

NIBE

– world-class solutions in sustainable energy



- **SALES** totalled SEK 4,370 million (SEK 3,042 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 396 million (SEK 268 million)
- **PROFIT AFTER TAX** was SEK 293 million (SEK 201 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.58 (SEK 0.43)
- **ACQUISITION OF**
 - majority of British Enertech Group, approved by the Swedish Competition Authority on 27 January 2017
 - 50% of shares in Canadian CGC Group of Companies Inc.
 - 80% of shares in Italian element company HT S.p.A. (May 2017)

Interim Report 1 · 2017



Strong start to the year

Consolidated sales for the first quarter grew by 43.6%, of which 12.3% was organic. Organic sales growth is partly due to a weaker Swedish krona, but it is important to note that Q1 this year had more working days than Q1 last year, mostly due to the fact that Easter was in April this year and in March last year.

Despite a relatively high level of political uncertainty around the world, general demand has improved somewhat in Europe, North America and Asia. Low interest rates, increased consumption and heightened construction activity are just some of the drivers behind this, along with the transition to a more sustainable approach to energy, transportation and climate control solutions.

Alongside continually ongoing internal improvement initiatives, the business is of course affected by the integration of all the acquisitions that have been completed over the last 15 months. Furthermore, product development and marketing are progressing as planned. Quite a few new products were launched in all three business areas during the quarter. We also participated in many large trade fairs.

In the NIBE Climate Solutions business area, work is continuing on extending the product offering to include sustainable end-to-end climate control solutions for apartment blocks and commercial properties. The underlying operating margin remains healthy, while methodical improvement initiatives are under way to boost the operating margin in the newly acquired units to a level that is acceptable for the business area.

I am delighted to see the NIBE Element business area's persistently positive performance in terms of its operating margin. Long-term, systematic efforts to offer the market a broad range of intelligent system solutions with high quality, sustainable profiles have been successful. In order to maintain our competitive edge purely from a cost perspective, intensive rationalisation and automation work is also under way in all our manufacturing units, particularly in our low-cost units.

NIBE Stoves is also continuing its steady performance. Last year's Canadian acquisition, with its concentration on both the whole of North America and Australia, has both improved the geographical balance and provided the business area with interesting growth opportunities for its European units in North America and Australia, as well as for the Canadian company in Europe. As previously, the business area devotes considerable resources to developing products with the

right design and a high degree of efficiency. Moreover, additional resources are being assigned to help further reduce particle emissions.

Our ambitions in terms of acquisitions remain high. In February, the company acquired 50% of the shares in Canadian heat pump firm CGC Group of Companies Inc., and early May saw the acquisition of 80% of the shares in Italian element company HT S.p.A.

Investments in our existing businesses amounted to SEK 103 million in the quarter, compared with last year's SEK 62 million, and the depreciation rate was SEK 164 million, compared with SEK 120 million last year.

Operating profit improved by 43.2% compared with the corresponding period last year, which means it has been possible to maintain the operating margin of 9.8%, although the operating margins of some of the larger acquired companies remain at a lower level. The most significant contributing factor to the improved operating profit is of course acquired sales. Operating profit in the underlying business is satisfactory.

Profit after financial items improved by 47.8% in the first quarter compared with the corresponding period last year, leading to a profit margin of 9.1% versus 8.8% for the same period last year. The main reason for the improvement in net interest income is lower indebtedness.

Outlook for 2017

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well-prepared for being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will guarantee persistently healthy margins.
- As with previous years, the effects of economic trends, currency concerns, volatile energy prices and political turbulence in some parts of the world are hard to predict, but we remain cautiously positive about the year overall.

Markaryd, 11 May 2017

Gerteric Lindquist
Managing Director and CEO

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 annual return on equity of at least 20% after standard deductions for tax over a business cycle
- Equity/assets ratio of at least 30%

Calendar

11 May 2017

11:00 C.E.T Teleconference (in English)

Presentation of Interim Report 1 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 8 566 426 97.

11 May 2017

17:00 C.E.T Annual General Meeting 2017

18 August 2017

Interim Report 2, Jan – June 2017

16 November 2017

Interim Report 3, Jan – Sept 2017

Sales

Group net sales totalled SEK 4,370 million (SEK 3,042 million). This corresponds to growth of 43.6%, of which 12.3% was organic. Acquired operations accounted for SEK 953 million of the total SEK 1,328 million increase in sales.

Earnings

Profit for the period after net financial items was SEK 396 million. This equates to a 47.8% increase in earnings compared with the same period in 2016. Back then, profit after net financial items amounted to SEK 268 million. Profit for the period was charged with acquisition expenses of SEK 11 million (SEK 5 million). Return on equity was 12.7% (17.2%).

Acquisitions

The acquisition of the majority of British Enertech Group was approved by the Swedish Competition Authority in January. Operations, which are primarily based in Sweden under the CTC trademark with annual sales of just over SEK 800 million and an operating margin of 4.8%, were consolidated into NIBE Climate Solutions as of March 2017. The acquisition value is still provisional.

In February, 50% of the shares in the Canadian heat pump company CGC Group of Companies Inc. were acquired. The company has around 80 employees, annual sales of approximately SEK 120 million and an operating margin of 19%. Operations have been consolidated under the NIBE Climate Solutions business area as of February 2017. The acquisition value is still provisional.

Significant events after the end of the period

In early May, 80% of the shares in Italian element company HT S.p.A. were acquired, with an agreement to acquire the remaining 20% of shares in 2020. The business, which has around 330 employees, has production facilities in Italy and Romania and annual sales of some SEK 220 million, with an operating margin of roughly 14%. The products are chiefly aimed at the industrial and indoor comfort sector. Operations will be consolidated in the NIBE Element business area as of May 2017. The acquisition value is still provisional.

Investments

During the period, the Group made investments totalling SEK 825 million (SEK 352 million). A total of SEK 722 million (SEK 290 million) of the investments relates to acquisitions of operations. The remaining SEK 103 million (SEK 62 million) is mainly investments in machinery and equipment in existing operations. The investment amount 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 435 million (SEK 276 million). Cash flow after changes in working capital amounted to SEK 256 million (SEK 149 million).

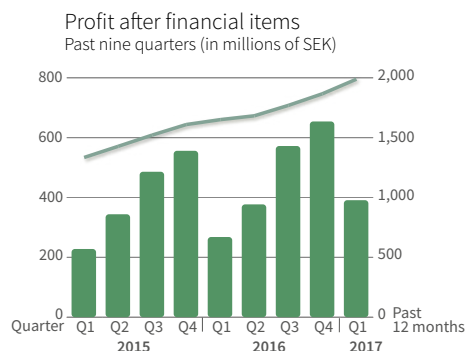
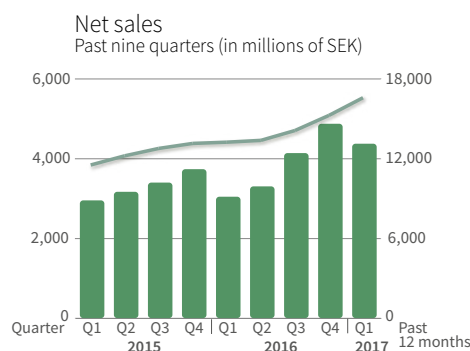
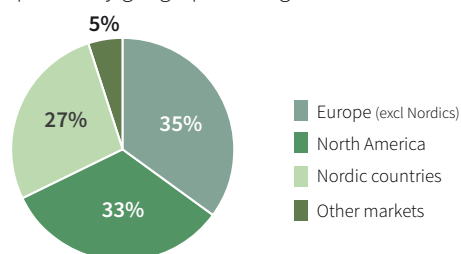
Interest-bearing liabilities at the end of the period amounted to SEK 8,621 million, compared with SEK 8,536 million at the start of the year. Since one of the Group's credit agreements expires in 2017, the liabilities covered by this agreement were recognised as current interest-bearing liabilities in the consolidated balance sheet. At the end of the period, the Group had cash and cash equivalents of SEK 2,774 million as against SEK 2,926 million at the start of the year. The equity ratio at the end of the period was 45.9%, compared with 46.6% at the start of the year and 40.0% at the corresponding point last 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 8 million (SEK 6 million) and profit after financial items was SEK 3 million (SEK 145 million).

NIBE Group Key ratios		2017 Q1	2016 Q1	Past 12 mont.	2016 Full-year
Net sales	SEK m	4,370	3,042	16,676	15,348
Growth	%	43.6	3.1	25.1	15.9
of which acquired	%	31.3	1.6	19.3	12.6
Operating profit	SEK m	426	298	2,108	1,980
Operating margin	%	9.8	9.8	12.6	12.9
Profit after net financial items	SEK m	396	268	1,999	1,871
Profit margin	%	9.1	8.8	12.0	12.2
Equity ratio	%	45.9	40.0	45.9	46.6
Return on equity	%	12.7	17.2	15.6	14.9

Group sales by geographical region

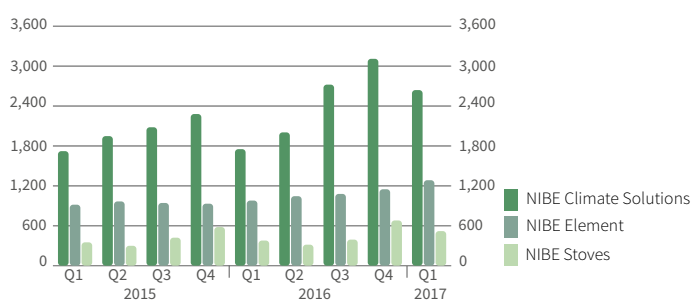


Business area trends

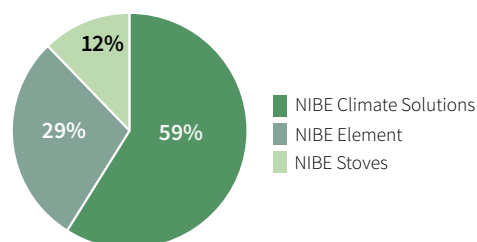
Quarterly data

Consolidated income statements (SEK m)	2017					2016				2015			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	4,370	3,042	3,301	4,135	4,870	2,950	3,165	3,396	3,732				
Operating expenses	-3,944	-2,744	-2,896	-3,525	-4,203	-2,687	-2,799	-2,892	-3,165				
Operating profit	426	298	405	610	667	263	366	504	567				
Net financial items	-30	-30	-28	-38	-13	-35	-22	-18	-11				
Profit after net financial items	396	268	377	572	654	228	344	486	556				
Tax	-103	-67	-98	-154	-176	-58	-75	-112	-132				
Net profit	293	201	279	418	478	170	269	374	424				
Net sales, business areas													
NIBE Climate Solutions	2,640	1,752	2,004	2,722	3,110	1,722	1,948	2,081	2,280				
NIBE Element	1,285	979	1,045	1,079	1,149	917	966	943	932				
NIBE Stoves	520	378	316	392	680	351	299	421	581				
Elimination of Group transactions	-75	-67	-64	-58	-69	-40	-48	-49	-61				
Group total	4,370	3,042	3,301	4,135	4,870	2,950	3,165	3,396	3,732				
Operating profit, business areas													
NIBE Climate Solutions	256	180	307	443	466	172	286	365	386				
NIBE Element	142	101	124	139	109	80	88	95	79				
NIBE Stoves	45	33	17	52	121	20	10	59	117				
Elimination of Group transactions	-17	-16	-43	-24	-29	-9	-18	-15	-15				
Group total	426	298	405	610	667	263	366	504	567				

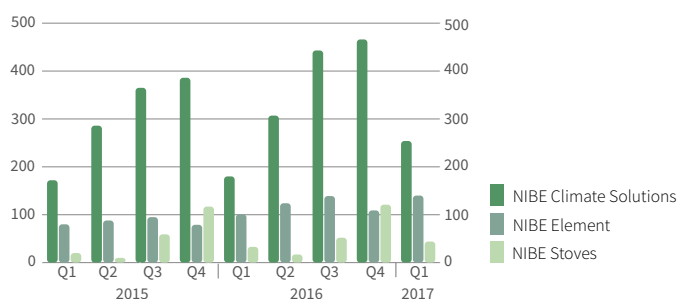
Sales per business area, last nine quarters (SEK million)



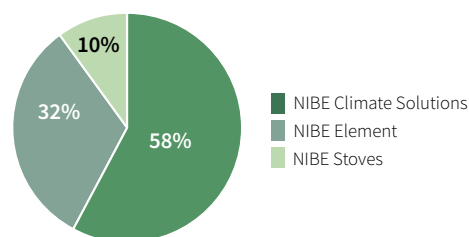
Each business area's share of total sales (Q1 2017)



Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1 2017)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 2,640 million, compared with SEK 1,752 million for the corresponding period last year. Of the increase in sales of SEK 888 million, acquired sales accounted for SEK 671 million, which means that organic growth was 12.4%.

Operating profit for the period totalled SEK 256 million, compared with SEK 180 million the previous year. This equates to an operating margin of 9.7% compared with 10.3% for the previous year. This means that the operating margin for the past 12 months is 14.1%.

Market

As expected, the North American heat pump market for single-family housing declined early in the year, coinciding with the discontinuation of state subsidies for the installation of geothermal heat pumps in single-family homes. The market for products aimed at commercial properties continues to grow.

The positive trend is persisting in Europe in our key markets Germany, Austria and Switzerland, as well as in most other markets. The potential for heat pumps remains very high, principally in Germany and the UK, but high taxes on electricity combined with low oil and gas prices are preventing faster conversion.

Growth in the construction of single-family homes and greater market optimism have also contributed to a strong increase in heat pump sales in the Dutch market, where we have been established for some time.

At the start of the year, the market trend in Eastern Europe experienced a significant upswing and our units in Poland and the Czech Republic are exhibiting relatively robust expansion with regard to product concepts for indoor comfort, primarily heat pumps and water heaters.

Following last year's slight decline in the Swedish domestic heat pump market, the first quarter is exhibiting relatively strong growth. The main reason for this is the continued increase in construction of new single-family homes, which fuels sales of exhaust-air heat pumps, while other heat pump categories are also attracting sales. We are continuing to increase our total market share and further consolidate our market position.



Climate Control Group, Inc. (CCG) exhibited at the 2017 AHR Expo (International Air-Conditioning, Heating and Refrigerating Exposition), which was held 30 January to 1 February in Las Vegas, Nevada in the US. CCG's stand displayed product offerings from each of the major product lines, including heat pumps by ClimateMaster®, fan coil units by IEC®, large air handlers by ClimateCraft® and chillers by ClimaCool®.

Demand for energy-efficient product solutions for larger properties is still seeing a steady rise and our development collaboration with ventilation company Air-Site AB, which was partially acquired in 2016, has resulted in a more comprehensive product portfolio within energy-efficient property ventilation.

As regards traditional water heaters, demand remains stable in both the Nordics and the rest of Europe. The Ecodesign Directive includes requirements primarily relating to better insulation. Slightly larger water heaters are also required to have improved control. Water heaters that provide for an entire household's hot-water needs must now also be supplied with a heat-pump module to meet the standard requirements.

Operations

The start of the year included major market initiatives, with participation in two of the world's biggest international trade fairs: the AHR fair in Las Vegas, USA, and the ISH fair in Frankfurt, Germany. Participation in these fairs boosts our profile as a market leader in energy-efficient, environmentally sustainable and intelligent product solutions for indoor comfort based on renewable energy.

In January, the Swedish Competition Authority approved the acquisition of British Enertech Group, which includes six operations in six European countries. We believe this acquisition will help us become an even stronger international player that can compete globally within sustainable and energy-efficient solutions for heating and indoor comfort.

In February, the partial acquisition of the Canadian heat pump manufacturer CGC Group of Companies Inc. was announced. The company, which was established in 1995, generates sales of approximately SEK 120 million and has an operating margin of 19%. Operations are located just outside Toronto, and the company employs around 80 people. CGC mainly targets the commercial property market in North America under the well known brands Bulldog Heat Pump, Compax and Varipak.

Our production capacity and delivery capability fully satisfy market expectations and we note that our internal quality management work, which has been a top priority, continues to result in improved product quality. We are implementing cost-saving measures on an ongoing basis both in production and other operations, in order to maintain our healthy underlying operating margin. Measures are under way to ensure those acquired units with a margin that falls short of our existing operations achieve established targets as soon as possible.

NIBE Climate Solutions

Key ratios		2017 Q1	2016 Q1	Past 12 months	2016 Full-year
Net sales	SEK m	2,640	1,752	10,476	9,588
Growth	%	50.7	1.8	30.0	19.4
of which acquired	%	38.3	0.0	22.8	14.6
Operating profit	SEK m	256	180	1,472	1,396
Operating margin	%	9.7	10.3	14.1	14.6
Assets	SEK m	19,212	13,071	19,212	18,103
Liabilities	SEK m	2,402	1,353	2,402	2,357
Investments in non-current assets	SEK m	59	32	266	239
Depreciation	SEK m	110	77	395	362

NIBE Element business area

Sales and profit

Sales for the period totalled SEK 1,285 million, compared with SEK 979 million for the corresponding period last year. Of the increase in sales of SEK 306 million, acquired sales accounted for SEK 147 million, which means that organic growth was 16.2%. Sales have been positively affected by a few major project orders.

Operating profit for the period totalled SEK 142 million, compared with SEK 101 million the previous year. This equates to an operating margin of 11.0% compared with last year's 10.3%. This means that the operating margin for the past 12 months is 11.3%.

Market

Overall, demand on the international element market was good at the start of the year.

The North American market is experiencing positive organic growth, and the acquisitions made over the past few years have led to strong growth on this market.

The Asian market has also performed well. Our ambition to gradually concentrate our Asian production units more towards the domestic market in Asia has therefore been successful.

The European element market has also experienced healthy growth in most market areas. It is primarily the German market that has displayed a clear and sustained positive trend.

Generally speaking, all product segments in both consumer products and products for commercial equipment have performed strongly during the first few months of the year. The market for oil and gas industry products, which is the one exception, has now stabilised following a long period of heavy decline, albeit at a low level.

The market for rail-based traffic products is displaying healthy growth in both infrastructure and vehicles. A number of major investment projects to improve infrastructure being implemented in several countries in Europe are having a positive impact, and we have also become established in the North American market within these interesting market segments.

In the growing energy sector our investments in control and measurement have produced good results, particularly for inverter control of electric motors. We have also added to our range of resistors with innovative solutions for this sector.

The market for automotive industry products continues to increase. Growth is being driven by a surge in vehicle sales, com-

NIBE Element

Key ratios		2017 Q1	2016 Q1	Past 12 months	2016 Full-year
Net sales	SEK m	1,285	979	4,558	4,252
Growth	%	31.2	6.8	19.3	13.1
of which acquired	%	15.0	5.1	12.3	9.9
Operating profit	SEK m	142	101	514	473
Operating margin	%	11.0	10.3	11.3	11.1
Assets	SEK m	4,432	3,704	4,432	4,294
Liabilities	SEK m	891	742	891	828
Investments in non-current assets	SEK m	39	24	140	125
Depreciation	SEK m	33	29	126	122

binated with stricter requirements for eco-friendly vehicles and greater interest in electric and hybrid vehicles.

Operations

We are continuing our work to change our profit centres' focus and activities to ensure they remain competitive in their respective market segments. These include further investments in areas such as the use of industrial robots and automation, along with measures to boost productivity. This is essential if we are to maintain a stable operating margin at the established target of 10%.

We have noted a labour shortage and increased cost pressure in several of our low-cost countries, which further heightens the need to implement projects to raise productivity in these units as well.

In the first quarter, we made a small bolt-on acquisition in the UK in process heating. The business has been integrated into our UK operation Heatrod.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having a globalised organisation with production units in different currency zones gives us a clear advantage. Commodity prices remain at a historically low level, but we have noted significant hikes in some metals during the first part of the year. This means we may need to make price adjustments in some market segments going forward.



Greater demand for eco-friendly vehicles generates growth.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 520 million, compared with SEK 378 million for the corresponding period last year. Of the increase in sales of SEK 142 million, acquired sales accounted for SEK 136 million, which means that organic growth was 1.8%.

Operating profit for the period totalled SEK 45 million, compared with SEK 33 million the previous year. This means the operating margin remained the same compared with the previous year, at 8.7%. The operating margin for the past 12 months is thus 12.3%.

Market

At the start of the year, demand for stove products in Scandinavia remained at roughly the same level as last year, but with major differences between countries. Several of our other sales markets in Europe are exhibiting stable demand, and in North America, the total market for stove products has increased.

Demand is persistently high in Sweden, driven mainly by generally positive economic growth along with increased construction of single-family homes. In Norway, demand has soared, while the trend in Denmark has been the exact opposite, exclusively due to the discontinuation of last year's subsidies to encourage the replacement of old stoves.

Things are starting to look up in the UK following last year's weak demand situation for wood-fired products. The trend in recent years towards a clear increase in demand for gas-fired products has persisted and is largely the result of prevailing low gas prices.

After several years of plummeting demand for stove products in Germany and France, demand has stabilised and even seen a modest increase, mainly in the French market.

In North America, demand so far this year has risen both for gas- and wood-fired products, which is down to a generally healthy economic trend and the relatively cold winter.

NIBE Stoves

Key ratios		2017 Q1	2016 Q1	Past 12 months	2016 Full-year
Net sales	SEK m	520	378	1,908	1,766
Growth	%	37.7	7.6	13.7	6.9
of which acquired	%	35.9	0.0	15.3	7.3
Operating profit	SEK m	45	33	235	223
Operating margin	%	8.7	8.7	12.3	12.7
Assets	SEK m	3,247	1,780	3,247	3,274
Liabilities	SEK m	333	269	333	387
Investments in non-current assets	SEK m	8	6	45	42
Depreciation	SEK m	21	14	66	59

Operations

The acquisition of the Canadian stove manufacturer Fireplace Products International (FPI), which was completed at the end of last year, has given us a solid platform in both the North American and Australian markets. With a comprehensive product range and a well-developed network of dealers, combined with an improved market situation, the business performed well during the first few months of the year.

The end of the first quarter saw the start of this year's product launches, with significant exposure at the international ISH trade fair in Germany. New products under the Contura, Lotus and TermaTech brands were presented and met with considerable success. We will continue to focus our efforts on launches on all our chosen markets in the second quarter, and all new products will be ready for delivery well before the season starts.

Capacity at our production plants was healthy and consistent at the beginning of the year, which resulted in a high delivery capacity to our customers. In order to meet the persistently increasing level of demand for gas-fired stove products, capacity-enhancing measures have been introduced at our production plant in the UK.



At the ISH fair in Frankfurt, Contura launched this year's new products to distributors mainly in Germany, but also for other markets in Europe. The new products received a very positive response.

Income Statement summaries

(SEK m)	Group				Parent	
	Jan-Mar 2017	Jan-Mar 2016	Past 12 months	Full-year 2016	Jan-Mar 2017	Jan-Mar 2016
Net sales	4,370	3,042	16,676	15,348	8	6
Cost of goods sold	- 2,904	- 1,982	- 10,739	- 9,817	0	0
Gross profit	1,466	1,060	5,937	5,531	8	6
Selling expenses	- 772	- 585	- 2,851	- 2,664	0	0
Administrative expenses	- 298	- 214	- 1,126	- 1,042	- 13	- 12
Other operating revenue	30	37	148	155	0	0
Operating profit	426	298	2,108	1,980	- 5	- 6
Net financial items	- 30	- 30	- 109	- 109	8	151
Profit after net financial items	396	268	1,999	1,871	3	145
Tax	- 103	- 67	- 531	- 495	0	0
Net profit	293	201	1,468	1,376	3	145
Net profit attributable to Parent shareholders	293	201	1,468	1,376	3	145
Includes depreciation according to plan as follows	164	120	586	542	0	0
Net profit per share before and after dilution in SEK	0.58	0.43	3.06	2.93		

Statement of comprehensive income

Net profit	293	201	1,468	1,376	3	145
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	0	0	- 30	- 30	0	0
Tax	0	0	6	6	0	0
	0	0	- 24	- 24	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	14	19	14	19	0	9
Hedge of net investment	9	18	- 98	- 89	0	20
Exchange differences	- 83	- 69	825	839	0	0
Tax	7	- 7	- 45	- 59	0	- 6
	- 53	- 39	696	710	0	23
Total other comprehensive income	- 53	- 39	672	686	0	23
Total comprehensive income	240	162	2,140	2,062	3	168
Comprehensive income attributable to Parent shareholders	240	162	2,140	2,062	3	168

Balance sheet in summary

(SEK m)	Group			Parent		
	31/03/2017	31/03/2016	31/12/2016	31/03/2017	31/03/2016	31/12/2016
Intangible assets	15,111	10,229	14,716	0	0	0
Property, plant and equipment	2,915	2,134	2,820	0	0	0
Financial assets	393	483	389	12,082	8,579	11,772
Total non-current assets	18,419	12,846	17,925	12,082	8,579	11,772
Inventories	3,143	2,357	2,799	0	0	0
Current receivables	3,036	1,959	2,798	341	75	620
Current investments	90	257	160	0	0	0
Cash and bank balances	2,245	1,573	2,342	2	0	0
Total current assets	8,514	6,146	8,099	343	75	620
Total assets	26,933	18,992	26,024	12,425	8,654	12,392
Equity	12,369	7,590	12,129	7,706	4,122	7,703
Untaxed reserves	0	0	0	1	1	1
Non-current liabilities and provisions, non-interest-bearing	3,097	1,578	2,763	253	208	255
Non-current liabilities and provisions, interest-bearing	5,985	7,626	5,858	4,288	4,289	4,254
Current liabilities and provisions, non-interest-bearing	2,846	1,977	2,596	177	34	179
Current liabilities and provisions, interest-bearing	2,636	221	2,678	0	0	0
Total equity and liabilities	26,933	18,992	26,024	12,425	8,654	12,392

Key ratios

		Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Growth	%	43.6	3.1	15.9
Operating margin	%	9.8	9.8	12.9
Profit margin	%	9.1	8.8	12.2
Investments in non-current assets	SEK m	825	352	5,156
Cash and equivalents	SEK m	2,774	2,227	2,926
Working capital, incl. cash and bank balances as share of net sales	SEK m	5,668	4,169	5,503
	%	34.0	31.3	35.9
Working capital, excl. cash and bank balances as share of net sales	SEK m	3,333	2,339	3,001
	%	20.0	17.5	19.6
Interest-bearing liabilities/Equity	%	69.7	103.4	70.4
Equity ratio	%	45.9	40.0	46.6
Return on capital employed	%	10.7	11.8	11.8
Return on equity	%	12.7	17.2	14.9
Net debt/EBITDA	times	2.3	2.7	2.4
Interest coverage ratio	times	7.7	7.4	9.6

Financial instruments recognised at fair value

(SEK m)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Current receivables			
Currency futures	11	5	3
Commodity futures	1	0	2
Total	12	5	5
Financial assets			
Interest rate derivatives	23	24	22
Current liabilities and provisions, non-interest-bearing			
Currency futures	0	0	6
Commodity futures	0	5	0
Total	0	5	6

No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2016. 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 2016.

Data per share

		Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Net profit per share (total 504,016,622 shares)	SEK	0.58	0.43	2.93
Equity per share	SEK	24.54	16.41	24.06
Closing day share price	SEK	71.65	66.35	71.80

All key ratios per share were recalculated following the 4:1 split implemented in May 2016. As a result of the preferential rights issue implemented in 2016 with a discount for shareholders, both the historical key ratios and price per share were also reduced by approximately 4.8%.

Statement of cash flow – summaries

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Cash flow from operating activities	435	276	2,045
Change in working capital	- 179	- 127	- 274
Investing activities	- 445	- 650	- 4,769
Financing activities	36	562	3,629
Exchange difference in cash and cash equivalents	- 14	- 26	76
Change in cash and cash equivalents	- 167	35	707

Change in equity – summaries

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Equity brought forward	12,129	7,428	7,428
New share issue	0	0	3,024
Transaction cost of new issue	0	0	- 16
Shareholders' dividend	0	0	- 369
Comprehensive income for the period	240	162	2,062
Equity carried forward	12,369	7,590	12,129

Alternative performance measures

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's profit and financial position using calculations that cannot be directly derived from the financial statements. The alternative performance measures provided in this report may be calculated using methods that differ from those used to produce similar measures that are used by other companies.

Net investments in non-current assets

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Acquisition of non-current assets	829	363	5,185
Disposal of non-current assets	- 4	- 11	- 29
Net investments in non-current assets	825	352	5,156

Working capital, including cash and bank balances

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Total current assets	8,514	6,146	8,099
Current liabilities and provisions, non-interest-bearing	- 2,846	- 1,977	- 2,596
Working capital, including cash and bank balances	5,668	4,169	5,503
Net sales in the past 12 months	16,676	13,335	15,348
Working capital, including cash and bank balances, in relation to net sales, %	34.0	31.3	35.9

Return on capital employed

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Profit after net financial items in the past 12 months	1,999	1,655	1,871
Financial expenses in the past 12 months	233	118	216
Profit before financial expenses	2,232	1,773	2,087
Capital employed at start of period	20,665	14,710	14,710
Capital employed at end of period	20,990	15,436	20,665
Average capital employed	20,828	15,073	17,687
Return on capital employed, %	10.7	11.8	11.8

Net debt/EBITDA

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Non-current liabilities and provisions, interest-bearing	5,985	7,626	5,858
Current liabilities and provisions, interest-bearing	2,636	221	2,678
Cash and bank balances	- 2,245	- 1,573	- 2,342
Current investments	- 90	- 257	- 160
Net debt	6,286	6,017	6,034
Operating profit in the past 12 months	2,108	1,735	1,980
Depreciation/amortisation and impairment in the past 12 months	588	482	542
EBITDA	2,696	2,217	2,522
Net debt/EBITDA, times	2.3	2.7	2.4

Cash and equivalents

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Cash and bank balances	2,245	1,573	2,342
Current investments	90	257	160
Unutilised overdraft facilities	439	397	424
Cash and equivalents	2,774	2,227	2,926

Working capital, excluding cash and bank balances

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Inventories	3,143	2,357	2,799
Current receivables	3,036	1,959	2,798
Current liabilities and provisions, non-interest-bearing	- 2,846	- 1,977	- 2,596
Working capital, excluding cash and bank balances	3,333	2,339	3,001
Net sales in the past 12 months	16,676	13,335	15,348
Working capital, excluding cash and bank balances, in relation to net sales, %	20.0	17.5	19.6

Return on equity

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Profit after net financial items in the past 12 months	1,999	1,655	1,871
Standard rate tax, %	22.0	22.0	22.0
Profit after net financial items, after tax	1,559	1,290	1,459
Equity at start of period	12,129	7,428	7,428
Equity at end of period	12,369	7,590	12,129
Average equity	12,249	7,509	9,779
Return on equity, %	12.7	17.2	14.9

Interest coverage ratio

(SEK m)	Jan-Mar 2017	Jan-Mar 2016	Full-year 2016
Profit after net financial items	396	268	1,871
Financial expenses	59	42	216
Interest coverage ratio, times	7.7	7.4	9.6

NIBE shares

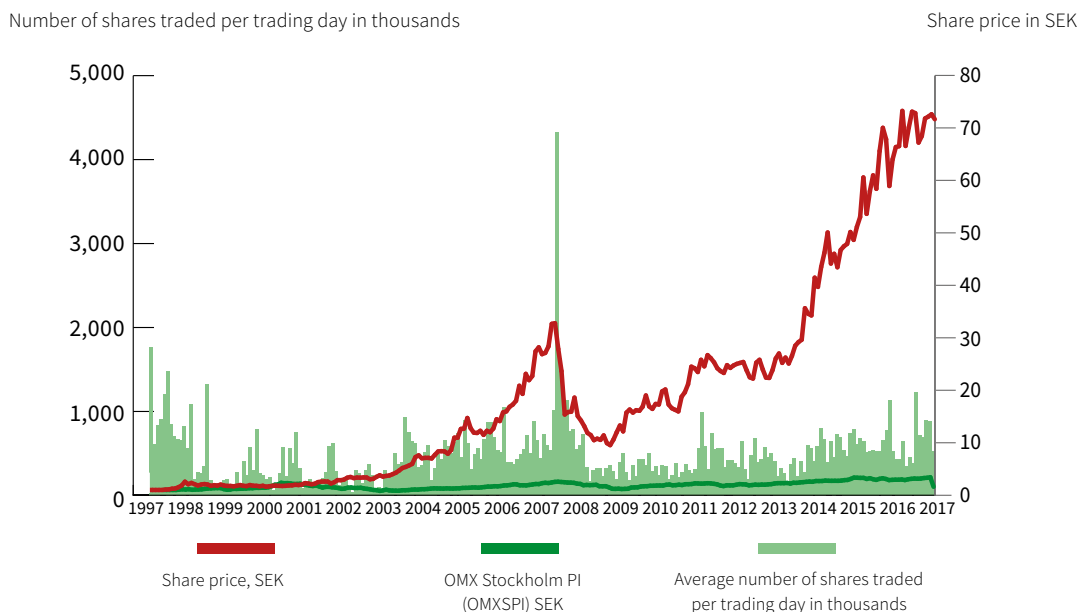
NIBE's class B shares are listed on the NASDAQ Nordic Exchange, Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 31 March 2017 was SEK 71.65.

In Q1 2017, NIBE's share price declined by 0.2%, from SEK 71.80 to SEK 71.65. During the same period, the OMX Stockholm PI (OMXSPI) increased by 5.3%.

This means that, at the end of March 2017 the market capital-

isation of NIBE, based on the latest price paid, amounted to SEK 36,113 million.

A total of 48,879,824 NIBE shares were traded, which corresponds to a share turnover of 38.8% in the first quarter of 2017. All figures were recalculated following the 4:1 splits implemented in 2003, 2006 and May 2016, and the dilution effect of the preferential rights issue in October 2016.



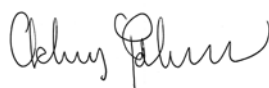
This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, 11 May 2017

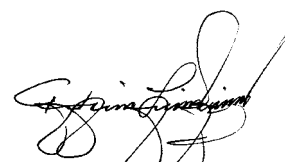

Hans Linnarson
Chairman of the Board


Georg Brunstam
Director


Eva-Lotta Kraft
Director


Anders Pålsson
Director


Helene Richmond
Director


Gerteric Lindqvist
Managing Director and CEO

Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the first quarter of 2017 has been drawn up in accordance with IAS 34 Interim Financial Reporting. For the Group, the same accounting policies as those adopted for this report are described on pages 72–75 of the company's Annual Report for 2016. 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 73 of the company's Annual Report for 2016.

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

For other information on definitions, please refer to the company's Annual Report for 2016.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to a number of business and financial risks. Risk management is therefore an important process with regard to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2016.



NIBE – a global group with operations and sales on five continents

NIBE is a global group with solutions for indoor climate and comfort as well as components and solutions for measurement, control and electrical heating that help make the world more sustainable. NIBE has more than 60 years of experience in manufacturing products for both household and commercial use. From its beginnings in the Småland city of Markaryd, NIBE has grown and now has operations and sales on five continents.

NIBE has developed a culture of entrepreneurship and a passion for running businesses. Investments in sustainable product development and acquisitions have helped the NIBE Group expand significantly, resulting in sales of over SEK 15 billion in 2016. Operations are conducted within three business areas – NIBE Climate Solutions, NIBE Element and NIBE Stoves – with more than 13,000 employees in Europe, North America, Asia and Australia.

NIBE has been listed under the name NIBE Industrier on the NASDAQ OMX Stockholm Exchange, Large Cap list, since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

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 interim report. This information was made available to the media for publication at 08:00 (C.E.T.) on 11 May 2017.

Please email any questions you have with regard to this report to:
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NIBE

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