

# EKORNES ASA

## 1<sup>st</sup> Quarter 2006

# Ekornes Q1 - Headlines:

- Improvement in most markets
- Distinctive improvement in the German market
- Increased order influx and sale within product area Stressless®
- Improved profitability
- New products were very well received by retailers
- Increased Stressless® capacity, but productivity underperforming during capacity build-up
- Stronger NOK
- Challenges in the US-market: Declining profitability among retailers
- Challenges in Norway following the termination of the contract with Skeidar
- Change in distribution in Sweden

# News:



**Stressless® Space**

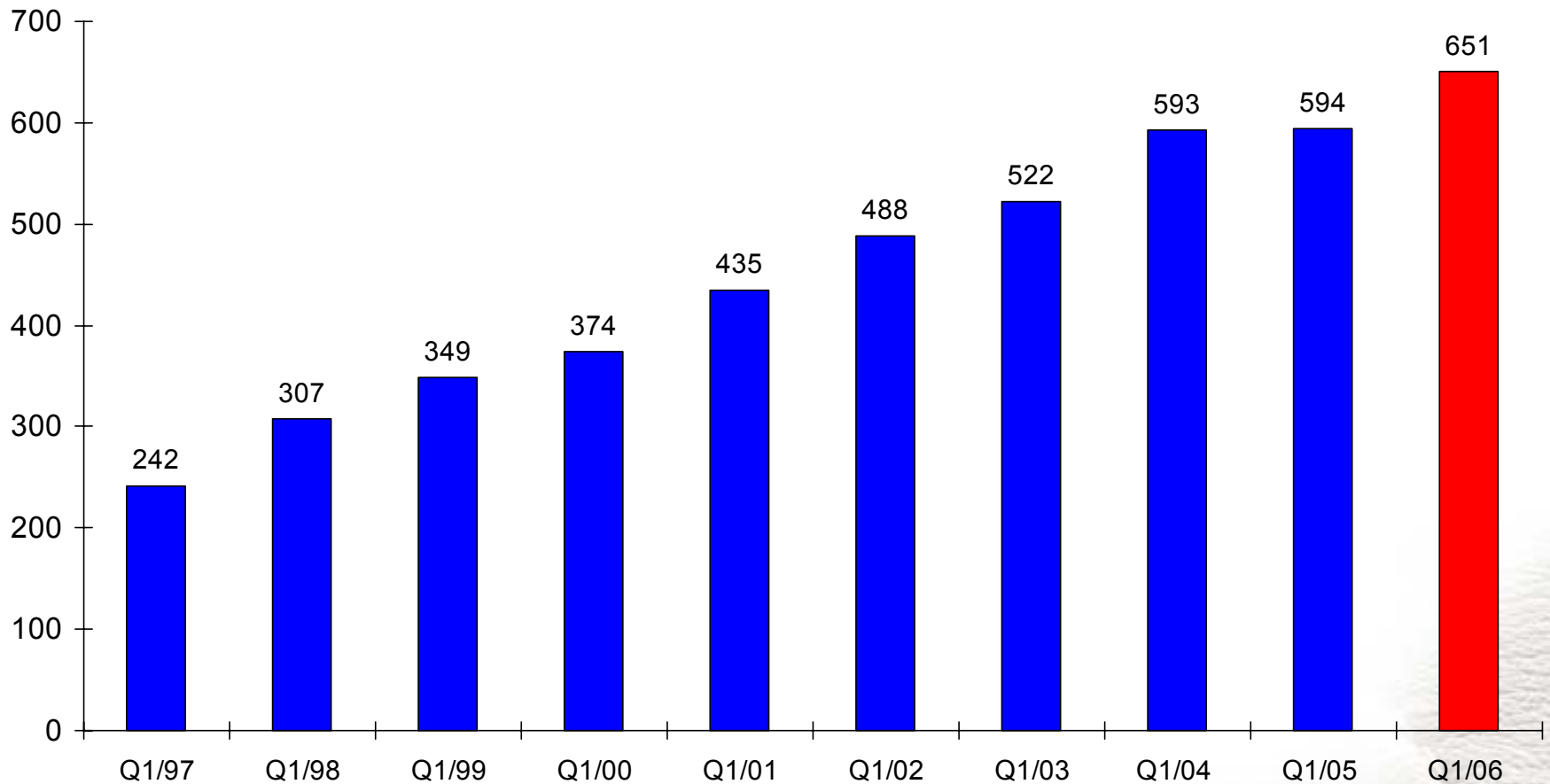


**Stressless® Wave**

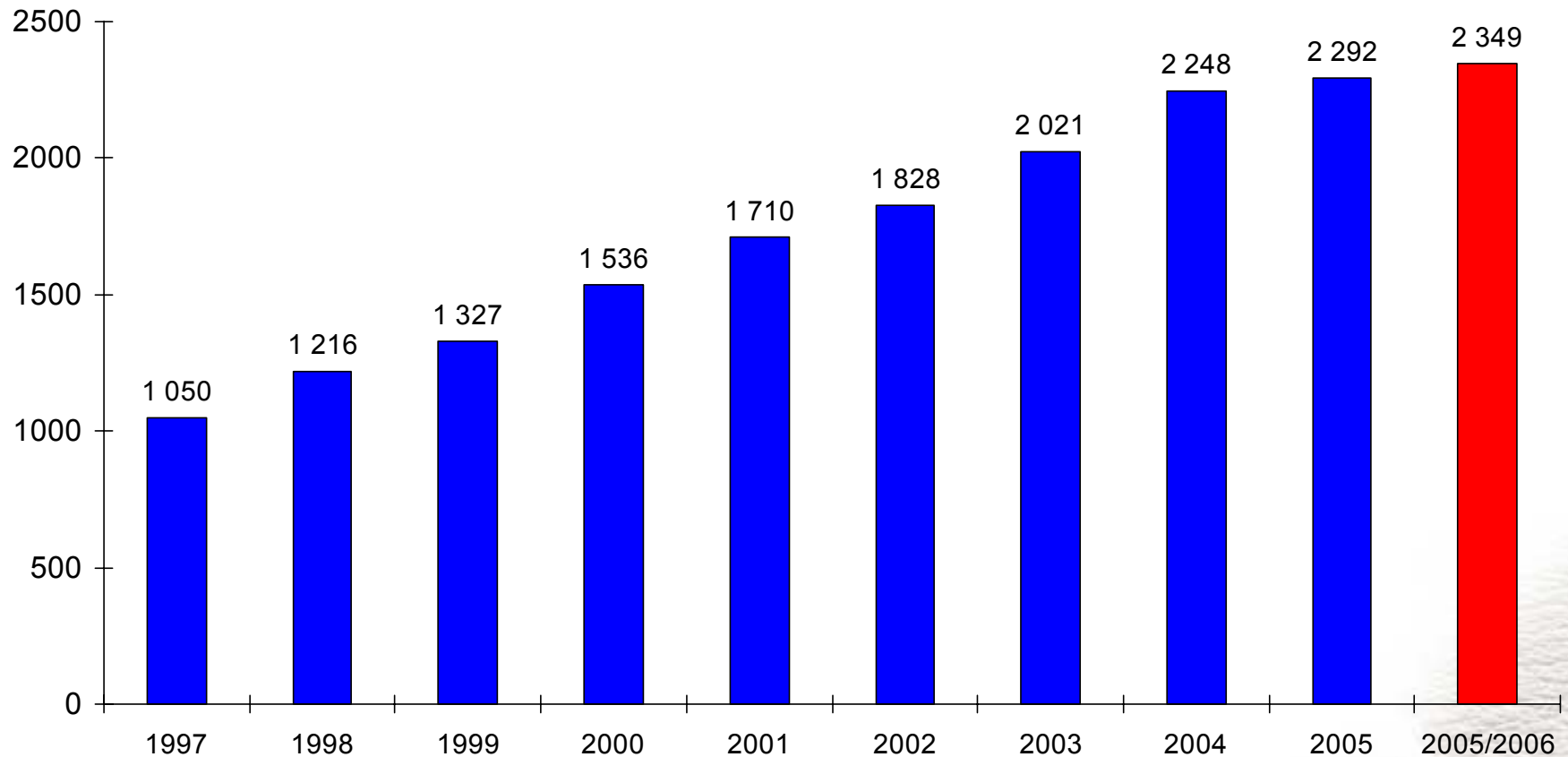


**Svane® Zefir**

# Development in Operating Revenue:

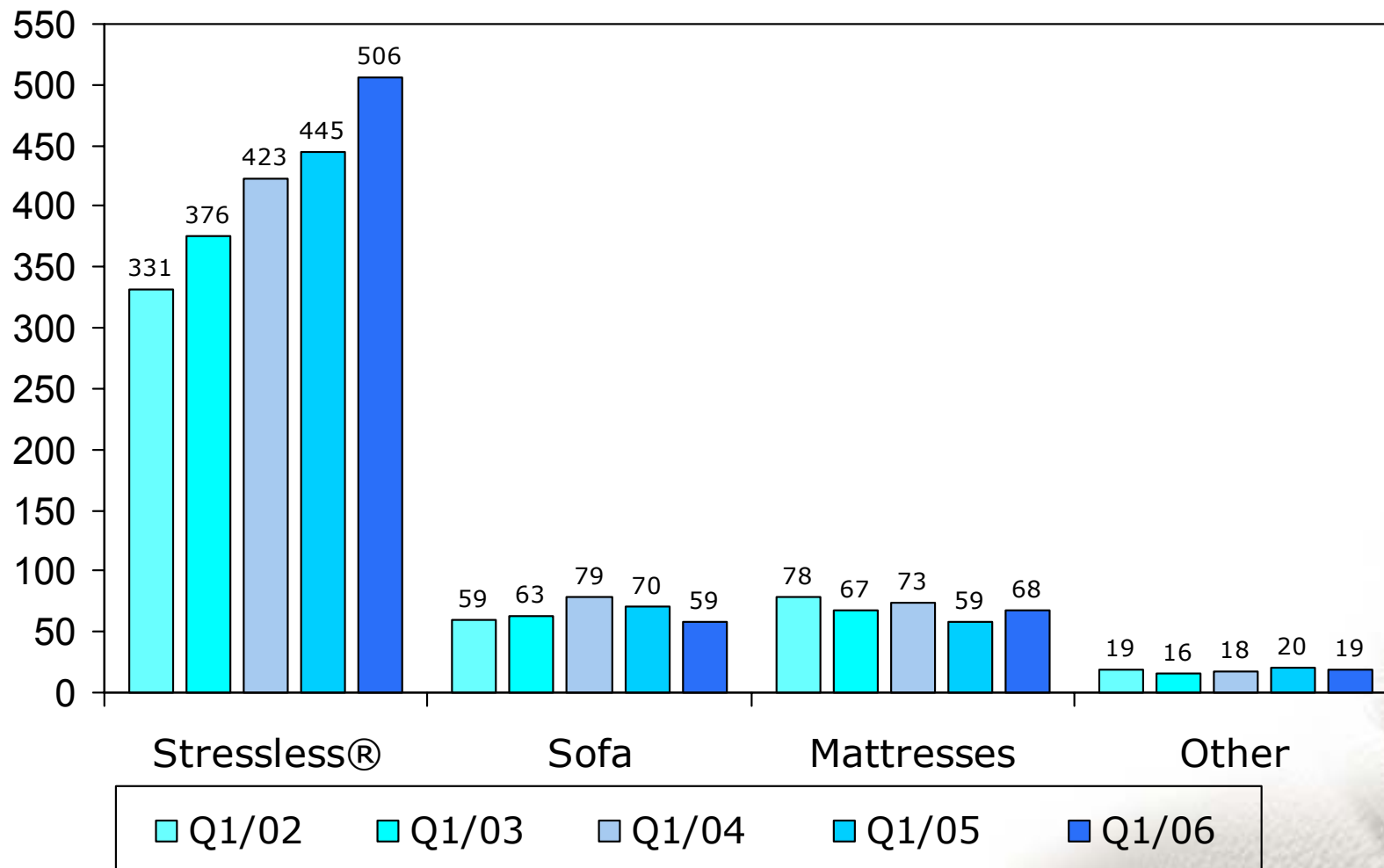


# Development in Operating Revenue:



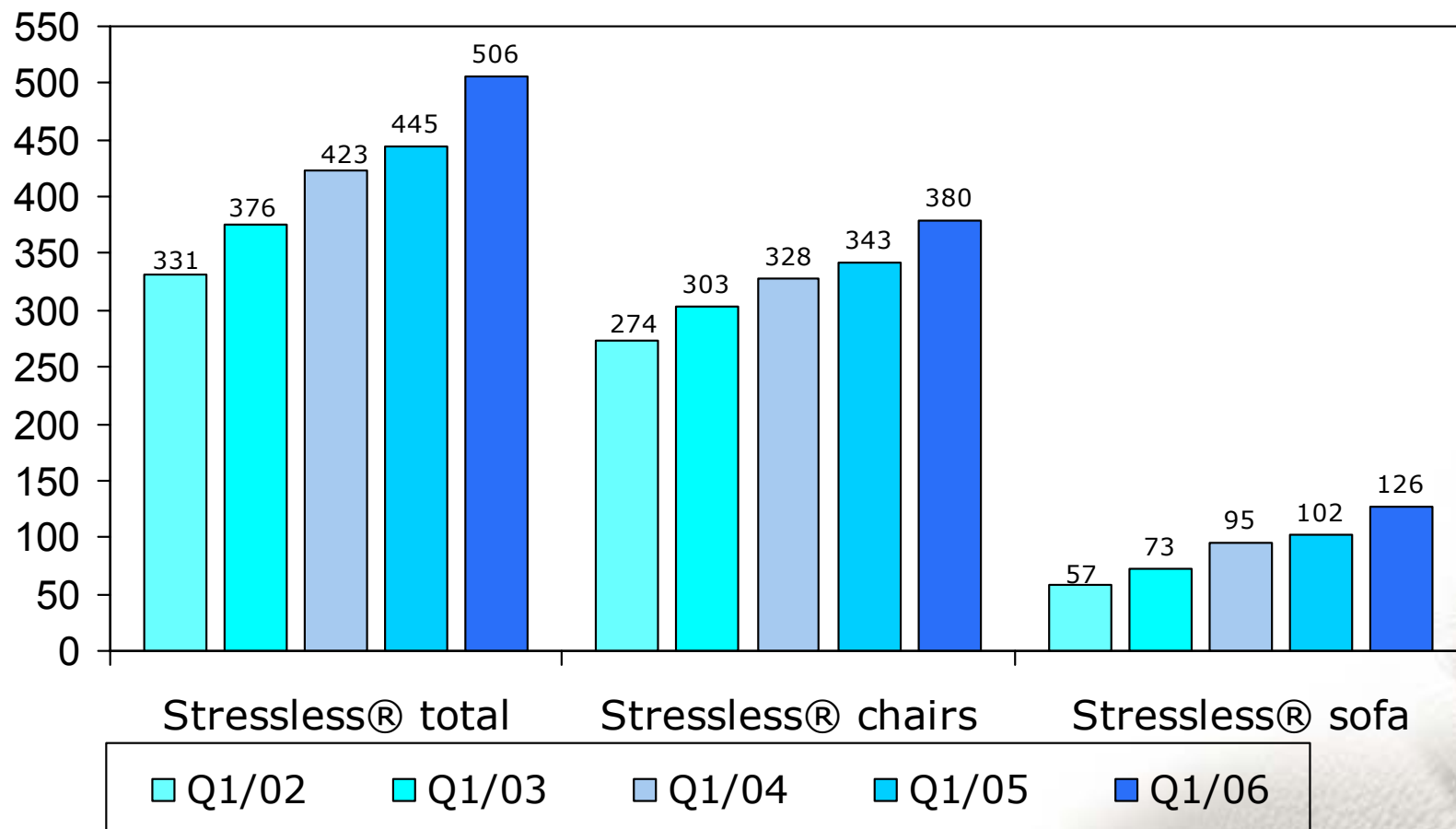
# Distribution of turnover by product area

(mill.NOK):

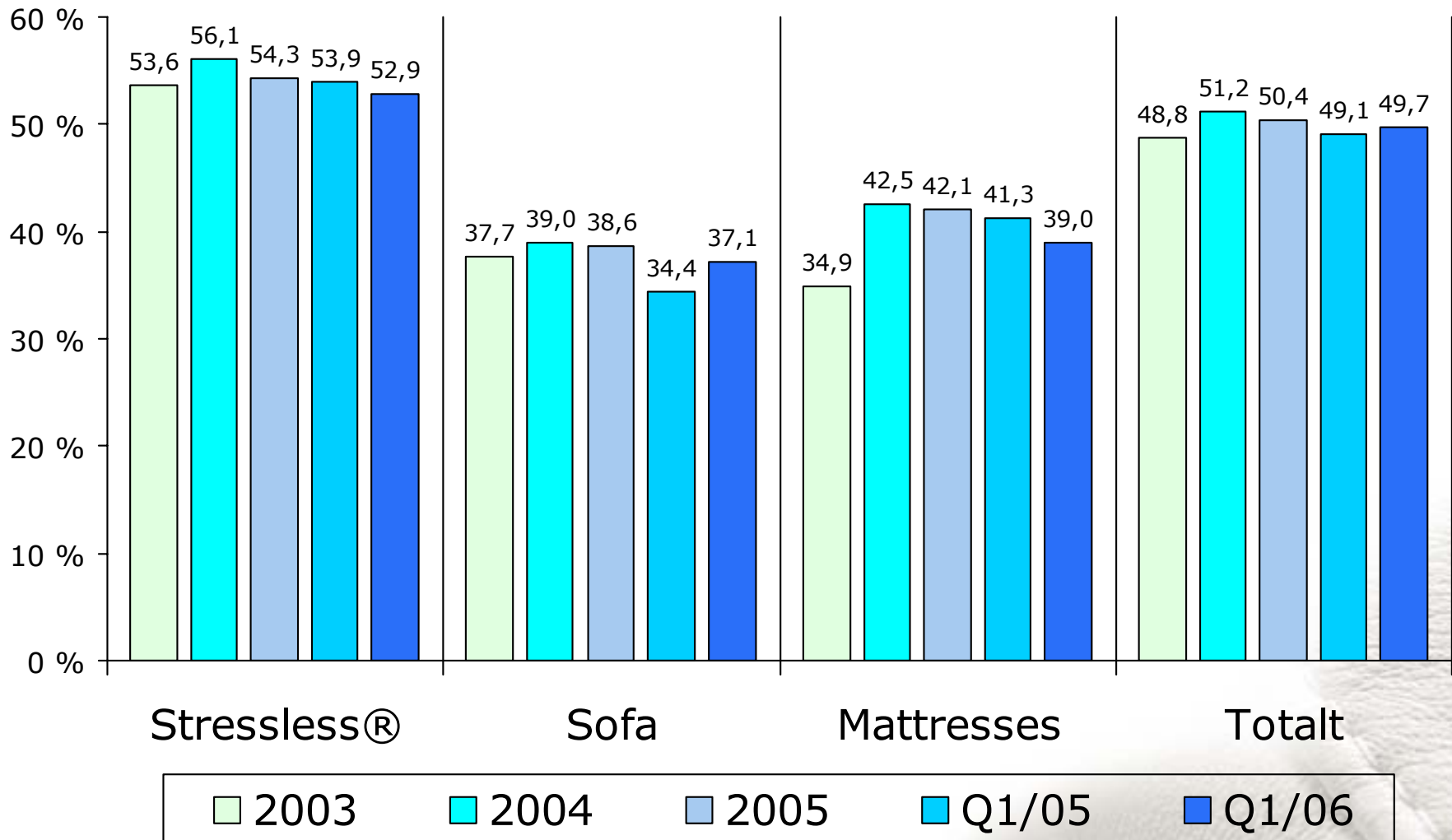


# Distribution of turnover product area

Stressless®: (Mill. NOK)

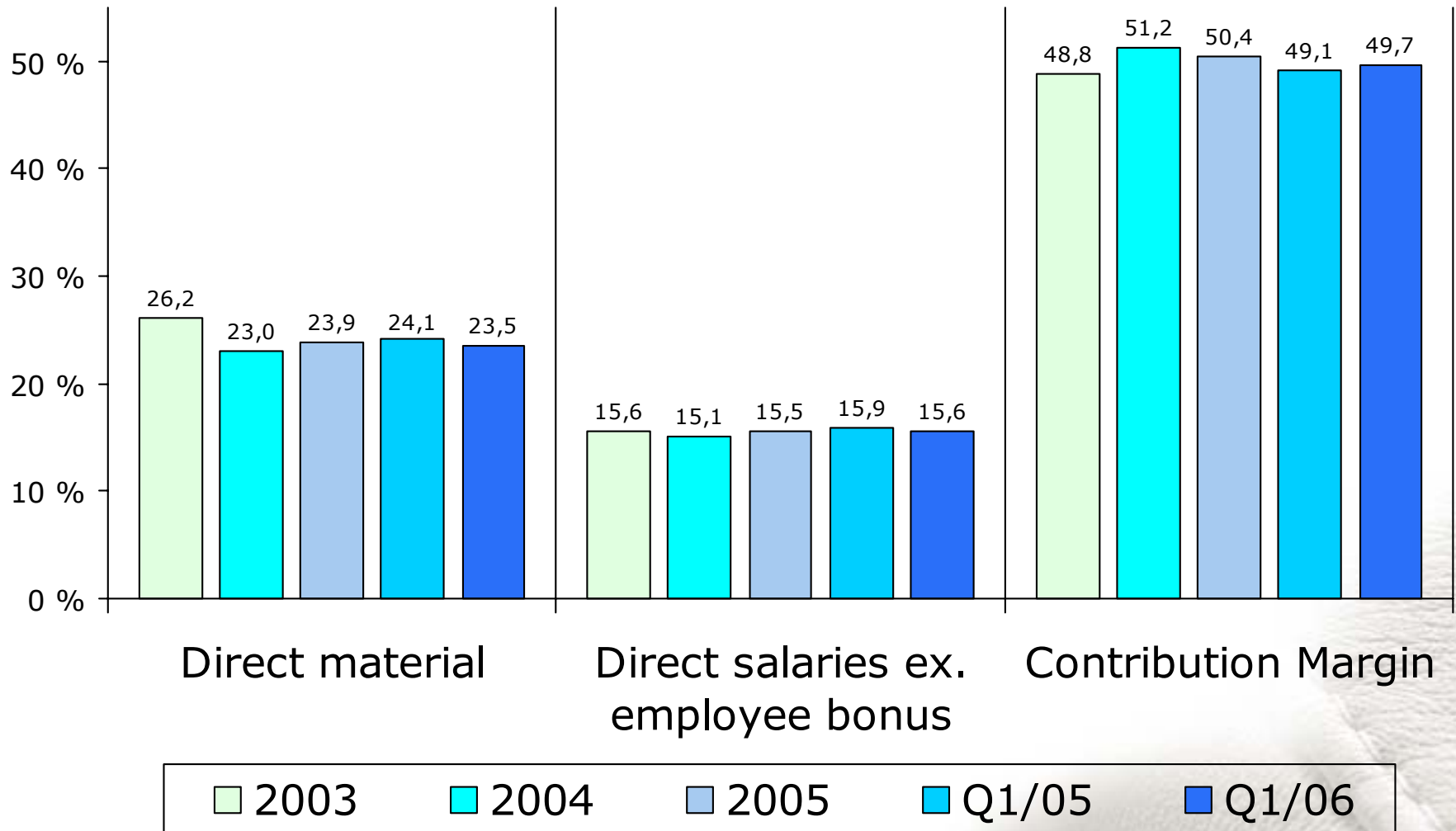


# Contribution margin by product areas:

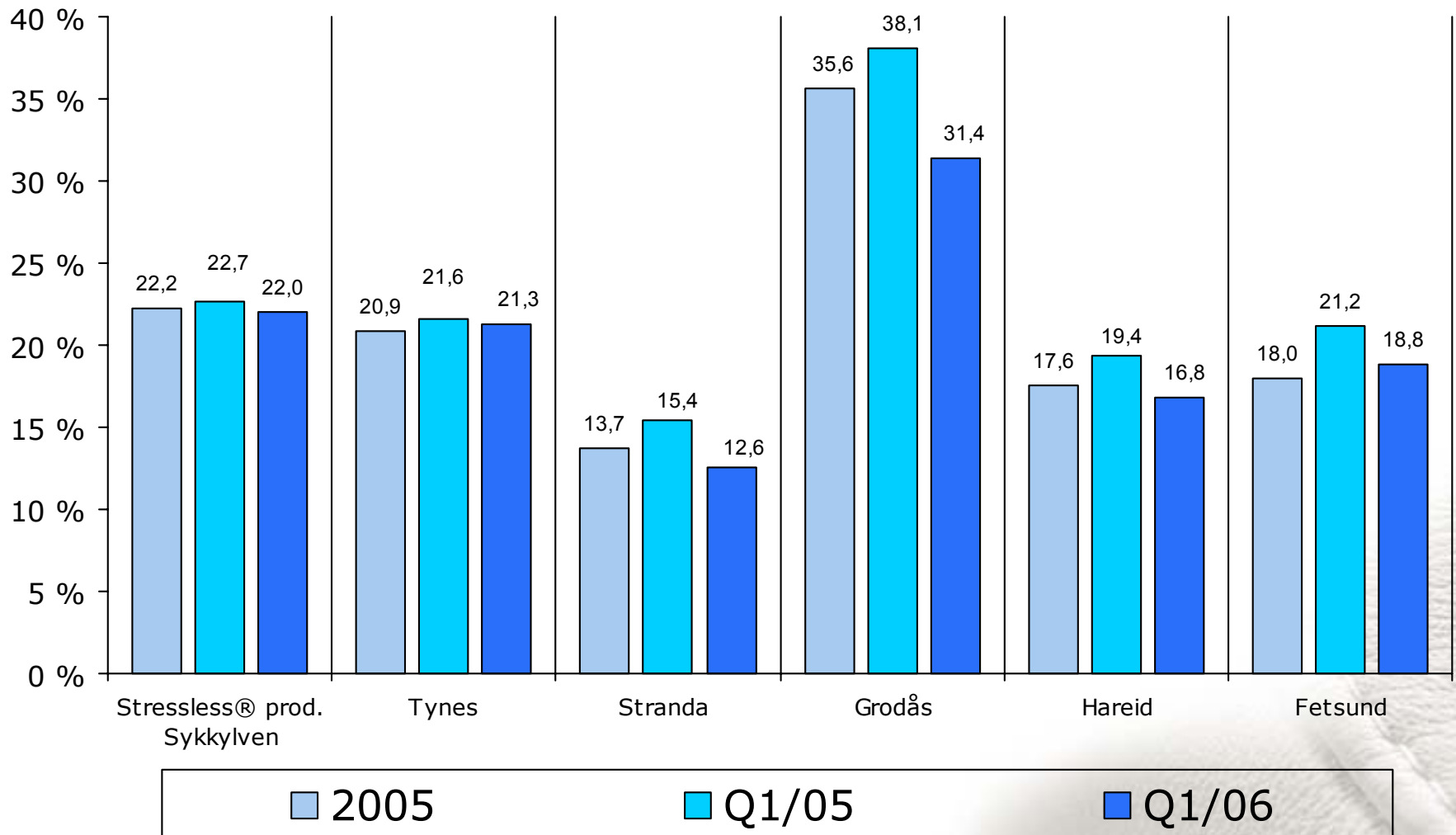




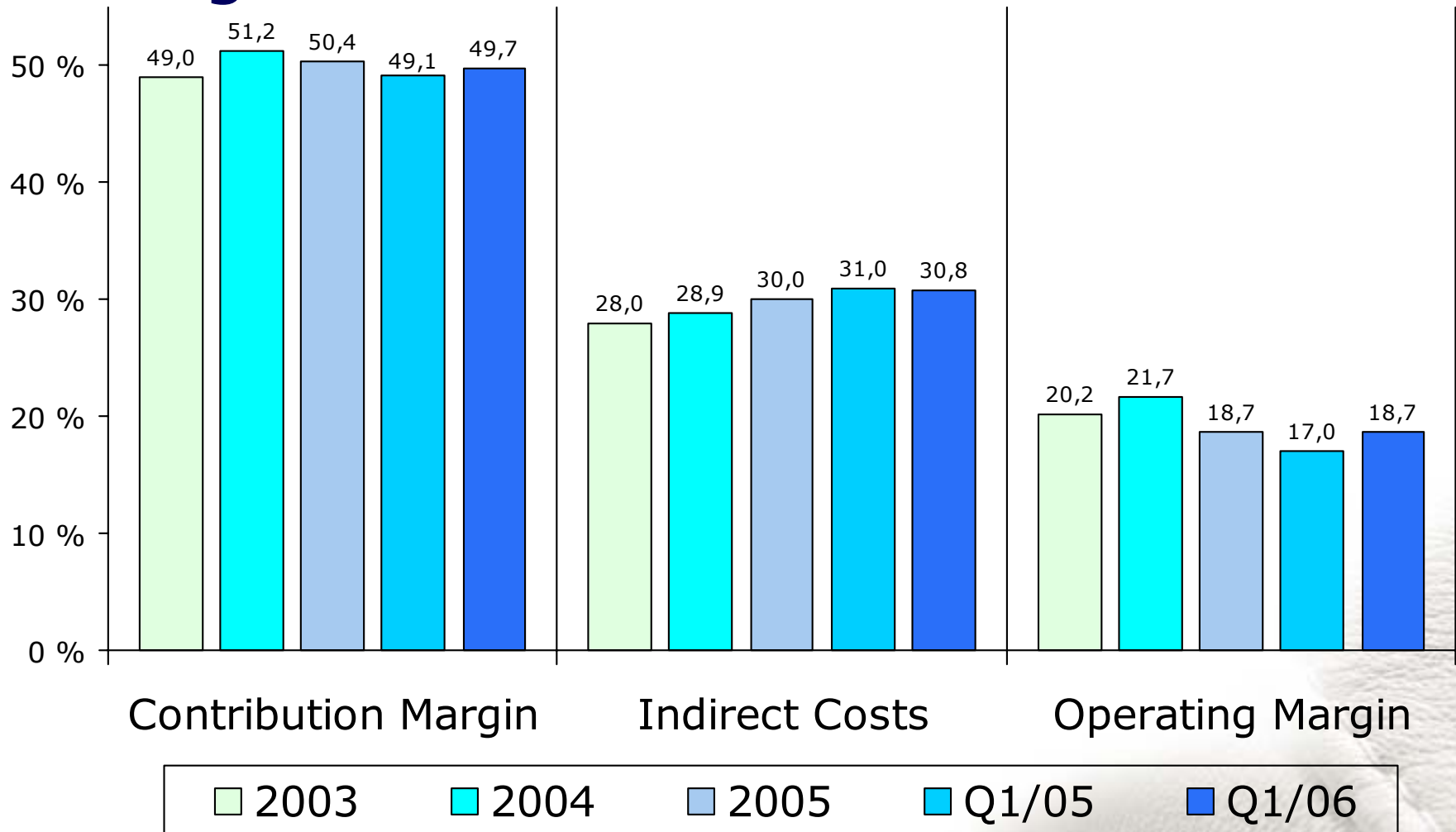
# Development in relative factors:



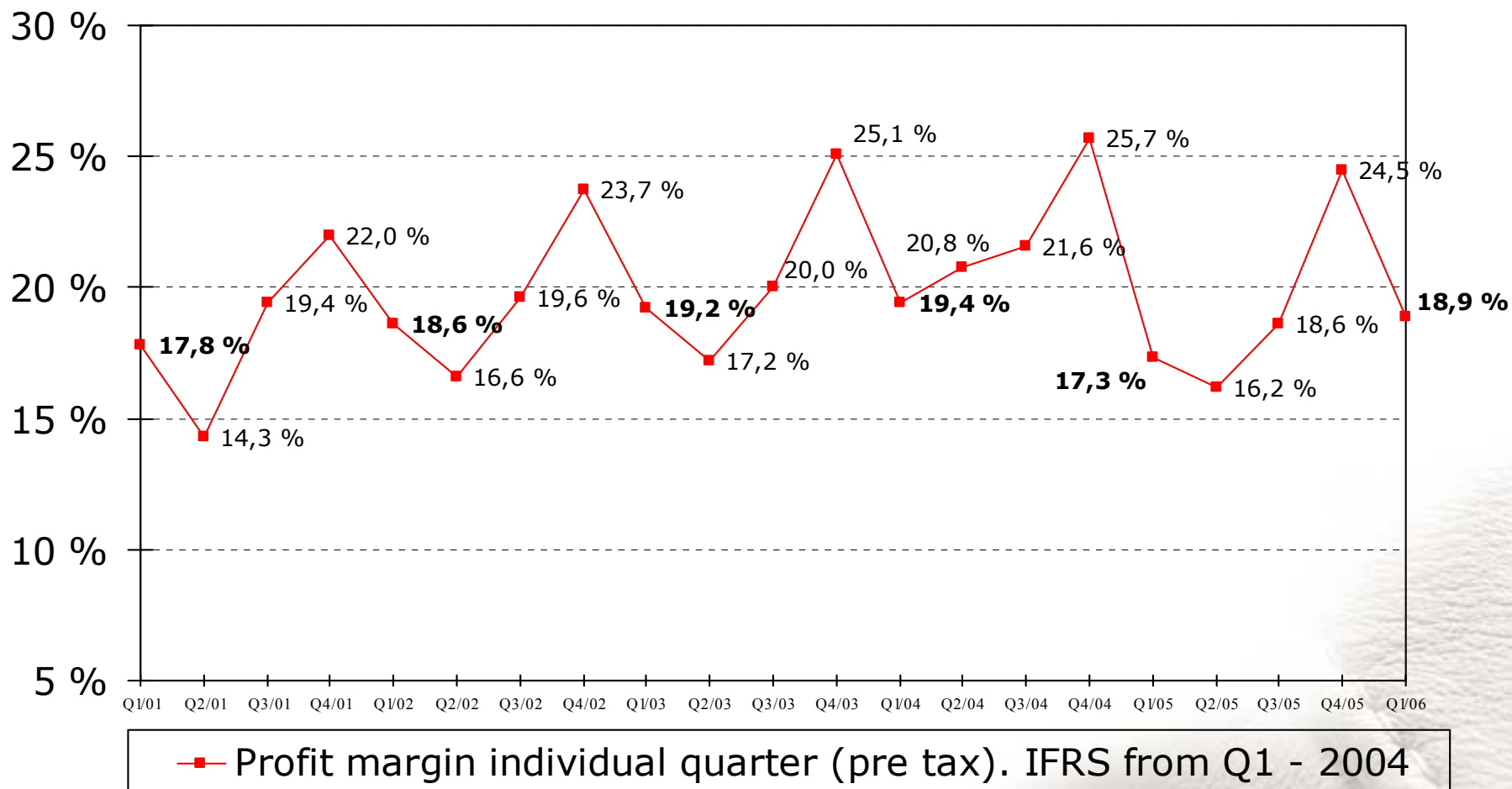
# Development in direct salaries at the factories: (Based on factory price, year-end bonus not included)



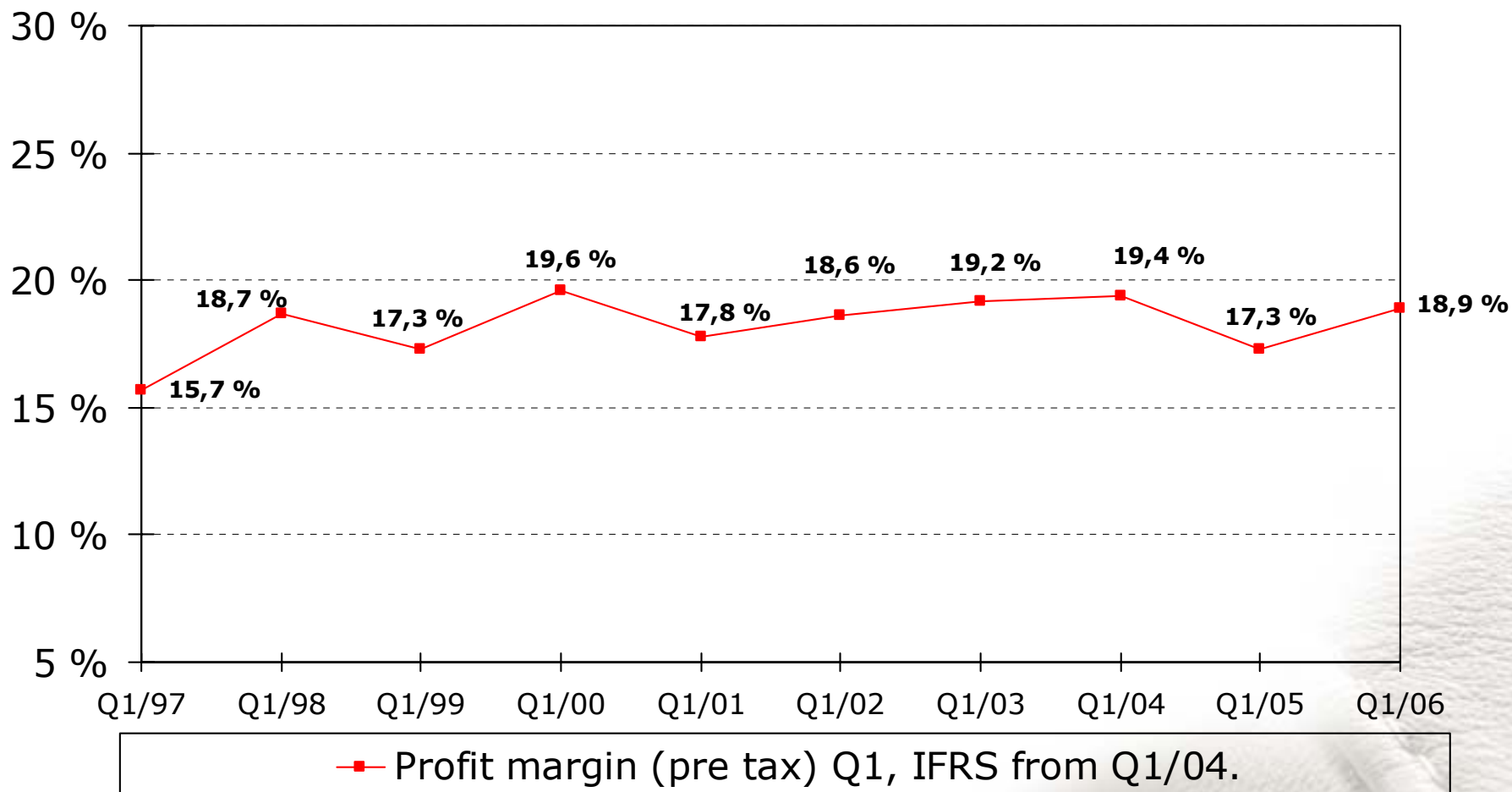
# Total contribution and operating margin:



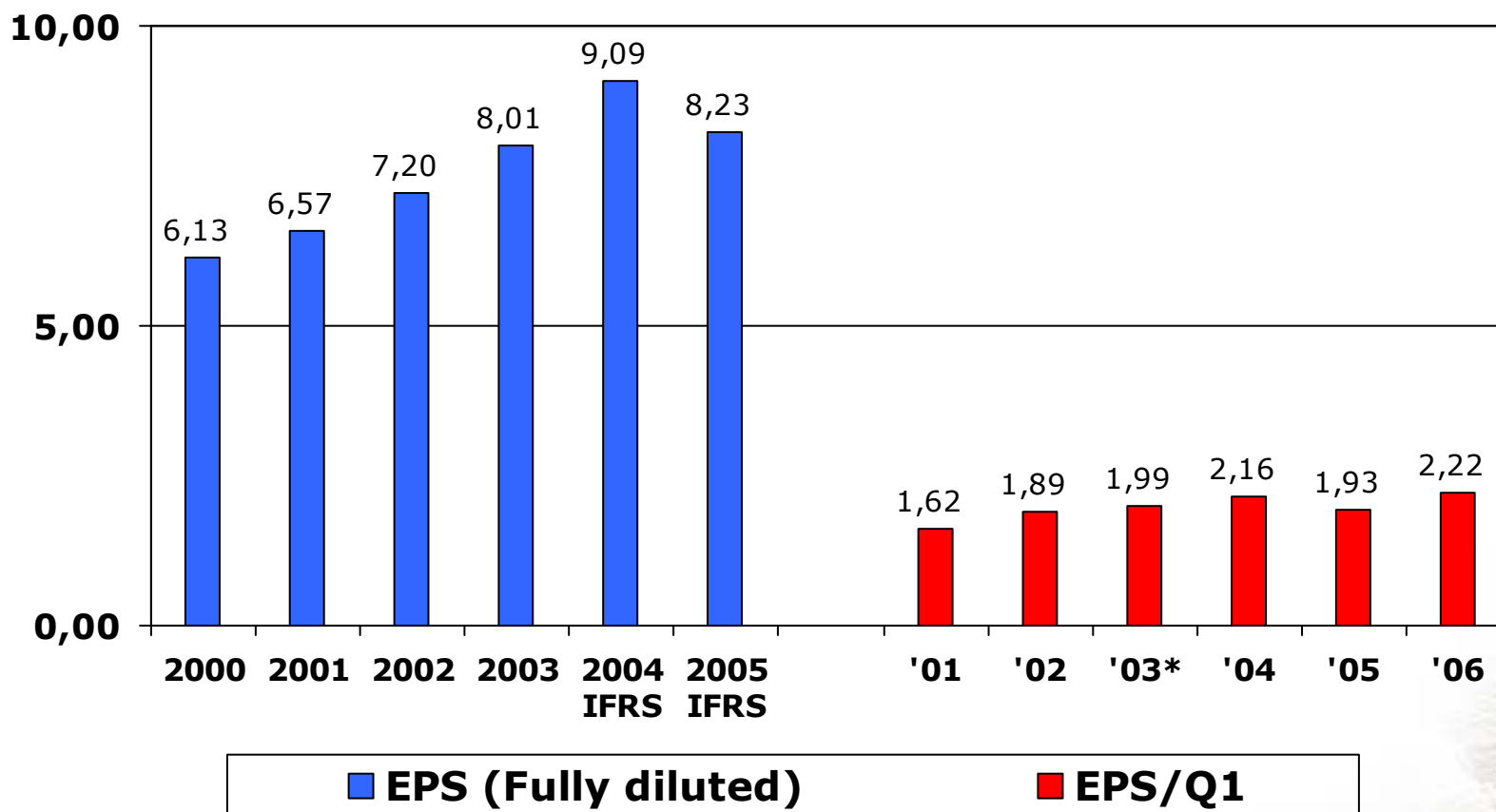
# Development in Profit Margin (pre tax):



## Development in Profit Margin (pre tax):



## Development EPS fully diluted (Figures in NOK):



\*EPS for 2003 is calculated based on the same number of shares as 2004 and 2005.

# Income Statement (mill. NOK) :

	Q1/06		Q1/05		Changes
<b>Operating revenues</b>	<b>651.3</b>	<b>100.0%</b>	<b>594.3</b>	<b>100.0%</b>	<b>9.6%</b>
Materials	152.7	23.5%	143.5	24.2%	6.4%
Salaries and social costs	178.6	27.4%	169.2	28.5%	5.6%
Other operating expenses	174.7	26.8%	159.3	26.8%	9.7%
Depreciation	23.3	3.6%	21.5	3.6%	8.4%
<b>Total operating costs</b>	<b>529.3</b>	<b>81.3%</b>	<b>493.5</b>	<b>83.0%</b>	<b>7.3%</b>
<b>Operating result</b>	<b>122.0</b>	<b>18.7%</b>	<b>100.8</b>	<b>17.0%</b>	<b>21.0%</b>
Net financial income/expenses	1.1	0.2%	2.2		
<b>Ordinary result before taxes</b>	<b>123.1</b>	<b>18.9%</b>	<b>103.0</b>	<b>17.3%</b>	<b>19.5%</b>
Calculated taxes ordinary result	-41.3	6.3%	-32.0	5.4%	
<b>Ordinary result after taxes</b>	<b>81.8</b>	<b>12.6%</b>	<b>71.0</b>	<b>11.9%</b>	<b>15.2%</b>
<b>EPS</b>	<b>2.22</b>		<b>1.93</b>		

**Income Statement – 1 APRIL/ 31 MARCH (mill. NOK) :**

	<b>2006</b>		<b>2005</b>		<b>Changes</b>
<b>Operating revenues</b>	<b>2,348.5</b>	<b>100.0%</b>	<b>2,248.7</b>	<b>100.0%</b>	<b>4.4%</b>
Costs of goods sold	555.9	23.7%	511.0	22.7%	8.8%
Salaries and social costs	648.3	27.6%	612.3	27.2%	5.9%
Other operating expenses	606.9	25.8%	566.1	25.2%	7.2%
Depreciation	88.7	3.8%	84.5	3.8%	5.2%
<b>Total operating costs</b>	<b>1,899.9</b>	<b>80.9%</b>	<b>1,773.9</b>	<b>78.9%</b>	<b>7.1%</b>
<b>Operating result</b>	<b>448.7</b>	<b>19.1%</b>	<b>474.8</b>	<b>21.1%</b>	<b>-5.5%</b>
Net financial income/expenses	12.9	0.5%	5.7	0.3%	
<b>Ordinary result before taxes</b>	<b>461.6</b>	<b>19.7%</b>	<b>480.5</b>	<b>21.4%</b>	<b>-4.0%</b>
Calculated taxes ordinary result	145.1	6.2%	154.6	6.9%	-6.1%
<b>Ordinary result after taxes</b>	<b>316.5</b>	<b>13.5%</b>	<b>325.9</b>	<b>14.5%</b>	<b>-3.0%</b>
<b>EPS</b>	<b>8.59</b>		<b>8.85</b>		



**Balance Sheet** (mill. NOK) :

	<b>Q1/06</b>	<b>Q1/05</b>	<b>CHANGES</b>
<b>Total Long Term Assets</b>	<b>809.9</b>	<b>770.4</b>	<b>5.1%</b>
Inventories	235.3	212.2	10.9%
Trade Debtors	382.2	278.9	37.0%
Other Current Assets	36.6	32.2	13.7%
Value of forward contracts	92.9	103.8	-10.5%
Cash and Bank Deposits	255.7	315.0	-18.8%
<b>Total Current Assets</b>	<b>1,002.7</b>	<b>942.1</b>	<b>6.4%</b>
<b>TOTAL ASSETS</b>	<b>1,812.6</b>	<b>1,712.5</b>	<b>5.8%</b>
<b>Total Equity</b>	<b>1,265.9</b>	<b>1,230.5</b>	<b>2.9%</b>
Provisions and Commitments	42.9	46.2	-7.4%
Long Term Liabilities (interest)	52.2	47.5	9.9%
Trade Creditors	136.1	111.4	22.2%
Taxes, VAT and national insurance	148.2	145.2	2.1%
Other current liabilities	167.3	131.7	27.1%
<b>Total Liabilities</b>	<b>546.7</b>	<b>482.0</b>	<b>13.4%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,812.6</b>	<b>1,712.5</b>	<b>5.8%</b>

**Balance Sheet** (mill. NOK) :

	<b>Q1/06</b>	<b>Q4/05</b>	<b>CHANGES</b>
<b>Total Long Term Assets</b>	<b>809.9</b>	<b>809.7</b>	<b>0.2</b>
Inventories	235.3	224.5	10.8
Trade Debtors	382.2	299.9	82.3
Other Current Assets	36.6	35.5	1.1
Value of forward contracts	92.9	93.6	-0.7
Cash and Bank Deposits	255.7	213.4	42.3
<b>Total Current Assets</b>	<b>1,002.7</b>	<b>866.9</b>	<b>135.8</b>
<b>TOTAL ASSETS</b>	<b>1,812.6</b>	<b>1,676.6</b>	<b>136.0</b>
<b>Total Equity</b>	<b>1,265.9</b>	<b>1,168.2</b>	<b>97.7</b>
Provisions and Commitments	42.8	43.9	-1.1
Long Term Liabilities (interest)	52.2	50.8	1.4
Trade Creditors	136.1	113.6	22.5
Taxes, VAT and national insurance	148.2	141.6	6.6
Other current liabilities	167.3	158.5	8.8
<b>Total Liabilities</b>	<b>546.7</b>	<b>508.4</b>	<b>38.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,812.6</b>	<b>1,676.6</b>	<b>136.0</b>

# EQUITY

	<b>Q1/06</b>	<b>Q1/05</b>	<b>2005</b>
<b>EQUITY AT START OF PERIOD</b>	<b>1,168.2</b>	<b>1,162.8</b>	<b>1,162.8</b>
Profit of the year	81.8	71.0	303.2
Dividend paid out	-	-	-276.2
Dividende own shares	-	-	-
Purchase of own shares	-4.5	-1.1	-13.8
Sale of own shares	17.2	22.3	23.6
Translation differences and other	3.7	1.7	2.1
Change value of forward contracts	-0.5	-26.2	-33.5
<b>EQUITY AT END OF PERIOD</b>	<b>1,265.9</b>	<b>1,230.5</b>	<b>1,168.2</b>

# Development in cash-flow and bank deposits (Mill.NOK):

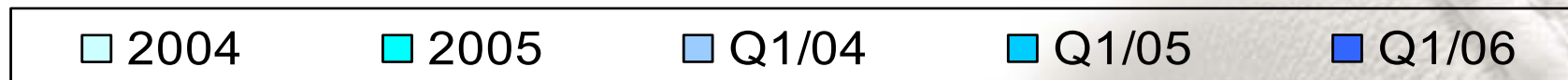
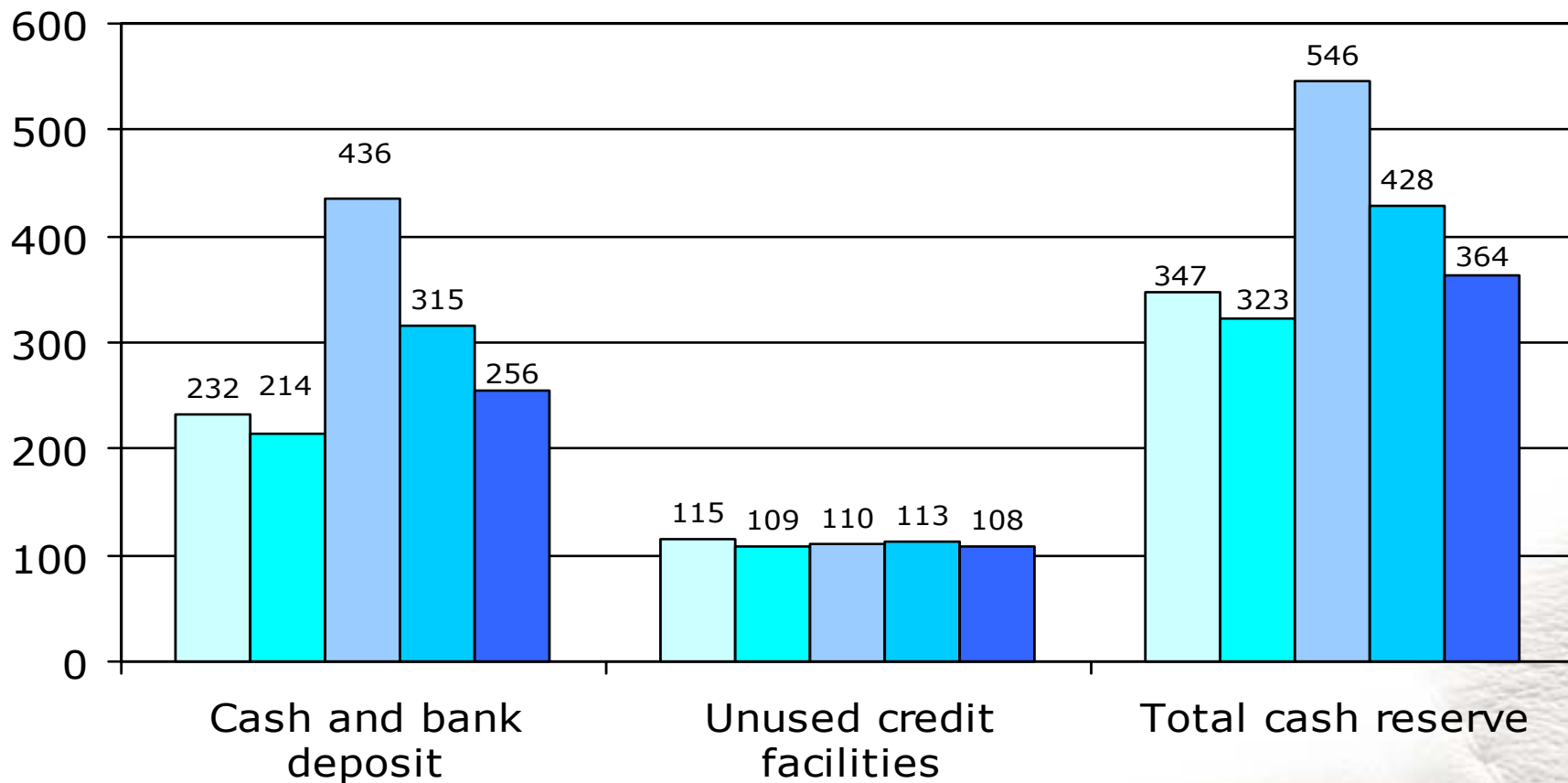
	Q1/06	Q1/05	2005	2004
<b>Net cash flow from:</b>				
Operating activities	53.1	127.6	376.4	389.7
Investing activities	-23.5	-23.9	-129.1	-115.1
Financing activities	12.7	-21.2	-266.4	-235.7
<b>Net change in cash and cash equivalents</b>	<b>42.3</b>	<b>82.5</b>	<b>-19.1</b>	<b>38.9</b>
Cash and cash equivalents at the beginning of period	213.4	232.5	232.5	193.6
<b>Cash and cash equivalents at the end of period</b>	<b>255.7</b>	<b>315.0</b>	<b>213.4</b>	<b>232.5</b>

## Development in Total Capital, Net-working Capital and Equity (mill. NOK):

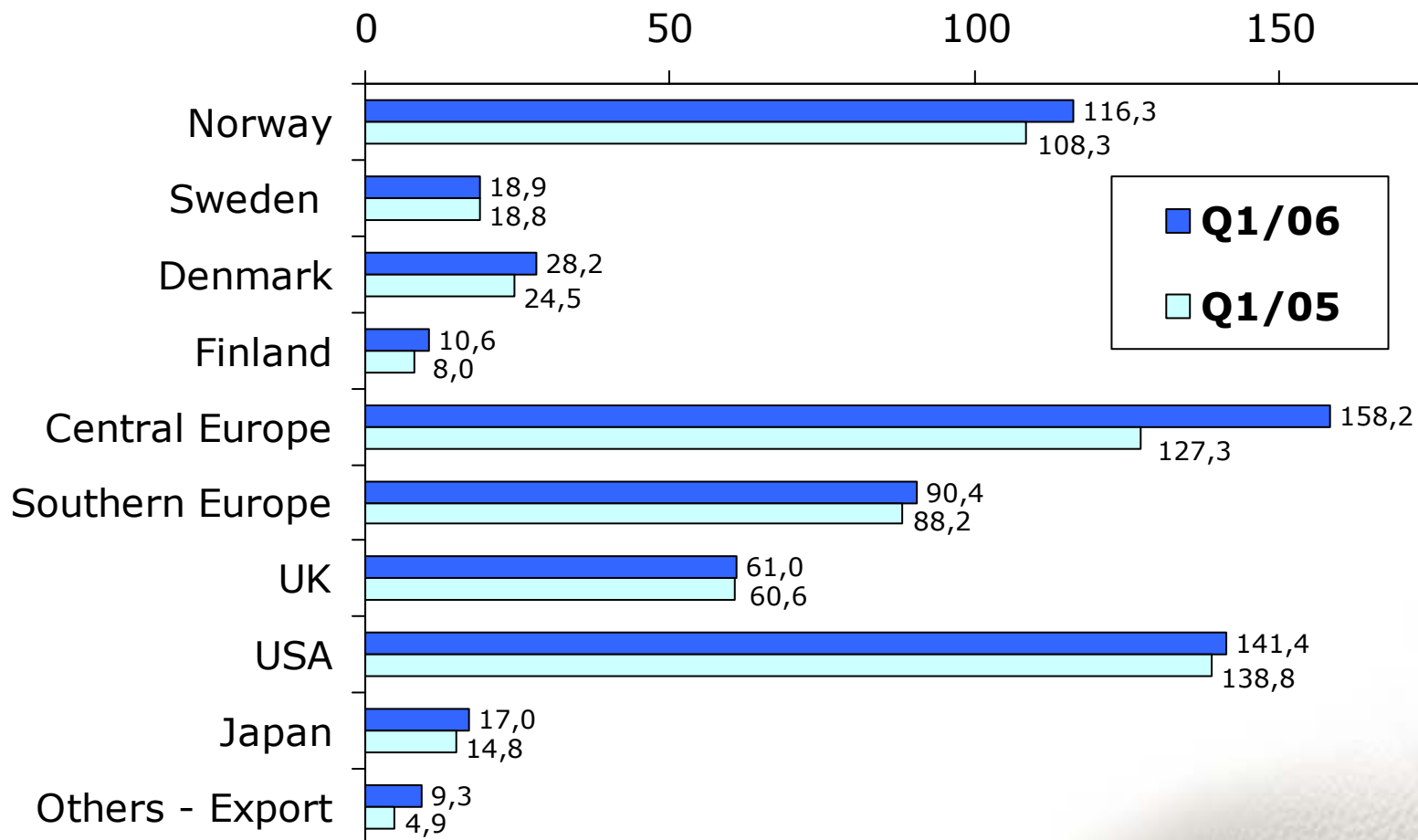
	Q1/06	Q1/05	2005	2004	2004 NGAAP	2003 NGAAP
Total capital	1,812.6	1,712.5	1,676.6	1,646.0	1,520.5	1,387.6
Net-working capital*	458.1	450.0	359.6	359.9	98.3	-134.3
Equity	1,265.9	1,230.5	1,168.2	1,162.8	803.0	534.1
Equity ratio	69.8%	71.9%	69.7%	70.6%	52.8%	38.5%

\*Not included the market value of forward contracts.

# Cash Reserve (million NOK):



# Development in turnover per market (million NOK)



## Development in turnover per market (million NOK)

	<b>Changes 05 - 06</b>	<b>Q1/06</b>	<b>Q1/05</b>	<b>Q1/04</b>	<b>Q1/03 NGAAP</b>
Norway	7.3%	116.3	108.3	123.8	117.3
Sweden	0.9%	18.9	18.8	16.4	16.8
Denmark	14.9%	28.2	24.5	23.8	21.6
Finland	33.3%	10.6	8.0	5.7	6.9
Central - Europe	24.2%	158.2	127.3	122.2	101.1
Southern - Europe	2.5%	90.4	88.2	84.5	78.0
UK	0.6%	61.0	60.6	68.4	59.0
USA	1.9%	141.4	138.8	124.1	100.0
Japan	14.6%	17.0	14.8	15.3	14.5
Others - Export	89.4%	9.3	4.9	9.0	6.3
<b>Total</b>	<b>9.6%</b>	<b>651.3</b>	<b>594.3</b>	<b>593.2</b>	<b>521.6</b>



## Coming events:

- 14 August announcement of Q2/06 result
- 15 August presentation of Q2/06 result
- 8 November announcement of Q3/06 result
- 9 November presentation of Q3/06 result

# Questions?

## Largest shareholders (30/04/2006)

1. Folketrygdfondet, NOR	10.04%
2. State Street Bank & Clients, USA	6.88%
3. J. P. Morgan Chase Bank, GBR	6.18%
4. Skandinaviska Enskilda, NOR	6.03%
5. Oko Osuuspankkien KE Corp. Actions, FIN	4.13%
6. Skandinaviska Enskilda, SWE	3.82%
7. Bank of New York, USA	3.30%
8. Oslo Pensjonsforsikring, NOR	2.99%
9. Berit Ekornes Unhjem, NOR	2.81%
10. Nordea Bank Denmark, DEN	2.81%
Other shareholders approx. 2.976	51.01%

Proportion:

Norwegian shareholders  
Foreign shareholders

39.7%  
60.3%

## Board of Directors

- Olav Kjell Holtan
- Berit Svendsen
- Jens P. Ekornes
- Torger Reve
- Carl Graff-Wang

### Employee Representatives:

- Arnstein Johannesen
- Tone Helen Hanken
- Ragna Skarshaug

## Group Management

- CEO  
Nils-Fredrik Drabløs  
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Mobile: +47 90 01 78 92
- CFO  
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Mobile: +47 91 89 50 24
- Marketing Director  
Runar Haugen
- International Marketing Director  
Svein Lunde