



*Annual report 1998*





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## 1998 Highlights



*Operating income increased by 2% to NOK 325.0 million.*

*Profit before tax of NOK 18.0 million represents a reduction of NOK 14.2 million compared with 1997.*

*The reduction in profits is primarily due to declining sales in Norway and increased operating expenses arising from the development of new products and the establishment of a product development department in the USA.*

*Total export turnover increased by 11% in 1998.*

*Successful acquisition of Kvålsethpeisen A/S, Norway's largest manufacturer of fireplace surrounds.*

*The Board of Directors has approved to implement an investment programme in its production plants of more than NOK 20 million during the course of 1999.*

*The Programme represents Jøtul's largest effort to increase productivity in 20 years.*

## Key figures

	1998	1997	1996	1995	1994
Operating revenues (NOK mill.)	325	318	292	231	252
Operating profit (NOK mill.)	21	34	32	4	28
Result before tax (NOK mill.)	18	32	28	-2	24
Return on capital employed (%)	12	20	20	4	19
Profit margin (%)	6	10	9	-1	9
Operating margin (%)	6	11	11	2	11
Earnings per share (NOK)	4.57	7.94	6.71	-2.79	5.60
Equity ratio (%)	48	53	44	45	45

### Definitions:

#### Return on capital employed:

Result after financial items plus finance costs in relation to average capital employed. Capital employed consists of total capital less interest-free debt.

#### Profit margin:

Profit after financial items in relation to operating revenues.

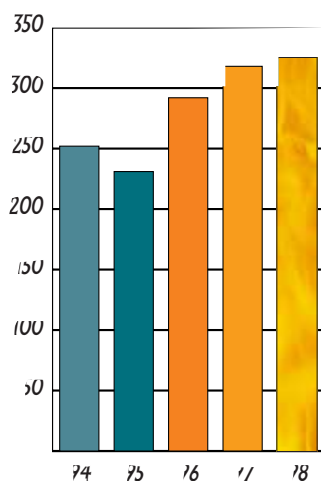
#### Operating margin:

Operating profit in relation to operating revenues.

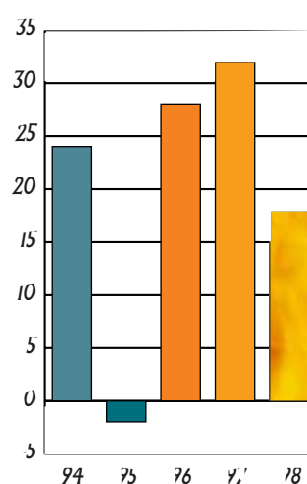
#### Earnings per share:

Net income in relation to the average number of shares issued.

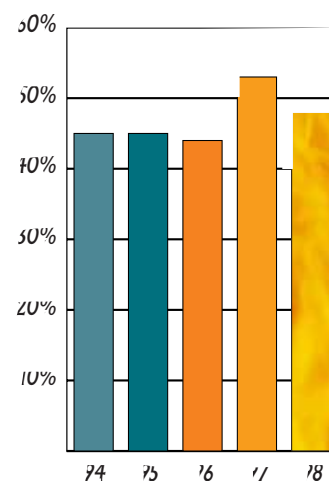
#### Operating revenues



#### Result before tax



#### Equity ratio



## From the Managing Director



*Managing Director Vinko Janjak*

### **Jøtul in brief**

Jøtul has a history dating right back to 1853. The then A/S Kværner Brug produced both stoves and other foundry goods, before the company began specialising in stove production in 1916. Shortly after, in 1920, the Jøtul name came into use for the first time.

Jøtul was taken over by Norcem in 1977, and after the merger of Aker and Norcem in 1987, the company became part of the Aker Group. Jøtul was introduced onto the Oslo

Stock Exchange in July 1994. As at 31 December, the company consisted of the parent company, Jøtul ASA, and the three wholly-owned subsidiaries Jøtul USA Inc. in the USA, Jøtul France S.A. in France and Kvålsethpeisen A/S. Jøtul USA Inc. and Jøtul France S.A. are purely sales subsidiaries, whereas Kvålsethpeisen A/S is Norway's largest manufacturer of fireplace surrounds.

Jøtul is Norway's largest manufacturer of stoves and fireplaces, and through its sales to 26

countries throughout the world, the sales in the export markets represented 58% of total sales in 1998.

Jøtul has a dominant position in the Norwegian market. In Norway, the products are distributed via special retailers and chain stores, while in the largest markets outside Norway - France and the USA - the products are distributed via subsidiaries. In other export markets, the products are distributed via independent importers.

**Jøtul's vision is:**

**“We will fill all homes with warmth and atmosphere.”**

Jøtul's stated purpose is to develop, produce and market high quality products that use the glow of a real fire to create warmth and a friendly atmosphere. Jøtul aims to be a profitable and attractive company for customers, shareholders, employees and business partners.

**Objectives**

- We will be the market leader in our major markets, within our market segment
- We will have products which are leaders in the fields of design, quality and technology
- We will be a leading brand
- We will be the preferred partner for distributors and dealers
- We will provide the best in-store activities
- We will have a high pace of renewal in our portfolio of products, customised for the market
- We will have a competitive level of costs
- Our organisation will have the correct and the best key personnel

**Highlights of 1998**

Throughout the year, the company has enjoyed sound and stable operating conditions in its production facilities.

Jøtul's position in the Norwegian market has been declining somewhat, whereas we have enjoyed considerable success in the export markets.

The fireplace surround manufacturer, Kvålsethpeisen A/S, was acquired in 1998 in order to secure the Company's prominence as a total supplier of fireplaces.

The work on the new administration building commenced in May, with the building work completed in December.

The administration organisation was therefore able to move into attractive new premises.

In Jøtul's subsidiary in the USA, work commenced on building extensions. The building will be ready to move into during the course of the first quarter of 1999, and we will then, for the first time, start assembling our products in the USA.

In spring, to further increase our skills and bring out more products onto the market more rapidly, a Research and Development Division was set up in our US subsidiary.

Our French subsidiary has shown good progress throughout the year.

At an Extraordinary General Assembly, in December, a new Board of Directors was elected. The Board of Directors was given proxy to issue shares aimed at Management and employees.

Jøtul's 20 largest shareholders own more than 70% of the shares, with Whitecliff ASA being the largest single shareholder.

**Prospects for 1999**

The Norwegian market is expected to remain stable, but growth in export markets is expected to continue in 1999.

With the investments made in the company throughout 1998, Jøtul is well equipped to meet the expected growth in export markets.

The development of new market concepts and partnering will continue at full strength both in the Norwegian market and in our export markets.

During the course of the first quarter of 1999, Jøtul will commence sales and distribution through its own sales subsidiary in Germany, which is one of the largest markets in Europe.

Action has been taken to win back market share in Norway.

In 1999, Jøtul will be introducing more new products onto the market than we have done for the last 12 years, both in Norway and for export. High expectations are being pinned on these launches.

## Report of the Board of Directors



*From left: Vinko Janjak (Managing Director), Jens Petter Ekornes, Karsten Houm, Olav Kjell Holtan, Stephen G. Kunz, Arild Johannessen, Svein-Erik Pedersen, Per Kristiansen.*

### Turnover and profit

In 1998, Jøtul achieved a total operating income of NOK 325.0 mill. as against NOK 318.1 mill. in 1997. This represents an increase of NOK 6.9 mill. (+2%). The operating profit amounted to NOK 20.5 mill., representing a decrease of NOK 13.0 mill. (-39%). The profit before tax of NOK 18.0 mill. shows a reduction of NOK 14.2 mill. compared with the previous year.

The reduction in profits is primarily due to the decline in sales in Norway and increased operating expenses arising from the development of new products and the creation of an R&D division in the US.

### Market and operating conditions

Turnover in Norway amounted to NOK 135.7 mill. in 1998, a reduction of NOK 11.3 mill. (-8%) compared with 1997. The heavy growth in North America is continuing, and in 1998 sales increased by 36% from NOK 60.7 mill. to NOK 82.8 mill. On the other export markets, the growth in turnover was variable. Growth was particularly encouraging in France (+8%), Italy (+11%) and Poland (+17%), while there was a decline in Sweden (-20%) and the U.K. (-20%). Seen overall, export turnover increased by NOK 171.1 mill. in 1997 to NOK 189.4 mill. (+11%) in 1998.

The export share amounted to 58% at year-end 1998, representing a rise of 4% on the previous year.

The Company has deployed a basic 3-shift programme in its operation, and operating conditions have been sound and stable.

### Year 2000

During the course of 1998, Jøtul ASA has replaced all critical systems in order to secure millennium compliance. The company has also replaced and upgraded its telephone systems. PC equipment and software have been upgraded during the year and only a few minor systems remain to be readied for the Year 2000, during the first six months of 1999.

## Personnel

The number of permanent employees at year-end amounted to 382 (344), of which 351 (323) were employed in Norway.

The Managing Director, Vinko Janjak, will be leaving his position in Jøtul ASA within the first six months of 1999, to take up a management post for a major cement company in Croatia. Vinko Janjak has managed the Jøtul company for 8 years and the Board of Directors wishes to extend its thanks to Mr. Janjak for his excellent work and commitment. The Board has instigated the task of finding his successor.

## The internal and external environment

Jøtul's production is based on the recycling of scrap iron. The company is committed to ensuring that Jøtul products have as little negative impact on their surroundings as possible. Dedicated care of the environment is achieved through the use of environment-friendly materials and products throughout the entire life-cycle from production to scrapping.

During 1998, the Company has implemented considerable measures to counter noise pollution in the external environment. Air outlets have been equipped with sound traps. In addition, we have built in dust collectors to purify the air after sandblasting, along with filtering systems for sand processing. The measures instituted mean that Company emissions fulfil, with a comfortable margin, Government Directive of 12.08.96 regarding maximum

permissible emissions. The Company plans to institute further noise prevention with the incorporation of a new filtering system in the melting plant. This will be completed during the course of 1999.

## Waste disposal scheme

<i>Waste category:</i>	<i>Metric tonnes:</i>	<i>Disposition:</i>
Dust from moulding sand treatment	1.912	Recycled as agricultural additive
Dust from blast cleaning and grinding	1.279	Recycled as agricultural additive
Slag from melting process	229	Own approved deposit
Brown paper and cardboard	7	Delivered for approved recycling plant
Mixed industrial waste	130	Delivered at approved disposal plant
Oil residues	2.4	Delivered for approved recycling plant
Dust from melting process	22	Delivered at approved disposal plant
Moulding sand	24	Delivered at approved disposal plant
Paint and coating residues	2.2	Delivered at approved waste treatment plant

The Company uses modern monitoring equipment for early-warning of any abnormal particle emissions. Normal particle emissions to the atmosphere represent 5–20% of the emission limits. The Company has not had any particle emissions into the atmosphere in 1998.

The Health & Safety at Work committee held 8 meetings over the year. The working environment is judged to be sound.

Plans have been made and implemented for projects to upgrade the production process. These projects will contribute considerably to improving the working environment. In the machining department, all facilities will be fully converted and this will mean that 60% of lifting operations can be avoided.

As a result of the new permissible emissions directive, the Company has been directed to upgrade its current arrangements for slag deposits. Measures to this end have been deferred pending Fredrikstad Council's processing of a proposal for a private regulatory scheme for the Company's area. Upgraded slag deposit will be ready by 1 June 1999.

It is expected that this will significantly reduce the number of muscle injuries. The workstations will be individually shielded off as far as possible to reduce the general noise level in the division. Goods conveyance by truck will be reduced by 50%. Better aspiration will mean improved air quality in the department.

In the assembly department, the assembly lines will be rearranged to allow access from both sides in the interest of ergonomic benefits and access to tools. The employees have been heavily involved in the design of the new department layout. It is expected that the practical measures planned, together with the commitment of the employees will considerably enhance the psycho-social environment.

Absences due to sickness at Jøtul ASA averaged 9% in 1998. Among hourly-paid employees, absences due to sickness reached 11%. More than 85% of absences due to sickness were medically certified, 10% were self-notifications and the remainder were long-term absences due to chronic illness. The average absences due to sickness among salaried employees was 2.8%.

### Equity and cash flows

The Group's total equity at the year-end was NOK 127.8 mill., corresponding to an equity share of 48%. The parent company's equity is NOK 129.7 mill. and the equity share amounts to 58%.

At year-end, the Group had available liquidity reserve of NOK 41.5 mill. This includes non-utilised credit lines.

### Changes to the Board of Directors

At the Annual General Assembly on 29 April, Stephen G. Kunz, Karsten Houm and Rolf Gulbrandsen were elected as new Board Members.

At an Extraordinary General Assembly on 17 December, Olav Kjell Holtan was elected Chairman of the Board, and Jens Petter Ekornes was elected as a new Board Member. At the same EGA, the Board was given proxies to extend the share capital by a total of up to NOK 8,000,000, as part of an overall programme in which all employees will be offered the opportunity to purchase shares, and also as part of an incentive scheme for key personnel in the Group.

The Board was further given proxy to acquire own shares of up to 10% of the share capital.

### Investor relations

In 1998 a total of 3,382,000 shares were sold on the Oslo Stock Exchange. At year-end, Jøtul had 770 shareholders and the proportion of foreign shareholders amounted to around 3%.

### The number of shares owned directly or indirectly by the Managing Director and the Board of Directors:

Vinko Janjak, Man. dir.	611
Arild Johannessen	111
Per Kristiansen	111
Stephen G. Kunz	300

### The Company's 20 largest shareholders as at 10 February 1999

	Shares:	Shareholding:
Whitecliff ASA	581 300	19,98 %
Storebrand Livsforsikring	351 700	12,09 %
Hafslund Invest AS	300 100	10,31 %
Tine Pensjonskasse	150 000	5,15 %
A/S Meridian	136 500	4,69 %
Aksjefondet K-vekst, v/K-fundene A/S	76 050	2,61 %
Legan Forvaltning AS	64 050	2,20 %
Orkla ASA	61 950	2,13 %
Terra Vekst	60 650	2,08 %
Terra Aksjefond Norge	58 400	2,01 %
STRATA AS	55 900	1,92 %
Lyberg, Osvald c/o Lyberg Assurance	40 000	1,37 %
Storebrand SMB c/o Storebrand Spar	38 900	1,34 %
Cedel Bank OPE - Custody adm.	35 000	1,20 %
Sparebanken NOR	35 000	1,20 %
Opplysningsvesenets F Særfond II	35 000	1,20 %
Nordås Invest A/S	32 000	1,10 %
KLP Skadeforsikring	27 000	0,93 %
Gulbrandsen, Rolf	21 200	0,73 %
Sæter, Haakon	20 000	0,69 %
Total	2 180 700	74,94 %

At the Annual General Meeting, the Board of Directors' will be recommending a dividend payment of NOK 1.60 per share. This represents 35% of Company profits after tax.

### Remuneration in Jøtul ASA

Paid (NOK) in 1998:	
Fees to Board of Directors	445 833
The Managing Director received a total remuneration of	1 006 738
Auditor's fee	255 000

Our Managing Director, Vinko Janjak, has resigned of his own accord and there will be no special compensation owing in connection with his resignation.

### Allocations

For Jøtul ASA, the Board of Directors recommends that the profit for the year of NOK 9.5 million be allocated as follows (in NOK mill.):

Legal reserve	4,5
Dividends	4,7
Group contribution	0,3

### Prospects

We expect that the Norwegian market for stoves and fireplaces will be at the same level in 1999 as in 1998. Jøtul is a dominant market leader in Norway and will continue to develop its heating concept and to maintain a good profit for its distributors.

The positive development in the export markets is expected to continue. Germany is one of the largest markets for stoves and fireplaces in Europe and Jøtul will during the first half of 1999 establish its own subsidiary in this market. After the acquisition of Kvålsethpeisen A/S, which is Norway's largest manufacturer of fireplace surroundings, Jøtul is a total supplier of heating products. This acquisition will enable us to utilise the positive synergies of sales and marketing. The Board of Directors expects that the positive development in North America will continue in 1999.

Development and launching of new products is important for Jøtul's future growth.

Jøtul is working in accordance with an ambitious plan for product development for the next few years and will already during the first half of 1999 launch a number of new products.

One of Jøtul's most important goals for the next few years is to increase productivity. The Board of Directors has approved to carry out an investment programme in the manufacturing of products of more than NOK 20 mill. during 1999. The programme involves modernising and automation of the processing- and assembly lines.

The investment programme will be demanding and might lead to interruption in the manufacturing of products during the second half of 1999.

### Fredrikstad, 2 March 1999

Olav Kjell Holtan  
Chairman

Jens Petter Ekornes

Stephen G. Kunz

Karsten Houm

Arild Johannessen

Per Kristiansen

Svein-Erik Pedersen

Vinko Janjak  
Managing Director

## Profit and loss account 01.01.–31.12.

(Amounts in NOK million)

Jøtul ASA				Jøtul Group	
1998	1997		Note	1998	1997
252.9	273.0	<b>Operating revenues</b>	1	325.0	318.1
69.0	77.0	Cost of materials		94.9	93.7
103.4	98.8	Wages and social costs		117.7	103.0
55.8	54.5	Other operating costs	2	79.6	74.4
11.2	12.3	Ordinary depreciation	9	12.3	13.5
239.4	242.6	<b>Total operating costs</b>		304.5	284.6
13.5	30.4	<b>Operating profit</b>		20.5	33.5
3.7	2.9	Financial income		2.6	2.0
3.7	2.4	Financial costs		5.1	3.3
0.0	0.5	<b>Net financial items</b>		-2.5	-1.3
13.5	30.9	<b>Income before taxes</b>		18.0	32.2
4.0	8.9	Taxes	3	4.7	9.1
9.5	22.0	<b>NET INCOME</b>		13.3	23.1
		<b>APPROPRIATION</b>			
	4.1	Transferred to legal reserve			
4.7	8.7	Dividends			
0.3		Group contribution			
4.5	9.2	Transferred to free reserve			
9.5	22.0	<b>Total appropriations</b>			
		Earnings per share		4.57	7.94
		<b>Fully diluted earnings per share</b>		4.57	7.94

## Balance sheet at 31.12.

(Amounts in NOK million)

<b>Jøtul ASA</b>				<b>Jøtul Group</b>	
1998	1997		Note	1998	1997
<b>ASSETS</b>					
0.2	26.0	Cash and bank deposits	4	7.8	26.4
22.0	18.5	Short-term receivables	5	50.4	38.1
40.0	30.5	Receivables from group companies			
36.2	34.9	Stocks	6	66.2	58.7
<b>98.4</b>	<b>109.9</b>	<b>Total current assets</b>		<b>124.4</b>	<b>123.2</b>
25.8	17.7	Shares in subsidiaries	7		
25.4	22.2	Long-term receivables	8	28.4	24.5
75.3	73.1	Property plant and equipment	9	111.3	75.2
<b>126.5</b>	<b>113.0</b>	<b>Total fixed assets</b>		<b>139.7</b>	<b>99.7</b>
<b>224.9</b>	<b>222.9</b>	<b>TOTAL ASSETS</b>		<b>264.1</b>	<b>222.9</b>
<b>LIABILITIES AND EQUITY</b>					
4.8		Interest bearing short-term debts		10.1	2.4
4.7	8.7	Dividends		4.7	8.7
40.3	41.3	Other short-term liabilities	10	52.0	45.3
<b>49.8</b>	<b>50.0</b>	<b>Total short-term liabilities</b>		<b>66.8</b>	<b>56.4</b>
30.2	35.2	Interest bearing long-term debts	11	53.3	35.2
9.9	9.1	Deferred tax liabilities	3	10.9	9.2
5.3	3.4	Pension commitments	12	5.3	3.4
<b>45.4</b>	<b>47.7</b>	<b>Total long-term liabilities</b>		<b>69.5</b>	<b>47.8</b>
58.2	58.2	Share capital		58.2	58.2
71.5	67.0	Other equity		69.6	60.5
<b>129.7</b>	<b>125.2</b>	<b>Total equity</b>	<b>13</b>	<b>127.8</b>	<b>118.7</b>
<b>224.9</b>	<b>222.9</b>	<b>TOTAL LIABILITIES AND EQUITY</b>		<b>264.1</b>	<b>222.9</b>
34.8	35.0	Mortgages	14	57.7	35.0
22.8	17.1	Guarantees	15		

## Cash flow statement

(Amounts in NOK million)

	<i>Jøtul ASA</i>		<i>Jøtul Group</i>	
	1998	1997	1998	1997
Income before taxes	13.5	30.9	18.0	32.2
Gain on sale of fixed assets	0.0	-0.2	-0.3	-0.3
Ordinary depreciation	11.2	12.3	12.3	13.5
Changes in receivables, stocks and short term liabilities	-11.6	-24.8	-7.6	-17.8
Taxes paid	-8.9	-9.4	-9.1	-12.0
<b>Cash flow from operating activities</b>	<b>4.2</b>	<b>8.8</b>	<b>13.3</b>	<b>15.6</b>
Invested in fixed assets	-13.4	-10.1	-36.5	-10.7
Sales of fixed assets	0.4	0.3	1.7	0.3
Purchase of shares in subsidiaries	-8.1		-7.3	
<b>Cash flow from investment activities</b>	<b>-21.1</b>	<b>-9.8</b>	<b>-42.1</b>	<b>-10.4</b>
Long-term debt incurred			17.7	
Long-term debt repaid	-5.0	-15.7	-5.7	-15.8
Dividends paid	-8.7	-8.7	-8.7	-8.7
Change in credit lines	4.8		6.9	-6.7
<b>Cash flow from financial activities</b>	<b>-8.9</b>	<b>-24.4</b>	<b>10.2</b>	<b>-31.2</b>
Change in cash and bank deposits	-25.8	-25.4	-18.6	-26.0
Cash and bank deposits 01.01.	26.0	51.4	26.4	52.4
<b>Cash and bank deposits 31.12.</b>	<b>0.2</b>	<b>26.0</b>	<b>7.8</b>	<b>26.4</b>

## Accounting policies

### Consolidation policies

The group accounts have been prepared using the purchase method. Unrealised gains on stocks which relates to internal deliveries have been eliminated in the group's stocks and operating profit. Internal receivables and liabilities, as well as income and cost between companies have been eliminated.

The following companies are included in the consolidated accounts at 31.12.1998:

Ownership by parent company	
Jøtul ASA	Parent company
Jøtul USA Inc.	100%
Jøtul France S.A.	100%
Jøtul Eiendom AS	100%
Kvålsethpeisen AS	100%

### Recognition of income

Income is recognised at the point of delivery for goods sold. Discounts are derived from operational income.

### Stocks

Stocks of raw materials and operating materials are valued at the lower of cost and market. Finished goods and semi-finished goods are valued at full cost of manufacture. Full cost of manufacture includes direct wages and direct materials, as well as a proportion of indirect production costs.

### Fixed assets

The group's ordinary, scheduled and linear depreciation is based on financial assessment of the assets' economic and technical lifecycle without residual value. Depreciation rates on the main categories of assets are as follows:

Vehicles	15 - 25%
Machinery and fittings	7 - 25%
Buildings	3 - 5%
Goodwill	10%

Cost of fixed assets include capitalised borrowing cost.

### Research and development costs

All research and development costs are expensed as incurred.

### Translation of foreign subsidiary accounts

The figures in the foreign subsidiary accounts are translated to NOK using the exchange rates at the end of the year. Translation differences are recorded directly against equity. The profit and loss account is translated into NOK currency using average exchange rates for the year.

### Assets and liabilities in foreign currency

Current assets and short-term liabilities are converted at rates on the balance sheet date. Long-term items in foreign currencies do not constitute a material amount.

### Tax

The tax charge in the profit and loss account includes both tax payable for the period and the change in deferred tax. Change in deferred tax reflects future tax payable which arises as a result of the year's activities. Deferred tax is the tax applicable to the accumulated result, but which falls due for payment in later periods. Deferred tax is calculated on net positive temporary differences after setting-off negative temporary differences and losses carried forward using the liability method.

### Pensions

Accounting for pension costs is based on the Preliminary Norwegian Accounting Standard for Pension Costs.

Pension costs and pension obligations are calculated using linear accrual based on assumptions as to the discount rate, future adjustments in wages, pensions and benefits from social security, expected return on pension plan assets and actuarial assumptions on mortality rates, voluntary departures, etc.

Pension plan assets are valued at market value and deducted from the net pension obligation in the balance sheet. Any over-funding is entered in the balance sheet to the extent it is likely that the over-funding can be utilised. Changes in the obligation due to changes in pension plans are amortized over the estimated average remaining service period. Changes in obligations and pension plan assets which are due to changes in and differences between calculation assumptions (estimate changes) are amortized over the expected average remaining service period if the deviations exceed 10% of the gross pension obligation (of the pension funds if these are larger). Unamortized differences are set out in note 12.

Net pension costs are classified under wages and social costs in the profit and loss account and consist of service cost for the period (calculated including future increases in wages) and interest costs on the obligation, less the estimated return on the pension plan assets and adjusted for the amortization of changes in the pension plan estimates and deviations. In the balance sheet net pension funds under the collective scheme are presented as long term receivable, while unfunded pension obligations are classified as long-term liabilities. Social security which will accrue is also included in the amount for unfunded pension obligations.

## Notes to the accounts

All figures in the notes are in NOK million unless otherwise stated

### 1 Operating revenues

Distribution of operating revenues by main markets :

	1998	1997	1996	1995	1994
Norway	135.7	147.0	156.9	118.0	120.4
North America	82.8	60.7	40.5	27.2	33.7
France	29.9	27.6	27.5	29.1	40.7
Other	76.6	82.8	67.3	56.8	56.7
<b>Total</b>	<b>325.0</b>	<b>318.1</b>	<b>292.2</b>	<b>231.1</b>	<b>251.5</b>

### 2 Other operating costs

Other operating costs include the consumption of operating and maintenance material, payments to suppliers, freight and sales and administration costs. Other operating costs also include losses on receivables, which can be specified as follows:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Realised losses	0.0	0.0	0.4	1.6
Changes in provisions for bad debts	0.4	0.1	0.7	-0.3
<b>Losses on receivables</b>	<b>0.4</b>	<b>0.1</b>	<b>1.1</b>	<b>1.3</b>

### 3 Taxes

The difference between result before tax and taxable income in Jøtul ASA is arrived at as follows:

	1998	1997
Result before tax	13.5	30.9
Permanent differences	1.2	1.0
Group contribution	-0.3	
Change in temporary differences:		
Current assets/short-term liabilities	-1.6	-1.0
Fixed assets/long-term liabilities	-0.5	1.2
Other differences	1.0	1.2
<b>Taxable income</b>	<b>13.3</b>	<b>33.3</b>

The tax charge comprises:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Tax payable	3.7	9.3	4.9	11.4
Change in deferred tax	0.3	-0.4	-0.2	-2.3
<b>Tax expense</b>	<b>4.0</b>	<b>8.9</b>	<b>4.7</b>	<b>9.1</b>

Deferred tax is calculated on the basis of the temporary differences which exist at the end of the financial year between financial and tax values. Deferred tax is calculated on the following items :

	<i>Jøtul ASA</i>		<i>Jøtul Group</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
Current assets/short-term liabilities	4.1	2.5	4.1	2.5
Fixed assets/long-term liabilities	27.4	25.1	30.7	25.1
Other temporary differences	3.9	4.9	3.9	5.2
<b>Basis for deferred tax</b>	<b>35.4</b>	<b>32.5</b>	<b>38.7</b>	<b>32.8</b>
<b>Deferred tax</b>	<b>9.9</b>	<b>9.1</b>	<b>10.9</b>	<b>9.2</b>
Current assets/short-term liabilities			7.4	5.2
Fixed assets/long-term liabilities	5.3	3.4	5.3	3.4
<b>Basis for deferred tax benefit calculated</b>	<b>5.3</b>	<b>3.4</b>	<b>12.7</b>	<b>8.6</b>
<b>Deferred tax benefit</b>	<b>1.5</b>	<b>1.0</b>	<b>4.3</b>	<b>3.1</b>

Tax losses carried forward in Jøtul France S.A. on 31 December 1998 are not taken into account due to uncertainty with regard to their utilisation.

Tax losses carried forward in the foreign subsidiaries expire in the following years:

1999	4,3
2000 or later	19,1

A previous revaluation of land of 6.0 has not been included in the basis for deferred tax as the differences is considered to be permanent.

#### 4 Cash and bank deposits

The group's cash and bank deposits at 31.12.98 amounts to 7,8, which equals 26,4 at 31.12.97. The liquid reserve (including unused credit facilities) amounts to 41,5, which equals 74,7 at 31.12.98. A bank guarantee of 3,5 is set for tax reduction purposes for employees.

#### 5 Short-term receivables

Specification of short term receivables:

	<i>Jøtul ASA</i>		<i>Jøtul Group</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
Account receivables	22.1	18.3	52.5	40.5
Advances suppliers	0.6	0.4	1.4	0.7
Other current receivables	0.3	0.4	1.7	1.2
Provision for bad debts	-1.0	-0.6	-5.2	-4.3
<b>Total</b>	<b>22.0</b>	<b>18.5</b>	<b>50.4</b>	<b>38.1</b>

## Notes to the accounts

All figures in the notes are in NOK million unless otherwise stated

### 6 Stocks

Stocks consist of the following:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Raw materials and semi-finished goods	8.9	10.7	9.6	10.7
Work in progress	2.1	2.0	2.1	2.0
Finished goods	25.2	22.2	54.5	46.0
<b>Total</b>	<b>36.2</b>	<b>34.9</b>	<b>66.2</b>	<b>58.7</b>

### 7 Shares

Breakdown of shares in Jøtul ASA:

Company	Interest	Book value
Jøtul France S.A.	100%	10.9
Jøtul USA Inc.	100%	6.8
Jøtul Eiendom AS	100%	0.1
Kvålsethpeisen AS	100%	8.0
<b>Total</b>		<b>25.8</b>

### 8 Long-term receivables

Breakdown of long-term receivables:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Receivables on employees	0.2	0.4	0.3	0.4
Net prepaid pension (note 12)	23.7	20.8	23.7	20.8
Deferred tax benefit (note 3)	1.5	1.0	4.3	3.1
Other receivables			0.1	0.2
<b>Total</b>	<b>25.4</b>	<b>22.2</b>	<b>28.4</b>	<b>24.5</b>

## 9 Fixed assets

### JØTUL GROUP

	<i>Acquisition costs incl. revaluation 01.01.98</i>	<i>Additions in 1998</i>	<i>Disposals at acquisition costs</i>	<i>Acquisition costs 31.12.98</i>	<i>Accumulated ordinary depreciation</i>	<i>Book value 31.12.98</i>
Machinery and equipment	198.1	17.8	0.6	215.3	182.5	32.8
Buildings	66.2	27.6	3.1	90.7	22.3	68.4
Goodwill		1.8	0.0	1.8	0.1	1.7
Land	6.4	2.4	0.4	8.4	0.0	8.4
<b>Total</b>	<b>270.7</b>	<b>49.6</b>	<b>4.1</b>	<b>316.2</b>	<b>204.9</b>	<b>111.3</b>

	<i>Investments</i>					<i>Sales</i>				
	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>
Machinery and equipment	17,8	10.1	5.4	9.7	9.9	0.6	0.3	0.2	1.0	0.1
Buildings	27,6	0.6	0.3	6.4	5.9	3.1	0.0	2.1	0.0	0.0
Goodwill	1,8					0.0				
Land	2,4					0.4				
<b>Total</b>	<b>49,6</b>	<b>10.7</b>	<b>5.7</b>	<b>16.1</b>	<b>15.8</b>	<b>4.1</b>	<b>0.3</b>	<b>2.3</b>	<b>1.0</b>	<b>0.1</b>

### JØTUL ASA

	<i>Acquisition costs incl. revaluation 01.01.98</i>	<i>Additions in 1998</i>	<i>Disposals at acquisition costs</i>	<i>Acquisition costs 31.12.98</i>	<i>Accumulated ordinary depreciation</i>	<i>Book value 31.12.98</i>
Machinery and equipment	192.5	12.1	0.4	204.2	177.2	27.0
Buildings	63.1	1.3	0.0	64.4	22.1	42.3
Land	6.0	0.0	0.0	6.0	0.0	6.0
<b>Total</b>	<b>261.6</b>	<b>13.4</b>	<b>0.4</b>	<b>274.6</b>	<b>199.3</b>	<b>75.3</b>

	<i>Investments</i>					<i>Sales</i>				
	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>
Machinery and equipment	12,1	9.5	5.1	8.2	8.9	0.4	0.3	0.2	1.0	0.1
Buildings	1,3	0.6	0.3	6.4	5.9	0.0	0.0	2.1	0.0	0.0
<b>Total</b>	<b>13,4</b>	<b>10.1</b>	<b>5.4</b>	<b>14.6</b>	<b>14.8</b>	<b>0.4</b>	<b>0.3</b>	<b>2.3</b>	<b>1.0</b>	<b>0.1</b>

## Notes to the accounts

All figures in the notes are in NOK million unless otherwise stated

### 10 Other short-term liabilities

Specification of other short-term liabilities:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Tax payable	3.7	8.9	4.9	8.9
VAT and withholding taxes	8.6	8.6	9.2	9.1
Due to suppliers	12.5	9.9	24.3	12.0
Guarantee provisions	2.5	2.5	2.5	2.5
Other accrued costs	13.0	11.4	11.1	12.8
<b>Total</b>	<b>40.3</b>	<b>41.3</b>	<b>52.0</b>	<b>45.3</b>

### 11 Interest-bearing long-term liabilities

Interest-bearing long-term liabilities include the following items:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Mortgage loan	30.0	35.0	53.1	35.0
Other debts	0.2	0.2	0.2	0.2
<b>Total long-term liabilities</b>	<b>30.2</b>	<b>35.2</b>	<b>53.3</b>	<b>35.2</b>

Annual instalments on the long-term debt amount to NOK 6.5 million.

### 12 Pension costs and pension obligations

Pension obligations for employees in Jøtul ASA are mainly covered by insurance schemes. In addition the group has pension obligations which are not covered by insurance. These relate to early retirement pensions and contractual pensions. The group has decided, on the basis of definitions in the accounting standard, to treat the service pension schemes as defined benefit plans. The Jøtul group's legal obligation is not affected by such accounting treatment.

Pension obligations for Jøtul ASA include 640 people, of whom 299 are old age and disability pensioners. Pension obligations in the foreign subsidiaries are covered through separate schemes and are regarded as defined contribution plans.

In valuing pension plan assets and in measuring accrued obligations, estimated values are used. These estimates are adjusted each year in accordance with a statement of the pension funds' transfer value and actuarial calculations of the amount of the obligation.

In calculating future pensions the following assumptions have been used at 31.12.:

	1998	1997
Discount rate	6 %	6 %
Expected return on pension plan assets	7 %	7 %
Wages adjustment	3 %	3 %
Adjustment in government basic pension	3 %	3 %
Pension adjustment	2 %	2 %

The pension cost for the year in the Norwegian pension plan is calculated as follows:

	1998	1997
Service cost	2.1	1.6
Interest cost	3.0	3.0
Estimated return on pension plan assets	-4.6	-4.3
Amortization of the change in estimates and pension plans and difference between actual and expected return	-0.3	0.2
<b>Pension cost</b>	<b>0.2</b>	<b>0.5</b>

<i>Pension obligations and pension funds at 31.12.:</i>	<i>Over-funded schemes</i>		<i>Under-funded schemes</i>	
	1998	1997	1998	1997
Estimated accrued obligations	-44.8	-48.3	-9.4	-3.4
Estimated value of pension funds	64.4	63.4	0.0	0.0
<b>Estimated net pension funds/obligations</b>	<b>19.6</b>	<b>15.1</b>	<b>-9.4</b>	<b>-3.4</b>
Unrecorded effect of changes in estimates and pension plans and difference between actual and expected return	4.1	5.7	4.1	0.0
<b>Balance net pension funds/obligations</b>	<b>23.7</b>	<b>20.8</b>	<b>-5.3</b>	<b>-3.4</b>

The over-funding in the collective scheme has been evaluated and it has been assumed in the accounting treatment that the over-funding will be capable of being utilised on the basis of known obligations and expected changes in personnel.

### 13 Changes in equity

Changes in equity in the group and in Jøtul ASA are summarised as follows:

#### JØTUL GROUP

	Share capital	Legal reserve	Free reserve	Total
Balance sheet 01.01.98	58.2	14.7	45.8	118.7
Net income for the year			13.3	13.3
Dividend			-4.7	-4.7
Translation difference				0.5
<b>Balance sheet 31.12.98</b>	<b>58.2</b>	<b>14.7</b>	<b>54.4</b>	<b>127.8</b>

## Notes to the accounts

All figures in the notes are in NOK million unless otherwise stated

### JØTUL ASA

	Share capital	Legal reserve	Free reserve	Total
Balance sheet 01.01.98	58.2	14.7	52.3	125.2
Net income for the year			9.5	9.5
Dividend			-4.7	-4.7
Group contribution			-0.3	-0.3
<b>Balance sheet 31.12.98</b>	<b>58.2</b>	<b>14.7</b>	<b>56.8</b>	<b>129.7</b>

The share capital consists of 2,910,000 shares of NOK 20 per value per share.

### 14 Mortgages

The book value of assets subject to mortgages:

	Jøtul ASA		Jøtul Group	
	1998	1997	1998	1997
Current assets	98.3	84.0	115.9	94.9
Fixed assets	75.4	73.1	111.3	75.2
<b>Total</b>	<b>173.7</b>	<b>157.1</b>	<b>227.2</b>	<b>170.1</b>

Debts in Jøtul ASA are set to 34.8. Debts in the Jøtul Group are set to 57.7.

### 15 Guarantee liabilities

Guarantee liabilities of 22,8 pr. 31.12.98 relate entirely to liabilities of subsidiaries.

## Auditor's Report

### ARTHUR ANDERSEN

#### TRANSLATION FROM NORWEGIAN

#### AUDITORS' REPORT FOR 1998

To the Annual General Meeting of  
Jøtul ASA

Arthur Andersen & Co.  
Statsautoriserte Revisorer

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0212 Oslo  
22 92 80 00 Telefon  
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Org. nr. NO-910 167 707

Medlemmer av  
Den norske Revisorforening

We have audited the annual accounts of Jøtul ASA for 1998, showing net income of NOK 9,5 million for the company and net income of NOK 13,3 million for the group. The annual accounts, which consist of the Board of Directors' report, profit and loss account, balance sheet, cash flow statement, notes and the corresponding consolidated financial statements, are the responsibility of the Board of Directors and the Managing Director.

Our responsibility is to examine the company's annual accounts, its accounting records and the conduct of its affairs.

We have conducted our audit in accordance with applicable laws, regulations and generally accepted auditing standards. We have performed the auditing procedures we considered necessary to determine that the annual accounts are free of material errors or omissions. We have examined, on a test basis, the accounting material supporting the financial statements, the appropriateness of the accounting principles applied, the accounting estimates made by management and the overall presentation of the annual accounts. To the extent required by generally accepted auditing standards we have also evaluated the company's asset management and internal controls.

The appropriation of net income, as proposed by the Board of Directors, complies with the requirements of corporate law.

In our opinion, the annual accounts have been prepared in conformity with corporate law and present fairly the company's and the group's financial position as of 31 December 1998 and the result of its operations for the fiscal year in accordance with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Knut Aker (sig.)  
State Authorised Public Accountant (Norway)

Oslo,  
2 March 1999

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Terje Bjerkan, 6880 Stryn  
Gulliksen & Holmen ANS, 3015 Drammen  
Jensen & Co. ans, 9000 Tromsø  
Møller & Co, 3100 Tønsberg

## Investor relations

### Shareholder policy

Jøtul's shareholder policy is intended to ensure that the company's market capitalisation reflects the underlying values in the company. The shareholder policy is to be prioritised as an element of overall corporate strategy and as an important aspect in financial strategies. By means of a performance-oriented growth, Jøtul wishes to achieve maximum value-creation and competitive returns on invested capital. The returns for shareholders will be expressed both in the increased value of shares held and as dividend payments.

### Dividend policy

The Company remains committed to the payment of competitive dividends. Recommendations regarding future dividends will be dependent on Jøtul's earnings, financial circumstances and other factors, including cashflow requirements and the forecasted developments in Jøtul. The Board of Directors proposes that the Annual General Assembly approves a dividend of NOK 1.60 per share. This is equivalent to 35% of Group profits after tax.

### Share-issuing policy

Shares will be issued where necessary to ensure solid funding for the Company's further growth. Existing shareholders will normally be offered preference shares. Where private placing is carried out, this will be conditional on the protection of long-term interests for the shareholders.

Jøtul is furthermore committed to giving employees the opportunity to become owners in the Company, and will be seeking to make arrangements to realise this.

### Information

Jøtul aims to provide transparent and frequent information to the money and capital markets about all relevant financial conditions, as well as regular information concerning significant events in the Company. In addition, for the purposes of annual and interim reports, the company will be giving regular presentations to private investors and investment companies. Jøtul produces interim reports each quarter.

### Board authorisation

At an Extraordinary General Assembly on 17 December, the Board was given proxy to share issues by a total of up to NOK 8,000,000, as part of an overall programme in which all employees will be offered the opportunity to purchase shares, and also as part of an incentive scheme for key personnel in the Group. The Board was further given proxy to acquire own shares of up to 10% of the share capital.

### Voting rights and transfer of shares

The Company has a single class of share, and each share carries a single vote at the Annual General Assembly. The regulations contain no rules restricting trading of the shares.

### Share trading

In 1998 the total number of Jøtul shares traded at the Oslo Stock Exchange was 3,4 million. On 1 January 1998 the Jøtul share was traded at NOK 103, while the trading value on 30 December was NOK 62. The highest end value during 1998 was NOK 105, while the lowest value for the year was NOK 50. The proportion of foreign shareholders amounted to 3% as at 31 December 1998. At year-end, Jøtul had 770 shareholders.

### Largest shareholders

A list of the 20 largest shareholders in Jøtul ASA as at 10 February is given in the Board of Directors' Report.

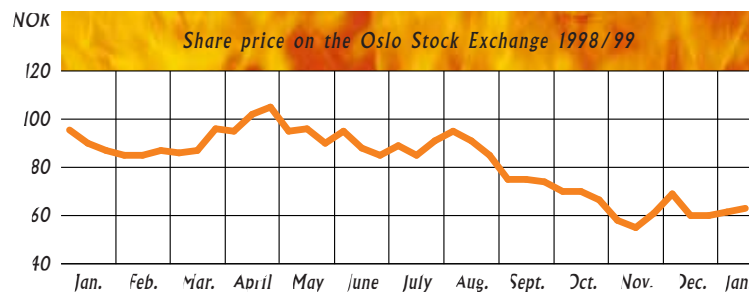
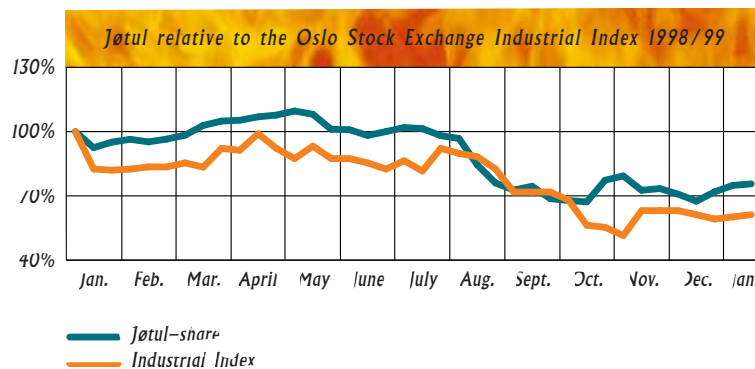
### Reports on Jøtul

Several leading brokerage houses published reports on Jøtul during 1998. The reports provide the usual information about Jøtul, the Company's value and future prospects.

### Financial calendar 1999

1998 results	2 March
1st quarter results & AGA	29 April
2nd quarter results	24 August
3rd quarter results	26 October

Jøtul Group	1998	1997	1996	1995	1994
Share capital on 31 December (NOK million)	58.2	58.2	58.2	58.2	58.2
Share price on 31 December (NOK)	62	103	78	37	56
No. of shareholders on 31 December	770	967	596	404	381
No. of shares traded on Oslo Stock Exchange (mill.)	3.4	9.3	3.7	1.1	0.6
Earnings per share (NOK)	4.57	7.94	6.71	-2.79	5.5
Price/earnings ratio	13.60	13.00	11.60	-	10.00
Cash flow per share (NOK)	4.57	5.43	18.35	-3.40	9.69
Dividends per share (NOK)	1.60	3.00	3.00	-	3.90
Direct yield of Jøtul share (%)	2.58	2.91	3.85	-	3.90
RISK sum per share (NOK)	1.71	4.98	5.02	1.62	1.59



Source: Delphi Economics

**Definitions:**

**Earnings per share**

Net profit on ordinary activities divided by the number of shares issued.

**Price/earning ratio**

Share price on 31 December relative to earnings per share.

**Cash flow per share**

Cash flow from operating activities divided by the number of shares in issue.

**Direct yield of Jøtul share**

Dividends per share relative to share price on 31 December.

**RISK sum per share**

Change in withheld taxed capital per share. The figure shown for 1998 is a provisional estimate to be approved by the tax authorities on the basis of Jøtul's tax return and then distributed to shareholders via the Norwegian Registry of Securities (VPS).

## The environment

**Jøtul manufactures clean and efficient products. In addition, we are involved in promoting a feeling of well-being in our surroundings. Manufacture requires a lot of energy, but emissions are minimal. Scrap iron is one of our most important raw materials in the manufacturing process. Hydroelectric power is used as a main source of energy.**

### Environmentally-friendly products

Very strict emission requirements have been specified for new stoves and fires in most markets. Jøtul products have satisfied these requirements for a number of years with stoves reducing incompletely burnt emissions by up to 90%, compared to conventional stoves. The most important thing, however, is to develop a consciousness that modern wood-burners and gas-burners are environmentally friendly alternatives.

The clean burning in Jøtul products results from the stove having secondary combustion, converting up to 90% of the smoke particles into heat. This produces really minimal smoke emissions. Jøtul uses two principles for clean burning: catalytic and air chamber technology. The catalyst "ignites" gases and particles before they reach the chimney. The air chamber principle adds extra oxygen, starting up secondary combustion of the smoke, and burns away gases and particles from the fire.

Jøtul's clean-burning stoves and fireplaces can halve wood consumption when correctly fired, something which, in itself, saves both the environment and expense. It is also important to acknowledge that wood-burning is based on a renewable energy source, if the forests are managed in a sensible way.

While the trees are growing, they take up carbon dioxide from the air. Later, when the same wood is burnt in a fire, the same volume of carbon dioxide is released back into the air.

On the North American market, Jøtul is selling gas stoves, which burn so cleanly that the exhaust gases do not emit any pollutants.

### Clean manufacture

Jøtul takes the environment into consideration during the whole lifecycle of the product. We use environmentally-friendly materials, recycle and handle the scrapping of old fireplaces and stoves.

Our most important raw material is scrap iron, and the most important additional ingredient is hydroelectric power. For the most part, Jøtul's processes have a closed loop for ingredients, in which leftover materials are constantly being recycled.

Emissions to the air can hardly be measured, and all drainage water goes into the local authority system.

### Future

In future, Jøtul will also have to be very environment-conscious, and will therefore be continuing the work of making products more effi-

cient, with only minor emissions. At the same time, we are also working on reducing the volume of waste which we ourselves, or others, cannot make use of, and on finding new uses for some of the waste.

### Environment as marketing resource

In June and July 1998, Jøtul ran a campaign for replacing old products with new, clean-burning stoves and fireplaces. The campaign was based on customers being offered NOK 1,000 for trading in their old stoves, when they bought a new one from Jøtul. This was run as a test in the areas of Drammen, Oslo and environs, and Østfold. Jøtul collected the old stoves, and used them in the manufacture of new stoves. The campaign was run using a combination of addressed and unaddressed direct mail, issued to approx. 280,000 households.

The campaign received good media coverage, and was a success for the dealers who were taking part. Jøtul increased sales considerably in these areas in relation to the rest of the country. In addition, the participating dealers gained a rise in sales of their other goods because of the increased flow of customers into the shops.

The campaign was so effective that it is going to be developed further in future. It was the start of a closer level of co-operation with Oslo Municipal Authority for improving air quality in the city. In Norway, there are approx. 2 million stoves and fireplaces, and only a few thousand of these are clean burning.

## Product development

**Jøtul has been at the forefront of the development of efficient, clean-burning stoves and fireplaces. The result of this is that wood-burning has now become an efficient and environmentally-friendly source of heat. Jøtul has no problem in satisfying the world's strictest environmental requirements – and is actually at their leading edge. Today's focus is more on developing stoves and fireplaces that satisfy the user's demanding design requirements.**

Strict environmental specifications have become the norm, and good environmental characteristics alone are no longer sufficient as a major competitive advantage in the marketplace. More and more, we are noticing that markets are demanding modern, completely new designs, fitting in with the interior as a whole. While we are expanding more strongly in international markets, greater demands are being made on Jøtul to develop new models. In 1998 and for the next two years, Jøtul's expenditure on developing new and existing products makes up a greater proportion of the group's overall operating costs than used to be the case.

Jøtul is working with designers in Norway and overseas in order to become as competitive as possible on design. Our product developers in Norway are working with NOORdesign in addition to individual designers. In Germany, we have started to collaborate with independent designers to adapt to the German and Central European markets. In the USA, we are working with Red House Design, in

particular, to develop "the Colonial Look".

The American market holds huge potential for Jøtul. We have therefore made the strategic decision to establish our own research and development department there. Otherwise, international expansion has also meant that we are selling more gas products. In the medium term, the work we are putting into gas in the USA will also be useful in the steadily growing gas market in Europe.

During the course of 1998, Jøtul bought Kvålsethpeisen a.s., which is the largest manufacturer of fireplace surrounds in Norway. Jøtul has thereby become one of the few manufacturers able to offer its customers the total fireplace product and able therefore to be responsible for a major part of the overall supply of "warmth". This should also give us an advantage over our competitors outside Norway – initially in Germany. In addition, it will also put us in a better position to influence the way our products are displayed in the shops.

The intensified product development programme is fruitful. Our objective is to increase the rate of development and new product launches. We will see the first definite results of this as early as during 1999, when Jøtul will be launching considerably more new products than in previous years. This should contribute to strengthening the group's market position in 1999, both in Norway and overseas. We are therefore confident that Jøtul is facing the future as a market-oriented company, and that we have the products and



the quality which the customer is asking for.

For Jøtul, a good product has efficient combustion, a design that the market wants and that can be manufactured by Jøtul in a cost-effective way. To make design more production-friendly, we are doing more work on standardising components and modularising product groups.

## *From Norway to the international marketplace*

### **Jøtul's profile**

In Norway, Jøtul is the market leader and in the rest of the world we are seen as a niche supplier focusing on high quality. We will build further on this profile, while establishing a broader base via product launches, and using more modern designs.

### **Norway**

Jøtul has a dominant market share in Norway. We are responsible for promoting the heating sector in our distributors' businesses, thereby assuring their profitability within this field. In 1998, we developed and launched a shop concept which we called "Best in Shop". This has been so successful that it is going to be developed further during the current year.

### **France and Germany**

1997's positive trends in France continued in 1998. With more new products and an increased distribution network, we are also optimistic about 1999. Germany is Europe's largest marketplace for fireplaces, which is one of the reasons that we are now starting up our own sales office in Germany. Jøtul GmbH in Düsseldorf will be up and running during the first six months of 1999.





**United Kingdom and Sweden**

Jøtul encountered falls in both of these markets in 1998. In the United Kingdom, an extended range of gas fires will form part of the action taken to improve the situation. Up until now, special environmental requirements have been a problem in Sweden, but with new products and product adaptations, considerable improvements are going to be made to our range for this market.

**Central Europe**

There was good development in Poland, the Czech Republic and the Baltic States in 1998. We entered the Czech Republic in autumn 1998. Sales during the first months exceeded expectations, and future opportunities look promising. Jøtul is in a strong position in Poland, and our objective is to be the third largest player in that market.

**Spain and Italy**

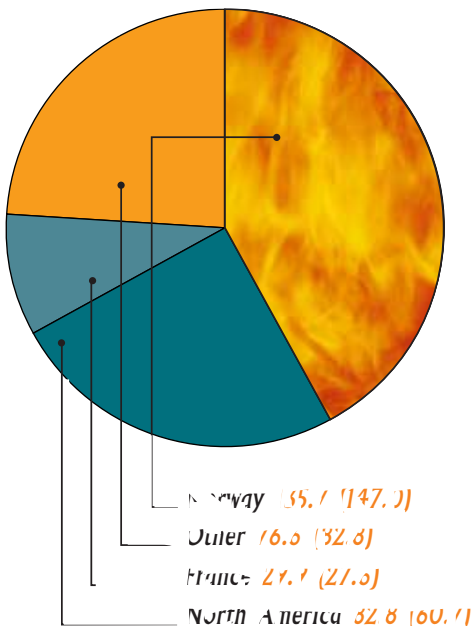
Jøtul is enjoying stable growth in these markets. Distribution is set to increase, and we therefore expect to a continued increase in turnover.

**North America**

During the last three years, Jøtul has seen a growth in turnover of 30-40% per annum, and we expect growth to continue in 1999. Contributing to this will be new product launches and a clearly strengthened organisation, in addition to considerably closer co-operation with the most important dealers in the USA. The establishment of the company's own development department in the USA, focusing specially on gas fires, should assure this growth. We will be able to offer a wider range of products, bringing out new products, specially customised for this market, more quickly and more often. Planned product launches in 1999 and 2000 are important for Jøtul's future growth in North America.

**Competitors**

In all markets, the fireplace industry consists of a series of national local manufacturers, plus a few who have achieved a certain size, like Jøtul. The largest manufacturers are in North America, France, Germany and the United Kingdom.



## Design for generations



*Sketches of two new Jøtul products  
designed by Herman Tandberg,  
NOORdesign.*

**"A fireplace is not merely part of the furniture and a source of heating.**

**It provides a natural place for the family to gather round, and plays a central role in the ambience and unique style of the home.**

The flicker of the fire is more lively and varied than any TV programme and stimulates more of the senses since it also gives off smell and heat.

As a designer, I am humbly intruding into people's living rooms. There are many specifications that need to be met when designing a fireplace, but my most important goal is to fulfil the role that it will play in the consumer's home. We need to produce a fireplace that combines efficiency with cosiness and warmth. My job is to see the design through the consumer's eyes. I hope that the results is a fireplace that will take pride of place in the home.

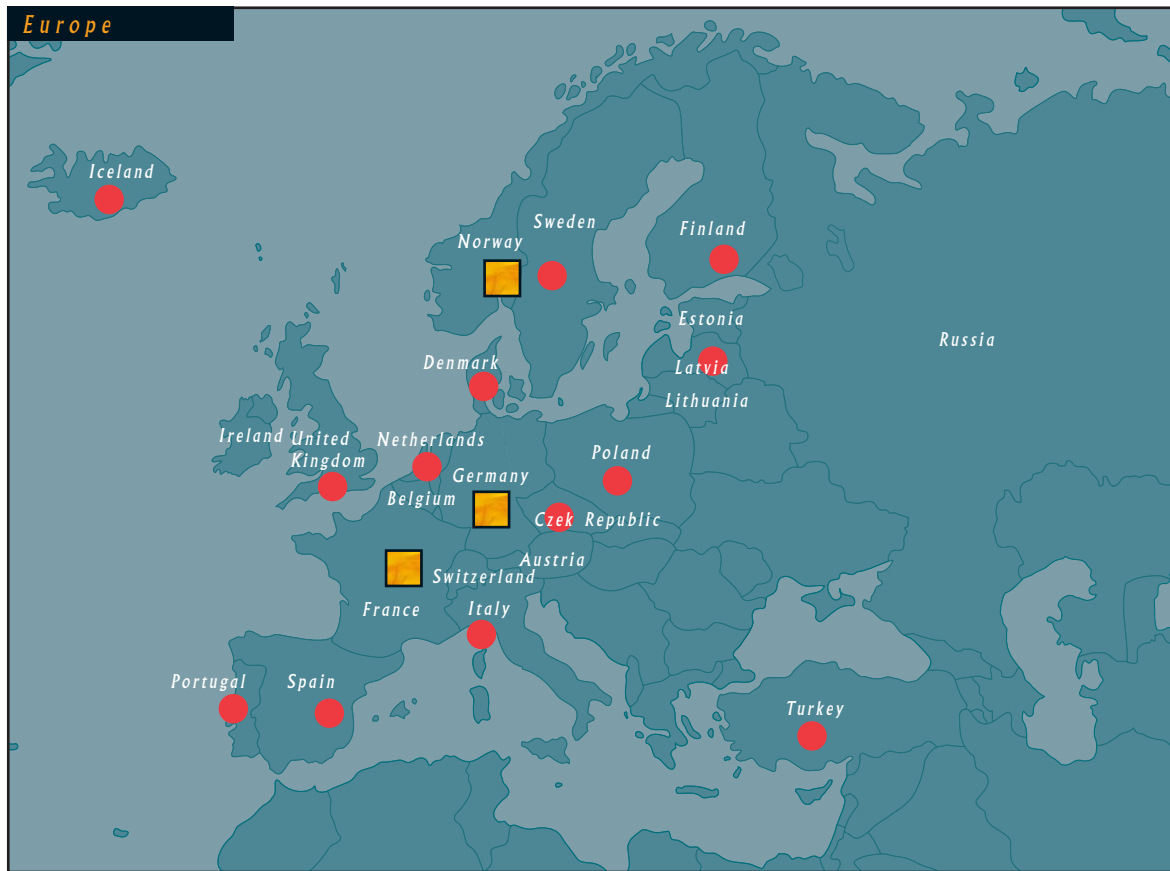
The biggest challenge in designing a new fireplace is to unite advanced combustion technology with consumer demand for aesthetic appeal. As such, the designwork that goes into a new fireplace bears many similarities with the task of designing a car or a piece of furniture.

Ultimately, a fireplace or stove is something that people buy to last for generations, a feature which becomes part of the very soul of the home – and this just adds to the thrill of the job."



*Herman Tandberg, NOORdesign.  
Designer in the group that developed  
Jøtul 2 Petite and Jøtul 16 Catalina.*

## Subsidiaries and distributors



 Subsidiaries       Distributors

### Subsidiaries:

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Fax: + 1 207 7720523

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40472 Düsseldorf  
GERMANY  
Tel.: + 49 2116 579790  
Fax: + 49 2116 5797 929

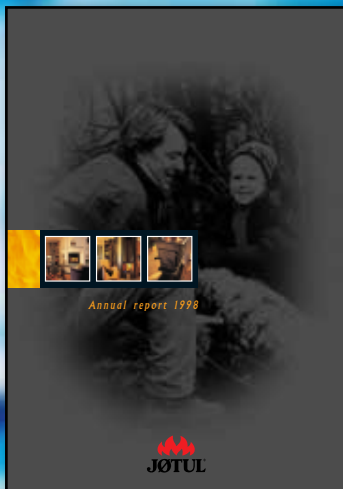
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# Jøtul

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