nobia

# Interim report January-September 2018

## July-September 2018

- Net sales for the third quarter amounted to SEK 3,143 million (2,905).
- Organic growth was a negative 5 per cent (neg: 1).
- Operating profit amounted to SEK 267 million (318), corresponding to an operating margin of 8.5 procent (10.9).
- Currency gains had an impact of approximately SEK 5 million on the Group's operating profit, of which a positive SEK 25 million in translation effects and a negative SEK 20 million in transaction effects.
- Profit after tax amounted to SEK 201 million (264), corresponding to earnings per share before and after dilution of SEK 1.19 (1.56).
- Operating cash flow amounted to SEK 213 million (216).

### Nobia Group summary

| | Jul-Sep | | | Jan-Sep | | | Jan-Dec | Oct-Sep | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | Change, % | 2017 | 2018 | Change, % | 2017 | 2017/2018 | Change, % |
| Net sales, SEK m | 2,905 | 3,143 | 8 | 9,628 | 9,819 | 2 | 12,744 | 12,935 | 1 |
| Gross margin, % | 39.3 | 37.7 | – | 39.4 | 39.1 | – | 39.3 | 39.1 | – |
| Operating margin before depreciation and impairment, % | 13.4 | 11.1 | – | 12.7 | 11.6 | – | 12.3 | 11.6 | – |
| Operating profit (EBIT), SEK m | 318 | 267 | -16 | 1,004 | 909 | -9 | 1,286 | 1,191 | -7 |
| Operating margin, % | 10.9 | 8.5 | – | 10.4 | 9.3 | – | 10.1 | 9.2 | – |
| Profit after financial items, SEK m | 310 | 258 | -17 | 978 | 886 | -9 | 1,250 | 1,158 | -7 |
| Profit/loss after tax, SEK m | 264 | 201 | -24 | 783 | 691 | -12 | 1,015 | 923 | -9 |
| Profit/loss after tax excluding IAC, SEK m | 264 | 201 | -24 | 783 | 691 | -12 | 1,015 | 923 | -9 |
| Earnings/loss per share, before dilution, SEK | 1.56 | 1.19 | -24 | 4.64 | 4.10 | -12 | 6.02 | 5.48 | -9 |
| Earnings/loss per share, after dilution, SEK | 1.56 | 1.19 | -24 | 4.64 | 4.10 | -12 | 6.02 | 5.48 | -9 |
| Operating cash flow, SEK m | 216 | 213 | -1 | 510 | 461 | -10 | 706 | 657 | -7 |

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; Ewe, FM and Intuo in Austria as well as Bribus in the Netherlands. Nobia generates profitability by combining economies of scale with attractive kitchen offerings. The Group has approximately 6,300 employees and net sales of about 13 billion. The Nobia share is listed on Nasdaq Stockholm under the ticker NOBI. Website: www.nobia.com

# Comments from the President and CEO

**Double digit growth in Magnet Retail continued, but a hot summer and lower B2B and project sales in the UK led to disappointing sales in the third quarter. To improve profit generation, we will initiate a cost-reduction programme that will generate annual savings of SEK 100 million, in addition to rectifying the operational issues that have affected the quarter.**

In the Nordics, we estimate the consumer market to be down, partly on the back of the hot summer. In the consumer segment, we maintained, and in certain markets even captured, market shares, despite lower consumer sales. Deliveries to the project market were flat in the quarter, however we believe that the Nordic kitchen market will continue to grow, mainly driven by the Danish and Finnish project markets.

In the beginning of the quarter, we carried out extensive maintenance work in our Swedish factory, which continued to hamper productivity. The manufacturing issues were resolved by September, and we expect improved performance going forward.

In the UK, there is fierce price competition in the lower-end segments. Magnet Retail grew for the third consecutive quarter, backed by our successful new retail offering. However, that was not enough to compensate for the shortfall of project deliveries and lower B2B sales, and thus organic sales growth was a negative 9 per cent. Commodore/CIE has an order book of more than SEK 1 billion, which is up more than 60 per cent compared to last year.

The Austrian and Dutch kitchen markets remain strong. In Austria, our new management is making progress to get the business back to performing in line with financial targets. The integration of Bribus is proceeding according to plan.

Due to uncertainties in our major markets we will initiate a cost-reduction programme to adjust the cost base and safeguard our profitability. This will be in addition to rectifying the operational issues that have affected the quarter. The programme will be initiated during the fourth quarter of 2018 and is expected to generate savings of SEK 80 million in 2019 and SEK 100 million per year from 2020. The measures include store closures and staff reductions in both commercial units and production units. The programme will entail a restructuring charge of SEK 80-100 million in the fourth quarter.

Cash flow remained strong in the period which gives us continued financial headroom to focus on profitable growth, both organically and through acquisitions. The financial targets including the dividend policy remain unchanged.

Morten Falkenberg
*President and CEO*

# Third quarter, consolidated

## Market overview

The overall Nordic kitchen market is deemed to have grown slightly compared with the third quarter of 2017. New housing construction continued to drive the favourable trend, but at a slower pace.

The UK kitchen market is deemed to have weakened due to the political and macroeconomic uncertainty, which has negatively impacted consumer confidence. Price competition remains high.

The kitchen market in Central Europe is deemed to have grown slightly compared with the year-earlier period.

## Net sales, earnings and cash flow

The Group's net sales amounted to SEK 3,143 million (2,905). Currency gains of SEK 228 million impacted sales. Bribus, which was consolidated on 1 July 2018, reported sales of SEK 144 million in the quarter.

Organic sales growth was a negative 5 per cent (neg: 1) due to lower sales volumes and a changed sales mix.

The gross margin declined to 37.7 per cent (39.3), negatively impacted by the acquisition of Bribus, which has a structurally and seasonally lower gross margin, and by higher material prices and lower productivity.

Operating profit declined, primarily due to the weaker gross margin and lower productivity in the Nordic region.

The return on operating capital was 28.2 per cent in the past twelve-month period (Jan-Dec 2017: 31.5). The return on equity was 25.1 per cent in the last twelve-month period (Jan-Dec 2017: 27.8).

Operating cash flow declined slightly, negatively impacted by increased investments compared with the year-earlier period and positively impacted by a positive change in working capital.

### Analysis of net sales

| | Jul-Sep | |
|---|---|---|
| | % | SEK m |
| **2017** | | **2,905** |
| Organic growth | -5 | -134 |
| – of which Nordic | -1 | -14 |
| – of which UK region | -9 | -124 |
| – of which CE region | 3 | 4 |
| Acquisitions | 5 | 144 |
| Currency effect | 8 | 228 |
| **2018** | **8** | **3,143** |

### Currency effect on operating results

| | Jul-Sep | | |
|---|---|---|---|
| **SEK m** | Trans-lation effect | Trans-action effect | Total effect |
| Nordic region | 15 | -20 | -5 |
| UK region | 10 | 0 | 10 |
| CE region | 0 | 0 | 0 |
| **Group** | **25** | **-20** | **5** |

### Store trend, Jul-Sep 2018

| | |
|---|---|
| Renovated or relocated | – |
| Newly opened/closed, net | -8 |
| Number of own kitchen stores | 252 |

### Net sales and profit by region

| | Nordic | | UK | | Central Europe | | Group-wide and eliminations | | Group | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jul-Sep | | Jul-Sep | | Jul-Sep | | Jul-Sep | | Jul-Sep | | |
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | Change, % |
| **Net sales from external customers** | **1,397** | **1,474** | **1,377** | **1,378** | **131** | **291** | **–** | **–** | **2,905** | **3,143** | **8** |
| Net sales from other regions | 1 | 0 | – | – | 0 | 0 | -1 | 0 | – | – | – |
| **Net sales** | **1,398** | **1,474** | **1,377** | **1,378** | **131** | **291** | **-1** | **0** | **2,905** | **3,143** | **8** |
| Gross profit | 565 | 557 | 518 | 543 | 41 | 70 | 17 | 14 | 1,141 | 1,184 | 4 |
| Gross margin, % | 40.4 | 37.8 | 37.6 | 39.4 | 31.3 | 24.1 | – | – | 39.3 | 37.7 | – |
| **Operating profit/loss** | **208** | **185** | **137** | **105** | **7** | **10** | **-34** | **-33** | **318** | **267** | **-16** |
| Operating margin, % | 14.9 | 12.6 | 9.9 | 7.6 | 5.3 | 3.4 | – | – | 10.9 | 8.5 | – |

# Third quarter, the regions

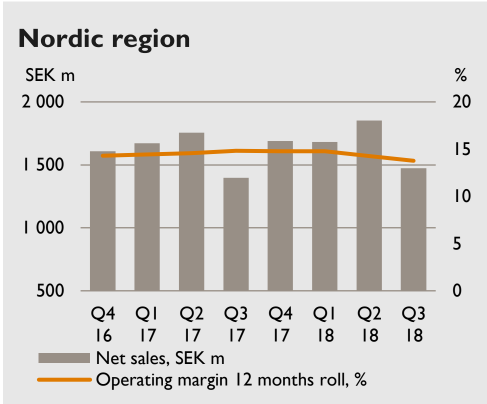
## Nordic Region

Net sales in the Nordic region increased 5 per cent to SEK 1,474 million (1,398). Organic growth was a negative 1 per cent (pos: 3), adversely impacted by lower consumer sales, while project sales were unchanged year on year.

Sales to the customer segment decreased primarily in Denmark. Project sales increased in Finland, remained unchanged in Sweden and Denmark, and fell in Norway.

The gross margin declined to 37.8 per cent (40.4) mainly as a result of currency losses and lower productivity, which were only partially offset by higher sales values.

Operating profit declined to SEK 185 million (208), primarily due to the lower gross margin and lower volumes.




## UK region

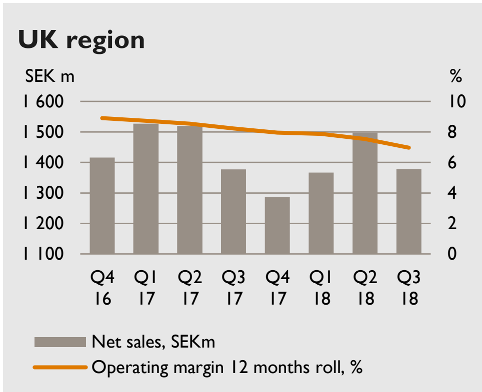
Net sales in the UK amounted to SEK 1,378 million (1,377). Organic growth was a negative 9 per cent (neg: 4).

The decline in sales was primarily a result of lower B2B sales and of lower sales volumes via CIE/Commodore compared with the year-earlier period. Magnets sales also decreased slightly in the third quarter, negatively impacted by lower sales to builders (Trade) and positively impacted by increased sales to consumers (Retail).

In the third quarter of 2017 Nobia's now discontinued partnership with Homebase generated a sale of around SEK 20 million.

The gross margin improved to 39.4 per cent (37.6), primarily driven by a more favourable sales mix.

Operating profit declined to SEK 105 million (137), primarily as a result of lower sales volumes, which was only partly offset by the higher gross margin.



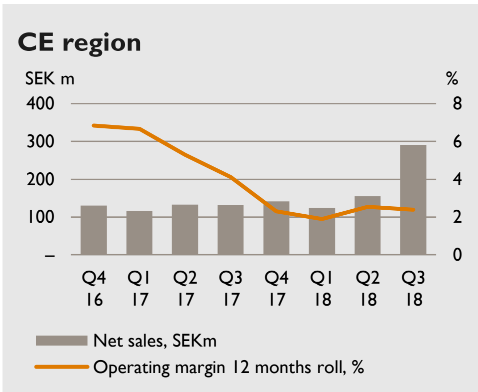

## Central Europe region

Net sales in the Central Europe region totalled SEK 291 million (131). Sales growth was primarily a result of the acquisition of Bribus, which has been part of the Central Europe region since 1 July 2018. Bribus reported sales of SEK 144 million during the quarter. Organic growth was 3 per cent (neg: 12).

In the Austrian operations, domestic sales increased while export sales remained unchanged.

The gross margin decreased to 24.1 per cent (31.3), due primarily to Bribus having a lower gross margin structurally and seasonally, but also owing to a changed sales mix in the Austrian operations.

Operating profit increased to SEK 10 million (7), which was mainly a consequence of the acquisition of Bribus.



# January-September, consolidated

## January-September 2018

- Net sales for the January-September 2018 period totalled SEK 9,819 million (9,628).
- Operating profit totalled SEK 909 million (1,004), corresponding to an operating margin of 9.3 per cent (10.4).
- Currency effects of SEK 0 million impact the Group's operating profit, of which a positive SEK 45 million in translation effects and a negative SEK 45 million in transaction effects.
- Profit after tax amounted to SEK 691 million (783), correspon-ding to earnings per share before and after dilution of SEK 4.10 (4.64).
- Operating cash flow amounted to SEK 416 million (510).

## Comments on performance

Currency gains had an impact of SEK 440 million on sales. Organic sales growth was a negative 4 per cent (pos: 3).

Operating profit declined due to decreased sales, higher material prices and lower productivity.

Group-wide items and eliminations reported an operating loss of SEK 106 million (loss: 116).

Operating cash flow weakened, primarily due to lower profit generation and increased investments compared with the preceding year. Investments in fixed assets amounted to SEK 237 million (187), of which SEK 51 million (48) related to store investments.

### Analysis of net sales

| | Jan-Sep | |
|---|---|---|
| | % | SEK m |
| **2017** | | **9,628** |
| Organic growth | -4 | -393 |
| – whereof Nordic region | 0 | -11 |
| – whereof UK region | -9 | -401 |
| – whereof CE region | 5 | 19 |
| Acquisitions | 2 | 144 |
| Currency effect | 5 | 440 |
| **2018** | **2** | **9,819** |

### Currency effect on operating results

| | Jan-Sep | | |
|---|---|---|---|
| | Trans-lation effect | Trans-action effect | Total effekt |
| Nordic region | 30 | -40 | -10 |
| UK region | 15 | -5 | 10 |
| CE region | 0 | 0 | 0 |
| **Group** | **45** | **-45** | **0** |

### Store trend, Jan-Sep 2018

| | |
|---|---|
| Renovated or relocated | – |
| Newly opened/closed, net | -12 |
| Number of own kitchen stores | 252 |

### Net sales and profit by region

| | Nordic | | UK | | Central Europe | | Group-wide and eliminations | | Group | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Jan-Sep | | Jan-Sep | | Jan-Sep | | Jan-Sep | | Jan-Sep | | |
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | Change, % |
| **Net sales from external customers** | **4,825** | **5,007** | **4,424** | **4,243** | **379** | **569** | **–** | **–** | **9,628** | **9,819** | **2** |
| Net sales from other regions | 1 | 0 | – | – | 1 | 1 | -2 | -1 | – | – | – |
| **Net sales** | **4,826** | **5,007** | **4,424** | **4,243** | **380** | **570** | **-2** | **-1** | **9,628** | **9,819** | **2** |
| Gross profit | 1,957 | 1,957 | 1,676 | 1,685 | 119 | 155 | 41 | 40 | 3,793 | 3,837 | 1 |
| Gross margin, % | 40.6 | 39.1 | 37.9 | 39.7 | 31.3 | 27.2 | – | – | 39.4 | 39.1 | – |
| **Operating profit/loss** | **717** | **676** | **387** | **318** | **16** | **21** | **-116** | **-106** | **1,004** | **909** | **-9** |
| Operating margin, % | 14.9 | 13.5 | 8.7 | 7.5 | 4.2 | 3.7 | – | – | 10.4 | 9.3 | – |
| Net financial items | – | – | – | – | – | – | – | – | -26 | -23 | 12 |
| **Profit after financial items** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **978** | **886** | **-9** |

# Other information

## Financing

In early July 2018, Nobia signed a new syndicated bank loan of SEK 2,000 million, and in connection with the acquisition of Bribus on 13 July 2018 this loan facility was utilised in the amount of approximately SEK 1,080 million. At the end of the third quarter, the syndicated bank load had been utilised in the amount of approximately SEK 1,016 million.

Net debt including pension provisions at the end of the third quarter amounted to SEK 1,256 million (485). Provisions for pensions was SEK 411 million (765) and the decrease was due to changed assumptions about life expectancy and increased discount rate. The debt/equity ratio was 32 per cent (13).

Net financial items amounted to an expense of SEK 23 million (expense: 26). Net financial items include the net of returns on pension assets and interest expenses on pension liabilities corresponding to an expense of SEK 14 million (expense: 20). The net interest expense amounted to SEK 9 million (expense: 6).

## Acquisitions

On 13 July 2018 it was announced that Nobia had signed an agreement to acquire 100 per cent of the shares in Bribus Holding B.V, a kitchen company with a leading position in the attractive Dutch project market for kitchens. Bribus delivers kitchens to professional customers in the Netherlands, primarily social housing providers and large-scale property investors.

The transaction was completed on 13 July 2018. The purchase price consisted of a consideration of EUR 60 million, on a cash and debt-free basis, and a variable consideration of EUR 5 million, conditional upon the business performance until the end of 2020.

The acquisition creates opportunities for continued expansion, and is expected to make a positive contribution to Nobia's earnings per share. Bribus's sales in 2017 totalled approximately EUR 65 million and its operating margin was in line with Nobia's financial targets. Bribus was consolidated into Nobia's accounts on 1 July 2018.

## Earnings from discontinued operations

No earnings from discontinued operations were recognised for the first nine months of 2018. Earnings from discontinued operations after tax for the equivalent period in 2017 amounted to SEK 20 million and pertained to Poggenpohl.

For more information on Nobia's discontinued operations, refer to page 41 in the 2017 Annual Report.

## 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.

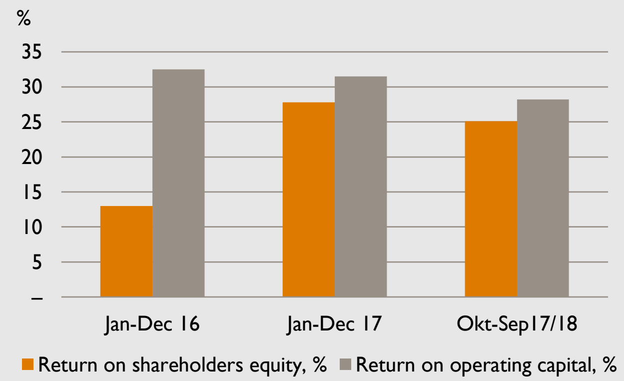
No items affecting comparability (–) were recognised for the first nine months of 2018.

## Store network in Norway

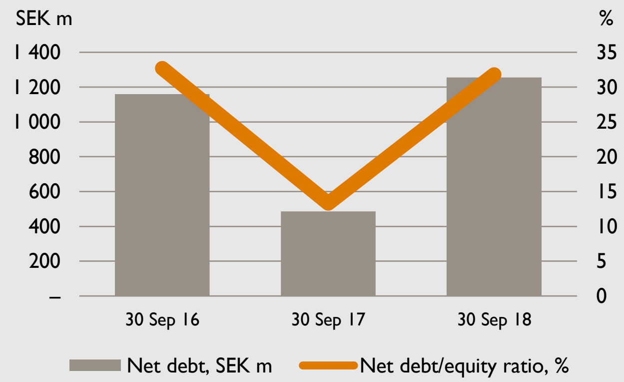
Nobia has decided to convert its own stores selling Norema brand kitchens into franchise stores. The reason for this is that Nobia believes that the Norema kitchen chain is not large enough to generate synergies and the franchise model has proven to be successful in the Norwegian market.

During the January-September 2018 period, eight own Norema stores were converted into franchise stores. One Norema store was closed in the same period. At the end of the period, Nobia had one own Norema store,

**Return on shareholders' equity and on operating capital**




**Net debt and net debt/equity ratio**



which is planned for conversion to a franchise store. The effect of the conversion on earnings is marginal.

## Personnel

The number of employees on 30 September 2018 was 6,284 (6,131). The increase is primarily a result of the acquisition of Bribus, which had 302 employees on the same date.

## Changes in management

Annika Vainio was named Executive Vice President and Head of Commercial Finland. She is Managing Director of Snellman Pro and previously held positions in the Fazer Group and Candy King. Annika Vainio will take office on 1 December 2018.

## Annual General Meeting

Nobia's Annual General Meeting will take place in Stockholm at 5:00 p.m. on 2 May 2019.

Shareholders in Nobia are welcome to submit proposals to the Annual General Meeting not later than 14 March 2019 via email: bolagsstamma@nobia.com or by post: Nobia AB, Bolagsstämma, Box 70376, SE-107 24 Stockholm, Sweden.

## Nomination Committee

The 2017 Annual General Meeting appointed a Nomination Committee tasked with submitting proposals for the Board of Directors, auditors, Chairman of the Annual General Meeting and the Nomination Committee. The Nomination Committee has the following composition: Tomas Billing, Nordstjernan (Chairman); Torbjörn Magnusson, If Skadeförsäkring; Mats Gustafsson, Lannebo fonder and Arne Lööw, Fourth Swedish National Pension Fund.

Shareholders are welcome to submit views and proposals to the Chairman of the Nomination Committee, Tomas Billing, by telephone: +46 (0)8 788 55 00 or by post to: Nobia AB, Valberedningen, Box 70376, SE-107 24 Stockholm, Sweden.

## Transfer and withdrawal of treasury shares

During the first six months, Nobia transferred 103,003 shares under a Performance Share Plan resolved by the 2015 Annual General Meeting. The 2015 Performance Share Plan, which covered approximately 100 senior executives, was based on the 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 performance shares and matching shares in Nobia.

On 9 July 2018, the cancellation of 5,000,000 treasury shares went into effect in accordance with the resolution by the 2018 Annual General Meeting to reduce share capital through withdrawal of treasury shares. After the completed cancellation, as at the end of the third quarter on 30 September 2018, Nobia's holding of treasury shares amounted to 1,606,568 shares, which are to be used to safeguard Nobia's commitments under the Group's share-based remuneration plans. The total number of shares in Nobia is 170,293,458.

## Significant risks

Nobia is exposed to strategic, operating and financial risks, which are described on pages 46-48 of the 2017 Annual Report.

In the January-September 2018 period, demand in the Nordic region and Central Europe is deemed to have improved compared with the preceding year. In the UK, macroeconomic uncertainty as a result of Brexit had a negative impact on the kitchen market. 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 as at 30 September 2018 contained goodwill of SEK 2,922 million (2,311). The value of this asset item is tested if there are any indications of a decline in value, and at least once annually.

Stockholm, 26 October 2018

Morten Falkenberg
*President and CEO*

Nobia AB, Corporate Registration Number 556528-2752

# Review report

## Introduction

We have reviewed the interim report for Nobia AB (publ) for the period 1 January-30 September 2018. The Board of Directors and the President 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 the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared 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, 26 October 2018

Deloitte AB

Daniel de Paula

*Authorised Public Accountant*

# Condensed consolidated income statement

| SEK m | Jul-Sep 2017 | Jul-Sep 2018 | Jan-Sep 2017 | Jan-Sep 2018 | Jan-Dec 2017 | Oct-Sep 2017/2018 |
|---|---|---|---|---|---|---|
| Net sales | 2,905 | 3,143 | 9,628 | 9,819 | 12,744 | 12,935 |
| Cost of goods sold | -1,764 | -1,959 | -5,835 | -5,982 | -7,730 | -7,877 |
| **Gross profit** | **1,141** | **1,184** | **3,793** | **3,837** | **5,014** | **5,058** |
| | | | | | | |
| Selling and administrative expenses | -843 | -922 | -2,807 | -2,954 | -3,751 | -3,898 |
| Other income/expenses | 20 | 5 | 18 | 26 | 23 | 31 |
| **Operating profit** | **318** | **267** | **1,004** | **909** | **1,286** | **1,191** |
| | | | | | | |
| Net financial items | -8 | -9 | -26 | -23 | -36 | -33 |
| **Profit/loss after financial items** | **310** | **258** | **978** | **886** | **1,250** | **1,158** |
| | | | | | | |
| Tax | -67 | -57 | -215 | -195 | -256 | -236 |
| **Profit/loss after tax from continuing operations** | **243** | **201** | **763** | **691** | **994** | **922** |
| Profit/loss from discontinued operations, net after tax | 21 | – | 20 | – | 21 | 1 |
| **Profit/loss after tax** | **264** | **201** | **783** | **691** | **1,015** | **923** |
| | | | | | | |
| Total profit attributable to: | | | | | | |
| Parent Company shareholders | 264 | 201 | 783 | 691 | 1,015 | 923 |
| Non-controlling interests | – | – | 0 | – | 0 | – |
| **Total profit/loss** | **264** | **201** | **783** | **691** | **1,015** | **923** |
| | | | | | | |
| Total depreciation[1] | 71 | 82 | 213 | 232 | 285 | 304 |
| Total impairment[1] | 1 | – | 1 | – | 2 | 1 |
| Gross margin, % | 39.3 | 37.7 | 39.4 | 39.1 | 39.3 | 39.1 |
| Operating margin, % | 10.9 | 8.5 | 10.4 | 9.3 | 10.1 | 9.2 |
| Return on operating capital, % | – | – | – | – | 31.5 | 28.2 |
| Return on shareholders equity, % | – | – | – | – | 27.8 | 25.1 |
| Earnings per share before dilution, SEK[2] | 1.56 | 1.19 | 4.64 | 4.10 | 6.02 | 5.48 |
| Earnings per share after dilution, SEK[2] | 1.56 | 1.19 | 4.64 | 4.10 | 6.02 | 5.48 |
| Number of shares at period end before dilution, 000s[3] | 168,584 | 168,687 | 168,584 | 168,687 | 168,584 | 168,687 |
| Average number of shares before dilution, 000s[3] | 168,584 | 168,687 | 168,535 | 168,641 | 168,547 | 168,627 |
| Number of shares after dilution at period end, 000s[3] | 168,670 | 168,726 | 168,712 | 168,730 | 168,712 | 168,730 |
| Average number of shares after dilution, 000s[3] | 168,670 | 168,726 | 168,697 | 168,711 | 168,702 | 168,705 |

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

2 Earnings per share attributable to Parent Company shareholders.

3 Excluding treasury shares.

# Consolidated statement of comprehensive income

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Profit/loss after tax | 264 | 201 | 783 | 691 | 1,015 | 952 |
| **Other comprehensive income** | | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | | |
| Exchange-rate differences attributable to translation of foreign operations | -46 | -79 | -122 | 188 | -18 | 292 |
| Cash flow hedges before tax | -11 | -7 | 9[1] | -17[2] | 14[3] | -12 |
| Tax attributable to change in hedging reserve for the period | 2 | 2 | -2[4] | 4[5] | **-3**[6] | **3** |
| | **-55** | **-84** | **-115** | **175** | -7 | 283 |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurements of defined benefit pension plans | 40 | -39 | 78 | 144 | 277 | 343 |
| Tax relating to remeasurements of defined benefit pension plans | -6 | 6 | -13 | -25 | -46 | -58 |
| | 34 | -33 | 65 | 119 | 231 | 285 |
| **Other comprehensive income/loss** | **-21** | **-117** | **-50** | **294** | **224** | **568** |
| **Total comprehensive income/loss** | **243** | **84** | **733** | **985** | **1,239** | **1,520** |
| **Total comprehensive income/loss attributable to:** | | | | | | |
| Parent Company shareholders | 243 | 84 | 733 | 985 | 1,239 | 1,491 |
| Non-controlling interests | – | – | 0 | – | 0 | – |
| **Total comprehensive income/loss** | **243** | **84** | **733** | **985** | **1,239** | **1,491** |

1 Reversal recognised in profit and loss amounts to SEK 5 million. New provision amounts to SEK 4 million.

2 Reversal recognised in profit and loss amounts to a negative SEK 10 million. New provision amounts to a negative SEK 7 million.

3 Reversal recognised in profit and loss amounts to SEK 5 million. New provision amounts to SEK 9 million.

4 Reversal recognised in profit and loss amounts to a negative SEK 1million. New provision amounts to a negative SEK 1 million.

5 Reversal recognised in profit and loss amounts to SEK 2 million. New provision amounts to SEK 2 million.

6 Reversal recognised in profit and loss amounts to a negative SEK 1 million. New provision amounts to a negative SEK 2 million.

# Condensed consolidated balance sheet

| | 30 Sep | | 31 Dec |
|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 |
| **ASSETS** | | | |
| Goodwill | 2,311 | 2,922 | 2,361 |
| Other intangible fixed assets | 115 | 136 | 149 |
| Tangible fixed assets | 1,333 | 1,534 | 1,367 |
| Long-term receivables, interest-bearing (IB) | 4 | 3 | 5 |
| Long-term receivables | 34 | 42 | 34 |
| Deferred tax assets | 155 | 90 | 118 |
| **Total fixed assets** | **3,952** | **4,727** | **4,034** |
| | | | |
| Inventories | 928 | 1,020 | 908 |
| | | | |
| Accounts receivable | 1,526 | 1,667 | 1,282 |
| Current receivables, interest-bearing (IB) | 18 | 30 | 18 |
| Other receivables | 451 | 524 | 465 |
| *Total current receivables* | *1,995* | *2,221* | *1,765* |
| | | | |
| Cash and cash equivalents (IB) | 264 | 145 | 473 |
| **Total current assets** | **3,187** | **3,386** | **3,146** |
| **Total assets** | **7,139** | **8,113** | **7,180** |
| | | | |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| Share capital | 58 | 57 | 58 |
| Other capital contributions | 1,485 | 1,485 | 1,486 |
| Reserves | -372 | -89 | -264 |
| Profit brought forward | 2,476 | 2,501 | 2,874 |
| *Total shareholders' equity attributable to Parent Company shareholders* | *3,647* | *3,954* | *4,154* |
| | | | |
| **Total shareholders' equity** | **3,647** | **3,954** | **4,154** |
| | | | |
| Provisions for pensions (IB) | 765 | 411 | 567 |
| Other provisions | 61 | 32 | 40 |
| Deferred tax liabilities | 82 | 85 | 89 |
| Other long-term liabilities, interest-bearing (IB) | 5 | 1,023 | 5 |
| Other long-term liabilities, non interest-bearing | – | 44 | – |
| **Total long-term liabilities** | **913** | **1,595** | **701** |
| | | | |
| Current liabilities, interest-bearing (IB) | 1 | 0 | 1 |
| Current liabilities | 2,578 | 2,564 | 2,324 |
| **Total current liabilities** | **2,579** | **2,564** | **2,325** |
| **Total shareholders' equity and liabilities** | **7,139** | **8,113** | **7,180** |
| | | | |
| **BALANCE-SHEET RELATED KEY RATIOS** | | | |
| Equity/assets ratio, % | 51 | 49 | 58 |
| Debt/equity ratio, % | 13 | 32 | 2 |
| Net debt, closing balance, SEK m | 485 | 1,256 | 77 |
| Operating capital, closing balance, SEK m | 4,132 | 5,210 | 4,231 |
| Capital employed, closing balance, SEK m | 4,418 | 5,388 | 4,727 |

# 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 share-holders equity |
| Opening balance, 1 January 2017 | 58 | 1,481 | -253 | -4 | 2,133 | 3,415 | 4 | 3,419 |
| Profit/loss for the period | – | – | – | – | 783 | 783 | 0 | 783 |
| Other comprehensive income/loss for the period | – | – | -122 | 7 | 65 | -50 | 0 | -50 |
| **Total comprehensive income for the period** | **–** | **–** | **-122** | **7** | **848** | **733** | **0** | **733** |
| Dividend | – | – | – | – | -505 | -505 | – | -505 |
| Change in non-controlling interests | – | – | – | – | – | – | -4 | -4 |
| Allocation of share saving schemes | – | 4 | – | – | – | 4 | – | 4 |
| **Closing balance, 30 September 2017** | **58** | **1,485** | **-375** | **3** | **2,476** | **3,647** | **–** | **3,647** |
| | | | | | | | | |
| Opening balance, 1 January 2018 | 58 | 1,486 | -271 | 7 | 2,874 | 4,154 | – | 4,154 |
| New accounting principles, financial instruments[1] | – | – | – | – | -4 | -4 | – | -4 |
| Restated opening balance, 1 January 2018 | 58 | 1,486 | -271 | 7 | 2,870 | 4,150 | – | 4,150 |
| Profit/loss for the period | – | – | – | – | 691 | 691 | – | 691 |
| Other comprehensive income/loss for the period | – | – | 188 | -13 | 119 | 294 | – | 294 |
| **Total comprenhensive income/loss for the period** | **–** | **–** | **188** | **-13** | **810** | **985** | **–** | **985** |
| Cancellation of treasury shares | -1 | – | – | – | 1 | – | – | – |
| Dividend | – | – | – | – | -1,180 | -1,180 | – | -1,180 |
| Allocation of share saving schemes | – | -1 | – | – | – | -1 | – | -1 |
| **Closing balance,  30 September 2018** | **57** | **1,485** | **-83** | **-6** | **2,501** | **3,954** | **–** | **3,954** |

1 See IFRS 9 Financial instruments on pages 14-15.

# Condensed consolidated cash flow statement

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| *Operating activities* | | | | | | |
| Operating profit | 318 | 267 | 1,004 | 909 | 1,286 | 1,191 |
| Operating profit/loss for discontinued operations | 21 | – | 19 | – | 20 | 1 |
| Depreciation/Impairment | 72 | 82 | 214[1] | 232[2] | 287[3] | 305 |
| Adjustments for non-cash items | -27 | -14 | -51 | -17 | -30 | 4 |
| Tax paid | -16 | -29 | -117 | -152 | -248 | -283 |
| Change in working capital | -88 | -2 | -388 | -287 | -328 | -227 |
| **Cash flow from operating activities** | **280** | **304** | **681** | **685** | **987** | **991** |
| *Investing activities* | | | | | | |
| Investments in fixed assets | -70 | -95 | -187 | -237 | -319 | -369 |
| Other items in investing activities | 6 | 4 | 16 | 13 | 38 | 35 |
| Interest received | 1 | 0 | 2 | 1 | 3 | 2 |
| Change in interest-bearing assets | -2 | 1 | -19 | -10 | -19 | -10 |
| Acquisition of operations | – | -558 | – | -558 | 0 | -558 |
| Divestment of operations | -5 | – | -90 | – | –93 | -3 |
| **Cash flow from investing activities** | **-70** | **-648** | **-278** | **-791** | **-390** | **-903** |
| Operating cash flow before acquisition/divestment of operations interest, increase/decrease of interest-bearing assets | 216 | 213 | 510 | 461 | 706 | 657 |
| Total cashflow from operating and investing activities | 210 | -344 | 403 | -106 | 597 | 88 |
| *Financing activities* | | | | | | |
| Interest paid | -1 | -4 | -8 | -11 | -10 | -13 |
| Change in interest-bearing liabilities | -44 | 399 | -851[4] | 932[5] | -872[6] | 911 |
| Dividend | – | 0 | -505 | -1,180 | -505 | -1,180 |
| **Cash flow from financing activities** | **-45** | **395** | **-1,364** | **-259** | **-1,387** | **-282** |
| Cash flow for the period excluding exchange-rate differences in cash and cash equivalents | 165 | 51 | -961 | -365 | -790 | -194 |
| Cash and cash equivalents at beginning of the period | 138 | 52 | 1,266 | 473 | 1,266 | 264 |
| Cash flow for the period | 165 | 51 | -961 | -365 | -790 | -194 |
| Exchange-rate differences in cash and cash equivalents | -39 | 42 | -41 | 37 | -3 | 75 |
| **Cash and cash equivalents at period-end** | **264** | **145** | **264** | **145** | **473** | **145** |

1 Impairment amounted to SEK 1 million and pertained to kitchen displays.

2 No impairment took place during the period.

3 Impairment amounted to SEK 2 million and pertained to kitchen displays.

4 Repayment of loans totalling SEK 800 million.

5 Raising of loans totalling SEK 1 billion, net.

6 Repayment of loans totalling SEK 800 million.

# Analysis of net debt

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| **Opening balance** | **711** | **825** | **493** | **77** | **493** | **485** |
| Acquisition of operations | – | 618 | – | 618 | – | 618 |
| Divestment of operations | 5 | – | 28 | – | 30 | 2 |
| Translation differences | 21 | -17 | 22 | -33 | -3 | -58 |
| Operating cash flow | -216 | -213 | -510 | -461 | -706 | -657 |
| Interest paid, net | 0 | 4 | 6 | 10 | 7 | 11 |
| Remeasurements of defined benefit pension plans | -40 | 39 | -78 | -144 | -277 | -343 |
| Other change in pension liabilities | 4 | 0 | 19 | 9 | 28 | 18 |
| Dividend | – | – | 505 | 1,180 | 505 | 1,180 |
| **Closing balance** | **485** | **1,256** | **485** | **1,256** | **77** | **1,256** |

# 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 2017 Annual Report, except for the recognition of revenue from contracts with customers (IFRS 15) and financial instruments (IFRS 9). A description of the new accounting policies is provided in the 2017 Annual Report.

## IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a comprehensive standard for determining the amount of revenue to be recognised and when this revenue is to be recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

### Transition

Nobia applies IFRS 15 from 1 January 2018 and applied the introduction retrospectively. In 2017, it conducted a Group-wide review of Nobia's revenue streams to assess the effects of IFRS 15. The primary conclusions from this review are described below.

### Sale of goods

Under IFRS 15, the revenue is recognised at the point in time control over the goods passes to the customer. Revenue recognition for certain project sales that include installations of kitchens will be affected by the new standard. In a few of Nobia's units, the revenue for goods was previously recognised when the installation was completed. From 2018, revenue for kitchen products will be recognised under IFRS 15 upon delivery and when control over the goods passes to the customer, and revenue for the installation will be recognised separately when it is completed. Altogether, this will result in revenue attributable to goods of this type of project sales being recognised earlier than previously. The time between delivery and installation is very brief, however, since the deliveries are governed by customer orders. Additionally, this type of project sales occurs only by way of exception in the markets where Nobia is active; the effects of the transition will therefore be negligible.

Nobia applies IFRS 15 retrospectively using what is known as the full retrospective method. The aggregate effect of the transition on revenue in the Group for 2017 has been estimated at approximately negative SEK 5 million, and on closing equity at approximately negative SEK 2 million, which is not deemed to be material in relation to the Group's total revenue of SEK 12,744 million for 2017. The revenue for the 2017 fiscal year was not restated for comparison with 2018, since the true and fair view, and thus the assessment of our stakeholders, of Nobia's historical or future financial performance is not deemed to be impacted. For more information see page 61 in the 2017 Annual Report.

Nobia recognises revenue for kitchen products and other products at a certain point in time, while installation services are recognised over time in line with the installation being performed. Installation services comprise about 5-6 per cent of Nobia's total sales. For more information, refer to page 22.

## IFRS 9 Financial instruments

IFRS 9, which replaces IAS 39 Financial instruments: Recognition and Measurement, contains rules for recognition, classification and measurement, impairment, derecognition and general hedge accounting.

### Transition

Nobia applies IFRS 9 from 1 January 2018 and in 2017 it conducted a Group-wide review of Nobia's financial instruments and related business models to assess the effects of IFRS 9. Nobia's assessment is that IFRS 9 will only entail an increase regarding expected credit losses on accounts receivable. From 2018, Nobia bases any impairment requirements on an expected credit losses model and no longer bases impairment on loss events occurred. The effect for 2017 is expected to amount to approximately SEK 5 million. In calculating expected credit losses, Nobia has taken into consideration historical bad debt losses and analysis of the respective customer segments, and observed the macroeconomic effects on customers' conditions such as the impact of Brexit on the local market.

As the transition method, Nobia has chosen to utilise the exception to not restate comparable information for previous periods regarding classification and measurement (including impairment). Differences in carrying amounts attributable to financial assets and liabilities in connection with the introduction of IFRS 9 will be recognised in profit brought forward at 1 January 2018 totalling a negative SEK 4 million after tax. See table below.

| 31 Dec 2017 (MSEK) | Before adjustment | Adjustment | After adjustment |
|---|---|---|---|
| Accounts receivable | 1,282 | -5 | 1,277 |
| Deferred tax assets | 118 | 1 | 119 |
| Profit brought forward | 2,874 | -4 | 2,870 |

For other information regarding financial instruments, refer to Note 3 in this report and Note 30 in the 2017 Annual Report.

### IFRS 16 Leases

IFRS 16 Leases will replace existing IFRSs related to recognising leases such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. The Group plans to apply the standard from 1 January 2019.

The Group has started to assess the potential effects of the standard but has not yet performed a more detailed analysis. The final effect of the introduction of IFRS 16 on the financial statements will depend on future financial circumstances, including the composition of the Group's lease portfolio at that time, the Group's most recent assessment of whether it will make use of any options to extend leases and the extent to which the Group will decide to use relaxation rules and exemptions from recognition in the balance sheet/statement of financial position.

The most significant effects identified to date are that the Group will need to recognise new assets and liabilities for its operating leases regarding stores, plants and warehouse premises. An indication of the scope under the current circumstances can be obtained from the disclosures on operating leases provided in Note 11 in the 2017 Annual Report.

The preliminary effects of IFRS 16 will be described in the 2018 year-end report. The Group does not expect the introduction of IFRS 16 to impact its ability to meet the conditions of the loan agreements the Group has.

## Note 2 – References

Segment information, pages 3 and 4.
Loan and shareholders' equity transactions, pages 6 and 7.
Acquisition and divestment of operations, page 6.
Items affecting comparability, page 6.
Net sales per product group, page 22.

## Note 3 – Financial instruments – fair value

Nobia's financial assets essentially comprise non-interest-bearing and interest-bearing receivables whereby cash flows only represent payment for the initial investment and, where applicable, for the time value and interest. These are intended to be held to maturity and are recognised at amortised cost, which is a reasonable approximation of fair value. Financial liabilities are primarily recognised at amortised cost.

Financial instruments measured at fair value in the balance sheet are currency forward contracts comprised of assets at a value of SEK 5 million (31 Dec 2017: 50) and liabilities at a value of SEK 31 million (31 Dec 2017: 43). These items are measured according to level 2 of the fair value hierarchy, meaning based on indirect observable market data. Nobia's financial instruments are measured at fair value and included in the balance sheet on the rows "Other receivables" and "Current liabilities".

The purchase consideration in connection with the acquisition of Bribus constitutes a financial liability measured at fair value according to Level 3 of the fair value hierarchy. For further information, see Note 5.

# Note 4 – Related-party transactions

There is no sale and manufacturing of kitchens in the Parent Company. The Parent Company invoiced Group-wide services to subsidiaries in an amount of SEK 191 million (164) during the first three quarters of 2018. The Parent Company's financial income mainly consists of currency effects. The Parent Company's reported dividends from participations in Group companies totalled SEK 0 million (0).

# Note 5 – Company acquisition

On 13 July 2018, Nobia acquired 100 per cent of the shares and the votes in Bribus Holding B.V, a Dutch kitchen supplier with annual sales of approximately SEK 650 million. Bribus supplies kitchens to professional customers in the Netherlands, primarily to social housing providers and large-scale property investors. The acquisition is the first step in Nobia's growth strategy of expanding into attractive and adjacent markets.

Bribus was consolidated on 1 July and reported sales of SEK144 million after the acquisition. Sales from the beginning of the year totalled approximately SEK 478 million. Transaction costs for the acquisition amounted to SEK 8 million and are recognised in the Group's other income and expenses. The additional purchase consideration of a maximum SEK 52 million is conditional upon the business performance for the 2018, 2019 and 2020 financial years and is measured according to level 3 of the fair value hierarchy. The additional purchase consideration, which will be paid out in three annual portions beginning in 2019, are recognised as both a current and long-term non-interest-bearing financial liability and measured at fair value based on Nobia's best estimate regarding future payments. Currently, the assessment is an outcome of 100 per cent.

Goodwill is attributable to Bribus's underlying earnings, the expected growth in the project market over the next few years, and synergies that are expected to be achieved through further coordination of purchasing, production, distribution and administration.

The acquisition analysis below is preliminary since the acquisition amounts of fair value have not been finally determined.

**Net assets and goodwill acquired**

| SEK m | |
|---|---|
| Cash purchase consideration | 560 |
| Additional purchase consideration | 52 |
| Fair value of net assets acquired | -150 |
| Goodwill | 462 |

**Assets and liabilities included in acquisition**

| MSEK | Fair value |
|---|---|
| Cash and bank balances | 2 |
| Tangible assets | 96 |
| Intangible assets | 6 |
| Inventories | 39 |
| Receivables | 132 |
| Liabilities | -63 |
| Interest-bearing liabilities | -60 |
| Tax | -2 |
| Net deferred tax | -0 |
| Acquired net assets | 150 |
| | |
| Purchase consideration, paid in cash | 560 |
| Cash and cash equivalents in subsidiary acquired | 2 |
| Decrease in Group's cash and cash equivalents on acquisition | 558 |

# Parent Company

## Condensed Parent Company income statement

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Net sales | 56 | 64 | 171 | 192 | 224 | 245 |
| Administrative expenses | -65 | -59 | -216 | -202 | -267 | -253 |
| Administrative expenses | 1 | 0 | 3 | 3 | 5 | 5 |
| Administrative expenses | -3 | -1 | -8 | -2 | -9 | -3 |
| **Operating loss** | **-11** | **4** | **-50** | **-9** | **-47** | **-6** |
| Profit from shares in Group companies | -4 | 0 | -8 | – | 969 | 977 |
| Other financial income and expenses | -13 | -29 | -28 | 83 | -2 | 109 |
| **Profit/loss after financial items** | **-28** | **-25** | **-86** | **74** | **920** | **1,080** |
| Tax on profit/loss for the period | 0 | 0 | 0 | 0 | -31 | -31 |
| **Profit/loss for the period** | **-28** | **-25** | **-86** | **74** | **889** | **1,049** |

## Parent company balance sheet

| | 30 Sep | | 31 Dec |
|---|---|---|---|
| **SEK m** | 2017 | 2018 | 2017 |
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Shares and participations in Group companies | 1,379 | 1,379 | 1,379 |
| Deferred tax assetts | 4 | 4 | 5 |
| **Total fixed assets** | **1,383** | **1,383** | **1,384** |
| | | | |
| **Current assets** | | | |
| *Current receivables* | | | |
| Accounts receivable | 0 | 2 | 1 |
| Receivables from Group companies | 2,317 | 2,304 | 2,839 |
| Other receivables | 44 | 48 | 44 |
| Prepaid expenses and accrued income | 50 | 70 | 52 |
| Cash and cash equivalents | 119 | 64 | 334 |
| **Total current assets** | **2,530** | **2,488** | **3,270** |
| **Total assets** | **3,913** | **3,871** | **4,654** |
| | | | |
| **SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| *Restricted shareholders' equity* | | | |
| Share capital | 58 | 57 | 58 |
| Statutory reserve | 1,671 | 1,671 | 1,671 |
| | **1,729** | **1,728** | **1,729** |
| *Non-restricted shareholders' equity* | | | |
| Share premium reserve | 52 | 52 | 52 |
| Buy-back of shares | -385 | -92 | -385 |
| Profit brought forward | 1,261 | 679 | 1,262 |
| Profit/loss for the period | -86 | 74 | 889 |
| | **842** | **713** | **1,818** |
| **Total shareholders' equity** | **2,571** | **2,441** | **3,547** |
| | | | |
| **Long term liabilities** | | | |
| Provisions for pensions | 17 | 18 | 17 |
| Deferred tax liabilities | 4 | 4 | 5 |
| **Total long-term liabilities** | **21** | **22** | **22** |
| **Current liabilities** | | | |
| Liabilities to credit institutes | 0 | 0 | 0 |
| Accounts payable | 13 | 17 | 23 |
| Liabilities to Group companies | 1,246 | 1,336 | 956 |
| Current tax liabilities | 0 | 12 | 44 |
| Other liabilities | 33 | 24 | 42 |
| Accrued expenses and deferred income | 29 | 19 | 20 |
| **Total current liabilities** | **1,321** | **1,408** | **1,085** |
| **Total shareholders' equity, provisions and liabilities** | **3,913** | **3,871** | **4,654** |

# Comparative date per region

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Net sales, SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Nordic | 1,398 | 1,474 | 4,826 | 5,007 | 6,516 | 6,697 |
| UK | 1,377 | 1,378 | 4,424 | 4,243 | 5,710 | 5,529 |
| Central Europe | 131 | 291 | 380 | 570 | 521 | 711 |
| Group-wide and eliminations | -1 | 0 | -2 | -1 | -3 | -2 |
| **Group** | **2,905** | **3,143** | **9,628** | **9,819** | **12,744** | **12,935** |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Gross profit, SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Nordic | 565 | 557 | 1,957 | 1,957 | 2,638 | 2,638 |
| UK | 518 | 543 | 1,676 | 1,685 | 2,172 | 2,181 |
| Central Europe | 41 | 70 | 119 | 155 | 152 | 188 |
| Group-wide and eliminations | 17 | 14 | 41 | 40 | 52 | 51 |
| **Group** | **1,141** | **1,184** | **3,793** | **3,837** | **5,014** | **5,058** |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Gross margin, %** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Nordic | 40.4 | 37.8 | 40.6 | 39.1 | 40.5 | 39.4 |
| UK | 37.6 | 39.4 | 37.9 | 39.7 | 38.0 | 39.4 |
| Central Europe | 31.3 | 24.1 | 31.3 | 27.2 | 29.2 | 26.4 |
| **Group** | **39.3** | **37.7** | **39.4** | **39.1** | **39.3** | **39.1** |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Operating profit, SEK m** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Nordic | 208 | 185 | 717 | 676 | 963 | 922 |
| UK | 137 | 105 | 387 | 318 | 454 | 385 |
| Central Europe | 7 | 10 | 16 | 21 | 12 | 17 |
| Group-wide and eliminations | -34 | -33 | -116 | -106 | -143 | -133 |
| **Group** | **318** | **267** | **1,004** | **909** | **1,286** | **1,191** |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Operating margin, %** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Nordic | 14.9 | 12.6 | 14.9 | 13.5 | 14.8 | 13.8 |
| UK | 9.9 | 7.6 | 8.7 | 7.5 | 8.0 | 7.0 |
| Central Europe | 5.3 | 3.4 | 4.2 | 3.7 | 2.3 | 2.4 |
| **Group** | **10.9** | **8.5** | **10.4** | **9.3** | **10.1** | **9.2** |

# Quarterly data per region

| | 2017 | | | | 2018 | | |
|---|---|---|---|---|---|---|---|
| **Net sales, SEK m** | I | II | III | IV | I | II | III |
| Nordic | 1,672 | 1,756 | 1,398 | 1,690 | 1,682 | 1,851 | 1,474 |
| UK | 1,527 | 1,520 | 1,377 | 1,286 | 1,367 | 1,498 | 1,378 |
| Central Europe | 116 | 133 | 131 | 141 | 124 | 155 | 291 |
| Group-wide and eliminations | 0 | -1 | -1 | -1 | 0 | -1 | 0 |
| **Group** | **3,315** | **3,408** | **2,905** | **3,116** | **3,173** | **3,503** | **3,143** |

| | 2017 | | | | 2018 | | |
|---|---|---|---|---|---|---|---|
| **Gross profit, SEK m** | I | II | III | IV | I | II | III |
| Nordic | 671 | 721 | 565 | 681 | 669 | 731 | 557 |
| UK | 570 | 588 | 518 | 496 | 543 | 599 | 543 |
| Central Europe | 36 | 42 | 41 | 33 | 35 | 50 | 70 |
| Group-wide and eliminations | 14 | 10 | 17 | 11 | 13 | 13 | 14 |
| **Group** | **1,291** | **1,361** | **1,141** | **1,221** | **1,260** | **1,393** | **1,184** |

| | 2017 | | | | 2018 | | |
|---|---|---|---|---|---|---|---|
| **Gross margin, %** | I | II | III | IV | I | II | III |
| Nordic | 40.1 | 41.1 | 40.4 | 40.3 | 39.8 | 39.5 | 37.8 |
| UK | 37.3 | 38.7 | 37.6 | 38.6 | 39.7 | 40.0 | 39.4 |
| Central Europe | 31.0 | 31.6 | 31.3 | 23.4 | 28.2 | 32.3 | 24.1 |
| **Group** | **38.9** | **39.9** | **39.3** | **39.2** | **39.7** | **39.8** | **37.8** |

| | 2017 | | | | 2018 | | |
|---|---|---|---|---|---|---|---|
| **Operating profit, SEK m** | I | II | III | IV | I | II | III |
| Nordic | 212 | 297 | 208 | 246 | 213 | 278 | 185 |
| UK | 96 | 154 | 137 | 67 | 79 | 134 | 105 |
| Central Europe | 4 | 5 | 7 | -4 | 2 | 9 | 10 |
| Group-wide and eliminations | -39 | -43 | -34 | -27 | -39 | -34 | -33 |
| **Group** | **273** | **413** | **318** | **282** | **255** | **387** | **267** |

| | 2017 | | | | 2018 | | |
|---|---|---|---|---|---|---|---|
| **Operating margin, %** | I | II | III | IV | I | II | III |
| Nordic | 12.7 | 16.9 | 14.9 | 14.6 | 12.7 | 15.0 | 12.6 |
| UK | 6.3 | 10.1 | 9.9 | 5.2 | 5.8 | 8.9 | 7.6 |
| Central Europe | 3.4 | 3.8 | 5.3 | -2.8 | 1.6 | 5.8 | 3.4 |
| **Group** | **8.2** | **12.1** | **10.9** | **9.1** | **8.0** | **11.0** | **8.5** |

# Operating capital per region

| Operating capital Nordic region, SEK m | 30 Sep 2017 | 30 Sep 2018 | 31 Dec 2017 |
|---|---|---|---|
| Operating assets | 2,144 | 2,283 | 1,919 |
| Operating liabilities | 1,187 | 1,219 | 1,206 |
| **Operating capital** | **957** | **1,064** | **713** |

| Operating capital UK region, SEK m | 30 Sep 2017 | 30 Sep 2018 | 31 Dec 2017 |
|---|---|---|---|
| Operating assets | 2,789 | 2,863 | 2,769 |
| Operating liabilities | 1,138 | 1,012 | 945 |
| **Operating capital** | **1,651** | **1,851** | **1,824** |

| Operating capital Central Europe region, SEK m | 30 Sep 2017 | 30 Sep 2018 | 31 Dec 2017 |
|---|---|---|---|
| Operating assets | 236 | 519 | 226 |
| Operating liabilities | 97 | 173 | 109 |
| **Operating capital** | **139** | **346** | **117** |

| Operating capital Group-wide and eliminations, SEK m | 30 Sep 2017 | 30 Sep 2018 | 31 Dec 2017 |
|---|---|---|---|
| Operating assets | 1,684 | 2,270 | 1,769 |
| Operating liabilities | 299 | 321 | 192 |
| **Operating capital** | **1,385** | **1,949** | **1,577** |

| Operating capital Group, SEK m | 30 Sep 2017 | 30 Sep 2018 | 31 Dec 2017 |
|---|---|---|---|
| Operating assets | 6,853 | 7,935 | 6,683 |
| Operating liabilities | 2,721 | 2,725 | 2,452 |
| **Operating capital** | **4,132** | **5,210** | **4,231** |

# Comparative data by product group

| Net sales Nordic by product group, % | Jul-Sep 2017 | Jul-Sep 2018 | Jan-Sep 2017 | Jan-Sep 2018 | Jan-Dec 2017 | Oct-Sep 2017/2018 |
|---|---|---|---|---|---|---|
| Kitchen furnitures | 66 | 68 | 65 | 67 | 65 | 66 |
| Installation services | 6 | 6 | 6 | 6 | 6 | 6 |
| Other products | 28 | 26 | 29 | 27 | 29 | 28 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

| Net sales UK by product group, % | Jul-Sep 2017 | Jul-Sep 2018 | Jan-Sep 2017 | Jan-Sep 2018 | Jan-Dec 2017 | Oct-Sep 2017/2018 |
|---|---|---|---|---|---|---|
| Kitchen furnitures | 61 | 64 | 61 | 63 | 60 | 61 |
| Installation services | 6 | 5 | 6 | 6 | 7 | 7 |
| Other products | 33 | 31 | 33 | 31 | 33 | 32 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

| Net sales Central Europe by product group, % | Jul-Sep 2017 | Jul-Sep 2018 | Jan-Sep 2017 | Jan-Sep 2018 | Jan-Dec 2017 | Oct-Sep 2017/2018 |
|---|---|---|---|---|---|---|
| Kitchen furnitures | 91 | 64 | 91 | 78 | 91 | 81 |
| Installation services | 0 | 10 | 0 | 5 | 0 | 4 |
| Other products | 9 | 26 | 9 | 17 | 9 | 15 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

| Net sales Group by product group, % | Jul-Sep 2017 | Jul-Sep 2018 | Jan-Sep 2017 | Jan-Sep 2018 | Jan-Dec 2017 | Oct-Sep 2017/2018 |
|---|---|---|---|---|---|---|
| Kitchen furnitures | 64 | 66 | 64 | 66 | 64 | 65 |
| Installation services | 6 | 6 | 6 | 6 | 6 | 6 |
| Other products | 30 | 28 | 30 | 28 | 30 | 29 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

# 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 25–26.

| | Jul-Sep | | Jan-Sep | |
|---|---|---|---|---|
| **Analysis of external net sales Nordic Region** | % | SEK m | % | SEK m |
| 2017 | | 1,397 | | 4,825 |
| Organic growth | –1 | –14 | – | –11 |
| Currency effecs | 6 | 91 | 4 | 193 |
| 2018 | 5 | 1,474 | 4 | 5,007 |

| | Jul-Sep | | Jan-Sep | |
|---|---|---|---|---|
| **Analysis of external net sales UK Region** | % | SEK m | % | SEK m |
| 2017 | | 1,377 | | 4,424 |
| Organic growth | –9 | –124 | –9 | –401 |
| Currency effecs | 9 | 125 | 5 | 220 |
| 2018 | 0 | 1,378 | –4 | 4,243 |

| | Jul-Sep | | Jan-Sep | |
|---|---|---|---|---|
| **Analysis of external net sales Central Europe Region** | % | SEK m | % | SEK m |
| 2017 | | 131 | | 379 |
| Organic growth | 3 | 4 | 5 | 19 |
| Acquired units | 110 | 144 | 38 | 144 |
| Currency effecs | 9 | 12 | 7 | 27 |
| 2018 | 122 | 291 | 50 | 569 |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Operating profit before depreciation and impairment SEKm** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Operating profit | 318 | 267 | 1,004 | 909 | 1,286 | 1,191 |
| Depreciation and impairment | 72 | 82 | 214 | 232 | 287 | 305 |
| **Operating profit before depreciation and impairment** | **390** | **349** | **1,218** | **1,141** | **1,573** | **1,496** |
| Net Sales | 2,905 | 3,143 | 9,628 | 9,819 | 12,744 | 12,935 |
| **% of sales** | **13.4%** | **11.1%** | **12.7%** | **11.6%** | **12.3%** | **11.6%** |

| | Jul-Sep | | Jan-Sep | | Jan-Dec | Oct-Sep |
|---|---|---|---|---|---|---|
| **Profit/loss after tax excluding IAC** | 2017 | 2018 | 2017 | 2018 | 2017 | 2017/2018 |
| Profit/loss after tax | 264 | 201 | 783 | 691 | 1,015 | 923 |
| Items affecting comparability net after tax | – | – | – | – | – | – |
| **Profit/loss after tax excluding IAC** | **264** | **201** | **783** | **691** | **1,015** | **923** |

# Reconciliation of alternative performance measures, cont.

| | 30 Jun | | 31 Dec |
|---|---|---|---|
| **Net debt SEKm** | 2017 | 2018 | 2017 |
| Provisions for pensions (IB) | 765 | 411 | 567 |
| Other long-term liabilities, interest-bearing (IB) | 5 | 1023 | 5 |
| Current liabilities, interest-bearing (IB) | 1 | 0 | 1 |
| **Interest-bearing liabilities** | **771** | **1,434** | **573** |
| Long-term receivables, interest -bearing (IB) | -4 | -3 | -5 |
| Current receivables, interest-bearing (IB) | -18 | -30 | -18 |
| Cash and cash equivalents (IB) | -264 | -145 | -473 |
| **Interest-bearing assets** | **-286** | **-178** | **-496** |
| **Net debt** | **485** | **1,256** | **77** |

| | 30 Jun | | 31 Dec |
|---|---|---|---|
| **Operating capital SEK m** | 2017 | 2018 | 2017 |
| **Total assets** | **7,139** | **8,113** | **7,180** |
| Other provisions | -61 | -32 | -40 |
| Deferred tax liabilities | -82 | -85 | -89 |
| Other long-term liabilities, non interest-bearing | – | -44 | – |
| Current liabilities, non interest-bearing | -2,578 | -2,564 | -2,324 |
| **Non-interest-bearing liabilities** | **–2,721** | **-2,725** | **-2,453** |
| **Capital employed** | **4,418** | **5,388** | **4,727** |
| Interest-bearing assets | -286 | -178 | -496 |
| **Operating capital** | **4,132** | **5,210** | **4,231** |

| | Jan-Dec | Oct-Sep |
|---|---|---|
| **Average operating capital SEK m** | 2017 | 2017/2018 |
| OB Operating capital | 3,912 | 4,132 |
| OB Net operating assets discontinued operations | 22 | – |
| CB Operating capital | 4,231 | 5,210 |
| **Average operating capital before adjustments of acquistion and divestments** | **4,083** | **4,671** |
| Adjustment for acquisitions and divestments not occurred in the middle of the period | – | –153 |
| **Average operating capital** | **4,083** | **4,518** |

| | Jan-Dec | Oct-Sep |
|---|---|---|
| **Average equity SEK m** | 2017 | 2017/2018 |
| OB Equity attributable to Parent Company shareholders | 3,415 | 3,647 |
| CB Equity attributable to Parent Company shareholders | 4,154 | 3,954 |
| **Average equity before adjustment of increases and decreases in capital** | **3,785** | **3,800** |
| Adjustment for increases and decreases in capital not occured in the middle of the period | -127 | 0 |
| **Average equity** | **3,658** | **3,800** |

# 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 shareholders' 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. The measure is used in profitability comparisons between operations in the Group and to assess the Group's profitability over time. |
| 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 financers 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. |
| Operating cash flow | Cash flow from operating activities including cash flow from investing activities, excluding cash flow from acquisitions/divestments of operations, interest received, and 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 financers of loans and equity or for use in growth through acquisitions. |
| Organic growth | Change in net sales, excluding acquisitions, divestments 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. | This 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. |

# Definitions, cont.

| Performance measure | Calculation | Purpose |
|---|---|---|
| Debt/equity ratio | Net debt as a percentage of shareholders' equity including non-controlling interests. | A measure of the ratio between the Group's two forms of financing. The measure shows the percentage of the loan capital in relation to capital invested by the owners, and is thus a measure of 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 | 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 downturn 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. |
| 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

Contact any of the following on +46 (0)8 440 16 00 or +46 (0)705 95 51 00:

- 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, 26 October at 2:00 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

| | |
|---|---|
| 6 February 2019 | Interim Report January-December 2018 |
| 2 May 2019 | Interim Report January-March 2019 |
| 2 May 2019 | 2019 Annual General Meeting |

This interim report is information such that Nobia is obliged to make 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 26 October 2018 at 1:00 p.m. CET.

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