

Good performance in 2023 – clear decline in fourth quarter

Large fluctuations in demand and a clear decline in the European heat pump market in the second half of the year. Target of SEK 80 billion remains unchanged.

- Sales rose by 16.4% to SEK 46,649 (40,071) million
- Profit after net financial items amounted to SEK 6,331 (5,675) million
Profit after net financial items in the previous year was boosted by non-recurring gains of SEK 118 million: SEK -114 million in Q1 and SEK +232 million in Q2
- Earnings per share amounted to SEK 2.37 (2.16)
- Dividend of SEK 0.65/share (SEK 0.65/share) proposed
- Acquisitions of Miles Industries of Canada, Climate for Life of the Netherlands, Solzaima of Portugal, Ceramicx of Ireland and LS Control of Denmark. The acquired companies have combined annual sales of around SEK 3 billion.
- Review of total costs as a result of weak demand in the European heat pump market at the beginning of 2024 – action program to be initiated

“Demand varied greatly in 2023, both throughout the year and between different markets and market segments. We saw a clear decline in the European heat pump market in particular towards the end of the year,” said Gerteric Lindquist, Managing Director and CEO of NIBE.

Clear reasons

In particular, the considerable rise in interest rates worldwide resulted in a sharp drop in new residential construction. For example, new housing output in Sweden is down to the lowest level since the banking crisis in the early 1990s.

As energy prices fell and manufacturers’ delivery capacity improved, after the half-year mark it became clear that distributors’ heat pump inventories had grown too large in relation to actual customer demand. Since then, inventory adjustments have been carried out in order to restore a more proportionate balance between manufacturers, distributors and end-consumers, and these adjustments are expected to continue for at least another two quarters and maybe for the rest of the year.

Unlike North America, where political decision-making has resulted in a robust, long-term incentive program for transition to fossil-free climate control, political uncertainty in several European countries around the design of future subsidies has meant that demand has been very uneven.

The deteriorating situation in respect of global stability and security has also resulted in trade barriers being introduced between both countries and continents, which has also caused large swings in demand.

Looking forward with confidence

We have vigorously and resolutely implemented measures to mitigate the see-sawing demand,

while also carrying out a number of strategic acquisitions that give us a larger market presence, new product offerings and new business models. We are therefore able to look back on yet another full year of good growth in both sales and profit.

We have long been convinced of the future growth potential to be found in the transition to a fossil-free society and reduced carbon dioxide emissions. With our company philosophy and our strong product range, we are well positioned in this market. As early as four years ago, we established an aggressive investment program worth SEK 10 billion to further reinforce our market position by enabling even faster product development and to safeguard increased production capacity. The majority of this program has now been completed and the remainder will essentially be carried out in 2024/2025, ensuring that we are in a favorable position to benefit from the continued good future opportunities for growth.

Beginning of 2024

Further evidence of weak demand in the European heat pump market could be seen in the first few weeks of 2024, prompting a decision to introduce an action program aimed at reducing staff and other fixed costs as well as reduction of inventories and balancing of investment, particularly within Climate Solutions in Europe.

The program primarily aims to streamline the full organization and will, among other things, affect around 500 employees. The expected annual savings due to the program are estimated at SEK 600 million, the full effect of which will be seen in 2025. The costs of the action program are estimated at SEK 1,100 million, which will affect the first quarter.

“As is our habit, and based on experience, we remain optimistic about our long-term performance, despite the situation this year being particularly difficult to predict. We consider the situation this year to be a temporary dip that we will navigate successfully by taking resolute and responsible action,” said Gerteric Lindquist.

Press information

A media and analysts webcast (in English) will take place today at 11:00 CET with CEO Gerteric Lindquist and CFO Hans Backman.

NB: Registration on our website www.nibe.com is required in order to participate in the conference and to obtain a code to be able to ask questions.

For more information: Gerteric Lindquist, CEO, and Hans Backman, CFO: +46 (0)433 27 30 00

NIBE Industrier AB (publ) is required to disclose the information in this press release under the EU's Market Abuse Regulation and the Swedish Securities Market Act. This information was submitted by the contact persons above for publication on February 16, 2024 at 08:00 CET.

NIBE Group – an international Group with companies and a presence worldwide

The NIBE Group is an international Group that contributes to a reduced carbon footprint and better utilization of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of eco-friendly, energy-efficient solutions for indoor climate comfort in all types of properties, plus components and solutions for intelligent heating and control in industry and infrastructure.

Since its beginnings in the town of Markaryd in the Swedish province of Småland 70 years ago, NIBE has grown into an international company with an average of 23,100 (21,300) employees and an international presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate responsibility. Its success factors are long-term investments in sustainable product development and

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strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just under SEK 47 (40) billion in 2023.

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