

# EKORNES ASA

## 1<sup>st</sup> HALF YEAR 2006

## Ekornes H1 - Headlines:

- Improved margins/profitability
- Stressless® capacity/production is up 20% (230 seats a day)
- Stressless® sofa is more than compensating fallback in traditional sofa sales
- New products are selling well
- Central Europe: Strong development for Ekornes
- USA: Slower market, declining profitability among retailers. Ekornes is performing well
- Norway: Mattresses a challenge after the change in distribution
- Sweden: Change in distribution is giving lower mattress sales
- Japan: Towards target
- Asia/Oceania: Opening of representative office in Singapore is giving positive effect

2. kvartal 2006  
2<sup>nd</sup> Quarter

# News



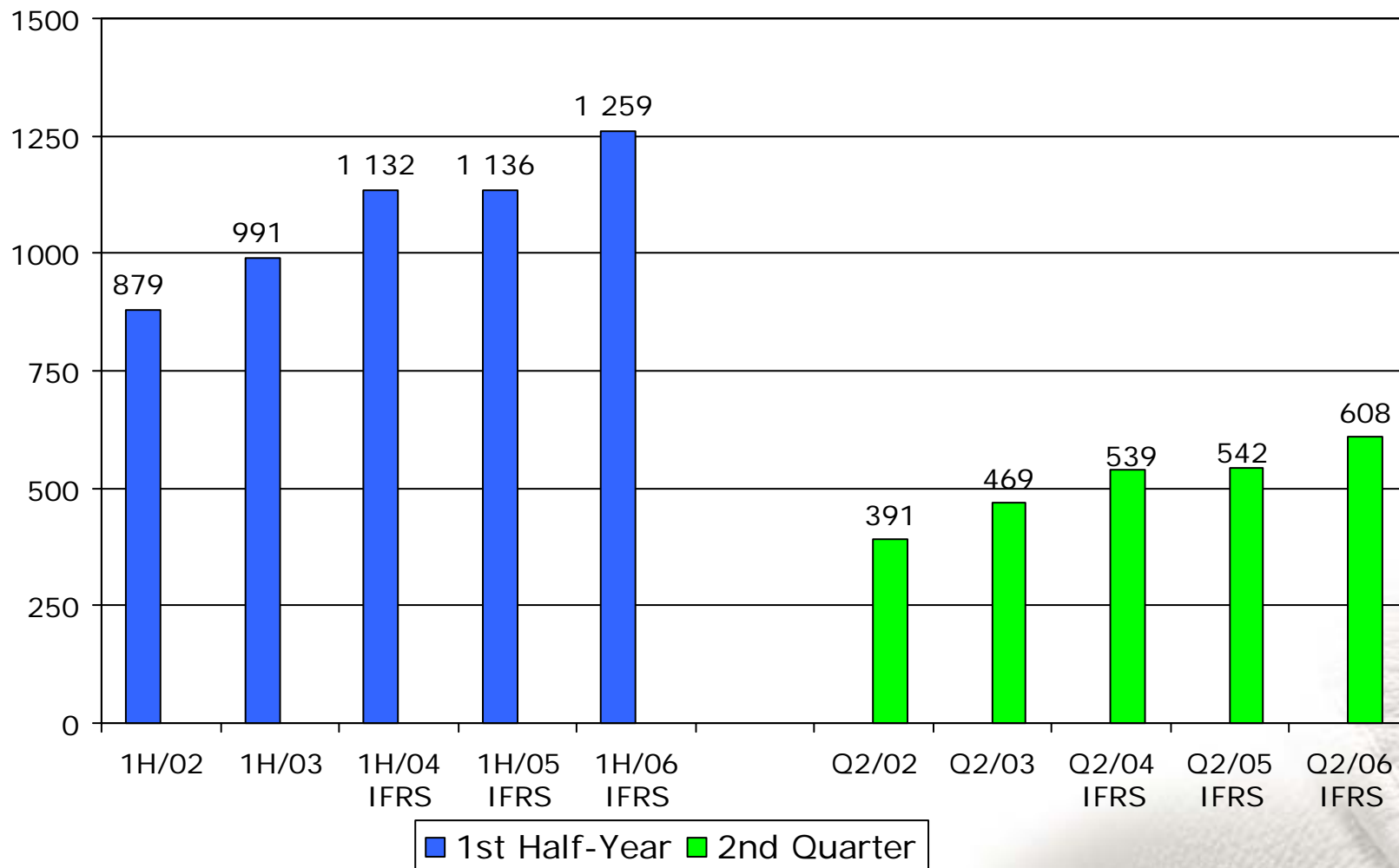
**Stressless® Space**

**Stressless® Buckingham**

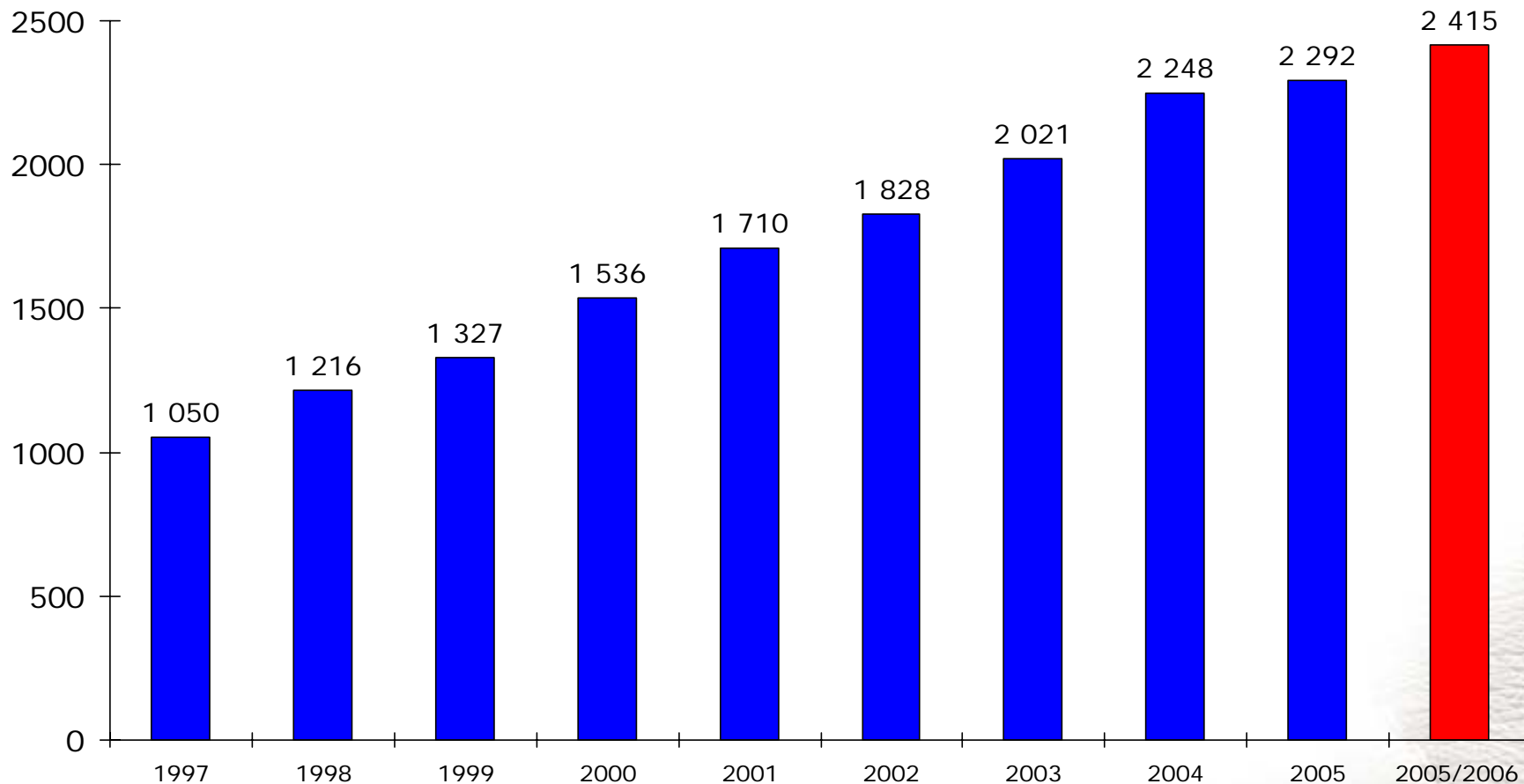


**Svane® Zefir**

# Development in Operating Revenues:

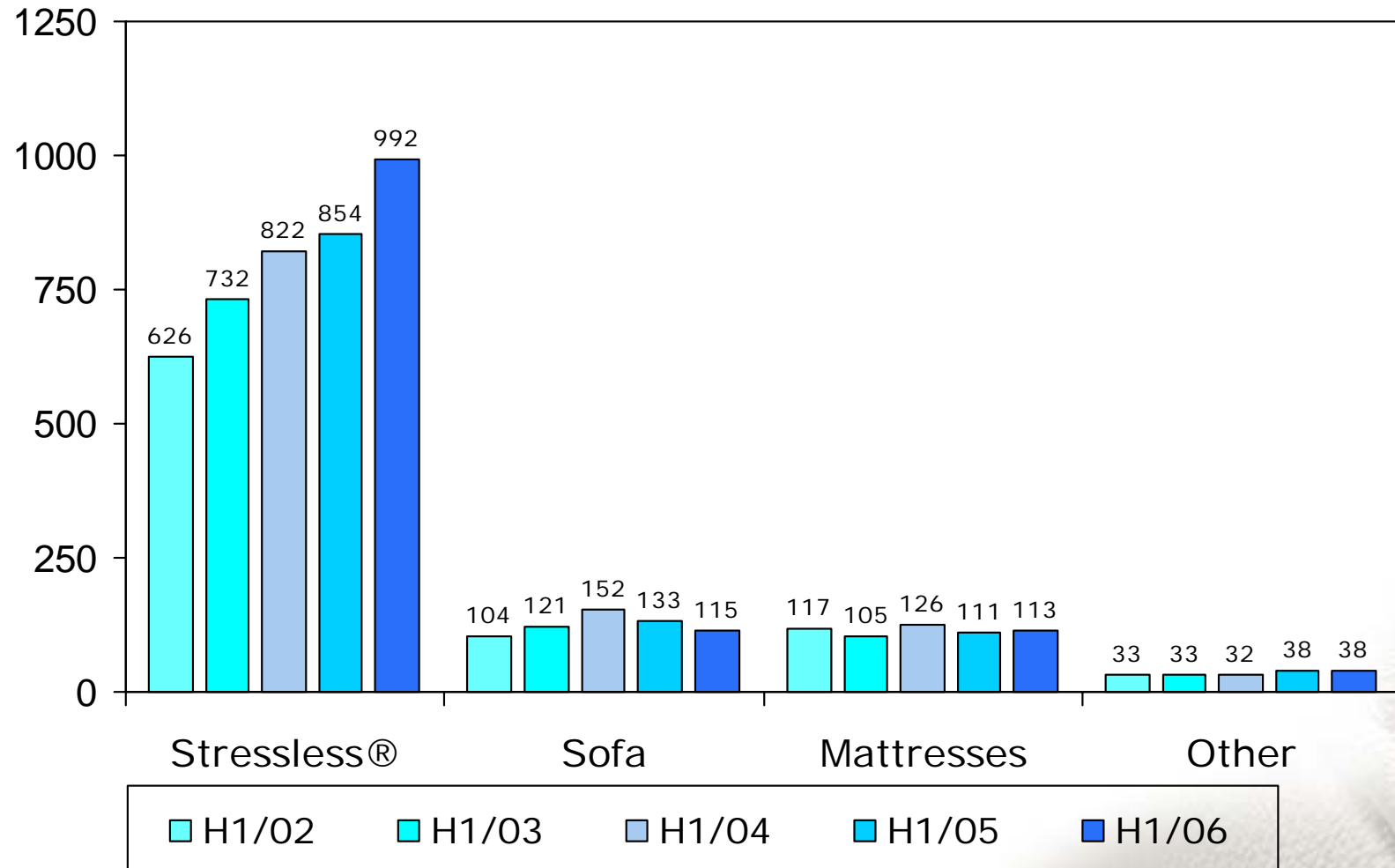


## Development in Operating Revenue:



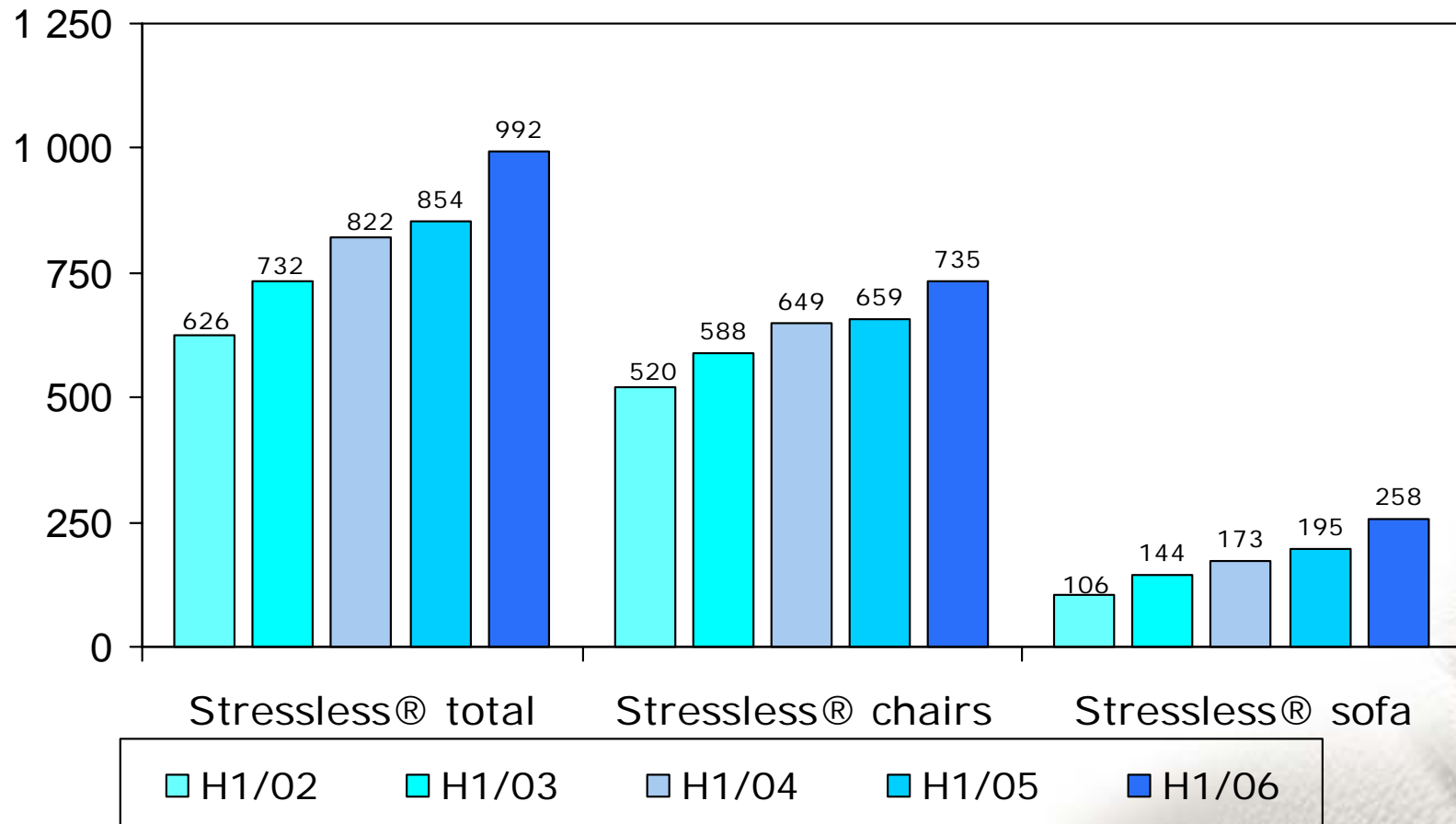
# Distribution of turnover by product area

(mill.NOK):

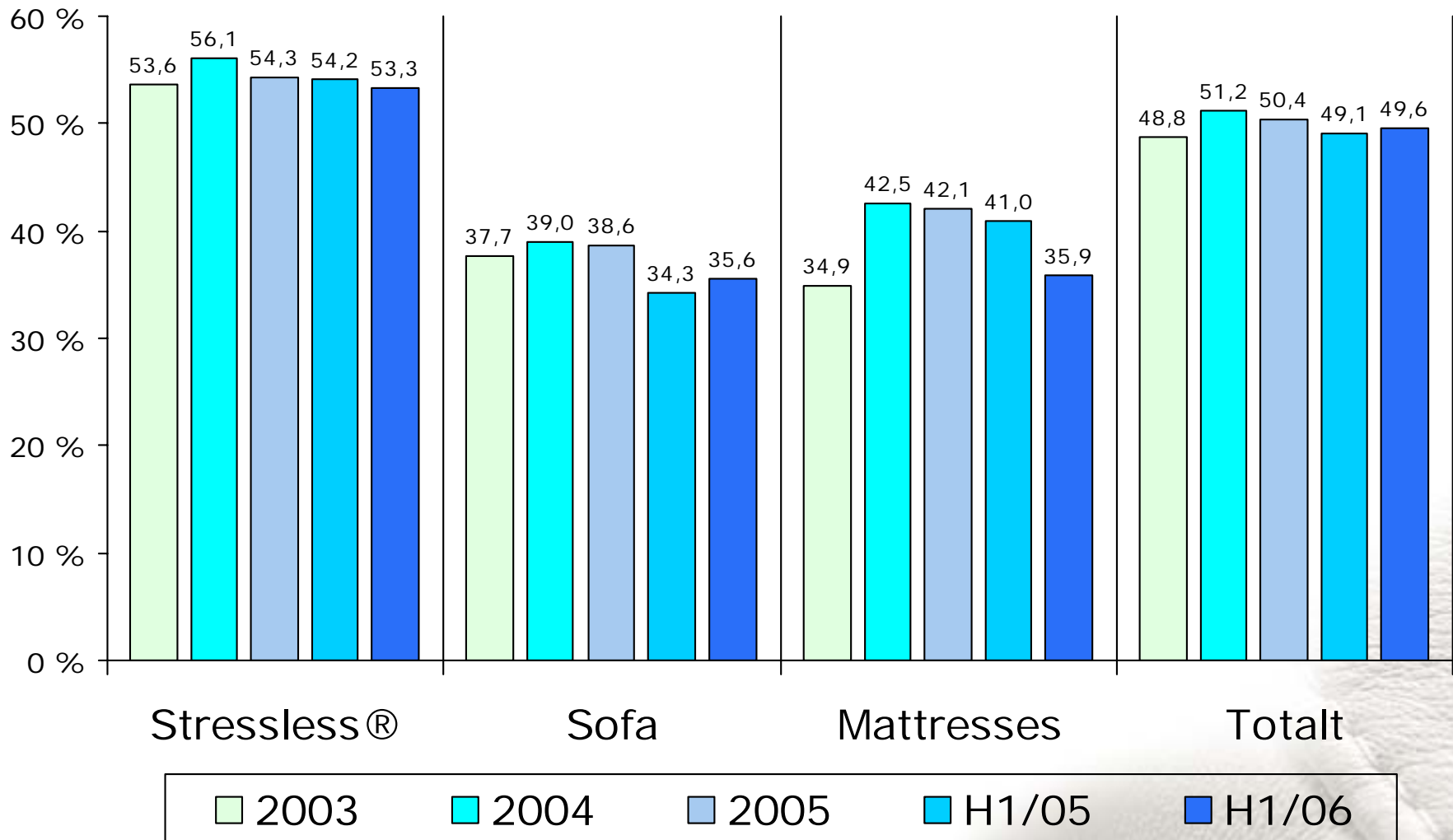


# Distribution of turnover product area

Stressless®: (Mill. NOK)

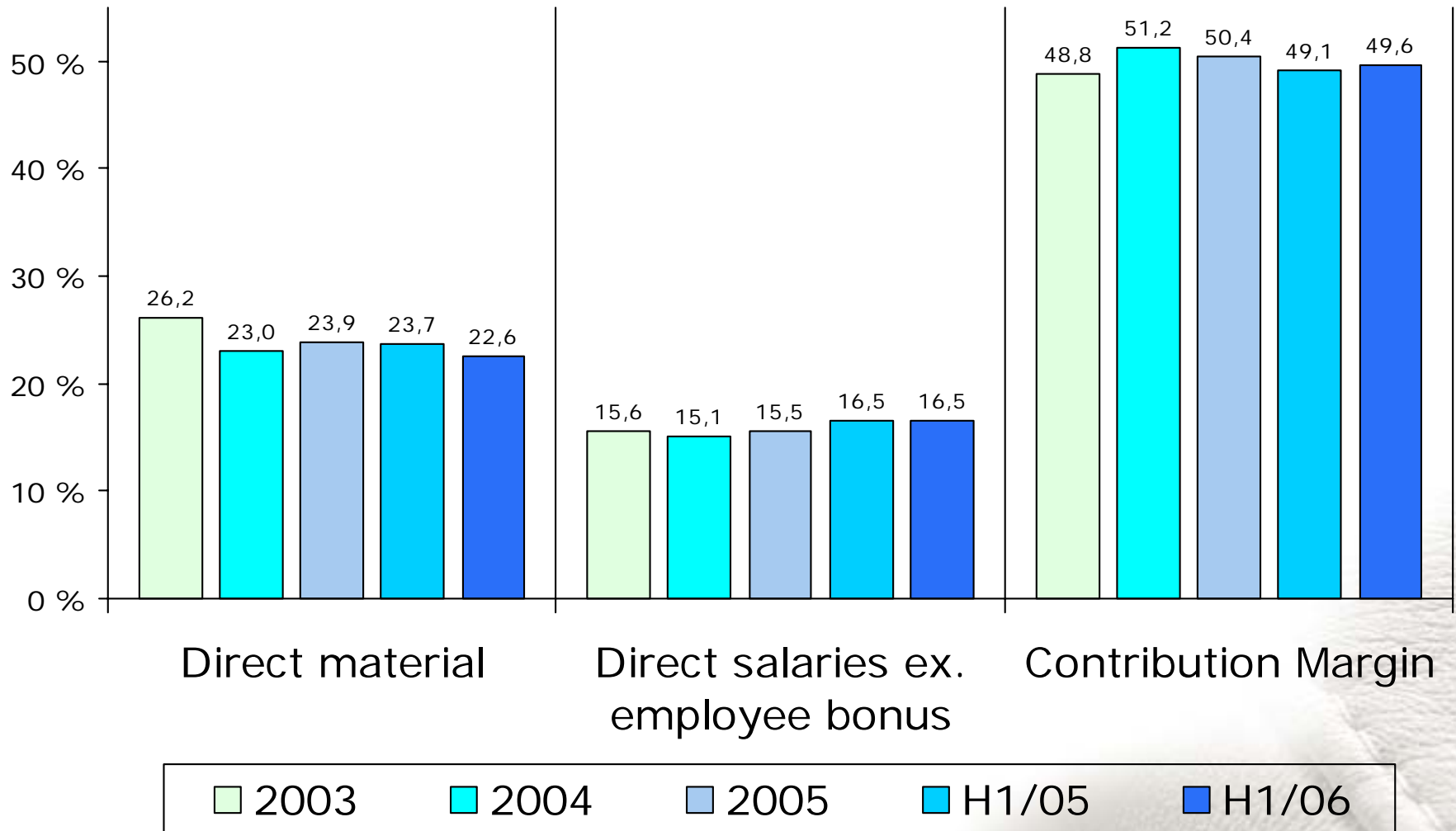


## Contribution margin by product areas:

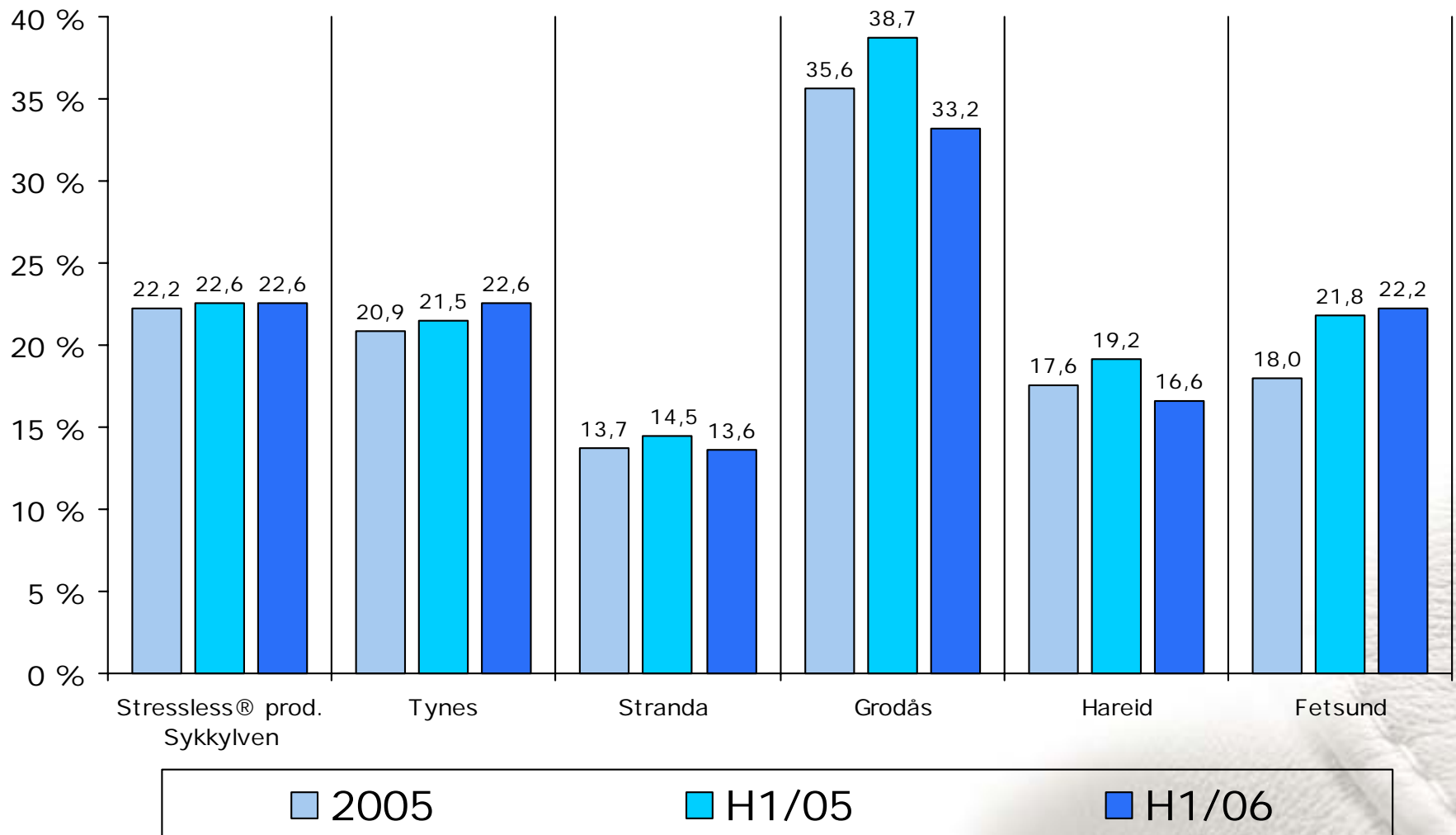




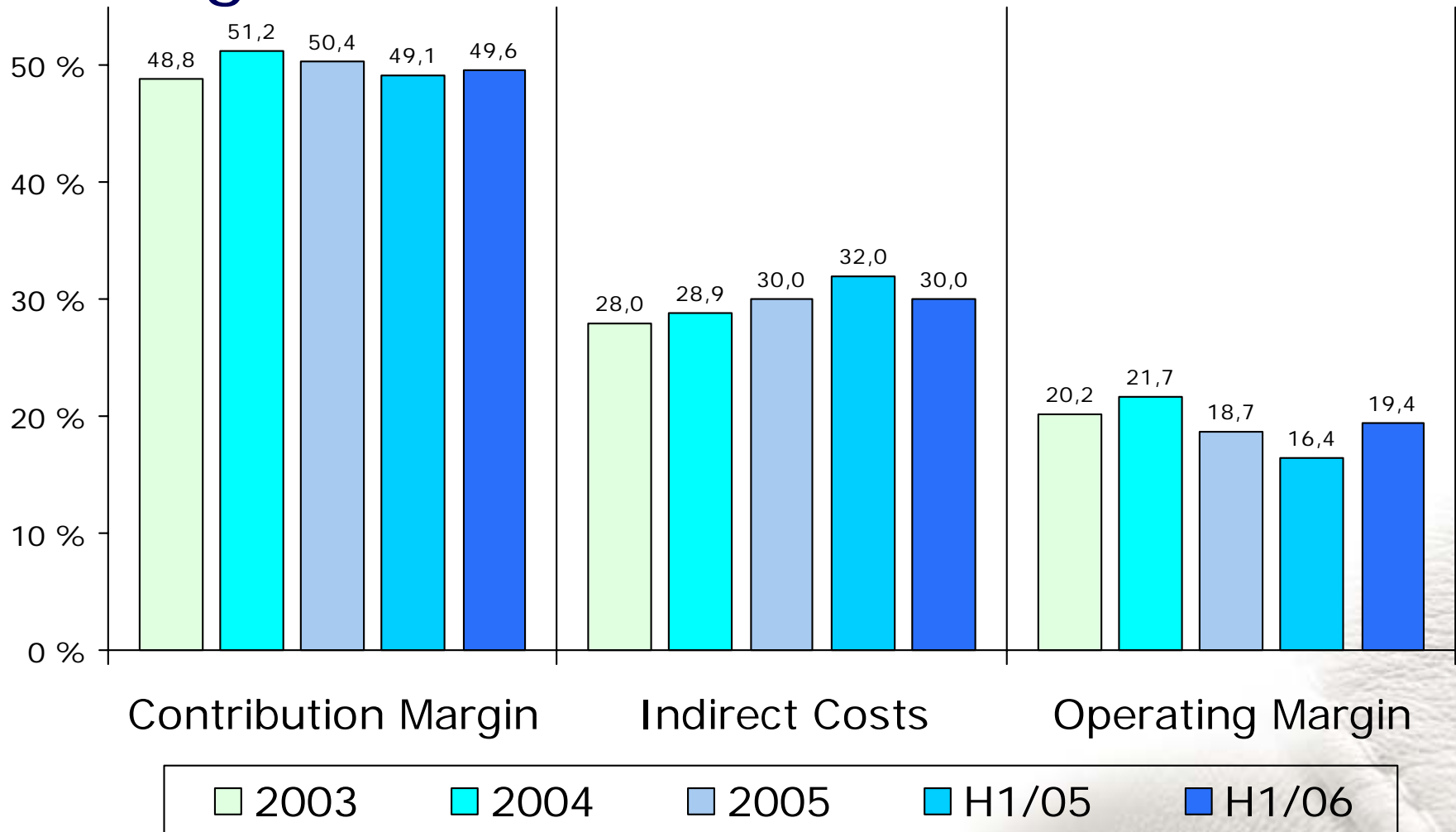
# Development in relative factors:



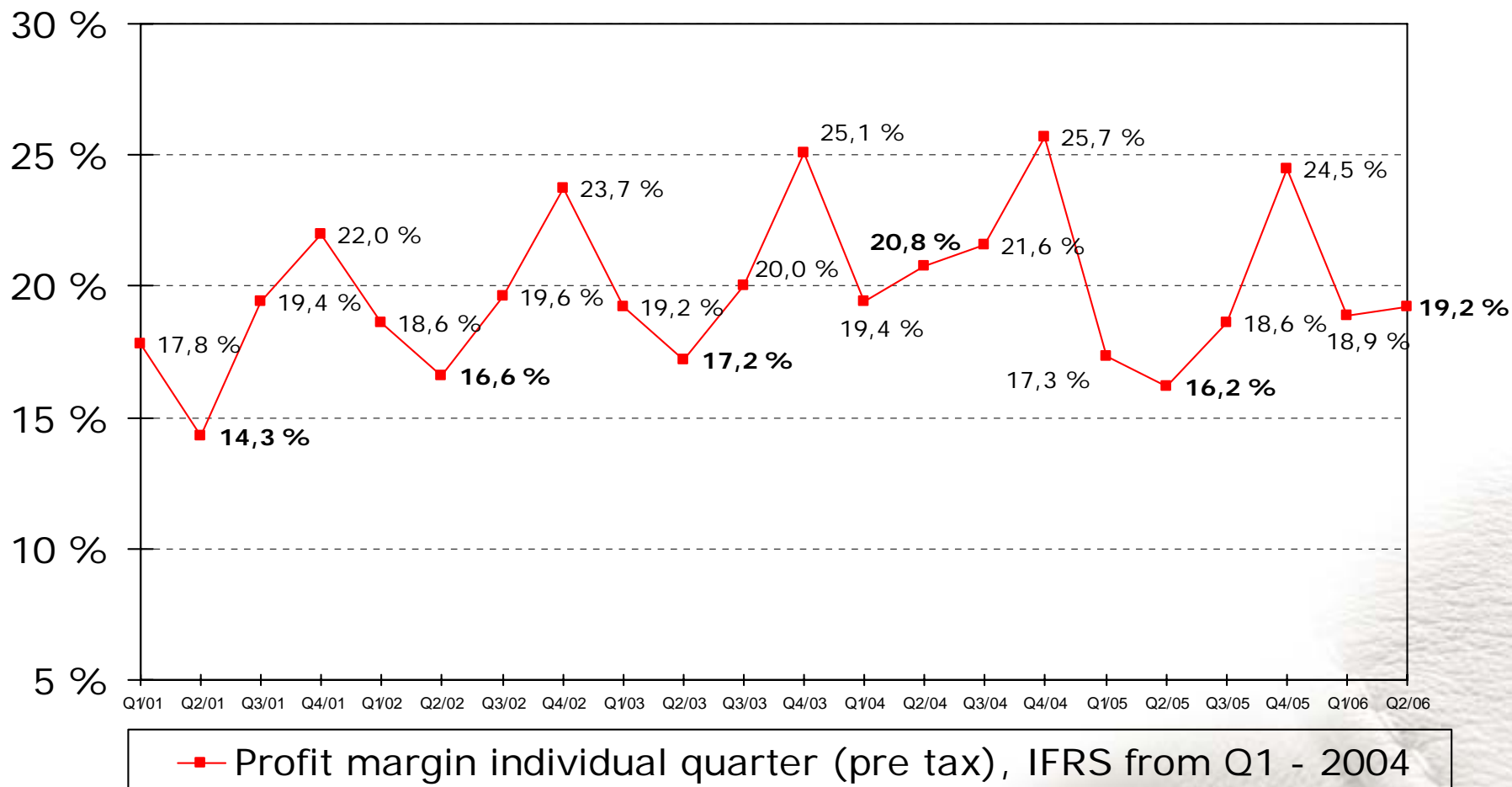
# Development in direct salaries at the factories: (Based on factory price, year-end bonus not included)



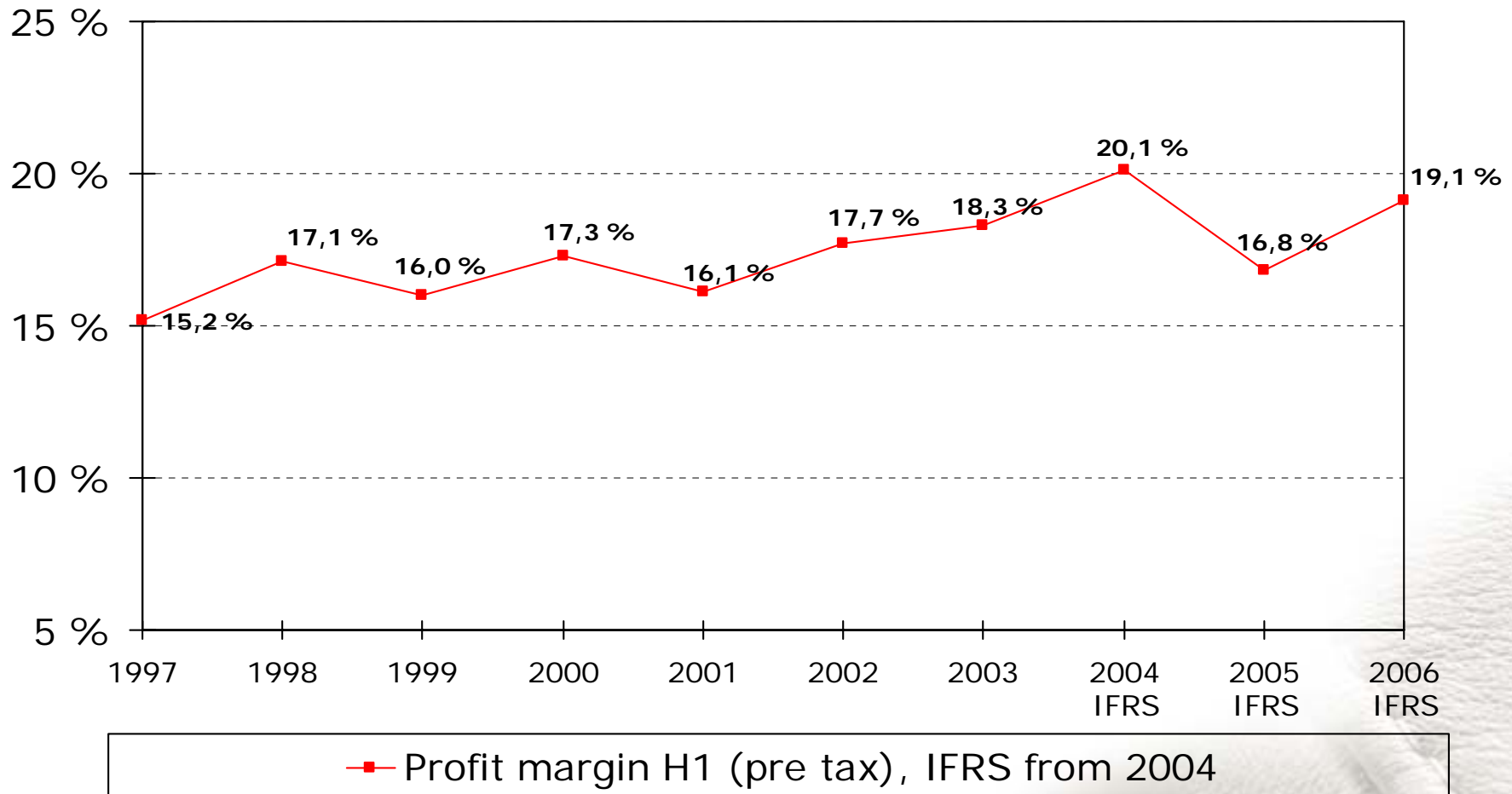
# Total contribution and operating margin:



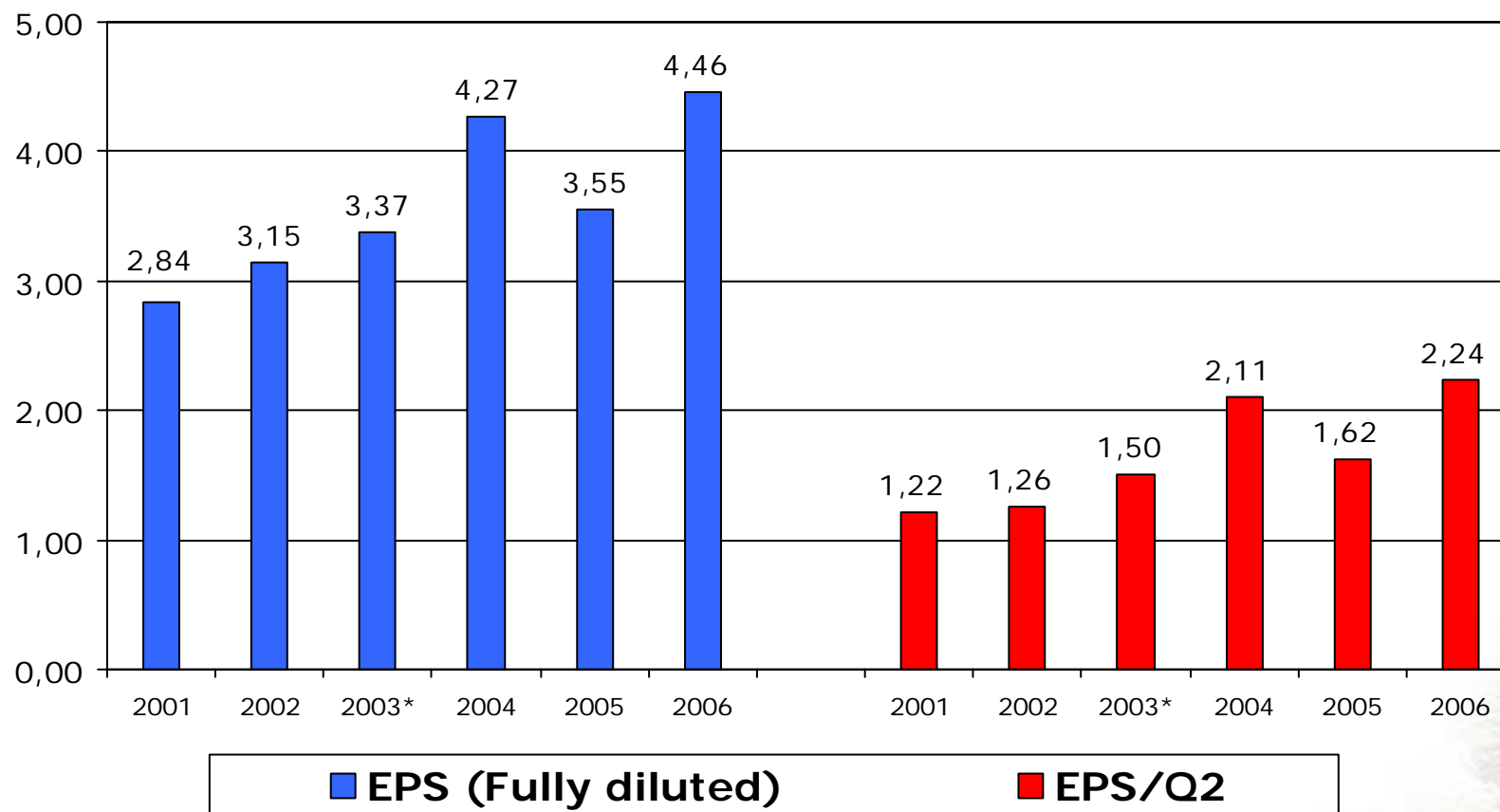
# Development in Profit Margin (pre tax):



## 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, 2005 and 2006.

# Income Statement (mill. NOK) :

	H1/06		H1/05		Changes
<b>Operating revenues</b>	<b>1 259.2</b>	<b>100.0%</b>	<b>1 136.3</b>	<b>100.0%</b>	<b>10.8%</b>
Materials	284.8	22.6%	268.9	23.7%	5.9%
Salaries and social costs	364.2	28.9%	329.5	29.0%	10.5%
Other operating expenses	320.6	25.5%	308.7	27.2%	3.9%
Depreciation	45.4	3.6%	43.3	3.8%	4.9%
<b>Total operating costs</b>	<b>1 015.0</b>	<b>80.6%</b>	<b>950.4</b>	<b>83.6%</b>	<b>6.8%</b>
<b>Operating result</b>	<b>244.2</b>	<b>19.4%</b>	<b>185.9</b>	<b>16.4%</b>	<b>31.4%</b>
Net financial income/expenses	-4.3	-0.3%	4.9	0.4%	
<b>Ordinary result before taxes</b>	<b>239.9</b>	<b>19.1%</b>	<b>190.8</b>	<b>16.8%</b>	<b>25.7%</b>
Calculated taxes ordinary result	-75.5	-6.0%	-60.1	-5.3%	25.7%
<b>Ordinary result after taxes</b>	<b>164.4</b>	<b>13.0%</b>	<b>130.7</b>	<b>11.5%</b>	<b>25.7%</b>
<b>EPS</b>	<b>4.46</b>		<b>3.55</b>		

# Income Statement (mill. NOK) :

	Q2/06		Q2/05		Changes
<b>Operating revenues</b>	<b>607.9</b>	<b>100.0%</b>	<b>542.0</b>	<b>100.0%</b>	<b>12.2%</b>
Materials	132.1	21.7%	125.3	23.1%	5.4%
Salaries and social costs	185.5	30.5%	160.4	29.6%	15.7%
Other operating expenses	145.9	24.0%	149.4	27.6%	-2.3%
Depreciation	22.1	3.6%	21.8	4.0%	1.5%
<b>Total operating costs</b>	<b>485.6</b>	<b>79.9%</b>	<b>456.9</b>	<b>84.3%</b>	<b>6.3%</b>
<b>Operating result</b>	<b>122.3</b>	<b>20.1%</b>	<b>85.1</b>	<b>15.7%</b>	<b>43.7%</b>
Net financial income/expenses	-5.4	-0.9%	2.7	0.5%	
<b>Ordinary result before taxes</b>	<b>116.9</b>	<b>19.2%</b>	<b>87.8</b>	<b>16.2%</b>	<b>33.1%</b>
Calculated taxes ordinary result	-34.3	-5.6%	-28.1	-5.2%	22.1%
<b>Ordinary result after taxes</b>	<b>82.6</b>	<b>13.6%</b>	<b>59.7</b>	<b>11.0%</b>	<b>38.2%</b>
<b>EPS</b>	<b>2.24</b>		<b>1.62</b>		



**Income Statement – 1 JULY/30 JUNE (mill. NOK) :**

	<b>2006</b>		<b>2005</b>		<b>Changes</b>
<b>Operating revenues</b>	<b>2,414.5</b>	<b>100.0%</b>	<b>2,251.4</b>	<b>100.0%</b>	<b>7.2%</b>
Materials	562.7	23.3%	527.8	23.4%	6.6%
Salaries and social costs	673.5	27.9%	616.6	27.4%	9.2%
Other operating expenses	603.4	25.0%	574.2	25.5%	5.1%
Depreciation	89.1	3.7%	84.4	3.7%	5.5%
<b>Total operating costs</b>	<b>1,928.7</b>	<b>79.9%</b>	<b>1,803.0</b>	<b>80.1%</b>	<b>7.0%</b>
<b>Operating result</b>	<b>485,8</b>	<b>20.1%</b>	<b>448.4</b>	<b>19.9%</b>	<b>8.3%</b>
Net financial income/expenses	4.8	0.2%	7.8	0.3%	
<b>Ordinary result before taxes</b>	<b>490.6</b>	<b>20.3%</b>	<b>456.2</b>	<b>20.3%</b>	<b>7.5%</b>
Calculated taxes ordinary result	-153.8	6.4%	-148.0	6.6%	4.0%
<b>Ordinary result after taxes</b>	<b>336.8</b>	<b>13.9%</b>	<b>308.2</b>	<b>13.7%</b>	<b>9.2%</b>
<b>EPS</b>	<b>9.14</b>		<b>8.37</b>		

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

	H1/06	1H/05	CHANGES
<b>Total Long Term Assets</b>	<b>805.6</b>	<b>786.0</b>	<b>2.5%</b>
Inventories	243.9	227.4	7.3%
Trade Debtors	390.6	321.6	21.5%
Other Current Assets	40.0	34.7	15.3%
Value of forward contracts	80.1	139.2	-42.5%
Cash and Bank Deposits	33.4	41.3	-19.1%
<b>Total Current Assets</b>	<b>788.0</b>	<b>764.2</b>	<b>3.1%</b>
<b>TOTAL ASSETS</b>	<b>1,593.6</b>	<b>1,550.2</b>	<b>2.8%</b>
<b>Total Equity</b>	<b>1,063.6</b>	<b>1038.9</b>	<b>2.4%</b>
Provisions and Commitments	41.0	54.1	-24.2%
Long Term Liabilities (interest)	46.8	49.1	-4.7%
Trade Creditors	91.1	101.8	-10.5%
Taxes, VAT and national insurance	140.3	142.1	-1.3%
Other current liabilities	210.8	164.2	28.4%
<b>Total Liabilities</b>	<b>530.0</b>	<b>511.3</b>	<b>3.7%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,593.6</b>	<b>1,550.2</b>	<b>2.8%</b>

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

	H1/06	Q1/06	CHANGES
<b>Total Long Term Assets</b>	<b>805.6</b>	<b>809.9</b>	<b>-4.3</b>
Inventories	243.9	235.3	8.6
Trade Debtors	390.6	382.2	8.4
Other Current Assets	40.0	36.6	3.4
Value of forward contracts	80.1	92.9	-12.8
Cash and Bank Deposits	33.4	255.7	-222.3
<b>Total Current Assets</b>	<b>788.0</b>	<b>1,002.7</b>	<b>-214.7</b>
<b>TOTAL ASSETS</b>	<b>1,593.6</b>	<b>1,812.6</b>	<b>-219.0</b>
<b>Total Equity</b>	<b>1,063.6</b>	<b>1,265.9</b>	<b>-202.3</b>
Provisions and Commitments	41.0	42.8	-1.8
Long Term Liabilities (interest)	46.8	52.2	-5.4
Trade Creditors	91.1	136.1	-45.0
Taxes, VAT and national insurance	140.3	148.2	-7.9
Other current liabilities	210.8	167.3	43.5
<b>Total Liabilities</b>	<b>530.0</b>	<b>546.7</b>	<b>-16.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,593.6</b>	<b>1,812.6</b>	<b>-219.0</b>

# EQUITY

	H1/06	H1/05	2005
<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	164.4	130.7	303.2
Dividend	-276.2	-276.2	-276.2
Dividende own shares	-	-	-
Purchase of own shares	-4.5	-2.2	-13.8
Sale of own shares	17.2	23.4	23.6
Translation differences and other	4.2	1.0	2.1
Change value of forward contracts	-9.7	-0.6	-33.5
<b>EQUITY AT END OF PERIOD</b>	<b>1,063.6</b>	<b>1,038.9</b>	<b>1,168.2</b>

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

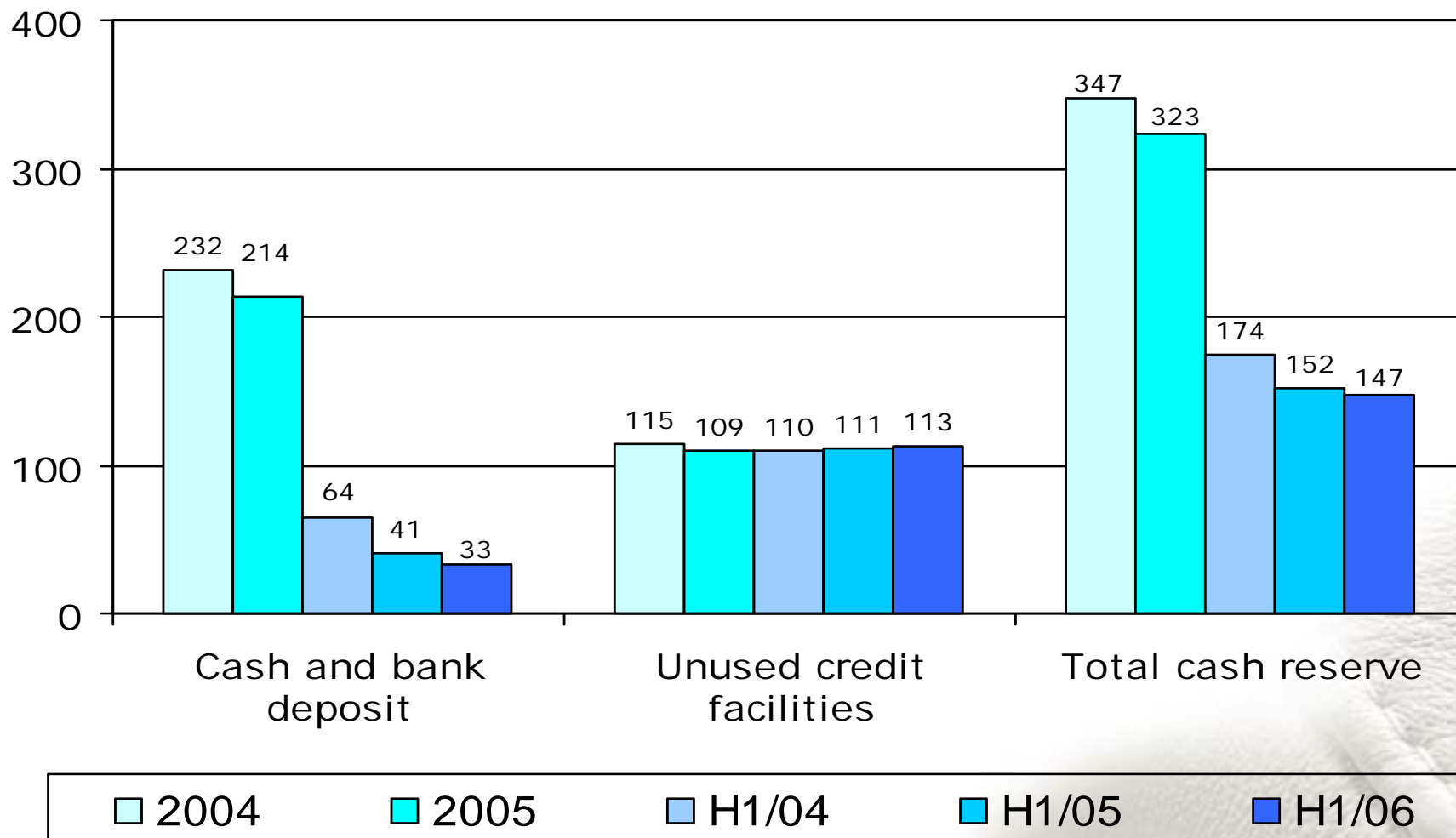
	H1/06	H1/05	2005	2004
<b>Net cash flow from:</b>				
Operating activities	99.7	167.6	376.4	389.7
Investing activities	-41.8	-61.4	-129.1	-115.1
Financing activities	-237.9	-297.4	-266.4	-235.7
<b>Net change in cash and cash equivalents</b>	<b>-180.0</b>	<b>-191.2</b>	<b>-19.1</b>	<b>38.9</b>
Cash and 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>33.4</b>	<b>41.3</b>	<b>213.4</b>	<b>232.5</b>

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

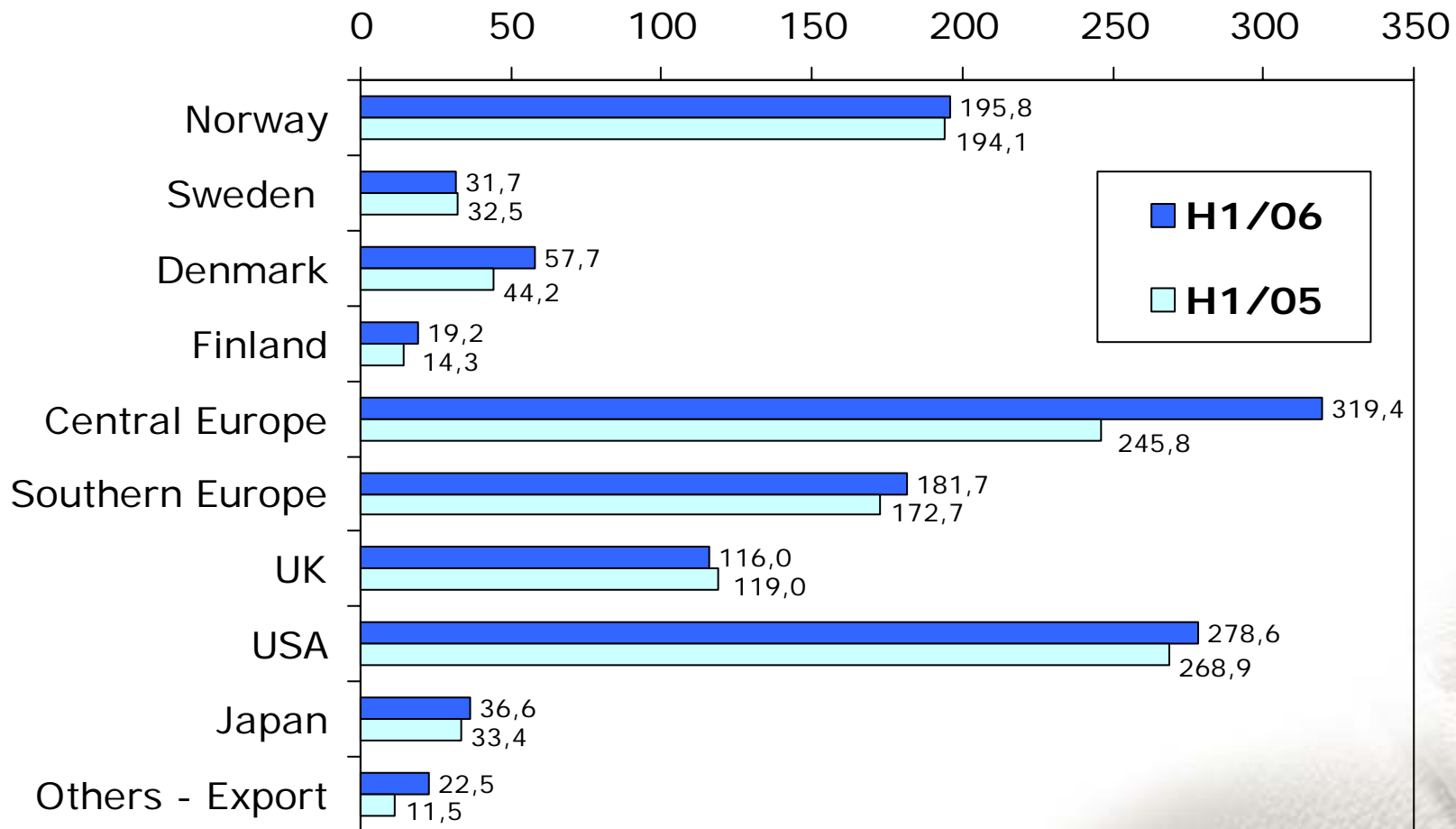
	H1/06	H1/05	2005	2004	2004 NGAAP	2003 NGAAP
Total capital	1,593.6	1,550.2	1,676.6	1,646.0	1,520.5	1,387.6
Net-working capital*	265.7	216.9	359.6	359.9	98.3	-134.3
Equity	1,063.6	1,038.9	1,168.2	1,162.8	803.0	534.1
Equity ratio	66.7%	67.0%	69.7%	70.6%	52.8%	38.5%

\*Not including 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>H1/06</b>	<b>1H/05 IFRS</b>	<b>1H/04 IFRS</b>	<b>1H/03 NGAAP</b>
Norway	0.9%	195.8	194.1	210.6	188.3
Sweden	-2.6%	31.7	32.5	31.9	36.6
Denmark	30.6%	57.7	44.2	47.1	44.9
Finland	33.8%	19.2	14.3	13.3	14.7
Central - Europe	29.9%	319.4	245.8	247.2	206.3
Southern - Europe	5.2%	181.7	172.7	182.6	160.5
UK	-2.5%	116.0	119.0	118.0	103.7
USA	3.6%	278.6	268.9	240.8	194.2
Japan	9.7%	36.6	33.4	23.2	31.2
Others - Export	96.5%	22.9	11.5	17.8	10.5
<b>Total</b>	<b>10.8%</b>	<b>1,259.2</b>	<b>1,136.3</b>	<b>1,132.4</b>	<b>990.9</b>

## Coming events:

- 8 November announcement of Q3/06 result
- 9 November presentation of Q3/06 result

# Questions?

## Largest shareholders (08/08/2006)

1. Folketrygdfondet, NOR	9.56%
2. State Street Bank & Clients, USA	7.56%
3. J. P. Morgan Chase Bank, GBR	7.06%
4. Oko Osuuspankkien KE Corp. Actions, FIN	4.20%
5. Skandinaviska Enskilda, SWE	3.85%
6. Bank of New York, USA	3.30%
7. Oslo Pensjonsforsikring, NOR	2.95%
8. GMO Foreign Fonds, USA	2.86%
9. Berit Ekornes Unhjem, NOR	2.81%
10. Nordea Bank Denmark, DEN	2.79%
Other shareholders approx. 2.961	55.85%

Proportion:	Norwegian shareholders	39.2%
	Foreign shareholders	60.8%

## 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  
[nilsfredrik.drablos@ekornes.no](mailto:nilsfredrik.drablos@ekornes.no)  
Phone: +47 70 25 52 28  
Mobile: +47 90 01 78 92
- CFO  
Robert Svendsen  
[robert.svendsen@ekornes.no](mailto:robert.svendsen@ekornes.no)  
Phone: +47 70 25 52 13  
Mobile: +47 91 89 50 24
- Marketing Director  
Runar Haugen
- International Marketing Director  
Svein Lunde