

# NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 3,042 million (SEK 2,950 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** was SEK 268 million (SEK 228 million)
- **PROFIT AFTER TAX** was SEK 201 million (SEK 170 million)
- **EARNINGS** per share before and after dilution were SEK 1.82 (SEK 1.54)
- **ACQUISITION OF**
  - North American Heatron Inc.
  - remaining 40% of shares in British Stovax Heating Group Ltd
  - 50% of shares in Air Site AB

Interim report 1 · 2016



CEO Gerteric Lindquist's report

## Positive start to the year for all three business areas

Group sales for the first quarter grew by 3.1%, of which 1.5% was organic. In contrast to 2015, which was characterised by a weaker Swedish currency, organic sales growth weakened due to a strengthening of the Swedish krona.

The general demand situation in Europe varies from industry to industry and country to country. The overall picture, however, is cautious but still budding optimism. Developments continue to be slightly more favourable in North America and Asia. The general exception is the oil and gas industry, which is plagued by low commodity prices, which in turn affect the market segment directly related to these industries.

As before, we continue our methodical efforts to improve our market share and maintain our margins. Our traditional methods are not really unique, but are built on a consistent approach and common sense. The basic idea is that all corporate functions must be in harmony with each other and employees must have freedom with responsibility.

An important and logical change in our largest business area is changing the name of NIBE Energy Systems to NIBE Climate Solutions. This better reflects the current business and enables future expansion of the business area's product range, both through our own product development and through acquisitions. The name change also further enhances the business area's sustainability profile. Especially noteworthy in NIBE Climate Solutions is that the heat pump market in Germany has begun to grow again and that the Swedish heat pump market continues to perform well.

During the first quarter, the NIBE Element business area worked its way up to an operating margin of just over 10%, and on a rolling 12-month basis we are now just below the targeted 10% level. The expansion of the business area to include components and systems for heating, measurement and control has been successful. The level of the technology has been raised, allowing us to pursue several additional interesting market segments, while becoming less vulnerable to economic fluctuations. One clear trend is that the business area's sustainability profile is continuously reinforced by an increasing proportion of our products being used, for example, in hybrid vehicles, trains and frequency-controlled electric motors, all products that are winning increasingly larger market share.

In the NIBE Stoves business area, we note with satisfaction that our strategy of focussing on consistent product development based on efficiency and sustainability is absolutely correct. During the first quarter, the Swedish Energy Agency presented the results of a comprehensive test project that

compared the older stoves of different manufacturers with today's, noting that improvements are considerable from both environmental and efficiency standpoints. Our products are at the very top in terms of both sustainability and efficiency, which when combined with a timeless design makes us hard to beat. Market-wise, Scandinavia and the UK give us cause to rejoice.

As always, our ambitions in terms of acquisitions remain high. First quarter acquisitions included special element manufacturer Heatron Inc. in the US and the remaining 40% stake in Stovax Heating Group Ltd, the leading British stove company. In early April, a 50% stake in Air-Site AB, a Swedish ventilation company, was also acquired.

The level of investment in our existing businesses amounted to SEK 62 million in the quarter, compared with last year's SEK 76 million, and a depreciation rate of SEK 120 million.

Operating profit for the first quarter improved by 13.3% compared with the corresponding period last year and the operating margin rose from 8.9% to 9.8%. The stronger Swedish krona also had a somewhat weakening effect on operating profit.

Profit after financial items improved by 17.5% in the first quarter compared with the corresponding period last year, leading to a profit margin of 8.8% versus 7.7% for the same period last year. The main reason for the improvement in net interest income is lower interest rates.

### Outlook for 2016

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well-prepared for being proactive on acquisitions.
- Our internal efforts to raise efficiency, combined with our rigorous cost control measures, will guarantee persistently healthy margins.
- As with previous years, it is hard to predict how economic trends, currency concerns and the low energy prices will impact the Group, but we remain cautiously positive with regard to the year overall.

Markaryd, 12 May 2016

Gerteric Lindquist  
Managing Director and CEO

## Sales

Group net sales totalled SEK 3,042 million (SEK 2,950 million). This corresponds to growth of 3.1%, of which 1.5% was organic. Acquired operations accounted for SEK 47 million of the total SEK 92 million increase in sales.

## Earnings

Profit for the period after net financial items was SEK 268 million. This equates to a 17.5% increase in earnings compared with the same period in 2015. Back then, profit after net financial items amounted to SEK 228 million. Profit for the period was charged with acquisition expenses of SEK 5 million versus SEK 2 million for the previous year. Return on equity was 17.2% (15.4%).

## Acquisitions

North American company Heatron Inc. was acquired in the first quarter. It mainly produces foil elements, high power elements and thick film elements for high-tech industries in the North American market. The company has sales of approximately SEK 250 million and employs around 240 people. The company's operations are consolidated under the NIBE Element business area as of March 2016. The acquisition value is still provisional. During the first quarter, the remaining 40% of shares in British Stovax Heating Group Ltd were acquired. The company has a market-leading position on the British stove market.

## Significant events after the end of the period

In early April, a 50% stake in Swedish company Air-Site AB was acquired. The company, which has sales of about SEK 26 million, is a ventilation knowledge company and will be consolidated into the NIBE Climate Solutions business area from April 2016.

## Investments

During the period, the Group made investments totalling SEK 352 million (SEK 94 million). A total of SEK 290 million (SEK 18 million) of the investments relate to acquisitions of operations. The remaining SEK 62 million (SEK 76 million) relates mainly to investments in machinery and equipment in existing operations. The investment amount with regard to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 276 million (SEK 263 million). Cash flow after changes in working capital amounted to SEK 149 million (SEK 215 million).

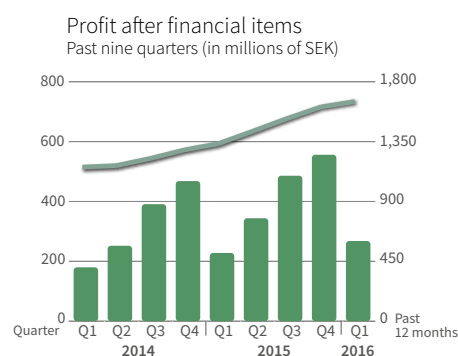
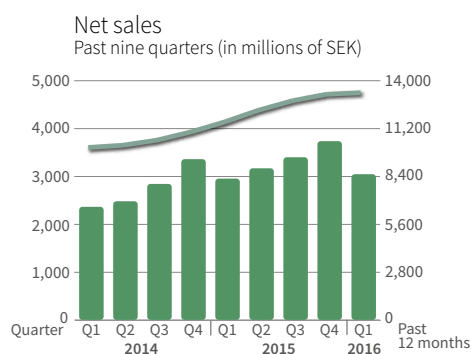
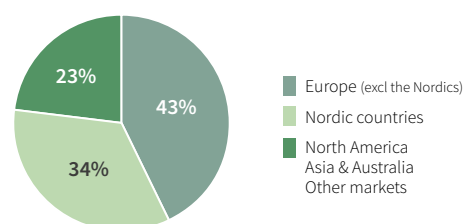
Interest-bearing liabilities at year-end amounted to SEK 7,847 million, compared with SEK 7,282 million at the start of the year. At the end of March, the Group had cash and cash equivalents of SEK 2,227 million versus SEK 2,195 million at the start of the year. The equity/assets ratio at the end of the period was 40.0%, compared with 39.9% at the start of the year and 36.4% at the corresponding point last year.

## Parent

Parent activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. Sales for the period totalled SEK 6 million (SEK 5 million) and profit after financial items was SEK 145 million (SEK 257 million). At the beginning of the year, the parent transferred all its receivables from subsidiaries and all of its debts to credit institutions to the wholly owned subsidiary NIBE Treasury AB. The parent's bank balances were also transferred, so at the end of the reporting period available cash and cash equivalents totalled SEK 0 million compared with SEK 266 million at the start of the year. The parent's non-current interest-bearing liabilities now consist of bond loans and liabilities to NIBE Treasury AB.

NIBE Group Key figures		2016 Q1	2015 Q1	Past 12 months	2015 Full-year
Net sales	(SEK m)	3,042	2,950	13,335	13,243
Growth	%	3.1	24.9	14.7	20.0
of which acquired	%	1.6	14.6	6.4	9.5
Operating profit	(SEK m)	298	263	1,735	1,700
Operating margin	%	9.8	8.9	13.0	12.8
Profit after net financial items	(SEK m)	268	228	1,654	1,614
Profit margin	%	8.8	7.7	12.4	12.2
Equity/assets ratio	%	40.0	36.4	40.0	39.9
Return on equity	%	17.2	15.4	17.6	18.0

Group sales by geographical region



# Business Area NIBE Climate Solutions

## Sales and profit

Sales for the period totalled SEK 1,752 million, compared with SEK 1,722 million for the corresponding period last year. Since the comparison is not affected by any acquisitions, organic growth totalled SEK 30 million or 1.8%.

Operating profit for the period totalled SEK 180 million, compared with SEK 172 million the previous year. This equates to an operating margin of 10.3% compared with 10.0% for the previous year. This means that the operating margin for the past 12 months is 15.1%.

## Market

After several years of a cautious European heat pump market, we are experiencing an upturn in several of our key markets. The German market showed growth in the first quarter after a period of decline, partly due to the government decision on expanded financial support for heat pump installations. The potential for heat pump technology remains high in Germany, but high taxes on electricity combined with low oil and gas prices prevents a faster conversion to renewable energy. In Finland, which also constitutes a major European market for heat pumps, last year's sharp decline turned to increased demand, optimism and growth for our Finnish heat pump operations. Markets in Eastern Europe are still showing restrained economic performance, but our wide range of products enabled us to offset market declines in some countries.

Despite an express interest in expanding the use of renewable energy in North America, the use of fossil fuels dominates. Historically low prices for gas and oil counteract rapid conversion to more eco-friendly alternatives. During the first quarter, the heat pump market for single-family houses was weaker, while the market for large buildings developed more positively. This means that our expanded focus on new products for large buildings is timely. We maintain our market-leading position in terms of heat pumps for single-family houses and strengthen our presence regarding heat pumps for the commercial property sector. Our North American operations in cooling applications continues to be strong with good growth.

As a good example in the international debate on mastering global warming, the Swedish market showed good growth in the use of renewable energy and heat pumps in 2015. Despite a

reduced tax deduction, market growth continued into early 2016, albeit with slightly lower growth rates. Happily, we continue to increase our market share in all segments. We are also strengthening our market position in the other Scandinavian markets, which are experiencing stable growth.

For traditional electric water-heaters, performance in the Nordic and European markets remains stable, while sales of conventional domestic boilers remain sluggish. Tougher energy efficiency requirements in Europe are driving demand for heat pump installations for hot water.

## Operations

In order to facilitate the further internationalisation and expansion of the business area, its name was changed to NIBE Climate Solutions, which also fits well with global aspirations in terms of greater energy efficiency and less environmental impact.

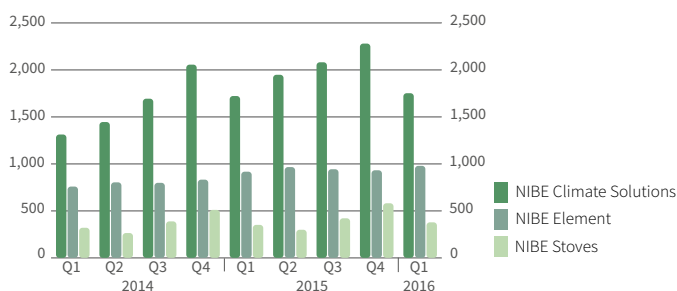
In addition to our cooling and heating operations for small and large properties, we intend to strengthen and expand our product offering in ventilation. As a first step in this strategy 50% of the shares in the Swedish ventilation knowledge company Air-Site AB were acquired in early April. The company was founded by the current management team in 2007 and is characterised by innovative strength and qualitative product development. Annual sales amount to approximately SEK 26 million with an operating margin of around 10%.

In early April we introduced a number of new products in Stockholm at Nordbygg, Northern Europe's largest construction and plumbing trade fair. The main attraction was our next generation inverter controlled outdoor air heat pump that generates a record high SPF greater than 5.0 and high supply temperatures even in harsh winter climates.

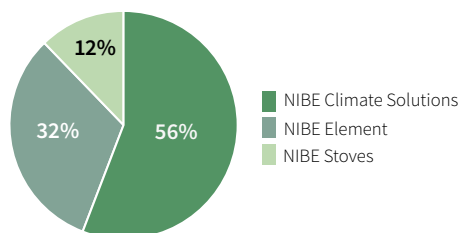
Our production capacity and delivery capability fully satisfy market expectations and we also note that our internal quality management work, which has been a top priority, continues to result in improved product quality. Cost efficiency measures are regularly implemented in production as well as in other operations, which helps us to maintain our operating margin.

## Business Area trends

Sales per business area last nine quarters (SEK million)



Each business area's share of total sales





The new generation of inverter controlled outdoor air heat pumps were the main attraction at Northern Europe's largest construction and plumbing trade fair, Nordbygg, in the spring. The F2120 heat pump has an SPF over 5.0, thus surpassing the dream limit for outdoor air heat pumps. This is yet another innovative product from NIBE that provides the end user with very high energy savings and an exceptionally low sound level.

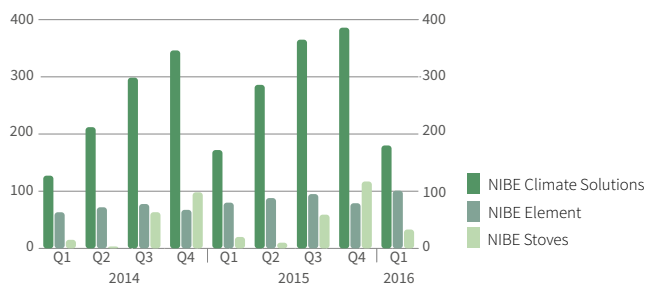


Newly acquired Air-Site AB's free cooling products use nature's own forces (the low impulse principle) for climate control. Customers get even, comfortable temperatures all year round, which helps save a lot of energy. The company has been a green technology pioneer, and by working with big companies like TeliaSonera and Ericsson, they developed the most efficient energy saving solutions on the market, which are now a given by telecom operators.

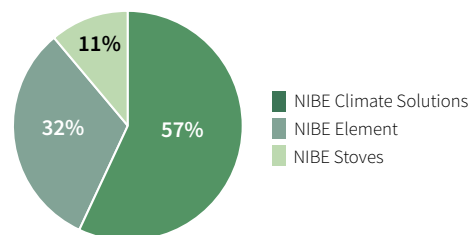
#### NIBE Climate Solutions

Key figures		2016 Q1	2015 Q1	Past 12 months	2015 Full-year
Net sales	(SEK m)	1,752	1,722	8,062	8,031
Growth	%	1.8	31.2	16.5	23.4
of which acquired	%	0.0	24.5	8.4	13.9
Operating profit	(SEK m)	180	172	1,217	1,209
Operating margin	%	10.3	10.0	15.1	15.1
Assets	(SEK m)	13,071	13,486	13,071	13,107
Liabilities	(SEK m)	1,353	1,412	1,353	1,468
Investments in non-curr.assets	(SEK m)	32	51	213	232
Depreciation	(SEK m)	77	76	312	311

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



Each business area's share of total profit





# Business Area NIBE Element

## Sales and profit

Sales for the period totalled SEK 979 million, compared with SEK 917 million for the corresponding period last year. The increase in sales was SEK 62 million, with acquired sales accounting for SEK 47 million of this sum, which means that organic growth was 1.7%.

Operating profit for the period totalled SEK 101 million, compared with SEK 80 million the previous year. This equates to an operating margin of 10.3% compared with 8.8% for the previous year. This means that the operating margin for the past 12 months is 9.5%.

## Market

Overall, demand on the international element market was positive at the start of the year.

The European element market had slight positive growth in the first quarter and the German market developed especially well. Both consumer products and products for the automotive and commercial equipment industries posted growth. The inflow of orders for oil and gas industry products has however continued to decline sharply since the low oil and gas prices have led to a substantial decrease in investments. The market for rail-based traffic has displayed healthy growth within both infrastructure and vehicles.

Our investments in control and measurement have proven to be well worth it, particularly for inverter control of electric motors. We have also added to our range of resistors with innovative solutions for the growing energy sector.

The trend in the North American market was stable in all product segments except the oil and gas industry. This applies to the domestic appliance and comfort segment as well as products for the automotive industry and commercial applications. In the automotive industry, increased requirements for eco-friendly vehicles and growing interest in electric cars also mean new business opportunities for us.

The Asian market has also experienced healthy growth. Due to increased cost levels, particularly in China, we see a clear trend towards returning production to Europe and North America from Asia, so we are gradually refocussing our Asian production units more on the domestic market in Asia.

## NIBE Element

Key figures		2016 Q1	2015 Q1	Past 12 months	2015 Full-year
Net sales	(SEK m)	979	917	3,820	3,758
Growth	%	6.8	20.9	14.0	17.7
of which acquired	%	5.1	2.9	5.0	4.4
Operating profit	(SEK m)	101	80	363	342
Operating margin	%	10.3	8.8	9.5	9.1
Assets	(SEK m)	3,704	3,409	3,704	3,360
Liabilities	(SEK m)	742	715	742	738
Investments in non-curr. assets	(SEK m)	24	16	126	118
Depreciation	(SEK m)	29	28	115	114

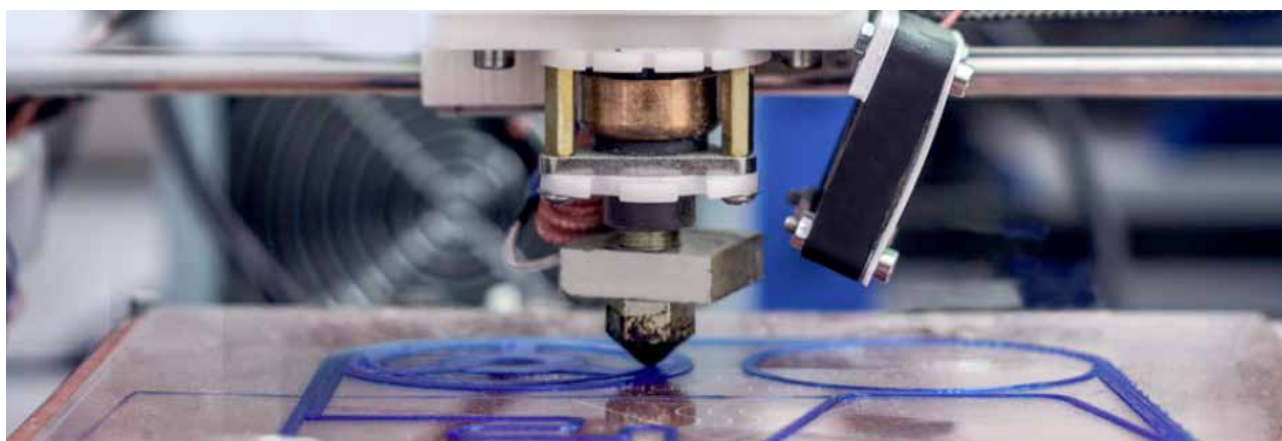
## Operations

We are continually working to change our profit centres' focus and activities to ensure that they remain competitive in their respective market segments. This includes further investments in robotics and automation and productivity improvement measures, all in order to achieve a stable operating margin target level of 10%.

Our new production unit for the electronics and control production area in Stargaard, Poland, was completed and started up in the first quarter. This provides opportunities for further cost-effective growth in this product area.

In early March, a further step was taken in our strategy to become a leading element company in North America, as 100% of the shares in special element manufacturer Heatron Inc. were acquired. The acquisition provides access to new market segments along with complementary product lines and new technology. Heatron Inc. focusses on elements for complex applications in medical technology, aviation and electronics and has annual sales of approximately SEK 250 million with an operating margin exceeding 10%. The business was consolidated from March 2016.

Raw material prices and exchange rates remain turbulent, which is having a considerable effect on pricing and competitiveness. Raw material prices are historically low. In this business climate, having a globalised organisation with production units in different currency zones gives us a clear advantage.



More and more companies are investing in 3D printers for manufacturing. The new 3D technology uses materials such as proteins, carbon fibres and biomaterials, and all of these systems require precise, reliable, highly configurable heating elements to ensure that the functions work optimally. Heatron has both the insight and experience to maximise the performance of these printers.

# Business Area NIBE Stoves

## Sales and profit

Sales for the period totalled SEK 378 million, compared with SEK 351 million for the corresponding period last year. Since the comparison is not affected by any acquisitions, this means organic growth of SEK 27 million, or 7.6%.

Operating profit for the period totalled SEK 33 million, compared with SEK 20 million the previous year. This equates to an operating margin of 8.7% compared with 5.8% for the previous year. This means that the operating margin for the past 12 months is 13.0%.

## Market

Demand for stove products increased in Scandinavia early in the year, while several of our other cultivated markets in Europe showed unchanged or weaker performance.

In Sweden, the positive market trend from last year continued, driven mainly by generally positive economic growth along with increased construction of single-family homes.

Demand on the Danish market increased sharply since subsidies were introduced late last year to stimulate the phasing out of old stove products with poor combustion. This action quickly benefits the environment as it accelerates the changeover to new technology with lower emissions. Despite signs of weaker growth in the Norwegian economy, the demand for stove products so far this year has increased. The risk of a weaker market trend persists, but at the same time there is a genuine interest among Norwegian consumers to invest in stove products.

The total market for stove products in the UK remains at a high and stable level. The trend from last year, with a clear shift in demand from wood- to gas-fired stoves, persists, which is explained by the low price of gas.

In Germany and France, demand for stove products was weaker compared to the same period last year. In Germany, the market decline was mainly due to lower energy prices combined with the mild winter, but in France, which had even weaker growth, it was the generally weak economy that had a negative effect on demand.

## Operations

In the first quarter, the remaining 40% stake in Stovax Heating

## NIBE Stoves

Key figures		2016 Q1	2015 Q1	Past 12 months	2015 Full-year
Net sales	(SEK m)	378	351	1,679	1,652
Growth	%	7.6	9.6	10.9	11.4
of which acquired	%	0.0	0.0	0.0	0.0
Operating profit	(SEK m)	33	20	219	206
Operating margin	%	8.7	5.8	13.0	12.5
Assets	(SEK m)	1,780	1,777	1,780	1,814
Liabilities	(SEK m)	269	230	269	265
Investments in non-curr. assets	(SEK m)	6	8	32	34
Depreciation	(SEK m)	14	14	56	56

Group Ltd, the market leader in stove products in the UK, was acquired. The initial acquisition of the 60% stake was completed in early 2013. Since then, Stovax has performed very strongly owing to relatively good demand in the UK combined with highly professional business development. Together with our initiatives primarily under the Contura brand, this has resulted in the UK now being the business area's largest market.

The Swedish Energy Agency recently presented the results of a comprehensive test in which new, modern stoves were compared with older models from the 80s and 90s. The results clearly show that new stoves are significantly more efficient, which means lower wood consumption and that their emissions of particulates are 50-85% lower. This confirms that replacing old stoves with new ones that have more efficient and cleaner combustion quickly leads to substantial environmental benefits.

Last year's product launches combined with a strong market presence has resulted in increased market share. In late 2015, we did not quite fulfil our delivery commitments, resulting in a high output backlog, which in turn had a positive effect on sales in the first quarter of this year.

Capacity utilisation at our production facilities was high early in the year and our normally good delivery capacity has been restored. At the same time, we have initiated a planned inventory build-up for the upcoming peak season.



The wide range of Contura stoves with many variations in both surround and size has helped Contura grow in the European market. This, together with a well-functioning sales team that works the market effectively, makes for a winning concept.

## Income Statement summaries

(in millions of SEK)	Group				Parent	
	Jan-Mar 2016	Jan-Mar 2015	Past 12 months	Full-year 2015	Jan-Mar 2016	Jan-Mar 2015
Net sales	3,042	2,950	13,335	13,243	6	5
Cost of goods sold	- 1,982	- 1,940	- 8,503	- 8,461	0	0
<b>Gross profit</b>	<b>1,060</b>	<b>1,010</b>	<b>4,832</b>	<b>4,782</b>	<b>6</b>	<b>5</b>
Selling expenses	- 585	- 576	- 2,380	- 2,371	0	0
Administrative expenses	- 214	- 208	- 844	- 838	- 12	- 13
Other operating revenue	37	37	127	127	0	0
<b>Operating profit</b>	<b>298</b>	<b>263</b>	<b>1,735</b>	<b>1,700</b>	<b>- 6</b>	<b>- 8</b>
Net financial items	- 30	- 35	- 81	- 86	151	265
<b>Profit after net financial items</b>	<b>268</b>	<b>228</b>	<b>1,654</b>	<b>1,614</b>	<b>145</b>	<b>257</b>
Tax	- 67	- 58	- 386	- 377	0	0
<b>Net profit</b>	<b>201</b>	<b>170</b>	<b>1,268</b>	<b>1,237</b>	<b>145</b>	<b>257</b>
<b>Net profit attributable to Parent shareholders</b>	<b>201</b>	<b>170</b>	<b>1,268</b>	<b>1,237</b>	<b>145</b>	<b>257</b>
Includes depreciation according to plan as follows	120	118	482	480	0	0
Net profit per share before and after dilution in SEK	1.82	1.54	11.50	11.22		

## Statement of comprehensive income

<b>Net profit</b>	<b>201</b>	<b>170</b>	<b>1,268</b>	<b>1,237</b>	<b>145</b>	<b>257</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	0	- 8	- 8	0	0
Tax	0	0	2	2	0	0
	0	0	- 6	- 6	0	0
<b>Items that may be reclassified to profit or loss</b>						
Cash flow hedges	19	- 4	21	- 2	9	0
Hedge of net investment	18	- 492	137	- 373	20	- 483
Exchange differences	- 69	704	- 544	229	0	0
Tax	- 7	111	- 37	81	- 6	106
	- 39	319	- 423	- 65	23	- 377
<b>Total other comprehensive income</b>	<b>- 39</b>	<b>319</b>	<b>- 429</b>	<b>- 71</b>	<b>23</b>	<b>- 377</b>
<b>Total comprehensive income</b>	<b>162</b>	<b>489</b>	<b>839</b>	<b>1,166</b>	<b>168</b>	<b>- 120</b>
<b>Total comprehensive income attributable to Parent shareholders</b>	<b>162</b>	<b>489</b>	<b>839</b>	<b>1,166</b>	<b>168</b>	<b>- 120</b>

## Balance Sheet summaries

(in millions of SEK)	Group			Parent		
	31 Mar 2016	31 Mar 2015	31 Dec 2015	31 Mar 2016	31 Mar 2015	31 Dec 2015
Non-current intangible assets	10,229	10,570	10,209	0	0	0
Property, plant and equipment	2,134	2,139	2,117	0	0	0
Financial assets	483	509	467	8,579	9,691	9,755
<b>Total non-current assets</b>	<b>12,846</b>	<b>13,218</b>	<b>12,793</b>	<b>8,579</b>	<b>9,691</b>	<b>9,755</b>
Inventories	2,357	2,263	2,115	0	0	0
Current receivables	1,959	1,991	1,901	75	176	269
Current investments	257	181	347	0	0	0
Cash and bank balances	1,573	1,714	1,448	0	688	266
<b>Total current assets</b>	<b>6,146</b>	<b>6,149</b>	<b>5,811</b>	<b>75</b>	<b>864</b>	<b>535</b>
<b>Total assets</b>	<b>18,992</b>	<b>19,367</b>	<b>18,604</b>	<b>8,654</b>	<b>10,555</b>	<b>10,290</b>
Equity	7,590	7,049	7,428	4,122	3,565	3,954
Untaxed reserves	0	0	0	1	1	1
Non-current liabilities and provisions, non-interest-bearing	1,578	1,965	1,605	208	467	204
Non-current liabilities and provisions, interest-bearing	7,626	8,041	7,118	4,289	6,135	5,657
Current liabilities and provisions, non-interest-bearing	1,977	1,991	2,289	34	138	376
Current liabilities and provisions, interest-bearing	221	321	164	0	249	98
<b>Total equity and liabilities</b>	<b>18,992</b>	<b>19,367</b>	<b>18,604</b>	<b>8,654</b>	<b>10,555</b>	<b>10,290</b>



## Key figures

		Jan-Mar 2016	Jan-Mar 2015	Full-year 2015
Growth	%	3.1	24.9	20.0
Operating margin	%	9.8	8.9	12.8
Profit margin	%	8.8	7.7	12.2
Investments in non-current assets	SEK m	352	94	531
Cash and cash equivalents	SEK m	2,227	2,366	2,195
Working capital, including cash and bank balances as share of net sales	SEK m	4,168	4,158	3,522
	%	31.3	35.8	26.6
Working capital, excluding cash and bank balances as share of net sales	SEK m	2,338	2,263	1,727
	%	17.5	19.5	13.0
Interest-bearing liabilities/Equity	%	103.4	118.6	98.0
Equity/assets ratio	%	40.0	36.4	39.9
Return on capital employed	%	11.8	10.5	12.1
Return on equity	%	17.2	15.4	18.0
Net debt/EBITDA	times	2.7	3.4	2.5
Interest coverage ratio	times	7.4	4.4	12.3

## Data per share

		Jan-Mar 2016	Jan-Mar 2015	Full-year 2015
Net profit per share (total 110,253,638 shares)	SEK	1.82	1.54	11.22
Equity per share	SEK	68.84	63.93	67.37
Closing day share price	SEK	278.30	214.50	284.50

## Statement of cash flow – summaries

(in millions of SEK)	Jan-Mar 2016	Jan-Mar 2015	Full-year 2015
Cash flow from operating activities	276	263	1,717
Change in working capital	- 127	- 48	222
Investment activities	- 650	- 85	- 555
Financing activities	562	- 286	- 1,600
Exchange difference in cash and cash equivalents	- 26	70	30
<b>Change in cash and cash equivalents</b>	<b>35</b>	<b>- 86</b>	<b>- 186</b>

## Change in equity – summaries

(in millions of SEK)	Jan-Mar 2016	Jan-Mar 2015	Full-year 2015
Equity brought forward	7,428	6,560	6,560
Shareholders' dividend	0	0	- 298
Comprehensive income for the period	162	489	1,166
<b>Equity carried forward</b>	<b>7,590</b>	<b>7,049</b>	<b>7,428</b>

## Financial instruments recognised at fair value

(in millions of SEK)	31 Mar 2016	31 Mar 2015	31 Dec 2015
<b>Current receivables</b>			
Currency futures	5	1	2
Commodity futures	0	0	0
<b>Total</b>	<b>5</b>	<b>1</b>	<b>2</b>
<b>Financial assets</b>			
Interest rate derivatives	24	0	6
<b>Current liabilities and provisions, non-interest-bearing</b>			
Currency futures	0	17	14
Commodity futures	5	5	7
<b>Total</b>	<b>5</b>	<b>22</b>	<b>21</b>

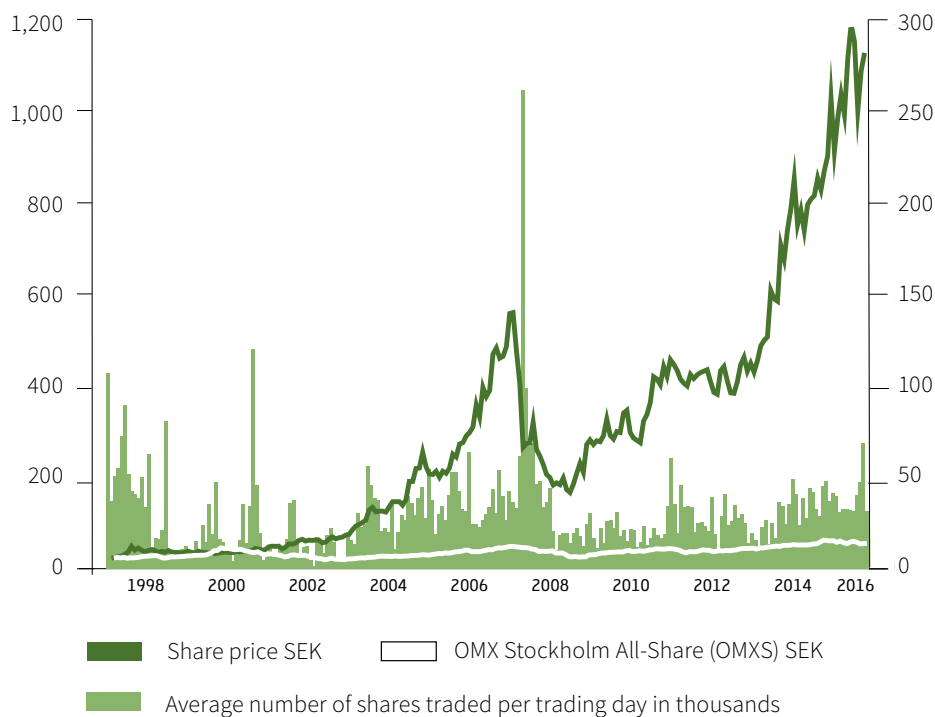
No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2015. In respect of other financial assets and liabilities in the Group, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2015.

## Quarterly data

Consolidated income statements (in millions of SEK)	2016		2015			2014			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	3,042	2,950	3,165	3,396	3,732	2,361	2,477	2,839	3,356
Operating expenses	-2,744	-2,687	-2,799	-2,892	-3,165	-2,165	-2,204	-2,423	-2,856
<b>Operating profit</b>	<b>298</b>	<b>263</b>	<b>366</b>	<b>504</b>	<b>567</b>	<b>196</b>	<b>273</b>	<b>416</b>	<b>500</b>
Net financial items	-30	-35	-22	-18	-11	-16	-21	-24	-32
<b>Profit after net financial items</b>	<b>268</b>	<b>228</b>	<b>344</b>	<b>486</b>	<b>556</b>	<b>180</b>	<b>252</b>	<b>392</b>	<b>468</b>
Tax	-67	-58	-75	-112	-132	-42	-59	-88	-121
<b>Net profit</b>	<b>201</b>	<b>170</b>	<b>269</b>	<b>374</b>	<b>424</b>	<b>138</b>	<b>193</b>	<b>304</b>	<b>347</b>
<b>Net sales Business Areas</b>									
NIBE Climate Solutions	1,752	1,722	1,948	2,081	2,280	1,313	1,445	1,693	2,056
NIBE Element	979	917	966	943	932	759	803	799	832
NIBE Stoves	378	351	299	421	581	320	264	388	511
Elimination of Group transactions	-67	-40	-48	-49	-61	-31	-35	-41	-43
<b>Group total</b>	<b>3,042</b>	<b>2,950</b>	<b>3,165</b>	<b>3,396</b>	<b>3,732</b>	<b>2,361</b>	<b>2,477</b>	<b>2,839</b>	<b>3,356</b>
<b>Operating profit Business Areas</b>									
NIBE Climate Solutions	180	172	286	365	386	127	212	299	346
NIBE Element	101	80	88	95	79	63	72	78	67
NIBE Stoves	33	20	10	59	117	15	3	64	98
Elimination of Group transactions	-16	-9	-18	-15	-15	-9	-14	-25	-11
<b>Group total</b>	<b>298</b>	<b>263</b>	<b>366</b>	<b>504</b>	<b>567</b>	<b>196</b>	<b>273</b>	<b>416</b>	<b>500</b>

Number of shares traded per trading day in thousands

Share price SEK



### NIBE Shares

NIBE's class B shares are listed on the NASDAQ OMX Stockholm Exchange, Large Cap list, with a secondary listing on the SIX Swiss Exchange in Zürich. The NIBE share's closing price at 31 March 2016 was SEK 278.30.

In the first quarter of 2016, NIBE's share price declined by 2.2%, from SEK 284.50 to SEK 278.30. During the same period, the OMX Stockholm All-share (OMXS) decreased by 4.3%.

This means that, at the end of 2016 the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 30,684 million.

A total of 11,843,702 NIBE shares were traded, which corresponds to a share turnover of 43.0% in the first quarter of 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 2016 has been drawn up in accordance with IAS 34 "Interim Financial Reporting". The same accounting policies have been applied as those described on pages 66-68 of the company's Annual Report for 2015. 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 66 of the company's Annual Report for 2015.

## Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to a number of business and financial risks. Risk management is therefore an important process with regard to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2015.

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, 12 May 2016



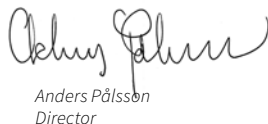
Hans Linnarson  
Chairman of the Board



Georg Brunstam  
Director



Eva-Lotta Kraft  
Director



Anders Pålsson  
Director



Helene Richmond  
Director



Gerteric Lindqvist  
Managing Director and CEO

*The information in this report has not been subject to scrutiny by the company's auditors.*  
For other information and definitions, please refer to the company's Annual Report for 2015.

## Calendar

### 12 May 2016

11.00 (C.E.T) Teleconference (in English);

Presentation of Interim Report 1 2016 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 to the presentation by phone, call +46 8 566 425 08

### 12 May 2016

17.00 (C.E.T) Annual General Meeting 2016

### 19 August 2016

Interim Report 2, Jan – June 2016

### 17 November 2016

Interim Report 3, Jan – Sept 2016

## Financial targets

- Average annual sales growth of 20%
- An operating margin of at least 10% of sales over a full business cycle in each business area
- Average annual return on equity of at least 20% after standard deductions for tax over a business cycle
- Equity/assets ratio of at least 30%.



NIBE is an international heating technology company with business operations organised in three separate business areas: NIBE Climate Solutions, NIBE Element and NIBE Stoves. Our vision is to create world-class solutions in sustainable energy. Our mission is to offer energy technology products and solutions that combine high quality with innovation. This work builds on the NIBE Group's wide-ranging expertise in the fields of product development, manufacturing and marketing.

NIBE Industrier AB is obliged by Swedish law (The Securities Market Act and/or The Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 8.00 (C.E.T.) on 12 May 2016.

Please e-mail any questions you have with regard to this report to:  
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**NIBE**

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