



# Quarterly report 4/2014

*The picture shows flooring and paneling from Moelven.  
Photo: Moelven.*

**MOELVEN®**

Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Operating revenues	2 151,8	2 096,6	8 828,2	8 009,4
EBITDA	130,9	108,4	490,0	226,9
Depreciation	82,5	72,9	286,5	271,6
Operating profit	48,4	35,6	203,6	-44,7
Gross operating margin/EBITDA	6,1 %	5,2 %	5,6 %	2,8 %
Net operating margin/EBIT	2,2 %	1,7 %	2,3 %	-0,6 %
Value change of financial instruments to fair value	-21,1	-12,0	-30,4	5,5
Profit before tax	9,0	-0,7	115,3	-117,1
Profit per share in NOK	0,06	-0,03	0,68	-0,71
Cash flow from operational activities, in NOK per share	-0,07	1,32	2,71	0,67
Total equity *	54,8	15,9	1 592,3	1 518,2
Equity ratio *	1,1 %	1,5 %	34,2 %	33,4 %
Total assets *	17,0	-158,2	4 653,2	4 539,8
Investments *	60,0	86,9	195,1	351,2
Return on capital employed *	-0,2 %	2,1 %	6,8 %	-1,5 %
Capital employed *	113,4	-68,2	2 959,9	3 020,1
Net interest-bearing liabilities *	89,4	-84,2	1 353,1	1 476,0
Net working capital *	-85,0	-204,2	1 928,3	1 793,3
Number of employees *	22	3	3 326	3 276
Sick leave percentage *	0,0 %	-0,2 %	5,5 %	5,3 %
Frequency of accidents with absence, H1 value *	-1,7	-1,9	15,9	16,0
Number of shareholders	948	953	948	953
Average number of shares (mill)	129,5	129,5	129,5	129,5

\* The first column shows the change in value during the quarter

## The operating profit 2014 increased by a quarter of a billion and the revenues increased by 800 million

- Revenues in the fourth quarter increased 2.6 per cent to NOK 2,151.8 million (NOK 2,096.6 million), and the operating profit was NOK 48.4 million (NOK 35.6 million), which represents the best fourth quarter since 2009.
- Revenues for the full year increased 10.2 per cent to NOK 8,828.2 million (NOK 8,009.4 million), and the operating profit was NOK 203.6 million (minus NOK 44.7 million), which represents the best operating profit since 2010.
- Improved balance between finished product and raw material prices contributes significantly to the earnings improvement during the quarter, especially for the Swedish businesses.
- Internal improvement measures have given good results in many companies, and further improvement measures are required in order to significantly improve the performance of several businesses.
- A good healthy order backlog in the Building Systems Division on the back of a significant increase throughout the quarter and compared with the same period in 2013.
- Return on capital employed improved 6.8 per cent (-1.5 per cent). The Group's target is 13 per cent over an economic cycle, and general limits and measures have been established to reach this target during the strategy work in the autumn of 2014.

## **In brief**

The fourth quarter developed normally for the season, with weaker demand growth for the Group's products and services than in the first three quarters of the year. For industrial wood, the market in the fourth quarter was marked by a cautious attitude after a build-up of inventory and some price pressure, especially for some of the spruce products. The price levels were nevertheless higher than the corresponding period last year, at the same time as the weakening of both the Norwegian krone and Swedish krona relative to our most important export currencies contributed to improving the Group's competitiveness.

The demand from the builder merchandising segment in Scandinavia was satisfactory, but there was nevertheless some price pressure in certain product categories. The delivery volumes were lower than during the same period last year, but the prices were higher.

Compared with the fourth quarter last year, higher sawlog prices have entailed higher raw material costs for the Group's log-consuming units, especially in Norway. The supply of raw materials, however, has been good and stable. For the Norwegian companies, the prices for wood chips and fibre products have been stable to somewhat weaker compared with the same period last year.

The implemented and ongoing efficiency and rationalisation measures have shown good results in several units. There are, however, still units with unacceptably weak results that have a negative impact on the overall result. In the plan of action that has been prepared to reach the Group's target profitability, significant resources have therefore been allocated to improvement work in these units.

In building and construction, the level of activity was good in the Swedish market, especially the Stockholm area, while the Norwegian market is increasingly marked by the decline in the oil industry. Overall, the Building Systems Division had a very good inflow of new orders during the quarter, and building modules with Scandinavian handwork quality are being increasingly introduced to apartment buildings. At the start of 2015, the division has an overall good healthy order backlog that is approximately NOK 360 million higher than at the same time in the previous year.

## Revenues and results

The operating revenues in the fourth quarter increased 2.6 per cent compared with the same period last year. The Timber and Building Systems divisions showed a higher level of activity for the quarter than for the same period in 2013. In the Building Systems division, it is Laminated Timber in Norway and the Modular Buildings business in Sweden in particular that are contributing to the increase.

Wood saw a decline in volume in the Norwegian market, but achieved prices that were higher than the same period last year in both Norway and Sweden.

The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 6.7 million on the Group's quarterly operating profit.

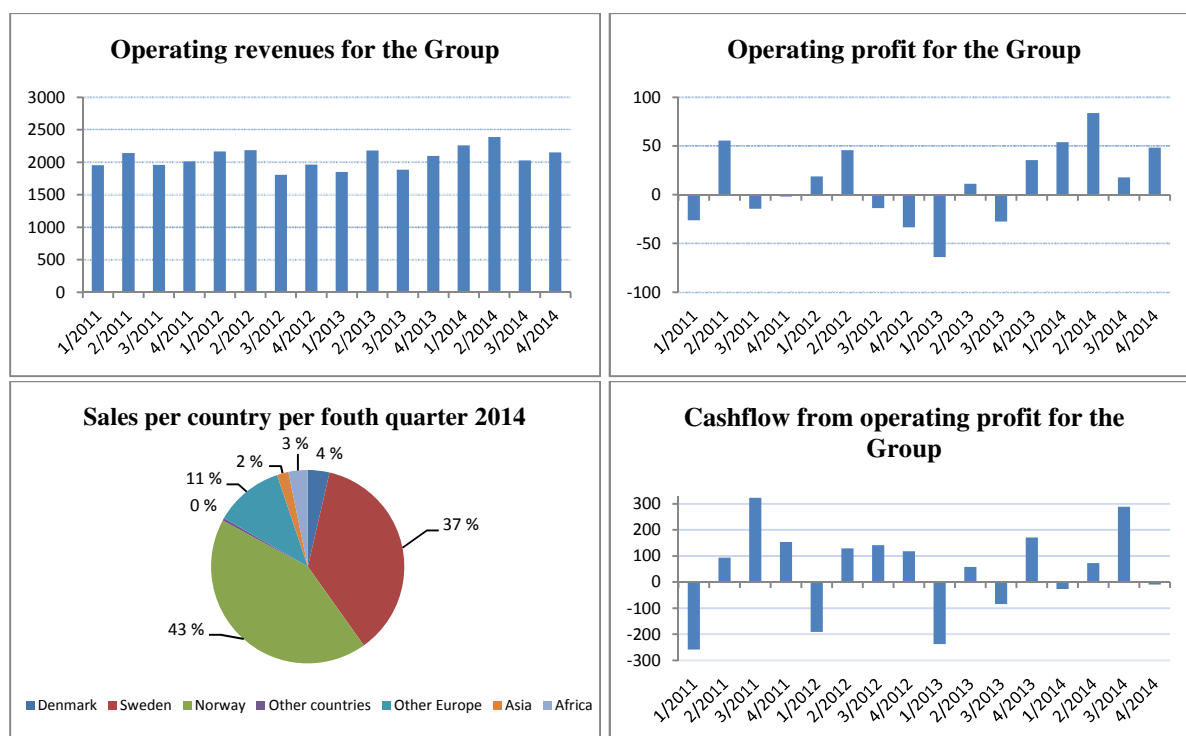
Write-downs totalling NOK 9 million were made in Electrical Installations in the quarter.

For the full year, both volumes and prices were higher than in 2013 for all divisions. The raw material prices have also increased overall, but the balance between finished product and raw material prices has improved.

Net financial expenses for the quarter were a little higher than for the same period in 2013. This is due to unrealised losses on financial hedging instruments, which are used to hedge exchange rates, interest rates and power prices. Non-cash items related to this totalled minus NOK 21.1 million (minus NOK 12.0 million) for the quarter and minus NOK 30.4 million (plus NOK 5.5 million) for the full year. The negative result from the hedging instruments for the full year is attributed primarily to lower interest rates in both Sweden and Norway, as well as the decline in electricity prices. The change in the value of the unrealised currency hedges was weakly negative during the quarter, but positive for the full year.

The Group's average margin on debt financing was unchanged from the corresponding period last year, but interest rate expenses were lower due to a lower level of debt during the quarter.

MNOK	Fourth quarter		12 months	
	2014	2013	2014	2013
<b>Operating revenues</b>				
Timber	719,2	679,7	2 872,3	2 543,9
Wood	666,7	678,8	3 066,2	2 820,4
Building Systems	768,9	693,8	2 836,7	2 514,1
Other businesses	803,2	683,2	3 204,4	2 623,7
<i>Internal</i>	<i>-806,3</i>	<i>-638,9</i>	<i>-3 151,4</i>	<i>-2 492,7</i>
The Group	2 151,8	2 096,6	8 828,2	8 009,4
<b>EBITDA</b>				
Timber	57,8	48,7	199,5	104,4
Wood	50,7	44,3	225,3	128,4
Building Systems	30,0	23,0	98,8	18,9
Other businesses	-7,5	-7,6	-33,6	-24,7
The Group	130,9	108,4	490,0	226,9
<b>Operating profit</b>				
Timber	26,0	15,8	83,0	-11,6
Wood	19,8	16,7	110,9	23,5
Building Systems	16,0	14,5	57,2	-19,1
Other businesses	-13,3	-11,4	-47,5	-37,5
The Group	48,4	35,6	203,6	-44,7



## Investments, balance sheet and funding

Investments totalling NOK 60.0 million (NOK 86.9 million) were made during the fourth quarter, and NOK 195.1 million (NOK 351.2 million) for the full year 2014. The overall investment activity for 2014 was thus NOK 156.1 million lower than in 2013. The investments were aimed primarily at necessary maintenance and upgrades.

At the end of the fourth quarter, the book value of the Group's total assets was NOK 4,653.2 million (NOK 4,539.8 million).

Cash flow from operating activities in the fourth quarter was minus NOK 9.7 million (NOK 170.4 million), which corresponds to NOK 0.07 per share (NOK 1.32). Year to date, the cash flow from operating activities was NOK 351.2 million (NOK 86.2 million), which corresponds to NOK 2.71 per share (NOK 0.67). The weakening of the cash flow from operating activities in the fourth quarter compared with the same period last year is attributed primarily to the amount of capital tied up in the finished product and raw material inventories. A project to free up working capital has given good results, but some of this improvement reversed in the fourth quarter due to the build-up of inventory. Cash flow from working capital items was minus NOK 114.2 million in the fourth quarter (plus NOK 195.6 million) and minus NOK 72.2 million year to date (minus NOK 48.8 million).

Net interest-bearing debt were NOK 1,353.1 million (NOK 1,476.0 million) at the end of the fourth quarter. Financial leases are included in net interest-bearing debt in the amount of NOK 25.1 million (NOK 33.8 million). The liquidity reserve was NOK 238.7 million (NOK 278.4 million).

At the end of the the first half year, an agreement was entered into to refinance the Group's long-term debt with maturity in May 2015, as well as seasonal financing with maturity at the end of the third quarter of 2015. The new loan agreement entered into force on 10 July and expires on 30 June 2017. The agreement provides satisfactory financial flexibility for the Group during this period. The terms reflect the market conditions when the agreement was entered into. The equity requirements and maximum gearing will gradually increase somewhat in the new agreement.

Equity at year end amounted to NOK 1,592.3 million (NOK 1,518.2 million), which is equivalent to NOK 12.29 (NOK 11.72) per share. The equity ratio was 34.2 per cent (33.4 per cent).

The change in the interest rate assumptions for calculation of the future obligations related to the Group's closed,

defined-benefit pension plans in Norway entailed an increase in the obligations after tax of NOK 30.2 million. The amount was recognised in equity in the third quarter.

Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The scope and consequences of likely exchange rate fluctuations are within acceptable risk limits. In the fourth quarter, exchange rate fluctuations resulted in an unrealised change in equity of NOK 45.1 million (NOK 6.7 million). Accumulated for the full year, there has been an unrealised change of NOK 12.3 million (NOK 58.4 million). Since approximately half of the Group's assets are recognised in Swedish kronor, the total assets also change based on the exchange rate. If the exchange rates at the end of the last year were assumed, the equity ratio would change from 34.2 to 34.3 per cent.

## Divisions

### *Timber*

Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Sales to external customers	586,2	574,8	2 391,9	2 184,1
Sales to internal customers	133,0	104,9	480,4	359,8
Operating revenues	719,2	679,7	2 872,3	2 543,9
Depreciation and impairment	31,8	32,9	116,5	116,0
Operating profit	26,0	15,8	83,0	-11,6
Operating margin in per cent	3,6 %	2,3 %	2,9 %	-0,5 %
Net operating capital (% of operating revenues) *	2,4 %	-0,7 %	19,8 %	17,7 %
Total assets *	138,8	73,3	1 754,5	1 684,3
Equity *	49,1	79,8	813,5	748,4
Capital employed *	79,8	55,4	1 282,2	1 277,5
Return on capital employed *	0,3 %	2,0 %	6,5 %	-0,9 %
Investments*	16,1	22,6	67,6	119,5
Number of employees *	8	2	703	677

\* The first column shows the change in value during the quarter

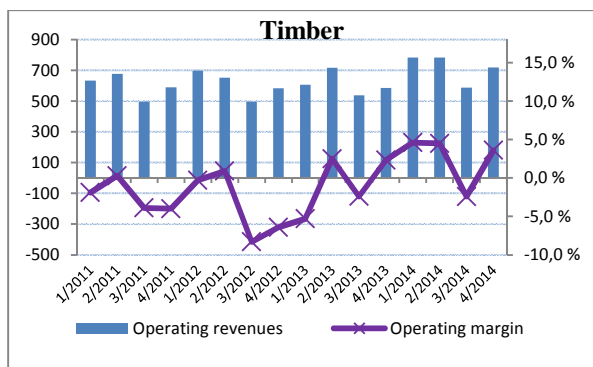
In addition to the normal seasonal reduction towards the end of the year, the international industrial wood market was marked by continued uncertainty and a cautious attitude throughout the fourth quarter. Sales revenues increased compared with the same period in 2013. For the quarter in isolation, this is attributed primarily to higher prices, as well as some increase in volume. Both the volume and prices were higher for the full year than in 2013. The rise in prices on the export markets has been reinforced by the fact that the Norwegian krone and Swedish krona weakened relative to the most important export currencies.

The sawmills in Sweden showed good earnings improvement in 2014, while the result of the Norwegian businesses is stable because the increases in the raw material prices have "eaten up" the increases in the finished product prices.

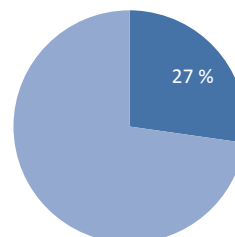
The supply of raw materials has been good. The prices for chip and fibre products were somewhat weaker than the fourth quarter in 2013.

The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 3.4 million on the quarterly operating profit.

At the start of 2014, ambitious improvement measures were planned within the division. In addition to a number of specific measures and goals, a great deal of emphasis is placed on development of a culture for continuous improvement of all the processes throughout the entire organisation. At the end of the year, there have been many successes, but certain units have nevertheless not performed satisfactorily. A significant amount of work therefore remains, and an extensive package of measures has been prepared for the coming year and strategy period in order to bring the units up to a satisfactory profitability level.



Timber's share of the Groups sale to external customers



## Wood

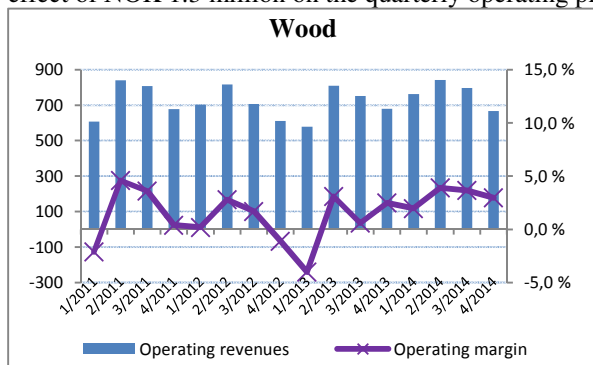
Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Sales to external customers	631,6	655,9	2 954,3	2 748,0
Sales to internal customers	35,2	22,9	111,9	72,5
Operating revenues	666,7	678,8	3 066,2	2 820,4
Depreciation and impairment	30,9	27,6	114,4	104,9
Operating profit	19,8	16,7	110,9	23,5
Operating margin in per cent	3,0 %	2,5 %	3,6 %	0,8 %
Net operating capital (% of operating revenues) *	1,2 %	-2,8 %	28,7 %	28,4 %
Total assets *	-35,9	-99,0	2 033,9	1 957,7
Equity *	-24,5	-17,0	815,1	788,2
Capital employed *	8,0	-59,9	1 442,9	1 414,6
Return on capital employed *	-0,8 %	1,1 %	7,9 %	1,8 %
Investments*	20,4	45,1	82,1	174,7
Number of employees *	1	-20	993	1 011

\* The first column shows the change in value during the quarter

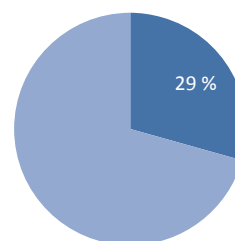
Market activity in the fourth quarter was significantly weaker than in previous quarters. The Swedish market showed a good level of activity, while a slight decline in activity was observed in Norway. The decline in operating revenue in the fourth quarter compared with the same period in 2013 is attributed to the reduction in volume in Norway. The prices realised during the quarter were higher than the same period last year in both Norway and Sweden. The price performance for finished products has, however, been ensued by higher raw material prices, both for the planing mills and for the log-consuming units. The supply of sawlogs has been good and stable, but the prices in Norway in particular increased compared with the same period last year. The price levels for wood chips and fibre products were stable to slightly weaker.

There was an extensive plan of action at the start of the year to improve profitability further for Wood as well. Many units have achieved the expected results and are showing a good development, but there are also certain units that are still performing significantly below the plan and target. In addition to technical improvements, extra resources were allocated to these units in order to safeguard the implementation of the improvement measures in the fourth quarter.

The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 1.3 million on the quarterly operating profit.



Wood's share of the Groups sale to external customers



## Building Systems

Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Sales to external customers	768,1	692,2	2 832,2	2 505,3
Sales to internal customers	0,8	1,6	4,4	8,8
Operating revenues	768,9	693,8	2 836,7	2 514,1
Depreciation and impairment	14,0	8,5	41,6	38,0
Operating profit	16,0	14,5	57,2	-19,1
Operating margin in per cent	2,1 %	2,1 %	2,0 %	-0,8 %
Net operating capital (% of operating revenues) *	-2,4 %	-2,3 %	11,0 %	14,4 %
Total assets *	3,4	-6,0	1 256,4	1 189,9
Equity *	-23,5	63,9	523,9	544,1
Capital employed *	-33,4	27,0	600,1	637,6
Return on capital employed *	0,8 %	4,7 %	10,6 %	-2,1 %
Investments*	22,1	13,5	37,9	43,4
Number of employees *	10	20	1 498	1 460

\* The first column shows the change in value during the quarter

The Norwegian part of the Laminated Timber business showed a good level of activity in the fourth quarter, where there was a higher price level than the same period last year in spite of a slight decline in the market. The Swedish part of the Laminated Timber business has increased its marketing efforts since the summer and implemented a number of measures to increase the volumes and improve the efficiency of the production. The quarter suffered, however, from cost overruns and productivity interruptions from the introduction of a new ERP system.

The raw material costs for the Laminated Timber business were higher than the corresponding period last year as a result of the price increase for industrial wood.

The Electrical Installations business has essentially been restructured in accordance with the new strategy for the company. The restructuring entails an increased focus on smaller projects and service jobs, and the discontinuation of business linked to large, complex projects. In connection with the completion of the restructuring and a large individual project, an overall write-down requirement of NOK 9 million was identified in the fourth quarter and charged to the accounts.

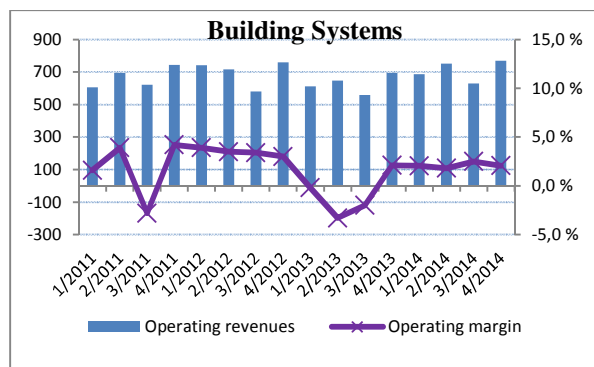
For the Modular Building business in Sweden, the market activity was good, and the company showed a very good inflow of new orders and good results. The level of activity was lower in Norway, particularly in the housing segment, where there has also been problems achieving satisfactory profitability. A new market concept for the housing segment is under development, and there are also ongoing measures to increase production efficiency.

For the Modular System Interiors companies, the level of activity for new construction was good in the Swedish part of the business, especially in the Stockholm area. In Norway, the level of activity for new construction is weak. Renovation and remodelling markets maintained a good, stable level of activity in both Norway and Sweden.

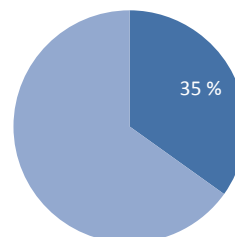
The recognition of reimbursements from group health insurance plans in Sweden has a positive non-recurring effect of NOK 2.0 million on the quarterly operating profit.

The full-year result for 2014 includes costs of NOK 4 million associated with the discontinuation of the Laminated Timber business in the UK, which was charged to the accounts in the third quarter. In 2013, write-downs were made in the second and third quarters, respectively, totalling NOK 42.5 million for projects in the Electrical Installations business and NOK 25 million related to a single major project in Modular Buildings in Sweden.





Building Systems' share of the Groups sale to external customers



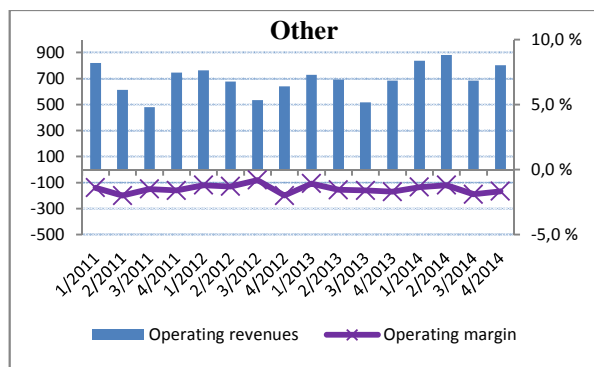
## Other business

Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Sales to external customers	184,0	190,7	721,6	645,3
Sales to internal customers	619,3	492,5	2 482,8	1 978,4
Operating revenues	803,2	683,2	3 204,4	2 623,7
Depreciation and impairment	5,8	3,8	13,9	12,8
Operating profit	-13,3	-11,4	-47,5	-37,5
Operating margin in per cent	-1,7 %	-1,7 %	-1,5 %	-1,4 %
Net operating capital (% of operating revenues) *	-3,1 %	-2,5 %	5,2 %	7,0 %
Total assets *	158,2	10,8	2 702,7	2 695,7
Equity *	116,1	-74,7	1 004,7	1 015,4
Capital employed *	153,9	-78,6	2 104,8	2 162,0
Return on capital employed *	-0,1 %	-0,2 %	-0,8 %	-0,2 %
Investments*	1,4	5,8	7,5	13,6
Number of employees *	3	1	132	128

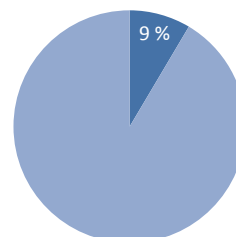
\* The first column shows the change in value during the quarter

Other businesses include Moelven Industrier ASA, with common services in economics, finance, insurance, communications, HR and ICT. Timber supply and sales of chips and energy products are organised as a common function for the Group's timber processing industry and included through the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included.

Fluctuations in operating revenues within the area of Other businesses are largely due to fluctuations in the level of activity within timber supply and sales of chips and energy products. The main activity is internal sales, which do not materially affect the results within the business area. The cost increase compared with the same period last year is attributed to a higher level of activity in the parent company linked to improvement projects. In order to safeguard the supply of timber and market opportunities for chip and energy products in the region that was affected by the closure of Södra Cell Tofte in August last year, a train solution was established to transport pulp wood and chips. The arrangement entails increased external sales due to pulp wood now being purchased and subsequently sold externally. The business is based on fixed agreements on both the customer and supplier sides, and the risk is limited. The increase in internal sales is attributed to higher timber sales as a result of somewhat lower raw material inventories than desired at the start of the quarter. A provision for 18 months' salary for the former CEO was charged to the operating profit in accordance with the guidelines described in Notes 28.2 and 28.3 in the Group's annual report for 2013.



Other's share of the Groups sale to external customers



## Employees

In the fourth quarter, total absence due to illness was 5.49 per cent (4.96), where 2.69 per cent (2.33) represents long-term absence. The Group is still working on the reduction of absence due to illness below the maximum target level of 5 per cent. There were 16 (18) personal injuries during the quarter that resulted in absence. The H1 figure (number of personal injuries resulting in absence per million hours worked) was reduced somewhat compared with the end of the fourth quarter last year. This level is, however, unacceptably high. The goal is for no one to be injured on the job. In order to achieve this goal, the Group has a strong focus on safety, through, for example, phase II of the *Hel Hjem* [Home in One Piece] campaign, in which employee involvement/commitment and management focus are key instruments. To reduce the number of injuries, it is important to improve the knowledge of both near accidents and hazardous conditions or risks. As a result of the increased efforts for greater awareness and reporting, there has been a sharp increase in the recording of hazardous conditions throughout all of 2014. In the fourth quarter, twice as many hazardous conditions were recorded as in the same period last year. This provides a better basis for more focused improvement measures, and the application of this data in the best possible manner will have high priority in the ongoing efforts to reduce the injury rate to 0.

Employees	Per fourth quarter 2014				Per fourth quarter 2013			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	625	78	11,1 %	703	603	74	10,9 %	677
Wood	833	161	16,2 %	993	836	175	17,3 %	1 011
Building Systems	1 401	97	6,5 %	1 498	1 365	95	6,5 %	1 460
Others	101	31	23,5 %	132	97	31	24,2 %	128
The Group	2 960	367	11,0 %	3 326	2 901	375	11,4 %	3 276

Sickness absence rate in %	12 months		H1 Value	12 months	
	2014	2013		2014	2013
Timber	4,34 %	4,90 %	Timber	14,7	26,6
Wood	5,72 %	5,14 %	Wood	18,2	15,6
Building Systems	6,12 %	5,97 %	Building Systems	15,8	13,0
Others	2,44 %	2,41 %	Others	4,7	0,0
The Group	5,49 %	5,37 %	The Group	15,9	16,0

## Outlook

We do not expect to see any major changes in international market prices for industrial wood in the first quarter. There is still good demand in many markets, while the supply has also increased after a period of high production levels, especially for spruce products. The exchange rates for the Norwegian krone and Swedish krona are at levels that give a good point of departure for competition on the export markets.

A continued weak growth for housing construction is expected in Norway. In Sweden, housing construction is increasing, but from a low level. However, the main portion of the Group's deliveries is made to the renovation and remodelling markets, which are more stable than the new-build market. The level of activity is expected to follow the normal seasonal variations with a weak level of activity in the first quarter prior to the start of the high season after Easter.

The demand from the building and construction sector in Scandinavia is expected to be on par with the previous year, with normal seasonal variations throughout the year.

The Building Systems Division has a better and more diversified order book than at the start of 2014. The companies have adapted their capacity and cost structure to the prevailing market conditions.

A high level of activity is expected in the timber market in the first half of the year.

A plan of action has been prepared with a number of measures and projects that will be closely followed up in order to improve the results of ongoing operations, ensure better competitiveness in the long term and reduce the risk of losses related to certain projects. This work will continue with a higher intensity. The Board expects that, combined, the measures will significantly increase the Group's cash flow throughout an economic cycle and contribute to achieving the Group's target of a return on capital employed of 13.0 per cent, which is almost double the 6.8 per cent that was achieved in 2014.

The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary changes.

The Board is pleased with the improvement in the operating profit by a quarter of a billion NOK and expects the Group's result to further improve in 2015.

The Board of Moelven Industrier ASA

Moelv, 27 January 2015

## Condensed quarterly financial statement for Moelven Group fourth quarter 2014

### Profit and loss and total comprehensive income

Amounts in NOK million	Fourth quarter		12 months	
	2014	2013	2014	2013
Operating revenues	2 151,8	2 096,6	8 828,2	8 009,4
Depreciation	82,5	72,9	286,5	271,6
Cost of goods sold	1 294,4	1 279,2	5 601,0	5 184,7
Payroll expenses	481,0	474,0	1 807,6	1 750,1
Other operating expenses	245,5	235,0	929,5	847,7
<b>Operating profit</b>	<b>48,4</b>	<b>35,6</b>	<b>203,6</b>	<b>-44,7</b>
Income from associates	0,0	0,0	0,0	0,0
Value change of financial instruments to fair value	-21,1	-12,0	-30,4	5,5
Other financial income	10,0	4,8	28,2	20,2
Other financial expenses	-28,2	-28,9	-86,0	-98,1
<b>Profit before tax</b>	<b>9,0</b>	<b>-0,7</b>	<b>115,3</b>	<b>-117,1</b>
Estimate income tax	0,7	3,2	27,0	-24,5
<b>Net profit</b>	<b>8,3</b>	<b>-3,9</b>	<b>88,4</b>	<b>-92,6</b>
Non-controlling interest share	0,3	-0,2	0,0	-1,6
Owner of parent company share	8,0	-3,7	88,4	-91,0
Earnings per share (in NOK)	0,1	0,0	0,7	-0,7
Statement of comprehensive income				
Net profit	8,3	-3,9	88,4	-92,6
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	1,3	18,8	-41,3	0,0
Income tax on items that are not reclassified to profit or loss	-0,4	-5,1	11,2	0,0
	0,9	13,7	-30,2	0,0
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	45,1	6,7	-32,7	51,7
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,0
Other changes	-3,3	-0,7	2,2	-4,3
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	41,7	6,0	-30,5	47,4
Other comprehensive income, net of tax	42,7	19,7	-60,7	47,4
<b>Total comprehensive income for the period</b>	<b>50,9</b>	<b>15,8</b>	<b>27,7</b>	<b>-45,2</b>
<b>Comprehensive income assigned to:</b>				
Owners of parent company	50,6	16,0	27,7	-43,6
Non-controlling interests	0,3	-0,2	0,0	-1,6

## Condensed statement of financial position

Amounts in NOK million	Per 31.12	
	2014	2013
Intangible assets	41,2	48,4
Tangible fixed assets	1 808,5	1 876,6
Financial fixed assets	7,6	8,1
<b>Total fixed assets</b>	<b>1 857,3</b>	<b>1 933,1</b>
Inventory	1 523,9	1 263,6
Receivables	1 251,1	1 317,2
Liquid assets	21,0	25,9
<b>Total current assets</b>	<b>2 796,0</b>	<b>2 606,7</b>
<b>Total assets</b>	<b>4 653,2</b>	<b>4 539,8</b>
Share capital*	647,7	647,7
Other equity	944,6	870,4
<b>Total equity</b>	<b>1 592,3</b>	<b>1 518,2</b>
Provisions	189,8	143,1
Long term interest-bearing liabilities	1 223,2	1 321,3
Long term interest-free liabilities	2,0	2,3
<b>Total long term liabilities</b>	<b>1 415,1</b>	<b>1 466,7</b>
Short term interest-bearing liabilities	144,3	180,6
Short term liabilities	1 501,6	1 374,3
<b>Total short term liabilities</b>	<b>1 645,8</b>	<b>1 554,9</b>
<b>Total liabilities</b>	<b>3 060,9</b>	<b>3 021,7</b>
<b>Total equity and liabilities</b>	<b>4 653,2</b>	<b>4 539,8</b>

\*129.542.384 shares á NOK 5,-, adjusted for 1.100 own shares.

## Statement of change in equity for the Group

Amounts in NOK million	Equity assigned to owners of parent company					Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity	Total		
Total per 1.1.2013	647,7	180,7	0,0	706,1	1 534,5	9,1	1 543,6
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	-91,0	-91,0	-1,6	-92,6
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	58,4	58,4	0,0	58,4
Other changes	0,0	0,0	0,0	-5,0	-5,0	0,0	-5,0
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	18,8	18,8	0,0	18,8
Income tax on other comprehensive income	0,0	0,0	0,0	-5,1	-5,1	0,0	-5,1
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	67,1	67,1	0,0	67,1
<b>Transactions with owners, entered directly against equity</b>							
Purchase of non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Effect of acquisition	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total transactions with owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total as at 31.12.2013</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>682,2</b>	<b>1 510,6</b>	<b>7,6</b>	<b>1 518,2</b>
Total per 1.1.2014	647,7	180,7	0,0	682,2	1 510,6	7,6	1 518,2
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	88,4	88,4	0,0	88,4
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	12,3	12,3	0,0	12,3
Other changes	0,0	0,0	0,0	-1,2	-1,2	3,8	2,6
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	-40,0	-40,0	0,0	-40,0
Income tax on other comprehensive income	0,0	0,0	0,0	10,8	10,8	0,0	10,8
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-18,1	-18,1	3,8	-14,2
<b>Transactions with owners, entered directly against equity</b>							
Purchase of non-controlling interests	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Effect of acquisition	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend to owners	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share based payment transactions	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total transactions with owners</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total as at 31.12.2014</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>752,6</b>	<b>1 581,0</b>	<b>11,4</b>	<b>1 592,3</b>

## Cashflow statement for the Group

Amounts in NOK million	Per 31.12	
	2014	2013
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES:</b>		
Net profit	88,4	-92,6
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	286,5	271,6
Impairment	0,0	0,0
Income from associated companies	0,0	0,0
Tax paid	0,0	-4,4
Unpaid pension costs entered as costs and unreceived pension funds entered as income	-8,4	-9,2
Loss (profit) on sale of fixed assets	0,0	-0,6
Net value change of financial instruments to fair value	30,4	-5,3
Income tax	27,0	-24,5
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-258,0	24,0
Changes in accounts receivable and other receivables	60,0	-52,1
Changes in trade accounts payable	87,7	-39,8
Changes in provisions and benefits to employees	47,8	3,3
Changes in short-term liabilities excluding borrowing	-9,7	15,8
<b>Cash flow from operational activities</b>	<b>351,5</b>	<b>86,2</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investment in plant and equipment exc. acquisition	-195,1	-351,2
Net cash outlay on acquisition	0,0	0,0
Receipts from sale of fixed assets	0,5	0,7
Sale of other long-term investments	0,0	0,0
Acquisition of subsidiary, net of cash	0,0	0,0
<b>Cash flow from investment activities</b>	<b>-194,6</b>	<b>-350,5</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Raising short term debt	229,0	223,0
Repayment of short term debt	-229,0	-223,1
Change in bank overdrafts	36,2	74,7
Purchase of non-controlling interests	0,0	0,0
Change in long term debt (borrowing facility)	-193,5	198,6
Changes in other long-term liabilities	-11,1	-8,8
Payment of dividend	0,0	0,0
<b>Cash flow from financial activities</b>	<b>-168,4</b>	<b>264,4</b>
<b>Net increase (reduction) in liquid assets during year</b>	<b>-11,5</b>	<b>0,1</b>
Liquid assets start of period	25,9	25,8
Effect of exchange rate changes on liquid assets	0,0	0,0
<b>Liquid assets end of period</b>	<b>14,4</b>	<b>25,9</b>
<b>Cash and cash equivalents</b>		
Liquid assets	14,4	25,9
Unused drawing rights	224,3	252,5
Restricted bank deposits	0,0	0,0
<b>Cash and cash equivalents</b>	<b>238,7</b>	<b>278,4</b>

## Notes to the summary consolidated quarterly financial statements

### *Note 1 – General information*

Moelven Industrier ASA is a public limited liability company, registered in Norway. The company's head office is at Industriveien 2, 2390 Moelv, Norway. The summary consolidated financial statements for the fourth quarter of 2014 ended the 31<sup>th</sup> of December 2014 include Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies. The annual accounts for 2013 are available at [2013.moelven.com](http://2013.moelven.com).

### *Note 2 – Statement of conformity*

The consolidated financial statements for the fourth quarter of 2014 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” which have been approved by the EU. The interim financial statements do not include all the information required in a complete annual report and ought to be read in conjunction with the consolidated financial statements for 2013.

The summary consolidated quarterly financial statements were approved by the Board on 27<sup>th</sup> of January 2015.

### *Note 3 – Accounting policies*

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2013. Currency rates in the consolidated statements are derived from Norges Bank.

### *Note 4 – Critical judgements and estimates*

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect both which accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from the estimated amounts.

In preparing these summary quarterly financial statements management has applied the same critical judgements in applying the accounting policies as it made when preparing the consolidated financial statements for 2013 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2013.

### *Note 5 – Pensions and taxes*

The calculations of pension costs and pension liabilities are undertaken annually by actuaries. In the quarterly accounts pension costs and pension liabilities are based on forecasts from actuaries. The income tax expense is determined in each quarter on the basis of the expected annual income tax expense.



### ***Note 6 – Seasonal fluctuations***

Demand for the Group's products and services are normally subject to variability throughout the year. This involves a low season during the first quarter, increasing activity and a peak season over the second and third quarters, and diminishing activity in the final part of the fourth quarter.

Due to the annual seasonal variation in raw material access and market activity, the Group's working capital varies by NOK 300 million to NOK 400 million from its highest level in May/June to its lowest in November/December.

### ***Note 7 - Tangible fixed assets***

<b>Amounts in NOK million</b>	<b>Per 31.212</b>	
	<b>2014</b>	<b>2013</b>
Book value per 1.1	1 913,8	1 744,4
Acquisitions	195,1	351,2
Business combinations	0,0	0,0
Disposals	-0,5	-0,7
Depreciations	-286,5	-271,6
Transfers	4,6	-4,0
Translation differences	11,8	94,5
Book value per 30.06	1 838,3	1 913,8

### ***Note 8 - Financial instruments***

<b>Amounts in NOK million</b>	<b>Per 31.12.2014</b>		
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Net fair value</b>
Currency derivatives	6,6	-10,2	-3,6
Interest rate derivatives	0,0	-80,1	-80,1
Power derivatives	0,0	-11,1	-11,1
Total	6,6	-101,4	-94,8

<b>Amounts in NOK million</b>	<b>Per 31.12.2013</b>		
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Net fair value</b>
Currency derivatives	2,3	-7,4	-5,0
Interest rate derivatives	0,0	-44,8	-44,8
Power derivatives	0,0	-14,6	-14,6
Total	2,3	-66,8	-64,4

### ***Note 9 – Operating segments***

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) and Building Systems (projects). There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure. See the consolidated financial statements for 2013 for further information about segments.

Below is a reconciliation of the profit before taxes in the reporting segments with the company's profit before taxes.

<b>Amounts in NOK million</b>	<b>Per 31.12</b>	
	<b>2014</b>	<b>2013</b>
Timber	56,7	-52,3
Wood	87,3	15,8
Building Systems	63,5	75,1
Other	-92,2	-46,0
Profit before tax in segments	115,3	-7,3
Eliminations	0,0	0,0
Profit before tax in Group Accounts	115,3	-7,3

### ***Note 10 – Related parties***

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of saw logs, where the Norwegian forest owner cooperatives are suppliers. There will also be deliveries of biofuel from the Moelven Group to a bioenergy plant owned by Eidsiva Energi AS, with possible buy-back of bioenergy for Moelven's industries in connection with the energy plant. Eidsiva Energi Marked AS trade electric power to Moelven's Norwegian industrial operations. All these transactions have in common that the arm's length principle shall be applied. Where other suppliers can offer better prices or terms, these will be used. About 40 per cent of Moelven's total purchasing requirement for saw log of 4 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven' supply of energy raw materials to Eidsiva's bioenergy plant represents between 40 and 50 GWh on an annual basis, while buying back energy represents between 20 and 30 GWh. Net delivery of energy raw materials is 20 GWh. The extent of the sale of electrical power corresponds to about 40 per cent of Moelven's total consumption of 185 GWh.

Moelven has a long tradition of running its operations in accordance with all the laws and ethical guidelines of the industry and is of the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

### ***Note 11 - Events after the balance sheet date***

There have not been any events after the balance sheet date which would have an impact on the income, expenses, assets and liabilities disclosed in the quarterly financial statements.

Moelven is organised into four divisions: Timber, Wood, Building Systems and Other. The sawmills in Timber supply sawed wood products and components to industrial customers in Scandinavia and the rest of Europe. These use the products as intermediate goods in their own production. Shavings, chip and bark products are also supplied and are used in the pulp, chipboard and biofuel industry. The processing companies in Wood supply the building products trade in Scandinavia with a broad range of building and interior products. A critical competitive advantage is the division's efficient distribution system which offers customers rapid and precise deliveries of a broad range of products. The companies within Building Systems deliver flexible system solutions for interior walls, modular buildings, electrical installations and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. Other comprises holding companies, supply businesses and bioenergy companies. The division is heavily focused on developing concepts and systems in collaboration with the customers and experts within architecture, design and construction. In total, the Group is composed of 52 operating units in Norway and Sweden and has 3,326 employees. Moelven also has its own sales offices in Denmark, England, Germany and the Netherlands. The Moelven Group is owned by Glommen Skog SA (25.1 per cent), Eidsiva Vekst AS (23.8 per cent), Agri MI AS (15.8 per cent), Viken Skog SA (11.9 per cent), Mjøsen Skog SA (11.7 per cent), AT Skog SA (7.3 per cent) and Havass Skog SA (4.0 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

## Quality rooms

More information:

[www.moelven.com](http://www.moelven.com)

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