



- **SALES** totalled SEK 19,461 million (SEK 18,205 million)
- **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 2,182 million (SEK 1,950 million)
- **PROFIT AFTER TAX** was SEK 1,694 million (SEK 1,499 million)
- **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 3.28 (SEK 2.97)
- **ACQUISITION OF**
 - Serbian water heater company TIKI Group
 - 50% of shares in Turkish ventilation and air conditioning group Üntes
 - 51% of shares in Dutch heat pump distributor Nathan Holding B.V.
 - German heat pump company WATERKOTTE GmbH
 - 60% of shares in Swedish process heat company VEÅ AB)
 - 87.5% of shares in Italian element company Termotech s.r.l.
- **THE BOARD OF DIRECTORS** proposes a dividend of SEK 1.40/share (SEK 1.30/share) for 2019

Continued good growth – major focus on sustainability and targeted mobilisation limit the effects of Covid-19

Demand in general was fairly varied for natural reasons. The year began with generally strong demand which fell off at the end of Q1, becoming even weaker in Q2. Demand improved perceptibly in the latter part of the period. The overall trend was that products with a clear sustainability profile enjoyed stable demand.

Operations in our units were also affected by the prevailing situation, subject to great internal variation. A small number of units had to close in full or in part, while most units were able to continue operations under relatively manageable conditions. We can state with great satisfaction that our local management teams and all employees were successfully able to mobilise and counteract the effects of the uneven demand.

As its name indicates, the **NIBE Climate Solutions business area** is in precisely the right market segment now that the transition to a more sustainable society has begun to gain serious ground.

The business area aims to further strengthen its position as the leading supplier of advanced climate control solutions for all types of property. The objective is to always be on the cutting edge in terms of quality, efficiency, sustainability and controls, including connectivity.

During the period, the business area acquired five companies with total annual sales of approximately SEK 1.5 billion. The acquisitions increase the business area's market share and also improve its geographical presence and technology base.

Both sales and operating profit experienced stable growth during the period. The businesses acquired made an excellent contribution to this growth, and organic growth in the business area was also positive. Like the Group as a whole, sales in the business area enjoyed healthy growth at the start of the year, followed by a minor organic decline in the spring and subsequent gradual improvement. The main reasons for the stable growth in both sales and operating profit are the relatively good market conditions, despite everything, good geographical presence and an extensive, advanced range of products. The further improvement in the operating margin is principally due to strict cost control, improved productivity and continued growth in sales.

After three quarters, the **NIBE Element business area** still remains the business area that experienced the greatest variations between market segments. Segments with a clear sustainability profile enjoyed healthy growth overall, as well as the semiconductor industry. Most other market segments experienced something of a rollercoaster ride. After stable growth at the start of the year, the market weakened dramatically in the spring and early summer. However, demand picked up strongly again in most market segments after the end of Q2. Nevertheless, this is not true for commercial products such as professional kitchen equipment and equipment for industry.

During the period, the business area made three small and one slightly larger bolt-on acquisitions. The aim of the acquisitions is to achieve obvious synergies that exist between these smaller companies and the large units in the business area. At the same time, a number of major projects are in progress, for example in the automotive industry concerning electric and hybrid vehicles. The obvious trend is that the transition to a more sustainable, electrified society requires products that benefit the business area in most cases.

Thanks to the acquisitions, sales in the business area during the period continued to grow, and there was also a slight increase in operating profit despite an organic decline. The operating margin also remained at a level which, while slightly lower than during the corresponding period last year, must be seen as a demonstration of strength given the prevailing circumstances. The business area therefore showed itself once again capable of rapidly adapting to market conditions and maintaining strict cost control.

The **NIBE Stoves business area** also saw considerable variation in demand during the period. The start of the year was stable, but demand fell dramatically in the spring. However, from the early summer to the end of the period, demand became very positive again. Nevertheless, the overall assessment is that accumulated demand in Europe continues to be slightly lower than during the corresponding period

Calendar

18 November 2020

08:00 (CET) Interim report 3, January – September 2020

11:00 (CET) Telephone conference (in English)

Presentation of Interim Report 3 2020 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference. To listen by phone, call +46 8 566 427 06.

17 February 2021

Year-end report 2020

April 2021

Publication of 2020 Annual Report

Notice of Annual General Meeting

11 May 2021

Interim Report 1, January – March 2021

Annual General Meeting



last year, while in North America it is at the same level as during the corresponding period last year. Just as in the two other business areas, major resources have been targeted at product development to ensure our position as market leader and to be able to take our range of products to a new level of sustainability.

Thanks to the strong increase in demand in the latter part of the period, it was possible to compensate almost completely for the loss of sales during the first half of the year.

Responsible, well-balanced cost savings programmes have ensured that both the operating profit and the operating margin are just above the levels in the same period last year. This is another example showing that our decentralised management philosophy, based on freedom closely linked to responsibility, works well.

Investments in our existing businesses amounted to SEK 798 million in the period, compared with last year's SEK 804 million, and the depreciation rate was SEK 932 million, compared with SEK 758 million last year. Due to continued capacity expansion and the need for further rationalisation investments, the level of investment in the next few years will be at least equal to or just greater than the depreciation rate, excluding leases. The rate of investment may vary over time and the reason for the current slightly lower rate is the prevailing situation in the business environment.

Operating profit for the period improved by 13.0% compared with the corresponding period last year and the operating margin rose from 11.5% to 12.1%. We can also note with satisfaction that both operating profit and the operating margin were slightly better in all three quarters this year than in the corresponding quarters last year. Operating profit does not include furlough support applied for in Sweden as a consequence of Covid-19.

Profit after net financial items improved by 11.9% in the period compared with the corresponding period last year.

Outlook for 2020

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well prepared to continue to be proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will ensure persistently healthy margins.
- All three of our business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralised organisation, based on independent units, creates the conditions for greater motivation and flexibility.
- As with previous years, the effects of economic trends, currency concerns, volatile energy prices and political turbulence in some parts of the world are hard to predict.
- The outbreak of Covid-19 is another such uncertainty that has caused widespread change for most of the world's communities and companies, including our own. While we were affected by the outbreak to a relatively modest degree in Q1, we were affected to a greater extent in Q2, but the situation remained manageable nevertheless. Q3 saw a marked improvement in both sales and profit. At the beginning of the second half of the year, most countries tried to return to a more normal state, but a second wave of the virus has forced many countries to reintroduce strict rules in an attempt to prevent the spread of infection. However, the light at the end of the tunnel is that one or more vaccines seem to be relatively close to being available for use on a large scale. As is our way, we will continue to operate our businesses as normally as possible while exercising the greatest possible caution and being prepared for what the future may hold. This, and the fact that our products are largely both necessary and sustainable, permits us to be cautiously positive about our performance in the last quarter of the year and thus the year as a whole, despite everything.

Markaryd, 18 November 2020

Gert Eric Lindquist
Managing Director and CEO

NIBE Group Key ratios		2020 Q1-3	2019 Q1-3	Past 12 months	2019 Full year
Net sales	SEK m	19,461	18,205	26,598	25,342
Growth	%	6.9	13.7	7.7	12.5
of which acquired	%	8.1	4.6	7.1	4.6
Operating profit	SEK m	2,356	2,085	3,309	3,038
Operating margin	%	12.1	11.5	12.4	12.0
Profit after net financial items	SEK m	2,182	1,950	3,068	2,836
Profit margin	%	11.2	10.7	11.5	11.2
Equity/assets ratio	%	45.4	47.0	45.4	47.0
Return on equity	%	13.2	13.4	13.1	13.5

Sales

Consolidated net sales totalled SEK 19,461 million (SEK 18,205 million). This corresponds to growth of 6.9%. Of the increase in sales of SEK 1,256 million, acquired sales were SEK 1,470 million, which means that organic sales decreased by 1.2%.

Profit

Profit for the period after net financial items was SEK 2,182 million. This equates to a 11.9% increase in earnings compared with the same period in 2019, when profit after net financial items amounted to SEK 1,950 million. Due to the pandemic and the restrictions consequently introduced in certain countries, some of the Group's production plants were idle for parts of the period. All three business areas were affected. However, the greatest impact was on the NIBE Stoves business area, which has relatively few production plants compared with the two other areas. Profit for the period was charged with acquisition expenses of SEK 26 million (SEK 37 million). Return on equity was 13.2% (13.4%).

Acquisitions

January saw the completion of the acquisition of the Serbian water heater manufacturer TIKI Group, which has a strong market position in Eastern Europe and sales of approximately EUR 35 million, with an EBITDA of approximately 10%. The company was consolidated into the NIBE Climate Solutions business area as of January 2020. The acquisition value is still provisional.

February saw the acquisition of 50% of the shares in the Turkish group of companies Üntes with an agreement to acquire the remaining 50% of the shares by 2024. The company, which develops and produces ventilation and air conditioning products for commercial properties, has sales of approximately EUR 38 million and an operating margin markedly higher than 10%. The company was consolidated into the NIBE Climate Solutions business area as of March 2020. The acquisition value is still provisional.

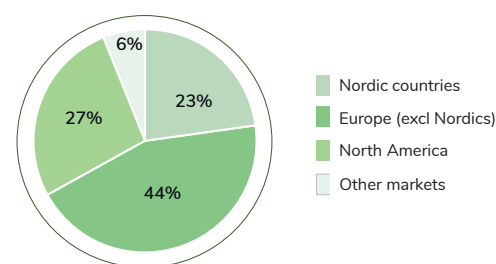
In April, 51% of the shares in Dutch company Nathan Holding B.V. were acquired, with an agreement to acquire the remaining shares later in two stages. Among other things, Nathan imports our German subsidiary AIT's heat pumps and sells complete solutions, including both drilling geothermal energy wells and underfloor heating systems. The company has annual sales of approximately EUR 50 million and an operating margin of just over 6% and was consolidated into the NIBE Climate Solutions business area as of April 2020. The acquisition value is still provisional.

In April, the heat pump company WATERKOTTE GmbH, a leading German manufacturer of heat pumps intended primarily for commercial properties, was acquired. The company has annual sales of approximately EUR 26 million and an operating margin of approximately 5% and was consolidated into the NIBE Climate Solutions business area as of April 2020. The acquisition value is still provisional.

In May, 60% of the shares in the Swedish company VEÅ AB were acquired, with an option to acquire the remaining shares within a four-year period. VEÅ develops and manufactures steam boilers and super-heated water boilers, pressure vessels and complete systems for industrial use. The company has annual sales of approximately EUR 80 million and an operating margin of well over 10% and was consolidated into the NIBE Climate Solutions business area as of July 2020. The acquisition value is still provisional.

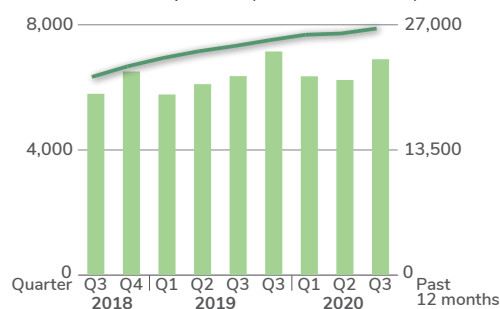
In early July, 87.5% of the shares in Italian element company Termotech s.r.l. were acquired, with an agreement to acquire the remaining shares within a five-year period. The company, which has sales of approximately EUR 5 million and an operating margin of over 10%, was consolidated into the NIBE Element business area as of July 2020. The acquisition value is still provisional.

Group sales by geographical region



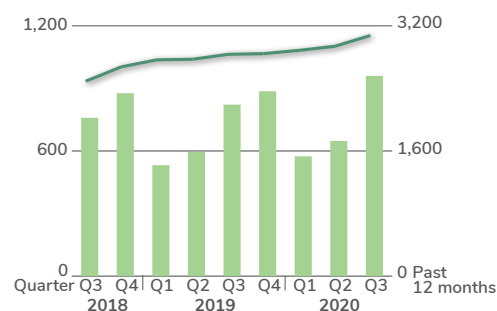
Net sales

Past nine quarters (in millions of SEK)



Profit after financial items

Past nine quarters (in millions of SEK)



Investments

During the period, the Group made investments totalling SEK 3,344 million (SEK 1,172 million). A total of SEK 2,546 million (SEK 368 million) of the investments relates to acquisitions of operations. The remaining SEK 798 million (SEK 804 million) is mainly investments in machinery and equipment in existing operations. The investment amount relating to acquisitions is based on initial purchase prices as well as an estimate of additional consideration to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 2,673 million (SEK 2,734 million). Cash flow after changes in working capital amounted to SEK 2,938 million (SEK 2,029 million).

Interest-bearing liabilities at the end of the period amounted to SEK 11,313 million, compared with SEK 10,654 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 5,218 million as against SEK 4,703 million at the start of the year. The equity/assets ratio at the end of the period was 45.4%, compared with 47.0% both at the start of the year and at the corresponding time last year.

Parent

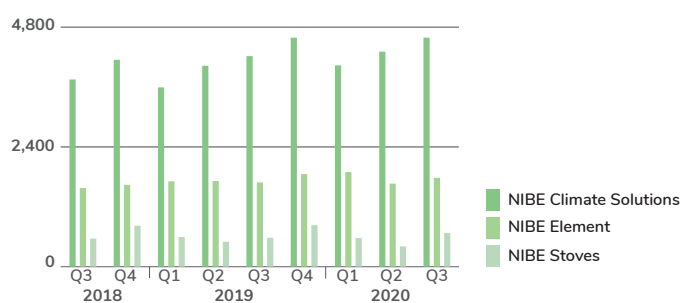
Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 19 million (SEK 18 million) and profit after financial items was SEK 938 million (SEK 1,937 million). Profit last year consisted largely of the sale of Schulthess Maschinen AG.

Business area trends

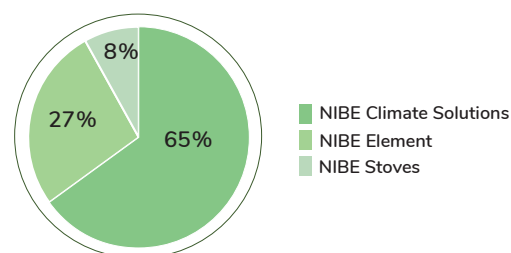
Quarterly data

Consolidated income statement (SEK million)	2020			2019				2018	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	6,345	6,227	6,889	5,763	6,093	6,349	7,137	5,785	6,498
Operating expenses	-5,707	-5,545	-5,853	-5,188	-5,434	-5,498	-6,184	-4,990	-5,593
Operating profit	638	682	1,036	575	659	851	953	795	905
Net financial items	-64	-34	-76	-43	-63	-29	-67	-36	-28
Profit after net financial items	574	648	960	532	596	822	886	759	877
Tax	-140	-156	-192	-116	-148	-187	-201	-152	-188
Net profit	434	492	768	416	448	635	685	607	689
Net sales, business areas									
NIBE Climate Solutions	4,035	4,310	4,591	3,593	4,027	4,220	4,590	3,752	4,148
NIBE Element	1,895	1,664	1,781	1,710	1,718	1,688	1,855	1,576	1,638
NIBE Stoves	573	406	676	593	498	580	832	563	821
Elimination of Group transactions	-158	-153	-159	-133	-150	-139	-140	-106	-109
Group total	6,345	6,227	6,889	5,763	6,093	6,349	7,137	5,785	6,498
Operating profit per business area									
NIBE Climate Solutions	449	585	807	385	523	678	691	590	628
NIBE Element	179	117	173	161	159	145	157	164	134
NIBE Stoves	32	1	78	50	14	46	142	59	138
Elimination of Group transactions	-22	-21	-22	-21	-37	-18	-37	-18	5
Group total	638	682	1,036	575	659	851	953	795	905

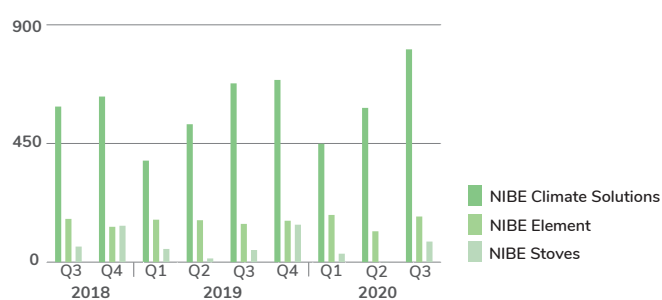
Sales per business area, last nine quarters (SEK million)



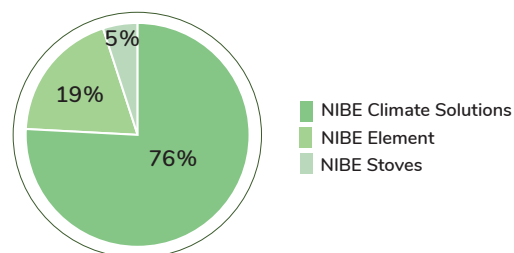
Each business area's share of total sales (Q1-3 2020)



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



Each business area's share of total profit (Q1-3 2020)



NIBE Climate Solutions business area

Sales and profit

Sales for the period totalled SEK 12,936 million, compared with SEK 11,840 million for the corresponding period last year. Of the increase in sales of SEK 1,096 million, acquired sales accounted for SEK 893 million, which means that organic growth was 1.8%.

Operating profit for the period totalled SEK 1,841 million, compared with SEK 1,586 million the previous year. This equates to an operating margin of 14.2%, compared with 13.4% for the previous year. The operating margin for the past 12 months is thus 14.4%.

Market

The positive trend for sustainable energy solutions is continuing in the wake of greater focus on health, climate and the environment. This is also contributing to increased international demand for products that are fossil-free and energy-efficient. Demand for our intelligent heat pump solutions remained strong and we are reinforcing our market position, primarily in Europe. Heating, cooling, hot water and ventilation for indoor climate comfort fulfil important functions for everyone in our society and there is always a need for them, regardless of the economic situation.

For many years, we have invested in building up a strong international platform of companies, products and skills to become a full-service supplier of sustainable, efficient, intelligent energy solutions with the focus on indoor climate comfort for all types of property to enable us to guarantee our further expansion.

End consumers' interest in products that both save energy and use renewable energy continues to grow, and is one of the main reasons for the market growth. Political decisions are also being made in an increasing number of countries to accelerate the transformation and ultimately phase out products that use fossil fuels such as oil and gas, which is good for both the environment and our industry in both the long and short terms. Demand was therefore affected by Covid-19 only to a limited extent and even increased in the third quarter.

In Western Europe, our targeted markets continue to grow. In the Netherlands, where politicians previously decided to phase out fossil fuels, market development remains strong and we are also strengthening our market position. Now that Germany has also embarked on a similar phase-out, significant incentives are being offered to replace heat sources using fossil fuels, which also translates into good growth on this important market.

Several countries in Eastern Europe have also introduced incentive packages for the installation of more energy-efficient solutions, and our units are experiencing good growth in terms of product concepts for indoor climate comfort, primarily in heat pumps but also in water heaters.

Growth on the Swedish domestic heat pump market has continued. A growing replacement market is compensating for a downward trend in the construction of new single-family houses, although this has now stabilised. We have a strong market position in both segments, which means we can adapt to these changes in the market. Demand for water heaters has also grown during the year as people have spent more time at home and society as a whole has focused on hygiene.

Growth also continued to be positive in Denmark and Finland. Growth in Norway, on the other hand, is an exception in the Nordic region. Although the country issued guidelines for the transition to renewable energy at an early stage, low electricity prices have had a dampening effect on demand for products such as heat pumps.

Growth on the North American heat pump market for single-family houses has not been the same as in Europe due to low energy prices, the devastating pandemic and political uncertainty ahead of the presidential election. However, government incentives for installing geothermal heat pumps are contributing to continued stable interest from end consumers.

Both the US and Canadian markets for climate control products for commercial properties tailed off slightly, as both new construction and renovation projects were postponed due to the prevailing situation. We are well established in North America and the acquisitions of Rhoss and the Turkish company Üntes have created platforms for Southern Europe, the Middle East and North Africa. The objective is to continue to enhance our position in Europe in this segment, and we are therefore continuing our efforts with dedicated new resources to be able to expand through proactive product development, marketing and continued acquisitions.

NIBE Climate Solutions

Key ratios		2020 Q1-3	2019 Q1-3	Past 12 months	2019 Full year
Net sales	SEK m	12,936	11,840	17,527	16,430
Growth	%	9.3	17.1	9.6	15.3
of which acquired	%	7.5	6.3	6.7	5.7
Operating profit	SEK m	1,841	1,586	2,532	2,277
Operating margin	%	14.2	13.4	14.4	13.9
Assets	SEK m	26,591	24,316	26,591	23,191
Liabilities	SEK m	3,788	3,284	3,788	2,987
Investments in non-current assets	SEK m	475	442	672	639
Depreciation	SEK m	550	460	716	626

Operations

We are focusing major resources on product development and the introduction of new high-performance products in all application areas. This is one of the prerequisites for continued expansion and for strengthening our profile as a market leader in sustainable energy solutions for indoor climate comfort based on renewable energy in a growing market in which the interest from other operators also continues to increase.

We are also working intensively to switch to greener refrigerants to comply with the EU F-gas Regulation to ensure low climate impact, while also increasing requirements for energy efficiency and quality. This is another prerequisite for maintaining a strong market position in the long term.

The Joint Platform Initiative for digitalisation is yet another step in our vision to create world-class solutions in sustainable energy, and an important step towards maintaining our position as the market leader for connected products with intelligent controls. This gives installers, the aftermarket and end consumers new opportunities to streamline installation, reduce energy use, remotely control heat pumps and benefit from program developments.

We are continuing to undertake a range of marketing activities in North America, both locally and regionally in different states, to raise consumer awareness of heat pumps as an economically viable and sustainable solution for cooling and heating single-family homes. These activities are expected to boost market expansion and ultimately reduce dependence on subsidies on the US market.

Within the Group, several projects are in progress to meet our internal sustainability goals in terms of both health and safety and reduced energy consumption. NIBE Climate Solutions actively contributes both knowledge and products when these climate control projects are implemented in the Group's operations worldwide.

The most recent acquisitions are being integrated as a priority matter. The acquisitions are in line with our strategy to enhance our position in the commercial segment worldwide and to expand into markets that have great growth potential in Europe.

All our companies have adapted their operations to the restrictions and prescribed precautionary measures in force in each country during Covid-19. The companies have been affected to varying extents, and most manufacturing companies have been able to maintain all or part of their operations, apart from the Italian company Rhoss, which was forced to shut down completely for an extended time, and Climate Master and Eneritech Global in the US, which shut down their operations for brief periods of time.

For reasons of prudence, cost saving measures were introduced throughout the organisation to counteract the effects of Covid-19, but without lowering our ambition for future product development, market expansion and growth. We are also implementing cost-saving measures on an ongoing basis both in production and other operations to maintain our healthy underlying operating margin.

NIBE invests in a joint digital platform

It may have been better before, but not necessarily easier. A heat pump is no longer limited to a white cabinet with dimensions 60 x 60 cm. We now supply an intelligent climate control system rather than just a heating product.



The new generation of heat pumps are 100% connectable



NIBE's products have long been at the cutting edge and we have a constantly growing range of accessories. However, to take the next step and permit new types of system solutions, the S series has been developed.

The S series is based on a futureproof platform, ensuring customers that the product installed will be continually improved and further developed. New functions, new opportunities and even better performance are made available through software updates. When the S series was launched, there was already a much improved cloud connection via both WiFi and ethernet and a touch display with a user-friendly yet advanced interface designed for use by those who are not trained plumbers as well.

Integration was a key word in the development and the focus was on the ability to connect services via the cloud, for example voice control, and on a heat pump being able to adapt its control to the weather forecast and current electricity prices. The series also has built-in functionality to connect monitoring control systems, other energy sources such as solar panels and a large range of accessories.

A new international group of IT engineers called JPI has been created at NIBE to ensure continued focus on digital solutions and services. The group has been working for two years to help NIBE's companies expand, improve and refine digital product solutions, and we are now beginning to see the fruits of this work in the S series.

No one knows what the future of digitalisation holds, but we can be sure of one thing: this is only the beginning.

NIBE Element business area

Sales and profit

Sales for the period totalled SEK 5,340 million, compared with SEK 5,116 million for the corresponding period last year. Of the increase in sales of SEK 224 million, acquired sales accounted for SEK 577 million, which means that organic sales decreased by 6.9%.

Operating profit for the period totalled SEK 469 million, compared with SEK 465 million the previous year. This equates to an operating margin of 8.8% compared with 9.1% for the previous year. The operating margin for the past 12 months is thus 8.7%.

Market

The international element market has been affected to varying extents this year by Covid-19. After a stable level of demand at the start of the year and a dramatic decline at the end of Q1 and throughout Q2, the market has gradually recovered since the end of Q2. However, there are dramatic variations in growth between market segments and regions.

Consumer products for the domestic appliances industry, which saw a dramatic fall in the first half of the year, have recovered strongly in recent months. Demand is now higher than the level in the corresponding period of last year. This is due to a combination of capacity reductions by our customers in the spring and gradually increasing demand from end consumers after Q2 in line with greater interest in home renovation. However, the market for commercial products such as commercial kitchen equipment and coffee machines remains weak, which is a natural consequence of the restrictions affecting this sector in the prevailing situation.

Market segments linked to renewable energy and sustainable energy solutions continue to enjoy good growth. This applies to both industrial use and energy-efficient solutions for climate control, such as heat pumps.

The automotive industry, which already had underlying falling demand at the start of the year, suffered a dramatic decline in the spring when many of the customers had to shut down their production units. However, in recent months we have noted a strong recovery in demand, and the number of projects for electric and hybrid vehicles and emissions control continues to grow in terms of both deliveries and development projects. However, we can see that a number of development projects have been delayed as several customers furloughed their development departments during much of this period. Demand for projects relating to rail transport has also gradually increased since the summer.

Deliveries to the energy sector linked to the oil and gas industry fell dramatically during the period because of the exceptionally low oil prices and postponed investment projects. Investments and maintenance in the rest of the industrial sector were also at a lower level than normal. However, there was an increase in demand for certain segments in both medical devices and laboratory equipment primarily linked to Covid-19.

NIBE Element

Key ratios		2020	2019	Past	2019
		Q1-3	Q1-3	12 months	Full year
Net sales	SEK m	5,340	5,116	7,195	6,971
Growth	%	4.4	8.6	6.5	9.8
of which acquired	%	11.3	2.7	10.4	4.0
Operating profit	SEK m	469	465	626	622
Operating margin	%	8.8	9.1	8.7	8.9
Assets	SEK m	9,705	8,772	9,705	9,314
Liabilities	SEK m	1,736	1,390	1,736	1,406
Investments in non-current assets	SEK m	201	209	296	303
Depreciation	SEK m	284	205	364	285

In recent years, we have built up substantial operations for heating and control equipment for the semiconductor industry through a combination of acquisitions and organic growth. Demand in the semiconductor industry, which is volatile and does not follow the traditional industrial economic cycle, began to grow in the second half of 2019 and has remained at a high level this year. This is driven by the rollout of 5G, conversion in the automotive industry to increased electrification and greater demand for data storage.

Operations

We continue to work intensively to improve the competitiveness of our units in each market segment. These include further investments in areas such as the use of industrial robots and automation, along with measures to boost productivity. This is essential if we are to maintain the operating margin at the established target of 10%.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage.

We were affected by Covid-19 as early as February, when the Chinese authorities began shutting down businesses. This development then spread to our various markets and production sites as the spread of the virus increased. Operations have gradually been adapted to developments in each country and our focus has been on ensuring the health and safety of our employees. Some units are back at full production, while others are still subject to local lockdowns.

All units are subject to strict cost controls and programmes to reduce costs and adapt operations to demand. Our ambition is also to maintain the pace of ongoing investment and development projects to ensure future growth.



A major focus on the switch to greener, more intelligent vehicles is reflected in our operations in terms of both increased demand for our products and the number of new development projects for electric and hybrid vehicles and emissions control.

NIBE Stoves business area

Sales and profit

Sales for the period totalled SEK 1,655 million, compared with SEK 1,671 million for the corresponding period last year. As no acquisitions affect the comparison, the reduction in sales of SEK 16 million is entirely organic, representing a fall of 0.9%.

Operating profit for the period totalled SEK 111 million, compared with SEK 110 million the previous year. This equates to an operating margin of 6.7% compared with 6.6% for the previous year. This means that the operating margin for the past 12 months is 10.2%.

Market

After a very turbulent first six months with a stable start and then a dramatic fall in demand for stove products, primarily in Q2, growth was very positive in both Europe and North America at the start of the peak season. This is partly due to demand having been held back after an abnormally large downturn, but also to end consumers' increased focus on investments and renovations in their own homes when travel was restricted and they spent more time at home. Despite the improved market situation since Q2, the accumulated demand in Europe so far this year is estimated to be lower than last year, while the North American market is estimated to be on a par with last year.

Demand in Scandinavia has fallen overall so far this year. The Swedish market for stove products is on a par with last year, largely because the retailer network was open and construction of new small homes continued despite the prevailing situation. Norway, which recovered well at the end of Q2, saw cautious growth at the start of the peak season. Denmark had subsidies for phasing out old and obsolete products for several years. This was reflected in demand, which is now lower after the withdrawal of the subsidies. However, we continue to reinforce our position as market leader in Scandinavia through active, consistent marketing.

For most of the spring, virtually all operations were shut down in the UK, which affected demand for all types of stove product very negatively. Just as on other markets, there was a strong rebound in demand, but the assessment is that the overall market so far this year is still slightly below the level last year. Interest in electric stoves continues to grow but wood-fired and gas-fired products still make up the lion's share of the British market overall.

Despite the prevailing circumstances, demand for stove products in Germany has grown slightly so far this year. The main reasons are greater interest in investing in a safe heat source in the home in uncertain times and the fact that the authorities have decided that old products that do not comply with the Ecodesign requirements may not be used after the end of the year.

In France, the general demand for both wood-fired and pellet-fired products has fallen overall, although the market has recovered in recent months.

NIBE Stoves

Key ratios		2020 Q1-3	2019 Q1-3	Past 12 months	2019 Full year
Net sales	SEK m	1,655	1,671	2,487	2,503
Growth	%	-0.9	7.3	-0.3	5.2
of which acquired	%	0.0	2.4	0.0	1.6
Operating profit	SEK m	111	110	253	252
Operating margin	%	6.7	6.6	10.2	10.1
Assets	SEK m	3,565	3,817	3,565	3,614
Liabilities	SEK m	522	506	522	442
Investments in non-current assets	SEK m	68	59	82	73
Depreciation	SEK m	98	93	130	124

Demand for stove products in North America is at roughly the same level as last year and is mainly driven by greater activity on the renovation and replacement markets. Demand is good for both wood-fired and gas-fired products. Growth during the year has followed the same pattern as in Europe with a stable start, a very weak spring and a strong rebound at the start of the peak season.

Operations

Despite difficult circumstances in the spring and early summer, we have been able to carry out a number of marketing activities and product launches, although to a limited extent but in a new manner closer to our customers. This was successful and contributed to our increased market shares, primarily in Scandinavia.

Nordpeis' strategic acquisition of the sales rights to Dovre's products in Norway, which was completed in the spring, was a success and is helping us strengthen our position on the Norwegian market.

Our delivery capacity has generally been good but as a result of the rapid recovery in demand and a lower rate of production among our subcontractors in the first half of the year on account of Covid-19, delivery times in the final quarter may be slightly longer than normal. However, this will not affect our strong market position as the entire industry is in a similar situation right now.

The much improved demand situation on all our markets, combined with the effects of the cost savings implemented, has resulted in the operating margin making a recovery and it is higher than last year for the year to date. This is despite the fact that we have continued our proactive measures for the future in terms of product development and marketing with no let-up in pace.



Evonic Fires in the UK has taken a step into the new digital world and has several electric stoves that are compatible with a number of voice control services, among other features.

Condensed income statement

(SEK million)	Group						Parent	
	Third quarter 2020	Third quarter 2019	Jan-Sept 2020	Jan-Sept 2019	Past 12 months	Full year 2019	Jan-Sept 2020	Jan-Sept 2019
Net sales	6,889	6,349	19,461	18,205	26,598	25,342	19	18
Cost of goods sold	-4,454	-4,245	-13,088	-12,303	-17,821	-17,036	0	0
Gross profit	2,435	2,104	6,373	5,902	8,777	8,306	19	18
Selling expenses	-1,037	-869	-2,896	-2,733	-3,928	-3,765	0	0
Administrative expenses	-459	-435	-1,381	-1,274	-1,864	-1,757	-59	-70
Other operating income	97	51	260	190	324	254	0	0
Operating profit	1,036	851	2,356	2,085	3,309	3,038	-40	-52
Net financial items	-76	-29	-174	-135	-241	-202	978	1,989
Profit after net financial items	960	822	2,182	1,950	3,068	2,836	938	1,937
Tax	-192	-187	-488	-451	-689	-652	0	0
Net profit	768	635	1,694	1,499	2,379	2,184	938	1,937
Net profit attributable to Parent shareholders	752	632	1,654	1,495	2,329	2,170	938	1,937
Net profit attributable to non-controlling interest	16	3	40	4	50	14	0	0
Net profit	768	635	1,694	1,499	2,379	2,184	938	1,937
Includes depreciation according to plan as follows	300	255	932	758	1,210	1,036	0	0
Net earnings per share before and after dilution, SEK	1.49	1.25	3.28	2.97	4.62	4.31	0	0

Statement of comprehensive income

Net profit	768	635	1,694	1,499	2,379	2,184	938	1,937
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	-12	0	-12	-125	-120	-233	0	0
Tax	2	0	2	26	25	49	0	0
	-10	0	-10	-99	-95	-184	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	3	-3	-4	-1	4	7	0	0
Hedging of net investment	0	-8	12	-31	20	-23	0	0
Exchange differences	-564	811	-826	1,592	-1,628	790	0	0
Tax	53	-60	49	-97	114	-32	0	0
	-508	740	-769	1,463	-1,490	742	0	0
Total other comprehensive income	-518	740	-779	1,364	-1,585	558	0	0
Total comprehensive income	250	1,375	915	2,863	794	2,742	938	1,937
Comprehensive income attributable to Parent shareholders	233	1,369	874	2,856	745	2,727	938	1,937
Comprehensive income attributable to non-controlling interest	17	6	41	7	49	15	0	0
Total comprehensive income	250	1,375	915	2,863	794	2,742	938	1,937

Condensed balance sheet

(SEK million)	Group			Parent		
	30 Sept 2020	30 Sept 2019	31 Dec 2019	30 Sept 2020	30 Sept 2019	31 Dec 2019
Intangible assets	20,052	18,903	18,703	0	0	0
Property, plant and equipment	5,411	4,775	4,963	0	0	0
Financial assets	638	569	589	16,289	16,500	16,114
Total non-current assets	26,101	24,247	24,255	16,289	16,500	16,114
Inventories	4,817	4,873	4,403	0	0	0
Current receivables	4,721	4,575	4,400	104	43	657
Investments in securities etc.	220	170	227	0	0	0
Cash and bank balances	4,605	3,679	3,944	35	87	0
Total current assets	14,363	13,297	12,974	139	130	657
Total assets	40,464	37,544	37,229	16,428	16,630	16,771
Equity	18,522	17,724	17,604	10,072	9,043	9,133
Non-current liabilities and provisions, non-interest-bearing	5,384	4,531	4,759	546	293	303
Non-current liabilities and provisions, interest-bearing	7,144	7,551	7,653	4,100	5,599	5,600
Current liabilities and provisions, non-interest-bearing	5,245	4,621	4,212	210	195	232
Current liabilities and provisions, interest-bearing	4,169	3,117	3,001	1,500	1,500	1,503
Total equity and liabilities	40,464	37,544	37,229	16,428	16,630	16,771

Key ratios

		Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Growth	%	6.9	13.7	12.5
Operating margin	%	12.1	11.5	12.0
Profit margin	%	11.2	10.7	11.2
Investments in non-current assets, including acquisitions	SEK m	3,344	1,172	2,059
Cash and equivalents	SEK m	5,218	4,364	4,703
Working capital, incl. cash and bank balances as share of net sales	SEK m %	9,118 34.3	8,676 35.1	8,762 34.6
Working capital, excl. cash and bank balances as share of net sales	SEK m %	4,293 16.1	4,827 19.5	4,591 18.1
Interest-bearing liabilities/Equity	%	61.5	60.5	60.8
Equity/assets ratio	%	45.4	47.0	47.0
Return on capital employed	%	12.0	11.9	12.3
Return on equity	%	13.2	13.4	13.5
Net debt/EBITDA	times	1.4	1.7	1.6
Interest coverage ratio	times	9.1	8.0	7.6

Data per share

		Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Net profit per share (total 504,016,622 shares)	SEK	3.28	2.97	4.31
Equity per share	SEK	36.47	34.99	34.74
Closing day share price	SEK	231.10	124.85	162.40

Condensed cash flow statement

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Cash flow from operating activities	2,673	2,734	3,448
Change in working capital	265	- 705	- 490
Investing activities	- 2,608	- 1,059	- 1,623
Financing activities	413	- 492	- 439
Exchange difference in cash and equivalents	- 89	182	86
Change in cash and cash equivalents	654	660	982

Change in equity – summaries

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Opening equity	17,604	15,421	15,421
Effect of change in accounting policy ¹	0	- 10	- 10
Adjusted opening equity	17,604	15,411	15,411
Shareholders' dividend	0	- 655	- 655
Capital contribution from non-controlling interest	0	40	41
Dividend to non-controlling interest	- 1	- 1	- 1
Change in non-controlling interest	4	66	66
Comprehensive income for the period	915	2,863	2,742
Closing equity	18,522	17,724	17,604

1) IFRS 16 was implemented with retrospective effect on opening equity.

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic countries	3,406	885	438	- 308	4,421
Europe (excl. Nordics)	6,282	1,634	786	- 149	8,553
North America	2,908	2,064	365	- 13	5,324
Other countries	340	757	66	0	1,163
Total	12,936	5,340	1,655	- 470	19,461

Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Elimina- tions	Total
Deliverables taken up as revenue once	12,634	5,340	1,655	- 470	19,159
Deliverables taken up as revenue gradually	302	0	0	0	302
Total	12,936	5,340	1,655	- 470	19,461

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be taken up as revenue gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be taken up as revenue gradually over the coming six-year period.

Financial instruments measured at fair value

(SEK million)	30 Sept 2020	30 Sept 2019	31 Dec 2019
Current receivables			
Currency futures	4	0	8
Commodity futures	2	4	1
Total	6	5	9
Financial assets			
Interest rate derivatives	0	6	8
Current liabilities and provisions, non-interest-bearing			
Currency futures	0	2	0
Commodity futures	0	0	0
Total	0	2	0

No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 2 in the Annual Report for 2019. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 7 in the Annual Report for 2019.

Alternative performance measures

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

Net investments in non-current assets

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Acquisition of non-current assets	3,354	1,178	2,073
Disposal of non-current assets	- 10	- 6	- 14
Net investments in non-current assets, including acquisitions	3,344	1,172	2,059

Working capital, including cash and bank balances

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Total current assets	14,363	13,297	12,974
Current liabilities and provisions, non-interest-bearing	- 5,245	- 4,621	- 4,212
Working capital, including cash and bank balances	9,118	8,676	8,762
Net sales, past 12 months	26,598	24,703	25,342
Working capital, including cash and bank balances, in relation to net sales, %	34.3	35.1	34.6

Return on capital employed

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Profit after net financial items, past 12 months	3,068	2,827	2,836
Financial expenses, past 12 months	423	343	429
Profit before financial expenses	3,491	3,170	3,265
Capital employed at start of period	28,258	24,660	24,660
Capital employed at end of period	29,835	28,393	28,258
Average capital employed	29,047	26,526	26,459
Return on capital employed, %	12.0	11.9	12.3

Net debt/EBITDA

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Non-current liabilities and provisions, interest-bearing	7,144	7,551	7,653
Current liabilities and provisions, interest-bearing	4,169	3,117	3,001
Cash and bank balances	- 4,605	- 3,679	- 3,944
Investments in securities etc.	- 220	- 170	- 227
Net debt	6,488	6,819	6,483
Operating profit, past 12 months	3,309	2,990	3,038
Depreciation/amortisation and impairment, past 12 months	1,210	931	1,037
EBITDA	4,519	3,921	4,075
Net debt/EBITDA, times	1.4	1.7	1.6

Cash and equivalents

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Cash and bank balances	4,605	3,679	3,944
Investments in securities etc.	220	170	227
Unutilised overdraft facilities	393	515	532
Cash and equivalents	5,218	4,364	4,703

Working capital, excluding cash and bank balances

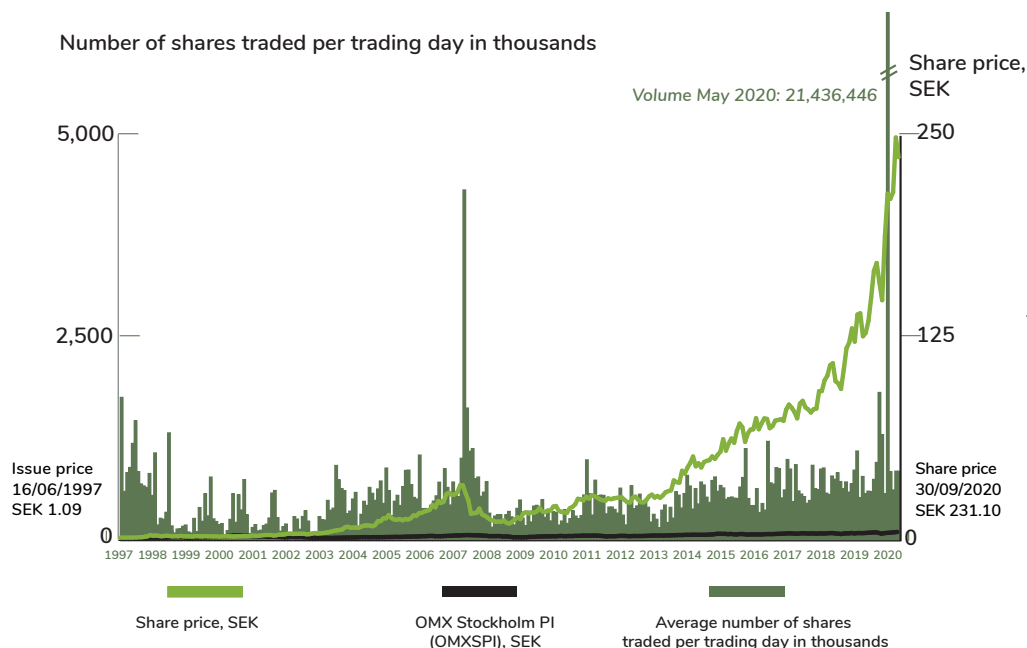
(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Inventories	4,817	4,873	4,403
Current receivables	4,721	4,575	4,400
Current liabilities and provisions, non-interest-bearing	- 5,245	- 4,621	- 4,212
Working capital, excluding cash and bank balances	4,293	4,827	4,591
Net sales, past 12 months	26,598	24,703	25,342
Working capital, excluding cash and bank balances, in relation to net sales, %	16.1	19.5	18.1

Return on equity

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Profit after net financial items, past 12 months	3,068	2,827	2,836
Standard tax rate, %	21.4	21.4	21.4
Profit after net financial items, after tax	2,411	2,222	2,229
Of which attributable to Parent shareholders	2,361	2,220	2,215
Equity at start of period	17,509	15,406	15,406
Equity at end of period	18,383	17,637	17,509
Average equity	17,946	16,521	16,458
Return on equity, %	13.2	13.4	13.5

Interest coverage ratio

(SEK million)	Jan-Sept 2020	Jan-Sept 2019	Full year 2019
Profit after net financial items	2,182	1,950	2,836
Financial expenses	270	277	429
Interest coverage ratio, times	9.1	8.0	7.6



NIBE shares

NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 30 September 2020 was SEK 231.10.

During the first nine months of the year, NIBE's share price rose by 42.3%, from SEK 162.40 to SEK 231.10. During the same period, the OMX Stockholm PI (OMXSPI) increased by 7.0%.

This means that, at the end of September 2020, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 116,478 million.

A total of 217,218,113 NIBE shares were traded, which corresponds to a share turnover of 57.5% in the first three quarters of 2020.

All figures were recalculated following the 4:1 splits implemented in 2003, 2006 and May 2016, and the dilution effect of the preferential rights issue in October 2016.

Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the third quarter of 2020 has been drawn up in accordance with IAS 34 'Interim Financial Reporting'. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related note information as well as in other parts of the interim report.

For the Group, the same accounting policies as those adopted for this report are described on pages 88-91 of the company's Annual Report for 2019. Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council ("Reporting for Legal Entities").

In the case of transactions with associates, these have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 89 of the company's Annual Report for 2019.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is therefore an important process relative to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2019.

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

Markaryd, 18 November 2020



Hans Linnarson
Chairman of the Board



Georg Brunstam
Director



Jenny Larsson
Director



Anders Pålsson
Director



Jenny Sjödaahl
Director



Gerteric Lindqvist
Managing Director and
CEO

Review report

We have reviewed the summary interim financial information (interim report) of NIBE Industrier AB as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequent-

ly does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

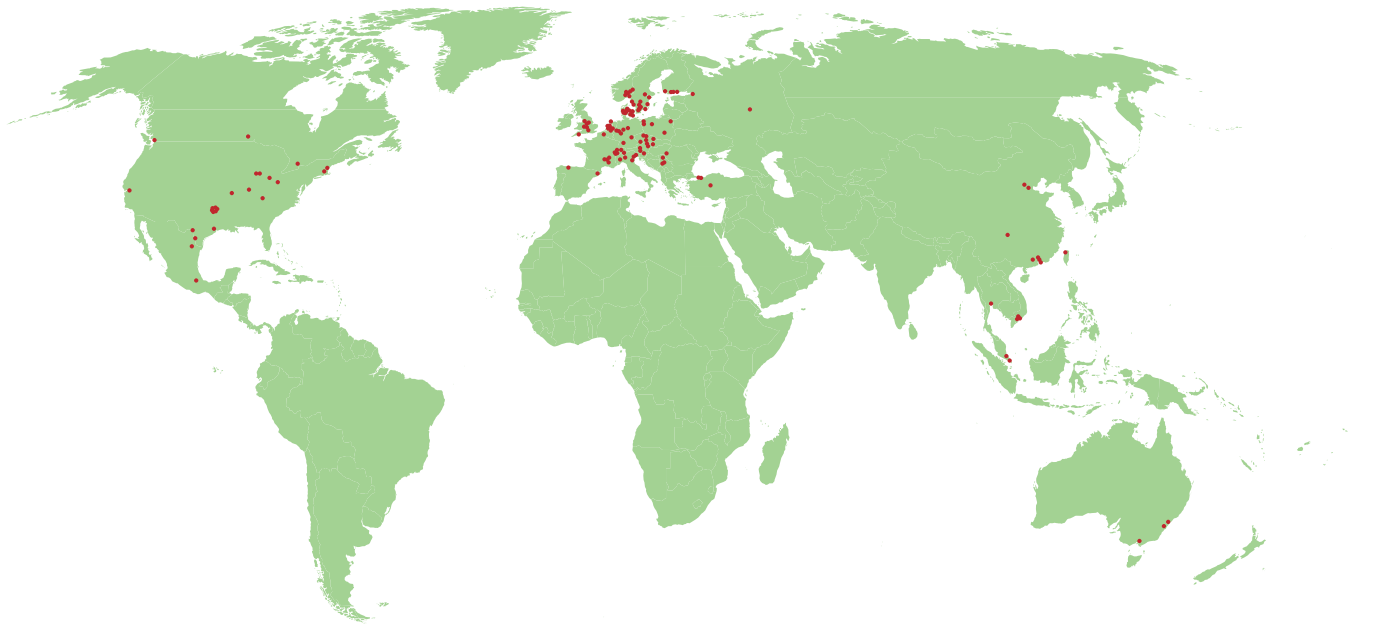
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd, 18 November 2020
KPMG AB



Dan Kjellqvist

Authorised Public Accountant
Auditor in charge



NIBE Group – a global Group with companies and a presence worldwide

NIBE Group is a global organisation that contributes to a lower carbon footprint and better utilisation of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of eco-friendly, energy-efficient solutions for indoor climate comfort in all types of properties, plus components and solutions for intelligent heating and control in industry and infrastructure.

From its beginnings in the Småland city of Markaryd nearly 70 years ago, NIBE has grown into an international company with an average of 17,000 (16,600) employees and a global presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for responsible business operation. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just over SEK 25 (22) billion in 2019.

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

NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 08:00 (C.E.T.) on 18 November 2020.

Please email any questions you have about this report to:
Gerteric Lindquist, MD and Group CEO, gerteric.lindquist@nibe.se
Hans Backman, CFO, hans.backman@nibe.se

NIBE

NIBE Industrier AB (publ)
Box 14, SE-285 21 Markaryd, Sweden Tel +46 433 - 27
30 00
www.nibe.com · Corp. ID: 55 63 74 - 8309