Interim report January-June 2018

April-June 2018

- Net sales for the second quarter amounted to SEK 3,503 million (3,408).
- Organic growth was a negative 2 per cent (pos: 1).
- Operating profit amounted to SEK 387 million (413), corresponding to an operating margin of 11.0 per cent (12.1).
- Currency gains had an impact of approximately SEK 10 million on the Group's operating profit, of which a positive SEK 15 million in translation effects and a negative SEK 5 million in transaction effects.
- Profit after tax amounted to SEK 297 million (314), corresponding to earnings per share before and after dilution of SEK 1.76 (1.86).
- Operating cash flow amounted to SEK 184 million (193).

Nobia Group summary

	Apr-Jun			Jan-Jun			Jan-Dec	Jul-Jun	
	2017	2018	Change, %	2017	2018	Change, %	2017	2017/2018	Change, %
Net sales, SEK m	3,408	3,503	3	6,723	6,676	-1	12,744	12,697	0
Gross margin, %	39.9	39.8	–	39.4	39.7	–	39.3	39.5	–
Operating margin before depreciation and impairment, %	14.2	13.2	–	12.3	11.9	–	12.3	12.1	–
Operating profit (EBIT), SEK m	413	387	-6	686	642	-6	1,286	1,242	-3
Operating margin, %	12.1	11.0	–	10.2	9.6	–	10.1	9.8	–
Profit after financial items, SEK m	405	381	-6	668	628	-6	1,250	1,210	-3
Profit/loss after tax, SEK m	314	297	-5	519	490	-6	1,015	986	-3
Earnings/loss per share, before dilution, SEK	1.86	1.76	-5	3.08	2.91	-6	6.02	5.85	-3
Earnings/loss per share, after dilution, SEK	1.86	1.76	-5	3.07	2.90	-6	6.02	5.85	-3
Operating cash flow, SEK m	193	184	-5	294	248	-16	706	660	-7

Nobia develops and sells kitchens through some twenty strong brands in Europe, including Magnet in the UK; HTH, Norema, Sigdal, Invita, Marbodal in Scandinavia; Petra and A la Carte in Finland and Ewe, FM and Intuo in Austria. Nobia generates profitability by combining economies of scale with attractive kitchen offerings. The Group has approximately 6,300 employees and net sales of about SEK 13 billion. The Nobia share is listed on Nasdaq Stockholm under the ticker NOBI. Website: www.nobia.com

Comments from the President and CEO

Strong Swedish project sales caused production disruptions, leading to a negative sales mix and a short-term EBIT deviation compared to last year.

We estimate that all markets in the Nordics grew in the quarter. However, the period was heavily impacted by manufacturing disruptions in Tidaholm on the back of strong project volumes, resulting in long lead-times and consequently a sharp drop in sales primarily to consumers in Sweden and Norway. We estimate that the production disruptions had a negative impact of SEK 20-25 million on operating profit. During June and July we carried out extensive maintenance work and the situation has improved for Q3 deliveries.

In the UK, competition intensified in the quarter, especially at the lower end and among builders' merchants. I am therefore pleased that Magnet Retail managed to deliver double digit growth in the quarter, confirming that the new brand proposition stands strong in the current environment. We are now extending this work to Magnet Trade with the ambition of finalising it before the end of the year. The exit from Homebase and the extraordinarily strong past year deliveries in project sales affected year-over-year growth in the UK by approximately -5 per cent.

We were pleased to announce the acquisition of the Dutch company Bribus, with a turnover of EUR 65 million and profitability in line with Nobia's target. The company is one of the strongest kitchen suppliers to the Dutch project market and has an impressive track record under current management. Bribus will give us a solid platform to expand our presence in Central Europe. The deal is financed through our renewed syndicated loan, but with our strong balance sheet we will still have room for further acquisitions.

Going forward we believe that the Nordic kitchen market will continue to be strong, mainly driven by the Danish and Finnish project markets. The Swedish project market is holding up better than expected and we now estimate that our project deliveries in Sweden will grow during the first half of 2019, after which they will most likely normalize. Our UK project business has good momentum and the order book is more than twice as big as last year.

Our financial targets including the dividend policy remain unchanged.

Morten Falkenberg
President and CEO

Second quarter, consolidated

Market overview

The overall Nordic kitchen market is deemed to have grown compared with the second quarter of 2017. New housing construction continued to drive the favourable development.

The UK kitchen market is deemed to have weakened slightly due to the political and macroeconomic uncertainty, which has negatively impacted consumer confidence. Price competition has increased, particularly in the lower pricing segments.

The kitchen market in Central Europe is deemed to have grown slightly compared with the year-earlier period.

Net sales, earnings and cash flow

The Group's net sales amounted to SEK 3,503 million (3,408). Currency gains of SEK 150 million impacted sales. Organic sales growth was a negative 2 per cent (pos: 1), negatively impacted by lower volumes, a changed sales mix and production disruptions. More delivery days compared with the preceding year had a positive impact.

The gross margin declined slightly to 39.8 per cent (39.9).

Operating profit declined, primarily due to decreased sales, higher material prices and lower productivity.

The return on operating capital was 28.2 per cent in the past twelve-month period (Jan-Dec 2017: 31.5). The return on equity was 25.1 per cent in the last twelve-month period (Jan-Dec 2017: 27.8).

Operating cash flow declined, primarily as a result of lower profit generation and increased investments compared with the second quarter of 2017.

Analysis of net sales

	Apr-Jun	
	%	SEK m
2017		**3,408**
Organic growth	-2	-55
– of which Nordic region	1	21
– of which UK region	-6	-89
– of which CE region	10	13
Currency effect	4	150
2018	**3**	**3,503**

Currency effect on operating results

	Apr-Jun		
SEK m	Translation effect	Transaction effect	Total effect
Nordic region	10	-5	5
UK region	5	0	5
CE region	0	0	0
Group	**15**	**-5**	**10**

Store trend, Apr-Jun 2018

Renovated or relocated	–
Newly opened/closed, net	-1
Number of own kitchen stores	260

Net sales and profit by region

	Nordic Apr-Jun		UK Apr-Jun		Central Europe Apr-Jun		Group-wide and eliminations Apr-Jun		Group Apr-Jun		
SEK m	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	Change, %
Net sales from external customers	**1,756**	**1,851**	**1,520**	**1,498**	**132**	**154**	**–**	**–**	**3,408**	**3,503**	**3**
Net sales from other regions	0	0	–	–	1	1	-1	-1	–	–	–
Net sales	**1,756**	**1,851**	**1,520**	**1,498**	**133**	**155**	**-1**	**-1**	**3,408**	**3,503**	**3**
Gross profit	721	731	588	599	42	50	10	13	1,361	1,393	2
Gross margin, %	41.1	39.5	38.7	40.0	31.6	32.3	–	–	39.9	39.8	–
Operating profit/loss	**297**	**278**	**154**	**134**	**5**	**9**	**-43**	**-34**	**413**	**387**	**-6**
Operating margin, %	16.9	15.0	10.1	8.9	3.8	5.8	–	–	12.1	11.0	–

Second quarter, the regions

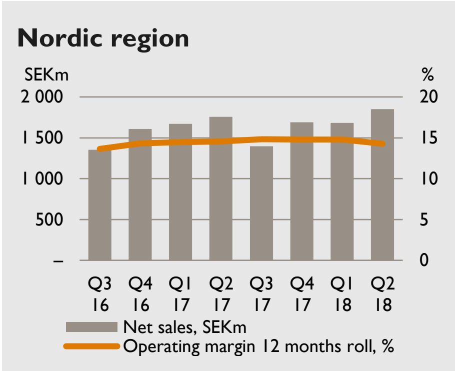
Nordic region

Net sales in the Nordic region increased 5 per cent to SEK 1,851 million (1,756). Organic growth was 1 per cent (5), as a result of increased project sales.

Project sales increased primarily in Finland and Sweden, but in Norway as well. Consumer sales decreased in all markets except Denmark. Sales were impacted positively by more delivery days compared with the precending year, but negatively by production disruptions in Tidaholm, leading to longer delivery times and a less favourable sales mix.

The gross margin declined to 39.5 per cent (41.1) as a result of currency losses, higher material prices and lower productivity, which were only partially offset by higher sales values.

Operating profit declined to SEK 278 million (297), primarily due to the lower gross margin and increased costs.



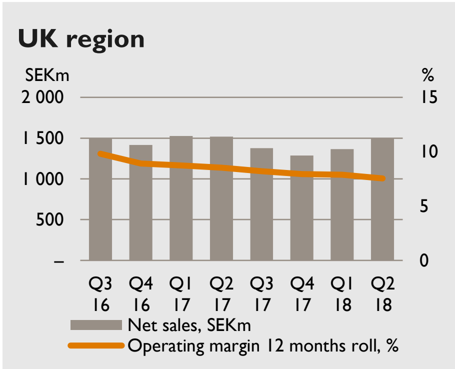
UK region

Net sales in the UK declined 1 per cent to SEK 1,498 million (1,520). Organic growth was a negative 6 procent (neg: 2).

The decline in sales was primarily a result of lower B2B sales, partially driven by the ceased business with Homebase, which during the second quarter of 2017 generated sales of approximately SEK 45 million. Magnets sales increased, which offset lower sales volumes via CIE/Commodore compared with the preceding year.

The gross margin improved to 40.0 per cent (38.7), primarily driven by a more favourable sales mix.

Operating profit declined to SEK 134 million (154), primarily due to higher material prices and lower sales values.



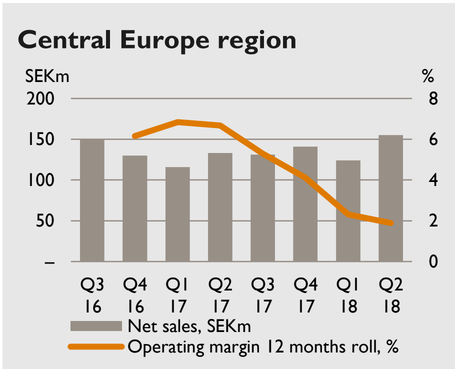
Central Europe region

Net sales in the Central Europe region increased 17 per cent to SEK 155 million (133). Organic growth was 10 per cent (neg: 12).

Sales growth was the result of increased sales in Austria, while exports declined.

The gross margin improved to 32.3 per cent (31.6) as a result of improvements to productivity and increased prices.

Operating profit increased to SEK 9 million (5), primarily driven by increased sales.



First six months, consolidated

January-June 2018

- Net sales for the first six months totalled SEK 6,676 million (6,723).
- Operating profit totalled SEK 642 million (686), corresponding to an operating margin of 9.6 per cent (10.2).
- Currency losses had an impact of a negative SEK 5 million on the Group's operating profit, of which a positive SEK 20 million in translation effects and a negative SEK 25 million in transaction effects.
- Profit after tax amounted to SEK 490 million (519), correspond-ding to earnings per share before dilution of SEK 2.91 (3.08) and after dilution of SEK 2.90 (3,07).
- Operating cash flow amounted to SEK 248 million (294).

Comments on performance

Currency gains had an impact of SEK 212 million on sales. Organic sales growth was a negative 4 per cent (pos: 5).

Operating profit declined due to decreased sales and higher material prices, which was partially offset by lower costs compared with those during the first six months of 2017.

Group-wide items and eliminations reported an operating loss of SEK 73 million (loss: 82).

Operating cash flow weakened, primarily due to lower profit generation and increased investments compared with the preceding year. Investments in fixed assets amounted to SEK 142 million (117), of which SEK 27 million (31) pertained to store investments.

Analysis of net sales

	Jan-Jun	
	%	SEK m
2017		**6,723**
Organic growth	-4	-259
– of which Nordic region	0	3
– of which UK region	-9	-276
– of which CE region	6	14
Currency effect	3	212
2018	**-1**	**6,676**

Currency effect on operating results

	Jan-Jun		
SEK m	Translation effect	Transaction effect	Total effect
Nordic region	15	-20	-5
UK region	5	-5	0
CE region	0	0	0
Group	**20**	**-25**	**-5**

Store trend, Jan-Jun 2018

Renovated or relocated	–
Newly opened/closed, net	-4
Number of own kitchen stores	260

Net sales and profit by region

	Nordic Jan-jun		UK Jan-jun		Central Europe Jan-jun		Group-wide and eliminations Jan-jun		Group Jan-jun		
SEK m	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	Change %
Net sales from external customers	**3,428**	**3,533**	**3,047**	**2,865**	**248**	**278**	**–**	**–**	**6,723**	**6,676**	**-1**
Net sales from other regions	0	0	–	–	1	1	-1	-1	–	–	–
Net sales	**3,428**	**3,533**	**3,047**	**2,865**	**249**	**279**	**-1**	**-1**	**6,723**	**6,676**	**-1**
Gross profit	1,392	1,400	1,158	1,142	78	85	24	26	2,652	2,653	0
Gross margin, %	40.6	39.6	38.0	39.9	31.3	30.5	–	–	39.4	39.7	–
Operating profit/loss	**509**	**491**	**250**	**213**	**9**	**11**	**-82**	**-73**	**686**	**642**	**-6**
Operating margin, %	14.8	13.9	8.2	7.4	3.6	3.9	–	–	10.2	9.6	–
Net financial items	–	–	–	–	–	–	–	–	-18	-14	22
Profit after financial items	**–**	–	**–**	–	**–**	–	**–**	–	**668**	**628**	**-6**

Other information

Financing

At the end of the second quarter, Nobia's loan facilities consisted of a syndicated bank loan of SEK 1,000 million, utilised in the amount of approximately SEK 430 million.

After the end of the period, in early July 2018, this bank loan was replaced with a new syndicated bank loan of SEK 2,000 million and after the acquisition of Bribus was completed on 13 July (see below), this loan facility had been utilised in the amount of approximately SEK 1,080 million.

Net debt including pension provisions amounted to SEK 825 million (711) at the end of the second quarter. Provisions for pensions was SEK 383 million (819) and the decrease was due to changed assumptions about life expectancy and increased discount rate. The debt/equity ratio was 21 per cent (21).

Net financial items amounted to an expense of SEK 14 million (expense: 18). Net financial items include the net of returns on pension assets and interest expenses on pension liabilities corresponding to an expense of SEK 8 million (expense: 12). The net interest expense amounted to SEK 6 million (expense: 6).

Acquisitions and divestments

No acquisitions or divestments took place during the period.

After the end of the period, on 13 July 2018, it was announced that Nobia had signed an agreement to acquire 100 per cent of the shares in Bribus Holding B.V, a Dutch company that delivers kitchens to social housing companies and large-scale property investors in the Netherlands. Bribus is a leader on the Dutch project markets for kitchens.

The transaction was completed on 13 July. The purchase consideration consisted of a remuneration of EUR 60 million, on a cash and debt-free basis, and a variable remuneration of a maximum of EUR 5 million, conditional upon the development of the operations through the end of 2020.

In 2017, Bribus had sales of approximately EUR 65 million and an operating margin in line with Nobia's financial targets. The acquisition is expected to make a positive contribution to Nobia's earnings per share from the start.

Bribus will be consolidated into Nobia's accounts as of 1 July 2018. Establishing opening balances and acquisition analysis has begun.

Earnings from discontinued operations

No earnings from discontinued operations were recognised for the first half of 2018. Earnings from discontinued operations after tax for the first half of 2017 amounted to negative SEK 1 million, of which SEK 0 million pertained to Poggenpohl, which was divested on 31 January 2017, and negative SEK 1 million pertained to the stores acquired by franchisees with the intention of subsequently selling on.

For more information on Nobia's discontinued operations, refer to page 41 in the 2017 Annual Report.

Items affecting comparability

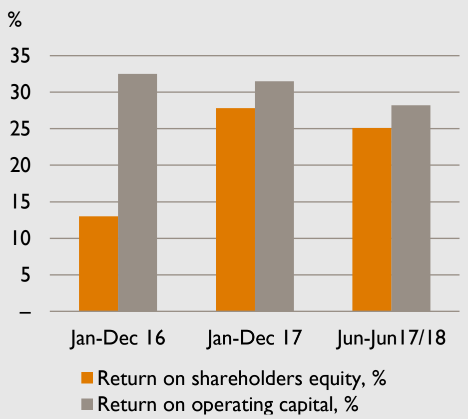
Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons insofar as they do not recur with the same regularity as other items.

No items affecting comparability (–) were recognised for the first six months of 2018.

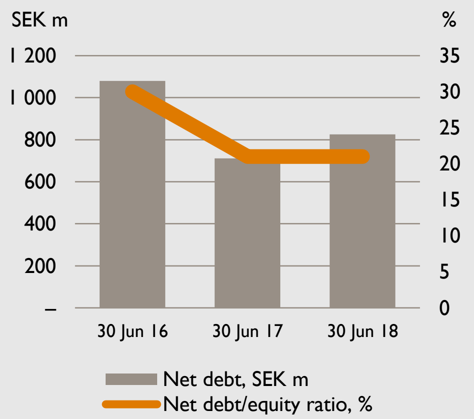
Personnel

The number of employees on 30 June 2018 was 6,069 (6,175). Bribus, which was acquired after the end of the period, has approximately 270 employees.

Return on shareholders' equity



Net debt and net debt/equity ratio



Changes in management

On 1 May 2018, Fredrik Nyström took office as Executive Vice President and Head of Commercial Sweden. Fredrik Nyström has held key positions at Nobia for more than ten years, most recently as Head of Strategy.

On 1 May 2018, Ralph Kobsik took office as Executive Vice President and Head of Central Europe. Ralph Kobsik previously served as Head of International Markets at the V-Zug appliances company and also held senior positions at BSH Bosch and Siemens Home Appliances.

Erkka Lumme, Executive Vice President and Head of Commercial Finland, left Nobia on 20 May 2018. The recruitment process for his replacement is under way.

The role of Chief Marketing Officer has been removed and as a consequence Kim Lindqvist, Executive Vice President and Chief Marketing Officer, left Nobia on 1 April 2018.

Transfer and withdrawal of treasury shares

During the first six months, Nobia transferred 103,003 shares under a Performance Share Plan resolved by the 2015 Annual General Meeting.

The 2015 Performance Share Plan, which covered approximately 100 senior executives, was based on the participants investing in Nobia shares that were locked into the plan. Each Nobia share invested in under the framework of the plan entitled participants, following a vesting period of approximately three years and provided that certain conditions were fulfilled, to allotment of performance shares and matching shares in Nobia. Since the established target figure for the 2015 plan was achieved, both performance and matching shares were allotted.

At the end of the period, 30 June 2018, Nobia's holding of treasury shares amounted to 6,606,568.

After the end of the period, on 9 July 2018, the cancellation of 5,000,000 treasury shares went into effect in accordance with the resolution by the 2018 Annual General Meeting to reduce share capital through withdrawal of treasury shares. After the completed cancellation, Nobia's holding of treasury shares amounted to 1,606,568 shares, which are to be used to safeguard Nobia's commitments under the Group's share-based remuneration plans. The total number of shares in Nobia is 170,293,458.

Significant risks

Nobia is exposed to strategic, operating and financial risks, which are described on pages 46-48 of the 2017 Annual Report.

During the first six months of 2018, demand in the Nordic region and Central Europe is deemed to have improved compared with the preceding year. In the UK, macroeconomic uncertainty as a result of Brexit had a negative impact on the kitchen market. Nobia is continuing to capitalise on synergies and economies of scale by harmonising the product range, co-ordinating production and enhancing purchasing efficiency.

Nobia's balance sheet as at 30 June 2018 contained goodwill of SEK 2,498 million (2,338). The value of this asset item is tested if there are any indications of a decline in value, and at least once annually.

The Board of Directors and CEO assure that the six-month report provides a fair view of the Parent Company's and the Group's operations, financial position and profits, and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 20 July 2018

Hans Eckerström
Chairman

Nora Førisdal Larssen

Lilian Fossum Biner

Ricard Wennerklint

Stefan Jacobsson

Christina Ståhl

Jill Little

George Adams

Morten Falkenberg
President and CEO

Per Bergström
Employee representative

Marie Ströberg
Employee representative

This interim report is unaudited.

Nobia AB, Corporate Registration Number 556528-2752

Condensed consolidated income statement

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
SEK m	2017	2018	2017	2018	2017	2017/2018
Net sales	3,408	3,503	6,723	6,676	12,744	12,697
Cost of goods sold	-2,047	-2,110	-4,071	-4,023	-7,730	-7,682
Gross profit	**1,361**	**1,393**	**2,652**	**2,653**	**5,014**	**5,015**
Selling and administrative expenses	-945	-1,017	-1,964	-2,032	-3,751	-3,819
Other income/expenses	-3	11	-2	21	23	46
Operating profit	**413**	**387**	**686**	**642**	**1,286**	**1,242**
Net financial items	-8	-6	-18	-14	-36	-32
Profit/loss after financial items	**405**	**381**	**668**	**628**	**1,250**	**1,210**
Tax	-90	-84	-148	-138	-256	-246
Profit/loss after tax from continuing operations	**315**	**297**	**520**	**490**	**994**	**964**
Profit/loss from discontinued operations, net after tax	-1	–	-1	–	21	22
Profit/loss after tax	**314**	**297**	**519**	**490**	**1,015**	**986**
Total profit attributable to:						
Parent Company shareholders	314	297	519	490	1,015	986
Non-controlling interests	–	–	0	–	0	–
Total profit/loss	**314**	**297**	**519**	**490**	**1,015**	**986**
Total depreciation[1]	71	76	142	150	285	293
Total impairment[1]	–	–	–	–	2	2
Gross margin, %	39.9	39.8	39.4	39.7	39.3	39.5
Operating margin, %	12.1	11.0	10.2	9.6	10.1	9.8
Return on operating capital, %	–	–	–	–	31.5	28.2
Return on shareholders equity, %	–	–	–	–	27.8	25.1
Earnings per share before dilution, SEK[2]	1.86	1.76	3.08	2.91	6.02	5.85
Earnings per share after dilution, SEK[2]	1.86	1.76	3.07	2.90	6.02	5.85
Number of shares at period end before dilution, 000s[3]	168,584	168,687	168,584	168,687	168,584	168,687
Average number of shares before dilution, 000s[3]	168,547	168,653	168,510	168,618	168,547	168,601
Number of shares after dilution at period end, 000s[3]	168,729	168,792	168,728	168,792	168,712	168,795
Average number of shares after dilution, 000s[3]	168,720	168,767	168,710	168,742	168,702	168,733

1 Excluding depreciation and impairment recognised on the line ”Profit/loss from discontinued operations, net after tax.”
2 Earninges per share attributable to Parent Company shareholders.
3 Excluding treasury shares.

Consolidated statement of comprehensive income

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
SEK m	2017	2,018	2017	2,018	2017	2017/2018
Profit/loss after tax	314	297	519	490	1,015	998
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange-rate differences attributable to translation of foreign operations	-22	33	-76	267	-18	325
Cash flow hedges before tax	15	-5	20 [1]	-10 [2]	14 [3]	-16
Tax attributable to change in hedging reserve for the period	-3	1	-4 [4]	2 [5]	-3 [6]	3
	-10	**29**	**-60**	**259**	**-7**	**312**
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit pension plans	4	147	38	183	277	422
Tax relating to remeasurements of defined benefit pension plans	-1	-25	-7	-31	-46	-70
	3	**122**	**31**	**152**	**231**	**352**
Other comprehensive income/loss	**-7**	**151**	**-29**	**411**	**224**	**664**
Total comprehensive income/loss	**307**	**448**	**490**	**901**	**1,239**	**1,662**
Total comprehensive income/loss attributable to:						
Parent Company shareholders	307	448	490	901	1,239	1,650
Non-controlling interests	–	–	0	–	0	–
Total comprehensive income/loss	**307**	**448**	**490**	**901**	**1,239**	**1,650**

1 Reversal recognised in profit and loss amounts to SEK 5 million. New provision amounts to SEK 15 million.

2 Reversal recognised in profit and loss amounts to a negative SEK 10 million. New provision amounts to SEK 0 million.

3 Reversal recognised in profit and loss amounts to SEK 5 million. New provision amounts to SEK 9 million.

4 Reversal recognised in profit and loss amounts to a negative SEK 1 million. New provision amounts to a negative SEK 3 million.

5 Reversal recognised in profit and loss amounts to SEK 2 million. New provision amounts to SEK 0 million.

6 Reversal recognised in profit and loss amounts to a negative SEK 1 million. New provision amounts to a negative SEK 2 million.

Condensed consolidated balance sheet

	30 Jun		31 Dec
SEK m	2017	2018	2017
ASSETS			
Goodwill	2,338	2,498	2,361
Other intangible fixed assets	118	135	149
Tangible fixed assets	1,351	1,442	1,367
Long-term receivables, interest-bearing (IB)	3	4	5
Long-term receivables	29	35	34
Deferred tax assets	165	84	118
Total fixed assets	**4,004**	**4,198**	**4,034**
Inventories	945	964	908
Accounts receivable	1,617	1,702	1,282
Current receivables, interest-bearing (IB)	18	31	18
Other receivables	418	519	465
Total current receivables	*2,053*	*2,252*	*1,765*
Cash and cash equivalents (IB)	138	52	473
Assets held for sale	5	–	–
Total current assets	**3,141**	**3,268**	**3,146**
Total assets	**7,145**	**7,466**	**7,180**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	58	58	58
Other capital contributions	1,484	1,488	1,486
Reserves	-317	-5	-264
Profit brought forward	2,178	2,332	2,874
Total shareholders' equity attributable to Parent Company shareholders	*3,403*	*3,873*	*4,154*
Non-controlling interests	–	–	–
Total shareholders' equity	**3,403**	**3,873**	**4,154**
Provisions for pensions (IB)	819	383	567
Other provisions	98	34	40
Deferred tax liabilities	85	87	89
Other long-term liabilities, interest-bearing (IB)	7	442	5
Total long-term liabilities	**1,009**	**946**	**701**
Current liabilities, interest-bearing (IB)	44	87	1
Current liabilities	2,688	2,560	2,324
Liabilities attributable to assets held for sale	1	–	–
Total current liabilities	**2,733**	**2,647**	**2,325**
Total shareholders' equity and liabilities	**7,145**	**7,466**	**7,180**
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	48	52	58
Debt/equity ratio, %	21	21	2
Net debt, closing balance, SEK m	711	825	77
Operating capital, closing balance, SEK m	4,114	4,698	4,231
Capital employed, closing balance, SEK m	4,273	4,785	4,727

Statement of changes in consolidated shareholders' equity

SEK m	Share capital	Other capital contributions	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward	Total	Non-controlling interests	Total share-holders equity
	Attributable to Parent Company shareholders							
Opening balance, 1 January 2017	58	1,481	-253	-4	2,133	3,415	4	3,419
Profit/loss for the period	–	–	–	–	519	519	0	519
Other comprehensive income/loss for the period	–	–	-76	16	31	-29	0	-29
Total comprehensive income for the period	**–**	**–**	**-76**	**16**	**550**	**490**	**0**	**490**
Dividend	–	–	–	–	-505	-505	–	-505
Change in non-controlling interests	–	–	–	–	–	–	-4	-4
Allocation of share saving schemes	–	3	–	–	–	3	–	3
Closing balance, 30 June 2017	**58**	**1,484**	**-329**	**12**	**2,178**	**3,403**	**–**	**3,403**
Opening balance, 1 January 2018	58	1,486	-271	7	2,874	4,154	–	4,154
New accounting principles, financial instruments[1]	–	–	–	–	-4	-4	–	-4
Restated opening balance, 1 January 2018	58	1,486	-271	7	2,870	4,150	–	4,150
Profit/loss for the period	–	–	–	–	490	490	–	490
Other comprehensive income/loss for the period	–	–	267	-8	152	411	–	411
Total comprehensive income/loss for the period	**–**	**–**	**267**	**-8**	**642**	**901**	–	**901**
Dividend	–	–	–	–	-1,180	-1,180	–	-1,180
Allocation of share saving schemes	–	2	–	–	–	2	–	2
Closing balance, 30 June 2018	**58**	**1,488**	**-4**	**-1**	**2,332**	**3,873**	–	**3,873**

1 See IFRS 9 Financial instruments on pages 15-16.

Condensed consolidated cash flow statement

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
SEK m	2017	2018	2017	2018	2017	2017/18
Operating activities						
Operating profit	413	387	686	642	1,286	1,242
Operating profit/loss for discontinued operations	-1	–	-2	–	20	22
Depreciation/Impairment	71	76	142 [1]	150 [2]	287 [3]	295
Adjustments for non-cash items	0	-10	-24	-3	-30	-9
Tax paid	-52	-46	-101	-123	-248	-270
Change in working capital	-183	-158	-300	-285	-328	-313
Cash flow from operating activities	**248**	**249**	**401**	**381**	**987**	**967**
Investing activities						
Investments in fixed assets	-61	-68	-117	-142	-319	-344
Other items in investing activities	6	3	10	9	38	37
Interest received	0	1	1	1	3	3
Change in interest-bearing assets	-16	1	-17	-11	-19	-13
Divestment of operations	-6	–	-85	–	-93	-8
Cash flow from investing activities	**-77**	**-63**	**-208**	**-143**	**-390**	**-325**
Operating cash flow before acquisition/divestment of operations interest, increase/decrease of interest-bearing assets	193	184	294	248	706	660
Total cashflow from operating and investing activities	171	186	193	238	597	642
Financing activities						
Interest paid	-2	-4	-7	-7	-10	-10
Change in interest-bearing liabilities	-781	542	-807 [4]	533 [5]	-872 [6]	468
Dividend	–505	-1,180	-505	-1,180	-505	-1,180
Cash flow from financing activities	**-1,288**	**-642**	**-1,319**	**-654**	**-1,387**	**-722**
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	-1,117	-456	-1,126	-416	-790	-80
Cash and cash equivalents at beginning of the period	1,243	536	1,266	473	1,266	138
Cash flow for the period	-1,117	-456	-1,126	-416	-790	-80
Exchange-rate differences in cash and cash equivalents	12	-28	-2	-5	-3	-6
Cash and cash equivalents at period-end	**138**	**52**	**138**	**52**	**473**	**52**

1 No impairment took place during the period.

2 No impairment took place during the period.

3 Impairment amounted to SEK 2 million and pertained to kitchen displays.

4 Repayment of loans totalling SEK 800 million.

5 Raising of loans totalling SEK 430 million.

6 Repayment of loans totalling SEK 800 million.

Analysis of net debt

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
SEK m	2017	2018	2017	2018	2017	2017/18
Opening balance	**396**	**-19**	**493**	**77**	**493**	**711**
Divestment of operations	6	–	23	–	30	7
Translation differences	-9	-15	1	-16	-3	-20
Operating cash flow	-193	-184	-294	-248	-706	-660
Interest paid, net	2	3	6	6	7	7
Remeasurements of defined benefit pension plans	-4	-147	-38	-183	-277	-422
Other change in pension liabilities	8	7	15	9	28	22
Dividend	505	1,180	505	1,180	505	1,180
Closing balance	**711**	**825**	**711**	**825**	**77**	**825**

Note 1 – Accounting policies

This interim report has been prepared in accordance with IFRS, with the application of IAS 34 Interim Financial Reporting. For the Parent Company, accounting policies are applied in accordance with Chapter 9, Interim Reports, of the Swedish Annual Accounts Act. Nobia has applied the same accounting policies in this interim report as were applied in the 2017 Annual Report, except for the recognition of revenue from contracts with customers (IFRS 15) and financial instruments (IFRS 9). A description of the new accounting policies is provided in the 2017 Annual Report.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a comprehensive standard for determining the amount of revenue to be recognised and when this revenue is to be recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

Transition

Nobia applies IFRS 15 from 1 January 2018 and applied the introduction retrospectively. In 2017, it conducted a Group-wide review of Nobia's revenue streams to assess the effects of IFRS 15. The primary conclusions from this review are described below.

Sale of goods
Under IFRS 15, the revenue is recognised at the point in time control over the goods passes to the customer. Revenue recognition for certain project sales that include installations of kitchens will be affected by the new standard. In a few of Nobia's units, the revenue for goods was previously recognised when the installation was completed. From 2018, revenue for kitchen products will be recognised under IFRS 15 upon delivery and when control over the goods passes to the customer, and revenue for the installation will be recognised separately when it is completed. Altogether, this will result in revenue attributable to goods of this type of project sales being recognised earlier than previously. The time between delivery and installation is very brief, however, since the deliveries are governed by customer orders. Additionally, this type of project sales occurs only by way of exception in the markets where Nobia is active; the effects of the transition will therefore be negligible.

Nobia applies IFRS 15 retrospectively using what is known as the full retrospective method. The aggregate effect of the transition on revenue in the Group for 2017 has been estimated at approximately negative SEK 5 million, and on closing equity at approximately negative SEK 2 million, which is not deemed to be material in relation to the Group's total revenue of SEK 12,744 million for 2017. The revenue for the 2017 fiscal year was not restated for comparison with 2018, since the true and fair view, and thus the assessment of our stakeholders, of Nobia's historical or future financial performance is not deemed to be impacted. For more information see page 61 in the 2017 Annual Report.

Nobia recognises revenue for kitchen products and other products at a certain point in time, while installation services are recognised over time in line with the installation being performed. Installation services comprise about 5-6 per cent of Nobia's total sales. For more information, refer to page 20.

IFRS 9 Financial instruments

IFRS 9, which replaces IAS 39 Financial instruments: Recognition and Measurement, contains rules for recognition, classification and measurement, impairment, derecognition and general hedge accounting.

Transition

Nobia applies IFRS 9 from 1 January 2018 and in 2017 it conducted a Group-wide review of Nobia's financial instruments and related business models to assess the effects of IFRS 9. Nobia's assessment is that IFRS 9 will only entail an increase regarding expected credit losses on accounts receivable. From 2018, Nobia bases any impairment requirements on an expected credit losses model and no longer bases impairment on loss events occurred. The effect for 2017 is expected to amount to approximately SEK 5 million. In calculating expected credit losses, Nobia has taken into consideration historical bad debt losses and analysis of the respective customer segments, and observed the macroeconomic effects on customers' conditions such as the impact of Brexit on the local market.

As the transition method, Nobia has chosen to utilise the exception to not restate comparable information for previous periods regarding classification and measurement (including impairment). Differences in carrying amounts attributable to financial assets and liabilities in connection with the introduction of IFRS 9 will be recognised in profit brought forward at 1 January 2018 totalling a negative SEK 4 million after tax. See table, next page.

31 Dec 2017 (SEK m)	Before adjustment	Adjustment	After adjustment
Accounts receivable	1,282	-5	1,277
Deferred tax assets	118	1	119
Profit brought forward	2,874	-4	2,870

For other information regarding financial instruments, refer to Note 3 and the 2017 Annual Report.

IFRS 16 Leases

IFRS 16 Leases will replace existing IFRSs related to recognising leases such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group plans to apply the standard from 1 January 2019.

The Group has started to assess the potential effects of the standard but has not yet performed a more detailed analysis. The final effect of the introduction of IFRS 16 on the financial statements will depend on future financial circumstances, including the composition of the Group's lease portfolio at that time, the Group's most recent assessment of whether it will make use of any options to extend leases and the extent to which the Group will decide to use relaxation rules and exemptions from recognition in the balance sheet/statement of financial position.

The most significant effects identified to date are that the Group will need to recognise new assets and liabilities for its operating leases regarding stores, plants and warehouse premises. An indication of the scope under the current circumstances can be obtained from the disclosures on operating leases provided in Note 11 in the 2017 Annual Report.

Note 2 – References

Segment information, pages 3 and 4.
Loan and shareholders' equity transactions, pages 6 and 7.
Acquisition and divestment of operations, page 6.
Items affecting comparability, page 6.
Net sales per product group, page 20.

Note 3 – Financial instruments – fair value

Nobia's financial assets essentially comprise non-interest-bearing and interest-bearing receivables whereby cash flows only represent payment for the initial investment and, where applicable, for the time value and interest. These are intended to be held to maturity and are recognised at amortised cost, which is a reasonable approximation of fair value. Financial liabilities are primarily recognised at amortised cost.

Financial instruments measured at fair value in the balance sheet are currency forward contracts comprised of assets at a value of SEK 32 million (31 Dec 2017: 50) and liabilities at a value of SEK 21 million (31 Dec 2017: 43). These items are measured according to level 2 of the fair value hierarchy, meaning based on indirect observable market data. Nobia's financial instruments are measured at fair value and included in the balance sheet on the rows "Other receivables" and "Current liabilities".

Note 4 – Related-party transactions

There is no sale and manufacturing of kitchens in the Parent Company. The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 127 million (109) during the first half of 2018. The Parent Company's financial income mainly consists of currency effects. The Parent Company's reported dividends from participations in Group companies totalled SEK 0 million (neg: 4).

Parent Company

Condensed Parent Company income statement

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
SEK m	2017	2018	2017	2018	2017	2017/18
Net sales	57	65	115	128	224	237
Administrative expenses	-82	-70	-151	-143	-267	-259
Other income	2	2	2	3	5	6
Other expenses	-1	0	-5	-1	-9	-5
Operating loss	**-24**	**-3**	**-39**	**-13**	**-47**	**-21**
Profit from shares in Group companies	-3	0	-4	–	969	973
Other financial income and expenses	-9	23	-15	112	-2	125
Profit/loss after financial items	**-36**	**20**	**-58**	**99**	**920**	**1,077**
Tax on profit/loss for the period	0	0	0	0	-31	-31
Profit/loss for the period	**-36**	**20**	**-58**	**99**	**889**	**1,046**

Parent company balance sheet

	30 Jun		31 Dec
SEK m	2017	2018	2017
ASSETS			
Fixed assets			
Shares and participations in Group companies	1,378	1,381	1,379
Deferred tax assetts	5	5	5
Total fixed assets	**1,383**	**1,386**	**1,384**
Current assets			
Current receivables			
Accounts receivable	7	5	1
Receivables from Group companies	2,332	2,213	2,839
Other receivables	45	76	44
Prepaid expenses and accrued income	49	49	52
Cash and cash equivalents	56	12	334
Total current assets	**2,489**	**2,355**	**3,270**
Total assets	**3,872**	**3,741**	**4,654**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital	58	58	58
Statutory reserve	1,671	1,671	1,671
	1,729	**1,729**	**1,729**
Non-restricted shareholders' equity			
Share premium reserve	52	52	52
Buy-back of shares	-391	-379	-385
Profit brought forward	1,267	967	1,262
Profit/loss for the period	-58	99	889
	870	**739**	**1,818**
Total shareholders' equity	**2,599**	**2,468**	**3,547**
Long term liabilities			
Provisions for pensions	16	18	17
Deferred tax liabilities	5	5	5
Total long-term liabilities	**21**	**23**	**22**
Current liabilities			
Liabilities to credit institutes	43	60	0
Accounts payable	29	18	23
Liabilities to Group companies	1,102	1,113	956
Current tax liabilities	15	18	44
Other liabilities	40	27	42
Accrued expenses and deferred income	23	14	20
Total current liabilities	**1,252**	**1,250**	**1,085**
Total shareholders' equity, provisions and liabilities	**3,872**	**3,741**	**4,654**

Comparative data per region

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Net sales, SEK m	2017	2,018	2017	2018	2017	2017/18
Nordic	1,756	1,851	3,428	3,533	6,516	3,523
UK	1,520	1,498	3,047	2,865	5,710	3,025
Central Europe	133	155	249	279	521	271
Group-wide and eliminations	-1	-1	-1	-1	-3	-1
Group	**3,408**	**3,503**	**6,723**	**6,676**	**12,744**	**6,818**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Gross profit, SEK m	2017	2018	2017	2018	2017	2017/18
Nordic	721	731	1,392	1,400	2,638	1,402
UK	588	599	1,158	1,142	2,172	1,169
Central Europe	42	50	78	85	152	86
Group-wide and eliminations	10	13	24	26	52	27
Group	**1,361**	**1,393**	**2,652**	**2,653**	**5,014**	**2,684**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Gross margin, %	2017	2018	2017	2018	2017	2017/18
Nordic	41.1	39.5	40.6	39.6	40.5	39.8
UK	38.7	40.0	38.0	39.9	38.0	38.6
Central Europe	31.6	32.3	31.3	30.5	29.2	31.7
Group	**39.9**	**39.8**	**39.4**	**39.7**	**39.3**	**39.4**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Operating profit, SEK m	2017	2018	2017	2018	2017	2017/18
Nordic	297	278	509	491	963	490
UK	154	134	250	213	454	230
Central Europe	5	9	9	11	12	13
Group-wide and eliminations	-43	-34	-82	-73	-143	-73
Group	**413**	**387**	**686**	**642**	**1,286**	**660**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Operating margin, %	2017	2018	2017	2018	2017	2017/18
Nordic	16.9	15.0	14.8	13.9	14.8	13.9
UK	10.1	8.9	8.2	7.4	8.0	7.6
Central Europe	3.8	5.8	3.6	3.9	2.3	4.8
Group	**12.1**	**11.0**	**10.2**	**9.6**	**10.1**	**9.7**

Quarterly data per region

	2017				2018	
Net sales, SEK m	I	II	III	IV	I	II
Nordic	1,672	1,756	1,398	1,690	1,682	1,851
UK	1,527	1,520	1,377	1,286	1,367	1,498
Central Europe	116	133	131	141	124	155
Group-wide and eliminations	0	-1	-1	-1	0	-1
Group	**3,315**	**3,408**	**2,905**	**3,116**	**3,173**	**3,503**

	2017				2018	
Gross profit, SEK m	I	II	III	IV	I	II
Nordic	671	721	565	681	669	731
UK	570	588	518	496	543	599
Central Europe	36	42	41	33	35	50
Group-wide and eliminations	14	10	17	11	13	13
Group	**1,291**	**1,361**	**1,141**	**1,221**	**1,260**	**1,393**

	2017				2018	
Gross margin, %	I	II	III	IV	I	II
Nordic	40.1	41.1	40.4	40.3	39.8	39.5
UK	37.3	38.7	37.6	38.6	39.7	40.0
Central Europe	31.0	31.6	31.3	23.4	28.2	32.3
Group	**38.9**	**39.9**	**39.3**	**39.2**	**39.7**	**39.8**

	2017				2018	
Operating profit, SEK m	I	II	III	IV	I	II
Nordic	212	297	208	246	213	278
UK	96	154	137	67	79	134
Central Europe	4	5	7	-4	2	9
Group-wide and eliminations	-39	-43	-34	-27	-39	-34
Group	**273**	**413**	**318**	**282**	**255**	**387**

	2017				2018	
Operating margin, %	I	II	III	IV	I	II
Nordic	12.7	16.9	14.9	14.6	12.7	15.0
UK	6.3	10.1	9.9	5.2	5.8	8.9
Central Europe	3.4	3.8	5.3	-2.8	1.6	5.8
Group	**8.2**	**12.1**	**10.9**	**9.1**	**8.0**	**11.0**

Comparative data by product group

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Net sales Nordic by product group, %	2017	2018	2017	2018	2017	2017/18
Kitchen furnitures	65	66	65	66	65	66
Installation services	6	6	6	6	6	6
Other products	29	28	29	28	29	28
Total	**100**	**100**	**100**	**100**	**100**	**100**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Net sales UK by product group, %	2017	2018	2017	2018	2017	2017/18
Kitchen furnitures	61	62	61	63	60	61
Installation services	6	7	6	6	7	7
Other products	33	31	33	31	33	32
Total	**100**	**100**	**100**	**100**	**100**	**100**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Net sales Central Europe by product group, %	2017	2018	2017	2018	2017	2017/18
Kitchen furnitures	91	94	90	93	91	93
Installation services	0	0	0	0	0	0
Other products	9	6	10	7	9	7
Total	**100**	**100**	**100**	**100**	**100**	**100**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Net sales Group by product group, %	2017	2018	2017	2018	2017	2017/18
Kitchen furnitures	64	65	64	66	64	65
Installation services	6	6	6	5	6	6
Other products	30	29	30	29	30	29
Total	**100**	**100**	**100**	**100**	**100**	**100**

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the interim report that are not defined according to IFRS, known as alternative performance measures. Nobia believes that these measures provide valuable complementary information to investors and the company's management since they facilitate assessments of trends and the company's performance. Because not all companies calculate performance measures in the same way, these are not always comparable with those measures used by other companies. Consequently, the performance measures are not to be seen as replacements for measures defined according to IFRS. For definitions of the performance measures that Nobia uses, see pages 23–24.

	Apr-Jun		Jan-Jun	
Analysis of external net sales Nordic region	%	SEK m	%	SEK m
2017		1,756		3,428
Organic growth	1	21	0	3
Currency effect	4	74	3	102
2018	5	1,851	3	3,533

	Apr-Jun		Jan-Jun	
Analysis of external net sales UK region	%	SEK m	%	SEK m
2017		1,520		3,047
Organic growth	-6	-89	-9	-276
Currency effect	5	67	3	94
2018	-1	1,498	-6	2,865

	Apr-Jun		Jan-Jun	
Analysis of external net sales CE region	%	SEK m	%	SEK m
2017		132		248
Organic growth	10	13	6	14
Currency effect	7	9	6	16
2018	17	154	12	278

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Operating profit before depreciation and impairment SEK m	2017	2018	2017	2018	2017	2017/18
Operating profit	413	387	686	642	1,286	1,242
Depreciation and impairment	71	76	142	150	287	295
Operating profit before depreciation and impairment	**484**	**463**	**828**	**792**	**1,573**	**1,537**
Net Sales	3,408	3,503	6,723	6,676	12,744	12,697
% of sales	**14.2%**	**13.2%**	**12.3%**	**11.9%**	**12.3%**	**12.1%**

	Apr-Jun		Jan-Jun		Jan-Dec	Jul-Jun
Profit/loss after tax excluding IAC SEK m	2017	2018	2017	2018	2017	2017/18
Profit/loss after tax	314	297	519	490	1,015	986
Items affecting comparability net after tax	–	–	–	–	–	–
Profit/loss after tax excluding IAC	**314**	**297**	**519**	**490**	**1,015**	**986**

Reconciliation of alternative performance measures, cont.

Net debt SEK m	30 Jun 2017	30 Jun 2018	31 Dec 2017
Provisions for pensions (IB)	819	383	567
Other long-term liabilities, interest-bearing (IB)	7	442	5
Current liabilities, interest-bearing (IB)	44	87	1
Interest-bearing liabilities	**870**	**912**	**573**
Long-term receivables, interest -bearing (IB)	-3	-4	-5
Current receivables, interest-bearing (IB)	-18	-31	-18
Cash and cash equivalents (IB)	-138	-52	-473
Interest-bearing assets	**-159**	**-87**	**-496**
Net debt	**711**	**825**	**77**

Operating capital SEK m	30 Jun 2017	30 Jun 2018	31 Dec 2017
Total assets	**7,145**	**7,466**	**7,180**
Other provisions	-98	-34	-40
Deferred tax liabilities	-85	-87	-89
Current liabilities, non interest-bearing	-2,688	-2,560	-2,324
Liabilities attributable to assets held for sale, non interest-bearing	-1	–	–
Non-interest-bearing liabilities	**-2,872**	**-2,681**	**-2,453**
Capital employed	**4,273**	**4,785**	**4,727**
Interest-bearing assets	-159	-87	-496
Operating capital	**4,114**	**4,698**	**4,231**

Average operating capital SEK m	Jan-Dec 2017	Jul-Jun 2017/18
OB Operating capital	3,912	4,114
OB Net operating assets discontinued operations	22	4
CB Operating capital	4,231	4,698
Average operating capital before adjustments of acquistion and divestments	**4,083**	**4,408**
Adjustment for acquisitions and divestments not occurred in the middle of the period	–	–
Average operating capital	**4,083**	**4,408**

Average equity SEK m	Jan-Dec 2017	Jul-Jun 2017/18
OB Equity attributable to Parent Company shareholders	3,415	3,403
CB Equity attributable to Parent Company shareholders	4,154	3,873
Average equity before adjustment of increases and decreases in capital	**3,785**	**3,638**
Adjustment for increases and decreases in capital not occured in the middle of the period	-127	295
Average equity	**3,658**	**3,933**

Definitions

Performance measure	Calculation	Purpose
Return on shareholders' equity	Net profit for the period as a percentage of average shareholders' equity attributable to Parent Company shareholders based on opening and closing balances for the period. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.	Return on shareholders' equity shows the total return on shareholders' capital in accounting terms and reflects the effects of both the operational profitability and financial gearing. The measure is primarily used to analyse shareholder profitability over time.
Return on operating capital	Operating profit as a percentage of average operating capital based on opening and closing balances for the period excluding net assets attributable to discontinued operations. The calculation of average operating capital has been adjusted for acquisitions and divestments.	Return on operating capital shows how well the operations use net capital that is tied up in the company. It reflects how both cost and capital-efficient net sales are generated, meaning the combined effect of the operating margin and the turnover rate of operating capital. The measure is used in profitability comparisons between operations in the Group and to assess the Group's profitability over time.
Gross margin	Gross profit as a percentage of sales.	This measure reflects the efficiency of the part of the operations that is primarily linked to production and logistics. It is used to measure cost efficiency in this part of the operations.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, the measure shows the earnings-generating cash flow in the operations. It provides a view of the ability of the operations, in absolute terms, to generate resources for investment and payment to financers and is used for comparisons over time.
Items affecting comparability	Items that affect comparability in so far as they do not reoccur with the same regularity as other items.	Reporting items affecting comparability separately clearly shows the performance of the underlying operations.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement. The measure is used as a component in the debt/equity ratio.
Operating capital	Capital employed excluding interest-bearing assets.	Operating capital shows the amount of capital required by the operations to conduct its core operations. It is mainly used to calculate the return on operating capital.
Operating cash flow	Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, and increase/decrease in interest-bearing assets.	This measure comprises the cash flow generated by the underlying operations. The measure is used to show the amount of funds at the company's disposal for paying financers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales, excluding acquisitions, divestments and changes in exchange rates.	Organic growth facilitates a comparison of sales over time by comparing the same operations and excluding currency effects.
Region	Region corresponds to an operating segment under IFRS 8.	
Earnings per share	Net profit for the period divided by a weighted average number of outstanding shares during the period.	
Operating margin	Operating profit as a percentage of net sales.	This measure reflects the operating profitability of the operations. It is used to monitor the flexibility and efficiency of the operations before taking into account capital tied up. The performance measure is used both internally in governance and monitoring of the operation, and for benchmarking with other companies in the industry.

Definitions, cont.

Performance measure	Calculation	Purpose
Debt/equity ratio	Net debt as a percentage of shareholders' equity including non-controlling interests.	A measure of the ratio between the Group's two forms of financing. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of financial strength but also the gearing effect of lending. A higher debt/equity ratio means a higher financial risk and higher financial gearing.
Equity/assets	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This measure reflects the company's financial position and thus its long-term solvency. A healthy equity ratio/strong financial position provides preparedness for managing periods of economic downturn and financial preparedness for growth. It also provides a minor advantage in the form of financial gearing.
Capital employed	Balance-sheet total less non-interest-bearing provisions and liabilities.	The capital that shareholders and lenders have placed at the company's disposal. It shows the net capital invested in the operations, such as operating capital, with additions for financial assets.
Currency effects	"Translation effects" refers to the currency effects arising when foreign results and balance sheets are translated to SEK. "Transaction effects" refers to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).	

Information to shareholders

For further information

Contact any of the following on +46 (0)8 440 16 00 or
+46 (0)705 95 51 00:

- Morten Falkenberg, President and CEO
- Kristoffer Ljungfelt, CFO
- Lena Schattauer, Head of Communication and Investor Relations

Presentation

The interim report will be presented on Friday, 20 July at 14.00 CET in a webcast teleconference that can be followed on Nobia's website. To participate in the teleconference, call one of the following numbers:

- From Sweden: +46 (0)8 505 564 74
- From the UK: +44 (0)203 364 5374
- From the US: +1 855 753 22 30

Financial calendar

26 October 2018	Interim Report January–September 2018
6 February 2019	Interim Report January–December 2018
2 May 2019	Interim Report January–March 2019
2 May 2019	2019 Annual General Meeting

This interim report is information such that Nobia is obliged to make public pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 20 July 2018 at 13.00 CET.

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