

# NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 13,653 million (SEK 10,478 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 1,489 million (SEK 1,217 million)
- **PROFIT AFTER TAX** was SEK 1,133 million (SEK 898 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 2.25 (SEK 1.94)
- **ACQUISITION OF**
  - majority of British Enertech Group, approved by the Swedish Competition Authority on 27 January 2017
  - 50% of shares in Canadian CGC Group of Companies Inc.
  - 80% of shares in Italian element company HT S.p.A.
  - 65% of shares in Canadian ventilation company Tempeff North America Ltd.

Interim report 3 · 2017

## NIBE continues to develop well

Group sales growth for the first nine months of the year was 30.3%, including organic growth of 6.8%. Organic sales growth was helped to some extent in the first six months by the weaker Swedish currency, while the situation was reversed in recent months.

Demand has generally been positive. Continued low interest rates, increased construction, lower unemployment and the resulting rise in consumption are some of the factors behind this. It is also evident that the transition to a more sustainable society in sectors such as energy supply, transport and climate control of buildings is having a positive impact on us.

The work to integrate all the acquisitions made during the past five quarters is in full swing, following our carefully laid plans.

NIBE Climate Solutions' position as a comprehensive supplier of sustainable climate control solutions for single-family homes remains strong, and future market potential is considered good. The business area is currently focusing on also becoming a comprehensive supplier of sustainable climate control solutions for both apartment blocks and commercial properties as the future growth potential here is also considered good. This expansion is being accomplished and will continue to be accomplished through both product development and acquisitions.

Growth is generally positive in Europe, primarily for heat pumps. Our belief in the future is also further enhanced by the fact that country after country is deciding to partially or completely phase out fossil fuels. On the other hand, there has been a considerable decline in heat pumps for single-family homes in the US, following the end of subsidies for heat pump installation at the year-end resulting in implementation of a required yet balanced cost reduction plan. However, our experience from previous similar situations is that the market will recover in the slightly longer term. The industry also continues to work tirelessly to have the subsidy reintroduced to put heat pumps on the same footing as other renewable energy options such as wind power and solar cells, both of which continue to enjoy subsidies.

The concerted work to improve the operating margin of the units acquired relatively recently that are still not at a level that is acceptable for the business area is following clear plans.

It is gratifying to see NIBE Element's persistently positive performance in terms of its volume and operating margin. Our strategy to offer the market a comprehensive range of high quality, intelligent, sustainable system solutions is appreciated by our customers. Intensive rationalisation and automation work is being undertaken to retain our competitiveness in terms of costs. This is particularly important in our units in low-cost countries, where the rate of salary increase is accelerating.

### Calendar

#### 16 November 2017

11.00 (CET) Teleconference (in English);

Presentation of Interim Report 3 and opportunity to ask questions.

Registration on our website [www.nibe.com](http://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 97.

#### 15 February 2018

Year-end report 2017

#### 16 May 2018

Interim Report 1, Jan – March 2018

Annual General Meeting

NIBE Stoves continues to grow at a stable pace. After the acquisition of Fireplace Products International (FPI), one of the market leaders in North America, in November 2016, the business area now has a better geographical balance, in terms of sales, than ever before. This also creates good opportunities to adapt to the market and start selling some of our European model series in North America and vice versa. The intensive product development work in progress in the business area continues to involve design and high efficiency. However, our efforts are now focused to an even greater extent on resolving the issue of particulate emissions.

Our ambitions in terms of acquisitions remain high. In February, the company acquired 50% of the shares in Canadian heat pump firm CGC Group of Companies Inc. and, on 1 March, the British Enertech Group, active in heat pumps, water heaters and burners, was consolidated. In early May, 80% of the shares in the Italian element company HT S.p.A. were acquired and, in early June, 65% of the shares in the Canadian ventilation company Tempeff North America Ltd. were acquired. Several small supplementary acquisitions were also completed during the year.

The level of investment in our existing businesses amounted to SEK 431 million during the first nine months, compared with SEK 251 million in the previous year, and the rate of depreciation was SEK 495 million, compared with SEK 386 million last year.

Operating profit improved by 23.2% compared with the corresponding period last year, leading to a profit margin of 11.9% versus 12.5% for the same period last year. For logical reasons, the most significant contributing factor to the improved operating profit is acquired sales. The main reason for the slightly lower operating margin is the effect of the scrapped subsidies for the installation of heat pumps in the US. However, the two most recent major acquisitions in NIBE Climate Solutions are also at a lower operating margin level than the rest of the business area. Both operating profit and operating margin in the Group's other underlying operations are satisfactory.

Profit after financial items improved by 22.4% in the first nine months of the year, compared with the corresponding period last year, leading to a profit margin of 10.9% versus 11.6% for the same period last year.

### Outlook for 2017

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well-prepared to be 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 November 2017



Gerteric Lindquist  
Managing Director and CEO

## Sales

Group net sales totalled SEK 13,653 million (SEK 10,478 million). This corresponds to growth of 30.3%, of which 6.8% was organic. Acquired operations accounted for SEK 2,460 million of the total SEK 3,175 million increase in sales.

## Earnings

Profit for the period after net financial items was SEK 1,489 million. This equates to a 22.4% increase in earnings compared with the same period in 2016. Back then, profit after net financial items amounted to SEK 1,217 million. Profit for the period was charged with acquisition expenses of SEK 20 million (SEK 41 million). Return on equity was 13.9% (17.5%).

## Acquisitions

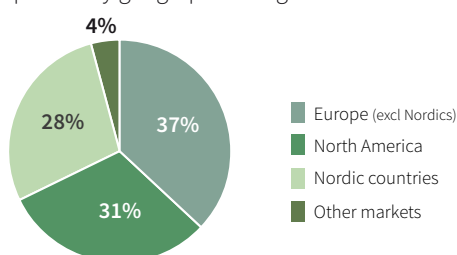
The acquisition of the majority of the British Enertech Group was approved by the Swedish Competition Authority in January. Operations, which are primarily based in Sweden under the CTC trademark, generate annual sales of just over SEK 800 million with an operating margin of 4.8% and were consolidated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

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

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

NIBE Group Key ratios		2017 Q1-3	2016 Q1-3	Past 12 months	2016 Full year
Net sales	SEK m	13,653	10,478	18,523	15,348
Growth	%	30.3	10.2	30.3	15.9
of which acquired	%	23.5	8.8	23.2	12.6
Operating profit	SEK m	1,618	1,313	2,286	1,980
Operating margin	%	11.9	12.5	12.3	12.9
Profit after net financial items	SEK m	1,489	1,217	2,143	1,871
Profit margin	%	10.9	11.6	11.6	12.2
Equity ratio	%	44.2	35.4	44.2	46.6
Return on equity	%	13.9	17.5	16.4	14.9

## Group sales by geographical region



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

## Investments

During the period, the Group made investments totalling SEK 1,868 million (SEK 3,730 million). A total of SEK 1,437 million (SEK 3,479 million) of the investments relates to acquisitions of operations. The remaining SEK 431 million (SEK 251 million) is mainly investments in machinery and equipment in existing operations. The investment amount with regard to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

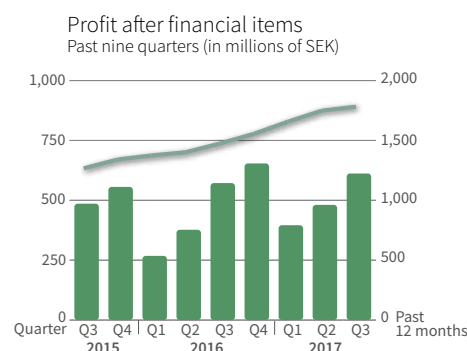
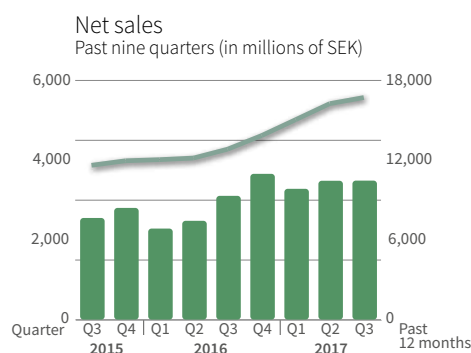
## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,643 million (SEK 1,295 million). Cash flow after changes in working capital amounted to SEK 1,234 million (SEK 924 million).

Interest-bearing liabilities at the end of the period amounted to SEK 8,741 million, compared with SEK 8,536 million at the start of the year. Since one of the Group's credit agreements expires in the first half of 2018, the liabilities covered by this agreement were recognised as current interest-bearing liabilities in the consolidated balance sheet. At the end of the period, the Group had cash and cash equivalents of SEK 2,761 million as against SEK 2,926 million at the start of the year. The equity ratio at the end of the period was 44.2%, compared with 46.6% at the start of the year and 35.4% at the corresponding point last year.

## Parent

Parent activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. Sales for the period totalled SEK 9 million (SEK 6 million) and profit after financial items was SEK 288 million (SEK 565 million).

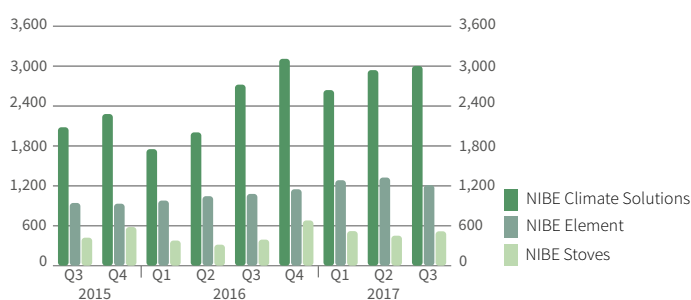


# Business area trends

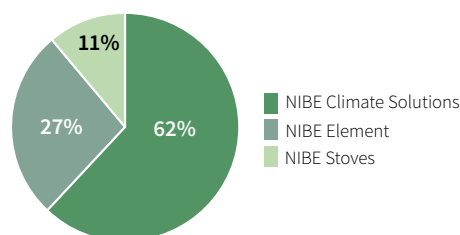
## Quarterly data

Consolidated income statements (SEK m)	2017			2016				2015	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	4,370	4,639	4,644	3,042	3,301	4,135	4,870	3,396	3,732
Operating expenses	- 3,944	- 4,110	- 3,981	- 2,744	- 2,896	- 3,525	- 4,203	- 2,892	- 3,165
<b>Operating profit</b>	<b>426</b>	<b>529</b>	<b>663</b>	<b>298</b>	<b>405</b>	<b>610</b>	<b>667</b>	<b>504</b>	<b>567</b>
Net financial items	- 30	- 48	- 51	- 30	- 28	- 38	- 13	- 18	- 11
<b>Profit after net financial items</b>	<b>396</b>	<b>481</b>	<b>612</b>	<b>268</b>	<b>377</b>	<b>572</b>	<b>654</b>	<b>486</b>	<b>556</b>
Tax	- 103	- 123	- 130	- 67	- 98	- 154	- 176	- 112	- 132
<b>Net profit</b>	<b>293</b>	<b>358</b>	<b>482</b>	<b>201</b>	<b>279</b>	<b>418</b>	<b>478</b>	<b>374</b>	<b>424</b>
<b>Net sales, business areas</b>									
NIBE Climate Solutions	2,640	2,940	3,003	1,752	2,004	2,722	3,110	2,081	2,280
NIBE Element	1,285	1,325	1,212	979	1,045	1,079	1,149	943	932
NIBE Stoves	520	451	517	378	316	392	680	421	581
Elimination of Group transactions	- 75	- 77	- 88	- 67	- 64	- 58	- 69	- 49	- 61
<b>Group total</b>	<b>4,370</b>	<b>4,639</b>	<b>4,644</b>	<b>3,042</b>	<b>3,301</b>	<b>4,135</b>	<b>4,870</b>	<b>3,396</b>	<b>3,732</b>
<b>Operating profit, business areas</b>									
NIBE Climate Solutions	256	356	460	180	307	443	466	365	386
NIBE Element	142	158	149	101	124	139	109	95	79
NIBE Stoves	45	31	69	33	17	52	121	59	117
Elimination of Group transactions	- 17	- 16	- 15	- 16	- 43	- 24	- 29	- 15	- 15
<b>Group total</b>	<b>426</b>	<b>529</b>	<b>663</b>	<b>298</b>	<b>405</b>	<b>610</b>	<b>667</b>	<b>504</b>	<b>567</b>

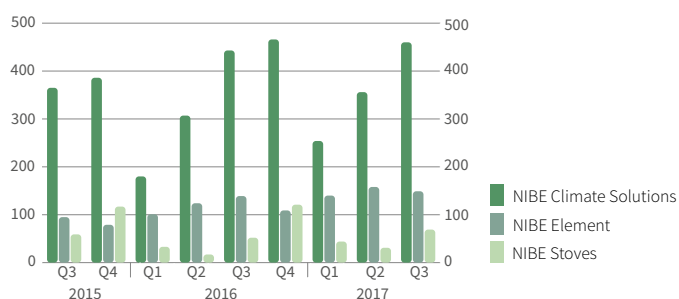
Sales per business area last nine quarters (SEK million)



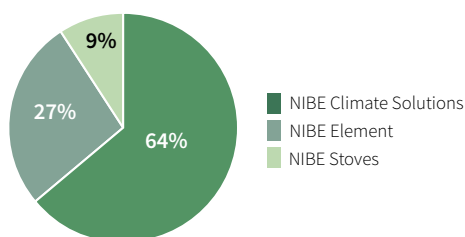
Each business area's share of total sales (Q1-Q3 2017)



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



Each business area's share of total profit (Q1-Q3 2017)



# NIBE Climate Solutions business area

## Sales and profit

Sales for the period totalled SEK 8,583 million, compared with SEK 6,478 million for the corresponding period last year. Of the increase in sales of SEK 2,105 million, acquired sales accounted for SEK 1,746 million, which means that organic growth was 5.6%.

Operating profit for the period totalled SEK 1,072 million, compared with SEK 930 million the previous year. This equates to an operating margin of 12.5% compared with last year's 14.4%. This means that the operating margin for the past 12 months is 13.2%.

## Market

The European market for heat pumps continues to grow. The primary reasons for this growth are increased new construction of single-family houses and increased interest in products using renewable energy. More and more environment-related government decisions are being made in various countries to gradually phase out the use of indoor comfort products that use the fossil energy sources oil and gas. This is expected to benefit our industry in both the short and long terms.

On the other hand, demand for heat pumps for single-family homes in the US continues to be negatively affected by the end of state subsidies for the installation of geothermal heat pumps at the year-end. However, our consolidated market share is considered to have been enhanced anyway. Both the US and Canadian markets for products for commercial properties are enjoying stable growth. Acquisitions have given us a good market presence that we intend to further enhance via aggressive product development.

All markets in Europe are growing in principle, except for one market that is stable. Germany, Switzerland, Austria and the Netherlands continue to grow fast and we are also reinforcing our market position there. All Nordic markets continue to grow, which benefits those with a market-leading position in these countries. Our units in Eastern Europe, for example Poland and the Czech Republic, are also expanding fast, primarily in heat pumps but also in water heaters.

After the first specific government decisions on the long-term phasing out of heating products using the fossil energy sources oil and gas in Norway and the Netherlands in the first half of the year, the UK announced similar initiatives in the autumn. The British government launched a 'Clean Growth Strategy' with the goal of reducing greenhouse gas emissions and increasing energy efficiency in existing and new buildings. The market is currently dominated by conventional gas-fired boilers.

Several acceleration measures are defined, plus higher government appropriations for phasing them out by 2040. This means great future potential for our indoor comfort products.

The positive growth on the Swedish domestic market for heat pumps continued and we are increasing our market share in all product segments. To meet in-



creased demand, primarily based on increased new construction of single-family houses and a growing replacement market, we are gradually reinforcing our marketing organisation.

Regarding traditional water heaters, demand remains stable in both the Nordics and the rest of Europe. The Ecodesign Directive contains stricter requirements for these products for better insulation and better control, which we already meet. Water heaters that provide for an entire household's hot-water needs must also be supplied with a heat-pump module to meet the standard requirements.

## Operations

Product development and introductions of new high performance products are ongoing in all application areas. This is essential for continued expansion and to enhance our profile as a market leader in intelligent, energy-efficient, environmentally sustainable product solutions for indoor comfort based on renewable energy.

Good volume growth in Europe has meant extensive new appointments in our manufacturing units. Production in Markaryd has been intensified in particular. Combined with an increase in production capacity through shift work and weekend work, this has ensured satisfactory delivery capacity.

In the North American operations affected negatively by the end of subsidies for heat pumps for single-family homes, there have been adjustments to both organisation and overheads. In parallel, several marketing activities are in progress to alleviate the impact of the removal of subsidies and boost demand. With our experience from the European market, we are also actively involved in influencing the North American market to begin the work of converting from fossil to renewable options for indoor comfort in homes and other properties.

Work on improving the operating margins of the relatively recently acquired companies Climate Control Group (CCG) and Enertech Group is proceeding according to plan, but the units continue to have a temporary negative effect on the business area's operating margin.

Integration of the year's two Canadian partial acquisitions of CGC Group of Companies and Tempeff North America is going according to plan, and both companies are growing.

We are implementing cost-saving measures on an ongoing basis both in production and other operations to maintain our healthy underlying operating margin.

## NIBE Climate Solutions

Key ratios		2017 Q1-3	2016 Q1-3	Past 12 months	2016 Full year
Net sales	SEK m	8,583	6,478	11,693	9,588
Growth	%	32.5	12.7	33.5	19.4
of which acquired	%	26.9	10.5	26.4	14.6
Operating profit	SEK m	1,072	930	1,538	1,396
Operating margin	%	12.5	14.4	13.2	14.6
Assets	SEK m	18,507	17,635	18,507	18,103
Liabilities	SEK m	2,425	1,914	2,425	2,357
Investments in non-current assets	SEK m	241	155	325	239
Depreciation	SEK m	332	254	440	362



# NIBE Element business area

## Sales and profit

Sales for the period totalled SEK 3,822 million, compared with SEK 3,103 million for the corresponding period last year. Of the increase in sales of SEK 719 million, acquired sales accounted for SEK 337 million, which means that organic growth was 12.3%. Sales have been positively affected by a few major project orders.

Operating profit for the period totalled SEK 449 million, compared with SEK 364 million the previous year. This equates to an operating margin of 11.8% compared with last year's 11.7%. This means that the operating margin for the past 12 months is 11.2%.

## Market

Overall, growth in demand on the international element market is positive, although there is an indication that it levelled out at a high level at the end of the period.

Trade in the industrial sector remains strong in both Europe and North America, which also benefits the element market and our own business area, which also has underlying growth on these markets. The acquisitions made in recent years are progressing well, helping bolster this growth.

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

Generally speaking, all product segments in both consumer products and products for commercial equipment are performing well. The top performing product areas are those linked to the construction sector in Europe, where our products are also contributing to the transition from fossil fuels to renewable energy, plus higher energy efficiency for heating and indoor comfort.

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

Our investments in control and measurement continue to yield good results, particularly for inverter control of electric motors. The market for resistors has also been good. Investments in recent years in innovative new products, a wider prod-



## NIBE Element

Key ratios		2017 Q1-3	2016 Q1-3	Past 12 months	2016 Full year
Net sales	SEK m	3,822	3,103	4,971	4,252
Growth	%	23.2	9.8	23.2	13.1
of which acquired	%	10.9	8.1	11.8	9.9
Operating profit	SEK m	449	364	558	473
Operating margin	%	11.8	11.7	11.2	11.1
Assets	SEK m	5,134	4,070	5,134	4,294
Liabilities	SEK m	889	818	889	828
Investments in non-current assets	SEK m	115	80	160	125
Depreciation	SEK m	104	92	133	122

uct range and more intensive marketing under the concept of 'intelligent heating and control' are contributing to a large extent to the good organic growth in several product segments.

The growth in volume in the automotive industry has stabilised after a certain decline in demand during the first half of the year. At the same time, we see many opportunities in new products and applications as a result of stricter requirements for eco-friendly vehicles and greater interest in electric and hybrid vehicles. This development has gradually accelerated during the year and we have allocated additional resources to coordinate and develop these opportunities.

## Operations

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

We are also implementing several products to increase our added value and improve our competitiveness, partly by manufacturing certain components ourselves.

Digitisation is on the increase in all parts of our operations, for example production monitoring directly from robot cells and new digital platforms for marketing and customer relationships.

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

By becoming established on additional markets in Asia apart from China, we will also gain access to alternative low-cost production. The operations of the Thai element company Grand Heater, which has annual sales of just over SEK 30 million and 120 employees, were acquired in early August.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage. Commodity prices remain at a historically low level, but we have noted significant hikes in some metals and input materials during the year. This makes it necessary to adjust prices in several market and product segments.

# NIBE Stoves business area

## Sales and profit

Sales for the period totalled SEK 1,488 million, compared with SEK 1,086 million for the corresponding period last year. Of the increase in sales of SEK 402 million, acquired sales accounted for SEK 377 million, which means that organic growth was 2.2%.

Operating profit for the period totalled SEK 145 million, compared with SEK 102 million the previous year. This equates to an operating margin of 9.8% compared with 9.4% for the previous year. The operating margin for the past 12 months is thus 12.3%.

## Market

At the start of the important peak season, the market trends for stove products are relatively unchanged compared with the first half of the year. This means somewhat mixed growth in demand on the Scandinavian markets, while several of the major European markets we work in have relatively stable demand after several years of downturns. The total market for stove products in North America is estimated to have increased compared with last year.

In Sweden, which has enjoyed relatively high demand for several years, demand remains good and is at last year's level. The Norwegian market is also stable, with a particular increase in demand for inserts in combination with various surrounds. On the other hand, the stove market in Denmark is contracting. This is exclusively due to the discontinuation of last year's subsidies to encourage the replacement of old stoves.

As previously, demand for gas-fired products is increasing in the UK and is largely the result of prevailing low gas prices, but also of the user comfort these types of products offer. However, the market for wood-fired products has decreased slightly but remains at a relatively high and stable level.

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

In North America, demand for gas-fired products is increasing, while demand for wood-fired products is at last year's level. The overall healthy demand is down to a generally healthy economic trend and last year's relatively cold winter, affecting end-consumers' purchasing behaviour.

## NIBE Stoves

Key ratios		2017 Q1-3	2016 Q1-3	Past 12 months	2016 Full year
Net sales	SEK m	1,488	1,086	2,168	1,766
Growth	%	37.0	1.3	30.1	6.9
of which acquired	%	34.8	0.0	29.9	7.3
Operating profit	SEK m	145	102	267	223
Operating margin	%	9.8	9.4	12.3	12.7
Assets	SEK m	3,124	1,860	3,124	3,274
Liabilities	SEK m	330	272	330	387
Investments in non-current assets	SEK m	40	29	54	42
Depreciation	SEK m	60	41	78	59

## Operations

After the spring product launches for all of our European brands, marketing and delivery of our new products to retailers continued at full speed during the third quarter. With the new products on display in stores, we are well prepared for the peak season. They have been universally very well received on the market, which should contribute to continued growth.

In addition to the production of new stove models with various designs, based on existing technology, the development of combustion technology represents a very important part of our product development. To meet the requirements of future consumers, we work constantly to find solutions to reduce particulate emissions from burning wood. We have further intensified this part of our product development for some time now, and allocate significant resources to it.

We have been affected by rising material prices and negative currency trends, but have been able to compensate for this in part with price rises. To retain our competitiveness and good profitability in the long term, we will continue to focus on enhancing the efficiency of all parts of our operations.

The Canadian company Fireplace Products International (FPI), which was acquired at the end of last year, has developed well and we consider that we have strengthened our market position in both North America and Australia. The acquisition has given us a better geographical spread and we have widened our product range.



## Income Statement summaries

(SEK m)	Group						Parent	
	Third quarter 2017	Third quarter 2016	Jan-Sept 2017	Jan-Sept 2016	Past 12 months	Full year 2016	Jan-Sept 2017	Jan-Sept 2016
Net sales	4,644	4,135	13,653	10,478	18,523	15,348	9	6
Cost of goods sold	- 3,029	- 2,654	- 8,967	- 6,746	- 12,038	- 9,817	0	0
<b>Gross profit</b>	<b>1,615</b>	<b>1,481</b>	<b>4,686</b>	<b>3,732</b>	<b>6,485</b>	<b>5,531</b>	<b>9</b>	<b>6</b>
Selling expenses	- 723	- 658	- 2,288	- 1,814	- 3,138	- 2,664	0	0
Administrative expenses	- 275	- 244	- 895	- 699	- 1,238	- 1,042	- 39	- 45
Other operating revenue	46	31	115	94	176	155	0	0
<b>Operating profit</b>	<b>663</b>	<b>610</b>	<b>1,618</b>	<b>1,313</b>	<b>2,285</b>	<b>1,980</b>	<b>- 30</b>	<b>- 39</b>
Net financial items	- 51	- 38	- 129	- 96	- 142	- 109	318	604
<b>Profit after net financial items</b>	<b>612</b>	<b>572</b>	<b>1,489</b>	<b>1,217</b>	<b>2,143</b>	<b>1,871</b>	<b>288</b>	<b>565</b>
Tax	- 130	- 154	- 356	- 319	- 532	- 495	0	12
<b>Net profit</b>	<b>482</b>	<b>418</b>	<b>1,133</b>	<b>898</b>	<b>1,611</b>	<b>1,376</b>	<b>288</b>	<b>577</b>
<b>Net profit attributable to Parent shareholders</b>	<b>482</b>	<b>418</b>	<b>1,133</b>	<b>898</b>	<b>1,611</b>	<b>1,376</b>	<b>288</b>	<b>577</b>
Includes depreciation according to plan as follows	163	144	495	386	651	542	0	0
Net earnings per share before and after dilution in SEK	0.96	0.91	2.25	1.94	3.22	2.93		

## Statement of comprehensive income

<b>Net profit</b>	<b>482</b>	<b>418</b>	<b>1,133</b>	<b>898</b>	<b>1,622</b>	<b>1,376</b>	<b>288</b>	<b>577</b>
<b>Other comprehensive income</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Actuarial gains and losses in retirement benefit plans	0	- 69	0	- 69	39	- 30	0	0
Tax	0	15	0	15	- 9	6	0	0
	<b>0</b>	<b>- 54</b>	<b>0</b>	<b>- 54</b>	<b>30</b>	<b>- 24</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>								
Cash flow hedges	- 2	1	12	15	16	19	0	9
Hedge of net investment	42	- 44	76	- 68	55	- 89	0	0
Exchange differences	- 597	297	- 1,048	564	- 773	839	0	0
Tax	30	9	75	12	4	- 59	0	- 2
	<b>- 527</b>	<b>263</b>	<b>- 885</b>	<b>523</b>	<b>- 698</b>	<b>710</b>	<b>0</b>	<b>7</b>
<b>Total other comprehensive income</b>	<b>- 527</b>	<b>209</b>	<b>- 885</b>	<b>469</b>	<b>- 668</b>	<b>686</b>	<b>0</b>	<b>7</b>
<b>Total comprehensive income</b>	<b>- 45</b>	<b>627</b>	<b>248</b>	<b>1,367</b>	<b>943</b>	<b>2,062</b>	<b>288</b>	<b>584</b>
<b>Total comprehensive income attributable to Parent shareholders</b>	<b>- 45</b>	<b>627</b>	<b>248</b>	<b>1,367</b>	<b>943</b>	<b>2,062</b>	<b>288</b>	<b>584</b>

## Balance Sheet summaries

(SEK m)	Group			Parent		
	30/09/2017	30/09/2016	31/12/2016	30/09/2017	30/09/2016	31/12/2016
Intangible assets	14,634	13,415	14,716	0	0	0
Property, plant and equipment	2,952	2,496	2,820	0	0	0
Financial assets	381	529	389	12,782	8,674	11,772
<b>Total non-current assets</b>	<b>17,967</b>	<b>16,440</b>	<b>17,925</b>	<b>12,782</b>	<b>8,674</b>	<b>11,772</b>
Inventories	3,208	2,755	2,799	0	0	0
Current receivables	3,451	2,796	2,798	186	108	620
Current investments	64	22	160	0	0	0
Cash and bank balances	2,311	1,783	2,342	0	0	0
<b>Total current assets</b>	<b>9,034</b>	<b>7,356</b>	<b>8,099</b>	<b>186</b>	<b>108</b>	<b>620</b>
<b>Total assets</b>	<b>27,001</b>	<b>23,796</b>	<b>26,024</b>	<b>12,968</b>	<b>8,782</b>	<b>12,392</b>
Equity	11,933	8,426	12,129	7,547	4,169	7,703
Untaxed reserves	0	0	0	1	1	1
Non-current liabilities and provisions, non-interest-bearing	3,096	1,865	2,763	272	291	255
Non-current liabilities and provisions, interest-bearing	7,349	7,918	5,858	5,018	4,298	4,254
Current liabilities and provisions, non-interest-bearing	3,231	2,608	2,596	130	23	179
Current liabilities and provisions, interest-bearing	1,392	2,979	2,678	0	0	0
<b>Total equity and liabilities</b>	<b>27,001</b>	<b>23,796</b>	<b>26,024</b>	<b>12,968</b>	<b>8,782</b>	<b>12,392</b>



## Key ratios

		Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Growth	%	30.3	10.2	15.9
Operating margin	%	11.9	12.5	12.9
Profit margin	%	10.9	11.6	12.2
Investments in non-current assets	SEK m	1,868	3,730	5,156
Cash and equivalents	SEK m	2,761	2,209	2,926
Working capital, incl. cash and bank balances as share of net sales	SEK m	5,803	4,748	5,503
	%	31.3	33.4	35.9
Working capital, excl. cash and bank balances as share of net sales	SEK m	3,428	2,943	3,001
	%	18.5	20.7	19.6
Interest-bearing liabilities/Equity	%	73.3	129.3	70.4
Equity ratio	%	44.2	35.4	46.6
Return on capital employed	%	11.8	11.4	11.8
Return on equity	%	13.9	17.5	14.9
Net debt/EBITDA	times	2.2	3.8	2.4
Interest coverage ratio	times	7.7	9.7	9.6

## Data per share

		Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Net profit per share (total 504,016,622 shares)	SEK	2.25	1.94	2.93
Equity per share	SEK	23.68	18.22	24.06
Closing day share price	SEK	82.05	72.81	71.80

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

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

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

## New IFRSs and interpretations that have not yet been applied

IFRS 15 Revenue from Contracts with Customers takes effect on 1 January 2018. According to our analysis, this standard will not have any significant effect on the consolidated reports.

## Financial instruments recognised at fair value

(SEK m)	30 Sept 2017	30 Sept 2016	31 Dec 2016
<b>Current receivables</b>			
Currency futures	9	1	3
Commodity futures	1	1	2
<b>Total</b>	<b>10</b>	<b>2</b>	<b>5</b>
<b>Financial assets</b>			
Interest rate derivatives	15	25	22
<b>Current liabilities and provisions, non-interest-bearing</b>			
Currency futures	0	7	6
Commodity futures	0	0	0
<b>Total</b>	<b>0</b>	<b>7</b>	<b>6</b>

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

## Statement of cash flow – summaries

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Cash flow from operating activities	1,643	1,295	2,045
Change in working capital	- 409	- 371	- 274
Investing activities	- 1,220	- 3,944	- 4,769
Financing activities	- 11	2,996	3,629
Exchange difference in cash and equivalents	- 130	34	76
<b>Change in cash and equivalents</b>	<b>- 127</b>	<b>10</b>	<b>707</b>

## Change in equity – summaries

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Equity brought forward	12,129	7,428	7,428
New share issue	0	0	3,024
Transaction cost of new issue	0	0	- 16
Shareholders' dividend	- 444	- 369	- 369
Comprehensive income for the period	248	1,367	2,062
<b>Equity carried forward</b>	<b>11,933</b>	<b>8,426</b>	<b>12,129</b>

## Risks and uncertainties

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

## 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-Sept 2017	Jan-Sept 2016	Full year 2016
Acquisition of non-current assets	1,892	3,765	5,185
Disposal of non-current assets	- 24	- 35	- 29
<b>Net investments in non-current assets</b>	<b>1,868</b>	<b>3,730</b>	<b>5,156</b>

### Working capital, including cash and bank balances

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Total current assets	9,034	7,356	8,099
Current liabilities and provisions, non-interest-bearing	- 3,231	- 2,608	- 2,596
<b>Working capital, including cash and bank balances</b>	<b>5,803</b>	<b>4,748</b>	<b>5,503</b>
Net sales in the past 12 months	18,523	14,210	15,348
<b>Working capital, including cash and bank balances, in relation to net sales, %</b>	<b>31.3</b>	<b>33.4</b>	<b>35.9</b>

### Return on capital employed

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Profit after net financial items last 12 months	2,143	1,773	1,871
Financial expenses in the past 12 months	297	175	216
Profit before financial expenses	2,440	1,948	2,087
Capital employed at start of period	20,665	14,710	14,710
Capital employed at end of period	20,674	19,323	20,665
Average capital employed	20,670	17,016	17,687
<b>Return on capital employed, %</b>	<b>11.8</b>	<b>11.4</b>	<b>11.8</b>

### Net debt/EBITDA

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Non-current liabilities and provisions, interest-bearing	7,349	7,918	5,858
Current liabilities and provisions, interest-bearing	1,392	2,979	2,678
Cash and bank balances	- 2,311	- 1,783	- 2,342
Current investments	- 64	- 22	- 160
Net debt	6,366	9,092	6,034
Operating profit in the past 12 months	2,285	1,880	1,980
Depreciation/amortisation and impairment in last 12 months	652	506	542
EBITDA	2,937	2,386	2,522
<b>Net debt/EBITDA, times</b>	<b>2.2</b>	<b>3.8</b>	<b>2.4</b>

### Cash and equivalents

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Cash and bank balances	2,311	1,783	2,342
Current investments	64	22	160
Unutilised overdraft facilities	386	404	424
<b>Cash and equivalents</b>	<b>2,761</b>	<b>2,209</b>	<b>2,926</b>

### Working capital, excluding cash and bank balances

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Inventories	3,208	2,755	2,799
Current receivables	3,451	2,796	2,798
Current liabilities and provisions, non-interest-bearing	- 3,231	- 2,608	- 2,596
<b>Working capital, excluding cash and bank balances</b>	<b>3,428</b>	<b>2,943</b>	<b>3,001</b>
Net sales in the past 12 months	18,523	14,210	15,348
<b>Working capital, excluding cash and bank balances, in relation to net sales, %</b>	<b>18.5</b>	<b>20.7</b>	<b>19.6</b>

### Return on equity

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Profit after net financial items last 12 months	2,143	1,773	1,871
Standard rate tax, %	22.0	22.0	22.0
Profit after net financial items, after tax	1,672	1,383	1,459
Equity at start of period	12,129	7,428	7,428
Equity at end of period	11,933	8,426	12,129
Average equity	12,031	7,927	9,779
<b>Return on equity, %</b>	<b>13.9</b>	<b>17.5</b>	<b>14.9</b>

### Interest coverage ratio

(SEK m)	Jan-Sept 2017	Jan-Sept 2016	Full year 2016
Profit after net financial items	1,489	1,217	1,871
Financial expenses	222	141	216
<b>Interest coverage ratio, times</b>	<b>7.7</b>	<b>9.7</b>	<b>9.6</b>

## NIBE shares

NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on 30 September 2017 was SEK 82.05.

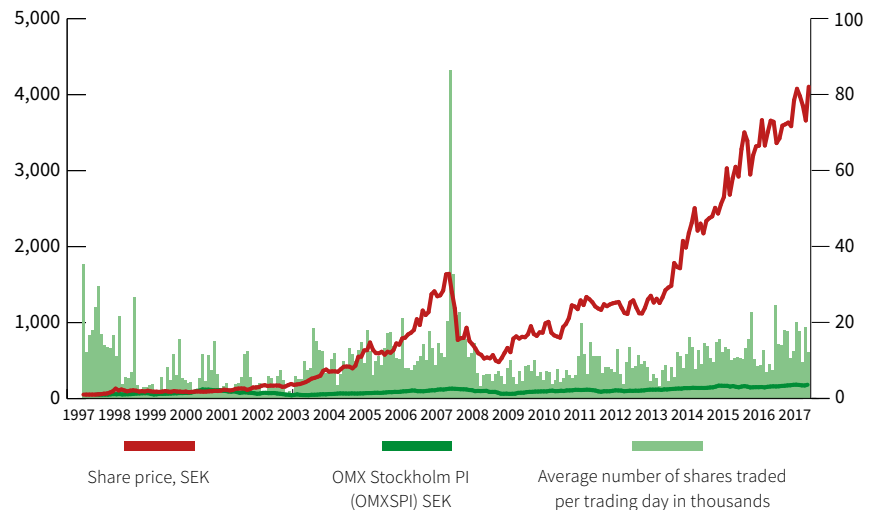
In the first nine months of 2017, NIBE's share price rose by 14.3%, from SEK 71.80 to SEK 82.05. During the same period, the OMX Stockholm PI (OMXSPI) increased by 9.6%.

This means that, at the end of September 2017, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 41,354 million.

A total of 143,589,751 NIBE shares were traded, which corresponds to a share turnover of 38% in the first three quarters of 2017. All figures were recalculated following the 4:1 splits implemented in 2003, 2006 and May 2016, and the dilution effect of the preferential rights issue in October 2016.


Number of shares traded per trading day in thousands

Share price in SEK



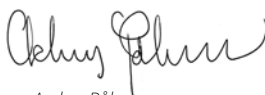
This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, 16 November 2017

  
Hans Linnarson  
Chairman of the Board

  
Georg Brunstam  
Director

  
Eva-Lotta Kraft  
Director

  
Anders Pålsson  
Director

  
Helene Richmond  
Director

  
Gerteric Lidarv  
Managing Director and CEO

## Review report

We have reviewed the summary interim financial information (interim report) for NIBE Industrier AB as of 30 September 2017 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we

would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd, 16 November 2016  
KPMG AB

  
Dan Kjellqvist

Authorised Public Accountant  
Senior Auditor

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



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

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

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

NIBE has been listed under the name NIBE Industrier on the NASDAQ OMX Stockholm Exchange, 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 (CET) on 16 November 2017.

Please email any questions you have with regard to this report to:  
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Hans Backman, CFO, [hans.backman@nibe.se](mailto:hans.backman@nibe.se)

# NIBE

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