

# NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 5,763 million (SEK 4,862 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 532 million (SEK 443 million)
- **PROFIT AFTER TAX** was SEK 416 million (SEK 336 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.82 (SEK 0.67)
- **ACQUISITION OF**
  - Remaining 55% of shares in Italian ventilation and air conditioning company Rhoss S.p.A
- **CHANGE IN OWNERSHIP** of washing machine company Schulthess by selling 100% of the shares in Schulthess Maschinen AG to a new owner company of which NIBE will own 51% together with Helvetica Capital AG and the company's management (May)

Interim report 1 · 2019

# A strong start to the year – varied growth between market segments

Consolidated sales for the first quarter grew by 18.5% (11.3%), of which 13.3% (2.2%) was organic. The weak Swedish krona had a marked positive effect on sales growth.

Demand in general was widely varied. For example, while the general market for products with a sustainability profile in general and climate control products in particular remained strong, several consumer products and special products saw flatter or less strong growth.

Despite the continued low level of interest rates, consumer caution in certain market segments may be partly due to concern about an impending interest rate increase, which several central banks have flagged up for some time and have even implemented in some cases. However, in recent weeks, the central banks have adopted a change of tone that should be appreciated by both consumers and producers.

On 10 May, the Swiss company Schulthess Maschinen AG was sold to a new owner company in which NIBE will hold a 51% interest, while the other owners will be Helvetica Capital AG and the company's management.

NIBE acquired the listed Schulthess Group AG in April 2011. The German heat pump company Alpha Innotec accounted for most of its operations and was the reason for the acquisition. Although washing machines and tumble dryers were not an obviously natural part of our business, we continued to invest heavily in the company for eight years while waiting for an optimum ownership solution.

Over the next three years, NIBE will remain the majority shareholder and ensure a soft transition until Helvetica Capital AG takes over the role of majority shareholder. The aim is to divest entirely after another three to four years. That the company's management has also been given the opportunity to become partners is entirely in line with NIBE's business philosophy and values.

**The NIBE Climate Solutions business area** continued to work purposefully to strengthen its position as the leading supplier of intelligent, sustainable, high-performance climate control solutions designed for single-family homes. Targeted efforts are also in progress to establish the business area in a similar position in the commercial property mar-

ket. This is the context in which to view the acquisition of the remaining 55% of the shares in the Italian ventilation and air conditioning company Rhoss just after year-end.

The quarter also saw the presentation of a brand-new range of heat pumps, with which the business area has taken an exciting new step that focuses on connectivity and intelligent control.

It is satisfying to note both our good sales growth and the improvements in our operating margin. Good market presence and a comprehensive, high-performance product range combined with favourable market conditions both in North America and on most markets in Europe are the principal reasons for the strong growth. Strong organic growth, continued internal efficiency enhancements and some price increases to compensate for dramatic rises in material prices have all helped to further improve our operating margin.

**The NIBE Element business area** enjoyed continued strong sales growth in a market that has generally been cautious but with considerable variations between product segments. Our wide product range, our excellent geographical presence and our well-established technology centres are the principal reasons for the strong growth.

The market segments with a clear sustainability profile are those that have developed best, for example wind energy and sustainable climate control solutions. However, there was weaker growth in market segments with a traditional consumer profile. Demand in the semiconductor industry, a relatively new but important market segment for the business area, has also been considerably lower. We are also seeing a lower level of investment in the transport sector, primarily on infrastructure. While the semiconductor industry and the market for electric vehicles started the year cautiously, expectations are high for both market segments in the coming year.

The improvement in operating profit is a direct consequence of the strong sales growth. But despite this, the operating margin weakened slightly, the result of lower sales for certain product groups that are favourable to margin growth as well as increased cost pressure in our low-cost units.

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## Calendar

### 14 May 2019

08:00 (CET) Interim report 1, January – March 2019

11:00 (CET) Telephone conference (in English)

Presentation of Interim Report 1 2019 and opportunity to ask questions.

Registration on our website [www.nibe.com](http://www.nibe.com) is required in order to access the presentation images during the conference. To listen by phone, call +46 8 566 42 703.

17:00 (CET) Annual General Meeting

### 16 August 2019

Interim Report 2, January – June 2019

### 15 November 2019

Interim report 3, January – September 2019



**The NIBE Stoves business area** continued to grow well, although there are variations between market segments. Generally, demand was slightly better in North America and slightly weaker in Europe. In terms of growth in the various market segments, products designed for pellets, gas and electricity had better growth, while wood-burning products saw weaker demand.

Like the two other business areas, the decisive success factors are continuous product development, focusing on both design and efficiency, a wide product range and good market presence.

The improvement in operating profit is primarily attributable to sales growth, while the slightly weaker operating margin is primarily due to major investments in product development and marketing.

**Investments** in our existing businesses amounted to SEK 237 million in the quarter, compared with last year's SEK 152 million, and the depreciation rate was SEK 244 million, compared with SEK 166 million last year. In accordance with IFRS 16, depreciation for the period also includes depreciation on leases of SEK 52 million, which was not the case last year. Depreciation would otherwise have amounted to SEK 192 million instead of SEK 244 million. As mentioned earlier, the rate of investment in the years to come will be close to the depreciation rate, excluding leases.

**The operating profit** improved by 15.7% in the first quarter compared with the same quarter last year, while the operating margin of 10.0% is 0.2 percentage points lower than in Q1 last year. This is due to the slightly lower operating margin in the NIBE Element and NIBE Stoves business areas.

**Profit after net financial items** improved by 20.1% in the first quarter compared with the corresponding period last year, leading to a profit margin of 9.2%, 0.1% higher than in Q1 last year. The main reason for the improvement in net financial items is currency effects.

#### Outlook for 2019

- 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 continue 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, Sweden, 14 May 2019

Gerteric Lindquist  
Managing Director and CEO

NIBE Group		2019	2018	Past	2018
Key ratios		Q1	Q1	12 months	Full year
Net sales	SEK m	5,763	4,862	23,417	22,516
Growth	%	18.5	11.3	20.1	18.5
of which acquired	%	5.2	9.1	5.1	6.0
Operating profit	SEK m	575	497	2,907	2,829
Operating margin	%	10.0	10.2	12.4	12.6
Profit after net financial items	SEK m	532	443	2,756	2,667
Profit margin	%	9.2	9.1	11.8	11.8
Equity ratio	%	47.1	45.5	47.1	47.7
Return on equity	%	13.6	13.1	14.3	14.8

## Sales

Consolidated net sales totalled SEK 5,763 million (SEK 4,862 million). This corresponds to growth of 18.5%, of which 13.3% was organic. Acquired operations accounted for SEK 251 million of the total SEK 901 million increase in sales.

## Earnings

Profit for the period after net financial items was SEK 532 million. This equates to a 20.1% increase in earnings compared with the same period in 2018. In 2018, profit after net financial items amounted to SEK 443 million. As from 1 January 2019, the Group applies the new IFRS 16 accounting standard. The effects on the consolidated income statement and balance sheet are described on page 14 under 'Accounting policies'. Profit for the period was charged with acquisition expenses of SEK 7 million (SEK 2 million). Return on equity was 13.6% (13.1%). Some of the Group's key ratios have also been affected by IFRS 16. The effects of the new standard are described on page 11.

## Acquisitions

In January 2019, NIBE acquired the remaining 55% of the shares in the Italian ventilation and air conditioning company Rhoss S.p.A. The company, which has sales of approximately SEK 670 million, was consolidated into the NIBE Climate Solutions business area as from January 2019. The acquisition value is still provisional.

## Significant events after the end of the period

On 10 May, 100% of the shares in the Swiss company Schulthess Maschinen AG was sold for CHF 150 million on a cash-free and debt-free basis to a new owner company in which NIBE will hold a 51% interest. The other owners will be Helvetica Capital AG and the company's management. The agreement grants Helvetica Capital AG an option to acquire another 26% of the shares within a period of three years. The aim is to divest the business entirely after another three to four years. Operations will continue to be consolidated with recognition of minority shares as long as NIBE has a majority shareholding. Consequently, no capital gain will be recognised in the present financial year.

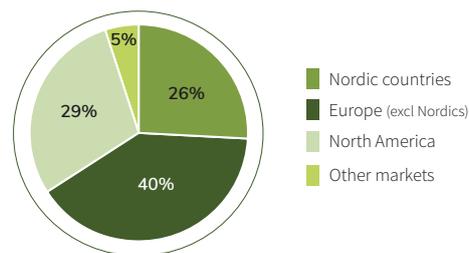
## Investments

During the period, the Group made investments totalling SEK 537 million (SEK 1,402 million). A total of SEK 300 million (SEK 1,250 million) of the investments relates to acquisitions of operations. The remaining SEK 237 million (SEK 152 million) is mainly investments in machinery and equipment in existing operations. The investment amount relating 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 802 million (SEK 492 million). Cash flow after changes in working capital amounted to SEK 525 million (SEK 112 million). The effects of IFRS 16 on the consolidated cash flow statement are described under 'Accounting policies' on page 14.

## Group sales by geographical region



## Net sales

Past nine quarters (in millions of SEK)



## Profit after financial items

Past nine quarters (in millions of SEK)



Interest-bearing liabilities at the end of the period amounted to SEK 10,190 million, compared with SEK 9,239 million at the start of the year. Following the introduction of IFRS 16, as from 1 January 2019 lease liabilities are recognised among interest-bearing liabilities, which is the main reason for the increase. At the end of the period, the Group had cash and cash equivalents of SEK 3,656 million as against SEK 3,562 million at the start of the year. The equity/assets ratio at the end of the period was 47.1%, compared with 47.7% at the start of the year and 45.5% at the corresponding time last year.

## Parent

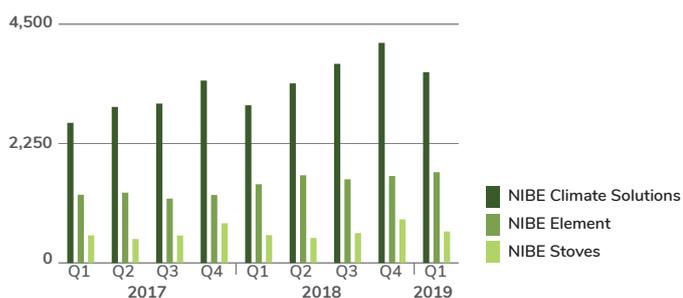
Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 8 million (SEK 5 million) and profit after financial items was SEK 19 million (SEK -17 million).

## Business area trends

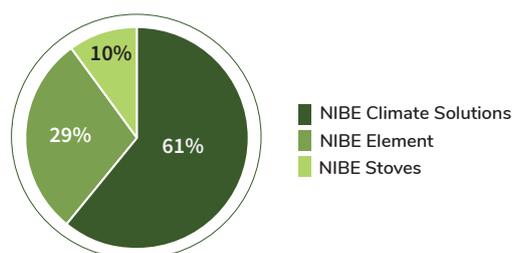
### Quarterly data

Consolidated income statements (SEK million)	2019		2018				2017			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net sales	5,763	4,862	5,371	5,785	6,498	4,370	4,639	4,644	5,356	
Operating expenses	-5,188	-4,365	-4,739	-4,990	-5,593	-3,944	-4,110	-3,981	-4,630	
<b>Operating profit</b>	<b>575</b>	<b>497</b>	<b>632</b>	<b>795</b>	<b>905</b>	<b>426</b>	<b>529</b>	<b>663</b>	<b>726</b>	
Net financial items	-43	-54	-44	-36	-28	-30	-48	-51	-33	
<b>Profit after net financial items</b>	<b>532</b>	<b>443</b>	<b>588</b>	<b>759</b>	<b>877</b>	<b>396</b>	<b>481</b>	<b>612</b>	<b>693</b>	
Tax	-116	-107	-148	-152	-188	-103	-123	-130	-123	
<b>Net profit</b>	<b>416</b>	<b>336</b>	<b>440</b>	<b>607</b>	<b>689</b>	<b>293</b>	<b>358</b>	<b>482</b>	<b>570</b>	
<b>Net sales, business areas</b>										
NIBE Climate Solutions	3,593	2,971	3,384	3,752	4,148	2,640	2,940	3,003	3,437	
NIBE Element	1,710	1,483	1,652	1,576	1,638	1,285	1,325	1,212	1,280	
NIBE Stoves	593	524	471	563	821	520	451	517	748	
Elimination of Group transactions	-133	-116	-136	-106	-109	-75	-77	-88	-109	
<b>Group total</b>	<b>5,763</b>	<b>4,862</b>	<b>5,371</b>	<b>5,785</b>	<b>6,498</b>	<b>4,370</b>	<b>4,639</b>	<b>4,644</b>	<b>5,356</b>	
<b>Operating profit per business area</b>										
NIBE Climate Solutions	385	308	436	590	628	256	356	460	523	
NIBE Element	161	154	198	164	134	142	158	149	114	
NIBE Stoves	50	45	23	59	138	45	31	69	130	
Elimination of Group transactions	-21	-10	-25	-18	5	-17	-16	-15	-41	
<b>Group total</b>	<b>575</b>	<b>497</b>	<b>632</b>	<b>795</b>	<b>905</b>	<b>426</b>	<b>529</b>	<b>663</b>	<b>726</b>	

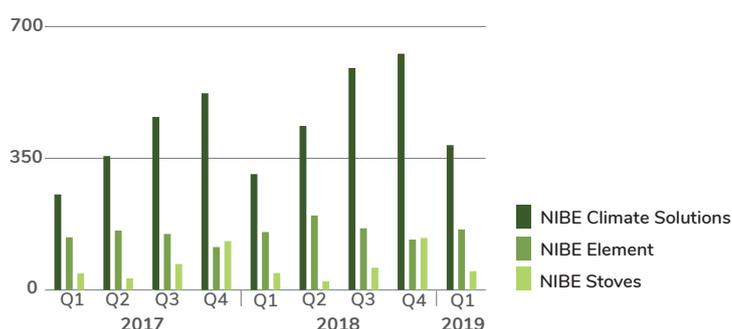
Sales per business area last nine quarters (SEK million)



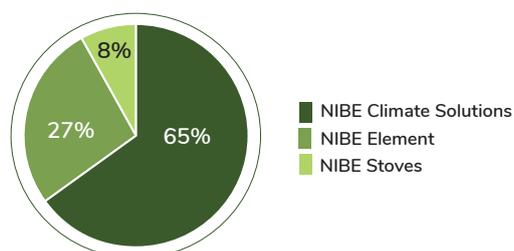
Each business area's share of total sales (Q1 2019)



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



Each business area's share of total profit (Q1 2019)



# NIBE Climate Solutions business area

## Sales and profit

Sales for the period totalled SEK 3,593 million, compared with SEK 2,971 million for the corresponding period last year. Of the increase in sales of SEK 622 million, acquired sales accounted for SEK 206 million, which means that organic growth was 14.0%.

Operating profit for the period totalled SEK 385 million, compared with SEK 308 million the previous year. This equates to an operating margin of 10.7% compared with last year's 10.4%. The operating margin for the past 12 months is thus 13.7%.

## Market

Sustainable, energy-efficient, intelligent solutions for indoor climate comfort in all types of property are high on the international agenda, given the desire to try and resolve the issue of climate change. This is helping give a continuous boost to demand for various heat pump solutions, and we are reinforcing our international market position through our profile as a comprehensive supplier in this area.

The North American heat pump market for single-family homes continued to grow at the start of the year. State subsidies remain important to the growth of the industry. To reduce our dependency on them in the long term, we are conducting large-scale campaigns to raise awareness among North American consumers of heat pumps as a sustainable solution for climate control in properties.

In both the Nordic region and Western Europe, all our targeted markets are growing. The growing interest among political decision-makers in several countries to tackle global environmental and climate challenges is helping to continue the expansion of the heat pump market. Norway and the Netherlands are good examples of countries that are phasing out fossil fuels and paving the way for sustainable heat pump solutions. There is estimated to be very great potential for heat pumps particularly in France, Germany and the United Kingdom. There are lofty ambitions to phase out oil and gas as heating fuels in the long term, but high taxes on electricity, combined with low oil and gas prices, are counteracting rapid conversion. However, it is gratifying that most new single-family homes being built in Germany today have heat pumps.

Market growth in Eastern Europe continues to be strong, and we have reinforced our market position for product concepts for indoor climate comfort, above all heat pumps and water heaters.

The Swedish domestic market for heat pumps continues to grow. The main reason is a growing replacement market, while construction of new single-family homes has declined. As we have a very strong market position in both segments, we can react flexibly to changes of this type.

Demand for energy-efficient product solutions for commercial properties also continues to grow in both North America and Europe. We are well established in North America in this area, and in Europe we are intensifying our focus on the commercial segment, with dedicated new resources.

Demand for traditional water heaters and district heating products remains stable in both the Nordics and the rest of Europe.

## Operations

The start of the year was characterised by major marketing initiatives and product launches. In January, we attended one of the world's biggest international trade fairs, AHR Expo in the US, with our North American businesses.

In March, we attended ISH in Germany, the biggest industry fair in Europe, with several of our European companies. NIBE held the world

## NIBE Climate Solutions

Key ratios		2019	2018	Past	2018
		Q1	Q1	12 months	Full year
Net sales	SEK m	3,593	2,971	14,876	14,255
Growth	%	20.9	12.5	20.4	18.6
of which acquired	%	6.9	6.4	2.9	2.7
Operating profit	SEK m	385	308	2,039	1,962
Operating margin	%	10.7	10.4	13.7	13.8
Assets	SEK m	22,437	19,436	22,437	20,637
Liabilities	SEK m	2,916	2,395	2,916	2,463
Investments in non-current assets	SEK m	131	86	449	404
Depreciation	SEK m	147	107	488	448

première launch of a brand-new generation of heat pumps at the fair. With the new S series, the business area takes a quantum leap in terms of connectivity and intelligent control, coupled with a timeless new streamlined product design. This is all the result of our continuous, vigorous investment in product development of sustainable climate control solutions.

In parallel with the direct product development work, we are working hard to convert our heat pumps to more environmentally friendly refrigerants without compromising on efficiency and quality.

To enhance our profile as the market leader in energy-efficient, environmentally friendly, intelligent product solutions for indoor climate comfort, we also attend several national trade fairs and focus strongly on digital media to reach out to end consumers, installers and other decision-makers in the industry.

With the acquisition of the remaining 55% of the shares in the Italian ventilation and air conditioning company Rhoss just after year-end, we now have a wholly owned subsidiary that will be an important platform for our commercial initiatives in Europe. A new, very experienced management team has already been installed, and the company's sights are now set on a double-digit operating margin within 24 months.

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

We implement cost-saving measures on an ongoing basis in production, purchasing and other operations to maintain our healthy underlying operating margin. Continuous improvement measures are under way to ensure those acquired units with a margin that falls short of our existing operations achieve established targets as soon as possible.



AHR Expo



The first quarter was characterised by major marketing initiatives and product launches for several companies, including at North America's biggest energy trade fair, AHR Expo, in January and at Europe's biggest industry fair, ISH, in Germany in March.



The ISH fair



# NIBE Element business area

## Sales and profit

Sales for the period totalled SEK 1,710 million, compared with SEK 1,483 million for the corresponding period last year. Of the increase in sales of SEK 227 million, acquired sales accounted for SEK 48 million, which means that organic growth was 12.1%.

Operating profit for the period totalled SEK 161 million, compared with SEK 154 million the previous year. This equates to an operating margin of 9.4% compared with 10.4% for the previous year. The operating margin for the past 12 months is thus 10.0%.

## Market

The international element market was generally cautious at the start of the year, but growth varies dramatically between market segments. There is something of a slowdown in economic growth on several geographical markets, but at the same time several market segments that primarily focus on conversion to more sustainable energy solutions are seeing growth.

Market segments linked to the construction sector continue to develop well, particularly in terms of products focusing on renewable energy and sustainable energy solutions. However, there is something of a decline for consumer products such as domestic appliances on several markets.

We can also see that several specialist segments that grew last year have started this year on a much weaker note. This is true of segments that include heating jackets with products designed for machine manufacturers focusing on the semiconductor industry, which are finding that their customers are investing at a lower level. The semiconductor industry, a new segment for NIBE Element, has also undergone dramatic cyclical fluctuations in the past. We are also seeing a lower level of investment in the transport sector on infrastructure.

With our customers in the automotive industry, we are carrying out several development projects to meet higher demand for environmental performance and conversion to electric or hybrid vehicles. The evolution towards more advanced safety systems also entails new needs for heating solutions. These usually also include control and monitoring, so we are boosting our resources in these areas.

Several strategic acquisitions during the previous year enhanced the geographical distribution and product offering of the business area.

Uncertainty has grown recently among our international customers about where to place their production, based on the discussions and activities under way regarding changes in customs duties and trade rules. Although the uncertainty has a negative impact to some extent, this development also makes us see the major advantages in having our production dispersed throughout many different countries, making

## NIBE Element

Key ratios		2019	2018	Past	2018
		Q1	Q1	12 months	Full year
Net sales	SEK m	1,710	1,483	6,576	6,349
Growth	%	15.3	15.4	24.1	24.4
of which acquired	%	3.2	17.6	11.3	15.3
Operating profit	SEK m	161	154	658	650
Operating margin	%	9.4	10.4	10.0	10.2
Assets	SEK m	8,318	7,072	8,318	7,655
Liabilities	SEK m	1,343	1,109	1,343	1,177
Investments in non-current assets	SEK m	91	46	259	214
Depreciation	SEK m	67	40	193	166

it easier for us to monitor changes in trade patterns. However, the opportunities for relocating production may, in some cases, be limited initially by access to machine capacity and human resources.

## 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 the operating margin at the established target of 10%.

We are still seeing 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. We are also taking several steps to improve the working environment for our employees and achieve our sustainability targets. Establishment in additional Asian markets outside of China also gives us access to alternative low-cost production.

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. We are seeing increases in the prices of certain metals and inputs, which necessitate continued price adjustments in most market and product segments.

Overall, the great difference in demand between segments meant a less favourable product mix, in terms of the margin, than in the same period in the previous year.



*On 12 April 1949, Christian Backer and Nils Bernerup registered the first Backer company, Backer Elektro-Värme AB, in Sösådal. The head offices of the Backer Group and NIBE Element are still in the same premises in Sösådal 70 years later. NIBE Element now operates worldwide with 60 production units on four continents and is a world leader in intelligent heating and control.*

# NIBE Stoves business area

## Sales and profit

Sales for the period totalled SEK 593 million, compared with SEK 524 million for the corresponding period last year. Of the increase in sales of SEK 69 million, acquired sales accounted for SEK 19 million, which means that organic growth was 9.5%.

Operating profit for the period totalled SEK 50 million, compared with SEK 45 million the previous year. This equates to an operating margin of 8.4% compared with 8.6% for the previous year. This means that the operating margin for the past 12 months is 11.0%.

## Market

The demand trend on most of our main markets has been unchanged since the end of last year, which generally means slightly weaker growth in Europe and slightly higher demand in North America at the start of 2019.

The Swedish market for stove products is at roughly the same level as before so far this year. Continued stiff competition with investments in other durable goods and a slightly declining rate of construction of new single-family homes are factors that are reducing demand. In Norway, however, the positive market growth of last year has continued, driven by high interest in renovation and a high rate of housing construction. After the introduction of subsidies in Denmark to phase out old, obsolete fireplaces, general demand has increased here too.

Demand for gas-fired products continues to grow in the United Kingdom. This is due to the user-friendliness of the products and the relatively low price of gas. The market for wood-burning products, however, has continued to shrink, due in large part to more widespread negative debate about wood firing and a degree of caution until the new Ecodesign requirements have been fully absorbed by consumers. The overall assessment is that the market is at roughly the same level as last year.

Demand for stove products in Germany and France is unchanged from last year so far. In both countries, but particularly in France, demand for pellet products continues to grow.

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

## NIBE Stoves

Key ratios		2019 Q1	2018 Q1	Past 12 months	2018 Full year
Net sales	SEK m	593	524	2,448	2,379
Growth	%	13.0	0.8	9.3	6.4
of which acquired	%	3.5	0.0	2.7	1.9
Operating profit	SEK m	50	45	270	265
Operating margin	%	8.4	8.6	11.0	11.2
Assets	SEK m	3,596	3,066	3,596	3,304
Liabilities	SEK m	486	368	486	407
Investments in non-current assets	SEK m	15	17	78	80
Depreciation	SEK m	31	19	88	77

## Operations

We are continuously investing resources in the development of new products with even better performance and attractive new designs. One result of this work is that one of the latest Contura models, the Contura 300, recently won the internationally coveted IF Design Award. Further proof of the importance of a product's appearance to its sales is the success we have enjoyed with the ME model series from Nordpeis which was launched last year and has an exciting new design.

At the end of the first quarter, two of our Danish companies, Lotus Heating Systems and TermaTech, attended the ISH fair in Germany with great success.

To meet the growing demand for gas products and electric stoves, primarily in the United Kingdom, we have invested in measures to boost capacity and improve productivity in our British production units. We currently have a good supply situation. The measures taken, combined with the start of well-balanced stockpiling ahead of the important peak season in the autumn, mean that we expect continued good delivery capacity for the rest of the year.



*The Contura 300 was awarded the internationally coveted IF Design Award. The motivation for the award was that it is "a modern wood-burning stove that combines outstanding Swedish design with Swedish engineering expertise".*



## Income Statement summaries

(SEK million)	Group				Parent	
	Jan-Mar 2019	Jan-Mar 2018	Past 12 months	Full year 2018	Jan-Mar 2019	Jan-Mar 2018
Net sales	5,763	4,862	23,417	22,516	8	5
Cost of goods sold	-3,921	-3,271	-15,704	-15,054	0	0
<b>Gross profit</b>	<b>1,842</b>	<b>1,591</b>	<b>7,713</b>	<b>7,462</b>	<b>8</b>	<b>5</b>
Selling expenses	-926	-815	-3,543	-3,432	0	0
Administrative expenses	-418	-328	-1,543	-1,453	-20	-13
Other operating income	77	49	280	252	0	0
<b>Operating profit</b>	<b>575</b>	<b>497</b>	<b>2,907</b>	<b>2,829</b>	<b>-12</b>	<b>-8</b>
Net financial items	-43	-54	-151	-162	31	-9
<b>Profit after net financial items</b>	<b>532</b>	<b>443</b>	<b>2,756</b>	<b>2,667</b>	<b>19</b>	<b>-17</b>
Tax	-116	-107	-604	-595	0	0
<b>Net profit</b>	<b>416</b>	<b>336</b>	<b>2,152</b>	<b>2,072</b>	<b>19</b>	<b>-17</b>
Net profit attributable to Parent shareholders	415	336	2,153	2,074	19	-17
Net profit attributable to non-controlling interest	1	0	-1	-2	0	0
<b>Net profit</b>	<b>416</b>	<b>336</b>	<b>2,152</b>	<b>2,072</b>	<b>19</b>	<b>-17</b>
Includes depreciation according to plan as follows	244	166	769	691	0	0
Net earnings per share before and after dilution in SEK	0.82	0.67	4.27	4.11	0	0

## Statement of comprehensive income

<b>Net profit</b>	<b>416</b>	<b>336</b>	<b>2,152</b>	<b>2,072</b>	<b>19</b>	<b>-17</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	25	15	40	0	0
Tax	0	-5	-4	-9	0	0
	<b>0</b>	<b>20</b>	<b>11</b>	<b>31</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>						
Cash flow hedges	0	-11	12	1	0	0
Hedging of net investment	-17	-38	-38	-59	0	0
Exchange differences	606	559	1,200	1,153	0	0
Tax	-39	-3	-109	-73	0	0
	<b>550</b>	<b>507</b>	<b>1,065</b>	<b>1,022</b>	<b>0</b>	<b>0</b>
<b>Total other comprehensive income</b>	<b>550</b>	<b>527</b>	<b>1,076</b>	<b>1,053</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>966</b>	<b>863</b>	<b>3,228</b>	<b>3,125</b>	<b>19</b>	<b>-17</b>
Comprehensive income attributable to Parent shareholders	965	863	3,230	3,128	19	-17
Comprehensive income attributable to non-controlling interest	1	0	-2	-3	0	0
<b>Total comprehensive income</b>	<b>966</b>	<b>863</b>	<b>3,228</b>	<b>3,125</b>	<b>19</b>	<b>-17</b>

## Balance sheet in summary

(SEK million)	Group			Parent		
	31/3/2019	31/3/2018	31/12/2018	31/3/2019	31/3/2018	31/12/2018
Intangible assets	17,890	16,115	17,029	0	0	0
Property, plant and equipment	4,472	3,177	3,410	0	0	0
Financial assets	469	498	589	14,209	13,043	14,224
<b>Total non-current assets</b>	<b>22,831</b>	<b>19,790</b>	<b>21,028</b>	<b>14,209</b>	<b>13,043</b>	<b>14,224</b>
Inventories	4,579	3,817	4,106	0	0	0
Current receivables	4,160	3,496	3,968	195	62	158
Investments in securities etc.	99	104	166	0	0	0
Cash and bank balances	3,067	2,811	3,023	49	0	51
<b>Total current assets</b>	<b>11,905</b>	<b>10,228</b>	<b>11,263</b>	<b>244</b>	<b>62</b>	<b>209</b>
<b>Total assets</b>	<b>34,736</b>	<b>30,018</b>	<b>32,291</b>	<b>14,453</b>	<b>13,105</b>	<b>14,433</b>
Equity	16,377	13,670	15,421	7,780	7,639	7,761
Non-current liabilities and provisions, non-interest-bearing	4,128	3,579	3,973	329	228	318
Non-current liabilities and provisions, interest-bearing	8,046	7,138	7,357	5,358	5,014	5,360
Current liabilities and provisions, non-interest-bearing	4,041	3,609	3,658	86	224	94
Current liabilities and provisions, interest-bearing	2,144	2,022	1,882	900	0	900
<b>Total equity and liabilities</b>	<b>34,736</b>	<b>30,018</b>	<b>32,291</b>	<b>14,453</b>	<b>13,105</b>	<b>14,433</b>

## Key ratios

		Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Growth	%	18.5	11.3	18.5
Operating margin <sup>1)</sup>	%	10.0	10.2	12.6
Profit margin	%	9.2	9.1	11.8
Investments in non-current assets	SEK m	537	1,402	2,479
Cash and equivalents	SEK m	3,656	3,295	3,562
Working capital, incl. cash and bank balances as share of net sales	SEK m %	7,864 33.6	6,619 33.9	7,604 33.8
Working capital, excl. cash and bank balances as share of net sales	SEK m %	4,698 20.1	3,704 19.0	4,416 19.6
Interest-bearing liabilities/Equity <sup>2)</sup>	%	62.3	67.0	60.0
Equity/assets ratio <sup>3)</sup>	%	47.1	45.5	47.7
Return on capital employed <sup>4)</sup>	%	12.1	11.2	13.0
Return on equity <sup>5)</sup>	%	13.6	13.1	14.8
Net debt/EBITDA <sup>6)</sup>	times	1.9	2.0	1.7
Interest coverage ratio <sup>7)</sup>	times	7.7	6.2	8.8

After the introduction of IFRS 16, some of the Group's key ratios are no longer comparable with previous periods as the new standard has an impact on both the income statement and the balance sheet. The following key ratios for Q1 2019, in which the impact of IFRS 16 has been eliminated, permit a truer and fairer comparison with previous periods as they have not been restated:

- 1) The operating margin would have been 9.9%
- 2) Interest-bearing liabilities/Equity would have been 57.3%
- 3) The equity/assets ratio would have been 48.2%
- 4) Return on capital employed would have been 12.2%
- 5) Return on equity would have been 13.5%
- 6) Net debt/EBITDA would have been 1.7 times
- 7) The interest coverage ratio would have been 8.2 times

## Data per share

		Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Net profit per share (total 504,016,622 shares)	SEK	0.82	0.67	4.11
Equity per share	SEK	32.46	27.12	30.57
Closing day share price	SEK	119.05	79.02	90.92

## Statement of cash flow – summaries

(SEK million)	Jan–Mar 2019	Jan–Mar 2018	Full year 2018
Cash flow from operating activities	802	492	2,652
Change in working capital	– 277	– 380	– 764
Investing activities	– 511	– 787	– 1,778
Financing activities	– 104	114	– 500
Exchange difference in cash and equivalents	67	54	157
<b>Change in cash and cash equivalents</b>	<b>– 23</b>	<b>– 507</b>	<b>– 233</b>

## Change in equity – summaries

(SEK million)	Jan–Mar 2019	Jan–Mar 2018	Full year 2018
Opening equity	15,421	12,807	12,807
Effect of change in accounting policy <sup>1)</sup>	– 10	0	0
Adjusted opening equity	15,411	12,807	12,807
Shareholders' dividend	0	0	– 529
Dividend to non-controlling interest	0	0	– 1
Change in non-controlling interest	0	0	19
Comprehensive income for the period	966	863	3,125
<b>Closing equity</b>	<b>16,377</b>	<b>13,670</b>	<b>15,421</b>

1) IFRS 16 was implemented with retrospective effect on opening equity.

## Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimi- nations	Total
Nordic countries	1,098	319	157	– 103	1,471
Europe (excl. Nordics)	1,485	586	290	– 27	2,334
North America	954	612	127	– 3	1,690
Other countries	56	193	19	0	268
<b>Total</b>	<b>3,593</b>	<b>1,710</b>	<b>593</b>	<b>– 133</b>	<b>5,763</b>

## Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Deliverables taken up as revenue once	3,538	1,710	593	– 133	5,708
Deliverables taken up as revenue gradually	55	0	0	0	55
<b>Total</b>	<b>3,593</b>	<b>1,710</b>	<b>593</b>	<b>– 133</b>	<b>5,763</b>

### 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, so 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, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be taken up as revenue gradually over the coming six-year period.

## Financial instruments measured at fair value

(SEK million)	Jan–Mar 2019	Jan–Mar 2018	Full year 2018
<b>Current receivables</b>			
Currency futures	1	0	4
Commodity futures	1	5	0
<b>Total</b>	<b>2</b>	<b>5</b>	<b>4</b>
<b>Financial assets</b>			
Interest rate derivatives	14	21	13
<b>Current liabilities and provisions, non-interest-bearing</b>			
Currency futures	0	15	0
Commodity futures	0	0	2
<b>Total</b>	<b>0</b>	<b>15</b>	<b>2</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 2018. For other consolidated financial assets and liabilities, 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 2018.

## 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 million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Acquisition of non-current assets	538	1,404	2,493
Disposal of non-current assets	- 1	- 2	- 14
<b>Net investments in non-current assets</b>	<b>537</b>	<b>1,402</b>	<b>2,479</b>

### Working capital, including cash and bank balances

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Total current assets	11,905	10,228	11,263
Current liabilities and provisions, non-interest-bearing	- 4,041	- 3,609	- 3,659
<b>Working capital, including cash and bank balances</b>	<b>7,864</b>	<b>6,619</b>	<b>7,604</b>
Net sales in the past 12 months	23,417	19,501	22,516
<b>Working capital, including cash and bank balances, in relation to net sales, %</b>	<b>33.6</b>	<b>33.9</b>	<b>33.8</b>

### Return on capital employed

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Profit after net financial items last 12 months	2,756	2,229	2,667
Financial expenses in the past 12 months	336	280	341
Profit before financial expenses	3,092	2,509	3,008
Capital employed at start of period	24,660	21,783	21,783
Capital employed at end of period	26,568	22,831	24,660
Average capital employed	25,614	22,307	23,221
<b>Return on capital employed, %</b>	<b>12.1</b>	<b>11.2</b>	<b>13.0</b>

### Net debt/EBITDA

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Non-current liabilities and provisions, interest-bearing	8,046	7,138	7,357
Current liabilities and provisions, interest-bearing	2,144	2,022	1,882
Cash and bank balances	- 3,067	- 2,811	- 3,023
Investments in securities etc.	- 99	- 104	- 166
Net debt	7,024	6,246	6,050
Operating profit in the past 12 months	2,907	2,415	2,829
Depreciation and impairment in the past 12 months	769	641	691
EBITDA	3,676	3,056	3,520
<b>Net debt/EBITDA, times</b>	<b>1.9</b>	<b>2.0</b>	<b>1.7</b>

### Cash and equivalents

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Cash and bank balances	3,067	2,811	3,023
Investments in securities etc.	99	104	166
Unutilised overdraft facilities	490	380	373
<b>Cash and equivalents</b>	<b>3,656</b>	<b>3,295</b>	<b>3,562</b>

### Working capital, excluding cash and bank balances

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Inventories	4,579	3,817	4,106
Current receivables	4,160	3,496	3,968
Current liabilities and provisions, non-interest-bearing	- 4,041	- 3,609	- 3,658
<b>Working capital, excluding cash and bank balances</b>	<b>4,698</b>	<b>3,704</b>	<b>4,416</b>
Net sales in the past 12 months	23,417	19,501	22,516
<b>Working capital, excluding cash and bank balances, in relation to net sales, %</b>	<b>20.1</b>	<b>19.0</b>	<b>19.6</b>

### Return on equity

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Profit after net financial items last 12 months	2,756	2,229	2,667
Standard tax rate, %	21.4	22.0	22.0
Profit after net financial items, after tax	2,166	1,739	2,080
Equity at start of period	15,406	12,807	12,807
Equity at end of period	16,361	13,670	15,406
Average equity	15,883	13,239	14,107
<b>Return on equity, %</b>	<b>13.6</b>	<b>13.1</b>	<b>14.8</b>

### Interest coverage ratio

(SEK million)	Jan-Mar 2019	Jan-Mar 2018	Full year 2018
Profit after net financial items	532	443	2,667
Financial expenses	80	85	341
<b>Interest coverage ratio, times</b>	<b>7.7</b>	<b>6.2</b>	<b>8.8</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 at 31 March 2019 was SEK 119.05.

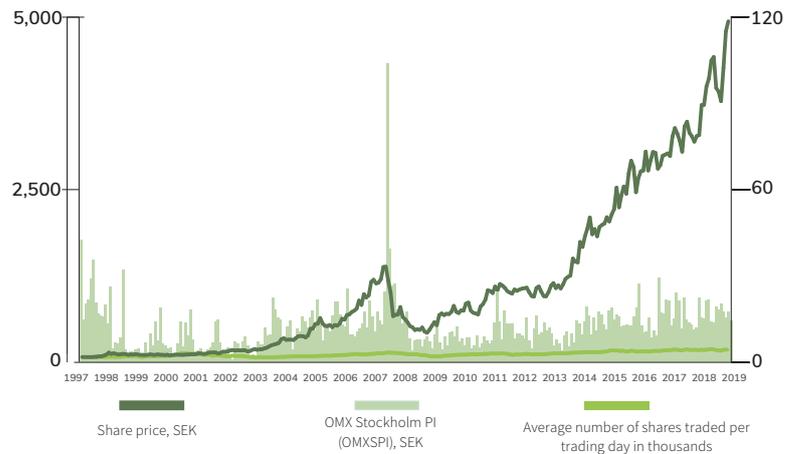
In the first quarter of 2019, NIBE's share price rose by 30.9%, from SEK 90.92 to SEK 119.05. During the same period, the OMX Stockholm PI (OMXSPI) increased by 11.7%.

This means that, at the end of March 2019, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 60,003 million.

A total of 41,288,362 NIBE shares were traded, which corresponds to a share turnover of 32.8% in the first quarter of 2019. 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, SEK



## Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the first quarter of 2019 has been drawn up in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related note information as well as in other parts of the interim report.

### IFRS 16 Leases

IFRS 16 entered into force on 1 January 2019. For lessees, IFRS 16 means that the former division into finance and operating leases has been withdrawn and replaced with a model in which assets and liabilities for all leases must be recognised in the balance sheet. There are exceptions for leases with low value and leases with a term of no more than 12 months. Depreciation/amortisation must be recognised in the income statement separately from interest expenses attributable to the lease liability. In the transition to the new standard, NIBE has chosen to apply the modified retrospective approach with the option of, on 1 January 2019, recognising the right-of-use assets at an amount equivalent to the lease liability at the time, but adjusted for any prepaid or accrued lease payments. The selected transition method means that comparative periods have not been restated. As at 1 January, the new standard increased consolidated property, plant and equipment by SEK 827 million and deferred tax assets by SEK 3 million. Non-current assets consist mainly of rented premises. At the same time, consolidated interest-bearing liabilities increased by SEK 840 million, SEK 225 million of which was current liabilities, meaning that consolidated equity was reduced by SEK 10 million as at 1 January. The impact of the new standard on consolidated profit before tax in Q1 is insignificant. IFRS 16 has primarily affected the classification of consolidated lease costs in that they must now, in part, be recognised as a financial expense. Consolidated operating profit for Q1 2019 thus increased by SEK 6 million, while

consolidated net financial items were charged with SEK 5 million. The consolidated cash flow statement was also affected by IFRS 16 in that lease payments made during the period, which amount to SEK 58 million, are now regarded as amortisation of lease liabilities and must therefore be recognised in financing activities. They were previously recognised in cash flow from operating activities.

In other respects, the same accounting policies as those adopted for this report are described on pages 88-91 of the company's Annual Report for 2018. 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 89 of the company's Annual Report for 2018.

## 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 2018.

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, Sweden, 14 May 2019



Hans Linnarson  
Chairman of the Board



Georg Brunstam  
Director



Anders Pålsson  
Director



Helene Richmond  
Director



Jenny Sjö Dahl  
Director



Gerteric Ladavasi  
Managing Director and CEO

The information in this report has not been subjected to scrutiny by the company's auditors.



## 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 nearly 70 years ago, NIBE has grown into an international company with 16,900 (14,300) 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 22 (19) billion in 2018.

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 report. This information was made available to the media for publication at 08:00 (CET) on 14 May 2019.

Please e-mail any questions you have about this report to:  
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