nobia

Interim Report Q3 ■ 2011

Continued cost savings

(All figures in brackets refer to the corresponding period in 2010)

Net sales for the third quarter amounted to SEK 3,109 million (3,228). Organic growth totalled 0 per cent (neg: 1). Operating profit excluding restructuring costs of net SEK 113 million (76) amounted to SEK 126 million (153), corresponding to an operating margin of 4.1 per cent (4.7). Loss after tax and including restructuring costs totalled SEK 8 million (profit: 42) corresponding to loss per share of SEK 0.05 (earnings: 0.25). Operating cash flow amounted to SEK 124 million (283).

The Nordic market displayed a weakly positive trend, while other markets combined are deemed to have weakened slightly.

Negative currency effects of SEK 109 million (neg: 229) impacted net sales for the quarter.

Negative volume effects in Continental Europe and the UK were offset by volume increases in the Nordic region, which, combined with price rises, resulted in unchanged organic growth.

The gross margin changed due to an altered customer mix and higher prices of materials and amounted to 38.5 per cent (40.3).

Operating profit excluding restructuring costs amounted to SEK 126 million (153), corresponding to an operating margin of 4.1 per cent (4.7).

Negative currency effects of approximately SEK 5 million (pos: 5) were charged to operating profit excluding restructuring costs, of which negative SEK 5 million (neg: 10) in translation effects and SEK 0 million (15) in transaction effects.

Restructuring costs amounted to net SEK 113 million and were mainly attributable to the accelerated programme for the renovation of the store network in the French company, Hygena.

Return on capital employed including restructuring costs amounted to 4.0 per cent (4.1) over the past twelve-month period.

Operating cash flow declined mainly as a result of lower earnings generation and the cash flow in the year-earlier period including a substantial reduction in working capital.

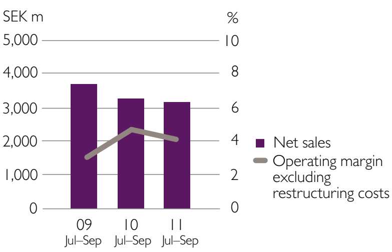
Comments from the CEO

"We are continuing our work to capitalise on synergies within Nobia and the operating margin target of 10 per cent remains firm. The changes within the framework of our strategic initiatives are proceeding as planned, but in light of the prevailing financial uncertainty in Nobia's markets additional measures are being taken in a number of business units to adjust cost levels. These measures are anticipated to lead to annual savings of SEK 125 million and are expected to result in nonrecurring costs of approximately SEK 160 million, of which SEK 20 million will be charged to the third quarter and SEK 140 million to the fourth quarter," says Morten Falkenberg, President and CEO.

	Jul–Sep			Jan–Sep			Jan–Dec	Oct–Sep
Nobia Group summary	2010	**2011**	Change %	2010	**2011**	Change %	2010	2010/2011
Net sales, SEK m	3,228	3,109	–4	10,480	9,875	–6	14,085	13,480
Gross margin, %	40.3	38.5	–	39.0	39.1	–	39.1	39.2
Operating margin before depreciation and impairment, % (EBITDA)	8.1	7.2	–	6.3	7.4	–	6.9	7.7
Operating profit, SEK m (EBIT)	153	126	–18	324	438	35	517	631
Operating margin, %	4.7	4.1	–	3.1	4.4	–	3.7	4.7
Profit after financial items, SEK m	132	103	–22	261	372	43	432	543
Profit/loss after tax, SEK m	42	–8	–119	21	159	–	–89	49
Earnings/loss per share, after dilution, SEK	0.25	–0.05	–120	0.13	0.95	–	–0.53	0.29
Operating cash flow, SEK m	283	124	–56	544	136	–75	641	233

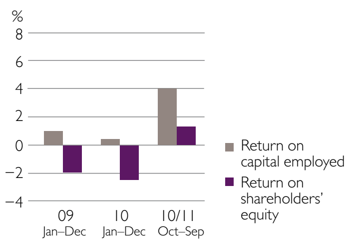
All figures except "Net sales," "Profit/loss after tax," "Earnings/loss per share" and "Operating cash flow" have been adjusted for restructuring costs. Further information about restructuring costs is available on pages 3–5, 7 and 11.

Net sales and operating margin



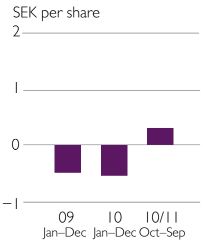
Net sales amounted to SEK 3,109 million and the operating margin to 4.1 per cent.

Profitability trend



Return on capital employed including restructuring costs amounted to 4.0 per cent over the past-twelve month period.

Earnings per share



Earnings per share after dilution amounted to SEK 0.29 over the past-twelve month period.

Analysis of net sales and regional reporting

Negative currency effects of SEK 109 million (neg: 229) impacted net sales for the quarter. Organic growth successively weakened during the quarter and totalled 0 per cent (neg: 1).

Analysis of net sales

	Jul–Sep		Jan–Sep	
	%	SEK m	%	SEK m
2010		3,228		10,480
Organic growth	0	–11	1	108
– of which UK region	–5	–66	–6	–220
– of which Nordic region	10	109	10	385
– of which Continental Europe region	–6	–53	–2	–57
Currency effect	–3	–109	–6	–668
Discounted units[1]	0	1	0	–45
2011	–4	3,109	–6	9,875

1) "Discounted units" refers to Pronorm.

Net sales and profit/loss per region (operating segment)

	UK Jul–Sep		Nordic Jul–Sep		Continental Europe Jul–Sep		Other and group adjustments Jul–Sep		Group Jul–Sep		
SEK m	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	Change, %
Net sales	**1,263**	**1,108**	**1,091**	**1,192**	**875**	**811**	**–1**	**–2**	**3,228**	**3,109**	**–4**
Gross profit excluding restructuring costs	507	424	418	452	363	310	12	10	1,300	1,196	–8
Gross margin excluding restructuring costs, %	40.1	38.3	38.3	37.9	41.5	38.2	–	–	40.3	38.5	–
Operating profit excluding restructuring costs	101	66	63	102	6	–18	–17	–24	153	126	–18
Operating margin excluding restructuring costs, %	8.0	6.0	5.8	8.6	0.7	–2.2	–	–	4.7	4.1	–
Operating profit/loss	**94**	**56**	**15**	**86**	**–12**	**–98**	**–20**	**–31**	**77**	**13**	**–83**
Operating margin, %	7.4	5.1	1.4	7.2	–1.4	–12.1	–	–	2.4	0.4	–

Nobia develops and sells kitchens through some 20 strong brands in Europe, including Magnet in the UK; Hygena in France; HTH, Norema, Sigdal, Invita, Marbodal, and Myresjökök and Uno form in Scandinavia; Petra, Parma and A la Carte in Finland; EWE, Intuo and FM in Austria; Optifit in Germany, as well as Poggenpohl globally.

Nobia generates profitability by combining economies of scale with attractive kitchen offerings. The Group has approximately 7,500 employees and net sales of about SEK 14 billion in 2010. The Nobia share is listed on the NASDAQ OMX Stockholm under the short name NOBI. Website:www.nobia.com. Financial information is presented under "Investor Relations."

UK region

Net sales for the third quarter amounted to SEK 1,108 million (1,263). Organic growth was negative 5 per cent (neg: 1). Restructuring costs of net SEK 10 million (7) were charged to operating profit for the quarter. Operating profit excluding restructuring costs amounted to SEK 66 million (101) and the operating margin was 6.0 per cent (8.0). Total negative currency effects of approximately 15 million (neg: 5) on operating profit excluding restructuring costs comprised a negative translation effect of SEK 5 and a negative transaction effect of SEK 10 million.

Kitchen market

Demand in the UK kitchen markets is deemed to have weakened compared with the same quarter in the preceding year. The competition situation has altered since several players have left the market after experiencing financial difficulties.

Nobia

The weaker demand situation resulted in lower kitchen sales for Magnet. However, sales of joinery for Magnet Trade rose slightly. Sales to other professional customers in the UK increased partly due to the focus of demand shifting towards lower customer order values.

Negative currency effects of about SEK 89 million (neg: 78) affected net sales for the quarter.

Due to lower volumes, higher raw material prices and a changed sales mix, the gross margin weakened by about 1.8 percentage points compared with the year-earlier period.

The effects of the negative volume trend were partly offset by implemented price increases and cost savings.

Restructuring costs for the period primarily pertain to the work on the new, harmonised product range.

Measured in local currency, operating profit for the region totalled GBP 6.3 million (9.0).

Quarterly data in SEK

	2010				**2011**		
	I	II	III	IV	I	II	III
Net sales, SEK m	1,284	1,360	1,263	1,291	1,142	1,137	1,108
Gross profit excluding restructuring costs, SEK m	473	543	507	506	442	430	424
Gross margin excluding restructuring costs, %	36.8	39.9	40.1	39.2	38.7	37.8	38.3
Operating profit excluding restructuring costs, SEK m	41	98	101	86	54	57	66
Operating margin excluding restructuring costs, %	3.2	7.2	8.0	6.7	4.7	5.0	6.0
Operating profit, SEK m	41	89	94	–5	54	52	56
Operating margin, %	3.2	6.5	7.4	–0.4	4.7	4.6	5.1

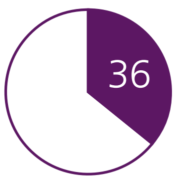
Quarterly data in GBP

	2010				**2011**		
	I	II	III	IV	I	II	III
Net sales, GBP m	114.6	120.4	112	120.2	110.0	111.2	106.2
Gross profit excluding restructuring costs, GBP m	42.2	48.1	45.0	47.1	42.5	42.2	40.6
Gross margin excluding restructuring costs, %	36.8	40.0	40.1	39.2	38.6	37.9	38.2
Operating profit excluding restructuring costs, GBP m	3.6	8.8	9.0	7.9	5.2	5.6	6.3
Operating margin excluding restructuring costs, %	3.1	7.3	8.0	6.6	4.7	5.0	5.9
Operating profit/loss, GBP m	3.6	7.9	8.3	–0.2	5.2	5.1	5.3
Operating margin, %	3.1	6.6	7.4	–0.2	4.7	4.6	5.0

Store trend, July–September

Renovated or relocated	0
Newly opened, net	0
Number of kitchen stores (Group-owned)	212

Percentage of consolidated net sales, third quarter, %



Our brands

Gower
Interior Solutions
Magnet

Nordic region

Net sales for the third quarter amounted to SEK 1,192 million (1,091). Organic growth was 10 per cent (10). Restructuring costs of net SEK 16 million (48) were charged to operating profit for the quarter. Operating profit excluding restructuring costs totalled SEK 102 million (63) and the operating margin strengthened to SEK 8.6 per cent (5.8). Positive currency effects of about SEK 10 million (10) on operating profit excluding restructuring costs comprised a translation effect of SEK 0 million and a transaction effect of SEK 10 million.

Kitchen markets

Demand is deemed to have displayed a weakly positive trend due to increased activity in new-builds compared with the year-earlier period.

Nobia

Organic sales growth was primarily attributable to increased volumes in all markets and was mainly the result of extensive deliveries to professional customers.

Negative currency effects of about SEK 8 million (neg: 65) had an adverse impact on net sales for the quarter.

The gross margin weakened marginally, mainly as a result of the mix shift towards more project sales.

In additional to higher volumes, prices increases contributed to the improvement in the region's earnings.

The restructuring costs for the period pertained to efficiency-enhancement measures in Denmark and additional costs for the relocation of kitchen production from Älmhult to Tidaholm in Sweden.

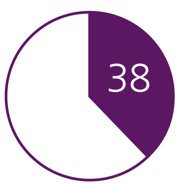
Quarterly data in SEK

	2010				**2011**		
	I	II	III	IV	I	II	III
Net sales, SEK m	1,208	1,401	1,091	1,392	1,270	1,432	1,192
Gross profit excluding restructuring costs, SEK m	448	550	418	529	466	553	452
Gross margin excluding restructuring costs, %	37.1	39.3	38.3	38.0	36.7	38.6	37.9
Operating profit excluding restructuring costs, SEK m	17	115	63	136	75	159	102
Operating margin excluding restructuring costs, %	1.4	8.2	5.8	9.8	5.9	11.1	8.6
Operating profit, SEK m	17	115	15	102	69	148	86
Operating margin, %	1.4	8.2	1.4	7.3	5.4	10.3	7.2

Store trend, July–September

Renovated or relocated	–
Newly opened, net	–1
Number of kitchen stores	269
of which franchise	181
of which Group-owned	88

Percentage of consolidated net sales, third quarter, %



Continental Europe region

Net sales for the third quarter amounted to SEK 811 million (875). Organic growth was negative 6 per cent (neg: 11). Restructuring costs of net SEK 80 million (18) were charged to operating profit for the quarter. Operating loss excluding restructuring costs amounted to SEK 18 million (profit: 6) and the operating margin was negative 2.2 per cent (pos: 0.7). Currency effects of approximately SEK 0 million (0) on operating profit excluding restructuring costs comprised a translation effect of SEK 0 million and a transaction effect of SEK 0 million.

Kitchen markets

Demand is deemed to have declined in France, while the trend in Austria and Germany is considered to be on a par with the year-earlier period.

Nobia

The organic sales mix was primarily attributable to the negative sales trend in Hygena and in Poggenpohl.

Negative currency effects of about SEK 12 million (neg: 86) impacted net sales for the quarter.

The gross margin weakened as a result of lower volumes and the negative effects of the changed sales mix.

The effects of the negative volume trend could be partly offset by the implemented price increases.

Restructuring costs for the period are mainly attributable to the refurbishment of Hygena's store network. Besides the five stores that have already been refurbished and re-opened, a further 73 stores will undergo the programme and be re-opened during the fourth quarter. Accordingly, the conditions will be strengthened for the majority of Hygena's network of about 140 stores to meet the prerequisites for the key first quarter 2012 in France. The remaining stores will be refurbished during the first half of 2012.

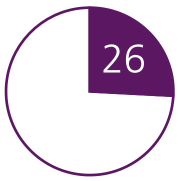
Quarterly data in SEK

	2010				**2011**		
	I	II	III	IV	I	II	III
Net sales, SEK m	967	1.040	875	923	798	993	811
Gross profit excluding restructuring costs, SEK m	358	400	363	380	316	414	310
Gross margin excluding restructuring costs, %	37.0	38.5	41.5	41.2	39.6	41.7	38.2
Operating profit excluding restructuring costs, SEK m	–60	10	6	11	–34	41	–18
Operating margin excluding restructuring costs, %	–6.2	1.0	0.7	1.2	–4.3	4.1	–2.2
Operating profit/loss, SEK m	–84	–11	–12	–140	–22	36	–98
Operating margin, %	–8.7	–1.1	–1.4	–15.2	–2.8	3.6	–12.1

Store trends, July–September

Renovated or relocated	5
Newly opened, net	–2
Number of kitchen stores	178
of which franchise	1
of which Group-owned	177

Percentage of consolidated net sales, third quarter, %



Consolidated earnings, cash flow and financial position January–September 2011

Net sales for the January-September period amounted to SEK 9,875 million (10,480). Organic growth totalled 1 per cent (neg: 2). Operating profit excluding restructuring costs of net SEK 145 million (230) amounted to SEK 438 million (324), corresponding to an operating margin of 4.4 per cent (3.1). Profit after tax and including restructuring costs was SEK 159 million (21) corresponding to earnings per share of SEK 0.95 (0.13). Operating cash flow amounted to SEK 136 million (544).

The Nordic market is continuing to display a positive trend, whereas other markets combined showed a negative trend.

Divested Pronorm contributed SEK 46 million to net sales during the first quarter of 2010.

Nobia's organic growth during the first nine months of 2011 was 1 per cent comprising negative 6 per cent in the UK region, positive 10 per cent in the Nordic region and negative 2 per cent in the Continental Europe region. Negative currency effects of SEK 668 million (neg: 797) impacted net sales for the period.

Currency effects made a positive contribution of approximately SEK 25 million (neg: 20) to operating profit excluding restructuring costs, comprising a negative translation effect of SEK 30 million (neg: 25) and a positive transaction effect of SEK 55 million (5).

The underlying improvement in earnings was mainly attributable to higher sales prices and implemented cost savings.

Operating cash flow was adversely affected by lower prepayments, slightly elevated capital tied-up in inventories and accounts receivable, as well as higher payments caused by structural measures.

Net financial items amounted to an expense of SEK 66 million (expense: 63). Net financial items include the net of return on pension assets and interest expense for pension liabilities corresponding to an expense of SEK 22 million (expense: 27).

The higher net interest expense of SEK 46 million (expense: 24) was attributable to higher interest rates and lower interest income on loan receivables settled in the first quarter of 2010.

The return on capital employed over the past twelve-month period was 4.0 per cent (0.4 January–December 2010) and the return on shareholders' equity was 1.3 per cent (neg: 2.4 January–December 2010).

Nobia's investments in fixed assets amounted to SEK 221 million (243), of which 91 million (64) was related to store investments.

Goodwill at the end of the period amounted to SEK 2,736 million (2,714), corresponding to 74 per cent (75) of the Group's shareholders' equity.

Net debt including pension provisions amounted to SEK 1,466 million (1,615). The debt/equity ratio was 40 per cent at the end of the period (45).

Net sales and profit/loss per region (operating segment)

	UK Jan–Sep		Nordic Jan–Sep		Continental Europe Jan–Sep		Other and Group adjustments Jan–Sep		Group Jan–Sep		
SEK m	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	Change, %
Net sales from external customers	3,907	3,387	3,700	3,894	2,873	2,594	–	–	10,480	9,875	–6
Net sales from other regions	–	–	–	–	9	8	–9	–8	–	–	–
Total net sales	**3,907**	**3,387**	**3,700**	**3,894**	**2,882**	**2,602**	**–9**	**–8**	**10,480**	**9,875**	**–6**
Gross profit excluding restructuring costs	1,523	1,296	1,416	1,471	1,121	1,040	29	53	4,089	3,860	–6
Gross margin excluding restructuring costs, %	39.0	38.3	38.3	37.8	38.9	40.0	–	–	39.0	39.1	–
Operating profit excluding restructuring costs	240	177	195	336	–44	–11	–67	–64	324	438	35
Operating margin excluding restructuring costs, %	6.1	5.2	5.3	8.6	–1.5	–0.4	–	–	3.1	4.4	–
Operating profit (EBIT)	224	162	147	303	–107	–84	–170	–88	94	293	–
Operating margin, %	5.7	4.8	4.0	7.8	–3.7	–3.2	–	–	0.9	3.0	–
Financial items	–	–	–	–	–	–	–	–	–63	–66	–5
Profit after financial items, SEK m	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**31**	**227**	**–**

Restructuring measures in progress

Restructuring costs pertain to certain nonrecurring costs. Restructuring costs for January–September amounted to a net of SEK 145 million (230), of which SEK 113 million (76) was charged to third-quarter operating profit. The restructuring measures primarily related to the impairment of kitchen displays and other fixed assets, as well as inventories in conjunction with the intensification of the refurbishment of Hygena stores in France. The measures also included changes in the product range and sourcing aimed at reducing complexity, thereby creating the conditions for further cost savings.

Furthermore, additional cost savings are included that were initiated by various business units in a bid to adjust costs to the prevailing market situation. These measures were charged to the third quarter in the amount of approximately SEK 20 million and are expected to impact the fourth quarter in about an additional SEK 140 million.

These measures are expected to reduce the annual cost structure by 125 million and will involve the closure of some 30 stores and about 450 employees leaving the Group. The effect on cash flow is estimated at slightly more than half of the nonrecurring cost.

Structural measures of SEK 179 million were charged to cash flow for the January–September 2011 period, of which SEK 107 million derives from earlier years' structural measures.

Divested operations and fixed assets for sale

In the period 2008–2010, Nobia acquired a total of 15 stores from franchisees in Denmark with the intention of selling these on. Six of these stores were sold in 2009 and 2010. In the first quarter of 2011, two stores were closed and another three stores were closed in the second quarter. The costs for the closures of these five stores were charged to the fourth quarter of 2010. One store was acquired in Denmark and five in Sweden during the second quarter of 2011 and one store was sold on. Two stores in Denmark were sold on in the third quarter of 2011.

At the end of the third quarter of 2011, Nobia has two stores in Denmark and five in Sweden, a total of seven stores, which are recognised in the Nordic region as discontinued operations and a divestment group held for sale in accordance with IFRS 5.

The loss from these stores amounted to SEK 6 million (loss: 1) during the period January–September 2011. Earnings in the year-earlier period included a capital gain of SEK 11 million from these stores.

Nobia intends to divest one production property in both Denmark and Sweden in 2011. These properties are recognised in accordance with IFRS 5 under assets held for sale in the Nordic region.

Company acquisitions and divestments

No corporate acquisitions or divestments were made during the January–September 2011 period.

Personnel

The number of employees at the end of the period amounted to 7,737 (8,205). The average number of employees during the period was 7,528 (7,700). At year-end 2010, the number of employees was 8,203 (8,394).

Nomination Committee

Owners, representing 43 per cent of the capital and votes in Nobia, have appointed a Nomination Committee comprising the following members: Thomas Billing (Chairman of the Nomination Committee) , Nordstjernan; Fredrik Palmstierna, Latour; Björn Franzon, Swedbank Robur funds; Sindre Sörbye, Orkla ASA and Johan Molin, Chairman of the Board.

Nobia's shareholders are welcome to submit comments and proposals to the Nomination Committee. Please contact: Tomas Billing, Chairman of the Nomination Committee, tel: +46 8 788 50 00 or by post at Nobia AB, Valberedningen, Box 70376, 107 24 Stockholm, Sweden

The Annual General Meeting will be held in Stockholm on Wednesday, 11 April 2012.

Currency effect (EBIT)[1)]

	Translation effects		Transaction effects		Total effect	
	Q3	Jan–Sep	Q3	Jan–Sep	Q3	Jan–Sep
UK region	–5	–15	–10	15	–15	0
Nordic region	0	–15	10	35	10	20
Continental Europe region	0	0	0	5	0	5
Group	–5	–30	0	55	–5	25

1) Pertains to effects excluding restructuring costs.

Related-party transactions

The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 62 million (1) during the period. This increase resulted from the build-up of central resources for sourcing and product-range co-ordination. The Parent Company reported earnings from participations in Group companies amounting to SEK 112 million (100).

Significant risks for the Group and Parent Company

Nobia is exposed to strategic, operating and financial risks. Demand in the Nordic professional market remained positive during the period, although demand was weak in other markets. This means that combined production and deliveries are still at a low level. Nobia continues to capitalise on synergies and economies of scale by harmonising product lines, co-ordinating production and enhancing purchasing efficiency. Nobia's balance sheet contains acquisition goodwill of SEK 2,736 million. The value of this asset item is tested annually. For a more detailed description of risks and risk management, refer to pages 26–27, and regarding acquisition goodwill, refer to page 48 of Nobia's 2010 Annual Report.

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. In this interim report, Nobia has applied the same accounting policies as were applied in the 2010 Annual Report.

New accounting policies 2011

New or revised IFRS and interpretive statements from the IFRS Interpretations Committee (IFRS IC) have not had any effect on the financial position, performance or other disclosures for the Group or the Parent Company.

For further information

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

- Morten Falkenberg, President and CEO
- Mikael Norman, CFO
- Lena Schattauer, Head of Investor Relations

Presentation

The interim report will be presented on Thursday, 27 October 2011 at 10:00 a.m. 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) 850 559 853
- From the UK: +44 (0) 203 043 2436
- From the US: +1 866 458 4087

Next report

The Year-end Report will be published on 14 February 2012. The interim report for January–March 2012 will be presented on 27 April 2012.

Stockholm, 27 October 2011

Morten Falkenberg
President

Nobia AB Corporate Registration Number 556528-2752

The information in this interim report is such that Nobia AB (publ) is obliged to publish in accordance with the Swedish Securities Market Act. The information was released to the media for publication on 27 October at 7:30 a.m. CET.

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Corporate Registration Number: 556528-2752 • The registered office of the Board of Directors is in Stockholm, Sweden

Review report

Introduction

We reviewed the interim report of Nobia AB (publ) at September 30, 2011 and the nine-month period ending on that date. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the interim financial information based on our review.

Approach and scope of the review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially more limited scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled in accordance with IAS 34 Interim reporting and the Swedish Annual Accounts Act, and for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 27 October 2011

KPMG AB

Helene Willberg
Authorised Public Accountant

Condensed consolidated income statement

SEK m	Jul–Sep 2010	Jul–Sep **2011**	Jan–Sep 2010	Jan–Sep **2011**	Jan–Dec 2010	Oct–Sep 2010/11
Net sales	3,228	3,109	10,480	9,875	14,085	13,480
Cost of goods sold	–1,988	–1,934	–6,490	–6,046	–8,740	–8,296
Gross profit	**1,240**	**1,175**	**3,990**	**3,829**	**5,345**	**5,184**
Selling and administrative expenses	–1,154	–1,166	–3,830	–3,535	–5,287	–4,992
Other income/expenses	–9	4	–58	–1	–44	13
Share in profit of associated companies	–	–	–8	–	–8	–
Operating profit	**77**	**13**	**94**	**293**	**6**	**205**
Net financial items	–21	–23	–63	–66	–85	–88
Profit/loss after financial items	**56**	**–10**	**31**	**227**	**–79**	**117**
Tax	–10	4	–9	–62	25	–28
Profit/loss after tax from continuing operations	**46**	**–6**	**22**	**165**	**–54**	**89**
Profit/loss from divested operations, net after tax	–4	–2	–1	–6	–35	–40
Profit/loss after tax	**42**	**–8**	**21**	**159**	**–89**	**49**
Total depreciation	109	97	339	289	447	397
Total impairment	23	55	69	63	97	91
Gross margin, %	38.4	37.8	38.1	38.8	37.9	38.5
Operating margin, %	2.4	0.4	0.9	3.0	0.0	1.5
Return on capital employed, %					0.4	4.0
Return on shareholders' equity, %					–2.4	1.3
Earnings per share, before dilution, SEK[1]	0.25	–0.05	0.13	0.95	–0.53	0.29
Earnings per share, after dilution, SEK[1]	0.25	–0.05	0.13	0.95	–0.53	0.29
Number of shares at period end before dilution, 000s[2]	167,131	167,131	167,131	167,131	167,131	167,131
Average number of shares before dilution, 000s[2]	167,131	167,131	167,131	167,131	167,131	167,131
Number of shares after dilution at period end, 000s[2]	167,131	167,131	167,131	167,151	167,131	167,247
Average number of shares after dilution, 000s[2]	167,131	167,131	167,131	167,151	167,131	167,247

1) Earnings per share attributable to Parent Company shareholders.
2) Excluding treasury shares.

Consolidated statement of comprehensive income

SEK m	Jul–Sep 2010	Jul–Sep **2011**	Jan–Sep 2010	Jan–Sep **2011**	Jan–Dec 2010	Oct–Sep 2010/11
Profit/loss after tax	42	–8	21	159	–89	49
Other comprehensive income						
Exchange-rate differences attributable to translation of foreign operations	–241	105	–362	78	–406	34
Cash flow hedges before tax, net	26	–6	14	0	4	–10
Tax attributable to change in hedging reserve for the period, net	–7	2	–4	0	–1	3
Other comprehensive income/loss	**–222**	**101**	**–352**	**78**	**–403**	**27**
Total comprehensive income/loss	**–180**	**93**	**–331**	**237**	**–492**	**76**
Total profit attributable to:						
Parent Company shareholders	42	–8	21	159	–89	49
Non-controlling interests	0	0	0	0	0	0
Total profit/loss	**42**	**–8**	**21**	**159**	**–89**	**49**
Total comprehensive income attributable to:						
Parent Company shareholders	–179	93	–330	237	–491	76
Non-controlling interests	–1	0	–1	0	–1	0
Total comprehensive income/loss	**–180**	**93**	**–331**	**237**	**–492**	**76**

Specification of restructuring costs

Restructuring costs per function SEK m	Jul–Sep 2010	Jul–Sep **2011**	Jan–Sep 2010	Jan–Sep **2011**	Jan–Dec 2010	Oct–Sep 2010/11
Cost of goods sold	–60	–21	–99	–31	–162	–94
Selling and administrative expenses	–16	–86	–105	–107	–321	–323
Other expenses	–	–6	–26	–7	–28	–9
Total restructuring costs	**–76**	**–113**	**–230**	**–145**	**–511**	**–426**

Restructuring costs per region SEK m	Jul–Sep 2010	Jul–Sep **2011**	Jan–Sep 2010	Jan–Sep **2011**	Jan–Dec **2010**	Oct–Sep 2010/11
UK	–7	–10	–16	–15	–107	–106
Nordic	–48	–16	–48[1)]	–33	–82[4)]	–67
Continental Europe	–18	–80	–63	–73[3)]	–214[5)]	–224
Other and Group adjustments	–3	–7	–103[2)]	–24	–108[6)]	–29
Group	**–76**	**–113**	**–230**	**–145**	**–511**	**–426**

1) Impairment amounted to SEK 19 million and pertained to property and machinery in Myresjökök.
2) Impairment amounted to SEK 49 million and primarily pertained to goodwill in Pronorm.
3) Impairment amounted to SEK 55 million and pertained to buildings and kitchen displays in Hygena.
4) Impairment amounted to SEK 33 million and was attributable to Myresjökök and HTH. Impairment primarily pertained to property and machinery.
5) Impairment amounted to SEK 14 million and pertained to buildings in Hygena.
6) Impairment amounted to SEK 49 million and primarily pertained to goodwill in Pronorm.

Condensed consolidated balance sheet

SEK m	30 Sep 2010	30 Sep **2011**	31 Dec 2010
ASSETS			
Goodwill	2,714	2,736	2,676
Other intangible fixed assets	229	271	258
Tangible fixed assets	2,322	2,032	2,184
Long-term receivables	62	60	62
Deferred tax assets	369	458	406
Total fixed assets	**5,696**	**5,557**	**5,586**
Inventories	1,025	1,009	971
Accounts receivable	1,391	1,407	1,180
Other receivables	299	352	321
Total current receivables	*1,690*	*1,759*	*1,501*
Cash and cash equivalents	273	228	356
Assets held for sale	61	81	72
Total current assets	**3,049**	**3,077**	**2,900**
Total assets	**8,745**	**8,634**	**8,486**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	58	58	58
Other capital contributions	1,451	1,457	1,453
Reserves	–331	–304	–382
Profit brought forward	2,422	2,471	2,312
Total shareholders' equity attributable to Parent Company shareholders	*3,600*	*3,682*	*3,441*
Non-controlling interests	5	5	5
Total shareholders' equity	**3,605**	**3,687**	**3,446**
Provisions for pensions	601	573	587
Other provisions	194	301	411
Deferred tax liabilities	187	212	211
Other long-term liabilities, interest-bearing	1,180	1,007	1,247
Total long-term liabilities	**2,162**	**2,093**	**2,456**
Current liabilities, interest-bearing	119	122	43
Current liabilities, non-interest-bearing	2,848	2,730	2,530
Liabilities attributable to assets held for sale	11	2	11
Total current liabilities	**2,978**	**2,854**	**2,584**
Total shareholders' equity and liabilities	**8,745**	**8,634**	**8,486**
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	41	43	41
Debt/equity ratio, %	45	40	44
Net debt, SEK m	1,615	1,466	1,510
Capital employed, closing balance, SEK m	5,505	5,389	5,323

Statement of changes in consolidated shareholders' equity

	Attributable to Parent Company shareholders							
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
Opening balance, 1 January 2010	58	1,449	24	–4	2,401	3,928	6	3,934
Profit for the period	–	–	–	–	21	21	0	21
Other comprehensive income/loss for the period	–	–	–361	10	–	–351	–1	–352
Total comprehensive income/loss	**0**	**0**	**–361**	**10**	**21**	**–330**	**–1**	**–331**
Dividend	–	–	–	–	–	–	0	0
Allocation of employee share option scheme	–	2	–	–	–	2	–	2
Closing balance, 30 September 2010	**58**	**1,451**	**–337**	**6**	**2,422**	**3,600**	**5**	**3,605**
Opening balance, 1 January 2011	**58**	**1,453**	**–381**	**–1**	**2,312**	**3,441**	**5**	**3,446**
Profit for the period	–	–	–	–	159	159	0	159
Other comprehensive income for the period	–	–	78	0	–	78	–	78
Total comprehensive income for the period	**0**	**0**	**78**	**0**	**159**	**237**	**0**	**237**
Dividend	–	–	–	–	–	–	–	–
Allocation of employee share option scheme	–	4	–	–	–	4	–	4
Closing balance, 30 September 2011	**58**	**1,457**	**–303**	**–1**	**2,471**	**3,682**	**5**	**3,687**

Condensed consolidated cash-flow statement

	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
Operating activities						
Operating profit	77	13	94	293	6	205
Depreciation/impairment	132	152	408[2]	352[3]	544[1]	488
Adjustments for non-cash items	50	40	100	29	332	261
Tax paid	–3	–20	–8	–73	–51	–116
Change in working capital	116	–6	174	–279	132	–321
Cash flow from operating activities	**372**	**179**	**768**	**322**	**963**	**517**
Investing activities						
Investments in fixed assets	–81	–81	–243	–221	–347	–325
Other items in investing activities	–8	26	19	35	25	41
Interest received	1	0	9	4	18	13
Change in interest-bearing assets	7	–1	6	3	6	3
Divestment of companies	–	–	491	–	491	–
Cash flow from investing activities	**–81**	**–56**	**282**	**–179**	**193**	**–268**
Operating cash flow before acquisition/divestment of companies, interest, increase/decrease of interest-bearing assets	**283**	**124**	**544**	**136**	**641**	**233**
Operating cash flow after acquisition/divestment of companies, interest, increase/decrease of interest-bearing assets	291	123	1,050	143	1,156	249
Financing activities						
Interest paid	–14	–16	–32	–50	–53	–71
Change in interest-bearing liabilities	–229	–90	–1,096[5]	–225[6]	–1,091[4]	–220
Dividend	–	–	–	–	0	0
Cash flow from financing activities	**–243**	**–106**	**–1,128**	**–275**	**–1,144**	**–291**
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	**48**	**17**	**–78**	**–132**	**12**	**–42**
Cash and cash equivalents at beginning of the period	**247**	**205**	**384**	**356**	**384**	**273**
Cash flow for the period	48	17	–78	–132	12	–42
Exchange-rate differences in cash and cash equivalents	–22	6	–33	4	–40	–3
Cash and cash equivalents at period-end	**273**	**228**	**273**	**228**	**356**	**228**

1) Impairment amounted to SEK 97 million and pertained to goodwill of SEK 46 million in Pronorm, property and machinery of SEK 23 million in Myresjökök, buildings of SEK 14 million, kitchen displays of SEK 7 million, machinery of SEK 5 million and equipment of SEK 2 million.
2) Impairment amounted to SEK 46 million and pertained to goodwill in Pronorm, as well as property and machinery in Myresjökök.
3) Impairment amounted to SEK 63 million and SEK 44 million pertained to buildings, SEK 2 million to machinery and SEK 17 million to kitchen displays.
4) Loan repayments totalling SEK 2,446 million were made and new loans totalling SEK 1,481 million were raised.
5) Loan repayments totalling SEK 2,446 million were made and new loans totalling SEK 1,392 million were raised.
6) Loan repayments totalling SEK 260 million were made.

Analysis of net debt	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
Opening balance	**1,896**	**1,541**	**2,426**	**1,510**	**2,426**	**1,615**
Translation differences	–41	25	–155	26	–188	–7
Operating cash flow	–283	–124	–544	–136	–641	–233
Interest paid, net	13	16	23	46	35	58
Divestment of companies	–	–	–160	–	–160	–
Change in pension liabilities	30	8	25	20	38	33
Dividend	–	–	–	–	0	0
Closing balance	**1,615**	**1,466**	**1,615**	**1,466**	**1,510**	**1,466**

Parent Company

Condensed Parent Company income statement	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
Net sales	18	14	44	65	46	67
Administrative expenses	–21	–30	–72	–109	–108	–145
Other income/expenses	–	–	–33	0	–33	0
Operating loss	**–3**	**–16**	**–61**	**–44**	**–95**	**–78**
Profit from shares in Group companies	–	100	0	112	100	212
Other financial income and expenses	10	–28	–6	–70	–3	–67
Profit/loss after financial items	**7**	**56**	**–67**	**–2**	**2**	**67**
Tax on profit/loss for the period	0	–1	0	–1	1	0
Profit/loss for the period	**7**	**55**	**–67**	**–3**	**3**	**67**

Parent Company balance sheet	30 Sep		31 Dec
SEK m	2010	**2011**	2010
ASSETS			
Fixed assets			
Shares and participations in Group companies	1,380	1,249	1,245
Other investments held as fixed assets	3	0	4
Total fixed assets	**1,383**	**1,249**	**1,249**
Current assets			
Current receivables			
Accounts receivable	23	5	2
Receivables from Group companies	3,330	3,983	3,680
Other receivables	3	3	6
Prepaid expenses and accrued income	13	17	6
Cash and cash equivalents	55	122	169
Total current assets	**3,424**	**4,130**	**3,863**
Total assets	**4,807**	**5,379**	**5,112**
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	54	52	52
Buy-back of shares	–468	–468	–468
Profit brought forward	2,173	2,185	2,179
Profit/loss for the period	–67	–3	3
	1,692	**1,766**	**1,766**
Total shareholders' equity	**3,421**	**3,495**	**3,495**
Provisions for pensions	**9**	**8**	**10**
Long-term liabilities			
Liabilities to credit institutes	800	800	800
Current liabilities			
Liabilities to credit institutes	112	123	20
Accounts payable	2	7	11
Liabilities to Group companies	446	895	759
Other liabilities	5	2	1
Accrued expenses and deferred income	12	49	16
Total current liabilities	**577**	**1,076**	**807**
Total shareholders' equity, provisions and liabilities	**4,807**	**5,379**	**5,112**
Pledged assets	3	–	4
Contingent liabilities	629	433	678

Comparative data per region

Net sales	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
UK	1,263	1,108	3,907	3,387	5,198	4,678
Nordic	1,091	1,192	3,700	3,894	5,092	5,286
Continental Europe	875	811	2,882	2,602	3,805	3,525
Other and Group adjustments	–1	–2	–9	–8	–10	–9
Group	**3,228**	**3,109**	**10,480**	**9,875**	**14,085**	**13,480**

Gross profit excluding restructuring costs	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
UK	507	424	1,523	1,296	2,029	1,802
Nordic	418	452	1,416	1,471	1,945	2,000
Continental Europe	363	310	1,121	1,040	1,501	1,420
Other and Group adjustments	12	10	29	53	32	56
Group	**1,300**	**1,196**	**4,089**	**3,860**	**5,507**	**5,278**

Gross margin excluding restructuring costs	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
%	2010	**2011**	2010	**2011**	2010	2010/11
UK	40.1	38.3	39.0	38.3	39.0	38.5
Nordic	38.3	37.9	38.3	37.8	38.2	37.8
Continental Europe	41.5	38.2	38.9	40.0	39.4	40.3
Group	**40.3**	**38.5**	**39.0**	**39.1**	**39.1**	**39.2**

Operating profit excluding restructuring costs	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
UK	101	66	240	177	326	263
Nordic	63	102	195	336	331	472
Continental Europe	6	–18	–44	–11	–33	0
Other and Group adjustments	–17	–24	–67	–64	–107	–104
Group	**153**	**126**	**324**	**438**	**517**	**631**

Operating margin excluding restructuring costs	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
%	2010	**2011**	2010	**2011**	2010	2010/11
UK	8.0	6.0	6.1	5.2	6.3	5.6
Nordic	5.8	8.6	5.3	8.6	6.5	8.9
Continental Europe	0.7	–2.2	–1.5	–0.4	–0.9	0.0
Group	**4.7**	**4.1**	**3.1**	**4.4**	**3.7**	**4.7**

Operating profit	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
SEK m	2010	**2011**	2010	**2011**	2010	2010/11
UK	94	56	224	162	219	157
Nordic	15	86	147	303	249	405
Continental Europe	–12	–98	–107	–84	–247	–224
Other and Group adjustments	–20	–31	–170	–88	–215	–133
Group	**77**	**13**	**94**	**293**	**6**	**205**

Operating margin	Jul–Sep		Jan–Sep		Jan–Dec	Oct–Sep
%	2010	**2011**	2010	**2011**	2010	2010/11
UK	7.4	5.1	5.7	4.8	4.2	3.4
Nordic	1.4	7.2	4.0	7.8	4.9	7.7
Continental Europe	–1.4	–12.1	–3.7	–3.2	–6.5	–6.4
Group	**2.4**	**0.4**	**0.9**	**3.0**	**0.0**	**1.5**

Quarterly data per region

Net sales SEK m	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	1,284	1,360	1,263	1,291	1,142	1,137	1,108
Nordic	1,208	1,401	1,091	1,392	1,270	1,432	1,192
Continental Europe	967	1,040	875	923	798	993	811
Other and Group adjustments	–3	–5	–1	–1	–3	–3	–2
Group	**3,456**	**3,796**	**3,228**	**3,605**	**3,207**	**3,559**	**3,109**

Gross profit excluding restructuring costs SEK m	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	473	543	507	506	442	430	424
Nordic	448	550	418	529	466	553	452
Continental Europe	358	400	363	380	316	414	310
Other and Group adjustments	8	9	12	3	16	27	10
Group	**1,287**	**1,502**	**1,300**	**1,418**	**1,240**	**1,424**	**1,196**

Gross margin excluding restructuring costs %	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	36.8	39.9	40.1	39.2	38.7	37.8	38.3
Nordic	37.1	39.3	38.3	38.0	36.7	38.6	37.9
Continental Europe	37.0	38.5	41.5	41.2	39.6	41.7	38.2
Group	**37.2**	**39.6**	**40.3**	**39.3**	**38.7**	**40.0**	**38.5**

Operating profit excluding restructuring costs SEK m	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	41	98	101	86	54	57	66
Nordic	17	115	63	136	75	159	102
Continental Europe	–60	10	6	11	–34	41	–18
Other and Group adjustments	–22	–28	–17	–40	–24	–16	–24
Group	**–24**	**195**	**153**	**193**	**71**	**241**	**126**

Operating margin excluding restructuring costs %	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	3.2	7.2	8.0	6.7	4.7	5.0	6.0
Nordic	1.4	8.2	5.8	9.8	5.9	11.1	8.6
Continental Europe	–6.2	1.0	0.7	1.2	–4.3	4.1	–2.2
Group	**–0.7**	**5.1**	**4.7**	**5.4**	**2.2**	**6.8**	**4.1**

Operating profit SEK m	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	41	89	94	–5	54	52	56
Nordic	17	115	15	102	69	148	86
Continental Europe	–84	–11	–12	–140	–22	36	–98
Other and Group adjustments	–122	–28	–20	–45	–38	–19	–31
Group	**–148**	**165**	**77**	**–88**	**63**	**217**	**13**

Operating margin %	2010 I	2010 II	2010 III	2010 IV	**2011** I	**2011** II	**2011** III
UK	3.2	6.5	7.4	–0.4	4.7	4.6	5.1
Nordic	1.4	8.2	1.4	7.3	5.4	10.3	7.2
Continental Europe	–8.7	–1.1	–1.4	–15.2	–2.8	3.6	–12.1
Group	**–4.3**	**4.3**	**2.4**	**–2.4**	**2.0**	**6.1**	**0.4**

Definitions of key figures

Return on shareholders' equity
Profit for the period as a percentage of average shareholders' equity. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.

Return on capital employed
Profit after financial income as a percentage of average capital employed. The calculation of average capital employed has been adjusted for acquisitions and divestments.

Gross margin
Gross profit as a percentage of net sales.

EBITDA
Profit before depreciation and impairment.

Net debt
Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities comprise pension liabilities.

Operating cash flow
Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of subsidiaries, interest received, increase/decrease of interest-bearing assets.

Region
Region corresponds to operating segment according to IFRS 8.

Earnings per share
Profit for the period divided by a weighted average number of outstanding shares during the year.

Operating margin
Operating profit as a percentage of net sales.

Debt/equity ratio
Net debt as a percentage of shareholders' equity.

Equity/assets ratio
Shareholders' equity as a percentage of total assets.

Capital employed
Total assets less non-interest-bearing provisions and liabilities.