

Q4 2015

Preliminary and unaudited

EKORNES ASA

February 17th 2016

The EKORNES logo is a dark blue rectangular box with the word "EKORNES" in white, bold, uppercase letters. The box is positioned in the bottom right corner of the slide, partially overlapping the white background and the blue image area.

EKORNES

Agenda

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

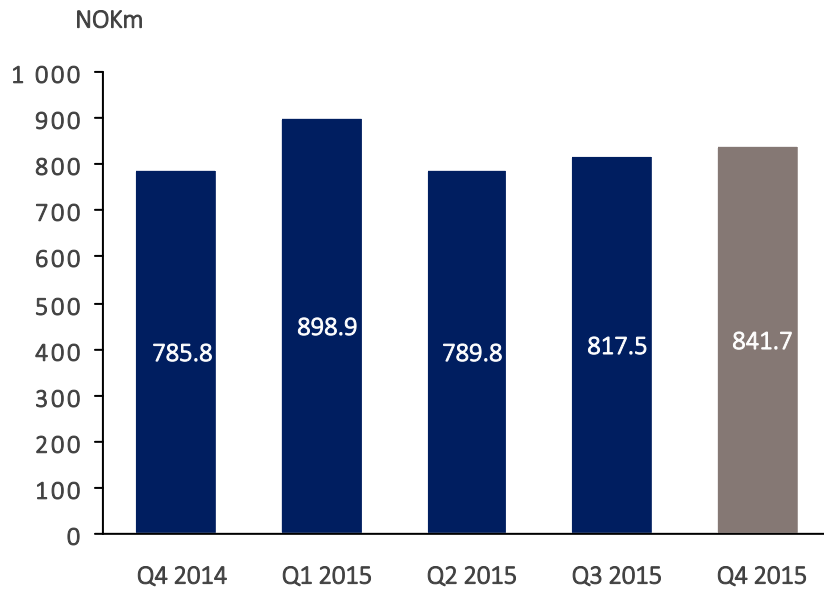
Highlights

- Record annual group revenues of NOK 3.3bn
- Q4 and FY 2015 revenue growth vs 2014 driven by IMG, currency and Svane[®]
- Low Q4 profitability reflects one-offs, production issues and sales
- Stressless[®] revenues stable, but low profitability and order book
- Strong results and development within IMG
- Svane[®] turnaround progresses positively

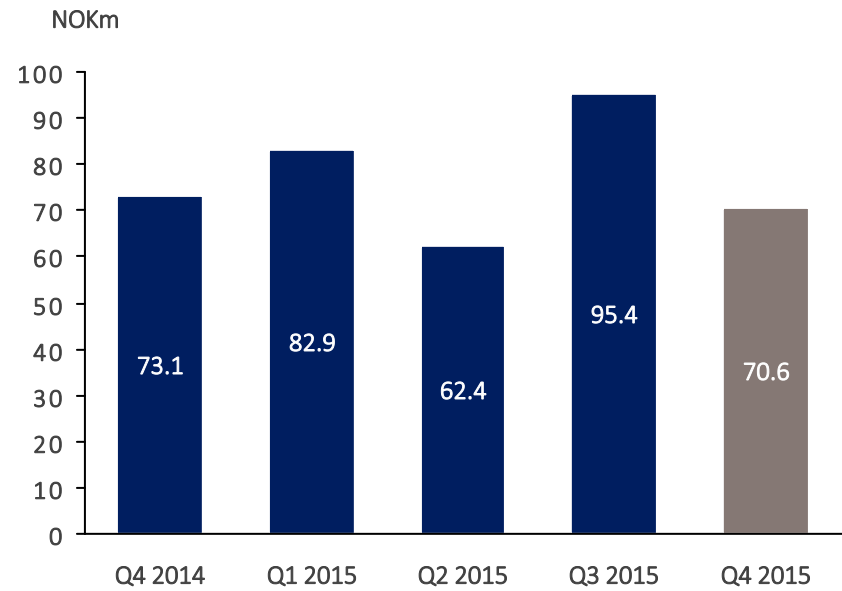


Financial results

Operating revenue

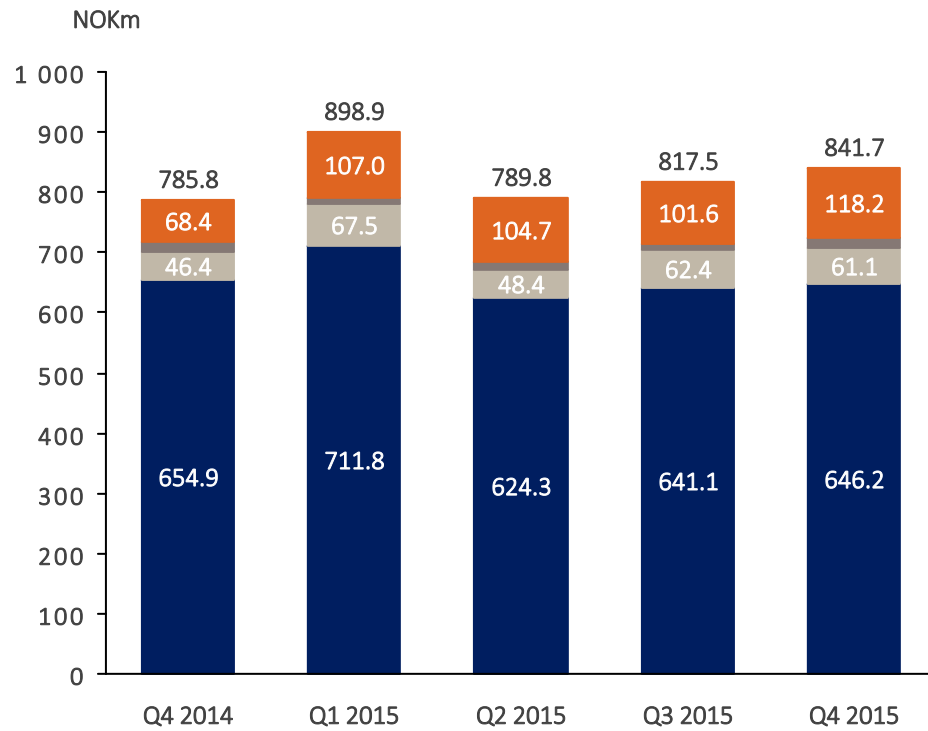


Operating earnings (EBIT)



Operational review

Segments – operating revenue



 IMG 

 Contract 

 Svane 

 Stressless   

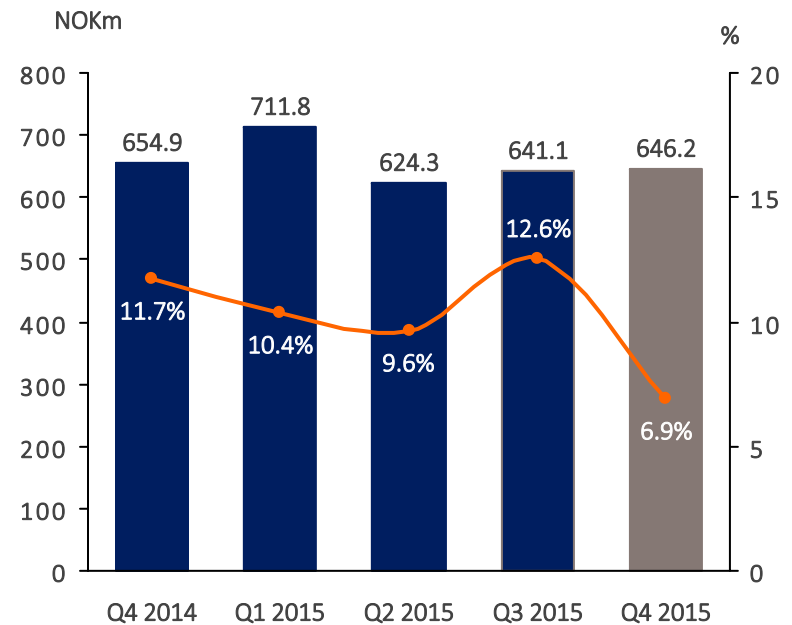


Stressless®

Stable revenues, quarterly margin level too low

- Slight increase in underlying annual sales, up NOK 55m to FY'15 revenue of NOK 2.6bn
- Margin decline due to extraordinary costs, weaker sales and production issues in Q4

Operating revenue and operating margin



EKORNES®

Stressless®

Production

- 1 643 seats per day in Q4, sequentially down from 1 694 per day in Q3
 - Production issues in October and December
 - Production of some of the new models launched in the autumn of 2015 started up in January
- 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 Q4, no plans to change production capacity in Q1, but monitoring situation

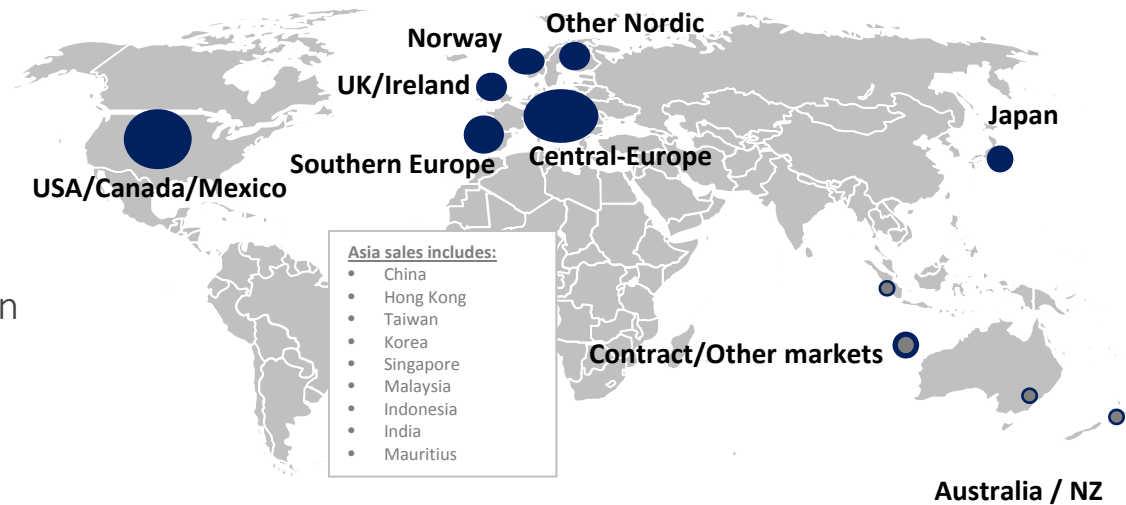


EKORNES®

Stressless®

Mixed market development

- Positive development in Norway during 2015
- Central-Europe stable development in 2015
- US, Southern-Europe and UK revenue down
- Distribution strategy evolved in H2'15, main collection split into two collections to enable marketing flexibility



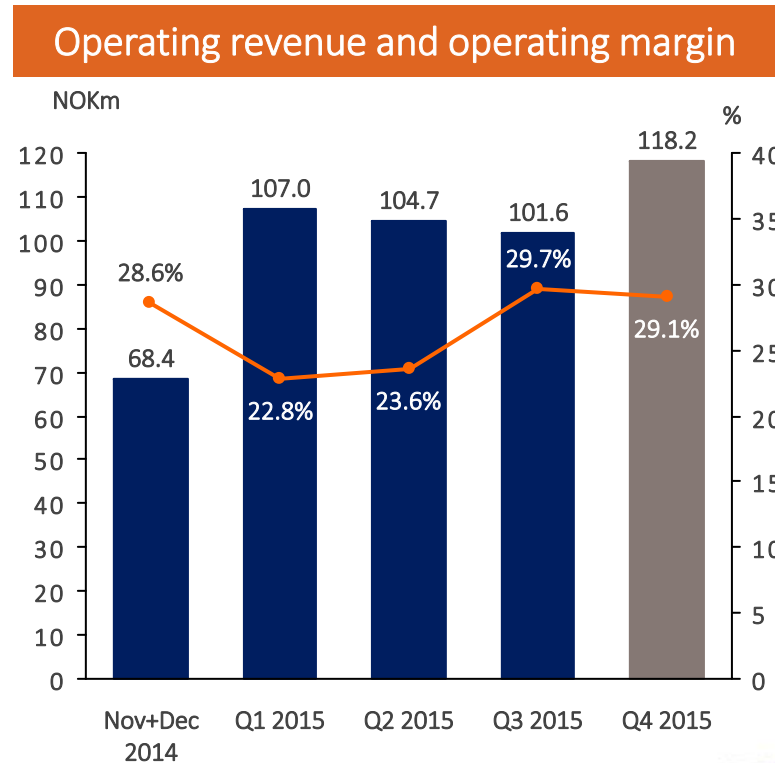
Stressless®



IMG

Strong performance continues

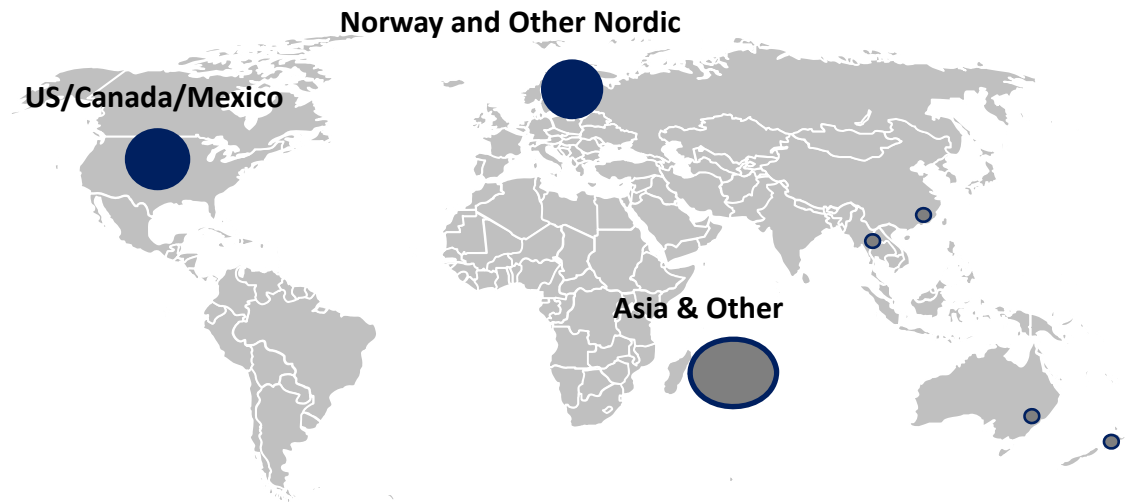
- Strong Q4 contributed to FY'15 revenue of NOK 431.5m
 - Good demand, further supported by currency effects
 - IMG part of the Ekornes Group since 1 November 2014
- Operating margin of 29.1% in Q4 exceeds expectations
 - Positive effect from raw materials
 - Increased prices



IMG

Market fluctuations

- Strong sales in Norway, Sweden, US, Australia and New Zealand
- Sales in Denmark and certain Asian markets weaker
- IMG being introduced in Central Europe, initial orders received
- New products and concepts on sale in stores in several markets from Q2/Q3 2016

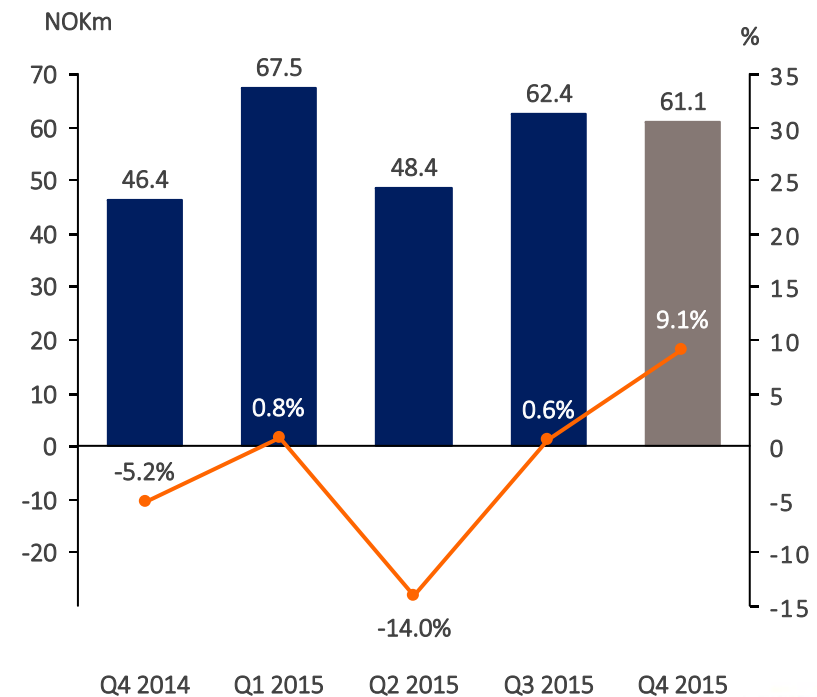


Svane®

Svane turnaround progresses positively

- FY'15 revenues NOK 239.5m, up NOK 15.2m
- Break even in 2015, operating loss of NOK 0.3m
- Improvement in operating performance due to increased sales revenues and value-chain efficiencies
- Further improvement needed

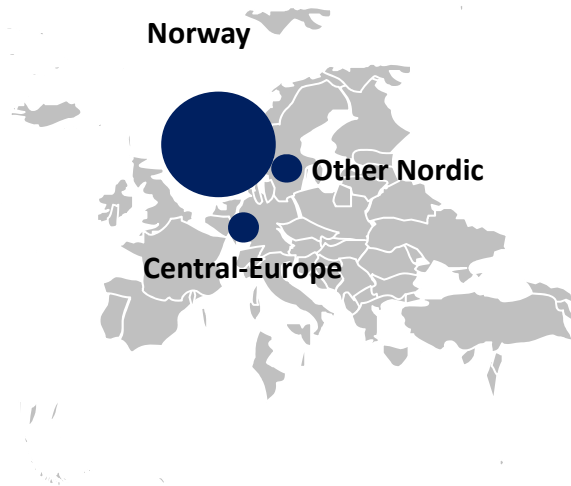
Operating revenue and operating margin



EKORNES®

Svane®

Positive market developments in Q4



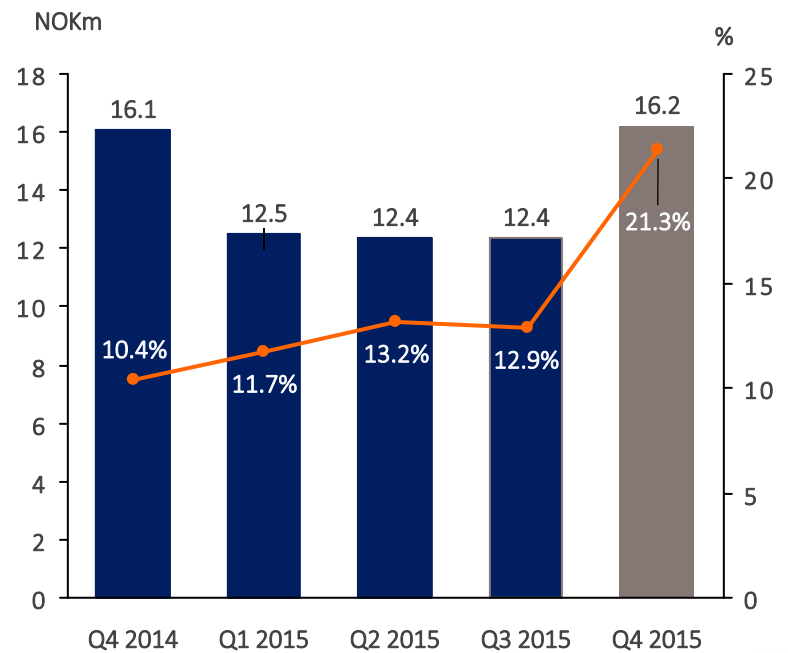
- After a difficult spring and summer, good progress was made in all markets in the fourth quarter.
- Sales grew in Germany/Switzerland and Finland in 2015 as a whole.
- Operating revenues in Norway in 2015 were on a par with the year before.

Ekornes® Contract

Decrease in revenue, increase in margin

- FY'15 revenue NOK 53.5m, down NOK 16.6m vs '14
 - Shipping market weak
 - Positive sales pick-up within hotel and office distributors towards end of 2015
- Improved margins due to cost cuts

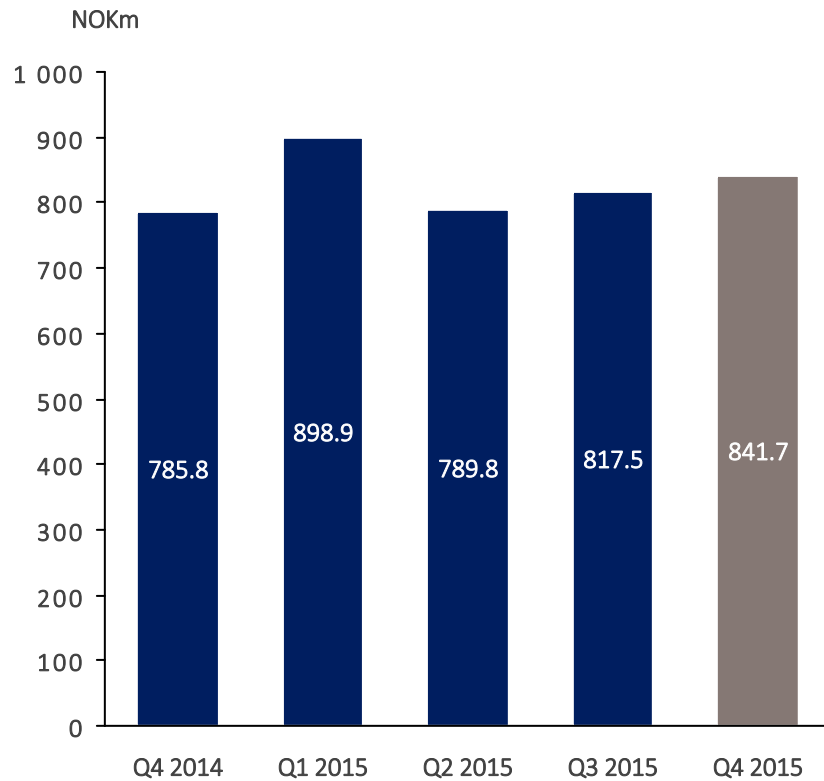
Operating revenue and operating margin



Financial results

(preliminary and unaudited)

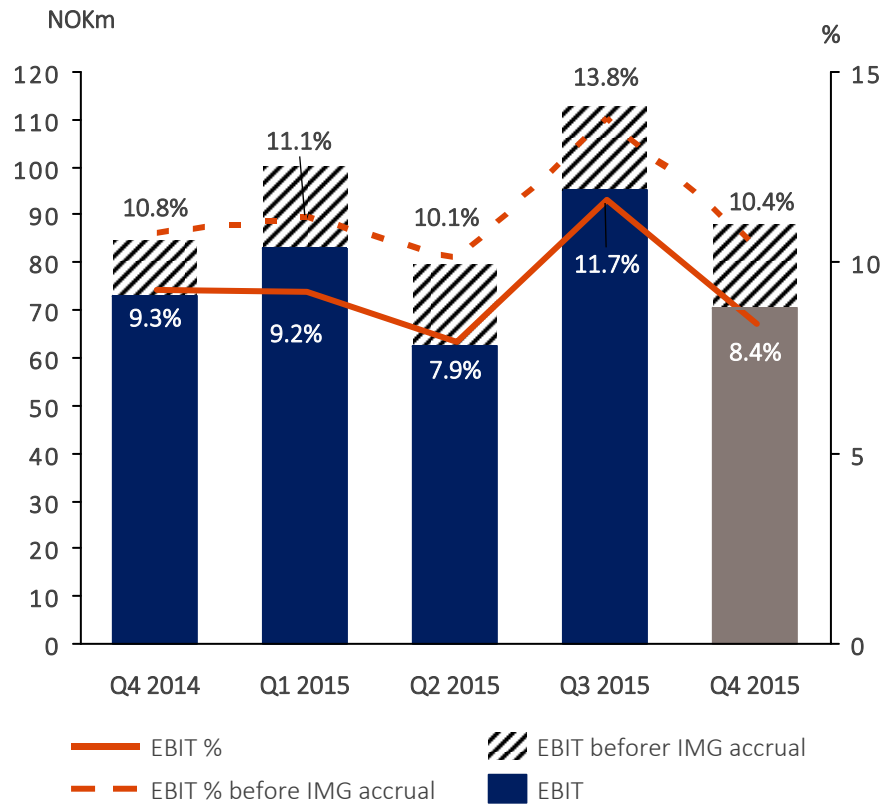
Operating revenue



- Q4 revenue up NOK 55.9m from Q4 2014
 - Growth driven by IMG (included from 1 Nov 2014), currency and Svane[®]
 - FY'15 revenue of NOK 3.3bn, up NOK 590m



Operating earnings and operating margin



- EBIT-margin at 8.4%
 - 10.4% adjusted for IMG accruals
- Stressless[®]-margins affected by lower efficiency in production
- Positive development in other segments



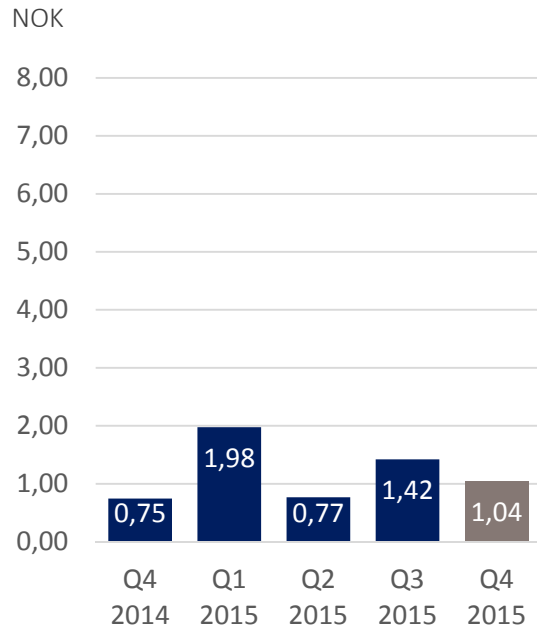
Adjusted for IMG accrual the operating margin is up

- Contingent consideration purchase price IMG
 - Accruals of NOK 17.3 million
 - Negative impact on operating earnings (IFRS) in line with expectations
- Realization currency hedge in Q4 NOK -34.6 million, negative impact on operating earnings
- Stressless®-segment below 10% in 2015
 - No employee-bonus
 - Release of accrual made end of Q3 of NOK 7.8 million. 2014 bonus cost of NOK 10.5 million charged in Q4 2014
- Extraordinary costs linked to ongoing cost reduction program of NOK 18 million

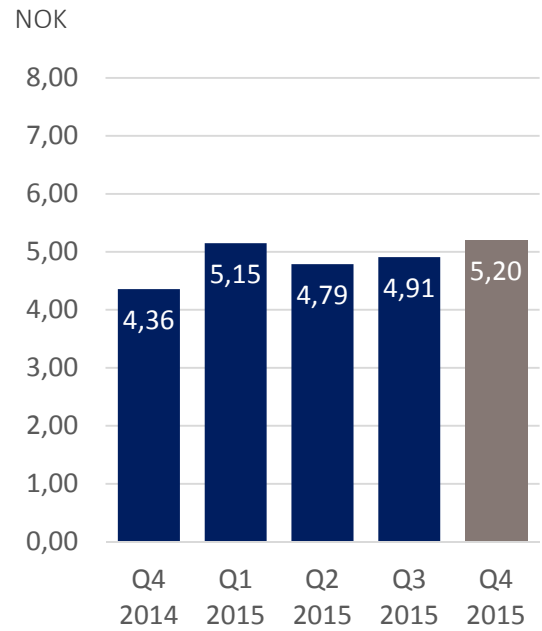


Earnings per share

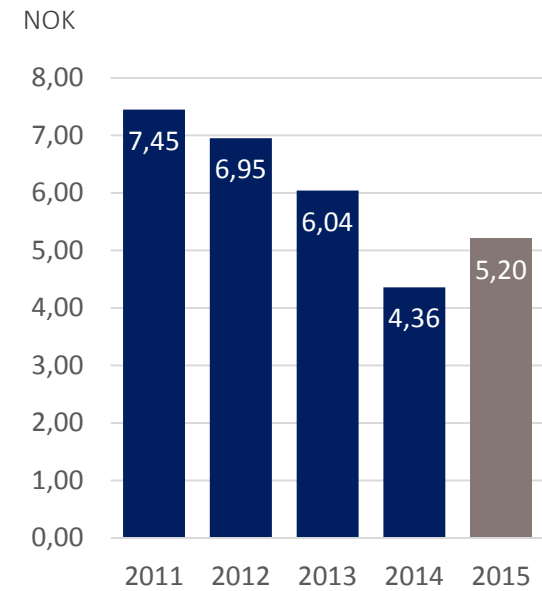
Per quarter



Per quarter 12 months rolling

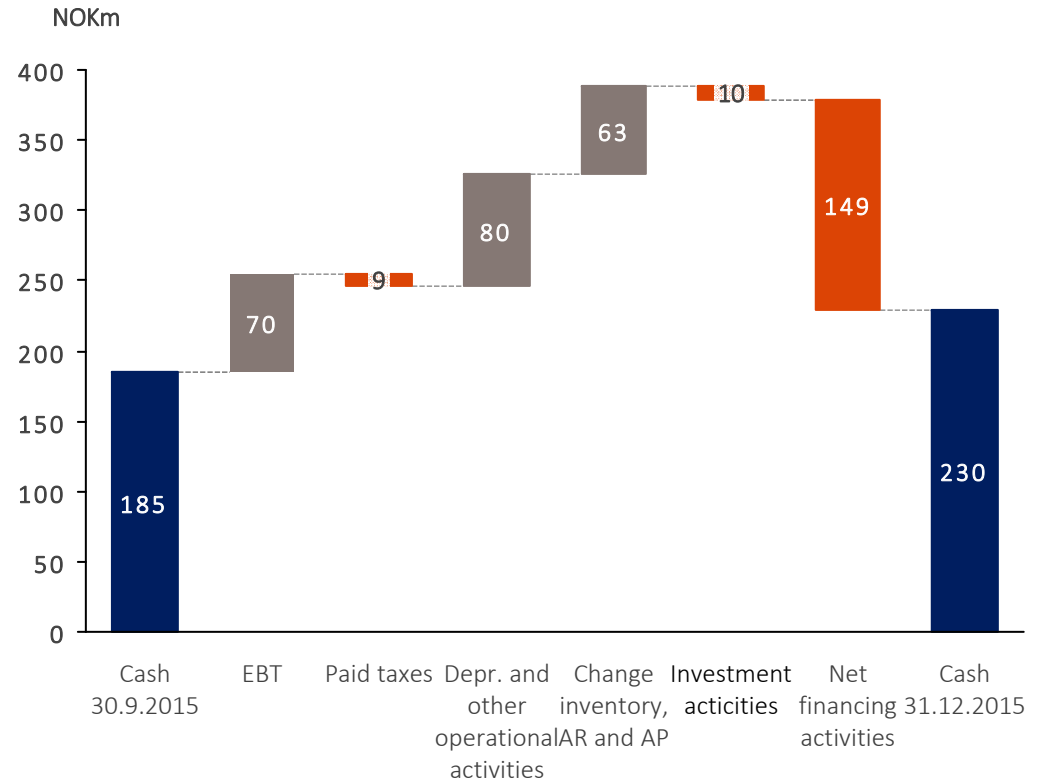


Full year



Cash flow

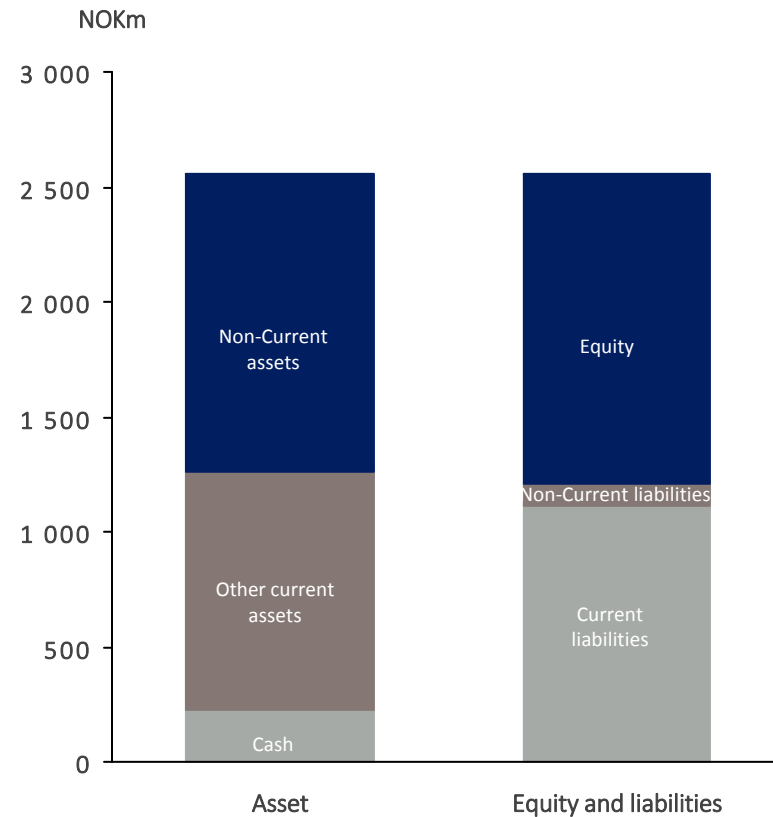
- Decrease working capital mainly due to increase in current liabilities
- NOK 149 million decrease in short term debt in Q4. Down NOK 22.4 million in 2015
- Q4 investments at moderate NOK 10 million
- Full year 2015 investments of NOK 117.6 million, includes acquisition of IMG Inc. -net 24.7 million



Financial position

Compared to YE 2014:

- Short term interest bearing debt NOK 308.7 million, down NOK 24.4 million
 - Well within covenants
 - Undrawn facilities close to NOK 350 million
- Current liabilities, excluding short term interest bearing debt, up NOK 136.5 million
- Current assets, excluding cash, up NOK 68.3 million
- Equity ratio 52.7%, down from 57.0%
 - 2014 dividend of NOK 147 million paid in Q2
 - Decrease value forward contracts NOK 136.5 million



Outlook and summary

Outlook

- Order receipts in January down vs. January 2015, order reserve behind January 2015 both for Stressless® and IMG reflecting increased uncertainty
 - January 2015 was strong for all segments
 - Good order situation for Svane®
- No planned capacity changes in Q1, order situation monitored
- Cost reduction programme ongoing



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Financial calendar

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

General assembly May 3rd (Ålesund)

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

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