



Interim report Q3 • 2014

Interim report January–September 2014

(All figures in brackets refer to the corresponding period in 2013)

Net sales for the third quarter amounted to SEK 2,950 million (2,798). Organic growth was a negative 3 per cent (pos: 2). Operating profit, excluding restructuring costs of SEK 326 million (–) related to goodwill impairment in Hygena, amounted to SEK 233 million (180), corresponding to an operating margin of 7.9 per cent (6.4). Currency gains of approximately SEK 15 million (losses: 25) affected the Group's operating profit excluding restructuring costs. Loss after tax including restructuring costs amounted to SEK 323 million (profit: 90), corresponding to earnings per share of negative SEK 1.93 (pos: 0.55). Operating cash flow amounted to SEK 171 million (207).

In total, market performance was deemed to be unchanged compared with the year-earlier period. The UK market continued to grow, but on the whole other relevant markets declined slightly.

Organic sales growth was negative 3 per cent (pos: 2). Currency effects impacted net sales positively for the quarter in an amount of SEK 237 million (neg: 34).

The gross margin rose to 42.9 per cent (40.7), positively impacted by primarily higher sales values, lower prices of materials and positive currency effects.

Operating profit increased primarily due to the improved gross margin, which offset lower sales volumes.

Currency gains of approximately SEK 15 million (losses: 25) affected the Group's operating profit, of which SEK 15 million (neg: 5) comprised translation effects and SEK 0 million (neg: 20) transaction effects.

Restructuring costs attributable to the planned sale of Hygena amounted to SEK 477 million, of which SEK 326 million pertained to impairment of goodwill and SEK 151 million to impairment of deferred tax assets.

Return on capital employed including restructuring costs amounted to 10.9 per cent over the past twelve-month period (Jan-Dec 2013: 14.6), negatively affected by goodwill impairment in Hygena.

Operating cash flow decreased as a result of the negative change in working capital and increased investments.

Comments from the CEO

"The gross margin for the past twelve-month period has continued to improve and the operating margin is the highest third-quarter figure in eight years.

A large part of the negative organic growth is related to the sales decline in Hygena, but the decrease was also attributable to lower sales during the summer months in the Nordic region, except for Sweden.

The planned divestment of Hygena is expected to be finalised before year-end, subject to approval from the French competition authority.

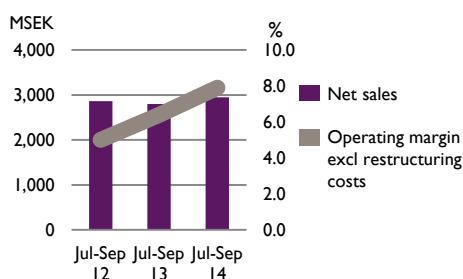
Going forward, we are focusing on generating organic growth, while we are evaluating potential acquisitions and plan to increase our number of stores from next year," says Morten Falkenberg, President and CEO.

Nobia Group summary	Jul-Sep			Jan-Sep			Jan-Dec	Oct-Sep	
	2013	2014	Change, %	2013	2014	Change, %	2013	2013/2014	Change, %
Net sales, SEK m	2,798	2,950	5	8,864	9,161	3	11,773	12,070	3
Gross margin, %	40.7	42.9	–	40.6	41.9	–	41.0	41.9	–
Operating margin before depreciation and impairment, %	9.8	11.3	–	8.8	9.9	–	9.2	10.0	–
Operating profit (EBIT), SEK m	180	233	29	491	605	23	690	804	17
Operating margin, %	6.4	7.9	–	5.5	6.6	–	5.9	6.7	–
Profit after financial items, SEK m	156	213	37	420	549	31	596	725	22
Profit/loss after tax, SEK m	90	-323 ¹⁾	–	252	-84 ¹⁾	–	350	14 ¹⁾	-96
Earnings/loss per share excl restructuring, after dilution, SEK	0.55	0.91	65	1.71	2.34	37	2.29	2.93	28
Earnings/loss per share, after dilution, SEK	0.55	-1.93	–	1.51	-0.50	–	2.10	0.08	-96
Operating cash flow, SEK m	207	171	-17	391	478	22	601	688	14

All figures, except for net sales, profit after tax and operating cash flow are adjusted for restructuring costs. Additional information about restructuring costs is provided on pages 7 and 11.

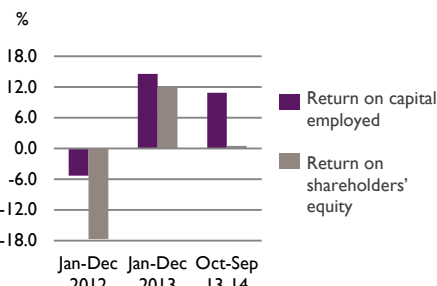
1) Affected by restructuring costs of SEK 477 million.

Net sales and operating margin, Jul-Sep



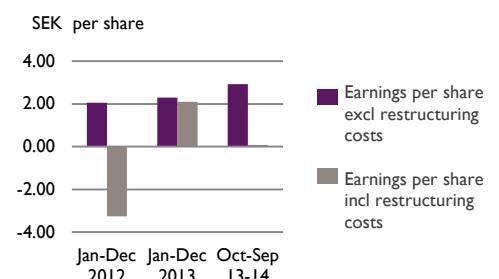
Net sales amounted to SEK 2,950 million and operating margin to 7.9 per cent.

Profitability trend including restructuring costs



Return on capital employed including restructuring costs was 10.9 per cent during the past twelve-month period.

Earnings/loss per share



Earnings per share after dilution excluding restructuring costs amounted to SEK 2.93 over the past twelve-month period.



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Analysis of net sales and regional reporting

Currency gains of SEK 237 million (losses: 34) impacted third-quarter net sales. Organic growth was negative in the Nordic and Continental Europe regions, and positive in the UK region. Combined, the organic growth was a negative 3 per cent (pos: 2).

Analysis of net sales	Jul-Sep		Jan-Sep	
	%	SEK m	%	SEK m
2013		2,798		8,864
Organic growth	-3	-85	-1	-94
- of which UK region	2	22	1	20
- of which Nordic region	-3	-28	0	12
- of which Continental Europe region	-12	-79	-6	-126
Currency effect	8	237	6	493
Divested operations ¹⁾	0	0	-1	-102
2014	5	2,950	3	9,161

1) Pertains to the sale of Optifit on 1 May 2013.

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

	UK		Nordic		Continental Europe		Group-wide and eliminations		Group		Change, %
	Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		Jul-Sep		
SEK m	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Net sales from external customers	1,009	1,180	1,104	1,123	685	647	-	-	2,798	2,950	5
Net sales from other regions	25	28	0	0	0	0	-25	-28	-	-	-
Net sales	1,034	1,208	1,104	1,123	685	647	-25	-28	2,798	2,950	5
Gross profit	407	505	439	457	288	299	5	5	1,139	1,266	11
Gross margin, %	39.4	41.8	39.8	40.7	42.0	46.2	-	-	40.7	42.9	-
Operating profit excluding restructuring costs	65	108	136	138	9	18	-30	-31	180	233	29
Operating margin excluding restructuring costs, %	6.3	8.9	12.3	12.3	1.3	2.8	-	-	6.4	7.9	-
Operating profit/loss	65	108	136	138	9	18	-30	-357	180	-93	-
Operating margin, %	6.3	8.9	12.3	12.3	1.3	2.8	-	-	6.4	-3.2	-

Nobia develops and sells kitchens through some twenty strong brands in Europe, including Magnet in the UK; Hygena in France; HTH, Norema, Sigdal, Invita, Marbodan in Scandinavia; Petra, Parma and A la Carte in Finland; Ewe, FM and Intuo in Austria, as well as Poggenpohl globally.

Nobia generates profitability by combining economies of scale with attractive kitchen offerings. The Group has approximately 6,500 employees and net sales of about SEK 12 billion. The Nobia share is listed on the NASDAQ OMX Stockholm under the short name NOBI. Website: www.nobia.com.



UK region

Net sales for the third quarter amounted to SEK 1,208 million (1,034). Organic growth was 2 per cent (10). No restructuring costs (–) impacted operating profit for the quarter. Operating profit amounted to SEK 108 million (65) and the operating margin was 8.9 per cent (6.3). Currency gains of approximately SEK 15 million (losses: 10) on operating profit comprised a translation effect of SEK 10 million and a transaction effect of SEK 5 million.

Kitchen market

The UK kitchen market continued to grow, particularly in the lower price segments.

Nobia

The organic sales growth was attributable to increased B2B sales. Sales via a comparative number of Magnet stores were unchanged. In Magnet, sales of kitchens to both consumers (Retail) and builders (Trade) fell, while project sales and sales of joinery products increased.

Currency gains of SEK 150 million (losses: 47) impacted net sales for the quarter.

The gross margin improved, primarily as a result of positive currency effects and higher sales values, but also lower prices of materials.

Operating profit increased as a result of the improved gross margin and slightly higher volumes.

Magnet's transition to the Group's common standard dimension is proceeding according to plan. In October 2014, around 60 per cent of the kitchens sold via Magnet have this standard dimension. In addition, during the third quarter, Magnet launched a product range targeted to the lower price segments, which has grown in recent times.

Measured in local currency, operating profit for the region totalled GBP 9.3 million (6.5).

Quarterly data in SEK

	2013				2014		
	I	II	III	IV	I	II	III
Net sales, SEK m	991	1,086	1,034	1,029	1,099	1,173	1,208
Gross profit, SEK m	394	429	407	422	444	477	505
Gross margin, %	39.8	39.5	39.4	41.0	40.4	40.7	41.8
Operating profit, SEK m	32	77	65	73	51	103	108
Operating margin, %	3.2	7.1	6.3	7.1	4.6	8.8	8.9

Quarterly data in GBP

	2013				2014		
	I	II	III	IV	I	II	III
Net sales, GBP m	99.1	108.0	101.7	97.6	102.7	105.7	103.8
Gross profit, GBP m	39.4	42.6	40.1	40.1	41.5	42.9	43.4
Gross margin, %	39.7	39.5	39.4	41.0	40.4	40.6	41.8
Operating profit, GBP m	3.2	7.6	6.5	6.9	4.8	9.4	9.3
Operating margin, %	3.2	7.0	6.4	7.1	4.7	8.9	8.9

Store trend, Jul-Sep

Renovated or relocated	–
Newly opened, net	-3
Number of own kitchen stores	201

Percentage of consolidated net sales, third quarter



Our brands

Gower

Interior
Solutions

Magnet



Nordic region

Net sales for the third quarter amounted to SEK 1,123 million (1,104). Organic growth was negative 3 per cent (0). No restructuring costs (–) impacted operating profit for the quarter. Operating profit totalled SEK 138 million (136) and the operating margin was 12.3 per cent (12.3). Currency losses of approximately SEK 5 million (losses: 10) on operating profit comprised a translation effect of SEK 5 million and a transaction effect of negative SEK 10 million.

Kitchen market

The Nordic kitchen market declined slightly compared with the year-earlier period. The decline in the markets in Norway and Finland was only partly offset by growth in the Swedish market.

Nobia

The negative trend in organic sales was attributable to the consumer segment. Deliveries to the professional segment increased slightly.

Sales to consumers fell in all markets except for Sweden. In the professional segment, sales rose in Denmark and Sweden, while sales in Norway and Finland declined.

Currency gains of SEK 47 million (4) impacted net sales for the quarter.

The gross margin improved primarily as a result of higher sales values and lower prices of materials, which were partly offset by currency gains and a changed sales mix.

Operating profit rose marginally due to the improved gross margin, which was only partly offset by lower volumes.

In Finland, 14 franchise stores (Keittömaalima) were introduced in Isku stores and an additional 10 such points of sales will be opened in 2014. The former partnership with the Finnish builders' merchant chain Starkki was terminated from the third quarter.

Quarterly data in SEK

	2013				2014		
	I	II	III	IV	I	II	III
Net sales, SEK m	1,200	1,449	1,104	1,275	1,262	1,448	1,123
Gross profit, SEK m	476	612	439	521	503	599	457
Gross margin, %	39.7	42.2	39.8	40.9	39.9	41.4	40.7
Operating profit, SEK m	111	224	136	162	128	207	138
Operating margin, %	9.3	15.5	12.3	12.7	10.1	14.3	12.3

Store trend, Jul-Sep

Renovated or relocated	–
Newly opened, net	–
Number of own kitchen stores	69

Share of consolidated net sales, third quarter



Our brands





Continental Europe region

Net sales for the third quarter amounted to SEK 647 million (685). Organic growth was a negative 12 per cent (neg: 7). No restructuring costs (–) impacted operating profit for the quarter. Operating profit amounted to SEK 18 million (9) and the operating margin was 2.8 per cent (1.3). Currency gains of approximately SEK 5 million (losses: 5) on operating profit comprised a translation effect of SEK 0 million and a transaction effect of SEK 5 million.

Kitchen market

The market trend during the period was negative in both the French and the Austrian market.

Nobia

The decline in organic sales was primarily attributable to the French kitchen chain Hygena, but the sales trend was also negative for the other operations.

Currency gains of SEK 41 million (13) impacted net sales for the quarter.

The gross margin strengthened as a result of higher sales values, lower prices of materials and positive currency fluctuations.

Operating profit improved as a result of the stronger gross margin, which offset the lower sales volumes.

During the third quarter, Nobia received an offer to sell Hygena to Fournier SA for a purchase consideration of EUR 20 million. Nobia's intention to divest Hygena is a consequence of the French store chain having negatively impacted Nobia's operating profit in recent years, despite extensive measures and investments. Provided approval is granted from the competition authorities, the sale of Hygena is expected to be completed during the fourth quarter of 2014.

The impairment of goodwill in Hygena in the third quarter is recognised under the heading Group-wide and eliminations.

For the third quarter, Hygena reported net sales of EUR 30.7 million (35.9) and an operating margin of a negative 8.9 per cent (neg: 5.0).

Quarterly data in SEK

	2013				2014		
	I	II	III	IV	I	II	III
Net sales, SEK m	622	756	685	632	561	724	647
Gross profit excl restructuring costs, SEK m	240	300	288	277	226	312	299
Gross margin excl restructuring costs, %	38.6	39.7	42.0	43.8	40.3	43.1	46.2
Operating profit excl restructuring costs, SEK m	-48	-10	9	2	-39	0	18
Operating margin excl restructuring costs, %	-7.7	-1.3	1.3	0.3	-7.0	0.0	2.8
Operating profit/loss, SEK m	-48	-46	9	2	-39	0	18
Operating margin, %	-7.7	-6.1	1.3	0.3	-7.0	0.0	2.8

Store trend, Jul-Sep

Renovated or relocated	–
Newly opened, net	–
Number of own kitchen stores	160

Percentage of consolidated net sales, third quarter



Our brands

ewe
and other registered brands

FM
Die Köche zum Leben

hygena

goldreif

INTUO

**poggen
pohl**



Consolidated earnings, cash flow and financial position January–September 2014

Net sales for the period January–September 2014 amounted to SEK 9,161 million (8,864). Organic growth totalled a negative 1 per cent (0). Operating profit excluding restructuring costs of SEK 326 million (36) amounted to SEK 605 million (491), corresponding to an operating margin of 6.6 per cent (5.5). Loss after tax and including restructuring costs was SEK 84 million (profit: 252), corresponding to earnings per share of negative SEK 0.50 (pos: 1.51). Operating cash flow amounted to SEK 478 million (391).

Nobia's organic growth during the period totalled a negative 1 per cent (0), specified as follows: positive 1 per cent (6) in the UK, 0 per cent (neg: 2) in the Nordic region and negative 6 per cent (neg: 4) in the Continental Europe region.

Currency effects had a positive impact of SEK 493 million (neg: 330) on net sales. The divestment of Optifit had an adverse effect of SEK 102 million on sales compared with the January–September 2013 period.

Currency gains on operating profit amounted to approximately SEK 5 million (losses: 40), comprising a translation effect of positive SEK 35 million (neg: 20) and a transaction effect of negative SEK 30 million (neg: 20).

Operating profit excluding restructuring costs strengthened primarily due to higher sales values and lower prices for materials, which offset lower volumes.

An operating loss of SEK 435 million (loss: 105) was reported for Group-wide items and eliminations.

Net financial items amounted to an expense of SEK 56 million (expense: 71). Net financial items include the net of return on pension

assets and interest expense for pension liabilities corresponding to an expense of SEK 29 million (expense: 28).

The net interest expense totalled SEK 28 million (expense: 42).

Operating cash flow improved, primarily as a result of higher earnings generation compared with the year-earlier period.

The return on capital employed including restructuring costs over the past twelve-month period amounted to 10.9 per cent (Jan-Dec 2013: 14.6) and the return on shareholders' equity including restructuring costs was 0.5 per cent (Jan-Dec 2013: 12.0). The return over the past twelve-month period was adversely affected by goodwill impairment pertaining to Hygena in the third quarter of 2014.

Nobia's investments in fixed assets amounted to SEK 207 million (161), of which SEK 88 million (60) was related to store investments.

Goodwill at the end of the period, after impairment of SEK 326 million, amounted to SEK 1,957 million (2,089), corresponding to 65 per cent (73) of the Group's shareholders' equity.

Net debt including pension provisions amounted to SEK 1,099 million (1,462). The debt/equity ratio was 36 per cent at the end of the period

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

SEK m	UK Jan-Sep		Nordic Jan-Sep		Continental Europe Jan-Sep		Group-wide and eliminations Jan-Sep		Group Jan-Sep		Change, %
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Net sales from external customers	3,052	3,398	3,752	3,832	2,060	1,931	–	–	8,864	9,161	3
Net sales from other regions	59	82	1	1	3	1	-63	-84	–	–	–
Total net sales	3,111	3,480	3,753	3,833	2,063	1,932	-63	-84	8,864	9,161	3
Gross profit	1,230	1,426	1,527	1,559	828	837	16	14	3,601	3,836	7
Gross margin, %	39.5	41.0	40.7	40.7	40.1	43.3	–	–	40.6	41.9	–
Operating profit excl restructuring costs	174	262	471	473	-49	-21	-105	-109	491	605	23
Operating margin excl restructuring costs, %	5.6	7.5	12.5	12.3	-2.4	-1.1	–	–	5.5	6.6	–
Operating profit (EBIT)	174	262	471	473	-85	-21	-105	-435	455	279	-39
Operating margin, %	5.6	7.5	12.5	12.3	-4.1	-1.1	–	–	5.1	3.0	–
Financial items	–	–	–	–	–	–	–	–	-71	-56	21
Profit after financial items	–	–	–	–	–	–	–	–	384	223	-42



Planned divestment of Hygena

On 24 September, Nobia announced that the company had received an offer to sell its French kitchen chain Hygena to the French kitchen company Fournier SA for a purchase consideration of EUR 20 million on a cash and debt-free basis. Consultation subsequently took place with Hygena's employee representatives. Provided approval is granted from the French competition authorities, the transaction is expected to be completed during the fourth quarter of 2014.

The sale of Hygena is expected to improve Nobia's operating margin. For 2013, Hygena's net sales excluding restructuring costs amounted to EUR 142 million and operating loss to EUR 12.6 million.

The divestment of Hygena is expected to have a negative impact totalling almost SEK 500 million on Nobia's 2014 earnings, primarily due to the impairment of goodwill and deferred tax assets, and is recognised as a restructuring cost.

In light of the planned sale of Hygena, Hygena's total goodwill value of SEK 326 million was impaired in the third-quarter accounts. This impairment is recognised under Group-wide and eliminations. In addition, Hygena's deferred tax assets were impaired from SEK 151 million to SEK 0 on 30 September 2014.

When the transaction is completed, the purchasing company will pay Nobia a purchase consideration of EUR 20 million. The net purchase consideration and the remaining costs for the divestment of Hygena are expected to result in a minor restructuring cost in the fourth quarter of 2014. The cash-flow effect of the transaction will be positive.

Restructuring measures in progress

Restructuring costs pertain to certain nonrecurring costs; see page 11. Restructuring costs for the January–September 2014 period of SEK 477 million (36) impacted profit after tax, of which SEK 326 million was attributable to the impairment of goodwill pertaining to Hygena and was charged to operating profit, and SEK 151 million to the impairment of deferred tax assets.

The restructuring costs for the period did not impact cash flow. Approved and implemented restructuring measures of SEK 32 million (96) were charged to cash flow, of which the total amount (96) derived from previous years' approved restructuring measures.

Divested operations and fixed assets held for sale

Nobia holds a number of stores, which were acquired from franchisees with the intention of selling these on. At the end of 2013, Nobia had four stores in Denmark and four stores in Sweden, a total of eight stores.

During the first six months of 2014, two additional stores were acquired in Sweden, of which one was sold on during the third quarter. At the end of the third quarter, Nobia had four stores in Denmark and five stores in Sweden, which are recognised in the Nordic region as Discontinued operations and divestment group held for sale, in accordance with IFRS 5.

Loss after tax for these stores amounted to SEK 15 million (loss: 10) during the January–September 2014 period.

Corporate acquisitions and divestments

No corporate acquisitions or divestments took place during the January–September 2014 period.

Personnel

The number of employees at the end of the period was 6,472 (6,563).

Nomination Committee

Owners representing about 53 per cent of the share capital and votes in Nobia have appointed a Nomination Committee comprising the following members: Tomas Billing (Chairman of the Nomination Committee), Nordstjernen; Fredrik Palmstierna, Latour; Torbjörn Magnusson, If Skadeförsäkring; Evert Carlsson, Swedbank Robur funds, 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 (0)8 788 5000 or by post to Nobia AB, Valberedningen, Box 70376, SE-107 24 Stockholm.

The Annual General Meeting will be held in Stockholm on 14 April 2015 at 3:00 p.m.

Transfer of treasury shares

The Board of Directors of Nobia has decided to transfer bought-back shares based on the authorisation granted by the 2014 Annual General Meeting. The purpose of the transfer is to deliver shares under an employee share option scheme, according to which each employee share option carries entitlement to the acquisition of one Nobia share during the period from and including 31 May 2014 up to and including 31 December 2015 at an exercise price of SEK 54.10. This employee share option scheme was decided at the 2011 Annual General Meeting and is described in more detail in the 2013 Annual Report.

The number of shares that will be transferred during the period until the 2015 Annual General Meeting is based on the number of employee share options that will actually be utilised, but will not exceed 1,035,000.

In June 2014, Nobia transferred 330,000 bought-back shares. On 30 September 2014, Nobia held 7,832,300 treasury shares.

For current information regarding the implementation of the transfer of bought-back shares, refer to Nasdaq OMX's website.

Financing

In July 2014, Nobia agreed a new syndicated loan of SEK 1 billion with a small group of banks. The term is five years. Nobia also has a bond loan from AB SEK Securities (Swedish Export Credit Corporation) of SEK 800 million, which expires in 2017 with an option for Nobia to terminate the loan for repayment in 2015.

Related-party transactions

The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 98 million (64) during the period.

The Parent Company reported profit of SEK 17 million (0) from participations in Group companies.

Currency effects on operating result*

SEK m	Translation effect		Transaction effect		Total effect	
	Q3	Jan-Sep	Q3	Jan-Sep	Q3	Jan-Sep
UK region	10	25	5	15	15	40
Nordic region	5	10	-10	-50	-5	-40
Continental Europe region	0	0	5	5	5	5
Group	15	35	0	-30	15	5

* Pertains to effects excluding restructuring costs.



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Financial instruments

Financial instruments measured at fair value in the balance sheet are forward agreements and an interest swap comprised of assets at a value of SEK 2 million (31 Dec 2013: 10) and liabilities at a value of SEK 33 million (31 Dec 2013: 7). The measurement of these items is attributable to level 2 of the fair value hierarchy, meaning based on indirectly observable market data.

Significant risks for the Group and Parent Company

Nobia is exposed to strategic, operating and financial risks, which are described on pages 35-37 of the 2013 Annual Report. During the January–September 2014 period, the overall Nordic market is deemed to have remained unchanged. Demand in the UK is deemed to have increased, but at a lower rate, while demand in Continental Europe weakened slightly at the end of the period. Overall, market conditions are deemed to remain challenging. This means that total production and deliveries remain at a low level. 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 contains goodwill of SEK 1,957 million. The value of this asset item is tested if there are any indications of a decline in value and at least annually.

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 2013 Annual Report.

New accounting policies 2014

New or revised IFRS and interpretations from the IFRS Interpretation Committee (IFRS IC) did not have any effect on the Group's or the Parent Company's financial position, earnings or other disclosures.

For further information

Please contact any of the following on: +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 Monday, 27 October 2014 at 9:00 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)8 505 564 74
- From the UK: +44 (0)203 364 5374
- From the US: +1 855 753 22 30

Financial calendar

13 February 2015 Interim report January-December 2014
27 April 2015 Interim report January-March 2015

Stockholm, 27 October 2014

Morten Falkenberg
President and CEO

Nobia AB, registration number 556528-2752



Review report

Introduction

We have reviewed the summary interim financial information (interim report) of Nobia AB (publ.) as of 30 September 2014 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 27 October 2014

KPMG AB

George Pettersson
Authorized Public Accountant

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 2014 at 8:00 a.m. CET.

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



Condensed consolidated income statement

SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
Net sales	2,798	2,950	8,864	9,161	11,773	12,070
Cost of goods sold	-1,659	-1,684	-5,263	-5,325	-6,949	-7,011
Gross profit	1,139	1,266	3,601	3,836	4,824	5,059
Selling and administration expenses	-970	-1,360	-3,124	-3,575	-4,163	-4,614
Other income/expenses	11	1	-22	18	-7	33
Operating profit	180	-93	455	279	654	478
Net financial items	-24	-20	-71	-56	-94	-79
Profit/loss after financial items	156	-113	384	223	560	399
Tax	-62	-204	-122	-292	-195	-365
Profit/loss after tax from continuing operations	94	-317	262	-69	365	34
Profit/loss from discontinued operations, net after tax	-4	-6	-10	-15	-15	-20
Profit/loss after tax	90	-323	252	-84	350	14
Total profit attributable to:						
Parent Company shareholders	91	-324	253	-85	351	13
Non-controlling interests	-1	1	-1	1	-1	1
Total profit/loss	90	-323	252	-84	350	14
Total depreciation	90	103	280	297	377	394
Total impairment	5	323	7	334	13	340
Gross margin, %	40.7	42.9	40.6	41.9	41.0	41.9
Operating margin, %	6.4	-3.2	5.1	3.0	5.6	4.0
Return on capital employed, %	-	-	-	-	14.6	10.9
Return on shareholders equity, %	-	-	-	-	12.0	0.5
Earnings per share before dilution, SEK ¹⁾	0.55	-1.93	1.51	-0.51	2.10	0.08
Earnings per share after dilution, SEK ¹⁾	0.55	-1.93	1.51	-0.50	2.10	0.08
Number of shares at period end before dilution, 000s ²⁾	167,131	167,461	167,131	167,461	167,131	167,461
Average number of shares after dilution, 000s ²⁾	167,131	167,461	167,131	167,278	167,131	167,241
Number of shares after dilution at period end, 000s ²⁾	167,344	167,807	167,360	167,831	167,351	167,813
Average number of shares after dilution, 000s ²⁾	167,344	167,807	167,323	167,625	167,310	167,573

1) Earnings/loss per share attributable to Parent Company shareholders.

2) Excluding treasury shares.



Consolidated statement of comprehensive income

MSEK	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
Profit/loss after tax	90	-323	252	-84	350	14
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange-rate differences attributable to translation of foreign operations	-13	53	-12	257	109	378
Cash flow hedges before tax	-5	-15	9	-30	4	-35
Tax attributable to change in hedging reserve for the period	1	3	-2	6	-1	7
	-17	41	-5	233	112	350
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit pension plans	-48	-135	19	-177	150	-46
Tax relating to remeasurements of defined benefit pension plans	11	27	-4	35	-37	2
	-37	-108	15	-142	113	-44
Other comprehensive income/loss	-54	-67	10	91	225	306
Total comprehensive income/loss	36	-390	262	7	575	320
Total comprehensive income/loss attributable to:						
Parent Company shareholders	37	-391	263	6	576	319
Non-controlling interests	-1	1	-1	1	-1	1
Total comprehensive income/loss	36	-390	262	7	575	320

Specification of restructuring costs ¹⁾

Restructuring costs per function SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
Cost of goods sold	-	-	-	-	-	-
Selling and administrative expenses	0	-326	0	-326	-	-326
-Whereof impairment of goodwill in Hygena	-	-326	-	-326	-	-326
Other expenses	-	-	-36	-	-36	-
Total restructuring costs	0	-326	-36	-326	-36	-326

Restructuring costs per region SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	-	-	-	-	-	-
Nordic	0	-	0	-	-	-
Continental Europe	-	-	-36	-	-36	-
Group-wide and eliminations	-	-326	-	-326	-	-326
-Whereof impairment of goodwill in Hygena	-	-326	-	-326	-	-326
Group	0	-326	-36	-326	-36	-326

1) Refers to costs affecting operating profit. Restructuring costs of SEK 477 million affects profit after tax for the third quarter of 2014 and for the January-September 2014 period.



Condensed consolidated balance sheet

SEK m	30 Sep		31 Dec
	2013	2014	2013
ASSETS			
Goodwill	2,089	1,957	2,153
Other intangible fixed assets	165	205	176
Tangible fixed assets	1,850	1,816	1,876
Long-term receivables	53	56	55
Deferred tax assets	466	326	410
Total fixed assets	4,623	4,360	4,670
Inventories	869	935	849
Accounts receivable	1,122	1,230	949
Other receivables	444	505	424
<i>Total current receivables</i>	<i>1,566</i>	<i>1,735</i>	<i>1,373</i>
Cash and cash equivalents	149	546	278
Assets held for sale	18	20	15
Total current assets	2,602	3,236	2,515
Total assets	7,225	7,596	7,185
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	58	58	58
Other capital contributions	1,462	1,468	1,463
Reserves	-477	-125	-366
Profit brought forward	1,797	1,615	1,999
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>2,840</i>	<i>3,016</i>	<i>3,154</i>
Non-controlling interests	4	5	4
Total shareholders' equity	2,844	3,021	3,158
Provisions for pensions	774	842	654
Other provisions	229	179	209
Deferred tax liabilities	160	160	162
Other long-term liabilities, interest-bearing	807	808	806
Total long-term liabilities	1,970	1,989	1,831
Current liabilities, interest-bearing	38	2	2
Current liabilities, non-interest-bearing	2,372	2,580	2,192
Liabilities attributable to assets held for sale	1	4	2
Total current liabilities	2,411	2,586	2,196
Total shareholders' equity and liabilities	7,225	7,596	7,185
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	39	40	44
Debt/equity ratio, %	51	36	37
Net debt, SEK m	1,462	1,099	1,176
Capital employed, closing balance, SEK m	4,463	4,673	4,620



Statement of changes in consolidated shareholders' equity

SEK m	Attributable to Parent Company shareholders					Total	Non-controlling interests	Total shareholders equity
	Share capital	Other capital contributions	Exchange-rate differences attributable to translation of foreign operations	Cash-flow hedges after tax	Profit brought forward			
Opening balance, 1 January 2013	58	1,458	-472	0	1,613	2,657	5	2,662
Profit/loss for the period	-	-	-	-	253	253	-1	252
Other comprehensive income/loss for the period	-	-	-12	7	15	10	0	10
Total comprehensive income for the period	-	-	-12	7	268	263	-1	262
Dividend	-	-	-	-	-84	-84	-	-84
Allocation of employee share option and share saving schemes	-	4	-	-	-	4	-	4
Closing balance, 30 September 2013	58	1,462	-484	7	1,797	2,840	4	2,844
Opening balance, 1 January 2014	58	1,463	-361	3	1,991	3,154	4	3,158
Profit/loss for the period	-	-	-	-	-85	-85	1	-84
Other comprehensive income/loss for the period	-	-	257	-24	-142	91	0	91
Total comprehensive income/loss for the period	-	-	257	-24	-227	6	1	7
Dividend	-	-	-	-	-167	-167	0	-167
Allocation of employee share option and share saving schemes	-	5	-	-	-	5	-	5
Treasury shares sold	-	-	-	-	18	18	-	18
Closing balance, 30 September 2014	58	1,468	-104	-21	1,615	3,016	5	3,021



Condensed consolidated cash-flow statement

SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
<i>Operating activities</i>						
Operating profit	180	-93	455	279	654	478
Depreciation/Impairment	95	426	287 ¹⁾	631 ²⁾	390 ³⁾	734
Adjustments for non-cash items	2	6	31	2	18	-11
Tax paid	-15	-22	-78	-110	-159	-191
Change in working capital	-8	-76	-157	-148	-72	-63
Cash flow from operating activities	254	241	538	654	831	947
<i>Investing activities</i>						
Investments in fixed assets	-51	-86	-161	-207	-251	-297
Other items in investing activities	4	16	14	31	21	38
Interest received	0	0	2	2	4	4
Change in interest-bearing assets	-1	3	-2	1	-2	1
Divestment of business	1	0	-28	-2	-38	-12
Cash flow from investing activities	-47	-67	-175	-175	-266	-266
Operating cash flow before acquisition/divestment of companies, interest, increase/decrease of interest-bearing assets	207	171	391	478	601	688
Operating cash flow after acquisition/divestment of companies, interest, increase/decrease of interest-bearing assets	207	174	363	479	565	681
<i>Financing activities</i>						
Interest paid	-14	-8	-47	-30	-58	-41
Change in interest-bearing liabilities	-206	-34	-252 ⁴⁾	-45 ⁵⁾	-318 ⁶⁾	-111
Treasury shares sold	-	-	-	18	-	18
Dividend	-	-	-84	-167	-84	-167
Cash flow from financing activities	-220	-42	-383	-224	-460	-301
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	-13	132	-20	255	105	380
Cash and cash equivalents at beginning of the period	165	410	171	278	171	149
Cash flow for the period	-13	132	-20	255	105	380
Exchange-rate differences in cash and cash equivalents	-3	4	-2	13	2	17
Cash and cash equivalents at period-end	149	546	149	546	278	546

1) Impairment amounted to SEK 7 million and pertained to buildings.

2) Impairment amounted to SEK 334 million, of which SEK 326 million pertained to goodwill and SEK 8 million to kitchen displays.

3) Impairment amounted to SEK 13 million, of which SEK 6 million pertained to buildings, SEK 5 million to machinery and equipment and SEK 2 million to kitchen displays.

4) Loan repayments totalling SEK 130 million.

5) No raised loan or loan repayment.

6) Loan repayments totalling SEK 130 million.

Analysis of net debt SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
Opening balance	1,592	1,095	1,707	1,176	1,707	1,462
Divestment of business	-1	0	28	2	38	12
Translation differences	3	14	-19	12	1	32
Operating cash flow	-207	-171	-391	-478	-601	-688
Interest paid, net	14	8	45	28	54	37
Remeasurements of defined benefit pension plans	48	135	-19	177	-150	46
Other change in pension liabilities	13	18	27	33	43	49
Dividend	-	-	84	167	84	167
Treasury shares sold	-	-	-	-18	-	-18
Closing balance	1,462	1,099	1,462	1,099	1,176	1,099



Parent Company

Condensed Parent Company income statement

SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
Net sales	21	34	64	98	77	111
Administrative expenses	-35	-53	-121	-154	-167	-200
Operating loss	-14	-19	-57	-56	-90	-89
Profit from shares in Group companies	-	0	-	17	244	261
Other financial income and expenses	-3	-7	-31	-22	-41	-32
Profit/loss after financial items	-17	-26	-88	-61	113	140
Tax on profit/loss for the period	0	1	0	1	0	1
Profit/loss for the period	-17	-25	-88	-60	113	141

Parent Company balance sheet

SEK m	30 Sep		31 Dec
	2013	2014	2013
ASSETS			
Fixed assets			
Shares and participations in Group companies	2,230	2,233	2,231
Total fixed assets	2,230	2,233	2,231
Current assets			
<i>Current receivables</i>			
Accounts receivable	21	33	13
Receivables from Group companies	2,604	2,573	2,501
Other receivables	7	9	6
Prepaid expenses and accrued income	36	52	47
Cash and cash equivalents	53	245	152
Total current assets	2,721	2,912	2,719
Total assets	4,951	5,145	4,950
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity			
<i>Restricted shareholders' equity</i>			
Share capital	58	58	58
Statutory reserve	1,671	1,671	1,671
	1,729	1,729	1,729
<i>Non-restricted shareholders' equity</i>			
Share premium reserve	52	52	52
Buy-back of shares	-468	-450	-468
Profit brought forward	2,260	2,212	2,261
Profit/loss for the period	-88	-60	113
	1,756	1,754	1,958
Total shareholders' equity	3,485	3,483	3,687
Provisions for pensions	11	13	11
Long-term liabilities			
Liabilities to credit institutes	800	800	800
Current liabilities			
Liabilities to credit institutes	36	0	0
Accounts payable	7	10	14
Liabilities to Group companies	581	806	406
Other liabilities	7	6	4
Accrued expenses and deferred income	24	27	28
Total current liabilities	655	849	452
Total shareholders' equity, provisions and liabilities	4,951	5,145	4,950
Pledged assets	-	-	-
Contingent liabilities	166	175	172



Comparative data per region

Net sales SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	1,034	1,208	3,111	3,480	4,140	4,509
Nordic	1,104	1,123	3,753	3,833	5,028	5,108
Continental Europe	685	647	2,063	1,932	2,695	2,564
Group-wide and eliminations	-25	-28	-63	-84	-90	-111
Group	2,798	2,950	8,864	9,161	11,773	12,070

Gross profit excluding restructuring costs SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	407	505	1,230	1,426	1,652	1,848
Nordic	439	457	1,527	1,559	2,048	2,080
Continental Europe	288	299	828	837	1,105	1,114
Group-wide and eliminations	5	5	16	14	19	17
Group	1,139	1,266	3,836	3,836	4,824	5,059

Gross margin excluding restructuring costs %	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	39.4	41.8	39.5	41.0	39.9	41.0
Nordic	39.8	40.7	40.7	40.7	40.7	40.7
Continental Europe	42.0	46.2	40.1	43.3	41.0	43.4
Group	40.7	42.9	40.6	41.9	41.0	41.9

Operating profit excluding restructuring costs SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	65	108	174	262	247	335
Nordic	136	138	471	473	633	635
Continental Europe	9	18	-49	-21	-47	-19
Group-wide and eliminations	-30	-31	-105	-109	-143	-147
Group	180	233	491	605	690	804

Operating margin excluding restructuring costs %	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	6.3	8.9	5.6	7.5	6.0	7.4
Nordic	12.3	12.3	12.5	12.3	12.6	12.4
Continental Europe	1.3	2.8	-2.4	-1.1	-1.7	-0.7
Group	6.4	7.9	5.5	6.6	5.9	6.7

Operating profit SEK m	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	65	108	174	262	247	335
Nordic	136	138	471	473	633	635
Continental Europe	9	18	-85	-21	-83	-19
Group-wide and eliminations	-30	-357	-105	-435	-143	-473
Group	180	-93	455	279	654	478

Operating margin %	Jul-Sep		Jan-Sep		Jan-Dec	Oct-Sep
	2013	2014	2013	2014	2013	2013/14
UK	6.3	8.9	5.6	7.5	6.0	7.4
Nordic	12.3	12.3	12.5	12.3	12.6	12.4
Continental Europe	1.3	2.8	-4.1	-1.1	-3.1	-0.7
Group	6.4	-3.2	5.1	3.0	5.6	4.0



Quarterly data per region

Net sales SEK m	2013				2014		
	I	II	III	IV	I	II	III
UK	991	1,086	1,034	1,029	1,099	1,173	1,208
Nordic	1,200	1,449	1,104	1,275	1,262	1,448	1,123
Continental Europe	622	756	685	632	561	724	647
Group-wide and eliminations	-9	-29	-25	-27	-25	-31	-28
Group	2,804	3,262	2,798	2,909	2,897	3,314	2,950

Gross profit excluding restructuring costs SEK m	2013				2014		
	I	II	III	IV	I	II	III
UK	394	429	407	422	444	477	505
Nordic	476	612	439	521	503	599	457
Continental Europe	240	300	288	277	226	312	299
Group-wide and eliminations	8	3	5	3	3	6	5
Group	1,118	1,344	1,139	1,223	1,176	1,394	1,266

Gross margin excluding restructuring costs %	2013				2014		
	I	II	III	IV	I	II	III
UK	39.8	39.5	39.4	41.0	40.4	40.7	41.8
Nordic	39.7	42.2	39.8	40.9	39.9	41.4	40.7
Continental Europe	38.6	39.7	42.0	43.8	40.3	43.1	46.2
Group	39.9	41.2	40.7	42.0	40.6	42.1	42.9

Operating profit excluding restructuring costs SEK m	2013				2014		
	I	II	III	IV	I	II	III
UK	32	77	65	73	51	103	108
Nordic	111	224	136	162	128	207	138
Continental Europe	-48	-10	9	2	-39	0	18
Group-wide and eliminations	-33	-42	-30	-38	-43	-35	-31
Group	62	249	180	199	97	275	233

Operating margin excluding restructuring costs %	2013				2014		
	I	II	III	IV	I	II	III
UK	3.2	7.1	6.3	7.1	4.6	8.8	8.9
Nordic	9.3	15.5	12.3	12.7	10.1	14.3	12.3
Continental Europe	-7.7	-1.3	1.3	0.3	-7.0	0.0	2.8
Group	2.2	7.6	6.4	6.8	3.3	8.3	7.9

Operating profit SEK m	2013				2014		
	I	II	III	IV	I	II	III
UK	32	77	65	73	51	103	108
Nordic	111	224	136	162	128	207	138
Continental Europe	-48	-46	9	2	-39	0	18
Group-wide and eliminations	-33	-42	-30	-38	-43	-35	-357
Group	62	213	180	199	97	275	-93

Operating margin %	2013				2014		
	I	II	III	IV	I	II	III
UK	3.2	7.1	6.3	7.1	4.6	8.8	8.9
Nordic	9.3	15.5	12.3	12.7	10.1	14.3	12.3
Continental Europe	-7.7	-6.1	1.3	0.3	-7.0	0.0	2.8
Group	2.2	6.5	6.4	6.8	3.3	8.3	-3.2



Definitions

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 revenue 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 include 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 after tax for the period divided by a weighted average number of outstanding shares during the period.

Operating margin

Operating profit as percentage of net sales.

Debt/equity ratio

Net debt as a percentage of shareholders' equity, including non-controlling interests.

Equity/assets ratio

Shareholders' equity, including non-controlling interests, as a percentage of total assets.

Capital employed

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

Currency effects

Translation effects refer to the currency effects arising when foreign results and balance sheets are translated to SEK.

Transaction effects refer to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).