

# **EKORNES ASA**

## **1<sup>st</sup> half year 2002**

## BUSINESS IDEA

Ekornes supplies home furniture products for the domestic Norwegian and international markets. The furniture products will have one of the following brands:

**Ekornes® , Stressless® , Svane® , Sacco® , Kiddo™**

We will design and price our products for the general public. Our marketing effort will focus on the furniture dealers and the end consumer. The basis for our marketing is the company's brand names and the right to use them. The specific marketing effort for dealers and consumers will vary from market to market.

Ekornes will not be a retailer itself. Our actual customer shall be furniture retailers and contract customers.

The individual production unit may supply components to other manufacturers outside the Group, but only based on existing production conditions.

## Board of Directors

- Olav Kjell Holtan
- Sigmund Ekornes
- Torger Reve
- Carl Graff-Wang
- Ole Jan Korsnes
- Arnstein Johannessen
- Wenche E. Fannemel

## Group Management

- CEO  
Nils-Fredrik Drabløs
- CFO  
Robert Svendsen
- Marketing Director  
Runar Haugen

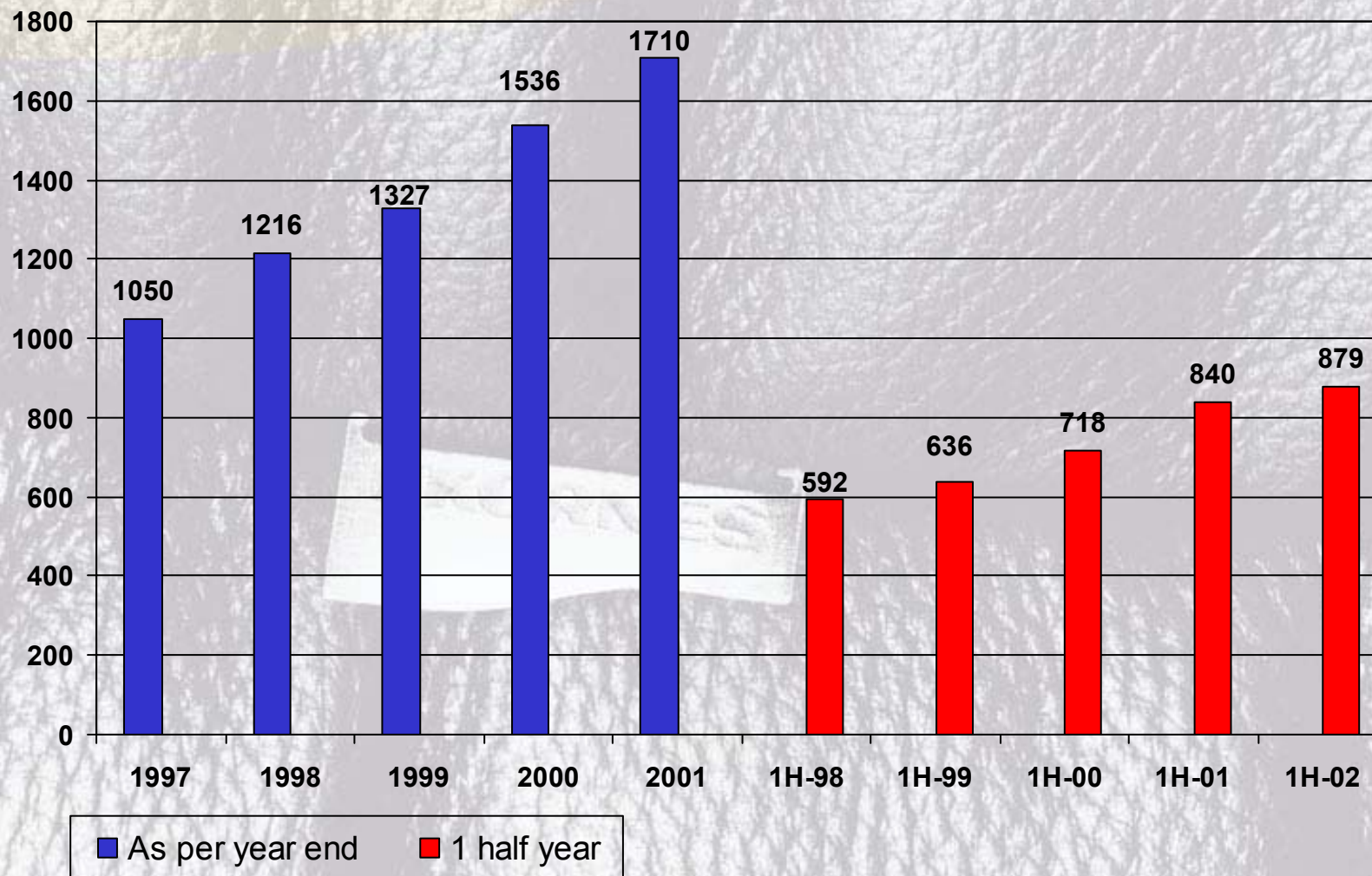


## Ekornes today

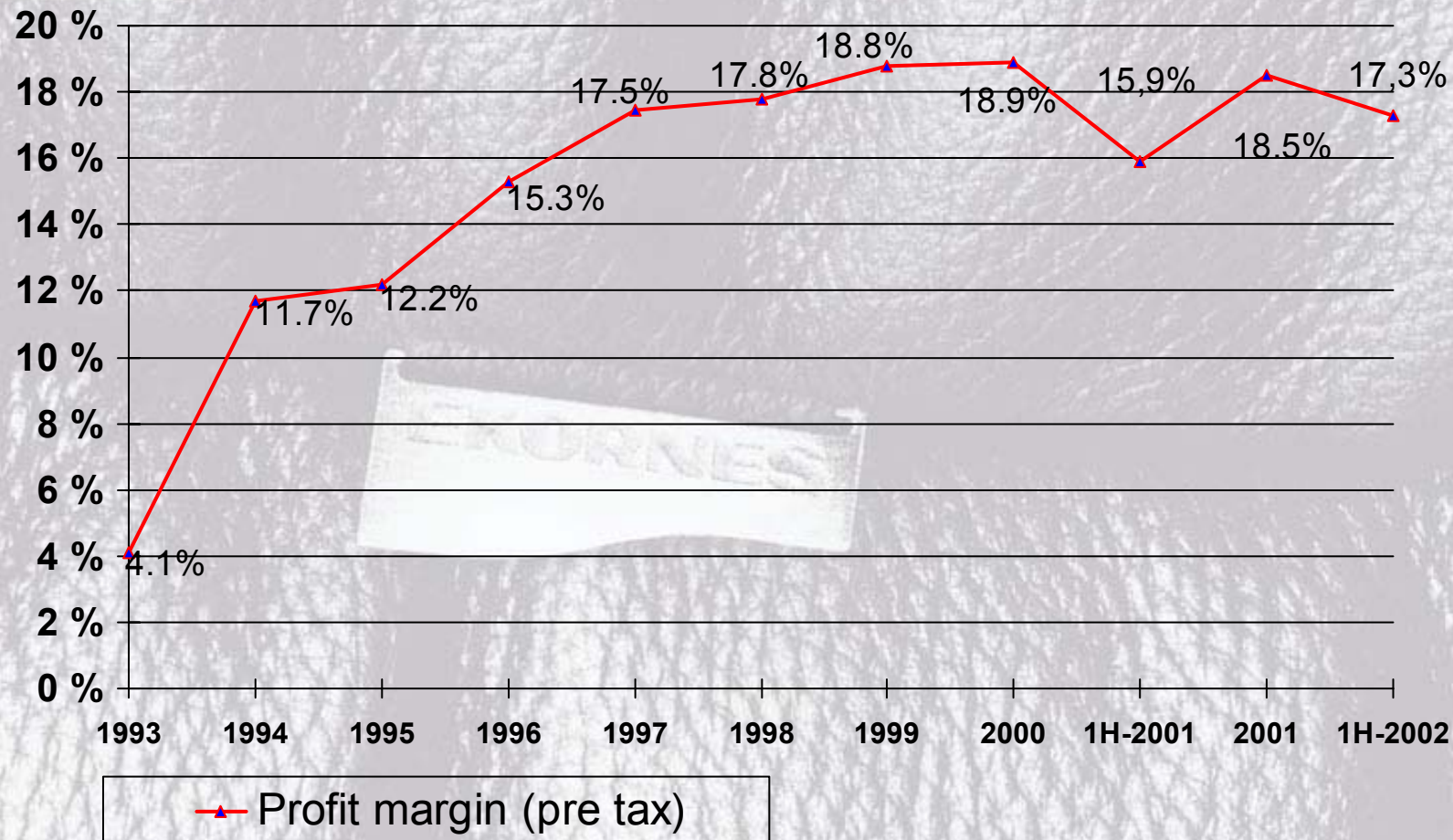
Products and production :

Ikorannes	Stressless® chairs, foam, Kiddo™
Dept. Vestlandske	Stressless® sofas, cushions for Stressless® chairs and wooden laminates
Stranda	Ekornes® collection sofas
Hareid	Ekornes® collection sofas, cushions for Stressless® chairs
Fetsund	Svane®, Svane® Stressless®, Sacco® and foam
Grodås	Wooden components for Stressless® chairs, Stressless® sofas and Ekornes® sofas.

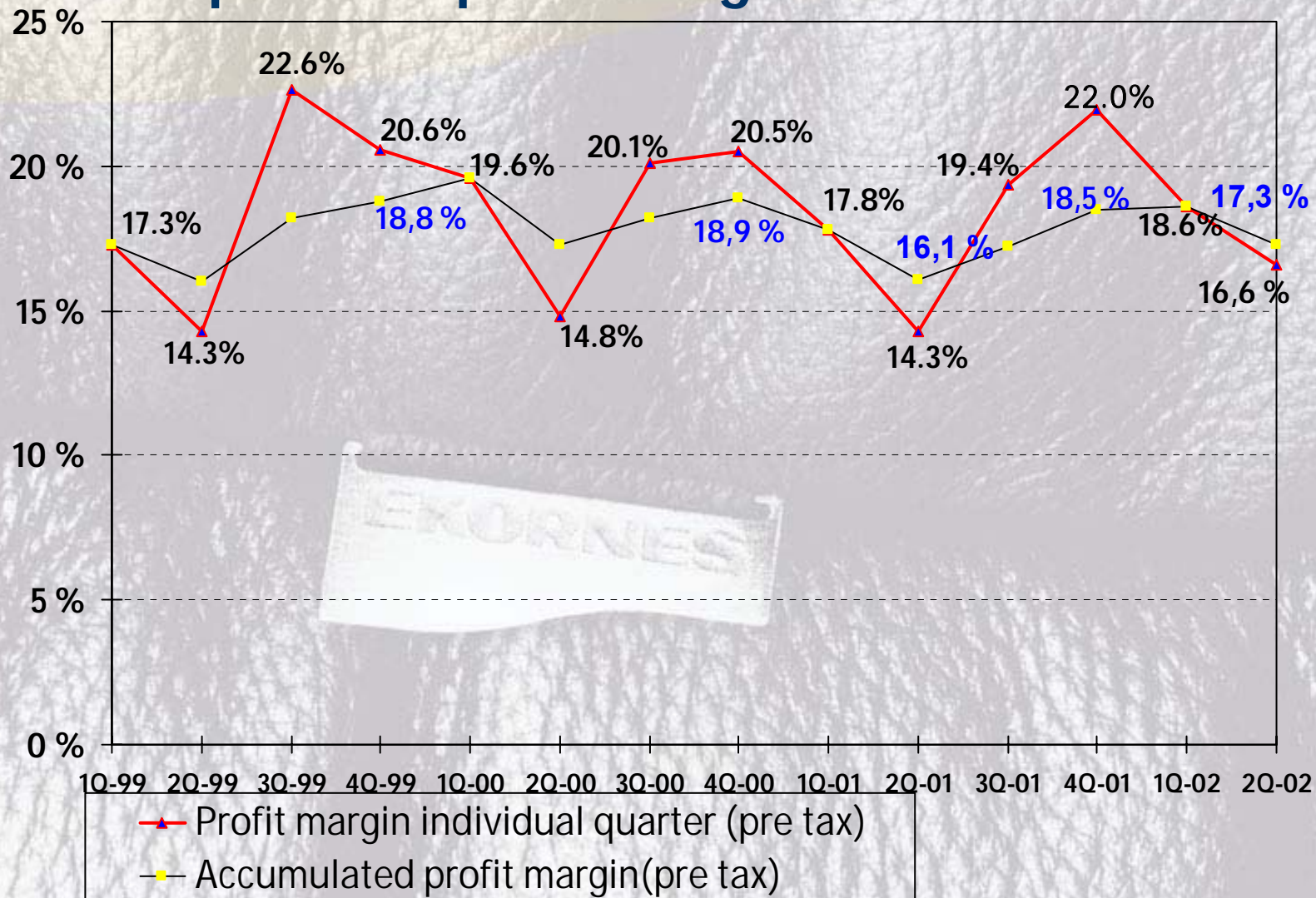
# Operating revenue (million NOK)



## Development in profit margin

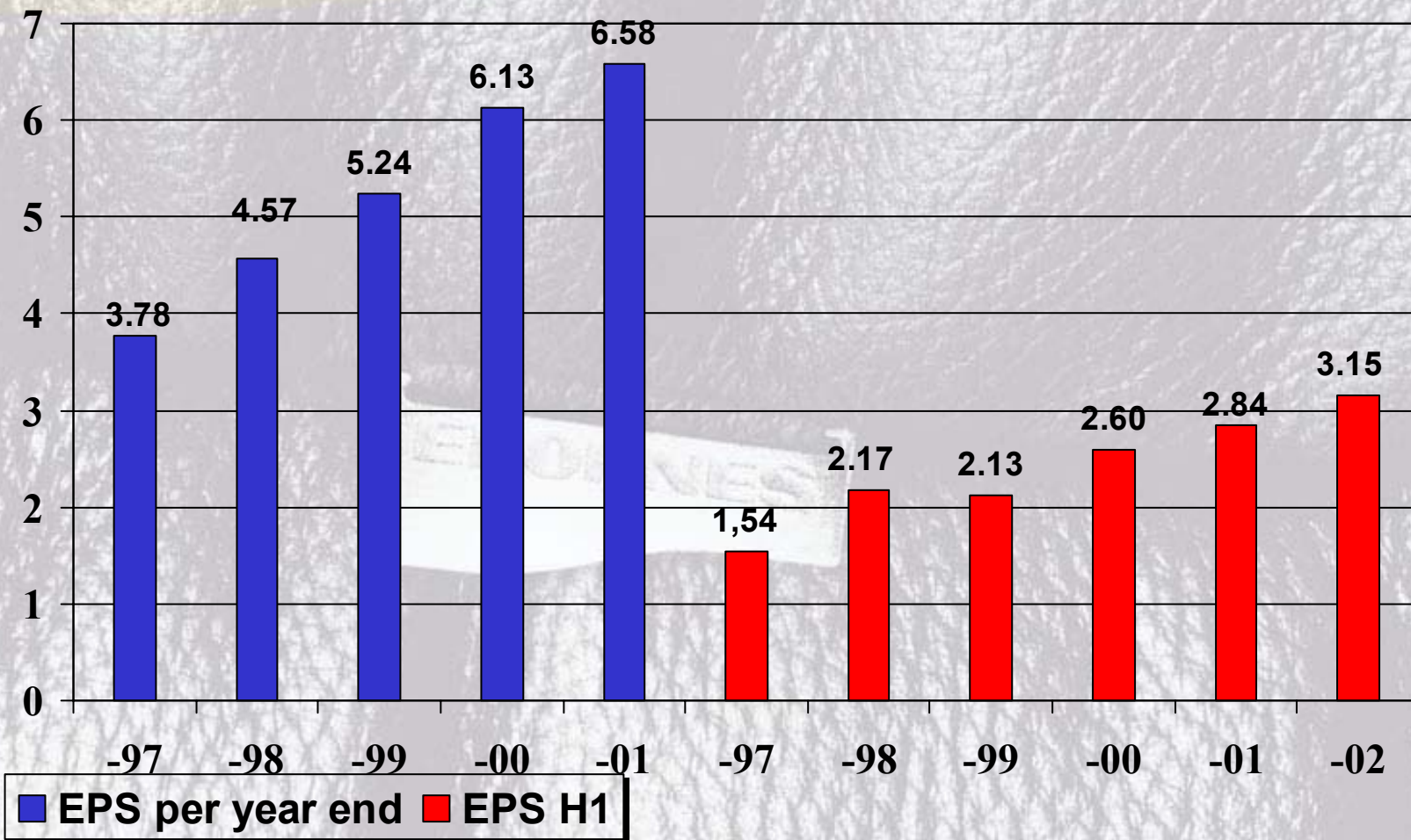


# Development in profit margin

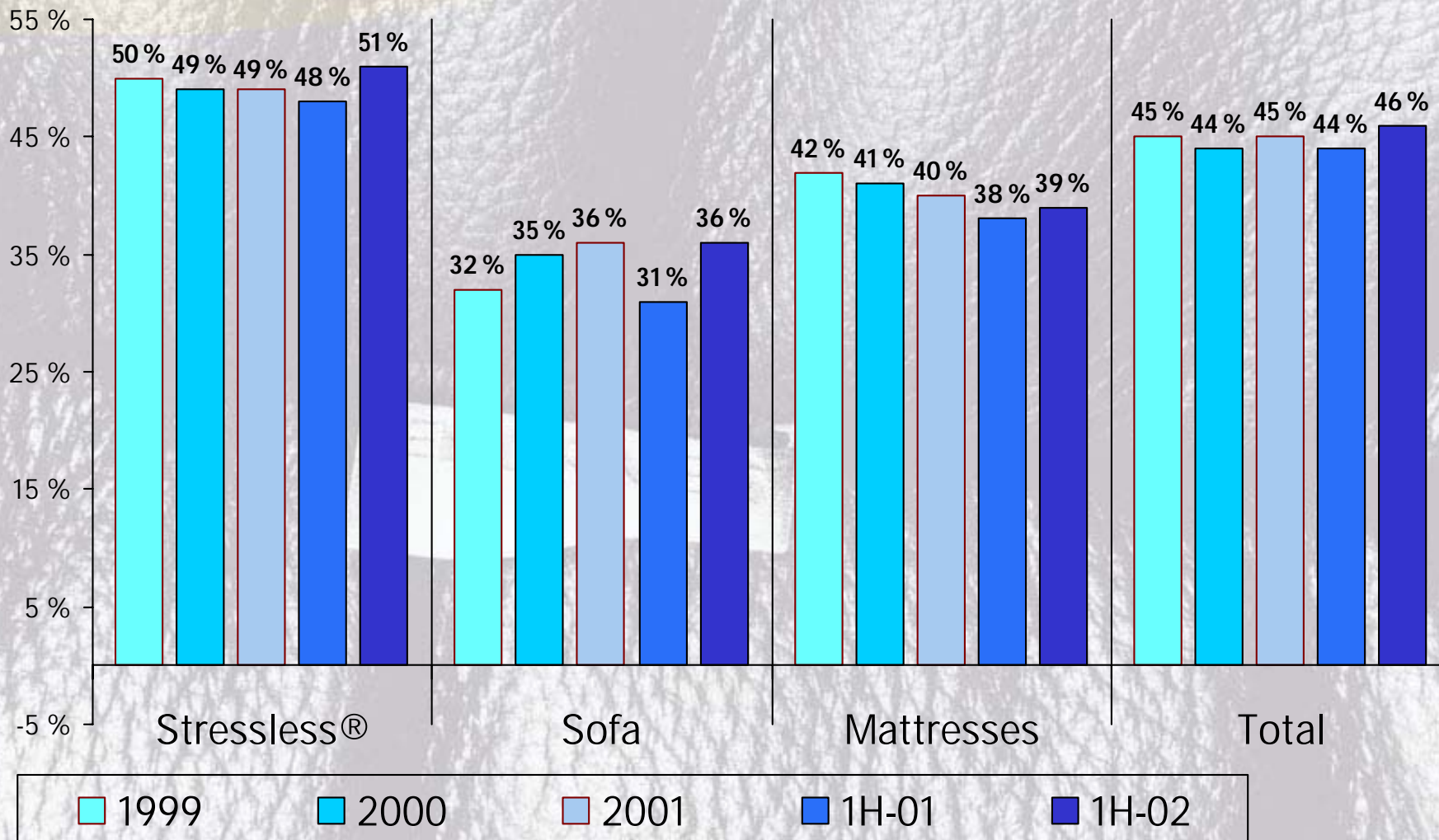




# Development EPS

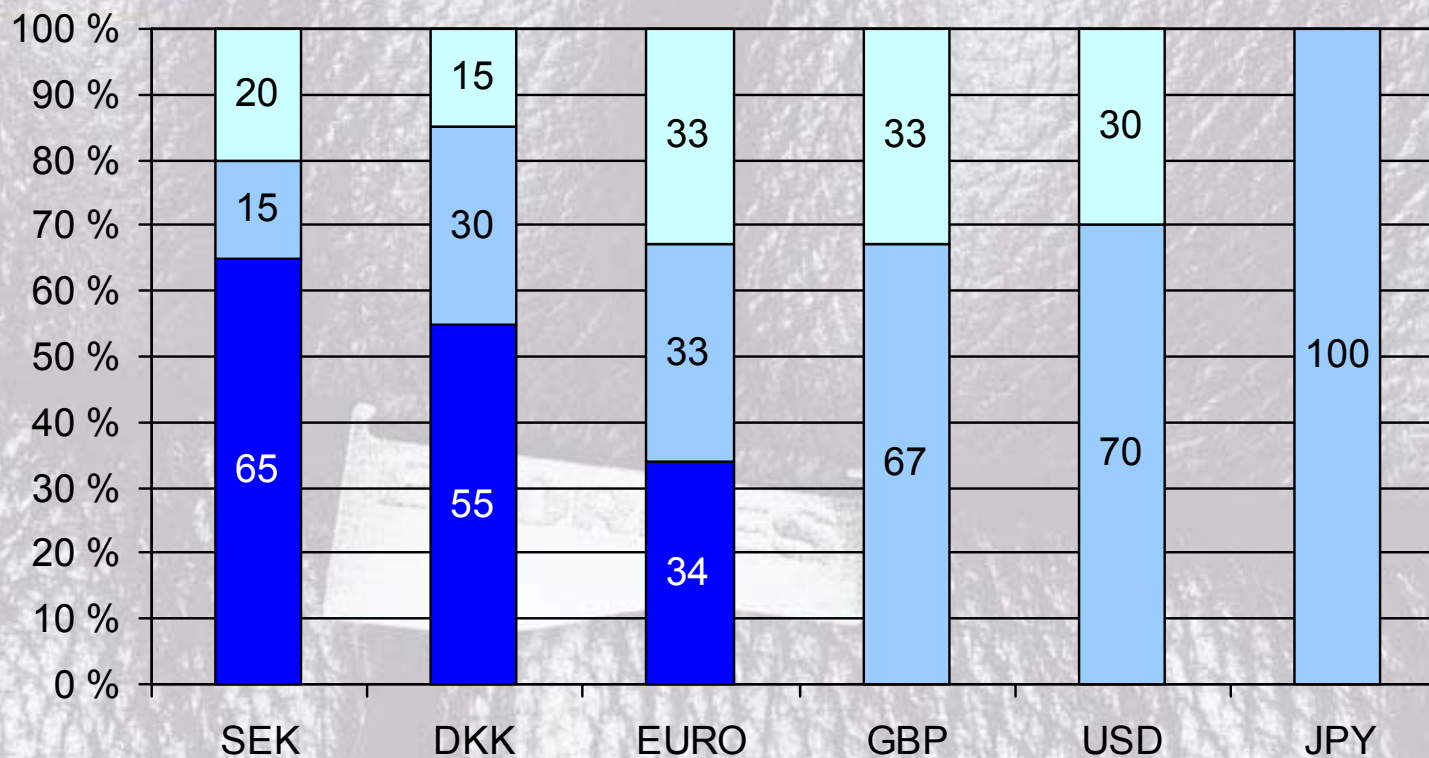


# Contribution margin by product areas



# Currency exposure and hedging

(% of sales exposed/ hedged)



- Not exposed (costs in local currency)
- Hedged at or above calculated level (purchases and use of financial instruments)
- Open positions

# Income Statement

(million NOK)

	1H-02	1H-01	Changes %
<b>Operating revenues</b>	<b>879.3</b>	<b>839.8</b>	<b>+4.7 %</b>
Costs of goods sold	239.0	255.8	- 6.6 %
Salaries and social costs	246.4*	226.0*	+9.0 %
Other operating expenses	212.5	198.8	+6.9 %
Depreciation	29.2	25,8	+13.2 %
<b>Total operating costs</b>	<b>727.1</b>	<b>706.4</b>	<b>+2.9 %</b>
<b>Operating result</b>	<b>152.2</b>	<b>133.4</b>	<b>+14.1 %</b>
Net financial income/expenses	3.3	2.0	
<b>Ordinary result before taxes</b>	<b>155.5</b>	<b>135.4</b>	<b>+14.8 %</b>
Calculated taxes ordinary result	47.0	40.6	
<b>Ordinary result after taxes</b>	<b>108.5</b>	<b>94.8</b>	<b>+14.5 %</b>

\*Adjusted for proportional distribution of year-end employee bonus. 2002 also including NOK 4.5 mill in soc. costs from employee option plan effected in May.

## Income Statement - Actual period 2002 and 2001

(million NOK)

	2Q-02	2Q-01	Changes
<b>Operating revenues</b>	<b>391.6</b>	<b>405.3</b>	<b>-3.4%</b>
Costs of goods sold	93.8	124.1	-24.4%
Salaries and social costs	123.4*	112.6*	+9.6%
Other operating expenses	97.4	98.3	-1.0%
Depreciation	14.4	12.9	+11.6%
<b>Total operating costs</b>	<b>329.0</b>	<b>347.9</b>	<b>-5.4%</b>
<b>Operating result</b>	<b>62.6</b>	<b>57.4</b>	<b>+9.1%</b>
Net financial income/expenses	2.4	0.6	
<b>Ordinary result before taxes</b>	<b>65.0</b>	<b>58.0</b>	<b>+12.1%</b>
Calculated taxes ordinary result	19.5	17.4	
<b>Ordinary result after taxes</b>	<b>45.5</b>	<b>40.6</b>	

\*Adjusted for proportional distribution of year-end employee bonus. 2002 also including NOK 4.5 mill in soc. costs from employee option plan effected in May.

**Income Statement – "Financial Year" – 01.07 - 30.06**

(million NOK)

	2001/2002	2000/2001	Changes %
<b>Operating revenues</b>	<b>1,749.3</b>	<b>1,657.9</b>	<b>+5.5 %</b>
Costs of goods sold	478.1	497.1	-3.8 %
Salaries and social costs	460.6	430.8	+6.9 %
Other operating expenses	415.9	383.8	+8.4 %
Depreciation	57.7	48.5	+19.0 %
<b>Total operating costs</b>	<b>1,412.3</b>	<b>1,360.2</b>	<b>+3.8 %</b>
<b>Operating result</b>	<b>337.0</b>	<b>297.7</b>	<b>+13.2 %</b>
Net financial income/expenses	-0.6	4.0	
<b>Ordinary result before taxes</b>	<b>336.4</b>	<b>301.7</b>	<b>+11.5 %</b>
Calculated taxes ordinary result	102.9	88.8	
<b>Ordinary result after taxes</b>	<b>233.5</b>	<b>212.9</b>	<b>+9.7 %</b>
<b>EPS</b>	<b>6.77</b>	<b>6.37</b>	<b>+6.3 %</b>

# Balance

(Million NOK)

	1H-02	1H-01	Changes
<b>Total long term assets</b>	<b>584.3</b>	<b>492.3</b>	<b>+18.7 %</b>
Inventories	186.5	201.9	- 7.6 %
Receivables	283.3	267.7	+5.8 %
Cash and bank deposit	78.7	7.0	
<b>Total current assets</b>	<b>548.5</b>	<b>476.6</b>	<b>+15.1 %</b>
<b>Total assets</b>	<b>1,132.8</b>	<b>968.9</b>	<b>+16.9 %</b>
<b>Total equity</b>	<b>755.8</b>	<b>596.4</b>	<b>+26.7 %</b>
Long term liabilities (interest bearing)	68.2	94.0	- 27.5 %
Long term liabilities (non-interest bearing)	19.9	23.8	- 16.4 %
Current liabilities (non-interest bearing)	288,9	254.7	+13.4 %
<b>Total liabilities</b>	<b>377.0</b>	<b>372.5</b>	<b>+1.2 %</b>
<b>Total liabilities and equity</b>	<b>1,132.8</b>	<b>968.9</b>	<b>+16.9 %</b>

**Balance - Quarterly figures**

(Million NOK)

	<b>2Q-02</b>	<b>1Q-02</b>	<b>Changes in mill.NOK</b>
<b>Total long term assets</b>	<b>584,3</b>	<b>563,2</b>	<b>+21.1</b>
Inventories	186.5	158.7	+27.8
Receivables	283.3	273.7	+9.6
Cash and bank deposit	78.7	195.5	-116.8
<b>Total current assets</b>	<b>548.5</b>	<b>627.9</b>	<b>-79.4</b>
<b>Total assets</b>	<b>1,132.8</b>	<b>1,191.1</b>	<b>-58.3</b>
<b>Total equity</b>	<b>755.8</b>	<b>644.7</b>	<b>+111.1</b>
Long term liabilities (interest bearing)	68.2	91.8	- 23.6
Long term liabilities (non-interest bearing)	19.9	19.1	+0.8
Current liabilities (non-interest bearing)	288.9	435.5	-146.6
<b>Total liabilities</b>	<b>377.0</b>	<b>546.4</b>	<b>-169.4</b>
<b>Total liabilities and equity</b>	<b>1,132.8</b>	<b>1,191.1</b>	<b>-58.3</b>



## Development in direct salaries and soc. costs - factories:

(Year-end bonus not included)

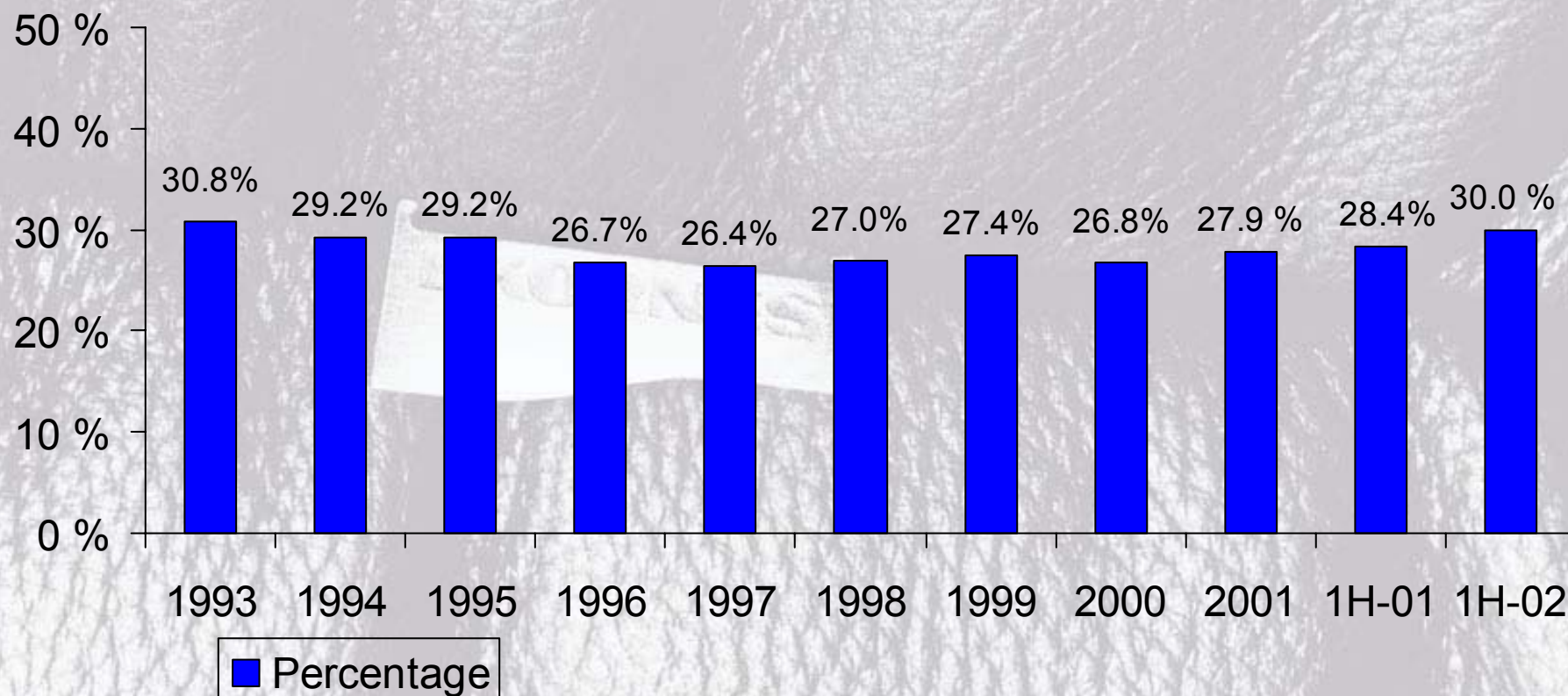
Percentage	1H-02	1H-01	2001	2000	1999	1998	1997
<b>Ikornnes</b> (Incl. Vestlandske from 1997 )	21.5%	22.2%	21.1%	21.5%	20.5%	19.6%	19.2%
<b>Stranda</b>	15.4%	14.7%	14.5%	16.5%	18.7%	19.2%	22.4%
<b>Grodås</b>	34.4%	35.7%	34.4%	32.0%	35.0%	36.0%	37.7%
<b>Hareid</b>	18.9%	19.6%	18.7%	17.2%	21.0%	22.1%	21.7%
<b>Fetsund</b>	17.6%	17.3%	18.2%	15.8%	15.1 %	15.4%	16.4%

## Development in relative factors-Group consolidated :

Percentages	1H-02	1H-01	2001	2000	1999	1998	1997
Direct material	27.2%	30.4%	28.9 %	29.1 %	30.1 %	32.5 %	32.5 %
Direct salaries	16.5%	16.4%	15.7 %	15.8 %	16.0 %	15.8 %	16.5 %
Contribution margin	46.6%	43.2%	45.1 %	44.5 %	44.8 %	43.3 %	42.4 %

## Development in indirect costs (relative)

(Year-end bonus not included)



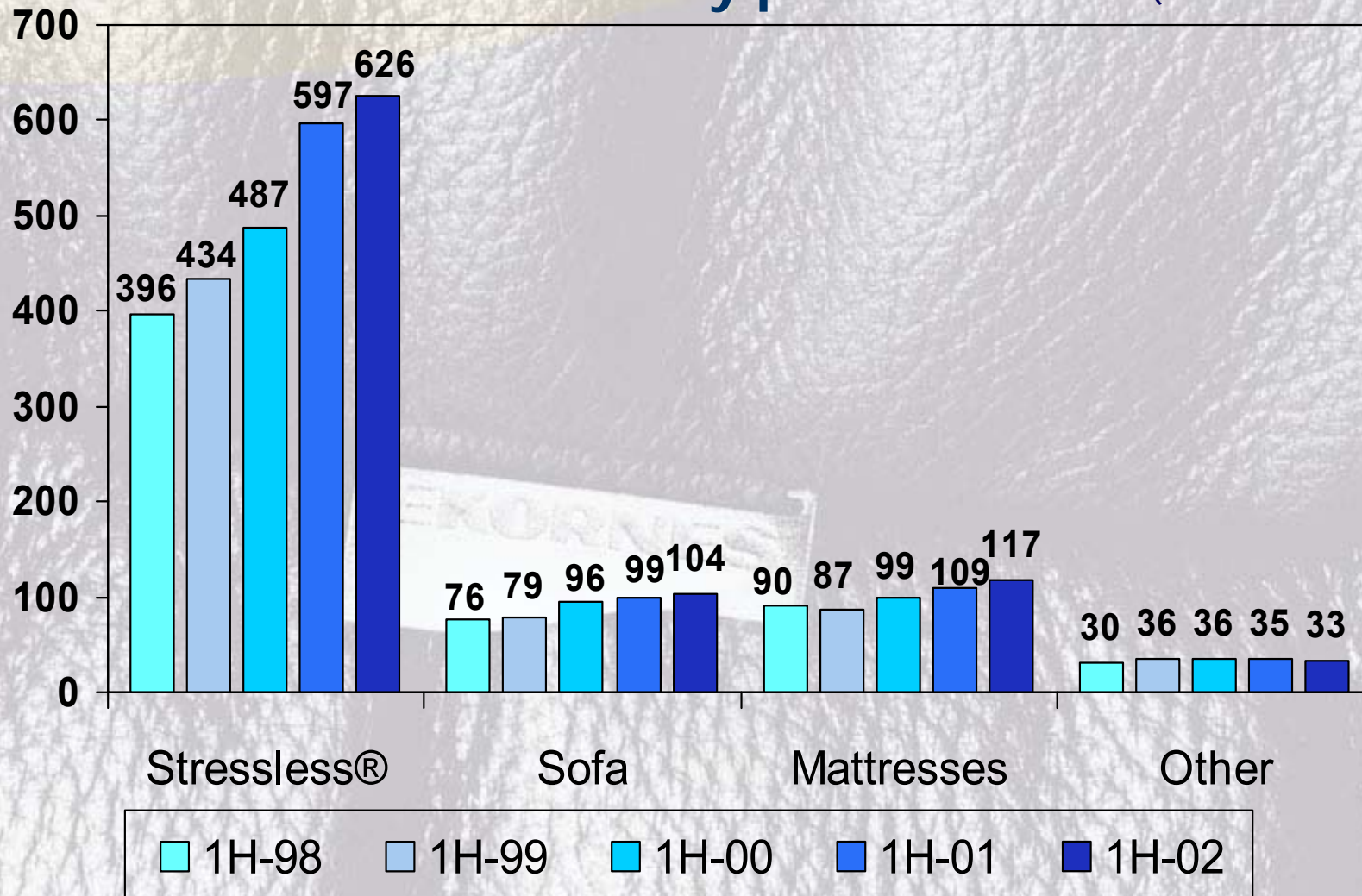
## DEVELOPMENT IN TOTAL CAPITAL, WORKING CAPITAL AND EQUITY : (million NOK)

	1997	1998	1999	2000	2001	1H-01	1H-02
Total capital	608.6	699.0	831.4	982.2	1,091.1	968.9	1,132.8
Working capital	139.3	168.7	150.6	149.4	141.0	221.9	259.6
Equity	279.8	331.0	407.5	490.3	578.0	596.4	755.8
Equity ratio	46.0%	47.3%	49.0%	49.9%	53.0%	61.5%	66.7%

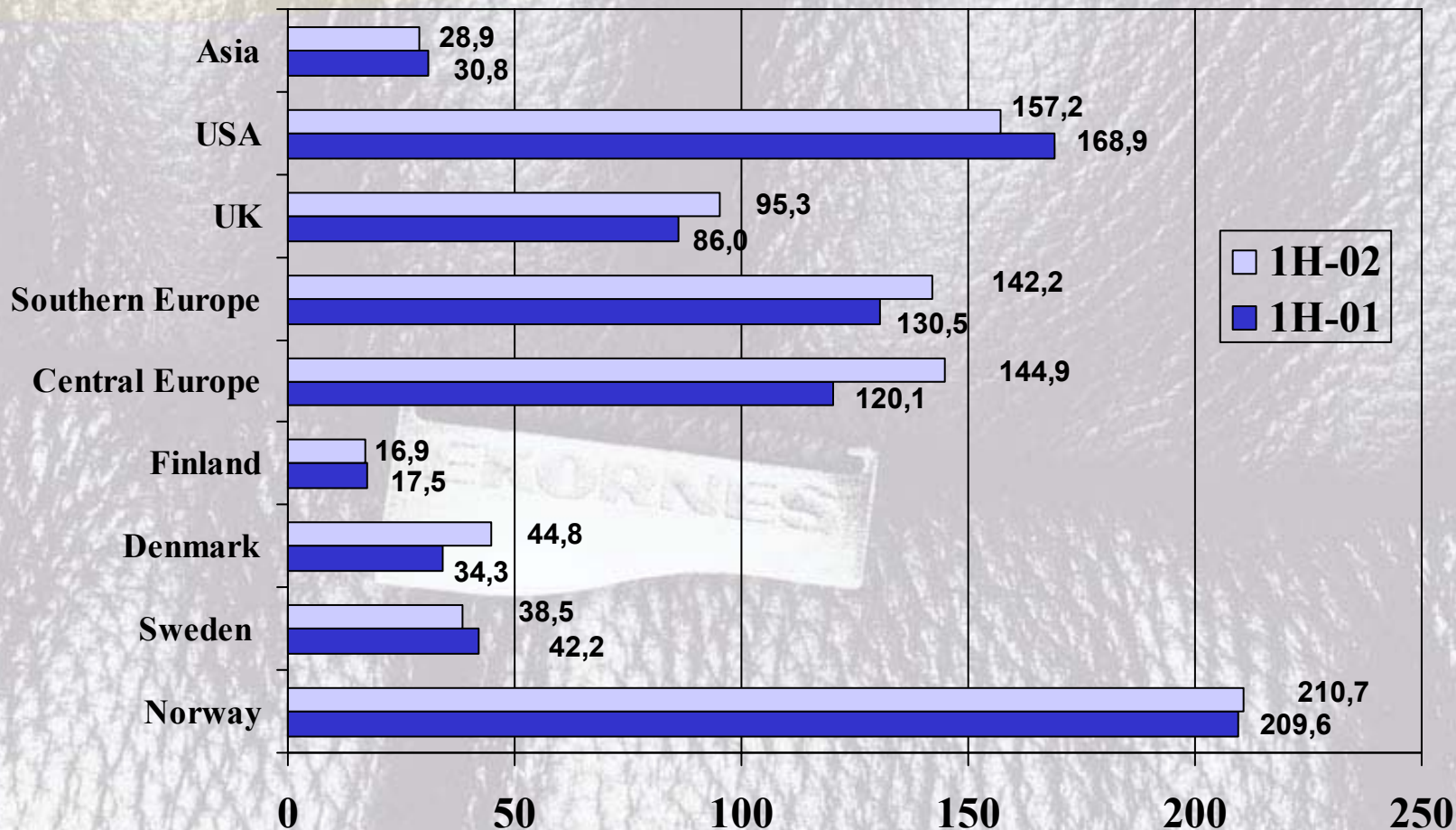
## Liquidity reserve (million NOK)

	1997	1998	1999	2000	2001	1H-01	1H-02
Cash and bank deposit	161.0	144.0	153.8	134.1	134.4	7.0	78.7
Unused credit facilities	109.0	102.0	104.1	94.2	68.2	38.0	91.8
Total liquidity reserve	270.0	246.0	257.9	228.2	201.6	45.0	170.5

# Distribution of turnover by product areas (million NOK)



## Development in turnover per market (million NOK)



## Development from 2001 to 2002 in turnover per market (million NOK) :

	Change in % 1H-01 to 1H-02	1H-02	1H-01	1H-00
Norway	+0.5%	210.7	209.6	202.3
Sweden	- 8.8%	38.5	42.2	44.4
Denmark	+30.6%	44.8	34.3	28.3
Finland	- 3.1%	16.9	17.5	18.1
Central - Europe	+20.6%	144.9	120.1	76.6
Southern - Europe	+9.0%	142.2	130.5	103.0
UK	+10.8%	95.3	86.0	62.2
USA	- 7.0%	157.2	168.9	153.8
Asia	- 6.3%	28.9	30.8	29.1
<b>Total</b>	<b>+4.7%</b>	<b>879.3</b>	<b>839.8</b>	<b>717.8</b>