nobia

Interim Report
January – June 2002

27 August 2002

Key figures	April-June 2002	April-June 2001	Jan-Jun 2002	Jan-Jun 2001	Jan-Dec 2001	Jul-Jun 2001/02
Net sales, SEK m	2 547	2 096	4 951	3 539	8 283	9 695
Operating income before depreciation, SEK m (EBITDA)	288	211	526	337	821	1 009
Operating income before goodwill amortisation, SEK m (EBITA)	222	156	395	241	588	742
Operating income, SEK m (EBIT)	206	143	363	222	537	678
Operating margin, %	8.1	6.8	7.3	6.3	6.5	7.0
Income after financial items, SEK m	167	105	288	177	414	525
Earnings per share after full dilution, SEK	2.15	1.48	3.71	2.50	5.15	6.35
Return on capital employed, %					15.5	16.8
Return on shareholders' equity, %					16.2	16.6

Magnet has been consolidated with effect from May 2001.

- Net sales up 40 per cent to SEK 4,951 million (3,539).
- Operating margin increased to 7.3 per cent (6.3).
- Income after financial items up 63 per cent to SEK 288 million (177).
- Earnings per share after full dilution up 48 per cent to SEK 3.71 (2.50).
- Continued profit improvement in Nordic and UK operations.
- The improvement in the Group's operating margin is primarily explained by lower purchasing costs and a more favourable product mix.
- The Nobia share was listed on Stockholmsbörsen's O-list on 19 June 2002.
- A new share issue in conjunction with the listing injected SEK 520 million.
- The main part of the joinery operations in the UK Business Unit Magnet was disposed of after the reporting period.

If you have any questions about this report, please contact:
Fredrik Cappelen, President and CEO, Lennart Rappe, Executive Vice President and CFO,
Katarina Sivander, Communications Manager, tel. +46 8 440 16 00
Financial information is also available on Nobia's website: www.nobia.se

The Nobia Group, January – June 2002

THE GROUP

The Group's operating income increased by 64 per cent compared to the first half last year, while sales were up 40 per cent. The Nordic and UK operations reported improved margins and organic growth. Ongoing projects aimed at better coordination within the areas of purchasing, production and IT as well as the application of best practice, i.e. internal comparisons, have continued to have a positive effect on income and margins during the period in all operations.

The Continental European operation maintained a positive result despite a weak market, primarily thanks to lower purchase prices and a focus on more profitable product and customer segments.

In line with Nobia's strategy to focus on kitchen, bathroom and storage interiors, an agreement was entered into in July to sell the joinery operations of the British facilities at Flint and Penrith. The sale is not expected to give rise to any capital gain for the Group. It is expected that the Group's net debt will thereby be reduced by approximately SEK 120 million. The transactions will be reported in the accounts for the third quarter.

Nobia was listed on Stockholmsbörsen's O-list on 19 June 2002. The offering was made up of 19,933,297 shares, consisting of a new issue of 7,000,000 shares plus the sale of 12,933,297 shares from existing shareholders. In the offering procedure the price was set at SEK 78 per share. Following listing new shareholders owned approximately 34.6 per cent of the shares.

According to VPC's official register of directly registered and nominee shareholders, as of 28 June 2002 Industri Kapital was the biggest shareholder with 38.4 per cent of the shares. The second biggest shareholder was Skanska with 12.5 per cent, followed by Norsk Kjøkken Invest with 6.6 per cent. These were followed by seven institutional investors with shareholdings of between 4.4 and 2.0 per cent. These ten biggest shareholders together held 79.0 per cent of the shares. The proportion of foreign shareholders was 33.4 per cent.

Net sales and income

Net sales for the period January-June increased by 40 per cent to SEK 4,951 million (3,539). Magnet, which was acquired in 2001 and has been consolidated with effect from May 2001, contributed SEK 2,071 million in the current year and SEK 587 million in the May-June period last year. Following adjustment for currency effects, sales for comparable units[1] fell by 2 per cent. Sales during the period were adversely affected by reduced sales in the Continental European operation.

Operating income increased by 64 per cent to SEK 363 million (222). The operating margin amounted to 7.3 per cent (6.3). Excluding goodwill amortisation, the operating margin was 8.0 per cent (6.8). The improvement in margin is explained by higher

[1] Including the effect of the closedown of Star Beka.

gross profit margins as a result of synergy gains in relation to input materials in particular and increased focus on more profitable markets and customer segments.

The operating income for the same period last year included items affecting comparability amounting to SEK 22 million. Magnet contributed SEK 192 million this year and SEK 40 million in the May-June period last year.

The acquisition of Magnet brought about increased amortisation of goodwill. The increase compared to the same period last year was SEK 13 million. For comparable units the operating income before goodwill amortisation amounted to SEK 203 million (179), i.e. a 13 per cent improvement in income.

Net financial items totalled SEK -75 million (-45). The increased indebtedness in connection with the acquisition of Magnet has increased the Group's interest expenses compared with the same period last year. The new issue funds obtained in connection with the listing on Stockholmsbörsen have been used to repay debt. In conjunction with this Nobia has incurred early redemption penalties of SEK 6 million. These costs have been added to the financial expenses for the period, thereby reducing net financial items. The repayment of loans, particularly a vendor's loan from Enodis plc and a subordinated loan from ICG, has reduced the Group's average interest rate.

Income after net financial items increased by 63 per cent to SEK 288 million (177).

Tax expenses for the period amounted to SEK -100 million (-57), which represents a tax rate of 34.7 per cent. Excluding non-deductible consolidated goodwill amortisations, the tax rate was 31.2 per cent.

Income after tax amounted to SEK 188 million (120), which translates the earnings per share to SEK 3.71 (2.50) after full dilution.

Second quarter 2002

Earnings per share after full dilution increased by 45 per cent compared to the same quarter last year and amounted to SEK 2.15 (1.48). Operating income amounted to SEK 206 million compared to SEK 143 million in the same quarter last year. The UK operation was included for May-June in last year's corresponding quarter.

The operating margin was 8.1 per cent compared to 6.8 per cent in the same quarter last year. The operating margin increased in the Nordic and UK operations but fell in the Continental European operation.

Investments and cash flow

Cash flow from current activities before investments amounted to SEK 81 million (174). The Group's cash flow is seasonally weaker in the first half of the year due to an increased requirement for working capital. The working capital increased by SEK 293 million (50), primarily as a result of a temporary accrual of accounts receivable which took place mainly at the end of the reporting period, as well as payment of bonuses to customers in respect of full-year sales achieved last year.

Investments in fixed assets amounted to SEK 115 million (72) and consisted mainly of investments in stores, IT systems, production equipment and buildings.

Financial situation

The Group's capital employed amounted to SEK 4,082 million compared to SEK 4,237 million at the end of the previous year. Currency effects as a result of a stronger Swedish krona during the period reduced the capital by SEK 243 million.

The Group's restructuring reserves amounted to SEK 200 million at the end of the period. SEK 31 million was utilised during the period, of which SEK 15 million was used in the Continental European business and SEK 16 million in the UK operation. Currency effects reduced the reserves by SEK 14 million.

Net debt amounted to SEK 1,469 million compared to SEK 2,078 at the start of the year. The change was mainly attributable to the net effect of the cash flow from operations which amounted to SEK -11 million, as well as a reduction of SEK 100 million as a result of the strengthening of the Swedish krona. In addition, SEK 520 million was injected by the new share issue effected in conjunction with the listing on Stockholmsbörsen. All the funds generated by the issue have been used to repay debt. In total, loans amounting to SEK 620 million were repaid during the period.

The *effect of translation differences on shareholders' equity* was SEK -135 million, resulting from the strengthening of the Swedish krona. Following the new share issue of SEK 520 million (net after issuance costs), shareholders' equity amounted to SEK 2,349 million compared to SEK 1,776 million at the end of the previous year.

The *equity/assets ratio* at the end of the period was 38.3 per cent compared with 27.8 at the start of the year. The net debt/equity ratio was 62 per cent at the end of the period compared to 117 per cent at the start of the year.

At the end of the period the Group had available credit in the amount of SEK 715 million, excluding liquid funds.

BUSINESS REGIONS

The Nordic operation

Demand in the Nordic market is estimated to have increased in the first half compared to the same period last year.

Net sales amounted to SEK 1,843 million (1,692), an increase of around 9 per cent. Excluding currency effects the increase was 6 per cent. Sales increased in every country except Finland, where the level of new building activity was lower than in the same period last year. The increased sales in other countries were generated by both the new building and renovation segments. In Norway, however, the increase in sales was primarily concentrated on the new building segment. Sales of flat-pack kitchens continued to develop positively throughout Scandinavia.

Operating income increased by 34 per cent to SEK 231 million (173). The operating margin in the Nordic operation was 12.5 per cent (10.2). The improvement in margin is explained primarily by higher gross profit margins as a result of increased synergy gains in relation to input materials in particular, higher productivity, as well as increased focus on more profitable product and customer segments.

In Norema in Norway the standardised carcass platform K-20 was introduced and the conversion to an assembly plant was carried out according to plan during the holiday break. Norema is now supplied with components from Marbodal and Invita.

Second quarter 2002

Operating income amounted to SEK 149 million compared to SEK 106 million in the same quarter last year. The operating margin increased to 14.8 per cent compared to 12.1 per cent in the same quarter last year. The increase in the operating margin is primarily a result of a higher gross profit margin.

The Continental European operation

The downturn in the German kitchen interiors market is estimated to have slowed down in the second quarter 2002. Demand was lower than in the same period last year. In the important export markets of the Netherlands and the USA demand is also estimated to have fallen compared with the same period last year.

Net sales amounted to SEK 1,054 million (1,268). Currency effects had a positive effect on sales of 1 per cent. Adjusted for the closure of Star Beka and currency effects, the reduction in sales amounted to approx. SEK 170 million or 13 per cent. Increased exports to Asia only partly compensated for a weak project market in the USA.

The review of sales channels with a view to improving profitability and positioning has resulted in improvements in gross margins, but had a negative effect on sales.

Operating income amounted to SEK 16 million (38). The operating margin was 1.5 per cent (3.0). The effects of lower sales were counteracted primarily by increased synergy gains in relation to input materials as well as increased focus on more profitable product and customer segments. Sales and administration costs were reduced compared to the same period last year.

Poggenpohl continued to work on introducing its new uniform studio concept among its retailers. Due to the weak market situation in Germany there was a delay in deliveries of the Designo product range, which Pronorm supplies to the MHK purchasing organisation.

Second quarter 2002

Operating income amounted to SEK 14 million compared to SEK 32 million in the same quarter last year. The operating margin was 2.6 per cent compared to 5.0 per cent in the same quarter last year. The effect of lower sales was counteracted by a higher gross profit margin.

UK operation

Demand in the UK is estimated to have increased somewhat compared to the same period last year.

Net sales during the period amounted to SEK 2,071 million. Excluding currency effects, this is approximately 2 per cent higher than in the same period last year. Magnet was acquired with effect from May 2001, so the comparison figures for the first half 2001 included in the consolidated accounts are for the May-June period only.

Compared to the first half last year, sales of kitchen, wardrobe and bedroom interiors increased while sales of bathroom interiors reduced. Sales of joinery products increased somewhat. Deliveries of unassembled kitchens under an agreement with the DIY chain Homebase were started during the period.

Operating income amounted to SEK 192 million. The operating margin was 9.3 per cent, which is a substantial improvement on last year when 6.8 per cent was reported for the May-June period. The result for the current period includes profit on the sale of a lease contract of SEK 15 million. The operating margin has been improved compared to last year through increased purchasing co-ordination, reduced costs and higher average order values.

Second quarter 2002

Operating income amounted to SEK 82 million compared to SEK 40 million in the same quarter last year. The operating margin was 8.2 per cent compared to 6.8 per cent in the same quarter last year. The UK operation was only included for May-June in last year’s corresponding quarter.

The parent company

The parent company is involved with group-wide activities and owns the subsidiaries. The parent company had an income after financial items of SEK 7.3 million (-20.1).

Employees

The number of employees at the end of the period was 6,219 compared to approximately 6,100 at the start of the year. The number of employees increased in the Nordic and UK operations and decreased in the Continental European operation

Accounting principles

Nobia complies with the recommendations of the Swedish Financial Accounting Standards Council. For definitions of key figures and ratios, please see Nobia's annual report 2001.

Stockholm, 27 August 2002

Fredrik Cappelen
President and CEO

Nobia AB corporate registration no. 556528-2752

Interim report for the period January-September 2002 will be published 23 October 2002.

Nobia is Europe's leading kitchen interiors company. The Group operates in a number of European markets under strong brand names. Nobia's own specialist kitchen stores and franchise stores are responsible for most of the Group's sales. Nobia is spearheading the consolidation of the European kitchen market and creating profitable growth by making efficiency improvements and acquisitions, taking an industrial approach. The Group has sales of approx. SEK 10 billion annually and around 6,000 employees. Nobia is listed on Stockholmsbörsen's O-list.

Goldreif • HTH • Invita •Magnet • Marbodal • Myresjökök • Norema • Novart • Optifit • Poggenpohl • Pronorm • Sigdal

Nobia AB, Box 70376, 107 24 Stockholm, Tel.: +46 (0)8-440 16 00, Fax: +46 (0)8-440 16 20

Income statement

SEK m	April -June 2002	April -June 2001	January-June 2002	January-June 2001	Jan-Dec 2001	July-June 2001/02
Net sales	2547	2096	4951	3539	8283	9695
Cost of goods sold	-1510	-1300	-2977	-2232	-5126	-5871
Gross profit	1037	796	1974	1307	3157	3824
Selling expenses	-665	-529	-1329	-894	-2139	-2574
Administrative expenses	-136	-109	-270	-203	-446	-513
Other operating income/expenses	-14	-2	20	9	-6	5
Items affecting comparability	0	0	0	22	22	0
Operating income before goodwill amortisation	222	156	395	241	588	742
Goodwill amortisation	-16	-13	-32	-19	-51	-64
Operating income	206	143	363	222	537	678
Net financial items	-39	-38	-75	-45	-123	-153
Income after financial items	167	105	288	177	414	525
Taxes	-58	-34	-100	-57	-160	-203
Minority shares in profit/loss for the period	0	0	0	0	0	0
Net income for the year	109	71	188	120	254	322
Operating margin exc. goodwill amortisation, %	8.7	7.4	8.0	6.8	7.1	7.7
Operating margin, %	8.1	6.8	7.3	6.3	6.5	7.0
Return on capital employed, %					15.5	16.8
Return on shareholders' equity, %					16.2	16.6
Share data						
EPS before dilution, SEK	2.34	1.53	4.04	2.59	5.47	6.92
EPS after dilution, SEK	2.15	1.48	3.71	2.50	5.15	6.35
EPS exc. goodwill, before dilution, SEK	2.69	1.81	4.73	3.00	6.57	8.29
EPS exc. goodwill, after dilution, SEK	2.47	1.75	4.34	2.90	6.19	7.62
No. of shares before dilution*	57669220	46550770	57669220	46550770	46550770	57669220
Average no. of shares before dilution*	46550770	46283930	46550770	46283930	46417350	46550770
No. of shares after dilution*	57669220	50669220	57669220	50669220	50669220	57669220
Average no. of shares after dilution*	50669220	47910250	50669220	47910250	49289735	50669220

Magnet has been consolidated with effect from May 2001

* Share-related values adjusted in respect of 10:1 split on 19 June 2002. Calculation of dilution effects adjusted in respect of actual exercise of options.

Balance sheet

SEK m	30 June 2002	30 June 2001	31 Dec 2001
Assets			
Fixed assets			
Goodwill	1109	1234	1 215
Other intangible fixed assets	31	31	41
Tangible fixed assets	2142	2187	2 284
Deferred tax	105	133	135
Other financial fixed assets	36	40	44
Total fixed assets	**3423**	**3625**	**3 719**
Current assets			
Stock	1154	1135	1 178
Accounts receivable, trade	1143	1198	977
Other receivables	194	146	182
Cash and bank balances	240	305	362
Total current assets	**2731**	**2784**	**2 699**
Total assets	**6154**	**6409**	**6 418**
Shareholders' equity and liabilities			
Shareholders' equity	2349	1531	1 776
Minority interests	6	5	6
Provision for pensions, interest-bearing	74	72	74
Provision for taxes	109	83	126
Other provisions	271	487	341
Total provisions	**454**	**642**	**541**
Long-term liabilities, interest-bearing	**1612**	**2543**	**2 335**
Current liabilities, interest-bearing	39	33	46
Current liabilities, non-interest-bearing	1694	1655	1 714
Current liabilities	**1733**	**1688**	**1 760**
Total shareholders' equity and liabilities	**6154**	**6409**	**6 418**

Change in the Group's shareholders' equity

	30 June 2002	30 June 2001	31 Dec 2001
Opening shareholders' equity, December 31	1776	1363	1 363
Change in translation differences	-135	48	148
Net income for the period	188	120	254
New share issue	520		11
Other changes	0	0	0
Shareholders' equity at close of period	2349	1531	1 776

Balance sheet-related key figures	30 June 2002	30 June 2001	31 Dec 2001
Equity/assets ratio, %	38.3	23.9	27.8
Debt/equity ratio, %	62	151	117
Net debt, closing balance	1469	2323	2 078
Capital employed, closing balance	4082	4186	4 237

Cash flow statement

SEK m	April-June 2002	April-June 2001	January-June 2002	January-June 2001	Jan-Dec 2001
Current activities					
Operating income	206	143	363	222	537
Depreciation	82	68	163	115	284
Adjustment for items not included in cash flow	-15	-15	-40	-48	-214
Interest, dividends and tax	-71	-43	-112	-65	-193
Changes in working capital	-64	80	-293	-50	137
Cash flow from current activities	**138**	**233**	**81**	**174**	**551**
Investment activities					
Investments in fixed assets	-51	-54	-115	-72	-226
Sale of subsidiary	-	0	-	144	144
Acquisition of subsidiary	0	-1589	-1	-1591	-1 561
Other items included in investment activities	9	-3	23	10	16
Cash flow from investment activities	**-42**	**-1646**	**-93**	**-1509**	**-1 627**
Financing activities					
Loans raised	-8	2063	17	2063	2 073
New issue of shares	520	-	520	-	11
Amortisation of liabilities	-633	-527	-637	-654	-885
Cash flow from financing activities	**-121**	**1536**	**-100**	**1409**	**1 199**
Cash flow for the year excl. exchange rate differences in current assets	**-25**	**123**	**-112**	**74**	**123**

Net sales, operating income and operating margin per region

	Net sales			
SEK m	Jan-Jun 2002	Jan-Jun 2001	Jan-Dec 2001	July-June 2001/02
Nordic operation	1843	1692	3311	3462
Continental European operation	1054	1268	2459	2245
UK operation	2071	587	2527	4011
Other consolidated adjustments	-17	-8	-14	-23
Recorded values	4951	3539	8283	9695

	Operating income				Operating margin			
	Jan-Jun		Jan-Dec	July-June	Jan-Jun		Jan-Dec	July-June
SEK m	2002	2001	2001	2001/02	2002	2001	2001	2001/02
Nordic operation	231	173	355	413	12.5%	10.2%	10.7%	11.9%
Continental European operation	16	38	70	48	1.5%	3.0%	2.8%	2.1%
UK operation	192	40	219	371	9.3%	6.8%	8.7%	9.2%
Items affecting comparability	-	22	22	0				
Goodwill amortisation	-32	-19	-51	-64				
Other consolidated adjustments	-44	-32	-78	-90				
Recorded values	363	222	537	678	7.3%	6.3%	6.5%	7.0%

Net sales and income per region
Quarterly figures

	2002		2001			
SEK m	II	I	IV	III	II	I
Net sales						
Nordic operation	1009	834	889	730	877	815
Continental European operation	542	512	600	591	636	632
UK operation	1006	1 065	957	983	587	
Consolidated adjustments and other	-10	-7	-3	-3	-4	-4
Total	**2 547**	**2 404**	**2 443**	**2 301**	**2 096**	**1 443**

Operating income						
Nordic operation	149	82	100	82	106	67
Continental European operation	14	2	16	16	32	6
UK operation	82	110	87	92	40	
Items affecting comparability						22
Goodwill amortisation	-16	-16	-16	-16	-13	-6
Consolidated adjustments and other	-23	-21	-33	-13	-22	-10
Total	**206**	**157**	**154**	**161**	**143**	**79**

Operating margin, %						
Nordic operation	14.8	9.8	11.3	11.2	12.1	8.2
Continental European operation	2.6	0.4	2.7	2.7	5.0	0.9
UK operation	8.2	10.3	9.1	9.4	6.8	
Total	**8.1**	**6.5**	**6.3**	**7.0**	**6.8**	**5.5**