



— bringing warmth to the world —



- Continued growth – net sales rise to SEK 1,064.3 million (figure for the corresponding period in 2002: SEK 878.2 m)
- Profit after net financial items rises to SEK 65.2 million (SEK 44.3 m)
- Earnings per share for the most recent 12-month period amount to SEK 5.11 (SEK 3.83)
- Agreement on the acquisition of Metro Therm A/S of Denmark

Interim Report
1 January – 30 June 2003



The Chief Executive's Report

Continued signs of strength

Of the NIBE Group's 21.2% increase in growth for the first half of this year 14.7% was organic.

The Group's operating profit improved by 27.0%, with a 47.2% increase in profits after net financial items, of which 15.3% comprises exchange gains and share dividends.

To complete the positive picture for the Group as a whole, sales, operating profit and profit after net financial items have all developed better during the second quarter than in the first.

NIBE Element, meanwhile, has reported a fall in profits, despite ongoing measures to improve operations in the business area.

This illustrates the situation that even the most cost-conscious sub-contractor can find itself in when demand suddenly takes a dive, while the supplier remains determined not to deviate from a long-term strategy which involves safeguarding delivery capacity and systematically implementing rationalisation projects. We continue to regard this kind of long-term thinking as the right approach, particularly in view of the fact that we believe we detected signs towards the end of the second quarter that demand will soon start to pick up again.

Our resolve to take an active role in the restructuring of the European market for elements also remains undiminished.

NIBE Heating continues to report strong growth in terms of both sales and operating profit.

There is expansion in all of the business area's product segments, with ground-source heat pumps showing the steepest rise.

While the Swedish market continues to stand for the greatest increase, it is gratifying to note the positive way in which the company's export markets are developing, especially in view of the generally sluggish state of the economy in Europe. Recent sales successes may owe something to the current high price of energy, but there is no doubt that they are also a result of our comprehensive product programme and a consistent pricing and distribution philosophy combined with high quality and dependable deliveries. Moreover, recent increases in capacity have enabled the company to improve its long-term planning.

Finally, the strategic acquisition of the Danish Metro Therm Group has further consolidated NIBE Heating's position on the market at the same time as it has helped to reinforce the business area's product range.

NIBE Stoves continues to go from strength to strength. Increased energy prices, particularly in the Nordic countries, are a key factor behind the growth in volumes and profits, but the significance of the company's technically sophisticated and attractively designed range of products supported by the professionalism of its marketing concept should not be underestimated.

NIBE Stoves has also benefited from an increase in capacity, enabling the company to improve its long-term planning.

It is particularly encouraging to note NIBE Stoves' expansion on the German market, where demand as a whole has otherwise been rather weak.

Prospects for 2003

We continue to remain positive about the business prospects for NIBE during the remainder of the year, and it is our opinion that both sales and profits for 2003 will exceed those for 2002 by a good margin.

Financial information

17 November 2003: Interim report January – September 2003

13 February 2004: Summary of Annual Report for 2003

These 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,
18 August 2003

Gerteric Lindquist
Managing Director and Chief Executive Officer

Sales

Group sales from January to June totalled SEK 1,064.3 million (corresponding period 2002: SEK 878.2 million), which equates to 21.2% growth. Of the overall increase in turnover of SEK 186.1 million, SEK 56.8 million derives from acquired companies.

Profits

Profit for the period after net financial items totalled SEK 65.2 million. This amounts to a growth in profits of 47.2% compared with the same period in 2002, when the corresponding figure was SEK 44.3 million. The rise in profits includes exchange gains and dividends totalling SEK 6.8 million. Return on equity was 17.0% (13.3%).

Investments

From January to June 2003 the Group invested SEK 139.1 million (SEK 91.0 million) in fixed assets. Of this figure SEK 64.5 million (SEK 35.2 million) relates to corporate takeovers. The remaining SEK 74.6 million (SEK 55.8 million) was invested in equipment, machinery and buildings in existing units.

Financial position

Group liquid assets at the end of June 2003 totalled SEK 237.0 million as against SEK 263.2 million at the start of the year. The Group's bank overdraft facilities have been increased during the course of the reporting period by a total of SEK 45.3 million.

Equity/assets ratio at the end of the reporting period was 36.0%, compared to 41.8% at the start of the year and 35.8% at the corresponding point last year.

Parent company

The activities of the parent company include Group management functions and certain other support functions for the Group as a whole. Turnover during the period January to June totalled SEK 1.1 million (SEK 2.2 million) and profit after financial items was SEK 45.4 million (SEK 29.9 million). Liquid assets at the end of the reporting period totalled SEK 152.7 million, compared to a figure of SEK 177.1 million at the start of the year.

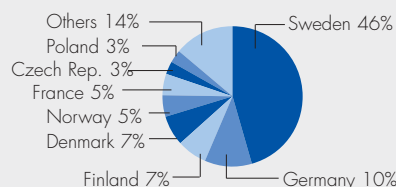
Economic objectives

- 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 in excess of 30% at all times.

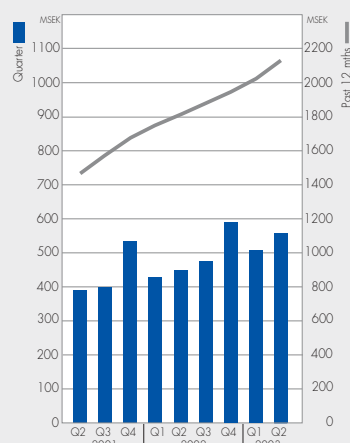
NIBE Industrier – Group

Key figures	2003 Q1-2	2002 Q1-2	Past 12 months	Full year 2002
Net sales (MSEK)	1,064.3	878.2	2,130.3	1,944.2
Growth (%)	+ 21.2	+ 17.8	+ 17.7	+ 15.9
of which acquired (%)	+ 6.5	+ 9.7	+ 5.7	+ 7.1
Operating profit (MSEK)	68.3	53.8	192.1	177.7
Operating margin (%)	6.4	6.1	9.0	9.1
Profit after net fin.items (MSEK)	65.2	44.3	176.0	155.0
Net profit margin (%)	6.1	5.0	8.3	8.0

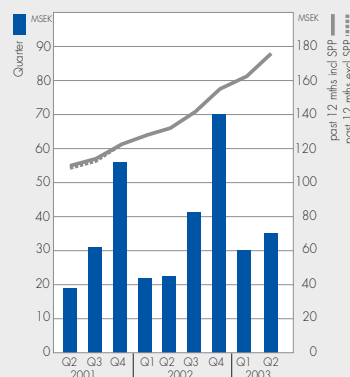
NIBE Group sales by geographical market
Jan-June 2003



NIBE Group sales over the past nine quarters



NIBE Group profits after financial items
over the past nine quarters





NIBE Element

Sales and profit

Invoiced sales rose to SEK 519.2 million compared to SEK 460.1 million for the corresponding period in 2002. The overall increase of SEK 59.1 million includes SEK 56.8 million from acquired companies.

Operating profit was SEK 18.5 million (SEK 25.5 million). This means that the operating margin backed from the previous year's first-half figure of 5.5% to 3.6%, bringing the operating margin for the past twelve months to 5.6%.

The market

The second quarter saw a negative development in the market for several important product groups, with a clear fall in demand for construction-related and consumer-related products in southern and central areas of Europe.

There has also been a gradual change in the pattern of demand. Customer pressure for increasingly shorter delivery times means that fluctuations in demand impact more rapidly than ever on the manufacturing stage. Several of our production units have reduced their capacity utilisation levels, and this is the main factor behind the poorer operating margin.

The end of the second quarter has, however, heralded a slight improvement in demand and we believe that, notwithstanding the weak state of the market, NIBE Element has been able to increase its market shares.

Operations

Production of heating elements for rear-view mirrors ceased in France during the second quarter and was transferred to the unit in Poland.

At the same time we have also begun to manufacture power resistors in Poland, where, in order to accommodate the company's future expansion plans, work has started to extend the production plant. This work is due to be completed by the end of the year.

The spring has also seen the completion of an investment programme in the foil element processing plant in Kolbäck, Sweden. Not only will this cut costs, but it will also benefit the environment by dramatically reducing the need for the destruction of chemical waste left over after the manufacturing process.

Price levels for the most important components and materials have fallen slightly over the past quarter at the same time as work continues to coordinate the company's purchasing activities. The units acquired during the year have been integrated into the system.

A number of projects are underway to improve profitability. Parallel with moves to make fuller use of low-cost production facilities in the Czech Republic and Poland, coordination between the various units is being intensified in a concerted effort to reduce both fixed and variable costs.

NIBE Element		2003	2002	Past 12	Full year
Key figures		Q1-2	Q1-2	months	2002
Net sales	(MSEK)	519.2	460.1	991.6	932.6
Growth	(%)	+ 12.8	+ 23.9	+ 13.8	+ 19.1
Operating profit	(MSEK)	18.5	25.5	55.9	62.9
Operating margin	(%)	3.6	5.5	5.6	6.7
Assets	(MSEK)	790.0	640.4	-	660.8
Liabilities	(MSEK)	679.3	533.4	-	534.4
Investm. in fixed assets	(MSEK)	85.0	47.9	104.0	66.9
Depreciation	(MSEK)	23.3	18.7	41.8	37.2



NIBE Heating

Sales and profit

Invoiced sales rose to SEK 427.7 million compared to SEK 349.5 million for the corresponding period in 2002. The 22.4% increase of SEK 78.2 million is attributable entirely to organic growth.

Operating profit was SEK 43.6 million (SEK 28.3 million). This means that the operating margin rose from the previous year's first-half figure of 8.1% to 10.2%, bringing the operating margin for the past twelve months to 12.4%.

The market

The company's domestic market has been characterised by a rise in overall demand for heat pumps. Exhaust-air heat pumps account for the greatest growth in relative terms, but demand for ground-source heat pumps has also risen since last year. NIBE Heating has further consolidated its already strong position on the market, especially within the ground-source heat pump sector.

The total market for electric water-heaters in Sweden has continued to expand slightly at the same time as we have strengthened our competitive position in this segment. The total market for domestic water heaters has also begun to show signs of developing again after it stagnated at what was a very low level. This is now yet another product area in which we have begun to capture certain shares of the market.

Interest in heat pump technology is constantly increasing on our export markets. This is especially true of the Nordic countries, with Finland and Norway recording the steepest increase in sales after Sweden. As far as the European markets are concerned, our own sales are still developing in a positive direction despite the fact that both Germany and Poland are still caught tight in the grip of the economic downturn.

Operations

The expansion of NIBE Heating's production units continues. The completion of the extension to the heat pump factory during the spring heralds more rational production and greater capacity from the autumn onwards. The other extensive investment programme, which is taking place in the water-heater factory, will also create extra capacity during the autumn.

After a slight delay, a new family of heat pumps that recover energy from outside air was launched in the first half of the year, giving us a foothold in a new product area, where we have high expectations of sales growth both in Sweden and abroad.

Acquisitions

At the beginning of July agreement was reached on the acquisition of the Metro Therm Group, Denmark's leading water-heater manufacturer. The takeover is scheduled to take place in October after customary "due diligence" proceedings. Metro Therm has a workforce of 250 and annual sales of around SEK 320 million.

NIBE Heating		2003	2002	Past 12	Full year
Key figures		Q1-2	Q1-2	months	2002
Net sales	(MSEK)	427.7	349.5	893.6	815.4
Growth	(%)	+ 22.4	+ 10.1	+ 17.2	+ 11.6
Operating profit	(MSEK)	43.6	28.3	110.7	95.4
Operating margin	(%)	10.2	8.1	12.4	11.7
Assets	(MSEK)	555.9	503.7	-	484.6
Liabilities	(MSEK)	293.3	294.2	-	236.1
Investm. in fixed assets	(MSEK)	33.8	7.3	69.7	43.2
Depreciation	(MSEK)	12.4	13.8	22.7	24.1



NIBE Stoves

Sales and profit

Invoiced sales rose to SEK 126.9 million compared to SEK 76.7 million for the corresponding period in 2002. The increase of SEK 50.2 million or 65.4% is attributable entirely to organic growth.

Operating profit was SEK 12.7 million (SEK 5.6 million). This means that the operating margin rose from the previous year's first-half figure of 7.3% to 10.0%, bringing the operating margin for the past twelve months to 14.2%.

The market

Demand for wood-burning stoves and related products, sustained mainly by a keen desire among consumers to invest in energy-saving products that enhance comfort at home, has remained brisk in Sweden throughout the second quarter.

As a result of the launch of attractive new products supported by systematic marketing initiatives targeting both retailers and end-users we have succeeded in consolidating our already strong position as a market leader during the first six months of the year. Sales figures for lightweight stoves with easy-to-install modular chimneys have been particularly encouraging.

While the general state of affairs on our prioritised export markets remains much the same as it was at the beginning of the year (with demand – except in the Nordic countries – still sluggish in many areas of Europe) own export sales have developed positively over the past six months. We believe that the introduction on the market of yet another new series combining a competitive price with a design that has an international appeal will help us advance our position even further in markets outside Sweden.

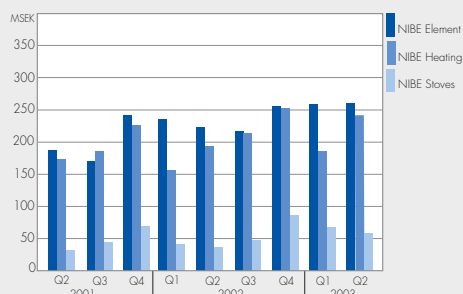
Operations

We have now completed the task of introducing our new series of wood-burning stoves on all our prioritised markets. The new series complements our already strong offer both in terms of price, size and heat output, and reactions so far have been highly positively. Deliveries to consumers will begin in earnest during the fourth and final quarter of the year.

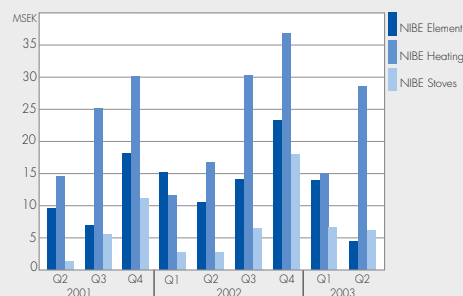
To meet the steep rise in demand, a decision was reached during the spring to bring forward a number of planned investments in production equipment. These have now been carried out and the effects are already evident both in terms of increased production capacity and rationalisation effects.

NIBE Stoves	2003	2002	Past 12	Full year
Key figures	Q1-2	Q1-2	months	2002
Net sales (MSEK)	126.9	76.7	261.5	211.3
Growth (%)	+ 65.4	+ 20.4	+ 37.0	+ 18.8
Operating profit (MSEK)	12.7	5.6	37.2	30.1
Operating margin (%)	10.0	7.3	14.2	14.2
Assets (MSEK)	184.5	166.6	–	175.1
Liabilities (MSEK)	108.7	107.8	–	99.3
Investm in fixed assets (MSEK)	1.5	40.6	12.8	51.9
Depreciation (MSEK)	3.6	1.3	8.5	6.3

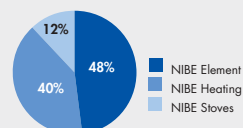
Sales by business area over the past 9 quarters



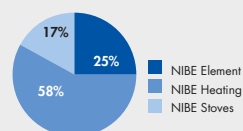
Operating profit by business area over the past 9 quarters



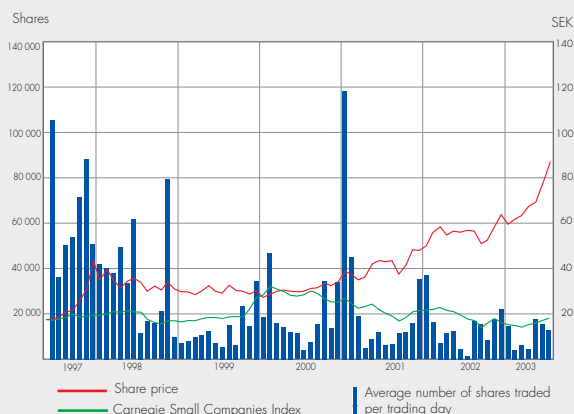
Business areas' contribution to sales: Jan–June 2003



Business areas' contribution to profits: Jan–June 2003



Share performance





NIBE Group – Financial trends

Consolidated Income Statement

(in millions of Swedish kronor, MSEK)	2nd Quarter 2003	2nd Quarter 2002	Jan – June 2003	Jan – June 2002	Past 12 months	Full year 2002
Net sales	555.8	449.3	1,064.3	878.2	2,130.3	1,944.2
Cost of goods sold	- 406.8	- 329.0	- 771.3	- 644.2	- 1,516.5	- 1,389.3
Gross profit	149.0	120.3	293.0	234.0	613.8	554.9
Selling expenses	- 84.7	- 70.6	- 162.7	- 130.6	- 313.2	- 281.0
Administrative expenses	- 35.8	- 25.4	- 71.9	- 54.9	- 125.2	- 108.3
Other income	+ 6.9	+ 2.5	+ 9.9	+ 5.3	+ 16.7	+ 12.1
Operating profit	35.4	26.8	68.3	53.8	192.1	177.7
Net financial items	- 0.3	- 4.3	- 3.1	- 9.5	- 16.1	- 22.7
Profit after net financial items	35.1	22.5	65.2	44.3	176.0	155.0
Tax	- 12.1	- 7.5	- 22.4	- 16.2	- 56.0	- 49.7
Minority participation in profit after tax	- 0.1	+ 0.2	0.0	+ 0.4	0.0	+ 0.4
Net profit	22.9	15.2	42.8	28.5	120.0	105.7
<i>Totals include depreciation acc. to plan as follows</i>	<i>21.1</i>	<i>17.9</i>	<i>41.0</i>	<i>35.6</i>	<i>76.4</i>	<i>70.9</i>

Consolidated Balance Sheet Summary

(in millions of Swedish kronor, MSEK)	30 June 2003	30 June 2002	31 Dec 2002
Intangible assets	126.6	95.7	99.7
Tangible assets	489.6	410.3	426.9
Financial assets	43.1	42.8	43.4
Total fixed assets	659.3	548.8	570.0
Inventories	422.9	416.2	377.7
Current receivables	392.0	310.5	306.1
Current investments	0.8	0.0	0.9
Cash and bank	59.8	45.9	67.1
Total current assets	875.5	772.6	751.8
Total assets	1,534.8	1,321.4	1,321.8
Equity	552.3	473.6	553.2
Minority interest	1.8	2.2	1.2
Provisions	127.7	106.3	124.2
Long-term non-interest-bearing liabilities	6.8	7.9	7.4
Long-term interest-bearing liabilities	435.8	398.6	294.8
Current non-interest-bearing liabilities	369.1	296.6	299.6
Current interest-bearing liabilities	41.3	36.2	41.4
Total equity and liabilities	1,534.8	1,321.4	1,321.8

Cash flow analysis

(in millions of Swedish kronor, MSEK)	Jan–June 2003	Jan–June 2002	Full yr 2002
Cash flow from operating activities	+ 72.0	+ 53.4	+ 176.0
Change in working capital	- 49.5	- 79.1	- 34.5
Investment activities	- 100.6	- 78.5	- 136.3
Financing activities	+ 71.6	+ 98.0	+ 9.6
Exchange rate difference in liquid funds	- 0.8	- 1.3	- 1.1
Change in liquid assets	- 7.3	- 7.5	+ 13.7

Change in equity

(in millions of Swedish kronor, MSEK)	Jan–June 2003	Jan–June 2002	Full yr 2002
Amount at start of period	553.2	483.2	483.2
Shareholders' dividend	- 32.3	- 24.9	- 24.9
Exchange rate difference charged directly against equity	- 4.6	- 6.4	- 4.1
Translation difference	- 6.8	- 6.8	- 6.7
Profit for the period	+ 42.8	+ 28.5	+ 105.7
Equity carried forward	552.3	473.6	553.2

Key figures

	Jan–June 2003	Jan–June 2002	Full yr 2002
Growth (%)	+ 21.2	+ 17.8	+ 15.9
Operating margin (%)	6.4	6.1	9.1
Net profit margin (%)	6.1	5.0	8.0
Investments in fixed assets (MSEK)	139.1	91.0	147.1
Unappropriated liquid assets (MSEK)	237.0	139.9	263.2
Working capital, incl cash & bank (MSEK)	465.0	439.8	410.7
Interest-bearing liabilities/equity (%)	91.0	97.1	65.7
Solidity (Equity/assets ratio) (%)	36.0	35.8	41.8
Return on capital employed (%)	15.6	12.7	20.8
Return on equity (%)	17.0	13.3	21.5

Share data*)

	Jan–June 2003	Jan–June 2002	Full yr 2002
EPS after full tax (total 23,480,000 shares) (SEK)	1.82	1.22	4.50
Equity per share (SEK)	23.52	20.17	23.56
Closing day share price (SEK)	79.00	56.00	63.75

* all key figures for shares have been recalculated to take into account the effect of the 4:1 split carried out in 2003.

Quarterly data

NIBE Group – Income Statement

(in millions of Swedish kronor, MSEK)	2003		2002				2001		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	508.5	555.8	428.9	449.3	475.6	590.4	389.5	397.6	534.3
Operating expenses	- 475.6	- 520.4	- 401.9	- 422.5	- 427.2	- 514.9	- 366.9	- 362.2	- 477.4
Operating profit	32.9	35.4	27.0	26.8	48.4	75.5	22.6	35.4	56.9
Net financial items	- 2.8	- 0.3	- 5.2	- 4.3	- 7.2	- 6.0	- 3.7	- 4.2	- 0.9
Profit after net financial items	30.1	35.1	21.8	22.5	41.2	69.5	18.9	31.2	56.0
Tax	- 10.3	- 12.1	- 8.7	- 7.5	- 12.9	- 20.6	- 7.9	- 9.5	- 16.5
Minority share of profit after tax	+ 0.1	- 0.1	+ 0.2	+ 0.2	- 0.1	+ 0.1	+ 0.1	0.0	+ 0.1
Profit after tax	19.9	22.9	13.3	15.2	28.2	49.0	11.1	21.7	39.6

Net sales – Business Areas

(in millions of Swedish kronor, MSEK)	2003		2002				2001		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	258.9	260.3	236.5	223.6	216.8	255.7	187.9	169.7	241.8
NIBE Heating	185.7	242.0	156.1	193.4	213.6	252.3	173.0	186.0	227.0
NIBE Stoves	68.1	58.8	40.8	35.9	48.2	86.4	32.0	44.7	69.4
Eliminations of Group transactions	- 4.2	- 5.3	- 4.5	- 3.6	- 3.0	- 4.0	- 3.4	- 2.8	- 3.9
Group	508.5	555.8	428.9	449.3	475.6	590.4	389.5	397.6	534.3

Operating profit – Business Areas

(in millions of Swedish kronor, MSEK)	2003		2002				2001		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	14.0	4.5	15.1	10.4	14.1	23.3	9.6	6.9	18.1
NIBE Heating	15.0	28.6	11.6	16.7	30.3	36.8	14.6	25.2	30.1
NIBE Stoves	6.6	6.1	2.8	2.8	6.4	18.1	1.4	5.6	11.1
Eliminations of Group transactions	- 2.7	- 3.8	- 2.5	- 3.1	- 2.4	- 2.7	- 3.0	- 2.3	- 2.4
Group	32.9	35.4	27.0	26.8	48.4	75.5	22.6	35.4	56.9

This Interim Report has been produced in accordance with the recommendations of the Swedish Financial Accounting Standards Council. Those recommendations that have come into effect in 2003 have not affected the profit or financial position for 2003 or 2002. For further information about accounting principles and definitions you are kindly referred to the NIBE Group's Annual Report for 2002.

This Interim Report has not been the subject of a special audit by the company's auditors.



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