

NIBE

bringing warmth to the world

- Sales rise to SEK 2,647.3 million (Jan–Sept 2004: SEK 2,183.5 m)
- Operating profit before allocations to restructuring reserve rises by 10.3%
- Transfers to restructuring reserve for NIBE Element total SEK 70.0 million
- Profit after financial items falls to SEK 162.0 million (SEK 241.6 m)
- Profit after tax falls to SEK 105.2 million (SEK 182.6 m)
- Earnings per share amount to SEK 4.44 (SEK 7.74)

interim report

1 January – 30 September 2005



Sustained strong growth and increased earnings – SEK 70 m restructuring reserve for NIBE Element

THE CHIEF EXECUTIVE'S REPORT

The first nine months of 2005 saw sales grow by 21.2% overall, with 11.8% organic growth. The corresponding figures for 2004 were 33.3% and 15.3% respectively.

Not only has organic growth increased steadily through the year, but comparisons with last year's performance should also take account of the fact that first-quarter growth in 2004 was inflated by efforts to clear a substantial backlog of orders from 2003.

Operating profits show an improvement of 10.3% before transfers to the restructuring reserve: a fall of 19.7% after provision for this has been made.

Profit after net financial items fell by SEK 79.6 million, but it does need to be borne in mind that this figure is affected both by the SEK 70 million transfer to the restructuring reserve and, when compared to the corresponding figure last year, by the SEK 24.4 million capital gain that resulted from the sale of the Group's shares in Jøtul. If these two items are excepted from the accounts, profit after net financial items has actually risen by 6.8%.

NIBE Element continues to grow its volumes in line with plans to invest in new product development and marketing initiatives for the business area.

As previously advised, provision was made during the third quarter for a SEK 70 million restructuring reserve to deal with the costs of transferring a further 200 full-time jobs from units in western Europe to those in eastern Europe and Asia. This is essential in view of the unrelenting pressure on prices and high material prices that we are currently unable to pass on to our customers. The effect of the restructuring programme, which is expected to take between 18 and 24 months, will be to boost annual earnings by around SEK 40 million.

NIBE Heating continues to develop strongly in terms of both organic growth and profits.

The success of the new generation of ground-source heat pumps in our domestic market has made a significant contribution to this, as has strong growth abroad. In addition business developments continue to be positive for both METRO THERM and Kaukora.

NIBE Stoves also continues to proceed from strength to strength, with constant improvements in both organic growth and operating profits over the course of the year. This success is founded on the popularity of the current product range in Sweden and very strong growth abroad, underpinned by a highly positive response to the business area's new series of wood-burning stoves.

The Northstar Group, which was acquired in July, has lived up to the high expectations we had of this operation in terms of both sales and earnings.

Prospects for 2005

Given our expectations of sustained strong demand and the investments we have made to increase production capacity and improve efficiency, we remain confident about the future.

After a slightly subdued start to the year demand recovered well in the second and third quarters, and we believe that it will remain good for the year as a whole. Moreover, the Swedish government has proposed subsidies to stimulate the use of alternatives to direct electricity and oil-fired heating, and it is likely that these will have a highly positive impact on demand for ground-source heat pumps over the next five years. However, there is a question mark over the effect that the promise of these subsidies will have on demand during the remaining few weeks of the year, which historically have tended to produce some of the best sales figures for NIBE Heating.

While this means that it is difficult to predict with any accuracy NIBE Heating's earnings for the rest of year, by and large, we believe that the Group's result for the year will be as good as, if not better than that for 2004, after adjustments to take account of the capital gain made in conjunction with the sale of our stake in Jøtul. It should also be remembered, however, that the figures for 2005 will be affected by the fact that SEK 70 million have been earmarked for restructuring work in the NIBE Element business area.

Wording in the second-quarter report:

Given our expectations of sustained strong demand and the investments we have made to increase production capacity and improve efficiency, we remain confident about the future.

After a slightly subdued start to the year demand recovered well in the second quarter, and we believe that it will remain good for the year as a whole.

We expect earnings to develop positively for the remainder of 2005, although the structural reserve of SEK 65–70 million set aside for NIBE Element will affect profits for the third quarter and, as a result, for the year as a whole.

Financial information

14 February 2006	Summary of Annual Report 2005
April 2006	Annual Report for 2005
11 May 2006	Interim report, January–March 2006
11 May 2006	Annual General Meeting

These financial reports will be posted on the NIBE Industrier website (www.nibe.se) on the same day on which they are made public.

Markaryd, Sweden – 15 November 2005



Gertje Lindquist
Managing Director and Chief Executive Officer

Transition to International Financial Reporting Standards (IFRS)

This interim report for the third quarter of 2005 is the NIBE Group's third financial report to be presented in accordance with International Financial Reporting Standards (IFRS). It has been prepared on the basis of IAS 34 (Interim Financial Reporting), which corresponds to the requirements set out in the Swedish Financial Accounting Standards Council's recommendation RR 31 (Interim Reporting for Groups).

The accounting principles applied in this interim report are detailed on pages 52–54 of NIBE's annual report for 2004, which state that IFRS applies with effect from 2005 and that the comparative figures for 2004 are to be restated in line with the new principles, except where the transitional rules for financial instruments dictate otherwise.

All accounting data and key figures in this interim report affected by the transition to IFRS have been restated. The effects of restating the comparative figures for the first three quarters of 2004 and for 2004 as a whole are presented on page 7 of this report.

The most significant transition effect is in respect of depreciation on goodwill. Goodwill is no longer depreciated, but is instead subject to an annual impairment test. The goodwill items underwent an impairment test in 2004, and in no case was the carrying amount found to exceed the recoverable amount.

Minority interests have been reclassified so as to be included under the heading of "Equity" in the balance sheet and under "Net profit" in the income statement.

In line with the rules for the adoption of IFRS, the new principles for financial instruments are being applied only to those parts of the accounts that relate to 2005.

IFRS 1 requires reporting to comply with the IFRS in force on 31 December 2005. Given that the approval process in the EU is not yet complete, there may yet be changes to IFRS which could impact on the information presented in this report.

Sales

The Group generated net sales of SEK 2,647.3 million in the first nine months of 2005 (corresponding figure for January–September 2004: SEK 2,183.5 million). This equates to growth of 21.2%, of which 11.8% was organic.

Of the total sales increase of SEK 463.8 million, SEK 204.9 million derived from acquisitions.

Transfer to restructuring reserve

Following a decision in August to restructure the NIBE Element business area, the sum of SEK 70.0 million has been transferred to a restructuring reserve. This has had a marked effect on most of the key figures quoted.

Earnings

Profit for the period after financial items was SEK 162.0 million, down 32.9% in comparison with earnings for January–September 2004 (SEK 241.6 million). This negative development is the result partly of transfers to the restructuring reserve totalling SEK 70 million (see above) and partly of the positive effect on last year's earnings of the capital gain of SEK 24.4 million in connection with the sale of the Group's holding in Jøtul. If these two items are excepted from the accounts, operating profit for the period has actually risen by 10.3% and profit after net financial items by 6.8%.

Return on equity was 16.9% (31.7%).

Investments

Between January and September the Group invested SEK 295.6 million (SEK 152.1 million) in fixed assets. SEK 156.7 million of these investments relate to takeovers (2004: SEK 34.0 million). The remaining SEK 138.9 million (SEK 118.1 million) were invested primarily in machinery and equipment and in buildings in existing units.

Cash flow and financial position

Cash flow from operating activities amounted to SEK 179.6 million (SEK 229.4 million) before changes in working capital, and SEK -73.7 million (SEK 32.8 million) after these changes.

Interest-bearing liabilities totalled SEK 1,277.3 million at the end of the period. The increase from SEK 812.5 million at the beginning of the year is due to investments in the Group's production facilities and in acquisitions.

The Group had liquid funds of SEK 386.3 million at the end of September 2005, compared with SEK 382.6 million at the beginning of the year. The Group's overdraft facilities were extended by SEK 194.8 million during the period.

The equity/assets ratio was 29.7% at the end of the period. This compares with 35.7% at the beginning of the year and 35.4% at the end of September last year.

Parent company

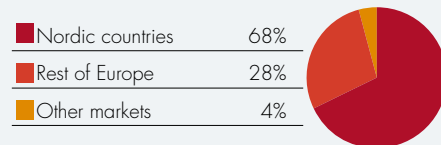
The parent company's activities comprise Group executive management functions, certain shared Group functions and financing for acquisitions. In the first nine months of 2005 sales totalled SEK 1.8 million (SEK 1.6 million) and profit after financial items was SEK 75.4 million (SEK 85.8 million). Liquid funds totalled SEK 142.4 million at the end of the period, compared with SEK 222.4 million at the beginning of the year.

Financial targets

- Average annual sales growth of 20%
- Average annual operating profit of at least 10% of sales over a full business cycle in each business area
- Average annual return on equity of at least 20% after standard deductions for tax over a full business cycle
- Equity/assets ratio of at least 30%.

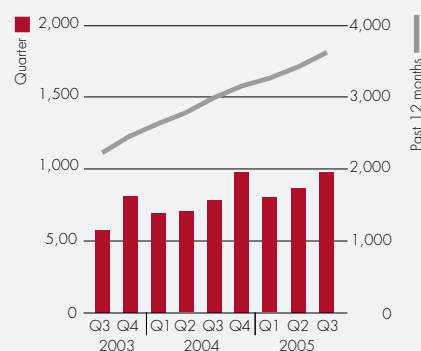
Group sales by geographic region

(January–September 2005)



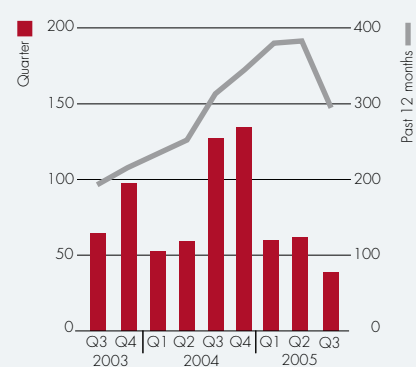
Net sales

(Past nine quarters, in millions of SEK)



Profit after financial items

(Past nine quarters, in millions of SEK)



NIBE Industrier – Group

Key figures		2005 Q1–3	2004 Q1–3	Past 12 months	Full year 2004
Net sales	(MSEK)	2,647.3	2,183.5	3,624.8	3,161.0
Growth	(%)	21.2	33.3	21.0	29.0
of which acquired	(%)	9.4	18.0	8.6	14.5
Operating profit	(MSEK)	187.1	233.1	319.4	365.4
Operating margin	(%)	7.1	10.7	8.8	11.6
Profit after net fin's	(MSEK)	162.0	241.6	297.6	377.2
Net profit margin	(%)	6.1	11.1	8.2	11.9



NIBE ELEMENT

Sales and earnings

Sales totalled SEK 928.7 million, compared with SEK 828.5 million for the corresponding period last year. Of the total sales increase of SEK 100.2 million, SEK 30.9 million derived from acquisitions, which means that organic growth was 8.4%.

During September a transfer of SEK 70.0 million was made to a restructuring reserve as previously advised in the Group's first-half financial report. The restructuring programme, which is expected to take between 18 and 24 months, should increase annual earnings by around SEK 40 million.

Operating profit before transfers to the restructuring reserve was SEK 26.5 million, compared with SEK 50.3 million for the corresponding period last year. The operating margin fell from 6.1% for the period January–September 2004 to 2.9%. This equates to a figure of 3.6% for the twelve months to 30 September. The decrease during the first nine months of 2005 is due to restructuring costs of approximately SEK 12 million which were not recognised separately in the first-half accounts but entered under general operating activities, and to approximately SEK 15 million relating to price increases for materials that we have been unable to pass on to our customers. During the third quarter SEK 2.7 million of the reserve has been used for ongoing restructuring measures. The business area reported an operating loss after transfers to the restructuring reserve of SEK 43.5 million for the period, giving an operating margin of –4.7% for the period and –2.0% over the past twelve months.

Market

The market as a whole has remained stable during the third quarter. There has been good growth in certain segments, particularly those such as the heat pump business and the oil producing industry, both of which are positively affected by high oil prices. The industrial sector in general has also enjoyed good growth.

On the other hand, the situation is less positive in the high-volume markets for elements for white goods manufacturers (among whom the trend to localise production to eastern Europe is accelerating) and for small appliances (which are increasingly being manufactured in Asia). Sales to the automotive industry remain sluggish, primarily due to a fall in demand for mirror elements for large private vehicles. Overall, however, we have consolidated our position in the market and captured new market shares.

Operations

The main focus at present is on implementing the decision to restructure operations, in particular by transferring 200 full-time jobs from western Europe to units with lower labour costs. These transfers and good organic growth put great pressure on our low-cost units to increase capacity, so the rate at which the restructuring process is carried out will depend to a large extent on how quickly we succeed in extending production capacity in the units concerned. To speed up this process and safeguard quality a special project organisation has been created and further resources have been seconded to this during the third quarter.

Price trends for the raw materials used to manufacture elements vary. Although material prices in general remain high, the third quarter has seen prices fall for a number of key product groups.

We anticipate that, on completion of the restructuring measures, thanks to non-stop intensive product development and marketing we will once again achieve satisfactory levels of profitability.

NIBE Element

Key figures		2005 Q1–3	2004 Q1–3	Past 12 months	Full year 2004
Net sales	(MSEK)	928.7	828.5	1,246.8	1,146.6
Growth	(%)	12.1	8.1	11.2	8.3
Operating profit	(MSEK)	–43.5	50.3	–25.5	68.3
Operating margin	(%)	–4.7	6.1	–2.0	6.0
Assets	(MSEK)	1,184.3	902.9	1,184.3	970.8
Liabilities	(MSEK)	1,167.7	782.2	1,167.7	844.2
Investm. (fixed assets)	(MSEK)	59.6	85.1	102.5	128.0
Depreciation	(MSEK)	32.3	27.3	41.1	36.1



NIBE HEATING

Sales and earnings

Sales totalled SEK 1,391.5 million, compared with SEK 1,095.5 million for the corresponding period last year. Of the total sales increase of SEK 296.0 million, SEK 144.8 million derived from acquisitions. Organic growth was 13.8%.

Operating profit was SEK 176.0 million, compared with SEK 138.8 million last year. The operating margin for the period was 12.6% (12.7% for January–September 2004), while the operating margin for the twelve months to 30 September was 13.0%.

Market

Interest for energy-saving heating solutions remains strong in Sweden and the market for all types of heat pumps has grown during the year. Sales of electric water-heaters and district-heating products have flattened out, but the market for boilers heated by electricity and pellets is expanding. In the face of high oil prices the market for oil-fuelled boilers continues to contract, as these are now increasingly being replaced by heat pump equipment.

The Swedish government is working on a proposal to stimulate a change from heating with direct electricity and oil to a more widespread use of heat pumps and products that use solar power, district heating or biofuels. The proposal is due to come into force towards the end of 2005 or early in 2006. The considerable media attention this has attracted in recent weeks is expected to stifle demand for a wide range of heating products during the remainder of 2005. However, it is reasonable to assume that this will be more than offset by an increase in demand in the first quarter of the new year and for a number of years to follow.

In virtually all markets where NIBE Heating is active, interest in energy-saving solutions for heating and indoor comfort continues to blossom. As a result we are highly optimistic about our ongoing expansion outside Sweden. Invoiced sales in our foreign markets have also increased more quickly than in Sweden, and in several countries we have captured new shares of the market in one or more product areas.

Operations

The reporting period has seen an extensive and effective marketing campaign for our new generation of geothermal heat pumps which offer customers the greatest potential for savings of any heat pumps in the market. Parallel with this, there has been a sharper than ever focus in the third quarter on the business area's expansion abroad. The export organisation in Markaryd has been reinforced, as have the teams in several units outside Sweden, and work is under way to establish NIBE Heating in more new markets.

Development resources have also been strengthened in order to respond to increased demand for localised adaptations to the standard product range.

Our extensive investment programme in Markaryd is moving into the final phase, and the effects of improved capacity and greater efficiency could not come at a more opportune time for the internationalisation work that is currently being undertaken.

NIBE Heating

Key figures		2005 Q1–3	2004 Q1–3	Past 12 months	Full year 2004
Net sales	(MSEK)	1,391.5	1,095.5	1,889.1	1,593.1
Growth	(%)	27.0	58.7	25.5	44.7
Operating profit	(MSEK)	176.0	138.8	246.5	209.4
Operating margin	(%)	12.6	12.7	13.0	13.1
Assets	(MSEK)	1,542.2	1,099.4	1,542.2	1,347.1
Liabilities	(MSEK)	1,115.4	728.5	1,115.4	937.3
Investm. (fixed assets)	(MSEK)	42.2	45.9	291.0	294.7
Depreciation	(MSEK)	45.8	32.7	60.1	47.0



NIBE STOVES

Sales and earnings

Sales grew from SEK 281.3 million for the corresponding period last year to SEK 349.8 million. Of the total increase of SEK 68.5 million, SEK 29.2 million was attributable to acquired businesses, which means that organic growth totalled 14.0%.

Operating profit was SEK 65.8 million, compared with SEK 54.9 million last year. The operating margin for January–September was 18.8% compared to 19.5% in 2004, which equates to an operating margin for the twelve months to 30 September of 21.9%.

Market

Thanks to a buoyant consumer market, low interest rates and rising energy prices demand for wood-stove products remains good in Sweden. After several years of constant growth, the market as a whole has flattened out at a relatively high level.

In Norway, in what is widely seen as a natural consequence of several years' strong growth, the overall market for wood stove products has shrunk somewhat this year. Despite this, our sales have developed most positively.

In Germany spiralling oil prices and increased interest in consumer durables have prompted a dramatic increase in the market for wood stove products at the start of what is the peak season. For some years now we have enjoyed a strong position among specialists in this area in Germany, so recent developments have triggered a steep rise in sales.

Sales in Finland and Denmark are also progressing well and the overall demand for wood stove products is considered to be very good in these markets.

Operations

Delivery capacity has been high throughout the third quarter thanks to proactive stockbuilding during the low season and the gradual increase in production capacity over the year. Nevertheless, as demand so far has exceeded all expectations, delivery times will begin to grow longer as we move into the final two months of the year.

The third quarter has seen the first deliveries of our new series of Handöl stoves to retailers. As the products themselves have been very well received we anticipate that demand will remain brisk throughout the remainder of the year.

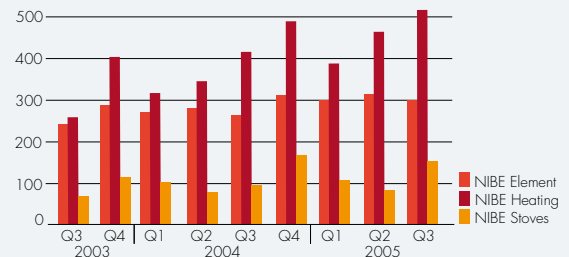
Since August, Northstar AS one of the leading European manufacturers of concrete surrounds for fireplaces, has formed part of the NIBE Stoves business area. Sales and earnings trends for Northstar have so far developed very positively and are fully in line with the high expectations we have of this company.

NIBE Stoves		2005	2004	Past	Full year
Key figures		Q1–3	Q1–3	12 months	2004
Net sales	(MSEK)	349.8	281.3	520.5	452.0
Growth	(%)	24.4	43.5	31.1	45.1
Operating profit	(MSEK)	65.8	54.9	113.9	103.0
Operating margin	(%)	18.8	19.5	21.9	22.8
Assets	(MSEK)	565.6	266.6	565.6	296.6
Liabilities	(MSEK)	343.1	95.8	343.1	80.8
Investm. (fixed assets)	(MSEK)	26.0	14.7	61.8	50.5
Depreciation	(MSEK)	9.5	7.3	12.3	10.1

BUSINESS AREAS

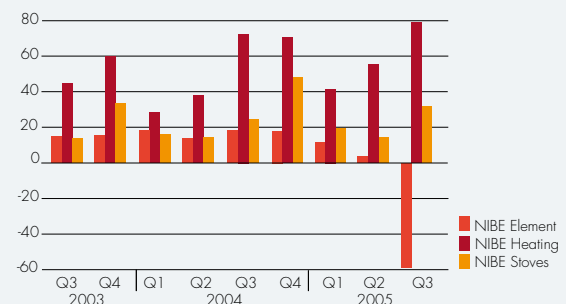
Sales by business area

over the past 9 quarters (in millions of SEK)



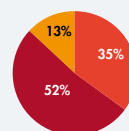
Operating profit by business area

over the past 9 quarters (in millions of SEK)



Business areas' contribution to sales

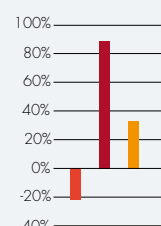
January–September 2005



■ NIBE Element
■ NIBE Heating
■ NIBE Stoves

Business areas' contribution to operating profit

January–September 2005



■ NIBE Element
■ NIBE Heating
■ NIBE Stoves

SHARE PERFORMANCE





THE NIBE GROUP – FINANCIAL TRENDS

Consolidated Income Statement

(in millions of SEK)	Q3 2005	Q3 2004	Jan – Sept 2005	Jan – Sept 2004	Past 12 months	Full year 2004
Net sales	977.5	785.0	2,647.3	2,183.5	3,624.8	3,161.0
Cost of goods sold	- 748.8	- 526.8	- 1,936.7	- 1,512.4	- 2,595.1	- 2,170.8
Gross profit	228.7	258.2	710.6	671.1	1,029.7	990.2
Selling expenses	- 133.8	- 108.3	- 394.9	- 326.3	- 539.7	- 471.1
Administrative expenses	- 57.5	- 38.9	- 164.6	- 126.7	- 214.9	- 177.0
Other income	11.6	1.0	36.0	15.0	44.3	23.3
Operating profit	49.0	112.0	187.1	233.1	319.4	365.4
Net financial items	- 9.9	16.4	- 25.1	8.5	- 21.8	11.8
Profit after net financial items	39.1	128.4	162.0	241.6	297.6	377.2
Tax	- 17.8	- 27.6	- 56.8	- 59.0	- 95.5	- 97.7
Net profit	21.3	100.8	105.2	182.6	202.1	279.5
<i>Minority participation in profit after tax</i>	<i>0.1</i>	<i>0.3</i>	<i>0.9</i>	<i>0.8</i>	<i>1.2</i>	<i>1.1</i>
<i>Includes depreciation according to plan as follows:</i>	<i>31.8</i>	<i>24.1</i>	<i>90.2</i>	<i>69.7</i>	<i>117.0</i>	<i>96.5</i>

Consolidated Balance Sheet summary

(in millions of SEK)	30 Sept 2005	30 Sept 2004	31 Dec 2004
Intangible assets	439.6	205.1	304.7
Tangible assets	984.5	733.4	875.7
Financial assets	26.0	6.8	10.6
Total fixed assets	1,450.1	945.3	1,191.0
Inventories	828.4	635.2	690.2
Current receivables	786.9	597.7	525.4
Investments	1.5	0.7	0.9
Cash and bank	117.9	65.1	88.6
Total current assets	1,734.7	1,298.7	1,305.1
Total assets	3,184.8	2,244.0	2,496.1
Equity	945.3	793.5	891.6
Provisions	270.1	191.3	192.7
Long-term liabilities, non-interest bearing	27.3	3.2	34.1
Long-term liabilities, interest bearing	1,161.8	652.1	708.6
Current liabilities, non-interest bearing	685.6	516.6	586.9
Current liabilities, interest bearing	94.7	87.3	82.2
Total equity and liabilities	3,184.8	2,244.0	2,496.1

Cash flow analysis

(in millions of SEK)	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Cash flow from trading activities	179.6	229.4	381.8
Change in working capital	- 253.3	- 196.6	- 82.0
Investment activities	- 295.6	- 89.4	- 305.1
Financing activities	404.7	39.6	11.4
Exchange rate diff. in liquid assets	- 6.1	0.6	1.0
Change in liquid assets	29.3	- 16.4	7.1

Data per share

	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Net profit per share (total 23,480,000 shares)	SEK 4.44	7.74	11.86
Equity per share	SEK 40.07	33.67	37.83
Closing day share price	SEK 206.00	132.50	184.00

Change in equity

(in millions of SEK)	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Equity brought forward	891.6	646.9	646.9
Effect of change in accounting principles ¹⁾	3.3	5.5	5.5
Adjusted equity brought fwd	894.9	652.4	652.4
Shareholders' dividend	- 70.4	- 43.4	- 43.4
Market value of commercial future currency contracts after deductions for tax	- 8.7	0.0	0.0
Translation difference ²⁾	24.3	1.9	3.1
Profit for the period	105.2	182.6	279.5
Equity carried forward³⁾	945.3	793.5	891.6

¹⁾ The new recommendation IAS 39 (Financial Instruments) applies with effect from 1 January 2005. As a result of this, Equity brought forward in 2005 has risen by SEK 3.3 million after deductions for tax. Adjustments relating to 2004 are explained under the heading "The effect of IFRS on equity 2004" on page 7.

2) Breakdown of translation difference (in millions of SEK)	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Translation of foreign subsidiaries	29.6	2.7	2.9
Loans to subsidiaries	2.9	- 0.0	- 1.4
Currency hedging	- 8.2	- 0.8	1.6
Total	24.3	1.9	3.1

³⁾ Minority participations totalled SEK 4.4 million at the end of the reporting period as compared to SEK 3.3 million at the start of the financial year.

Key figures

	Jan – Sept 2005	Jan – Sept 2004	Full year 2004
Growth	% 21.2	33.3	29.0
Operating margin	% 7.1	10.7	11.6
Net profit margin	% 6.1	11.1	11.9
Investments in fixed assets	MSEK 295.6	152.1	418.9
Unappropriated liquid assets	MSEK 386.3	289.6	382.6
Working capital, incl. cash + bank	MSEK 954.4	694.8	636.0
Interest-bearing liabilities/Equity	% 135.1	96.0	91.1
Solidity (Equity/Assets ratio)	% 29.7	35.4	35.7
Return on capital employed	% 13.1	24.4	27.1
Return on equity	% 16.9	31.7	34.8

QUARTERLY DATA

Consolidated Income Statement

(in millions of SEK)	2005			2004				2003	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	800.9	868.9	977.5	693.9	704.6	785.0	977.5	574.1	812.7
Operating expenses	-731.4	-800.3	-928.5	-634.4	-643.0	-673.0	-845.2	-503.6	-707.3
Operating profit	69.5	68.6	49.0	59.5	61.6	112.0	132.3	70.5	105.4
Net financial expenses	-8.9	-6.3	-9.9	-6.1	-1.8	+16.4	+3.3	-5.7	-7.2
Profit after net financial expenses	60.6	62.3	39.1	53.4	59.8	128.4	135.6	64.8	98.2
Tax	-19.1	-19.9	-17.8	-13.5	-17.9	-27.6	-38.7	-19.6	-31.8
Net profit	41.5	42.4	21.3	39.9	41.9	100.8	96.9	45.2	66.4

Net sales – Business Areas

(in millions of SEK)	2005			2004				2003	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
NIBE Element	304.1	319.4	305.2	275.9	284.4	268.2	318.1	247.1	292.3
NIBE Heating	394.2	471.9	525.4	321.9	350.9	422.7	497.6	262.6	410.3
NIBE Stoves	109.9	85.3	154.6	104.2	79.4	97.7	170.7	69.1	115.6
Elimination of Group transactions	-7.3	-7.7	-7.7	-8.1	-10.1	-3.6	-8.9	-4.7	-5.5
Group	800.9	868.9	977.5	693.9	704.6	785.0	977.5	574.1	812.7

Operating profit – Business Areas

(in millions of SEK)	2005			2004				2003	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
NIBE Element	11.7	3.7	-58.9	18.3	13.9	18.1	18.0	14.7	15.7
NIBE Heating	41.6	55.4	79.0	28.3	38.0	72.5	70.6	44.5	59.9
NIBE Stoves	19.5	14.4	31.9	16.1	14.2	24.7	48.0	13.6	33.3
Elimination of Group transactions	-3.3	-4.9	-3.0	-3.2	-4.5	-3.3	-4.3	-2.3	-3.5
Group	69.5	68.6	49.0	59.5	61.6	112.0	132.3	70.5	105.4

Effects of the transition to IFRS

The effect of IFRS on equity 2004 (in millions of SEK)	Jan – Sept 2004	Jan – Sept 2004	Full year 2004	Full year 2004
	acc. to IFRS	acc. to quarterly report	acc. to IFRS	acc. to Annual Report
Equity brought forward (1 Jan 2004)	646.9	646.9	646.9	646.9
Effect of change in accounting principles ¹⁾	3.3	0.0	3.3	3.3
Effect of change in accounting principles ²⁾	2.2	0.0	2.2	0.0
Adjusted equity brought fwd (1 Jan 2004)	652.4	646.9	652.4	650.2
Shareholders' dividend	-43.4	-43.4	-43.4	-43.4
Translation difference	1.9	1.9	3.1	3.1
Profit for the period ³⁾	182.6	165.7	279.5	255.3
Equity carried forward	793.5	771.1	891.6	865.2

¹⁾ Equity has risen by SEK 3.3 million as a result of applying IAS 19 (Employee benefits).

²⁾ Equity has risen by SEK 2.2 million as a result of the reclassification of minority participations.

³⁾ The effect of IFRS on the profit for the period is indicated in the table below.

	Jan – Sept 2004	Full year 2004
Profit for the period acc. to Swedish accounting principles	165.7	255.3
Depreciation of goodwill	17.3	24.8
Minority shareholding	0.8	1.1
Deferred tax on IFRS adjustments	-1.2	-1.7
Profit for the period acc. to IFRS	182.6	279.5

Review Report

I have reviewed this interim report in accordance with the recommendation issued by FAR (the institute for the accounting profession in Sweden). A review is considerably limited in scope compared with an audit. Nothing has come to my attention that causes me to believe that the interim report does not comply with the requirements of the Exchange and Clearing Operations Act and the Annual Accounts Act in Sweden.

Marqaryd, Sweden – 15 November 2005



Willard Möller, Authorised Public Accountant
SET Revisionsbyrå AB

For information concerning definitions, please refer to the Annual Report for NIBE Industrier for 2004.

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- Our vision is to create a world-class heating company.
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