Systemair

INTERIM REPORT Q3

1 May 2008–31 January 2009
(SEK million)

Third quarter November 2008–January 2009

- Net sales rose 5 percent, to SEK 807 million (769).
- Operating profit (EBIT) decreased 35 percent, to SEK 67 million (104). The operating margin was 8.3 percent (13.6).
- Profit after tax dropped 13 percent, to SEK 54 million (63).
- Earnings per share equalled SEK 1.04 (1.18).

Nine months 1 May 2008–31 January 2009

- Net sales rose 11 percent, to SEK 2,541 million (2,296).
- Operating profit (EBIT) decreased 1 percent, to SEK 316 million (319). The operating margin was 12.4 percent (13.9).
- Profit after tax increased 13 percent, to SEK 224 million (198).
- Earnings per share equalled SEK 4.28 (3.74).
- Cash flows from operating activities totalled SEK 246.2 million (144.1).
- Return on capital employed was 25.2 percent (25.4).

Significant events during the period

- Megcool Industries of Malaysia was acquired in May and will now move to new, larger premises.
- Emerson Ventilation Products of the United States was acquired in May.
- A new assembly plant and warehouse facility was dedicated in India.
- Order of 328 tunnel-fans for Italian highway, to a value of SEK 30 million
- An order breakthrough in India for smoke extract fans to the new international airport of Delhi. Order value SEK 5 million.

Comments by Gerald Engström, CEO:

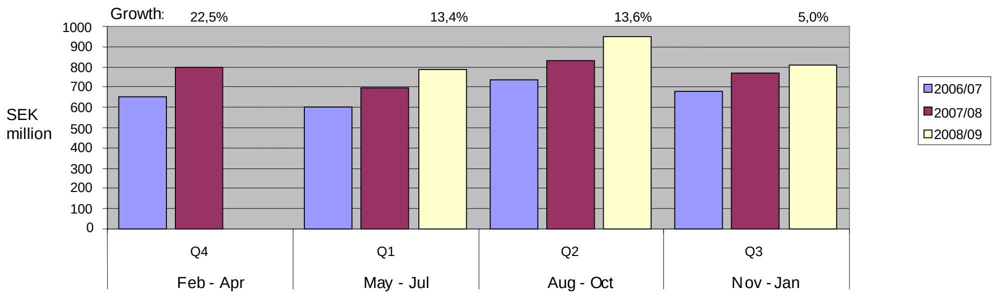
“Our third quarter includes both December and January, so we had the calendar and the economy going against us. With that in mind, we are satisfied with growth of 5%,” Engström said. “The global financial crisis has led to falling volumes, especially in Russia and Ukraine but also in Spain and Ireland. However, for us healthy growth continued in parts of Western Europe, Eastern Europe and in Asia. We adjusted expenditure throughout the period under review. We remain cautiously positive about the outlook for sales. Our aim is to continue growing even when demand slumps, by developing new products, marketing consistently and expanding our geographic presence through acquisitions and new operations.”

Sales

Group sales for the third quarter of the 2008/09 financial year totalled SEK 806.9 million (768.6), up 5.0 percent from the same period the preceding year. Adjusted for foreign exchange effects and acquisitions, sales decreased 6.9 percent. Growth in acquired businesses totalled 6.0 percent, while foreign exchange effects boosted sales 5.9 percent during the quarter. During the third quarter, demand weakened in several markets as a result of the global financial crisis. Sales for the third quarter also suffered from fewer working days during the period this year compared to the preceding year.

Net sales for May 2008–January 2009 reached SEK 2,540.8 million (2,295.6). Sales grew 10.7 percent for the period; of this total, acquired units contributed 5.6 percent, or SEK 128.6 million. Exchange rate effects in the translation of foreign subsidiaries' accounts had a positive net effect on sales of 2.8 percent. Thus, adjusted for translation effects and acquisitions sales grew 2.3 percent for the period.

Net sales per quarter compared to the same period previous years



Sales – geographical distribution

	2008/09			2007/08	
	May–Jan	Change	% of total	May–Jan	% of total
Nordic region	684.7	1%	27%	676.8	29%
Western Europe	854.6	26%	34%	679.9	30%
Eastern Europe & CIS	636.7	-1%	25%	645.1	28%
North America	203.4	10%	8%	185.1	8%
Other markets	161.4	48%	6%	108.7	5%
Total	**2,540.8**	**11%**	**100%**	**2,295.6**	**100%**

Sales in the Nordic region grew 1 percent and were unaffected by acquisitions. In the third quarter, demand remained strong in Sweden, Norway and Denmark, while a slowdown was noted in Finland.

Sales in Western Europe advanced 26 percent, 12 percent of which was attributable to the acquisition of Climaproduct in Italy. Adjusted for that acquisition, growth in Western Europe was 13 percent, indicating that the Group continued to gain market shares in the region. Germany, the single largest market in the region, reported outstanding growth of 33 percent, of which 6 percent was attributable to foreign exchange effects. Demand in the region cooled in Spain and especially in Ireland.

Sales in Eastern Europe and the CIS declined 1 percent during the period. Demand in Russia and Ukraine in particular suffered from the financial crisis, and during the third quarter volumes were half those of the previous year. Markets where healthy growth is still apparent include Poland and Slovakia. The Baltic states also experienced stronger demand than anticipated. No acquisitions affected sales growth.

The North American market grew 10 percent compared to the same period the preceding year. Excluding acquisitions and foreign exchange effects, sales for the period declined 6 percent.

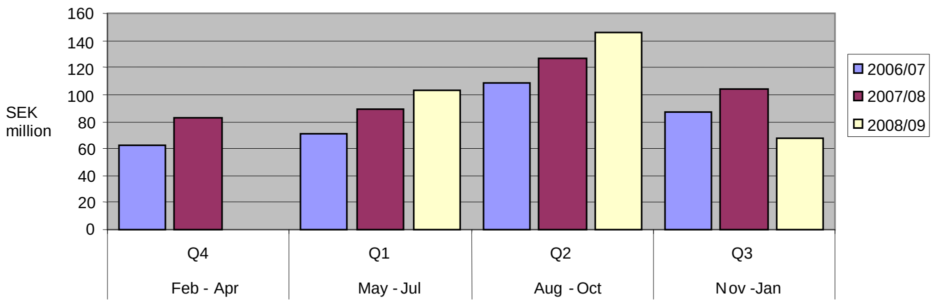
Other markets progressed extremely well and reported growth of 48 percent. The acquisition of Megcool helped boost sales in Malaysia and Vietnam, accounting for 20 percent of the increase in the region. Robust growth was also noted in the Middle East and Turkey.

Profit

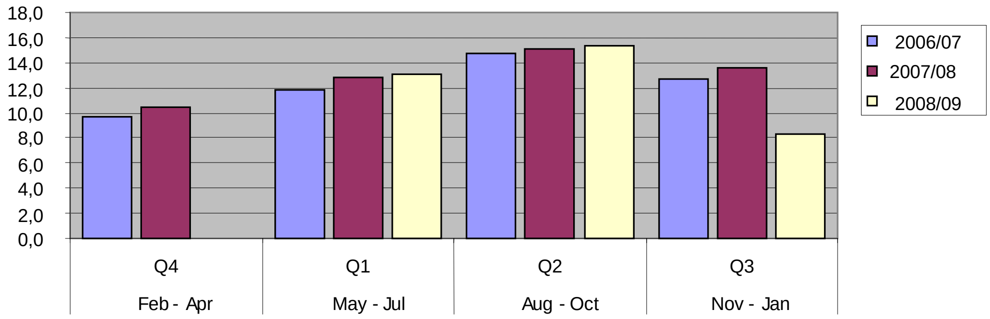
Operating profit for the third quarter totalled SEK 67.3 million (104.2), down 35.4 percent from the same period the preceding year. The operating margin was 8.3 percent (13.6).

Operating profit for the nine months of May 2008–January 2009 totalled SEK 316.3 million (319.3), down 1.0 percent from the same period the preceding year. The operating margin was 12.4 percent (13.9). Operating profit was affected by approximately SEK 5.0 million in costs for restructuring the North American operations and by a SEK 2.0 million judgment for damages to be paid by Frico.

Operating profit per quarter compared to the same period in previous years



Operating margin per quarter compared to the same period in previous years



Net financial items for the third quarter ended at SEK -20.2 million (-19.0). Effective 1 November 2008, the Group chose to recognise the net assets in Koolclima-Systemair in Spain as well as in Imos in Slovakia after hedging with loans in euro. Currency hedging reduces the effects of foreign exchange rate fluctuations in the income statement and, for this period, resulted in foreign exchange losses of SEK 5.7 million, net after tax, being recognised directly in equity. At the same time, several loans to subsidiaries were reclassified as net investments in foreign operations. The reclassification resulted in foreign exchange losses of SEK 1.9 million, net after tax, being recognised directly in equity.

Interest income for the May 2008–January 2009 period totalled SEK 23.8 million (5.7). Interest income includes translation gains on receivables and bank balances. Translation gains for the period totalled SEK 19.4 million (1.9) and were chiefly related to the appreciation of the U.S. dollar. Interest expense for the period totalled SEK -74.1 million (-43.0). Interest expense includes translation losses on loans. Restated without translation losses, interest expense totalled SEK -32.0 million (-30.5).

Estimated tax for the third quarter was SEK 7.0 million (-22.8). This tax income resulted from the recognition as revenue of tax-loss carry-forwards that were obtained through the acquisition of companies with losses made in previous business activities. The acquired tax-loss carry-forwards produced net tax income of SEK 18.8 million. Adjusted for this tax income, the effective tax rate for the quarter was 25.1 percent (26.7) based on profit after financial items.

Tax expense for the period was SEK -56.0 million (-82.3). The adjusted effective tax rate equalled 26.7 percent (29.4), based on profit after financial items.

Acquisitions and new operations

In September, Systemair acquired the minority share comprising 26 percent of the shares in Systemair (SEA) Pte Ltd of Singapore from the company's managing director. Following the acquisition, Systemair owns all shares in the company. Systemair paid a purchase consideration of SEK 5.3 million, resulting in goodwill of SEK 3.3 million.

Megcool Industries of Kuala Lumpur, Malaysia, was also acquired, with control effective 1 May 2008. Employing about 50 people, Megcool reported sales of approximately SEK 15 million for the period May–October 2008 and operating profit of about SEK 3.2 million. The company manufactures and markets products for the ventilation of tunnels and parking garages. The former owners, with 30 years experience in the ventilation industry, remain active in the company. Through the acquisition, the Group acquired a competitive production unit in the region and a base for the Group's continued drive in Asia. The operations in Malaysia will also serve as a logistical hub for onward distribution of products in the region. Upon its acquisition, the company was renamed Systemair Sdn. Bhd, Malaysia.

At 13 May 2008, Systemair acquired the Emerson Ventilation Products business from the U.S. company Emerson Electric Co. With annual sales of around USD 10 million, the company manufactures fan and ventilation equipment that broadens Systemair's product range. Since the acquisition, production and sales have been integrated with Fantech's current operations in North America, so it is difficult to isolate the exact contribution to profit. The relocation and coordination of warehousing and logistics functions are under way, to achieve additional synergy effects.

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

Investment, depreciation and amortisation

Group investment during the period totalled SEK 135.4 million (101.8), SEK 84.9 million (70.7) of which was investment in new construction and machinery, predominantly investments by the manufacturing units. Depreciation and amortisation of non-current assets totalled SEK 59.9 million (54.7). The acquisition of subsidiaries totalled SEK 48.4 million (37.8) for the period.

Systemair in India, with headquarters in New Delhi and sales offices in Puna, Bangalore and Colcata, has dedicated a new assembly plant and warehouse facility in Alwar, not far from Delhi. Today there are around 15 employees, the majority of whom work with sales and marketing. The recently completed assembly plant has 2,000 m^2 of floor space and is intended for the assembly of box fans and axial fans.

Upon its acquisition, Megcool Industries of Malaysia consisted of a sales company and a production company with a total of 60 employees split between two locations in Kuala Lumpur. During the period, the companies both moved into modern premises of 4,000 m^2 that they will share containing sales offices and manufacturing and warehouse facilities.

In Lenexa, Kansas, final negotiations were concluded for the purchase of the property where the acquired Emerson Ventilation Products business has its offices, warehouse and manufacturing plant. The property comprises about 16,000 m^2 of industrial and warehouse space of a good standard. The agreed purchase price for the building and land is USD 5.25 million. In conjunction with the acquisition of the property, the state of Kansas also pledged a maximum of USD 1.7 million in incentives. The incentives are conditional upon new hires, investment and training of employees.

In Ukmergé, Lithuania, new manufacturing and warehouse facilities are under construction. The building will comprise about 8,000 m^2 of manufacturing and warehousing space, the total investment being budgeted at SEK 50 million. Production in the new facility is scheduled to begin in August 2009. The project has been granted investment incentives from the EU structural fund, which are estimated at about SEK 5.7 million and will reduce the total cost of the investment.

Employees

The average number of employees in the Group totalled 1,936 (1,742). At the end of the period, the total number of employees was 1,951 (1,756), 166 of whom were added through companies established or acquired during the past 12 months.

In January, agreement was reached with the local trade union IF Metall on production cuts at the plant in Skinnskatteberg, Sweden. The agreement means that production will be shut down on Fridays until the summer, to begin with. 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.

In January, Peter Olofsson, Systemair's Vice President, Purchasing, announced that he would resign from the Company. Olofsson, who is also a member of Group management, will leave in March, and his tasks will be reassigned internally within the organisation until further notice.

Cash flow and financial position

Cash flows from operating activities before changes in working capital totalled SEK 298.2 million (286.7) for the period. Working capital increased SEK 52.0 million (142.5), chiefly as a result of more capital tied-up in trade receivables and stock, a result of seasonal variations in sales as well as increased sales in markets with longer credit periods. All group companies have continuously strong focus on activities in order to reduce capital employed. Net cash flow from financing activities was SEK -150.8 million (-28.2), as a result of loan amortisation and the dividend paid. At the end of the period, net indebtedness totalled SEK 738.5 million (721.9), while the consolidated equity/assets ratio was 41.6 percent (36.7).

Miscellaneous

In January, the subsidiary Frico AB lost a dispute in a Swedish court of appeal. The dispute concerns Frico's liability for power requirement estimates for a property management company for the heating of a temporary sports centre. The appeals court ruled that Frico shall pay damages and the opponent's court costs of about SEK 2 million. Frico had won the case on all counts in the district court and intends to appeal to Sweden's Supreme Court.

Financial targets

In April 2007, the Board of Directors 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

All targets were achieved in the 2007/08 financial year.

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 business cycle. The financial risks that Systemair has identified in its business consist of foreign exchange risk, collateral and interest-rate risk, credit and liquidity risk and tax losses carried forward. The material risks and uncertainty affecting Systemair are described in more detail in the Company's 2007/2008 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 ebm-papst AB and ebm-papst Mulfingen GmbH & Co. KG. Transactions with related parties are described in detail in Note 37 to the accounts in the Annual Report for the 2007/08 financial year. During the period, no material change took place in the scale of these transactions.

Events after the close of the period

There are no material events to report.

Parent Company

Parent Company sales for the period totalled SEK 706.4 million (733.3), while operating profit was SEK 70.6 million (84.3).

The average number of employees in the Parent Company was 373 (380).

Financial information

The interim report for the fourth quarter will be published at 8.30 AM on 4 June 2009.

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 8.30 AM on 5 March 2009.

Skinnskatteberg, 5 March 2009
Systemair AB (publ)

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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 3.1 billion in the 2007/08 financial year and currently employs about 1,950 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 18 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	2008/09 Nov-Jan 3 months	2007/08 Nov-Jan 3 months	2008/09 May-Jan 9 months	2007/08 May-Jan 9 months	2008/09 Feb-Jan rolling 12 months	2007/08 May-Apr 12 months
Net sales	806,9	768,6	2 540,8	2 295,6	3 336,7	3 091,6
Cost of goods sold	-502,5	-482,7	-1 578,5	-1 440,0	-2 065,8	-1 927,4
Gross profit	**304,4**	**285,9**	**962,3**	**855,6**	**1 270,9**	**1 164,2**
Other operating income	34,5	20,2	71,7	41,7	82,8	52,8
Selling expenses	-187,1	-148,8	-513,8	-422,1	-690,7	-599,0
Administration expenses	-51,7	-42,6	-148,2	-128,5	-195,8	-176,0
Other operating expenses	-32,8	-10,5	-55,7	-27,4	-67,8	-39,5
Operating profit	**67,3**	**104,2**	**316,3**	**319,3**	**399,4**	**402,5**
Interest income	8,1	2,4	23,8	5,7	26,0	7,8
Interest expense	-30,9	-20,1	-74,1	-43,0	-85,7	-54,7
Other financial income and expense	2,6	-1,2	14,2	-1,9	9,8	-6,3
Profit after financial items	**47,1**	**85,3**	**280,2**	**280,1**	**349,5**	**349,3**
Tax on profit for the period	7,0	-22,8	-56,0	-82,3	-75,2	-101,3
Profit for the period	**54,1**	**62,5**	**224,2**	**197,8**	**274,3**	**248,0**
Attributable to:						
Parent Company's shareholders	54,2	61,3	222,7	194,7	271,8	243,8
Minority interest	-0,1	1,2	1,5	3,1	2,5	4,2
Basic earnings per share SEK 1)	1,04	1,18	4,28	3,74	5,23	4,69
Diluted earnings per share SEK 1)	1,04	1,18	4,28	3,74	5,23	4,69
Average number of shares during the period, basic 1)	52 000 000	52 000 000	52 000 000	52 000 000	52 000 000	52 000 000
Average number of shares during the period, diluted 1)	52 000 000	52 000 000	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 the period under review was lower than the redemption price for the warrants, so no dilution effect was taken into account. The total number of shares outstanding at the end of the period under review was 52,000,000.

Consolidated Balance Sheet

SEK million	31 Jan 2009	31 Jan 2008	30 Apr 2008
ASSETS			
Goodwill	166.9	94.7	118.6
Other intangible assets	1.7	2.0	1.9
Property, plant and equipment	739.0	643.8	646.0
Financial and other assets	74.7	74.5	72.7
Total non-current assets	**982.3**	**815.0**	**839.2**
Inventories	588.3	512.5	510.2
Current receivables	812.4	666.0	702.1
Cash and cash equivalents	93.2	77.6	117.1
Total current assets	**1,493.9**	**1 256,1**	**1 329,4**
TOTAL ASSETS	**2,476.2**	**2 071,1**	**2 168,6**
EQUITY AND LIABILITIES			
Equity	**1,030.3**	**763.9**	**808.4**
Non-current liabilities, provisions	93.4	69.6	76.4
Non-current liabilities, interest-bearing	319.0	327.5	334.1
Total non-current liabilities	**412.4**	**397.1**	**410.5**
Current liabilities, interest-bearing	498.2	462.6	482.7
Current liabilities, non-interest-bearing	535.3	447.5	467.0
Total current liabilities	**1,033.5**	**910.1**	**949.7**
TOTAL EQUITY AND LIABILITIES	**2,476.2**	**2 071,1**	**2 168,6**

Changes in Equity – Group

SEK million	2008/09 May–Jan	2007/08 May–Jan	2007/08 May–Apr
Amount at beginning of year	**808.4**	**642.9**	**642.9**
Change in fair value of securities held for sale	-8.4	-16.0	-18.4
Transferred to income statement for the period	-	-0.3	-0.3
Hedging of net assets in foreign operations, net after tax	-5.7	-	-
Translation differences	94.8	14.7	11.6
Total income and expenses recognised directly in equity	**80.7**	**-1.6**	**-7.1**
Profit for the period	224.2	197.8	248.0
Total income and expenses	**304.9**	**196.2**	**240.9**
Payment for warrants	-	1.7	1.7
Dividend to shareholders	-78.0	-75.9	-75.9
Dividends in subsidiaries paid to minority shareholders	-3.3	-1.0	-1.2
Acquisition of minority share	-1.7	-	-
Amount at year-end	**1,030.3**	**763.9**	**808.4**
Attributable to:			
Parent Company's shareholders	1,011.1	749.7	793.1
Minority interest	19.2	14.2	15.3

Consolidated Cash-Flow Statement

SEK million	2008/09 May–Jan 9 months	2007/08 May–Jan 9 months	2007/08 May–Apr 12 months
Operating profit	316.3	319.3	402.5
Adjustments for non-cash items	57.8	50.8	46.5
Financial items	-25.2	-34.6	-32.7
Income tax paid	-50.7	-48.8	-71.5
Cash flows from operating activities before changes in working capital	**298.2**	**286.7**	**344.8**
Change in working capital	-52.0	-142.6	-126.5
Cash flows from operating activities	**246.2**	**144.1**	**218.3**
Cash flows from investing activities	-135.4	-101.8	-168.9
Cash flows from financing activities	-150.8	-28.2	6.1
Cash flow for the year	**-40.0**	**14.1**	**55.5**
Cash and cash equivalents at start of year	117.1	61.5	61.5
Translation differences in cash	16.1	2.0	0.1
Cash and cash equivalents at close of period	**93.2**	**77.6**	**117.1**

Key Ratios – Group

		2008/09 Nov–Jan 3 months	2007/08 Nov–Jan 3 months	2008/09 May–Jan 9 months	2007/08 May–Jan 9 months	2007/08 May–Apr 12 months
Net sales	SEK mn	806.9	768.6	2,540.8	2,295.6	3,091.6
Growth	%	5.0	13.2	10.7	14.0	16.0
Operating profit	SEK mn	67.3	104.2	316.3	319.3	402.5
Operating margin	%	8.3	13.6	12.4	13.9	13.0
Profit after net financial items	SEK mn	47.1	85.3	280.2	280.1	349.3
Profit margin	%	5.8	11.1	11.0	12.2	11.3
Return on capital employed	%	25.2	25.4	25.2	25.4	25.8
Return on equity	%	30.5	33.6	30.5	33.6	34.0
Equity/assets ratio	%	41.6	36.7	41.6	36.7	37.3
Investments	SEK mn	38.8	18.0	135.4	101.8	168.9
Depreciation and amortisation	SEK mn	20.7	18.6	59.9	54.7	72.8
Key ratios per share						
Basic earnings per share	SEK	1.04	1.18	4.28	3.74	4.69
Diluted earnings per share	SEK	1.04	1.18	4.28	3.74	4.69
Equity per share, basic	SEK	19.44	14.43	19.44	14.43	15.25
Equity per share, diluted	SEK	19.44	14.43	19.44	14.43	15.25
Number of shares at year-end	shares	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

Parent Company Income Statement

SEK million	2008/09 Nov–Jan 3 months	2007/08 Nov–Jan 3 months	2008/09 May–Jan 9 months	2007/08 May–Jan 9 months	2007/08 May–Apr 12 months
Net sales	204.2	243.4	706.4	733.3	1,000.4
Cost of goods sold	-148.3	-177.5	-501.1	-530.6	-721.7
Gross profit	**55.9**	**65.9**	**205.3**	**202.7**	**278.7**
Other operating income	24.4	10.3	47.2	24.8	30.7
Selling expenses	-34.1	-30.0	-96.9	-82.8	-116.1
Administration expenses	-16.9	-16.4	-50.6	-50.3	-66.6
Other operating expenses	-19.4	-5.0	-34.4	-10.1	-12.3
Operating profit	**9.9**	**24.8**	**70.6**	**84.3**	**114.4**
Interest income	7.6	7.9	25.9	21.9	29.1
Interest expense	-25.2	-17.9	-67.1	-39.7	-49.9
Other financial income and expense	-1.0	-13.9	123.0	34.8	26.6
Profit after financial items	**-8.7**	**0.9**	**152.4**	**101.3**	**120.2**
Appropriations [1)]	15.4	-0.9	3.2	-16.4	-19.9
Pre-tax profit	**6.7**	**0.0**	**155.6**	**84.9**	**100.3**
Tax on profit for the period	-4.8	-4.0	-16.4	-14.6	-20.1
Profit for the period	**1.9**	**-4.0**	**139.2**	**70.3**	**80.2**

1) *Appropriations have been calculated on a pro rata basis for the accounting period.*

Parent Company Balance Sheet

SEK million	31 Jan 2009	31 Jan 2008	30 Apr 2008
ASSETS			
Goodwill	2.7	0.1	-
Property, plant and equipment	124.3	129.5	128.1
Financial and other assets	786.3	699.9	763.6
Total non-current assets	**913.3**	**829.5**	**891.7**
Inventories	139.1	149.1	132.5
Current receivables	297.8	277.5	298.6
Cash and cash equivalents	321.7	272.7	250.4
Total current assets	**758.6**	**699.3**	**681.5**
TOTAL ASSETS	**1,671.9**	**1,528.8**	**1,573.2**
EQUITY AND LIABILITIES			
Equity	**432.0**	**363.1**	**370.6**
Untaxed reserves	**122.1**	**121.8**	**125.3**
Non-current liabilities, provisions	1.0	0.9	1.0
Non-current liabilities, interest-bearing	418.1	432.3	521.4
Total non-current liabilities	**419.1**	**433.2**	**522.4**
Current liabilities, interest-bearing	558.8	458.9	417.0
Current liabilities, non-interest-bearing	139.9	151.8	137.9
Total current liabilities	**698.7**	**610.7**	**554.9**
TOTAL EQUITY AND LIABILITIES	**1,671.9**	**1,528.8**	**1,573.2**

General accounting policies and principles

Systemair applies International Financial Reporting Standards (IFRS). This interim report has been prepared for the Group in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and for the Parent Company in accordance with the Annual Accounts Act. The accounting policies applied for the Group and Parent Company accounts accord with the accounting policies used in preparing the Company's most recent Annual Report.

Segment reporting

Systemair's opportunities and risks are primarily associated with the solutions offered to customers. The Group's sales are based mainly on ventilation products. The Group has a number of separate product groups with different functions and performance, but all are designed for the same area of application for customers: ventilation of commercial and residential premises. Customers are mainly professional ventilation contractors and distributors. Because all sales of ventilation products are exposed to similar risks and opportunities, Systemair operates in only one area of business which consequently coincides with the accounts reported for the Group as a whole. Secondary segment reporting is provided by geographical regions. Operations are monitored internally per company.

Note 1

A preliminary breakdown of the purchase consideration paid for Megcool and Emerson is as follows:

Cash payment	SEK 32.8 million
Additional payment	SEK 3.2 million
Total purchase cost	SEK 36.0 million
Assets acquired	
Fair value of assets acquired, net	SEK 20.8 million
Goodwill	SEK 15.2 million

Assets and liabilities acquired	Carrying amount	Adjustment	Fair value
Intangible assets	-	15.2	15.2
Machinery and equipment	12.1	-	12.1
Inventories	10.6	-2.7	7.9
Other current assets	12.8	-	12.8
Cash and cash equivalents	0.1	-	0.1
Non-interest-bearing liabilities (incl. deferred tax liability)	-1.0	-	-1.0
Interest-bearing liabilities	-0.8	-	-0.8
Other operating liabilities	-10.3	-	-10.3
	23.5	**12.5**	**36.0**

Impact on cash flow	
Purchase consideration incl. additional payment	-36.0
Purchase consideration not paid	3.2
Cash and cash equivalents in company acquired	0.1
Additional purchase consideration paid for prior acquisitions (Climaproduct)	-1.6
Change in consolidated cash and cash equivalents through acquisitions	**-34.3**

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, calculated on a rolling 12-month basis, divided by average capital employed.

Capital employed
Total assets less non-interest-bearing liabilities.

Return on equity
Profit after tax, before minority share, calculated on a rolling 12-month basis, 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.