

Interim report
for the first eight months of 1998

MOELVEN
Moelven Industrier ASA

October 2, 1998



Group Main Figures

NOK mill.	Jan-Aug		Year
	1998	1997	1997
Operating revenue	1889,6	1527,3	2377,5
Operating profit	25,6	81,1	125,4
Profit, associated companies	0,4	-1,2	44,8
Pre-tax profit	-2,6	57,1	137,8
Return on capital employed, %	2,9	16,5	17,0
Earnings per share, NOK	neg	0,72	1,85
Cash flow per share, NOK	0,67	1,36	2,87
Number of employees	2306	1646	1759

*) Including Westwood AB (group) og Notnäs AB from May 1st.

Average number of shares in 98: 82.518.868

Group Highlights

- **Positive operating profit and good cash flow despite 15 % lower prices for sawn timber compared with 97**
- **Restructuring and integration of newly acquired companies Notnäs and Westwood is proceeding as planned. New entities had a pre-tax loss of MNOK 13,7 during last four months.**
- **Sawn timber prices may increase in 4th quarter**
- **High level of activity for Interior Layout and Construction and Contracting operations**



Group Profit and Loss Account

NOK mill.	Jan-Aug		Total
	1998	1997	1997
Operating revenues	1889,6	1527,3	2377,5
Operating costs	1864,0	1446,2	2252,1
Operating profit	25,6	81,1	125,4
Profit, associated comp.	0,4	-1,2	44,8
Financial items, net	-28,6	-22,8	-32,4
Pre-tax profit	-2,6	57,1	137,8
Taxes	0,0	-6,0	6,6
Net profit	-2,6	51,1	131,2

Group Balance Sheet

NOK mill.	31 August		Year
	1998	1997	1997
Assets			
Current assets	974,3	615,7	654,5
Fixed assets	897,7	527,0	546,7
Liabilities and equity			
Interest free debt	467,2	358,7	404,3
Interest bearing debt	794,6	438,4	393,0
Equity	610,2	345,6	403,9
Total	1872,0	1142,7	1201,2

Group Cash Flow Statement

NOK mill.	Jan-Aug		Year
	1998	1997	1997
Net cash flow from:			
Operations	-18,7	-21,0	98,9
Investment	-77,5	-67,3	-110,7
Financing	99,5	22,7	-54,3
Net cash flow for the period	3,3	-65,6	-66,1
Liquid funds	15,2	13,1	12,6
Unutilized drawing rights	150,0	110,0	150,0
Available liquid funds	165,2	123,1	162,6

Group Key Figures

	Jan-Aug		Year
	1998	1997	1997
Net operating margin, %	1,4	5,3	5,3
Gross operating margin, %	4,4	8,3	8,3
Earnings per share, NOK	neg	0,72	1,85
Cash flow per share, NOK	0,67	1,36	2,87
Capital employed, MNOK	1380,2	770,6	796,9
Equity ratio, %	32,6	30,2	33,6
Return on capital employed, %	2,9	16,5	17,0
Investments, fixed assets, MNOK	*60,0	64,0	110,7

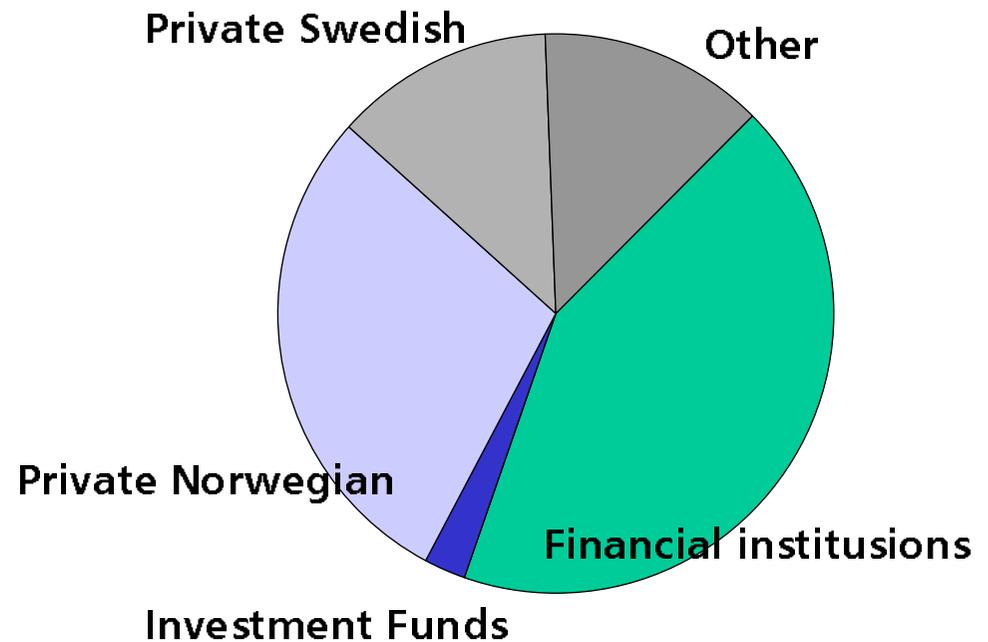
*) Additional investments as a result of acquisitions amounts to MNOK 342.

Shareholders

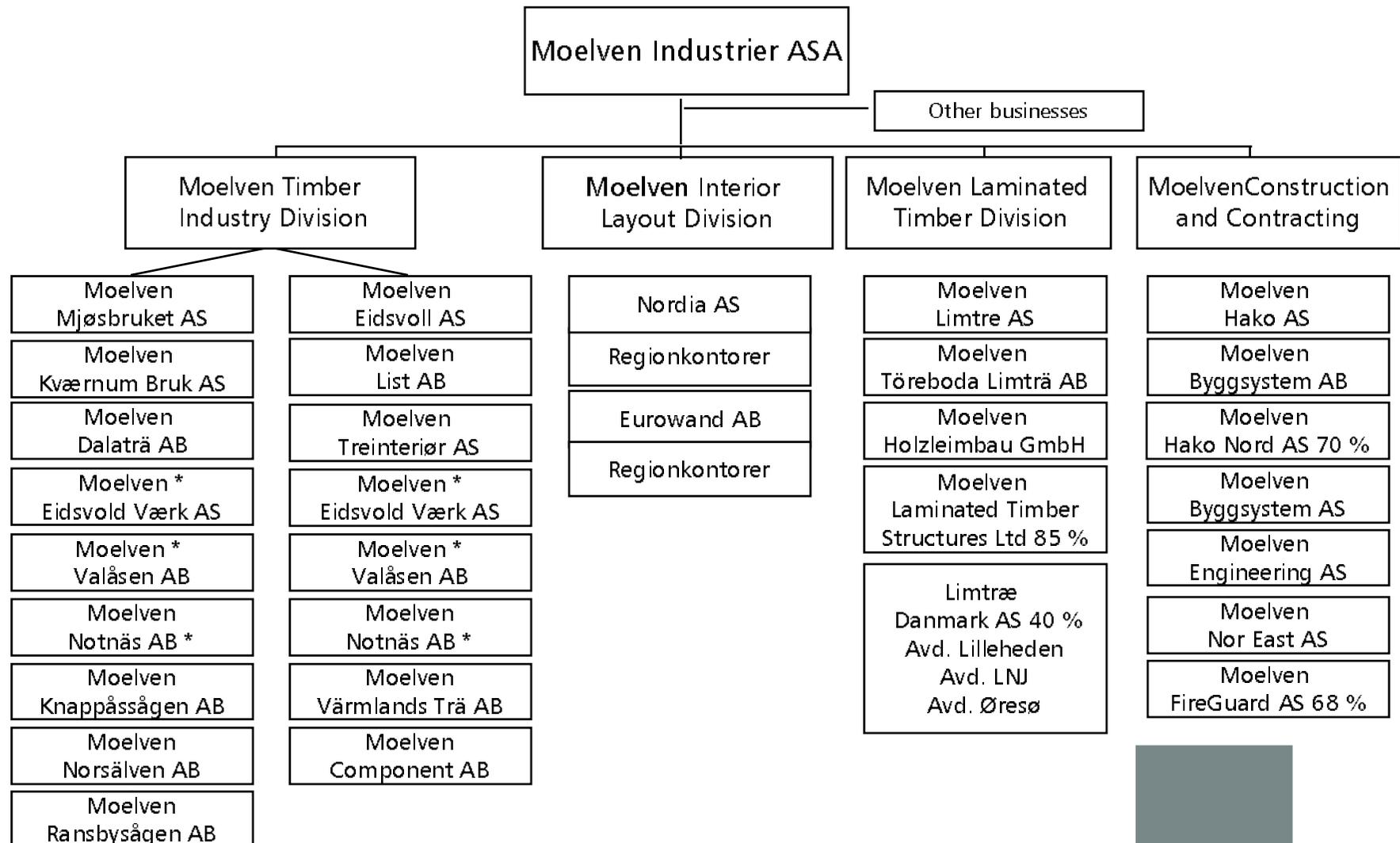
Number of shareholders:
approx. 4800

Main shareholders:

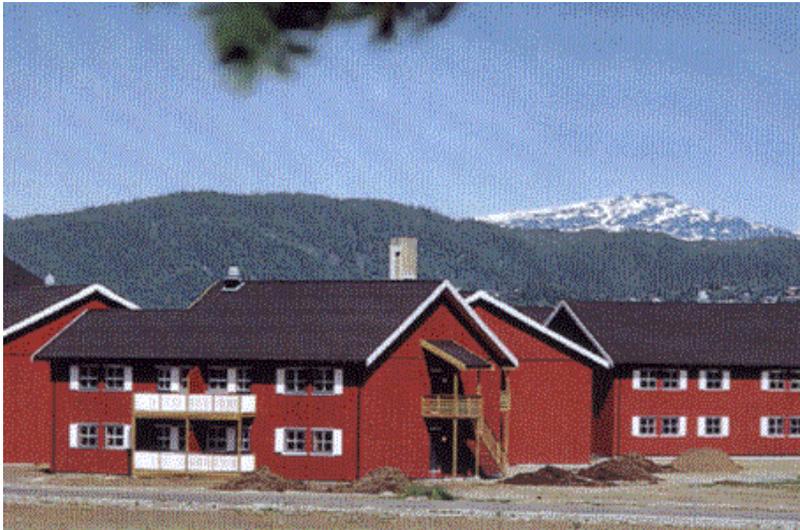
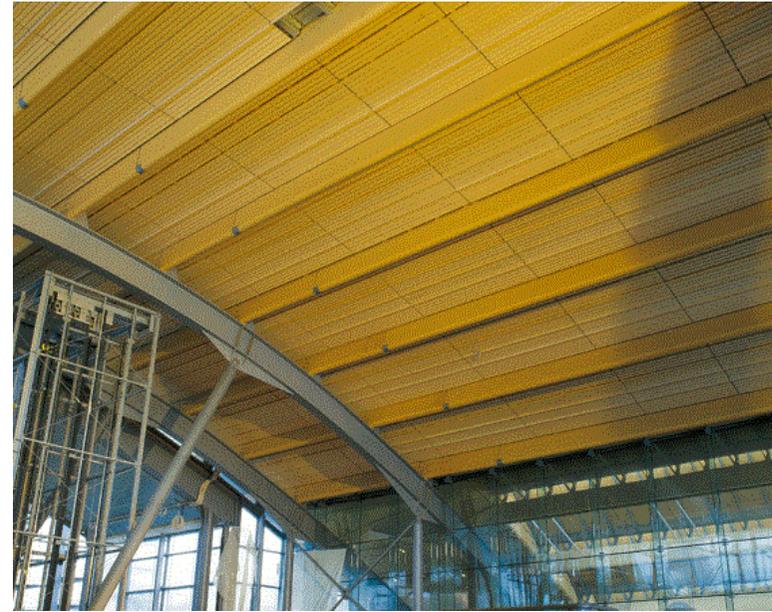
- Den norske Bank ASA 37,1 %
- Peder Chr. Løvenskiold 9,4 %
- Atle AB 6,1 %
- SND Invest AS 5,2 %
- Drammensdistriktets Skogeierforening 4,1 %
- AB Westergyllen 2,6 %



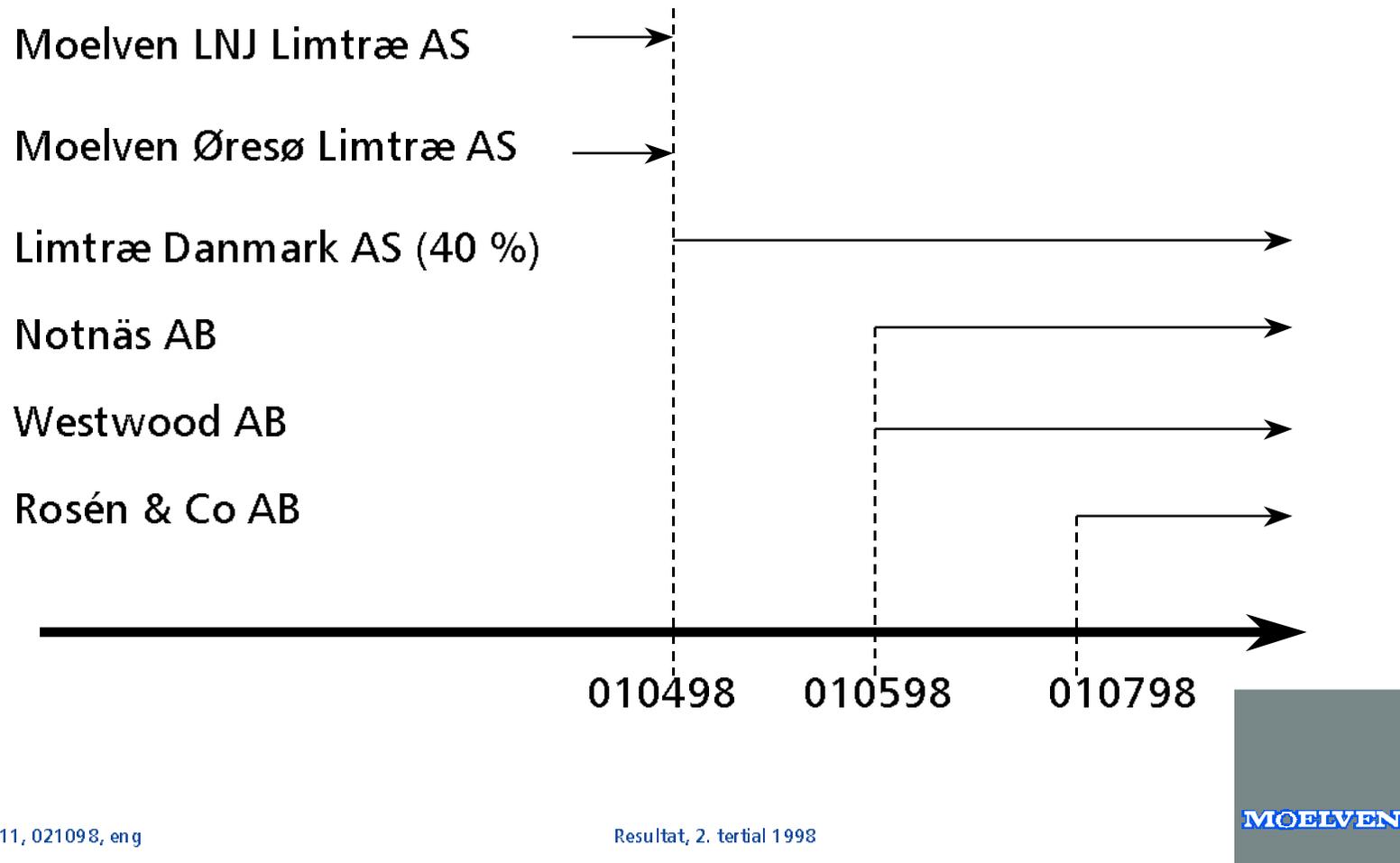
Business Areas



Business Areas



Consolidation - time structure



Business Areas

Operating revenues

	May-August		January-August		Year 1997
	1998 *	1997	1998 *	1997	
Timber Industry	566,0	393,8	955,4	825,0	1253,0
Interior Layout	141,8	122,3	295,1	258,4	417,7
Laminated Timber	155,1	149,4	272,5	278,3	421,9
Construction and contracting	224,4	100,6	384,6	197,3	343,5
Other businesses	33,5	11,9	48,3	27,4	39,7
-elimination	-32,5	-26,7	-66,3	-59,1	-98,3
Group total	1088,3	751,3	1.889,6	1.527,3	2.377,5

*) Including Westwood AB (group) og Notnäs AB from May 1st.



Business Areas

Operating profit

	May-August		January-August		Year 1997
	1998 *	1997	1998 *	1997	
Timber Industry	1,3	27,4	10,0	58,1	77,8
Interior Layout	9,8	8,9	20,5	17,9	37,2
Laminated Timber	1,2	1,3	-4,7	1,5	5,3
Construction and contracting	8,2	5,4	12,7	14,8	22,9
Other businesses	-8,1	-4,7	-12,9	-11,2	-17,8
Group total	12,4	38,3	25,6	81,1	125,4

*) Including Westwood AB (group) og Notnäs AB from May 1st.

Business Areas

Pre-tax profit

	May-August		January-August		Year 1997
	1998 *	1997	1998 *	1997	
Timber Industry	-8,7	23,7	-3,1	51,2	68,7
Interior Layout	11,7	11,7	25,4	23,8	46,2
Laminated Timber	-1,1	0,0	-9,1	-1,0	0,6
Construction and contracting	6,5	4,5	9,2	13,8	20,4
Other businesses	-15,1	-14,4	-25,0	-30,7	1,9
Group total	-6,7	25,5	-2,6	57,1	137,8

*) Including Westwood AB (group) og Notnäs AB from May 1st.



Pro-forma Operating revenue

	May-August		January-August		Year
	1998	1997	1998	1997	1997
Timber Industry	566	650	1.239	1.357	2.037
Other business areas	522	433	964	851	1.352
Group total	1.088	1.082	2.203	2.208	3.389

Pro-forma, as if Westwood and Notnäs had belonged to the Group in 1997.

Pro-forma Operating profit

	May-August		January-August		Year
	1998	1997	1998	1997	1997
Timber Industry	1	26	-11	58	72
Other business areas	13	10	14	21	48
Group total	14	36	3	79	120

Pro-forma, as if Westwood and Notnäs had belonged to the group in 1997.
Depreciation of goodwill is not included.

Timber Industry

Key Figures

NOK mill.	Jan-Aug		Year
	1998	1997	1997
Operating revenues	955,4	825,0	1253,0
Operating profit	10,0	58,1	77,8
Financial items	-13,0	-7,1	-9,1
Pre-tax profit	-3,1	51,2	68,7
Gross operating margin, %	4,3	10,1	9,3
Depreciation	31,4	25,5	38,7
Cash flow	28,3	76,7	107,4
Investments	*44,4	18,9	30,6
Number of employees	1016	614	604

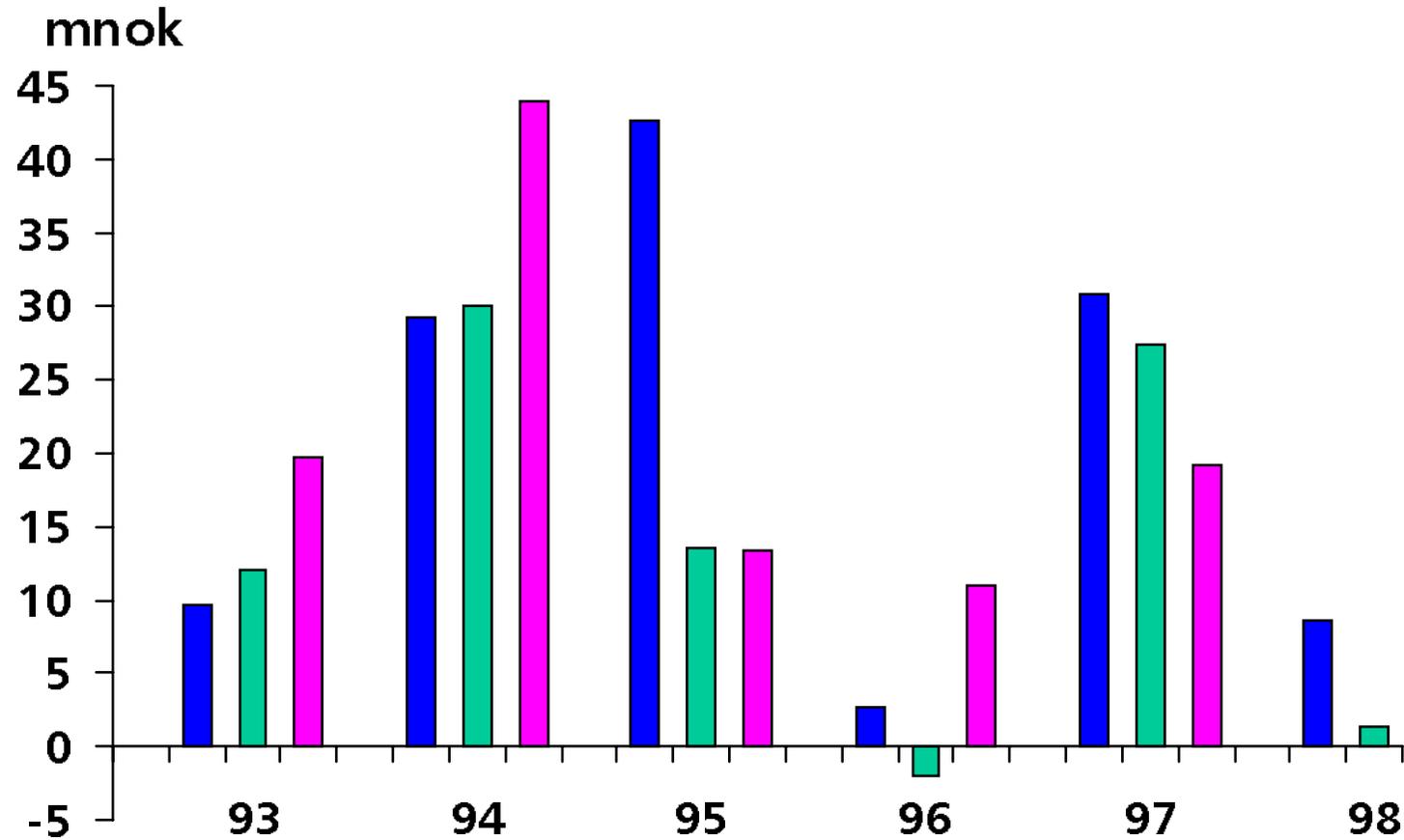
*) Additional investments as a result of acquisitions amount to MNOK 342.

Timber Industry Highlights

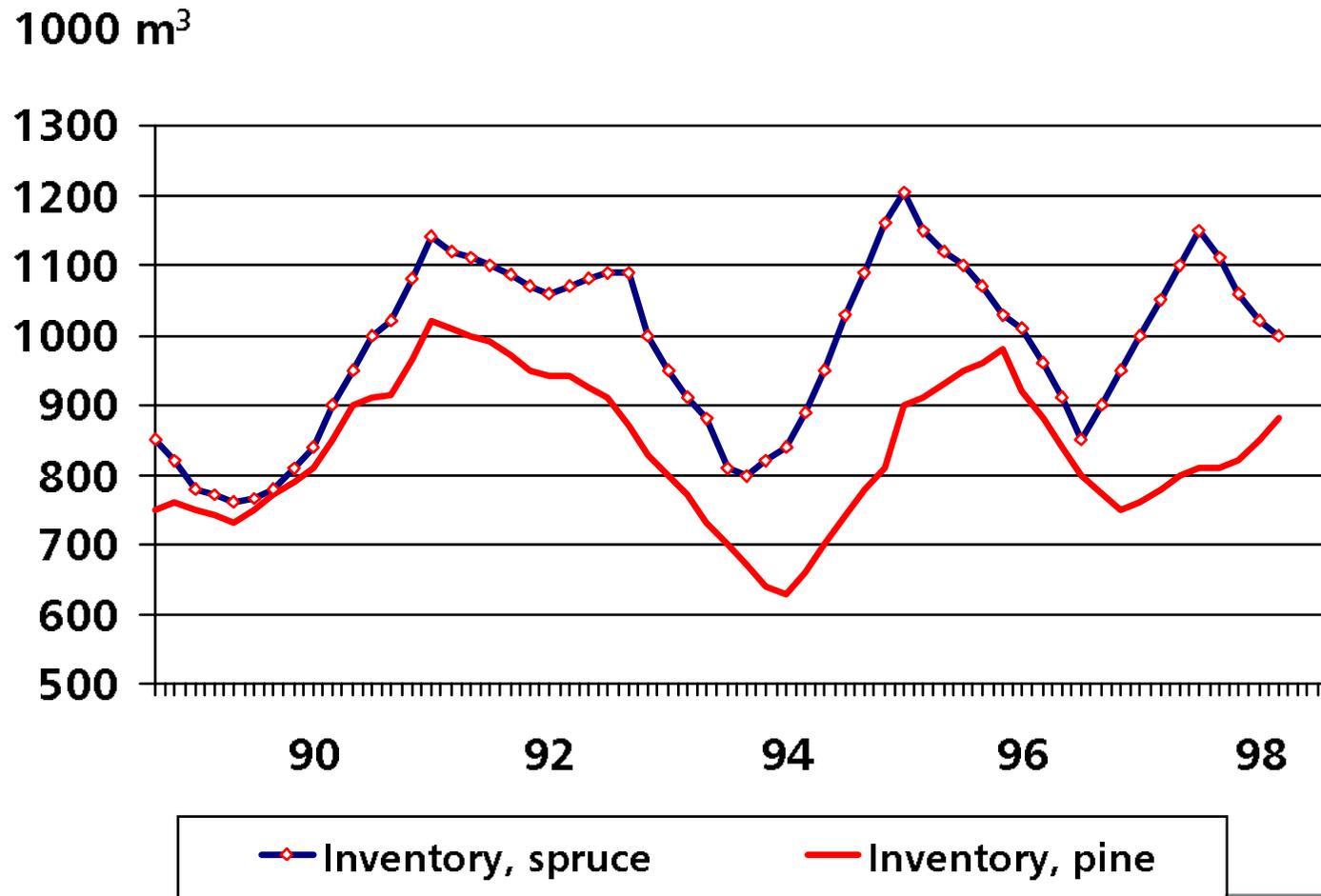
- **Spruce prices increasing**
- **Scarce supply of lumber**
- **Low levels of inventory among Nordic suppliers**
- **Restructuring of newly acquired Swedish companies results in cost savings as planned**



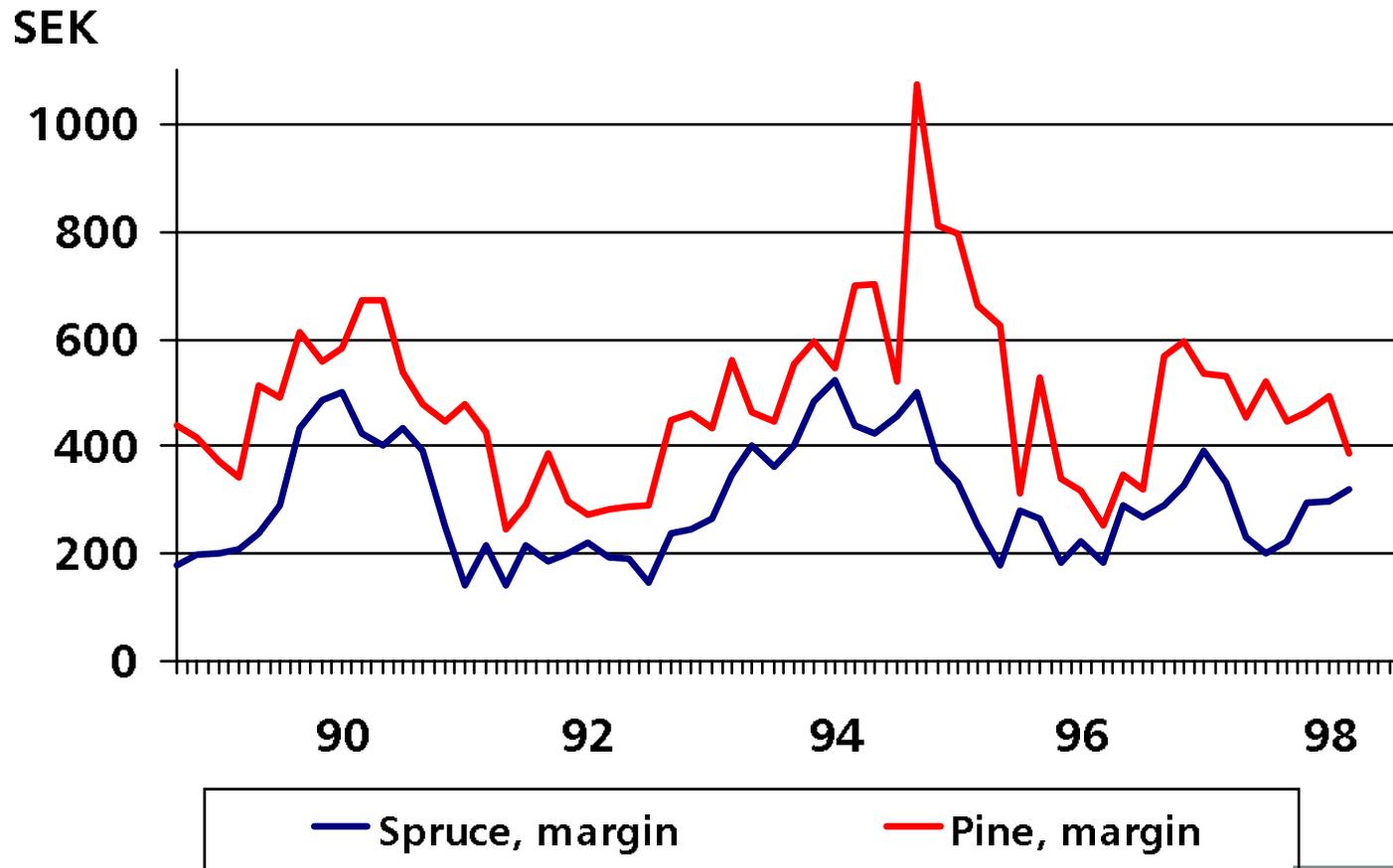
Timber Industry Operating profit per period



Timber Industry Inventory levels



Timber Industry Margin development



Interior Layout Key Figures

NOK mill.	Jan-Aug		Total
	1998	1997	1997
Operating revenues	295,1	258,4	417,7
Operating profit	20,5	17,9	37,2
Financial items	4,9	5,9	9,1
Pre-tax profit	25,4	23,8	46,2
Gross operating margin, %	7,6	10,1	9,7
Depreciation	1,9	2,3	3,5
Cash flow	27,3	26,1	49,7
Investments	6,1	0,5	12,2
Number of employees	443	359	386

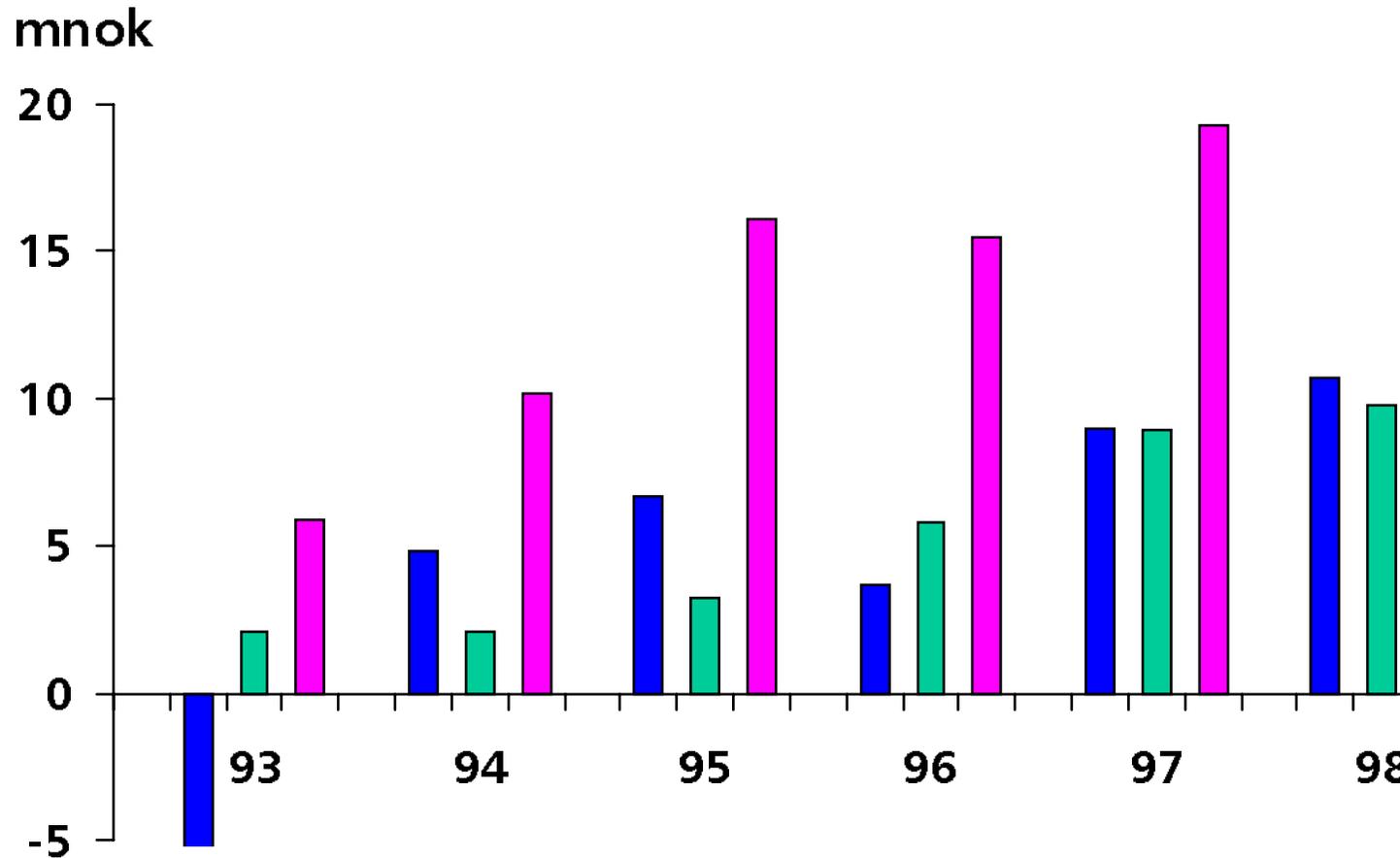
Interior Layout Highlights

- **High level of activity in the Norwegian market**
- **Continuous low demand in the Swedish market**
- **Low impact of higher interest rates due to focus on refurbishment**
- **Satisfactory order backlog**
- **Better prospects in the Swedish market from 1999**



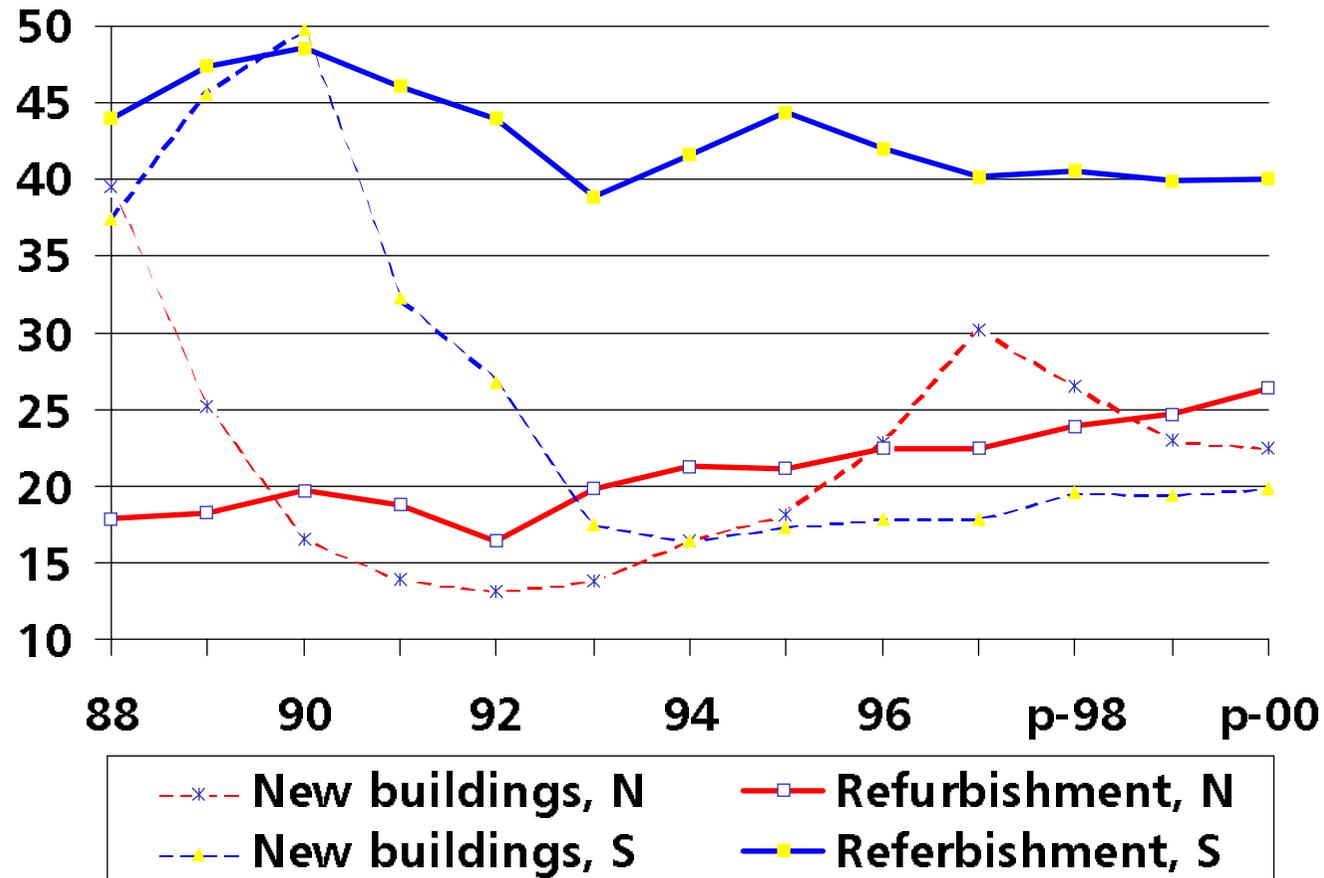
Interior Layout

Operating profit per period



Investment Commercial buildings

NOK billion



Laminated Timber

Key Figures

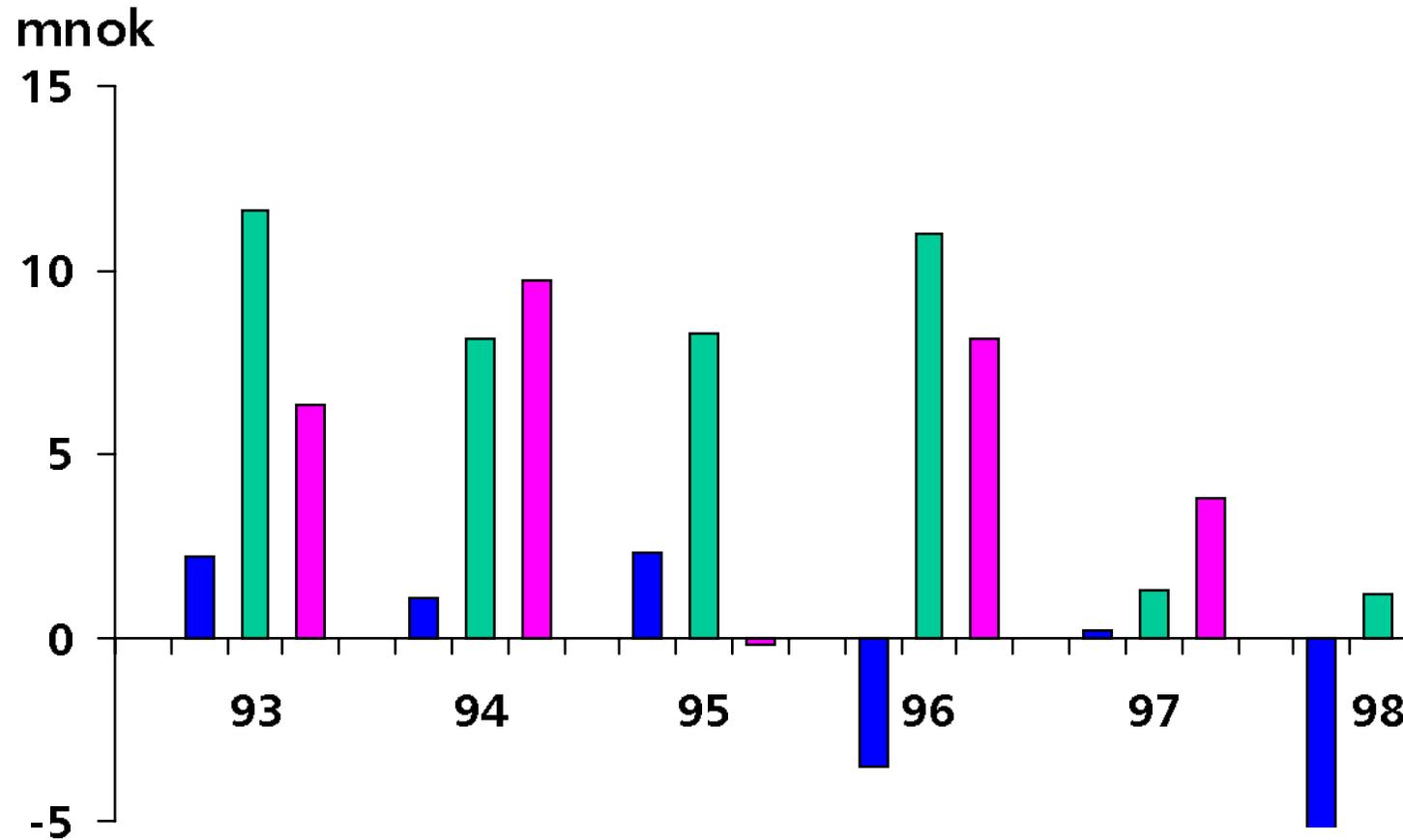
NOK mill.	Jan-Aug		Total
	1998	1997	1997
Operating revenues	272,5	278,3	421,9
Operating profit	-4,7	1,5	5,3
Financial items	-4,4	-2,5	-4,7
Pre-tax profit	-9,1	-1,0	0,6
Gross operating margin, %	2,1	4,1	4,8
Depreciation	10,6	9,9	14,9
Cash flow	1,5	8,9	15,5
Investments	6,2	40,2	46,1
Number of employees	352	387	353

Laminated Timber Highlights

- **Danish merger seems successful**
- **Increasing demand in European markets**
- **Japanese inventory at normal level, but demand still low**
- **Considerable, but decreasing overcapacity**
- **Possible Norwegian merger**

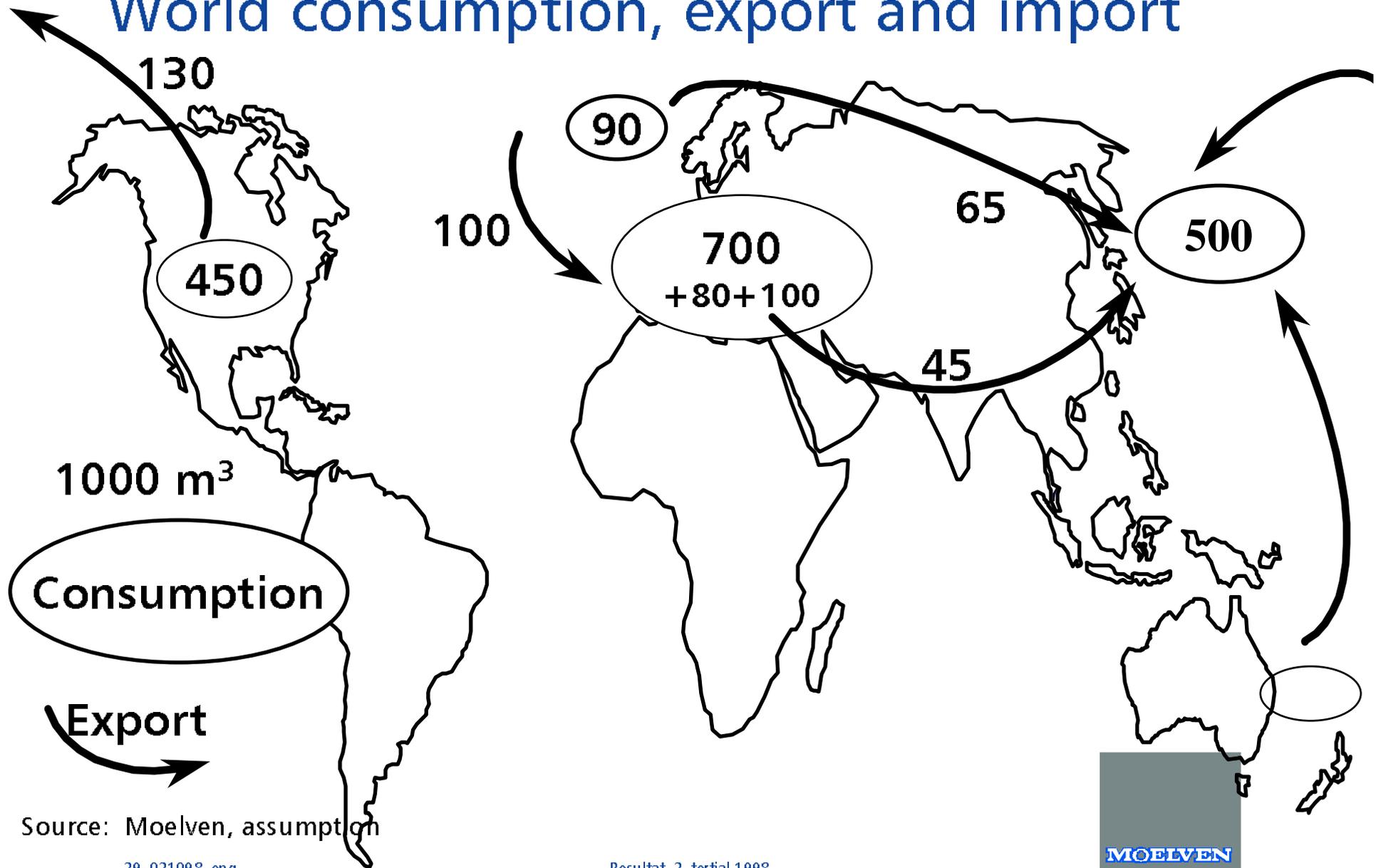


Laminated Timber Operating revenue per period



Laminated Timber

World consumption, export and import



Source: Moelven, assumption



Construction and Contracting

Key Figures

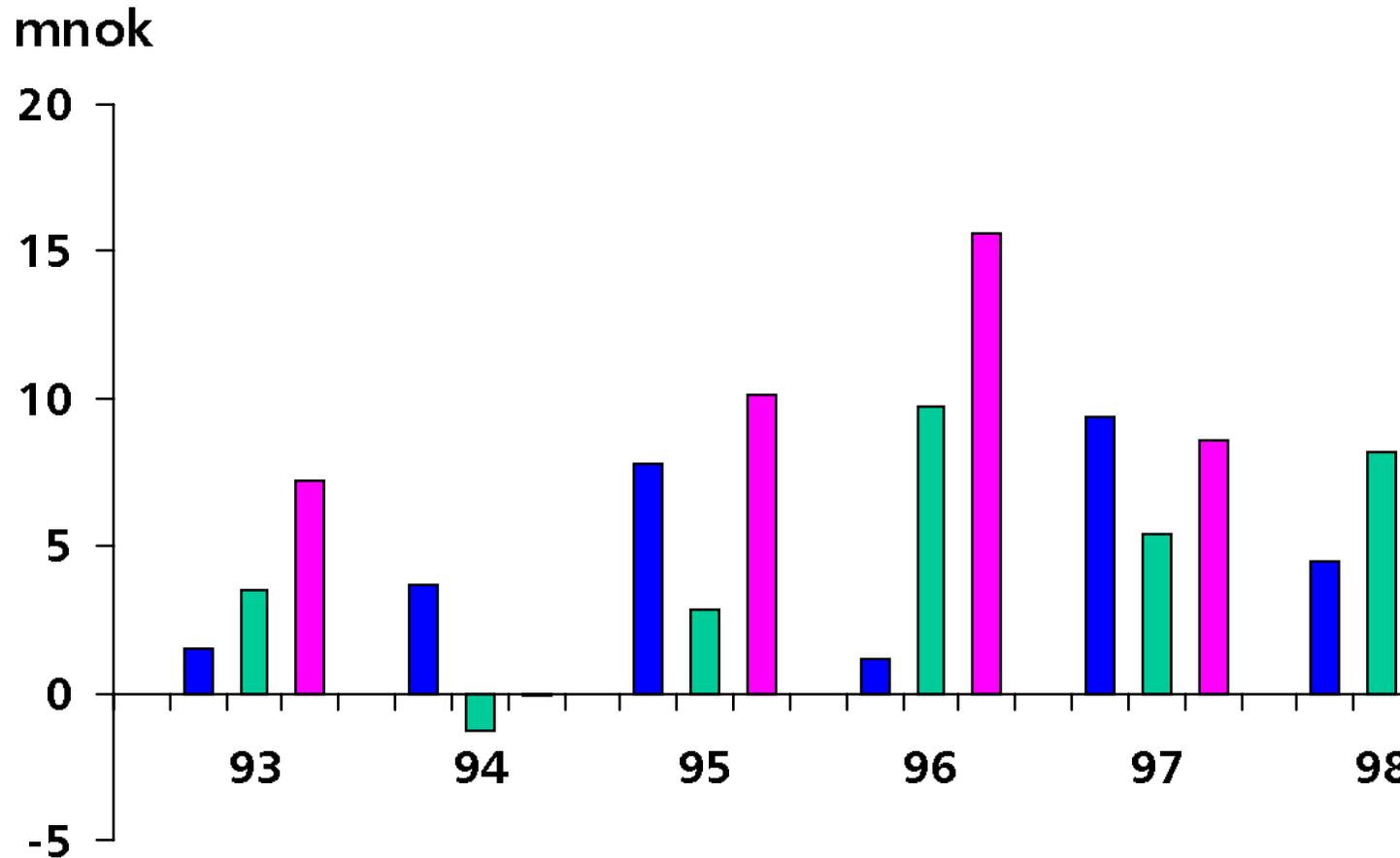
NOK mill.	Jan-Aug		Year
	1998	1997	1997
Operating revenues	384,6	197,3	343,5
Operating profit	12,7	14,8	22,9
Financial items	-3,6	-0,9	-2,4
Pre-tax profit	9,2	13,8	20,4
Gross operating margin, %	4,4	8,5	8,5
Depreciation	4,2	3,0	6,2
Cash flow	13,4	16,8	26,6
Investments	3,7	1,2	22,4
Number of employees	445	266	376

Construction and Contracting Highlights

- High level of activity in prefabricated building and electrical engineering
- Restructuring of Moelven Byggsystem AB is completed
- Well positioned to take part in increased Swedish activity
- Electrical engineering will be established as a separate corporate entity
- Satisfactory order backlog



Construction and Contracting Operating profit per period



Other businesses

Key Figures

NOK mill.	Jan-Aug		Total 1997
	1998	1997	
Operating revenues	48,3	27,4	39,7
Operating profit	-12,9	-11,2	-17,8
Financial items	-12,1	-19,5	19,7
Pre-tax profit	-25,0	-30,7	1,9
Depreciation	5,0	4,1	8,4
Cash flow	-20,0	-26,6	10,3
Investments	0,5	3,0	5,5
Number of employees	50	36	40