



Future on Paper

Norske Skog

Financial details, Q4 2010

Key financials

		Q4 10	Q3 10	Q4 09	YTD 10	YTD 09
Operating revenue	NOK mill	5 160	4 795	4 909	18 986	20 362
Gross operating earnings	NOK mill	479	384	472	1 413	2 185
Gross operating earnings after depreciation	NOK mill	30	- 129	- 27	- 578	- 280
Gross operating margin	%	9,3	8,0	9,6	7,4	10,7
Operating earnings	NOK mill	- 46	- 326	1 075	-2 379	-1 325
Profit/loss before income taxes	NOK mill	- 260	- 278	887	-3 320	-1 019
Net profit/loss for the period	NOK mill	- 198	- 244	667	-2 469	-1 400
Earnings per share	NOK	-1,06	-1,28	3,53	-12,97	-6,36
Net cash flow from operating activities	NOK	113	336	537	397	1 697
Cash flow per share	NOK	0,59	1,77	2,83	2,09	8,95
Net interest bearing debt	NOK mill	8 889	8 998	9 595	8 889	9 595
Net interest bearing debt/equity	NOK mill	0,87	0,89	0,86	0,87	0,86
Production		1 050	1 005	966	3 998	3 895
Deliveries		1 062	1 017	1 007	4 013	3 894

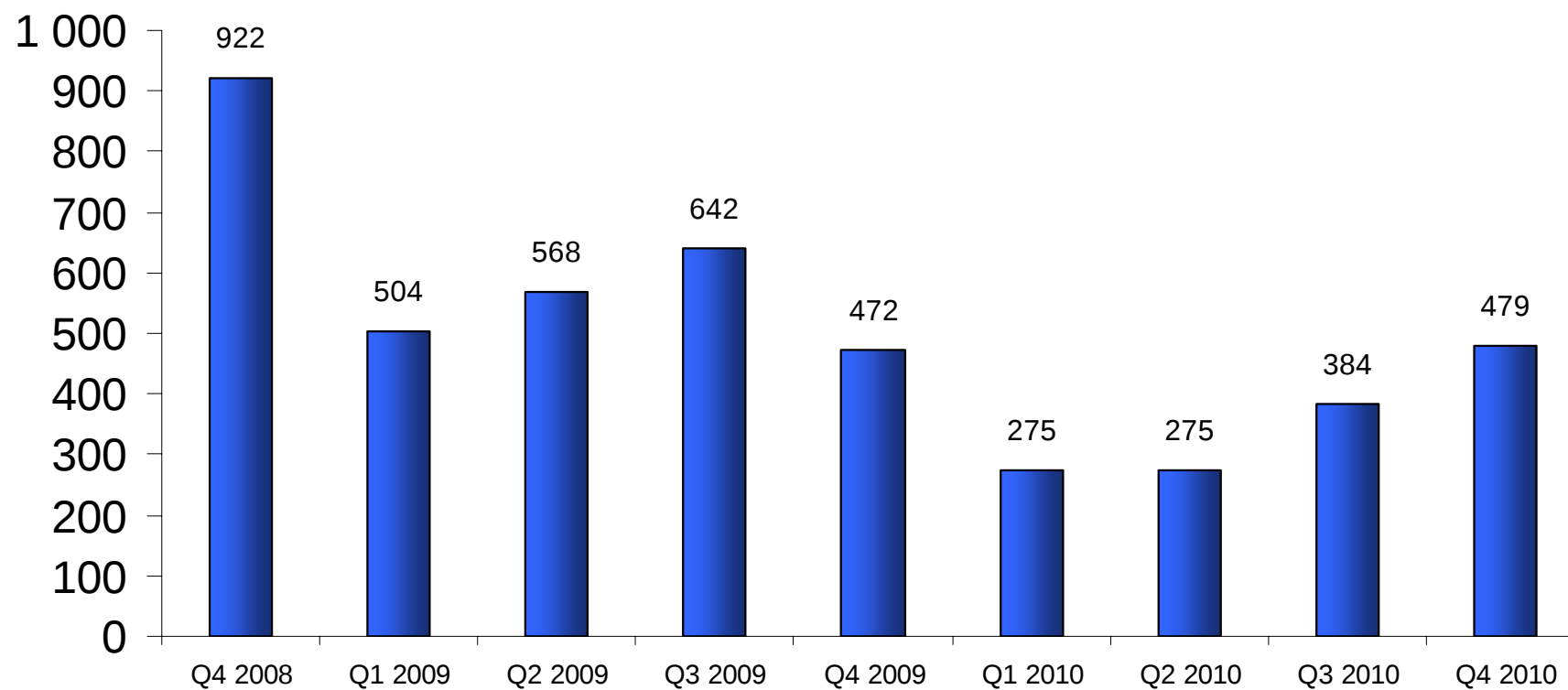
Gross operating earnings - segment distribution

	Q4 10	Q3 10	Q4 09	YTD 10	YTD 09
Newsprint					
Europe	- 3	- 18	151	- 0	779
Outside Europe	269	369	216	1 065	881
Sales offices/eliminations	- 22	1	17	- 5	24
Total Newsprint	244	352	383	1 059	1 684
Magazine paper	169	41	162	305	689
Total Paper	413	393	545	1 364	2 373
Energy	56	30	- 32	150	- 18
Other activities	10	- 38	- 40	- 100	- 170
Eliminations	- 0	0	- 0	- 0	- 0
Gross operating earnings	479	384	472	1 413	2 185

Income statement

	Q4 10	Q3 10	Q4 09	YTD 10	YTD 09
Operating revenue	5 160	4 795	4 909	18 986	20 362
Distribution costs	- 484	- 476	- 452	-1 856	-1 749
Cost of materials	-3 127	-2 910	-2 678	-11 539	-11 445
Change in inventories	- 44	- 39	- 175	- 31	- 132
Employee benefit expenses	- 590	- 712	- 726	-2 709	-3 100
Other operating expenses	- 436	- 273	- 406	-1 438	-1 751
Gross operating earnings	479	384	472	1 413	2 185
Depreciation	- 450	- 513	- 499	-1 991	-2 465
Gross operating earnings after depreciation	30	- 129	- 27	- 578	- 280
Restructuring expenses	- 25	- 22	- 90	- 57	- 396
Other gains and losses	- 77	- 175	1 418	-1 578	1 233
Impairments	27	0	- 226	- 165	-1 883
Operating earnings	- 46	- 326	1 075	-2 379	-1 325
Share of profit in associated companies	- 1	- 1	0	- 17	25
Financial items	- 213	50	- 188	- 924	280
Profit/loss before income taxes	- 260	- 278	887	-3 320	-1 019
Income taxes	62	34	- 220	851	- 380
Net profit/loss for the period	- 198	- 244	667	-2 469	-1 400
Majority share of net profit/loss for the period	- 201	- 244	670	-2 462	-1 205
Minority share of net profit/loss for the period	2	1	- 3	- 6	- 194
Basic/diluted earnings per share	-1,06	-1,28	3,53	-12,97	-6,36

Gross operating earnings



Financial items

	Q4-10	Q3-10	Q4-09	YTD 2010	YTD 2009
Net interest cost (excl. IR derivatives)	- 182	- 207	- 201	- 775	- 921
Realised and unrealised gains/losses on IR swaps	1	8	51	22	7
Realized currency gain/loss cash flow hedge	- 9	18	101	164	71
Urealized currency gain/loss cash flow hedge	41	63	- 73	- 106	419
Other currency gain/loss	- 51	180	- 39	- 193	607
Other financial items	- 12	- 12	- 29	- 35	97
Total financial items	- 213	50	- 188	- 924	280
Gearing ¹⁾	0,87	0,89	0,80	0,87	0,80
Net interest bearing debt ²⁾	8 889	8 998	9 596	8 889	9 596

¹⁾ Gearing = Net interest bearing debt / Equity

²⁾ Net interest-bearing debt = Interest bearing debt -
Hedge reserve – Cash and Cash equivalents

Balance sheet

	31.12.10	30.09.10	31.12.09	31.12.09
Deferred tax asset	137	111	128	128
Other intangible assets	160	193	208	208
Property, plant and equipment	15 909	16 194	17 561	17 561
Investment in associated companies	209	214	228	228
Other non-current assets	2 856	3 311	5 420	5 420
Total non-current assets	19 271	20 023	23 546	23 546
Inventories	2 013	2 030	2 003	2 003
Receivables	2 397	2 288	2 511	2 511
Cash and cash equivalents	4 440	4 461	4 241	4 241
Other current assets	1 177	795	853	853
Total current assets	10 027	9 573	9 609	9 609
Total assets	29 297	29 596	33 155	33 155
Paid-in equity	12 303	12 303	12 302	12 302
Retained earnings and other reserves	-2 143	-2 191	- 315	- 315
Minority interests	22	23	28	28
Total equity	10 183	10 136	12 015	12 015
Pension obligations	559	683	665	665
Deferred tax liability	923	989	1 836	1 836
Interest-bearing non-current liabilities	11 717	13 505	13 892	13 892
Other non-current liabilities	676	927	922	922
Total non-current liabilities	13 875	16 104	17 316	17 316
Interest-bearing current liabilities	1 954	315	355	355
Trade and other payables	3 074	2 809	3 196	3 196
Tax payable	32	32	35	35
Other current liabilities	180	200	237	237
Total current liabilities	5 240	3 356	3 824	3 824
Total liabilities	19 115	19 460	21 140	21 140
Total equity and liabilities	29 297	29 596	33 155	33 155

Cash flow

	Q4 2010	Q3 2010	Q4 2009	YTD 10	YTD 09
Gross operating earnings	479	384	472	1 413	2 185
Restructuring expenses	- 25	- 22	- 90	- 57	- 396
Other items	- 95	- 93	30	- 262	28
Change in working capital	- 10	73	257	- 245	593
Operational cash flow	349	342	670	850	2 410
Cash from net financial items	- 198	3	- 78	- 520	- 548
Taxes paid	- 38	- 9	- 55	67	- 166
Levered operational cash flow	113	336	537	397	1 697
Purchases of fixed assets (capex)	- 137	- 85	- 180	- 411	- 580
Sales of fixed assets	108	44	20	168	45
Other investments / divestments	- 10	766	- 193	658	- 119
Purchase/sale of treasury shares	0	0	0	1	- 1
Dividend received	0	0	0	0	68
Dividend paid	0	0	0	0	0
Free cash flow	74	1 060	184	813	1 110
New equity	0	0	0	1	0
FX and other non-cash items on cash and debt	34	241	237	- 108	3 341
Change in net interest bearing debt	108	1 301	421	706	4 451

Income statement by operating segments – Q4 2010

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	3 138	1 691	606	586	- 861	5 160
Distribution costs	- 294	- 163	0	- 26	- 0	- 484
Cost of materials	-1 844	-1 042	- 549	- 445	754	-3 127
Change in inventories	- 28	- 18	0	2	- 0	- 44
Employee benefit expenses	- 400	- 152	0	- 38	0	- 590
Other operating expenses	- 327	- 147	- 1	- 68	107	- 436
Gross operating earnings	244	169	56	10	0	479
Depreciation	- 305	- 129	0	- 16	0	- 450
Gross operating earnings after depreciation	- 61	40	56	- 5	0	30
Restructuring expenses	- 16	- 4	0	- 5	0	- 25
Other gains and losses	29	5	- 163	51	0	- 77
Impairments	27	0	0	- 0	0	27
Operating earnings	- 21	41	- 106	40	0	- 46

Income statement by operating segments – YTD 2010

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	11 535	6 288	2 218	2 154	-3 209	18 986
Distribution costs	-1 108	- 632	0	- 116	- 0	-1 856
Cost of materials	-6 761	-3 889	-2 064	-1 588	2 763	-11 539
Change in inventories	6	- 35	0	- 1	- 0	- 31
Employee benefit expenses	-1 617	- 854	0	- 238	0	-2 709
Other operating expenses	- 996	- 573	- 4	- 310	446	-1 438
Gross operating earnings	1 059	305	150	- 100	- 0	1 413
Depreciation	-1 421	- 520	0	- 49	0	-1 991
Gross operating earnings after depreciation	- 363	- 215	150	- 150	- 0	- 578
Restructuring expenses	- 43	- 5	0	- 9	0	- 57
Other gains and losses	44	7	-1 693	64	0	-1 578
Impairments	- 165	0	0	- 0	0	- 165
Operating earnings	- 527	- 214	-1 543	- 95	- 0	-2 379

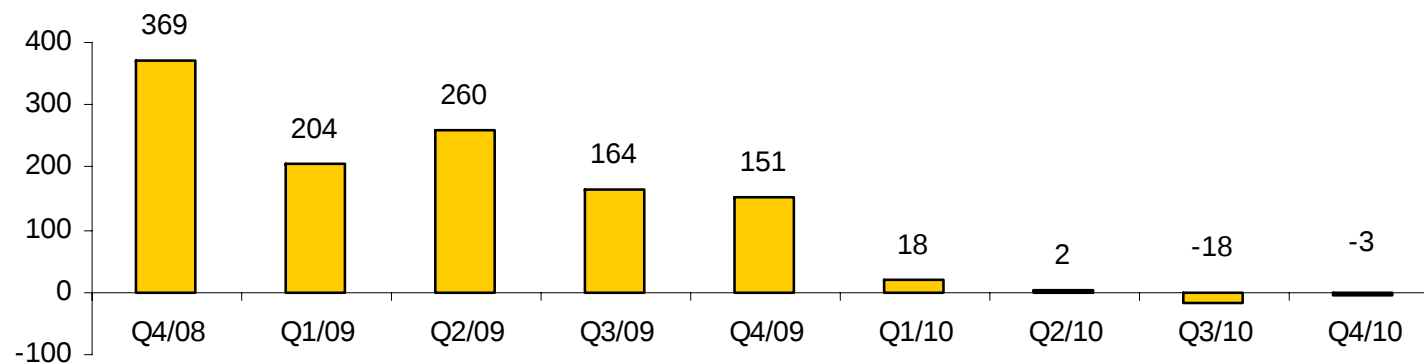
Income statement by operating segments – YTD 2009

	Newsprint	Magazine Paper	Energy	Other activities	Eliminations	Norske Skog Group
Operating revenue	13 073	6 272	1 736	2 064	-2 783	20 362
Distribution costs	-1 076	- 579	0	- 94	- 0	-1 749
Cost of materials	-7 136	-3 374	-1 752	-1 465	2 283	-11 445
Change in inventories	- 118	- 16	0	3	- 0	- 132
Employee benefit expenses	-1 813	- 995	0	- 292	- 0	-3 100
Other operating expenses	-1 244	- 618	- 2	- 386	500	-1 751
Gross operating earnings	1 684	689	- 18	- 170	- 0	2 185
Depreciation	-1 775	- 645	0	- 45	0	-2 465
Gross operating earnings after depreciation	- 91	44	- 18	- 215	- 0	- 280
Restructuring expenses	- 360	- 34	0	- 2	- 0	- 396
Other gains and losses	201	0	990	41	- 0	1 233
Impairments	-1 833	- 49	0	0	0	-1 883
Operating earnings	-2 083	- 39	972	- 175	- 0	-1 325

Newsprint, Europe

Key figures	Q4 2010	Q3 2010	Q4 2009	YTD 2010	YTD 2009
Operating revenue	1 551	1 374	1 549	5 642	6 199
Gross operating earnings	- 3	- 18	151	0	779
Gross operating earnings after depreciations	- 149	- 174	- 30	- 612	- 37
Gross operating margin %	-0,2	-1,3	9,7	0,0	12,6
Production	417	388	350	1 561	1 408
Deliveries	429	386	371	1 566	1 405
Production / capacity %	95	88	80	89	75

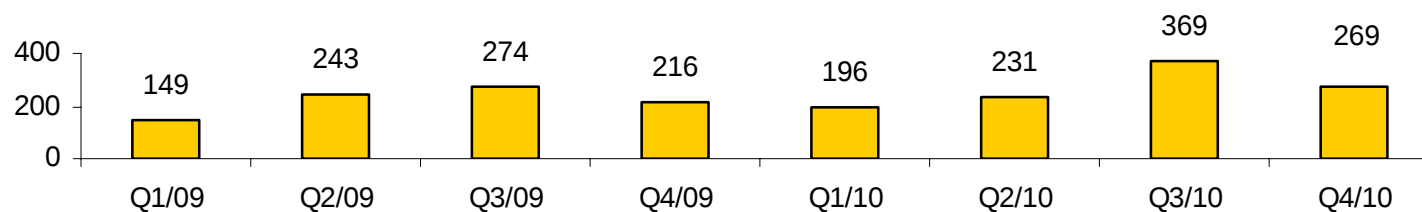
Gross operating earnings



Newsprint, outside Europe

Key figures	Q4 2010	Q3 2010	Q4 2009	YTD 2010	YTD 2009
Operating revenue	1 504	1 495	1 369	5 617	5 896
Gross operating earnings	269	369	216	1 065	881
Gross operating earnings after depreciations	111	153	71	257	- 74
Gross operating margin %	17,9	24,7	15,8	19,0	14,9
Production	306	300	303	1 187	1 378
Deliveries	302	307	322	1 181	1 393
Production / capacity %	93	91	84	90	82

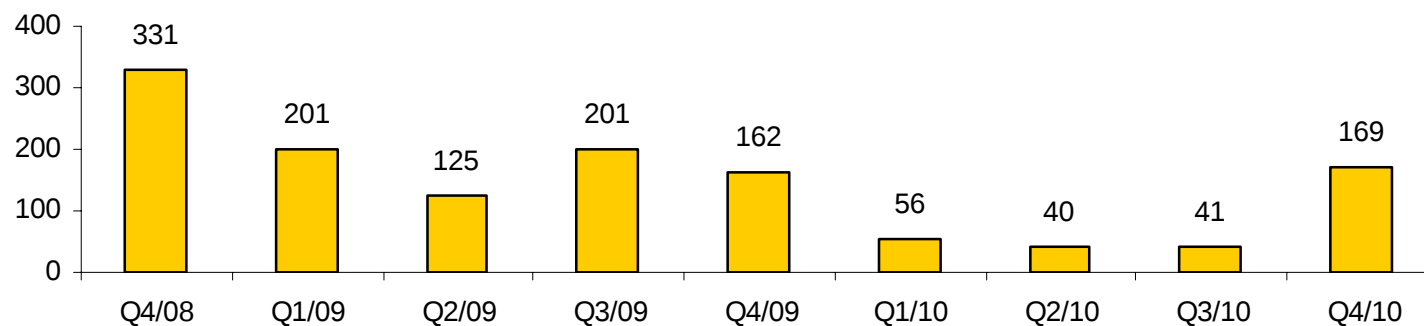
Gross operating earnings



Magazine

Key figures	Q4 2010	Q3 2010	Q4 2009	YTD 2010	YTD 2009
Operating revenue	1 691	1 606	1 674	6 288	6 272
Gross operating earnings	169	41	162	305	689
Gross operating earnings after depreciations	40	- 90	- 2	215	44
Gross operating margin %	10,0	2,5	9,6	4,8	11,0
Production	328	317	313	1 249	1 109
Deliveries	332	324	314	1 266	1 096
Production / capacity %	94	91	89	89	79

Gross operating earnings



Energy

Key figures	Q4 2010	Q3 2010	Q4 2009	YTD 2010	YTD2009
Operating revenue	606	527	435	2 218	1 736
Gross operating earnings	56	30	- 32	150	- 18
Other gains and losses	- 163	- 174	1 368	-1 693	990
Operating earnings IFRS	- 106	- 144	1 336	-1 543	972

Other Activities

Key figures	Q4 2010	Q3 2010	Q4 2009	YTD 2010	YTD 2009
Operating revenue	586	504	523	2 154	2 064
Recovered paper	225	220	157	851	567
Real estates activitites	5	4	3	19	14
Bio-Fuel	0	0	0	0	0
Corporate functions	60	59	59	253	257
Miscellaneous	308	234	319	1 089	1 276
Eliminations	- 13	- 13	- 15	- 58	- 52
Gross operating earnings	10	- 38	- 40	- 100	- 170

Operational summary-volumes

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Production								
Newsprint Europe	417	388	390	367	350	329	351	379
Newsprint Outside Europe	306	300	295	286	303	350	369	357
Magazine Europe	328	317	308	296	313	297	250	249
Deliveries								
Newsprint Europe	429	386	394	356	371	331	356	347
Newsprint Outside Europe	302	307	284	288	322	391	365	315
Magazine Europe	332	324	304	307	314	294	226	262
Capacity								
Newsprint Europe	441	441	441	441	440	440	497	497
Newsprint Outside Europe	330	330	330	330	359	414	450	450
Magazine Europe	350	350	350	350	350	350	350	350
Production/Capacity %								
Newsprint Europe	95	88	88	83	80	75	71	76
Newsprint Outside Europe	93	91	89	87	84	85	82	80
Magazine Europe	94	91	88	85	90	85	71	71

Financial Summary

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Operating revenue								
Newsprint Europe	1 551	1 374	1 402	1 314	1 549	1 460	1 615	1 575
Newsprint Outside Europe	1 504	1 495	1 375	1 243	1 369	1 618	1 551	1 358
Magazine Europe	1 691	1 606	1 488	1 503	1 674	1 607	1 387	1 603
Gross operating earnings								
Newsprint Europe	-3	-18	2	18	151	164	260	204
Newsprint Outside Europe	269	369	231	196	216	274	243	149
Magazine Europe	169	41	40	56	162	201	125	201
Gross operating earnings after depreciation								
Newsprint Europe	-149	-174	-143	-146	-30	-41	41	-7
Newsprint Outside Europe	111	153	12	-20	71	11	-34	-121
Magazine Europe	40	-90	-85	-81	-2	34	-31	43
Gross operating margin %								
Newsprint Europe	-0,2	-1,3	0,1	1,4	9,7	11,3	16,1	13,0
Newsprint Outside Europe	17,9	24,7	16,8	15,8	15,8	16,9	15,7	11,0
Magazine Europe	10,0	2,5	2,7	3,7	9,6	12,5	9,0	12,6