



**Norske Skog**

Q3 2024 presentation

18 October 2024

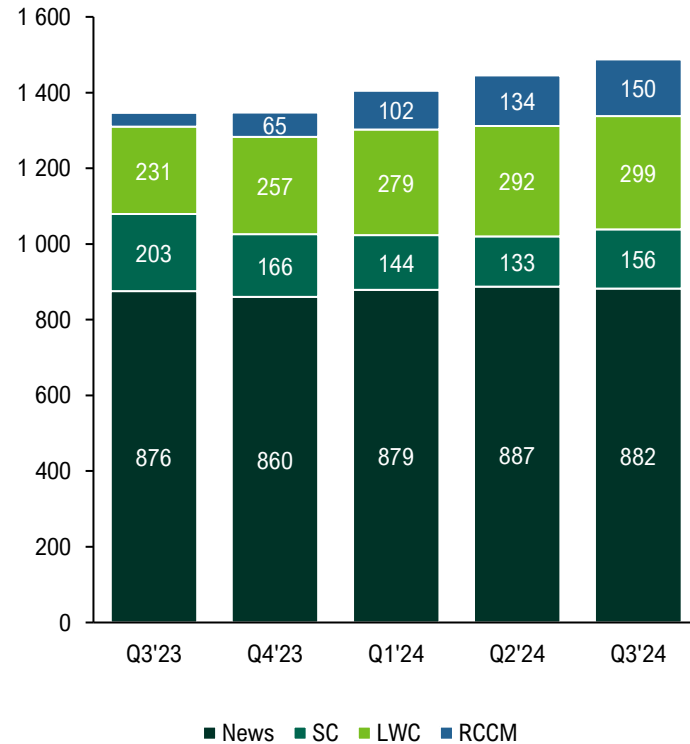
*We create  
green value*

# Norske Skog

## Sustainable fibre processing

### Deliveries volume rolling last-twelve-months

Thousand tonnes



- **Growing packaging paper producer**
  - RCCM capacity: 760kt (ramp-up phase)
- **Leading publication paper producer**
  - LWC magazine capacity: 400kt
  - SC magazine capacity: 200kt
  - Newsprint capacity: 990kt
- **Exploring fibre projects**
  - BCTMP capacity: 300kt (design phase)
- **2023 CDP Climate Change Score "A-"**

## Five high quality industrial sites

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



# Quarter highlights

*Third quarter 2024*

## Maintaining positive EBITDA and good cash position in challenging markets

- Quarterly EBITDA of NOK 91m with continued growth in EBITDA contributed from the Packaging Paper segment
- Signing a NOK 500m green term loan agreement at Skogn to enhance cash position

## Capacity closures required in publication paper and containerboard markets

- Price increases for containerboard and newsprint implemented in the quarter to mitigate continued cost increases
- Containerboard and publication paper markets still experiencing excess capacity

## Excellent customer feedback as containerboard deliveries continue to grow

- Bruck PM3 delivering 42kt of containerboard in the quarter and achieving utilisation to design capacity of 85%
- Expected start-up of Golbey PM1 revised to Q1 2025 and net capex revised to EUR 320m

## Design of BCTMP line at Saugbrugs progressing

- Engaged technical and environmental consultants, and working with multiple machinery and equipment suppliers
- Meetings with Norwegian Environment Agency to provide clarity on environmental permits

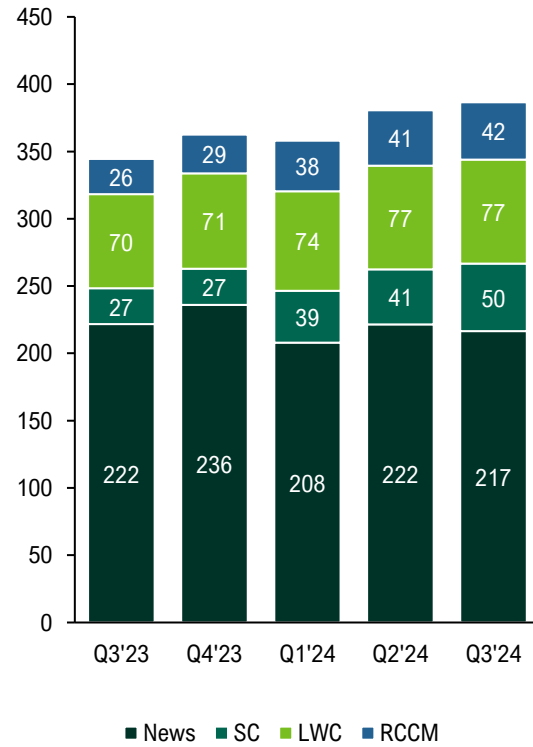


# Key figures

## Third quarter 2024

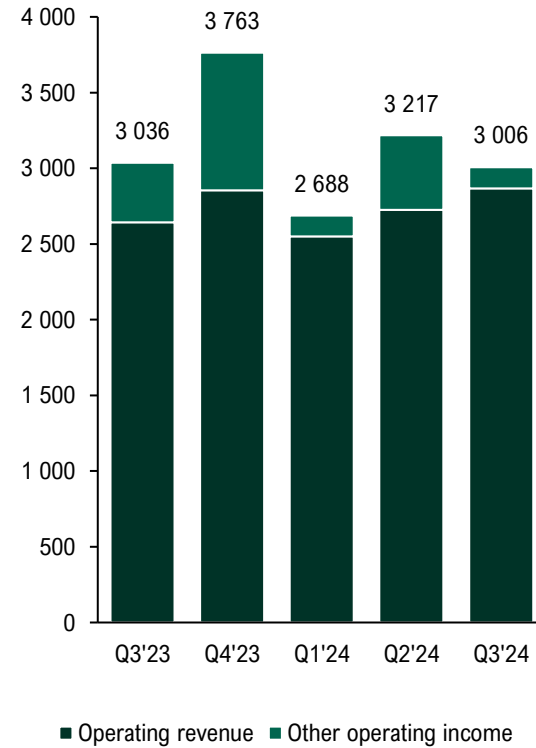
### Deliveries volume

Thousand tonnes



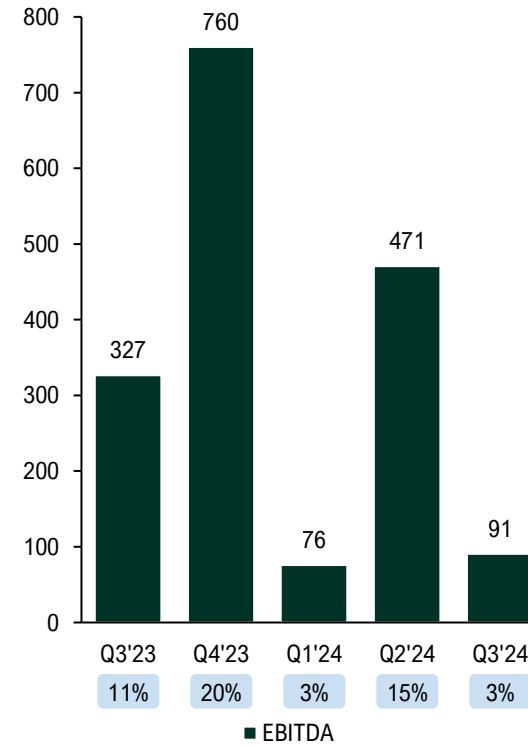
### Total operating income

NOKm



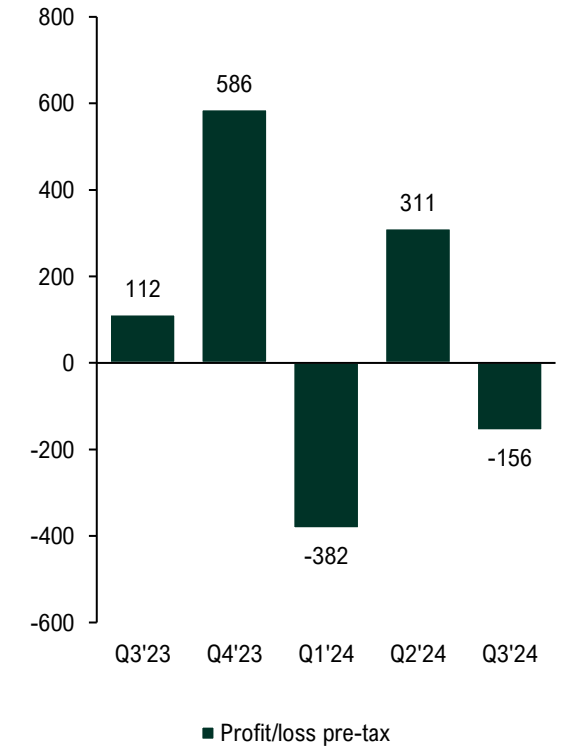
### EBITDA

NOKm (and margin)



### Pre-tax profit

NOKm

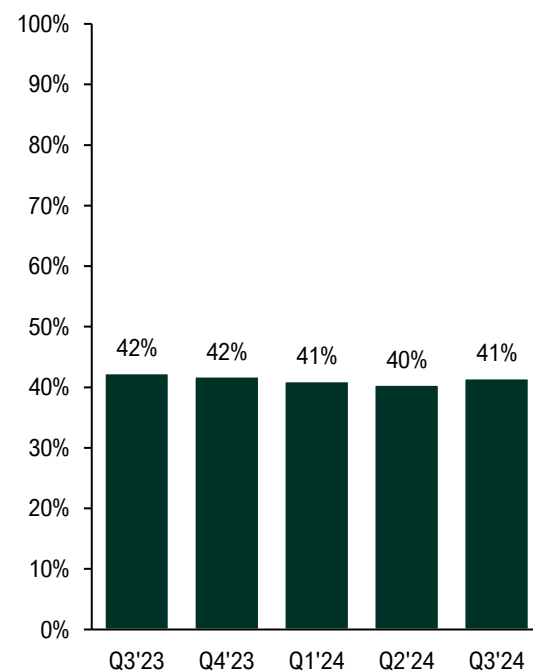


# Financial position

## Third quarter 2024

### Equity ratio

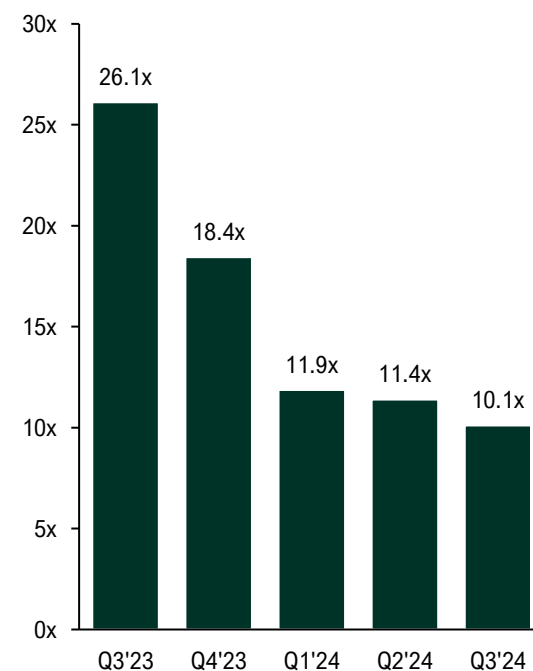
Book equity to total assets  
group covenant of min. 25%



■ Equity ratio

### Interest coverage ratio

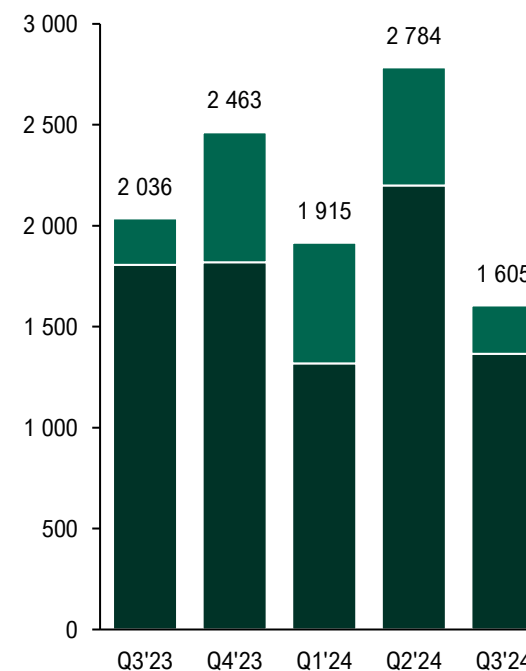
EBITDA to net cash interest cost  
group covenant of min. 2.0x



■ Interest coverage ratio

### Cash<sup>1</sup>

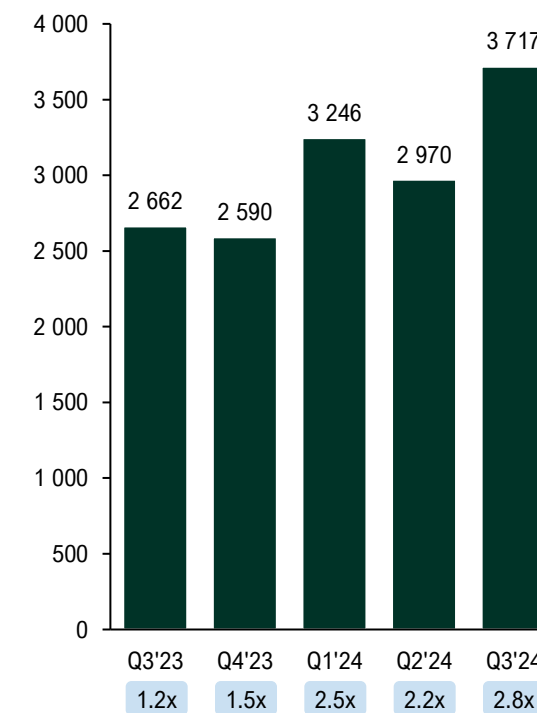
NOKm  
group covenant of min. NOK 100m unrestricted



■ Unrestricted cash ■ Restricted cash

### Net debt

NOKm (and leverage ratio)  
no group maintenance covenant



■ Net debt



# Segment financials

## *Maintaining positive EBITDA in challenging markets*

NOK million	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
<b>Publication Paper Europe</b>					
Deliveries, kt	258	270	262	279	283
Total operating inc.	2 405	3 028	2 058	2 514	2 224
EBITDA	335	723	166	464	99
EBITDA margin	14%	24%	8%	18%	4%
<b>Publication Paper Australasia</b>					
Deliveries, kt	60	63	59	60	61
Total operating inc.	476	568	438	472	496
EBITDA	27	80	-74	6	3
EBITDA margin	6%	14%	-17%	1%	1%
<b>Packaging Paper</b>					
Deliveries, kt	26	29	38	41	42
Total operating inc.	128	135	177	207	249
EBITDA	-31	-38	-7	2	8
EBITDA margin	-24%	-28%	-4%	1%	3%
<b>Other</b>					
Total operating inc.	133	152	158	189	225
EBITDA	-5	-6	-9	-1	-19

### Q3 2024

#### Publication Paper Europe

- Increased deliveries with higher average sales price due to product mix and newsprint price increases
- Continued cost pressure from higher pulpwood and recovered paper prices. Energy prices stable due to large contract share

#### Publication Paper Australasia

- Increased deliveries and sales price, but lower EBITDA due to higher energy costs

#### Packaging Paper

- Increased deliveries in line with ramp-up plan, similar growth expected for coming quarters until 95% utilisation in H2 2025 for Bruck PM3
- Sales price increase in line with the market to mitigate increases in recovered paper prices

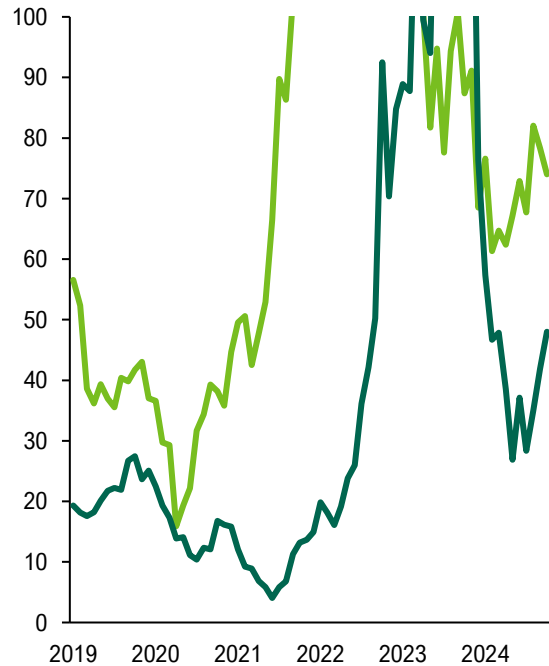


# Raw materials

*Fibre prices remain at high levels*

**Energy prices Germany**

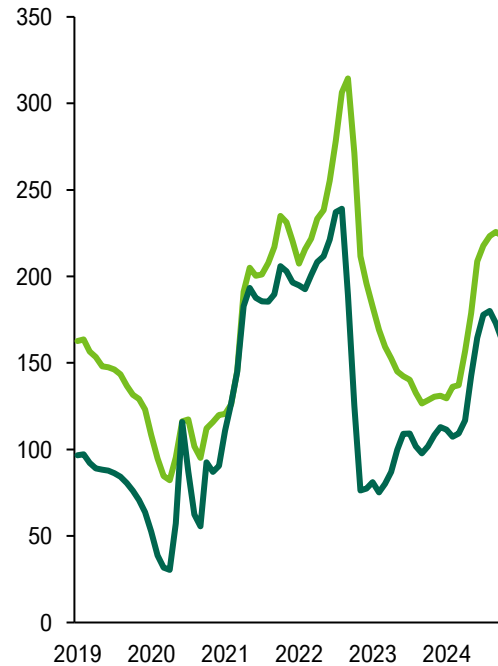
EUR per MWh



— Electricity — Natural gas

**Recycled paper prices Germany**

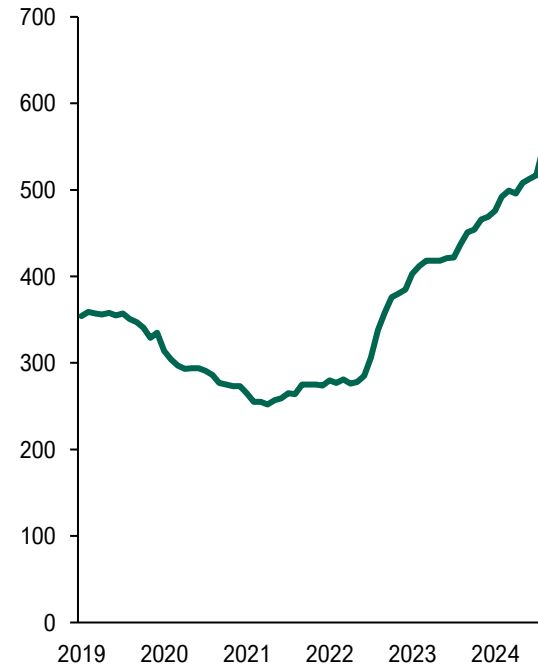
EUR per tonne



— RCP — OCC

**Spruce pulpwood prices Norway**

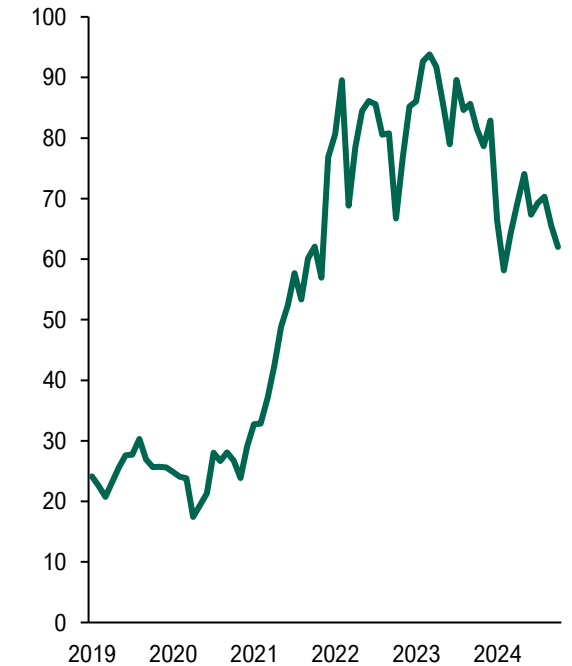
NOK per solid cubic metre



— Spruce pulpwood

**CO2 (EUA) price**

EUR per allowance



— EUA

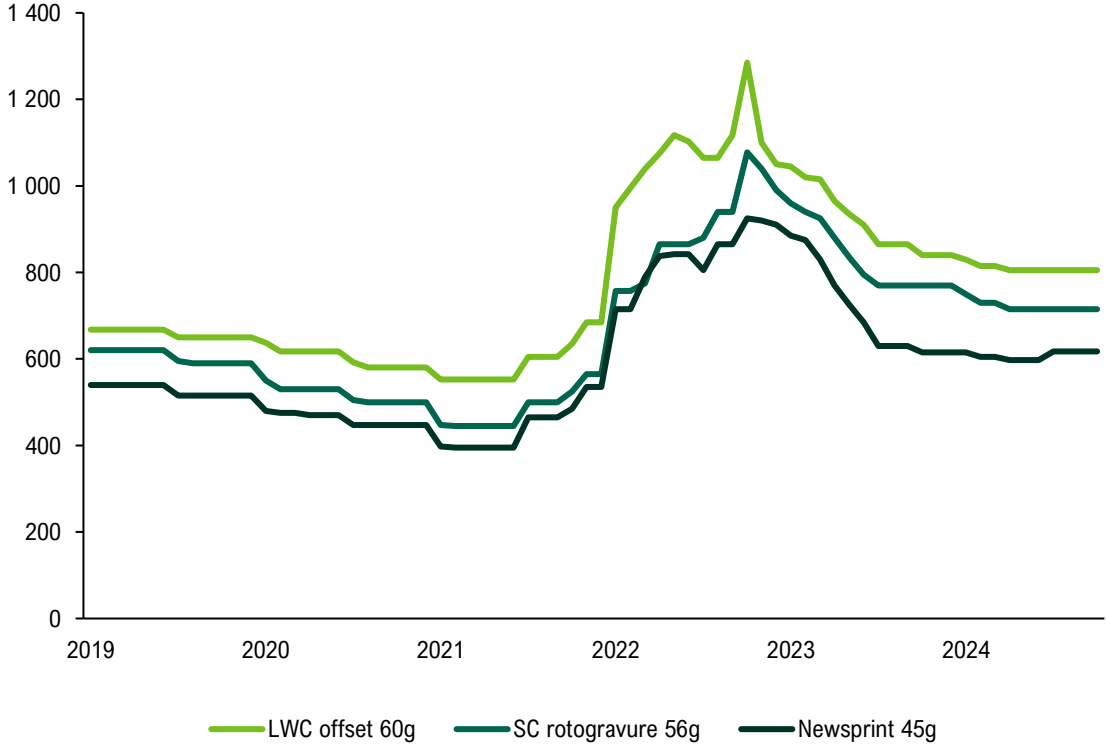


# Publication paper market

*Publication paper prices at low levels with stable demand development*

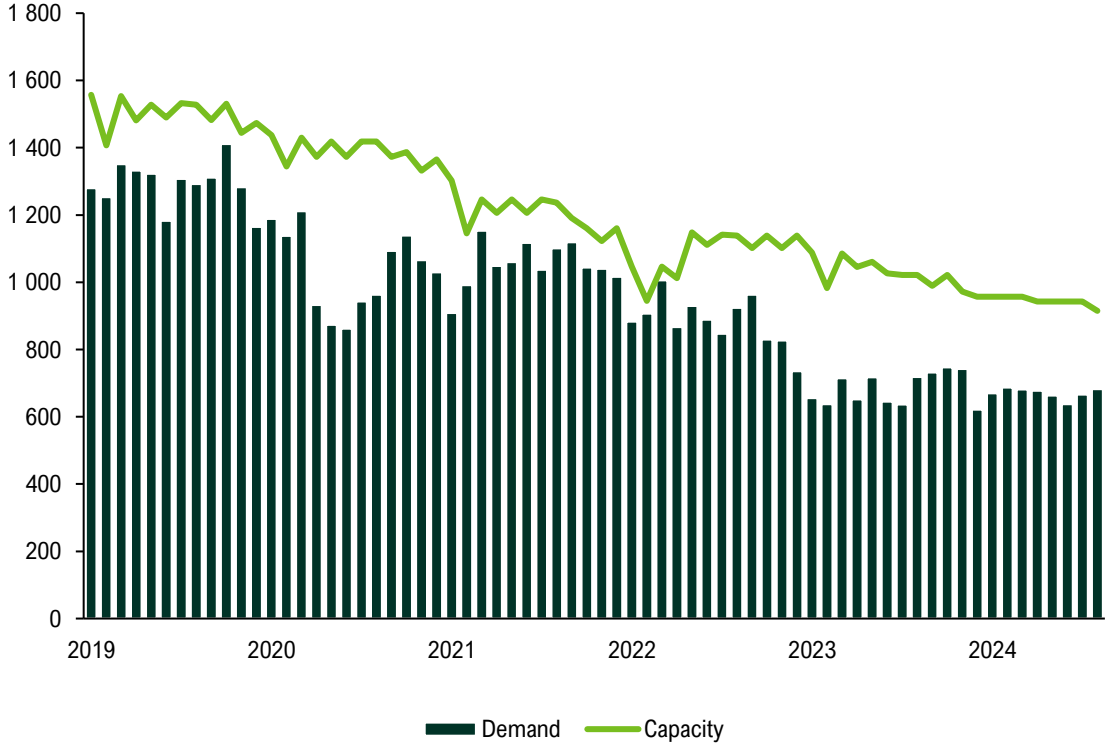
**Publication paper prices Germany**

EUR per tonne



**Monthly publication paper demand and capacity Western Europe**

Thousand tonnes

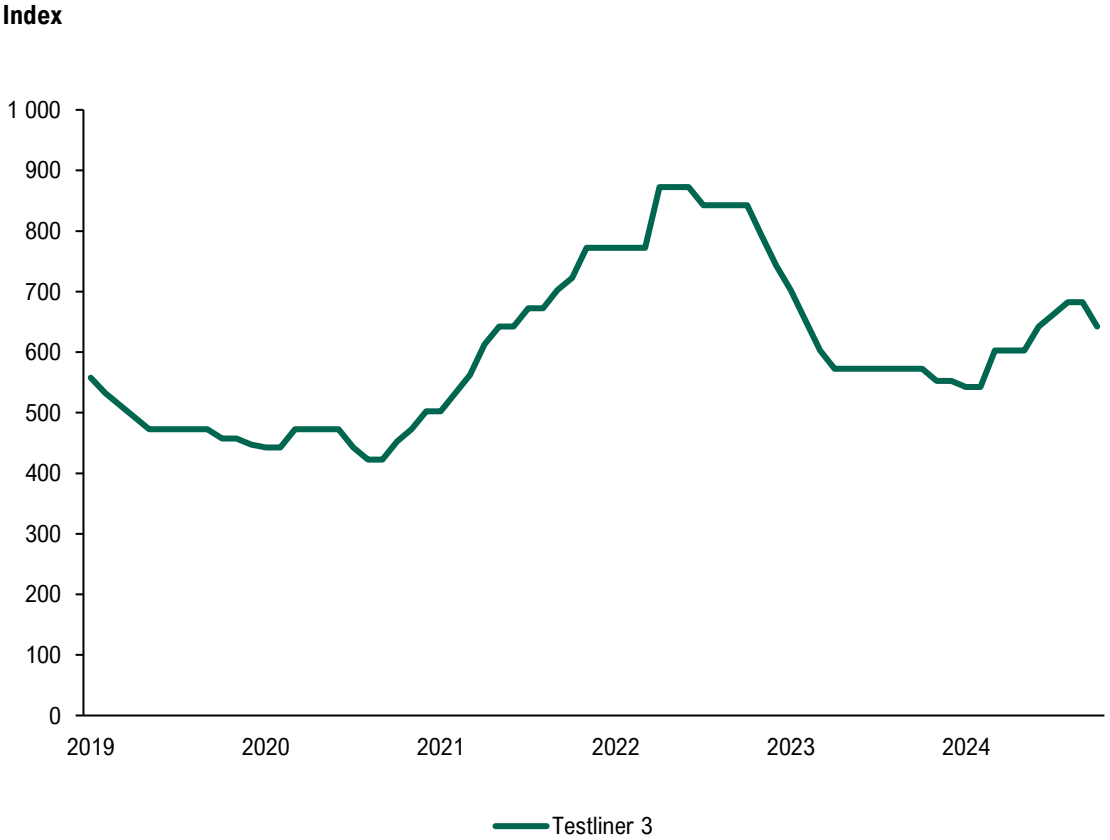




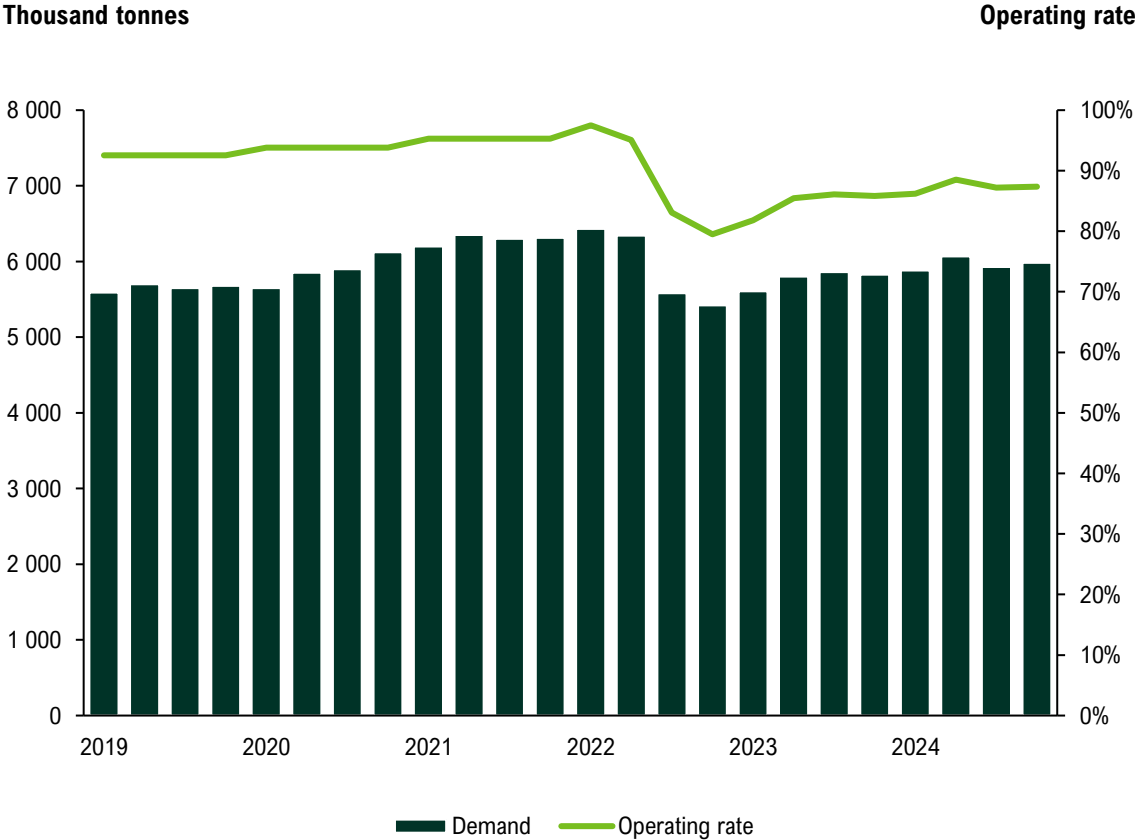
# Packaging paper market

*Containerboard price following recovered paper prices*

**Recycled containerboard index Germany**



**Quarterly recycled containerboard demand and operating rate Western Europe**

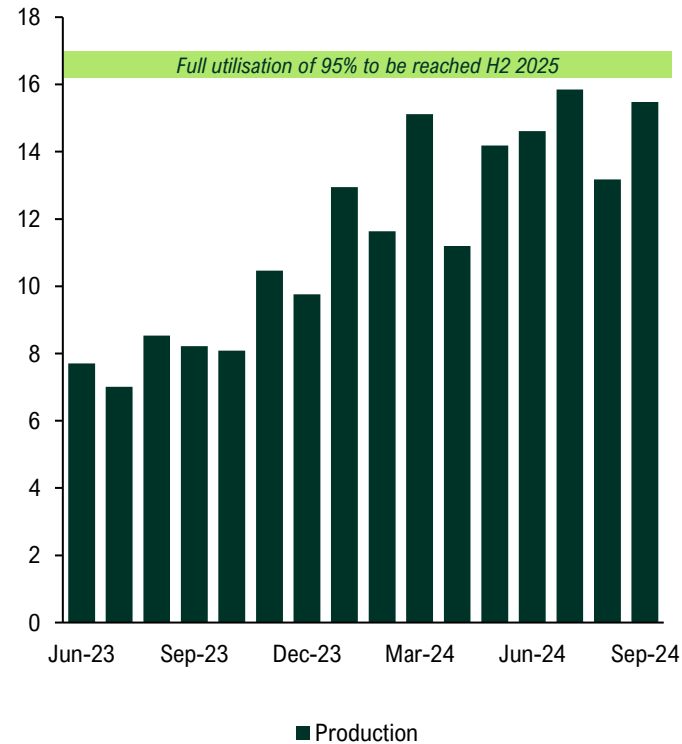


# Containerboard ramp-up

*Continued increase in production volume*

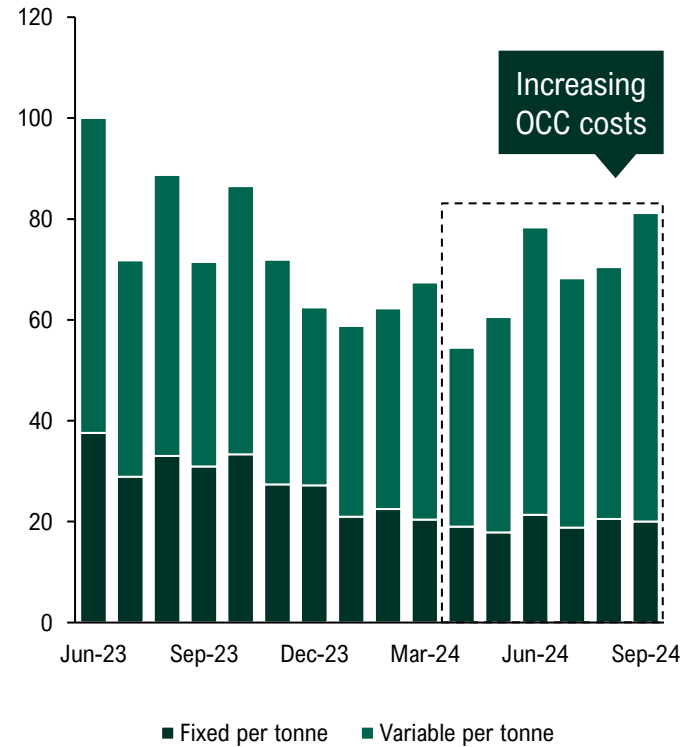
## Monthly RCCM production Bruck PM3

Thousand tonnes



## Monthly RCCM production cost index Bruck PM3

Indexed to 100 per June 2023



## Golbey PM1 – 550kt containerboard capacity

- Cabling representing majority of remaining work
- Commissioning of roll warehouse, containerboard winder, and the effluent station is ongoing
- Pre-commissioning (I/O check) has started for the OCC drum pulper and the paper machine (PM1)
- Remaining net capex of EUR ~30m, net of EUR ~50m in investment grants and energy certificates
- Expect containerboard production start-up in Q1 2025

## Bruck PM3 – 210kt containerboard capacity

- Continued growth in production and deliveries, production reached 85% utilisation in the quarter
- Excellent product quality and customer feedback
- Continued pressure from OCC costs



# Saugbrugs BCTMP design phase

*Strong local support to secure Saugbrugs as cornerstone industry in Halden*



## BCTMP project updates

- Project organisation established
- Engaged technical and environmental consultants
- Working with multiple machinery and equipment suppliers
- Meetings with Norwegian Environment Agency
- Contact with sales agents and potential customers

## Project information

- 300kt BCTMP capacity for board, tissue, and paper
- Final investment decision H1 2025
- Expected net investment of NOK 1.5-2.0bn
- Production start 2027 and full utilisation 2028
- Expected return on net investment above 20%
- Investment project will unlock insurance of NOK 615m<sup>1</sup>
- The project requires updating existing environmental and building permits and approval from certain lenders



# Outlook

## *Concluding remarks*

- Energy costs normalising, but pulpwood and recovered paper costs increasing
- Publication paper prices remain at unsustainable levels as fibre costs increase
- Recovered paper remains a significant cost for the production of containerboard
- Expect positive EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in Q1 2025
- Significant focus on reducing production cost and working capital to maintain competitive position





Norske Skog ASA

Postal address: P.O. Box 294 Skøyen, 0213 Oslo, Norway

Visitors: Sjølyst Plass 2, 0278 Oslo, Norway

Phone: +47 22 51 20 20

Email: [info@norskeskog.com](mailto:info@norskeskog.com)

Email: [ir@norskeskog.com](mailto:ir@norskeskog.com)

*This presentation contains statements regarding the future in connection with Norske Skog's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.*

*We create  
green value*