



Photo: Anti Hamar

Quarterly Report 4/2018

MOELVEN®

| Amounts in NOK million | Fourth quarter | | 12 months | |
|--|----------------|---------|-----------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating revenues | 2 753,5 | 2 708,9 | 11 020,8 | 10 768,4 |
| EBITDA | 275,7 | 197,2 | 929,5 | 716,1 |
| Gross operating margin/EBITDA in per cent | 10,0 % | 7,3 % | 8,4 % | 6,6 % |
| Depreciation and impairment | 75,3 | 72,5 | 290,6 | 295,7 |
| Operating profit | 200,4 | 124,7 | 638,9 | 420,4 |
| Net operating margin/EBIT in per cent | 7,3 % | 4,6 % | 5,8 % | 3,9 % |
| Value change of financial instruments to fair value | -13,6 | -13,7 | 51,5 | -4,7 |
| Profit before tax | 188,9 | 104,1 | 630,3 | 373,6 |
| Profit per share in NOK | 1,18 | 0,68 | 3,78 | 2,26 |
| Cash flow from operational activities, in NOK per share | 1,98 | 1,21 | 5,69 | 5,22 |
| Total equity | 226,3 | 112,9 | 2 479,6 | 2 092,5 |
| Eqity ratio* | 3,8 % | 1,8 % | 46,2 % | 41,5 % |
| Total assets* | 48,1 | 55,2 | 5 362,4 | 5 044,6 |
| Investments* | 206,2 | 120,2 | 497,4 | 357,0 |
| Return on capital employed in per cent, 12 month rolling * | 2,1 % | 3,3 % | 20,7 % | 14,2 % |
| Capital employed * | 198,9 | 22,2 | 3 222,1 | 2 884,4 |
| Net interest-bearing liabilities* | 91,4 | -15,5 | 736,2 | 761,7 |
| Net working capital* | 9,5 | -111,4 | 2 373,3 | 2 071,5 |
| Number of employees* | 8 | 15 | 3 524 | 3 546 |
| Sick leave percentage * | 0,0 % | -0,1 % | 5,5 % | 5,6 % |
| Lost Time Injury Frequency rate, rolling LTI-rate * | -1,7 | 0,8 | 10,9 | 12,4 |
| Number of shareholders | 884 | 934 | 884 | 934 |
| Average number of shares (mill) | 129,5 | 129,5 | 129,5 | 129,5 |

* The columns regarding the quarterly numbers show the change in the quarter

- The fourth quarter of 2018 was the best fourth quarter of all time for the group.
- Operating revenues in the fourth quarter increased to NOK 2,753.5 million (2,708.9) and operating income increased to NOK 200.4 million (124.7)
- Costs related to structural measures are included in the operating income for the year with NOK 16.0 million in 2018 and 46.2 in 2017.
- Return on capital employed on a 12-month basis improved to 20.7 per cent (14.2)
- Good international demand for sawn timber.
- Delivery volumes to the building materials trade in Scandinavia somewhat below normal.
- Reduced activity levels for Building Systems.
- Preventive safety work further intensified.
- Several awards and nominations for innovative projects.

In brief

The group's three divisions have had varied demand for their products and services in the fourth quarter. For the Timber division market activities and demand have been good, driven by a continued good level of activity in the world economy and broad interest in wood as a material. For the Wood division demand has been on a par with the fourth quarter of 2017, despite somewhat reduced building activity in Scandinavia. For the Building Systems companies the Swedish market has been characterised by weak economic development and tough competition, while the Norwegian market has a higher level of activity and infrastructure projects contribute to the overall demand to a greater degree.

Overall, access to sawlogs has been good in the quarter. Sawlog inventory levels at the end of the quarter were satisfactory. Prices for both sawlogs and chip products were higher in the quarter than in the corresponding period of 2017.

On the night before Saturday 24 November, a fire broke out at the dry sorting line at Moelven Notnäs Ransby AB, Ransby department. No one was injured during the fire. However, the dry sorting line sustained significant damage and will be out of service until the summer of 2019. The damage will be covered by the Group's damage and consequential loss insurance. The saw line was not damaged in the fire, and production has proceeded almost as normal by exploiting dry sorting capacity at other units in the group.

Due to a reduced order intake and delays in certain projects, Moelven Byggmodul Hjellum AS laid off 80% of the workforce for four weeks from the second week of 2019. The remaining 20 per cent will be used for training and other skill-enhancing measures in the layoff period.

In November Mjøstårnet was presented the highest award in the category "Architecture - Mixed Use - International" at The New York Design Awards. Mjøstårnet was nominated by a separate expert panel, and is emphasised as an exemplary project. The "Mixed Use" award celebrates the projects that combine design, planning, construction, form and function, along with aesthetics and choice of materials. Mjøstårnet also took first spot in Teknisk Ukeblad's "Norwegian Tech Awards" when the 2018 building award was presented. The jury's justification emphasised the climate-friendly structural engineering solutions that Mjøstårnet represents. TU also points out that because the building has set a world record, the selected structural engineering solutions attract great attention.

In 2017 Moelven Byggmodul AB in Säffle implemented a major investment project that almost doubled the overall production capacity and provided more rational production solutions by building a robotic production line. The robot line was then the first delivery of Randek AB's ZeroLabor Robotic System. In November this system was nominated amongst the "Top five innovations" through the American organization Hive 50, and it is the first time an innovation outside of the USA has been nominated.

In the fourth quarter, Moelven Østerdalsbruket AS at Koppang completed the new chip terminal. The terminal contributes to ensure sales of chip products and strengthen a sustainable wood industry and jobs in Stor-Elvdal municipality. With the new terminal in place, loading of chips becomes more efficient, while at the same time the loading area has become safer and cleaner. Annually 56 trains are loaded with chips from Østerdalsbruket,

which corresponds to 1,750 articulated lorries by road.

PEAB has a vision to build the sustainable society of the future, and therefore imposes stringent requirements to both flexibility, the environment and opportunities for recycling in its construction projects. In connection with the company now gathering its businesses in Stockholm in a new office building in Ulriksdal, Moelven Modus was tasked with supplying the interior design solutions. The building will have nine storeys and a total of approximately 12,500 m² of office premises. All offices and large parts of the meeting rooms will be built using Moelven Modus's flexible system solutions. The building will be environmentally classified in accordance with the BREEAM standard.

Operating revenues and results

Operating revenues in the quarter increased compared to the fourth quarter in 2017. The backdrop is increased finished goods prices for both sawn timber and processed wood products. Sawn timber is the main product of the Timber division, and increased prices are an important cause of improved revenue for both the group and the division itself. Sawn timber is an important input for many of the companies in Wood and Building Systems, and price developments for sawn timber are thus also one of the causes for increased raw material costs in these divisions.

The operating result for the quarter was NOK 200.4 million (124.7) and the operating margin improved to 7.3 per cent (4.6). Operating income for the year as a whole is NOK 638.9 million (420.4), which has been charged with NOK 16.0 million as a result of the decision to close down operations at Moelven Are AS. The operating income for 2017 includes a charge of NOK 46.2 million related to the closing of operations at the Timber company Moelven Norsälven AB, as well as a resolved dispute in Building Systems. For both years, the charge was recorded in the third quarter.

The FIFO principle requires that inventory calculations are adjusted in line with developments in raw material costs. Along with an update of real value assessments of inventory, this has provided a positive effect totalling NOK 19.6 million in the quarter (14.0) and NOK 88.6 million (39.7) year to date. The items do not have any impact on cash flow.

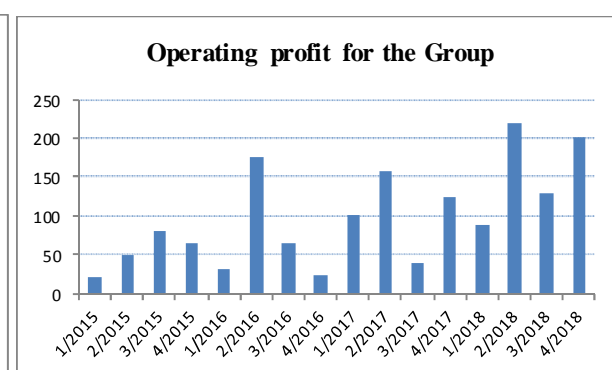
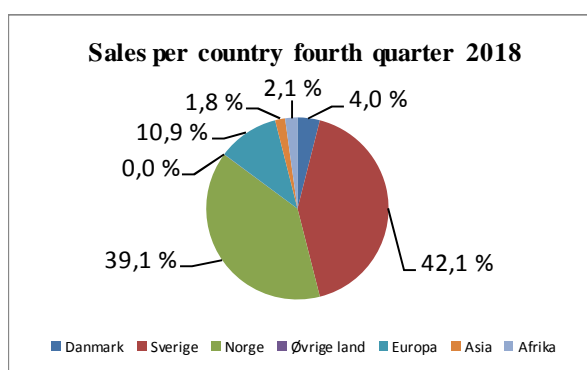
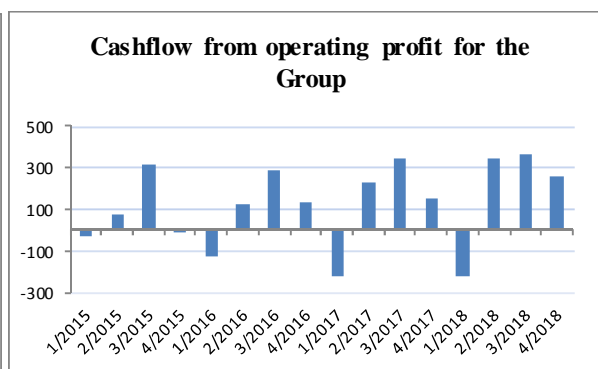
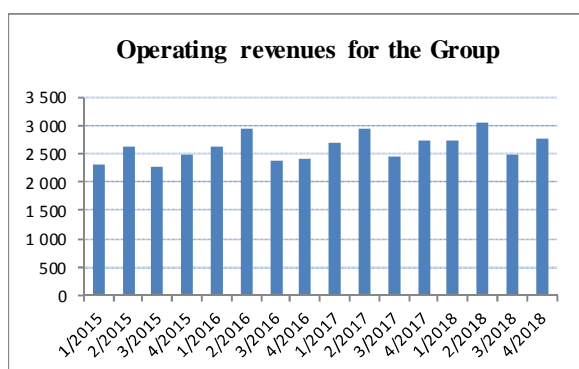
The Group employs financial instruments as a hedge against short-term fluctuations in foreign exchange rates, interest rates and power prices. Non-cash items related to fair value assessments on unrealized financial instruments totalled NOK -13.6 million (NOK 13.7 million) for the quarter and NOK 51.5 million (NOK -4.7 million) for the year. For the quarter the amounts include basis swap effects of NOK -23.5 million (-10.5 million) and year to date NOK -0.2 mill (-8.5 million). Basis swaps are hedging instruments that when viewed for the entire term have a market value change equalling zero, and where the accounting effect therefore is reversed over time.

The financial results for 2017 are positively impacted by NOK 9.6 million as a result of a reversal of previously allocated warranty costs.

| Amounts in NOK million | The Group | | | |
|---------------------------|----------------|----------------|-----------------|-----------------|
| | Fourth quarter | | 12 months | |
| | 2018 | 2017 | 2018 | 2017 |
| Operating revenues | | | | |
| Timber | 858,2 | 824,3 | 3 263,3 | 3 118,2 |
| Wood | 941,7 | 841,5 | 3 977,3 | 3 805,6 |
| Building Systems | 935,9 | 1 031,7 | 3 743,0 | 3 856,4 |
| Other businesses | 941,9 | 860,5 | 3 547,6 | 3 414,6 |
| <i>Internal</i> | <i>-924,2</i> | <i>-849,1</i> | <i>-3 510,5</i> | <i>-3 426,4</i> |
| The Group | 2 753,5 | 2 708,9 | 11 020,8 | 10 768,4 |

| | | | | |
|------------------|--------------|--------------|--------------|--------------|
| EBITDA | | | | |
| Timber | 141,1 | 93,5 | 448,2 | 266,9 |
| Wood | 93,2 | 51,3 | 318,3 | 265,7 |
| Building Systems | 50,1 | 58,5 | 187,6 | 206,7 |
| Other businesses | -8,7 | -6,1 | -24,7 | -23,2 |
| The Group | 275,7 | 197,2 | 929,5 | 716,1 |

| | | | | |
|-----------------------|--------------|--------------|--------------|--------------|
| Driftsresultat | | | | |
| Timber | 109,4 | 66,9 | 343,9 | 146,7 |
| Wood | 66,5 | 23,3 | 204,3 | 154,8 |
| Building Systems | 36,5 | 44,3 | 128,0 | 153,9 |
| Other businesses | -12,1 | -9,8 | -37,3 | -34,9 |
| The Group | 200,4 | 124,7 | 638,9 | 420,4 |



Investments, balance sheet and funding

Investments totalling NOK 206.2 million (NOK 120.2 million) were made during the fourth quarter, and NOK 497.4 million (NOK 357.0 million) year to date. The increase in the investment rate is taking place in accordance with the investment programme in the group's long-term strategy. The main proportion of the increase in investment activities compared to the previous year is the investments in new timber sorting with X-ray technology at Moelven Våler AS and a new pellets factory and energy centre in connection with Moelven Soknabruket AS. The projects are included with NOK 55.5 million and NOK 57.9 million respectively in the investment volume for 2018.

Depreciations were NOK 75.3 million (NOK 72.5 million) in the quarter and NOK 290.6 million (NOK 295.7 million) year-to-date. For 2018, accumulated depreciations included NOK 6.1 million in depreciation of fixed assets related to the liquidation of Moelven Are AS, which was decided in the third quarter. Accumulated for 2017 this includes depreciation of fixed assets by NOK 17.4 million related to the liquidation of Moelven Norsälven AB which was decided in the third quarter of 2017.

At the end of the fourth quarter, the book value of the Group's total assets was NOK 5 362.4 million (NOK 5,045.9 million).

Cash flow from operating activities in the fourth quarter was NOK 256.7 million (NOK 156.2 million), which corresponds to NOK 1.98 per share (NOK 1.22). Year to date, the cash flow from operating activities was NOK 737.1 million (NOK 676.2 million), which corresponds to NOK 5.69 per share (NOK 5.22). The change compared to last year is due to natural fluctuations in working capital items. Cash flow from working capital items was NOK -118.8 million in the fourth quarter (NOK -24.0 million) and NOK -189.4 million year to date (NOK 48.7 million).

Net interest-bearing liabilities were NOK 736.2 million (NOK 761.7 million) at the end of the fourth quarter. Financial leases are included in net interest-bearing liabilities in the amount of NOK 58.2 million (NOK 19.8 million). The increase is due to the fact that in connection with the work that was carried out as a preparation for the transition to a reporting standard for leasing from 2019, (IFRS 16 – Leases), a reclassification has implemented for some leasing contracts for rolling stock from operational to financial leasing. The liquidity reserve was NOK 1,221.1 million (NOK 1,172.0 million). In the Group's main financing the available loan facility varies in time with the natural fluctuations in the Group's tied-up capital through the year.

Equity at the end of the fourth quarter amounted to NOK 2,479.6 million (NOK 2,092.6 million), which is equivalent to NOK 19.14 (NOK 16.15) per share. The equity ratio was 46.2 per cent (41.5 per cent). The dividend for the previous year of NOK 0,68 (0.48) per share, totalling NOK 88.1 million (62.2), was paid and charged to equity in the second quarter of 2018. 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 72.1 million (NOK 17.8 million). Year to date the change was NOK -17,9 million (40,9 million). Approximately half of the Group's assets are recognised in SEK. The total assets thus also change based on the exchange rate, and the equity ratio in percent is therefore less impacted by exchange rate fluctuations than the nominal equity.

Divisions

Timber

| Amounts in NOK million | Fourth quarter | | 12 months | |
|---|----------------|-------|-----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Sales to external customers | 673,5 | 671,2 | 2 628,4 | 2 499,5 |
| Sales to internal customers | 184,8 | 153,1 | 634,9 | 618,8 |
| Operating revenues | 858,2 | 824,3 | 3 263,3 | 3 118,2 |
| Depreciation and impairment | 31,7 | 26,6 | 104,4 | 120,3 |
| Operating profit | 109,4 | 66,9 | 343,9 | 146,7 |
| Operating margin in per cent * | 0,8 % | 1,2 % | 10,5 % | 4,7 % |
| Net operating capital (% of operating revenues) * | 1,5 % | 0,6 % | 18,3 % | 17,5 % |
| Total assets * | 78,1 | 74,4 | 1 677,5 | 1 545,5 |
| Equity * | -136,4 | -63,3 | 811,2 | 752,7 |
| Capital employed * | -124,6 | -52,5 | 999,8 | 988,6 |
| Return on capital employed in per cent, 12 month rolling* | 3,4 % | 6,7 % | 32,4 % | 14,3 % |
| Investments * | 50,9 | 27,5 | 136,7 | 99,2 |
| Total number of employees * | -3 | -7 | 620 | 650 |

* The columns regarding the quarterly numbers show the change in the quarter

Market activity and demand in the division's main markets was good in the fourth quarter. Internationally, demand for sawn timber for processing to various building materials and packaging is high. After a long period of strong price growth, prices remained stable at a level significantly higher than for the corresponding period of 2017. For the lowest qualities, market prices experienced correction towards a more normal level in the quarter, and stabilised in the course of December. Currency conditions contributed to good competitiveness in the export markets. Delivery volumes were somewhat lower than in the fourth quarter of 2017. This is mainly due to inventory levels being low in the first part of the quarter, and that figures for 2017 also include activities at Moelven Norsälven AB, where operations were discontinued at the end of the fourth quarter 2017.

Production volume was higher than in the same period the previous year, and thus contributed to the finished goods inventories achieving normal levels at the end of the quarter.

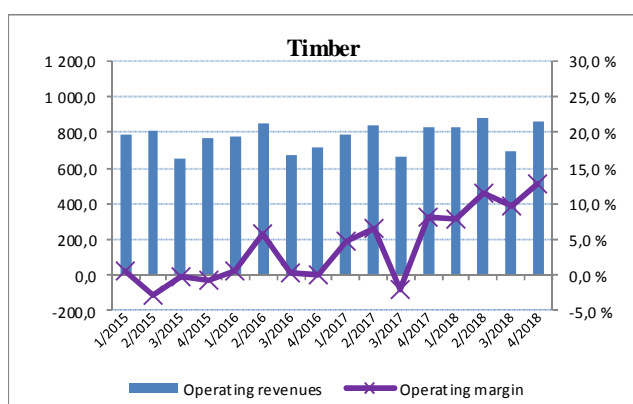
The operating conditions were good during the quarter. Along with the implementation of internal improvement measures, this resulted in an improvement of underlying operations at many units. Operating costs were nevertheless higher than for the same period of 2017, mainly due to extended maintenance budgets in a period of good earnings and cash flow. Additionally, there were some operating disruptions at certain units, among other things due to the fire at the dry sorting line at Moelven Notnäs Ransby AB, Ransby department, the night before 24 November. No one was injured during the fire. However, the dry sorting line sustained significant damage and will be out of service until the summer of 2019. The damage is covered by the group's damage and consequential loss insurance, but the deductible was expensed in the quarter. The saw line was not damaged in the fire, and production has proceeded almost as normal by exploiting dry sorting and packing capacity at other units in the group. The reconstruction of the dry sorting line is expected to be

completed by the summer of 2019.

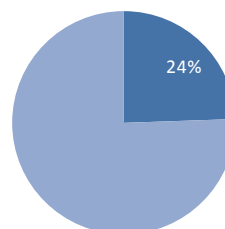
Access to sawlogs was good, and at the end of the quarter sawlog inventories were at a good level. Prices for both sawlogs and chip products were higher than in the corresponding period of 2017.

Due to price developments the profits for the fourth quarter have seen a positive effect of a price adjustment to inventories totalling NOK 0.2 million. The corresponding adjustment in the fourth quarter of 2017 was NOK 7.1 million. Year to date the price adjustments comprised NOK 12.3 million (NOK 15.1 million).

Cumulative figures for 2017 include impairments and cost provisions related to the closing of Moelven Norsälven AB totalling NOK 29.0 million.



Timber's share of the Groups sale to external customers



Wood

| Amounts in NOK million | Fourth quarter | | 12 months | |
|---|----------------|--------|-----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Sales to external customers | 888,5 | 794,3 | 3 787,0 | 3 623,9 |
| Sales to internal customers | 53,2 | 47,2 | 190,3 | 181,7 |
| Operating revenues | 941,7 | 841,5 | 3 977,3 | 3 805,6 |
| Depreciation and impairment | 26,7 | 27,9 | 114,0 | 110,9 |
| Operating profit | 66,5 | 23,3 | 204,3 | 154,8 |
| Operating margin in per cent * | 0,6 % | -0,4 % | 5,1 % | 4,1 % |
| Net operating capital (% of operating revenues) * | 2,0 % | 1,7 % | 30,1 % | 27,4 % |
| Total assets * | -3,4 | -43,9 | 2 511,2 | 2 413,9 |
| Equity * | -23,2 | -53,5 | 1 088,7 | 1 033,4 |
| Capital employed * | -14,7 | -40,3 | 1 691,3 | 1 627,4 |
| Return on capital employed in per cent, 12 month rolling* | 2,4 % | -0,2 % | 12,0 % | 9,3 % |
| Investments * | 71,4 | 57,2 | 198,1 | 119,9 |
| Total number of employees * | 7 | 14 | 1 108 | 1 079 |

* The columns regarding the quarterly numbers show the change in the quarter

Market activities and demand in the division's main markets were good in the fourth quarter, and delivery volumes for processed goods were somewhat higher than for the corresponding period of 2017. For sawn timber from the division's sawlog-consuming units the external delivery volumes were somewhat lower due to assigning priority to internal deliveries for processing. Overall, the external delivery volumes were on a par with the previous year. The increase in operating revenues compared to the fourth quarter of 2017 was due to a general increase in prices and a product mix with a higher proportion of goods with a high processing value.

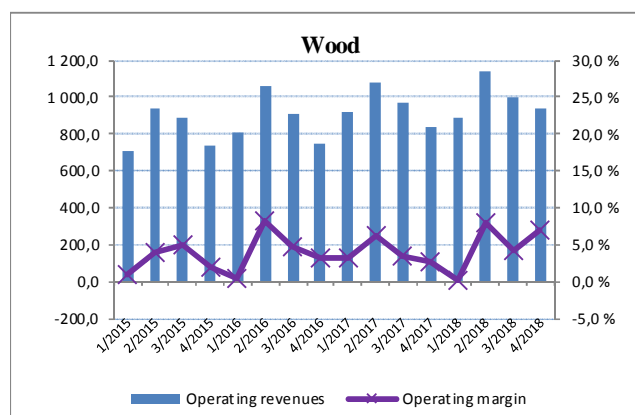
Operating conditions in the quarter were good, and efficiency improved. In a period of good earnings and cash flow, some maintenance work has however been moved forward. This has led to a higher level of costs than in the corresponding period the previous year, but also provides operational improvements in the time ahead.

The planing mills in the division use mainly sawn timber as raw material. Due to the price increase for sawn timber internationally, which has been greater and proceeded more rapidly than has been possible to compensate through increased market prices for processed goods, these units have higher pressure on their margins than the timber-consuming units. All companies are subject to stringent requirements toward improvements and rationalisation. This work entails substantial investments at certain facilities, but also structural changes.

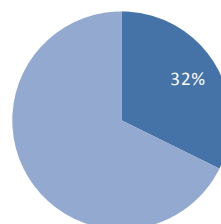
Operations at Moelven Are AS were discontinued at the end of December. In connection with the decision to close in the third quarter, operating income has been charged with a total of NOK 16.0 million.

Overall, access to sawlogs has been good in the quarter. Sawlog inventories at the end of the quarter were at a good level. Prices for both sawlogs and chip products were higher in the quarter than in the corresponding period of 2017.

Due to price developments the profits for the third quarter have seen a positive effect of a price adjustment to inventories totalling NOK 19.4 million. The corresponding adjustment in the third quarter of 2017 was NOK 6.9 million. Year to date the price adjustments comprised NOK 76.3 million (NOK 24.6 million).



Wood's share of the Groups sale to external customers



Building Systems

| Amounts in NOK million | Fourth quarter | | 12 months | |
|---|----------------|---------|-----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Sales to external customers | 932,6 | 1 030,9 | 3 738,9 | 3 854,7 |
| Sales to internal customers | 3,3 | 0,8 | 4,2 | 1,7 |
| Operating revenues | 935,9 | 1 031,7 | 3 743,0 | 3 856,4 |
| Depreciation and impairment | 13,6 | 14,2 | 59,6 | 52,8 |
| Operating profit | 36,5 | 44,3 | 128,0 | 153,9 |
| Operating margin in per cent * | 0,2 % | 0,1 % | 3,4 % | 4,0 % |
| Net operating capital (% of operating revenues) * | 1,3 % | 0,4 % | 13,5 % | 11,3 % |
| Total assets * | 93,5 | 165,9 | 1 752,5 | 1 808,9 |
| Equity * | -66,5 | -12,5 | 782,0 | 798,0 |
| Capital employed * | -54,2 | -28,0 | 847,5 | 884,1 |
| Return on capital employed in per cent, 12 month rolling* | -0,6 % | 3,7 % | 14,7 % | 17,8 % |
| Investments * | 24,4 | 30,2 | 93,5 | 118,9 |
| Total number of employees * | -2 | 8 | 1 647 | 1 687 |

* The columns regarding the quarterly numbers show the change in the quarter

For the division as a whole, the order backlog at the end of the quarter was NOK 510 million lower than at the same time the previous year. The main cause of the decline is somewhat lower market activity in certain segments. Work is ongoing to improve the order backlog.

For Glulam operations demand remains good, largely driven by increasing focus on climate-smart solutions. In Norway there is also significant activity in infrastructure, which in turn results in good demand for glulam bridges. Contracts have been signed for several larger bridges that ensures a good level of activity through the winter, which is a period ordinarily characterised by somewhat lower activity. In terms of results, business in both Norway and Sweden is characterised by increased raw material prices and cost overruns on individual projects. For business in Sweden the competition situation is more demanding than on the Norwegian side of the border, and market activity is declining somewhat. For the year as a whole, challenges related to raw material supplies have additionally led to unsatisfactory utilization of production capacity.

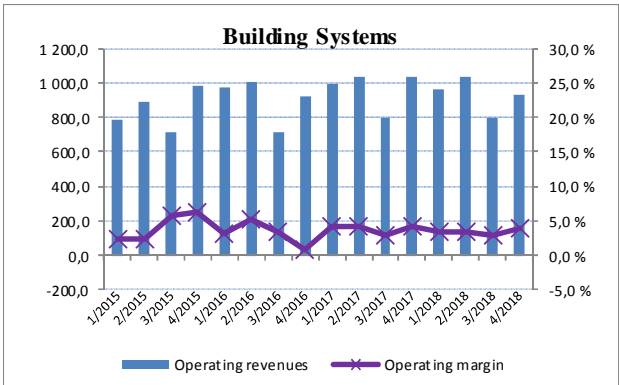
In the Modular Buildings business, activity levels are somewhat reduced. The causes are primarily a slightly weaker economic situation in Sweden and that for a period there were some delays in several projects on the way to market. Some compensation may be attributed to an increasing interest in building with wood and modules, but overall the drop in activity has made it necessary to reduce capacity utilisation at the plants somewhat. Due to a reduced order intake and delays in certain projects, Moelven Byggmodul Hjøllum AS laid off 80% of the workforce for four weeks from the second week of 2019. The remaining 20 per cent will be used for training and other skill-enhancing measures in the layoff period.

The project organisations in the business area are strengthened to ensure execution and earnings in the projects that are carried out. For the Norwegian part of the business there have been some challenges related to groundworks at building sites. This is work that is mainly carried out by subcontractors. An important focus area in the time ahead is therefore to improve expertise in this area, and measures have been implemented to improve quality

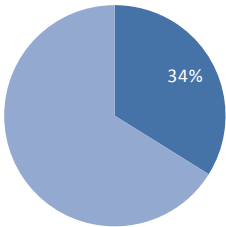
assurance of the entire process from planning to final inspection.

For the System Interiors business – Moelven Modus – demand remains good in the major cities in Norway and Sweden, as well as in southern Norway. Prices are however under pressure, particularly in Sweden where the market is characterised by a somewhat hesitant attitude. After several years of growth, the business is focusing on developing expertise and consolidation of the organisation that has been built.

The division’s results in HSE, and in particular the injury rate, has not been satisfactory. Efforts in HSE work will therefore intensify further, which is also expected to have a positive impact on profitability in general.



Building Systems’s share of the Groups sale to external customers

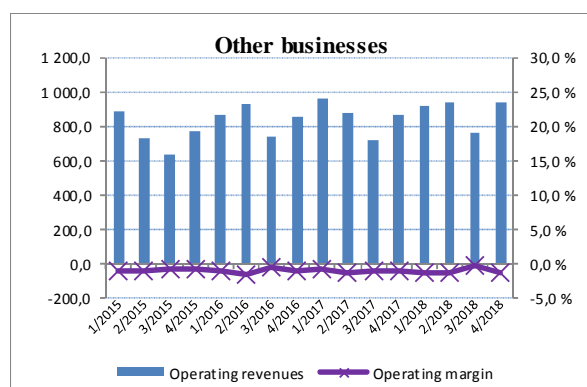


Other Businesses

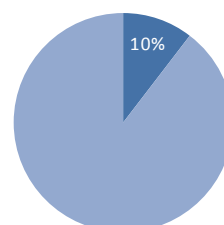
| Amounts in NOK million | Fourth quarter | | 12 months | |
|---|----------------|--------|-----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| Sales to external customers | 286,3 | 234,7 | 969,0 | 875,7 |
| Sales to internal customers | 655,6 | 625,8 | 2 578,6 | 2 538,9 |
| Operating revenues | 941,9 | 860,5 | 3 547,6 | 3 414,6 |
| Depreciation and impairment | 3,4 | 3,7 | 12,7 | 11,7 |
| Operating profit | -12,1 | -9,8 | -37,3 | -34,9 |
| Operating margin in per cent * | -0,1 % | 0,0 % | -1,1 % | -1,0 % |
| Net operating capital (% of operating revenues) * | -4,7 % | -5,6 % | 2,0 % | 1,4 % |
| Total assets * | 359,9 | 104,8 | 2 662,5 | 2 398,0 |
| Equity * | 490,8 | 264,2 | 1 459,6 | 1 198,0 |
| Capital employed * | 434,1 | 165,9 | 2 012,8 | 1 834,9 |
| Return on capital employed in per cent, 12 month rolling* | -0,3 % | -0,1 % | -0,7 % | -0,4 % |
| Investments * | 59,6 | 5,3 | 69,2 | 19,1 |
| Total number of employees * | 6 | 0 | 149 | 130 |

* The columns regarding the quarterly numbers show the change in the quarter

Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, 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, Broberg Skogs AB, Moelven Virke AS, Vänerbränsle AB and Moelven Bioenergi AS. Moelven Pellets AS, which was established in June to manage construction and operation of the new pellet factory and energy centre in connection with Moelven Soknabruket AS, is also included in the area, but as of yet with no result items of significance. Fluctuations in operating revenues in the area of Other Businesses are largely due to the level of activity within timber supply and sales of wood chips and energy products. These are mainly 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 transport. The business is based on fixed agreements on both the customer and supplier sides.



Other businesses's share of the Groups sale to external customers



Employees

| Employees | Per fourth quarter 2018 | | | | Per fourth quarter 2017 | | | |
|-----------------------|-------------------------|--------|----------|-------|-------------------------|--------|----------|-------|
| | Male | Female | % Female | Total | Male | Female | % Female | Total |
| Timber | 551 | 69 | 11,1 % | 620 | 579 | 71 | 10,9 % | 650 |
| Wood | 932 | 176 | 15,9 % | 1 108 | 913 | 166 | 15,4 % | 1 079 |
| Building Systems | 1 532 | 115 | 7,0 % | 1 647 | 1 567 | 120 | 7,1 % | 1 687 |
| Other businesses | 112 | 37 | 24,9 % | 149 | 97 | 33 | 25,4 % | 130 |
| Totalt antall ansatte | 3 127 | 397 | 11,3 % | 3 524 | 3 156 | 390 | 11,0 % | 3 546 |

| Sickness absence rate in % | Per fourth quarter | |
|----------------------------|--------------------|-------|
| | 2018 | 2017 |
| Timber | 4,28% | 4,71% |
| Wood | 5,11% | 5,11% |
| Building Systems | 6,45% | 6,34% |
| Other businesses | 3,12% | 2,87% |
| The Group | 5,53% | 5,55% |

| LTI Value | Per fourth quarter | |
|------------------|--------------------|------|
| | 2018 | 2017 |
| Timber | 9,3 | 12,9 |
| Wood | 9,3 | 8,8 |
| Building Systems | 13,6 | 15,1 |
| Other businesses | 0,0 | 4,6 |
| The Group | 10,9 | 12,4 |

Moelven's overall goal in safety work is that no one should be harmed at work. The LTI rate on a 12 month rotating basis, which is an expression for the number of injuries with subsequent sick leave per million worked hours, was reduced from 12.6 at the end of the third quarter to 10.9 at the turn of the year. The rate however remains well above the target for 2019 of 7.0, and HSE work has a high priority in the work of the board, the corporate management and the safety committee. Work on training and awareness-raising is constantly ongoing in order to establish a culture for safety at all levels.

There were 14 (22) personal injuries with subsequent sick leave during the quarter. So far this year there have been 64 lost time injuries (73).

As a part of work to increase focus on injuries in general, target figures have also been established for the number of personal injuries with and without absence per million worked hours. For 2019 the goal is set at 33. To succeed with the 2019 target for LTI of < 7.0 and injuries with and without absence of < 33, it is essential that preventive work is carried out based on good causal analyses of adverse events.

In the fourth quarter, absence due to illness was 5.53 per cent (5.35), where 2.56 per cent (3.53) represents long-term absence. Absence has a slightly downward trend, and many of Moelven's businesses have sickness absence levels lower than the maximum target for 2018 of 4.5 per cent. There is nevertheless much to be gained, and work is ongoing to reduce sickness absence for the group as a whole to below the target level. For 2019 the target is sickness absence of below 4.4 per cent. Efforts, which include employee surveys, close follow-up of sickness absence and cooperation with the occupational health services, are particularly directed at those businesses with the highest sickness absence levels.

Outlook

Activity in the world economy remains high, but with increasing uncertainty with regard to future developments. In Norway the mainland economy is at a normal level, while activity in Sweden has declined. The rest of Europe still has a marginal positive growth rate.

The Brexit negotiations continue to cause uncertainty about developments in the UK, but market activity remains good. A hard Brexit may lead to significant changes in trade with the UK, and Moelven is implementing measures to reduce risk in relation to this.

In the USA the economy is still improving, although the growth rate is lower and uncertainty greater than previously. Moelven has only occasional deliveries to the United States, but the group nevertheless sees a positive effect from an improved global market balance. The growth rate in China and Japan is decreasing, and the ongoing trade war between China and the US is creating uncertainty. In other parts of Asia, however, there are signs of increasing activity. The Middle East and North Africa are important export markets for Moelven, but remain characterised by conditions that complicate international trade. However, the underlying demand is good in the latter markets. Positive and stable developments in the international market for industrial wood are expected.

In Norway demand for processed products in 2019 is expected to remain on a par with 2018, albeit with regional differences. Construction activity in and surrounding the major cities is expected to remain high. In Sweden, the need for new homes remains high, but activity in the new building market remains hesitant as in Norway. Activity in the renovation, conversion and extension market remains good. Increased interest for wood as a building material contributes to maintain activity levels. No major changes are expected in the markets, and the Swedish market is also expected to be at the same level as 2018 overall.

Timber inventories and access to timber at the start of 2019 are acceptable with regard to planned production.

The Group's composition, with divisions that experience different impacts from economic fluctuations and units that operate in different markets, provides the Group with a good starting point for further improvements. Return on employed capital, calculated on a 12-month rolling basis, was 20.7 per cent at the end of 2018. The group has a long-term goal of a return on capital employed of 13 per cent over an economic cycle. The result and return on capital employed were well above the ROI target for 2018 as a whole. However, the programme for operational improvement and structuring of the Group in line with the long-term strategy plan continues unabated and will contribute to continued strengthened profitability for the underlying operations. The Board is of the opinion that the Group has adequate solvency and access to liquidity over the long term to introduce the necessary measures to develop the Group in line with the strategy plan. For 2019 the Board expects an activity level similar to 2018, but a slightly weaker result due to the general economic developments.

Summary quarterly accounts for the Moelven Group for the fourth quarter 2018

Earnings and comprehensive income

| Amounts in NOK million | Fourth quarter | | 12 months | |
|---|----------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating revenues | 2 753,5 | 2 708,9 | 11 020,8 | 10 768,4 |
| Cost of goods sold | 1 580,9 | 1 630,8 | 6 746,3 | 6 799,2 |
| Payroll expenses | 598,9 | 583,8 | 2 200,1 | 2 153,3 |
| Depreciation and impairment | 75,3 | 72,5 | 290,6 | 295,7 |
| Other operating expenses | 298,0 | 297,1 | 1 144,9 | 1 099,8 |
| Operating Profit | 200,4 | 124,7 | 638,9 | 420,4 |
| Income from associates | 0,0 | 0,0 | 0,0 | 0,0 |
| Value change of financial instruments to fair value | -13,6 | -13,7 | 51,5 | -4,7 |
| Other financial income | -13,8 | 2,3 | 7,9 | 16,2 |
| Other financial expenses | -16,0 | 9,2 | 67,9 | 58,3 |
| Profit before tax | 188,9 | 104,1 | 630,3 | 373,6 |
| Estimate income tax | 35,7 | 17,0 | 138,5 | 80,7 |
| Net profit | 153,2 | 87,2 | 491,8 | 293,0 |
| Non-controlling interest share | 0,3 | -0,4 | 1,8 | -0,1 |
| Owner of parent company share | 152,9 | 87,5 | 490,0 | 293,0 |
| Earnings per share (in NOK) | 1,2 | 0,7 | 3,8 | 2,3 |
| Statement of comprehensive income | | | | |
| Net profit | 153,2 | 87,2 | 491,8 | 293,0 |
| Other comprehensive income | | | | |
| <i>Items that are not reclassified subsequently to profit or loss</i> | | | | |
| Actuarial gains (losses) on defined-benefit pension schemes | -1,2 | -0,9 | -1,3 | -0,9 |
| Income tax on items that are not reclassified to profit or loss | -0,3 | -0,2 | -0,3 | 0,8 |
| | -0,9 | -0,7 | -0,9 | -0,7 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Translation differences | 80,1 | 17,8 | -17,9 | 40,9 |
| Proportion of other income and costs in associated companies | 0,0 | 0,0 | 0,0 | 0,0 |
| Other changes | 1,7 | 8,3 | 0,4 | 8,1 |
| Income tax on items that may be reclassified to profit or loss | 0,0 | 0,0 | 0,0 | 0,0 |
| | 81,8 | 26,1 | -17,5 | 49,0 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Other comprehensive income, net of tax | 80,9 | 25,4 | -18,5 | 48,3 |
| Total comprehensive income for the period | 234,1 | 112,6 | 473,3 | 341,3 |
| Comprehensive income assigned to: | | | | |
| Owners of parent company | 233,8 | 113,0 | 471,5 | 341,4 |
| Non-controlling interests | 0,3 | -0,4 | 1,8 | -0,1 |

Consolidated balance sheet

| Amounts in NOK million | Per 31.12 | |
|---|----------------|----------------|
| | 2018 | 2017 |
| Intangible assets | 80,0 | 76,6 |
| Tangible fixed assets | 1 938,4 | 1 762,5 |
| Financial fixed assets | 7,0 | 7,9 |
| Total fixed assets | 2 025,5 | 1 847,1 |
| Inventory | 1 673,9 | 1 524,1 |
| Contract assets | 126,0 | 139,4 |
| Receivables | 1 483,1 | 1 493,6 |
| Liquid assets | 53,9 | 40,4 |
| Total current assets | 3 336,9 | 3 197,6 |
| Total assets | 5 362,4 | 5 044,6 |
| Share capital* | 647,7 | 647,7 |
| Other equity | 1 831,9 | 1 444,8 |
| Total equity | 2 479,6 | 2 092,5 |
| Provisions | 261,1 | 242,9 |
| Long term interest-bearing liabilities | 726,8 | 782,8 |
| Long term interest-free liabilities | 0,9 | 6,3 |
| Total long term liabilities | 988,8 | 1 031,9 |
| Short term interest-bearing liabilities | 9,4 | 0,0 |
| Contract liabilities | 78,8 | 167,7 |
| Short term liabilities | 1 805,7 | 1 752,5 |
| Total short term liabilities | 1 893,9 | 1 920,2 |
| Total liabilities | 2 882,7 | 2 952,1 |
| Sum egenkapital og gjeld | 5 362,4 | 5 044,6 |

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

Consolidated statement of changes in equity

| 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 pr 1.1.2017 | 647,7 | 180,7 | 0,0 | 978,2 | 1 806,6 | 6,8 | 1 813,4 |
| Comprehensive income for the period | | | | | | | |
| Net profit | 0,0 | 0,0 | 0,0 | 293,0 | 293,0 | -0,1 | 293,0 |
| Other comprehensive income | | | | | | | |
| Translation differences | 0,0 | 0,0 | 0,0 | 40,9 | 40,9 | 0,0 | 40,9 |
| Other changes | 0,0 | 0,0 | 0,0 | 5,1 | 5,1 | 3,0 | 8,1 |
| Actuarial gains (losses) on defined-benefit pension schemes | 0,0 | 0,0 | 0,0 | -0,9 | -0,9 | 0,0 | -0,9 |
| Income tax on other comprehensive income | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Other comprehensive income (net of tax) | 0,0 | 0,0 | 0,0 | 45,1 | 45,1 | 3,0 | 48,1 |
| Transactions with owners, entered directly against equity | | | | | | | |
| 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 | -62,2 | -62,2 | 0,0 | -62,2 |
| Share based payment transactions | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total transactions with owners | 0,0 | 0,0 | 0,0 | -62,2 | -62,2 | 0,0 | -62,2 |
| Total as at 31.12.2017 | 647,7 | 180,7 | 0,0 | 1 254,2 | 2 082,6 | 9,7 | 2 092,3 |
| Total pr 1.1.2018 | 647,7 | 130,9 | 0,0 | 1 304,1 | 2 082,7 | 9,8 | 2 092,5 |
| Comprehensive income for the period | | | | | | | |
| Net profit | 0,0 | 0,0 | 0,0 | 490,0 | 490,0 | 1,8 | 491,8 |
| Other comprehensive income | | | | | | | |
| Translation differences | 0,0 | 0,0 | 0,0 | -17,9 | -17,9 | 0,0 | -17,9 |
| Other changes | 0,0 | 0,0 | 0,0 | 0,4 | 0,4 | 0,0 | 0,4 |
| Actuarial gains (losses) on defined-benefit pension schemes | 0,0 | 0,0 | 0,0 | -1,3 | -1,3 | 0,0 | -1,3 |
| Income tax on other comprehensive income | 0,0 | 0,0 | 0,0 | 0,3 | 0,3 | 0,0 | 0,3 |
| Other comprehensive income (net of tax) | 0,0 | 0,0 | 0,0 | -18,5 | -18,5 | 0,0 | -18,5 |
| Transactions with owners, entered directly against equity | | | | | | | |
| 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 | -88,1 | -88,1 | 0,0 | -88,1 |
| Share based payment transactions | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 1,9 | 1,9 |
| Total transactions with owners | 0,0 | 0,0 | 0,0 | -88,1 | -88,1 | 1,9 | -86,2 |
| Total as at 31.12.2018 | 647,7 | 130,9 | 0,0 | 1 687,5 | 2 466,1 | 13,5 | 2 479,6 |

Consolidated statement of cash flow

Amounts in NOK million

| | Per 31.12. | |
|--|----------------|----------------|
| | 2018 | 2017 |
| CASH FLOW FROM OPERATIONAL ACTIVITIES: | | |
| Net profit | 491,8 | 293,0 |
| <i>Adjustments to reconcile net profit with net cash flow from operations:</i> | | |
| Depreciation | 284,2 | 278,1 |
| Impairment | 13,6 | 17,6 |
| Income from associated companies | 0,0 | 0,0 |
| Tax paid | 52,0 | -33,0 |
| Unpaid pension costs entered as costs and unreceived pension funds entered as income | 1,4 | 0,8 |
| Loss (profit) on sale of fixed assets | -3,5 | -14,3 |
| Net value change of financial instruments to fair value | -51,5 | 4,7 |
| Income tax | 138,5 | 80,7 |
| <i>Changes in operating assets and liabilities:</i> | | |
| Changes in inventory | -149,8 | -60,1 |
| Changes in accounts receivable and other receivables | 23,3 | -64,5 |
| Changes in trade accounts payable | -58,1 | 147,0 |
| Changes in provisions and benefits to employees | 18,2 | 62,3 |
| Changes in short-term liabilities excluding borrowing | -23,0 | -36,0 |
| Cash flow from operational activities | 737,1 | 676,2 |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | |
| Investment in plant and equipment exc. acquisition | -497,4 | -357,0 |
| Net cash outlay on acquisition | 0,0 | 0,0 |
| Receipts from sale of fixed assets | 5,3 | 17,1 |
| Sale of other long-term investments | 0,0 | 0,0 |
| Acquisition of subsidiary, net of cash | 0,0 | 5,0 |
| Cash flow from investment activities | -492,1 | -334,9 |
| CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Raising short term debt | 0,0 | 0,0 |
| Repayment of short term debt | 0,0 | 0,0 |
| Change in bank overdrafts | 9,4 | -112,4 |
| Purchase of non-controlling interests | 0,0 | 0,0 |
| Change in long term debt (borrowing facility) | 211,5 | 379,9 |
| Changes in other long-term liabilities | -392,5 | -524,9 |
| Payment of leases | -9,2 | 1,6 |
| Payment of dividend | -88,1 | -62,2 |
| Cash flow from financial activities | -268,9 | -317,9 |
| Net increase (reduction) in liquid assets during year | -23,9 | 23,5 |
| Liquid assets start of period | 30,2 | 6,6 |
| Effect of exchange rate changes on liquid assets | 0,0 | 0,0 |
| Liquid assets end of period | 6,3 | 30,2 |
| Cash and cash equivalents | | |
| Liquid assets | 6,3 | 30,2 |
| Unused drawing rights | 1 214,8 | 1 141,8 |
| Restricted bank deposits | 0,0 | 0,0 |
| Cash and cash equivalents | 1 221,1 | 1 172,0 |

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 2018 ended 31 December 2018 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 2017 are available at www.moelven.com.

Note 2 – Statement of conformity

The consolidated financial statements for the fourth quarter of 2018 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 2017. The summary consolidated quarterly financial statements were approved by the Board on 30 January 2019.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements 2018 are the same as those in the consolidated financial statements for 2017, with the exception of principles relating to IFRS 9 and IFRS 15 implemented 1 January 2018. Changes in accounting policies resulting from IFRS 9 and IFRS 15 are presented in note 3 of the consolidated accounts. Currency exchange rates in the consolidation are retrieved 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 2017 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2017.

Note 5 – Pensions and taxes

The income tax expense is determined in each quarter on the basis of the expected annual income tax expense. Defined-benefit pension schemes are valued at present value of the future pension benefits that have been earned on the date of balance. Pension funds are valued at fair value.

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 – Fixed assets, intangible assets and goodwill

| Amounts in NOK million | Per 31.12. | |
|-------------------------|------------|---------|
| | 2018 | 2017 |
| Book value per 1.1 | 1796,8 | 1669,7 |
| Acquisitions | 497,4 | 357,0 |
| Business combinations | 0,0 | 0,0 |
| Disposals | -1,8 | -0,4 |
| Depreciations | -277,0 | -278,1 |
| Impairment losses | -13,6 | -17,6 |
| Transfers | -2,5 | 21,0 |
| Translation differences | -23,7 | 45,2 |
| Book value per 31.03. | 1 975,6 | 1 796,8 |

Note 8 - Financial instruments

| Amounts in NOK million | Per 12 months 2018 | | | 31.12.2017 | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | Positive fair value | Negative fair value | Net fair value | Positive fair value | Negative fair value | Net fair value |
| Currency derivatives | 16,9 | -4,5 | 12,4 | 3,5 | -7,0 | -3,6 |
| Interest rate derivatives | 0,0 | -71,1 | -71,1 | 0,0 | -81,5 | -81,5 |
| Power derivatives | 30,1 | 0,0 | 30,1 | 6,7 | -1,0 | 5,8 |
| Total | 47,0 | -75,6 | -28,6 | 10,2 | -89,5 | -79,4 |

| Amounts in NOK million | Per 12 months 2017 | | | 31.12.2016 | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | Positive fair value | Negative fair value | Net fair value | Positive fair value | Negative fair value | Net fair value |
| Currency derivatives | 3,5 | -7,0 | -3,6 | 5,6 | -1,1 | 4,6 |
| Interest rate derivatives | 0,0 | -81,5 | -81,5 | 0,0 | -82,6 | -82,6 |
| Power derivatives | 6,7 | -1,0 | 5,7 | 3,4 | 0,0 | 3,4 |
| Total | 10,2 | -89,5 | -79,4 | 9,0 | -83,7 | -74,7 |

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 2017 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 31.12 | |
|-------------------------------------|------------|------------|
| | 2018 | 2017 |
| Timber | 338,6 | 129,3 |
| Wood | 188,8 | 129,9 |
| Building Systems | 127,4 | 152,3 |
| Other | -24,5 | -37,8 |
| Profit before tax in segments | 630,3 | 373,6 |
| <i>Eliminations</i> | <i>0,0</i> | <i>0,0</i> |
| Profit before tax in Group Accounts | 630,3 | 373,6 |

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 timber, 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 Marked AS also trades 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 43 per cent of Moelven's total purchasing requirement for timber of 4.3 million cubic meters 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 about 230 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 organized into three divisions: Timber, Wood and Building Systems. There is also an Other Businesses reporting area, which consists of the holding companies, supply businesses and bioenergy companies. The sawmills in the Timber division supply sawn wood products and components to industrial customers in Scandinavia and the rest of Europe, the Middle East and North Africa. The industrial customers 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 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 and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. The division focuses 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 3,524 employees. Moelven also has its own sales offices in Denmark, England, Germany and the Netherlands. The Moelven Group is owned by Glommen Skog SA (29.1 per cent), Eidsiva Vekst AS (23.8 per cent), Felleskjøpet Agri SA (15.9 per cent), Viken Skog SA (11.9 per cent), Mjøsen Skog SA (11.8 per cent) and AT Skog SA (7.3 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

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