



Quarterly report 4/2020

*Bruket Brygge, apartment project at Gressvik in Fredrikstad, Norway
Malm100 exterior cladding from Moelven with patina-gray colouring.
Arkitekt Meinich, Oslo.
Photo: Truls Tunmo, Byggeindustrien*

MOELVEN[®]

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Operating revenues	3 027,3	2 410,3	11 665,2	10 297,5
EBITDA	329,3	48,4	1 010,6	629,8
Gross operating margin/EBITDA in per cent	10,9 %	2,0 %	8,7 %	6,1 %
Depreciation and impairment	99,2	65,7	348,4	294,4
Operating profit	230,2	-17,3	662,2	335,4
Net operating margin/EBIT in per cent	7,6 %	-0,7 %	5,7 %	3,3 %
Value change of financial instruments to fair value	38,4	3,9	6,8	-23,7
Profit before tax	264,1	-26,3	602,9	239,7
Profit per share in NOK	1,59	-0,13	3,64	1,46
Cash flow from operational activities, in NOK per share	2,47	1,17	7,50	3,60
Total equity*	192,6	0,1	2 865,0	2 368,2
Equity ratio*	5,1 %	1,1 %	49,1 %	42,9 %
Total assets*	-241,3	-147,7	5 833,0	5 518,0
Investments*	72,3	129,5	271,9	478,7
Return on capital employed in per cent, 12 month rolling*	6,6 %	-5,1 %	18,0 %	9,4 %
Capital employed*	-38,5	-14,4	3 509,9	3 524,0
Net interest-bearing liabilities*	-252,5	-27,4	540,9	1 136,4
Net working capital*	-278,6	-265,3	2 287,1	2 293,2
Number of employees*	23	-19	3 391	3 399
Sick leave percentage*	0,0 %	0,0 %	6,2 %	5,4 %
Lost Time Injury Frequency rate, rolling LTI-rate*	0,6	0,7	11,7	11,3
Number of shareholders	863	869	863	869
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

- Revenues in the fourth quarter were NOK 3,027.3 million (NOK 2,410.3 million).
- The operating result was NOK 230.2 million, (-17,3 million), which is the best quarterly result since 2007 and the best fourth quarter of all time.
- The rate of return on employed capital for 2020 was 18.0% (9.4).
- Good demand and high level of activity in the international market for sawn timber products.
- Delivery volumes to the building products trade were higher than in the fourth quarter 2019.
- Continued improvement in the order situation for Building Systems.
- Increase in the number of Covid-19 cases among the Group's employees has led to brief stoppages at certain units.

In brief

On the international sawn timber market, which comprises the majority of the Group's exports, demand remained good in the fourth quarter. The prices continued their positive developments, driven by high demand in the US, which also affects the market balance in Europe. The main reasons for the positive market developments are the redistribution of private consumption to spending more money on maintenance and redecoration, while at the same time wood is an attractive building material that is taking market shares from other material types. For the lower sawn timber qualities the market balance remained characterised by a higher supply of goods due to good access to cheap raw material throughout the year, following extensive storm felling in Germany and increased harvesting due to beetle attacks.

Activity in the building products trade in Scandinavia was higher than in the fourth quarter of 2019. Start-up of new homes has dropped in both Norway and Sweden, but the renovation, conversion and extension market – especially in the consumer segment – has seen a very high level of activity during the pandemic and is the main cause of the strong demand. Deliveries from the Wood division were, despite certain logistics difficulties as a result of abnormally low inventory levels after a long period of a high output rate, higher than during the fourth quarter last year.

Moelven is one of four Norwegian manufacturers of royal-treated cladding, with a market share on the Norwegian market of approximately one to two per cent. At the end of 2020 the industry was informed that the Norwegian Building Authority had carried out a test where royal-treated cladding did not qualify for the fire classification that the industry has placed the product in. This has led to a need for further tests of the products in the entire industry. In anticipation of further tests and new documentation, Moelven has chosen to halt production and sale of royal-treated cladding until further notice. The product has also been declassified to the correct fire class. This applies only to the cladding products, not the terrace products, which are the largest segment for Moelven's royal-treated products.

For The Building Systems division, low demand for module-based apartment buildings made it necessary to reduce production as early as 2019. The activity level and order backlog has seen positive developments in 2020, and the trend continued in the fourth quarter. In building and construction, infrastructure and smaller projects, activity has been good.

In Norway access to forest raw materials was somewhat poor in the first part of the quarter, but this improved and was at a satisfactory level at the turn of the year. In Sweden access overall has been satisfactory, but heavy rainfall has resulted in certain challenges related to accessibility on forest roads in some areas. The production units have however had adequate raw materials for full production throughout the quarter. At the end of the quarter the timber inventories were at a normal level for the season and satisfactory compared to the current production plans, yet lower than at the same time last year when inventories were higher than normal. For the Swedish units prices of saw-logs were lower than during the corresponding period last year, while price levels in Norway have risen somewhat to the same level as the fourth quarter of 2019. A good supply of chip and fibre products has led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.

In November 2020 production at Moelven Vänerply AB closed for a week because Covid-19 infection was confirmed among several employees. Measures to trace infection and stop further outbreaks were implemented, and the entire factory was disinfected in the week the closure lasted. Among the measures that were introduced to operate production safely in addition to social distancing and hand hygiene, are the use of visors and masks at exposed workplaces.

In December Moelven Vänerply AB launched its newest product WeatherPly™, which is a water-repellent construction plywood board for roof and wall use. WeatherPly™ is treated with a silicate on all sides including tongue and groove, which makes it weather-resistant, reduces water ingress and damage caused by sun/UV rays. The sheet well suited for Norwegian conditions, limits the need for tarpaulins in the construction period, and contributes to keeping the building dry in all types of weather for up to 6 weeks. WeatherPly™ also has good slip protection with similar friction to untreated plywood.

In December 2020, Moelven entered into an agreement with AT Skog SA to sell Moelven's 51 per cent interest in Moelven Telemarksbruket AS to AT Skog SA. The transaction, that was concluded on 4 January 2021, entails that from that date Telemarksbruket is wholly owned by AT Skog SA. All 31 employees will continue in the company under new ownership. Telemarksbruket is located in Bø in Telemark, and produces approximately 40 000 cubic metres of sawn timber products from pine a year. The company now has an owner with a strong local commitment that can prioritise further development of the sawmill in a different manner than what has been possible as a part of Moelven's overall sawmill portfolio.

In November 2020, Norwegian Wood Cluster (NWC), of which Moelven has been a core member since its inception, was included in Innovation Norway's cluster programme (the Arena programme). With Arena status the cluster is ensured financial and expert support for further development for at least three years to come. This is a long-awaited boost for the cluster project, and will create new opportunities for further innovation and cooperation across the value chain. Moelven is also a member of the WoodWorks cluster in Trøndelag. Last year, WoodWorks was assigned the status of Arena Pro, which is a level above the Arena status NWC now has been assigned.

On 22 December 2020, it was announced that KLP has entered into an agreement with Glommen Mjøsen Skog SA to buy 12 per cent of the shares of Moelven Industrier ASA. Glommen Mjøsen Skog SA thus reduces its ownership share from 78.8 per cent to 66.8 per cent. However, in accordance with the existing shareholder agreement, Viken Skog SA, which owns 20.8 per cent of the shares, has pre-emptive rights if any of them want to sell their shares. In January 2021 Viken Skog SA announced that it would exercise its pre-emptive rights. The transaction entails that Viken Skog SA increases its stake in Moelven to 32.8 per cent.

In the course of the fourth quarter of 2020 the Group has drawn up a prioritised action plan for the further development of a good safety culture in all of Moelven – “HSE towards 2023.” The initiative comes after a period where despite continuous focus on HSE improvement work, we have seen stagnation in the positive developments from 2016 to 2018 with regard to the frequency of injuries with subsequent sick leave. The overall frequency of injuries has been significantly reduced during the same period, and was at the end of 2020 marginally higher than the intermediate goal set in the group's strategy plan. The “HSE towards 2023” action plan includes specific and targeted measures related to both resource allocation, developing expertise, risk analysis, internal control and compliance, and not least culture building.

On 16 December 2020 the final inventory of sawn timber products was loaded at Moelven Eidsvold Værk AS, and thus all operations are now discontinued. This concludes an industrial history of more than 400 years, and thanks are due to everyone who has made an effort to contribute to the decommissioning going according to plan.

Operating revenues and results

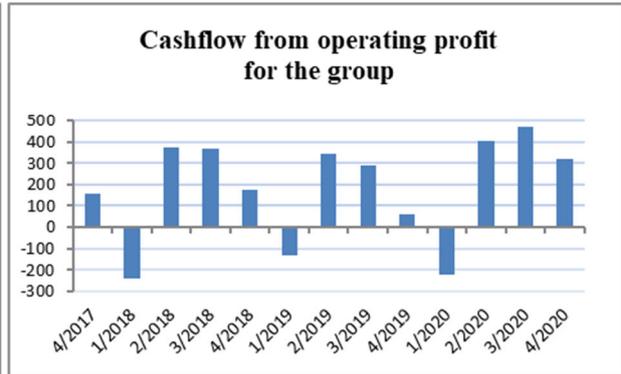
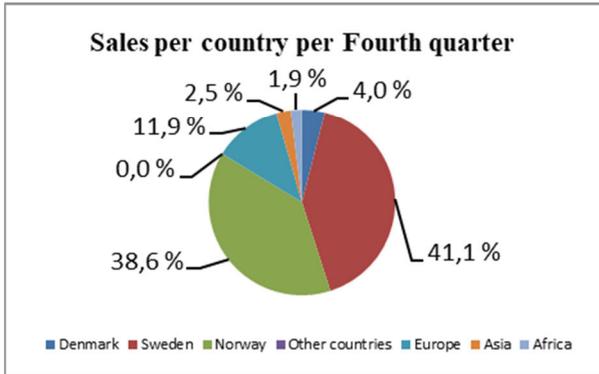
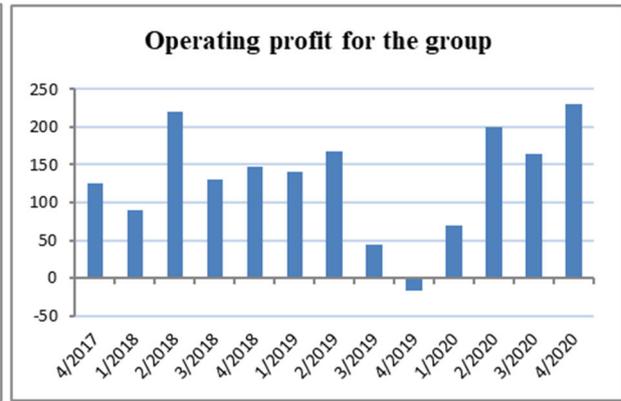
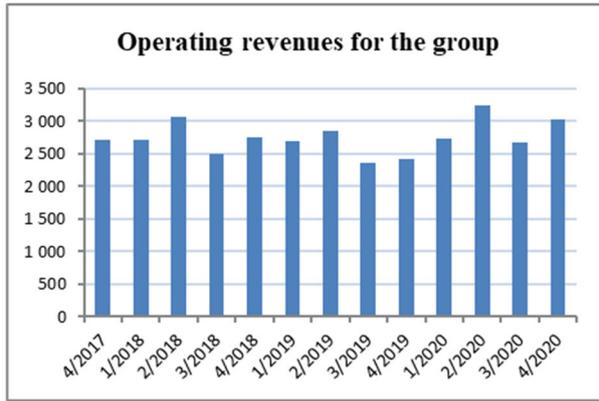
Operating revenues and profit increased compared to the same period last year as a result of significantly increased activity in the wood processing part of the Group, but also the Building System division has seen higher deliveries than for the corresponding period last year. The fourth quarter was an operationally good period. Reduced investment activity as a result of the uncertainty in connection with Covid-19 has however led to somewhat increased maintenance costs, and full and partial production stoppages as a result of infection outbreaks have also had a negative impact on the result. The general cost level remains too high at certain units, and imposes requirements towards further efficiency improvement measures.

As a result of the decision in the third quarter of 2019 to discontinue operations at Moelven Eidsvold Værk AS, the year-to-date operating result for 2019 has been charged with cost provisions totalling NOK 17.0 million.

The inventories are assessed on a monthly basis against developments in manufacturing costs and fair value. This has had a positive impact on the operating result to the tune of NOK 40.6 million in the quarter (-19.6 million). Year to date the adjustment is NOK 47,8 million, while year to date as at 31 December 2019 it was NOK -32.8 million. The items have no 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 related to fair value assessments on unrealized financial instruments totalled NOK 38.4 million (NOK 3.9 million) for the quarter and NOK 6.8 million (NOK -23.7 million) for the year.

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Operating revenues				
Timber	956,0	723,3	3 444,9	3 118,9
Wood	1 074,5	854,8	4 730,3	4 018,1
Building Systems	941,1	757,5	3 346,6	3 002,7
Other businesses	1 028,4	904,8	3 802,4	3 728,0
<i>Internal</i>	<i>-972,7</i>	<i>-830,1</i>	<i>-3 659,0</i>	<i>-3 570,2</i>
The Group	3 027,3	2 410,3	11 665,2	10 297,5
EBITDA				
Timber	135,9	23,8	365,9	243,1
Wood	137,2	14,4	482,3	265,4
Building Systems	51,7	11,4	166,2	135,0
Other businesses	4,6	-1,1	-3,8	-13,7
The Group	329,3	48,4	1 010,6	629,8
Operating profit				
Timber	104,6	1,0	258,9	145,8
Wood	107,6	-4,2	371,7	165,1
Building Systems	25,6	-7,5	76,4	56,8
Other businesses	-7,7	-6,6	-44,7	-32,3
The Group	230,2	-17,3	662,2	335,4



Investments, balance sheet and funding

Investments totalling NOK 72.3 million (NOK 129.5 million) were made during the fourth quarter, and NOK 271.9 million (NOK 478.7 million) year to date. The investment programme in the Group's current strategy plan entails a reduction in investment levels compared to 2019. In April 2020 it was also decided to stop the contracting of larger investment projects as a result of uncertainty related to the Covid-19-pandemic. On the basis of achieved results and cash flow, as well as forecasts for the remainder of 2020, at the end of August it was decided to resume investment activities in accordance with the existing plans at the start of the year. The stoppage has naturally led to a certain delay in relation to the original plans. Depreciations and write-downs were NOK 99.2 million (NOK 65.7 million) in the quarter and NOK 348.4 million (NOK 294.4 million) year-to-date. The main reason for the increase in depreciation compared to 2019 is the investment activity and that a correction related to accounting of leasing contracts was implemented in the fourth quarter of 2020. For 2019 accumulated depreciations and write-downs include NOK 17.0 million related to the decommissioning of Moelven Eidsvold Værk AS.

At year end, the Group's total assets were reported as NOK 5,833.0 million (NOK 5,518.0 million). A weak NOK in relation to SEK and increased receivables as a result of the high level of activity are the main reasons for the increase in total capital.

Cash flow from operating activities in the fourth quarter was NOK 319.4 million (NOK 151.9 million), corresponding to NOK 2.47 per share (NOK 1.17). Corresponding figures for the year as a whole were NOK 971.5 million (NOK 466.1 million), which is equivalent to NOK 7.50 (NOK 3.60) per share. The change compared to last year is due to increased earnings and fluctuations in working capital items. Cash flow from working capital items was NOK 2.3 million in the fourth quarter (NOK 89.5 million) and NOK 97.2 million year to date (69.2).

Net interest-bearing liabilities were NOK 540.9 million (NOK 1,136.4 million) at the turn of the year. Leasing obligations are included in net interest-bearing liabilities in the amount of NOK 174.4 million (NOK 198.8 million). The liquidity reserve was NOK 1,789.7 million (NOK 951.0 million). In the Group's main financing the available loan facility varies in time with the natural fluctuations in the Group's tied-up capital through the year.

Equity at year end amounted to NOK 2,865.0 million (NOK 2 368.2 million), which is equivalent to NOK 22.12 (NOK 18.3) per share. The equity ratio was 49.1 per cent (43.5 per cent). The dividend for the previous year of NOK 0.72 (1.74) per share, totalling NOK 93.3 million (225.4), was paid and 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 scope and consequences of likely exchange rate fluctuations are within acceptable risk limits. In the fourth quarter, exchange rate fluctuations resulted in an unrealised change in equity of NOK 13.6 million (NOK 24.8 million). Year to date the change was NOK 134.6 million (NOK -28.1 million). Approximately half of the Group's assets are recognised in SEK. The total assets thus also change based on the exchange rate, and 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	
	2020	2019	2020	2019
Sales to external customers	759,7	590,5	2 745,0	2 512,3
Sales to internal customers	196,3	132,8	699,9	606,6
Operating revenues	956,0	723,3	3 444,9	3 118,9
Depreciation and impairment	31,3	22,8	107,0	97,4
Operating profit	104,6	1,0	258,9	145,8
Operating margin in per cent	1,3 %	-1,4 %	7,5 %	4,7 %
Net operating capital (% of operating revenues)*	-1,3 %	-1,6 %	13,8 %	15,8 %
Total assets*	31,5	-52,5	1 742,9	1 513,1
Equity*	-72,6	-104,7	930,8	799,8
Capital employed*	-113,8	-110,4	1 110,1	1 031,6
Return on capital employed in per cent, 12 month rolling*	8,7 %	-9,9 %	22,4 %	13,4 %
Investments*	26,3	43,5	88,0	115,8
Total number of employees*	14	-6	636	629

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

The good market conditions for the timber processing industry continued in the fourth quarter, both internationally and in Scandinavia. Demand is being driven both by consumers who in 2020 have spent more money on redecorating and maintenance, and by wood taking market shares from other building materials such as concrete and steel. It is particularly the American market that has shown strength. This has contributed to delivery volumes being moved to the US from the European market, which regardless of this already had a low supply of goods in relation to the overall demand. As a result of this, the prices have seen positive developments in 2020, and were higher than the previous year both for the quarter and for the year as a whole. The markets in North Africa, the Middle East and Asia have generally been weaker than the US and Europe, but Japan and China in particular showed encouraging signs of recovery in the fourth quarter. Good demand in the market combined with Moelven's diversified structure, both in terms of market segments and geography, caused delivery volumes to increase compared to the same period in 2019. At the same time the ongoing currency situation with weak Scandinavian currencies continued to maintain good competitiveness in the export markets.

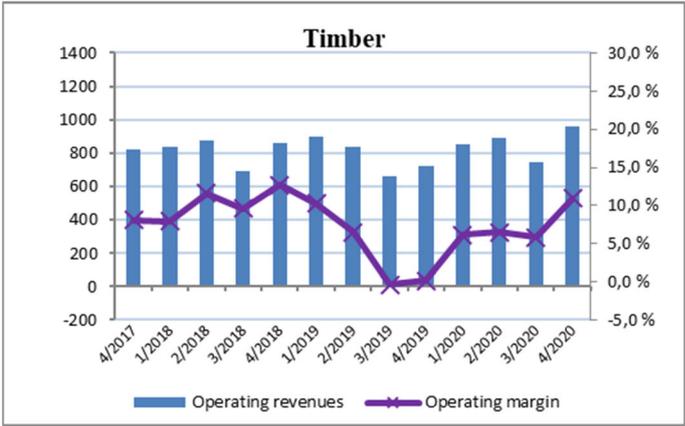
Operating conditions in the quarter were good, and production volumes were higher than in the fourth quarter of 2019. However, for the division as a whole, processing costs have increased somewhat compared to the same period the previous year, mainly due to increased costs for maintenance in a year with lower investment activity than normal. There are still certain units where rationalisation measures are required in order to provide satisfactory results. The sale of Moelven's 51 per cent stake in Moelven Telemarksbruket AS to AT Skog SA with effect from 4 January 2021, frees up capacity to further strengthen improvement work at the remaining production units in the division.

The UK is an important export market, particularly for the Swedish units in Timber. As far as possible, measures have been introduced to make the impact of Brexit as small as possible. So far, there is little to

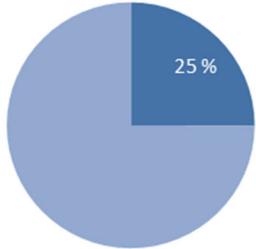
indicate that significant market-related changes will arise in the short term, but new trade agreements will entail a need for an increased use of resources particularly in connection with customs clearance.

The inventories are assessed on a monthly basis against developments in manufacturing costs and fair value. This has impacted the operating result with a total of NOK 18.0 million in the quarter (-13.2 million). Year to date downward adjustment is NOK 7,7 million, while year to date as at 31 December 2019 it was NOK 21.2 million. The items have no impact on cash flow.

In Norway access to forest raw materials was somewhat poor in the first part of the quarter, but this improved and was at a satisfactory level at the turn of the year. In Sweden access overall has been satisfactory, but heavy rainfall has resulted in certain challenges related to accessibility on forest roads in some areas. The production units have however had adequate raw materials for full production throughout the quarter. At the end of the quarter the sawlog inventories were at a normal level for the season and satisfactory compared to the current production plans, yet lower than at the same time last year when inventories were higher than normal. For the Swedish units prices of sawlogs were lower than during the corresponding period last year, while price levels in Norway have risen somewhat to the same level as the fourth quarter of 2019. A good supply of chip and fibre products has led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.



Timber’s share of the Groups sale to external customers



Wood

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Sales to external customers	1 017,5	805,9	4 518,0	3 827,9
Sales to internal customers	57,0	48,9	212,4	190,2
Operating revenues	1 074,5	854,8	4 730,3	4 018,1
Depreciation and impairment	29,6	18,6	110,6	100,3
Operating profit	107,6	-4,2	371,7	165,1
Operating margin in per cent	0,6 %	-1,2 %	7,9 %	4,1 %
Net operating capital (% of operating revenues)*	0,3 %	2,0 %	26,8 %	32,3 %
Total assets*	-23,8	-129,9	2 802,3	2 514,4
Equity*	-135,2	-104,3	1 243,4	1 064,2
Capital employed*	-36,6	-89,6	1 793,3	1 711,6
Return on capital employed in per cent, 12 month rolling*	5,8 %	-1,1 %	19,6 %	9,3 %
Investments*	37,4	39,6	130,2	117,2
Total number of employees*	8	1	1 099	1 114

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

Activity in the building products trade in Scandinavia was also higher in the fourth quarter of 2020 than in the corresponding period of 2019, and delivery volumes from the Wood division increased overall. The strong demand has meant that the finished goods inventories at the end of the quarter were lower than normal for the season, and measures have been implemented to build up sufficient inventories for next season.

Developments are largely driven by a strong consumer market linked to the renovation and maintenance of homes and holiday homes. The overall price level was on a par with the same period in 2019, although certain product categories saw a slight increase in prices. The latter mainly concerns products with a high level of processing, where demand has seen a steadily increasing trend in recent years. In order to ensure adequate raw materials for the production of processed goods, the division's sawlog-consuming units reduced the sales of sawn timber products to the external market compared to the fourth quarter of 2019.

As a consequence of the results from the Norwegian Building Authority's fire tests of royal-treated cladding that became known in the fourth quarter of 2020, Moelven has chosen to suspend the production and sale of royal-treated cladding to await more tests and documentation. The product has also been declassified to the correct fire class. This applies only to the cladding products, not the terrace products, which is the largest segment for Moelven's royal-treated products.

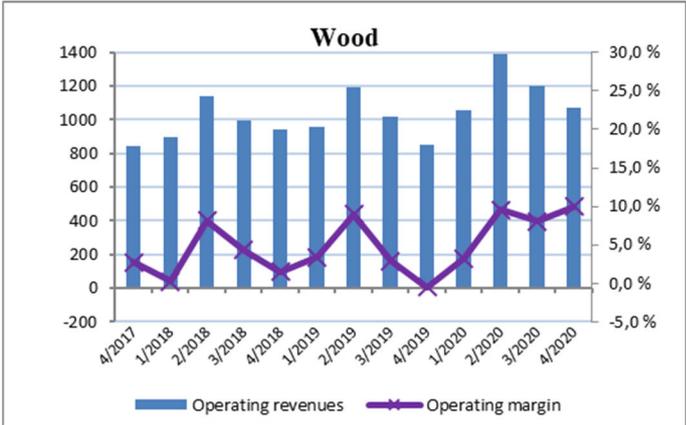
Operating conditions in the quarter were good, and apart from the challenges posed by the Covid-19 pandemic, production proceeded according to plan. For the division as a whole, processing costs have however increased somewhat compared to the same period the previous year. The main reasons are more demanding administration and logistics as a result of high market activity and low finished goods inventories, a weak NOK compared to SEK, as well as increased costs for maintenance in a year with lower investment activities than normal. There are still certain units where rationalisation measures are required in order to provide satisfactory results.

In November production at Moelven Vänerply AB closed for a week because Covid-19 infection was confirmed among several employees. Measures to trace infection and stop further outbreaks were implemented, and the entire factory was disinfected in the week the closure lasted. Among the measures that were introduced to operate production safely in addition to social distancing and hand hygiene, are the use of visors and masks at exposed workplaces. Moelven Edanesågen AB has also experienced cases of infection and a need to halt production for brief periods in order to implement measures to prevent further dispersion. Production stoppages have however been limited to parts of the plant.

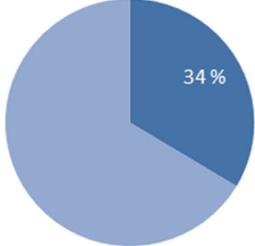
The inventories are assessed on a monthly basis against developments in manufacturing costs and fair value. This has impacted the operating result with a total of NOK 22.6 million in the quarter (-6.3 million). Year to date downward adjustment is NOK 40,1 million, while year to date as at 31 December 2019 it was NOK 11.6 million. The items have no impact on cash flow.

For the division’s Norwegian timber consuming units access to forest raw materials was somewhat poor in the first part of the quarter, but this improved and was at a satisfactory level at the turn of the year. On the Swedish side access overall has been satisfactory, but heavy rainfall has resulted in certain challenges related to accessibility on forest roads in some areas. The production units have however had adequate raw materials for full production throughout the quarter. At the end of the quarter the sawlog inventories were at a normal level for the season and satisfactory compared to the current production plans, yet lower than at the same time last year when inventories were higher than normal. For the Swedish units prices of sawlogs were lower than during the corresponding period last year, while price levels in Norway have risen somewhat to the same level as the fourth quarter of 2019. A good supply of chip and fibre products has led to a slight decline in prices to levels somewhat lower than in the same period last year in both Norway and Sweden.

The year-to-date operating result for 2019 has been charged with cost provisions totalling NOK 17.0 million as a result of the decision in the third quarter of 2019 to discontinue operations at Moelven Eidsvold Værk AS. Production stopped as planned at the end of the first quarter 2020, and the final goods were disbursed from the warehouse on 16 December 2020. Operations in 2019 were also impacted by the fire at Moelven Trysil AS in February 2019, which led to a reduced drying capacity until a new dryer became operational in December 2019.



Wood’s share of the Groups sale to external customers



Building Systems

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Sales to external customers	939,9	757,1	3 342,6	2 998,8
Sales to internal customers	1,2	0,5	4,0	3,9
Operating revenues	941,1	757,5	3 346,6	3 002,7
Depreciation and impairment	26,0	18,9	89,9	78,1
Operating profit	25,6	-7,5	76,4	56,8
Operating margin in per cent*	0,2 %	-1,0 %	2,3 %	1,9 %
Net operating capital (% of operating revenues)*	-1,7 %	-1,9 %	11,3 %	13,4 %
Total assets*	-6,9	46,1	1 908,6	1 751,0
Equity*	-57,4	-14,1	851,6	808,8
Capital employed*	-66,7	-14,7	1 027,9	1 066,3
Return on capital employed in per cent, 12 month rolling*	3,0 %	-4,7 %	7,3 %	5,6 %
Investments*	4,2	9,9	21,6	55,9
Total number of employees*	-9	-11	1 490	1 494

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

The order backlog for the division as a whole increased in the course of the fourth quarter 2020. At the turn of the year, the order backlog was NOK 374 million higher than at the same time in 2019. It is primarily the building module business in Norway and Sweden and the glulam business in Sweden that are responsible for the improvement.

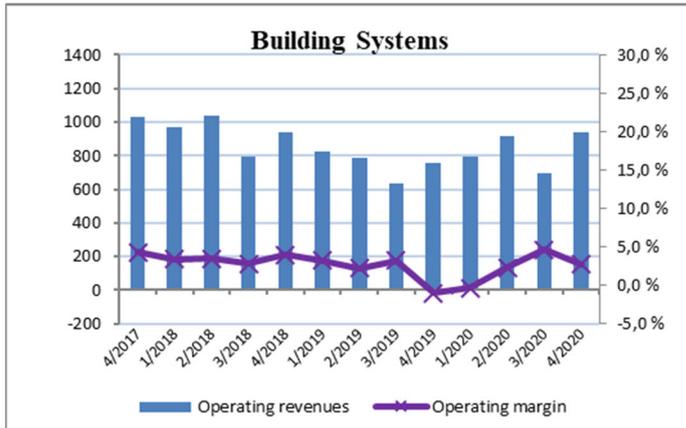
For the glulam operations in both Norway and Sweden market activity has been satisfactory and somewhat better than normal for the season. In Norway this applies to both the standard segment and projects, while demand for standard glulam in the Swedish market has been somewhat poorer. However, based on the order backlog, capacity utilisation is ensured into the second quarter of 2021. Initiated rationalisation measures and concept adjustments for glulam operations are going according to plan.

For the building module operations in Norway, activities in the building and construction segment have been satisfactory with good production. In the housing segment the activity level has improved through the year, with good project orders that are now contributing to securing operations at the factories through the winter with satisfactory profit levels.

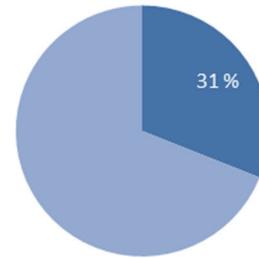
For the Swedish building module operations, the market for standard modules for building and construction and leasing has improved. Order intakes have seen positive developments and are sufficient to secure factory production into the second quarter of 2021. The housing segment remains somewhat hesitant, but with signs of improvement and an increase in orders. An increase in production is still somewhat ahead in time. The capacity adjustments that were implemented in 2019 have not been fully reversed.

For system interiors market activity is hesitant in both Norway and Sweden.

The Covid-19 pandemic led to a drop in demand that required the introduction of short-term work in the Swedish business. At the end of the fourth quarter a total of 32 employees were affected by this. Independently of the Covid-19 pandemic, profitability in both countries has been unsatisfactory for some time. For operations in both Norway and Sweden, action plans have been adopted to improve competitiveness and increase profitability. The actions, which are currently being implemented, will be effective from 2021.



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



Other Businesses

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Sales to external customers	334,1	282,2	1 151,7	1 059,9
Sales to internal customers	694,3	622,6	2 650,6	2 668,1
Operating revenues	1 028,4	904,8	3 802,4	3 728,0
Depreciation and impairment	12,3	5,5	40,9	18,6
Operating profit	-7,7	-6,6	-44,7	-32,3
Operating margin in per cent*	0,2 %	0,0 %	-1,2 %	-0,9 %
Net operating capital (% of operating revenues)*	-5,2 %	-4,4 %	4,4 %	2,6 %
Total assets*	-45,8	40,9	2 474,1	2 633,9
Equity*	449,8	228,6	1 449,5	1 283,8
Capital employed*	91,0	197,0	1 811,1	2 092,7
Return on capital employed in per cent, 12 month rolling*	-0,1 %	0,4 %	-0,7 %	-0,4 %
Investments*	4,3	36,5	32,1	189,8
Total number of employees*	10	-3	166	162

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

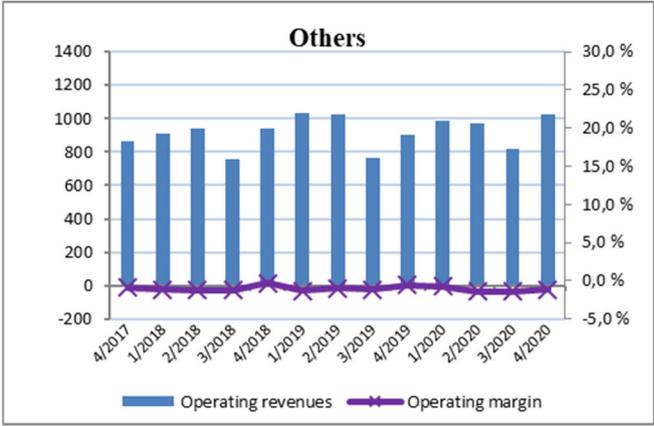
Other businesses include Moelven Industrier ASA, with shared services for finance, accounting, insurance, communications, HR and ICT. Timber supply and sales of wood chips and energy products are organised as a common function for the Group's timber processing industry and are included with the companies Moelven Skog AB, Moelven Virke AS, Vänerbränsle AB, Moelven Bioenergi AS and Moelven Pellets AS.

2020 has been the first full year of operation for Moelven Pellets AS. Break-in of the factory has gone according to plan. The manufactured pellets have premium quality and are certified as Enplus A1. The partnership agreement with SCA for pellet delivery has ensured the delivery of the entire production volume from the factory in a year where the pellet market has been characterised by a surplus of pellets following the mild 2019/20 winter and the mild 2020 autumn with low international energy prices.

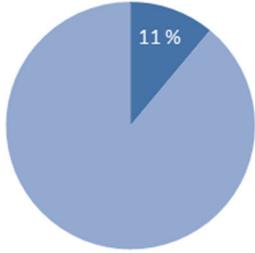
Fluctuations in operating revenues in the area of Other Businesses are largely due to the level of activity within timber supply and sales of wood chips and energy products. These are mainly internal sales, which do not materially affect the results within the business area. In order to safeguard the supply of timber and market opportunities for wood chip and energy products in regions without local demand for pulp wood and wood chips, Moelven is to a certain extent involved in the purchase and resale of this, based on established train solutions for transport, among other things. The business is based on fixed agreements on both the customer and supplier sides.

In August 2020 there was agreement between the owners of Weda Skog AB, Bergkvist-Insjön AB (70%) and Moelven Industrier ASA (30%) to divide the company among them. Since 2000 Weda has been responsible for timber supply to Bergkvist-Insjön AB in Insjön and Moelven Dalaträ AB in Mockfjärd. All of the 22 employees of Weda Skog have been offered new employment with either Moelven Skog or Bergkvist-Siljan, and 21 employees chose to accept this. The new structure took effect from 1 September, but all existing timber contracts were finalised under the auspices of Weda Skog up to the end of the year. Moelven Skog AB took on supply responsibilities for Moelven Dalaträ AB from the turn of the year.

Responsibility for the sales of Dalaträ's other by-products is handled by Vänerbränsle AB. From the turn of the year Weda Skog AB has no ordinary operative activities, and the company now enters a liquidation phase that is scheduled to conclude by the end of 2021.



Others's share of the groups sale to external customers



Employees

Employees	Per Fourth quarter 2020				Per Fourth quarter 2019			
	Male	Female	%Female	Total	Male	Female	%Female	Total
Timber	573	63	9,9 %	636	561	68	10,8 %	629
Wood	923	176	16,0 %	1 099	941	173	15,5 %	1 114
Building Systems	1 377	113	7,6 %	1 490	1 393	101	6,8 %	1 494
Other businesses	126	40	24,1 %	166	121	41	25,3 %	162
The Group	2 999	392	11,6 %	3 391	3 016	383	11,3 %	3 399

Sickness absence rate	Per Fourth quarter	
	2020	2019
Timber	5,4 %	4,5 %
Wood	6,2 %	5,5 %
Building Systems	7,0 %	6,1 %
Other businesses	2,2 %	1,6 %
The Group	6,2 %	5,4 %

LTI Value	Per Fourth quarter	
	2020	2019
Timber	14,8	12,7
Wood	7,9	12,3
Building Systems	14,4	10,8
Other businesses	0,0	3,8
The Group	11,7	11,3

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, was 11.7 (11.3) at the end of the fourth quarter 2020. The actual number of injuries with absence was 18, compared to 15 in the corresponding period in 2019. So far this year there have been 64 injuries with absence, while there were 63 at the same time last year. The total number of injuries with and without absence was 137 in 2020, a significant decline from 194 the previous year.

All injuries of a certain severity are investigated by the HSE manager from the Group's central HR Department. The methodology used ensures a systematic and impartial investigation of the incident focusing on considering whether adequate and relevant safety procedures and measures were implemented and worked as intended. The results of investigations are shared with all companies in the Group to provide greater insight into the incident and thus be able to implement preventive measures to avoid similar incidents elsewhere. Work on investigating incidents started in March 2019. Moelven greatly emphasises prevention of all injuries, regardless of whether they result in absence or not (TRI rate). Target figures have therefore been set for both the LTI rate and TRI rate, which is an expression of the number of injuries per million worked hours. In 2020 the goal is that the LTI rate shall be lower than 6 and that the TRI rate shall be lower than 24, both on a 12-month rotating basis. After the fourth quarter the rotating TRI rate was 25.1 (34.8). The reduction in the number of overall injuries indicates that efforts are yielding results, although there are still too many injuries. Work therefore continues with high intensity and increased pressure on risk-reducing measures, an improved safety culture and health-promoting work.

In comparison to 2019, there has been a great increase in the number of reported hazardous conditions. At the same time there is a reduction in the number of near-misses and injuries. This is a positive trend, and work is ongoing to maintain focus on the reporting of hazardous conditions and preventive safety work.

In the course of the fourth quarter the Group has drawn up a prioritised action plan for the further development of a good safety culture in all of Moelven – "HSE towards 2023." The main points of the action plan are:

1. Strengthen the HSE organisation and organisation of the HSE work
2. Strengthen the HSE by rolling out Active Leadership and Active Employee
3. Implement Risk Management Operations
4. Develop and implement HSE courses at all levels in the organisation. Establish a course portfolio of different HSE courses
5. Conduct a technical safety inspection of production facilities, including the development of an action plan
6. Establish an internal audit organisation that annually examines compliance with internal and external requirements and rules at the company level
7. Continuous improvement and organisational learning

In the fourth quarter, absence due to illness was 6.2 per cent (5.6), where 2.8 per cent (2.5) represents long-term absence. Although absence in both the quarter and year to date has increased in comparison to last year, the long-term trend of developments in sickness absence is declining. The increase in the fourth quarter 2020 compared to the same period the previous year was largely due to absence related to the Covid-19 pandemic. Regardless of the developments in the quarter, many of Moelven's businesses already have sickness absence levels lower than the maximum target for 2020 of 4.2 per cent. There is nevertheless much to be gained, and work is ongoing to reduce sickness absence for both individual companies and 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.

In the fourth quarter there was a significant increase in the number of Covid-19 infections in the Group. The key focus for the Group's work in connection with the pandemic has been preventing infection and dispersion, following up advice from authorities and employee organisations, internal and external communication and the mobilisation of contingency plans both centrally and locally. In addition to the national measures in Sweden and Norway, the Group has focused on measures directed at travel, internal and external meetings and gatherings, logistics procedures and closure/restrictions in canteens, dining rooms and gyms.

At the end of the fourth quarter the Group had 8 employees in isolation with confirmed infection, and 37 employees were in quarantine. A total of 70 employees either are or have been in isolation with confirmed infection. At the turn of the year a total of 32 employees were affected by a form of layoff (Norway) or short-term work (Sweden).

Outlook

With regard to results, 2020 has been a good year for Moelven. Although vaccination has started, the Covid-19 pandemic still gives rise to much uncertainty about the future. In the October edition of the “World Economic Outlook” report, the IMF estimated that the world economy will grow by 5.2 per cent in 2021, after shrinking in 2020. As more and more macro analyses are published at the beginning of 2021, it is clear that the prevailing view is that we are facing a strong economic recovery that will accelerate as herd immunity is achieved and the infection control measures can be eased. It is particularly in the consumer market that there is great uncertainty related to which products and services that will be in demand after a long period of shutdowns and social distancing. Changes in commodity and service producing industries as a result of pandemic-related bankruptcies also play a part in increasing the uncertainty related to where and in which sectors the recovery will be strongest. It therefore remains necessary to plan for several different scenarios. So far, Moelven has not been greatly affected with regard to delivery volumes and earnings for the first part of 2021 it appears as though the trend from 2020 will continue.

The Group has as far as possible introduced measures to both limit infection in society in general and to protect own employees and the business against operational disruptions as a result of the pandemic. Regulations have been introduced with regard to travel activity, visits to our businesses, large gatherings, hygiene, etc. Production procedures have as far as possible been adjusted such that operation of the business is affected to the least possible extent without compromising the employees’ safety. In the course of 2020 there have been some cases of infection at the Group’s production units, but the measures that have been introduced have proven to be effective, and the outbreaks have quickly been controlled. The measures will therefore remain in place until it is clear that the risk of major outbreaks is significantly reduced.

For Moelven’s sawlog-consuming units it is expected that demand for sawn timber products in the export markets will continue to vary geographically, but overall remain at a high level through the first quarter and into the second quarter of 2021. This however depends both on the rate of infection, market access, logistics and developments in demand further down the value chain. The NOK and SEK weakened significantly against the key export currencies in the first part of 2020, and even after a strengthening towards the end of the year, rates remain at levels that ensure good competitiveness in the export markets.

The UK is an important market, especially for many of the units in the Timber division. As far as possible, measures have been introduced to make the impact of Brexit as small as possible. So far, there is little to indicate that significant market-related changes will arise for Moelven in the short term, but new trade agreements will entail a need for an increased use of resources particularly in connection with customs clearance.

A good level of activity is expected in the building materials trade in Scandinavia in the first quarter, but with a seasonally normal reduction from levels in the autumn of 2020. This is also a necessary prerequisite to ensure an adequate build-up of finished goods inventories in order to serve the market when the high season starts around at the end of the first quarter. As infection control measures are eased, demand from the consumer market is expected to decline somewhat, but a high level of activity is still expected in the rehabilitation, renovation and extension market. The start-up of new building projects is expected to remain low. This may partly be compensated by increased activity in public construction projects.

Sawlog inventories and the supply situation in Moelven’s geographies at the start of 2021 are satisfactory in both Norway and Sweden, and access to raw materials is expected to remain satisfactory with regard to the existing production plans.

Regardless of the Covid-19 pandemic, the Building Systems division has had a lower level of activity than desired in certain business areas, and adjusted production capacity to this. The market situation for the glulam and building module companies has improved to a level that essentially ensures good capacity utilisation with satisfactory profit levels. In the system interiors business the market situation remains difficult, and in the course of 2021 measures will be implemented with an aim to create satisfactory profitability under the prevailing market conditions.

The Group has a long-term goal of a return on capital employed of 13 per cent over an economic cycle.

For 2021, a normalization of market activity is expected, especially in the consumer segment for the wood-mechanical part of the group. Although vaccination against Covid-19 has begun, uncertainty about how the pandemic will affect demand for Moelven's goods and services remains high. However, the Board considers solvency and long-term liquidity access to be sufficient to be able to implement both planned improvement measures in accordance with the Group's strategy, as well as necessary measures to meet any negative impacts from the Covid-19 pandemic.

Quarterly accounts for the Moelven Group for the fourth quarter of 2020

Earnings and comprehensive income

Amounts in NOK million	Fourth quarter		12 months	
	2020	2019	2020	2019
Operating revenues	3 027,3	2 410,3	11 665,2	10 297,5
Cost of goods sold	1 757,2	1 464,1	7 191,2	6 307,5
Payroll expenses	630,9	585,7	2 279,8	2 185,8
Depreciation and impairment	99,2	65,7	348,4	294,4
Other operating expenses	309,8	312,0	1 183,5	1 174,4
Operating Profit	230,2	-17,3	662,2	335,4
Income from associates	0,6	0,0	0,6	0,0
Value change of financial instruments to fair value	38,4	3,9	6,8	-23,7
Other financial income	3,3	1,5	14,9	6,5
Other financial expenses	7,8	14,5	81,1	78,6
Profit before tax	264,1	-26,3	602,9	239,7
Estimate income tax	58,3	-10,8	131,9	51,3
Net profit	205,8	-15,6	471,0	188,4
Non-controlling interest share	0,1	-0,6	-0,5	-0,2
Owner of parent company share	205,7	-15,0	471,5	188,6
Earnings per share (in NOK)	1,6	-0,1	3,6	1,5
Statement of comprehensive income				
Net profit	205,8	-15,6	471,0	188,4
Other comprehensive income				
<i>Items that are not reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined-benefit pension schemes	-1,7	0,2	-1,7	0,2
Income tax on items that are not reclassified to profit or loss	0,4	0,0	0,4	0,0
	-1,3	0,1	-1,3	0,1
<i>Items that may be reclassified subsequently to profit or loss</i>				
Translation differences	-13,6	29,7	134,6	-28,1
Proportion of other income and costs in associated companies	0,0	0,3	0,0	0,3
Other changes	1,7	-0,2	-14,2	0,1
Income tax on items that may be reclassified to profit or loss	0,0	0,0	0,0	0,0
	-11,9	29,8	120,4	-27,8
<i>Items that may be reclassified subsequently to profit or loss</i>				
Other comprehensive income, net of tax	-13,2	29,9	119,1	-27,8
Total comprehensive income for the period	192,5	14,4	590,1	160,8
Comprehensive income assigned to:				
Owners of parent company	192,5	14,9	590,6	161,0
Non-controlling interests	0,1	-0,6	-0,5	-0,2

Consolidated balance sheet

Amounts in NOK million	Per 31.12	
	2020	2019
Intangible assets	74,5	81,2
Tangible fixed assets	2 298,9	2 226,4
Financial fixed assets	5,9	5,9
Total fixed assets	2 379,2	2 313,6
Inventory	1 515,8	1 742,9
Contract assets	91,7	71,5
Receivables	1 722,7	1 365,8
Liquid assets	123,6	24,3
Total current assets	3 453,8	3 204,4
Total assets	5 833,0	5 518,0
Share capital*	647,7	647,7
Other equity	2 217,3	1 720,5
Total equity	2 865,0	2 368,2
Provisions	279,9	242,1
Long term interest-bearing liabilities	463,8	952,5
Lease liabilities	174,4	198,8
Total long term liabilities	918,2	1 393,5
Contract liabilities	140,0	137,7
Short term liabilities	1 909,9	1 618,7
Total short term liabilities	2 049,8	1 756,4
Total liabilities	2 968,0	3 149,8
Total liabilities and equity	5 833,0	5 518,0

*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 1.1.2019	647,7	130,9	0,0	1 640,5	2 419,1	13,5	2 432,6
Comprehensive income for the period							
Net profit	0,0	0,0	0,0	188,6	188,6	-0,2	188,4
Other comprehensive income							
Translation differences	0,0	0,0	0,0	-28,0	-28,0	-0,1	-28,1
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	0,2	0,2	0,0	0,2
Other comprehensive income (net of tax)	0,0	0,0	0,0	-27,8	-27,8	-0,1	-27,9
Transactions with owners, entered directly against equity							
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	-225,4	-225,4	0,0	-225,4
Total transactions with owners	0,0	0,0	0,0	-224,8	-224,8	0,0	-224,9
Total as at 31.12.2019	647,7	130,9	0,0	1 576,4	2 355,0	13,2	2 368,2
Total pr 1.1.2020	647,7	130,9	0,0	1 576,3	2 354,9	13,2	2 368,2
Comprehensive income for the period							
Net profit	0,0	0,0	0,0	471,5	471,5	-0,5	471,0
Other comprehensive income							
Translation differences	0,0	0,0	0,0	134,4	134,4	0,2	134,6
Other changes	0,0	0,0	0,0	-14,2	-14,2	0,0	-14,2
Actuarial gains (losses) on defined-benefit pension schemes	0,0	0,0	0,0	-1,7	-1,7	0,0	-1,7
Income tax on other comprehensive income	0,0	0,0	0,0	0,4	0,4	0,0	0,4
Other comprehensive income (net of tax)	0,0	0,0	0,0	118,9	118,9	0,2	119,1
Transactions with owners, entered directly against equity							
Dividend to owners	0,0	0,0	0,0	-93,3	-93,3	0,0	-93,3
Other changes	0,0	0,0	0,0	2,4	2,4	-2,4	0,0
Total transactions with owners	0,0	0,0	0,0	-90,9	-90,9	-2,4	-93,3
Total as at 31.12.2020	647,7	130,9	0,0	2 075,8	2 854,4	10,6	2 865,0

Consolidated statement of cash flow

Amounts in NOK million	Per 31.12.	
	2020	2019
CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit	471,0	188,4
<i>Adjustments to reconcile net profit with net cash flow from operations:</i>		
Depreciation	344,1	296,2
Impairment	4,3	-1,8
Income from associated companies	-0,6	0,0
Tax paid	-71,3	-109,8
Unpaid pension costs entered as costs and unreceived pension funds entered as income	2,0	0,2
Loss (profit) on sale of fixed assets	-0,3	4,9
Net value change of financial instruments to fair value	-6,8	23,7
Income tax	131,9	51,3
<i>Changes in operating assets and liabilities:</i>		
Changes in inventory	227,1	-69,0
Changes in accounts receivable and other receivables	-377,9	172,5
Changes in trade accounts payable	97,7	-101,7
Changes in provisions and benefits to employees	37,8	-19,0
Changes in short-term liabilities excluding borrowing	112,5	31,5
Cash flow from operational activities	971,5	467,4
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investment in plant and equipment exc. acquisition	-271,9	-478,7
Receipts from sale of fixed assets	1,9	3,9
Cash flow from investment activities	-270,0	-474,9
CASH FLOW FROM FINANCING ACTIVITIES:		
Change in bank overdrafts	0,0	-9,4
Proceeds from borrowings (borrowing facility)	263,8	987,6
Repayments of borrowings (borrowing facility)	-952,4	-704,9
Changes in other long-term debt	200,0	-0,9
Payment of leases	-35,0	-26,3
Payment of dividend	-93,3	-225,4
Cash flow from financial activities	-616,9	20,6
Net increase (reduction) in liquid assets during year	84,7	13,1
Liquid assets start of period	19,4	6,3
Liquid assets end of period	104,1	19,4
Cash and cash equivalents		
Liquid assets	104,1	19,4
Unused drawing rights	1 685,6	931,6
Cash and cash equivalents	1 789,7	951,0

Notes to the consolidated financial statements

Note 1 – General information

Moelven Industrier ASA is a public limited liability company, registered in Norway. The company's headquarters are located at Industriveien 2, 2390 Moelv, Norway. The consolidated financial statements for the fourth quarter of 2020, ending on 31 December 2020, includes Moelven Industrier ASA and its subsidiaries (collectively referred to as the “Group”) and the Group's interests in associated companies. The accounts are unaudited. The annual accounts for 2019 are available at www.moelven.no.

Note 2 – Statement of conformity

The consolidated financial statements for the third quarter of 2020 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 2019. The consolidated quarterly financial statements were approved by the Board on 28 January 2021.

Note 3 – Accounting policies

The accounting policies adopted in the quarterly financial statements for 2020 are the same as those in the consolidated financial statements for 2019. 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 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 2019 and the principal sources of estimate uncertainty are the same when preparing these quarterly accounts as for the consolidated accounts for 2019.

Note 5 – Pensions and taxes

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

Note 6 – Seasonal fluctuations

Demand for the Group's products and services is normally subject to variability throughout the year. This means a low season through the first quarter, increasing activity and a high season through the second and third quarters and less activity in the last 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 – Sales revenues

Geographical area Amounts in NOK million	Timber		Wood		Building systems		Other		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fourth quarter										
Norway	106,3	92,2	472,6	413,3	412,1	393,2	84,1	60,3	1 077,6	962,8
Sweden	182,0	136,9	388,4	278,7	494,1	353,9	216,7	191,2	1 279,2	958,9
Rest of Europe	366,9	243,0	135,2	90,0	27,1	3,4	0,0	0,0	528,9	335,5
Rest of the world	101,4	113,5	18,4	13,0	0,0	0,0	0,0	0,0	119,5	125,5
Total Sales revenues	756,5	585,6	1 014,6	795,1	933,3	750,5	300,8	251,5	3 005,2	2 382,7
Other operating revenues	2,2	4,2	1,7	9,9	6,6	6,6	11,6	6,9	22,1	27,6
Total operating revenues	758,7	589,7	1 016,3	805,0	939,9	757,1	312,4	258,5	3 027,3	2 410,3

Amounts in NOK million	Timber		Wood		Building systems		Other		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
12 months										
Norway	402,5	415,9	2 338,1	2 072,8	1 439,8	1 477,7	281,0	202,2	4 479,1	4 185,7
Sweden	632,4	559,5	1 587,2	1 256,8	1 796,1	1 462,1	754,9	743,6	4 765,0	4 016,2
Rest of Europe	1 257,3	1 074,5	504,5	395,5	83,9	45,5	0,0	0,0	1 837,7	1 508,1
Rest of the world	444,4	416,5	78,1	59,6	0,0	0,0	0,0	0,0	518,3	472,1
Total Sales revenues	2 736,6	2 466,4	4 507,9	3 784,6	3 319,8	2 985,3	1 035,9	945,8	11 600,1	10 182,1
Other operating revenues	4,9	42,5	6,3	38,8	22,8	13,5	31,1	20,6	65,1	115,4
Total operating revenues	2 741,5	2 508,8	4 514,2	3 823,4	3 342,6	2 998,8	1 067,0	966,4	11 665,2	10 297,5

Note 8 – Fixed assets, intangible assets and goodwill

Amounts in NOK million	Per 31.12.	
	2020	2019
Book value per 1.1	2 258,6	1 908,9
Acquisitions	271,9	478,7
Lease acquisitions	39,7	19,5
Disposals	-1,6	-1,3
Depreciations	-344,1	-304,3
Impairment losses	-4,3	9,9
Transfers	3,9	172,1
Translation differences	102,8	-25,0
Book value per 31.12.	2 326,9	2 258,6

Note 9 - Financial instruments

Amounts in NOK million	31.12.2020			31.12.2019			31.12.2020		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value	Level 1*	Level 2*	Level 3*
Currency derivatives	19,5	-10,6	9,0	4,9	-9,7	-4,8		9,0	
Interest rate derivatives		-52,0	-52,0		-44,9	-44,9		-52,0	
Embedded derivative - currency		-2,4	-2,4		-1,9	-1,9		-2,4	
Total	19,5	-65,0	-45,4	4,9	-56,4	-51,6			

Amounts in NOK million	31.12.2019			31.12.2018			31.12.2019		
	Positive fair value	Negative fair value	Net fair value	Positive fair value	Negative fair value	Net fair value	Level 1*	Level 2*	Level 3*
Currency derivatives	4,9	-9,7	-4,7	16,9	-4,4	12,5		-4,7	
Interest rate derivatives		-44,9	-44,9		-69,8	-69,8		-44,9	
Embedded derivative - currency		-1,9	-1,9		-1,3	-1,3		-1,9	
Power derivatives				30,8		30,8			
Total	4,9	-56,5	-51,5	47,6	-75,5	-27,9			

*Level 1: Listed price in an active market for an identical asset or liability.

Level 2: Valuation based on observable factors other than listed price (used in level 1) either directly or indirectly derived from prices for the asset or liability. Assets and liabilities valued according to this method are mainly financial instruments for hedging future cash flows in foreign currency, interest and electricity. Market value is the difference between the financial instrument's value according to the signed contract and how a similar financial instrument is priced at the balance sheet date. The balance sheet market prices are based on market data from Norges Bank, the ECB, Nasdaq OMX and the financial contract counterparty.

Level 3: Valuation based on factors not obtained from observable markets (non-observable assumptions). The valuation method is used to a very small extent and only for unlisted shares. Since market value is not available, the expected future cash flow from the shares is used as an estimate.

Note 10 – 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 2019 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	Fourth quarter		12 months	
	2020	2019	2020	2019
Timber	117,5	3,7	259,9	140,6
Wood	103,0	-8,0	353,0	135,9
Building Systems	23,8	-8,9	71,2	52,9
Other	19,9	-13,2	-81,2	-89,8
Profit before tax	264,1	-26,3	602,9	239,7

Note 11 – 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. Here the arm's length principle is 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 metres comes via the Norwegian forest owner cooperatives.

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 12 - Events after the balance sheet date

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

Moelven is organised into three divisions: Timber, Wood and Building Systems. There is also an Other Businesses reporting area, which consists of the holding companies, supply businesses and bioenergy companies. The sawmills in Timber supply sawn timber 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 37 production companies in Norway and Sweden and has approximately 3,400 employees. Moelven also has its own sales offices in Denmark, England and Germany. The Moelven group is owned by Glommen Mjøsen Skog SA (78.8 per cent) and Viken Skog SA (20.8 per cent). Most of the remaining 0.4 per cent is owned by private individuals.

Moelven gir folk gode rom

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