



- Sales rise to SEK 4,958.0 million (2005: SEK 3,819.1 million)
- Profit after financial items rises to SEK 501.5 million (SEK 273.6 million)
- Profit after tax rises to SEK 350.8 million (SEK 183.7 million)
- Earnings per share amount to SEK 3.74 (SEK 1.94)
- The Board proposes a shareholders' dividend of SEK 1.15 (SEK 0.75) per share
- Acquisition of
  - Varde Ovne A/S, Denmark
  - Naturenergi Iwabo AB, Sweden
  - DZ Drazice strojirna s.r.o., Czech Rep.
  - Heatrod Elements, UK

Summary of Annual Report

# 2006



## 2006 – a strong year for the entire NIBE Group

### THE CHIEF EXECUTIVE'S REPORT

Once again the Group reports good growth: 29.8% overall, of which no less than 22.5% is organic. The corresponding figures for 2005 were 20.8% and 12.9% respectively. Thanks to successful product development and aggressive marketing, all three business areas are capturing new shares of the market at the same time as they continue to show organic growth.

This expansion has also been boosted by external factors such as buoyant economies in more or less all of the markets where we are active, high energy prices and the increased focus on eco-friendly and energy-saving heating solutions. Our acquired growth comes from the takeover of the Northstar Group in 2005, and the Varde Group, Naturenergi Iwabo, DZ Drazice and Heatrod Elements in 2006.

Having almost achieved our 2007 target of annual sales of SEK 5 billion a full twelve months in advance, we continue to set our sights on average annual growth of 20% and sales of SEK 10 billion by 2011 at the latest.

For 2006 as a whole the Group's operating profit improved by 79.3% compared with the result for 2005 after the SEK 70 million transfer to the restructuring reserve. However, a more accurate reflection of the situation may be to exclude this transfer from the 2005 figures, resulting in an improvement of 46.3%.

Correspondingly, profit for 2006 after net financial items shows growth of 83.3% compared to 2005 after the transfer to the restructuring reserve, or 46.0% compared to 2005 earnings before the transfer was made.

**NIBE Element's** restructuring programme, in place since the third quarter of 2005, is running according to plan and appears to be on target for completion during the second half of 2007 as originally scheduled. Strong organic growth of 17.9% is a good indicator that we are continuing to win new shares of the market, and the operating margin is also developing positively.

Growth owes much to effective marketing and the new range of components for industrial users, but also to the generally good health of the economy worldwide, with the energy sector in particular benefiting from strong development.

The acquisition of Heatrod Elements means that we are now also the market leader in the UK.

Raw material prices have been a source of considerable concern during the year. Although many materials have become slightly cheaper in recent months, the rising cost of nickel in particular is forcing us to continue to raise our prices. Our objective of an operating margin of 10% stands firm, but we now believe that, despite the progress currently being made by the business area, there must be some alleviation of today's excessive prices, particularly of nickel, before we can meet this target.

**NIBE Heating** continues to go from strength to strength at home and abroad. Organic growth of 24.9% is an indicator of genuine strength, and the operating margin is also developing positively.

Expansion outside the Nordic countries is now gathering pace on an increasing number of markets, with heat-pump sales acting as the main engine behind growth.

High energy prices, increased interest in eco-friendly, energy-saving heating solutions and an increase in the construction of new homes are among external factors fuelling growth, but the main explanations behind our success are our intensive marketing efforts and a highly competitive product range in terms of both price and performance.

The takeover of the pellet-burner manufacturer Naturenergi Iwabo also means that we can now offer a complete biofuel programme. At the same time, the acquisition of DZ Drazice, the Czech Republic's leading manufacturer of electric water heaters, moves NIBE Heating one step closer to achieving its strategic ambition of becoming a market leader in Europe in heat pumps, water heaters and biofuel equipment.

In April an agreement in principle was reached to acquire the German heater and district-heating company DMS. Customary due diligence subsequently led to negotiations on a reduced purchase price or cancellation of the agreement, but as it has not proved possible to resolve the situation, the matter has now been referred to arbitration, the result of which is expected by mid-2007.

**NIBE Stoves** has also expanded rapidly, reporting impressive organic growth of 28.8%. That the operating margin of 17.2% is a full four percentage points below last year's figure is due partly to the fact that recent acquisitions are not yet performing on a par with the Markaryd plant, and partly to the cost of phasing out the Lodur store concept that was being developed by the Varde Group prior to our takeover in the first quarter of 2006. This cost the business area some SEK 15 million.

While NIBE Stoves has benefited from external factors such as high energy prices, a focus on energy-saving measures and an increase in the construction of new homes, the main reasons for the steep rise in organic growth are highly effective marketing and a comprehensive range that combines high quality with value for money.

The acquisition of the Varde Group has consolidated our position in Denmark and Germany, complemented the range with more high-class stoves in designs that have a broad, international appeal, and provided us with new distribution channels.

Production capacity is being boosted in both Markaryd (Sweden) and Northstar in Poland.

#### Prospects for 2007

We believe that demand will remain good in all three business areas and that our strong market position and product range will help us to capture further shares of the market in these segments.

The restructuring programme for NIBE Element due to be completed before the end of the year will also lead to an improvement in earnings.

Against this background, we believe that the NIBE Group will develop well in 2007 – a view reinforced by our excellent performance over the first few weeks of the new year.

#### Shareholders' dividend

The Board of Directors has resolved to propose to the Annual General Meeting a dividend for 2006 of SEK 1.15 per share, corresponding to a total pay-out of SEK 108.0 million.

#### Annual General Meeting

The Annual General Meeting of Shareholders will take place at 17.00 (5.00 p.m.) on Tuesday, 15 May 2007 at NIBE in Markaryd, Sweden.

#### 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%.

Markaryd, Sweden – 15 February 2007

Gert Eric Lindquist  
Managing Director and Chief Executive Officer

## Sales

Net sales for the NIBE Group totalled SEK 4,958.0 million in 2006 (2005: SEK 3,819.1 million), equivalent to overall growth of 29.8%, of which 22.5% was organic. Of the total increase in sales of SEK 1,138.9 million, the sum of SEK 277.4 million was acquired.

## Earnings

Profit for the year after net financial items was SEK 501.5 million, an 83.3% increase compared with 2005. This positive figure is due in part to the transfer in 2005 of SEK 70 million to a restructuring reserve. If this transfer is excluded, operating profit rose by 46.3% and profit after net financial items by 46.0%.

Return on equity was 31.3% (20.4%).

## Business acquisitions

During the first quarter of 2006 NIBE acquired Danish wood-stove manufacturer Varde, with annual sales of SEK 95 million and pre-tax profits of SEK 6 million. Operations were consolidated from the start of 2006.

The second quarter saw the acquisition of Naturenergi Iwabo AB, a specialist in pellet burners. The company, with annual sales of approximately SEK 43 million and a pre-tax profit of some SEK 3 million, was consolidated with effect from May 2006.

The second quarter also saw an agreement in principle to take over German district-heating specialist and water heater manufacturer, DMS Wasser-Wärmetechnik GmbH with annual sales of SEK 120 million. After due diligence, further discussions were held with the sellers to negotiate a reduction of the purchase price or a cancellation of the takeover contract. However, in the absence of a settlement, the matter has now been referred to arbitration.

In the third quarter NIBE acquired DZ Drazice strojirna s.r.o., 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 were consolidated with effect from October 2006.

In the fourth quarter NIBE took over UK tubular element manufacturer, Heatrod Elements with annual sales of around SEK 54 million. Operations were consolidated with effect from December 2006.

## Investments

Group investments in fixed assets during the year totalled SEK 526.4 million (SEK 375.7 million): SEK 289.8 million in corporate acquisitions (SEK 156.7 million), and SEK 236.6 million in plant, machinery and buildings in existing units (SEK 219.0 million).

## Cash flow and financial position

Cash flow from operating activities before the change in working capital totalled SEK 489.9 million (SEK 312.6 million). Cash flow after the change in working capital was SEK 396.5 million (SEK 203.2 million).

Interest-bearing liabilities at the year-end totalled SEK 1,457.5 million. The corresponding figure at the start of the year was SEK 1,143.7 million. The increase is due to investments in Group production facilities and corporate acquisitions.

Group liquid assets rose from SEK 595.4 million at the start of 2006 to SEK 783.6 million at the year-end. During the year Group overdraft facilities were increased by SEK 249.4 million.

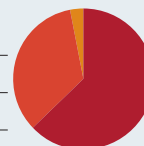
The equity/assets ratio at the year-end was 32.9% compared to 33.0% at the start of the year.

## GROUP

### Group sales by geographic region

2006

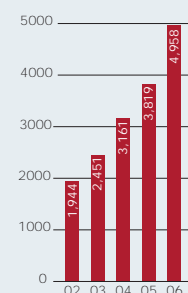
Nordic countries	63%
Rest of Europe	34%
Other markets	3%



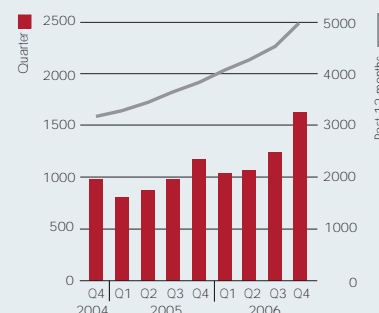
### Net sales

(in millions of SEK)

2002 – 2006



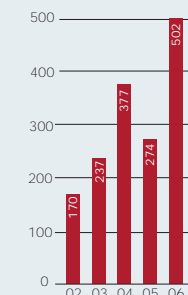
Past nine quarters



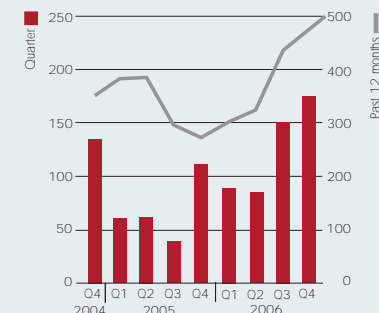
### Profit after financial items

(in millions of SEK)

2002 – 2006



Past nine quarters



## 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 2.3 million (SEK 2.4 million) and profit after net financial items was SEK 96.3 million (SEK 71.1 million). Liquid assets fell from SEK 334.6 million at the start of the year to SEK 79.3 million at the year-end.

## NIBE Industrier – Group

Key figures	2006	2005
Net sales (MSEK)	4,958.0	3,819.1
Growth (%)	29.8	20.8
of which acquired (%)	7.3	7.9
Operating profit (MSEK)	556.0	310.1
Operating margin (%)	11.2	8.1
Profit after net fin. items (MSEK)	501.5	273.6
Net profit margin (%)	10.1	7.2



NIBE ELEMENT

### Sales and profit

Invoiced sales for the year totalled SEK 1,533.9 million compared to SEK 1,297.7 million in 2005. Of the overall increase of SEK 236.2 million, SEK 3.9 million is attributable to acquisitions, which means that the figure for organic growth is 17.9%.

Operating profit was SEK 76.2 million (2005: SEK -49.0 million). This gives an operating margin of 5.0%, compared to -3.8% last year.

Last year's operating profit was reduced by a SEK 70.0 million transfer to a restructuring reserve. Operating margin for 2005 before this transfer was 1.6%.

During the past year SEK 32.1 million of the reserve has been used for ongoing restructuring costs, leaving a balance of SEK 27.6 million unutilised at the year-end.

### The year in brief

Increased market share and strong growth in certain sectors have created positive sales trends in most markets and product segments.

High energy prices have led to rapid growth for companies offering new, more efficient and eco-friendly heating products and alternative sources of energy such as heat pumps, pellet burners and wind power.

High oil and gas prices have also seen electric heating increase its share in many markets, boosting demand for electric space and water heaters. At the same time heavy investment in new oil prospecting ventures has fuelled sales of explosion-proof elements.

Another contributory factor to sales growth is the success of our efforts to increase the content of deliveries to existing customers by offering a broader range of products or more comprehensive solutions for their component needs.

During 2006 the cost of some of our staple raw materials – particularly resistance wire and high-alloy stainless steel, which are so dependent on the price of nickel – rocketed to historically very high levels, compelling us repeatedly to raise our prices. Existing agreements with our own customers often mean a delay of some months before these price increases come into effect, which puts pressure on our margins.

The year has also seen the gradual implementation of the decision taken in 2005 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 with around 120 of the 200 jobs already transferred.

During the fourth quarter NIBE took over UK tubular element manufacturer Heatrod, with 60 employees and annual sales of around SEK 54 million. The strategy is to coordinate Heatrod's production with NIBE Element's other UK operations to create a single industrial organisation with a leading position on its market. Heatrod's volume business will be transferred to other volume units within the business area.

### NIBE Element

Key figures		2006	2005
Net sales	(MSEK)	1,533.9	1,297.7
Growth	(%)	18.2	13.2
Operating profit	(MSEK)	76.2	- 49.0
Operating margin	(%)	5.0	- 3.8
Assets	(MSEK)	1,347.4	1,305.7
Liabilities	(MSEK)	1,293.5	1,265.2
Investments (fixed assets)	(MSEK)	54.0	77.2
Depreciation	(MSEK)	49.0	42.6



NIBE HEATING

### Sales and profit

Invoiced sales for the year totalled SEK 2,555.1 million compared to SEK 1,968.8 million in 2005. Of the overall increase of SEK 586.3 million, SEK 95.4 million is attributable to acquisitions, giving a figure for organic growth of 24.9%.

Operating profit was SEK 333.8 million (2005: SEK 251.4 million). This gives an operating margin of 13.1%, compared to 12.8% last year.

### The year in brief

The Swedish heat-pump market continued to expand in 2006. At the same time, there was no sign of any reduction in consumer zeal to convert oil-fired domestic boilers, a process driven by the Swedish government's conversion grants. Market volumes are at historically high levels for geothermal pumps as well as exhaust-air and air-to-air pumps.

The market for electric water heaters and district-heating products has remained stable, while interest in conventional domestic boilers continues to wane. (The sole exception is pellet-fired heaters, where consumer interest has actually increased.)

Thanks to the conversion grant, the Swedish market for pellet burners expanded significantly during 2006. In June NIBE acquired the Swedish pellet-burner manufacturer Naturenergi Iwabo AB in a move which, together with the introduction of new products for wood-fired and pellet-fired heating, has given us a much stronger position in the market.

Developments have been positive in all our foreign markets. Interest in energy-saving solutions for heating and air conditioning increases as the prices of oil and gas rise, and this has been a great stimulus behind our expansion in Europe.

The heat-pump business in Germany has progressed very well during the year. Not only has the market as a whole developed favourably, but we have succeeded in capturing new market shares in a highly competitive climate.

In September NIBE acquired the Czech Republic's largest water-heater manufacturer, DZ Drazice strojirna s.r.o., with annual sales of SEK 200 million, good profitability and a workforce of 250. This is yet another step in NIBE Heating's ongoing international expansion.

At the start of the year a unique new geothermal/ground-source heat pump was launched. This represents a genuine technological breakthrough in that the heat pump with its frequency-controlled compressor works as a variable speed unit. This provides numerous benefits compared with conventional solutions and confirms our position at the cutting edge of heat pump technology and performance.

The effects of our extensive investment and rationalisation programme have also contributed to maintaining a good operating margin.

### NIBE Heating

Key figures		2006	2005
Net sales	(MSEK)	2,555.1	1,968.8
Growth	(%)	29.8	23.6
Operating profit	(MSEK)	333.8	251.4
Operating margin	(%)	13.1	12.8
Assets	(MSEK)	2,023.6	1,571.8
Liabilities	(MSEK)	1,437.5	1,102.0
Investments (fixed assets)	(MSEK)	118.0	96.0
Depreciation	(MSEK)	71.9	61.5



## NIBE STOVES

### Sales and profit

Invoiced sales for the year totalled SEK 931.2 million compared to SEK 584.6 million in 2005. Of the overall increase of SEK 346.6 million, SEK 178.1 million is attributable to acquisitions, giving a figure for organic growth of 28.8%.

Operating profit was SEK 160.6 million (2005: SEK 123.6 million). This gives an operating margin of 17.2%, compared to 21.1% last year.

When NIBE acquired Varde Ovne, this Danish company was in the process of establishing a totally new store concept for its domestic wood-stove market. However, it became apparent that it would be difficult to achieve the desired level of profitability within a reasonable period of time, and that the venture could risk undermining Varde's traditional stove sales, so the investment was terminated, incurring a one-off cost in last year's accounts of some SEK 15 million.

### The year in brief

Throughout 2006 demand for wood stoves and related products remained good in Sweden. The market as a whole, buoyed up a strong economy and consumer willingness to invest in products for the home, seems to have stabilised at a relatively high level. Our own sales developed positively thanks to the combination of a comprehensive range of appealing products, well-known brand names and energetic marketing measures.

Developments in the rest of the Nordic market were more mixed. Overall the market for wood stoves expanded in Norway, particularly last autumn, while demand in Denmark was weaker than usual during the same period. Our own sales developed better than average on both of these markets, enabling us to win new market share and consolidate our already strong position. Investments to expand our distributor network in Finland proved successful, providing us with a firm foothold on the large Finnish wood-stove market.

In Germany demand remained brisk throughout the year, peaking sharply in the autumn. Thanks to the current strength of the economy and our strong position on the market, we have been able to capitalise on an increase in interest in energy-saving products and can report extremely positive sales trends.

As part of our ongoing expansion plans, we have established our own sales company in France. This has given us a stronger market presence and reactions from the market have been highly positive, resulting in a steep increase in sales.

Production capacity was gradually increased during the year at the same time as productivity remained consistently high. By building up stocks of finished products in our warehouses during the first six months of 2006, we were able to offer short delivery times and high levels of delivery reliability throughout the year.

Construction work has started on a new production plant in Markaryd, which is expected to be fully operational by early 2008. Parallel with this, production at the Northstar factory in Poland will be increased to ensure that deliveries can be met in the months ahead.

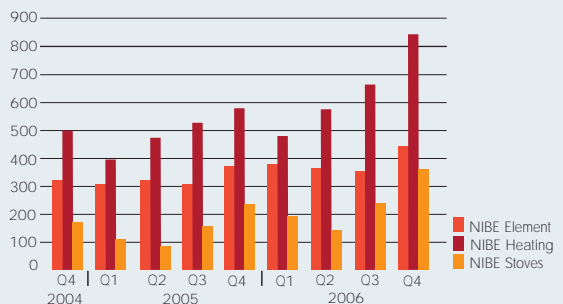
### NIBE Stoves

Key figures		2006	2005
Net sales	(MSEK)	931.2	584.6
Growth	(%)	59.3	29.3
Operating profit	(MSEK)	160.6	123.6
Operating margin	(%)	17.2	21.1
Assets	(MSEK)	764.0	562.6
Liabilities	(MSEK)	439.5	307.9
Investments (fixed assets)	(MSEK)	70.7	28.6
Depreciation	(MSEK)	20.1	13.7

## BUSINESS AREAS

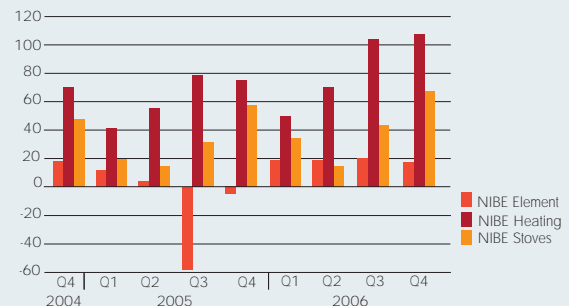
### Sales by business area

over the past 9 quarters (in millions of SEK)



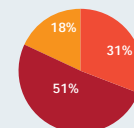
### Operating profit by business area

over the past 9 quarters (in millions of SEK)



### Business areas' contribution to sales

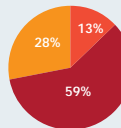
2006



■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

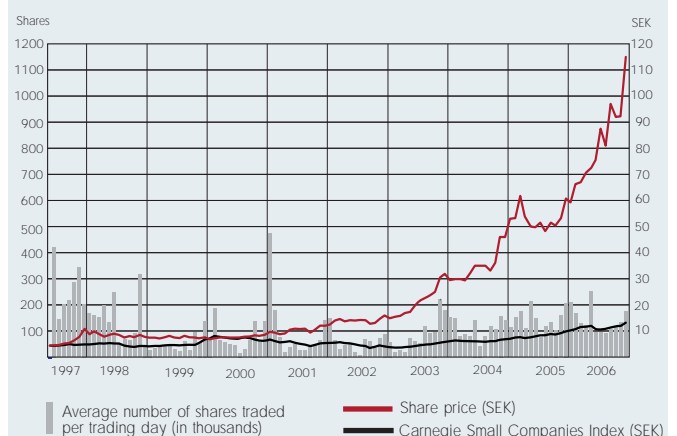
### Business areas' contribution to operating profit

2006



■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

## SHARE PERFORMANCE





## THE NIBE GROUP – FINANCIAL TRENDS

### Consolidated Income Statement

(in millions of SEK)	2006	2005
Net sales	4,958.0	3,819.1
Cost of goods sold	-3,409.0	- 2,763.9
<b>Gross profit</b>	<b>1,549.0</b>	<b>1,055.2</b>
Selling expenses	-786.2	- 578.0
Administrative expenses	-266.4	- 224.0
Other income	59.6	56.9
<b>Operating profit</b>	<b>556.0</b>	<b>310.1</b>
Net financial items	-54.5	- 36.5
<b>Profit after net financial items</b>	<b>501.5</b>	<b>273.6</b>
Tax	-150.7	- 89.9
<b>Net profit</b>	<b>350.8</b>	<b>183.7</b>
Minority participation in profit after tax	0.0	1.7
Includes depreciation according to plan as follows:	141.0	121.1

### Change in equity

(in millions of SEK)	2006	2005
Equity brought forward	1,031.0	891.6
Effect of change in accounting principles <sup>1)</sup>	0.0	3.3
<b>Adjusted equity brought fwd</b>	<b>1,031.0</b>	<b>894.9</b>
Shareholders' dividend	- 70.4	- 70.4
Market value of commercial future currency contracts after deductions for tax	3.5	- 5.3
Exchange rate difference <sup>2)</sup>	-26.4	28.1
Acquisition of minority participations	-5.0	0.0
Profit for year	350.8	183.7
<b>Equity carried forward <sup>3)</sup></b>	<b>1,283.5</b>	<b>1,031.0</b>

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

<sup>2)</sup> Breakdown of exchange rate difference

(in millions of SEK)	2006	2005
Translation of foreign subsidiaries	- 40.0	33.6
Loans to subsidiaries	- 1.6	2.4
Currency hedging	15.2	- 7.9
<b>Total</b>	<b>-26.4</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

	2006	2005	2004	2003	2002
Growth (%)	29.8	20.8	29.0	26.1	15.9
Operating margin (%)	11.2	8.1	11.6	10.3	9.9
Net profit margin (%)	10.1	7.2	11.9	9.7	8.7
Investments in fixed assets (MSEK)	526.4	375.7	305.1	350.6	136.3
Unappropriated liquid assets (MSEK)	783.6	595.4	382.6	340.6	263.2
Working capital, incl. cash + bank (MSEK)	1,034.3	812.3	636.0	492.9	409.7
Interest-bearing liabilities/Equity (%)	113.6	110.9	91.1	98.7	64.0
Solidity (Equity/Assets ratio) (%)	32.9	33.0	35.7	35.3	42.5
Return on capital employed (%)	22.9	16.4	27.1	23.2	22.1
Return on equity (%)	31.3	20.4	34.8	27.6	23.1

### Consolidated Balance Sheet summary

(in millions of SEK)	31 Dec 2006	31 Dec 2005
Intangible assets	670.3	458.5
Tangible assets	1,116.3	1,015.2
Financial assets	28.2	36.0
<b>Total non-current assets</b>	<b>1,814.8</b>	<b>1,509.7</b>
Inventories	1,007.9	831.1
Current receivables	857.0	651.2
Current investments	4.8	1.1
Cash equivalents	218.3	132.2
<b>Total current assets</b>	<b>2,088.0</b>	<b>1,615.6</b>
<b>Total assets</b>	<b>3,902.8</b>	<b>3,125.3</b>
Equity	1,283.5	1,031.0
Non-current liabilities, non-interest bearing	247.8	265.2
interest bearing	1,317.8	1,025.8
Current liabilities, non-interest bearing	914.0	685.4
interest bearing	139.7	117.9
<b>Total equity and liabilities</b>	<b>3,902.8</b>	<b>3,125.3</b>

### Cash flow analysis

(in millions of SEK)	2006	2005
Cash flow from operating activities	489.9	312.6
Change in working capital	- 93.4	- 109.4
Investment activities	-526.4	- 375.7
Financing activities	221.0	225.7
Exchange rate diff. in liquid assets	- 5.0	- 9.6
<b>Change in liquid assets</b>	<b>86.1</b>	<b>43.6</b>

### Data per share <sup>\*)</sup>

	2006	2005	2004	2003	2002
Net profit per share (total 93,920,000 shares) (SEK)	3.74	1.94	2.97	1.73	1.27
Equity per share (SEK)	13.67	10.92	9.46	7.08	6.04
Closing day share price (SEK)	115.00	60.75	46.00	31.88	15.94

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



## QUARTERLY DATA

### Consolidated Income Statement

(in millions of SEK)	2006				2005				2004
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
Net sales	1,033.8	1,066.4	1,237.6	1,620.2	800.9	868.9	977.5	1,171.8	977.5
Operating expenses	- 932.9	- 967.8	-1,071.9	- 1,429.4	- 731.4	- 800.3	- 928.5	-1,048.8	- 845.2
<b>Operating profit</b>	<b>100.9</b>	<b>98.6</b>	<b>165.7</b>	<b>190.8</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>132.3</b>
Net financial expenses	-11.6	-13.2	-14.3	- 15.4	- 8.9	- 6.3	- 9.9	-11.4	3.3
<b>Profit after net financial expenses</b>	<b>89.3</b>	<b>85.4</b>	<b>151.4</b>	<b>175.4</b>	<b>60.6</b>	<b>62.3</b>	<b>39.1</b>	<b>111.6</b>	<b>135.6</b>
Tax	- 26.8	- 24.8	- 45.9	- 53.2	-19.1	-19.9	-17.8	- 33.1	- 38.7
<b>Net profit</b>	<b>62.5</b>	<b>60.6</b>	<b>105.5</b>	<b>122.2</b>	<b>41.5</b>	<b>42.4</b>	<b>21.3</b>	<b>78.5</b>	<b>96.9</b>

### Net sales – Business Areas

(in millions of SEK)	2006				2005				2004
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	377.4	364.0	350.7	441.8	304.1	319.4	305.2	369.0	318.1
NIBE Heating	478.1	573.6	661.9	841.5	394.2	471.9	525.4	577.3	497.6
NIBE Stoves	192.7	141.8	237.4	359.3	109.9	85.3	154.6	234.8	170.7
Elimination of Group transactions	- 14.4	- 13.0	- 12.4	-22.4	- 7.3	- 7.7	- 7.7	- 9.3	- 8.9
<b>Group</b>	<b>1,033.8</b>	<b>1,066.4</b>	<b>1,237.6</b>	<b>1,620.2</b>	<b>800.9</b>	<b>868.9</b>	<b>977.5</b>	<b>1,171.8</b>	<b>977.5</b>

### Operating profit – Business Areas

(in millions of SEK)	2006				2005				2004
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
NIBE Element	19.1	19.1	20.4	17.6	11.7	3.7	- 58.9	- 5.5	18.0
NIBE Heating	50.4	70.4	104.7	108.3	41.6	55.4	79.0	75.4	70.6
NIBE Stoves	34.4	14.5	43.7	68.0	19.5	14.4	31.9	57.8	48.0
Elimination of Group transactions	- 3.0	- 5.4	- 3.1	-3.1	- 3.3	- 4.9	- 3.0	- 4.7	- 4.3
<b>Group</b>	<b>100.9</b>	<b>98.6</b>	<b>165.7</b>	<b>190.8</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>132.3</b>

### Accounting principles

NIBE Industrier's consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS). This Summary of the Annual Report for 2006 has been drawn up in accordance with IAS 34 "Interim Financial Reporting". The same accounting principles adopted for this summary are described in the company's Annual Report for 2005 (pp. 53–56).

The IFRS standards that came into force 2006 have had no effect on this summary. Reporting for the parent company follows recommendation RR32 of the Swedish Financial Accounting Standards Council ("Reporting of Legal Entities").

### Financial information

April 2007	Summary of Annual Report 2006
15 May 2007	Interim report, January – March 2007
15 May 2007	Annual General Meeting of Shareholders
15 August 2007	Interim report, January – June 2007
15 November 2007	Interim report, January – September 2007

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

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

### Review report

We have reviewed the Summary of the Annual Report for NIBE Industrier AB for 2006. Management is responsible for the preparation and presentation of this financial information. Our responsibility is to express a conclusion on the 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 Summary of the Annual Report does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act.

Markaryd, 15 February 2007

SET Revisionsbyrå AB



Willard Möller

Authorised 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**  
**INDUSTRIER**

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