

To the Editor

7 September 2004

H1 interim financial statements

Danske Trælast feels the effects of the upswing in the building sector in the Nordic Region and increases its forecast for 2004

- **Turnover rose by 6% year on year to reach DKK 465 million.**
- **Profit before interest, tax and goodwill amortisation (EBITA) rose 13% year on year to DKK 403 million**
- **Sales to consumers in the DIY market grew the most.**
- **The cash flow was record high again at DKK 902 million before interest and acquisitions, which was in line with performance at the same time last year**
- **The Group increases its forecast of profit for the full year from DKK 720-790 million to DKK 770-810 million**

If things are going well in the Nordic building sector, things are also going well for Danske Trælast, which is traditionally sensitive to changing market trends in the respective markets. In the DIY market in particular, Danske Trælast is now really feeling that private families in Denmark, Sweden, Norway and Finland have more disposable money, which they are investing in home improvements. In addition, the Group is also seeing beginning optimism in the professional sector.

With a turnover of approximately DKK 16 billion, Danske Trælast A/S is the Nordic's Region's largest group within trading in building materials for the professional market as well as for the DIY market. In Denmark, Danske Trælast owns more than 80 builders' merchants and just over 40 Silvan DIY stores. In Sweden, the Group is represented by Beijer Byggmaterial, Silvan Bygg and Cheapy Lågprisbygg, in Finland by Starkki and in Norway by Neumann Bygg.

The Group today published its financial statements for the first two quarters of the 2004/2005 financial year with the following key figures:

DANSKE TRÆLAST A/S	H1 2004	H1 2003	Change
DKK million			
Turnover	7,951	7,485	6%
EBITA	403	356	13%
Cash flow	906	970	(7)%

Performance by subsidiaries:

DKK million	H1 2004		H1 2003		Change	
	Turnover	EBITA	Turnover	EBITA	Turnover	EBIT A
Detail (DK)	2,970	171	2,745	170	8%	1%
Silvan	1,132	104	1,038	96	9%	8%
Starkki (FI)	1,622	81	1,536	75	6%	8%
Beijer (SE)	1,302	42	1,313	34	(1)%	26%
Neumann (NO)	333	17	320	10	4%	63%
Engros	547	16	512	17	7%	(8)%

Fair growth

- The Nordic market for DIY building products is growing in general, and this market was the prime driver of the Danske Træløst Group's growth in the first half of 2004. In addition, we are pleased that we have a strong cash flow again, in line with the same period of 2003, commented Steen Weirsøe, President & CEO of Danske Træløst A/S.

- However, the increased activity in the market for building materials is not the only factor behind our growth. We are also to a great extent enjoying the favourable effects of the extensive efficiency improvements we have implemented as part of our long-term strategy.

Pan-Nordic buying organisation

In the spring, Danske Træløst introduced its new buying strategy, which is operating cutting across all the Nordic countries in an independent function under the name Group Sourcing. The function is responsible for the Group's entire buying volume of approximately DKK 12 billion.

- It is the goal of Group Sourcing to organise the Group's buying with a narrow circle of suppliers who are prepared to collaborate with Danske Træløst in implementing significant efficiency improvements throughout the supply chain for building materials in order to increase value creation for all parties in the building sector, said Steen Weirsøe.

- With the changed buying policy, we aim to increase our value creation, efficiency and growth – and to achieve double-digit cost savings for the Group in each of the Nordic countries. In parallel with this, we are increasing imports from eastern Europe and Asia, so that customers will have much better access to competitive products in future.

Clear signs of an upswing

- Whereas we have been seeing good growth in the DIY market, we are now seeing lower growth rates in the market for building materials for the professional sector, said Weirsøe.

- However, when the economic recovery becomes more stable, consumers will also be prepared to spend more on more extensive improvements and investments in their homes, which means that they will call in professional builders. Already now, we are seeing growth in sales to local builders.

The next phase in the upswing, involving growing investments in large housing projects and investments in office and production buildings has not yet set in, and the Group has seen a direct downturn in sales to large contractors.

Budding optimism in the professional sector

- As the leading player in the Nordic market for building materials, the Group's performance clearly reflects the trends in the market, which are very similar in Sweden, Finland and Denmark, whilst Norway is seeing growth in all areas. But I am not in doubt that the upswing which people have talked so much about is on its way to the professional sector, also when it comes to new construction projects, commented Weirsøe.

- We expect to see favourable developments in all our geographic markets. The upswing in the Nordic Region is materialising, and together with our improved efficiency, this is the background for the increased forecast of profit for the full year.

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Further information

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