



Norske Skog

Q4 2023 presentation

8 February 2024

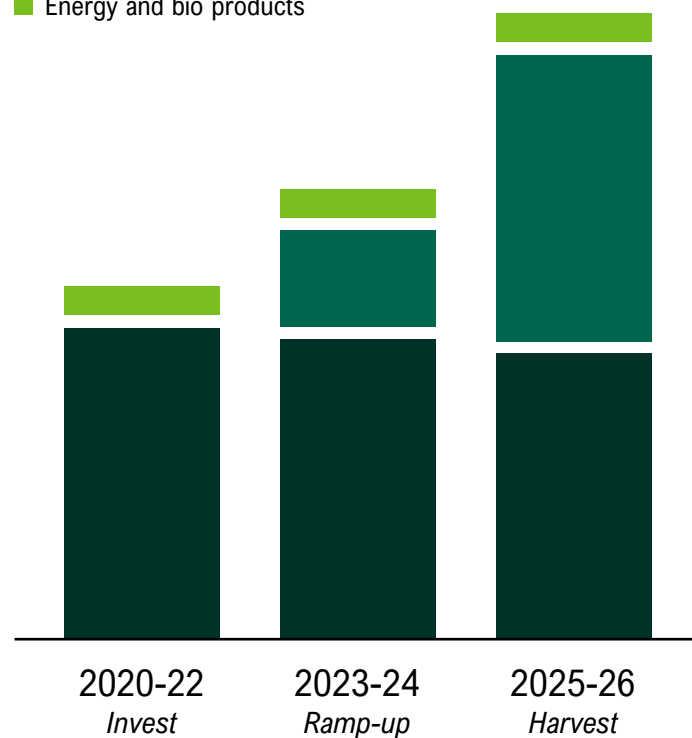
*We create
green value*

Norske Skog

Fibre processing industry

Strategic transition

- Publication paper
- Packaging paper
- Energy and bio products



→ Publication paper

- Capacity: 1 590kt
- Utilisation target: 90%
- EBITDA margin target: 10%

→ Packaging paper

- Capacity: 760kt (2025-26)
- Utilisation target: 95% (2025-26)
- EBITDA margin target: 20% (2025-26)

- Net debt NOK 2.6bn (1.5x leverage ratio¹)
- Remaining net expansion capex NOK 0.6bn
- Cash NOK 2.5bn and liquidity NOK 2.9bn
- 2023 CDP Climate Change Score “A-”

Five high quality industrial sites

Eleven paper machines with supporting infrastructure for energy, fibre, and water



Quarter highlights

Fourth quarter 2023

Earnings positively impacted by insurance settlement

- Quarterly EBITDA of NOK 760m, incl. extraordinary net positive impact of NOK 655m from Saugbrugs and NOK 57m gain from Tasman sale
- Improved financial position and liquidity due to receipt of NOK 720m in insurance proceeds in the quarter

Paper and containerboard prices stabilise

- Publication paper markets remain weak and further capacity closures are required
- Containerboard demand returning, but market still experiencing excess capacity

Bruck PM3 ramp-up on plan in challenging market

- Positive customer feedback on containerboard deliveries from Bruck PM3, increased deliveries in January 2024
- Golbey PM1 progressing towards start-up in H2 2024

Saugbrugs PM5 restarted end of Q4 2023

- Successful start-up of PM5 and expect close to normal production and on-time deliveries during Q1 2024
- Progressing with evaluation of opportunities for PM6 and related infrastructure

Maintained good balance sheet following shareholder distributions

- Equity ratio of 42% and interest coverage ratio of 18.4x
- Completed NOK 415m share repurchase programme and paid dividend of NOK 0.67 per share, equivalent to NOK 57m

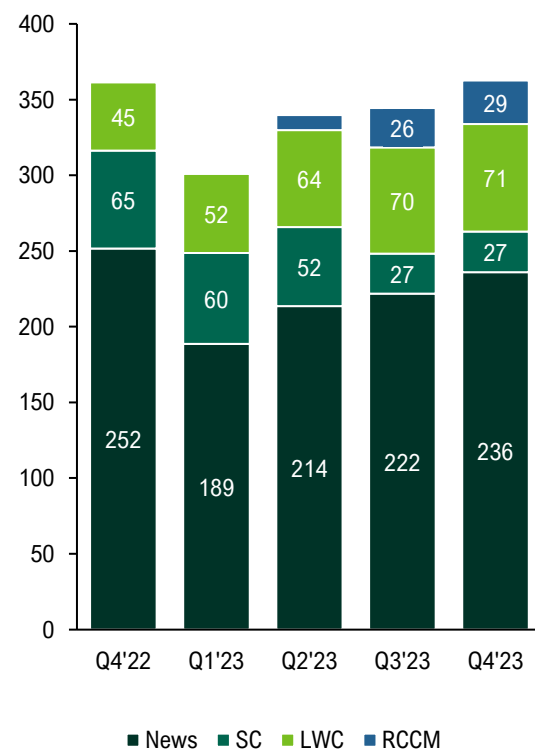


Key figures

Fourth quarter 2023

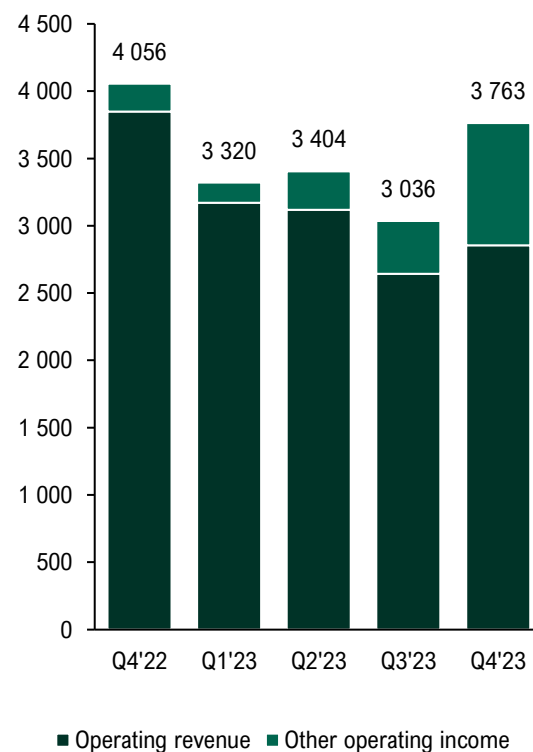
Deliveries volume

Thousand tonnes



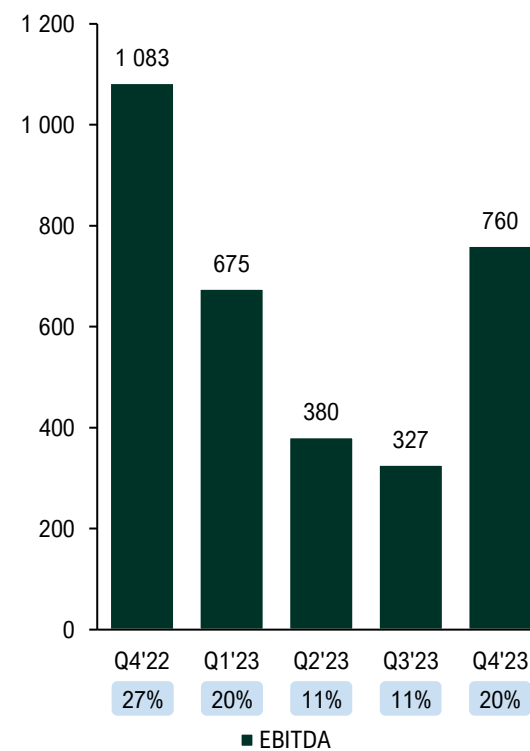
Total operating income

NOKm



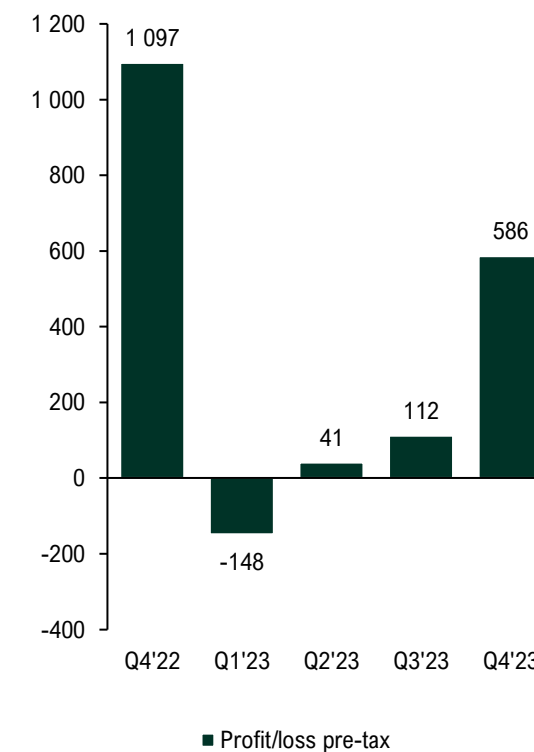
EBITDA

NOKm (and margin)



Pre-tax profit

NOKm

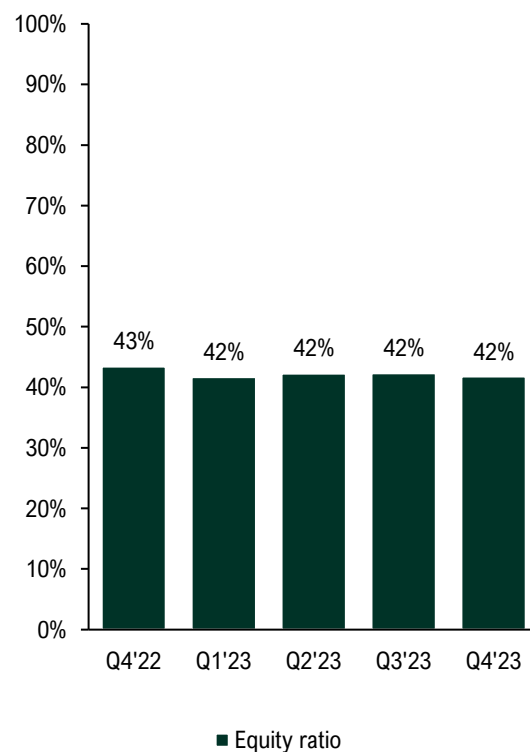


Financial position

Fourth quarter 2023

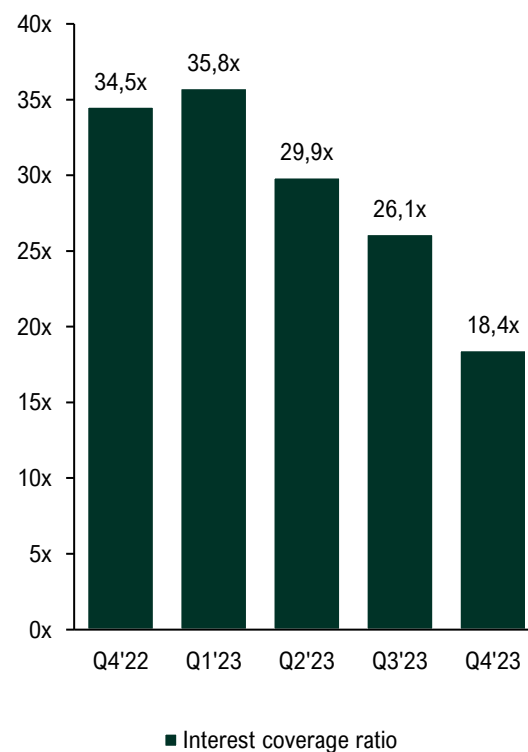
Equity ratio

Book equity to total assets
group covenant of min. 25%



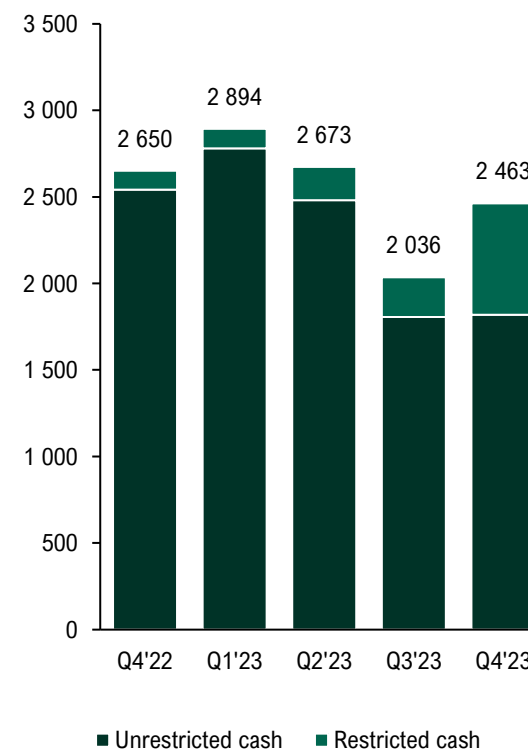
Interest coverage ratio

EBITDA to net cash interest cost
group covenant of min. 2.0x



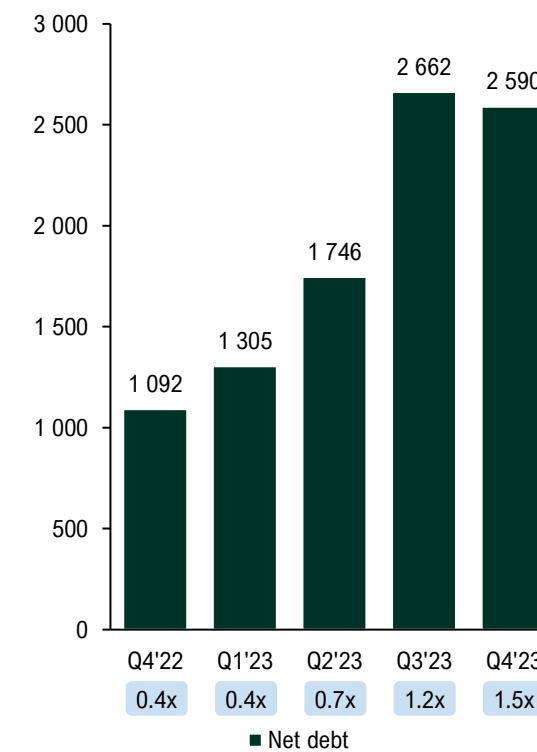
Cash

NOKm
group covenant of min. NOK 100m unrestricted



Net debt

NOKm (and leverage ratio)
no group maintenance covenant



Segment financials

Results driven by insurance and gain on sale

NOK million	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	QoQ	YoY	YTD Q4'22	YTD Q4'23	Chg.
Publication Paper Europe										
Deliveries, kt	300	245	267	258	270	5%	-10%	1 462	1 040	-29%
Total operating inc.	3 551	2 864	2 843	2 405	3 028	26%	-15%	13 117	11 140	-15%
EBITDA	1 131	763	429	335	723	116%	-36%	2 962	2 250	-24%
EBITDA margin	32%	27%	15%	14%	24%			23%	20%	
Publication Paper Australasia										
Deliveries, kt	63	56	63	60	63	5%	0%	252	242	-4%
Total operating inc.	508	434	489	476	568	19%	12%	1 920	1 967	2%
EBITDA	33	-23	-5	27	80	197%	143%	154	80	-48%
EBITDA margin	7%	-5%	-1%	6%	14%			8%	4%	
Packaging Paper										
Deliveries, kt	0	0	10	26	29	11%	n.m.	0	65	n.m.
Total operating inc.	0	24	75	128	135	6%	n.m.	0	362	n.m.
EBITDA	0	-38	-40	-31	-38	22%	n.m.	0	-147	n.m.
EBITDA margin	n.m.	-158%	-54%	-24%	-28%			n.m.	-41%	
Other										
Total operating inc.	61	61	89	133	152	14%	147%	580	434	-25%
EBITDA	-81	-27	-2	-5	-6	17%	-93%	-12	-41	251%

Q4 2023

Publication Paper Europe

- EBITDA positively impacted by business interruption insurance at Saugbrugs of NOK 625m
- Seasonally higher deliveries
- Prices stabilising, pressure from lower energy prices
- Margin pressure from high pulpwood prices for producers based in the Nordics

Publication Paper Australasia

- EBITDA positively impacted from gain on sale of assets from Tasman of NOK 57m
- Slight improvement in deliveries and improved market share in domestic markets
- Improved price terms in new contracts

Packaging Paper

- Production ramp-up continues in challenging markets
- Deliveries slow in the quarter, Bruck participating in annual contracts from January 2024 resulting in improved deliveries volume
- Market prices remain at depressed levels



Containerboard projects

Continued increase in delivery volumes

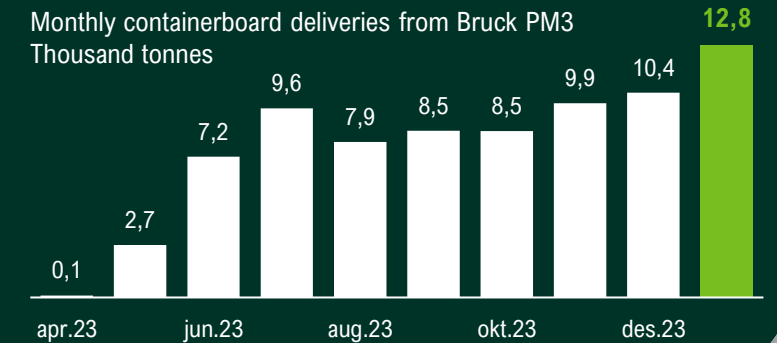


Golbey PM1

- Containerboard production start-up in H2 2024
- Close to all deliveries completed, with main exception being piping and electrical work

Bruck PM3

- Participating in annual delivery contracts starting from January 2024, improving delivery volumes
- Technical ramp-up performing in line with plan, excellent product quality and customer feedback
- Improving production cost as utilisation and process optimisation increases



Saugbrugs insurance settlement

Ongoing process to determine future opportunities for Saugbrugs PM6



Insurance coverage Q4 2023

- Business interruption insurance: Recognised NOK 625m in other operating income
- Property damage insurance: Recognised NOK 103m in other operating income and NOK 51m in other operating expenses. Start-up costs for Saugbrugs PM5 of NOK 22m in other operating expenses
- Payment of NOK 720m received in Q4 2023

Insurance coverage 2024

- Property damage insurance: Expect to recognise NOK 264m in other operating income and NOK 34m in other operating expenses
- Final payment of NOK 215m for business interruption to be received in Q1 2024. Further NOK 615m to be received if and as investment costs accrue

Revenues from PM4 and PM5 developing as planned, continue to explore future opportunities for PM6

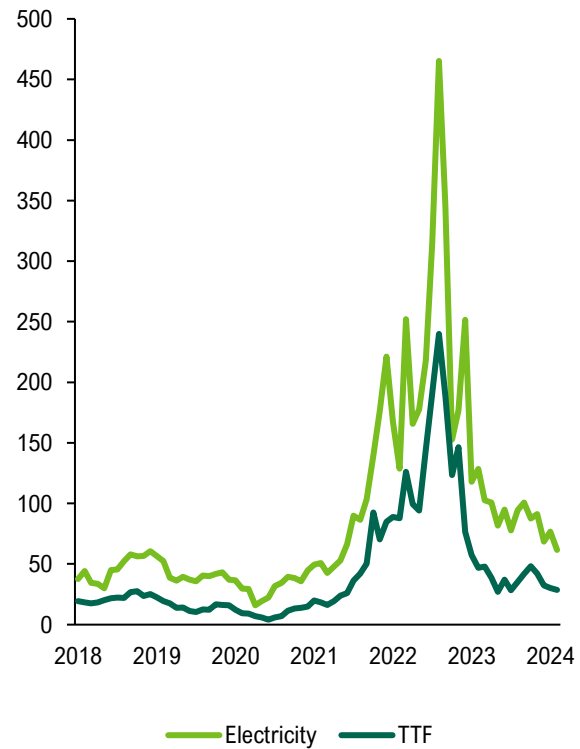


Raw materials

Spruce pulpwood prices at elevated levels and EUA price significantly down

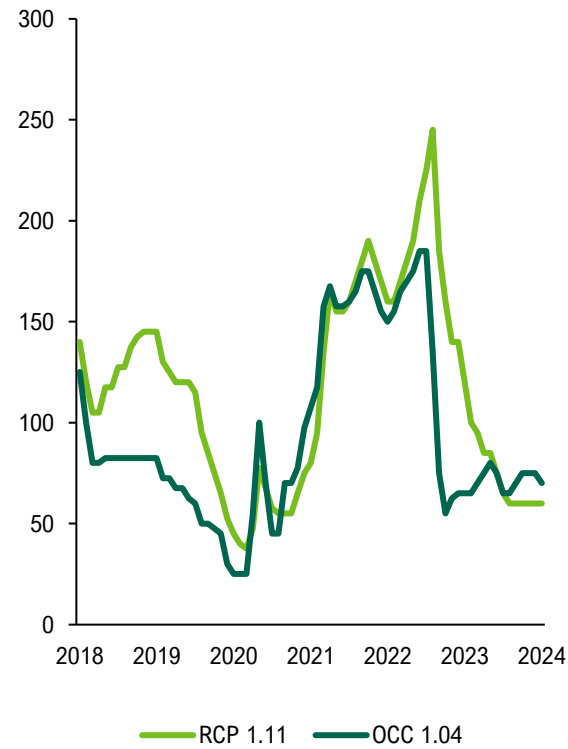
Energy prices Germany

EUR per MWh



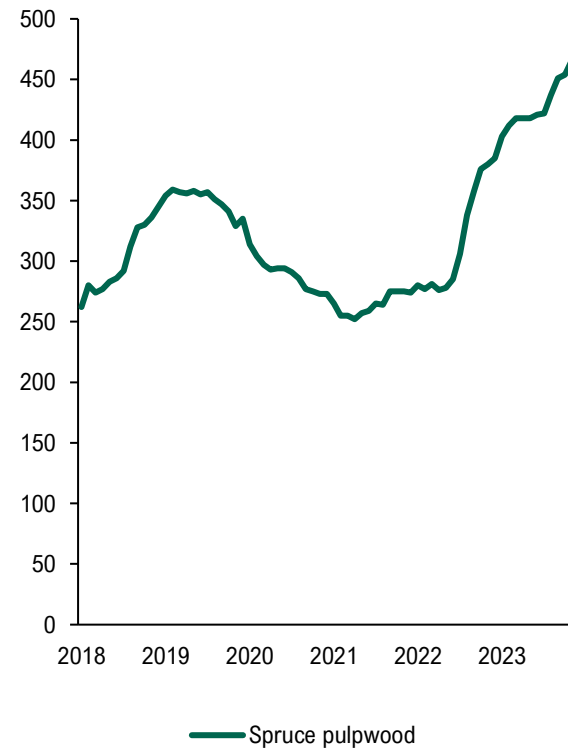
Recycled paper prices Germany

EUR per tonne



Spruce pulpwood prices Norway

NOK per solid cubic metre



European Union Allowance (EUA) price

EUR per allowance

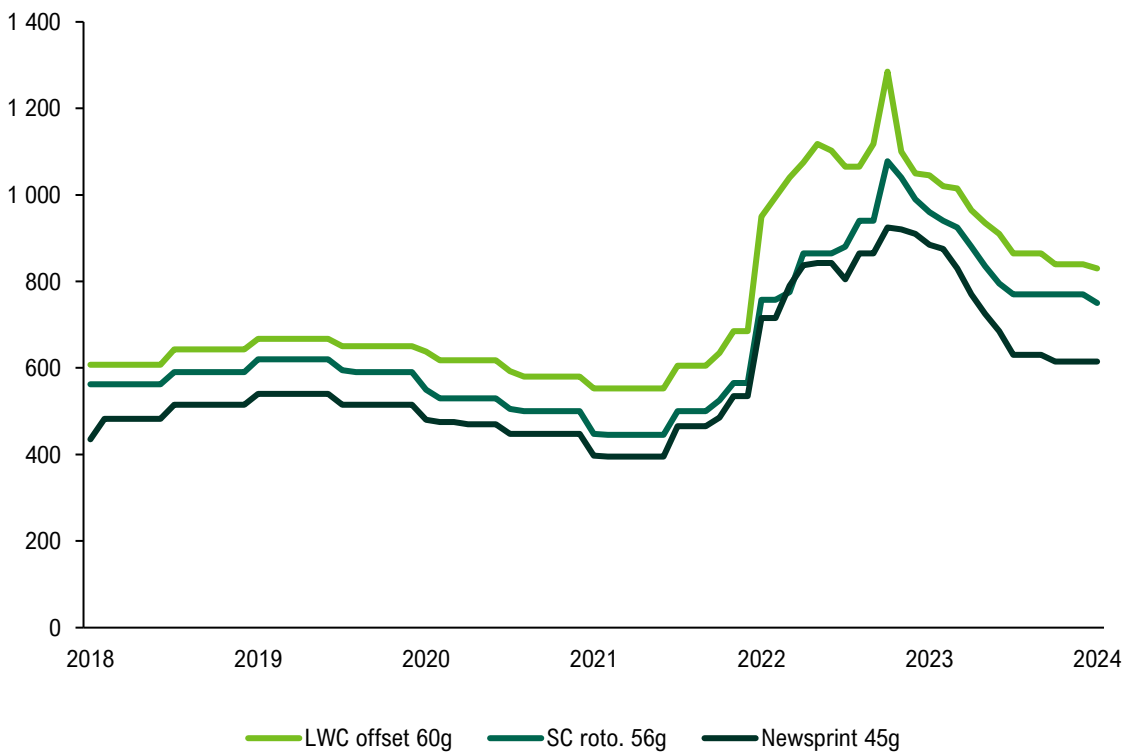


Publication paper market

Publication paper prices under continued pressure in oversupplied market

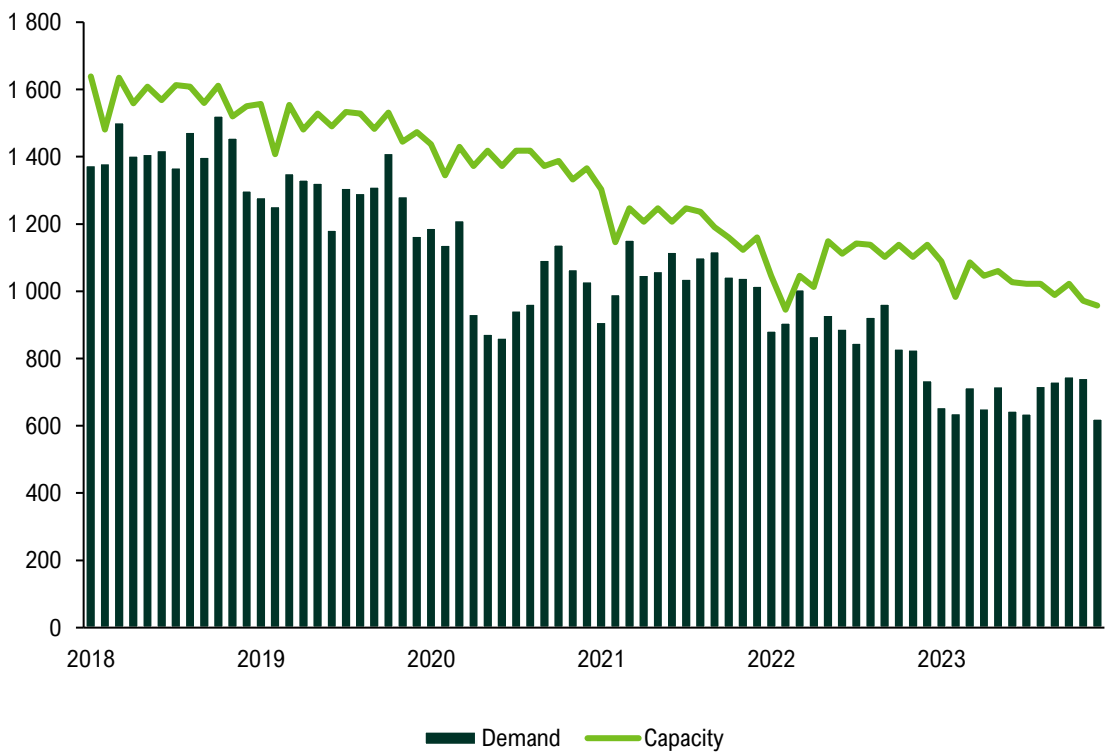
Publication paper prices Germany

EUR per tonne



Monthly publication paper demand and capacity Western Europe

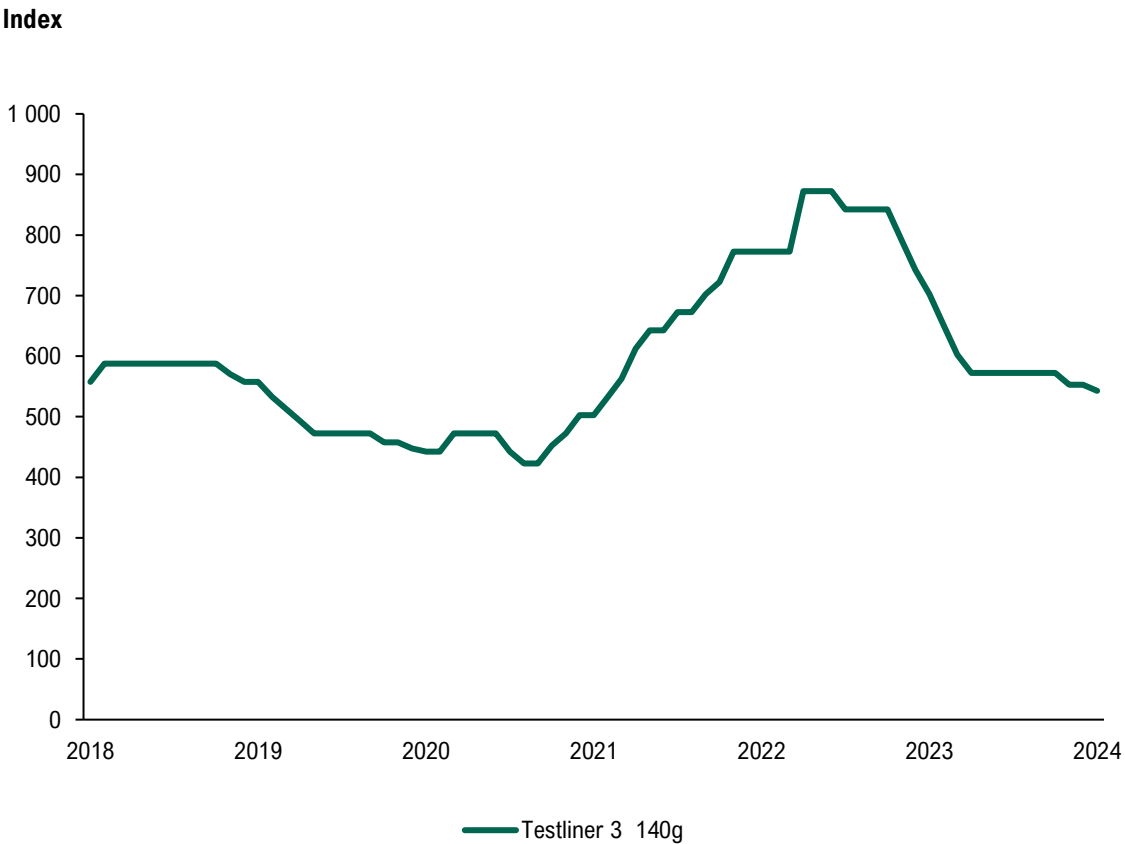
Thousand tonnes



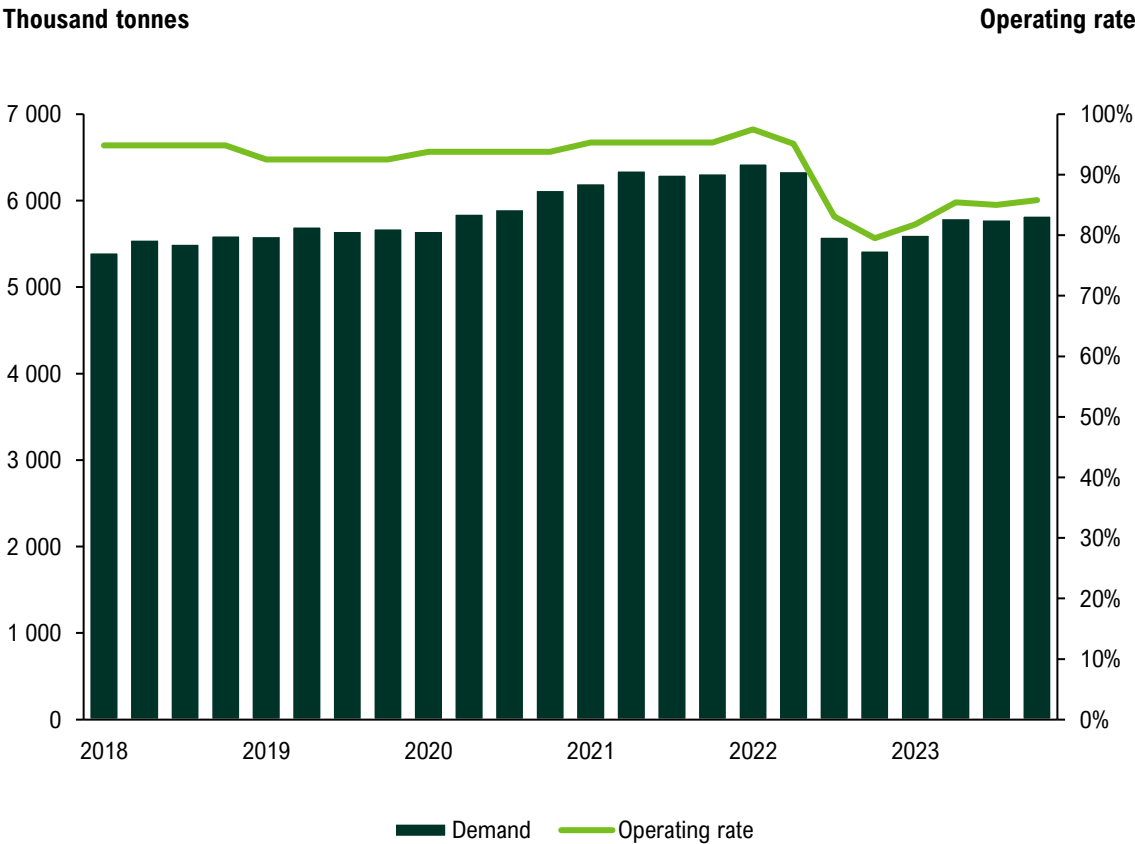
Packaging paper market

Demand growth returning, but industry operating rate remain low

Recycled containerboard index Germany



Quarterly recycled containerboard demand and operating rate Western Europe

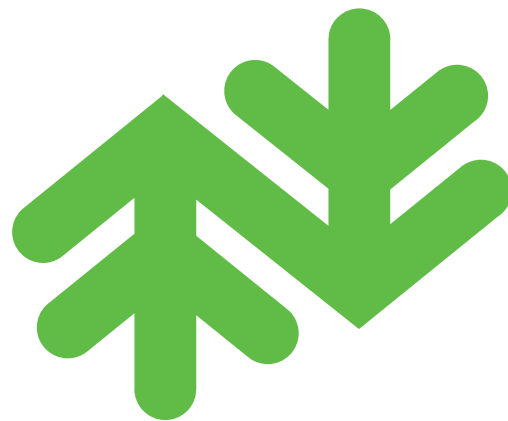


Outlook

Concluding remarks

- Recycled fibre and energy costs stabilising at lower levels, but pulpwood costs remain high
- Publication paper prices under continued pressure from weak market balance and lower input costs
- Containerboard prices stabilising at production cost in a challenging market with excess capacity
- Expect negative EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in H2 2024
- Maintaining a strong liquidity position as investments near completion and debt repayments increase
- Significant focus on reducing production cost and working capital to maintain competitive position





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