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INTERNAL NEWSLETTER OF THE EKORNES GROUP, NO. 1 FEBRUARY 2010



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ØYVIND TØRLEN
Managing Director/CEO

It's great to see that we're back in full operation after a well-deserved Christmas holiday. Production seems to be going well and the expansion of capacity is according to plan. We have a large order backlog, which gives us a good planning horizon.

For a certain period we will, unfortunately, have to work longer than would normally be ideal, beyond normal hours. I have been told that a lot of people are willing to work overtime when needed, which is the main reason why we are able to deliver the volumes we do. Once the newest employees have completed their training period, our normal capacity will increase and reduce the demand for overtime work. This is important because the cost of using overtime is high and it is an additional burden on our employees.

One activity that influences day-to-day work at Ekornes is the introduction of SAP as an integrated control system throughout the organisation. In time, this system will replace Ymer, which many of you are very familiar with.

When SAP has been introduced, we will have a future-orientated and efficient tool to support our current business processes, as well as supporting the further development of our activities. This is important in terms of working with Ekornes' internet strategy, amongst other things. In this area, there is huge potential for further development that will be valuable both to Ekornes and our customers.

It is always demanding to introduce extensive system changes in an organisation, particularly when the system interferes with essential business processes in most areas of the organisation. I am therefore very pleased to see the huge effort that so many people at Ekornes are exerting to ensure that this will be a success.



Øyvind



Tops new furniture survey

Ekornes achieves positive result in a new survey among Norwegian furniture retailers.

In a new survey conducted by the Sentor-Gruppen AS, Ekornes is the Norwegian supplier that is most mentioned by a majority of the 132 furniture retailers that were asked.

Ekornes reaches the top of the ranking in the suppliers' marketing, brochure/sales material, shop and display concepts. In addition, Ekornes is held to be clearly better than the average of the business sector in the fields of quality of goods, sales consultants, information and product training, handling of complaints and service.

Long delivery times – a luxury problem

The only field where Ekornes is given a poor score is in ability to deliver.

"Orders received in 2009 were much higher than we thought they would be and had scaled our capacity for. This unfortunately led to us having excessive delivery times," says Runar Haugen, Marketing Director.

Our factories have worked to increase production capacity since last autumn and we reckon that delivery times will be shorter during the spring. All our employees are working flat out to produce the goods on order.

"A long delivery time and a high order reserve is a luxury problem, but it is also important to react quickly to avoid losing potential buyers. We are delighted to have been rated positively on most of the criteria in this survey, but we have no intention of resting on our laurels. Continuous improvement and development shall give us a competitive edge also in the future," says Runar Haugen.



Svane® is doing very well

2009 turned out to be a very good year for Svane® mattresses in the Norwegian market. After a difficult 2008, there were many bright spots in 2009. Extending distribution through Skeidar seems to have been a very good choice so far.

Delivery record in January

Many Møbelringen retailers were probably worried that their turnover would drop when Skeidar came on board again, but this has not been the case. All retailers have increased their turnover since Skeidar joined us. This shows that our claim that there is room for both is correct.

2010 has started extremely well, with a delivery record in January. Ekornes Fetsund has never before shipped so many mattresses in one month. Things are looking good for Spring too. We will be introducing the new spring mattress Svane® Sense with Elastec® Flex top mattress, as well as updating the shop-in-shop concepts in the stores, so there will be plenty to keep us busy.

Coming out on top in furniture survey

The results from the Norwegian furniture survey are now in. This is the 16th time the survey has been carried out. The survey took place in November/December 2009 and interviewed 132 shop managers

(warehouse managers, owners and furniture department managers) in chain-owned furniture stores.

This survey is a good indication of the work we do as a supplier and how we are perceived in the market. With regards to Svane®, we get top marks from Møbelringen in 2010. Considering that we have only worked with Skeidar for 6 months, we can still do slightly better. The goal for 2010 is to get top marks in this category too in the next survey in 2011. Only top marks will do.

*Kind regards,
Ann Iren Skogheim, Sales Manager.*



In Paris, the visitors experienced the 250m² Stressless® Studio.

Success with our own fairs

Once again, the response was great when this year's new plans and innovations were presented to Southern European and British retailers in Paris and Birmingham before Christmas.

Over the past few years, Ekornes has chosen to host its own exhibitions and customer trips to Norway, instead of taking part in the large furniture fairs in Cologne, Birmingham and Paris. These fairs present marketing plans, as well as showcasing the latest innovations.

– The fairs we arranged in Paris and Birmingham were great successes. Once again, we have seen the benefits of hosting the event ourselves. More time with each retailer, more space and greater focus are among the criteria for success in a market rife with competition, says Marketing Director Runar Haugen.

Major involvement in France

More than 200 retailers visited when Ekornes opened the doors at the premises of the famous designer Pierre Cardin, just off the Champs Elysées in Paris on 11-18 December. This is the 4th consecutive year that

Ekornes has hosted its presentation here, with a Stressless® Studio covering 250m² and sofa groups in various surroundings. The entire exhibition covers 500m², including a separate restaurant area. Retailers agree on a time in advance for their visit to Ekornes, and huge effort goes into making the visits as efficient and productive as possible.

– 71 percent of the Belgian and French retailers visited the fair and the numbers show a 6 percent increase in the number of orders compared to the previous year. We are very satisfied with that, says Corinne Ducros, Marketing Assistant in France.

Full house in Birmingham

Ekornes chose to arrange its own fair in England as well, rather than taking part in the national furniture fair in January. From 29 November to 2 December, there was a full house at the National

Motorcycle Museum in Birmingham.

Practically every British Stressless® retailer came to see the new products and to watch a presentation of the marketing strategy for 2010. All the new models were very well received, particularly Stressless® E200 and Stressless® E300 with the ErgoAdapt™ system. Ekornes received as many as 28 orders for Stressless® Studio at this fair, whereas we had only budgeted for 20 for the whole of 2010.

– This is the best fair we have ever arranged. We had plenty of time and the full attention of all our retailers, and were therefore able to present our new products, marketing strategy and our new CRM system in an excellent and thorough way, says the happy Marketing Manager in England, Duncan Box.



Sales Manager in France, Didier Finn (2nd from left), together with the Topper-family, representing one of the retailers in France. Here, we see Jaques Topper together with his two sons, Olivier and Eric.



– The best fair we have ever arranged, say the employees at Ekornes Ltd. about the fair in Birmingham.

The Stressless® showroom was at the premises of the renowned designer Pierre Cardin in Paris.





Lisa Tennøy from Vestnes will become a furniture upholsterer. In addition to sewing, she will also learn how to upholster furniture.

Fantastic start to working life

This year, Ekornes has taken on 11 apprentices who will all experience a great start to their working life. For Lisa Tennøy, the apprenticeship is also a wonderful opportunity for a fresh start to her working life.

Following a traffic accident, it became difficult for Lisa Tennøy from Vestnes to continue in the job she had in the car industry. In August last year, she started retraining at Ekornes. If everything goes to plan, she will have a certificate of completed traineeship as a furniture upholsterer in two years' time.

– This is completely different to anything I have done before. However, after the accident, I was ready to start all over again. I have been very well received here at Ekornes, says Lisa, who will also learn how to sew and upholster furniture

during the course of the two-year apprenticeship. She will be closely followed up by a supervisor, who will ensure that her work is adapted as closely as possible to her wishes and needs. So far, Lisa has not quite decided what she wants to use her certificate for, but she does have a dream of starting up her own business.

– There is an extensive shipping environment in Vestnes and Romsdalen, which also requires people with furniture skills. I guess time will tell, she says.

Long tradition as a training company

Ekornes is a multifaceted training company and can offer apprenticeships in many different subjects. Training usually takes four years, two at a school and a two year apprenticeship in the company.

Ekornes Møbler AS in Grodås has two apprentices in woodwork and joinery. At J.E. Ekornes AS, Ikorntnes and Vestlandske, there are four furniture upholsterer apprentices. Two of these are so-called 'adult apprentices'. This means that employees with an extensive background in an area can complete a



Kristian Giskehaug demonstrates how to operate a transport crane in the old sewing room. Along with Håkon Krabbestig, he completed his certificate in automechanics during the last week of January.



Torill Anita Sundet has a background in design, arts and crafts and textiles. Now she is embarking on a two-year training course, which will end with an interdisciplinary exam related to furniture. This opens up many possibilities of working for the furniture industry, perhaps at Ekornes.



Training Coordinator at Ekornes, Karin Håvik Eide.



Daniel Lade Nedregård completed his certificate in ICT in 2009 and was given flowers by CEO Øyvind Tørlen at the Christmas party. In addition, Stine Seljen Torheim completed her certificate as a furniture upholsterer, while Glenn Ivar Løseth, Alexander Vongraven and Andreas Aure completed their certificates as automechanics. All of them were apprentices at Ekornes.

certificate. In addition, there are two automatics apprentices, a logistics apprentice and two automechanics apprentices at Ekornes.

– It is important to us to recruit new apprentices, and it is obviously part of our social responsibility. However, we also have to prove that we are an attractive place to learn and it can also be a good way to recruit new skilled workers in key areas. Our instructors and trainers have an important and responsible job, which involves ensuring that all our apprentices

receive varied training, says Karin Håvik Eide, Training Coordinator at Ekornes.

During the second weekend of February, the Ekornes apprentices will attend an apprentice meeting in Geiranger. This is a venue where companies, apprentices and students from upper secondary schools can meet and exchange experiences – and it might just lead to Ekornes taking on new apprentices.



AN APPRENTICE is a person who has signed a training contract with a company. The training contract is a binding agreement stating that the employer will train the apprentice. In accordance with the training contract, the apprentice has a duty to contribute to reaching the goals of the training plan, while the training company has a duty to provide the apprentice with the training stipulated in that plan.



The Ekornes® School



The new teaching profile includes a detailed PowerPoint presentation used on the courses.

New training profile for the Ekornes® school

In January, training managers from 10 different Ekornes markets gathered in Veneto, Italy, to take part in the launch of the new and improved Ekornes® School.

Text and photos: Ole Bjørn Roald

The Veneto district is most famous for the city of Venice and its wine production, but within the furniture industry it is known for completely different reasons. The area is home to a number of leather and textile product suppliers – to such an extent that the cluster effect we are so familiar with in Sykkylven takes on a different dimension.

The new training profile was drawn up over the winter by Marketing Manager Ivar Jan Langlo, Senior Graphic Designer Jens Arne Bonesmo and Senior Consultant Jean Cassou from Pau. The goal is to provide shop sellers better training, and to adapt the training to

various levels. Brand new presentation tools have also been introduced, which means that the training also includes videos from various production and sales situations. This allows shop sellers to learn more about our activities than before. The new training profile will now be launched in all markets, ensuring that all our shop sellers are trained really well.

Supplier visit

After the launch and introduction of the new concept for the Ekornes® School, we visited several of our suppliers. One of these is Uniter, which also produces our new products Leather Care Kit and Fabric Care Kit. General Manager Bart Van der Haegen gave us a thorough introduction to the new products, which are currently

being sold through our retailer network. It is important that we who run the Ekornes® School are now able to share this information with all our sellers.

We also visited one of Ekornes' largest leather suppliers, Mastrotto. Harald Gule, a buyer for Ekornes, gave us an in-depth introduction to Mastrotto's production processes. Every day, Ekornes uses around 2,000 animal hides in its production, and around 50% of those come from this area. Mastrotto, which also delivers quality leather to the car industry, renowned Italian fashion houses and other quality-conscious customers, processes around 20,000 hides per day!



Ekornes' training managers. From the left: Ole Bjørn Roald (Norway/ASA), Tom Parsons (USA), Asako Shirota (Japan), Vadim Osipov (Russia), Bryan Rootes (UK), John Walach (UK), Jens Arne Bonesmo (Norway/ASA), Gøril Eckmann (Central Europe), Jean Cassou (Southern Europe/ASA), Bart Van der Haegen (Unifers), Frédéric Saenz (Southern Europe), Janet Odum (USA), Linda Segers (Belgium), Patrizia Da Campo (Unifers), Toni Juutilainen (Finland) and Mikael Römer (Denmark).



The travellers stayed in the heart of Venice. The arched door on the right is the hotel entrance.

Many impressions

Our last visit was at Mico, producers of Dinamica. Buyer Arnhild Strand and importer Jan Sveen ensured that we received a warm welcome at the colourful manufacturing company. In good Italian style, the company was presented by its management, and we must admit that their dress code far exceeded what the Ekornes management wears.

The visit to Italy definitely made an impression on us, as we peeked into the manufacturer's product display cases. The logos of several quality brands were on display: Maserati, Ferrari, Gucci, Boeing – not to mention the Stressless® logo. This discovery quickly reminded us of the responsibility we all have to deliver quality products.

Ekornes School Pool is the fourth of its kind, allowing colleagues who work in the same field to meet and discuss their experiences. Every year, this group trains nearly 2,000 of our retailer's employees and their main goal is to create good ambassadors for Ekornes.

Giving credit where credit is due

In line with tradition, we celebrated our Ekornes employees' anniversaries before Christmas. As many as 54 people were awarded the King's Medal of Merit or given gold watches for long and faithful service to the company.

IKORNES



THE GOLD WATCH is awarded for 25 years of service in the company
MEDALS are awarded for 30 years of service in the company

At Ekornes in Ikornnes, the following people received gold watches and medals from CEO Øyvind Tørlen:

Gold watches: Back row, from the left: Tore Styrtkar Utgård, Turid Sætran, Borgfrid Stave, Asbjørn Sjøstad, Edvard Lie, Leikny Kalvatn, Arvid Hindenes, Torill Ekornes, Per Inge Johnsen, Per Arild Bøe, Bjørn Brekken and Thor Einar Aurdal.

Front row: Gunnar Kjersheim, Reidun Vollset, Merete Tafford, Ove Per Skåre, Ola Arne Ramstad, Berit Ramstad, Nenita Cuenca, May Britt Johnsen, Åshild Håhjem, Torill Hindenes, Evy Helland and Anne Karin Ellingsen. Anne Britt Hjortdal and Paul Eilertsen were not present.



Medals: Back row, from the left: Atle Nedreberg, Leif Kalvatn, Brede Furseth, Håkon Asbjørn Eikemo, Knut Andreassen, Ivar Kursetgjerde, Tor Helge Langhaug and Magnar Vigstad.

Front row: Eldrid Wullum (Vestlandske), Reidun Sætre, Kari Bergljot Mork, Astrid Kjemphol, Ruth Kalvatn, Ragnhild Grimstad, Anne Lise Erstad and Gjertrud Bøe Østrem. Baldvin Olafsson and Sylvia Taraldsen were not present.

GRODÅS



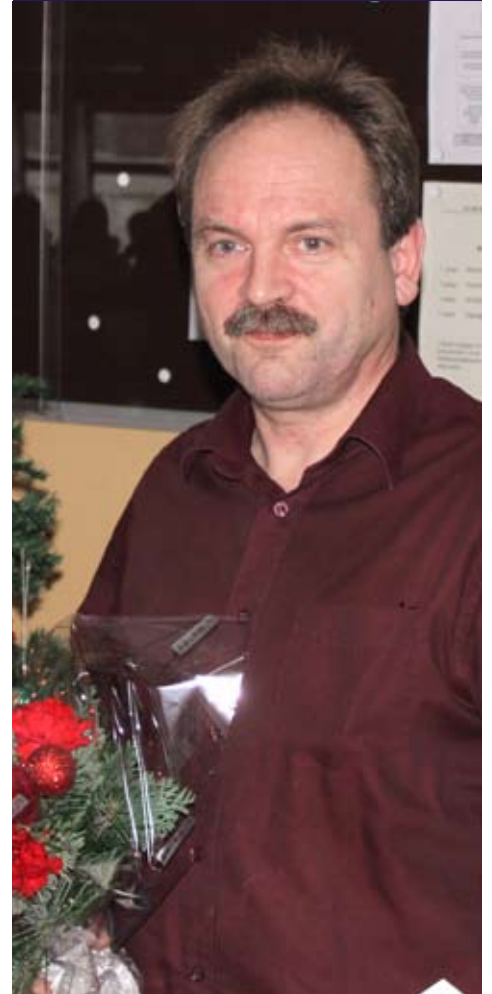
At **EKORNES MØBLER AS, DIV. GRODÅS**, the following people received medals: From the left: Kjelly Kroken, Oddrun Fagerheim, Ove Fagerheim and Harald Holmøyvik. Wenche Elvegård Fannemel and Olav Sverre Gausemel were not present.

FETSUND



At **EKORNES FETSUND AS**, Gerd Moen, Liv Rismyr and Britha Olsen were honoured with gold watches.

HAREID



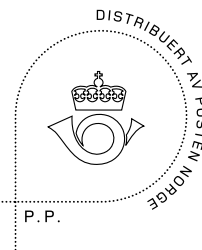
Eldar Røyset at **EKORNES MØBLER AS, DIV. HAREID**, received a gold watch for 25 years of service.

inside EKORNES

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NORGE

P.P.



NEW EMPLOYEES

J.E. Ekornes AS, Ikorntnes

Tri Midtlid
 Berit Ferstad Langlo
 Frank Solberg
 Dan Robert Oterhals
 Ceclovas Naujokas, Lithuania
 Greta Myhre Velle
 Jan Kyrre Lund
 Torill Anette Thoresen
 Alexander Lav Nilsen
 Justas Gintautas, Lithuania

J.E. Ekornes AS, div. Vestlandske

Liv Bente Myklebust
 Britt Unni Rødset
 Tor Erik Klokk
 Lasse Norangshol
 Ruslanas Paslauskas, Lithuania
 Sebastian Kalvatn
 Edgarsh Ozolins, Latvia

Ekornes Fetsund AS

Inga Grönbeck, Sweden
 Huseyin Karaburk, Turkey

Ekornes Møbler AS, div. Hareid

John Kenneth Hjelte
 Karina Hovden
 Agata Renata Furmanek, Poland
 Marcin Krzysztof Barszcz, Poland
 Jolanta Kmieć, Poland
 Simona Varneckaite, Lithuania
 Giedrius Balbierius, Lithuania

Ekornes Møbler AS, div. Grodås

Charly Perez Morel,
 Dominican Republic
 Eivind Kongsvik
 Wietse Frederik Leguijt,
 The Netherlands



Would you like more books?

To mark the occasion of the jubilee in 2009, Ekornes presented its 75-year long history from 1934 to 2009 in the form of a book. We hope all employees, also the retired, received the book, which ended up being 457 pages long.

We hope that you will enjoy flicking through the book, but we also hope you will take the time to read about the long process that shaped the company to make it what it is today. This process has turned Ekornes into a well-run and well-functioning company, both for its employees and customers.

If anyone would like to buy extra books to give away as presents, please contact Jarle Tusvik, tel. +47 70 25 52 80.

The recommended retail price is NOK 398.