

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 white buildings and green hills. The background features large, rugged mountains with patches of snow under a blue sky with white clouds.

Q3 2015

EKORNES ASA

November 16th 2015

EKORNES®

Agenda

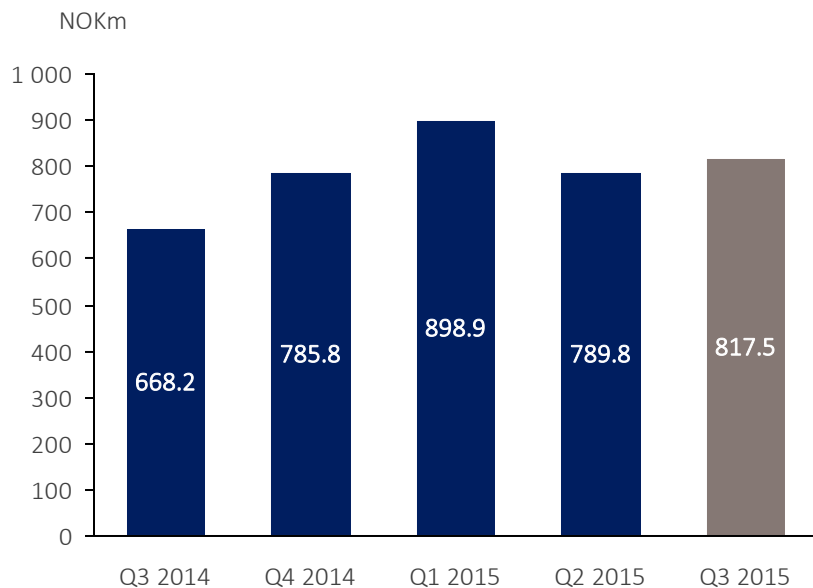
- Highlights
- Operational review
- Financial review
- Summary & outlook

Highlights

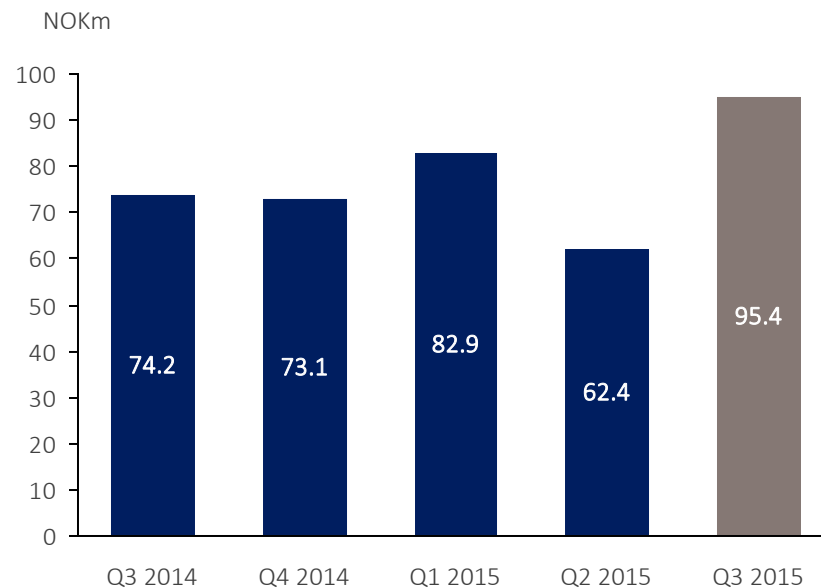
- Stable development in underlying operating revenue and margin
- Stressless[®] Q3 revenue up year-over-year, but order reserve low
- Evolving Stressless[®] distribution strategy, adding distributors
- New Stressless[®]-products launched in October
- Strong development for IMG
- Improving, but still challenging for the Svane[®]-segment

Financial results

Operating revenue

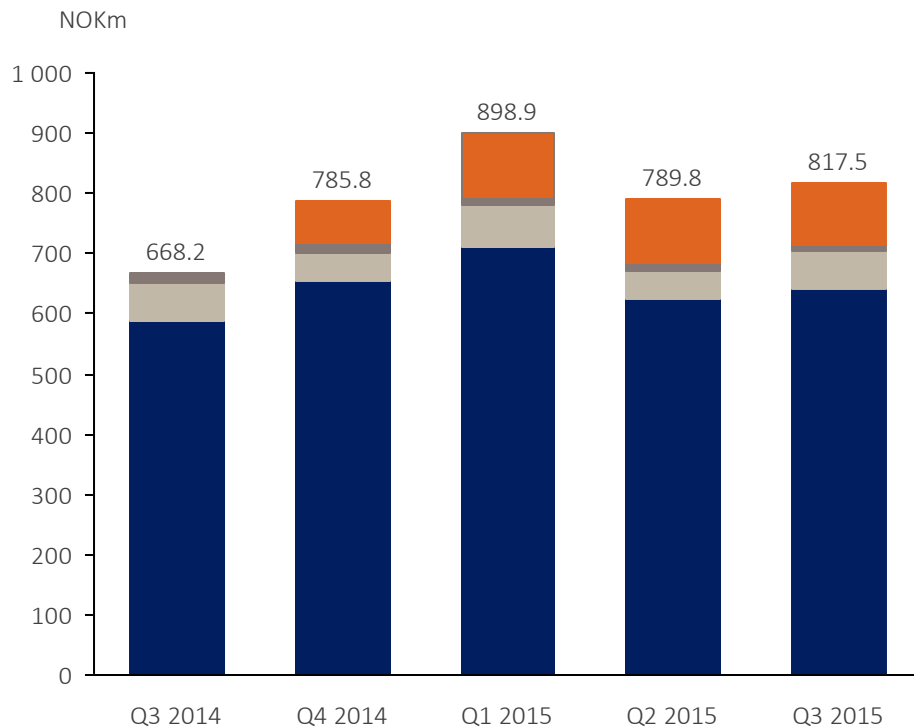


Operating earnings (EBIT)



Operational review

Segments – operating revenue



IMG



Contract



Svane



Stressless

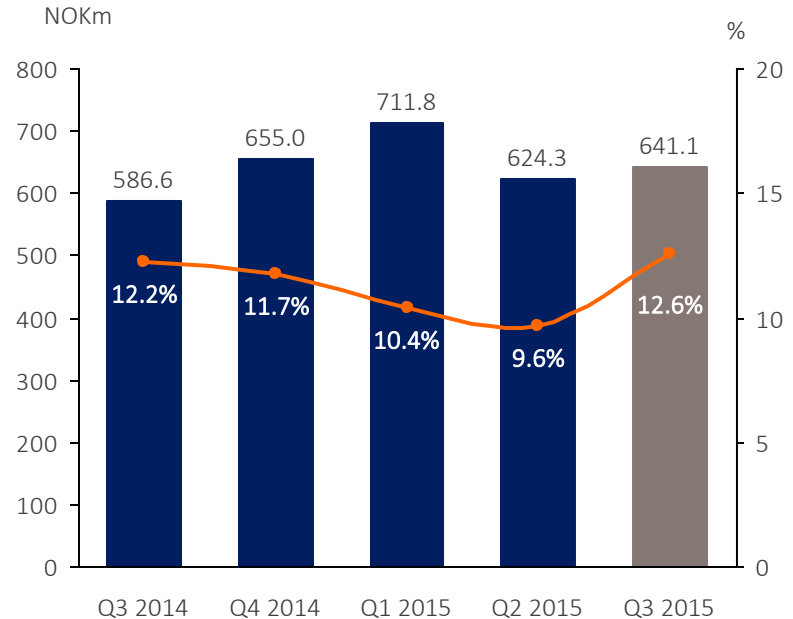


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Operating margin in line with Q3 2014

- Revenues in local currency slightly up from Q3 2014
- Operating margin 12.6%, Q3 normally a strong quarter

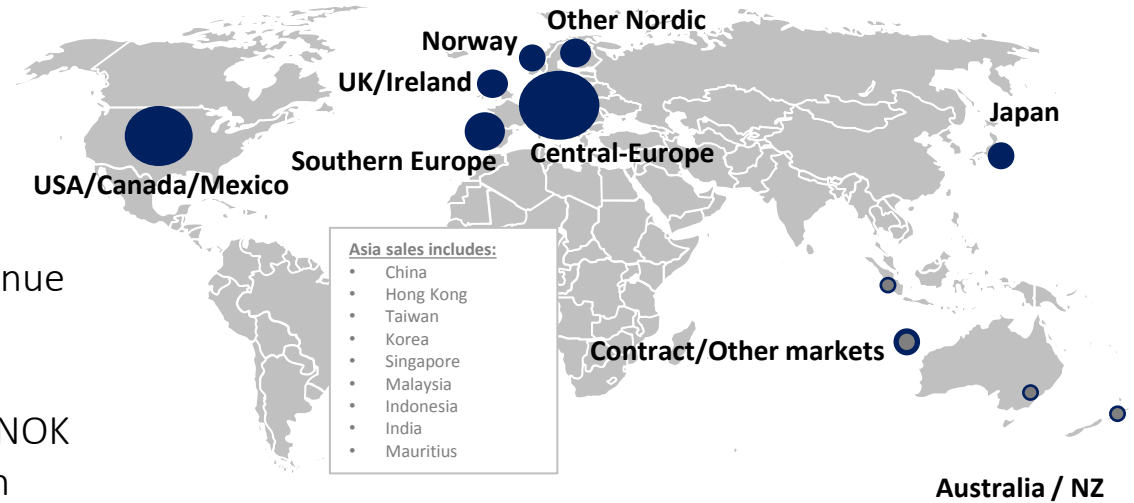
Operating revenue and operating margin



Mixed development, distribution strategy evolved

Q3 2015 vs Q3 2014:

- Continued positive revenue development in Norway and Central-Europe, but growth slowing
- Southern-Europe and UK revenue down
- Challenging in the U.S.
- Order reserve end of quarter NOK 150 million vs NOK 237 million



**Distribution
strategy evolved**

Main collection split into two separate collections to enable marketing via different channels and adding of distributors

Stressless®

New products launched in October – LegComfort™



LegComfort System™

EKORNES®

Stressless®

New products launched in October



Satisfactory production, but focus on improvement

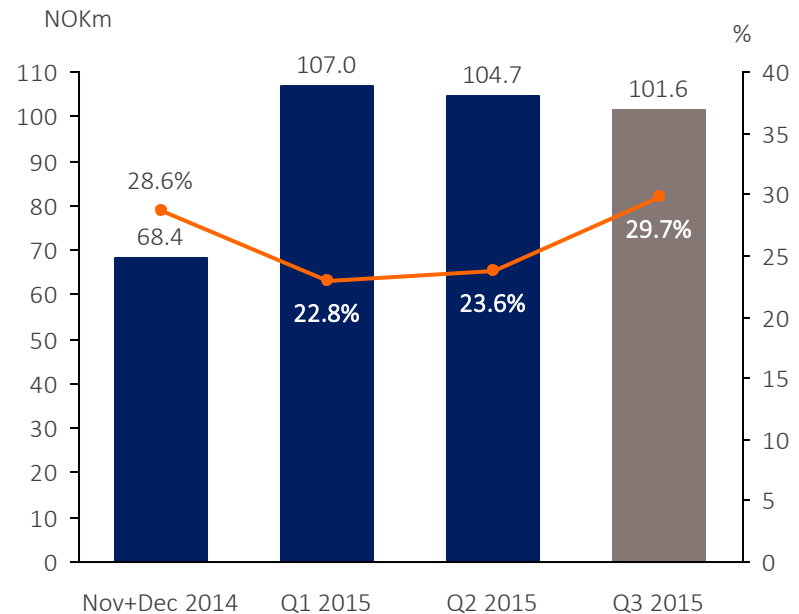
- 1 694 seats produced per day in Q3 2015
 - Up from Q2, down vs. 1 736 seats per day FY 2014. Lower production in October due to technical issues
- Production capacity at 1 750 seats per day
 - Dependent on product mix
 - New models to be introduced adding complexity
 - Focus on production efficiency measures
 - Low order reserve at the end of Q3



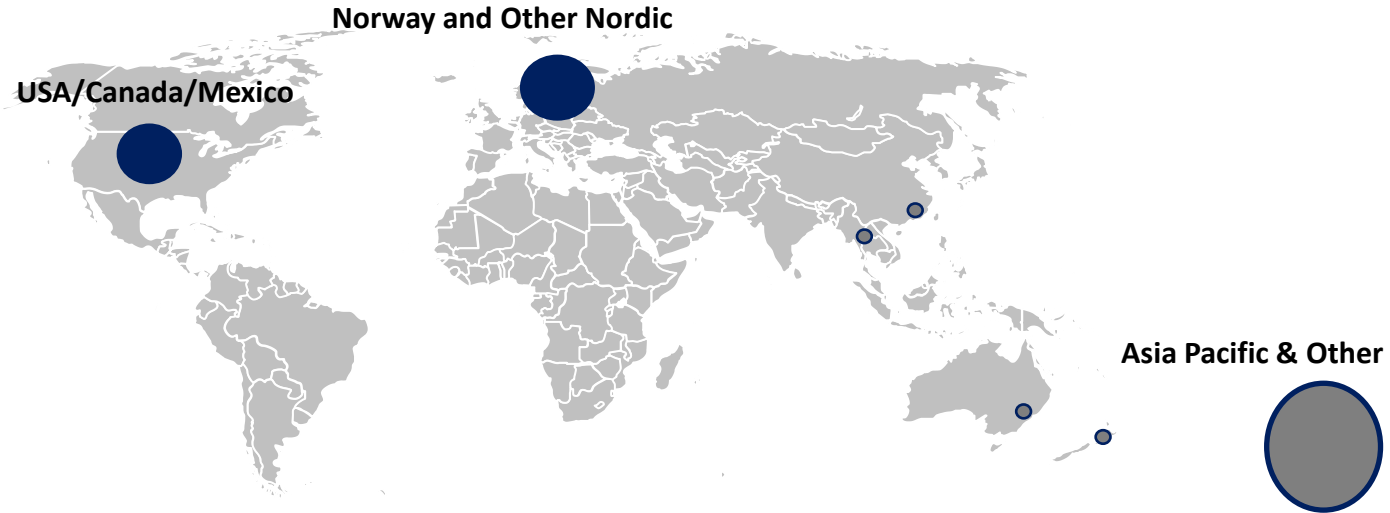
Performing above expectations

- Strong development for IMG
- Operating margin of 29.7% in Q3 exceeds expectations
 - Positive effect from raw materials
 - Increased prices
- Q3 sales slightly down from previous quarters

Operating revenue and operating margin



Market fluctuations

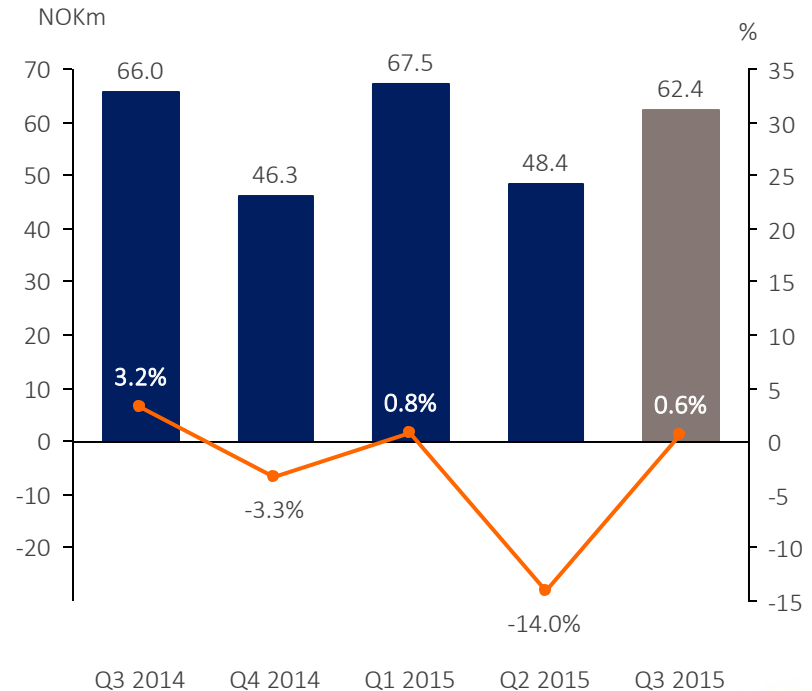


- Increase in Norway/Nordic and Australia
- US market down from a very strong Q2
- Efforts to launch IMG in Central Europe are ongoing, but will not have any impacts on 2015

Improvements but still challenging

- Decrease in revenue compared with Q3 2014, high level of competition in Norwegian market
- Operating margin down from Q3 2014, but improvements from Q2 this year

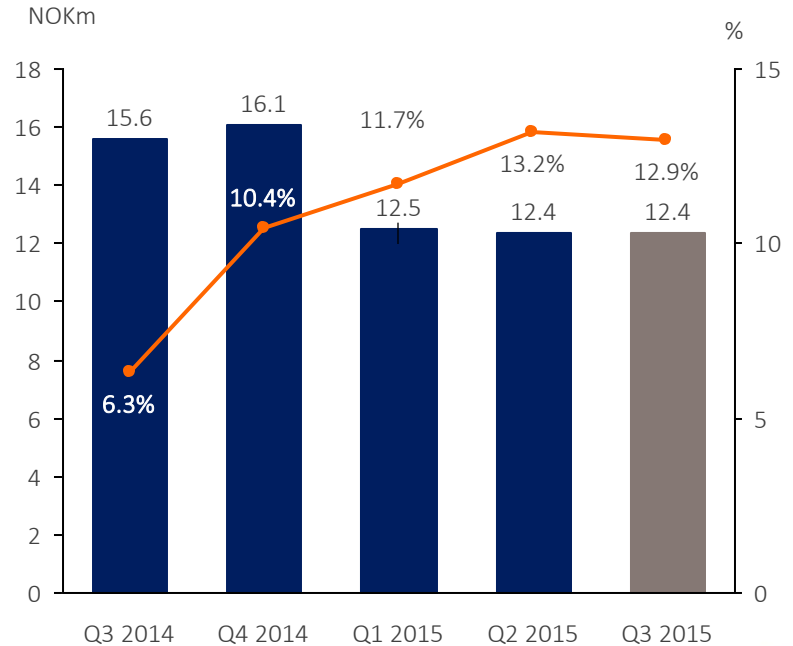
Operating revenue and operating margin



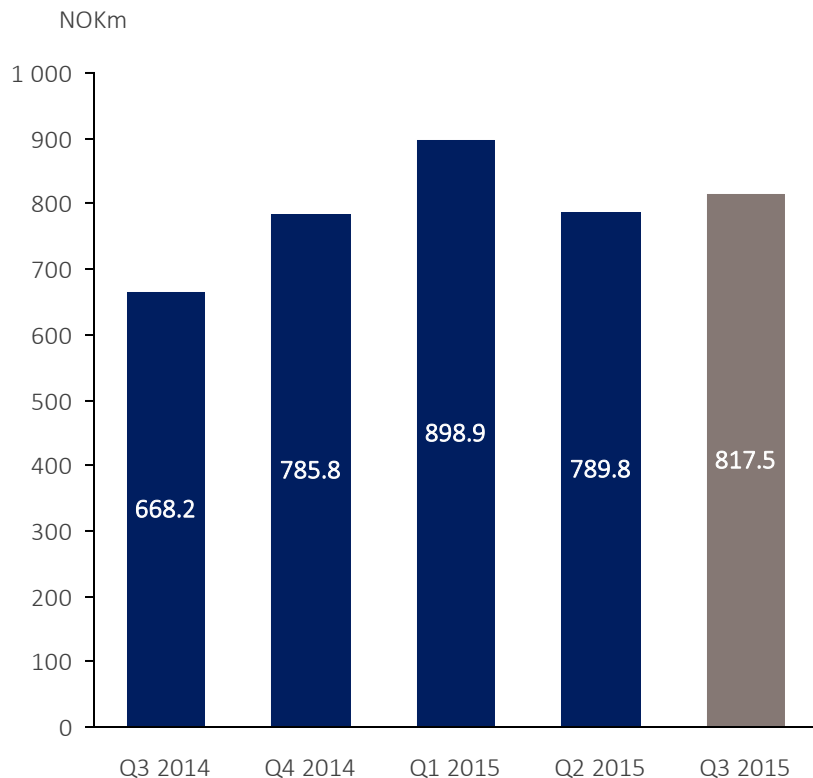
Decrease in revenue, increase in margin

- Decrease in operating revenue compared to Q3 2014
- Operating margin 12.9% in Q3

Operating revenue and operating margin



Operating revenue



- Operating revenue NOK 817.5 million in Q3, up NOK 149.3 million from Q3 2014
- Slight revenue increase in Stressless[®]-segment
 - Positive currency impact on revenue NOK 40 million
- Revenues IMG were NOK 101.6 million in Q3
 - Ekornes[®] acquired IMG with effect from November 1st 2014

Cost reduction program introduced in August 2015

Objectives

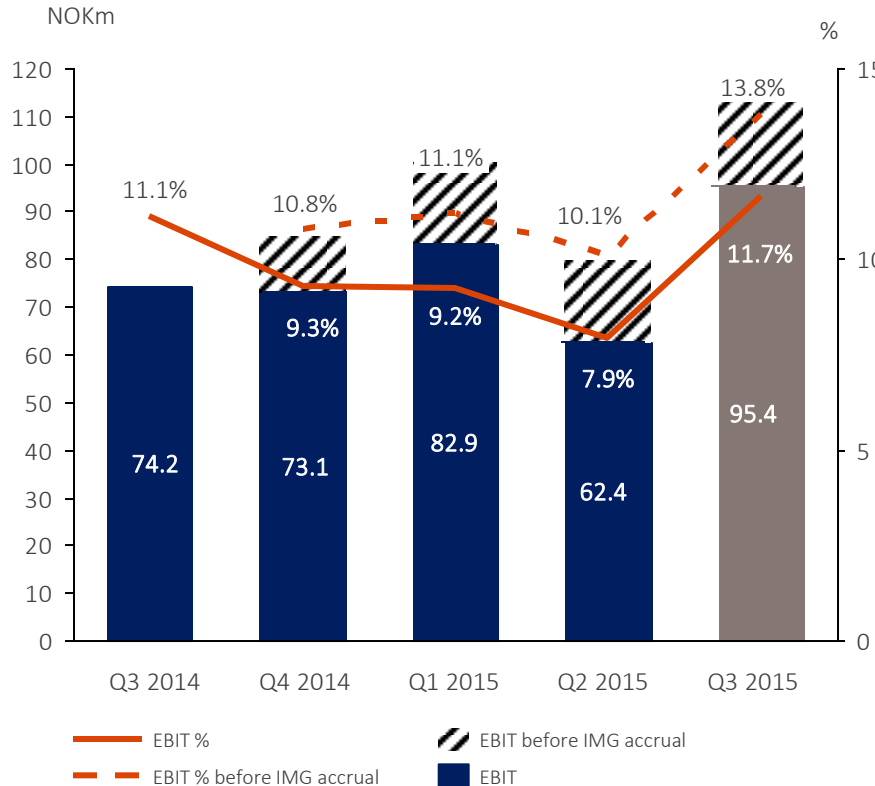
- Reduce cost base by NOK 150 million run-rate by end 2016
- Improve earnings
- Improve flexibility and ability for innovation and growth



Focus areas and progress

- All parts of Ekornes® include
- Main focus on Stressless® and Svane® segments
- Program initiated in August 2015 and progressing, but not expected to have impact on 2015

Operating earnings and operating margin

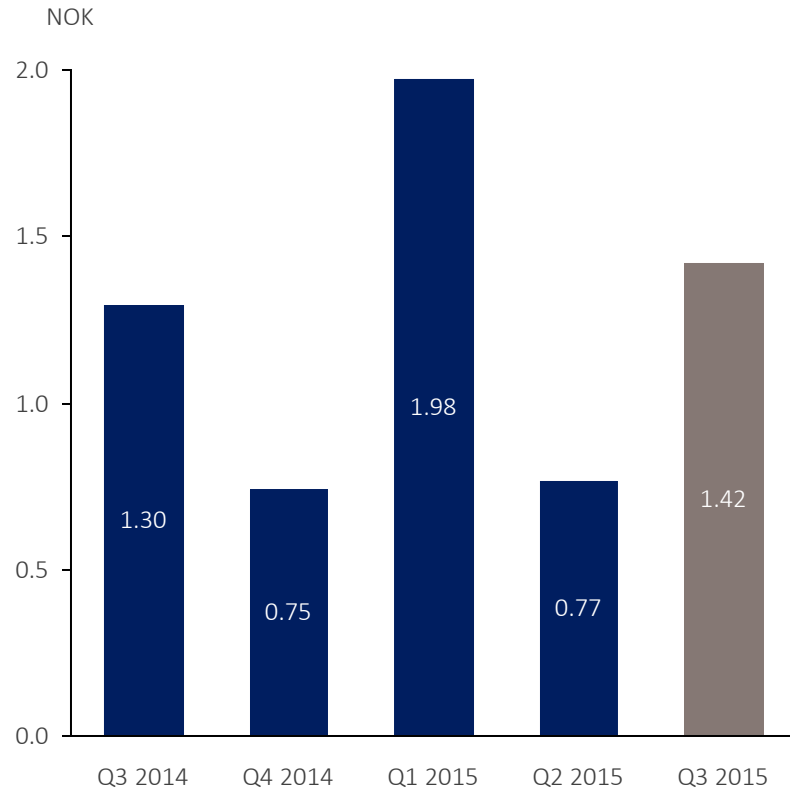


- 22.3% increase in operating revenue vs Q3 2014
 - 28.6% increase in earnings
 - 51.8% increase in earnings adjusted for IMG accruals
- IMG earnings at NOK 30.2 million, above expectations

Adjusted for IMG accrual the operating margin is up

- Contingent consideration purchase price IMG, accrual of NOK 17.3 million also in Q3, negative impact on operating earnings (IFRS) as expected
- Realization currency hedge in Q2 NOK -28.2 million, negative impact on operating earnings
- Accrual for employee bonus in Stressless[®]-segment in Q3, NOK 2.6 million, no bonus accrual in Q3 2014

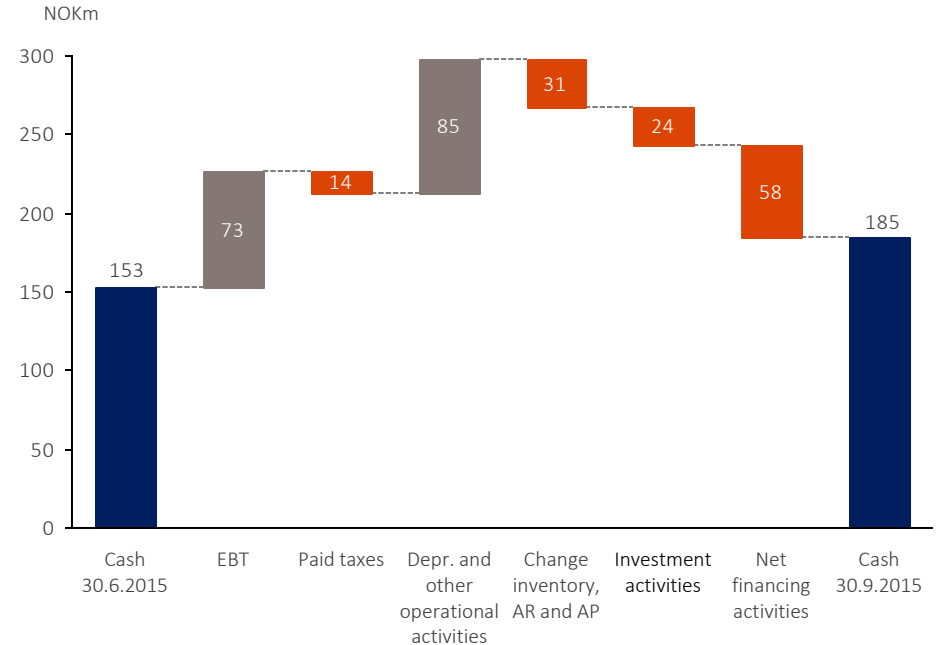
Earnings per share (EPS)



- Negative currency impact from translation of balance sheet items
- EPS NOK 1.42 in Q3, up from NOK 1.30 in Q3 2014

Cash flow

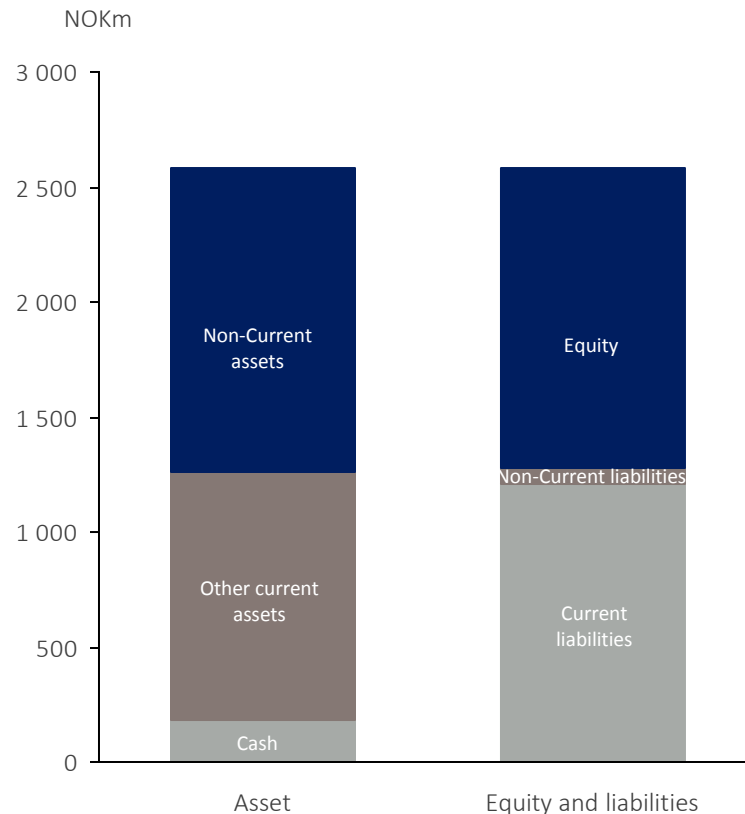
- Cash end of quarter NOK 185 million
- NOK 58 million decrease in short term debt in Q3
- NOK 24 million investment in Q3



Financial position

Compared to YE 2014:

- Short term interest bearing debt
NOK 458 million, up NOK 125 million
 - Well within covenants
 - Undrawn facilities close to
NOK 350 million
- Current liabilities, excluding short term
interest bearing debt, up
NOK 75 million
- Current assets, excluding cash, up
NOK 162 million
- Equity ratio 50.6%, down from 57.0%
 - 2014 dividend of NOK 147 million
paid in Q2
 - Decrease value forward contracts
NOK 136 million



Outlook and summary

Outlook

- Order receipts in October up vs. October 2014, order reserve behind October 2014
 - Order receipts up for Stressless®-segment, down for Svane®- and Contract-segment
 - IMG order receipts in line with expectations
- No planned capacity changes in Q4, order situation monitored
- Focus on productivity improvements within production

Summary

- Stable development in underlying operating revenue and margin
- Stressless® Q3 revenue up year-over-year, but order reserve low
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- Strong development for IMG
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Financial calendar

Feb 17 th 2016	Q4 presentation
May 4 th 2016	Q1 presentation
Jul 15 th 2016	Q2 presentation
Nov 7 th 2016	Q3 presentation

General assembly May 3rd (Ålesund)

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

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