

# NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 9,009 million (SEK 6,343 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 877 million (SEK 645 million)
- **PROFIT AFTER TAX** was SEK 651 million (SEK 480 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 1.29 (SEK 1.04)
- **ACQUISITION OF**
  - majority of British Enertech Group, approved by the Swedish Competition Authority on 27 January 2017
  - 50% of shares in Canadian CGC Group of Companies Inc.
  - 80% of shares in Italian element company HT S.p.A.
  - 65% of shares in Canadian ventilation company Tempeff North America Ltd.

Interim Report 2 · 2017



# Good performance in the first half

Group sales grew by 42% in the first half of the year, including organic growth of 10.8%. Organic sales growth is partly due to a weaker Swedish krona. As already pointed out in the first quarter of the year, the number of working days in each quarter has varied considerably compared with last year. The number of working days was clearly more in Q1, while in there were clearly fewer in Q2. This means that the half-year report gives a fairer presentation of the Group.

Despite the relatively high level of political uncertainty in the world, general demand has improved in Europe, North America and Asia. Some of the reasons for this are continued low interest rates, declining unemployment which thereby increases consumption, and steadily increasing construction activity. The transition to a more sustainable social order also positively affects us in areas such as energy supply, transport and climate control solutions for different types of properties.

Operations are currently dominated by integration of all the businesses that have been acquired in the last year and a half.

NIBE Climate Solutions has a strong position as a comprehensive supplier of climate control solutions for single-family homes and market potential is still considered good going forward. In the United States, the cessation of grants for installing heat pumps in single-family homes has had a negative impact on demand, as expected, but based on experience from previous similar situations, the market should recover in the slightly longer term. The business area is now focusing on becoming a comprehensive supplier to multi-family buildings and commercial properties as this market segment is also expected to have great future potential. The expansion is being accomplished through product development as well as acquisitions. There is also a deliberate effort to improve the operating margins of recently acquired businesses that have not yet reached an acceptable level for the business area.

It is gratifying to see NIBE Element's persistently positive performance in terms of its volume and operating margin. These developments also confirm that our strategy of offering the market a comprehensive range of intelligent system solutions with sustainability profiles and high quality is the right way to go. In order to maintain our competitiveness in a cost-effective manner, systematic rationalisation and automation is pursued in all of our manufacturing units, especially those located in low-cost countries, where wage growth is now increasing rapidly.

NIBE Stove's performance continues to be stable. The business area now has both a good geographical balance and a unique opportunity to grow in Europe, North America and Australia

by beginning to sell and in some cases adapt our large and mostly complete product programmes to each market. As in the past, intensive product development is under way in the business area, with the emphasis on the right design, high efficiency and reduction of particulate emissions.

Our ambitions in terms of acquisitions remain high. In February, 50% of the shares in the Canadian heat pump company CGC Group of Companies Inc. was acquired. In early May, 80% of the shares in the Italian element company HT S.p.A. was acquired, and in early June, 65% of the shares in the Canadian ventilation company Tempeff North America Ltd. was acquired.

The level of investment in our existing businesses amounted to SEK 271 million during the first six months, compared with SEK 145 million in the previous year, and the rate of depreciation was SEK 332 million compared with SEK 242 million last year.

Operating profit improved by 35.8% compared with the corresponding period last year, leading to a profit margin of 10.6% versus 11.1% for the same period last year. The most significant contributing factor to the improved operating profit is of course acquired sales. The slightly lower operating margin is partly due to the discontinuation of subsidies for installing heat pumps in single family homes in the US and partly to the fact that the two largest acquired companies in NIBE Climate Solutions are still at a lower operating margin than the business area in general. Both operating profit and operating margin in the Group's other underlying operations are satisfactory.

Profit after financial items improved by 36.0% in the first half-year compared with the corresponding period last year, leading to a profit margin of 9.7% versus 10.2% for the same period last year.

## Outlook for 2017

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well-prepared for being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will guarantee persistently healthy margins.
- As with previous years, the effects of economic trends, currency concerns, volatile energy prices and political turbulence in some parts of the world are hard to predict, but we remain cautiously positive about the year overall.

Markaryd, 18 August 2017

Gerteric Lindquist  
Managing Director and CEO

## Financial targets

- Average annual sales growth of 20%
- An operating margin 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 business cycle
- Equity/assets ratio of at least 30%

## Calendar

### 18 August 2017

11:00 (C.E.T) conference call (in English);

Presentation of Interim Report 2 and opportunity to ask questions.

Registration on our website [www.nibe.com](http://www.nibe.com) is required in order to access the presentation images during the conference.

To listen to the presentation by phone, call +46 8 566 426 97.

### 16 November 2017

Interim Report 3, Jan-Sept 2017

### 15 February 2018

Year-end report 2017

### 16 May 2018

Interim Report 1, Jan-March 2018

Annual General Meeting

## Sales

Consolidated net sales totalled SEK 9,009 million (SEK 6,343 million). This corresponds to growth of 42.0%, of which 10.8% was organic. Acquired operations accounted for SEK 1,979 million of the total SEK 2,666 million increase in sales.

## Earnings

Profit for the period after net financial items was SEK 877 million. This equates to a 36.0% increase in earnings compared with the same period in 2016. In 2016, profit after net financial items amounted to SEK 645 million. Profit for the period was charged with acquisition expenses of SEK 15 million (SEK 28 million). Return on equity was 13.6% (17.3%).

## Acquisitions

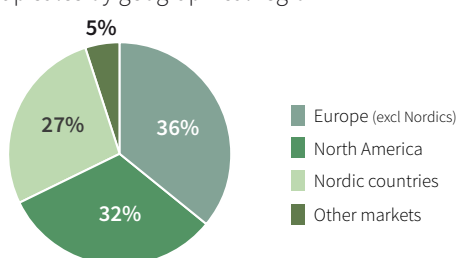
The acquisition of the majority of British Enertech Group was approved by the Swedish Competition Authority in January. Operations, which are primarily based in Sweden under the CTC trademark, generate annual sales of just over SEK 800 million with an operating margin of 4.8% and were consolidated into NIBE Climate Solutions as of March 2017. The acquisition value is still provisional. See also page 9.

In February, 50% of the shares in the Canadian heat pump company CGC Group of Companies Inc. was acquired with an agreement to acquire the remaining 50% of shares by 2022. The company has around 80 employees, annual sales of approximately SEK 120 million and an operating margin of 19%. Operations have been consolidated under the NIBE Climate Solutions business area as of February 2017. The acquisition value is still provisional.

In early May, 80% of the shares in Italian element company HT S.p.A. was acquired, with an agreement to acquire the remaining 20% of shares in 2020. The business, which has around 330 employees, has production facilities in Italy and Romania and annual sales of some SEK 220 million, with an operating margin of roughly 14%. The products are chiefly aimed at the industrial and indoor comfort sector. Operations were consolidated into the NIBE Element business area as of May 2017. The acquisition value is still provisional.

NIBE Group Key ratios		2017 Q1-2	2016 Q1-2	Past 12 months	2016 Full- year
Net sales	SEK m	9,009	6,343	18,014	15,348
Growth	%	42.0	3.7	33.7	15.9
of which acquired	%	31.2	2.0	26.1	12.6
Operating profit	SEK m	955	703	2,232	1,980
Operating margin	%	10.6	11.1	12.4	12.9
Profit after net financial items	SEK m	877	645	2,103	1,871
Profit margin	%	9.7	10.2	11.7	12.2
Equity ratio	%	44.4	34.5	44.4	46.6
Return on equity	%	13.6	17.3	16.6	14.9

## Group sales by geographical region



In early June, 65% of the shares in the Canadian ventilation company Tempeff North America Ltd. was acquired, with an agreement to acquire the remaining 35% of shares by 2021. The business has about 50 employees, annual sales of approximately SEK 70 million and an operating margin exceeding 10%. It was consolidated into the NIBE Climate Solutions business area as of June 2017. The acquisition value is still provisional.

## Investments

During the period, the Group made investments totalling SEK 1,673 million (SEK 516 million). A total of SEK 1,402 million (SEK 371 million) of the investments relates to acquisitions of operations. The remaining SEK 271 million (SEK 145 million) is mainly investments in machinery and equipment in existing operations. The investment amount with regard to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

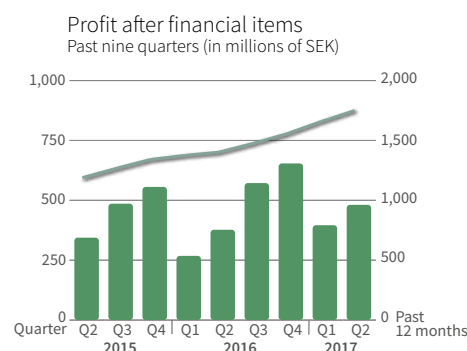
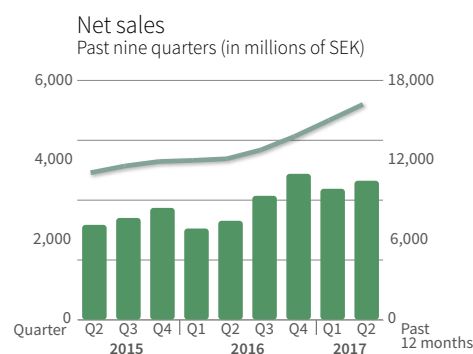
## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,015 million (SEK 698 million). Cash flow after changes in working capital amounted to SEK 706 million (SEK 368 million).

Interest-bearing liabilities at the end of the period amounted to SEK 8,815 million, compared with SEK 8,536 million at the start of the year. Since one of the Group's credit agreements expires in the first half of 2018, the liabilities covered by this agreement were recognised as current interest-bearing liabilities in the consolidated balance sheet. At the end of the period, the Group had cash and cash equivalents of SEK 2,453 million as against SEK 2,926 million at the start of the year. The equity ratio at the end of the period was 44.4%, compared with 46.6% at the start of the year and 34.5% at the corresponding point last year.

## Parent

Parent activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. Sales for the period totalled SEK 8 million (SEK 6 million) and profit after financial items was SEK 319 million (SEK 658 million).

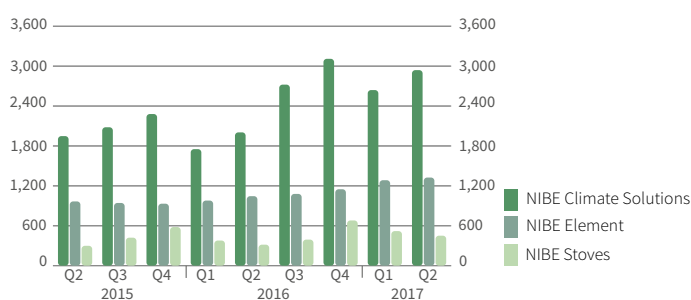


# Business area trends

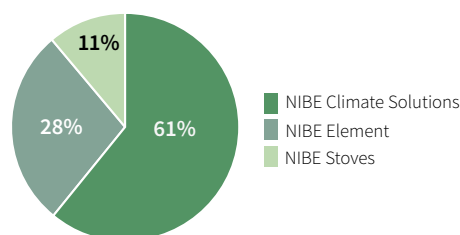
## Quarterly data

Consolidated income statements (SEK m)	2017		2016				2015		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	4,370	4,639	3,042	3,301	4,135	4,870	3,165	3,396	3,732
Operating expenses	-3,944	-4,110	-2,744	-2,896	-3,525	-4,203	-2,799	-2,892	-3,165
<b>Operating profit</b>	<b>426</b>	<b>529</b>	<b>298</b>	<b>405</b>	<b>610</b>	<b>667</b>	<b>366</b>	<b>504</b>	<b>567</b>
Net financial items	-30	-48	-30	-28	-38	-13	-22	-18	-11
<b>Profit after net financial items</b>	<b>396</b>	<b>481</b>	<b>268</b>	<b>377</b>	<b>572</b>	<b>654</b>	<b>344</b>	<b>486</b>	<b>556</b>
Tax	-103	-123	-67	-98	-154	-176	-75	-112	-132
<b>Net profit</b>	<b>293</b>	<b>358</b>	<b>201</b>	<b>279</b>	<b>418</b>	<b>478</b>	<b>269</b>	<b>374</b>	<b>424</b>
<b>Net sales, business areas</b>									
NIBE Climate Solutions	2,640	2,940	1,752	2,004	2,722	3,110	1,948	2,081	2,280
NIBE Element	1,285	1,325	979	1,045	1,079	1,149	966	943	932
NIBE Stoves	520	451	378	316	392	680	299	421	581
Elimination of Group transactions	-75	-77	-67	-64	-58	-69	-48	-49	-61
<b>Group total</b>	<b>4,370</b>	<b>4,639</b>	<b>3,042</b>	<b>3,301</b>	<b>4,135</b>	<b>4,870</b>	<b>3,165</b>	<b>3,396</b>	<b>3,732</b>
<b>Operating profit, business areas</b>									
NIBE Climate Solutions	256	356	180	307	443	466	286	365	386
NIBE Element	142	158	101	124	139	109	88	95	79
NIBE Stoves	45	31	33	17	52	121	10	59	117
Elimination of Group transactions	-17	-16	-16	-43	-24	-29	-18	-15	-15
<b>Group total</b>	<b>426</b>	<b>529</b>	<b>298</b>	<b>405</b>	<b>610</b>	<b>667</b>	<b>366</b>	<b>504</b>	<b>567</b>

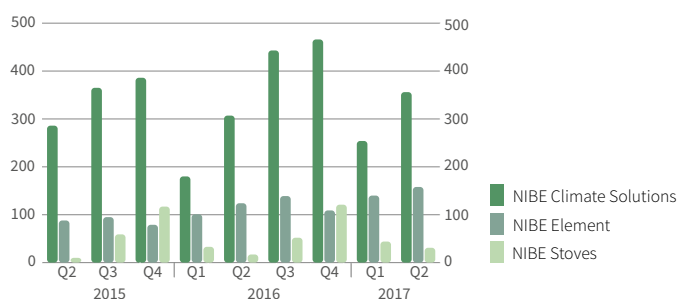
Sales per business area, last nine quarters (SEK million)



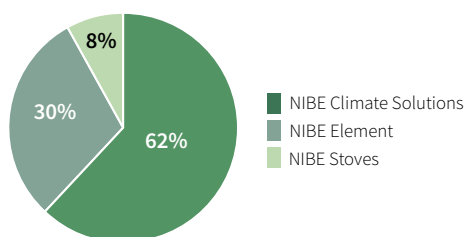
Each business area's share of total sales (Q1-Q2 2017)



Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1-Q2 2017)



# NIBE Climate Solutions business area

## Sales and profit

Sales for the period totalled SEK 5,580 million, compared with SEK 3,756 million for the corresponding period last year. Of the increase in sales of SEK 1,824 million, acquired sales accounted for SEK 1,470 million, which means that organic growth was 9.5%.

Operating profit for the period totalled SEK 612 million, compared with SEK 487 million the previous year. This equates to an operating margin of 11.0% compared with 13.0% for the previous year. The operating margin for the past 12 months is thus 13.3%.

## Market

As expected, the heat pump market for single-family housing in the US continued to be negatively affected by the discontinuation of state subsidies for the installation of geothermal heat pumps at year-end 2016. However, the market for energy-efficient climate-control products intended for commercial properties has continued to stabilise. On the whole, the Canadian heat pump market is stable.

In Europe, the positive market trend for heat pumps continued to improve, which made for good sales in the first half. Germany, Austria, Switzerland and the Netherlands constitute the strongest growth markets. All Nordic markets also show growth, which benefits most of our operations that have market-leading positions in their respective countries. Increased new construction of single-family houses and increased interest in products using renewable energy are the main factors for growth.

The market trend in Eastern Europe continues to be positive and our units in Poland and the Czech Republic are exhibiting relatively robust expansion with regard to product concepts for indoor comfort, primarily heat pumps and water heaters.

The first concrete government decisions on the long-term phasing out of heating products using the fossil fuels oil and gas have now been taken in Norway and the Netherlands. In Norway, the use of oil boilers will be prohibited from 2020 and in the Netherlands, where the market is dominated by gas boilers, prominent regions have decided to ban gas boilers from 2050. The conversion to renewable alternatives is expected to benefit our industry in the long term.

The relatively strong growth in the Swedish domestic heat pump market has continued. The main reason for this is an increase in construction of new single-family homes. We are continuing to increase our total market share in all product segments and consolidate our market position further. Demand for energy-efficient product solutions for larger properties also continues

to increase, and we are gradually strengthening our sales organisation to expand within this segment.

As regards traditional water heaters, demand remains stable in both the Nordics and the rest of Europe. The Ecodesign Directive includes requirements primarily relating to better insulation. Slightly larger water heaters are also required to have improved control. Water heaters that provide for an entire household's hot-water needs must now also be supplied with a heat-pump module to meet the standard requirements.

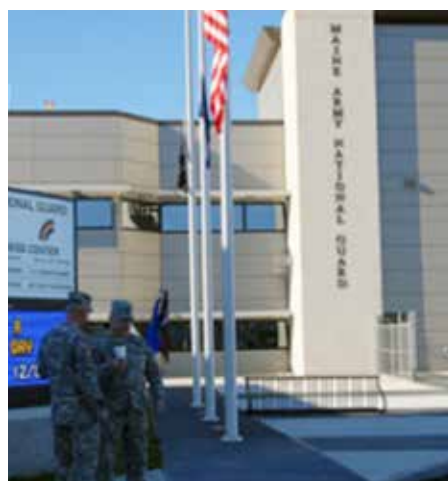
## Operations

Market introductions of new high performance products are ongoing in all application areas and are a prerequisite for our continued expansion. During the first half of the year we launched new product concepts at international trade fairs in both the US and Europe, followed by many targeted local market initiatives. This boosts our profile as a market leader in intelligent, energy-efficient, environmentally sustainable product solutions for indoor comfort based on renewable energy.

Work on improving the operating margins of the relatively recently acquired companies Climate Control Group (CCG) and Enertech Group is proceeding according to plan, but the units continue to temporarily have a negative effect on the business area's operating margin. Organisation and fixed costs are also being adjusted in the US operations that are being affected negatively by the discontinued subsidies for heat pumps in single-family homes.

Despite relatively strong volume growth in the European market, our production capacity and delivery capacity have been able to meet the expectations of the market. We also note that our internal quality control work, which has been a top priority, continues to result in improved product quality. We are implementing cost-saving measures on an ongoing basis both in production and other operations, in order to maintain our healthy underlying operating margin.

In June, NIBE acquired 65% of the shares in the Canadian ventilation company Tempeff North American Ltd., which is a leading manufacturer of ventilation products with a high degree of energy recovery that are made for commercial, institutional and industrial applications, especially in cold climates. The company has annual sales of approximately SEK 70 million, which are mainly in the Canadian domestic market, but it also has good growth in the United States.



Mearing, Maine, USA, one of recently acquired company Tempeff's major installations of ventilation equipment.

## NIBE Climate Solutions

Key ratios		2017 Q1-2	2016 Q1-2	Past 12 months	2016 Full-year
Net sales	SEK m	5,580	3,756	11,412	9,588
Growth	%	48.6	2.4	40.6	19.4
of which acquired	%	39.1	0.2	32.4	14.6
Operating profit	SEK m	612	487	1,521	1,396
Operating margin	%	11.0	13.0	13.3	14.6
Assets	SEK m	18,717	16,721	18,717	18,103
Liabilities	SEK m	2,285	1,470	2,285	2,357
Investments in non-current assets	SEK m	166	92	313	239
Depreciation	SEK m	224	155	431	362

# NIBE Element business area

## Sales and profit

Sales for the period totalled SEK 2,610 million, compared with SEK 2,024 million for the corresponding period last year. Of the increase in sales of SEK 586 million, acquired sales accounted for SEK 239 million, which means that organic growth was 17.1%. Sales have been positively affected by a few major project orders.

Operating profit for the period totalled SEK 300 million, compared with SEK 225 million the previous year. This equates to an operating margin of 11.5% compared with 11.1% for the previous year. This means that the operating margin for the past 12 months is 11.3%.

## Market

Overall, demand on the international element market grew during the first half of the year.

Trade in the industrial sector has continued to strengthen in Europe and in North America, leading to underlying organic growth in the element market. The acquisitions made in recent years have also progressed well, thus helping to bolster this growth.

The Asian market has also performed well. Our strategy to gradually align our Asian production units more with the Asian domestic market has proven to be correct and has even improved over the current year.

Generally speaking, all product segments in both consumer products and products for commercial equipment have performed strongly during the period. The market for oil and gas industry products, which is the one exception, has now stabilised following a long period of heavy decline, albeit at a low level.

The market for rail-based traffic products is displaying healthy growth in both infrastructure and vehicles. A number of major investment projects to improve infrastructure being implemented in several countries in Europe are having a positive impact, and we have also become established in the North American market within these interesting market segments.

Our investments in control and measurement have yielded good results, particularly for inverter control of electric motors. The market for resistors has also been good. Initiatives in recent years regarding new innovative products and increased marketing efforts helped strengthen organic growth in several product segments.



## NIBE Element

Key ratios		2017 Q1-2	2016 Q1-2	Past 12 months	2016 Full- year
Net sales	SEK m	2,610	2,024	4,838	4,252
Growth	%	28.9	7.5	24.1	13.1
of which acquired	%	11.8	6.2	12.6	9.9
Operating profit	SEK m	300	225	549	473
Operating margin	%	11.5	11.1	11.3	11.1
Assets	SEK m	5,108	3,930	5,108	4,294
Liabilities	SEK m	967	850	967	828
Investments in non-current assets	SEK m	72	48	149	125
Depreciation	SEK m	68	59	130	122

Volume growth in the automotive industry slowed in the first half of the year. However, we see many opportunities in new products and applications as a result of stricter requirements for eco-friendly vehicles and greater interest in electric and hybrid vehicles.

## Operations

We continue to work intensively to improve the competitiveness of our units in each market segment. This includes further investments in areas such as industrial robots and automation, along with measures to boost productivity. This is essential if we are to maintain a stable operating margin at the established target of 10%.

We have noted a labour shortage and increased cost pressure in several of our low-cost countries, which further heightens the need to implement projects to raise productivity in these units as well.

The strategically important acquisition of the Italian element company HT S.p.A. was completed in early May. Initially, 80% of the shares were acquired with an agreement to acquire the remaining 20% of shares in 2020. The business has production facilities in Italy and Romania and annual sales of some SEK 220 million, with an operating margin of 14%. The acquisition adds new technologies and strengthens NIBE Element in several market segments.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having a globalised organisation with production units in different currency zones gives us a clear advantage. Commodity prices remain at a historically low level, but we have noted significant hikes in some metals, which means we are adjusting prices in certain market and product segments.

*Italian acquisition HT S.p.A. has many interesting products in its portfolio, including intelligent heating systems with precise regulation.*

# NIBE Stoves business area

## Sales and profit

Sales for the period totalled SEK 971 million, compared with SEK 694 million for the corresponding period last year. Of the increase in sales of SEK 277 million, acquired sales accounted for SEK 270 million, which means that organic growth was 1.1%.

Operating profit for the period totalled SEK 76 million, compared with SEK 50 million the previous year. This equates to an operating margin of 7.9% compared with 7.2% for the previous year. The operating margin for the past 12 months is thus 12.2%.

## Market

The demand for stove products in Scandinavia in the first half corresponds to last year's level, but developments vary between countries. So far this year, several of the major European markets we work in have had relatively stable demand after several years of sharp downturns. The total market for stove products in North America has increased compared with the same period last year.

Demand in Sweden continues to be relatively high, although it was slightly lower at the end of the period. Strong demand in Norway continues, while the trend in Denmark has been the exact opposite so far this year, exclusively due to the discontinuation of last year's subsidies to encourage the replacement of old stoves.

Demand for gas-fired products continues to increase in the UK and is largely the result of prevailing low gas prices, but also of the comfort these types of products offer. The market for wood-fired products has decreased slightly but remains at a relatively high and stable level.

After several years of plummeting demand for stove products in Germany and France, demand has stabilised and even seen a modest increase, mainly in the French market. However, the slightly improved market situation must be compared to the very weak comparative figures for the same period last year.

In North America, demand so far this year has risen both for gas- and wood-fired products, which is down to a generally healthy economic trend and last year's relatively cold winter, affecting end-consumers' purchasing behaviour.

## Operations

The first half of the year has largely been characterised by product launches for all our European brands. Following the enthusiastic, favourable exposure we received at the international ISH Fair in Germany, we were able to sell in new products to exhibiting dealers with great intensity in all the markets we pursue. To

## NIBE Stoves

Key ratios		2017 Q1-2	2016 Q1-2	Past 12 months	2016 Full- year
Net sales	SEK m	971	694	2,043	1,766
Growth	%	40.0	6.8	20.5	6.9
of which acquired	%	38.9	0.0	23.0	7.3
Operating profit	SEK m	76	50	250	223
Operating margin	%	7.9	7.2	12.2	12.7
Assets	SEK m	3,051	1,781	3,051	3,274
Liabilities	SEK m	300	253	300	387
Investments in non-current assets	SEK m	20	15	47	42
Depreciation	SEK m	40	27	71	59

strengthen our relationship with existing dealers we sponsored several activities, leading to increased long-term loyalty to our brands and a better market position. By continuously introducing new products, we also become more interesting to new dealers and new target groups.

Capacity at our production plants is well-adapted, which resulted in a high delivery capacity to our customers during the first half of the year. The new products will also be ready for delivery to end-consumers prior to the all-important autumn season that begins at the end of the third quarter. The capacity-enhancing measures implemented in our UK production facility in the spring will help us meet the increased demand for gas-fired stove products.

The acquisition of the Canadian company Fireplace Products International (FPI), which was completed at the end of last year, means better geographical distribution in both North America and Australia for the business area. In the spring, FPI offered its North American dealers a chance to participate in its traditional inventory stock-up program to prepare for the autumn season on favorable terms, which both equalises production capacity and increases delivery capacity during the peak season. The program was a success, and combined with energetic marketing, has resulted in increased sales.



The English company Gazco, which is part of Stovax Group, has a wide range of gas products in different sizes and price ranges to satisfy market needs.

## Income Statement summaries

(SEK m)	Group						Parent	
	second quarter 2017	second quarter 2016	Jan-June 2017	Jan-June 2016	Past 12 months	Full-year 2016	Jan-June 2017	Jan-June 2016
Net sales	4,639	3,301	9,009	6,343	18,014	15,348	8	6
Cost of goods sold	-3,034	-2,110	-5,938	-4,092	-11,663	-9,817	0	0
<b>Gross profit</b>	<b>1,605</b>	<b>1,191</b>	<b>3,071</b>	<b>2,251</b>	<b>6,351</b>	<b>5,531</b>	<b>8</b>	<b>6</b>
Selling expenses	-793	-571	-1,565	-1,156	-3,073	-2,664	0	0
Administrative expenses	-322	-241	-620	-455	-1,207	-1,042	-29	-33
Other operating revenue	39	26	69	63	161	155	0	0
<b>Operating profit</b>	<b>529</b>	<b>405</b>	<b>955</b>	<b>703</b>	<b>2,232</b>	<b>1,980</b>	<b>-21</b>	<b>-27</b>
Net financial items	-48	-28	-78	-58	-129	-109	340	685
<b>Profit after net financial items</b>	<b>481</b>	<b>377</b>	<b>877</b>	<b>645</b>	<b>2,103</b>	<b>1,871</b>	<b>319</b>	<b>658</b>
Tax	-123	-98	-226	-165	-556	-495	0	0
<b>Net profit</b>	<b>358</b>	<b>279</b>	<b>651</b>	<b>480</b>	<b>1,547</b>	<b>1,376</b>	<b>319</b>	<b>658</b>
<b>Net profit attributable to Parent shareholders</b>	<b>358</b>	<b>279</b>	<b>651</b>	<b>480</b>	<b>1,547</b>	<b>1,376</b>	<b>319</b>	<b>658</b>
Includes depreciation according to plan as follows	168	122	332	242	632	542	0	0
Net profit per share before and after dilution in SEK	0.71	0.60	1.29	1.04	3.16	2.93		

## Statement of comprehensive income

<b>Net profit</b>	<b>358</b>	<b>279</b>	<b>651</b>	<b>480</b>	<b>1,547</b>	<b>1,376</b>	<b>319</b>	<b>658</b>
<b>Other comprehensive income</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Actuarial gains and losses in retirement benefit plans	0	0	0	0	-30	-30	0	0
Tax	0	0	0	0	6	6	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-24</b>	<b>-24</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>								
Cash flow hedges	0	-5	14	14	19	19	0	9
Hedge of net investment	25	-42	34	-24	-31	-89	0	-22
Exchange differences	-370	336	-451	267	121	839	0	0
Tax	40	10	45	3	-17	-59	0	3
	<b>-305</b>	<b>299</b>	<b>-358</b>	<b>260</b>	<b>92</b>	<b>710</b>	<b>0</b>	<b>-10</b>
<b>Total other comprehensive income</b>	<b>-305</b>	<b>299</b>	<b>-358</b>	<b>260</b>	<b>68</b>	<b>686</b>	<b>0</b>	<b>-10</b>
<b>Total comprehensive income</b>	<b>53</b>	<b>578</b>	<b>293</b>	<b>740</b>	<b>1,615</b>	<b>2,062</b>	<b>319</b>	<b>648</b>
<b>Comprehensive income attributable to Parent shareholders</b>	<b>53</b>	<b>578</b>	<b>293</b>	<b>740</b>	<b>1,615</b>	<b>2,062</b>	<b>319</b>	<b>648</b>

## Balance sheet in summary

(SEK m)	Group			Parent		
	30/06/2017	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016
Intangible assets	15,132	10,579	14,716	0	0	0
Property, plant and equipment	3,058	2,166	2,820	0	0	0
Financial assets	396	503	389	12,757	8,640	11,772
<b>Total non-current assets</b>	<b>18,586</b>	<b>13,248</b>	<b>17,925</b>	<b>12,757</b>	<b>8,640</b>	<b>11,772</b>
Inventories	3,213	2,548	2,799	0	0	0
Current receivables	3,155	2,126	2,798	230	87	620
Current investments	67	40	160	0	0	0
Cash and bank balances	1,980	4,613	2,342	0	1	0
<b>Total current assets</b>	<b>8,415</b>	<b>9,327</b>	<b>8,099</b>	<b>230</b>	<b>88</b>	<b>620</b>
<b>Total assets</b>	<b>27,001</b>	<b>22,575</b>	<b>26,024</b>	<b>12,987</b>	<b>8,728</b>	<b>12,392</b>
Equity	11,978	7,799	12,129	7,578	4,233	7,703
Untaxed reserves	0	0	0	1	1	1
Non-current liabilities and provisions, non-interest-bearing	3,203	1,647	2,763	277	250	255
Non-current liabilities and provisions, interest-bearing	7,380	7,757	5,858	5,000	4,216	4,254
Current liabilities and provisions, non-interest-bearing	3,005	2,150	2,596	131	28	179
Current liabilities and provisions, interest-bearing	1,435	3,222	2,678	0	0	0
<b>Total equity and liabilities</b>	<b>27,001</b>	<b>22,575</b>	<b>26,024</b>	<b>12,987</b>	<b>8,728</b>	<b>12,392</b>



## Key ratios

		Jan- June 2017	Jan- June 2016	Full- year 2016
Growth	%	42.0	3.7	15.9
Operating margin	%	10.6	11.1	12.9
Profit margin	%	9.7	10.2	12.2
Investments in non-current assets	SEK m	1,673	516	5,156
Cash and equivalents	SEK m	2,453	5,030	2,926
Working capital, incl. cash and bank balances as share of net sales	SEK m	5,410	7,177	5,503
	%	30.0	53.3	35.9
Working capital, excl. cash and bank balances as share of net sales	SEK m	3,363	2,524	3,001
	%	18.7	18.7	19.6
Interest-bearing liabilities/Equity	%	73.6	140.8	70.4
Equity ratio	%	44.4	34.5	46.6
Return on capital employed	%	11.2	11.3	11.8
Return on equity	%	13.6	17.3	14.9
Net debt/EBITDA	times	2.4	2.8	2.4
Interest coverage ratio	times	7.1	5.6	9.6

## Data per share

		Jan- June 2017	Jan-June 2016	Full-year 2016
Net profit per share (total 504,016,622 shares)	SEK	1.29	1.04	2.93
Equity per share	SEK	23.77	16.86	24.06
Closing day share price	SEK	79.55	66.56	71.80

All key ratios per share were recalculated following the 4:1 split implemented in May 2016. As a result of the preferential rights issue implemented in 2016 with a discount for shareholders, both the historical key ratios and price per share were also reduced by approximately 4.8%.

## Statement of cash flow – summaries

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Cash flow from operating activities	1,015	698	2,045
Change in working capital	- 309	- 330	- 274
Investing activities	- 1,019	- 765	- 4,769
Financing activities	- 88	3,199	3,629
Exchange difference in cash and cash equivalents	- 54	56	76
<b>Change in cash and cash equivalents</b>	<b>- 455</b>	<b>2,858</b>	<b>707</b>

## Change in equity – summaries

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Equity brought forward	12,129	7,428	7,428
New share issue	0	0	3,024
Transaction cost of new issue	0	0	- 16
Shareholders' dividend	- 444	- 369	- 369
Comprehensive income for the period	293	740	2,062
<b>Equity carried forward</b>	<b>11,978</b>	<b>7,799</b>	<b>12,129</b>

## Financial instruments recognised at fair value

(SEK m)	30 June 2017	30 June 2016	31 Dec 2016
<b>Current receivables</b>			
Currency futures	15	1	3
Commodity futures	0	1	2
<b>Total</b>	<b>15</b>	<b>2</b>	<b>5</b>
<b>Financial assets</b>			
Interest rate derivatives	12	21	22
<b>Current liabilities and provisions, non-interest-bearing</b>			
Currency futures	1	5	6
Commodity futures	2	2	0
<b>Total</b>	<b>3</b>	<b>7</b>	<b>6</b>

No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2016. In respect of other financial assets and liabilities in the Group, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2016.

## Acquisitions in 2017

### Enertech Group

The majority of British Enertech Group was acquired in February after approval by the Swedish Competition Authority in January. The preliminary acquisition balance presented in Note 36 of the annual report for 2016 has now been adjusted. In particular, the value of property, plant, and equipment was increased and the value of goodwill was decreased, based on an external valuation of acquired properties that was completed after the acquisition. The acquisition value is still provisional.

### Consideration consists of the following:

(SEK m)	
Fair value of net assets acquired	214
Goodwill	131
<b>Cash consideration</b>	<b>345</b>
Cash and cash equivalents in acquired companies	- 103
<b>Effect on consolidated cash and cash equivalents</b>	<b>242</b>

Goodwill is attributable to the profitability of the operations acquired, as well as to the synergy effects, particularly in material supply and distribution, that are anticipated within the Group.

### The acquired net assets are as follows:

(SEK m)	Fair values	Acquired carrying values
Market positions	28	-
Brands and trademarks	22	-
Other intangible assets	6	-
Property, plant and equipment	175	75
Financial assets	35	-
Current receivables	126	128
Inventories	99	180
Cash and equivalents	103	103
Provisions	- 167	- 67
Liabilities	- 213	- 207
<b>Net assets acquired</b>	<b>214</b>	<b>212</b>

Acquired current receivables comprise SEK 128 million, of which SEK 126 million is expected to be settled.

## Alternative performance measures

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's profit and financial position using calculations that cannot be directly derived from the financial statements. The alternative performance measures provided in this report may be calculated using methods that differ from those used to produce similar measures that are used by other companies.

### Net investments in non-current assets

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Acquisition of non-current assets	1,673	543	5,185
Disposal of non-current assets	0	-27	-29
<b>Net investments in non-current assets</b>	<b>1,673</b>	<b>516</b>	<b>5,156</b>

### Working capital, including cash and bank balances

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Total current assets	8,415	9,327	8,099
Current liabilities and provisions, non-interest-bearing	-3,005	-2,150	-2,596
<b>Working capital, including cash and bank balances</b>	<b>5,410</b>	<b>7,177</b>	<b>5,503</b>
Net sales in the past 12 months	18,014	13,471	15,348
<b>Working capital, including cash and bank balances, in relation to net sales, %</b>	<b>30.0</b>	<b>53.3</b>	<b>35.9</b>

### Return on capital employed

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Profit after net financial items in the past 12 months	2,103	1,687	1,871
Financial expenses in the past 12 months	221	214	216
Profit before financial expenses	2,324	1,900	2,087
Capital employed at start of period	20,665	14,710	14,710
Capital employed at end of period	20,792	18,778	20,665
Average capital employed	20,729	16,744	17,687
<b>Return on capital employed, %</b>	<b>11.2</b>	<b>11.3</b>	<b>11.8</b>

### Net debt/EBITDA

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Non-current liabilities and provisions, interest-bearing	7,380	7,757	5,858
Current liabilities and provisions, interest-bearing	1,435	3,222	2,678
Cash and bank balances	-1,980	-4,613	-2,342
Current investments	-67	-40	-160
Net debt	6,768	6,326	6,034
Operating profit in the past 12 months	2,232	1,774	1,980
Depreciation/amortisation and impairment in the past 12 months	633	483	542
EBITDA	2,865	2,257	2,522
<b>Net debt/EBITDA, times</b>	<b>2.4</b>	<b>2.8</b>	<b>2.4</b>

### Cash and equivalents

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Cash and bank balances	1,980	4,613	2,342
Current investments	67	40	160
Unutilised overdraft facilities	406	377	424
<b>Cash and equivalents</b>	<b>2,453</b>	<b>5,030</b>	<b>2,926</b>

### Working capital, excluding cash and bank balances

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Inventories	3,213	2,548	2,799
Current receivables	3,155	2,126	2,798
Current liabilities and provisions, non-interest-bearing	-3,005	-2,150	-2,596
<b>Working capital, excluding cash and bank balances</b>	<b>3,363</b>	<b>2,524</b>	<b>3,001</b>
Net sales in the past 12 months	18,014	13,471	15,348
<b>Working capital, excluding cash and bank balances, in relation to net sales, %</b>	<b>18.7</b>	<b>18.7</b>	<b>19.6</b>

### Return on equity

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Profit after net financial items in the past 12 months	2,103	1,687	1,871
Standard rate tax, %	22.0	22.0	22.0
Profit after net financial items, after tax	1,640	1,315	1,459
Equity at start of period	12,129	7,428	7,428
Equity at end of period	11,978	7,799	12,129
Average equity	12,053	7,614	9,779
<b>Return on equity, %</b>	<b>13.6</b>	<b>17.3</b>	<b>14.9</b>

### Interest coverage ratio

(SEK m)	Jan-June 2017	Jan-June 2016	Full-year 2016
Profit after net financial items	877	645	1,871
Financial expenses	145	141	216
<b>Interest coverage ratio, times</b>	<b>7.1</b>	<b>5.6</b>	<b>9.6</b>

## NIBE shares

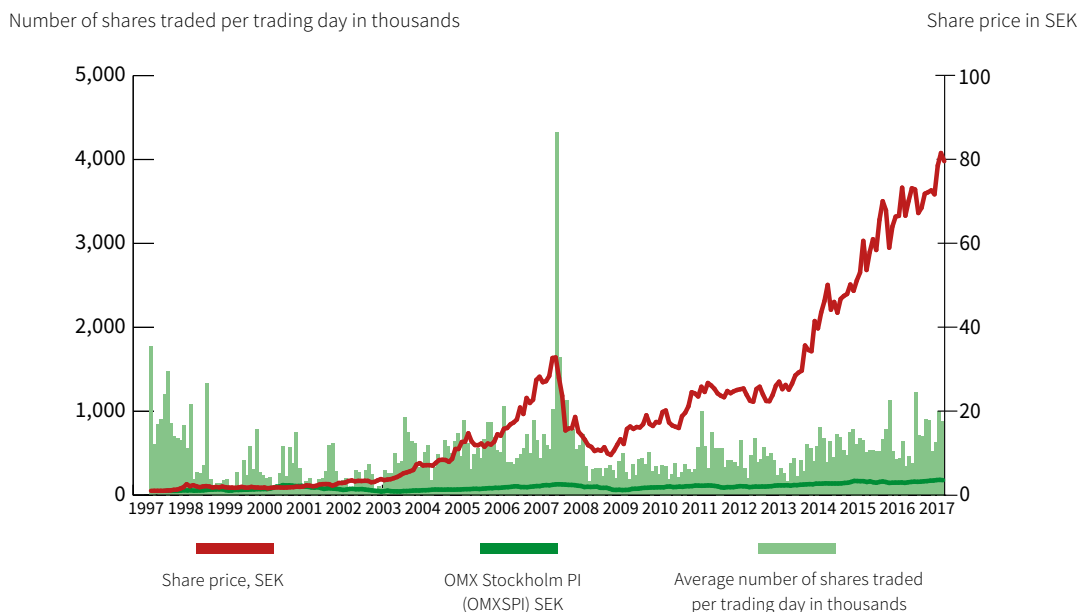
NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on 30 June 2017 was SEK 79.55.

In the first half of 2017, NIBE's share price rose by 10.8%, from SEK 71.80 to SEK 79.55. During the same period, the OMX Stockholm PI (OMXSPI) increased by 7.9%.

At the end of June 2017, the market capitalisation of NIBE,

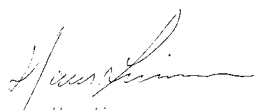
based on the latest price paid, amounted to SEK 40,095 million.

A total of 98,971,387 NIBE shares were traded, which corresponds to a share turnover of 39.3% in the first half of 2017. All figures were recalculated following the 4:1 splits implemented in 2003, 2006 and May 2016, and the dilution effect of the preferential rights issue in October 2016.



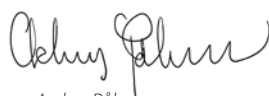
This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, 18 August 2017

  
Hans Linnarson  
Chairman of the Board

  
Georg Brunstam  
Director

  
Eva-Lotta Kraft  
Director

  
Anders Pålsson  
Director

  
Helene Richmond  
Director

  
Gerteric Lindqvist  
Managing Director and CEO

## Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the second quarter of 2017 has been drawn up in accordance with IAS 34 'Interim Financial Reporting'. For the Group, the same accounting policies as those adopted for this report are described on pages 72–75 of the company's Annual Report for 2016. Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council (Reporting for Legal Entities).

In the case of transactions with associates, these have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 73 of the company's Annual Report for 2016.

*The information in this report has not been subject to scrutiny by the company's auditors.*

For other information on definitions, please refer to the company's Annual Report for 2016.

## Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to a number of business and financial risks. Risk management is therefore an important process with regard to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2016.



## NIBE – a global group with operations and sales on five continents

NIBE is a global group with solutions for indoor climate and comfort as well as components and solutions for measurement, control and electrical heating that help make the world more sustainable. NIBE has more than 60 years of experience in manufacturing products for both household and commercial use. From its beginnings in the Småland city of Markaryd, NIBE has grown and now has operations and sales on five continents.

NIBE has developed a culture of entrepreneurship and a passion for running businesses. Investments in sustainable product development and acquisitions have helped the NIBE Group expand significantly, resulting in sales of over SEK 15 billion in 2016. Operations are conducted within three business areas – NIBE Climate Solutions, NIBE Element and NIBE Stoves – with more than 14,000 employees in Europe, North America, Asia and Australia.

NIBE has been listed under the name NIBE Industrier on Nasdaq Stockholm, Large Cap list, since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 08:00 (C.E.T.) on 18 August 2017.

Please email any questions you have with regard to this report to:  
Gerteric Lindquist, MD and Group CEO, [gerteric.lindquist@nibe.se](mailto:gerteric.lindquist@nibe.se)  
Hans Backman, CFO, [hans.backman@nibe.se](mailto:hans.backman@nibe.se)

**NIBE**

NIBE Industrier AB (publ)  
Box 14, SE-285 21 Markaryd Sweden Tel +46 433 - 27 30 00  
[www.nibe.com](http://www.nibe.com) · Corporate ID number: 55 63 74 - 8309