

Interim report January-March 2014

28 April 2014



Q1 highlights

- Organic growth 3% (-2)
- Gross margin 40.6% (39.9)
- EBIT margin 3.3% (2.2)
- EBIT SEK 97 m (62)
- Profit after tax SEK 47 m (25)
- Operating cash flow SEK 132 m (-53)



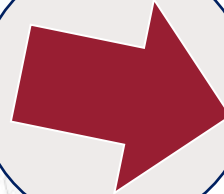
Kitchen market trend



UK market continued to grow due to generally higher consumer confidence. Market growth was primarily attributable to the lower price segments.

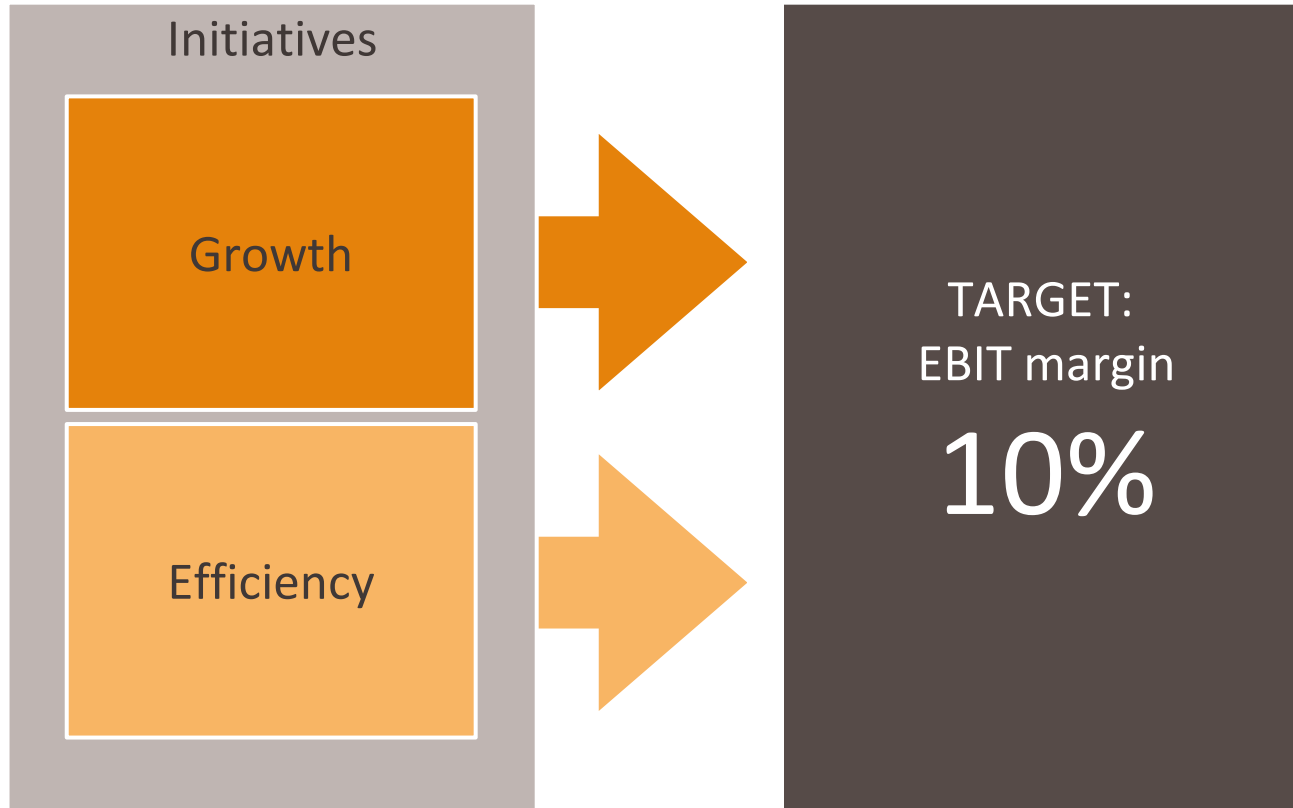


Nordic market deemed to have been unchanged compared to last year. Consumers are hesitant and the only professional market in a distinct growth mode is the Swedish.



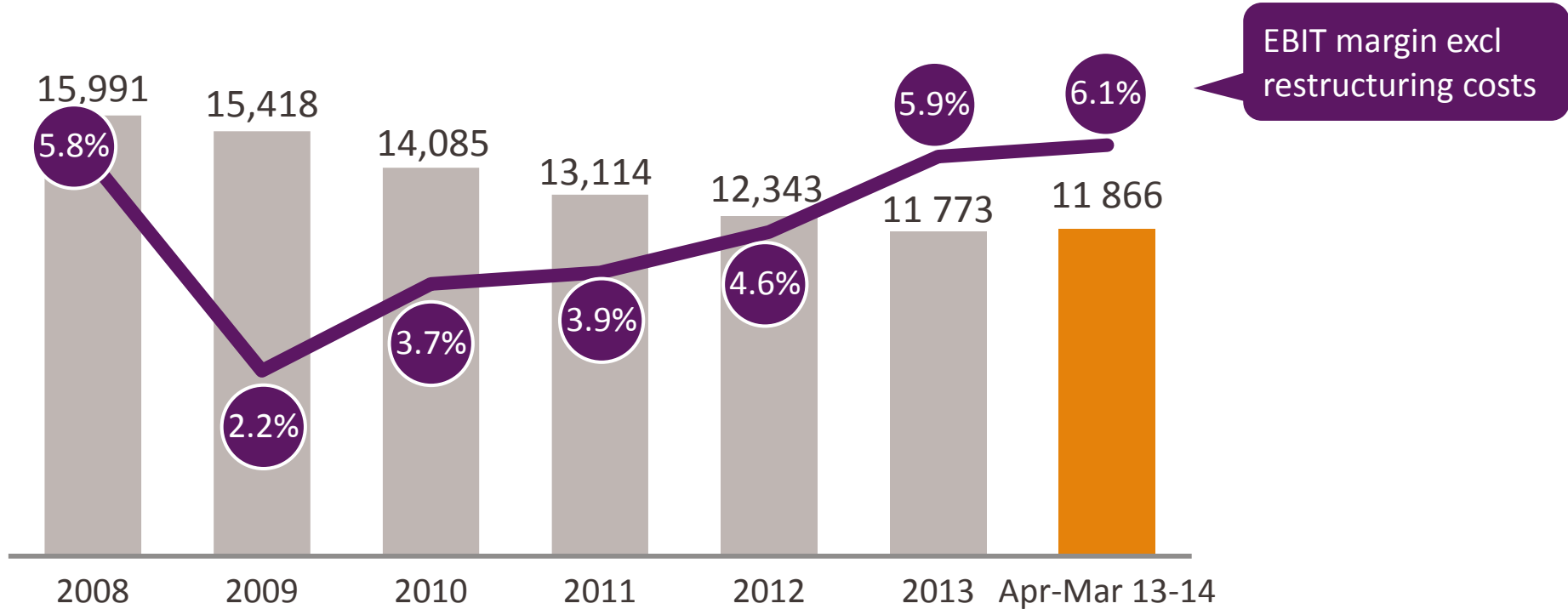
Continental Europe market growth was negative. The lower activity level was attributable to most of the markets, but particularly to the French market.

Strategy to increase profitability



Net sales and EBIT margin from 2008

SEK M



Growth initiatives

- Focus on **innovation** to bring both small and larger innovations faster to market
- Investments in **digital** to improve footfall
 - Web site platform with improved functionality to facilitate link to store network
- Nobia-wide **front end excellence** programme
 - Common sales process and KPIs to follow up performance
 - Tools and coaching for store managers
 - World class planning software
- Structure for **acquisitions and partnerships**
- **New stores** in selected markets and areas



UK region

- Organic sales growth attributable to B2B sales
- Earnings improved, mainly as a result of improved gross margin
- Magnet's transition to Group-wide standard dimension according to plan

37% of net sales in Q1

	2013 Jan-Mar	2014 Jan-Mar
Net sales (SEK m)	991	1,099
Organic growth	2%	2%
Gross margin	39.8%	40.4%
EBIT (SEK m)	32	51
EBIT margin	3.2%	4.6%

Magnet

Gower



Nordic region

- Organic sales growth attributable to both professional and consumer sales
- Favourable impact from the number of delivery days
- Margins improved
- Negative currency effects

44% of net sales in Q1

	2013 Jan-Mar	2014 Jan-Mar
Net sales (SEK m)	1,200	1,262
Organic growth	-7%	6%
Gross margin	39.7%	39.9%
EBIT (SEK m)	111	128
EBIT margin	9.3%	10.1%



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Continental Europe region

- Organic sales decline attributable to Hygena
- Optifit had sales of SEK 74 m in Q1 2013
- Improved gross margin, primarily due to higher sales values

19% of net sales in Q1

	2013 Jan-Mar	2014 Jan-Mar
Net sales (SEK m)	622	561
Organic growth	1%	-1%
Gross margin	38.6%	40.3%
EBIT (SEK m)	-48	-39
EBIT margin	-7.7%	-7.0%

hygena

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Financial position, Q4

Improved operating cash flow

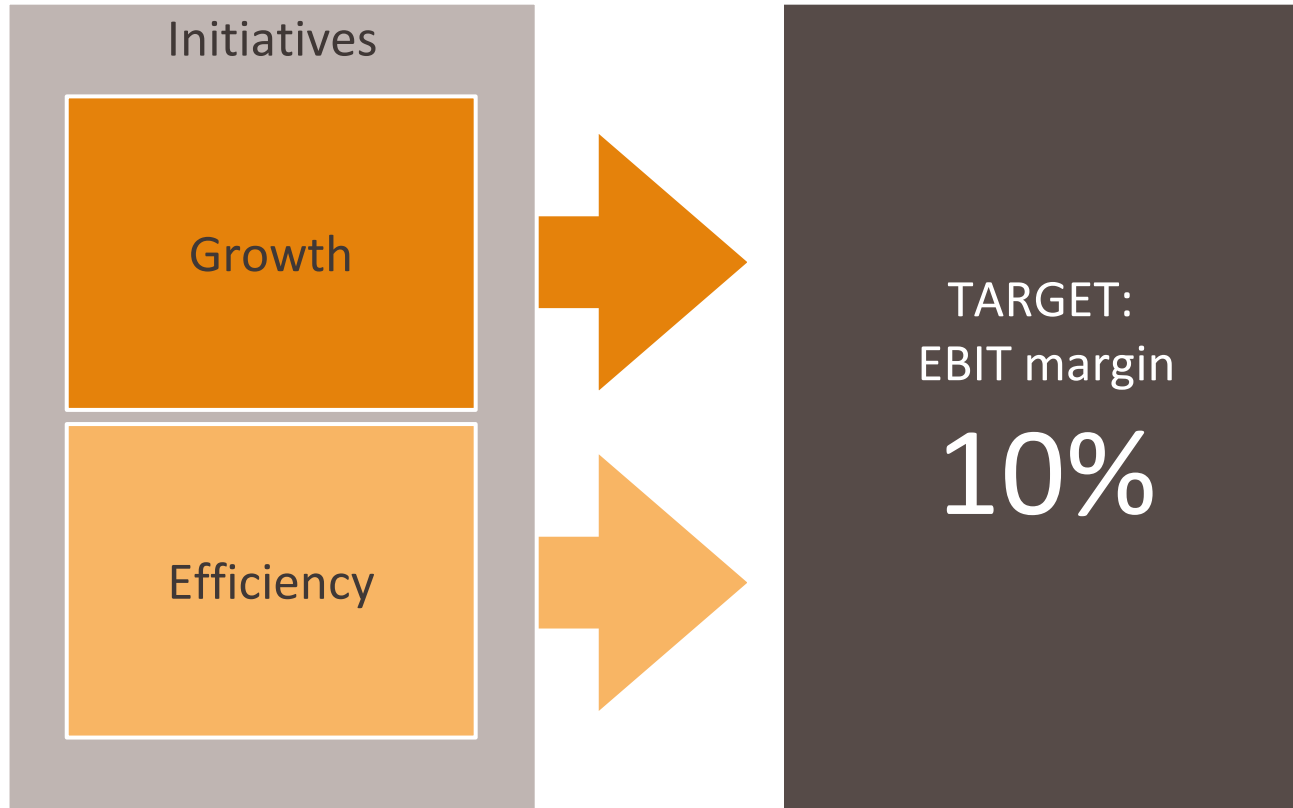
- Positive change in working capital
- Higher profit generation

Lower net debt

- Lower net borrowings
- Lower net debt/equity due to strong cash flow and reduced pension debt

SEK m	Q1 2013	Q1 2014
Operating profit	62	97
Change in working capital	-126	23
Investments in fixed assets	55	54
Operating cash flow	-53	132
SEK m	2013 31 Mar	2014 31 Mar
Net debt	1,803	1,104
– of which pensions	831	652
– of which net borrowings	972	452
Net debt/equity	72%	35%

Strategy and target remain



Q&A

