nobia

Year-end report January-December 2018

October-December 2018

- Net sales for the fourth quarter amounted to SEK 3,390 million (3,116).
- Organic growth was a negative 2 per cent (0).
- Operating profit amounted to SEK 109 million (282). Operating profit was impacted by a pension cost of SEK 66 million, which is recognised as an item affecting comparability, and by non-recurring costs of SEK 88 million.
- Operating profit excluding items affecting comparability and including non-recurring costs amounted to SEK 175 million (282), corresponding to an operating margin, excluding items affecting comparability, of 5.2 per cent (9.1).
- Currency losses had an impact of approximately negative SEK 10 million on the Group's operating profit, excluding items affecting comparability, of which a positive SEK 10 million in translation effects and a negative SEK 20 million in transaction effects.
- Profit after tax amounted to SEK 62 million (232), corresponding to earnings per share after dilution of SEK 0.37 (1.38).
- Operating cash flow amounted to SEK 138 million (196).
- The Board proposes a dividend of SEK 4.00 per share. For 2017, an ordinary dividend of SEK 3.50 per share was paid, as well as an extra dividend of SEK 3.50 per share – a total of SEK 7.00 per share.

Nobia Group summary

	Oct-Dec			Jan-Dec		
	2017	2018	Change, %	2017	2018	Change, %
Net sales, SEK m	3,116	3,390	9	12,744	13,209	4
Gross margin, %	39.2	37.0	–	39.3	38.5	–
Operating margin before depreciation and impairment, %	11.4	6.0	–	12.3	10.2	–
Operating profit (EBIT), SEK m	282	109	-61	1,286	1,018	-21
Operating profit (EBIT) excl IAC, SEK m	282	175	-38	1,286	1,084	-16
Operating margin, %	9.1	3.2	–	10.1	7.7	–
Operating margin excl IAC, %	9.1	5.2	–	10.1	8.2	–
Profit after financial items, SEK m	272	100	-63	1,250	986	-21
Profit/loss after tax, SEK m	232	62	-73	1,015	753	-26
Profit/loss after tax excl IAC, SEK m	232	117	-50	1,015	808	-20
Earnings/loss per share, before dilution, SEK	1.38	0.37	-73	6.02	4.46	-26
Earnings/loss per share, before dilution excl IAC, SEK	1.38	0.69	-50	6.02	4.79	-20
Earnings/loss per share, after dilution, SEK	1.38	0.37	-73	6.02	4.46	-26
Earnings/loss per share, after dilution exkl IAC, SEK	1.38	0.69	-50	6.02	4.79	-20
Operating cash flow, SEK m	196	138	-30	706	599	-15

Comments from the President and CEO

The restructuring programme and lower sales volumes contributed to a weaker operating margin in the fourth quarter. In light of the increased uncertainty in our markets, we continued to reduce the overall cost level. Our strong balance sheet allows for an increased ordinary dividend.

The decline in organic sales in the fourth quarter was 2 per cent. Operating profit was impacted by non-recurring costs of SEK 88 million, primarily related to the cost savings programme initiated in the fourth quarter. The effects of this cost savings programme include reductions in staff and the closure of 16 stores, primarily in the UK. These measures will generate annual savings of SEK 80 million in 2019.

Overall, the Nordic market was unchanged compared with the fourth quarter last year and the growth rate diminished, primarily in the consumer segment. The decision to convert own stores in Norway to franchise stores had a negative effect on the organic growth but have reduced fixed cost significantly. For 2019 we see somewhat weaker demand in the Nordic construction sector. During the quarter there was inefficiency in operations, which we worked hard to rectify. Our focus now lies on both increasing productivity in manufacturing and logistics and on proactively adapting our staff numbers in accordance with any weakening of the market.

The political uncertainty over Brexit continues to hamper demand in the UK. At the beginning of 2019, the risk of a 'no deal' exit from the EU increased. Nobia is well prepared for such a situation, having taken such measures as building up a backup supply of components and fronts so that we can deliver complete kitchens to our customers even if there are disruptions to imports.

Sales via Magnet increased in the fourth quarter, despite the decision to reduce the joinery assortment as part of the repositioning of Magnet Trade. The new customer-centric Trade offering received a positive response and resulted in increased kitchen sales in this channel. Also B2B sales increased, while project sales via Rixonway and Commodore/CIE weakened due to delayed projects.

In the Central Europe region, productivity improved and prices increased in Austria. Bribus is performing well, having contributed growth of 3 per cent in 2018 and so far we are very pleased with the acquisition.

Nobia's balance sheet is strong, and the Board proposes a dividend of SEK 4 per share. Acquisitions remain high on the agenda. In 2019 we will also initiate robust measures to enhance the efficiency of the production structure, and focus intensely on continually bringing down the cost level.

Morten Falkenberg
President and CEO

Fourth quarter, consolidated

Market overview

The Nordic kitchen market is deemed to have remained unchanged year-on-year. Market growth in Denmark and Finland compensated for lower demand in Norway and Sweden.

The UK kitchen market is deemed to have weakened year-on-year due to political and macroeconomic uncertainty that negatively impacted consumer confidence. Price competition remains stiff.

The Central European kitchen market is deemed to have remained unchanged year-on-year.

Net sales, earnings and cash flow

Net sales for the Group amounted to SEK 3,390 million (3,116). Changes in currency exchange rates impacted sales by SEK 144 million. Bribus, which has been consolidated into the Group's accounts since 1 July 2018, had sales of SEK 206 million in the quarter.

Organic sales growth was negative 2 per cent (0), adversely impacted primarily by the conversion of own stores in Norway to franchise stores.

The gross margin weakened to 37.0 per cent (39.2), negatively impacted by non-recurring costs, lower productivity and higher material prices.

Operating profit excluding items affecting comparability amounted to SEK 175 million (282), impacted negatively by non-recurring costs of SEK 88 million that were mainly related to the cost saving programme initiated during the fourth quarter. The decline in earnings, however, was also a consequence of lower sales and decreased productivity.

Return on equity was 21.7 per cent over the last twelve-month period (Jan-Dec 2017: 31.5). Return on equity was 20.2 per cent over the last twelve-month period (Jan-Dec 2017: 27.8). Operating cash flow weakened, negatively impacted by lower profit generation and increased investments year-on-year.

Analysis of net sales

	Oct-Dec	
	%	SEK m
2017		**3,116**
Organic growth	-2	-76
– of which Nordic	-3	-57
– of which UK region	0	-3
– of which CE region	-11	-16
Acquisitions	7	206
Currency effect	5	144
2018	**9**	**3,390**

Currency effect on EBIT excl IAC

	Oct-Dec		
SEK m	Translation effect	Transaction effect	Total effect
Nordic region	5	-15	-10
UK region	0	0	0
CE region	5	-5	0
Group	**10**	**-20**	**-10**

Store trend, Oct-Dec 2018

Renovated or relocated	–
Newly opened/closed, net	-4
Number of own kitchen stores	248

Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide and eliminations		Group		
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec		
SEK m	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	Change, %
Net sales from external customers	**1,690**	**1,698**	**1,286**	**1,354**	**140**	**338**	**–**	**–**	**3,116**	**3,390**	**9**
Net sales from other regions	0	0	–	–	1	1	-1	-1	–	–	–
Net sales	**1,690**	**1,698**	**1,286**	**1,354**	**141**	**339**	**-1**	**-1**	**3,116**	**3,390**	**9**
Gross profit	681	633	496	505	33	101	11	14	1,221	1,253	3
Gross margin, %	40.3	37.3	38.6	37.3	23.4	29.8	–	–	39.2	37.0	–
Operating profit/loss	**246**	**165**	**67**	**-61**	**-4**	**37**	**-27**	**-32**	**282**	**109**	**-61**
Operating profit/loss excl IAC, SEK m	246	165	67	5	-4	37	-27	-32	282	175	-38
Operating margin, %	14.6	9.7	5.2	-4.5	-2.8	10.9	–	–	9.1	3.2	–
Operating margin excl IAC, %	14.6	9.7	5.2	0.4	-2.8	10.9	–	–	9.1	5.2	–

Fourth quarter, the regions

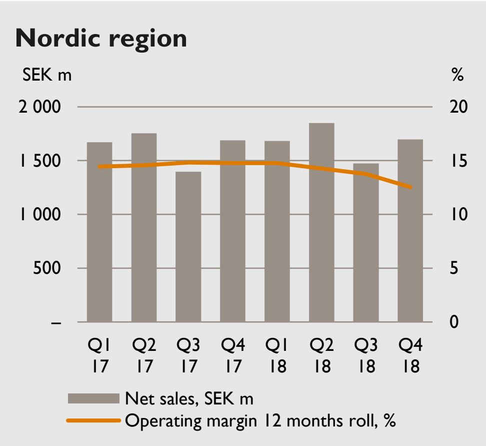
Nordic region

Net sales in the Nordic region were unchanged, at SEK 1,698 million (1,690). Organic growth was negative 3 per cent (6), adversely impacted by lower consumer sales, while project sales remained unchanged year-on-year. Conversion of own stores in Norway to franchise stores entailed a loss of revenue of around SEK 40 million.

Sales to the consumer segment decreased in all countries. Project sales increased in Denmark and Finland, while they decreased in Sweden and Norway.

The gross margin weakened to 37.3 per cent (40.3), due primarily to higher material prices, lower productivity, non-recurring costs and store conversion in Norway; it was only partially compensated by higher sales values.

Operating profit declined to SEK 165 million (246), owing primarily to non-recurring costs of SEK 24 million and the lower gross margin.



UK region

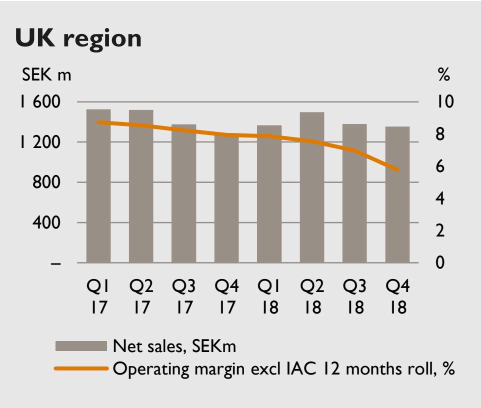
Net sales in the UK increased 5 per cent to SEK 1,354 million (1,286). Organic growth was 0 per cent (neg: 8).

Sales via the Magnet store network increased, driven by higher consumer sales (Retail). Sales to builders (Trade) declined due to a reduced range of Joinery products. B2B sales increased, while sales via CIE/Commodore and Rixonway decreased.

A new customer-centric offering was introduced in Magnet Trade, which met with a positive reception and resulted in increased kitchen sales in the channel.

The gross margin weakened to 37.3 per cent (38.6), primarily as a consequence of higher material prices, lower sales values and non-recurring costs.

Operating profit excluding items affecting comparability weakened to SEK 5 million (67). The lower earnings were primarily due to non-recurring costs of SEK 63 million.



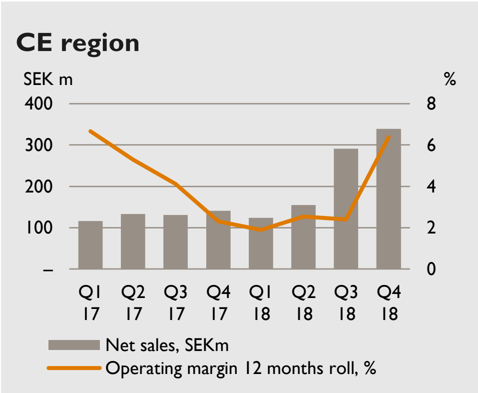
Central Europe region

Net sales in Central Europe amounted to SEK 339 million (141). The growth in sales was a result of the acquisition of Bribus, which has been part of the region since 1 July 2018. In the fourth quarter, Bribus had sales of SEK 206 million. Organic growth was negative 11 per cent (7).

In Austria, both domestic sales and export sales declined.

The gross margin improved to 29.8 per cent (23.4), primarily as a result of the integration of earnings from Bribus but also driven by higher sales values and improved productivity in Austria.

Operating profit increased to SEK 37 million (loss: 4), which was above all a consequence of the acquisition of Bribus. Non-recurring costs in the region amounted to SEK 1 million.



January-December 2018, consolidated

January-December 2018

- Net sales for 2018 totalled SEK 13,209 million (12,744).
- Organic growth was negative 4 per cent (pos: 2).
- Operating profit amounted to SEK 1,018 million (1,286), corresponding to an operating margin of 7.7 per cent (10.1).
- Currency effects of about negative SEK 10 million impacted the Group's operating profit excluding items affecting comparability, of which positive SEK 55 million in translation effects and negative SEK 65 million in transaction effects.
- Profit after tax totalled SEK 753 million (1,015), corresponding to earnings per share after dilution of SEK 4.46 (6.02).
- Operating cash flow amounted to SEK 599 million (706).

Comments on performance

Changes to exchange rates impacted sales by SEK 584 million. Organic sales growth was negative 4 per cent (pos: 2).

Operating profit excluding items affecting comparability weakened to SEK 1,084 million (1,286) due to decreased sales, higher material prices, and lower productivity as well as non-recurring costs for a cost savings programme in the fourth quarter.

Group-wide items and eliminations reported an operating loss of SEK 138 million (loss: 143).

Operating cash flow declined as a result of lower profit generation and increased investments year-on-year, which was not offset by a positive change in working capital. Investments in fixed assets totalled SEK 414 million (319), of which SEK 154 million (75) pertained to store investments.

Four stores opened with the Group's new omni concept, and three stores with parts of the concept, opened during the year.

Analysis of net sales

	Jan-Dec	
	%	SEK m
2017		**12,744**
Organic growth	-4	-469
– of which Nordic	-1	-69
– of which UK	-7	-404
– of which CE	1	4
Acquisitions	3	350
Currency effect	5	584
2018	**4**	**13,209**

Currency effect on EBIT excluding IAC

	Jan-Dec		
SEK m	Translation effect	Transaction effect	Total effect
Nordic region	35	-55	-20
UK region	15	-5	10
CE region	5	-5	0
Group	**55**	**-65**	**-10**

Store trend, Jan-Dec 2018

Renovated or relocated	–
Newly opened/closed, net	-16
Number of own kitchen stores	248

Net sales and profit by region

	Nordic		UK		Central Europe		Group-wide and eliminations		Group		
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		
SEK m	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	Change, %
Net sales from external customers	**6,515**	**6,705**	**5,710**	**5,597**	**519**	**907**	**–**	**–**	**12,744**	**13,209**	**4**
Net sales from other regions	1	0	–	–	2	2	-3	-2	–	–	–
Net sales	**6,516**	**6,705**	**5,710**	**5,597**	**521**	**909**	**-3**	**-2**	**12,744**	**13,209**	**4**
Gross profit	2,638	2,590	2,172	2,190	152	256	52	54	5,014	5,090	2
Gross margin, %	40.5	38.6	38.0	39.1	29.2	28.2	–	–	39.3	38.5	–
Operating profit/loss	**963**	**841**	**454**	**257**	**12**	**58**	**-143**	**-138**	**1,286**	**1,018**	**-21**
Operating profit/loss excl IAC, SEK m	963	841	454	323	12	58	-143	-138	1,286	1,084	-16
Operating margin, %	14.8	12.5	8.0	4.6	2.3	6.4	–	–	10.1	7.7	–
Operating margin excl IAC, %	14.8	12.5	8.0	5.8	2.3	6.4	–	–	10.1	8.2	–
Net financial items	–	–	–	–	–	–	–	–	-36	-32	11
Profit after financial items	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,250**	**986**	**-21**

Other information

Financing

In early July 2018, Nobia signed a new syndicated bank loan of SEK 2,000 million with two banks. This bank loan has a term of five years and includes two covenants: leverage (net debt to EBITDA) and interest cover (EBITDA to net interest expenses). At the end of 2018, the bank loan had been utilised in the amount of approximately SEK 840 million.

Net debt including pension provisions on 31 December 2018 amounted to SEK 1,266 million (77) and the increase was primarily due to the acquisition of Bribus. Provisions for pensions amounted to SEK 505 million (567) and the decrease was mainly due to changed assumptions about life expectancy and increased discount rate.

The debt/equity ratio at year-end was 32 per cent (2).

Net financial items amounted to an expense of SEK 32 million (expense: 36). Net financial items include the net of returns on pension assets and interest expenses on pension liabilities corresponding to an expense of SEK 28 million (expense: 34). The net interest expense amounted to SEK 4 million (expense: 2).

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 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 2018. Earnings from discontinued operations after tax for the equivalent period in 2017 amounted to SEK 21 million and pertained to Poggenpohl, which was divested on 31 December 2017.

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

Items affecting comparability

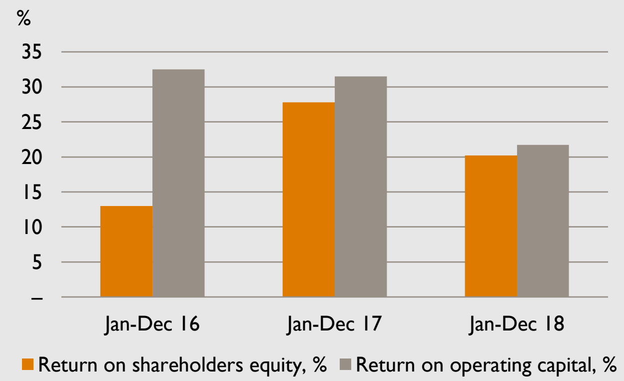
Nobia recognises items affecting comparability separately to distinguish the performance of the underlying operations. Items affecting comparability refer to items that affect comparisons insofar as they do not recur with the same regularity as other items.

An item affecting comparability of a negative SEK 66 million (–) is recognised in 2018, relating to an additional pension costs in the fourth quarter, which does not impact cash flow and is the result of a court ruling in the UK regarding defined-benefit pension plans in the 1990s.

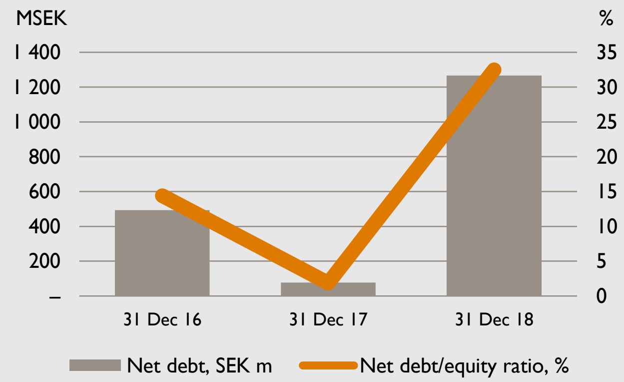
Store network in Norway

In 2018, nine own Norema stores were converted into franchise stores and one own Norema store was closed. On 31 December 2018, all Norema stores were franchise stores. The background of the decision to convert own

Return on shareholders' equity and on operating capital



Net debt and net debt/equity ratio



stores under the Norema brand to franchise stores was that this kitchen chain was not deemed large enough to generate synergies and the franchise model has proven to be successful in the Norwegian market. The effect of the conversion on earnings is marginal.

Personnel

The number of employees on 31 December 2018 was 6,081 (6,087). Bribus, which was acquired in 2018, had 303 employees at the end of the year.

Changes in management

Annika Vainio took office as Executive Vice President and Head of Commercial Finland on 1 December 2018. She previously served as Managing Director of Snellman Pro and held positions in the Fazer Group and CandyKing.

Financial targets

The Board of Directors has decided on the following unchanged targets:

- Sales are to grow organically and through acquisitions by an average of 5 per cent per year.
- The operating margin is to amount to more than 10 per cent over a business cycle.
- The debt/equity ratio is to be less than 100 per cent. A temporarily higher ratio, for example in connection with acquisitions, may be acceptable.
- The dividend to shareholders will amount on average to 40-60 per cent of net profit after tax.

Annual General Meeting

Nobia's Annual General Meeting will be held on Thursday, 2 May 2019 at 5:00 pm at Klara Strand Konferens, Klarabergsviadukten 90 in Stockholm, Sweden.

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.

Publication of the Annual Report on the company's website is planned for no later than 11 April 2019 and the Swedish version will be distributed in print to those who have requested it.

Proposed dividend

For the 2018 fiscal year, the Board proposes a dividend of SEK 4.00 per share. The proposed dividend corresponds to approximately 90 per cent of net profit for the year after tax. The proposal entails a total share dividend of about SEK 675 million. The record day for the right to receive a dividend is 6 May 2019 and the final day for trading in Nobia shares including the right to a dividend is 2 May 2019.

An ordinary dividend of SEK 3.50 per share and an extra dividend of SEK 3.50 per share, a total of SEK 7.00 per share, was paid for the 2017 financial year.

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, and on 31 December 2018, Nobia's holding of treasury shares amounted to 1,606,568 shares and the total number of shares in Nobia was 170,293,458. Treasury shares are to be used to safeguard Nobia's commitments under the Group's share-based remuneration plans.

Significant risks

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

In 2018, demand in the Nordic region and Central Europe is deemed to have declined. The market outlook for the new-build segment in the Nordic market is less favourable than in the preceding year. In the UK, macroeconomic uncertainty as a result of Brexit had a negative impact on the kitchen market. Nobia has prepared for a situation whereby the UK leaves the EU without a deal, for example, by building up a backup supply of components and fronts. 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 31 December 2018 contained goodwill of SEK 2,887 million (2,361). The value of this asset item is tested if there are any indications of a decline in value, and at least once annually.

Stockholm, 6 February 2019

Morten Falkenberg
President and CEO

Nobia AB, Corporate Registration Number 556528-2752

The Year-end Report is unaudited.

Condensed consolidated income statement

	Oct-Dec		Jan-Dec	
SEK m	2017	2018	2017	2018
Net sales	3,116	3,390	12,744	13,209
Cost of goods sold	-1,895	-2,137	-7,730	-8,119
Gross profit	**1,221**	**1,253**	**5,014**	**5,090**
Selling and administrative expenses	-944	-1,077	-3,751	-4,031
Other income/expenses	5	-67	23	-41
Operating profit	**282**	**109**	**1,286**	**1,018**
Net financial items	-10	-9	-36	-32
Profit/loss after financial items	**272**	**100**	**1,250**	**986**
Tax	-41	-38	-256	-233
Profit/loss after tax from continuing operations	**231**	**62**	**994**	**753**
Profit/loss from discontinued operations, net after tax	1	–	21	–
Profit/loss after tax	**232**	**62**	**1,015**	**753**
Total profit attributable to:				
Parent Company shareholders	232	62	1,015	753
Non-controlling interests	–	–	0	–
Total profit/loss	**232**	**62**	**1,015**	**753**
Total depreciation[1]	72	83	285	315
Total impairment[1]	1	11	2	11
Gross margin, %	39.2	37.0	39.3	38.5
Operating margin, %	9.1	3.2	10.1	7.7
Return on operating capital, %	–	–	31.5	21.7
Return on shareholders equity, %	–	–	27.8	20.2
Earnings per share before dilution, SEK[2]	1.38	0.37	6.02	4.46
Earnings per share after dilution, SEK[2]	1.38	0.37	6.02	4.46
Number of shares at period end before dilution, 000s[3]	168,584	168,687	168,584	168,687
Average number of shares before dilution, 000s[3]	168,584	168,687	168,547	168,653
Number of shares after dilution at period end, 000s[3]	168,686	168,687	168,712	168,687
Average number of shares after dilution, 000s[3]	168,686	168,687	168,702	168,687

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

	Oct-Dec		Jan-Dec	
SEK m	2017	2018	2017	2018
Profit/loss after tax	232	62	1,015	753
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange-rate differences attributable to translation of foreign operations	104	-90	-18	98
Cash flow hedges before tax	5	10	14 [1]	-7 [1]
Tax attributable to change in hedging reserve for the period	-1	-2	-3 [2]	2 [2]
	108	**-82**	**-7**	**93**
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit pension plans	199	-44	277	100
Tax relating to remeasurements of defined benefit pension plans	-33	8	-46	-17
	166	**-36**	**231**	**83**
Other comprehensive income/loss	**274**	**-118**	**224**	**176**
Total comprehensive income/loss	**506**	**-56**	**1,239**	**929**
Total comprehensive income/loss attributable to:				
Parent Company shareholders	506	-56	1,239	929
Non-controlling interests	–	–	0	–
Total comprehensive income/loss	**506**	**-56**	**1,239**	**929**

1 Reversal recognised in profit and loss amounts to negative SEK 10 million (pos: 5). New provision amounts to SEK 3 million (9).

2 Reversal recognised in profit and loss amounts to negative SEK 2 million (neg: 1). New allocation amounts to SEK 0 million (neg: 2).

Specification of items affecting comparability

	Oct-Dec		Jan-Dec	
Items affecting comparability, SEK m	2017	2018	2017	2018
Pensionadjustment in UK	–	-66	–	-66
Items affecting comparability in operating profit	**–**	**-66**	**–**	**-66**
Items affecting comparability in taxes	–	11	–	11
Items affecting comparability, total profit/loss	**–**	**-55**	**–**	**-55**

	Oct-Dec		Jan-Dec	
Items affecting comparability per function, SEK m	2017	2018	2017	2018
Other income/expenses	–	-66	–	-66
Items affecting comparability in operating profit	**–**	**-66**	**–**	**-66**
Items affecting comparability in taxes	–	11	–	11
Items affecting comparability, total profit/loss	**–**	**-55**	**–**	**-55**

	Oct-Dec		Jan-Dec	
Items affecting comparability in operating profit/loss per region, SEK m	2017	2018	2017	2018
UK	–	-66	–	-66
Group	**–**	**-66**	**–**	**-66**

Condensed consolidated balance sheet

	31 Dec	
SEK m	2017	2018
ASSETS		
Goodwill	2,361	2,887
Other intangible fixed assets	149	184
Tangible fixed assets	1,367	1,547
Long-term receivables, interest-bearing (IB)	5	2
Long-term receivables	34	42
Deferred tax assets	118	97
Total fixed assets	**4,034**	**4,759**
Inventories	908	962
Accounts receivable	1,282	1,426
Current receivables, interest-bearing (IB)	18	33
Other receivables	465	458
Total current receivables	*1,765*	*1,917*
Cash and cash equivalents (IB)	473	128
Total current assets	**3,146**	**3,007**
Total assets	**7,180**	**7,766**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	58	57
Other capital contributions	1,486	1,484
Reserves	-264	-171
Profit brought forward	2,874	2,527
Total shareholders' equity attributable to Parent Company shareholders	*4,154*	*3,897*
Total shareholders' equity	**4,154**	**3,897**
Provisions for pensions (IB)	567	505
Other provisions	40	42
Deferred tax liabilities	89	75
Other long-term liabilities, interest-bearing (IB)	5	850
Other long-term liabilities, non interest-bearing	–	44
Total long-term liabilities	**701**	**1,516**
Current liabilities, interest-bearing (IB)	1	74
Current liabilities and provisions	2,324	2,279
Total current liabilities	**2,325**	**2,353**
Total shareholders' equity and liabilities	**7,180**	**7,766**
BALANCE-SHEET RELATED KEY RATIOS		
Equity/assets ratio, %	58	50
Debt/equity ratio, %	2	32
Net debt, closing balance, SEK m	77	1,266
Operating capital, closing balance, SEK m	4,231	5,163
Capital employed, closing balance, SEK m	4,727	5,326

Statement of changes in consolidated shareholders' equity

SEK m	Attributable to Parent Company shareholders: 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	–	–	–	–	1,015	1,015	0	1,015
Other comprehensive income/loss for the period	–	–	-18	11	231	224	0	224
Total comprehensive income for the period	**–**	**–**	**-18**	**11**	**1,246**	**1,239**	**0**	**1,239**
Dividend	–	–	–	–	-505	-505	–	-505
Change in non-controlling interests	–	–	–	–	–	–	-4	-4
Allocation of share saving schemes	–	5	–	–	–	5	–	5
Closing balance, 31 December 2017	**58**	**1,486**	**-271**	**7**	**2,874**	**4,154**	**–**	**4,154**
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	–	–	–	–	753	753	–	753
Other comprehensive income/loss for the period	–	–	98	-5	83	176	–	176
Total comprenhensive income/loss for the period	**–**	**–**	**98**	**-5**	**836**	**929**	**–**	**929**
Cancellation of treasury shares	-1	–	–	–	1	–	–	–
Dividend	–	–	–	–	-1,180	-1,180	–	-1,180
Allocation of share saving schemes	–	-2	–	–	–	-2	–	-2
Closing balance, 31 December 2018	**57**	**1,484**	**-173**	**2**	**2,527**	**3,897**	**–**	**3,897**

1 See IFRS 9 Financial Instruments on pages 15-16.

Condensed consolidated cash-flow statement

	Oct-Dec		Jan-Dec	
SEK m	2017	2018	2017	2018
Operating activities				
Operating profit	282	109	1,286	1,018
Operating profit/loss for discontinued operations	1	–	20	–
Depreciation/Impairment	73	94	287[1]	326[2]
Adjustments for non-cash items	21	143	-30	126
Tax paid	-131	-109	-248	-261
Change in working capital	60	79	-328	-208
Cash flow from operating activities	**306**	**316**	**987**	**1,001**
Investing activities				
Investments in fixed assets	-132	-177	-319	-414
Other items in investing activities	22	-1	38	12
Interest received	1	1	3	2
Change in interest-bearing assets	0	-2	-19	-12
Acquisition of operations	–	–	–	-558
Divestment of operations	-3	–	-93	–
Cash flow from investing activities	**-112**	**-179**	**-390**	**-970**
Operating cash flow before acquisition/divestment of operations interest, increase/decrease of interest-bearing assets	196	138	706	599
Total cashflow from operating and investing activities	194	137	597	31
Financing activities				
Interest paid	-2	-2	-10	-13
Change in interest-bearing liabilities	-21	-114	-872[3]	818[4]
Dividend	–	–	-505	-1,180
Cash flow from financing activities	**-23**	**-116**	**-1,387**	**-375**
Cash flow for the period excluding exchange-rate differences in cash and cash equivalents	171	21	-790	-344
Cash and cash equivalents at beginning of the period	264	145	1,266	473
Cash flow for the period	171	21	-790	-344
Exchange-rate differences in cash and cash equivalents	38	-38	-3	-1
Cash and cash equivalents at period-end	**473**	**128**	**473**	**128**

1 Impairments amounted to SEK 2 million and pertained to kitchen displays.

2 Impairments amounted to SEK 11 million and pertained to goodwill, SEK 1 million; equipment, tools, fixtures and fittings SEK 1 million; and kitchen displays, SEK 9 million.

3 Repayment of loans totalling SEK 800 million.

4 Raising and repayment of loans totalling SEK 802 million.

Analysis of net debt

	Oct-Dec		Jan-Dec	
SEK m	2017	2018	2017	2018
Opening balance	**485**	**1,256**	**493**	**77**
Acquisition of operations	–	–	–	618
Divestment of operations	2	–	30	–
Translation differences	-25	27	-3	-6
Operating cash flow	-196	-138	-706	-599
Interest paid, net	1	1	7	11
Remeasurements of defined benefit pension plans	-199	44	-277	-100
Other change in pension liabilities	9	76	28	85
Dividend	–	–	505	1,180
Closing balance	**77**	**1,266**	**77**	**1,266**

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 in their entirety 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 25.

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

Nobia will start to apply IFRS 16 Leases from 1 January 2019.

IFRS 16 *Leases* replaces existing IFRSs related to recognising leases, such as IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*.

During the current year, Nobia identified significant leases that are deemed to be impacted by IFRS 16 Leases. These leases have been divided in the asset classes of premises, vehicles and other. To provide the necessary information about how IFRS 16 impacts Nobia's accounts, the Group has implemented a system that gathers information about all significant leases. This system will be continually updated. Based on the review of the leases, Nobia has concluded that premises is the class of asset that will be subject to the greatest effect on the carrying amount of assets and liabilities due to the introduction of IFRS 16 Leases. Furthermore, Nobia intends to govern its subsidiaries to make as similar assessments as possible by setting Group-wide guidelines on, for example, extension options, interest and lease payments.

Based on the information available, Nobia expects to recognise additional lease liabilities of approximately SEK 2,700 million (after adjustment for prepaid lease liabilities recognised on 31 December 2018) and right-of-use assets of approximately SEK 2,800 million on 1 January 2019.

Nobia does not expect the introduction of IFRS 16 to impact its ability to satisfy the revised maximum debt/equity ratio stipulated in the loan conditions for the Group.

Transition and exemption rules

Nobia plans to apply the modified retrospective approach. This means that the accumulated effect of IFRS 16 will be recognised in profit brought forward in the opening balance for 1 January 2019 without restating comparative figures. Nobia plans to measure the right-of-use (the asset) at the amount corresponding to the lease liability (before adjustment for advance payments), which entails that the accumulated effect in profit brought forward in the opening balance will not arise.

Nobia will apply the exemption rule of "grandfathering" the former definition of leases existing at transition. This means that the Group will apply IFRS 16 on all leases signed before 1 January 2019 and that were identified as leases according to IAS 17 and IFRIC 4. Nobia will also apply the exemption rule of using the same discount rate for a portfolio of leases with similar characteristics, entailing that the same discount rate will be used for all of Nobia's leases in the same currency.

Leases of a low value (assets valued at about SEK 50,000 in new condition) – mainly comprising computers, printers/photocopiers and coffee machines – will not be included in the lease liability and instead will continue to be expensed straight-line over the lease term. The Group is not deemed to have any short-term leases (leases with a term of a maximum of 12 months). Nobia also applies the exemption rule of not including long-term leases whose remaining lease term is less than 12 months from the date of initial application.

Other disclosures

The weighted average incremental borrowing rate used on the date of initial application (1 January 2019) is 1.96 per cent.

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, pages 6 and 10.
Net sales per product group, page 25.

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 13 million (31 Dec 2017: 50) and liabilities at a value of SEK 19 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 253 million (216) in 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 793 million (978).

Note 5 – Company acquisitions

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 SEK 350 million after the acquisition. Sales from the beginning of the year totalled approximately SEK 685 million. Transaction costs for the acquisition amounted to SEK 9 million and are recognised in the Group's other income and expenses. The additional purchase consideration of a maximum SEK 51 million (EUR 5 million) at the closing day rate 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. In the fourth quarter, the acquisition values were adjusted marginally based on additional information.

Net assets and goodwill acquired

MSEK	
Cash purchase price	560
Additional purchase price	52
Fair value of net assets acquired	-144
Goodwill	468

Assets and liabilities included in the acquisition

MSEK	Fair value
Cash	2
Property, plant and equipment	96
Intangible fixed assets	6
Stock	39
Receivables	134
Liabilities	-72
Interest-bearing liabilities	-60
Tax	-1
Net deferred tax	0
Net assets acquired	144
Cash statutory purchase price	560
Cash and cash equivalents in acquired subsidiary	2
Reduction of Group's liquid assets upon acquisition	558

Parent Company

Condensed Parent Company income statement

	Oct-Dec		Jan-Dec	
SEK m	2017	2018	2017	2018
Net sales	51	62	224	254
Administrative expenses	-49	-63	-267	-265
Other operating income	2	0	5	3
Other operating expences	-1	-1	-9	-3
Operating loss	**3**	**-2**	**-47**	**-11**
Profit from shares in Group companies	977	793	969	793
Other financial income and expenses	26	-43	-2	40
Profit/loss after financial items	**1,006**	**748**	**920**	**822**
Tax on profit/loss for the period	-31	-5	-31	-5
Profit/loss for the period	**975**	**743**	**889**	**817**

Parent company balance sheet

	31 Dec	
SEK m	2017	2018
ASSETS		
Fixed assets		
Shares and participations in Group companies	1,379	1,378
Deferred tax assetts	5	4
Total fixed assets	**1,384**	**1,382**
Current assets		
Current receivables		
Accounts receivable	1	26
Receivables from Group companies	2,839	2,483
Other receivables	44	56
Prepaid expenses and accrued income	52	62
Cash and cash equivalents	334	38
Total current assets	**3,270**	**2,665**
Total assets	**4,654**	**4,047**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Shareholders' equity		
Restricted shareholders' equity		
Share capital	58	57
Statutory reserve	1,671	1,671
	1,729	**1,728**
Non-restricted shareholders' equity		
Share premium reserve	52	52
Buy-back of shares	-385	-92
Profit brought forward	1,262	678
Profit/loss for the period	889	817
	1,818	**1,455**
Total shareholders' equity	**3,547**	**3,183**
Long term liabilities		
Provisions for pensions	17	19
Deferred tax liabilities	5	5
Total long-term liabilities	**22**	**24**
Current liabilities		
Liabilities to credit institutes	–	25
Accounts payable	23	24
Liabilities to Group companies	956	729
Current tax liabilities	44	11
Other liabilities	42	33
Accrued expenses and deferred income	20	18
Total current liabilities	**1,085**	**840**
Total shareholders' equity, provisions and liabilities	**4,654**	**4,047**

Comparative data per region

	Oct-Dec		Jan-Dec	
Net sales, SEK m	2017	2018	2017	2018
Nordic	1,690	1,698	6,516	6,705
UK	1,286	1,354	5,710	5,597
Central Europe	141	339	521	909
Group-wide and eliminations	-1	-1	-3	-2
Group	**3,116**	**3,390**	**12,744**	**13,209**

	Oct-Dec		Jan-Dec	
Gross profit, SEK m	2017	2018	2017	2018
Nordic	681	633	2,638	2,590
UK	496	505	2,172	2,190
Central Europe	33	101	152	256
Group-wide and eliminations	11	14	52	54
Group	**1,221**	**1,253**	**5,014**	**5,090**

	Oct-Dec		Jan-Dec	
Gross margin, %	2017	2018	2017	2018
Nordic	40.3	37.3	40.5	38.6
UK	38.6	37.3	38.0	39.1
Central Europe	23.4	29.8	29.2	28.2
Group	**39.2**	**37.0**	**39.3**	**38.5**

	Oct-Dec		Jan-Dec	
Operating profit, SEK m	2017	2018	2017	2018
Nordic	246	165	963	841
UK	67	-61	454	257
Central Europe	-4	37	12	58
Group-wide and eliminations	-27	-32	-143	-138
Group	**282**	**109**	**1,286**	**1,018**

	Oct-Dec		Jan-Dec	
Operating profit excl IAC, SEK m	2017	2018	2017	2018
Nordic	246	165	963	841
UK	67	5	454	323
Central Europe	-4	37	12	58
Group-wide and eliminations	-27	-32	-143	-138
Group	**282**	**175**	**1,286**	**1,084**

Comparative data per region, cont.

	Oct-Dec		Jan-Dec	
Operating margin, %	2017	2018	2017	2018
Nordic	14.6	9.7	14.8	12.5
UK	5.2	-4.5	8.0	4.6
Central Europe	-2.8	10.9	2.3	6.4
Group	**9.1**	**3.2**	**10.1**	**7.7**

	Oct-Dec		Jan-Dec	
Operating margin excl IAC, %	2017	2018	2017	2018
Nordic	14.6	9.7	14.8	12.5
UK	5.2	0.4	8.0	5.8
Central Europe	-2.8	10.9	2.3	6.4
Group	**9.1**	**5.2**	**10.1**	**8.2**

Quarterly data per region

	2017				2018			
Net sales, SEK m	I	II	III	IV	I	II	III	IV
Nordic	1,672	1,756	1,398	1,690	1,682	1,851	1,474	1,698
UK	1,527	1,520	1,377	1,286	1,367	1,498	1,378	1,354
Central Europe	116	133	131	141	124	155	291	339
Group-wide and eliminations	0	-1	-1	-1	0	-1	0	-1
Group	**3,315**	**3,408**	**2,905**	**3,116**	**3,173**	**3,503**	**3,143**	**3,390**

	2017				2018			
Gross profit, SEK m	I	II	III	IV	I	II	III	IV
Nordic	671	721	565	681	669	731	557	633
UK	570	588	518	496	543	599	543	505
Central Europe	36	42	41	33	35	50	70	101
Group-wide and eliminations	14	10	17	11	13	13	14	14
Group	**1,291**	**1,361**	**1,141**	**1,221**	**1,260**	**1,393**	**1,184**	**1,253**

	2017				2018			
Gross margin, %	I	II	III	IV	I	II	III	IV
Nordic	40.1	41.1	40.4	40.3	39.8	39.5	37.8	37.3
UK	37.3	38.7	37.6	38.6	39.7	40.0	39.4	37.3
Central Europe	31.0	31.6	31.3	23.4	28.2	32.3	24.1	29.8
Group	**38.9**	**39.9**	**39.3**	**39.2**	**39.7**	**39.8**	**37.7**	**37.0**

	2017				2018			
Operating profit, SEK m	I	II	III	IV	I	II	III	IV
Nordic	212	297	208	246	213	278	185	165
UK	96	154	137	67	79	134	105	-61
Central Europe	4	5	7	-4	2	9	10	37
Group-wide and eliminations	-39	-43	-34	-27	-39	-34	-33	-32
Group	**273**	**413**	**318**	**282**	**255**	**387**	**267**	**109**

	2017				2018			
Operating profit excl IAC, SEK m	I	II	III	IV	I	II	III	IV
Nordic	212	297	208	246	213	278	185	165
UK	96	154	137	67	79	134	105	5
Central Europe	4	5	7	–4	2	9	10	37
Group-wide and eliminations	-39	-43	-34	-27	-39	-34	-33	-32
Group	**273**	**413**	**318**	**282**	**255**	**387**	**267**	**175**

Quarterly data per region, cont.

	2017				2018			
Operating margin, %	I	II	III	IV	I	II	III	IV
Nordic	12.7	16.9	14.9	14.6	12.7	15.0	12.6	9.7
UK	6.3	10.1	9.9	5.2	5.8	8.9	7.6	-4.5
Central Europe	3.4	3.8	5.3	-2.8	1.6	5.8	3.4	10.9
Group	**8.2**	**12.1**	**10.9**	**9.1**	**8.0**	**11.0**	**8.5**	**3.2**

	2017				2018			
Operating margin excl IAC, %	I	II	III	IV	I	II	III	IV
Nordic	12.7	16.9	14.9	14.6	12.7	15.0	12.6	9.7
UK	6.3	10.1	9.9	5.2	5.8	8.9	7.6	0.4
Central Europe	3.4	3.8	5.3	-2.8	1.6	5.8	3.4	10.9
Group	**8.2**	**12.1**	**10.9**	**9.1**	**8.0**	**11.0**	**8.5**	**5.2**

Operating capital per region

Operating capital Nordic region, SEK m	31 Dec 2017	31 Dec 2018
Operating assets	1,919	2,031
Operating liabilities	1,207	1,245
Operating capital	**712**	**786**

Operating capital UK region, SEK m	31 Dec 2017	31 Dec 2018
Operating assets	2,769	2,812
Operating liabilities	945	843
Operating capital	**1,824**	**1,969**

Operating capital Central Europe region, SEK m	31 Dec 2017	31 Dec 2018
Operating assets	226	462
Operating liabilities	109	170
Operating capital	**117**	**292**

Operating capital Group-wide and eliminations, SEK m	31 Dec 2017	31 Dec 2018
Operating assets	1,770	2,298
Operating liabilities	192	182
Operating capital	**1,578**	**2,116**

Operating capital, SEK m	31 Dec 2017	31 Dec 2018
Operating assets	6,684	7,603
Operating liabilities	2,453	2,440
Operating capital	**4,231**	**5,163**

Comparative data per product group

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

	Oct-Dec		Jan-Dec	
Net sales UK by product group, %	2017	2018	2017	2018
Kitchen furnitures	57	60	60	62
Installation services	9	8	7	6
Other products	34	32	33	32
Total	**100**	**100**	**100**	**100**

	Oct-Dec		Jan-Dec	
Net sales Central Europe by product group, %	2017	2018	2017	2018
Kitchen furnitures	93	61	91	72
Installation services	0	11	0	7
Other products	7	28	9	21
Total	**100**	**100**	**100**	**100**

	Oct-Dec		Jan-Dec	
Net sales Group by product group, %	2017	2018	2017	2018
Kitchen furnitures	63	64	64	65
Installation services	7	7	6	6
Other products	30	29	30	29
Total	**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 28–29.

	Oct-Dec		Jan-Dec	
Analysis of external net sales Nordic Region	%	SEK m	%	SEK m
2017		1,690		6,515
Organic growth	-3	-57	-1	-69
Currency effecs	4	66	4	259
2018	1	1,698	3	6,705

	Oct-Dec		Jan-Dec	
Analysis of external net sales UK Region	%	SEK m	%	SEK m
2017		1,286		5,710
Organic growth	0	-3	-7	-404
Currency effecs	6	71	5	291
2018	5	1,354	-2	5,597

	Oct-Dec		Jan-Dec	
Analysis of external net sales Central Europe Region	%	SEK m	%	SEK m
2017		140		519
Organic growth	-11	-16	1	4
Acquired units	147	206	67	350
Currency effecs	5	7	7	34
2018	141	338	75	907

	Oct-Dec		Jan-Dec	
Operating profit before depreciation and impairment SEKm	2017	2018	2017	2018
Operating profit	282	109	1,286	1,018
Depreciation and impairment	73	94	287	326
Operating profit before depreciation and impairment	**355**	**203**	**1,573**	**1,344**
Net Sales	3,116	3,390	12,744	13,209
% of sales	**11.4%**	**6.0%**	**12.3%**	**10.2%**

	Oct-Dec		Jan-Dec	
Profit/loss after tax excluding IAC	2017	2018	2017	2018
Profit/loss after tax	232	62	1,015	753
Items affecting comparability net after tax	–	55	–	55
Profit/loss after tax excluding IAC	**232**	**117**	**1,015**	**808**

Reconciliation of alternative performance measures, cont.

	31 Dec	
Net debt SEKm	2017	2018
Provisions for pensions (IB)	567	505
Other long-term liabilities, interest-bearing (IB)	5	850
Current liabilities, interest-bearing (IB)	1	74
Interest-bearing liabilities	**573**	**1,429**
Long-term receivables, interest -bearing (IB)	-5	-2
Current receivables, interest-bearing (IB)	-18	-33
Cash and cash equivalents (IB)	-473	-128
Interest-bearing assets	**-496**	**-163**
Net debt	**77**	**1,266**

	31 Dec	
Operating capital SEK m	2017	2018
Total assets	**7,180**	**7,766**
Other provisions	-40	-42
Deferred tax liabilities	-89	-75
Other long-term liabilities, non interest-bearing	–	-44
Current liabilities, non interest-bearing	-2,324	-2,279
Non-interest-bearing liabilities	**-2,453**	**-2,440**
Capital employed	**4,727**	**5,326**
Interest-bearing assets	-496	-163
Operating capital	**4,231**	**5,163**

	Jan-Dec	Jan-Dec
Average operating capital SEK m	2017	2018
OB Operating capital	3,912	4,231
OB Net operating assets discontinued operations	22	–
CB Operating capital	4,231	5,163
Average operating capital before adjustments of acquistion and divestments	**4,083**	**4,697**
Adjustment for acquisitions and divestments not occurred in the middle of the period	–	0
Average operating capital	**4,083**	**4,697**

	Jan-Dec	Jan-Dec
Average equity SEK m	2017	2018
OB Equity attributable to Parent Company shareholders	3,415	4,154
CB Equity attributable to Parent Company shareholders	4,154	3,897
Average equity before adjustment of increases and decreases in capital	**3,785**	**4,026**
Adjustment for increases and decreases in capital not occured in the middle of the period	-127	-295
Average equity	**3,658**	**3,731**

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

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+46 (0)705 95 51 00:

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

Presentation

The interim report will be presented on Wednesday, 6 February at 10:00 a.m. CET in a webcast teleconference that can be followed on Nobia's website. To participate in the teleconference, call one of the following numbers:

- From Sweden: +46 (0)8 505 564 74
- From the UK: +44 (0)203 364 5374
- From the US: +1 855 753 22 30

Financial calendar

2 May 2019	Interim Report January-March 2019
2 May 2019	2019 Annual General Meeting
19 July 2019	Interim Report January-June 2019
23 October 2019	Interim Report January-September 2019

This year-end report is such information 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 6 February 2019 at 8:00 CET.