

A woman with blonde hair, wearing a light blue sleeveless dress and white high-heeled sandals, is walking across a modern living room. She is holding a small yellow object in her hands. The room features a large window with a view of a lake and mountains, a black sofa with white cushions, a black armchair, and a patterned rug. The ceiling has a skylight. The text 'Q1 2016' is displayed in orange in the upper right corner.

Q1 2016

EKORNES ASA

May 4th 2016

Agenda

- Highlights
- Operational review
- Financial review
- Summary and outlook

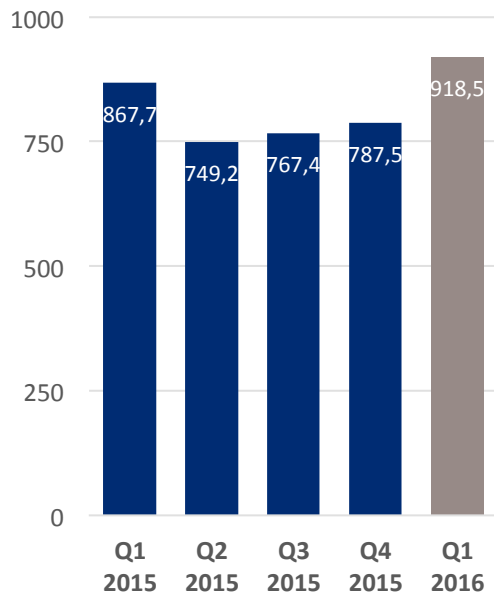
Highlights

- Record first quarter revenues of NOK 918.5m
- YoY quarterly revenue growth driven by currency and Svane[®]
- Hedge accounting discontinued, improving margins
- Stressless[®] revenues stable, low order book
- Stable development within IMG
- Strong results and development within Svane[®]

Financial results

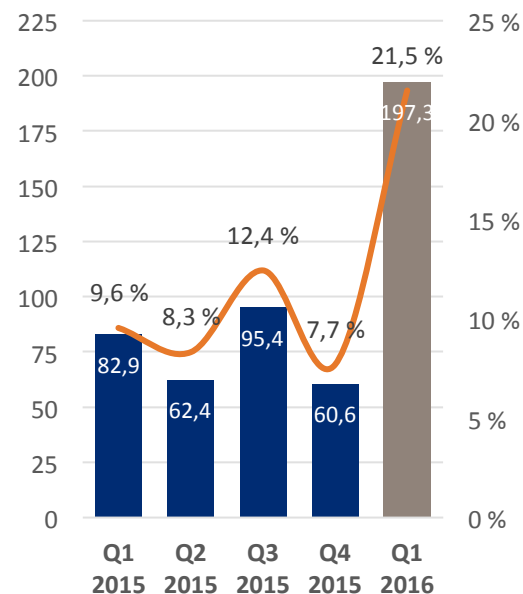
Operating revenues

NOK million



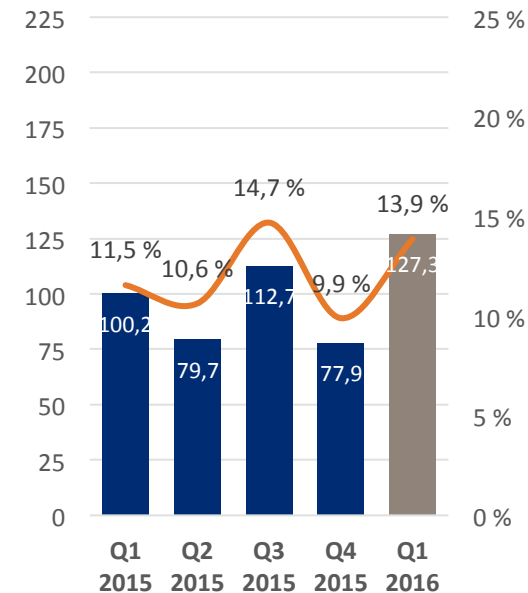
Reported EBIT & margin

NOK million



Adjusted EBIT & margin

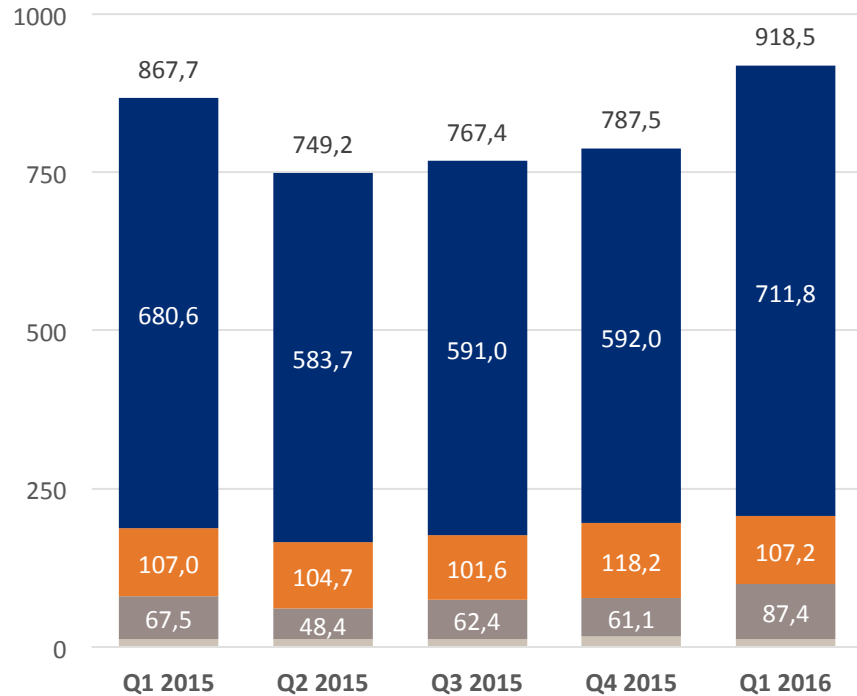
NOK million



Operational review

Segments – operating revenue

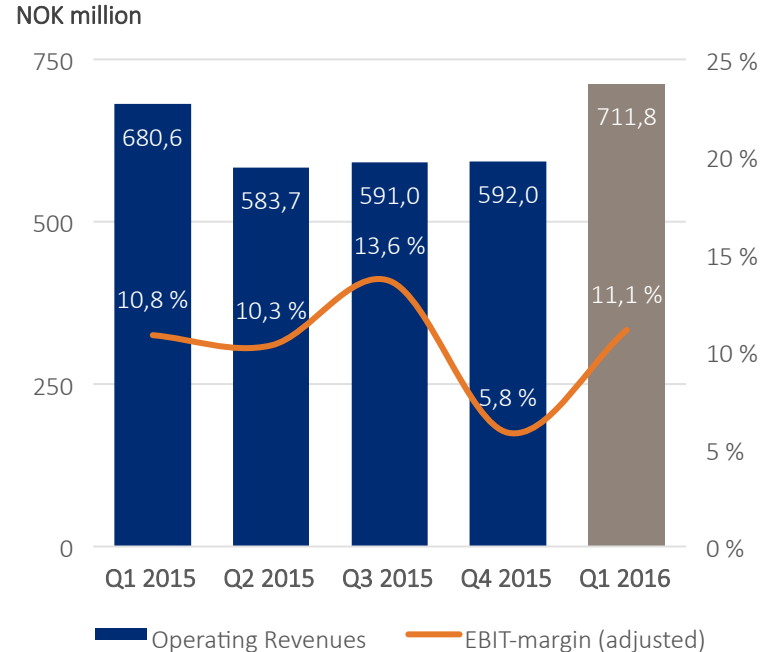
NOK million



Stable revenues, small improved margin level

- Stable quarterly revenue development when adjusting for currency effects and non-hedge accounting
- Slight improvement in adjusted EBIT margin

Operating revenue and EBIT-margin (adj)



Stressless®

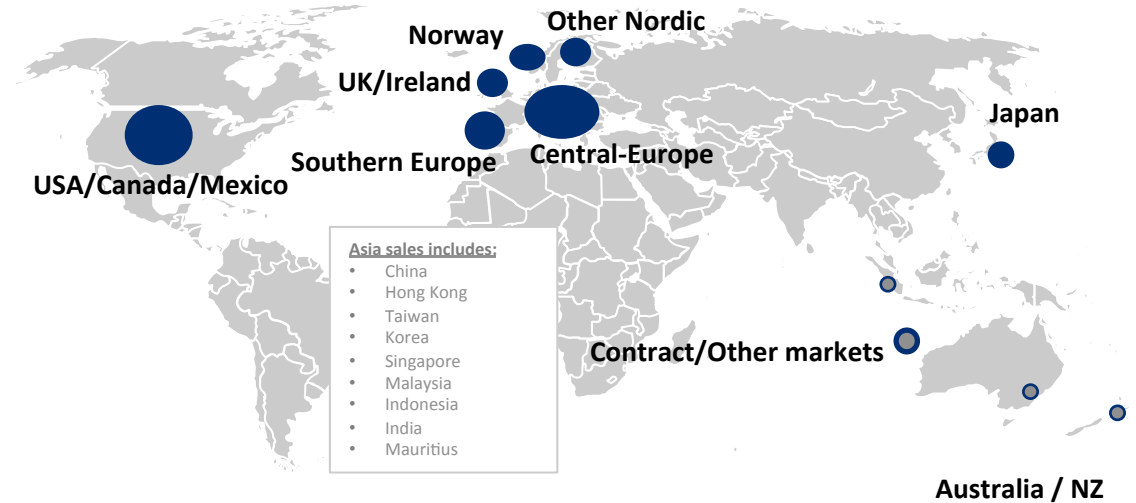
Production

- 1 653 seats per day in Q1, sequentially up from 1 643 per day in Q4
 - 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



Mixed market development

- Stable development in most markets
- Distribution strategy evolved in H2'15, main collection split into two collections to enable marketing flexibility



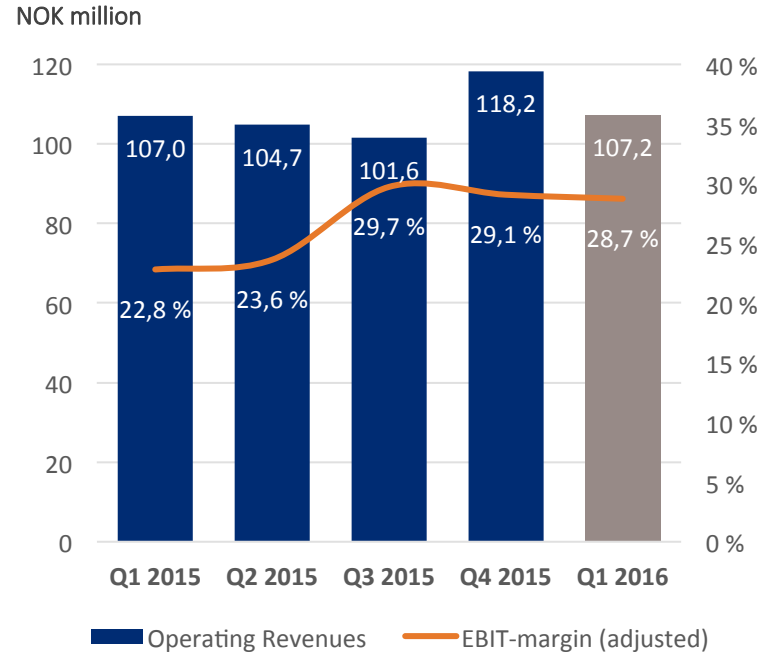
Stressless®



Stable development in revenues, increased margin

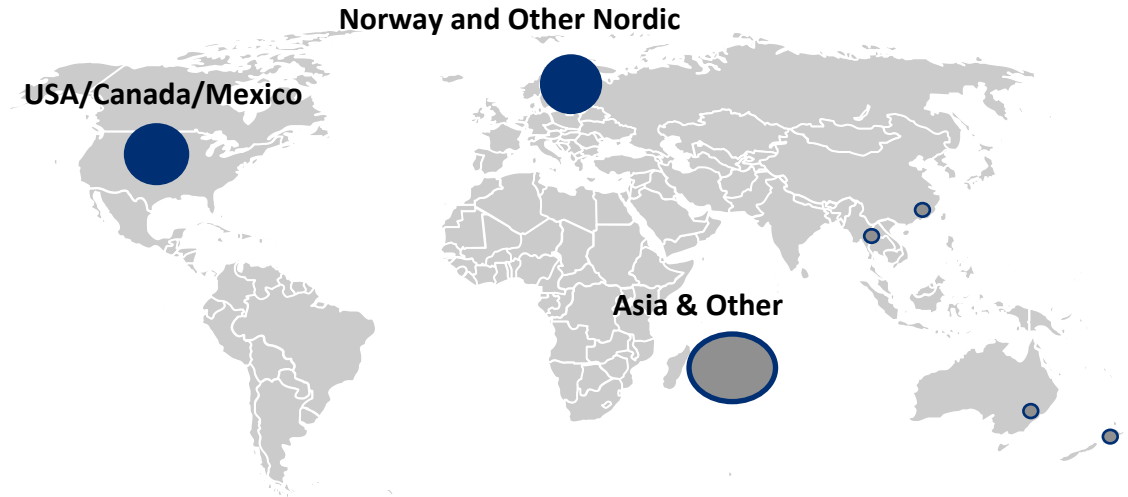
- Operating revenues in 1Q were on a par with the year before
- Operating margin of 28.7% in Q1, up from Q1 2015 due to
 - Positive effect from raw materials
 - Change in product mix

Operating revenue and operating margin



Market fluctuations

- Increased sales in Sweden, USA, Australia and New Zealand
- Sales in Norway and Canada markets weaker
- Low activity in Central Europe

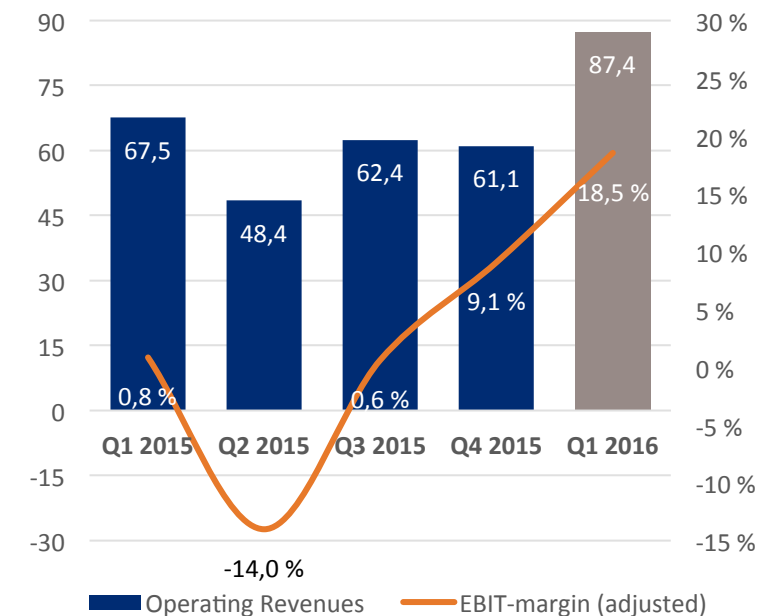


Positive performance continues

- Q1 revenues NOK 87.4m, up NOK 19.9m.
- Operating margin of 18.5 % in Q1. Improvement in operating performance due to increased sales revenues and value-chain efficiencies
- Q1 is normally a strong quarter for the segment

Operating revenue and operating margin

NOK million



Positive market developments in Q1

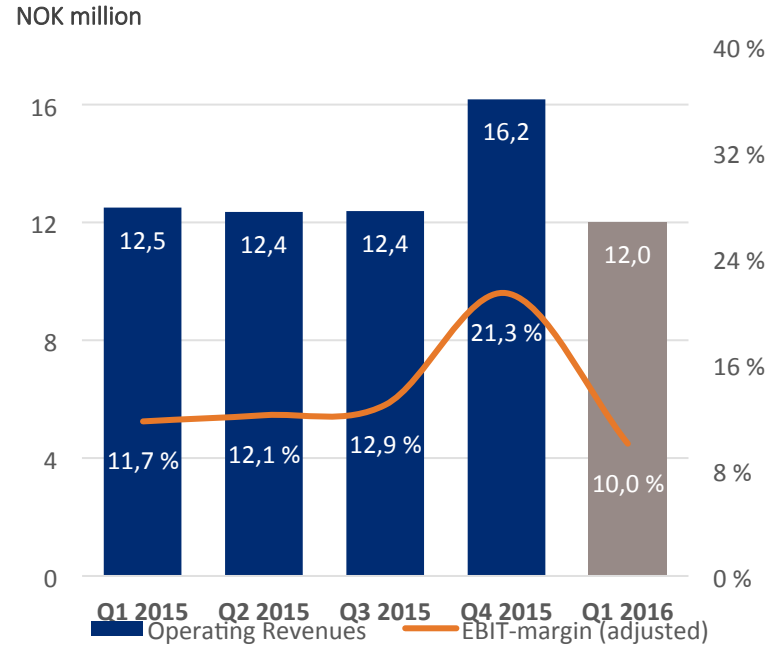


- Higher revenue in almost all markets in the first quarter.
- Stable development in Germany

Slightly negative development

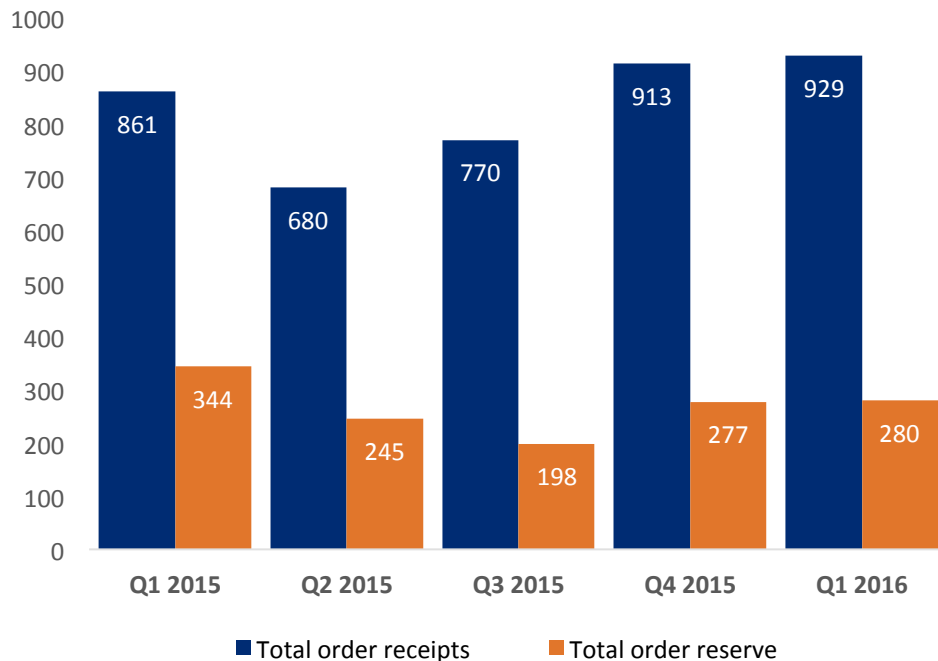
- Q1 revenue NOK 12m, down NOK 0.5m vs '1Q 15
 - Shipping market weak
- Slight decrease in margins

Operating revenue and operating margin



Total order receipts and reserve

NOK million



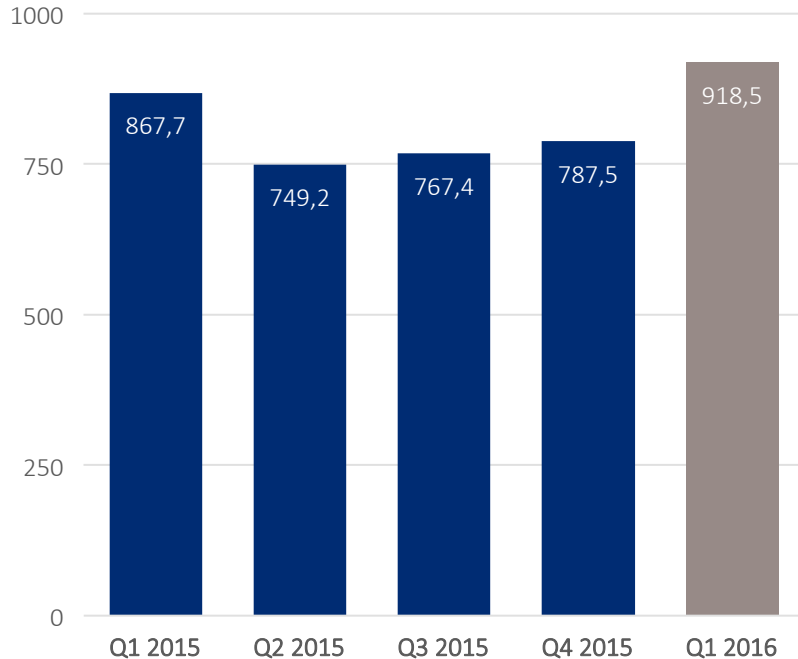
- Order receipts NOK 929m, up NOK 68m vs Q1'15
 - Stressless® down, IMG slightly up and Svane up
- Total order reserve NOK 280m, down NOK 64m vs. Q1'15
 - Stressless® down, IMG up
- No planned capacity changes in Q2, order situation monitored

Financial results

(preliminary and unaudited)

Operating revenue

NOK million



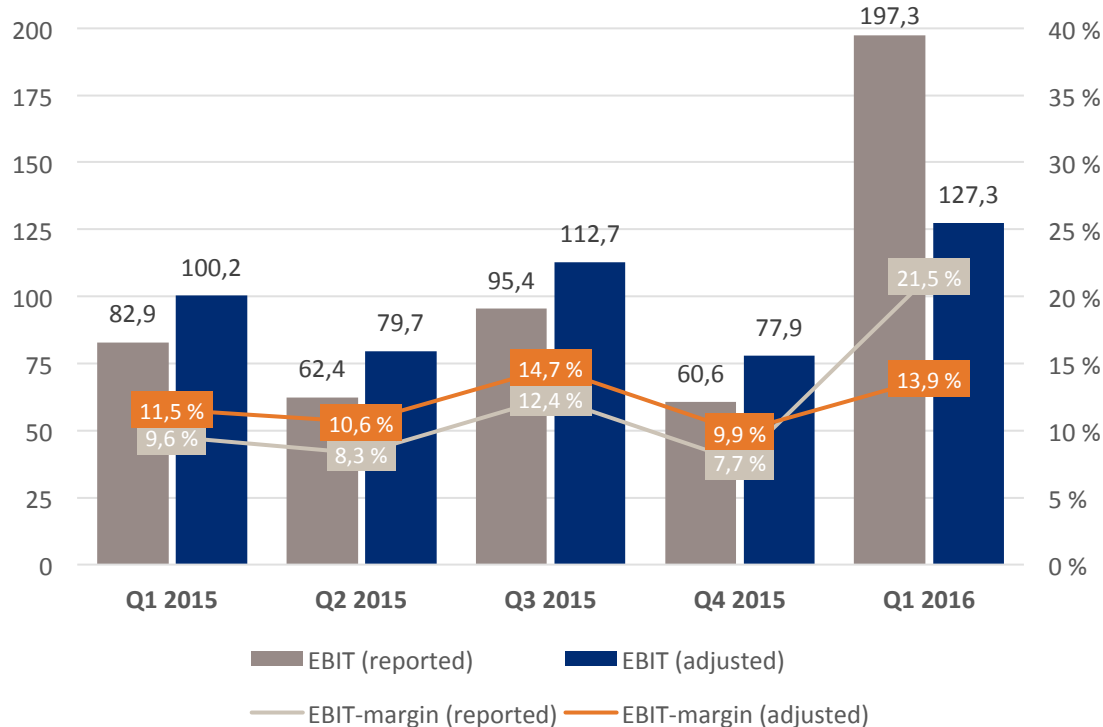
- Q1 revenue up NOK 50.8m from Q1 2015
 - Growth driven by Stressless (currency) and Svane
 - IMG and Contract on par with 1Q 2015
 - Negative currency effects of NOK 44m from realized hedging contracts

Hedge accounting discontinued

- As part of efforts to improve effectiveness, hedge accounting is discontinued from Q1'16
- Value change for unrealized hedge contract will from Q1 2016 be reported as a part of the EBIT.
 - In addition adjusted EBIT will be included in reports and presentations.
 - Adjustments; contingent consideration IMG and change in unrealized hedge contracts

Operating earnings and operating margin

NOK million



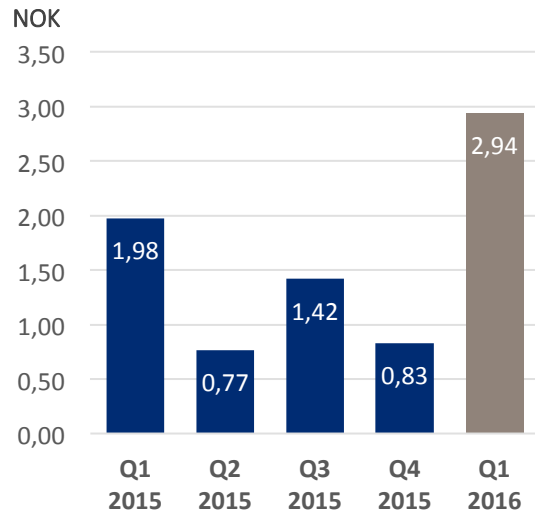
- EBIT-margin at 21.5 %
 - 13.9% adjusted for IMG accruals and change in value of cash flow hedging
- Margins affected by positive development in Svane and IMG

Increase in adjusted operation margin

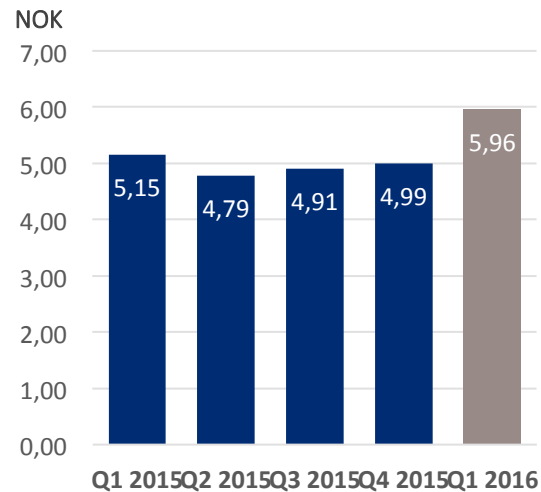
- Contingent consideration purchase price IMG
 - Accruals of NOK 17.3m, same as in Q1 2015
 - Negative impact on operating earnings (IFRS) in line with expectations
- Realization currency hedge in Q1 of a negative NOK 44m, with negative impact on operating earnings
- Stressless[®]-segment above 10% in Q1
 - Employee-bonus - accrual made end of Q1 of NOK 2.6m

Earnings per share

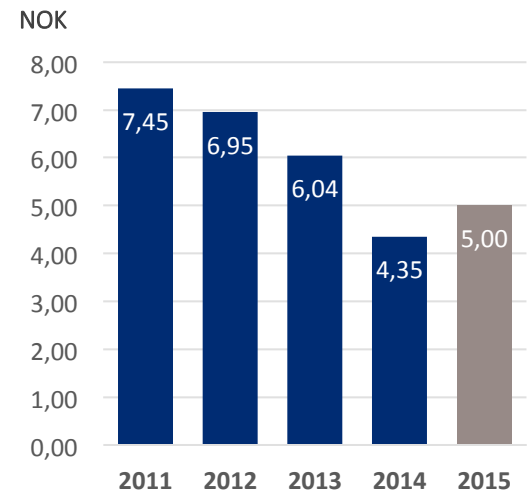
EPS per quarter



EPS 12 months rolling



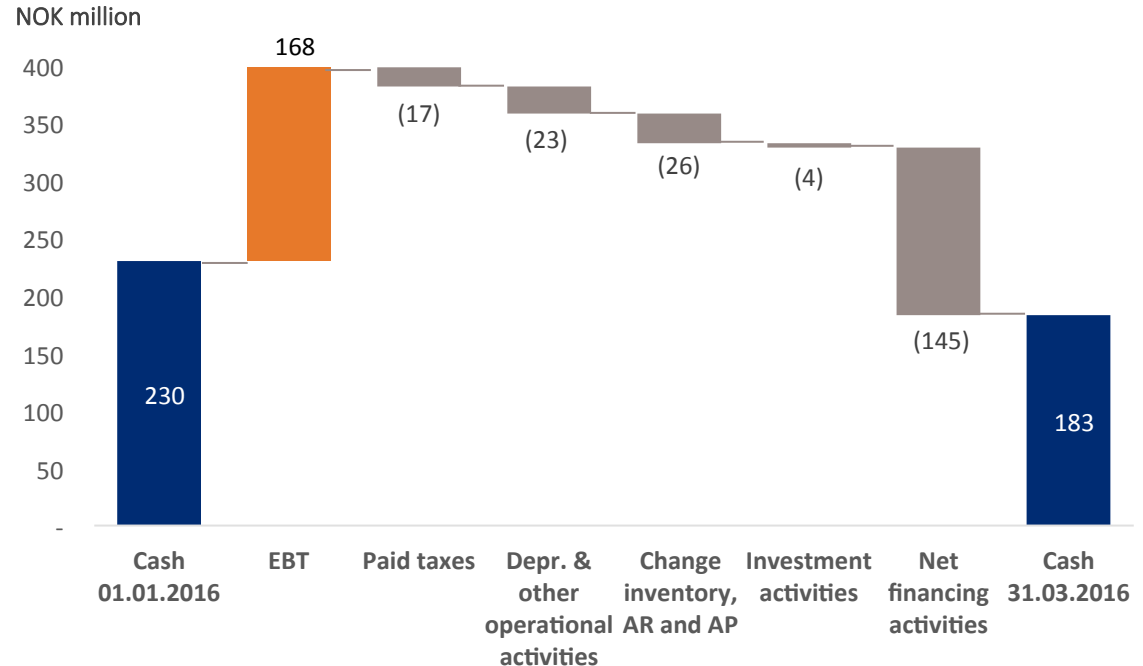
EPS per year



- Improvement in EPS Q1 2016 mainly due to end currency hedge

Cash flow

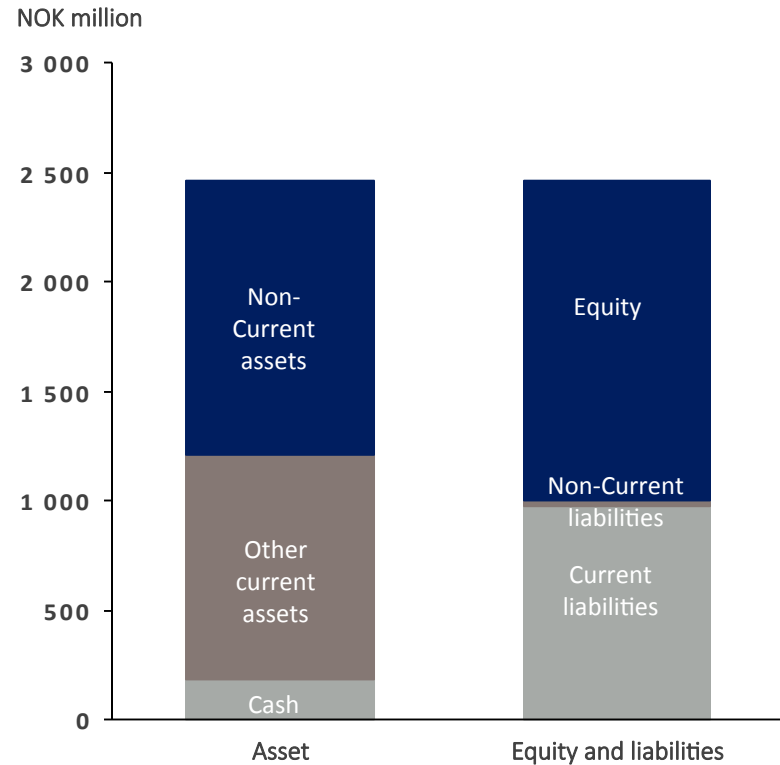
- Decrease working capital mainly due to decrease in current liabilities
- NOK 145m decrease in short term debt in Q1. Down NOK 22.4m in 2015
- Q1 investments at low NOK 3.8m



Financial position

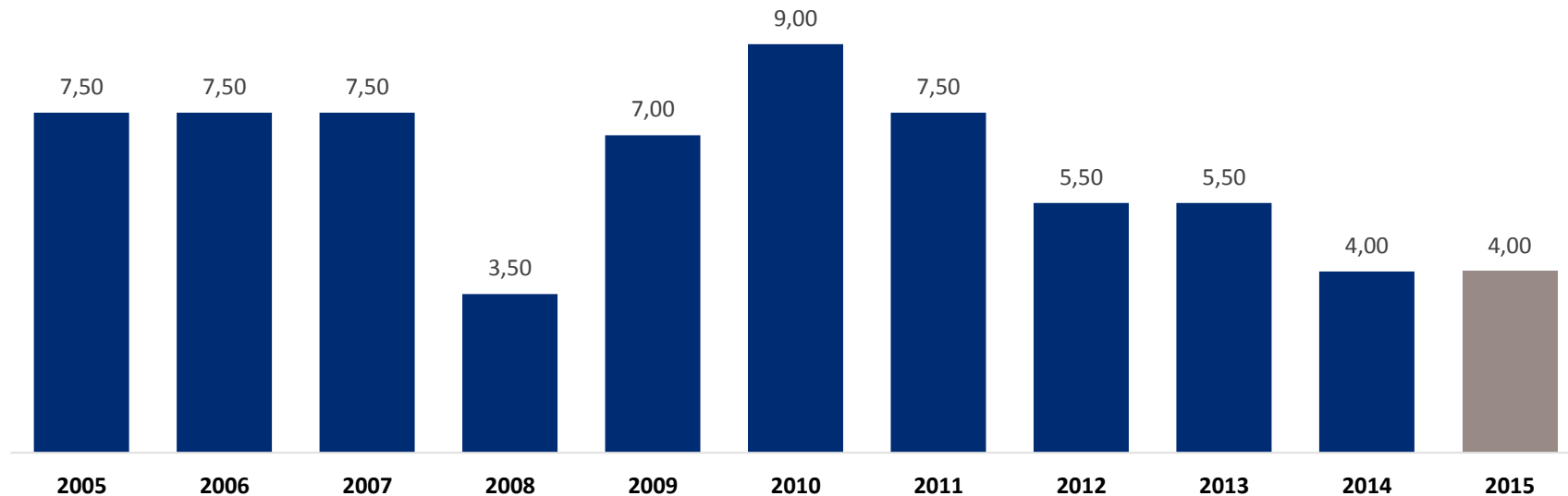
Compared to YE 2015:

- Short term interest bearing debt NOK 164m, down 144.7m
 - Well within covenants
 - Undrawn facilities close to NOK 500m
- Total non-current liabilities decreased to 98.1m. Contingent consideration regarding IMG classified as current liabilities from 1Q
- Current assets, excluding cash, up NOK 4.1m
- Equity ratio 59.6%, up from 52.3%
 - 2015 dividend of NOK 147m will be paid in Q2 2016
- Increase value forward contracts NOK 135.6m



Dividend

NOK per share



Summary and outlook

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- Record first quarter revenues of NOK 918.5m
- YoY quarterly revenue growth driven by currency and Svane
- Hedge accounting discontinued, improving margins
- Stressless® revenues stable, but low order book
- Stable development within IMG
- Strong results and development within Svane
- Focus on cost and production effectiveness, and sales and marketing development

Financial calendar

Jul 15th 2016 Q2 presentation

Nov 7th 2016 Q3 presentation

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