

ARTEK AND MARTELA TO ESTABLISH A JOINT VENTURE

Artek Oy Ab and Martela Corporation have today signed an agreement to establish a new company. Through an asset deal, the new company will acquire the business of P.O. Korhonen, currently a subsidiary of Martela. The joint venture to be established will concentrate on manufacturing products marketed and sold by Martela and Artek. Martela will own 51%, and Artek 49%, of the new company.

P.O. Korhonen will operate as a contract manufacturer, focusing on the manufacture of wooden furniture using form-pressing technology. The company currently employs about 40 people at its plant in Raisio. The unique expertise in wood treatment, bending and form pressing will be retained, forming the core of the new company's operations. The joint venture will invest about EUR 500,000 in production technology straight away. With the aid of a new surface treatment line it will be possible to develop efficient and environmentally friendly surface treatment methods.

In the future, the joint venture will also have a key enabling role in Artek's new product development. Both long-established design companies will benefit from the high-quality manufacturing and technical expertise. Having locally based manufacturing in Finland will allow quick, flexible and customer-focused solutions, which is essential in international projects in particular. Networking and focusing on local production will guarantee the companies a strong competitive position globally. The company's revenue for 2011 is estimated at EUR 4-5 million.

According to Artek's Managing Director, **Mirkku Kullberg**, the collaboration with Martela represents a significant step forward in the Finnish furniture sector. "This is a key part of our strategy aimed at managing the entire value chain from manufacturing to distribution, allowing us to secure profitability and the best possible customer service. In this sector we all too easily see other operators as threats to our own business. It's time to think differently and engage in cooperation that can help assemble an international standard of operations. For us at Artek, Martela stands for solid expertise in procurement and efficient manufacturing," says Mirkku Kullberg.

Martela's Managing Director, **Heikki Martela**, thinks positively of Artek's values, which embrace Martela's key goal of preserving Finland's special furniture manufacturing expertise. "Without such boldness to invest in Finnish production, special wood treatment expertise would have vanished in Finland. Artek is a natural partner for us in terms of strategy, values and the brand. With Finnish manufacturing, we guarantee our customers advantages that cannot be imported from afar. In the future we can look at further forms of cooperation with Artek, for instance in B-to-B sales, in keeping with Martela's approach to complete service offering," explains Heikki Martela.

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