

Press release

Attractive financing of EUR 265 million secured for the European containerboard projects

Following Final Investment Decisions in the second quarter this year, Norske Skog has now entered into debt facility agreements with an aggregate amount of EUR 265 million to finance its EUR 350 million investment in recycled containerboard conversion projects. Lenders are leading European banks, partly guaranteed by German export credit agency Euler Hermes and Austria Wirtschaftsservice Gesellschaft - the Austrian Government Promotional and Investment Bank. The commercial terms are attractive and support the highly competitive profile of the containerboard projects. The first containerboard production will commence in Bruck in just over a year and put Norske Skog on the path to become the leading European independent producer of recycled containerboard.

- "We announced our strategic move into packaging production in June last year and took the Final Investment Decisions for our packaging projects in April and June this year. Today, we announce the signing of highly attractive financing arrangements for both projects, adding another important milestone on the path to become a leading packaging company. We are happy to see strong support from existing and new relationship banks to realise our ambitions. The quality of the financings arrangements and all involved parties speak to the attractive profitability and relatively low risk profile of the conversion projects", says Sven Ombudstvedt, CEO of Norske Skog.

The total financing amounts to EUR 265 million, or approximately 75% of the EUR 350 million investment amount, of which EUR 193 million is for the Golbey containerboard project and EUR 72 million for the Bruck containerboard project. DNB, Caisse d'Epargne Grand Est Europe and Natixis acted as Joint Mandated Lead Arrangers (MLA) for the financing in Golbey, and Raiffeisenlandesbank OÖ and IKB Deutsche Industriebank acted as MLAs for the financing in Bruck. The facilities will be drawn as capex is incurred, and repayment is scheduled and expected to commence approximately upon completion of each respective project with average maturity towards the end of 2030. Utilisations are subject to customary conditions precedent for such facilities. The debt financing of EUR 265 million is expected to increase Norske Skog's annual interest costs with approximately EUR 5 million annually once fully drawn.

Production of containerboard will commence during the fourth quarter of 2022 at the Bruck industrial site and during the fourth quarter of 2023 at the Golbey industrial site. The machines are expected to operate at 60-70% utilisation in the first year and reach full utilisation during the third year of production. Once at full utilisation, the machines are expected to generate annual EBITDA of EUR 70-80 million annually, based on historical prices and margins seen in the market.

In combination with the issuance of equity of NOK 400 million in January this year, the issuance of the EUR 150 million bond and the establishment of the EUR 31 million RCF in February this year, Norske Skog has now established a solid financial platform for the containerboard projects. This marks an important milestone in Norske Skog's strategic transition into growing and high margin markets. Together with the +400 GWh Waste-to-Energy facility at Bruck, due for start-up in six months, the start of containerboard production in just over a year will provide a material shift in Norske Skog's income sources, enabling a long-term sustainable earnings profile.

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About Norske Skog

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations mainly in Europe and Australasia. The Norske Skog Group operates four mills in Europe, two of which will produce recycled containerboard following ongoing conversion projects. In addition, the Group operates one paper mill in Australia and a wood pellets facility in New Zealand. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising energy and fibre development projects. The Group has approximately 2 150 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Norske Skog
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