

nobia

Interim report January-September 2014

27 October 2014



Q3 highlights

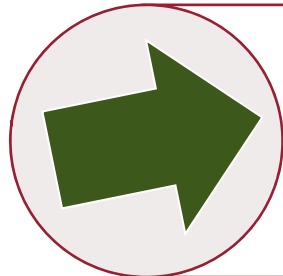
- Net sales SEK 2,950 m (2,798)
- Organic growth –3% (2)
- Gross margin 42.9% (40.7)
- EBIT margin* 7.9% (6.4)
- EBIT* SEK 233 m (180)
- Loss after tax** SEK –323 m (90)
- Operating cash flow SEK 171 m (207)

* Excluding restructuring costs of SEK 326 m

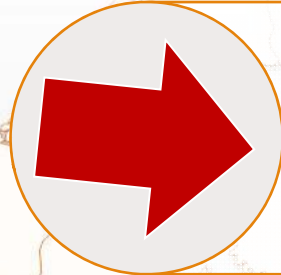
** Affected by restructuring costs of SEK 477 m



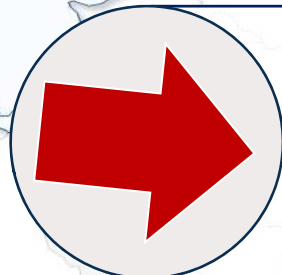
Kitchen market trend



UK market continued to grow. The growth was primarily attributable to the lower priced segment of the market.



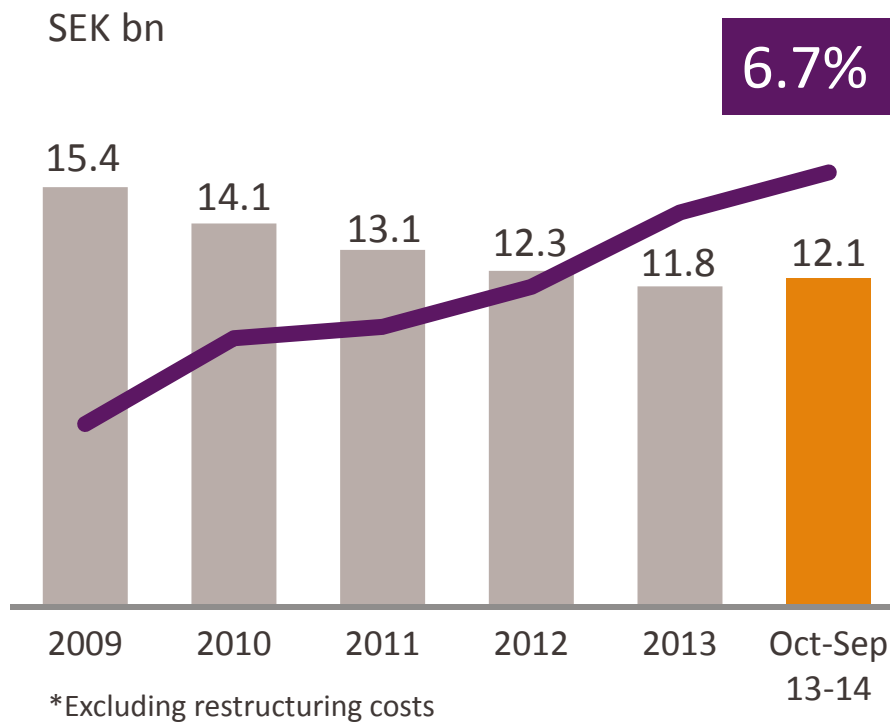
Nordic market decreased slightly compared to last year. Decline in Norway and Finland was only partly compensated by growth in Sweden.



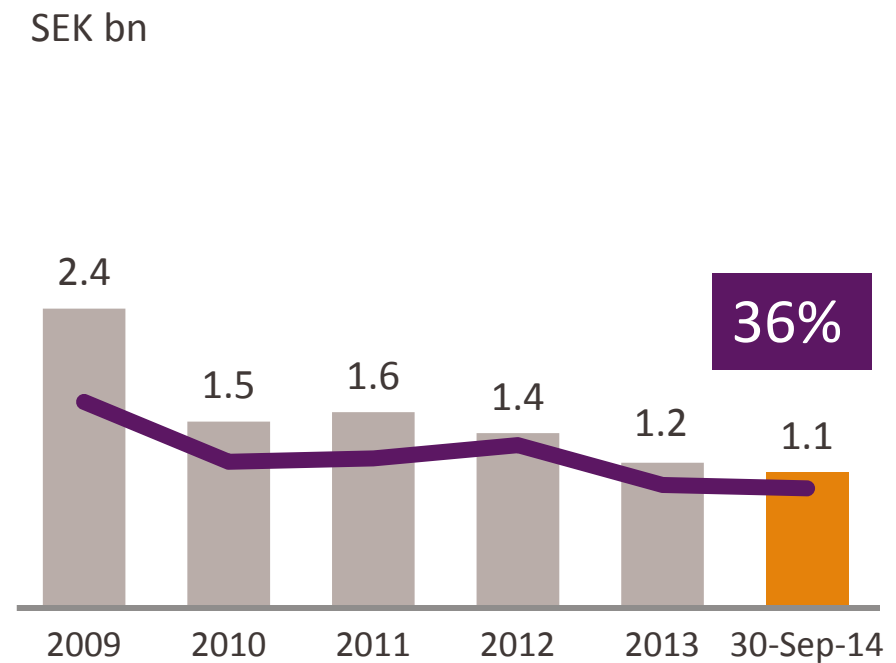
In **Continental Europe** both the French and the Austrian market developed negatively during the period.

Improved margins and stronger financials

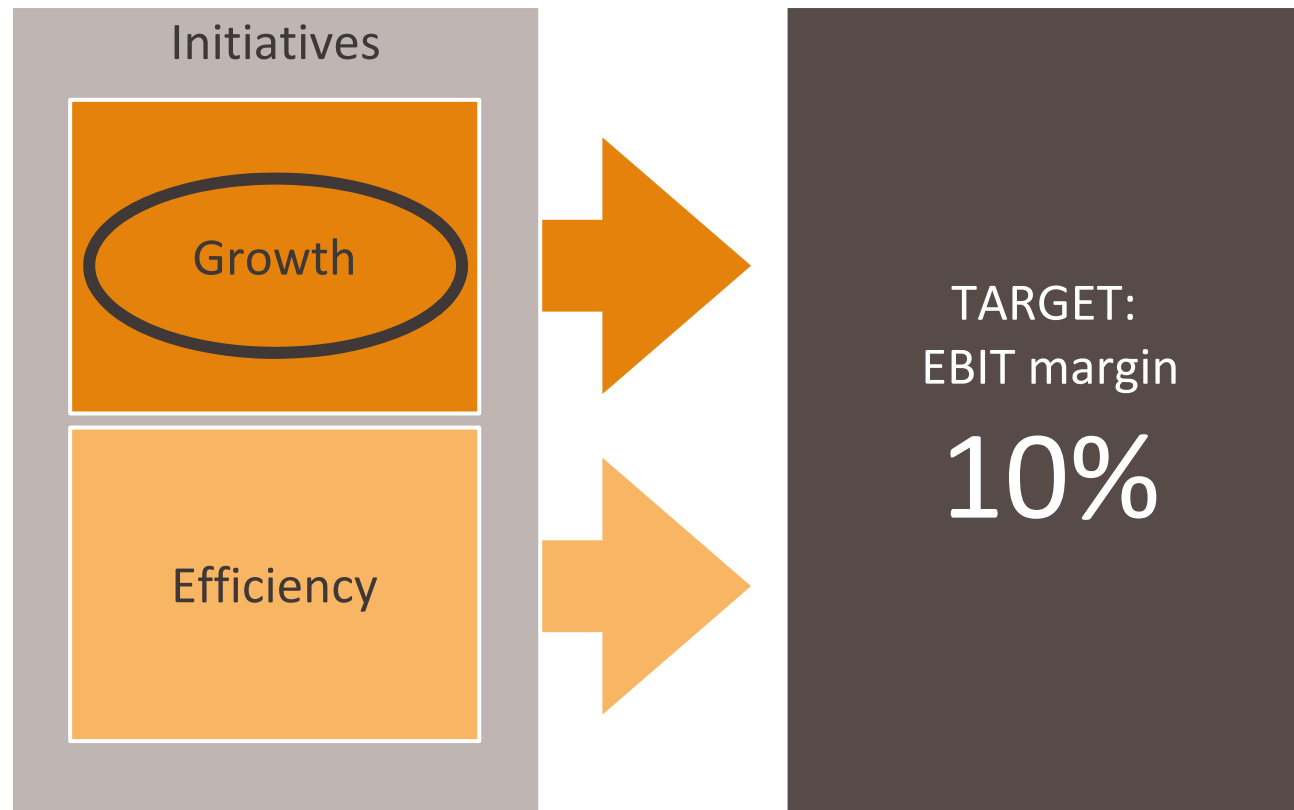
Net sales and EBIT margin*



Net debt and debt/equity ratio

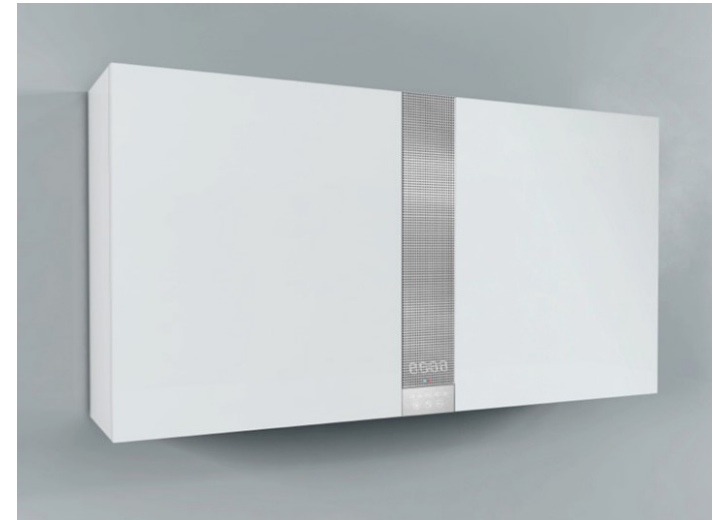


Strategy remains, present focus on growth



Growth initiatives

- Focus on **innovation** to bring small and larger innovations faster to market
 - Central innovation team and road map in place
- Investments in **digital** to improve footfall
 - 7 new web sites launched (Poggenpohl, Goldreif, Hygena, Marbodal, HTH, Sigdal and Magnet)
- Nobia-wide **front end excellence** programme
 - Common 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



Nobia to divest Hygena to the Fournier Group



- Nobia received an offer from Fournier Group to divest Hygena for a purchase price of EUR 20 m, on a cash and debt free basis
- The transaction is expected to close in Q4, conditional only upon competition authority approval
- The divestiture will impact Nobia's EBIT margin positively
- Hygena's net sales in Q3 amounted to EUR 30.7 m (35.9) and EBIT to EUR –2.7 m (–1.8)
- The net profit effect in 2014 is expected to amount to close to SEK –500 m
 - In Q3, restructuring costs of SEK 477 m, whereof SEK 326 m impaired goodwill and SEK 151 m impaired deferred tax assets. No cash effect.
 - In Q4, restructuring costs as a net of purchase price and remaining costs related to the divestment are expected to be low. Positive cash effect.

UK region

- Organic sales growth attributable to increased B2B sales
- Gross margin improved mainly due to positive currency and higher sales values
- Earnings improved as a result of improved gross margin and higher volumes
- New range targeted to lower price segments, i.e. the growing part of the market, has been launched

40% of net sales in Q3

	2013 Jul-Sep	2014 Jul-Sep
Net sales (SEK m)	1,034	1,208
Organic growth	10%	2%
Gross margin	39.4%	41.8%
EBIT (SEK m)	65	108
EBIT margin	6.3%	8.9%

Magnet

Gower



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Nordic region

- Organic sales decline attributable to the consumer segment, excluding Sweden
- Improved gross margin due to higher sales values and lower material prices
- Operating profit rose – improved gross margin was only partly offset by lower volumes

38% of net sales in Q3

	2013 Jul-Sep	2014 Jul-Sep
Net sales (SEK m)	1,104	1,123
Organic growth	0%	-3%
Gross margin	39.8%	40.7%
EBIT (SEK m)	136	138
EBIT margin	12.3%	12.3%



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Continental Europe region

- Organic sales decline primarily attributable to Hygena
- Margins improved due to higher sales values, lower material prices and positive currency effects, largely offset however by lower volumes

22% of net sales in Q3

	2013 Jul-Sep	2014 Jul-Sep
Net sales (SEK m)	685	647
Organic growth	-7%	-12%
Gross margin	42.0%	46.2%
EBIT (SEK m)	9	18
EBIT margin	1.3%	2.8%

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Financial position, Q3

Lower operating cash flow

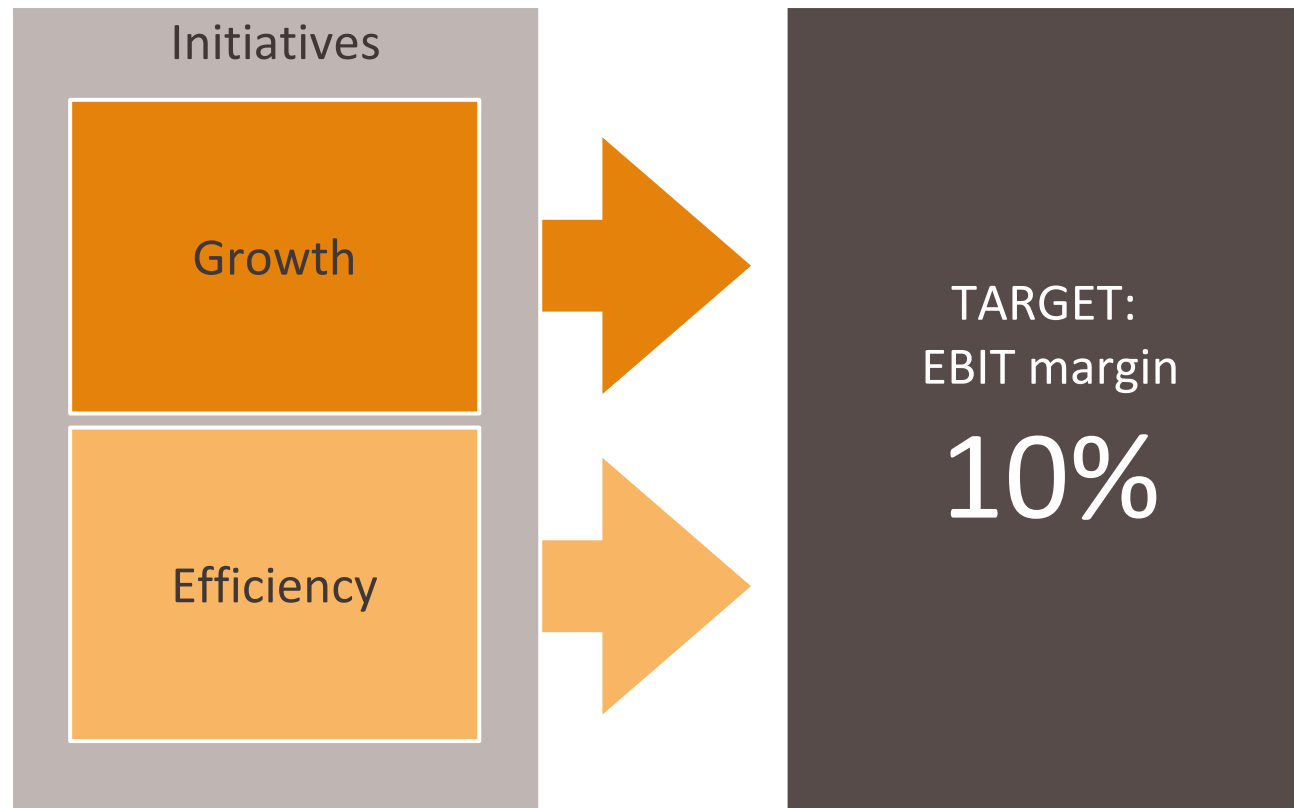
- Operating cash flow slightly down, however with cash conversion YTD still over 100%
- Negative change in working capital
- Higher investments

Lower net debt

- Lower net borrowings
- Pension debt increased mainly due to lower discount rate
- Lower net debt/equity due to strong cash flow the first nine months

SEK m	Q3 2013	Q3 2014
Operating profit including restructuring cost	180	-93
Change in working capital	-8	-76
Investments in fixed assets	51	86
Operating cash flow	207	171
SEK m	2013 30 Sep	2014 30 Sep
Net debt	1,462	1,099
– of which pensions	774	842
– of which net borrowings	688	257
Net debt/equity	51%	36%

Strategy and target remain



Q&A

