



Q1 2017

EKORNES

May 4th, 2017



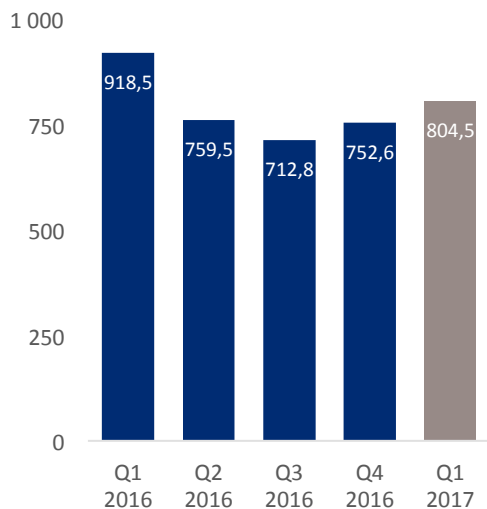
Highlights

- Year-over-year quarterly revenues down by 12.4%, due to revenue periodization, delivery constraints in Stressless® Sofa from planned reorganizing and low sales in Svane®
- Order receipts in Q1 2017 in line with Q1 2016
- Continued strong cash flow
- Ordinary dividend of NOK 6.00 per share to be paid in May
- Strong financial position and optimization of financial structure enables special dividend of NOK 19.00 per share to be paid in September

Financial results

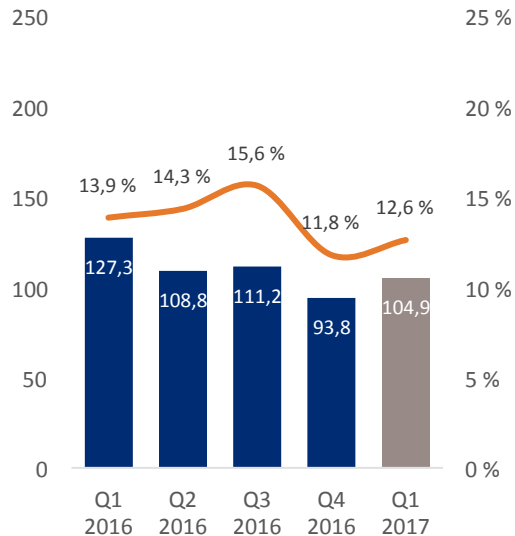
Operating revenues

NOK million



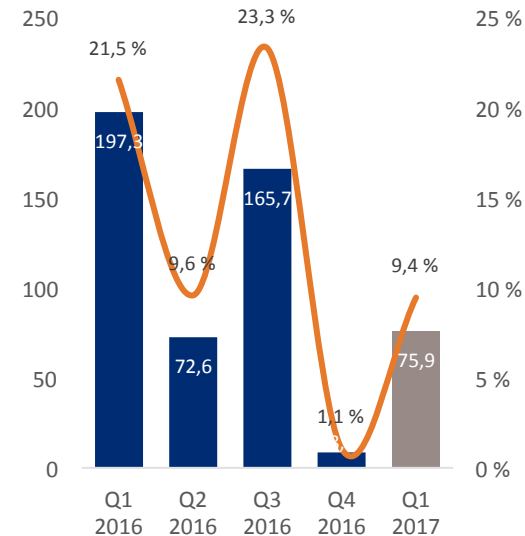
Adjusted EBIT & margin

NOK million



Reported EBIT & margin

NOK million



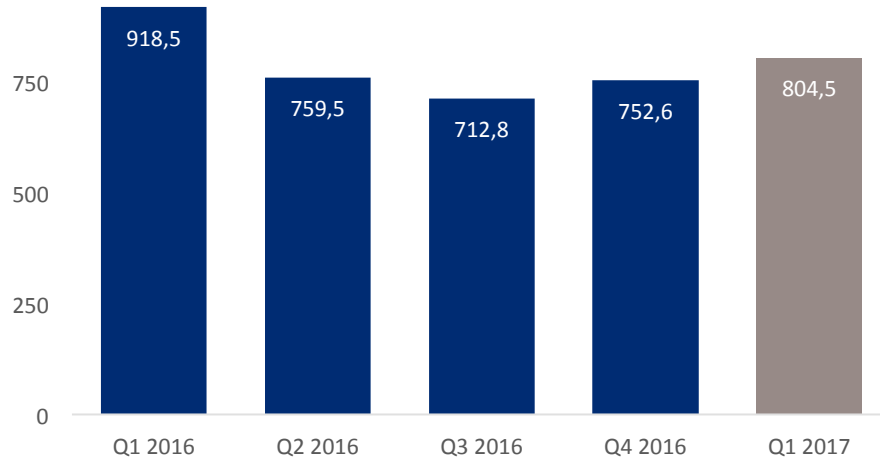
Financial results

(preliminary and unaudited)

Operating revenue down due to Stressless® and Svane®

NOK million

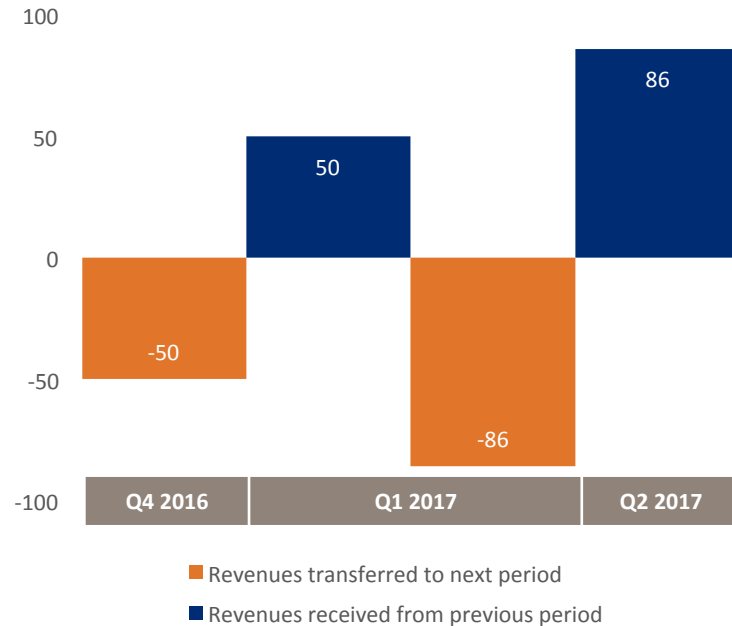
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- Revenues down 12.4% from Q1 2016
 - Periodization moves
NOK 36 million in sales to Q2 2017
 - Reduced delivery capacity due to Stressless Sofa re-organization
 - Low sales for Svane®
- Positive development for IMG and Contract

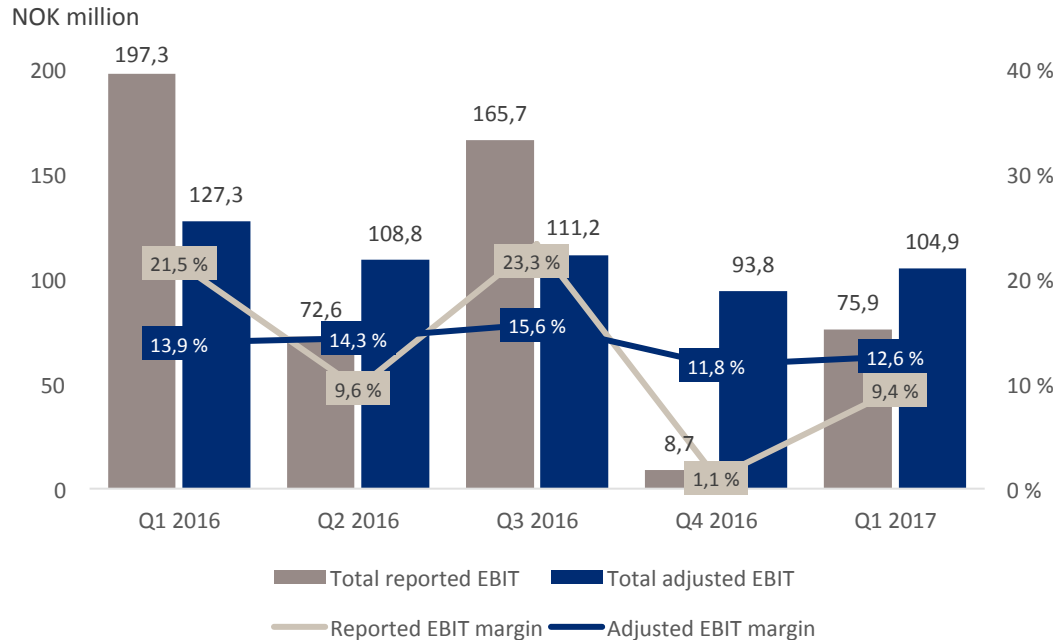
Periodization – revenue recognition

NOK million



- Quarterly net effects are likely to largely fluctuate over the quarters depending on delivery terms and shipment status for goods in transit
- Net impact Q1 2017 is NOK 36 million on revenues, NOK 8 million on EBIT
- Simulation of Q1 2016 gives revenue impact in the area of NOK 8 million

Adjusted margin slightly down y-o-y



- Adjusted EBIT margin of 12.6%, down from 13.9% in Q1 2016
- Stressless® margin down due to production impact of sofa factory merge, and revenue periodization
- IMG margins affected by higher S&A costs. Investing for future growth
- Svane® margins affected by weak sales and changes to cost calculation base

Currency effects

Hedge portfolio value 2015

Hedge portfolio value YE 2015;
NOK -398.4 million, with the
following split:

2016: NOK -201 million

2017: NOK -178 million

2018: NOK -19 million

During 2016: The NOK strengthened towards Ekornes' main currencies
In Q1 2017: the NOK weakened towards Ekornes' main currencies

- Realised 2017 losses of NOK 20.5 million
 - Difference between booked negative value of NOK -48.7 million and actual loss of NOK 20.5 million for 2017 Q1 is NOK 28.2 million
 - Due to earlier hedge accounting the NOK 28.2 million has to be taken as a decrease of revenue and decrease of cost (other gains and losses) – no EBIT impact
- When presenting adjusted EBIT, unrealised loss on remaining portfolio is NOK 29 million in Q1 2017

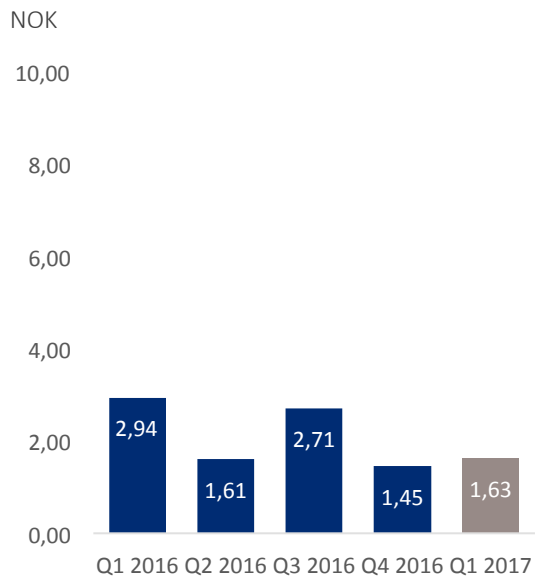
Hedging impacts on revenue and EBIT – illustrative

| NOK million | Q1 2017 | |
|--|---------------|---|
| | Adjusted | Without currency hedging - Illustrative |
| Revenue, gain in value hedge contracts before realisation | 28.2 | 28.2 |
| Revenue, realized loss hedge contracts | | 20.5 |
| Other gains and losses, gain in value before realisation hedge contracts | 28.2 | 28.2 |
| Other gains and losses, loss in value unrealized hedge contracts | 29.0 | 29.0 |
| Change from reported EBIT | + 29.0 | + 49.5 |

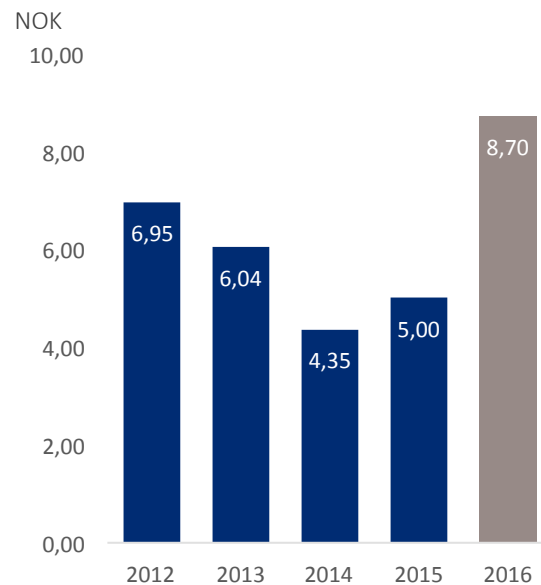
} NOK 48.7 million

EPS mainly explained by lower revenue

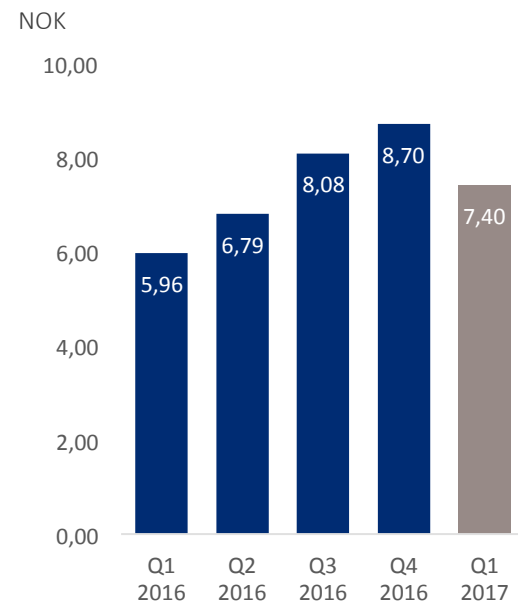
EPS per quarter



EPS per year

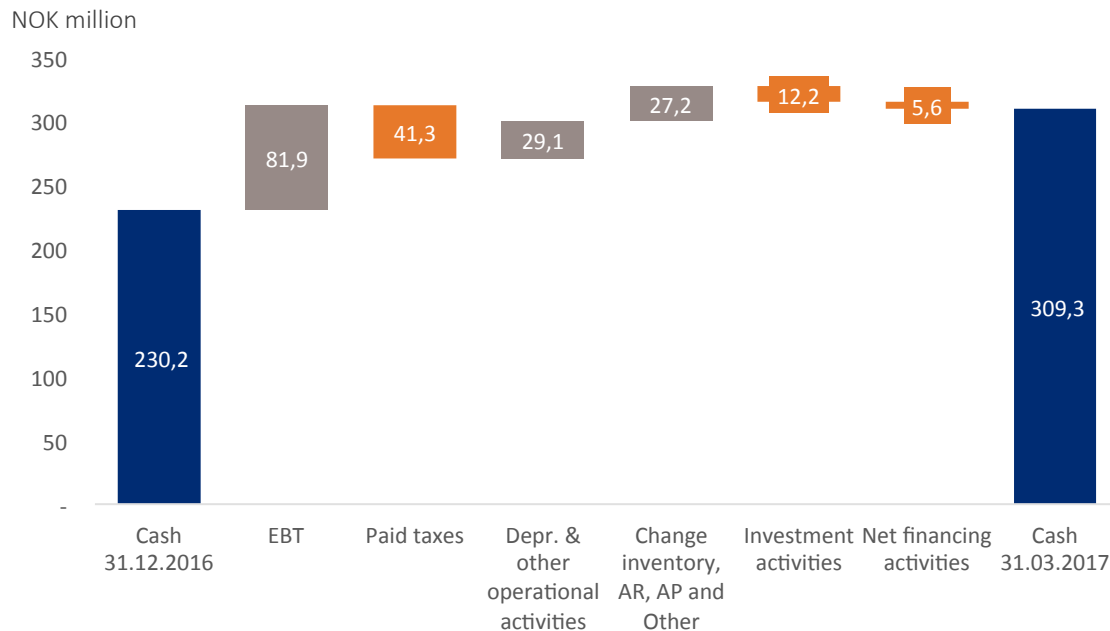


EPS 12 months rolling



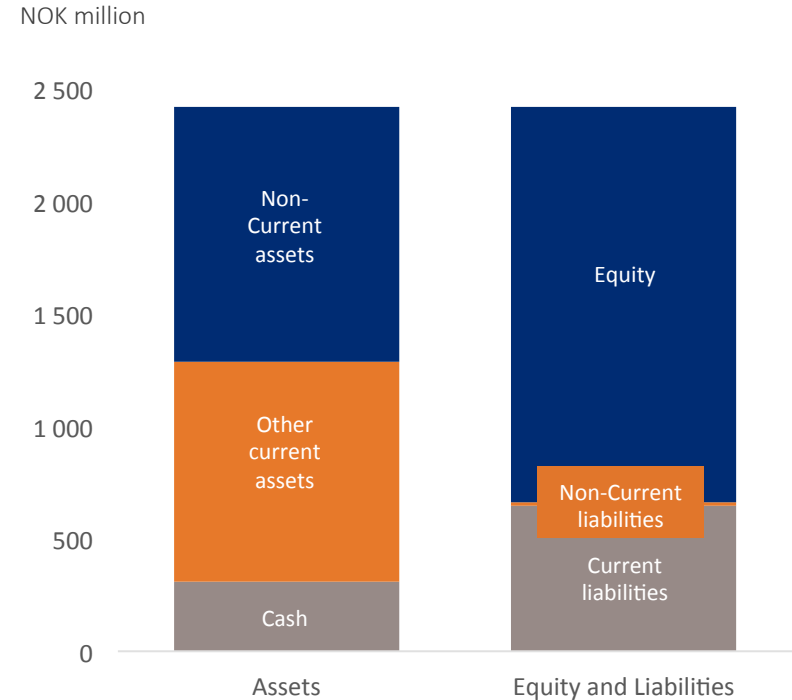
Cash balance driven by strong operating cash flow

- Solid operational performance, driven by IMG and Stressless improvements
- Investments in operating assets at NOK 14.4 million
- Net cash increased by NOK 79.1 million during the period
- Payment of contingent consideration IMG of NOK 150 million in April

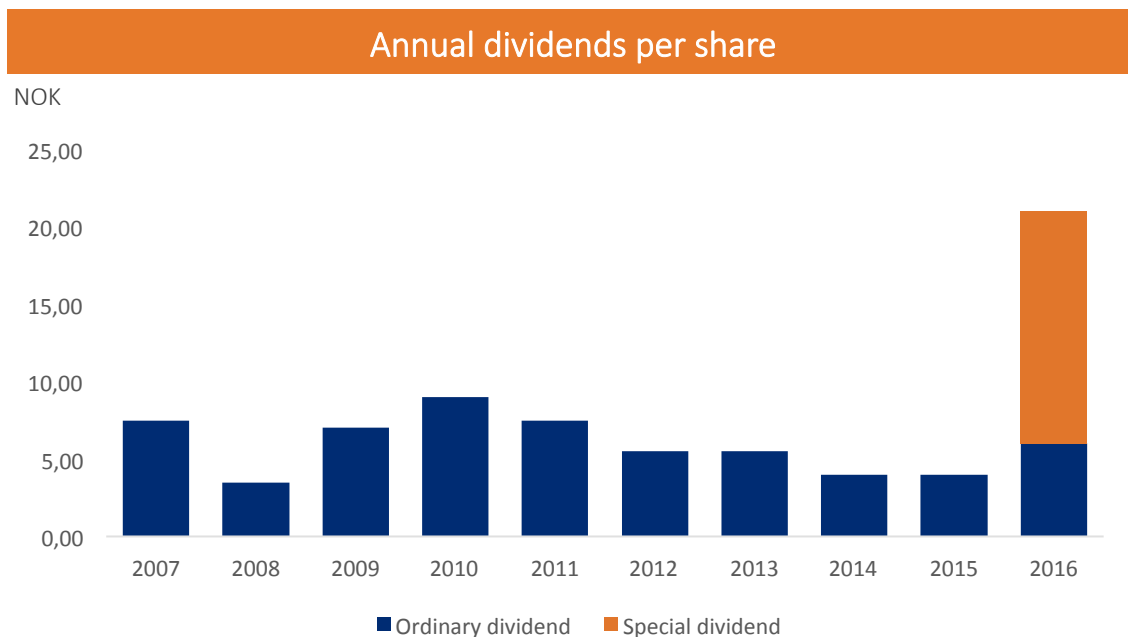


Solid financial position

- Cash and cash equivalents of NOK 309.2 million by 31.03.17
- Equity ratio up to 72.7%, vs. 70.1 % at YE'16, and 59.6% 12 months back
- Changes to dividend policy, total pay out of NOK 921 million
 - Dividend approval May 3rd will take down equity ratio as from Q2



Dividend of NOK 6.00 + NOK 19.00 per share



- AGM approved ordinary dividend of NOK 6.00 per share, pay put in May
- Optimization of financial structure enables special dividend of NOK 19.00 per share. Approved by AGA, to be paid in September.
- Total dividend pay-out of NOK 921 million
- Ex date 4 May for both dividends
- Dividend will be financed through existing and/or new credit facilities/loans

New dividend policy: >50% Group net profit

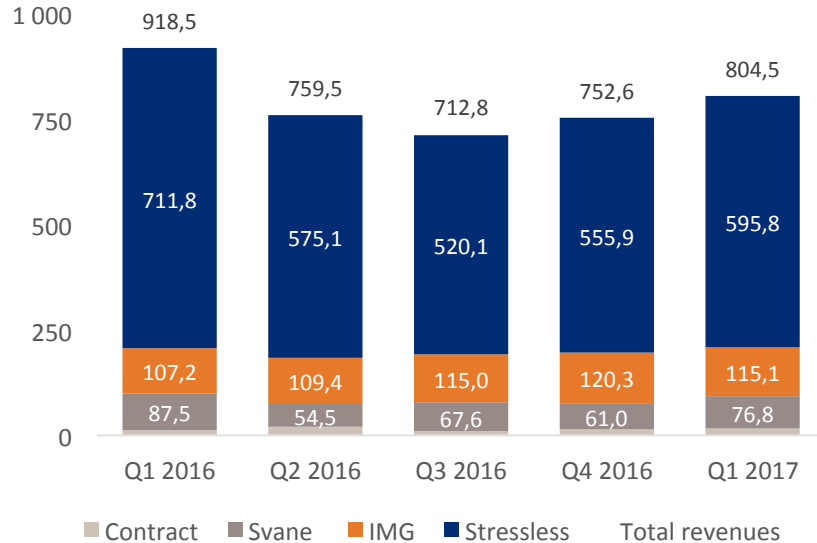
The dividend policy was changed by Board of Ekornes ASA on April 4th 2017 to the following:

- *Ekornes will manage its shareholders' investments in such a way that their return, measured as the sum of dividend and increase in share price, will be as high as possible over time*
- *As a general rule, Ekornes will strive to pay out a substantial portion of the Group's net profit in the form of a dividend. This should normally correspond to at least 50 per cent*
- *Furthermore, the company aims to pay a stable and increasing dividend*
- *When assessing the size of any dividend payout, account will be taken of the Group's investment level and growth rate, as will the need to maintain an equity ratio of at least 30 per cent*

Operational review

Operating revenue per segment

NOK million

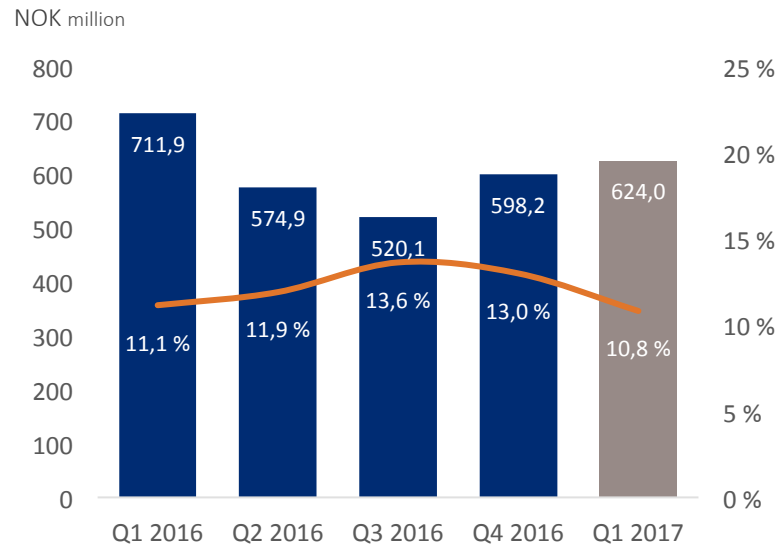




Revenues down, margins up

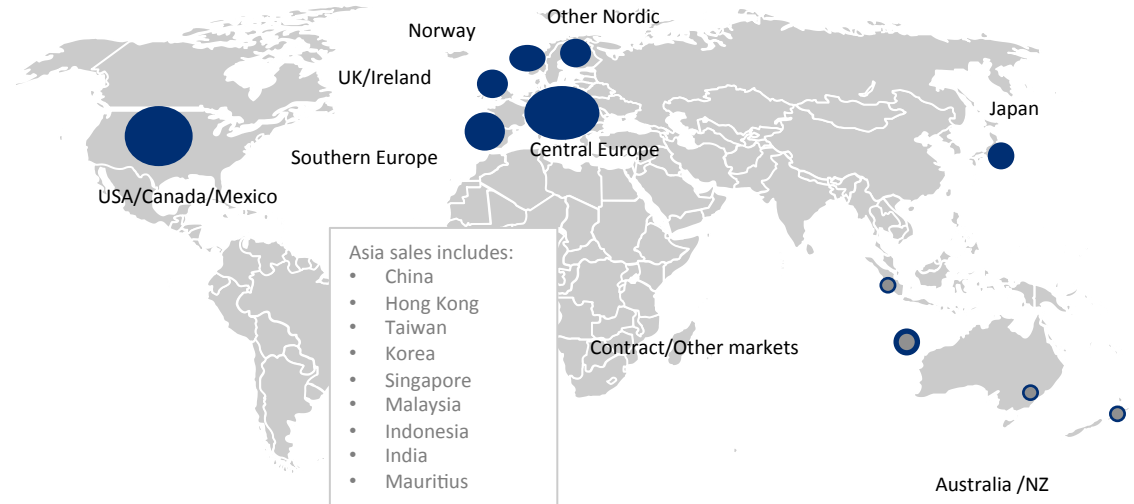
- Revenues down 16.3% yoy, mainly due to
 - Net changes to revenue recognitions of NOK 36 million
 - Adaptions to Stressless® Sofa production with negative effect on delivery capacity
- Overall flat development
 - Order income in line with same period 2016
- Adjusted EBIT margin slightly down

Adj. operating revenue and adj. EBIT-margin



Continued mixed picture

- Building further on strong domestic market position, order intake up 11% yoy in Norway
- Increased order intake in Germany
- Positive effects from distribution expansions in the US. Strong development for Signature® models
- UK positive despite Brexit uncertainty
- France remains weak, particularly for Stressless® Sofa
- Increased order reserve



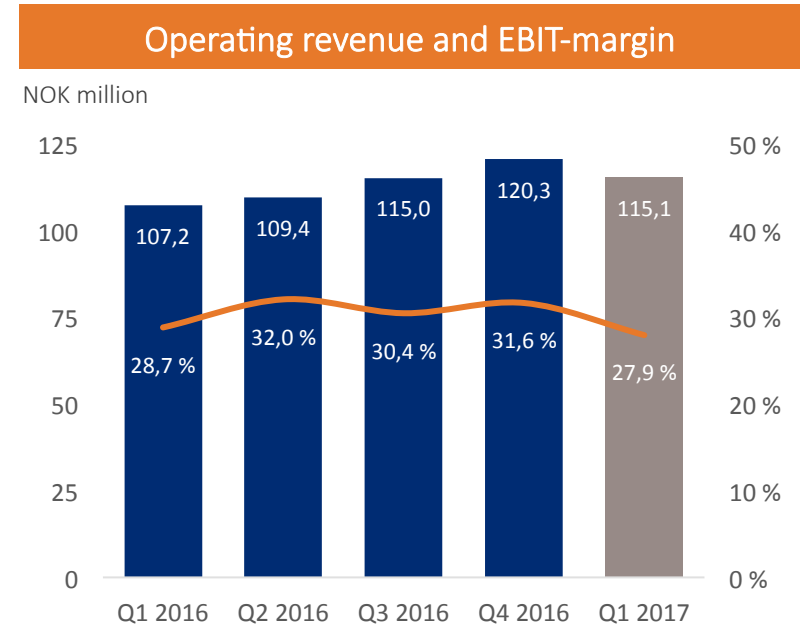


MG
N O R W A Y

EKORNES®

Growth mainly driven by North America

- Revenues up 7.4% yoy,
 - Growth mainly driven by North America
 - Somewhat dampened by NOK strengthening
 - Order reserve up yoy
- EBIT margin slightly down yoy
 - Increased S&A costs – attending new furniture fairs and increase in sales organization



Order intake increased

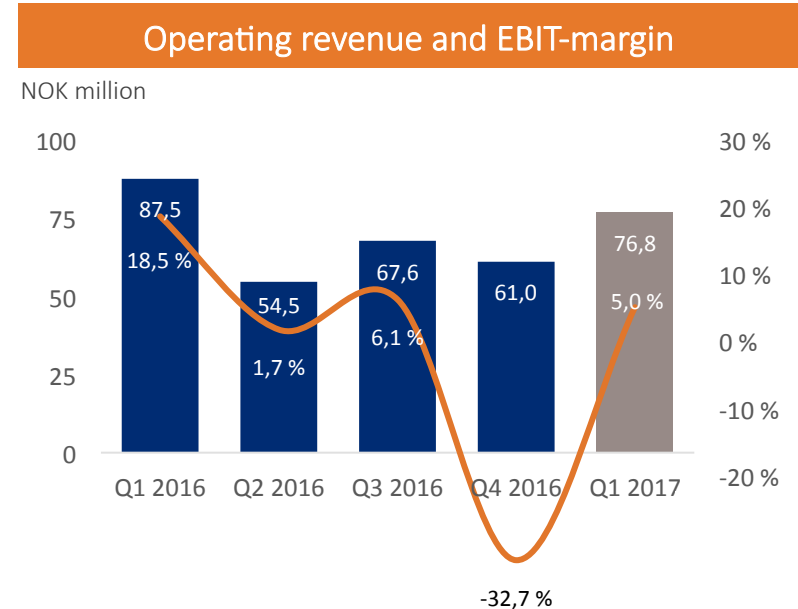
- High activity in US and Canada
- Flat development in Scandinavia
 - Norway marked by tough competition
 - Other Nordics flat
- Australian revenues somewhat down, but potential in higher order reserve
- Other Asia flat





Margins largely influenced by low sales and change in calculation base

- Weak performance in normally seasonally strong quarter
- Revenues down 9% yoy
 - Weak domestic development
- Earnings also negatively affected by Q4 2016 change in calculation-base for CoGS
 - Underlying operational development stable



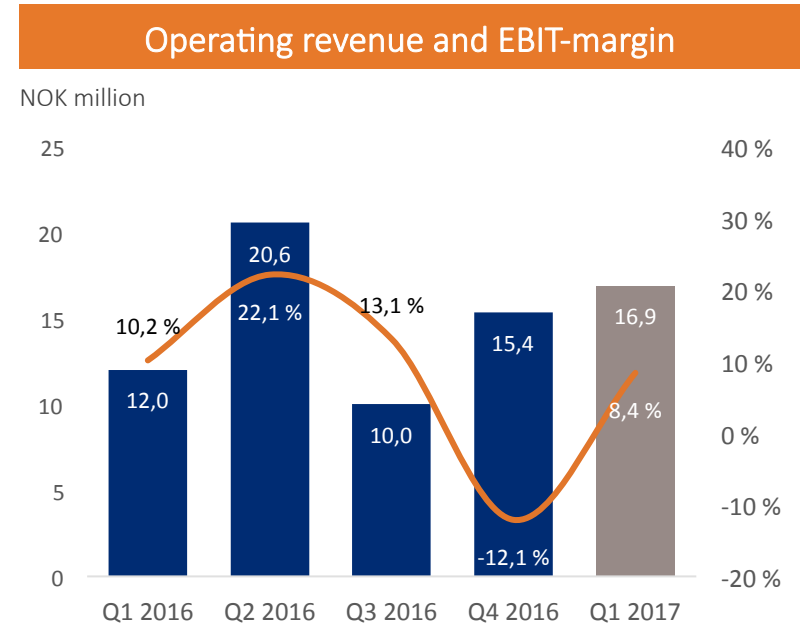
Continued positive development outside Norway

- Norway down due to low sales in January
- Continued positive development in all foreign markets
 - Export share of 26.4% in Q1



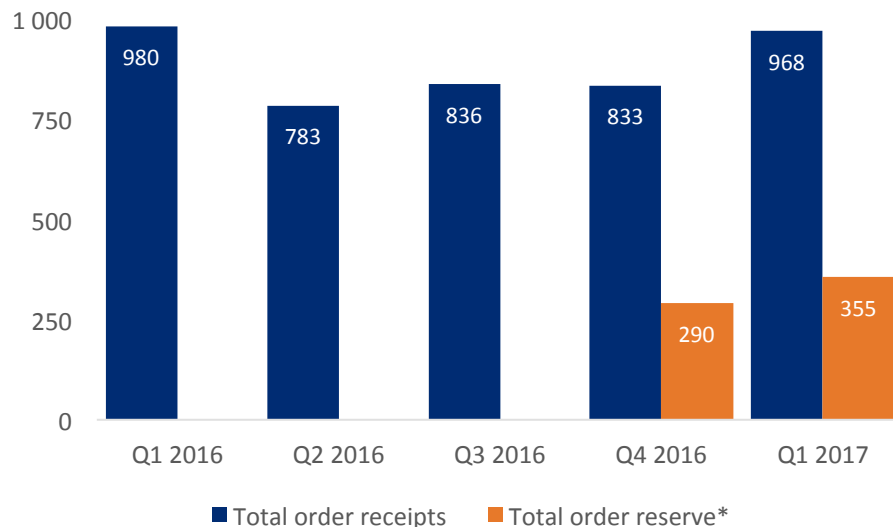
Increased focus on international yards

- Quarterly revenues up 40 % yoy
- Shipping- & offshore market remains challenging
 - Positive results from targeted initiatives
- EBIT-margin slightly down yoy



Underlying order receipts down

NOK million



- Order receipts of NOK 968 million, slightly down yoy, but up 16.2% from Q4 2016
 - Positive effect from sales and distribution initiatives in Stressless® core markets
- Order reserve up qoq
 - Build up due to stable order intake combined with longer lead time in Stressless®
 - High order reserve for IMG

* Comparable data for the Q1'16-Q3'16 period not available

Summary and outlook

Summary and outlook

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Contact information

Financial calendar:

Capital Markets Update 9 June 2017

Q2 2017 results, 14 July, 2017

Q3 2017 results, 27 October 2017

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