

A modern kitchen and dining area. The kitchen features grey cabinetry, a white countertop, and a large window with indoor plants. A dark dining table is set with food and glasses, surrounded by wooden chairs. A grey island with a white countertop and a black stool is also visible.

Interim report Jan-Jun 2019

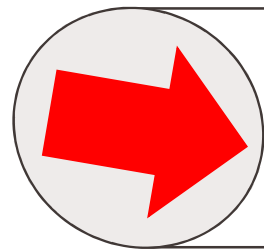
July 19, 2019

Highlights Q2

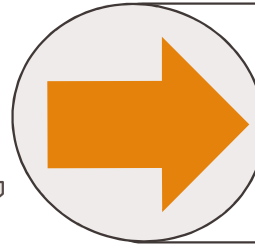
- Net sales SEK 3,751m (3,503)
- Organic growth -1% (-2%)
- Gross margin 39.1% (39.8%)
- EBIT SEK 391m (387)
- EBIT margin 10.4% (11.0%)
- Profit after tax SEK 290m (297)
- Operating cash flow SEK 244m (184)



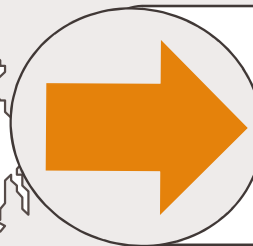
Kitchen market trend, Q2



UK market is estimated to be down on PY, with ongoing political and economic uncertainty impacting consumer confidence. Price competition remains fierce



Nordic market is deemed to be on par with previous year. A growing market particularly in Denmark was offset by softer market conditions in Sweden



The Central Europe region market is estimated to be almost on par with previous year

Financial targets

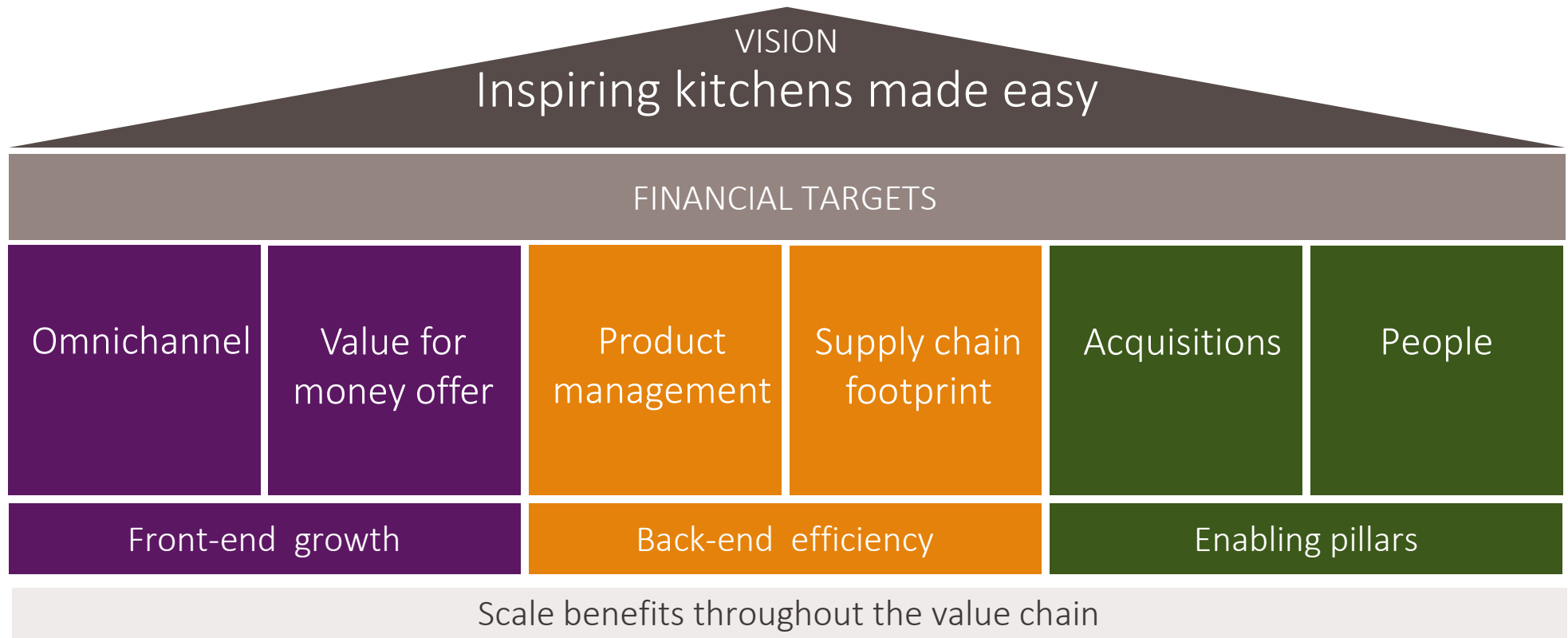
Growth
>5%
organic and
acquired

Profitability
>10%
EBIT margin

Financing
<100%
debt/equity

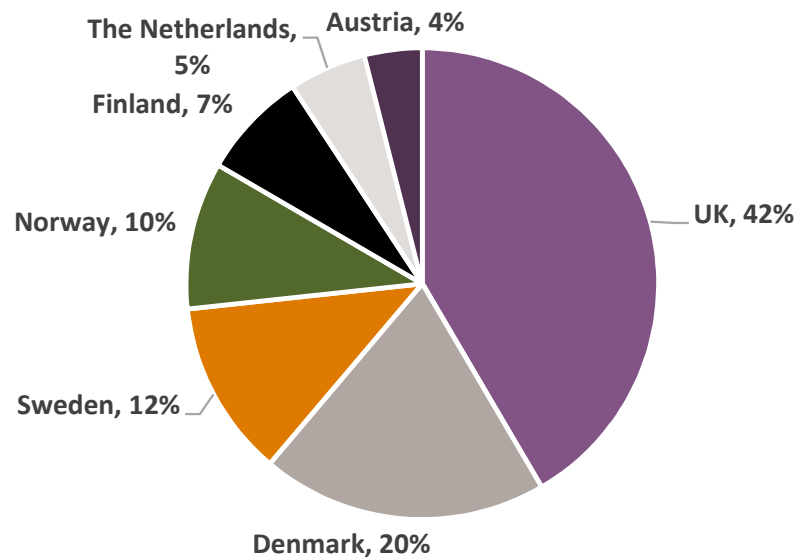
Dividend
40-60%
of net profit
after tax

Strategic initiatives



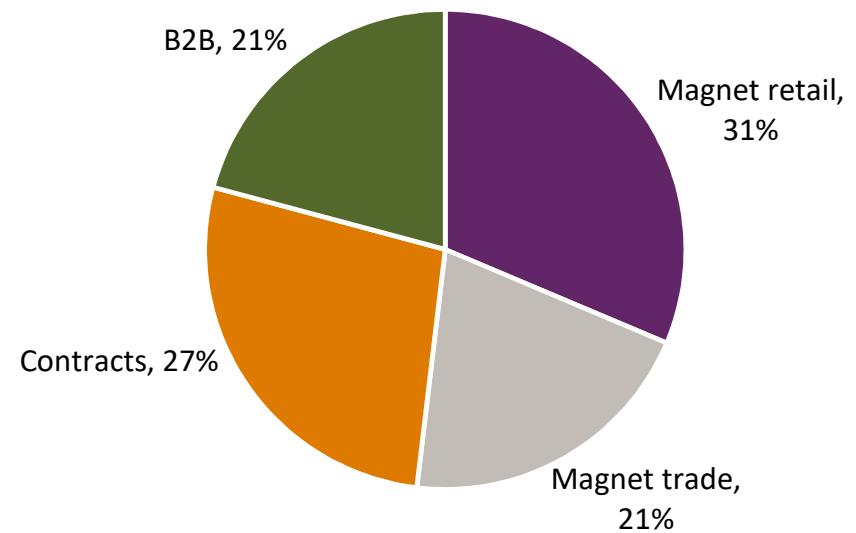
Net sales distribution (12 months rolling)

Total net sales by country



Note: Based on 12m rolling figures. Nobia Denmark's sales have been divided depending on what market the sales were made

UK net sales by channel



Note: Based on 12m rolling figures

Nordic region, Q2

- Organic growth negatively affected by conversion of own Norema stores to franchise and fewer trading days
 - *Organic growth was 2% excluding the conversion*
- Growing retail sales mitigated decline in project sales
- Gross margin declined due to Norema conversion. Higher order values and mix offset negative currency and inflationary pressure
- SG&A declined due to the cost out program and the Norema conversion
- EBIT in line with corresponding quarter last year

50% of Group net sales in Q2

	2018 Q2	2019 Q2
Net sales (SEKm)	1,851	1,870
Organic growth	1%	-1%
Gross margin	39.5%	39.1%
EBIT (SEKm)	278	275
EBIT margin	15.0%	14.7%



uno form®



UK region, Q2

- Organic growth was -1%
- Magnet retail decline on the back of a weak market
- Magnet trade improved despite a reduction in the joinery offer
- Deliveries to the larger projects in London continued with good pace
- Gross margin declined due to lower volumes in the retail segment
- EBIT amounted to SEK 127m (134)

41% of Group net sales in Q2

	2018 Q2	2019 Q2
Net sales (SEK m)	1,498	1,535
Organic growth	-6%	-1%
Gross margin	40.0%	39.7%
EBIT (SEK m)	134	127
EBIT margin	8.9%	8.3%

Magnet

Gower

ck commodore
kitchens

rixonway
kitchens

Central Europe region, Q2

- Bribus net sales of SEK 202m
- Lower organic growth. Prioritisation of profit ahead of volume in Austria resulted in decline in low end segment
- Gross margin declined. Higher average order value was offset by the structurally lower gross margin in Bribus
- EBIT increased, mainly as a result of the acquisition of Bribus

9% of Group net sales in Q2

	2018 Q2	2019 Q2
Net sales (SEKm)	155	346
Organic growth	10%	-9%
Gross margin	32.3%	31.2%
EBIT (SEK m)	9	32
EBIT margin	5.8%	9.2%



Financial position, Q2

Operating cash flow improved

- Higher operating cash
- However, positive effect from IFRS 16
- Operating cash flow adjusted for IFRS16 was SEK 107m. The decline was mainly an effect of build-up of Brexit safety stock

Strong balance sheet

- Increased net debt due to IFRS 16
- Net debt excluding IFRS16 of SEK 1,746 m
- Net debt/equity excluding IFRS16 of 45%
- Net debt impacted SEK 618m by the acquisition of Bribus in July 2018

SEK m	2018 Q2	2019 Q2
Operating profit	387	391
Change in working capital	-158	-243
Investments in fixed assets	-68	-57
Operating cash flow	184	244
SEK m	2018 30 Jun	2019 30 Jun
Net debt	825	4,407
- Of which pensions	383	525
- Of which IFRS16 leasing liabilities	-	2,661
Net debt/equity	21%	115%

Strategy and main financial targets

Focus on



Growth,
organic and
acquired



EBIT margin

Q&A

