



**Norske Skog**

Q4 2024 presentation

7 February 2025

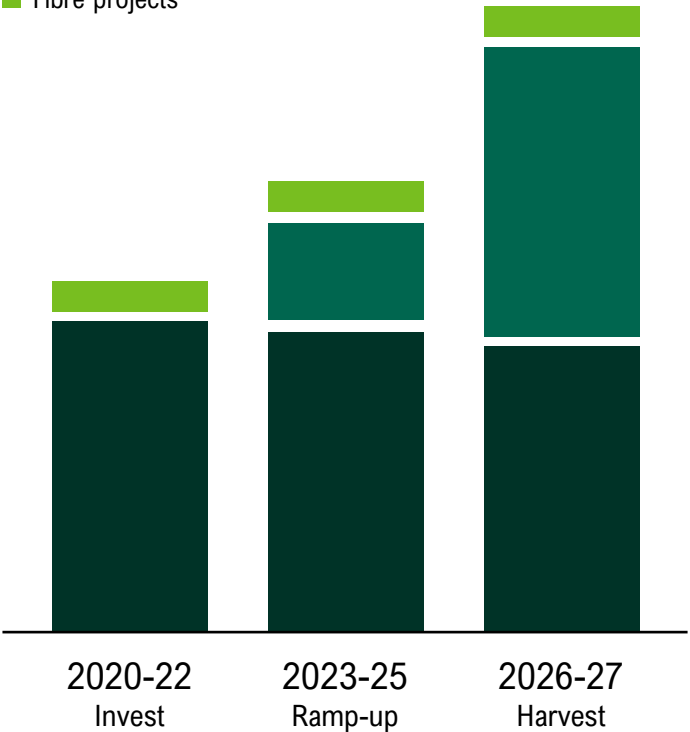
*We create  
green value*

# Transformation journey

*Creating valuable products from wood fibre*

## Strategic transition

- Publication paper
- Packaging paper
- Fibre projects



- **Growing packaging paper producer**
  - RCCM capacity: 760kt (ramp-up phase)
- **Leading publication paper producer**
  - LWC magazine capacity: 265kt
  - SC magazine capacity: 200kt
  - Newsprint capacity: 840kt
- **Exploring fibre projects**
  - BCTMP capacity: 300kt (design phase)
- **2023 CDP Climate Change Score “A-”**

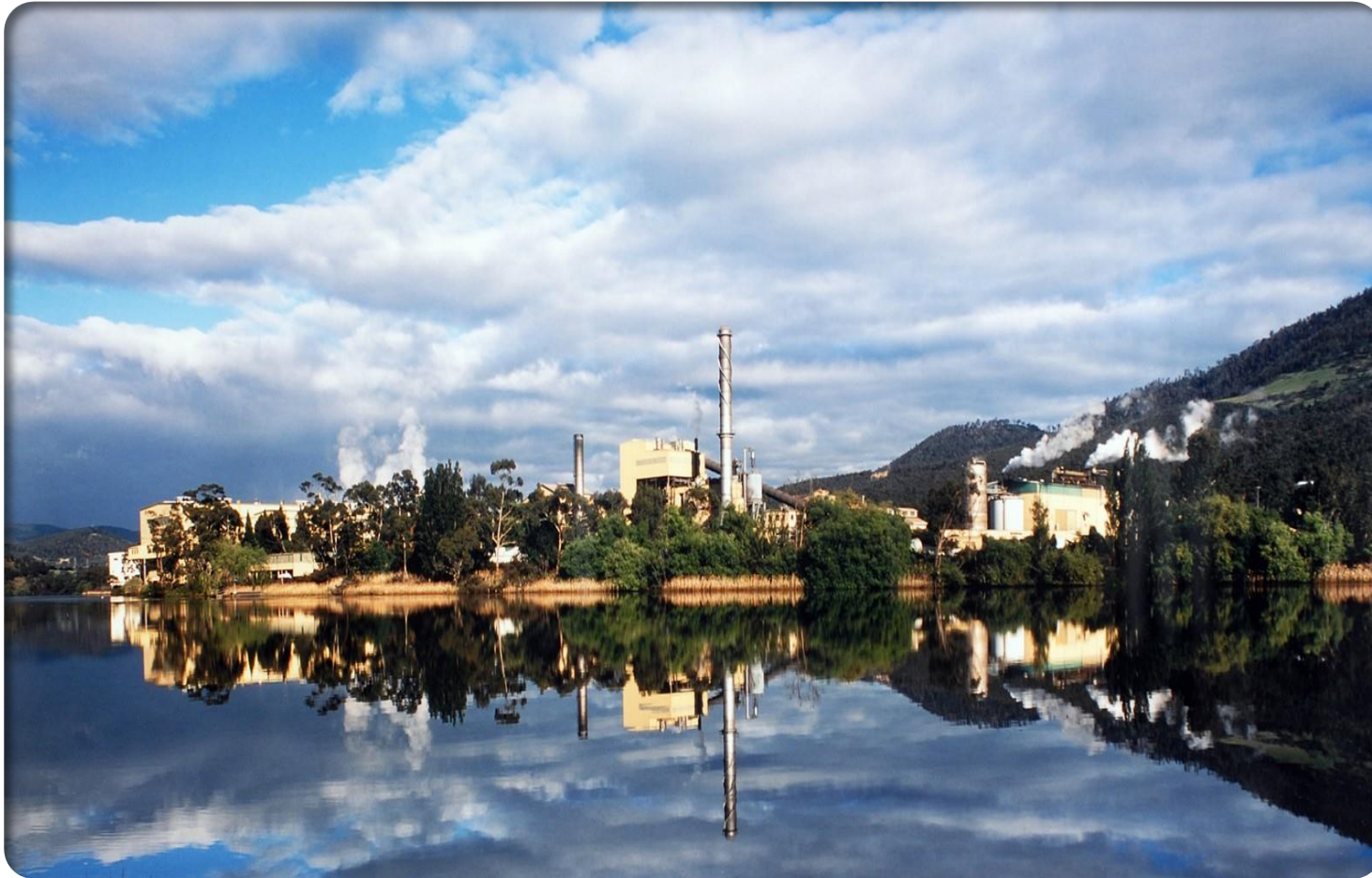
## Four high quality industrial sites

*Nine paper machines with supporting infrastructure for energy, fibre, and water*



# Sale of Norske Skog Boyer

*Signed agreement for sale of remaining Australasian operations*



## Boyer mill sold to Boyer Capital

- The Boyer mill sold to Boyer Capital, a company controlled by David Marriner, after 25 years as part of the Norske Skog group
- Following a long and successful presence in Australasia, Norske Skog will now focus fully on its European assets

## Transaction details

- Signed share sale agreement on 7 February 2025
- Closing expected during Q1 2025, subject to customary closing conditions
- Sale of Norske Skog Industries Australasia Limited, the holding company for all Australasian operations
- Enterprise value of NOK 190m, with purchase price subject to customary cash, debt and working capital adjustments
- No expected gain or loss resulting from the transaction
- Reporting segment Publication Paper Australasia discontinued from Q4 2024



# Quarter highlights

*Fourth quarter 2024*

## Discontinuation of Publication Paper Australasia reporting segment

→ EBITDA of NOK 33m following discontinuation of Publication Paper Australasia reporting segment due to sales process

## Announced and ongoing initiatives to secure financial position and performance

### Excess capacity continues to characterise markets

- Slightly improved newsprint and SC magazine markets following closures. LWC magazine market remains weak
- Continuous focus on production costs as new containerboard supply puts pressure on the market balance

### Entering the long-term growing market for recycled containerboard

- Lower orders in the quarter resulting in slight reduction in deliveries from Bruck PM3, expect higher volumes in Q1 2025
- Production at Golbey PM1 to start at the end of Q1 2025, increasing the group's total delivery capacity with 36%

### Reviewing future opportunities at Saugbrugs

- BCTMP study nearing completion, and reviewing potential reconstruction of PM6 for production of 210kt SC magazine paper
- Final settlement of NOK 540m agreed with insurance company, to be paid in full and recognised during Q1 2025

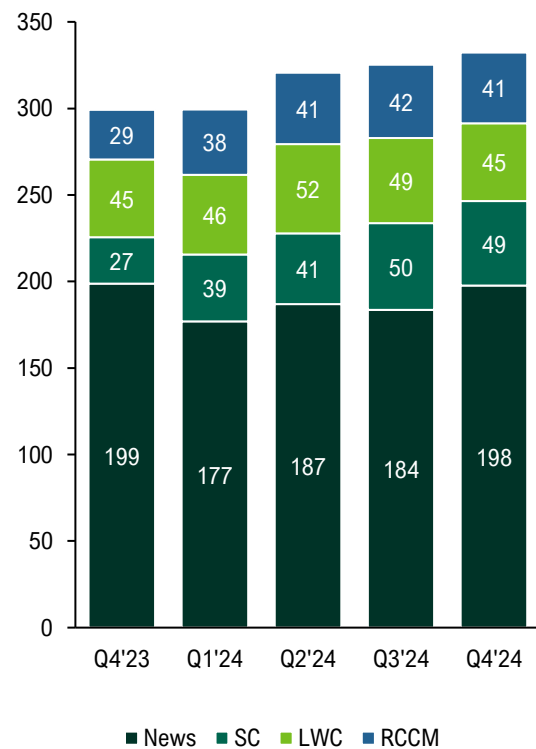


# Key figures

Restated to reflect discontinuation of Publication Paper Australasia

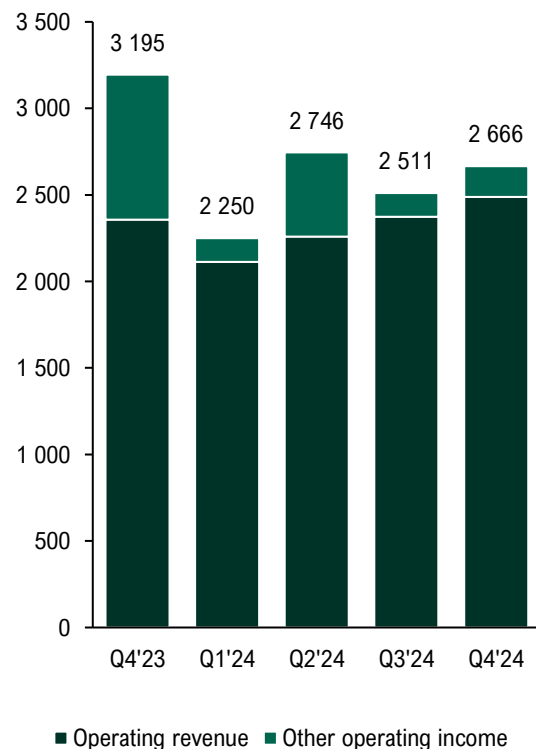
## Deliveries volume

Thousand tonnes



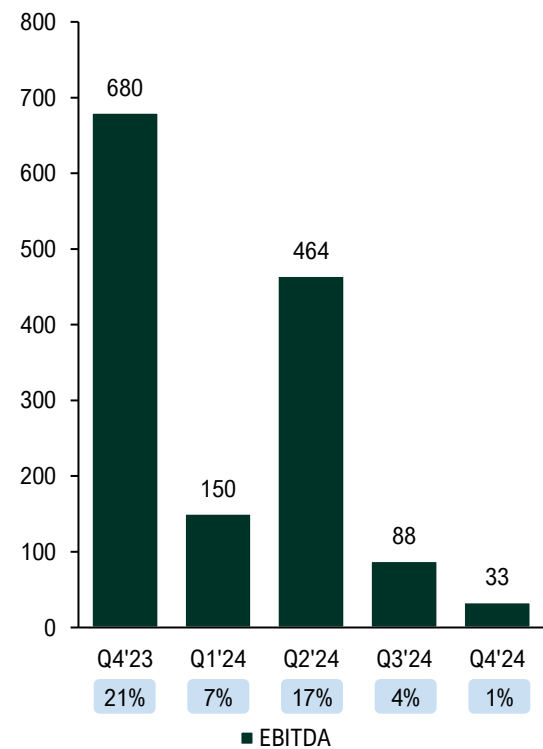
## Total operating income

NOKm



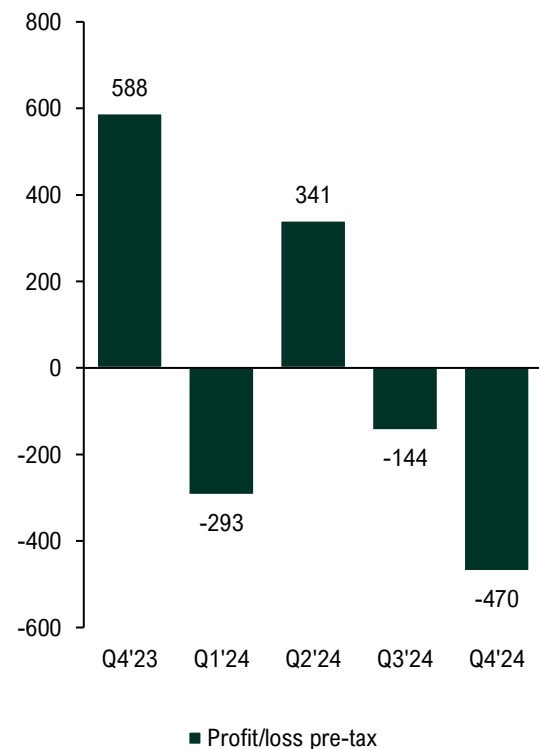
## EBITDA

NOKm (and margin)  
group covenant of min. NOK 400m LTM<sup>1</sup>



## Pre-tax profit

NOKm

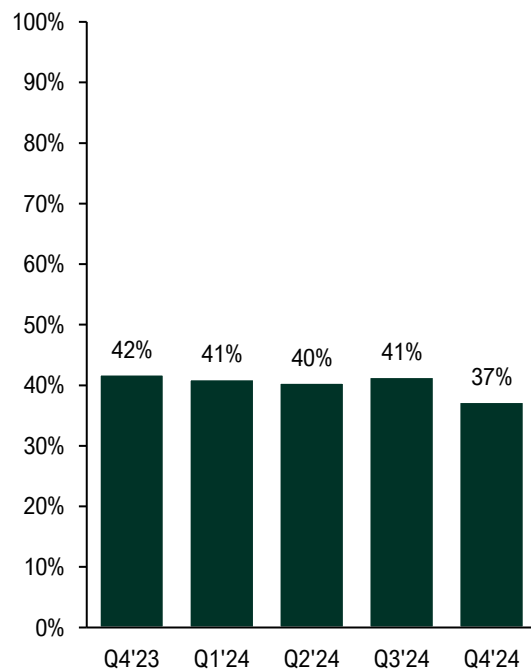


# Financial position

*Restated to reflect discontinuation of Publication Paper Australasia*

## Equity ratio

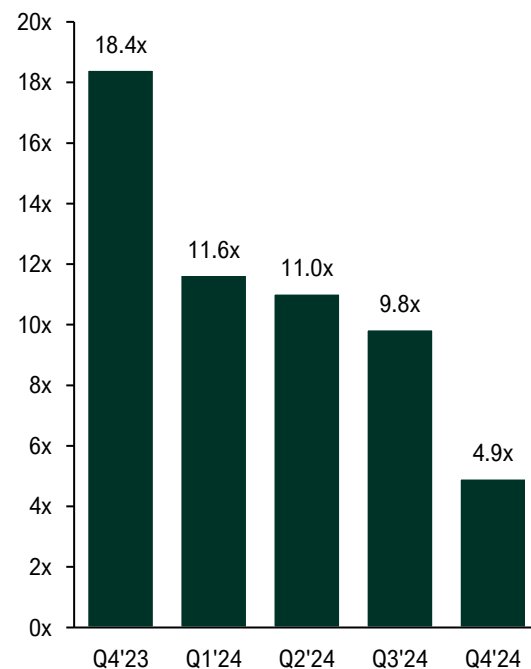
**Book equity to total assets**  
group covenant of min. 25%



■ Equity ratio

## Interest coverage ratio

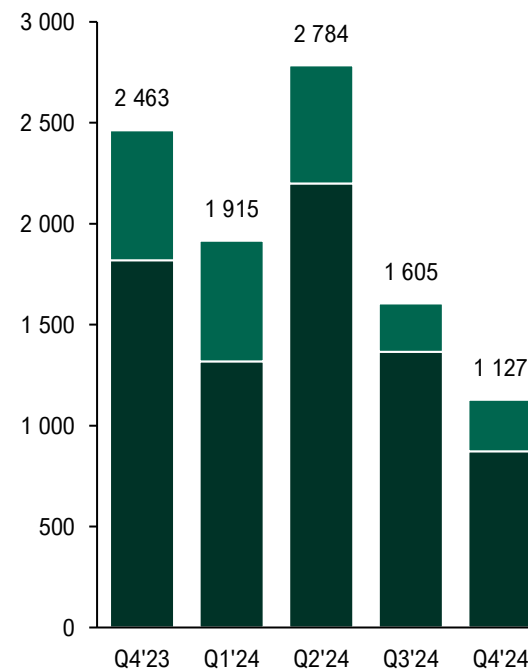
**EBITDA to net cash interest cost**  
group covenant of min. 2.0x



■ Interest coverage ratio

## Cash<sup>1</sup>

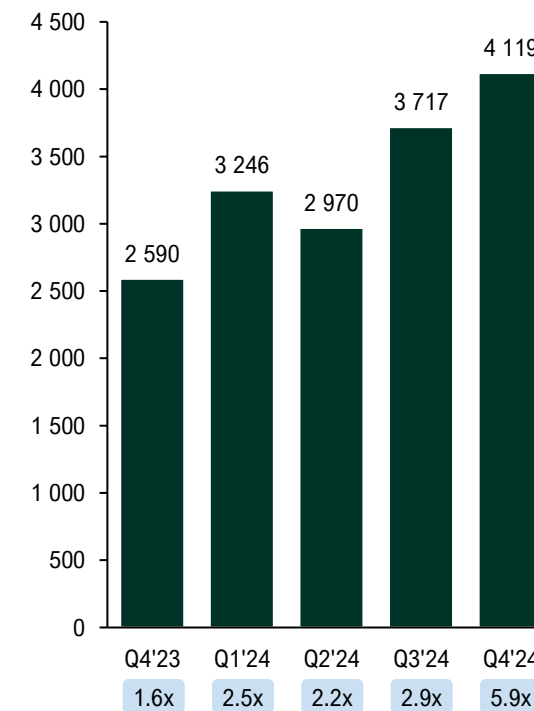
**NOKm**  
group covenant of min. NOK 100m unrestricted



■ Unrestricted cash ■ Restricted cash

## Net debt

**NOKm (and leverage ratio)**  
no group maintenance covenant



■ Net debt



# Segment financials

## Maintaining positive EBITDA in challenging markets

NOK million	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Publication Paper Europe</b>					
Deliveries, kt	270	262	279	283	291
Total operating inc.	3 028	2 058	2 514	2 224	2 369
EBITDA	723	166	464	99	40
EBITDA margin	24%	8%	18%	4%	2%
<b>Packaging Paper</b>					
Deliveries, kt	29	38	41	42	41
Total operating inc.	135	177	207	249	218
EBITDA	-38	-7	2	8	3
EBITDA margin	-28%	-4%	1%	3%	1%
<b>Other</b>					
Total operating inc.	152	158	189	225	233
EBITDA	-6	-9	-1	-19	-10
<b>Publication Paper Australasia (discontinued)</b>					
Deliveries, kt	63	59	60	61	57
Total operating inc.	568	438	472	496	459
EBITDA	80	-74	6	3	-15
EBITDA margin	14%	-17%	1%	1%	-3%

### Q4 2024

#### Publication Paper Europe

- Increased deliveries with unchanged average sales price
- Cost pressure mainly from pulpwood, natural gas, and electricity in the quarter, resulting in lower EBITDA

#### Packaging Paper

- Deliveries slightly down from previous quarter due to lower orders, expect to return to ramp-up curve during Q1 2025
- Sales price reduction in line with the market, however price increases announced for Q1 2025
- On target for full utilisation in H2 2025 for Bruck PM3
- Golbey PM1 to start production end of Q1 2025. Will be included in the Packaging Paper segment from Q1 2025

#### Publication Paper Australasia (discontinued)

- Reduction in EBITDA mainly a result of lower deliveries, and slightly higher cost of materials



# Transformation through strategic projects

*Close relations to all stakeholders and shared understanding of growth journey*

## Projects at Norske Skog Bruck completed



### Containerboard production

- Started Q1 2023
- Full utilisation H2 2025
- Net capex EUR 120m
- Project debt EUR 57m
- Capacity 210kt



### Waste-to-energy boiler

- Started Q2 2022
- Full utilisation Q2 2023
- Net capex EUR 72m
- Project debt EUR 35m
- Capacity 50 MW

## Projects at Norske Skog Golbey completed Q1 2025



### Containerboard production

- Starting Q1 2025
  - Ongoing commissioning of roll warehouse, containerboard winder, effluent station, and I/O check of OCC drum pulper, and PM1
- Full utilisation 2027
- Gross capex EUR 390m
  - Remaining EUR ~60m
- Net capex EUR 320m
  - Remaining EUR ~5-10m
- Project debt EUR 171m
- Capacity 550kt



### Biomass boiler JV

- Started Q4 2024
- Full utilisation 2025
- Equity share EUR 5m
- Capacity 125 MW

*Green Valley Energie is a JV between Norske Skog (10%), Veolia (10%) and Pearl Infrastructure (80%), where Norske Skog will be sole offtaker of steam under a competitive long-term contract*



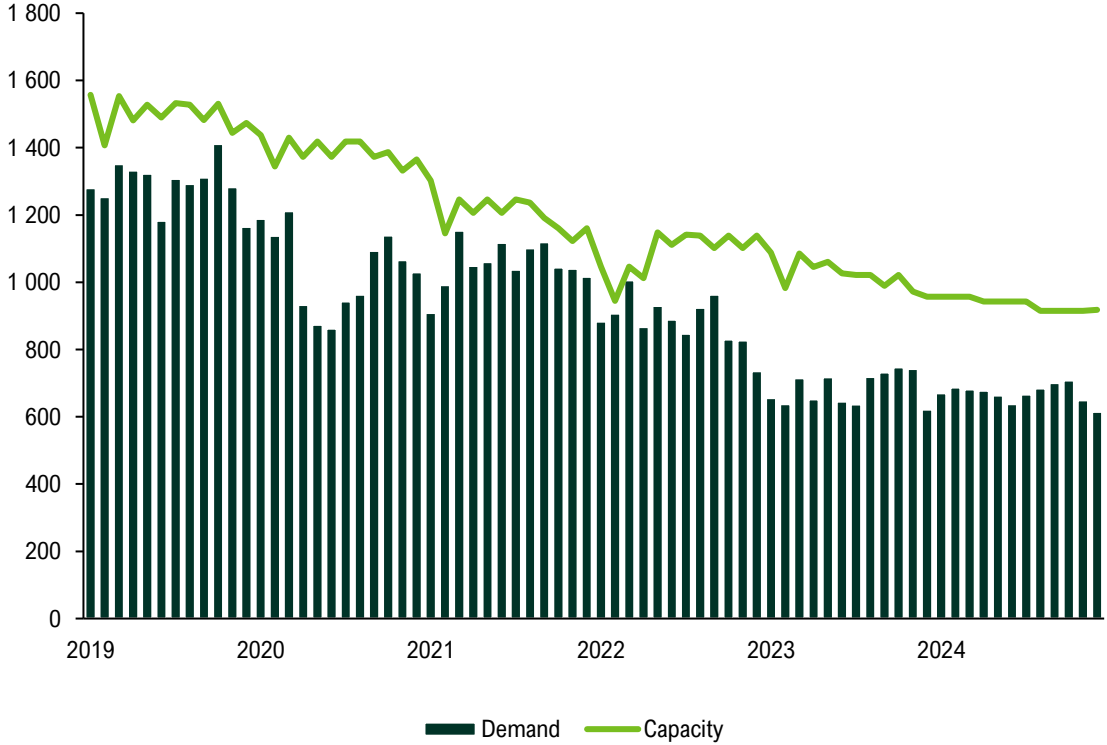


# Publication paper demand stable in 2023-24

*Some excess capacity across newsprint and magazine paper grades remains*

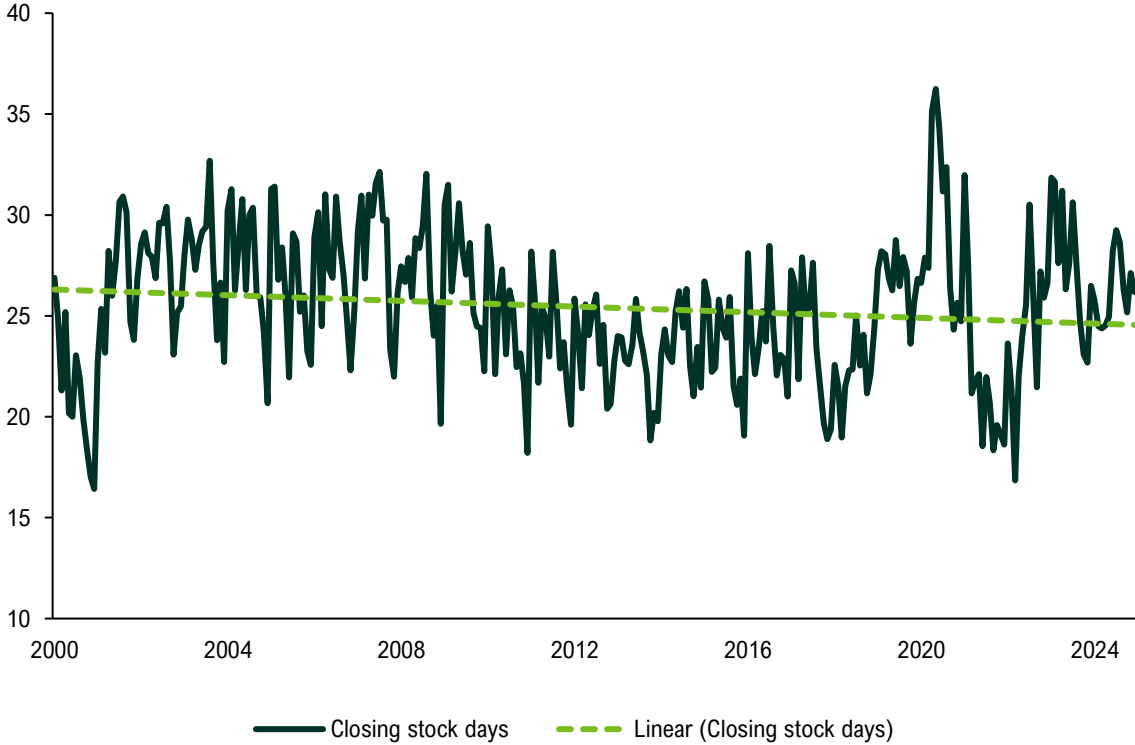
**Monthly publication paper demand and capacity Western Europe**

Thousand tonnes



**Publication paper closing stock volume Western Europe**

Number of days closing stocks covers total shipments

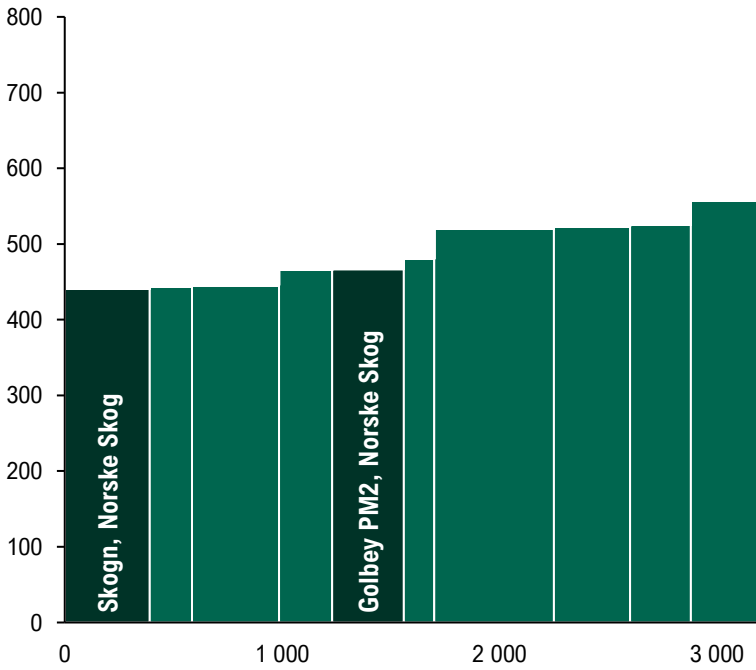


# Well positioned on publication paper cost curve

*Low-cost publication paper producers still able to earn a margin*

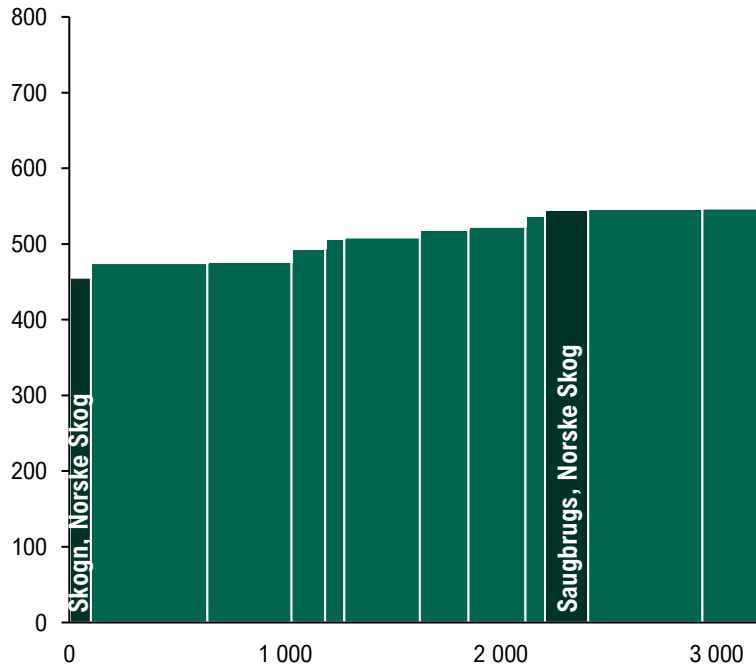
**Newsprint cash cost Western Europe**

EUR per tonne



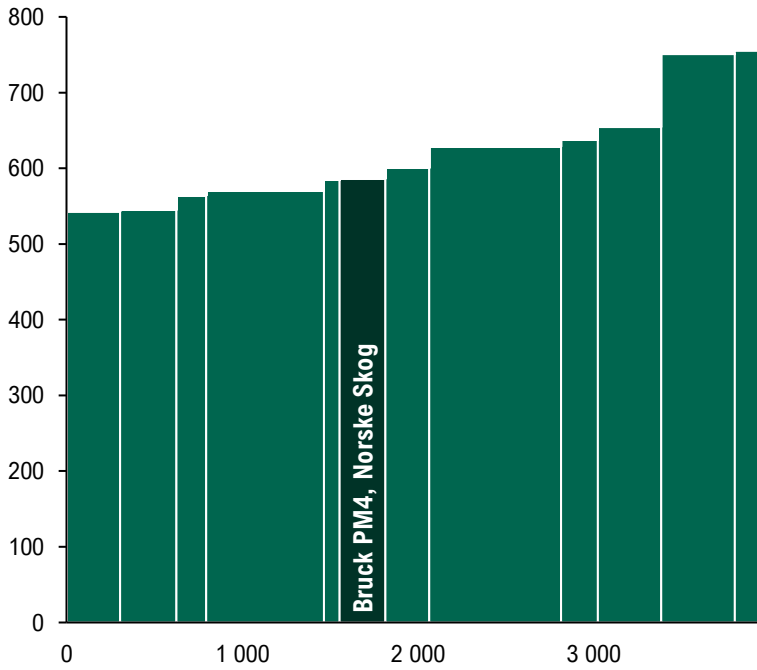
**Uncoated mechanical cash cost Western Europe**

EUR per tonne



**Coated mechanical cash cost Western Europe**

EUR per tonne

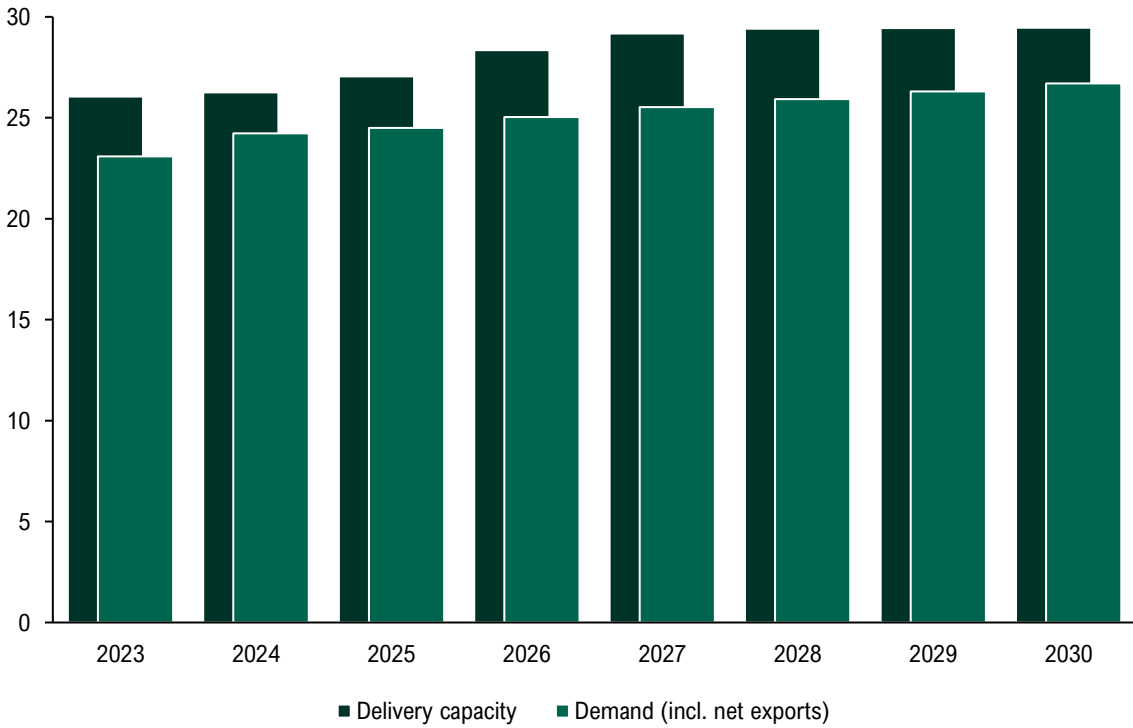


# Increased containerboard capacity in 2025-27

*Industry operating rate expected around 85% for next 1-3 years*

**Recycled containerboard demand<sup>1</sup> and delivery capacity Western Europe**

Thousand tonnes



**Long-term growth trends**

- ✓ Switching to sustainable and renewable packaging
- ✓ Increasing presence of eCommerce
- ✓ Return of global GDP growth and trade

**Mid-term headwinds**

- ✗ Low economic growth projected for 1-3 years
- ✗ New capacity to ramp-up in 2025-27
- ✗ So far, limited willingness to close excess capacity

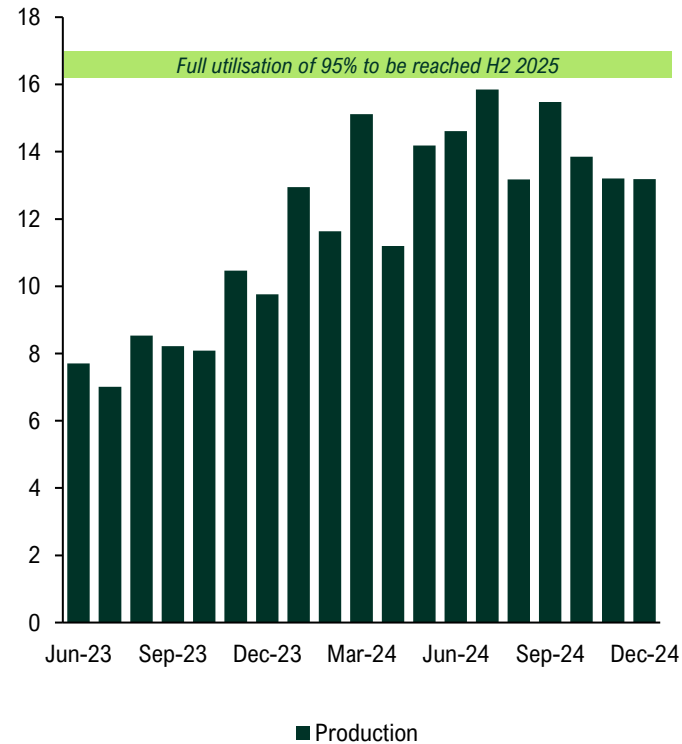


# Containerboard ramp-up

*Expect efficient machines to prevail in current market*

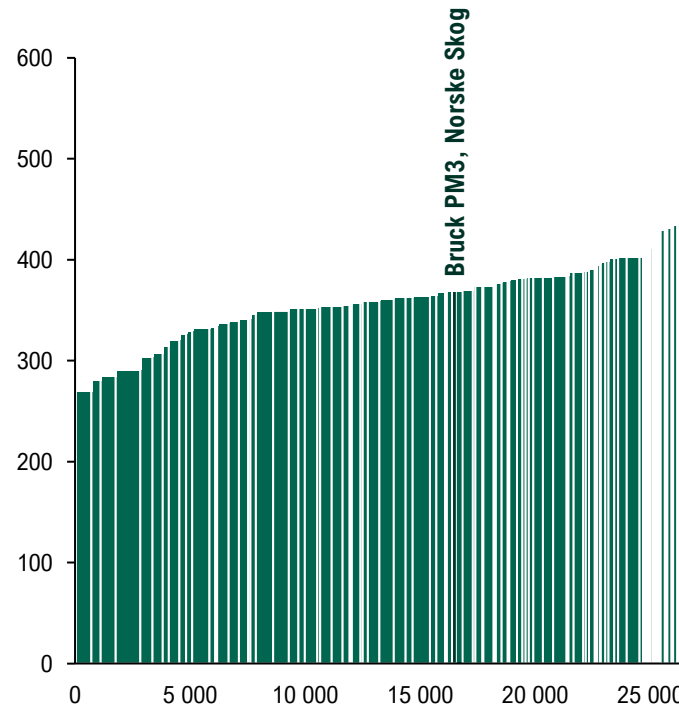
## Monthly RCCM production Bruck PM3

Thousand tonnes



## RCCM mill gate cash cost curve Western Europe

EUR per tonne



## Golbey PM1 – 550kt containerboard capacity

- Cabling at PM1 represents the majority of remaining construction work
- Pre-commissioning (I/O check) is 90% complete on for pulping and 60% for the paper machine (PM1)
- Commissioning of roll warehouse, containerboard winder, and the effluent station is 90% complete and well progressed for pulping and the paper machine
- Remaining gross capex of EUR ~60m and net capex of EUR 5-10m
- Expect containerboard production start-up end Q1 2025

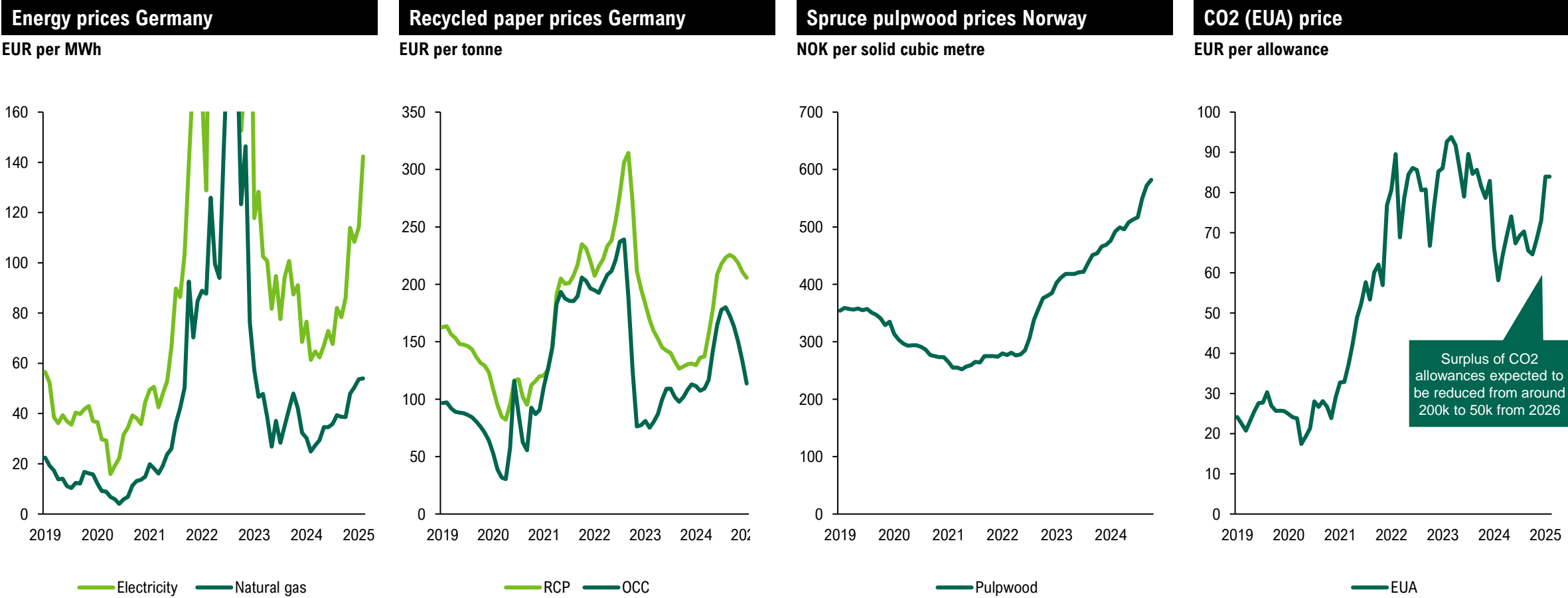
## Bruck PM3 – 210kt containerboard capacity

- Lower orders in the quarter resulting in slight decrease in deliveries from previous quarter. Expect volumes to return to plan in Q1 2025
- Excellent product quality and customer feedback
- Continued pressure from OCC costs as containerboard prices have declined



# Pressure from high raw material prices

*Energy and pulpwood prices increasing from high levels*

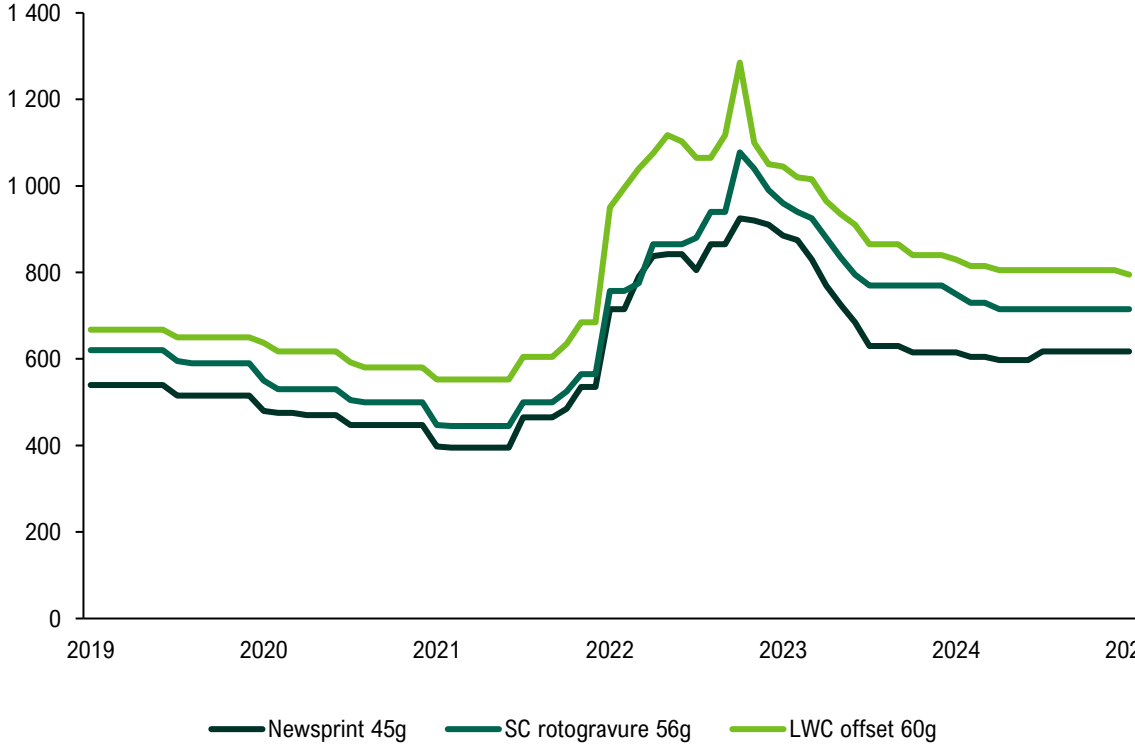


# Product prices track marginal producer cost

*Price increases announced for containerboard*

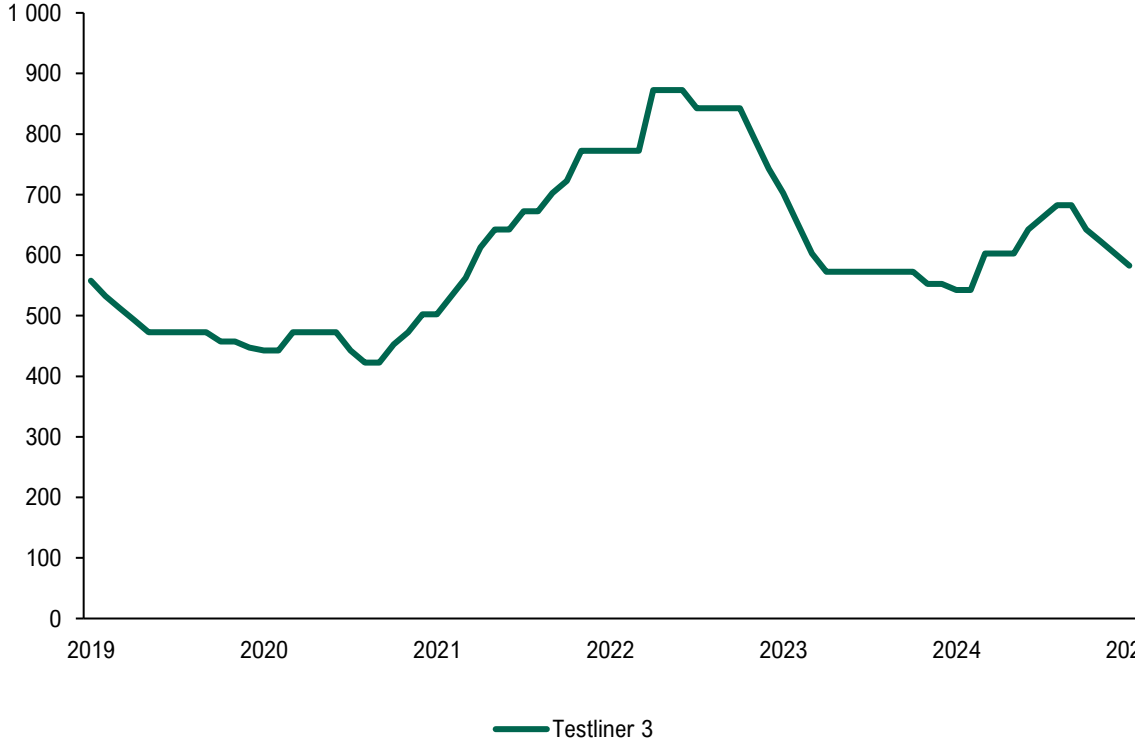
**Publication paper prices Germany**

EUR per tonne



**Recycled containerboard index Germany**

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# Reviewing future opportunities at Saugbrugs

*Final insurance settlement of NOK 540m to be paid in full and recognised during Q1 2025*



## Final insurance settlement

- Saugbrugs and the insurer agreed on final settlement of NOK 540 million
- The settlement amount is freely available and provides Saugbrugs with time and flexibility to invest and develop the industrial site for the future
- Payment is expected in Q1 2025 and will result in recognition of NOK 560m in EBITDA in Q1 2025

## BCTMP project

- Engaged technical and environmental consultants
- Working with multiple machinery and equipment suppliers
- Meetings with Norwegian Environment Agency
- Contact with sales agents and potential customers
- Completion of project study in H1 2025

## PM6 project

- Ongoing dialogue with machinery and equipment vendors
- Capacity of 210kt SC magazine paper
- Lower capacity than previous because of limited reconstruction scope to reduce capex
- Completion of project study in H1 2025



# Outlook

## *Concluding remarks*

- Prices remain stable and increasing for publication paper and containerboard, respectively
- Significant emphasis on reducing production cost and working capital to maintain competitive position
- Bruck PM3 to reach full capacity utilisation of 95% in H2 2025
- Golbey PM1 to start production end of Q1 2025 and reach full utilisation in 2027
- Significant proceeds from energy certificates and grants to be received in 2026-27
- Close relations to all lenders and shared understanding of fundamental growth journey
- Announced and ongoing initiatives to secure financial position and performance







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green value*