



Terrace decking from thermally modified pine, delivered by Moelven Wood Prosjekt AS
Photo: Werner Anderson

Quarterly report 1/2019

Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Operating revenues	2,695.8	2,717.6	11,020.8	10,768.4
EBITDA	217.8	160.1	932.7	716.1
Gross operating margin/EBITDA in per cent	8.1 %	5.9 %	8.5 %	6.6 %
Depreciation and impairment	76.8	71.0	346.5	295.7
Operating profit	140.9	89.1	586.2	420.4
Net operating margin/EBIT in per cent	5.2 %	3.3 %	5.3 %	3.9 %
Value change of financial instruments to fair value	-5.4	34.0	51.5	-4.7
Profit before tax	100.1	83.6	578.2	373.6
Profit per share in NOK	0.60	0.50	3.47	2.26
Cash flow from operational activities, in NOK per share	-1.22	-1.72	5.04	5.22
Total equity	2,453.3	2,092.6	2,435.3	2,092.5
Equity ratio*	41.6 %	39.7 %	45.9 %	41.5 %
Total assets*	5,890.5	5,271.4	5,302.3	5,044.6
Investments*	56.9	108.7	497.4	357.0
Return on capital employed in per cent, 12 month rolling *	20.0 %	13.6 %	19.0 %	7.2 %
Capital employed *	3,679.8	3,185.2	3,163.0	2,884.4
Net interest-bearing liabilities*	1,117.6	1,092.1	721.4	761.7
Net working capital*	2,689.9	2,444.7	2,373.3	2,071.5
Number of employees*	3,527	3,560	3,524	3,546
Sick leave percentage	5.8 %	6.3 %	5.5 %	5.6 %
Lost Time Injury Frequency rate, rolling LTI-rate	11.2	12.3	10.9	12.4
Number of shareholders	882	901'	882	901
Average number of shares (mill)	129.5	129.5	129.5	129.5

- Operating revenues in the first quarter were reduced to NOK 2,695.8 million (2,717.6 million).
- The operating profit increased to NOK 140.9 million (NOK 89.1 million).
- The group's rate of return on capital employed improved to reach 20.0 per cent (13.6).
- Good international demand for sawn timber.
- Delivery volumes to the building materials trade were somewhat lower than normal.
- Lower level of activity in Building Systems.
- Continued unacceptably high injury rate.

In brief

In the group's export markets for sawn timber, demand remained good in the first quarter. For the export-oriented units, which mainly are a part of the Timber division, the currency situation continues to maintain good competitiveness. Activity in the building products trade in Scandinavia, which is the Wood division's main market, was somewhat lower than in the first quarter of 2018.

In the winter season a decrease in activity levels for the project business in the Building Systems division is normal. However since the autumn of 2018, there has been signs of a drop in market activities in excess of ordinary seasonal fluctuations, and measures to adjust production capacity to changed market conditions have therefore been implemented.

The supply of sawlogs has been good in the period. At the end of the quarter the sawlog inventories were somewhat lower than at the same time last year. Inventories are satisfactory with regard to the existing production plans. The prices for sawlogs were higher than for the corresponding period in 2018. Prices for chip and fibre products were also higher than in the first quarter last year.

Moelven has been nominated to the Norway's smartest industrial company 2019 award. The award is intended to highlight companies that are world leaders in digitalisation and automation. The award for Norway's smartest industrial company will be presented at the Industry Conference on 7 May, where Prime Minister Erna Solberg will be presenting the prize. The award is a partnership between the Federation of Norwegian Industries and Siemens, and is being presented for the sixth time.

In March the main components of the new bio-energy centre that Moelven Pellets AS is building at Sokna were hoisted into place. The bio-energy centre's two combustion boilers will have a total installed power of 24 MW, and will provide environmentally friendly thermal energy to both Moelven Soknabruket AS and the new pellets factory that is under construction.

Rebuilding of the dry sorting line at Moelven Notnäs Ransby AB, Ransby department, is going according to plan. The new dry sorting line will be put into operation in the course of the summer of 2019.

On 13 February a fire broke out in the lumber dryers at Moelven Trysil AS. The fire brigade was notified just after seven in the morning, and Moelven quickly gained control of all employees at the sawmill. No one was injured, but several of the dryers sustained significant damage. At the end of the quarter, approximately 50 per cent of the dryers were back in operations. The other dryers have more extensive damage, and it is unclear when full capacity will be restored. A waiting period and a deductible on the general and consequential loss insurance of approx. NOK 5 million has been charged to the accounts in the first quarter.

Operating revenues and profit

Operating revenues dropped compared to the same period last year as a result of lower activity in Building Systems. Higher delivery volumes for sawn timber, in combination with higher market prices for sawn timber and processed goods, resulted in increased operating revenues in Timber and Wood. With the exception of the operational disruptions resulting from the fire in the lumber dryers at Moelven Trysil AS, the first quarter was good in terms of operations. In addition to realised operational improvements, this is due to both a milder winter with less snow than in the first quarter of 2018, and that Easter 2019 was in the second quarter. A significant profit improvement for both Timber and Wood divisions compared to the first quarter of 2018 improved the group's total operating profit for the first 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 9.5 million in the quarter (11.5). 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 NOK -5.4 million for the quarter (34.0 million). The amount includes basis swap effects of NOK 18.0 million (26.3 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.

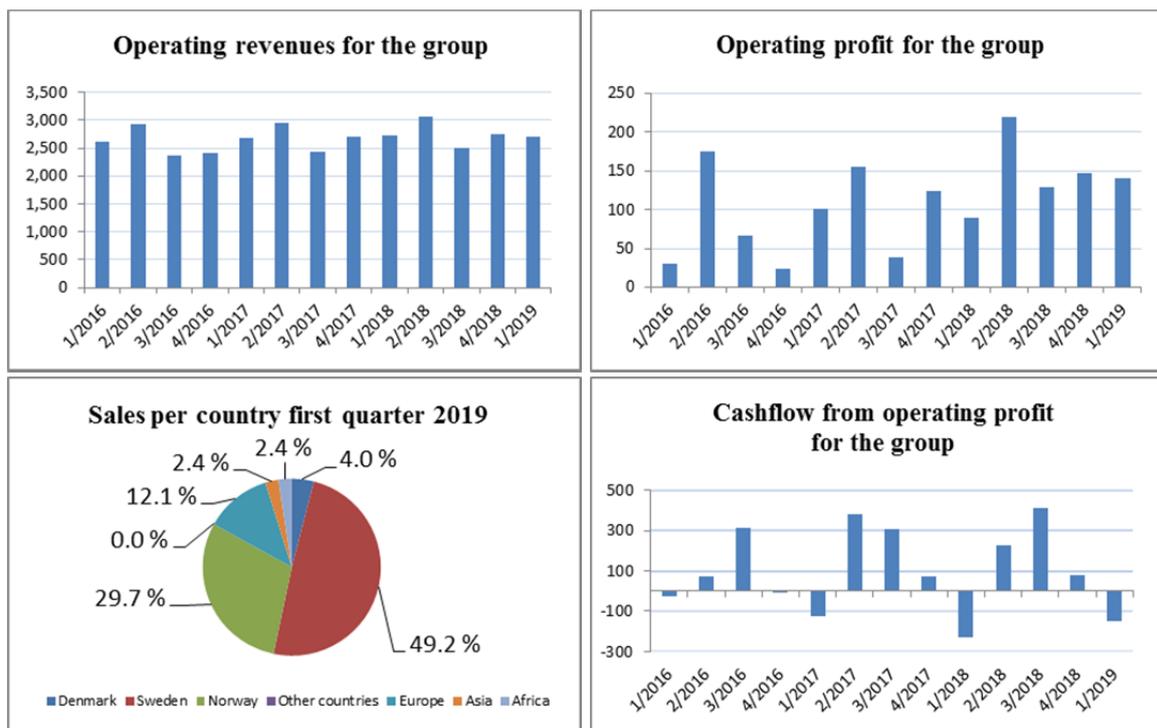
Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Operating revenues				
Timber	895.8	834.0	3,263.3	3,118.2
Wood	955.1	893.5	3,977.3	3,805.6
Building Systems	822.2	968.6	3,743.0	3,856.4
Other businesses	1,032.6	912.9	3,547.6	3,414.6
<i>Internal</i>	<i>-1,009.9</i>	<i>-891.5</i>	<i>-3,510.5</i>	<i>-3,426.4</i>
The Group	2,695.8	2,717.6	11,020.8	10,768.4

EBITDA

Timber	117.3	90.3	449.4	266.9
Wood	60.1	29.5	318.5	265.7
Building Systems	46.1	48.5	189.0	206.7
Other businesses	-5.8	-8.2	-24.1	-23.2
The Group	217.8	160.1	932.7	716.1

Operating profit

Timber	92.2	65.8	343.3	146.7
Wood	32.5	2.1	151.9	154.8
Building Systems	26.4	32.5	128.3	153.9
Other businesses	-10.1	-11.3	-37.2	-34.9
The Group	140.9	89.1	586.2	420.4



Investments, balance sheet and funding

During the first quarter, total investments were NOK 56.9 million (NOK 108.7 million). Investments in 2019 will be reduced compared to 2018. This is a consequence of the investment programme in the group's current strategy plan. Depreciation in the quarter was NOK 76.8 million (71.0). At the end of the first quarter, the book value of the group's total assets was NOK 5,890.5 million (NOK 5,271.4 million). In addition to high investment activities in 2018 and accounting effects of the implementation of IFRS 16 - Leasing, the increase in total assets is due to increased receivables and inventories, and cash holdings.

Cash flow from operating activities in the first quarter was NOK -158.1 million (NOK -223.3 million), corresponding to NOK -1.22 (NOK -1.72) per share. The change compared to the same period last year is due to natural fluctuations in the working capital items. Cash flow from working capital items was NOK -301.8 million (-355.3).

Net interest-bearing liabilities were NOK 1,117.6 million (NOK 1,092.1 million) at the end of the quarter. Financial leases are included in net interest-bearing liabilities in the amount of NOK 220.7 million (NOK 16.7 million). The increase is due to the implementation of IFRS 16 – Leasing, and the fact that all leases are recorded in the balance sheet as debt-financed assets.

The liquidity reserve was NOK 981.1 million (NOK 792.8 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 2,453.3 million (NOK 2,092.6 million), equivalent to NOK 18.94 (NOK 16.15) per share. The equity ratio was 41.6 per cent (39.7 per cent). The proposed dividend for 2018 of NOK 1.74 per share (0.68), totalling NOK 225.4 million (88.1), will, assuming approval at the Annual General Meeting on 2 May, only 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 -57.9 million (NOK -66.0 million). Approximately half of the group's assets are recognised 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.

Timber

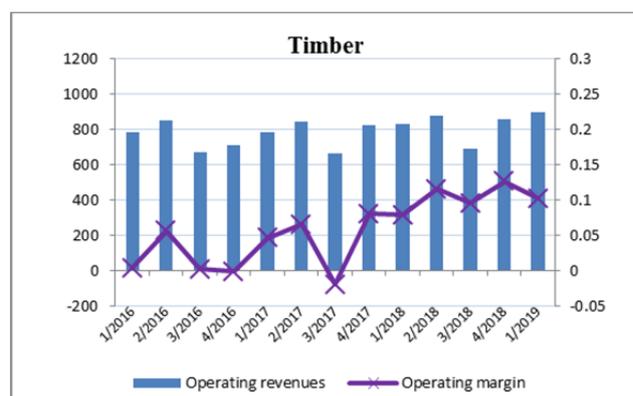
Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Sales to external customers	719.6	693.1	2,628.4	2,499.5
Sales to internal customers	176.1	140.9	634.9	618.8
Operating revenues	895.8	834.0	3,263.3	3,118.2
Depreciation and impairment	25.1	24.5	106.2	120.3
Operating profit	92.2	65.8	343.3	146.7
Operating margin in per cent	10.3 %	7.9 %	10.5 %	4.7 %
Net operating capital (% of operating revenues)	16.5 %	16.0 %	18.3 %	17.5 %
Total assets	1,794.7	1,587.5	1,663.4	1,545.5
Equity	875.6	777.7	809.0	752.7
Capital employed	1,049.4	989.5	985.7	988.6
Return on capital employed in per cent, 12 month rolling	34.5 %	17.1 %	32.4 %	14.3 %
Investments	18.4	19.9	136.7	99.2
Total number of employees	642	639	620	650

Market activity and demand for sawn timber are still good, and the prices remain at a high level. At the same time the currency situation has contributed to maintain good margins in the export markets. Both production and deliveries were higher than in the first quarter last year. This is the main reason for the improved profit.

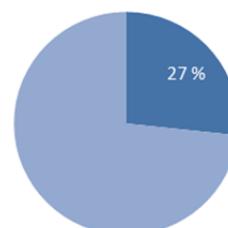
The UK is an important export market, particularly for the Swedish units in Timber. Uncertainty with regard to the outcome of Brexit remains, but as far as possible measures have been implemented to avoid disruptions in deliveries if Brexit should occur without trade agreements in place with the EU.

The supply of sawlogs has been good in the period. At the end of the quarter the sawlog inventories were somewhat lower than at the same time last year. Inventories are satisfactory with regard to the existing production plans. The prices for sawlogs were higher than for the corresponding period in 2018. Prices for chip and fibre products were also higher than in the first quarter last year.

Due to price developments the profits for the quarter have seen a positive effect of a value adjustment to inventories totalling NOK 8.3 million. The corresponding adjustment in the first quarter of 2018 was NOK 1.8 million.



Timber's share of the Groups sale to external customers



Wood

Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Sales to external customers	903.8	849.4	3,787.0	3,623.9
Sales to internal customers	51.3	44.1	190.3	181.7
Operating revenues	955.1	893.5	3,977.3	3,805.6
Depreciation and impairment	27.6	27.4	166.6	110.9
Operating profit	32.5	2.1	151.9	154.8
Operating margin in per cent	3.4 %	0.2 %	3.8 %	4.1 %
Net operating capital (% of operating revenues)	37.6 %	33.7 %	30.1 %	27.4 %
Total assets	2,692.5	2,459.9	2,466.9	2,413.9
Equity	1,045.5	995.0	1,048.3	1,033.4
Capital employed	1,798.9	1,707.3	1,648.0	1,627.4
Return on capital employed in per cent, 12 month rolling	10.6 %	7.6 %	8.9 %	9.3 %
Investments	12.2	50.2	198.1	119.9
Total number of employees	1,106	1,089	1,108	1,079

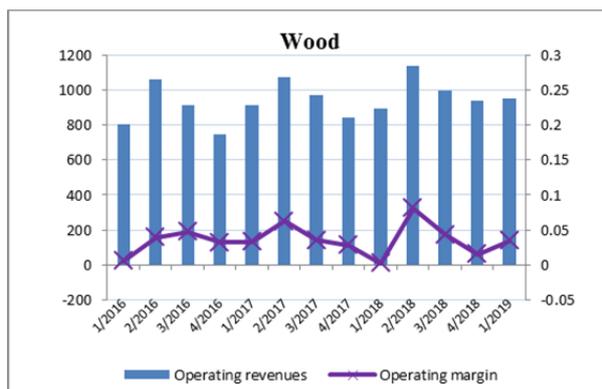
Activity in the building products trade in Scandinavia was somewhat lower than in the corresponding period of 2018, and demand for processed goods was also lower. Price levels were however higher than in the same period last year as a result in price developments for lumber and sawn timber. Delivery volumes to the trade dropped in comparison to the first quarter of 2018, while at the same time the combined units sold a larger proportion of their production on the export markets for sawn timber. Overall, increased prices for processed products and increased sawn timber sales resulted in an increase in operating revenues for the quarter.

Operating conditions in the period were generally good, but the fire at Moelven Trysil AS obviously resulted in operational disruptions at the plant in Trysil and partly at the units affected by the continuity plans. The plant is insured both in terms of damage and disruptions. The deductible and a waiting period for the consequential loss insurance have been charged to the accounts in the first quarter to the tune of NOK 5 million.

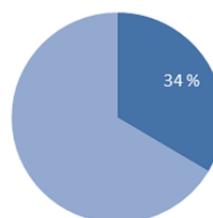
The planing mills in the division use mainly sawn timber as raw material. As a result of price trends for sawn timber internationally, the raw material costs for these units have increased, and this has led to a pressure on margins for highly processed goods.

The supply of sawlogs has been good in the period. At the end of the quarter the sawlog inventories were somewhat lower than at the same time last year. Inventories are satisfactory with regard to the existing production plans. The prices for sawlogs were higher than for the corresponding period in 2018. Prices for chip and fibre products were also higher than in the first quarter last year.

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 for the first quarter of 2018 was NOK 9.7 million.



Wood's share of the Groups sale to external customers



Building Systems

Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Sales to external customers	821.4	968.4	3,738.9	3,854.7
Sales to internal customers	0.8	0.2	4.2	1.7
Operating revenues	822.2	968.6	3,743.0	3,856.4
Depreciation and impairment	19.8	16.0	60.6	52.8
Operating profit	26.4	32.5	128.3	153.9
Operating margin in per cent	3.2 %	3.4 %	3.4 %	4.0 %
Net operating capital (% of operating revenues)	13.8 %	13.7 %	13.5 %	11.3 %
Total assets	2,002.1	1,855.2	1,751.4	1,808.9
Equity	788.6	799.2	780.9	798.0
Capital employed	1,082.4	891.6	846.4	884.1
Return on capital employed in per cent, 12 month rolling	13.5 %	16.2 %	14.7 %	21.8 %
Investments	15.4	34.3	93.5	118.9
Total number of employees	1,623	1,701	1,647	1,687

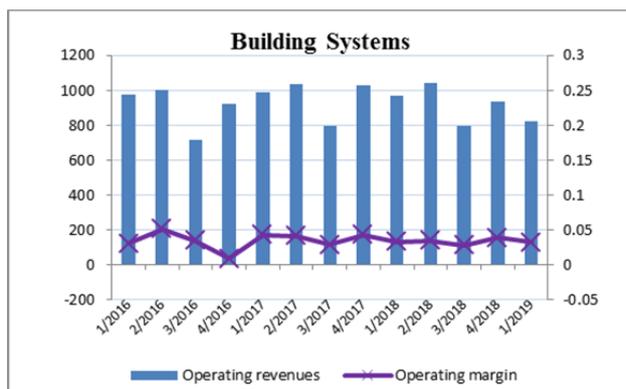
At the end of the quarter the order backlog for the division as a whole was NOK 609 million lower than at the same time in 2018, and this has made it necessary to implement capacity adjustments at certain units.

For the Glulam operations in Norway, market activities have been satisfactory and normal for the season. Operations in Sweden have seen a period of declining activity and the postponement of certain project deliveries, which has led to overall factory activity levels being lower than desirable.

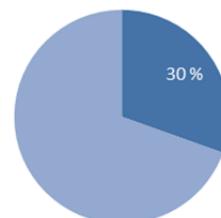
For the Modular Building operations in Norway, activities in building and construction have been good, and production for this market segment has been satisfactory. The new robot line that has been installed at the plant in Moelv has been starting up. This will provide further rationalisation of operations going forward. In the housing segment activity has been slow, and not sufficient to ensure production through the winter. Layoffs have therefore been inevitable.

For the Swedish operations demand for more basic modules used in building and construction and leasing has been satisfactory, while the housing segment in Sweden has been hesitant. Under Swedish law layoffs are not permitted, and 50 employees have therefore been given notice of termination to adjust capacity to market conditions.

For interior systems from Moelven Modus market activity has been good, particularly in and around the major cities.



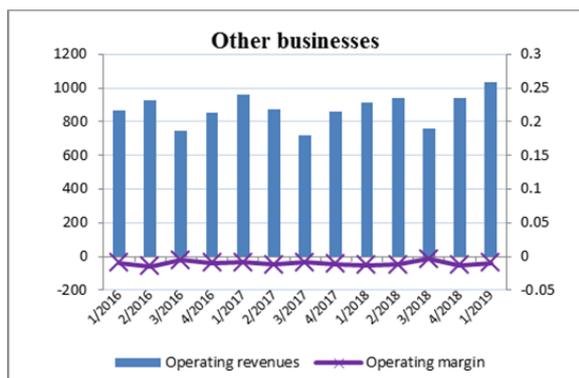
Building Systems's share of the Groups sale to external customers



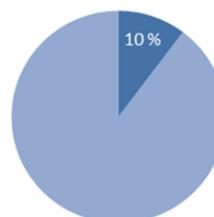
Other Businesses

Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Sales to external customers	277.1	232.2	969.0	875.7
Sales to internal customers	755.6	680.7	2,578.6	2,538.9
Operating revenues	1,032.6	912.9	3,547.6	3,414.6
Depreciation and impairment	4.3	3.1	13.1	11.7
Operating profit	-10.1	-11.3	-37.2	-34.9
Operating margin in per cent	-1.0 %	-1.2 %	-1.0 %	-1.0 %
Net operating capital (% of operating revenues)	5.1 %	4.9 %	2.0 %	1.4 %
Total assets	2,863.8	2,558.3	2,662.0	2,398.0
Equity	1,369.5	1,156.8	1,459.0	1,198.0
Capital employed	2,118.9	1,974.6	2,012.2	1,834.9
Return on capital employed in per cent, 12 month rolling	-0.7 %	-0.5 %	-0.7 %	-0.4 %
Investments	10.9	4.4	69.2	19.1
Total number of employees	157	131	149	130

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 profit 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' share of the groups sale to external customers



Employees

Employees	Per first quarter 2019				Per first quarter 2018			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	575	67	10.4 %	642	571	68	10.6 %	639
Wood	933	173	15.6 %	1,106	924	165	15.2 %	1,089
Building Systems	1,515	108	6.7 %	1,623	1,582	119	7.0 %	1,701
Other businesses	121	36	23.0 %	157	100	31	23.7 %	131
Totalt antall ansatte	3,143	384	10.9 %	3,527	3,177	383	10.8 %	3,560

Sickness absence rate in %	Per first quarter	
	2019	2018
Timber	5.08 %	5.05 %
Wood	6.09 %	5.96 %
Building Systems	6.27 %	7.23 %
Other businesses	2.41 %	3.71 %
The Group	5.82 %	6.32 %

LTI Value	Per first quarter	
	2019	2018
Timber	11.3	11.2
Wood	9.3	9.4
Building Systems	13.1	15.3
Other businesses	4.0	4.6
The Group	11.2	12.3

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, increased from 10.9 at the end of 2018 to 11.2 at the end of the first quarter of 2019. The rate 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 23 (22) personal injuries with subsequent sick leave during the quarter.

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 TRI rate < 33, it is essential that preventive work is carried out based on good causal analyses of adverse events.

In the first quarter, absence due to illness was 5.82 per cent (6.32), where 2.55 per cent (2.62) 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 2019 of 4.4 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. 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. Moelven has implemented measures to reduce the risk related 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. The order situation in the housing/apartment concept is weak for the Modular Building operations, but there are several projects where final clarification is pending. Activity in the renovation, conversion and extension market remains good. Increased interest for wood as a building material contributes to maintain activity levels. Overall, no major changes are expected in the markets.

Sawlog inventories and access to sawlogs at the start of the second quarter 2019 are acceptable with regard to planned production. There is however some uncertainty related to further developments in both access to sawlogs and price levels as a result of the increase of powder-post beetles after the dry and warm summer in 2018. In addition the market is affected by major storm fellings in certain areas in Europe.

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 capital employed, calculated on a 12 month rolling basis, was 20.0 per cent at the end of the first quarter 2019. The group has a long-term goal of a return on capital employed of 13 per cent over an economic cycle. The programme for operational improvement and structuring of the group in line with the long-term strategy plan continues unabated however, 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 a somewhat lower activity level than in 2018 in some of the market segments, and a slightly overall weaker profit as a consequence of economic developments.

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

Profit and loss and comprehensive income

Amounts in NOK million	First quarter		12 months	
	2019	2018	2018	2017
Operating revenues	2,695.8	2,717.6	11,020.8	10,768.4
Cost of goods sold	1,605.1	1,712.6	6,746.3	6,799.2
Payroll expenses	579.1	567.6	2,200.1	2,153.3
Depreciation and impairment	76.8	71.0	346.5	295.7
Other operating expenses	293.9	277.4	1,141.6	1,099.8
Operating Profit	140.9	89.1	586.2	420.4
Income from associates	0.0	0.0	0.0	0.0
Value change of financial instruments to fair value	-5.4	34.0	51.5	-4.7
Other financial income	1.3	7.0	7.9	16.2
Other financial expenses	36.7	46.5	67.4	58.3
Profit before tax	100.1	83.6	578.2	373.6
Estimate income tax	21.7	18.6	127.0	80.7
Net profit	78.4	65.0	451.2	293.0
Non-controlling interest share	0.7	0.0	1.8	-0.1
Owner of parent company share	77.7	65.0	449.4	293.0
Earnings per share (in NOK)	0.6	0.5	3.5	2.3
Statement of comprehensive income				
Net profit	78.4	65.0	451.2	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	0.0	0.0	-0.9	0.1
Income tax on items that are not reclassified to profit or loss	0.0	0.0	0.2	0.0
	0.0	0.0	-0.7	0.1
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	-57.9	-66.0	-17.3	41.2
Proportion of other income and costs in associated companies	0.0	0.0	0.5	0.2
Other changes	-2.3	1.1	-2.4	7.1
Income tax on items that may be reclassified to profit or loss	0.0	0.0	0.0	0.0
	-60.2	-64.9	-19.2	48.5
<i>Items that may be reclassified subsequently to profit or loss</i>				
Other comprehensive income, net of tax	-60.2	-64.9	-19.9	-48.6
Total comprehensive income for the period	18.2	0.1	431.4	244.4
Comprehensive income assigned to:				
Owners of parent company	17.5	0.1	429.6	244.5
Non-controlling interests	0.7	0.0	1.8	-0.1

Consolidated statement of financial position

Amounts in NOK million	Per 31.03		Per 31.12	
	2019	2018	2018	2017
Intangible assets	79.8	74.3	84.9	76.6
Tangible fixed assets	2,000.0	1,721.8	1,873.5	1,762.5
Financial fixed assets	6.9	7.5	7.0	7.9
Total fixed assets	2,086.7	1,803.5	1,965.4	1,847.1
Inventory	1,771.5	1,557.3	1,673.9	1,524.1
Contract assets	104.9	165.6	126.0	139.4
Receivables	1,796.4	1,718.0	1,483.1	1,493.6
Liquid assets	131.0	27.0	53.9	40.4
Total current assets	3,803.8	3,467.9	3,336.9	3,197.6
Total assets	5,890.5	5,271.4	5,302.3	5,044.6
Share capital*	647.7	647.7	647.7	647.7
Other equity	1,805.6	1,444.9	1,787.6	1,444.8
Total equity	2,453.3	2,092.6	2,435.3	2,092.5
Provisions	272.1	238.0	261.1	242.9
Long term interest-bearing liabilities	1,221.4	1,055.4	712.1	782.8
Long term interest-free liabilities	0.8	6.2	0.9	6.3
Total long term liabilities	1,494.3	1,299.6	974.1	1,031.9
Short term interest-bearing liabilities	0.0	29.0	9.4	0.0
Contract liabilities	85.7	167.0	78.8	167.7
Short term liabilities	1,857.2	1,683.2	1,804.7	1,752.5
Total short term liabilities	1,942.9	1,879.2	1,892.9	1,920.2
Total liabilities	3,437.2	3,178.8	2,867.0	2,952.1
Sum egenkapital og gjeld	5,890.5	5,271.4	5,302.3	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 1.1.2018	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	65.0	65.0	0.0	65.0
Other comprehensive income							
Translation differences	0.0	0.0	0.0	-66.0	-66.0	0.0	-66.0
Other changes	0.0	0.0	0.0	1.1	1.1	0.0	1.1
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	-64.9	-64.9	0.0	-64.9
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 31.03.2018	647.7	130.9	0.0	1,304.2	2,082.8	9.8	2,092.6
Total pr 1.1.2019	647.7	130.9	0.0	1,643.2	2,421.8	13.5	2,435.3
Comprehensive income for the period							
Net profit	0.0	0.0	0.0	78.4	78.4	-0.7	77.7
Other comprehensive income							
Translation differences	0.0	0.0	0.0	-57.9	-57.9	0.0	-57.9
Other changes	0.0	0.0	0.0	-2.3	-2.3	0.0	-2.3
Actuarial gains (losses) on defined-benefit pension schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other comprehensive income (net of tax)	0.0	0.0	0.0	-60.2	-60.2	0.0	-60.2
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	0.6	0.6	0.0	0.6
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	0.6	0.6	0.0	0.6
Total as at 31.03.2019	647.7	130.9	0.0	1,661.9	2,440.5	12.8	2,453.3

Consolidated statement of cash flow

Amounts in NOK million	Per 31.03.	
	2019	2018
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	78.4	65.0
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	76.8	71.0
Impairment	-0.4	0.0
Income from associated companies	0.0	0.0
Tax paid	-37.9	-14.9
Unpaid pension costs entered as costs and unreceived pension funds entered as income	-0.1	0.0
Loss (profit) on sale of fixed assets	-0.5	0.0
Net value change of financial instruments to fair value	5.4	-7.7
Income tax	21.7	18.6
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-97.6	-33.1
Changes in accounts receivable and other receivables	-293.0	-251.8
Changes in trade accounts payable	6.0	-61.1
Changes in provisions and benefits to employees	11.0	-4.9
Changes in short-term liabilities excluding borrowing	72.1	-4.4
Cash flow from operational activities	-158.1	-223.3
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-56.9	-108.7
Net cash outlay on acquisition	0.0	0.0
Receipts from sale of fixed assets	0.5	0.0
Sale of other long-term investments	0.0	0.0
Acquisition of subsidiary, net of cash	0.0	0.0
Cash flow from investment activities	-56.4	-108.7
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	29.0
Purchase of non-controlling interests	0.0	0.0
Change in long term debt (borrowing facility)	332.0	275.9
Changes in other long-term liabilities	-0.1	-0.2
Payment of leases	-5.4	-2.4
Payment of dividend	0.0	0.0
Cash flow from financial activities	317.1	302.3
Net increase (reduction) in liquid assets during year	102.6	-29.6
Liquid assets start of period	6.3	30.2
Effect of exchange rate changes on liquid assets	0.0	0.0
Liquid assets end of period	108.9	0.7
Cash and cash equivalents		
Liquid assets	108.9	0.7
Unused drawing rights	872.2	792.1
Restricted bank deposits	0.0	0.0
Cash and cash equivalents	981.1	792.8

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 2019 ended 31 March 2019 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 2018 are available at www.moelven.com.

Note 2 – Statement of conformity

The consolidated financial statements for the first quarter of 2019 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 2018. The summary consolidated quarterly financial statements were approved by the Board on 2 May 2019.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements 2019 are the same as those in the consolidated financial statements for 2018, with the exception of principles relating to IFRS 16 implemented 1 January 2019. Changes in accounting policies resulting from IFRS 16 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 2018 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2018.

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 31.03.	
	2019	2018
Book value per 1.1	1910.7	1796.8
Acquisitions	56.9	108.7
Business combinations	0.0	0.0
Disposals	0.0	0.0
Depreciations	-77.2	-71.0
Impairment losses	0.4	0.0
Transfers	182.6	-21.7
Translation differences	-41.2	-59.1
Book value per 31.12.	2,032.1	1,753.7

Note 8 - Financial instruments

Amounts in NOK million	Per First quarter 2019			31.12.2018		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	6.9	-4.0	2.9	16.9	-4.4	12.5
Interest rate derivatives	0.5	-51.6	-51.1	0.0	-69.8	-69.8
Power derivatives	14.9	0.0	14.9	30.8	-1.3	29.5
Total	22.3	-55.6	-33.3	47.7	-75.5	-27.8

Amounts in NOK million	Per First quarter 2018			31.12.2017		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value
Currency derivatives	4.2	-15.0	-10.8	3.5	-7.0	-3.6
Interest rate derivatives	9.0	-56.6	-47.6	0.0	-81.5	-81.5
Power derivatives	13.3	-0.3	13.0	6.7	-1.0	5.8
Total	26.5	-71.9	-45.4	10.2	-89.5	-79.4

Note 9 – Operating segments

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) and Building Systems (projects). There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure. See the consolidated financial statements for 2018 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	
	2019	2018
Timber	88.5	55.5
Wood	19.6	-8.5
Building Systems	26.0	32.6
Other	-34.1	4.0
Profit before tax in segments	100.1	83.6
<i>Eliminations</i>	<i>0.0</i>	<i>0.0</i>
Profit before tax in Group Accounts	100.1	83.6

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 42 per cent of Moelven's total purchasing requirement for timber of 4.4 million cubic meters 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 about 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 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 3,527 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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