



Q1 2010 presentation

6 May 2010



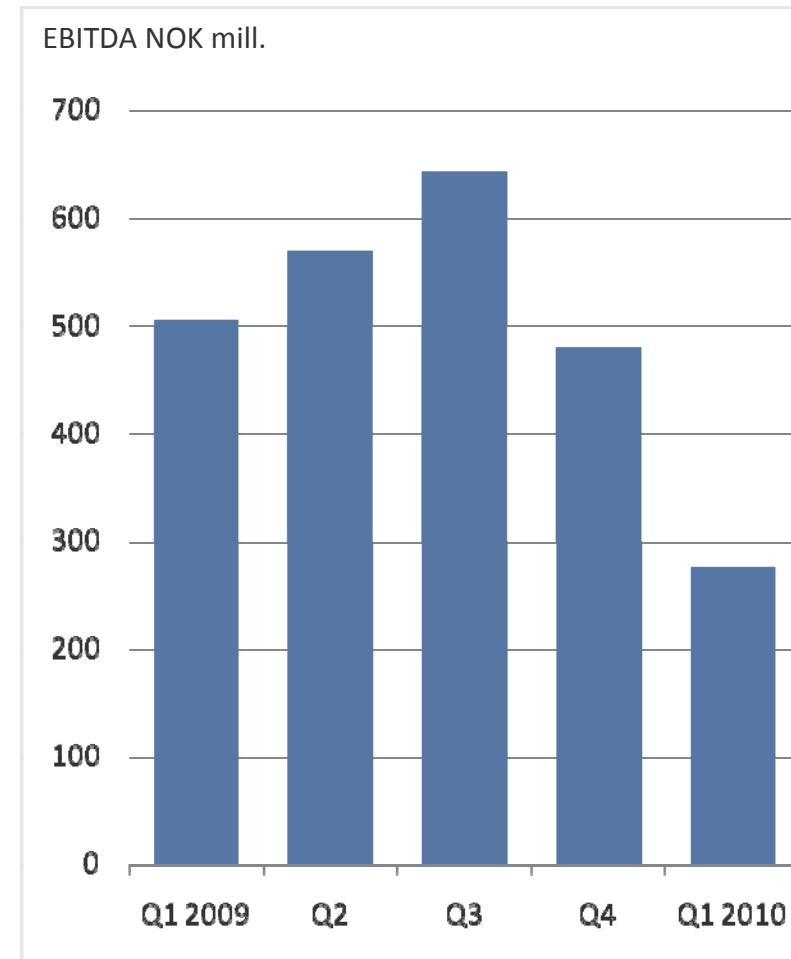
Q1 2010 presentation

Sven Ombudstvedt
CEO

6 May 2010

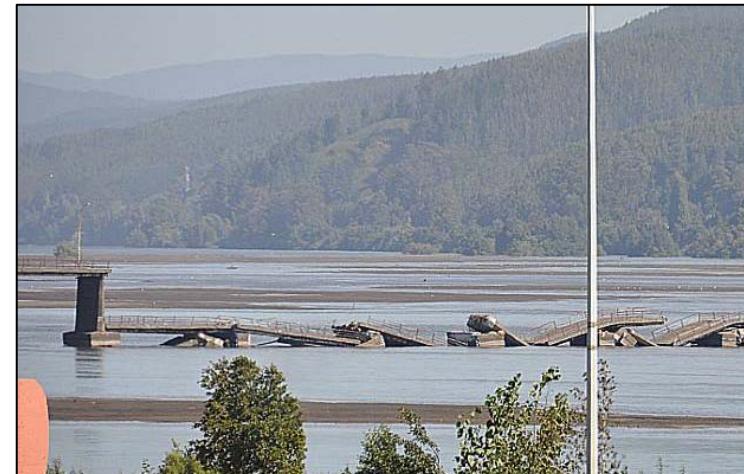
Q1 2010 in brief

- EBITDA affected by low prices in Europe and higher costs on recovered paper and pulp
- Increased demand in Asia, Australasia, and South America
- Operating rate unchanged compared with Q4 09, and significantly higher than Q1 09



Bio Bio hit by earthquake

- No injuries
- Initiatives to support Bio Bio employees and their families
- The mill was restarted 30 April
- Minor accounting effects in Q1



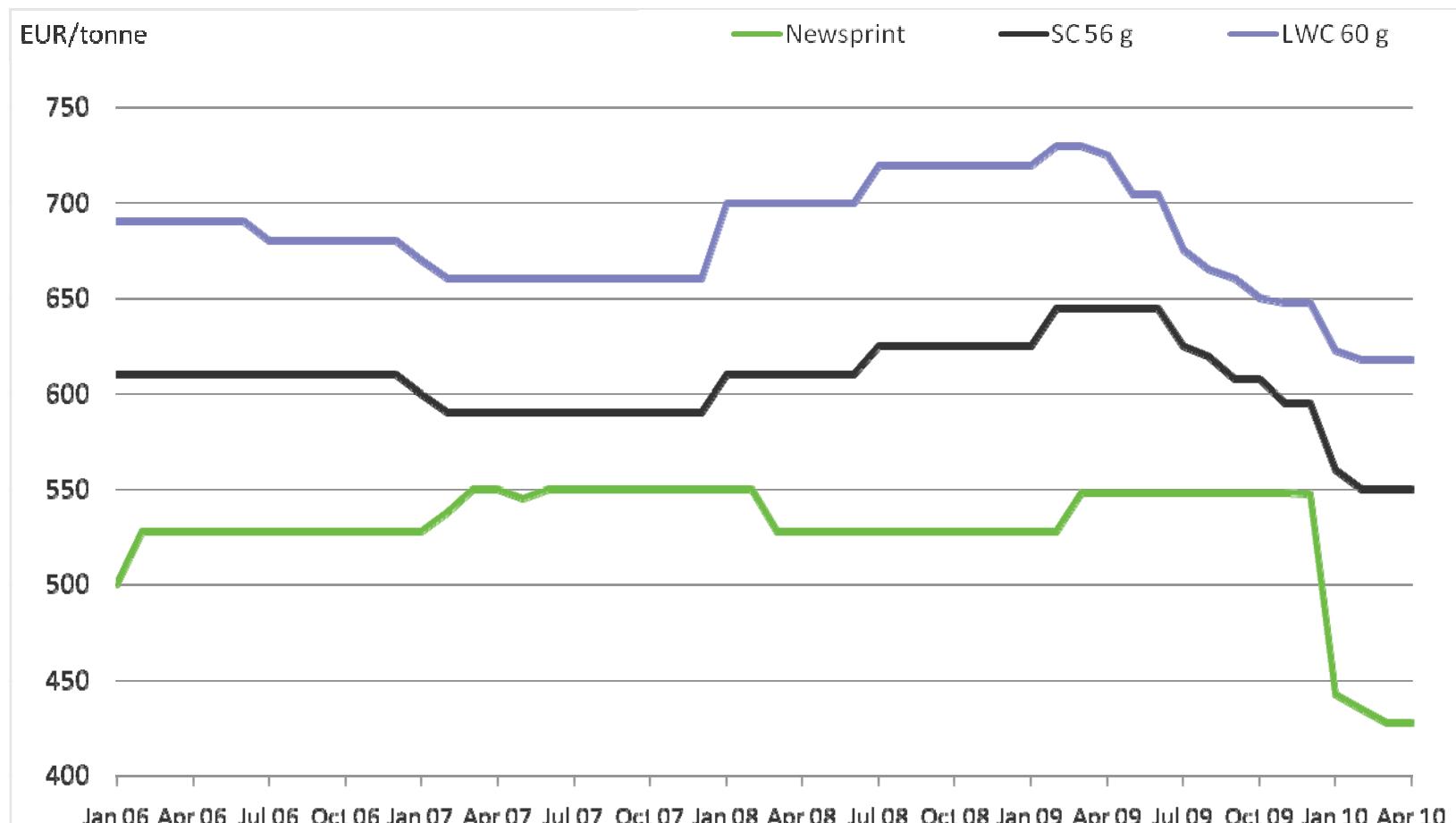
Demand change Q1 2010 vs Q1 2009

Region/segment	Annual change	Comments
World standard newsprint	5.4%	Upturn, but still far below 2007 and 2008 levels
North America standard newsprint	-1.9%	Decline has levelled off
Europe standard newsprint	-0.2%	Decline has levelled off, lower imports from Canada
Europe – magazine (incl. improved news etc)	4.1%	SC down 3 %, CM up 8 %
Non-Japan Far East standard newsprint	18.3%	Growth in most markets; increased imports from Europe
Australasia standard newsprint	15.4%	Growth in economy, improved advertising market
Latin America standard newsprint	10.5%	Improved advertising market

Source: RISI/CEPIPRINT

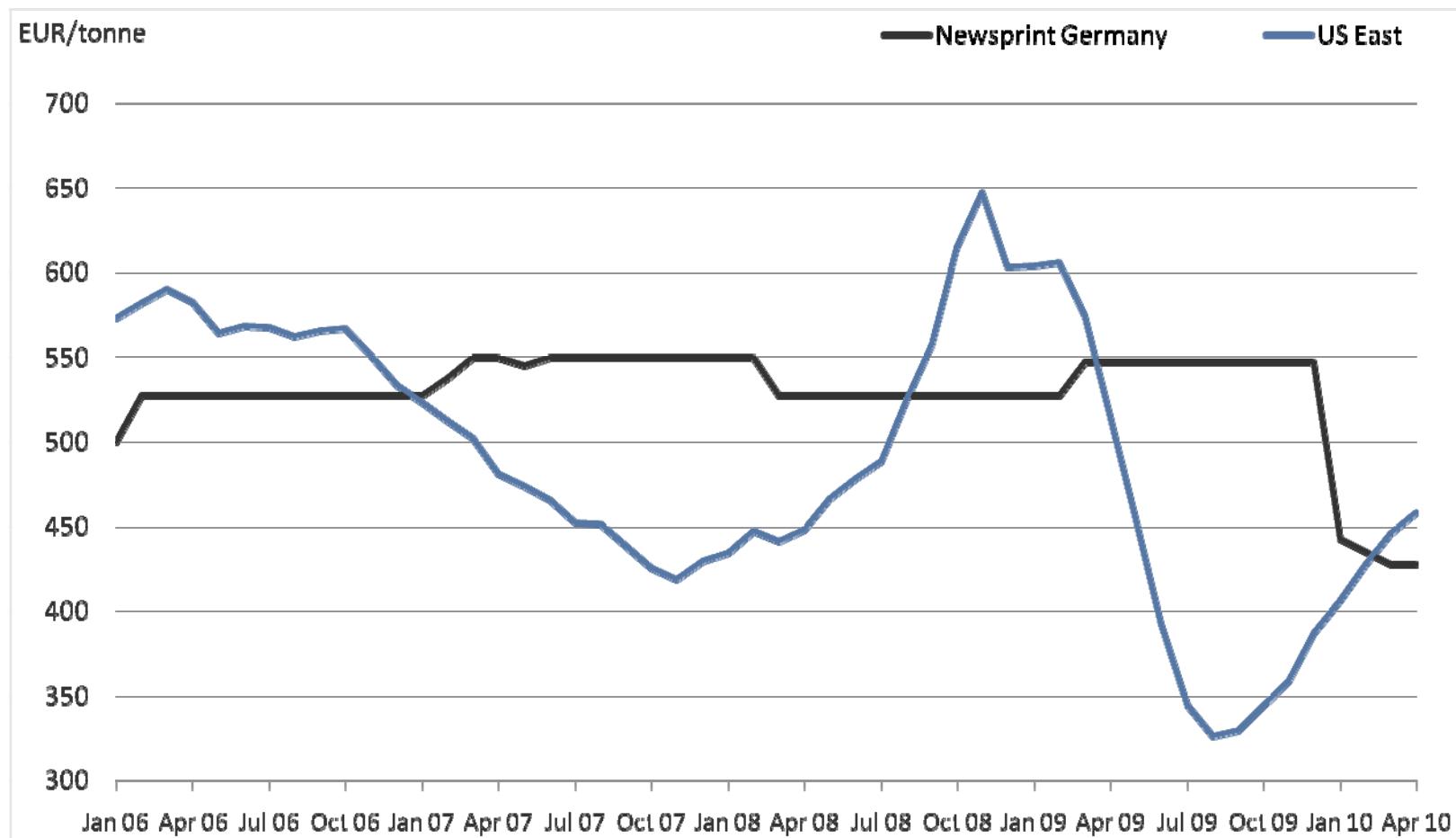


Price development - Germany



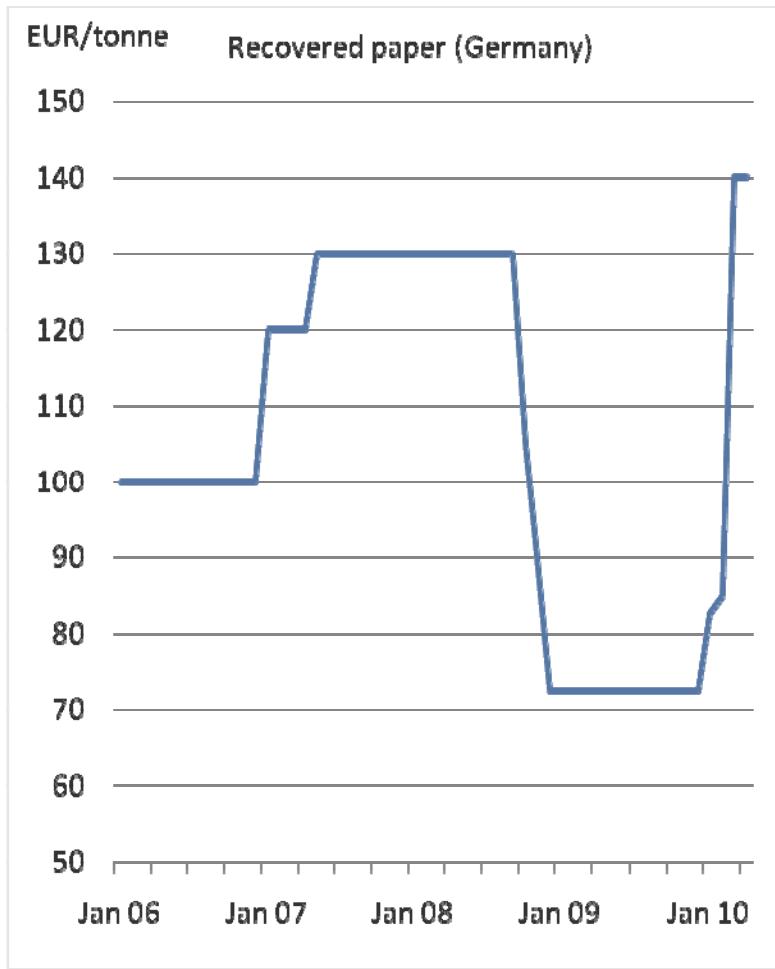
Source: RISI

Price development - Europe vs. USA

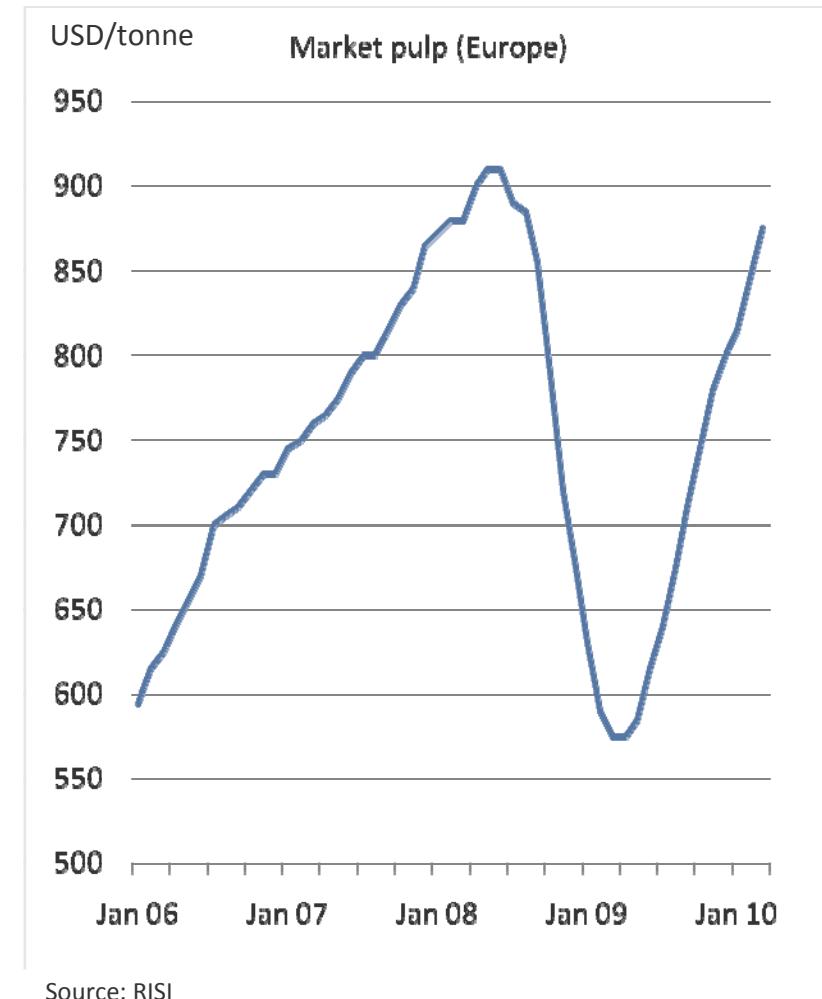


Source: RISI

Cost development



Source: RISI



Source: RISI



Outlook

- Demand
 - Newsprint levelling off in Europe, increasing in Asia, Australasia, and South America
 - Gradual recovery for magazine paper
- Prices
 - Newsprint to remain low in Europe, expected increases elsewhere
 - Increase in magazine paper prices, but moderate effect until second half of 2010
- Costs
 - Input factor price to remain high in Q2, but cost pressure expected to ease in second half of 2010
 - Significant take-out from fixed cost reduction programmes



Management focus

- Further cost reductions
 - Current programmes on track – new initiatives within logistics and procurement
 - Rigorous follow-up of local cost targets and improvements
- Improve financial position
 - Divestments of non-core assets
 - Improve debt maturity profile
 - Keep capex at low level
- Contribute to industry restructuring to ensure shareholder value





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Audun Røneid
CFO

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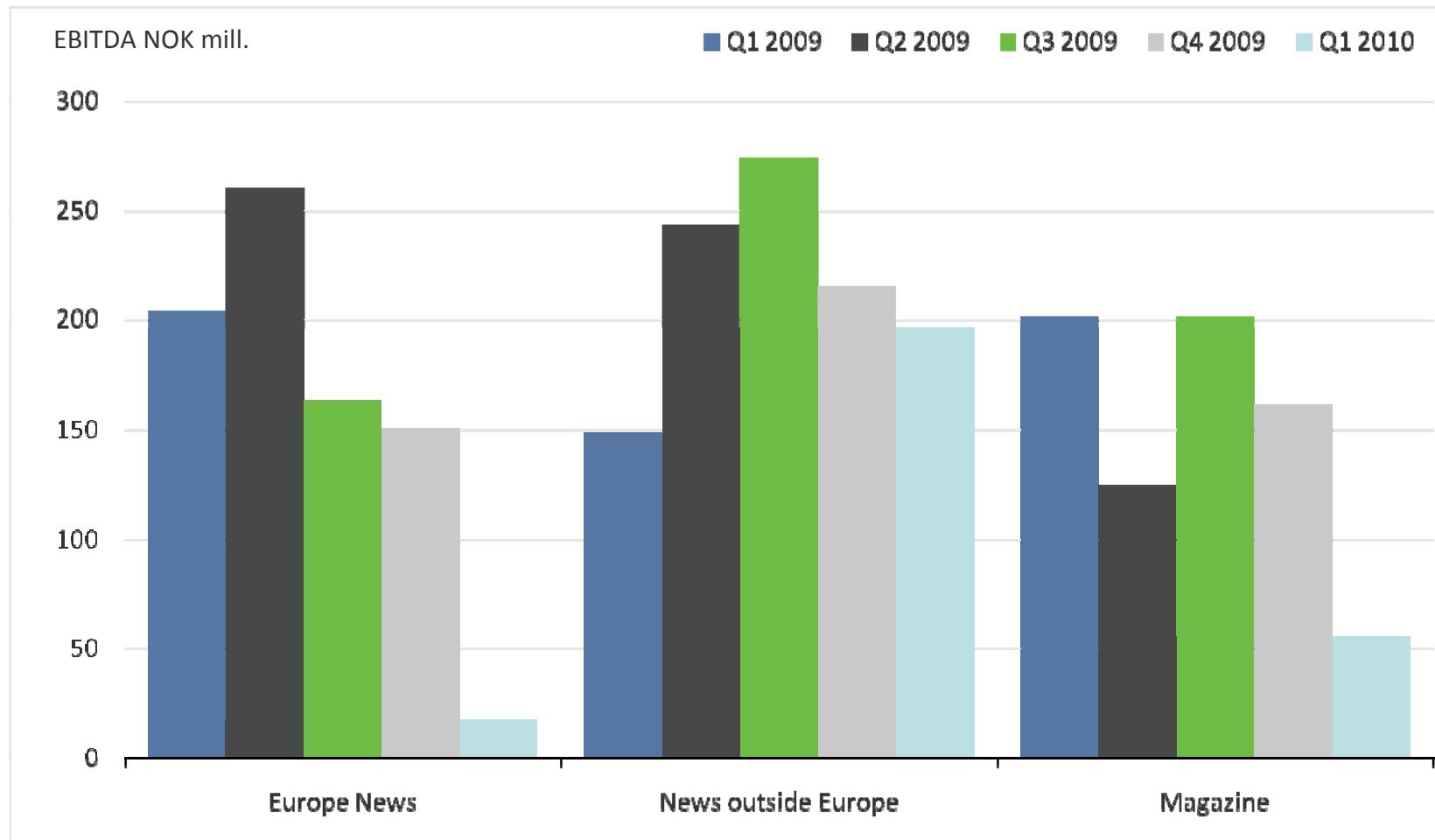
Key financials Q1 2010

Key figures (NOK mill.)	Q1 2010	Q4 2009	Q1 2009
Operating revenue	4 455	4 909	5 259
EBITDA	275	472	504
EBIT before special items	-252	-27	-149
Result after tax	-1 153	667	-1 111

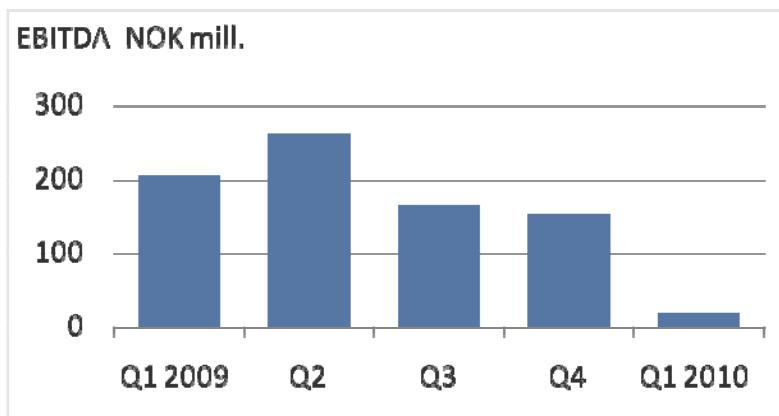
- EBITDA: NOK 275 mill.
 - Down from NOK 472 mill. in Q4 09
 - Weak results in Europe, better in other regions and in the energy segment
- Net result: NOK -1 153 mill.
 - Value of energy portfolio reduced by ~NOK 950 mill.
 - Impairments: ~NOK 200 mill.



Results - segments



Newsprint Europe

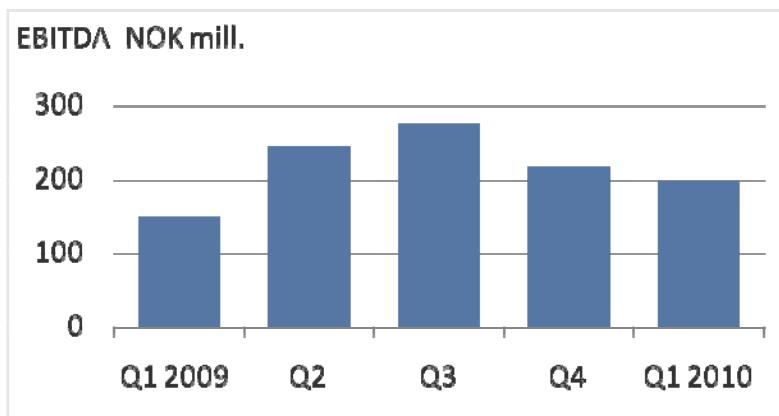


Key figures (NOK mill.)	Q1 2010	Q4 2009	Q1 2009
Operating revenue	1 314	1 549	1 575
EBITDA	18	151	204
EBITDA margin (%)	1.4	9.7	13.0
Deliveries (1 000 tonnes)	356	371	347

- Sharp decline in prices
- Substantial increase in prices on recovered paper
- Negative impact from stronger NOK compared with Q1 09
- Improved capacity utilisation
- Unchanged demand in Europe in Q1 compared with 2009, but improved export markets



Newsprint outside Europe

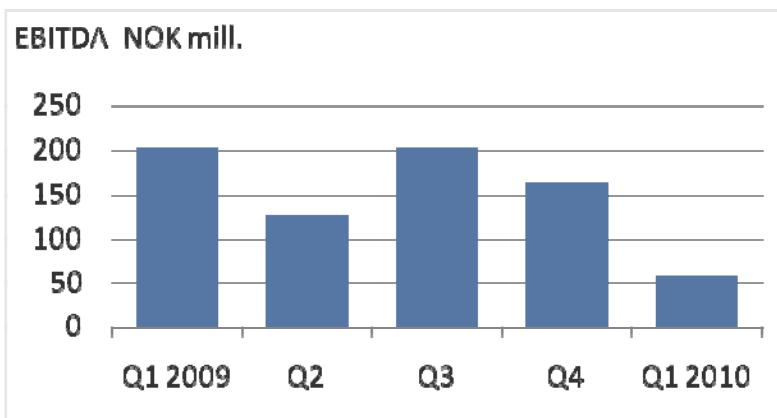


Key figures (NOK mill.)	Q1 2010	Q4 2009	Q1 2009
Operating revenue	1 254	1 369	1 358
EBITDA	197	215	149
EBITDA margin (%)	15.8	15.7	11.0
Deliveries (1 000 tonnes)	288	321	315

- Fairly stable results compared with Q4 09; improved from Q1 09 partly due to higher price in Australia
- Chile earthquake impacts operating rate negatively
- Increased demand in all regions where Norske Skog operates



Magazine paper

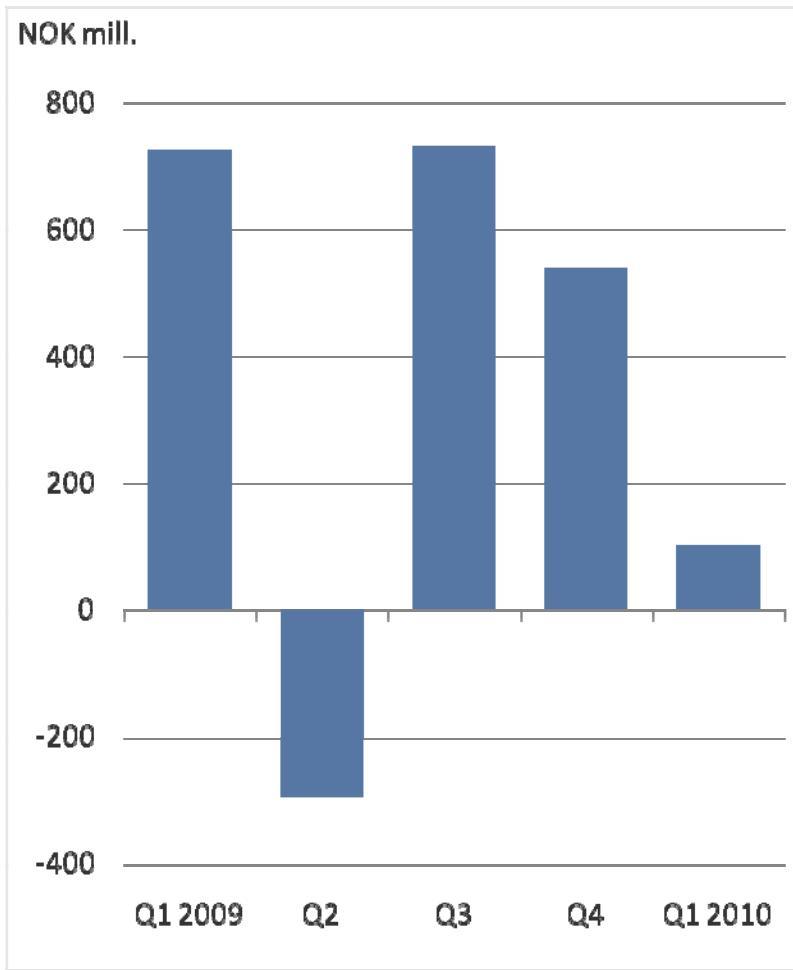


Key figures (NOK mill.)	Q1 2010	Q4 2009	Q1 2009
Operating revenue	1 503	1 674	1 358
EBITDA	56	162	149
EBITDA margin (%)	3.7	9.7	11.0
Deliveries (1 000 tonnes)	307	314	262

- Lower prices
- Price increase on market pulp
- Operating rate slightly down vs. Q4 09, significant increase vs. Q1 09
- Improved demand for coated magazine paper
- Announced price increase of € 35/tonne



Cash flow



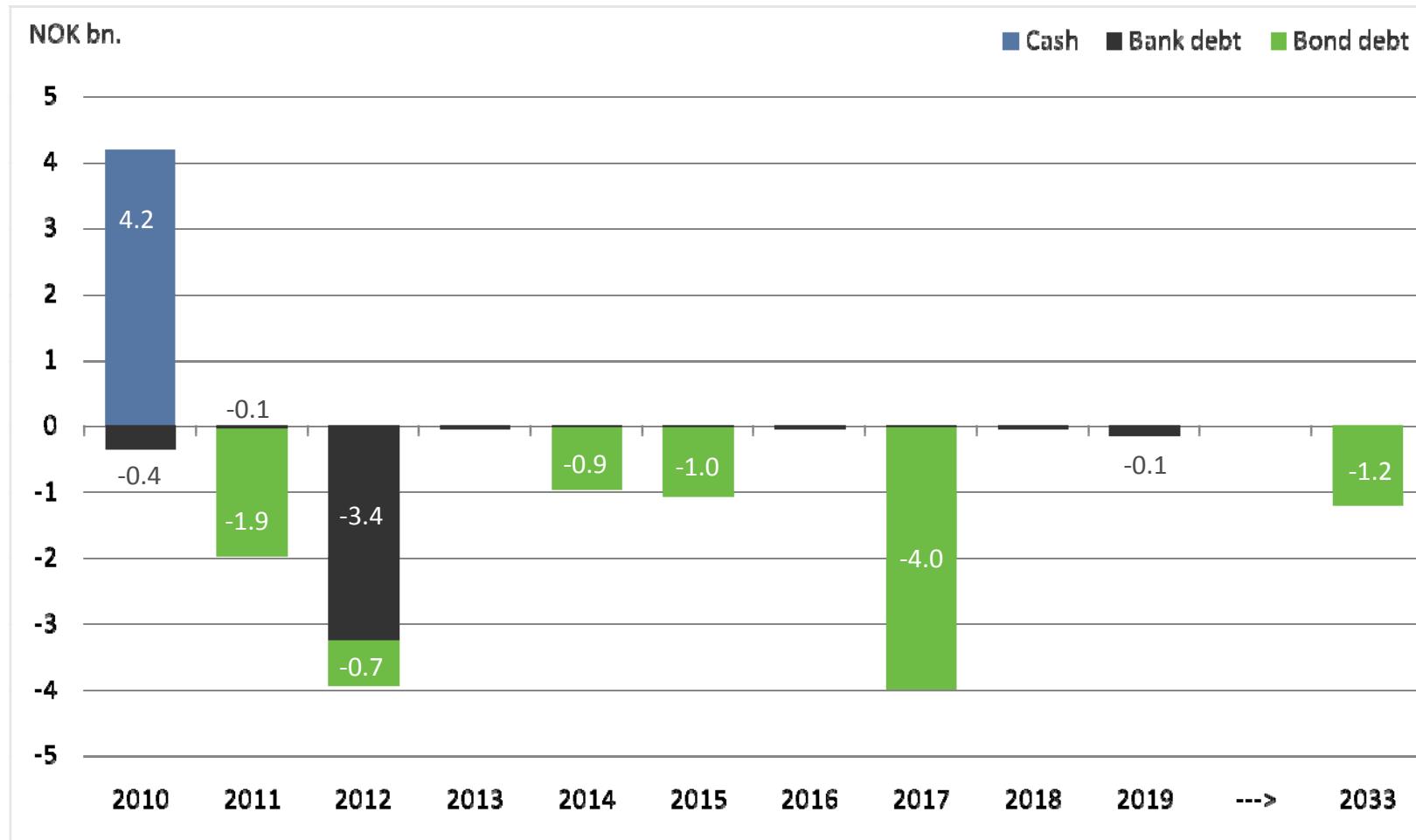
- Cash flow NOK 101 mill. (NOK 537 mill. in Q4 09)
 - Weak EBITDA
 - Increased working capital of NOK 157 mill.
 - Provisions release – Parenco and other
 - Gain from financial items NOK 82 mill. (NOK -78 mill. in Q4 09)
 - Realised gain from currency hedging
 - Low interest payments in Q1 10, higher interest payments due in Q2 10

Balance sheet Q1

- Value of assets are down ~NOK 1.6 bn.
- Value of energy portfolio reduced by ~NOK 950 mill.
- Equity by end Q1 was ~NOK 11 bn., down from ~NOK 12 bn. by end 2009
- Net interest bearing debt is reduced by ~NOK 100 mill. to NOK 9.5 bn.
- Gearing: 0.86 (0.80 in Q4 09)



Cash and debt maturity profile





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