



## Promising future for the Tasman mill and Nature's Flame

The Tasman mill has over the last period commenced production of paper for supplies into the Asian packaging markets in the form of Pulp on Reel. This is part of the ongoing strategic development process to transition the Tasman mill in New Zealand out of standard newsprint production. As part of the same strategic review, Norske Skog has received significant inbound interest for Nature's Flame pellets facility located close to the Tasman mill; therefore, Norske Skog has decided to launch a process to assess the best long term ownership structure for this operation.

*"The Tasman mill management and the larger Australasian organisation have shown entrepreneurial spirit in quickly developing an alternative business case for the mill, making good commercial use of existing assets and infrastructure on the site. I am certain that the continuing work will result in further ways to maximise the potential in the Tasman mill's excellent fiber access and fiber processing competencies"* says Norske Skog Chief Executive Officer, Sven Ombudstvedt.

### Pulp on reel at Tasman mill

Norske Skog has commenced production of paper in the form of Pulp on Reel at its Tasman mill in New Zealand that can be used directly in the manufacture of containerboard, or alternatively re-pulped. The primary market for the product is the Asian packaging producers. Existing assets and infrastructure on the Tasman site allow for production of approximately 200,000 tonnes of annual paper as Pulp on Reel. The transition is enabled by using the same production process, employees and equipment with very limited investments, and is in response to material market demand for the product qualities that the Tasman mill can produce. Pulp on Reel is produced by drying mechanical pulp, made with specific properties suited to each customer, and based on roundwood and sawmill chips, through the paper machine.

This product transition is part of the ongoing strategic review of the mill and will, as announced on 9 October 2020, allow for cessation of standard newsprint production, while continuing operations at the site until the strategic review comes to a conclusion. Ceasing standard newsprint production at Tasman will reduce regional capacity by 150,000 tonnes, and Norske Skog's Boyer mill will become the only domestic publication paper producer with 150,000 tonnes newsprint capacity and 135,000 tonnes LWC magazine capacity.

### Nature's Flame

Following the initiation of the Tasman strategic review process, Norske Skog has experienced significant inbound interest for the Nature's Flame pellets facility located approximately 100 kilometers southwest of the Tasman mill in Taupo. It is a state-of-the-art Andritz facility producing premium certified pellets from FSC certified and long-term contracted fibre using renewable geo-thermal energy. The majority of pellets are sold on long-term contracts to domestic and Asian customers, with approximately 50,000 tonnes being contracted to the New Zealand dairy producer Fonterra as part of Fonterra's program to migrate from fossil fuels to renewable energy sources. The Nature's Flame facility has an annual pellets production capacity of more than 85,000 tonnes, representing more than 425 GWh of thermal energy. Facility design and infrastructure provides opportunity to more than double production capacity through a relatively modest expansion investment. KPMG has been engaged to assist Norske Skog with the sales process.

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### Norske Skog ASA

Sjølyst plass 2  
P.O. Box 294 Skøyen, 0213 Oslo  
Norway

[www.norskeskog.com](http://www.norskeskog.com)

twitter: @Norske\_Skog

*“Norske Skog acquired Nature’s Flame in 2015 and have since engaged broadly in efficiently optimization of the production and also made an investment during 2019 to increase capacity to 85,000 tonnes. Since the ramp-up of the increased capacity in early 2020, the facility has produced efficiently and delivered production at an annualised rate of around 90,000 tonnes. We are naturally very satisfied to see that this promising performance has gained attention in wider circles,”* says Norske Skog Chief Executive Officer, Sven Ombudstvedt.

### **About Norske Skog**

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog Group operates four mills in Europe, of which two will produce recycled containerboard following planned conversion projects. In addition, the Group operates two publication paper mills and a pellets facility in Australasia. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising fibre projects. The Group has approximately 2,300 employees in five countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

### **For further information**

Norske Skog media:

Vice President Corporate Communication and Public Affairs

Carsten Dybevig

[carsten.dybevig@norskeskog.com](mailto:carsten.dybevig@norskeskog.com)

Mob: +47 917 63 117

Twitter: @Norske\_Skog

Norske Skog investor relations:

Investor Relations Manager

Even Lund

[even.lund@norskeskog.com](mailto:even.lund@norskeskog.com)

Mob: +47 906 12 919