FACTS ABOUT TESS

From 2 to 1,300 employees in 51 years
Take advantage of your procurement power!

Municipalities and other public agencies can far more easily take advantage of their procurement power to strengthen businesses in the local community. At TESS we take our social responsibility seriously by being a stable, predictable employer and business stakeholder in the more than 130 local communities we operate in.

There are many ways to take advantage of procurement power without violating procurement regulations. At TESS we often participate in competitive tenders. We realize that municipalities perhaps don’t think about the fact that money leaves the country when tenderers with foreign ownership win out on smaller contracts that are below the threshold amount. We don’t believe that contracts should be allocated, but would like people to be more aware of what Norwegian ownership means for jobs in the local community and what such ownership depends on.

Of course, we pay our fair share of taxes, sales tax, and social security, as well as comply with business and labor laws. That just comes with the territory. In addition, as a large business employing almost 1,200 people in Norway, we have a responsibility to take care of our local environment as well as train our skilled workers and refine and develop the standards in our industry. We meet the requirement for hiring apprentices and make every effort to make a valuable contribution to our community. Not only does TESS sponsor professional sports, but also sporting and cultural events on a local level. We feel it’s our job to have a presence where our customers live. Through their jobs throughout the districts, TESS’s employees provide valuable tax income for the municipalities, and TESS has been a stable employer over the years. Our company history since our humble beginnings back in 1968 attests to that.

What sets us apart from other suppliers is our 100% Norwegian ownership and the long-term perspective that comes from having both operations and ownership transferred to a foundation that has been set up to ensure continuity. A stable owner with a long-term focus doesn’t close the business due to temporary downturns in the economy. A Norwegian owner doesn’t send the profits out of the country to avoid taxation. A stable employer in a local community is important for local infrastructure. It means security for the parents’ workplaces, the children in schools or kindergartens, and a sound and healthy real estate market.

As the founder and CEO of the foundation that now owns TESS, I look forward to discussing how we can strengthen Norwegian businesses and local communities. For me personally, this is an important part of our community responsibility.

Erik Jolberg asks that the municipalities take need of the purchasing power. Here talking to the Chairwoman of Lier, Gunn Cecilie Ringdal during a visit at TESS Headquarter.

The foundation of Erik Jolberg

Erik Jolberg, the CEO and founder of TESS, gifted the shares of Jolberg Holding AS to the Erik Jolberg Foundation. The goal was to ensure a stable, predictable, long-term ownership structure for TESS while at the same time preserving the current employment contracts and shareholder agreements for employees and directors.

“TESS has enjoyed a very good reputation, and I think that will be further strengthened once we increase our commitment to the local community in this way by providing grants and support of up to NOK 5 million per year,” states Erik Jolberg.

Support can be offered for activities for children and teens within Lier municipality’s current borders, primarily in Lierbyen and the surrounding areas, including Årviksla. Support can also be offered for education in industrial marketing as well as the acquisition or procurement of real estate for non-profit use. A prize of NOK 100,000 can be awarded for outstanding work at or for TESS. Support can also be provided to political causes.
Vision, goals, and strategy

TESS
TECHNICAL TRADE

Objective: NOK 10 Billion and a Better Environment
Through its continues growth, TESS will safeguard and provide good jobs in the local communities where TESS operates. To achieve this, TESS must be the preferred supplier of technical hose solutions and services in the markets TESS operates in at all times. TESS aims to increase customers’ uptime and profitability.

Strategy
En route to this goal, TESS intends to strength and develop:
- An organization that is responsive to opportunities
- New markets and customers at home and abroad
- New products and services
- More technical solutions
- Integrated supply solutions and automated vending concepts
- Competence and quality
- Ability to satisfy customers

Moreover, TESS will assess strategic acquisitions, alliance building, and other measures to ensure the company’s growth objectives.

Products and Services
TESS prioritizes products, services, and values that have a positive impact on the health, safety, and environment of our customers. As the first supplier in our industry, TESS implemented a quality assurance system back in 1994.

The system is revised on an annual basis. TESS also takes the initiative to provide solutions that make it easier for customers to comply with governmental requirements, laws, and regulations, offering service concepts that prevent injury, pollution, and work stoppages.

ISO 9001 and 14001:2015

TESS was the first company in the hose industry to become certified in relation to the new ISO standard for quality management systems (9001) and the external environment (14001). Term of validity 6/25/2017 - 6/25/2020. DNV-GL will follow up the approval with annual audits.

The new standard requires the business to be aware of its surroundings and stakeholders, risk and approach to opportunities, leadership and obligations, and communication both internally and externally. Continuous improvement is our overriding focus.

Health, safety, and environment

Health, Safety, and Environment
For several years now, TESS has taken a systematic approach to its health, safety, and environment (HSE) initiatives. For a long time, both internal control and workplace environment planning have been focal points in our staff handbook. A common risk-based HSE system has been created for the entire company. The system is based on ISO 14001:2015 and OHSAS 18001:2007. At TESS, HSE is firmly rooted in the mindset of our top management.

Health
TESS is working on several initiatives to reduce absences due to illness in its various businesses and service centers. We work proactively to improve the workplace environment through active job safety representation and worker protection measures in all regions. Objective: sick leave 2019: less than 4.5 percent. Achieved in 2018: 4.2 percent.

Environment
In 2019, we are prioritizing suppliers who are focused on the environment, green IT, THM, and IF solutions that yield environmental benefits. TESS is focused on CO2 emissions with programs for the extensive use of electric vehicles, energy savings, and coordinated solutions. Over many years, TESS has had a high degree of waste sorting for recycling. TESS East AS is environmentally certified by Eco-Lighthouse. TESS AS, including TESS Logistik AS, TESS Subsea AS, and TESS West AS Regional Center in Bergen are all certified in accordance with ISO 14001:2015. No reportable emissions are an overriding goal for TESS.

Goal for the reduction of CO2 emissions* in 2019: 170 tons. Achieved in 2018: approx 166.5 tons.
* Calculated consumption and savings.

Safety
TESS is focused on reporting workplace incidents as well as providing preventive safety training. At TESS risk assessments and secure job analysis, SJA, are used as valuable tools to improve safety. Zero injuries at the workplace is the goal for all activities. TESS West AS is certified in accordance with OHSAS 18001:2007. The safety goals in 2019: H1 ≤ 2 and H2 ≤ 5. Achieved in 2018: H1 ≤ 2.5 and H2 ≤ 6.3.

H1: Injuries with absences per one million work hours.
H2: Number of injuries resulting in medical treatment per one million work hours.

Code of Ethics
TESS code of ethics is available in the form of a 24-page document. The code applies to all employees, directors, contracted consultants, or other parties acting on behalf of TESS. A health “check-up” of the ethical climate at TESS is performed on an annual basis.

TESS Academy
TESS Academy offers courses available to all TESS employees. In 2018 we had a total of 57 courses on our training portal employees could choose among. Over the course of the year in 2018, TESS Academy enrolled 608 students in our own classroom courses, corresponding to 746 class days. 166 of the class days involved leadership development. In addition, 1,587 e-training courses were completed on the training portal. In the fall, all employees in contact with customers will participate in a mandatory introductory course on the subject of hoses.
CONSOLIDATED NET SALES FOR THE TESS COMPANIES WERE NOK 2.6 BILLION IN 2018, WITH EARNINGS BEFORE TAX (EBIT) OF NOK 137.5 MILLION. THE INCREASE IN SALES WAS GREATEST IN THE WEST AND NORTH REGIONS. OIL-RELATED ACTIVITIES AND FISHERIES WERE THE MAIN DRIVERS BEHIND THIS SALES GROWTH. IN EASTERN NORWAY, A RISE IN CONSTRUCTION ACTIVITIES AND SALES OF MORE EFFICIENT WAREHOUSING SOLUTIONS, INCLUDING AMONG OTHER THINGS AUTOMATED WAREHOUSES, ACCOUNTED FOR THE INCREASE. THE ACQUISITIONS TESS MADE IN 2018 WERE OF STRATEGIC IMPORTANCE, MAKING THE TESS GROUP THE DOMINANT PLAYER IN WELDING AND WELDING-RELATED SERVICES.

THE ACQUISITIONS CONTINUE IN 2019. THE LARGEST HAS INVOLVED INVENTORY AND OPERATING SUPPLIES FROM THE ALBERT E. OLSEN BANKRUPTCY ESTATE AUCTION (SALES OF AROUND NOK 400 MIL IN 2018). TOTAL EBITT FROM OUR FOREIGN BUSINESSES AMOUNTED TO NOK 3.5 MILLION IN 2018, UP FROM A LOSS OF NOK 3.4 MILLION THE YEAR BEFORE.
2018, Our Jubilee Year

From the TESS perspective, the jubilee year of 2018 has been spectacular. It’s been 50 years since TESS first opened its doors on Aabysgate 8 in Drammen under our prior name of Teknisk Service. After half a century, Norway’s leading supplier of hoses has delivered products and solutions to a multitude of industries and public agencies throughout the country.

On Monday September 3, 2018, TESS celebrated the anniversary of its founding at all of the 130 service centers throughout the country. Customers and suppliers gathered to honor the anniversary, and we received many gifts to thank us for the rewarding, productive relationship we’ve had with them over the years.

On September 29 TESS held a magnificent jubilee celebration for employees and their families in Telenor Arena at Fornebu. During the days before the jubilee celebration, TESS arranged its annual Industry Fashion Fair at the same place, with a record-high 124 exhibitors.

Since 1968, the celebration has been held to promote customer support, trust, and cooperation. The same applies now, 50 years later: contact with customers will always be an important priority at TESS when it comes to providing service and advice. As the TESS manager stated: “We never give up on service.”
E-commerce, E-invoicing, and EDI Solutions
TESS has been at the forefront of e-commerce, with 20 years of experience. Today, TESS’s customers are able to enjoy a wide variety of innovative solutions. The Norwegian authorities require publicly-owned companies to do business with suppliers that provide e-invoices. TESS is well prepared for this and supplies e-invoices based on the electronic trading format, EHF, as well as a number of other standards. Moreover, we provide customers with customized invoices on request. Invoices can also be delivered by e-mail in the form of a PDF file. The combination of TESS Webshop’s punch-out and EDI automates the entire business process. These solutions are used by Equinor, among others.

Integrated supply solutions - TESS brings logistics to the customer
TESS’s proprietary logistics program includes inventory supply, warehousing, direct distribution, and automated and digital account entry. These solutions provide customers with more time for strategic purchasing and core activities.

The savings come from quicker access to products, less obsolescence, reduced inventory storage costs, less consumption, simplified digital account entry, increased uptime, and the right assortment of products for the market. In 2018, interest in these solutions grew considerably. TESS has strategically placed containers at construction sites. These are filled with what the contractors need. Workers can obtain gloves, protective eyewear, and other consumable items from vending machines on the factory floor, in the workshop, etc. The first of many TESSgate automated warehouses was built at Equinor’s facility in Kårstø. All products there have RFID labeling and customers simply verify their identities and everything is taken care of via automation. No scanning or manual operations are required. This is TESS’s own “Amazon” solution.

Key Figures
- Number of hoses in the database: 624,000
- Number of hose replacements and new registrations per month: 7,000

Savings
- 25% warehousing expenses
- 30% transaction expenses

THM - Supervision, Control, and Safety
TESS Hose Management, THM, covers the systematic service and maintenance of hoses and related equipment. THM ensures the safety and management of all hose installations via monitoring from an app. This requires hoses to be measured, recorded, and labeled in the web-based service system. The savings for an installation with 1,000 hoses from this risk-based inspection program amounts to nearly NOK 2 million over 10 years.

NAHAD is an American association for manufacturers and wholesalers in the hose industry. Through its membership in NAHAD, TESS has been able to access research and know-how in the hose industry as well as obtain integrated supply capabilities. TESS has been a member since 1993.

EDIS is a group of several collaborative European companies, formed to promote the exchange of knowledge, solutions, and technical know-how to take advantage of opportunities and respond to challenges in the industry. All of the members’ work involves hoses and associated services. Among other things, the group organizes joint purchases and product development for members. TESS has been a member since the autumn of 1993.

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Energy Valley is a technology cluster in the energy sector located between Notodden and Oslo. The network is known as “Subsea Valley”. TESS is member no. 1.

BIG is an international organization that promotes the development and use of blockchain standards in education, certification, and collaboration. TESS became a member in Spring 2019.

The Water Valley collaboration was meant to be a leading force in engineering and technology but folded in Spring 2018. At a board meeting in April, a resolution was passed to donate the profits from this business cluster, NOK 75,000, to The Church City Mission in Drammen. The money was handed over by Trond Østgaard and Erik Jølberg to the leader of The Church City Mission, Jon Ivar Windstad.
From 2 to 1,300 employees in 51 years

TESS - Founded by Olav Nygaard and Erik Jalberg in 1968

1968
- Sales of NOK 480,000.00.
- Hire our first employee (2+1).
- The smell of oil. There she blows! Larger facilities. Department in Stavanger.
- Growth. 5 employees. Sales of NOK 4.2 Mil.
- Advanced specialized equipment is purchased.
- The Lillehammer sales office is established. Sales of NOK 13.9 Mil.
- TESS Bergen, Alesund, and Drammen open their doors. CCB base collaboration. Larger facilities.
- TESS Oslo and Henefoss are established. 50 employees. Sales of around NOK 20 Mil.
- TESS + Teknik Service sales total around NOK 50 Mil. 60 employees.
- TESS Haugesund, Florø, Elverum, Holmestrand, and Molde open their doors. Overall sales over NOK 60 Mil, 88 employees.
- TESS’s 10-year jubilee. Grand openings of TESS Lysaker, Kristiansand, Kristiansund, and CCB.
- TESS Hokksund is established. 105 employees. Continued expansion.
- TESS engros AS. TESS Sandnes and Kolbotn open their doors. Product line expansions.
- TESS Data, Mongstad, Arendal, Spjelkavik, and Horten are established.
- Grand openings of TESS Trondheim and Grenland.
- TESS Hamar is established.
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- TESS Data, Mongstad, Arendal, Spjelkavik, and Horten are established.
- Grand openings of TESS Gjøvik, Rana, Sogn, Tensberg, and Larvik.
- TESS Sandvik is established.
- A difficult year. A turnaround operation commences. The 20-year jubilee is called off on short notice. TESS Sken, Stjørdal, Øsfold, and Ulsteinvik open their doors.
- TESS Flora, Hamar, Drammen, and Larvik move to larger, more modern facilities.
- TESS Kongsberg, Sandefjord, and Mandal are established. Joint venture agreements are signed.
- Record sales, around NOK 225 million. TESS Oslo and Drammen are relocated. Blanket order agreement with Statoil.
- Grand openings of TESS Steinkjer and Christiansand.
- TESS produksjon AS is approved by Det Norske Veritas for quality assurance in accordance with ISO 9002. TESS Kokstad, Gardermoen, Lade, and Fredrikstad (bought out by ICM) are established. CT Yrkesskoler in Porsgrunn becomes TESS.
- TESS Lillestrøm and Tjeldbergodden open their doors. TESS CD-SERVICE introduced with an electronic product catalog. Partnering and in-plant arrangement with Aker, MWS, and Raufoss.
- 30-year jubilee - TESS Triple Show. TESS Ål and Kristiansand open their doors. Acquisition of Sveiøhuset Stord AS. Industrinett AS is established. Oslo relocates and expands. 490 employees. NOK 819 Mil in sales.

2000
- TESS Volda and Moelv are established. Partnering and in-plant arrangement with Elkem.
- TESS Sunndal and Åsane open their doors. Partnering with GE Hydro Sarumsand and Mustad. MRO ‘01 and NOK billion party. Historic agreement with Statoil.
- MRO ‘02. The agreements with Statoil are expanded. Blanket order agreement with Smadvig/Maersk. Acquisition of Sveiøsesenteret Norge AS. 35 since TESS was founded. Over NOK 1 billion in sales for the first time.
- Crown Prince Haakon visits TESS at ONS. TESS Service System (hose management system) in use. Grand openings in Horten (HIP), Vikersund, downtown Drammen, and Fageren.
- Acquisition of Global Offshore Supplies in Esbjerg (Denmark) and Myklebust Havnereslæpassjon (Egersund). New locations in Ølen, Stange, Haram, Kongsvinger, Notodden, Sandtætnesparken, Tynset, Åndalsnes, and the TESS FMC Partnershop in Sorta. Industry Fashion Fair (no. 10) onboard the MS Trollfjord Hurtigruten cruise ship.
- New service centers open in Kongsvær, Styn, Årdal, and Karsta.
- Acquisition of Flora Forsyningsaksjeselskap and Liker Maskinforsrening. TESS celebrates 40 years in business. Industry Fashion Fair no. 11 at Expoorama.
- New service centers open in Askøy, Harvik, Hadeland, and Straume.
- Subsea manufacturing established.
- New service centers open in Kongsgårdmoen, Slavag, and Frakkagard. Meeting at TESS headquarters and newly constructed production workshop. First big order in the subsea industry. Member no. 1 in the Subsea Valley interest group.
- Partnership with Schlumberger in Tananger. 50% stake in Bic Brazil is acquired, renamed BiC TESS. Big order in THM from Maersk Drilling. Acquire half the shares of Skogholt Henskefaktiskirik AS and T&M Hydraulics in Houston.
- Service center in downtown Oslo is established. TESS Rio de Janeiro opens its doors as service center no. 2 in Brazil. New sales record: NOK 2.8 billion. TESS Møre and Røtke AS acquire a majority ownership stake in Helland Rør AS.
- New service centers in Singapore, Houston, Fredrikshavn, Denmark, and Narvik, Norway.
- Erik Jalberg becomes the sole owner of TESS. The company is organized as a group with shares issued to employees. Industrial Fashion Fair at Telenor Arena.
- The joint venture with StatOil is expanded with a Baseshop at Mongstad and a partnership on Melkøya Island. TESS acquires ProfitPartner Brandth in Mosjøen and the TOOLS Industriutbikken store in Harstad. Industrial Fashion Fair, 15 years. TESS Austevoll opens its doors.
- TESS acquires 100% of the shares in ICO AS and Industrifokus, along with majority ownership in Smart Utleie, PSO, and Eiva Safex. Sign new 3-year agreement with Traderbroker. TESS opens a location in Gran Canaria, Canary Islands. TESS celebrates 50 years in business. Industrial Fashion Fair and jubilee party at Telenor Arena. Sales of NOK 3.3 billion. Erik Jalberg transfers ownership to the Erik Jalberg Foundation. 17 wholly and partly owned companies. More acquisitions. 1,300 employees. Many new employees from AEO.
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More than 130 locations in Norway
+ Partnerships

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