

# NIBE

bringing warmth to the world

- Sales rise to SEK 3,337.8 million (Jan–Sept 2005: SEK 2,647.3 m)
- Profit after net financial items rises to SEK 326.1 million (SEK 162.0 m)
- Profit after tax rises to SEK 228.6 million (SEK 105.2 m)
- Earnings per share total SEK 2.43 (SEK 1.11)
- Acquisition of
  - Varde Ovne A/S, Denmark
  - Naturenergi Iwabo AB, Sweden
  - DZ Drazice strojirna s.r.o., Czech Republic

interim report

1 January – 30 September 2006



## Strong development across the board

### THE CHIEF EXECUTIVE'S REPORT

Total growth in sales over the first nine months of the year was 26.1%, with organic growth accounting for 20.1%. This compares with figures of 21.2% and 11.8% respectively during the corresponding period last year.

As was the case during the previous two quarters, all three business areas are continuing to capture new shares of the market and organic growth remains very strong. Improvements in the economy, high energy prices and widespread unease about climate change, both in Sweden and in the rest of Europe, have made a strong contribution to the positive developments for our product programme. When comparing quarterly growth between this year and 2005, it should be borne in mind that the first quarter this year contained approximately 5% more working days than the first quarter of 2005, while there were roughly 8% fewer days in the second quarter this year than the year before. The third quarter, however, had only one day less than the corresponding period last year (a difference of approximately 1.5%).

Operating profit shows an improvement of 95.2% when compared directly with the result for the corresponding period last year. However, last year's result included transfers of SEK 70 million to a restructuring reserve. Compared with last year's third-quarter profits before transfers to the reserve, the improvement amounts to 42.0%.

Similarly, profit after net financial items shows a growth of 101.3% in comparison with the figure for the first three quarters of 2005 after transfers to the reserve, and growth of 40.6% when last year's transfer is excluded.

**NIBE Element's** restructuring programme, which has now been in progress for almost a full year, is proceeding according to plan and is expected to be complete on schedule before the end of 2007. Good organic growth means that we are continuing to capture new shares of the market, while the main factors behind the good growth in volumes are the improved economic situation and, above all, new products (not least on the system side) together with effective marketing strategies.

Raw material prices have continued to rise during the second half of the year, forcing us once again to raise our prices to keep pace.

The planned acquisition of the business activities of the English company Heatrod Elements is a further step in the business area's ongoing strategy of establishing a position for itself as a market leader on the most important European markets.

**NIBE Heating's** organic growth of 21.6% provides further proof that the business area continues to go from strength to strength, both in Sweden and abroad. The operating margin is also developing positively.

External factors such as high energy prices, worries about climate change and a rise in the number of new homes being produced, have all had a positive effect, but the main reason for the steep rise in growth is a highly competitive range, both in terms of technology and price, backed up by aggressive marketing.

Following the takeover in April of Naturenergi Iwabo AB, a Swedish manufacturer of pellet-burners, the business area now has a complete biofuel programme for this rapidly expanding segment of the market. Developments for the newly acquired company have been very positive.

The acquisition in September of DZ Drazice, the Czech Republic's biggest manufacturer of electric water-heaters, underlines NIBE Heating's strategy of international expansion to achieve a position as a market leader in Europe, not only for water-heaters, but also for heat pumps and biofuel equipment.

In April an agreement in principle was reached to acquire the business of the German water-heater and district-heating company DMS. After custom-

ary due diligence, further discussions have been held with the sellers to negotiate a reduction of the purchase price or a cancellation of the takeover contract. No agreement has yet been reached, however.

**NIBE Stoves** also continues to expand strongly both in Sweden and abroad. Organic growth amounts to 24.0%. In addition, the latest acquisitions have contributed a growth in volumes of 40%.

Although the business area's operating margin continues to lag slightly behind last year's performance, the explanation for this is simple: the newly acquired units have yet to achieve the same level of operating margin as the unit in Markaryd. We reiterate our firm conviction, however, that this is merely a temporary state of affairs.

As in the case of NIBE Heating, external factors such as high energy prices, climate worries and an increase in construction have contributed favourably to NIBE Stoves' results, but the main reasons for success are high-quality products, a comprehensive product range and forceful marketing.

Work on the new production facilities in Markaryd has now begun, and the plant is scheduled to be fully operational by late 2007/early 2008.

### Prospects for the remainder of 2006

Our assessment is that demand will remain strong for the products of all three business areas. We expect our strong market position and the solid technological base in each of our business areas to generate further increases in our share of these market segments.

The measures taken at NIBE Element have also laid the foundations for a clear and continuing improvement in results for 2006 and onwards.

Against this background, we expect that the Group will develop well in 2006 – a view reinforced by our excellent performance over the first nine months of the year.

### Financial targets

- Average annual sales growth of 20%
- Average annual operating profit 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 full business cycle
- Equity/assets ratio of at least 30%.

### Financial information

15 February 2007	Summary of Annual Report 2006
15 May 2007	Interim report, January – March 2007
15 May 2007	Annual General Meeting of Shareholders

These financial reports will be posted on the NIBE Industrier website ([www.nibe.se](http://www.nibe.se)) on the same day on which they are made public.

Markaryd, Sweden – 15 November 2006

Gert Eric Lindquist  
Managing Director and Chief Executive Officer

## Sales

The Group generated net sales of SEK 3,337.8 million from January to September 2006 (SEK 2,647.3 million for the corresponding period in 2005). This equates to overall growth of 26.1%, and organic growth of 20.1%. Of the total sales increase of SEK 690.5 million, SEK 160.1 million derived from acquisitions.

## Earnings

Profit for the period after financial items was SEK 326.1 million. This is an increase of 101.3% over the same period in 2005, when profit after financial items totalled SEK 162.0 million (following a transfer of SEK 70 million to a restructuring reserve). Return on equity was 28.5% (16.9%).

## Acquisitions

Two acquisitions were made during the first quarter. The first was NIBE Heating's takeover of the Jämä brand, one of the oldest brands in the Finnish heating market.

The second was the acquisition for NIBE Stoves of the Danish Varde group, with annual sales of around SEK 95 million and pre-tax profits of SEK 6 million. Operations were consolidated into the NIBE Group with effect from January.

During the second quarter the NIBE Group acquired Naturenergi Iwabo AB, a specialist manufacturer of pellet burners with annual sales of SEK 43 million and pre-tax profits of approximately SEK 3 million. Iwabo, which now forms part of the NIBE Heating business area, was consolidated into the NIBE Group in May 2006.

The second quarter also saw an agreement in principle to take over the German district heating specialist and water heater manufacturer, DMS Wasser-Wärmetechnik GmbH. After due diligence, further discussions have been held with the sellers to negotiate a reduction of the purchase price or a cancellation of the takeover contract. No agreement has yet been reached, however.

During the third quarter an agreement has been signed for the acquisition of the Czech company, DZ Drazice strojírna s.r.o. The company is the market leader in water-heaters in the Czech Republic with sales of around SEK 200 million a year and a pre-tax profit of some SEK 20 million. Operations will be consolidated into the NIBE Group with effect from October, when the company will form part of the NIBE Heating business area.

It is anticipated that the planned takeover of the UK company Heatrod Elements will be completed during November.

## Investments

Between January and September, the Group invested SEK 253.1 million (SEK 295.6 million): SEK 89.6 million (SEK 156.7 million) of this related to corporate acquisitions. The remaining SEK 163.5 million (SEK 138.9 million) relates primarily to investments in plant and machinery and in buildings in existing operations.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 301.6 million (SEK 179.6 million). There was a negative cash flow after changes in working capital of SEK -23.3 million (SEK -73.7 million).

Interest-bearing liabilities totalled SEK 1,503.2 million at the end of the period. The increase from SEK 1,143.7 million at the beginning of the year is due to stock-building in preparation for the peak season and to investment.

At the end of September the Group had liquid funds of SEK 391.4 million, as against SEK 595.4 million at the start of the year. During the period, the Group's overdraft facilities were extended by SEK 95.5 million.

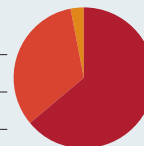
The equity/assets ratio was 31.4% at the end of the period, compared with 33.0% at the start of the year and 29.7% at the corresponding point last year.

## GROUP

### Group sales by geographic region

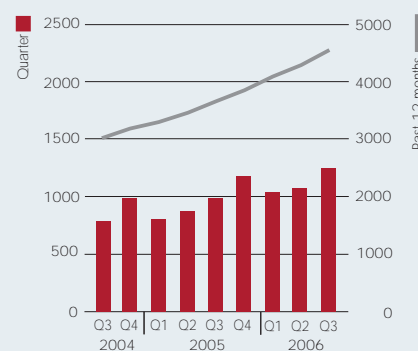
(January – September 2006)

Nordic countries	64%
Rest of Europe	33%
Other markets	3%



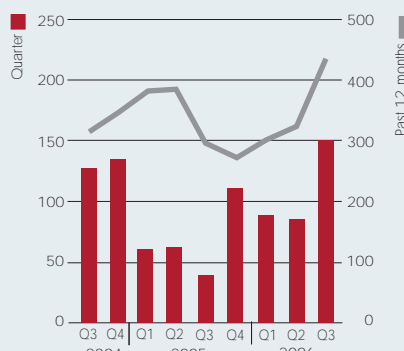
### Net sales

(Past nine quarters, in millions of SEK)



### Profit after financial items

(Past nine quarters, in millions of SEK)



## Parent company

Parent company activities comprise Group executive management functions, certain shared Group functions and financing for acquisitions. During the period January–September, sales totalled SEK 1.8 million (SEK 1.8 million) with a profit after financial items of SEK 86.2 million (SEK 75.4 million). At the end of the period, the parent company had liquid funds of SEK 144.4 million, compared with SEK 334.6 million at the start of the year.

## NIBE Industrier – Group

Key figures		2006 Q1–3	2005 Q1–3	Past 12 months	Full year 2005
Net sales	(MSEK)	3,337.8	2,647.3	4,509.6	3,819.1
Growth	(%)	26.1	21.2	24.4	20.8
of which acquired	(%)	6.0	9.4	5.6	7.9
Operating profit	(MSEK)	365.2	187.1	488.2	310.1
Operating margin	(%)	10.9	7.1	10.8	8.1
Profit after net fin's	(MSEK)	326.1	162.0	437.7	273.6
Net profit margin	(%)	9.8	6.1	9.7	7.2



## NIBE ELEMENT

### Sales and earnings

Invoiced sales amounted to SEK 1,092.1 million, compared with SEK 928.7 million for the corresponding period in 2005. The full SEK 163.4 million increase is organic, which means that organic growth was 17.6%.

Operating profit for the period totalled SEK 58.6 million, compared with an operating loss of SEK 43.5 million for the corresponding period in 2005. This represents an operating margin of 5.4% compared with the preceding year's figure of -4.7%.

Operating profit in 2005 was affected by a transfer of SEK 70.0 million to the restructuring reserve during the third quarter. The operating margin before this transfer was 2.9% for the equivalent 9-month period last year. The operating margin for the most recent 12-month period is 3.6%.

During the first nine months of the year SEK 14.7 million from the restructuring reserve was utilised for the changes in progress. At the end of the third quarter SEK 44.8 million remained in the restructuring reserve.

### Market

Growth in most segments of the market has remained very good. The increase in demand has been especially strong in markets dependent on high energy prices. This applies equally to product segments related to energy savings and those related to energy production.

The rise in the number of new homes being produced in several of our main markets has also had a positive effect on demand.

The initiatives taken to develop more complete system solutions for our customers are also now starting to translate into positive results in our sales trends.

### Operations

Operations continue to be affected by last year's decision to transfer manufacturing volumes equivalent to 200 full-time production jobs to our units in eastern Europe and Asia as part of a major restructuring programme. Work with this is proceeding according to plan.

Parallel with this, the different units are becoming increasingly specialised, which we believe will boost our competitive strength in the years to come.

Prices for our most important raw materials, stainless steel and resistance wire, are linked to the price of nickel and have continued to rise to extreme levels during the second half of the year. Consequently we have once again been compelled to raise the prices of our products in order to compensate for these rising costs as far as possible.

The planned acquisition of Heatrod Elements will make NIBE Element a market leader in the industrial tubular element segment in the UK.

NIBE Element		2006	2005	Past 12	Full year
Key figures		Q1-3	Q1-3	months	2005
Net sales	(MSEK)	1,092.1	928.7	1,461.1	1,297.7
Growth	(%)	17.6	12.1	17.2	13.2
Operating profit	(MSEK)	58.6	- 43.5	53.1	- 49.0
Operating margin	(%)	5.4	- 4.7	3.6	- 3.8
Assets	(MSEK)	1,293.6	1,184.3	1,293.6	1,305.7
Liabilities	(MSEK)	1,238.9	1,167.7	1,238.9	1,265.2
Investm. (fixed assets)	(MSEK)	41.0	59.6	58.6	77.2
Depreciation	(MSEK)	36.3	32.3	46.6	42.6



## NIBE HEATING

### Sales and earnings

Invoiced sales totalled SEK 1,713.6 million, compared with SEK 1,391.5 million for the corresponding period last year. Of the SEK 322.1 million increase in sales, SEK 21.8 million is attributable to acquisitions, which means that organic growth amounted to 21.6%.

Operating profit was SEK 225.5 million, compared with SEK 176.0 million for the corresponding period last year. This equates to an operating margin of 13.2%, compared with 12.6% in 2005. The operating margin for the most recent 12-month period is 13.1%.

### Market

The Swedish market for heat pumps is currently expanding for all types of product, and our own sales in this segment have risen steeply during the reporting period.

While interest in biofuels as a source of heating continues to expand, unstable oil prices and government grants in Sweden for energy-efficiency conversions have dramatically reduced demand for oil-fired boilers in our domestic market. The market for water heaters and district-heating products, on the other hand, remains stable.

NIBE Heating's international operations have continued to expand strongly during the reporting period. Developments in Germany are particularly heartening: here, in the face of stiff competition, we have increased our share of a rapidly growing heat-pump market. In several markets government grants have been introduced to stimulate the conversion of obsolescent heating systems to more eco-friendly and energy-efficient alternatives. Virtually all of our foreign markets report an increase in interest for heat pumps, but at the same time competition is becoming fiercer as more and more players step into the arena. Sales of water heaters continue to reflect market growth and we are gradually increasing the number of markets on which we are active.

### Operations

In September we acquired the operations of the largest water-heater manufacturer in the Czech Republic, DZ Drazice strojírna s.r.o. This is a profitable company with annual sales of some SEK 200 million and 250 employees in Drazice, outside Prague. Operations will be consolidated with effect from October 2006.

The acquisition of the pellet-burner manufacturer Naturenergi Iwabo AB has proved to be highly positive and the company's products are now sold in several countries both in the Nordic region and elsewhere.

After due diligence, further discussions have been held with the sellers of the German water-heater and district-heating company, DMS, to negotiate a reduction of the purchase price or a cancellation of the takeover contract. No agreement has yet been reached, however.

During the autumn of 2006 NIBE Heating will be carrying out its biggest ever marketing drive, with the launch of a large number of new heat pumps, domestic boilers and water-heaters.

NIBE Heating		2006	2005	Past 12	Full year
Key figures		Q1-3	Q1-3	months	2005
Net sales	(MSEK)	1,713.6	1,391.5	2,291.0	1,968.8
Growth	(%)	23.1	27.0	21.3	23.6
Operating profit	(MSEK)	225.5	176.0	301.0	251.4
Operating margin	(%)	13.2	12.6	13.1	12.8
Assets	(MSEK)	1,733.0	1,542.2	1,733.0	1,571.8
Liabilities	(MSEK)	1,197.1	1,115.4	1,197.1	1,102.0
Investm. (fixed assets)	(MSEK)	80.6	42.2	134.4	96.0
Depreciation	(MSEK)	52.1	45.8	67.8	61.5



## NIBE STOVES

### Sales and earnings

Invoiced sales totalled SEK 571.9 million, compared with SEK 349.8 million for the corresponding period last year. Of the total increase of SEK 222.1 million, SEK 138.3 million was attributable to acquired businesses, which means that organic growth amounted to 24.0%.

Operating profit for the period was SEK 92.6 million, as against SEK 65.8 million for the corresponding period in 2005. This represents an operating margin of 16.2%, compared with 18.8% in the preceding year. The operating margin for the most recent 12-month period is 18.6%.

The slight dip in operating margin so far this year is due to the fact that the acquired businesses have not yet attained the same high operating margin as the unit in Markaryd.

### Market

Demand in Sweden remains good on the back of the generally buoyant state of the economy and current high levels of interest in energy-saving products. Our very strong position on the market, ably defended even in the face of increasing competition, is the result of very good products, energetic marketing measures and a further broadening of our range.

The onset of autumn, coupled with rising electricity prices, has seen a marked upturn in demand for stoves in Norway, where our own sales have developed very positively. Sales in Denmark have also been good this year, despite the fact that demand as a whole has been somewhat weaker than in the other Nordic countries.

In Germany demand for stoves remains brisk thanks to high levels of consumer spending and relatively high energy prices. Our own sales are very good and it is our opinion that we can continue to increase our share of the market here.

Our investments in new markets, such as France, have turned out very well, and will provide an important springboard for our future expansion abroad.

### Operations

At the same time as investing in measures to boost capacity in our production plants during the spring, we have also systematically built up stocks of finished products in our warehouses. This means that, despite steep increases in volumes, we have been able to offer short delivery times and high levels of delivery reliability. This will be an important weapon in our competitive arsenal as the peak season draws to a close.

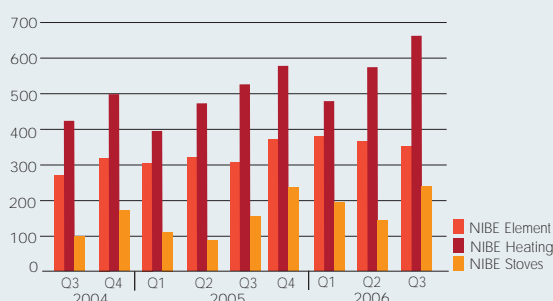
Construction work has started on a new production plant in Markaryd, which is expected to be fully operational by late 2007/early 2008.

NIBE Stoves		2006	2005	Past 12	Full year
Key figures		Q1-3	Q1-3	months	2005
Net sales	(MSEK)	571.9	349.8	806.7	584.6
Growth	(%)	63.5	24.4	55.0	29.3
Operating profit	(MSEK)	92.6	65.8	150.4	123.6
Operating margin	(%)	16.2	18.8	18.6	21.1
Assets	(MSEK)	808.2	565.6	808.2	562.6
Liabilities	(MSEK)	534.3	343.1	534.3	307.9
Investm. (fixed assets)	(MSEK)	44.2	26.0	46.8	28.6
Depreciation	(MSEK)	14.1	9.5	18.3	13.7

## BUSINESS AREAS

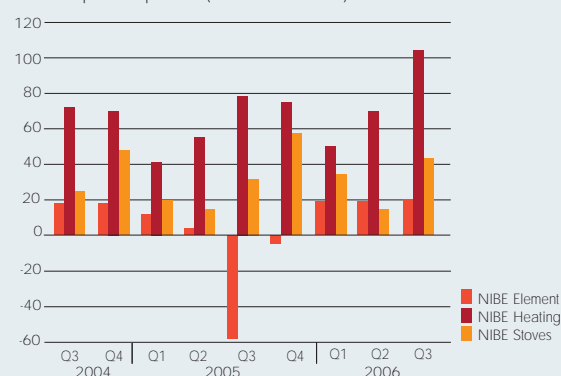
### Sales by business area

over the past 9 quarters (in millions of SEK)



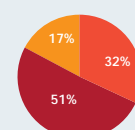
### Operating profit by business area

over the past 9 quarters (in millions of SEK)



### Business areas' contribution to sales

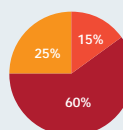
January – September 2006



■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

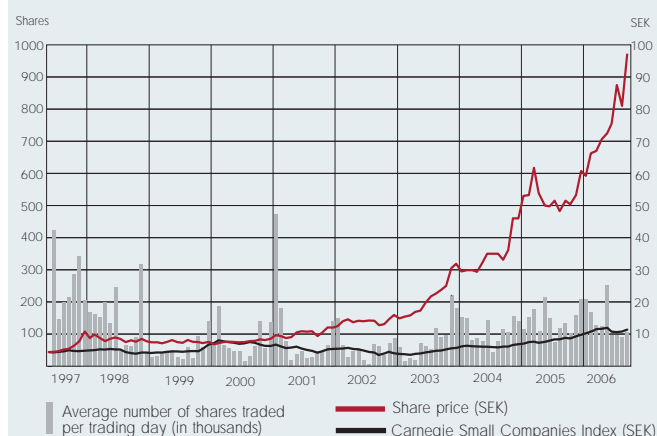
### Business areas' contribution to operating profit

January – September 2006



■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

## SHARE PERFORMANCE





## THE NIBE GROUP – FINANCIAL TRENDS

### Consolidated Income Statement

(in millions of SEK)	Q 3 2006	Q3 2005	Jan – Sept 2006	Jan – Sept 2005	Past 12 months	Full year 2005
Net sales	1,237.6	977.5	3,337.8	2,647.3	4,509.6	3,819.1
Cost of goods sold	- 826.8	- 748.8	- 2,289.6	- 1,936.7	- 3,116.8	- 2,763.9
<b>Gross profit</b>	<b>410.8</b>	<b>228.7</b>	<b>1,048.2</b>	<b>710.6</b>	<b>1,392.8</b>	<b>1,055.2</b>
Selling expenses	- 191.1	- 133.8	- 533.2	- 394.9	- 716.3	- 578.0
Administrative expenses	- 61.7	- 57.5	- 187.3	- 164.6	- 246.7	- 224.0
Other income	7.7	11.6	37.5	36.0	58.4	56.9
<b>Operating profit</b>	<b>165.7</b>	<b>49.0</b>	<b>365.2</b>	<b>187.1</b>	<b>488.2</b>	<b>310.1</b>
Net financial items	- 14.3	- 9.9	- 39.1	- 25.1	- 50.5	- 36.5
<b>Profit after net financial items</b>	<b>151.4</b>	<b>39.1</b>	<b>326.1</b>	<b>162.0</b>	<b>437.7</b>	<b>273.6</b>
Tax	- 45.9	- 17.8	- 97.5	- 56.8	- 130.6	- 89.9
<b>Net profit</b>	<b>105.5</b>	<b>21.3</b>	<b>228.6</b>	<b>105.2</b>	<b>307.1</b>	<b>183.7</b>
Minority participation in profit after tax	0.0	0.1	0.0	0.9	0.8	1.7
Includes depreciation according to plan as follows:	34.6	31.8	102.6	90.2	133.5	121.1

### Consolidated Balance Sheet summary

(in millions of SEK)	30 Sept 2006	30 Sept 2005	31 Dec 2005
Intangible assets	535.2	439.6	458.5
Tangible assets	1,049.2	984.5	1,015.2
Financial assets	32.8	26.0	36.0
<b>Total non-current assets</b>	<b>1,617.2</b>	<b>1,450.1</b>	<b>1,509.7</b>
Inventories	985.7	828.4	831.1
Current receivables	974.9	786.9	651.2
Current investments	3.0	1.5	1.1
Cash equivalents	147.3	117.9	132.2
<b>Total current assets</b>	<b>2,110.9</b>	<b>1,734.7</b>	<b>1,615.6</b>
<b>Total assets</b>	<b>3,728.1</b>	<b>3,184.8</b>	<b>3,125.3</b>
Equity	1,169.2	945.3	1,031.0
Non-current liabilities, non-interest bearing	243.9	276.5	265.2
Non-current liabilities, interest bearing	1,391.9	1,182.7	1,025.8
Current liabilities, non-interest bearing	811.8	685.6	685.4
Current liabilities, interest bearing	111.3	94.7	117.9
<b>Total equity and liabilities</b>	<b>3,728.1</b>	<b>3,184.8</b>	<b>3,125.3</b>

### Cash flow analysis

(in millions of SEK)	Jan – Sept 2006	Jan – Sept 2005	Full year 2005
Cash flow from operating activities	301.6	179.6	312.6
Change in working capital	- 324.9	- 253.3	- 109.4
Investment activities	- 253.1	- 295.6	- 375.7
Financing activities	293.7	404.7	225.7
Exchange rate diff. in liquid assets	- 2.2	- 6.1	- 9.6
<b>Change in liquid assets</b>	<b>15.1</b>	<b>29.3</b>	<b>43.6</b>

### Data per share \*)

	Jan – Sept 2006	Jan – Sept 2005	Full year 2005
Net profit per share (total 93,920,000 shares)	SEK 2.43	1.11	1.94
Equity per share	SEK 12.45	10.02	10.92
Closing day share price	SEK 97.00	51.50	60.75

\*) all key figures per share have been recomputed to reflect the 4-for-1 share split carried out in June 2006.

### Change in equity

(in millions of SEK)	Jan – Sept 2006	Jan – Sept 2005	Full year 2005
Equity brought forward	1,031.0	891.6	891.6
Effect of change in accounting principles <sup>1)</sup>	0.0	3.3	3.3
Adjusted equity brought fwd	1,031.0	894.9	894.9
Shareholders' dividend	- 70.4	- 70.4	- 70.4
Market value of commercial future currency contracts after deductions for tax	2.3	- 8.7	- 5.3
Exchange rate difference <sup>2)</sup>	- 17.3	24.3	28.1
Acquisition of minority participations	- 5.0	0.0	0.0
Profit for the period	228.6	105.2	183.7
<b>Equity carried forward <sup>3)</sup></b>	<b>1,169.2</b>	<b>945.3</b>	<b>1,031.0</b>

<sup>1)</sup> IAS 39 ("Financial Instruments") applies with effect from 1 January 2005. As a result of this, Equity brought forward in 2005 has risen by SEK 3.3 million after deductions for tax.

Breakdown of exchange rate difference (in millions of SEK)	Jan – Sept 2006	Jan – Sept 2005	Full year 2005
Translation of foreign subsidiaries	- 24.0	29.6	33.6
Loans to subsidiaries	- 1.6	2.9	2.4
Currency hedging	8.3	- 8.2	- 7.9
<b>Total</b>	<b>- 17.3</b>	<b>24.3</b>	<b>28.1</b>

<sup>3)</sup> Minority participations were SEK 0 million at the end of the reporting period compared to SEK 5.2 million at the start of the financial year.

### Key figures

	Jan – Sept 2006	Jan – Sept 2005	Full year 2005
Growth	% 26.1	21.2	20.8
Operating margin	% 10.9	7.1	8.1
Net profit margin	% 9.8	6.1	7.2
Investments in fixed assets	MSEK 253.1	295.6	375.7
Unappropriated liquid assets	MSEK 391.4	386.3	595.4
Working capital, incl. cash + bank	MSEK 1,187.8	954.4	812.3
Interest-bearing liabilities/Equity	% 128.6	135.1	110.9
Solidity (Equity/Assets ratio)	% 31.4	29.7	33.0
Return on capital employed	% 20.2	13.1	16.4
Return on equity	% 28.5	16.9	20.4

## QUARTERLY DATA

### Consolidated Income Statement

(in millions of SEK)	2006			2005				2004	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	1,033.8	1,066.4	1,237.6	800.9	868.9	977.5	1,171.8	785.0	977.5
Operating expenses	- 932.9	- 967.8	-1,071.9	- 731.4	- 800.3	- 928.5	-1,048.8	- 673.0	- 845.2
<b>Operating profit</b>	<b>100.9</b>	<b>98.6</b>	<b>165.7</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>112.0</b>	<b>132.3</b>
Net financial expenses	-11.6	-13.2	-14.3	- 8.9	- 6.3	- 9.9	-11.4	16.4	3.3
<b>Profit after net financial expenses</b>	<b>89.3</b>	<b>85.4</b>	<b>151.4</b>	<b>60.6</b>	<b>62.3</b>	<b>39.1</b>	<b>111.6</b>	<b>128.4</b>	<b>135.6</b>
Tax	- 26.8	- 24.8	- 45.9	-19.1	-19.9	-17.8	- 33.1	- 27.6	- 38.7
<b>Net profit</b>	<b>62.5</b>	<b>60.6</b>	<b>105.5</b>	<b>41.5</b>	<b>42.4</b>	<b>21.3</b>	<b>78.5</b>	<b>100.8</b>	<b>96.9</b>

### Net sales – Business Areas

(in millions of SEK)	2006			2005				2004	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
NIBE Element	377.4	364.0	350.7	304.1	319.4	305.2	369.0	268.2	318.1
NIBE Heating	478.1	573.6	661.9	394.2	471.9	525.4	577.3	422.7	497.6
NIBE Stoves	192.7	141.8	237.4	109.9	85.3	154.6	234.8	97.7	170.7
Elimination of Group transactions	- 14.4	- 13.0	- 12.4	- 7.3	- 7.7	- 7.7	- 9.3	- 3.6	- 8.9
<b>Group</b>	<b>1,033.8</b>	<b>1,066.4</b>	<b>1,237.6</b>	<b>800.9</b>	<b>868.9</b>	<b>977.5</b>	<b>1,171.8</b>	<b>785.0</b>	<b>977.5</b>

### Operating profit – Business Areas

(in millions of SEK)	2006			2005				2004	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
NIBE Element	19.1	19.1	20.4	11.7	3.7	- 58.9	- 5.5	18.1	18.0
NIBE Heating	50.4	70.4	104.7	41.6	55.4	79.0	75.4	72.5	70.6
NIBE Stoves	34.4	14.5	43.7	19.5	14.4	31.9	57.8	24.7	48.0
Elimination of Group transactions	- 3.0	- 5.4	- 3.1	- 3.3	- 4.9	- 3.0	- 4.7	- 3.3	- 4.3
<b>Group</b>	<b>100.9</b>	<b>98.6</b>	<b>165.7</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>112.0</b>	<b>132.3</b>

### Accounting principles

NIBE Industrier's Interim Report for the third quarter of 2006 has been drawn up in accordance with IAS 34, "Interim Financial Reporting". Reporting for the parent company follows recommendation RR32 of the Swedish Financial Accounting Standards Council ("Reporting of Legal Entities"). The accounting policies adopted are the same as those described on pages 53–56 of the annual report for 2005. The IFRS standards which came into force during 2006 have had no effect on this interim report.

For further information concerning definitions, we refer you to the Annual Report for NIBE Industrier for 2005.

### Review Report

We have reviewed the interim report for NIBE Industrier AB for the period 1 January to 30 September 2006. Management is responsible for the preparation and presentation of this interim financial information. Our responsibility is to express a conclusion on the interim financial information based on our review.

The review has been conducted in accordance with the Standard on Review Engagements SÖG 2410 (issued by FAR, the institute for the accountancy profession in Sweden). This means that we have planned and conducted the review in order to ascertain with a limited amount of certainty that the financial information contains no significant errors. A review consists chiefly of making inquiries with the company's personnel, and applying analytical procedures to review the company's accounts. In consequence, our attestation is based on more limited information compared with an audit. For this reason, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act.

Markaryd, 15 November 2006

SET Revisionsbyrå AB



Willard Möller  
Authorized Public Accountant

## Bringing warmth to the world

NIBE Industrier is a European heating technology company whose business operations are organised in three separate business areas: NIBE Element, NIBE Heating and NIBE Stoves.

- Our vision is to create a world-class heating company.
- Our mission is to offer high-quality, innovative heating products. This work builds on the NIBE Group's wide-ranging expertise in the fields of development, manufacturing and marketing.



**NIBE**  
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