

# Systemair AB (publ)

## Year-end report

### 1 May 2017 – 30 April 2018

Net sales Q4

**SEK 1,827 m**

EBIT Q4

**SEK 5 m**

#### Fourth quarter February – April 2018

- Net sales increased by 5.4 percent to SEK 1,827 million (1,733).
- Organic growth was 1.8 percent (6.8).
- Operating profit (EBIT) totalled SEK 5 million (48). Profit after tax, adjusted for items affecting comparability amounted to SEK 49 million (67).
- The operating margin equalled 0.3 percent (2.8).
- Profit after tax amounted to SEK 11 million (29).
- Earnings per share totalled SEK 0.22 (0.55).
- Cash flow from operating activities amounted to SEK -15 million (-26).

#### 12 months, May 2017 – April 2018

- Net sales rose 6.4 percent to SEK 7,301 million (6,864).
- Organic growth was 3.6 percent (7.7).
- Operating profit (EBIT) totalled SEK 350 million (439).
- The Company's operating margin was 4.8 percent (6.4).
- Profit after tax amounted to SEK 230 million (294).
- Earnings per share totalled SEK 4.43 (5.66).
- Cash flow from operating activities amounted to SEK 225 million (464).
- The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share.

#### Significant events during the year

- In March 2018, the acquisition of Syneco GmbH, a reseller of Menerga's products in Switzerland, was completed.
- In June 2017, the South African company Viking Air Conditioning, a market-leading manufacturer of air handling units with integral cooling, was acquired.
- In May 2017 an agreement was signed on the acquisition of FRIVENT Luft- & Wärmetechnik GmbH, Austria, a manufacturer of air handling units.

	2017/18 Feb–Apr 3 mths	2016/17 Feb–Apr 3 mths	2017/18 May–Apr 12 mths	2016/17 May–Apr 12 mths
Net sales, SEK m.	1,827.1	1,733.2	7,301.2	6,863.6
Growth, %	5.4	14.9	6.4	12.3
Operating profit, SEK m	5.2	47.7	349.6	439.0
Operating margin, %	0.3	2.8	4.8	6.4
Profit after tax, SEK m	11.5	28.7	230.1	294.2
Earnings per share, SEK	0.22	0.55	4.43	5.66
Operating cash flow per share, SEK	-0.29	-0.49	4.32	8.93

## A weak ending of the year

Over the fourth quarter, organic growth was 1.8 percent. Growth was robust in several countries within the Nordic region, Western Europe and Eastern Europe, but was weaker in the Middle East, Turkey and India. Earnings for the quarter were mainly impacted by items affecting comparability of a total of SEK 43.7 million associated with a major project with a negative margin, a goodwill impairment charge, and a provision for a large doubtful receivable. Adjusted operating profit totalled SEK 49 million, as against SEK 67 million in the same quarter last year.

### The market

The market trend was divided during the fourth quarter. In the Nordic market, growth was good in Sweden and Finland, while market conditions can be described as cautious in Norway and tougher in Denmark. In Western Europe growth was favourable in several major markets, including France, Germany, Italy and Portugal, while growth declined in the Netherlands, Switzerland and Spain. In Eastern Europe the market situation was favourable in most countries. In the region Other markets, growth was weak in India and Turkey, while the political turmoil in the Middle East led to uncertainty in the market.

### Acquisitions and disposals

In February, Systemair acquired Syneco GmbH in Switzerland. The company sells and services Menerga's products in the Swiss market. The sales company, which is headquartered in Solothurn, is currently focused on the French and Italian speaking part of the market. Following the acquisition, Syneco will be integrated into Menerga, Switzerland. The company has sales of around SEK 50 million and 16 employees. In early May 2018 the Norwegian subsidiary Reftec was sold. The company, which was acquired by its management, will continue to be an exclusive distributor of Systemair heat pumps and air conditioning products.



### Investments

At Systemair in Germany, construction of a new building incorporating office and common areas is in its final phase. The development will enable continued expansion of our German operations. We are also maintaining ongoing investments in machinery as part of a programme for production of a next-generation platform for air handling units at selected production facilities within the Group. The past year was also characterised by major investments in IT and digitisation, such as the new product selection program and control systems for air conditioning systems.

### Outlook

Growth remains strong in several of our major markets. Systemair is currently engaged in a restructuring phase and a number of major actions are in progress to turn around results.

The ventilation market is increasingly heading in the direction of energy-efficient system solutions based on intelligent products. We are currently making major investments in IT, digitisation and system solutions. These advances will provide our customers with simplified access to and understanding for our products, as well as excellent opportunities for future profitable growth. The new tools and systems will gradually be deployed over the next few months.

Roland Kasper  
President and CEO

## Sales and markets

Group sales for the fourth quarter of the 2017/18 financial year totalled SEK 1,827.1 million (1,733.2), 5.4 percent up on the same period last year.

Adjusted for both foreign exchange effects and acquisitions, net sales grew 1.8 percent. Growth in acquired operations was 1.6 percent, while foreign exchange effects increased sales by 2.0 percent during the period.

Net sales for the full year May–April 2017/18 totalled SEK 7,301.2 million (6,863.6), an increase of 6.4 percent over the same period last year. Adjusted for both foreign exchange effects and acquisitions, net sales grew 3.6 percent. Growth in acquired operations was 2.6 percent, while foreign exchange effects increased sales by 0.2 percent during the year.

## Geographic breakdown of Q4 sales

### Nordic region

During the fourth quarter, sales in the Nordic region increased by 9 percent from the same period in the preceding year. The Swedish and Finnish markets reported good growth during the quarter. The Norwegian market also reported growth, while sales declined in the Danish market. Adjusted for foreign exchange effects and acquisitions, the increase was 7 percent.

### Western Europe

During the quarter, sales in the West European market were 8 percent higher than in the corresponding period in the preceding year. Adjusted for foreign exchange effects and acquisitions, sales rose by 1 percent. Several markets in the region performed well during the period, including Germany, France and Italy, while sales declined in the Netherlands, Switzerland and Spain.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 20 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 13 percent. Sales in Russia slipped somewhat during the quarter compared with the same period past year, but increased overall during the year. The Russian market accounted for 6 percent of Systemair's total sales over the financial year, compared with 5 percent in the previous year. Large markets that reported growth during the period include Czech Republic, Poland, Slovenia and the Baltic States.

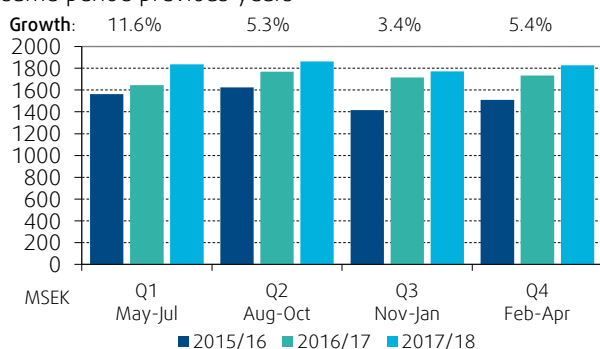
### North and South America

Sales in the North and South America region were 4 percent lower during the quarter, compared with the same period in the preceding year. However, the sales trend was positive denominated in local currencies, where the Canadian market in particular demonstrated strong growth during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 3

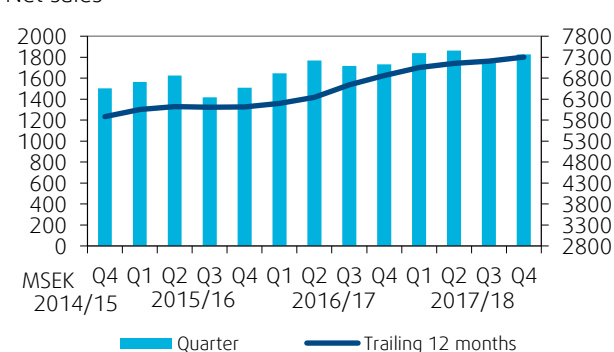
	2017/18 Feb–Apr 3 mths	2016/17 Feb–Apr 3 mths	Sales – change	Of which, organic	2017/18 May–Apr 12 mths	2016/17 May–Apr 12 mths	Sales – change	Of which, organic
Nordic region	434.5	397.7	9%	7%	1,709.5	1,611.4	6%	5%
Western Europe	748.2	694.3	8%	1%	2,990.3	2,713.4	10%	4%
Eastern Europe & the CIS	301.7	250.8	20%	13%	1,165.5	987.3	18%	11%
North and South America	139.5	145.6	-4%	3%	602.0	586.6	3%	7%
Other markets	203.2	244.8	-17%	-15%	833.9	964.9	-14%	-9%
<b>Total</b>	<b>1,827.1</b>	<b>1,733.2</b>	<b>5%</b>	<b>2%</b>	<b>7,301.2</b>	<b>6,863.6</b>	<b>6%</b>	<b>4%</b>

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

Net sales per quarter compared with same period previous years



Net sales

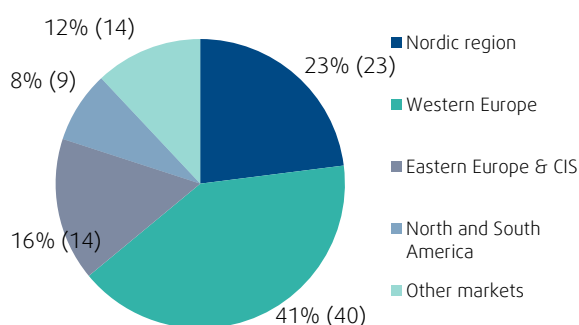


percent within the region.

### Other markets

Sales in Other markets declined 17 percent during the quarter, compared with the same period in the preceding year. Adjusted for the effects of foreign exchange and acquisitions, sales were down 15 percent. Sales in Malaysia and China improved during the quarter, while sales fell in Turkey, India and the Middle East. Sales in South Africa also fell, after adjustment for acquisitions.

### Sales by market, 12 months 2017/18 (2016/17)



### Profit for the fourth quarter

Gross profit in the fourth quarter totalled SEK 590.3 million (586.2), an increase of 0.7 percent over the figure for the corresponding period last year. However, the gross margin narrowed to 32.3 percent (33.8). The main factor underlying the lower gross margin was a major project order with a low margin that was charged against profit during the quarter. During the final phase of the project it became apparent that materials and labour costs to finish the project were underestimated. The impact on earnings totalled SEK -20.3 million. In addition, production volumes are too low in some of the Group's factories.

Operating profit for the fourth quarter totalled SEK 5.2 million (47.7), down 89.2 percent on the same

period in the preceding year. The operating margin equalled 0.3 percent (2.8). The lower operating profit can be attributed in part to the previously mentioned project. Other items affecting comparability in the quarter relate to a goodwill impairment charge resulting from the sale of the Norwegian subsidiary Reftec AS for SEK 11.2 million, and a provision for a doubtful receivable in the Middle East of SEK 12.2 million.

Selling and administration expenses for the quarter totalled SEK 549.9 million (532.1), a rise of SEK 17.8 million, or 3.3 percent. Company acquisitions accounted for SEK 11.8 million of the quarter's costs. As a result, selling and administration expenses for comparable units rose by SEK 6.0 million, or 1.1 percent.

Selling expenses were charged with SEK 15.6 million (19.0) for doubtful receivables and confirmed impairment losses on trade receivables, including the above provision for SEK 12.2 million. During the quarter, acquisition-related costs totalled SEK 0.7 million (0.1).

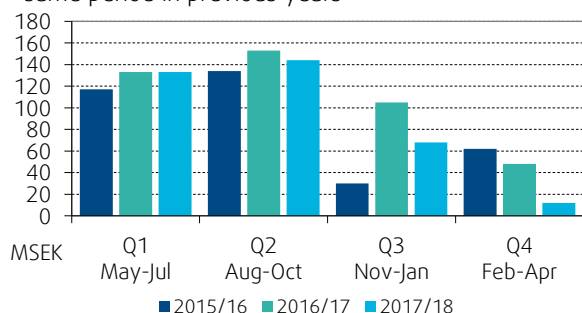
Net financial items for the fourth quarter totalled SEK +25.5 million (-4.5). The effects of foreign exchange on long-term receivables, loans and bank balances was SEK +32.4 million (+3.1) net. The foreign exchange effect mainly relates to long-term receivables and bank balances for Swedish subsidiaries denominated in EUR. Interest expense for the quarter totalled SEK -7.0 million (-7.1).

### Profit for the financial year

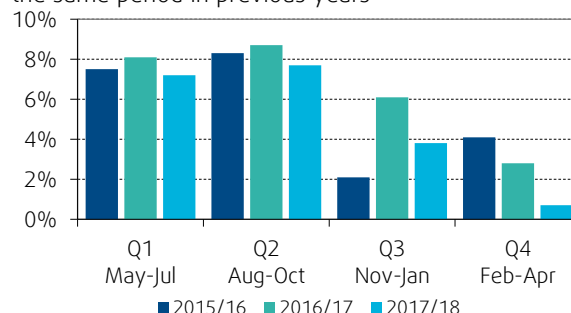
Operating profit for the financial year from May 2017 to April 2018 totalled SEK 349.6 million (439.0). The Company's operating margin was 4.8 percent (6.4). Adjusted operating profit totalled SEK 419.3 million, and the operating margin 5.7 percent. The adjusted profit includes the above items affecting comparability during the fourth quarter of SEK 43.7 million, as well as restructuring costs of SEK 26.0 million during the second and third quarter.

Selling and administration expenses for the year totalled SEK 2,013.4 million (1,913.2), a rise of SEK 100.2 million. Costs arising from company acquisitions

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



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



accounted for SEK 53.0 million (47.8) of costs for the year. As a result, selling and administration expenses for comparable units rose by SEK 47.2 million, or 2.5 percent. Selling expenses for the full year were charged with SEK 26.2 million (34.2) for anticipated and confirmed impairment losses on trade receivables.

Net financial items for the financial year totalled SEK -16.4 million (-28.8). Interest expense totalled SEK -27.1 million (-24.5).

### Tax expense

The tax expense for the quarter is estimated at SEK -19.2 million (-14.5), corresponding to an effective tax rate of 62.2 percent, based on profit after net financial items. The high tax expense is attributable to non-capitalised tax loss carry-forwards in loss-making companies.

The tax expense for the full year was SEK -103.1 million (-116.0), corresponding to an effective tax rate of 31.0 percent, based on profit after net financial items.

The tax for the year has been affected by a write-down of deferred tax assets related to previously capitalized loss carryforwards totaling SEK -17.3 million. Furthermore, revenue-based tax loss carryforwards, which arise through acquisitions of companies with a loss of previously operating activities of SEK 25.7 million, affect.

### Acquisitions and new operations

In May 2017, Systemair AB completed the acquisition of FRIVENT Luft- & Wärmetechnik GmbH, Austria. Frivent is based in St. Johann, in Tyrol, Austria. The company sells products for commercial and industrial use to a value of around EUR 7 million per year in Austria, Germany, the Czech Republic and Russia. The company produces air handling units, heat recovery systems and roof-mounted units for niche applications. In 2017/18 production was moved to the Systemair factory in Slovenia. Frivent has been consolidated as of 1 May 2017, inclusive.

In June 2017, Systemair's South African subsidiary acquired the assets of the South African company Viking

Air Conditioning, a market-leading manufacturer of air handling units with integrated cooling. Viking is based in Spartan, Johannesburg, South Africa. The company produces and sells customised air handling units with integrated cooling for commercial use, to a value of around SEK 40 million annually in South Africa and neighbouring countries. Viking has been selling high-quality air handling units with and without integrated cooling for more than 25 years. The products are stocked by the leading supermarket chain in the region, among other resellers. The company has 45 employees in leased premises of 3,000 m<sup>2</sup>. Viking has been consolidated as of 1 June 2017, inclusive.

In September, the French subsidiary Frico S.A.S. acquired the operations of French company Hora S.A.S. The company operates as a reseller of electric ceiling heaters and has sales of around EUR 1.2 million. The acquisition includes 3 employed salespersons and agreements with approximately 15 agents.

In March 2018 Systemair AB acquired Syneco GmbH in Switzerland. The company sells and services Menerga's products. Syneco reported sales of around SEK 50 million in 2017 and has 16 employees. The sales company, which is headquartered in Solothurn, is currently focused on the French and Italian part of the market in Switzerland. Following the acquisition, Syneco will be integrated into Menerga, Switzerland.

If the companies acquired had been consolidated as of 1 May 2017, net sales for the period May 2017 through April 2018 would have totalled approximately SEK 7,327.6 million. The operating profit for that period would have totalled approximately SEK 345.9 million. Note 2 in this report contains an acquisition analysis and the effects of the acquisitions on the Group's cash and cash equivalents.

### Investments, depreciation and amortisation

Investments for the quarter, excluding divestments, totalled SEK 93.7 million (58.7), including SEK 77.2 million (51.5) in new construction and machinery. The investments consisted in large part of investments in

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## Systemair delivers for FIFA 2018 World Cup

Systemair has delivered products and solutions for six playing venues, with a total capacity of 260,000 seats, for the FIFA 2018 World Cup tournament. The project includes Systemair fans, over 700 pcs of air curtains and 750 pcs of IR heaters Frico and 257 RAC units. Four of the new venues were custom built for the World Cup and two have been completely renovated. Total order value is approximately EUR 1.5 million.





buildings and machinery in the factories in Sweden and Germany. Acquisitions and formerly withheld additional purchase considerations totalled SEK 13.4 million (0.9) for the quarter. Depreciation of fixed assets amounted to SEK 54.7 million (49.0).

Total investments for the financial year, excluding divestments, amounted to SEK 508.3 million (316.4). Gross investments in new construction and machinery totalled SEK 403.7 million (182.7), excluding divestments. Major investments relate to production facilities in Turkey, Germany and France, as well as investments in machinery primarily in Sweden, Denmark and Turkey. Acquisitions and previously received additional consideration paid for the financial year equalled SEK 79.4 million (119.9). Depreciation and amortisation of non-current assets totalled SEK 204.6 million (186.7) for the year.

## Personnel

The average number of employees in the Group was 5,249 (4,907). At the end of the period, Systemair had 5,465 employees (5,222), 243 more than the previous year. New employees were recruited chiefly at Systemair in Lithuania (42), Slovakia (37), Germany (32), Menerga Germany (22), Sweden (21), Russia (14), Canada (13) and Slovenia (13). Personnel cutbacks were made in China (-23), Brazil (-18) and France (-16). Acquired companies have added 93 employees, of which Frivent in Austria 26, Viking in South Africa 45 and Syneco in Switzerland 16.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital totalled SEK 45.6 million (50.8) for the quarter. Changes in working capital, mainly due to an increase in inventories and trade accounts receivable, had an impact of SEK -60.8 million (-76.4) on cash flow. Cash flow from financing operations totalled SEK +104.1 million (+81.4) net. At the end of the period, the Group's net indebtedness was SEK 1,837.7 million (1,372.3). The consolidated equity/assets ratio was 42.5 percent (44.6) at the end of the period.

## Events after the close of the period

In May 2018 Systemair had signed an agreement to divest the Norwegian subsidiary Reftec A/S. The company was acquired by the current management and will continue to be the exclusive distributor of Systemair's air conditioning products on the Norwegian market. Reftec had net sales of NOK 28.9 million and an operating loss of NOK 2.0 million in 2017/18. The sale resulted in a goodwill impairment charge of SEK 11.2 million that is reported in the fourth quarter of 2017/18.

## 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 2016/17 Annual Report. No significant change occurred in the risk situation during the period.

## Related party transactions

Systemair's significant transactions with related parties concern ebmpapst AB and ebmpapst Mulfingen GmbH & Co. KG. Transactions with related parties are described in detail in Note 37 to the Accounts in the Annual Report for the 2016/17 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

## Parent Company

The Parent Company's net sales for the financial year totalled SEK 106.9 million (96.1). Operating profit totalled SEK -133.7 million (-90.0). The company had 49 employees (45). The core business of the Parent Company is that of intra-Group services.

## Dividend

The Board proposes that the Annual General Meeting, to be held on 30 August 2018, 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 proposed dividend corresponds to 45 percent (35) of net consolidated profit.

## Systemair in brief

Systemair is a leading ventilation company with operations in 50 countries in Europe, North America, South America, the Middle East, Asia and Africa. The Company had sales of approximately SEK 7.3 billion in the 2017/18 financial year and approximately 5,500 employees. Systemair has reported an operating profit every year since 1974, when the company was founded. During the past 10 years, the Company's growth rate has averaged about 9 percent.

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 70

companies.

## 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 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 Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 14 June 2018 at 8:00 a.m. CET.

Skinnskatteberg, 14 June 2018  
Systemair AB (publ)

Roland Kasper  
*Chief Executive Officer*

Gerald Engström  
*Chairman of the Board*

Carina Andersson  
*Director*

Svein Nilsen  
*Director*

Hans Peter Fuchs  
*Director*

Patrik Nolåker  
*Director*

Åke Henningsson  
*Employee Representative*

Ricky Sten  
*Employee Representative*

## Calendar

Interim report Q1 2018/19  
1:00 p.m., 30 August 2018  
Interim report Q2 2018/19  
8:00 a.m., 5 December 2018  
Interim report Q3 2018/19  
8:00 a.m., 13 March 2019  
Year-end report Q4 2018/19  
8.00 a.m., 11 June 2019  
Interim report Q1 2019/20  
1:00 p.m., 29 August 2019

## Contact

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## Summary income statement

	Group				Parent Company	
	2017/18 Feb-Apr 3 mths	2016/17 Feb-Apr 3 mths	2017/18 May-Apr 12 mths	2016/17 May-Apr 12 mths	2017/18 May-Apr 12 mths	2016/17 May-Apr 12 mths
SEK m						
Net sales	1,827.1	1,733.2	7,301.2	6,863.6	106.9	96.1
Cost of goods sold	-1,236.8	-1,147.0	-4,887.2	-4,502.4	-	-
<b>Gross profit</b>	<b>590.3</b>	<b>586.2</b>	<b>2,414.0</b>	<b>2,361.2</b>	<b>106.9</b>	<b>96.1</b>
Other operating income	30.7	34.0	116.9	119.6	2.4	2.6
Selling expenses	-453.5	-430.9	-1,652.7	-1,548.1	-59.3	-42.9
Administration expenses	-96.4	-101.2	-360.7	-365.1	-100.1	-85.5
Other operating expenses	-65.9	-40.4	-167.9	-128.6	-83.6	-60.3
<b>Operating profit</b>	<b>5.2</b>	<b>47.7</b>	<b>349.6</b>	<b>439.0</b>	<b>-133.7</b>	<b>-90.0</b>
Net financial items	25.5	-4.5	-16.4	-28.8	75.0	235.6
<b>Profit after financial items</b>	<b>30.7</b>	<b>43.2</b>	<b>333.2</b>	<b>410.2</b>	<b>-58.7</b>	<b>145.6</b>
Appropriations	-	-	-	-	79.9	50.2
Tax on profit for the period	-19.2	-14.5	-103.1	-116.0	5.8	1.1
<b>Profit for the period</b>	<b>11.5</b>	<b>28.7</b>	<b>230.1</b>	<b>294.2</b>	<b>27.0</b>	<b>196.9</b>
<b>Attributable to:</b>						
Parent Company shareholders	12.1	28.7	230.5	294.2	-	-
Non-controlling interests	-0.6	-	-0.4	-	-	-
Earnings per share, SEK <sup>1)</sup>	0.22	0.55	4.43	5.66	-	-

## Statement of comprehensive income

<b>Profit for the period</b>	11.5	28.7	230.1	294.2	27.0	196.9
<b>Other comprehensive income</b>						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	157.9	42.0	123.9	84.8	-	-
Impact of tax	-0.2	-0.1	-0.2	-0.5	-	-
<i>Items that cannot be transferred to profit for the year:</i>						
Revaluation of defined-benefit pensions, net after tax	-11.7	-1.4	-11.7	-1.4	-	-
<b>Other comprehensive income</b>	<b>146.0</b>	<b>40.5</b>	<b>112.0</b>	<b>82.9</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>157.5</b>	<b>69.2</b>	<b>342.1</b>	<b>377.1</b>	<b>27.0</b>	<b>196.9</b>
<b>Attributable to:</b>						
Parent Company shareholders	157.5	69.2	342.1	377.1	-	-
Non-controlling interests	-	-	-	-	-	-

1) No dilution effect arises since the options programme that expired in October 2017 was arranged by Färna Invest.

## Summary balance sheet

SEK m	Group		Parent Company	
	2018-04-30	2017-04-30	2018-04-30	2017-04-30
<b>ASSETS</b>				
Goodwill	759.1	691.4	0.1	0.2
Other intangible assets	216.9	193.3	29.4	6.1
Property, plant and equipment	1,722.2	1,413.4	25.9	25.2
Financial and other assets	240.4	200.6	2,597.3	2,320.1
<b>Total non-current assets</b>	<b>2,938.6</b>	<b>2,498.7</b>	<b>2,652.7</b>	<b>2,351.6</b>
Inventory	1,399.4	1,170.4	-	-
Current receivables	1,632.4	1,427.1	1,337.8	1,265.1
Cash and cash equivalents	212.8	241.8	-	-
<b>Total current assets</b>	<b>3,244.6</b>	<b>2,839.3</b>	<b>1,337.8</b>	<b>1,265.1</b>
Assets held for sale	11.8	-	-	-
<b>TOTAL ASSETS</b>	<b>6,195.0</b>	<b>5,338.0</b>	<b>3,990.5</b>	<b>3,616.7</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>2,620.3</b>	<b>2,381.3</b>	<b>1,865.5</b>	<b>1,942.5</b>
Untaxed reserves	-	-	5.1	5.5
Non-current liabilities, non-interest-bearing	275.5	259.1	-	-
Non-current liabilities, interest-bearing	690.7	319.3	959.4	526.2
<b>Total non-current liabilities</b>	<b>966.2</b>	<b>578.4</b>	<b>959.4</b>	<b>526.2</b>
Current liabilities, interest-bearing	1,283.2	1,236.1	1,070.1	1,068.3
Current liabilities, non-interest-bearing	1,316.1	1,142.2	90.4	74.2
<b>Total current liabilities</b>	<b>2,599.3</b>	<b>2,378.3</b>	<b>1,160.5</b>	<b>1,142.5</b>
Liabilities attributable to assets held for sale	9.2	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,195.0</b>	<b>5,338.0</b>	<b>3,990.5</b>	<b>3,616.7</b>

## Summary consolidated cash flow statement

SEK m	2017/18	2016/17	2017/18	2016/17
	Feb-Apr 3 mths	Feb-Apr 3 mths	May-Apr 12 mths	May-Apr 12 mths
Operating profit	5.2	47.7	349.6	439.0
Adjustment for non-cash items	96.1	44.3	220.4	158.4
Financial items	-7.7	-6.8	-23.9	-22.4
Income tax paid	-48.0	-34.4	-147.4	-128.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>45.6</b>	<b>50.8</b>	<b>398.7</b>	<b>446.3</b>
Changes in working capital	-60.8	-76.4	-173.9	18.2
<b>Cash flow from operating activities</b>	<b>-15.2</b>	<b>-25.6</b>	<b>224.8</b>	<b>464.5</b>
Cash flow from investing activities	-89.7	-35.1	-481.9	-281.3
Cash flow from financing activities	104.1	81.4	218.8	-134.5
<b>Cash flow for the period</b>	<b>-0.8</b>	<b>20.7</b>	<b>-38.3</b>	<b>48.7</b>
Cash and cash equivalents at start of period	194.9	212.9	241.8	176.9
Translation differences, cash and cash equivalents	19.2	8.2	9.8	16.2
<b>Cash and cash equivalents at close of period</b>	<b>213.3</b>	<b>241.8</b>	<b>213.3</b>	<b>241.8</b>

## Statement of Changes in Equity – Group

SEK m	2017/18 May-Apr		2016/17 May-Apr	
	Equity attributable to Parent Company shareholders	Total equity	Equity attributable to Parent Company shareholders	Total equity
<b>Amount at beginning of year</b>	<b>2,381.3</b>	<b>2,381.3</b>	<b>2,108.2</b>	<b>2,108.2</b>
Dividend	-104.0	-104.0	-104.0	-104.0
Revaluation call option	0.9	0.9	-	-
Comprehensive income	342.9	342.9	377.1	377.1
<b>Amount at end of period</b>	<b>2,620.3</b>	<b>2,620.3</b>	<b>2,381.3</b>	<b>2,381.3</b>

## Performance measures for the Group

		2017/18 Feb-Apr 3 mths	2016/17 Feb-Apr 3 mths	2017/18 May-Apr 12 mths	2016/17 May-Apr 12 mths
Net sales	SEK m	1,827.1	1,733.2	7,301.2	6,863.6
Growth	%	5.4	14.9	6.4	12.3
Operating profit	SEK m	5.2	47.7	349.6	439.0
Operating margin	%	0.3	2.8	4.8	6.4
Profit after net fin. items	SEK m	30.7	43.2	333.2	410.2
Profit margin	%	1.7	2.5	4.6	6.0
Return on capital employed	%	9.1	12.0	9.1	12.0
Return on equity	%	9.3	12.6	9.3	12.6
Equity/assets ratio	%	42.5	44.6	42.5	44.6
Investments	SEK m	89.7	35.1	481.9	281.3
Depreciation/Amortisation	SEK m	54.7	49.0	204.6	186.7
<b>Per share ratios</b>					
Earnings per share	SEK	0.22	0.55	4.43	5.66
Equity per share	SEK	50.39	45.79	50.39	45.79
Operating cash flow per share	SEK	-0.29	-0.49	4.32	8.93
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000

## Quarterly key ratios – Group

		2017/18				2016/17				2015/16
		Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4
Net sales	SEK m	1,827.1	1,773.3	1,863.7	1,837.2	1,733.2	1,715.4	1,769.2	1,645.9	1,508.7
Growth	%	5.4	3.4	5.3	11.6	14.9	21.1	8.9	5.3	0.4
Gross margin	%	32.3	33.0	33.9	33.0	33.8	33.7	35.2	34.8	34.1
Operating profit	SEK m	5.2	67.7	143.9	132.9	47.7	105.1	153.2	133.0	62.2
Operating margin	%	0.3	3.8	7.7	7.2	2.8	6.1	8.7	8.1	4.1
Return on capital employed	%	9.1	9.3	10.4	10.8	12.0	11.9	10.5	10.1	10.2
Return on equity	%	9.3	10.2	10.8	11.4	12.6	12.9	11.6	10.6	9.8
Equity/assets ratio	%	42.5	43.9	43.2	44.0	44.6	45.5	43.9	45.0	43.9
Basic equity per share	SEK	50.39	47.34	46.81	46.22	45.79	44.46	45.35	43.85	40.54
Basic earnings per share	SEK	0.22	0.80	1.95	1.45	0.55	0.98	2.22	1.91	0.53
Cash flow from operating activities per share	SEK	-0.29	1.28	1.92	1.42	-0.49	4.01	3.22	2.19	-0.77

## 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. The accounting principles and methods of calculation applied for the group and Parent Company accord with those used in preparing the most recent Annual Report.

### IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers establishes a new regulatory framework for how and when a company recognises revenue and replaces all previously published revenue recognition standards. The new standard is based on a five-step model for revenue recognition regarding customer contracts. According to IFRS 15, revenue must be recognised when a promised product or service is transferred to a customer, either over time or at a point in time. Revenue is the amount that the entity expects to receive in exchange for transferred goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Systemair will apply the standard from 1 May 2018.

During the 2017/18 financial year the Group continued its evaluation of the impact of IFRS 15 with the aim of assessing the differences between current revenue recognition policies and the new requirements under IFRS 15, as well as to prepare for implementation of the new standard within the Group. The overall conclusion is that the new revenue standard will have no significant impact on Systemair's historical financial position. Systemair intends to apply the simplified retroactive method.

### IFRS 9 – Financial instruments

IFRS 9 covers reporting of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement. As with IAS 39, financial assets are classified in different categories, some of which are measured at amortized cost and others at fair value. IFRS 9 introduces categories not found in IAS 39. Classification under IFRS 9 is based on the instrument's contractual cash flows and on the Company's business model. IFRS 9 also introduces a new model for impairment of financial assets. The purpose of the new model is to recognize credit losses earlier than under IAS 39. For liabilities, IFRS 9 is largely consistent with IAS 39. However, for liabilities carried at fair value, the portion of the fair value change attributable to own credit risk is recognised in other comprehensive income, unless this causes inconsistencies in the reporting. Amended criteria for hedge accounting may result in more economic hedging strategies qualifying for hedge accounting under IFRS 9 than under IAS 39. IFRS 9 Financial Instruments enters into force on 1 January 2018 and will be applied by the Group from 1 May 2018. The Group's assessment is that the standard will not have a material impact on reporting.

### IFRS 16 Leases

IFRS 16 will replace IAS 17 from 1 January 2019. Under the new standard, the lessee is required to report the obligation to make lease payments as a lease liability in the balance sheet. Right-of-use for the underlying asset during the lease term is reported as an asset. Depreciation of the asset is reported in the income statement as interest on the lease liability. Lease payments are recognised in part as interest payment and in part as reduction of the lease liability. The standard is not mandatory for short-term leases (lease term less than 12 months) and leases where the underlying asset is of low value. During the year, the Group began its evaluation of the impact of the standard. It is mainly office lease and car rental with a longer term than 12 months which will be subject to a change for Systemair's part. Recognised assets and liabilities are both expected to increase. The income statement and financing activities in the cash flow statement will also be affected, but it has not yet been possible to make a reliable estimate of the relevant amounts.

## Note 2 - Acquisition analysis

The price paid for the shares in Frivent, Austria, and in Syneco, Switzerland, as well as for the assets of Viking, South Africa, and for the operations of Hora, France, may provisionally be calculated as follows:

Total historical cost, less transaction costs                      SEK 81.6 million

Identifiable net assets	Total
Goodwill	54.3
Brands and customer relationships	28.8
Buildings and land	0.1
Machinery and equipment	7.2
Financial and other assets	4.5
Deferred tax assets	0.5
Inventory	12.0
Current receivables	4.7
Other current assets	2.5
Cash and cash equivalents	6.6
Non-interest-bearing liabilities	-6.4
Deferred tax liability	-7.7
Interest-bearing liabilities	-12.3
Other operating liabilities	-13.3
	81.6

Transaction costs in the acquisition of subsidiaries totalled SEK 1.8 million.

The total effect on cash flow from the acquisitions, including payment of a formerly withheld additional purchase consideration for prior years' acquisitions, amounted to SEK -79.4 million. A non-interest-bearing non-current liability relating to withheld purchase considerations for the above-mentioned acquisitions totals SEK 8.8 million.

Brands and customer relationships have been stated 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 position of the companies acquired, synergies expected to arise after the acquisition and the company's estimated future earning capacity.

## Note 3 – Financial instruments

Systemair's financial instruments consist of derivatives, trade accounts receivable, cash and cash equivalents, available-for-sale financial assets, trade accounts payable, accrued supplier costs and interest-bearing liabilities. 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. Other financial assets and liabilities are short-term. 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

For segment reporting, Systemair aggregates into the geographical segments of Europe and Rest of the World. The market segment Europe accounts for the major share of Systemair's business. The Europe segment 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 Europe and Rest of World presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are merged 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	2017/18 Feb-Apr 3 mths	2016/17 Feb-Apr 3 mths	2017/18 May-Apr 12 mths	2016/17 May-Apr 12 mths
Europe				
Net sales, external	1,509.2	1,367.8	5,959.5	5,472.3
Net sales, intra-Group	43.8	38.8	153.2	167.0
Operating profit	77.5	61.5	459.0	437.9
Operating margin, %	5.1	4.5	7.7	8.0
Profit after net fin. items	105.1	58.3	474.4	422.2
Profit margin, %	7.0	4.3	8.0	7.7
Assets	3,432.6	2,678.7	3,432.6	2,678.7
Investments	77.1	20.3	352.6	122.5
Depreciation/Amortisation	46.7	41.2	175.6	158.8
Other countries				
Net sales, external	317.9	365.4	1,341.7	1,391.3
Net sales, intra-Group	3.8	2.6	11.6	12.5
Operating profit	-8.4	16.9	26.0	91.1
Operating margin, %	-2.6	4.6	1.9	6.5
Profit after net fin. items	-21.3	15.2	-17.5	58.5
Profit margin, %	-6.7	4.2	-1.3	4.2
Assets	905.1	873.8	905.1	873.8
Investments	2.3	3.2	22.9	14.3
Depreciation/Amortisation	6.0	6.5	23.2	23.8
Group-wide				
Net sales, intra-Group	26.5	23.8	106.9	96.1
Operating profit	-62.0	-30.7	-133.4	-90.0
Profit after net fin. items	-58.5	-30.2	-121.7	-70.4
Assets	3,953.2	3,608.9	3,953.2	3,608.9
Investments	10.3	11.6	106.4	144.5
Depreciation/Amortisation	2.0	1.3	5.8	4.1
Eliminations				
Net sales, intra-Group	-74.1	-65.2	-271.7	-275.6
Assets	-2,095.9	-1,823.4	-2,095.9	-1,823.4
Total				
Net sales, external	1,827.1	1,733.2	7,301.2	6,863.6
Operating profit	5.2	47.7	349.6	439.0
Operating margin, %	0.3	2.8	4.8	6.4
Profit after net fin. items	30.7	43.3	333.2	410.2
Profit margin, %	1.7	2.5	4.6	6.0
Assets	6,195.0	5,338.0	6,195.0	5,338.0
Investments	89.7	35.1	481.9	281.3
Depreciation/Amortisation	54.7	49.0	204.6	186.7

## 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.

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## Definitions of 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.