

NIBE INDUSTRIER'S (PUBL) CEO AND MD, GERTERIC LINDQUIST, COMMENTS ON THE FIRST QUARTER, 2024

Continued signs of recovery despite a slightly cautious market and political turbulence

The first quarter of the year reinforced our assumptions about an ongoing recovery in our largest product categories. We saw a return to a more traditional seasonal pattern within the whole Group, at the same time as our improved margins strengthened our ambition to return to an operating margin level within the historical range of each business area in 2025. However, the strengthening of the Swedish currency, together with political turbulence, are areas for concern.

The Group's sales in the first quarter amounted to SEK 9,673 million, up by 1.9% compared with the corresponding period in the previous year. This meant that the long downward trend in demand has come to an end and the cautious growth we could already see towards the end of the fourth quarter of 2024 has continued.

Operating profit in the quarter rose by SEK 266 million to SEK 782 million, which corresponds to an improvement of 51.6% compared with the first quarter of the previous year. The operating margin improved from 5.4% in the first quarter of 2024 to 8.1% in the first quarter of this year.

A slight increase in sales together with the action plan implemented during 2024, as well as continued good cost control, were the main reasons for the positive earnings growth in the quarter.

We are well aware that the slightly unexpected strengthening of the Swedish currency and the political turbulence, including all the ongoing and equally unexpected tariff announcements, will not help us realize our ambition, but, as always, we will do everything in our power to achieve our goals.

Continued improvement in heat pumps for NIBE Climate Solutions

In the first quarter of the year we saw, in line with previous assumptions, a continued relative improvement in demand for heat pumps in the manufacturing supply chain in Europe.

The reduction in inventories that has been taking place in the European distribution chains in the past six quarters has now brought inventories back to a level where we see a clearer correlation between order intake and billing in the manufacturing supply chain and actual deliveries to end customers.

In Germany, too, where inventory reductions in the distribution chains have taken longer to implement compared with most other European markets, the mood about the future appears to be slightly more optimistic. This is particularly noticeable in the steadily growing number of applications for government subsidies for heat pump installations.

The North American heat pump market remained stable during the quarter.

Following the all too familiar turbulence in the heat pump market in the past five years, where the first four years, 2020–2023, were dominated by very strong demand while in the

last year, 2024, demand came to an almost complete halt, a more traditional seasonal pattern seems to have emerged. This means that demand is lower in the first half of the year and higher in the second half of the year.

Stable but variations in NIBE Element's various market segments

The business area NIBE Element saw continued relatively stable demand in the majority of the business area's market segments. However, there were still significant variations between the different segments. The continued weak performance of new property construction and consumer-related products had a negative impact on the business area. The performance of the semiconductor industry and products associated with electrification in several industry sectors raised hopes of a continued gradual improvement in demand.

Marketing activities and adaptation of production in NIBE Stoves

The business area NIBE Stoves is seeing weaker growth in Europe while the North American market is showing an improvement in underlying demand. However, in line with the return to a more traditional seasonal pattern, marketing activities and the adjustment of production ahead of the expected increase in sales in the second half of the year dominated the business area's operations. Cost reductions from the action plan ensured that the operating margin was maintained despite lower sales.

The lower interest rate level and expectations of further interest rate cuts in Europe provided a welcome shot in the arm for end consumers, which had a positive effect on all three business areas.

As part of the action plan, all of our three business areas have adjusted their costs to what we believe to be a lower but gradually improving rate of growth in demand in the future. Furthermore, alongside the cost reductions in production and administration, the business areas continued their investments of development resources to strengthen and update their respective product programs. Similarly, the sales organizations were allowed to remain intact in order to maintain a good market presence.

The very ambitious investment program implemented in recent years is also creating good conditions for flexible and streamlined production, which will have a positive impact on margins as demand increases.

Continent-based component supply and production

Yet another factor worth mentioning is that we have been working for a long time to ensure that our business areas are, as far as possible, continent-based, that is, their production of products should take place on the same continent where they are sold. At the same time, we aim to have a corresponding continent-based network of sub-suppliers. This creates shorter, more secure supply chains, while also reducing vulnerabilities related to trade barriers.

Our ambition remains unchanged

Together, all of the above form the basis of our ambition to return to an operating margin within the historical range of each business area during 2025. We are, as already mentioned, well aware that the slightly unexpected strengthening of the Swedish currency and the political turbulence, including all the ongoing and equally unexpected tariff moves, will not

help us realize our ambition, but, as always, we will do everything in our power to fulfill our commitment. Our long-term growth and profitability targets are also rooted in the certainty that our products are right for the times, with our whole society needing to transition to a more sustainable way of living.

Gerteric Lindquist

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About Us

NIBE Group

– an international Group with companies and a presence worldwide

The NIBE Group is an international Group that contributes to a reduced carbon footprint and better utilization of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of environmentally friendly, energyefficient solutions for indoor climate comfort in all types of properties, plus components and solutions for intelligent heating and control in industry and infrastructure.

Since its beginnings in the town of Markaryd in the Swedish province of Småland more than 70 years ago, NIBE has grown into an international company with an average of 20,600 (22,700) employees and an international presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate responsibility. 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 under SEK 40 (46) billion in 2024.

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.

Image Attachments

[Gerteric Lindquist NIBE Group 2](#)