



# SYSTEMAIR AB

## YEAR-END REPORT

### 1 MAY 2011 – 30 APRIL 2012



## Net sales were up 25%.

### Fourth quarter, February – April 2012

- Net sales increased 25 percent to SEK 1,035 million (828).
- Operating profit (EBIT) totalled SEK 45 million (57), excluding non-recurring items of SEK -40 million (0).
- The operating margin excluding non-recurring items was 4.4 percent (6.9).
- Profit after tax amounted to SEK -5 million (33).
- Earnings per share (basic and diluted) equalled SEK -0.09 (0.61).
- Cash flow from operating activities equalled SEK 6 million (-54).

### 12 months, May 2011 – April 2012

- Net sales increased 15 percent to SEK 3,997 million (3,467).
- Operating profit (EBIT) totalled SEK 359 million (357), excluding non-recurring items of SEK -40 million (10).
- The operating margin excluding non-recurring items was 9.0 percent (10.3).
- Profit after tax amounted to SEK 215 million (275).
- Earnings per share (basic and diluted) equalled SEK 4.14 (5.25).
- Cash flow from operating activities totalled SEK 290 million (249).
- The Board of Directors proposes a dividend of SEK 1.25 (1.75) per share.

Net sales Q4

# SEK 1,035 m.

EBIT Q4, excl. non-recurring items

# SEK 45 m.

### Significant events during the year

- In mid-January, Systemair acquired Airwell's refrigeration equipment factory in Italy.
- A new sales office in Taiwan was opened in December.
- Also in December, Systemair landed a major order for the New Karolinska Hospital. The order is valued at around SEK 60 million.
- The acquisition of air handling unit manufacturer IAPL, India, was finalised in December.
- In August, Kryotherm of Piteå was acquired.
- In June, Systemair acquired Ventrade, a Russian ventilation distributor.

	2011/12 Q4	2010/11 Q4	2011/12 12 mths	2010/11 12 mths
Net sales, SEK m.	1,034.9	828.2	3,996.9	3,467.3
Growth, %	25.0	3.4	15.3	7.7
Operating profit, excl. non-recurring items, SEK m.	45.2	57.2	359.3	356.5
Operating margin, excl. non-recurring items, %	4.4	6.9	9.0	10.3
Profit after tax, SEK m.	-4.7	32.6	215.5	274.9
Basic and diluted earnings per share, SEK	-0.09	0.61	4.14	5.25
Operating cash flow per share, SEK	0.11	-1.03	5.58	5.26

## CEO's Comments

### Growth +25%

Growth in our fourth quarter was 25 percent, with organic growth accounting for 8.4 percent. Our fourth quarter is normally our weakest in terms of profit, and that was again the case this year. Both operating profit and gross margin were adversely affected by new acquired companies, which was not entirely unexpected.

#### The market

In the Nordic countries, we recorded our highest sales to date, and results in the fourth quarter remained favourable. In Western Europe, the pattern was more mixed, but it is pleasing to note that the German market is showing good growth. Our acquisitions in Italy and Germany create excellent potential for continued growth in the region. Even Eastern Europe performed well, where the Russian market above all developed strongly. In North America, we believe we can discern a cautious upturn in demand in the fourth quarter. The Other markets region also shows patchy growth. Our market ventures in the region were focused above all on India, where we are well equipped to meet the future. We now have 30 sales engineers covering eight regions in India.

#### Product development

Systemair has 110 engineers working on product development. We are constantly launching new products with the focus on improved energy efficiency. In September, an interim report within the EU Directive on Ecodesign was delivered. The report advocates exhaust and supply air ventilation with energy recovery as the best solution for energy-efficient buildings. We also see major future potential in developing the combination of ventilation and cooling in our products.

#### Acquisitions and non-recurring expenses

Over the year, we made three - for us - major company acquisitions. As a result of restructuring costs and weak volumes during the period, earnings suffered in our fourth quarter. We are therefore reporting a portion of these costs as non-recurring. In the quarter, we also applied a non-recurring write-down of SEK 18.7 million to our goodwill in Spain. However, our Spanish venture continues thru a current modernisation of our production and product programme. Otherwise, at some of our companies where development has not been satisfactory, we have



made organisational changes. All in all, non-recurring costs for the quarter totalled SEK 40 million.

The acquired Russian company Ventrade, now Systemair Russia, progressed well, despite spring being the weakest period of the year. We are also satisfied with our acquisition of IAPL, in India, although the market conditions might have been more favourable. Our latest acquisition, the Italian refrigeration equipment maker Airwell, now Systemair AC, was initially affected by low volumes. The reason was the uncertainty among customers and agents during the change in ownership, but that situation has now stabilised. This was an acquisition with great potential that we made at reasonable cost, fully aware that it would burden the Group's earnings in the first year.

#### Investments

The major investments in Sweden, Denmark and Lithuania have been completed. We have started work on expanding the factory at Greater Noida, India, to coordinate three production units and build an R&D centre. Also in Germany we are planning the construction of a new R&D centre for large-sized axial fans and to expand warehousing and production space. Further productivity investments are to be implemented in Denmark.

#### Future potential

During the 2011/12 financial year, we completed major investments and made sound company acquisitions, which have not yet shown through in sales or profits. We identify excellent prospects for a good return from the company acquisitions, the product development and the robust market investments we have carried out during the year.

Gerald Engström, President and CEO

## Sales and markets

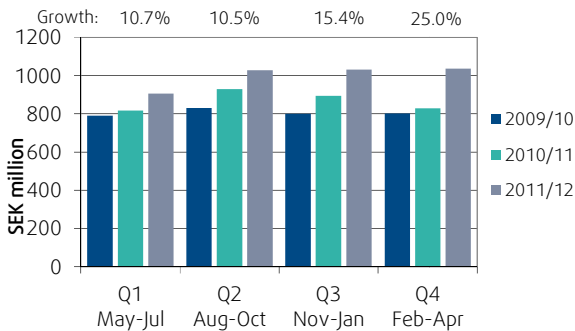
Group sales for the fourth quarter of 2011/12 totalled SEK 1,034.9 million (828.2), up 25.0 percent on the same period in the preceding year. Organic growth amounted to 8.4 percent.

Growth in acquired operations equalled 15.9 percent, or SEK 131.5 million. Foreign exchange effects increased sales by 0.7 percent during the quarter. This indicates that, at unchanged exchange rates, sales rose by 24.3 percent in the quarter.

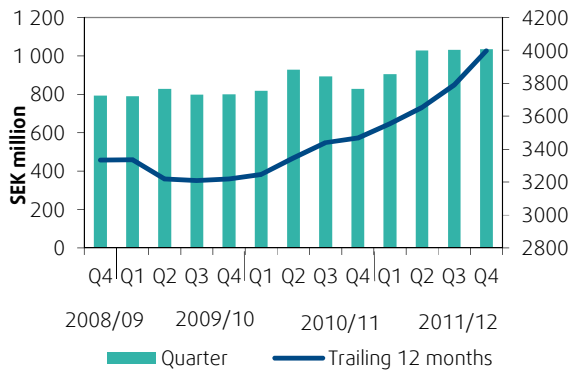
Net sales for the full year May–April 2011/12 totalled SEK 3,996.9 million (3,467.3), up 15.3 percent on the preceding year. Organic growth amounted to 6.4 percent.

Growth in acquired operations equalled 11.6 percent. Foreign exchange effects reduced sales by 2.7 percent compared with the preceding year. This indicates that, at unchanged exchange rates, sales rose by 18.0 percent over the year.

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



### Net sales



## Geographic breakdown of Q4 sales

### Nordic region

During the fourth quarter, sales in the Nordic region were up 25 percent on the same period in the preceding year. Growth in sales was especially strong in Norway, Denmark and Finland. Foreign exchange effects and acquisitions had a positive effect of 3 percent on sales growth during the quarter.

### Western Europe

In Western Europe, income advanced 11 percent in the fourth quarter. Acquired companies contributed 10 percent to sales in the region. Adjusted for the effects of foreign exchange and acquisitions, sales declined 1 percent compared to the preceding year.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 78 percent during the quarter. Organic growth amounted to 18 percent. Sales in Russia rose by 239 percent through the acquisition of Ventrade, now Systemair Russia. Estonia, Latvia and Lithuania again reported strong growth.

	2011/12 Feb–Apr 3 mths	2010/11 Feb–Apr 3 mths	Change	2011/12 May–Apr 12 mths	2010/11 May–Apr 12 mths	Change
Nordic region	289.1	232.1	25%	1,126.1	986.9	14%
Western Europe	350.0	315.8	11%	1,346.3	1,239.0	9%
Eastern Europe & CIS	244.4	137.2	78%	951.2	645.8	47%
North America	71.7	63.6	13%	282.1	289.1	-2%
Other markets	79.7	79.5	0%	291.2	306.5	-5%
<b>Total</b>	<b>1,034.9</b>	<b>828.2</b>	<b>25%</b>	<b>3,996.9</b>	<b>3,467.3</b>	<b>15%</b>

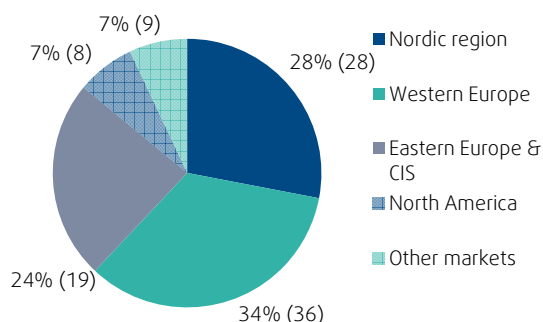
## North America

Sales in the North American market grew 13 percent during the quarter compared to the same period in the preceding year. Adjusted for foreign exchange effects, sales rose 7 percent.

## Other markets

Sales in Other markets were on a par with sales in the same period in the preceding year. Adjusted for the effects of foreign exchange and acquisitions, sales rose 15 percent. Growth in the Indian market remains weak. Sales also slipped back considerably in China, but rose strongly in South Africa and Malaysia.

## Sales by market, 12 months 2011/12 (2010/11)



## Profit for the fourth quarter

Gross profit for the fourth quarter amounted to SEK 377.5 million (330.0), excluding non-recurring items of SEK -5.6 million, see Note 2.

The gross margin, excluding non-recurring items, fell to 36.5 percent (39.8) as a result mainly of acquisitions of companies with lower margins.

Operating profit for the fourth quarter amounted to SEK 45.2 million (57.2), excluding non-recurring items of SEK -39.6 million (0), see Note 2. The non-recurring items consist of write-down of goodwill in the amount of SEK -18.7 million, relating to the Spanish company Systemair HVAC, as well as measures totalling SEK -20.9 million to reduce the cost burden in newly acquired companies. The goodwill write-down arose in view of the dull market situation in that country and cash flows forecast for the future. Despite the goodwill write-down, Systemair will maintain its investment in the Spanish market. At present, production is being re-oriented towards the manufacture of a new generation of air conditioning systems.

The operating margin excluding non-recurring items was 4.4 percent (6.9).

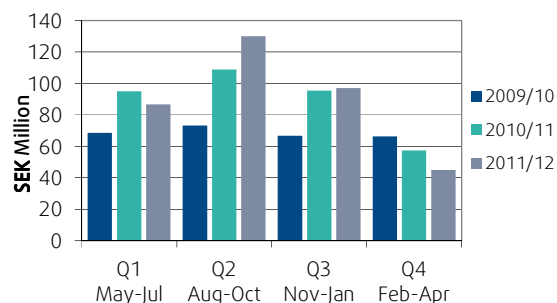
Selling and administration costs for the quarter amounted to SEK 329.3 million (271.3), excluding non-

recurring items of SEK -15.3 million (0). Selling and administration expenses at acquired companies accounted for SEK 43.3 million (16.9) of the increase for the quarter.

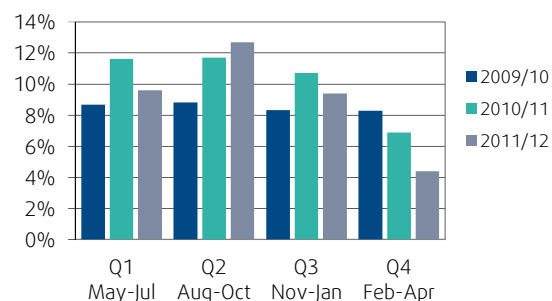
Selling expenses were charged with SEK 3.7 million (3.1) for anticipated bad debts and impairment losses on trade receivables. During the quarter, costs related to acquisitions totalled SEK 0.2 million (2.2).

Net financial items for the fourth quarter totalled SEK -8.2 million (-8.6). The effect of foreign exchange on long-term receivables, loans and bank balances was SEK -1.9 million net (-4.8). Interest expense for the quarter totalled SEK -6.9 million (-4.8).

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



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



\*Adjusted for non-recurring items.

## Profit for the financial year

Operating profit for the financial year from May 2011 to April 2012 totalled SEK 359.3 million (356.5), excluding non-recurring items of SEK -39.6 million (10.5), see Note 2.

The operating margin was 9.0 percent (10.3), excluding non-recurring items, see Note 2. Selling expenses for the full year were charged with SEK 10.8 million (14.5) for anticipated bad debts and impairment losses on trade receivables. Company acquisitions

added SEK 107.5 million (46.4) to selling and administration expenses for the year.

Net financial items for the financial year totalled SEK -23.2 million (-28.5) whereof interest expenses amounted to SEK -24.7 million (-16.5).

### **Tax expense**

Estimated tax for the quarter totalled SEK -2.1 million (-16.0). Profit after financial items was SEK -2.6 million (48.6). Tax for the period was affected by an impairment loss of SEK 13.7 million on capitalised tax loss carry-forwards in Spain and by the fact that deferred tax was not capitalised at certain Group companies. Another factor was recognition as revenue of tax-loss carry-forwards, amounting to SEK 24.4 million that arose through the acquisition of companies with losses from previous business activities.

### **Acquisitions and new operations**

In April, Systemair acquired sales companies DT Termo d.o.o. of Serbia and DT Termo MNE d.o.o. of Montenegro, where they rank among the leaders in the ventilation sector. The acquisition of the company in Montenegro is subject to approval by the local competition authority. Aggregated sales for the companies, which have in all 15 employees, were SEK 16 million in 2011. The companies were former resellers of Systemair products. Serbia and Montenegro are growth markets in which we identify strong potential for the ventilation sector and the Group's extensive product offering.

In mid-January 2012, Systemair acquired Airwell's factory in Milan, Italy, which was part of the Airwell Group. The factory manufactures refrigeration equipment for comfort cooling. The company's product range, one of the most comprehensive in the market, comprises refrigeration equipment rated at between 20 and 1,200 kW. The factory has 155 employees, and Systemair will also take over the sales department for commercial refrigeration in Italy, with 12 employees. In addition, the factory has one of the most up-to-date R&D centres in Europe for development and testing of refrigeration equipment, together with a showroom and a training centre. Net sales for the company totalled approximately EUR 24 million in 2011, but the company reported a loss. After acquisition, the name of the company was changed to Systemair AC.

As part of the Group's programme in Southeast Asia, a sales company was established in Taiwan in December. Systemair already operates sales companies

and production facilities in Malaysia, sales companies in Hong Kong and Singapore, a representative office in Indonesia and a sales agent in Vietnam. In April 2012, the Taiwan company already started delivering tunnel fans on an order valued at approximately USD 1.5 million.

In December, Systemair finalised the acquisition of IAPL, International Airconditioning Products Pvt. Limited, India, which was part of the Suvridha Group. IAPL manufactures air handling units for the Indian market. The company has sales equivalent to around SEK 55 million, and 120 employees. IAPL is based in Greater Noida, just outside New Delhi, and has sales offices in another five cities in India. IAPL owns an industrial facility extending over a 23,000 m<sup>2</sup> site in the Greater Noida Ecotech Park. There, Systemair intends to coordinate production for its Indian operations and to build up an R & D centre. The total purchase consideration is SEK 63 million, which includes the industrial facility. Local production of air handling units is expected to provide access to more, and bigger, construction projects, as well as growth in Indian market sales of other Systemair products.

In November, Systemair acquired sales companies Frivent Luft und Wärmetechnik GmbH of Chemnitz, Saxony, eastern Germany and Garching, Bavaria. The companies are sales companies on behalf of the Austrian company Josef Friedl GmbH. Total sales for the two companies, which together employ in all seven people, were EUR 3.3 million in 2010. Frivent's Chemnitz office continues to act as agent on behalf of Systemair in parts of eastern Germany. The acquisition of Frivent will enable Systemair to conduct sales via its own personnel throughout Germany.

In August, Systemair acquired the assets of Kryotherm AB, Piteå. Kryotherm, founded in 1967, is a company with wide experience of products combining cooling and ventilation. Over the past 5 years, sales have averaged approximately SEK 30 million. In 2010, sales slumped drastically and the company reported a loss. The company suspended payments in June 2011. Systemair has taken over all 12 employees. Kryotherm offers products that complement the Systemair range. Kryotherm has extensive know-how and long experience of the market sector for air handling units with integral cooling or heat pump systems. Synergies are anticipated in both product development and sales.

On 23 June 2011, Systemair acquired Ventrade, a

Russian ventilation distributor. Ventrade sells ventilation and comfort cooling products, and for many years has been one of Systemair's biggest customers in Russia. The company has its headquarters and central warehouse in Moscow, plus sales offices and local warehouses in another 11 cities. In 2010, the company reported sales equivalent to around SEK 290 million and had 200 employees. The acquisition will enable Systemair to expand the proportion of Systemair products sold and provides extensive coverage throughout Russia, with major potential for growth. In addition, there are useful synergies with the production facility in Lithuania, where production capacity was expanded in 2011.

If the companies acquired during the period had been consolidated as of 1 May 2011, net sales for the period May 2011 through April 2012 would have totalled SEK approximately 4,232 million. Operating profit for that period would have been approximately SEK 312 million.

*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**

Gross investment for the quarter, excluding divestments, totalled SEK 13.1 million (93.5). No major investments were made in new construction and machinery during the period. Acquisitions and additional considerations paid equalled SEK 16.8 million (68.0) for the quarter. Depreciation of non-current assets amounted to SEK 28.0 million (24.4).

Net investment for the financial year totalled SEK 265.4 million (266.4), of which gross investments, excluding divestments, in new construction and machinery totalled SEK 85.8 million (83.2). These investments mainly comprise the completion of capacity and replacement investments in the factories in Denmark, Sweden and Lithuania. An industrial property, Ämthytan 4:64 in Skinnskatteberg, was also acquired at a cost of SEK 8.9 million. The property, which consists of land measuring 84,000 m<sup>2</sup> and a building of 6,300 m<sup>2</sup>, is located next to the existing equipment factory in Skinnskatteberg.

The total paid for acquisitions and additional purchase considerations in the quarter was SEK 184.2 million (205.5). Depreciation and amortisation of non-current assets totalled SEK 100.2 million (92.1) for the year.

### **Personnel**

The average number of employees in the Group was 2,839 (2,430). At the end of the period, Systemair had 3,127 employees (2,506), 621 more than one year previous. New recruitment took place chiefly in Lithuania (52) and Germany (20). Through acquisitions, 525 employees joined the Group, including 227 at Ventrade, Russia, and 165 at Systemair AC, Italy.

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

Cash flow from operating activities before changes in working capital totalled SEK 7.4 million (67.4) for the quarter. Changes in working capital, mainly consisting of a decrease in operating liabilities, had an impact of SEK -1.7 (-120.9) on cash flow. Net cash flow from financing activities was SEK -33.3 million (138.4), as a result of loan amortisation. At the end of the period, net indebtedness totalled SEK 785.0 million (638.1). The consolidated equity/assets ratio was 45.1 percent (48.6) at the end of the period.

### **Financial targets**

In April 2007, the Board of Directors of Systemair adopted three financial targets and a dividend policy.

- Sales growth at least 12 percent over a business cycle, both organic and acquired
- Operating margin at least 10 percent over a business cycle
- Equity/assets ratio at least 30 percent
- Dividend approximately 30 percent of profit after tax

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

In June, Systemair signed an agreement to acquire Change Air, Canada. The company is one of the North American market's leading makers of air handling units for classrooms. In 2011, Change Air had sales equivalent to SEK 84 million, with an operating profit of SEK 11.9 million. It has reported growth of 21 percent over the past three years. The company, which has 86 employees, has its headquarters and a production facility in Ontario, Canada. The acquisition gives Systemair access to 59 sales agents in 71 cities, and a total of approximately 300 sales engineers in North America. The latter cover 42 states in the USA and six provinces in Canada.

In May 2012, Systemair signed an agreement to acquire 70 percent of the shares in a Turkish company, HSK. HSK is Turkey's leading manufacturer of ventilation equipment, with sales of SEK 160 million in 2011. The company has two production facilities just outside Istanbul and sales offices in Azerbaijan, Georgia,

Turkmenistan, Dubai and Iraq. The acquisition is expected to create excellent synergies with the Italian refrigeration equipment factory acquired. The acquisition concerns initially 70 percent of the shares and a binding option to acquire the remaining 30 percent within a four-year period. The transfer of ownership is expected to take place in June 2012.

### **Option programme**

On the occasion of its stockmarket flotation in October 2007, Systemair issued a total of 223,500 warrants to certain employees of the Group. Because the subscription price relative to the market price of Systemair shares was unfavourable on the occasions set for redemption, no subscription rights were exercised. The option programme expired in September 2011. No new option programme has been offered.

### **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 are foreign exchange risk, borrowing and interest rate risk, credit and liquidity risk and loss carry-forwards. The material risks and uncertainty affecting Systemair are described in more detail in the Company's 2010/11 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 36 to the accounts in the Annual Report for the 2010/11 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 232.9 million (210.0), while operating profit was SEK 3.6 million (1.1).

In the fourth quarter, the Parent Company wrote down receivables from a subsidiary in Spain, in an amount of SEK 66.2 million charged to net financial items.

The average number of employees in the Parent Company was 399 (386).

### **Dividend**

The Board proposes that the Annual General Meeting, to be held 29 August, approves a dividend of SEK 1.25 (1.75) per share, for a total distribution of SEK 65 million (91.0). The proposed dividend corresponds to 30 percent (33) of net consolidated profit.

### **Nominating committee for the 2012 AGM**

The AGM held on 25 August 2011 resolved that the nominating committee shall consist of representatives from the three biggest shareholders by votes, as well as the Chairman of the Board.

The nominating committee comprises Gerald Engström (Chair) as representative of Färna Invest AB, Gerhard Sturm as representative of ebmpapst AB, Peter Rönström as representative of Lannebo Fonder and Lars Hansson, Chairman of the Board.

### **Financial information**

The report for the first quarter of 2012/13 will be published at 1.00 p.m. on 29 August 2012.

The Company's Annual General Meeting will be held at 3.00 p.m. on 29 August 2012 at Systemair Expo, Skinnskatteberg. The Annual Report will be made available during week number 30 2012 on our web site, [www.systemair.se](http://www.systemair.se).

### **About Systemair**

The Company established operations in 1974 with a pioneering product concept - the circular duct fan, a design that made installation considerably simpler. We adopted the motto "the straight way", which has been developed from a product concept to 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 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 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, helping to confirm the perception of Systemair as a leading supplier of high-quality air handling products.
- 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 year-end report is information which 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 was submitted for publication at 8.00 a.m. on 8 June 2012.

This year-end report was reviewed by the Company's auditors.

Skinnskatteberg, 8 June 2012  
Systemair AB (publ)

Gerald Engström  
*Chief Executive Officer*

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### **Systemair in Brief**

*Systemair is a leading ventilation company with operations in 43 countries in Europe, North America, South America, the Middle East, Asia, Africa and Australia. The Company had sales of SEK 4.0 billion in financial 2011/12 and currently employs about 3,100 people. 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 14 percent.*

*Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, VEAB and Fantech 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.*



## Auditors' review report

### Introduction

We have reviewed the year-end report for Systemair AB (publ) for the period 1 May 2011 – 30 April 2012. The preparation and fair presentation of the year-end report in accordance with IAS 34 and the Annual Accounts Act are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express our opinion of this year-end report based on our review.

### Emphasis and scope of the review

We conducted our review in accordance with the Standard on review engagements (SÖG) 2410 Review of interim financial reporting conducted by the company's elected auditors (Översiktlig granskning av finansiell delårsinformation utförd av företagens valda revisor). 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 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. As our opinion is based on a review, the level of assurance is not as high as that of an opinion expressed based on an audit.

### Opinion

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

Stockholm, 8 June 2012  
Ernst & Young AB

Thomas Forslund  
Authorised Public Accountant

## Consolidated Income Statement

SEK m.	2011/12 Feb-Apr 3 mths	2010/11 Feb-Apr 3 mths	2011/12 May-Apr 12 mths	2010/11 May-Apr 12 mths
Net sales	1,034.9	828.2	3,996.9	3,467.3
Cost of goods sold	-663.0	-498.2	-2,505.2	-2,109.5
<b>Gross profit</b>	<b>371.9</b>	<b>330.0</b>	<b>1,491.7</b>	<b>1,357.8</b>
Other operating income	10.4	11.6	55.9	59.2
Selling expenses	-283.5	-217.9	-961.6	-813.8
Administration expenses	-61.1	-53.4	-208.0	-193.0
Other operating expenses	-32.1	-13.1	-58.2	-43.2
<b>Operating profit</b>	<b>5.6</b>	<b>57.2</b>	<b>319.8</b>	<b>367.0</b>
Net financial items	-8.2	-8.6	-23.2	-28.5
<b>Profit after financial items</b>	<b>-2.6</b>	<b>48.6</b>	<b>296.6</b>	<b>338.5</b>
Tax on profit for the period	-2.1	-16.0	-81.1	-63.6
<b>Profit for the period</b>	<b>-4.7</b>	<b>32.6</b>	<b>215.5</b>	<b>274.9</b>
<b>Attributable to:</b>				
Parent Company shareholders	-4.7	31.8	215.4	273.0
Shareholdings without controlling interest	0.0	0.8	0.1	1.9
Earnings per share, SEK <sup>1)</sup>	-0.09	0.61	4.14	5.25
Average number of shares <sup>1)</sup>	52,000,000	52,000,000	52,000,000	52,000,000

1) 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

	2011/12 Feb-Apr 3 mths	2010/11 Feb-Apr 3 mths	2011/12 May-Apr 12 mths	2010/11 May-Apr 12 mths
<b>Profit for the period</b>	-4.7	32.6	215.5	274.9
<b>Other comprehensive income, net of tax:</b>				
Translation differences, foreign operations	-1.1	-4.9	10.5	-80.2
Hedging of net assets in foreign operations, net after tax	-0.4	-0.4	-4.1	3.0
<b>Other comprehensive income, net after tax</b>	<b>-1.5</b>	<b>-5.3</b>	<b>6.4</b>	<b>-77.2</b>
<b>Total comprehensive income for the period</b>	<b>-6.2</b>	<b>27.3</b>	<b>221.9</b>	<b>197.7</b>
<b>Attributable to:</b>				
Parent Company shareholders	-6.2	25.8	221.9	196.4
Shareholdings without controlling interest	0.0	1.5	0.0	1.3

## Consolidated Balance Sheet

SEK m.	30 Apr 2012	30 Apr 2011
<b>ASSETS</b>		
Goodwill	367.3	263.5
Other intangible assets	126.2	69.0
Property, plant and equipment	792.0	711.8
Financial and other assets	107.0	106.5
<b>Total non-current assets</b>	<b>1,392.5</b>	<b>1,150.8</b>
Inventories	767.3	607.0
Current receivables	848.4	777.2
Cash and cash equivalents	91.6	76.8
<b>Total current assets</b>	<b>1,707.3</b>	<b>1,461.0</b>
<b>TOTAL ASSETS</b>	<b>3,099.8</b>	<b>2,611.8</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>1,399.1</b>	<b>1,268.2</b>
Non-current liabilities, provisions	132.2	100.1
Non-current liabilities, interest-bearing	185.4	205.3
<b>Total non-current liabilities</b>	<b>317.6</b>	<b>305.4</b>
Current liabilities, interest-bearing	681.4	497.4
Current liabilities, non-interest-bearing	701.7	540.8
<b>Total current liabilities</b>	<b>1,383.1</b>	<b>1,038.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,099.8</b>	<b>2,611.8</b>

## Consolidated Cash Flow Statement

SEK m.	2011/12 Feb-Apr 3 mths	2010/11 Feb-Apr 3 mths	2011/12 May-Apr 12 mths	2010/11 May-Apr 12 mths
Operating profit	5.6	57.2	319.8	367.0
Adjustment for non-cash items	25.6	30.5	98.0	74.2
Financial items	-6.8	-4.1	-22.8	-13.4
Income tax paid	-17.0	-16.2	-57.5	-58.6
<b>Cash flow from operating activities before changes in working capital</b>	<b>7.4</b>	<b>67.4</b>	<b>337.5</b>	<b>369.2</b>
Changes in working capital	-1.7	-120.9	-47.6	-120.2
<b>Cash flow from operating activities</b>	<b>5.7</b>	<b>-53.5</b>	<b>289.9</b>	<b>249.0</b>
Cash flow from investing activities	-11.2	-92.0	-265.4	-266.4
Cash flow from financing activities	-33.3	138.4	-11.1	17.3
<b>Cash flow for the period</b>	<b>-38.8</b>	<b>-7.1</b>	<b>13.4</b>	<b>-0.1</b>
Cash and cash equivalents at start of period	129.2	82.7	76.8	85.9
Translation differences, cash and cash equivalents	1.2	1.2	1.4	-9.0
<b>Cash and cash equivalents at close of period</b>	<b>91.6</b>	<b>76.8</b>	<b>91.6</b>	<b>76.8</b>

## Statement of Changes in Equity – Group

SEK m.	2011/12 May-Apr			2010/11 May-Apr		
	Equity attributable to Parent Company shareholders	Shareholdings without controlling interest	Total equity	Equity attributable to Parent Company shareholders	Shareholdings without controlling interest	Total equity
<b>Amount at beginning of year</b>	<b>1,268.1</b>	<b>0.1</b>	<b>1,268.2</b>	<b>1,151.6</b>	<b>16.1</b>	<b>1,167.7</b>
Dividend	-91.0	-	-91.0	-65.0	-0.7	-65.7
Acquisition of non-controlling interests	-	-	-	-14.9	-16.6	-31.5
Comprehensive income	221.9	0.0	221.9	196.4	1.3	197.7
<b>Amount at end of period</b>	<b>1,399.0</b>	<b>0.1</b>	<b>1,399.1</b>	<b>1,268.1</b>	<b>0.1</b>	<b>1,268.2</b>

## Key Ratios for the Group

		2011/12 Feb-Apr 3 mths	2010/11 Feb-Apr 3 mths	2011/12 May-Apr 12 mths	2010/11 May-Apr 12 mths
Net sales	SEK m.	1,034.9	828.2	3,996.9	3,467.3
Growth	%	25.0	3.4	15.3	7.7
Operating profit	SEK m.	5.6	57.2	319.8	367.0
Operating margin	%	0.5	6.9	8.0	10.6
Profit after net fin. items	SEK m.	-2.6	48.6	296.6	338.5
Profit margin	%	-0.3	5.9	7.4	9.8
Return on capital employed	%	14.7	18.0	14.7	18.0
Return on equity	%	15.7	22.3	15.7	22.3
Equity/assets ratio	%	45.1	48.6	45.1	48.6
Investments	SEK m.	11.2	92.0	265.4	266.4
Depreciation/Amortisation	SEK m.	28.0	24.4	100.2	92.1
<b>Per share ratios</b>					
Basic earnings per share	SEK	-0.09	0.61	4.14	5.25
Diluted earnings per share	SEK	-0.09	0.61	4.14	5.25
Basic equity per share	SEK	26.90	24.39	26.90	24.39
Diluted equity per share	SEK	26.90	24.38	26.90	24.38
Basic operating cash flow per share	SEK	0.11	-1.03	5.58	5.26
Diluted operating cash flow per share	SEK	0.11	-1.03	5.58	5.26
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000

## Quarterly Key Ratios – Group

		2011/12				2010/11			2009/10	
		Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4
Net sales	SEK m.	1,034.9	1,030.6	1,026.6	904.8	828.2	893.2	928.9	817.0	800.8
Growth	%	25.0	15.4	10.5	10.7	3.4	11.8	12.1	3.5	1.1
Gross margin	%	35.9	37.5	39.1	36.6	39.8	38.5	39.5	38.8	39.2
Operating profit	SEK m.	5.6	97.3	130.2	86.8	57.2	95.3	119.5	94.9	66.4
Operating margin	%	0.5	9.4	12.7	9.6	6.9	10.7	12.9	11.6	8.3
Return on capital employed	%	14.7	18.7	19.3	19.1	18.0	21.0	19.1	17.0	15.2
Return on equity	%	15.7	18.9	21.5	20.9	22.3	24.5	20.0	18.4	17.4
Equity/assets ratio	%	45.1	45.3	45.4	45.4	48.6	49.0	47.4	49.5	49.0
Basic equity per share	SEK	26.90	27.02	25.59	26.05	24.39	24.05	23.12	23.14	22.15
Basic earnings per share	SEK	-0.09	1.35	1.83	1.06	0.61	1.87	1.53	1.24	1.00

## Parent Company Income Statement

SEK m.	2011/12 Feb-Apr 3 mths	2010/11 Feb-Apr 3 mths	2011/12 May-Apr 12 mths	2010/11 May-Apr 12 mths
Net sales	232.9	210.0	939.2	875.1
Cost of goods sold	-171.9	-158.0	-701.5	-640.4
<b>Gross profit</b>	<b>61.0</b>	<b>52.0</b>	<b>237.7</b>	<b>234.7</b>
Other operating income	6.5	4.2	31.8	16.1
Selling expenses	-46.4	-35.1	-158.8	-128.9
Administration expenses	-16.3	-16.9	-61.0	-64.1
Other operating expenses	-1.2	-3.1	-5.6	-4.5
<b>Operating profit</b>	<b>3.6</b>	<b>1.1</b>	<b>44.1</b>	<b>53.3</b>
Net financial items	-68.7	0.6	133.0	140.0
<b>Profit after financial items</b>	<b>-65.1</b>	<b>1.7</b>	<b>177.1</b>	<b>193.3</b>
Appropriations <sup>1)</sup>	14.5	23.7	5.4	23.2
<b>Pre-tax profit</b>	<b>-50.6</b>	<b>25.4</b>	<b>182.5</b>	<b>216.5</b>
Tax on profit for the period	-4.5	-7.4	-13.3	-26.7
<b>Profit for the period</b>	<b>-55.1</b>	<b>18.0</b>	<b>169.2</b>	<b>189.8</b>

1) Appropriations have been calculated pro rata for the accounting period.

## Parent Company Balance Sheet

SEK m.	30 Apr 2012	30 Apr 2011
<b>ASSETS</b>		
Other intangible assets	5.6	2.5
Property, plant and equipment	106.7	104.0
Financial and other assets	1,425.2	1,117.1
<b>Total non-current assets</b>	<b>1,537.5</b>	<b>1,223.6</b>
Inventories	122.4	127.7
Current receivables	226.9	253.7
Cash and cash equivalents	372.9	376.4
<b>Total current assets</b>	<b>722.2</b>	<b>757.8</b>
<b>TOTAL ASSETS</b>	<b>2,259.7</b>	<b>1,981.4</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	742.4	701.4
Untaxed reserves	92.7	98.0
Non-current liabilities, provisions	1.4	1.4
Non-current liabilities, interest-bearing	571.3	493.5
<b>Total non-current liabilities</b>	<b>572.7</b>	<b>494.9</b>
Current liabilities, interest-bearing	637.2	454.8
Current liabilities, non-interest-bearing	214.7	232.3
<b>Total current liabilities</b>	<b>851.9</b>	<b>687.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,259.7</b>	<b>1,981.4</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. None of the new or revised standards, interpretations or improvements adopted by the EU for implementation from 1 May 2011, inclusive, have affected the Group in any way. Only those changes that affect the Systemair Group are discussed.

## Note 1 - Acquisition analysis

The purchase consideration paid for Ventrade, IAPL, Systemair AC and DT Termo may provisionally be calculated as follows:

Total historical cost, excl. costs of acquisition      SEK 197.2 million

### Assets acquired

Fair value of assets acquired, net      SEK 86.4 million

Goodwill      SEK 110.8 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Goodwill	7.0	110.8	117.9
Brands and customer relationships	0.0	61.8	61.8
Buildings and land	26.4	5.2	31.6
Machinery and equipment	21.1	8.9	30.0
Financial and other assets	0.0	0.0	0.0
Inventories	127.0	-6.4	120.6
Other current assets	112.7	0.0	112.7
Cash and cash equivalents	15.5	0.0	15.5
Non-interest-bearing liabilities (incl. deferred tax liability)	-61.5	-18.9	-80.4
Interest-bearing liabilities	-9.8	0.0	-9.8
Other operating liabilities	-202.7	0.0	-202.7
	<b>35.8</b>	<b>161.4</b>	<b>197.2</b>

### Impact on cash flow

Purchase consideration incl. additional payment	-197.2
Purchase consideration not paid	19.6
Cash and cash equivalents in companies purchased	15.5
Additional purchase consideration paid for prior years' acquisitions	-6.1
Transaction costs, acquisition of subsidiaries	-4.4
<b>Change in consolidated cash and cash equivalents at acquisition</b>	<b>-172.5</b>

Brands and customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 10 years.

The goodwill upon acquisition is attributable to the strong market position of the company acquired, synergy effects expected to emerge after the acquisition and the company's estimated future earning capacity.

## Note 2 - Non-recurring items

	2011/12				2010/11			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Note	1					2		
Cost of goods sold	-5.6	-	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-	10.5	-
Selling expenses	-10.0	-	-	-	-	-	-	-
Administration expenses	-5.3	-	-	-	-	-	-	-
Other operating expenses	-18.7	-	-	-	-	-	-	-
<b>Total non-recurring items</b>	<b>-39.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.5</b>	<b>-</b>
Operating profit, incl. non-recurring items, SEK m.	5.6	97.2	130.2	86.8	57.2	95.3	119.5	94.9
Operating profit, excl. non-recurring items, SEK m.	45.2	97.2	130.2	86.8	57.2	95.3	109.0	94.9

- 1 - Amortisation of goodwill, SEK -18.7 million, in Spain on line "Other operating expenses". The remaining portion comprises measures above all in Italy to reduce the future burden of costs.
- 2 - Capital gain on sale of property.

## 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 capital employed excluding non-controlling interest.

### Number of employees

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.