



*Future on Paper*

## Norske Skog

Financial details, Q2 2010



## Key financials

		<b>Q2 10</b>	<b>Q1 10</b>	<b>Q2 09</b>	<b>YTD 10</b>	<b>YTD 09</b>
Operating revenue	NOK mill	4 577	4 455	5 160	9 031	10 419
Gross operating earnings	NOK mill	275	275	568	550	1 071
Gross operating earnings after depreciation	NOK mill	- 226	- 252	- 98	- 479	- 246
Gross operating margin	%	6,0	6,2	11,0	6,1	10,3
Operating earnings	NOK mill	- 643	-1 364	- 153	-2 007	-1 528
Profit/loss before income taxes	NOK mill	-1 176	-1 606	- 77	-2 782	-1 576
Net profit/loss for the period	NOK mill	- 874	-1 153	- 538	-2 027	-1 649
Earnings per share	NOK	-4,60	-6,04	-1,85	-10,63	-7,58
Net cash flow from operating activities	NOK	- 153	101	- 293	- 52	430
Cash flow per share	NOK	-0,81	0,53	-1,55	-0,27	2,26
Net interest bearing debt	NOK mill	10 299	9 465	12 236	10 299	12 236
Net interest bearing debt/equity	NOK mill	0,98	0,86	1,02	0,98	1,02
Production		992	950	969	1 942	1 954
Deliveries		983	951	948	1 934	1 872

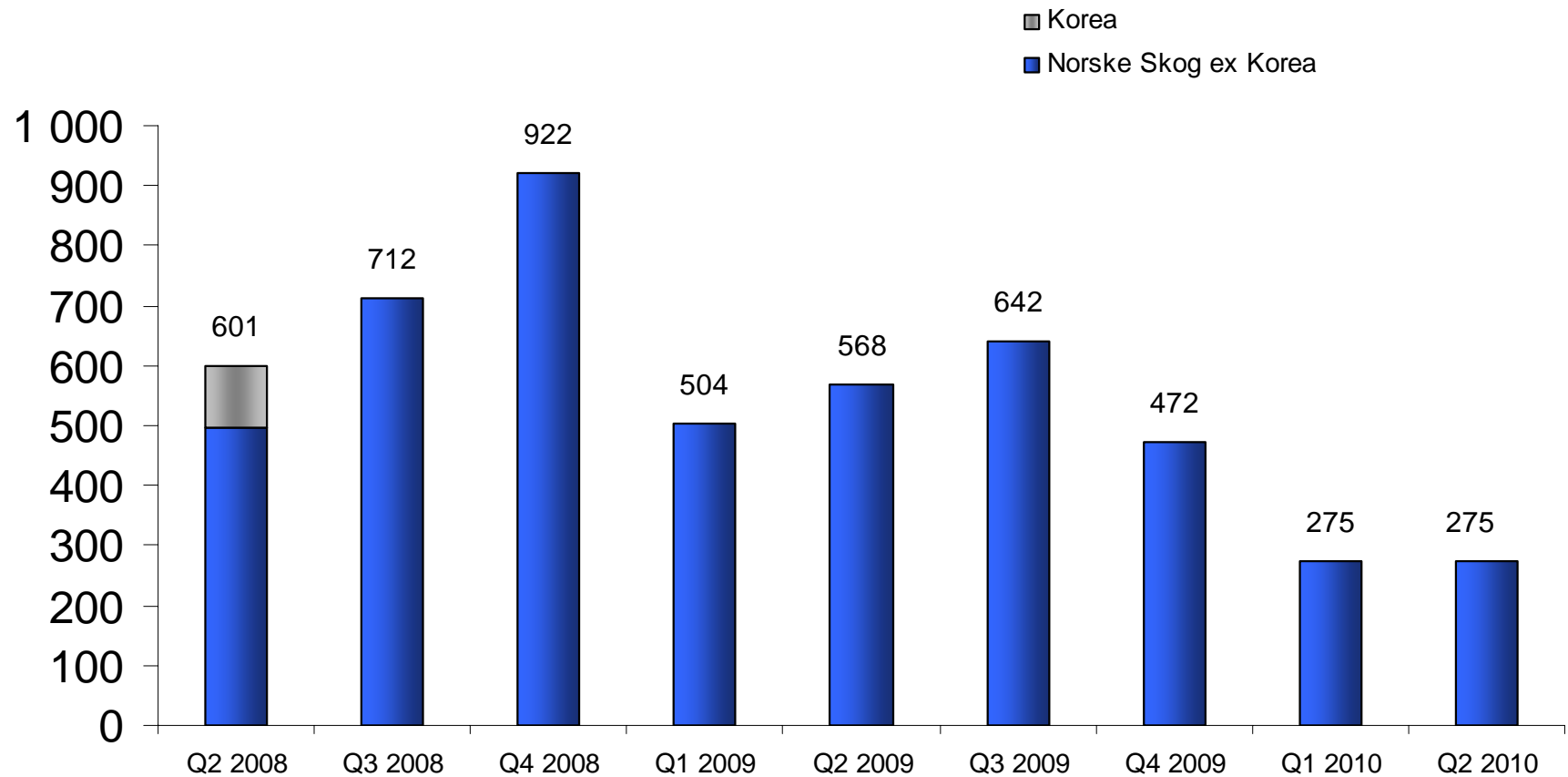
## Gross operating earnings - segment distribution

	Q2 10	Q1 10	Q2 09	YTD 10	YTD 09
Newsprint					
Europe	2	18	260	21	464
Outside Europe	231	196	243	427	392
Sales offices/eliminations	5	10	9	15	1
<b>Total Newsprint</b>	<b>238</b>	<b>225</b>	<b>512</b>	<b>463</b>	<b>857</b>
<b>Magazine paper</b>	<b>40</b>	<b>56</b>	<b>125</b>	<b>96</b>	<b>327</b>
<b>Total Paper</b>	<b>278</b>	<b>281</b>	<b>637</b>	<b>559</b>	<b>1 184</b>
Energy	18	46	- 8	64	2
Other activities	- 21	- 52	- 61	- 73	- 114
Eliminations	- 0	0	0	0	0
<b>Gross operating earnings</b>	<b>275</b>	<b>275</b>	<b>568</b>	<b>550</b>	<b>1 071</b>

## Income statement

	Q2 10	Q1 10	Q2 09	YTD 10	YTD 09
<b>Operating revenue</b>	<b>4 577</b>	<b>4 455</b>	<b>5 160</b>	<b>9 031</b>	<b>10 419</b>
Distribution costs	- 465	- 431	- 424	- 896	- 843
Cost of materials	-2 782	-2 720	-2 938	-5 502	-6 087
Change in inventories	52	0	22	52	156
Employee benefit expenses	- 737	- 670	- 789	-1 407	-1 598
Other operating expenses	- 371	- 358	- 462	- 729	- 976
<b>Gross operating earnings</b>	<b>275</b>	<b>275</b>	<b>568</b>	<b>550</b>	<b>1 071</b>
Depreciation	- 501	- 528	- 666	-1 029	-1 318
<b>Gross operating earnings after depreciation</b>	<b>- 226</b>	<b>- 252</b>	<b>- 98</b>	<b>- 479</b>	<b>- 246</b>
Restructuring expenses	- 9	0	- 277	- 9	- 278
Other gains and losses	- 412	- 913	872	-1 326	- 353
Impairments	6	- 198	- 651	- 193	- 651
<b>Operating earnings</b>	<b>- 643</b>	<b>-1 364</b>	<b>- 153</b>	<b>-2 007</b>	<b>-1 528</b>
Share of profit in associated companies	- 10	- 4	7	- 14	25
Financial items	- 524	- 237	69	- 761	- 73
<b>Profit/loss before income taxes</b>	<b>-1 176</b>	<b>-1 606</b>	<b>- 77</b>	<b>-2 782</b>	<b>-1 576</b>
Income taxes	303	453	- 461	755	- 72
<b>Net profit/loss for the period</b>	<b>- 874</b>	<b>-1 153</b>	<b>- 538</b>	<b>-2 027</b>	<b>-1 649</b>
Majority share of net profit/loss for the period	- 872	-1 145	- 352	-2 017	-1 438
Minority share of net profit/loss for the period	- 1	- 8	- 186	- 9	- 211
Basic/diluted earnings per share	-4,60	-6,04	-1,85	-10,63	-7,58

## Gross operating earnings



## Financial items

	<b>Q2-10</b>	<b>Q1-10</b>	<b>Q2-09</b>	<b>YTD 2010</b>	<b>YTD 2009</b>
Net interest cost (excl. IR derivatives)	- 195	- 192	- 214	- 386	- 545
Realised and unrealised gains/losses on IR swaps	2	11	134	13	- 29
Realized currency gain/loss cash flow hedge	45	110	39	155	- 80
Urealized currency gain/loss cash flow hedge	- 119	- 91	- 98	- 209	275
Other currency gain/loss	- 255	- 67	21	- 323	150
Other financial items	- 2	- 8	187	- 10	156
<b>Total financial items</b>	<b>- 524</b>	<b>- 237</b>	<b>69</b>	<b>- 761</b>	<b>- 73</b>
Gearing <sup>1)</sup>	0,98	0,86	1,02	0,98	1,02
Net interest bearing debt <sup>2)</sup>	10 299	9 465	12 236	10 299	12 236

<sup>1)</sup> Gearing = Net interest bearing debt / Equity

<sup>2)</sup> Net interest-bearing debt = Interest bearing debt -  
Hedge reserve – Cash and Cash equivalents

## Balance sheet

	30.06.10	30.03.10	31.12.09	30.06.09
Deferred tax asset	122	130	128	115
Other intangible assets	202	249	208	281
Property, plant and equipment	16 810	17 051	17 561	22 191
Investment in associated companies	217	230	228	265
Other non-current assets	3 522	4 575	5 420	276
<b>Total non-current assets</b>	<b>20 873</b>	<b>22 235</b>	<b>23 546</b>	<b>23 127</b>
Inventories	2 106	2 007	2 003	2 585
Receivables	3 083	2 427	2 511	2 958
Cash and cash equivalents	3 662	4 169	4 241	4 821
Other current assets	822	733	853	4 355
<b>Total current assets</b>	<b>9 674</b>	<b>9 336</b>	<b>9 609</b>	<b>14 719</b>
<b>Total assets</b>	<b>30 547</b>	<b>31 571</b>	<b>33 155</b>	<b>37 847</b>
Paid-in equity	12 303	12 302	12 302	12 302
Retained earnings and other reserves	-1 847	-1 279	- 315	- 267
Minority interests	21	22	28	39
<b>Total equity</b>	<b>10 478</b>	<b>11 044</b>	<b>12 015</b>	<b>12 074</b>
Pension obligations	655	629	665	630
Deferred tax liability	1 095	1 376	1 836	1 565
Interest-bearing non-current liabilities	14 008	13 708	13 892	15 995
Other non-current liabilities	1 057	1 026	922	2 199
<b>Total non-current liabilities</b>	<b>16 815</b>	<b>16 740</b>	<b>17 316</b>	<b>20 390</b>
Interest-bearing current liabilities	363	331	355	1 596
Trade and other payables	2 652	3 154	3 196	3 417
Tax payable	43	34	35	58
Other current liabilities	196	269	237	311
<b>Total current liabilities</b>	<b>3 254</b>	<b>3 787</b>	<b>3 824</b>	<b>5 382</b>
<b>Total liabilities</b>	<b>20 069</b>	<b>20 527</b>	<b>21 140</b>	<b>25 772</b>
<b>Total equity and liabilities</b>	<b>30 547</b>	<b>31 571</b>	<b>33 155</b>	<b>37 847</b>

## Cash flow

	Q2 2010	Q1 2010	Q2 2009	YTD 10	YTD 09
<b>Gross operating earnings</b>	<b>275</b>	<b>275</b>	<b>568</b>	<b>550</b>	<b>1 071</b>
Restructuring expenses	- 9	0	- 277	- 9	- 278
Other items	8	- 81	- 5	- 73	9
Change in working capital	- 151	- 157	206	- 308	146
<b>Operational cash flow</b>	<b>123</b>	<b>37</b>	<b>491</b>	<b>160</b>	<b>947</b>
Cash from net financial items	- 406	82	- 737	- 325	- 434
Taxes paid	131	- 19	- 48	113	- 84
<b>Levered operational cash flow</b>	<b>- 153</b>	<b>101</b>	<b>- 293</b>	<b>- 52</b>	<b>430</b>
Purchases of fixed assets (capex)	- 106	- 83	- 196	- 189	- 275
Sales of fixed assets	5	11	7	16	11
Other investments / divestments	- 97	0	1	- 97	20
Purchase/sale of treasury shares	1	0	0	1	- 1
Dividend received	0	0	68	0	68
Dividend paid	0	0	0	0	0
<b>Free cash flow</b>	<b>- 350</b>	<b>29</b>	<b>- 414</b>	<b>- 321</b>	<b>252</b>
New equity	0	0	0	0	0
FX and other non-cash items on cash and debt	- 484	102	1 103	- 382	1 559
<b>Change in net interest bearing debt</b>	<b>- 834</b>	<b>131</b>	<b>689</b>	<b>- 703</b>	<b>1 811</b>



## Income statement by operating segments – Q2 2010

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
<b>Operating revenue</b>	<b>2 840</b>	<b>1 488</b>	<b>495</b>	<b>536</b>	<b>- 784</b>	<b>4 577</b>
Distribution costs	- 282	- 149	0	- 34	0	- 465
Cost of materials	-1 655	- 938	- 476	- 383	671	-2 782
Change in inventories	9	39	0	4	- 0	52
Employee benefit expenses	- 416	- 254	0	- 67	0	- 737
Other operating expenses	- 259	- 146	- 1	- 78	113	- 371
<b>Gross operating earnings</b>	<b>238</b>	<b>40</b>	<b>18</b>	<b>- 21</b>	<b>0</b>	<b>275</b>
Depreciation	- 364	- 124	0	- 12	0	- 501
<b>Gross operating earnings after depreciation</b>	<b>- 126</b>	<b>- 85</b>	<b>18</b>	<b>- 33</b>	<b>0</b>	<b>- 226</b>
Restructuring expenses	- 5	- 1	0	- 4	0	- 9
Other gains and losses	- 10	0	- 403	0	0	- 412
Impairments	6	- 0	0	0	- 0	6
<b>Operating earnings</b>	<b>- 135</b>	<b>- 86</b>	<b>- 385</b>	<b>- 36</b>	<b>0</b>	<b>- 643</b>

## Income statement by operating segments – YTD 2010

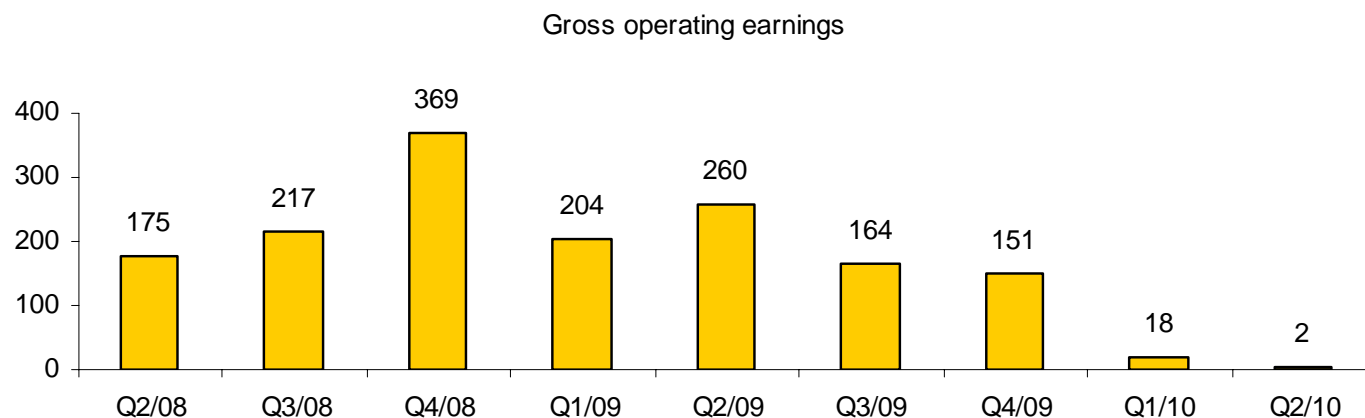
	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
<b>Operating revenue</b>	<b>5 454</b>	<b>2 991</b>	<b>1 084</b>	<b>1 064</b>	<b>-1 562</b>	<b>9 031</b>
Distribution costs	- 533	- 300	0	- 63	0	- 896
Cost of materials	-3 196	-1 853	-1 017	- 771	1 335	-5 502
Change in inventories	40	11	0	2	- 0	52
Employee benefit expenses	- 803	- 467	0	- 136	0	-1 407
Other operating expenses	- 498	- 286	- 3	- 170	227	- 729
<b>Gross operating earnings</b>	<b>463</b>	<b>96</b>	<b>64</b>	<b>- 73</b>	<b>- 0</b>	<b>550</b>
Depreciation	- 745	- 261	0	- 23	0	-1 029
<b>Gross operating earnings after depreciation</b>	<b>- 282</b>	<b>- 165</b>	<b>64</b>	<b>- 96</b>	<b>0</b>	<b>- 479</b>
Restructuring expenses	- 5	- 1	0	- 4	0	- 9
Other gains and losses	20	0	-1 357	11	0	-1 326
Impairments	- 192	- 0	0	0	0	- 193
<b>Operating earnings</b>	<b>- 459</b>	<b>- 167</b>	<b>-1 293</b>	<b>- 88</b>	<b>0</b>	<b>-2 007</b>

## Income statement by operating segments – YTD 2009

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
<b>Operating revenue</b>	<b>6 846</b>	<b>2 991</b>	<b>893</b>	<b>1 053</b>	<b>-1 364</b>	<b>10 419</b>
Distribution costs	- 521	- 278	0	- 44	- 0	- 843
Cost of materials	-4 021	-1 561	- 890	- 750	1 134	-6 087
Change in inventories	149	5	0	2	- 0	156
Employee benefit expenses	- 916	- 517	0	- 164	- 0	-1 598
Other operating expenses	- 680	- 313	- 2	- 211	230	- 976
<b>Gross operating earnings</b>	<b>857</b>	<b>327</b>	<b>2</b>	<b>- 114</b>	<b>- 0</b>	<b>1 071</b>
Depreciation	- 979	- 315	0	- 23	0	-1 318
<b>Gross operating earnings after depreciation</b>	<b>- 123</b>	<b>12</b>	<b>2</b>	<b>- 137</b>	<b>- 0</b>	<b>- 246</b>
Restructuring expenses	- 262	- 16	0	0	0	- 278
Other gains and losses	109	0	- 474	12	- 0	- 353
Impairments	- 999	348	0	0	0	- 651
<b>Operating earnings</b>	<b>-1 274</b>	<b>344</b>	<b>- 472</b>	<b>- 126</b>	<b>- 0</b>	<b>-1 528</b>

## Newsprint, Europe

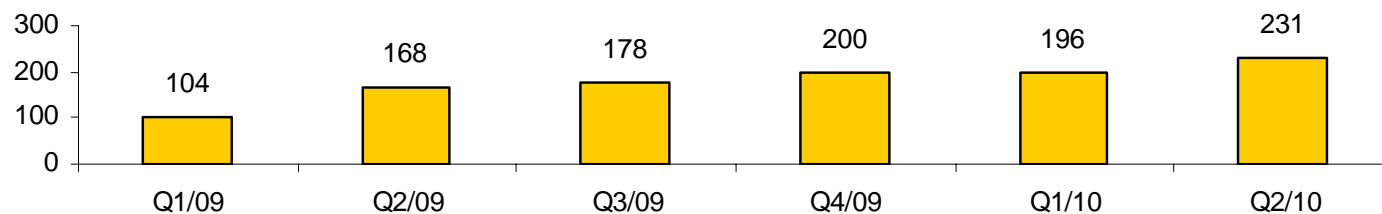
Key figures	Q2 2010	Q1 2010	Q2 2009	YTD 2010	YTD 2009
Operating revenue	1 402	1 314	1 615	2 717	3 190
Gross operating earnings	2	18	260	21	464
Gross operating earnings after depreciations	- 143	- 146	41	- 289	34
Gross operating margin %	0,1	1,4	16,1	0,8	14,5
Production	390	367	351	757	729
Deliveries	394	356	356	751	703
Production / capacity %	88	83	71	86	74



## Newsprint, outside Europe

Key figures	Q2 2010	Q1 2010	Q2 2009	YTD 2010	YTD 2009
Operating revenue	1 375	1 243	1 551	2 618	2 909
Gross operating earnings	231	196	243	427	392
Gross operating earnings after depreciations	12	- 20	- 34	- 8	- 155
Gross operating margin %	16,8	15,8	15,7	16,3	13,5
Production	295	286	369	581	725
Deliveries	284	288	365	572	680
Production / capacity %	89	87	82	88	81

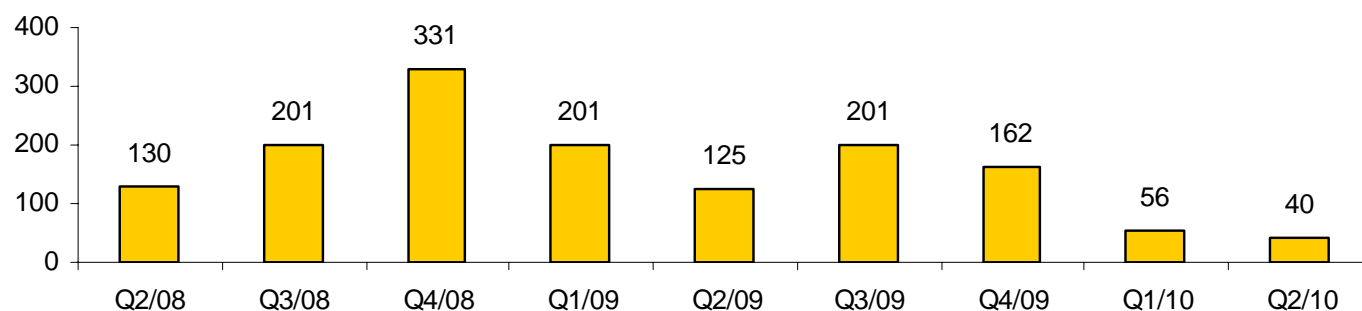
Gross operating earnings



## Magazine

Key figures	Q2 2010	Q1 2010	Q2 2009	YTD 2010	YTD 2009
Operating revenue	1 488	1 503	1 387	2 991	2 991
Gross operating earnings	40	56	125	96	327
Gross operating earnings after depreciations	- 85	- 81	- 31	- 165	12
Gross operating margin %	2,7	3,7	9,0	3,2	10,9
Production	308	296	250	604	499
Deliveries	304	307	226	611	488
Production / capacity %	88	85	71	86	71

Gross operating earnings



## Energy

Key figures	Q2 2010	Q1 2010	Q2 2009	YTD 2010	YTD2009
Operating revenue	495	589	445	1 084	893
Gross operating earnings	18	46	- 8	64	2
Other gains and losses	- 403	- 954	886	-1 357	- 474
Operating earnings IFRS	- 385	- 908	878	-1 293	- 472

## Other Activities

Key figures	Q2 2010	Q1 2010	Q2 2009	YTD 2010	YTD 2009
Operating revenue	536	528	487	1 064	1 053
Recovered paper	208	198	139	406	266
Real estates activitites	4	5	4	9	7
Bio-Fuel	0	0	0	0	0
Corporate functions	68	66	66	134	132
Miscellaneous	270	277	291	547	673
Eliminations	- 14	- 18	- 13	- 32	- 25
<b>Gross operating earnings</b>	<b>- 21</b>	<b>- 52</b>	<b>- 61</b>	<b>- 52</b>	<b>- 114</b>

## Operational summary-volumes

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
<b>Production</b>						
Newsprint Europe	390	367	350	329	351	379
Newsprint Outside Europe	295	286	303	350	369	357
Magazine Europe	308	296	313	297	250	249
<b>Deliveries</b>						
Newsprint Europe	394	356	371	331	356	347
Newsprint Outside Europe	284	288	322	391	365	315
Magazine Europe	304	307	314	294	226	262
<b>Capacity</b>						
Newsprint Europe	441	441	440	440	497	497
Newsprint Outside Europe	330	330	359	414	450	450
Magazine Europe	350	350	350	350	350	350
<b>Production/Capacity %</b>						
Newsprint Europe	88	83	80	75	71	76
Newsprint Outside Europe	89	87	84	85	82	80
Magazine Europe	88	85	89	85	71	71



## Financial Summary

	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
<b>Operating revenue</b>						
Newsprint Europe	1 402	1 314	1 549	1 460	1 615	1 575
Newsprint Outside Europe	1 375	1 243	1 369	1 618	1 551	1 358
Magazine Europe	1 488	1 503	1 674	1 607	1 387	1 603
<b>Gross operating earnings</b>						
Newsprint Europe	2	18	151	164	260	204
Newsprint Outside Europe	231	196	216	274	243	149
Magazine Europe	40	56	162	201	125	201
<b>Gross operating earnings after depreciation</b>						
Newsprint Europe	- 143	- 146	- 30	- 41	41	- 7
Newsprint Outside Europe	12	- 20	71	11	- 34	- 121
Magazine Europe	- 85	- 81	- 2	34	- 31	43
<b>Gross operating margin %</b>						
Newsprint Europe	0,2	1,4	9,7	11,3	16,1	13,0
Newsprint Outside Europe	16,8	15,8	15,8	16,9	15,7	11,0
Magazine Europe	2,7	3,7	9,6	12,5	9,0	12,6