

A scenic landscape of a fjord with mountains and a town. The foreground shows a blue body of water. In the middle ground, there is a small town with colorful houses and green hills. The background features large, rugged mountains with patches of snow under a blue sky with white clouds.

Q2 2015

EKORNES ASA

August 19th 2015

EKORNES®

Agenda

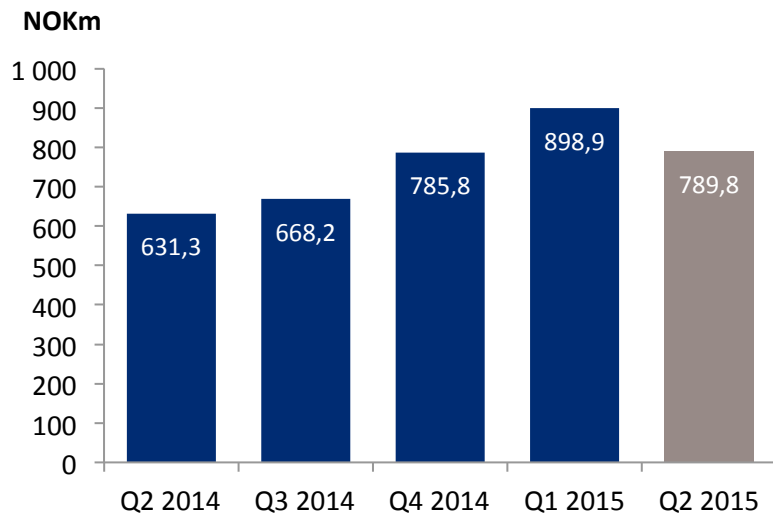
- Highlights
- Operational review
- Financial review
- Strategy update
- Summary & outlook

Highlights

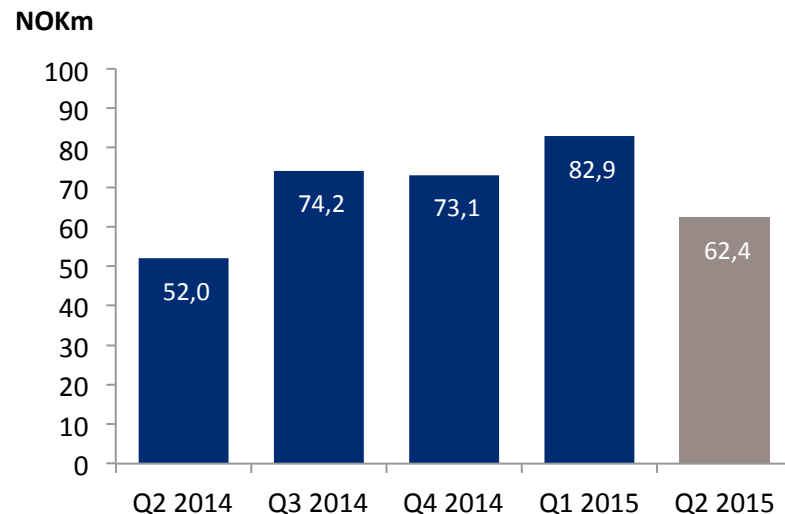
- Stable development in underlying operating revenue and a slight decrease in operating margin
- New Stressless[®]-products well received by retailers
 - Lower productivity due to new products
- Good development for IMG
- Challenging quarter for the Svane[®]-segment
- Introducing cost program to improve earnings and maintain operational flexibility

Financial results

Operating revenue

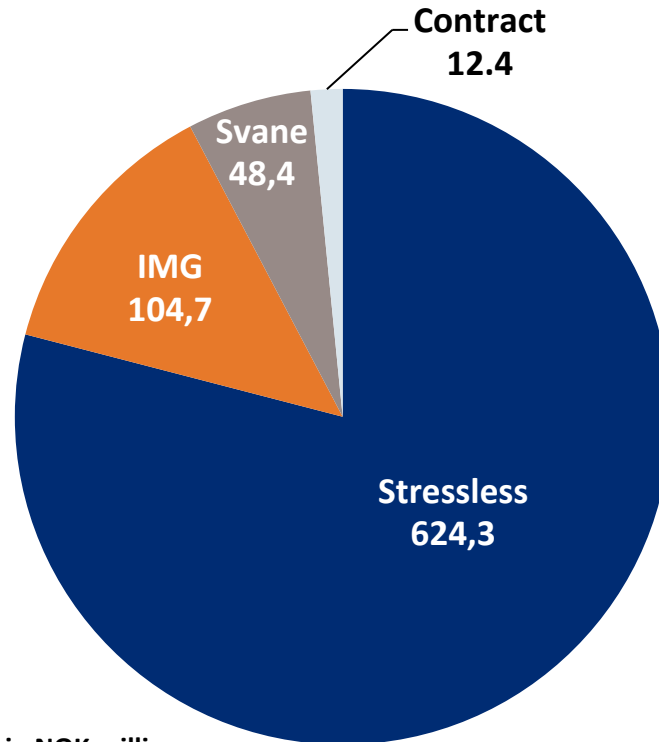


Operating earnings (EBIT)



Operational review

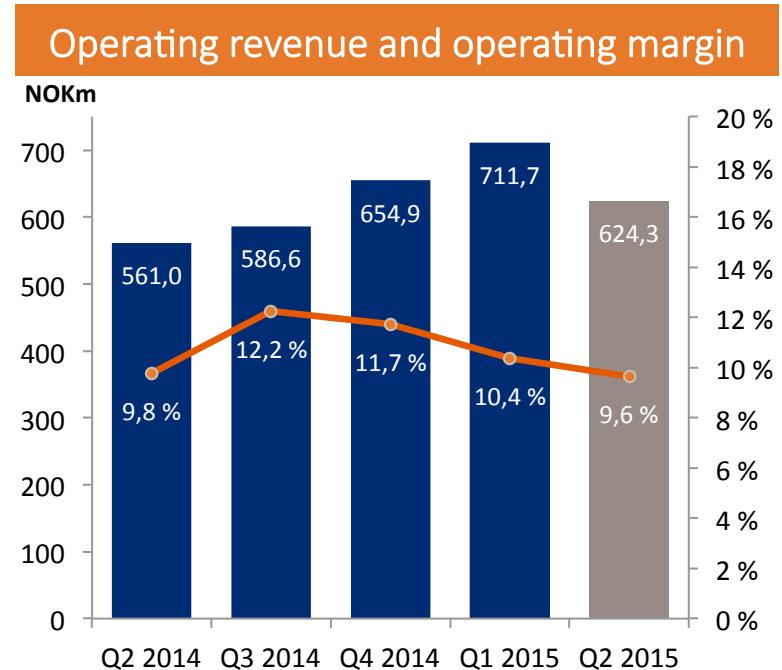
Segments – IMG now 13% of operating revenues



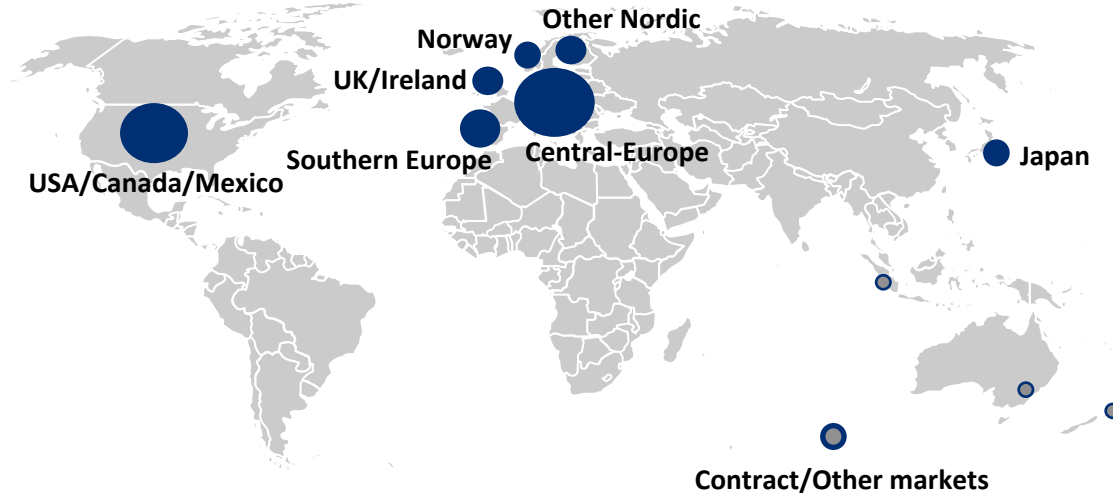
Figures in NOK million

Stressless® - operating margin slightly down from Q2 2014

- Operating margin 9.6%
- Revenues in local currency slightly up from Q2 2014
- New collections in stores Q1 2015 and Q2 2015
 - Stressless® YOU well received



Stressless® - mixed development in core markets



Asia sales includes:

- China
- Hong Kong
- Taiwan
- Korea
- Singapore
- Malaysia
- Indonesia
- India
- Mauritius

Revenue development Q2 2015 vs Q2 2014:

- Good development in Norway and Central-Europe
- Southern-Europe and UK slow
- Challenging in US

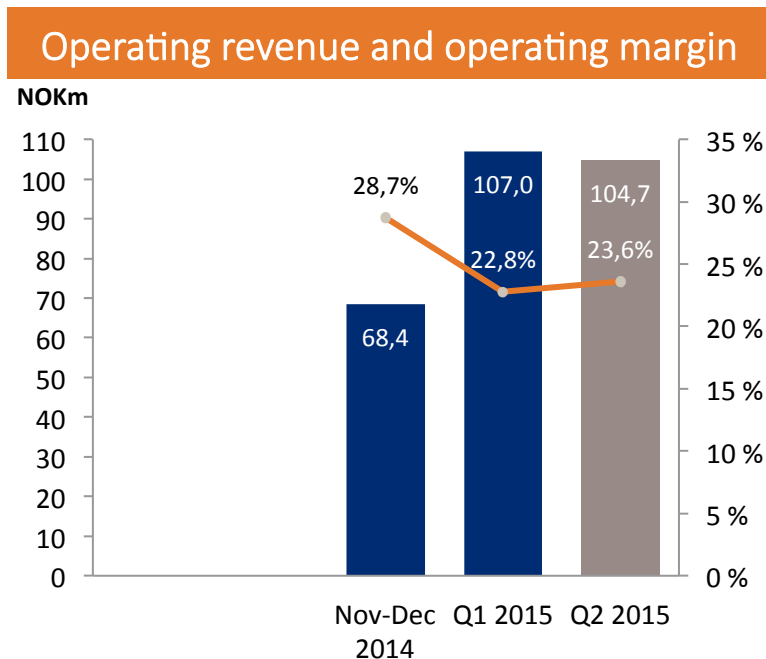
Stressless® - products and production



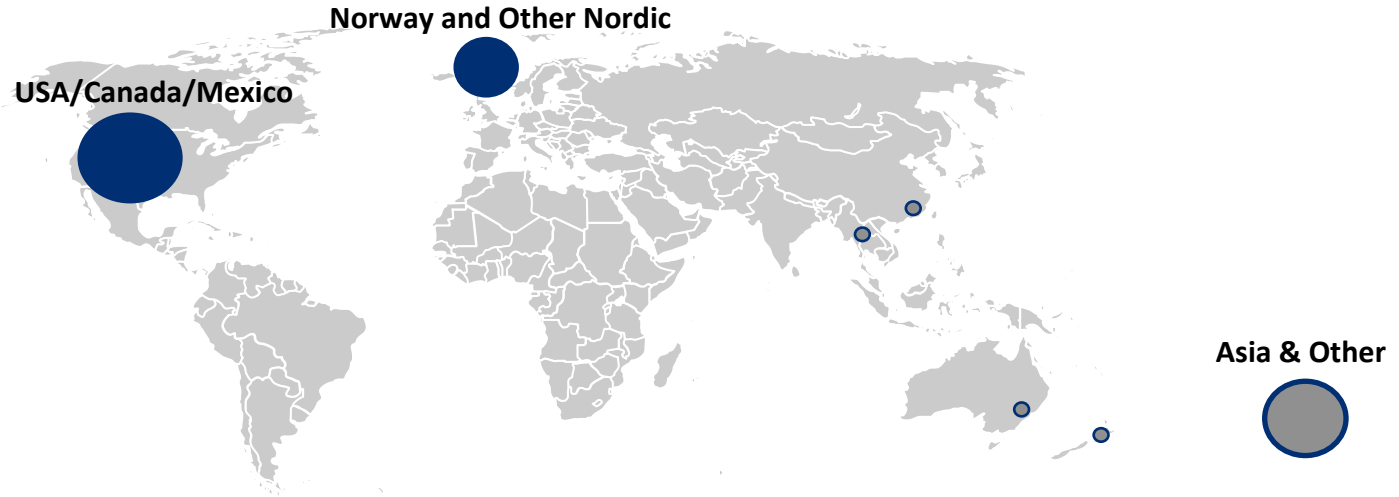
- Stressless®YOU in stores from late April
- Productivity still affected by new models launched fall 2014
 - Temporarily down in start-up period, 1 688 seats produced/day in Q2
 - Improvement towards end of the quarter
- Production capacity at 1 750 seats per day
 - Dependent on product mix

IMG – development meets expectations also in Q2

- Good development for IMG, continues to meet expectations on operating revenue and operating margin
- Q2 sales in line with Q1, higher order reserve despite seasonal variations
- Operating margin 23.6% in Q2



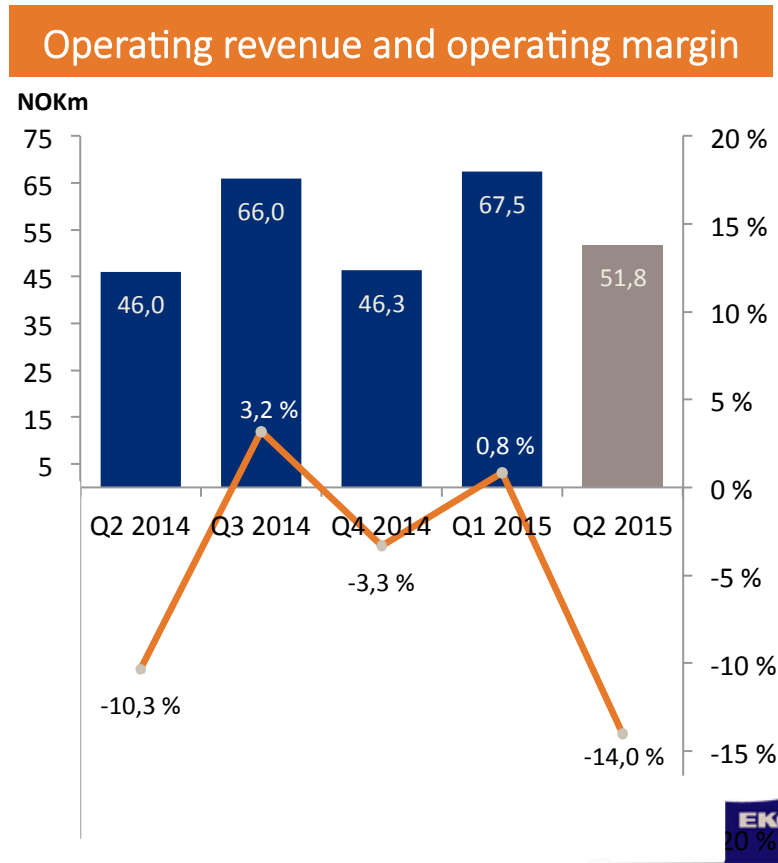
IMG – US sales tripled from Q1



- US sales driven by distribution expansions
- Seasonal variations in other markets

Svane[®] - challenging quarter, new products well received

- Increase in operating revenue compared to Q2 2014
- The Svane[®] 630[™]-collection well received when introduced in stores throughout the spring
 - Challenging period when changing the collection, both in production and in stores
- Operating margin -14.0%
 - Q2 seasonally weak for Svane[®]



Svane[®] 630[™]



Svane[®] - new retail chain in Sweden

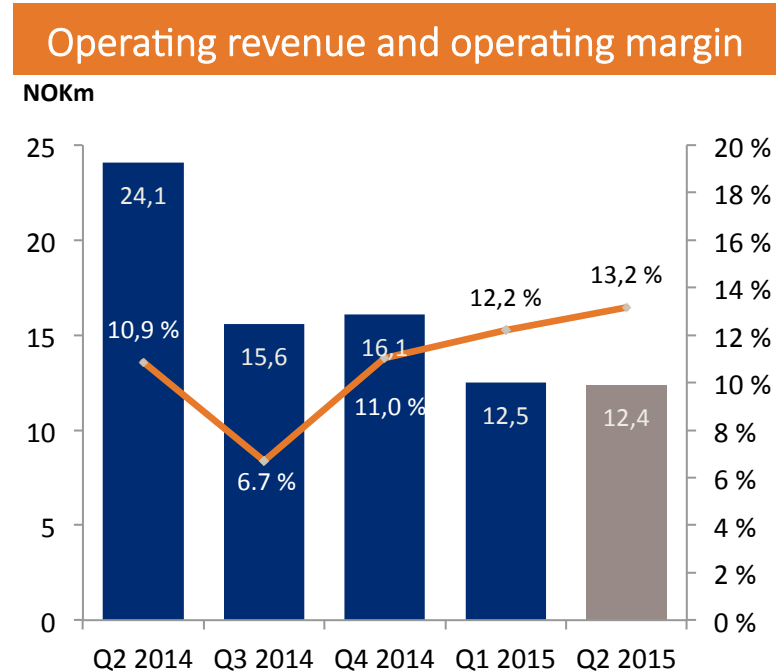


Development Q2 2015 vs Q2 2014:

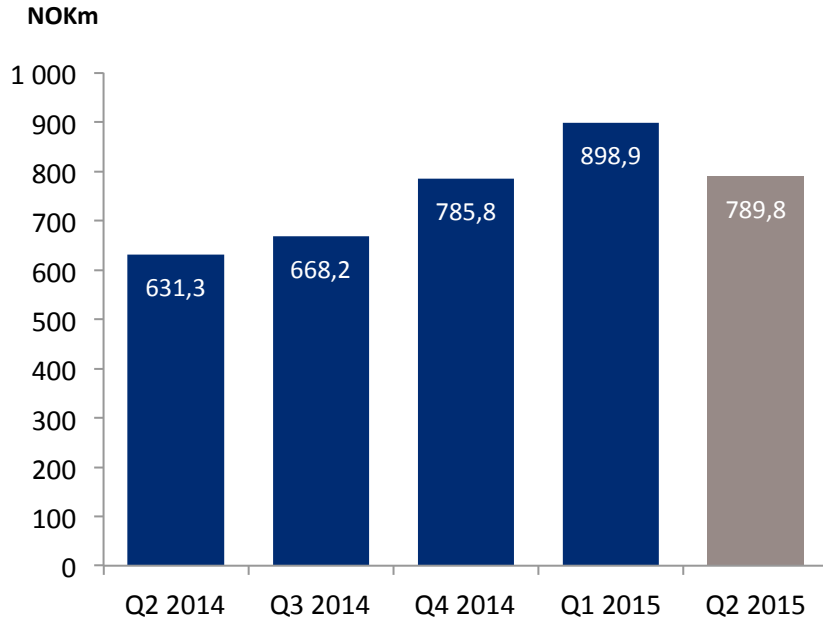
- Positive development in Central-Europe
- New retail chain agreed for Sweden from July

Contract – decrease in revenue, increase in margin

- Significant decrease in operating revenue compared to Q2 2014
 - Slow marked for deliveries to maritime sector following oil price downturn
- Operating margin 13.2% in Q2

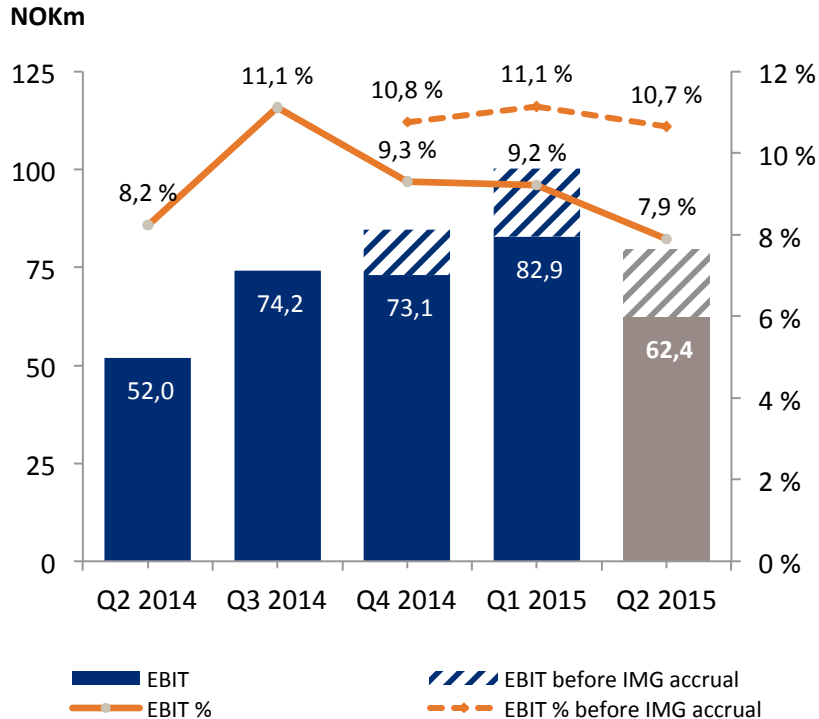


Operating revenue



- Operating revenue NOK 789.8 million in Q2, up NOK 158.5 million from Q2 2014
- Slight revenue increase in Stressless[®]-segment
 - Positive currency impact on revenue NOK 49 million
- Revenues IMG were NOK 104.7 million in Q2
 - Ekornes acquired IMG with effect from November 1st 2014

Operating earnings and operating margin

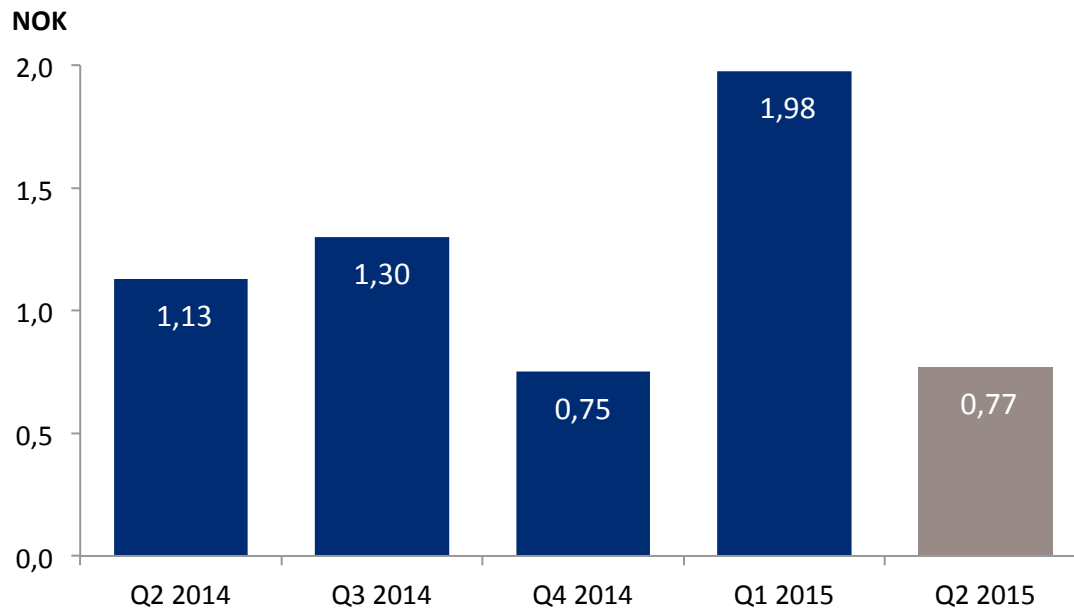


- 25.1% increase in operating revenue vs Q2 2014
 - 20.0% increase in earnings
 - 53.3% increase in earnings adjusted for IMG accruals
- IMG earnings at NOK 24.7 million, according to expectations
- Capacity utilization 100% in Q2, introduction of new products still brings productivity down in start up-phase

Adjusted for IMG accrual the operating margin is up

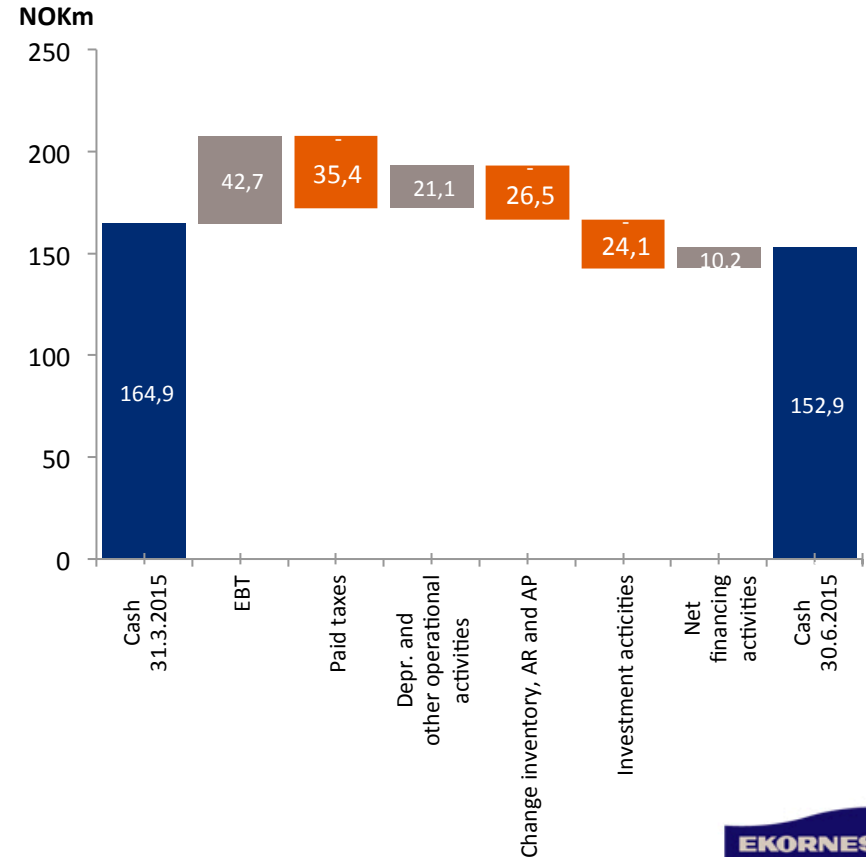
- Contingent consideration purchase price IMG, accrual of NOK 17.3 million also in Q2, negative impact on operating earnings (IFRS) as expected
- Realization currency hedge in Q2 NOK -18.5 million, negative impact on operating earnings
- Accrual for employee bonus in Stressless[®]-segment in Q2, NOK 2.6 million, no bonus accrual in Q2 2014

Earnings per share (EPS)



Cash flow

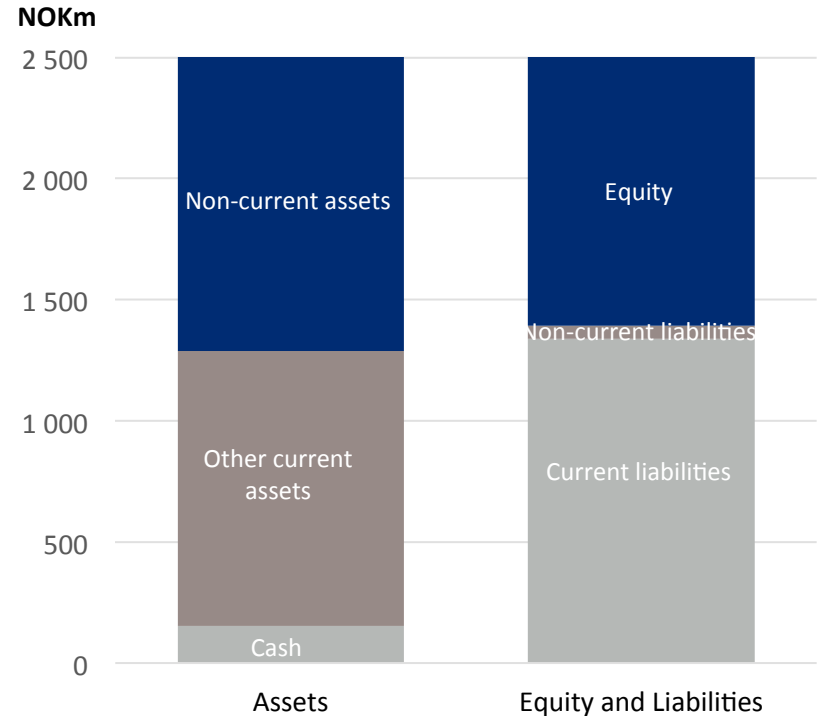
- 2014 dividend payment of NOK 147.3 million in Q2
- NOK 157.5 million increase in short term debt
- NOK 24.1 million investment in Q2



Financial position

Compared to YE 2014:

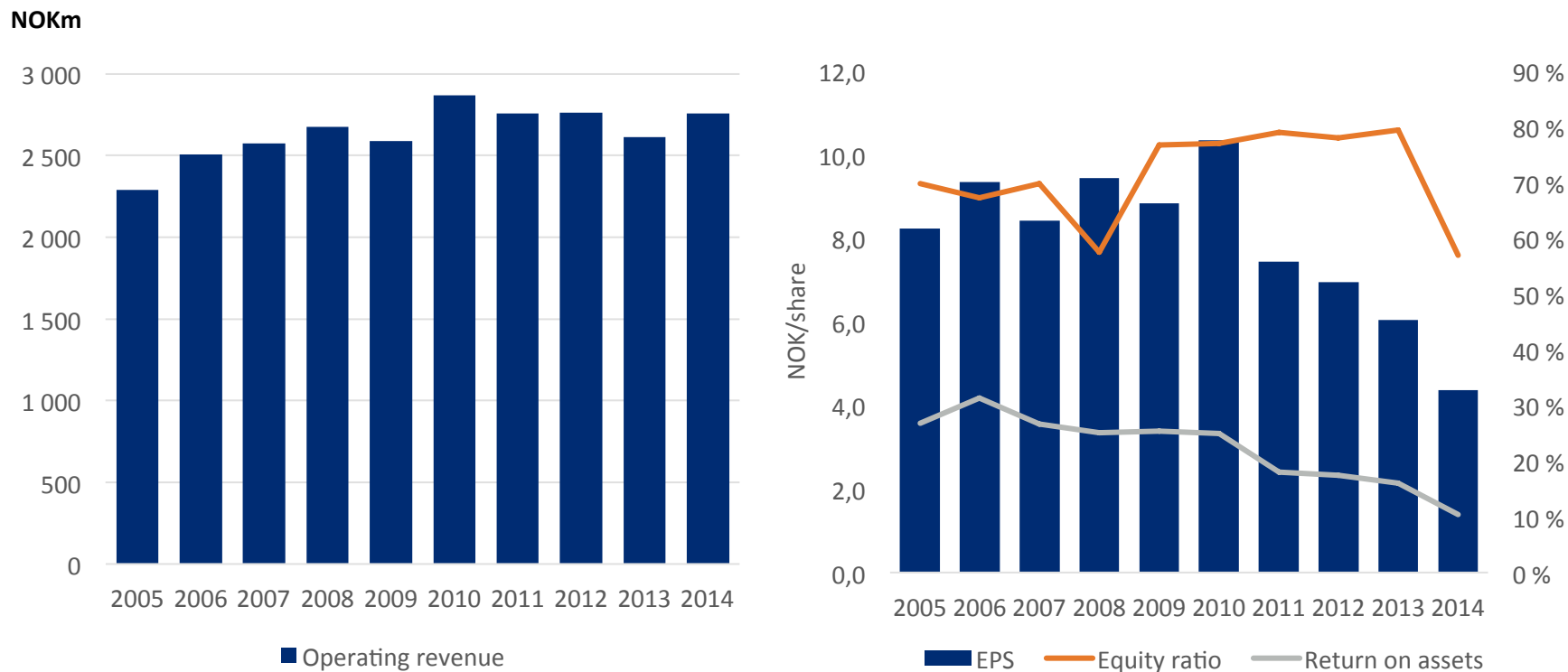
- Short term interest bearing debt NOK 516.1 million, up NOK 183 million
 - Well within covenants
 - Undrawn facilities close to NOK 300 million
- Net interest bearing debt NOK 363.1 million, up NOK 166.9 million
- Equity ratio 53.4%, down from 57.0%
 - 2014 dividend of NOK 147 million paid in Q2



Strategy update

1. STEP: Focus on cost program

Financial development recent 10 years



Financial targets remain

Annual return on total assets > 25%

Operating margin > 15%

Equity-to-asset ratio > 50%

Annual turnover growth > 5%

1. STEP: Cost reduction program

- Introducing cost program to improve earnings and maintain operational flexibility
- Reduce cost base by NOK 150 million run-rate by end 2016
- All parts of Ekornes® will be included
 - Main focus on Stressless®- and Svane®-segment
 - Maintain ability for innovation and growth
- Starts august 2015

Outlook and summary

Outlook

- Order receipts in July down vs. July 2014
 - Order receipts down for Stressless[®]-, Svane[®]- and Contract-segment
 - IMG order receipts in line with expectations, July order reserve higher than end Q2
- No planned capacity changes in Q3, order situation to be closely followed
- New Stressless[®]-products to be launched in October

Summary

- Stable development in underlying operating revenue and a slight decrease in operating margin
- New Stressless[®]-products well received by retailers
- Good development for IMG – according to plan
- Challenging quarter for Svane[®]-segment
- Introducing cost program to improve earnings and maintain operational flexibility

Financial calendar

16th November 2015

Q3 result 2015, presentation

Presentations are held at
Hotel Continental, Oslo - at 08.00 a.m.

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