



Quarterly Report 4/2015

*"Ulls Hus" Lantbruksuniversitetet in Uppsala.
Posts, beams and CLT elements are supplied by Moelven Töreboda AB.
Photo: Thomas Harrysson.*

MOELVEN®

Amounts in NOK million	Fourth quarter		Total	
	2015	2014	2015	2014
Operating revenues	2 483,1	2 151,8	9 690,4	8 828,2
EBITDA	153,8	130,9	553,9	490,0
Gross operating margin/EBITDA	6,2 %	6,1 %	5,7 %	5,6 %
Depreciation	88,7	82,5	291,2	286,5
Operating profit before non-recurring items	65,1	48,4	262,7	203,6
Impairment losses	0,0	0,0	47,9	0,0
Operating profit	65,1	48,4	214,8	203,6
Net operating margin/EBIT	2,6 %	2,2 %	2,2 %	2,3 %
Value change of financial instruments to fair value	3,4	-21,1	5,6	-30,4
Profit before tax	49,5	9,0	158,5	115,3
Profit per share in NOK	0,27	0,06	0,90	0,68
Cash flow from operational activities, in NOK per share	1,97	-0,07	4,53	2,71
Total equity *	44,9	54,8	1 756,9	1 592,3
Equity ratio *	1,7 %	1,1 %	36,8 %	34,2 %
Total assets *	-104,6	17,0	4 778,1	4 653,2
Investments *	82,9	60,0	215,8	195,1
Return on capital employed *	0,6 %	-0,2 %	7,4 %	6,8 %
Capital employed *	-62,8	113,4	2 870,8	2 959,9
Net interest-bearing liabilities *	-75,7	89,4	1 110,4	1 353,1
Net working capital *	-166,6	-85,0	2 081,2	1 928,3
Number of employees *	33	22	3 426	3 326
Sick leave percentage *	-0,1 %	0,0 %	5,5 %	5,5 %
Frequency of accidents with absence, H1 value *	-0,7	-1,7	15,7	15,9
Number of shareholders	941	948	941	948
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

Increased revenues and an improved operating result in a year with great emphasis on internal improvement work and restructuring

- Revenues in the fourth quarter increased by 15.4 per cent to NOK 2,483.1 million (NOK 2,151.8 million) and operating profit was NOK 65.1 million (NOK 48.4 million).
- Year-to-date operating revenues increased by 9.8 per cent to NOK 9,690.4 million (8,828.2). The operating result was NOK 214.8 million (NOK 203.6 million).
- Property, production equipment and movable property at Moelven Nössemark Trä AB was sold to the Vida group
- The rate of return on employed capital for the year improved to reach 7.4% (6.8). Improvement and restructuring measures to achieve the long-term goal of 13% are going according to plan.
- Improved profitability and good solvency allowed for the first dividend payment since 2011. Good HSE work in Wood has more than halved the injury rate in the division.

In brief

Market activities in the final quarter of the year largely developed as normal for the season, with high activity in October/November and a decline in December. Demand for the Group's products and services was generally satisfactory. The units who have Sweden as their primary market have benefited from the high level of activity in the Swedish economy. At the same time the units targeting the Norwegian market have experienced a sharp decline in south-west Norway, as a result of the downturn in the petroleum industry. Developments have been most pronounced in the Building Systems division, where one is adjusting activities in Norway in accordance with a reduced level of activity in certain segments, while certain units in Sweden are providing record results. The order backlog at the turn of the year was good and broadly diversified, and was NOK 272 million higher than at the beginning of the year.

In the export markets beyond Scandinavia it is primarily the Timber division that is involved. Here the prices for sawn timber have fallen somewhat compared to the same period in the previous year, but favourable currency exchange rates have contributed to maintain competitive ability. For processed wood products, which are manufactured by the companies in the Wood division, prices have been satisfactory, but overall somewhat lower than for the same period a year earlier.

Access to raw material for the sawlog-consuming units has been satisfactory, at price levels somewhat below the corresponding period the previous year. Overall the prices for chip and fibre products were also somewhat lower than in the same period last year.

In the fourth quarter an agreement was reached with the Vida group for the sale of the property at Moelven Nössemark Trä AB. The agreement also included production equipment and movable property. The transaction was completed on 30 December.

At the ordinary general meeting on 23 April 2015 it was decided to delegate authority to disburse dividends to the Board. The Board's authority to disburse dividends is limited to NOK 51,816,952. Following an overall assessment of liquidity, solvency and outlook, in December the Board decided to disburse a dividend of NOK 0.40 per share, totalling NOK 51,816,952. The dividend was paid on 31 December.

The American online news source Huffington Post, which has approx. 81 million readers monthly all over the world, has named the library in Vennesla the world's fourth most attractive library. The building, which comprises 27 glulam load bearing structures supplied by Moelven Limtre AS, was completed in 2012. Since then the library – which also is a culture centre – has also won the architecture prize Statens Byggeskikkpris. Moelven Limtre AS has also supplied the glulam load bearing structures for the world's tallest wood building, "Treet", which officially opened in December. The building, which is 51 meters in height across 14 storeys, is a good example of what can be achieved with glulam, and proves that Moelven is at the forefront of developments. In the new headquarters for Sweden's Agricultural University in Uppsala, which is depicted on the report's cover, there is much emphasis on the use of wood as a building material. The building has been named Ull's house, and visible columns, beams and solid wood elements supplied by Moelven Töreboda AB constitute a magnificent entrance to the university area of Campus Ultuna.

Moelven Wood is launching the facade product Malm100, which is 100 per cent heartwood from ore-pine. The pine logs are specially sorted twice to ensure that the final product satisfies quality requirements. The heartwood of ore-pine is saturated by resin and thus impregnated by nature.

Revenues and results

Revenues in the quarter increased by 15.4 per cent compared to the same period last year. All divisions had a higher level of activity than for the corresponding period in 2014. Overall, Timber and Wood had somewhat lower prices than in the fourth quarter last year. Within Building Systems it is in particular the Modular Building and glulam business in Sweden and Modular System Interiors that are responsible for improvements.

Developments in raw material costs since the turn of the year for the sawlog-consuming units have triggered a review of inventory estimates, which are prepared according to the FIFO principle. Along with an update of real value assessments of inventory, this has formed the basis for price adjustments totalling NOK -11.9 million in the quarter. In the same period in 2014 the corresponding amount was NOK 5.3 million. Cumulative price adjustments comprised NOK -45.6 million in 2015 and NOK 48.6 million in 2014 respectively. The items do not have any impact on cash flow.

The accumulated result has been charged with impairment and loss through the sale of fixed assets totalling NOK 54.1 million. The item is in its entirety related to the decision to sell and discontinue operations at Moelven Nössemark Trä AB. The property, including production equipment and movable property was sold in December. Following a review of the project portfolio in the Electrical Installations business, a provision has been recognised for possible losses of NOK 12.0 million in the quarter. For the year as a whole the result has been charged with NOK 40.0 million as a consequence of such provisions.

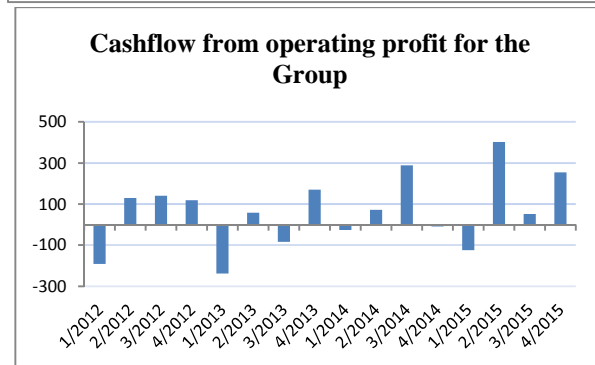
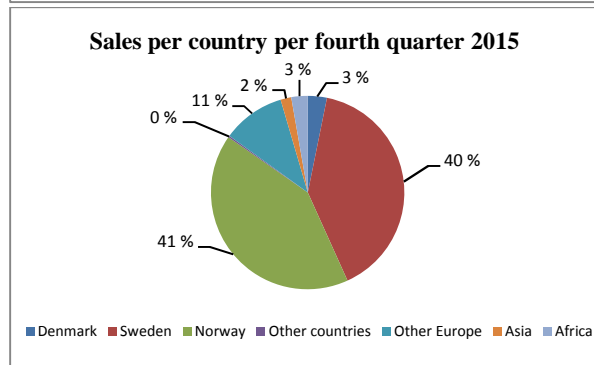
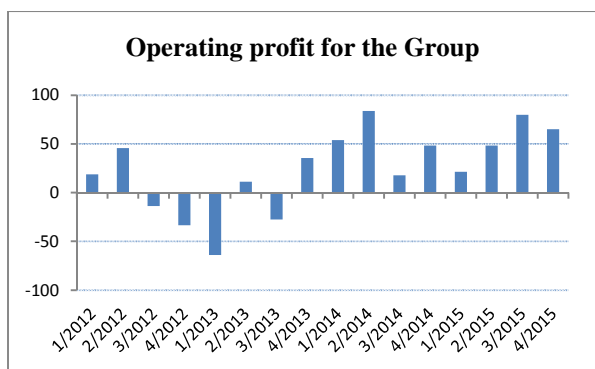
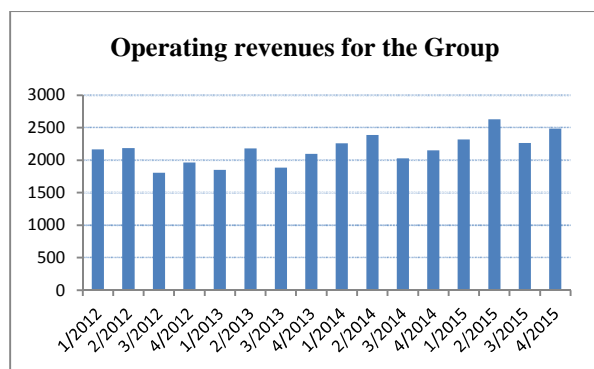
For the Group as a whole, the 2015 accounts to date have been charged with NOK 94.0 million in impairment and loss through the sale of fixed assets and cost corrections on projects respectively.

In the course of the fourth quarter of 2015 the group's remaining defined-benefit pension schemes in Norway have been converted to defined-contribution pension schemes. The change resulted in a positive non-recurring effect on the operating result of NOK 26.5 million.

In 2014 the operating result for the fourth quarter and the year as a whole has seen a positive effect from the recognition of reimbursements from group health insurance plans in Sweden totalling NOK 6.7 million. Net financial expenses excluding changes in the value of financial instruments were somewhat higher than in Q4 2014. Net interest-bearing debt has been lower throughout the fourth quarter in 2015, but the overall borrowing cost has been higher following refinancing carried out in mid-2014. The Group employs financial instruments to hedge foreign exchange rates, interest rates and power prices. Non-cash items related to this totalled NOK 3.4 million (NOK -21.1 million) for the quarter and NOK 5.6 million to date (-30.4). Both currency, interest and power hedges had positive results in the quarter, while for the year as a whole it is only the currency and interest hedges that yielded positive results.

MNOK	Fourth quarter		12 months	
	2015	2014	2015	2014
Operating revenues				
Timber	761,5	719,2	3 010,1	2 872,3
Wood	740,2	666,7	3 275,7	3 066,2
Building Systems	983,5	768,9	3 375,2	2 836,7
Other businesses	767,2	803,2	3 003,8	3 204,4
<i>Internal</i>	-769,3	-806,3	-2 974,5	-3 151,4
The Group	2 483,1	2 151,8	9 690,4	8 828,2
EBITDA				
Timber	32,4	57,8	145,1	199,5
Wood	45,8	50,7	237,4	225,3
Building Systems	77,0	30,0	185,2	98,8
Other businesses	-1,4	-7,5	-13,9	-33,6
The Group	153,8	130,9	553,9	490,0
Operating profit				
Timber *	-5,0	26,0	-23,9	83,0
Wood	14,5	19,8	123,7	110,9
Building Systems	61,1	16,0	140,8	57,2
Other businesses	-5,4	-13,3	-25,9	-47,5
The Group	65,1	48,4	214,8	203,6

* Includes non-recurring items



Investments, balance sheet and funding

Investments totalling NOK 82.9 million (NOK 60.0 million) were made during the fourth quarter, and NOK 215.8 million (NOK 195.1 million) year to date. Depreciations were NOK 88.7 million (NOK 82.5 million) in the quarter and NOK 291.2 million (NOK 286.5 million) year-to-date. Additionally, Moelven Nössemark Trä AB's fixed assets were written down by NOK 47.9 million in the second quarter and subsequently sold in the fourth quarter. At the end of the fourth quarter, the book value of the Group's total assets was NOK 4,778.1 million (NOK 4,653.2 million).

Cash flow from operating activities in the quarter was NOK 253.6 million (NOK -9.7 million), corresponding to NOK 1.97 per share (NOK -0.07). Cumulative cash flow from operating activities was NOK 584.6 million (351.2 million). The improvement in the quarter compared to the previous year is mainly due to lower inventory build-up in 2015. Cash flow from working capital items was NOK 79.2 million in the fourth quarter (NOK -114.2 million) and NOK 100.7 million year to date (NOK -72.2 million).

Net interest-bearing liabilities were NOK 1,110.4 million (NOK 1,353.1 million) at the end of the fourth quarter. Financial leases are included in net interest-bearing liabilities in the amount of NOK 31.5 million (NOK 25.1 million). The liquidity reserve was NOK 631.0 million (NOK 238.7 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 1,756.9 million (NOK 1,592.3 million), equivalent to NOK 13.56 (NOK 12.29) per share. The conversion of the remaining defined-benefit pension schemes in Norway to defined-contribution pension schemes provided, in addition to recognition in the results, a direct increase in equity of NOK 37.5 million in the quarter. The decision to disburse a dividend for 2014 totalling NOK 51.8 million was made in December, and was thus charged to equity in the fourth quarter. At the end of the fourth quarter the equity ratio was 36.8 per cent (34.2 per cent). Parts of the Group's equity are linked to ownership interests in foreign subsidiaries, principally in Sweden, and are thereby exposed to exchange rate fluctuations. The extent and consequences of likely variations in exchange rates are within acceptable risk limits. In the fourth quarter, exchange rate fluctuations resulted in an unrealised increase in equity of NOK 22.9 million (NOK 45.1 million). Cumulatively for the full year, there has been an increase of NOK 61.3 million (NOK 12.3 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	Fourth quarter		12 months	
	2015	2014	2015	2014
Sales to external customers	610,4	586,2	2 487,4	2 391,9
Sales to internal customers	151,1	133,0	522,7	480,4
Operating revenues	761,5	719,2	3 010,1	2 872,3
Depreciation	37,4	31,8	121,1	116,5
Operating profit before non-recurring items	-5,0	26,0	24,0	83,0
Impairment losses	0,0	0,0	47,9	0,0
Operating profit	-5,0	26,0	-23,9	83,0
Operating margin in per cent **	-0,5 %	3,6 %	0,8 %	2,9 %
Net operating capital (% of operating revenues) *	0,2 %	2,4 %	18,7 %	19,8 %
Total assets *	-50,0	138,8	1 664,5	1 754,5
Equity *	40,9	49,1	841,0	813,5
Capital employed *	0,5	79,8	1 222,2	1 282,2
Return on capital employed * **	-1,2 %	0,3 %	1,9 %	6,5 %
Investments *	18,0	16,1	75,9	67,6
Number of employees *	-29	8	679	703

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

** The key figures is calculated before non-recurring items

Demand for sawn timber was satisfactory overall, and followed the normal seasonal fluctuations with a decline towards the end of the quarter. Delivery volumes were higher than for the same period the previous year, while prices were somewhat lower overall. As a result of a challenging six months in certain export markets for pine, some production adjustments were carried out in the quarter. The market situation for spruce saw somewhat positive developments in the quarter. The currency situation has contributed to maintaining competitive ability in export markets, in particular in markets where trading is in EUR.

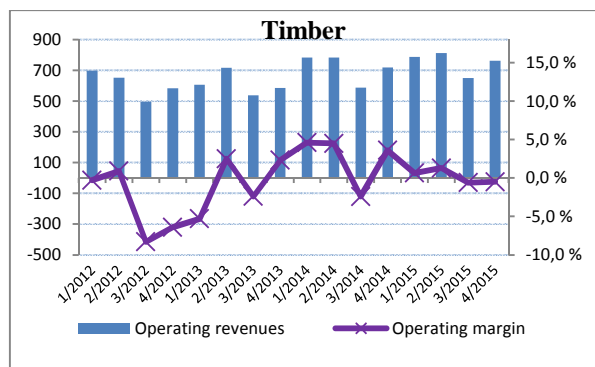
For the industrial component companies in the division, both delivery volumes, price levels for finished products and production efficiency have improved compared to Q4 2014.

Access to raw material has been satisfactory, and the prices for sawlogs were somewhat lower than in Q4 2014. Overall the prices for chip and fibre products were also somewhat lower than in the same period last year. Due to price developments, the profits for the quarter have been charged with price adjustments to inventories totalling NOK 3.5 million. The corresponding adjustment in Q4 2014 had a positive effect of NOK 0.2 million. Year to date the price adjustment constituted NOK -23.0 million (NOK 17.2 million).

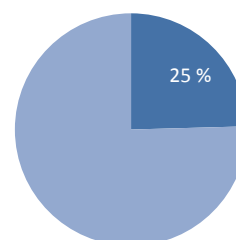
Extensive improvement work is being carried out to bring all units up to acceptable profitability levels. However, unit costs increased in the quarter, partly due to a reduced production volume, but also due to a certain increase in cost consumption. As a result, a further review of the procedures for cost control has been implemented.

In the fourth quarter an agreement was reached with the Vida group for the sale of the property, production equipment and movable property from Moelven Nössemark Trä AB. All production activity in the company was discontinued in the fourth quarter, and the transaction was completed on 30 December. The accumulated operating result for 2015 has been charged with impairment and loss through the sale of fixed assets totalling NOK 54.1 million.

The conversion of the remaining defined-benefit pension schemes in Norway to defined-contribution pension schemes provided a positive non-recurring effect on the operating result for the quarter of NOK 2.1 million. In 2014 the operating result for the fourth quarter and the year as a whole has seen a positive effect from the recognition of reimbursements from group health insurance plans in Sweden totalling NOK 3.4 million.



Timber's share of the Groups sale to external customers



Wood

Amounts in NOK million	Fourth quarter		12 months	
	2015	2014	2015	2014
Sales to external customers	706,3	631,6	3 153,8	2 954,3
Sales to internal customers	33,9	35,2	121,9	111,9
Operating revenues	740,2	666,7	3 275,7	3 066,2
Depreciation and impairment	31,3	30,9	113,7	114,4
Operating profit	14,5	19,8	123,7	110,9
Operating margin in per cent	2,0 %	3,0 %	3,8 %	3,6 %
Net operating capital (% of operating revenues) *	-0,3 %	1,2 %	27,7 %	28,7 %
Total assets *	-105,1	-35,9	2 134,8	2 033,9
Equity *	-21,3	-24,5	907,7	815,1
Capital employed *	-35,7	8,0	1 513,7	1 442,9
Return on capital employed *	-1,4 %	-0,8 %	8,4 %	7,9 %
Investments *	49,6	20,4	96,8	82,1
Number of employees *	-3	1	1 009	993

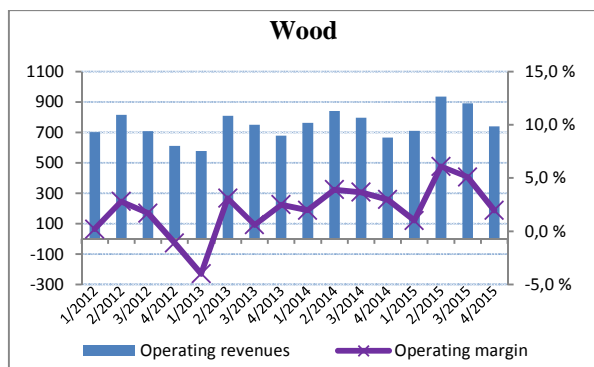
* The columns regarding the quarterly numbers show the change in the quarter

Market activities in the quarter were satisfactory in both Sweden and Norway, and developed in the normal manner for the season, with a decline towards the end of the year. Market activities in Denmark remain at a stable, low level. Delivery volumes were higher than for the same period the previous year, but at prices that were somewhat lower overall.

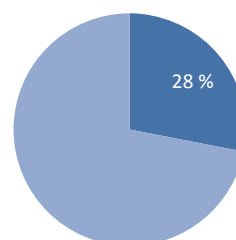
Operating conditions were good in the quarter, while several units have made good progress as a result of the ongoing improvement work. Improvement work continues unabated in the entire division in order to maintain competitiveness and to bring the remaining units with poor earnings up to an acceptable profitability level.

In addition to operational improvements, the Wood division has had good success with its HSE work. In the course of 2015 the number of injuries per million worked hours (LTI) has dropped from 18.2 to 8.9. The sawlog-consuming units in the division had satisfactory access to raw material, and the prices for sawlogs were somewhat lower than in Q4 2014. Overall the prices for chip and fibre products were also somewhat lower. Due to price developments, the profits for the quarter have been charged with price adjustments to inventories totalling NOK 8.4 million. The corresponding adjustment in Q4 2014 had a positive effect of NOK 5.1 million. Year to date the price adjustment constituted NOK 22.6 million (NOK 31.4 million).

The conversion of the remaining defined-benefit pension schemes in Norway to defined-contribution pension schemes provided a positive non-recurring effect on the operating result for the quarter of NOK 4.6 million. In 2014 the operating result for the fourth quarter and the year as a whole has seen a positive effect from the recognition of reimbursements from group health insurance plans in Sweden totalling NOK 1.3 million.



Wood's share of the Groups sale to external customers



Building Systems

Amounts in NOK million	Fourth quarter		12 months	
	2015	2014	2015	2014
Sales to external customers	982,3	768,1	3 371,2	2 832,2
Sales to internal customers	1,2	0,8	4,1	4,4
Operating revenues	983,5	768,9	3 375,2	2 836,7
Depreciation and impairment	15,9	14,0	44,4	41,6
Operating profit	61,1	16,0	140,8	57,2
Operating margin in per cent	6,2 %	2,1 %	4,2 %	2,0 %
Net operating capital (% of operating revenues) *	-1,0 %	-2,4 %	12,9 %	11,0 %
Total assets *	238,0	3,4	1 616,8	1 256,4
Equity *	30,6	-23,5	665,5	523,9
Capital employed *	62,2	-33,4	743,2	600,1
Return on capital employed *	4,4 %	0,8 %	21,4 %	10,6 %
Investments *	14,3	22,1	40,2	37,9
Number of employees *	67	10	1 607	1 498

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

Following progress for all business areas, both revenue and operating results increased compared to the same period the previous year for the division as a whole. At the end of the quarter the order backlog was NOK 272 million higher than for the same period the previous year. The conversion of the remaining defined-benefit pension schemes in Norway to defined-contribution pension schemes provided a positive non-recurring effect on the operating result for the quarter of NOK 17.2 million. In 2014 the operating result for the fourth quarter and the year as a whole has seen a positive effect from the recognition of reimbursements from group health insurance plans in Sweden totalling NOK 2.0 million.

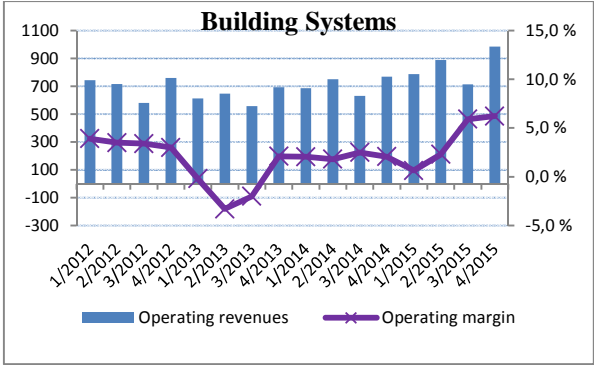
Glulam operations saw a good level of activity in the fourth quarter. Market activities rose in Sweden throughout the quarter, while the market share also increased. It is primarily standard glulam for small buildings, but also the project market that have picked up compared to the same time last year. In terms of volume, deliveries to the Swedish market were among the highest ever. Operations in Sweden have, following unsatisfactory results in 2014, carried out restructuring and rationalization measures, and the result for the fourth quarter was significantly better compared to the same period last year. The full effect of the recently implemented measures will however not be achieved until the first quarter of 2016. Business in Norway had a satisfactory activity level in both standard glulam and projects, in a market where competition from foreign players has declined somewhat due to the currency situation.

In the core business area of the restructured part of the Electrical Installations business, i.e. smaller projects and service assignments, activity levels were good for the quarter and results were satisfactory. The order backlog at the end of the quarter was good. For the part of the company responsible for the completion of older, larger projects, a further devaluation of the project portfolio was required. The result for the quarter has been charged with NOK 12.0 million, year-to-date NOK 40.0 million.

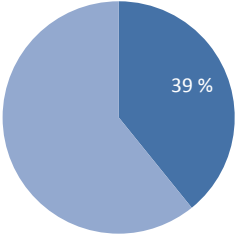
For the Modular Building business in Sweden market activities and new orders remained high for the period, and the quarterly result was the best ever. The main reasons are an increased share of projects with a high level of standardisation, as well as improved factory productivity.

For operations in Norway activity levels were on a par with the fourth quarter of 2014. The quarter was characterised by projects with a low degree of standardisation and thus unsatisfactory factory productivity. Profitability is improving, but remains unsatisfactory. Measures to streamline production and concept adjustment continue unabated. An important measure is cultivation of production concept by factory. This will be completed in the first quarter of 2016. All module production for housing purposes will take place in the factory at Hjellum, while other modules will be produced in Moelv.

For the Modular System Interiors companies, the level of activity for new construction was good in the Swedish part of the business, especially in the major cities of Stockholm, Gothenburg and Malmö. The renovation and remodelling market had a stable and high level of activity throughout the quarter. Market activities in Norway were, despite some improvement in central areas of eastern Norway, still declining. The decline is significant in south-western Norway, and particularly applies to new buildings to a greater extent than the renovation and remodelling market, although activities have also declined somewhat in this segment too.



Building Systems' share of the Groups sale to external customers



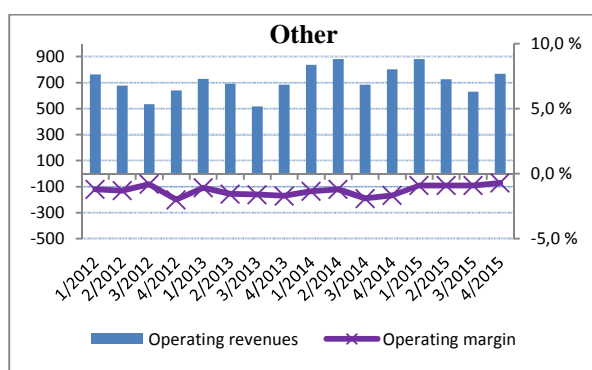
Other business

Amounts in NOK million	Fourth quarter		12 months	
	2015	2014	2015	2014
Sales to external customers	205,5	184,0	763,4	721,6
Sales to internal customers	561,6	619,3	2 240,4	2 482,8
Operating revenues	767,2	803,2	3 003,8	3 204,4
Depreciation and impairment	4,0	5,8	12,0	13,9
Operating profit	-5,4	-13,3	-25,9	-47,5
Operating margin in per cent	-0,7 %	-1,7 %	-0,9 %	-1,5 %
Net operating capital (% of operating revenues) *	-4,2 %	-3,1 %	5,9 %	5,2 %
Total assets *	-82,8	158,2	2 468,5	2 702,7
Equity *	49,7	116,1	1 007,9	1 004,7
Capital employed *	-48,6	153,9	1 977,1	2 104,8
Return on capital employed *	0,1 %	-0,1 %	0,4 %	-0,8 %
Investments *	1,0	1,4	3,0	7,5
Number of employees *	-2	3	131	132

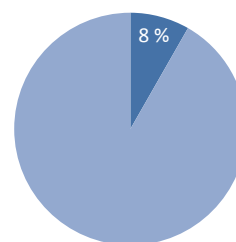
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Other businesses include Moelven Industrier ASA, with common services in economics, finance, insurance, communications, HR, ICT and procurement. Sawlog supply and sales of wood chips and energy products are organised as a common function for the Group's sawlog processing industry and are included with the companies Moelven Skog AB, Moelven Virke AS and Vänerbränsle AB. Moelven Bioenergi AS is also included. Fluctuations in operating revenues within the area of Other businesses are largely due to fluctuations in the level of activity within sawlog 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 sawlogs and market opportunities for wood chip and energy products in regions without local demand for pulp wood and wood chips, train solutions have been established for the transport of these. The arrangement entails increased external sales due to pulp wood now being purchased and subsequently sold externally. The business is based on fixed agreements on both the customer and supplier sides.

The operating result for the quarter includes net income of NOK 5.0 million from badwill related to acquisitions and the elimination of internal profit from inventory. In addition there is a positive non-recurring effect of NOK 3.5 million as a result of the group's remaining defined-benefit pension schemes in Norway being converted to defined contribution pension schemes during the quarter.



Other's share of the Groups sale to external customers



Employees

Employees	Per fourth quarter 2015				Per fourth quarter 2014			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	603	76	11,2 %	679	625	78	11,1 %	703
Wood	849	160	15,9 %	1 009	833	161	16,2 %	993
Building Systems	1 505	102	6,3 %	1 607	1 401	97	6,5 %	1 498
Others	99	32	24,4 %	131	101	31	23,5 %	132
The Group	3 056	370	10,8 %	3 426	2 960	367	11,0 %	3 326

Sickness absence rate in %	Per fourth quarter		H1 Value	Per fourth quarter	
	2015	2014		2015	2014
Timber	4,23 %	4,34 %	Timber	23,8	14,7
Wood	5,29 %	5,72 %	Wood	8,9	18,2
Building Systems	6,30 %	6,12 %	Building Systems	17,8	15,8
Others	3,00 %	2,44 %	Others	0,0	4,7
The Group	5,45 %	5,49 %	The Group	15,7	15,9

In the fourth quarter, absence due to illness was 5.3 per cent (5.5), where 2.7 per cent (2.7) represents long-term absence. Work continues to reduce sick leave to below the targeted maximum level, which was reduced from 5 to 4 per cent in Q4.

There were 21 (17) personal injuries with subsequent sick leave during the quarter, and 88 (86) year-to-date. The LTI rate (number of personal injuries resulting in absence per million hours worked) for the quarter increased somewhat compared to the same period last year, while the level for the year as a whole is slightly reduced. Both the level and developments are unacceptable.

Moelven's goal is for no one to be injured on the job. Safety work has been given high priority for several years. Key instruments in this work are employee involvement/commitment and management focus on both individual entities and through the allocation of dedicated HSE resources to the divisions. There is also significant emphasis on reviewing both near-accidents and hazardous conditions/risk. Despite efforts, declines in injury rates have levelled off recently. Efforts have therefore been stepped up, while new instruments have also been deployed. These include the establishment of a safety committee comprising the CEO, heads of divisions, the HR and Communications director and two employee representatives for the building and sawlog processing parts of the group. The committee will be the steering body for HSE work at Moelven. The committee started its work in Q4, and has thus far focused on both the introduction and follow-up of corporate requirements to safety information and the use of safety equipment. In the course of 2016 there will also be greater emphasis on the use of employee surveys in work on following up well-being and safety.

Outlook

While Norway is experiencing a situation where the downturn in the petroleum industry to a greater extent is making itself felt in relation to economic activity, other and less oil-dependent markets are in a different stage of their economic cycles. In Sweden activity levels are higher than in a long time, and the US economy is on the mend. In China activity is dropping off, while the Middle East and North Africa are characterized by unrest and regulations from public authorities that complicate international trade. However, the underlying demand is good in the latter markets.

We expect to see positive changes in international market prices for sawn timber in the first quarter. This particularly applies to core products and better qualities of spruce. For pine the situation remains challenging in some export markets, which may require that production is limited. The currency situation continues to contribute to maintain competitive ability in export markets, particularly in markets where trading is in EUR or USD.

In Norway the demand of processed goods are 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 south-west Norway, is expected to remain high. Competition from foreign players is declining due to the currency situation. In Sweden changes in regulations related to the renovation and remodelling deduction may cause a certain drop-off in the renovation and remodelling market. However, the need for new homes remains great and contributes to drive activities in the new building market. Overall, the Swedish market is expected to maintain the same level as in 2015.

The sawlog inventory levels at the start of the year are satisfactory in terms of the production plans available for the first six months, and good access to sawlogs through the winter is expected.

For glulam the positive trend of choosing wood for load bearing structures looks set to continue in 2016. 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, care facilities and not least refugee reception centres.

The market for Modular System interior fitting is experiencing a very high level of activity in Sweden, primarily in connection with Stockholm, Gothenburg and Malmö. The Norwegian market is declining, and capacity adjustments will be required. In both Norway and Sweden the renovation and remodelling market may see a certain increase in activities as a result of the need to remodel empty premises into refugee and asylum seeker reception centres.

It is expected somewhat increase in the Group's revenues. The program for operation improvements and Group structuring according to the long term strategy continues with high intensity and will contribute to increased profitability from the Group's operations. The Group's composition, with divisions who are effected differently by cyclicity and units who operates in different markets, but still can take profit from synergies across the divisions, gives the Group a good starting point going into 2016. All together the results is expected to be somewhat higher than in 2015.

The Group has a long term objective for the return of capital employed of 13 percent. To make sure that the Group has sufficient solidity and long term access to liquidity to conduct the restructuring and operation improvement projects which is necessary to achieve this objective, the process of refinancing the Group's long term debt was started in January 2016.

Condensed quarterly financial statement for Moelven Group fourth quarter 2015

Profit and loss and total comprehensive income

Amounts in NOK million	Fourth quarter		Total	
	2015	2014	2015	2014
Operating revenues	2 483,1	2 151,8	9 690,4	8 828,2
Cost of goods sold	1 515,0	1 294,4	6 207,3	5 601,0
Payroll expenses	539,6	481,0	1 943,3	1 807,6
Depreciation	88,7	82,5	291,2	286,5
Impairment losses	0,0	0,0	47,9	0,0
Other operating expenses	274,7	245,5	985,9	929,5
Operating profit	65,1	48,4	214,8	203,6
Income from associates	0,0	0,0	0,0	0,0
Value change of financial instruments to fair value	3,4	-21,1	5,6	-30,4
Other financial income	7,9	10,0	51,2	28,2
Other financial expenses	-26,9	-28,2	-113,0	-86,0
Profit before tax	49,5	9,0	158,5	115,3
Estimate income tax	14,8	0,7	41,5	27,0
Net profit	34,8	8,3	117,0	88,4
Non-controlling interest share	-0,6	0,3	-0,5	0,0
Owner of parent company share	35,4	8,0	117,6	88,4
Earnings per share (in NOK)	0,3	0,1	0,9	0,7
Statement of comprehensive income				
Net profit	34,8	8,3	117,0	88,4
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	50,0	1,3	50,0	-40,0
Income tax on items that are not reclassified to profit or loss	-12,5	-0,4	-12,5	10,8
	37,5	0,9	37,5	-29,2
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	19,9	45,1	61,7	12,3
Proportion of other income and costs in associated companies	0,0	0,0	0,0	0,0
Other changes	0,1	-3,3	0,1	-1,2
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	20,0	41,8	61,8	11,1
Other comprehensive income, net of tax	57,5	42,7	99,3	-18,1
Total comprehensive income for the period	92,3	50,9	216,4	70,3
Comprehensive income assigned to:				
Owners of parent company	92,8	50,6	216,9	70,3
Non-controlling interests	-0,6	0,3	-0,5	0,0

Condensed statement of financial position

Amounts in NOK million	Per 31.12	
	2015	2014
Intangible assets	35,5	41,2
Tangible fixed assets	1 765,2	1 808,5
Financial fixed assets	8,9	7,6
Total fixed assets	1 809,6	1 857,3
Inventory	1 526,7	1 523,9
Receivables	1 433,7	1 251,1
Liquid assets	8,1	21,0
Total current assets	2 968,5	2 796,0
Total assets	4 778,1	4 653,2
Share capital*	647,7	647,7
Other equity	1 109,2	944,6
Total equity	1 756,9	1 592,3
Provisions	111,9	189,8
Long term interest-bearing liabilities	1 034,3	1 223,2
Long term interest-free liabilities	12,1	2,0
Total long term liabilities	1 158,2	1 415,1
Short term interest-bearing liabilities	79,7	144,3
Short term liabilities	1 783,3	1 501,6
Total short term liabilities	1 862,9	1 645,8
Total liabilities	3 021,2	3 060,9
Total equity and liabilities	4 778,1	4 653,2

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

Statement of change in equity for the Group

Amounts in NOK million	Equity assigned to owners of parent company					Non-controlling interests	Total equity
	Share capital	Share premium funds	Own shares	Other equity	Total		
Total per 1.1.2014	647,7	180,7	0,0	682,2	1 510,6	7,6	1 518,2
Comprehensive income for the period							
Net profit	0,0	0,0	0,0	88,4	88,4	0,0	88,4
Other comprehensive income							
Translation differences	0,0	0,0	0,0	12,3	12,3	0,0	12,3
Other changes	0,0	0,0	0,0	-1,2	-1,2	3,8	2,6
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	-40,0	-40,0	0,0	-40,0
Income tax on other comprehensive income	0,0	0,0	0,0	10,8	10,8	0,0	10,8
Other comprehensive income (net of tax)	0,0	0,0	0,0	-18,1	-18,1	3,8	-14,2
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	0,0	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 31.12.2014	647,7	180,7	0,0	752,6	1 581,0	11,4	1 592,3
Total per 1.1.2015	647,7	180,7	0,0	752,6	1 581,0	11,4	1 592,3
Comprehensive income for the period							
Net profit	0,0	0,0	0,0	117,6	117,6	-0,5	117,0
Other comprehensive income							
Translation differences	0,0	0,0	0,0	61,5	61,5	0,2	61,7
Other changes	0,0	0,0	0,0	0,1	0,1	0,0	0,1
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	50,0	50,0	0,0	50,0
Income tax on other comprehensive income	0,0	0,0	0,0	-12,5	-12,5	0,0	-12,5
Other comprehensive income (net of tax)	0,0	0,0	0,0	99,1	99,1	0,2	99,3
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	-51,8	-51,8	0,0	-51,8
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	-51,8	-51,8	0,0	-51,8
Total as at 31.12.2015	647,7	180,7	0,0	917,5	1 745,9	11,1	1 756,9

Cashflow statement for the Group

Amounts in NOK million	Per 31.12	
	2015	2014
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	117,0	88,4
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	291,2	286,5
Impairment	47,9	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	-10,3	-8,4
Loss (profit) on sale of fixed assets	2,1	0,0
Net value change of financial instruments to fair value	-5,6	30,4
Income tax	41,5	27,0
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	-2,8	-258,0
Changes in accounts receivable and other receivables	-180,6	60,0
Changes in trade accounts payable	38,4	87,7
Changes in provisions and benefits to employees	-9,6	47,8
Changes in short-term liabilities excluding borrowing	255,2	-9,7
Cash flow from operational activities	584,6	351,5
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-215,8	-195,1
Net cash outlay on acquisition	0,0	0,0
Receipts from sale of fixed assets	45,1	0,5
Sale of other long-term investments	0,0	0,0
Acquisition of subsidiary, net of cash	-11,8	0,0
Cash flow from investment activities	-182,5	-194,6
CASH FLOW FROM FINANCING ACTIVITIES:		
Raising short term debt	0,0	229,0
Repayment of short term debt	0,0	-229,0
Change in bank overdrafts	-63,7	36,2
Purchase of non-controlling interests	0,0	0,0
Change in long term debt (borrowing facility)	-297,3	-193,5
Changes in other long-term liabilities	0,0	-11,1
Payment of dividend	-51,8	0,0
Cash flow from financial activities	-412,8	-168,4
Net increase (reduction) in liquid assets during year	-10,8	-11,5
Liquid assets start of period	14,4	25,9
Effect of exchange rate changes on liquid assets	0,0	0,0
Liquid assets end of period	3,6	14,4
Cash and cash equivalents		
Liquid assets	3,6	14,4
Unused drawing rights	627,4	224,3
Restricted bank deposits	0,0	0,0
Cash and cash equivalents	631,0	238,7

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 fourth quarter of 2015 ended the 31 December 2015 include Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies. The annual accounts for 2014 are available at 2014.moelven.com.

Note 2 – Statement of conformity

The consolidated financial statements for the fourth quarter of 2015 have been prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” which have been approved by the EU. The interim financial statements do not include all the information required in a complete annual report and ought to be read in conjunction with the consolidated financial statements for 2014.

The summary consolidated quarterly financial statements were approved by the Board 28th of January 2016.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements are the same as those in the consolidated financial statements for 2014. Currency rates in the consolidated statements are derived from Norges Bank.

Note 4 – Critical judgements and estimates

The preparation of quarterly financial statements requires management to make judgements, estimates and assumptions that affect both which accounting policies are applied and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from the estimated amounts.

In preparing these summary quarterly financial statements management has applied the same critical judgements in applying the accounting policies as it made when preparing the consolidated financial statements for 2014 and the principal sources of estimate uncertainty are the same when preparing these summary quarterly accounts as for the consolidated accounts for 2014.

Note 5 – Pensions and taxes

The calculations of pension costs and pension liabilities are undertaken annually by actuaries. In the quarterly accounts pension costs and pension liabilities are based on forecasts from actuaries. The income tax expense is determined in each quarter on the basis of the expected annual income tax expense.

Note 6 – Seasonal fluctuations

Demand for the Group's products and services are normally subject to variability throughout the year. This involves a low season during the first quarter, increasing activity and a peak season over the second and third quarters, and diminishing activity in the final part of the fourth quarter.

Due to the annual seasonal variation in raw material access and market activity, the Group's working capital varies by NOK 300 million to NOK 400 million from its highest level in May/June to its lowest in November/December.

Note 7 - Tangible fixed assets

Amounts in NOK million	Per 31.12	
	2015	2014
Book value per 1.1	1 838,3	1 913,8
Acquisitions	215,8	195,1
Business combinations	22,8	0,0
Disposals	-48,4	-0,5
Depreciations	-291,2	-286,5
Impairment losses	-47,9	0,0
Transfers	0,0	4,6
Translation differences	75,8	11,8
Book value per 30.06	1 765,2	1 838,3

Note 8 - Financial instruments

Amounts in NOK million	Per 31.12.2015		
	Positive fair value	Negative fair value	Net fair value
Currency derivatives	4,5	-0,9	3,6
Interest rate derivatives	0,0	-76,2	-76,2
Power derivatives	0,0	-16,6	-16,6
Total	4,5	-93,7	-89,2

Amounts in NOK million	Per 31.12.2014		
	Positive fair value	Negative fair value	Net fair value
Currency derivatives	6,6	-10,2	-3,6
Interest rate derivatives	0,0	-80,1	-80,1
Power derivatives	0,0	-11,1	-11,1
Total	6,6	-101,4	-94,8

Note 9 – Operating segments

The divisions are divided in accordance with Moelven's three core activities: Timber (industrial goods), Wood (building products) and Building Systems (projects). There is also a division named "Other" in which the remaining units are placed. The divisions are built up around independent subsidiaries with activities clearly defined within the divisions. All transactions between the divisions are conducted on normal commercial terms. The split into divisions differs from the formal legal ownership structure. See the consolidated financial statements for 2014 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	
	2015	2014
Timber	-32,9	56,7
Wood	96,6	87,3
Building Systems	140,7	63,5
Other	-45,9	-92,2
Profit before tax in segments	158,5	115,3
Eliminations	0,0	0,0
Profit before tax in Group Accounts	158,5	115,3

Note 10 – Related parties

Transactions with the owners are performed in some areas of the ordinary activities. Among other things, this relates to purchase of saw logs, where the Norwegian forest owner cooperatives are suppliers. There will also be deliveries of biofuel from the Moelven Group to a bioenergy plant owned by Eidsiva Energi AS, with possible buy-back of bioenergy for Moelven's industries in connection with the energy plant. Eidsiva Energi Marked AS trade electric power to Moelven's Norwegian industrial operations. All these transactions have in common that the arm's length principle shall be applied. Where other suppliers can offer better prices or terms, these will be used. About 40 per cent of Moelven's total purchasing requirement for saw log of 4 million cubic metres comes via the Norwegian forest owner cooperatives.

Moelven'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 185 GWh.

Moelven has a long tradition of running its operations in accordance with all the laws and ethical guidelines of the industry and is of the opinion that competition is positive for all parties in industry. In order to ensure that this culture is maintained, ethical guidelines and guidelines for complying with legislation on competition have been devised.

Note 11 - Events after the balance sheet date

There have not been any events after the balance sheet date which would have an impact on the income, expenses, assets and liabilities disclosed in the quarterly financial statements.

Moelven is organised into four divisions: Timber, Wood, Building Systems and Other. The sawmills in Timber supply sawed wood products and components to industrial customers in Scandinavia and the rest of Europe. These use the products as intermediate goods in their own production. Shavings, chip and bark products are also supplied and are used in the pulp, chipboard and biofuel industry. The processing companies in Wood supply the building products trade in Scandinavia with a broad range of building and interior products. A critical competitive advantage is the division's efficient distribution system which offers customers rapid and precise deliveries of a broad range of products. The companies within Building Systems deliver flexible system solutions for interior walls, modular buildings, electrical installations and load-bearing structures in glulam to projects and contractor clients, principally in Norway and Sweden. Other comprises holding companies, supply businesses and bioenergy companies. The division is heavily focused on developing concepts and systems in collaboration with the customers and experts within architecture, design and construction. In total, the Group is composed of 44 operating units in Norway and Sweden and has 3,426 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 (11.7 per cent) and AT Skog SA (7.3 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

Quality rooms

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