

Ekornes ASA

3rd QUARTER 2014



Ekornes Q3 – Headlines:

Financials

Operating revenues:

YTD: NOK 1 971.7Mill. (2013 : NOK 1 941.3 Mill.).

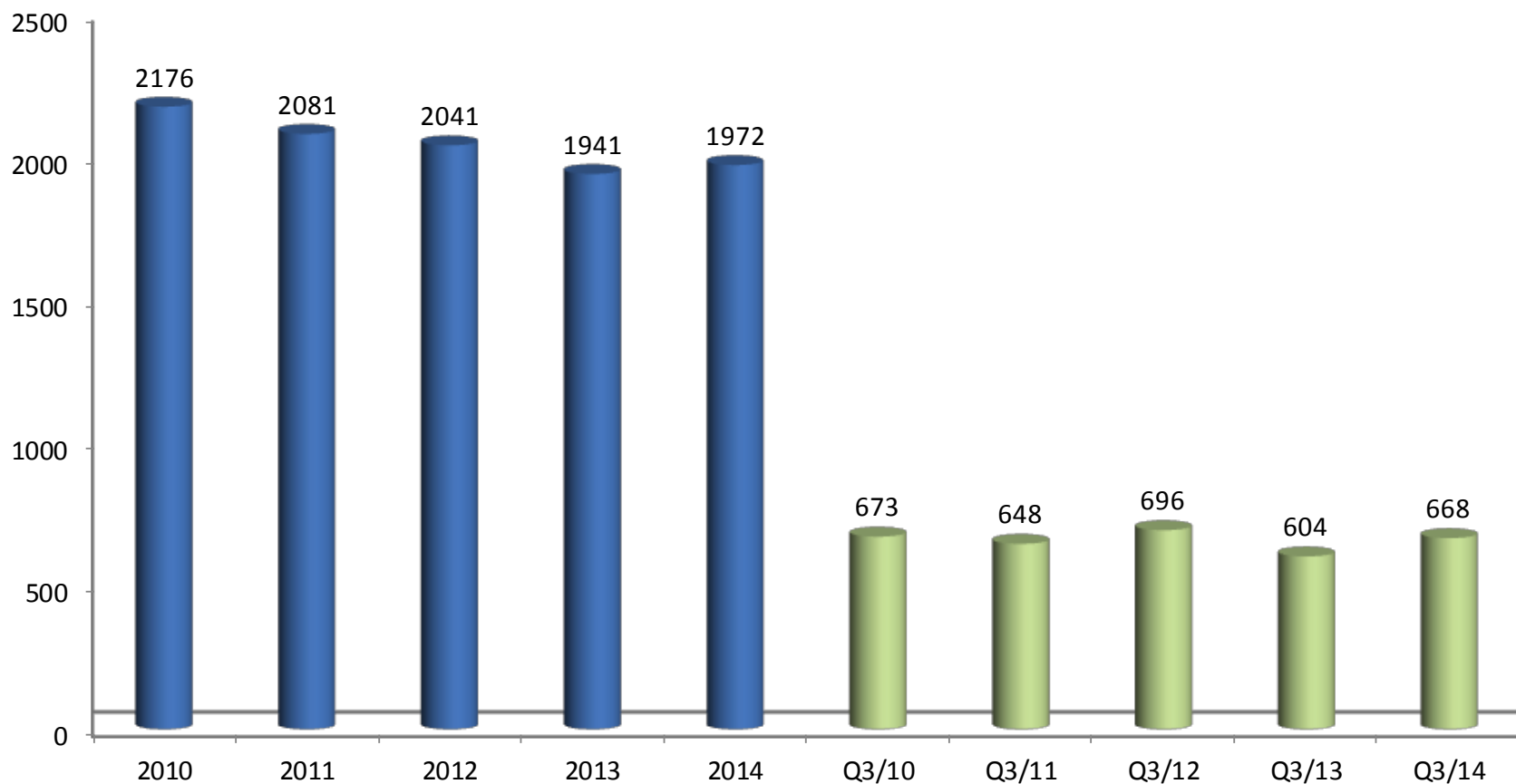
Q3: NOK 668.2 Mill. (2013 : NOK 603.6 Mill.)

Operating margin (EBIT)

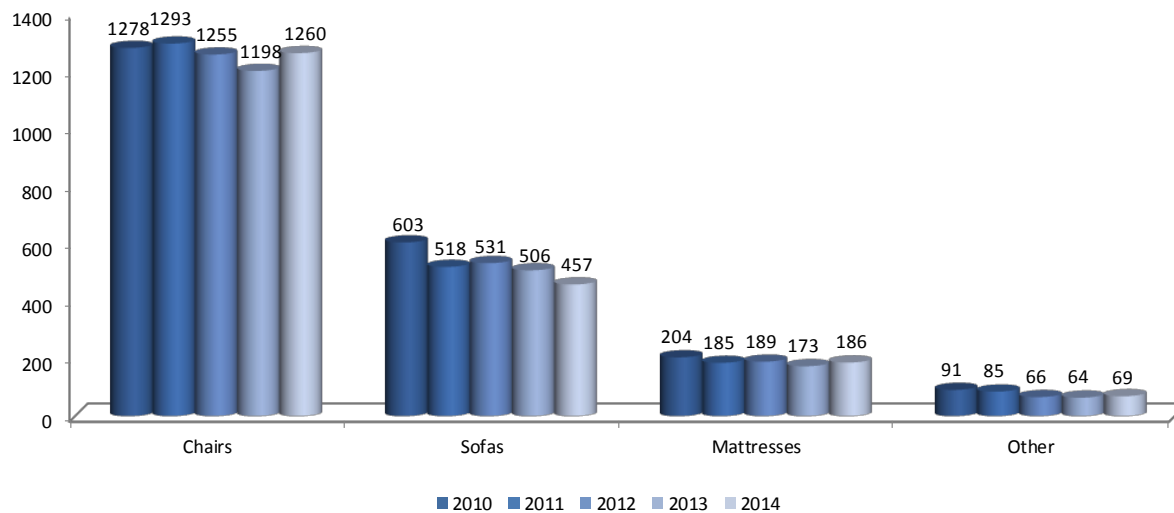
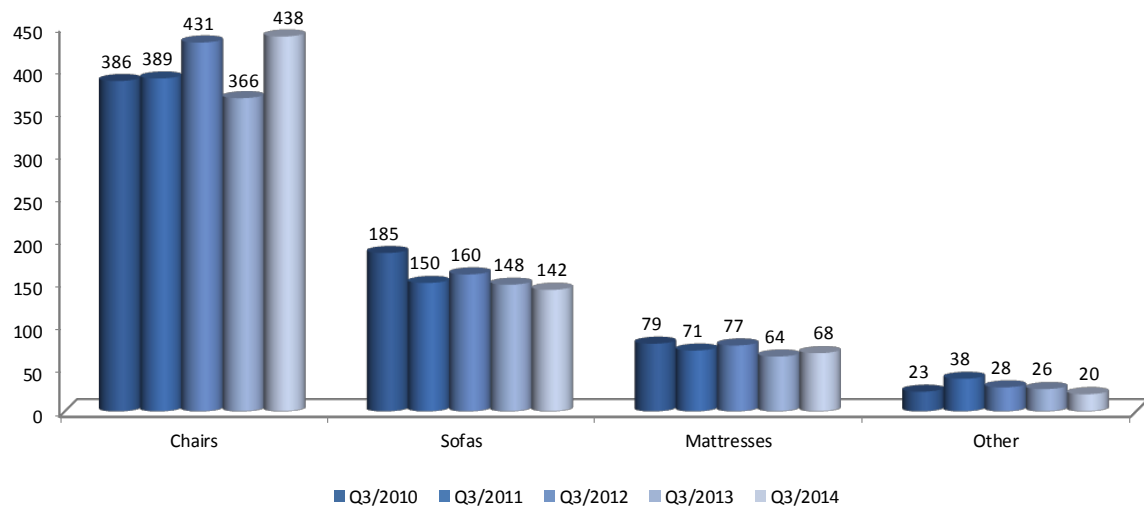
YTD: 9.8% (11.2%)

Q3 : 11.1% (8.0%)

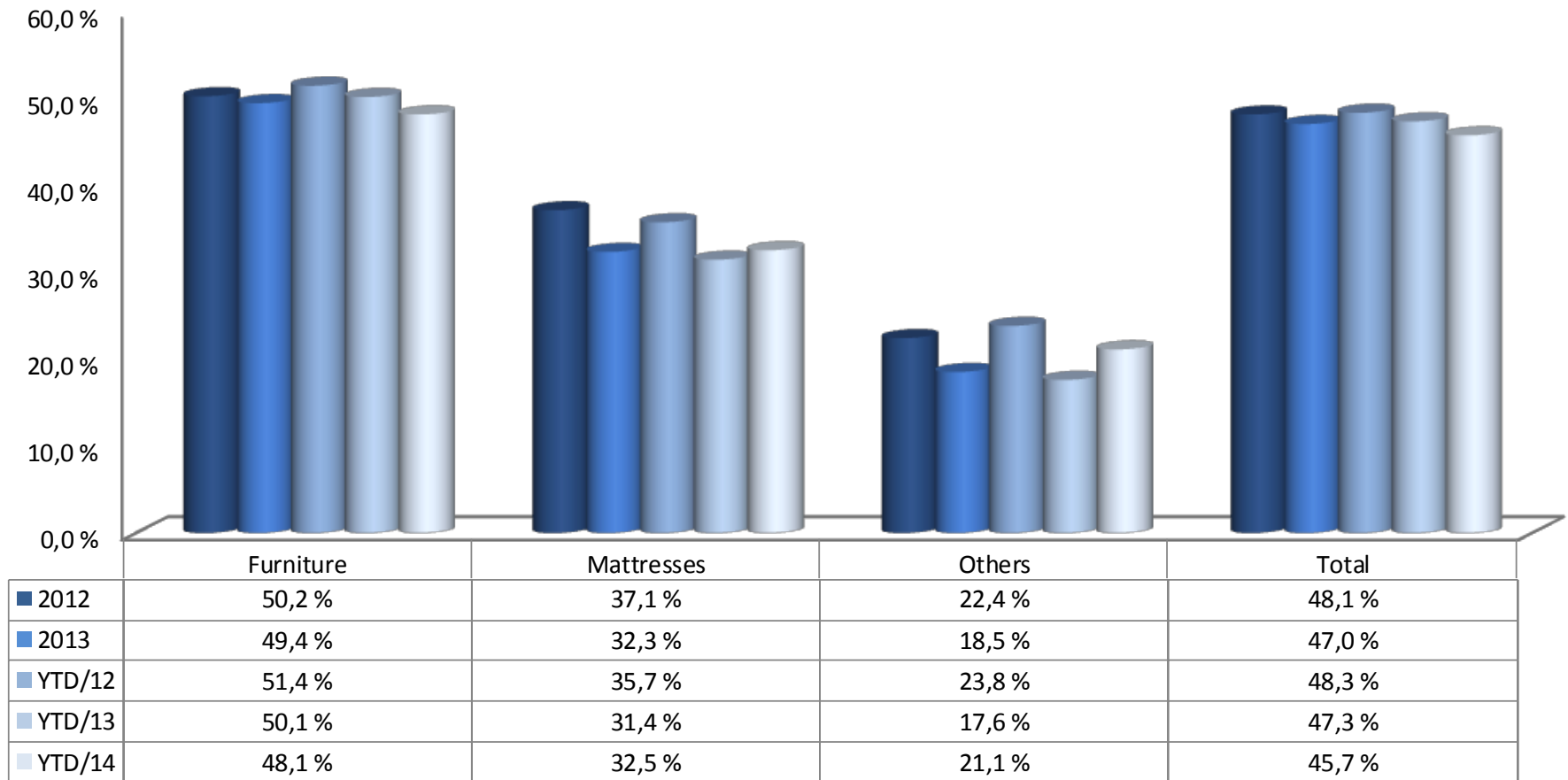
Development in Operating Revenue YTD and Q3



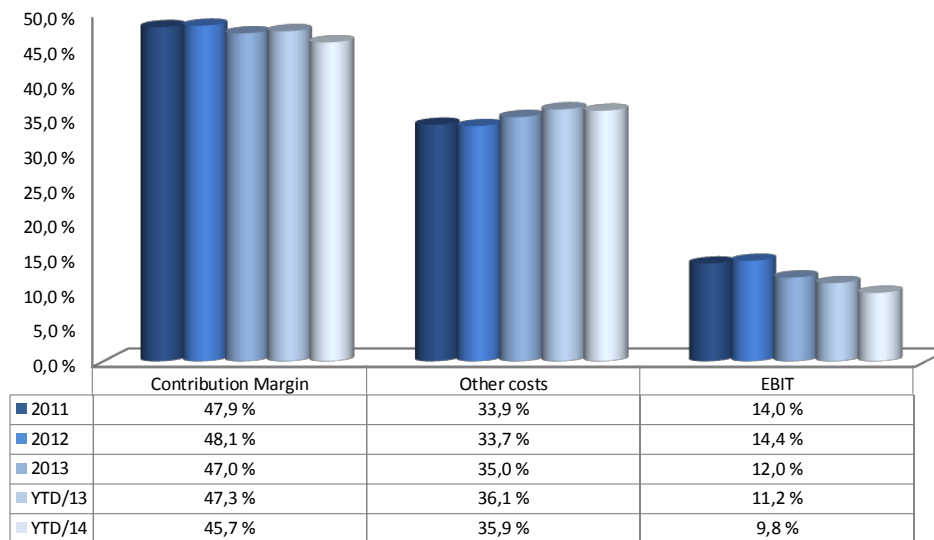
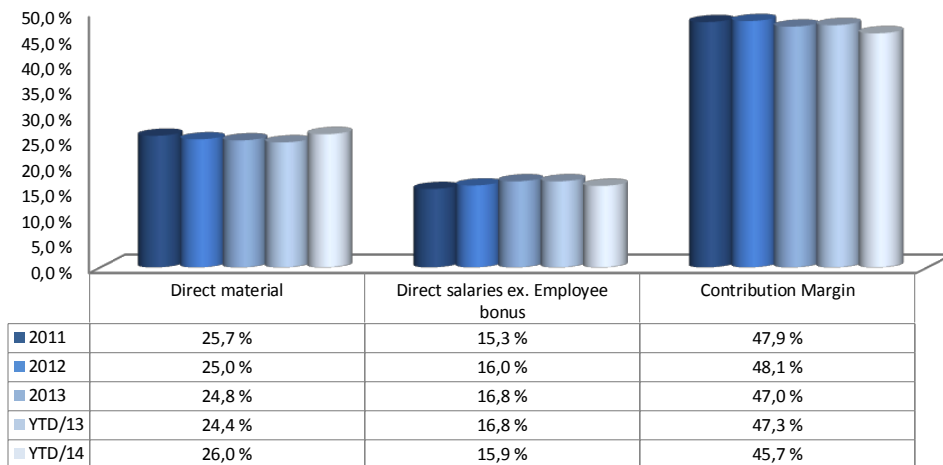
Operating revenue by Product Area



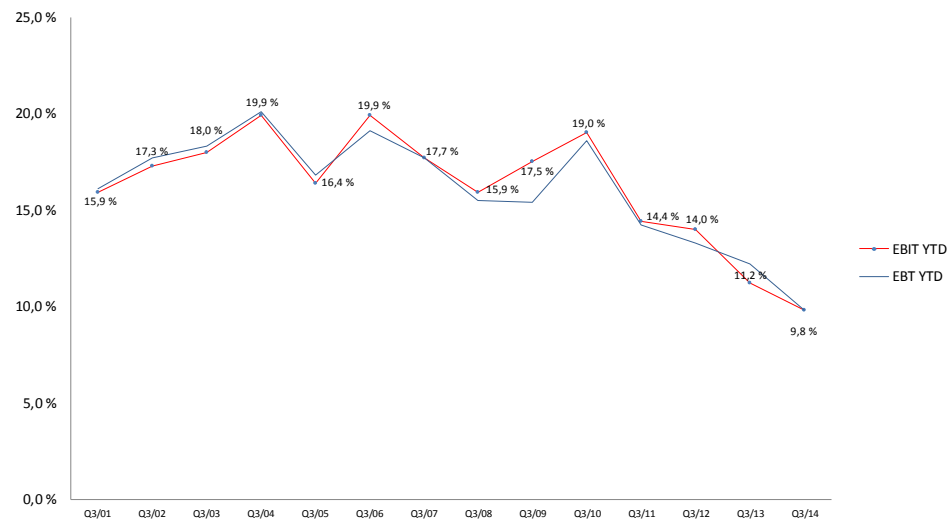
Contribution margin by product area



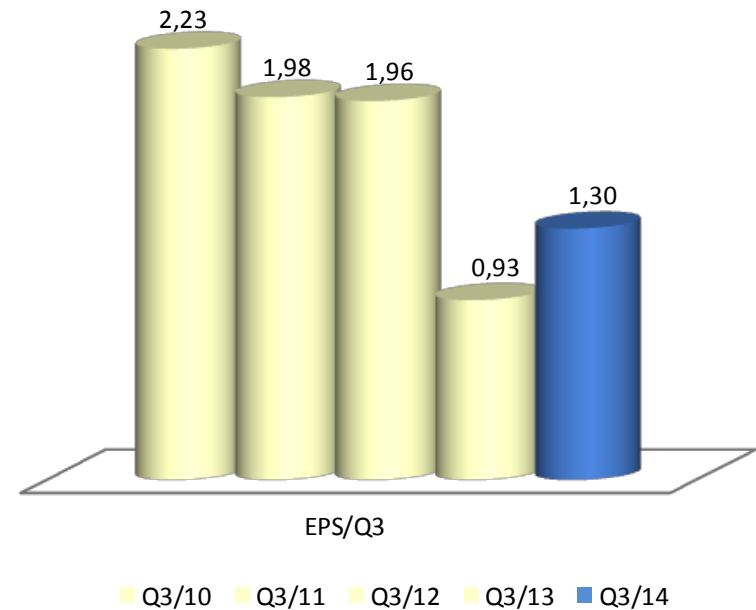
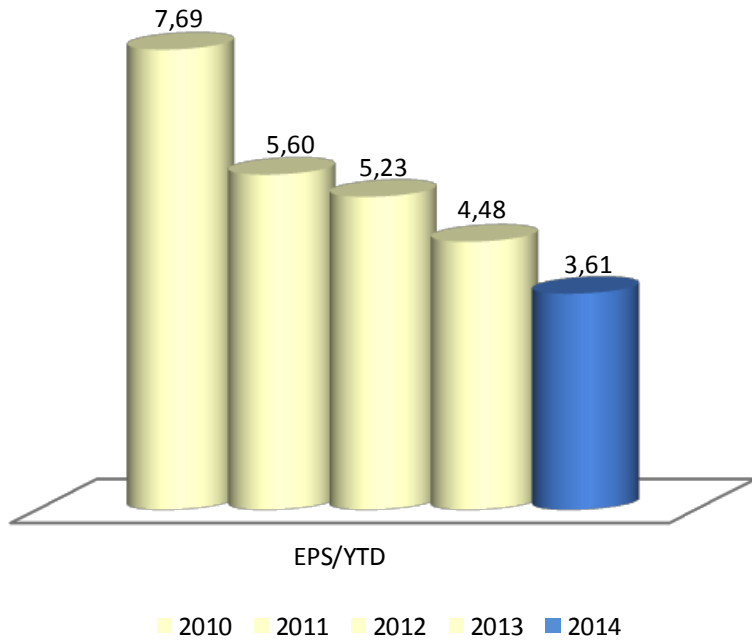
Development in main P&L figures



Development in Operating result (EBIT) and Pre-tax margin (EBT)



Development EPS fully diluted (Figures in NOK)



Income Statement

(Mill. NOK)	2014		2013	
Operating revenues	1 971,7	100,0 %	1 941,3	100,0 %
Materials	513,2	26,0 %	473,9	24,4 %
Salaries and social costs	578,0	29,3 %	585,0	30,1 %
Other operating expenses	589,9	29,9 %	566,3	29,2 %
Depreciation	97,7	5,0 %	99,4	5,1 %
Total operating costs	1 778,8	90,2 %	1 724,6	88,8 %
Operating result	192,9	9,8 %	216,7	11,2 %
Net financial income/expenses	-0,7	0,0 %	-0,8	0,0 %
Profit/loss currency exchange	0,5	0,0 %	20,8	1,1 %
Ordinary result before taxes	192,7	9,9 %	236,7	12,2 %
Calculated taxes ordinary result	-59,7	-3,1 %	-71,5	-3,7 %
Ordinary result after taxes	133,0	6,9 %	165,2	8,5 %
EPS	3,61		4,48	

(Mill. NOK)	Q3/14		Q3/13	
Operating revenues	668,2	100,0 %	603,6	100,0 %
Materials	193,5	29,0 %	167,9	27,8 %
Salaries and social costs	175,2	26,2 %	167,8	27,8 %
Other operating expenses	193,7	29,0 %	185,7	30,8 %
Depreciation	31,6	4,7 %	34,1	5,6 %
Total operating costs	594,0	88,9 %	555,5	92,0 %
Operating result	74,2	11,1 %	48,1	8,0 %
Net financial income/expenses	-1,3	-0,2 %	0,1	0,0 %
Profit/loss currency exchange	-3,6	-0,6 %	2,2	0,4 %
Ordinary result before taxes	69,3	11,5 %	50,4	8,3 %
Calculated taxes ordinary result	-21,5	-3,6 %	-16,0	-2,7 %
Ordinary result after taxes	47,8	7,9 %	34,4	5,7 %
EPS	1,30		0,93	

Balance Sheet

(Mill. NOK)	Q3/14	Q3/13	2013
Total Long Term Assets	930,2	944,8	948,1
Inventories	356,0	317,0	305,0
Trade Debtors	415,6	410,9	331,7
Other Current Assets	63,3	46,8	45,6
Value of forward contracts	34,5	68,7	16,3
Cash and Bank Deposits	38,5	134,6	328,4
Total Current Assets	907,9	978,0	1 027,0
TOTAL ASSETS	1 838,1	1 922,8	1 975,1
Total Equity	1 513,1	1 545,4	1 566,8
Provisions, commitments, deferred tax	17,4	25,4	16,1
Trade Creditors	105,9	106,2	118,0
Taxes, VAT and national insurance	17,3	58,1	96,4
Value of forward contracts			-
Bank loans			-
Other current liabilities	184,5	187,7	177,8
Total Liabilities	325,1	377,4	392,2
TOTAL EQUITY AND LIABILITIES	1 838,2	1 922,8	1 975,1

Cash Flow and Equity

(Mill. NOK)	Q3/14	Q3/13	2013	2012
Net cash flow from:				
Operating activities	-6,1	176,5	405,7	332,0
Investing activities	-81,3	-112,7	-148,1	-79,8
Financing activities	-202,5	-202,5	-202,5	-276,2
Net change in cash and cash equivalents	-289,9	-138,7	55,1	-24,1
Cash and cash equivalents at the beginning of period	328,4	273,3	273,3	297,4
Cash and cash equivalents at the end of period	38,5	134,6	328,4	273,3

(Mill. NOK)	Q3/14	Q3/13	2013	2012
Total capital	1 838,2	1 922,8	1 975,1	2 187,0
Net-working capital*	565,8	557,3	618,5	592,0
Equity	1 513,1	1 545,4	1 566,8	1 704,7
Equity ratio	82,3 %	80,4 %	79,3 %	77,9 %

*Not included the market value of forward contracts.

Ekornes Q3 – Products and Markets:

Stressless® (Ekornes Furniture)

Production figures

YTD: 1 736 seats per day (YTD 2013: 1,838 seats. 9 production days less.)

Q3: 1 717 seats per day (Q3 2013: (1 741 seats. 6 days less.)

Q4: Production capacity approx. 1,750 seats into Q4 (depending on mix).

Products:

New collection Stressless® chairs (City and Metro) with steel base launched last autumn. (See pictures).
Selling well.

New design with new base ("Signature) launched this autumn. (See pictures)
Presented to most of our retailers in the Nordic markets and North America.
Other markets through period November – January.
Will be available in the shops through Q2 2015.


New product line (Stressless® YOU) launched this autumn (See pictures)
Introduction to markets as Stressless® with new Signature base.

Markets:

Market situation in general unchanged. Central Europe challenging.



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BalanceAdapt™



Stressless®

YOU
Designed for Comfort™



Stressless®

you
Designed for Comfort™



BalanceAdapt™



EKORNES®

Ekornes Q3 – Products and Markets:

Svane® (Ekornes Mattresses)

Products:

New collection (Svane® 630) launched and presented for the Nordic markets in October. (See pictures). Central Europe later this autumn.

Well received by our Nordic retailers.

New design and new concept.

Markets:

Market situation in general unchanged.

Good development in all markets except Sweden.
Revenues up 7 % YTD compared to YTD 2013.

Norway positive.

Sweden and Denmark challenging.

Sales in Central Europe more than doubled.



Ekornes Q3 – IMG:

Take over date: **31.10. 2014**

Financials:

Operating revenues YTD : NOK 234 mill. Up 9%.

EBT YTD : NOK 61 mill.

EBT margin unchanged compared YTD Last Year.

To be consolidated into Ekornes as from 01.11.2014. (P&L last two months).

Products:

See pictures.

Markets:

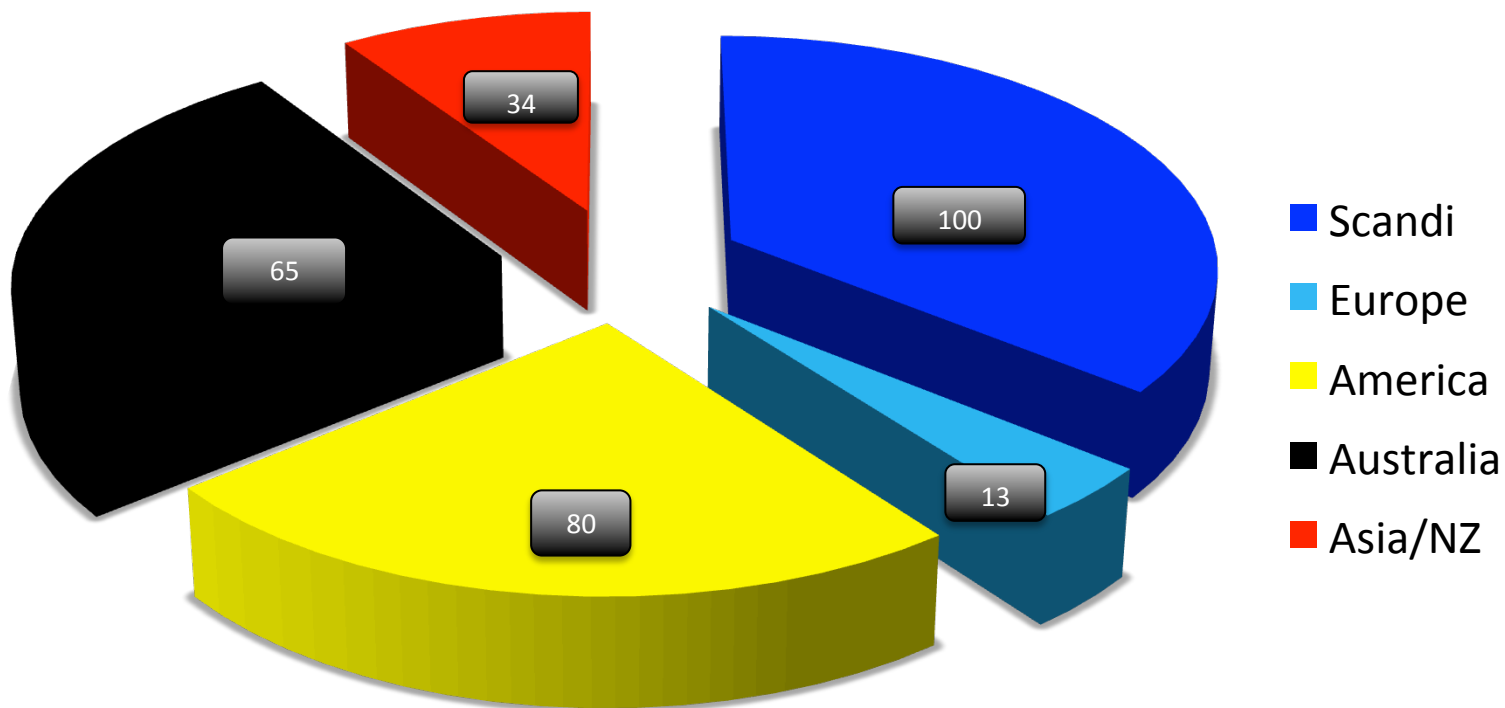
Main markets are Norway, North America and Australia

Start up Central Europe January 2015.

Positive development in all markets. Best development in Asia, Australia, New Zealand.



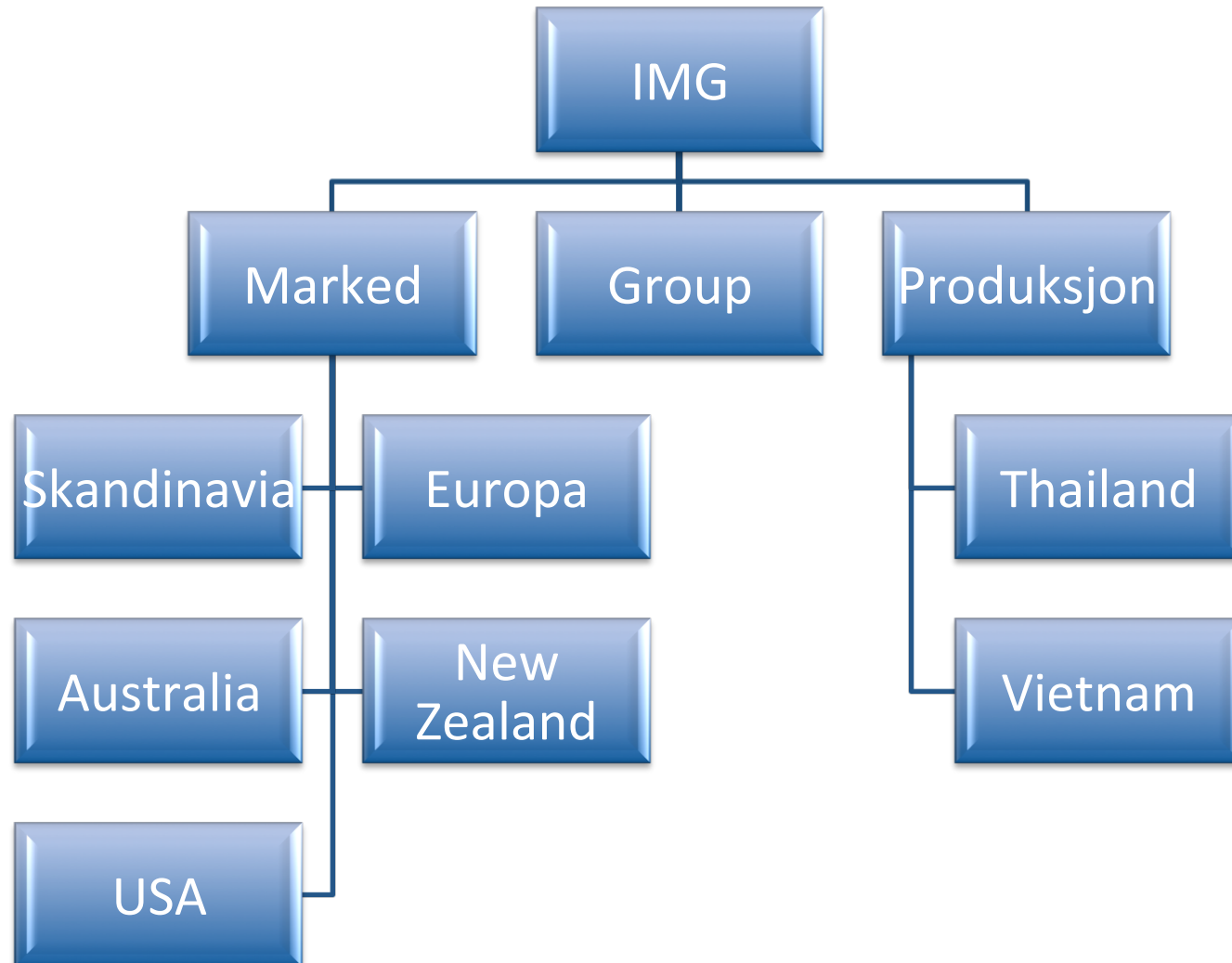
Sales per markets Full Year 2013



IMG - Studio and Products



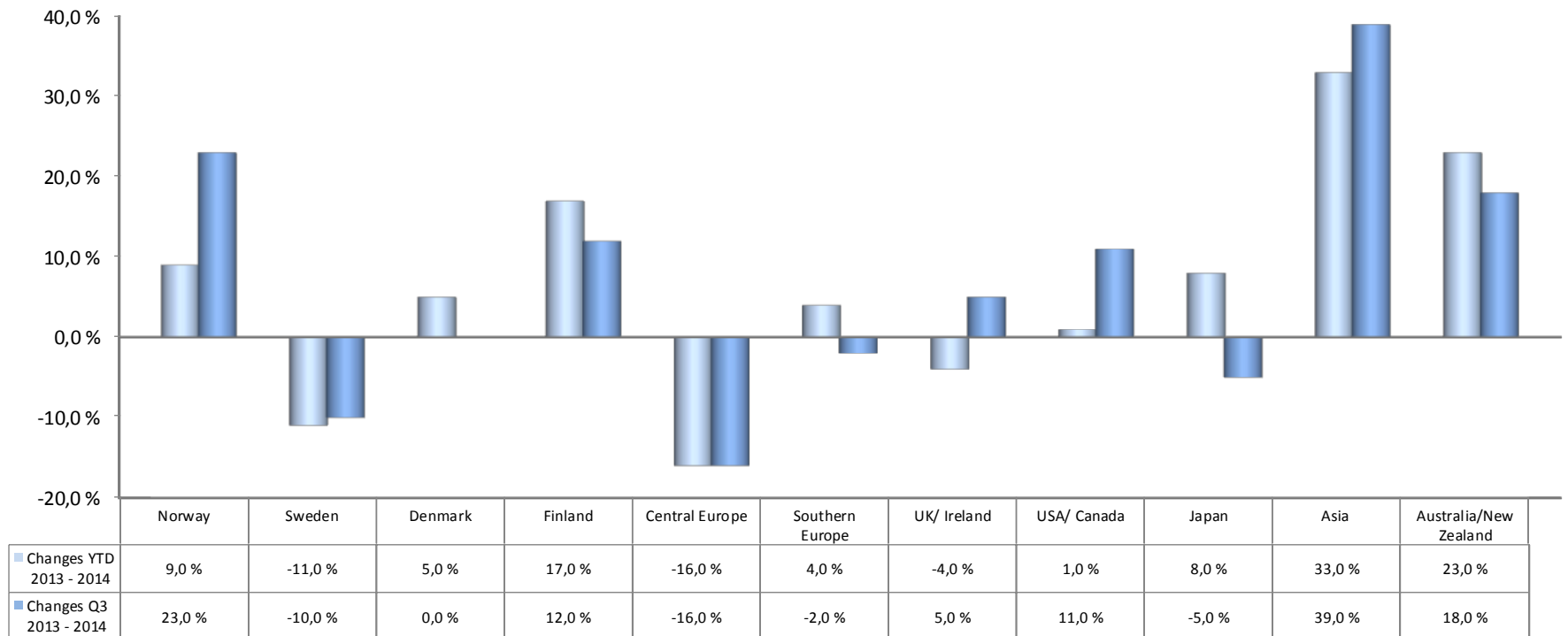
IMG – Company Structure



IMG - Strategy

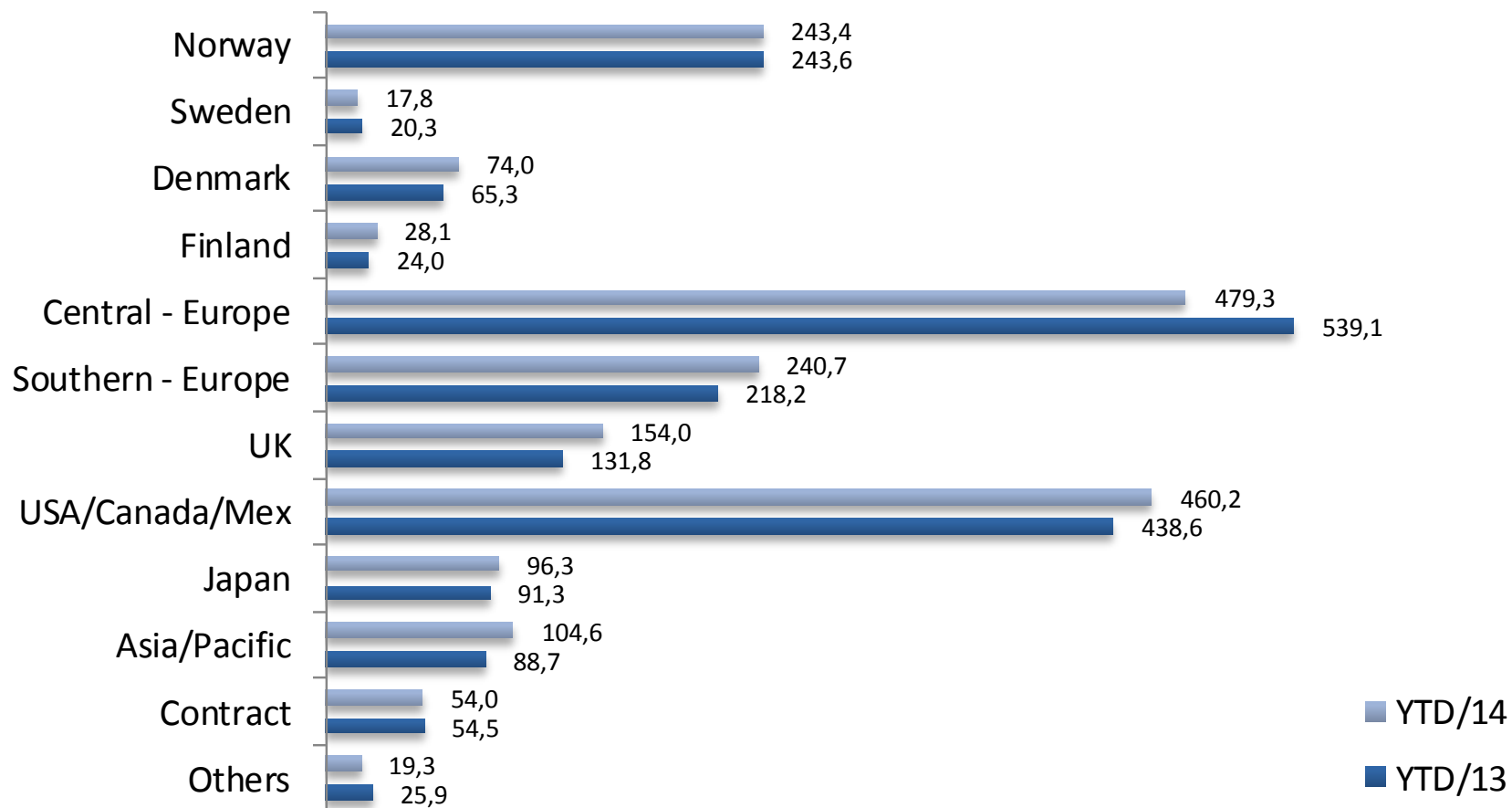
- Sales and Sales Force separate to Stressless
- Production separate to Stressless
- Distribution – stores separate to Stressless
- Product Development – separate, but coordinated
- Infrastructure – mutual if and where beneficial
- Sourcing – will be coordinated
- Operating management - separate

Change in order influx per market (%)



(in local currency)

Operating revenue per market – YTD



Ekornes Q3 – Headlines:

General

International markets expected to be challenging also going forward .

Launching of new products and product lines for Stressless® and Svane® combined with IMG and bringing IMG into new markets expected to give new growth opportunities.

Foreign exchange position good. Raw material prices trend stable but at a high level. Signals uncertain.

Cost reducing measures have been implemented, and continuing going forward. Starting getting effect. Main effect through 2015 into 2016. To give room for aggressive marketing program.

Going forward:

- Measures to improve productivity.

- Improve marketing concepts.

- Improve revenues by taking market shares.

- (Stagnant markets and challenging economic environment.)

- Keeping a high margin level compared to this industry in general.

Coming events:

Financial Calendar 2015

- | | |
|------------------|--|
| 17 February 2015 | Preliminary Result 2014 and 4 th Quarter 2014 |
| 18 February 2015 | Presentation of Preliminary Result 2014 and 4 th Quarter 2014, with Webcast ^{*)} |
| 19 May 2015 | 1 st Quarter Result 2015 |
| 19 May 2015 | Ordinary General Assembly |
| 20 May 2015 | Presentation 1 st Quarter 2015 ^{*)} |
| 18 August 2015 | 2 nd Quarter Result 2015 |
| 19 August 2015 | Presentation 2 nd Quarter 2015, with Webcast ^{*)} |
| 17 November 2015 | 3 rd Quarter Result 2015 |
| 18 November 2015 | Presentation 3 rd Quarter 2015 ^{*)} |

^{*)} Presentations: Hotel Continental, Oslo - at 08.00 a.m.

Largest shareholders (30.09.2014):

Shareholders	Country	Percentage
Nordstjernan AB	SWE	15,45 %
Folketrygdfondet	NOR	10,32 %
J. P. Morgan Chase Ba Nordea RE: NON-TREATY	GBR	5,42 %
Pareto Aksje Norge	NOR	4,57 %
J. P. Morgan Chase Ba Special Treaty L.	GBR	4,12 %
Odin Norge	NOR	3,89 %
Berit Vigdis Ekornes Unhjem	NOR	2,93 %
Gunnhild Ekornes Mertens	NOR	2,91 %
State Street Bank AN A/C Client Omnibus F	USA	2,37 %
Nordea Nordic Small	FIN	2,27 %
Other shareholders approx. 2,438		45,74 %
Proportion	Norwegian shareholders	48,38 %
	Non-Norwegian shareholders	51,62 %

Board of Directors | Group Management

- Kjersti Kleven – Chairman
- Jarle Kjell Roth – Vice Chairman
- Lars Ivar Røiri
- Stian Ekornes
- Nora Förisdal Larssen

- CEO: Olav Holst-Dyrnes
Olav.Holst.Dyrnes@ekornes.com
Phone: +47 70 25 52 03
Mobile: +47 93 48 31 01
- CFO: Robert Svendsen
robert.svendsen@ekornes.com
Phone: +47 70 25 52 13
Mobile: +47 91 89 50 24

Employee Representatives:

- Sveinung Utgård
- Tone Helen Hanken
- Aslak Hestholm