



bringing warmth to the world

- Sales rise to SEK 1,284.8 million (Q1 2006: SEK 1,033.8 m)
- Profit after net financial items rises to SEK 108.7 million (SEK 89.3 m)
- Profit after tax rises to SEK 77.6 million (SEK 62.5 m)
- Earnings per share total SEK 0.83 (SEK 0.66)

interim report

1 January – 31 March 2007



Strong growth in sales and profits sustained

THE CHIEF EXECUTIVE'S REPORT

Growth in sales over the first quarter totalled 24.3%, with 16.4% organic. First-quarter growth last year was 29.1%, with 21.7% organic growth.

All three business areas are continuing to capture new shares of the market. The overall markets for NIBE Element and NIBE Heating have continued to develop positively, whereas the market for NIBE Stoves has backed significantly, particularly in Germany.

The NIBE Group's operating profit and its profit after net financial items have both increased by 21.7%.

NIBE Element's restructuring programme, which has now been running for 18 months, continues to proceed as planned and is set to be completed on schedule during the second half of 2007.

The improved operating margin – 7.8% for the first quarter, compared to 5.1% during the corresponding period last year – confirms that the measures taken have begun to produce effects. Good organic growth of 18.9% also indicates that we are continuing to take new shares of the market. Developments do, of course, owe much to the strong state of the economy, but the chief factors are successful product development and systematic and professional marketing work. However, rocketing prices for the business area's most important materials are continuing to force us to raise prices in order to compensate for this trend where we can.

NIBE Heating continues to expand strongly, as confirmed by organic growth of 24.4%.

Sales outside Sweden are now beginning to increase at an ever quicker pace. As previously, the driving force behind this success is the rise in sales for our heat pumps, but sales of water heaters have also developed well.

The operating margin remains at a good level, but the endlessly spiralling prices of raw materials such as nickel and copper will necessitate certain price adjustments.

In April 2006 we reached a conditional agreement to take over the German water-heater and district-heating company, DMS. On 7 May 2007 a consensus was reached with the owners of DMS not to proceed with the acquisition.

NIBE Stoves has, for the first time in several years, experienced a quarter with slightly lower volumes. The main reason for this is a significant decline in the overall market in Germany, and, to a lesser degree, in Denmark. On other markets, however, sales have continued to develop positively.

There is probably not one single reason for the fall-off in sales in Germany, but rather a combination of factors that include the increase in VAT at the beginning of the year, the mild winter and surplus stocks in the resellers' warehouses at the end of 2006.

The decline in sales in Germany and Denmark was unexpected, not least in view of the countries' otherwise buoyant economies. It is our opinion, however, that activity on these two markets will return to normal again during the second half of 2007.

The fall in NIBE Stoves' operating margin is a consequence of the lack of a rise in sales: we continued, as planned, to invest heavily in marketing during the first quarter and have also launched a large number of new products. These new models have been very well received, but the real effects of these invoiced sales will not be felt until the second half of the year.

The expansion of production capacity in Markaryd continues as planned and we anticipate being able to start to use the new facilities early in 2008.

Prospects for 2007

Earlier assessment

"We believe that demand will remain good in all three business areas, and that our strong market position and product range will help us to capture further shares of the market in these segments.

The restructuring programme for NIBE Element due to be completed before the end of 2007 will also lead to an improvement in earnings.

Against this background, we believe that the NIBE Group will develop well in 2007 – a view reinforced by our excellent performance over the first few weeks of the new year."

Current assessment

We believe that demand for the products of NIBE Element and NIBE Heating will remain good, whereas demand for NIBE Stoves' products will be more seasonal than previously, with a fairly weak second quarter, followed by a stronger second half to the year.

We believe that our strong market position and product range will help us to capture further shares of our market segments.

The restructuring programme for NIBE Element due to be completed before the end of 2007 will also lead to an improvement in earnings.

Against this background, we believe that the NIBE Group will develop well in 2007.

Financial information

15 August 2007 Interim report, January – June 2007

15 November 2007 Interim report, January – September 2007

These financial reports will be posted on the NIBE Industrier website (www.nibe.se) on the same day on which they are made public.

Markaryd, Sweden – 15 May 2007

Gerteric Lindquist
Managing Director and Chief Executive Officer

Sales

The Group generated net sales of SEK 1,284.8 million from January to March 2007 (Q1 2006: SEK 1,033.8 million). This equates to overall growth of 24.3%, and organic growth of 16.4%. Of the total sales increase of SEK 251.0 million, SEK 81.7 million derived from acquisitions.

Earnings

Profit for the period after financial items was SEK 108.7 million. This is an increase of 21.7% over the same period in 2006, when profit after financial items totalled SEK 89.3 million.

Return on equity was 23.5% (24.2%).

Investments

Between January and March, the Group invested SEK 90.8 million (SEK 103.5 million). These investments relate exclusively to existing operations, whereas during the corresponding period last year the figure for investments included SEK 59.3 million for acquired businesses.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 77.7 million for the period (SEK 63.3 million). The negative cash flow after changes in working capital of SEK -151.5 million (SEK -11.7 million) is a result of stock-building in preparation for the peak season later in the year.

Interest-bearing liabilities totalled SEK 1,771.1 million at the end of the period, up from SEK 1,457.5 million at the beginning of the year.

At the end of March the Group had liquid funds of SEK 607.7 million, as against SEK 783.6 million at the start of the year. During the period, the Group's overdraft facilities were extended by SEK 16.9 million.

The equity/assets ratio was 32.3% at the end of the period, compared with 32.9% at the start of the year and 32.9% at the corresponding point last year.

Parent company

Parent company activities comprise Group executive management functions, certain shared Group functions and financing for acquisitions. During the period January–March, revenues totalled SEK 0.9 million (SEK 0.6 million) with a loss after financial items of SEK 9.4 million, compared to a loss for Q1 2006 of SEK 5.8 million. At the end of the period, the parent company had liquid funds of SEK 25.2 million, compared with SEK 79.3 million at the start of the year.

Financial targets

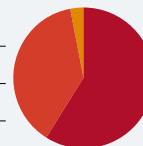
- Average annual sales growth of 20%
- Average annual operating profit of at least 10% of sales over a full business cycle in each business area
- Average annual return on equity of at least 20% after standard deductions for tax over a full business cycle
- Equity/assets ratio of at least 30%.

GROUP

Group sales by geographic region

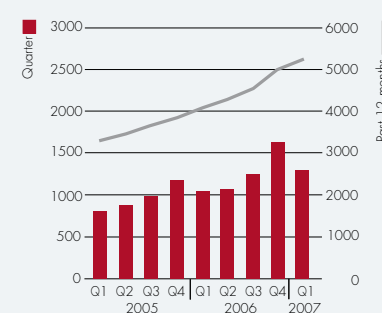
January – March 2007

Nordic countries	59%
Rest of Europe	38%
Other markets	3%



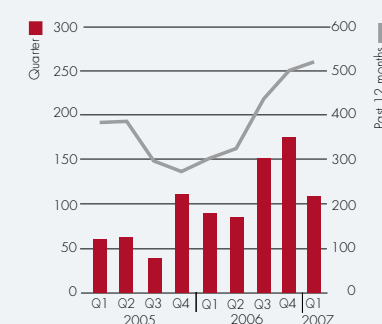
Net sales

Past nine quarters (in millions of SEK)



Profit after financial items

Past nine quarters (in millions of SEK)



NIBE Industrier – Group

Key figures		2007 Q1	2006 Q1	Past 12 months	Full year 2006
Net sales	MSEK	1,284.8	1,033.8	5,209.0	4,958.0
Growth	%	24.3	29.1	28.6	29.8
of which acquired	%	7.9	7.4	7.4	7.3
Operating profit	MSEK	122.8	100.9	577.9	556.0
Operating margin	%	9.6	9.8	11.1	11.2
Profit after net fin's	MSEK	108.7	89.3	520.9	501.5
Profit margin	%	8.5	8.6	10.0	10.1



NIBE ELEMENT

Sales and earnings

Invoiced sales amounted to SEK 463.8 million, compared with SEK 377.4 million for the corresponding period in 2006. Of the SEK 86.4 million increase in sales, SEK 15.0 million relates to acquired businesses, which means that organic growth was 18.9%.

Operating profit for the period totalled SEK 36.3 million, compared with SEK 19.1 million for the corresponding period in 2006. This represents an operating margin of 7.8% compared with the preceding year's figure of 5.1%. Operating profit over the past 12 months is 5.8%.

During the first three months of the year SEK 3.7 million from the restructuring reserve was utilised for the changes in progress. At the end of the first quarter SEK 24.3 million remained in the restructuring reserve.

Market

First-quarter growth has been very good and demand has been high in most segments of the market. This is particularly true of market segments where customers are working with more efficient and more environmentally friendly heating products, such as heat pumps, and with alternative energy sources, such as wind power. Investments in projects for the oil and gas industry also continue to remain high.

A rise in the number of new homes being built in several of our main markets has also had a positive effect on demand. In other segments, the market for resistors continues to develop positively.

Our product development work and the initiatives taken to develop more complete system solutions for our customers are also now starting to translate into positive results with regard to our product mix and our sales trends.

Operations

Operations continue to be influenced by the major restructuring programme that followed a decision in 2005 to transfer manufacturing volumes equivalent to 200 full-time production jobs to our units in Eastern Europe and Asia, and increase the degree of specialisation of the various units in order to enjoy the benefits of economies of scale. Implementation is proceeding according to plan and will be finalised by the end of the year. The results are already beginning to have a positive effect on operating profit.

Prices for our most important raw materials, high-alloy stainless steel and resistance wire, are linked to the price of nickel and have continued to rise to extreme levels during the first few months of the year. Consequently we have once again been compelled to raise the prices of our products in order to compensate for these rising costs wherever possible.

NIBE Element		2007	2006	Past 12	Full year
Key figures		Q1	Q1	months	2006
Net sales	MSEK	463.8	377.4	1,620.3	1,533.9
Growth	%	22.9	24.1	18.2	18.2
Operating profit	MSEK	36.3	19.1	93.4	76.2
Operating margin	%	7.8	5.1	5.8	5.0
Assets	MSEK	1,481.0	1,238.7	1,481.0	1,347.4
Liabilities	MSEK	1,399.4	1,189.4	1,399.4	1,293.5
Investm. (fixed assets)	MSEK	13.0	9.0	58.0	54.0
Depreciation	MSEK	13.0	12.1	49.9	49.0



NIBE HEATING

Sales and earnings

Invoiced sales totalled SEK 661.3 million, compared with SEK 478.1 million for the corresponding period last year. Of the SEK 183.2 million increase in sales, SEK 66.7 million is attributable to acquisitions, which means that organic growth amounted to 24.4%.

Operating profit was SEK 69.8 million, compared with SEK 50.4 million for the corresponding period last year. This equates to an operating margin of 10.6%, which is the same level as for the corresponding period last year. The operating margin for the past 12 months is 12.9%.

Market

After several years of strong growth the Swedish market for heat pumps has now stabilised at a high level. The air/water heat pump segment remains more or less unchanged, while there are signs of a slight decline in demand for geothermal and ground-source heat pumps. However, sales of geothermal/ground-source heat pumps were boosted in the first quarter of 2006 by the grant introduced at the start of the year. The market for exhaust-air heat pumps continues to expand. Overall we have increased our market shares in the first quarter, particularly in the air/water segment.

The Swedish market for oil-fired boilers has virtually collapsed. Interest in biofuels for heating remains high, but demand for pellet-burners and pellets has slumped in the first quarter, mainly as a result of the increased price of pellets and the withdrawal of government grants for conversion. The market for water heaters and district-heating products, on the other hand, remains stable.

Our international expansion goes from strength to strength with positive developments on all the markets where we have a presence. The European heat-pump market is expanding dramatically, but competition is growing fiercer as more and more companies enter the arena. The market for pellet-fuelled products, on the other hand, has contracted following the increase in the price of pellets.

Sales of water heaters and district-heating products continue to reflect market growth, and we are gradually increasing the number of markets on which we are active.

Operations

In March NIBE took part in ISH in Frankfurt. Here, at Europe's biggest trade fair for plumbing, commercial/industrial PVF, heating and air conditioning, we presented ourselves as a European leader in heat pumps and indoor climates and were able to confirm that interest in our products has never been greater.

During the spring we have launched a new product concept for air/water heat pumps, which enables energy to be recovered from outdoor air down to temperatures of -20°C. This concept includes a number of products for the rapidly growing European market for air/water pumps.

Manufacturing capacity for water heaters has been increased in Finland and our continued expansion in Poland and the Czech Republic will increase our capacity in these countries, too.

Constantly rising material prices necessitate the ongoing rationalisation of our production, and certain adjustments to our prices will also be necessary.

NIBE Heating		2007	2006	Past 12	Full year
Key figures		Q1	Q1	months	2006
Net sales	MSEK	661.3	478.1	2,738.3	2,555.1
Growth	%	38.3	21.3	33.4	29.8
Operating profit	MSEK	69.8	50.4	353.2	333.8
Operating margin	%	10.6	10.6	12.9	13.1
Assets	MSEK	2,042.5	1,591.0	2,042.5	2,023.6
Liabilities	MSEK	1,392.3	1,089.0	1,392.3	1,437.5
Investm. (fixed assets)	MSEK	42.3	25.9	134.4	118.0
Depreciation	MSEK	20.6	16.8	75.7	71.9



NIBE STOVES

Sales and earnings

Invoiced sales totalled SEK 189.4 million, compared with SEK 192.7 million for the corresponding period last year. As there are no acquisitions to affect the comparison, this equates to a reduction in sales of 1.7%. Operating profit for the period was SEK 20.8 million, as against SEK 34.4 million for the corresponding period in 2006. This represents an operating margin of 11.0%, compared with 17.9% in the preceding year. The operating margin for the past 12 months is 15.8%.

Lower than anticipated sales at the start of the year, combined with extensive marketing investments and many product launches have all played their part in the lower operating margin.

Market

In Sweden demand for wood stove products remains good. The market as a whole has stabilised at a relatively high level, and our own market position is very strong with sales continuing to develop positively.

In Norway sales so far this year have developed very well against the background of a cautious increase in the market. Here, a consistent distribution strategy and a broader portfolio of products have won us new shares of the market.

After last year's sharp increase in demand for wood stove products in Germany (now one of our major markets) the market as a whole has shrunk dramatically, with a substantial reduction in our own sales volumes. The most probable explanations for the contraction of the market are the effects of the increase in VAT at the start of the year, the unusually mild weather, excessively large stocks among resellers at the end of the year and consumers' need to take stock of the current situation. Even so, the position that we have now established for ourselves on the German market remains very strong.

Demand has also receded in Denmark and here, too, this is reflected in our own sales. On our other foreign markets, however, sales are developing in the right direction, and our investment in France is proving highly positive.

Operations

During the first quarter we have launched several new series of wood stoves, with a large number of products under the Handöl and Varde Oven labels that incorporate attractive, new designs with an international appeal. These products have, without exception, been well received by our customers, and we anticipate that the effects of this on sales will start to be reflected significantly during the second half of the year.

To cement our reputation as an all-round supplier of wood stove products, we have developed our own range of cast-iron stoves under the Handöl brand. These are the first cast-iron stoves in the world to be awarded the Nordic Swan mark, signifying that emissions are far below average levels and that the entire production process takes place under environmentally adapted conditions. Further series, under the Contura and Handöl brands, will be Swan-marked during the year.

Construction of NIBE Stoves' new production plant in Markaryd is proceeding to schedule and the plant is expected to be operational early in 2008.

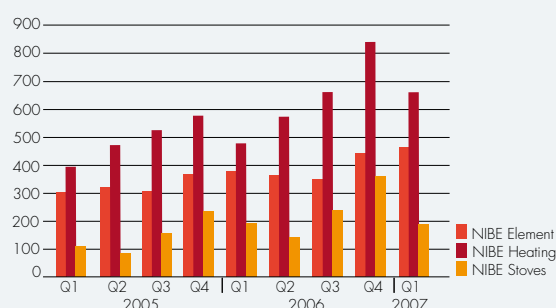
The steep rises in the cost of raw material will also lead to certain price adjustments for NIBE Stoves products.

NIBE Stoves		2007	2006	Past 12	Full year
Key figures		Q1	Q1	months	2006
Net sales	MSEK	189.4	192.7	927.9	931.2
Growth	%	- 1.7	75.3	39.0	59.3
Operating profit	MSEK	20.8	34.4	147.0	160.6
Operating margin	%	11.0	17.9	15.8	17.2
Assets	MSEK	822.1	655.9	822.1	764.0
Liabilities	MSEK	475.7	378.9	475.7	439.5
Investm. (fixed assets)	MSEK	35.6	8.9	97.4	70.7
Depreciation	MSEK	5.8	4.5	21.4	20.1

BUSINESS AREAS

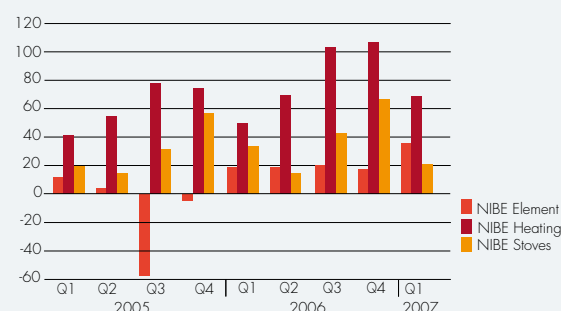
Sales by business area

over the past 9 quarters (in millions of SEK)



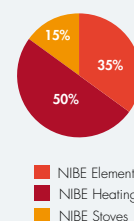
Operating profit by business area

over the past 9 quarters (in millions of SEK)



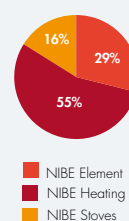
Business areas' contribution to sales

January – March 2007

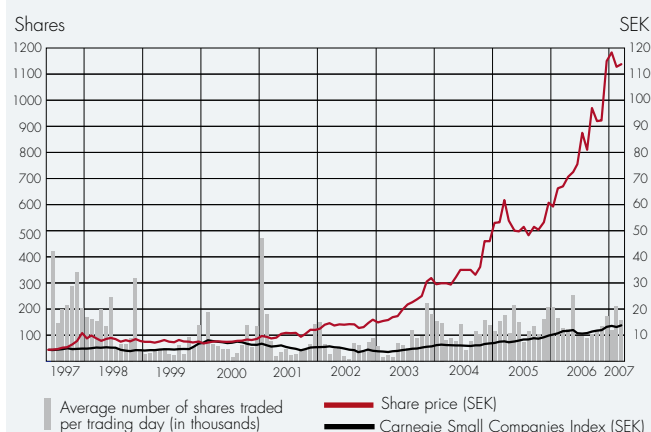


Business areas' contribution to operating profit

January – March 2007



SHARE PERFORMANCE





THE NIBE GROUP – FINANCIAL TRENDS

Consolidated Income Statement

(in millions of SEK)

	Jan – March 2007	Jan – March 2006	Past 12 months	Full year 2006
Net sales	1,284.8	1,033.8	5,209.0	4,958.0
Cost of goods sold	– 908.6	– 723.5	– 3,594.1	– 3,409.0
Gross profit	376.2	310.3	1,614.9	1,549.0
Selling expenses	– 206.8	– 166.1	– 826.9	– 786.2
Administrative expenses	– 69.9	– 60.2	– 276.1	– 266.4
Other income	23.3	16.9	66.0	59.6
Operating profit	122.8	100.9	577.9	556.0
Net financial items	– 14.1	– 11.6	– 57.0	– 54.5
Profit after net financial items	108.7	89.3	520.9	501.5
Tax	– 31.1	– 26.8	– 155.0	– 150.7
Net profit	77.6	62.5	365.9	350.8
Minority participation in profit after tax	0.0	0.5	– 0.5	0.0
Includes depreciation according to plan as follows:	39.5	33.4	147.1	141.0

Consolidated Balance Sheet summary

(in millions of SEK)

	31 March 2007	31 March 2006	31 Dec 2006
Intangible assets	688.9	514.7	670.3
Tangible assets	1,185.6	1,016.4	1,116.3
Financial assets	30.9	36.8	28.2
Total non-current assets	1,905.4	1,567.9	1,814.8
Inventories	1,269.4	957.2	1,007.9
Current receivables	861.8	663.6	857.0
Current investments	0.2	1.5	4.8
Cash equivalents	235.6	129.4	218.3
Total current assets	2,367.0	1,751.7	2,088.0
Total assets	4,272.4	3,319.6	3,902.8
Equity	1,381.6	1,091.6	1,283.5
Non-current liabilities, non-interest bearing	235.8	246.8	247.8
Non-current liabilities, interest bearing	1,620.9	1,157.3	1,317.8
Current liabilities, non-interest bearing	883.9	694.2	914.0
Current liabilities, interest bearing	150.2	129.7	139.7
Total equity and liabilities	4,272.4	3,319.6	3,902.8

Change in equity

(in millions of SEK)	Jan – March 2007	Jan – March 2006	Full year 2006
Equity brought forward	1,283.5	1,031.0	1,031.0
Shareholders' dividend	0.0	0.0	– 70.4
Market value of commercial future currency contracts after deductions for tax	– 2.1	1.2	3.5
Exchange rate difference ¹⁾	22.6	– 3.1	– 26.4
Acquisition of minority participations	0.0	0.0	– 5.0
Profit for the period	77.6	62.5	350.8
Equity carried forward ²⁾	1,381.6	1,091.6	1,283.5

¹⁾ Breakdown of exchange rate difference (in millions of SEK)	Jan – March 2007	Jan – March 2006	Full year 2006
Translation of foreign subsidiaries	37.4	– 1.7	– 40.0
Loans to subsidiaries	– 1.3	– 1.0	– 1.6
Currency hedging	– 13.5	– 0.4	15.2
Total	22.6	– 3.1	– 26.4

²⁾ Minority participations were SEK 0.0 million at the end of the reporting period and SEK 0.0 million at the start of the financial year.

Cash flow analysis

(in millions of SEK)	Jan – March 2007	Jan – March 2006	Full year 2006
Cash flow from operating activities	77.7	63.3	489.9
Change in working capital	– 229.2	– 75.0	– 93.4
Investment activities	– 90.8	– 103.5	– 526.4
Financing activities	256.7	112.6	221.0
Exchange rate diff. in liquid assets	2.9	– 0.2	– 5.0
Change in liquid assets	17.3	– 2.8	86.1

Data per share*)

	Jan – March 2007	Jan – March 2006	Full year 2006
Net profit per share (total 93,920,000 shares)	SEK 0.83	0.66	3.74
Equity per share	SEK 14.71	11.56	13.67
Closing day share price	SEK 113.80	67.00	115.00

*) all key figures per share have been recomputed to reflect the 4-for-1 share split carried out in June 2006.

Key figures

		Jan – March 2007	Jan – March 2006	Full year 2006
Growth	%	24.3	29.1	29.8
Operating margin	%	9.6	9.8	11.2
Profit margin	%	8.5	8.6	10.1
Investments in fixed assets	MSEK	90.8	103.5	526.4
Unappropriated liquid assets	MSEK	607.7	531.5	783.6
Working capital, incl. cash + bank	MSEK	1,332.9	927.8	1,034.3
Interest-bearing liabilities/Equity	%	128.2	117.9	113.6
Solidity (Equity/Assets ratio)	%	32.3	32.9	32.9
Return on capital employed	%	17.0	17.9	22.9
Return on equity	%	23.5	24.2	31.3

QUARTERLY DATA

Consolidated Income Statement

(in millions of SEK)	2007		2006			2005			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	1,284.8	1,033.8	1,066.4	1,237.6	1,620.2	800.9	868.9	977.5	1,171.8
Operating expenses	- 1,162.0	- 932.9	- 967.8	- 1,071.9	- 1,429.4	- 731.4	- 800.3	- 928.5	- 1,048.8
Operating profit	122.8	100.9	98.6	165.7	190.8	69.5	68.6	49.0	123.0
Net financial expenses	- 14.1	- 11.6	- 13.2	- 14.3	- 15.4	- 8.9	- 6.3	- 9.9	- 11.4
Profit after net financial expenses	108.7	89.3	85.4	151.4	175.4	60.6	62.3	39.1	111.6
Tax	- 31.1	- 26.8	- 24.8	- 45.9	- 53.2	- 19.1	- 19.9	- 17.8	- 33.1
Net profit	77.6	62.5	60.6	105.5	122.2	41.5	42.4	21.3	78.5

Net sales – Business Areas

(in millions of SEK)	2007		2006			2005			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIBE Element	463.8	377.4	364.0	350.7	441.8	304.1	319.4	305.2	369.0
NIBE Heating	661.3	478.1	573.6	661.9	841.5	394.2	471.9	525.4	577.3
NIBE Stoves	189.4	192.7	141.8	237.4	359.3	109.9	85.3	154.6	234.8
Elimination of Group transactions	- 29.7	- 14.4	- 13.0	- 12.4	- 22.4	- 7.3	- 7.7	- 7.7	- 9.3
Group	1,284.8	1,033.8	1,066.4	1,237.6	1,620.2	800.9	868.9	977.5	1,171.8

Operating profit – Business Areas

(in millions of SEK)	2007		2006			2005			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIBE Element	36.3	19.1	19.1	20.4	17.6	11.7	3.7	- 58.9	- 5.5
NIBE Heating	69.8	50.4	70.4	104.7	108.3	41.6	55.4	79.0	75.4
NIBE Stoves	20.8	34.4	14.5	43.7	68.0	19.5	14.4	31.9	57.8
Elimination of Group transactions	- 4.1	- 3.0	- 5.4	- 3.1	- 3.1	- 3.3	- 4.9	- 3.0	- 4.7
Group	122.8	100.9	98.6	165.7	190.8	69.5	68.6	49.0	123.0

Accounting principles

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 2007 has been drawn up in accordance with IAS 34 "Interim Financial Reporting". The same accounting principles as those adopted for this summary are described in the company's Annual Report for 2006 (pp. 52–54). The IFRS standards that came into force 2007 have had no effect on this interim report. Reporting for the parent company follows recommendation RR32 of the Swedish Financial Accounting Standards Council ("Reporting of Legal Entities").

Bringing warmth to the world

NIBE Industrier is a European heating technology company whose business operations are organised in three separate business areas: NIBE Element, NIBE Heating and NIBE Stoves.

- Our vision is to create a world-class heating company.
- Our mission is to offer high-quality, innovative heating products. This work builds on the NIBE Group's wide-ranging expertise in the fields of development, manufacturing and marketing.

NIBE
INDUSTRIER

NIBE Industrier AB (publ)
Box 14, SE - 285 21 MARKARYD, Sweden
Tel +46 (0)433 - 73 000,
Fax +46 (0)433 - 73 192
www.nibe.com
Corporate identity number: 55 63 74 - 8309

Please e-mail any questions you have
with regard to this interim report to:
Gerteric Lindquist, Managing Director and CEO:
gerteric.lindquist@nibe.se
Leif Gustavsson, Financial Director:
leif.gustavsson@nibe.se