



ØYVIND TØRLEN
Managing Director/CEO

We have recently held a very successful show at the Ekornes Bua for our distributors in the Nordic Region. In the course of two very hectic weeks, several hundred people were shown this year's new designs and the rest of our collection, guided around by our enthusiastic and knowledgeable sellers. I spent several days at the Bua during this period and took the opportunity to greet many customers and become better acquainted with our salespeople.

This year's show introduced a lot of exciting new designs. Personally, I was most excited about finding out how our new Stressless® sofas with the ErgoAdapt™ system were received. My conclusion is that these products were very well received by our distributors,

and I hope they will be given just as warm a welcome when presented to consumers. Our other new lines were also well received as far as I could see.

One topic addressed by many customers while the show was on was the long delivery time Ekornes has had recently. On the one hand we need to be grateful that our sales are so high that delivery time becomes a problem, but on the other hand we need to be aware of the challenges this creates for our distributors. There is a limit to how long a customer wants to wait for a piece of furniture, even Ekornes furniture. We are therefore endeavouring to increase our capacity on chairs, sofas and mattresses in order to provide the best possible service to our customers.

This means that even more people can be hired and become part of our "family", which is very gratifying.

I hope you have all noted the very good figures Ekornes presented for the third quarter. Everyone who works in our group deserves their share of the credit for this, and I want to thank you all for your fantastic effort. The world around us is still marked by great uncertainty, but we are delighted that, so far, Ekornes has handled the global financial crisis successfully,


Øyvind

Ekornes presents strong figures

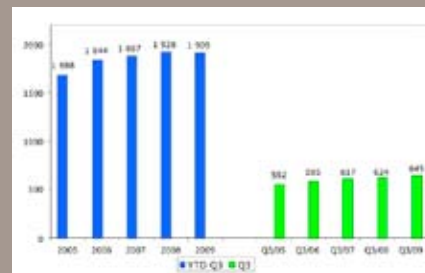
Fresh figures from Ekornes show a sales record in October. Sales of NOK 284 million are the highest ever in one single month in the history of the company.

In the third quarter this year, Ekornes delivered an operating profit of NOK 146.5 million, which is NOK 40 million up on the same period last year.

Ekornes's profitability was also excellent, with an operating margin of 22.7 per cent. Last year's third-quarter operating margin was 17 percent. During the quarter, orders received climbed by an incredible 25 per cent compared with 2008.

The large amount of orders on hand ensures full utilisation of capacity in the fourth quarter. This means that Ekornes will again increase its capacity, to 1,700 Stressless® seats per day.

This autumn, sales of Ekornes Stressless® exceeded six million since the chair was introduced in 1971.



The graph shows the development of operational income.

Great news from Ekornes

Arve Ekornes, our Product Development Director, thinks it is a long time since the company has had a more exciting new design as the one about to be launched this autumn. The introduction of Stressless® with ErgoAdapt™ raises high expectations, both in the company and in the market.



Arve Ekornes relaxes in the new Stressless® E200 with ErgoAdapt™.



The seat is automatically tilted when one sits in the sofa.



If one lies down on the sofa, the seat remains flat.

While Stressless® has previously been known for its Plus™-system, ErgoAdapt™ represents something brand new: with an adjustable seat and a fixed back, the Stressless® brand is now being extended to reach even more people. In addition to its excellent sitting comfort, there has been much emphasis on ensuring that the sofa is also comfortable to sleep on. A proper comfort sofa, in other words.

The tilting function

When we sit down on the sofa, the back end of the seat lowers. This tilting function places the legs at an angle and helps improve sitting comfort. If we want to lie down on the sofa instead, the spring system helps to flatten it completely.

"Our existing Stressless® Plus™ with moveable seat, back, lumbar support and neck support gives unique and optimal sitting comfort. However, a moveable seat is not the best thing for someone wanting a little afternoon snooze. And so we have

given ErgoAdapt™ an equalizing spring function across the entire sofa, which makes it very comfortable to lie down on," explains Arve Ekornes enthusiastically.

Thanks to the spring system, it is also possible to sit comfortably on the joint between two seats. This enables four people to sit comfortably in a three-seater without any difficulty.

Two models

The ErgoAdapt™ system comes in two models, Stressless® E200 and Stressless® E300, both of which can be ordered with a long seat. According to Arve Ekornes, the company is now very keen to find out what the actual sales will be like, but they feel certain that distributors will see the value in expanding their range of products, which will be available in the shops from February/March.

"At present, we have between 2,300 and 2,500 distributors selling Stressless®.

Even if only 1,000 of them take ErgoAdapt™, we can conclude that the newcomer is a success," concludes Arve.

More news

Although ErgoAdapt™ is the largest and most important investment made by the Ekornes group this year, the Product Development Director also mentions other exciting new products. One of these is the sofa Stressless® Soul. Stainless steel detailing adapts the idiom to Stressless® Blues. We also have the Stressless® Oxford, which is a reasonably priced Stressless®.

Several of Ekornes's existing products are also being launched in new and improved versions this autumn.

The Stressless® Swing table has undergone a thorough modernisation, as have the Ellipse and Computer tables. Also new among Stressless® accessories is the Stressless® Flexi table – a glass table in modern design that matches Stressless® Soul and Stressless® Blues perfectly.

Between us Marketing Managers

Around 50 participants have gathered again for the annual, international marketing meeting at the Ekornes Bua in Ålesund. We had a little talk with the Marketing Managers in France, Singapore, and the USA, respectively.



Raymond Koh, Marketing Manager
EKORNES ASIA PTE LTD.

What do you think of the marketing meeting?
 "What Ekornes is doing with its international marketing meeting is quite unique, not many groups of this size are doing the same. And I think it is important for the company culture, we are almost like one big family when we get together. Besides, it is an excellent learning platform for the group's innermost thoughts and strategies. Not to mention the opportunity it gives us to learn from one another and to build relations across the different markets. After these two days, at least I am much more aware of what the group has "envisaged".

What do you think of this year's new line, ErgoAdapt™?
 "ErgoAdapt™ is "movement in a new direction", completely in line with the fundamental values of the Stressless® strategy. I think the new system illustrates the company's innovative ability and ingenuity. By means of a single additional function I think they have opened up a completely new market segment. I think the same about the new sofas, Stressless® E200 and E300, with integrated ErgoAdapt™. The system adds increased functionality and provides comfort even when you are asleep – and that is a great advantage as I see it."



Nathalie Cassou, Marketing Manager
EKORNES S.A.R.L., Southern Europe

What do you think of the marketing meeting?
 "The international marketing meeting is an excellent method for keeping oneself updated on the group's ideas and strategies. It is also an excellent link between the international, national and local sales segments.

In addition, the extensive programme opens the way for questions and answers, which I in turn bring back to my team. And then, of course, it's a great pleasure to meet and be together with good colleagues from all over the world, here in Norway."

What do you think of this year's new line, ErgoAdapt™?
 "I am very satisfied with the new ErgoAdapt™ system, included in the new sofa models Stressless® E200 and E300. The system helps make the new sofas very comfortable and is clearly a new development for Ekornes and Stressless®. I also think that the new long seat sofas, Stressless® E200 and E300, look very comfortable."



Beverly Kastel, Marketing Manager
EKORNES Inc., USA and Canada

What do you think of the marketing meeting?
 "I really appreciate the international marketing meeting and feel it is well worth the trip. The meeting helps to build good relations between the different markets, at the same time as we get a thorough introduction to the group's ideas and strategies. And it is a lot of fun."

What do you think of this year's new line, ErgoAdapt™?
 I have great belief in the newly launched ErgoAdapt™ system, a system that, in my opinion, has no equal in the American market. The system is really living up to the promises of the Stressless® brands, and I think it is extremely comfortable to sit in."

! Facts about the marketing meeting

- Each year, around 50 employees in the sales and marketing organisation meet at Sunnmøre to lay strategies, share ideas and exchange experiences.
- This is the most important forum for disseminating next year's communication direction for Ekornes.
- The objective of the meeting is to ensure consistent communication and marketing in various countries.
- At the meeting, new products and new marketing materials are introduced.



From left: Nikolaj Kornum Sørensen (IDDesign), Tom Aagaard (IDDesign), Peter Hjelmholm, (Marketing Manager Denmark), Runar Haugen (Marketing Director), Thorbjørn Sejer Jensen (IDDesign) and Eldar Blindheim (Marketing Manager Scandinavia).

Trade show success

Since the summer holidays, most things have centred around the Ekornes Bua for Eldar Blindheim, responsible for the scandinavian market, and many others at Ekornes. “These are the two most enjoyable – and definitely busiest – weeks of the year,” he says.



Salesman Kenneth Ørsje saw the funny side of the swine influenza pandemic, and took his precautions when welcoming the guests to the show.

Yet again, the show was successfully conducted for customers in Norway, Sweden, Denmark and Finland. This is the only furniture show in the Nordic Region that Ekornes participates in – but then we do it properly, too. A staggering 2,500sqm are fitted out with furniture in beautifully staged interior displays.

“As early as right after the summer holidays, a work group from the marketing division, the PU division and the sales company start selecting products, colours and finishes for the displays. We want to give our guests a completely new experience each year, something that requires both creativity and careful planning,” says Blindheim.

And there’s no doubt that the customers liked what they saw. When we visited,

some were busy admiring new fabrics and materials, while others enjoyed a quiet moment in the brand new Stressless® with ErgoAdapt™ system.

Meeting with each distributor

Janita Sperre Ulvestad, our marketing secretary, is one of the show’s kingpins. She books hotel rooms and air tickets and organises about 700 lunches and 400 dinners during the week the show is held. Some 16 sales personnel keep track of the programme and schedule, and have been in charge of booking meetings with almost 150 different distributors.

“The unique thing about the show is that all the participants receive personal invitations with different meeting times. This gives us the opportunity to hold private meetings lasting at least half a

day with each individual distributor – which benefits both the guests and us more than is the case with traditional furniture shows,” Blindheim tells us.

He points out the advantage of having a relatively stable team in Marketing, which has gradually become very familiar with their duties in connection with the show. All of them make a tremendous effort during the two weeks, and, on being asked what Eldar himself does to charge his batteries, he replies:

“I’ve been looking forward to these weeks for a long time. But I’ve told my family that when the last customer walks out the door, I’m going straight to the holiday cabin at Bjorli to get some rest. All by myself.”



Stressless®

Marketing Director Runar Haugen had nothing but positive feedback regarding the brand extension during the show.

The Stressless® brand is extended

The Stressless® name is Ekornes' most important asset and the best known furniture brand in Europe. Now, the uniquely strong brand name is going to help the company sell a completely new concept: Stressless® with the ErgoAdapt™ system.

"We have taken a strategic decision to exploit the strength of Stressless® to sell furniture beyond the Stressless® we know today. Therefore, we are now launching the new sofa concept Stressless® with the ErgoAdapt™ system," says Runar Haugen, Marketing Director.

Bigger share of the sofa market

At present, virtually all new launches are a result of so-called brand extension. In brief, this means that we are trying to sell new goods under an existing brand name. The reason is simple: it is very demanding to establish new branded products in the current market.

"Currently, the Stressless® brand name is known to between 60 and 70 million people, and every year about 10 million new people get to know the brand.

Through the launch of Stressless® with ErgoAdapt™ we hope to capture bigger market shares in the largest furniture market – the sofa segment."

Comfort

Ekornes promises comfort in the new sofa models Stressless® E200 and Stressless® E300, regardless of whether you are sitting or lying down. And it is precisely the "comfort" criterion that permits the new concept to use the name Stressless®.

"Comfort is the most important value of Stressless® – and will continue to be. We have developed a set of criteria related to comfort, which need to be met in order for the Stressless® name to be used on other products, too. And the ErgoAdapt™ meets these," says Haugen.

According to the feedback from the visitors to the show, we will be hearing a lot about ErgoAdapt™ in the future. Already, the sofas have been sold into several major furniture chains. We are planning to launch a marketing offensive in Europe and the USA in the next few months.

"If we are to succeed, it is very important that we communicate the concept in a way that promotes additional sales rather than stealing from our existing range. The name ErgoAdapt™ was chosen to signal the product advantages. It also functions well in several languages and can be protected through trademark registration," says Runar Haugen. In other words, ErgoAdapt™ is not the name of the product, but the name of the product advantage and the system.

Stressless® on our own hands – “down under”

For more than 20 years, the private import company Scansin, owned by Norwegian expat from Ålesund Sindre Fiskerstrand and his family, sold Stressless® in Australia. On 1 September 2009, things changed and EKORNES® Australia became a reality. We had a chat with James Tate, the newly hired Marketing Director, about Ekornes on the other side of the world.

For many years, Ekornes has viewed Australia as a market with great growth potential. The Australian expat James Tate worked as Area Sales Manager for Ekornes Ltd. in Great Britain from 2004 to 2008. But when he was offered a job working for Ekornes in Australia, it was a natural choice for him to return home. “I took part in the process of studying the

Australian market right from the start, with the research project starting in April/ May. The market potential was already known to Ekornes. Our job was to find the best marketing strategy in order to increase sales figures and brand knowledge of Stressless®. The conclusion was that Ekornes needed its own sales office, and so we initiated negotiations for a transfer with the private importer.”

Interesting market

The new Marketing Director wishes to thank Sindre Fiskerstrand for the good work he has done, and the streamlined takeover that made EKORNES® Australia possible.

“It is absolutely clear that the job they have done will make it easier for us to do the job we have ahead of us. They still work for EKORNES® Australia, and their knowledge of the market is highly valued.”

It is not difficult to see why Australia is an interesting market for Ekornes. Over the

past decade, the country has undergone tremendous economic growth.

“The Australian market profile is more akin to the European than one would think. For example, it is far more natural for us to look to Europe than Asia, which after all is much closer to us, geographically speaking.”

An enterprise that is 100 per cent international

Despite the distances, James does not go round thinking that he is working for a Norwegian or European group.

“No one in group management is further away than a phone call or an e-mail. And that is one of the company’s success criteria. Although, with a 10-hour time difference, it is not until I find myself having to sit in my office until late at night to make a phone call that I realise that I am working for a Norwegian company,” James says with a smile.

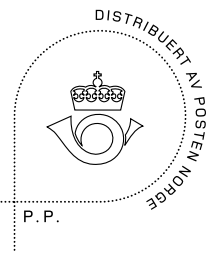
James Tate, Marketing Director of Ekornes Australia.

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NORGE

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Royal visit at Ikkornnes

On Wednesday, 11 November the Ikkornnes factory had a visit from HRH Crown Princess Mette-Marit.

The Crown Princess was in Ålesund to launch Norsk Møbelindustriforening's 100th anniversary celebrations, and she also took the opportunity to visit Ekornes.

Flowers, flags and school children are important ingredients when royalty is visiting. Mette-Marit was welcomed by Council Chairman Jan Kåre Aurdal and Øyvind Tørlen, Managing Director, and taken to the Stressless® studio. The Crown Princess was given a brief introduction to Ekornes products, history, development and strategy, before she was shown the Ekornes film.

Guided factory tour

Thereafter, the Crown Princess was

shown around four of the factory's divisions: Leather/cutting, sewing, upholstery/assemblage and steel.

"We are greatly appreciative of the interest the Crown Princess has displayed in our line of business and our company by paying us a visit. I hope she found her visit interesting and she is most welcome back any time," says Øyvind Tørlen, Managing Director.

Ekornes and Sykkylven Municipality had decided that the Crown Princess would not return home empty-handed. And what could be more natural to give as a memento of her visit to the Ekornes factory than a Stressless®?

This year's Christmas gifts with a new twist

This year, Ekornes' gifts to its employees will have a new twist. This year, the gifts will go to three charity projects; in Brazil, Kenya and the Philippines, respectively.

A committee consisting of representatives from the management and employees in North-West Norway has decided to end the former Christmas present arrangement and give the money to charity instead. This year, three chosen projects will receive the gifts – all originating from North-West Norway.

This year's chosen projects are:

Casa Emanuel, Brazil: **300,000 NOK**
 Mathare-slum, Kenya: **75,000 NOK**
 Lola Daycare Center,
 Philippines: **50,000 NOK**

We will be back with more information about the different projects in the Christmas issue of Inside.

The following people took part in the work to evaluate the projects and distribute the money: Representatives from Ekornes: Nils-Fredrik Drabløs and Jarle Tusvik. Representatives from the employees: Bente Johnsen, Bjørn Skaar, Frank Bjørdal, Jorun Kvalsund Jarnes, Aud Elin Fjeldkårstad and Else Marie Brandal.



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International market meeting

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for more success in 2010**

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