

A modern kitchen and dining area. The kitchen features white upper cabinets and grey lower cabinets with a dark countertop. A Siemens oven is visible on the left. In the foreground, a woman and a child are lying on a wooden herringbone floor, reading a book together. A small table with colorful cups and a cupcake is in front of them. In the background, there is a dining table with a dark top and white chairs, a window with a view of a house, and a chandelier hanging from the ceiling.

Interim report Jan-Sep 2016

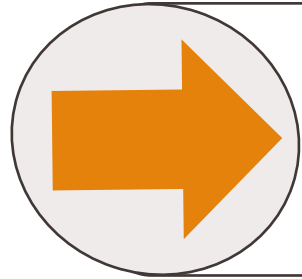
28 October 2016

Q3 highlights

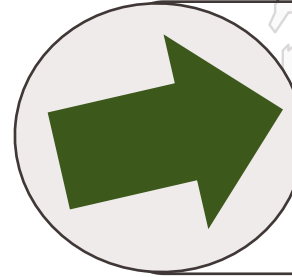
- Net sales SEK 3,252 m (3,204)
- Organic growth 2% (9)
- Gross margin 39.3% (40.9)
- EBIT SEK 337 m (343)
- EBIT margin 10.4% (10.7)
- Profit after tax SEK 246 m (258)
- Operating cash flow SEK 235 m (274)



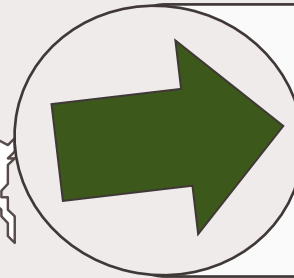
Kitchen market trend, Q3



The UK market estimated to have been flat versus previous year. The outcome of the EU referendum increased the macro-economic uncertainty and reduced consumer confidence, which mainly affected the higher price segments.

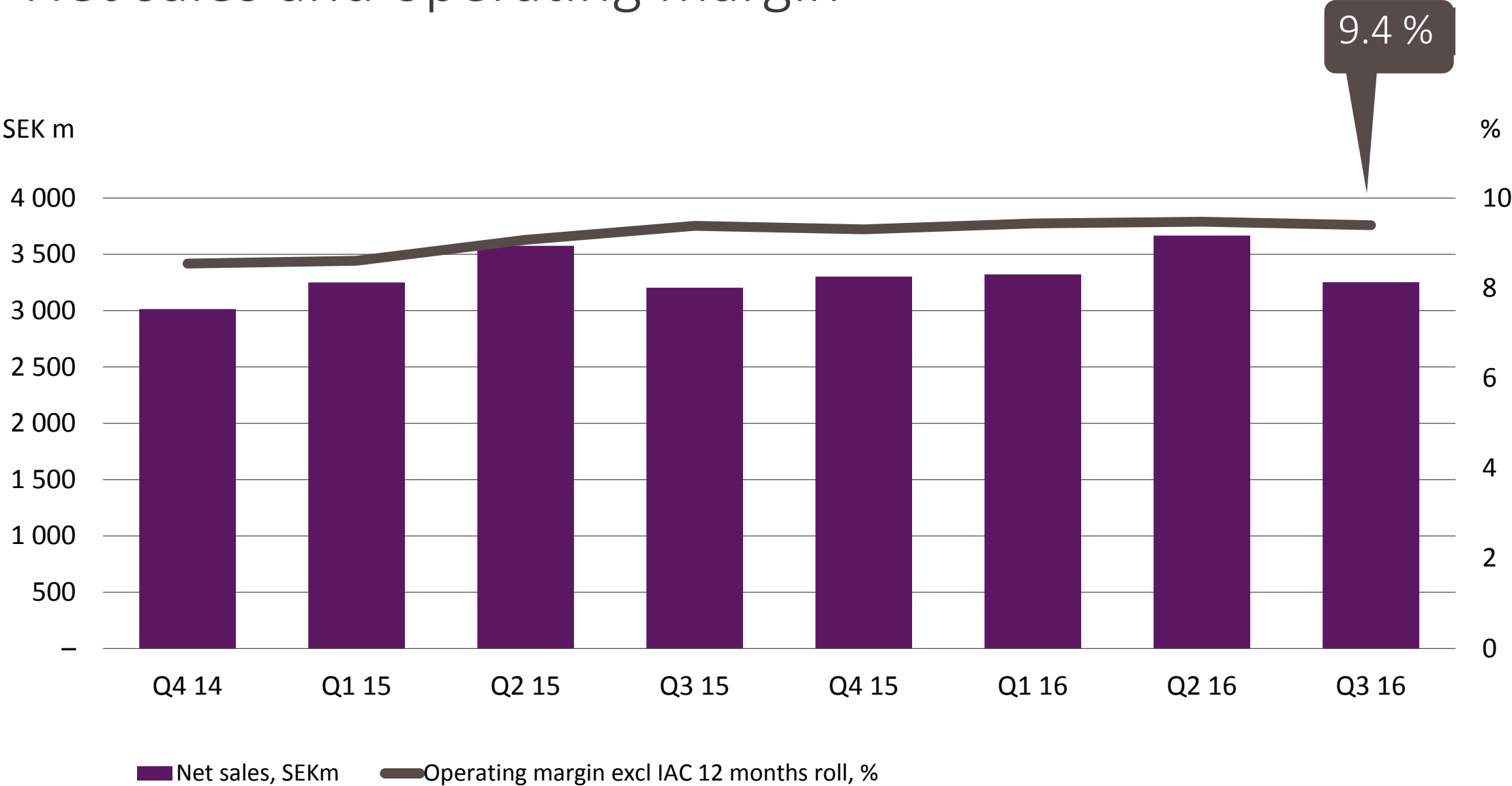


The Nordic market was up on previous year. New build completions was the primary driver of the favourable development. The consumer segment was somewhat softer, particularly in Sweden



The market in Central Europe is estimated to have been slightly up compared with the previous year.

Net sales and operating margin



Strategy and target

Focus on



Operating profit



Nordic region

42% of net sales in Q3

- Organic growth attributable to increased sales to professional segment
- Gross margin declined slightly
- EBIT improved as a result of higher volumes and sales values

	2015 Jul-Sep	2016 Jul-Sep
Net sales (SEK m)	1,237	1,355
Organic growth	12%	9%
Gross margin	39.7%	39.6%
EBIT (SEK m)	172	185
EBIT margin	13.9%	13.7%



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NOREMA



AlCanta
KEITTIÖT

UK region

- Organic decline primarily attributable to Magnet
- Gross margin declined due to currency and the business model of the latest acquisition
- EBIT margin strengthened as a result of profit contribution from the latest acquisition, lower material prices and higher sales values

46% of net sales in Q3

	2015 Jul-Sep	2016 Jul-Sep
Net sales (SEK m)	1,535	1,495
Organic growth	5%	-2%
Gross margin	41.1%	38.3%
EBIT (SEK m)	163	166
EBIT margin	10.6%	11.1%

Magnet

Gower

Interior
Solutions

rixonway
kitchens

ck commodore
kitchens

Central Europe region

12% of net sales in Q3

- Organic decline primarily attributable to Poggenpohl
- Gross margin declined due to sales mix and stock write-down
- EBIT declined due to lower volumes, weaker gross margin and higher costs

	2015 Jul-Sep	2016 Jul-Sep
Net sales (SEK m)	432	403
Organic growth	9%	-5%
Gross margin	42.6%	40.0%
EBIT (SEK m)	39	19
EBIT margin	9.0%	4.7%



Financial position, Q3

Operating cash flow declined

- Negative change in working capital
- Lower investments

Strong balance sheet

- Pension debt increased due to discount rate
- Net cash position
- Higher debt/equity ratio

SEK m	2015 Jul-Sep	2016 Jul-Sep
Operating profit	343	337
Change in working capital	-44	-106
Investments in fixed assets	-88	-63
Operating cash flow	274	235
SEK m	2015 30 Sep	2016 30 Sep
Net debt	808	1,159
- Provisions for pensions	863	1,166
- Net borrowings	-55	-7
Net debt/equity	22%	33%

Strategy and target remain

Focus on



Operating profit



Q&A

