



— bringing warmth to the world —



- Sales rise to SEK 1,398.5 million (Jan – Jun 2003: SEK 1,064.3 m)
- Profit after net financial items rises to SEK 101.9 million (SEK 65.2 m)
- Profit after tax rises to SEK 70.8 million (SEK 42.8 m)
- Earnings per share amount to SEK 3.02 (SEK 1.82)

Interim Report
1 January – 30 June 2004



The Chief Executive's Report

Strong first six months

Growth for the first six months of 2004 was 31.4%, of which 13.2% was organic. This represented an improvement of 60.7% in operating profit and an increase in profits after net financial items of 56.3% on the corresponding period in 2003.

Sales, earnings and profits after net financial items have all been slightly better during the second quarter than they were in the first three months of the year and show a considerable improvement on last year's second-quarter figures.

Moreover, we have been able to offset the worst effects of steep rises in the prices of raw materials thanks to a combination of long-term agreements with several of our suppliers and, in certain instances, adjustments to our own prices.

NIBE Element has again succeeded in improving its operating result over the past three months, and together with the improvement in operating margin this strengthens us in our conviction that we have definitely reversed last year's negative trend.

This upswing owes much to the strategy of reorganising manufacturing operations according to product volumes and the relative complexity of the products concerned, at the same time as NIBE Element has intensified its product development work and its marketing efforts.

NIBE Heating has continued to go from strength to strength throughout the first six months of the year, with good growth in all markets and product areas.

The acquisition of the METRO THERM Group has reinforced the business area's presence in the market and broadened the appeal of its product range as intended, and intensive efforts are being made to improve and integrate operations in order to bring the operating margin up to the level that accords with our economic objectives.

NIBE Stoves has followed up its very strong development in the first quarter with an equally good performance in the second, both as regards sales and operating profit.

After a large backlog of undelivered orders at the start of the year, the situation returned to normal during the first quarter. This subsequently enabled NIBE Stoves to use its greatly expanded production resources to build up buffer stocks in the second quarter in readiness to meet the anticipated demand in the peak season ahead.

A great deal of effort is being invested to maintain growth, and this includes, for example, far-reaching measures outside Sweden's borders.

After much uncertainty it is now evident that operations in Jøtul ASA, a Norwegian wood-stove manufacturing company in which the NIBE Group currently has a 21.7% stake, will be sold to a Swedish-Norwegian venture capital consortium.

Prospects for 2004

In my opinion, conditions are favourable for all three business areas to capture new shares of their respective markets in 2004. At the same time we are engaged in ongoing efforts to enhance productivity in order to hone our competitive edge.

We also believe that there are good opportunities for a number of new corporate acquisitions.

Against this background we look forward with confidence to what NIBE will achieve for 2004 as a whole, but feel that it is necessary to point out that any results must be seen in relation to last year's exceptionally strong second-half performance.

Financial information

15 November 2004; Interim report, January – September 2004

15 February 2005; Summary of Annual Report 2004

These financial reports are posted on the NIBE Industrier website (www.nibe.se) under the heading "The Group" ("Financial Information") on the same day on which they are made public.

Markaryd, Sweden – 16 August 2004

Gert Eric Lindquist
Managing Director and Chief Executive Officer

The NIBE Group

Sales

Net sales for the NIBE Group during the period January to June totalled SEK 1,398.5 million (compared with SEK 1,064.3 million for the corresponding period last year). This equates to overall growth of 31.4%, of which 13.2% is organic.

Of the total increase in sales of SEK 334.2 million, the sum of SEK 193.6 million was acquired.

Profits

Profits for the period after net financial items were SEK 101.9 million – an improvement of 56.3% in comparison with the corresponding period in 2003. Profit after net financial items was SEK 65.2 million.

Return on equity was 22.2% (17.0%).

Investments

Between January and the end of June the NIBE Group invested SEK 92.4 million (SEK 139.1 million) in fixed assets: SEK 5.6 million of this total was in corporate acquisitions (SEK 64.5 million), with the remaining SEK 86.8 million (SEK 74.6 million) being invested in plant, machinery and buildings in existing units.

Financial position

Group liquid assets at the end of June totalled SEK 244.0 million compared to SEK 340.6 million at the start of the year. During the period Group overdraft facilities were reduced by SEK 3.3 million.

The equity/assets ratio at the end of the reporting period was 31.7%, compared with figures of 34.6% at the start of 2004 and 36.0% at the corresponding time last year.

Parent company

The activities of the parent company include Group executive management functions and certain shared Group functions. Parent company sales for the period January to June totalled SEK 0.9 million (SEK 1.1 million), and profit after net financial items was SEK 65.6 million (SEK 45.4 million). Liquid assets at the end of the reporting period totalled SEK 115.7 million, compared to SEK 189.9 million at the start of the year.

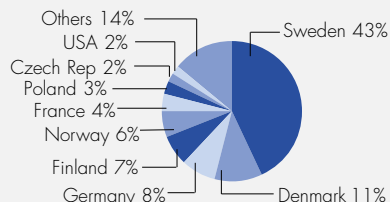
Economic objectives

- Average growth of 20% per 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.

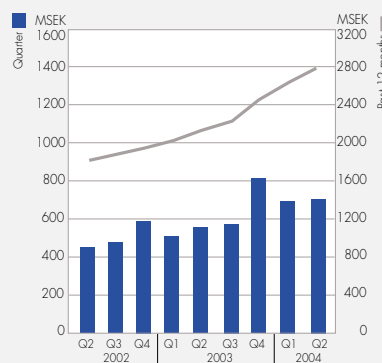
NIBE Industrier – Group

Key figures		2004 Q1–2	2003 Q1–2	Past 12 months	Full year 2003
Net sales	(MSEK)	1,398.5	1,064.3	2,785.3	2,451.1
Growth	(%)	+ 31.4	+ 21.2	+ 30.7	+ 26.1
of which acquired	(%)	+ 18.2	+ 6.5	+ 16.7	+ 11.3
Operating profit	(MSEK)	109.8	68.3	275.3	233.8
Operating margin	(%)	7.9	6.4	9.9	9.5
Profit after net fin's	(MSEK)	101.9	65.2	254.5	217.8
Net profit margin	(%)	7.3	6.1	9.1	8.9

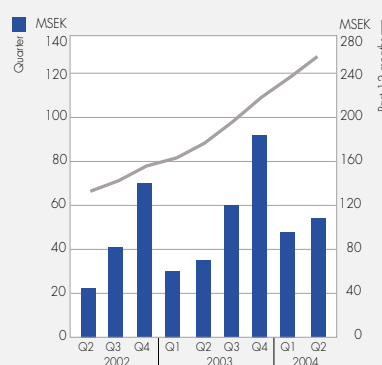
NIBE Group sales by geographical market Jan – June 2004



NIBE Group sales over the past nine quarters



NIBE Group profit after financial items over the past nine quarters





NIBE Element

Sales and profits

Invoiced sales totalled SEK 560.3 million compared with SEK 519.2 million for the corresponding period in 2003. The overall increase of SEK 41.1 million includes SEK 13.9 million attributable to acquisitions, which gives a figure for organic growth of 5.2%.

Operating profit for the period was SEK 24.8 million (January – June 2003: SEK 18.5 million), resulting in a rise in operating margin from 3.6% last year to 4.4% this year. This means that operating margin over the past 12 months is 4.3%.

The market

Although there does seem to have been some growth in the market during the second quarter, most of the increase in sales derives from our increased share of the market. First and foremost this is a result of our increased efforts in product development and in working up the market, especially for elements for sale to the manufacturers of equipment for professional users. But it is also an effect of the ongoing process of structural change in the industry, where certain smaller manufacturers are winding up operations or abandoning segments in which competition is particularly fierce.

The pace of change is quickening among customers who concentrate on manufacturing household utensils, etc. They are scaling down production in Western Europe and opening factories in Eastern Europe or in Asia, or buying in ready-made products. Our own corporate structure, which complements development, logistics and marketing resources in Western Europe and the USA with manufacturing units in low-cost countries, has proved to be a highly attractive alternative for many customers.

There is also increased interest among various segments of the market for buying a complete function instead of merely a heating element. This presents us with an opportunity for organic growth even in segments which are stagnating.

Raw material prices have levelled out at a high level during the second quarter and, as a result, we have implemented price increases in a number of product segments.

Operations

A decision has been made to further extend the production capacity of our Polish unit. Extension work scheduled for 2004 and 2005 will almost double the plant's capacity to produce tubular elements at the same time as it increases the capacity for foil elements and power resistors. After the rebuild the Polish unit will be the business area's largest. Capacity in Poland needs to be increased partly to meet organic growth in the business area and partly as a result of the ongoing work of restructuring of our units in Western Europe.

The takeover of the English element manufacturer Shel (which has manufacturing operations in both England and China) was finalised at the end of June. During the autumn production facilities in China will be extended in order to manufacture a wider range of products, primarily for the Asian market.

NIBE Element Key figures		2004 Q1–2	2003 Q1–2	Past 12 months	Full year 2003
Net sales	(MSEK)	560.3	519.2	1,099.7	1,058.6
Growth	(%)	+7.9	+12.8	+10.9	+13.5
Operating profit	(MSEK)	24.8	18.5	47.5	41.2
Operating margin	(%)	4.4	3.6	4.3	3.9
Assets	(MSEK)	858.6	790.0	858.6	798.1
Liabilities	(MSEK)	751.9	679.3	751.9	690.9
Investm. (fxd assets)	(MSEK)	48.1	85.0	87.1	124.0
Depreciation	(MSEK)	24.7	23.3	48.0	46.6



NIBE Heating

Sales and profits

Invoiced sales totalled SEK 672.8 million compared with SEK 427.7 million for the corresponding period in 2003. The overall increase of SEK 245.1 million includes SEK 179.7 million attributable to acquisitions, which gives a figure for organic growth of 15.3%.

Operating profit for the period was SEK 62.8 million (January – June 2003: SEK 43.6 million), resulting in an operating margin of 9.3% (10.2%). This means that operating margin over the past 12 months is 12.3%.

The lower operating margin for NIBE Heating is explained by the fact that the METRO-THERM Group acquired in 2003 has still not achieved its target with regard to operating margin. However, intensive efforts are being made to rationalise operations and make them more efficient.

The market

As a whole the Swedish market for heat pumps has continued to expand. The increased number of new domestic properties and the expanding market for replacement pumps mean that the largest percentual increase is in exhaust-air heat pumps, but demand for other heat pump products has been good as well, and we have been able to increase our shares of the market.

The domestic market for electric water heaters remains stable. Here organic growth and takeovers have combined to give us a dominant position in Sweden and the rest of Scandinavia. Domestic water heaters/boilers is another segment that has continued to grow, albeit slightly: in this instance sales of wood-fired boilers have increased as oil-fired boilers have continued to decline, primarily as a result of the high price of heating oil. We have successfully defended our position in this market as well.

Abroad there has been no letup in the interest shown not only in our heat pumps and water heaters, but also in our district heating products. Sales are rising and the trend is positive in all our major markets in Scandinavia and beyond, with the strongest growth of all in our Polish unit, NIBE-BIAVAR.

Operations

Work continues on modernising and expanding all NIBE Heating units. The production line in the new, super-efficient plant for stainless steel water heaters in Markaryd, Sweden, is now being tested under operational conditions and will be in full use by the end of the autumn.

In May NIBE Heating's new Marketing Centre was opened in Markaryd. Not merely a focal point for customers and other visitors, the facilities include modern, purpose-built premises for training, product showrooms and a studio-cum-workshop for preparing materials and exhibitions for trade fairs.

NIBE Heating continues to establish a foothold in new export markets, and, at the same time, existing sales channels are being reviewed and restructured in those markets where the company sees the potential for extra strong growth.

NIBE Heating Key figures		2004 Q1–2	2003 Q1–2	Past 12 months	Full year 2003
Net sales	(MSEK)	672.8	427.7	1,345.7	1,100.6
Growth	(%)	+57.3	+22.4	+50.6	+35.0
Operating profit	(MSEK)	62.8	43.6	164.9	145.7
Operating margin	(%)	9.3	10.2	12.3	13.2
Assets	(MSEK)	1,046.8	555.9	1,046.8	875.9
Liabilities	(MSEK)	697.8	293.3	697.8	548.9
Investm. (fxd assets)	(MSEK)	29.9	33.8	277.9	281.8
Depreciation	(MSEK)	25.5	12.4	45.1	32.0



NIBE Stoves

Sales and profits

Invoiced sales climbed steeply to a figure of SEK 183.6 million compared with SEK 126.9 million during the corresponding period in 2003. As the entire increase of SEK 56.7 million was organic, organic growth for the period amounts to no less than 44.7%.

Operating profit from January to June was SEK 29.9 million (January – June 2003: SEK 12.7 million), resulting in a rise in operating margin from 10.0% last year to 16.3% this year. Operating margin over the past 12 months is thus 20.7%.

High levels of capacity utilisation during the first six months of the year have led to more cost-effective production, which, coupled with the dramatic rise in sales volumes, has contributed to a very strong operating result.

The market

Overall demand for wood-fired stove products in Sweden has remained strong and, while it has now stabilised at what may be considered a high level, this nevertheless remains relatively low in comparison with our Scandinavian neighbours.

Our strong position in the market combined with a rise in demand for lightweight solid-fuel stoves and modular chimneys at competitive prices has seen NIBE Stoves increase its market share.

Thanks to increased marketing efforts and strong demand for our new, attractively priced models, sales in Norway and Germany (currently our two most important markets outside Sweden), have developed very positively during the first six months of the year.

Sales on our other foreign markets have also developed in a highly positive fashion over the year so far, and we will be investing in marketing measures here too.

Operations

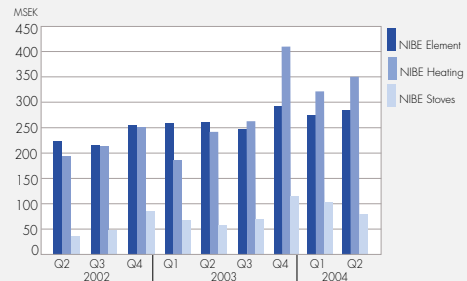
Our most recently launched models, the Contura 500 series, have rapidly established themselves as bestsellers. In the second quarter, to meet requests, in the first instance, from the Danish and Norwegian markets, a new colour was added to the choice of finishes currently available to customers, and we expect that this will help to improve sales even more.

The delivery situation was normalised during the first quarter, so second-quarter sales are not affected by the backlog of orders from last year. During the first six months production volumes have been consistently high in order to build up buffer stocks for a number of products. We will thus be able to offer our customers delivery times on a par with those offered by other companies in the market and high levels of delivery reliability even during the peak season ahead.

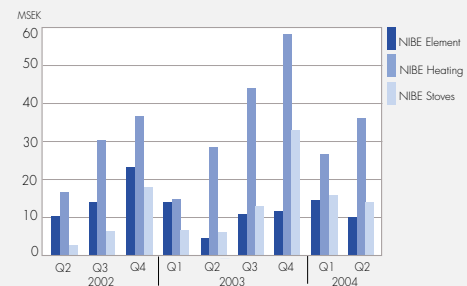
Once the planned investments in production equipment have been fully implemented soon after the start of the third quarter there should be further improvements in productivity.

NIBE Stoves Key figures		2004 Q1–2	2003 Q1–2	Past 12 months	Full year 2003
Net sales	(MSEK)	183.6	126.9	368.3	311.6
Growth	(%)	+ 44.7	+ 65.4	+ 40.8	+ 47.4
Operating profit	(MSEK)	29.9	12.7	76.4	59.2
Operating margin	(%)	16.3	10.0	20.7	19.0
Assets	(MSEK)	240.0	184.5	240.0	208.5
Liabilities	(MSEK)	143.0	108.7	143.0	100.5
Investm. (fxd assets)	(MSEK)	5.7	1.5	20.7	16.5
Depreciation	(MSEK)	5.1	3.6	9.1	7.6

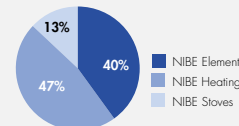
Sales by business area over the past 9 quarters



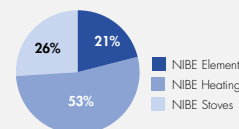
Operating profit by business area over the past 9 quarters



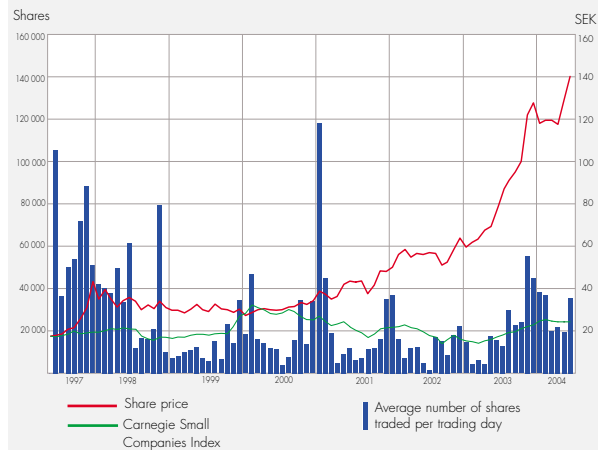
Business areas' contribution to sales: January – June 2004



Business areas' contribution to operating profit: January – June 2004



Share performance





The NIBE Group – financial trends

Consolidated Income Statement

(MSEK)	Q 2 2004	Q 2 2003	Jan – June 2004	Jan – June 2003	Past 12 months	Full year 2003
Net sales	704.6	555.8	1,398.5	1,064.3	2,785.3	2,451.1
Cost of goods sold	- 491.3	- 406.8	- 986.2	- 771.3	- 1,951.2	- 1,736.3
Gross profit	213.3	149.0	412.3	293.0	834.1	714.8
Selling expenses	- 121.2	- 84.7	- 228.5	- 162.7	- 426.3	- 360.5
Administrative expenses	- 40.8	- 35.8	- 88.0	- 71.9	- 160.9	- 144.8
Other income	+ 4.6	+ 6.9	+ 14.0	+ 9.9	+ 28.4	+ 24.3
Operating profit	55.9	35.4	109.8	68.3	275.3	233.8
Net financial items	- 1.8	- 0.3	- 7.9	- 3.1	- 20.8	- 16.0
Profit after net financial items	54.1	35.1	101.9	65.2	254.5	217.8
Tax	- 17.5	- 12.1	- 30.6	- 22.4	- 81.1	- 72.9
Minority participation in profit after tax	- 0.4	- 0.1	- 0.5	0.0	- 1.0	- 0.5
Net profit	36.2	22.9	70.8	42.8	172.4	144.4
<i>Includes depreciation according to plan as follows:</i>	<i>28.9</i>	<i>21.1</i>	<i>56.9</i>	<i>41.0</i>	<i>105.4</i>	<i>89.5</i>

Consolidated Balance Sheet summary

(MSEK)	30 June 2004	30 June 2003	31 Dec 2003
Intangible assets	182.1	126.6	191.6
Tangible assets	700.0	489.6	659.3
Financial assets	57.6	43.1	47.2
Total fixed assets	939.7	659.3	898.1
Inventories	646.1	422.9	445.6
Current receivables	477.9	392.0	443.3
Investments	2.6	0.8	2.3
Cash and bank	76.3	59.8	81.5
Total current assets	1,202.9	875.5	972.7
Total assets	2,142.6	1,534.8	1,870.8
Equity	678.1	552.3	646.9
Minority interest	2.7	1.8	2.2
Provisions	175.5	127.7	160.8
Long-term liabilities, non-interest bearing	3.2	6.8	6.5
Long-term liabilities, interest bearing	733.3	435.8	576.1
Current liabilities, non-interest bearing	498.8	369.1	422.6
Current liabilities, interest bearing	51.0	41.3	55.7
Total equity and liabilities	2,142.6	1,534.8	1,870.8

Cash flow analysis

(MSEK)	Jan – June 2004	Jan – June 2003	Full year 2003
Cash flow from trading activities	+ 105.4	+ 72.0	+ 240.7
Change in working capital	- 137.9	- 49.5	- 54.7
Investment activities	- 92.5	- 100.6	- 350.7
Financing activities	+ 119.2	+ 71.6	+ 180.6
Exchange rate diff. in liquid assets	+ 0.6	- 0.8	- 1.5
Change in liquid assets	- 5.2	- 7.3	+ 14.4

Change in equity

(MSEK)	Jan – June 2004	Jan – June 2003	Full year 2003
Equity at beginning of period	646.9	553.2	553.2
Shareholders' dividend	- 43.4	- 32.3	- 32.3
Exchange rate differences charged directly against equity	+ 0.5	- 4.6	- 7.0
Translation difference	+ 3.3	- 6.8	- 11.4
Profit for the period	+ 70.8	+ 42.8	+ 144.4
Equity carried forward	678.1	552.3	646.9

Key figures

	Jan – June 2004	Jan – June 2003	Full year 2003
Growth (%)	+ 31.4	+ 21.2	+ 26.1
Operating margin (%)	7.9	6.4	9.5
Net profit margin (%)	7.3	6.1	8.9
Investments in fixed assets (MSEK)	92.4	139.1	433.0
Unappropriated liquid assets (MSEK)	244.0	237.0	340.6
Working capital, incl. cash + bank (MSEK)	653.1	465.0	494.4
Interest-bearing liabilities/Equity (%)	119.4	91.0	101.8
Solidity (Equity/Assets ratio) (%)	31.7	36.0	34.6
Return on capital employed (%)	16.6	15.6	21.8
Return on equity (%)	22.2	17.0	26.1

Data per share*)

	Jan – June 2004	Jan – June 2003	Full year 2003
Net profit per share (total 23,480,000 shares) (SEK)	3.02	1.82	6.15
Equity per share (SEK)	28.88	23.52	27.55
Yearend share price (SEK)	140.00	79.00	127.50

* all key figures per share have been recomputed to take into account the 4:1 split made in June 2003.

Quarterly data

Consolidated Income Statement

(MSEK)	2004		2003				2002		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	693.9	704.6	508.5	555.8	574.1	812.7	449.3	475.6	590.4
Operating expenses	- 640.0	- 648.7	- 475.6	- 520.4	- 508.2	- 713.1	- 422.5	- 427.2	- 514.9
Operating profit	53.9	55.9	32.9	35.4	65.9	99.6	26.8	48.4	75.5
Net financial expenses	- 6.1	- 1.8	- 2.8	- 0.3	- 5.7	- 7.2	- 4.3	- 7.2	- 6.0
Profit after net financial expenses	47.8	54.1	30.1	35.1	60.2	92.4	22.5	41.2	69.5
Tax	- 13.1	- 17.5	- 10.3	- 12.1	- 19.2	- 31.3	- 7.5	- 12.9	- 20.6
Minority share of profit after tax	- 0.1	- 0.4	+ 0.1	- 0.1	- 0.1	- 0.4	+ 0.2	- 0.1	+ 0.1
Net profit	34.6	36.2	19.9	22.9	40.9	60.7	15.2	28.2	49.0

Net sales – Business Areas

(MSEK)	2004		2003				2002		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	275.9	284.4	258.9	260.3	247.1	292.3	223.6	216.8	255.7
NIBE Heating	321.9	350.9	185.7	242.0	262.6	410.3	193.4	213.6	252.3
NIBE Stoves	104.2	79.4	68.1	58.8	69.1	115.6	35.9	48.2	86.4
Elimination of Group transactions	- 8.1	- 10.1	- 4.2	- 5.3	- 4.7	- 5.5	- 3.6	- 3.0	- 4.0
Group	693.9	704.6	508.5	555.8	574.1	812.7	449.3	475.6	590.4

Operating profit – Business Areas

(MSEK)	2004		2003				2002		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	14.6	10.2	14.0	4.5	11.0	11.7	10.4	14.1	23.3
NIBE Heating	26.6	36.2	15.0	28.6	43.8	58.3	16.7	30.3	36.8
NIBE Stoves	15.9	14.0	6.6	6.1	13.4	33.1	2.8	6.4	18.1
Elimination of Group transactions	- 3.2	- 4.5	- 2.7	- 3.8	- 2.3	- 3.5	- 3.1	- 2.4	- 2.7
Group	53.9	55.9	32.9	35.4	65.9	99.6	26.8	48.4	75.5

The information contained in this interim report follows the recommendations of the Swedish Financial Accounting Standards Council. During 2004 the Council's recommendation RR29 relating to remuneration for employees has come into force. For information concerning definitions, we refer you to the Annual Report for NIBE Industrier for 2003.

This Interim Report has not been the subject of a special audit by the company's auditors.



NIBE Industrier AB (publ) • Box 14 • SE-285 21 MARKARYD • Sweden
Corporate identity number: 55 63 74 - 8309