

Systemair AB (publ) INTERIM REPORT Q1 1 May – 31 July 2020

Net sales Q1

SEK 2,100 m.

EBIT Q1

SEK 182 m.

First quarter, May – July 2020

- Net sales decreased 6.8 percent, to SEK 2,100 million (2,254).
- Organic growth was -4.4 percent (4.1).
- Operating profit (EBIT) totalled SEK 182 million (173).
- The operating margin was 8.7 percent (7.7).
- Profit after tax amounted to SEK 82 million (128).
- Earnings per share totalled SEK 1.57 (2.44).
- Cash flow from operating activities amounted to SEK 177 million (194).

Significant events during the period under review

- During the period, strong focus remained on dealing with the effects of the Covid-19 pandemic. On the reporting date, all of the Group's production facilities were in operation.
- Systemair received the order to supply 42 air handling units for phase 2 at vaccine manufacturer Serum Institute of India. The order is valued at around SEK 7 million.
- Construction of Systemair's new warehouse and production facility just outside Moscow, Russia, began.

	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	2019/20 May-Apr 12 mths
Net sales, SEK m.	2,100.0	2,254.0	8,914.9
Growth, %	-6.8	12.0	7.1
Operating profit, SEK m.	182.1	173.0	625.7
Operating margin, %	8.7	7.7	7.0
Profit after tax, SEK m.	82.0	128.5	385.3
Earnings per share, SEK	1.57	2.44	7.34
Operating cash flow per share, SEK	3.41	3.73	16.24

With the onset of the Covid-19 pandemic, the quarter started weakly in May, but June and July showed signs of recovery with good sales in both. Overall, sales development during the quarter was better than expected, but nevertheless decreased by 6.8 percent, of which 4.4 percent was negative organic growth. The gross margin narrowed slightly to 33.6 percent (34.0) as a result of lower capacity utilisation. Operating profit totalled SEK 182 million, or 8.7 percent, which was 1.0 percentage better than last year. Good ventilation reduces spread of infection, which has a positive effect on demand.



The market

Demand decreased during the first quarter as a result of the ongoing pandemic, although with major variations from company to company and market to market. The biggest impact during the quarter was evident in southern and eastern Europe. Organic growth was -4.4 percent over the first quarter, although the trend was still positive in the latter part of the quarter. Sales developments were affected by mandatory closures as a result of the pandemic. Other markets, such as the Nordic region and North America, recorded good organic growth.

Investments

Our improved profitability and strong balance sheet made continued long-term strategic investments possible. During the period, construction of the new Russian production facility began. In addition, investments in machinery has also been made at the Systemair factory in Lithuania.

Sustainability

Energy conservation has long been a central theme in product development at Systemair. We see that the issue is more and more coming into focus and that demands for energy efficiency are still rising. In Europe, this trend is being driven by EU directives that require both energy-smart products and energy-efficient buildings. The trend is a global one, and other regions in the world are being inspired by developments in Europe. It is in this area that Systemair is making the greatest difference from the viewpoint of sustainability. EU initiatives such as the European Green Deal will long term also drive up demand for energy-efficient ventilation products.

The current pandemic will also lead to a general increase in demand for healthy indoor environments, with ventilation playing an important role in health and well-being.

Outlook

Given the uncertain outcome from the pandemic and the resulting uncertainty in several markets, it is very difficult at present to offer a forecast for developments even in the short term. Systemair enjoys a good spread of risk across, countries, customers and product sectors. All of the Group's factories are operating today, and at this point we are seeing a cautious resumption of more normal activity in most markets.

We are continuing to monitor the effects of Covid-19 and are prepared to take any further actions to reduce our cost base, should that prove necessary. Up to now, it is clear to us that our local management teams have been quick and proactive in their handling of the situation.

Roland Kasper
President and CEO

Sales and markets

Group sales for the first quarter of the 2020/21 financial year totalled SEK 2,100.0 million (2,254.0), down 6.8 percent from the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales decreased 4.4 percent. Growth in acquired operations was 1.6 percent, while foreign exchange effects reduced sales by 4.0 percent during the period. The negative performance was due to lower demand arising through closures relating to the pandemic.

Geographic breakdown of Q1 sales

Nordic region

During the first quarter, sales in the Nordic region were 1 percent lower than in the same period last year. The Swedish and Finnish markets reported growth during the quarter, while those in Norway and Denmark declined somewhat. Adjusted for foreign exchange effects and acquisitions, sales rose by 5 percent.

Western Europe

During the quarter, sales in the West European market were 7 percent lower than in the corresponding period last year. Adjusted for the effects of foreign exchange and acquisitions, sales declined 5 percent. The German and Belgian market showed growth during the period, while other major markets in the region, including France, the Netherlands, the UK and Spain, declined as a result of pandemic.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS decreased by 26 percent during the quarter. Adjusted for the effects of foreign exchange and acquisitions, sales declined 21 percent. Sales in Russia were 26 percent lower than in the previous period, in Swedish kronor. The Russian market accounts for 30 percent of sales in the region. Other major markets that declined in the region were Poland, the Czech Republic and Slovenia, while Lithuania showed good growth. In the preceding year, growth in the region was 22 percent. Against that background, the like-for-like figures must be regarded as grim.

North and South America

Sales in the North and South America region over the quarter were 3 percent higher than in the same period last year. The Canadian market, above all, performed well in the quarter. Adjusted for foreign exchange effects and acquisitions, sales increased by 7 percent in the region.

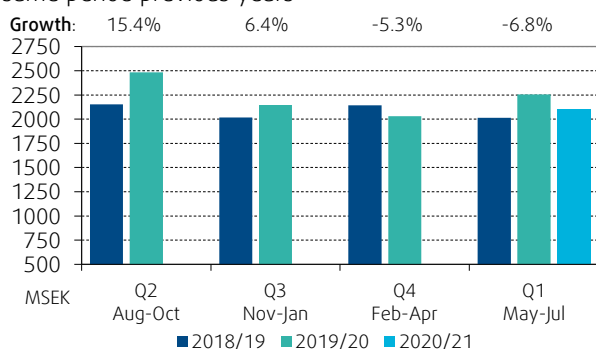
Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa rose by 5 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 1 percent. The Middle East and Morocco reported growth over the period, while other major markets such as Turkey and India weakened.

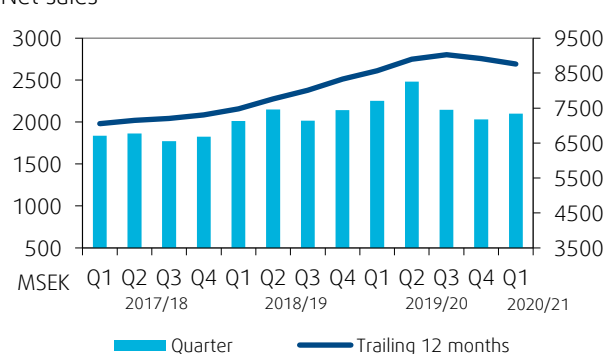
	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	Sales - change	Of which, organic
Nordic region	365.4	367.6	-1%	5%
Western Europe	920.6	988.9	-7%	-5%
Eastern Europe & CIS	301.5	405.4	-26%	-21%
North and South America	250.1	242.8	3%	7%
Middle East, Asia, Australia and Africa	262.4	249.3	5%	1%
Total	2,100.0	2,254.0	-7%	-4%

(Sales figures are based on geographical domicile of customers.)

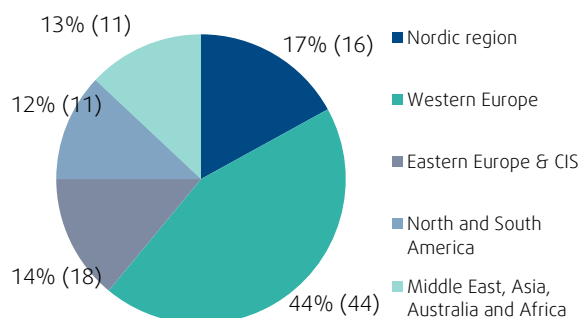
Net sales per quarter compared with same period previous years



Net sales



Sales by market, 3 months 2020/21 (2019/20)



Results for the first quarter

The gross profit for the first quarter amounted to SEK 706.6 million (767.1), a decrease of 7.9 percent compared to the same period in the preceding year. The gross margin decreased to 33.6 percent (34.0).

Operating profit for the first quarter amounted to SEK 182.1 million (173.0), an increase of 5.3 percent over the same period last year. The operating margin rose to 8.7 percent (7.7). The operating profit includes, under the heading of Other operating income, Covid-19-related government support totalling SEK 23.0 million.

Selling and administration expenses for the quarter totalled SEK 563.3 million (579.6), a decrease of SEK 16.3 million, or 2.8 percent. Company acquisitions accounted for SEK 14.2 million of the quarter's costs. As a result, selling and administration expenses for comparable units decreased by SEK 30.5 million, or 5.3 percent. In the prevailing circumstances, the level of activity is considerably lower than normal, for example regarding trade fairs, customer and suppliers visits, factory tours and travel.

Selling expenses were charged with SEK 6.2 million (6.8) for anticipated bad debts. No material acquisition-related costs were charged during the quarter (-).

Net financial items for the first quarter totalled SEK -66.6 million (+4.0). The impact of foreign exchange on long-term receivables, loans and bank balances totalled

SEK -58.1 million (+14.8) net. Interest expenses for the quarter totalled SEK -8.7 million (-10.1).

Tax expense

Estimated tax for the quarter totalled SEK -33.5 million (-48.5), corresponding to an effective tax rate of 29.0 percent based on profit after net financial items.

Acquisitions and new businesses

No acquisitions were made during the period.

Investments, depreciation and amortisation

Investments for the quarter, excluding disposals, totalled SEK 97.0 million (55.1), including SEK 95.6 million (49.0) in new construction and machinery. The investments consists in the main of investments in Russia and Lithuania. Acquisitions and previously withheld purchase considerations had no impact on cash and cash equivalents during the quarter (-). Depreciation and amortisation of non-current assets amounted to SEK 89.1 million (85.4).

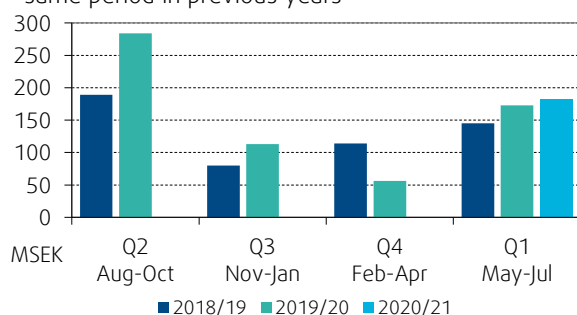
Personnel

The average number of employees in the Group was 5,924 (5,829). At the end of the period, Systemair had 6,160 employees (6,180), 20 fewer than one year previous. New employees were recruited chiefly at Menerga in Germany (20) and Systemair in Germany (16). Personnel reductions were implemented in Sweden (-40), Denmark (-21), India (-19), the Netherlands (-18), Koolair in Spain (-18) and South Africa (-16). The acquisition of Pacific in Australia, Poly-Rek in Croatia, Systemair Maroc and Frico A/S in Denmark added 100 employees.

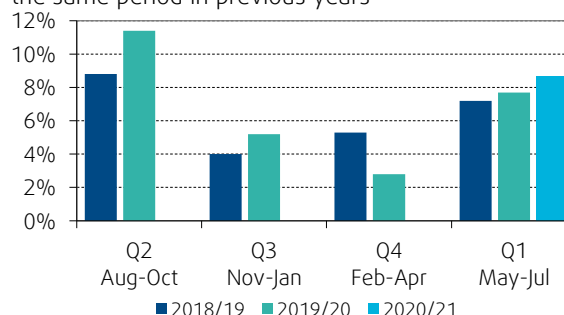
Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 142.3 million (223.6). Changes in working capital, mainly arising from a decrease in inventories, had a positive

Operating profit per quarter, relative to the same period in previous years



Operating margin per quarter, relative to the same period in previous years



impact of SEK 35.0 million (-29.4) on cash flow. Cash flow from financing activities totalled SEK -123.1 million net (-99.5). At the end of the period, the Group's net indebtedness was SEK 1,836.7 million (2,281.3). The consolidated equity/assets ratio was 44.7 percent (41.1) at the end of the period.

Financial targets

On the occasion of Systemair's capital markets day in September 2019, new financial targets were announced.

- Average annual growth in sales over a business cycle should be no less than 10 percent.
- The average operating margin over a business cycle should be no less than 10 percent.
- The Group's equity/assets ratio should be no less than 30 percent.
- The dividend should be approximately 40 percent of profit after tax

Events after the close of the period

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

Material risks and uncertainty

Systemair is exposed to operational and financial risks in its business. Operational risks include 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 consist of foreign exchange risk, borrowing and interest rate risk, as well as credit risk and liquidity risk. The material risks and uncertainties affecting Systemair are described in more detail in the Company's 2019/20 Annual Report. Like other global companies, Systemair is affected by pandemics, and in 2020/21 the Group will be affected by Covid-19. The Company is taking the necessary steps to reduce the impact of Covid-19 and is following WHO's recommendations.

Related party transactions

In June 2020, ebm-papst Aktiebolag decreased its shareholding in Systemair and is no longer considered a related party. No other significant related party transactions have occurred during the period under review. Transactions with related parties for the financial year 2019/20 are described in detail in Note 39 to the accounts in the Annual Report.

Parent Company

Parent Company net sales for the quarter totalled SEK 32.2 million (35.9). Operating profit totalled SEK -10.4 million (-25.5). The company had 57 employees (52). The core business of the Parent Company is that of intra-Group services.

Systemair in brief

Systemair is a leading ventilation company with operations in 52 countries in Europe, North America, South America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 8.9 billion in the 2019/20 financial year and employs approximately 6,200 people. Systemair has reported an operating profit every year since 1974, when the company was founded. Over the past 10 years, the Company's growth rate has averaged about 11 percent. Systemair helps to improve the indoor climate with the help of energy-efficient and sustainable products that reduce carbon dioxide emissions.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, Fantech and Menerga brands. Systemair shares have been quoted on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 80 companies.

SERUM continues to choose Systemair for the Second Phase COVID-19 Vaccine facility

Serum is expanding the vaccine manufacturing facility to increase the production capacity for production of Covid-19 vaccine.

42 Hygiene air handling units need to be delivered on war footing basis which was critical. The order value is approximately SEK 7 million which is under production and shall be delivered before end October at site.



About Systemair

The Company established operations in 1974 with a product concept, the circular duct fan, a design that considerably simplified the process of installation. We adopted the motto "the direct route", which has been developed from a product concept into a business philosophy. Our product range has expanded strongly to extend over a broad range of fans, air handling units, products for air distribution, air conditioning, air curtains and heating products.

Mission statement

Operating from the core values of simplicity and reliability, our business concept is to develop, manufacture and market high-quality ventilation products. On the basis of our business concept and with our customers in focus, our aim is to be seen as a company to rely on, with the emphasis on delivery reliability, availability and quality.

Business model

Availability is an important parameter in terms of our competitiveness, and we ensure effective control of our flow of goods, with owned production units, centralised warehouse facilities and an efficient common ERP system. With modern production plants and our own sales companies around the world, we reach out directly to our customers.

The business model supports stability and development, and today we are a leading producer and supplier of ventilation products with our own production and own sales companies.

Strategies

The following strategies create major strengths and competitive advantages that help us to achieve our goals.

- Innovative product development and a broad product range focusing on energy-efficient air handling products.
- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market shares.

Miscellaneous

The information in this Interim Report is information that Systemair is required to disclose in accordance with the Swedish Securities Markets Act (lagen om värdepappersmarknaden) and/or the Swedish Financial Instruments Trading Act (lagen om handel med finansiella instrument). This information is to be submitted for publication at 1.00 p.m. on 26 August 2020.

The interim report has not been audited.

Skinnskatteberg, 26 August 2020
Systemair AB (publ)

Board of Directors

Calendar

Interim Report Q2 2020/21
9.00 a.m., 10 December 2020
Interim Report Q3 2020/21
9.00 a.m., 11 March 2021
Year-End Report Q4 2020/21
9.00 a.m., 10 June 2021
Interim report Q1 2021/22
1.00 p.m., 26 August 2021

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Summary income statement

	Group				Parent Company	
	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	2019/20 Aug-Jul trl 12 mths	2019/20 May-Apr 12 mths	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths
SEK m.						
Net sales	2,100.0	2,254.0	8,760.9	8,914.9	32.2	35.9
Cost of goods sold	-1,393.4	-1,486.9	-5,737.8	-5,831.3	-	-
Gross profit	706.6	767.1	3,023.1	3,083.6	32.2	35.9
Other operating income	75.9	26.8	217.4	168.3	19.4	0.4
Selling expenses	-457.4	-476.4	-1,968.5	-1,987.5	-17.8	-15.9
Administration expenses	-105.9	-103.2	-427.1	-424.4	-27.0	-26.9
Other operating expenses	-37.1	-41.3	-210.1	-214.3	-17.2	-19.0
Operating profit/loss	182.1	173.0	634.8	625.7	-10.4	-25.5
Net financial items	-66.6	4.0	-152.6	-82.0	150.1	333.2
Profit/loss after financial items	115.5	177.0	482.2	543.7	139.7	307.7
Appropriations	-	-	-	-	0.0	-1.1
Tax on profit for the period	-33.5	-48.5	-143.4	-158.4	6.6	2.7
Profit/loss for the period	82.0	128.5	338.8	385.3	146.3	309.3
Attributable to:						
Parent Company shareholders	81.7	126.7	336.5	381.5	-	-
Non-controlling interests	0.3	1.8	2.3	3.8	-	-
Earnings per share, SEK ¹	1.57	2.44	6.47	7.34	-	-

Statement of comprehensive income

Profit/loss for the period	82.0	128.5	338.8	385.3	146.3	309.3
Other comprehensive income						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	-142.6	19.0	-189.2	-27.6	-	-
<i>Items that cannot be transferred to profit for the year:</i>						
Revaluation of defined-benefit pensions, net after tax	-	-	-8.0	-8.0	-	-
Other comprehensive income	-142.6	19.0	-197.2	-35.6	-	-
Total comprehensive income for the period	-60.6	147.5	141.6	349.7	146.3	309.3
Attributable to:						
Parent Company shareholders	-60.9	145.7	139.3	345.9	-	-
Non-controlling interests	0.3	1.8	2.3	3.8	-	-

1) No dilution effect.

Summary balance sheet

SEK m.	Group			Parent Company	
	31/07/2020	31/07/2019	30/04/2020	31/07/2020	31/07/2019
ASSETS					
Goodwill	774.1	856.4	819.9	-	-
Other intangible non-current assets	225.3	252.6	247.7	40.4	27.3
Property, plant and equipment	1,949.6	2,087.5	1,988.1	22.1	42.2
Financial and other assets	257.9	257.9	254.9	2,815.7	2,675.7
Total non-current assets	3,206.9	3,454.4	3,310.6	2,878.2	2,745.2
Inventory	1,430.9	1,544.7	1,571.5	-	-
Short-term receivables	1,821.8	1,958.1	1,839.6	1,193.5	1,597.8
Cash and cash equivalents	307.9	301.4	378.2	-	-
Total current assets	3,560.6	3,804.2	3,789.3	1,193.5	1,597.8
TOTAL ASSETS	6,767.5	7,258.6	7,099.9	4,071.7	4,343.0
EQUITY AND LIABILITIES					
Equity	3,024.1	2,986.7	3,084.7	1,918.4	2,041.2
Untaxed reserves	-	-	-	1.4	7.1
Non-current liabilities, non-interest-bearing	257.8	277.8	271.9	-	-
Non-current liabilities, interest-bearing	1,062.9	1,148.5	1,119.8	1,290.4	1,144.0
Total non-current liabilities	1,320.7	1,426.3	1,391.7	1,290.4	1,144.0
Current liabilities, interest-bearing	998.4	1,348.7	1,154.0	792.7	1,073.5
Current liabilities, non-interest-bearing	1,424.3	1,496.9	1,469.5	68.8	77.2
Total current liabilities	2,422.7	2,845.6	2,623.5	861.5	1,150.7
TOTAL EQUITY AND LIABILITIES	6,767.5	7,258.6	7,099.9	4,071.7	4,343.0

Summary consolidated cash flow statement

	2020/21 May-Jun 3 mths	2019/20 May-Jun 3 mths	2019/20 May-Apr 12 mths
SEK m.			
Operating profit/loss	182.1	173.0	625.7
Adjustment for non-cash items	16.2	105.9	349.9
Financial items	-8.2	-10.3	-38.3
Income tax paid	-47.8	-45.0	-149.8
Cash flow from operating activities before changes in working capital	142.3	223.6	787.5
Changes in working capital	35.0	-29.4	56.8
Cash flow from operating activities	177.3	194.2	844.3
Cash flow from investing activities	-93.0	-48.9	-235.4
Cash flow from financing activities	-123.1	-99.5	-461.1
Cash flow for the period	-38.8	45.8	147.8
Cash and cash equivalents at start of period	378.2	250.4	250.4
Translation differences, cash and cash equivalents	-31.5	5.2	-20.0
Cash and cash equivalents at close of period	307.9	301.4	378.2

Statement of changes in equity – Group

SEK m.	2020/21 May-Jul			2019/20 May-Jul			2019/20 May-Apr		
	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity
Amount at beginning of year	3,064.8	19.9	3,084.7	2,839.2	-	2,839.2	2,839.2	-	2,839.2
Dividend	-	-	-	-	-	-	-104.0	-	-104.0
Share of acquisitions attributable to non- controlling interests	-	-	-	-	-	-	-	19.0	19.0
Revaluation of acquisition option	1.0	-1.0	-	1.8	-1.8	-	-16.3	-2.9	-19.2
Comprehensive income	-60.9	0.3	-60.6	145.7	1.8	147.5	345.9	3.8	349.7
Amount at end of period	3,004.9	19.2	3,024.1	2,986.7	-	2,986.7	3,064.8	19.9	3,084.7

Performance measures for the Group

		2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	2019/20 May-Apr 12 mths
Net sales	SEK m.	2,100.0	2,254.0	8,914.9
Growth	%	-6.8	12.0	7.1
Operating profit/loss	SEK m.	182.1	173.0	625.7
Operating margin	%	8.7	7.7	7.0
Profit after net fin. items	SEK m.	115.5	177.0	543.7
Profit margin	%	5.5	7.9	6.1
Return on capital employed	%	11.2	11.1	11.6
Return on equity	%	11.0	13.5	12.6
Equity/assets ratio	%	44.7	41.1	43.4
Investments	SEK m.	93.0	48.9	235.4
Depreciation/Amortisation	SEK m.	89.1	85.4	357.8
Per share ratios				
Earnings per share	SEK	1.57	2.44	7.34
Equity per share	SEK	57.79	57.44	59.32
Operating cash flow per share	SEK	3.41	3.73	16.24
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

Quarterly key ratios – Group

		2020/21		2019/20		2018/19				
		May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	SEK m.	2,100.0	2,031.0	2,146.7	2,483.1	2,254.0	2,143.8	2,018.5	2,151.4	2,012.7
Growth	%	-6.8	-5.3	6.4	15.4	12.0	17.3	13.8	15.4	9.6
Gross margin	%	33.6	34.6	33.8	35.8	34.0	32.8	31.9	34.0	32.3
Operating profit/loss	SEK m.	182.1	56.3	112.6	283.9	173.0	114.1	80.1	188.9	144.9
Operating margin	%	8.7	2.8	5.2	11.4	7.7	5.3	4.0	8.8	7.2
Return on capital employed	%	11.2	11.6	12.6	12.6	11.1	11.3	8.8	8.8	8.2
Return on equity	%	11.0	12.6	15.5	15.4	13.5	11.9	9.6	9.7	8.9
Equity/assets ratio	%	44.7	43.4	44.0	41.1	41.1	41.7	41.3	39.7	42.2
Basic equity per share	SEK	57.79	58.94	60.20	59.20	57.44	54.60	52.11	51.25	50.56
Basic earnings per share	SEK	1.57	-0.02	1.20	3.72	2.44	1.53	0.85	2.42	1.38
Cash flow from operating activities per share	SEK	3.41	0.77	6.02	5.71	3.73	0.68	3.64	1.67	1.44

Note 1 - Accounting policies

Systemair applies International Financial Reporting Standards (IFRS). This interim report was prepared for the Group in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 and IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and RFR 2.

New or amended standards that entered into force in 2020

Amendments to IAS 1 and IAS 8

IASB has amended IAS 1 Presentation of Financial Statement and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors such as to adapt the definition of what is material across the standards and to clarify certain aspects of the definition. The amendments are intended to clarify that materiality will be determined by the nature or scope of the information, or both. An entity will need to assess whether the information, either in itself or in conjunction with other information, is material. The change enters into force as of 1 May 2020 at Systemair. The changes are not judged to have any material impact on Systemair's financial statements.

IFRS 3 Business Combinations

IASB has amended the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets represents a business or not. The change enters into force at Systemair as of 1 May 2020. The changes are not judged to have any material impact on Systemair's financial statements.

Note 2 - Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, together with servicing of ventilation products. Total revenue for the quarter amounted to SEK 2,100.0 million (2,254.0), of which servicing of ventilation products accounted for SEK 75.0 million (68.1).

	2020/21	2019/20	2019/20
SEK m.	May-Jul	May-Jul	May-Apr
	3 mths	3 mths	12 mths
Europe			
Sale of goods recognised at a specific point in time	1,511.4	1,652.7	6,581.2
Sale of goods recognised over time	35.7	43.9	161.5
Servicing recognised at a certain point in time	33.4	36.4	140.1
Servicing recognised over time	35.5	29.2	155.0
	1,616.0	1,762.2	7,037.8
Americas, Middle East, Asia, Australia and Africa			
Sale of goods recognised at a specific point in time	438.5	413.0	1,594.5
Sale of goods recognised over time	39.4	76.3	266.1
Servicing recognised at a certain point in time	0.7	0.1	0.4
Servicing recognised over time	5.4	2.4	16.1
	484.0	491.8	1,877.1
Total			
Sale of goods recognised at a specific point in time	1,949.9	2,065.7	8,175.7
Sale of goods recognised over time	75.1	120.2	427.6
Servicing recognised at a certain point in time	34.1	36.5	140.5
Servicing recognised over time	40.9	31.6	171.1
	2,100.0	2,254.0	8,914.9

Note 3 – Financial instruments

Systemair's financial instruments comprise derivatives, trade accounts receivable, cash and cash equivalents, available-for-sale financial assets, trade accounts payable, accrued supplier costs, interest-bearing liabilities, share purchase options and additional purchase considerations. Liabilities to credit institutions carry variable interest rates or, in certain cases, fixed rates for a short period. Derivatives are measured at fair value via the income statement on the basis of input data corresponding to level 2 as defined in IFRS 13. Available-for-sale financial assets are measured at fair value on the basis of input data corresponding to level 1 as defined in IFRS 13.

Share purchase options and additional purchase considerations are measured on level 3 as defined in IFRS 13. The calculation for the option to acquire the remaining 25 percent of the shares in Traydus, Brazil, is based 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 change with regard to the option took place during the interim report period May – July 2020. The calculation for the option to acquire the remaining 10 percent of the shares in Systemair HSK Turkey is based on the anticipated profit before depreciation/amortisation and tax (EBITDA) for the financial years until 2019/20, plus the increase in value of the land on which the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land 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 is transferred via the Group's equity. No change with regard to the option took place during the interim report period May – July 2020. The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the 2023/24 and 2024/25 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 is transferred via the Group's equity. No change with regard to the option took place during the interim report period May – July 2020. Liabilities relating to the acquisition options are recognised as Current or Non-current liabilities, not interest-bearing in the balance sheet depending on the maturity date. Liabilities maturing within 12 months are recognised as current.

Other financial assets and liabilities are recognised as current. For that reason, the fair values of all financial instruments are considered to equate approximately to the carrying amounts. Systemair has not recognised any financial assets and liabilities net.

Note 4 - Segment reporting

The Group's operations are classified geographically and Systemair aggregates into the geographical segments of Europe and of Americas, Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business. The segment Europe consists of a large number of markets. The legal entities within 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 aggregated. Systemair further considers that accounting for the merged segments of Europe and of Americas, Middle East, Asia, Australia and Africa presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are aggregated on the basis of their legal domicile and consolidation takes place according to the same principles as for the Group as a whole.

SEK m.	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	2019/20 May-Apr 12 mths
Europe			
Net sales, external	1,616.0	1,762.2	7,037.8
Net sales, intra-Group	24.9	36.3	157.1
Operating profit/loss	141.3	170.1	652.3
Operating margin, %	8.7	9.7	9.3
Profit after net fin. items	155.1	179.0	719.4
Profit margin, %	9.6	10.2	10.2
Assets	3,888.6	4,152.0	4,183.0
Investments	85.5	35.6	147.5
Depreciation/Amortisation	71.5	69.3	289.5

SEK m.	2020/21 May-Jul 3 mths	2019/20 May-Jul 3 mths	2019/20 May-Apr 12 mths
Americas, Middle East, Asia, Australia and Africa			
Net sales, external	484.0	491.8	1,877.1
Net sales, intra-Group	6.9	6.7	20.3
Operating profit/loss	51.4	38.3	77.7
Operating margin, %	10.6	7.8	4.1
Profit after net fin. items	31.9	43.9	54.6
Profit margin, %	6.6	8.9	2.9
Assets	1,085.0	1,178.6	1,199.8
Investments	4.1	2.5	16.5
Depreciation/Amortisation	12.6	12.6	52.6
Group-wide			
Net sales, intra-Group	32.2	35.9	148.3
Operating profit/loss	-10.6	-35.4	-104.3
Profit after net fin. items	-71.5	-45.9	-230.1
Assets	4,081.5	4,344.6	4,143.5
Investments	3.4	10.8	71.4
Depreciation/Amortisation	5.0	3.5	15.7
Eliminations			
Net sales, intra-Group	-64.0	-78.9	-325.7
Assets	-2,287.6	-2,416.6	-2,426.4
Total			
Net sales, external	2,100.0	2,254.0	8,914.9
Operating profit/loss	182.1	173.0	625.7
Operating margin, %	8.7	7.7	7.0
Profit after net fin. items	115.5	177.0	543.9
Profit margin, %	5.5	7.9	6.1
Assets	6,767.5	7,258.6	7,099.9
Investments	93.0	48.9	235.4
Depreciation/Amortisation	89.1	85.4	357.8

Alternative performance measures

In its interim report, Systemair presents performance measures that supplement the financial ratios defined in IFRS; these are known as alternative performance measures (APMs). The Company is of the view that these APMs provide valuable information to investors and the Company's management, in that they enable evaluation of the Company's performance, trends, capacity to pay down debt and invest in new business opportunities, and that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate financial performance measures in the same way, these are not always comparable. As a result, they should not be regarded as substitutes for performance measures as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

For more key performance measures and information on how they are calculated, see Systemair's website at: group.systemair.com/se/investerare/-finansiella-data/

Definitions of key performance measures

Operating profit (EBIT)

Earnings before financial items and tax.

Growth

Growth is defined as the change in net sales, relative to net sales for the preceding period.

Organic growth

Change in sales by comparable units, adjusted for acquisitions and foreign currency effects.

Adjusted operating profit

Operating profit, excluding restructuring costs and other items affecting comparability.

Operating margin

Operating profit divided by net sales.

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.

Capital employed

Total assets less non-interest-bearing liabilities.

Return on equity

Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest.

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.

Earnings per share

Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

Operating cash flow per share

Cash flow from operating activities for the period, divided by the average number of shares during the period.

Equity/assets ratio

Adjusted equity divided by total assets.

Equity per share

Equity divided by the number of shares at the end of the period.