



– world-class solutions in sustainable energy



- **SALES** totalled SEK 10,233 million (SEK 9,009 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 1,031 million (SEK 877 million)
- **PROFIT AFTER TAX** was SEK 776 million (SEK 651 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 1.54 (SEK 1.29)
- **ACQUISITION OF**
 - 60% of shares in US element company BriskHeat Corp.
 - Alfa Laval's business for district heating/cooling systems
 - 51% of shares in British stove company CK Fires Ltd.

Interim Report 2 · 2018



CEO Gerteric Lindquist's report

Good performance continues in the first half

Consolidated sales for the first half of the year grew by 13.6%, of which 6.9% was organic. Compared with the first half of last year, neither the Swedish currency nor the number of working days had any real impact on sales.

The general demand remains relatively good in Europe, North America and Asia. We see low interest rates as the main driver of the continued relatively positive economic outlook so we are following their development closely. The gradual and ever-clearer transition to a more sustainable way of life also creates new markets with good demand in ever increasing societal sectors. This development is less sensitive to economic fluctuations and can therefore be described as an ongoing paradigm shift.

The gradual integration of acquired entities is going according to plan. In parallel with this, our ongoing efforts to improve internal efficiency and strengthen our quality and sustainability profile continue. These are absolute internal requirements, which together with our high performance requirements, govern both our offensive product development and long-term marketing efforts.

The NIBE Climate Solutions business area's targeted strategy to position itself as a leading overall provider of intelligent, sustainable climate control solutions designed for single-family homes goes from clarity to clarity. Based on the results of this successful strategy, extensive and methodical work is now underway to create a similar position in the commercial properties market.

It is also satisfying to see the clear improvement in the operating margin. The main explanations for this are organic growth, successful integration efforts and improved market conditions for heat pumps in the United States.

The equally targeted strategy of the NIBE Element business area – offering the market a comprehensive range of intelligent, sustainable system solutions – continues to be successful. To compensate for both considerable payroll expense increases and labour shortages, we are prioritising rationalisation, automation and good working environments in all our manufacturing units. The slightly lower operating margin is because there were some large project orders with good operating margins in the first half of last year.

The NIBE Stoves business area continues to be stable, although, in May and June, extremely warm weather, mainly in Europe, had a somewhat negative impact on demand. Our sustainability requirements are very high in this business area as well, and we are investing major development resources to retain our market-leading position in terms of high combustion efficiency and low emissions. The slightly lower operating margin in the first half of the year is mainly due to the fact

that we did not compensate for price increases on our inputs fast enough. However, in the second half of the year price increases to our customers will remedy this.

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. At the beginning of July, we acquired 51% of the shares in CK Fires (known under the brand Evonic Fires), which is one of the fastest growing electric stove companies in the UK.

The level of investment in our existing businesses amounted to SEK 358 million during the first six months, compared with SEK 271 million in the previous year, and the rate of depreciation was SEK 341 million compared with SEK 332 million last year.

Using our experience from the sharp increase in demand in the second half of 2017 when we struggled to live up to targeted delivery reliability, we have built up stocks of both inputs and finished goods during the first half of the year to avoid similar problems in the coming peak season.

Operating profit for the first half-year improved by 18.2% compared with the corresponding period last year and the operating margin rose from 10.6% last year to 11.0%. 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 17.6% in the first half-year compared with the corresponding period last year, leading to a profit margin of 10.1% versus 9.7% for the same period 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, 17 August 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

17 August 2018

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

Presentation of Interim Report 2 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 94.

16 November 2018

Interim Report 3, Jan–Sept 2018

15 February 2019

Year-end report 2018

14 May 2019

Interim Report 1, Jan–March 2019
17:00 C.E.T. Annual General Meeting

Sales

Group net sales totalled SEK 10,233 million (SEK 9,009 million). This corresponds to growth of 13.6%, of which 6.9% was organic. Acquired operations accounted for SEK 600 million of the total SEK 1,224 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 1,031 million. This equates to a 17.6% increase in earnings compared with the same period in 2017 when profit after net financial items amounted to SEK 877 million. Profit for the period was charged with acquisition expenses of SEK 11 million (SEK 15 million). Return on equity was 13.5% (13.6%).

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. Agreement has also been reached on the acquisition of the remaining 40% of shares in the company in 2021. The acquisition value is still provisional.

Alfa Laval's operations involving 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 were consolidated into the NIBE Climate Solutions business area as of June 2018. The acquisition value is still provisional.

Significant events after the end of the period

At the beginning of July, NIBE acquired 51% of the shares in the UK company CK Fires Ltd, which has a wide range of electric stoves. The company, which has sales of approximately SEK 70 million, will be consolidated in the NIBE Stoves business area from July 2018. Agreement has also been reached on the acquisition of the remaining 49% of shares in the company by 2026.

Investments

During the period, the Group made investments totalling SEK 1,686 million (SEK 1,673 million). A total of SEK 1,328 million (SEK 1,402 million) of the investments relates to acquisitions of operations. The remaining SEK 358 million (SEK 271 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 1,181 million (SEK 1,015 million). Cash flow after changes in working capital amounted to SEK 138 million (SEK 706 million). The main reason for the weaker cash flow is stockbuilding ahead of the peak season.

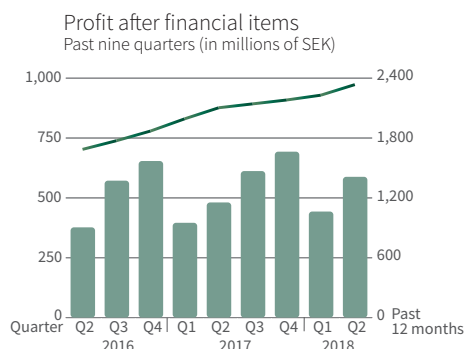
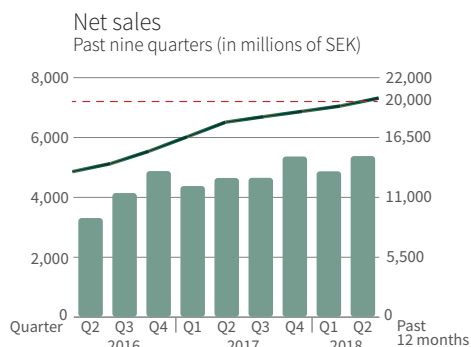
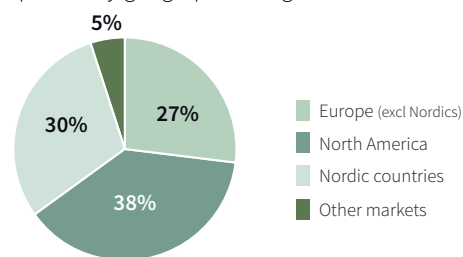
Interest-bearing liabilities at the end of the period amounted to SEK 9,492 million, compared with SEK 8,976 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 2,586 million as against SEK 3,803 million at the start of the year. The equity ratio at the end of the period was 45.6%, compared with 45.8% at the start of the year and 44.4% 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 8 million (SEK 8 million) and profit after financial items was SEK 530 million (SEK 319 million). The wholly owned subsidiary NIBE Energy Systems WFE AB was merged with the Parent during the period.

NIBE Group		2018	2017	Past	2017
Key ratios		Q1-2	Q1-2	12 mos.	Full year
Net sales	SEK m	10,233	9,009	20,233	19,009
Growth	%	13.6	42.0	12.3	23.9
of which acquired	%	6.7	31.2	8.9	19.5
Operating profit	SEK m	1,129	955	2,518	2,344
Operating margin	%	11.0	10.6	12.4	12.3
Profit after net financial items	SEK m	1,031	877	2,336	2,182
Profit margin	%	10.1	9.7	11.5	11.5
Equity ratio	%	45.6	44.4	45.6	45.8
Return on equity	%	13.5	13.6	13.9	13.7

Group sales by geographical region

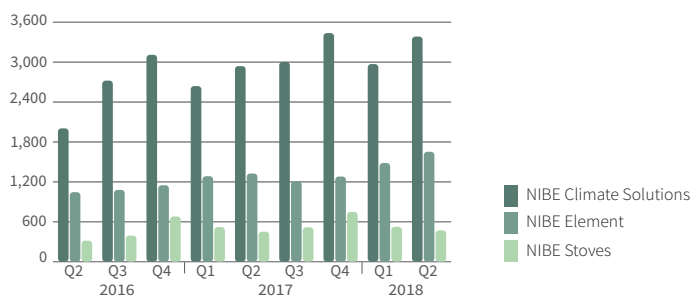


Business area trends

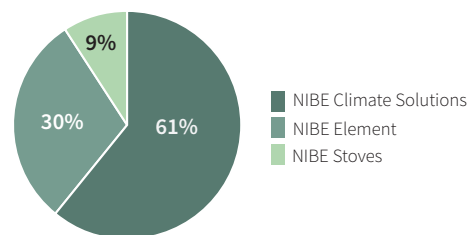
Quarterly data

Consolidated income statements (SEK m)	2018		2017				2016		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	4,862	5,371	4,370	4,639	4,644	5,356	3,301	4,135	4,870
Operating expenses	- 4,365	- 4,739	- 3,944	- 4,110	- 3,981	- 4,630	- 2,896	- 3,525	- 4,203
Operating profit	497	632	426	529	663	726	405	610	667
Net financial items	- 54	- 44	- 30	- 48	- 51	- 33	- 28	- 38	- 13
Profit after net financial items	443	588	396	481	612	693	377	572	654
Tax	- 107	- 148	- 103	- 123	- 130	- 123	- 98	- 154	- 176
Net profit	336	440	293	358	482	570	279	418	478
Net sales, business areas									
NIBE Climate Solutions	2,971	3,384	2,640	2,940	3,003	3,437	2,004	2,722	3,110
NIBE Element	1,483	1,652	1,285	1,325	1,212	1,280	1,045	1,079	1,149
NIBE Stoves	524	471	520	451	517	748	316	392	680
Elimination of Group transactions	- 116	- 136	- 75	- 77	- 88	- 109	- 64	- 58	- 69
Group total	4,862	5,371	4,370	4,639	4,644	5,356	3,301	4,135	4,870
Operating profit, business areas									
NIBE Climate Solutions	308	436	256	356	460	523	307	443	466
NIBE Element	154	198	142	158	149	114	124	139	109
NIBE Stoves	45	23	45	31	69	130	17	52	121
Elimination of Group transactions	- 10	- 25	- 17	- 16	- 15	- 41	- 43	- 24	- 29
Group total	497	632	426	529	663	726	405	610	667

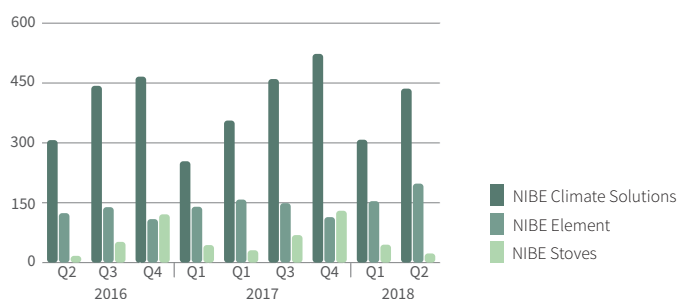
Sales per business area, last nine quarters (SEK million)



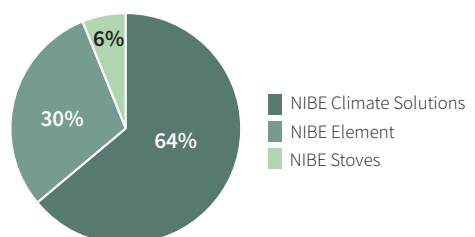
Each business area's share of total sales (Q1-Q2 2018)



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



Each business area's share of total profit (Q1-Q2 2018)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 6,355 million, compared with SEK 5,580 million for the corresponding period last year. Of the increase in sales of SEK 775 million, acquired sales accounted for SEK 190 million, which means that organic growth was 10.5%.

Operating profit for the period totalled SEK 744 million, compared with SEK 612 million the previous year. This equates to an operating margin of 11.7% compared with 11.0% for the previous year. The operating margin for the past 12 months is thus 13.5%.

Market

The North American heat pump market for single family homes is beginning to recover after the reintroduction of government subsidies for the installation of geothermal heat pumps in the United States at year-end. The market for energy-efficient climate-control products intended for commercial properties has continued to stabilise with a good inflow of orders.

In Europe, the positive market trend 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, government subsidies for fossil-free solutions and increased interest in products using renewable energy are the main factors for growth.

The markets in Eastern Europe continue 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.

Concrete decisions taken by the authorities in Norway and the Netherlands on the long-term phasing out of heating products using the fossil fuels oil and gas generate increased demand for our products. These conversion decisions will be beneficial to us and our industry for a long time to come.

Growth in the Swedish domestic heat pump market has continued and all product segments show growth. The main reason for this is that new construction of small houses remains stable even though the growth rate has slowed somewhat, partly due to tighter financing requirements. We are continuing to increase our

total market share and consolidate our market position further. Demand for energy-efficient product solutions for larger properties is increasing, and we are gradually strengthening our organisation to further expand within this area.

As regards traditional water heaters, demand remains stable in both the Nordics and the rest of Europe.

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 our new product concepts at international trade fairs in both the US and Europe, complemented by many targeted local market initiatives. This helps strengthen our profile as a market leader in intelligent, energy-efficient, environmentally sustainable product solutions for indoor comfort based on renewable energy.

The EU F-gas Regulation continues to affect the entire European heat pump industry. Intensive product development is under way to switch our products over to natural refrigerants with the imperative that efficiency, quality and service life be maintained and, preferably, further improved.

The integration of Alfa Laval's business for district heating/cooling and hot water systems for commercial use is progressing as planned and initially the well-known brand Cetetherm has been relaunched on the market.

Despite relatively strong volume growth in the European market, our production capacity and delivery capacity have been able to fully meet the expectations of the market. In North America, production capacity has been adapted to meet the growing demand for geothermal heat pumps for single-family homes.

We also note that our internal quality control work, which has been a top priority, continues to result in improved product quality. We implement cost-saving measures on an ongoing basis in production and other operations to maintain our healthy underlying operating margin.



The demand for heat pumps has increased sharply in the Netherlands, where the government decision to gradually phase out the use of the fossil fuels oil and gas for heating has a positive impact.

NIBE Climate Solutions

Key ratios		2018 Q1-2	2017 Q1-2	Past 12 mos.	2017 Full year
Net sales	SEK m	6,355	5,580	12,794	12,020
Growth	%	13.9	48.6	12.1	25.4
of which acquired	%	3.4	39.1	7.2	21.9
Operating profit	SEK m	744	612	1,727	1,595
Operating margin	%	11.7	11.0	13.5	13.3
Assets	SEK m	20,380	18,717	20,380	18,707
Liabilities	SEK m	2,555	2,285	2,555	2,603
Investments in non-current assets	SEK m	209	166	365	322
Depreciation	SEK m	220	224	421	425

NIBE Element business area

Sales and profit

Sales for the period totalled SEK 3,135 million, compared with SEK 2,610 million for the corresponding period last year. Of the increase in sales of SEK 525 million, acquired sales accounted for SEK 410 million, which means that organic growth was 4.4%. 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 352 million, compared with SEK 300 million the previous year. This equates to an operating margin of 11.2% compared with 11.5% for the previous year. The operating margin for the past 12 months is thus 10.9%.

Market

Overall, demand on the international element market grew during the first half of the year. Good economic development in most of our geographic markets and the transition to more sustainable solutions in several market segments favours us as a global supplier.

We see an increase in uncertainty among our international customers about where to place their production, based on the discussions and activities underway regarding changes in customs duties and trade rules. In this environment, it is a great advantage to have production spread around many different countries, making it possible for us to circumvent changed trade patterns.

Several strategic acquisitions during the previous year and early this year enhanced the geographical distribution and product offering of the business area. The acquisitions are developing according to plan and we now also have a wide range of heating products focussed on the high-growth semiconductor industry.

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. With our decentralised local organisations, we can follow the various geographical markets' needs for technical solutions and products.

In the automotive industry, there seems to be a fall in demand



NIBE Element

Key ratios		2018 Q1-2	2017 Q1-2	Past 12 mos.	2017 Full year
Net sales	SEK m	3,135	2,610	5,627	5,102
Growth	%	20.1	28.9	16.3	20.0
of which acquired	%	15.7	11.8	12.8	10.5
Operating profit	SEK m	352	300	615	563
Operating margin	%	11.2	11.5	10.9	11.0
Assets	SEK m	7,496	5,108	7,496	5,916
Liabilities	SEK m	1,208	967	1,208	943
Investments in non-current assets	SEK m	82	72	174	164
Depreciation	SEK m	83	68	153	139

for certain product groups and market segments. At the same time, our customers have many ongoing development projects because of stricter requirements for environmental performance and greater interest in conversion to electric and hybrid solutions. Our wide range of alternative technologies gives us a clear advantage in this market situation.

Our efforts to offer complete solutions including control and measurement have been well-received, especially for inverter control of electric motors that allows our customers to deliver products with better energy efficiency. The resistors product segment is also performing well, especially in the energy and infrastructure market segments. We also see continued strong growth potential in the wind power area, where we deliver new technical solutions that improve maintenance and performance.

Operations

To maintain a stable operating margin at the target level of 10%, 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 in both high- and low-cost countries. In order to counteract labour shortages in several of our low-cost units, multiple measures are being carried out to further improve the working environment. Establishment in additional Asian markets outside of China gives us access to alternative low-cost production.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. Substantial price increases on certain metals and inputs during the year necessitate price adjustments in most market and product segments. Extended delivery dates also require more measures to ensure material supply. In this situation, having a globalised organisation with production units in different currency zones gives us a clear advantage.

In many of our customers' development projects, there is great interest in developing electric and hybrid solutions. Our market presence in the segment allows us to meet market demand for these products.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 995 million, compared with SEK 971 million for the corresponding period last year. Since the comparison is not affected by any acquisitions, organic growth totalled SEK 24 million or 2.5%.

Operating profit for the period totalled SEK 68 million, compared with SEK 76 million the previous year. This equates to an operating margin of 6.9% compared with 7.9% for the previous year. This means that the operating margin for the past 12 months is 11.8%.

Market

The trend at the beginning of the year of generally weaker demand for stove products in Europe continued in the second quarter, which is traditionally the quarter with the lowest sales for the business area. In the short term, the unusually warm weather across large areas of Europe has further dampened demand. Despite the prevailing tough market conditions, we have increased sales and thus took market shares in all our main markets.

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

In Scandinavia, the market for stove products has continued to decline somewhat despite a generally favorable economic trend. An investment in a new fireplace is still a high priority in the durable goods segment, but at the same time an investment in the home competes with other durables and experiences.

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 latest negative debate about wood firing contributed to a more cautious market for wood-fired products in the first half of the year. A gradual transition to greater demand for modern new products that already meet the future Ecodesign requirements for 2022 should have a positive impact on the growth of the industry.

Demand for stove products in France has increased slightly for wood-fired products, particularly for pellet-fired products, which nowadays represent a significant proportion of the total market. In Germany, demand continued to fall slightly and the assessment is that the traditional specialist trade has strengthened its position, which is to our advantage as this is our primary distribution channel.

NIBE Stoves

Key ratios		2018 Q1-2	2017 Q1-2	Past 12 mos.	2017 Full year
Net sales	SEK m	995	971	2,260	2,236
Growth	%	2.5	40.0	10.6	26.6
of which acquired	%	0.0	38.9	8.4	25.0
Operating profit	SEK m	68	76	267	275
Operating margin	%	6.9	7.9	11.8	12.3
Assets	SEK m	3,160	3,051	3,160	2,958
Liabilities	SEK m	350	300	350	364
Investments in non-current assets	SEK m	40	20	68	48
Depreciation	SEK m	39	40	76	77

Operations

In early July, 51% of the shares in the British company CK Fires Ltd, known under the brand Evonic Fires, were acquired with a call option for the remaining 49% of the shares by 2026. The company is one of the most expansive in electric stoves in the UK, with sales of approximately SEK 70 million and an operating margin exceeding 10%. With the acquisition of Evonic Fires, we get a business focussed entirely on electric stoves in a growing market both in the UK and in the rest of Europe. The business will be run as an independent entity under the leadership of the former owner.

During the spring we launched a brand new stove concept under the Nordpeis brand, which is one of the leading players in the Norwegian market. The model series is called "Me" and has a brand new, fresh design. The reception has been very positive on all our main markets and the products will be ready for delivery to customers in the second half of the year.

During the first half of the year we have had a high and even production rate in our production units. A well balanced stock of finished products has been built up to meet the higher demand during the important autumn season, which begins towards the end of the third quarter. During the spring, capacity and efficiency enhancement measures were implemented in our British manufacturing unit for gas-fired products to meet the higher demand and enable good delivery capability in the autumn.

The slightly lower operating margin in the first half of the year is due to the fact that the full effect of announced price increases will not be felt until the start of the second half, along with relatively sharp price increases for various commodities and a previously unfavourable currency situation.



Our North American brand Regency offers a wide range for the modern home and some of the products can also be used outdoors.

Income Statement summaries

(SEK m)	Group					Parent		
	Second quarter 2018	Second quarter 2017	Jan-June 2018	Jan-June 2017	Past 12 mos.	Full year 2017	Jan-June 2018	Jan-June 2017
Net sales	5,371	4,639	10,233	9,009	20,233	19,009	8	8
Cost of goods sold	- 3,587	- 3,034	- 6,858	- 5,938	- 13,366	- 12,446	0	0
Gross profit	1,784	1,605	3,375	3,071	6,867	6,563	8	8
Selling expenses	- 842	- 793	- 1,657	- 1,565	- 3,232	- 3,140	0	0
Administrative expenses	- 366	- 322	- 694	- 620	- 1,314	- 1,240	- 31	- 29
Other operating revenue	56	39	105	69	197	161	0	0
Operating profit	632	529	1,129	955	2,518	2,344	- 23	- 21
Net financial items	- 44	- 48	- 98	- 78	- 182	- 162	553	340
Profit after net financial items	588	481	1,031	877	2,336	2,182	530	319
Tax	- 148	- 123	- 255	- 226	- 508	- 479	1	0
Net profit	440	358	776	651	1,828	1,703	531	319
Net profit attributable to Parent shareholders	440	358	776	651	1,828	1,703	531	319
Includes depreciation according to plan as follows	175	168	341	332	649	640	0	0
Net profit per share before and after dilution in SEK	0.87	0.71	1.54	1.29	3.63	3.38		

Statement of comprehensive income

Net profit	440	358	776	651	1,828	1,703	531	319
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	- 35	0	- 10	0	31	41	0	0
Tax	7	0	2	0	- 7	- 9	0	0
	- 28	0	- 8	0	24	32	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	1	0	- 10	14	- 21	3	0	0
Hedge of net investment	- 35	25	- 73	34	- 48	59	0	0
Exchange differences	712	- 370	1,270	- 451	979	- 742	0	0
Tax	- 65	40	- 67	45	- 45	67	0	0
	613	- 305	1,120	- 358	865	- 613	0	0
Total other comprehensive income	585	- 305	1,112	- 358	889	- 581	0	0
Total comprehensive income	1,025	53	1,888	293	2,717	1,122	531	319
Comprehensive income attributable to Parent shareholders	1,025	53	1,888	293	2,717	1,122	531	319

Balance sheet in summary

(SEK m)	Group			Parent		
	30/06/2018	30/06/2017	31/12/2017	30/06/2018	30/06/2017	31/12/2017
Intangible assets	16,905	15,132	14,744	0	0	0
Property, plant and equipment	3,281	3,058	3,043	0	0	0
Financial assets	519	396	331	12,856	12,757	12,781
Total non-current assets	20,705	18,586	18,118	12,856	12,757	12,781
Inventories	4,340	3,213	3,247	0	0	0
Current receivables	3,833	3,155	3,203	116	230	323
Current investments	93	67	90	0	0	0
Cash and bank balances	2,120	1,980	3,332	48	0	0
Total current assets	10,386	8,415	9,872	164	230	323
Total assets	31,091	27,001	27,990	13,020	12,987	13,104
Equity	14,166	11,978	12,807	7,658	7,578	7,652
Untaxed reserves	0	0	0	0	1	0
Non-current liabilities and provisions, non-interest-bearing	3,858	3,203	2,859	274	277	219
Non-current liabilities and provisions, interest-bearing	7,340	7,380	6,960	4,113	5,000	5,016
Current liabilities and provisions, non-interest-bearing	3,575	3,005	3,348	75	131	217
Current liabilities and provisions, interest-bearing	2,152	1,435	2,016	900	0	0
Total equity and liabilities	31,091	27,001	27,990	13,020	12,987	13,104

Key ratios

		Jan-June 2018	Jan-June 2017	Full year 2017
Growth	%	13.6	42.0	23.9
Operating margin	%	11.0	10.6	12.3
Profit margin	%	10.1	9.7	11.5
Investments in non-current assets	SEK m	1,686	1,673	2,026
Cash and equivalents	SEK m	2,586	2,453	3,803
Working capital, incl. cash and bank balances as share of net sales	SEK m	6,811	5,410	6,524
	%	33.7	30.0	34.3
Working capital, excl. cash and bank balances as share of net sales	SEK m	4,598	3,363	3,102
	%	22.7	18.7	16.3
Interest-bearing liabilities/Equity	%	67.0	73.6	70.1
Equity ratio	%	45.6	44.4	45.8
Return on capital employed	%	11.5	11.2	11.5
Return on equity	%	13.5	13.6	13.7
Net debt/EBITDA	times	2.3	2.4	1.9
Interest coverage ratio	times	6.8	7.1	9.6

Statement of cash flow – summaries

(SEK m)	Jan-June 2018	Jan-June 2017	Full year 2017
Cash flow from operating activities	1,181	1,015	2,307
Change in working capital	– 1,043	– 309	– 184
Investing activities	– 1,197	– 1,019	– 1,358
Financing activities	– 286	– 88	259
Exchange difference in cash and equivalents	136	– 54	– 104
Change in cash and cash equivalents	– 1,209	– 455	920

Change in equity – summaries

(SEK m)	Jan-June 2018	Jan-June 2017	Full year 2017
Equity brought forward	12,807	12,129	12,129
Shareholders' dividend	– 529	– 444	– 444
Comprehensive income for the period	1,888	293	1,122
Equity carried forward	14,166	11,978	12,807

Time of accounting for sales

(SEK m)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimination	Total
Shipments taken up as income once	6,269	3,135	995	– 252	10,147
Shipments taken up as income gradually	86	0	0	0	86
Total	6,355	3,135	995	– 252	10,233

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-year period.

Data per share

		Jan-June 2018	Jan-June 2017	Full-year 2017
Net profit per share (total 504,016,622 shares)	SEK	1.54	1.29	3.38
Equity per share	SEK	28.11	23.77	25.41
Closing day share price	SEK	96.14	79.55	78.60

Financial instruments recognised at fair value

(SEK m)	30 June 2018	30 June 2017	31 Dec 2017
Current receivables			
Currency futures	0	15	0
Commodity futures	9	0	6
Total	9	15	6
Financial assets			
Interest rate derivatives	17	12	18
Current liabilities and provisions, non-interest-bearing			
Currency futures	18	1	5
Commodity futures	0	2	0
Total	18	3	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

(SEK m)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimination	Total
Nordic countries	2,067	562	263	– 170	2,722
Europe (excl. Nordics)	2,396	1,098	466	– 75	3,885
North America	1,808	1,104	214	– 6	3,120
Other markets	84	371	52	– 1	506
Total	6,355	3,135	995	– 252	10,233

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 2018	Jan- June 2017	Full year 2017
Acquisition of non-current assets	1,689	1,673	2,058
Disposal of non-current assets	- 3	0	- 32
Net investments in non-current assets	1,686	1,673	2,026

Working capital, including cash and bank balances

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Total current assets	10,386	8,415	9,872
Current liabilities and provisions, non-interest-bearing	- 3,575	- 3,005	- 3,348
Working capital, including cash and bank balances	6,811	5,410	6,524
Net sales in the past 12 months	20,233	18,014	19,009
Working capital, including cash and bank balances, in relation to net sales, %	33.7	30.0	34.3

Return on capital employed

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Profit after net financial items in the past 12 months	2,336	2,103	2,182
Financial expenses in the past 12 months	288	221	255
Profit before financial expenses	2,624	2,324	2,437
Capital employed at start of period	21,783	20,665	20,665
Capital employed at end of period	23,658	20,792	21,783
Average capital employed	22,721	20,729	21,224
Return on capital employed, %	11.5	11.2	11.5

Net debt/EBITDA

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Non-current liabilities and provisions, interest-bearing	7,340	7,380	6,960
Current liabilities and provisions, interest-bearing	2,152	1,435	2,016
Cash and bank balances	- 2,120	- 1,980	- 3,332
Current investments	- 93	- 67	- 90
Net debt	7,279	6,768	5,554
Operating profit in the past 12 months	2,518	2,232	2,344
Depreciation/amortisation and impairment in the past 12 months	650	633	640
EBITDA	3,168	2,865	2,984
Net debt/EBITDA, times	2.3	2.4	1.9

Cash and equivalents

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Cash and bank balances	2,120	1,980	3,332
Current investments	93	67	90
Unutilised overdraft facilities	373	406	381
Cash and equivalents	2,586	2,453	3,803

Working capital, excluding cash and bank balances

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Inventories	4,340	3,213	3,247
Current receivables	3,833	3,155	3,203
Current liabilities and provisions, non-interest-bearing	- 3,575	- 3,005	- 3,348
Working capital, excluding cash and bank balances	4,598	3,363	3,102
Net sales in the past 12 months	20,233	18,014	19,009
Working capital, excluding cash and bank balances, in relation to net sales, %	22.7	18.7	16.3

Return on equity

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Profit after net financial items in the past 12 months	2,336	2,103	2,182
Standard tax rate, %	22.0	22.0	22.0
Profit after net financial items, after tax	1,822	1,640	1,702
Equity at start of period	12,807	12,129	12,129
Equity at end of period	14,166	11,978	12,807
Average equity	13,487	12,053	12,468
Return on equity, %	13.5	13.6	13.7

Interest coverage ratio

(SEK m)	Jan- June 2018	Jan- June 2017	Full year 2017
Profit after net financial items	1,031	877	2,182
Financial expenses	178	145	255
Interest coverage ratio, times	6.8	7.1	9.6

NIBE shares

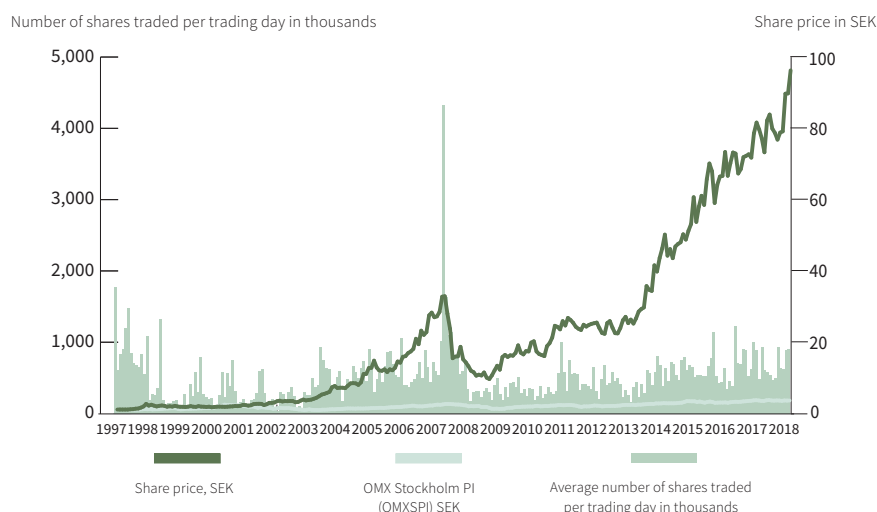
NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on 30 June 2018 was SEK 96.14.

In the first half of 2018, NIBE's share price rose by 22.3%, from SEK 78.60 to SEK 96.14. During the same period, the OMX Stockholm PI (OMXSPI) increased by 0.9%.

At the end of June 2018, the market capitalisation of NIBE,

based on the latest price paid, amounted to SEK 48,456 million.

A total of 91,350,803 NIBE shares were traded, which corresponds to a share turnover of 36.2% in the first half 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, 17 August 2018

Hans Linnarson
Hans Linnarson
Chairman of the Board

Georg Brunstam
Georg Brunstam
Director

Anders Pålsson
Anders Pålsson
Director

Helene Richmond
Helene Richmond
Director

Jenny Sjödahl
Jenny Sjödahl
Director

Gerteric Lindqvist
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 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 17 August 2018.

Please email any questions you have about this report to:
Gerteric Lindquist, MD and Group CEO, gerteric.lindquist@nibe.se
Hans Backman, CFO, hans.backman@nibe.se



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