

Norske Skog plans to enter the pulp market

Norske Skog will initiate a main study aiming to enter the bleached chemi-thermomechanical pulp (BCTMP) market by starting production at Norske Skog Saugbrugs in Halden. The rockslide at Saugbrugs in April 2023 causing heavy damages on the PM6 machine, released available thermo-mechanical pulp capacity that can be utilised to produce BCTMP (bleached chemi-thermomechanical pulp) at Norske Skog Saugbrugs. Part of the investment will be covered by the portion of the insurance settlement that has not yet been paid out by the insurance company, amounting to NOK 615 million, for the development of new activities at the plant.

The new BCTMP line will produce approximately 300,000 tons of competitive pulp to meet the growing demand, especially for products in the packaging market. Saugbrugs has adequate access to green energy, and thus continue to deliver products with very low carbon footprint. Norske Skog Saugbrugs will continue to be a reliable supplier of SC-publication paper also after the start of BCTMP production.

"Norske Skog will initiate a main study that will form the basis for a final board decision to build a BCTMP-plant at Saugbrugs in Halden. The net investment in BCTMP production will range between NOK 1.5 to 2 billion (EUR 140-180 million). The construction period is expected to last for two years starting in the second half of 2025. We expect to achieve a return on net investment of more than 20%. This will be the first significant investment at Saugbrugs outside of publication paper in modern times," says Norske Skog's CEO Geir Drangslund.

These investments represent the latest initiative in enhancing the circular and industrial ecosystems at the Saugbrugs mill. The BCTMP production will be based on fresh fibre, and the mill has already access to adequate energy capacity. Norske Skog Saugbrugs investment will exploit existing machinery, equipments and infrastructure; thus, reducing the total investment with approximately 50% compared to a pure greenfield investment case. There will be minor adjustments to the existing infrastructure such as in- and outbound distribution systems, raw material processing machinery and equipment, in addition to the waste-water treatment plant.

Saugbrugs will apply to appropriate authority for electrical grid access and all necessary emission permits, building construction permits and other regulatory necessities. Final investment decisions are planned in the first half of 2025, and the start of BCTMP production is planned in the first half of 2027, and full utilisation is expected in first half of 2028.

"It is gratifying for equipment suppliers, lenders, wood and other raw materials suppliers, shareholders, and customers that we are investing in and establishing a plant for bleached chemi-thermomechanical pulp at Saugbrugs. But those who have the most reason to rejoice, are our employees at Saugbrugs. The new revenue streams from mechanical pulp, along with the production of SC paper at Saugbrugs, will make the factory more profitable and robust, ensuring job security," concludes Norske Skog's CEO Geir Drangslund.

About Norske Skog Saugbrugs

Norske Skog Saugbrugs has 400 employees including apprentices with a turnover of NOK 1.8 billion, and a production capacity of 200,000 tonnes of magazine paper with main markets in Europe and North America. Saugbrugs annually produces 2.7 million cubic meters of biogas. Norske Skog Saugbrugs has established the companies CEBINA and CEBICO to handle the new commercial segments within nanocellulose and bio composites.

About Norske Skog

Norske Skog is a 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, which produce publication paper, recycled packaging paper, energy and bioproducts. In addition, the Group operates one paper mill in Australia.

Norske Skog ASA

Sjølyst plass 2
P.O. Box 294 Skøyen, 0213 Oslo
Norway

Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising energy and bio product development projects. The Group has approximately 2 100 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Press

There will be an information meeting for the employees at Saugbrugs (Halden, Norway) at 10:00 AM CEST today where the press is welcome to attend. CEO Geir Drangslund and Managing Director Per Ivar Berg at Saugbrugs will be available for interviews after the meeting.

Norske Skog
Communications and Public Affairs

For further information:

Norske Skog Saugbrugs:
Managing Director
Per Ivar Berg
Email: per.ivar.berg@norskeskog.com
Mob: +47 979 58 583

Norske Skog media:
Vice President Communication and Public Affairs
Carsten Dybevig
Email: carsten.dybevig@norskeskog.com
Mob: +47 917 63 117

Norske Skog capital markets:
Vice President Corporate Finance
Even Lund
Email: even.lund@norskeskog.com
Mob: +47 906 12 919