

# Q1

## SYSTEMAIR AB INTERIM REPORT 1 MAY–31 JULY 2010

### OFF TO A GOOD START

#### First quarter, May–July 2010

- Net sales rose 3 percent, to SEK 817 million (790).
- Operating profit (EBIT) advanced 38 percent, to SEK 95 million (69).
- The operating margin totalled 11.6 percent (8.7).
- Profit after tax advanced 37 percent, to SEK 65 million (47).
- Earnings per share equalled SEK 1.24 (0.90).
- Cash flows from operating activities totalled SEK 55 million (72).

Net sales

**SEK 817 million**

#### Significant events during the period under review

- In June, Systemair agreed to acquire the Dutch ventilation company Rucon.
- In June, Systemair acquired the sales company VKV in the Czech Republic.
- In June, Systemair acquired the assets of the Greek ventilation products distributor Poliplevro.
- Systemair won a major order worth SEK 8 million for DnB NOR's new headquarters in Oslo.
- Systemair won a major order worth SEK 9 million for the 12 de Octubre University Hospital in Madrid.

EBIT

**SEK 95 million**

	2010	2009	2009/10
	May-July	May-July	May-Apr
Net sales, SEK million	817.0	789.7	3,218.6
Growth, %	3.5	0.3	-3.4
Operating profit, SEK million	94.9	68.6	274.7
Operating margin, %	11.6	8.7	8.5
Profit after tax, SEK million	64.8	47.2	191.5
Earnings per share, SEK	1.24	0.90	3.66
Operating cash flow, SEK per share	1.05	1.39	6.86

## CEO'S COMMENTS

### OFF TO A GOOD START



We are satisfied with our first quarter. Growth returned, and profitability improved significantly. Volumes grew about 6 percent, though it was not apparent in sales figures because of the appreciation of the Swedish krona. The operating margin improved, thanks to larger volumes and efficiency enhancements put in place.

#### NORDIC REGION

Growth was healthy in the Swedish and Norwegian markets but considerably weaker in Denmark and Finland. In the first quarter, Norway was our single biggest market, with Sweden taking second place.

#### WESTERN EUROPE

The reinforcement of the SEK resulted in decreasing sales in the region. Adjusting for foreign exchange fluctuations, we saw weak growth in volumes in the first quarter. Fortunately we achieved growth in Spain thanks to a few new major orders, while growth was also healthy in Portugal and France. Sales declined in the United Kingdom and Germany.

#### EASTERN EUROPE AND CIS

Adjusted for foreign exchange effects, sales rose 6 percent. We noted the biggest advances in Slovenia, where Systemair/Energo Plus, acquired one year ago, achieved healthy growth. Volumes increased slowly in Russia, while the Baltic countries suffered a relatively sharp drop in sales.

#### NORTH AMERICA

We are extremely pleased to have grown 22 percent in North America. Most of this growth occurred in the Canadian market. Products for residential ventilation in particular developed well, because Canada has not experienced the same crisis as the United States has in its housing market.

#### OTHER MARKETS

The recently acquired Indian company Ravistar contributed to boost sales 24 percent in the region. Work is underway merging Ravistar with Systemair's sales companies in India. Sales in China have developed favourably, though sales declined in the Middle East and Turkey.

We are also satisfied to have completed three acquisitions during the first quarter – in the Netherlands, the Czech Republic, and Greece – that will support our ongoing growth in Europe. We are well equipped for further growth through the investments made in production plant, product development and marketing.

Gerald Engström

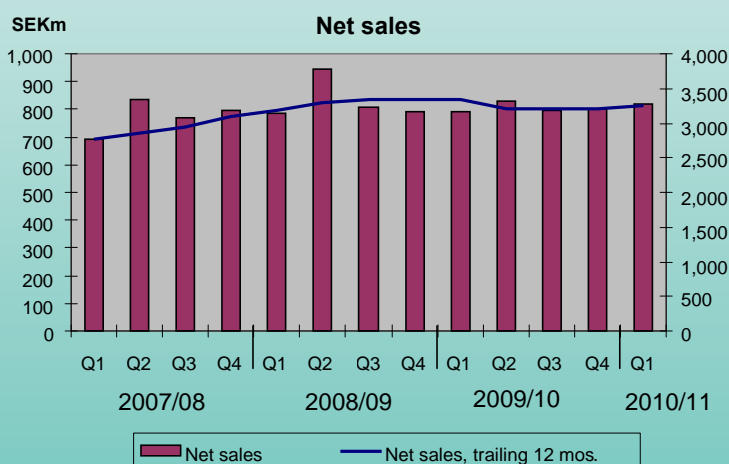
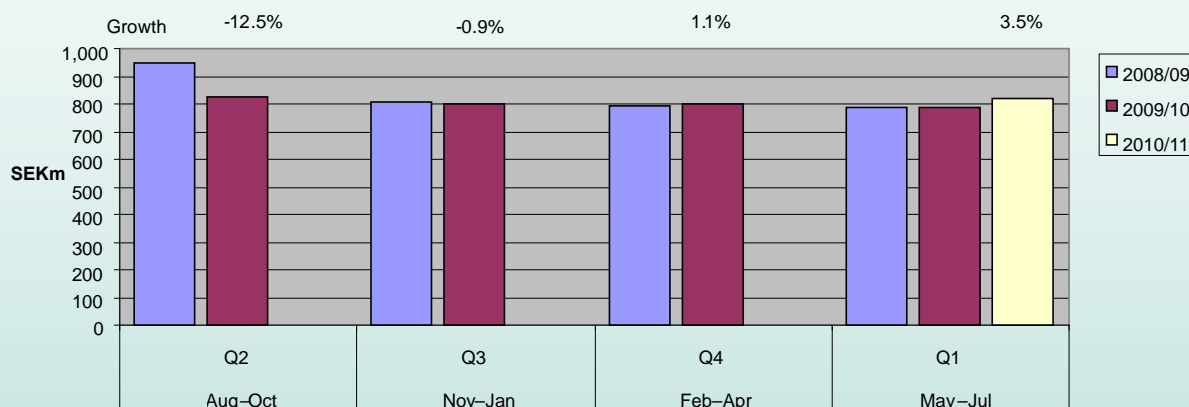
CEO Systemair

## Sales

Group sales for the first quarter of the 2010/11 financial year totalled SEK 817.0 million (789.7), up 3.5 percent from the same period the preceding year. Adjusted for the effects of foreign exchange and acquisitions, sales expanded 6.1 percent. Growth in acquired operations equalled 3.6 percent, or SEK 28.6 million. During the quarter, foreign exchange effects reduced sales 6.2 percent.

Our assessment is that demand has stabilised, and we see advances in several markets.

**Growth in quarterly net sales, year-on-year comparison**



## Sales – Geographic breakdown

During the first quarter, sales in the Nordic region rose 11 percent from the same period the preceding year. Acquisitions added 3 percentage points to sales in the region during the first quarter. In Sweden, sales grew 18 percent, 8 percentage points attributable to acquisitions. In Norway, the single largest market for the Group, sales advanced 18 percent, unaffected by acquisitions or foreign exchange.

In Western Europe, income decreased 5 percent in the first quarter, unaffected by acquisitions to any significant extent. Adjusted for foreign exchange effects, sales rose 5 percent. Sales trends differ within the region. Healthy growth was noted in Portugal, Switzerland and Belgium and especially in Spain, where sales increased 30 percent during the quarter.

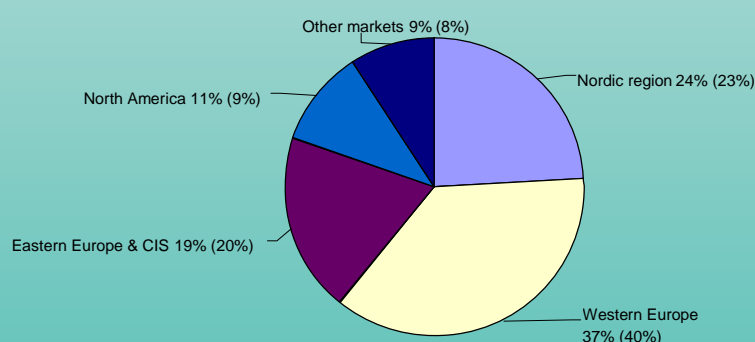
Sales in Eastern Europe and the CIS increased 2 percent during the quarter. Adjusted for foreign exchange effects, sales rose 6 percent. The acquisition of VKV in the Czech Republic contributed 3 percentage points to regional sales growth. Sales in Russia have dropped sharply since November 2008. However, sales for the first quarter were up 1 percent from the same period the preceding year. The acquisition of Energo Plus in Slovenia, completed in May 2009, has progressed extremely well. During the quarter, sales in Slovenia jumped 34 percent.

Sales in the North American market grew 22 percent during the quarter compared to the same period the preceding year. The acquisition of W.C. Wood's dehumidifier division in Canada contributed 4 percentage points to sales growth in the region during the first quarter. In Canada, we see a very positive sales trend, and about 30 new employees were hired at the factory in Bouctouche to satisfy growth in demand.

Sales to Other markets rose 10 percent during the first quarter. The acquisition of Ravistar in India contributed 24 percentage points of the region's sales growth during the first quarter. Growth was robust in China, while sales declined in the United Arab Emirates, Turkey and some other markets.

	<b>2010</b>	<b>2009</b>	
	<b>May-Jul</b>	<b>May-Jul</b>	
	<b>3 mos.</b>	<b>3 mos.</b>	<b>change</b>
Nordic region	198.0	179.0	11%
Western Europe	299.1	316.5	-5%
Eastern Europe & CIS	158.2	155.1	2%
North America	87.3	71.4	22%
Other markets	74.4	67.7	10%
<b>Total</b>	<b>817.0</b>	<b>789.7</b>	<b>3%</b>

**Sales by market Q1 2010 (Q1 2009)**



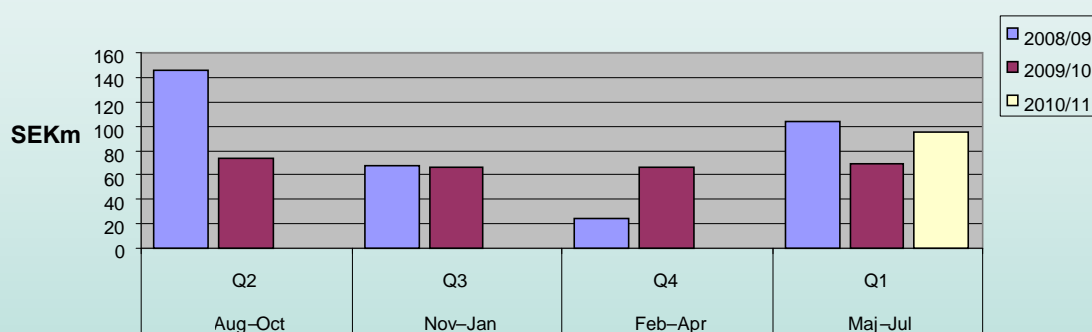
## Profit

Gross profit for the first quarter reached SEK 317.2 million (296.7), up 6.9 percent from the same period the preceding year. The improvement was chiefly attributable to cost-savings and better capacity utilisation at the manufacturing units.

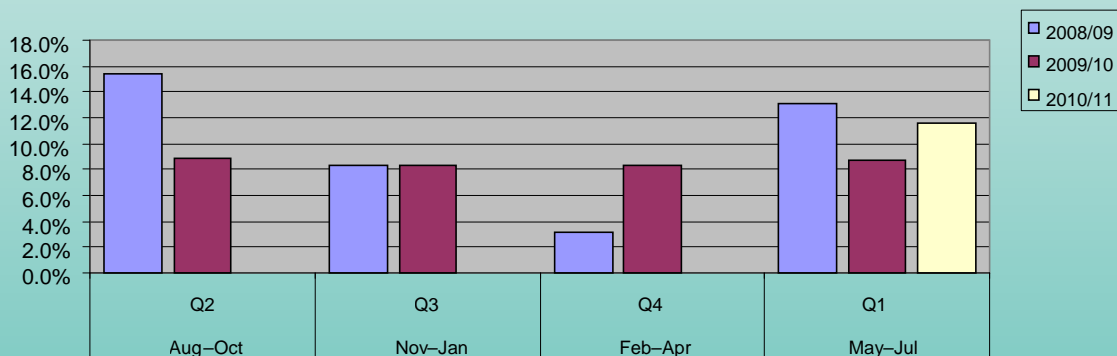
Operating profit for the first quarter reached SEK 94.9 million (68.6), up 38.4 percent from the same period the preceding year. The operating margin equalled 11.6 percent (8.7).

Selling and administration expenses for the quarter ended at SEK 223.5 million (228.7), down SEK 5.2 million from the same period the preceding year. Adjusted for acquired companies, selling and administration expenses declined SEK 10.2 million. Selling expenses were charged SEK 0.9 million (7.2) for anticipated bad debts and confirmed losses on trade receivables.

Quarterly operating profit, year-on-year comparison



Quarterly operating margin, year-on-year comparison



Net financial items for the first quarter totalled SEK -5.6 million (-3.4). The net effect of foreign exchange on long-term receivables, loans and bank balances was SEK -1.6 million (1.6). Interest expense for the quarter totalled SEK -3.5 million (-4.3). The decrease resulted from lower interest rates and less debt.

The tax expense for the quarter is estimated at SEK -24.5 million (-18.0), corresponding to an effective tax rate of 27.4 percent (27.7) based on profit after net financial items.

## **Acquisitions and new operations**

In June, Systemair agreed to acquire the Dutch ventilation company Rucon. Rucon is a well-established supplier of ventilation products, active in the Dutch market for 40 years. The company has 41 employees and sales of EUR 12 million for 2009. The company's previous owner and chief executive officer, Henk van der Zande, will continue as CEO. Rucon's emphasis complements Systemair's superbly, and synergy gains are expected immediately. After the acquisition, sales in the Netherlands, including those of Systemair's previous operations, will total about EUR 20 million, making that market one of Systemair's single largest. The acquisition of Rucon is anticipated to be completed towards the end of August 2010.

In June, Systemair acquired the sales company VKV, which leads the market for air distribution products in the Czech Republic. For 2009, the company reported sales of about SEK 30 million and an operating margin of 15 percent. Through this acquisition, Systemair gains control over distribution of all of its products in the Czech Republic. VKV has marketed air distribution products that were brought into the Group in a previous acquisition. Through coordination with our existing operations in the Czech Republic, we anticipate cost-savings and increased sales through market synergies.

In June, Systemair acquired the assets of the Greek ventilation products distributor Poliplevro SA. Poliplevro was hit hard by the Greek crisis, and their sales have declined sharply in recent years. However, Systemair sees opportunities to expand sales of the Group's product programme in the Greek market using Poliplevro's business as a base. Sales are expected to reach about SEK 10 million in the first financial year.

If VKV and Poliplevro had been consolidated as of 1 May 2010, net sales for the period May 2010 through July 2010 would have been roughly SEK 820 million. The operating profit for that period would have been about SEK 95 million. Rucon is scheduled to be consolidated from September 2010.

*Note 1 in this report contains an acquisition analysis and the effects of the acquisitions on the Group's cash and cash equivalents.*

## **Investment, depreciation and amortisation**

Gross investment for the quarter was SEK 19.4 million (95.2), including SEK 12.1 million (67.9) invested in new construction and machinery. Acquisitions and additional consideration paid for subsidiaries totalled SEK 7.3 (27.0) for the quarter. Depreciation of property, plant and equipment totalled SEK 22.7 (22.2).

## **Personnel**

The average number of employees in the Group was 2,095 (1,886). At the end of the period, Systemair had 2,284 employees (1,958), 326 more than one year previous. The acquisitions of Ravistar in India and Poliplevro in Greece added 266 employees. Also, new employees have been recruited, chiefly in Canada, Germany and Lithuania.

## **Cash flow and financial position**

Cash flows from operating activities before changes in working capital totalled SEK 97.5 million (71.8) for the quarter. Changes in working capital, chiefly an increase in trade accounts receivable, had an impact of SEK -42.7 (0.6) on cash flow. Net cash flow from financing activities was SEK -22.8 million (22.1), as a result of the repayment of loans. At the end of the period, net indebtedness totalled SEK 550.7 million (729.1). The consolidated equity/assets ratio was 49.5 percent (43.9).

### **Material risks and uncertainty**

Systemair is exposed to operational and financial risks in its business. Operational risk arises from the international nature of the operations, tough competition and the sensitivity of the construction industry to the economy. 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 2009/10 Annual Report. No significant change occurred in the risk situation during the period.

### **Transactions with related parties**

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 2009/10 Annual Report. During the period, no material change occurred in the scale of these transactions.

### **Parent Company**

Parent Company sales for the quarter totalled SEK 204.3 million (191.6), while operating profit was SEK 20.5 million (15.2). During the period, the Parent Company received dividends from subsidiaries totalling SEK 126.1 million (155.7), recognised in net financial items.

The average number of employees in the Parent Company was 327 (351).

### **Financial information**

The Interim Report for the second quarter of 2010/11 will be published at 8:30 am on 25 November 2010.

The Interim Report for the third quarter of 2010/11 will be published at 8:30 am on 24 February 2011.

The Report for the fourth quarter and full year 2010/11 will be published at 8:30 am on 9 June 2011.

## Other information

The information in this Interim Report is information that Systemair is required to disclose in accordance with the Swedish Securities Markets Act (*lagen om värdepappersmarknaden*) and/or the Swedish Financial Instruments Trading Act (*lagen om handel med finansiella instrument*). This information has been submitted for publication at 1:30 pm on 26 September 2010.

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

Skinnskatteberg, 26 August 2010  
Systemair AB (publ)

Gerald Engström  
*Chief Executive Officer*

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#### **Systemair in brief**

*Systemair is a leading ventilation company with operations in 39 countries in Europe, North America, the Middle East, Asia, Africa and Australia. The Company had sales of SEK 3.2 billion in financial 2009/10 and currently employs about 2,300 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 15 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.*



## Consolidated Income Statement

SEKm	2010	2009	2009/10	2009/10
	May-Jul 3 mos.	May-Jul 3 mos.	Aug-Jul TTM	May-Apr 12 mos.
Net sales	817.0	789.7	3,245.8	3,218.6
Cost of goods sold	-499.8	-493.0	-2,008.4	-2,001.6
<b>Gross profit</b>	<b>317.2</b>	<b>296.7</b>	<b>1,237.4</b>	<b>1,217.0</b>
Other operating income	9.9	12.8	36.8	39.8
Selling expenses	-179.6	-178.9	-749.8	-749.2
Administration expenses	-43.9	-49.8	-190.5	-196.4
Other operating expenses	-8.7	-12.2	-32.8	-36.5
<b>Operating profit</b>	<b>94.9</b>	<b>68.6</b>	<b>301.1</b>	<b>274.7</b>
Net financial items	-5.6	-3.4	-34.0	-31.7
<b>Profit after financial items</b>	<b>89.3</b>	<b>65.2</b>	<b>267.1</b>	<b>243.0</b>
Tax on profit for the period	-24.5	-18.0	-57.9	-51.5
<b>Profit for the period</b>	<b>64.8</b>	<b>47.2</b>	<b>209.2</b>	<b>191.5</b>
<b>Attributable to:</b>				
Parent Company shareholders	64.5	47.0	208.1	190.5
Non-controlling interest	0.3	0.2	1.1	1.0
Earnings per share (SEK) 1)	1.24	0.90	4.00	3.66
Average no. of shares during period 1)	52,000,000	52,000,000	52,000,000	52,000,000

- 1) The Company has issued 223,500 warrants to employees of the Group. The average price of the share during all periods has been less than the redemption price for the warrants, so no dilution effect has been taken into account. The total number of shares outstanding at the end of the period under review was 52,000,000.

## Consolidated Statement of Comprehensive Income

	2010/11 May-Jul 3 mos.	2009/10 May-Jul 3 mos.	2009/10 Aug-Jul TTM	2009/10 May-Apr 12 mos.
<b>Profit for the period</b>	<b>64.8</b>	<b>47.2</b>	<b>209.2</b>	<b>191.5</b>
<b>Other comprehensive income, net after tax:</b>				
Translation differences, foreign operations	-14.0	-19.9	-44.6	-50.5
Hedging of net assets in foreign operations, net after tax	0.8	2.1	6.2	7.5
Change in market value of securities held for sale	-	3.0	11.3	14.3
Disposal of securities held for sale	-	5.0	-	5.0
<b>Other comprehensive income, net after tax</b>	<b>-13.2</b>	<b>-9.8</b>	<b>-27.1</b>	<b>-23.7</b>
<b>Total comprehensive income for the period</b>	<b>51.6</b>	<b>37.4</b>	<b>182.1</b>	<b>167.8</b>
<b>Attributable to:</b>				
Parent Company shareholders	51.5	37.5	182.6	168.5
Non-controlling interest	0.1	-0.1	-0.5	-0.7

## Consolidated Balance Sheet

SEKm	31 Jul 2010	31 Jul 2009	30 Apr 2010
<b>ASSETS</b>			
Goodwill	200.8	174.2	204.0
Other intangible assets	44.2	26.9	37.2
Property, plant and equipment	722.7	774.7	740.4
Financial and other assets	89.7	78.3	93.5
<b>Total non-current assets</b>	<b>1,057.4</b>	<b>1,054.1</b>	<b>1,075.1</b>
Inventory	531.0	536.0	510.2
Current receivables	776.2	762.3	714.0
Cash and cash equivalents	98.0	100.1	85.9
<b>Total current assets</b>	<b>1,405.2</b>	<b>1,398.4</b>	<b>1,310.1</b>
<b>TOTAL ASSETS</b>	<b>2,462.6</b>	<b>2,452.5</b>	<b>2,385.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>1,218.4</b>	<b>1,076.2</b>	<b>1,167.7</b>
Non-current liabilities, provisions	88.5	82.7	86.3
Non-current liabilities, interest-bearing	274.0	327.9	295.8
<b>Total non-current liabilities</b>	<b>362.5</b>	<b>410.6</b>	<b>382.1</b>
Current liabilities, interest-bearing	361.3	490.8	367.0
Current liabilities, non-interest-bearing	520.4	474.9	468.4
<b>Total current liabilities</b>	<b>881.7</b>	<b>965.7</b>	<b>835.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,462.6</b>	<b>2,452.5</b>	<b>2,385.2</b>

## Consolidated Cash Flow Statement

SEKm	2010 May–Jul 3 mos.	2009 May–Jul 3 mos.	2009/10 May–Apr 12 mos.
Operating profit	94.9	68.6	274.7
Adjustment for non-cash items	20.8	23.8	85.6
Financial items	-2.1	-1.4	-9.6
Income tax paid	-16.1	-19.2	-76.8
<b>Cash flows from operating activities before changes in working capital</b>	<b>97.5</b>	<b>71.8</b>	<b>273.9</b>
Changes in working capital	-42.7	0.6	82.6
<b>Cash flow from operating activities</b>	<b>54.8</b>	<b>72.4</b>	<b>356.5</b>
Cash flow from investing activities	-18.6	-91.0	-218.6
Cash flow from financing activities	-22.8	22.1	-143.8
<b>Cash flow for the period</b>	<b>13.4</b>	<b>3.5</b>	<b>-5.9</b>
Cash and cash equivalents at start of period	85.9	99.7	99.7
Translation differences in cash	-1.3	-3.1	-7.9
<b>Cash and cash equivalents at close of period</b>	<b>98.0</b>	<b>100.1</b>	<b>85.9</b>

## Statement of Changes in Equity – Group

SEKm	2010			2009		
	Equity	Non-controlling interest	Total equity	Equity	Non-controlling interest	Total equity
Amount at beginning of year	1,151.6	16.1	1,167.7	1,022.1	18.5	1,040.6
Dividend	-	-0.7	-0.7	-	-1.8	-1.8
Acquisition of non-controlling interests	-	-0.2	-0.2	-	-	-
Comprehensive income	51.5	0.1	51.6	37.5	-0.1	37.4
<b>Amount at end of period</b>	<b>1,203.1</b>	<b>15.3</b>	<b>1,218.4</b>	<b>1,059.6</b>	<b>16.6</b>	<b>1,076.2</b>

## Group Key Ratios

		2010 May-Jul	2009 May-Jul	2009/10 May-Apr
		3 mos.	3 mos.	12 mos.
Net sales	SEKm	817.0	789.7	3,218.6
Growth	%	3.5	0.3	-3.4
Operating profit	SEKm	94.9	68.6	274.7
Operating margin	%	11.6	8.7	8.5
Profit after net financial items	SEKm	89.3	65.2	243.0
Profit margin	%	10.9	8.3	7.6
Return on capital employed	%	17.0	18.1	15.2
Return on equity	%	18.4	21.4	17.4
Equity/assets ratio	%	49.5	43.9	49.0
Investments	SEKm	19.4	95.2	233.3
Depreciation and amortisation	SEKm	22.7	22.2	88.5
<b>Per share ratios</b>				
Basic earnings per share	SEK	1.24	0.90	3.66
Diluted earnings per share	SEK	1.24	0.90	3.66
Basic equity per share	SEK	23.14	20.37	22.15
Diluted equity per share	SEK	23.14	20.37	22.15
Basic operating cash flow per share	SEK	1.05	1.39	6.86
Diluted operating cash flow per share	SEK	1.05	1.39	6.86
No. of shares at end of period	shares	52,000,000	52,000,000	52,000,000

## Group Key Ratios Quarterly

		2010/11 May-Jul	2009/10 Feb-Apr	2009/10 Nov-Jan	2009/10 Aug-Oct	2009/10 May-Jul	2008/09 Feb-Apr	2008/09 Nov-Jan	2008/09 Aug-Oct
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	SEKm	817.0	800.8	799.3	828.8	789.7	792.3	806.9	946.8
Growth	%	3.5	1.1	-0.9	-12.5	0.3	-0.5	5.0	13.6
Operating profit	SEKm	94.9	66.4	66.6	73.2	68.6	24.7	67.3	145.8
Operating margin	%	11.6	8.3	8.3	8.8	8.7	3.1	8.3	15.4
Return on capital employed	%	17.0	15.2	11.1	12.6	18.1	21.3	25.2	27.9
Return on equity	%	18.4	17.4	14.3	16.3	21.4	24.8	30.5	33.9
Equity/assets ratio	%	49.5	49.0	46.8	44.1	43.9	43.3	41.6	38.8
Equity per share	SEK	23.14	22.15	21.65	20.59	20.70	19.66	19.44	17.76
Earnings per share	SEK	1.24	1.00	0.70	1.06	0.90	0.25	1.04	1.91

## Parent Company Income Statement

	2010	2009	2009/10
SEKm	May-Jul 3 mos.	May-Jul 3 mos.	May-Apr 12 mos.
Net sales	204.3	191.6	820.7
Cost of goods sold	-145.0	-137.1	-590.0
<b>Gross profit</b>	<b>59.3</b>	<b>54.5</b>	<b>230.7</b>
Other operating income	3.1	4.4	16.1
Selling expenses	-26.9	-27.1	-121.5
Administration expenses	-14.6	-13.9	-61.7
Other operating expenses	-0.4	-2.7	-9.8
<b>Operating profit</b>	<b>20.5</b>	<b>15.2</b>	<b>53.8</b>
Net financial items	126.5	165.8	268.8
<b>Profit after financial items</b>	<b>147.0</b>	<b>181.0</b>	<b>322.6</b>
Appropriations <sup>1)</sup>	-0.4	-3.1	-3.5
<b>Pre-tax profit</b>	<b>146.6</b>	<b>177.9</b>	<b>319.1</b>
Tax on profit for the period	-5.8	-3.9	-15.5
<b>Profit for the period</b>	<b>140.8</b>	<b>174.0</b>	<b>303.6</b>

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

## Parent Company Balance Sheet

SEKm	31 Jul 2010	31 Jul 2009	30 Apr 2010
<b>ASSETS</b>			
Other intangible assets	3.1	4.0	3.3
Property, plant and equipment	100.6	113.8	105.0
Financial and other assets	954.8	844.2	926.6
<b>Total non-current assets</b>	<b>1,058.5</b>	<b>962.0</b>	<b>1,034.9</b>
Inventory	101.2	108.7	103.6
Current receivables	281.5	346.7	277.8
Cash and cash equivalents	321.5	353.8	310.0
<b>Total current assets</b>	<b>704.2</b>	<b>809.2</b>	<b>691.4</b>
<b>TOTAL ASSETS</b>	<b>1,762.7</b>	<b>1,771.2</b>	<b>1,726.3</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	791.2	568.3	651.1
Untaxed reserves	121.7	120.9	121.2
Non-current liabilities, provisions	4.2	1.0	1.1
Non-current liabilities, interest-bearing	428.2	550.2	526.7
<b>Total non-current liabilities</b>	<b>432.4</b>	<b>551.2</b>	<b>527.8</b>
Current liabilities, interest-bearing	299.6	422.6	302.3
Current liabilities, non-interest-bearing	117.8	108.2	123.9
<b>Total current liabilities</b>	<b>417.4</b>	<b>530.8</b>	<b>426.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,762.7</b>	<b>1,771.2</b>	<b>1,726.3</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 for the, below listed, new and revised standards approved by IASB and EU. Only the standards that have an effect on Systemair has been listed.

**IFRS 3 Business combinations** - The revised standard continues to require the application of the acquisition method for business combinations but with some substantial changes. All payments when buying a business must be carried at fair value on the acquisition date, while subsequent contingent payments are to be classified as liabilities that are subsequently re-evaluated via the income statement. All transaction costs relating to acquisitions must be carried as expenses. The revised standard shall be applied on financial years commencing from 1 July 2009. The standard has been applied on acquisitions during the first quarter.

### Note 1

The purchase consideration paid to acquire VKV in the Czech Republic and Poliplevro in Greece may provisionally be calculated as follows:

Total historical cost SEK 25.0 million

Assets acquired

Fair value of assets acquired, net SEK 24.2 million

Goodwill SEK 0.8 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Goodwill	0.1	0.7	0.8
Brands, customer relationships, licences, agencies etc.	-	9.1	9.1
Machinery and equipment	-0.4	-	-0.4
Financial and other non-current assets	1.2	-	1.2
Inventory	3.7	-	3.7
Other current assets	5.9	-	5.9
Cash and cash equivalents	8.5	-	8.5
Non-interest-bearing liabilities (incl. deferred tax liability)	-	-2.0	-2.0
Interest-bearing liabilities	-	-	-
Other operating liabilities	-2.5	-	-2.5
	<b>17.3</b>	<b>7.7</b>	<b>25.0</b>

### Impact on cash flow

Purchase consideration incl. additional payment	-25.0
Purchase consideration not paid	9.2
Cash and cash equivalents in companies acquired	8.5
Additional purchase consideration paid for prior years' acquisitions	0.0
<b>Change in consolidated cash and cash equivalents through acquisitions</b>	<b>-7.3</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.



## **Definitions of key ratios**

### **Operating profit (EBIT)**

*Earnings before financial items and tax.*

### **Growth**

*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.*