

# SYSTEMAIR AB (PUBL)

## INTERIM REPORT Q3

### 1 MAY 2015 - 31 JANUARY 2016



Net sales Q3

# SEK 1,416 m

EBIT Q3

# SEK 30 m

#### Third quarter, November 2015 - January 2016

- Net sales declined 1 percent, to SEK 1,416 million (1,432).
- Operating profit (EBIT) totalled SEK 30 million (54).
- The operating margin was 2.1 percent (3.8).
- Profit after tax fell to SEK 13 million (44).
- Earnings per share totalled SEK 0.25 (0.84).
- Cash flow from operating activities amounted to SEK 38 million (77).

#### Nine months, May 2015 - January 2016

- Net sales rose 5 percent to SEK 1,624 million (1,554).
- Operating profit (EBIT) totalled SEK 282 million (322).
- The operating margin was 6.1 percent (7.3).
- Profit after tax fell to SEK 179 million (281).
- Earnings per share totalled SEK 3.45 (5.39).
- Cash flow from operating activities totalled SEK 209 million (254).

#### Significant events during the period under review

- Roland Kasper took over as Systemair's new President and CEO at the Annual General Meeting, held on 27 August 2015. Gerald Engström was elected as new Chairman of the Board.
- In September, Systemair took over Traydus, of Brazil, a producer of air handling units.
- In October, Alitis was acquired, a sales company operating in Belarus and Kaliningrad.
- In October, Systemair acquired Kolektor, a producer of air handling units in Slovenia.
- In November, the acquisition of Menerga NV, a distributor of Menerga's products in Belgium, was completed.

	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths
Net sales, SEK m	1,416.3	1,431.6	4,603.9	4,379.8
Growth, %	-1.1	10.3	5.1	8.5
Operating profit, SEK m	30.1	54.1	281.8	321.8
Operating margin, %	2.1	3.8	6.1	7.3
Profit after tax, SEK m	13.0	43.7	179.5	280.5
Earnings per share, SEK	0.25	0.84	3.45	5.39
Operating cash flow per share, SEK	0.74	1.49	4.02	4.89

## Mild climate

The third quarter was characterised by weak development in several markets. Sales fell by 1 percent organically, but incoming orders were strengthened by a number of major projects. We are working intensively on the launch of new products within several applications to ensure future growth. Reduced volumes affect profitability. Operating margin totalled 2.1 percent, compared to 3.8 percent in the same quarter of the previous year. A number of cost-saving activities and restructuring projects have been initiated, including at Menerga in Germany with annual saving of around SEK 12 million at an on-off cost of SEK 10 million.

### Market

The market developed poorly in several countries during the third quarter, and with that our streak of organic growth for 23 consecutive quarters came to a halt. Although the Nordic market as a whole was in decline, volumes continued to increase in Finland and Sweden. We also saw a mixed picture in Western Europe, where Germany and the UK experienced strong development, whilst France, the Netherlands, Belgium and Spain contracted. During the quarter, sales declined by 37 percent in Russia, which now accounts for 6 percent of the Group's total sales. However, in the Eastern European region we saw an increase in several countries, which is partly offsetting the losses in Russia. In the North and South American regions, most of the growth is taking place in the USA. This is a region that is performing strongly. We continue to experience good growth in Asia, and many exciting projects are under way.

### Companies acquired

During the quarter, we completed the acquisition of Menerga NV in Belgium, which complements our existing organisation with resources, know-how and customers. Elsewhere, we have continued to focus on integrating and streamlining the other acquisitions we have made in recent years, particularly in respect of Menerga and air conditioning product factories in Italy and France.

### Investments

During the period, we took the decision to invest in automated sheet metal working machinery for the



production facility in Skinnskatteberg. The investment totals around SEK 20 million and will streamline our sheet metal working activities, reducing the amount of wastage and increasing the factory's competitiveness. It is anticipated that the machinery will become operational during autumn 2016.

### Future prospects

During January, we held a CEO conference for around 100 people in the Group. The central theme of the conference was the continual improvement of marketing, sales and production to achieve improved profitability. Attention was also drawn to a presentation of Systemair's existing and recently developed energy efficient range of products.

In February we received an exciting order of 550 air handling units to one of the largest hospitals in the world, in Ankara, Turkey. The order value is estimated to be about EUR 5.2 million and deliveries will take place during April to October 2016.

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

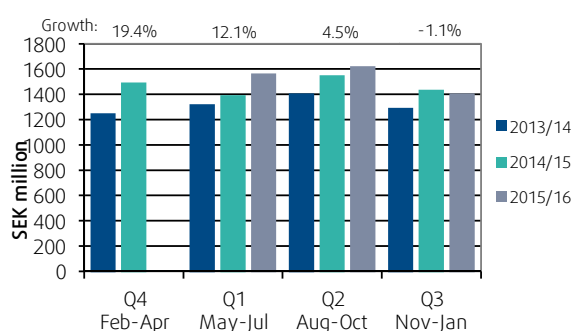
Roland Kasper  
President and CEO

## Sales and markets

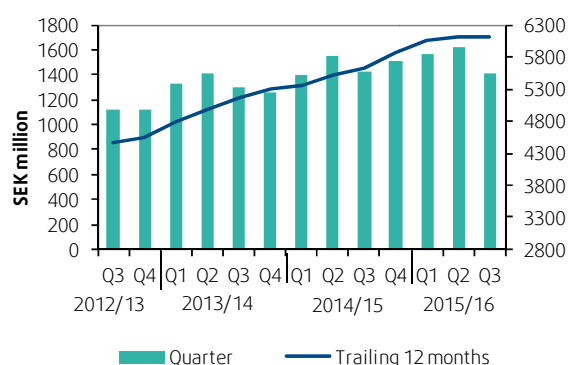
Group sales for the third quarter of the 2015/16 fiscal year totalled SEK 1,416.3 million (1,431.6), down 1.1 percent from the same period in the previous year.

After the adjustments for both foreign exchange effects and acquisitions, net sales fell by 1.2 percent. Growth in acquired operations was 2.1 percent, while foreign exchange effects reduced sales by 2.0 percent during the period.

### Net sales per quarter compared with same period previous years



### Net sales



## Geographic breakdown of Q3 sales

### Nordic region

During the third quarter, sales in the Nordic region fell by 1 percent from the same period in the previous year. Calculated in Swedish krona, sales on the Danish and Norwegian markets declined. Adjusted for the weakening in the Norwegian krone, there was a slight positive development in Norway. Sales in Finland and Sweden experienced a moderate increase.

### Western Europe

During the quarter, sales in the West European market were 3 percent lower than in the corresponding period in the previous year. Adjusted for the effects of foreign exchange and acquisitions, sales declined 5 percent. The market in Western Europe showed a fragmented picture. Several markets in the region performed well during the period, including the United Kingdom, Germany and Italy, while sales in Belgium, Holland, Spain and France declined.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS fell by 16 percent during the quarter. Adjusted for the effects of foreign exchange and acquisitions, sales declined 12 percent. In Russia, sales fell by 37 percent during the period, calculated in Swedish krona. The Russian market accounted for 6 percent of Systemair's total sales during the period, compared to 10 percent in the previous year.

### North and South America

Sales in North and South America during the quarter were 19 percent higher than in the same period in the previous year. The US market experienced positive development during the quarter. Adjusted for foreign exchange effects and acquisitions, sales increased by 6 percent.

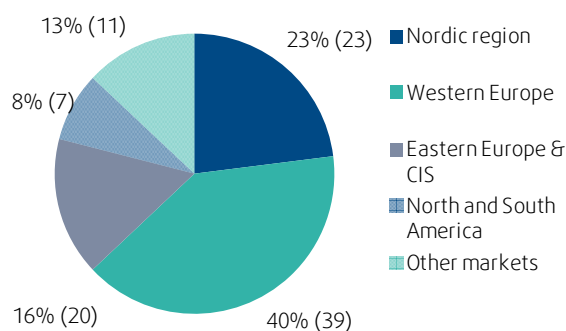
	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	Sales change	Of which, organic	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	Sales change	Of which, organic
Nordic region	339.1	344.0	-1%	-1%	1,061.7	1,010.4	5%	5%
Western Europe	565.8	584.4	-3%	-5%	1,814.5	1,715.5	6%	-2%
Eastern Europe & CIS	206.4	246.6	-16%	-12%	737.4	875.1	-16%	-8%
North and South America	108.5	91.4	19%	6%	379.1	310.0	22%	6%
Other markets	196.5	165.2	19%	23%	611.2	468.8	30%	28%
<b>Total</b>	<b>1,416.3</b>	<b>1,431.6</b>	<b>-1%</b>	<b>-1%</b>	<b>4,603.9</b>	<b>4,379.8</b>	<b>5%</b>	<b>2%</b>

1) Effective Q2 2015/16, the North and South America regions have been merged. Figures shown for comparison have been adjusted.

### Other markets

Sales in Other markets rose by 19 percent compared with the same period in the previous year. Adjusted for foreign exchange effects and acquisitions, sales increased by 23 percent. Sales in Dubai and Qatar in particular rose sharply during the quarter.

### Sales by market 9 months 2015/16 (9 months 2014/15)



### Profit in the third quarter

Gross profit for the third quarter totalled SEK 477.7 million (480.8), down 0.7 percent from the same period in the previous year. The gross margin rose to 33.7 percent (33.6).

Operating profit for the third quarter totalled SEK 30.1 million (54.1), down 44.3 percent from the same period in the previous year. The operating margin was 2.1 percent (3.8).

During the quarter, a workforce reduction of around 25 people was initiated at Menerga in Germany at an on-off cost of SEK 9.7 million. The restructuring cost was reported as SEK 2.3 million in Cost of goods sold and SEK 7.4 million in administration expenses. The redundancies will result in an annual saving of around SEK 12 million. Future reduction and restructuring measures will be evaluated at several of the Group's facilities. Compared with the third quarter previous year, the number of employees has decreased with 95 persons in Russia, India, Sweden and Denmark.

Selling and administration expenses for the quarter totalled SEK 440.0 million (420.9), a rise of SEK 19.1 million, of which acquired companies contributed SEK 17.3 million.

Selling expenses were charged with SEK 1.1 million (7.7) for anticipated and confirmed impairment losses on trade receivables. During the quarter, acquisition-related costs totalled SEK 0.0 million (0.4).

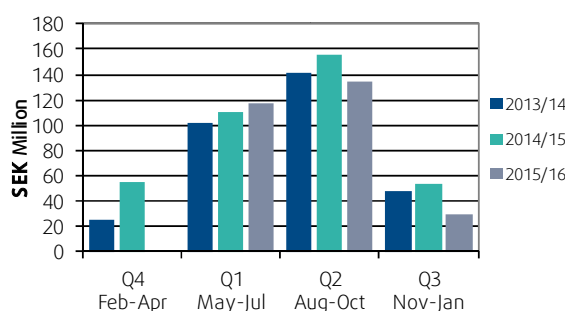
Net financial items for the third quarter totalled SEK -4.7 million (6.4). The effect of foreign exchange on long-term receivables, loans and bank balances was SEK -0.3

million (9.6) net. Interest expenses for the quarter totalled SEK -5.0 million (-5.3).

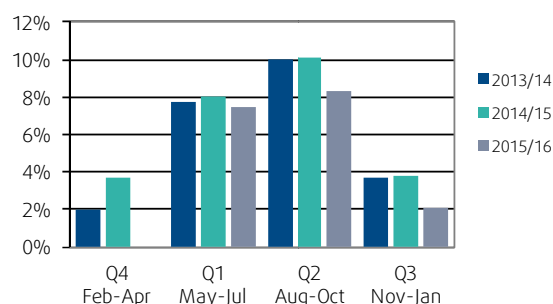
### Tax expense

Estimated tax for the quarter totalled SEK -12.4 million (-16.8), corresponding to an effective tax rate of 48.8 percent based on profit after net financial items. The high tax charge is mainly attributed to non-activated deficit deductions, principally in Menerga in Germany and Italy.

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



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



### Acquisitions and new operations

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

## Investments, depreciation and amortisation

Investments for the quarter, excluding divestments, totalled SEK 52.4 million (29.4), including SEK 42.5 million (44.7) in new construction and machinery. The investments consisted primarily of capacity and replacement investments at several factories. Acquisitions and formerly withheld additional purchase considerations totalled SEK 5.9 million (+18.0) for the quarter. Depreciation of fixed assets amounted to SEK 43.3 million (43.1).

## Personnel

The average number of employees in the Group was 4,555 (4,286). At the end of the period, Systemair had 4,721 employees (4,497), 224 more than for the previous year. New employees were recruited mainly in Canada (44) and at Systemair in Germany (38). Redundancies were made in Russia (-33), India (-28), Sweden (-19) and Denmark (-15). Companies acquired have added 148 employees, of which 85 came from Traydus in Brazil, 14 from Menerga in Norway, 14 from Lautner in Germany, 13 from Menerga in Belgium, 15 from Alitis in Belarus and 7 from Kolektor in Slovenia.

## Cash flow and financial position

Cash flow from operating activities before changes in working capital totalled SEK 20.3 million (72.1) for the quarter. Changes in working capital, mainly consisting of a decrease in accounts receivable, had a positive impact of SEK 18.0 million (5.4) on cash flow. The cash flow from financing operations totalled SEK -24.6 million net (-73.7). At the end of the period, the Group's net indebtedness was SEK 1,349.5 million (1,136.0). The consolidated equity/assets ratio was 43.6 percent (46.4) at the end of the period.

## Changes in organisation and Group management

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

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

In October, Mats Lund, Production Manager and Vice

President Marketing for Asia, and member of Systemair's Group Management, voluntarily resigned from his position with effect from 31 December 2015. Håkan Lenjesson has been appointed as the new Vice President Marketing for Asia and will also serve as a member of Group Management. Lenjesson, 59, has been working for Systemair since December 2012 as Business Developer and Vice President Marketing for the Middle East. He has a broad range of experience in the ventilation industry, having formerly worked at Munters in Saudi Arabia, Thailand and Australia. Following these changes, Group Management consists of Roland Kasper, Anders Ulff, Fredrik Andersson, Kurt Maurer, Olle Glassel and Håkan Lenjesson.

## 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, credit risk and liquidity risk. The material risks and uncertainties affecting Systemair are described in more detail in the company's 2014/15 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. Related-party transactions are described in detail in Note 36 to the accounts in the Annual Report for the 2014/15 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

## Parent Company


Parent Company net sales for the quarter totalled SEK 20.9 million (228.8). Operating profit totalled SEK -13.0 million (-13.1). The company had 42 employees. The core business of the Parent Company following the division of the Swedish operation is that of intra-Group services.

## Financial information

The report for Q4 2015/16 will be published at 8.00 a.m. on 9 June 2016.

## 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 straight way”, which has been developed from a product concept into a business philosophy. Our product range has grown strongly to span a broad range of fans, air handling units, products for air distribution, air curtains, heating products and refrigeration equipment.

### Mission statement

Our mission is to develop, manufacture and market high-quality ventilation products, operating from our core values of simplicity and reliability. Based on this mission and with our customers in focus, we shall be seen as a reliable company, focusing 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 a dedicated production line and our 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 growing markets.
- Strategy of acquisition and establishment to expand market shares.

### Miscellaneous

The content of this Interim Report is the 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 08.00 am on 3 March 2016.

This Interim Report has not been reviewed by the Company’s auditors.

Skinnskatteberg, 3 March 2016  
Systemair AB (publ)

Board of Directors

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#### **Systemair in Brief**

*Systemair is a leading ventilation company with operations in 47 countries in Europe, North America, South America, the Middle East, Asia and South Africa. The Company had sales of approximately SEK 5.9 billion in the 2014/15 fiscal year and has approximately 4,700 employees. Since its founding in 1974, Systemair has reported an operating profit every year. During the past 15 years, the Company’s growth rate has averaged about 13 percent.*

*Systemair has well-established operations in growth markets. The Group’s products are marketed under the Systemair, Frico, VEAB, Fantech, Menerga and Holland Heating brands. Systemair shares have been quoted on the Mid Cap List of the OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 60 companies.*

## Consolidated income statement

SEK m	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	2015/16 Feb-Jan trailing 12	2014/15 May-Apr 12 mths
Net sales	1,416.3	1,431.6	4,603.9	4,379.8	6,106.3	5,882.2
Cost of goods sold	-938.6	-950.8	-3,015.7	-2,858.7	-4,014.5	-3,857.6
<b>Gross profit/loss</b>	<b>477.7</b>	<b>480.8</b>	<b>1,588.2</b>	<b>1,521.1</b>	<b>2,091.8</b>	<b>2,024.6</b>
Other operating income	17.4	25.1	56.2	55.6	93.3	92.7
Selling expenses	-352.6	-335.9	-1,035.6	-964.8	-1,423.6	-1,352.7
Administration expenses	-87.4	-85.0	-249.7	-228.8	-334.7	-313.9
Other operating expenses	-25.0	-30.9	-77.3	-61.3	-89.9	-73.9
<b>Operating profit</b>	<b>30.1</b>	<b>54.1</b>	<b>281.8</b>	<b>321.8</b>	<b>336.9</b>	<b>376.8</b>
Net financial items	-4.7	6.4	-26.3	8.0	-30.7	3.6
<b>Profit after financial items</b>	<b>25.4</b>	<b>60.5</b>	<b>255.5</b>	<b>329.8</b>	<b>306.2</b>	<b>380.4</b>
Tax on profit for the period	-12.4	-16.8	-76.0	-49.3	-97.5	-70.6
<b>Profit for the period <sup>1)</sup></b>	<b>13.0</b>	<b>43.7</b>	<b>179.5</b>	<b>280.5</b>	<b>208.7</b>	<b>309.8</b>
Earnings per share, SEK <sup>2)</sup>	0.25	0.84	3.45	5.39	4.01	5.96
Average number of shares <sup>2)</sup>	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

<sup>1)</sup>Attributable to Parent Company shareholders.

<sup>2)</sup>No dilution effect arises since the option programme in operation has been arranged by Färna Invest AB.

## Consolidated statement of comprehensive income

	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	2015/16 Feb-Jan rolling 12	2014/15 May-Apr 12 mths
<b>Profit for the period</b>	13.0	43.7	179.5	280.5	208.7	309.8
<b>Other comprehensive income, net after tax</b>						
<i>Items that have been, or may later be, transferred to profit for the period:</i>						
Translation differences, foreign operations, gross before tax	-47.7	4.0	-90.2	49.2	-74.0	65.4
Translation effects of long-term loans to subsidiaries with no settlement planned	-	4.5	-1.5	8.8	-5.8	4.5
Tax effects from long-term loans to subsidiaries with no settlement planned	-	-1.0	0.3	-1.9	1.3	-1.0
<i>Items that cannot be transferred to profit for the period:</i>						
Revaluation of defined-benefit pensions	-	-	-	-	-21.4	-21.4
<b>Other comprehensive income, net after tax</b>	<b>-47.7</b>	<b>7.5</b>	<b>-91.4</b>	<b>56.1</b>	<b>-99.9</b>	<b>47.5</b>
<b>Total comprehensive income for the period <sup>1)</sup></b>	<b>-34.7</b>	<b>51.2</b>	<b>88.1</b>	<b>336.6</b>	<b>108.8</b>	<b>357.3</b>

1) Comprehensive income for the period is, in its entirety, attributable to shareholders of the Parent Company.



## Consolidated balance sheet

SEK m	31.01.2016	31.01.2015	30.04.2015
<b>ASSETS</b>			
Goodwill	624.8	589.2	613.7
Other intangible assets	194.4	231.0	225.8
Property, plant and equipment	1,284.2	1,226.3	1,288.3
Financial and other assets	182.1	169.7	180.0
<b>Total non-current assets</b>	<b>2,285.5</b>	<b>2,216.2</b>	<b>2,307.8</b>
Inventory	1,049.4	980.6	1,029.2
Current receivables	1,204.9	1,084.5	1,165.4
Cash and cash equivalents	198.6	158.8	187.8
<b>Total current assets</b>	<b>2,452.9</b>	<b>2,223.9</b>	<b>2,382.4</b>
<b>TOTAL ASSETS</b>	<b>4,738.4</b>	<b>4,440.1</b>	<b>4,690.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,066.3</b>	<b>2,061.5</b>	<b>2,082.2</b>
Non-current liabilities, non-interest-bearing	252.3	216.8	260.5
Non-current liabilities, interest-bearing	229.5	270.2	245.9
<b>Total non-current liabilities</b>	<b>481.8</b>	<b>487.0</b>	<b>506.4</b>
Current liabilities, interest-bearing	1,245.9	976.4	1,140.3
Current liabilities, non-interest-bearing	944.4	915.2	961.3
<b>Total current liabilities</b>	<b>2,190.3</b>	<b>1,891.6</b>	<b>2,101.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,738.4</b>	<b>4,440.1</b>	<b>4,690.2</b>

## Consolidated cash flow statement

SEK m	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	2014/15 May-Apr 12 mths
Operating profit/loss	30.1	54.1	281.8	321.8	376.8
Adjustment for non-cash items	48.3	60.8	117.9	168.0	199.5
Financial items	-4.4	-5.0	-14.2	-15.1	-20.7
Income tax paid	-53.7	-37.8	-99.6	-65.7	-121.5
<b>Cash flow from operating activities before changes in working capital</b>	<b>20.3</b>	<b>72.1</b>	<b>285.9</b>	<b>409.0</b>	<b>434.1</b>
Change in working capital	18.1	5.4	-77.0	-154.8	-192.8
<b>Cash flow from operating activities</b>	<b>38.4</b>	<b>77.5</b>	<b>208.9</b>	<b>254.2</b>	<b>241.3</b>
Cash flow from investing activities	-45.9	-26.9	-171.9	-173.9	-297.0
Cash flow from financing activities	-24.6	-73.7	0.7	-40.0	110.2
<b>Cash flow for the period</b>	<b>-32.1</b>	<b>-23.1</b>	<b>37.7</b>	<b>40.3</b>	<b>54.5</b>
Cash and cash equivalents at start of period	242.3	188.7	187.8	123.3	123.3
Translation differences, cash and cash equivalents	-11.6	-6.8	-26.9	-4.8	10.0
<b>Cash and cash equivalents at close of period</b>	<b>198.6</b>	<b>158.8</b>	<b>198.6</b>	<b>158.8</b>	<b>187.8</b>

## Change in equity, Group

SEK m	2015/16 May-Jan		2014/15 May-Jan		2014/15 May-Apr	
	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	2,082.2	2,082.2	1,880.9	1,880.9	1,880.9	1,880.9
Dividend	-104.0	-104.0	-156.0	-156.0	-156.0	-156.0
Comprehensive income	88.1	88.1	336.6	336.6	357.3	357.3
<b>Amount at end of period</b>	<b>2,066.3</b>	<b>2,066.3</b>	<b>2,061.5</b>	<b>2,061.5</b>	<b>2,082.2</b>	<b>2,082.2</b>

## Key ratios for the Group

		2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	2014/15 May-Apr 12 mths
Net sales	SEK m	1,416.3	1,431.6	4,603.9	4,379.8	5,882.2
Growth	%	-1.1	10.3	5.1	8.5	11.1
Operating profit	SEK m	30.1	54.1	281.8	321.8	376.8
Operating margin	%	2.1	3.8	6.1	7.3	6.4
Profit after net fin. items	SEK m	25.4	60.5	255.5	329.8	380.4
Profit margin	%	1.8	4.2	5.6	7.5	6.5
Return on capital employed	%	9.3	19.8	9.3	19.8	12.5
Return on equity	%	9.9	27.4	9.9	27.4	15.1
Equity/assets ratio	%	43.6	46.4	43.6	46.4	44.4
Investments	SEK m	45.9	26.9	171.9	173.9	297.0
Depreciation	SEK m	43.3	43.1	131.9	124.8	171.1
<b>Per share ratios</b>						
Earnings per share	SEK	0.25	0.84	3.45	5.39	5.96
Equity per share	SEK	39.74	39.64	39.74	39.64	40.04
Operating cash flow per share	SEK	0.74	1.49	4.02	4.89	4.64
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

		2015/16				2014/15			2013/14	
		Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3
Net sales	SEK m	1,416.3	1,624.4	1,563.1	1,502.4	1,431.6	1,554.5	1,393.8	1,258.6	1,298.1
Growth	%	-1.1	4.5	12.1	19.4	10.3	9.9	5.2	12.0	15.8
Gross margin	%	33.7	35.4	34.3	33.5	33.6	36.6	33.8	32.8	32.9
Operating profit	SEK m	30.1	134.3	117.5	55.1	54.1	156.3	111.4	24.6	48.5
Operating margin	%	2.1	7.3	7.5	3.7	3.8	10.1	8.0	2.0	3.7
Return on capital employed	%	9.3	10.5	12.4	12.5	19.8	18.9	18.1	17.7	10.3
Return on equity	%	9.9	11.4	13.0	15.1	27.4	27.2	26.8	24.8	11.5
Equity/assets ratio	%	43.6	42.8	44.9	44.4	46.4	44.1	48.3	47.2	40.2
Equity per share before dilution	SEK	39.74	40.40	41.61	40.04	39.64	38.66	39.37	36.17	34.10
Earnings per share before dilution	SEK	0.25	1.65	1.55	0.56	0.84	2.24	2.31	5.14	0.38

## Parent Company income statement

SEK m	2015/16 Nov-Jan 3 mths	2014/15 Nov-Jan 3 mths	2015/16 May-Jan 9 mths	2014/15 May-Jan 9 mths	2014/15 May-Apr 12 mths
Net sales <sup>1)</sup>	20.9	228.8	66.0	731.5	948.2
Cost of goods sold	-	-167.4	-	-523.7	-680.0
<b>Gross profit</b>	<b>20.9</b>	<b>61.4</b>	<b>66.0</b>	<b>207.8</b>	<b>268.2</b>
Other operating income	0.3	12.0	0.7	34.1	44.9
Selling expenses	-11.2	-47.4	-39.3	-132.7	-182.4
Administration expenses	-17.1	-20.1	-47.2	-53.9	-74.4
Other operating expenses	-5.9	-19.0	-18.4	-44.0	-53.4
<b>Operating profit</b>	<b>-13.0</b>	<b>-13.1</b>	<b>-38.2</b>	<b>11.3</b>	<b>2.9</b>
Net financial items	3.1	1.7	529.2	319.9	318.9
<b>Profit after financial items</b>	<b>-9.9</b>	<b>-11.4</b>	<b>491.0</b>	<b>331.2</b>	<b>321.8</b>
Appropriations <sup>2)</sup>	3.7	-6.4	29.2	-4.7	-6.6
<b>Pre-tax profit</b>	<b>-6.2</b>	<b>-17.8</b>	<b>520.2</b>	<b>326.5</b>	<b>315.2</b>
Tax on profit for the period	1.1	3.8	-0.9	-4.1	-3.9
<b>Profit for the period</b>	<b>-5.1</b>	<b>-14.0</b>	<b>519.3</b>	<b>322.4</b>	<b>311.3</b>

<sup>1</sup> Systemair has split the Swedish operation into two companies as of the start of the financial year. The listed company Systemair AB will be streamlined into a holding company with corporate staff and group functions. The net sales of the current financial year thus solely consist of intra-group services.

<sup>2</sup> Accelerated depreciation, tax allocation reserve and Group contributions.

## Parent Company balance sheet in summary

SEK m	31.01.2016	31.01.2015	30.04.2015
<b>ASSETS</b>			
Goodwill	0.4	0.6	0.5
Other intangible assets	2.6	5.5	5.4
Property, plant and equipment	7.5	114.3	113.9
Financial and other assets	2,134.0	1,931.8	2,016.7
<b>Total non-current assets</b>	<b>2,144.5</b>	<b>2,052.2</b>	<b>2,136.5</b>
Inventory	-	162.2	167.4
Current receivables	1,131.2	862.3	910.8
Cash and cash equivalents	-	-	-
<b>Total current assets</b>	<b>1,131.2</b>	<b>1,024.5</b>	<b>1,078.2</b>
<b>TOTAL ASSETS</b>	<b>3,275.7</b>	<b>3,076.7</b>	<b>3,214.7</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,840.5	1,440.8	1,426.4
Untaxed reserves	9.1	41.5	38.3
Non-current liabilities, provisions	-	3.2	3.2
Non-current liabilities, interest-bearing	315.8	384.4	353.6
<b>Total non-current liabilities</b>	<b>315.8</b>	<b>387.6</b>	<b>356.8</b>
Current liabilities, interest-bearing	1,076.6	808.9	974.2
Current liabilities, non-interest-bearing	33.7	397.9	419.0
<b>Total current liabilities</b>	<b>1,110.3</b>	<b>1,206.8</b>	<b>1,393.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,275.7</b>	<b>3,076.7</b>	<b>3,214.7</b>

## 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 to acquire the shares in Traydus in Brazil, Alitis in Belarus, Menerga in Belgium and for the business of Kolektor in Slovenia may be divided as follows:

Total acquisition value, less transaction costs SEK 50.4 million

Identifiable net assets	Total
Goodwill	37.9
Buildings and land	5.3
Machinery and equipment	10.9
Financial and other current assets	0.1
Inventory	16.5
Current receivables	20.3
Other current assets	1.2
Cash and cash equivalents	12.1
Non-interest-bearing liabilities (incl. deferred tax liability)	-15.1
Interest-bearing liabilities	-8.8
Other operating liabilities	-30.0
	<b>50.4</b>

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 -39.8 million. Non-interest bearing non-current liabilities in respect of assessed additional purchase price for the acquisitions above amounted to SEK 5.9 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, synergy effects 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 for fair value through the income statement based on input data corresponding to level 2 in compliance with IFRS 13. Available-for-sale financial assets are recognised at fair value based on input data corresponding to level 1 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.



## 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.

### 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 report 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.