



creating warmth



- Increase in annual sales to SEK 1,944.2 million (figure for 2001: SEK 1,677.1 million)
- Profit after net financial items rose to SEK 155.0 million (SEK 122.3 million)
- Earnings per share of SEK 18.01 (SEK 14.24)
- The Board proposes a dividend of SEK 5.50/share (SEK 4.25)
- The Board proposes a 4:1 split of the company's shares
- Three corporate acquisitions and a leading minority shareholding in a fourth company.

Summary of Annual Report 2002



The Chief Executive's Report

2002 – Another strong performance

For the NIBE Group 2002 was the best ever year in terms of both sales and profits.

Of the total sales growth for the year of 15.9%, 8.8% is organic, a figure that, as in previous years, owes much to a clear focus on product development work, backed up by active marketing efforts.

Annual profits after net financial items improved by 26.7%. In addition to the increase in volume, a number of further factors have contributed to this improvement. For example, the effects of our ongoing internal rationalisation work were reinforced by the more uniform pace of production during the year, especially for NIBE Heating and NIBE Stoves. In addition, extensive restructuring has taken place in NIBE Element's operations.

As a result of three takeovers in 2002 the NIBE Group acquired companies with aggregate sales of some SEK 100 million a year. In addition the Group acquired 21.7% of the shares in the Norwegian stove manufacturer, Jøtul ASA.

NIBE Element's success in continuing to increase its volumes confirmed its standing as a leading European sub-contractor of components and systems for the electric heating market. Despite a stagnant market and unrelenting pressure on prices, the business area was able to improve its operating margin during the year.

Our strategy of investing in rational, high-tech production in countries with high labour costs, while concentrating manual production in countries with low labour costs remains appropriate and equips us to compete in the ongoing restructuring of the industry.

NIBE Heating's continued good growth verifies the picture of this business area as Scandinavia's pre-eminent supplier of products for domestic heating and indoor climate control. The accelerating rate of expansion outside Scandinavia is particularly gratifying.

The secret behind this success lies partly in a product range that is exceptionally strong in terms of performance, quality and competitive prices, and partly in a carefully devised marketing concept, backed up by a strong marketing organisation.

Improvements in an already good operating margin are the result of methodical rationalisation work at all production units.

Operations in Poland are now, in all essentials, fully established. This will have great strategic significance for NIBE Heating's future growth and profitability, and provides a firm foundation for the business area's participation in the ongoing restructuring and rationalisation of the industry.

NIBE Stoves continues to expand. This is a real show of strength that not only confirms the business area's pole position in Sweden, but also points the way to the huge potential awaiting in other markets. The improvement of the operating margin from 10% to 14% suggest this year's achievement will be hard to surpass.

The increases in sales and earnings are built on professionalism and good coordination in the areas of development, manufacturing and marketing. But they also demonstrate the market's appreciation for a company that is willing to share the benefits of its rationalisation processes with its customers in the form of more competitive prices.

Prospects for 2003

In our opinion there is good potential for all three business areas to continue to capture new shares of their respective markets. Parallel

with this strategy of expansion, we are also firmly committed to continuous improvements in our internal efficiency in all areas.

Sales figures in the new year have been positive, despite signs that the economy as a whole remains somewhat subdued, and, against this background, we look forward with confidence to what NIBE will achieve in 2003.

Share buy-back

As was the case last year, the Board of Directors again intends to propose that the forthcoming Annual General Meeting of Shareholders empowers the Board to make decisions regarding the acquisition and transfer of the company's own shares.

Dividend

The Board of Directors has resolved to propose to the Annual General Meeting of Shareholders that the shareholders' dividend be increased from SEK 4.25 to SEK 5.50 per share for 2002, amounting to a total pay-out of SEK 32.3 million.

Annual General Meeting

The Annual General Meeting of Shareholders will take place at 17.00 (5.00 p.m.) on Thursday 15 May 2003 at the NIBE Marketing Centre (Marknadscenter) in Markaryd, Sweden.

The Board of Directors of NIBE Industrier AB has resolved to propose to the Annual General Meeting that a 4:1 split be made of the company's shares. An amendment to the company's articles of association will make it possible to reduce the nominal value of each share from the current SEK 10 to SEK 2.50 at the same time as there will a fourfold increase in the number of shares.

The Chairman of the Board, Bengt Hjelm, has announced that, as part of a general reduction in his professional commitments, he will be leaving the board of NIBE Industrier in conjunction with the Annual General Meeting in May. Bengt Hjelm has been a director with NIBE for more than 20 years and has served as Chairman of NIBE Industrier AB since 1989. Arvid Gierow is being proposed as the new chairman. He has been a director of NIBE since 1997.

Financial information plan

April 2003:	Annual Report for 2002
15 May 2003:	Interim Report January – March 2003
15 May 2003:	Annual General Meeting
18 August 2003:	Interim Report January – June 2003
17 November 2003:	Interim Report January – September 2003

These financial reports will be made available via the NIBE Industrier website – www.nibe.se – under the heading "Financial Information" on the same day on which they are made public.

Markaryd, Sweden – 14 February 2003

Gerteric Lindquist
Managing Director and Chief Executive

Group

Sales

Net sales for the NIBE Group in 2001 totalled SEK 1,944.2 million (2001: SEK 1,677.1 million), equivalent to growth of 15.9%. Of the total increase in sales of SEK 267.1 million, the sum of SEK 119.9 million was acquired.

Profits

Profit for the year after net financial items amounted to SEK 155.0 million. This shows a growth in profits of 26.7% compared with the result for 2001 (SEK 122.3 million).

Return on equity was 21.5% compared to the previous year's level of 19.9%.

Investments

Group investments for 2002 totalled SEK 147.1 million (2001: SEK 155.4 million) in fixed assets: SEK 38.6 million in corporate acquisitions (2001: SEK 47.3 million) and SEK 108.5 million in plant, machinery and buildings in existing units (2001: SEK 108.1 million).

Financial position

Group liquid assets totalled SEK 263.2 million at the year-end compared to SEK 182.8 million at the start of the year. During the year Group overdraft facilities were increased by SEK 75.6 million. The equity/assets ratio at the end of the year was 41.8% as opposed to 40.8% at the start of the accounting period.

Parent company

The activities of the parent company include Group executive management functions, certain shared Group functions and the financing of takeovers and acquisitions. Parent company sales during the year totalled SEK 3.2 million (2001: SEK 1.5 million) and the profit after financial items was SEK 22.5 million (2001: SEK 30.1 million). Liquid assets at the end of the accounting period totalled SEK 177.1 million compared to SEK 108.0 million at the beginning of the year.

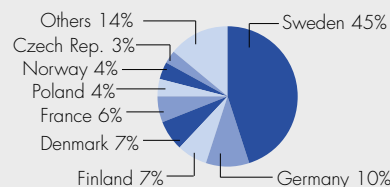
Economic objectives

- Average growth of 20% a year
- Operating profit for each business area of at least 10% of sales over a complete business cycle
- Return on equity over a business cycle of at least 20% after standard deductions for tax
- Equity/assets ratio in the Group in excess of 30% at all times.

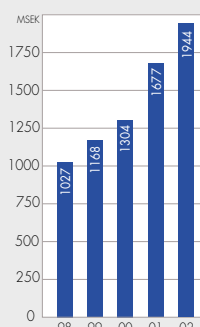
NIBE Industrier – Group

Key figures		2002	2001
Net sales	(MSEK)	1,944.2	1,677.1
Growth	(%)	+ 15.9	+ 28.6
of which acquired	(%)	+ 7.1	+ 10.8
Operating profit	(MSEK)	177.7	134.2
Operating margin	(%)	9.1	8.0
Profit after net fin.items	(MSEK)	155.0	122.3
Net profit margin	%	8.0	7.3

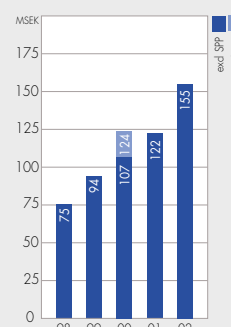
Group sales by country – 2002



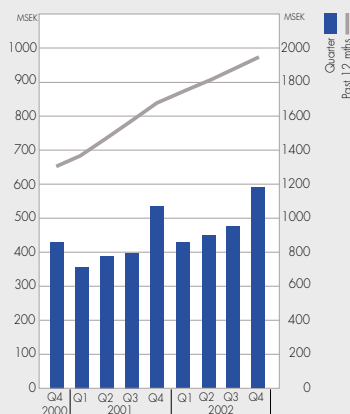
Sales 1998 – 2002



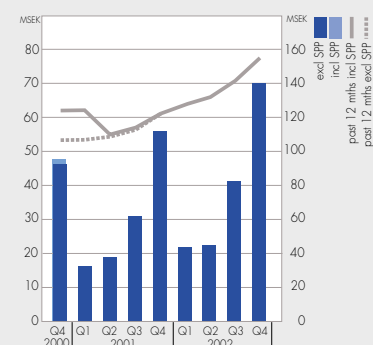
Profit after financial items 1998 – 2002



The NIBE Group's sales over the past nine quarters



The NIBE Group's profit after financial items over the past nine quarters





NIBE Element

Sales and profit

Invoiced sales for the year totalled SEK 932.6 million compared to SEK 782.7 million in 2001. Of the overall increase of SEK 149.9 million a total of SEK 102.2 million derives from acquisitions, which means that organic growth for the year was 6.1%.

Operating profit was SEK 62.9 million compared to SEK 46.9 million in 2001 – an increase in the operating margin from 6.0% to 6.7%.

The year in brief

The European market as a whole has not yielded any growth during the year. Most markets in Europe have stagnated, with investment-related segments being particularly hard-hit. However, sales outside our traditional geographical areas of focus have increased, especially sales of foil-based and aluminium-based products that are unique to NIBE Element.

The American sales company has been reinforced to improve opportunities for the sale of niche products on the US market.

Overall we believe that NIBE Element has continued to increase its market shares both through organic growth and acquisitions.

As part of an extensive restructuring process following the acquisition of the Calesco and Norells foil manufacturing units, labour-intensive assembly work has been transferred to our plant in Poland at the same time as high-tech manufacturing processes have been concentrated to our new unit in Sweden.

The organisation as a whole has been reinforced in order to intensify the work of achieving synergies and economies of scale in both purchasing and technical standardisation.

Fourth quarter

The increase in fourth-quarter sales to SEK 255.7 million (corresponding period 2001: SEK 241.8 million) is due in its entirety to the performance of newly acquired companies. Operating profit for the same period was SEK 23.3 million (SEK 18.1 MSEK).

The end-of-year market was plagued by insecurity with a fall in demand wiping out any organic growth for the fourth quarter. The effect of this on profits has been offset, however, by reductions in costs and continued rationalisation.

Early in the new year 2003 an agreement was signed with the Danish company Danotherm to acquire 80% of Danotherm's shares immediately, with an option on the remaining 20%. NIBE Element has a long history of close cooperation with Danotherm, which specialises in loading resistors used for a variety of applications within the power electronics industry. The company has an annual turnover equivalent to approximately SEK 65 million. January 2003 also saw the acquisition of a small company in Finland working in the same area of operations, with a turnover in the region of SEK 2 million per year.

NIBE Element – Key figures		2002	2001
Net sales	(MSEK)	932.6	782.7
Growth	(%)	+ 19.1	+ 29.2
Operating profit	(MSEK)	62.9	46.9
Operating margin	(%)	6.7	6.0



NIBE Heating

Sales and profit

Invoiced sales for the year totalled SEK 815.4 million compared to SEK 730.3 million in 2001. Of the overall increase of SEK 85.1 million a total of SEK 16.9 million derives from acquisitions, which means that organic growth for the year was 9.3%.

Operating profit was SEK 95.4 million compared to SEK 79.3 million in 2001 – an increase in the operating margin from 10.9% to 11.7%.

The year in brief

Sales of heat pumps continued to rise in Sweden throughout the year, increasing our share of the market and strengthening our position in what is Europe's biggest market for heat pumps. During the course of the year the range was also extended with the introduction of a new family of highly efficient heat pumps which recycle energy from the air outside.

The fall in the market for domestic boilers in Sweden seems to have bottomed out, so that today – despite an increased interest for alternative heating sources – there is now a stable demand for these boilers. Sales of water heaters have increased over the year, further confirming our leading position in this segment.

Developments in the other Scandinavian countries, especially Finland, have also been positive. In a short time reinforcements to our sales organisation there have helped NIBE Heating capture a leading position in the important Finnish water heater market. This, together with a growing interest for heat pumps among homeowners in Finland, bodes well for the future.

The takeover of our former importing agent in Germany has proved highly successful and contributed to making Germany our largest export market. It has also strengthened our position in the German heat pump market. However, the German economy remains weak and the construction of new homes has plummeted.

After a weak start, operations in Poland have developed positively over the course of the year. The production unit there now delivers increasing quantities of products to our other European markets. The Polish economy and consumer spending do, however, remain weak.

Fourth quarter

Invoiced sales during the fourth quarter totalled SEK 252.3 million (corresponding period 2001: SEK 227.0 million) and organic growth was 8.8%. Operating profit for the same period amounted to SEK 36.8 million (2001: SEK 30.1 million).

Demand remained good throughout the autumn. The fact that we increased our representation on the Norwegian market towards the end of the year is expected to promote further growth, primarily in the market for our heat pumps.

The investments in warehousing made in the spring have improved productivity and increased delivery reliability, while the effects of rationalisation work in our modernised product manufacturing facilities have also played their part in improving our operating margin.

NIBE Heating – Key figures		2002	2001
Net sales	(MSEK)	815.4	730.3
Growth	(%)	+ 11.6	+ 32.2
Operating profit	(MSEK)	95.4	79.3
Operating margin	(%)	11.7	10.9



NIBE Stoves

Sales and profit

Invoiced sales for the year totalled SEK 211.3 million compared to SEK 177.8 million in 2001. Of the overall increase of SEK 33.5 million, only SEK 0.8 derives from acquisitions. Organic growth for the year was 18.4%. Operating profit was SEK 30.1 million compared to SEK 17.8 million in 2001, yielding an operating margin of 14.2% as against last year's figure of 10.0%.

The year in brief

The already good demand for stoves and related products in Sweden accelerated dramatically towards the end of the year, partly as a result of an escalating interest in energy-saving products and partly as a manifestation of current trends towards an increased consumer willingness to invest in capital goods.

Demand abroad as a whole has been considerably weaker than in 2001, but thanks to the continued appeal of our series of stoves specially designed for the export market, our total export sales (chiefly to Germany and Norway) have developed favourably.

In the summer we launched a totally new, lightweight, stainless steel chimney. In just a few short months this product, which offers outstanding value for money, has become a major sales success in Sweden. NIBE Stoves has also pioneered the way in Sweden as the first manufacturer to offer a wide selection of "P-marked"* stoves. This has already reinforced our position as a market leader and will continue to do so over the years to come.

Sales increases for the products we manufacture ourselves, the rationalisation of the range, a relatively uniform production pace throughout the year and the full impact of earlier rationalisations in our production plants have all played their part in helping us to record further improvements in our earnings over the past year.

During the year NIBE acquired 21.7% of the shares in Jøtul ASA. Our long-term interest in this company, which is quoted on the Norwegian stock market, remains.

Fourth quarter

Invoiced sales during the fourth quarter of 2002 totalled SEK 86.4 million (corresponding period 2001: SEK 69.4 million) and organic growth was 24.5%. Operating profit for the same period was SEK 18.1 million (2001: SEK 11.1 million).

Extremely high electricity prices during certain periods towards the end of the year contributed to an increased interest in energy-saving products such as wood-burning stoves. Powerful marketing in Sweden in connection with the launch of our new chimney system resulted in a strong sales increase for our complete range of lightweight stoves. Export sales also developed very positively during the fourth quarter.

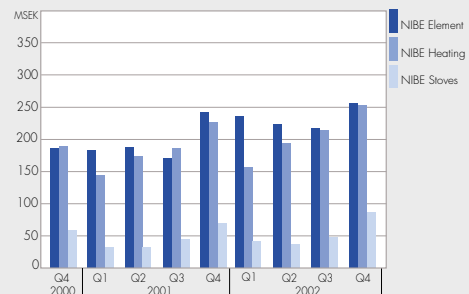
By building up stocks of selected models in spring we have, by and large, been able to satisfy demand in the autumn.

At the start of 2003 NIBE Stoves terminated its agency agreement with the American company, Vermont Castings.

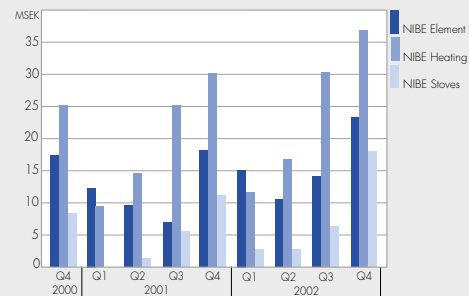
* P-marking. Enhanced quality and environmental certification from SP (the Swedish Testing and Research Institute) guaranteeing that the heat output of the stove can be regulated and that the stove produces low emissions and delivers high efficiency.

NIBE Stoves – Key figures		2002	2001
Net sales	(MSEK)	211.3	177.8
Growth	(%)	+ 18.8	+ 14.2
Operating profit	(MSEK)	30.1	17.8
Operating margin	(%)	14.2	10.0

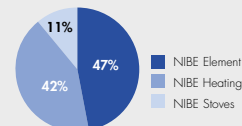
Sales by business area over the past nine quarters



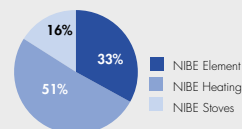
Operating profit by business area over the past nine quarters



Business areas' contribution to sales 2002

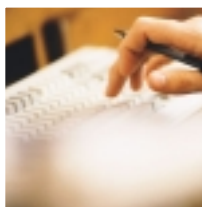


Business areas' contribution to profits 2002



Share performance





The NIBE Group – financial trends

Consolidated Income Statement

(in millions of Swedish kronor, MSEK)	2002	2001
Net sales	1,944.2	1,677.1
Cost of goods sold	- 1,389.3	-1,242.7
Gross profit	554.9	434.4
Selling expenses	- 281.0	- 221.5
Administrative expenses	- 108.3	- 92.3
Other income	+ 12.1	+ 13.6
Operating profit	177.7	134.2
Net financial items	- 22.7	- 11.9
Profit after net financial items	155.0	122.3
Tax	- 49.7	- 38.9
Minority participation in profit after tax	+ 0.4	+ 0.2
Net profit	105.7	83.6
<i>Totals include depreciation according to plan as follows:</i>		
	70.9	58.7

Cash flow analysis

(in millions of Swedish kronor, MSEK)	2002	2001
Cash flow from trading activities	+ 176.0	+ 134.5
Change in working capital	- 34.6	- 11.6
Investment activities	- 136.3	- 151.0
Financing activities	+ 9.6	+ 45.4
Exchange rate difference in liq. assets	- 1.0	+ 1.8
Change in liquid assets	+ 13.7	+ 19.1

Consolidated Balance Sheet summary

(in millions of Swedish kronor, MSEK)	31 Dec 02	31 Dec 01
Intangible assets	99.7	84.8
Tangible assets	427.0	394.5
Financial assets	43.3	26.2
Total fixed assets	570.0	505.5
Inventories	377.7	331.6
Current receivables	306.1	289.2
Investments	0.9	3.1
Cash and bank	67.1	53.4
Total current assets	751.8	677.3
Total assets	1,321.8	1,182.8
Equity	553.2	483.2
Minority interest	1.2	3.0
Provisions	124.2	102.4
Long-term non-interest-bearing liabilities	7.4	0.2
Long-term interest-bearing liabilities	294.8	274.1
Current non-interest-bearing liabilities	299.7	282.7
Current interest-bearing liabilities	41.3	37.2
Total equity and liabilities	1,321.8	1,182.8

Change in equity

(in millions of Swedish kronor, MSEK)	2002	2001
Amount at beginning of period	483.2	403.9
Shareholders' dividend	- 24.9	- 22.0
Exchange rate differences charged directly against equity	- 4.1	+ 4.9
Translation difference	- 6.7	+ 12.8
Profit for the year	+ 105.7	+ 83.6
Equity carried forward	553.2	483.2

Key figures

	2002	2001	2000	1)	1999	1998	
Growth	(%)	+15.9	+ 28.6	+ 11.6		+ 13.8	+ 39.5
Operating margin	(%)	9.1	8.0	10.0	(8.7)	8.4	8.0
Net profit margin	(%)	8.0	7.3	9.5	(8.2)	8.1	7.4
Investments in fixed assets	(MSEK)	147.1	155.4	141.2		58.8	111.7
Unappropriated liquid assets	(MSEK)	263.2	182.8	143.8		149.8	91.9
Working capital, incl. cash and bank balances	(MSEK)	410.7	357.5	299.7		241.9	208.5
Interest-bearing liabilities/Equity	(%)	65.7	69.9	57.8		49.3	55.8
Solidity (Equity/Assets ratio)	(%)	41.8	40.8	42.6		44.9	43.3
Return on capital employed	(%)	20.8	19.0	23.7	(20.9)	21.5	21.0
Return on equity	(%)	21.5	19.9	24.3	(21.3)	21.9	20.2

Share data

	2002	2001	2000	1)	1999	1998	
EPS (net earnings per share: total 5,870,000 shares)	(SEK)	18.01	14.24	14.67	(12.54)	10.92	8.56
Equity per share	(SEK)	94.24	82.31	68.81		56.14	49.52
Closing-day share price	(SEK)	255.00	192.00	137.00		121.00	124.00

1) All key figures/ratios in parentheses have been calculated excluding items affecting comparability, namely refunds from the SPP insurance surplus.

Quarterly data

Consolidated Income Statement

(in millions of Swedish kronor, MSEK)	2002				2001				2000
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
Net sales	428.9	449.3	475.6	590.4	355.7	389.5	397.6	534.3	429.2
Operating expenses	- 401.9	- 422.5	- 427.2	- 514.9	- 336.4	- 366.9	- 362.2	- 477.4	- 380.6
Items affecting comparability ¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	+ 1.3
Operating profit	27.0	26.8	48.4	75.5	19.3	22.6	35.4	56.9	49.9
Net financial expenses	- 5.2	- 4.3	- 7.2	- 6.0	- 3.1	- 3.7	- 4.2	- 0.9	- 2.2
Profit after net financial expenses	21.8	22.5	41.2	69.5	16.2	18.9	31.2	56.0	47.7
Tax	- 8.7	- 7.5	- 12.9	- 20.6	- 5.0	- 7.9	- 9.5	- 16.5	- 14.2
Minority share of profit after tax	+ 0.2	+ 0.2	- 0.1	+ 0.1	0.0	+ 0.1	0.0	+ 0.1	+ 0.2
Net profit	13.3	15.2	28.2	49.0	11.2	11.1	21.7	39.6	33.7

Net sales – Business Areas

(in millions of Swedish kronor, MSEK)	2002				2001				2000
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	236.5	223.6	216.8	255.7	183.3	187.9	169.7	241.8	185.2
NIBE Heating	156.1	193.4	213.6	252.3	144.3	173.0	186.0	227.0	188.8
NIBE Stoves	40.8	35.9	48.2	86.4	31.7	32.0	44.7	69.4	57.9
Elimination of Group transactions	- 4.5	- 3.6	- 3.0	- 4.0	- 3.6	- 3.4	- 2.8	- 3.9	- 2.7
Group	428.9	449.3	475.6	590.4	355.7	389.5	397.6	534.3	429.2

Operating profits – Business Areas

(in millions of Swedish kronor, MSEK)	2002				2001				2000
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	15.1	10.4	14.1	23.3	12.3	9.6	6.9	18.1	17.4
NIBE Heating	11.6	16.7	30.3	36.8	9.4	14.6	25.2	30.1	25.1
NIBE Stoves	2.8	2.8	6.4	18.1	- 0.3	1.4	5.6	11.1	8.3
Elimination of Group transactions ²⁾	- 2.5	- 3.1	- 2.4	- 2.7	- 2.1	- 3.0	- 2.3	- 2.4	- 0.9
Group	27.0	26.8	48.4	75.5	19.3	22.6	35.4	56.9	49.9

¹⁾ Refers to refunds from the SPP pensions insurance surplus.

²⁾ Eliminations include the effect on profits of refunds from the SPP surplus totalling SEK 1.3 million.

The financial information contained in this summary follows the recommendations of the Swedish Financial Accounting Standards Council. Recommendations that came into force in 2002 have not had any effect on the profits or financial position of the Group or its companies for 2002 or 2001. For information concerning definitions, we kindly refer you to the Annual Report for NIBE Industrier for 2001.



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