

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. The dining area has a dark table, white chairs, and a window with a view of a house. A woman and a child are lying on the wooden floor, reading a book together. There are colorful cups and a small cake on the floor next to them.

Interim report Jan-Dec 2016

7 February 2017

Highlights

Q4 2016

- Net sales SEK 3,155 m (3,016)
- Organic growth 5% (4)
- EBIT margin 9.4% (9.4)
- Operating cash flow SEK 480 m (292)

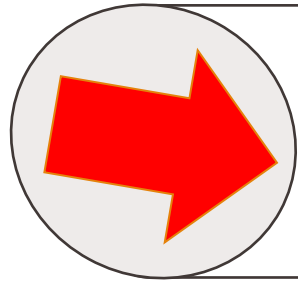
Full year 2016

- Net sales SEK 12,648 m (12,266)
- Organic growth 4% (7)
- EBIT margin 10.3% (9.7)
 - Currency headwind representing 1 pp
- Operating cash flow SEK 1,031 m (770)
- Proposed share dividend SEK 3.00 (2.50)

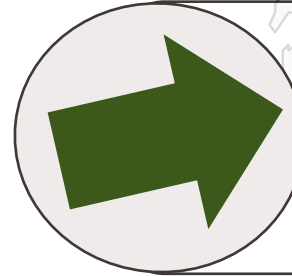
Poggenpohl classified as Discontinued operations, figures restated.



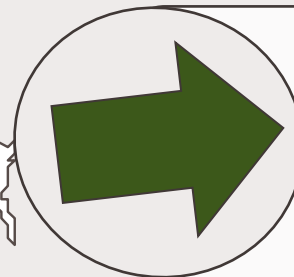
Kitchen market trend, Q4



The UK market estimated to be slightly down versus previous year. Increased macro-economic uncertainty and reduced consumer confidence. The economy segment seems less affected by the increased uncertainty.

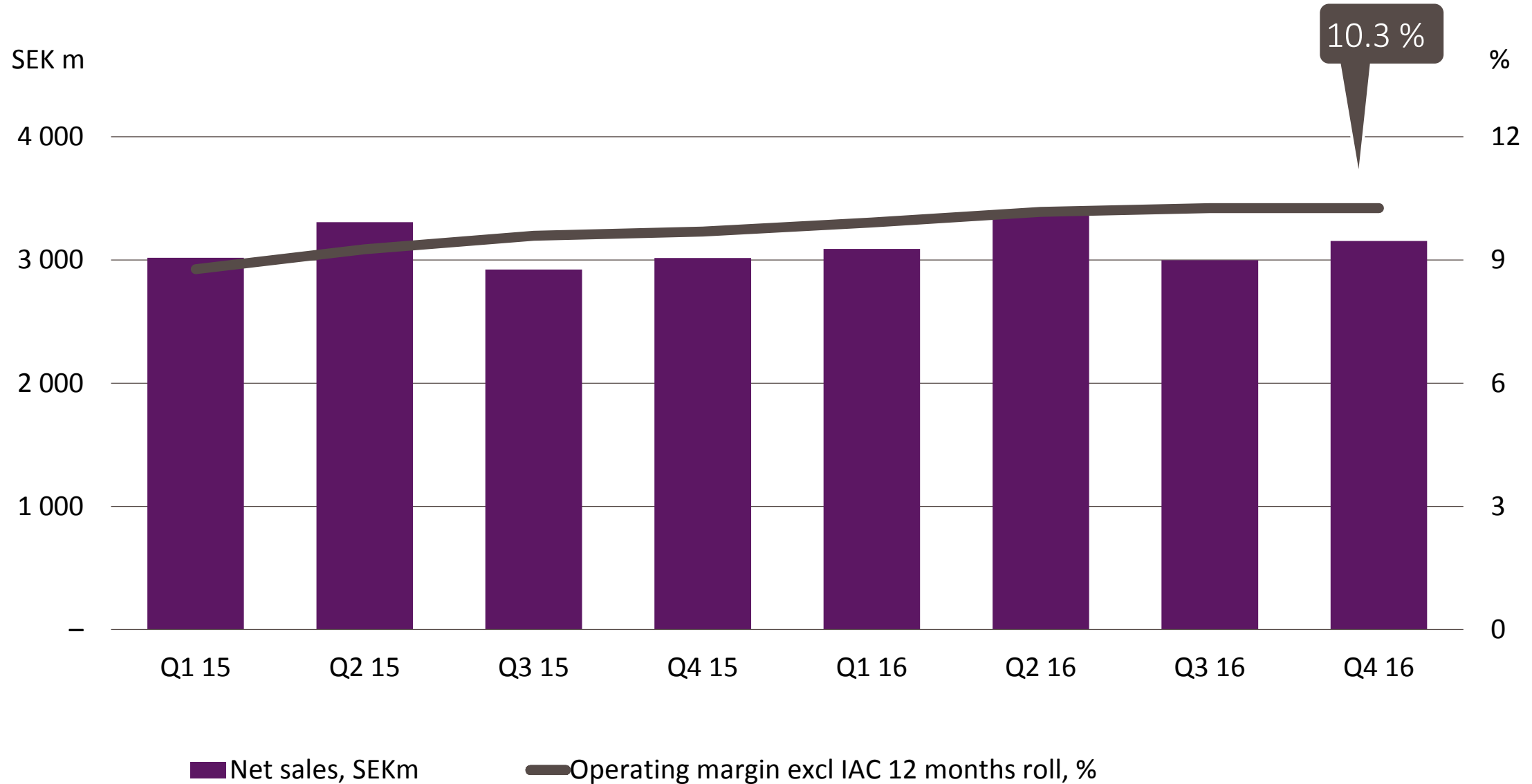


The Nordic market was up on previous year. New build completions was the primary driver of the favourable development, whereas the consumer segment was softer.



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

Net sales and operating margin



Financial targets

Growth, organic
and acquired

>5%

EBIT margin

>10%

Debt/equity

<100%

Dividend/net
profit after tax

40-60%

Nordic region

51% of net sales in Q4

- Organic growth attributable to increased sales to project segment
- Gross margin improved
- EBIT improved as a result of higher volumes, increased sales values and lower costs

	2015 Oct-Dec	2016 Oct-Dec
Net sales (SEK m)	1,421	1,609
Organic growth	5%	9%
Gross margin	39.0%	40.0%
EBIT (SEK m)	172	237
EBIT margin	12.1%	14.7%



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UK region

- Organic growth attributable to B2B sales
- Gross margin declined, primarily due to currency
- EBIT declined, negatively affected by lower gross margin and a positive one-off effect in Q4 last year

45% of net sales in Q4

	2015 Oct-Dec	2016 Oct-Dec
Net sales (SEK m)	1,471	1,416
Organic growth	3%	1%
Gross margin	40.2%	34.8%
EBIT (SEK m)	154	93
EBIT margin	10.5%	6.6%

Magnet

Gower

Interior
Solutions

rixonway
kitchens

ck commodore
kitchens

nobia

Central Europe region

4% of net sales in Q4

- Poggenpohl classified as Discontinued operations and divested 31 January 2017
- No organic growth
- Gross margin declined due to reduced volumes and lower productivity
- EBIT improved as a result of lower costs

	2015 Oct-Dec	2016 Oct-Dec
Net sales (SEK m)	125	130
Organic growth	-3%	0%
Gross margin	32.0%	27.7%
EBIT (SEK m)	1	5
EBIT margin	0.8%	3.8%

Financial position, Q4

Operating cash flow improved

- Positive change in working capital
- Lower investments

Strong balance sheet

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

SEK m	2015 Oct-Dec	2016 Oct-Dec
Operating profit	283	297
Change in working capital	119	334
Investments in fixed assets	-140	-119
Operating cash flow	292	480
SEK m	2015 31 Dec	2016 31 Dec*
Net debt	774	493
- Provisions for pensions	732	955
- Net borrowings	42	-462
Net debt/equity	20%	14%

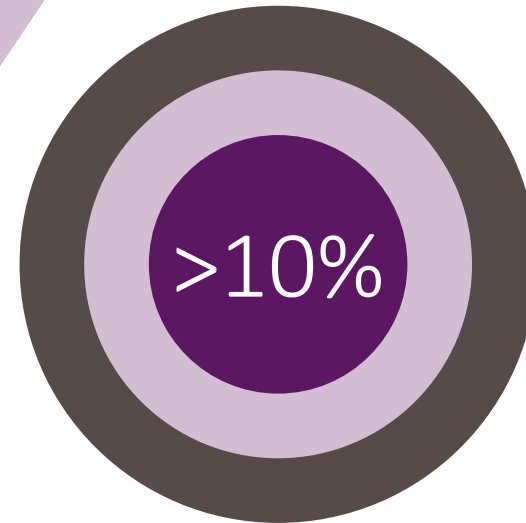
*Including assets and liabilities classified as Asset held for sales.

Strategy and targets

Focus on



Growth,
organic and
acquired



EBIT margin

Q&A

