



# Quarterly Report 1/2015

*This Multicomforthouse in Larvik has maintenance friendly stained cladding and heat treated ash inside the bathroom and terrace. This house is developed by Optimera AS - glulam structures and framework is delivered from Moelven.*

**MOELVEN®**

Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Operating revenues	2 316,1	2 259,6	8 828,2	8 009,4
EBITDA	89,6	123,1	490,0	226,9
Depreciation	68,1	69,4	286,5	271,6
Operating profit	21,5	53,7	203,6	-44,7
Gross operating margin/EBITDA	3,9 %	5,4 %	5,6 %	2,8 %
Net operating margin/EBIT	0,9 %	2,4 %	2,3 %	-0,6 %
Value change of financial instruments to fair value	2,1	-5,5	-30,4	5,5
Profit before tax	8,7	32,9	115,3	-117,1
Profit per share in NOK	0,06	0,19	0,68	-0,71
Cash flow from operational activities, in NOK per share	-0,96	-0,20	2,71	0,67
Total equity	1 583,4	1 530,0	1 592,3	1 518,2
Equity ratio	32,2 %	32,0 %	34,2 %	33,4 %
Total assets	4 923,9	4 783,2	4 653,2	4 539,8
Investments	31,1	36,8	195,1	351,2
Return on capital employed	2,8 %	7,1 %	6,8 %	-1,5 %
Capital employed	3 102,1	3 077,6	2 959,9	3 020,1
Net interest-bearing liabilities	1 500,9	1 538,8	1 353,1	1 476,0
Net working capital	2 282,3	2 028,7	1 928,3	1 793,3
Number of employees	3 384	3 295	3 326	3 276
Sick leave percentage	6,1 %	5,5 %	5,5 %	5,3 %
Frequency of accidents with absence, H1 value	17,4	21,8	15,9	16,0
Number of shareholders	948	952	948	953
Average number of shares (mill)	129,5	129,5	129,5	129,5

- Revenues in the first quarter increased by 2.5 per cent to NOK 2,316.1 million (NOK 2,259.6 million) and operating profit was NOK 21.5 million (NOK 53.7 million).
- Price adjustment for projects of NOK -16 million for the quarter, compared to NOK 15 million for the same period last year. This, and a project loss in the Electrical Installations of NOK 8 million taken into account, the underlying operations is improved compared with last year.
- Satisfactory demand for sawn timber for the quarter.
- A continued healthy and well-composed order backlog for Building Systems, particularly for housing modules.
- Good level of activity in the renovation, conversion and extension market in Sweden.

## In brief

Demand for products from the Group's timber processing operations was normal for the season, and operating conditions were good. For sawn timber the market remained cautious following build-up of inventory through the last six months of 2014. This has resulted in some pressure on prices, which have dropped somewhat since the turn of the year, but which combined for the quarter were higher than Q1 last year. In the export markets currency conditions have contributed to maintain margins. Demand from the building materials trade in Scandinavia was satisfactory, but dropped compared to the same period in 2014. This is largely due to a higher delivery volume in 2014 in Norway because of announced price increases from Q2.

Access to raw material for the timber-consuming units was good for the period. The sawlog prices were at the same level or marginally lower than for the same period last year. For wood chip and fibre products price levels for the Norwegian units were practically unchanged from Q1 2014, while the Swedish units experienced a slight decline in prices.

For Building Systems activity levels were higher than in the same period last year, chiefly due to a very good inflow of new orders in Building Modules in Sweden in the last half of 2014, as well as good market conditions

for System Interiors in Sweden. Demand in the Norwegian market is to an increasing degree characterised by the slowdown in the economy, and was weaker than in the same period for 2014.

There are still units with poor results that have a negative impact on the Group's results. In the plan of action that has been prepared to reach the Group's target profitability, significant resources have been allocated to improvement work in these units. This work will continue unabated throughout 2015.

The "Wood building of the year 2014" award was presented during the "Byggedagene" on 18 March. All three buildings that reached the final included deliveries from Moelven. Moelven Byggmodul AS has supplied modules to Kallerud Student housing in Gjøvik. The "Multikomforthuset" developed by Optimera AS includes products from both Moelven Glulam and Moelven Wood. The award-winning building, "Almenningstråkket" at Gran, has load-bearing structures of laminated timber from Moelven Limtre AS.

## Revenues and results

Revenues in the quarter increased by 2.5 per cent compared to 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 2014. In total, Wood had a lower level of activity, but higher prices. In the Building Systems division, it is the Building Module business in Sweden in particular that has contributed to the increase.

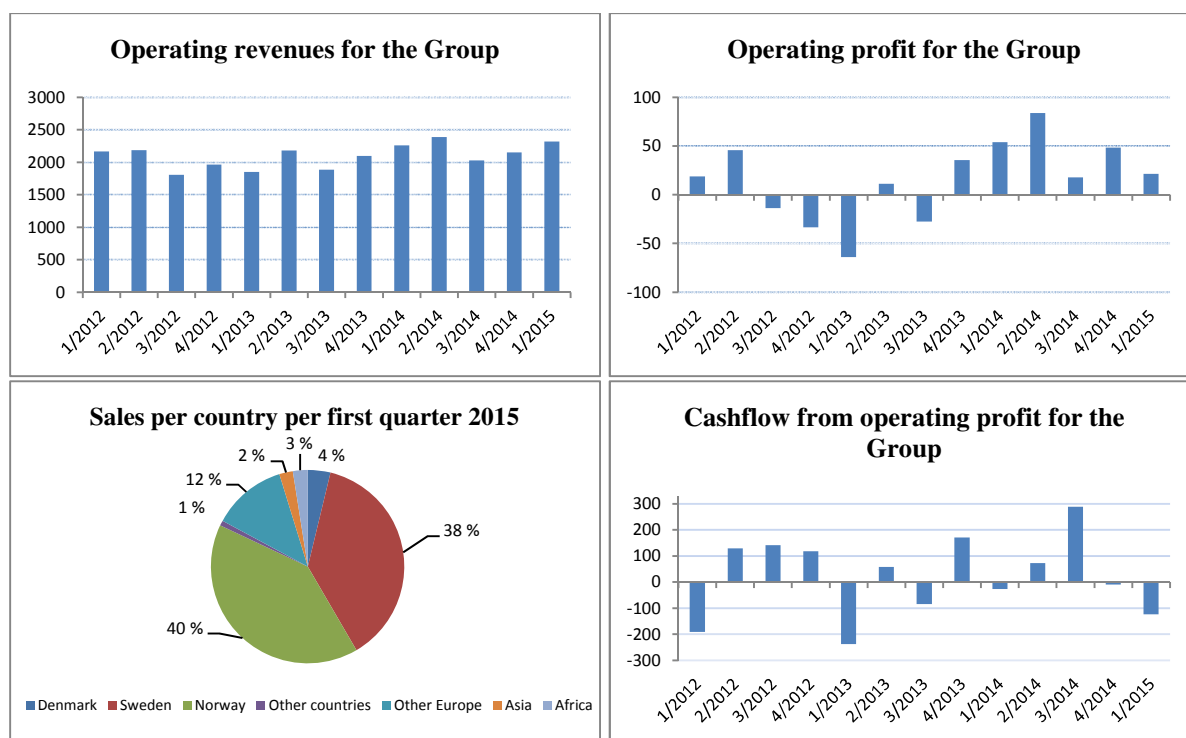
Due to the price drop in industrial wood since the turn of the year, the accounts have been charged with price adjustments for inventory totalling NOK -16 million for the quarter. In the same period in 2014 the corresponding amount was NOK 15 million. This item does not have any impact on cash flow.

Write-downs totalling NOK 8 million were made in Electrical Installations in the quarter related to the conclusion of projects.

Net financial expenses excluding changes in the value of financial instruments were at the same level as Q1 2014. Net interest-bearing liabilities has been lower through the first quarter of 2015, but the combined loan margin has been somewhat higher. To the extent the Group holds financial instruments, these are exclusively used for hedging exchange rates, interest rates and energy prices. Non-cash items associated with this totalled NOK 2.1 million (NOK -5.5 million)

Currency hedging saw positive developments in the quarter, while interest rate hedging had a negative result as a consequence of falling market rates in both Norway and Sweden. Energy contracts were practically unchanged through the quarter.

MNOK	First quarter		12 months	
	2015	2014	2014	2013
<b>Operating revenues</b>				
Timber	786,7	783,6	2 872,3	2 543,9
Wood	710,9	761,9	3 066,2	2 820,4
Building Systems	791,7	686,9	2 836,7	2 514,1
Other businesses	881,9	835,5	3 204,4	2 623,7
<i>Internal</i>	<i>-855,1</i>	<i>-808,4</i>	<i>-3 151,4</i>	<i>-2 492,7</i>
The Group	2 316,1	2 259,6	8 828,2	8 009,4
<b>EBITDA</b>				
Timber	32,7	64,8	199,5	104,4
Wood	34,6	43,0	225,3	128,4
Building Systems	27,7	23,9	98,8	18,9
Other businesses	-5,3	-8,5	-33,6	-24,7
The Group	89,6	123,1	490,0	226,9
<b>Operating profit</b>				
Timber	5,1	36,0	83,0	-11,6
Wood	6,9	15,0	110,9	23,5
Building Systems	17,9	14,1	57,2	-19,1
Other businesses	-8,4	-11,3	-47,5	-37,5
The Group	21,5	53,7	203,6	-44,7



## Investments, balance sheet and funding

During the first quarter, total investments were NOK 31.1 million (NOK 36.8 million). Investments in 2015 will, as in 2014, remain at a level below the depreciation level.

At the end of the first quarter, the book value of the Group's total assets was NOK 4,923.9 million (NOK 4,783.2 million).

Cash flow from operating activities in the first quarter was NOK -124.2 million (NOK -26.2 million), corresponding to NOK -0.96 (NOK -0.20) per share. The decline compared with the same period last year is attributed to a higher level of tied-up capital in raw material and finished product inventories. A project to free up working capital saw a positive result in several areas up to the second half of 2014, but the improvement has largely been negated by inventory build-up. Focus has once again returned to this work. Cash flow from working capital items was NOK -197.9 million (-135,2).

Net interest-bearing liabilities were NOK 1,500.9 million (NOK 1,538.8 million) at the end of the quarter. Financial leases are included in net interest-bearing liabilities, amounting to NOK 27.2 million (NOK 28.9 million). The liquidity reserve was NOK 189.6 million (NOK 397.6 million).

Equity at the end of March amounted to NOK 1,583.4 million (NOK 1,530.0 million), which is equivalent to NOK 12.22 (NOK 11.81) per share. The equity ratio was 32.2 per cent (32.0 per cent). 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 extent and consequences of likely variations in exchange rates are within acceptable risk limits. In the first quarter, exchange rate fluctuations resulted in an unrealised change in equity of NOK -16.1 million (NOK -13.6 million). Approximately half of the Group's assets are recognized in SEK. The total assets thus also change based on the exchange rate. The equity ratio in percent is therefore less impacted by exchange rate fluctuations than the nominal equity.

## Divisions

### Timber

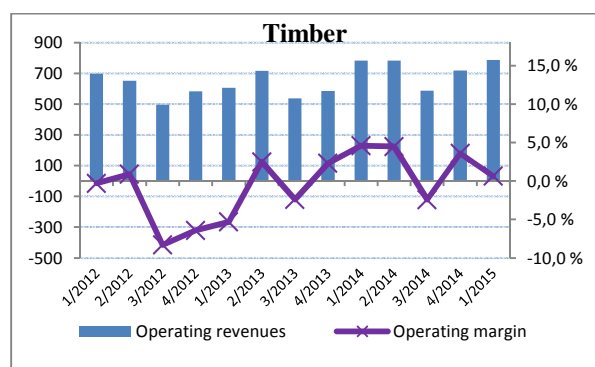
Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Sales to external customers	655,4	664,3	2 391,9	2 184,1
Sales to internal customers	131,2	119,3	480,4	359,8
Operating revenues	786,7	783,6	2 872,3	2 543,9
Depreciation and impairment	27,6	28,8	116,5	116,0
Operating profit	5,1	36,0	83,0	-11,6
Operating margin in per cent	0,6 %	4,6 %	2,9 %	-0,5 %
Net operating capital (% of operating revenues)	19,5 %	15,5 %	19,8 %	17,7 %
Total assets	1 812,5	1 642,2	1 754,5	1 684,3
Equity	791,4	764,2	813,5	748,4
Capital employed	1 271,2	1 211,1	1 282,2	1 277,5
Return on capital employed	1,6 %	11,6 %	6,5 %	-0,9 %
Investments	10,5	11,6	67,6	119,5
Number of employees	706	699	703	677

The level of activity in the Timber division's primary markets has been normal for the season through Q1. High producer stocks and the prevailing balance between supply and demand has however formed the basis for some pressure on prices. The mainly concerns the export markets in Europe, the Middle East and North Africa, but from there it has also partially extended to the Swedish domestic market. A weak krone exchange rate has however contribute toward maintaining satisfactory competitiveness in export markets. For the division overall, prices achieved have dropped somewhat since the turn of the year, but levels remain higher than in Q1 of the previous year.

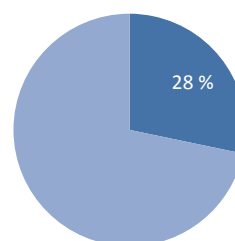
Overall supply volumes for Q1 were somewhat higher than for the same period last year, at prices when converted to kroner were practically unchanged or somewhat better. Access to raw material has been good, and the sawlog prices were at the same level or marginally lower than in Q1 2014. The prices for wood chip and fibre products varied from stable to somewhat weaker compared to the same period last year. Due to price developments since the turn of the year, the profits for the quarter have been charged with price adjustments to inventories totalling approx. NOK 8 million. The corresponding adjustment in Q1 2014 had a positive effect of NOK 10 million.

Operating conditions in the quarter were good, and the ongoing improvement work continues unabated to bring the units with poor earnings up to an acceptable profitability level.

For the industrial component companies in the division, both price levels for finished products and production efficiency have improved compared to Q1 2014.



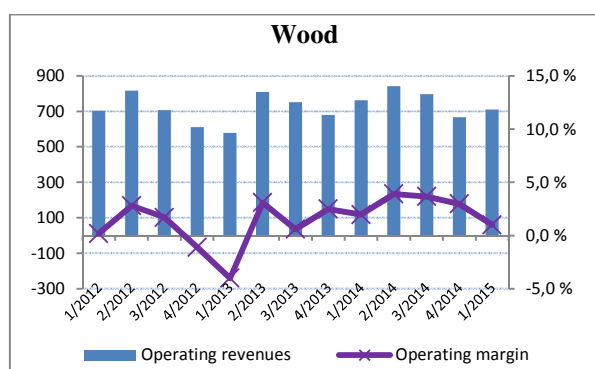
Timber's share of the Groups sale to external customers



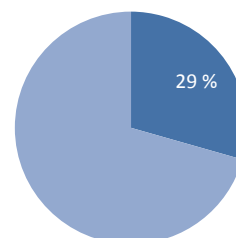
## Wood

Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Sales to external customers	681,5	737,2	2 954,3	2 748,0
Sales to internal customers	29,4	24,7	111,9	72,5
Operating revenues	710,9	761,9	3 066,2	2 820,4
Depreciation and impairment	27,7	28,0	114,4	104,9
Operating profit	6,9	15,0	110,9	23,5
Operating margin in per cent	1,0 %	2,0 %	3,6 %	0,8 %
Net operating capital (% of operating revenues)	39,4 %	30,7 %	28,7 %	28,4 %
Total assets	2 239,2	2 063,3	2 033,9	1 957,7
Equity	807,5	786,8	815,1	788,2
Capital employed	1 566,5	1 450,8	1 442,9	1 414,6
Return on capital employed	1,9 %	4,3 %	7,9 %	1,8 %
Investments	9,1	17,4	82,1	174,7
Number of employees	998	993	993	1 011

The winter season saw normal developments, with low activity during the winter months and an increase towards the end of the quarter and the start of the high season up to the summer. Economic developments in Scandinavia and the price developments for sawn timber have led to some pressure on prices for the Wood division's products. Overall, price levels were nevertheless higher than for Q1 2014. However, supply volumes were lower than for the previous year. This is primarily due to somewhat higher deliveries than usual to the Norwegian market in the first quarter last year because of announced price increases in the second quarter. The planing mills in the Wood division use sawn timber as a raw material, and the raw material costs for these units thus follow the same trends as the finished product prices for the sawmills in the Timber division. Compared to the first quarter last year, raw material costs have increased somewhat. For the timber-consuming units in the division access to raw material has been good, and the sawlog prices were at the same level or marginally lower than in Q1 2014. The prices for wood chip and fibre products were stable to somewhat weaker compared to the same period last year. Due to price developments since the turn of the year, the profits for the quarter have been charged with price adjustments to inventories totalling approx. NOK 9 million. The corresponding adjustment in Q1 2014 had a positive effect of NOK 5 million. Operating conditions were good in the quarter, and several units have made good progress as a result of the improvement work the whole Group is involved in. Moelven Vänerply AB, where significant investments and upgrades were carried out in 2013 and 2014, improved its operating profit by around NOK 4.5 million compared to the first quarter last year. Improvement work continues unabated in the entire division in order to maintain competitiveness and to bring the remaining units with poor earnings up to an acceptable profitability level.



Wood's share of the Groups sale to external customers

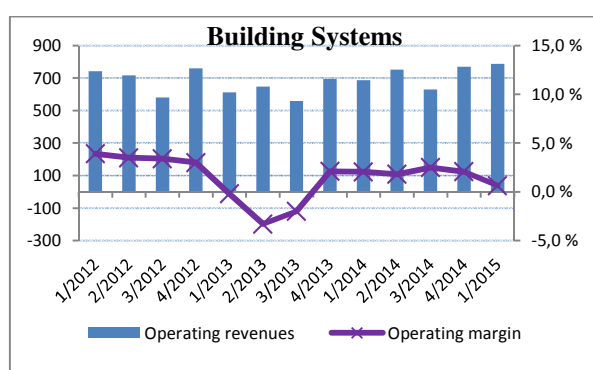


## Building Systems

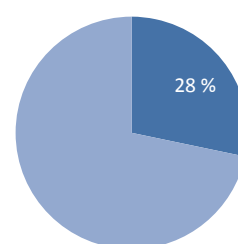
Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Sales to external customers	791,0	685,0	2 832,2	2 505,3
Sales to internal customers	0,8	1,9	4,4	8,8
Operating revenues	791,7	686,9	2 836,7	2 514,1
Depreciation and impairment	9,7	9,8	41,6	38,0
Operating profit	17,9	14,1	57,2	-19,1
Operating margin in per cent	2,3 %	2,1 %	2,0 %	-0,8 %
Net operating capital (% of operating revenues)	10,2 %	12,4 %	11,0 %	14,4 %
Total assets	1 343,5	1 241,9	1 256,4	1 189,9
Equity	547,9	553,9	523,9	544,1
Capital employed	626,7	639,3	600,1	637,6
Return on capital employed	12,2 %	9,4 %	10,6 %	-2,1 %
Investments	11,7	5,3	37,9	43,4
Number of employees	1 547	1 475	1 498	1 460

Glulam operations saw a good level of activity in the first quarter. For operations in Sweden, in combination with restructuring and rationalisation measures following unsatisfactory results in 2014, this has contributed to increased profits compared to the same period last year. The price level for finished products was higher than for Q1 2014, but due to the higher prices of sawn timber, raw material costs were also higher.

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 resolution of disputes and reduced earnings from one large project, the profits for the first quarter have been charged with NOK 8 million. For the Modular Building business in Sweden, market activity was good, and the company maintained a very good inflow of new orders. Profits for the first quarter improved significantly compared with the same period last year. Norway also saw higher levels of activity than for Q1 2014, but profitability remains unsatisfactory. A new market concept in the housing segment is being launched, and measures to rationalise production continue. 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. The renovation and remodelling market maintained a stable sound level of activity in Sweden, while this segment too was somewhat weaker in Norway. However, due to internal rationalisation measures, the Norwegian operations provided results that nevertheless were better than for the same period of 2014. For the division as a whole, the order backlog has increased since the turn of the year and at the end of the quarter it was up NOK 350 million compared to the same time in 2014.



Building Systems' share of the Groups sale to external customers

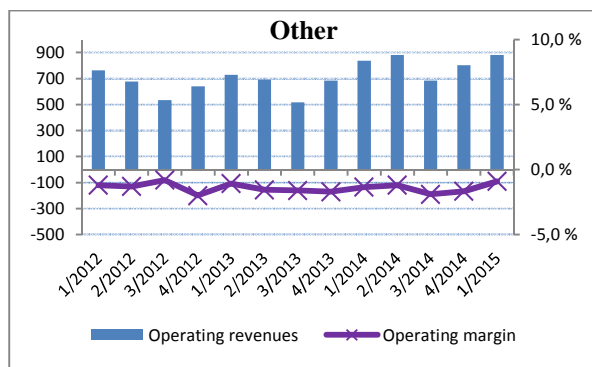


## Other business

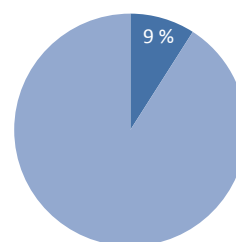
Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Sales to external customers	210,0	192,6	721,6	645,3
Sales to internal customers	671,9	643,0	2 482,8	1 978,4
Operating revenues	881,9	835,5	3 204,4	2 623,7
Depreciation and impairment	3,0	2,8	13,9	12,8
Operating profit	-8,4	-11,3	-47,5	-37,5
Operating margin in per cent	-0,9 %	-1,4 %	-1,5 %	-1,4 %
Net operating capital (% of operating revenues)	6,4 %	7,9 %	5,2 %	7,0 %
Total assets	2 721,0	2 765,0	2 702,7	2 695,7
Equity	981,6	981,7	1 004,7	1 015,4
Capital employed	2 082,3	2 236,4	2 104,8	2 162,0
Return on capital employed	0,0 %	-0,5 %	-0,8 %	-0,2 %
Investments	-0,2	2,5	7,5	13,6
Number of employees	133	128	132	128

Other businesses include Moelven Industrier ASA, with common services in economics, finance, insurance, communications, HR and ICT. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included with 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. In order to safeguard the supply of timber and market opportunities for wood chip and energy products in regions without local demand for pulp wood and wood chips, train solutions have been established for the transport of these. 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 improvement in operating margin is a consequence of improvement projects that were carried out in 2014 with external assistance being transferred to the operations organisation and sustained with own resources.



Other's share of the Groups sale to external customers





## Employees

In the first quarter, absence due to illness was 6.07 per cent (5.55), where 2.58 per cent (2.40) 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 25 (31) personal injuries during the quarter that resulted in absence. The LTI rate (number of personal injuries resulting in absence per million hours worked) was reduced somewhat compared with the end of the first quarter last year, but remains unacceptable. 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, including through phase II of the Home in One Piece [*Hel hjem*] campaign. Employee involvement/commitment and management focus are central instruments both in the companies and through allocation of dedicated HSE resources to the divisions. There is also significant emphasis on reviewing both near-accidents and hazardous conditions/risk. As a result of the increased efforts for greater awareness and reporting, there was sharp increase in the recording of hazardous conditions throughout last year. Work continues in 2015 with the further involvement of the operations organisations. The results achieved provide an increasingly 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 first quarter 2015				Per first quarter 2014			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	627	79	11,2 %	706	623	76	10,9 %	699
Wood	834	165	16,5 %	998	825	169	17,0 %	993
Building Systems	1 447	100	6,5 %	1 547	1 378	97	6,6 %	1 475
Others	100	33	24,8 %	133	98	30	23,4 %	128
The Group	3 008	377	11,1 %	3 384	2 924	372	11,3 %	3 295

Sickness absence rate in %	First quarter		H1 Value	First quarter	
	2015	2014		2015	2014
Timber	5,53 %	4,82 %	Timber	29,3	13,1
Wood	5,43 %	5,66 %	Wood	9,3	35,4
Building Systems	6,91 %	6,03 %	Building Systems	18,6	18,8
Others	4,09 %	3,07 %	Others	0,0	0,0
The Group	6,07 %	5,55 %	The Group	17,4	21,8

## Outlook

There is still good demand for industrial wood 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. 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 high level of activity in the second quarter. The level of activity in the building and construction sector in Scandinavia is expected to be on a par with 2014, with normal seasonal variations throughout the year. At the start of the second quarter the Building Systems division has a better and more diversified order backlog than at the same time last year. The divisions' companies have adapted their capacity and cost structure to the prevailing market conditions. A continued high level of activity is expected in the timber market in the second quarter.

A plan of action has been implemented 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 high intensity. Work on rationalising capital use will once again be emphasised. The Board expects that, combined, the measures will significantly increase the Group's cash flow throughout an economic cycle significantly 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 tied-up capital in inventories was high by the end of the first quarter, at the same time the Group is well prepared to meet the top season. The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary restructuring. The Board expects that the Group's underlying operations and result improve further in 2015.

## Condensed quarterly financial statement for Moelven Group first quarter 2015

### *Profit and loss and total comprehensive income*

Amounts in NOK million	First quarter		12 months	
	2015	2014	2014	2013
Operating revenues	2 316,1	2 259,6	8 828,2	8 009,4
Cost of goods sold	1 495,4	1 436,4	5 601,0	5 184,7
Payroll expenses	493,7	469,7	1 807,6	1 750,1
Depreciation	68,1	69,4	286,5	271,6
Other operating expenses	237,2	230,4	929,5	847,7
<b>Operating profit</b>	<b>21,5</b>	<b>53,7</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	2,1	-5,5	-30,4	5,5
Other financial income	6,1	6,0	28,2	20,2
Other financial expenses	-21,0	-21,3	-86,0	-98,1
<b>Profit before tax</b>	<b>8,7</b>	<b>32,9</b>	<b>115,3</b>	<b>-117,1</b>
Estimate income tax	1,4	8,0	27,0	-24,5
<b>Net profit</b>	<b>7,2</b>	<b>24,9</b>	<b>88,4</b>	<b>-92,6</b>
Non-controlling interest share	0,2	-0,2	0,0	-1,6
Owner of parent company share	7,1	25,1	88,4	-91,0
Earnings per share (in NOK)	0,1	0,2	0,7	-0,7
Statement of comprehensive income				
Net profit	7,2	24,9	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	0,0	0,0	-40,0	18,8
Income tax on items that are not reclassified to profit or loss	0,0	0,0	10,8	-5,1
	0,0	0,0	-29,2	13,7
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	-16,1	-13,6	12,3	58,4
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,0
Other changes	0,0	0,5	-1,2	-5,0
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	-16,1	-13,1	11,1	53,4
Other comprehensive income, net of tax	-16,1	-13,1	-18,1	67,1
<b>Total comprehensive income for the period</b>	<b>-9,0</b>	<b>11,8</b>	<b>70,3</b>	<b>-25,5</b>
<b>Comprehensive income assigned to:</b>				
Owners of parent company	-9,1	12,0	70,3	-23,9
Non-controlling interests	0,2	-0,2	0,0	-1,6

## Condensed statement of financial position

Amounts in NOK million	Per 31.03		Per 31.12.
	2015	2014	2014
Intangible assets	38,5	47,8	41,2
Tangible fixed assets	1 750,0	1 815,9	1 808,5
Financial fixed assets	8,1	12,3	7,6
<b>Total fixed assets</b>	<b>1 796,6</b>	<b>1 876,0</b>	<b>1 857,3</b>
Inventory	1 611,9	1 329,3	1 523,9
Receivables	1 490,5	1 568,2	1 251,1
Liquid assets	24,8	9,7	21,0
<b>Total current assets</b>	<b>3 127,3</b>	<b>2 907,2</b>	<b>2 796,0</b>
<b>Total assets</b>	<b>4 923,9</b>	<b>4 783,2</b>	<b>4 653,2</b>
Share capital*	647,7	647,7	647,7
Other equity	935,7	882,3	944,6
<b>Total equity</b>	<b>1 583,4</b>	<b>1 530,0</b>	<b>1 592,3</b>
Provisions	184,6	146,0	189,8
Long term interest-bearing liabilities	1 422,8	1 197,3	1 223,2
Long term interest-free liabilities	2,0	2,2	2,0
<b>Total long term liabilities</b>	<b>1 609,3</b>	<b>1 345,5</b>	<b>1 415,1</b>
Short term interest-bearing liabilities	95,9	350,3	144,3
Short term liabilities	1 635,3	1 557,3	1 501,6
<b>Total short term liabilities</b>	<b>1 731,1</b>	<b>1 907,6</b>	<b>1 645,8</b>
<b>Total liabilities</b>	<b>3 340,5</b>	<b>3 253,1</b>	<b>3 060,9</b>
<b>Total equity and liabilities</b>	<b>4 923,9</b>	<b>4 783,2</b>	<b>4 653,2</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 1.1.2014	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	25,1	25,1	-0,2	24,9
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	-13,6	-13,6	0,0	-13,6
Other changes	0,0	0,0	0,0	0,5	0,5	0,0	0,5
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Income tax on other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-13,1	-13,1	0,0	-13,1
<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 31.03.2014</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>694,2</b>	<b>1 522,6</b>	<b>7,4</b>	<b>1 530,0</b>
Total per 1.1.2015	647,7	180,7	0,0	752,6	1 581,0	11,4	1 592,3
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	7,1	7,1	0,2	7,2
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	-16,1	-16,1	0,0	-16,1
Other changes	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Income tax on other comprehensive income	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-16,1	-16,1	0,0	-16,1
<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 31.03.2015</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>743,6</b>	<b>1 572,0</b>	<b>11,6</b>	<b>1 583,4</b>

## Cashflow statement for the Group

Amounts in NOK million	Per 31.03	
	2015	2014
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES:</b>		
Net profit	7,2	24,9
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	68,1	69,4
Impairment	0,0	0,0
Income from associated companies	0,0	0,0
Tax paid	0,0	0,0
Unpaid pension costs entered as costs and unreceived pension funds entered as income	-0,7	1,2
Loss (profit) on sale of fixed assets	-0,3	0,1
Net value change of financial instruments to fair value	-2,1	5,5
Income tax	1,4	8,0
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-88,1	-63,4
Changes in accounts receivable and other receivables	-239,9	-256,9
Changes in trade accounts payable	48,3	88,9
Changes in provisions and benefits to employees	-5,3	3,0
Changes in short-term liabilities excluding borrowing	87,1	93,2
<b>Cash flow from operational activities</b>	<b>-124,2</b>	<b>-26,2</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investment in plant and equipment exc. acquisition	-31,1	-36,8
Net cash outlay on acquisition	0,0	0,0
Receipts from sale of fixed assets	0,3	0,3
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>-30,8</b>	<b>-36,5</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Raising short term debt	0,0	230,6
Repayment of short term debt	0,0	-0,5
Change in bank overdrafts	-47,4	-60,4
Purchase of non-controlling interests	0,0	0,0
Change in long term debt (borrowing facility)	206,3	-119,6
Changes in other long-term liabilities	-0,5	-4,6
Payment of dividend	0,0	0,0
<b>Cash flow from financial activities</b>	<b>158,4</b>	<b>45,5</b>
<b>Net increase (reduction) in liquid assets during year</b>	<b>3,4</b>	<b>-17,2</b>
Liquid assets start of period	14,4	25,9
Effect of exchange rate changes on liquid assets	0,0	0,0
<b>Liquid assets end of period</b>	<b>17,8</b>	<b>8,7</b>
<b>Cash and cash equivalents</b>		
Liquid assets	17,8	8,7
Unused drawing rights	171,8	388,9
Restricted bank deposits	0,0	0,0
<b>Cash and cash equivalents</b>	<b>189,6</b>	<b>397,6</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 first quarter of 2015 ended the 31<sup>th</sup> of March 2015 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 2014 are available at [2014.moelven.com](http://2014.moelven.com).

### ***Note 2 – Statement of conformity***

The consolidated financial statements for the first quarter of 2015 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 2014.

The summary consolidated quarterly financial statements were approved by the Board on 23<sup>th</sup> of April 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 2014. 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 2014 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2014.

### ***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 31.03</b>	
	<b>2015</b>	<b>2014</b>
Book value per 1.1	1 838,3	1 913,8
Acquisitions	31,1	36,8
Business combinations	0,0	0,0
Disposals	0,0	-0,2
Depreciations	-68,1	-69,4
Transfers	0,0	-1,7
Translation differences	-24,2	-26,9
Book value per 30.06	1 777,2	1 852,5

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

<b>Amounts in NOK million</b>	<b>Per 31.03.2015</b>			<b>Per 31.12.2014</b>		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	7,0	-5,7	1,2	6,6	-10,2	-3,6
Interest rate derivatives	0,0	-82,6	-82,6	0,0	-80,1	-80,1
Power derivatives	0,0	-11,3	-11,3	0,0	-11,1	-11,1
Total	7,0	-99,7	-92,7	6,6	-101,4	-94,8

<b>Amounts in NOK million</b>	<b>Per 31.03.2014</b>			<b>Per 31.12.2013</b>		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	1,1	-4,2	-3,0	2,3	-7,4	-5,0
Interest rate derivatives	0,0	-49,4	-49,4	0,0	-44,8	-44,8
Power derivatives	0,0	-17,5	-17,5	0,0	-14,6	-14,6
Total	1,1	-71,0	-69,9	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 31.03</b>	
	<b>2015</b>	<b>2014</b>
Timber	7,0	32,1
Wood	-0,1	5,8
Building Systems	18,1	14,1
Other	-16,3	-19,1
Profit before tax in segments	8,7	32,9
Eliminations	0,0	0,0
Profit before tax in Group Accounts	8,7	32,9

### ***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 44 production companies in Norway and Sweden and has 3,384 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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