

Press release

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H1 interim report

Danske Trælast announces record profit. Forecast for 2005/06 upgraded.

- Turnover was DKK 8.6 billion, a year-on-year increase by 8% or DKK 638 million.
- Operating profit (EBITA) was DKK 466 million, up 15% from the same period the previous year.
- Sales to consumers in the DIY market grew the most.
- The cash flow was record-high at DKK 1.2 billion before interest, tax and acquisitions.
- The forecast for the full year has been increased from DKK 860-910 million to DKK 920-950 million, up from last year's profit of DKK 856 million.

Targeted work on strategic plan

With an 8% increase in turnover and a 15% increase in EBITA, Danske Trælast is adding another record high to the Group's excellent track record in recent years. This excellent performance was achieved against the backdrop of the Group's targeted work on its ambitious strategic plan for 2002+ and its three key areas of focus: value creation, efficiency and managed growth.

"The interim profit proves that our ambition of a minimum of 10% per year of managed growth is very realistic," commented Steen Weirsøe, President & CEO, who especially points to the exceptional performance of the Stark Division during the first six months of the year.

Convincing performance by Stark

"Our Danish builders' merchants, who are organised in the 'Stark' chain, posted a highly convincing increase in operating profit for the period. This performance was obtained against the backdrop of generally positive trends in the markets for professional builders and DIYers, whilst we were also able to retain our focus on efficiency. We are winning market share, and in that connection it is worth mentioning that the new Stark concept has received an even better reception from consumers than we could ever have dreamt of," Weirsøe said, referring to the extensive effort to profile the former DDT Detail division and market the new name Stark, which was adopted

last autumn, and which has given the Danish builders' merchants a stronger common identity, both in house and in the outside world.

The goal of profiling the division has been to strengthen its position and increase marketing efforts towards building professionals and DIY builders in Denmark; both were achieved beyond expectations.

Growth in all divisions

Weirsøe is also pleased with the performance of the Group's other divisions. "They showed good growth in H1," he said, "Silvan, who posted record results last year, generated growing earnings during the period, in spite of stronger competition. The favourable trends also prevailed at Swedish-based Beijer Byggmaterial. Their growth in earnings by as much as 33% was mainly the result of the division's continuing focus on efficiency improvements. Moreover, sales to local builders, consumers and major contractors – called 'national builders' in Sweden – were supported by a generally budding optimism in the market."

"Unlike many of its competitors, our Finnish division Starkki was able to maintain earnings and win market share, among other things in sales to craftsmen and national constructors. And in Norway, where Neumann Bygg maintained its record-high earnings achieved last year, the favourable trend in the building sector continued among professional builders as well as consumers," said Weirsøe. The Group's Wholesale Division also generated higher turnover, whilst bankruptcies at a couple of the Division's Danish furniture customers resulted in a minor decline in earnings.

Forecast upgraded

"We are maintaining our favourable expectations towards developments in our geographic markets, and together with the Group's increased efficiency and our strong focus on controlled and managed growth, this is the background of our decision to increase our full-year forecast," added Weirsøe.

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 Group focuses on sales and distribution to a broad customer base

ranging from major Nordic contractors, professional builders 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 discount stores Cheapy Lågprisbygg (SE); and by various wholesale outlets in Denmark, Norway and Sweden. Turnover in 2004 was DKK 16 billion.

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Summary consolidated financial information

Profit and loss account of Danske Trælast A/S - highlights

DKK million	H1 2005	H1 2004	Change
Turnover	8,589	7,951	+8%
(EBITA)	466	403	+15%
Cash flow before interest, tax and acquisitions	1,178	906	+30%

Performance by subsidiaries:

DKK million	H1 2005		H1 2004		Change	
	Turnover	EBITA	Turnover	EBITA	Turnover	EBITA
Stark (DK)	3,408	243	2,970	171	+15%	+42%
Silvan	1,178	106	1,132	104	+4%	+1%
Starkki (FI)	1,735	82	1,622	81	+7%	+1%
Beijer (SE)	1,341	56	1,302	42	+3%	+33%
Neumann (NO)	370	18	333	17	+11%	+5%
Wholesale	590	13	547	16	+8%	-16%