SB Seating Røros

Who is SB Seating?
The history of HÅG
How to stay competitive – taking the responsibility
Where we are today
VISION
To make the world a better place to sit

MISSION
To offer the best seating solutions for working people
Our brands

The HÅG Movement

Designed for Human Performance

Improving your seated posture at work

Adding Life to Rooms
Our cornerstones

Philosophy

Visual design: Perfection from the inside out

Philosophy

Dynamic ergonomics: Always in perfect balance

Philosophy

Quality: One hundred percent satisfaction

Philosophy

Sustainability Pioneer
Our offices Partners

- Head Quarter in Oslo, Norway
- 540 employees
- Manufacturing in Norway, Sweden and Holland
- 140 million Euros turnover
- Sales offices in 12 countries – Distribution in 27 countries
Three highly scalable production sites

<table>
<thead>
<tr>
<th>Site</th>
<th>Units produced</th>
<th>No of production FTE’s</th>
<th>Total FTE’s on site</th>
<th>Potential increase in capacity (same rotation)</th>
<th>Shifts / Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Røros</strong></td>
<td>220 000</td>
<td>85</td>
<td>160</td>
<td>+50%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Nässjö</strong></td>
<td>200 000</td>
<td>51</td>
<td>106</td>
<td>+50%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Zwolle</strong></td>
<td>52 000</td>
<td>33</td>
<td>74</td>
<td>+75%</td>
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</tbody>
</table>
Our history

- 1943: HÅG established
  - Håkon Granlund establishes HÅG in Oslo.

- 1946: First production
  - The first chairs are being made.

- 1957: HÅG moves
  - The factory gets moved to Røros and there are 4 employees.

- 1973: New facilities in Røros
  - The factory moves to the facilities that are being used today.

- 1987: New direction
  - The production of chairs goes from producing to warehouse to Just-In-Time.

- 1993: New facilities in Røros
  - Industrialization and automation

- 2004: The Superflex-line is made and automated operations are introduced in the factory.

- 2007: Ratos buys HÅG
  - The factory gets new owners through a Swedish private equity conglomerate.

- 2008: Triton buys SB Seating
  - SB Seating is sold from Ratos to another private equity conglomerate.

- 2014: BMA from Holland is integrated into SB Seating.
  - New brand
Manufacturing in Røros

- 9 product families with about 70 different models
- Many unique fabrics that gives «unlimited» possibilities
- Production capacity of 1400 chairs a day
- 78% of all orders are 3 chairs or less
- Delivery in 3-5 days (standard fabrics)
- No storage of finished goods, everything is being sent out the same day of production
- Very low internal storage of small parts (1 day consumption)
Manufacturing in Røros - framework

- 400 km distance to Oslo
- 74% Export
- Blue colour labour work 69% more expensive than EU average
- Average of only 5 days filled orderbook
- No usage of short time temps
Competitiveness

Why do the German customer buy a HÅG-chair?

Made in Norway...?

1. The best seating solution
2. The right price
3. Delivered customized by you, faster than the German competitors

• How to do this and make money on it?
• Does the norwegians work harder than the others?
• Can we expect our people to be smarter than the others?
Markets are changing – Mass customization

Mass customization is:
«to produce goods or services that is customized to the needs of every unique customer with the same efficiency as ordinary mass production». (L. Skjelstad, 2016).

«You must recognize that you have a portfolio of customers, where everyone is unique…Mass customization is not being everything to everybody, but rather doing only and exactly what each one needs». (J. Pine, 1993).
The best from one-piece production and mass production

- Flexible tools
- Multi-skilled operators
- Individual needs from different customers
- Production of customized products

- Standardizing parts
- Standardizing of operations
- Standardizing machines
- Specialized operators
- Production line
Our culture – continuous improvement

We are **different and better**

- We have highly **competent** co-workers in all positions – Our production FTE’s are more than a direct variable cost
- All of our co-workers take **responsibility** beyond their work
- All employees have responsibilities to **innovate** and **improve** our processes
- We all **focus on our customer**
- We are **flexible** – we have flexible production solutions and co-workers
- We deliver **quality** in all aspects
- We have **fun** in an **including** working climate
- We work together – Involving all affected parties
- We have effective decision-making
Smart utilization of technology – The big changes

• Focus on effective utilization of resources
• Maintain flexibility – Be able to continue Doing Mass Customization
• Analyse, and automate the right processes (pick the one with largest potential)
• Automation of a process gives some disadvantages:
  • Loss of one person making process improvements
  • Loss of flexibility / more rigorous solution space
  • Poorer utilization of space
State-of-the-art production setup confirmed by leading global expert on mass customization

«I came away from my visit to Scandinavian Business Seating in Røros, Norway, incredibly impressed with its capabilities for Mass Customization. Its relentless focus on eliminating inventory and producing and delivering all orders on the same day that it confirms delivery of those orders makes it one of the premier mass customizers in the world»

B. Joseph Pine, January 2013

Background information

B. Joseph Pine
- Internationally acclaimed author, speaker, and management advisor to Fortune 500 companies and entrepreneurial start-ups
- A visiting scholar with the MIT Design Lab, he has also taught at Penn State, Duke Corporate Education, the University of Minnesota, UCLA’s Anderson Graduate School of Management, and the Harvard Design School
- Serves on the editorial boards of Strategy & Leadership and Strategic Direction, is honorary editor of The International Journal of Mass Customization, and is a senior fellow with both the Design Futures Council and the European Centre for the Experience Economy
Market Leader in Western Europe

Direct labor % of revenue

Revenues and Results (MNOK)