



Interim report Jan-Dec 2018

February 6, 2019

Highlights Q4

- Net sales SEK 3,390 m (3,116)
- Organic growth -2% (0)
- EBIT excluding IAC SEK 175 m (282), including non-recurring costs of SEK 88 m (–)
- Operating cash flow SEK 138 m (196)
- Proposed dividend SEK 4.00

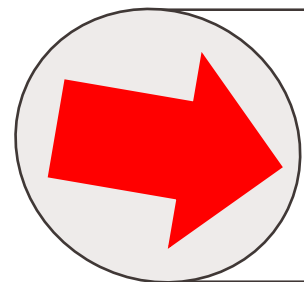


Highlights 2018

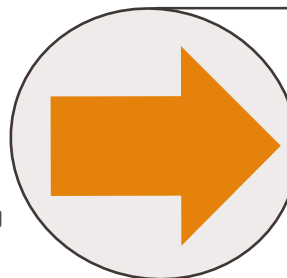
- Net sales SEK 13,209 m (12,744)
- Organic growth -4% (2)
- EBIT excluding IAC SEK 1,084 m (1,286), including non-recurrent costs of SEK 88 m (–)
- EBIT margin excluding IAC 8.2% (10.1)
- Operating cash flow SEK 599 m (706)
- Cash flow from operating activities SEK 1,001 m (987)
- Debt/equity ratio 32% (2)



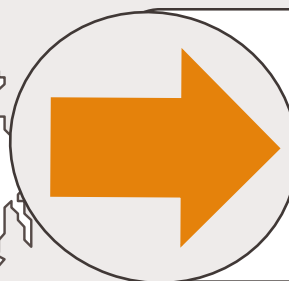
Kitchen market trend, Q4



The UK market is estimated to be down on past year, with the ongoing political and economic uncertainty impacting consumer confidence. Price pressure remains high.



The Nordic market is deemed to be on par with previous year. A growing market in Finland and Denmark compensated for the market decline in Norway and Sweden.



The Central Europe region market is estimated to have been on par with previous year.

Financial targets

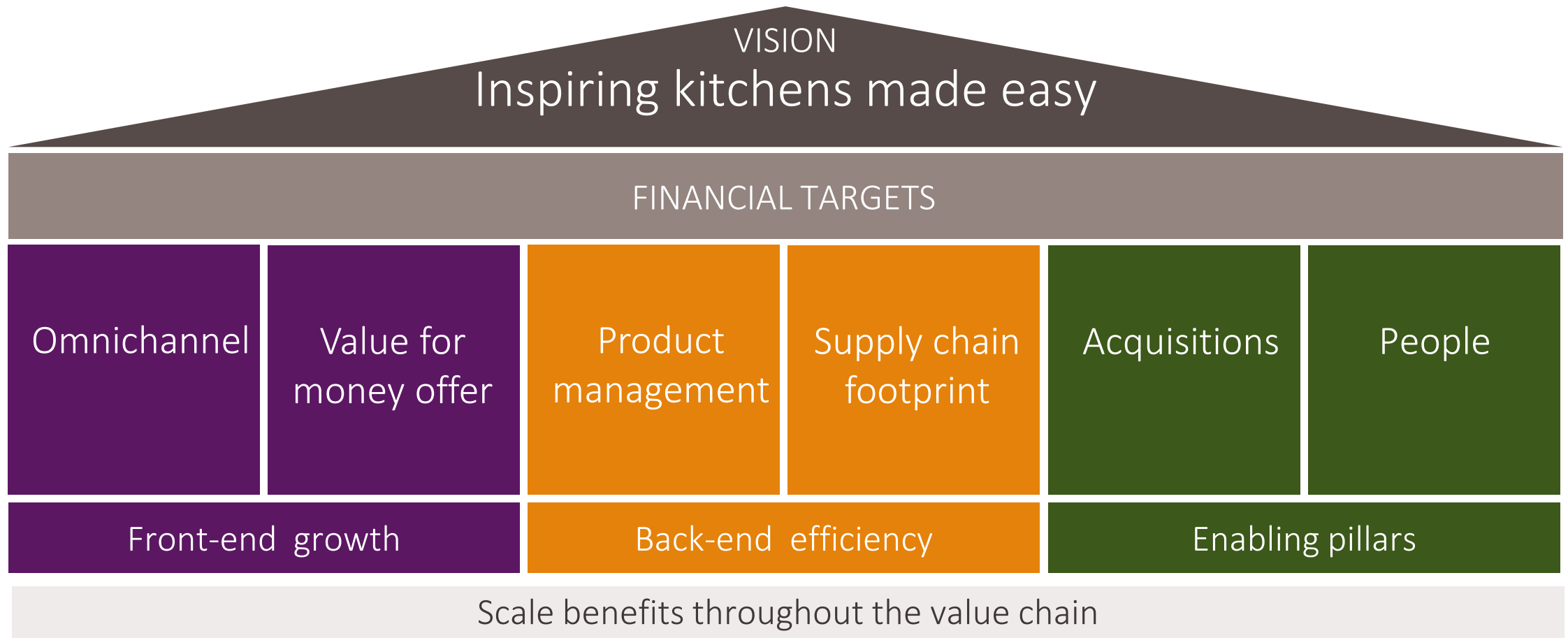
Growth
>5%
organic and
acquired

Profitability
>10%
EBIT margin

Financing
<100%
debt/equity

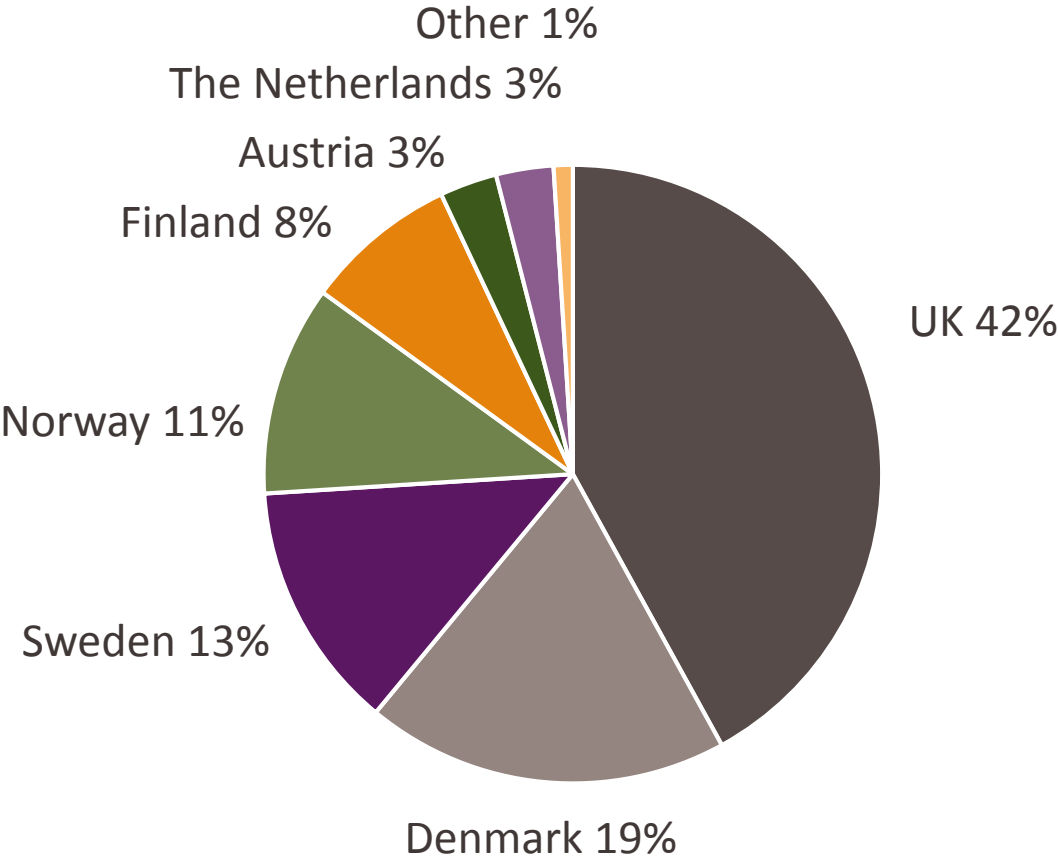
Dividend
40-60%
of net profit
after tax

Strategic initiatives

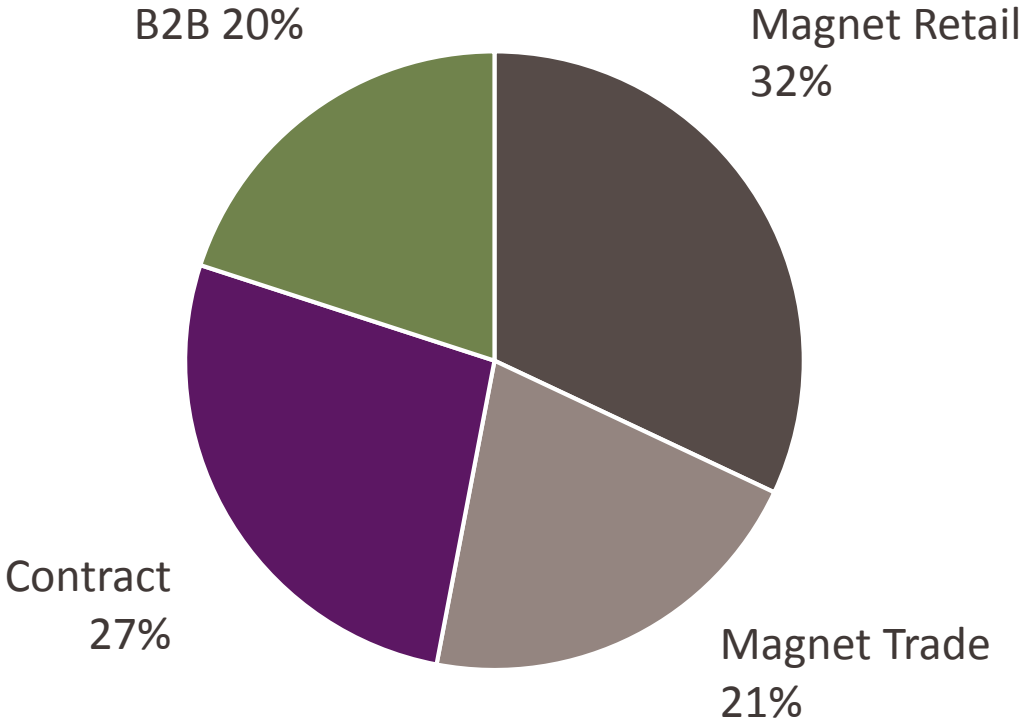


Net sales distribution 2018

Total net sales by country



UK net sales by channel



Nordic region, Q4

50% of net sales in Q4

- Organic sales decline due to lower consumer sales, while project sales remained unchanged
- Sales affected by conversion of own stores to franchise
- Gross margin declined due to higher material prices, lower productivity and non-recurring costs
- EBIT declined, mainly due to non-recurring costs and lower gross margin
- Non-recurring costs of SEK 24 m

	2017 Oct-Dec	2018 Oct-Dec
Net sales (SEK m)	1,690	1,698
Organic growth	6%	-3%
Gross margin	40.3%	37.3%
EBIT (SEK m)	246	165
EBIT margin	14.6%	9.7%



uno form®



UK region, Q4

40% of net sales in Q4

- Flat organic growth – higher sales via Magnet and B2B were offset by lower project sales
- New Trade proposition resulted in increased kitchen sales, while joinery sales declined
- Gross margin declined primarily as a consequence of higher material prices
- EBIT excluding IAC declined, mainly due to non-recurring costs
- Non-recurring costs of SEK 63 m

	2017 Oct-Dec	2018 Oct-Dec
Net sales (SEK m)	1,286	1,354
Organic growth	-8%	0%
Gross margin	38.6%	37.3%
EBIT excl IAC (SEK m)	67	5
EBIT margin excl IAC	5.2%	0.4%

Magnet

Gower

ck commodore
kitchens

rixonway
kitchens

nobia

Central Europe region, Q4

- Bribus had sales of SEK 206 million
- In Austria both domestic sales and export sales declined
- Gross margin improved primarily as a result of the integration of earnings from Bribus and improvements in Austria
- EBIT increased, mainly as a result of the acquisition of Bribus
- Non-recurring costs of SEK 1 m

10% of net sales in Q4

	2017 Oct-Dec	2018 Oct-Dec
Net sales (SEK m)	140	338
Organic growth	7%	-11%
Gross margin	23.4%	29.8%
EBIT (SEK m)	-4	37
EBIT margin	-2.8%	10.9%

Financial position, Q4

Operating cash flow declined

- Lower profit generation
- Higher investments
- Positive change in working capital

Strong balance sheet

- Increased net debt due to acquisition of Bribus and extraordinary dividend
- Reduced pension debt despite additional provision of SEK 66 m in Q4 due to a court ruling

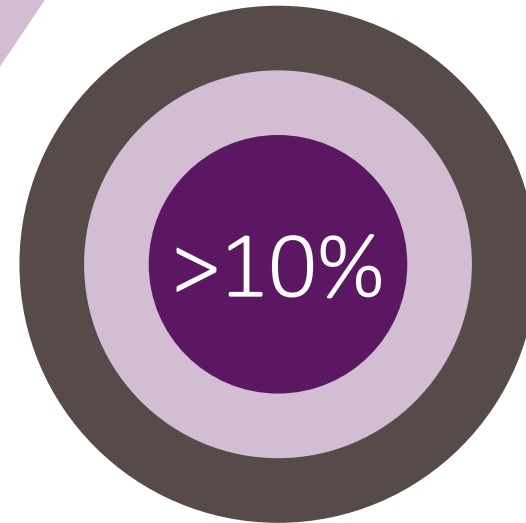
SEK m	2017 Oct-Dec	2018 Oct-Dec
Operating profit*	282	175
Change in working capital	60	79
Investments in fixed assets	-132	-177
Operating cash flow	196	138
*excluding items affecting comparability		
SEK m	2017 31 Dec	2018 31 Dec
Net debt	77	1,266
- Of which pensions	567	505
- Of which net borrowings	-490	761
Net debt/equity	2%	32%

Strategy and main financial targets

Focus on



Growth,
organic and
acquired



EBIT margin

Q&A

