



Interim report January-March 2017

(All values in brackets refer to the corresponding period in 2016 and Poggenpohl is recognised as discontinued operations, see page 6.)

January-March 2017

- Net sales for the first quarter amounted to SEK 3,315 million (3,091), negatively impacted by currency effects of SEK 85 million.
- Organic growth was 10 per cent (3).
- Operating profit amounted to SEK 273 million (245), corresponding to an operating margin of 8.2 per cent (7.9).
- Currency losses had an impact of approximately SEK 30 million on operating profit, of which a negative SEK 5 million in translation effects and a negative SEK 25 million in transaction effects.
- Profit after tax amounted to SEK 205 million (171), corresponding to earnings per share of SEK 1.22 (1.02).
- Operating cash flow amounted to SEK 101 million (78).

Nobia Group summary

	Jan-Mar			Jan-Dec	Apr-Mar	
	2016	2017	Change, %	2016	2016/2017	Change, %
Net sales, SEK m	3,091	3,315	7	12,648	12,872	2
Gross margin, %	39.3	38.9	–	39.0	38.9	–
Operating margin before depreciation and impairment, %	10.4	10.4	–	12.5	12.5	–
Operating profit (EBIT), SEK m	245	273	11	1,298	1,326	2
Operating margin, %	7.9	8.2	–	10.3	10.3	–
Profit after financial items, SEK m	234	263	12	1,247	1,276	2
Profit/loss after tax, SEK m	171	205	20	455	489	7
Profit/loss after tax excluding IAC, SEK m	171	205	20	903	937	4
Earnings/loss per share, after dilution, SEK	1.02	1.22	20	2.70	2.90	7
Earnings/loss per share, after dilution excluding IAC, SEK	1.02	1.22	20	5.36	6.20	16
Operating cash flow, SEK m	78	101	29	1,031	1,054	2

Comments from the CEO

“Nobia’s organic sales growth was 10 per cent in the first quarter, favourably impacted by more delivery days than in the preceding year and primarily driven by higher sales in the Nordic region. Our UK operations also grew in local currency, primarily as a result of temporarily high project deliveries, while consumer sales in Magnet declined. The UK kitchen market has weakened and price competition remains fierce. The Group’s operating profit strengthened and operating margin for the past 12-month period amounted to 10.3 per cent. We are confident in our ambition to continue delivering profitable growth, both via our own initiatives and through acquisitions,” says President and CEO Morten Falkenberg.

Consolidated net sales, earnings and cash flow

Demand for kitchens in the Nordic region and Central Europe in the first quarter of 2017 is deemed to have improved year-on-year. In the UK, the kitchen market weakened as the result of heightened macroeconomic uncertainty.

Sales increased organically 10 per cent (3), primarily as the result of increased sales values, higher volumes and more delivery days than in the preceding year. Currency losses of SEK 85 million (losses: 102) impacted sales.

The gross margin declined to 38.9 per cent (39.3), adversely affected by currency fluctuations and a changed sales mix.

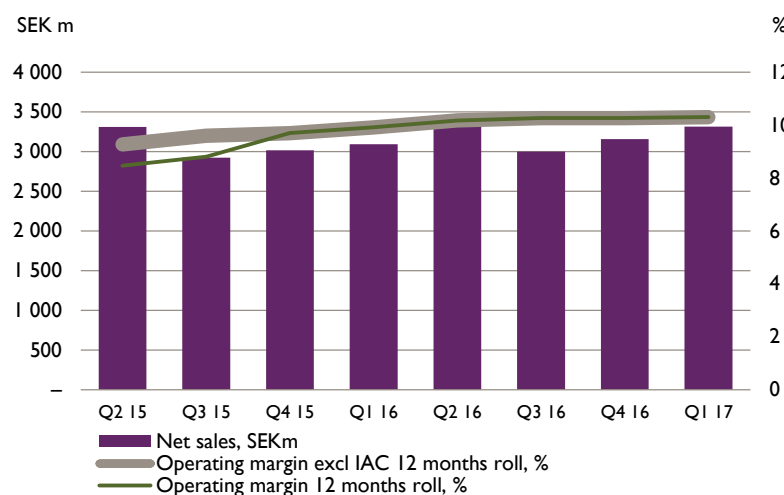
Operating profit improved, positively impacted by higher sales values and increased volumes, and negatively affected by higher costs.

The return on operating capital was 33.0 per cent in the past twelve-month period (Jan-Dec 2016: 32.5). The return on equity was 14.0 per cent in the past twelve-month period (Jan-Dec 2016: 13.0).

Operating cash flow improved mainly as a result of a positive change in working capital compared with the corresponding quarter 2016.

Nobia's investments in fixed assets amounted to SEK 56 million (56), of which SEK 19 million (14) pertained to store investments.

Group net sales and operating margin



Net sales and profit by region

SEK m	Nordic Jan-Mar		UK Jan-Mar		Central Europe Jan-Mar		Group-wide and eliminations Jan-Mar		Group Jan-Mar		Change, %
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	
Net sales from external customers	1,397	1,672	1,578	1,527	116	116	-	-	3,091	3,315	7
Net sales from other regions	1	0	-	-	1	0	-2	0	-	-	-
Net sales	1,398	1,672	1,578	1,527	117	116	-2	0	3,091	3,315	7
Gross profit	548	671	621	570	36	36	10	14	1,215	1,291	6
Gross margin, %	39.2	40.1	39.4	37.3	30.8	31.0	-	-	39.3	38.9	-
Operating profit/loss	163	212	111	96	5	4	-34	-39	245	273	11
Operating margin, %	11.7	12.7	7.0	6.3	4.3	3.4	-	-	7.9	8.2	-
Net financial items	-	-	-	-	-	-	-	-	-11	-10	9
Profit after financial items	-	-	-	-	-	-	-	-	234	263	12

Analysis of net sales

	Jan-Mar	
	%	SEK m
2016		3,091
Organic growth	10	315
- of which Nordic region	16	225
- of which UK region	6	92
- of which CE region	-2	-2
Currency effect	-3	-85
Sales to Hygena	0	-6
2017	7	3,315

Currency effect on operating results

SEK m	Trans- lation- effect	Trans- action- effect	Total effect
	Jan-Mar	Jan-Mar	Jan-Mar
Nordic region	5	0	5
UK region	-10	-25	-35
CE region	0	0	0
Group	-5	-25	-30

Nordic region

January-March 2017

- The Nordic kitchen market grew year-on-year. The increase in newbuilds remained the primary driver for the positive trend.
- Net sales amounted to SEK 1,672 million (1,398).
- Organic growth was 16 per cent (4). Currency gains of SEK 50 million (losses: 37) impacted net sales for the quarter.
- Gross profit amounted to SEK 671 million (548) and the gross margin to 40.1 per cent (39.2).
- Operating profit amounted to SEK 212 million (163) and the operating margin was 12.7 per cent (11.7).
- Currency gains totalling about SEK 5 million impacted operating profit, of which SEK 5 million in translation effects and SEK 0 million in transaction effects.

Comments on performance

Organic growth was primarily attributable to increased sales to the project segment and positively impacted by more delivery days compared with 2016. Sales grew in all markets in the project segment, with the highest increase noted in Sweden, Norway and Denmark. Growth in consumer sales mainly referred to Sweden and Norway, although sales in Denmark also increased.

The improvement in gross margin was mainly driven by higher sales values and lower prices of materials, which was partly offset by a negative sales mix.

The improvement in operating profit was the result of higher sales volumes and increased sales values, which offset higher costs.

The recall of fittings for top cabinets using the K21 suspension system is progressing according to plan. The costs for this were charged to ongoing earnings.

HTH launched a new kitchen concept in Denmark on March 6, 2017. HTH GO is a range of popular kitchen models that are delivered ready-to-assemble. The concept was introduced to HTH's Danish stores and has its own online platform. The initial consumer reception was positive.

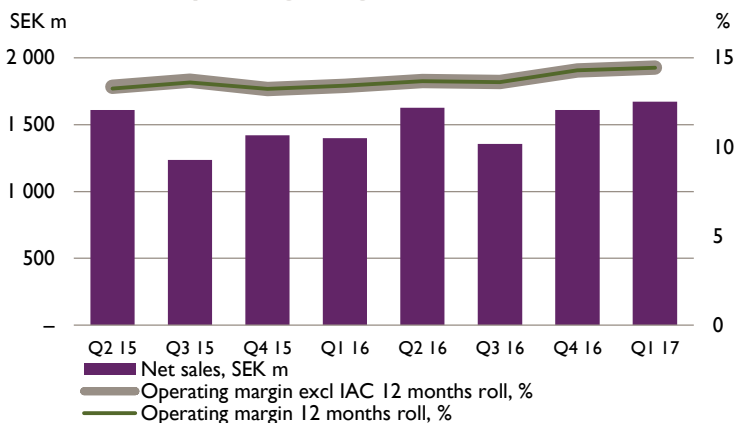
Share of consolidated net sales, first quarter



Store trend, Jan-Mar 2017

Renovated or relocated	–
Newly opened/closed, net	-3
Number of own kitchen stores	48

Net sales and operating margin



Our brands



UK region

January-March 2017

- The UK kitchen market is deemed to have weakened due to heightened macroeconomic uncertainty.
- Net sales amounted to SEK 1,527 million (1,578).
- Organic growth was 6 per cent (2). Currency losses of SEK 137 million (losses: 63) impacted net sales for the quarter.
- Gross profit amounted to SEK 570 million (621) and the gross margin to 37.3 per cent (39.4).
- Operating profit amounted to SEK 96 million (111) and the operating margin was 6.3 per cent (7.0).
- Currency losses totalling about SEK 35 million impacted operating profit, of which a negative SEK 10 million in translation effects and a negative SEK 25 million in transaction effects.

Comments on performance

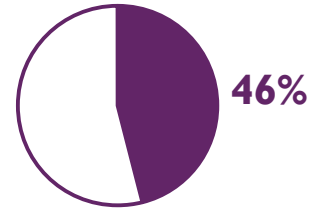
Organic growth was primarily due to higher project sales. Commodore and CIE had high deliveries during the first quarter. Magnet's sales decreased slightly, due to lower sales to the consumer segment (Retail). Also B2B sales declined.

The gross margin declined, mainly due to negative currency effects and a changed sales mix, which was only partly offset by higher sales values.

The decline in operating profit was primarily attributable to the lower gross margin and increased costs.

Kitchen deliveries under private label to one of Nobia's B2B customers will be gradually phased out during the year.

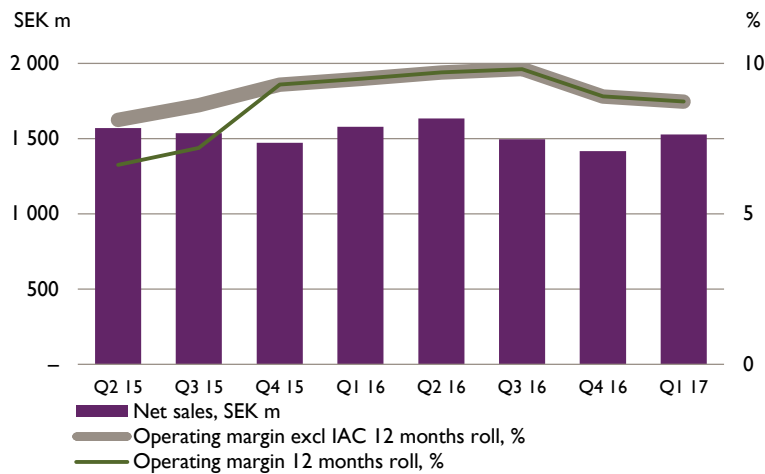
Share of consolidated net sales, first quarter



Store trend, Jan-Mar 2017

Renovated or relocated	–
Newly opened/closed, net	0
Number of own kitchen stores	212

Net sales and operating margin



Our brands



Central Europe region

January-March 2017

- Nobia’s market in the Central European region is deemed to have grown slightly year-on-year.
- Net sales amounted to SEK 116 million (117).
- Organic growth was a negative 2 per cent (pos: 5). Currency gains of SEK 2 million (losses: 1) impacted net sales for the quarter.
- Gross profit amounted to SEK 36 million (36) and the gross margin to 31.0 per cent (30.8).
- Operating profit amounted to SEK 4 million (5) and the operating margin was 3.4 per cent (4.3).
- Currency effects totalling about SEK 0 million impacted operating profit, of which SEK 0 million in translation effects and SEK 0 million in transaction effects.

Share of consolidated net sales, first quarter



Comments on performance

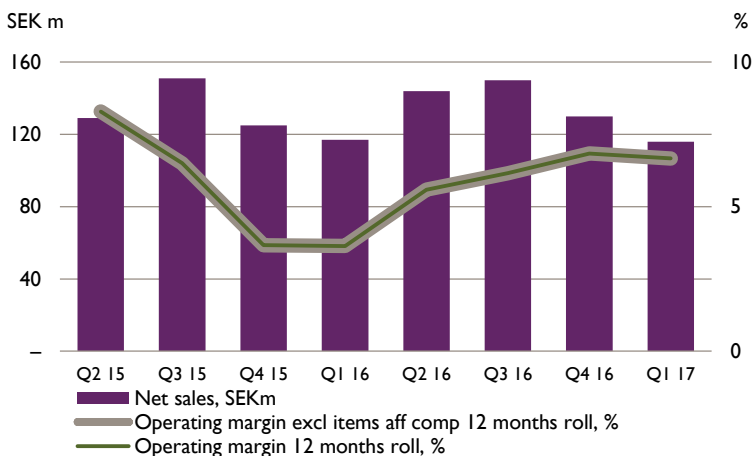
The organic sales decline in Nobia’s Austrian operations was due to lower sales volumes.

The gross margin improved slightly, mainly as a result of higher sales values.

Operating profit declined as a result of lower sales volumes and increased costs related to a modernized production line.

On 19 December 2016, Nobia agreed the sale of Poggenpohl to the German Group Adcuram and in connection with this, Poggenpohl was reclassified as discontinued operations. The divestment of Poggenpohl was completed on 31 January 2017, see page 6.

Net sales and operating margin



Our brands



Other information

Financing

Net debt including pension provisions amounted to SEK 396 million (768) at the end of the first quarter. The debt/equity ratio was 11 per cent (20) at the end of the period.

Existing loan facilities on 31 March 2017 amounted to SEK 1,800 million, of which SEK 1,000 million comprised a syndicated bank loan expiring in 2019, and SEK 800 million comprised a bond loan from AB SEK Securities (Swedish Export Credit Corporation) expiring at the end of May 2017. The bank loan of SEK 1,000 million was unutilised at the end of the period.

Net financial items amounted to an expense of SEK 10 million (expense: 11). Net financial items include the net of returns on pension assets and interest expense on pension liabilities corresponding to an expense of SEK 6 million (expense: 5). The net interest expense amounted to SEK 4 million (expense: 6).

Corporate acquisitions and divestments

Nobia announced on 19 December 2016 that it had agreed with German group Adcuram to divest the German luxury kitchen manufacturer Poggenpohl for a cash consideration corresponding to an equity value of EUR 10 million, subject to customary closing day adjustments. In connection with this, Poggenpohl was reclassified as Divested operations in accordance with IFRS 5.

On 31 January 2017, Nobia completed the divestment

of Poggenpohl, after gaining approval from the competition authorities in Germany and Austria. Nobia thus received a cash consideration of approximately EUR 10 million and payment of an internal loan of about EUR 8 million.

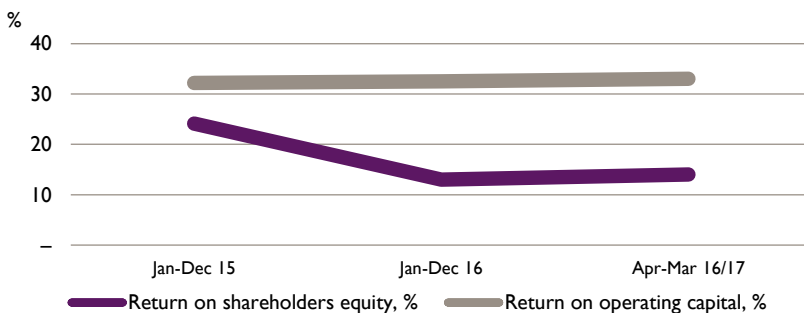
Earnings from discontinued operations

From the fourth quarter of 2016, Poggenpohl's operations are reported as discontinued operations in accordance with IFRS 5. The full-year 2015 and the period January-September 2016 have been restated with regard to the income statement, organic growth, specification of items affecting comparability, cash-flow statement and comparative data per region. These restatements are presented as an appendix to the year-end report available on the Nobia website under Investor Relations and Reports and presentations.

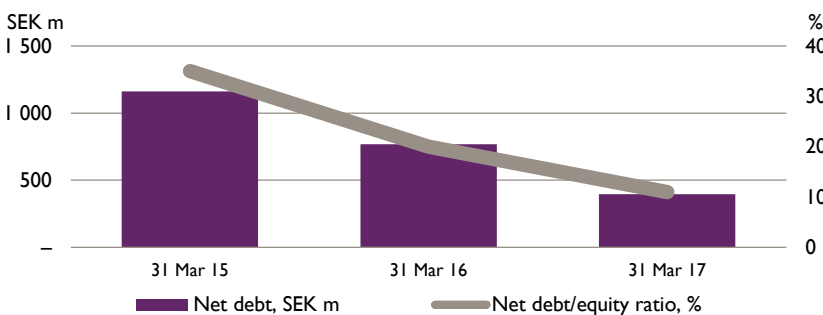
Loss after tax from discontinued operations during the first quarter of 2017 amounted to SEK 0 million, of which SEK 0 million pertained to Poggenpohl and SEK 0 million pertained to stores acquired from franchisees with the intention of subsequently selling on.

Loss after tax for discontinued operations for the first quarter of 2016 amounted to SEK 11 million, of which a loss of SEK 14 million pertained to Poggenpohl, a profit of SEK 5 million pertaining to the dissolution of a provision related to the divestment of Hygena and a loss of SEK 2 million was related to the stores acquired from franchisees with the intention of subsequently selling on.

Return on shareholders' equity and operating capital



Net debt and net debt/equity ratio



At the end of 2016, Nobia had two stores reported as Discontinued operations and disposal group held for sale, in accordance with IFRS 5. In the first quarter of 2017, no change occurred. On 31 March 2017, Nobia had one store in Denmark and one store in Sweden, a total of two stores, recognised in accordance with IFRS 5.

Items affecting comparability

Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons insofar as they do not recur with the same regularity as other items.

No items affecting comparability (–) were recognised for the period January-March 2017.

Personnel

The number of employees at the end of the period was 6,106 (6,618). The decline in the number of employees was mainly attributable to the divestment of Poggenpohl. On 31 December 2016, Poggenpohl had 481 employees.

Annual General Meeting

Nobia's Annual General Meeting was held on 6 April 2017 in Stockholm. The Annual General Meeting approved the proposed dividend to shareholders for 2016 of SEK 3.00 per share, totalling approximately SEK 505 million. The dividend was paid on 13 April.

The Annual General Meeting resolved on the number of Board members as nine and re-elected the Board members Tomas Billing, Morten Falkenberg, Lilian Fossum Biner, Nora Førisdal Larssen, Stefan Jacobsson, Ricard Wennerklint and Christina Ståhl. Jill Little and George Adams were elected as new Board members. Tomas Billing was re-elected as Chairman.

The accounting firm Deloitte AB was elected as the new auditors until the next Annual General Meeting, with Daniel de Paula as auditor-in-charge.

The Annual General Meeting appointed a Nomination Committee comprising Viveca Ax:son Johnson (Chair), representing Nordstjernan, Torbjörn Magnusson, representing If Skadeförsäkring, Lars Bergkvist, representing Lannebo fonder, and Arne Lööv, representing the Fourth Swedish National Pension Fund, for the period until the close of the next Annual General Meeting in 2018.

The Annual General Meeting resolved on the introduction of a Performance Share Plan in accordance with the Board's proposal. The plan includes approximately 100 people, comprising senior executives and people in senior management positions. Participation in the plan involves, for example, a downward adjustment of the participant's maximum variable remuneration. Participants are allocated performance-based share rights which, after a three-year vesting period, provide entitlement to shares, given that certain conditions are met, including a financial performance target. In view of the performance share plan, the Annual General Meeting resolved on the transfer

of not more than 1,500,000 treasury shares to the plan participants.

The Annual General Meeting authorised the Board of Directors, during the period prior to the next Annual General Meeting, to decide on the acquisition and transfer of treasury shares.

A detailed description of the resolutions passed at the Annual General Meeting is available on the Nobia website.

Transfer of treasury shares

With support of the resolution passed by Nobia's Annual General Meeting, Nobia will transfer 110,419 shares to participants in the 2014 Performance Share Plan following publication of the interim report for the first quarter of 2017.

The 2014 Performance Share Plan encompassed approximately 100 senior executives and was based on participants investing in Nobia shares that were locked into the plan. Each Nobia share invested in under the framework of the plan entitled participants, following a vesting period of approximately three years and provided that certain conditions were fulfilled, to allotment of matching and performance shares in Nobia. Since the targets established for the 2014 plan were met, both performance and matching shares will be allocated. The transfer will be made free-of-charge.

At 31 March 2017, Nobia's holding of treasury shares amounted to 6,819,990 shares. Following the transfer of shares under the 2014 Performance Share Plan, Nobia's holding of treasury shares will amount to 6,709,571 shares.

Significant risks in the Group and Parent Company

Nobia is exposed to strategic, operating and financial risks, which are described on pages 37-39 of the 2016 Annual Report. During the first quarter of 2017, demand in the Nordic region and Central Europe is deemed to have improved, compared year-on-year. The kitchen market in the UK is deemed to have weakened due to increased macro-economic uncertainty. Nobia continues to capitalise on synergies and economies of scale by harmonising the product range, co-ordinating production and enhancing purchasing efficiency. Nobia's balance sheet as at 31 March 2017 contained goodwill of SEK 2,349 million (2,461). The value of this asset item is tested if there are any indications of a decline in value and at least once annually.

Stockholm, 28 April 2017

Morten Falkenberg
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

This interim report is unaudited.

Condensed consolidated income statement

SEK m	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Net sales	3,091	3,315	12,648	12,872
Cost of goods sold	-1,876	-2,024	-7,715	-7,863
Gross profit	1,215	1,291	4,933	5,009
Selling and administrative expenses	-976	-1,019	-3,682	-3,725
Other income/expenses	6	1	47	42
Operating profit	245	273	1,298	1,326
Net financial items	-11	-10	-51	-50
Profit/loss after financial items	234	263	1,247	1,276
Tax	-52	-58	-269	-275
Profit/loss after tax from continuing operations	182	205	978	1,001
Profit/loss from discontinued operations, net after tax	-11	0	-523	-512
Profit/loss after tax	171	205	455	489
Total profit attributable to:				
Parent Company shareholders	171	205	456	490
Non-controlling interests	0	0	-1	-1
Total profit/loss	171	205	455	489
Total depreciation ¹	76	71	287	282
Total impairment ¹	-	-	0	0
Gross margin, %	39.3	38.9	39.0	38.9
Operating margin, %	7.9	8.2	10.3	10.3
Return on operating capital, %	-	-	32.5	33.0
Return on shareholders equity, %	-	-	13.0	14.0
Earnings per share before dilution, SEK ²	1.02	1.22	2.71	2.91
Earnings per share after dilution, SEK ²	1.02	1.22	2.70	2.90
Number of shares at period end before dilution, 000s ³	168,281	168,473	168,473	168,473
Average number of shares before dilution, 000s ³	168,281	168,473	168,425	168,473
Number of shares after dilution at period end, 000s ³	168,633	168,710	168,676	168,704
Average number of shares after dilution, 000s ³	168,633	168,710	168,664	168,700

¹ Excluding depreciation and impairment recognised on the line "Profit/loss from discontinued operations, net after tax".

² Earnings per share attributable to the Parent Company shareholders.

³ Excluding treasury shares.

Consolidated statement of comprehensive income

SEK m	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Profit/loss after tax	171	205	455	489
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange-rate differences attributable to translation of foreign operations	-125	-54	-172	-101
Cash flow hedges before tax	0	5	-8	-3
Tax attributable to change in hedging reserve for the period	0	-1	2	1
	-125	-50	-178	-103
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	-67	34	-312	-211
Tax relating to remeasurements of defined benefit pension plans	13	-6	49	30
	-54	28	-263	-181
Other comprehensive income/loss	-179	-22	-441	-284
Total comprehensive income/loss	-8	183	14	205
Total comprehensive income/loss attributable to:				
Parent Company shareholders	-8	183	15	206
Non-controlling interests	0	0	-1	-1
Total comprehensive income/loss	-8	183	14	205

Condensed consolidated balance sheet

SEK m	31 Mar		31 Dec
	2016	2017	2016
ASSETS			
Goodwill	2,461	2,349	2,359
Other intangible fixed assets	118	118	126
Tangible fixed assets	1,684	1,367	1,384
Long-term receivables, interest-bearing (IB)	3	3	3
Long-term receivables	33	28	28
Deferred tax assets	232	166	176
Total fixed assets	4,531	4,031	4,076
Inventories	976	894	857
Accounts receivable	1,396	1,529	1,240
Current receivables, interest-bearing (IB)	4	2	1
Other receivables	436	371	320
<i>Total current receivables</i>	<i>1,836</i>	<i>1,902</i>	<i>1,561</i>
Cash and cash equivalents (IB)	804	1,243	1,005
Assets held for sale	4	5	506
Total current assets	3,620	4,044	3,929
Total assets	8,151	8,075	8,005
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	58	58	58
Other capital contributions	1,478	1,483	1,481
Reserves	-204	-307	-257
Profit brought forward	2,478	2,366	2,133
<i>Total shareholders' equity attributable to Parent Company shareholders</i>	<i>3,810</i>	<i>3,600</i>	<i>3,415</i>
Non-controlling interests	4	-	4
Total shareholders' equity	3,814	3,600	3,419
Provisions for pensions (IB)	760	835	894
Other provisions	107	109	79
Deferred tax liabilities	135	100	84
Other long-term liabilities, interest-bearing (IB)	812	8	6
Total long-term liabilities	1,814	1,052	1,063
Current liabilities, interest-bearing (IB)	7	801	801
Current liabilities	2,513	2,621	2,393
Liabilities attributable to assets held for sale	3	1	329
Total current liabilities	2,523	3,423	3,523
Total shareholders' equity and liabilities	8,151	8,075	8,005
BALANCE-SHEET RELATED KEY RATIOS			
Equity/assets ratio, %	47	45	43
Debt/equity ratio, %	20	11	14
Net debt, closing balance, SEK m	768	396	493
Operating capital, closing balance, SEK m	4,582	3,996	3,912
Capital employed, closing balance, SEK m	5,393	5,244	5,182

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 shareholders equity
Opening balance, 1 January 2016	58	1,478	-81	2	2,361	3,818	4	3,822
Profit/loss for the period	-	-	-	-	171	171	0	171
Other comprehensive income/loss for the period	-	-	-125	0	-54	-179	0	-179
Total comprehensive income for the period	-	-	-125	0	117	-8	0	-8
Dividend	-	-	-	-	-	-	-	-
Allocation of share saving schemes	-	0	-	-	-	0	-	0
Closing balance, 31 March 2016	58	1,478	-206	2	2,478	3,810	4	3,814
Opening balance, 1 January 2017	58	1,481	-253	-4	2,133	3,415	4	3,419
Profit/loss for the period	-	-	-	-	205	205	0	205
Other comprehensive income/loss for the period	-	-	-54	4	28	-22	0	-22
Total comprehensive income/loss for the period	-	-	-54	4	233	183	0	183
Dividend	-	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-4	-4
Allocation of share saving schemes	-	2	-	-	-	2	-	2
Closing balance, 31 March 2017	58	1,483	-307	0	2,366	3,600	-	3,600

Condensed consolidated cash-flow statement

SEK m	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
<i>Operating activities</i>				
Operating profit	245	273	1,298	1,326
Operating profit/loss for discontinued operations	-7	-1	-466	-460
Depreciation/Impairment	86 ¹	71 ²	657 ³	642
Adjustments for non-cash items	-7	-24	95	78
Tax paid	-66	-49	-230	-213
Change in working capital	-127	-117	-73	-63
Cash flow from operating activities	124	153	1,281	1,310
<i>Investing activities</i>				
Investments in fixed assets	-56	-56	-290	-290
Other items in investing activities	10	4	40	34
Interest received	0	1	1	2
Change in interest-bearing assets	1	-1	4	2
Acquisition of operations	0	-	0	-
Divestment of operations	-	-79	-	-79
Cash flow from investing activities	-45	-131	-245	-331
Operating cash flow before acquisition/divestment of operations, interest, increase/decrease of interest-bearing assets	78	101	1,031	1,054
Total cash flow from operating and investing activities	79	22	1,036	979
<i>Financing activities</i>				
Interest paid	-7	-5	-21	-19
Change in interest-bearing liabilities	-27 ⁴	-26 ⁵	-130 ⁶	-129
Dividend	-	-	-421	-421
Cash flow from financing activities	-34	-31	-572	-569
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	45	-9	464	410
Cash and cash equivalents at beginning of the period	765	1,266	765	804
Cash flow for the period	45	-9	464	410
Exchange-rate differences in cash and cash equivalents	-6	-14	37	29
Cash and cash equivalents at period-end	804	1,243	1,266 ⁷	1,243

1 No impairment was recognised during the period.

2 No impairment was recognised during the period.

3 Impairment amounted to SEK 332 million and pertained to land and buildings SEK 151 million, plant and machinery SEK 28 million, equipment, tools, fixtures and fittings SEK 47 million, kitchen displays SEK 46 million, goodwill SEK 58 million and other tangible assets SEK 2 million.

4 No repayment or raising of loans occurred during the period.

5 No repayment or raising of loans occurred during the period.

6 No repayment or raising of loans occurred during the period.

7 Of which SEK 261 million is recognised on the line Assets held for sale.

Analysis of net debt

SEK m	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Opening balance	774	493	774	768
Acquisition of operations	0	–	0	–
Divestment of operations	–	17	–	17
Translation differences	-9	10	-31	-12
Operating cash flow	-78	-101	-1,031	-1,054
Interest paid, net	7	4	20	17
Remeasurements of defined benefit pension plans	67	-34	312	211
Other change in pension liabilities	7	7	28	28
Dividend	–	–	421	421
Closing balance	768	396	493	396

Note 1 – 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 2016 Annual Report.

Note 2 – References

Segment information, page 2.
Loan and shareholders' equity transactions, page 6.
Divestment of operations, pages 6 and 7.
Items affecting comparability, page 7.

Note 3 – Financial instruments – fair value

The carrying amounts of the Group's financial assets and liabilities are recognised at amortised cost, corresponding to a reasonable approximation of their fair values. Financial instruments measured at fair value in the balance sheet are forward agreements comprising assets at a value of SEK 18 million (31 Dec 2016: 9) and liabilities at a value of SEK 19 million (31 Dec 2016: 12). The measurement of these items is attributable to level 2 of the fair value hierarchy, meaning based on indirectly observable market data. The supplementary purchase consideration of SEK 53 million pertaining to the acquisition of Commodore and CIE is conditional upon the business performance and is valued at level 3 of the fair value hierarchy. During the fourth quarter of 2016, SEK 22 million was paid out. The remaining provision amounts to SEK 22 million restated at the applicable balance-sheet date.

Note 4 – Related-party transactions

The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 54 million (58) during the first quarter of 2017. The Parent Company reported a loss of SEK 1 million (0) from participations in Group companies.

Parent Company

Condensed Parent Company income statement

SEK m	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Net sales	59	58	219	218
Administrative expenses	-70	-73	-301	-304
Operating loss	-11	-15	-82	-86
Profit from shares in Group companies	0	-1	-76	-77
Other financial income and expenses	2	-6	-1	-9
Profit/loss after financial items	-9	-22	-159	-172
Tax on profit/loss for the period	0	0	-20	-20
Profit/loss for the period	-9	-22	-179	-192

Parent Company balance sheet

SEK m	31 Mar		31 Dec
	2016	2017	2016
ASSETS			
Fixed assets			
Shares and participations in Group companies	2,085	1,377	1,469
Total fixed assets	2,085	1,377	1,469
Current assets			
<i>Current receivables</i>			
Accounts receivable	8	18	1
Receivables from Group companies	2,845	2,910	2,868
Other receivables	8	20	3
Prepaid expenses and accrued income	48	40	47
Cash and cash equivalents	561	897	949
Total current assets	3,470	3,885	3,868
Total assets	5,555	5,262	5,337
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	-402	-391	-391
Profit brought forward	2,377	1,772	1,948
Profit/loss for the period	-9	-22	-179
	2,018	1,411	1,430
Total shareholders' equity	3,747	3,140	3,159
Provisions for pensions	15	16	16
Long-term liabilities			
Liabilities to credit institutes	800	-	-
Current liabilities			
Liabilities to credit institutes	0	800	800
Accounts payable	7	13	15
Liabilities to Group companies	960	1,240	1,276
Other liabilities	3	33	27
Accrued expenses and deferred income	23	20	44
Total current liabilities	993	2,106	2,162
Total shareholders' equity, provisions and liabilities	5,555	5,262	5,337

Comparative data per region

	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Net sales, SEK m				
Nordic	1,398	1,672	5,988	6,262
UK	1,578	1,527	6,122	6,071
Central Europe	117	116	541	540
Group-wide and eliminations	-2	0	-3	-1
Group	3,091	3,315	12,648	12,872

	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Gross profit, SEK m				
Nordic	548	671	2,402	2,525
UK	621	570	2,323	2,272
Central Europe	36	36	172	172
Group-wide and eliminations	10	14	36	40
Group	1,215	1,291	4,933	5,009

	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Gross margin, %				
Nordic	39.2	40.1	40.1	40.3
UK	39.4	37.3	37.9	37.4
Central Europe	30.8	31.0	31.8	31.9
Group	39.3	38.9	39.0	38.9

	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Operating profit, SEK m				
Nordic	163	212	856	905
UK	111	96	545	530
Central Europe	5	4	37	36
Group-wide and eliminations	-34	-39	-140	-145
Group	245	273	1,298	1,326

	Jan-Mar		Jan-Dec	Apr-Mar
	2016	2017	2016	2016/17
Operating margin, %				
Nordic	11.7	12.7	14.3	14.5
UK	7.0	6.3	8.9	8.7
Central Europe	4.3	3.4	6.8	6.7
Group	7.9	8.2	10.3	10.3

Quarterly data per region

Net sales, SEK m	2016				2017
	I	II	III	IV	I
Nordic	1,398	1,626	1,355	1,609	1,672
UK	1,578	1,633	1,495	1,416	1,527
Central Europe	117	144	150	130	116
Group-wide and eliminations	-2	0	-1	0	0
Group	3,091	3,403	2,999	3,155	3,315

Gross profit, SEK m	2016				2017
	I	II	III	IV	I
Nordic	548	673	537	644	671
UK	621	636	573	493	570
Central Europe	36	50	50	36	36
Group-wide and eliminations	10	6	10	10	14
Group	1,215	1,365	1,170	1,183	1,291

Gross margin, %	2016				2017
	I	II	III	IV	I
Nordic	39.2	41.4	39.6	40.0	40.1
UK	39.4	38.9	38.3	34.8	37.3
Central Europe	30.8	34.7	33.3	27.7	31.0
Group	39.3	40.1	39.0	37.5	38.9

Operating profit, SEK m	2016				2017
	I	II	III	IV	I
Nordic	163	271	185	237	212
UK	111	175	166	93	96
Central Europe	5	13	14	5	4
Group-wide and eliminations	-34	-39	-29	-38	-39
Group	245	420	336	297	273

Operating margin, %	2016				2017
	I	II	III	IV	I
Nordic	11.7	16.7	13.7	14.7	12.7
UK	7.0	10.7	11.1	6.6	6.3
Central Europe	4.3	9.0	9.3	3.8	3.4
Group	7.9	12.3	11.2	9.4	8.2

Reconciliation of alternative performance measures

Nobia presents certain financial performance measures in the interim report that are not defined according to IFRS, known as alternative performance measures. Nobia believes that these measures provide valuable complementary information to investors and the company's management since they facilitate assessments of trends and the company's performance. Because not all companies calculate performance measures in the same way, these are not always comparable with those measures used by other companies. Consequently, the performance measures are not to be seen as replacements for measures defined according to IFRS. For definitions of the performance measures that Nobia uses, see pages 20-22.

	Jan-Mar	
Analysis of net sales Nordic Region	%	SEK m
2016		1,397
Organic growth	16	225
Currency effect	4	50
2017	20	1,672

	Jan-Mar	
Analysis of net sales UK Region	%	SEK m
2016		1,578
Organic growth	6	92
Currency effect	-9	-137
Sales to Hygena	0	-6
2017	-3	1,527

	Jan-Mar	
Analysis of net sales Central Europe region	%	SEK m
2016		116
Organic growth	-2	-2
Currency effect	2	2
2017	0	116

	Jan-Mar		Jan-Dec	Apr-Mar
Operating profit before depreciation and impairment, SEK m	2016	2017	2016	2016/17
Operating profit	245	273	1,298	1,326
Depreciation and impairment	76	71	287	282
Operating profit before depreciation and impairment	321	344	1,585	1,608
Net sales	3,091	3,315	12,648	12,872
% of sales	10.4%	10.4%	12.5%	12.5%

	Jan-Mar		Jan-Dec	Apr-Mar
Profit/loss after tax excluding IAC, SEK m	2016	2017	2016	2016/17
Profit/loss after tax	171	205	455	489
Items affecting comparability net after tax	-	-	448	448
Profit/loss after tax excluding IAC	171	205	903	937

Reconciliation of alternative performance measures, cont.

Net debt SEK m	31 Mar		31 Dec
	2016	2017	2016
Provisions for pensions (IB)	760	835	894
Other long-term liabilities, interest-bearing (IB)	812	8	6
Current liabilities, interest-bearing (IB)	7	801	801
Interest-bearing liabilities booked as liabilities attributable to assets held for sale (IB)	–	–	62
Interest-bearing liabilities	1,579	1,644	1,763
Long-term receivables, interest-bearing (IB)	-3	-3	-3
Current receivables, interest-bearing (IB)	-4	-2	-1
Interest-bearing assets booked as assets held for sale (IB)	–	–	-261
Cash and cash equivalents (IB)	-804	-1,243	-1,005
Interest-bearing assets	-811	-1,248	-1,270
Net debt	768	396	493

Operating capital SEK m	31 Mar		31 Dec
	2016	2017	2016
Total assets	8,151	8,075	8,005
Other provisions	-107	-109	-79
Deferred tax liabilities	-135	-100	-84
Current liabilities, non interest-bearing	-2,513	-2,621	-2,393
Liabilities attributable to assets held for sale, non interest-bearing	-3	-1	-267
Non-interest-bearing liabilities	-2,758	-2,831	-2,823
Capital employed	5,393	5,244	5,182
Interest-bearing assets	-811	-1,248	-1,009
Interest-bearing assets booked as assets held for sale (IB)	–	–	-261
Operating capital	4,582	3,996	3,912

Average operating capital SEK m	Jan-Dec	Apr-Mar
	2016	2016/17
OB Operating capital	4,596	4,582
OB Net operating assets discontinued operations	-535	-542
CB Operating capital	3,912	3,996
CB Net operating assets discontinued operations	22	-4
Average operating capital before adjustments of acquisition and divestments	3,998	4,016
Adjustment for acquisitions and divestments not occurred in the middle of the period	0	–
Average operating capital	3,998	4,016

Average equity SEK m	Jan-Dec	Apr-Mar
	2016	2016/17
OB Equity attributable to Parent Company shareholders	3,818	3,810
CB Equity attributable to Parent Company shareholders	3,415	3,600
Average equity before adjustment of increases and decreases in capital	3,617	3,705
Adjustment for increases and decreases in capital not occurred in the middle of the period	-106	-210
Average equity	3,511	3,495

Definitions

Performance measure	Calculation	Purpose
Return on shareholders' equity	Net profit for the period as a percentage of average shareholders' equity attributable to Parent Company shareholders based on opening and closing balances for the period. The calculation of average shareholders' equity has been adjusted for increases and decreases in capital.	Return on equity shows the total return on shareholders' capital in accounting terms and reflects the effects of both the operational profitability and financial gearing. The measure is primarily used to analyse shareholder profitability over time.
Return on operating capital	Operating profit as a percentage of average operating capital based on opening and closing balances for the period excluding net assets attributable to discontinued operations. The calculation of average operating capital has been adjusted for acquisitions and divestments.	Return on operating capital shows how well the operations use net capital that is tied up in the company. It reflects how both cost and capital-efficient net sales are generated, meaning the combined effect of the operating margin and the turnover rate of operating capital.
Gross margin	Gross profit as a percentage of sales.	This measure reflects the efficiency of the part of the operations that is primarily linked to production and logistics. It is used to measure cost efficiency in this part of the operations.
EBITDA	Earnings before depreciation/amortisation and impairment.	To simplify, the measure shows the earnings-generating cash flow in the operations. It provides a view of the ability of the operations, in absolute terms, to generate resources for investment and payment to financiers and is used for comparisons over time.
Items affecting comparability	Items that affect comparability in so far as they do not reoccur with the same regularity as other items.	Reporting items affecting comparability separately clearly shows the performance of the underlying operations.
Net debt	Interest-bearing liabilities less interest-bearing assets. Interest-bearing liabilities include pension liabilities.	Net debt is used to monitor the debt trend and see the level of the refinancing requirement. The measure is used as a component in the debt/equity ratio.
Operating capital	Capital employed excluding interest-bearing assets.	Operating capital shows the amount of capital required by the operations to conduct its core operations. It is mainly used to calculate the return on operating capital.

Performance measure	Calculation	Purpose
Operating cash flow	Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, increase/decrease in interest-bearing assets.	This measure comprises the cash flow generated by the underlying operations. The measure is used to show the amount of funds at the company's disposal for paying financiers of loans and equity or for use in growth through acquisitions.
Organic growth	Change in net sales, excluding acquisitions and changes in exchange rates.	Organic growth facilitates a comparison of sales over time by comparing the same operations and excluding currency effects.
Region	Region corresponds to an operating segment under IFRS 8.	
Earnings per share	Net profit for the period divided by a weighted average number of outstanding shares during the period.	
Operating margin	Operating profit as a percentage of net sales.	The measure reflects the operating profitability of the operations. It is used to monitor the flexibility and efficiency of the operations before taking into account capital tied up. The performance measure is used both internally in governance and monitoring of the operation, and for benchmarking with other companies in the industry.
Debt/equity ratio	Net debt as a percentage of shareholders' equity including non-controlling interests.	A measure of the ratio. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of the financial strength but also the gearing effect of lending. A higher debt/equity ratio means a higher financial risk and higher financial gearing.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of balance-sheet total.	This measure reflects the company's financial position and thus its long-term solvency. A healthy equity ratio/strong financial position provides preparedness for managing periods of economic downturns and financial preparedness for growth. It also provides a minor advantage in the form of financial gearing.
Capital employed	Balance-sheet total less non-interest-bearing provisions and liabilities.	The capital that shareholders and lenders have placed at the company's disposal. It shows the net capital invested in the operations, such as operating capital, with additions for financial assets.

Performance measure	Calculation	Purpose
Currency effects	“Translation effects” refers to the currency effects arising when foreign results and balance sheets are translated to SEK. “Transaction effects” refers to the currency effects arising when purchases or sales are made in currency other than the currency of the producing country (functional currency).	

Information to shareholders

For further information

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- Morten Falkenberg, President and CEO
- Kristoffer Ljungfelt, CFO
- Lena Schattauer, Head of Communication and Investor Relations

Presentation

The interim report will be presented on Friday, 28 April at 3:00 p.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

21 July 2017	Interim report January-June 2017
27 October 2017	Interim report January-September 2017

This information is such that Nobia is obliged to made public pursuant to the EU's Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, on 28 April 2017 at 2:00 p.m. CET.

Nobia develops and sells kitchens through some twenty strong brands in Europe, including Magnet in the UK; HTH, Norema, Sigdal, Invita, Marbodal in Scandinavia; Petra and A la Carte in Finland and Ewe, FM and Intuo in Austria. Nobia generates profitability by combining economies of scale with attractive kitchen offerings. The Group has approximately 6,000 employees and net sales of about SEK 13 billion. The Nobia share is listed on the Nasdaq Stockholm under the ticker NOBI. Website: www.nobia.com

Box 70376 • 107 24 Stockholm, Sweden • Office address: Klarabergsviadukten 70 A5 • Tel +46 8 440 16 00 • Fax +46 8 503 826 49 • www.nobia.com. Corporate Registration Number: 556528–2752 • Board domicile: Stockholm, Sweden