



## Press Release

### **Nobia acquires UK kitchen manufacturer Gower**

- **Nobia strengthens its foothold in the UK kitchen market**
- **UK sales increase by SEK 1.0 billion, and the UK market share grows from 8 per cent to 15 per cent**
- **Acquisition will be EPS positive from year one**
- **Purchase price on debt-free basis amounts to SEK 890 million**
- **Gower management will join Nobia's management team**

Nobia has acquired the UK kitchen company Gower Group Ltd for a purchase price on a debt-free basis of SEK 890 million. Gower's sales total approximately SEK 1.0 billion and its market share in the UK is approximately 7 per cent.

Gower is the UK's leading supplier of flat-pack kitchens to multiple retailer chains and the second largest manufacturer of flat-pack kitchens overall. Gower supplies DIY and other multiple retailers, builders' merchants and independent kitchen studios. The continental European market accounts for 5 per cent of sales. Gower also manufactures flat-pack bathroom and bedroom furniture, which account for approximately 12 per cent of sales. Gower employs 475 people at its facilities in West Yorkshire. The company's main production site and headquarters is in Halifax.

Gower has a long history of sales and profits growth and is expected to enhance Nobia's earnings per share from year one. Had Gower Group been included in Nobia's accounts in the last 12 months it is expected to have added SEK 0.50 to earnings per share. With sales of SEK 1.0 billion, Gower will add over 10 per cent to Group sales.

Following the acquisition, the flat-pack share of Nobia group sales will increase from 10 per cent to 19 per cent. In Nobia, Business Unit Optifit is a focused flat-pack business. Other Nobia businesses that supply flat pack kitchens are HTH, Magnet and Marbodal, in addition to their ranges of rigid kitchens.

The main strategic attraction of the acquisition is that Gower and Nobia together will be able to strengthen their offer to multiple retailers. The combined scale of Gower with Nobia's other businesses will lead to wider product content, sharper new product development, a broader service offering, more effective sourcing and a Europe wide supply capability. Acquiring Gower also enables Nobia to capitalise on the strong growth being achieved in the UK multiple retailer segment in recent years, led by new store openings and greater commitment to the kitchen category.

The UK kitchen market has seen an annual growth of 2-3 per cent in the past 5 years. Rigid kitchens account for approximately 60 per cent of the market value and flat-packs account for 40 per cent.

Nobia's current UK operation consists of Magnet and CP Hart, which primarily offers fitted kitchens, bedroom and bathrooms to the upper-middle segment of the market through its network of retail stores. Nobia's market share in the UK kitchen market is currently around 8



per cent. With Gower, Nobia's UK market share will increase to 15 per cent. The UK operation's share of Nobia group sales will increase from 42 per cent to 47 per cent.

Gower's management will join Nobia's management team. Gower will operate as a stand-alone Business Unit in the UK. Martin Elgood will continue as Gower's Managing Director.

Richard Reynolds, who is to remain as Gower's Chairman, will assume a newly instituted Group position of Vice President Operations, with responsibility for developing Nobia's continental European business with multiple retailers. He will also join the Group Management. Kevin Ohle, Reynolds' Partner, remains director of Gower and will also be appointed Vice President Projects with responsibility for exploiting synergies across the Group.

"The acquisition strengthens Nobia's position in the UK and opens up new possibilities. We gain a strong position in the UK multiple retailer market; that is particularly interesting as it represents a large and growing part of the market. Gower has been exceptionally skilled at building strong relationships with DIY chains and other multiple retailers and Nobia believes the joint operations will be able to support the customer base even better," says Nobia's CEO Fredrik Cappelen.

"We are delighted to become part of the Nobia family, Europe's largest kitchen group. The flat-pack market across Europe accounts for 25 per cent of the total kitchen market. Nobia has several excellent businesses in different countries and we are very excited by the potential this gives us to strengthen the position of our existing customers and to grow Nobia's share in the multiple retail sector," says Richard Reynolds, Gower's Chairman.

#### Financial effects of acquisition on Nobia Group

EPS (last 12 months to Nov 30)	SEK + 0.50
Goodwill	SEK + 665 million
Total assets	SEK + 1,050 million
Net debt	SEK + 890 million
Net debt / equity*	increases from 37 per cent to 72 per cent
Equity / total assets*	decreases from 46 per cent to 39 per cent

---

\* Calculated on data from September 30, 2003



## **Invitation to telephone conference**

Nobia will hold a telephone conference today at 13.30 CET, where CEO Fredrik Cappelen, CFO Lennart Rappe and Gower's Chairman Richard Reynolds present the acquisition. The telephone conference will be held in English.

Time: 13.30 CET

Call in number: +44 (0)207 162 0187

Password: Nobia

## **Nobia AB**

**1 December 2003**

Further information, tel. +46 (0)8-440 16 00

Fredrik Cappelen, President and CEO

Lennart Rappe, CFO

Katarina Sivander, Communications Manager

See also Nobia's website: [www.nobia.se](http://www.nobia.se)

---

Nobia is Europe's leading kitchen interiors company. The Group operates in a number of European markets under strong brand names. Nobia's own specialist kitchen stores and franchise stores are responsible for most of the Group's sales. Nobia is leading the consolidation of the European kitchen market and creating profitable growth by making efficiency improvements and acquisitions, taking an industrial approach. The Group had sales of approx. SEK 9.6 billion in 2002 and has around 5,700 employees. Nobia is listed on the Attract 40-section of Stockholmsbörsen's O-list.

**Goldreif · HTH · Invita · Magnet · Marbodal · Myresjökök · Norema · Novart · Optifit · Poggenpohl · Pronorm · Sigdal**