



Interim Report - First Quarter 2003

Considerable improvement of the results in Jøtul

Jøtul achieved a profit before tax of NOK 7.3 million during the 1st quarter of this year, compared with NOK -0.9 million last year. Operating income amounted to NOK 114 million compared with NOK 109,3 million in 2002, an increase of 4.3%. Corrected for changes in the exchange rates related to foreign subsidiaries the growth is 14.2%. The sales volume increased by 2.7% in the 1st quarter. The operating margin increased from 1.1% last year to 7.7% this year.

A strong increase in sales in the USA and Scandinavia during the 1st quarter of this year compared with last year, gives a very good starting point for the next winter season.

Development in the company – turnover and results

During the 1st quarter the Jøtul group has achieved an operating income of NOK 114 million compared with 109.3 million in the corresponding period last year, a growth of 4.3%. The stronger Norwegian currency vis-à-vis currencies like the American dollar, the British pound and the euro, has had an effect when converting the accounts of the foreign subsidiaries into Norwegian Kroner, which has reduced the group's sales revenues by NOK 10.7 million in the 1st quarter. However, this has only affected the annual profit to a limited extent, as the expenses of our foreign subsidiaries are in the local currency. Currency gains from forward contracts in American dollars, British pounds and euro are posted as sales income. This amounted to NOK 0.7 million in the 1st quarter. Based on the same exchange rate as in the same period last year, the sales income had a growth of 14.2%. 20,819 units were sold in the 1st quarter, an increase of 545 units, or 2.6%. The reason for this relatively low growth in volume is a 12% reduction in sales to the import markets compared with the corresponding period last year, after the importers increased their stock during the 4th quarter last year.

At the end of the 1st quarter, the order reserve was NOK 31.1 million compared with NOK 28 million (11.2%) for the corresponding period last year.

The operating result for the 1st quarter this year was NOK 7.9 million, an increase of the operating margin from 1.1% in the 1st quarter last year to 7% this year. The improved result is both due to an increase in sales, as well as to the continuation of the work on improving efficiency and the cost cutting measures started in 2000. The

liberalisation of the Scandinavian power market, combined with the price development for electrical power to Norwegian households during the 4th quarter last year, have had a stimulating effect on the demand for fireplaces. This has been further strengthened by a long and cold winter in both Scandinavia and along the Atlantic coast of the USA. Moreover, Easter last year came in the 1st quarter, while this year it came in the middle of April. Improvements in existing gas products in the USA have also given better flame characteristics and increased profitability.

Furthermore, reorganisation of outgoing logistics in connection with the Early-buy campaign which started on 1 February, has also given considerable savings.

Net financial costs for the 1st quarter came to NOK 0,6 million, compared with NOK 2,1 million in the corresponding period last year. The improvement in net financial items is due to a reduction in interest-bearing liabilities of NOK 43 mill. (26%) in comparison with the end of 1st quarter last year.

Profit before tax costs for the 1st quarter amounted to NOK 7.3 million, an improvement of NOK 8.2 million compared with the corresponding period last year. The Board is pleased with the improved profit so far this year.

Market Areas

Scandinavia

The sales income in Scandinavia in the 1st quarter of this year amounted to NOK 51.9 million compared with NOK 43.1 million in the corresponding period last year, an increase of 8.8 million (20.5%). The positive sales development is due to a well-functioning market concept and high prices on electrical power, which makes wood-burning economically favourable. The growth has been concentrated around the product group freestanding wood stoves which has increased by as much as 37%.

USA

The sales income in USD showed an increase of 19.5%, but converted into Norwegian Kroner, the sales income amounted to 36.9 million, a reduction of NOK 1.8 million (-4.6%) compared with the corresponding period last year. Calculated in number of units the volume in the 1st quarter increased by 26.3% from last year. The largest increase was related to freestanding wood stoves and gas fireplaces. The annual Early-buy campaign started on 1 February, one month later than last year. This year's campaign indicates a considerably

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greater demand for fireplaces, which can be explained by a very long and cold winter along the entire Atlantic coast even if the war in Iraq has reduced the number of shoppers considerably. Based on incoming orders in April this year, it is expected that this year's campaign will be at least 35% above last year's campaign.

France

The sales income in EUR shows an increase of 7.7%, but converted into Norwegian Kroner, the sales income amounted to NOK 8.7 million, an increase of 3.8%. Quality improvements and an increased concentration on the export markets of our non clean burn company produced steel plate fireplaces, Jøtul Atraline, have contributed to a growth of 10.3% in EUR in the product area wood fireplaces. The product will be launched at the fireplace exhibition in May in Stratford upon Avon, UK. In recent years, Jøtul has not prioritised development of large wood inserts aimed at markets such as the French. A series of such products will be introduced in 2004.

Sales income in the French market is affected by the generally weak fireplace market in France.

The United Kingdom

The development in our subsidiary in the UK is very positive. The sales income in local currency increased by 35.8%. Converted into NOK the sales income was 4.8 million, an increase of 20.7% compared with the corresponding period last year. The growth was strongest in the product group freestanding gas stoves (76.4% in GBP), where several new products have been introduced with improved cast-iron burners.

Other markets

In other markets the sales income in the 1st quarter this year came to NOK 11.7 million, which is a reduction of 25.9% compared with the corresponding period last year. The sales development in the 1st quarter is due to the fact that our importers had larger stocks at the beginning of 2003.

Sales income in the 1st quarter distributed according to market area

MNOK	1st quarter 2003	1st quarter 2002	% change compared with 2002
Scandinavia	51.9	43.1	20.4 %
USA	36.9	38.7	-4.7 %
France	8.7	8.4	3.6 %
United Kingdom	4.8	4.0	20.0 %
Other markets	11.7	15.8	-25.9 %

Product Groups

Freestanding wood stoves

The sales income for freestanding wood stoves has increased from NOK 53.9 million in the 1st quarter last year to NOK 57.4 million (6.4%) this year. The sales income in the 1st quarter this year is reduced by NOK 4.8 million as a result of the currency development of American dollars, British pounds and EUR. However, the sales volume increased by 3.8% compared with the corresponding period last year. This is due to a shift of focus from the import markets which mainly require lower priced products, to Scandinavia and the USA.

There has been a growth of 37.8 % in Scandinavia, the import markets came to -39.1 %, while there is a decline of -9.8% (a growth of 12.8 % corrected for currency fluctuations) in the USA. There has been a growth of 9.8 % and 23.8 % in the United Kingdom, calculated in local currency.

Freestanding gas stoves

There has been a strong growth in the product area free-standing gas stoves over the recent years, particularly in the USA. Sales income has increased from NOK 42.9 million in 1998 to NOK 72.5 million or 11,457 units. The sales income in the 1st quarter this year amounted to NOK 13.3 million which is a reduction of -16.4% compared with last year. The number of units sold are at the same level as last year (an increase of 2.5%). Sales income is down NOK 3 million in this product group due to the currency development of American dollars and British pounds in the 1st quarter this year. Converted into local currency, sales have increased by 76.4% in the British market, while the American market remains at the same level as the corresponding period last year calculated in USD.

Wood inserts

Sales income for wood inserts has increased from NOK 20.5 million in the 1st quarter last year to NOK 21.1 million, an increase of 3%. Sales income is down NOK 0.4 million in this product group as a result of the currency development of American dollars, British pounds and the euro in the 1st quarter this year. In Scandinavia, sales went

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somewhat down (-5%) to 10.2 million in the 1st quarter this year.

In our import markets sales declined by -18.6% (-14.4% in local currency) to NOK 4.6 million in the 1st quarter this year, while sales increased by 6.9% in France (10.3% in local currency) to NOK 3.8 million and 12.6% in the United Kingdom (26.4% in local currency) to NOK 0.5 million. In France and parts of Mediterranean Europe, Jøtul has lost some competitiveness in recent years due to a conscious focus on freestanding wood stoves and smaller wood inserts for the Scandinavian market at the expense of wood fireplaces. Jøtul wishes to revert the negative sales development for this product area by introducing a non clean burn family of large wood inserts in 2004.

Gas inserts

Sales income for the product group gas inserts has increased by 16% in USD. Sales income in the 1st quarter this year amounted to NOK 4,4 million. Sales income in NOK is reduced by NOK 1,1 million as a result of the currency development of the USD in the 1st quarter this year. Over the last two years, the company has developed several products within this segment, which accounts for approximately 60% of the overall hearth market in the USA.

Sales income in the 1st quarter distributed on product area

MNOK	1st quarter 2003	1st quarter 2002	% change compared with 2002
Freestanding wood	57.4	53.9	6.5 %
Freestanding gas	13.4	15.9	-15.7 %
Wood inserts	21.1	20.5	2.9 %
Gas inserts	4.4	4.7	-6.4 %
Surrounds	3.3	3.5	-5.7 %
Other	14.4	11.5	25.2 %

Manufacturing

Kråkerøy

We have achieved a considerable productivity improvement in the factory at Kråkerøy over the last two years, but there is still considerable room for improvements. To compensate for the distinctively Norwegian cost development, it is our clear objective to compensate for the expected nominal wage increases and the increase in prices of materials through productivity improvements. In the future we will therefore focus on reducing the processing time per unit. We have identified four main categories in which the processing time per unit will be reduced:

ongoing improvement work

automation

layout changes

upgrade of casting line

Portland

Last year we achieved good improvements in time and material consumption per unit. This target-oriented work will continue and it is expected that we will achieve considerable material cost reductions in the gas products over the next two years.

The Group had 483 employees at the end of the 1st quarter compared with 493 last year.

Balance Sheet, Investments and Liquidity

The group's total balance as per 31 March 2003 was NOK 378.3 million, an increase of NOK 4.5 million from the corresponding period last year. The bulk of the increase on the asset side of the balance sheet is due to a higher compulsory saving in accounts receivables related to the sales development in the 1st quarter.

Net interest-bearing debt has been reduced by NOK 48 million, from NOK 163.8 million at the end of the 1st quarter 2002 to NOK 120.8 million this year. At the end of 2002, accrued investments were NOK 24.8 million compared with NOK 27.8 million in 2001.

Net cash flow from operations improved the Group's liquidity by NOK 53.4 million in 2002. This is due to improved profit in 2002 and less capital tied up in inventories.

At the end of the 1st quarter, the Group has an available liquidity of NOK 80.8 million, compared with NOK 53.3 million at the end of the corresponding period last year. The figures include available drawing rights. The group's equity at the end of 1st quarter was NOK 160.5 million, corresponding to an equity-to-assets ratio of 42.4%.

Shareholders and Stock Exchange

As of the 1st quarter 2003, 1,400 shares were traded on the Oslo Stock Exchange and 0 shares off the exchange. Jøtul had 447 shareholders at the end of the period. There were 46 foreign shareholders, representing 660,714 shares. The number of outstanding shares as per 31 March 2003 is 2,935,300.

The company's 10 largest

Shares Percen

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shareholders as of 31 March 2003		tage	
	1 887		
Whitecliff ASA	603	64.3 %	
NIBE Industrier	638 300	21.7 %	
Nordås Invest	32 000	1.1 %	
Bjørnco	19 400	0.7 %	
Erik Moe	16 000	0.5 %	
Jan Børre Høybye	15 100	0.5 %	
Sylte Eiendom AS	14 400	0.5 %	
Sparebanken Sør	14 000	0.5 %	
Odd Paulsen	12 800	0.4 %	
Øysten Akselsen	12 600	0.4 %	
	2 662		
Total 10 largest	203	90.7 %	
Others	273 097	9.3 %	
Total	2 935		
	300	100%	

A continued sales growth will form a basis for improved margins based on Jøtul's high operational gearing.

The process of reducing the number of manhours per manufactured units will remain an important issues in order to achieve the company's goal of becoming even more competitive in the future.

The Board has hired an external consulting firm to find a new majority share holder for the whole or parts of the company.

Future Prospects

The development of Jøtul's market concept (Jøtul Total Sales & Marketing Concept, "JTSMC") has already been initiated and will be further tested in some selected markets in the course of this year. The objective is to strengthen the Jøtul brand through a more conscious and methodical market communication

Fredrikstad, 29th April 2003

The Board of Jøtul ASA

*Olav Boiler Holtan
Chairman*

Jens Petter Ekornes Christian Bjelland Karsten Houm

Arild Johannessen Geir Bunes Håkon Hansen

Thomas Berg

*Erik Moe
Managing Director*

Jøtul group – Accounts per 4th Quarter 2002

INCOME STATEMENT (MNOK)

	1st Quarter		Roll.	Jan-dec
	2003	2002	12 months	2002
Operating income	114,0	109,3	496,2	491,5
Operating expenses	99,3	101,0	414,4	416,0
Depreciation	6,7	7,1	27,1	27,5
Operating result	7,9	1,2	54,7	48,0
Net financial items	-0,6	-2,1	-2,5	-3,9
Profit before taxes	7,3	-0,9	52,2	44,1
Taxes	-2,0	0,3	-12,2	-9,9
Net income	5,3	-0,6	40,0	34,2

Earning pr. share	1,79	-0,21	13,63	11,65
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BALANCE (MNOK)

	31st March		31st Dec
	2003	2002	2002
Intangible assets	5,7	3,7	5,8
Property, plant and equipment	170,0	175,2	171,0
Long term receivables	19,9	20,3	19,9
Total fixed assets	195,6	199,2	196,7
Inventory	100,1	101,6	79,1
Accounts receivables	71,2	61,4	74,0
Other receivables	11,4	11,6	20,3
Cash and bank deposits	-	-	-
Total current assets	182,7	174,6	173,4
Total assets	378,3	373,8	370,1
	-	-	-
Total equity	160,5	135,5	154,7
Interest free long term debt	20,8	14,1	17,6
Interest bearing long term debts	75,0	90,5	79,2
Total long term liabilities	95,7	104,6	96,8
Interest free short term debt	76,1	60,4	79,3
Interest bearing short term debt	45,9	73,3	39,3
Total short term liabilities	122,0	133,6	118,6
Total liabilities and equity	378,3	373,8	370,1

KEY FIGURES PR QUARTER

	1st quarter		2nd quarter		3rd quarter		4th quarter	
	2003	2002	2003	2002	2003	2002	2003	2002
Operating income	114,0	109,3		91,8		107,8		182,7
Operating result	7,9	1,2		0,0		10,5		36,3
Profit before tax	7,3	-0,9		2,7		9,6		32,7

Jøtul group – Accounts per 4th Quarter 2002

	1st quarter 2003	1st quarter 2002
Cash flow statement		
Cash flow from operating activities	5,7	7,4
Cash flow from investment activities	4,9	5,2
Cash flow from financial activities	0,9	2,2
Net cash flow	0,0	0,0
Cash and bank deposits 01.01	0,0	-
Cash and bank deposits 31.03	0,0	-
Reconciliation of change in equity		
Ingoing balance equity	154,7	136,0
Net income	5,3	0,9
Exchange rate variance	0,5	0,3
Outgoing balance equity	160,5	135,4

