



Quarterly Report 1/2017

*Herrestaskolan in Järfälla. Interior products from Moelven Töreboda AB.
Photo: Hampus Lundgren.*

MOELVEN[®]

Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Operating revenues	2,677.5	2,604.6	10,309.7	9,690.4
EBITDA	168.2	100.0	601.6	553.9
Gross operating margin/EBITDA	6.3 %	3.8 %	5.8 %	5.7 %
Depreciation and impairment	66.8	70.0	306.6	339.1
Operating profit	101.4	30.0	295.0	214.8
Net operating margin/EBIT	3.8 %	1.2 %	2.9 %	2.2 %
Value change of financial instruments to fair value	-4.1	-6.8	14.6	5.6
Profit before tax	80.9	7.3	252.5	158.5
Profit per share in NOK	0.48	0.04	1.38	0.90
Cash flow from operational activities, in NOK per share	-0.67	-1.75	3.25	4.51
Total equity	1,888.6	1,743.4	1,813.4	1,756.9
Equity ratio	36.4 %	33.5 %	38.0 %	36.8 %
Total assets	5,183.0	5,209.0	4,766.8	4,778.1
Investments	60.3	36.5	275.2	215.8
Return on capital employed	13.8 %	4.0 %	11.7 %	7.4 %
Capital employed	3,070.9	3,116.4	2,835.9	2,870.8
Net interest-bearing liabilities	1,159.9	1,368.7	1,026.9	1,110.4
Net working capital	2,404.0	2,438.7	2,152.2	2,081.2
Number of employees	3,519	3,456	3,492	3,426
Sick leave percentage	5.8 %	6.1 %	5.6 %	5.5 %
Frequency of accidents with absence, rolling LTI value	12.7	15.1	12.8	15.7
Number of shareholders	934	941	934	941
Average number of shares (mill)	129.5	129.5	129.5	129.5

Increased revenues and the best result for the first quarter since 2008

- Operating revenues in the first quarter increased by 2.8 per cent to NOK 2,677.5 million (2,604.6).
- The operating result increased to NOK 101.4 million (NOK 30.0 million).
- The group's rate of return on employed capital improved to reach 13.8 per cent (4.0).
- Satisfactory demand for sawn timber for the quarter.
- High delivery volumes to the building products trade in Scandinavia.
- A good level of activity and a continued healthy and well-composed order backlog for Building Systems.

In brief

Demand for products from the Group's timber processing operations was normal for the season. Compared to previous years, activity levels in the first quarter are positively affected by a greater number of production days due to Easter in 2017 falling in April.

In general, demand for sawn timber has been good, but deliveries to the Middle East, North Africa and Asia have been somewhat reduced due to problems related to container shipments. The currency situation continues to make a positive contribution to competitive ability in export markets.

For the Wood division, demand came from the building materials market in Scandinavia. Delivery volumes increased, and prices were on a par with or slightly above the same period in 2016.

For the sawlog consuming operations a milder winter has resulted in better operating conditions this year compared to the corresponding period last year. Overall, access to sawlogs has been normal for the season,

and sawlog inventories are satisfactory at the end of the quarter. For the Norwegian units prices of sawlogs have been slightly higher than during the same period last year, while price levels in Sweden have been at the same level as last year. In both countries prices for wood chip and fibre products have been at the same level as the first quarter of 2016.

2017 has also started well for Building Systems, with good market activity and improved results for all business areas.

On 13 February key players in the forestry-industry-building value chain signed an agreement where the objective is to develop the Interior region into an international power centre for industrial construction with wood. The new cluster is called Norwegian Wood Cluster. The cluster comprises Hunton Fiber AS, Forestia AS, Boligpartner AS, Moelven Industrier ASA, Gausdal Bruvoll SA, Mjøsen Skog SA, Glommen Skog SA, Statskog SF and NTNU. The players have identified key focus areas for cooperation. The first is to increase the degree of industrialization in the entire value chain, the second is to increase capacity for innovation, and the third is to improve expertise. The cluster will also focus on building the reputation of an industry that is traditional – but which is undergoing positive developments.

In February Moelven Limtre AS signed a contract with HENT AS in connection with construction of the world's tallest wooden building in Brumunddal. Moelven Limtre AS will be the turnkey subcontractor and will supply glulam, Kerto and solid wood structures for the tower structure and swimming hall in the project. "Mjøstårnet" will have an overall size of around 15,000 m², and will span 18 storeys and include apartments, a hotel, offices, a restaurant and associated common areas. The total height will be more than 80 metres.

At Bygge-galan in Stockholm on 27 March, Moelven Byggmodul AB was named "Lean Builder of the year" in Sweden. The award, which is presented by Lean Forum Bygg and industry periodical Byggindustrin, was awarded to Moelven Byggmodul AB in connection with the company's remodelling of the production facility at Värmlandsbro in Säffle. New and improved production equipment has been developed in cooperation with local suppliers. Besides capacity and efficiency improvements, the utilization of robot technology has enabled major improvements in HSE and logistics.

Moelven Multi3 AS will supply the Iso3-stud for the development of Campus Ås in connection with the Norwegian Veterinary Institute and veterinary training now merging with the Norwegian University of Life Sciences. Use of the unique, thermal bridge-breaking Iso3-stud in the external walls enables passive house walls to be built with fewer layers, thus making them thinner. By using normal solid wood supports, the walls would occupy a huge 600 m² more of the gross area if the construction boundaries remained the same. The project's overall gross area is approx. 65,000 m².

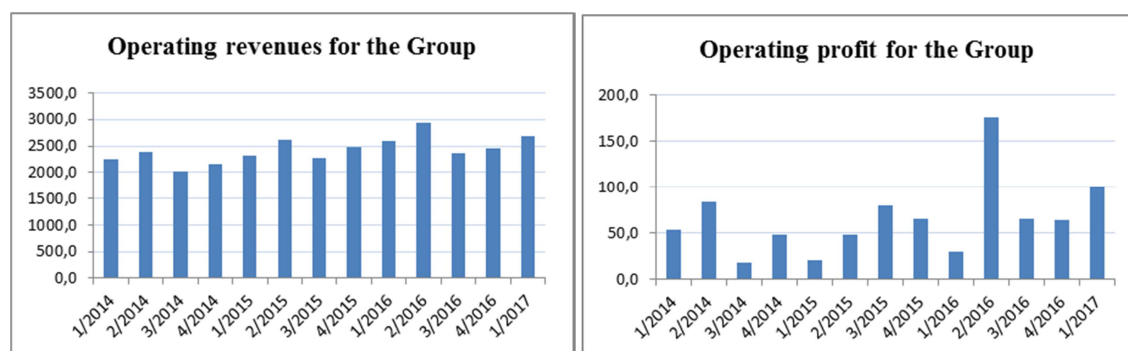
Revenues and results

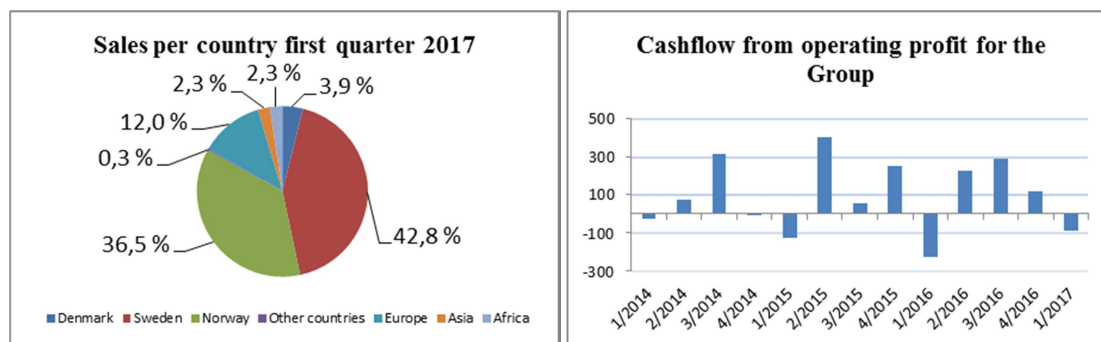
Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Operating revenues				
Timber	784.7	781.2	3,020.6	3,010.1
Wood	916.3	805.8	3,529.9	3,275.7
Building Systems	992.6	977.4	3,616.8	3,375.2
Other businesses	961.1	863.4	3,388.9	3,003.8
<i>Internal</i>	<i>-977.2</i>	<i>-823.2</i>	<i>-3,246.5</i>	<i>-2,974.5</i>
The Group	2,677.5	2,604.6	10,309.7	9,690.4
EBITDA				
Timber	61.9	31.6	181.1	145.1
Wood	57.0	32.5	274.5	237.4
Building Systems	54.9	41.2	166.3	185.2
Other businesses	-5.5	-5.3	-20.3	-13.9
The Group	168.2	100.0	601.6	553.9
Operating profit				
Timber	36.9	3.6	53.5	-23.9
Wood	29.7	4.4	160.6	123.7
Building Systems	42.9	30.1	115.1	140.8
Other businesses	-8.1	-8.1	-34.2	-25.9
The Group	101.4	30.0	295.0	214.8

Revenues increased compared to the same period last year as a result of increased volumes in all divisions. In addition to this, internal improvement measures are the main reasons for major improvements in results and cash flow as well.

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 7.0 million in the quarter. In the same period in 2016 the corresponding amount was NOK 4.4 million. 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 connected to fair value adjustments on unrealised hedging instruments comprised minus NOK 4.1 million (minus NOK 6.8 million)





Investments, balance sheet and funding

During the first quarter, total investments were NOK 60.3 million (NOK 36.5 million). Investments in 2017 will increase compared to 2016, partly due to projects that have been postponed. Depreciation in the quarter was NOK 66.8 million (70.0).

At the end of the first quarter, the book value of the Group's total assets was NOK 5,183.0 million (NOK 5,209.0 million).

Cash flow from operating activities in the first quarter was minus NOK 87.7 million (minus NOK 227.2 million), corresponding to minus NOK 0.67 per share (minus 1.75). The change compared to the same period last year is due to improved earnings and reduced employed capital in inventory and accounts receivable. Cash flow from working capital items was minus NOK 240.6 million (minus 311.2).

Net interest-bearing liabilities were NOK 1,159.9 million (NOK 1,368.7 million) at the end of the quarter. Financial leases are included in net interest-bearing liabilities, amounting to NOK 22.3 million (NOK 31.5 million). The liquidity reserve was NOK 737.6 million (NOK 754.0 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 quarter amounted to NOK 1,888.6 million (NOK 1,813.4 million), which is equivalent to NOK 14.58 (NOK 13.46) per share. The equity ratio was 36.4 per cent (33.5 per cent). The proposed dividend for 2016 of NOK 0.48 per share, totalling NOK 62.2 million, will, assuming approval at the Annual General Meeting, be charged to equity in the second quarter. Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The extent and consequences of likely variations in exchange rates are within acceptable risk limits. In the first quarter, exchange rate fluctuations resulted in an unrealised change in equity of NOK 9.9 million (minus NOK 18.7 million). Approximately half of the Group's assets are recognized in SEK. The total assets thus also change based on the exchange rate. The equity ratio in percent is therefore less impacted by exchange rate fluctuations than the nominal equity.

Divisions

Timber

Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Sales to external customers	613.9	645.5	2,410.6	2,487.4
Sales to internal customers	170.8	135.6	610.0	522.7
Operating revenues	784.7	781.2	3,020.6	3,010.1
Depreciation and impairment	25.0	27.9	127.6	169.0
Operating profit	36.9	3.6	53.5	-23.9
Operating margin in per cent	4.7 %	0.5 %	1.8 %	0.8 %
Net operating capital (% of operating revenues)	16.9 %	18.2 %	16.3 %	18.7 %
Total assets	1,562.7	1,680.7	1,567.1	1,664.5
Equity	772.7	831.6	787.8	841.0
Capital employed	1,011.7	1,196.9	1,093.7	1,222.2
Return on capital employed	14.1 %	1.2 %	4.7 %	1.9 %
Investments	22.6	6.5	64.2	75.9
Number of employees	660	677	674	679

Demand for sawn timber was good in the quarter. Compared to the same period in 2016, both deliveries and production volumes rose. Deliveries to the Middle East, North Africa and Asia have however been somewhat reduced due to issues related to container shipments. Average prices, without adjustment for market mix, were somewhat higher than in the first quarter of 2016. The currency situation continues to make a positive contribution to competitive ability in export markets.

Due to price developments the profits for the quarter have seen a positive effect of a price adjustment to inventories totalling NOK 1.2 million. The corresponding adjustment in Q1 2016 resulted in a charge of NOK 5.5 million.

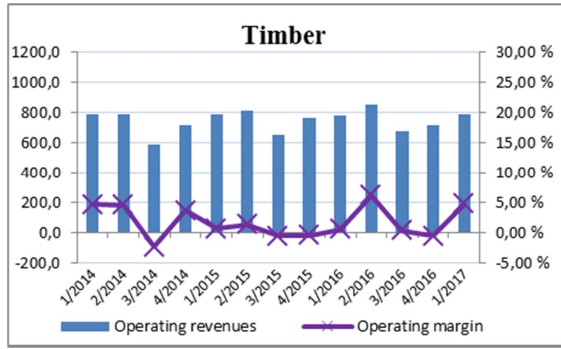
Access to sawlogs has been normal for the season, and sawlog inventories are satisfactory at the end of the quarter. For the Norwegian units prices of sawlogs have been slightly higher than during the same period last year, while price levels in Sweden have been at the same level as last year. In both countries prices for wood chip and fibre products have been at the same level as the first quarter of 2016.

A milder winter provided better operating conditions this year compared to the corresponding period last year. In addition, several units have improved efficiency through the ongoing improvement work, and overall processing costs for the division were reduced compared to the first quarter of 2016.

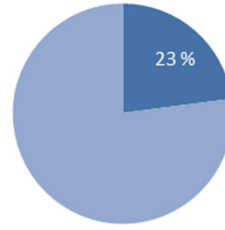
In January 2017 a decision was made to transfer operations at Moelven Tom Heurlin AB from the Timber division to the Wood division as of 1 January 2017. The company has failed to achieve satisfactory profitability through its strategic focus on exports, and will instead coordinate with the Wood division's focus on the Scandinavian home market. Coordination will entail a need to scale back capacity, and negotiations with trade unions have been concluded.

Moelven Våler AS and Moelven Løten AS will come under joint management and administration. The main reason for the two companies to enter into an administrative partnership is to save costs and strengthen both companies' competitive ability. This is not a merger, but rather administrative coordination, and the companies will both continue as separate legal entities.

Further, a report has been developed related to a possible merger between Moelven Ransbysågen AB and Moelven Notnäs AB. The matter has been put before both of the companies' boards, and a decision has been made to proceed with the process with an aim to complete the merger.



Timber's share of the Groups sale to external customers



Wood

Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Sales to external customers	867.5	771.5	3,379.1	3,153.8
Sales to internal customers	48.8	34.4	170.2	121.9
Operating revenues	916.3	805.8	3,529.9	3,275.7
Depreciation and impairment	27.3	28.1	113.8	113.7
Operating profit	29.7	4.4	160.6	123.7
Operating margin in per cent	3.2 %	0.5 %	4.5 %	3.8 %
Net operating capital (% of operating revenues)	32.8 %	32.9 %	27.6 %	27.7 %
Total assets	2,480.1	2,264.7	2,151.6	2,134.8
Equity	995.7	894.3	932.0	907.7
Capital employed	1,692.6	1,600.6	1,493.8	1,513.7
Return on capital employed	7.5 %	1.2 %	10.5 %	8.4 %
Investments	19.6	19.0	114.7	96.8
Number of employees	1,054	1,018	1,039	1,009

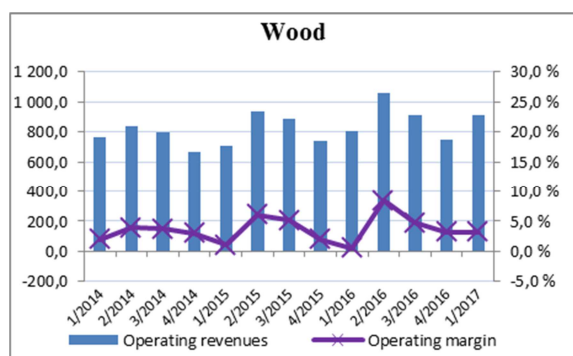
The winter season saw normal developments. Both delivery volumes and production volumes were higher than in the first quarter of 2016. Overall, average prices were higher than for the same period in 2016.

The planing mills in the division use mainly sawn timber as raw material, and raw material costs for these units has therefore increased due to the price developments for sawn timber.

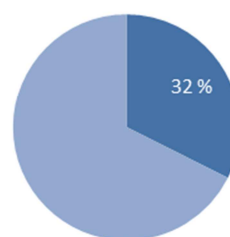
Access to sawlogs has, with certain regional exceptions, been normal for the season, and sawlog inventories are satisfactory at the end of the quarter. For the Norwegian units prices of sawlogs have been slightly higher than during the same period last year, while price levels in Sweden have been at the same level as last year. In both countries prices for wood chip and fibre products have been at the same level as the first quarter of 2016.

Due to price developments since the turn of the year, the profits for the quarter have seen a positive effect of a price adjustment to inventories totalling NOK 5.8 million. The corresponding adjustment in Q1 2016 had a positive effect of NOK 9.9 million.

Operating conditions in the period were good, and along with concluded improvement measures this has contributed to the improvement in results compared to the first quarter in 2016. The takeover of Moelven Tom Heurlin AB from the Timber division is going according to plan. Improvement work continues unabated in the entire division in order to maintain competitiveness and to bring the remaining units with poor earnings up to an acceptable profitability level.



Wood's share of the Groups sale to external customers



Building systems

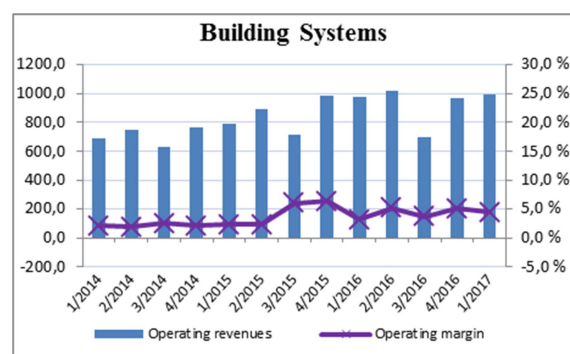
Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Sales to external customers	992.1	976.0	3,611.1	3,371.2
Sales to internal customers	0.4	1.3	5.7	4.1
Operating revenues	992.6	977.4	3,616.8	3,375.2
Depreciation and impairment	12.0	11.1	51.3	44.4
Operating profit	42.9	30.1	115.1	140.8
Operating margin in per cent	4.3 %	3.1 %	3.2 %	4.2 %
Net operating capital (% of operating revenues)	12.2 %	14.4 %	12.5 %	12.9 %
Total assets	1,764.8	1,772.5	1,653.2	1,616.8
Equity	739.2	685.7	692.2	665.5
Capital employed	822.7	795.2	775.6	743.2
Return on capital employed	21.7 %	17.4 %	15.4 %	21.4 %
Investments	12.7	8.6	84.5	40.2
Number of employees	1,670	1,631	1,647	1,607

Both activity levels and operating results improved compared to the first quarter of 2016. At the end of the quarter the order backlog was NOK 76 million more than at the same time last year. Revenues for the first quarter in 2016 include around NOK 90 million from the part of the electrical installations business that was transferred to the “Other businesses” reporting area in the second quarter and subsequently sold off by the group in the fourth quarter of 2016.

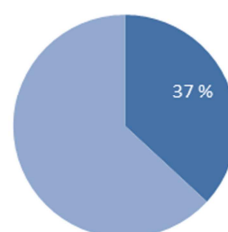
For the Glulam business the first quarter has been characterized by a healthy market with good sales in both Norway and Sweden. The use of glulam is experiencing a good trend, with increasing demand for load-bearing structures for various building purposes.

In Building modules demand has been good for all market segments in Sweden, and price trends are positive. In Norway the picture is more complex, but the market for Moelven's housing concept has been good.

For Modus the market situation continued with high demand in connection with major cities. In Norway market activity is less pronounced, but developments are positive, particularly in eastern Norway. Electrical installation operations in the Building Systems division has now concluded all projects on building sites, but clarification on the final settlement related to a major project remains.



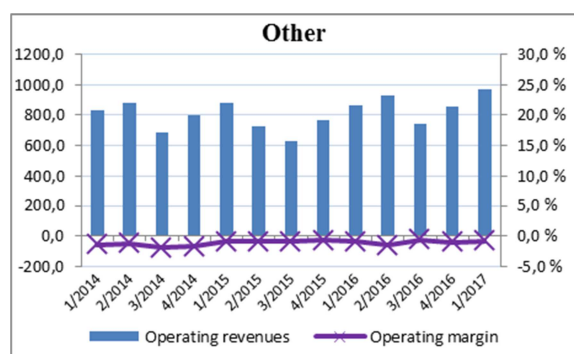
Building Systems' share of the Groups sale to external customers



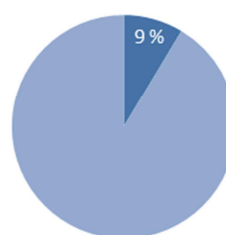
Other businesses

Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Sales to external customers	225.0	232.6	1,006.9	763.4
Sales to internal customers	736.1	630.8	2,382.0	2,240.4
Operating revenues	961.1	863.4	3,388.9	3,003.8
Depreciation and impairment	2.6	2.8	13.9	12.0
Operating profit	-8.1	-8.1	-34.2	-25.9
Operating margin in per cent	-0.8 %	-0.9 %	-1.0 %	-0.9 %
Net operating capital (% of operating revenues)	4.9 %	7.1 %	4.9 %	5.9 %
Total assets	2,467.0	2,596.8	2,453.6	2,468.5
Equity	1,036.7	973.9	1,044.8	1,007.9
Capital employed	1,962.3	2,005.3	1,879.6	1,977.1
Return on capital employed	0.8 %	0.0 %	-0.2 %	0.4 %
Investments	5.4	2.3	11.8	3.0
Number of employees	135	130	132	131

Other businesses include Moelven Industrier ASA, with Group shared services in economics, finance, insurance, communications, HR, ICT and procurement. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included with the companies Moelven Skog AB, Moelven Virke AS, Vänerbränsle AB and Moelven Bioenergi AS. Year-to-date figures for 2016 also include Moelven Elektro AS. As of 1 June 2016, this company, which focused exclusively on maintenance contracts and small and medium size projects, was transferred to the "Other businesses" reporting area. On 1 December 2016 Moelven Elektro AS was sold to Bravida Norge AS, and was therefore no longer a part of the group at year end. Apart from this reorganization and sale of operations, fluctuations in operating revenues within the area of Other businesses are largely due to fluctuations in the level of activity within timber supply and sales of chips and energy products. The main activity is internal sales, which do not materially affect the results within the business area. In order to safeguard the supply of timber and market opportunities for wood chip and energy products in regions without local demand for pulp wood and wood chips, train solutions have been established for the transport of these. The business is based on fixed agreements on both the customer and supplier sides.



Other's share of the Groups sale to external customers



Employees

Employees	Per first quarter 2017				Per first quarter 2016			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	587	73	11.1 %	660	602	75	11.1 %	677
Wood	889	165	15.7 %	1,054	857	161	15.8 %	1,018
Building Systems	1,550	120	7.2 %	1,670	1,528	103	6.3 %	1,631
Others	105	30	22.2 %	135	96	34	26.2 %	130
The Group	3,131	388	11.0 %	3,519	3,083	373	10.8 %	3,456

Sickness absence rate in %	Per first quarter		Rolling LTI Value	Per first quarter	
	2017	2016		2017	2016
Timber	4.40 %	5.60 %	Timber	14.8	21.48
Wood	5.40 %	5.60 %	Wood	8.5	8.89
Building Systems	6.70 %	6.90 %	Building Systems	16.1	17.5
Others	3.30 %	1.90 %	Others	0.0	0.0
The Group	5.80 %	6.10 %	The Group	12.7	15.1

The increase in the number of employees compared to the same time in 2016 is due to increased activity in the Building Modules operations in Sweden. In the first quarter, absence due to illness was 5.8 per cent (6.1), where 2.1 per cent (2.7) represents long-term absence. A number of Moelven's operations already have sickness absence levels lower than the target of 4.5 per cent, but work continues to further reduce sickness absence for the group as a whole. 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.

There were 23 (22) personal injuries with subsequent sick leave during the quarter. A higher activity level and thus a higher number of hours worked, nevertheless resulted in the LTI rate (number of personal injuries with sick leave per million worked hours) dropping significantly for the quarter compared to the same period last year. Moelven's goal is that no one is injured at work, and injury rates are thus still unacceptably high. HSE work has a high priority in the work of the board, the corporate management and the safety committee. The latter comprises the CEO, division managers, the HR Director and two employee representatives for the building and timber processing parts of the group respectively, and is the governing body for HSE work. Work on training and awareness-raising is constantly ongoing in order to establish a culture for safety at all levels. All of Moelven's subsidiaries have completed the course "Clear HSE management" for everyone with operational and personnel responsibility, in addition to employee representatives and safety representatives.

Outlook

Global economic growth continues to show signs of improvement. In Norway the mainland economy is growing following a slow period, and in Sweden the strong growth from the previous years is continuing. The rest of Europe continues with a marginal positive growth rate. In USA the economy is still on the mend. Growth in China continues to slightly drop, while there are indications of higher activity in the rest of Asia. The Middle East and North Africa are still characterized by unrest and regulations from public authorities that complicate international trade. However, the underlying demand is good in the latter markets.

Positive and stable developments in the international market for sawn timber are expected. The currency situation continues to contribute to maintain competitive ability in export markets, particularly for the Group's Swedish businesses where trading is in EUR or USD. Prices in GBP have increased, and thus compensate some of the margin shortfall as a result of the depreciation of the pound following the Brexit referendum.

In Norway demand for processed products is expected to remain on a par with the previous year, albeit with regional differences. Building activity in and around the major cities, with the exception of Southwest Norway, is expected to remain high. In Sweden the need for new homes remains high and activity in the new building market is strong. The renovation, conversion and extension market is also experiencing good levels of activity, although the changes in the renovation, conversion and extension deduction have slowed activities somewhat. No major changes are expected in the markets, and the Swedish market is expected to be at the same level as the previous year. Sawlog inventories and access to sawlogs at the start of the second quarter are satisfactory with regard to planned production.

For glulam it is expected that the positive trend of choosing wood for load bearing structures will continue. In both Norway and Sweden demand is good for module-based buildings for housing purposes. Demands toward short construction times are increasing. This applies equally to homes, schools and care facilities. The market for System Interior is strong in Sweden, primarily in the Stockholm, Gothenburg and Malmö areas. After a period of decline in the Norwegian new build market there are clear signs of improvement, but pressure on prices remains high. Good activity is expected to continue in Norway and Sweden in renovation, conversion and extension.

For the Group as a whole revenues are expected to increase somewhat. The programme for operational improvement and structuring of the Group in line with the long-term strategy plan continues unabated and will contribute to improved profitability for the underlying operations.

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. The result for 2017 is expected to be somewhat better than for 2016. The Group has a long-term goal of a return on capital employed of 13 per cent over an economic cycle. The Board is of the opinion that the Group has sufficient solidity and long-term access to liquidity to implement the restructuring and improvement projects required to achieve this goal.

Summary quarterly accounts for the Moelven Group for the first quarter 2017

Earnings and comprehensive income

Amounts in NOK million	First quarter		Total	
	2017	2016	2016	2015
Operating revenues	2,677.5	2,604.6	10,309.7	9,690.4
Cost of goods sold	1,676.6	1,697.9	6,552.5	6,207.3
Payroll expenses	551.5	545.0	2,113.2	1,943.3
Depreciation and impairment	66.8	70.0	306.6	339.1
Other operating expenses	281.2	261.7	1,042.5	985.9
Operating profit	101.4	30.0	295.0	214.8
Income from associates	0.0	0.0	0.0	0.0
Value change of financial instruments to fair value	-4.1	-6.8	14.6	5.6
Other financial income	2.6	3.6	32.4	51.2
Other financial expenses	-18.9	-19.5	-89.4	-113.0
Profit before tax	80.9	7.3	252.5	158.5
Estimate income tax	18.5	1.5	73.4	41.5
Net profit	62.5	5.8	179.1	117.0
Non-controlling interest share	0.2	-0.1	-4.1	-0.5
Owner of parent company share	62.2	5.9	183.1	117.6
Earnings per share (in NOK)	0.5	0.0	1.4	0.9
Statement of comprehensive income				
Net profit	62.5	5.8	179.1	117.0
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	-40.0
Income tax on items that are not reclassified to profit or loss	0.0	0.0	0.0	10.8
	0.0	0.0	0.0	37.5
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	9.9	-18.7	9.9	61.7
Proportion of other income and costs in associated companies	0.0	0.0	0.0	0.0
Other changes	2.9	0.0	0.0	0.1
Income tax on items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
	12.8	-18.7	9.8	61.8
Other comprehensive income, net of tax	12.8	-18.7	9.8	99.3
Total comprehensive income for the period	75.1	-13.0	189.0	216.3
Comprehensive income assigned to:				
Owners of parent company	74.9	-12.9	193.1	216.9
Non-controlling interests	0.2	-0.1	-4.1	-0.5

Consolidated balance sheet

Amounts in NOK million	Per 31.03		Per 31.12.
	2017	2016	2016
Intangible assets	74.1	34.5	72.8
Tangible fixed assets	1,639.1	1,707.3	1,637.2
Financial fixed assets	8.8	8.8	8.7
Total fixed assets	1,722.0	1,750.6	1,718.7
Inventory	1,617.0	1,535.5	1,464.1
Receivables	1,821.5	1,912.3	1,568.5
Liquid assets	22.5	10.6	15.6
Total current assets	3,461.0	3,458.5	3,048.1
Total assets	5,183.0	5,209.0	4,766.8
Share capital*	647.7	647.7	647.7
Other equity	1,240.9	1,095.7	1,165.7
Total equity	1,888.6	1,743.4	1,813.4
Provisions	199.2	108.0	180.6
Long term interest-bearing liabilities	1,177.0	1,311.1	910.2
Long term interest-free liabilities	6.5	11.9	6.5
Total long term liabilities	1,382.7	1,430.9	1,097.4
Short term interest-bearing liabilities	0.0	61.9	112.4
Short term liabilities	1,911.6	1,972.8	1,743.7
Total short term liabilities	1,911.6	2,034.7	1,856.1
Total liabilities	3,294.4	3,465.7	2,953.4
Total equity and liabilities	5,183.0	5,209.0	4,766.8

*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 per 1.1.2016	647.7	180.7	0.0	917.5	1,745.9	11.1	1,756.9
Comprehensive income for the period							
Net profit	0.0	0.0	0.0	5.9	5.9	-0.1	5.8
Other comprehensive income							
Translation differences	0.0	0.0	0.0	-18.7	-18.7	0.0	-18.7
Other changes	0.0	0.0	0.0	-0.6	-0.6	0.0	-0.6
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
Other comprehensive income (net of tax)	0.0	0.0	0.0	-19.3	-19.3	0.0	-19.3
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	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
Total transactions with owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total as at 31.03.2016	647.7	180.7	0.0	904.1	1,732.5	11.0	1,743.4
Total per 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	62.2	62.2	0.2	62.5
Other comprehensive income							
Translation differences	0.0	0.0	0.0	9.9	9.9	0.0	9.9
Other changes	0.0	0.0	0.0	0.0	0.0	3.0	2.9
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
Other comprehensive income (net of tax)	0.0	0.0	0.0	9.8	9.8	3.0	12.8
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	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
Total transactions with owners	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total as at 31.03.2017	647.7	180.7	0.0	1,050.2	1,878.7	10.0	1,888.6

Consolidated statement of cash flow

Amounts in NOK million	Per 31.03	
	2017	2016
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	62.5	5.8
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	66.8	70.0
Impairment	0.0	0.0
Income from associated companies	0.0	0.0
Tax paid	0.0	0.0
Unpaid pension costs entered as costs and unreceived pension funds entered as income	0.9	0.0
Loss (profit) on sale of fixed assets	0.0	0.0
Net value change of financial instruments to fair value	4.1	6.8
Income tax	18.5	1.5
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-152.9	-8.8
Changes in accounts receivable and other receivables	-253.4	-479.4
Changes in trade accounts payable	63.3	13.6
Changes in provisions and benefits to employees	18.6	-3.9
Changes in short-term liabilities excluding borrowing	83.8	167.3
Cash flow from operational activities	-87.7	-227.2
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-60.3	-36.5
Net cash outlay on acquisition	0.0	0.0
Receipts from sale of fixed assets	0.0	0.0
Sale of other long-term investments	0.0	0.0
Acquisition of subsidiary, net of cash	5.0	0.0
Cash flow from investment activities	-55.3	-36.5
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	-112.4	-17.8
Purchase of non-controlling interests	0.0	0.0
Change in long term debt (borrowing facility)	266.0	283.6
Changes in other long-term liabilities	1.8	-1.4
Payment of dividend	0.0	0.0
Cash flow from financial activities	155.5	264.4
Net increase (reduction) in liquid assets during year	12.4	0.7
Liquid assets start of period	6.6	3.6
Effect of exchange rate changes on liquid assets	0.0	0.0
Liquid assets end of period	19.0	4.3
Cash and cash equivalents		
Liquid assets	19.0	4.3
Unused drawing rights	718.6	749.7
Restricted bank deposits	0.0	0.0
Cash and cash equivalents	737.6	754.0

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 first quarter of 2017 ended 31 March 2017 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 2016 are available at www.moelven.com.

Note 2 – Statement of conformity

The consolidated financial statements for the fourth quarter of 2016 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 2016. The summary consolidated quarterly financial statements were approved by the Board on 26 April 2017.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2016.

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 2016 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2016.

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 – Fixed assets, intangible assets and goodwill

Amounts in NOK million	Per 31.03	
	2017	2016
Book value per 1.1	1,669.7	1,790.1
Acquisitions	60.3	36.5
Business combinations	0.0	0.0
Disposals	2,017.0	0.0
Depreciations	-66.8	-70.0
Impairment losses	0.0	0.0
Transfers	0.5	0.0
Translation differences	9.4	-25.5
Book value per 30.09	1,672.9	1,731.1

Note 8 - Financial instruments

Amounts in NOK million	Per first quarter 2017			31.12.2016		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	4.8	-1.5	3.4	5.6	-1.1	4.6
Interest rate derivatives	0.0	-81.5	-81.5	0.0	-82.6	-82.6
Power derivatives	0.5	-1.2	-0.6	3.4	0.0	3.4
Total	5.4	-84.2	-78.8	9.0	-83.7	-74.7

Amounts in NOK million	Per first quarter 2016			31.12.2015		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	6.3	-0.6	5.7	7.0	-5.7	1.2
Interest rate derivatives	0.0	-87.4	-87.4	0.0	-82.6	-82.6
Power derivatives	0.0	-14.4	-14.4	0.0	-11.3	-11.3
Total	6.3	-102.4	-96.0	7.0	-99.6	-92.7

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 2016 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 31.03	
	2017	2016
Timber	32.9	3.1
Wood	26.3	-3.8
Building Systems	37.6	29.9
Other	-15.9	-21.9
Profit before tax in segments	80.9	7.3
Eliminations	0.0	0.0
Profit before tax in Group Accounts	80.9	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 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 40 per cent of Moelven's total purchasing requirement for timber of 4.3 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven's 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 210 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 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 Timber 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 3,519 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 (15.8 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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