

Press release

Settlement agreed on insurance coverage estimated up to NOK 2.4 billion for Norske Skog Saugbrugs

Norske Skog has worked closely with the insurance company, equipment suppliers, and other parties to determine the extent of damages following the rockslide on 27 April. The rockslide caused significant damage to buildings, cranes, machinery, and equipment associated with paper machine 6 (PM6). A settlement has now been reached between Norske Skog Saugbrugs and the insurance company regarding insurance coverage for both business interruption and property damage, estimated up to NOK 2.4 billion, which will jointly be covered by the insurance company, the Norwegian Natural Perils Pool, and reinsurers.

"The rockslide on 27 April this year was a traumatic experience for Saugbrugs employees, Halden residents, and Norske Skog. Fortunately, no one was physically injured in the rockslide, but PM6 and its associated building structures sustained substantial damage. After significant efforts from mill employees and other stakeholders, we are pleased to have reached an agreement with our insurance company for both business interruption and property damage, estimated up to NOK 2.4 billion. We have had an excellent dialogue and been treated very fairly by our insurance company throughout the process," says Geir Drangslund, CEO of Norske Skog.

The property damage insurance at Norske Skog Saugbrugs will cover the costs to secure rock formations and rebuild building structures, with estimated settlement up to NOK 550 million. Furthermore, a settlement of NOK 1 billion has been agreed upon for investments in production equipment, of which NOK 59 million was paid out in the third quarter of 2023, NOK 326 million will be paid during the fourth quarter of 2023, and NOK 615 million as investment costs accrue.

In the fourth quarter of 2023, Norske Skog Saugbrugs expects to receive and recognise around NOK 326 million under the property damage insurance.

"Saugbrugs employees are among the best in the fibre and process industry, and the mill has one of the most efficient production processes for SC magazine paper globally. With the ongoing start-up of PM5, the mill will have a capacity of around 200 000 tons to meet the demands of our customers. The agreement with our insurance company provides us with flexibility to use the settlement for the reconstruction of PM6 within SC paper, but also to consider investments in other product alternatives. We are now working closely with various stakeholders to find the most suitable path forward for Saugbrugs, ensuring the mill's role as a cornerstone business and employer in Halden," says Geir Drangslund, CEO of Norske Skog.

Business interruption insurance has been recognised with NOK 225 million as of the third quarter of 2023, covering the first five months of the 18-month coverage period. For the remaining 13 months, the amount is NOK 625 million totaling NOK 850 million for the entire coverage period. As of the third quarter, Norske Skog had received NOK 267 million under business interruption insurance, and remaining payments of NOK 368 million and NOK 215 million will be received in the fourth quarter of 2023 and the first quarter of 2024, respectively.

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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, which produce publication paper, recycled packaging paper, energy and bioproducts. In addition, the Group operates one paper mill in Australia. 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 bio product development projects. The Group has approximately 2 100 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Communication and Public Affairs

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