

Systemair

INTERIM REPORT Q1

1 May–31 July 2009
(SEK million)

Sales on a par with one year previous

First quarter, May–July 2009

- Net sales rose 0.3 percent, to SEK 790 million (787).
- Operating profit (EBIT) fell 34 percent, to SEK 69 million (103). The operating margin equalled 8.7 percent (13.1).
- Profit after tax fell 32 percent, to SEK 47 million (70).
- Earnings per share equalled SEK 0.90 (1.33).
- Cash flows from operating activities totalled SEK 72 million (73).

Significant events during the period

- Acquisition of the ventilation company Energo Plus in Slovenia in May.

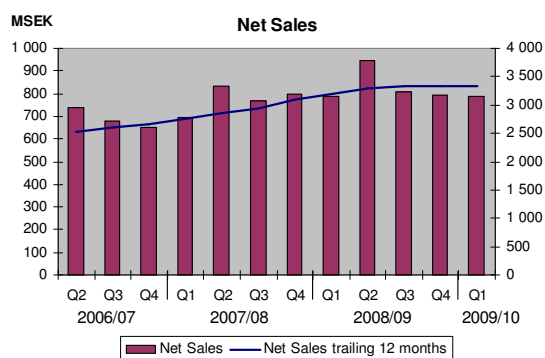
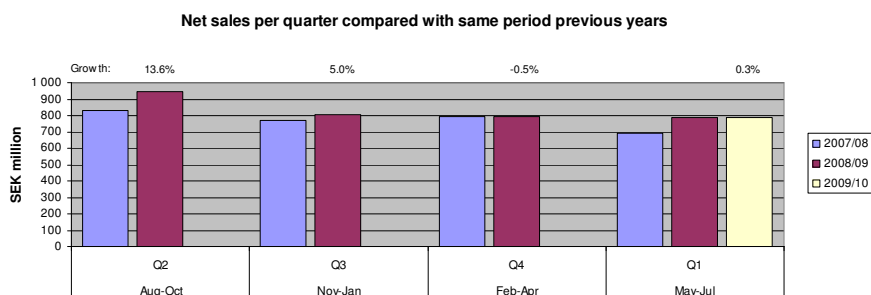
Comments by Gerald Engström, CEO:

“We are pleased to have achieved sales comparable to the preceding year’s, though we were helped by foreign exchange and, to some extent, acquisitions. Our operating margin of 8.7 percent during this recession confirms that our cost adjustments have been effective.

We have not scaled back our investment in the future: product development, marketing and efficiency enhancements continue apace. We have continued to invest in manufacturing equipment and buildings. We are poised to resume our growth once the economy recovers.”

Sales

Group sales for the first quarter of the 2009/10 financial year totalled SEK 789.7 million (787.1), up 0.3 percent from the same period the preceding year. Adjusted for foreign exchange effects and acquisitions, sales decreased 10.8 percent. Growth in acquired businesses totalled 2.1 percent, while foreign exchange effects increased sales 9.0 percent during the quarter. The first quarter is usually Systemair's weakest, for seasonal reasons.



Sales – Geographic breakdown

Sales in the Nordic region declined 9 percent during the first quarter and were unaffected by acquisitions. During the first quarter, sales fell in all countries in the region except Denmark.

In Western Europe, sales increased 17 percent compared to the same period the preceding year and were unaffected by acquisitions. Adjusted for foreign exchange effects, sales rose 4 percent. Demand remains weak in Ireland while it appears to have stabilised in Spain. Healthy growth was seen in Italy and Germany.

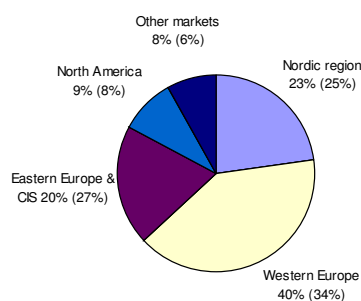
Sales in Eastern Europe and the CIS fell 26 percent during the quarter. The acquisition of Energo Plus in Slovenia boosted sales 9 percentage points. In Russia, in particular, the financial crisis had a negative impact on demand, and during the first quarter sales were 50 percent less than in the same period the preceding year. As a result of difficulties obtaining financing, Russian customers have not built up inventories of ventilation products prior to the autumn to the same extent as they did in previous years. Healthy growth was seen in the Czech Republic.

Sales in the North American market grew 15 percent during the quarter compared to the same period the preceding year. Excluding foreign exchange effects, volumes for the quarter declined 8 percent.

Other markets progressed extremely well and reported growth of 39 percent for the quarter. During the period, growth in China and South Africa was good. This growth was not affected by company acquisitions. Adjusted for foreign exchange effects, sales rose 21 percent.

Sales by market	2009	2008	change
	May-Jul 3 months	May-Jul 3 months	
Nordic region	179,0	195,6	-9%
Western Europe	316,5	271,4	17%
Eastern Europe & CIS	155,1	209,4	-26%
North America	71,4	62,1	15%
Other markets	67,7	48,6	39%
Total	789,7	787,1	0%

Sales by market Q1 2009 (2008)

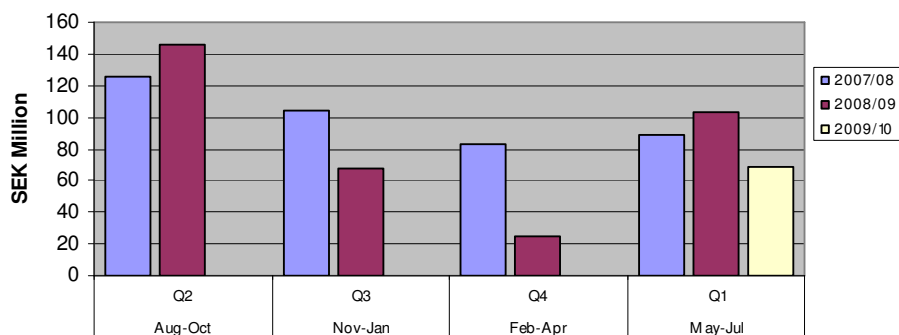


Profit

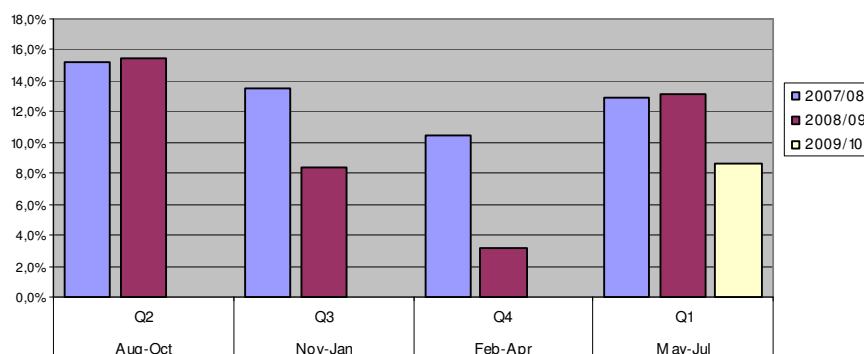
Operating profit for the first quarter totalled SEK 68.6 million (103.2), down 33.6 percent from the same period the preceding year. The operating margin equalled 8.7 percent (13.1).

Selling expenses for the first quarter were SEK 178.9 million (150.3). Selling expenses rose SEK 12.3 million as a result of the higher exchange rates used to translate costs in foreign subsidiaries. Charges for anticipated bad debts and impairment losses on trade receivables totalled SEK 7.2 million (2.1) for the period. Trade receivables are tested for impairment throughout the year, and the current level of reserves is considered sufficient. The acquisition of Energo Plus increased selling expenses SEK 4.2 million. Work to reduce costs within the Group continued during the period.

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



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



Net financial items for the first quarter ended at SEK -3.4 million (-7.7). Net financial items include SEK 1.6 million (1.2) as the net impact of foreign exchange on long-term receivables, loans and bank balances. Interest expense for the quarter ended at SEK -4.3 million (-10.7), as a result of lower interest rates.

The estimated tax expense for the quarter is SEK -18.0 million (-25.9), corresponding to an effective tax rate of 27.7 percent (27.1).

Acquisitions and new operations

In May 2009, Systemair acquired all shares in the ventilation company Energo Plus, Slovenia. For 2008, the company posted sales of about SEK 100 million and an operating profit of about SEK 7 million. Energo Plus is the market leader in Slovenia for ventilation and air-conditioning products. The company was founded in 1990 and has about 30 employees in Ljubljana and Maribor. Upon acquisition, the name of the company was changed to Systemair Energo Plus d.o.o.

The acquisition analysis and effects of the acquisition on the Group's cash and cash equivalents appear in Note 1 in this report.

Investment, depreciation and amortisation

Investment during the quarter totalled SEK 91.0 million (58.6); SEK 67.3 million (19.1) of that total was for new construction and machinery, mainly SEK 38.7 million invested in production and storage facilities in Lenexa, Kansas. Cash flow from the acquisition of subsidiaries was SEK -27.0 million (-34.5) for the period. Depreciation of property, plant and equipment totalled SEK 22.2 million (19.5).

Employees

The average number of employees in the Group totalled 1,886 (1,815). At the end of the period, Systemair had 1,958 employees (2,007), 49 fewer than one year previous. The acquisition of Energo Plus in Slovenia added 31, so the decrease in comparable units was 80 employees. Staffing decreased mainly at the manufacturing units in Skinnskatteberg (Sweden), Denmark, Spain and Canada. The preceding year's figures have been restated because of new rules for calculations.

In July, agreement was reached with Unionen and Ledarna, local trade unions in Skinnskatteberg. By the agreement, working hours for all salaried employees will be reduced 10 percent and salaries 5 percent from September through December 2009. Salary reviews for 2009 will be delayed one year in exchange for corresponding leave. In addition, no employees will be given notice during the term of the agreement.

In June, the agreement with IF Metall in Skinnskatteberg was also extended, so production will continue to be shut down on Fridays until December 2009, to begin with. This reduces working hours 15 percent and payroll expenses 7.5 percent. These actions are aimed at offsetting weaker demand and counteracting unwarranted stock build-up as well as avoiding employee layoffs. Staffing was also reduced at the manufacturing plants in Hässleholm, Sweden; Aarhus, Denmark; Madrid, Spain; and Bouctouche, Canada; as well as at some sales offices.

Cash flow and financial position

Cash flows from operating activities before changes in working capital totalled SEK 71.8 million (110.5) for the quarter. The emphasis remained on reducing capital tied up in stock and trade receivables. These efforts have freed up SEK 22.3 million in working capital. Net cash flow from financing activities was SEK 22.1 million (-27.9), as a result of new loans. At the end of the period, net indebtedness totalled SEK 729.1 million (701.6), while the consolidated equity/assets ratio was 44.0 percent (39.3).

Financial targets

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

- Sales growth no less than 12 percent over a business cycle, both organic and acquired
- Operating margin no less than 10 percent over a business cycle
- Equity/assets ratio no less than 30 percent
- Dividend approximately 30 percent of profit after tax

For this quarter, the target for the equity/assets ratio was reached, though not the target for sales growth or the operating margin.

The SEK 0.75 per share dividend proposed by the Board of Directors for the financial year 2008/09 falls short of the dividend policy's target. The reason for reducing the dividend is that the Board and Management wish to make more room for strategic acquisitions that may emerge as a result of the global financial crisis.

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 2008/09 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 37 to

the accounts in the 2008/09 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 191.6 million (233.4), while operating profit was SEK 15.3 million (27.1). During the period, the Parent Company received dividends from subsidiaries totalling SEK 155.7 million (55.6), recognised in net financial items.

The average number of employees in the Parent Company was 351 (384).

Financial information

The Interim Report for the second quarter will be published at 8.30 AM on 26 November 2009.
The Interim Report for the third quarter will be published at 8.30 AM on 25 February 2010.
The Interim Report for the fourth quarter will be published at 8.30 AM on 3 June 2010.

Miscellaneous

The information in this interim report is information that Systemair is required to publish 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 1.00 PM on 3 September 2009.

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

Skinnskatteberg, 3 September 2009
Systemair AB (publ)

Gerald Engström
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Systemair in brief

Systemair is a leading ventilation company with operations in 38 countries in Europe, North America, the Middle East, Asia, Africa and Australia. The Company had sales of approximately SEK 3.3 billion in the 2008/09 financial year and currently employs about 1,960 people. Since it was founded in 1974, the Company has increased sales every year and at the same time reported an operating profit. During the past three years, the Company's growth rate has averaged roughly 13 percent. The Group comprises about 50 companies.

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.

Consolidated Income Statement

SEK million	2009 May-Jul 3 mos.	2008 May-Jul 3 mos.	2008/09 Aug-Jul TTM	2008/09 May-Apr TTM
Net sales	789,7	787,1	3 335,7	3 333,1
Cost of goods sold	-493,0	-488,4	-2 093,7	-2 089,1
Gross profit	296,7	298,7	1 242,0	1 244,0
Other operating income	12,8	7,9	89,0	84,1
Selling expenses	-178,9	-150,3	-747,5	-718,9
Administration expenses	-49,8	-47,5	-206,5	-204,2
Other operating expenses	-12,2	-5,6	-70,7	-64,0
Operating profit	68,6	103,2	306,3	341,0
Net financial items	-3,4	-7,7	-35,3	-39,7
Profit after financial items	65,2	95,5	271,0	301,3
Tax on profit for the period	-18,0	-25,9	-55,9	-63,7
Profit for the period	47,2	69,6	215,1	237,6
Attributable to:				
Parent Company's shareholders	47,0	69,0	213,4	235,5
Minority interests	0,2	0,6	1,7	2,1
Earnings per share, SEK 1)	0,90	1,33	4,10	4,53
Avg. no. of shares during the 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.

Statement of comprehensive income

Profit for the period	47.2	69.6	215.1	237.6
Other comprehensive income, net after tax:				
Translation differences, foreign operations	-19.9	10.5	62.5	92.9
Hedging of net assets in foreign operations, net after tax	2.1	-	-3.8	-5.9
Change in market value of securities held for sale	3.0	-2.6	-3.5	-9.1
Disposal of securities held for sale	5.0	-	5.0	-
Other comprehensive income, net after tax	-9.8	7.9	60.2	77.9
Total comprehensive income for the	37.4	77.5	275.3	315.5
Attributable to:				
Parent Company's shareholders	37.5	76.1	272.5	311.2
Minority interest	-0.1	1.4	2.8	4.3

Consolidated Balance Sheet

SEK million	31 Jul 2009	31 Jul 2008	30 Apr 2009
ASSETS			
Goodwill	174.2	134.9	166.1
Other intangible assets	26.9	1.8	7.1
Property, plant and equipment	774.7	666.3	742.9
Financial and other assets	78.3	72.7	74.4
Total non-current assets	1,054.1	875.7	990.5
Inventories	536.0	541.9	557.7
Current receivables	762.3	725.9	753.5
Cash and cash equivalents	100.1	107.0	99.7
Total current assets	1,398.4	1,374.8	1,410.9
TOTAL ASSETS	2,452.5	2,250.5	2,401.4
EQUITY AND LIABILITIES			
Equity	1,076.2	885.2	1,040.6
Non-current liabilities, provisions	82.7	80.5	78.5
Non-current liabilities, interest-bearing	327.9	322.1	316.0
Total non-current liabilities	410.6	402.6	394.5
Current liabilities, interest-bearing	490.8	475.3	486.8
Current liabilities, non-interest-bearing	474.9	487.4	479.5
Total current liabilities	965.7	962.7	966.3
TOTAL EQUITY AND LIABILITIES	2,452.5	2,250.5	2,401.4

Consolidated Cash-Flow Statement

SEK million	2009 May-Jul 3 mos.	2008 May-Jul 3 mos.	2008/09 May-Apr 12 mos.
Operating profit	68.6	103.2	341.0
Adjustments for non-cash items	23.8	21.3	73.3
Financial items	-1.4	-5.6	-30.5
Income tax paid	-19.2	-8.4	-76.1
Cash flows from operating activities before changes in working capital	71.8	110.5	307.7
Change in working capital	0.6	-37.2	-10.7
Cash flows from operating activities	72.4	73.3	297.0
Cash flows from investing activities	-91.0	-58.6	-165.5
Cash flows from financing activities	22.1	-27.9	-169.1
Cash flow for the period	3.5	-13.2	-37.6
Cash and cash equivalents at start of period	99.7	117.1	117.1
Translation differences in cash	-3.1	3.1	20.2
Cash and cash equivalents at close of period	100.1	107.0	99.7

Changes in Equity – Group

SEK million	2009 May-Jul			2008 May-Jul		
	Equity	Minorities	Total equity	Equity	Minorities	Total equity
Amount at beginning of year	1,022.1	18.5	1,040.6	793.1	15.3	808.4
Dividend	-	-1.8	-1.8	-	-0.7	-0.7
Comprehensive income	37.5	-0.1	37.4	76.1	1.4	77.5
Amount year-end	1,059.6	16.6	1,076.2	869.2	16.0	885.2

Key Ratios – Group		2009 May–Jul 3 mos.	2008 May–Jul 3 mos.	2008/09 May–Apr 12 mos.
Net sales	SEK mn	789.7	787.1	3,333.1
Growth	%	0.3	13.4	7.8
Operating profit	SEK mn	68.6	103.2	341.0
Operating margin	%	8.7	13.1	10.2
Profit after net financial items	SEK mn	65.2	95.5	301.3
Profit margin	%	8.3	12.1	9.0
Return on capital employed	%	16.7	23.9	19.6
Return on equity	%	21.4	33.6	24.8
Equity/assets ratio	%	43.9	39.3	43.3
Investments	SEK mn	91.0	58.6	165.5
Depreciation and amortisation	SEK mn	22.2	19.5	80.9
Per share ratios				
Basic earnings per share	SEK	0.90	1.33	4.53
Diluted earnings per share	SEK	0.90	1.33	4.53
Basic equity per share	SEK	20.37	16.72	19.66
Diluted equity per share	SEK	20.37	16.72	19.66
No. of shares at year-end	shares	52,000,000	52,000,000	52,000,000

Parent Company Income Statement

	2009	2008	2008/09
SEK million	May-Jul	May-Jul	May-Apr
	3 mos.	3 mos.	12 mos.
Net sales	191.6	233.4	914.5
Cost of goods sold	-137.1	-164.6	-654.5
Gross profit	54.5	68.8	260.0
Other operating income	4.4	5.6	52.4
Selling expenses	-27.1	-27.8	-129.2
Administration expenses	-13.9	-16.7	-67.8
Other operating expenses	-2.7	-2.8	-40.5
Operating profit	15.2	27.1	74.9
Net financial items	165.8	52.9	81.9
Profit after financial items	181.0	80.0	156.8
Appropriations ¹⁾	-3.1	-5.5	7.5
Pre-tax profit	177.9	74.5	164.3
Tax on profit for the period	-3.9	-5.6	-18.0
Profit for the period	174.0	68.9	146.3

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

Parent Company Balance Sheet

SEK million	31 Jul 2009	31 Jul 2008	30 Apr 2009
ASSETS			
Other intangible assets	4.0	-	4.2
Property, plant and equipment	113.8	126.4	116.2
Financial and other assets	844.2	798.3	821.8
Total non-current assets	962.0	924.7	942.2
Inventories	108.7	135.1	122.6
Current receivables	346.7	277.3	300.4
Cash and cash equivalents	353.8	284.1	309.1
Total current assets	809.2	696.5	732.1
TOTAL ASSETS	1 771.2	1 621.2	1 674.3
EQUITY AND LIABILITIES			
Equity	568.3	441.7	393.3
Untaxed reserves	120.9	130.8	117.7
Non-current liabilities, provisions	1.0	1.1	1.0
Non-current liabilities, interest-bearing	550.2	512.6	537.1
Total non-current liabilities	551.2	513.7	538.1
Current liabilities, interest-bearing	422.6	402.9	438.4
Current liabilities, non-interest-bearing	108.2	132.1	186.8
Total current liabilities	530.8	535.0	625.2
TOTAL EQUITY AND LIABILITIES	1 771.2	1 621.2	1 674.3

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 1.2 and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and RFR 2.2. 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 the new or revised standards, interpretations and improvements, described in the following, as adopted by the European Union and effective 1 January 2009. Only those changes that affect the Systemair Group are discussed.

IAS 1, Presentation of Financial Statements, has been revised. For Systemair, IAS 1 means that revenues and costs previously recognised directly in equity will now be recognised in a separate statement, the "Statement of comprehensive income", adjacent to the consolidated income statement. The statement of changes in equity will now contain only changes related to transactions with shareholders. IFRS 8, Operating Segments, replaces IAS 14, Segment Reporting. The new standard deals with segment reporting. This standard has not affected Systemair's segment reporting. No other new or revised IFRS or interpretations from the IFRIC have had any material impact on the Group's or the Parent Company's financial position.

Note 1

The purchase consideration paid to acquire Energo Plus may provisionally be calculated as follows:

Total acquisition cost	SEK 34.9 million
Assets acquired	
Fair value of assets adopted, net	SEK 20.9 million
Goodwill	SEK 14.0 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Goodwill	-	14.0	14.0
Brands, customer relationships, licences, agencies etc.	0.4	21.1	21.5
Machinery and equipment	1.0	-	1.0
Inventories	8.2	-	8.2
Other current assets	29.0	-	29.0
Cash and cash equivalents	0.4	-	0.4
Non-interest-bearing liabilities (incl. deferred tax liability)	-0.4	-4.5	-4.9
Interest-bearing liabilities	-12.4	-	-12.4
Other operating liabilities	-21.9	-	-21.9
	4.3	30.6	34.9

Impact on cash flow

Purchase consideration incl. additional payment	-34.9
Purchase consideration not paid	7.5
Cash and cash equivalents in company acquired	0.4
Additional purchase consideration paid regarding acquisitions in prior years	0.0
Change in consolidated cash and cash equivalents through acquisitions	-27.0

The goodwill in Energo Plus upon acquisition is attributable to the company's strong market position, anticipated synergy effects expected to emerge after the acquisition and the company's estimated future earning capacity. Energo Plus's brand 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 minority share, for the trailing 12 months (TTM), divided by average capital employed, excluding minority share.

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, 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.