nobia

Interim Report
January – September 2001

1 November 2001

Key figures	July - September 2001	2000[1)]	January - September 2001	2000[1)]	Full year 2000
Net sales, SEK m	2 301	765	5 840	2 554	4 102
Operating profit before depreciation, SEK m (EBITDA)	246	151	583	255	356
Operating profit before goodwill amortisation, SEK m (EBITA)	177	137	418	206	270
Operating profit, SEK m (EBIT)	161	136	383	202	261
Operating margin, %	7.0	17.8	6.6	7.9	6.4
Profit after financial items, SEK m	122	127	299	175	220
Earnings per share, after full dilution, SEK	15.91	25.51	41.01	26.72	28.97
Return on capital employed, %					22.2
Return on shareholders' equity, %					17.2

1) Because of the acquisitions and disposals made by the Group, comparisons with previous year are of limited value.

Development during the period:

- Net sales increased by 129 per cent to SEK 5,840 million (2,554), of which 5 per cent was organic growth.
- The profit after financial items rose 71 per cent to SEK 299 million (175).
- EPS after full dilution increased 53 per cent to SEK 41.01 (26.72).
- The cash flow from current activities prior to investments totalled SEK 345 million (32).
- Efficiency-enhancing programmes at acquired units proceeded as planned.
- The closing of the Star Beka production unit has proceeded as planned and is due to be completed at the end of this year.

Key events during the third quarter:

- Strong sales and profit growth in the Nordic region.
- Continued efficiency enhancement through integration of acquired units and staff reductions.
- Lower demand in the Continental European market.

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Financial information is also available on Nobia's web site: www.nobia.se

The Nobia Group, January-September 2001

Changes in the Group's structure

A decision was made in 1999 to focus the Nobia Group's business activities on kitchens, bathrooms and wardrobes. This led to the disposal in 2000 of its door and window business activities. 2000 also saw the acquisition of kitchen business activities in Germany, Sweden, Norway and Denmark.

Acquisition of Magnet

During 2001, the streamlining and focusing of the business activities has continued. June saw the acquisition of the UK kitchen group, Magnet.

Magnet manufactures and sells interior products, mainly for kitchens, bathrooms and bedrooms and primarily in the UK. Magnet also includes C.P. Hart, whose business activities focus on exclusive bathroom interiors. In addition, it also includes the manufacturing and sale of joinery products. Magnet has 215 sales outlets in the UK, as well as four factories and around 2,300 employees.

The purchase price for the Magnet Group without debts was GBP 123 million. GBP 103 million of the purchase sum was paid in cash while the rest, GBP 20 million, took the form of a loan from the vendors.

Magnet is included in Nobia's accounts as of May 2001.

Disposal of Star Byggprodukter

As part of the streamlining process of Nobia, the Swedish building materials wholesaler Star Byggprodukter was sold in January. The capital gains amounted to SEK 22 million, which is recorded as an item affecting comparability. The effect on the net debt was a reduction by SEK 132 million.

Market trends

The demand for kitchen interior products normally reflects demand for consumer durables. The market comprises consumer purchases for renovation purposes, which account for the greater part of demand, as well as a project market for professional new construction/renovation.

In the Nordic market, demand weakened in the consumer market, while the project market rose during the year. Demand thus remained largely unchanged over the period, although there was a certain weakening during the third quarter.

In the Continental European market, and especially in Germany, the market continued to weaken and this was particularly noticeable during the third quarter, with capacity cutbacks announced by several major German players. A continued strength of the consumer market has led to an increase in UK demand over the period.

Financial report for the period January-September

Net sales

Sales increased 129 per cent during the period January - September to SEK 5,840 million (2,554).

Within the core business activities, i.e. excluding units disposed, sales increased SEK 4,105 million or 237 per cent compared with the same period the previous year. Acquired business activities accounted for around SEK 3,890 million of this increase. For comparable core business activities excluding acquisitions, net sales increased 12 per cent or around SEK 215 million, of which currency effects accounted for 8 per cent or around SEK 130 million. Organic growth for comparable units was thus 5 per cent.

For the *Nordic business activities,* net sales totalled SEK 2,518 million (1,630). Around SEK 619 million of the SEK 888 million increase was attributable to acquired units. For comparable business activities excluding acquisitions, net sales increased SEK 269 million or 16 per cent, of which currency effects accounted for 8 per cent. Organic growth was 9 per cent, and was positive in all Nordic countries, mainly as a result of higher market shares and increased product content. Several new stores have also been opened during the year.

For the *Continental European business activities,* net sales totalled SEK 1,957 million (191). The increase is attributable exclusively to acquisitions. Sales for comparable units fell as a result of the decision to close production at Star Beka. Invoiced sales for the Continental European business activities increased outside Germany but fell inside Germany.

For the *UK business activities,* invoiced sales for the period May up to and including September totalled SEK 1,570 million. Several investments in new stores have been made.

Results

The Group's operating profit was SEK 383 million (202). The operating margin came to 6.6 per cent (7.9). The operating profit for the core business activities excluding units disposed and items affecting comparability, came to SEK 361 million (106).

The operating margin totalled 6.2 per cent (6.1). For comparable business activities, the Swedish krona's depreciation led to a profit boost of around SEK 15 million. The operating profit was affected by the higher goodwill amortisation resulting from the acquisitions, an increase of SEK 31 million compared to the previous year.

Net financial items totalled SEK -84 million (-27). The higher financial expenses compared with the previous year are explained by the increased debt caused by company acquisitions. Lower interest rate levels and the amortisation of loans during the third quarter had a positive impact on interest expenses.

The profit after financial items rose 71 per cent to SEK 299 million (175). The Group's tax expenses came to 34 per cent of the pre-tax profit. Excluding non-deductible consolidated goodwill amortisation, the tax rate was 30 per cent of the pre-tax profit.

The net profit totalled SEK 198 million (88) and EPS after dilution effects came to SEK 41.01 (26.72).

The operating profit for the *Nordic business activities* rose to SEK 255 million (148). Acquired units contributed SEK 38 million to the increase. The operating margin improved from 9.1 per cent to 10.1 per cent. The profit improvement within the original business activities is mainly due to increased sales and higher cost efficiency. The acquired Nordic business activities have seen the implementation of cost rationalisations.

The operating profit for the *Continental European business activities* totalled SEK 54 million. The operating margin came to 2.8 per cent. Costs at the acquired units have been cut, mainly via staff reductions. The closing of the Star Beka production unit has proceeded as planned and is due to be completed at the end of this year. The close down costs for Star Beka have been eliminated against the Group's restructuring reserve fund and have thus not affected the period's profits.

The operating profit for the period May-September for the *UK business activities* came to SEK 132 million, with an operating margin of 8.4 per cent. Cost cuts are also being implemented in the UK business activities.

Net sales and financial results for the third quarter

Net sales totalled SEK 2,301 million (765). The operating profit rose to SEK 161 million (136), with an operating margin of 7.0 (17.8) per cent. The profit after tax was SEK 78 million (84).

The previous year's operating profit includes items affecting comparability of SEK 94 million, consisting of SPP funds and capital gains on the disposal of Svenska Fönster.

Integration of acquired units

The integration of the units acquired last year is proceeding as planned, including the intended cost rationalisations. For the Continental European business activities, the effect has been partly counteracted by the fall in demand. Costs for the ongoing rationalisation programmes have been recorded in the restructuring reserve fund, and have thus not affected the period's profits.

Cash flow

The Group's cash flow from current activities prior to investments totalled SEK 345 million (32). Working capital, which, for seasonal reasons, is normally high during September, rose SEK 47 million (77) excluding exchange rate effects.

Investments

Investments in fixed assets totalled SEK 126 million (33). These investments mainly involved the replacement of machinery, new stores and IT. Acquisitions and disposals led to a net cash outflow of SEK -1,448 million.

Capital employed, net debt and liquidity

The Group's capital employed came to SEK 4,285 million compared with SEK 2,242 million at the turn of last year. Via acquisitions and disposals, capital employed increased around SEK 1,800 million.

The Group's net debt totalled SEK 2,249 million, compared with SEK 601 million at the turn of last year. The net effect of acquisitions and disposals led to an increase of the net debt of around SEK 1,760 million. Exchange rate effects have raised the net debt by SEK 110 million.

Shareholders' equity totalled SEK 1,669 million and the equity/assets ratio was 25.7 per cent.

The Group's available liquidity, including agreed credit facilities, totalled around SEK 760 million on 30 September.

In connection with the acquisition of Magnet, the Nobia Group was refinanced to the tune of SEK 2,500 million. Agreed credit facilities have varying terms extending to the year 2008.

Parent company

The parent company made a loss after financial items of SEK -38 million (-9).

Employees

The headcount at the end of the reporting period came to around 6,200, as compared with around 4,300 at the start of the year. Acquisitions and disposals accounted for a change of around 2,100, while staff reductions accounted for around 220.

Accounting principles

Nobia complies with the recommendations of the Swedish Financial Accounting Standards Council. The accounting principles are unchanged compared with the previous year.

For a definition of key figures and ratios, see Nobia's annual report 2000.

Stockholm
1 November 2001

Fredrik Cappelen
President and CEO

This report has not been reviewed by the company's auditors.
Nobia AB corporate registration no. is 556528-2752

Interim report for 2001 will be published on 22 February 2002

Short on Nobia

Nobia is Europe's largest and the world's second largest kitchen interiors Group with an estimated yearly sale of SEK 10 billion and approximately 6,200 employees.

The group is mainly active in the Nordic region, Continental Europe and the UK. The UK accounts for around 40 per cent of group sales, while the Nordic region accounts for around 30 per cent, Continental Europe for around 25 per cent and other markets for around 5 per cent.

Nobia's brands include Marbodal, Myresjökök, HTH, Uno form, Invita, Sigdal, Norema, Petra, Parma, à la Carte, Poggenpohl, Pronorm, Optifit, Goldreif, C.P. Hart and Magnet.

The products are manufactured in Sweden, Norway, Denmark, Finland, Germany and the UK. Corporate headquarters are located in Stockholm.

Nobia is owned by the Industri Kapital 1994-fund, Skanska, Norsk Kjøkken Invest and Nobia's corporate Management.

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Income statement

SEK m	July - September 2001	July - September 2000[1)]	January – September 2001	January – September 2000[1)]	Full year 2000
Net sales	2301	765	5 840	2 554	4 102
Cost of goods sold	-1412	-555	-3 644	-1 830	-2 768
Gross profit	889	210	2 196	724	1 334
Sales expenses	-616	-140	-1 510	-482	-881
Administrative expenses	-113	-31	-316	-108	-223
Other income/expenses	17	4	26	8	-6
Items affecting comparability	0	94	22	64	46
Operating profit before amortisation of goodwill	177	137	418	206	270
Amortisation of goodwill	-16	-1	-35	-4	-9
Operating profit	161	136	383	202	261
Net financial items	-39	-9	-84	-27	-41
Profit after financial items	122	127	299	175	220
Tax	-44	-43	-101	-87	-115
Minority share in profit/loss for the period	0	-	0	-	0
Profit after tax	78	84	198	88	105
Operating margin exc. amortisation of goodwill, %	7.7	17.9	7.2	8.1	6.6
Operating margin, %	7.0	17.8	6.6	7.9	6.4
Return on capital employed, %					22,2
Return on shareholders' equity, %					17,2
EPS before dilution, SEK	16.75	26.83	42.70	28.11	30.33
EPS after full dilution, SEK	15.91	25.51	41.01	26.72	28.97
No. of shares before dilution	4 656 356	4 118 281	4 656 356	4 118 281	4 627 404
Average no. of shares before dilution	4 656 356	3 130 645	4 637 055	3 130 645	3 462 408
No. of shares after full dilution	4 902 488	4 280 913	4 902 488	4 280 913	4 790 036
Average no. of shares after full dilution	4 902 488	3 293 277	4 827 520	3 293 277	3 625 040

1) Because of the acquisitions and disposals made by the Group, comparisons with previous year are of limited value.

Balance sheet

SEK m	30 September 2001	30 September 2000	31 Dec. 2000
Assets			
Fixed assets			
Goodwill	1 219	208	430
Other intangible fixed assets	34	43	32
Tangible fixed assets	2 243	1 195	1 370
Financial fixed assets	148	234	143
Total fixed assets	**3 644**	**1 680**	**1 975**
Current assets			
Stock	1 144	488	614
Accounts receivable	1 190	880	739
Other receivables	177	106	96
Cash and bank balances	341	152	221
Total current assets	**2 852**	**1 626**	**1 670**
Total assets	**6 496**	**3 306**	**3 645**
Shareholders' equity and liabilities			
Shareholders' equity	1 669	1 023	1 363
Minority shares	5	5	5
Provisions	625	499	457
Long-term liabilities	2 524	527	559
Current liabilities	1 673	1 252	1 261
Total shareholders' equity and liabilities	**6 496**	**3 306**	**3 645**

Change in the Group's shareholders' equity	**January – September 2001**	**January – September 2000**	**Full year 2000**
Opening shareholders' equity, 31 December	**1 363**	**351**	**351**
Translation differences	108	0	22
Net profit for the period	198	88	105
Non-cash issue	-	584	885
Other changes	0	0	0
Amount at the end of the period	**1 669**	**1 023**	**1 363**

Balance sheet-related key figures

Equity/assets ratio, %	25.7	30.9	37.4
Net debt, closing balance	2 249	531	601
Capital employed, closing balance	4 285	1 756	2 242

Cash flow statement

SEK m	January – September 2001	January – September 2000	Full year 2000
Current activities			
Operating profit	383	202	261
Adjustment for items not included in cash flow	125	-16	-17
Interest, dividends and tax	-116	-77	-102
Changes in working capital	-47	-77	14
Cash flow from current activities	**345**	**32**	**156**
Investment activities			
Investments in fixed assets	-126	-33	-87
Sale of subsidiary	144	392	392
Acquisition of subsidiary	-1 592	-293	-271
Other items included in investment activities	13	8	25
Cash flow from investment activities	**-1 561**	**74**	**59**
Financing activities			
Loans raised	2 063	-	75
Amortisation of liabilities	-754	-88	-128
Cash flow from financing activities	**1 309**	**-88**	**-53**
Cash flow for the year exc. exchange rate differences in liquid funds	**93**	**18**	**162**

Core business' net sales and operating profit

	Net sales			**Operating profit**		
	Jan - Sep		**Full yr**	**Jan - Sep**		**Full yr**
SEK m	**2001**	**2000**	**2000**	**2001**	**2000**	**2000**
Booked value	5 840	2 554	4 102	383	202	261
Deducted items affecting comparability				-22	-64	-46
Adjustments for disposed units		-819	-1012		-32	-39
Core business	5 840	1 735	3 090	361	106	176

Core business' net sales, operating profit and operating margin per business area

	Net sales			Operating profit			Operating margin, %		
	Jan - Sep		Full yr	Jan - Sep		Full yr	Jan - Sep		Full yr
SEK m	2001	2000	2000	2001	2000	2000	2001	2000	2000
Nordic business activities	2 518	1 630	2 428	255	148	237	10.1	9.1	9.8
Continental European business activities	1 957	191	813	54	-9	-4	2.8	-4.7	-0.5
UK business activities	1 570			132			8.4		
Goodwill amortisation				-35	-4	-9			
Consolidated adjustment and other	-205	-86	-151	-45	-29	-48	22.0	33.7	31.8
Core business	5 840	1 735	3 090	361	106	176	6.2	6.1	5.7

Core activities' net sales and profit per business area
Quarterly figures

	2001			2000			
SEK m	III	II	I	IV	III	II	I
Net sales							
Nordic business activities	**759**	**912**	**847**	**798**	**475**	**611**	**544**
Original business	579	685	635	620	475	611	544
Acquired business	180	227	212	178			
Continental European business activities	**624**	**666**	**667**	**622**	**63**	**65**	**63**
Original business	35	61	64	67	63	65	63
Acquired business	589	605	603	555			
UK business activities	**983**	**587**					
Consolidated adjustments and other	-65	-69	-71	-65	-25	-30	-31
Total core activities	**2 301**	**2 096**	**1 443**	**1 355**	**513**	**646**	**576**
Operating profit							
Nordic business activities	**82**	**106**	**67**	**89**	**44**	**71**	**33**
Original business	70	87	60	82	44	71	33
Acquired business	12	19	7	7			
Continental European business activities	**16**	**32**	**6**	**5**	**-4**	**-3**	**-2**
Original business	0	0	0	-7	-4	-3	-2
Acquired business	16	32	6	12			
UK business activities	**92**	**40**					
Goodwill amortisation	-16	-13	-6	-5	-1	-2	-1
Consolidated adjustments and other	-13	-22	-10	-19	-10	-10	-9
Total core activities	161	143	57	70	29	56	21
Operating margin, %							
Nordic business activities	**10.8**	**11.6**	**7.9**	**11.2**	**9.3**	**11.6**	**6.1**
Original business	12.1	12.7	9.4	13.2	9.3	11.6	6.1
Acquired business	6.7	8.4	3.3	3.9			
Continental European business activities	**2.6**	**4.8**	**0.9**	**0.8**	**-6.3**	**-4.6**	**-3.2**
Original business	0.0	0.0	0.0	-10.4	-6.3	-4.6	-3.2
Acquired business	2.7	5.3	1.0	2.2			
UK business activities	**9.4**	**6.8**					
Consolidated adjustments and other							
Total core activities	7.0	6.8	4.0	5.2	5.7	8.7	3.6