

Markaryd, Sweden, 17 August 2005

NIBE Industrier continues its strong growth – restructuring plan for NIBE Element

In its interim report for the period January to June 2005 published today the NIBE Group continues to show strong growth:

- Sales rose by 19.4% to SEK 1,670 million (compared to sales of SEK 1,398 million for the corresponding period in 2004)
- Profit after net financial items rose by 8.6% to SEK 122.9 million (SEK 113.2 million)
- Earnings per share for the period January to June 2005 totalled SEK 3.54 (SEK 3.46)
- Acquisition of the Norwegian company Northstar
- Restructuring programme for NIBE Element

“NIBE continues to go from strength to strength in terms of both sales and earnings” says Gerteric Lindquist, CEO for NIBE Industrier. “The second quarter has seen a marked improvement in demand for our products after a somewhat more cautious start to the year.

“Business continues to develop positively for NIBE Heating and NIBE Stoves. These two business areas report good growth and operating margins, and both launched new products before the summer which look very promising as the peak autumn sales season approaches. To meet demand we are in the process of recruiting around 60 new employees for our production plants in Markaryd in the south of Sweden.

“For the NIBE Element business area the picture is less rosy. Despite the fact that volumes continue to improve, a sharp decline in profitability has necessitated the implementation of a rigorous restructuring programme. This involves setting up a structural reserve of SEK 65–70 million to cover costs that will include the transfer of some 200 jobs to Eastern Europe and Asia. On completion of the programme, which is expected to take between 18 and 24 months, the effect will be to increase annual earnings by around SE 40 million.

“In view of the brisk demand we are currently experiencing and the anticipated positive effect of the restructuring programme, our confidence in the future remains firm. However, while it is our opinion that earnings from our day-to-day operations will continue to develop positively throughout 2005, it is clear that the structural reserve for NIBE Element will have an impact on profits both during the third quarter and for the year as a whole,” Gerteric Lindquist concludes.

Yours sincerely
NIBE Industrier AB

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Information Manager

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NIBE Industrier AB, which has its head office in Markaryd in the south of Sweden, currently employs 4,200 people and has annual sales of some SEK 3.4 billion (approx. EUR 365 million). The company has been listed on the Stockholm Stock Exchange's O-List since 1997.

NIBE Industrier consists of three business areas: NIBE Element, NIBE Heating and NIBE Stoves, all of which are engaged in product development, manufacturing and marketing. Production currently takes place in Sweden, Norway, Finland, Denmark, Poland, the Czech Republic, Italy, Spain and China. The product range is as follows:

***NIBE Element:** components for electric heating applications, primarily tubular and foil elements.*

***NIBE Heating:** heat pumps, domestic boilers, water heaters and district heating equipment.*

***NIBE Stoves:** wood-burning stoves sold under the Handöl, Contura, Cronspisen, Roslagsspisen and Morsø brands.*

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