



Norske Skog

Deutsche Bank Credit Conference
London, 11 June, 2007

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Disclaimer

It should be noted that certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by "believes", "expects", "anticipates", "foresees", or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to:

- (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the Group's targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the Group's patents and other intellectual property rights, the availability of capital on acceptable terms;
- (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the Group's products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the Group, the potential introduction of competing products and technologies by competitors, and new or amended laws or regulations applicable to the Group or the industry; and
- (3) general economic conditions, such as rates of economic growth in the Group's principal geographic markets or fluctuations in exchange and interest rates.

Eurobonds - Offering Summary

- **Issuer** Norske Skogindustrier ASA
- **Ratings** Ba1 (negative) / BB+ (stable)
- **Maturity** 10 year expected
- **Size** Benchmark
- **Currency** Euro
- **Ranking** Senior unsecured
- **Listing** Irish Stock Exchange
- **Documentation** Standalone Reg S
- **Covenants** Change of Control Put at 101%
- **Joint bookrunners** BNP Paribas, Citi, Deutsche Bank
- **Use of proceeds** Refinancing and General Corporate Purposes



Norske Skog

Norske Skog Headlines

- Leading global producer of newsprint and magazine paper:
 - 19 mills in 14 countries
 - ~ 50% of the capacity outside Europe
 - Capacity based on ownership: 6.5M tonnes
 - Revenue (2006) ~ NOK28.8B (EUR3.5B)
 - Adjusted EBITDA (2006) ~ NOK4.7B (EUR579M)
- Market Cap ~ NOK18B (EUR2.2B)
- Foreign ownership ~ 65%



Source: Company Information

Note: NOK:EUR 0.12392 as of 4 June 2007

2006 year end data converted at 2006 average NOK:EUR of 0.12323

Our Products

Newsprint

- Standard and improved grades for daily newspapers, free newspapers, advertising supplements
- Largest global producer of Newsprint
- World-wide operations



Magazine

- Magazine paper for magazines, periodicals and advertising purposes
- European operations only
- Two different grades:
 - SC - uncoated paper (supercalendered)
 - CMR - coated paper



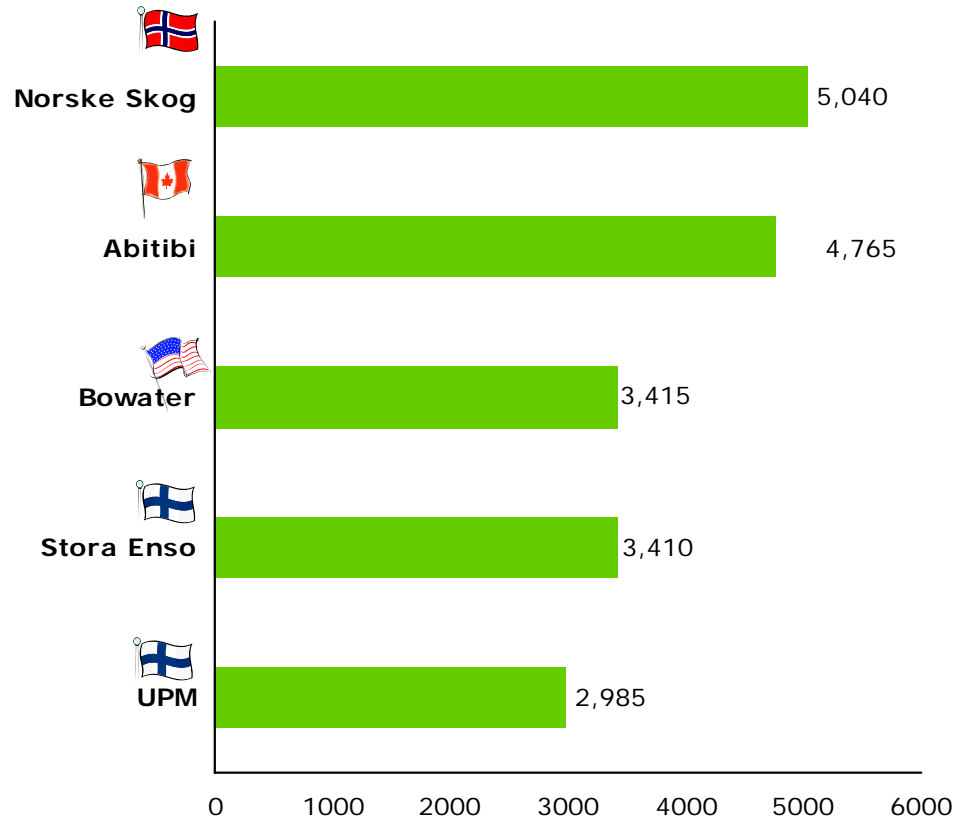
Investment Highlights

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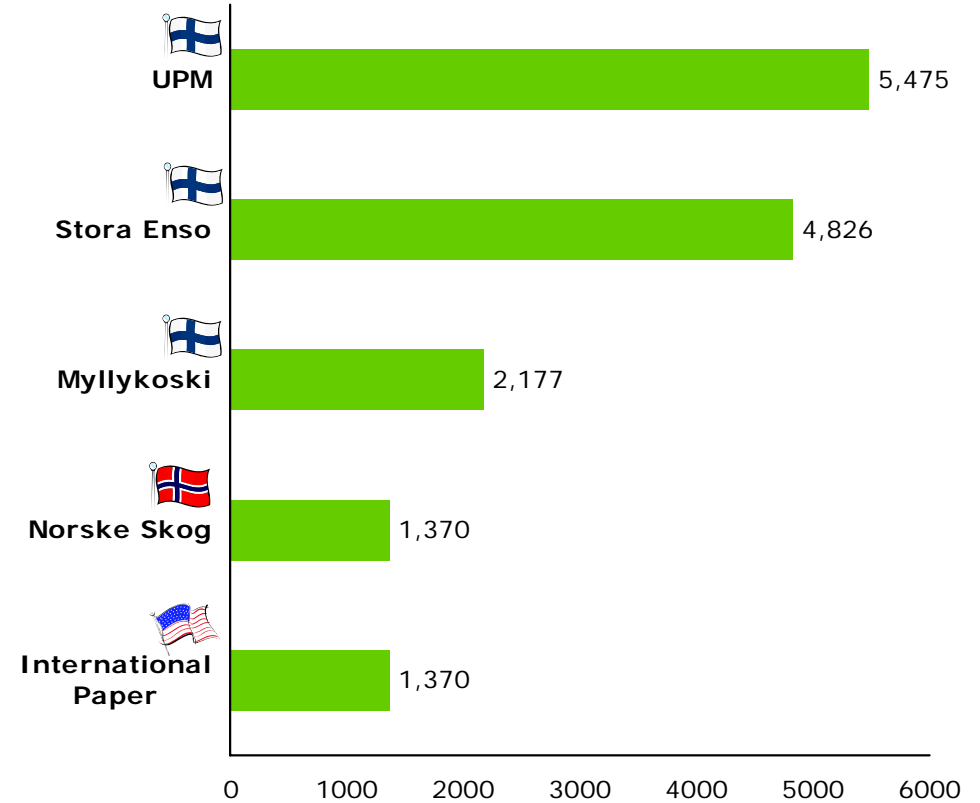
- The ONLY global producer within publication paper grades
- Widespread geographic footprint with strong market positions in all major regions except North America, and presence in high growth regions
- Streamlined operations with high competence in core areas
- Far-reaching profit improvement program on track
- Stable, long-term relationships and market recognition among customers
 - 10 year volume contracts with pricing formula in Australasia
- Secure supply of raw materials and energy
 - A balanced raw material base with approximately 50% wood and 50% recovered paper
 - Access to low cost fibre from fast growing plantations in Australasia and South America
 - Long-term contracts on electricity at favourable prices in Norway and Australasia
 - Active hedging of energy prices elsewhere

A Leading Global Producer

Newsprint
1 000 tonnes / year



Magazine Paper
1 000 tonnes / year



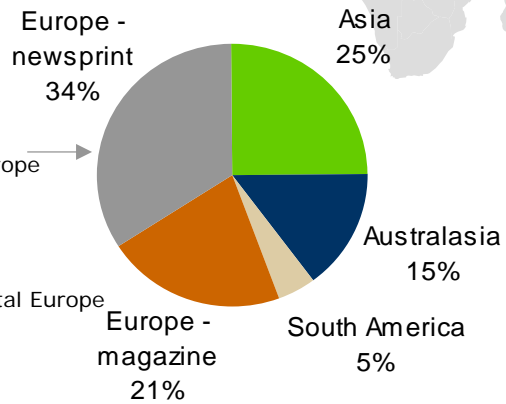
Source: Company Report.

Note: Bowater and Abitibi have announced a merger of their operations.

Norske Skog's Global Footprint



Total Capacity ~ 6.5m tonnes



40 % Norway
60 % Continental Europe

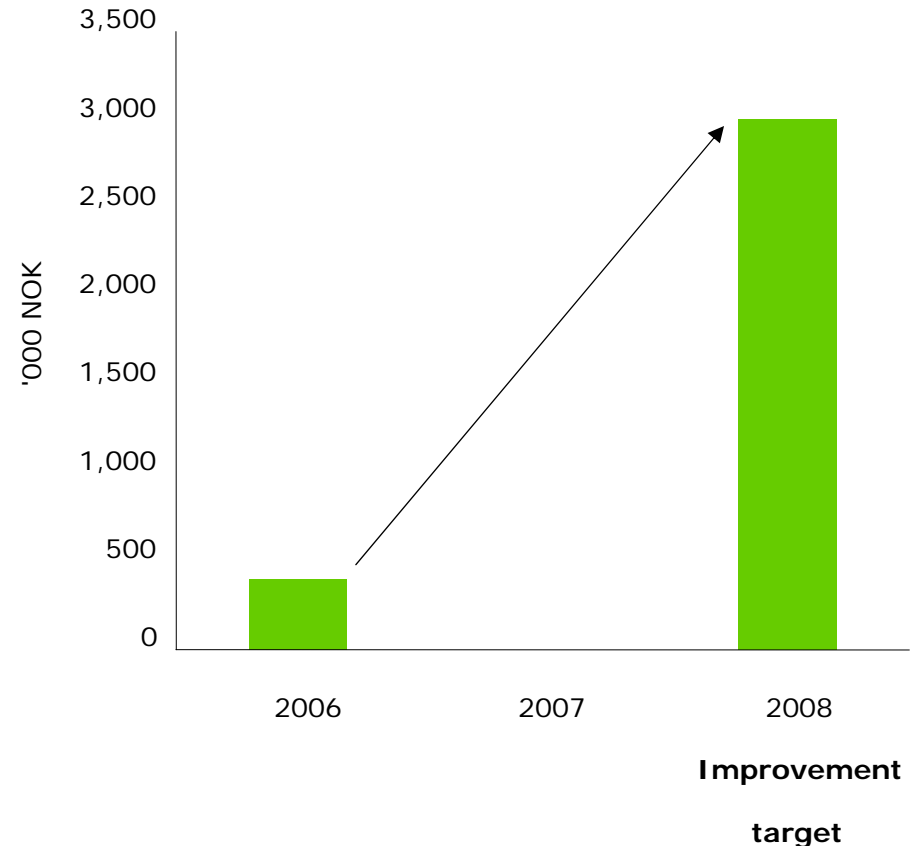
49 % Norway
51 % Continental Europe

Source: Company Report.

Far-Reaching Profit Improvement Program

- Specific plans are in place for EBITDA improvement of NOK3B by 2008 versus 2005
- Main elements:
 - Reduction in fixed cost from closure of 5 machines
 - Demanning
 - Productivity increases
 - Energy efficiency / conservation
 - Customer portfolio optimization
 - Supply improvement initiatives
- NOK400M improvement achieved in 2006 and NOK200M in 1Q 2007
- The targeted cost savings should result in an 11% ROCE

Improve EBITDA by NOK3B

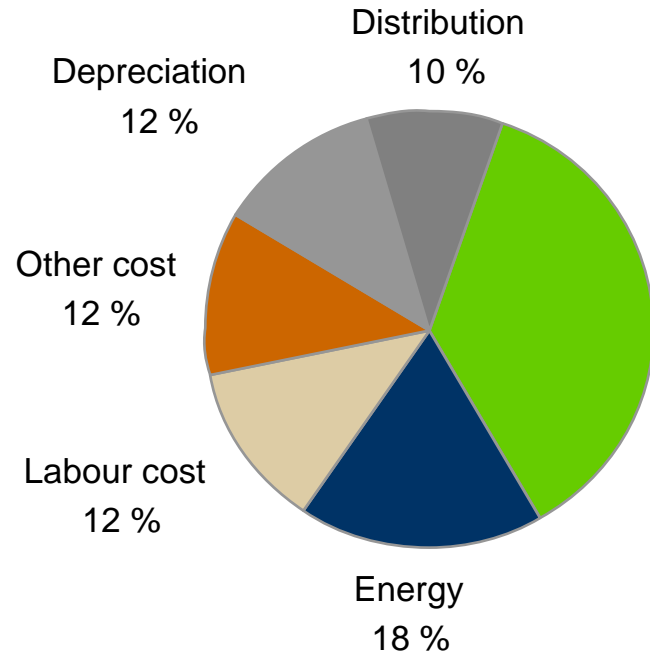


Source: Company Report.

Total Cost Breakdown – 2006

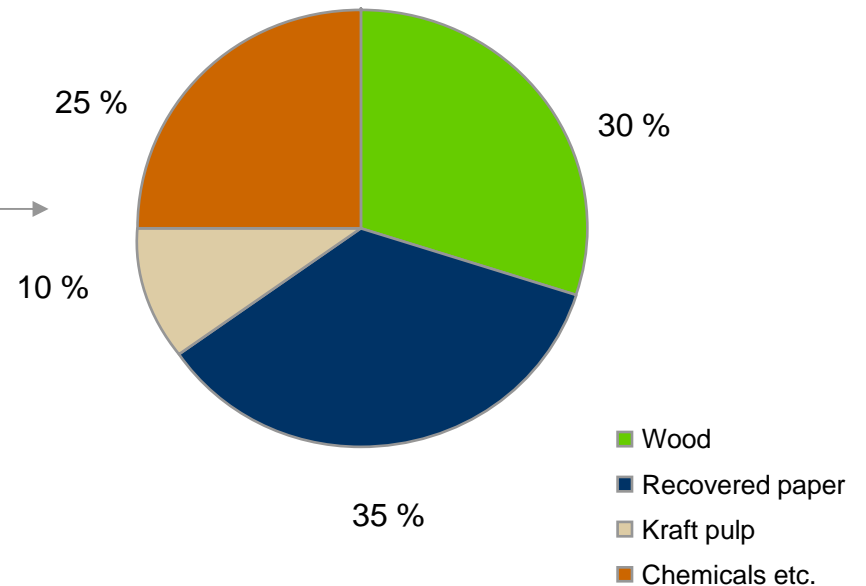
Over half of Norske Skog's costs are accounted for by raw materials and energy

Total Cost



Raw Materials

Raw materials
36 %



Source: Company Report.

Market Update

Publication Paper - A Global Yet Regional Market

- **Europe**

- Low growth on newsprint, overcapacity on magazine paper
- Adverse effect of € appreciation
- Restructuring potential

- **Asia**

- High growth
- Capacity increases in China

- **Australasia**

- Low cost production

- **North-America**

- Declining demand
- Consolidation expected to provide supply discipline

- **South-America**

- Access to low-cost fibre
- Increasing demand with positive long term outlook

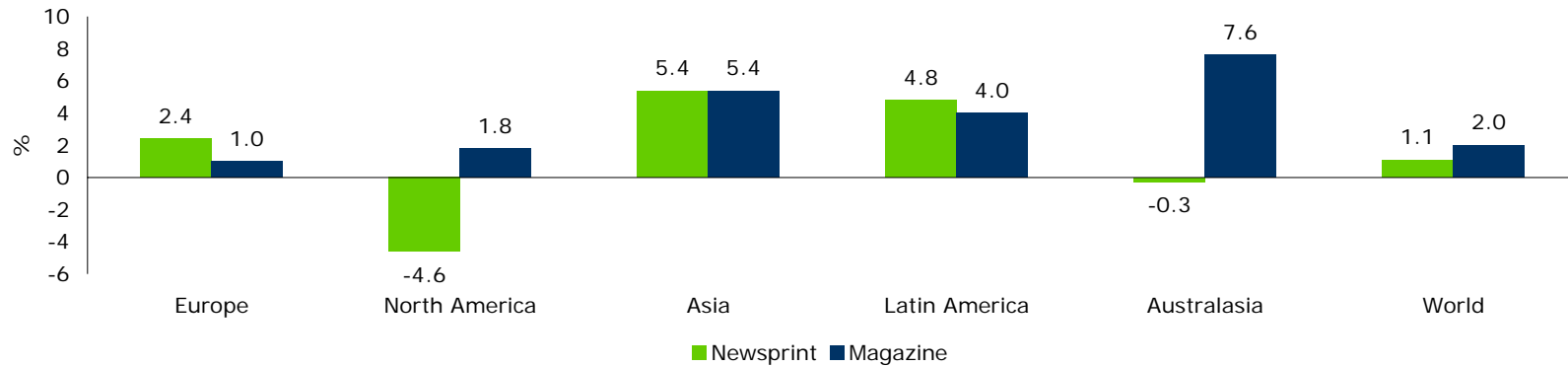
Stable Newsprint Demand

The newsprint grade has benefited from three years of consecutive price increases in Europe and strong growth in emerging markets.

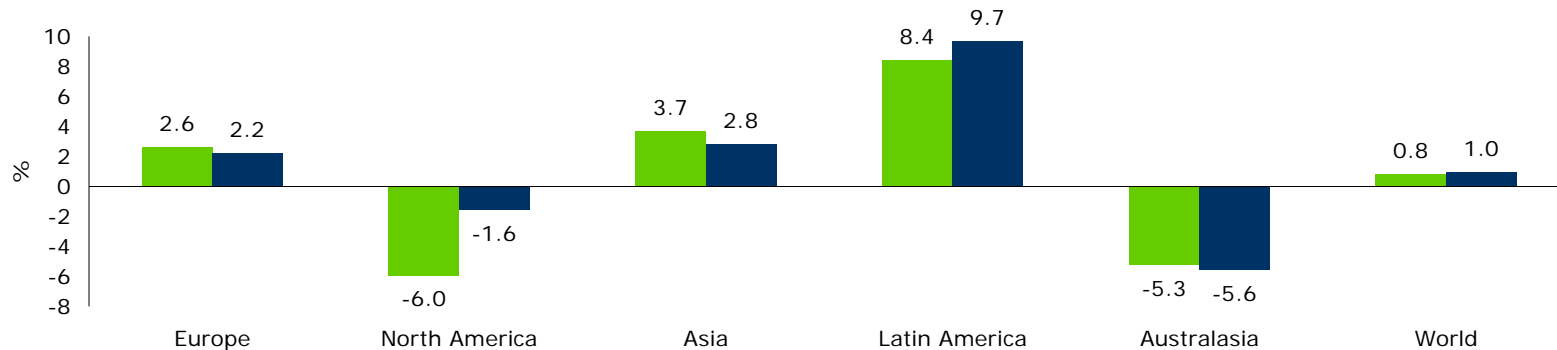
Norske Skog
Presence



2003-2006 CAGR



2005-2006 Growth



Source: Company Report & Cepiprint, PPPC.

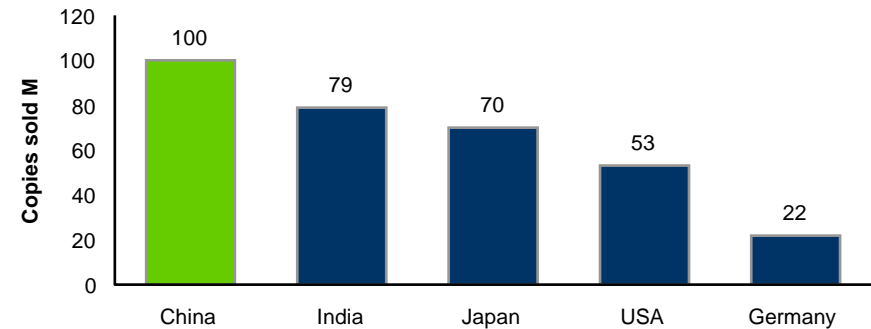
Market Update May 2007

- Newsprint in Europe:
 - Increased demand and prices
 - Market balance affected by USD weakness and changes in trade flows
- Magazine Paper in Europe:
 - Increased demand, but prices under pressure because of capacity increases
 - Challenging market conditions - announced closures could improve the supply and demand balance
- Newsprint in South America:
 - Stable demand
 - Long term potential continues to be positive
- Newsprint in Australasia:
 - Increased demand, but prices in 2nd half of 2007 expected to decrease because of the pricing formula

Market Update May 2007 – Asia & China

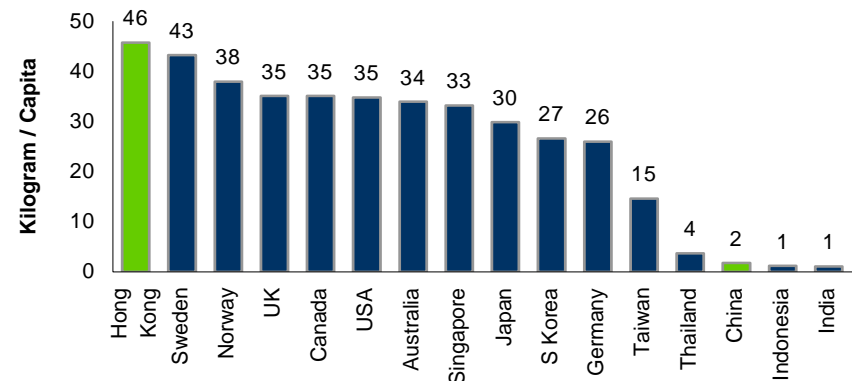
- Strong growth in newsprint demand:
 - Region total YTD March (ex Japan): +2.8%
 - China: +9%;
 - South Korea: +2%
- Significant new capacity coming online in China:
 - 1.5-2M tonnes in 2006-2008
 - Low prices
- Compelling long term potential in China
 - Growth driven by increase in readership and GDP
 - Limited prospects for substitution by Internet due to lack of infrastructure and high costs
 - Strong growth despite restrictions on advertising and editorial writing
 - Large number of small and inefficient newsprint mills – expectations of significant closure of capacity

Daily Copies Sold in the 5 Largest Markets



Source: World Association of Newspapers.

Regional Per Capita Newsprint Consumption



Source: PPPC, research reports.

Financial Overview

Financial Highlights

		Q1 2007	2006	2005
Revenue	NOKM	6,726	28,827	25,726
EBITDA, adjusted ⁽¹⁾	NOKM	1,175	4,704	4,006
EBIT, adjusted ⁽²⁾	NOKM	440	1,478	934
EBIT, IFRS	NOKM	792	(2,527)	630
EBITDA margin, adjusted ⁽¹⁾	%	17.47	16.3	15.6
EBIT margin, adjusted ⁽²⁾	%	6.54	5.1	3.6
ROCE, adjusted	%	4.6	3.7	2.8
Total assets	NOKM	44,540	45,230	52,033
Net interest-bearing debt	NOKM	16,605	17,320	19,063
Gearing	NOKM	0.93	0.96	0.87
Cash Flow from Operations ⁽³⁾	NOKM	872	2,472	3,312

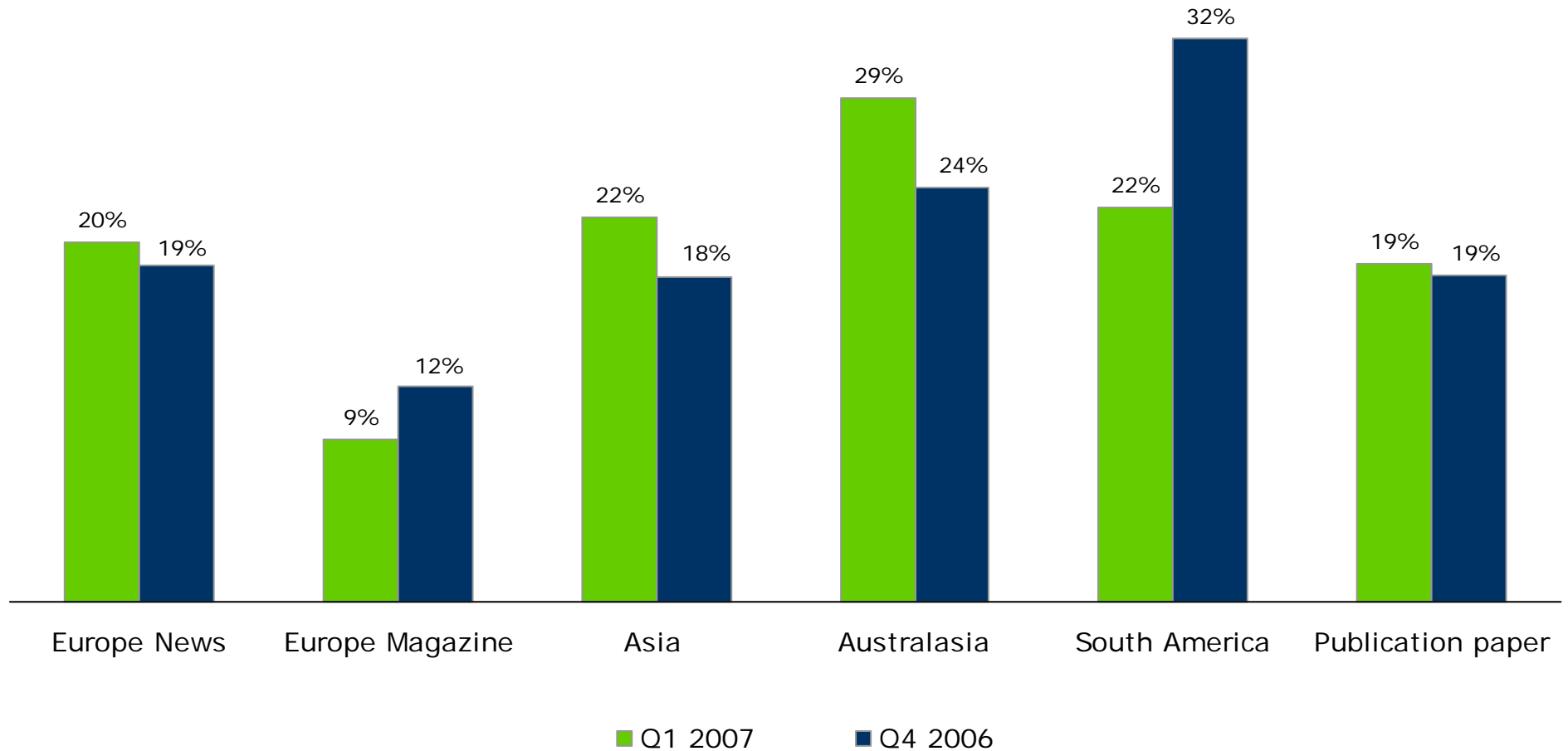
Notes:

(1) The table shows EBITDA adjusted for changes in the value of power contracts and restructuring costs.

(2) The table shows EBIT adjusted for restructuring costs, impairments and changes in the value of power contracts.

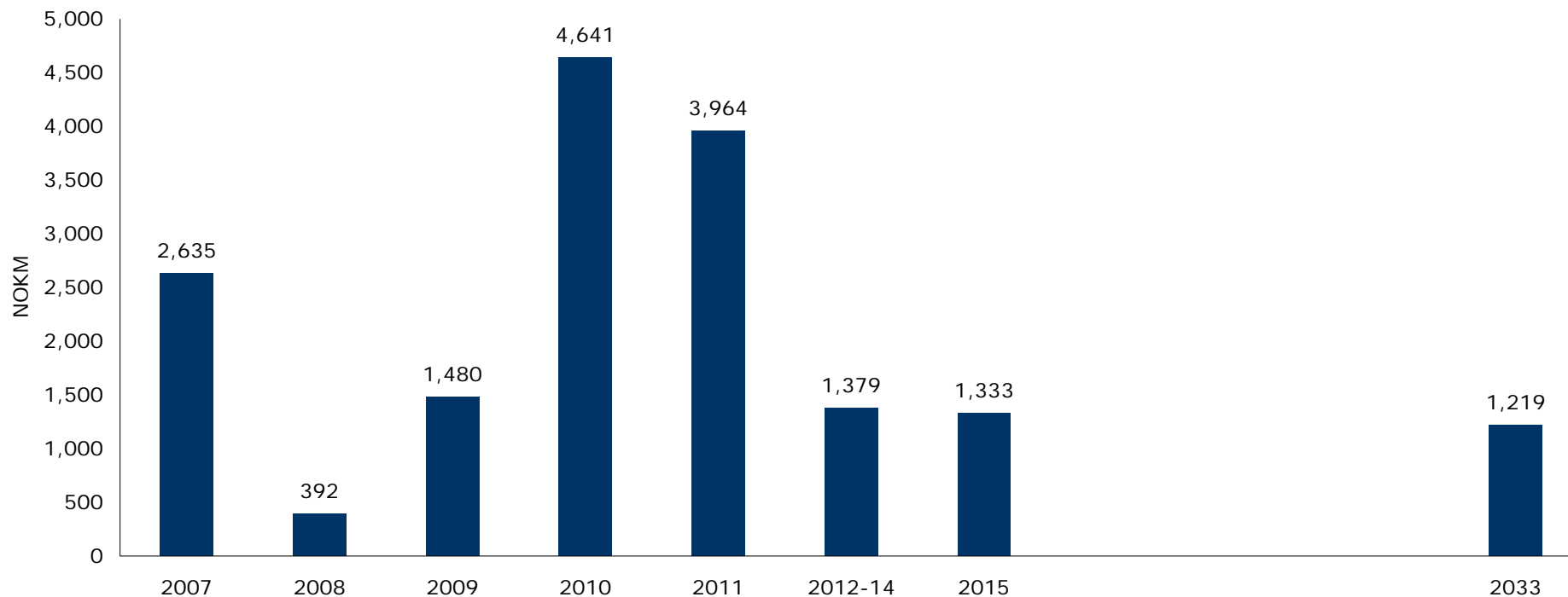
(3) Cash Flow from operations: Funds from Operations + Change in Net Working Capital.

EBITDA Margins per Segment Q1 2007 vs. Q4 2006



Source: Company Report.

Debt Maturity Schedule Q1 2007

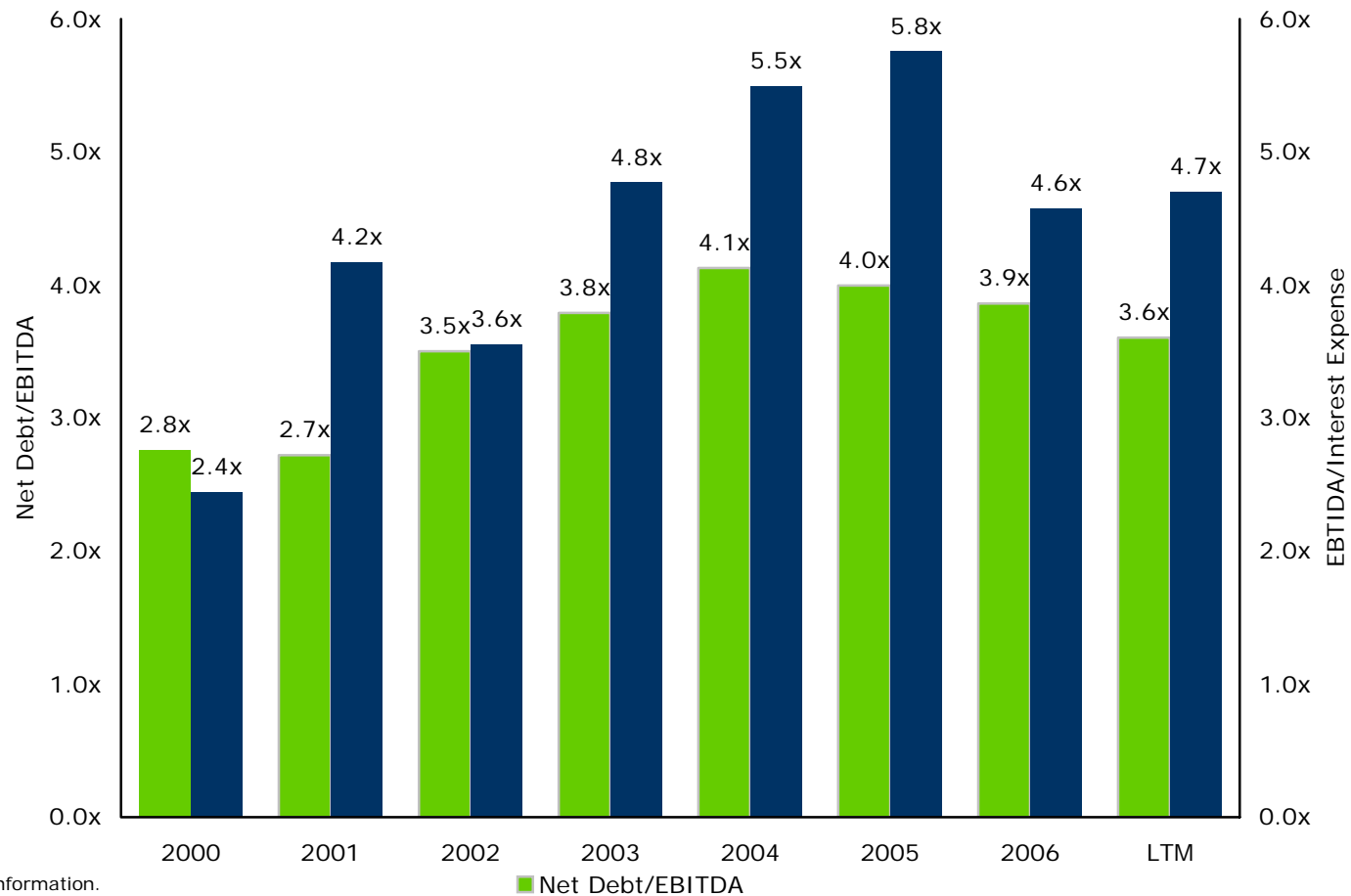


Source: Company Information
Note: EUR/NOK 0.12392 as of 4 June 2007

Coverage Ratios Over the Cycle

EBITDA Interest Coverage has been maintained at a comfortable level through the cycle despite increase in leverage as a result of reduced cash flow generation.

Interest Coverage & Gearing



Source: Company Information.
Note: LTM is as of 31 March 2007.

Conclusion

Norske Skog's response to changing business environment – Short term

- **New management and organisation structure**
- **Improvement program**
 - Asset restructuring
 - Cost reductions
 - Efficiency in all areas of the value chain
- **Special focus on China**
- **More restructuring will be considered**

Investment Highlights

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