



# SYSTEMAIR AB INTERIM REPORT Q1 1 MAY – 31 JULY 2014



Net sales Q1

**SEK 1,394 m.**

EBIT Q1

**SEK 111 m.**

## First quarter, May – July 2014

- Net sales increased by 5 percent to SEK 1,394 million (1,325).
- Operating profit (EBIT) totalled SEK 111 million (102).
- The operating margin was 8.0 percent (7.7).
- Profit after tax increased to SEK 120 million (59).
- Earnings per share totalled SEK 2.31 (1.14).
- Cash flow from operating activities totalled SEK 88 million (69).

## Significant events during the first quarter

- In July, an agreement was signed to take over the assets and personnel of Airwell, a French manufacturer of air conditioning products for the commercial market.
- Also in July, the Group acquired Menerga's sales company in the UK. The company sells and services Menerga's products.

	2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 May-Apr 12 mths
Net sales, SEK m.	1,393.8	1,324.7	5,295.8
Growth, %	5.2	21.4	16.4
Operating profit, SEK m.	111.4	102.0	316.9
Operating margin, %	8.0	7.7	6.0
Profit after tax, SEK million	120.2	59.3	438.7
Earnings per share, SEK	2.31	1.14	8.44
Operating cash flow per share, SEK	1.69	1.33	4.78

## Continued growth and improved profit

In our year's first quarter, we recorded an operating margin of 8.0 percent, up from 7.7 percent a year earlier. We are also able to report a continued organic growth, of 2 percent. During the quarter we have worked intensively on newly acquired companies. We are pleased to have been able, despite a relatively weak market, to increase both margin and sales.

### The market

As before, uncertainty prevails in the market, especially in southern Europe and Russia. We are also monitoring political developments in Russia and Ukraine. To date, we cannot discern any dramatic impact on our business from the sanctions applied. Despite the uncertain market situation, we can confirm positive developments in several countries in the Nordic region, Western Europe and Eastern Europe, as well as in the USA.

### Companies acquired

Systemair entered into an agreement to take over the assets of Airwell, France, on 15 July. The acquisition includes brands, product rights, sales organisation and the leased production facilities in Tillières, about 100 kilometres west of Paris. The production facilities extend over 36,000 m<sup>2</sup> and employ 150 people. Including the sales organisation, the total number of employees is 207. Annual sales for the company are estimated at EUR 35 million. Through the acquisition, Systemair gains a considerably more comprehensive product range in air conditioning for the commercial market. The business acquired valuably complements our Italian refrigeration equipment factory that we purchased three years ago. We also establish a very much larger market presence in France and will benefit from advantages by being a local manufacturer.

We also completed a complementary acquisition of Menerga's UK sales company, which sells and services air handling equipment. The company has 6 employees and sales of around GBP 1.1 million.

### Investments

IMOS-Systemair, our subsidiary in Slovakia, manufactures products for air distribution. The company has delivered excellent results, and against that background we have



started to extend and converting its premises. At the same time, we are investing in more efficient machinery and equipment and a modern paint shop. Once the expansion is complete, we will have in all 15,000 m<sup>2</sup> of efficient, modern premises at our disposal. The facility will manufacture and warehouse all air distribution products for the European market.

In Malaysia, we are nearing completion of a new 16,000 m<sup>2</sup> factory, and occupancy has already been taken up. At the facility, we will manufacture an expanded range of fans, air distribution products and air handling units. The plant will also act as centralised warehouse for South-East Asia.

Altogether, these investments will piece together into a solid base for further growth at existing facilities. In general, our production facilities are both modern and well equipped.

### Outlook

One of Systemair's strengths is our global presence. We have our own operations in 45 countries and regularly supply our products to well over 100 countries. Despite economic and political uncertainty, we can report organic growth for the 18th consecutive quarter, and improved profitability. We have used the weaker economy to our advantage in making acquisitions of good companies on reasonable terms, although there may be a certain requirement for restructuring. We are continuing to make acquisitions and investments in production equipment, product development and marketing. This is a strategy that has proven effective over the years and that will be a factor in continuing to move us forward.

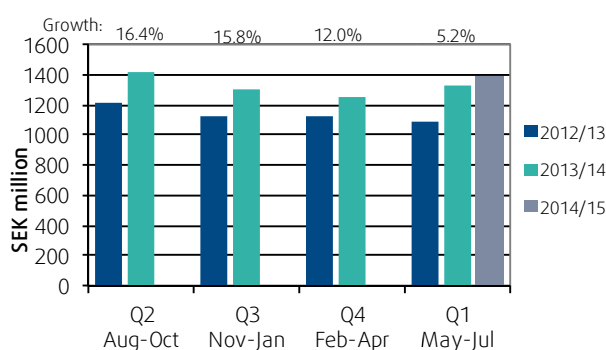
Gerald Engström  
CEO

## Sales and markets

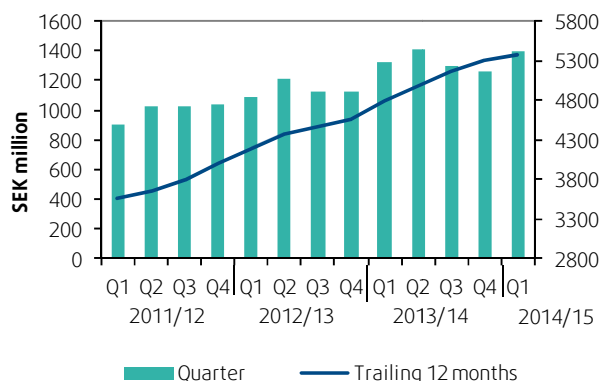
Group sales for the first quarter of 2014/15 totalled SEK 1,393.8 million (1,324.7), up 5.2 percent from the same period last year.

Adjusted for both foreign exchange effects and acquisitions, net sales grew 1.8 percent. This is the 18th successive quarter of organic growth, despite a weak market. Growth in acquired operations was 1.5 percent, while foreign exchange effects reduced sales by 1.9 percent during the period.

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



### Net sales



	2014 May-Jul 3 mths	2013 May-Jul 3 mths	Sales – change	Of which, organic
Nordic region	280.6	268.9	4%	4%
Western Europe	524.8	492.7	7%	-2%
Eastern Europe & CIS	329.9	308.4	7%	7%
North America	109.3	100.0	9%	9%
Other markets	149.2	154.7	-4%	-3%
<b>Total</b>	<b>1,393.8</b>	<b>1,324.7</b>	<b>5%</b>	<b>2%</b>

## Geographic breakdown of Q1 sales

### Nordic region

During the first quarter, sales in the Nordic region increased by 4 percent from the same period the preceding year. Sales in Denmark in particular grew strongly, but sales in Norway also increased. Acquisitions and foreign exchange effects did not affect sales in the region to any material extent.

### Western Europe

Sales in the West European market grew 7 percent during the quarter, compared with the corresponding period in the preceding year. Adjusted for the effects of foreign exchange and acquisitions, sales declined 2 percent. Several markets in the region performed well during the period, for example Spain, the UK and Germany. Sales in France and Italy declined during the period.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS increased 7 percent during the quarter. Sales in Russia were unchanged in local currency but declined on translation into Swedish kronor as a result of weakening of the Russian rouble. Acquisitions had a positive effect of 1.6 percent on sales in the region, while foreign exchange effects had a negative impact of 1.3 percent.

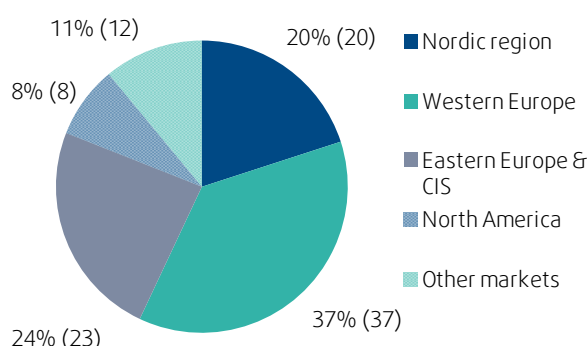
### North America

Sales in the North American market during the quarter were 9 percent higher than in the same period in the preceding year. The American market largely accounted for the rise. Acquisitions and foreign exchange effects did not affect sales in the region to any material extent.

## Other markets

Sales in Other markets declined 4 percent during the quarter compared to the same period last year. Adjusted for the effects of foreign exchange and acquisitions, sales declined 3 percent.

## Sales by market 3 months 2014 (3 months 2013)



## Results for the first quarter

The gross profit for the first quarter amounted to SEK 471.6 million (439.2), an increase of 7.4 percent over the same period in the preceding year. The gross margin increased to 33.8 percent (33.2).

Operating profit for the first quarter amounted to SEK 111.4 million (102.0), an increase of 9.2 percent over the same period in the preceding year. The operating margin was 8.0 percent (7.7).

Selling and administration expenses for the quarter totalled SEK 370.1 million (332.8), a rise of SEK 37.3 million. Selling and administration expenses at acquired companies accounted for SEK 18.1 million of the increase for the quarter.

Selling expenses were charged with SEK 5.1 million (5.9) for anticipated bad debts and impairment losses on trade receivables. During the quarter, acquisition-related costs totalled SEK 1.0 million (0.1).

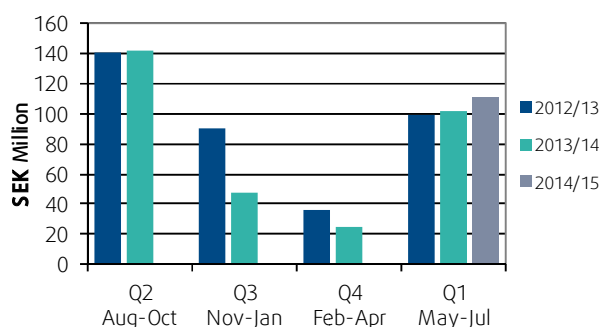
Net financial items for the first quarter were in surplus, at SEK 1.3 million (-17.7). The effect of foreign exchange on long-term receivables, loans and bank balances was SEK 7.3 million net (-7.7). Interest expense for the quarter totalled SEK -6.2 million (-10.4).

## Tax expense

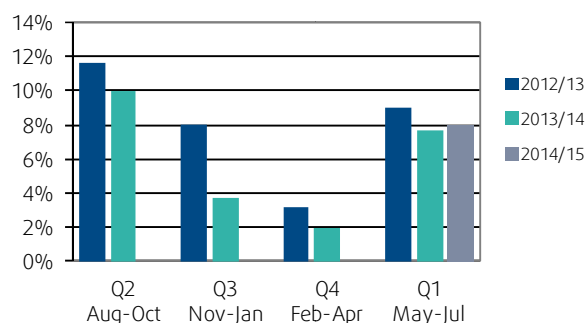
Estimated tax for the quarter totalled SEK 7.5 million (-25.0). The tax receipt is an effect of loss carry-forwards recognized as income, which were accrued through the acquisition of companies with losses from operations conducted previously. The acquired losses generated a net tax receipt of SEK 37.7 million. Adjusted for this tax

receipt, the effective tax rate for the quarter was 26.8 percent (29.6) based on profit after financial items.

## 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 July, Systemair reached an agreement to take over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition includes brands, product rights, sales organisation and the leased production facilities in Tillières, about 100 kilometres west of Paris. The production facilities extend over 36,000 m<sup>2</sup> and employ 150 people. Including the sales organisation, the total number of employees is 207. Annual sales for the company are estimated at EUR 35 million. The acquisition provides Systemair with a comprehensive range of air conditioning products for the commercial market.

Also in July, the Group acquired Menerga's sales company in the UK. The company, which sells and services Menerga's products, brings a total of 6 employees and annual sales of around GBP 1.1 million to the Group.

If the companies acquired had been consolidated as of 1 May 2014, net sales for the period May to July 2014, inclusive, would have totalled SEK approximately SEK

1,469 million. Operating profit for that period would have been approximately SEK 105 million.

*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 92.1 million (205.3), including SEK 32.3 million (87.9) in new construction and machinery. The investments were primarily in the production facilities in Denmark and Malaysia. Acquisitions and additional considerations paid for operating subsidiaries totalled SEK 27.3 million (116.3) for the quarter. Depreciation of non-current assets amounted to SEK 39.9 million (37.2).

### **Personnel**

The average number of employees in the Group was 4,154 (3,841). At the end of the period, Systemair had 4,490 employees (4,075), 415 more than a year earlier. New employees were recruited chiefly in Russia (73), Lithuania (43) and Germany (24). Through acquisitions, 261 employees joined the Group, including 204 at Airwell, France, 23 at Menerga's sales company in Germany, 10 at Menerga, Austria, 18 at Menerga, Switzerland, and 6 at Menerga, UK.

### **Cash flow and financial position**

Cash flow from operating activities before changes in working capital totalled SEK 136.9 million (111.1) for the quarter. Changes in working capital, mainly consisting of lower trade accounts payable and higher trade accounts receivable, had an impact of SEK -49.0 million (-42.0) on cash flow. The cash flow from financing operations totalled SEK 48.2 million (172.1) net. At the end of the period, the Group's net indebtedness was SEK 991.7 million (1,455.7). The consolidated equity/assets ratio was 48.3 percent (38.6) at the end of the period.

### **Events after the close of the period**

In August, Systemair entered into an agreement to acquire the Belgian sales company Camair, which specialises in sales of products for air conditioning and ventilation in the commercial market. It is estimated that the company, based in Seneffe, 40 kilometres south of Brussels, will report sales valued at EUR 7 million for the calendar year 2014. It has 22 employees. The acquisition includes a modern, 3,000 m<sup>2</sup> property comprising offices, product display area and warehouse.

Through the acquisition, Systemair establishes a considerably stronger presence in Belgium and acquires expertise in commercial air conditioning. Synergies are available with Airwell, France, with Systemair AC, Italy, which manufactures refrigeration equipment, and with Systemair's existing sales company in Belgium.

### **Material risks and uncertainty**

Systemair is exposed to operational and financial risks in its business. Operational risk is inherent in 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, and credit risk and liquidity risk. The material risks and uncertainty affecting Systemair are described in more detail in the Company's 2013/14 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 35 to the accounts in the Annual Report for the 2013/14 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

### **Parent Company**

Parent Company sales for the quarter totalled SEK 230.0 million (246.6) and the operating profit was SEK 9.1 million (9.9).

The average number of employees in the Parent Company was 409 (428).

### **Financial calendar**

The Interim Report for the second quarter of 2014/15 will be published at 8.00 a.m. on 27 November 2014.

The interim report for the third quarter of 2014/2015 will be published at 8.00 a.m. on 5 March 2015.

The report for the fourth quarter and full year 2014/15 will be published at 8.00 a.m. on 11 June 2015.

## 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

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 is to be submitted for publication at 1.00 p.m. on 28 August 2014.

This interim report has not been reviewed by the Company's auditor.

Skinnskatteberg, 28 August 2014  
Systemair AB (publ)

Board of Directors

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### **Systemair in Brief**

*Systemair is a leading ventilation company with operations in 45 countries in Europe, North America, South America, the Middle East, Asia and South Africa. The Company had sales of approximately SEK 5.3 billion in the 2013/14 financial year and approximately 4,500 employees. Systemair has reported an operating profit every year since 1974, when the Company was founded. 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, Holland Heating and Airwell 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.	2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 Aug-Jul trailing 12	2013/14 May-Apr 12 mths
Net sales	1,393.8	1,324.7	5,364.9	5,295.8
Cost of goods sold	-922.2	-885.5	-3,545.4	-3,508.7
<b>Gross profit</b>	<b>471.6</b>	<b>439.2</b>	<b>1,819.5</b>	<b>1,787.1</b>
Other operating income	24.7	19.6	81.1	76.0
Selling expenses	-303.6	-267.6	-1,218.8	-1,182.8
Administration expenses	-66.5	-65.2	-286.1	-284.8
Other operating expenses	-14.8	-24.0	-69.4	-78.6
<b>Operating profit</b>	<b>111.4</b>	<b>102.0</b>	<b>326.3</b>	<b>316.9</b>
Net financial items	1.3	-17.7	210.3	191.3
<b>Profit after financial items</b>	<b>112.7</b>	<b>84.3</b>	<b>536.6</b>	<b>508.2</b>
Tax on profit for the period	7.5	-25.0	-37.0	-69.5
<b>Profit for the period</b>	<b>120.2</b>	<b>59.3</b>	<b>499.6</b>	<b>438.7</b>
<b>Attributable to:</b>				
Parent Company shareholders	120.2	59.3	499.6	438.7
Non-controlling interests	0.0	0.0	0.0	0.0
Earnings per share, SEK <sup>1</sup>	2.31	1.14	9.61	8.44
Average number of shares <sup>1</sup>	52,000,000	52,000,000	52,000,000	52,000,000

<sup>1</sup>At present, Systemair does not have any option programme in operation and so no dilution effect is to be taken into account.

## Consolidated Statement of Comprehensive Income

	2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 Aug-Jul trailing 12	2013/14 May-Apr 12 mths
<b>Profit for the period</b>	120.2	59.3	499.6	438.7
<b>Other comprehensive income, net of tax</b>				
<i>Items that have been, or may later be, transferred to profit for the year:</i>				
Translation differences, foreign operations	46.2	-15.9	74.2	12.1
Hedging of net assets in foreign operations, net of tax	-	-	-	-
Financial assets available for sale:				
- change in fair value	-	74.6	113.3	187.9
- transferred to income statement at sale	-		-245.6	-245.6
<i>Items that cannot be transferred to profit for the year:</i>				
Change in defined-benefit pensions	-		-4.6	-4.6
<b>Other comprehensive income, net after tax</b>	<b>46.2</b>	<b>58.7</b>	<b>-62.7</b>	<b>-50.2</b>
<b>Total comprehensive income for the period</b>	<b>166.4</b>	<b>118.0</b>	<b>436.9</b>	<b>388.5</b>
<b>Attributable to:</b>				
Parent Company shareholders	166.4	118.0	436.9	388.5
Non-controlling interests	0.0	0.0	0.0	0.0



## Consolidated Balance Sheet

SEK m.	31/07/2014	31/07/2013	30/04/2014
<b>ASSETS</b>			
Goodwill	553.4	518.5	532.5
Other intangible assets	249.7	272.9	250.9
Property, plant and equipment	1,141.8	907.9	1,087.7
Financial and other assets	166.9	629.6	100.7
<b>Total non-current assets</b>	<b>2,111.8</b>	<b>2,328.9</b>	<b>1,971.8</b>
Inventory	930.0	829.7	920.7
Current receivables	1,014.3	1,081.3	967.6
Cash and cash equivalents	179.0	133.4	123.3
<b>Total current assets</b>	<b>2,123.3</b>	<b>2,044.4</b>	<b>2,011.6</b>
<b>TOTAL ASSETS</b>	<b>4,235.1</b>	<b>4,373.3</b>	<b>3,983.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,047.3</b>	<b>1,688.4</b>	<b>1,880.9</b>
Non-current liabilities, provisions	197.1	183.1	213.9
Non-current liabilities, interest-bearing	315.8	710.5	285.6
<b>Total non-current liabilities</b>	<b>512.9</b>	<b>893.6</b>	<b>499.5</b>
Current liabilities, interest-bearing	818.5	847.8	755.3
Current liabilities, non-interest-bearing	856.4	943.5	847.7
<b>Total current liabilities</b>	<b>1,674.9</b>	<b>1,791.3</b>	<b>1,603.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,235.1</b>	<b>4,373.3</b>	<b>3,983.4</b>

## Consolidated Cash Flow Statement

SEK m.	2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 May-Apr 12 mths
Operating profit	111.4	102.0	316.9
Adjustment for non-cash items	32.4	36.8	152.9
Financial items	-4.9	-7.5	-35.0
Income tax paid	-2.0	-20.2	-90.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>136.9</b>	<b>111.1</b>	<b>344.0</b>
Changes in working capital	-49.0	-42.0	-95.2
<b>Cash flow from operating activities</b>	<b>87.9</b>	<b>69.1</b>	<b>248.8</b>
Cash flow from investing activities	-85.9	-203.5	174.4
Cash flow from financing activities	48.2	172.1	-398.2
<b>Cash flow for the period</b>	<b>50.2</b>	<b>37.7</b>	<b>25.0</b>
Cash and cash equivalents at start of period	123.3	98.4	98.4
Translation differences, cash and cash equivalents	5.5	-2.7	-0.1
<b>Cash and cash equivalents at close of period</b>	<b>179.0</b>	<b>133.4</b>	<b>123.3</b>

## Statement of Changes in Equity – Group

SEK m.	2014 May-Jul			2013 May-Jul		
	Equity attributable to Parent Company shareholders	Non-controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
<b>Amount at beginning of year</b>	<b>1,880.9</b>	<b>0.0</b>	<b>1,880.9</b>	<b>1,576.0</b>	<b>0.0</b>	<b>1,576.0</b>
Impact of change in accounting policy IAS 19R (net)	-	-	-	-5.6	-	-5.6
<b>Adjusted amount at beginning of year</b>	<b>1,880.9</b>	<b>0.0</b>	<b>1,880.9</b>	<b>1,570.4</b>	<b>0.0</b>	<b>1,570.4</b>
Comprehensive income	166.4	-	166.4	118.0	-	118.0
<b>Amount at end of period</b>	<b>2,047.3</b>	<b>0.0</b>	<b>2,047.3</b>	<b>1,688.4</b>	<b>0.0</b>	<b>1,688.4</b>

## Key Ratios for the Group

		2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 May-Apr 12 mths
Net sales	SEK m.	1,393.8	1,324.7	5,295.8
Growth	%	5.2	21.4	16.4
Operating profit	SEK m.	111.4	102.0	316.9
Operating margin	%	8.0	7.7	6.0
Profit after net fin. items	SEK m.	112.7	84.3	508.2
Profit margin	%	8.1	6.4	9.6
Return on capital employed	%	18.1	12.7	17.7
Return on equity	%	26.8	14.5	24.8
Equity/assets ratio	%	48.3	38.6	47.2
Investments	SEK m.	85.9	203.5	477.8
Depreciation/Amortisation	SEK m.	39.9	37.2	154.7
<b>Per share ratios</b>				
Earnings per share	SEK	2.31	1.14	8.44
Equity per share	SEK	39.37	32.47	36.17
Operating cash flow per share	SEK	1.69	1.33	4.78
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

## Quarterly Key Ratios – Group

		2014/15		2013/14		2012/13				
		May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	SEK m.	1,393.8	1,258.6	1,298.1	1,414.5	1,324.7	1,123.7	1,120.6	1,215.7	1,091.0
Growth	%	5.2	12.0	15.8	16.4	21.4	8.6	8.7	18.4	20.6
Gross margin	%	33.8	32.8	32.9	35.9	33.2	33.7	37.0	36.5	35.8
Operating profit	SEK m.	111.4	24.6	48.5	141.8	102.0	36.0	89.8	140.9	98.5
Operating margin	%	8.0	2.0	3.7	10.0	7.7	3.2	8.0	11.6	9.0
Return on capital employed	%	18.1	17.7	10.3	12.2	12.7	13.8	13.1	13.9	14.3
Return on equity	%	26.8	24.8	11.5	14.2	14.5	16.1	14.6	15.9	16.8
Equity/assets ratio	%	48.3	47.2	40.2	37.8	38.6	40.7	41.4	39.1	45.2
Equity per share	SEK	39.37	36.17	34.10	33.55	32.47	30.31	28.86	28.92	26.97
Earnings per share	SEK	2.31	5.14	0.38	1.78	1.14	0.46	1.06	1.71	1.40

## Parent Company Income Statement

SEK m.	2014 May-Jul 3 mths	2013 May-Jul 3 mths	2013/14 May-Apr 12 mths
Net sales	230.0	246.6	1,041.7
Cost of goods sold	-165.8	-184.3	-801.6
<b>Gross profit</b>	<b>64.2</b>	<b>62.3</b>	<b>240.1</b>
Other operating income	11.8	10.6	46.1
Selling expenses	-39.7	-38.8	-183.3
Administration expenses	-15.0	-14.2	-70.0
Other operating expenses	-12.2	-10.0	-20.9
<b>Operating profit</b>	<b>9.1</b>	<b>9.9</b>	<b>12.0</b>
Net financial items	314.8	259.5	494.7
<b>Profit after financial items</b>	<b>323.9</b>	<b>269.4</b>	<b>506.7</b>
Appropriations <sup>1</sup>	1.4	7.4	3.4
<b>Pre-tax profit</b>	<b>325.3</b>	<b>276.8</b>	<b>510.1</b>
Tax on profit for the period	-3.5	-2.9	-0.4
<b>Profit for the period</b>	<b>321.8</b>	<b>273.9</b>	<b>509.7</b>

<sup>1</sup>Accelerated depreciation, tax allocation reserve and Group contributions.

## Parent Company Balance Sheet

SEK m.	31/07/2014	31/07/2013	30/04/2014
<b>ASSETS</b>			
Goodwill	0.8	-	-
Other intangible assets	4.8	5.0	5.4
Property, plant and equipment	123.2	128.7	120.9
Financial and other assets	1,870.5	2,278.6	1,832.6
<b>Total non-current assets</b>	<b>1,999.3</b>	<b>2,412.3</b>	<b>1,958.9</b>
Inventory	158.4	158.9	174.4
Current receivables	911.8	689.4	720.3
Cash and cash equivalents	-	-	-
<b>Total current assets</b>	<b>1,070.2</b>	<b>848.3</b>	<b>894.7</b>
<b>TOTAL ASSETS</b>	<b>3,069.5</b>	<b>3,260.6</b>	<b>2,853.6</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,591.8	1,239.1	1,267.8
Untaxed reserves	35.0	55.9	35.9
Non-current liabilities, provisions	3.2	2.6	3.2
Non-current liabilities, interest-bearing	352.1	747.5	493.3
<b>Total non-current liabilities</b>	<b>355.3</b>	<b>750.1</b>	<b>496.5</b>
Current liabilities, interest-bearing	686.7	795.2	601.9
Current liabilities, non-interest-bearing	400.7	420.3	451.5
<b>Total current liabilities</b>	<b>1,087.4</b>	<b>1,215.5</b>	<b>1,053.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,069.5</b>	<b>3,260.6</b>	<b>2,853.6</b>

## General accounting policies and 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 policies and methods of calculation applied for the Group and Parent Company accord with those used in preparing the most recent Annual Report, with the exception of application of IAS 19 Employee benefits - amendments, and IAS 1 Presentation of Financial Statements. These have not had any major impact on the Group's financial reporting.

## Note 1 – Acquisition analysis

The price paid to acquire 100 percent of the shares outstanding in Menerga, UK, and for the business in Airwell, France, was provisionally made up as follows:

Total historical cost, less transaction costs	SEK 32.7 million
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Identifiable net assets	Total
Goodwill	6.2
Brands and customer relationships	4.0
Machinery and equipment	21.6
Inventory	15.7
Other current assets	2.4
Cash and cash equivalents	5.5
Non-interest-bearing liabilities (incl. deferred tax liability)	-18.7
Other operating liabilities	-4.0
<hr/>	
	<b>32.7</b>

Transaction costs in the acquisition of subsidiaries totalled SEK 1.0 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 -27.3 million.

Brands and customer relationships have been measured 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 recognised at fair value via the income statement, based on input data corresponding to level 2 in IFRS 7. Available-for-sale financial assets are recognised at fair value based on input data corresponding to level 1 in IFRS 7. 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 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.