

Press release

Released on 23 May 2005 at 12.00 p.m., 4 pages

Announcement of financial results for the year ended 31 January 2005

Danske Træløst announces record profit and intensifies focus on growth

With a turnover of DKK 15.9 billion and an operating profit of DKK 856 million for the year ended 31 January 2005, the Danske Træløst Group posted its best results ever in the Group's history. The Group increased turnover by 5% and generated record-high cash flows.

Ready for growth

"The Group's profit for the financial year shows the upward trend our divisions are enjoying. Naturally, this is highly satisfactory, and we now stand well prepared to take the next steps in our strategic plan, which includes a target of at least 10% growth per year through controlled and managed growth," says Steen Weirsøe, President & CEO of the Danske Træløst Group.

Market position improved

The year was marked by activities which, overall, improved the Group's market position in the Nordic region: the Group took over two builders' merchants and established two specialist stores in Denmark, three builders' merchants in Finland and three discount DIY stores in Sweden. In Denmark, the Group's launch of the Stark chain in Autumn 2004 gave that division a much more visible position in the Danish market, both in relation to professionals (builders and contractors) and consumers.

Divisions performed well

Danske Træløst posted an operating profit before goodwill amortisation (EBITA) of DKK 856 million for the 2004/05 financial year, a DKK 187 million improvement over the 2003/04 financial year, whose EBITA was record-high. The Group generated growth in earnings in all countries, both in the DIY stores and the builders' merchants, on the back of the continuing boom in the building market in the Nordic countries. In addition, the growth in earnings was an effect of the divisions' focus on efficiency improvements in their stores and of the Group's Nordic corporate buying structure, which coordinates the Group's purchasing activities.

Starkki in Finland improved performance in spite of cost-intensive activities in connection with setting up new stores. Swedish Beijer Byggmaterial reported excellent results: with a large increase in profit despite stagnating turnover, this division is now really seeing the effects of its intensive efforts to improve efficiency. Norwegian Neumann Bygg posted their best-ever results in the 2004/05 financial year. Lastly, the conversion of the Danish builders' merchants to a more structured chain operation under the name of Stark has been a great success, surpassing all expectations. Thus able to exploit its position in the Danish market to increase its market share, Stark reported excellent results.

The DIY stores recorded excellent profit growth, and the Silvan chain reported significant growth in earnings. Cheapy continued the expansion in Sweden.

The Wholesale division reported fair sales growth, and profit before gain on sale of property was on a level with last year.

Market shares retained

The Group saw a growth in the maintenance market in all its countries of operation, whilst the new building market was stagnant or declining, except in Norway, where the new-building market grew. The Group faced increased competition in the consumer segment, which was countered by intensified marketing and lower prices in several product areas. In spite of limited growth in the professional market, the divisions in Denmark, Finland and Sweden reported profit growth primarily based on substantially improved efficiency. Profit growth in Norway was also attributable to growth in the market. However, in the wholesale segment, 2004/05 was a difficult year for the units whose customers include the wood processing industry, whereas performance was better in the parts of the division that sell to distributors and retailers.

The Group retained its 10% share of the Nordic market.

Record-high cash flows

The consolidated free cash flow before acquisitions and special items of DKK 1,097 million (2003/04: DKK 896 million) in 2004/05 represented a new Group record for cash flow.

Focus on growth

"I am very pleased about the growth I'm seeing in the divisions, and I expect that we will also witness excellent future progress towards the targets set in the Group's strategic plan, not least in connection with the efforts to make the Group's buying processes more efficient by

employing a lead buyer structure. The fact that our financial results for the year exceed the forecasts we made in our Q3 report, despite our opening new stores, our branding activities and our intensified marketing efforts, shows that our efforts have been successful, so I expect a lot from the coming year," adds Weirsøe.

"As part of the Group's strategic plan 2002+, our primary focus in recent years has been on value creation and efficiency. In 2005, we will be intensifying our focus on growth in the divisions.

We still project growth in the Nordic building materials market, and I expect that we will be able to exploit this favourable trend so that in 2005/06 we can generate an increase in operating profit before goodwill amortisation (EBITA) of DKK 860-910 million," Weirsøe comments.

About Danske Trælast A/S

Danske Trælast is the largest retailer and distributor of building materials in the Nordic region. With more than 230 outlets, the focus is on sales and distribution to a broad customer base ranging from large Nordic contractors, skilled craftsmen and consumers to retailers and industry. Activities are organised in three main areas: builders' merchants, DIY stores and wholesale activities. The Group is represented by builders' merchants: Stark (DK), Beijer Byggmaterial (SE), Neumann Bygg (NO) and Starkki (SF); DIY stores: Silvan (DK and SE) and Cheapy Lågprisbygg (SE); and various wholesale stores in Denmark, Norway and Sweden.

Please address any comments regarding this announcement to Steen Weirsøe, President & CEO, tel. +45 3955 9700.

Summarised consolidated financial information is attached to this press release.

Summary consolidated financial information

Profit and loss account - highlights

DKK million	2004/05	2003/04
Turnover	15,912	15,107
EBITDA	1,084	899
EBITA	856	669
EBITA-margin	5.4%	4.4%

Divisions

DKK million	Number of stores 31 January 05	Turnover		
		2004/05	2003/04	Growth
Stark	81	6,115	5,716	7.0%
Starkki	20	3,154	3,022	4.4%
Beijer Byggmaterial	50	2,688	2,677	0.4%
Neumann Bygg	9	698	642	8.7%
DIY-stores	55	2,147	1,968	9.1%
Wholesale	12	1,172	1,065	10.0%
Other/eliminations	-	(62)	17	
Total Danske Træløst	227	15,912	15,107	5.3%

DKK million	Operating profit before amortisation of goodwill			Operating margin	
	2004/05	2003/04	Change	2004/05	2003/04
Stark	374	324	50	6.1%	5.7%
Starkki	142	138	4	4.5%	4.6%
Beijer Byggmaterial	111	90	21	4.1%	3.4%
Neumann Bygg	38	27	11	5.4%	4.2%
DIY-stores	173	142	31	8.1%	7.2%
Wholesale	60	31	29	5.1%	2.9%
Other/eliminations	(42)	(83)	41		
Total Danske Træløst	856	669	187	5.4%	4.4%