



Press release, June 23, 2014 at 14:30 CET (08:30 EDT)

NIBE to acquire WaterFurnace in a recommended C\$378 million transaction

Reinforcing NIBE's position as a global leader in sustainable heating and cooling solutions

- Swedish based NIBE, one of the leading heat pump manufacturers in Europe, is teaming up with US-based WaterFurnace, one of the market leaders in North American geothermal heat pump heating and cooling solutions market.
- WaterFurnace shareholders will receive C\$30.60 per share in cash. The total equity value of the transaction is approximately C\$378 million (SEK 2.4 billion).
- WaterFurnace shareholders, including the Board of Directors, Management and members of the Shields family, collectively holding approximately 25% of WaterFurnace's shares have agreed to vote in favour of the transaction.
- WaterFurnace will continue to operate as a separate entity under the leadership of its CEO Tom Huntington and his management team, forming part of NIBE's business area NIBE Energy Systems. NIBE intends to develop the business as a growth platform in North America.

Markaryd, Sweden and Fort Wayne, IN, USA – June 23, 2014 – WaterFurnace Renewable Energy, Inc. ("WaterFurnace") (TSX: WFI; TSX: WFI.U) and NIBE Industrier AB (publ) of Sweden ("NIBE") are pleased to announce that they have entered into an arrangement agreement (the "Arrangement Agreement") pursuant to which NIBE will acquire 100% of the outstanding shares of WaterFurnace (the "WaterFurnace Shares") by way of a plan of arrangement under the *Canada Business Corporations Act*.

"This transaction is NIBE's largest to date in North America and further elevates our position as one of the global market leaders in sustainable energy solutions. Following our successful expansion of our Elements Division in the United States, the teaming up with WaterFurnace represents a strategic match and bridgehead into North America also for our largest business area Energy Systems. We are pleased to see that both groups share the same entrepreneurial tradition and technological vision, being one of the first companies to market geothermal heat pump solutions on respective sides of the Atlantic", says Gerteric Lindquist, CEO of NIBE.

"I believe this is a compelling offer for our shareholders and I am confident that WaterFurnace and its employees have found an excellent strategic partner in NIBE. The combined talents of these two fine companies are aimed at helping people around the globe find sustainable energy solutions. As CEO of WaterFurnace and on behalf of my whole team, I can state that we are excited to be joining one of the market leaders in our industry", says Tom Huntington, CEO of WaterFurnace.

Founded in 1983, WaterFurnace has a longstanding track-record as a premier brand and manufacturer of geothermal heat pump heating and cooling solutions in North America. The company's product offering includes a range of geothermal heat pumps, smart control systems, hot water storage tanks and indoor air quality solutions. Products are marketed under the WaterFurnace and GeoStar brands in North America, and the WFI brand via a joint venture in China. In the financial year 2013, WaterFurnace achieved net sales of US\$119 million with an EBIT* margin of 17%. Approximately seventy percent of net sales account for residential products, both retrofit and new construction, with the remainder representing solutions for commercial use. Headquartered in Fort Wayne, Indiana (USA), WaterFurnace has 267 employees and has been listed on the Toronto Stock Exchange since 1993.

NIBE, with 2013 net sales of SEK 9.8 billion (US\$1.5 billion), as well as WaterFurnace have leading positions in their respective European and North American home markets. In view of the high pace of technology development and market consolidation, both companies believe that they together will operationally and strategically be better positioned to take a lead in the industry's development.

Transaction Details

Under the Arrangement Agreement, holders of WaterFurnace Shares ("WaterFurnace Shareholders") will receive C\$30.60 in cash for each WaterFurnace Share held, which represents a premium of 27% to the 30-day volume weighted average trading price of the WaterFurnace Shares on the Toronto Stock Exchange (the "TSX") for the period ended June 20, 2014.

The completion of the transaction is subject to the approval of at least two-thirds of the votes cast by WaterFurnace Shareholders at a special meeting of WaterFurnace Shareholders (the "Special Meeting") to consider the Arrangement, which is expected to be held in August 2014. Completion of the Arrangement is also subject to the approval of the Ontario Superior Court of Justice, the receipt of the required approvals under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, the receipt of all other necessary regulatory and third party approvals, and other customary conditions.

The transaction has been reviewed by an independent committee (the "Independent Committee") of the board of directors of WaterFurnace (the "WaterFurnace Board") and has been unanimously approved by the WaterFurnace Board following the unanimous recommendation of the Independent Committee. The WaterFurnace Board unanimously recommends that the WaterFurnace Shareholders vote in favour of the Arrangement at the Special Meeting.

Prior to entering into the Arrangement Agreement, NIBE entered into support and voting agreements with each of the directors and officers of WaterFurnace, as well as with a number of significant shareholders of WaterFurnace, including members of the Shields family (together, the "Supporting Shareholders"), collectively holding approximately 25% of the issued and outstanding WaterFurnace Shares, whereby the Supporting Shareholders have agreed to vote their WaterFurnace Shares in favour of the Arrangement at the Special Meeting.

In the event that the Arrangement is not completed under certain circumstances, WaterFurnace has agreed to pay NIBE a termination fee equal to C\$15 million. In addition, the Arrangement Agreement includes non-solicitation and superior proposal provisions and WaterFurnace has provided NIBE with certain rights, including a right to match competing offers. Full details of the Arrangement will be included in the management information circular of WaterFurnace which will be filed with the applicable securities regulatory authorities and mailed to WaterFurnace Shareholders in accordance with applicable securities laws.

A copy of the Arrangement Agreement will be filed under WaterFurnace's issuer profile on SEDAR at www.sedar.com.

Financial Effects on NIBE

Based on 2013 figures NIBE's pro forma net sales and EBIT would have amounted to approximately SEK 10,634 million (US\$1,579 million) and SEK 1,314 million (US\$195 million) respectively, equivalent to a pro forma EBIT margin of 12%. WaterFurnace's strong profitability is expected to have an enhancing impact on the EBITDA* and EBIT margins for NIBE as a whole as well as for the NIBE Energy Systems business area in particular. The transaction is expected to lead to accretion* in NIBE earnings per share in the first year. NIBE is financing the transaction in cash from existing credit facilities. On a pro forma basis and taking into the account the financing of the transaction, NIBE's net debt to EBITDA would have been 3.10 times, on a last twelve months basis as at December 31, 2013.

Advisors

Ellestad AB and Strata Advisory AB are acting as financial advisors to NIBE. NIBE's legal counsel includes Advokatfirman Delphi, Cassels Brock & Blackwell LLP, and Neal, Gerber & Eisenberg LLP. KPMG acted as financial due diligence advisor to NIBE. BofA Merrill Lynch is acting as exclusive financial advisor to WaterFurnace and MPA Morrison Park Advisors Inc. as financial advisor to the Independent Committee. WaterFurnace's legal counsel is Bennett Jones LLP.

About NIBE

NIBE is an international heating technology company. Operations are organised around three business areas - NIBE Element, NIBE Energy Systems and NIBE Stoves - all united under a shared vision: to create world-class solutions in sustainable energy. The group has more than 9,000 employees and carries out business operations in Europe, North America, Asia and Australia. In 2013, net sales and operating profit (EBIT) amounted to SEK 9,834 million (US\$1,461 million) and SEK 1,179 million (US\$175 million) respectively.

NIBE Energy Systems is a market leader for heat pumps in Europe and one of Europe's major manufacturers of water heaters and other products for indoor climate comfort. The mission of NIBE Energy Systems is to supply homes and other buildings with products that provide domestic hot water and ensure a comfortable indoor climate. The product range comprises both individual heating products and solutions for heating, cooling and heat recovery. NIBE Element is one of the leading international manufacturers of components and solutions for measuring, controlling and electric heating applications. NIBE Element's mission is to supply both manufacturers and users with components and systems within these areas. NIBE Stoves is the European market leader in wood-burning stoves. The business area's mission is to supply the market with attractively designed, value-for-money solid-fuel stoves and chimney systems developed and manufactured with genuine concern for the natural environment.

About WaterFurnace

WaterFurnace is a leading manufacturer of residential, commercial, industrial and institutional geothermal and water source heat pumps. The geothermal units use the renewable solar energy stored in the ground to dramatically reduce the energy consumed by buildings for heating, cooling and hot water. In addition to having earned a reputation as a leader in geothermal heat pumps, WaterFurnace has in recent years worked to innovate new technologies, integrate key trends and grow the core business to represent a broad portfolio of renewable and sustainable solutions.

NIBE Press Conference

NIBE will host a telephone conference today at 15:30 CET (9:30 EDT) for analysts, press and media. To access the tele-conference, please dial +46 851999356. To view the slides, please go to: <http://event.onlineseminarsolutions.com/r.htm?e=813072&s=1&k=464177ED3FD7769B76C90E120166DD0E>

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The information provided in this press release is such that NIBE is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528). This information was published 14:30 CET on June 23, 2014.

Cautionary Statement Regarding Forward-Looking Information

This news release includes certain information that may constitute "forward-looking information" under applicable securities legislation. Forward-looking information includes, but is not limited to, information with respect to the completion of the Arrangement, including the receipt of court, shareholder and regulatory approvals; the timing of the Special Meeting, and the integration of WaterFurnace's business with NIBE's business. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking information, including the ability to complete the Arrangement, the receipt of necessary approvals, the ability to satisfy conditions to the Arrangement, the ability to achieve the benefits of the Arrangement and the risks identified in WaterFurnace's annual information form dated March 25, 2014. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. All forward-looking information contained in this press release is given as of the date hereof and is based upon the opinions and estimates of management and information available to management as at the date hereof. WaterFurnace disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.

This press release does not constitute an offer to buy or an invitation to sell, or the solicitation of an offer to buy or invitation to sell, any securities of WFI.

* This News Release uses the following non-GAAP measures: EBIT, EBITDA and accretion. NIBE and WaterFurnace believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. These measures do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.