

NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 4,862 million (SEK 4,370 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 443 million (SEK 396 million)
- **PROFIT AFTER TAX** was SEK 336 million (SEK 293 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.67 (SEK 0.58)
- **ACQUISITION OF**
 - 60% of shares in US element company BriskHeat Corp.
 - Alfa Laval's business for district heating/cooling systems

Interim Report 1 · 2018



A promising start to the year

Consolidated sales for the first quarter grew by 11.3%, of which 2.2% was organic. The Swedish currency has had a certain negative impact on sales, as has the number of working days, which were slightly fewer than in Q1 2017.

General demand continues to feel positive in Europe, North America and Asia. In addition to low interest rates and relatively good construction activity, it is quite apparent that the transition to a more sustainable approach to energy supply, transport and climate control of both small and large properties is creating new markets with solid demand.

As we have regularly reported, our operations are dominated by integration of the most recently acquired entities in a careful yet definite manner, plus a constant striving to improve our internal efficiency. Product development and marketing activities are also continuing, following the guidelines established in our operations. Several new products were launched in all three business areas in the first quarter, and we have participated widely in major international trade fairs.

Work continues in the NIBE Climate Solutions business area to enhance its position as a comprehensive supplier of intelligent, sustainable climate control solutions for single-family homes. In parallel to this, the business area is working intensively and concertedly to create a similar position on the market for commercial properties. The reintroduction of subsidies for the installation of heat pumps in single-family homes in the US is satisfying, as heat pumps now have the same status as renewable energy sources such as solar cells and wind power.

The methodical work to improve the operating margin in the two most recently acquired large companies is also starting to show results, and it is gratifying to see that the operating margin for the business area is improving.

The targeted strategy of the NIBE Element business area to offer the market a comprehensive range of intelligent, sustainable system solutions continues to bear good fruit. To guarantee our competitiveness from a purely cost-driven perspective, we are continuing our high-priority work on both rationalisation and automation in all our manufacturing units. The slightly lower operating margin is due to the fact that there were some large project orders with a good operating margin last year.

NIBE Stoves is also continuing its steady performance. Frequent launches of high-quality new products and consistent marketing ensure that it maintains its already strong market position. The

stricter sustainability requirements from the market are very clear in this business area as well. In response to this, our products already meet the new Ecodesign requirements, although they do not formally take effect until 2020. Necessary measures to enhance capacity in our British production unit to meet increased demand will be implemented after the end of June, as well as the further price increases needed to fully compensate for the dramatic increases in material prices we are required to pay.

Our acquisition rate remains high. In the first quarter, we acquired 60% of the shares in the US element company BriskHeat, Alfa Laval's business for district heating/cooling systems and several small bolt-on acquisitions.

Investments in our existing businesses amounted to SEK 152 million in the quarter, compared with last year's SEK 103 million and the depreciation rate was SEK 166 million, compared with SEK 164 million last year.

Operating profit for the first quarter improved by 16.7% compared with the corresponding period last year so the operating margin improved to 10.2% from last year's 9.8%. The most significant contributing factor to the improved operating profit is internal by nature, but acquired sales also help, of course.

Profit after financial items improved by 11.9% in the first quarter compared with the corresponding period in 2017, leading to a profit margin of 9.1%, the same as in Q1 last year. The main reason for the poorer net financial items is a combination of exchange rate effects first and foremost, but also increased interest expenses.

Outlook for 2018

- 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, 16 May 2018

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

16 May 2018

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

Presentation of Interim Report 1 and opportunity to ask questions.

Registration on our website www.nibe.com is required to access the presentation images during the conference.

To listen to the presentation by phone, call +46 8 566 426 62.

16 May 2018

17:00 C.E.T. Annual General Meeting 2018

17 August 2018

Interim Report 2, Jan–June 2018

16 November 2018

Interim Report 3, Jan–Sept 2018

Sales

Group net sales totalled SEK 4,862 million (SEK 4,370 million). This corresponds to growth of 11.3%, of which 2.2% was organic. Acquired operations accounted for SEK 396 million of the total SEK 492 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 443 million. This equates to a 11.9% increase in earnings compared with the same period in 2017 when profit after net financial items amounted to SEK 396 million. Profit for the period was charged with acquisition expenses of SEK 2 million (SEK 11 million). Return on equity was 13.1% (12.7%).

Acquisitions

In January, NIBE acquired 60% of shares in the US element company BriskHeat Corporation, which also operates in Vietnam, China, Taiwan and the Netherlands. With 650 employees and annual sales of around SEK 320 million, BriskHeat is the world leader in cloth heating jackets. The company was consolidated into the NIBE Element business area as of January 2018. NIBE also has an agreement to acquire the remaining 40% of shares at a later stage.

Alfa Laval's business for district heating/cooling systems and hot water systems for commercial use were acquired in March. The operations generate sales of approximately SEK 300 million, employ around 60 people in Sweden, France, Russia, the Czech Republic, Finland, the UK and Slovakia, and are expected to be consolidated into the NIBE Climate Solutions business area as of June 2018.

Investments

During the period, the Group made investments totalling SEK 1,402 million (SEK 825 million). A total of SEK 1,250 million (SEK 722 million) of the investments relates to acquisitions of operations. The remaining SEK 152 million (SEK 103 million) is mainly investments in machinery and equipment in existing operations. The investment amount relating to acquisitions is based on initial considerations as well as an estimate of additional considerations to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 492 million (SEK 435 million). Cash flow after changes in working capital amounted to SEK 112 million (SEK 256 million).

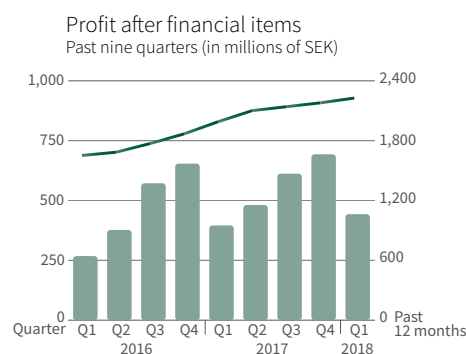
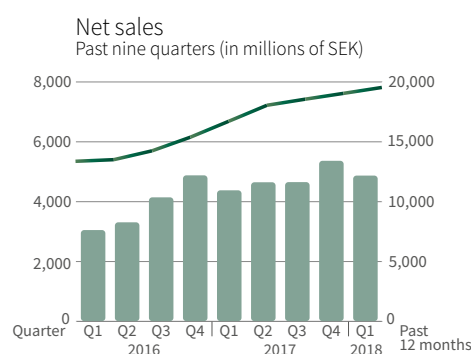
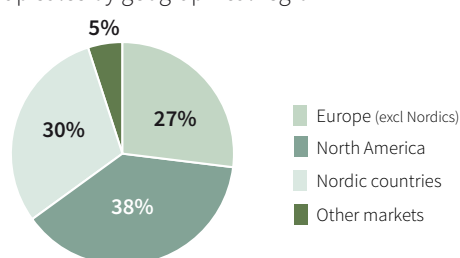
Interest-bearing liabilities at the end of the period amounted to SEK 9,160 million, compared with SEK 8,976 million at the start of the year. Since one of the Group's credit agreements expires in 2018, the liabilities covered by this agreement were recognised as current interest-bearing liabilities in the consolidated balance sheet. At the end of the period, the Group had cash and cash equivalents of SEK 3,295 million as against SEK 3,803 million at the start of the year. The equity ratio at the end of the period was 45.5%, compared with 45.8% at the start of the year and 45.9% at the corresponding point last year.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 5 million (SEK 8 million) and profit after financial items was SEK 17 million (SEK 3 million). The wholly owned subsidiary NIBE Energy Systems WFE AB was merged with the Parent during the period.

NIBE Group Key ratios		2018 Q1	2017 Q1	Past 12 mos.	2017 Full year
Net sales	SEK m	4,862	4,370	19,501	19,009
Growth	%	11.3	43.6	16.9	23.9
of which acquired	%	9.1	31.3	14.6	19.5
Operating profit	SEK m	497	426	2,415	2,344
Operating margin	%	10.2	9.8	12.4	12.3
Profit after net financial items	SEK m	443	396	2,229	2,182
Profit margin	%	9.1	9.1	11.4	11.5
Equity ratio	%	45.5	45.9	45.5	45.8
Return on equity	%	13.1	12.7	13.4	13.7

Group sales by geographical region

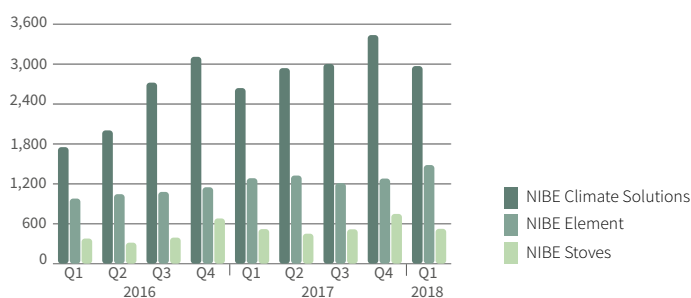


Business area trends

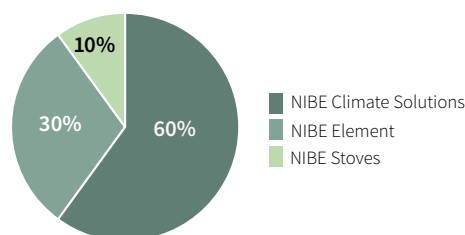
Quarterly data

Consolidated income statements (SEK m)	2018	2017				2016			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	4,862	4,370	4,639	4,644	5,356	3,042	3,301	4,135	4,870
Operating expenses	- 4,365	- 3,944	- 4,110	- 3,981	- 4,630	- 2,744	- 2,896	- 3,525	- 4,203
Operating profit	497	426	529	663	726	298	405	610	667
Net financial items	- 54	- 30	- 48	- 51	- 33	- 30	- 28	- 38	- 13
Profit after net financial items	443	396	481	612	693	268	377	572	654
Tax	- 107	- 103	- 123	- 130	- 123	- 67	- 98	- 154	- 176
Net profit	336	293	358	482	570	201	279	418	478
Net sales, business areas									
NIBE Climate Solutions	2,971	2,640	2,940	3,003	3,437	1,752	2,004	2,722	3,110
NIBE Element	1,483	1,285	1,325	1,212	1,280	979	1,045	1,079	1,149
NIBE Stoves	524	520	451	517	748	378	316	392	680
Elimination of Group transactions	- 116	- 75	- 77	- 88	- 109	- 67	- 64	- 58	- 69
Group total	4,862	4,370	4,639	4,644	5,356	3,042	3,301	4,135	4,870
Operating profit, business areas									
NIBE Climate Solutions	308	256	356	460	523	180	307	443	466
NIBE Element	154	142	158	149	114	101	124	139	109
NIBE Stoves	45	45	31	69	130	33	17	52	121
Elimination of Group transactions	- 10	- 17	- 16	- 15	- 41	- 16	- 43	- 24	- 29
Group total	497	426	529	663	726	298	405	610	667

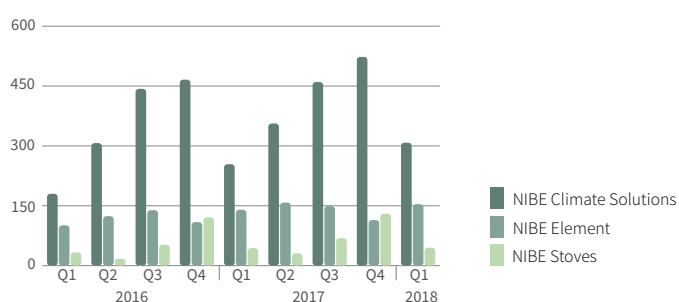
Sales per business area, last nine quarters (SEK million)



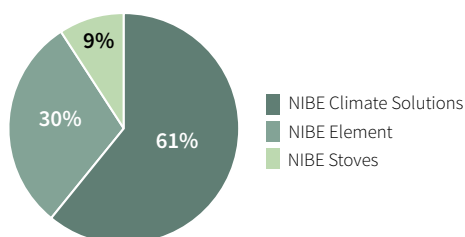
Each business area's share of total sales (Q1 2018)



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



Each business area's share of total profit (Q1 2018)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 2,971 million, compared with SEK 2,640 million for the corresponding period last year. Of the increase in sales of SEK 331 million, acquired sales accounted for SEK 169 million, which means that organic growth was 6.1%.

Operating profit for the period totalled SEK 308 million, compared with SEK 256 million the previous year. This equates to an operating margin of 10.4% compared with 9.7% for the previous year. The operating margin for the past 12 months is thus 13.3%.

Market

The important decision to reintroduce the state subsidies for installation of geothermal heat pumps in single-family homes in the US was made by the US Congress at the start of the year. This means that the North American heat pump market for single-family homes is expected to grow again after a decline last year, when the subsidies were withdrawn. The market for products aimed at commercial properties continues to grow.

The positive trend is persisting in Europe in our key markets Germany, Austria and Switzerland, as well as in most other markets. The positive trend in the Netherlands is also holding up.

The potential for heat pumps remains very high, principally in Germany and the UK, but high taxes on electricity combined with more modest oil and gas prices are inhibiting the conversion to renewable energy in existing single-family homes. However, growth in the construction of single-family homes and greater market optimism have contributed to a solid increase in heat pump sales in Germany, and most new single-family homes now have a heat pump installed.

At the start of the year, the market trend in Eastern Europe remained good and operations in Poland and the Czech Republic continue to expand.

The Swedish domestic market for heat pumps also grew in the first quarter. The main reason for this is the continued increase in construction of new single-family homes, which fuels sales of exhaust-air heat pumps, but the market for other heat pump categories is also growing. We are continuing to increase our total market share and further consolidate our market position.

Demand for energy-efficient product solutions for larger properties also continues to increase, and we are focusing on increasing our sales of large geothermal heat pumps in combination with ventilation equipment under the NIBE AirSite brand.

Demand for traditional water heaters remains stable in both the Nordics and the rest of Europe. The Ecodesign Directive has now been implemented, which means stricter requirements, primarily for better insulation and, for slightly larger water heaters, better control. Water heaters that provide for an entire household's hot-water needs must be supplied with a heat-pump module to meet the standard requirements.

Operations

The start of the year saw major marketing initiatives, with participation in one of the biggest international trade fairs, the AHR Expo in Chicago, USA. We also attended several national trade fairs, of which VSK in the Netherlands is particularly worthy of mention. Participation in these fairs boosts our profile as a market leader in energy-efficient, environmentally sustainable and intelligent product solutions for indoor comfort based on renewable energy. We are also focusing more on digital media to efficiently reach both end consumers and installers.

The EU F-gas Regulation affects the entire European heat pump industry. Intensive product development is in progress to meet the requirements of this regulation, and our objective is to convert most of our products to natural refrigerants, while retaining efficiency, quality and service life.

Alfa Laval's business for district heating/cooling systems and hot water systems for commercial use was acquired in March. The high-quality product range, which was previously sold under the well-known Cetetherm and Uranus brands, complements our heat pumps and ventilation equipment well.

Our production capacity and delivery capability fully satisfy market expectations for all products, and we note that our focus on our internal quality management work continues to result in improved product quality and customer satisfaction.

We implement cost-saving measures on an ongoing basis in production, purchasing and other operations to maintain our healthy underlying operating margin. Measures are being taken to ensure those new units with a margin that falls short of our existing operations achieve established targets.



The Ecodesign Directive covers all forms of energy-related products, even for large properties. NIBE AirSite is one of the brands that is at the cutting edge in terms of combining efficient, intelligent heat pump solutions with energy-saving ventilation units.

NIBE Climate Solutions

Key ratios		2018 Q1	2017 Q1	Past 12 mos.	2017 Full year
Net sales	SEK m	2,971	2,640	12,351	12,020
Growth	%	12.5	50.7	17.9	25.4
of which acquired	%	6.4	38.3	15.3	21.9
Operating profit	SEK m	308	256	1,647	1,595
Operating margin	%	10.4	9.7	13.3	13.3
Assets	SEK m	19,436	19,212	19,436	18,707
Liabilities	SEK m	2,395	2,402	2,395	2,603
Investments in non-current assets	SEK m	86	59	350	322
Depreciation	SEK m	107	110	421	425

NIBE Element business area

Sales and profit

Sales for the period totalled SEK 1,483 million, compared with SEK 1,285 million for the corresponding period last year. Of the increase in sales of SEK 198 million, acquired sales accounted for SEK 227 million, which means that organic sales decreased by 2.2%. It is worth mentioning that the previous year's sales were positively affected by a few large project orders.

Operating profit for the period totalled SEK 154 million, compared with SEK 142 million the previous year. This equates to an operating margin of 10.4% compared with 11.0% for the previous year. The operating margin for the past 12 months is thus 10.9%.

Market

Overall, demand on the international element market was positive at the start of the year. Trade in the industrial sector remains strong in both Europe and in North America, which also benefits the element market and thus us, as we have underlying growth on these markets.

Several strategic acquisitions during the previous year also enhanced the geographical distribution and product offering of the business area. All these acquisitions have developed to plan.

The Asian market has also performed well. Our ambition is to gradually increase our market presence on more Asian markets. We also focus our Asian units more on their respective domestic markets, while also expanding our production base to more countries in Asia outside China.

Generally, all product segments in both consumer products and products for commercial equipment have performed well. In many cases, demand is driven by changed rules for increased energy efficiency and safety. In this development, we see advantages with our decentralised organisation, which is easily able to follow the demand for new technical solutions and products on the various geographical markets.

The market for rail-based traffic products is displaying consistent healthy growth in both infrastructure and vehicles. During the winter, we installed testing facilities for our advanced system for heating railway points in both North America and Japan, and we see good opportunities for growth on these markets in the next few years.

Our investments in control and measurement continue to yield good results, particularly for inverter control of electric motors. To further strengthen our position in this area, we have increased our resources for both technical development and project management. The resistors product segment has also performed well, partly based on new technology that we obtained through acquisitions and partly due to increased demand, particularly in the energy sector.

There is a certain decline in demand for existing products in the automotive industry. At the same time, our customers have many development projects in progress because of stricter requirements for eco-friendly vehicles and greater interest in elec-

NIBE Element

Key ratios		2018 Q1	2017 Q1	Past 12 mos.	2017 Full year
Net sales	SEK m	1,483	1,285	5,300	5,102
Growth	%	15.4	31.2	16.3	20.0
of which acquired	%	17.6	15.0	11.6	10.5
Operating profit	SEK m	154	142	575	563
Operating margin	%	10.4	11.0	10.9	11.0
Assets	SEK m	7,072	4,432	7,072	5,916
Liabilities	SEK m	1,109	891	1,109	943
Investments in non-current assets	SEK m	46	39	171	164
Depreciation	SEK m	40	33	145	139

tric and hybrid vehicles. There is currently uncertainty in the industry about which technical solutions will dominate in the future. In this market situation, we have a clear advantage with our wide range of alternative technologies.

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 a wide range of other measures to boost productivity. This also applies to our low-cost units, which continue to suffer from a shortage of labour and increased cost pressure. This is essential if we are to maintain a stable operating margin at the established target of 10%.

During the first quarter, we opened our modern new factory for foil elements for the automotive industry in Vietnam. This investment enhances our competitiveness and capacity in this interesting segment.

Immediately after the year-end, NIBE acquired 60% of the shares in the US element company BriskHeat, the world leader in its segment of manufacturing cloth heating jackets, primarily for the semiconductor industry but also for laboratories and research equipment.

In addition to BriskHeat, two small companies that also manufacture cloth heating jackets for the semiconductor industry and others were also acquired, further strengthening our market position in this fast-growing market.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, our global presence and our production units in different currency zones give us a clear advantage. We have seen dramatic price increases for certain metals and input materials during the year, and extended delivery schedules in some cases. This necessitates price adjustments in most market and product segments and several measures to secure our material supplies.



Backer has established a new factory in Vietnam, primarily to manufacture foil elements for the automotive industry. Backer Calesco is one of the biggest manufacturers in the world in this segment.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 524 million, compared with SEK 520 million for the corresponding period last year. Since the comparison is not affected by any acquisitions, organic growth totalled SEK 4 million or 0.8%.

Operating profit for the period totalled SEK 45 million, as in the corresponding period of the previous year. This equates to an operating margin of 8.6% compared with 8.7% for the previous year. The operating margin for the past 12 months is thus 12.3%.

Market

The stoves market in Scandinavia performed slightly weakly at the start of the year, while we see a mixed picture for our main markets and the various product segments in the rest of Europe. Due to our consistent marketing and product development initiatives, we have been able to retain our strong market position in both Scandinavia and the rest of Europe. Demand in North America remains stable, and we have a strong market platform with a well-developed retailer network.

In Sweden, demand fell slightly despite increased construction and a generally good economic climate. An investment in a new fireplace is still a high priority in the durable goods segment, but at the same time such an investment in the home competes with other durables and experiences. The Norwegian market is displaying a similar trend, but the overall market for stove products remains at a historically high level. Demand in Denmark has fallen slightly, but it represents a relatively small proportion in relation to other markets in Scandinavia.

Demand for gas-fired products continues to grow in the United Kingdom. This is mainly due to the current low gas prices and the user-friendliness of a gas-fired product. The ongoing negative debate about wood firing contributed to a more cautious market for wood-fired products at the start of the year. A gradual transition to greater demand for modern new products that already meet the future Ecodesign requirements should have a positive impact on the growth of the industry.

Demand for stove products in Germany continued to fall slightly, but the assessment is that the traditional specialist trade has strengthened its market position, which is to our advantage as this is our primary distribution channel. In France, however, demand is growing both for wood-fired products and particularly for pellet-fired products.

NIBE Stoves

Key ratios		2018 Q1	2017 Q1	Past 12 mos.	2017 Full year
Net sales	SEK m	524	520	2,240	2,236
Growth	%	0.8	37.7	17.4	26.6
of which acquired	%	0.0	35.9	16.0	25.0
Operating profit	SEK m	45	45	275	275
Operating margin	%	8.6	8.7	12.3	12.3
Assets	SEK m	3,066	3,247	3,066	2,958
Liabilities	SEK m	368	333	368	364
Investments in non-current assets	SEK m	17	8	57	48
Depreciation	SEK m	19	21	76	77

In North America, demand so far this year has been good both for gas- and wood-fired products, which is down to a generally healthy economic trend and the relatively cold winter in large parts of the USA and Canada.

Operations

At the end of the first quarter, our Canadian company, FPI Fireplace Products International (FPI), exhibited at the annual Hearth, Patio and Barbecue Expo in the US. Several new products under our own Regency brand were premièred, along with some selected models from our European brands. There was a very positive reception, both for the new products and for our new way of presenting new products.

The continued increase in demand for gas-fired products, primarily in Europe, meant that we were unable to meet customer expectations for delivery schedules in our British manufacturing unit. We are currently working on measures to enhance both capacity and efficiency, and we expect to have good delivery capacity by the autumn. The production rate in other manufacturing units has been at a steady high level, resulting in good delivery reliability, and we have started to build up well-balanced stocks of stove products ahead of the peak season in the autumn.

The previous year was marked by relatively dramatic price increases for various raw materials, combined with an unfavourable currency situation, for which reason it was necessary to offset this with further price increases, which will take full effect as of 1 July.



At the annual Hearth, Patio and Barbecue Expo in the US, FPI presented its premium Regency brand and the leading Swedish brand, Contura, together for the first time.

Income Statement summaries

(SEK m)	Group				Parent	
	Jan-Mar 2018	Jan-Mar 2017	Past 12 mos.	Full year 2017	Jan-Mar 2018	Jan-Mar 2017
Net sales	4,862	4,370	19,501	19,009	5	8
Cost of goods sold	- 3,271	- 2,904	- 12,813	- 12,446	0	0
Gross profit	1,591	1,466	6,688	6,563	5	8
Selling expenses	- 815	- 772	- 3,183	- 3,140	0	0
Administrative expenses	- 328	- 298	- 1,270	- 1,240	- 13	- 13
Other operating revenue	49	30	180	161	0	0
Operating profit	497	426	2,415	2,344	- 8	- 5
Net financial items	- 54	- 30	- 186	- 162	- 9	8
Profit after net financial items	443	396	2,229	2,182	- 17	3
Tax	- 107	- 103	- 483	- 479	0	0
Net profit	336	293	1,746	1,703	- 17	3
Net profit attributable to Parent shareholders	336	293	1,746	1,703	- 17	3
Includes depreciation according to plan as follows	166	164	642	640	0	0
Net profit per share before and after dilution in SEK	0.67	0.58	3.47	3.38		

Statement of comprehensive income

Net profit	336	293	1,746	1,703	- 17	3
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	25	0	66	41	0	0
Tax	- 5	0	- 14	- 9	0	0
	20	0	52	32	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	- 11	14	- 22	3	0	0
Hedge of net investment	- 38	9	12	59	0	0
Exchange differences	559	- 83	- 100	- 742	0	0
Tax	- 3	7	57	67	0	0
	507	- 53	- 53	- 613	0	0
Total other comprehensive income	527	- 53	- 1	- 581	0	0
Total comprehensive income	863	240	1,745	1,122	- 17	3
Comprehensive income attributable to Parent shareholders	863	240	1,745	1,122	- 17	3

Balance sheet in summary

(SEK m)	Group			Parent		
	31/03/2018	31/03/2017	31/12/2017	31/03/2018	31/03/2017	31/12/2017
Intangible assets	16,115	15,111	14,744	0	0	0
Property, plant and equipment	3,177	2,915	3,043	0	0	0
Financial assets	498	393	331	13,043	12,082	12,781
Total non-current assets	19,790	18,419	18,118	13,043	12,082	12,781
Inventories	3,817	3,143	3,247	0	0	0
Current receivables	3,496	3,036	3,203	62	341	323
Current investments	104	90	90	0	0	0
Cash and bank balances	2,811	2,245	3,332	0	2	0
Total current assets	10,228	8,514	9,872	62	343	323
Total assets	30,018	26,933	27,990	13,105	12,425	13,104
Equity	13,670	12,369	12,807	7,639	7,706	7,652
Untaxed reserves	0	0	0	0	1	0
Non-current liabilities and provisions, non-interest-bearing	3,579	3,097	2,859	228	253	219
Non-current liabilities and provisions, interest-bearing	7,138	5,985	6,960	5,014	4,288	5,016
Current liabilities and provisions, non-interest-bearing	3,609	2,846	3,348	224	177	217
Current liabilities and provisions, interest-bearing	2,022	2,636	2,016	0	0	0
Total equity and liabilities	30,018	26,933	27,990	13,105	12,425	13,104

Key ratios

		Jan–Mar 2018	Jan–Mar 2017	Full year 2017
Growth	%	11.3	43.6	23.9
Operating margin	%	10.2	9.8	12.3
Profit margin	%	9.1	9.1	11.5
Investments in non-current assets	SEK m	1,402	825	2,026
Cash and equivalents	SEK m	3,295	2,774	3,803
Working capital, incl. cash and bank balances	SEK m	6,619	5,668	6,524
as share of net sales	%	33.9	34.0	34.3
Working capital, excl. cash and bank balances	SEK m	3,704	3,333	3,102
as share of net sales	%	19.0	20.0	16.3
Interest-bearing liabilities/Equity	%	67.0	69.7	70.1
Equity ratio	%	45.5	45.9	45.8
Return on capital employed	%	11.2	10.7	11.5
Return on equity	%	13.1	12.7	13.7
Net debt/EBITDA	times	2.0	2.3	1.9
Interest coverage ratio	times	6.2	7.7	9.6

Statement of cash flow – summaries

(SEK m)	Jan–Mar 2018	Jan–Mar 2017	Full year 2017
Cash flow from operating activities	492	435	2,307
Change in working capital	– 380	– 179	– 184
Investing activities	– 787	– 445	– 1,358
Financing activities	114	36	259
Exchange difference in cash and equivalents	54	– 14	– 104
Change in cash and cash equivalents	– 507	– 167	920

Change in equity – summaries

(SEK m)	Jan–Mar 2018	Jan–Mar 2017	Full year 2017
Equity brought forward	12,807	12,129	12,129
Shareholders' dividend	0	0	– 444
Comprehensive income for the period	863	240	1,122
Equity carried forward	13,670	12,369	12,807

Time of accounting for sales

	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elim- ina- tion	Total
Shipments taken up as revenue once	2,932	1,483	524	– 116	4,823
Shipments taken up as revenue gradually	39	0	0	0	39
Total	2,971	1,483	524	– 116	4,862

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, for which reason pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be taken up as income gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, for which reason pricing is based on experience. Payment is received from customers in connection with delivery of goods. Deferred income will be taken up as revenue gradually over the coming 6-month period.

Data per share

		Jan– Mar 2018	Jan– Mar 2017	Full year 2017
Net profit per share (total 504,016,622 shares)	SEK	0.67	0.58	3.38
Equity per share	SEK	27.12	24.54	25.41
Closing day share price	SEK	79.02	71.65	78.60

Financial instruments recognised at fair value

(SEK m)	31 Mar 2018	31 Mar 2017	31 Dec 2017
Current receivables			
Currency futures	0	11	0
Commodity futures	5	1	6
Total	5	12	6
Financial assets			
Interest rate derivatives	21	23	18
Current liabilities and provisions, non-interest-bearing			
Currency futures	15	0	5
Commodity futures	0	0	0
Total	15	0	5

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 2017. For 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 2017.

Group sales by geographical region

	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimi- nation	Total
Nordic countries	986	273	139	– 80	1,318
Europe (excl. Nordics)	1,117	507	252	– 34	1,842
North America	827	523	112	– 2	1,460
Other markets	41	180	21	0	242
Total	2,971	1,483	524	– 116	4,862

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-Mar 2018	Jan-Mar 2017	Full year 2017
Acquisition of non-current assets	1,404	829	2,058
Disposal of non-current assets	-2	-4	-32
Net investments in non-current assets	1,402	825	2,026

Working capital, including cash and bank balances

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Total current assets	10,228	8,514	9,872
Current liabilities and provisions, non-interest-bearing	-3,609	-2,846	-3,348
Working capital, including cash and bank balances	6,619	5,668	6,524
Net sales in the past 12 months	19,501	16,676	19,009
Working capital, including cash and bank balances, in relation to net sales, %	33.9	34.0	34.3

Return on capital employed

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Profit after net financial items in the past 12 months	2,229	1,999	2,182
Financial expenses in the past 12 months	280	233	255
Profit before financial expenses	2,509	2,232	2,437
Capital employed at start of period	21,783	20,665	20,665
Capital employed at end of period	22,831	20,990	21,783
Average capital employed	22,307	20,828	21,224
Return on capital employed, %	11.2	10.7	11.5

Net debt/EBITDA

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Non-current liabilities and provisions, interest-bearing	7,138	5,985	6,960
Current liabilities and provisions, interest-bearing	2,022	2,636	2,016
Cash and bank balances	-2,811	-2,245	-3,332
Current investments	-104	-90	-90
Net debt	6,246	6,286	5,554
Operating profit in the past 12 months	2,415	2,108	2,344
Depreciation/amortisation and impairment in the past 12 months	641	588	640
EBITDA	3,056	2,696	2,984
Net debt/EBITDA, times	2.0	2.3	1.9

Cash and equivalents

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Cash and bank balances	2,811	2,245	3,332
Current investments	104	90	90
Unutilised overdraft facilities	380	439	381
Cash and equivalents	3,295	2,774	3,803

Working capital, excluding cash and bank balances

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Inventories	3,817	3,143	3,247
Current receivables	3,496	3,036	3,203
Current liabilities and provisions, non-interest-bearing	-3,609	-2,846	-3,348
Working capital, excluding cash and bank balances	3,704	3,333	3,102
Net sales in the past 12 months	19,501	16,676	19,009
Working capital, excluding cash and bank balances, in relation to net sales, %	19.0	20.0	16.3

Return on equity

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Profit after net financial items in the past 12 months	2,229	1,999	2,182
Standard tax rate, %	22.0	22.0	22.0
Profit after net financial items, after tax	1,739	1,559	1,702
Equity at start of period	12,807	12,129	12,129
Equity at end of period	13,670	12,369	12,807
Average equity	13,239	12,249	12,468
Return on equity, %	13.1	12.7	13.7

Interest coverage ratio

(SEK m)	Jan-Mar 2018	Jan-Mar 2017	Full year 2017
Profit after net financial items	443	396	2,182
Financial expenses	85	59	255
Interest coverage ratio, times	6.2	7.7	9.6

NIBE shares

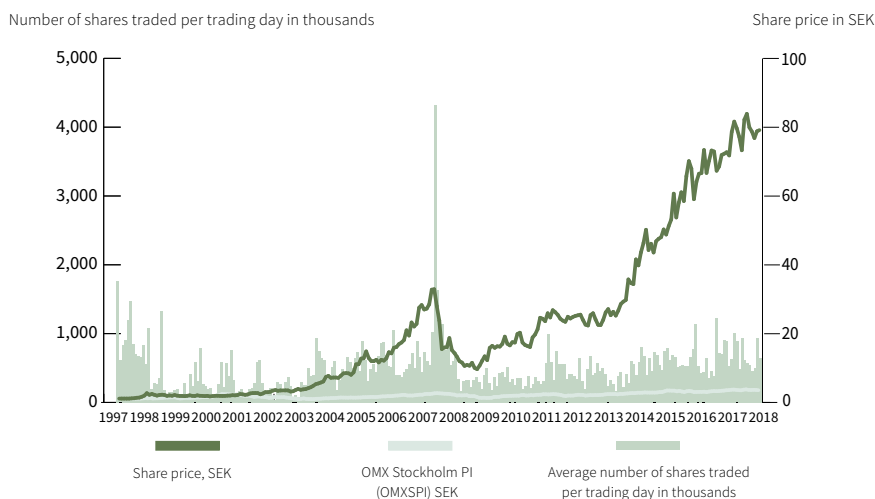
NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 31 March 2018 was SEK 79.02.

In the first quarter of 2018, NIBE's share price rose by 0.5%, from SEK 78.60 to SEK 79.02. During the same period, the OMX Stockholm PI (OMXSPI) decreased by 1.7%.

This means that, at the end of 2018 the market capitalisation

of NIBE, based on the latest price paid, amounted to SEK 39,827 million.

A total of 43,112,458 NIBE shares were traded, which corresponds to a share turnover of 34.2% in the first quarter of 2018. 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.



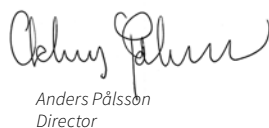
This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.


Markaryd, 16 May 2018


Hans Linnarson
Chairman of the Board


Georg Brunstam
Director


Eva-Lotta Kraft
Director


Anders Pålsson
Director


Helene Richmond
Director


Gerteric Lidqvist
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 first quarter of 2018 has been drawn up in accordance with IAS 34 Interim Financial Reporting. For the Group, a new standard, IFRS 15 Revenue from Contracts with Customers, and changes to IFRS 9 Financial Instruments have entered into force since the year-end, with no significant impact on the Group's financial statements. In other respects, the same accounting policies as those adopted for this report are described on pages 80-83 of the company's Annual Report for 2017. 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 80 of the company's Annual Report for 2017.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is therefore an important process relative 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 2017.

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 2017.



NIBE Group – a global Group with companies and a presence worldwide

NIBE Group is a global organisation that contributes to a smaller carbon footprint and better utilisation 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 property, plus components and solutions for intelligent heating and control in industry and infrastructure.

From its beginnings in the Småland city of Markaryd more than 60 years ago, NIBE has grown into an international company with 14,300 (11,900) employees and a presence worldwide. From the very start, the company was driven by a strong culture of entrepreneurship and a passion for responsible business operation. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just over SEK 19 (15) billion in 2017.

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.

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 16 May 2018.

Please email any questions you have about this report to:
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NIBE

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