

Systemair AB (publ)

Interim Report Q3

1 May 2017 - 31 January 2018

Net sales Q3

SEK 1,773 m

EBIT Q3

SEK 68 m

Third quarter, November 2017 – January 2018

- Net sales increased by 3.4 percent to SEK 1,773 million (1,715).
- Organic growth was 4.0 percent (12.2).
- Operating profit (EBIT) totalled SEK 68 million (105).
- The operating margin was 3.8 percent (6.1).
- Profit after tax amounted to SEK 42 million (51).
- Earnings per share totalled SEK 0.80 (0.98).
- Cash flow from operating activities amounted to SEK 67 million (209).

Nine months, May 2017 – January 2018

- Net sales increased by 6.7 percent to SEK 5,474 million (5,130).
- Organic growth was 4.1 percent (8.0).
- Operating profit (EBIT) totalled SEK 344 million (391).
- The operating margin was 6.3 percent (7.6).
- Profit after tax amounted to SEK 219 million (266).
- Earnings per share totalled SEK 4.20 (5.11).
- Cash flow from operating activities amounted to SEK 240 million (490).

Significant events during the period under review

- In June, the South African company Viking Air Conditioning, a market-leading manufacturer of air handling units with integrated cooling, was acquired.
- In June, Menerga won a major order valued at around EUR 15 million to supply the German company Linde AG, Munich, Germany.

	2017/18 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths
Net sales, SEK m.	1,773.3	1,715.4	5,474.1	5,130.4
Growth, %	3.4	21.1	6.7	11.4
Operating profit, SEK m	67.7	105.1	344.5	391.3
Operating margin, %	3.8	6.1	6.3	7.6
Profit after tax, SEK m	41.6	50.8	218.6	265.5
Earnings per share, SEK	0.80	0.98	4.20	5.11
Operating cash flow per share, SEK	1.28	4.01	4.62	9.42

A quarter affected by restructuring costs

Over the third quarter, organic growth amounted to 4.0 percent. Growth was good in most of Western Europe, Slovakia, Canada and Russia. Profits for the quarter were somewhat a disappointment and impacted by larger project deliveries with low margins and non-recurring items in connection with continued restructuring. Non-recurring items for the quarter totalled SEK 21 million. Adjusted operating profit totalled SEK 88 million, as against SEK 105 million in the same quarter last year.

The market

The market performed relatively well in many countries during the quarter. Deliveries to several major projects were carried out during the period. In the Nordic market, growth was good in Sweden and Finland, while market conditions were tougher in Norway and Denmark. In Norway, we see slightly lower demand for residential ventilation products. In Western Europe, all markets showed a positive trend, except for the Netherlands. In Eastern Europe, Russia for example continues to perform well, while within the Other markets region the trend remains uneven, since sales are in large part dominated by major project deliveries.

Acquisitions

In February, Systemair acquired Syneco GmbH. The company sells and services Menerga's products in the Swiss market. The sales company, which is headquartered in Solothurn, is today focused on the French/Italian 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.

Investments

In Hyderabad, India, we have moved into a new, modern leased production facility. The factory will manufacture air distribution products for the southern parts of India. At Systemair in Germany, a new building incorporating office and common areas is under construction. The development will enable continued expansion of our German operations. We are also doing investments in other production facilities within the group in machinery as part of a programme for production of next-generation of air handling units.



Outlook

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

The ventilation market is more and more heading in the direction of energy-efficient system solutions, and new opportunities are emerging. We are carrying out major investments in IT, digitalisation and system solutions, which will provide our customers with simpler access to our products, and will create good opportunities for future profitable growth.

We will also continue to make acquisitions and invest in production equipment, product development and marketing in order to maintain our growth.

Roland Kasper
President and CEO

Sales and markets

Group sales for the third quarter of the 2017/18 financial year totalled SEK 1,773.3 million (1,715.4), up 3.4 percent from the same period in the preceding year.

Adjusted for both foreign exchange effects and acquisitions, net sales grew 4.0 percent. Growth in acquired operations was 0.9 percent, while foreign exchange effects reduced sales by 1.5 percent during the period.

Geographic breakdown of Q3 sales

Nordic region

During the third quarter, sales in the Nordic region fell by 2 percent from the same period in the preceding year. The Swedish and Finnish markets reported good growth during the quarter, while the Norwegian and Danish markets declined. Adjusted for the effects of foreign exchange and acquisitions, sales declined 1 percent.

Western Europe

During the quarter, sales in the West European market were 13 percent higher than in the corresponding period in the preceding year. Adjusted for foreign exchange effects and acquisitions, sales rose by 10 percent. Several markets in the region performed well during the period, including Germany, the UK and Italy, while sales declined in the Netherlands.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 8 percent

during the quarter. Adjusted for foreign exchange effects and acquisitions, the increase was 7 percent. Sales in Russia continue to develop strongly and have now risen for five consecutive quarters. During the period, the Russian market accounted for 6 percent of Systemair's total sales, compared with 5 percent in the previous year.

North and South America

Sales in the North and South America region were largely unchanged during the quarter, compared with the same period in the preceding year counted in SEK. The sales development was however positive in local currencies especially the Canadian market continued to show positive growth during the quarter. Organic growth in the region remains strong. Adjusted for foreign exchange effects and acquisitions, sales rose by 9 percent.

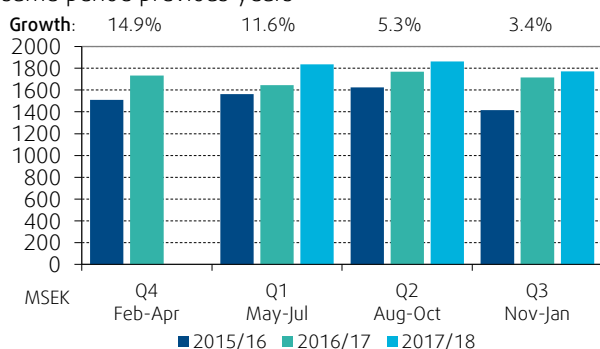
Other markets

Sales in Other markets declined 16 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 9 percent. Sales in Turkey and Qatar grew during the quarter, but fell away in the Middle East, where the sales figures for the preceding year included delivery of a major project. Sales in South Africa also fell, after adjustment for acquisitions.

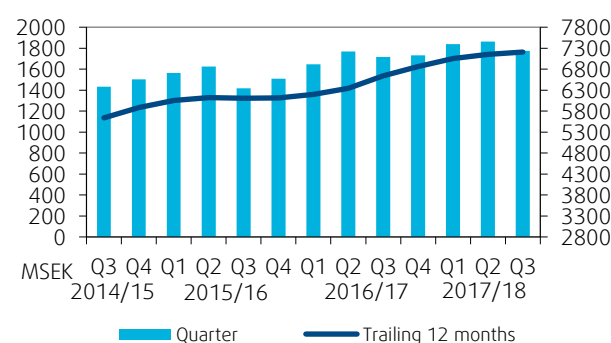
	2017/18 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	Sales – change	Of which, organic	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths	Sales – change	Of which, organic
Nordic region	435.0	444.5	-2%	-1%	1,274.9	1,213.7	5%	4%
Western Europe	735.4	649.2	13%	10%	2,242.0	2,019.2	11%	5%
Eastern Europe & the CIS	274.3	253.9	8%	7%	863.9	736.5	17%	11%
North and South America	123.9	124.0	0%	9%	462.5	440.9	5%	8%
Other markets	204.7	243.8	-16%	-9%	630.8	720.1	-12%	-7%
Total	1,773.3	1,715.4	3%	4%	5,474.1	5,130.4	7%	4%

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

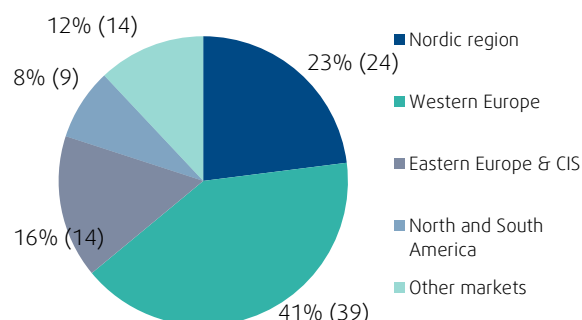
Net sales per quarter compared with same period previous years



Net sales



Sales by market, 9 months 2017/18 (2016/17)



Profit in the third quarter

The gross profit for the third quarter amounted to SEK 585.4 million (578.4), an increase of 1.2 percent over the same period in the preceding year. However, the gross margin narrowed to 33.0 percent (33.7). The main factor underlying the lower gross margin was a smaller number of major project orders with a low margin that were delivered during the quarter. In addition, a change in the product mix, especially in Norway, had a negative impact, as did insufficient volumes at some of the Group's factories.

Operating profit for the third quarter totalled SEK 67.7 million (105.1), down 35.6 percent from the same period in the preceding year. The Company's operating margin was 3.8 percent (6.1). The lower operating margin is partly attributable to a poorer gross margin. The operating profit was also dominated by non-recurring items, totalling SEK 20.6 million in the quarter and comprising restructuring costs in, above all, Belgium, Sweden and Germany, as well as relocation of production from Austria to Slovenia. Future reduction and restructuring measures are evaluated at several of the Group's facilities.

Selling and administration expenses for the quarter totalled SEK 519.3 million (496.8), a rise of SEK 22.5

million, or 4.5 percent. Company acquisitions accounted for SEK 7.6 million of the quarter's costs. As a result, selling and administration expenses for comparable units rose by SEK 14.9 million, or 3.0 percent.

Selling expenses were charged with SEK 3.3 million (8.0) for anticipated and confirmed impairment losses on trade receivables. During the quarter, acquisition-related costs totalled SEK 0.1 million (-).

Net financial items for the third quarter ended up at SEK -14.9 million (-29.9). The effects of foreign exchange on long-term receivables, loans and bank balances was SEK -8.1 million (-25.7) net. Interest expenses for the quarter totalled SEK -7.2 million (-6.2).

Tax expense

The tax expense for the quarter is estimated at SEK -11.2 million (-24.4), corresponding to an effective tax rate of 21.2 percent, based on profit after net financial items.

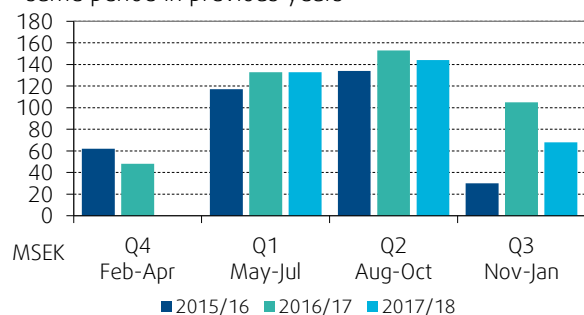
Tax for the period was affected by a writedown of deferred tax assets related to previously capitalised tax losses totalling SEK -17.3 million. Another factor was revenue recognition of tax-loss carry-forwards arising from the acquisition of companies with losses amounting to SEK 25.7 million from previous business activities.

Acquisitions and new operations

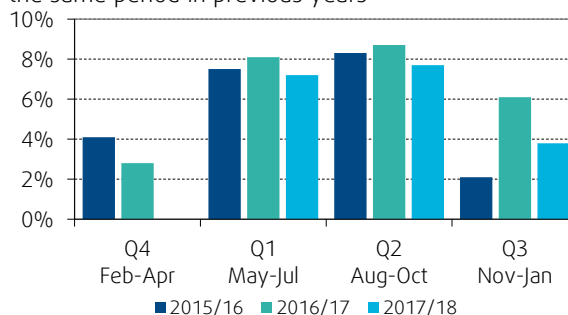
In May 2017, Systemair AB completed the acquisition of FRIVENT Luft- & Wärmetechnik GmbH, Austria. FRIVENT is based in St. Johann, in Tyrol, Austria. The company sells products for commercial and industrial use to a value of around EUR 7 million per year in Austria, Germany, the Czech Republic and Russia.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

In June 2017, Systemair's South African subsidiary

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



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



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 m². Viking has been consolidated as of 1 June, 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.

If the above-mentioned acquisition had been consolidated as of the start of the financial year, it would not have had any material impact on the Group's sales and operating profit. Note 1 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 122.9 million (89.9), including SEK 116.0 million (81.2) in new construction and machinery. The investments consisted in large part of investments in buildings and machinery in the factories in Germany and Turkey. Acquisitions and formerly withheld additional purchase considerations totalled SEK 0.1 million (5.1) for the quarter. Depreciation of non-current assets amounted to SEK 52.2 million (47.8).

Personnel

The average number of employees in the Group was 5,184 (4,772). At the end of the period, Systemair had

5,454 employees (5,115), 339 more than one year previous. New employees were recruited chiefly at Systemair in Sweden (46), Germany (40), Menerga Germany (34), Lithuania (33), Slovakia (33), India (31) and the Czech Republic (30). Personnel cutbacks were made in China (-27) and France (-16). Acquired companies added 89 employees to the Group, of whom 32 at Frivent in Austria and 45 at Viking in South Africa.

Cash flow and financial position

Cash flow from operating activities before changes in working capital totalled SEK 49.7 million (78.8) for the quarter. Changes in working capital, mainly consisting of a decrease in accounts receivable, had a positive impact of SEK 16.8 million (+129.8) on cash flow. Cash flow from financing operations totalled SEK +35.4 million (-122.9) net. At the end of the period, the Group's net indebtedness was SEK 1,649.7 million (1,304.1). The consolidated equity/assets ratio was 43.9 percent (45.5) at the end of the period.

Events after the close of the period

In February 2018, Systemair acquired Syneco GmbH, Switzerland. The company sells and services Menerga's products in the Swiss market. The sales company, which is headquartered in Solothurn, is today focused on the French/Italian 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.

Significant risks and uncertainties

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

Air handling series Topvex

The Topvex series comprises a range of Swedish-manufactured compact units sold largely to new construction projects, but also to the renovation sector, as it is specially designed for simple delivery and installation in existing premises even where space is limited. The unit features energy-efficient EC fans and achieves efficiency of around 90 percent in heat recovery. Two major deliveries are in progress, to Scotland and Belarus, where we are supplying 28 Topvex units to a care home in Glasgow and the same number to Futuris Business Center in Minsk.



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 80.6 million (72.3). Operating profit totalled SEK -63.6 million (-59.6). The company had 49 employees (44). 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 50 countries in Europe, North America, South America, the Middle East, Asia and Africa. The company had sales of approximately SEK 6.9 billion in the 2016/17 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 10 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 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 has been submitted for publication at 8.00 a.m. on 15 March 2018.

This information has not been reviewed by the Company's auditors.

Calendar

Year-end report Q4 2017/18

14 June 2018 8.00 a.m.

Interim report Q1 2018/19

30 August 2018 1.00 p.m.

Contact

President and CEO Roland Kasper

Telephone: +46 (0)222-440 13, +46 (0)730 94 40 13

E-mail: roland.kasper@systemair.se

CFO Anders Ulff

Telephone: +46 (0)222-440 09, +46 (0)70 577 40 09

E-mail: anders.ulff@systemair.se

Systemair AB (publ)

Co. Reg. No. 556160-4108

SE-739 30 Skinnskatteberg, Sweden

Telephone: +46 (0)222-440 00

info@systemair.se

www.systemair.com

Summary income statement

	Group						Parent Company	
	2017/18 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths	2017/18 Feb-Jan trl 12	2016/17 May-Apr 12 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths
SEK m								
Net sales	1,773.3	1,715.4	5,474.1	5,130.4	7,207.3	6,863.6	80.6	72.3
Cost of goods sold	-1,187.9	-1,137.0	-3,650.3	-3,355.4	-4,797.3	-4,502.4	-	-
Gross profit	585.4	578.4	1,823.8	1,775.0	2,410.0	2,361.2	80.6	72.3
Other operating income	34.3	39.5	86.2	85.7	120.1	119.6	1.1	2.3
Selling expenses	-420.7	-401.8	-1,199.2	-1,117.2	-1,630.1	-1,548.1	-39.8	-31.4
Administration expenses	-98.6	-95.0	-264.3	-264.0	-365.4	-365.1	-64.2	-60.5
Other operating expenses	-32.7	-16.0	-102.0	-88.2	-142.4	-128.6	-41.3	-42.3
Operating profit/loss	67.7	105.1	344.5	391.3	392.2	439.0	-63.6	-59.6
Net financial items	-14.9	-29.9	-42.1	-24.4	-46.5	-28.8	243.2	237.5
Profit/loss after financial items	52.8	75.2	302.4	366.9	345.7	410.2	179.6	177.9
Appropriations	-	-	-	-	-	-	0.2	-3.5
Tax on profit for the period	-11.2	-24.4	-83.8	-101.4	-98.4	-116.0	10.8	8.7
Profit for the period¹	41.6	50.8	218.6	265.5	247.3	294.2	190.6	183.1
Earnings per share, SEK ²	0.80	0.98	4.20	5.11	4.76	5.66	-	-

Statement of comprehensive income

Profit for the period	41.6	50.8	218.6	265.5	247.3	294.2	190.6	183.1
Other comprehensive income								
<i>Items that have been, or may later be, transferred to profit for the year:</i>								
Translation difference	-13.7	-96.9	-34.0	42.8	8.0	84.8	-	-
Impact of tax	-0.3	0.0	0.0	-0.4	-0.1	-0.5	-	-
<i>Items that cannot be transferred to profit for the year:</i>								
Revaluation of defined-benefit pensions, net after tax	-	-	-	-	-1.4	-1.4	-	-
Other comprehensive income	-14.0	-96.9	-34.0	42.4	6.5	82.9	-	-
Total comprehensive income for the period¹	27.6	-46.1	184.6	307.9	253.8	377.1	190.6	183.1

1) Profit for the period is attributable in its entirety to the Parent Company's shareholders.

2) 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	
	31/01/2018	31/01/2017	30/04/2017	31/01/2018	31/01/2017
ASSETS					
Goodwill	724.4	676.4	691.4	0.1	0.3
Other intangible assets	185.1	196.1	193.3	18.6	4.0
Property, plant and equipment	1,601.4	1,377.8	1,413.4	32.8	17.9
Financial and other assets	222.1	202.1	200.6	2,584.9	2,308.2
Total non-current assets	2,733.0	2,452.4	2,498.7	2,636.4	2,330.4
Inventory	1,241.4	1,132.3	1,170.4	-	-
Current receivables	1,439.9	1,283.8	1,450.3	1,288.0	1,120.0
Cash and cash equivalents	194.9	212.9	241.8	-	-
Total current assets	2,876.2	2,629.0	2,862.5	1,288.0	1,120.0
TOTAL ASSETS	5,609.2	5,081.4	5,361.2	3,924.4	3,450.4
EQUITY AND LIABILITIES					
Equity	2,461.9	2,312.1	2,381.3	2,029.1	1,928.6
Untaxed reserves	-	-	-	5.3	5.7
Non-current liabilities, non-interest-bearing	230.1	235.2	259.1	-	-
Non-current liabilities, interest-bearing	389.2	372.1	319.3	649.5	526.2
Total non-current liabilities	619.3	607.3	578.4	649.5	526.2
Current liabilities, interest-bearing	1,394.8	1,086.0	1,236.1	1,215.1	936.8
Current liabilities, non-interest-bearing	1,133.2	1,076.0	1,165.4	25.4	53.1
Total current liabilities	2,528.0	2,162.0	2,401.5	1,240.5	989.9
TOTAL EQUITY AND LIABILITIES	5,609.2	5,081.4	5,361.2	3,924.4	3,450.4

Summary consolidated cash flow statement

	2017/18 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths	2016/17 May-Apr 12 mths
SEK m					
Operating profit/loss	67.7	105.1	344.5	391.3	439.0
Adjustment for non-cash items	45.5	1.5	124.3	114.1	158.4
Financial items	-6.6	-4.3	-16.3	-15.6	-22.4
Income tax paid	-56.9	-23.5	-99.4	-94.3	-128.7
Cash flow from operating activities before changes in working capital	49.7	78.8	353.1	395.5	446.3
Changes in working capital	16.8	129.8	-113.1	94.5	18.2
Cash flow from operating activities	66.5	208.6	240.0	490.0	464.5
Cash flow from investing activities	-112.8	-87.4	-392.2	-246.2	-281.3
Cash flow from financing activities	35.4	-122.9	114.7	-215.8	-134.5
Cash flow for the period	-10.9	-1.7	-37.5	28.0	48.7
Cash and cash equivalents at start of period	208.3	229.5	241.8	176.9	176.9
Translation differences, cash and cash equivalents	-2.5	-14.9	-9.4	8.0	16.2
Cash and cash equivalents at close of period	194.9	212.9	194.9	212.9	241.8

Statement of Changes in Equity – Group

	2017/18 May-Jan		2016/17 May-Jan		2016/17 May-Apr	
SEK m	Equity attributable to Parent Company shareholders	Total equity	Equity attributable to Parent Company shareholders	Total equity	Equity attributable to Parent Company shareholders	Total equity
Amount at beginning of year	2,381.3	2,381.3	2,108.2	2,108.2	2,108.2	2,108.2
Dividend	-104.0	-104.0	-104.0	-104.0	-104.0	-104.0
Comprehensive income	184.6	184.6	307.9	307.9	377.1	377.1
Amount at end of period	2,461.9	2,461.9	2,312.1	2,312.1	2,381.3	2,381.3

Key ratios for the Group

		2017/18 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths	2016/17 May-Apr 12 mths
Net sales	SEK m	1,773.3	1,715.4	5,474.1	5,130.4	6,863.6
Growth	%	3.4	21.1	6.7	11.4	12.3
Operating profit/loss	SEK m	67.7	105.1	344.5	391.3	439.0
Operating margin	%	3.8	6.1	6.3	7.6	6.4
Profit after net fin. items	SEK m	52.8	75.2	302.4	366.9	410.2
Profit margin	%	3.0	4.4	5.5	7.2	6.0
Return on capital employed	%	9.3	11.9	9.3	11.9	12.0
Return on equity	%	10.2	12.9	10.2	12.9	12.6
Equity/assets ratio	%	43.9	45.5	43.9	45.5	44.6
Investments	SEK m	112.8	87.4	392.2	246.2	281.3
Depreciation/Amortisation	SEK m	52.2	47.8	149.8	137.7	186.7
Per share ratios						
Earnings per share	SEK	0.80	0.98	4.20	5.11	5.66
Equity per share	SEK	47.34	44.46	47.34	44.46	45.79
Operating cash flow per share	SEK	1.28	4.01	4.62	9.42	8.93
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

Quarterly key ratios – Group

		2017/18				2016/17			2015/16	
		Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	SEK m	1,773.3	1,863.7	1,837.2	1,733.2	1,715.4	1,769.2	1,645.9	1,508.7	1,416.3
Growth	%	3.4	5.3	11.6	14.9	21.1	8.9	5.3	0.4	-1.1
Gross margin	%	33.0	33.9	33.0	33.8	33.7	35.2	34.8	34.1	33.7
Operating profit/loss	SEK m	67.7	143.9	132.9	47.7	105.1	153.2	133.0	62.2	30.1
Operating margin	%	3.8	7.7	7.2	2.8	6.1	8.7	8.1	4.1	2.1
Return on capital employed	%	9.3	10.4	10.8	12.0	11.9	10.5	10.1	10.2	9.3
Return on equity	%	10.2	10.8	11.4	12.6	12.9	11.6	10.6	9.8	9.9
Equity/assets ratio	%	43.9	43.2	44.0	44.6	45.5	43.9	45.0	43.9	43.6
Basic equity per share	SEK	47.34	46.81	46.22	45.79	44.46	45.35	43.85	40.54	39.74
Basic earnings per share	SEK	0.80	1.95	1.45	0.55	0.98	2.22	1.91	0.53	0.25
Cash flow from operating activities per share	SEK	1.28	1.92	1.42	-0.49	4.01	3.22	2.19	-0.77	0.74

General accounting principles

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.

Note 1 - Acquisition analysis

The price paid for the shares in Frivent, Austria, 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 69.2 million

Identifiable net assets	Total
Goodwill	50.4
Brands and customer relationships	14.7
Machinery and equipment	6.9
Financial and other assets	5.0
Inventory	9.8
Current receivables	2.6
Other current assets	1.6
Cash and cash equivalents	6.5
Non-interest-bearing liabilities (incl. deferred tax liability)	-9.9
Interest-bearing liabilities	-12.3
Other operating liabilities	-6.1
	69.2

Transaction costs in the acquisition of subsidiaries totalled SEK 0.6 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 -66.0 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 2 – 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 3 - 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 Nov-Jan 3 mths	2016/17 Nov-Jan 3 mths	2017/18 May-Jan 9 mths	2016/17 May-Jan 9 mths
Europe				
Net sales, external	1,474.6	1,374.1	4,450.3	4,104.5
Net sales, intra-Group	34.2	41.9	109.4	128.3
Operating profit/loss	101.5	78.6	381.5	376.4
Operating margin, %	6.9	5.7	8.6	9.2
Assets	2,943.5	2,499.4	2,943.5	2,499.4
Investments	89.9	72.4	275.5	102.2
Depreciation/Amortisation	45.1	41.0	128.8	117.6
Rest of World				
Net sales, external	298.7	341.3	1,023.8	1,025.9
Net sales, intra-Group	2.7	1.5	7.8	9.9
Operating profit/loss	-4.1	27.3	34.4	74.2
Operating margin, %	-1.4	8.0	3.4	7.2
Assets	773.5	790.5	773.5	790.5
Investments	12.8	4.2	20.6	11.1
Depreciation/Amortisation	5.9	5.9	17.2	17.3
Group-wide				
Net sales, intra-Group	26.6	25.1	80.4	72.3
Operating profit/loss	-29.7	-0.8	-71.4	-59.3
Assets	3,925.3	3,456.3	3,925.3	3,456.3
Investments	10.1	10.8	96.1	132.9
Depreciation/Amortisation	1.2	0.9	3.8	2.8
Eliminations				
Net sales, intra-Group	-63.5	-43.5	-197.6	-138.2
Assets	-2,033.1	-1,664.8	-2,033.1	-1,664.8
Total				
Net sales, external	1,773.3	1,715.4	5,474.1	5,130.4
Operating profit/loss	67.7	105.1	344.5	391.3
Operating margin, %	3.8	6.1	6.3	7.6
Assets	5,609.2	5,081.4	5,609.2	5,081.4
Investments	112.8	87.4	392.2	246.2
Depreciation/Amortisation	52.2	47.8	149.8	137.7

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.

Definitions of key ratios

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.

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.

Glossary

The Ecodesign Directive – Energy Related Products

The Ecodesign Directive lays down minimum requirements for energy performance in products and outlaws the most energy- and resource-intensive products in the EU market.

Eurovent and AMCA

Organisations that certify products in the ventilation industry in the markets in Europe, the Middle East, Asia and North America, on the basis of impartial third-party inspection.

Low-energy and passive houses

Low-energy or passive houses that are built airtight and are subject to strict demands for effective ventilation and low energy consumption.

Applications

Uses of products in different types of building. For example, single-family homes, apartment blocks, hospitals, industrial buildings and tunnels.

BMS (Building Management System)

In a building, the computerised system that controls and monitors functions such as those for the building's ventilation, lighting, electricity supply, fire safety and security.

ERP (Enterprise Resource Planning) system

An IT system that manages, for example, processes such as financial management, sales and service, logistics, distribution and production.

CRM (Customer Relations Management) system

An IT system that handles control, organisation and administration of customers and customer relations in a business.