

PRESS RELEASE

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SATISFACTORY ANNUAL RESULT FROM FRITZ HANSEN

Today, Republic of Fritz Hansen announces a satisfactory annual result for 2014 with a turnover of DKK 479 million and a growth of 6 %, measured in local currency, compared with 2013. The currency effect in early 2014, however, reduced overall growth by 3%.

Operating profit (EBIT) was DKK 60 million, which is on par with 2013, and which includes anticipated extraordinary expenditures. 'We are satisfied with the annual result for 2014. The result reflects our continued focus on overseas markets and Western European countries,' says Lars Torp Madsen, CFO, Fritz Hansen.

Much of the growth stems from Asia, Germany and the United Kingdom, which exceeded expectations with respective growth rates of 27%, 11% and 26% in 2014. The Northern European market overall also did well, with a growth rate of 6 %, which also contributed to the good result for the group. Regrettably, results from the Japanese and American markets shrank by 22% and 13%; however, much of this is due to currency losses on U.S. dollars and, especially, yen.

Key activities in 2014

2014 saw the establishment of several new Fritz Hansen stores, especially in Asia, with the aim of meeting demand from a rapidly growing high-end market and giving clients an opportunity to experience the full Fritz Hansen universe. 'We have seen significant interest from well-funded retail-based partners in Asia and have therefore successfully established stores in Singapore, Jakarta, Manila and Taipei and are opening a store in Bangkok in May. We continue this strategy in 2015, with the aim of expanding awareness of our collection and achieving higher market shares in these markets,' says Lars Torp Madsen, CFO, Fritz Hansen.

The relaunch of the Drop™ chair in 2014 demonstrated once again that giving a classic design renewed currency is one of Fritz Hansen's core competences. The chair was originally designed by Arne Jacobsen in 1958 and was only produced in very limited numbers. 'In addition to the original upholstery in textile and leather, the Drop™ is now also available in plastic, which allows for a more accessible price and also gives the chair renewed relevance in modern interiors. We had high expectations for the launch of the chair, and our expectations were exceeded,' comments Lars Torp Madsen, CFO, Fritz Hansen.

2014 also saw the launch of new designs created in cooperation with the world-renowned Spanish designer Jaime Hayon, a collaboration that is going to continue. 'We are satisfied to see the new products from Fritz Hansen account for a growing share of turnover. In recent years, Fritz Hansen has introduced several new contemporary designs, which have been well received worldwide. This focus on developing new products confirms Fritz Hansen's ambition of being an international company in the absolute elite of design, quality and lifestyle products,' says Lars Torp Madsen, CFO, Fritz Hansen.

In 2013, Fritz Hansen decided to terminate production of stacking chairs in Denmark and instead establish a new high-tech factory in Poland. This process was completed in 2014, and both implementation and quality assurance are on schedule. Thus, Fritz Hansen now has a competitive production facility, for example for producing the Series 7™ chairs, which has its 60th anniversary in 2015.

Expectations for 2015

At the time of writing, Fritz Hansen is finalizing its preparations for the large annual furniture fair in Milan. This year, Fritz Hansen presents a range of new products by designer Jaime Hayon. Fritz Hansen also introduces a dynamic new range of colours by the Danish artist Tal R. The new colour palette revitalizes especially the Series 7™, giving it renewed relevance for a contemporary market.

'Fritz Hansen expects to see an increase in turnover in 2015, stemming both from the design icons and recent years' new product launches. In addition, we are also seeing gradually growing global optimism, which hopefully also benefits Fritz Hansen,' comments Lars Torp Madsen, CFO, Fritz Hansen.

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Group financial highlights

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------------------|---------|---------|---------|---------|---------|
| | DKK'000 | DKK'000 | DKK'000 | DKK'000 | DKK'000 |
| | _____ | _____ | _____ | _____ | _____ |
| Income Statement: | | | | | |
| Revenue | 400,008 | 432,861 | 460,834 | 467,535 | 479,828 |
| EBITDA | 36,394 | 55,742 | 72,577 | 72,661 | |
| 70,100 | | | | | |
| EBIT | 21,958 | 41,427 | 60,168 | 62,740 | 60,008 |
| Net Financials | -2,020 | -2,737 | 1,283 | -4,919 | -4,538 |
| Profit for the year | 13,426 | 28,718 | 44,087 | 41,125 | 42,002 |
| Balance Sheet: | | | | | |
| Inventories | 26,088 | 29,782 | 25,734 | 27,488 | 31,683 |
| Trade Receivables | 42,333 | 36,688 | 38,272 | 44,263 | 46,356 |
| Equity | | 175,930 | 199,026 | 226,577 | 236,520 |
| 220,454 | | | | | |
| Balance Sheet Total | 338,430 | 316,401 | 419,548 | 411,314 | 381,242 |
| Investments | 10,385 | 5,313 | 5,382 | 16,489 | 30,393 |
| Average Operating Assets | 222,852 | 222,981 | 211,898 | 255,765 | 266,401 |
| | | | | | |
| Ratios in % | | | | | |
| Profit Margin | 5.5 | 9.6 | 13.1 | 13.4 | 12.5 |
| Return on Capital Employed | 9.9 | 18.6 | 28.4 | 24.5 | 22.5 |
| Return on Equity | 7.8 | 15.3 | 20.7 | 17.8 | 18.4 |
| Equity Ratio (%) | 52.0 | 62.9 | 54.0 | 57.5 | 57.8 |
| | | | | | |
| Employees: | | | | | |
| Average number of full-time employees | 181 | 175 | 160 | 167 | 187 |