The European kitchen market
Channels and competition

Presentation by Lennart Rappe, CFO

18 September 2003

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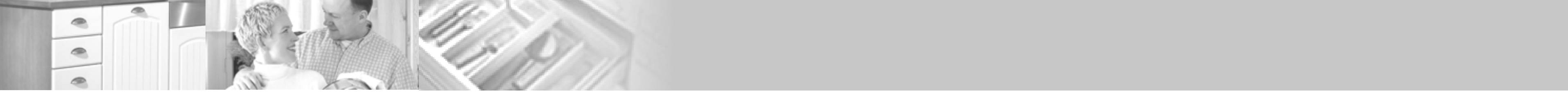
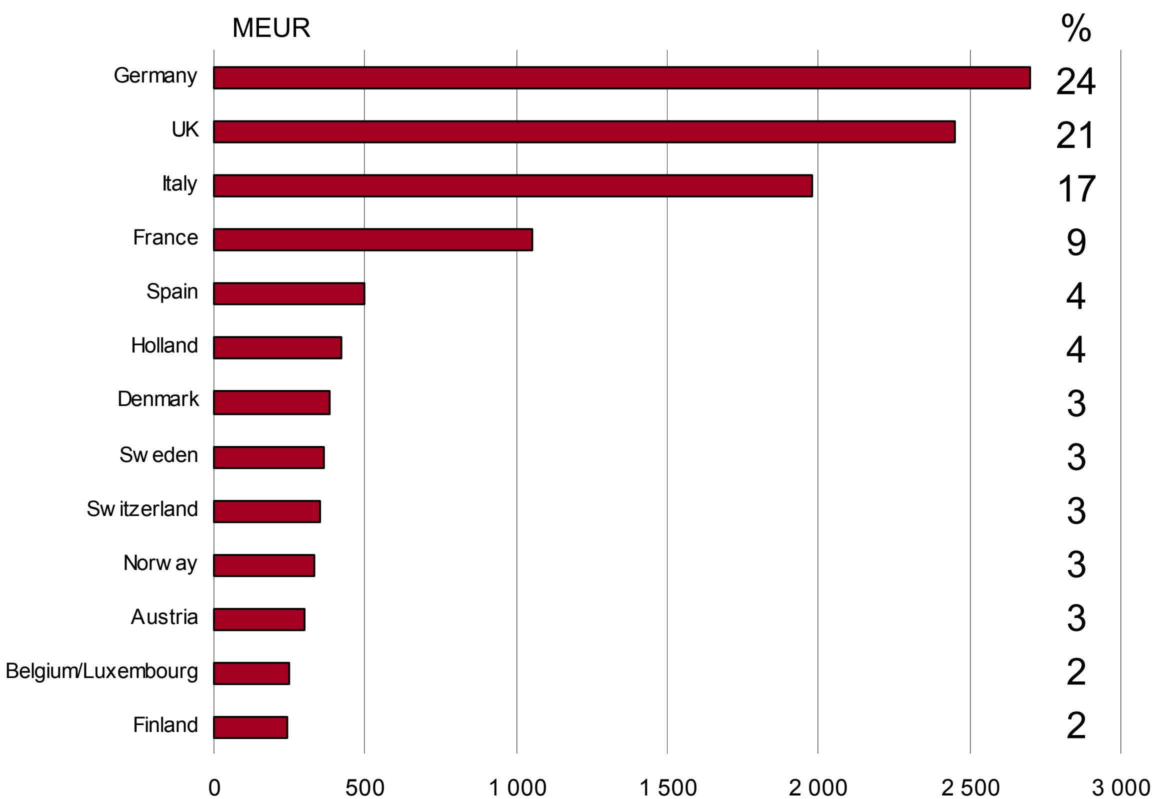


The European Kitchen Market 2001



Source: Nobia

- The total European market amounts to approx. EUR 11.4 bn at MSP
- The four largest markets, Germany, UK, Italy, and France account for approx. 70% of the market.
- Scandinavia accounts for approx. 10% of the market

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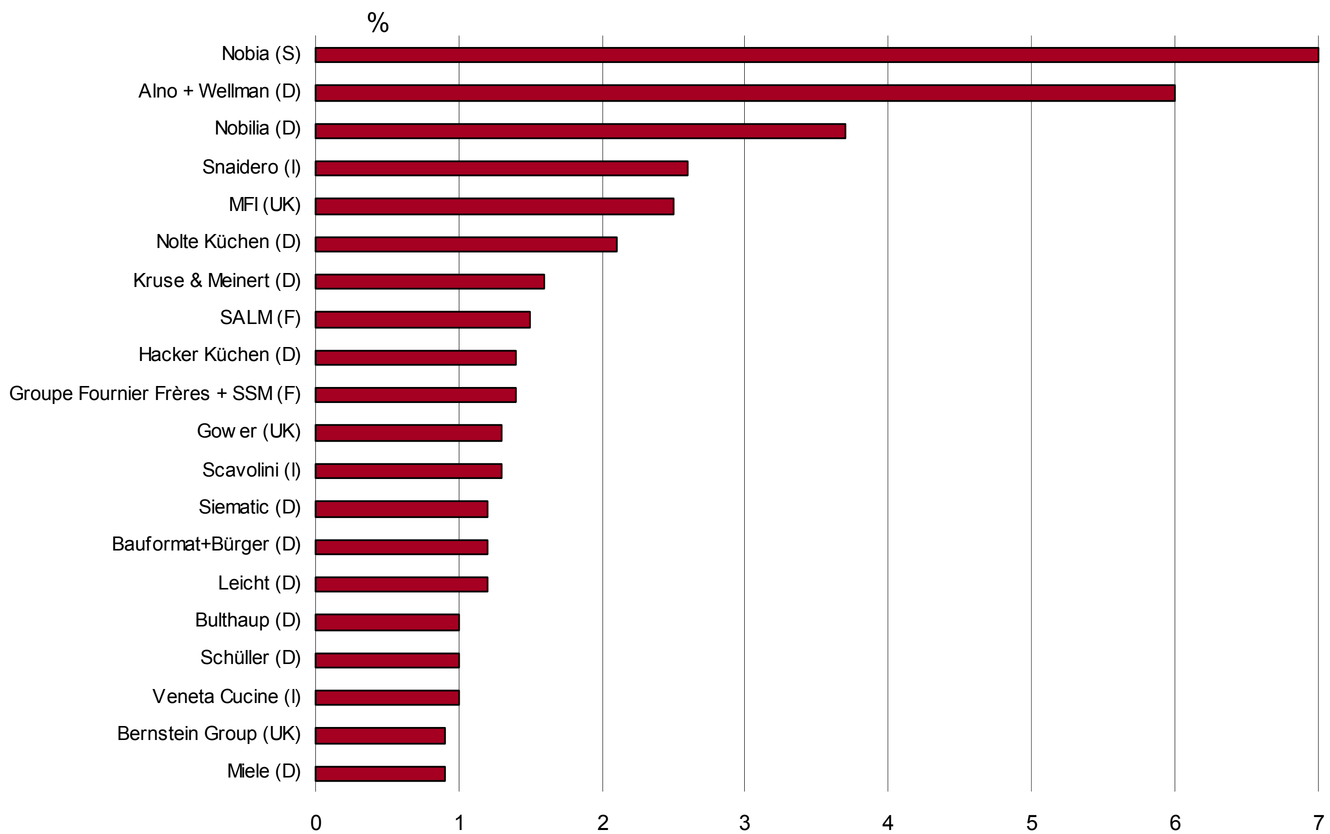
Market shares 2001



Source: CSIL, Prognoscentret, and Nobia

- The five largest companies account for approx. 22% of the market
- No. 6-20 in size account for approx. 19% of the market

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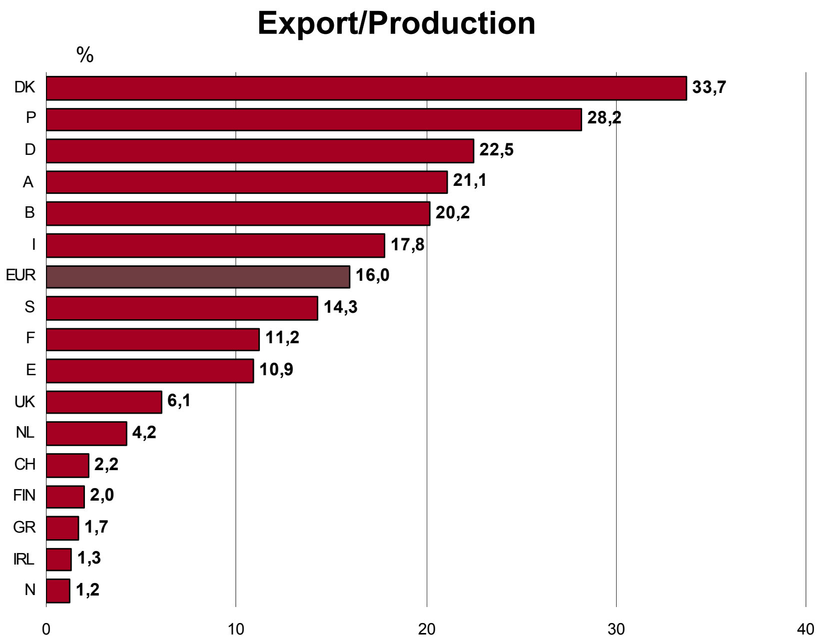
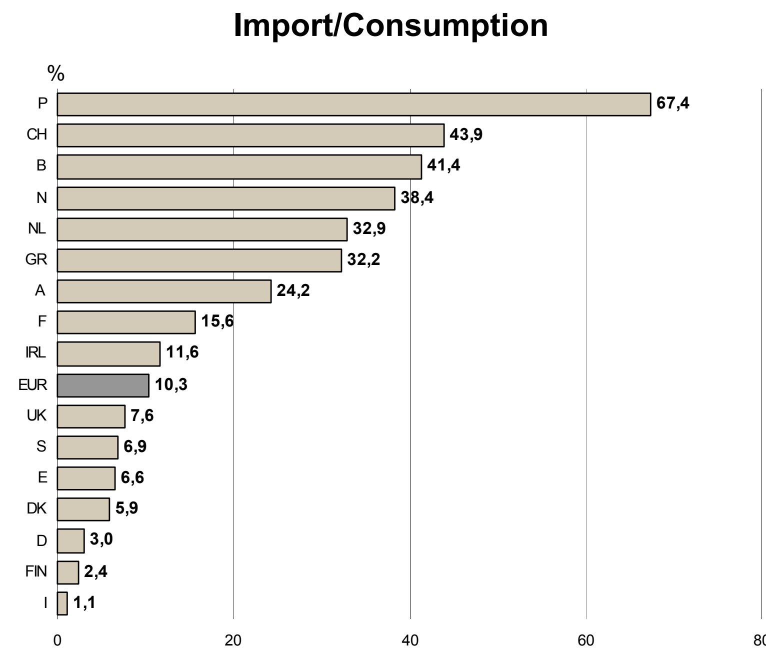
Kitchen Furniture Export and Import in Europe





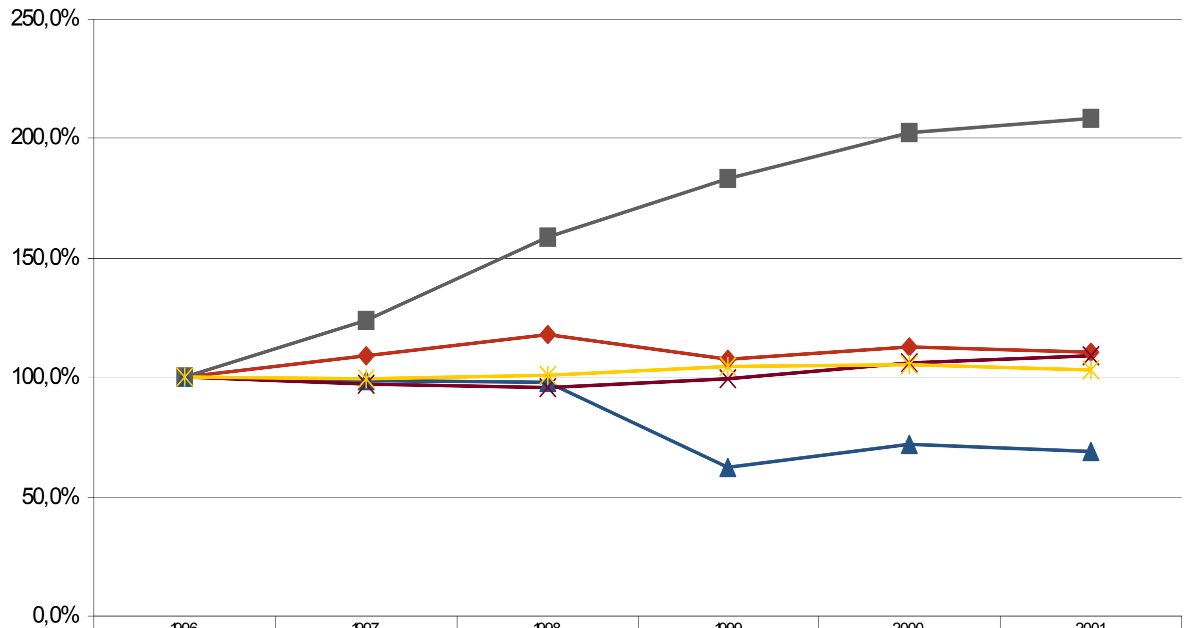
Germany and Italy are the largest export countries. Together they account for approx. 70 % of the European Export trade.

France, Switzerland and the Netherlands are the largest import countries. Together the account for approx. 45% of the European import trade.

Source: CSIL

Kitchen Furniture Consumption, Nordic

Annual % changes at constant prices, index 1996=100



	1996	1997	1998	1999	2000	2001
Denmark	100,0%	108,9%	117,7%	107,4%	112,7%	110,4%
Finland	100,0%	123,9%	158,8%	183,3%	202,5%	208,4%
Norway	100,0%	98,9%	98,0%	62,4%	71,9%	69,3%
Sweden	100,0%	97,2%	95,7%	99,7%	106,0%	109,1%
Europe	100,0%	99,5%	100,9%	104,5%	105,2%	103,2%

Source: CSIL

Factors influencing kitchen demand:

- Consumer confidence
- Housing transactions
- New-home construction & renovation
- Interest rates

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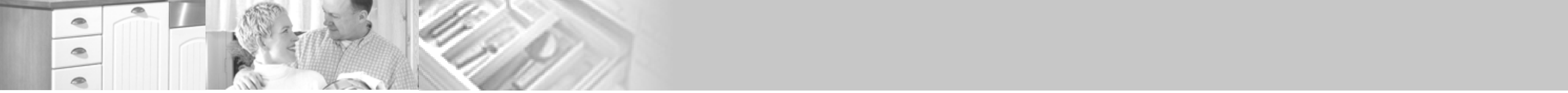
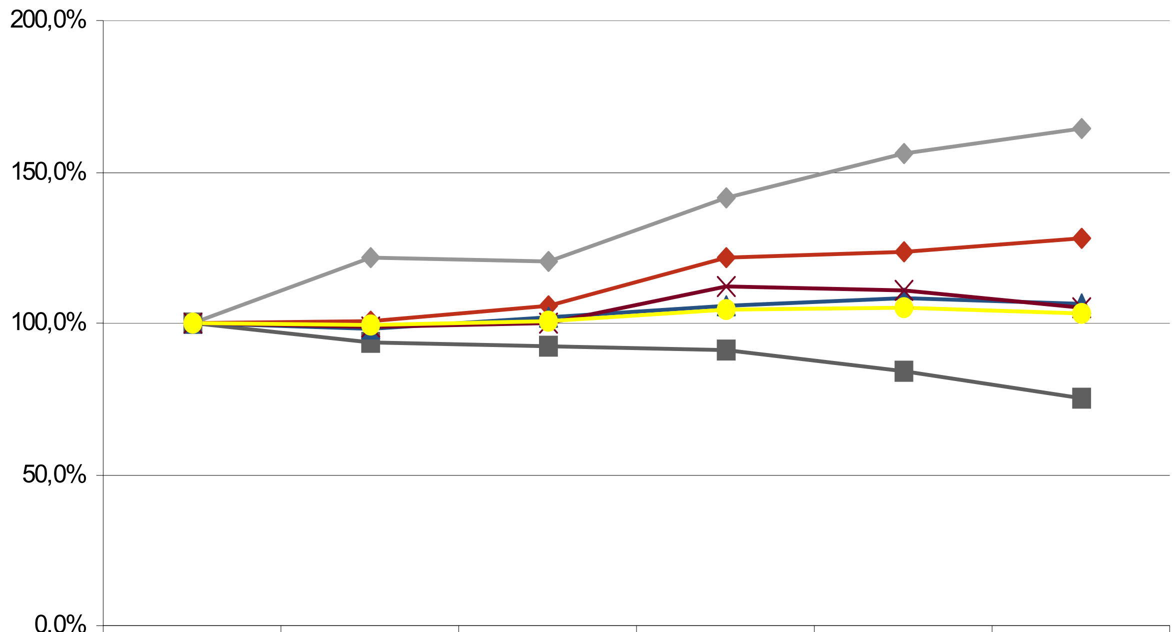


Kitchen Furniture Consumption, Europe

Annual % changes at constant prices, index 1996=100



	1996	1997	1998	1999	2000	2001
France	100,0%	100,4%	105,9%	121,7%	123,5%	128,2%
Germany	100,0%	93,5%	92,1%	90,9%	83,9%	75,3%
Italy	100,0%	98,0%	102,2%	105,8%	108,4%	106,2%
Netherlands	100,0%	98,6%	100,3%	111,9%	111,1%	104,8%
UK	100,0%	121,6%	120,1%	141,3%	156,1%	164,2%
Europe	100,0%	99,5%	100,9%	104,5%	105,2%	103,2%

Source: CSIL

Factors influencing kitchen demand

- Consumer confidence
- Housing transactions
- New-home construction & renovation
- Interest rates

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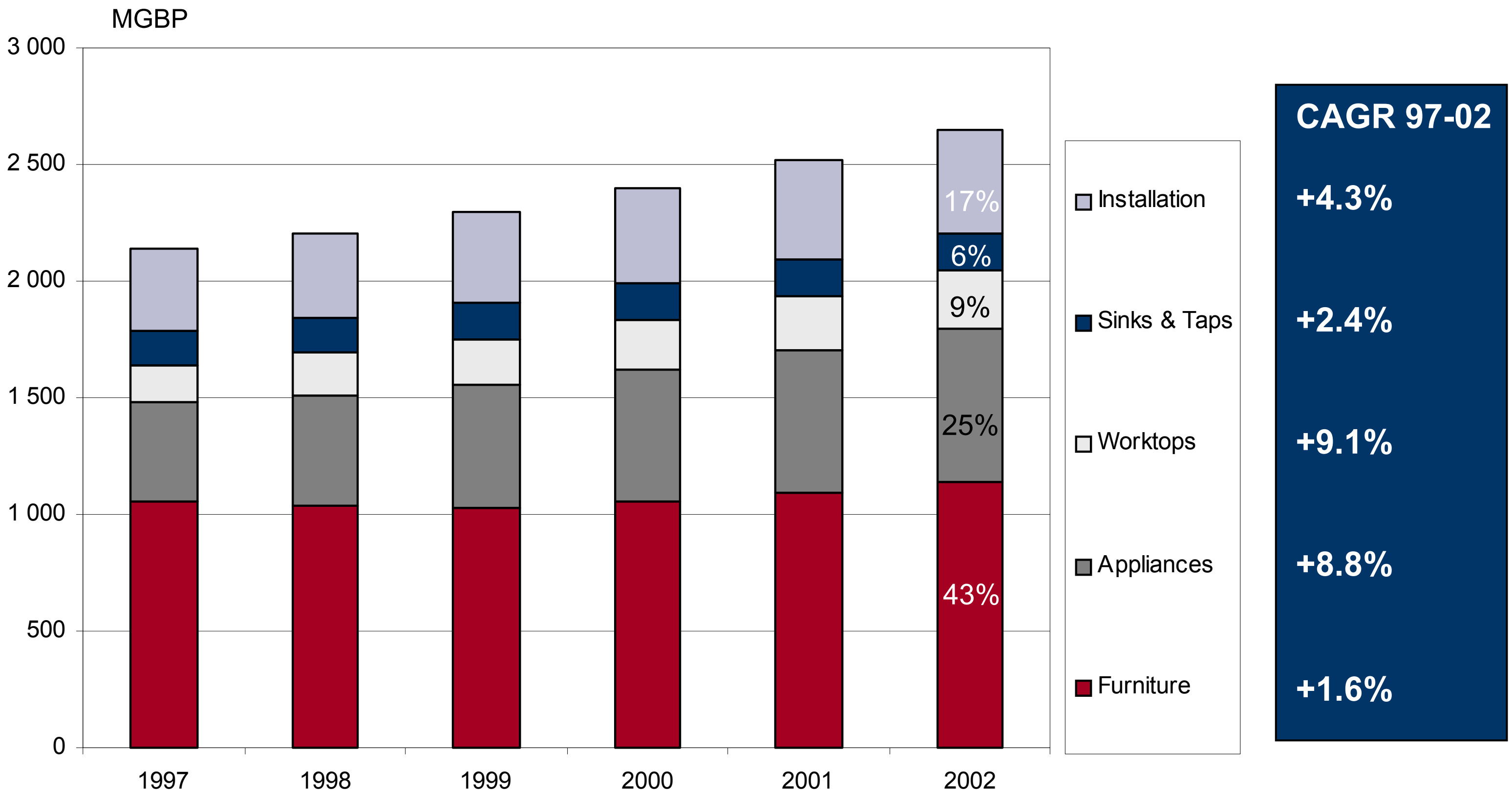
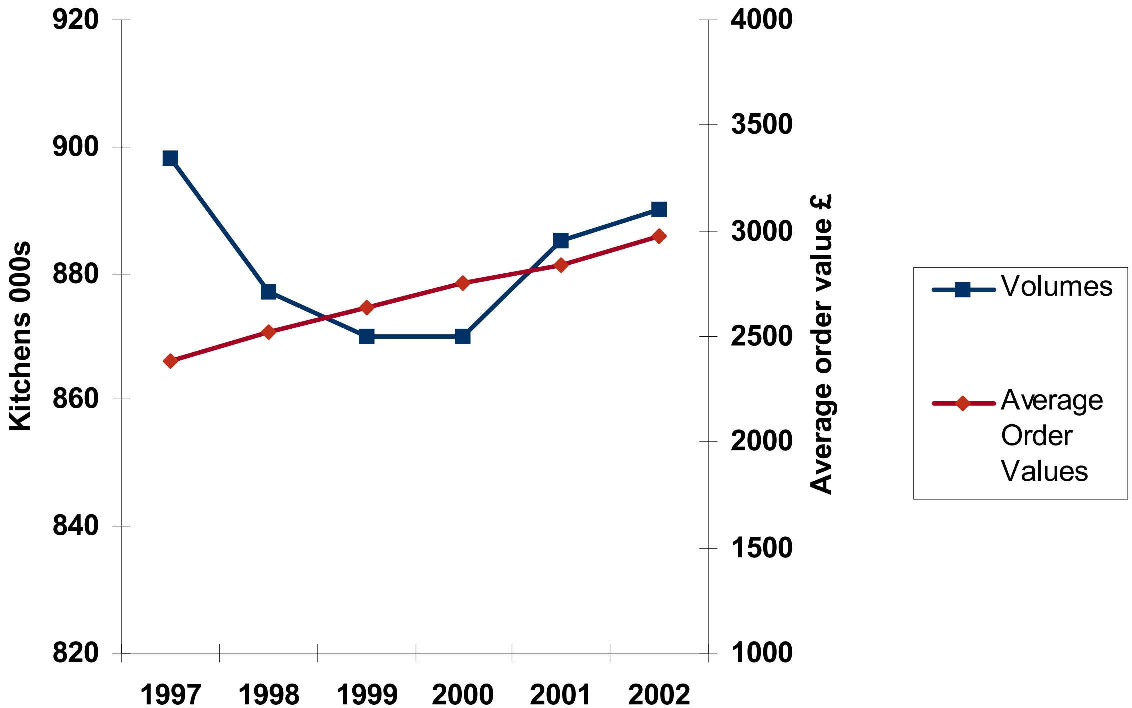
The UK Market

UK Kitchen Market at RSP



Source: JKMR, Magnet

UK Kitchen Market Volumes and AOV (RSP)



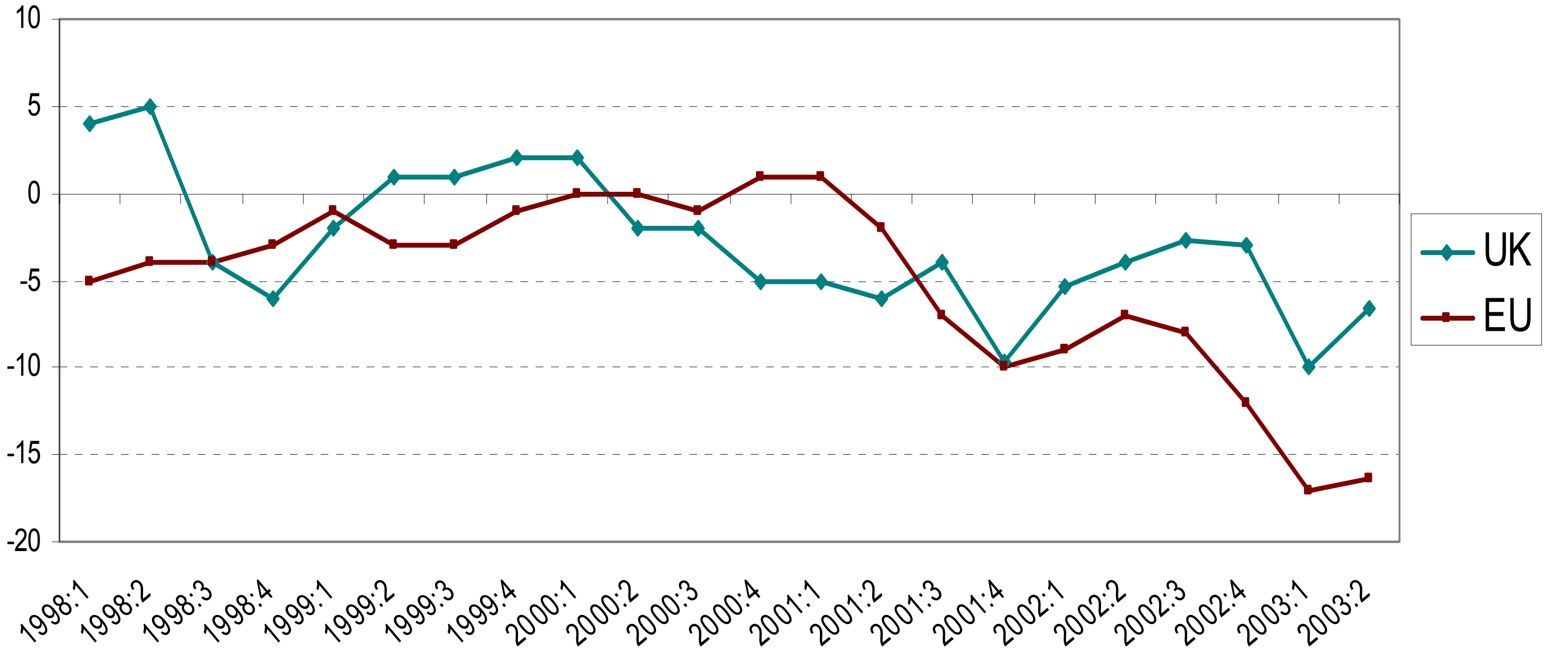
Source: JKMR, Magnet

CAGR 97-02

-0.2%

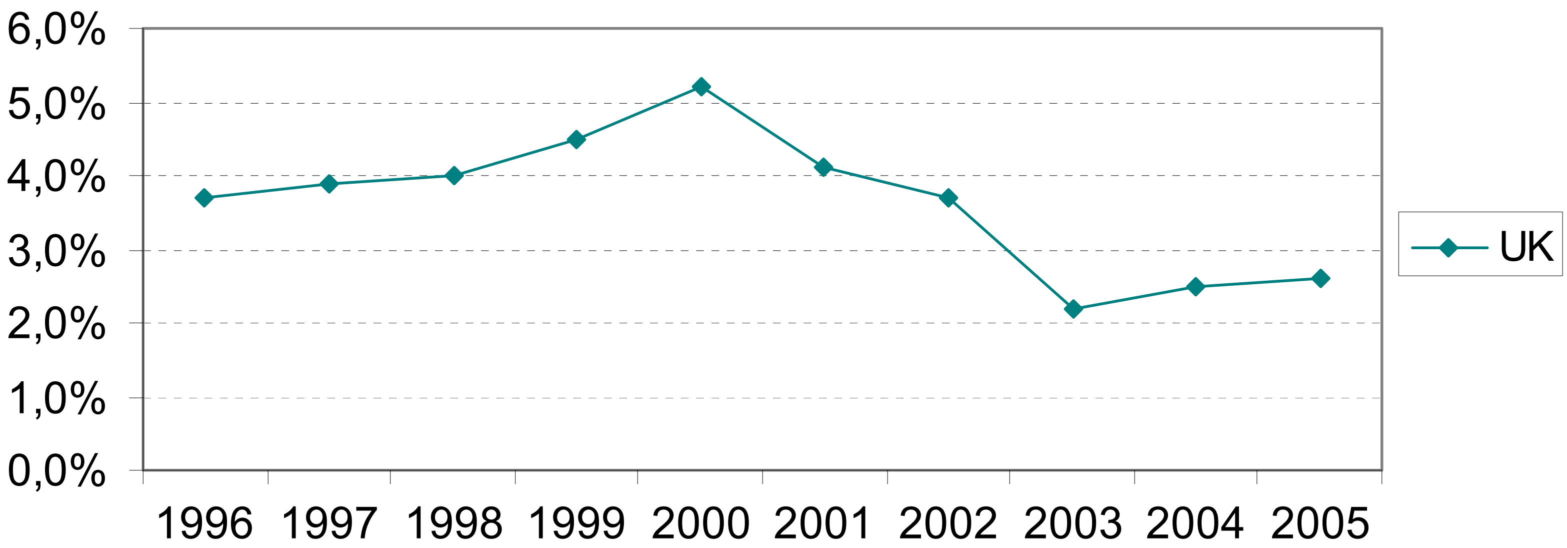
+4.5%

Consumer Confidence Indicator UK-EU

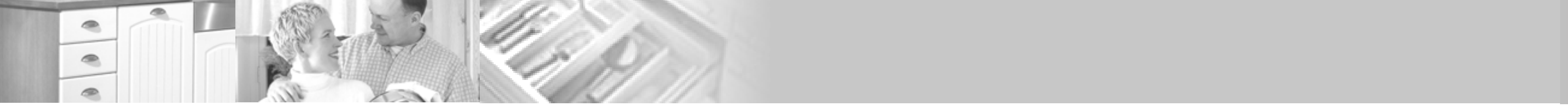


Source: European Commission

Private consumption, annual growth rate UK

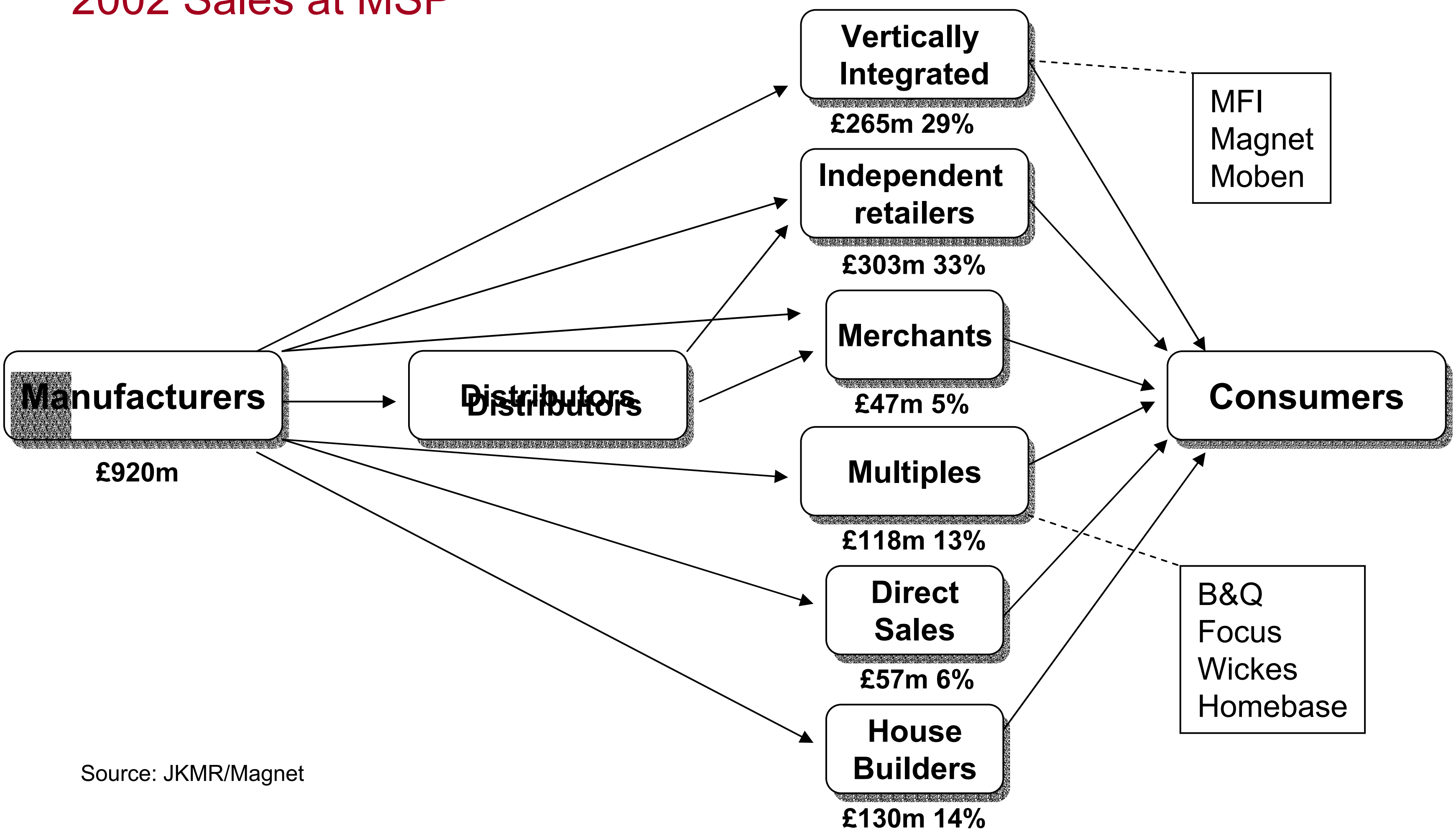


Source: EUROCONSTRUCT



UK Kitchen Furniture Market Channel Map

2002 Sales at MSP



Source: JKMR/Magnet

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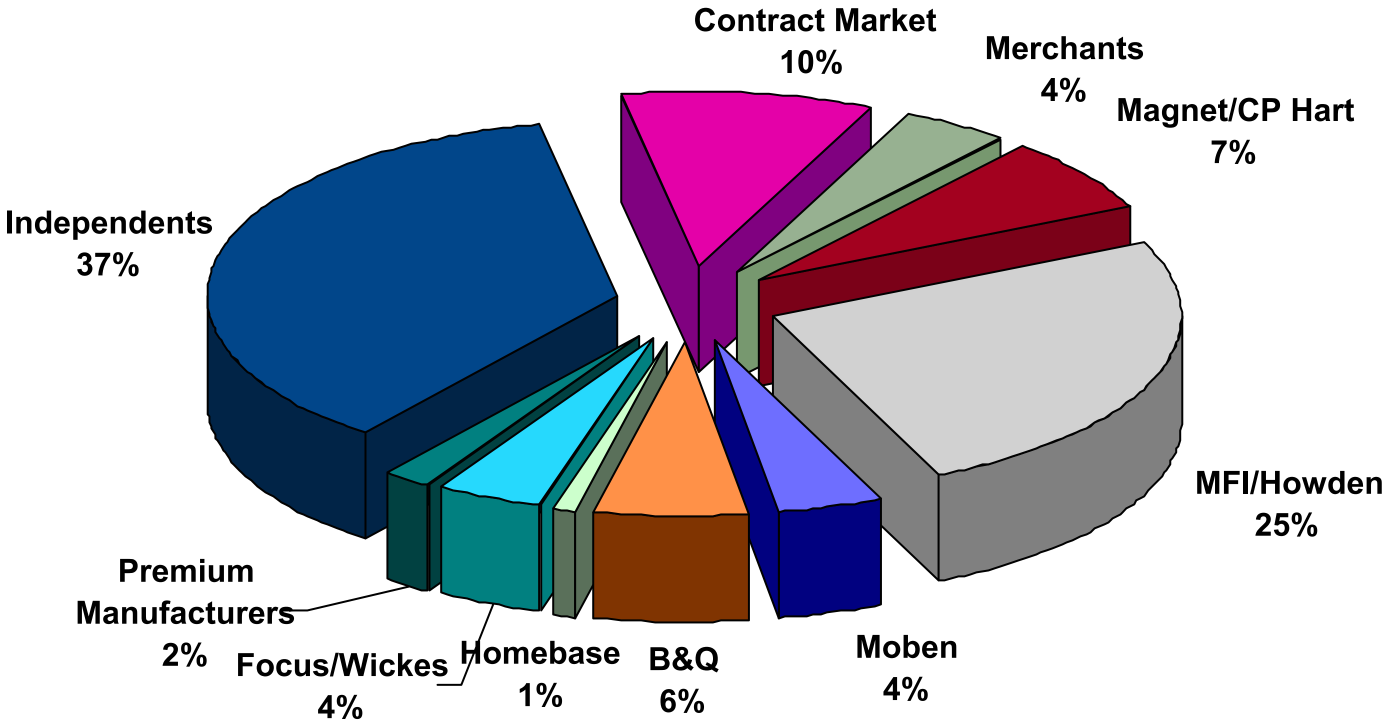
Overall UK Market by Distribution Channel
2002 Sales at RSP

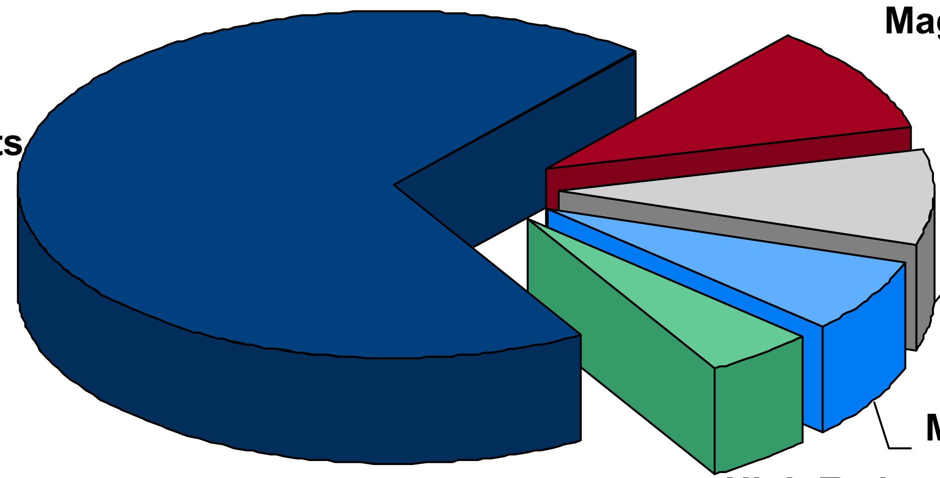
The UK Kitchen market is dominated by five companies accounting for over half of the retail market. MFI/Howden is the largest retailer in the UK.



Source: Magnet

Upper & upper-middle Market
2002 sales at RSP

The upper & upper-middle sector accounts for around half of the UK market and is dominated by the independent sector. Magnet is the leading retailer in this sector.



Source: Magnet

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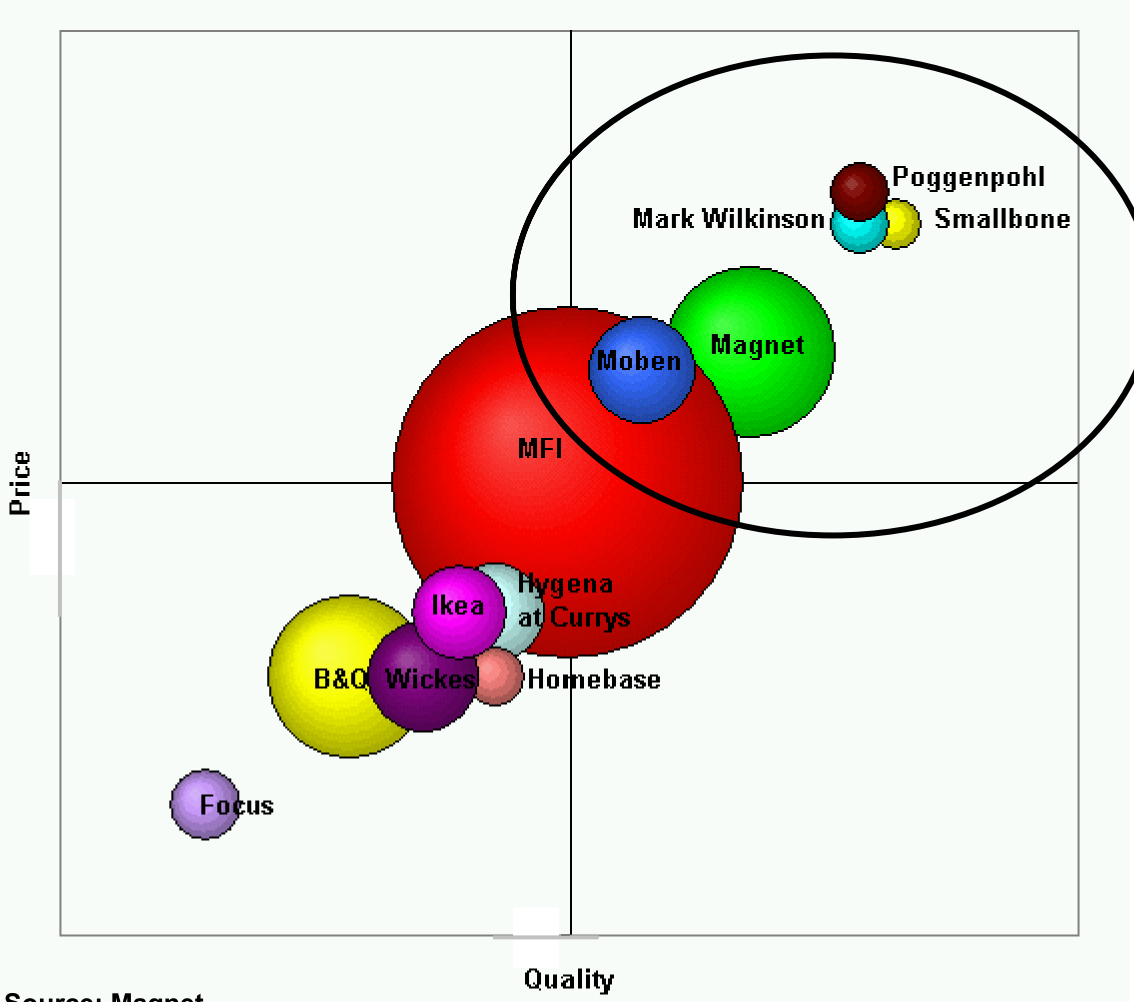
UK Kitchen Retailers



Source: Magnet

Magnet is the leading company in the upper-middle sector

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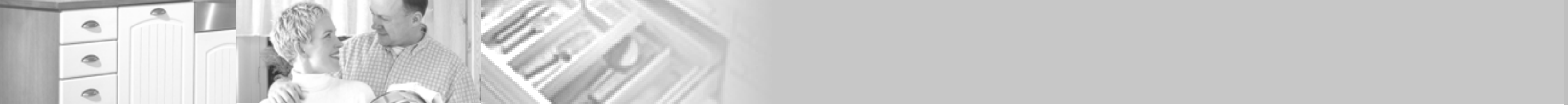
Main competitors in the UK upper-middle market

- MFI:
  - vertically integrated manufacturer with its own store network
  - Strategic priorities:
    - refurbishment of MFI out-of-town stores
    - roll-out of Howden joinery stores
    - extension of product offer to every room in the house
- Moben
  - limited role of store network
  - sales mainly through direct sales force
- Independent retailers
  - very fragmented structure
  - mainly local and small business supplied by a variety of local manufacturers and import companies



Main competitors in the UK flat-pack market

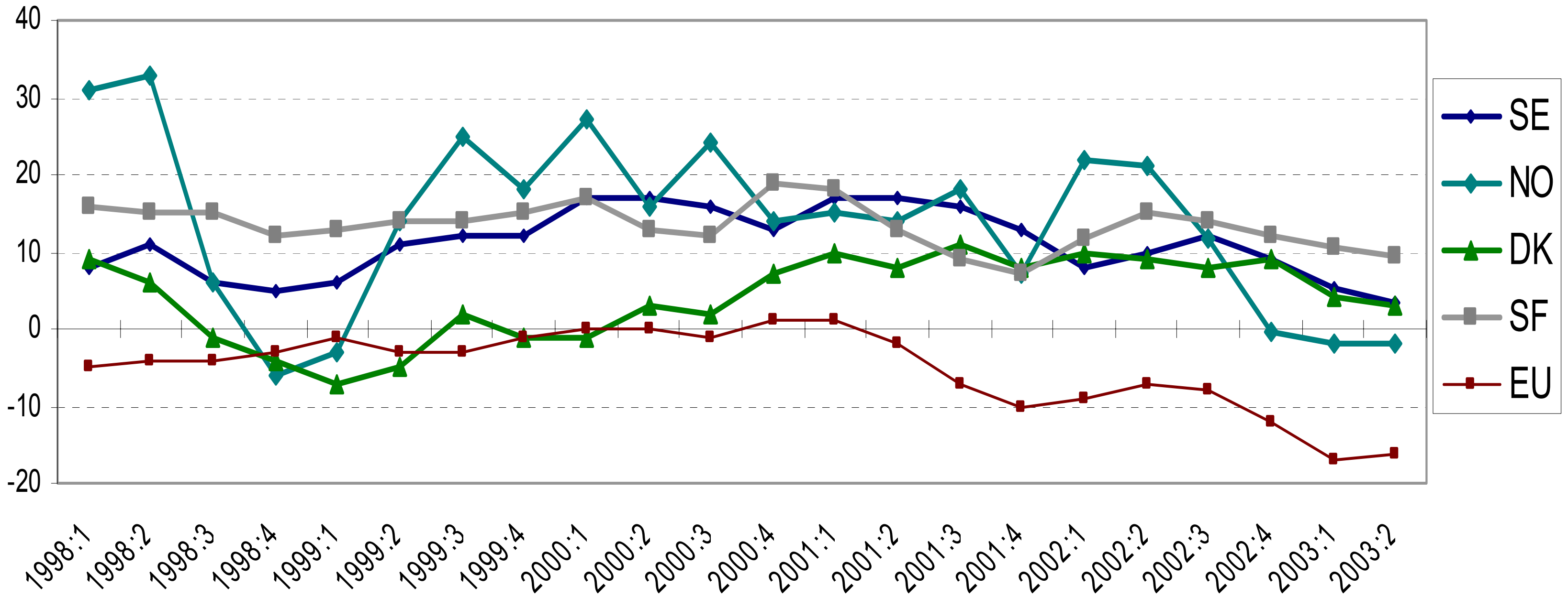
- The flat-pack market is dominated by DIY-chains and builders' merchants
- B&Q
  - 320 points of sale
  - supplied by a few manufacturers
  - part of the Kingfisher Group
- Focus Wickes
  - 440 points of sales
  - supplied by Gower
  - owned by financial investors and management
- Homebase
  - 270 points of sale
  - supplied by Magnet/Optifit
  - owned by the GUS Group
- Jewson/Graham
  - 650 points of sale
  - supplied by Gower
  - part of the StGobain Group

Profile - UK Market

- The UK market has achieved strong growth in the past five years, particularly prior to the millennium
- Vertically integrated manufacturers and a few large DIY-multiples occupy 50% of the market
- The distribution structure at the upper & upper-middle sector remains fragmented
- Upper & upper-middle sector is dominated by independents. Magnet (retail) is the largest individual retailer in this market
- Vertically integrated manufacturers and DIY-multiples have grown the number of outlets and gained market share at the expense of the independent sector
- The manufacturing structure is well consolidated with six manufacturers holding more than 50% of the market
- Small import and export trade

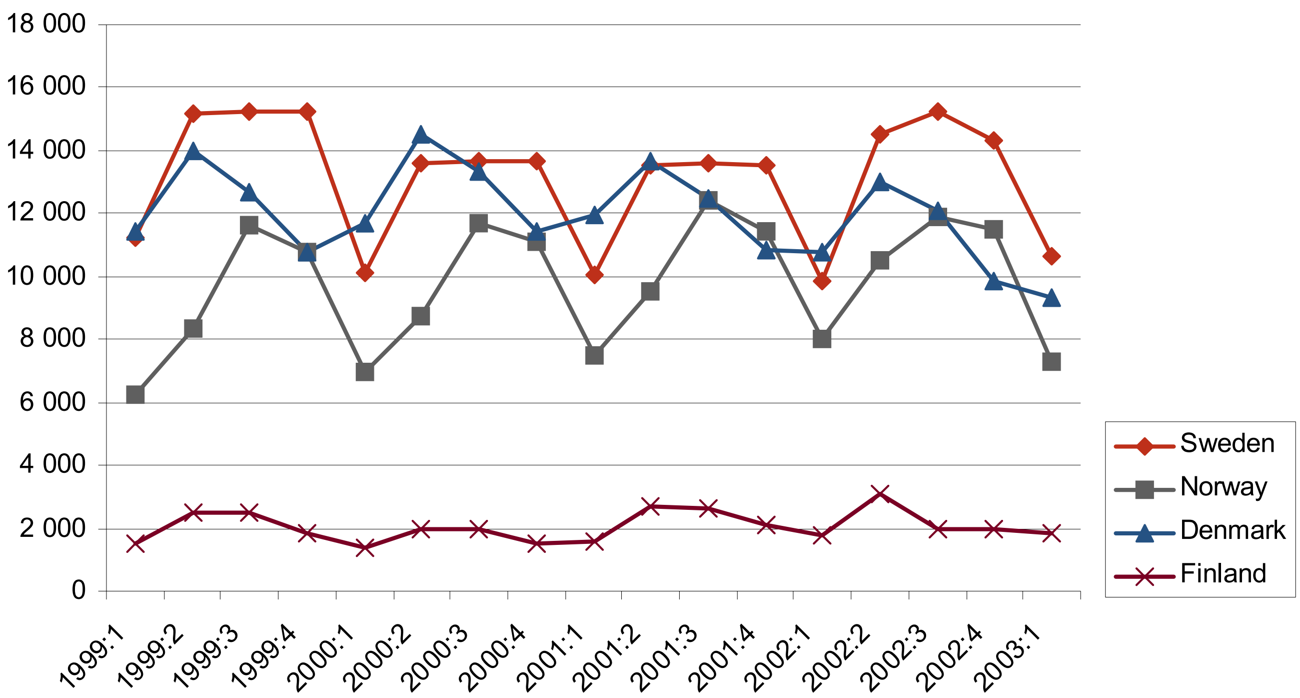
The Nordic Market

Consumer Confidence Indicator
Nordic - EU



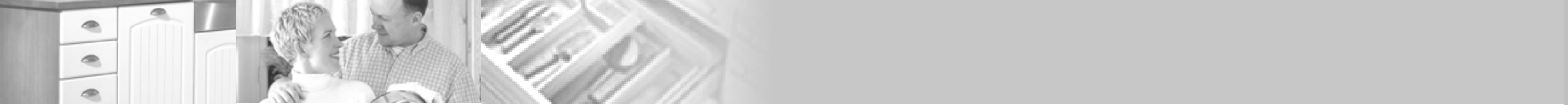
Source: European Commission

Housing Transactions, Nordic



Number of housing transactions per quarter, 1+2 family homes.

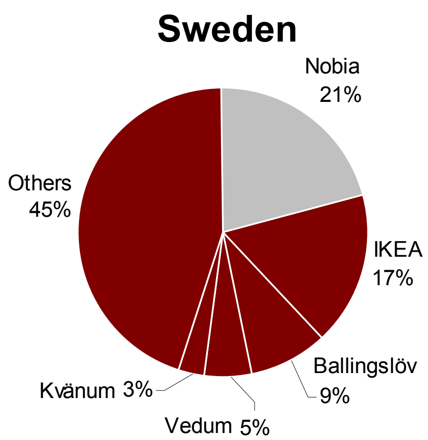
Source: Prognoscentret

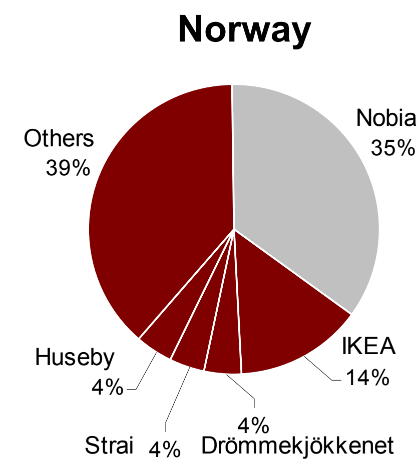


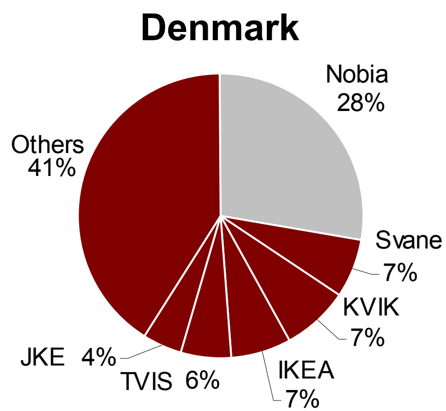
Market Share, Nordic

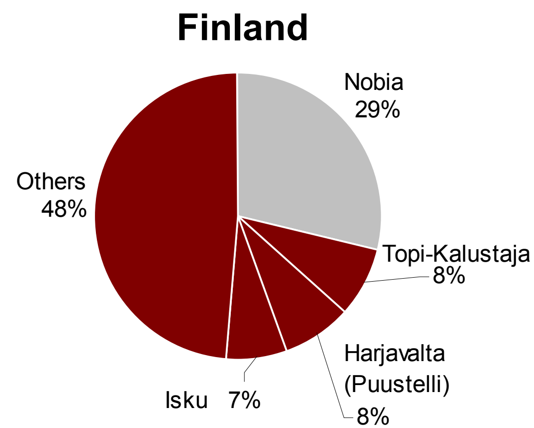
Nobia combined market share approx. 28% in 2002:

- Sweden 21%
- Norway 35%
- Denmark 28%
- Finland 29%









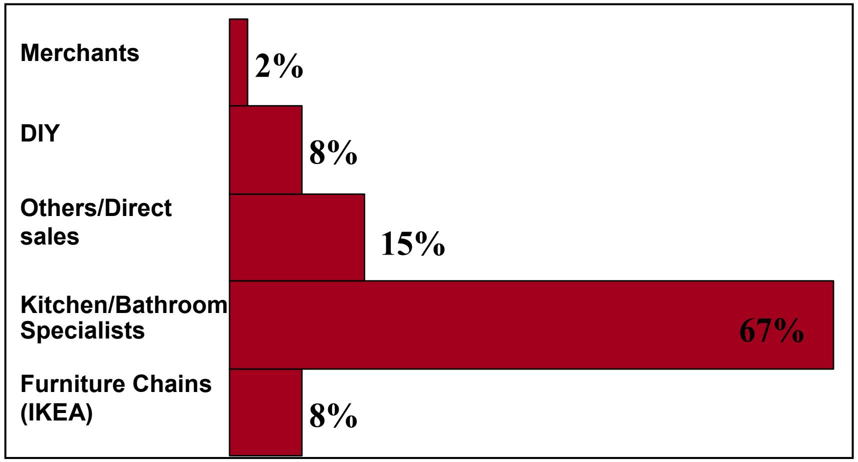
Main competitors in the Nordic market

- The Nordic countries each have approx. 5-10 local actors
- Ikea and HTH are brands that operate in all Nordic countries
- Nobia's main competitors per country are:
  - Sweden: Ballingslöv, Kvänum, Vedum and Ikea
  - Denmark: JKE (Ballingslöv), Kvik, Tvis and Ikea
  - Norway: Drömmekjökken (Ballingslöv), Strai, Huseby and Ikea
  - Finland: Harjavalta (Puustelli), Isku and Topi-Kalustaja

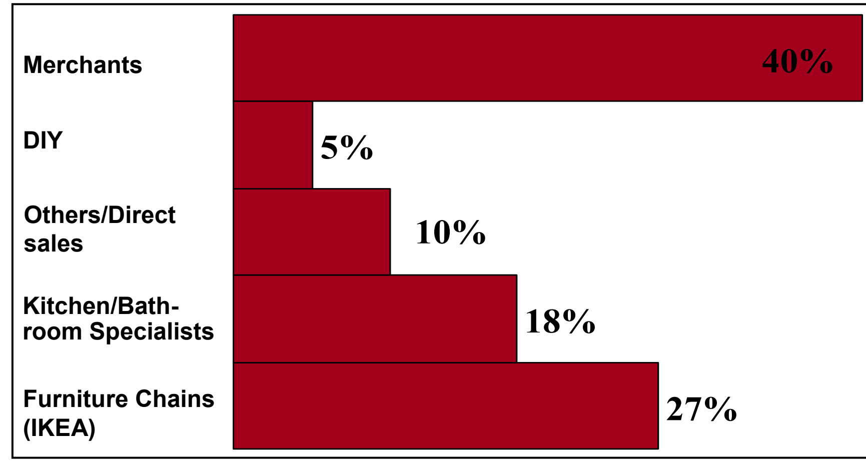
Distribution Structure Overview - Nordic

Turnover shares in per cent

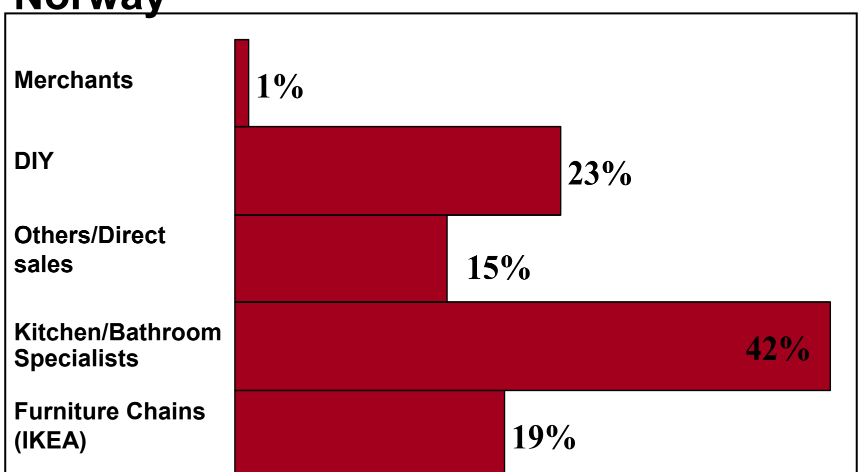
Denmark



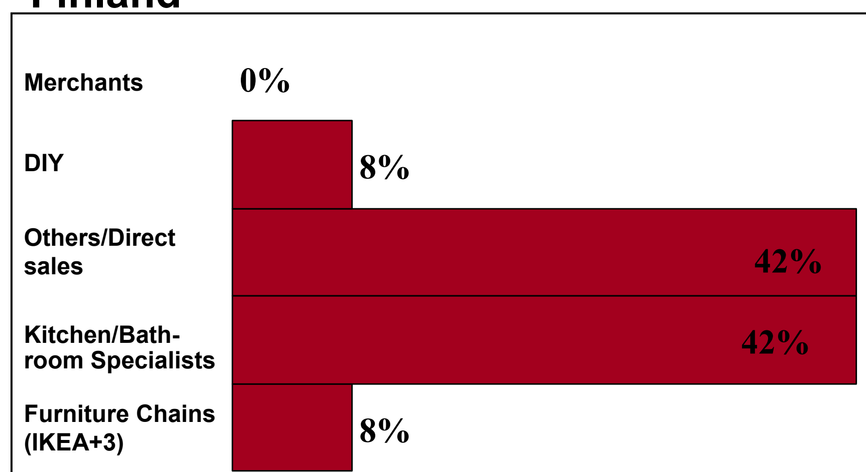
Sweden



Norway



Finland



Source: KMC Research, Interviews

Profile - Nordic Markets

- Stable overall YOY in total over the past years with variations between countries
- The Nordic market consists of four countries with different distribution structures
  - kitchen specialists leading channel in Denmark
  - Builders’ merchants leading channel in Sweden
- Nobia, Ikea and Ballingslöv are active in several Nordic countries
- Ikea and HTH are the only pan-Nordic brands
- Manufacturing structure reasonably well consolidated
- Import/export trade mainly from Denmark to Norway

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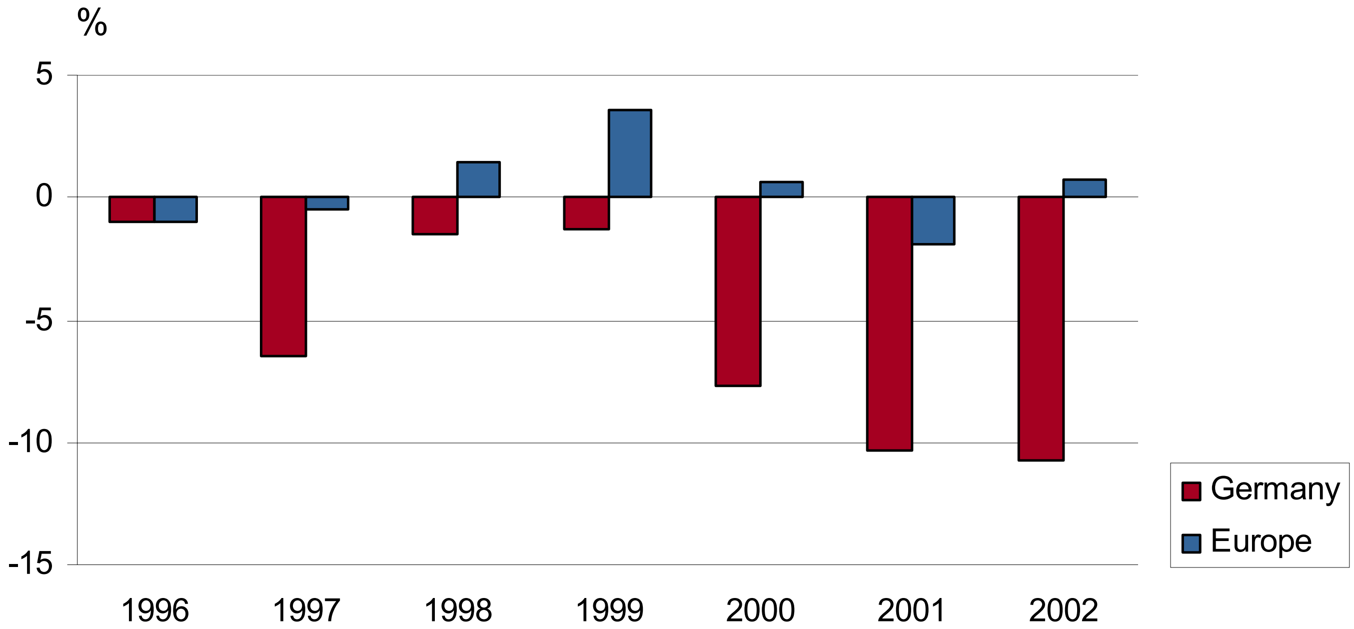
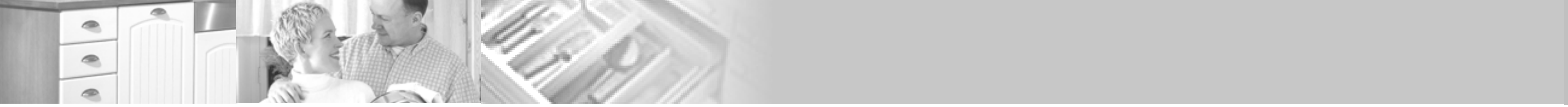
The German and Dutch markets

Kitchen Furniture Consumption

Kitchen furniture, actual consumption.
Annual % changes at constant prices.

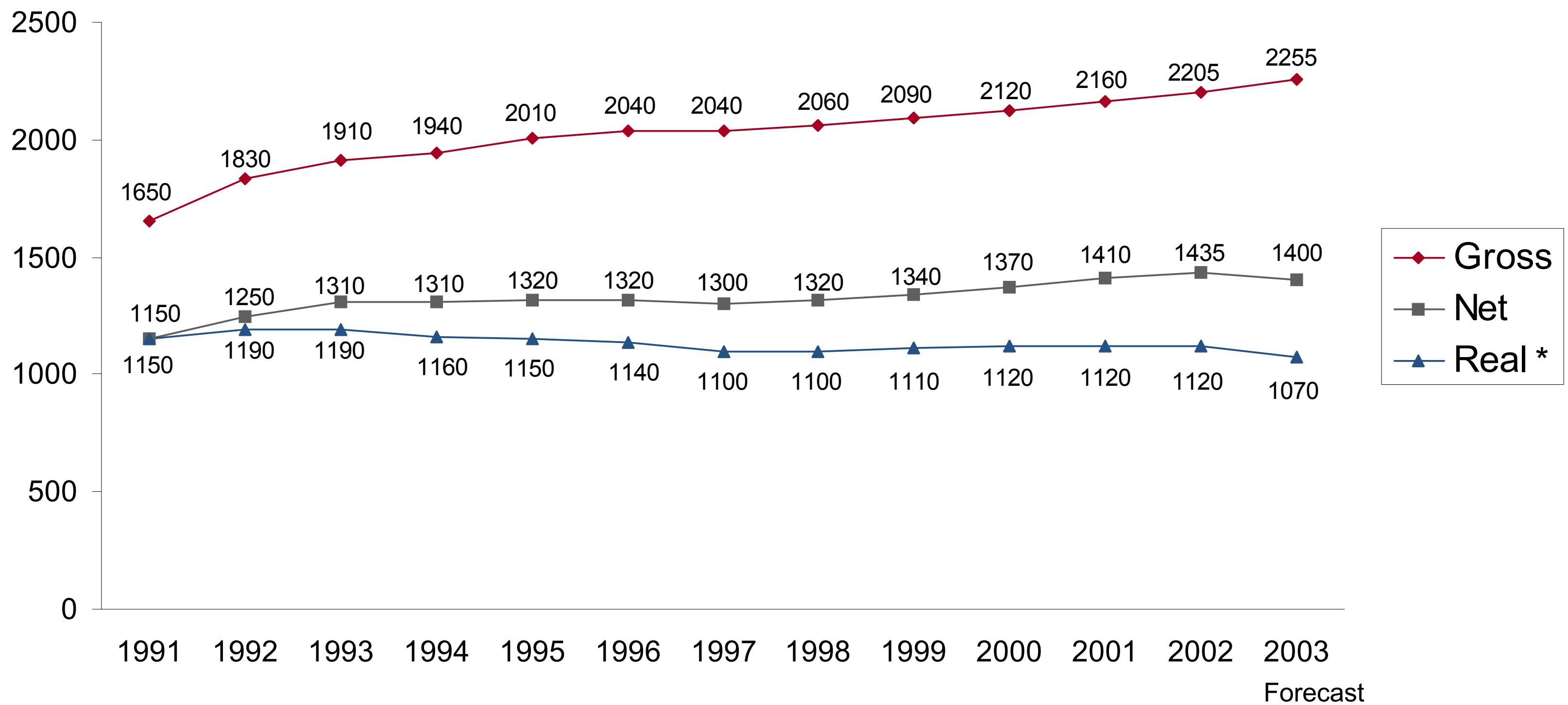


Source: CSIL, Nobia



Disposable Income

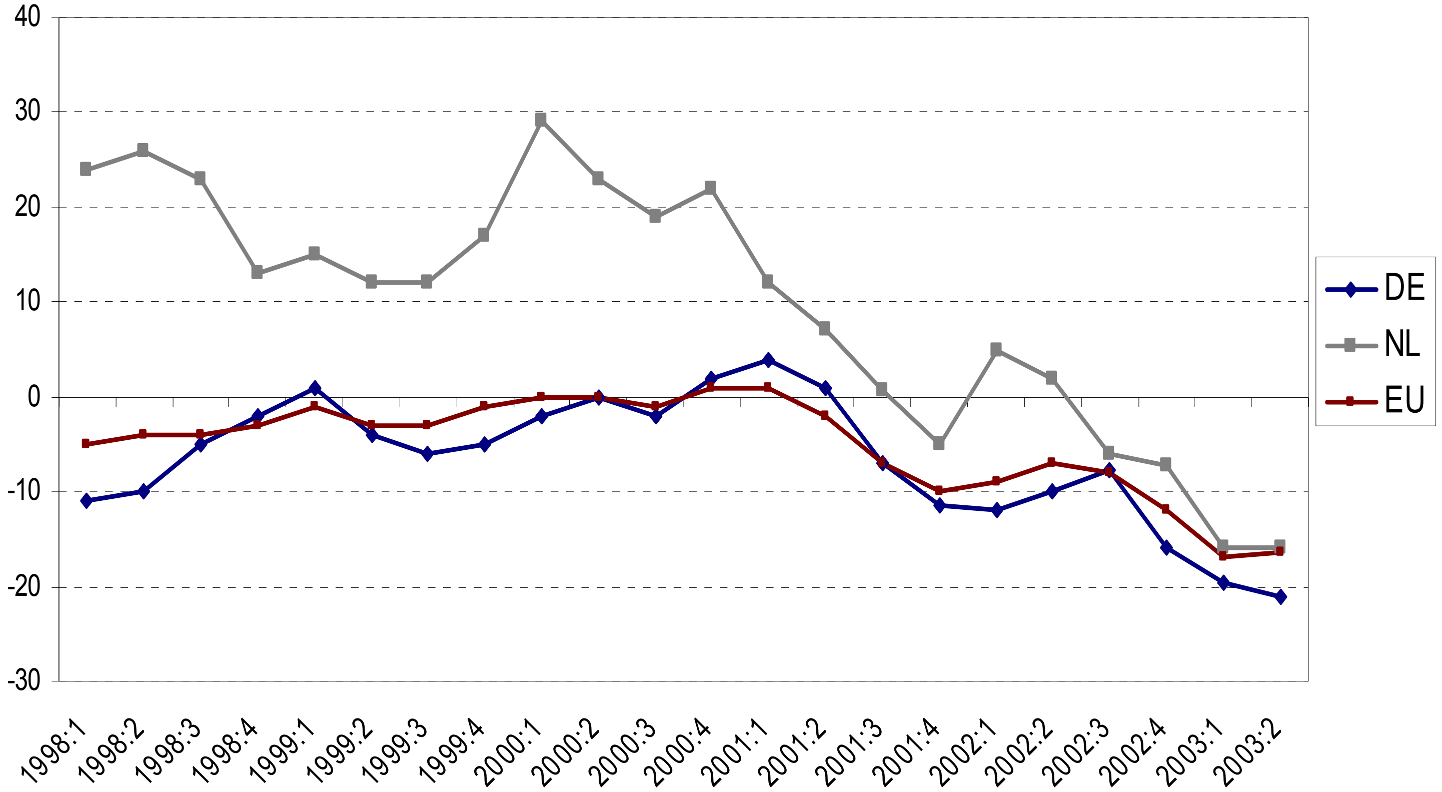
Average monthly income per employee in Germany (EUR)



* Purchasing power from 1991 (after deducting price increases)

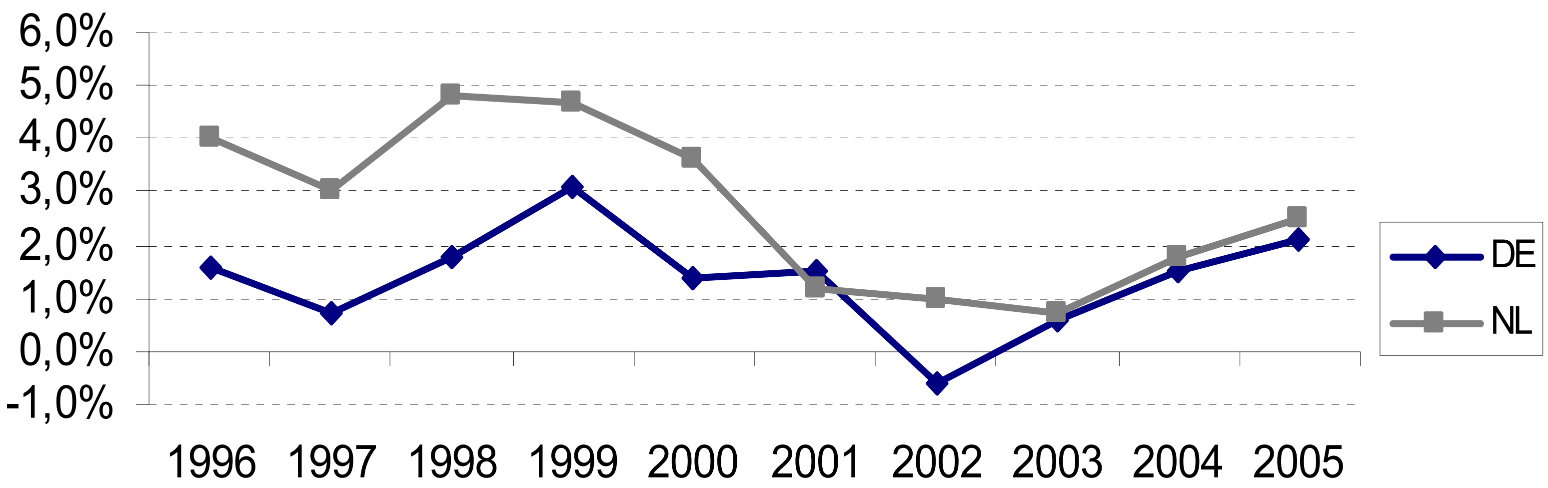
Source: GfK

Consumer Confidence Indicator
Germany - Netherlands - EU



Source: European Commission

Private consumption, annual growth rate
Germany – Netherlands

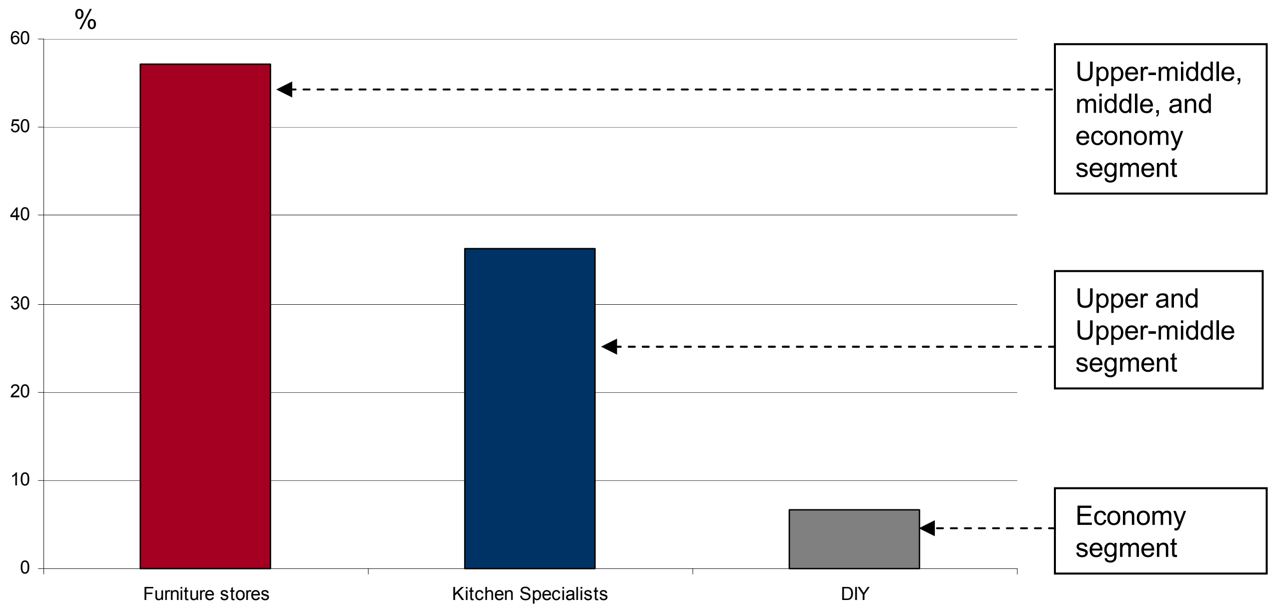


Source: EUROCONSTRUCT

Sales Channels in Germany

Kitchen % distribution per sales channel in Germany

Strong power is being exercised through co-ordinated purchasing by all channels

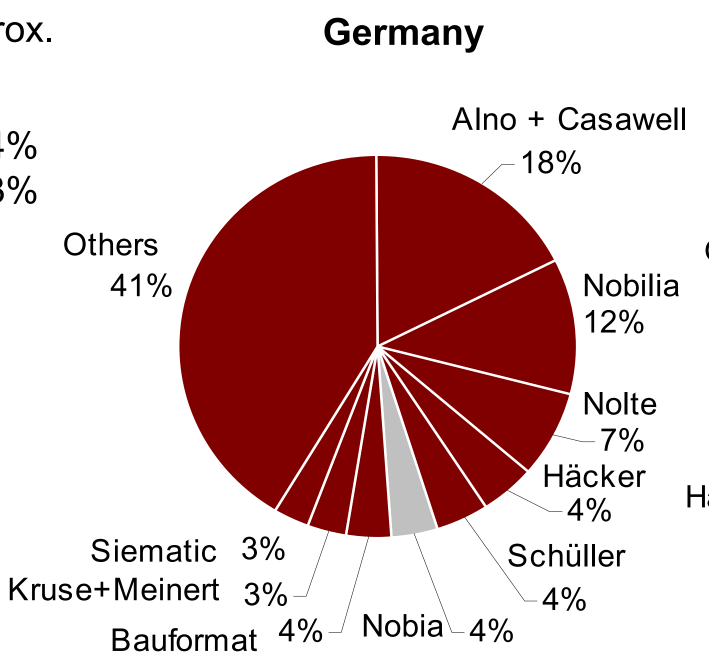


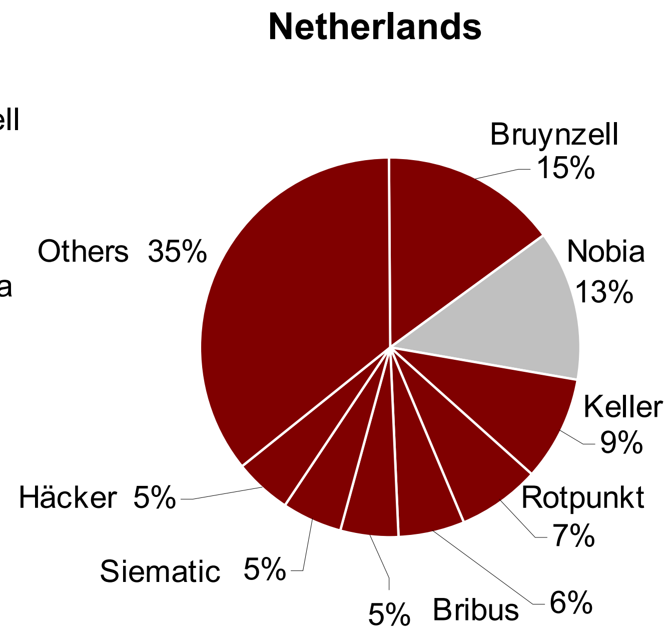
Source: GfK

Market Share, DE & NL

Nobia's combined market share in Germany and the Netherlands was approx. 5 per cent in 2002:

- Germany 4%
- Netherlands 13%





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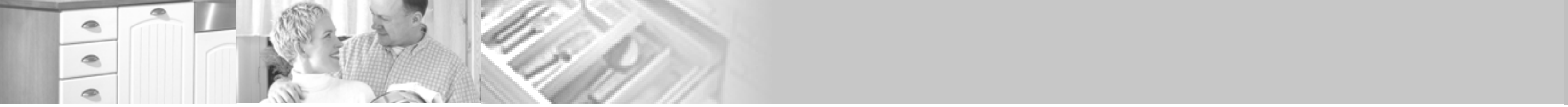


Main competitors in the German and NL markets in the upper-middle segment

- The “Einkaufsverbände” is the dominating distribution channel for kitchens within the upper middle segment
- The largest “Einkaufsverbände” are MHK, Der Kreis and VKG who together operate 4000 stores in Germany
- Nobia’s main competitors are those manufacturers who supply these chains and the upper/middle segment of the market
- Main competitors are Häcker, Schüller, Leicht and Siematic
- The furniture chain is the overall dominating distribution, but it focuses on the middle and economic segment
- The largest manufacturers in Germany dominate the supply of furniture chains and the middle and economic segments of the market
- These manufacturers are Alno/Casawell, Nobilia, Nolte, K&M

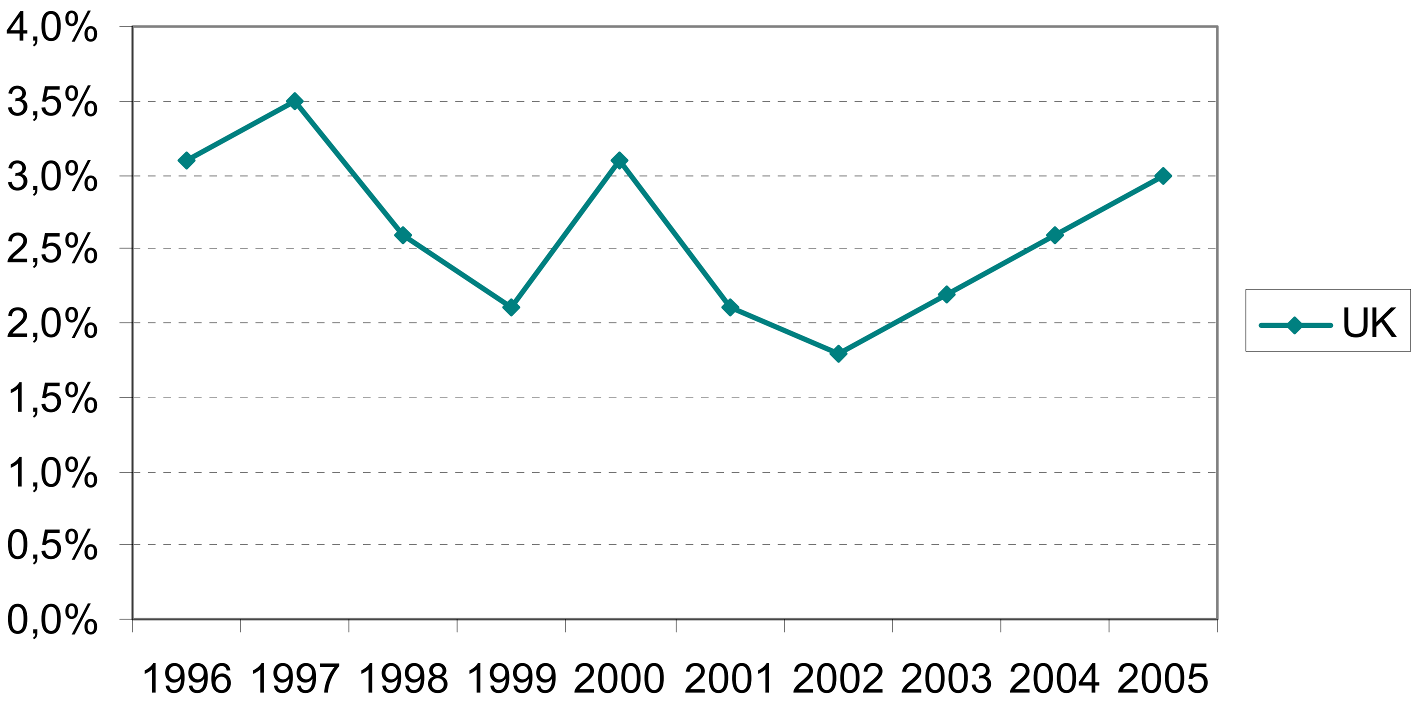
Profile - German Market

- Market decline since 1995
- Distribution dominated by large purchasing associations for kitchen specialists and furniture stores
- Kitchens are re-branded by the retail chains
- Trend towards lower AOV in recent years
- Fragmented manufacturing structure (130 manufacturers)
- Consolidation among manufacturers and reduction of production capacity ongoing
- Large export trade and small import trade
- The Netherlands is by far the largest export market for German kitchen manufacturers

Thank you for listening!

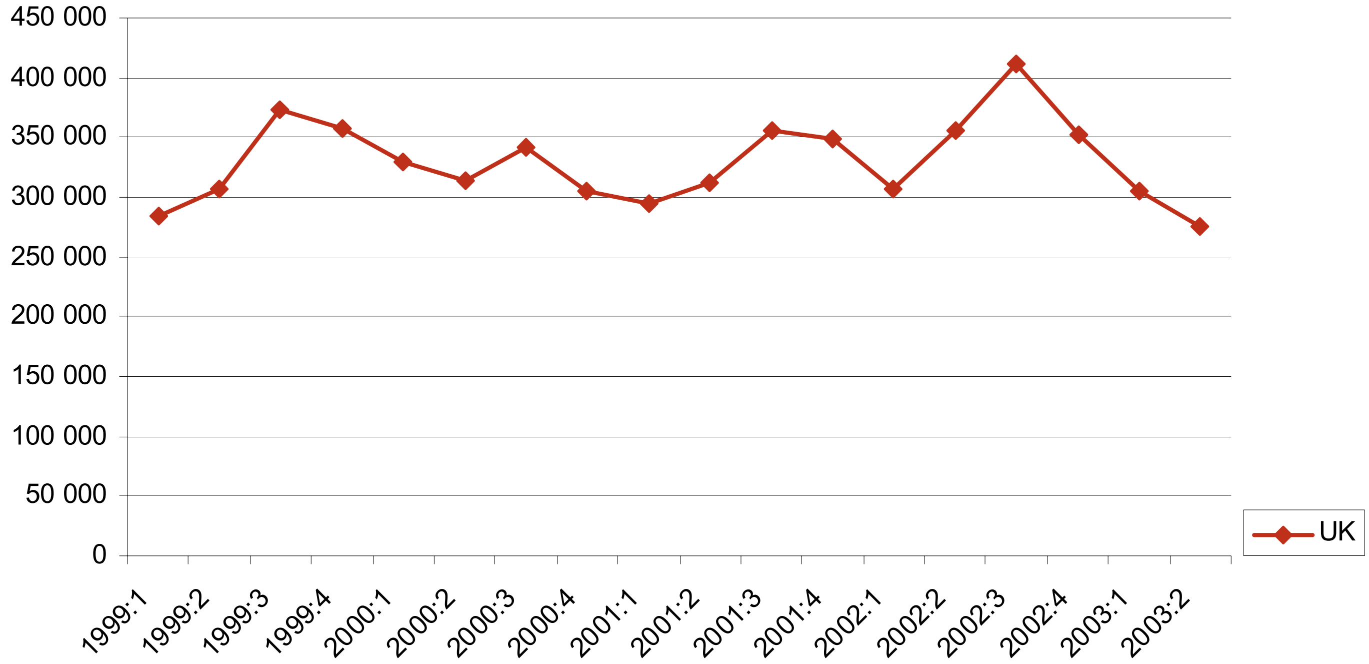
Appendix

GDP annual growth rate – UK



Source: EUROCONSTRUCT

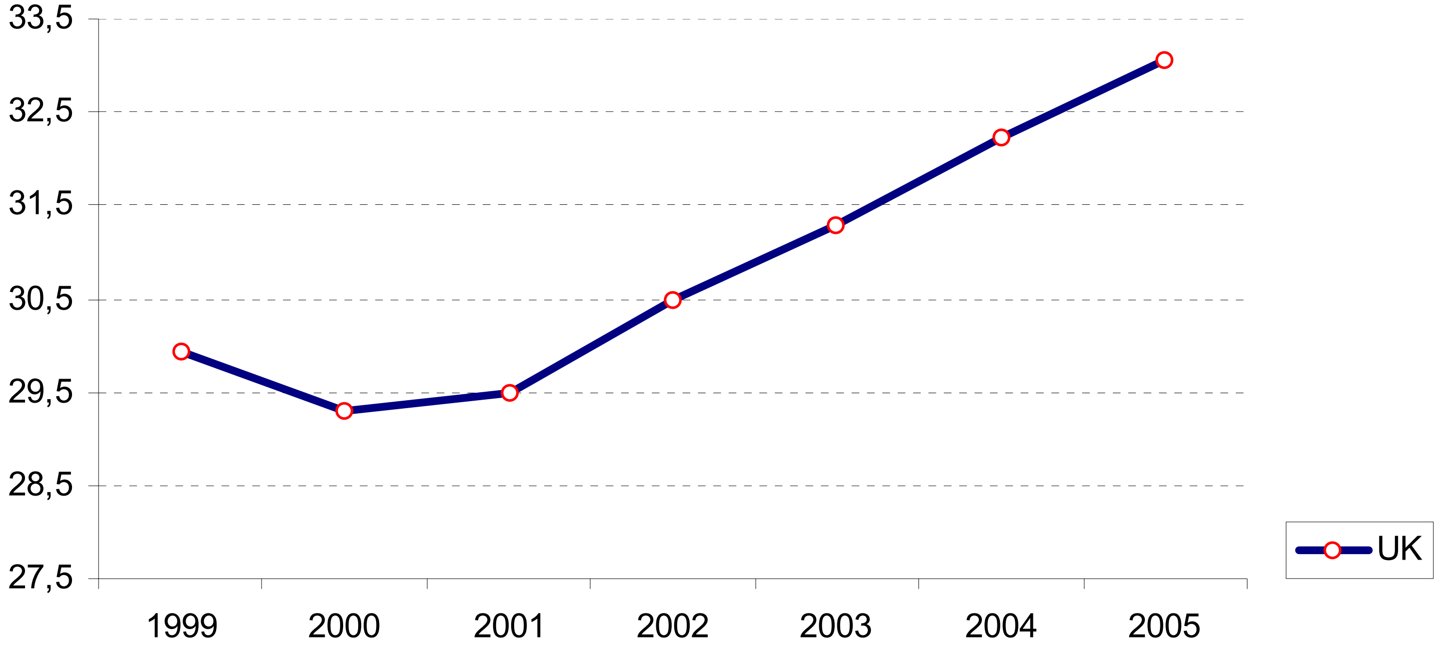
Housing Transactions - UK



90% of all housing transactions, estimated to be the residential share of total property transactions.

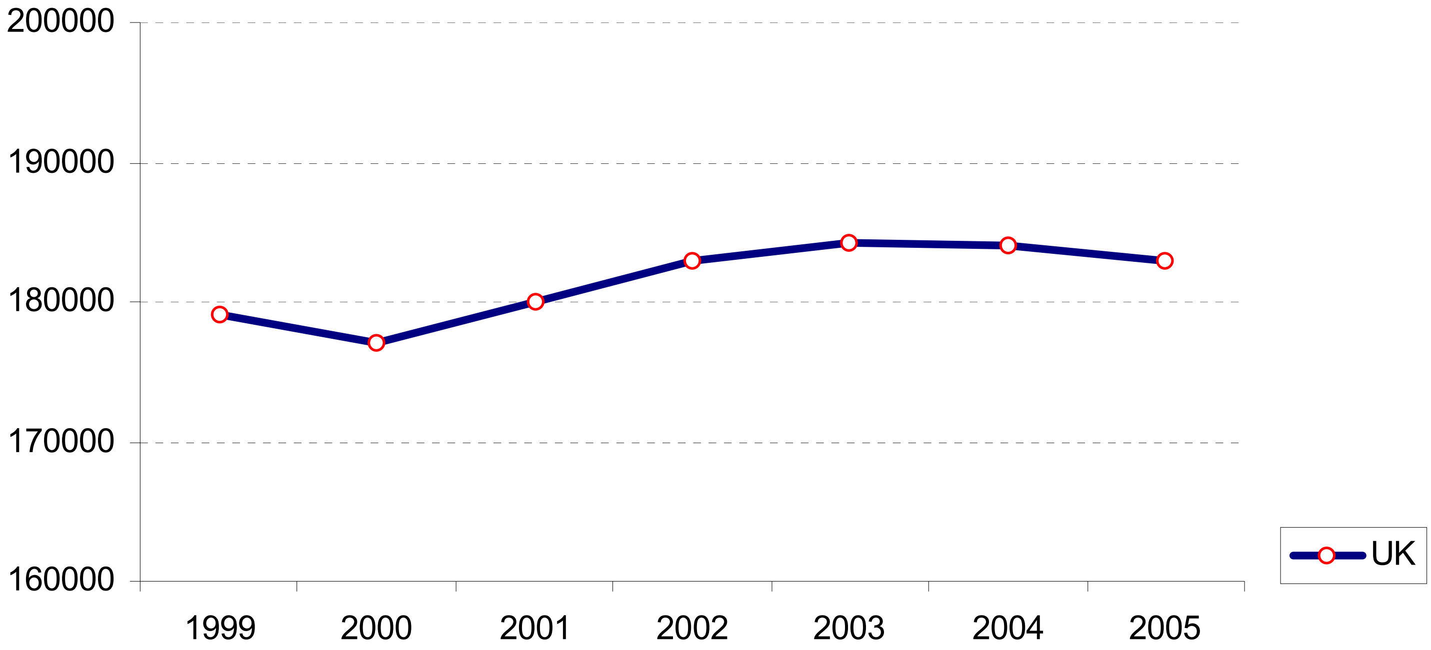
Source: Prognoscentret

R&M Residential Buildings – The UK
Building Investments 1999 – 2005 (EUR bn in 2002 prices)



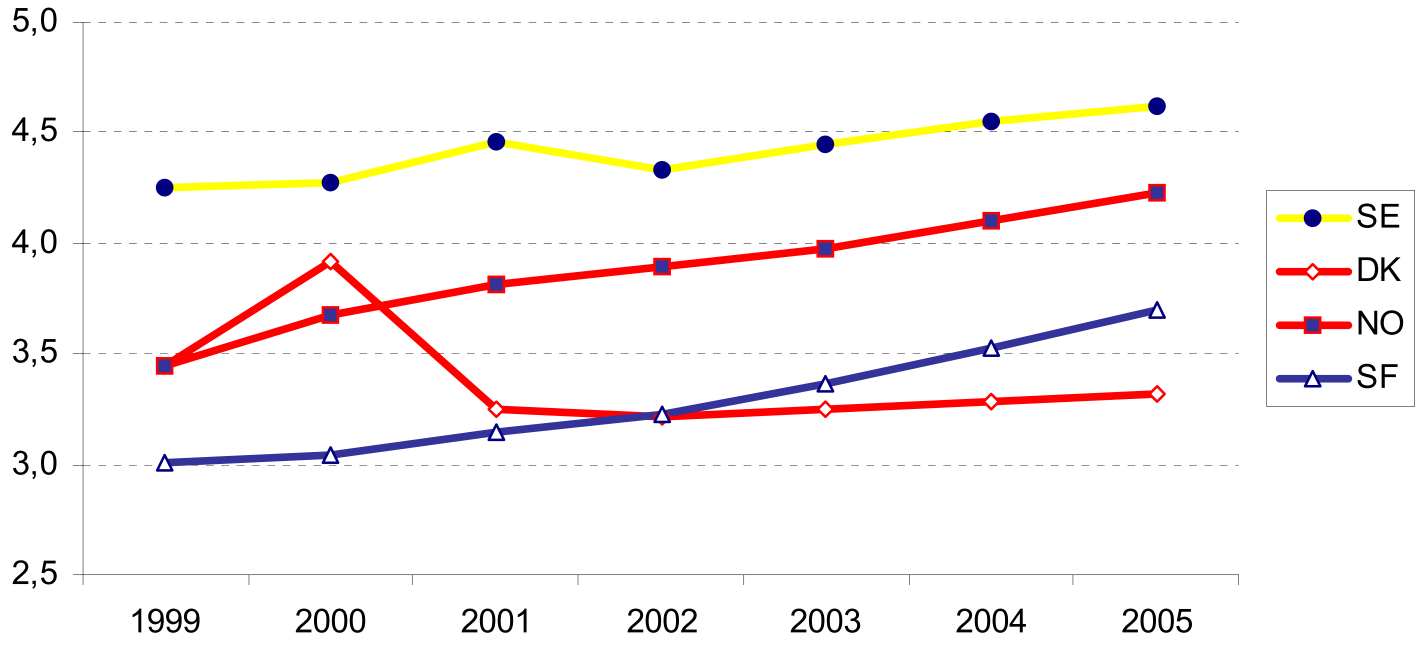
Source: Euroconstruct - CFR.

New Residential Buildings – The UK
Housing starts 1999 - 2005



Source: Euroconstruct - CFR.

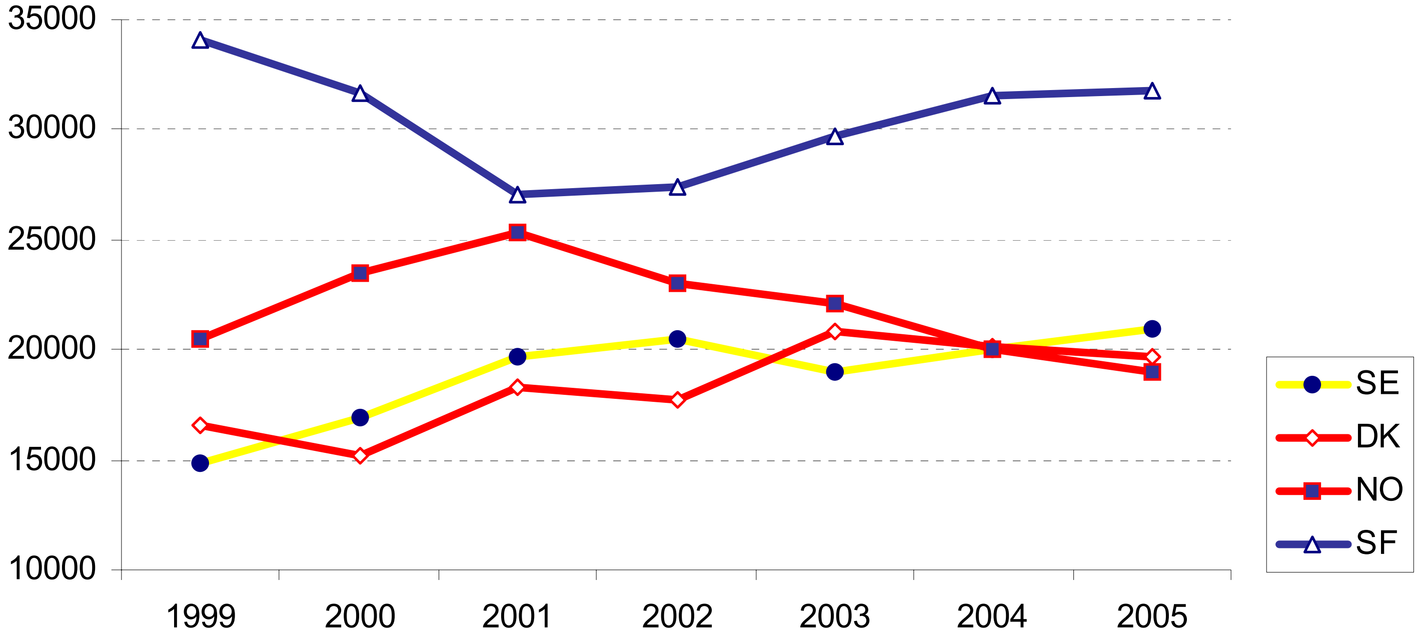
R&M Residential Buildings – Nordic Area
Building Investments 1999 – 2005 (Bill. EUR in 2002 prices)



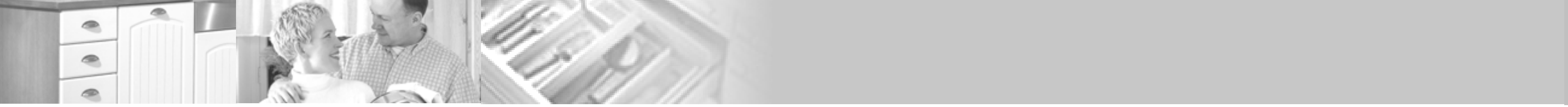
Sources: Euroconstruct – Prognosesenteret AS (NO), CIFS (DK), VTT (SF), Prognoscentret AB (SE).

New Residential Buildings – Nordic Area

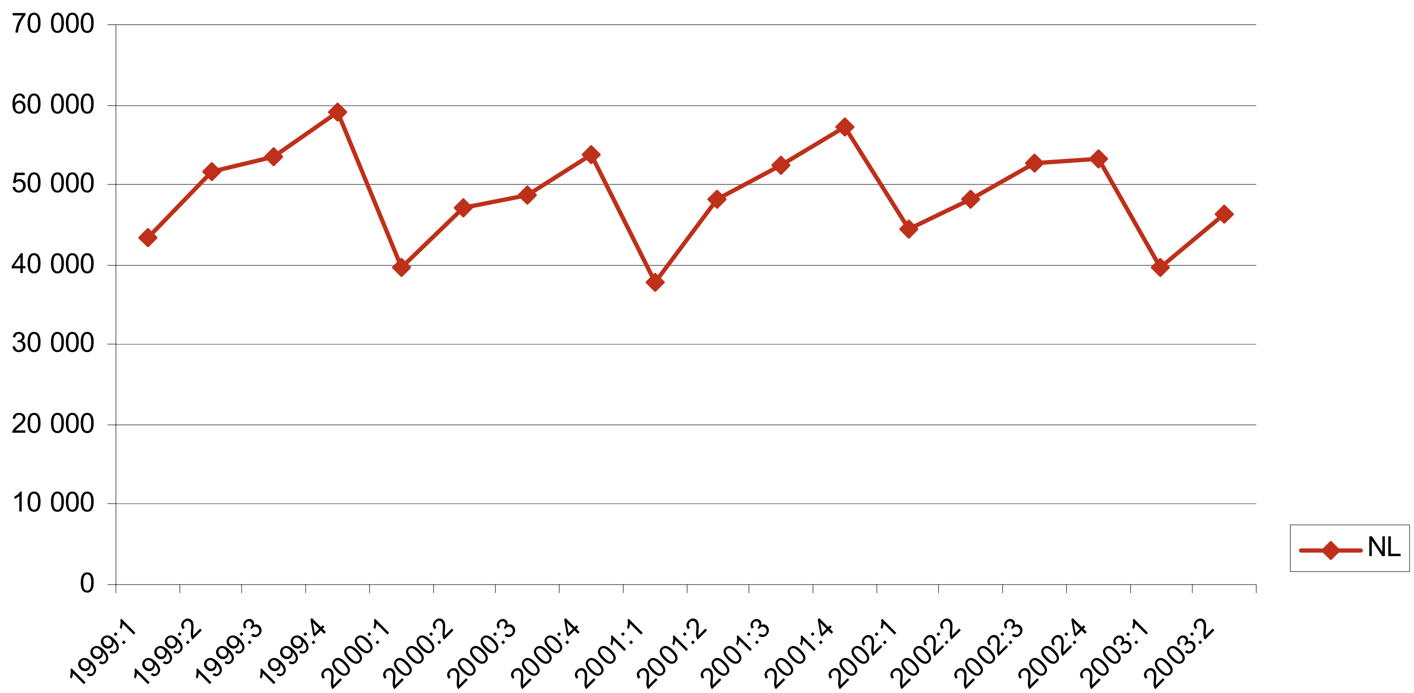
Housing starts 1999 - 2005



Source: Prognoscentret AB.



Housing Transactions

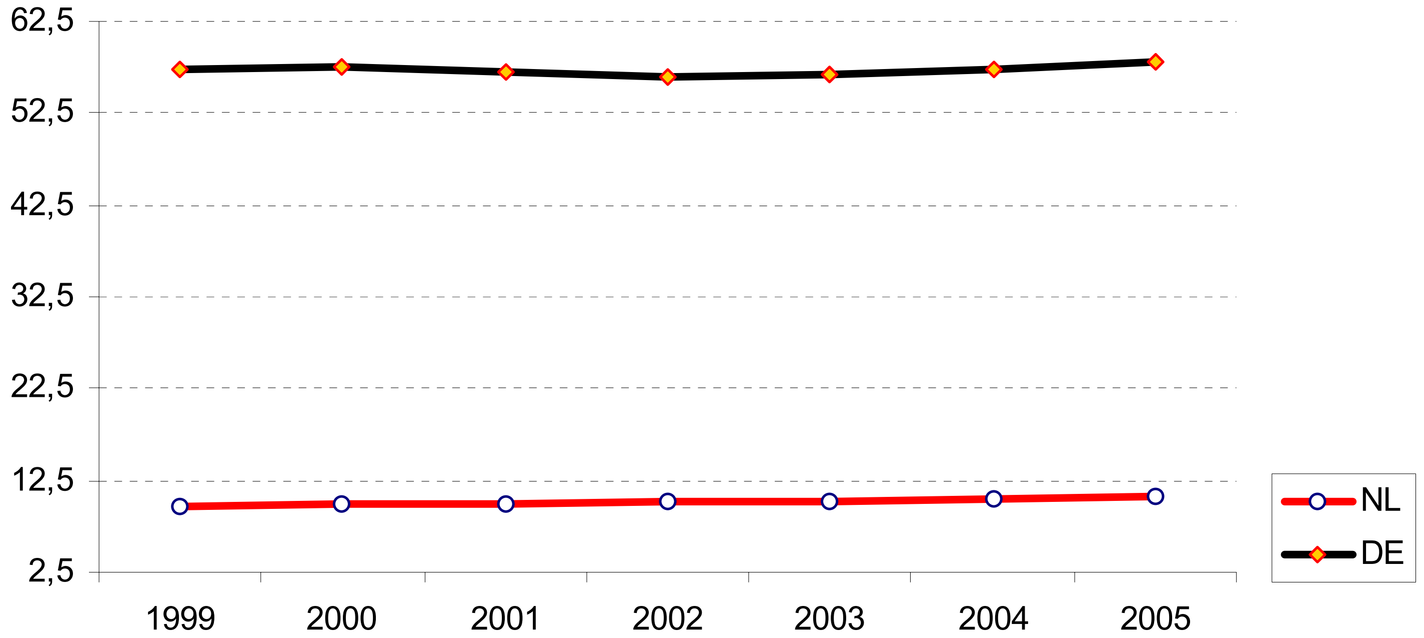


Number of housing transactions per quarter, 1+2 family homes.
Figures for Germany not available.

Source: Prognoscentret

R&M Residential Buildings – DE, NL

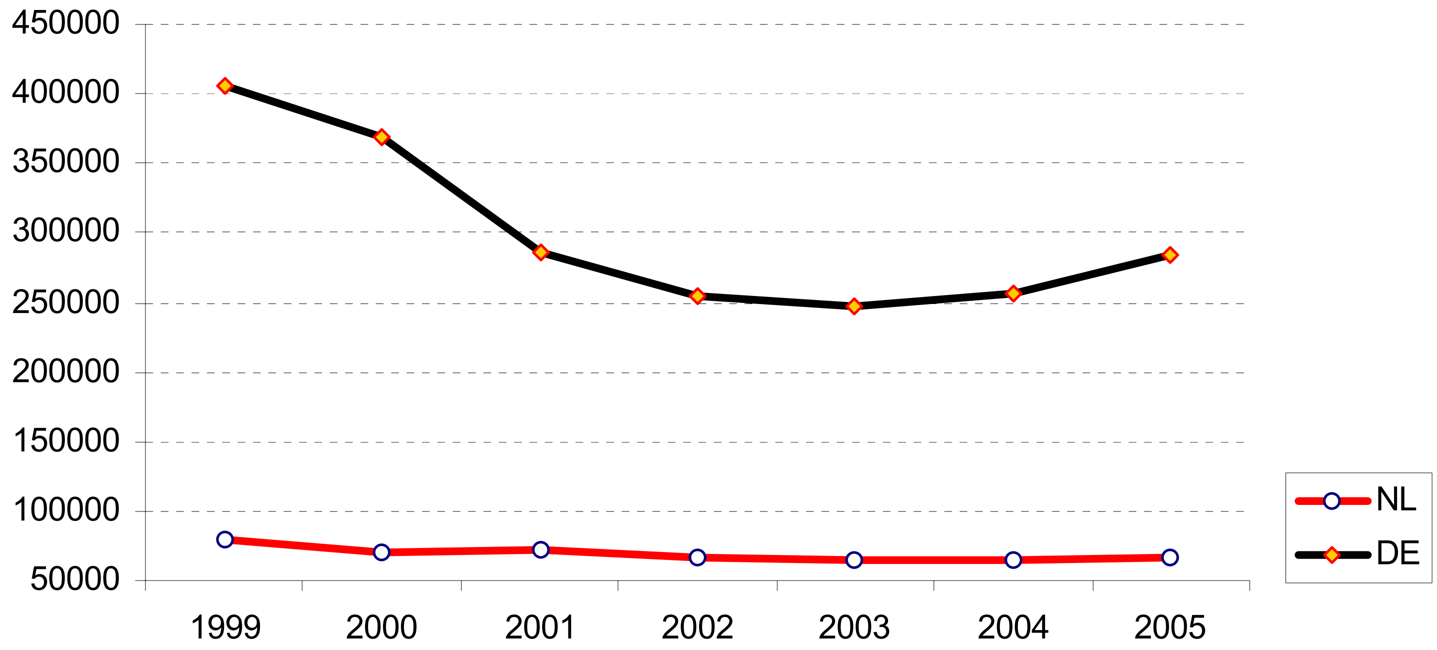
Building Investments 1999 – 2005 (EUR bn in 2002 prices)



Sources: Euroconstruct – EIB (NL), ifo (DE).

New Residential Buildings – DE, NL

Housing starts 1999 - 2005



Sources: Euroconstruct – EIB (NL), ifo (DE).