

— bringing warmth to the world —

- Sales rise to SEK 2,451.1 million (corresponding figure for 2002: SEK 1,944.2 m)
- Profit after net financial items rises to SEK 217.8 million (SEK 155.0 m)
- Profit after tax rises to SEK 144.4 million (SEK 105.7 m)
- Earnings per share rise to SEK 6.15 (SEK 4.50)
- The Board proposes a dividend of SEK 1.85/share (SEK 1.38)
- Six new corporate acquisitions
- 4:1 share split effected

Summary of Annual Report
2003



The Chief Executive's Report

Good growth in profitability and confidence in the future

In 2003 the NIBE Group surpassed all its previous records for both sales and earnings.

Growth in sales was SEK 506.9 million, an increase of 26.1% of which 14.8% was organic. Sales exceeded the target of SEK 2,400 million that we set in 1999 to end the year at SEK 2,451.1 million. The Group's organic growth is the result both of the favourable market conditions for the NIBE Heating and NIBE Stoves business areas, and of our own intensive product development work and targeted marketing strategies.

Group profit after net financial items rose by SEK 62.8 million to SEK 217.8 million, an increase of 40.5% on last year's figures.

These improved earnings owe much to organic growth in the sales of Heating's and Stoves' products, underpinned by our constant focus on improved productivity. In stark contrast, however, the NIBE Element business area has had a tough year with the combined effect of unrelenting pressure on prices and extensive restructuring measures reducing operating profit by one third.

During the year the Group has acquired six companies with aggregate annual sales of approximately SEK 500 million.

A 4:1 share split has also been effected during the year.

NIBE Element reported a sharp fall in earnings for 2003. However, our strategy of growth coupled to satisfactory profitability remains unchanged, and we will continue to take an active role in restructuring the European heating element industry.

In addition to the work of transforming our various existing units into specialist manufacturers, we have also recently acquired manufacturing capacity in China. On the whole, therefore, we move into 2004 far better equipped to meet market demands than we have ever been before.

The prospects look good for us to continue to assume a leading role in the restructuring of the heating element industry, and we are fully committed to ensuring that NIBE Element achieves the Group's target for operating margins by 2007 at the latest.

NIBE Heating continues to score new successes. Its performance has been extremely positive both as regards volumes and profits and the strong development of sales for all product groups bodes well for the sustainability of this growth.

The acquisition of the METRO THERM Group positions NIBE Heating as the undisputed market leader in Scandinavia and one of the leading names in northern Europe as a whole.

Despite extensive investments in premises and machinery, the steep rise in demand has led to some disruption in deliveries. The situation has now been rectified, but additional investments in new capacity will be made during the course of the year.

NIBE Stoves also continues to progress very well in terms of both volumes and earnings. Here, too, success has been underlined by the fact that all product groups have developed positively.

The problematical delivery situation during the autumn – also a result of a dramatic surge in demand – has made it necessary to gradually add extra capacity. The situation has now been normalised, but it is clear that major new investments to increase capacity even further will have to be made during the year.

For NIBE Stoves acquisitions have taken something of a back seat over the past two years pending the outcome of developments concerning our minority ownership in the Norwegian stove manufacturer, Jøtul. It now seems most likely that the company will be acquired by American venture capitalists, which opens up new opportunities for us to make approaches to other potential takeover candidates.

Prospects for 2004

In my opinion, conditions are favourable for all three business areas to capture new shares of their respective markets in 2004. Parallel with this, we are also engaged in continuous work to enhance productivity in order to reinforce our competitiveness.

We also believe that there are good opportunities for a number of corporate acquisitions.

We therefore look forward with confidence to what NIBE will achieve in 2004.

Share buy-back

In contrast to last year, the Board of Directors sees no reason to propose that the Annual General Meeting empowers the Board to make decisions regarding the acquisition and transfer of the company's shares. This is quite simply because it does not appear that there will be any need to use the company's shares when making acquisitions.

Shareholders' dividend

The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders that the shareholders' dividend be increased from SEK 1.38 to SEK 1.85 per share for 2003, amounting to a total payout of SEK 43.4 million.

Annual General Meeting

The Annual General Meeting of Shareholders will take place at 17.00 (5.00 p.m.) on Wednesday, 12 May 2004 at the NIBE Marketing Centre (Marknadscenter) in Markaryd, Sweden.

Financial information schedule

April 2004	Annual Report for 2003
12 May 2004	Interim Report January – March 2004
12 May 2004	Annual General Meeting
16 August 2004	Interim Report January – June 2004
15 November 2004;	Interim Report January – September 2004

These financial reports are posted on the NIBE Industrier website – www.nibe.se – under the heading "The Group" ("Financial Information") on the same day on which they are made public.

Markaryd, Sweden – 13 February 2004

Gert Eric Lindquist
Managing Director and Chief Executive Officer

Sales

Net sales for the NIBE Group totalled SEK 2,451.1 million in 2003 (2002: SEK 1,944.2 million), equivalent to overall growth of 26.1%, of which 14.8% was organic. Of the total increase in sales of SEK 506.9 million, the sum of SEK 219.9 million was acquired.

Profits

Profit for the year after net financial items was SEK 217.8 million. This equates to a growth in profit of 40.5% compared with earnings for 2002 (SEK 155.0 million). The 2003 result includes foreign exchange earnings and share dividends totalling SEK 6.6 million.

Return on equity was 26.1% compared to the previous year's figure of 21.5%.

Investments

The NIBE Group's investments in fixed assets during the year totalled SEK 433.0 million (SEK 147.1 million): SEK 262.7 million of this was in corporate acquisitions (SEK 38.6 million) with the remaining SEK 170.3 million being invested in plant, machinery and buildings in existing units (SEK 108.5 million).

Financial position

Group liquid assets rose from SEK 263.2 million at the start of 2003 to SEK 340.6 million at the year end. During the year Group overdraft facilities were increased by SEK 115.9 million.

The equity/assets ratio at the year end was 34.6% compared to 41.8% at the start of the year.

Parent company

The activities of the parent company include Group executive management functions, certain shared Group functions and the financing of takeovers and acquisitions. Parent company sales during the year totalled SEK 2.1 million (SEK 3.2 million) and the profit after net financial items was SEK 38.3 million (SEK 22.5 million). Liquid assets at the end of the reporting period totalled SEK 189.9 million compared to SEK 177.1 million at the start of the year.

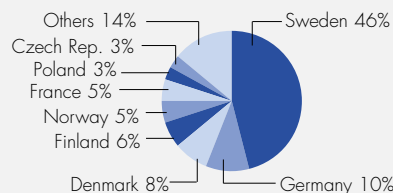
Economic objectives

- Average growth of 20% per year
- Operating profit for each business area of at least 10% of sales over a complete business cycle
- Return on equity over a business cycle of at least 20% after standard deductions for tax
- Equity/assets ratio in the Group in excess of 30% at all times.

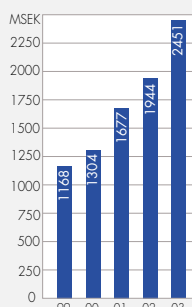
NIBE Industrier – Group

Key figures		2003	2002
Net sales	(MSEK)	2,451.1	1,944.2
Growth	(%)	+ 26.1	+ 15.9
of which acquired	(%)	+ 11.3	+ 7.1
Operating profit	(MSEK)	233.8	177.7
Operating margin	(%)	9.5	9.1
Profit after net fin's.	(MSEK)	217.8	155.0
Net profit margin	%	8.9	8.0

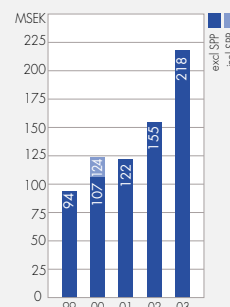
NIBE Group sales by country 2003



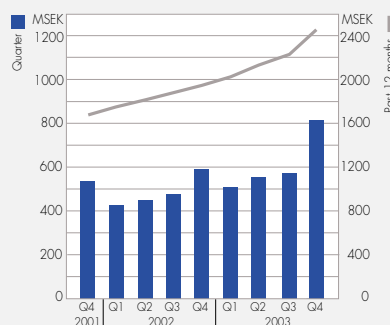
Sales 1999 – 2003



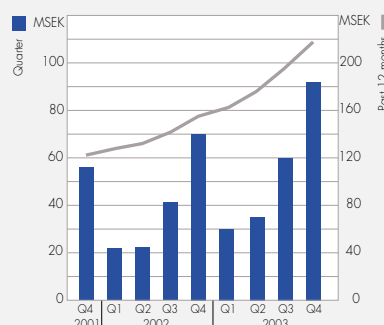
Profit after financial items 1999 – 2003

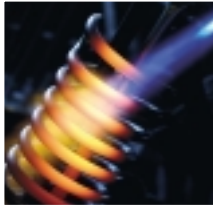


NIBE Group – sales over the past nine quarters



NIBE Group – profit after financial items over the past nine quarters





NIBE Element

Sales and profits

Invoiced sales for the year totalled SEK 1,058.6 million compared to SEK 932.6 million in 2002. The overall increase of SEK 126.0 million is attributable in its entirety to acquired companies. Operating profit was SEK 41.2 million (2002: SEK 62.9 million), resulting in a fall in operating margin from 6.7% to 3.9%.

The year in brief

The dramatic fluctuations that characterised the market in 2003 led to some periods when demand was fairly low, affecting capacity utilisation and impacting negatively on productivity.

Spare capacity on our major markets, exacerbated by increased competition from low-cost countries (primarily in Eastern Europe, but also in Asia) continues to put increasing pressure on prices. This is particularly noticeable in the case of elements used in small consumer appliances and white goods.

Various developments in the market have increased the pace of the restructuring process taking place in the European heating element industry, a process in which we ourselves have played an active role over the years with acquisitions in Norway, Finland, Spain and the Netherlands.

We have also reacted to the effects of developments on the market by implementing a raft of measures. These include transferring foil element production from France to Poland, and stepping up the pace as far as relocating labour-intensive processes in the manufacture of tubular elements from our units in western Europe to those in Poland is concerned.

While overcapacity, pressure on prices and restructuring measures have eaten up a sizeable chunk of our earnings over the past year, we are convinced that the measures taken have consolidated our position in the market and paved the way for improved profits. Structural measures have been combined with increased commitments to product development and marketing, which are expected to result in positive organic growth in the future.

Fourth quarter

The increase in fourth-quarter sales to SEK 292.3 million (SEK 255.7 million) is attributable almost entirely to sales in the newly acquired companies. Operating profit for the same period totalled SEK 11.7 million (SEK 23.3 million).

The fourth-quarter market continued to be characterised by a wait-and-see attitude, although there were some improvements in demand in investment-related segments of the market.

Shortly before the end of the year agreement was reached on the acquisition of the English tubular element manufacturer Shel, which has operations in the UK and China and annual sales of around SEK 50 million. In addition to a local presence on the UK market the takeover gives us access to low-cost production in China.

NIBE Element

Key figures		2003	2002
Net sales	(MSEK)	1,058.6	932.6
Growth	(%)	+ 13.5	+ 19.1
Operating profit	(MSEK)	41.2	62.9
Operating margin	(%)	3.9	6.7
Assets	(MSEK)	798.1	660.8
Liabilities	(MSEK)	690.9	534.4
Investm in fixed assets	(MSEK)	124.0	66.9
Depreciation	(MSEK)	46.6	37.2



NIBE Heating

Sales and profits

Invoiced sales totalled SEK 1,100.6 million compared to SEK 815.4 million in 2002. Of the overall increase of SEK 285.2 million, a total of SEK 95.4 million derives from acquisitions, giving a figure for organic growth for the year of 23.3%.

Operating profit was SEK 145.7 million compared to SEK 95.4 million in 2002 – an increase in operating margin from 11.7% to 13.2%.

The year in brief

Sales on the Swedish market developed very positively. NIBE Heating gained market share in all product areas to confirm its position as the clear market leader in Sweden. Factors behind the relatively steep rise in sales of heat pumps include an increase in the number of private homes being built and an expanding renovation and replacement segment.

In addition, the past twelve months have seen a slight recovery in the Swedish market for water heaters and domestic boilers, with wood-fired boilers accounting for the largest percentage increase.

Demand for NIBE heat pumps has risen throughout Scandinavia, boosting sales figures and capturing new shares of the market. Elsewhere the strongest growth has been in Poland, Germany, Ireland and the Czech Republic.

It is gratifying to report that our Polish water heater manufacturing operations are continuing to develop in the right direction.

The acquisition of the Danish water-heater manufacturer METRO THERM A/S has consolidated NIBE Heating's position as the undisputed market leader in this, its major segment in northern Europe and the takeover has also extended the product range with a programme of district-heating products.

This good sales development in combination with internal rationalisation work has contributed to an increased operating margin.

Fourth quarter

Fourth-quarter sales rose to SEK 410.3 million (2002: SEK 252.3 million) with organic growth of 24.8 %. Operating profit for the same period rose from last year's figure of SEK 36.8 million to SEK 58.3 million.

The final three months of the year saw demand remain at a high level, and despite a relatively steep increase in stock levels during the spring, it proved impossible to maintain deliveries of certain products. However, we have now reinforced the manufacturing side of our organisation to assure delivery capacity and offer our customers first-class delivery reliability.

Shortly before the end of the reporting period the Group's district heating operations were complemented by the acquisition of NETEK Odense A/S in Denmark, whose annual sales equate to approximately SEK 12 million.

NIBE Heating

Key figures		2003	2002
Net sales	(MSEK)	1,100.6	815.4
Growth	(%)	+ 35.0	+ 11.6
Operating profit	(MSEK)	145.7	95.4
Operating margin	(%)	13.2	11.7
Assets	(MSEK)	875.9	484.6
Liabilities	(MSEK)	548.9	236.1
Investm in fixed assets	(MSEK)	281.8	43.2
Depreciation	(MSEK)	32.0	24.1



NIBE Stoves

Sales and profits

Invoiced sales rose to SEK 311.6 million compared to SEK 211.3 million in 2002. The entire SEK 100.3 million increase in sales is organic, which means that organic growth in 2003 was 47.4%.

Operating profit rose to SEK 59.2 million (2002: SEK 30.1 million), with the operating margin up 19.0% (14.2%).

The year in brief

The demand for wood-burning products was extremely good in Sweden in 2003. Sustained by a continued keen interest to invest in the renovation and extension of private homes, this has further consolidated our position as the market leader in Sweden.

The market situation in Norway is much the same, with high electricity prices bolstering demand here too. In Germany, demand for wood-burning products in general has stagnated as a result of the widespread poor performance of the economy in Europe. However, we have increased our sales and seen a steep increase in market share on both of these markets.

During the first half of 2003 we launched a brand new series of wood-burning stoves under the Contura brand to meet demand in a product segment that is big on all European markets. These new models have been a success: in the autumn the Swedish Consumer Agency voted the Contura 500 the most efficient stove on the market.

New investments in production equipment, optimum utilisation of the shift system and an extensive recruitment programme have seen our production capacity increase steadily over the past twelve months. Even so, we do not expect to have fully caught up with demand until some time in February.

Increased sales of our own products in combination with rapid growth in volumes without incurring particularly large expansion costs has contributed to the year's very healthy operating profit.

Fourth quarter

Fourth-quarter sales totalled SEK 115.6 million (SEK 86.4 million) and organic growth was 33.8%. The operating profit for the same period rose to SEK 33.1 million (SEK 18.1 million).

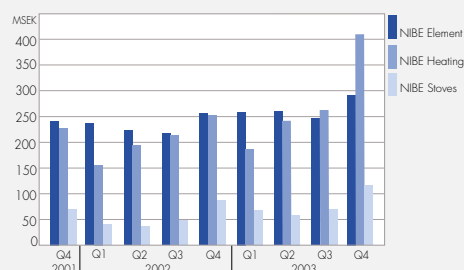
Demand for wood-burning products in Sweden remained very strong during the fourth quarter, and there were also highly positive developments in sales abroad, particularly Norway and Germany.

However, this brisk demand has meant that, despite a substantial increase in capacity, the fourth quarter has been characterised by abnormally long delivery times and lower levels of delivery reliability.

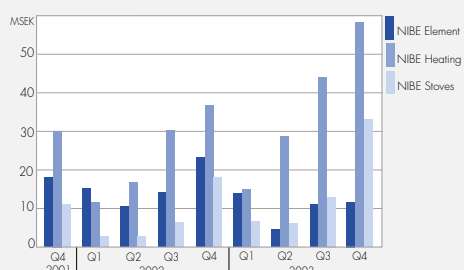
NIBE Stoves

Key figures	2003	2002
Net sales (MSEK)	311.6	211.3
Growth (%)	+ 47.4	+ 18.8
Operating profit (MSEK)	59.2	30.1
Operating margin (%)	19.0	14.2
Assets (MSEK)	208.5	175.1
Liabilities (MSEK)	100.5	99.3
Investm in fixed assets (MSEK)	16.5	51.9
Depreciation (MSEK)	7.6	6.3

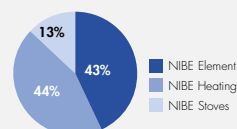
Sales by business area over the past 9 quarters



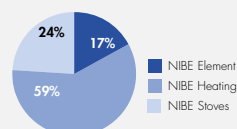
Operating profit by business area over the past 9 quarters



Business areas' contribution to sales 2003

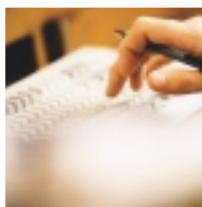


Business areas' contribution to profits 2003



Share performance





The NIBE Group – financial trends

Consolidated Income Statement

(in millions of Swedish kronor, MSEK)	2003	2002
Net sales	2,451.1	1,944.2
Cost of goods sold	- 1,736.3	1,389.3
Gross profit	714.8	554.9
Selling expenses	- 360.5	- 281.0
Administrative expenses	- 144.8	- 108.3
Other income	+ 24.3	+ 12.1
Operating profit	233.8	177.7
Net financial items	- 16.0	- 22.7
Profit after net financial items	217.8	155.0
Tax	- 72.9	- 49.7
Minority participation in profit after tax	- 0.5	+ 0.4
Net profit	144.4	105.7
<i>Totals include depreciation according to plan as follows</i>	89.5	70.9

Cash flow analysis

(in millions of Swedish kronor, MSEK)	2003	2002
Cash flow from trading activities	+ 240.7	+ 176.0
Change in working capital	- 54.7	- 34.5
Investment activities	- 350.6	- 136.3
Financing activities	+ 180.5	+ 9.6
Exchange rate difference in liquid assets	- 1.5	- 1.1
Change in liquid assets	+ 14.4	+ 13.7

Key figures

	2003	2002	2001	2000	2)	1999	
Growth	(%)	+ 26.1	+ 15.9	+ 28.6	+ 11.6	+ 13.8	
Operating margin	(%)	9.5	9.1	8.0	10.0	(8.7)	8.4
Net profit margin	(%)	8.9	8.0	7.3	9.5	(8.2)	8.1
Investments in fixed assets	(MSEK)	433.0	147.1	155.4	141.2		58.8
Unappropriated liquid assets	(MSEK)	340.6	263.2	182.8	143.8		149.8
Working capital, incl. cash and bank balances	(MSEK)	494.4	410.7	357.5	299.7		241.9
Interest-bearing liabilities/Equity	(%)	101.8	65.7	69.9	57.8		49.3
Solidity (Equity/Assets ratio)	(%)	34.6	41.8	40.8	42.6		44.9
Return on capital employed	(%)	21.8	20.8	19.0	23.7	(20.9)	21.5
Return on equity	(%)	26.1	21.5	19.9	24.3	(21.3)	21.9

Share data ¹⁾

	2003	2002	2001	2000	2)	1999	
EPS (net earnings per share: total 23,480,000 shares)	(SEK)	6.15	4.50	3.56	3.67	(3.14)	2.73
Equity per share	(SEK)	27.55	23.56	20.58	17.20		14.04
Closing-day share price	(SEK)	127.50	63.75	48.00	34.25		30.25

¹⁾ All key figures per share have been recalculated with regard to the 4:1 share split effected in June 2003.

²⁾ All key figures/ratios in parentheses have been calculated excluding items affecting comparability, namely refunds from the SPP insurance surplus.

Consolidated Balance Sheet summary

(in millions of Swedish kronor, MSEK)	31 Dec 2003	31 Dec 2002
Intangible assets	191.6	99.7
Tangible assets	659.3	426.9
Financial assets	47.2	43.4
Total fixed assets	898.1	570.0
Inventories	445.6	377.7
Current receivables	443.3	306.1
Investments	2.3	0.9
Cash and bank	81.5	67.1
Total current assets	972.7	751.8
Total assets	1,870.8	1,321.8
Equity	646.9	553.2
Minority interest	2.2	1.2
Provisions	160.8	124.2
Long-term non-interest-bearing liabilities	6.5	7.4
Long-term interest-bearing liabilities	576.1	294.8
Current non-interest-bearing liabilities	422.6	299.6
Current interest-bearing liabilities	55.7	41.4
Total equity and liabilities	1,870.8	1,321.8

Change in equity

(in millions of Swedish kronor, MSEK)	2003	2002
Equity at beginning of period	553.2	483.2
Shareholders' dividend	- 32.3	- 24.9
Exchange rate differences charged directly against equity	- 7.0	- 4.1
Translation difference	- 11.4	- 6.7
Profit for the year	+ 144.4	+ 105.7
Equity carried forward	646.9	553.2

Quarterly data

Consolidated Income Statement

(in millions of Swedish kronor, MSEK)	2003				2002				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
Net sales	508.5	555.8	574.1	812.7	428.9	449.3	475.6	590.4	534.3
Operating expenses	- 475.6	- 520.4	- 508.2	- 713.1	- 401.9	- 422.5	- 427.2	- 514.9	- 477.4
Operating profit	32.9	35.4	65.9	99.6	27.0	26.8	48.4	75.5	56.9
Net financial expenses	- 2.8	- 0.3	- 5.7	- 7.2	- 5.2	- 4.3	- 7.2	- 6.0	- 0.9
Profit after net financial expenses	30.1	35.1	60.2	92.4	21.8	22.5	41.2	69.5	56.0
Tax	- 10.3	- 12.1	- 19.2	- 31.3	- 8.7	- 7.5	- 12.9	- 20.6	- 16.5
Minority share of profit after tax	+ 0.1	- 0.1	- 0.1	- 0.4	+ 0.2	+ 0.2	- 0.1	+ 0.1	+ 0.1
Net profit	19.9	22.9	40.9	60.7	13.3	15.2	28.2	49.0	39.6

Net sales – Business Areas

(in millions of Swedish kronor, MSEK)	2003				2002				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	258.9	260.3	247.1	292.3	236.5	223.6	216.8	255.7	241.8
NIBE Heating	185.7	242.0	262.6	410.3	156.1	193.4	213.6	252.3	227.0
NIBE Stoves	68.1	58.8	69.1	115.6	40.8	35.9	48.2	86.4	69.4
Elimination of Group transactions	- 4.2	- 5.3	- 4.7	- 5.5	- 4.5	- 3.6	- 3.0	- 4.0	- 3.9
Group	508.5	555.8	574.1	812.7	428.9	449.3	475.6	590.4	534.3

Operating profit – Business Areas

(in millions of Swedish kronor, MSEK)	2003				2002				2001
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	14.0	4.5	11.0	11.7	15.1	10.4	14.1	23.3	18.1
NIBE Heating	15.0	28.6	43.8	58.3	11.6	16.7	30.3	36.8	30.1
NIBE Stoves	6.6	6.1	13.4	33.1	2.8	2.8	6.4	18.1	11.1
Elimination of Group transactions	- 2.7	- 3.8	- 2.3	- 3.5	- 2.5	- 3.1	- 2.4	- 2.7	- 2.4
Group	32.9	35.4	65.9	99.6	27.0	26.8	48.4	75.5	56.9

The information contained in this summary follows the recommendations of the Swedish Financial Accounting Standards Council. Recommendations that have come into force in 2003 have not had any effect on the profits or financial position of the Group or its companies for 2003 or 2002. For information concerning definitions, we kindly refer you to the Annual Report for NIBE Industrier for 2002.



NIBE Industrier AB (publ) • Box 14 • SE-285 21 MARKARYD • Sweden
Corporate ID number: 55 63 74 - 8309