

# Systemair AB (publ) Interim Report Q2 1 May – 31 October 2017

Net sales Q2

**SEK 1,864 m**

EBIT Q2

**SEK 144 m**

## Second quarter August-October 2017

- Net sales increased by 5.3 percent to SEK 1,864 million (1,769).
- Organic growth was 4.2 percent (4.8).
- Operating profit (EBIT) totalled SEK 144 million (153).
- The operating margin was 7.7 percent (8.7).
- Profit after tax amounted to SEK 101 million (115).
- Earnings per share totalled SEK 1.95 (2.22).
- Cash flow from operating activities amounted to SEK 100 million (167).

## First half-year, May-October 2017

- Net sales increased by 8.4 percent to SEK 3,701 million (3,415).
- Organic growth was 4.2 percent (6.1).
- Operating profit (EBIT) totalled SEK 277 million (286).
- The operating margin was 7.5 percent (8.4).
- Profit after tax amounted to SEK 177 million (215).
- Earnings per share totalled SEK 3.40 (4.13).
- Cash flow from operating activities amounted to SEK 173 million (281).

## 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 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths
Net sales, SEK m.	1,863.7	1,769.2	3,700.9	3,415.1
Growth, %	5.3	8.9	8.4	7.1
Operating profit, SEK m.	143.9	153.2	276.8	286.2
Operating margin, %	7.7	8.7	7.5	8.4
Profit after tax, SEK m.	101.4	115.2	177.0	214.8
Earnings per share, SEK	1.95	2.22	3.40	4.13
Operating cash flow per share, SEK	1.92	3.22	3.34	5.41

## Stable organic growth

Over the second quarter, organic growth was 4.2 percent. Several regions reported strong growth, notably Eastern Europe with Russia at the forefront, and North America. Margins were affected by high raw material prices and lower volumes at some of the Group's factories. Price increases are under way to offset raw material costs, while we are seeing a market that remains strong, and many attractive projects.

### The market

The market as a whole performed well in the second quarter. The Nordic market remains buoyant, even if recent months have been characterised by uncertainty regarding house prices in city regions in the Swedish market. The Swedish market represents around 6 percent of Group sales, of which residential ventilation products make up 13 percent of sales in Sweden. Region Western Europe showed good growth during the quarter. Our deliveries of specially designed air handling units for delivery to Linde AG, Germany, are in progress. The order is valued at a total of EUR 15 million. It is anticipated that delivery of the order will be completed in the fourth quarter. In Eastern Europe, organic growth was 11 percent. Russia in particular continues to advance strongly. North and South America reported organic growth of 12 percent, driven by excellent results in Canada and Brazil. In the region Other markets, sales were lower than in the same quarter last year. This was a relative decline due to high volumes of deliveries to a major project in the region last year. In India, a new tax system has been introduced, leading to delays in deliveries to the market.

### Investments

The new factory in Turkey has been completed and occupancy is now being taken up in phases. Systemair is also moving into a new, modern, leased production facility in Hyderabad, India. The factory will manufacture products for air distribution for delivery in the southern regions of India. In Denmark, installation of a new, modern sheet metal forming line is in the process of completion. The investment comprises a high-productivity, fully-automated production facility for sheet metal components for air handling units.



The relocation of production of air handling units from Frivent Austria to Slovenia is under way. The relocation is intended to enable cost efficiency improvements to be achieved in production. In Austria, all that will be left is a sales, marketing and component centre.

### Outlook

Growth remains buoyant in several of our markets, although we would have hoped for stronger growth in parts of Western Europe and South America. We have secured several exciting orders recently, including in India. We also have a value of nearly EUR 8.5 million left to deliver on Menerga's order for Linde AG of Germany in the second half-year.

Through several acquisitions in recent years, we have added new products to our range, where we identify major potential to reach out to new markets via our sales companies. Here, we are beginning to launch new, Group-wide product platforms to create new synergies, and there are more to come. We will also continue to make acquisitions and invest in production equipment, product development and marketing. A number of measures are ongoing in production, purchasing, sales and logistics and to improve long-term profitability.

Roland Kasper  
President and CEO

## Sales and markets

Group sales for the second quarter of the 2017/18 financial year totalled SEK 1,863.7 million (1,769.2), corresponding to an increase of 5.3 percent from the same period in the preceding year.

Adjusted for both foreign exchange effects and acquisitions, net sales grew 4.2 percent. Growth in acquired operations was 3.2 percent, while foreign exchange effects reduced sales by 2.1 percent during the period.

## Geographic breakdown of Q2 sales

### Nordic region

During the second quarter, sales in the Nordic region increased 4 percent from the same period in the preceding year. The Swedish and Finnish markets showed good growth during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 2 percent.

### Western Europe

Sales in the West European market grew 9 percent during the quarter, compared with the corresponding period in the preceding year. Adjusted for foreign exchange effects and acquisitions, sales rose by 6 percent. Several markets in the region performed well during the period, including Portugal, Germany and Austria, while sales decreased in Spain, Belgium and Italy.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS increased by 17 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 11 percent. Sales in Russia continue to develop satisfactorily and have now risen for four consecutive quarters. Over the quarter, 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 during the quarter were 6 percent higher than in the same period last year. The Canadian market in particular performed well during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 12 percent.

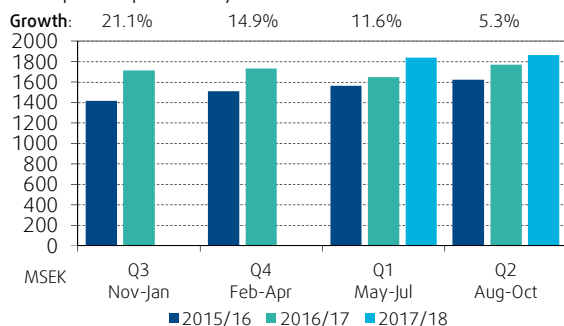
### Other markets

Sales in Other markets declined 16 percent during the quarter compared to the same period the preceding year. Adjusted for the effects of foreign exchange and acquisitions, sales were down 9 percent. Sales in Qatar and India rose during the quarter, but fell in the Middle East, where sales figures for the preceding year included a major project delivery. Sales are also decreasing in South Africa, adjusted for acquisitions.

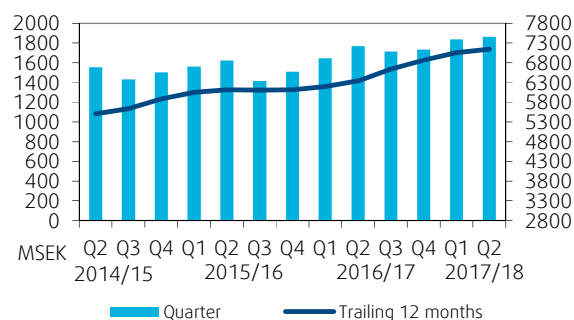
	2017/18 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	Sales – change	Of which organic	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths	Sales – change	Of which organic
Nordic region	456.8	440.8	4%	2%	840.0	769.2	9%	6%
Western Europe	757.1	694.2	9%	6%	1,506.6	1,369.9	10%	3%
Eastern Europe & the CIS	298.4	256.1	17%	11%	589.6	482.7	22%	13%
North and South America	157.6	148.3	6%	12%	338.6	317.0	7%	8%
Other markets	193.8	229.8	-16%	-9%	426.1	476.3	-11%	-7%
<b>Total</b>	<b>1,863.7</b>	<b>1,769.2</b>	<b>5%</b>	<b>4%</b>	<b>3,700.9</b>	<b>3,415.1</b>	<b>8%</b>	<b>4%</b>

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

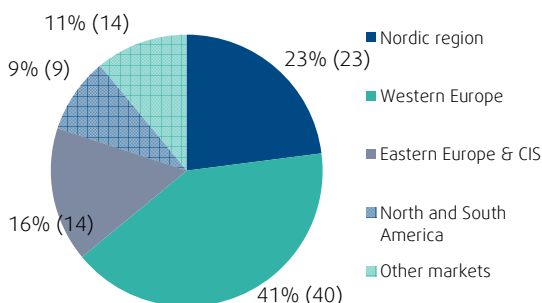
Net sales per quarter compared with same period previous years



Net sales



## Sales by market 6 months 2017/18 (2016/17)



## Profit in the second quarter

The gross profit for the second quarter amounted to SEK 631.4 million (623.4), an increase of 1.3 percent over the same period in the preceding year. However, the gross margin declined to 33.9 percent (35.2). The main factors behind the lower gross margin were a negative product mix, higher raw material prices and insufficient volumes at some of the Group's factories.

Operating profit for the second quarter totalled SEK 143.9 million (153.2), down 6.1 percent from the same period in the preceding year. The operating margin was 7.7 percent (8.7). The lower operating margin is a consequence of a lower gross margin, as described above. Operating profit also takes into account a charge SEK 5.4 million relating to a factory closure in China, together with other restructuring costs.

Selling and administration expenses for the quarter totalled SEK 475.0 million (459.3), a rise of SEK 15.7 million or 3.4 percent. Costs arising from company acquisitions accounted for SEK 11.9 million of costs in the quarter. As a result, selling and administration expenses for comparable units rose by SEK 3.8 million.

Selling expenses were charged with SEK 4.8 million (4.4) for anticipated and confirmed impairment losses on trade receivables. During the quarter, acquisition-related costs totalled SEK 0.9 million (0.1).

Net financial items ended the second quarter at SEK -0.2 million (3.2). The effects of foreign exchange on long-term receivables, loans and bank balances were calculated at SEK +4.2 million (+8.9) net. Interest expense for the quarter totalled SEK -5.1 million (-5.2).

## Tax expense

Estimated tax for the quarter amounted to SEK -42.3 million (-41.2), corresponding to an effective tax rate of 29.4 percent based on profit after net financial items.

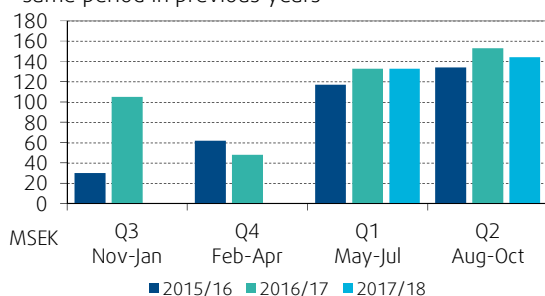
## Acquisitions and new operations

In May 2017, Systemair AB completed the acquisition of Frivent Luft- & Wärmetechnik GmbH, Austria. Frivent is based in St. Johann, 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 autumn 2017, work started on relocation of production to Systemair's factory in Slovenia. Frivent was consolidated on 1 May.

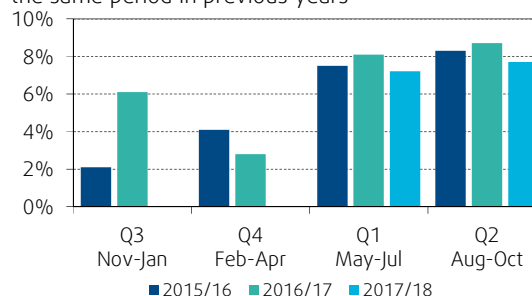
In June 2017, the South African subsidiary Systemair (Pty) Ltd acquired the assets of the South African company Viking Air Conditioning, a market-leading manufacturer of air handling units with integrated cooling. Viking is based in Spartan, Johannesburg, South Africa. The company produces and sells customised air handling units with integrated cooling for commercial use. Sales are valued at around SEK 40 million annually in South Africa and neighbouring countries. Viking has been selling high-quality air handling units with and without integral cooling for more than 25 years. The products are stocked by the leading supermarket chains, as well as other sellers, in the region. The company has 45 employees and operates from leased premises of 3,000 m<sup>2</sup>. Viking was consolidated as of 1 June.

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

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



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



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 an account of 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 121.1 million (140.1), including SEK 95.2 million (25.3) in new construction and machinery. The investments consisted in large part of investments in the factories in Denmark, Turkey and Slovenia. Acquisitions and formerly withheld additional purchase considerations totalled SEK 21.8 million (113.6) for the quarter. Depreciation of non-current assets amounted to SEK 48.8 million (45.8).

## Personnel

The average number of employees in the Group was 5,053 (4,707). At the end of the period, Systemair had 5,408 employees (5,049), 359 more than one year previous. New employees were recruited chiefly at Systemair in Lithuania (53), Menerga Germany (48), Sweden (30), India (29), Czech Republic (28), Germany (22), Canada (21), Malaysia (19), Slovakia (17) and Denmark (15). Personnel cutbacks were made in China (-28), Turkey (-16) and France (-15). Acquired companies added 89 employees to the Group, of whom 44 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 during the quarter, totalled SEK 191.9 million (166.6). Changes in working capital, mainly consisting of an increase in trade accounts receivable and inventories, had a negative impact on cash flow, SEK -92.3 million (+0.8). Cash flow from financing activities totalled SEK -50.0 million (-55.5) net. At the

end of the period, the Group's net indebtedness was SEK 1,610.4 million (1,476.3). The consolidated equity/assets ratio was 43.2 percent (43.8) at the end of the period.

## 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 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 53.8 million (47.2). Operating profit was negative, at SEK -41.2 million (-58.7). The company had 47 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

### Systemair India leading the way in sustainable ventilation

Systemair India has been chosen as supplier of a complete ventilation system for Wipro Limited, a leading global information and consulting company in Bangalore. The total value of the order is estimated at USD 1.6 million. The order will be delivered in its entirety during the current financial year. With this project, Systemair is leading the advance of sustainable, energy-efficient ventilation systems, by offering fans with EC technology for an area of 2.5 million square metres for 25,000 employees.



the 2016/17 financial year and approximately 5,200 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 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 has been submitted for publication at 8.00 a.m. on 7 December 2017.

The undersigned affirm that this six-month report provides a true and fair survey of the Parent Company's and the Group's operations, financial position and profits, as well as describing the material risks and uncertainty facing the Parent Company and the companies included in the Group.

Skinnskatteberg, 7 December 2017

Systemair AB (publ)

Roland Kasper  
*Chief Executive Officer*

Gerald Engström  
*Chairman*

Carina Andersson  
*Board member*

Svein Nilsen  
*Board member*

Hans Peter Fuchs  
*Board member*

Patrik Nolåker  
*Board member*

Åke Henningson  
*Employee Representative*

Ricky Sten  
*Employee Representative*

## Calendar

### Interim report Q3 2017/18

8.00 a.m., 15 March 2018

### Year-end report Q4 2017/18

8.00 a.m., 14 June 2018

### Interim report Q1 2018/19

1.00 p.m., 30 August 2018

## Contact

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## Auditor's Review Report

### Introduction

We have reviewed the condensed interim financial information (interim report) for Systemair as per 31 October 2017 and the six-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Emphasis and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements: ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The emphasis and scope of a review differ considerably from that of an audit in accordance with International Standards on Auditing Standards (ISA) and other generally accepted auditing practices in Sweden.

The procedures performed in a review do not enable us to obtain a level of assurance to become aware of all significant matters that could have been identified in an audit. Accordingly we do not express a reasonable assurance conclusion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 6 December 2017

Ernst & Young AB

Åsa Lundvall

Authorised Public Accountant



## Summary income statement

	Group						Parent Company	
	2017/18 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths	2016/17 Nov-Oct trail. 12	2016/17 May-Apr 12 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths
SEK m.								
Net sales	1,863.7	1,769.2	3,700.9	3,415.1	7,149.4	6,863.6	53.8	47.2
Cost of goods sold	-1,232.3	-1,145.8	-2,462.5	-2,218.4	-4,746.5	-4,502.4	-	-
<b>Gross profit</b>	<b>631.4</b>	<b>623.4</b>	<b>1,238.4</b>	<b>1,196.7</b>	<b>2,402.9</b>	<b>2,361.2</b>	<b>53.8</b>	<b>47.2</b>
Other operating income	23.0	24.7	51.8	46.1	125.3	119.6	0.8	2.4
Selling expenses	-392.1	-372.6	-778.5	-715.4	-1,611.2	-1,548.1	-26.1	-20.0
Administration expenses	-82.9	-86.7	-165.6	-169.0	-361.7	-365.1	-40.9	-41.5
Other operating expenses	-35.5	-35.6	-69.3	-72.2	-125.7	-128.6	-28.8	-46.8
<b>Operating profit</b>	<b>143.9</b>	<b>153.2</b>	<b>276.8</b>	<b>286.2</b>	<b>429.6</b>	<b>439.0</b>	<b>-41.2</b>	<b>-58.7</b>
Net financial items	-0.2	3.2	-27.1	5.5	-61.4	-28.8	241.6	291.6
<b>Profit after financial items</b>	<b>143.7</b>	<b>156.4</b>	<b>249.7</b>	<b>291.7</b>	<b>368.2</b>	<b>410.2</b>	<b>200.4</b>	<b>232.9</b>
Appropriations	-	-	-	-	-	-	0.5	-3.3
Tax on profit for the period	-42.3	-41.2	-72.7	-76.9	-111.8	-116.0	6.2	8.2
<b>Profit for the period<sup>1</sup></b>	<b>101.4</b>	<b>115.2</b>	<b>177.0</b>	<b>214.8</b>	<b>256.4</b>	<b>294.2</b>	<b>207.1</b>	<b>237.8</b>
Earnings per share, SEK <sup>2</sup>	1.95	2.22	3.40	4.13	4.93	5.66	-	-

## Statement of comprehensive income

<b>Profit for the period</b>	101.4	115.2	177.0	214.8	256.4	294.2	207.1	237.8
<b>Other comprehensive income</b>								
<i>Items that have been, or may later be, transferred to profit for the year:</i>								
Translation differences	33.5	66.9	-20.4	139.6	-75.3	84.8	-	-
Impact of tax	0.1	-0.2	0.3	-0.4	0.3	-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	-	-
<b>Other comprehensive income</b>	<b>33.6</b>	<b>66.7</b>	<b>-20.1</b>	<b>139.2</b>	<b>-76.4</b>	<b>82.9</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period<sup>1</sup></b>	<b>135.0</b>	<b>181.9</b>	<b>156.9</b>	<b>354.0</b>	<b>180.0</b>	<b>377.1</b>	<b>207.1</b>	<b>237.8</b>

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 in operation has been arranged by Färna Invest.

## Summary balance sheet

SEK m.	Group			Parent Company	
	31/10/2017	31/10/2016	30/04/2017	31/10/2017	31/10/2016
<b>ASSETS</b>					
Goodwill	728.0	723.6	691.4	0.2	0.3
Other intangible assets	200.3	192.7	193.3	19.2	3.1
Property, plant and equipment	1,538.4	1,395.2	1,413.4	29.3	14.0
Financial and other assets	201.9	199.8	200.6	2,419.4	2,350.4
<b>Total non-current assets</b>	<b>2,668.6</b>	<b>2,511.3</b>	<b>2,498.7</b>	<b>2,468.1</b>	<b>2,367.8</b>
Inventories	1,181.5	1,150.1	1,170.4	-	-
Current receivables	1,582.2	1,499.8	1,450.3	1,264.5	1,211.2
Cash and cash equivalents	208.3	229.3	241.8	-	-
<b>Total current assets</b>	<b>2,972.0</b>	<b>2,879.2</b>	<b>2,862.5</b>	<b>1,264.5</b>	<b>1,211.2</b>
<b>TOTAL ASSETS</b>	<b>5,640.6</b>	<b>5,390.5</b>	<b>5,361.2</b>	<b>3,732.6</b>	<b>3,579.0</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>2,434.2</b>	<b>2,358.2</b>	<b>2,381.3</b>	<b>2,045.6</b>	<b>1,983.4</b>
Untaxed reserves	-	-	-	5.1	5.5
Non-current liabilities, non-interest-bearing	232.7	242.0	259.1	-	-
Non-current liabilities, interest-bearing	368.2	416.3	319.3	418.0	460.4
<b>Total non-current liabilities</b>	<b>600.9</b>	<b>658.3</b>	<b>578.4</b>	<b>418.0</b>	<b>460.4</b>
Current liabilities, interest-bearing	1,391.3	1,231.7	1,236.1	1,220.1	1,073.2
Current liabilities, non-interest bearing	1,214.2	1,142.3	1,165.4	43.8	56.5
<b>Total current liabilities</b>	<b>2,605.5</b>	<b>2,374.0</b>	<b>2,401.5</b>	<b>1,263.9</b>	<b>1,129.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,640.6</b>	<b>5,390.5</b>	<b>5,361.2</b>	<b>3,732.6</b>	<b>3,579.0</b>

## Summary consolidated cash flow statement

	2017/18 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths	2016/17 May-Apr 12 mths
SEK m.					
Operating profit	143.9	153.2	276.8	286.2	439.0
Adjustment for non-cash items	62.7	66.3	78.8	112.6	158.4
Financial items	-4.0	-5.8	-9.6	-11.3	-22.4
Income tax paid	-10.7	-47.1	-42.5	-70.8	-128.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>191.9</b>	<b>166.6</b>	<b>303.5</b>	<b>316.7</b>	<b>446.3</b>
Changes in working capital	-92.3	0.8	-130.0	-35.2	18.2
<b>Cash flow from operating activities</b>	<b>99.6</b>	<b>167.4</b>	<b>173.5</b>	<b>281.5</b>	<b>464.5</b>
Cash flow from investing activities	-118.0	-132.5	-279.4	-158.7	-281.3
Cash flow from financing activities	-50.0	-55.5	79.2	-93.1	-134.5
<b>Cash flow for the period</b>	<b>-68.4</b>	<b>-20.6</b>	<b>-26.7</b>	<b>29.7</b>	<b>48.7</b>
Cash and cash equivalents at start of period	270.0	236.6	241.8	176.9	176.9
Translation differences, cash and cash equivalents	6.7	13.3	-6.8	22.7	16.2
<b>Cash and cash equivalents at close of period</b>	<b>208.3</b>	<b>229.3</b>	<b>208.3</b>	<b>229.3</b>	<b>241.8</b>

## Statement of Changes in Equity – Group

	2017/18 May-Oct		2016/17 May-Oct		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	156.9	156.9	354.0	354.0	377.1	377.1
<b>Amount at end of period</b>	<b>2,434.2</b>	<b>2,434.2</b>	<b>2,358.2</b>	<b>2,358.2</b>	<b>2,381.3</b>	<b>2,381.3</b>

## Key ratios for the Group

		2017/18 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths	2016/17 May-Apr 12 mths
Net sales	SEK m.	1,863.7	1,769.2	3,700.9	3,415.1	6,863.6
Growth	%	5.3	8.9	8.4	7.1	12.3
Operating profit	SEK m.	143.9	153.2	276.8	286.2	439.0
Operating margin	%	7.7	8.7	7.5	8.4	6.4
Profit after net fin. items	SEK m.	143.7	156.4	249.7	291.7	410.2
Profit margin	%	7.7	8.8	6.7	8.5	6.0
Return on capital employed	%	10.4	10.5	10.4	10.5	12.0
Return on equity	%	10.8	11.6	10.8	11.6	12.6
Equity/assets ratio	%	43.2	43.8	43.2	43.8	44.6
Investments	SEK m.	118.0	132.5	279.4	158.7	281.3
Depreciation/Amortisation	SEK m.	48.8	45.8	97.6	89.9	186.7
<b>Per share ratios</b>						
Earnings per share	SEK	1.95	2.22	3.40	4.13	5.66
Equity per share	SEK	46.81	45.35	46.81	45.35	45.79
Operating cash flow per share	SEK	1.92	3.22	3.34	5.41	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		
		Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2
Net sales	SEK m.	1,863.7	1,837.2	1,733.2	1,715.4	1,769.2	1,645.9	1,508.7	1,416.3	1,624.4
Growth	%	5.3	11.6	14.9	21.1	8.9	5.3	0.4	-1.1	4.5
Gross margin	%	33.9	33.0	33.8	33.7	35.2	34.8	34.1	33.7	35.4
Operating profit	SEK m.	143.9	132.9	47.7	105.1	153.2	133.0	62.2	30.1	134.3
Operating margin	%	7.7	7.2	2.8	6.1	8.7	8.1	4.1	2.1	8.3
Return on capital employed	%	10.4	10.8	12.0	11.9	10.5	10.1	10.2	9.3	10.5
Return on equity	%	10.8	11.4	12.6	12.9	11.6	10.6	9.8	9.9	11.4
Equity/assets ratio	%	43.2	44.0	44.6	45.5	43.9	45.0	43.9	43.6	42.8
Basic equity per share	SEK	46.81	46.22	45.79	44.46	45.35	43.85	40.54	39.74	40.40
Basic earnings per share	SEK	1.95	1.45	0.55	0.98	2.22	1.91	0.53	0.25	1.65
Cash flow from operating activities per share	SEK	1.92	1.42	-0.49	4.01	3.22	2.19	-0.77	0.74	2.34

## 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 preliminary 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
Inventories	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
	<b>69.2</b>

Transaction costs in the acquisition of subsidiaries totalled SEK 0.5 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 -65.9 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.

	2017/18 Aug-Oct 3 mths	2016/17 Aug-Oct 3 mths	2017/18 May-Oct 6 mths	2016/17 May-Oct 6 mths
SEK m.				
<b>Europe</b>				
Net sales, external	1,530.5	1,436.7	2,975.8	2,730.5
Net sales, intra-Group	35.0	36.0	75.2	86.4
Operating profit	159.4	164.3	280.0	297.8
Operating margin, %	10.4	11.4	9.4	10.9
Assets	2,860.5	2,655.5	2,860.5	2,655.5
Investments	90.3	13.0	185.6	29.7
Depreciation/Amortisation	41.8	39.2	83.7	76.6
<b>Rest of World</b>				
Net sales, external	333.2	332.5	725.1	684.6
Net sales, intra-Group	1.8	3.1	5.1	8.4
Operating profit	12.3	16.8	38.5	46.9
Operating margin, %	3.7	5.1	5.3	6.9
Assets	811.0	855.4	811.0	855.4
Investments	1.4	2.5	7.8	6.9
Depreciation/Amortisation	5.7	5.7	11.3	11.4
<b>Group-wide</b>				
Net sales, intra-Group	26.5	23.3	53.8	47.2
Operating profit	-27.8	-27.9	-41.7	-58.5
Assets	3,735.4	3,584.8	3,735.4	3,584.8
Investments	26.3	117.0	86.0	122.1
Depreciation/Amortisation	1.3	0.9	2.6	1.9
<b>Eliminations</b>				
Net sales, intra-Group	-63.3	-15.1	-134.1	-94.7
Assets	-1,766.3	-1,705.2	-1,766.3	-1,705.2
<b>Total</b>				
Net sales, external	1,863.7	1,769.2	3,700.9	3,415.1
Operating profit	143.9	153.2	276.8	286.2
Operating margin, %	7.7	8.7	7.5	8.4
Assets	5,640.6	5,390.5	5,640.6	5,390.5
Investments	118.0	132.5	279.4	158.7
Depreciation/Amortisation	48.8	45.8	97.6	89.9

## Alternative performance measures

In its interim report, Systemair presents key ratios 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 key ratios in the same way, these are not always comparable. As a result, they should not be regarded as substitutes for key ratios as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

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## 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.