

Markaryd, Sweden, 15 November 2005

Strong growth sustained for NIBE Industrier – transfers to restructuring reserve for NIBE Element

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

- Sales rose by 21% to SEK 2,647 million (SEK 2,183 million during the corresponding period in 2004)
- Operating profit before transfers to the restructuring reserve rose by 10.3%
- Transfers to the restructuring reserve for NIBE Element total SEK 70 million
- Profit after net financial items and transfers to the restructuring reserve fell to SEK 162 million (SEK 241.6 million, including capital gain of SEK 24.4 million)
- Earnings per share for the period January to September 2005 totalled SEK 4.44 (SEK 7.74)

“Today’s interim report contains a more mixed bag of news than is usual for NIBE,” says Gerteric Lindquist, CEO for NIBE Industrier. “While NIBE Heating and NIBE Stoves continue to report very strong growth and send out positive signals, circumstances are slightly less favourable for NIBE Element.

“As reported in August we have set aside a reserve of SEK 70 million during the third quarter to cover restructuring costs within the NIBE Element business area. The restructuring process is already taking place and we are convinced that this, together with intensified efforts in product development and marketing, will lead to satisfactory profit levels for NIBE Element within the next couple of years.

“Prospects continue to look bright for NIBE Heating and NIBE Stoves with positive trends in growth and profits. Both business areas have successfully launched new products in the form of heat pumps and stoves, and both continue their strong expansion outside Sweden.

“All in all, this encourages us to look to the future with undiminished optimism, not least against the background of the international opportunities we see for the Group. The subsidies that have been proposed to stimulate the switch from direct electricity and oil-fired heating will have a highly positive impact on demand for ground-source heat pumps over the next five years. However, there is a question mark over the effect that the promise of these subsidies will have on demand during the remaining few weeks of the year, which historically have tended to produce some of the best sales figures for NIBE Heating. As a result it is difficult to predict with any accuracy NIBE Heating’s earnings for the rest of year.

“To summarise, we believe that the Group’s result for the year as a whole will be as good as if not better than that for 2004, after adjustments to take account of the capital gain made in conjunction with the sale of our shares in Jøtul. It should also be remembered, however, that the figures for 2005 will be affected by the fact that SEK 70 million have been earmarked for restructuring work in the NIBE Element business area,” Gerteric Lindquist concludes.

Yours sincerely
NIBE Industrier AB

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PRESS release

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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 3.6 billion (approx. EUR 375 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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