

ANNUAL REPORT  
2015/16



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Systemair made five business acquisitions during 2015/16

# 5

Net sales 2015/16, SEK bn

# 6.1

# Systemair – a leading ventilation company with operations in 49 countries

Systemair is a leading ventilation company with operations in 49 countries. We manufacture and market high-quality ventilation products. Our product range spans a broad range of energy-efficient fans, air handling units, products for air distribution, air conditioning, air curtains and heating products. Our products are robust and simple to choose, install and use.

Systemair has 24 factories in 19 countries throughout the world.

# 24

## Our strengths

### Trust – our most important watchword

Our customers can trust that they will get the right products, with the right performance characteristics, delivered at the right time.

### High quality and availability

Systemair is a well-known brand in the ventilation industry. We offer the products that the market demands – all offering top quality and high availability.

### Growth is part of our culture

We will continue to grow organically and through acquisitions. Trust and ongoing product development provide the foundations for stable growth.

## Facts

Sales for the 2015/16 financial year totalled SEK 6.1 billion.

Founded in 1974 at the initiative of Chairman of the Board Gerald Engström.

The Company has its registered office and headquarters in Skinnskatteberg, Sweden.

Operations in 49 countries in Europe, North and South America, the Middle East, Asia and Africa.

The Group comprises of 66 operating companies with a total of 4,855 employees.

24 factories with more than 280,000 m<sup>2</sup> of warehouse and production space.

Systemair shares have been quoted on Mid Cap List of NASDAQ OMX Stockholm since October 2007.

# Highlights of 2015/16

## Q1 1 May – 31 July 2015

- In May 2015, the Swedish business was divided into two companies. The company Systemair AB became a streamlined holding company with corporate staff and group functions. The newly formed company Systemair Sverige AB conducts production and sales operations in Sweden.
- In June 2015, we opened our renovated and expanded factory in Slovakia, where we manufacture air distribution products and fire dampers. The factory, which now extends to 12,000 m<sup>2</sup>, comprises office, production, warehousing and laboratory facilities.

## Q2 1 August – 31 October 2015

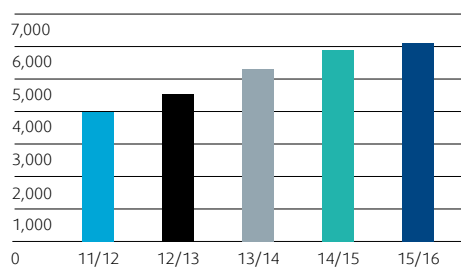
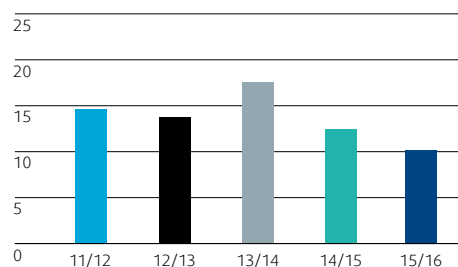
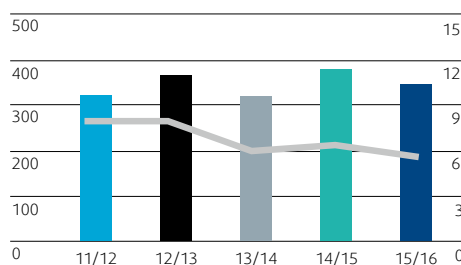
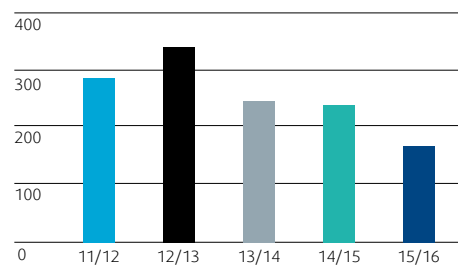
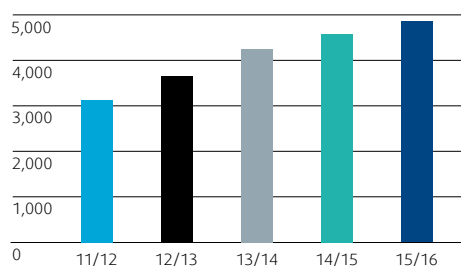
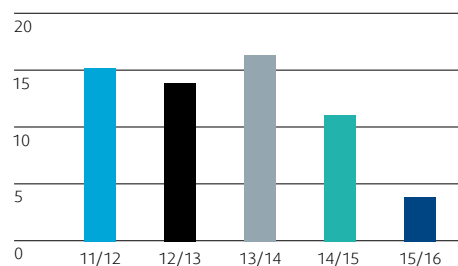
- In June 2015, Roland Kasper was appointed as new CEO of Systemair AB. At the AGM, Gerald Engström was elected as new Chairman of the Board.
- In September 2015, Systemair acquired 75 percent of the shares in Brazilian company Traydus, a leading manufacturer of customised air handling units and fan coil units in Brazil.
- In October 2015, the Company acquired Alitis, which markets and distributes Systemair's products in Belarus and Kaliningrad.
- In October 2015, Systemair acquired the manufacturing of air handling units from Kolektor Koling d.o.o., Slovenia.

## Q3 1 November 2015 – 31 January 2016

- In November 2015, Systemair acquired Menerga NV, a distributor of Menerga's products in Belgium.

## Q4 1 February – 30 April 2016

- In February 2016, Systemair received a major order for 550 air handling units for the university hospital in Ankara, Turkey. The order is valued at approximately EUR 5.2 million.
- In March 2016, the acquisition of Menerga Polska was completed. The company retails Menerga's products in Poland.
- In the year's final quarter, we participated in three major exhibitions, Climate World, the largest cooling and ventilation exhibition in Russia, Italy's Mostra Convegno Comfort, the largest cooling and ventilation exhibition in Europe, and Nordbygg in Sweden, the largest and most important construction exhibition in the Nordic region.

**Net sales, SEK m.****Return on capital employed, %****Operating profit (EBIT), SEK m./  
EBIT margin, %****Cash flow from operating  
activities, SEK m.****Number of employees at end of period****Sales growth, %****Key Figures**

	2015/16	2014/15	2013/14	2012/13	2011/12
Net sales, SEK m.	6,112.5	5,882.2	5,295.8	4,551.0	3,996.9
Growth, %	3.9	11.1	16.4	13.9	15.3
Operating profit, SEK m.	344.1	376.8	316.9	365.2	319.8
Operating margin, %	5.6	6.4	6.0	8.0	8.0
Profit margin, %	5.0	6.5	9.6	7.3	7.4
Return on capital employed, %	10.2	12.5	17.7	13.8	14.7
Earnings per share, SEK	4.0	6.0	8.4	4.6	4.1
Equity per share, SEK	40.5	40.0	36.2	30.3	26.9
Equity/assets ratio, %	43.9	44.4	47.2	40.7	45.1
Dividend per share, SEK	2.00*	2.00	3.00	1.50	1.25
No. of employees at end of period	4,855	4,584	4,250	3,649	3,127

\*The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM to be held in Skinskatteberg, Sweden on 25 August 2016.

# A year of change

» During the past year, we initiated restructuring programmes focusing on improving profitability.

The year 2015/16 brought both successes and challenges. We secured and obtained many exciting orders during the year and feel that our strategy is bearing fruit. Our products are at the cutting edge, and we are continuing to invest in major resources in product development.

We have made great strides in the process of integrating our acquisitions of recent years. However, in view of the unsatisfactory profitability and softening of demand in certain markets, we have decided to launch a restructuring project within Systemair.

In the fourth quarter, organic growth returned, rising to 4 percent, while profit was also somewhat improved compared with the previous year. This resulted in a positive conclusion to a year which does not entirely fill us with satisfaction.

#### The market

The market showed weak but positive growth during the year for Systemair. The Nordic market remains strong and as a result more players have emerged in our sector. In order to consolidate our position, we have to continue changing and adapting. We have reviewed our sales organisations and reset our focus in various applications and solutions. During the year, Western Europe was a fragmented market. The UK and Germany performed strongly, while France and a number of small countries are struggling with shrinking market volumes, depressed prices and a product mix in need of updating, through the impact of new laws and regulations.

The North American market showed positive growth during the year, in Canada mainly within residential ventilation and classroom ventilation. In Asia, our investments offer excellent prospects going forward. We have many exciting projects under way in the region, as well as in new markets such as Iran, where sanctions are being lifted and extensive renovations and

new buildings are in the pipeline in a market with great potential.

In Eastern Europe, growth remained weak, above all in Russia. Our Russian company remains profitable, although we have noted that the volumes from our factories in Sweden, Denmark and Turkey are showing the impact of lower demand. The markets in Poland, Slovakia, the Czech Republic and Slovenia have performed well.

During the year, we also established operations in new markets such as Mexico and – through acquisition – Brazil.

#### Restructuring programmes

During the past year, we initiated restructuring programmes, focusing on improving profitability, in selected areas of the business. At the same time, work began in the third quarter on profit-enhancing restructuring programmes in production, purchasing, sales and logistics at Menerga, affecting 25 employees. These actions are intended to more effectively exploit our benefits of scale in internal and external processes and to more clearly evaluate and develop our units.

During the year, we acquired 75% of the shares in Traydus.

75

During the year we launched more than 200 new products.

200



During the fourth quarter, work began on a restructuring initiative focused on the air conditioning segment acquired in recent years and on selected loss-making units in various countries. The programme consists of capacity adjustments and a review of the product range. The cost of the programme is estimated at approximately SEK 45 million, with estimated annual cost savings of SEK 45 million and full impact within two years.

The programme has been well received in-house and we are now working at full speed on implementing these measures.

#### **New products**

Taking the next step forward in developing market position may be usefully timed to coincide with the launch of new products and solutions. At Systemair, we are proud of our development units, unique laboratories and technical resources combined with the expertise they offer. This has enabled us to develop more than 200 new products in a variety of versions and systems in attracting new and retaining existing customers.

Our product development has been driven in part by new laws and new technology trends. The Ecodesign Directive in particular has affected the choice of components and product solutions in favour of energy-efficient solutions, enabling these products to be marketed and distributed on the European market.

#### **Investments**

Our largest current investment, is a new factory in Turkey which is strategically important and will create long-term benefits for us. In Norway, we have moved into a new warehouse extension. In Sweden, we approved a major investment in machinery, which will be installed in the autumn and will improve our productivity in sheet

metal forming. Minor efficiency-enhancing investments have begun at our production facilities in Denmark, Lithuania and Brazil.

#### **Acquisitions**

During the year, we acquired 75 percent of the shares in Traydus, a leading manufacturer of customised air handling units and fan coil units in Brazil, as well as the the manufacturing operation for air handling units at Kolektor Koling d.o.o., Slovenia. We also acquired three sales companies; Alitis, which markets and distributes Systemairs products in Belarus and Kaliningrad, Menerga NV in Belgium and Menerga Polska in Poland, which sells and services Menerga's products.

These are minor acquisitions and should in no way be interpreted other than exercising choice of suitable businesses which we acquire with a focus on profitability.

#### **Sustainability**

At Systemair, sustainability has always been placed high on our agenda, by safeguarding the work environment of our employees and focusing on energy optimisation, environmental and climatic conditions of our properties. This permeates every aspect of our corporate behaviour, our infrastructure and, last but not least, our products and services. This year, it is the second time we are reporting on our sustainability improvements in accordance with the guidelines of the Global Reporting Initiative (GRI).

#### **Outlook**

The past year was an eventful one, with change and new challenges arising from various geopolitical factors. In August 2015, I was entrusted with the task of continuing Systemair's unique and exciting journey as President and CEO, having succeeded Gerald Engström. It has been a privilege to seek to strengthen the initiatives which have already

» Our largest current investment, is a new factory in Turkey which is strategically important.

been launched and to step in where new is required. To me, this is a tremendously stimulating and rewarding assignment.

Over the years, Systemair has strengthened its presence in a number of markets and has entered new areas of business. Going forward, we are hoping for stronger growth in Western Europe and recovery in Russia.

Our strength lies in our global presence and on that basis we can utilise our resources and market presence to identify and develop opportunities that emerge. Our company philosophy and wide product range, focusing on energy efficiency and quality, are attuned with the times.

We will continue to invest in production equipment, product development and marketing in order to maintain our growth and ensure satisfaction amongst customers, employees and owners alike.

**Roland Kasper**  
President and CEO

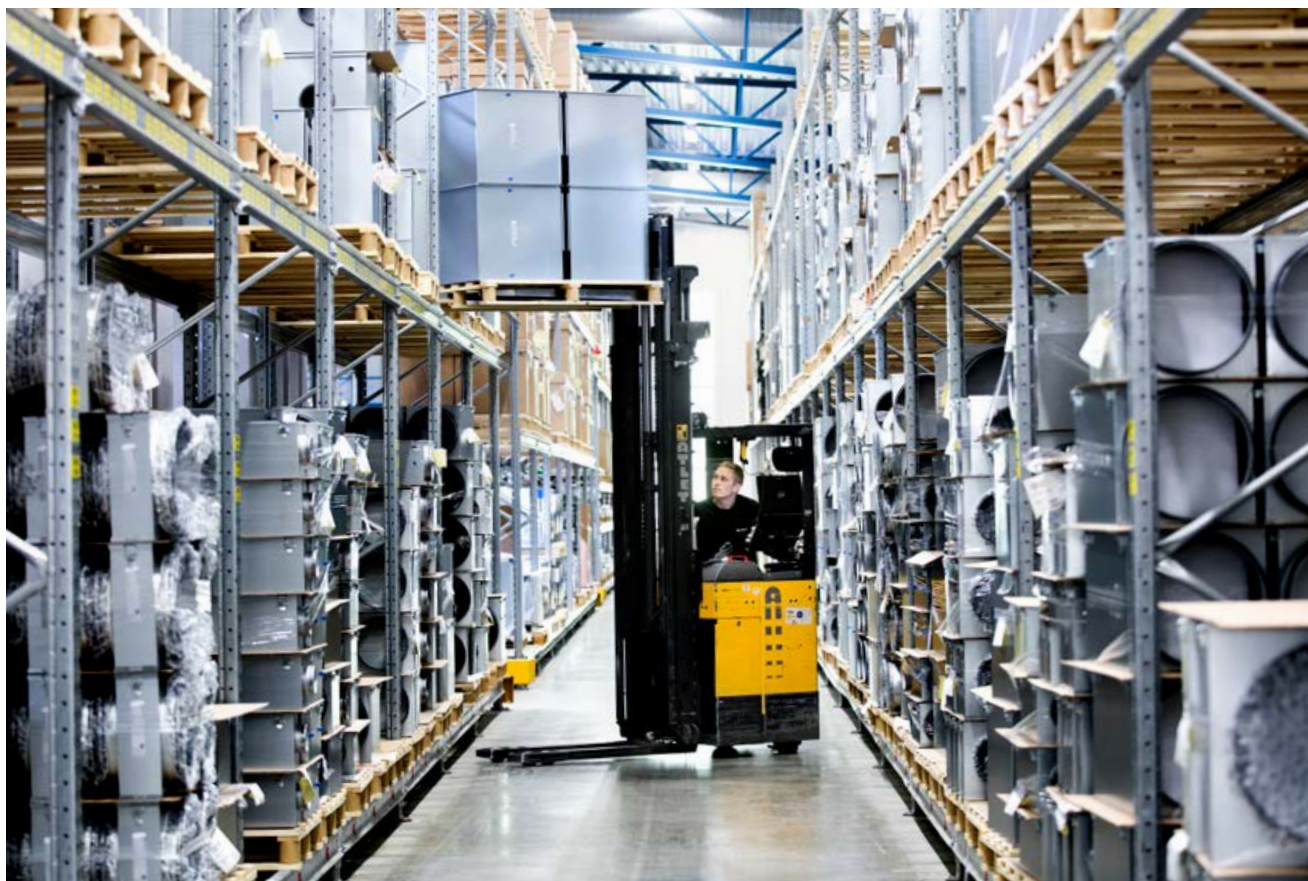
# Our vision is to be the leading player in the ventilation industry

## VISION

With our business concept and an offensive strategy, we will become the leading player in the ventilation industry, globally.

## MISSION

Our mission is to develop, manufacture and market high-quality ventilation products. With our customers in focus, we aim to be the most reliable company for quality, availability and delivery reliability. We aim to also keep customer relationships with Systemair simple.





## OVERALL OBJECTIVE

**Systemair's overall objective is to become one of the leading players in the global ventilation industry and the most reliable in every local market.**

**1**

By being a major player, we will influence and help drive trends and development in the ventilation sector.

**2**

We will consistently exploit benefits of scale within production, product development, logistics and sales.

**3**

Our financial strength enables us to enter new markets through acquisition or establishment. A local presence in priority markets is fundamental to our ability to achieve our goal.

## STRATEGY

- We will be the most reliable company for quality, availability and delivery reliability. Through this, our aim is to create good relationships with ventilation contractors, distributors and consultants, and to become the first choice for our customers.
- High product availability and fast delivery via efficient production, logistics and IT systems.
- Development and expansion of Systemair's own sales organisation.
- Innovative product development and a broad product range focusing on energy-efficient ventilation products.
- A highly diversified customer base and wide geographical coverage reduce our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Offensive strategy in acquisition and establishment to assure continued growth.



# Goals

## Goal

### Growth

To achieve average annual growth of no less than 12 percent in sales over a business cycle.

# 12%

### Profitability

To achieve an average operating margin of no less than 10 percent over a business cycle.

# 10%

### Financial position

The Group's equity/assets ratio should be no less than 30 percent.

# 30%

### Dividend policy

Based on Systemair's growth objectives, the dividend target is approximately 30 percent of the Company's profit after tax.

# 30%

## Description

This is to be achieved through both organic growth and acquisitions. Sales growth has averaged 10.4 percent per year over the past ten years. Organic growth is to be achieved via product development and expansion of market shares, as well as a broader product offering through acquisitions and new business start-ups.

The operating margin has averaged 8.9 percent over the past ten years and 6.8 percent over the past five years. In view of our planned restructuring programmes, existing structure and product programme, the Company judges that the conditions for achieving this goal are favourable.

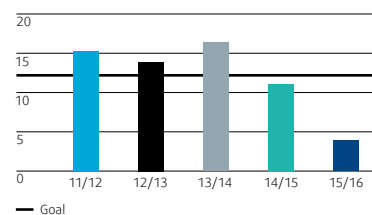
The Group's financial position is good; our equity/assets ratio on 30 April 2016 was 43.9 percent. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for continued acquisitions and investments.

The AGM determines the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the Company's annual earnings.

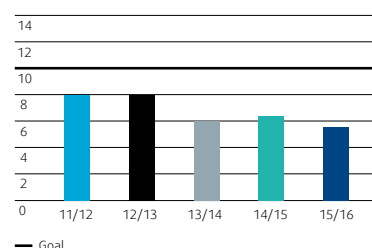
## Achievement

Net sales for the financial year increased by 3.9 percent to SEK 6,112.5 million (5,882.2).

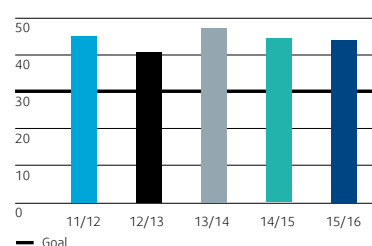
Sales growth, %



Operating margin, %



Equity/assets ratio, %



The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM, which will be held on 25 August 2016 in Skinnskatteberg, Sweden. The proposed dividend corresponds to 50 percent of profit after tax.

# Offensive strategy for acquisitions

» A common corporate culture and shared fundamental values are essential to the successful integration of the new company.

Systemair's overall objective is to become one of the leading players in the global ventilation industry. An offensive strategy, consistently applied, for acquisitions and new business establishments is fundamental to achieving our goal.

● Systemair is expanding through a combination of organic growth and acquisitions. A number of areas are evaluated in each acquired company: corporate culture and fundamental values; customers and suppliers; organisation; and costs and margins.

A common corporate culture and shared values are essential to the successful integration of the new company. We devote substantial resources to this process. For example, Group Management holds reviews with the personnel in the company acquired. This may take place, for example, in the form of seminars and Group-wide activities at Systemair headquarters.

We see this as an effective means of quickly establishing good contacts at different levels of the company. During each of these visits, we review our values, our "tablets of stone". They describe how each and every employee at Systemair should, can and may act in his or her work (see page 37).

This integration is further reinforced through Systemair Academy, our in-house training programme that offers basic courses and continuing professional development in ventilation technology, products, finance, purchasing, marketing, IT and sales.

## Acquisitions in 2015/16

### Traydus

In September 2015, Systemair acquired 75 percent of the shares in Traydus, a leading manufacturer of customised air handling units and fan coil units in Brazil. The company has 75 employees and its factory, measuring 2,800 m<sup>2</sup>, is located in the outskirts of São Paulo.



### Alitis

In October 2015, Systemair acquired the company Alitis, which markets and distributes Systemair's products in Belarus and Kaliningrad. Alitis posted sales of EUR 5.5 million in 2014. The company has in all 15 employees, mostly based in Minsk.

### Kolektor Koling

In October 2015, Systemair acquired the manufacturing of air handling units of Kolektor Koling d.o.o., Slovenia. It is estimated that the manufacturing that Systemair is acquiring has sales of EUR 3 million. Systemair is taking over 7 employees and manufacturing has been relocated to Systemair's existing factory in Maribor.

### Menerga NV

In November 2015, Systemair acquired Menerga NV, which sells and services Menerga's products in Belgium. The company had sales of EUR 4.2 million in 2014 and is located in Aarschot, north of Brussels. The company had 13 employees. Menerga NV will continue to be managed as a separate company, with its current management and staff.

### Menerga Polska

In March 2016, Menerga Polska, a distributor of Menerga's products in Poland, was acquired. The company sells and services Menerga's products and reported sales equivalent to around EUR 2.0 million in 2014. The company had 17 employees.

# 3

Our three core values:  
**#1 QUALITY**

Quality must permeate through to every part of the business, from product development and manufacturing of high-quality products to delivery and customer support. Our aim is to be the first choice for our customers, and we have therefore developed a broad, well-balanced product portfolio of standardised quality products.

Our three core values:  
**#2 AVAILABILITY**

To ensure availability, we have chosen to produce a substantial proportion of our product range for stock. Instead of starting to produce when we receive an order, we can deliver right away from a local or central warehouse. The strategy of producing for stock, rather than in response to customer orders, also translates into higher productivity and secure control over the entire flow of goods.

Our three core values:  
**#3 DELIVERY RELIABILITY**

Delivery reliability means the ability to deliver, without delay, the products and solutions that the customer needs. The standard range is delivered directly from stock. Ventilation systems are installed late in the construction process, and the installation contractor often needs the products at short notice. Against that background, we have built up an efficient production and logistics organisation in which the local and central warehouses are integrated with each other via a shared ERP system. We also place great emphasis on punctual deliveries when producing directly to order.

CASE STUDY

## Data Centre Cooling



# Cooling the ones and zeros

## Reference project

### DATA CENTRE COOLING FOR BANK IN THE NETHERLANDS

**Customer:** ABN AMRO Bank  
**Location:** Amstelveen, Netherlands  
**Completed:** 2016

ABN AMRO is replacing all air handling units in two of the bank's existing data centres in Amstelveen. At the same time, the energy management system is being renewed and expanded with a water-based system for cooling and heating storage. Systemair has delivered 51 air handling units and a further 16 are on order. Systemair's flexible solution was a decisive factor in the customer's choice of supplier.

## Products

### SYSTEMAIR'S PRODUCTS FOR DATA CENTRES

Systemair offers a range of products that are packaged into a solution for a particular data centre, adapted to the needs of the customer and building concerned:

- Water-based chillers
- Air-based chillers
- Fans
- Air distribution products, including air terminal devices, dampers and grilles
- Heat-exchangers
- Heat pumps
- Condensing equipment
- Fire safety ventilation

The number of data centres and server halls worldwide is expanding at record speed, in pace with the advance of digitisation. Systemair offers a comprehensive range of products for ventilation and cooling for data centres large and small – even in the most challenging climates.

**P**eople want to be able to go online anytime and to have faster and wider-ranging access to data, communication, entertainment and cloud-based services via the Internet. This trend is driving up the need for server capacity and the number of data centres around the world is growing fast.

A data centre is a specially conditioned space where a company's IT equipment is housed. In this space, the air temperature and humidity is monitored and controlled, the power supply is kept constant and a fire safety system is maintained. Data centres vary in size – from gigantic computer/server halls consisting of several connected rooms, as at major IT companies, to a small room in an office building.

**“There is huge potential for Systemair for increasing sales of ventilation and air conditioning for data centres. Thanks to our comprehensive range of products, we can see major opportunities to be a winner.”**

**Håkan Lenjesson,  
 Vice President Marketing  
 Middle East & Asia**

When a data centre is designed, specific demands are made for the ventilation and cooling system used. The system must maintain a constant temperature and air humidity in the space all year round to minimise the chance of operational disruptions. It must be capable of recovering the heat generated by the IT equipment for use in heating other parts of the building. The products in the system must also be energy-efficient, to minimise energy costs and climate impact. Cooling equipment and air handling units must be designed for installation wherever space is available, outdoors or indoors. In the event of fire, the ventilation system must prevent the spread of toxic smoke gases.

Cooling today represents the highest proportion of energy consumption in data centres. As they grow in size and so use more energy, they create a growing need for energy-efficient products and solutions. Systemair can supply complete product packages that satisfy the exacting requirements for ventilation and cooling in data centres.

Systemair identifies great opportunities for increasing its market shares in the supply of products for cooling and ventilation in data centres. The Group has assembled a team of experts who specialise solely in this sector. Sales in data centre cooling are increasing and product development is an ongoing activity at Systemair to ensure that the Company can remain a recognised supplier in the sector in the future.

# 36%

36 percent of energy consumed in a data centre is for cooling.

# Expanding market creating opportunities for growth

Facts

## Global driving forces

- Population growth worldwide
- Urbanisation
- Migration
- Environmental and climate trends
- Energy saving measures
- Digitisation
- Trends in the global economy



Facts

## Systemair's customers

- Ventilation contractors
- Distributors of ventilation and electrical products.
- Ventilation consultants
- Major construction companies for infrastructure projects

Systemair has an extensive customer base with customers of different sizes in a number of markets. We sell to 136 countries worldwide. Our 10 biggest customers currently account for just seven percent of sales. Our broad, geographically diverse customer base leaves us less exposed to fluctuations in the economies within individual markets.

Systemair operates in a global market where demand for ventilation products and price growth are affected by both global driving forces and shorter-term trends. In the past year, demand for ventilation products worldwide increased. This is creating good growth opportunities for Systemair.

● Forces in the world today include continuing population growth and the migration of people from rural to urban areas and from one country to another in the face of wars and other crises.

### Long-term, global driving forces

Cities are growing and the need for renovation of existing housing stock and for building new homes, commercial premises and infrastructure is rising. This is generating strong demand for ventilation solutions.

In the wake of ongoing climate changes, the environmental issue has emerged as an increasingly important driving force in society, and energy-efficient solutions are in demand. A good, healthy indoor climate remains high on the agenda. Digitisation, in which computers and the Internet are being used for more and more purposes, is fuelling demand for ventilation and cooling in data centres. Developments in the world economy affect the capacity to invest in new building and redevelopment, which affects the construction market in general and therefore also the ventilation market.

### Trends and local factors in demand

New regulations and standards in, for example, energy, safety and ventilation in a country or region affect the demand for ventilation products to a high degree. One current example of this is Norway, where new safety regulations for tunnels have

meant that many tunnel fans will have to be replaced. Another example is the Energy-related Products Directive, under which electric motors in fans and air handling units will have to be replaced to satisfy the requirements that will have to be met by 2020.

The demand from customers in the ventilation market is more for complete system solutions than before. They want help with choosing products from the wide range of products available today. In addition, demand is rising for after-market support, such as post-warranty service. Greater quality awareness globally has also emerged. In addition, demands are also being made for longer service life in low-cost products. Rising demand for fast deliveries is also evident, reflecting the fact that although in many cases decisions on major construction and infrastructure projects are a long time in the making, once the decision is taken the time for completion is short.

### Market prices in the past year

The market prices for ventilation products and solutions was generally stable in 2015/16, subject to local variations. Pricing is determined in part by state of the world economy and the competitive situation in the market. However, by offering a good software for product selection, good support and high availability – in other words, being able to deliver quickly – good pricing can be maintained.





## Systemair's market activities during 2015/16

136

countries in which Systemair conducts sales activities

859

number of employees in sales

1,325

local customer activities per year, e.g. technology seminars and training courses

66

companies with sales teams

84,100

customer visits per year

70

exhibitions per year, international and local

## Competitors

The ventilation market is characterised by a large number of players, from major global groups to businesses operating in just one country. The table below shows Systemair's competitors in the 10 biggest markets in Europe

Company	Product areas								Presence in our ten biggest markets in Europe									
	Fans	Air handling units, Central	Residential ventilation	Air handling units, Compact	Air conditioning	Air distribution	Air curtains	Fire safety	SE	NO	DK	UK	DE	PL	FR	IT	RU	NL
Systemair	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
FläktWoods, CH	●	●	●	●	●	●	-	●	●	●	●	●	●	●	●	●	●	●
Flexit, NO	●	-	●	●	-	●	-	-	●	●	-	-	-	-	-	-	-	-
Swegon, SE	-	●	●	●	●	●	-	●	●	●	●	●	●	●	●	●	●	●
Exhausto, DK	●	●	●	●	-	-	-	●	●	●	●	●	-	-	-	-	-	-
Östberg, SE	●	●	●	●	-	-	-	-	●	●	●	-	●	-	-	●	●	-
Trox, DE	●	●	●	●	-	●	-	●	-	●	-	●	●	●	●	●	-	●
VTS, PL	-	●	●	●	-	-	-	●	-	-	-	●	-	●	-	-	●	-
Nuair, UK	●	●	●	●	-	-	-	●	-	-	-	●	-	-	-	-	-	-
Vent-Axia, UK	●	-	●	●	-	-	-	●	-	-	-	●	-	-	-	-	-	-
DencoHappel, DE	●	●	-	●	●	-	-	-	●	●	●	●	●	●	●	●	●	●
Nicotra-Gebhardt, DE	●	-	-	-	-	-	-	●	●	●	-	-	●	●	●	●	-	●
Rosenberg, DE	●	●	-	●	-	-	-	●	-	-	●	●	●	●	●	●	●	●
Soler&Palau, ES	●	●	●	●	-	-	●	●	-	●	-	●	●	●	●	●	-	●
Wolf, DE	-	●	●	●	●	-	-	-	●	-	-	●	●	●	●	●	●	-
CIAT, FR	-	●	-	●	●	-	-	-	-	-	-	●	-	●	●	●	●	-
Aldes, FR	●	-	●	●	-	●	-	●	-	-	-	-	-	-	●	●	-	●
Zehnder Group, CH	-	-	●	●	●	●	-	-	-	-	●	●	●	●	●	●	-	●

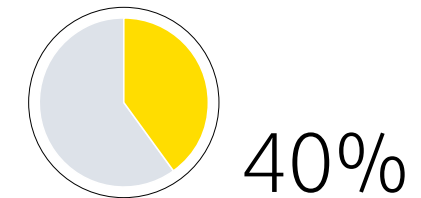
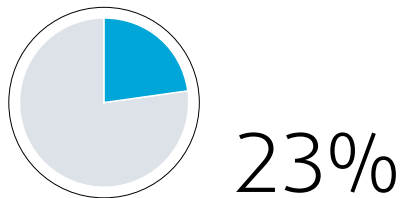
● Comprehensive range    ● Limited range    - does not offer the range

# Market regions

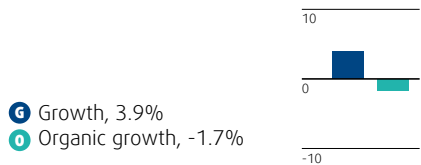
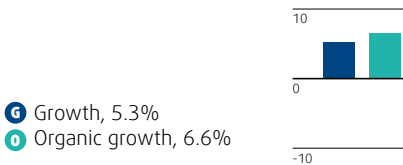
Our broad, geographically diverse customer base offers great stability and leaves us less exposed to fluctuations in individual economies.



## Share of Systemair sales



## Growth/Organic growth



## Reference Projects

### AIR HANDLING UNITS

#### AARHUS, DENMARK

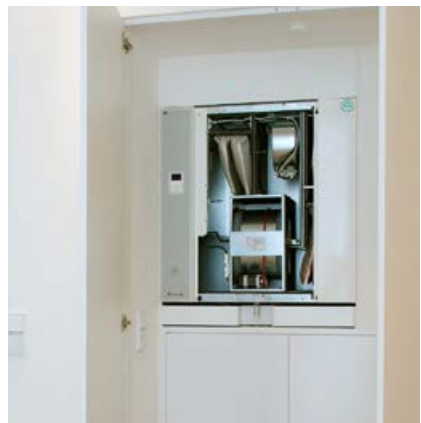
Navitas, by the waterside at Aarhus, is the location for a new innovation and training centre. The centre will serve as a hub for cooperation and synergy between more than 2,300 students, teachers, researchers and entrepreneurs from the Aarhus School of Engineering and INCUBA. The new building is a low-energy category 1 construction. Systemair has supplied 43 air handling units to the centre.

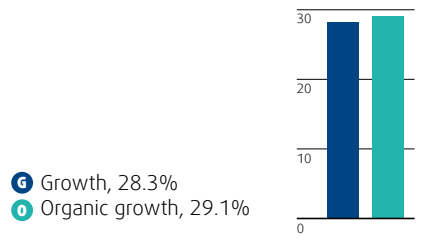
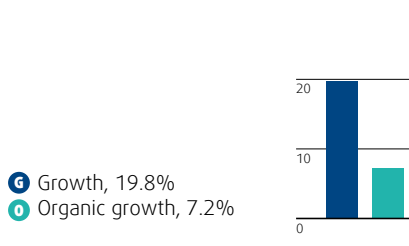
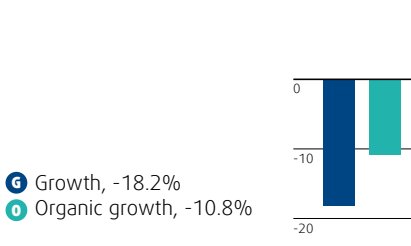
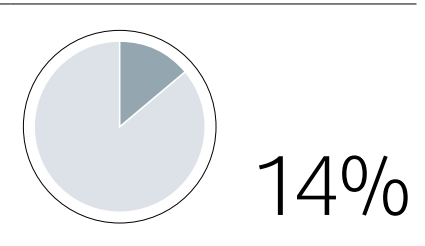
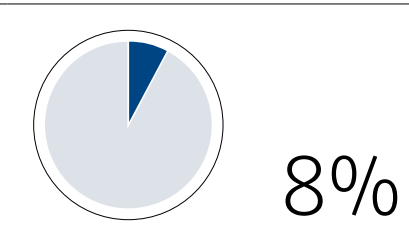
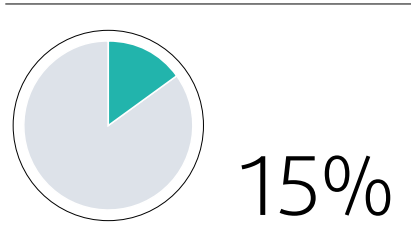
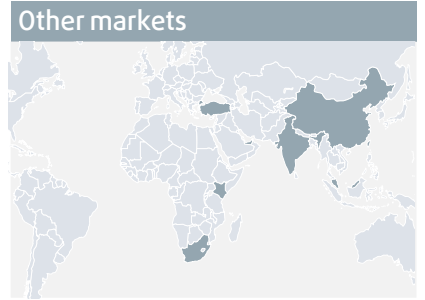


### RESIDENTIAL VENTILATION

#### MUNICH, GERMANY

Four "villa-style" apartment blocks, incorporating 33 apartments, were built in an idyllic park by the Isar River in Munich. The ultra-modern apartments were built to a very high standard and comfort. The buildings were constructed in accordance with Germany's "Effizienzhaus 70" energy standard. Systemair delivered complete ventilation systems for all the apartments, including air handling units, supply and exhaust diffusers, roof cowls, ducting and accessories.





**FANS AND AIR HANDLING UNITS**

**SKOLKOVO, RUSSIA**

The Skolkovo Innovation and Research Centre, just outside Moscow, is one of the biggest research complexes and technology parks in Eastern Europe. The Centre hosts companies operating in telecommunications, space technology, biomedical technology, energy efficiency, information technology and nuclear technology. Systemair has supplied duct, axial and roof fans, as well as air handling units for this project.



**CLASSROOM VENTILATION**

**USA**

Changeair (part of Systemair) has supplied more than 300 air handling units for classroom ventilation to the West Aurora school district, near Chicago, Illinois, USA. The air handling units, delivered complete with control systems, will be used for ventilating, heating and cooling nine school buildings in the district. This project is the largest single order in Changeair's history and will be supplied from our factory in Tillsnburg, Canada.



**AIR HANDLING UNITS**

**UNIVERSITY HOSPITAL, TURKEY**

Systemair was selected as supplier of air handling units for the Bilkent Integrated Healthcare Campus, in Ankara, Turkey, one of the biggest hospitals in the world. The hospital has more than 100 operating theatres and approximately 8,000 employees. The project also includes a new office building for the Turkish Ministry of Health. Systemair is supplying more than 550 air handling units, of which approx. 250 are hygiene-certified.



Skyscrapers stretch towards heaven in more and more of Mexico's cities. Below them, the buildings are served by underground car parks. Systemair's ventilation systems for underground car parks have been an important gateway into the Mexican market.

**S**ystemair's Mexican adventure took off in 2013 when the Company got the chance to supply garage ventilation to Micropolis - one of the new skyscrapers that today adorns the skyline of Monterrey, northeastern Mexico.

Micropolis includes apartments, offices, shops, restaurants - and at the bottom a four-level underground car park. Systemair was offered the chance to supply a ventilation system meeting the client's requirements for a competitive initial investment, a high standard of safety and an energy-efficient solution that minimises operating costs. Systemair was able to provide quiet and efficient ventilation for day to day users of the parking facility.

The Micropolis project has been a gateway into the Mexican market for Systemair. Initially, deliveries consisted mainly of ventilation systems for underground car parks. Today, Systemair supplies complete ventilation solutions for entire building complexes in 80 percent of the projects for which it delivers products.

**"Delivering ventilation systems for underground car parks has been an important gateway into the Mexican market."**

**Celso Vizcaya**  
Export Sales Manager,  
Systemair, USA

Systemair's projects over the past three years include Mexico's tallest building, Torre KOI in Monterrey, the Paradox Sante Fe skyscraper in Mexico City and the skyscraper/hotel complex Andares in Guadalajara. The buildings are of the finest quality with impressive architectural features. Several are LEED-certified\* by the USA's Green Building Council.

Mexico offers huge potential for continued growth for Systemair. The country today has a strongly growing economy, which is one factor that enables the Mexican construction sector to just go on growing. Systemair also identifies great opportunity for growth in much of South America.

\*LEED = Leadership in Energy and Environmental Design.

**Reference project**

**TORRE KOI - MEXICO'S TALLEST BUILDING**

**Project:** A 276-metre high, 68-storey skyscraper comprising offices, apartments, hotel and underground car park.

**Location:** Monterrey, Mexico.

**Completed:** 2016

Systemair supplied products for all ventilation in this skyscraper, including garage ventilation, safety ventilation for stairways/fire evacuation areas and exhaust air ventilation from bathrooms and kitchens. The building is an LEED\* project, under an ecology-focused building certification programme operated under the supervision of the USA's Green Building Council.

\*LEED = Leadership in Energy and Environmental Design.

**Products**

**SYSTEMAIR'S PRODUCTS FOR GARAGE VENTILATION**

Systemair offers a comprehensive range of products for ventilating car parks of varying sizes and in different climates. Products include:

- Jet fans
- Fans for supply and exhaust air
- Safety ventilation for stairways/fire evacuation areas
- Silencers
- Dampers
- Complete control systems

80%

Energy savings of up to 80 percent can be made via Green Ventilation for underground car parks, from Systemair.

# Between heaven and earth in Mexico

**Garage Ventilation**



# Strong brands offering unique solutions

The Group's brand strategy is based on bringing its operations together globally under the main brand, Systemair. Operations that already have well-established, strong brands in specific areas will continue under their respective brand.

The **Systemair** brand spans a wide range of high-quality ventilation products, including fans, air distribution products, air condition products and air handling units for both comfort and safety ventilation. We hold a strong position as a leading manufacturer of energy-efficient ventilation products in several geographic markets.



**Frico** is the market leader in air curtains and heating products in Europe. Frico is represented via subsidiaries or distributors in 70 countries. The brand represents 80 years of accumulated experience in developing products that offer customers a comfortable indoor climate. Frico offers a comprehensive solution consisting of products for airborne heating and energy saving.



**Veab Heat Tech AB**, Hässleholm, weden, specialises in developing, manufacturing and marketing heating products for ventilation systems, movable and stationary fan heaters and dehumidifier systems. The product range includes both electric and water heaters, as well as cooling coils for residential, industrial and commercial premises etc. It also includes hygiene-certified cooling coils for hospitals, food halls and catering establishments.



**Fantech** develops, designs and markets solutions in North America. Products are sold to distributors in the United States and Canada by the Group's own sales staff and agents. The Systemair brand has been established as a new sales channel in North America, alongside Fantech. Fantech concentrates its operations largely on the residential sector, while Systemair focuses on commercial projects where the demand for energy-efficient systems is strong.



**Holland Heating** is a leading manufacturer of air handling units in the Netherlands. Its products are marketed primarily in the Netherlands, but also in neighbouring European countries. Holland Heating was established back in 1955. The company supplies systems to, for example, hospitals, sports arenas, airports and offshore platforms. Its product range also includes specially designed equipment for large cruise liners.



**Menerga** is a leading European manufacturer of air handling units for swimming pool halls and comfort ventilation with ultra high efficiency. Menerga, established in 1980, markets its products throughout Europe. The company's biggest market is Germany. Its state-of-the-art, high-quality products are used, for example, in swimming pool halls, museums, shopping centres, airports and as well as for data centre cooling.



# Simple, efficient and reliable

» Systemair will be the most reliable company for quality, availability and delivery reliability.

Systemair manufactures and markets high-quality energy-efficient products which are robust and simple to choose, install and use.

● Systemair has been manufacturing and marketing ventilation products since 1974. Our product range spans a broad range of energy-efficient fans, air handling units, products for air distribution, air conditioning, air curtains and heating products.

Systemair has a broad product range based on standardised energy-efficient products. Through product combinations, flexible ventilation systems can be created on the basis of the needs and design of the project in question.

Systemair products are used in all types of buildings and facilities, including homes, offices, industrial premises, data halls, hospitals, multi-storey/underground car parks and underground rail tunnels and road tunnels. Our products are designed to create a comfortable and healthy indoor environment with the right temperature and air humidity, while using energy efficiently.

Most Systemair products are developed to meet the EU's Ecodesign Directive, which has established minimum requirements for energy performance in various products for sale and use within the EU. The aim of the directive is to reduce environmental impact from energy-powered and -related products. Ventilation in business and resi-

dential premises is one of the 13 categories covered by the EU Directive.

Systemair will be the most reliable company for quality, availability and delivery reliability. Ventilation products today are expected to have a service life of up to 20 years. In this context, quality at all stages is a basic prerequisite for a low operating cost over time. Systemair offers a high level of availability for its products by producing for inventory rather than directly to order. That way, the Group can ensure that it keeps major volumes of its product range in stock at all times and that it also maintains high delivery reliability at local level. Systemair also attaches great importance on punctual deliveries when production is direct to order.

In addition, Systemair offers control systems, computer software for product selection, support and after-market service.

# 200

More than 200 new and recently-developed products were launched during 2015/16

## Facts

### The first Eurovent-certified residential air handling unit



Among our attractive products is the SAVE VTC range of residential heat-recovery units, delivering high efficiency of around 90 percent heat recovery. The units are the first on the market to be approved under Eurovent's Residential Air Handling Units (RAHU) certification programme. We use extremely quiet fans with optimal airflow based on the latest EC technology. The units are available in different sizes and feature integral functions for demand-side management, leading to efficient and economical operation.

## Facts

### A profitable investment for apartment buildings



The Living air handling unit is an exhaust air unit with dual functions, heat pump and heat recovery, designed to deliver the maximum heat recovery from exhaust air systems. Instead of discharging the warm exhaust air, the heat in the air is now extracted via Systemair's high-efficiency heat exchangers and heat pumps and transferred to the radiator circuit. The centrally located exhaust air fan is replaced by the Living air handling unit, a profitable investment especially when used in renovation of apartment buildings. Living also features an integrated fire function, providing an extra level of safety.

# Systemair – an important part of everyday life

Systemair products and ventilation systems are part of our everyday life that we do not always think about. They exist as an invisible part of our lives, providing a comfortable and healthy indoor climate in our homes and social properties, as well as in the workplace. Systemair provides ventilation products and applications in several different sectors.

## AIR HANDLING UNITS

Compact and modular units for use in industry, commerce, schools, hospitals etc.



## AIR CURTAINS AND HEATING PRODUCTS

Air curtains, fan heaters and radiant heaters are marketed under the Frico brand.



## AIR CONDITIONING

Liquid- and air-cooled air conditioning products, together with heat pumps for comfort and industrial cooling.

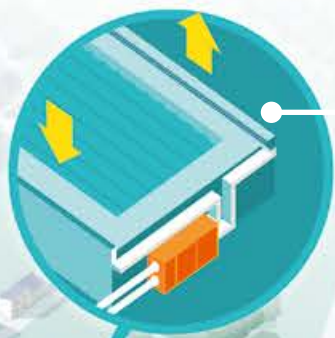


## FANS AND ACCESSORIES

Products such as circular and rectangular duct fans, roof fans, box fans and axial fans.







**SWIMMING POOL VENTILATION**

Extra high-efficiency ventilation units for environments with indoor swimming pools or very high air humidity.



**AIR DISTRIBUTION**

Products for air distribution, including supply and exhaust diffusers, iris dampers and grilles.



**TUNNEL VENTILATION**

Fans and systems for ventilation of all types of tunnels for roads, rail and metro systems.



**GARAGE VENTILATION**

Comprehensive system solutions for multi-storey/underground car parks and fire/smoke applications.



**RESIDENTIAL VENTILATION**

Small ventilation units for apartment buildings and single-family houses, mostly including heat recovery.



**FIRE SAFETY**

Products that have been tested and certified to withstand high temperatures for a long period.

# Focusing on the products of the future

We focus on product development

22

technology teams

210

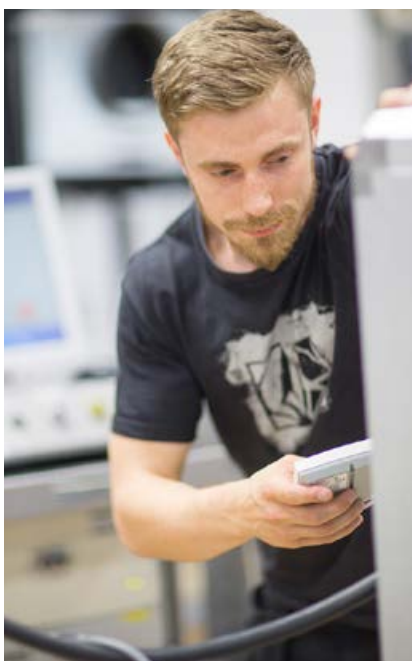
engineers and technicians

13

technology centres in 18 countries on 3 continents



400,000 working hours/year - time spent on product development at Systemair



To Systemair, it is vital to constantly engage in developing new ventilation products and solutions to meet the future needs of the market. We have to stay one step ahead of our competitors, choose the right ideas and develop those that fit with Systemair's know-how and resources, and lastly do this quicker than others.

● Systemair's mission statement places product development at the forefront. The Group's mission is to develop high-quality, reliable ventilation products with a long service life, that are energy-efficient and improve the indoor climate. They must be simple to choose, install and maintain.

To fulfil this mission, Systemair has created an efficient product development process and an organisation comprising 210 engineers and technicians with leading-edge expertise in a range of technologies. 22 technology teams and 13 technology centres are engaged in product development worldwide.

Our leading-edge expertise provides Systemair with the credibility to participate in the design of new standards, to drive certification issues and to influence decision-makers. The Group also receives requests to take part in the design of new energy-efficient homes, office areas and buildings, thanks to our advanced expertise in energy-efficient ventilation.

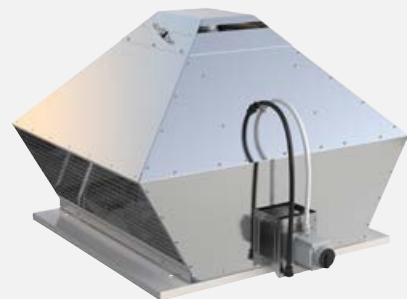
In the past year, Systemair increased the number of our technology centres to 13. One has been established in India and one in Slovakia. Others are planned for Malaysia and Lithuania.

## Award-winning roof exhaust fan

**Product name:** DVG-EC

**Type of product:** A ventilation/smoke and gas extractor fan with dual functions and unique characteristics.

**Year of launch:** 2015



Systemair's DVG EC roof exhaust fan was voted as one of the best fire safety products in Germany. The vote represents the choice of the expert jury and customers of the FeuerTRUTZ Fire Safety Network. A distinguishing feature of the DVG EC is that it can

be used for both normal ventilation and evacuation of smoke and gas. It is the only roof exhaust fan on the market to meet the tough certification requirements for fire and smoke gas and at the same time satisfy all European energy requirements.

## Ecodesign

Under the Ecodesign Directive, a product must show a certain allowable energy for sale and use in the EU. The aim is to reduce the environmental impact of energy-consuming products and, in so doing, contribute to a more sustainable form of development. It is a framework directive that applies

to practically all energy-consuming products except transport. Air conditioning, air curtains and fans represent a generic group totalling 13 products that are subject to analysis. Other groups include lighting, washing machines and dishwashers, electric motors, refrigerators, TVs etc.

## PRODUCT DEVELOPMENT AT SYSTEMAIR – STEP BY STEP

1

Business intelligence



**MORE THAN 859 SALES PERSONNEL 22 TECHNOLOGY TEAMS OTHER EMPLOYEES**

Compilation of customers' articulated and unarticulated needs, trends in society, technological development, relevant political decisions, changes in requirements, regulations etc. Suggestions and ideas for products of the future are developed.



2

Analysis of ideas received



**PRODUCT AREA MANAGERS**

Market analysis, costings and estimates of resources and project durations are carried out.



3

Strategic production planning & prioritisation



**SPP MEETING\* WITH TECHNICAL DIRECTOR, VICE PRESIDENT MARKETING AND OTHERS**

Projects are selected on the basis of strategy, profitability and Systemair's know-how and resources. Priorities are determined for the project proposals for which the go-ahead has been given.

\* Strategic production planning



4

Product development



**TECHNOLOGY TEAMS IN CLOSE CONSULTATION WITH PRODUCTION**

- 1) Feasibility study
- 2) Development
- 3) Production of prototype
- 4) Production preparation, laboratory testing and production of technical data and documentation
- 5) Certification of product



5

Launch and production



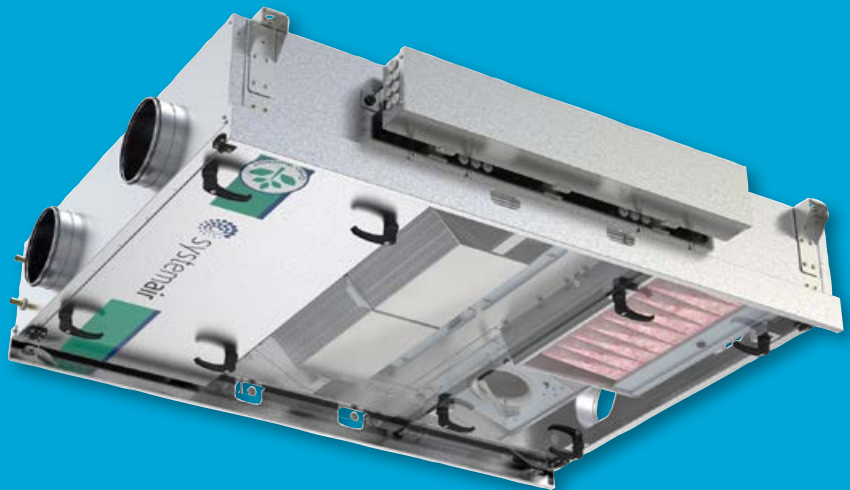
**MARKETING AND SALES TEAMS + PRODUCTION UNITS**



# Systemair delivers energy-efficient products

Today, people spend on average 90 percent of their time indoors and buildings account for 40 percent of the EU's total energy consumption. The big challenge for the ventilation industry lies in how to improve the indoor climate while lowering energy consumption. The hallmarks of Systemair's products are high quality, a long service life and low energy consumption.

- ✓ High quality
- ✓ Long service life
- ✓ Low energy consumption



If we total up the figures, our energy-efficient products make a major positive contribution to society. Output of the modular units delivered by Systemair to the European market during a year ...

**95,000,000 m<sup>3</sup>/h**

of clean air has been supplied via Systemair's modular units to create a better indoor climate.



Corresponds to the ventilation for 900,000 homes



Enough to fill 34,000 hot air balloons every hour\*



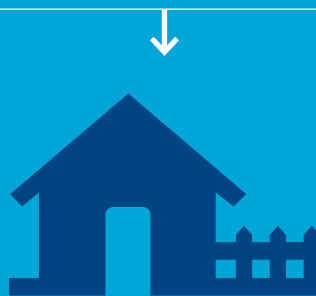
100 m<sup>3</sup> of clean air per year for every person on the planet

**1.7 TWh**

is the amount of energy saved by Systemair's modular units that are delivered to Europe over a year.



Equivalent to the power generated by 400 modern wind power plants



The saving is enough to supply 344,000 single-family houses with electricity



and is equivalent to electricity consumption by 20 million LED lamps per year

\* Volume per balloon: 2,800 m<sup>3</sup>

# Tunnel Ventilation



# Tunnel ventilation in the Middle East

## Reference project

### METRO IN RIYADH, SAUDI ARABIA

**Type of product:** Metro system  
**Location:** Riyadh, capital of Saudi Arabia  
**Year of construction:** 2014–2019

The Riyadh Metro is under construction. Work started in 2014, and the system is scheduled to open in 2019. The system will consist of six metro lines with a total length of 176 kilometres and 85 stations. Systemair has supplied axial fans and chillers for the project.

## Products

### TUNNEL VENTILATION FROM SYSTEMAIR

Systemair packages various products into a complete ventilation system for tunnels and associated stations.

- Design support for consultants and contractors
- Axial fans
- Jet fans
- Dampers
- Silencers
- Fire safety-classified equipment
- Air handling units and air distribution products for metro stations and other associated areas

Demand for tunnel ventilation in the Middle East has risen sharply in recent years as a result of a programme to upgrade the infrastructure in the major cities. Systemair is a major supplier of complete ventilation systems for metro systems and road and rail tunnels.

**S**ystemair has been delivering ventilation systems for tunnels in the Middle East since 2006. It started with a major project in Iran, just before the UN imposed sanctions on that country. In the project, Systemair supplied 173 large-sized fans for the first phase of the metro in Esfahan. Since then, Systemair has also been involved in projects in Qatar, Saudi Arabia, Turkey, Israel, Syria and the United Arab Emirates.

Systemair delivers complete ventilation systems and often participates in the initial design phase of the projects. Full-scale tests are conducted in the Group's test laboratories in Europe prior to the customer giving their final approval. Systemair then delivers ventilation systems which are used both during the construction phase of the tunnel and in the completed tunnels.

Ventilation has two main purposes in tunnel ventilation systems. The first is to ensure there is good fresh air circulation, removing heat and smoke pollutants and the second is doing this at low noise levels.

The second aim is to help improve safety in the event of fire. The smoke gases produced in a fire are extremely harmful and fatal if breathed in. Mechanical ventilation is essential for the air circulation needed and to provide tunnel users with a safe and comfortable environment.

**"I see great potential for growth for us in tunnel ventilation. It's to be hoped that we also get the chance to supply the expansion of the metros in Copenhagen and Delhi, India, over the next few years."**

**Kurt Maurer  
MD, Systemair GmbH**

Iran is one of many countries in the Middle East that is developing its metro systems. Systemair has supplied tunnel ventilation for a metro line in Shiraz and one in Esfahan. Systemair has also delivered ventilation for the metro in Riyadh, Saudi Arabia, where six new lines are now planned.

Systemair's customers have not been directly affected by the conflicts and wars of recent years in the Middle East, but the repercussions of low oil prices have negatively impacted on infrastructure projects, many of which are financed via oil sales. In addition, the embargo on Iran has delayed and blocked a number of projects. However, in 2015, the UN presented a timetable for lifting of the sanctions.

Systemair supplies tunnel ventilation throughout the world. In 2015, the Group secured new orders for the fourth phase of the Delhi Metro in India, several tunnel projects in Norway, the Doha Metro in Qatar, Bari railway station and an extension of the Catania Metro in Italy.

# 2.5

2.5 metres in diameter – that is the size of axial fans used in tunnels



PRODUCT AREAS

- A** Fans
- B** Residential Ventilation
- C** Swimming Pool Ventilation
- D** Air Handling Units
- E** Air Conditioning
- F** Air Curtains and Heating Products
- G** Products for Air Distribution
- H** Fire Safety
- I** Garage and Tunnel Ventilation

**MORE THAN  
280,000 M<sup>2</sup> OF  
PRODUCTION AREA  
IN 24 FACTORIES IN  
19 COUNTRIES**





**NORTH AND SOUTH AMERICA**

- 1. KANSAS CITY, USA **A**
- 2. TILLSONBURG, CANADA **D**
- 3. BOUCTOUCHE, CANADA **B D**
- 4. SÃO PAULO, BRAZIL **D**

**NORDIC REGION**

- 5. EIDSVOLL, NORWAY **D**
- 6. SKINNSKATTEBERG, SWEDEN **A D F**
- 7. AARHUS, DENMARK **D**
- 8. HÄSSLEHOLM, SWEDEN **F**

**NORTHERN EUROPE**

- 9. WAALWIJK, NETHERLANDS **D**
- 10. MÜLHEIM AN DER RUHR, GERMANY **C**
- 11. LANGENFELD, GERMANY **F**
- 12. WINDISCHBUCH, GERMANY **A H I**

**SOUTHERN EUROPE**

- 13. TILLIÈRES, FRANCE **E**
- 14. MILAN, ITALY **E**
- 15. MADRID, SPAIN **D**

**AFRICA**

- 16. JOHANNESBURG, SOUTH AFRICA **A**

**EASTERN EUROPE**

- 17. UKMERGE, LITHUANIA **B C D**
- 18. BRATISLAVA, SLOVAKIA **G H**
- 19. MARIBOR, SLOVENIA **D H**

**ASIA**

- 20. ISTANBUL, TURKEY **D**
- 21. NEW DELHI, INDIA **A D G H**
- 22. HYDERABAD, INDIA **G H**
- 23. KUALA LUMPUR, MALAYSIA **A H I**
- 24. WUIJANG, CHINA **D**

# Full control of the goods flow

» We focus constantly on continuing professional development for our employees and, at the same time, on making it even simpler to understand and use the ERP system.



A basic tenet of Systemair’s mission is to be the most-trusted company for quality, availability and delivery reliability. It follows from this that logistics plays a central role in the business. The majority of products from our standard range are available from inventory and can be delivered within 24 hours from the local warehouse, and within 72 hours from one of our centralised warehouses.

● Systemair operates on several fronts to cut lead times, raise efficiency and at the same time reduce costs. Today, 46 subsidiaries are linked to the same ERP (Enterprise Resource Planning) system. The system includes facilities for accounting, order and inventory management, production planning, project planning, resource planning and purchasing.

#### Article care

The ERP system is the core of Systemair's global logistics organisation. 24 hours a day, 365 days a year, new data is being entered into the system. An order in the United Kingdom generates a distribution order in Skinnskatteberg, Sweden, while the stock balance and stock value are updated once the order is dispatched. The system produces forecasts based on incoming orders and calculates how many products need to be put back into the stock if Systemair is to be able to continue to maintain consistently high delivery capacity. Our employees play a key role by understanding how the ERP system is structured and by maintaining the system. As Systemair, we call this “article care”.

#### Regular courses to ensure continuing professional development

We focus constantly on continuing professional development for our employees and, at the same time, making it even simpler to understand and use the ERP system. A constant exchange of information between purchasers, production/order planners and inventory plays a part in streamlining flows.

#### Efficient transport operations

Logistics is very much about efficient transport. Systemair works with selected transport operators, who are required to optimise the most suitable transport solution, both economically and environmentally. The two production facilities with central warehouses in Sweden and Germany are ISO-certified. Systemair sets the bar high for our sub-contractors by insisting that all parties are ISO-certified.

The three central warehouses deliver to different geographical markets. Thanks to our advanced ERP system, we can quickly search worldwide to find products in a local warehouse.

#### Fast integration at subsidiaries

Systemair operates a proactive strategy in acquisition and establishment. So integration of local ERP systems into Systemair's global standardised system is high on our “to do” list. Systemair has its own separate application and training team that operates globally with experts in finance, order management, purchasing and production.

In the first phase of integration of a new company, a feasibility study is carried out in which all flows are examined and local laws and regulations are reviewed and taken into account. After that, work on transformation of the local system starts, in parallel with training of key individuals who in turn train their colleagues.

Once the process of integration is completed, the subsidiary can always seek the support of the application team in Sweden and Germany if any problems should arise.

The majority of products from our standard range can be delivered within 24 hours.

# 24

# Striving to Reduce Environmental Impact

In addition to developing energy-efficient products, Systemair strives to lessen the environmental impact of its own operations, partly to reduce the burden on the environment, but partly also to continuously drive down our costs.

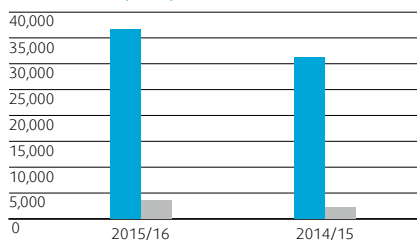
## ENERGY CONSUMPTION (MWH), G4-EN3

	2015/16	2014/15 <sup>1</sup>
Oil	5,845	22,780
Natural gas	15,104	11,801
Diesel	395	368
Electricity	28,245	22,669
Heating	6,608	7,202
Cooling	7	12
<b>Total energy consumption</b>	<b>56,203</b>	<b>64,832</b>

<sup>1</sup>Figure for 2014/15 has been adjusted to correct previous error in unit conversion.

The table shows Systemair's total energy consumption by energy category. The reduction in oil consumption is attributable to the fact that in the business in Denmark has stopped using oil as an energy source.

## MATERIAL USE (TONS), G4-EN1 & EN2



Steel Recycled steel

The diagram shows the total volume of steel purchased and the volume of recycled steel that Systemair uses in its production.

Five of our production facilities are certified in accordance with ISO 14001.

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● We are continuously improving our way of working and processes to minimise the impact on the environment. One important part of this striving is to create a corporate culture in which environmental issues are integrated in a natural way into day-to-day activities. Systemair's environmental work is decentralised. This means that every production facility is responsible for ensuring that local laws and regulations are observed.

Five of our production facilities are certified in accordance with ISO 14001 and 19 in accordance with ISO 9001. We constantly review whether certification is needed at other facilities.

### Lower environmental impact and costs

Thanks to efficient production, Systemair can lower both environmental impact and costs. In production, the focus is mainly on reducing the volume of waste, which reduces the consumption of resources. We are also endeavouring to ensure that our products are recyclable. We are required to use efficient logistical systems for distributing our products and to continuously assess the possibility of using renewable energy.

### Buildings with high standards

We place a high value on maintaining high standards for the buildings we own or lease. Those that we build ourselves maintain high standards, in that they are well insulated, use energy-efficient ventilation systems and, to the maximum degree possible, are heated from local sources. When acquiring new buildings, additional roof insulation is often installed at an early stage. This increases comfort for our employees, reduces energy consumption and is a profitable investment in the long term.

### Virtual meetings so fewer journeys

With Systemair's decentralised organisation and production facilities spread across the whole world, a major share of the Company's environmental impact has been through air travel. Web conferencing facilities and video conferencing equipment have made it possible to hold virtual meetings, resulting in substantial cost and time savings, plus reduced environmental impact. Systemair also uses Green IT, in which we strive for optimal use of hardware and digital infrastructure via low-energy server farms.

## LEED platinum certification in India

Systemair's factory in Greater Noida, India, has been awarded a highly valued LEED platinum certificate from the USA's Green Building Council. It gives us great pride that the factory is included among a group of platinum-certified buildings worldwide. This is a major milestone for Systemair.

LEED certification is a mark of high quality and performance in environmental building. LEED is an impartial system of certification for buildings judged by the same criteria in all parts of the world. Platinum is the highest ranking.



Assessments are made in the categories of immediate environment, water consumption, energy consumption, materials and indoor climate.

# Our employees

» Our organisation is characterised by openness, whereby all employees are able to influence their own working situation.

The ability to attract, develop and retain competent employees is of the utmost importance to Systemair's commercial success. Against that background, we must offer an attractive workplace, in which we invest in competence development, maintain a good work environment and promote equal opportunity. Our global operations and entrepreneurial spirit offer excellent career prospects for employees wanting to gain international experience and quickly take on big responsibilities.

## Work environment

In the Systemair organisation, a good work environment is a priority area and strong commitment is focused on creating a workplace promoting the physical and mental well-being of our employees. We want our employees to have a stimulating and healthy work environment that prevents accidents and inspires efficient and working in a goal-focused way. Our organisation is characterised by openness, enabling all employees to influence their own working situation. Systemair employees decide themselves whether to join a labour union in accordance with the legislation in the country where they work. Violence or the threat of violence in the workplace, harassment, bullying or similar abuses of employees will not be tolerated.

## Diversity

Our view is that, by promoting diversity in which a premium is placed on differing perspectives, we increase our chances of creating a more successful company, with innovative products and smart ways of working. At Systemair, we want everyone to feel welcome, whatever their background. What is important to us is knowledge, experience and personal qualities and no discrimination on the basis of sexual disposition, gender, age, ethnicity, colour of skin or religion will be permitted. All employees will be treated with respect, and no-one will be subject to degrading or insulting treatment at the workplace.

## Competence development

Competence development is a constant theme throughout Systemair's operations, and it affects everyone in the organisation. All training courses place the focus on the Company's values and corporate culture.

Systemair's competence development programme aims to obtain feedback on potential improvements and develop the competence that our personnel need for their meetings with customers – always with the objective of staying ahead of our competitors. Our principal training initiatives are:

- "Selling the right way – Train the Trainer": sales-related training targeting CEOs of the subsidiaries and their respective sales managers, who in turn train sales personnel at the local offices. The focus is on sales techniques, negotiation and presentation techniques.
- Systemair Academy: product-related training for engineers and sales personnel, administered at 15 academies. More than 300 employees took part at one or other of the academies over the past year. The courses focus on concept sales, that is, the salesperson places the products in a context, and on how Systemair can increase its sales by better integrating the Company's values into the sales process.
- 3Cs – Corporate Culture Concept: training in Systemair's corporate culture to all our employees. Training is given using the "train the trainer" concept and was implemented at the local companies over the past year. All CEOs at the subsidiaries and the majority of employees at the major companies have undergone this training.

In addition to these programmes, our Finance Controller Academy looks at financial accounting, follow-up and reporting and the M3 Academy reviews business-critical processes. Most courses extend over 2-3 days.

## Employee interview



**Ulrika Molander**  
Manufacturing Director

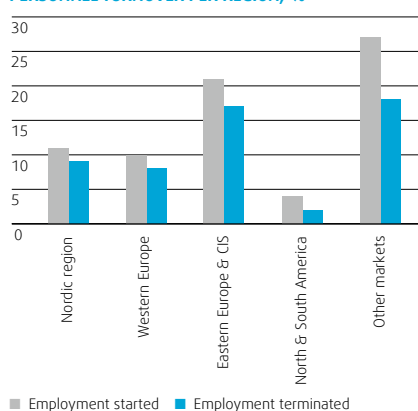
**W**hen I was offered the chance to become Production Manager at Systemair, there was no doubt in my mind that the job would suit me down to the ground. It is truly exciting to work for a Swedish industrial company with operations worldwide. The organisation is flat, with a strong entrepreneurial spirit. We focus on what actually creates value for our customers, and my experience is that we work in accordance with the philosophy of “freedom with responsibility” – a way of working that appeals to me.

I’m an engineer and I’ve always been interested in working in manufacturing, and in my present working role I get to see concrete and direct results of the work that I and my colleagues do. In my job, I head Systemair’s Production Board, which may be described as a support team for all production within the Group.

Along with six production managers in our facility, we focus on production strategies. We create conditions for high quality and productivity, but also work on synergies to hone efficiency in production around the world.

To understand Systemair’s business, I started out with two weeks of work experience in production to learn more about the Company’s products, meet colleagues and learn about our production processes. Now, I spend a large part of my working hours visiting Systemair’s various production facilities to see where there are similarities, what the differences are and what kind of needs there are to make production better. This is a challenge at a company where production is spread all over the world. I’m convinced that we’ll succeed, thanks to a positive attitude towards improvements and increased communication between the factories.

## PERSONNEL TURNOVER PER REGION, %



The chart shows the proportion of newly recruited personnel and the proportion terminating their employment, per region. Systemair’s rapid growth means that many newly recruited personnel join the organisation every year.

## EMPLOYEE TURNOVER, G4-LA1

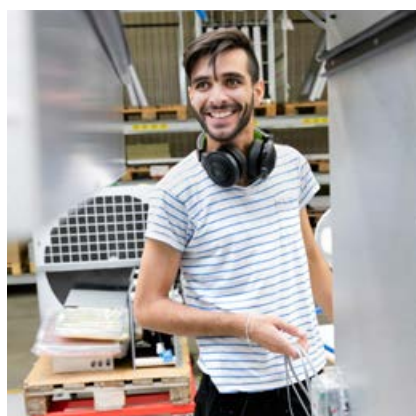
	2015/16		2014/15	
	Employees (no.)	% women	Employees (no.)	% women
<b>New employees during the year</b>				
Younger than 30 years	332	21%	298	23%
30–50 years	312	29%	327	16%
Older than 50 years	47	21%	53	17%
<b>Total number of new employees</b>	<b>691</b>	<b>25%</b>	<b>678</b>	<b>19%</b>
<i>% new employees</i>	15%		16%	
<b>Employees terminating during the year</b>				
Younger than 30 years	197	24%	188	24%
30–50 years	237	26%	221	18%
Older than 50 years	82	23%	66	21%
<b>Total number of terminations</b>	<b>516</b>	<b>25%</b>	<b>475</b>	<b>21%</b>
<i>Proportion terminating their employment</i>	11%		11%	

The table shows the number of employees recruited and employees terminating their employment, by gender and age category.

## SICK LEAVE, G4-LA6

	2015/16	
	Men	Women
<b>Sick leave per region (%)</b>		
Nordic region	5%	10%
Western Europe	8%	9%
Eastern Europe & CIS	3%	15%
North & South America	0%	1%
Other markets	3%	4%
<b>Average, Systemair</b>	<b>6%</b>	

The table shows the average number of days of absence per person for each year. Systemair had 81 reported work-related accidents in 2015/16; all were minor incidents. Systemair had 15 reported work-related illnesses in 2015/16. The higher level of sick leave among women is largely made up of a higher proportion of long-term absences and more absence for child-care reasons.



## PROPORTION OF EMPLOYEES WITH PERFORMANCE REVIEWS COMPLETED (%), G4-LA11

	2015/16	2014/15
Women	51%	54%
Men	50%	57%
<b>All employees</b>	<b>51%</b>	<b>56%</b>

The table shows the proportion of employees who have completed at least one performance review, by gender.

## COMPOSITION OF COMPANY (NO.), G4-LA12

	2015/16		2014/15	
	Number	% women	Number	% women
<b>Board of Directors</b>				
Younger than 30 years	0	0%	0	0%
30–50 years	1	0%	0	0%
Older than 50 years	6	33%	7	14%
<b>Group Management</b>				
Younger than 30 years	0	0%	0	0%
30–50 years	4	0%	4	0%
Older than 50 years	2	0%	3	0%
<b>Other employees</b>				
Younger than 30 years	931	24%	714	28%
30–50 years	2,605	25%	2,540	24%
Older than 50 years	1,152	23%	1,021	25%

The table shows the composition of the Board of Directors, Group Management and other employees, by gender and age category.

## COLLECTIVE AGREEMENT EMPLOYEES (%), G4-11

	2015/16	2014/15
Proportion of employees covered by collective bargaining agreements	38%	38%

## SYSTEMAIR WORKFORCE ON 30/4, G4-10

	2015/16		2014/15	
	Employees (no.)	% women	Employees (no.)	% women
Number of permanent employees	4,425	25%	4,126	25%
– Of whom, full-time	4,285	23%	4,006	23%
– Of whom, part-time	140	73%	120	82%
Number of temporary employees	269	16%	156	22%
Total number of employees	4,694	24%	4,282	25%
Contract personnel	161	10%	302	4%
<b>Total workforce</b>	<b>4,855</b>	<b>24%</b>	<b>4,584</b>	<b>23%</b>

The table shows the number of employees and contract personnel at the end of the period, by types of employment contract and by gender.

## EMPLOYEES AT SYSTEMAIR ON 30/4, G4-10

	2015/16		2014/15	
	Employees (no.)	% women	Employees (no.)	% women
Nordic region	938	27%	927	26%
Western Europe	1,713	20%	1,632	21%
Eastern Europe & CIS	943	36%	914	35%
North & South America	340	31%	301	28%
Other markets	760	15%	508	16%
Total number of employees	4,694	24%	4,282	25%
Contract personnel	161	10%	302	4%
<b>Total workforce</b>	<b>4,855</b>	<b>24%</b>	<b>4,584</b>	<b>23%</b>

The table shows the number of employees and contract personnel at the end of the period, by region and by gender.

# Our values

## PRIORITIZE

### Take Initiative

At Systemair we always strive to be proactive and take responsibility. The culture at Systemair is to reward initiative although a result is not always realized. We seek information, look for relevant facts, obtain solutions and contribute where necessary. We always respond promptly to enquiries and we dare to say no to orders when there is little or no benefit.

### Make Decisions

We dare to make brave decisions and we base our decisions on relevant available facts. We are loyal to decisions which are taken until we decide on something else. The organization is characterized by resolution and practicability, we involve colleagues when making decisions to improve the outcome – “No one is wise as all of us”.

### Chosen Strategy

We are loyal to decisions which are made and stick to our chosen strategy. Local strategy will be in line with the overall goals and strategy for the group. At Systemair, we know exactly what market position to target. We sell our chosen product range through the defined customer platform in each market - “The Straight Way”. We look continuously for growth providing products from our factories, using the group’s tools in marketing, sales support system and product selection tools.

## SIMPLIFY

### The Straight Way

It’s deep in the soul of Systemair to make it easy, simplify, and look for “The Straight Way”. From the very beginning this was the basic philosophy of the group. For the organization this has been a way of continuously looking for improvements and saving resources. Targeting “The Straight Way” has been a goal and working method in all processes in the companies, to improve and to be as effective as possible. When interacting with people “The Straight Way” means we voice our opinion and remain loyal to decisions which are taken. At the same time we talk to people and not about people.

### Systematic Approach

We take on tasks pragmatically and systematically, allowing us an energetic approach to upcoming challenges. Tidy and good order makes the job easier, from experience we know a tidy environment contributes to higher effectiveness and better performance. Good order has been a significant value of Systemair throughout the years and has resulted in making us an attractive employer, supplier and partner. In daily sales development we follow the Systemair Sales model by using the customer platform, sales support system, product database and ERP system.

### Standardized Products

Systemair provide standardized and robust products, which are simple to select, install and maintain. At a very early stage, we created a basic product range, which enabled us to benefit from the economy of scale which resulted in making everyday work simpler for our self and our customers. Today we have grown into a bigger and more complex product range, but we continue to strive for economy of scale, and still we are looking to standardize our products. It is a fundamental requirement that the sales force focus on the groups manufactured products.

## TRUST

### Clear communication

We keep our promises by providing clear professional information throughout the entire business cycle which includes quotation, order confirmation, technical documentation etc. We communicate in a clear, concise and respectful manner both internally and externally. We follow this policy also when it comes to our competitors, both directly and about them and communicate in a concise and respectful manner. It is our right and duty to voice our opinion but to remain loyal to decisions once they have been taken.

### Product Reliability

Systemair is a part of the building industry and our role is to provide the market with products. We deliver the best quality for the given price in the marketplace. Our customers will not get any negative surprises when receiving a product from us. It will at least be as good or better than their expectation. We are recognized for professionalism in the complete process from design, R&D, purchasing, production, logistics, sales and after sales. We have a strong focus on energy efficient performance when developing our products which contributes to a reduced carbon footprint in the future. We are the safe choice.

### Collective Responsibility

Combined individual responsibility results in collective effectiveness. Employees are to fulfill individual tasks and contribute to the achievement of common goals. It is a common responsibility to ensure adequate competence levels in the company. All of us have a clear role for which we are fully responsible. In Systemair, we have a culture of respecting each other, and we benefit from each other’s unique skills. Together we are in keeping our promises and walk an extra mile when necessary. Remember, collective responsibility begins with you as an individual. Start within the individuals.

# A responsible corporate culture

**Facts**

**Examples of initiatives that Systemair supports:**

- In Latvia, Poland, Slovenia, North America and Turkey, Systemair supports universities and university colleges in promoting engineering programmes in ventilation technology.
- In Denmark, Systemair sponsors ICIEE (the International Centre for Indoor Climate and Energy) at the Technical University of Denmark, in its research into the effects of the indoor climate on people.
- In Latvia, we support the *Livslust* organisation, a home and vocational college for orphaned young people.
- In Sweden, we have for many years participated in the Navigator Project, which aids children with school fatigue. Participants alternate work at Systemair with studies. On completion of the programme, many obtain permanent work with us.

**INCIDENTS OF CORRUPTION (NO.), G4-S05**

	2015/16	2014/15
Number of incidents in which employees were fired or subject to other disciplinary measure because of corruption	0	2
Number of cases where contracts with partners were not renewed because of corruption offences	0	1

The table shows the number of corruption incidents. In 2014/15, the cases consisted of one in which an employee set up a separate company and engaged in unauthorised sales of Systemair products; one of embezzlement; and one where an employee used his company credit card for private business.

**PROPORTION OF SUPPLIERS EVALUATED FOR (%)**

	2015/16	2014/15
Environmental factors, EN32	96	84
Employment conditions, LA14.	94	95
Human rights, HR10	96	95

The table shows the proportion of new suppliers evaluated with regard to environmental factors, employment conditions and human rights. The total number of new suppliers in 2015/16 was 141.

Systemair has a long history of corporate responsibility. Our business is to be conducted in an ethically defensible way and our aim is also that our suppliers should live up to our Code of Conduct.

**Business ethics and social responsibility**

At Systemair, we conduct marketing and sales in an ethical and responsible manner, on the basis of quality, price, delivery reliability and a high standard of service. Systemair shall at all times comply with the laws of each country and our commercial decisions shall in all cases be taken with the Company's best interests in mind. We exercise zero tolerance towards corruption, and our employees are not allowed to demand, offer or accept bribes or other illegal benefits, in order to retain a customer or close a business deal.

Social responsibility is a natural part of Systemair's corporate culture, and we are aware that our company plays an important role in the communities where we operate. Wherever in the world we are operating, good relationships with external partners are key to long-term success. We strive to understand the communities and culture that we live and work in and engage in local community activities that promote development in the locality and benefit local business. We do not sponsor political or religious organisations.

**Supplier evaluation**

Systemair's suppliers are evaluated and selected on the basis of their ability to deliver

on commercially correct terms, and on their ability to live up to the Company's Code of Conduct. The majority of Systemair's factories are located in Europe or North America and use mainly European and North American suppliers.

As a result, our suppliers are covered by national laws and regulations that ensure acceptable working conditions. In the case of global suppliers, Systemair aims to work with specially selected preferred suppliers with whom we can maintain long-term collaboration.

Systemair purchasing routines require all new suppliers to confirm that they do not accept child labour in their organisation or accept products from suppliers using child labour directly, or indirectly via their subcontractors. Systemair is not involved with direct suppliers in countries where the risk of child labour is highest. In 2015/16, Systemair further reinforced this work by including several issues concerning working conditions, health and safety, environment and ethics in the self-assessment form that every supplier has to complete before we engage in collaboration with them.

The importance of sustainability was also one of the topics at a purchasing conference held in Denmark at the end of April 2016.

Energy consumption in the heating of production and office premises at the main facility in Skinnskatteberg was reduced by all of 70 percent following the installation of lake water heat pumps.

-70%

At the same time, emissions of carbon dioxide from heating declined – from 383 to 33 tons.

CO<sub>2</sub>



# Stakeholders and focus areas



## TOP 5 SUSTAINABILITY ISSUES IN EACH STAKEHOLDER GROUP

### INVESTORS

- Developing energy-efficient products
- Combating bribery and corruption
- Choosing safe materials for Systemair products and compliance with legislation
- Fair working conditions and safe workplaces
- Financial return

### CUSTOMERS

- Developing energy-efficient products
- Environmental impact from Systemair's activities
- Training and career opportunities for Systemair employees
- Fair working conditions and safe workplaces
- Local presence and social development in Systemair's workplaces

### EMPLOYEES

- Developing energy-efficient products
- Training and career opportunities for Systemair employees
- Environmental impact from Systemair's activities
- Financial return
- Fair working conditions and safe workplaces

We work close to our customers and by understanding their business and needs, we develop health-promoting and energy-efficient products with a long service life. Ways in which we contribute to sustainable development include installing supplementary insulation in the roofs of our factories, offering training opportunities to all personnel and developing our routines for responsible purchasing.

● We are reporting on our sustainability work in accordance with the international guidelines of the Global Reporting Initiative (GRI). Our aim is to provide more detailed and structured information, annually, on sustainability, an issue that is becoming more and more important to our stakeholders. Development of sustainability reporting plays a central, long-term role in our endeavour to become the most up-to-date and sustainable ventilation company in the world.

### Focus on energy efficiency

We maintain ongoing, open dialogue with our stakeholders about the sustainability areas that are important for Systemair to focus on. In 2015, we also distributed a web-based questionnaire to selected customers, owners, investors and employees, in which each respondent was asked to rank the areas of sustainability that they thought Systemair should focus on. In the past year, we also conducted an analysis with an internal working group to identify the areas of sustainability that are most important to us. The analysis took into account the prioritisations of the respective stakeholders.

## Systemair – focus areas

### Sustainable products

- Energy-efficient products
- Choosing safe materials for our products and compliance with legislation
- Consumption of resources in our production

### Responsible transactions

- Financial return
- Combating bribery and corruption

### Attractive employer

- Fair working conditions and safe workplaces
- Training and career opportunities for our employees

### Supplier management and social development

- Evaluation of suppliers
- Local presence and social development in our markets

## ECONOMIC VALUE GENERATED AND DISTRIBUTED, G4-EC1

	2015/16	2014/15
<b>Directly generated economic value</b>		
Income	6,193	5,979
<b>Economic value distributed</b>		
Operating costs	4,352	4,211
Wages/salaries and benefits to employees	1,390	1,208
Tax	100	71
Payments to financiers	144	179
<b>Economic value retained</b>	<b>207</b>	<b>310</b>

The table illustrates economic value generated and distributed to the Company's stakeholders in accordance with GRI indicator G4-EC1.

# GRI Index

In the following list, the references refer to the GRI indicators that Systemair has decided to apply in reporting on our major sustainability issues. None of the figures for the indicators used by Systemair in its GRI reporting has been subject to external auditing. The Sustainability Report is self-reported at Core level in GRI G4.

GENERAL STANDARD INDICATORS		PAGE
G4-1	CEO's statement on the organisation's sustainability strategy	p. 4-5
G4-3	Name of the organisation	p. 45
G4-4	Primary products and services	p. 20-21
G4-5	Location of organisation's headquarters	p. 45
G4-6	Countries where operations are conducted	p. 30-31
G4-7	Nature of ownership and legal form	p. 42-43, 45
G4-8	Markets served, where the organisation is active	p. 16-17
G4-9	Size of the organisation	p. 3, 15, 30-31
G4-10	Total number of employees	p. 36
G4-11	Proportion of employees covered by collective bargaining agreements	p. 36
G4-12	Describe the organization's supply chain	p. 32, 38
G4-13	Significant changes during the reporting period	p. 2
G4-14	Organisation's compliance with the precautionary principle	p. 33
G4-15	Externally developed initiatives that the organization subscribes to or endorses.	p. 33, 38
G4-16	Associations that the organisation is a member of	-
G4-17	Entities included in the scope of the report	GRI S, p. 2
G4-18	Process for defining report content	p. 39, GRI S p. 1-2
G4-19	Material aspects of sustainability identified	GRI S, p. 2
G4-20	Boundaries within the organisation for each aspect of sustainability	GRI S, p. 2
G4-21	Boundaries outside the organisation for each aspect of sustainability	GRI S, p. 2
G4-22	Effects of restatements of information provided in previous reports	p. 33
G4-23	Significant changes from previous reports	p. 39
G4-24	Stakeholder groups with whom the organisation is engaged	p. 39, GRI S p. 1
G4-25	Basis for identification and selection of stakeholders	p. 39, GRI S p. 1
G4-26	Approaches to stakeholder engagement	GRI S, p. 1
G4-27	Key topics raised through stakeholder engagement and how the organisation has responded to these topics	p. 39, GRI S p. 1
G4-28	Reporting period	GRI S, p. 1
G4-29	Date of publication of most recent report	August 2015
G4-30	Reporting cycle	GRI S, p. 1
G4-31	Contact person for questions regarding the report	GRI S, p. 3
G4-32	Reporting level & GRI Index	p. 40
G4-33	External audit	GRI S, p. 1
G4-34	Governance structure for the company	p. 49-53
G4-56	The organisation's values, codes of conduct etc.	p. 10-11, 37, 38

SPECIFIC STANDARD INDICATORS		PAGE
<b>DMA</b>	<b>Economic Performance</b>	p. 4-5
G4-EC1	Economic value generated and distributed	p. 39
<b>DMA</b>	<b>Employment</b>	p. 34-35
G4-LA1	Employee turnover	p. 35
<b>DMA</b>	<b>Health &amp; safety</b>	p. 34
G4-LA6	Sick leave & work-related injuries	p. 35
<b>DMA</b>	<b>Training &amp; education</b>	p. 34
G4-LA11	Performance reviews	p. 36
<b>DMA</b>	<b>Equal opportunity</b>	p. 34
G4-LA12	Composition of company	p. 36
<b>DMA</b>	<b>Non-discrimination</b>	p. 34, 38
G4-HR3	Number of cases of discrimination	GRI S, p. 3
<b>DMA</b>	<b>Anti-corruption</b>	p. 38
G4-SO5	Number of cases of corruption	p. 38
<b>DMA</b>	<b>Product responsibility – compliance with laws</b>	GRI S, p. 3
G4-PR9	Compliance with laws on the supply and use of our products	GRI S, p. 3
<b>DMA</b>	<b>Materials</b>	p. 33
G4-EN1	Material use	p. 33
G4-EN2	Recycled materials	p. 33
<b>DMA</b>	<b>Energy</b>	p. 33
G4-EN3	Organisation's energy consumption	p. 33, GRI S, p. 3
<b>DMA</b>	<b>Products and services</b>	p. 24-25
G4-EN27	Initiatives to mitigate environmental impacts of products and services	p. 24-27
<b>DMA</b>	<b>Product and service labelling</b>	GRI S, p. 3
G4-PR5	Results of surveys measuring customer satisfaction	GRI S, p. 3
<b>DMA</b>	<b>Supplier evaluation with regard to working conditions, the environment &amp; human rights</b>	p. 38
G4-LA14	Proportion of new suppliers evaluated with regard to working conditions	p. 38
G4-EN32	Proportion of new suppliers evaluated on the basis of environmental criteria	p. 38
G4-HR5	Risk of incidence of child labour in supplier chain	p. 38
G4-HR10	Proportion of new suppliers evaluated with regard to human rights	p. 38

# 40 years of development

“To simplify” was our principal objective when Systemair entered the market in 1974 with the circular duct fan, a product that considerably simplified installation. “The Straight Way” soon became a concept for work in the Group and the starting-point for our values. Since then, it has developed into a business philosophy. Our driving force is constantly to find new ways of making our products even more attractive to our customers. Systemair’s product range has developed at a rapid rate since 1974, when the circular duct fan first saw the light of day. Today, 40 years later, Systemair is one of the biggest names in the ventilation industry.



## 1974

The Company was founded as LHG Kanalfäkt, and production began in Skinnskatteberg, Sweden. More than 50 percent of production was exported to Norway.

## 1976

The first sales subsidiary, LHG Kanavapuhallin, was established in Finland.



## 1985

Ziehl-Abegg and ebm-papst, German manufacturers of fan motors, were initially suppliers, but then became partners via their Swedish subsidiary Ziehl-ebm. Today, ebm-papst AB is the second-largest shareholder in Systemair.

## 1989/91

Norwegian sales company Jolin Produkter A/S was acquired in stages.



## 1992

Acquisition of then OTC-listed Frico AB, a specialist in air curtains and fan heaters.

## 1995

Environment Air, Canada, manufacturer of residential air handling units, acquired.



## 1996

Acquisition of factory in Bouctouche, Canada, for production to serve the North American market.

## 1997

Own representative office in Moscow, Russia.

## 1998/99

Acquisition of Europair, Södertälje, manufacturer of air terminal devices. LTI Lüftungstechnik in Windischbuch, Germany and LTI's sales companies in the UK, Poland and Singapore were the first subsidiaries to be renamed Systemair.

## 1999/00

Acquisition of the sales company APF Group, Estonia, with subsidiary in Latvia.



## 2000/01

New distribution centre in Skinnskatteberg, Sweden. Sales subsidiary in Turkey under the Systemair name.

## 2001/02

Systemair adopted as the common name for the entire Group.

Sales companies founded in Hong Kong, Hungary and Ireland.



## 2002/03

Acquisition of sales company Meijdijk Ventilatietechnik of the Netherlands; and Klockargården in Skinnskatteberg, Sweden 26,000 m<sup>2</sup> of buildings and 30 ha of land.

## 2003/04

Acquisition of Fans & Spares, UK; Gelu; a German manufacturer of air curtains; and sales company Antlia, Switzerland.



## 2004/05

Sales companies in Romania and South Africa established. Start-up of production facility in Ukmerge, Lithuania.

## 2005/06

Gerald Engström, then CEO of Systemair, named Entrepreneur of the Year in Sweden.



## 2006/07

Acquisition of Altexa, Austria, and Imos, Slovakia, as well as the assets of Matthews & Yates, United Kingdom.

## 2007/08

Systemair awarded the Swedish Trade Council's Export Prize.

Systemair listed on the NASDAQ OMX Stockholm exchange.

## 2008/09

Acquisition of Megcool Industries, Malaysia, and the assets of Emerson Ventilation Products, United States.

## 2009/10

Acquisition of Energo Plus, Slovenia; W.C. Wood, Air Humidifier Dept, Canada; and Ravistar, India.



## 2010/11

Acquisition of sales company Foko, Poland; sales company VKV, Czech Republic; ventilation company Rucon, the Netherlands; and the companies of the Aaldering Group, which manufactures and sells air curtains in Germany and the Netherlands.

Establishment of sales company in Chile.

## 2011/12

Acquisition of sales companies DT Termo, Serbia, and Frivent's sales companies in Germany. Acquisition of the Russian sales company Ventrade.

Acquisition of Airwell, Italy, factory manufacturing chillers and IAPL, India, a manufacturer of air handling units.



## 2012/13

Acquisition of Holland Heating, a manufacturer of air handling units in the Netherlands.

Acquisition of Change'Air, Canada, a manufacturer of classroom air handling units.

Acquisition of 90 percent of the shares in Turkish company HSK, a leading manufacturer of air handling units in Turkey.



## 2013/14

Acquisition of Menerga GmbH, Germany, a leading European manufacturer of air handling units for swimming pool and comfort ventilation.

Acquisition of Reftec AS, a supplier of commercial chillers and heat pumps, in Norway.

Acquisition of Menerga's sales company in Austria and Switzerland.

Acquisition of Menerga's sales companies in Hamburg, Hanover, Berlin and Frankfurt, Germany.



## 2014/15

Acquisition of Airwell, France, a manufacturer of air conditioning products in France.

Acquisition of Lautner Energiespartechnik GmbH, Germany.

Acquisitions of sales companies Camair of Belgium, Airwell of Germany and Menerga of Norway.



# The Systemair share and shareholders

## The Systemair share

Systemair shares have been listed on the Mid Cap list of the NASDAQ OMX Exchange Nordic since 12 October 2007. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The Company's market capitalisation on 30 April 2016 was approximately SEK 5.3 billion (6.0). The share's trading symbol is SYSR.

## Changes in share price

At the end of the 2015/16 financial year, the share price was SEK 102.50, a fall of 10.9 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index fell by 10.6 percent.

The number of Systemair shares traded on NASDAQ OMX Stockholm totalled 4,879,431 (6,989,140), corresponding to a turnover rate of 9 percent (13) during the financial year.

## Share capital and voting rights

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with that number of voting rights. The quotient value is SEK 1.00 per share.

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB, as it is Färna Invest AB that is issuing the options.

## Authorisation by AGM

The 2015 AGM voted to authorise the Board, on one or more occasions during the period

until the next AGM, with or without deviation from the preferential rights of the shareholders, to resolve to increase the Company's share capital by issuing new shares. On the basis of that authorisation, the Company may issue new shares equal to no more than ten percent of the number of shares in the Company in issue at the time of the 2015 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.

## Shareholders

No change took place in the holdings of the two biggest shareholders, Färna Invest AB and ebm-papst AB, with 42.30 percent and 21.27 percent of the votes, respectively, during the year.

Other major shareholders are Alecta Pensionsförsäkring, with a holding of 4.81 percent (4.81), Nordea Investment Funds, with 4.70 percent (4.73) and Swedbank Robur Funds with 4.49 percent (4.78).

The number of shareholders at the end of the accounting period, 30 April 2016, was 3,503 (3,784).

## Dividend policy and dividend

The Board of Directors proposes that the AGM approve a dividend of SEK 2.00 (2.00) per share. As a result, shareholders' dividend payments for the 2015/16 financial year will amount to SEK 104 million.

The dividend corresponds to 50.2 percent of the Group's profit after full tax and exceeds the Company's dividend policy that around 30 percent should be distributed.

## Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is important to stimulating interest in the Systemair

share and to give both current and new shareholders ample opportunity to value the Group as fairly as possible.

Press releases are distributed without delay as soon as an event of material importance to the business occurs. These have also been archived on the Company's website since the IPO in 2007.

Year-end reports are also published as press releases and have been archived on the website since 2007. Year-end accounts are published on the website and have been archived there since 2005. Financial data has also been published on the website since 2007. Share data has also been available there since the IPO in 2007.

## Analysts

The analysts who have followed Systemair's progress during the financial year are as follows:

**Handelsbanken Capital Markets**  
Jon Hylltner, +46 (0)8-701 12 75

**Nordea Markets**  
Henrik Nilsson, +46 (0)8-534 917 70

**Swedbank Markets**  
Mats Liss, +46 (0)8-585 900 65

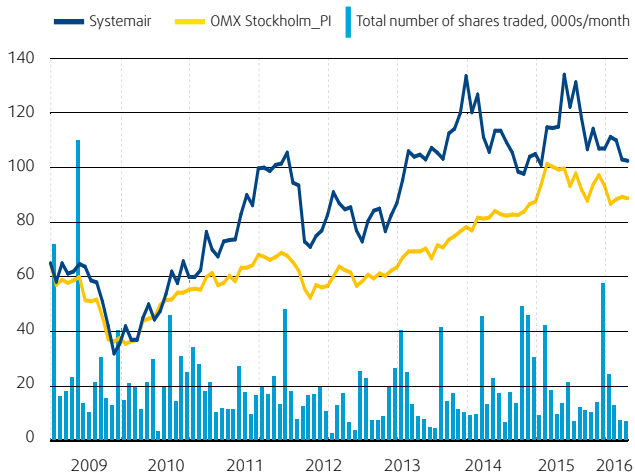
**Redeye**  
Henrik Alveskog, +46 (0)8-545 013 45

**Erik Penser Bank**  
Karl-Fredrik Johannesson,  
+46 (0)8-463 84 64

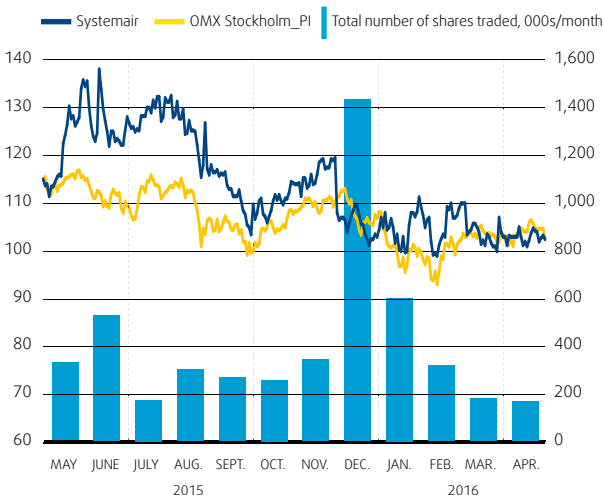
**SEB**  
Johan Dahl, +46 (0)8-522 296 18

**Pareto Securities AB**  
Erik Paulsson, +46 (0)8-402 50 00

## Share price, 8-year overview



## Share price, 12-month overview



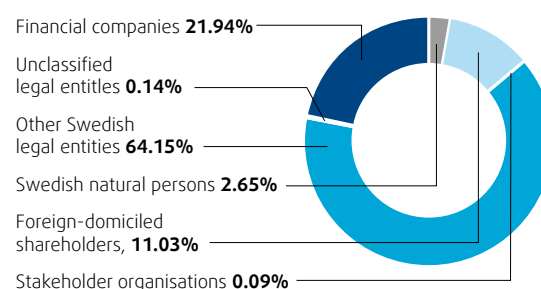
## Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value (SEK thousand)
1-500	2,815	452,703	0.87%	46,402
501-1,000	362	299,586	0.58%	30,708
1,001-5,000	212	476,055	0.92%	48,796
5,001-10,000	35	264,201	0.51%	27,081
10,001-15,000	9	112,459	0.22%	11,527
15,001-20,000	7	132,429	0.25%	13,574
20,001-	63	50,262,567	96.66%	5,151,912
<b>Total</b>	<b>3,503</b>	<b>52,000,000</b>	<b>100.00%</b>	<b>5,330,000</b>

## 10 biggest shareholders

Shareholders grouped according to Euroclear	Percentage (%)	No. of shares
Färna Invest AB <sup>1</sup>	42.30%	21,997,752
ebm-papst AB	21.27%	11,059,770
Alecta Pensionsförsäkring	4.81%	2,500,000
Nordea Investment Funds	4.70%	2,446,571
Swedbank Robur fonder	4.49%	2,332,203
Lannebo fonder	2.70%	1,404,131
Didner & Gerge Fonder	2.54%	1,323,342
AFA Försäkring	1.97%	1,026,501
Handelsbanken Fonder	1.57%	814,042
Fondita Nordic Micro Cap	1.50%	780,000
	<b>87.85%</b>	<b>45,684,312</b>
Other	12.15%	6,315,688
<b>Total</b>	<b>100.00%</b>	<b>52,000,000</b>

## Shareholder categories



<sup>1</sup> Färna Invest AB is a company owned by Systemair's Chairman Gerald Engström.

## Share data

	2015/16	2014/15	2013/14	2012/13	2011/12
No. of shares at 30 April	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	3.98	5.96	8.44	4.63	4.14
Cash flow per share (SEK)	3.25	4.64	4.83	6.61	5.58
Equity per share (SEK)	40.54	40.04	36.17	30.31	26.90
Share price, end of accounting period	102.50	115.00	105.75	104.75	85.50
High during the year (SEK)	143.50	125.75	136.75	108.00	110.00
Low during the year (SEK)	96.25	89.00	97.00	69.75	65.25
Dividend per share (SEK)	2.00*	2.00	3.00	1.50	1.25
After tax P/E	25.75	19.30	12.53	22.62	20.65
Direct yield (%)	1.95	1.74	2.84	1.43	1.50
Payout ratio (%)	50.25	33.57	35.56	32.37	30.20
Trading volume	4,879,431	6,989,140	4,632,443	5,138,280	4,657,561
Turnover rate (%)	9.38	13.44	9.00	10.00	9.00

\*The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM to be held in Skinnskatteberg, Sweden on 25 August 2016.

## Share capital

Year	Event	Quotient value	Increase in share capital	Total shares	Total no. of shares
1993/94	Bonus issue, Series A shares	100	7,000,000	10,000,000	100,000
1994/95	New issue, Series A shares	100	14,000,000	24,000,000	240,000
1995/96	Bonus issue, Series A shares	100	26,000,000	50,000,000	500,000
2005/06	New issue, Series B shares	100	2,000,000	52,000,000	520,000
2006/07	100:1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000

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# Directors' Report

## DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

### General

The Board of Directors and the Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2015/16 financial year, the Company's 43rd year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech, VEAB, Holland Heating and Menerga.

Systemair offers a standardised, energy efficient range of ventilation products, including fans, air terminal devices, air handling units and chillers, with the focus on simplifying the task of ventilation contractors.

Frico specialises in air-based heating systems such as air curtains, fan heaters and radiant heaters.

The Fantech brand is used in North America. Its products include fans and other ventilation products, as well as heat recovery units for single-family homes.

VEAB markets heating products such as air duct heaters, fan heaters and dehumidifiers.

Holland Heating is a well-established brand in the European market for high-quality air handling units, with specialist know-how in the marine offshore and hospital sectors.

Menerga offers a range of air handling units for swimming pool halls and comfort ventilation with extra-high efficiency.

With production facilities in 19 countries (Norway, Sweden, Denmark, Germany, France, the Netherlands, Spain, Italy, Lithuania, Slovenia, Slovakia, the USA, Canada, Brazil, Turkey, China, Malaysia, India and South Africa) and a total of more than 280,000 m<sup>2</sup> of floor space for production and storage, Systemair is a significant international player in its product areas.

Systemair's products are marketed via the Group's own sales companies in 49 countries and via agents and distributors in a further approximately 80 countries. The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

### The Systemair Share

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of votes. The quotient value is SEK 1.00 per share.

### Stock market listing

Since 12 October 2007, Systemair shares have been quoted (trading symbol: SYSR)

on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders is approximately 3,500.

### Changes in organisation and group management

On 1 May 2015, the business in the Parent Company Systemair AB was divided into two companies. The listed company Systemair AB has been streamlined into a holding company with group functions. The newly formed company Systemair Sverige AB is engaged in production and sales operations in Sweden.

In May 2015 Systemair expanded its Group Management with the appointment of Olle Glassel. Employed at Systemair since 2002, Olle Glassel heads Systemair's sales in Western Europe, other than in the German-speaking countries. He is also responsible for Systemair's sales strategy development and internal training in sales and leadership.

In June 2015, Roland Kasper was appointed new CEO of Systemair AB, taking up his post at the AGM on 27 August 2015. Roland Kasper started working at Systemair in 2007 and has been a member of Group Management since 2011. Gerald Engström was elected as Chairman of the Board at the 2015 Annual General Meeting.

In October, Mats Lund, Production Manager and Vice President Marketing for Asia, and member of Systemair's Group Management, informed the Company that he was to leave Systemair's employment on 31 December 2015. Håkan Lenjesson was appointed as the new Vice President Marketing for Asia and also serves as a member of Group Management. Håkan has been working for Systemair since December 2012 as Business Developer and Vice President Marketing for the Middle East. Håkan has vast experience from the ventilation industry and has previously worked for Munters in Saudi Arabia, Thailand and Australia. Following these changes, Group Management consists of Roland Kasper, Anders Ulff, Fredrik Andersson, Kurt Maurer, Olle Glassel and Håkan Lenjesson.

### Group

#### Sales and profit

Group sales totalled SEK 6,113 million (5,882), 3.9 percent higher than in the preceding financial year. Organic growth was 2.6 percent. Companies acquired contributed 2.5 percent, SEK 150 million. The impact of exchange rates on translation of foreign subsidiaries was to reduce the value of sales by 1.2 percent.

## DIRECTORS' REPORT

### Sales – geographic breakdown

Sales in the Nordic region grew by 5 percent over the year. Adjusted for both exchange rate effects and acquisitions, sales rose 7 percent. The Norwegian market is the biggest in the region and the second-biggest overall, with sales of SEK 648 million. Sales in Norway grew by 6 percent over the year. Sales in Sweden rose by 4 percent, while the Danish market remained on the whole unchanged.

In Western Europe, sales were up 4 percent. Companies acquired contributed SEK 85 million, 4 percent of the total. Adjusted for acquisitions and currency translation effects, sales declined 2 percent, indicating that changes in exchange rates – chiefly the euro – had a positive impact of 2 percent. The biggest market in the region, and also overall, is Germany. Other major Systemair markets in Western Europe are France, the Netherlands, the United Kingdom and Italy.

The market in Eastern Europe and CIS showed a decline of 18 percent over the year. Sales in the region totalled SEK 918 million (1,122). Adjusted for the currency translation effects and acquisitions, sales in Eastern Europe & CIS declined by 11 percent during the year. Sales in Slovenia and Slovakia grew strongly. The Russian market again performed weakly during the past year, with a fall of 36 percent when translated to Swedish kronor. Systemair's major markets in the region are Russia, Poland, the Czech Republic and Slovenia.

Sales in the North and South American markets increased by 20 percent compared to the preceding year. Sales totalled SEK 502 million (420). Adjusted for foreign exchange effects and acquisitions, sales rose by 7 percent.

Sales in Other markets rose 28 percent during the year. Adjusted for foreign exchange effects and acquisitions, sales increased by 29 percent. Systemair's major markets in the region are Turkey, India and the United Arab Emirates.

### Profits

Operating profit for the financial year from May 2015 to April 2016 totalled SEK 344.1 million (376.8). Systemair's operating margin was 5.6 percent (6.4).

Selling expenses for the full year were charged with SEK 19.7 million (28.6) for anticipated and confirmed impairment losses on trade receivables. Company acquisitions added SEK 77.8 million (125.6) to selling and administration expenses for the year. Acquisition-related costs during the year totalled SEK 0.9 million (1.5).

Financial income totalled SEK 3.1 million (26.3), including SEK 3.1 million (2.1) in interest income. Financial expenses for the year totalled SEK -39.9 million (-22.7). Interest expenses accounted for SEK -22.8 million (-22.7).

Tax expense for the year totalled SEK -100.1 million (-70.6), corresponding to a tax charge of 32.6 percent (18.6). The relatively high tax expense for the year is attributable to non-capitalised tax loss carry-forwards in loss-making companies.

### Investments

The Group's total investments for the financial year amounted to SEK 224.7 million (316.4) excluding divestments. Gross investments in new construction and machinery totalled SEK 159.7 million (223.4), excluding divestments. Major investments were made in production facilities in Norway, France and Denmark. Acquisitions and formerly withheld purchase considerations in the financial year totalled SEK 50.0 million (58.8). Depreciation and amortisation of non-current assets totalled SEK 178.2 million (171.1) for the year.

### Business combinations

In September 2015, Systemair acquired 75 percent of the shares in Brazilian company Traydus, a leading manufacturer of customised air handling units and fan coil units in Brazil. The company has 75 employees and is based in the outskirts of São Paulo. Traydus focuses on lean-energy solutions and is

positioned in the higher-technology segment of Brazil's ventilation industry. The acquisition opens up opportunities for introducing a wider range of Systemair products from other factories in the Group. Systemair-Traydus and our existing companies in Chile and Peru will provide excellent opportunities for competing successfully for projects throughout South America. The acquisition initially comprises 75 percent of the company, with a binding undertaking to acquire the remaining 25 percent of the shares within a period of six years. As a result, Systemair will consolidate 100 percent of the company as of the beginning of September.

In October, Systemair acquired Alitis, Systemair's representative in Belarus and Kaliningrad. Alitis, which markets and distributes Systemair's products, posted sales of EUR 5.5 million in 2014. The total number of employees is 15, mostly based in Minsk.

In October, Systemair acquired the manufacturing of air handling units of Kolektor Koling d.o.o., Slovenia. It is estimated that the production of air handling units that Systemair is acquiring has sales of EUR 3 million. Systemair is taking over 7 employees. Manufacturing has been relocated to Systemair's existing factory in Maribor.

In November, the acquisition of Menerga NV, a distributor of Menerga's products in Belgium, was completed. The company, which sells and services Menerga's products, reported sales of EUR 4.2 million in 2014. The company is located in Aarschot, north of Brussels. It has 13 employees. Menerga NV will continue to be managed as a separate company, with its current management and staff. It is a well-known, well-established company in the Belgian ventilation market, and through the acquisition, Systemair is strengthening its position in the Belgian market.

In March 2016, the acquisition of Menerga Polska, a distributor of Menerga's products in Poland, was completed. The company, which sells and services Menerga's products, reported sales equivalent to EUR 2.0 million in 2014. Menerga AS has 17 employees.

Sales – Geographic breakdown	2015/16			2014/15	
	May-Apr	% of total	change	May-Apr	% of total
Nordic Region	1,424.0	23%	5%	1,352.7	23%
Western Europe	2,413.2	40%	4%	2,321.6	39%
Eastern Europe & CIS	917.9	15%	-18%	1,121.8	19%
North and South America	502.4	8%	20%	419.5	7%
Other markets	855.0	14%	28%	666.6	12%
Total	6,112.5	100%	4%	5,882.2	100%



If the companies acquired had been consolidated as of 1 May 2015, net sales for the period May 2015 through April 2016 would have totalled approximately SEK 6,131.5 million. The operating profit for that period would have totalled approximately SEK 341.6 million.

#### Personnel

The average number of employees in the Group was 4,613 (4,385). At the end of the period, Systemair had 4,855 employees (4,584), 271 more than in the previous year. New employees were recruited chiefly at Systemair in Germany (51), Canada (39) and Turkey (19). Personnel cutbacks were made in India (-27), Russia (-15) and Menerga in Germany (-11). Companies acquired have added 135 employees, of which 87 at Traydus in Brazil, 15 at Menerga in Poland, 11 at Menerga in Belgium, 15 at Alitis in Belarus and 7 at Kolektor in Slovenia.

#### Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 330.2 million (434.1); the decrease relative to the preceding year was mainly due to a decline in operating profit. As a result of increases in inventories and trade accounts payable, SEK -161.3 million (-192.8) was tied up in working capital. Net cash flow from financing activities totalled SEK 53.5 million (110.2), as a result of lower net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,505.7 million (1,385.7), and net indebtedness at year-end was SEK 1,387.4 million (1,282.1).

The consolidated equity/assets ratio was 43.9 percent (44.4) at financial year-end. The target adopted by the Board for the equity/assets ratio, 30 percent or more, was comfortably attained.

#### Transactions in foreign currencies

Systemair has established subsidiaries that operate in 49 countries, with our own production facilities in 19 of these. Systemair products are sold in 100 or so countries around the world. Systemair AB has granted short- and long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 1,285.4 million (915.3) on the balance sheet date.

Treasury operations for the Group, in the form of risk and foreign exchange management as well as borrowing, are conducted centrally by the Parent Company in Skinnskatteberg, Sweden. The Group's financial policy serves as the framework not only for financial risk management but for financial activities in general. Payments and cash flows are managed using a central accounting systems.

The Soliditet AB credit-rating agency retained its AAA rating for Systemair AB for the 22<sup>nd</sup> consecutive year.

#### Risks and uncertainties

Systemair is exposed to operational and financial risks in its business. Operational risk is inherent in the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business include foreign exchange risk, borrowing and interest rate risk, credit risk and liquidity risk. The material risks and uncertainty affecting Systemair are described in more detail in Note 2.

#### Financial survey

Over the past five years, growth in Group sales has averaged 12.1 percent. In the same period, the annual operating margin (EBIT) has averaged 6.8 percent. The average equity/assets ratio for the past five years has been 44.3 percent. Of total Group sales, 93 percent (93) are to customers outside Sweden.

Further information on changes in the Group's financial position is provided in the table of key ratios, after the notes to the financial statements.

#### Outlook

In several markets, Systemair is still a relatively small player, and we see excellent opportunities to win bigger market shares via our increasingly wide product portfolio and excellent delivery capacity. We are continuing to receive big and exciting orders. Growth is buoyant in several of our markets, although we hope to see stronger growth in Western Europe and recovery in Russia. We focus constantly on product development and in 2015 we dedicated major resources to completing the updating of our product range and related tools for compliance with the new EU Ecodesign of Energy Related Products Directive (ErP) and the requirements of ECODSIGN.

One of Systemair's strengths is our global presence. On that basis, we can utilise our resources and our market presence to identify and develop the applications and opportunities that emerge. We have made many acquisitions in recent years, and intend to continue doing so. Certain consolidation and restructuring measures will need to be implemented in order to achieve our profitability goals. We will also continue to invest in production equipment, product development and marketing in order to maintain our growth and ensure satisfaction among customers, employees and owners.

#### Seasonal factors

Systemair's business operations are influenced by seasonal variations as a result of cold weather. Usually, activity in the autumn is higher because much construction work is being completed before winter. During the coldest parts of the year, demand for heating products increases, too. Normally the second quarter, August to October, is when Systemair achieves its strongest sales.

Five-year survey	2015/16	2014/15	2013/14	2012/13	2011/12
Net sales	6,113	5,882	5,296	4,551	3,997
EBIT	344	377	317	365	320
Operating margin	5.6%	6.4%	6.0%	8.0%	8.0%
Equity/assets ratio	44%	44%	47%	41%	45%
Return on capital employed	10%	12%	18%	14%	15%
Average number of employees	4,613	4,385	4,142	3,394	2,839

## DIRECTORS' REPORT

### Financial targets

In April 2007, the Board of Directors of Systemair adopted three financial targets and a dividend policy.

Growth in sales	>12%	Both organic and acquired, over a business cycle
EBIT	>10%	Over a business cycle
Equity/assets ratio	>30%	
Dividend	app. 30%	of profit after tax

### Proposed guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the 2016 Annual General Meeting, which also comply with the guidelines adopted at the AGM for the preceding year.

Remuneration to senior executives shall – based on the conditions in the market in which the Company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company.

The system of remuneration shall consist of a fixed salary and pension, but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and shall be subject to a predetermined limit, normally two months' salary. As a rule, pensions shall be paid through defined contribution plans. The pension contributions shall be based on market conditions in the sector in the particular country and based on the fixed salary.

The Board shall be entitled to depart from these guidelines if justified in any particular case.

### Product development

To Systemair, it is vital to constantly engage in developing new ventilation products and solutions to meet the future needs of the market. We have to stay one step ahead

of our competitors, choose the right ideas and develop those that fit with Systemair's know-how and resources and, lastly, we have to do so more quickly than others.

Systemair's mission statement places product development at the forefront. The Group's mission is to develop high-quality, reliable ventilation products with a long service life, that are energy-efficient and improve the indoor climate. They must be simple to choose, install and maintain.

To fulfil this mission, Systemair has created an efficient product development process and an organisation comprising approximately 210 engineers and technicians with leading-edge expertise in a range of technologies. 22 technology teams and 13 technology centres are engaged in product development worldwide.

### Quality system

Systemair Sverige AB has been ISO 9001 certified since 1993. In addition to Systemair Sverige AB, subsidiaries Systemair GmbH in Germany, Systemair a/s in Denmark, Systemair HVAC in Spain, IMOS-Systemair in Slovakia, Systemair d.o.o. in Slovenia, Systemair Ltd in Canada, Systemair Sdn Bhd in Malaysia, VEAB Heat Tech AB in Hässleholm (Sweden), Systemair BV in the Netherlands, Systemair HSK in Turkey, Systemair S.r.l. in Italy, Systemair UAB in Lithuania, Systemair Pvt Ltd in India, Systemair Mfg. Inc. in the USA, Menerga GmbH in Germany, Systemair AC SAS in France and Systemair in China are also ISO-certified.

### Environmental management system

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and conservation are a priority area, and we focus on constantly improving methods and work practices to reduce environmental impact.

Systemair's production plants in Sweden, Lithuania, Slovakia and Germany have earned ISO 14001 certification. Systemair regards the Company's manufacturing facilities and operations as meeting the requirements of all significant environmental laws and regulations that affect the Company.

Systemair Sverige AB is engaged in activities that are subject to environmental registration. These activities fall within Category C, meaning that the Municipality of Skinnskatteberg is responsible for environmental supervision.

### Parent Company

As of the start of the financial year, Systemair AB split the Swedish business into two companies. The listed company Systemair AB is being streamlined into a holding company

with corporate staff and group functions. The core business of the Parent Company following the division of the Swedish business consists of intra-group services.

Parent Company net sales for the financial year totalled SEK 87.3 million. Operating profit was negative, at SEK -54.4 million. The company had 44 employees.

The balance sheet shows a strong equity/assets ratio of 55 percent (45).

### Restructuring programme

During 2016/17, Systemair will initiate a restructuring programme. The programme will affect approximately 130 employees over the next two years. The restructuring is focused on the air conditioning segment, acquired in recent years, and selected loss-making units. The estimated cost of the programme over two years is SEK 45 million. The annual cost saving from the programme as a whole is calculated at SEK 45 million, with full impact emerging as of the 2018/19 financial year. In parallel with the restructuring programme, a profit-enhancing programme was launched, in which extra resources were allocated within production, purchasing, sales and logistics with a clear focus on constant improvements. Our goal is clear: Systemair will return to an operating profit in excess of 10 percent, while we will maintain growth.

### Significant events after financial year-end

No significant events have occurred since the end of the period.

### PROPOSED DISTRIBUTION OF UNAPPROPRIATED PROFITS

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -6,718,156
Profit brought forward	SEK 1,230,042,386
Net profit for the year	SEK 529,056,920
	SEK 1,787,587,901

The Board proposes that the Annual General Meeting, to be held on 25 August 2016, approve a dividend of SEK 2.00 (2.00) per share. As a result, dividend payments will amount to SEK 104.0 million (104.0). The remaining unappropriated profit is to be carried forward. The proposed dividend corresponds to 50 percent (34) of net consolidated profit. The number of shares entitled to a dividend is 52,000,000.

# Corporate Governance Report

At Systemair AB (publ), corporate governance is exercised via the Annual General Meeting (AGM), the Company's Articles of Association, the Board of Directors and the Chief Executive Officer, in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, the NASDAQ OMX Stockholm Rule Book for Issuers and the Swedish Code of Corporate Governance.

## Application of the Swedish Code of Corporate Governance ("the Code")

It is generally accepted practice in the stock-market for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code with the following exceptions:

The AGM has appointed a nominating committee consisting of representatives of three of the largest shareholders. The chairman of the nominating committee is the Company's main shareholder, Gerald Engström, who owns 42.3 percent of the share capital and votes in Systemair via his wholly owned company Färna Invest AB. Engström is also Chairman of the Board of Directors. The second largest shareholder, ebm-papst AB, owns 21.3 percent of the capital and votes and is represented on the nominating committee by Gerhard Sturm.

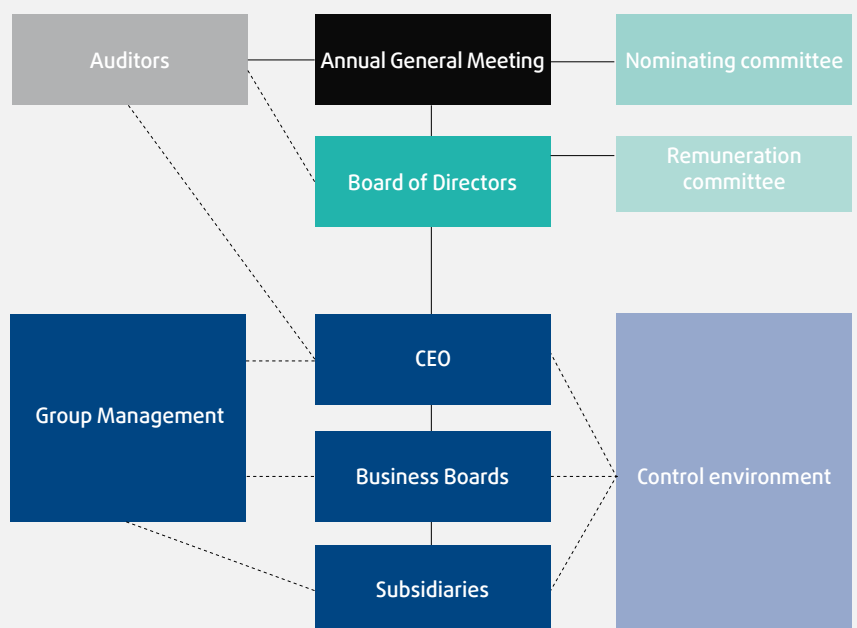
The Code states for example that the majority of the members of the nominating committee must be independent of the Company and company management. Further, the chairman of the nominating committee must not be a director of the company.

However, the majority of the members of Systemair's nominating committee are not independent, which is a deviation from the Code. The Company's judgement is that the said arrangement is in the interests and to the benefit of the Company and the other shareholders.

## Shareholders and share capital

Systemair AB (org. reg. no. 556160-4108) is headquartered at Skinnskatteberg in the County of Västmanland, central Sweden. The Company's shares have been quoted on the Mid Cap List of NASDAQ OMX Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 3,503 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.3 percent of the capital and votes and is 100 percent controlled by Chairman of the Board Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 21.3 percent of

## How Systemair is governed



## Facts

## 2015 Annual General Meeting

Systemair's Annual General Meeting, held in Skinnskatteberg, Sweden on 27 August 2015, was attended by 96 shareholders, representing 85 percent of the shares and votes in the Company. Lars Hansson, then Chairman of the Systemair Board, was appointed to chair the meeting. The Chairman, Lars Hansson, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives, as well as on the work of the Board's committees. In addition, Systemair's President Gerald Engström gave a talk on Systemair's business during the 2014/15 financial year. Åsa Lundvall, the auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and Chief Executive Officer from liability in respect of the past financial year.
- To re-elect Gerald Engström, Elisabeth Westberg and Hannu Paitula as Board members.
- To elect Carina Andersson and Per-Erik Sandlund as new Board members.
- To elect Gerald Engström as Chairman of the Board.
- To pay a Board fee of SEK 550,000 to the Chairman and SEK 275,000 to each director not employed by the Company, together with an extra fee of SEK 600,000 to the Chairman for work on acquisition and investor issues. To pay a fee of SEK 27,500 to each employee representative.
- To pay a dividend of SEK 2.00 per share.
- That the nominating committee shall be made up of representatives of the three biggest shareholders, based on the ownership details on 31 January 2016.
- To authorise the Board, during the period until the 2016 AGM, to take decisions to issue new shares equal to no more than 10 percent of the number of shares in the Company.

The minutes from the 2015 AGM are posted on Systemair's website at: [www.systemair.com](http://www.systemair.com), Investor & Media

the capital and votes, and Alecta Pensionsförsäkring, with 4.8 percent. All shares have a quotient value of SEK 1. At the financial year-end, 30 April 2016, the total number of shares outstanding was 52,000,000, all of the same class. For more information, see section "The Systemair Share", on page 42.

### Articles of association

Systemair is a limited company whose business is to conduct the manufacture and sale of ventilation and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County, Sweden. The Company's Annual Report and the management of the Company by the Chief Executive Officer and Board of Directors shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The Company's financial year shall be 1 May-30 April.

For the complete articles of association, please visit Systemair's website: [www.systemair.com](http://www.systemair.com); go to Investor & Media.

### The nominating committee

The 2015 AGM resolved that the nominating committee shall be made up of representatives of three of the largest shareholders. The record date for determining the three largest shareholders was 31 January 2016. The nominating committee shall submit nominations for election of the Chairman of the AGM, the Board and Chairman of the Board, the choice of auditors in consultation with the Board, as well as proposed fees to the Chairman of the Board and other directors, proposed remuneration for work on committees and proposed auditors' fees. These proposals shall be submitted to the AGM.

The nominating committee held one meeting in 2015/16. No remuneration has been paid for work on the nominating committee.

The proposals of the nominating committee to the 2016 AGM are shown in the Notice of AGM posted on the Systemair website, [www.systemair.se](http://www.systemair.se). Shareholders wishing to submit proposals for the nominat-

### Composition of the nominating committee for the 2016 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström, chairman of the nominating committee	Färna Invest AB, Chairman of the Board	gerald.engstrom@systemair.se
Gerhard Sturm	ebm-papst AB	gerhard.sturm@de.ebmpapst.com
Björn Henriksson	Nordea Fonder	bjorn.henriksson@nordea.com

### Directors - attendance and dependence/independence

	Board of Directors	Remuneration committee	Year elected	Dep./Indep.	
				Company	Owner
<b>Number of meetings</b>	8	1			
Lars Hansson, Chairman <sup>1</sup>	4	-	2006	Indep.	Indep.
Gerald Engström, Chairman <sup>2</sup>	8	1	1974	Dep.	Dep.
Elisabeth Westberg	8	1	2006	Indep.	Indep.
Göran Robertsson <sup>3</sup>	4	-	2006	Indep.	Indep.
Hannu Paitula	8	1	2011	Indep.	Indep.
Carina Andersson <sup>4</sup>	4	-	2015	Indep.	Indep.
Per-Erik Sandlund <sup>4</sup>	4	-	2015	Indep.	Indep.
Kevin Rowland <sup>5</sup>	4	-	2002	-	-
Ricky Sten <sup>5</sup>	8	-	2014	-	-
Åke Henningsson <sup>4,5</sup>	4	-	2015	-	-

<sup>1</sup> Lars Hansson resigned as Chairman on 27 August 2015. The mandate period covers 4 meetings.

<sup>2</sup> Gerald Engström was elected as Chairman of the Board on 27 August 2015. He previously served as a member of the Board.

<sup>3</sup> Göran Robertsson resigned as Board member on 27 August 2015. The mandate period covers 4 meetings.

<sup>4</sup> Carina Andersson, Per-Erik Sandlund and Åke Henningsson were elected to the Board on 27 August 2015. The mandate period covers 4 meetings.

<sup>5</sup> Employee representative

ing committee may do so by e-mail to any member of the nominating committee.

### Board of Directors

#### Composition of the Board of Directors

Until the start of the 2015 Annual General Meeting, Systemair's Board of Directors consisted of five members elected by the AGM, Lars Hansson, (Chairman), Gerald Engström (then Systemair's President) Elisabeth Westberg, Göran Robertsson and Hannu Paitula. At the AGM, Gerald Engström, Elisabeth Westberg and Hannu Paitula were re-elected as members of the Board. Lars Hansson and Göran Robertsson declined to stand for re-election. Carina Andersson and Per-Erik Sandlund were elected as new Members. Gerald Engström was elected as Chairman of the Board. The employees elected two representatives, Åke Henningsson, Unionen, and Ricky Sten, IF Metall. More detailed biographies of the members of the Board of Directors are provided on page 54 of this annual report.

Anders Ulff, CFO, serves as Secretary to the Board. As the chart on the previous page shows, all members of the Board elected by the AGM, except for Gerald Engström, are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

#### Work of the Board

During the 2015/16 financial year, the Board held seven meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year.

All decisions taken by the Board were unanimous and placed on record.

The work of the Board is governed by annually approved rules of procedure which govern the work of the Board and its internal allocation of tasks, including committees, decision-making process within the Board and the Board's meeting procedures. The Chief Executive Officer also maintains regular contact with the Chairman of the Board.

During the year, the Board of Directors assessed its work, and all directors participated in the assessment and provided observations. The Chairman of the Board is responsible for the assessment.

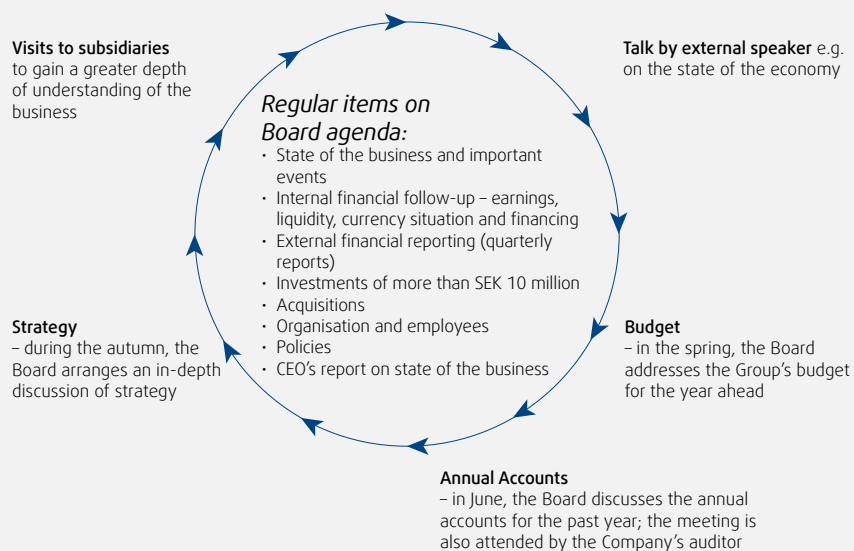
#### Attendance at Board meetings and fees

As the table shows, all members attended all meetings. Fees to the Board of Directors are shown in Note 9.

#### Remuneration committee

The Board has appointed a remuneration committee consisting of Gerald Engström (committee chairman), Elisabeth Westberg and Hannu Paitula. The committee's functions are:

### Work of the Board during the year



- to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration to senior executives
- to monitor and assess programmes for variable remuneration to senior executives in progress and concluded during the year
- to monitor and assess the application of guidelines for remuneration for senior executives as well as current remuneration structures and levels.

The members of the committee are appointed annually by the Board at the first ordinary Board meeting. The committee shall consist of three members. No member may participate in issues related to his or her own remuneration. The Chairman of the Board shall chair the committee. Over the financial year, the committee held one minuted meeting, at which all members were present.

#### Audit committee

The Board as a whole fulfils the functions that normally fall within the ambit of the audit committee. One agenda item at Board meetings held in conjunction with quarterly reporting shall be discussion of accounting and auditing matters. Elisabeth Westberg serves in a reporting capacity. At the meeting, the following items are to be addressed:

- supervising the Company's internal controls, risk management and internal audits
- staying informed about the external audit
- reviewing and monitoring the impartiality

- and independence of the auditor
- assisting in the preparation of the proposal for the selection of auditors.
- supervising the financial reporting
- valuation issues, such as testing of needs for impairment.

During the year, the Company's CFO and auditor took part in meetings when a report was presented on the issue. These meetings addressed issues such as the risk assessment of internal control and risk management with respect to financial reporting, business board work and IT security. Reports were submitted from internal audits performed.

The Company's auditor attended proceedings dealing with the year-end report, presented his audit report, whereupon the Board had the opportunity to ask questions.

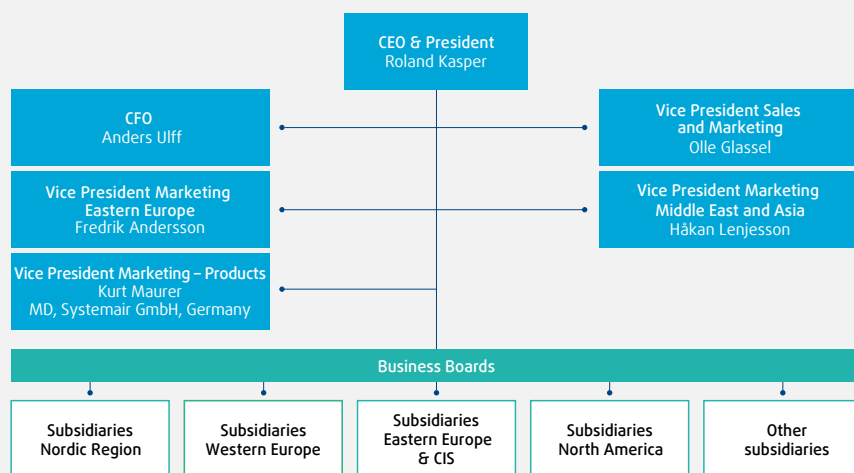
#### Chief Executive Officer and President

Until 27 August 2015 Gerald Engström served as President and Board member. Roland Kasper took over as new Chief Executive Officer at the Annual General Meeting, held on 27 August 2015. Gerald Engström was elected as new Chairman of the Board. As Chief Executive Officer, Roland Kasper deals with day-to-day administration and control of the Group's businesses and the Group's senior management report to him.

#### Group Management

The Group's senior management comprises: Vice President Marketing – Eastern Europe Fredrik Andersson, Chief Financial Officer An-

## Organisation



ders Ulff, Vice President Sales and Marketing Olle Glassel, Vice President Marketing – Middle East and Asia Håkan Lenjesson and Vice President Marketing – Products/Managing Director of Systemair GmbH, Germany, Kurt Maurer. Systemair's Chief Executive Officer Roland Kasper supervises the work of the Group's senior management.

Group Management holds regular meetings during the year to review earnings for the Group and for individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational matters within the framework established by the Board. One of these yearly meetings is more comprehensive, involving more detailed discussion and planning for operations and the formulation of targets at Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is key to the management culture. Group Management is supported by functions at Group level for Group financing, treasury, business development, product development, production, purchasing, communication and IT.

### Business boards and governance of subsidiaries

The Systemair Group consists in total of 72 companies, of which 65 are operational. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns the majority of the subsidiaries directly. All subsidiaries are 100 percent owned, apart from Systemair-HSK of Turkey, which is 90 percent owned, Systemair-Traydus in Brazil, which is 75 percent owned and Tekadoor of Austria, which is 50 percent owned.

Operating activities in the subsidiaries are governed at overall level via business boards, which may best be described as executive steering committees for the subsidiaries. Each of these consists of one or two members of Group Management and/or some other key person from the Parent Company, plus the subsidiary's MD. Each business board sets targets and monitors financial outcomes, takes decisions on major market and product issues and serves as the link between Parent Company and the particular subsidiary regarding various organisational matters. Business boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

### Senior executive remuneration Guidelines

The 2015 AGM adopted guidelines for senior executive remuneration. Remuneration to senior executives shall - based on the conditions in the market in which the Company operates and the environment in which the particular executive works - be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company. The system of remuneration shall consist of a fixed salary and pension, but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits shall be determined individually, based on the aforementioned criteria and the specific competence of the particular executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and may normally amount to no more than two months' salary. As a rule, pensions shall

be paid via defined contribution plans. The size of the pension shall be based on the same criteria as above, and on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Remuneration to the Chief Executive Officer and other senior executives is described in Note 9.

### Notice of termination and severance payments

The Chief Executive Officer's employment may be terminated on 12 months' notice by the Company or six months' notice by the CEO. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the Chief Executive Officer or other senior executives to severance pay.

### Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. The pensionable age for all senior executives is 65 years. In 2015/16, pension costs for senior executives totalled SEK 2.2 million.

### Auditor and auditing

The 2015 AGM resolved to appoint EY as auditors, with Åsa Lundvall as auditor in charge, until the next AGM is held in 2016.

The external audit is performed in accordance with generally accepted accounting practice in Sweden. Annual report documents for legal entities domiciled outside Sweden are audited in accordance with the legal requirements and other applicable rules of the countries in question.

The work of auditing the Group's accounts adheres to an audit plan that is adapted to the size of companies and that provides guidelines for the auditors' work at each subsidiary. In addition to audit engagements, the audit firm has performed certain consulting assignments during the year, primarily involving advice on tax and accounting issues. The auditors have submitted oral and written reports to the Board on both the audit engagement as well as on the audit of the Company's internal control.

Systemair's mid-year report for the 2015/16 financial year was audited by the Company's auditor.

Fees to the auditors are shown in Note 5.

## Internal control related to financial reporting

### Report of the Board of Directors on internal control for financial year 2015/16

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This

report has been drawn up in accordance with the Swedish Annual Accounts Act. It describes how the internal control of financial reporting is performed. Systemair's Board of Directors has decided not to have a separate audit committee. Instead, the Board as a whole is to perform the functions that would otherwise fall to the audit committee.

The Board thus has an important role to play in quality assuring financial reporting, which includes issues of internal control and compliance, verification of reported values and estimates and other issues that could influence the quality of the financial disclosures. Internal control is based on the structure in the framework for internal control referred to as the COSO model, from the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

#### **Control environment**

Effective work by the Board of Directors is the basis of effective internal control. The control environment in Systemair is characterised by short paths between Group management and the operational units. The Board of Directors has adopted several basic documents to create and maintain a smoothly functioning control environment relevant to the financial reporting. These include the Board of Directors' set of procedures, instructions for the CEO, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's controller organisation.

The Board includes accounting and auditing issues as a regular item on the agenda at the four Board meetings at which the quarterly reports are discussed. The objective is to ensure compliance with and development of policies adopted for financial reporting and internal control. The Board also maintains continuous contact with the Company's auditor.

#### **Risk assessment**

Systemair's Board of Directors are responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's results and position. The Board and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous reporting and budgets are an important aid. In addition, regular risk assessments are conducted in connection with strategic planning, budgeting, forecasting and acquisition activities.

#### **Control activities**

Important instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's central controller organisation and are readily accessible on the Group's intranet.

All companies in the Group report five working days after the end of the month in a common group consolidation and reporting system. This enables any deviations or errors to be recognised quickly and corrected.

At the end of the accounting period, the Group comprised around 70 subsidiaries owned directly by the Parent Company Systemair AB. The subsidiaries are legal entities with their own complete income statements and balance sheets. Each individual subsidiary reports to the Parent Company monthly, where consolidation is performed.

Central controllers are directly responsible for following up several companies that they monitor and analyse on an ongoing basis. Outcomes are reviewed regularly against plans and targets in consultation with representatives of the subsidiaries, business boards and Group management.

For the majority of its subsidiaries, the Group operates a common, wholly-integrated ERP system that provides a highly efficient tool for management, control and follow-up. For major decisions such as those in connection with acquisitions, investments and significant contracts, explicit decisionmaking methods and processes are in place.

In addition, every unit is also visited regularly by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting.

#### **Information and communication**

The Chief Executive Officer and the CFO are jointly responsible for the accuracy and good quality of all information published externally, including quarterly reports, press releases and company presentations in conjunction with analysts' meetings. The tasks of the Company's auditor include reviewing accounting issues that are material to financial reporting, and reporting his or her observations to the Board.

Each month, the Board receives a reporting package that includes the complete final accounts for each subsidiary, as well as the consolidated accounts for the Group. Several key ratios and benchmarks are also included; these enable the results for the period to be compared with budget and the results for preceding years.

The Board's set of procedures regulates which reports and information of a financial nature will be presented continuously and for each Board meeting.

In order to promote awareness of policies and manuals among the Group's employees, information is available to all concerned on the Group's intranet. Therefore, to ensure that external information is accurate and comprehensive, the Board of Directors has adopted a Communication Policy.

#### **Follow-up**

Systemair is characterised by simplicity in its legal and operational structures and by smoothly functioning and established management and control systems. The Board and the audit committee, together with Group Management, monitor compliance with policies and guidelines adopted. At every Board meeting, the Company's financial situation is discussed, and prior to the publication of quarterly reports and annual reports, the Board reviews the financial information. Each month, Group Management and business board members review the results for each subsidiary and discuss deviations from plan with that subsidiary's CEO.

The tasks of the external auditors include supervising internal control in the Group companies annually. The auditors maintain contact with and report directly to the Board of Directors.

During the year, the controller organisation carried out a number of internal audits of subsidiaries with the aid of the Company's auditors. This work adheres to a standardised model, in which various significant issues associated with internal guidelines and policies are reviewed.

Ways of working with internal audits are being developed continuously, and an annual plan for audit activities has been adopted and is addressed by the Board.

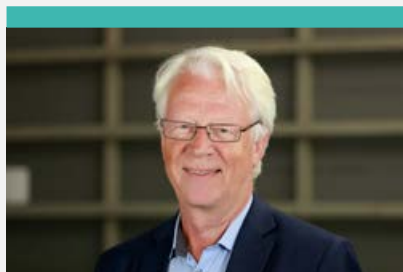
#### **Internal audit**

Systemair has a simple operating structure with effective facilities for internal control. Compliance with the Company's well-developed governance and internal control system is monitored regularly by the Group's controllers. In addition, ongoing follow-up is performed by business boards and Group Management. Further supervision is exercised in the form of the control and follow-up by the Board and the external auditors.

Day-to-day dialogue between the Company and its external auditors, as well as the checks carried out by the above-mentioned parties, are considered at present to be adequate in ensuring that internal control is effective. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit.

This judgement is subject to continual review, and a re-assessment will take place in 2016/17.

# Board of Directors



**GERALD ENGSTROM**

Chairman of the Board

Chairman, Bluefish Pharmaceuticals AB

**Education:** Upper secondary school qualification in Engineering, Business Studies at Stockholm University

**Formerly:** Chief Executive Officer and President of Systemair AB and CEO of Ziehl-ebm AB etc.

**Holding:** 21,997,752 shares (shares owned by Färna Invest)

**Born:** 1948

**Year elected:** 1974

**Independent:** No



**ELISABETH WESTBERG**

Director

Director, Jämtkraft AB, Scandem AB, AB Fr Ramström

**Education:** Bachelor's degree

**Formerly:** Vice President Handelsbanken Capital Markets, etc.

**Holding:** 20,000 shares

**Born:** 1948

**Year elected:** 2006

**Independent:** Yes



**HANNU PAITULA**

Director

Director, Oras Ltd, Finland and Kähns Holding AB, Sweden.

**Education:** Engineer

**Formerly:** Senior positions, international level at Lindab, Fläkt Woods and ABB etc.

**Holding:** 1,000 shares

**Born:** 1948

**Year elected:** 2011

**Independent:** Yes



**CARINA ANDERSSON**

Director

Director, Beijer Alma, SinterCast AB and Gränges AB

**Education:** M.Sc. in Engineering, Material Science from the Royal Institute of Technology Stockholm (KTH)

**Formerly:** CEO, Ramnäs Bruk AB and Scana Ramnäs AB

**Holding:** 1,000 shares

**Born:** 1964

**Year elected:** 2015

**Independent:** Yes



**PER-ERIK SANDLUND**

Director

Chairman of Ciir (Center for Inter-organisational Innovation Research) at Luleå University of Technology

**Education:** Degree in Business Administration and Business Law from the University of Umeå.

**Formerly:** Director-General, Invest Sweden, and at the Ministry of Foreign Affairs, Stockholm, CEO, SwedenBio

**Holding:** 1,500 shares

**Born:** 1952

**Year elected:** 2015

**Independent:** Yes



**RICKY STEN**

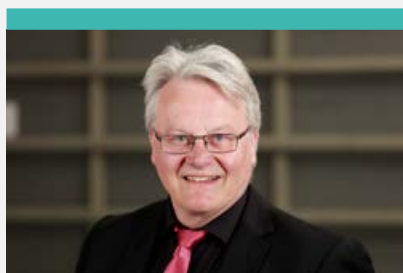
Employee Representative

**Current position:** Materials Handler

**Holding:** –

**Born:** 1968

**Year elected:** 2014



**ÅKE HENNINGSSON**

Employee Representative

**Current position:** Technology Consultant

**Holding:** 400 shares

**Born:** 1957

**Year elected:** 2015



# Group Management



**ROLAND KASPER**  
CEO and President

**Education:** Energy and Heating Technology Engineering Diploma, University of Applied Sciences Giessen-Friedberg, Germany  
**Formerly:** Product Manager, Fläkt Woods Group and ABB Ventilation Products GmbH  
**Holding:** 1,500 shares  
**Born:** 1969  
**Employed since:** 2007



**ANDERS ULFF**  
CFO

**Education:** M.Sc. Business Administration, Uppsala University  
**Formerly:** Auditor and consultant, Ernst & Young; Financial Director Systemair  
**Holding:** 40,600 shares  
**Born:** 1967  
**Employed since:** 1999



**OLLE GLASSEL**  
Vice President Sales and Marketing

**Education:** Qualified Ventilation Engineer, Diploma in Business Administration  
**Formerly:** MD, Systemair Ltd, United Kingdom, Sales Director, Systemair, Sweden  
**Holding:** 700 shares  
**Born:** 1966  
**Employed since:** 2002



**FREDRIK ANDERSSON**  
Vice President Marketing Eastern Europe

**Education:** M.Sc. Business Administration - International Business Program (Russian/German), Uppsala University  
**Formerly:** Export Manager and Managing Director Systemair Russia, Managing Director Fläkt Woods Russia  
**Holding:** 6,000 shares  
**Born:** 1967  
**Employed since:** 2014



**HÅKAN LENJESSON**  
Vice President Marketing Middle East and Asia

**Education:** Upper secondary school qualification in engineering and business studies  
**Formerly:** MD, Munters Pty, Australia, MD, Munters Thailand Co. Ltd., MD, Hawa-Munters, Saudi Arabia  
**Holding:** -  
**Born:** 1956  
**Employed since:** 2012



**KURT MAURER**  
Vice President Marketing - Products, MD Systemair GmbH, Germany

**Education:** Heilbronn University  
**Formerly:** Technical Director, Lti Lüftungstechnik; Product Dvpt, Rosenberg; Product Dvpt, ebm-papst  
**Holding:** 67,308 shares  
**Born:** 1959  
**Employed since:** 1994

## Consolidated Income Statement

SEK m., 1 May–30 April	Note	2015/16	2014/15
Net sales	3	6,112.5	5,882.2
Cost of goods sold	4	-4,010.4	-3,857.6
<b>Gross profit</b>		<b>2,102.1</b>	<b>2,024.6</b>
Other operating income	7	80.3	92.7
Selling expenses	4	-1,399.8	-1,352.7
Administration expenses	4, 5	-337.1	-313.9
Other operating expenses	8	-101.4	-73.9
<b>Operating profit</b>	4, 6, 9, 10	<b>344.1</b>	<b>376.8</b>
Financial income	11	3.1	26.3
Financial expenses	12	-39.9	-22.7
<b>Profit after financial items</b>		<b>307.3</b>	<b>380.4</b>
Tax	13	-100.1	-70.6
<b>Profit for the year</b>		<b>207.2</b>	<b>309.8</b>
Attributable to:			
Parent Company shareholders		207.2	309.8
Non-controlling interests		-	-
Earnings per share <sup>1</sup>	35	3.98	5.96
Average no. of shares during period <sup>1</sup>		52,000,000	52,000,000

<sup>1</sup> No dilution effect arises since the options programme in operation has been arranged by Färna Invest.

## Consolidated Statement of Comprehensive Income

SEK m., 1 May–30 April	2015/16	2014/15
<b>Profit for the year</b>	<b>207.2</b>	<b>309.8</b>
<b>Other comprehensive income, net after tax</b>		
<i>Items that have been, or may later be, transferred to profit for the year</i>		
Translation differences, foreign operations, gross before tax	-83.5	65.4
Translation effects of long-term loans to subsidiaries with no settlement planned	-2.4	4.5
Tax effects from long-term loans to subsidiaries with no settlement planned	0.5	-1.0
<i>Items that cannot be transferred to profit for the year</i>		
Change in defined-benefit pensions, gross before tax	11.9	-28.1
Tax on change in defined-benefit pensions	-3.7	6.7
<b>Other comprehensive income, net after tax</b>	<b>-77.2</b>	<b>47.5</b>
<b>Total comprehensive income for the year</b>	<b>130.0</b>	<b>357.3</b>
Attributable to:		
Parent Company shareholders	130.0	357.3
Non-controlling interests	-	-

# Consolidated Balance Sheet

SEK m.	Note	30/04/2016	30/04/2015
<b>ASSETS</b>	21		
<b>Non-current assets</b>			
<i>Intangible assets</i>	3, 14		
Goodwill		621.8	613.7
Brands, customer relationships etc.		176.3	220.7
Other intangible assets		13.0	5.1
		<b>811.1</b>	<b>839.5</b>
<i>Property, plant and equipment</i>	3, 14		
Buildings and land		925.2	924.5
Plant and machinery		206.0	205.0
Equipment and tools		106.4	107.4
Construction in progress		36.0	51.4
		<b>1,273.6</b>	<b>1,288.3</b>
<i>Financial and other assets</i>			
Other securities held as non-current assets	15	1.8	2.0
Deferred tax assets	13	158.8	170.3
Other long-term receivables	16	19.9	7.7
		<b>180.5</b>	<b>180.0</b>
<b>Total non-current assets</b>		<b>2,265.2</b>	<b>2,307.8</b>
<b>Current assets</b>			
<i>Inventory</i>	18		
Raw materials and consumables		506.7	440.1
Products in progress		93.8	73.7
Finished products		504.6	515.4
		<b>1,105.1</b>	<b>1,029.2</b>
<i>Current receivables</i>			
Accounts receivable – trade	19	1,122.9	1,057.6
Other receivables		64.2	43.4
Prepaid expenses and accrued income	17	62.7	58.5
Other investments in securities etc.		5.4	5.9
		<b>1,255.2</b>	<b>1,165.4</b>
<i>Cash and cash equivalents</i>		176.9	187.8
<b>Total current assets</b>		<b>2,537.2</b>	<b>2,382.4</b>
<b>TOTAL ASSETS</b>		<b>4,802.4</b>	<b>4,690.2</b>

# Consolidated Balance Sheet

SEK m.	Note	30/04/2016	30/04/2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Share capital</i>	20	52.0	52.0
Additional paid-in capital		2.2	2.2
Other reserves		-91.7	-6.3
Retained profit, incl. profit for the year		2,145.7	2,034.3
<b>Total equity</b>		<b>2,108.2</b>	<b>2,082.2</b>
<b>Non-current liabilities</b>			
Non-current liabilities, interest-bearing	21	196.7	245.4
Provisions for pensions	25	58.5	77.8
Provisions for deferred tax liabilities	13	81.9	95.1
Other provisions	26	98.3	88.1
<b>Total non-current liabilities</b>		<b>435.4</b>	<b>506.4</b>
<b>Current liabilities</b>			
Current liabilities, interest-bearing	21	1,309.0	1,140.3
Accounts payable – trade		491.7	448.9
Income tax liability		49.8	88.3
Other liabilities		189.0	223.2
Accrued expenses and deferred income	22	219.3	200.9
<b>Total current liabilities</b>		<b>2,258.8</b>	<b>2,101.6</b>
<b>Total liabilities</b>		<b>2,694.2</b>	<b>2,608.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,802.4</b>	<b>4,690.2</b>

## Statement of Changes in Equity – Group

SEK m.	Attributable to Parent Company shareholders				Total equity
	Share capital	Additional paid-in capital	Translation reserve	Retained profit, incl. profit/loss for year	
<b>Equity, 30 April 2014</b>	52.0	2.2	-75.2	1,901.9	1,880.9
Dividends				-156.0	-156.0
Profit for the year				309.8	309.8
Other comprehensive income			68.9	-21.4	47.5
<b>Equity, 30 April 2015</b>	52.0	2.2	-6.3	2,034.3	2,082.2
Dividends				-104.0	-104.0
Profit for the year				207.2	207.2
Other comprehensive income			-85.4	8.2	-77.2
<b>Equity, 30 April 2016</b>	52.0	2.2	-91.7	2,145.7	2,108.2

# Consolidated Cash Flow Statement

SEK m., 1 May–30 April	Note	2015/16	2014/15
<b>Operating activities</b>			
Operating profit		344.1	376.8
Interest received		3.1	2.1
Interest paid		-22.0	-22.8
Adjustment for non-cash items etc.	33	143.8	199.5
Income tax paid		-138.8	-121.5
<b>Cash flow from operating activities before changes in working capital</b>		<b>330.2</b>	<b>434.1</b>
<b>Changes in working capital</b>			
Inventory		-112.6	-49.1
Current receivables		-99.1	-109.6
Accounts payable – trade		54.0	-10.9
Current liabilities		-3.6	-23.2
<b>Cash flow from operating activities</b>		<b>168.9</b>	<b>241.3</b>
<b>Investing activities</b>			
Acquisition of subsidiaries	29	-50.0	-58.8
Acquisitions of companies carrying deficits from earlier operations		-	-27.2
Acquisition of intangible assets		-15.0	-7.0
Acquisition of property, plant and equipment		-159.7	-223.4
Sale of property, plant and equipment		12.6	19.4
<b>Cash flow from investing activities</b>		<b>-212.1</b>	<b>-297.0</b>
<b>Financing activities</b>			
Borrowings		261.1	425.0
Repayment of loans		-103.6	-158.8
Dividend to shareholders		-104.0	-156.0
<b>Cash flow from financing activities</b>		<b>53.5</b>	<b>110.2</b>
<b>Increase/Decrease in cash and cash equivalents</b>		<b>10.3</b>	<b>54.5</b>
<b>Cash and cash equivalents at start of year</b>		<b>187.8</b>	<b>123.3</b>
<b>Exchange rate difference in cash and cash equivalents</b>		<b>-21.2</b>	<b>10.0</b>
<b>Cash and cash equivalents at end of year</b>		<b>176.9</b>	<b>187.8</b>

## Parent Company Income Statement

SEK m., 1 May–30 April	Note	2015/16	2014/15
Net sales	3	87.3	948.2
Cost of goods sold		-	-680.0
<b>Gross profit</b>		<b>87.3</b>	<b>268.2</b>
Other operating income	7	14.9	44.9
Selling expenses		-54.9	-182.4
Administration expenses	5, 6	-68.8	-74.4
Other operating expenses	8	-32.9	-53.4
<b>Operating profit</b>	9, 10	<b>-54.4</b>	<b>2.9</b>
Profit/loss from participations in Group companies	27	520.5	302.6
Other interest income and similar profit/loss items	11	22.7	29.9
Interest expense and similar profit/loss items	12	-14.1	-13.6
<b>Profit after financial items</b>		<b>474.7</b>	<b>321.8</b>
Appropriations	23	58.0	-6.6
<b>Pre-tax profit</b>		<b>532.7</b>	<b>315.2</b>
Tax on profit for the year	13	-3.6	-3.9
<b>Profit for the year</b>		<b>529.1</b>	<b>311.3</b>

## Parent Company Statement of Comprehensive Income

SEK m., 1 May–30 April	2015/16	2014/15
<b>Profit for the year</b>	<b>529.1</b>	<b>311.3</b>
<b>Other comprehensive income</b>		
Translation effects of long-term loans to subsidiaries with no settlement planned	-2.4	4.5
Tax effect from translation of long-term loans to subsidiaries	0.5	-1.0
Result from merger	-	-0.2
<b>Other comprehensive income, net after tax</b>	<b>-1.9</b>	<b>3.3</b>
<b>Total comprehensive income for the year</b>	<b>527.2</b>	<b>314.6</b>

# Parent Company Balance Sheet

SEK m.	Note	30/04/2016	30/04/2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Intangible assets</i>			
	14		
Goodwill		0.4	0.5
Licences and other intangible assets		2.0	5.4
		<b>2.4</b>	<b>5.9</b>
<i>Property, plant and equipment</i>			
	14		
Buildings and land		-	67.2
Plant and machinery		-	26.2
Equipment and tools		3.2	13.6
Construction in progress		5.6	6.9
		<b>8.8</b>	<b>113.9</b>
<i>Financial assets</i>			
Participations in Group companies	28	2,045.6	1,932.1
Receivables from Group companies	30	74.2	79.2
Deferred tax assets	13	-	1.5
Other non-current receivables	16	15.4	3.9
		<b>2,135.2</b>	<b>2,016.7</b>
<b>Total non-current assets</b>		<b>2,146.4</b>	<b>2,136.5</b>
<b>Current assets</b>			
<i>Inventory</i>			
Raw materials and consumables		-	52.8
Products in progress		-	5.0
Finished products		-	109.6
		-	<b>167.4</b>
<i>Current receivables</i>			
Accounts receivable – trade	19	8.6	45.5
Receivables from Group companies		1,211.2	836.1
Taxes recoverable		10.5	3.8
Other receivables		18.9	10.5
Prepaid expenses and accrued income	17	15.1	14.9
		<b>1,264.3</b>	<b>910.8</b>
<i>Cash and cash equivalents</i>			
		-	-
<b>Total current assets</b>		<b>1,264.3</b>	<b>1,078.2</b>
<b>TOTAL ASSETS</b>		<b>3,410.7</b>	<b>3,214.7</b>



# Parent Company Balance Sheet

SEK m.	Note	30/04/2016	30/04/2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	20	52.0	52.0
Statutory reserve		10.0	10.0
		<b>62.0</b>	<b>62.0</b>
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-6.8	-4.9
Retained profit		1,230.1	1,022.8
Profit for the year		529.1	311.3
		<b>1,787.6</b>	<b>1,364.4</b>
<b>Total equity</b>		<b>1,849.6</b>	<b>1,426.4</b>
<b>Untaxed reserves</b>	24	<b>5.7</b>	<b>38.3</b>
<b>Provisions</b>	26	<b>1.9</b>	<b>3.2</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	21	50.5	72.5
Liabilities to Group companies		284.1	281.1
		<b>334.6</b>	<b>353.6</b>
<b>Current liabilities</b>			
Bank overdraft facilities	21	1,049.3	825.1
Liabilities to credit institutions	21	113.3	149.1
Accounts payable – trade		5.9	48.3
Liabilities to Group companies		29.0	311.8
Other liabilities		8.1	12.1
Accrued expenses and deferred income	22	13.3	46.8
		<b>1,218.9</b>	<b>1,393.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,410.7</b>	<b>3,214.7</b>
Pledged assets	31	97.7	222.1
Contingent liabilities	32	408.8	398.8

## Changes in Equity – Parent Company

SEK m.	Share capital	Statutory reserve	Non-restricted equity		Retained profit, incl. profit/loss for year	Total equity
			Share premium reserve	Fair value reserve		
<b>Equity, 30 April 2014</b>	52.0	10.0	35.2	-8.4	1,179.0	1,267.8
Dividend					-156.0	-156.0
Profit for the year					311.3	311.3
Other comprehensive income				3.5	-0.2	3.3
<b>Equity, 30 April 2015</b>	52.0	10.0	35.2	-4.9	1,334.1	1,426.4
Dividend					-104.0	-104.0
Profit for the year					529.1	529.1
Other comprehensive income				-1.9		-1.9
<b>Equity, 30 April 2016</b>	52.0	10.0	35.2	-6.8	1,759.2	1,849.6

# Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Note	2015/16	2014/15
<b>Operating activities</b>			
Operating profit		-54.4	2.9
Interest received		22.7	20.2
Interest paid		-10.8	-13.0
Adjustment for non-cash items etc.	33	-3.3	39.8
Income tax paid		-6.5	-1.7
<b>Cash flow from operating activities before changes in working capital</b>		<b>-52.3</b>	<b>48.2</b>
<b>Changes in working capital</b>			
Inventory		-	7.0
Current receivables		-498.2	-215.3
Accounts payable – trade		-258.1	-30.3
Current liabilities		-5.3	4.3
<b>Cash flow from operating activities</b>		<b>-813.9</b>	<b>-186.1</b>
<b>Investing activities</b>			
Transfer of operations		-1.0	-
Acquisition of property, plant and equipment		-6.0	-12.3
Acquisitions/paid-in capital at subsidiaries		-122.0	-180.2
Dividends on shares in subsidiaries		520.5	311.8
Group contributions paid		-	-5.0
Group contributions received		25.4	-
Acquisition of intangible assets		-	-2.8
Acquisition of financial assets		0.1	-
<b>Cash flow from investing activities</b>		<b>417.0</b>	<b>111.5</b>
<b>Financing activities</b>			
Dividend to shareholders		-104.0	-156.0
Borrowings		557.9	295.4
Repayment of loans		-57.0	-64.8
<b>Cash flow from financing activities</b>		<b>396.9</b>	<b>74.6</b>
<b>Increase/Decrease in cash and cash equivalents</b>		<b>0.0</b>	<b>0.0</b>
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

# Notes to the Accounts

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# Notes

## NOTE 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2016 were approved on 5 July 2016 by the Board of Directors and the Chief Executive Officer for publication and will be submitted for adoption to the 2016 Annual General Meeting. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

### Basis of preparation

The Parent Company applies the Swedish Annual Accounts Act, with the exception of Financial derivative instruments, Financial assets available for sale and Liabilities measured at fair value via the income statement. These assets and liabilities are recognised at fair value. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million). "Income statement" refers either to the Consolidated income statement or the Parent Company income statement.

### Parent Company's accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 (Accounting for Legal Entities). Accordingly, the Parent Company complies with IFRS as far as possible within the scope of the Swedish Annual Accounts act, taking into account the relationship between accounting and taxation. In the Parent Company, untaxed reserves are recognised inclusive of deferred tax. In the consolidated accounts, this item is classified as deferred tax and equity, respectively, as appropriate. Appropriations are recognised gross in the Parent Company income statement. All Group contributions received and paid are recognised as an appropriation in the income statement.

### Amended and new accounting policies for the year

A number of new or updated accounting recommendations and interpretations apply to financial years starting on 1 January 2015 or later. None of the new IFRS regulations that entered into force for the financial year beginning on 1 May 2015 have affected the Group's financial statements.

### Future amendments of accounting policies

A number of new or revised IFRSs will come into effect for the first time in the next financial year or later and have not been adopted early in the preparation of these financial statements. An account is provided below of the IFRSs that are expected to, or may, impact on the Group's financial statements. Other than the IFRSs described in the following, other new measures published by IASB as per 30 April 2016 are not expected to have any effect on the Group's financial statements.

IFRS 9 Financial Instruments, scheduled to enter into force on 1 January 2018, is intended to supersede IAS 39 Financial Instruments: Classification and Measurement. The standard is issued in phases, wherein the version published in July 2014 supersedes all previous versions. IFRS 9 states new principles establishing how financial assets are to be classified and measured. The decisive factor determining measurement category for a financial asset is the company's intention for holding the asset, as well as, to a certain extent, the contractual cash flows for the asset. The new standard also sets forth new rules for impairment testing of financial assets. As a result, the "incurred loss method" used formerly is superseded by a new "expected loss method". The intention of the new rules on hedge accounting is to ensure that a company's risk management is reflected in its accounts. The standard provides greater scope for hedging risk components in non-financial items and enables more types of instrument to be used in a hedging relationship. Furthermore, the quantitative requirement for effectiveness no longer applies. IFRS 9 is applicable to financial years beginning on 1 January 2018 and is expected to be approved by the EU in the second half of 2016. IFRS 9 is not expected to have any material impact on the Group's financial reports.

IFRS 15 Revenue from Contracts with Customers was issued on 28 May 2014 and will supersede IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a model for revenue accounting for nearly all types of income arising from contracts with customers, other than leases, financial instruments and insurance contracts. In IFRS 15, the basic principle for revenue accounting is that an entity must recognise an income item in the way that depicts the transfer of the promised goods or services to the customer, in the amount that the entity expects to be entitled to receive in exchange for the goods or services. Revenue is recognised when control over the goods or services passes to the customer. IFRS 15 provides considerable more guidance on specific areas and the disclosure requirements are extensive. IFRS 15 is applicable to financial years beginning on

1 January 2018 or later, with early adoption permitted. The standard has not yet been approved by the EU. IFRS 15 is not expected to have any material impact on the Group's financial reports.

IFRS 16 Leases was issued on 13 January 2016 and will supersede IAS 17 Leases. IFRS 16 introduces a "right of use model", the impact of which to the lessee is that practically all leases are to be recognised via the balance sheet and as a result classification into operational and financial leases is not required. Leases with a term of 12 months or less and leases of minor value are exempt. Depreciation/amortisation of the asset and interest expense for the liability are recognised in the income statement. The standard incorporates more extensive disclosure requirements than the current standard. To lessors, IFRS 16 does not introduce any new changes relative to IAS 17. IFRS 16 is applicable to financial years beginning on 1 January 2019 or later, with early adoption permitted, provided that IFRS 15 is applied at the same time. The standard has not yet been approved by the EU. Systemair today only recognises operating leases. With the changes brought about via IFRS 16, all operating leases will be capitalised on the balance sheet. The scope of the Group's operating leases is described in Note 6.

Amendments to IAS 1 Presentation of Financial Statements – "Disclosure Initiative" – become effective on 1 January 2016. The purpose of these amendments is to further encourage companies to use their professional judgement to decide which disclosures are required and how the information is to be structured in their financial statements. To make this possible, a number of specific improvements have been introduced in the areas of materiality, disaggregation and subtotalling, note structuring, information on accounting policies and presentation of items in other comprehensive income (OCI) that originate from investments calculated using the equity method.

### Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as approved for use in the European Union. Furthermore, the consolidated accounts were prepared in compliance with Swedish law, by application of Recommendation RFR 1 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial reports for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

### Consolidated accounts

#### Basis of consolidation

The consolidated accounts comprise the Parent Company and its subsidiaries. The financial reports for the Parent Company and the subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance with the same accounting policies applied to the Group.

All intra-Group receivables and liabilities, revenues and costs, profits and losses arising in transactions between companies included in the consolidated accounts are eliminated in their entirety.

A subsidiary is included in the consolidated accounts from the date of acquisition, that is, the date on which the Parent Company gains a controlling influence over the company, and is included in the consolidated accounts until the date on which the controlling influence ceases. Normally, controlling influence over a subsidiary is obtained by owning more than 50 percent of shares entitled to vote, but it may also be obtained by other means, for example, via an agreement.

Subsidiaries acquired are reported in the consolidated accounts based on acquisition accounting. This also applies to businesses acquired directly. Based on acquisition accounting, the historical cost of the shares, or of the directly acquired business, is apportioned over the assets acquired and undertakings and liabilities assumed at the time of acquisition based on their fair value at that time. Any additional purchase price considerations are measured at fair value. If the historical cost exceeds the fair value of the net assets of the company acquired, the difference constitutes goodwill. If the historical cost is less than the fair value of the net assets of the company acquired, the difference is recognised directly in the income statement. Transaction costs arising from acquisitions are taken directly to income for the year as other operating expense. In the event that a conditional purchase consideration is re-measured to fair value, this is recognised in the operating profit.

A non-controlling interest is the share of profits and net assets of a partly owned company that accrues to other owners. A non-controlling interest in profit is included in the profit after tax reported in the consolidated income statement. The non-controlling interest in net assets is included in equity on the consolidated balance sheet but is recognised separately from equity attributable to the shareholders in the Parent Company.

**Investments in associated companies**

An associated company is an entity in which the Group exercises a significant influence but which is not a joint venture. A significant influence normally exists if the shareholding represents 20-50 percent of the votes. Holdings in associated companies are recognised based on the equity method. In this equity method, the carrying amount of the Group's shares in associated companies corresponds to the Group's participation in the equity of the associated companies plus goodwill on consolidation and any other remaining value adjustments at the time of acquisition. Goodwill and other value adjustments at the time of acquisition are calculated in the same way as in business combinations, described above. In the consolidated income statement, the Group's share of associated companies' stated profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is reported under Participations in associated companies' profits. Dividends received from an associated company are deducted from the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet based on the cost method.

**Translation of accounts of foreign operations**

A foreign operation is one that is conducted in an economic environment with a functional currency other than the Group's reporting currency (SEK). Assets, including goodwill and other surplus values, as well as liabilities in such operations are translated into the reporting currency at the closing day rate. The income statements of foreign operations are translated using a weighted average of exchange rates for the year. Any exchange rate differences resulting from translation are taken directly to Other comprehensive income. Upon the divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

**Translation of receivables and liabilities denominated in foreign currencies**

Transactions denominated in non-Swedish currencies are translated at the rate prevailing on the transaction date. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate on that date. All exchange rate differences are charged to the income statement except for those differences arising in loans in foreign currencies raised to hedge net investments in foreign operations or those arising in claims on subsidiaries that are not planned to be settled or are unlikely to be settled in the foreseeable future. Exchange rate differences in such loans or receivables are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences and are transferred to the income statement in the event of the divestment of the foreign operation in future. Effective 1 November 2008, the Group opted to recognise the assets in Systemair in Spain and in Imos-Systemair in Slovakia net after hedging with loans in EUR. All of the EUR loans concerned were repaid during the 2013/14 financial year. During the year, foreign exchange loan losses regarded as net investment in subsidiaries, totalling SEK -1.9 million (3.5), net after tax, were recognised as other comprehensive income.

**Net sales**

Net sales are recognised at the fair value of the consideration received or the consideration that will be received for goods and services sold in the regular operations of the Group. Revenue is recognised once delivery has been made to the customer in accordance with the terms of sale. Net sales are recognised excluding value-added tax, and net of discounts. Systemair's net sales overwhelmingly consist of sales of ventilation and heating products and, to a lesser extent, of services such as installation, maintenance and design.

**Segment reporting**

The Group manufactures and sells ventilation products. Systemair's top executive decision-makers govern and manage the operations per legal company. The number of legal companies within Systemair is about 70, and so, according to IFRS 8, the Group has that number of segments. Because the presentation of 70 segments would entail excessively detailed information, the standard proposes aggregating these at a suitable level if the economic characteristics are similar and the segments resemble one another in terms also of other factors such as type of products and type of customers. Against that background, Systemair has up to the end of the 2015/16 financial year chosen to aggregate all segments into a main segment designated Ventilation.

From the start of the next financial year, 2016/17, Systemair will aggregate segments in the geographical regions of Europe and Rest of the World. The market segment Europe accounts for the major share of Systemair's business. The Europe

segment consists in total of a large number of markets. The legal entities encompassed by Europe work with each other in manufacturing and sales. The Company also judges that in every material respect similar economic conditions exist in the region, and so the legal entities within the region have been merged. Systemair further considers that accounting for the merged segments Europe and Rest of World presents a clearer picture. Net sales, Operating profit, Assets, Liabilities, Investments, Depreciation and amortisation will be reported per merged segment. The subsidiaries are to be merged on the basis of their legal domicile and consolidation will take place according to the same principles as for the Group as a whole. Figures for the 2015/16 financial year will also be restated for comparison.

**Tangible and intangible assets**

Property, plant, equipment and intangible assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairments. Depreciation/Amortisation is charged on a straight-line basis over the useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied.

Brands, customer relationships etc.	5-10 years
Buildings	25-50 years
Plant and machinery	3-7 years
Equipment and tools	3-5 years

**Research and development**

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied. The development project must be well defined and include concrete plans as to how and when the asset will be used in the business; it must be possible to calculate expenses reliably; the asset must be considered likely to create future economic benefits; the project must be considered technically feasible; and the Group must be deemed to have the resources required to conclude development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Other development expenditure is expensed as incurred. As of the balance sheet date, there were no development projects deemed to meet the above criteria.

**Impairment losses**

Regular tests are made during the year to establish whether any assets may have declined in value. In such tests, the recoverable amount of the asset is calculated.

For goodwill and intangible assets not yet ready for use, the recoverable amount is calculated annually.

If essentially independent cash flows cannot be determined for particular assets, the assets shall, in testing for impairment, be classified at the lowest level where essentially independent cash flows can be identified (a cash-generating unit). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill. The loss is then applied proportionately to other assets in the unit.

**Calculation of the recoverable amount**

The recoverable amount is an asset's net realisable value or its value in use, whichever is the higher. The value in use is the present value of future cash flows discounted at a rate based on the risk-free interest rate, adjusted for the risk associated with that particular asset. In the case of an asset that does not generate cash flows; the recoverable amount is calculated for the cash-generating unit in which the asset is included.

**Reversal of impairment losses**

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred after the impairment loss was recognised. Impairment losses on goodwill are not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount, after reversal, does not exceed the carrying amount that the asset would have had if no impairment loss had been recognised.

**Inventory**

Inventory is measured at the lower of historical cost or net realisable value for raw materials and purchased finished products, and at production cost for goods

produced. The acquisition value is based on the latest purchase price and takes into account expenses arising at acquisition of the inventory assets and transport of such assets to their current location and condition. The acquisition value for finished products and products in progress is made up of the cost of raw materials, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. Deductions for obsolescence are made as required. Deliveries between Group companies are priced in line with the market. Inter-company gains on the inventories of Group companies are eliminated in the consolidated accounts. Any such eliminations are added to operating profit.

#### Financial assets

Financial assets are classified in categories depending on the intention behind the acquisition of each particular asset. The classification is determined at the time of acquisition. A financial asset is removed from the balance sheet when the contractual rights to the cash flow cease.

#### Financial assets measured at fair value via the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The assets are measured at fair value, and changes in value are recognised in the income statement.

#### Loan receivables and trade accounts receivable

Loan receivables and trade accounts receivable are financial assets with fixed payments or payments for which the amounts can be determined. These receivables are associated with the Group's deliveries of goods and services. They are measured at historical cost. The items are recognised in the amount expected to be received, less doubtful receivables assessed individually. In the Group, the rule generally applied is for provision of 50 percent to be made for receivables that are 180-360 days overdue, and 100 percent for those that are more than 360 days overdue. However, market assessments, credit insurance and the like must be taken into account. Loan receivables and trade accounts receivable are anticipated to be of short duration and are thus measured at their nominal amounts, undiscounted.

#### Investments held to maturity

Held to maturity investments are financial assets that are not derivatives but have fixed payments or payments that may be fixed, are of a fixed duration and will be held until maturity. They are recognised at amortised cost.

#### Financial assets available for sale

Available for sale investments are financial assets that have either been assigned to this category or not been classified in any of the other categories. They are included in non-current assets if management does not intend to dispose of the assets within 12 months from the balance sheet date. Financial assets available for sale are recognised at fair value after the date of acquisition. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as assets are recognised in other comprehensive income. When instruments that are classified as assets available for sale are divested or impaired, the accumulated adjustments to fair value are recognised in the income statement.

#### Financial liabilities

##### Financial liabilities measured at fair value via the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The fair value of these liabilities is measured at fair value on an ongoing basis, with changes in value recognised in the income statement.

Systemair's balance sheet also shows a liability comprising an option to purchase the remaining 25 percent of the shares in Traydus, Brazil. The liability refers to anticipated profit after tax for the 2019/20 and 2020/21 financial years. The liability falls due for payment on 31 May 2021. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in the estimated liability will be recognised in the income statement. No impact on income affected the Group in the 2015/16 financial year, as no change has been found to have taken place since the date of acquisition.

#### Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. The items are measured at amortised cost.

Non-current liabilities have more than one year to maturity, while liabilities maturing before that are recognised as current liabilities. Trade accounts payable have a short anticipated maturity and are thereby measured at their nominal amount, undiscounted.

#### Provisions

Provisions are recognised on the balance sheet when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the Group anticipates receiving compensation corresponding to a provision that has been made, for example through an insurance agreement, the compensation is recognised as an asset in the balance sheet only when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is deemed to be material, the value of the provision is determined by estimating the present value of the expected future payment using a discount factor (before tax) that reflects the market's current valuation of the time value and any risks associated with the obligation. The gradual increase in the amount of the provision resulting from this method is recognised as an interest expense in the income statement.

#### Employee benefits

##### Pensions and similar post-employment benefit obligations

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets.

The Group's obligations with regard to other defined-benefit pension plans are calculated separately for each plan using the Projected Unit Credit Method. In this method, the obligation is calculated as the present value of estimated future pension payments. The obligation thus estimated is compared to the fair value of the plan assets that secure the obligation. The difference is recognised as a liability/asset. The estimation of future payments is based on actuarial assumptions, including assumptions as to life expectancy, future salary increases, personnel turnover and factors relevant to the selection of discount rate.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income, with payroll tax and deferred tax having been taken into account.

Pension costs relating to service during the current and earlier periods are recognised directly in the income statement. In the case of defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Profits are charged as the benefits are earned.

##### Share-based remuneration

No agreements on share-based remuneration exist within the Group.

#### Leasing

At Systemair, leasing is generally only used to a limited extent, and normally only for company cars and in rental agreements. Lease contracts in which all risks and benefits associated with ownership essentially do not accrue to the Group are classified as operating leases. Fees for such contracts are recognised as costs in the income statement on a straight-line basis for the duration of the contract. Systemair classifies all current leasing contracts as operating leases.

#### Borrowing costs

Borrowing costs are charged to income in the period to which they pertain. Any costs incurred in raising loans are distributed over the life of the loan based on the liability recognised.

**Income tax**

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement when referring to income statement items and in other comprehensive income when the underlying transaction is recognised in other comprehensive income.

Current tax is tax to be paid or recovered for the current year, based on the tax rates enacted, or substantively enacted, by the balance sheet date. This includes any adjustments in current tax attributable to prior periods.

Deferred tax is recognised in accordance with the balance sheet method, in which deferred tax is calculated for all temporary differences – that is, between the taxable values of assets and liabilities and their carrying amounts – identified on the balance sheet date. Deferred tax assets for unused loss carry-forwards are also recognised in the balance sheet.

However, a deferred tax liability is not recognised in the balance sheet for taxable temporary differences relating to goodwill. Deferred tax is also not recognised if the temporary difference pertains to investments in subsidiaries or associated companies in which the Group has a controlling influence over when a temporary difference will be reversed, and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilised loss carry forwards can be applied. The carrying amounts of deferred tax assets are tested at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply in the period when the assets are realised or the liabilities settled, based on the tax rate (and tax legislation) in force, or substantively in force, at the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid in the net amount.

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into two components: a deferred tax liability recognised as a provision, and a portion of equity.

**Cash flow statement**

The cash flow statement presents incoming and outgoing payments. The indirect method is used for operating activities. In addition to cash and bank balances, cash and cash equivalents consist of current ready assets with an original maturity less than three months.

**Government subsidies**

Government subsidies are recognised when there is reasonable assurance that the Company will meet the conditions attached to the grant and will receive the grant. In the past, the Group has received three types of government subsidy: government grants, loans for which repayment may be waived and grants relating to assets.

Systemair Sverige AB has received an employment grant totalling SEK 0.1 million (0.1) from the Swedish Labour Market Board. The employment grant was offset against salaries paid in the functions affected.

In Canada, Systemair received an employment grant of SEK 0.1 million (0.2). The employment grant was offset against salaries paid in the functions affected.

**Material estimates and assumptions**

The preparation of financial reports requires complex estimates and assessments for accounting purposes. Management also makes various judgements when applying the Group's accounting policies. Estimates and assessments may affect the income statement, balance sheet and supplementary disclosures provided in the financial reports. The estimates and assumptions that could constitute a risk of significant adjustments to the recognised amounts during the next financial year are described below.

**Impairment testing of goodwill**

Every year, Group Management tests goodwill for impairment in accordance with the accounting policy described above. A number of estimates must be made for this test. For more detailed information on impairment testing of goodwill, see Note 14.

**Provisions for pensions**

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, on the basis of past experi-

ence and reasonable expectations for the future. In the case of pension obligations, the present-value calculation is based on assumptions described in Note 25.

**Deferred tax assets**

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses on previous operations, but have also arisen in day-to-day operations, especially in start-ups. Group Management has made assumptions and assessments as to the future earning capacity of these subsidiaries and, on that basis, has assessed the possibilities for offsetting future profits against these losses. If Systemair's operations do not succeed in generating sufficient taxable surpluses in the future, the deferred tax assets stated in the Company's accounts may be written down. Tax assets may also be written down if the tax authorities are of the opinion that the losses are not tax-deductible in whole or in part. If the Company cannot fully utilise the loss carry-forwards, the Company's earnings and financial position may be adversely affected.

**NOTE 2 Risks and risk management**

Systemair's business involves risks that to a varying extent may adversely affect the Group. These may be divided into operation-related risks, such as the market risk in the cyclical construction industry and changes in the competitive situation, and financial risks, chiefly currency exposure. Both operation-related and financial risks may in the short and the long term affect Systemair's ability to achieve its set objectives according to the Company's business plan. Systemair works continuously on keeping abreast of the Group's risk situation via a documented, systematic process at Board level, in which risks are identified, assessed, monitored and reported. Priority is given to the risks that are judged to represent the greatest negative effect, on the basis of the probability of their occurring and the possible impact on the business.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2015/16 operating profit. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table. Further, it is likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis in those changes in various items may have a counteractive effect.

**Sensitivity analysis: effects on operating profit in 2015/16**

SEK m.	Operating profit
+/- 5% in selling prices	+/- 306
+/- 5% in material costs	+/- 143
+/- 5% in selling and administration expenses	+/- 87
+/- 5% in the SEK/EUR exchange rate	+/- 21
+/- 5% in the SEK/NOK exchange rate	+/- 6
+/- 5% in the SEK/RUB exchange rate	+/- 2
+/- 5% in the SEK/USD exchange rate	+/- 1

The table shows that a change of +/-5 percent in the SEK/EUR exchange rate would have an impact of approximately SEK 21 million (19) on operating profit for 2015/16. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

**Operation-related risks**

**Competition**

Systemair's markets are fragmented and exposed to competition; a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. Some of Systemair's current or future competitors may have greater resources than Systemair and may apply such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the Company's operations, earnings and financial position may be adversely affected. The ventilation sector still consists largely of a number of relatively local operators. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, there is a risk of exclusion from the market. Systemair has addressed that risk by establishing factories in low-cost countries such as India and Lithuania and by establishing new sales companies in new markets.



**Market risks**

Systemair's products are used in new construction as well as in renovations, conversions and additions (Swedish acronym: ROT). The construction industry normally follows a cyclical pattern, above all in new construction, while ROT projects often smooth the cyclical effect. Developments in the industry are largely influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market trends and other factors. Changes in circumstances for the construction industry may be difficult to foresee, and a slowdown in the industry in Systemair's markets could reduce demand for the Company's products and/or lead to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position. Systemair's sales are also vulnerable to seasonal fluctuations, with sales mostly being lower during July and December.

**Suppliers**

Ziehl-Abegg and ebm-papst, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers and to some extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these companies could disrupt Systemair's production and have a negative impact on Systemair's operations, earnings and financial position. Another important component in Systemair's products is steel, in the form of steel plate, so the Company's operations to a certain extent are affected by fluctuations in the price of steel, and by any disruptions in steel deliveries. Historically, it has been possible to spread price increases across multiple actors, but there is no guarantee that this will continue to be possible. If future price increases cannot be distributed among actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

**Brands**

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech, Holland Heating and Menerga. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries where they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands in the marketing of their products or otherwise infringe its intellectual property rights. If the Company's brands cannot be protected, for whatever reason, the Company's operations, earnings and financial position may be adversely affected.

**Production plant and distribution centres**

Systemair's operations are dependent on its production plant and distribution centres. If any of them is destroyed or closed or if the equipment at the plant suffers serious damage, the production and distribution of Systemair's products could be disrupted or suspended for some period. An extensive and prolonged shutdown could have a huge impact on the Company's ability to produce or distribute the products affected. Systemair has purchased insurance against property damage and stoppages in an amount the Company deems sufficient; however, there is no guarantee that the entire loss for the Company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the Company's operations, earnings and financial position.

**Business combinations**

For several years running, Systemair has completed a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In many cases, the companies acquired had operational and financial problems, which required substantial efforts on the part of Systemair, not least in the form of management resources. Expansion through acquisition remains an ambition of Systemair's, and in the future more companies that complement or augment the Company's operations may be acquired. The acquisition of companies may involve many different operational and financial risks. Along with well- or lesser-known company-specific risks, these risks include the possible departure of suppliers, customers or key personnel from the company acquired. In addition, the integration of companies acquired may turn out to be more costly or time-consuming than expected and the anticipated synergistic benefits may not be achieved as expected or at all. These and other acquisition-related risks may adversely affect the Company's operations, earnings and financial position.

**IT infrastructure**

Systemair has a highly developed IT infrastructure, the core of which is the Company's enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade accounts receivable and inventory levels. Problems in maintaining, upgrading and integrating these systems may adversely affect the Company's reputation among its customers, increase operating costs and reduce profitability. These systems are also vulnerable to power outages, system errors, computer viruses, network faults and other risks. In the event of a breakdown in the IT infrastructure, the Company's operations, earnings and financial position may be adversely affected.

**Product liability**

Systemair's customers normally expect detailed performance data on their ventilation products. Thus Systemair provides detailed product specifications in its marketing and sales activities and the Company conducts continuous tests in its own test facilities to ensure that its products meet their specifications. However, the possibility cannot be ruled out that a product the Company has sold may not live up to its specifications, which may result in claims against the Company. Further, the Company is subject to legal regulations on product liability that, in the event of personal injury or damage to property, may entitle the injured party to compensation from the Company. The Company has taken out global product liability insurance that, in the Company's view, is sufficient to cover any claim for damages. However, this cannot be guaranteed. If a claim for compensation against the Company is upheld and the claim is not covered by the Company's insurance, the Company's operations, earnings and financial position may be adversely affected.

**International business operations**

Systemair conducts, via subsidiaries or representative offices, its own operations in 49 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to risks associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, different terms and conditions of payment between different countries and the possibility of political instability. Systemair has substantial sales to Russia, for example, one of Systemair's single largest export markets. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that Systemair's assets in the country could become uncertain. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

**Financial risks and other risks**

The Systemair Group is exposed to financial risks through its international operations and its borrowing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

**Foreign exchange risk – transaction exposure**

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group Company. Systemair's extensive international operations represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged as per Systemair's foreign exchange policy. Systemair does not use hedge accounting.

In 2015/16, Group companies in Sweden invoiced 41 percent (39) of their business in SEK, 49 percent (52) in EUR, 4 percent (6) in NOK and 6 percent (4) in other currencies.

Each year, an estimate is made of the future net inflow of EUR, 50 percent of which is usually hedged. Forward contracts extend for a maximum of 18 months ahead. On the balance sheet date, the Group had forward foreign exchange contracts in EUR/SEK.

## NOTES

### Foreign exchange risk – translation exposure

Translation exposure arises upon consolidation, when the assets and liabilities of foreign subsidiaries are translated to SEK. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in Other comprehensive income. Systemair has adopted the policy of hedging part of this translation exposure. This may result in exchange rate differences that affect the Group's equity.

On the balance sheet date, the value of foreign net assets totalled SEK 1,380 million (1,323). Major net assets consist of SEK 727 million (713) in EUR, SEK 108 million (111) in DKK, SEK 98 million (86) in NOK, SEK 98 million (85) in RUB, SEK 71 million (79) in TRY, SEK 67 million (61) in CAD and SEK 59 million (64) in INR.

The impact of foreign exchange on equity is recognised as a translation difference and amounted to SEK -85.4 million (68.9).

### Borrowing and interest rate risk

Systemair intends to continue to finance some portion of its operations by borrowing from credit institutions. Loan agreements include conditions consisting of standard restrictions, or covenants. This borrowing represents certain risks to the Company's shareholders. For example, if conditions change significantly in the Company's markets, Systemair may have difficulty securing new credit facilities and so may need to use a larger portion of its cash flow for interest payments and amortisation.

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end totalled SEK 1,387.4 million (1,282.1), with the result that the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,505.7 million (1,385.7). According to Systemair's financial policy, the fixed-interest term for 2015/16 is to be 3-12 months. A change of +/-1 percentage point in the borrowing interest rate would have an impact of about SEK 15 million (14) on the Group's net financial items for the following 12-month period.

### Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations and thus may cause a loss for the Company. A credit appraisal is made based on knowledge the Company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment customs, the credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as the risk of credit losses and consequently the risk of negative effects on the Company's ready cash and earnings.

## NOTE 3 Information on geographical regions

The Group's operations are geographically divided mainly into the Nordic region, Western Europe (excluding Region Nordic), Eastern Europe and CIS, North and South America and Other markets.

Region Nordic comprises Denmark, Finland, Iceland, Norway, Sweden and Åland.

Region Western Europe includes Belgium, Cyprus, France, the Faeroes, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Portugal, San Marino, Switzerland, Spain, the United Kingdom, Germany and Austria.

Region Eastern Europe including CIS consists of Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldavia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

Region North and South America consists of the Bahamas, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Mexico, Panama, Peru, Puerto Rico, Surinam and the USA.

Other Markets includes Afghanistan, Algeria, Angola, Australia, Bahrain, Bangladesh, Botswana, Burma, Brunei, Cambodia, China, Egypt, French Polynesia, Ghana, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Japan, Jordan, Kenya, Kuwait,

Lebanon, Libya, Malaysia, Mauritius, Morocco, Mozambique, Namibia, New Zealand, Nigeria, Oman, Pakistan, the Philippines, Qatar, Saudi Arabia, the Seychelles, Singapore, Sudan, South Africa, South Korea, Taiwan, Tanzania, Thailand, Tunisia, Turkey, United Arab Emirates, Uganda, Vietnam, Zambia and Zimbabwe.

Sales income is allocated to the geographical market where the customer is located. Assets and investments are recognised where the asset is located.

The table below shows external net sales in Systemair's 10 biggest markets based on the customer's domicile. Systemair's biggest customer accounts for 2.8 percent of the Group's total sales. Systemair thus has limited exposure to individual customers.

Geographical breakdown Group	Net sales		Non-current assets <sup>1</sup>	
	2015/16	2014/15	2015/16	2014/15
Norway	648.2	608.7	97.9	92.6
Sweden	435.9	420.5	187.5	192.7
Denmark	226.3	226.5	100.1	103.8
Rest of Nordic region	113.6	97.0	1.0	1.0
<b>Total Nordic region</b>	<b>1,424.0</b>	<b>1,352.7</b>	<b>386.5</b>	<b>390.1</b>
Germany	719.3	653.9	384.4	394.1
France	375.4	391.0	49.9	39.7
Netherlands	326.3	360.9	125.7	133.6
United Kingdom	307.5	255.0	26.1	29.9
Rest of Western Europe	684.7	660.8	265.6	261.0
<b>Total Western Europe</b>	<b>2,413.2</b>	<b>2,321.6</b>	<b>851.7</b>	<b>858.3</b>
Russia	351.9	546.9	47.4	65.0
Rest of Eastern Europe and CIS	566.0	574.9	269.0	254.3
<b>Total Eastern Europe and CIS</b>	<b>917.9</b>	<b>1,121.8</b>	<b>316.4</b>	<b>319.3</b>
USA	342.5	290.0	74.9	74.2
Other, North and South America	159.9	129.5	94.2	83.2
<b>Total, North and South America</b>	<b>502.4</b>	<b>419.5</b>	<b>169.1</b>	<b>157.4</b>
Turkey	237.5	205.6	124.5	138.4
Other markets	617.5	461.0	236.5	264.3
<b>Total Other markets</b>	<b>855.0</b>	<b>666.6</b>	<b>361.0</b>	<b>402.7</b>
	<b>6,112.5</b>	<b>5,882.2</b>	<b>2,084.7</b>	<b>2,127.8</b>

<sup>1</sup> Non-current assets refers to intangible assets and property, plant and equipment.

Parent Company sales for the 2015/16 financial year consist exclusively of intra-Group services on behalf of other Group companies. In the 2014/15 financial year, SEK 627.8 million of the Parent Company's sales were to other Group companies.

By geographical market Net sales	Parent Company	
	2015/16	2014/15
Nordic Region	30.6	429.3
Western Europe	33.7	270.0
Eastern Europe and CIS	10.5	232.1
North and South America	5.8	7.1
Other markets	6.7	9.7
	<b>87.3</b>	<b>948.2</b>

**NOTE 4** Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
<b>2015/16</b>				
Material costs	-2,853.9	-	-	-2,853.9
Employee benefits expense	-808.4	-785.3	-205.3	-1,799.0
Depreciation/Amortisation costs	-85.9	-69.7	-16.1	-171.7
Other costs	-262.2	-544.8	-115.7	-922.7
	-4,010.4	-1,399.8	-337.1	-5,747.3
<b>2014/15</b>				
Material costs	-2,755.8	-	-	-2,755.8
Employee benefits expense	-745.7	-713.8	-187.9	-1,647.4
Depreciation/Amortisation costs	-82.8	-60.5	-22.6	-165.9
Other costs	-273.3	-578.4	-103.4	-955.1
	-3,857.6	-1,352.7	-313.9	-5,524.2

Product development costs totalled approximately SEK 170 million in 2015/16 and SEK 164 million in 2014/15. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

**NOTE 5** Auditor's fees

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
<i>EY</i>				
Auditing services	-4.6	-4.3	-0.9	-0.8
Other auditing services, other than audit assignment	-0.7	-0.5	-0.4	-0.4
<b>Total, EY</b>	<b>-5.3</b>	<b>-4.8</b>	<b>-1.3</b>	<b>-1.2</b>
<i>Other</i>				
Auditing services	-2.9	-2.8	-	-
Other auditing services, other than audit assignment	-1.2	-1.3	-	-
Tax advice services	-0.8	-0.5	-	-
Other services	-2.7	-1.8	-	-
<b>Total Other</b>	<b>-7.6</b>	<b>-6.4</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-13.0</b>	<b>-11.2</b>	<b>-1.3</b>	<b>-1.2</b>

**NOTE 6** Leases

Leasing costs recognised	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Operating leases	57.8	48.5	1.1	5.5
Operating leases refer mainly to leases for office properties and company cars for employees.				
The amounts of future lease fees under leases with more than one year remaining are distributed as follows for the Group and the Parent Company.				
	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Operating leases – nominal value				
Payable within 1 year	45.5	43.3	0.8	4.5
Payable in 2-5 years	75.9	93.0	0.5	4.8
Payable 6 years-	5.6	7.7	-	-
	127.0	144.0	1.3	9.3

The Group has no financial leases.

**NOTE 7** Other operating income

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Exchange gains in operations	58.6	48.2	14.5	7.4
Intra-Group income	-	-	-	33.0
Gain on sale of property, plant and equipment	2.8	6.9	-	-
Other miscellaneous income	18.9	37.6	0.4	4.5
	80.3	92.7	14.9	44.9

**NOTE 8** Other operating expenses

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Exchange rate losses in operations	-63.8	-59.9	-1.8	-8.8
Intra-Group expenses	-	-	-9.1	-44.7
Loss on sale of property, plant and equipment	-0.4	-0.3	-	-
Other miscellaneous expenses	-37.2	-13.7	-22.0	0.1
	-101.4	-73.9	-32.9	-53.4

# NOTES

## NOTE 9 Employees and staff costs

	2015/16		2014/15	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	42	31	396	267
Subsidiaries in:				
Nordic Region	839	619	467	380
Sweden	493	331	137	101
Denmark	173	154	175	157
Finland	15	8	13	8
Norway	158	126	142	114
Western Europe	1,616	1,305	1,549	1,249
Belgium	35	29	23	19
United Kingdom	87	67	87	67
Greece	6	4	6	5
France	232	173	197	147
Netherlands	188	168	186	170
Ireland	5	4	5	4
Italy	162	118	188	138
Portugal	23	14	23	14
Switzerland	39	31	24	17
Spain	73	65	76	71
Germany	740	613	708	577
Austria	26	19	26	20
Eastern Europe and CIS	951	614	922	591
Bulgaria	5	2	6	4
Estonia	11	7	12	8
Croatia	3	3	3	3
Latvia	8	7	7	6
Lithuania	204	127	200	127
Poland	55	44	39	30
Romania	6	5	6	1
Russia	289	165	299	167
Serbia	6	3	8	5
Slovakia	238	152	226	145
Slovenia	84	73	79	69
Czech Republic	26	19	26	19
Ukraine	5	2	6	3
Hungary	5	4	5	4
Belarus	6	1	-	-
North and South America	390	277	315	230
Brazil	76	57	-	-
Chile	6	5	6	5
Canada	203	137	201	143
Peru	4	3	4	3
USA	101	75	104	79
Rest of World	775	686	736	661
United Arab Emirates	15	12	14	12
India	369	353	377	363
China	29	23	10	8
Malaysia	115	93	112	94
Singapore	11	7	11	6
South Africa	29	24	21	17
Taiwan	2	2	2	2
Turkey	200	167	185	155
Qatar	5	5	4	4
	4,613	3,532	4,385	3,378

Percentage of women on boards and in management	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Board, excluding employee representatives	-	-	40%	20%
Group Management	-	-	0%	0%
Company management	8%	8%	-	-

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2015/16	2014/15	2015/16	2014/15
Board and CEO				
Parent Company	4.9	3.8	1.9	1.7
Subsidiaries in the Nordic region	12.5	11.0	4.5	3.7
Western Europe	25.6	23.5	6.2	5.5
Eastern Europe and CIS	9.8	9.5	2.5	2.0
North and South America	4.8	4.8	0.9	0.8
Rest of World	8.8	6.6	0.8	0.4
<b>Total, Board and CEO</b>	<b>66.4</b>	<b>59.2</b>	<b>16.8</b>	<b>14.1</b>

Group's remuneration/benefits to senior executives during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
					2015/16
Gerald Engström – Chairman of the Board <sup>1</sup>	0.8	-	-	-	0.8
Elisabeth Westberg – Board member	0.3	-	-	-	0.3
Carina Andersson – Board member	0.3	-	-	-	0.3
Hannu Paitula – Board member	0.3	-	-	-	0.3
Per-Erik Sandlund – Board member	0.3	-	-	-	0.3
Gerald Engström – President <sup>1</sup>	1.0	-	-	-	1.0
Roland Kasper – President <sup>1</sup>	1.6	0.2	0.0	0.5	2.4
Other senior executives	7.5	0.4	0.3	1.7	9.9
<b>Total</b>	<b>11.9</b>	<b>0.6</b>	<b>0.4</b>	<b>2.2</b>	<b>15.1</b>

<sup>1</sup> Gerald Engström was elected as Chairman of the Board on 27 August 2015. Up to that point, he served as President and Chief Executive Officer. Roland Kasper took over as new President and Chief Executive Officer on 27 August 2015.

2014/15					
Lars Hansson – Chairman	0.5	-	-	-	0.5
Elisabeth Westberg – Board member	0.3	-	-	-	0.3
Göran Robertsson – Board member	0.3	-	-	-	0.3
Hannu Paitula – Board member	0.3	-	-	-	0.3
Gerald Engström – Board member, CEO	2.5	-	-	0.4	2.9
Other senior executives	7.2	0.4	0.3	1.9	9.8
<b>Total</b>	<b>11.0</b>	<b>0.4</b>	<b>0.3</b>	<b>2.3</b>	<b>14.0</b>

Fees totalling SEK 2,250 thousand (1,250) shall be paid to the Board of Directors: SEK 550 thousand (500) to the Chairman, SEK 275 thousand (250) to each of the other members elected by the AGM, and an extra fee of SEK 600 thousand to the Chairman of the Board for work on the Company's acquisition and investment issues.

Salaries, other remuneration and social security expenses	Salaries and other remuneration		Social security expenses	
	2015/16	2014/15	2015/16	2014/15
Other employees				
Parent Company	29.8	161.4	15.1	65.9
Subsidiaries in the Nordic region	372.0	225.3	102.7	42.2
Western Europe	648.9	511.8	169.8	148.2
Eastern Europe and CIS	104.7	119.8	28.1	32.3
North and South America	69.4	58.0	19.2	17.1
Rest of World	86.5	61.8	16.9	7.7
<b>Total, other employees</b>	<b>1,311.3</b>	<b>1,138.1</b>	<b>351.8</b>	<b>313.4</b>

Of social security expenses in the Parent Company, pension expenses accounted for SEK 7.0 million (15.1), including SEK 0.5 million (0.5) in pension expenses for the Board and CEO. In other Group companies, pension expenses totalled SEK 41.0 million (24.3), including SEK 2.7 million (2.5) for boards of directors and CEOs.

#### Remuneration policy

The Chairman and members of the Board receive remuneration as decided by the Annual General Meeting. Fees totalling SEK 28 thousand (25) are paid to employee representatives each year.

Remuneration to the Chief Executive Officer is determined by the Board based on a proposal from the compensation committee, consisting of Gerald Engström, Elisabeth Westberg and Hannu Paitula. Remuneration to other senior executives is determined by the CEO in consultation with the compensation committee.

Senior executives consist of: President and Chief Executive Roland Kasper, Chief Financial Officer Anders Ulff, Vice President Sales Olle Glassel, Vice President Marketing Fredrik Andersson, Vice President Marketing Middle East and Asia Håkan Lenjesson and Managing Director of Systemair GmbH, Germany, Kurt Maurer.

Remuneration to other senior executives is made up of the basic salary, variable pay, car benefit and pension. For other senior executives, variable pay may amount to between one and two extra monthly salary payments. Variable pay is normally based on any improved performance in an individual's area of responsibility compared to the preceding year, the consolidated profit after net financial items and the outcome of individual development plans.

#### Pension

The pensionable age for the President and other senior executives is 65 years. Pension benefits for senior executives are paid within the scope of the contractual ITP plan and alternative ITP schemes.

#### Severance pay

For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle other senior executives to severance pay. Agreements are in place with MDs of subsidiaries such that benefits will be paid for 6-12 months upon termination of employment by the Company.

### NOTE 10 Depreciation and amortisation of tangible and intangible non-current assets

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Goodwill	-	-	0.1	0.2
Brands, customer relationships etc.	40.4	42.7	2.5	2.6
Other intangible assets	7.0	4.3	-	0.3
Buildings and land improvements	41.3	36.9	-	6.1
Plant and machinery	51.6	49.8	-	8.8
Equipment and tools	37.9	37.4	0.5	4.8
	<b>178.2</b>	<b>171.1</b>	<b>3.1</b>	<b>22.8</b>
<b>Straight-line depreciation/ amortisation, by function</b>				
Cost of goods sold	85.9	82.8	-	13.6
Selling expenses	69.7	60.5	1.2	5.1
Administration expenses	16.1	22.6	1.9	4.1
Other operating expenses	6.5	5.2	-	-
	<b>178.2</b>	<b>171.1</b>	<b>3.1</b>	<b>22.8</b>

### NOTE 11 Financial income

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Interest income, external	3.1	2.1	-	0.1
Interest income, related companies	-	-	22.7	20.0
Net change in exchange rates	-	23.3	-	9.8
Other financial income	-	0.9	-	-
	<b>3.1</b>	<b>26.3</b>	<b>22.7</b>	<b>29.9</b>

### NOTE 12 Financial expenses

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Interest expenses, external	-22.8	-22.7	-10.7	-13.3
Interest expenses, related companies	-	-	-0.1	-0.3
Net change in exchange rates in financial instruments	-16.6	-	-3.3	-
Other financial expenses	-0.5	-	-	-
	<b>-39.9</b>	<b>-22.7</b>	<b>-14.1</b>	<b>-13.6</b>

## NOTES

### NOTE 13 Tax on profit for the year

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Current tax	-112.1	-114.8	-0.3	-3.8
Deferred tax	12.0	44.2	-3.3	-0.1
	<b>-100.1</b>	<b>-70.6</b>	<b>-3.6</b>	<b>-3.9</b>

The Group's tax expense represents 32.6 percent (18.6) of consolidated pre-tax profit. The high tax expense is attributable to non-capitalised tax loss carry-forwards in loss-making companies. The tax rate for the Parent Company in the financial year was 22.0 percent (22.0).

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 73.8 million (43.1) that were not included in the calculation of deferred tax assets. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be applied to future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised. The same also applies to the deferred tax assets not taken into account.

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Pre-tax profit	307.3	380.4	532.7	315.2
Tax at current tax rate for Parent Company	-67.4	-83.6	-117.2	-69.3
Effect of foreign tax rates	4.4	2.0	-	-
Non-deductible expenses	-9.5	-10.3	-0.3	-2.6
Tax-exempt income	3.0	2.4	-	0.0
Net tax effect of capitalised loss carry-forwards	-32.6	-19.8	-	-
Deferred income tax recoverable, attributable to loss carry-forwards not capitalised at acquisition	-	37.7	-	-
Dividends from subsidiaries	-	-	114.5	68.6
Adjustment for previous years' taxes	2.4	-0.1	-0.6	-0.5
Miscellaneous	-0.4	1.1	-	-0.1
	<b>-100.1</b>	<b>-70.6</b>	<b>-3.6</b>	<b>-3.9</b>

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
<b>Deferred tax assets</b>				
Property, plant and equipment	1.2	0.8	-	-
Inventory	18.5	17.2	-	-
Current receivables	2.3	2.2	-	-
Pension provisions	9.0	22.2	-	-
Loss carry-forwards	119.0	115.0	-	-
Miscellaneous	8.8	12.9	-	1.5
	<b>158.8</b>	<b>170.3</b>		<b>1.5</b>
<b>Deferred tax liabilities</b>				
Intangible assets	50.6	55.5	-	-
Property, plant and equipment	13.8	16.9	-	-
Inventory	0.5	1.0	-	-
Untaxed reserves	12.1	17.7	-	-
Miscellaneous	4.9	4.0	1.9	-
	<b>81.9</b>	<b>95.1</b>	<b>1.9</b>	<b>-</b>

### Change in deferred tax, temporary differences and tax loss carry-forwards

Group 2015/16	Opening balance, 1 May 2015	Recognised via income statement	Recognised in other comprehensive income	Acquisition/divestment of business	Closing balance, 30 April 2016
Current receivables and liabilities	18.4	1.9	-	-	20.3
Provisions and non-current liabilities	22.2	-9.5	-3.7	-	9.0
Untaxed reserves	-17.7	5.6	-	-	-12.1
Tax loss carry-forwards	115.0	4.0	-	-	119.0
Other	8.9	-5.0	-	-	3.9
	<b>75.2</b>	<b>6.2</b>	<b>-3.7</b>	<b>-0.8</b>	<b>76.9</b>

Group 2014/15	Opening balance, 1 May 2014	Recognised via income statement	Recognised in other comprehensive income	Acquisition/divestment of business	Closing balance, 30 April 2015
Current receivables and liabilities	16.2	2.2	-	-	18.4
Provisions and non-current liabilities	9.3	6.2	6.7	-	22.2
Untaxed reserves	-13.1	-4.6	-	-	-17.7
Tax loss carry-forwards	49.5	0.5	-	65.0	115.0
Other	11.8	-2.9	-	-	8.9
	<b>0.5</b>	<b>15.6</b>	<b>6.7</b>	<b>52.4</b>	<b>75.2</b>

**NOTE 14** Intangible and tangible non-current assets

Group 2015/16	Goodwill	Brands <sup>1</sup> , customer rela- tionships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<b>Accumulated historical cost</b>							
At start of year	632.9	367.0	22.2	1,316.7	613.5	419.1	51.4
Acquired in business combinations	41.9	-	-	6.9	1.5	2.2	8.3
Acquisitions for the year	-	3.2	15.0	41.0	41.2	41.1	36.4
Sales/Disposals	-	-0.5	-	-0.8	-3.9	-24.3	-2.7
Reclassifications	-	1.1	-4.4	34.8	26.8	-8.2	-50.1
Translation difference	-34.0	-15.5	-0.4	-59.9	-12.8	-16.1	-7.3
	<b>640.8</b>	<b>355.3</b>	<b>32.4</b>	<b>1,338.7</b>	<b>666.3</b>	<b>413.8</b>	<b>36.0</b>
<b>Accumulated depreciation/amortisation</b>							
At start of year	-	-146.3	-17.1	-386.7	-407.9	-311.7	-
Sales/Disposals	-	0.5	-	2.0	0.5	20.6	-
Reclassifications	-	-0.5	4.4	-1.8	-11.7	9.6	-
Translation difference	-	7.7	0.3	19.5	11.0	12.0	-
Depreciation/Amortisation for the year	-	-40.4	-7.0	-41.3	-51.6	-37.9	-
	-	<b>-179.0</b>	<b>-19.4</b>	<b>-408.3</b>	<b>-459.7</b>	<b>-307.4</b>	-
<b>Accumulated impairment</b>							
At start of year	-19.2	-	-	-5.5	-0.6	-	-
Translation difference	0.2	-	-	0.3	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	<b>-19.0</b>	-	-	<b>-5.2</b>	<b>-0.6</b>	-	-
<b>Carrying amount</b>	<b>621.8</b>	<b>176.3</b>	<b>13.0</b>	<b>925.2</b>	<b>206.0</b>	<b>106.4</b>	<b>36.0</b>

<sup>1</sup> Main brands: Menerga and Holland Heating.

Group 2014/15	Goodwill	Brands, customer relationships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<b>Accumulated historical cost</b>							
At start of year	551.2	346.2	18.9	1,151.9	604.1	377.6	16.1
Acquired in business combinations	56.5	8.4	-	25.1	21.6	5.0	-
Acquisitions for the year	-	4.0	3.0	82.0	30.9	39.4	71.1
Sales/Disposals	-	-	-	-17.6	-82.6	-26.9	-0.3
Reclassifications	-	-0.2	0.2	16.7	18.8	3.1	-38.6
Translation difference	25.2	8.6	0.1	58.6	20.7	13.5	3.1
	<b>632.9</b>	<b>367.0</b>	<b>22.2</b>	<b>1,316.7</b>	<b>613.5</b>	<b>411.7</b>	<b>51.4</b>
<b>Accumulated depreciation/amortisation</b>							
At start of year	-	-101.6	-12.6	-348.1	-427.9	-280.0	-
Sales/Disposals	-	-	-	9.0	82.7	22.6	-
Reclassifications	-	0.2	-0.2	-	-0.1	0.1	-
Translation difference	-	-2.2	-	-10.7	-12.8	-9.6	-
Depreciation/Amortisation for the year	-	-42.7	-4.3	-36.9	-49.8	-37.4	-
	-	<b>-146.3</b>	<b>-17.1</b>	<b>-386.7</b>	<b>-407.9</b>	<b>-304.3</b>	-
<b>Accumulated impairment</b>							
At start of year	-18.7	-	-	-5.4	-0.6	-	-
Translation difference	-0.5	-	-	-0.1	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	<b>-19.2</b>	-	-	<b>-5.5</b>	<b>-0.6</b>	-	-
<b>Carrying amount</b>	<b>613.7</b>	<b>220.7</b>	<b>5.1</b>	<b>924.6</b>	<b>205.0</b>	<b>107.4</b>	<b>51.4</b>

## NOTES

### Impairment testing of goodwill

Goodwill has been allocated to cash-generating units and the Group as a whole and has been tested for impairment. The recoverable amount of the cash-generating units is based on the value in use. These calculations are based on estimated cash flows derived from financial plans approved by management, and cover a five-year period. Management has established the financial plans on the basis of earlier results, experiences and expectations as to developments in the market. The plans take into account assumptions regarding product launches, anticipated

price trends, sales volumes, competing products and anticipated cost trends. The cash flow beyond this five-year period is assumed to show annual growth corresponding to 2 percent. The discount rate before tax varies between 9–14 percent (10–15) for the various cash-generating units.

The table below shows the allocation of goodwill per cash-generating unit for the 10 single biggest goodwill items, the average estimated growth and gross margin during the forecast period and the discount rate before tax for each unit that is used for calculation of the value in use.

Cash-generating unit	Country	2015/16				2014/15			
		Goodwill, 30 April	Average estimated growth	Average estimated gross margin	Discount rate before tax	Goodwill, 30 April	Average estimated growth	Average estimated gross margin	Discount rate before tax
Menerga GmbH	Germany	64.1	5%	22%	10%	64.8	8%	26%	11%
Systemair B.V.	Netherlands	55.3	0%	21%	9%	55.9	10%	26%	10%
Systemair HSK	Turkey	53.3	11%	17%	12%	58.1	10%	19%	13%
Systemair India Pvt. Ltd	India	53.0	16%	18%	14%	57.3	21%	18%	15%
Systemair S.p.A.	Italy	48.4	7%	18%	13%	49.0	10%	18%	13%
OOO Systemair	Russia	37.6	2%	28%	13%	48.9	4%	26%	12%
Systemair Schweiz AG	Switzerland	23.7	12%	48%	10%	25.1	5%	47%	10%
Systemair Inc.	Canada	20.1	8%	20%	10%	21.6	9%	19%	10%
Systemair Mfg. Inc.	USA	19.2	9%	32%	12%	19.9	10%	30%	11%
Systemair d.o.o.	Slovenia	18.0	6%	24%	12%	13.5	-	-	-
Other		229.1				199.6			
		<b>621.8</b>				<b>613.7</b>			

The recoverable amounts for the units tested exceed their carrying amounts and as a result no impairment is recognised. Sensitivity analyses have been applied to the estimated gross margin, rate of growth and discount rate. The sensitivity analysis are in each case based on a variation of one assumption while all other assumptions are maintained constant. Systemair has concluded that good margins exist in the calculations for all units other than Systemair in Italy and Systemair in India. In Italy, the recoverable amount exceeded the carrying amount by EUR 0.8 million on 30 April 2016. In the event of a change in the discount rate from 12.6 percent to 12.9 percent before tax, the recoverable amount would correspond to the carrying amount. Systemair Italy is at present engaged in restructuring measures to improve the company's profitability and, on the basis of current business plans, the judgement is that no need for impairment testing exists. In India, the recoverable amount exceeded the carrying amount by INR 120 million (40) on 30 April 2016. In the event of a change in the discount rate from 14.1 percent to 15.1 percent, the recoverable amount would correspond to the carrying amount. Systemair considers that the Indian market is strategically important to the Group as a whole. As a result of investments and restructuring measures, the company's ability to generate long-term business in the future is an important factor in justifying the goodwill recognised.

Parent Company 2015/16	Goodwill	Licences etc.	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
<b>Accumulated historical cost</b>						
At start of year	2.6	18.2	163.6	133.3	64.8	6.9
Acquisitions for the year	-	-	-	-	-	3.0
Sales/disposals	-1.9	-6.3	-163.6	-133.3	-60.1	-4.3
	<b>0.7</b>	<b>11.9</b>	<b>-</b>	<b>-</b>	<b>4.7</b>	<b>5.6</b>
<b>Accumulated depreciation/amortisation</b>						
At start of year	-2.1	-12.9	-96.4	-107.1	-51.2	-
Sales/disposals	1.9	5.5	96.4	107.1	50.2	-
Depreciation/Amortisation for the year	-0.1	-2.5	-	-	-0.5	-
	<b>-0.3</b>	<b>-9.9</b>	<b>-</b>	<b>-</b>	<b>-1.5</b>	<b>-</b>
<b>Carrying amount</b>	<b>0.4</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>3.2</b>	<b>5.6</b>



Parent Company 2014/15	Goodwill	Licences etc.	Buildings and land	Plant and machinery	Equip- ment and tools	Construc- tion in progress
<b>Accumulated historical cost</b>						
At start of year	1.9	15.4	163.6	194.3	71.8	6.6
Acquisitions for the year	-	2.8	-	0.3	1.4	10.4
Sales/disposals	-	-	-	-78.8	-11.3	-0.2
Merger	0.7	-	-	10.5	-	-
Reclassifications	-	-	-	7.0	2.9	-9.9
	2.6	18.2	163.6	133.3	64.8	6.9
<b>Accumulated depreciation/amortisation</b>						
At start of year	-1.9	-10.0	-90.3	-167.4	-57.7	-
Sales/disposals	-	-	-	79.3	11.3	-
Merger	-	-	-	-10.2	-	-
Depreciation/Amor- tisation for the year	-0.2	-2.9	-6.1	-8.8	-4.8	-
	-2.1	-12.9	-96.4	-107.1	-51.2	-
Carrying amount	0.5	5.4	67.2	26.2	13.6	6.9

#### NOTE 15 Other securities held as non-current assets

The most noteworthy acquisition during the preceding year was an investment in Mechartes Researchers Pvt Ltd, India. The shares are designated as an available-for-sale financial asset. The shares were measured at fair value, any adjustments being recognised in other comprehensive income.

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Opening balance	2.0	0.4	-	-
Acquisitions	-	1.6	-	-
Translation differences	-0.2	-	-	-
	1.8	2.0	-	-

#### NOTE 16 Other long-term receivables

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Opening balance	7.7	7.0	3.9	3.8
Additional receivables	12.7	1.5	11.6	0.1
Receivables settled	-0.6	-0.8	-	-
Reclassifications	0.2	-0.2	-0.1	-
Translation difference	-0.1	0.2	-	-
Closing balance	19.9	7.7	15.4	3.9

Of the closing balance for Other non-current receivables, SEK 11.6 million (-) refers to a non-current trade account receivable. The receivable falls due for payment in 2018.

#### NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Prepaid rent	7.8	7.5	0.5	1.7
Prepaid insurance premiums	7.4	7.9	-	-
Service agreements and program licences	19.3	17.5	12.3	10.9
Miscellaneous	28.2	25.6	2.3	2.3
	62.7	58.5	15.1	14.9

#### NOTE 18 Inventory

Inventory in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 2,853.9 (2,755.8).

#### NOTE 19 Accounts receivable – trade

Age breakdown of trade accounts receivable	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Not yet due	884.7	812.2	8.6	42.9
<90 days	150.2	159.8	-	2.5
90-180	33.3	47.4	-	0.1
181-360	29.7	27.1	-	0.0
> 360	25.0	11.1	-	-
Total	1,122.9	1,057.6	8.6	45.5

Provisions for impairment of trade accounts receivable in the Group totalled 7.0 percent (7.3) of total trade accounts receivable.

Customer credit risk is managed at every subsidiary that has drawn up a credit policy in accordance with a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. Systemair has limited exposure to individual customers, since the biggest customer in the Group accounts for 2.8 percent of the Group's sales. The cost of impairment of trade accounts receivable and confirmed credit losses is charged to general selling expenses.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Opening balance	83.0	67.6	-	0.4
Provision for anticipated losses	16.2	26.2	-	0.1
Reversal of amount unused	-2.1	-4.7	-	-0.0
Bad debts	-11.6	-11.7	-	-0.4
Provisions acquired	2.6	3.2	-	-
Exchange rate effects	-2.6	2.4	-	-
Closing balance	85.5	83.0	-	0.0

Breakdown of reserve for impairment of trade accounts receivable by age category, as follows.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Not yet due	1.6	0.7	-	-
Due <90 days	1.1	2.6	-	-
Due 90-180	2.2	1.8	-	-
Due 181-360	7.2	5.0	-	-
Due >360	73.4	72.9	-	0.0
Provision for impairment of trade accounts receivable, total	85.5	83.0	-	0.0

The credit quality of trade accounts receivable not due, for which no reserve has been made, is considered good.

## NOTES

### NOTE 20 Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change in A shares	Change in B shares	Total no. of shares
Opening balances, May 2007							
2007/08	100:1 split	1	-	52.0	500,000	20,000	520,000
2007/08	Reregistration of shares to one class <sup>1</sup>	1	-	52.0	-50,000,000	-2,000,000	52,000,000
At year-end, April 2016							
		1	-	52.0	-	-	52,000,000

<sup>1</sup> The Annual General Meeting held on 25 June 2007 resolved that the Company would have one class of share only.

At 30 April 2016, the registered share capital totalled SEK 52,000,000, represented by 52,000,000 shares, each entitled to one vote and of one and the same class. All shares are fully paid.

The Board of Systemair has resolved that dividend should amount to approximately 30 percent of profit after tax. The Board proposes to the 2016 AGM that a dividend of SEK 2.00 (2.00) per share be paid, totalling SEK 104.0 million (104.0) and representing a dividend of 50 percent (34) of profit after tax.

#### Capital management

The Board of Systemair has adopted a target for the Company's equity/assets ratio of no less than 30 percent. In the 2015/16 financial year, an equity/assets ratio of 43.9 percent (44.4) was achieved. Other financial covenants measured, as required under existing financing agreements with Nordea Bank AB and Svenska Handelsbanken AB, are interest coverage ratio and net debt/equity ratio. The target for interest coverage ratio is no less than 3.50 percent and over the financial year the ratio was measured at 26.7 percent (26.6). The target for net debt/equity ratio is no more than 3.50 percent and over the 2015/16 financial year the ratio was measured at 2.34 percent (2.21). It is therefore confirmed that all covenant requirements were satisfied.

#### Translation reserve

The impact of foreign exchange on equity is recognised as a translation difference. The translation difference arises upon consolidation, when the net assets of foreign subsidiaries are translated to SEK. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in Other comprehensive income. In the 2015/16 financial year, the translation difference in equity was SEK -85.4 million (68.9).

#### List of shareholders

Systemair's 10 largest shareholders according to Euroclear at 30 April 2016.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB <sup>1</sup>	21,997,752	42.30%
ebm-papst AB	11,059,770	21.27%
Alecta Pensionsförsäkring	2,500,000	4.81%
Nordea Investment Funds	2,446,571	4.70%
Swedbank Robur Funds	2,332,203	4.49%
Lannebo Fonder	1,404,131	2.70%
Didner & Gerge Fonder	1,323,342	2.54%

Shareholder	No. of shares	% of capital and votes
AFA Insurance	1,026,501	1.97%
Handelsbanken Fonder	814,042	1.57%
Fondita Nordic Micro Cap	780,000	1.50%
Other	6,315,688	12.15%
<b>Total</b>	<b>52,000,000</b>	<b>100.00%</b>

<sup>1</sup> Färna Invest AB is a company owned by Systemair's Chairman Gerald Engström.

#### Options programme

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB since it is Färna Invest AB that is issuing the options.

### NOTE 21 Borrowing and financial instruments

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
<b>Non-current liabilities</b>				
Bank loans of one to five years	131.1	213.3	50.5	72.5
Bank loans longer than five years	65.6	32.1	-	-
	<b>196.7</b>	<b>245.4</b>	<b>50.5</b>	<b>72.5</b>
<b>Current liabilities</b>				
Bank overdraft facilities	1,054.6	836.8	1,049.3	825.1
Current portion of bank loans	254.4	303.5	113.3	149.1
	<b>1,309.0</b>	<b>1,140.3</b>	<b>1,162.6</b>	<b>974.2</b>
<b>Total borrowing</b>	<b>1,505.7</b>	<b>1,385.7</b>	<b>1,213.1</b>	<b>1,046.7</b>
<b>Distribution among banks</b>				
Nordea Bank AB	716.8	598.8	632.8	497.3
Svenska Handelsbanken AB	698.8	684.3	580.3	549.4
Other banks	90.1	102.6	-	-
	<b>1,505.7</b>	<b>1,385.7</b>	<b>1,213.1</b>	<b>1,046.7</b>

Loans, by currency	SHB		Nordea		Other		Total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
EUR	390.3	354.6	102.8	88.3	88.8	90.4	581.9	533.3
SEK	172.0	158.2	394.3	378.8	-	-	566.3	537.0
USD	-	3.4	87.4	46.2	-	-	87.4	49.6
NOK	-	-	12.5	-21.9	-	-	12.5	-21.9
DKK	-	-	41.8	17.5	-	2.4	41.8	19.9
Other currencies	136.5	168.1	78.0	89.9	1.3	9.8	215.8	267.8
<b>Total</b>	<b>698.8</b>	<b>684.3</b>	<b>716.8</b>	<b>598.8</b>	<b>90.1</b>	<b>102.6</b>	<b>1,505.7</b>	<b>1,385.7</b>

	2015/16		2014/15	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
<b>Long-term loans</b>				
Group	196.7	2.23%	245.4	2.12%
Parent Company	50.5	1.48%	72.5	1.50%
<b>Short-term loans</b>				
Group	1,309.0	2.01%	1,140.2	1.92%
Parent Company	1,162.6	0.93%	974.2	1.14%

External credit facilities granted for bank overdrafts totalled SEK 1,244.8 million (942.8) for the Group and SEK 1,185 million (885.0) for the Parent Company. The Group had an unused overdraft facility of SEK 134.7 million (108.0).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. The key ratios measured are interest coverage ratio, net debt/equity ratio and equity/assets ratio, which are measured quarterly as a rolling 12-month value. During the year, the Group regularly met all the current terms and conditions of its covenants.

#### Maturity structure

Maturity structure for future agreed interest payments based on current interest rates, repayments and other financial liabilities.

	2016/17	2017/18	2018/19	2019/20	2020/21	Later
Interest payments on loans	10.1	3.9	3.0	1.7	1.3	5.1
Interest bank overdraft facilities	9.0					
Total interest expense	19.1					
<b>Repayments</b>						
Loans	254.4	85.1	23.7	10.1	12.2	65.6
Operating credit	1,054.6					
Non-current liabilities						12.7
Other liabilities	541.5					
<b>Total undiscounted payments</b>	<b>1,869.6</b>	<b>89.0</b>	<b>26.7</b>	<b>11.8</b>	<b>13.5</b>	<b>83.4</b>

#### 2015/16

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	811.1	811.1
Property, plant and equipment	-	-	-	-	1,273.6	1,273.6
Financial investments	-	-	1.8	1.8	-	1.8
Non-current receivables	-	15.4	-	15.4	4.5	19.9
Deferred tax assets	-	-	-	-	158.8	158.8
Inventory	-	-	-	-	1,105.1	1,105.1
Other receivables	-8.6	1,131.5	-	1,122.9	132.3	1,255.2
Cash and cash equivalents	-	176.9	-	176.9	-	176.9
<b>Total assets</b>	<b>-8.6</b>	<b>1,323.8</b>	<b>1.8</b>	<b>1,317.0</b>	<b>3,485.4</b>	<b>4,802.4</b>

Equity and liabilities	Liability measured at fair value via the income statement.	Other financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	2,108.2	2,108.2
Provisions for pensions	-	-	-	58.5	58.5
Deferred tax liabilities	-	-	-	81.9	81.9
Provisions	12.7	-	12.7	85.6	98.3
Interest-bearing liabilities	-	1,505.7	1,505.7	-	1,505.7
Other liabilities	-	541.5	541.5	408.3	949.8
<b>Total equity and liabilities</b>	<b>12.7</b>	<b>2,047.2</b>	<b>2,059.9</b>	<b>2,746.5</b>	<b>4,802.4</b>

#### Classification and categorisation of financial assets and liabilities in the Group

Measurement at fair value is based on a valuation hierarchy for input data for the valuations. This hierarchy is divided into three levels, corresponding to those introduced in IFRS 13 Financial Instruments: Disclosures. The three levels are:

*Level 1:* Quoted prices (unadjusted) in an active market for identical assets or liabilities to which the company has access at the time of valuation. Systemair has at present no financial assets or liabilities that are measured at level 1.

*Level 2:* Other inputs other than Level 1 quoted prices that are directly or indirectly observable for the asset or liability. Inputs other than quoted prices observable for the asset or liability may also include interest rates, yield curves, volatility and multiples. Forward contracts are measured at fair value at level 2, that is, fair value established using measurement techniques and observable market data either directly or indirectly that are not included in level 1 (fair value established on the basis of quoted prices in an active market for the same instrument).

*Level 3:* Inputs not based on observable market data for the asset or liability. On this level, assumptions that market operators would apply in the pricing of the asset or liability, including risk assumptions, are to be taken into account. The calculation for the option to acquire the remaining 25 percent of the shares in Traydus, Brazil, is dependent on the anticipated profit after tax for the 2019/20 and 2020/21 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability will be charged to the consolidated income statement. No impact on income affected the Group in the 2015/16 financial year, as no change has been found to have taken place since the date of acquisition.

The carrying amount for all items, other than borrowing, is an approximation of the fair value, and as a result such items are not classified into levels in accordance with the valuation hierarchy. Because loans to credit institutions carry a variable interest rate and fixed interest rates for short periods, the carrying amount for loans is also deemed to correspond essentially to the fair value.

# NOTES

## 2014/15

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	839.5	839.5
Property, plant and equipment	-	-	-	-	1,288.3	1,288.3
Financial investments	-	-	2.0	2.0	-	2.0
Non-current receivables	-	3.8	-	3.8	3.9	7.7
Deferred tax assets	-	-	-	-	170.3	170.3
Inventory	-	-	-	-	1,029.2	1,029.2
Other receivables	-6.8	1,064.4	-	1,057.6	107.8	1,165.4
Cash and cash equivalents	-	187.8	-	187.8	-	187.8
<b>Total assets</b>	<b>-6.8</b>	<b>1,259.9</b>	<b>2.0</b>	<b>1,251.2</b>	<b>3,439.0</b>	<b>4,690.2</b>

Equity and liabilities	Liability measured at fair value via the income statement.	Other financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	2,082.2	2,082.2
Provisions for pensions	-	-	-	77.8	77.8
Deferred tax liabilities	-	-	-	95.1	95.1
Provisions	-	-	-	87.6	87.6
Interest-bearing liabilities	-	1,386.2	1,386.2	-	1,386.2
Other liabilities	-	537.2	537.2	424.1	961.3
<b>Total equity and liabilities</b>	<b>-</b>	<b>1,923.4</b>	<b>1,923.4</b>	<b>2,766.8</b>	<b>4,690.2</b>

On the balance sheet date, the Group had outstanding currency derivatives in EUR. The fair value of the contracts is SEK -8.6 million (-6.8). The total hedged value was EUR 35.0 million (33.4). The revaluation of the derivatives is charged to Other operating expenses.

### Currency derivatives – hedged values

Group	EUR m.
Maturity of forward contracts	
<1 year	30.0
May 2016–July 2016	5.0
Aug 2016–Oct 2016	-
Nov 2016–Jan 2017	-
<b>Total outstanding</b>	<b>35.0</b>

In its financial policy, Systemair has stated that 50 percent of the anticipated EUR inflow may be hedged for no more than 18 months. As a result, the Company sells EUR during this period of time. At the financial year-end, forward contracts had been taken out by the Parent Company. The forward contracts are measured at fair value. Hedge accounting is not used. Changes in value are recognised via the income statement.

Selling currency on forward contracts requires a binding agreement in which a fixed redemption price (rate) is fixed to apply on a specific date.

### NOTE 22 Accrued expenses and deferred income

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Salary and holiday pay liability	107.6	105.9	7.1	29.1
Employer's social security contribution liability	30.2	29.3	3.5	13.1
Commission payments and bonuses	14.1	16.3	1.1	2.3
Miscellaneous	67.4	49.4	1.6	2.3
	<b>219.3</b>	<b>200.9</b>	<b>13.3</b>	<b>46.8</b>

### NOTE 23 Appropriations, other

	Parent Company	
	2015/16	2014/15
Group contributions paid	-	-4.9
Group contributions received	25.4	-
Provision to tax allocation reserve	-	-4.8
Reversal of tax allocation reserve	15.4	0.6
Difference between depreciation and amortisation charged and according to plan	17.2	2.5
	<b>58.0</b>	<b>-6.6</b>

### NOTE 24 Untaxed reserves

	Parent Company	
	2015/16	2014/15
Difference between depreciation and amortisation charged and according to plan	0.5	17.7
Tax allocation reserve, tax in 2011	-	15.4
Tax allocation reserve, tax in 2012	0.1	0.1
Tax allocation reserve, tax in 2013	0.1	0.1
Tax allocation reserve, tax in 2014	0.2	0.2
Tax allocation reserve, tax in 2016	4.8	4.8
	<b>5.7</b>	<b>38.3</b>

### NOTE 25 Provisions for pensions

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans, or a combination of the two. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity and then is under no further obligations. Defined-contribution plans are recognised as a cost in the period during which the employees perform the service to which the remuneration refers. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. Defined-benefit plans are measured separately and individually, based on the benefits earned during prior and current periods.

The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets. The cost of a defined-contribution pension plan is broken down into different categories, such as cost of entitlement earned, interest expense or income and revaluation effects. The cost of entitlement earned is recognised as an operating expense and classified as cost of goods sold, selling expenses or administration expenses depending on the role of the individual. Interest expense or income is recognised in net financial items, while revaluation effects are recognised in comprehensive income.

Pension obligations are calculated annually with the aid of independent actuaries using the Projected Unit Credit method. The calculation is based on actuarial, demographic and financial assumptions, including discount rate, anticipated rate of inflation, anticipated rate of increase in salaries and anticipated return on plan assets.

The following is a brief description of the most important pension plans.

#### Sweden

Some salaried employees in Sweden are subscribed to a defined-benefit pension plan under the ITP 2 scheme. This is a final salary based plan which requires 30 years of service for entitlement to a full pension. The defined-benefit pension obligations under the ITP 2 plan providing retirement and family pensions (or family pension) are secured via insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for ITP 2 Plans Financed via Insurance with Alecta, this consists of a defined-benefit plan serving several employers. For the 2015/16 financial year, the Company has not had access to information enabling it to account for the Group's proportional share of the plan's obligations, plan assets and costs, and so has not been able to account for the plan as a defined-benefit plan. Consequently, the ITP 2 plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are individually calculated on the basis, for example, of salary, pension earned earlier and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 4.8 million (4.3). The contributions for 2016/17 are expected to be in line with those for 2015/16.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations, based on Alecta's actuarial methods and assumptions, which do not correspond to IAS 19. Normally, the collective consolidation level may be permitted to vary between 125 percent and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, measures are to be taken to create the conditions for bringing the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the contractual price for new insurance and increase existing benefits. In the event of high consolidation, one measure may be to bring in premium reductions. At the end of 2015, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 153 percent (143).

#### Norway

Defined-benefit pension plans in Norway are governed by the Norwegian Company Defined Benefit Act. The plan covers all employees; payments from the earlier national pension system and the defined-benefit system amount to around 66 percent

of the employee's salary on reaching retirement age (normally 67 years). Because the benefits under the new defined-benefit system are lower than previously, the pension payments will be lower than 66 percent. The amount payable will differ, depending on when the employee chooses to take retirement, normally between the ages of 62 and 75 years. The pension is calculated starting from the day of retirement and based on the number of years until the statistically calculated average life expectancy. Under Norwegian law, the plan assets must at all times cover the pension entitlements earned by the employees subscribing to the pension plan. The plan assets must be kept separate from the company, although there is no regulation on how the assets are to be invested. A management group is appointed to decide where and how the assets are to be invested and it is stipulated that one member of the management group must subscribe to the defined-benefit plan. The company must contribute at least 2 percent of the annual salary cost.

#### Switzerland

Defined-benefit plans in Switzerland must be funded and administered by an independent, legally autonomous managed pension fund. On this point, Swiss law only lays down a mandatory minimum level.

Insurance plan; the company is affiliated to a collective foundation. In accordance with IAS 19, the plan is classified as a defined-benefit plan, but is based on set contributions. Under Swiss law, the foundation guarantees the benefit amounts earned, as established annually for the employee. Interest may be added to the balance held. At retirement, the employee is entitled to take the pension as a lump sum, or an annuity, or to take part as a lump sum and have the remainder converted into a fixed annuity in accordance with the rates established by the collective foundation. Under Swiss law, the foundation is required to guarantee a minimum level based on the investment. Otherwise, the foundation is responsible for determining how the plan assets are to be invested.

#### Italy

According to Italian law, employees whose employment is terminated are entitled to a severance payment, referred to as TFR. In brief, TFR is calculated on a case-by-case basis as a portion of the employee's gross salary and a reasonable revaluation of the amount earned in the period up to the time when notice of termination of employment is given. Following amendments to Italian legislation on 1 January 2007, all companies with more than 50 employees are obliged to pay the estimated TRF liability to a supplementary pension fund or Italy's national social security fund, INPS. All post-employment benefits to be paid in future will be paid via one of the above-mentioned funds. As a result, the fund has been classified as a defined-contribution plan following the changes to the law.

The pension liability on 30 April 2015 in connection with defined-benefit pension plans is based on amounts earned within TFR on 31 December 2006. This corresponds to the amount the company must pay when an employee reaches retirement age, or in the event of termination of the employee's employment.

#### France

In France, pensions are paid to employees at retirement age in accordance with the current collective agreement. The plan is of the defined-benefit type and is based on the employee's final salary. The plan does not set any minimum requirements.

#### Per country data, 30 April 2016

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations, including payroll tax	80.5	39.6	20.7	18.0	1.4	160.2
Fair value of plan assets	-74.0	-27.7	-	-	-	-101.7
Pension provisions, net	6.5	11.9	20.7	18.0	1.4	58.5
<b>Cost recognised in income statement</b>						
Cost of service	6.8	2.0	-	1.1	0.2	10.1
Interest expense / (profit)	0.5	0.1	0.4	0.3	-	1.3
(Gain)/Loss on termination	-1.9	-	-	-	-	-1.9
Administration expense	0.3	-	-	-	-	0.3
<b>Net cost recognised in income statement, %</b>	<b>5.7</b>	<b>2.1</b>	<b>0.4</b>	<b>1.4</b>	<b>0.2</b>	<b>9.8</b>
<b>Maturity profile for defined-benefit obligation</b>						
Weighted average duration for defined-benefit obligation this year	22	19	12	17	9	-
<b>Major actuarial assumptions, weighted average, %</b>						
Discount rate	2.70	0.50	2.74	1.90	1.50	-
Anticipated rate of increase in salaries	2.50	0.50	2.00	1.50	0.50	-
Anticipated rate of inflation	2.50	0.50	2.00	0.50	0.50	-

# NOTES

## Per country data, 30 April 2015

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations	102.5	36.1	20.9	17.0	1.2	177.7
Fair value of plan assets	-76.4	-23.5	-	-	-	-99.9
Pension provisions, net	26.1	12.6	20.9	17.0	1.2	77.8

## Cost recognised in income statement

Cost of service	5.7	1.2	-	1.0	0.1	8.1
Payroll tax	0.7	-	-	-	-	0.7
Interest expense / (profit)	0.5	0.1	0.5	0.4	-	1.4
Net cost recognised in income statement, %	6.9	1.3	0.5	1.4	0.1	10.2

## Major actuarial assumptions, weighted average, %

Discount rate	2.40	0.90	3.05	2.10	1.50	-
Anticipated rate of increase in salaries	2.75	1.00	2.00	1.25	0.50	-
Anticipated rate of inflation	1.50	1.00	2.00	0.50	0.50	-

## Impact of pension costs on earnings

	2015/16	2014/15
Operating expenses – defined-benefit plans	8.5	8.8
Operating expenses – defined-contribution plans	51.1	48.9
Total operating expenses	59.6	57.7
Interest expense – defined-benefit plans	1.3	1.4
Cost before tax	60.9	59.1

## Reconciliation of change in present value of defined-benefit obligations and plan assets

Defined-benefit obligations	2015/16	2014/15
Defined-benefit plans – obligation on 1 May	177.7	105.2
Current cost	8.3	8.9
Interest expense	3.3	4.5
Benefits paid	-2.2	-4.8
Actuarial gains/losses (financial assumptions)	-8.2	22.9
Actuarial gains/losses (demographic assumptions)	-0.9	-1.4
Actuarial gains/losses (empirical adjustments)	0.4	4.3
Offsetting (other)	-5.1	0.2
Business combinations	-	36.3
Exchange rate differences	-13.1	1.6
Defined-benefit plan obligations, 30 April	160.2	177.7
Changes in plan assets		
Fair value of plan assets, 1 May	99.9	67.0
Contributions from employers	10.6	11.0
Contributions from employees	1.4	1.0
Benefits paid	-1.9	-1.5
Interest income	1.9	3.1
Actuarial gains/losses	3.2	-2.3
Business combinations	-	21.0
Offsetting (other)	-4.1	-
Exchange rate differences	-9.3	0.6
Fair value of plan assets, 30 April	101.7	99.9

	2015/16	2016/17
Best estimate for contributions next year	10.6	10.0

## Sensitivity analysis

The table below indicates the impact of the value of pension obligations, based on assumed changes.

	Change in assumption (%)	Impact, SEK m.	Change in assumption (%)	Impact, SEK m.
Discount rate	+1.0	-21.9	-1.0	27.5
Rate of inflation	+0.5	-0.4	-0.5	0.7
Future increase in salaries	+0.5	3.2	-0.5	-7.4

The sensitivity analysis is performed by varying an actuarial assumption while maintaining the other assumptions unchanged. The method illustrates the liability's sensitivity to a particular assumption. This is a simplified method, as the actuarial assumptions are normally correlated.

## Fair value of plan assets

	2015/16	2014/15
Shares and similar financial instruments	13.2	12.0
Fixed-interest securities etc.	74.1	73.9
Properties	14.4	14.0
Total	101.7	99.9

## Amounts recognised in other comprehensive income

	2015/16	2014/15
Actuarial gains/losses, gross	11.9	-28.1
Impact of tax	-3.7	6.7
Net in equity	8.2	-21.4

**NOTE 26** Other provisions

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Amount at beginning of year	88.1	81.4	3.2	3.2
Provisions during the year	41.1	32.1	1.9	-
Provisions acquired	4.0	8.6	-	-
Utilisation during the year	-27.4	-28.9	-	-
Provisions reversed	-4.3	-5.9	-3.2	-
Reclassifications	0.2	0.1	-	-
Translation difference	-3.4	0.7	-	-
Amount at year-end	98.3	88.1	1.9	3.2

Provisions of SEK 35.6 million (38.7) relate to warranty costs, SEK -7.1 million (-) to restructuring costs and SEK 3.7 million (3.3) to other personnel-related items. In addition, SEK 12.7 million of provisions for the year relate to option to purchase the remaining 25 percent of the shares in Systemair Traydus, Brazil.

**NOTE 27** Profit/loss from participations in Group companies

	Parent Company	
	2015/16	2014/15
Dividend from subsidiary	520.5	311.8
Write-down on shares in subsidiaries	-	-9.2
	520.5	302.6

**NOTE 28** Participations in Group companies

Parent Company holdings of shares in Group companies.

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Sverige AB	559000-1516	Skinnskatteberg, Sweden	100	1,000,000	1.0
Animac	556311-3926	Motala, Sweden	100	2,500	2.7
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5
Kanalfläkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
KP Klimat AB	556772-1518	Eskilstuna, SE	100	1,000	6.0
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6
Systemair NV		Belgium	100	-	27.7
Menerga		Belgium	100	-	8.6
Systemair Traydus		Brazil	75	-	10.8
Systemair EOOD		Bulgaria	100	-	0.1
Systemair Spa		Chile	100	-	7.2
Welmo Trading Ltd		Cyprus	100	1,000	0.0
Systemair a/s		Denmark	100	10,101	35.1
Systemair Trading LLC		Dubai, United Arab Emirates	100	-	2.1
Systemair Fans & Spares Ltd		United Kingdom	100	1,000,000	32.0
Systemair AS		Estonia	100	3,128	17.3
Systemair Oy		Finland	100	20	0.3
Systemair SAS		France	100	9,994	6.5
Systemair AC SAS		France	100	10,000	10.3
Systemair Hellas		Greece	100	15,000	8.7
Systemair B.V.		Netherlands	100	-	119.2
Frico B.V.		Netherlands	100	40	11.0
Systemair Hong Kong Ltd.		Hong Kong	100	300	0.2
Systemair India Pvt. Ltd		Indien	100	320,000	161.3
(Cont. on next page)		Sub-total			823.4

## NOTES

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
(Cont. from previous page)				Brought forward	823.4
Systemair Ltd		Ireland	100	1	0.0
Systemair AC		Italy	100	-	187.5
Systemair Ltd		Canada	100	44,600	29.6
Systemair (Suzhou) Co. Ltd.		China	100	-	17.5
Systemair Shanghai Co. Ltd		China	100	-	1.3
Systemair d.o.o.		Croatia	100	-	0.0
Systemair SIA		Latvia	100	2,500	1.1
Systemair UAB		Lithuania	100	500	10.9
UAB Systemair BK		Lithuania	100	-	25.5
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6
Systemair AS		Norway	100	82,000	21.4
Menerga AS		Norway	100	50	20.8
Reftec AS		Norway	100	100	27.0
Systemair Peru SAC		Peru	100	20,000	3.6
Systemair SA		Poland	100	200	0.9
Systemair SA		Portugal	100	200,000	26.0
Systemair Middle East LLC		Qatar	100	-	0.4
Systemair Rt		Romania	100	1,000	0.0
OOO Systemair		Russia	100	-	94.9
Systemair d.o.o. Belgrade		Serbia	100	-	12.4
Systemair Suisse AG		Switzerland	100	250	47.0
Systemair (SEA) PTE Ltd.		Singapore	100	1,000,000	6.2
IMOS-Systemair spol. s.r.o.		Slovakia	100	-	68.2
Systemair AS		Slovakia	100	22	0.5
Systemair d.o.o.		Slovenia	100	-	42.9
Systemair HVAC S.L.U.		Spain	100	-	26.3
Systemair (Pty) Ltd		South Africa	100	1,000	9.1
Systemair SA		Czech Republic	100	-	21.5
Systemair Co. Ltd		Taiwan	100	-	0.2
Systemair HSK		Turkey	90	2,150	138.8
Systemair GmbH		Germany	100	-	10.4
Lautner Enegiesparttechnik GmbH		Germany	100	-	10.2
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	222.1
Tekadoor GmbH		Germany	100	-	30.3
Systemair TOV		Ukraine	100	-	0.4
Systemair Rt		Hungary	100	2,000	4.5
Systemair Mfg. Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	10.9
					<b>2,045.6</b>



**Subsidiaries indirectly controlled by Parent Company**

Indirectly held	Parent company	Registered office	% of capital
Frico SAS	Frico AB	France	100
Frico AS	Frico AB	Norway	100
Frico GmbH	Frico AB	Germany	100
Frico GmbH AT	Frico AB	Austria	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga Polska	Systemair SA	Poland	100
Tekadoor Lufttechnische Geräte GmbH	Tekadoor GmbH	Austria	50
Systemair	UAB Systemair BK	Belarus	100
Systemair OOO	UAB Systemair BK	Kaliningrad	100

Change in Group companies	Parent Company	
	2015/16	2014/15
At start of year	1,932.1	1,754.8
Acquisitions during the year	46.0	93.1
New share issues during the year	70.6	93.4
Sales	-3.1	-
Impairment losses for the year	-	-9.2
	<b>2,045.6</b>	<b>1,932.1</b>

**NOTE 29 Changes in Group structure – Business combinations****Companies acquired**

In September 2015, Systemair acquired 75 percent of the shares in Brazilian company Traydus, a leading manufacturer of customised air handling units and fan coil units in Brazil. The company has 75 employees and is based in the outskirts of São Paulo. Traydus focuses on lean-energy solutions and is positioned in the higher-technology segment of Brazil's ventilation industry. The acquisition opens up opportunities for introducing a wider range of Systemair products from other factories in the Group. Systemair-Traydus and our existing companies in Chile and Peru will provide excellent opportunities for competing successfully for projects throughout South America. The acquisition initially comprises 75 percent of the company, with a binding undertaking to acquire the remaining 25 percent of the shares within a period of six years. As a result, Systemair will consolidate 100 percent of the company as of the beginning of September. The calculation for the option to acquire the remaining 25 percent of the shares is reported as a financial liability in the consolidated balance sheet. The liability refers to anticipated profit after tax for the 2019/20 and 2020/21 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement.

In October, the Company acquired Alitis, Systemair's representative in Belarus and Kaliningrad. Alitis, which markets and distributes Systemair's products, posted sales of EUR 5.5 in 2014. The total number of employees is 15, mostly based in Minsk. After the acquisition, the company was renamed UAB Systemair BK.

In October, Systemair acquired the manufacturing of air handling units of Kolektor Koling d.o.o., Slovenia. It is estimated that the production of air handling units that Systemair is acquiring reports sales of around EUR 3 million annually. Systemair is taking over 7 employees and manufacturing has been relocated to Systemair's existing factory in Maribor.

In November, the acquisition of Menerga NV, a distributor of Menerga's products in Belgium, was completed. The company, which sells and services Menerga's products, reported sales of EUR 4.2 million in 2014. The company is located in Aarschot, north of Brussels. It has 13 employees. Menerga NV will continue to be managed as a separate company, with its current management and staff. It is a well-known, well-established company in the Belgian ventilation market, and through the acquisition, Systemair is strengthening its position in the Belgian market.

In March 2016, the acquisition of Menerga Polska, a distributor of Menerga's products in Poland, was completed. The company, which sells and services Menerga's products, reported sales equivalent to EUR 2.0 million in 2014. Menerga AS has 17 employees.

Net sales for the acquired companies between the time of acquisition and the financial year-end totalled SEK 43.7 million. During the period, an operating loss of SEK -5.5 million was recorded. If the companies acquired had been consolidated as of 1 May 2015, net sales for the period May 2015 through April 2016 would have totalled approximately SEK 6,131.5 million. The operating profit for that period would have totalled approximately SEK 341.6 million.

The prices paid to acquire the shares in Traydus of Brazil, Alitis of Belarus, Menerga of Belgium, Menerga of Poland and for the business of Kolektor of Slovenia are shown as follows:

SEK m.	2015/16	2014/15
Total historical cost, less costs of acquisition	59.3	111.1
<b>Assets acquired</b>		
Fair value of assets acquired, net	16.6	57.2
Goodwill	42.7	53.9

Assets and liabilities acquired	Total 2015/16	Total 2014/15
Goodwill	42.7	53.9
Brands and customer relationships	-	8.5
Buildings and land	5.3	24.9
Machinery and equipment	11.8	30.2
Financial and other non-current assets	0.3	0.7
Deferred tax assets	0.1	-
Inventory	17.1	27.8
Current receivables	21.5	30.9
Other current assets	2.2	-
Cash and cash equivalents	14.1	48.2
Non-interest-bearing liabilities (incl. deferred tax liability)	-15.2	-41.5
Interest-bearing liabilities	-8.8	-2.7
Other operating liabilities	-31.8	-69.8
	<b>59.3</b>	<b>111.1</b>

There is no difference between the fair value and the contractual value of the acquired assets.

Impact of acquisitions on cash flow	2015/16	2014/15
Purchase considerations	-59.3	-111.1
Purchase consideration not paid	7.7	5.6
Cash and cash equivalents in companies purchased	14.1	48.2
Purchase consideration paid for acquisitions in prior years	-11.7	-
Transaction costs, acquisition of subsidiaries	-0.8	-1.5
<b>Change in consolidated cash and cash equivalents after acquisitions</b>	<b>-50.0</b>	<b>-58.8</b>

Brand and customer relationships have been measured at the net present value of future payment flows. The useful life of these assets has been estimated at 5-10 years.

The goodwill upon acquisition is attributable to the strong market positions of the companies acquired, synergy effects expected to emerge after the acquisitions and the companies' estimated future earning capacity.

No significant change occurred in relation to the acquisition analysis from preceding years.

**Companies divested**

No companies were divested during the year.

## NOTES

### NOTE 30 Receivables from Group companies

Change in Group companies	Parent Company	
	2015/16	2014/15
At start of year	79.2	72.4
Lending	34.8	13.4
Repayments	-35.9	-79.1
Reclassifications	-	65.6
Foreign exchange adjustment	-3.9	6.8
	74.2	79.2

### NOTE 31 Pledged assets

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
<b>Assets pledged to credit institutions for own liabilities</b>				
Chattel mortgages	151.1	116.3	-	97.4
Real estate mortgages	152.1	158.5	-	27.0
Pledged shares in subsidiaries	52.3	49.1	97.7	97.7
	355.5	323.9	97.7	222.1
<b>Pledged assets, per bank</b>				
Nordea Bank AB	190.7	185.9	97.7	194.0
Svenska Handelsbanken AB	52.2	45.3	-	28.1
Other banks	112.6	92.7	-	-
	355.5	323.9	97.7	222.1

Pledged shares in subsidiaries consist of all shares in Veab AB and all shares in Systemair Mfg Inc., USA. The amount hedged for the Parent Company consists of the book value of the shares. In the Group, value corresponds to equity plus any surplus values. The securities were obtained in connection with the acquisitions of the companies.

### NOTE 32 Contingent liabilities

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Guarantees on behalf of subsidiaries	-	-	364.0	348.9
Guarantees and other contingent liabilities <sup>1</sup>	87.1	98.5	44.8	49.9
	87.1	98.5	408.8	398.8

<sup>1</sup> Mostly intra-Group Parent Company guarantees and bank guarantees.

The Parent Company has issued external bank guarantees and internal guarantees on behalf of the subsidiaries, in a total amount of SEK 44.8 million. The subsidiaries have issued local bank guarantees in total amount of SEK 42.3 million.

### NOTE 33 Supplementary information for the cash flow statement

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
<b>Adjustment for non-cash items etc.</b>				
Depreciation/Amortisation	178.2	171.1	3.1	22.8
Changes in provisions	6.3	6.7	-	0.7
Unrealised exchange gains and losses	-31.6	26.2	-6.4	16.3
Provisions for pensions	-7.6	0.5	-	-
Gain/Loss on divestment of non-current assets	-2.3	-6.5	-	-
Other items	0.8	1.5	-	-
	143.8	199.5	-3.3	39.8

### NOTE 34 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's corporate identity number is 556160-4108. The consolidated accounts for the 2015/16 financial year include the Parent Company and its subsidiaries, jointly referred to as the "Group".

### NOTE 35 Earnings per share

Group	2015/16	2014/15
Basic earnings per share (SEK)	3.98	5.96
Diluted earnings per share (SEK)	3.98	5.96
Profit for the year attributable to Parent Company shareholders	207.2	309.8
Weighted average number of shares outstanding, basic	52,000,000	52,000,000
Weighted average number of shares outstanding, diluted	52,000,000	52,000,000

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB since it is Färna Invest AB that is issuing the options.

### NOTE 36 Related party transactions

During the year, Systemair AB (publ) sold products for SEK 1.6 million (1.6) to ebm-papst AB. Product purchases from ebm-papst AB totalled SEK 0.7 million (0.8). During the year, products purchased by the Group from ebm-papst AB's parent company in Germany, ebm-papst GmbH, totalled SEK 201.4 million (141.7). ebm-papst AB has a holding corresponding to 21.3 percent of the shares in Systemair AB. Systemair AB (publ) purchased hotel and conference services for SEK 3.3 million (3.9) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström. At the end of the financial year, Systemair AB had a trade account payable to WG Hotelldrift AB amounting to SEK 0.2 million (0.3).

For information on transactions with senior executives, see Note 9.

Parent Company purchases from other Group companies totalled SEK 35.9 million (163.7). Parent Company sales to Group companies are shown in Note 3. For more information on Parent Company receivables from Group companies, see Note 30. Liabilities to Group companies total SEK 313.1 million (592.9).

### NOTE 37 Significant events after financial year-end

No significant events have occurred since the end of the period.

The undersigned declare that the consolidated accounts and annual accounts were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as generally accepted accounting principles, and give a true and fair view of the Group's and Company's financial position and earnings, and that the Group's and Company's administration reports give a fair review of the development of the Group's and Company's operations, financial position and earnings and describe the material risks and uncertainties facing the companies in the Group.

Skinnskatteberg, 5 July 2016



Gerald Engström  
Chairman of the Board



Elisabeth Westberg  
Director



Hannu Paitula  
Director



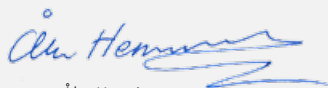
Carina Andersson  
Director



Per-Erik Sandlund  
Director



Ricky Sten  
Employee Representative



Åke Henningsson  
Employee Representative

Our Audit Report concerning this Annual Report was submitted on 6 July 2016.

Ernst & Young AB



Åsa Lundvall  
Authorised Public Accountant

# Audit Report

To the annual general meeting of the shareholders of Systemair AB (publ) org. reg. no. 556160-4108

## REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Systemair AB (publ) for the financial year from 1 May 2015 to 30 April 2016, with the exception of the corporate governance report on pages 49–55. The company's annual report and the consolidated accounts are included on pages 45–88 of the printed version of this document.

### Respective responsibilities of the Board of Directors and the Chief Executive Officer with regard to the annual report and the consolidated accounts

The Board of Directors and the CEO are responsible for preparing an annual report that provides a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that provide and true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, as well as for the internal systems of control that the Board of Directors and CEO deem to be necessary in order to prepare an annual report and consolidated accounts that are free of material misstatement, whether caused by irregularity or error.

### Responsibilities of the auditor

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts on the basis of our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. Those standards require that we observe the requirements of professional ethics and that we plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated accounts are free from material misstatement.

An audit includes obtaining, by variety of measures, accounting evidence supporting the amounts and disclosures in the annual report and consolidated accounts. The auditor decides which actions should be taken, for example by determining the risks of material misstatements in the annual report and the consolidated accounts, whether caused by irregularity or error. In determining risks in this way, the auditor considers which aspects of internal systems of control are relevant to how the company prepares the annual report and the consolidated accounts in order to provide a true and fair view, in order to devise audit measures that are fit-for-purpose with regard to the circumstances, but not in order to state an opinion as to the efficacy of the company's internal systems of control. An audit also includes an assessment of the suitability of the accounting policies applied and of the reasonableness of the estimates by the board of directors and the CEO in the accounts, as well as an assessment of the overall presentation of the annual report and the consolidated accounts.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

### Opinions

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on 30 April 2016 and of its financial results and cash flows for the year in accordance with the Swedish Annual Accounts Act. The annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the group's financial position on 30 April 2016 and of its financial results and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. Our opinions do not refer to the corporate governance report on pages 49–55. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted.

## REPORT ON OTHER REQUIREMENTS UNDER LEGISLATION AND OTHER REGULATIONS

In addition to our audit of the annual report and the consolidated accounts, we have also conducted an audit of the proposed treatment of the company's profit or loss and the administration of the affairs of Systemair AB (publ) by the Board and the CEO in the financial year of 1 May 2015 to 30 April 2016. We have furthermore carried out a statutory review of the corporate governance report.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed treatment of the company's profit or loss, and the Board and CEO are responsible for administration under the Swedish Annual Accounts Act. It is also responsible for ensuring that the corporate governance report on pages 49–55 has been prepared in accordance with the Swedish Annual Accounts Act.

### Responsibilities of the auditor

Our responsibility is to express an opinion with a reasonable degree of assurance as to the proposed treatment of the company's profit or loss and as to the administration based on our review. We conducted our audit in accordance with generally accepted auditing practice in Sweden.

As a basis for our opinion on the Board's proposed arrangements for the company's profit or loss, we have examined the Board's reasoned statement, as well as documents, on a test basis, in support of this statement, in order to be able to determine whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

As a basis for our opinion concerning discharge from liability we examined, in addition to our audit of the annual accounts, significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any director or the chief executive officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the accounting evidence we have obtained as above provides an adequate and appropriate basis for our opinions.

Furthermore, we have read the corporate governance report and on the basis of this reading and our knowledge of the company consider that we have sufficient grounds for our opinions. This means that our statutory review of the Corporate Governance Report has a different approach and is of a significantly lesser scope than an audit according to the International Standards on Auditing and accepted auditing standards in Sweden.

### Opinion

We recommend to the Annual General Meeting of shareholders that the profit be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 6 July 2016  
Ernst & Young AB



Åsa Lundvall  
Authorised Public Accountant

## Key Ratios for the Group

		2015/16 May-Apr	2014/15 May-Apr	2013/14 May-Apr
Net sales	SEK m.	6,112.5	5,882.2	5,295.8
Growth	%	3.9	11.1	16.4
Operating profit	SEK m.	344.1	376.8	316.9
Operating margin	%	5.6	6.4	6.0
Profit after net fin. items	SEK m.	307.3	380.4	508.2
Profit margin	%	5.0	6.5	9.6
Return on capital employed	%	10.2	12.5	17.7
Equity/assets ratio	%	43.9	44.4	47.2
<b>Per share ratios</b>				
Earnings per share	SEK	3.98	5.96	8.44
Equity per share	SEK	40.54	40.04	36.17
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

### DEFINITIONS OF KEY RATIOS

#### Capital employed

Total assets less non-interest-bearing liabilities.

#### Earnings per share

Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

#### EBIT

Earnings before financial items and tax.

#### Equity/assets ratio

Equity, including non-controlling interests, divided by total assets.

#### Equity per share

Equity, excluding non-controlling interests, divided by the number of shares at the end of the period.

#### Growth

Growth is defined as the change in net sales, relative to net sales for the preceding period.

#### Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

#### Net debt

Net interest-bearing liabilities (including provisions for pensions) less the total of interest-bearing receivables, current investments and cash and cash equivalents.

#### Net debt/equity ratio

Net debt divided by equity at year-end.

#### Number of employees

The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.

#### Operating margin

Operating profit divided by net sales.

#### Organic growth

Organic growth is defined as the change in net sales, relative to net sales for the preceding period, adjusted for currency effects and acquisitions.

#### Profit margin

Profit after financial items divided by net sales.

#### Return on capital employed

Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.

#### Sales per employee

Net sales for the period, divided by the average number of employees.

# Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 25 August 2016 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden

A tour of our factory facility, which is located in the same building as Systemair Expo, together with a product presentation, will take place prior the AGM. Those wishing to take part should assemble at 1.30 p.m. at Systemair Expo, Näsvägen 3, Skinnskatteberg.

## Right to attend the AGM and notification of intention to take part

Shareholders wishing to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB on the record date Friday, 19 August 2016 and must notify the Company of their intention to participate no later than 3.00 p.m. on Friday, 19 August 2015.

Application to attend the AGM is best made by e-mail to [agm@systemair.se](mailto:agm@systemair.se), telephone on +46 (0)222-440 00 or post to Systemair AB, Receptionen, SE-739 30 Skinnskatteberg, Sweden. Applications shall include details of name, civic registration number/corporate identity number, address, telephone number, any assistants (no more than two) and number of shares. It should also be observed that any wish to take part in the factory tour should be notified at the same time. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. A power of attorney form is available on the Company's website, [www.systemair.com](http://www.systemair.com) or may be ordered by contacting reception.

Anyone representing a legal entity must present a registration certificate, or the equivalent, confirming the person's authority to sign for the organisation. Powers of attorney, registration certificates and other authorisation documents must be available at the AGM and should, in order to facilitate admission to the meeting, be received by the Company no later than on Friday, 19 August 2016. The original copy of the power of attorney document must be shown.

To be entitled to participate in the AGM, a shareholder who has had his/her shares registered in the name of a nominee must arrange for the nominee to re-register the shares in the shareholder's name so that the shareholder is entered in the share register on the record date, Friday, 19 August 2016. Any such re-registration may be temporary. This means that the shareholder must inform his/her nominee in good time prior to the said date.

## COMPLETE NOTICE

A complete notice of the Annual General Meeting, as well as financial and other information, is available on the Systemair website [www.systemair.com](http://www.systemair.com).

## Calendar

25 August 2016	Q1 Interim Report (May-July 2016/17)
24 November 2016	Q2 Interim Report (August-October 2016/17)
23 February 2017	Q3 Interim Report (November-January 2016/17)
8 June 2017	Q4 Interim Report (February-April 2016/17)
24 August 2017	Annual General Meeting, simultaneous publication of Q1 Interim Report 2017/18

## QUESTIONS

Any questions regarding the content of the Company's financial information should be directed to: CFO Anders Ulff, on Telephone +46 (0)222-440 09.

**CONTACT DETAILS:**

Contact and address details for our Company's throughout the world are available on Systemair's website, at [www.systemair.com](http://www.systemair.com).

Contact details for subsidiaries with their own brand are available on the respective company's website.

**Frico**

[www.frico.se](http://www.frico.se)

**Fantech**

[www.fantech.net](http://www.fantech.net)

**Menerga**

[www.menerga.com](http://www.menerga.com)



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