

Press release

Positive investment decision at Saugbrugs

Norske Skog has made a positive investment decision to rebuild paper machine 6 (PM6) at Norske Skog Saugbrugs in Halden. The investment of up to approximately NOK 850 million will enable flexible production of TMP-based kraftliner and SC magazine paper and represents a significant long-term commitment to continued industrial activity at Saugbrugs.

“The rebuild of PM6 represents an important step in securing a competitive and sustainable industrial future for Saugbrugs. The project combines our strong position and long-standing competence in publication paper with an attractive opportunity within fibre-based packaging. It will significantly improve the cost position of the mill and provide valuable flexibility to adapt production to future market developments. This investment will enable the continued growth of Norske Skog into packaging solutions which has been our strategic vision for many years,” says Geir Drangslund, CEO of Norske Skog.

PM6 was taken out of production following the rockslide at Saugbrugs in April 2023. Since then, Saugbrugs has operated PM4 and PM5 to serve the SC magazine paper market while evaluating alternatives for the future development of the site. New technology and extensive project development have enabled a solution where PM6 can be rebuilt for flexible production of both TMP-based kraftliner and SC magazine paper. Saugbrugs will continue to be a reliable and long-term supplier of high-quality SC magazine paper.

The rebuilt PM6 will have flexible annual production capacity of up to approximately 300 000 tonnes of TMP-based kraftliner or approximately 230 000 tonnes of SC magazine paper. Compared with the existing PM4 and PM5 production lines, PM6 is expected to have a materially improved cost position through more efficient energy consumption, a streamlined production process and reduced staffing requirements. Following start-up of PM6, production on PM4 and PM5 is planned to cease permanently without interruption of customer deliveries.

The new TMP-based kraftliner product will expand Norske Skog’s exposure to the growing fibre-based packaging market and complement the Group’s existing packaging paper activities. Based on high-quality virgin fibre, the product will particularly target lower grammages where customers increasingly demand strong and lightweight packaging solutions with excellent printability, a low fossil carbon footprint and suitability for food-contact applications.

“Saugbrugs has a highly competent organisation, high-quality fibre resources and established industrial infrastructure. By combining these strengths with a more efficient PM6 and increased product flexibility, we believe the project provides a strong platform for continued value creation here in Halden. The investment also demonstrates Norske Skog’s ambition to develop rather than phase out industrial activity where competitive solutions can be established,” says Anders Hauge Johansen, Mill Director of Norske Skog Saugbrugs.

Detailed engineering and preparatory activities will continue in parallel with a planned sale of the PM6 building and property and entering a leaseback agreement for the same assets, a potential sale of the Saugbrugs administration office, and project financing measures over the coming period to cover the investment. Start-up of PM6 is expected during the first half of 2028.

Norske Skog ASA

Sjølyst plass 2
P.O. Box 294 Skøyen, 0213 Oslo
Norway

www.norskeskog.com

In parallel, Norske Skog Saugbrugs will continue to explore the opportunity for an 80–100 MW data centre development on available parts of the Saugbrugs site alongside continued fibre processing operations. The combination of a rebuilt PM6, NND's decommissioning activities and a potential data centre could support substantial future investment, employment, industrial activity and positive regional economic effects in Halden.

About Norske Skog

Norske Skog is a producer of packaging paper and publication paper across four mills in Europe. Packaging paper includes testliner and fluting and publication paper includes newsprint and magazine paper. The annual production capacity of packaging paper is 0.8 million tonnes, and the annual production capacity of publication paper is 1.2 million tonnes. Packaging paper and publication paper are sold through sales offices and agents. Norske Skog has approximately 1 650 employees and the parent company, Norske Skog ASA, a public limited liability company, is incorporated in Norway and has its head office in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

Norske Skog
Communications and Public Affairs

For further information:

Norske Skog media:
Vice President Communication and Public Affairs
Carsten Dybevig
Email: carsten.dybevig@norskeskog.com
Mob: +47 917 63 117

Norske Skog capital markets:
Senior Vice President Corporate Finance
Even Lund
Email: even.lund@norskeskog.com
Mob: +47 906 12 919