

NIBE



World-class solutions in sustainable energy

NIBE to acquire WaterFurnace

NIBE CEO Gerteric Lindquist/WaterFurnace CEO Tom Huntington
Markaryd (SE)/Fort Wayne (USA) – June 23, 2014

Safe Harbor Statement

This presentation contains forward-looking statements made pursuant to the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995 and “forward looking information” within the meaning of Canadian /Securities laws that are based on management's beliefs and assumptions. In some cases, you can identify forward looking statements by terms such as “may,” “will,” “should,” “could,” “would,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “projects,” “predicts,” “potential,” and similar expressions. Such statements, including statements relating to expectations of NIBE Industrier AB (publ) (“NIBE”) for the future performance of WaterFurnace Renewable Energy, Inc. (“WaterFurnace”) the future opportunities associated with the acquisition, and the success of the NIBE integrating WaterFurnace into its business, are not considered historical facts and are considered forward-looking statements under the federal securities laws. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include the possibility that NIBE will not consummate a transaction with WaterFurnace, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors mentioned in NIBE's latest annual report (available on www.nibe.com). We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.

This presentation does not constitute an offer to buy or an invitation to sell, or the solicitation of an offer to buy or invitation to sell, any securities of WaterFurnace.

* As indicated herewith, this presentation uses the following non-GAAP measures: EBIT, EBITDA and accretion. NIBE and WaterFurnace believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. These measures do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

Our vision

To create
world-class solutions
in sustainable energy

- **WaterFurnace Renewable Energy, Inc.**
 - A market leader of the U.S. residential geothermal heat pump heating and cooling solutions market
 - Company's offering: geothermal heat pump heating, cooling, hot water, and control systems for residential, commercial and institutional buildings

- **A well-run business with a longstanding track-record**
 - Founded in 1983
 - Leadership: CEO Tom Huntington & experienced team
 - 2013 net sales: USD 119 million (SEK 800 million)
 - 2013 EBIT*: USD 20 million (SEK 135 million)
 - 2013 EBIT margin: 17 percent
 - Employees: 267
 - Headquarters: Fort Wayne, Indiana (USA)



Select Key Products



5 Series

Energy Star Award



7 Series

*2014 AHR Expo
Innovation Award*



- **Creating a global leader in sustainable energy solutions**

- Enhanced market leadership and growth platform
- Complementary operations
- EPS accretive in year one



- **NIBE to acquire WaterFurnace in recommended all-cash deal**

- WaterFurnace Renewable Energy, Inc. – listed on Toronto Stock Exchange (TSX)
- Acquisition of 100% of the outstanding common shares via “plan of arrangement”
- Price per share: C\$30.60 in cash (27% premium)⁽¹⁾
- Total equity value: C\$378 million (US\$351 million or SEK 2,365 million)
- Unanimously recommended by the Board and Independent Committee

- **Support and voting agreements reached for 25 percent of outstanding share capital**

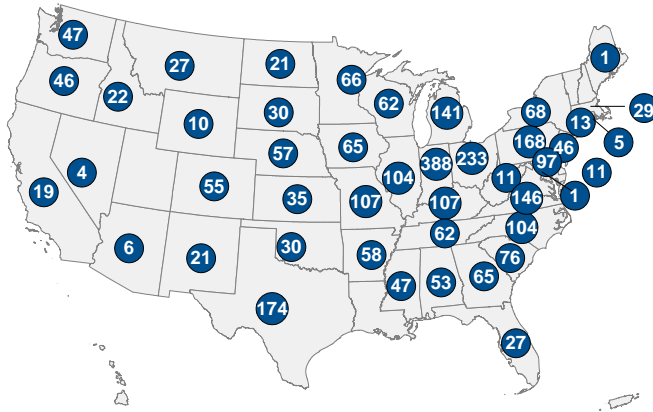
- NIBE entered into support and voting agreements with each of the directors and significant shareholders of the Company (“Locked-up shareholders”)

- **Unique go-to market strategy**

Dealers	Distributors	Manufacturer's Rep	OEM
<ul style="list-style-type: none"> ▪ Network of premier dealers across North America ▪ Industry-leading training program to support dealers ▪ Attractive margin potential for dealers ▪ Shortest lead times in the industry ▪ Three day lead time standard ▪ One day "rush" program 	<ul style="list-style-type: none"> ▪ Sell through distributors to ensure wider reach of products ▪ Geostar brand for exclusive distribution through this network 	<ul style="list-style-type: none"> ▪ Important channel for commercial products ▪ Compelling choice for Manufacturer's Rep due to superior quality of products 	<ul style="list-style-type: none"> ▪ Contract manufacturing ▪ Long term contracts with conditions of exclusivity in certain contracts

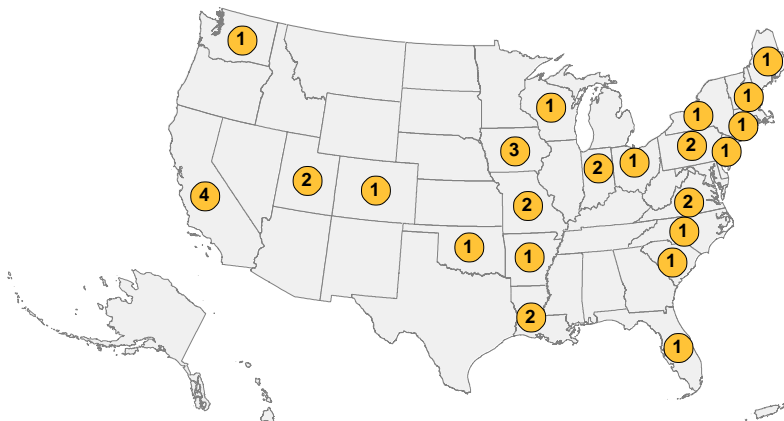
- Proven multi-channel strategy

Dealer Network

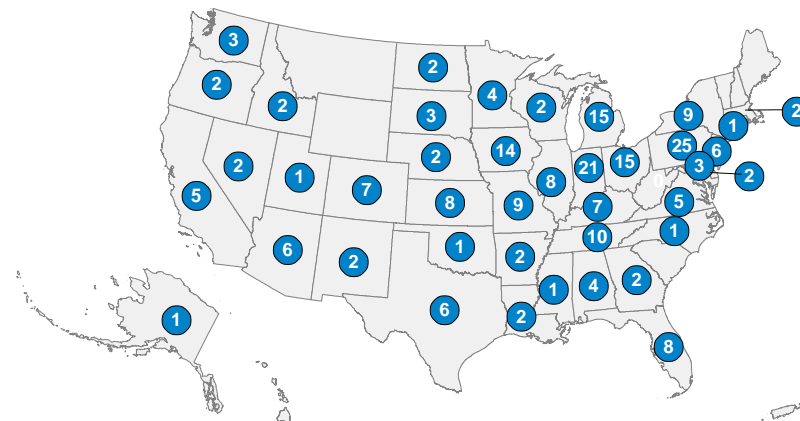


- Approximately 3,000 dealers strategically located throughout the United States
- 33 distributors in 22 states
- Strong Manufacturer's Rep network with over 230 representatives across the country

Distributor Network



Manufacturer's Rep Network



- Portfolio of well respected, market-leading branded products



- Inception in 1983
- Over 373,000 systems installed
- U.S. and Canada Residential Geothermal market leader
- Industry unique direct to dealer network
- Best recognized residential brand of geothermal products



- Exclusive brand for distribution network
- Balanced approach to cost and comfort

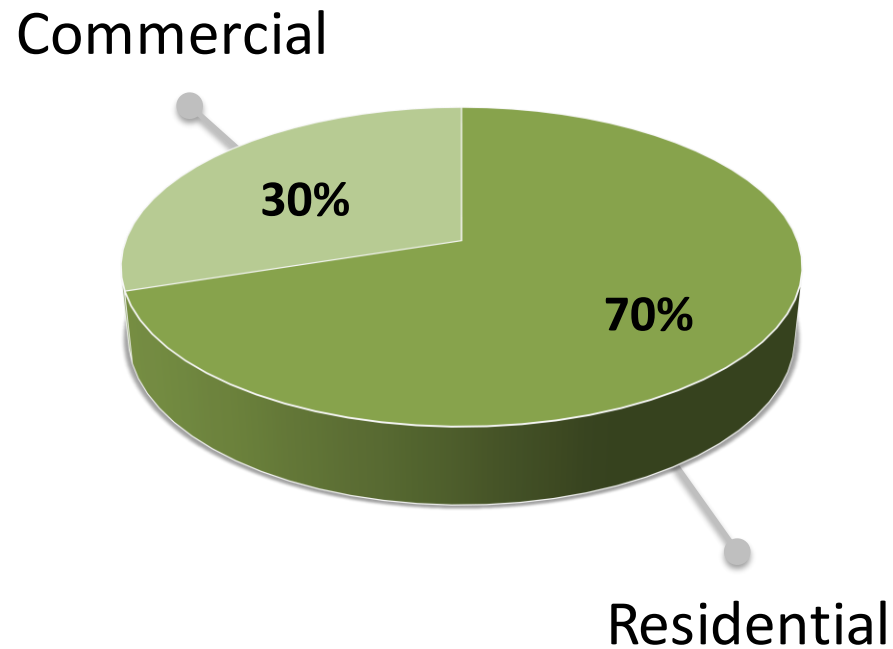


- Australia-based
- Designs and manufactures line of software driven soft starters with both single and 3-phase products
- Soft starters can be used on PSC fan motors and compressors
- Significant non-HVAC industry growth potential

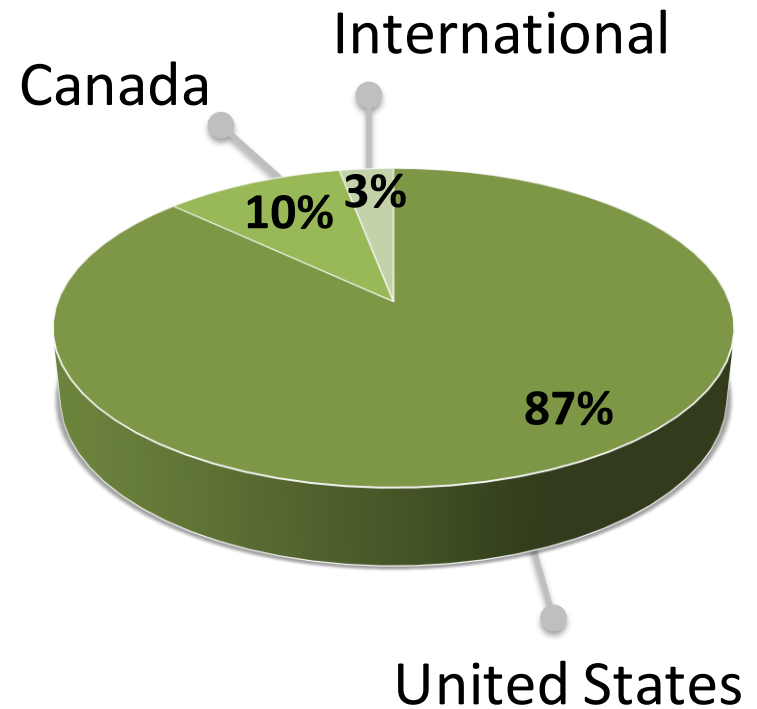


- JV in China
- Waterfurnace Shenglong HVACR Climate Solutions manufactures geothermal and traditional HVAC systems primarily for the Chinese domestic market
- Co-development of new products for international markets, Chinese domestic market and North America

Sales by Segment
(2013)



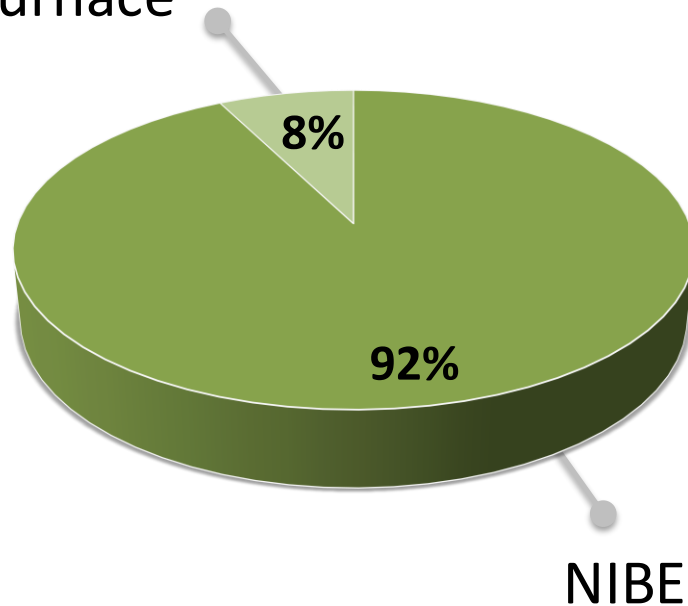
Sales by Region
(2013)



NIBE Pro forma Sales

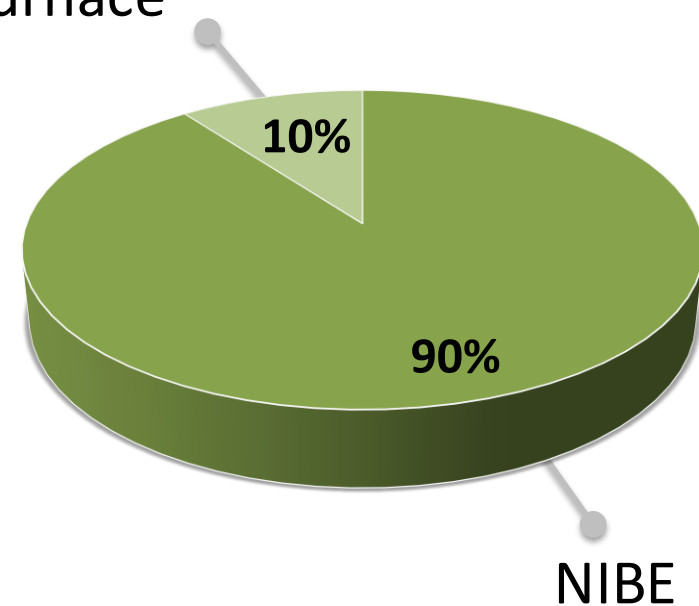
(2013 basis)

WaterFurnace

**NIBE Pro forma EBIT**

(2013 basis)

WaterFurnace



- **NIBE Pro forma effects**


- Offer: Equity value of C\$378 million (US\$351 million or SEK 2,365 million)
- Financing: Cash payment through existing credit facilities
- Net debt/EBITDA^{*}: 3.10 times (pro forma LTM basis as at December 31, 2013)
- Pro forma 2013: net sales SEK 10,634 million, EBIT SEK 1,314 million, margin: 12.4%
- Multiple: EV/2014E EBIT of 14.0x ⁽¹⁾
- EPS effect: Accretive^{*} from year one
- Synergies: marginal R&D, sourcing and manufacturing efficiencies over time

- **Approvals & timeline**

- Approvals
 - 2/3 of cast votes at Special Meeting of WaterFurnace Shareholders
 - Customary antitrust and regulatory approvals
- Expected closing date
 - Closing following above approvals expected in August 2014

- 1. Creating a true global market leader** – strengthened competitive industry position
- 2. North America platform** – geographic expansion & diversification of growth potential
- 3. Access to valuable competencies and new technologies** – leverage across NIBE Group
- 4. Strong brand, offering and distribution channels** – resilience plus market share wins
- 5. Addition of experienced leadership team** – personal chemistry/shared values
- 6. Drivers of future growth**
 - Underlying robust retrofit market
 - Expected growth uptake within residential new construction market
 - Installed base of > 300 thousand units moving towards replacement
- 7. Further consolidation opportunities**
- 8. In line with NIBE corporate vision and growth targets** – good market timing
- 9. Sound balance sheet** – strong financial ratios in tact post transaction

► While attractive to its shareholders, NIBE offers compelling value of a +27% premium ⁽¹⁾ to the shareholders of WaterFurnace, agreed and recommended by its Board/Committee



To create
world-class solutions
in sustainable energy