Joint press release

A new beginning for Norske Skog

Oslo, 23 November 2017 – Oceanwood has invited Aker to team up with the aim to facilitate a sustainable industrial and financial solution for Norske Skog AS. The two intend to form a new company (Bidco), which will bid in an auction process to ensure that there is a strong new owner of Norske Skog's paper mills.

Funds managed by Oceanwood Capital Management and Aker Capital AS, a wholly owned subsidiary of Aker ASA, will be 50/50 owners of the new company, Bidco. Oceanwood is the majority creditor in Norske Skog AS, holding all of the NSF securitisation facility and a majority of the senior secured notes (the SSN).

"We have for a long time worked constructively with the board and management of Norske Skogindustrier ASA and provided additional financial backing to the business," says John Chiang, investment manager at Oceanwood Capital Management.

Consensual solution not realistic
"However, as it became apparent that the company had difficulties in solving the situation by way of a consensual solution, we decided that the best way to protect the operating companies would be to take decisive action to move the process forward," he says.

Oceanwood which already held a significant portion of the SSN decided to acquire all of the NSF, and at the same time search for a financial or industrial partner who could help provide a sustainable solution and a new beginning for Norske Skog.

"We understand that the financial position of the operating entities has become increasingly strained and that they urgently need to see a deliverable and executable plan. We also believe that with the ongoing delays in the parent company's restructuring process, there remain significant uncertainties that a consensual solution will ultimately be successful. We therefore decided that the best way to ensure the stability of the operating companies is through an enforcement of our share pledge collateral and invoking a sale of the shares in Norske Skog AS. Together with Aker we intend to take part in a structured auction process that will result in a new ownership for the operating entities," Chiang says.

What happens now
The auction process, which likely will take several weeks, will be managed by the security agent for the SSN and anyone can bid in the process. In the meantime, the paper mills should continue to operate as before.

"We continue to be strongly committed to the operating entities of Norske Skog and see great potential for value creation going forward for the ultimate buyer of the business. Bidco will participate in the bidding process as a backstop bidder should a third party not emerge who is willing to refinance the NSF, the SSN and the liquidity facility in full. Aker has played a successful role in the reshaping of many industries, and we are delighted that Aker has agreed to partner with us in acting as a backstop bidder," Chiang says.

Aker industrial partner

Oceanwood approached Aker because they wanted a strong Norwegian partner with the industrial knowledge and financial expertise to help effect a successful recapitalisation of Norske Skog.

"We have followed Norske Skog from the side lines for quite some time, and saw an interesting investment opportunity, which unfortunately was tied up in a very complex debt structure. With its decision to invest substantial capital to consolidate Norske Skog's debt, Oceanwood created a new situation, and presented a good opportunity for Aker to be part of an industrial solution," says Øyvind Eriksen, President and CEO of Aker ASA.

During the past decades, Aker has been involved in the restructuring of many industries with deep roots in Norway, including shipbuilding, engineering and construction, oilfield services, oil and gas exploration and ocean harvesting.

"We are looking forward to working with Oceanwood to ensure that there is a strong owner of Norske Skog, whether it is Bidco or another party. It will allow the very capable management of the Norske Skog mills to invest, improve and grow, and quite likely play an important role in the reshaping of the paper industry," Eriksen says.

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