



– World-class solutions in sustainable energy



▲ **SALES** rose to SEK 6,511.5 million  
(2009: SEK 5,751.2 million)

▲ **PROFIT AFTER NET FINANCIAL ITEMS**  
rose to SEK 745.1 million  
(SEK 560.9 million)

▲ **PROFIT AFTER TAX**  
rose to SEK 553.1 million  
(SEK 412.1 million)

▲ **EARNINGS** per share totalled  
SEK 5.84 (SEK 4.36)

▲ **THE BOARD PROPOSES** a dividend  
of SEK 1.75/share  
(SEK 1.30/share)

▲ **ACQUISITION OF**  
– Lotus Heating Systems A/S, Denmark  
– 50% stake in ABK AS, Norway  
– Lund & Sørensen A/S, Denmark  
– operations in Thermtec Ltd, UK – 2011  
– Element Division of Electrolux  
Professional AG, Switzerland –2011

Summary of Annual Report 2010



Gerteric Lindquist  
Chief Executive Officer

## The Chief Executive's Report

### A strong 2010

**T**he Group grew its business by 13.2% in 2010 and organic growth for the year was 7.3%. In 2009, by comparison, sales fell by 1% or by 2.9% if sales in acquired businesses are excluded.

In the Nordic countries demand has continued to show a steady improvement for all three of our business areas. Elsewhere in Europe, however, the situation differs considerably depending on the country and the segment, and the overall picture is of a wait-and-see market. In Asia and America, on the other hand, we have seen more positive developments in demand.

It gives me great satisfaction to confirm that all three NIBE business areas have continued to strengthen their positions in the market. This is thanks to our large-scale, long-term investments in product development and marketing. Our determination not to cut back during the economic downturn, but instead to have the courage to increase and expand our activities in these areas, now means that we can start to reap the rewards.

In view of the fact that the bulk of both sales and earnings is concentrated in the second half of the year, we once again used the first six months of 2010 to build up our customary stocks of finished products and critical components. This ensured that delivery reliability during the second half of the year was, by and large, acceptable. As regards this coming year's stockbuilding activities, our objective is, however, to have somewhat larger stocks of certain types of heat pump by the mid-year point.

Operating profit has improved by 26.1%, chiefly as a result of higher sales volumes, improved productivity and a firm grip on fixed costs. Nevertheless, despite intensive efforts to resist price increases on the components and materials used to manufacture our end-products, we are forced to concede that our costs for materials have risen slightly during the year. Also, exchange rate trends, when translated at Group level, have had a negative effect on sales and earnings.

Profit after net financial items improved by 32.8% compared with earnings in 2009. This is attributable to a significantly lower level of debt.

Investments in existing operations totalled SEK 166.2 million, compared with SEK 145.3 million in 2009. While this means that the annual rate of investment was, for the second year in succession, well below the rate of depreciation according to plan of SEK 215.9 million, it is anticipated that the rate of investment for the current year will be on the same level as planned depreciation.

Our target is to achieve sales of SEK 10 billion by 2012, while still retaining healthy profitability. Based on our sales total of SEK 5,751.2 million in 2009, this requires mean annual growth of 20%, which is in line with our long-term financial objectives. Expansion will be equally divided between organic and acquired growth.

As there is no doubt that the market for our products and the potential takeover candidates are both out there, it is our considered opinion that we have the necessary prerequisites within the Group, together with the motivation and the financial strength that has needed to achieve this target.

2010 has seen a marked improvement in our financial strength and our balance sheet. For example, we have reduced net borrowing from SEK 1,169.9 million to SEK 723.2 million. Moreover, working capital as a percentage of sales has come down from 22.9% to 20.1%, while the equity/assets ratio has increased from 45.7% to 48.2%.

In 2010 NIBE acquired three companies with total annual sales of approximately SEK 450 million. In the first few weeks of 2011 a further two acquisitions have been made of operations with total annual sales of approximately SEK 95 million.

#### Outlook for 2011

Our corporate philosophy and our product programme with their focus on sustainability and saving energy are ideally suited to the times in which we are living.

Our financial position is extremely robust, which means we are well placed to make new acquisitions.

Our own strengths, together with the continuing improvement in the economy and high energy prices, mean that we feel positive about the prospects for 2011.

#### Financial targets

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

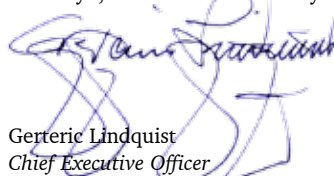
#### Shareholders' dividend

The Board of Directors has resolved to propose to the Annual General Meeting a dividend of SEK 1.75 per share for 2010, corresponding to a total pay-out of SEK 164.4 million.

#### Annual General Meeting

The Annual General Meeting of Shareholders will take place at 17.00 (5.00 p.m.) on Wednesday, 11 May 2011 at NIBE in Markaryd.

Markaryd, Sweden – 16 February 2011

  
Gerteric Lindquist  
Chief Executive Officer

#### Calendar

##### 16 February 2011

Telephone conference at 11.00 (C.E.T)  
The CEO will present the summary of the annual report by phone and answer questions. Tel. +46 (0)8-506 853 31

##### April 2011

Annual report for 2010 financial year

##### 11 May 2011

Interim report, January–March 2011  
Annual General Meeting

##### 16 August 2011

Interim report, January–June 2011

##### 7 September 2011

Capital Markets Day in Markaryd, Sweden

##### 15 November 2011

Interim report  
January–September 2011

## Sales

The Group generated net sales of SEK 6,511.5 million (2009: SEK 5,751.2 million), which represents growth of 13.2% and organic growth of 7.3%. Acquired sales accounted for SEK 341.2 million of the total growth in sales of SEK 760.3 million.

## Earnings

Profit for the year after net financial items was SEK 745.1 million, corresponding to a growth in earnings of 32.8% compared with 2009.

Return on equity was 23.4% (20.2%).

## Acquisitions

In April NIBE took over the operations of Lotus Heating Systems A/S of Denmark in accordance with the option agreement signed between the two companies in April 2008. Lotus, which has annual sales of approximately SEK 120 million and an operating margin of around 8%, is one of Denmark's leading suppliers of sheet-metal wood stoves. The company was consolidated into the NIBE Stoves business area from the beginning of April.

In April an agreement was also signed to acquire the Norwegian heat-pump supplier ABK AS in two stages. Initially NIBE has acquired a 50% stake in the company, and will take over the remaining 50% of the shares during 2014. The obligation to acquire the remaining shares is unconditional and is therefore recognised as a provision in accordance with the rules for contingent considerations. ABK, which has annual sales of approximately SEK 240 million and an operating margin of around 5%, was consolidated into NIBE Energy Systems from the beginning of April.

In November agreement was reached on the acquisition of Lund & Sørensen A/S of Denmark, which also has subsidiaries in Sweden and China. This group of companies, which has annual sales of approximately SEK 90 million and an operating margin that has averaged around 10%, was consolidated into the NIBE Element business area from the beginning of November.

## Important events after the end of the reporting period

Early in 2011 business in the UK company Thermtec Ltd was acquired and integrated into NIBE Element's existing operations in the UK. Thermtec sales are approximately SEK 20 million a year and the company's operating margin averages around 6%. Thermtec's business operations were consolidated into the NIBE Element business area at the beginning of January 2011.

In January 2011 agreement was reached on the acquisition of the Element Division in Electrolux Professional AG of Switzerland.

It is anticipated that these business operations, with annual sales of approximately SEK 75 million and an operating margin averaging around 10%, will be consolidated into the NIBE Element business area at the beginning of March 2011.

## Investments

During the year, Group investments totalled SEK 405.9 million (SEK 217.9 million). SEK 239.7 million of this sum relates to corporate acquisitions (2009: SEK 72.6 million), while the remaining SEK 166.2 million (SEK 145.3 million) is mainly investments in machinery and equipment, and in buildings for current operations.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 821.1 million (SEK 676.3 million). Cash flow after changes in working capital was SEK 782.5 million (SEK 893.7 million). Interest-bearing liabilities totalled SEK 1,132.8 million at the end of the year, compared with SEK 1,519.0 million when the year began.

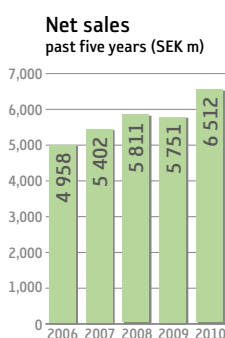
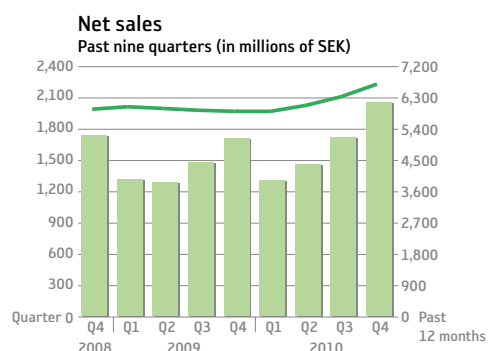
At the end of the year, the Group had liquid funds of SEK 1,664.1 million as against SEK 1,572.3 million at the beginning of the year. During the year, the Group's overdraft facilities were reduced by SEK 262.8 million.

The equity/assets ratio at the end of the year was 48.2%, compared with 45.7% at the beginning of the year.

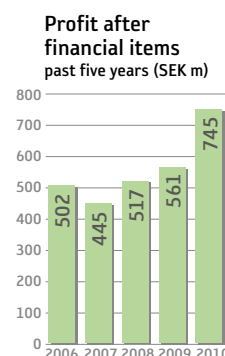
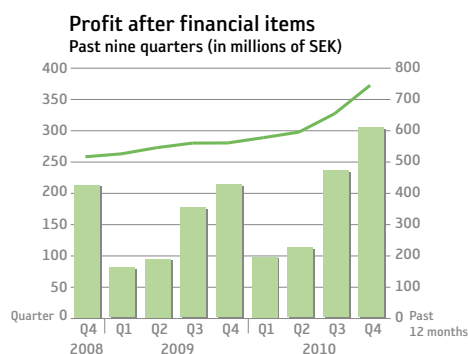
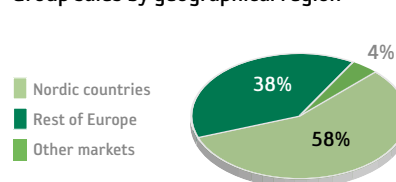
## Parent company

Parent company activities comprise Group executive management functions, certain shared Group functions and the financing of corporate acquisitions. During the year, sales amounted to SEK 2.7 million (SEK 2.4 million) with a profit after financial items of SEK 203.3 million (SEK 217.8 million). At the end of the year, the parent company had liquid funds of SEK 215.1 million, compared with SEK 234.0 million at the beginning of the year.

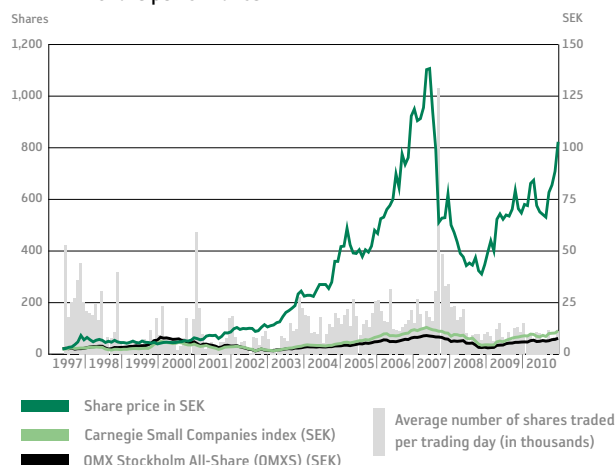
| Key Figures – Group              |       | 2010    | 2009    |
|----------------------------------|-------|---------|---------|
| Net sales                        | SEK m | 6,511.5 | 5,751.2 |
| Growth                           | %     | 13.2    | - 1.0   |
| of which acquired                | %     | 5.9     | 1.9     |
| Operating profit                 | SEK m | 796.1   | 631.3   |
| Operating margin                 | %     | 12.2    | 11.0    |
| Profit after net financial items | SEK m | 745.1   | 560.9   |
| Profit margin                    | %     | 11.4    | 9.8     |
| Equity/assets ratio              | %     | 48.2    | 45.7    |
| Return on equity                 | %     | 23.4    | 20.2    |



## Group sales by geographical region



## NIBE Share performance



## Sales and earnings

Invoiced sales for the year totalled SEK 1,759.7 million, compared with SEK 1,659.0 million for 2009. Of the total increase in sales of SEK 100.7 million, SEK 16.1 million relates to sales in acquired businesses. This means that organic growth was SEK 84.6 million or 5.1%. Operating profit totalled SEK 124.5 million, compared with SEK 70.4 million in 2009. This corresponds to an operating margin of 7.1% as against a figure of 4.2% in 2009.

## The year in brief

Demand from the segments in which NIBE Element is active increased gradually throughout the year. The white goods and automotive industries, two segments from which we started to note a rise in orders back in autumn 2009, have continued to develop in a positive direction. At the same time, there are signs of recovery in several other areas, particularly in the market for professional equipment. In contrast, activity levels in project-based business, like that linked to the offshore and windpower industries, remain much lower than they were before the economic downturn.

In geographical terms, markets in northern and central Europe, together with those in Asia and North America, have developed positively, while demand in southern Europe and the UK has been significantly weaker.

Throughout the year we have continued to focus on product development and our strategy has been to market products with increased system content that can be expected to deliver good, long-term growth.

As part of a special investment to develop and market a broad range of products for the rail industry, a number of products have been launched and resources allocated to the NIBE Railway Components project. This includes products for use on board the trains themselves as well as rail infrastructure products, such as systems for heating switch points.

At a time when several of our major customers are reassessing their

future production structures, we see our own corporate structure with manufacturing units in a number of countries and continents as a clear competitive advantage.

The prices of most raw materials have continued to rise during the year and this, together with continued turbulence in the currency markets, is creating market situations and competitive situations that are difficult to handle in a number of segments.

In November 2010 NIBE acquired the operations of the Danish industrial company, Lund & Sørensen A/S, with operations in Denmark and China. The company, which supplies system solutions for industry in the Nordic countries and for the windpower industry worldwide has 35 employees and annual sales of approximately SEK 90 million.

At the turn of the year NIBE acquired Thermtec Ltd, a UK heating element manufacturer and well-established supplier to the country's domestic industries. Thermtec, which has 20 employees and annual sales of approximately SEK 20 million will be integrated into NIBE Element's existing operations in the UK.

In January 2011 an agreement was signed to acquire the Element Division in Electrolux Professional AG of Switzerland. The division has 36 employees and annual sales of approximately SEK 75 million and is one of the leading suppliers of electric elements to the industrial sector in Switzerland.

| Key Figures – NIBE Element |       | 2010    | 2009    |
|----------------------------|-------|---------|---------|
| Net sales                  | SEK m | 1,759.7 | 1,659.0 |
| Growth                     | %     | 6.1     | - 11.7  |
| Operating profit           | SEK m | 124.5   | 70.4    |
| Operating margin           | %     | 7.1     | 4.2     |
| Assets                     | SEK m | 1,487.4 | 1,448.9 |
| Liabilities                | SEK m | 1,343.5 | 1,301.4 |
| Investments (fixed assets) | SEK m | 48.5    | 33.1    |
| Depreciation               | SEK m | 61.3    | 63.6    |

# NIBE Energy Systems

## Sales and earnings

Invoiced sales for the year totalled SEK 3,725.1 million, compared with SEK 3,284.5 million for 2009. Of the total increase in sales of SEK 440.6 million, SEK 223.3 million relates to sales in acquired businesses. This means that organic growth was 6.6%. Operating profit totalled SEK 544.7 million, compared with SEK 455.8 million in 2009. This corresponds to an operating margin of 14.6% as against a figure of 13.9% in 2009.

## The year in brief

As a whole, the Swedish heat-pump market remains more or less stable allowing for certain variations in demand in the different product segments. The market for ground-source and geothermal heat pumps continued to expand throughout 2010, most noticeably in the fourth quarter. In contrast the market for air/water heat pumps has continued to contract. However, the increased number of new private homes being built has had a positive effect on the market for exhaust-air heat pumps. During the year we have increased our share of the market in all product segments.

In the wake of stagnating economies in a number of European countries, reductions in grants or subsidies for products using renewable energy, and a deterioration in the underlying conditions for building new homes and apartments, the European heat pump market, including the domestic markets in Germany and France, contracted in 2010. Nevertheless, we have succeeded in offsetting the effects of this by improving our market share and increasing sales in the Nordic countries, Holland and Russia.

Interest in energy-efficient solutions and products that can use renewable energy remains generally strong throughout Europe, particularly for owners of and tenants in large properties.

The market for water heaters is developing steadily both here in Sweden and in the rest of Europe, whereas demand for district-heating products, conventional domestic boilers and pellet-fuelled products is still sluggish.

Our new generation of heat pumps has continued to score successes in all the markets where we are represented. The new concept – a high-performance product combined with easy-to-use functions and an intuitive interface in modular units – is now being applied successfully to our other heat pump models. Our other product segments are also being continuously upgraded and several new products have been launched during the year, including solar heating systems and system solutions for large water heaters.

In April an agreement was signed for a two-stage acquisition of ABK AS, a well-established heat-pump supplier in the Norwegian market. Initially NIBE has acquired a 50% stake in the company, prior to purchasing the remaining 50% of the shares in 2014. Collaboration with ABK AS has been highly positive during the autumn and strengthened our position in the Norwegian market.

| Key Figures – NIBE Energy Systems |       | 2010    | 2009    |
|-----------------------------------|-------|---------|---------|
| Net sales                         | SEK m | 3,725.1 | 3,284.5 |
| Growth                            | %     | 13.4    | 2.1     |
| Operating profit                  | SEK m | 544.7   | 455.8   |
| Operating margin                  | %     | 14.6    | 13.9    |
| Assets                            | SEK m | 2,642.0 | 2,355.8 |
| Liabilities                       | SEK m | 1,486.6 | 1,294.8 |
| Investments (fixed assets)        | SEK m | 92.1    | 103.5   |
| Depreciation                      | SEK m | 112.9   | 108.0   |

## Sales and earnings

Invoiced sales for the year totalled SEK 1,144.2 million, compared with SEK 939.4 million for 2009. Of the total increase in sales of SEK 204.8 million, SEK 101.8 million relates to sales in acquired businesses. This means that organic growth was 11.0%. Operating profit totalled SEK 152.8 million, compared with SEK 122.2 million in 2009. This corresponds to an operating margin of 13.4% as against a figure of 13.0% in 2009.

## The year in brief

The market for wood-stove products in Sweden and Norway has been very good over the past year. While the main reason for the increased demand is the general improvement in the economy together with relatively low rates of interest, a number of other factors have also played their part. These include a long, cold winter with rocketing energy prices and an increased interest in investing in home renovation projects. In Sweden, the popular ROT subsidy, which enables householders to claim tax relief on the cost of renovations and repair work, has also had a positive effect.

In Denmark there has been some recovery in the market for wood-stove products after several years of falling demand in the wake of the faltering economy. Here, too, demand has been underpinned by an improvement in the general economic situation and driven by the cold winter and a renewed interest in reducing home heating costs.

Elsewhere in Europe the markets have developed less strongly. Demand in Germany has fallen: although many of the factors behind the potential for stronger demand are in place in the country, German consumers remain generally cautious about investments in capital goods.

In France, after years of very strong growth driven by state subsidies, significant reductions in these subsidies over the past twelve months have led to a sharp contraction in sales.

Overall, however, thanks to our consistent approach to marketing

and a number of successful product launches during the year, we have increased sales and market shares in all of our major markets.

We have stepped up the pace of our marketing activities outside Scandinavia in order to reduce our dependence on our domestic market. Our product development rate is also very high, and next year will once again see more new product launches to complement our existing range.

In Scandinavia and parts of northern Europe free-standing wood-stoves with a modern, international design still constitute the main core of the market. This is positive for us, as this is clearly our strongest product area.

An efficient, consistent rate of production combined with somewhat higher levels of stocks in readiness for autumn's peak sales has enabled us to maintain very high standards of delivery reliability to our customers.

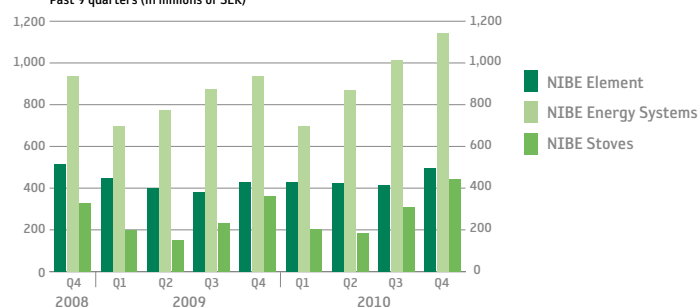
In April NIBE finalised its takeover of Lotus Heating Systems A/S, one of Denmark's leading manufacturers of wood-stoves in sheet metal. Operations at Lotus, which have been totally restructured over the past few years and are now reporting improvements in profitability, are being successfully run by the company's former management team.

| Key Figures – NIBE Stoves  |       | 2010    | 2009    |
|----------------------------|-------|---------|---------|
| Net sales                  | SEK m | 1,144.2 | 939.4   |
| Growth                     | %     | 21.8    | 8.8     |
| Operating profit           | SEK m | 152.8   | 122.2   |
| Operating margin           | %     | 13.4    | 13.0    |
| Assets                     | SEK m | 1,074.8 | 1,014.4 |
| Liabilities                | SEK m | 610.4   | 604.1   |
| Investments (fixed assets) | SEK m | 26.2    | 16.9    |
| Depreciation               | SEK m | 41.7    | 38.6    |

## Business Area Trends

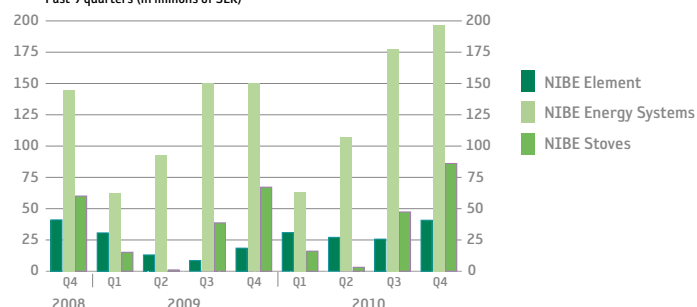
Sales by business area

Past 9 quarters (in millions of SEK)

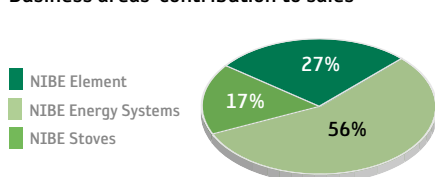


Operating profit by business area

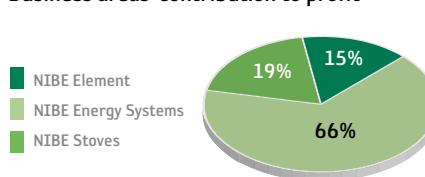
Past 9 quarters (in millions of SEK)



Business areas' contribution to sales



Business areas' contribution to profit



# Group Financial Trends

## Income statements

|                                                           | Group          |                | Parent company |               |
|-----------------------------------------------------------|----------------|----------------|----------------|---------------|
| (in millions of SEK)                                      | 2010           | 2009           | 2010           | 2009          |
| Net sales                                                 | 6,511.5        | 5,751.2        | 2.7            | 2.4           |
| Cost of goods sold                                        | - 4,274.0      | - 3,928.6      | 0.0            | 0.0           |
| <b>Gross profit</b>                                       | <b>2,237.5</b> | <b>1,822.6</b> | <b>2.7</b>     | <b>2.4</b>    |
| Selling expenses                                          | - 1,159.1      | - 992.2        | 0.0            | 0.0           |
| Administrative expenses                                   | - 409.6        | - 371.5        | - 18.5         | - 21.7        |
| Other income                                              | 127.3          | 172.4          | 0.0            | 0.0           |
| <b>Operating profit</b>                                   | <b>796.1</b>   | <b>631.3</b>   | <b>- 15.8</b>  | <b>- 19.3</b> |
| Net financial items                                       | - 51.0         | - 70.4         | 219.1          | 237.1         |
| <b>Profit after net financial items</b>                   | <b>745.1</b>   | <b>560.9</b>   | <b>203.3</b>   | <b>217.8</b>  |
| Tax                                                       | - 192.0        | - 148.8        | 0.0            | - 0.1         |
| <b>Net profit</b>                                         | <b>553.1</b>   | <b>412.1</b>   | <b>203.3</b>   | <b>217.7</b>  |
| <b>Net profit attributable to</b>                         |                |                |                |               |
| Parent company shareholders                               | 548.5          | 409.1          | 203.3          | 217.7         |
| Non-controlling interest                                  | 4.6            | 3.0            | 0.0            | 0.0           |
| <b>Net profit</b>                                         | <b>553.1</b>   | <b>412.1</b>   | <b>203.3</b>   | <b>217.7</b>  |
| <i>Includes depreciation according to plan as follows</i> | <i>215.9</i>   | <i>210.2</i>   | <i>0.0</i>     | <i>0.0</i>    |
| <i>Net profit per share*</i>                              | <i>5.84</i>    | <i>4.36</i>    |                |               |
| <i>*There are no programmes that entail dilution</i>      |                |                |                |               |
| <b>Other recognised income</b>                            |                |                |                |               |
| Net profit                                                | 553.1          | 412.1          | 203.3          | 217.7         |
| Market value of future currency contracts                 | -0.4           | 17.4           | 0.0            | 0.0           |
| Market value of future commodity contracts                | 0.4            | 0.1            | 0.0            | 0.0           |
| Currency hedge                                            | 91.5           | 35.2           | 85.9           | 31.5          |
| Translation of loans to subsidiaries                      | - 4.6          | - 4.3          | 0.0            | 0.0           |
| Translation of foreign subsidiaries                       | - 199.4        | - 36.1         | 0.0            | 0.0           |
| Tax attributable to other recognised income               | - 23.5         | - 12.9         | - 22.6         | - 8.2         |
| <b>Total other recognised income</b>                      | <b>- 136.0</b> | <b>- 0.6</b>   | <b>63.3</b>    | <b>23.3</b>   |
| <b>Total recognised income</b>                            | <b>417.1</b>   | <b>411.5</b>   | <b>266.6</b>   | <b>241.0</b>  |
| <b>Total recognised income attributable to</b>            |                |                |                |               |
| Parent company shareholders                               | 413.2          | 409.1          | 266.6          | 241.0         |
| Non-controlling interest                                  | 3.9            | 2.4            | 0.0            | 0.0           |
| <b>Total recognised income</b>                            | <b>417.1</b>   | <b>411.5</b>   | <b>266.6</b>   | <b>241.0</b>  |

## Cash flow analysis

| (in millions of SEK)                      | 2010        | 2009         |
|-------------------------------------------|-------------|--------------|
| Cash flow from operating activities       | 821.1       | 676.3        |
| Change in working capital                 | - 38.6      | 217.4        |
| Investment activities                     | - 405.9     | - 217.9      |
| Financing activities                      | - 292.7     | - 667.8      |
| Exchange rate difference in liquid assets | - 23.5      | - 8.2        |
| <b>Change in liquid assets</b>            | <b>60.4</b> | <b>- 0.2</b> |

## Balance Sheet summaries

|                                         | Group          |                | Parent company |                |
|-----------------------------------------|----------------|----------------|----------------|----------------|
| (in millions of SEK)                    | 31 Dec 2010    | 31 Dec 2009    | 31 Dec 2010    | 31 Dec 2009    |
| Intangible assets                       | 1,188.5        | 1,018.4        | 0.0            | 0.0            |
| Tangible assets                         | 1,275.7        | 1,398.8        | 0.0            | 0.0            |
| Financial assets                        | 59.0           | 57.0           | 1,829.4        | 1,645.1        |
| <b>Total non-current assets</b>         | <b>2,523.2</b> | <b>2,474.2</b> | <b>1,829.4</b> | <b>1,645.1</b> |
| Inventories                             | 1,118.1        | 1,038.0        | 0.0            | 0.0            |
| Current receivables                     | 1,097.8        | 932.2          | 5.6            | 11.0           |
| Current investments                     | 0.0            | 0.0            | 0.0            | 0.0            |
| Cash equivalents                        | 409.5          | 349.1          | 19.3           | 28.0           |
| <b>Total current assets</b>             | <b>2,625.4</b> | <b>2,319.3</b> | <b>24.9</b>    | <b>39.0</b>    |
| <b>Total assets</b>                     | <b>5,148.6</b> | <b>4,793.5</b> | <b>1,854.3</b> | <b>1,684.1</b> |
| Equity                                  | 2,482.7        | 2,190.0        | 677.6          | 533.1          |
| Untaxed reserves                        | 0.0            | 0.0            | 0.0            | 0.0            |
| Non-current liabilities and provisions, |                |                |                |                |
| non-interest bearing                    | 397.0          | 239.1          | 98.6           | 0.6            |
| interest bearing                        | 952.2          | 1,360.0        | 982.5          | 1,051.5        |
| Current liabilities and provisions,     |                |                |                |                |
| non-interest bearing                    | 1,136.1        | 845.3          | 17.4           | 16.3           |
| interest bearing                        | 180.6          | 159.1          | 78.2           | 82.6           |
| <b>Total equity and liabilities</b>     | <b>5,148.6</b> | <b>4,793.5</b> | <b>1,854.3</b> | <b>1,684.1</b> |

## Change in equity

| (in millions of SEK)                                  | 2010           | 2009           |
|-------------------------------------------------------|----------------|----------------|
| Equity brought forward                                | 2,190.0        | 1,888.7        |
| Shareholders' dividend                                | - 122.1        | - 108.0        |
| Dividend to non-controlling interests                 | - 2.3          | 0.0            |
| Change in participations by non-controlling interests | 0.0            | - 2.2          |
| Total recognised income for the year                  | 417.1          | 411.5          |
| <b>Equity carried forward <sup>1)</sup></b>           | <b>2,482.7</b> | <b>2,190.0</b> |

<sup>1)</sup> Minority participations were SEK 8.7 million at the end of the reporting period and SEK 7.2 million at the start at the financial year.

## Key figures

|                                      | 2010          | 2009    | 2008    | 2007    | 2006    |
|--------------------------------------|---------------|---------|---------|---------|---------|
| Growth                               | % 13.2        | - 1.0   | 7.6     | 9.0     | 29.8    |
| Operating margin                     | % 12.2        | 11.0    | 10.8    | 9.8     | 11.2    |
| Profit margin                        | % 11.4        | 9.8     | 8.9     | 8.2     | 10.1    |
| Investments in fixed assets          | SEK m 405.9   | 217.9   | 407.6   | 404.1   | 526.4   |
| Unappropriated liq. assets           | SEK m 1,664.1 | 1,572.3 | 1,143.6 | 853.0   | 783.6   |
| Working capital, incl. cash and bank | SEK m 1,308.7 | 1,315.0 | 1,598.3 | 1,482.1 | 1,034.3 |
| Interest-bearing liabilities/Equity  | % 45.6        | 69.4    | 113.9   | 129.6   | 113.6   |
| Solidity (Equity/Assets ratio)       | % 48.2        | 45.7    | 36.7    | 34.2    | 32.9    |
| Return on capital employed           | % 22.2        | 16.8    | 17.1    | 17.2    | 22.9    |
| Return on equity                     | % 23.4        | 20.2    | 21.3    | 22.6    | 31.3    |

For further information concerning definitions, we refer you to the Annual Report for NIBE Industrier for 2009.

| Data per share                                 | 2010       | 2009  | 2008  | 2007  | 2006   |
|------------------------------------------------|------------|-------|-------|-------|--------|
| Net profit per share (total 93,920,000 shares) | SEK 5.84   | 4.36  | 3.94  | 3.35  | 3.74   |
| Equity per share                               | SEK 26.34  | 23.24 | 20.04 | 16.48 | 13.67  |
| Closing day share price                        | SEK 102.75 | 69.00 | 44.40 | 78.00 | 115.00 |

# Quarterly data

## Consolidated Income Statements

|                                            | 2010         |              |              |              | 2009         |              |              |              | 2008         |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (in millions of SEK)                       | Q 1          | Q 2          | Q 3          | Q 4          | Q 1          | Q 2          | Q 3          | Q 4          | Q 4          |
| Net sales                                  | 1,303.2      | 1,448.4      | 1,712.6      | 2,047.3      | 1,305.4      | 1,280.6      | 1,467.3      | 1,697.9      | 1,726.8      |
| Operating expenses                         | - 1,196.6    | - 1,320.7    | - 1,466.1    | - 1,732.0    | - 1,198.8    | - 1,178.4    | - 1,272.1    | - 1,470.6    | - 1,487.5    |
| <b>Operating profit</b>                    | <b>106.6</b> | <b>127.7</b> | <b>246.5</b> | <b>315.3</b> | <b>106.6</b> | <b>102.2</b> | <b>195.2</b> | <b>227.3</b> | <b>239.3</b> |
| Net financial expenses                     | - 10.4       | - 16.3       | - 12.1       | - 12.2       | - 27.2       | - 8.6        | - 19.5       | - 15.1       | - 27.7       |
| <b>Profit after net financial expenses</b> | <b>96.2</b>  | <b>111.4</b> | <b>234.4</b> | <b>303.1</b> | <b>79.4</b>  | <b>93.6</b>  | <b>175.7</b> | <b>212.2</b> | <b>211.6</b> |
| Tax                                        | - 26.0       | - 29.0       | - 62.3       | - 74.7       | - 22.2       | - 25.8       | - 47.0       | - 53.8       | - 53.4       |
| <b>Net profit</b>                          | <b>70.2</b>  | <b>82.4</b>  | <b>172.1</b> | <b>228.4</b> | <b>57.2</b>  | <b>67.8</b>  | <b>128.7</b> | <b>158.4</b> | <b>158.2</b> |

## Net Sales – Business Areas

|                                   | 2010           |                |                |                | 2009           |                |                |                | 2008           |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (in millions of SEK)              | Q 1            | Q 2            | Q 3            | Q 4            | Q 1            | Q 2            | Q 3            | Q 4            | Q 4            |
| NIBE Element                      | 427.7          | 425.4          | 412.7          | 493.9          | 447.1          | 401.8          | 381.1          | 429.0          | 513.7          |
| NIBE Energy Systems               | 698.5          | 868.5          | 1,016.0        | 1,142.1        | 698.5          | 773.9          | 876.9          | 935.2          | 935.4          |
| NIBE Stoves                       | 208.9          | 184.2          | 307.9          | 443.2          | 197.7          | 150.1          | 230.2          | 361.4          | 326.7          |
| Elimination of Group transactions | - 31.9         | - 29.7         | - 24.0         | - 31.9         | - 37.9         | - 45.2         | - 20.9         | - 27.7         | - 49.0         |
| <b>Group</b>                      | <b>1,303.2</b> | <b>1,448.4</b> | <b>1,712.6</b> | <b>2,047.3</b> | <b>1,305.4</b> | <b>1,280.6</b> | <b>1,467.3</b> | <b>1,697.9</b> | <b>1,726.8</b> |

## Operating profit – Business Areas

|                                   | 2010         |              |              |              | 2009         |              |              |              | 2008         |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (in millions of SEK)              | Q 1          | Q 2          | Q 3          | Q 4          | Q 1          | Q 2          | Q 3          | Q 4          | Q 4          |
| NIBE Element                      | 30.9         | 27.1         | 25.7         | 40.8         | 30.7         | 13.1         | 8.5          | 18.1         | 41.1         |
| NIBE Energy Systems               | 63.2         | 107.0        | 177.7        | 196.8        | 62.6         | 93.0         | 150.1        | 150.1        | 144.7        |
| NIBE Stoves                       | 16.1         | 3.2          | 47.4         | 86.1         | 15.2         | 1.1          | 38.7         | 67.2         | 60.1         |
| Elimination of Group transactions | - 3.6        | - 9.6        | - 4.3        | - 8.4        | - 1.9        | - 5.0        | - 2.1        | - 8.1        | - 6.6        |
| <b>Group</b>                      | <b>106.6</b> | <b>127.7</b> | <b>246.5</b> | <b>315.3</b> | <b>106.6</b> | <b>102.2</b> | <b>195.2</b> | <b>227.3</b> | <b>239.3</b> |

## Accounting principles

NIBE Industrier's consolidated accounts are drawn up in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's Summary of the company's Annual Report for 2010 has been drawn up in accordance with IAS 34 "Interim Financial Reporting". The same accounting principles as those adopted for this summary are described in the company's Annual Report for 2009 (pp. 56–58), with the exception of the revised IFRS 3 "Business Combinations". The amendments to IFRS 3 mean that all transactions are expensed and that all considerations for acquisitions are recognised at fair value on the acquisition date, while any subsequent contingent considerations are classified as liabilities that are then revalued in profit or loss. With effect from 2010 NIBE has opted to present net income and other recognised income in the form of two separate reports. Reporting for the parent company follows the Swedish Annual Accounts Act and recommendation RFR 2.3 of the Swedish Financial Accounting Standards Council ("Reporting for Legal Entities").

In the case of transactions with associates, the same accounting principles apply as those described on page 57 of the company's Annual Report for 2009.

## Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 20 countries. As such, it is exposed to a number of business and financial risks. Risk management is therefore an important process with regard 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 continuous 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 2009.

This Summary of the Annual Report provides an accurate picture of the business activities, financial position and earnings of the parent company and the Group, and describes any significant risks and uncertainties faced by the parent company and the companies that form part of the Group.

Markaryd, Sweden – 16 February 2011



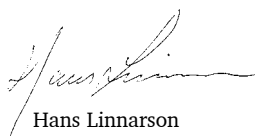
Arvid Gierow  
Chairman of the Board



Georg Brunstam  
Director



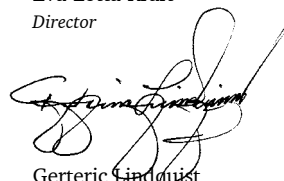
Eva-Lotta Kraft  
Director



Hans Linnarson  
Director



Anders Pålsson  
Director



Gerteric Lindquist  
CEO

## Auditor's report

### Introduction

We have reviewed the financial information in the summary of the annual report for NIBE Industrier AB (publ) for the period 1 January to 31 December 2010. Management is responsible for the preparation and presentation of this financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this summary based on our review.

### The Scope of the Review

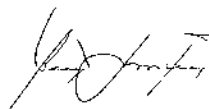
We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially more limited in scope than an audit that is conducted in accordance with Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified if an audit were to be carried out. Therefore, the conclusion that is expressed on the basis of a review does not give the same level of assurance as a conclusion based on an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that this summary of the company's annual report does not, in all material respects, accord with IAS 34 and the Swedish Annual Accounts Act as far as the consolidated accounts are concerned, and is in accordance with the Swedish Annual Accounts Act as far as the financial accounts for the parent company are concerned.

Markaryd, Sweden – 16 February 2011

Mazars SET Revisionsbyrå AB



Bengt Ekenberg  
Authorised Public Accountant

The information in this summary of the company's annual report is that which NIBE Industrier AB is required by Swedish law to disclose under the Securities Market Act and/or the Financial Instruments Trading Act. The information was released to the media for publication at 08.00 CET on 16 February 2011.

Please e-mail any questions you have with regard to this interim report to:  
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