

# NIBE

bringing warmth to the world

- Sales rise to SEK 2,100.2 million (Jan–Jun 2005: SEK 1,669.8 m)
- Profit after net financial items rises to SEK 174.7 million (SEK 122.9 m)
- Profit after tax rises to SEK 123.1 million (SEK 83.9 m)
- Earnings per share amount to SEK 1.31 (SEK 0.88)
- Acquisition of
  - Varde Ovne A/S, Denmark
  - Naturenergi Iwabo AB, Sweden
  - DMS Wasser-Wärmetechnik GmbH, Germany



interim report  
1 January – 30 June 2006



# Sustained strong development in all NIBE business areas

## THE CHIEF EXECUTIVE'S REPORT

Sales grew by 25.8% during the first half of 2006, with organic growth accounting for 19.7% of this increase. The figures for the corresponding period last year were 19.4% and 9.8% respectively.

All three business areas are continuing to capture new shares of the market, with organic growth of around 20%. Among the external factors which have contributed to this success are, of course, the improved state of the economy throughout virtually the whole of Europe and the high energy prices, which make many of our product groups more attractive. Growth has been good in both the first and second quarters. However, when comparing growth between the two quarters it is worth bearing in mind that the first quarter of 2006 included almost 5% more working days than the corresponding period last year, while there were approximately 8% fewer working days in the second quarter this year than in 2005.

Operating profit for the period has risen by 44.5% and profit after net financial items by 42.1%.

**NIBE Element's** restructuring programme is proceeding according to plan at the same time as the business area is energetically pursuing a number of activities to market both its existing products and the new ones that it is launching. This has increased NIBE Element's share of the market and fuelled organic growth of approximately 19%.

Due to the steady rise in the price of raw materials we initiated a process of price increases in most of our customer segments in the second quarter and this, too, has played its part in improving the operating margin.

**NIBE Heating's** aggressive marketing and its position in the forefront of technological innovation are continuing to deliver strong growth both in Sweden and abroad. Organic growth of more than 20% is a sure sign of strength, even though the high energy prices and a rise in the number of new homes being built are also having a positive effect on sales. Things are also looking up for NIBE Heating in terms of operating margin.

Following the acquisition of Naturenergi Iwabo AB, a Swedish manufacturer of burners for pellets etc., the business area now has a complete biofuel programme for this rapidly expanding segment of the market. Due diligence work with regard to the German district-heating specialist and water heater manufacturer DMS Wasser-Wärmetechnik GmbH has been delayed by approximately two months.

**NIBE Stoves** continues to report organic growth in excess of 20% and the increase on its foreign markets is particularly strong. The effect of high energy prices and an increase in the number of new homes being built is also positive for NIBE Stoves. In addition the two most recent acquisitions (Northstar and Varde Ovne) have been particularly successful and have contributed 48.6% to the overall growth figures.

The business area's slightly lower operating margin is the result of the somewhat lower levels of profitability (relatively speaking) of the newly acquired units, compounded by their greater seasonal variation in sales. This effect is, however, assumed to be of a temporary nature.

Foundation work has now begun on the new production plant in Markaryd, which is expected to be complete within a year and operating at full capacity within six months after that.

### Prospects for the remainder of 2006

Our assessment is that demand will remain strong for the products of all three business areas. We expect our strong market position and the solid technological base in each of our business areas to generate further increases in our share of these market segments.

The measures taken at NIBE Element have also laid the foundations for a clear and continuing improvement in results for 2006 and onwards.

Against this background, we expect that the Group will develop well in 2006 – a view reinforced by our excellent first-half performance.

### 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%.

### Financial information

15 November 2006 Interim report, January–September 2006  
15 February 2007 Summary of Annual Report 2006

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

Markaryd, Sweden – 17 August 2006

Gerteric Lindquist

Managing Director and Chief Executive Officer

## Sales

The Group generated net sales of SEK 2,100.2 million from January to June 2006 (SEK 1,669.8 million for the corresponding period in 2005). This equates to growth of 25.8%, of which 19.7% was organic. Of the total sales increase of SEK 430.4 million, SEK 102.5 million derived from acquisitions.

## Earnings

Profit for the period after financial items was SEK 174.7 million. This is an increase of 42.1% over the same period in 2005, when profit after financial items totalled SEK 122.9 million. Return on equity was 24.0% (19.3%).

## Acquisitions

Two acquisitions were made during the first quarter. The first was the Jämä brand. This is one of the oldest boiler brands in Finland, and will be used parallel with our existing Jäspi brand.

The second acquisition was of the Danish Varde group, with annual sales of around SEK 95 million and pre-tax profits of SEK 6 million. Varde, which develops, manufactures and markets solid-fuel stoves, now forms part of the NIBE Stoves business area. The company is the market leader in its product area in Denmark, and also has significant sales on the German market. Operations were consolidated into the NIBE Group with effect from 1 January.

During the second quarter the NIBE Group acquired Naturenergi Iwabo AB, a specialist manufacturer of pellets burners with annual sales of SEK 43 million and pre-tax profits of approximately SEK 3 million. Iwabo, which now forms part of the NIBE Heating business area, was consolidated into the NIBE Group in May 2006.

The second quarter also saw an agreement in principle to take over the German district-heating specialist and water heater manufacturer DMS Wasser-Wärmetechnik GmbH. Ongoing due diligence with regard to this takeover has been delayed by around two months.

## Investments

Between January and June, the Group invested SEK 209.7 million (SEK 92.9 million): SEK 89.4 million (SEK 0.0 million) of this related to corporate acquisitions. The remaining SEK 120.3 million (SEK 92.2 million) relates primarily to investment in plant and machinery and in buildings in existing operations.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 159.0 million (SEK 123.6 million). There was a negative cash flow after changes in working capital of SEK -50.0 million (SEK -66.4 million).

Interest-bearing liabilities totalled SEK 1,501.0 million at the end of the period. The increase from SEK 1,143.7 million at the beginning of the year is due to stock-building in preparation for the peak season and to investment.

At the end of June the Group had liquid funds of SEK 400.0 million, as against SEK 595.4 million at the start of the year. During the period, the Group's overdraft facilities were extended by SEK 87.4 million.

The equity/assets ratio was 30.3% at the end of the period, compared with 33.0% at the start of the year and 32.6% at the corresponding point last year.

## Parent company

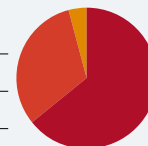
Parent company activities comprise Group executive management functions, certain shared Group functions and financing for acquisitions. During the period January-June, sales totalled SEK 1.2 million (SEK 1.3 million) with a profit after financial items of SEK 94.4 million (SEK 80.0 million). At the end of the period, the parent company had liquid funds of SEK 152.1 million, compared with SEK 334.6 million at the start of the year.

## GROUP

### Group sales by geographic region

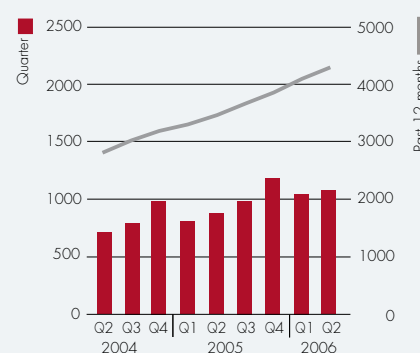
(January – June 2006)

Nordic countries	65%
Rest of Europe	32%
Other markets	3%



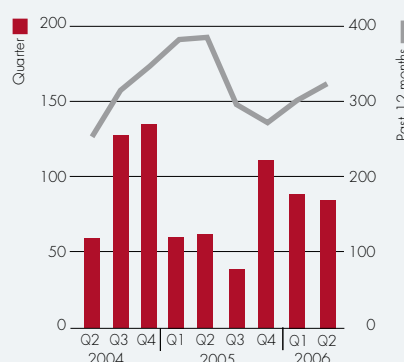
### Net sales

(Past nine quarters, in millions of SEK)



### Profit after financial items

(Past nine quarters, in millions of SEK)



### NIBE Industrier – Group

Key figures		2006 Q1–2	2005 Q1–2	Past 12 months	Full year 2005
Net sales	(MSEK)	2,100.2	1,669.8	4,249.5	3,819.1
Growth	(%)	25.8	19.4	23.8	20.8
of which acquired	(%)	6.1	9.6	6.4	7.9
Operating profit	(MSEK)	199.5	138.1	371.5	310.1
Operating margin	(%)	9.5	8.3	8.7	8.1
Profit after net fin's	(MSEK)	174.7	122.9	325.4	273.6
Net profit margin	(%)	8.3	7.4	7.7	7.2



## NIBE ELEMENT

### Sales and earnings

Sales amounted to SEK 741.4 million, compared with SEK 623.5 million for the corresponding period in 2005. The full SEK 117.9 million increase is organic, which means that organic growth was 18.9%.

Operating profit for the period totalled SEK 38.2 million, compared with SEK 15.4 million for the corresponding period in 2005. This represents an operating margin of 5.2% compared with the preceding year's figure of 2.5%.

Operating profit in the previous year was affected by a transfer of SEK 70.0 million to the restructuring reserve in September: this brings the operating margin to -1.9% for the most recent 12-month period. The operating margin before the transfer to the restructuring reserve was 3.1% for the equivalent 12-month period.

During the first six months of the year SEK 10.0 million from the restructuring reserve was utilised for the changes in progress. At the end of the second quarter of 2006, SEK 49.0 million remained in the restructuring reserve.

### Market

The generally good economic situation among manufacturing companies in Europe has contributed to maintaining very good growth in most segments of the market. At the same time, high energy prices have driven demand even harder in those product segments related to energy savings and energy production, such as the heat pump market and oil extraction industry. Product segments dependent on the construction industry, such as bathroom and heating equipment, have also shown good growth.

### Operations

Operations continue to be affected by last year's decision to transfer manufacturing volumes equivalent to 200 full-time production jobs to our units in eastern Europe and Asia as part of a major restructuring programme. This change is proceeding according to plan.

As part of this policy of transferring products to units in eastern Europe and Asia, the various manufacturing plants are becoming increasingly specialised, which we believe will increase our competitive strength in the years to come.

Prices for certain of our most important raw materials have continued to rise sharply during the second quarter, and this trend shows no signs of abating in the third quarter. This means that prices are now at historically extremely high levels. To compensate for these rising costs we have already raised the prices of our products in a large number of customer segments.

NIBE Element		2006	2005	Past 12	Full year
Key figures		Q1-2	Q1-2	months	2005
Net sales	(MSEK)	741.4	623.5	1,415.6	1,297.7
Growth	(%)	18.9	11.3	17.0	13.2
Operating profit	(MSEK)	38.2	15.4	-26.2	-49.0
Operating margin	(%)	5.2	2.5	-1.9	-3.8
Assets	(MSEK)	1,262.3	1,138.5	1,262.3	1,305.7
Liabilities	(MSEK)	1,209.8	1,058.5	1,209.8	1,265.2
Investm. (fixed assets)	(MSEK)	29.3	44.0	62.5	77.2
Depreciation	(MSEK)	24.1	21.0	45.7	42.6



## NIBE HEATING

### Sales and earnings

Sales totalled SEK 1,051.7 million, compared with SEK 866.1 million for the corresponding period last year. Of the SEK 185.6 million increase in sales, SEK 7.6 million is attributable to acquisitions, which means that organic growth amounted to 20.6%.

Operating profit was SEK 120.8 million, compared with SEK 97.0 million for the corresponding period last year. This equates to an operating margin of 11.5%, compared with 11.2% in 2005. The operating margin for the most recent 12-month period is 12.8%.

### Market

While growth in the Swedish market for geothermal and ground-source heat pumps has slackened somewhat during the second quarter, demand for exhaust-air heat pumps and air-to-air heat pumps has continued to develop briskly. Overall, the market for heat pumps has grown during the first six months of the year and our own sales have risen steeply.

Interest in using biofuels as a source of heating continues to expand. The ever-rising price of oil and the availability of government grants in Sweden for conversions from direct electricity to heat pumps or similar has virtually killed off demand for oil-fired boilers in our domestic market. The Swedish market for water heaters and district-heating products, on the other hand, remains stable.

NIBE Heating's international operations have expanded substantially during the reporting period. All of our foreign markets report an increase in invoiced sales and interest for heat pumps is growing all the time. Sales trends in the rapidly expanding German heat pump market are very positive. Sales of water heaters continue to reflect market growth and we are gradually increasing the number of markets on which we are active.

### Operations

The second quarter saw the completion of the acquisition of the pellets burner manufacturer Naturenergi Iwabo AB, which has annual sales of some SEK 43 million. An internal project has already been set up to collaborate on the development of burners that use renewable fuels such as pellets, wood chips, grain and sawdust to provide more environmentally friendly solutions for heating homes and commercial properties. Operations were consolidated with effect from May 2006.

An agreement in principle was reached in the second quarter regarding the takeover of the German district-heating specialist and water heater manufacturer DMS Wasser-Wärmetechnik GmbH. However, due diligence work with regard to the takeover has been delayed by approximately two months.

NIBE Heating		2006	2005	Past 12	Full year
Key figures		Q1-2	Q1-2	months	2005
Net sales	(MSEK)	1,051.7	866.1	2,154.4	1,968.8
Growth	(%)	21.4	28.7	20.6	23.6
Operating profit	(MSEK)	120.8	97.0	275.2	251.4
Operating margin	(%)	11.5	11.2	12.8	12.8
Assets	(MSEK)	1,671.3	1,518.0	1,671.3	1,571.8
Liabilities	(MSEK)	1,205.8	1,140.6	1,205.8	1,102.0
Investm. (fixed assets)	(MSEK)	58.8	24.7	130.1	96.0
Depreciation	(MSEK)	34.8	29.9	66.4	61.5



## NIBE STOVES

### Sales and earnings

Sales totalled SEK 334.5 million, compared with SEK 195.2 million for the corresponding period last year. Of the total increase of SEK 139.3 million, SEK 94.9 million was attributable to acquired businesses, which means that organic growth amounted to 22.7%.

Operating profit for the period was SEK 48.9 million, as against SEK 33.9 million for the corresponding period in 2005. This represents an operating margin of 14.6%, compared with 17.4% in the preceding year. The operating margin for the most recent 12-month period is 19.2%.

The slightly lower operating margin so far this year is due to the fact that the acquired businesses have not yet attained the same high level of profitability as the unit in Markaryd. Solid fuel stove manufacturers with lower sales volumes tend to have a relatively low operating margin during the first six months of the year because of the heavy concentration of sales in the period July to December.

### Market

Sales in Sweden rose during the first half of the year on a market that continues to be buoyed up by consistently high demand. Among the major factors behind this demand are the increase in the number of new homes being built and further anticipated rises in energy prices.

Demand remains good, too, on our neighbouring Nordic markets, where sales have developed positively so far this year. The acquisition of Varde Ovne has reinforced our position in the market even further in Denmark and Norway.

In Germany demand for stoves is currently very good thanks to high levels of consumer spending and rising energy prices. Together with the very strong position we have established among specialist stove dealers, this has resulted in a steep rise in sales for NIBE Stoves this year.

To strengthen foreign sales even further we have set up a sales company in France, which will create an effective platform for marketing our products in a large market. A sales office with its own showroom has also been opened in Finland.

### Operations

Major reconstruction work was carried out during the second quarter at the production unit for the newly acquired operations of Varde Ovne in Denmark. The aim is to increase production capacity substantially in time for the second-half "peak season".

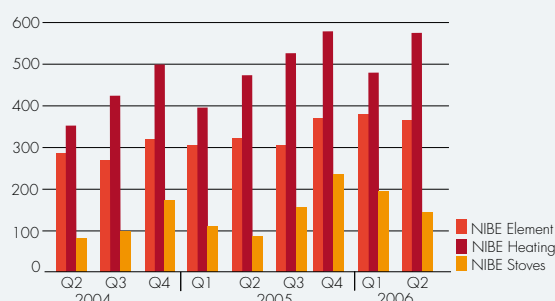
Between January and June our production plant in Markaryd has been operating at a very high level of productivity to build up stocks of products in preparation for the anticipated surge in demand in the autumn. Work has started on a new production plant in Markaryd, which is expected to be ready to produce its first stoves in the first half of 2008.

NIBE Stoves		2006	2005	Past 12	Full year
Key figures		Q1-2	Q1-2	months	2005
Net sales	(MSEK)	334.5	195.2	723.9	584.6
Growth	(%)	71.4	6.3	56.1	29.3
Operating profit	(MSEK)	48.9	33.9	138.7	123.6
Operating margin	(%)	14.6	17.4	19.2	21.1
Assets	(MSEK)	708.9	299.1	708.9	562.6
Liabilities	(MSEK)	460.8	104.2	460.8	307.9
Investm. (fixed assets)	(MSEK)	31.9	19.0	41.5	28.6
Depreciation	(MSEK)	9.0	5.8	16.9	13.7

## BUSINESS AREAS

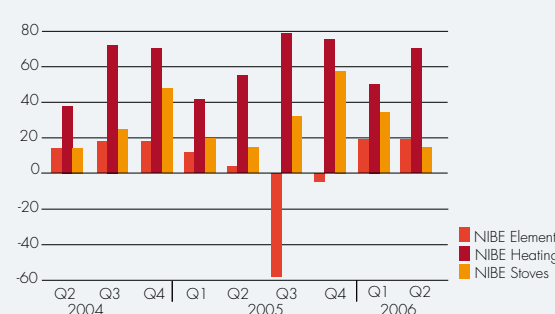
### Sales by business area

over the past 9 quarters (in millions of SEK)



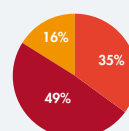
### Operating profit by business area

over the past 9 quarters (in millions of SEK)



### Business areas' contribution to sales

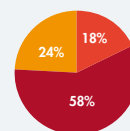
January - June 2006



Legend:  
■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

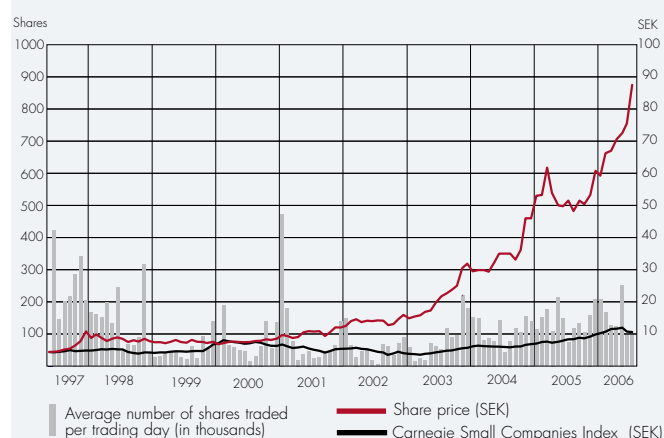
### Business areas' contribution to operating profit

January - June 2006



Legend:  
■ NIBE Element  
■ NIBE Heating  
■ NIBE Stoves

## SHARE PERFORMANCE





## THE NIBE GROUP – FINANCIAL TRENDS

### Consolidated Income Statement

(in millions of SEK)	Q2 2006	Q2 2005	Jan – Jun 2006	Jan – Jun 2005	Past 12 months	Full year 2005
Net sales	1,066.4	868.9	2,100.2	1,669.8	4,249.5	3,819.1
Cost of goods sold	- 739.3	- 617.5	- 1,462.8	- 1,187.9	- 3,038.8	- 2,763.9
<b>Gross profit</b>	<b>327.1</b>	<b>251.4</b>	<b>637.4</b>	<b>481.9</b>	<b>1,210.7</b>	<b>1,055.2</b>
Selling expenses	- 176.0	- 139.0	- 342.1	- 261.1	- 659.0	- 578.0
Administrative expenses	- 65.4	- 57.0	- 125.6	- 107.1	- 242.5	- 224.0
Other income	12.9	13.2	29.8	24.4	62.3	56.9
<b>Operating profit</b>	<b>98.6</b>	<b>68.6</b>	<b>199.5</b>	<b>138.1</b>	<b>371.5</b>	<b>310.1</b>
Net financial items	- 13.2	- 6.3	- 24.8	- 15.2	- 46.1	- 36.5
<b>Profit after net financial items</b>	<b>85.4</b>	<b>62.3</b>	<b>174.7</b>	<b>122.9</b>	<b>325.4</b>	<b>273.6</b>
Tax	- 24.8	- 19.9	- 51.6	- 39.0	- 102.5	- 89.9
<b>Net profit</b>	<b>60.6</b>	<b>42.4</b>	<b>123.1</b>	<b>83.9</b>	<b>222.9</b>	<b>183.7</b>
Minority participation in profit after tax	- 0.5	0.4	0.0	0.8	0.9	1.7
Includes depreciation according to plan as follows:	34.6	29.1	68.0	58.4	130.7	121.1

### Consolidated Balance Sheet summary

(in millions of SEK)	30 Jun 2006	30 Jun 2005	31 Dec 2005
Intangible assets	532.0	318.5	458.5
Tangible assets	1,040.9	933.1	1,015.2
Financial assets	35.4	18.7	36.0
<b>Total non-current assets</b>	<b>1,608.3</b>	<b>1,270.3</b>	<b>1,509.7</b>
Inventories	1,020.0	834.2	831.1
Current receivables	761.3	642.2	651.2
Current investments	2.6	0.5	1.1
Cash equivalents	144.0	110.1	132.2
<b>Total current assets</b>	<b>1,927.9</b>	<b>1,587.0</b>	<b>1,615.6</b>
<b>Total assets</b>	<b>3,536.2</b>	<b>2,857.3</b>	<b>3,125.3</b>
Equity	1,070.3	930.1	1,031.0
Non-current liabilities, non-interest bearing	241.4	207.3	265.2
Non-current liabilities, interest bearing	1,373.4	1,001.5	1,025.8
Current liabilities, non-interest bearing	723.5	621.2	685.4
Current liabilities, interest bearing	127.6	97.2	117.9
<b>Total equity and liabilities</b>	<b>3,536.2</b>	<b>2,857.3</b>	<b>3,125.3</b>

### Cash flow analysis

(in millions of SEK)	Jan – Jun 2006	Jan – Jun 2005	Full year 2005
Cash flow from operating activities	159.0	123.6	312.6
Change in working capital	- 209.0	- 190.0	- 109.4
Investment activities	- 209.7	- 92.2	- 375.7
Financing activities	273.5	185.7	225.7
Exchange rate diff. in liquid assets	- 2.0	- 5.6	- 9.6
<b>Change in liquid assets</b>	<b>11.8</b>	<b>21.5</b>	<b>43.6</b>

### Data per share \*)

	Jan – Jun 2006	Jan – Jun 2005	Full year 2005
Net profit per share (total 93,920,000 shares)	SEK 1.31	0.88	1.94
Equity per share	SEK 11.40	9.86	10.92
Closing day share price	SEK 75.50	49.75	60.75

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

### Change in equity

(in millions of SEK)	Jan – Jun 2006	Jan – Jun 2005	Full year 2005
Equity brought forward	1,031.0	891.6	891.6
Effect of change in accounting principles <sup>1)</sup>	0.0	3.3	3.3
Adjusted equity brought fwd	1,031.0	894.9	894.9
Shareholders' dividend	- 70.4	- 70.4	- 70.4
Market value of commercial future currency contracts after deductions for tax	7.3	- 4.3	- 5.3
Exchange rate difference <sup>2)</sup>	- 15.7	26.0	28.1
Acquisition of minority participations	- 5.0	0.0	0.0
Profit for the period	123.1	83.9	183.7
<b>Equity carried forward <sup>3)</sup></b>	<b>1,070.3</b>	<b>930.1</b>	<b>1,031.0</b>

<sup>1)</sup> IAS 39 ("Financial Instruments") applies with effect from 1 January 2005. As a result of this, Equity brought forward in 2005 has risen by SEK 3.3 million after deductions for tax.

Breakdown of exchange rate difference (in millions of SEK)	Jan – Jun 2006	Jan – Jun 2005	Full year 2005
Translation of foreign subsidiaries	- 20.0	33.7	33.6
Loans to subsidiaries	- 1.7	2.8	2.4
Currency hedging	6.0	- 10.5	- 7.9
<b>Total</b>	<b>- 15.7</b>	<b>26.0</b>	<b>28.1</b>

<sup>3)</sup> Minority participations were SEK 0 million at the end of the reporting period compared to SEK 5.2 million at the start of the financial year.

### Key figures

	Jan – Jun 2006	Jan – Jun 2005	Full year 2005
Growth	% 25.8	19.4	20.8
Operating margin	% 9.5	8.3	8.1
Net profit margin	% 8.3	7.4	7.2
Investments in fixed assets	MSEK 209.7	92.2	375.7
Unappropriated liquid assets	MSEK 400.0	365.1	595.4
Working capital, incl. cash + bank	MSEK 1,076.8	868.6	812.3
Interest-bearing liabilities/Equity	% 140.2	118.1	110.9
Solidity (Equity/Assets ratio)	% 30.3	32.6	33.0
Return on capital employed	% 17.0	15.2	16.4
Return on equity	% 24.0	19.3	20.4

## QUARTERLY DATA

### Consolidated Income Statement

(in millions of SEK)	2006		2005				2004		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	1,033.8	1,066.4	800.9	868.9	977.5	1,171.8	704.6	785.0	977.5
Operating expenses	- 932.9	- 967.8	- 731.4	- 800.3	- 928.5	- 1,048.8	- 643.0	- 673.0	- 845.2
<b>Operating profit</b>	<b>100.9</b>	<b>98.6</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>61.6</b>	<b>112.0</b>	<b>132.3</b>
Net financial expenses	- 11.6	- 13.2	- 8.9	- 6.3	- 9.9	- 11.4	- 1.8	16.4	3.3
<b>Profit after net financial expenses</b>	<b>89.3</b>	<b>85.4</b>	<b>60.6</b>	<b>62.3</b>	<b>39.1</b>	<b>111.6</b>	<b>59.8</b>	<b>128.4</b>	<b>135.6</b>
Tax	- 26.8	- 24.8	- 19.1	- 19.9	- 17.8	- 33.1	- 17.9	- 27.6	- 38.7
<b>Net profit</b>	<b>62.5</b>	<b>60.6</b>	<b>41.5</b>	<b>42.4</b>	<b>21.3</b>	<b>78.5</b>	<b>41.9</b>	<b>100.8</b>	<b>96.9</b>

### Net sales – Business Areas

(in millions of SEK)	2006		2005				2004		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	377.4	364.0	304.1	319.4	305.2	369.0	284.4	268.2	318.1
NIBE Heating	478.1	573.6	394.2	471.9	525.4	577.3	350.9	422.7	497.6
NIBE Stoves	192.7	141.8	109.9	85.3	154.6	234.8	79.4	97.7	170.7
Elimination of Group transactions	- 14.4	- 13.0	- 7.3	- 7.7	- 7.7	- 9.3	- 10.1	- 3.6	- 8.9
<b>Group</b>	<b>1,033.8</b>	<b>1,066.4</b>	<b>800.9</b>	<b>868.9</b>	<b>977.5</b>	<b>1,171.8</b>	<b>704.6</b>	<b>785.0</b>	<b>977.5</b>

### Operating profit – Business Areas

(in millions of SEK)	2006		2005				2004		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
NIBE Element	19.1	19.1	11.7	3.7	- 58.9	- 5.5	13.9	18.1	18.0
NIBE Heating	50.4	70.4	41.6	55.4	79.0	75.4	38.0	72.5	70.6
NIBE Stoves	34.4	14.5	19.5	14.4	31.9	57.8	14.2	24.7	48.0
Elimination of Group transactions	- 3.0	- 5.4	- 3.3	- 4.9	- 3.0	- 4.7	- 4.5	- 3.3	- 4.3
<b>Group</b>	<b>100.9</b>	<b>98.6</b>	<b>69.5</b>	<b>68.6</b>	<b>49.0</b>	<b>123.0</b>	<b>61.6</b>	<b>112.0</b>	<b>132.3</b>

## Accounting principles

NIBE Industrier's Interim Report for the second quarter of 2006 has been drawn up in accordance with IAS 34, "Interim Financial Reporting". Reporting for the parent company follows recommendation RR32 of the Swedish Financial Accounting Standards Council ("Reporting of Legal Entities"). The accounting policies adopted are the same as those described on pages 53–56 of the annual report for 2005. The IFRS standards which came into force during 2006 have had no effect on this interim report.

## 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