



NORWAY

Adventures in Travel and Industry

The Heart of Oslo

An Interview with
Knut T. Flakk, Owner, Flakk Group

An Interview with **Elisabeth C. Brochmann,**
Owner and Managing Director, Hotel Continental



Knut T. Flakk

EDITORS' NOTE Knut Flakk is also Chairman of the Board of Directors of Hexagon Composites ASA. He also serves as a member of the Company Nomination and Remuneration Committees. He has experience in industrial company start-ups, and development and operation in Norway and internationally. He is a former Chief Executive Officer of the company and has served as Chairman of the Board of Directors of all its main subsidiaries.

COMPANY BRIEF The Flakk Group of Companies (flakk.no) consists of businesses in different industries, ranging from travel and tourism to helicopter services, energy-saving building materials, light-weight composites, innovative log homes, and natural textiles. The

diverse group of companies are all aiming to develop products and services that can contribute to the enhancement of life and to a sustainable environment. From a modest start two generations ago, the Flakk Group has grown into a medium-sized group of companies with a broad international presence.

How would you describe the Flakk Group?

The Flakk Group is a privately held company that has several subsidiaries in different industries, including travel and tourism. The Hexagon Company is the public part of the Flakk Group. We are the largest shareholder in Hexagon, which is traded on the Oslo Stock Exchange so it's a company that has a number of shareholders in addition to Flakk.

What products does Hexagon produce?

It makes products out of composites, which are basically fiber-reinforced plastics. The majority of the products we make are for storage for natural gas and hydrogen for the transportation industry. We see an increasing use of natural gas in the transportation sector instead of diesel and gasoline.

Is oil still a good investment?

You're going to see some dramatic changes in terms of natural gas taking a much more important position compared to oil. The U.S. shale gas developments are going to drive that change.

Not in Norway?

Not in Norway, because Norway is very obsessed with oil and I don't think they have opened up their eyes yet to developments in shale gas.

But that's not stopping your companies from continuing to be involved?

We are very much involved because we make these composite storage systems for natural gas. If you're going to have a natural gas vehicle, you would need a system like we supply.

We are definitely taking advantage of this development. I just don't think Norway as a country has seen this trend that is taking place.

What would you suggest as an overseas investment?

You should watch for the changes that natural gas and the low-cost shale gas from the U.S. will have on different industries and markets. There is great potential within that sector. This poses a threat to a number of other industries like oil, because the oil industry is today working at a very high cost level, especially in Norway. New fields will require a break-even price of maybe \$80 per barrel. At the same time, the cost of shale gas in the U.S. is about \$20 to \$30 if you convert with the same energy content.

So this makes a huge difference, and if the price of oil then goes down, production activity within the oil sector will go down too. ●



Elisabeth C. Brochmann

EDITORS' NOTE In 1985, Elisabeth Caroline Brochmann became Director of the Hotel Continental. She had graduated from business school in Switzerland with a degree in business administration. She previously gained broad experience, working in hotels in London, Hamburg, and Lyon. Under her direction, Hotel Continental opened a new bar, LIPP, in 1991, built a conference center in 1995, and remodeled Annen Etage restaurant in 1998.

PROPERTY BRIEF Oslo, Norway-based Hotel Continental (hotelcontinental.no) and Theatercaféen opened in 1900, right after the

opening of the National Theatre. Caroline and Christian Boman Hansen took over the lease in 1909, and within only three years they were able to purchase the establishment. In 1932 and 1961 respectively, the hotel and restaurant were expanded. It now occupies a whole block located in the center of Oslo. Elisabeth Brochmann is the current and fourth-generation owner. The Hotel Continental offers 155 individually furnished rooms, many of which are newly renovated. The hotel is a five-star property of high international standards, and the only Norwegian member of *The Leading Hotels of the World*. Hotel Continental has an extensive art collection and, in the lobby bar, "Dagligstuen," there is a large collection of prints by Edvard Munch.

Hotel Continental is under fourth-generation ownership and is the place to be in Oslo. Running this hotel must not be an easy job.

No, but it's a very exciting job, and I love it. For me it's important that we run this hotel as well as we can. I don't have any plans to expand.

It started with my great-grandfather and grandmother; they were in the old building where Theatercaféen is. Then my grandfather expanded it and, in 1930, built what we call Building 2.

My mission is to renovate and keep the hotel and house in even better shape than it has been in the past.

Oslo, Norway was voted the single place in the world where the people are most happy. Certainly, everybody at the hotel seemed happy to greet us.

This is great to hear. We are currently investing over \$100 million Norwegian Krone to update the hotel. I'm happy to do that but, if those who work here are not smiling and doing their best, even if I invest greatly, the product will not be good. This is a people industry and business. If a guest has a nice experience, it's the result of the people here – myself and my colleagues.

Do you have special arrangements in the hotel for hosting board of directors meetings?

Yes. Our goal is to provide the best for people who want the best. So we have our meeting facilities and top equipment, which are totally modern. Our oldest building is from 1900, but that doesn't mean that it can't be very modern inside.

Our style is to be classical and traditional but with a modern flair. We refer to our style as classic contemporary, because I don't want our guests to feel this is just a house – they should feel it's fresh and that everything works, and that it's well-equipped. ●