

Interim report

1 January – 30 June 2001



- *Continued growth – net sales increase to SEK 745.2 million (SEK 582.3 million)*
- *Half-year profit after net financial items rises to SEK 35.1 million (SEK 33.2 million) excluding refunds from SPP insurance*
- *Acquisition of Roslagsspisen*
- *Earnings per share over the past 12 months rise to SEK 12.58 (SEK 11.49) excluding refunds from SPP insurance*

NIBE Industrier – Group

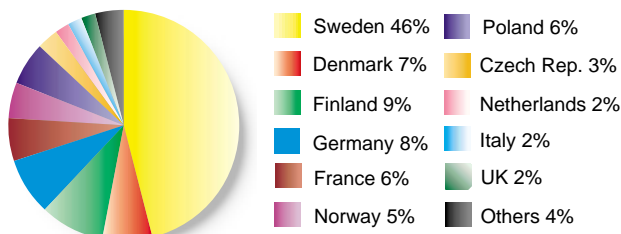
Key figures		2001 Q1-2	2000 Q1-2	Past 12 months	Full year 2000
Net sales	(MSEK)	745.2	582.3	1,467.1	1,304.2
Growth	(%)	+28.0	+7.0	+21.6	+11.6
of which acquired	(%)	+12.2	+1.6	+8.2	+3.2
Operating profit	(MSEK)	41.9	35.6*	120.0**	113.6***
Operating margin	(%)	5.6	6.1*	8.2**	8.7***
Profit after net items	(MSEK)	35.1	33.2*	108.6**	106.6***
Net profit margin	(%)	4.7	5.7*	7.4**	8.2***

* Excluding SPP surplus of SEK 16.1 million

** Excluding SPP surplus of SEK 1.3 million

*** Excluding SPP surplus of SEK 17.4 million

Turnover for the NIBE Group by geographical market January – June 2001



The Chief Executive's Report

The NIBE Group's growth of 28.0% comprises 12.2% acquired growth and 15.8% organic growth.

Operating profit has increased by 17.7% while the result after net financial items has risen by a more modest 5.7%. The reason for this discrepancy is twofold: the effect of this year's increased borrowing has been compounded by the fact that we made substantial exchange gains early last year in conjunction with loans relating to acquisitions abroad.

The continued healthy development of volumes for **NIBE Element** justifies our strategy of maintaining a strong presence on a number of our top-priority markets in Europe and providing a service as a cost-effective supplier offering a complete range of products. To meet these criteria we work non-stop to specialise, standardise and rationalise all aspects of our range and operations.

This resolute focus has enabled us to improve our operating profits despite the continued high prices of raw materials and the effect of certain restructuring costs.

NIBE Heating also continues to expand at a great pace. The main reasons for this are that not only is the Swedish heat-pump market increasing rapidly, but demand in this segment is also rocketing on our prioritised foreign markets.

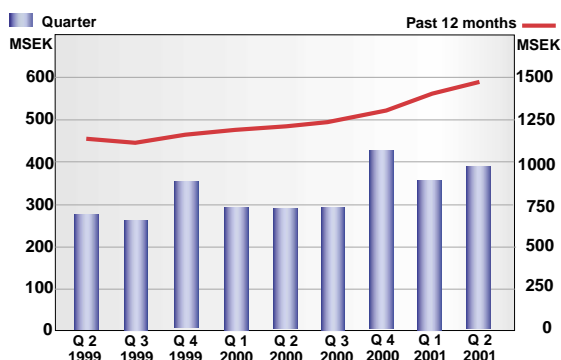
A great deal of work is currently being invested in expanding the business area's European marketing organisation and making it more efficient. Notwithstanding certain expenses of a one-off nature incurred in conjunction with the development of this marketing organisation, **NIBE Heating** has succeeded in improving both its operating profit and its operating margin.

The trend towards expanding volumes for **NIBE Stoves** has endured thanks to increased interest in traditional wood-burning stoves, even though demand for the heavier, more expensive tiled stoves continues to fall.

The first six months of the year have seen modifications in the layout of the business area's new production facilities in Markaryd, Sweden, as well as the commissioning of some new plant, so we are optimistic that productivity will be increased during the second half of the year.

Some improvement in profits has already made itself felt in the second quarter results for **NIBE Stoves**.

Net sales for the NIBE Group over the past 9 quarters



The NIBE Group

Sales

Group sales from January to June totalled SEK 745.2 million (corresponding period 2000: SEK 582.3 million) – equivalent to growth of 28.0%.

Of the total increase in turnover of SEK 162.9 million, SEK 70.9 million derives from companies acquired during the period, while the remainder comprises SEK 37.6 million for **NIBE Element**, SEK 33.1 million for **NIBE Heating** and SEK 0.2 million for **NIBE Stoves**.

Profits

Operating profit for the period after net financial items amounted to SEK 35.1 million, compared with figures for the corresponding period last year of SEK 33.2 million excluding SPP insurance refunds and SEK 49.3 million including SPP.

Return on equity was 12.3%, compared to last year's figures of 14.5% excluding SPP insurance refunds and 21.1% including SPP.

Investments

During the period January to June 2001 the Group invested SEK 59.4 million (SEK 69.0 million) in fixed assets. Of this figure, SEK 22.6 million (SEK 6.0 million) relates to company acquisitions. The remaining SEK 36.8 million (SEK 63.0 million) represents investments in equipment, machinery and buildings in existing units.

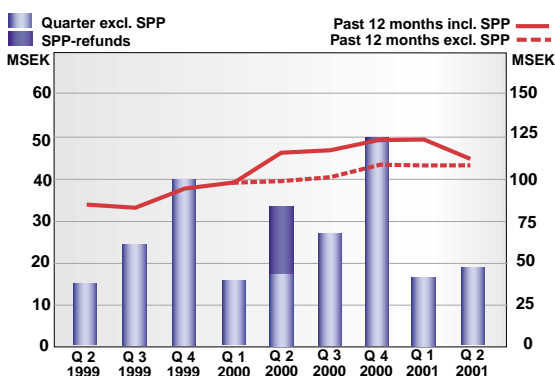
Financial position

Group liquid assets at the end of June totalled SEK 110.0 million as against SEK 143.8 million at the start of the year. Equity/assets ratio was 39.0% compared to 42.6% at the start of the year.

Economic objectives

- Average growth of 20% per year
- Operating profit for each business area of at least 10% of sales over a business cycle
- Return on equity over a business cycle of at least 20% after standard deductions for tax
- Equity/assets ratio above 30% at all times.

The NIBE Group's profit after financial items over the past 9 quarters



NIBE Element

Key figures		2001 Q1-2	2000 Q1-2	Past 12 months	Full year 2000
Net sales	(MSEK)	371.2	291.6	685.2	605.6
Growth	(%)	+27.3	+5.2	+19.6	+8.4
Operating profit excl SPP(MSEK)		21.9	19.3	50.1	47.5
Net profit margin	(%)	5.9	6.6	7.3	7.8

NIBE Element

Sales

The positive development both of the market as a whole and of NIBE Element's market share has seen the business area's sales from January to June 2001 rise to SEK 371.2 million, up SEK 79.6 million from SEK 291.6 million for the corresponding period last year. Of this overall increase, SEK 37.6 million derives from acquisitions, yielding a figure of 14.4% for organic growth.

Profits

First-half operating profit rose to SEK 21.9 million, compared with SEK 19.3 million for the corresponding period in 2000. While this brings the operating margin down to 5.9% from last year's first-half figure of 6.6%, the figure nevertheless averages out over the past twelve months at 7.3%.

The market

Development has remained positive in most of the main markets, ensuring brisk orders and plenty of work on hand for the majority of manufacturing units. The Polish domestic market for elements has, however, slumped badly compared to the situation a year ago.

Marketing drives and product development work directed specifically towards project-based industrial sales have played their part in stimulating demand, and further initiatives are planned that will target the industrial segment in several markets.

The restructuring of foil element production for rear-view mirrors and the investment in production at the business area's Polish factories have produced good results, generating new business and increasing market share.

Cost trends

The prices of key components and materials remain unduly high, not least as a result of the new-found strength of the US dollar.

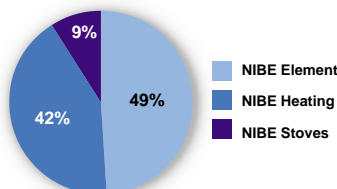
Various cost-cutting projects have been implemented. With regard to the new acquisitions in Italy and the Czech Republic, efforts are being focused on reducing material costs via a programme of standardisation and purchasing coordination. To improve the profitability of the segments most under threat from low-price competition, a greater portion of the manufacturing work will be transferred from the business area's Scandinavian units to the company's plant in Poland.

The Swedish tubular element companies have been restructured during the first six months of the year, the dual aim being to offer the market better service via a number of highly specialised units at the same time as NIBE Element profits from a far-reaching process of rationalisation.

Second-quarter figures

Second-quarter sales totalled SEK 187.9 million (SEK 139.3 million) with organic growth of 20.5%. Operating profit for the same period rose from SEK 8.3 million last year to SEK 9.6 million in 2001.

Business areas' contribution to sales Jan – June 2001



NIBE Heating

Key figures		2001 Q1-2	2000 Q1-2	Past 12 months	Full-year 2000
Net sales	(MSEK)	317.3	235.3	634.5	552.6
Growth	(%)	+34.8	+6.7	+26.9	+13.9
Operating profit excl SPP(MSEK)		24.0	17.2	66.4	59.6
Net profit margin	(%)	7.6	7.3	10.5	10.8

NIBE Heating

Sales

Extremely robust growth between January and June has seen sales rise from SEK 235.3 million over the first six months of 2000 to SEK 317.3 million for the same period this year. SEK 33.1 million of this amount relates to acquisitions, yielding a figure of 20.8% for organic growth.

Profits

First-half operating profit rose to SEK 24.0 million, compared with SEK 17.2 million for the corresponding period in 2000. This saw the operating margin rise to 7.6% from last year's 7.3%, producing a figure of 10.5% for the past twelve months.

The market

The first six months of 2001 have witnessed a dramatic rise in the sale of ground-source heat-pumps on the Swedish domestic market. Stubbornly high oil prices and improved consumer awareness of heat-pumps as an alternative source of heat have combined to see the Swedish market for ground-source heat-pumps virtually double in size over the past twelve months.

The launch of heat-pumps and water heaters in modern, new designs is now well under way, and these products have been very well received wherever they have been displayed and demonstrated.

Sales have exceeded expectations among our Scandinavian neighbours, Denmark and Finland, where we are now in the process of establishing ourselves as a strong name in heat-pumps to complement our range of water heaters and domestic boilers. In Germany our aim is to consolidate our position as the market leader in exhaust-air heat-pumps by also becoming one of the biggest suppliers of ground-source heat-pumps. Parallel with this, changes are also taking place in our sales organisations in other of our prioritised markets in order to further strengthen our presence and our reputation in Europe.

The first six months have, for example, seen the reinforcement of both the sales organisation and the range in BIAWAR of Poland. However, the uncertainty surrounding the Polish economy continues to exert an adverse effect on the purchasing power of Polish consumers, so these measures have not yet translated into any increase in sales.

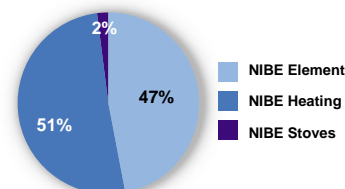
Production

By persevering with the specialisation and reinforcement of production units in both Sweden and elsewhere we are laying the essential foundations for continued expansion. Rationalisation measures are being implemented in the Polish factory, where a complete enamelling line for water heaters was installed towards the end of June. At the same time, the capacity of the new heat-pump plant in Markaryd, Sweden, is being increased even further to cope with the dramatic increase in demand.

Second-quarter figures

Second-quarter sales totalled SEK 173.0 million (SEK 125.1 million) with organic growth of 23.4%. Operating profit for the same period rose to SEK 14.6 million (SEK 12.1 million).

Business areas' contribution to profits Jan – June 2001



^{*)} The great majority of business for both NIBE Heating and NIBE Stoves traditionally comes in the third and fourth quarters of the year.

NIBE Stoves

Key figures		2001 Q1-2	2000 Q1-2	Past 12 months	Full year 2000
Net sales	(MSEK)	63.7	60.2	159.2	155.7
Growth	(%)	+5.8	+19.6	+11.0	+16.6
Operating profit excl SPP	(MSEK)	1.1	4.0	12.6	15.6
Net profit margin	(%)	1.7	6.7	7.9	10.0

NIBE Stoves

Sales

First-half sales rose to SEK 63.7 million from SEK 60.2 million for the same period this year. SEK 0.2 million of this amount relates to acquisitions, yielding a figure of 5.5% for organic growth. Sales of products from the newly acquired Roslagsspisen company have so far had only a marginal effect on this year's figures as the market awaits the launch of new, improved models for the upcoming autumn season.

Profits

First-half operating profit amounted to SEK 1.1 million, compared with SEK 4.0 million for the corresponding period in 2000. The fall is due to fewer sales of tiled stoves and the fact that we are still awaiting the financial benefits from the rationalisation of our stove manufacturing processes. The operating margin for NIBE Stoves over the past twelve months has been 7.9%.

The market

Our opinion remains, as before, that the total market for wood stoves in Sweden will be more or less the same as it was last year. Demand for the various product segments will also follow the trend established during the first quarter, with the falling interest in tiled stoves offset by an increase in demand for wood-burning stoves in a variety of other finishes.

The intensive product development activities of recent years, bolstered by the acquisition of well-known brands with products that complement our own range, has strengthened our offering to the market and helped us to achieve a very strong position on our home market.

Sales abroad have continued to rise, and the development in Norway during the second quarter has been particularly encouraging.

The introduction of a new series of wood-burning stoves designed to have a totally new "international" appeal has continued to score successes in the second quarter. In addition to complementing our already strong offer on the Swedish market, this initiative is expected to crown our determination to expand abroad by finally heralding our international breakthrough.

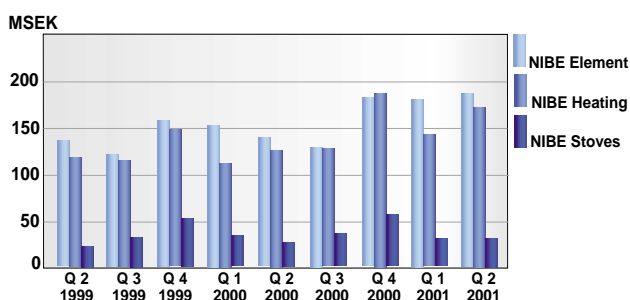
Production

The planned modifications to production have now been implemented and are expected to result in both improved productivity and increased delivery capacity in time for the forthcoming autumn season.

Second-quarter figures

Second-quarter sales totalled SEK 32.0 million (SEK 27.4 million) with organic growth of 15.7%. Operating profit for the same period was SEK 1.4 million (SEK 1.3 million).

Sales by business area over the past 9 quarters



Prospects for 2001

We believe that all three of our business areas will be able to confirm and consolidate their market position.

Ongoing rationalisation work will help to cut costs even further, thus helping to offset the effects of the high cost of raw materials and the relentless pressure on sales prices.

Against this background we remain firmly convinced that our earlier, positive assessments still hold good, namely that both sales and profits for 2001 will exceed those reported for 2000.

Financial information

15 November 2001: Interim report, January – September 2001

15 February 2002: Summary of Annual Report 2001

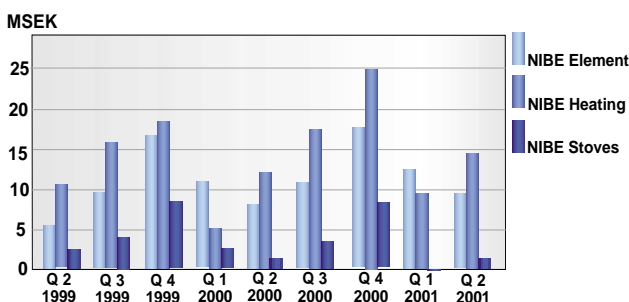
The reports will be made available via the NIBE Industrier website – www.nibe.se – under the heading "Financial Information" on the same day on which they are released.

Markaryd, Sweden, 16 August 2001

Gerteric Lindquist

Managing Director and Chief Executive Officer

Operating profit by business area over the past 9 quarters



Consolidated Income Statement (in millions of SEK)

	Jan–June 2001	Jan–June 2000	Past 12 months	Full year 2000
Net sales	745.2	582.3	1,467.1	1,304.2
Cost of goods sold	- 564.3	- 439.2	- 1,084.6	- 959.5
Gross profit	180.9	143.1	382.5	344.7
Selling expenses	- 102.5	- 80.8	- 197.6	- 175.9
Administrative expenses	- 43.2	- 33.3	- 77.4	- 67.5
Items affecting comparability ¹⁾	0	+ 16.1	+ 1.2	+ 17.4
Other income	+ 6.7	+ 6.6	+ 12.6	+ 12.3
Operating profit	41.9	51.7	121.3	131.0
Net financial items	- 6.8	- 2.4	- 11.4	- 7.0
Profit after net financial items	35.1	49.3	109.9	124.0
Estimated tax	- 12.9	- 15.5	- 35.4	- 37.9
Minority participation in profit after tax	+ 0.1	- 0.1	+ 0.3	0.0
Net profit	22.3	33.7	74.8	86.1
<i>Totals include depreciation according to plan as follows:</i>	<i>29.1</i>	<i>22.3</i>	<i>53.1</i>	<i>46.3</i>

Consolidated balance sheet summary (in millions of SEK)

	30 June 2001	30 June 2000	31 Dec 2000
Fixed assets	435.5	334.2	391.3
Non-financial current assets	610.4	439.0	522.0
Financial current assets	34.1	36.3	35.0
Total assets	1,080.0	809.5	948.3
Equity	421.5	342.2	403.9
Minority interest	3.1	0.6	4.4
Provisions	102.6	84.8	92.0
Long-term non-interest-bearing liabilities	0.2	0.2	0.2
Long-term interest-bearing liabilities	273.1	175.0	190.5
Current non-interest-bearing liabilities	254.2	189.4	237.3
Current interest-bearing liabilities	25.3	17.3	20.0
Total equity and liabilities	1,080.0	809.5	948.3

Change in equity (in millions of SEK)

	Jan–June 2001	Jan–June 2000	Full year 2000
Amount at beginning of period	403.9	329.6	329.6
Shareholders' dividend	- 22.0	- 17.6	- 17.6
Exchange rate differences charged directly against equity	+ 7.1	- 1.4	+ 1.3
Translation difference	+ 10.2	- 2.1	+ 4.5
Profit for the period	+ 22.3	+ 33.7	+ 86.1
Equity carried forward	421.5	342.2	403.9

Cash flow analysis (in millions of SEK)

	Jan–June 2001	Jan–June 2000	Full year 2000
Cash flow from trading activities	+28.6	+ 51.3	139.3
Change in working capital	- 30.7	- 18.5	- 48.6
Investment activities	- 65.2	- 69.8	- 132.9
Financing activities	+ 64.8	+ 39.0	+ 41.9
Exchange rate difference in liquid assets	+ 1.5	- 0.4	+ 0.6
Change in liquid assets	- 1.0	+ 1.6	+ 0.3

Key figures and ratios

		Jan–June 2001	Jan–June 2000	Full year 2000
Sales growth	(%)	+ 28.0	+ 7.0 ²⁾	+ 11.6 ²⁾
Operating margin	(%)	5.6	8.9 (6.1)	10.0 (8.7)
Net profit margin	(%)	4.7	8.5 (5.7)	9.5 (8.2)
Investments in fixed assets	(MSEK)	59.4	69.0	141.2
Unappropriated liquid assets	(MSEK)	110.0	129.8	143.8
Working capital, including cash and bank	(MSEK)	364.9	268.4	299.6
Interest-bearing liabilities/Equity	(%)	76.1	63.0	57.8
Solidity (Equity/Assets ratio)	(%)	39.0	42.3	42.6
Return on capital employed	(%)	12.4	20.4 (14.5)	23.7 (20.9)
Return on equity	(%)	12.3	21.1 (14.5)	24.3 (21.3)
EPS (net earnings per share: total number of shares 5,870,000)	(SEK)	3.80	5.74 (3.76)	14.67 (12.54)
Equity per share	(SEK)	71.81	58.30	68.81
Closing day share price	(SEK)	174.00	119.00	137.00

¹⁾ Refers to repayments from the SPP pensions insurance surplus.

²⁾ Key figures/ratios in parentheses have been calculated excluding items affecting comparability, namely repayments from the SPP surplus.

Quarterly summary

NIBE Group (in millions of SEK)

Income statement	2001		2000				1999		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net turnover	355.7	389.5	292.9	289.4	292.7	429.2	276.6	265.9	358.1
Operating expenses	- 336.4	- 366.9	- 276.4	- 270.3	- 263.3	- 380.6	- 260.3	- 238.8	- 317.3
Items affecting comparability ¹⁾	0.0	0.0	0.0	+ 16.1	0.0	+ 1.3	0.0	0.0	0.0
Operating profit	19.3	22.6	16.5	35.2	29.4	49.9	16.3	27.1	40.8
Net financial items	- 3.1	- 3.7	- 0.4	- 2.0	- 2.4	- 2.2	- 0.8	- 2.2	- 0.4
Pre-tax profit	16.2	18.9	16.1	33.2	27.0	47.7	15.5	24.9	40.4
Tax	- 5.0	- 7.9	- 5.1	- 10.4	- 8.2	- 14.2	- 5.3	- 7.9	- 11.9
Minority share of profit for the year	0.0	+ 0.1	0.0	- 0.1	- 0.1	+ 0.2	0.0	0.0	- 0.1
Profit after tax	11.2	11.1	11.0	22.7	18.7	33.7	10.2	17.0	28.4

¹⁾ Refers to repayments from the SPP pensions insurance surplus.

Business areas (in millions of SEK)

Net sales	2001		2000				1999		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	183.3	187.9	152.3	139.3	128.8	185.2	135.7	122.3	159.1
NIBE Heating	144.3	173.0	110.3	125.1	128.4	188.8	119.3	115.9	148.8
NIBE Stoves	31.7	32.0	32.8	27.4	37.6	57.9	23.5	30.8	52.5
Elimination of group transactions	- 3.6	- 3.4	- 2.5	- 2.4	- 2.1	- 2.7	- 1.9	- 3.1	- 2.3
Group	355.7	389.5	292.9	289.4	292.7	429.2	276.6	265.9	358.1

Operating profit	2001		2000				1999		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	12.3	9.6	11.0	8.3	10.8	17.4	5.5	9.5	16.7
NIBE Heating	9.4	14.6	5.1	12.1	17.3	25.1	10.6	15.9	18.5
NIBE Stoves	- 0.3	1.4	2.7	1.3	3.3	8.3	2.6	4.0	8.5
Elimination of group transactions ²⁾	- 2.1	- 3.0	- 2.3	+ 13.5	- 2.0	- 0.9	- 2.4	- 2.3	- 2.9
Group	19.3	22.6	16.5	35.2	29.4	49.9	16.3	27.1	40.8

²⁾ Eliminations include the effect on profits of repayments from the SPP surplus totalling SEK 17.4 million.

This interim report has been produced according to the same accounting and valuation principles as used in the most recent of the NIBE Group's annual reports. This interim report has not been the subject of a particular audit by the company's auditors.