



Quality Rooms

# Quarterly report 3/2013

*Moelven Eurowand AB, Glass Front. Skeppsbron, Karlskrona. Photo: Åke E:son Lindman.*

**MOELVEN**<sup>®</sup>



Amounts in NOK million	Third quarter		9 months		Total	
	2013	2012	2013	2012	2012	2011
Operating revenues	1 882,5	1 808,1	5 912,8	6 159,2	8 121,5	8 059,9
Operating profit	-27,5	-13,8	-80,3	50,5	16,9	12,9
EBITDA	39,1	49,4	118,5	237,6	267,8	238,8
Net operating margin/EBIT	-1,5 %	-0,8 %	-1,4 %	0,8 %	0,2 %	0,2 %
Gross operating margin/EBITDA	2,1 %	2,7 %	2,0 %	3,9 %	3,3 %	3,0 %
Value change of financial instruments to fair value	12,2	-11,1	17,6	-5,2	-7,9	-60,1
Profit before tax	-32,3	-41,5	-116,5	-7,3	-64,3	-112,4
Profit per share in NOK	-0,20	-0,23	-0,68	-0,05	-0,36	-0,66
Cash flow from operational activities, in NOK per share	1,03	1,09	-0,65	0,61	1,49	2,04
Total equity *	-5,9	-55,8	1 502,3	1 500,0	1 543,6	1 540,0
Equity ratio *	0,6 %	0,7 %	32,0 %	33,4 %	35,6 %	35,5 %
Total assets *	-103,3	-261,6	4 698,0	4 486,7	4 342,1	4 333,9
Investments	127,1	78,4	264,4	243,5	339,4	386,6
Return on capital employed *	0,0 %	-2,2 %	-3,6 %	2,5 %	0,5 %	0,5 %
Capital employed *	-22,2	-131,2	3 088,3	2 762,6	2 780,7	2 652,4
Net interest-bearing liabilities *	-6,9	-38,9	1 560,2	1 243,6	1 211,3	1 086,9
Net working capital *	-86,0	-124,0	1 997,5	1 964,8	1 719,9	1 730,9
Number of employees *	-45	-24	3 273	3 408	3 375	3 482
Sick leave percentage *	-0,1 %	0,1 %	5,5 %	5,4 %	5,4 %	5,2 %
Frequency of accidents with absence, H1 value *	-1,2	-1,8	17,9	15,5	15,0	16,4
Number of shareholders	953	961	953	956	956	956
Average number of shares (mill)	129,5	129,5	129,5	129,5	129,5	129,5

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

- **Revenues in the third quarter were NOK 1,882.5 million (NOK 1,808.1 million) and operating profit was minus NOK 27.5 million (minus NOK 13.8 million).**
- **The weak result is due to costs associated with ramping up new production facilities, project evaluations and continued challenges and competition in certain market segments.**
- **The prices for industrial wood were higher compared with the same time last year and are developing positively.**
- **The Building Systems division has an order backlog that is better than normal for the season.**
- **Seasonally normal development in working capital, but the level is too high and measures to reduce working capital have been initiated.**

## Highlights

Demand for the Group's products and services largely developed as expected, with reduced activity in the holiday period and a subsequent seasonal increase in activity from the middle of August. For Timber Division the market balance is improving. Demand is marginally improved in certain markets, while production and inventory levels of industrial wood are lower. For the Wood Division, the demand has turned out to be somewhat lower than anticipated, especially in Norway. At the same time, rising prices for industrial wood resulted in higher raw material costs for certain parts of the production. For the Group's log-consuming units, access to raw materials has been satisfactory, but at rising prices. The market opportunities for wood chip products have been satisfactory, and the adaptations that were carried out following the closure of Södra Cell Tofte have functioned as anticipated. The price levels for the Group's Swedish units have been stable, while the Norwegian units have had a slight decline in prices.

For the Building Systems companies the activity level has been on a par with the previous year with the exception of the Electrical Installations business, where a scheduled halving of activity has been implemented. The result for the division has been affected by a provision for costs within the Modular buildings business in Sweden. The provision related to damage that occurred following assembly at the construction site on one individual project. The damage has been recorded as an insurance loss and there is an ongoing dialogue with the

insurance company about the matter. Based on the underlying facts the outcome of the process is considered to be uncertain, however it has been deemed necessary to allocate a provision for costs. Irrespective of the insurance case, the repair work has already commenced at the end of the quarter, and measures have been implemented to prevent a similar fault from arising on other projects.

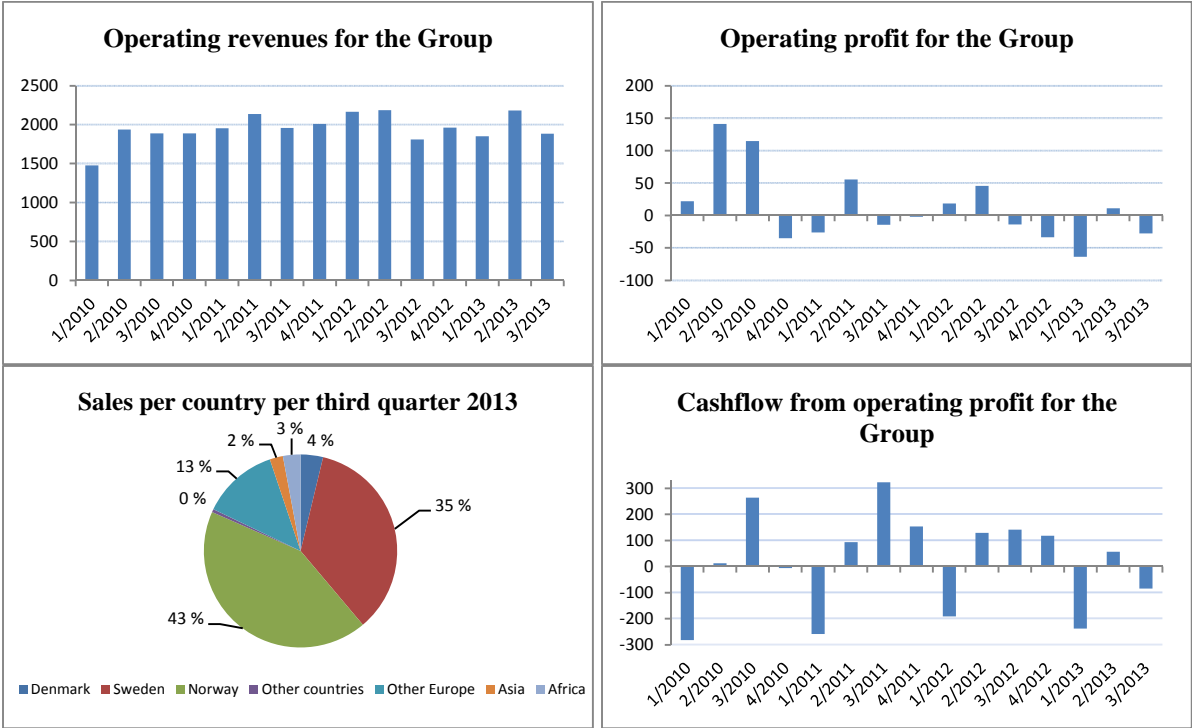
In September a decision was made to merge the administration of the two System Interiors companies - Moelven Eurowand AB and Moelven Nordia AS. The two units have been collaborating over several years to extract synergy benefits in the staffing and support functions. With a further expansion in the collaboration, additional benefits linked to product development, marketing, logistics etc. will be realised.

### Revenues and results

Revenues in the third quarter were higher compared with the same period last year. Except for the planned reduction in activity level within the Electrical Installations business, all the business areas have increased their revenues.

The operating profit in the quarter is significantly lower compared with the same quarter last year. The improvement in profit in Timber, Electrical Installations and Interior systems only partly compensates for the weaker quarterly results in Wood, Laminated Timber and particularly in Modular Buildings following extensive damage at a project being assembled at the construction site. Accumulated operating profit has also been negatively affected by revised project assessments within the Electrical Installations business. Higher working capital and a period with investments that have exceeded the cash flow from operating activities are the reasons for the increased net interest-bearing liabilities and thus the higher interest expenses compared with the same period last year.

The profit from valuation of unrealised, market-based financial instruments was positive in the quarter, following positive developments in interest rate, currency and electricity hedging instruments. Cumulatively, the currency hedges have given a negative profit.



## Investments, balance sheet and funding

During the third quarter, total investments were NOK 127.1 million (NOK 78.4 million). Year-to-date investments have totalled NOK 264.4 million (NOK 243.5 million). This includes completion of investments in new lumber dryers at Moelven Valåsen AB, a new saw line at Moelven Notnäs AB, co-location of the production lines for Moelven Profil AS, a new sorting installation at Moelven Eidsvold Værk AS, a new production line including glue application equipment at Moelven Vänerply AB and a new trimming line at Moelven Edanesågen AB.

For a number of years, extensive investments have been undertaken that are of both a strategic nature involving major restructuring and upgrading, and which relate to ordinary maintenance and improvement investments linked to the existing operations. Total investments have exceeded the cash flow from operations, however at the same time this has contributed to making it possible to cut the future level of investments significantly. In order to improve cash flow, measures have therefore been implemented to reduce the level of investments. The majority of the ongoing investment projects were completed during the third quarter. The reduction in the investment activity will therefore have a positive effect on the cash flow starting in the fourth quarter.

Cash flow from operating activities in the third quarter was NOK 133.8 million (NOK 141.2 million), corresponding to NOK 1.03 per share (NOK 1.09). Cash flow in the quarter has been positively influenced by a seasonally normal reduction in inventories, as well as lower receivables.

Net interest-bearing liabilities at the end of the third quarter increased compared with the same time last year to NOK 1,560.2 million (NOK 1,243.6 million). Financial leases are included in net interest-bearing liabilities in the amount of NOK 39.6 million (NOK 40.9 million). At the end of the third quarter the liquidity reserve was NOK 175.9 million (NOK 485.5 million). The reduction in liquidity reserve is due to weak cash flow from operations, continued high working capital, a high level of investments, as well as a strengthening of the Swedish krona against the Norwegian krone. The short-term loan facility of SEK 250 million, that was entered into in the first quarter to ensure financial flexibility during the high season in the second and third quarters, was paid off as scheduled on 30 September.

At the end of the third quarter, the book value of the Group's total assets was NOK 4,698 million (NOK 4,487 million).

Equity at the end of the third quarter amounted to NOK 1,502.3 million (NOK 1,500.0 million), equivalent to NOK 11.60 (NOK 11.58) per share. The equity ratio was 32.0 per cent (33.4 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 third quarter exchange rate variability resulted in an unrealised increase in equity of NOK 24.0 million (NOK 9.4 million) and an accumulated increase of NOK 51.7 million (0.4). Since about half of the Group's assets are recorded in SEK, total assets also change with the exchange rate correspondingly. In the third quarter the change in exchange rate resulted in an increase in total assets of NOK 91.4 million. The equity ratio measured is therefore not exposed to changes in exchange rates in the same way as equity measured in NOK.

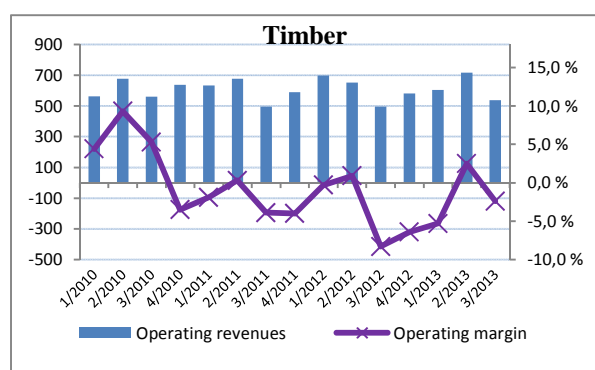
## Divisions

### Timber

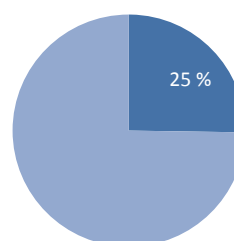
Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Sales to external customers	475,1	428,7	1 609,2	1 566,3	2 047,5	1 956,3
Sales to internal customers	67,3	67,6	254,9	279,8	380,7	437,8
Operating revenues	542,5	496,3	1 864,2	1 846,1	2 428,2	2 394,1
Depreciation and impairment	28,5	25,0	83,1	74,0	99,9	90,3
Operating profit	-13,2	-41,2	-27,3	-37,4	-74,6	-52,4
Operating margin in per cent	-2,4 %	-8,3 %	-1,5 %	-2,0 %	-3,1 %	-2,2 %
Net operating capital (% of operating revenues)	-1,2 %	0,7 %	18,4 %	19,4 %	18,6 %	18,4 %
Total assets *	1,7	-31,5	1 611,0	1 602,9	1 579,1	1 592,2
Equity *	0,9	-36,8	668,6	698,3	710,2	749,8
Capital employed *	-2,0	12,5	1 222,0	1 205,6	1 244,5	1 186,6
Return on capital employed *	-0,7 %	-4,8 %	-2,9 %	-4,1 %	-6,0 %	-4,3 %
Investments *	32,3	36,7	97,0	120,8	151,6	144,2
Number of employees *	-11	-10	675	696	696	692

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

Internationally the balance in the market for industrial wood has improved during the third quarter. For the companies in Timber total deliveries have been a little higher compared with the same period last year and attained somewhat better prices. Both NOK and SEK have weakened against EUR compared with the same period last year, and contributed to improving the competitive situation of the export-oriented units. For the division's log-consuming units the raw material prices are a little higher, but access to raw materials has been satisfactory. For the Norwegian companies the prices of wood chips and fibre products were somewhat lower compared with the same period last year. Implemented efficiency measures have contributed to improving raw material utilisation and cutting the production costs in several units. The results have been somewhat negatively influenced by unsatisfactory productivity in certain units due to investment and restructuring projects that have taken longer than planned. Beyond this, operations have been satisfactory in the period. At Moelven Våler AS upgrading of the log haul over the course of summer has been completed as planned, and as a result of this, in September the plant achieved a new production record.



Timber's share of the Groups sale to external customers

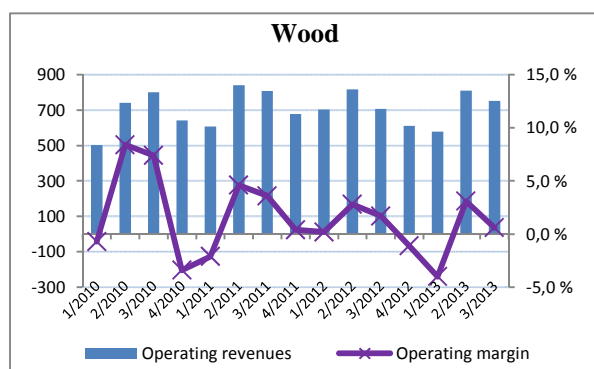


## Wood

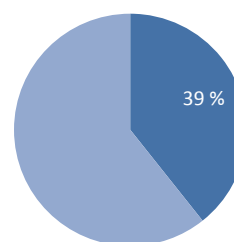
Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Sales to external customers	740,0	693,2	2 092,0	2 167,7	2 763,7	2 852,0
Sales to internal customers	13,5	13,7	49,5	57,6	73,2	80,4
Operating revenues	753,5	706,9	2 141,6	2 225,3	2 836,9	2 932,4
Depreciation and impairment	25,6	25,2	77,3	74,3	99,1	89,5
Operating profit	4,4	12,3	6,8	36,6	29,6	57,6
Operating margin in per cent	0,6 %	1,7 %	0,3 %	1,6 %	1,0 %	2,0 %
Net operating capital (% of operating revenues)	-7,5 %	-5,1 %	31,2 %	28,2 %	28,7 %	29,9 %
Total assets *	-21,4	-63,2	2 056,7	1 991,4	1 905,8	1 975,7
Equity *	10,4	19,7	805,1	797,4	791,4	768,0
Capital employed *	-19,3	-52,3	1 474,5	1 360,7	1 362,9	1 362,6
Return on capital employed *	0,3 %	0,1 %	0,7 %	3,8 %	2,4 %	4,6 %
Investments *	87,9	32,6	129,6	91,6	132,7	169,5
Number of employees *	-18	-25	1 031	1 066	1 063	1 114

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

Market activity developed normally in the quarter, and the total volume of deliveries was on a par with the same period last year. The economic situation in Europe continues to position the Scandinavian building material market as the most attractive market for a large number of producers. Market prices have not developed satisfactorily in the quarter. The increased raw material price due to rising industrial wood prices is having a negative effect on profits for certain planing mills. In addition, the profit is affected by several companies having completed major restructurings that have caused greater disturbances to operations than had been planned. Beyond this, operating conditions have been good. For the division's log-consuming units the raw material prices are a little higher, but access to raw materials has been satisfactory. For the Norwegian units the prices of wood chips and fibre products were somewhat lower compared with the same period last year.



Wood's share of the Groups sale to external customers



## Building Systems

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Sales to external customers	557,8	580,1	1 813,1	2 038,6	2 796,1	2 651,7
Sales to internal customers	2,8	0,6	7,2	0,9	3,2	14,1
Operating revenues	560,6	580,7	1 820,3	2 039,5	2 799,3	2 665,8
Depreciation and impairment	9,4	9,5	29,5	28,7	38,1	36,0
Operating profit	-11,2	19,7	-33,6	73,9	97,0	50,8
Operating margin in per cent	-2,0 %	3,4 %	-1,8 %	3,6 %	3,5 %	1,9 %
Net operating capital (% of operating revenues)	1,3 %	2,6 %	16,7 %	16,3 %	12,5 %	10,4 %
Total assets *	13,7	-2,6	1 195,9	1 186,4	1 243,3	1 217,9
Equity *	-2,2	23,3	480,3	542,8	494,0	463,1
Capital employed *	-5,5	36,7	610,5	652,6	603,1	526,7
Return on capital employed *	-0,1 %	-2,4 %	-6,8 %	17,6 %	18,3 %	10,0 %
Investments *	5,5	5,8	29,9	23,2	46,3	38,3
Number of employees *	-14	7	1 440	1 512	1 486	1 542

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

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Operating revenues	103,2	102,9	286,3	322,6	420,4	470,7
Depreciation and impairment	4,2	4,3	12,7	13,1	16,7	18,2
Operating profit	-0,4	4,6	-6,7	9,3	8,0	4,3
Operating margin in per cent	-0,4 %	4,5 %	-2,3 %	2,9 %	1,9 %	0,9 %
Investments *	3,8	4,0	15,6	14,0	20,8	10,2
Number of employees *	-4	-2	240	249	239	266

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

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Operating revenues	54,4	110,5	197,8	381,2	523,5	497,4
Depreciation and impairment	0,4	0,4	1,1	1,2	1,7	1,8
Operating profit	0,3	-4,7	-40,6	-5,4	-36,5	-46,6
Operating margin in per cent	0,6 %	-4,3 %	-20,5 %	-1,4 %	-7,0 %	-9,4 %
Investments *	0,0	0,0	0,0	0,1	0,1	1,5
Number of employees *	-29	-1	179	267	254	302

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

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Operating revenues	235,4	208,6	833,5	820,1	1 135,1	1 138,8
Depreciation and impairment	3,1	3,3	10,4	10,1	13,8	10,9
Operating profit	-26,2	6,2	-18,5	38,6	60,2	59,0
Operating margin in per cent	-11,1 %	3,0 %	-2,2 %	4,7 %	5,3 %	5,2 %
Investments *	1,3	1,6	8,7	8,1	23,6	23,0
Number of employees *	12	9	570	543	549	524

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

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Operating revenues	175,6	166,6	531,4	551,5	764,1	605,6
Depreciation and impairment	1,7	1,5	5,3	4,3	5,9	5,0
Operating profit	15,1	13,6	32,2	31,4	65,3	34,0
Operating margin in per cent	8,6 %	8,2 %	6,1 %	5,7 %	8,5 %	5,6 %
Investments *	0,5	0,1	5,6	0,9	1,7	3,5
Number of employees *	7	1	451	453	444	450

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

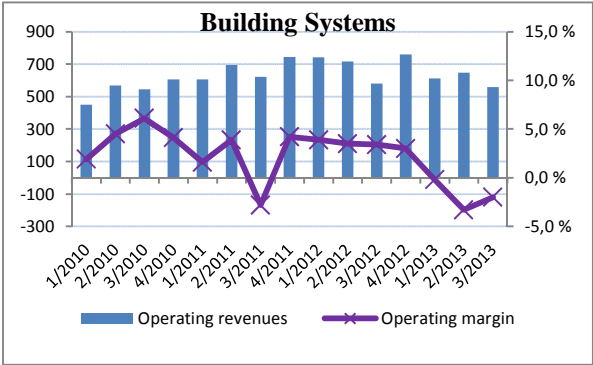
The Building Systems division primarily serves the Norwegian and Swedish markets, and has seen relatively stable market activity with the exception of the glulam business. For the division overall the order backlog are at a satisfactory level and there is a broader composition across the business areas compared with the same time last year.

For Modular buildings the profit for the third quarter was not satisfactory in both Norway and Sweden. In the Norwegian part of the business this is due to cost overruns on a small number of projects, combined with poor productivity in the plant. For the Swedish business, operations have been running satisfactorily for a long time, but during the quarter extensive damage was uncovered in a project under construction. The damage is repaired, but delivery to the customer has been delayed by about a month. The costs associated with repairs and lost productivity in the business in general have been charged to the accounts in the quarter and amounted to NOK 25 million.

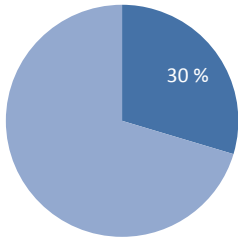
The Laminated Timber business continues to see challenging market conditions in Sweden, where there has been a decline in demand for both cut standard glulam and project deliveries. Price pressure and low delivery volumes are the primary reasons for the weak results in the quarter. However market activity has improved in both the Norwegian and Swedish operations towards the end of the quarter, including buoyant demand for bridge projects.

In the wake of extensive restructuring and downsizing, the Electrical Installations business achieved an improvement in profit compared with the same period last year. However an accumulated write down of NOK 42.5 million in connection with receivables and the project portfolio has been charged against profit.

The Interior systems companies have reported good activity levels in the major cities, but with strong competition. Implemented capacity adaptations and efficiency measures are the principal explanations for the improvement in profit in the Swedish operations and for maintaining a satisfactory level of profit on the Norwegian side. Moelven Eurowand AB delivered its best quarterly result since 2010.



Building Systems' share of the Groups sale to external customers





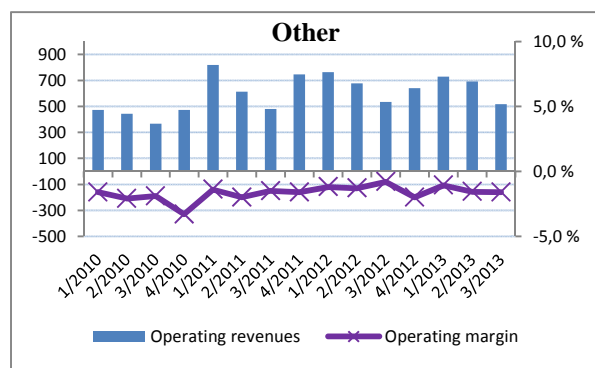
## Other businesses

Amounts in NOK million	Third quarter		9 months		12 months	
	2013	2012	2013	2012	2012	2011
Sales to external customers	165,7	105,8	454,6	386,4	514,2	599,9
Sales to internal customers	355,0	428,5	1 485,9	1 589,2	2 102,5	2 077,3
Operating revenues	520,7	534,3	1 940,5	1 975,6	2 616,7	2 677,2
Depreciation and impairment	3,0	3,7	9,0	10,2	13,8	10,0
Operating profit	-7,5	-4,4	-26,1	-22,5	-35,1	-43,0
Operating margin in per cent	-1,4 %	-0,8 %	-1,3 %	-1,1 %	-1,3 %	-1,6 %
Net operating capital (% of operating revenues)	5,7 %	1,8 %	9,5 %	7,8 %	4,0 %	5,1 %
Total assets *	50,0	-573,5	2 684,9	2 310,4	2 330,2	2 343,3
Equity *	19,3	-66,9	1 090,1	951,1	1 032,5	1 034,1
Capital employed *	67,8	-550,2	2 240,6	1 806,9	1 827,7	1 813,7
Return on capital employed *	0,2 %	-0,8 %	0,0 %	0,1 %	-0,4 %	0,5 %
Investments *	1,3	3,1	7,8	7,6	8,9	34,6
Number of employees *	-2	4	127	134	130	134

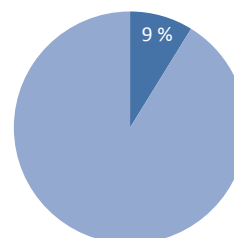
\* The first column shows the change in value during the quarter

Other businesses include Moelven Industrier ASA, with common services in economics, finance, insurance, communications, HR and ICT. Lumber supplies and sales of wood chips and energy products are included in services provided by Moelven's industrial operations through the Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB companies. Moelven Bioenergi AS is also included.

The variability of revenues in this area is largely due to changes in revenues from sales of industrial wood in Moelven Skog AB and Moelven Virke AS to the Group's timber-consuming units in Timber and Wood. These internal sales do not have a material effect on the income statement. The change in the operating profit compared with the previous year is due to conditions related to temporary differences between common services and the divisions.



Other's share of the Groups sale to external customers



## Employees

In the third quarter, total absence due to illness was 5.37 per cent (5.21), where 2.49 per cent (3.24) represents long-term absence. The Group works continuously with measures to reduce absence due to illness below the maximum target level of 5 per cent. There were 17 (13) personal injuries during the quarter which resulted in absence. Year-to-date there have been 71 (64) injuries with absence from work, which gives an H1 value (number of injuries with lost time per million hours worked) of 17.9. Over a number of years, substantial investments have been made in safer machinery and equipment, work has been carried out on improved safety regulations and procedures, and managers have completed HSE training. The level of injuries remains unacceptably high. Therefore the work on raising employee awareness is being significantly enhanced, with the aim of avoiding all injuries.

Employees	Per third quarter 2013				Per third quarter 2012			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	600	75	12,5 %	<b>675</b>	612	84	13,7 %	<b>696</b>
Wood	857	174	20,3 %	<b>1 031</b>	887	179	20,2 %	<b>1 066</b>
Building Systems	1 344	96	7,1 %	<b>1 440</b>	1 411	101	7,2 %	<b>1 512</b>
Others	96	31	32,3 %	<b>127</b>	102	32	31,4 %	<b>134</b>
The Group	2 897	376	11,5 %	<b>3 273</b>	3 012	396	11,6 %	<b>3 408</b>

Sickness absence rate in %	Per third quarter	
	2013	2012
Timber	4,97 %	4,47 %
Wood	5,07 %	5,24 %
Building Systems	6,37 %	6,02 %
Others	2,42 %	4,00 %
The Group	5,52 %	5,38 %

H1 Value	Per third quarter	
	2013	2012
Timber	32,5	16,2
Wood	15,0	21
Building Systems	14,1	12,3
Others	6,3	0,0
The Group	17,9	15,5

## Outlook

We expect to see a continued improvement in international market prices for industrial wood in the fourth quarter. The Scandinavian currencies have weakened against EUR during the third quarter, which boosts the competitive strength of the Group's units compared with companies that operate with cost bases in EUR.

No major changes are expected beyond the normal seasonal variations in the building material market in Scandinavia in the fourth quarter. The Group's deliveries to this market are relatively stable, since a major portion is linked to renovation, remodelling and extensions. The focus on this segment continues with improvement of the offerings to the building materials trade through a combination of a good product range and good distribution solutions.

Log supply during the third quarter has been satisfactory, but there continues to be uncertainty regarding the long-term consequences in the raw material market and the market for wood chip products as a result of major changes in the pulp and paper industry.

Demand in the building and construction sector in Scandinavia is expected to remain at the current level, with normal seasonal variations throughout the year. The Building Systems division has a satisfactory order reserve, and it has adapted its capacity to the prevailing market conditions.

The Board is not satisfied with the Group's profit before tax of minus NOK 116.5 million for the first three quarters of the year. During the third quarter the Group's operations have been reviewed and a number of measures have been identified. Implemented measures are being closely followed up in order to improve the results of ongoing operations and reduce the risk of loss related to certain projects. A project has also been commenced to release working capital and no investments will be undertaken beyond necessary maintenance. The Board expects that the measures in aggregate will generate a positive cash flow for the Group, also in a situation with demanding framework conditions.

The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to undertake any necessary adaptations. The Group's long-term debt initially matures in 2015 and the refinancing process will commence during the fourth quarter.

The Board expects that the Group's operating result for the fourth quarter will be stronger than the corresponding period last year, but the year as a whole will be significantly weaker than 2012.

The Board of Moelven Industrier ASA

Moelv, 22 October 2013

## Condensed quarterly financial statements for Moelven Group third quarter 2013

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

Amounts in NOK million	Third quarter		9 months		Total	
	2013	2012	2013	2012	2012	2011
Operating revenues	1 882,5	1 808,1	5 912,8	6 159,2	8 121,5	8 059,9
Depreciation	66,6	63,2	198,8	187,1	250,9	225,9
Cost of goods sold	1 278,1	1 203,8	3 905,5	4 032,0	5 264,3	5 341,1
Payroll expenses	365,6	363,7	1 276,1	1 257,1	1 727,1	1 605,9
Other operating expenses	199,6	191,2	612,6	632,5	862,4	874,0
<b>Operating profit</b>	<b>-27,5</b>	<b>-13,8</b>	<b>-80,3</b>	<b>50,5</b>	<b>16,9</b>	<b>12,9</b>
Income from associates	0,0	-0,1	0,0	-1,6	-3,7	-0,7
Value change of financial instruments to fair value	12,2	-11,1	17,6	-5,2	-7,9	-60,1
Other financial income	2,7	4,5	15,4	11,3	15,8	15,6
Other financial expenses	-19,7	-21,1	-69,2	-62,3	-85,5	-80,2
<b>Profit before tax</b>	<b>-32,3</b>	<b>-41,5</b>	<b>-116,5</b>	<b>-7,3</b>	<b>-64,3</b>	<b>-112,4</b>
Estimate income tax	-6,1	-12,2	-27,8	-1,3	-17,3	-26,6
<b>Net profit</b>	<b>-26,2</b>	<b>-29,3</b>	<b>-88,7</b>	<b>-6,0</b>	<b>-47,1</b>	<b>-85,8</b>
Non-controlling interest share	-0,6	-1,0	-1,4	-1,7	-1,8	-2,6
Owner of parent company share	-25,6	-28,3	-87,3	-4,3	-45,3	-83,2
Earnings per share (in NOK)	-0,2	-0,2	-0,7	0,0	-0,4	-0,7
Statement of comprehensive income						
Net profit	-26,2	-29,3	-88,7	-6,0	-47,1	-85,8
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	-51,7	0,0	-51,7	64,8	-49,0
Income tax on items that are not reclassified to profit or loss	0,0	14,5	0,0	15,4	-18,1	13,7
	0,0	-37,2	0,0	-37,2	46,6	-35,3
<i>Items that may be reclassified subsequently to profit or loss</i>						
Translation differences	24,0	9,4	51,7	0,4	-12,6	-0,5
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,0	0,0	0,0
Other changes	-6,0	1,7	-4,3	3,8	16,6	-5,3
Income tax on items that may be reclassified to profit or loss	0,0	-0,5	0,0	-1,1	0,0	0,0
	18,0	10,6	47,4	3,1	4,0	-5,8
Other comprehensive income, net of tax	18,0	-26,6	47,4	-34,1	50,7	-41,1
<b>Total comprehensive income for the period</b>	<b>-8,2</b>	<b>-55,9</b>	<b>-41,3</b>	<b>-40,1</b>	<b>3,6</b>	<b>-126,9</b>
<b>Comprehensive income assigned to:</b>						
Owners of parent company	-7,6	-54,9	-39,9	-38,4	5,4	-124,3
Non-controlling interests	-0,6	-1,0	-1,4	-1,7	-1,8	-2,6

## Condensed statement of financial position

Amounts in NOK million	Per 30.09		Per 31.12.
	2013	2012	2012
Intangible assets	47,2	56,0	53,3
Tangible fixed assets	1 854,3	1 709,1	1 702,5
Financial fixed assets	6,5	12,2	7,2
<b>Total fixed assets</b>	<b>1 908,0</b>	<b>1 777,3</b>	<b>1 763,0</b>
Inventory	1 266,8	1 255,6	1 289,9
Receivables	1 498,0	1 434,9	1 263,4
Liquid assets	25,3	19,0	25,8
<b>Total current assets</b>	<b>2 790,0</b>	<b>2 709,4</b>	<b>2 579,1</b>
<b>Total assets</b>	<b>4 698,0</b>	<b>4 486,7</b>	<b>4 342,1</b>
Share capital*	647,7	647,7	647,7
Other equity	854,6	852,3	895,9
<b>Total equity</b>	<b>1 502,3</b>	<b>1 500,0</b>	<b>1 543,6</b>
Provisions	165,1	316,2	184,3
Long term interest-bearing liabilities	1 427,0	1 196,2	1 131,0
Long term interest-free liabilities	2,4	2,9	2,7
<b>Total long term liabilities</b>	<b>1 594,6</b>	<b>1 515,2</b>	<b>1 318,1</b>
Short term interest-bearing liabilities	158,5	66,5	106,0
Short term liabilities	1 442,7	1 405,0	1 374,4
<b>Total short term liabilities</b>	<b>1 601,2</b>	<b>1 471,5</b>	<b>1 480,4</b>
<b>Total liabilities</b>	<b>3 195,7</b>	<b>2 986,7</b>	<b>2 798,5</b>
<b>Total equity and liabilities</b>	<b>4 698,0</b>	<b>4 486,7</b>	<b>4 342,1</b>

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

## Statement of changes 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 1.1.2012	647,7	180,7	0,0	698,3	1 526,7	13,3	1 540,0
<b>Comprehensive income for the period</b>							
<b>Net profit</b>	0,0	0,0	0,0	-4,3	-4,3	-1,7	-6,0
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	0,4	0,4	0,0	0,4
Other changes	0,0	0,0	0,0	3,9	3,9	0,0	3,9
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	-51,7	-51,7	0,0	-51,7
Income tax on other comprehensive income	0,0	0,0	0,0	13,4	13,4	0,0	13,4
<b>Other comprehensive income (net of tax)</b>	0,0	0,0	0,0	-34,0	-34,0	0,0	-34,0
<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 30.09.2012</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>660,0</b>	<b>1 488,4</b>	<b>11,6</b>	<b>1 500,0</b>
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	-87,3	-87,3	-1,4	-88,7
<b>Other comprehensive income</b>							
Translation differences	0,0	0,0	0,0	51,7	51,7	0,0	51,7
Other changes	0,0	0,0	0,0	-4,3	-4,3	0,0	-4,3
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	47,4	47,4	0,0	47,4
<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 30.09.2013</b>	<b>647,7</b>	<b>180,7</b>	<b>0,0</b>	<b>666,2</b>	<b>1 494,6</b>	<b>7,8</b>	<b>1 502,3</b>

## Cashflow statement for the Group

Amounts in NOK million	Per 30.09	
	2013	2012
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES:</b>		
Net profit	-88,7	-6,0
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	198,8	187,1
Impairment	0,0	0,0
Income from associated companies	0,0	1,6
Tax paid	-4,4	-10,7
Unpaid pension costs entered as costs and unreceived pension funds entered as income	2,3	4,7
Loss (profit) on sale of fixed assets	0,0	-0,8
Net value change of financial instruments to fair value	-17,6	5,2
Income tax	-27,8	1,3
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	90,8	88,4
Changes in accounts receivable and other receivables	-300,5	-214,5
Changes in trade accounts payable	-46,9	-57,9
Changes in provisions and benefits to employees	1,2	52,2
Changes in short-term liabilities excluding borrowing	108,6	28,5
<b>Cash flow from operational activities</b>	<b>-84,2</b>	<b>78,9</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Investment in plant and equipment exc. acquisition	-264,4	-243,5
Net cash outlay on acquisition	0,0	-1,0
Receipts from sale of fixed assets	0,0	2,4
Sale of other long-term investments	0,0	5,5
Acquisition of subsidiary, net of cash	0,0	0,0
<b>Cash flow from investment activities</b>	<b>-264,4</b>	<b>-236,6</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Raising short term debt	223,0	208,6
Repayment of short term debt	-223,0	-208,6
Change in bank overdrafts	52,4	66,5
Purchase of non-controlling interests	0,0	-1,9
Change in long term debt (borrowing facility)	298,1	97,5
Changes in other long-term liabilities	-2,1	-10,9
Payment of dividend	0,0	0,0
<b>Cash flow from financial activities</b>	<b>348,4</b>	<b>151,2</b>
<b>Net increase (reduction) in liquid assets during year</b>	<b>-0,2</b>	<b>-6,5</b>
Liquid assets start of period	25,5	25,5
Effect of exchange rate changes on liquid assets	0,0	0,0
<b>Liquid assets end of period</b>	<b>25,3</b>	<b>19,0</b>
<b>Cash and cash equivalents</b>		
Liquid assets	25,3	19,0
Unused drawing rights	150,6	466,5
Restricted bank deposits	0,0	0,0
<b>Cash and cash equivalents</b>	<b>175,9</b>	<b>485,5</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 third quarter of 2013 ended the 30<sup>th</sup> of September 2013 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 2012 are available at [www.moelven.no](http://www.moelven.no).

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

The consolidated financial statements for the thirdquarter of 2013 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 2012.

The summary consolidated quarterly financial statements were approved by the Board on 22 October 2013.

### ***Note 3 – Accounting policies***

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2012.

### ***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 2012 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2012.

### ***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 is 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**

Amounts in NOK million	Per 30.09	
	2013	2012
Book value per 1.1	1 744,4	1 715,3
Acquisitions	264,4	165,1
Business combinations	0,0	0,0
Disposals	0,0	-0,2
Depreciations	-198,8	-119,4
Transfers	-6,1	-24,4
Translation differences	86,3	-10,9
Book value per 31.03	1 890,2	1 725,6

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

Amounts in NOK million	Per 30.09.2013			Per 31.12.2012		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	2,7	-6,0	-3,3	3,2	-2,0	1,2
Interest rate derivatives	0,0	-42,5	-42,5	0,0	-62,0	-62,0
Power derivatives	0,0	-6,3	-6,3	0,0	-8,9	-8,9
Total	2,7	-54,8	-52,1	3,2	-72,9	-69,7

Amounts in NOK million	Per 30.09.2012			Per 31.12.2011		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	5,4	-1,0	4,4	4,8	-0,8	4,0
Interest rate derivatives	0,0	-61,6	-61,6	0,0	-55,1	-55,1
Power derivatives	0,0	-9,8	-9,8	0,0	-10,7	-10,7
Total	5,4	-72,4	-67,0	4,8	-66,6	-61,8

### ***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 2012 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.

Amounts in NOK million	Per 30.09	
	2013	2012
Timber	-49,0	-52,3
Wood	-14,7	15,8
Building Systems	-34,1	75,1
Other	-18,6	-46,0
Profit before tax in segments	-116,5	-7,3
Eliminations	0,0	0,0
Profit before tax in Group Accounts	-116,5	-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 3,273 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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