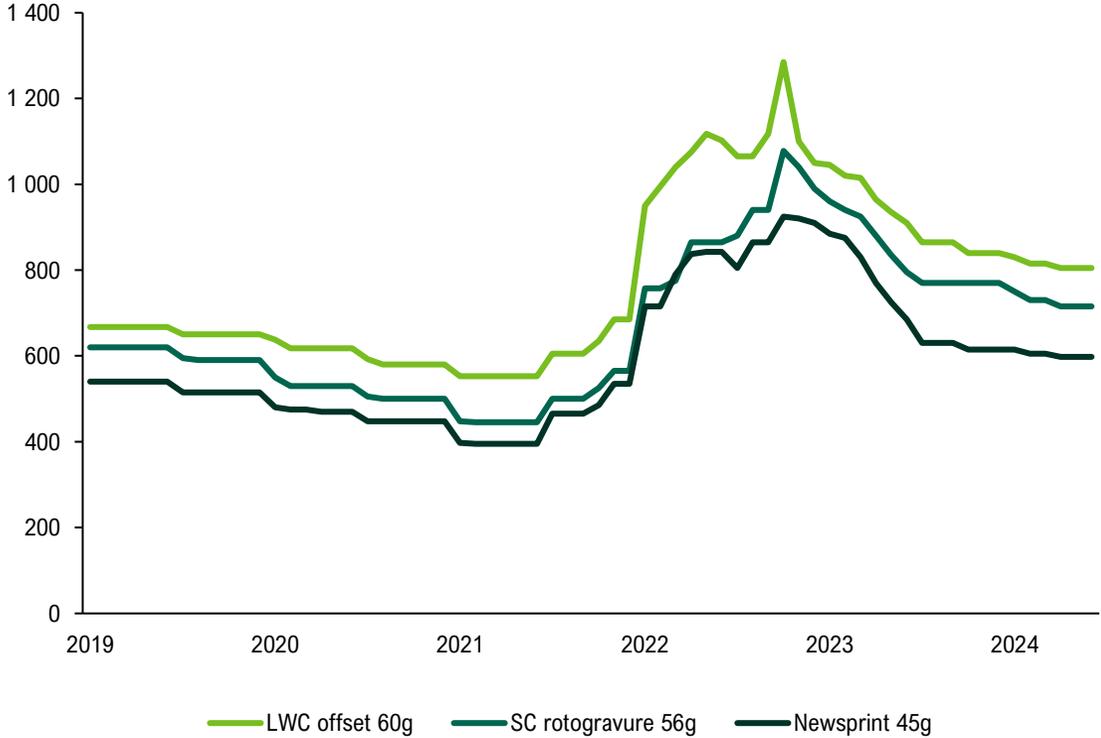


Publication paper market

Publication paper prices remain at low levels as demand stabilises

Publication paper prices Germany

EUR per tonne



Monthly publication paper demand and capacity Western Europe

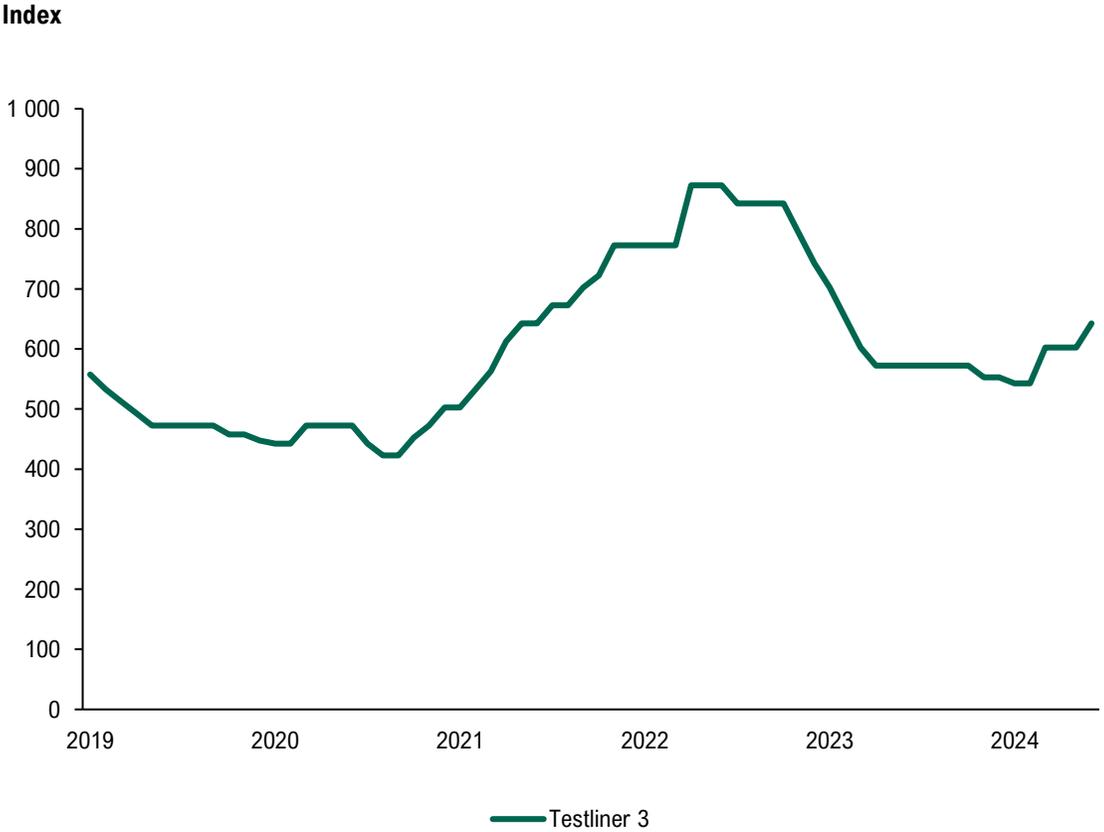
Thousand tonnes



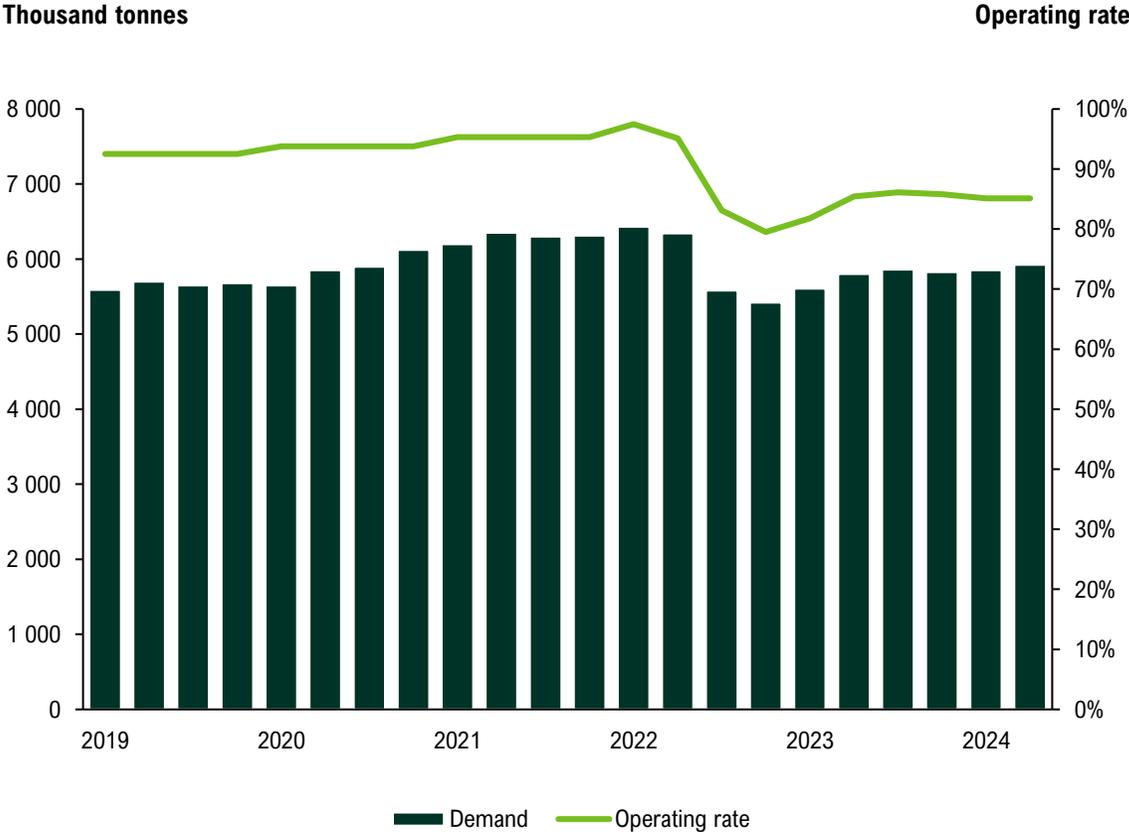
Packaging paper market

Price increases implemented as demand growth returns

Recycled containerboard index Germany



Quarterly recycled containerboard demand and operating rate Western Europe



Outlook

Concluding remarks

- Energy costs normalising, but pulpwood and recovered paper costs increasing
- Publication paper prices remain at unsustainable levels as fibre costs increase
- Further price increases for containerboard implemented as recovered paper costs continue to increase
- Expect negative EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in H2 2024
- Significant focus on reducing production cost and working capital to maintain competitive position
- Maintaining a strong liquidity position as investments near completion and debt repayments increase





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