

Interim report from Setra

Setra reports an operating profit of SEK 78 million (192) for the period January-September 2015. Discontinuation costs for the planing mill in Valbo amounting to SEK 21 million were recognised in the third quarter. Net sales totalled SEK 3,232 million (3,162).

“Demand for wood products has been stable during the first nine months of the year but increased production has led to oversupply and a price fall in local currencies in our main markets. We assess the market situation as highly uncertain going forward. Increased problems over access to foreign currency in Egypt and questions about economic development in China contribute to this uncertainty,” says Hannele Arvonen, President and CEO of Setra.

“We continue to focus on our internal efficiency improvement programmes in order to reduce costs and strengthen competitiveness. We have a strong cash flow due to positive earnings and a good balance between delivery and production volumes,” says Arvonen.

During the year it was decided to make technology investments in the sawmills in Färila, Kastet, Malå and Rolfs which are intended to improve efficiency and flexibility and meet new customer demands. In order to strengthen long-term competitiveness, work on further development of the processing business has started. At the processing unit in Skutskär investment in strength grading and cutting to exact lengths is taking place during the autumn with the aim of strengthening the total offering to the building materials trade and industry. In order to optimise capacity utilisation at existing processing units, Setra has decided to close the planing mill in Valbo during 2016 and relocate these operations to the Group's other units. Processing operations at the integrated sawmill Rolfs will be specialised and adapted to meet market needs.

Cash flow from operating activities in the period January-September amounted to SEK 274 million (179) which, combined with positive earnings, means that Setra's financial position has strengthened. The net debt/equity ratio at the end of the period was 14% (19).

Key figures	Jul-Sep (3 mths)		Jan-Sep (9 mths)	
	2015	2014	2015	2014
Net sales, SEKm	962	904	3,232	3,162
Operating profit excl. non-recurring costs, SEKm	11	27	99	192
Operating profit/loss, SEKm	-10	27	78	192
Profit/loss after tax, SEKm	-12	15	48	131
Operating margin excl. non-recurring costs, %	1.1	3.0	3.1	6.1
Return on operating capital, %, RTM			5.4	14.8
Cash flow, SEKm	178	172	274	179

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Setra does not publish a complete interim report.

Setra is one of Sweden's largest wood products companies and a leading player in Europe. We process raw material from responsibly managed forests and offer climate-friendly products and solutions for building and living in a global market. The Group has approximately 900 employees and annual sales of SEK 4.2 billion. Exports to Europe, North Africa, the Middle East and Asia account for about 60% of sales. Read more at www.setragroup.com.

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