

Interim report Jan-Dec 2014

13 February 2015



Q4 highlights

- Net sales SEK 3,231 m (2,909)
- Organic growth 3% (-1)
- Gross margin 41.4% (42.0)
- EBIT margin* 7.4% (6.8)
- EBIT* SEK 240 m (199)
- Profit after tax** SEK 57 m (98)
- Operating cash flow SEK 301 m (210)
- Board of Directors proposes a dividend of SEK 1.75 per share

* Excluding restructuring costs of SEK 107 m

** Affected by restructuring costs of SEK 87 m



Kitchen market trend



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



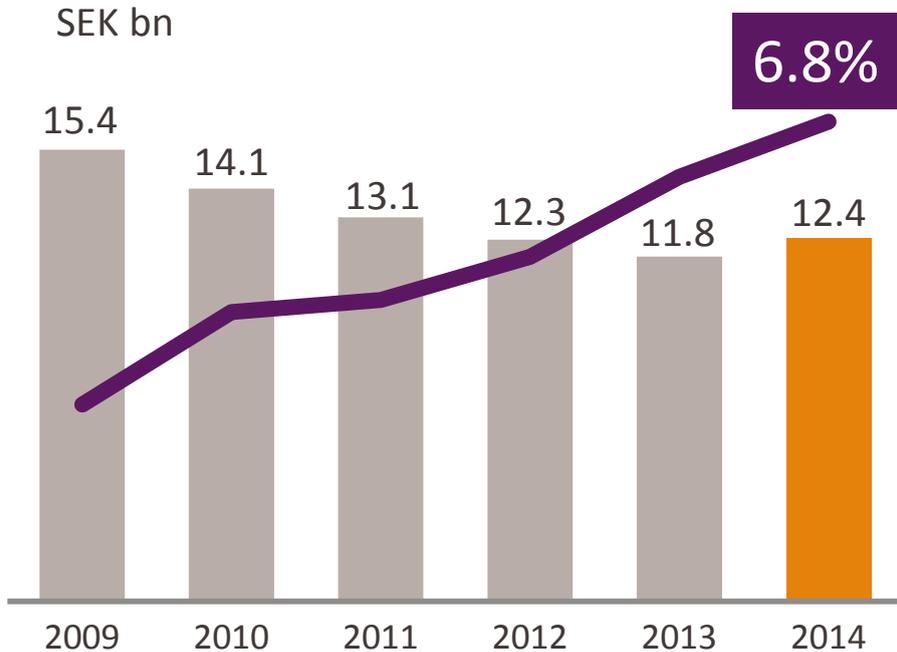
Nordic market slightly up compared to last year. Professional segment developed favourably whereas consumers remained hesitant.



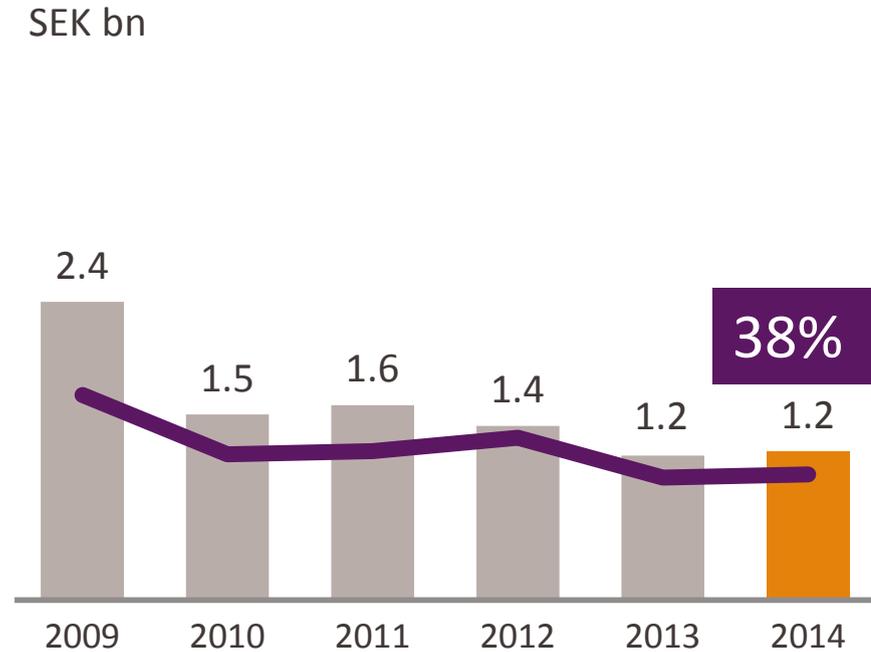
In **Continental Europe** the overall market remained unchanged. Both the French and the Austrian market developed negatively.

Improved margins and strong financials

Net sales and EBIT margin*

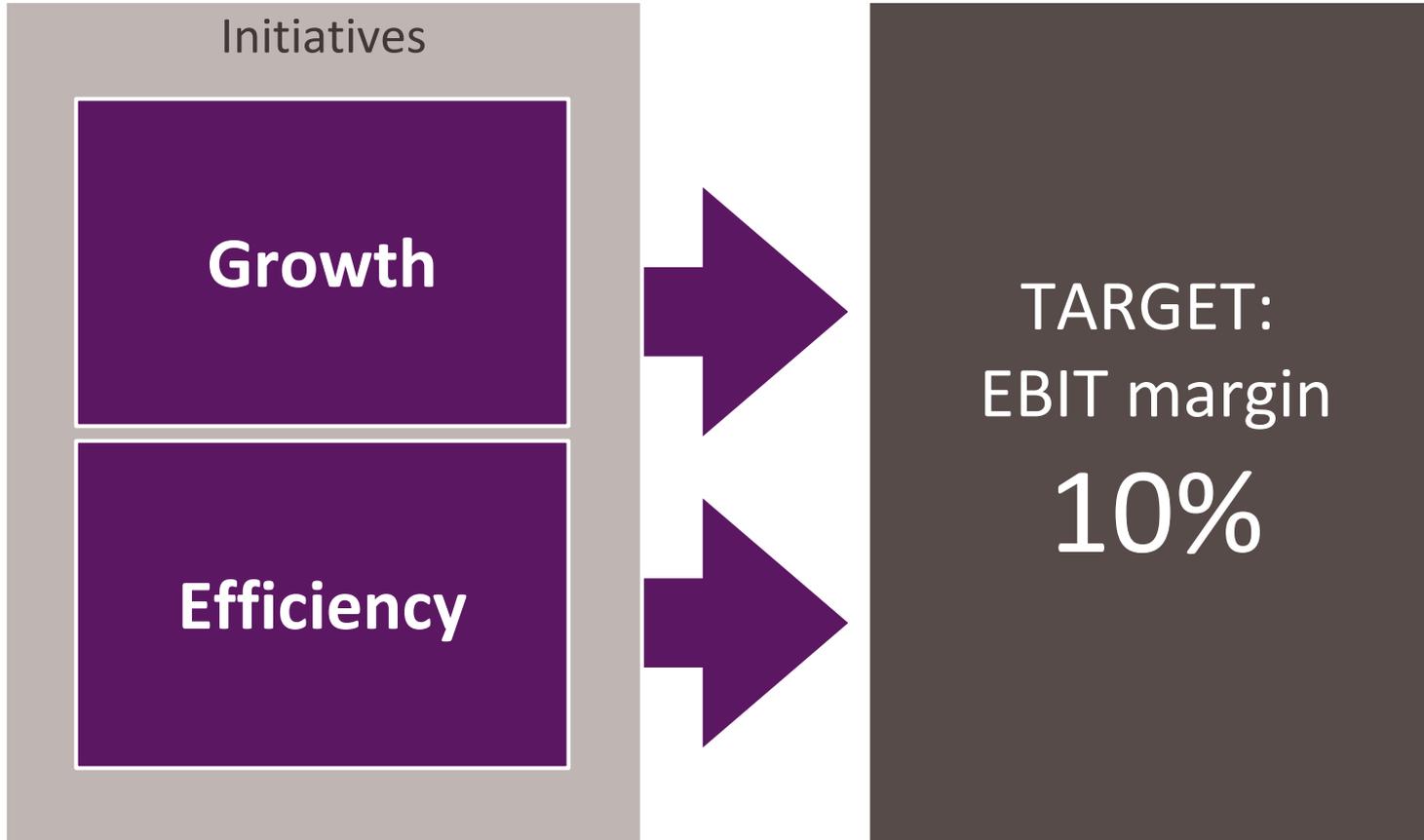


Net debt and debt/equity ratio



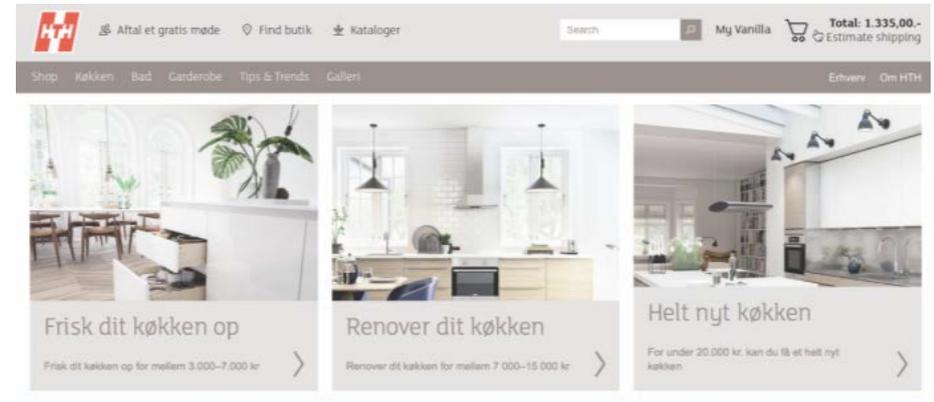
*Excluding restructuring costs

Strategy for a strong Nobia remains



Growth initiatives

- Focus on **innovation** to bring small and larger innovations faster to market
 - New product launches around opportunity areas "Size 0 kitchen" and "Inspirational storage"
- Investments in **digital** to improve footfall
 - 9 new web sites launched
 - E-commerce platform in place
- Nobia-wide **front end excellence** programme
 - Common process and KPIs to follow up performance
 - Tools and coaching for store managers
- Structure for **acquisitions and partnerships**
- **New stores** in selected markets and areas



M&A activities

- Divestment of Hygena



- Acquisition of Rixonway



UK region

- Organic sales growth primarily attributable to increased B2B sales
- Gross margin declined due to channel mix
- EBIT improved, despite seasonally low volumes in Rixonway
- Simply Magnet well-received

37% of net sales in Q4

	2013 Oct-Dec	2014 Oct-Dec
Net sales (SEK m)	1,029	1,222
Organic growth	8%	1%
Gross margin	41.0%	40.6%
EBIT* (SEK m)	73	86
EBIT margin*	7.1%	7.0%

*Excluding restructuring costs

Magnet

Gower



**rixonway
kitchens**

Nordic region

- Organic sales growth primarily in professional segment
- Gross margin declined due to currency and channel mix
- EBIT improved as a result of higher sales values and cost savings
- Norema Best Price was launched

43% of net sales in Q4

	2013 Oct-Dec	2014 Oct-Dec
Net sales (SEK m)	1,275	1,382
Organic growth	-3%	6%
Gross margin	40.9%	40.0%
EBIT* (SEK m)	162	193
EBIT margin*	12.7%	14.0%

*Excluding restructuring costs



Marbodal®

sigdal
NOREMA



Continental Europe region

20% of net sales in Q4

- Organic sales decline – growth in Poggenpohl could not compensate for French and Austrian sales decline
- EBIT improved primarily due to cost savings and higher sales values, which offset negative mix effects and lower volumes
- Hygena declined year on year

	2013 Oct-Dec	2014 Oct-Dec
Net sales (SEK m)	632	659
Organic growth	-9%	-1%
Gross margin	43.8%	43.4%
EBIT* (SEK m)	2	10
EBIT margin*	0.3%	1.5%

*Excluding restructuring costs

hygena

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poggen
pohl

nobia

Financial position, Q4

Strong operating cash flow

- Positive change in working capital
- Higher cash generating earnings

Lower net debt

- Lower net borrowings
- Pension debt increased mainly due to lower discount rate
- Net debt/equity ratio almost flat despite acquisition of Rixonway

SEK m	Q4 2013	Q4 2014
Operating profit including restructuring cost	199	133
Change in working capital	85	160
Investments in fixed assets	-90	-109
Operating cash flow	210	301
SEK m	2013 31 Dec	2014 31 Dec
Net debt	1,176	1,206
– of which pensions	654	869
– of which net borrowings	522	337
Net debt/equity	37%	38%

Financial targets

Profitability

EBIT margin >10% over a business cycle. Organic growth 2-3% higher than market growth, and also growth via acquisitions.

>10%

Financing

Net debt/equity ratio <100%. A temporary elevation of net debt/equity ratio is acceptable in conjunction with acquisitions.

<100%

Dividend

Average dividend shall be 40-60% of net profit after tax. The capital structure is to be taken into consideration

40–60%

Q&A

