

NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 11,033 million (SEK 9,834 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** was SEK 1,292 million (SEK 1,117 million)
- **PROFIT AFTER TAX** was SEK 982 million (SEK 858 million)
- **EARNINGS** per share before and after dilution were SEK 8.90 (SEK 7.78)
- **THE BOARD OF DIRECTORS** proposes a dividend of SEK 2.70/share (SEK 2.35/share)
- **ACQUISITION OF**
 - operations in Technibel SAS, France
 - North American WaterFurnace Renewable Energy Inc.
 - remaining 90% of North American Enertech Global LLC
 - Swiss Askoma AG

Year-end report 2014



CEO Gerteric Lindquist's report

Aggressive initiatives and continued healthy profitability

2014 saw major variations in demand from month to month, reflecting a troubled and unpredictable economic situation. Given the circumstances we have opted to continue with our aggressive acquisition strategy, while as usual paying close attention to our margins. We believe this combined approach will be the key to achieving the desired continued expansion.

Group sales grew by 12.2% (7.0%) in 2014, including organic growth of 6.5% (-2.3%). In contrast to 2013, sales for the year were also affected positively by the strengthening of both the US dollar and the euro against the Swedish krona.

In addition to a fluctuating economy and a weaker krona, we have also felt the impact of a mild winter in Europe at the start of the year, which ended with an extremely mild autumn. Furthermore, the price of oil plummeted.

Of our business areas, NIBE Stoves is likely to have been affected the most by the mild weather, since it takes a few major cold snaps in both the autumn and winter to really fuel demand. For NIBE Energy Systems, the mild weather has facilitated installations of heat pumps, while it may also have affected the type and size of heat pump favoured by customers. NIBE Element has also felt the effect of the lack of cold weather, as sales to customers who manufacture heating products for indoor climate comfort have declined.

As regards the impact of the price of oil on our various businesses, we are of the opinion that the effect on NIBE Stoves has only been limited. However, for NIBE Energy Systems, it may have caused decisions regarding the replacement of oil-fired boilers with heat pumps to be delayed somewhat in countries such as Germany, where oil-fired boilers still constitute a significant portion of the heating market. Otherwise, it is thought that a more common effect is that consumers are choosing another type of heat pump, for example air/water as opposed to geothermal. It is unlikely that sales of NIBE Element's equipment to the oil and gas industry have been affected to any great degree so far, but this may change if current price levels persist for an extended period of time.

This uncertainty in the market has led us to maintain a strong focus on costs, greater flexibility in production and persistent high demands for continual growth in productivity. Alongside this we have, as previously, invested considerable resources in consistent and professional marketing efforts, combined with intensive product development, which has resulted in a continual flow of new products. All in all this has brought about both increased market share and improved operating margins for all three business areas.

Indeed, several of NIBE Energy System's main heat pump markets in Europe are not experiencing a decline, but neither are they displaying any actual growth. This is primarily due to the fact that construction of new private homes is not really taking off, although we are beginning to detect positive signs in Germany and Sweden. The fact that we have still been able to show some organic growth in Europe is attributable to our marketing efforts and several successful product launches. Construction of new private homes is probably the most important engine for growth in the heat pump market, and this is confirmed by developments in North America, where we are seeing that an increase in construction of new homes is having an impact.

NIBE Element has been the most successful in 2014 in terms of organic growth. The situation as regards demand has remained positive within most market segments, both in North America and Asia. Overall demand has been healthy in Europe too, although uncertainty is always felt more

keenly here. The relatively encouraging situation as regards demand, combined with the fact that we are now a genuine global player and have gained good traction on our investments in marketing and product development, has brought about healthy organic growth and yet another considerable step towards achieving our operating margin target of 10%.

NIBE Stoves had to compete on a European stove market that was characterised by consistent decline, largely due to an uncertain economic situation and the unusually mild weather. The fact that we were still able to produce an improvement in both sales as well as market share and operating margin is entirely down to marketing, an attractive product range, vigorous cost control and dedicated productivity development.

During the year we have also been actively involved in the ongoing consolidation of the sector that is happening in all our three business areas. No less than nine corporate acquisitions have been implemented, with combined sales of approximately SEK 1,250 million. The acquisition of Technibel in France has enabled NIBE Energy Systems to establish a platform for continued expansion in France. Similarly, the business area has now gained a proper foothold in North America via the acquisitions of WaterFurnace and Enertech Global. Acquisitions for NIBE Element have been less significant in terms of sales, but have still been strategically important as the acquisition of Swiss Askoma brings an additional Asian market, while the acquisitions of the Danish firms Innotek and IC Electronic strengthen our expertise within steering and control.

The level of investment in the existing businesses amounted to SEK 308 million, compared with last year's SEK 309 million and a rate of depreciation of SEK 402 million. This illustrates quite well the view that our production facilities are well-managed, while any direct expansion investments are not deemed necessary.

Over the year as a whole, operating profit improved by 17.5% compared with 2013, while the operating margin rose to 12.6% compared with the previous year's figure of 12.0%. Operating profit was also boosted by the strengthening of both the US dollar and the euro.

Profit after financial items improved by 15.6% in 2014 compared with 2013, leading to a profit margin of 11.7% versus 11.4% for the same period last year. The fact that financial items showed negative development compared with last year is primarily explained by foreign exchange losses on loans related to the business itself.

Outlook for 2015

Our corporate philosophy and our strong product programme, with their focus on sustainability and saving energy, are in tune with the times in which we are living.

We are well-prepared for carrying out additional acquisitions.

Our internal and continually ongoing efforts to raise efficiency, combined with our rigorous cost control measures will guarantee persistently healthy margins.

It is harder to judge how external factors such as economic trends, currency fears and the low price of oil at present will impact the Group, but we remain cautiously positive with regard to the year overall.

Markaryd, Sweden - 12 February 2015

Gerteric Lindquist
Managing Director and CEO

Sales

Group net sales totalled SEK 11,033 million (SEK 9,834 million). This corresponds to growth of 12.2%, of which 6.5% was organic growth. Acquired operations accounted for SEK 564 million of the total SEK 1,199 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 1,292 million. This equates to a 15.6% increase in earnings compared with SEK 1,117 million for 2013. Operating profit includes non-recurring items, among them capital gains from the sale of property, which had a net positive effect on operating profit of SEK 14 million. Profit for the year has been charged with acquisition expenses of SEK 29 million versus SEK 9 million last year. Return on equity was 16.6% (16.7%).

Since a major acquisition was completed in the third quarter, it is difficult to compare some of the key figures with previous years. This is because the new acquisition is only included in the consolidated income statement from the beginning of September, whereas in the consolidated balance sheet it is included for the entire quarter. See also under the heading "Key figures" on page 9, where selected pro forma key figures for the year are reported.

Acquisitions

At the start of February NIBE acquired operations in French company Technibel SAS, which has annual sales of approximately SEK 105 million. Technibel is solely a sales company for air conditioning products and heat pumps under the well-established Technibel brand. Operations come under the business area Nibe Energy Systems from February onwards.

At the end of August, NIBE acquired 100% of the shares in the North American heat pump company WaterFurnace Renewable Energy Inc., which has annual sales of some SEK 800 million and an operating margin of approximately 17%. The total purchase price amounted to 378.3 million Canadian dollars, which is approximately SEK 2.4 billion. The company has been consolidated in the business area Nibe Energy Systems from September onwards. The acquisition value is still provisional.

At the beginning of November, NIBE acquired the remaining 90% of North American heat pump company Enertech Global LLC, which has annual sales of some SEK 245 million and an operating margin of approximately 10%. The company has been consolidated in the business area Nibe Energy Systems from November onwards. The acquisition value is still provisional.

At the end of December, NIBE acquired 100% of the shares in Swiss heating element company Askoma AG, which has annual sales of some SEK 55 million and an operating margin of just over 10%. The company, which also has operations in Malaysia, offers a product range that consists mainly of components for heating, control and measurement for the energy market. The company has been consolidated in the business area Nibe Element from December onwards. The acquisition value is still provisional. During the year, five smaller acquisitions were also made comprising total annual sales of around SEK 45 million.

Investments

During the year, the Group invested SEK 3,098 million (SEK 912 million). A total of SEK 2,790 million (SEK 602 million) of this sum relates to acquisitions of operations. The remaining SEK 308 million (SEK 309 million) relates mainly to investments in machinery and equipment in existing operations. The investment with regard to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,327 million (SEK 1,255 million). Cash flow after changes in working capital amounted to SEK 1,253 million (SEK 1,069 million).

Interest-bearing liabilities at year-end amounted to SEK 7,852 million compared with SEK 4,591 million at the start of the year. The increase since the start of the year is mainly due to loan financing for the year's acquisitions. At the end of December, the Group had cash and cash equivalents of SEK 2,581 million as against SEK 2,369 million at the start of the year. The equity/assets ratio at the end of the year was 36.2%, compared with 43.0% at the start of the year.

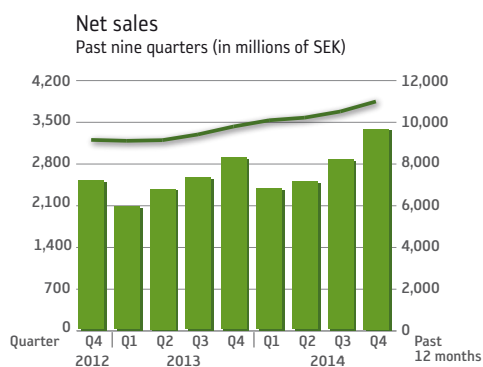
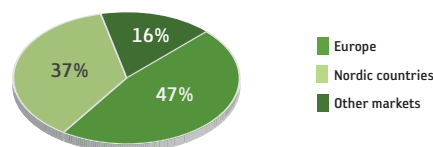
Parent

Parent activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. Sales for the period totalled SEK 7 million (SEK 6 million) and profit after financial items was SEK 943 million (SEK 526 million). At the end of the reporting period, unappropriated liquid assets totalled SEK 1,110 million compared with SEK 980 million at the start of the year.

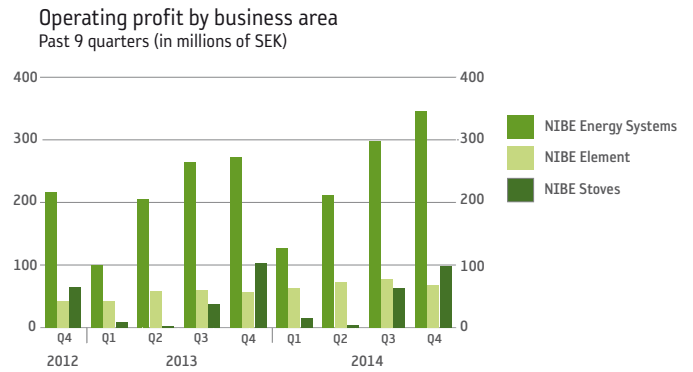
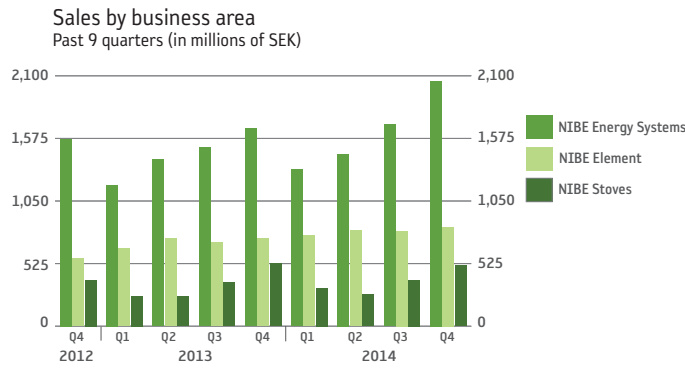
NIBE Group

Key figures		2014	2013
Net sales	SEK m	11,033	9,834
Growth	%	12.2	7.0
of which acquired	%	5.7	9.3
Operating profit	SEK m	1,385	1,179
Operating margin	%	12.6	12.0
Profit after net financial items	SEK m	1,292	1,117
Profit margin	%	11.7	11.4
Equity/assets ratio	%	36.2	43.0
Return on equity	%	16.6	16.7

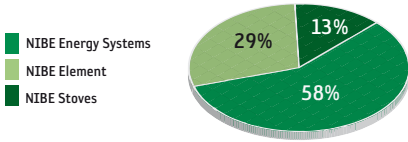
Group sales by geographical region



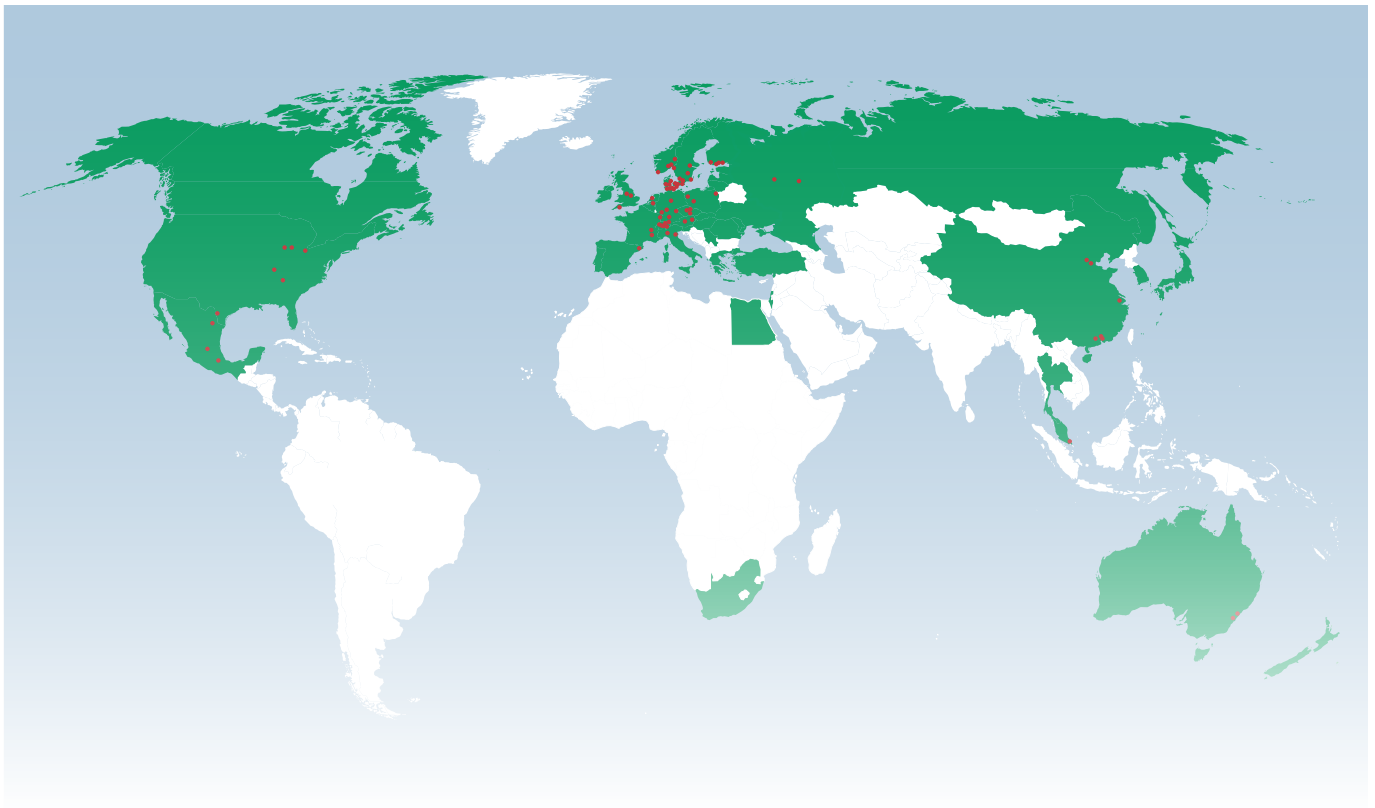
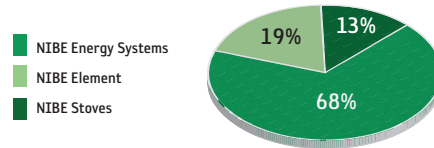
Business Area trends



Business area contributions to sales



Business area contributions to profit



Major North American acquisitions in 2014 strengthen our global market position

Through the acquisitions of the two North American heat pump companies WaterFurnace and EnerTech Global, which were completed in 2014, NIBE Energy Systems has created a strong platform from which to serve the North American market and the business area has become a market leader within ground-source/geothermal pumps for smaller properties. The businesses bring market-adapted products and solutions for energy-efficient indoor climate comfort, while the acquisitions strengthen our position as a global market leader within sustainable energy solutions.

NIBE Energy Systems

Sales and profit

Invoiced sales totalled SEK 6,507 million compared with SEK 5,740 million for 2013. The increase in invoiced sales was SEK 767 million, with acquired sales accounting for SEK 468 million of this sum, which means that organic growth was 5.2%.

Operating profit totalled SEK 984 million, compared with SEK 844 million the previous year. This equates to an operating margin of 15.1% compared with 14.7% for the previous year.

The year in brief

NIBE Energy Systems' acquisitions of the two North American heat pump companies were the two major events in 2014. The acquisition of the market leader within ground-source/geothermal heat pumps for smaller properties, WaterFurnace, and market colleague Enertech Global have enabled us to create a significant platform in North America. WaterFurnace and Enertech Global bring products and solutions for energy-efficient indoor climate comfort based primarily on airborne distribution of both heat and cool air. The acquisitions also bolster our position as a global market leader within sustainable energy solutions.

It feels like the right time to make these acquisitions, since the North American economy is showing steady improvement, while construction of new private homes and larger properties is on the rise, as is interest in product solutions using renewable energy. The North American heat pump market is expected to display a positive trend as the economy strengthens and construction levels increase.

Similarly, the acquisition of French firm Technibel has allowed us to create an important future platform for expansion on one of Europe's largest heat pump markets.

Investments in product development and international market expansion in our businesses continued in 2014, with an increasingly strong emphasis on climate-controlled system solutions for heating, cooling, ventilation and energy recovery. A number of new products have been launched on the market with key features such as improved performance and reduced running costs, ease of use, inverter control and smart control with remote access. These launches have given our European sales organisations a stronger product offering, generating additional business opportunities. Combined with increased market presence, this has resulted in a solid position on most markets, despite a persistently weak economic situation in Europe.

WaterFurnace's early introduction of inverter-controlled ground-source/geothermal pumps has been a technological breakthrough on the North American heat pump market. KKT Chiller's launch of a new range of products for cooling equipment has sparked international recognition in the form of the prestigious Red Dot Design Award, for innovative product solutions with an attractive design.

In the fourth quarter, an initial step was taken in the air/air heat pumps product segment, with the launch of the new concept, starting with the Swedish market. The product range will be expanded in 2015. For many family homes and weekend cottages that are still heated using electricity, owners are not always willing to install hydronic heating systems for reasons of cost, which makes air/air heat pumps a possible alternative as they involve less cost.

Our international ambitions have also resulted in the recruitment of ten well-educated and international young employees at five different subsidiaries in Europe, as an investment in the future. A joint international training programme combined with practical sales experience, they will create a future sales platform characterised by the new generation's customer perspective.

We have continued to prioritise maintaining our operating margin, which has involved introducing cost-saving measures in both production and other areas of the business. Coupled with considerable flexibility in production capacity over the year, this has enabled us to improve our operating margin despite major fluctuations in demand and significant investments in product development and marketing.

The European heat pump market remains weak, but there have been some local improvements. The five largest European heat pump markets France, Germany, Sweden, Switzerland and the UK have overall displayed a stable trend, although with ups and downs during the year, and it is on these markets that we have consistently strengthened our market share. The east European markets remain weak in economic terms, yet we have managed to strengthen our market position here as well.

The level of new construction, which has been at record low levels in recent years, improved slightly in 2014, and production of new homes is displaying modest growth on markets that are significant for us – Sweden, Germany and the UK.

In the Nordic region, the Swedish heat pump market levelled off during the latter part of the year following a market upswing in Q1. The market for exhaust-air heat pumps and heat pumps for larger properties has seen a relatively strong increase, while the market for ground-source/geothermal heat pumps for the domestic segment and air heat pumps has declined. We keep a careful watch on our market share development in all product areas and can note that we have never before enjoyed such a strong market position as we did in 2014. The other heat pump markets in the Nordic region have been negatively affected by a weak economy, and in Finland the low price of oil has had a slight impact.

As far as traditional electric water-heaters and district-heating products are concerned, demand from the Nordic and European markets has remained stable, while sales of pellet-fired products and conventional domestic boilers have continued to be sluggish. Tougher energy-efficiency requirements in Europe are driving demand for heat-pump installations for hot water, which presents the business area with good opportunities for future growth.

NIBE Energy Systems

Key figures		2014	2013
Net sales	SEK m	6,507	5,740
Growth	%	13.4	- 2.7
of which acquired	%	8.2	0.7
Operating profit	SEK m	984	844
Operating margin	%	15.1	14.7
Assets	SEK m	12,512	8,099
Liabilities	SEK m	1,361	1,068
Investments in non-current assets	SEK m	208	186
Depreciation	SEK m	249	240

Sales and profit

Invoiced sales amounted to SEK 3,193 million, compared with SEK 2,822 million for 2013. The increase in invoiced sales was SEK 371 million, with acquired sales accounting for SEK 56 million of this sum, which means that organic growth was 11.2%.

Operating profit totalled SEK 280 million, compared with SEK 217 million the previous year. This equates to an operating margin of 8.8% compared with 7.7% for the previous year.

The year in brief

In 2014 we continued to fulfil our strategy and objective of becoming a global supplier with a comprehensive product range for measuring, control and heating. This has been achieved both through acquisitions and organic growth, with an emphasis on product development and international marketing initiatives.

Our market presence has been further strengthened, particularly in North America and Asia, where we have concentrated on expanding the sales organisations on both the commercial and industrial side.

Several smaller bolt-on acquisitions were carried out. For example, the acquisition of our former element distributor in Australia has expanded our global market presence. We have also taken additional steps towards a greater proportion of measuring and control in our products through the acquisition of the Danish businesses Innotek and IC Electronics, which focus on components and systems for improved energy efficiency. Both these businesses will be integrated into our existing units.

The end of the year saw the acquisition of Swiss company Askoma AG, which provides renewable energy solutions within heating and has operations in both Switzerland and Malaysia. The Malaysian part of the business enables production within the Group in an additional Asian country besides our existing production units in China, which is of considerable interest from both a production and marketing perspective.

We have also acquired our former distributor of heating systems for railways and tramways in Germany. This unit will form a base for further expansion within the industrial segment in Germany.

We have continued to take structural measures to create competitive units within each market segment, with the aim of achieving our target of a 10% operating margin. This has involved further investments within automation and mechanisation, as well as the implementation of measures relating to production technology to ensure improvements in productivity and efficiency. Specialisation among the various units and locating production in low-cost countries within certain product segments also constitute key elements of our work to enhance the structure of the organisation. These measures have been successful, which is also reflected in our increased operating margin.

Demand on the international element market has varied between different geographical markets and sectors. The European market has shown a positive trend in overall volumes, while the order backlog has become shorter, due to customer uncertainty with regard to economic developments and a greater focus on reducing tied-up capital. The North American and Asian markets have performed well, with stable growth within most segments.

In the domestic appliance market, demand has been stable in Europe, while North America has displayed growth.

Within the industrial sector, products related to energy production for gas, oil and wind power have enjoyed good growth. We have successfully launched several new innovative products, which has strengthened our market position in this sector. There is, however, a risk that low oil prices may have an impact on the market situation for this sector in future.

Our unique technical solutions for the control and regulation of electric motors has enjoyed healthy growth and there is good potential, as new efficiency requirements are constantly being introduced by various authorities.

New solutions based on heat-pump technology have been launched on the market. These are used in our customers' products to achieve lower energy consumption in, for example, commercial dishwashers and tumble dryers.

The transport sector, which includes both the automotive industry and rail-based traffic, continues to perform well. A number of new innovative products were launched, all of which have a clear focus on improving environmental performance.

Raw material prices and exchange rates remain volatile, which is having a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage.

NIBE Element

Key figures		2014	2013
Net sales	SEK m	3,193	2,822
Growth	%	13.2	20.8
of which acquired	%	2.0	18.2
Operating profit	SEK m	280	217
Operating margin	%	8.8	7.7
Assets	SEK m	3,122	2,758
Liabilities	SEK m	632	548
Investments in non-current assets	SEK m	87	83
Depreciation	SEK m	98	92



NIBE Element expands within industrial segment

The acquisition of German company Wolff, which distributes heating systems for railways and tramways, will form a new platform for the industrial segment in Germany under the name Backer Wolff. One of many projects completed is a heating system for the tramway at Eibsee station, which is situated at the foot of Germany's highest mountain, Zugspitze.

Image provided with permission from the Bavarian Zugspitze Railway.

Sales and profit

Invoiced sales totalled SEK 1,483 million compared with SEK 1,395 million for 2013. The increase in invoiced sales was SEK 88 million, with acquired sales accounting for SEK 40 million of this sum, which means that organic growth was 3.4%.

Operating profit for the period totalled SEK 180 million, compared with SEK 152 million the previous year. This equates to an operating margin of 12.1% compared with 10.9% for the previous year. Operating profit for the year includes non-recurring items, among them capital gains from the sale of property, which had a net positive effect on operating profit of SEK 14 million. Excluding the non-recurring items, the operating margin for the year would have been 11.1%.

The year in brief

Despite challenging market conditions and a declining European stove market, particularly during the autumn, which is the sector's peak season, we have still succeeded in fulfilling our goal of remaining a strong player with stable profitability.

Consistent marketing efforts and an attractive product range featuring well-known brands, paired with competitive prices and high security of supply have enabled us to increase market share on essentially all the markets we have targeted, although there have been slightly fewer new product developments compared to the previous year.

Capacity in our production units has been adapted to current levels of demand, while robust cost controls and various cost-cutting measures have been carried out in the businesses. This has resulted in the operating margin exceeding that of last year.

Product development is a significant cornerstone in our strategy and we have continued to invest heavily in this area. For example, the end of 2014 saw the opening of a completely new, modern laboratory in Markaryd, which is one of the foremost in Europe in our industry. This is a significant requirement in helping us to further develop and refine combustion technology in our products, thus making them even more efficient and further reducing emissions.

During the year, agreement was reached in the EU for the first time on new Ecodesign requirements, involving the adoption of standard limits regarding efficiency and emissions for wood-burning products. By 2022, all products must satisfy the new requirements in order to be sold in Europe. In principle, all our products already meet these future requirements, and it is encouraging for the industry as a whole to be given long-term, clear guidelines for future product development.

As part of our ambition of being a modern and sustainable supplier, we aim for all our manufacturing units to be quality and environmentally certified in accordance with ISO 9001 and 14001. In 2014, Northstar,

our Polish manufacturing unit for concrete surrounds, fireplace materials and heat-retaining materials, achieved certification.

Following a relatively healthy level of demand at the start of the year, the vast majority of European markets experienced a weaker second half of the year compared with 2013. It is mainly the all-important peak season, which runs from September to November, that has failed to deliver anticipated levels, causing a general decline in the total market for stove products in Europe in 2014. The key reasons include the absence of economic recovery and increased uncertainty with regard to future developments in several European countries, combined with the unusually mild and warm autumn in many parts of Europe.

Developments in the Nordic countries have been fairly similar to the general trend in Europe, with a drop in demand everywhere apart from in Denmark, where following several years of decline the market has stabilised, albeit at a low level. In Sweden, demand slumped somewhat unexpectedly during the second half of the year, having been roughly the same as the previous year for the first six months of 2014. In Norway, which is a relatively large market, demand has seen a sharp fall, which is a continuation of the trend in recent years.

Following several years of rising demand for stove products in the UK, the market has levelled off at roughly the same level as in 2013. A large portion of the British market comprises gas stoves and demand for these products has grown, partly owing to a general increasing interest in the use of gas for heating purposes.

The German and French markets for stoves are following the trend of reduced demand, for the same reasons as the other markets in Europe. France is experiencing a far more significant decline than Germany.

Determined marketing efforts and a strong European network of distributors have enabled us to retain a stable position on our main markets. The cost reductions that have been implemented and a product range that already satisfies future European environmental requirements put us in an excellent position to face the challenges of the next few years.

NIBE Stoves

Key figures		2014	2013
Net sales	SEK m	1,483	1,395
Growth	%	6.3	31.1
of which acquired	%	2.9	36.9
Operating profit	SEK m	180	152
Operating margin	%	12.1	10.9
Assets	SEK m	1,768	1,592
Liabilities	SEK m	249	206
Investments in non-current assets	SEK m	18	27
Depreciation	SEK m	55	53



Gas-fired stoves common in UK

A large portion of the British market comprises gas stoves and interest in gas as a source of heating has seen a gradual increase. The products are well suited to modern homes, in which the primary source of heating is central heating, for example in older blocks of flats in large cities.

Income Statement summaries

(in millions of SEK)	Group				Parent	
	Fourth quarter 2014	Fourth quarter 2013	2014	2013	2014	2013
Net sales	3,356	2,876	11,033	9,834	7	6
Cost of goods sold	- 2,114	- 1,846	- 7,106	- 6,462	0	0
Gross profit	1,242	1,030	3,927	3,372	7	6
Selling expenses	- 577	- 488	- 1,977	- 1,739	0	0
Administrative expenses	- 202	- 161	- 707	- 580	- 51	- 36
Other operating income	37	42	142	126	0	0
Operating profit	500	423	1,385	1,179	- 44	- 30
Net financial items	- 32	- 19	- 93	- 62	987	557
Profit after net financial items	468	404	1,292	1,117	943	527
Tax	- 121	- 94	- 310	- 259	0	- 1
Net profit	347	310	982	858	943	526
Net profit attributable to Parent shareholders	347	310	982	858	943	526
<i>Includes depreciation according to plan as follows</i>	<i>107</i>	<i>98</i>	<i>402</i>	<i>385</i>	<i>0</i>	<i>0</i>
<i>Net profit per share before and after dilution in SEK</i>	<i>3.14</i>	<i>2.81</i>	<i>8.90</i>	<i>7.78</i>		

Statement of comprehensive income

Net profit	347	310	982	858	943	526
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	- 122	35	- 122	35	0	0
Tax	26	- 7	26	- 7	0	0
	- 96	28	- 96	28	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	- 18	- 1	- 13	- 5	1	0
Hedging of net investment	- 227	- 88	- 464	- 82	- 462	- 82
Exchange differences	327	188	727	120	0	0
Tax	57	19	108	19	101	18
	139	118	358	52	- 360	- 64
Total other comprehensive income	43	146	262	80	- 360	- 64
Total comprehensive income	390	456	1,244	938	583	462
Total comprehensive income attributable to Parent shareholders	390	456	1,244	938	583	462

Balance Sheet summaries

(in millions of SEK)	Group		Parent	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Intangible non-current assets	9,731	6,154	0	0
Property, plant and equipment	2,078	1,889	0	0
Non-current financial assets	367	155	9,477	8,187
Total non-current assets	12,176	8,198	9,477	8,187
Inventories	2,109	1,760	0	0
Current receivables	1,844	1,415	203	73
Current investments	154	3	0	0
Cash and bank balances	1,827	1,591	811	580
Total current assets	5,934	4,769	1,014	653
Total assets	18,110	12,967	10,491	8,840
Equity	6,560	5,575	3,685	3,361
Untaxed reserves	0	0	1	1
Non-current liabilities and provisions, non-interest-bearing	1,849	1,267	457	517
Non-current liabilities and provisions, interest-bearing	7,558	4,391	5,996	4,797
Current liabilities and provisions, non-interest-bearing	1,849	1,533	132	23
Current liabilities and provisions, interest-bearing	294	201	220	141
Total equity and liabilities	18,110	12,967	10,491	8,840

Key figures

		2014	2013	2012	2011	2010
Growth	%	12.2	7.0	12.9	25.0	13.2
Operating margin	%	12.6	12.0	11.3	12.2	12.2
Profit margin	%	11.7	11.4	10.9	11.6	11.4
Investments in non-current assets	SEK m	3,098	912	478	3,815	406
Unappropriated liquid assets	SEK m	2,581	2,369	1,710	1,660	1,664
Working capital, incl. cash and bank balances as share of net sales	SEK m %	4,084 37.0	3,236 32.9	2,634 28.7	2,599 31.9	1,489 22.9
Working capital, excl. cash and bank balances as share of net sales ¹⁾	SEK m %	2,257 20.5	1,645 16.7	1,710 18.5	1,592 19.6	1,080 16.6
Interest-bearing liabilities/Equity	%	119.7	82.3	93.0	108.1	45.6
Equity/assets ratio ²⁾	%	36.2	43.0	41.9	38.1	48.2
Return on capital employed ³⁾	%	12.1	12.4	11.8	16.0	22.2
Return on equity ⁴⁾	%	16.6	16.7	15.9	20.0	23.4
Net debt/EBITDA ⁵⁾	times	3.3	1.9	2.5	3.0	0.7
Interest coverage ratio ⁶⁾	times	7.6	12.4	11.0	10.7	11.8

A pro forma income statement for the latest 12-month period, including units acquired during the period with their respective latest 12-month income statements, provides more accurate key figures as follows;

¹⁾ Working capital would amount to approx. 17.8%

²⁾ Equity/assets ratio would be approx. 36.4%

³⁾ Return on capital employed would be approx. 10.8%

⁴⁾ Return on equity would be approx. 17.2%

⁵⁾ Net debt/EBITDA would be approx. 3.1 times

⁶⁾ Interest coverage ratio would be approx. 7.0 times

Data per share

		2014	2013	2012	2011	2010
Net profit per share (total 110,253,638 shares)	SEK	8.90	7.78	6.93	6.87	5.84
Equity per share	SEK	59.50	50.57	44.06	40.64	26.34
Closing day share price	SEK	200.90	145.00	93.75	101.75	102.75

Acquisition of WaterFurnace Renewable Energy Inc.

The NIBE Group completed the acquisition of shares in North American heat pump company WaterFurnace Renewable Energy Inc. on 22 August 2014. The total purchase price amounted to 378 million Canadian dollars, which is approximately SEK 2.4 billion. The purchase price consisted of 100% cash. See pages 3 and 5 for further information about the company's operations.

Consideration consists of the following

(in millions of SEK)

Fair value of net assets acquired	701
Goodwill	1,714
Cash consideration	2,415
Cash and cash equivalents in acquired companies	- 52
Effect on the Group's cash and cash equivalents	2,363

Goodwill is attributable to the profitability of the operations acquired, as well as to the synergy effects, particularly in material supply and product development, that are anticipated within the Group.

The figures vary slightly compared to those presented in Q3 2014 due to exchange rate fluctuations.

The acquired net assets are as follows:

(in millions of SEK)

	Fair values	Acquired carrying amounts
Intangible non-current assets	698	30
Property, plant and equipment	52	45
Non-current financial assets	105	105
Inventories	64	64
Current receivables	197	197
Current investments	53	53
Cash and bank balances	52	52
Non-current liabilities and provisions, non-interest-bearing	- 437	- 208
Current liabilities and provisions, non-interest-bearing	- 83	- 83
Net assets acquired	701	255

Acquired current receivables comprise SEK 205 million, of which SEK 197 million is expected to be settled. Acquired non-current liabilities and provisions mainly comprise warranty provisions.

Statement of cash flow – summaries

(in millions of SEK)	2014	2013
Cash flow from operating activities	1,327	1,255
Change in working capital	- 74	- 186
Investment activities	- 2,956	- 475
Financing activities	1,836	51
Exchange difference in liquid assets	103	12
Change in liquid assets	236	657

Change in equity – summaries

(in millions of SEK)	2014	2013
Equity brought forward	5,575	4,858
Shareholders' dividend	- 259	- 221
Total comprehensive income for the period	1,244	938
Equity carried forward	6,560	5,575

Financial instruments recognised at fair value

(in millions of SEK)	31 Dec 2014	31 Dec 2013
Current receivables		
Currency futures	0	7
Commodity futures	0	0
Total	0	7
Current liabilities and provisions, non-interest-bearing		
Currency futures	15	11
Commodity futures	2	0
Total	17	11

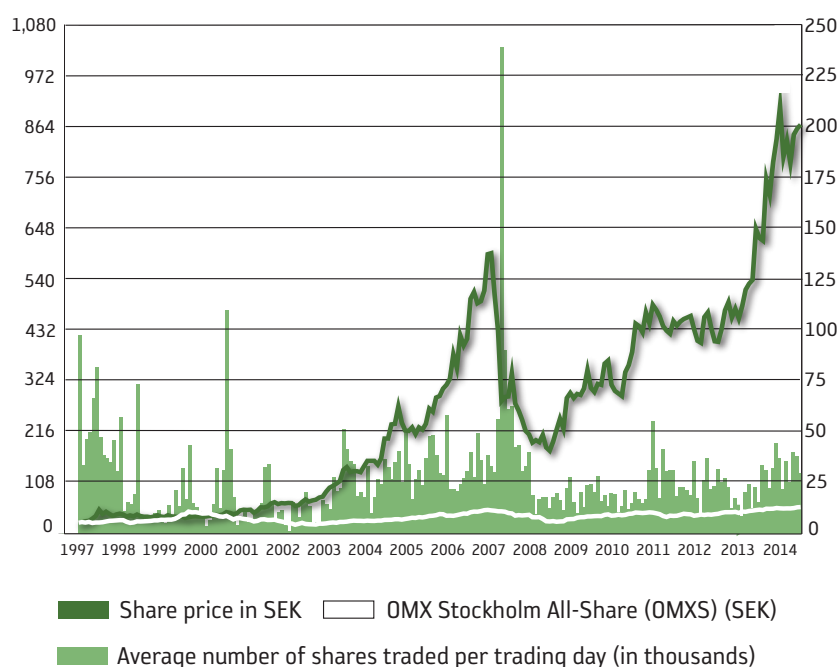
No instruments have been offset in the statement of financial position, therefore all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2013. In respect of other financial assets and liabilities in the Group, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2013.

Quarterly data

Consolidated income statements (in millions of SEK)	2014				2013				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
Net sales	2,361	2,477	2,839	3,356	2,063	2,350	2,545	2,876	2,496
Operating expenses	- 2,165	- 2,205	- 2,422	- 2,856	- 1,918	- 2,096	- 2,188	- 2,453	- 2,191
Operating profit	196	272	417	500	145	254	357	423	305
Net financial items	- 16	- 20	- 25	- 32	- 10	- 14	- 19	- 19	19
Profit after net financial items	180	252	392	468	135	240	338	404	324
Tax	- 42	- 60	- 87	- 121	- 36	- 54	- 75	- 94	- 72
Net profit	138	192	305	347	99	186	263	310	252
Net sales Business Areas									
NIBE Energy Systems	1,312	1,445	1,694	2,056	1,185	1,398	1,499	1,658	1,571
NIBE Element	759	804	798	832	650	735	704	733	568
NIBE Stoves	320	264	388	511	252	251	369	523	386
Elimination of Group transactions	- 30	- 36	- 41	- 43	- 24	- 34	- 27	- 38	- 29
Group total	2,361	2,477	2,839	3,356	2,063	2,350	2,545	2,876	2,496
Operating profit Business Areas									
NIBE Energy Systems	127	212	299	346	101	205	265	273	213
NIBE Element	63	72	78	67	42	59	60	56	43
NIBE Stoves	15	4	63	98	9	2	38	103	64
Elimination of Group transactions	- 9	- 16	- 23	- 11	- 7	- 12	- 6	- 9	- 15
Group total	196	272	417	500	145	254	357	423	305

Shares traded per day (in thousands)

Share price in SEK



NIBE shares

NIBE's class B shares are listed on the NASDAQ OMX Stockholm Exchange, Large Cap list, with a secondary listing on the SIX Swiss Exchange in Zürich. The NIBE share's closing price at 31 December 2014 was SEK 200.90. In 2014, NIBE's share price rose by 38.6%, from SEK 145.00 to SEK 200.90. During the same period, the OMX Stockholm All-share (OMXS) increased by 23.18%. This means that, at the end of 2014 the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 22,150 million. In 2014 a total of 34,900,371 NIBE shares were traded, which corresponds to a share turnover of 31.7% over the year.

Annual General Meeting

Will be held on Monday 11 May 2015 at 17.00 (5pm) at NIBE in Markaryd, Sweden.

Proposed dividend

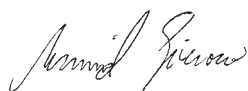
The Board of Directors proposes that the Annual General Meeting approve a dividend of SEK 2.70 (SEK 2.35) per share for the 2014 financial year.

Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's year-end report for 2014 has been drawn up in accordance with IAS 34 "Interim Financial Reporting". Segment-based reporting has been amended compared with previous years, so that liabilities in segments are now only recognised if they are operating liabilities. Comparative figures for previous periods have been adjusted correspondingly. In other respects, the same accounting policies as those adopted for this report are described on pages 66-68 of the company's Annual Report for 2013. Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council ("Reporting for Legal Entities"). In the case of transactions with associates, these have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 66 of the company's Annual Report for 2013.

This year-end report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, Sweden – 12 February 2015



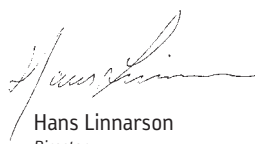
Arvid Gierow
Chairman of the Board



Georg Brunstam
Director



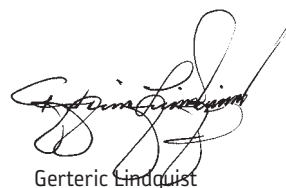
Eva-Lotta Kraft
Director



Hans Linnarson
Director



Anders Pålsson
Director



Gerteric Lindquist
Managing Director & CEO

The information in this report has not been subjected to scrutiny by the company's auditors.

For other information and definitions, please refer to the company's Annual Report for 2013.

Calendar

12 February 2015

11.00 (C.E.T) Teleconference (in English);

Presentation of Year-end Report 2014 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference.

To listen to the presentation by phone, call +46 8 566 427 00

April 2015

Annual Report 2014

11 May 2015

Interim Report 1, Jan – March 2015

Annual General Meeting 2015

14 August 2015

Interim Report 2, Jan – June 2015

13 November 2015

Interim Report 3, Jan – Sept 2015

Financial targets

- Average annual sales growth of 20%
- An operating margin of at least 10% of sales over a full business cycle in each business area
- Average return on equity of at least 20% after standard deductions for tax over a full business cycle
- Equity/assets ratio of at least 30%.



NIBE is an international heating technology company with business operations organised in three separate business areas; NIBE Energy Systems, NIBE Element and NIBE Stoves. Our vision is to create world-class solutions in sustainable energy. Our mission is to offer energy technology products and solutions that combine high quality with innovation. This work builds on the NIBE Group's wide-ranging expertise in product development, manufacturing and marketing.

NIBE Industrier AB is obliged by Swedish law (The Securities Market Act and/or The Financial Instruments Trading Act) to publish the information in this year-end report. This information was made available to the media for publication at 08.00 (C.E.T.) on 12 February 2015.

Please e-mail any questions you have with regard to this report to:
Gerteric Lindquist, MD and Group CEO, gerteric.lindquist@nibe.se
Hans Backman, CFO, hans.backman@nibe.se

NIBE

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