

NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 6,345 million (SEK 5,763 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 574 million (SEK 532 million)
- **PROFIT AFTER TAX** totalled SEK 434 million (SEK 416 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.84 (SEK 0.82)
- **ACQUISITION OF**
 - Serbian water heater company TIKI Group
 - 50% of shares in Turkish ventilation and air conditioning group Üntes
 - 51% of shares in Dutch heat pump distributor Nathan Holding B.V.
 - German heat pump company Waterkotte GmbH
 - 60% of shares in Swedish process heat company VEÅ AB (May)

Interim report 1 · 2020

A stable start to the year – relatively modest impact from COVID-19

Consolidated sales for the first quarter grew by 10.1% (18.5%), of which 5.0% (13.3%) was organic. The continued weak Swedish krona had a positive effect on sales growth.

Demand in general continued to be widely varied. There was strong demand for products with a clear link to sustainability. The market segments with the weakest growth in the quarter were the automotive and oil and gas industries. The markets for both consumer products and specialist products were relatively stable. COVID-19 unleashed its full force on the world in the latter part of the quarter, but so far, the Group's sales and profit have suffered relatively little impact.

The NIBE Climate Solutions business area operates in a very topical, growing market segment now that the transition to a more sustainable society has taken off. It continues to work vigorously to further strengthen its position as the leading supplier of climate control solutions designed for single-family homes and commercial properties. The guiding principle of this work is to develop even more efficient products and intelligent control systems, introduce new eco-friendly refrigerants and make its products internet ready.

During the quarter, the business area also acquired four companies with total sales of approximately SEK 1.4 billion. The acquisitions increase the business area's market share and add both greater geographical presence and new technology. Another acquisition agreement for commercial process heat systems was signed in early May.

Both sales and operating profit grew during the quarter. Favourable market conditions, good geographical presence and a comprehensive, advanced product range are the principal reasons for the growth. The improved operating margin is primarily due to improved productivity, good cost control and continued organic growth.

The NIBE Element business area is the business area that experienced the greatest variations between market segments. Market segments with a clear sustainability profile had the highest growth, while the automotive industry remained weak, along with the oil and gas industry. The domestic appliance industry was unchanged year on year, while the semiconductor industry recovered and is now showing good growth. We have gradually increased our presence in this market segment, particularly considering the strategically important acquisition made in the fourth quarter of 2019.

Three small add-on acquisitions were completed in the quarter, entirely in line with the strategy to promote synergies between already large existing units and usually entrepreneur-run companies with a niche product range.

Both sales and operating profit improved during the quarter, largely due to good positioning in all important market segments, plus the ability to move capacity from one segment to another as demand varies. The improved operating margin is primarily due to a better product mix, good cost control and certain price adjustments.

The NIBE Stoves business area experienced stable growth at the start of the year. This tailed off towards the end of the quarter due to COVID-19 as three of the business area's five production plants had to close fully or partially. There are considerable variations between market segments in this business area as well. Sales of gas-fired products are increasing in North America, while sales of wood-burning products are declining. Sales of wood-burning products are also declining in Europe, while sales of gas-fired products remain at 2019 levels. The same is true of pellet-burning stoves, while sales of electric stoves are growing.

Calendar

14 May 2020

08.00 (CET) Interim report 1, January – March 2020

11.00 (CET) Telephone conference (in English)

Presentation of Interim Report 1 2020 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference. To listen by phone, call +46 8 566 427 03.

17.00 (CET) Annual General Meeting

19 August 2020

Interim Report 2, January – June 2020

18 November 2020

Interim Report 3, January – September 2020



The major development resources directed at developing and modernising our wide product range and our constantly improving market presence are the decisive success factors for this business area as well. Consequently, we continue to invest at an undiminished rate.

The reasons for the lower operating profit in the quarter are lower sales and negative currency effects. To mitigate the effects of the prevailing situation as far as possible, extensive cost reductions are being implemented in areas in which cutbacks are not expected to harm future growth.

Investments in our existing businesses amounted to SEK 306 million in the quarter, compared with last year's SEK 237 million, and the depreciation rate was SEK 318 million, compared with SEK 244 million last year. Due to continued capacity development and the need for further rationalisation investments, the level of investment in the next few years will be at least equal to or just greater than the depreciation rate, excluding leases.

Operating profit for the first quarter improved by 11.0% compared with the corresponding period last year and the operating margin rose from 10.0% to 10.1%.

Profit after net financial items improved by 7.9% in the first quarter compared with the corresponding period in 2019. The main reason for the fall in net financial items is exchange losses.

Outlook for 2020

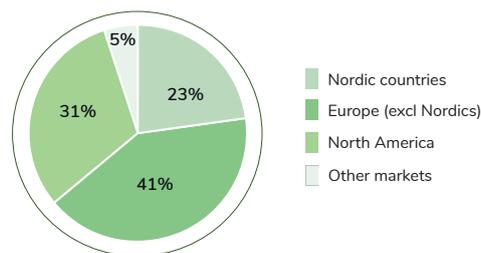
- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well prepared to continue to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will ensure persistently healthy margins.
- All three of our business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralised organisation, based on independent units, creates the conditions for greater motivation and flexibility.
- 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.
- The outbreak of COVID-19 is another such uncertainty that has caused widespread change for most of the world's communities and companies, including our own. Although we were affected by the outbreak to a relatively small extent in the first quarter, we anticipate that we will be affected to a greater extent in Q2. However, the situation is expected to remain manageable, as the start of Q2 also indicates. We also assume that most countries will try to return to a slightly more normal situation in the second half of the year. This, and the fact that our products are largely both necessary and sustainable, permits us to be cautiously positive about our performance in the second half of the year, despite all the uncertainties.

Markaryd, Sweden, 14 May 2020

Gert Eric Lindquist
Managing Director and CEO

NIBE Group		2020	2019	Past	2019
Key ratios		Q1	Q1	12 months	Full year
Net sales	SEK m	6,345	5,763	25,924	25,342
Growth	%	10.1	18.5	10.7	12.5
of which acquired	%	5.1	5.2	4.6	4.6
Operating profit	SEK m	638	575	3,101	3,038
Operating margin	%	10.1	10.0	12.0	12.0
Profit after net financial items	SEK m	574	532	2,878	2,836
Profit margin	%	9.1	9.2	11.1	11.2
Equity/assets ratio	%	47.3	47.1	47.3	47.0
Return on equity	%	12.2	13.6	12.5	13.5

Group sales by geographical region



Sales

Consolidated net sales totalled SEK 6,345 million (SEK 5,763 million). This corresponds to growth of 10.1%, of which 5.0% was organic. Acquired operations accounted for SEK 291 million of the total SEK 582 million increase in sales.

Profit

Profit for the period after net financial items was SEK 574 million. This equates to a 7.9% increase in earnings compared with the same period in 2019, when profit after net financial items amounted to SEK 532 million. Due to the pandemic and the restrictions consequently introduced in certain countries, some of the Group's production plants were idle for parts of the period. All three business areas were affected. However, the greatest impact was on the NIBE Stoves business area, which has very few production plants compared with the two other areas. Profit for the period was charged with acquisition expenses of SEK 12 million (SEK 7 million). Return on equity was 12.2% (13.6%).

Acquisitions

January saw the completion of the acquisition of the Serbian water heater manufacturer TIKI Group, which has a strong market position in Eastern Europe and sales of approximately EUR 35 million, with an EBITDA of approximately 10%. The company was consolidated into the NIBE Climate Solutions business area as of January 2020. The acquisition value is still provisional.

February saw the acquisition of 50% of the shares in the Turkish group of companies Üntes with an agreement to acquire the remaining 50% of the shares by 2024. The company, which develops and produces ventilation and air conditioning products for commercial properties, has sales of approximately EUR 38 million and an operating margin markedly higher than 10%. The company was consolidated into the NIBE Climate Solutions business area as of March 2020. The acquisition value is still provisional.

In February, an agreement was also made to acquire 51% of the shares in Dutch company Nathan Holding B.V. with an agreement to acquire the remaining shares later in two stages. Among other things, Nathan imports our German subsidiary AIT's heat pumps and sells complete solutions, including both drilling geothermal energy wells and underfloor heating systems. The company has annual sales of approximately EUR 50 million and an operating margin of just over 6% and will be consolidated into the NIBE Climate Solutions business area as of April 2020.

In March, an agreement was made to acquire the heat pump company Waterkotte GmbH, a leading German manufacturer of heat pumps for commercial properties. The company has annual sales of approximately EUR 26 million and an operating margin of approximately 5% and will be consolidated into the NIBE Climate Solutions business area as of April 2020.

Significant events after the end of the period

On 7 May, an agreement was made to acquire 60% of the shares in the Swedish company VEÅ AB, with an option to acquire the remaining shares within a four-year period. The company develops and manufactures steam boilers and super-heated water boilers, pressure vessels and complete systems for commercial use. The company is expected to be consolidated into the NIBE Climate Solutions business area as from 1 July 2020.

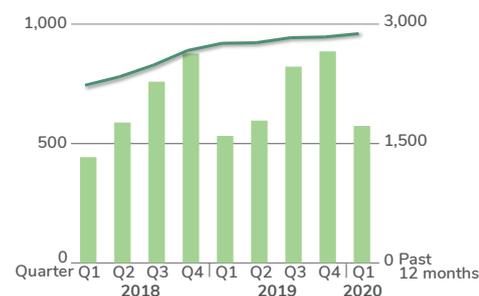
Net sales

Past nine quarters (in millions of SEK)



Profit after financial items

Past nine quarters (in millions of SEK)



Investments

During the period, the Group made investments totalling SEK 1,638 million (SEK 537 million). A total of SEK 1,332 million (SEK 300 million) of the investments relates to acquisitions of operations. The remaining SEK 306 million (SEK 237 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 831 million (SEK 802 million). Cash flow after changes in working capital amounted to SEK 669 million (SEK 525 million).

Interest-bearing liabilities at the end of the period amounted to SEK 10,890 million, compared with SEK 10,654 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 4,322 million as against SEK 4,703 million at the start of the year. The equity/assets ratio at the end of the period was 47.3%, compared with 47.0% at the start of the year and 47.1% at the corresponding time last year.

Parent

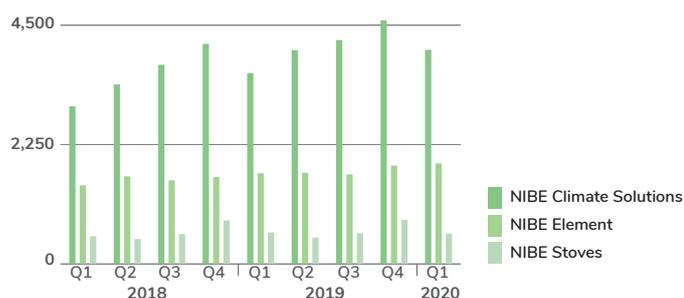
Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 10 million (SEK 8 million) and profit after financial items was SEK 43 million (SEK 19 million).

Business area trends

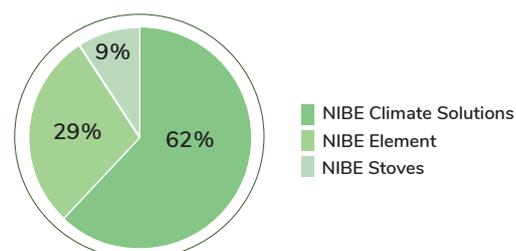
Quarterly data

Consolidated income statement (SEK million)	2020		2019				2018			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Net sales	6,345	5,763	6,093	6,349	7,137	4,862	5,371	5,785	6,498	
Operating expenses	- 5,707	- 5,188	- 5,434	- 5,498	- 6,184	- 4,365	- 4,739	- 4,990	- 5,593	
Operating profit	638	575	659	851	953	497	632	795	905	
Net financial items	- 64	- 43	- 63	- 29	- 67	- 54	- 44	- 36	- 28	
Profit after net financial items	574	532	596	822	886	443	588	759	877	
Tax	- 140	- 116	- 148	- 187	- 201	- 107	- 148	- 152	- 188	
Net profit	434	416	448	635	685	336	440	607	689	
Net sales, business areas										
NIBE Climate Solutions	4,035	3,593	4,027	4,220	4,590	2,971	3,384	3,752	4,148	
NIBE Element	1,895	1,710	1,718	1,688	1,855	1,483	1,652	1,576	1,638	
NIBE Stoves	573	593	498	580	832	524	471	563	821	
Elimination of Group transactions	- 158	- 133	- 150	- 139	- 140	- 116	- 136	- 106	- 109	
Group total	6,345	5,763	6,093	6,349	7,137	4,862	5,371	5,785	6,498	
Operating profit per business area										
NIBE Climate Solutions	449	385	523	678	691	308	436	590	628	
NIBE Element	179	161	159	145	157	154	198	164	134	
NIBE Stoves	32	50	14	46	142	45	23	59	138	
Elimination of Group transactions	- 22	- 21	- 37	- 18	- 37	- 10	- 25	- 18	5	
Group total	638	575	659	851	953	497	632	795	905	

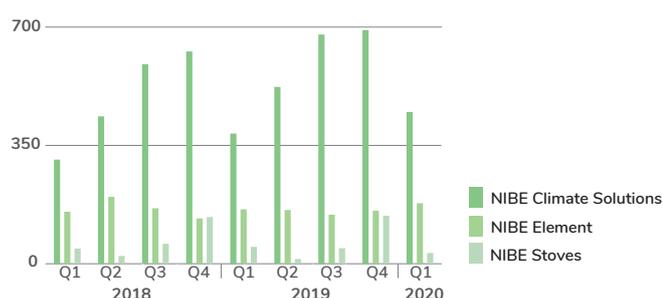
Sales per business area last nine quarters (SEK million)



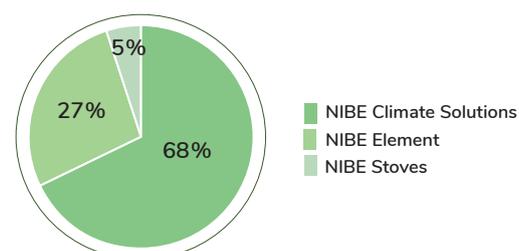
Each business area's share of total sales (Q1 2020)



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



Each business area's share of total profit (Q1 2020)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 4,035 million, compared with SEK 3,593 million for the corresponding period last year. Of the increase in sales of SEK 442 million, acquired sales accounted for SEK 111 million, which means that organic growth was 9.2%.

Operating profit for the period totalled SEK 449 million, compared with SEK 385 million the previous year. This equates to an operating margin of 11.1% compared with 10.7% for the previous year. The operating margin for the past 12 months is thus 13.9%.

Market

Heating, hot water, cooling and ventilation for indoor climate comfort are important societal functions for which there is always considerable underlying demand, and which are therefore relatively insensitive to economic fluctuations. International demand for various heat pump solutions has continued to grow as we strengthen our market position in both Europe and North America.

We have a strong platform for further expansion as a full-service supplier of sustainable, energy-efficient, intelligent product solutions for indoor climate comfort for all types of property. End consumers' interest in products that both save energy and use renewable energy is growing, while a growing number of political decisions are being made to accelerate conversion to the use of renewable energy. Both factors are beneficial to our industry in both the short and long terms.

Both the North American and European markets for climate control products for commercial properties have seen stable growth. We are well established in the US and Canada and, with the Italian company Rhoss and the recently acquired Turkish company Üntes, which complements Rhoss well, we have also created a platform for Southern Europe, the Middle East and North Africa. Demand for energy-efficient product solutions for commercial properties is growing in Europe and we intend to further enhance our position with both active product development and continued acquisitions.

The North American heat pump market for single-family homes continued to grow, largely due to government stimuli for the installation of geothermal heat pumps.

In both the Nordic region and Western Europe, all our targeted markets continue to grow. The main reason for this is that the political decision-makers in several countries across Europe have made decisions meant to help resolve the issue of climate change, partly by phasing out oil and gas for heating. Now that Germany is preparing to gradually try and introduce a simple phase-out, substantial subsidies are available for the replacement of heat sources using fossil fuels, which generates good conditions for heat pump sales.

The Nordic markets continue to grow, which benefits us as the market leader in each country. Several countries in Eastern Europe have also introduced subsidies for installing more energy-efficient solutions, and our units are experiencing good expansion in terms of product concepts for indoor climate comfort, primarily in heat pumps but also in water heaters.

Growth on the Swedish domestic heat pump market has continued. A growing replacement market is compensating for a certain downward trend in the construction of new single-family houses, although this has stabilised. We have a strong market position in both segments, which means we can adapt to these types of changes in the market.

Operations

The market launch of our new generation of heat pumps, the NIBE S series, continued in the first quarter. The range is now available in all our targeted markets in Europe. With this launch, we have taken an important step towards becoming the market leader for online heat pumps with intelligent controls. This gives both installers and end consumers new benefits from, for example, streamlined installation, reduced energy use and remote control of the heat pump.

NIBE Climate Solutions

Key ratios		2020	2019	Past	2019
		Q1	Q1	12 months	Full year
Net sales	SEK m	4,035	3,593	16,873	16,430
Growth	%	12.3	20.9	13.4	15.3
of which acquired	%	3.1	6.9	4.8	5.7
Operating profit	SEK m	449	385	2,341	2,277
Operating margin	%	11.1	10.7	13.9	13.9
Assets	SEK m	26,554	22,437	26,554	23,191
Liabilities	SEK m	3,335	2,916	3,335	2,987
Investments in non-current assets	SEK m	184	131	692	639
Depreciation	SEK m	177	147	656	626

Constant product development and the introduction of new high-performance products in all application areas are a prerequisite for continued expansion and for strengthening our profile as a market leader in intelligent, energy-efficient, environmentally sustainable product solutions for indoor climate comfort based on renewable energy.

To boost our market expansion still further and reduce our long-term dependence on subsidies on the North American market, long-term initiatives are in progress involving various marketing activities, both locally and regionally in various states. The most important of these is to raise awareness of heat pumps and the cost savings and environmental benefits using them entails. This includes a consumer campaign that has already aroused attention in the US.

Energy savings and climate control are also high on the agenda in the Group's own operations worldwide to meet our sustainability goals in terms of both health and safety and reduced energy consumption. NIBE Climate Solutions actively contributes both knowledge and products when these climate control projects are implemented.

The integration of the Turkish ventilation and air conditioning Group Üntes is ongoing in partnership with the very experienced management at Italian company Rhoss, which successfully implemented synergy and efficiency enhancement programmes during its own integration in the business area to achieve its operating margin target.

Correspondingly, the integration of the Serbian water heater company TIKI has also begun, partly by making use of synergies with the other producers of water heaters in the business area.

Our high-priority, continuous quality assurance work has continued to deliver higher product quality, which is essential our ability to retain a strong market position in the long term.

Cost efficiency measures are carried out continuously in production and other operational areas to maintain our good underlying operating margin.

During the first quarter, the business area was not affected by COVID-19 to any great extent except that Rhoss, which operates in northern Italy, was forced to cease all operations for a number of weeks. However, prudence dictates that the business area make significant cost savings throughout the organisation to counteract the effects of probable lower demand in the next few months, without lowering its ambition for future market expansion and growth.

Property company invests in geothermal heating and solar panels



Niklas Granström and his business partner Dan Jonsson.



570 square metres of roof is being used to produce power.

When LEJE Fastigheter wanted to generate earnings from their roof, they decided to carry out a solar panel pilot project with NIBE and Northpower Stålhallar. “We hoped to be able to reuse the model in all our properties,” says Niklas Granström, owner of LEJE Fastigheter.

“We wanted to have a cost-efficient solution based on installing it ourselves. This required some knowledge, of course, but we wanted to learn. Then we saw the advantages of being able to connect the solar panel system to NIBE Uplink, integrate solar power with the existing heat pump and monitor the power generated in the same place.”

“We knew that annual consumption for the property was about 180,000 kWh and we wanted to find a solar panel system that could deliver roughly 50% of our consumption, so we decided to build a 96-kWh system.”

Six months from decision to start

The aim was to cover 570 of the total 2,200 square metres with solar panels. All the parties involved contributed their expertise. It was designed using data simulations conducted by NIBE’s engineers with LEJE doing the 3D modelling. Sven Hallbeck is product manager for solar panels at NIBE:

“I was extremely impressed by their design, which was done entirely in 3D in SketchUp. It was fun and challenging to develop models and data that could be used in their 3D models.”

The aim is to have a plan ready soon for how to install the solar panels on all buildings in the property portfolio.

“It looks good both for us as the property owner and for the tenants, a win-win situation,” concludes Niklas Granström.

NIBE Element business area

Sales and profit

Sales for the period totalled SEK 1,895 million, compared with SEK 1,710 million for the corresponding period last year. Of the increase in sales of SEK 185 million, acquired sales accounted for SEK 180 million, which means that organic growth was 0.3%.

Operating profit for the period totalled SEK 179 million, compared with SEK 161 million the previous year. This equates to an operating margin of 9.5% compared with 9.4% for the previous year. The operating margin for the past 12 months is thus 8.9%.

Market

The international market for our products was relatively stable overall at the start of the year, but just as before demand varies dramatically between market segments. We noted the first impact of COVID-19 on demand in February as many businesses in China shut down. This impact gradually increased by the end of the quarter as the virus spread worldwide.

Consumer products for the domestic appliance industry saw relatively stable growth during the period compared with 2019, and there was a certain increase in special products for small consumer appliances.

Market segments linked to renewable energy and sustainable energy solutions continued to grow, both in terms of equipment for energy production and energy-efficient solutions for climate control such as heat pumps.

Demand was lower in the automotive industry during the quarter, partly due to underlying declining demand but also because many production units were shut down at the end of the quarter. The number of projects for electric and hybrid vehicles continues to rise in terms of both product deliveries and interesting development projects with our customers.

Deliveries to the energy sector linked to the oil and gas industry fell dramatically because of the exceptional decreases in the price of oil at the start of the year. However, we could see an increase in demand for certain segments in medical devices and laboratory equipment by the end of the period. This is a natural effect of the prevailing situation in the world at present.

In recent years, we have built up substantial operations to be a global supplier of heating and control equipment to the semiconductor industry. This was achieved through a combination of acquisitions and organic growth. The industry traditionally has considerable cyclical fluctuations in demand that are not in sync with the normal industrial economic cycle. After a dramatic fall, demand in the semiconductor industry began to rise in the second half of 2019 and has strengthened subsequently. Demand is driven by the rollout of 5G, conversion of the automotive industry to increased electrification and greater demand for data storage.

NIBE Element

Key ratios		2020	2019	Past	2019
		Q1	Q1	12 months	Full year
Net sales	SEK m	1,895	1,710	7,156	6,971
Growth	%	10.8	15.3	8.8	9.8
of which acquired	%	10.5	3.2	5.9	4.0
Operating profit	SEK m	179	161	640	622
Operating margin	%	9.5	9.4	8.9	8.9
Assets	SEK m	10,209	8,318	10,209	9,314
Liabilities	SEK m	1,904	1,343	1,904	1,406
Investments in non-current assets	SEK m	84	91	295	303
Depreciation	SEK m	108	67	326	285

Operations

We continue to work intensively to improve the competitiveness of our units in each market segment. These include further investments in areas such as the use of 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%.

At the start of the year, we raised our prices in several market segments to compensate for wage and material price increases. Exchange rates remain volatile, with a considerable effect on pricing and competitiveness, but our globalisation and our production units in different currency zones give us a clear advantage.

In the first few months of the year, three small add-on acquisitions were made in the industrial sector in Serbia and the Netherlands. This is entirely in line with our acquisition strategy to integrate small, often technically unique units with our larger units in each country.

Decisions by the public authorities to close businesses vary greatly from country to country. Our Chinese businesses were closed as early as February, and this development subsequently spread to several of our markets and production sites. The businesses have gradually been adapted to local developments in each country, meaning that some units have been producing at full capacity or are back at almost full production capacity, while others are entering the closure phase. All units in the business area are subject to strict cost controls and programmes to reduce costs and adapt operations to demand.



Due to the ongoing COVID-19 pandemic, there has been an increase in demand for elements for the production of respirators and ventilators in the medical devices segment, and also for laboratory equipment used in the analysis of test results.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 573 million, compared with SEK 593 million for the corresponding period last year. As no acquisitions affect the comparison, the reduction in sales of SEK 20 million is entirely organic, representing a fall of 3.3%.

Operating profit for the period totalled SEK 32 million, compared with SEK 50 million the previous year. This equates to an operating margin of 5.5% compared with 8.4% for the previous year. The operating margin for the past 12 months is thus 9.4%.

Market

Demand for stove products fluctuated dramatically in the first quarter of the year. The year started at a relatively stable level and in line with our expectations, but by the end of the quarter demand fell on several of our important main markets in Europe because of the spread of COVID-19.

Demand in Scandinavia was generally slightly down, principally due to continued intense competition in the durable goods segment and the mild winter. The decline in Norway was slightly greater and is probably a repercussion of the strong end to 2019. Despite subsidies in Denmark to phase out old and obsolete stoves, the market fell slightly, and the positive effects have therefore diminished. The general assessment is that we have further consolidated our market position in Scandinavia.

Demand in the United Kingdom for electric products continued to increase, while demand for gas-fired products was relatively stable. The market for wood-burning products continued to shrink, due to the generally negative debate about burning wood and a degree of caution until the new Ecodesign requirements have taken full effect for consumer products. Virtually all businesses in the United Kingdom were closed in March, which meant closed stove stores and no sales.

Demand for stove products in France fell overall, and the assessment is that both wood-burning and pellet-burning products suffered a decline. Demand in Germany fell slightly at the start of the year. As stoves are used widely for heating and to reduce heating costs in Germany, the decline may be explained mainly by the mild winter and low energy prices. Stove stores were also closed on these two markets in March, which had a negative impact on demand.

Demand in North America has been stable so far this year, with increased demand for gas-fired products and reduced demand for wood-burning products due to an unusually mild winter. The new requirements for wood-burning products, to be introduced in May 2020, had a certain short-term suppressive effect on demand.

Operations

Our new stove series, Contura 800 Style, launched last year, has been a big success on all our targeted markets. Further recognition of this success is that we recently won the IF Design Award, with the citation:

NIBE Stoves

Key ratios		2020 Q1	2019 Q1	Past 12 months	2019 Full year
Net sales	SEK m	573	593	2,483	2,503
Growth	%	-3.3	13.0	1.5	5.2
of which acquired	%	0.0	3.5	0.8	1.6
Operating profit	SEK m	32	50	234	252
Operating margin	%	5.5	8.4	9.4	10.1
Assets	SEK m	3,614	3,596	3,614	3,614
Liabilities	SEK m	472	486	472	442
Investments in non-current assets	SEK m	21	15	79	73
Depreciation	SEK m	34	31	128	124

'Contura 800 Style, a modern stove that combines excellent design, Swedish engineering and state-of-the-art functions'.

Although our products already comply with both the future Ecodesign requirements and the new requirements in North America, we continue to develop and launch new products with an even higher sustainability profile under our other brands. Nordpeis has begun a mobile product launch and marketing campaign on the Norwegian market, and this will continue during the spring.

Given the prevailing situation, several of our production units have been forced to shut down in full or in part. In the United Kingdom, both our production units have been fully shut down since the end of March and will remain so until mid-May. As all retailers have been closed, they have not needed any products, meaning that our stock levels are intact.

Our production unit in Canada was also closed for a while but has gradually started up again. Thanks to stocks of finished products at our logistics centres throughout North America, we have been able to maintain relatively sound delivery and service levels for retailers that have had their stores open.

Operations at our production units in Sweden and Poland have not been shut down, but capacity is continuously adapted to expected demand.

The lower operating margin so far this year is primarily due to lower sales and negative exchange rate effects. To counteract the impact of the prevailing situation on both sales and operating profit, aggressive savings measures are being taken. However, they are not expected to be able to outweigh the negative effects in either the second quarter or for the year as a whole. We are also continuing with our proactive investment in product development for the future, which we consider necessary in a particularly challenging market situation.



Electric fires are enjoying a general upward trend worldwide. We have a wide range of these products under our Evonic Fires and Gazco brands. The eReflex model series permits the electric fire to be suspended from the wall. With its minimalist shelves, it becomes a modern open fire.

Condensed income statement

(SEK million)	Group				Parent	
	Jan-Mar 2020	Jan-Mar 2019	Past 12 months	Full year 2019	Jan-Mar 2020	Jan-Mar 2019
Net sales	6,345	5,763	25,924	25,342	10	8
Cost of goods sold	-4,357	-3,921	-17,472	-17,036	0	0
Gross profit	1,988	1,842	8,452	8,306	10	8
Selling expenses	-977	-926	-3,816	-3,765	0	0
Administrative expenses	-462	-418	-1,801	-1,757	-23	-20
Other operating income	89	77	266	254	0	0
Operating profit	638	575	3,101	3,038	-13	-12
Net financial items	-64	-43	-223	-202	56	31
Profit after net financial items	574	532	2,878	2,836	43	19
Tax	-140	-116	-676	-652	1	0
Net profit	434	416	2,202	2,184	44	19
Net profit attributable to Parent shareholders	422	415	2,177	2,170	44	19
Net profit attributable to non-controlling interest	12	1	25	14	0	0
Net profit	434	416	2,202	2,184	44	19
Includes depreciation according to plan as follows	318	244	1,110	1,036	0	0
Net earnings per share before and after dilution, SEK	0.84	0.82	4.32	4.31	0	0

Statement of comprehensive income

Net profit	434	416	2,202	2,184	44	19
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	0	0	-233	-233	0	0
Tax	0	0	49	49	0	0
	0	0	-184	-184	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	-34	0	-27	7	0	0
Hedging of net investment	-30	-17	-36	-23	0	0
Exchange differences	1,351	606	1,535	790	0	0
Tax	-96	-39	-89	-32	0	0
	1,191	550	1,383	742	0	0
Total other comprehensive income	1,191	550	1,199	558	0	0
Total comprehensive income	1,625	966	3,401	2,742	44	19
Comprehensive income attributable to Parent shareholders	1,606	965	3,368	2,727	44	19
Comprehensive income attributable to non-controlling interest	19	1	33	15	0	0
Total comprehensive income	1,625	966	3,401	2,742	44	19

Condensed balance sheet

(SEK million)	Group			Parent		
	2020-03-31	2019-03-31	2019-12-31	2020-03-31	2019-03-31	2019-12-31
Intangible assets	20,777	17,890	18,703	0	0	0
Property, plant and equipment	5,463	4,472	4,963	0	0	0
Financial assets	626	469	589	17,169	14,209	16,114
Total non-current assets	26,866	22,831	24,255	17,169	14,209	16,114
Inventories	4,914	4,579	4,403	0	0	0
Current receivables	4,848	4,160	4,400	75	195	657
Investments in securities etc.	246	99	227	0	0	0
Cash and bank balances	3,533	3,067	3,944	0	49	0
Total current assets	13,541	11,905	12,974	75	244	657
Total assets	40,407	34,736	37,229	17,244	14,453	16,771
Equity	19,229	16,377	17,604	9,177	7,780	9,133
Non-current liabilities and provisions, non-interest-bearing	5,100	4,128	4,759	662	329	303
Non-current liabilities and provisions, interest-bearing	7,863	8,046	7,653	5,601	5,358	5,600
Current liabilities and provisions, non-interest-bearing	5,188	4,041	4,212	304	86	232
Current liabilities and provisions, interest-bearing	3,027	2,144	3,001	1,500	900	1,503
Total equity and liabilities	40,407	34,736	37,229	17,244	14,453	16,771

Key ratios

		Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Growth	%	10.1	18.5	12.5
Operating margin	%	10.1	10.0	12.0
Profit margin	%	9.1	9.2	11.2
Investments in non-current assets	SEK m	1,638	537	2,059
Cash and equivalents	SEK m	4,322	3,656	4,703
Working capital, incl. cash and bank balances as share of net sales	SEK m %	8,353 32.2	7,864 33.6	8,762 34.6
Working capital, excl. cash and bank balances as share of net sales	SEK m %	4,574 17.6	4,698 20.1	4,591 18.1
Interest-bearing liabilities/Equity	%	57.0	62.3	60.8
Equity/assets ratio	%	47.3	47.1	47.0
Return on capital employed	%	11.5	12.1	12.3
Return on equity	%	12.2	13.6	13.5
Net debt/EBITDA	times	1.7	1.9	1.6
Interest coverage ratio	times	5.7	7.7	7.6

Data per share

		Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Net profit per share (total 504,016,622 shares)	SEK	0.84	0.82	4.31
Equity per share	SEK	37.93	32.46	34.74
Closing day share price	SEK	144.60	119.05	162.40

Condensed cash flow statement

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Cash flow from operating activities	831	802	3,448
Change in working capital	-162	-277	-490
Investing activities	-1,163	-511	-1,623
Financing activities	-79	-104	-439
Exchange difference in cash and equivalents	181	67	86
Change in cash and equivalents	-392	-23	982

Change in equity – summaries

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Opening equity	17,604	15,421	15,421
Effect of change in accounting policy ¹	0	-10	-10
Adjusted opening equity	17,604	15,411	15,411
Shareholders' dividend	0	0	-655
Capital contribution from non-controlling interest	0	0	41
Dividend to non-controlling interest	0	0	-1
Change in non-controlling interest	0	0	66
Comprehensive income for the period	1,625	966	2,742
Closing equity	19,229	16,377	17,604

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

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Nordics	1,112	326	147	-117	1,468
Europe (excl. Nordics)	1,809	562	274	-37	2,608
North America	1,048	771	135	-4	1,950
Other countries	66	236	17	0	319
Total	4,035	1,895	573	-158	6,345

Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Deliverables taken up as revenue once	3,976	1,895	573	-158	6,286
Deliverables taken up as revenue gradually	59	0	0	0	59
Total	4,035	1,895	573	-158	6,345

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 revenue 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 2020	Jan-Mar 2019	Full year 2019
Current receivables			
Currency futures	0	1	8
Commodity futures	0	1	1
Total	0	2	9
Financial assets			
Interest rate derivatives	3	14	8
Current liabilities and provisions, non-interest-bearing			
Currency futures	21	0	0
Commodity futures	4	0	0
Total	25	0	0

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 2019. 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 2019.

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 2020	Jan-Mar 2019	Full year 2019
Acquisition of non-current assets	1,642	538	2,073
Disposal of non-current assets	- 4	- 1	- 14
Net investments in non-current assets	1,638	537	2,059

Working capital, including cash and bank balances

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Total current assets	13,541	11,905	12,974
Current liabilities and provisions, non-interest-bearing	- 5,188	- 4,041	- 4,212
Working capital, including cash and bank balances	8,353	7,864	8,762
Net sales in the past 12 months	25,924	23,417	25,342
Working capital, including cash and bank balances, in relation to net sales, %	32.2	33.6	34.6

Return on capital employed

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Profit after net financial items last 12 months	2,878	2,756	2,836
Financial expenses in the past 12 months	472	336	429
Profit before financial expenses	3,350	3,092	3,265
Capital employed at start of period	28,258	24,660	24,660
Capital employed at end of period	30,119	26,568	28,258
Average capital employed	29,189	25,614	26,459
Return on capital employed, %	11.5	12.1	12.3

Net debt/EBITDA

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Non-current liabilities and provisions, interest-bearing	7,863	8,046	7,653
Current liabilities and provisions, interest-bearing	3,027	2,144	3,001
Cash and bank balances	- 3,533	- 3,067	- 3,944
Investments in securities etc.	- 246	- 99	- 227
Net debt	7,111	7,024	6,483
Operating profit in the past 12 months	3,101	2,907	3,038
Depreciation and impairment in the past 12 months	1,110	769	1,037
EBITDA	4,211	3,676	4,075
Net debt/EBITDA, times	1.7	1.9	1.6

Cash and equivalents

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Cash and bank balances	3,533	3,067	3,944
Investments in securities etc.	246	99	227
Unutilised overdraft facilities	543	490	532
Cash and equivalents	4,322	3,656	4,703

Working capital, excluding cash and bank balances

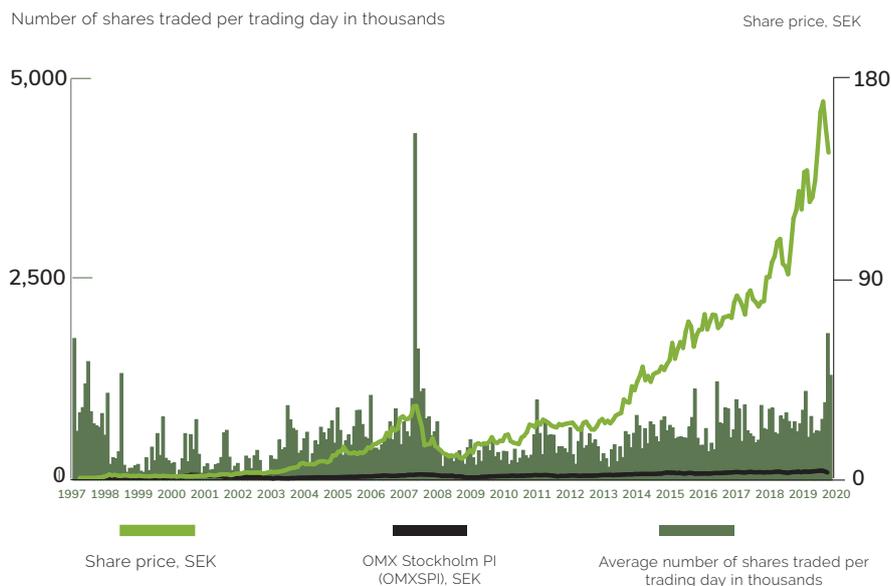
(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Inventories	4,914	4,579	4,403
Current receivables	4,848	4,160	4,400
Current liabilities and provisions, non-interest-bearing	- 5,188	- 4,041	- 4,212
Working capital, excluding cash and bank balances	4,574	4,698	4,591
Net sales in the past 12 months	25,924	23,417	25,342
Working capital, excluding cash and bank balances, in relation to net sales, %	17.6	20.1	18.1

Return on equity

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Profit after net financial items last 12 months	2,878	2,756	2,836
Standard tax rate, %	21.4	21.4	21.4
Profit after net financial items, after tax	2,262	2,166	2,229
Of which attributable to parent shareholders	2,237	2,167	2,215
Equity at start of period	17,509	15,406	15,406
Equity at end of period	19,115	16,361	17,509
Average equity	18,312	15,883	16,458
Return on equity, %	12.2	13.6	13.5

Interest coverage ratio

(SEK million)	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
Profit after net financial items	574	532	2,836
Financial expenses	122	80	429
Interest coverage ratio, times	5.7	7.7	7.6



NIBE shares

NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 31 March 2020 was SEK 144.60.

In Q1 2020, NIBE's share price declined by 11.0%, from SEK 162.40 to SEK 144.60. During the same period, the OMX Stockholm PI (OMXSPI) decreased by 18.2%.

This means that, at the end of March 2020, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 72,881 million.

A total of 73,361,715 NIBE shares were traded, which corresponds to a share turnover of 58.2% in the first quarter of 2020. 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.

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 2020 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.

For the Group, the same accounting policies as those adopted for this report are described on pages 88-91 of the company's Annual Report for 2019. 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 2019.

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 2019.

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 2020



Hans Linnarson
Chairman of the Board



Georg Brunstam
Director



Anders Pålsson
Director



Helene Richmond
Director



Jenny Sjödaahl
Director



Gerteric Lindquist
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 lower 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 properties, 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 an average of 17,000 (16,600) employees and a global presence. From the very start, the company has been 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 25 (22) billion in 2019.

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 (C.E.T.) on 14 May 2020.

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

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