

Q4 report 2016-17

Roland Kasper CEO, Anders Ulff CFO



Ventilation World Wide

6.9
billion SEK 2016/17

50
countries

5200
employees

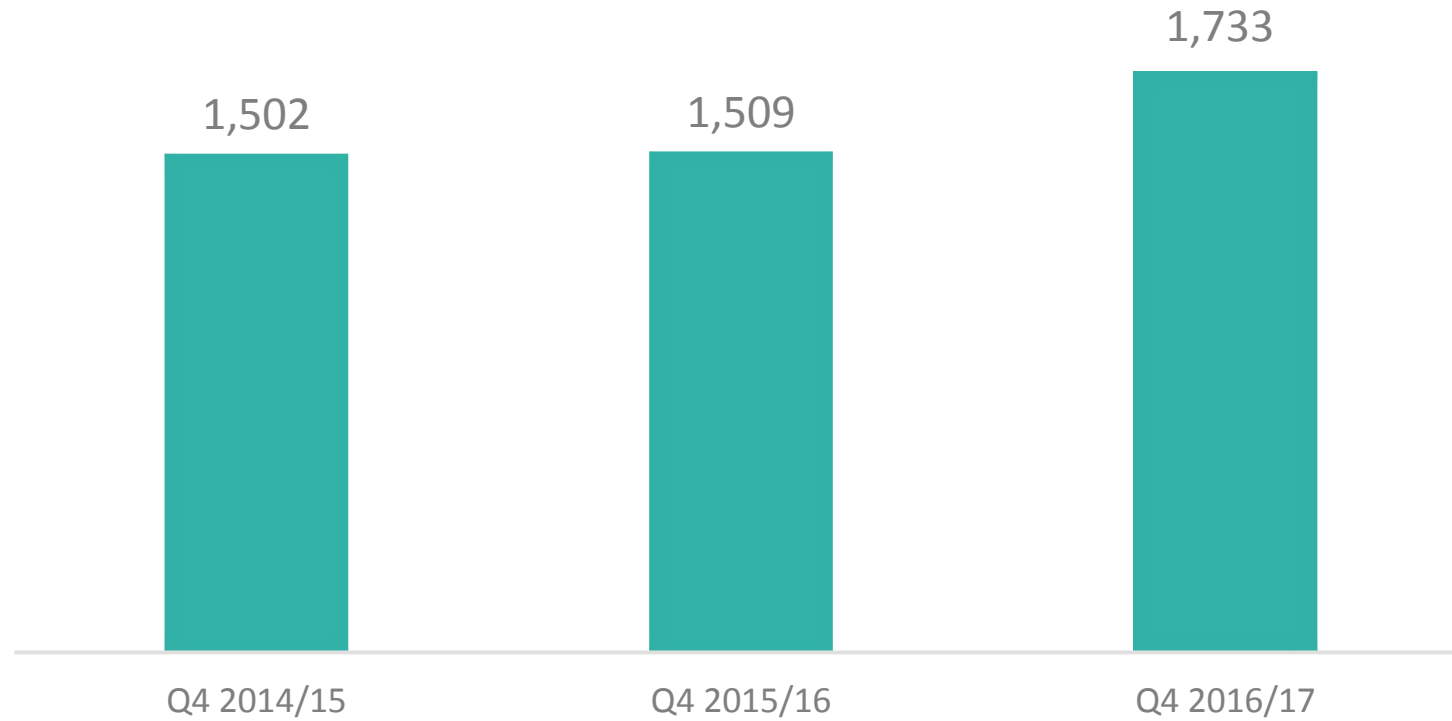
94%
sales outside Sweden

NASDAQ
OMX Nordic
Exchange

>100
countries exported to

Net Sales – Q4

SEK Millions



14.9%
Growth

6.8%
Organic Growth

Sales growth – Q4

Organic growth

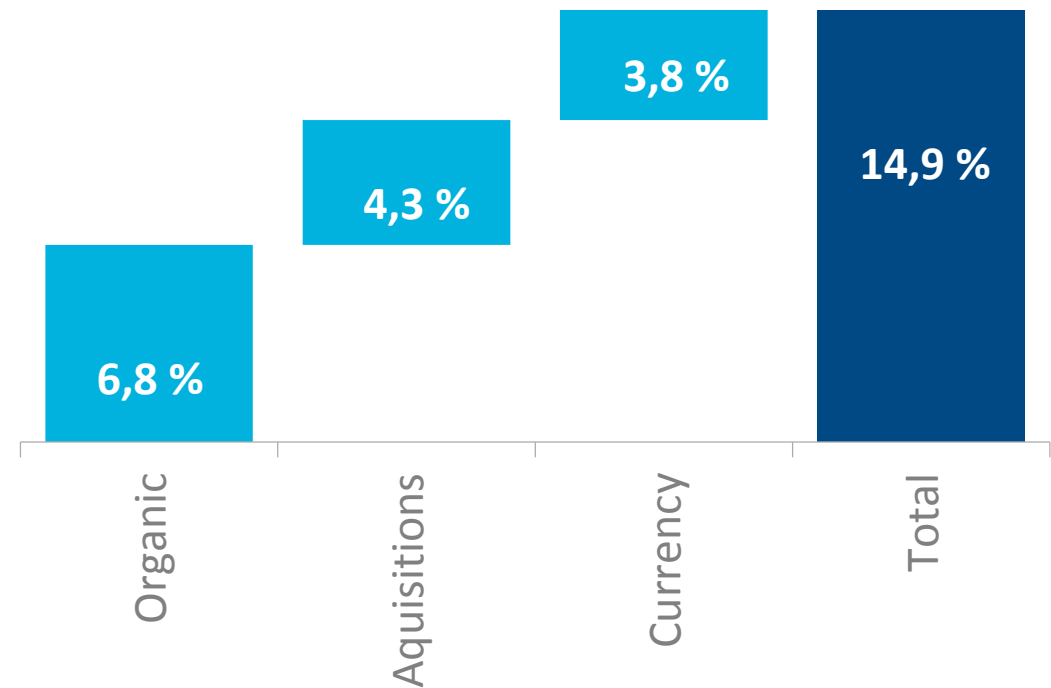
- Continued good development in most of Scandinavia, Western Europe and North America. Russia back to growth.

Aquisitions

- 2VV and TTL are developing according to plan.

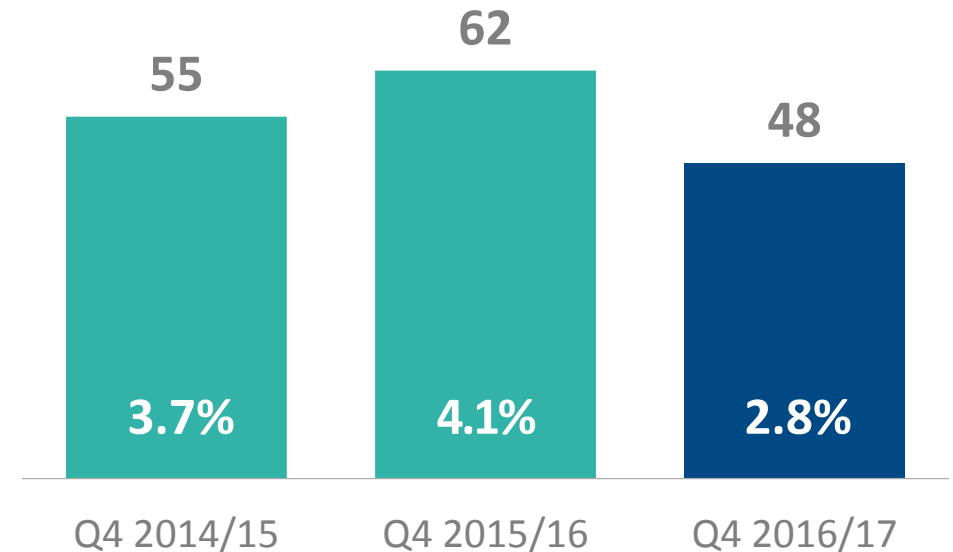
Currency

- Weakened SEK against most currencies



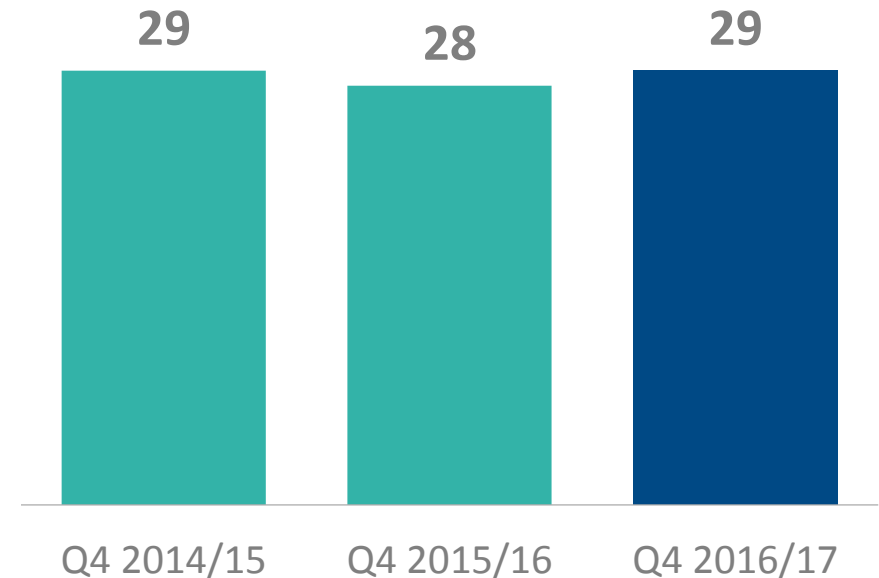
Operating profit – Q4

- Gross margin amounted to 33.8 percent (34.1). Large share of project-related sales do not leverage on the gross margin.
- Adjusted for the restructuring program, operating profit for the quarter amounted to 66.8 million and the operating margin to 3.9 percent.
- Selling and administrative expenses increased by 14.9 percent excluding acquisitions. Affected by ISH, restructuring and increased provision for bad debts.



Profit after tax – Q4

- For the fourth quarter, net financial items amounted to SEK -4.5 million (-10.4).
- Currency effects on long-term receivables, loans and bank deposits amounted to a net of SEK +3.1 million (-4.7).
- Interest expenses for the quarter amounted to SEK -7.1 million (-6.4).
- Tax for the quarter amounted to -14.5 million (-24.1) or 33.5 percent due non-capitalised tax loss carry forwards.



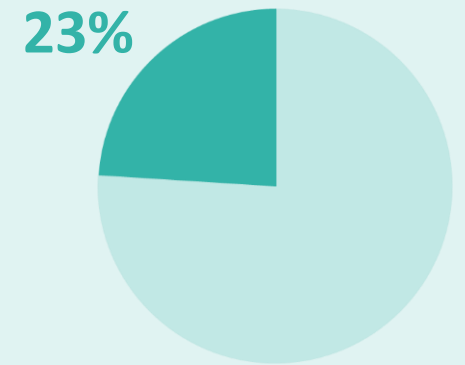
Cash flow analysis – Q4

	Q4 2016/17	Q4 2015/16
Cash flow from operating activities	50.8	44.3
Changes in working capital	-76.4	-84.3
Net Capital Expenditures, excl acq.	-34.3	-30.2
Free cash flow	-59.9	-70.2
Net debt	1 400.8	1 387.4

- The improvement in working capital is mainly attributable to the decrease in other short term liabilities

Nordic

- During the fourth quarter, sales in the Nordic region increased 10 percent from the preceding year
- Denmark, Norway and Finland performed strongly during the quarter. Sales in Sweden declined slightly
- In general the residential market is developing very positive in the Nordic region. Also infrastructure investment projects are intensified.



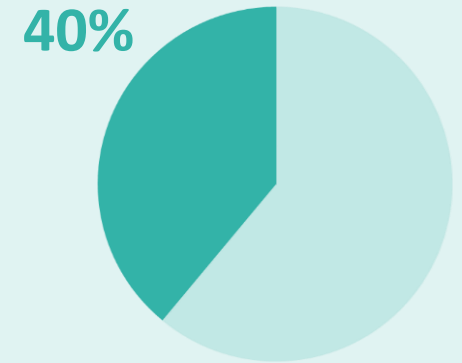
■ Percentage of turnover

398 MSEK Sales

Growth	10%
Organic	2%

Western Europe

- Germany, France and Netherlands are all important markets that developed well in the quarter
- Spain has improved during the year, more projects visible in the market and stabilized investment forecast
- Belgium and Portugal are facing difficulties with market development, outlook modest



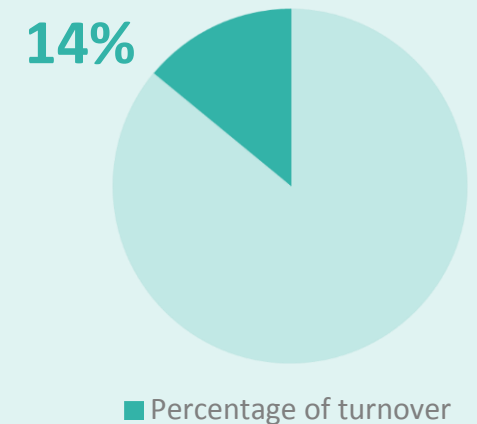
■ Percentage of turnover

694 MSEK Sales

Growth	16%
Organic	8%

Eastern Europe & CIS

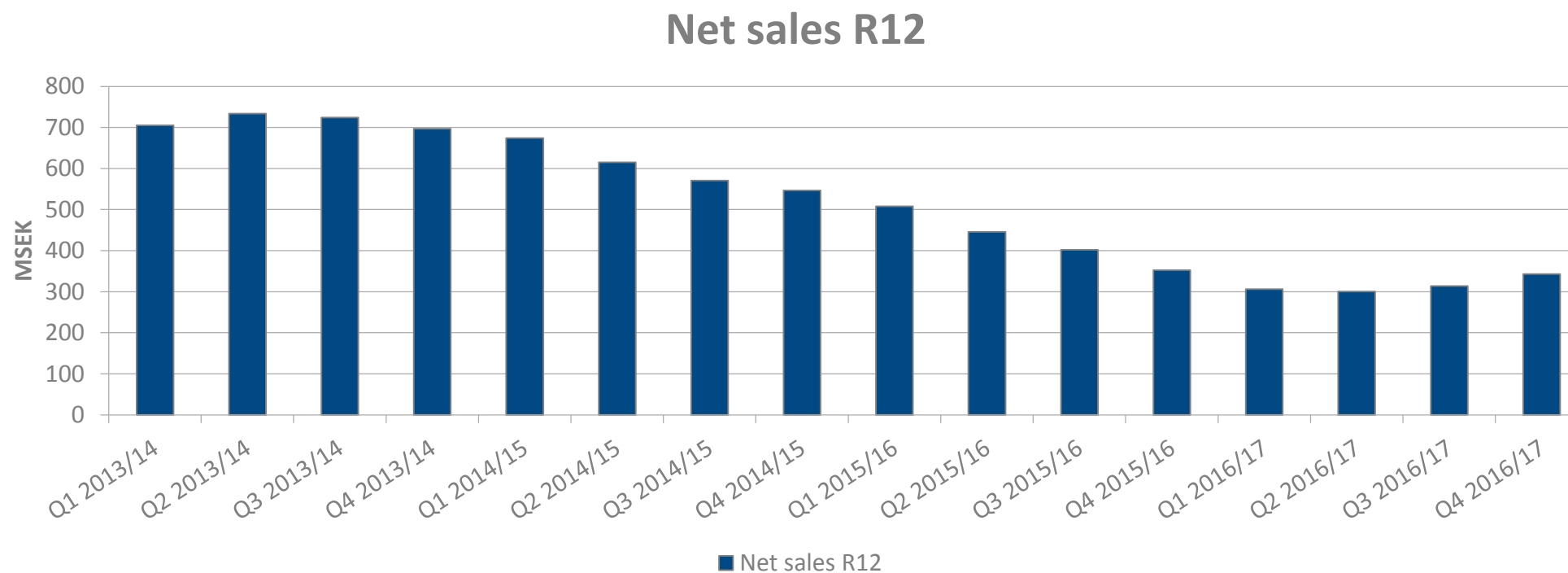
- Adjusted for foreign exchange effects and acquisitions, sales increased 18 percent.
- Continued positive market situation in Czech Republic
- Russian market showing signs of recovery
- During the period, the Russian market accounted for 5 percent (6) of Systemair's total sales



251 MSEK Sales

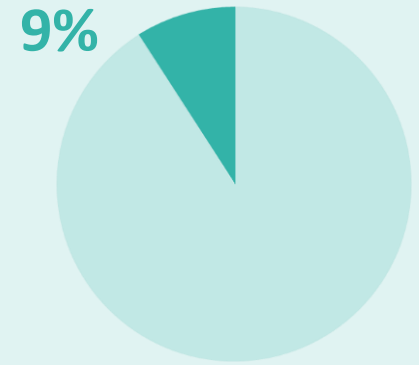
Growth	39%
Organic	18%

Russia Net sales R12



North- and South America

- The Canadian and U.S. market advanced during the quarter, once again propelled by major projects related to classroom air handling units
- Adjusted for foreign exchange effects and acquisitions, sales increased 9 percent.
- Continued strong export business from North America to Central America
- Brazil still on low levels, political unpredictable forecast



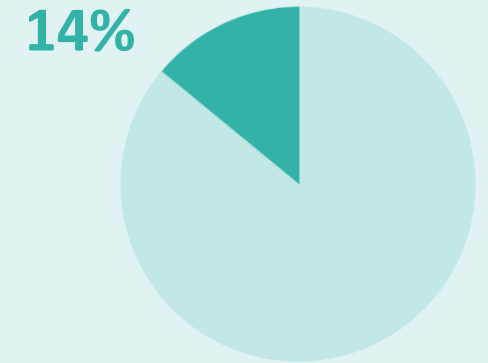
■ Percentage of turnover

146 MSEK Sales

Growth	18%
Organic	9%

Other Markets

- The Turkish market continued to grow during the quarter. Continued deliveries to Bilkent Hospital and the new airport in Istanbul
- India ended the year strong
- Though comparables in Middle East
- Very strong project sales especially in Turkey and Middle East. The region Other markets show organic growth for the full year of 14 percent



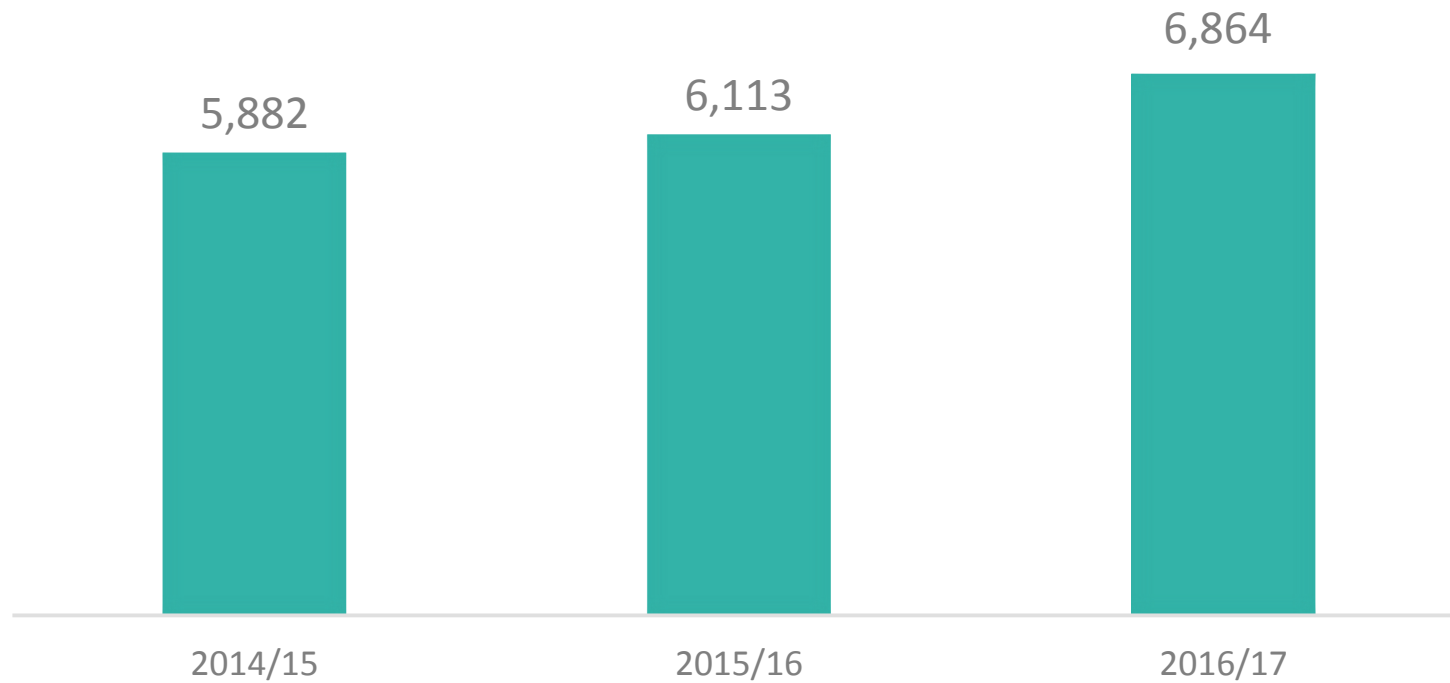
■ Percentage of turnover

245 MSEK Sales

Growth	0%
Organic	2%

Net Sales – Full year

SEK Millions



12.3%

Growth

7.7%

Organic Growth

Sales growth – Full year

Organic growth

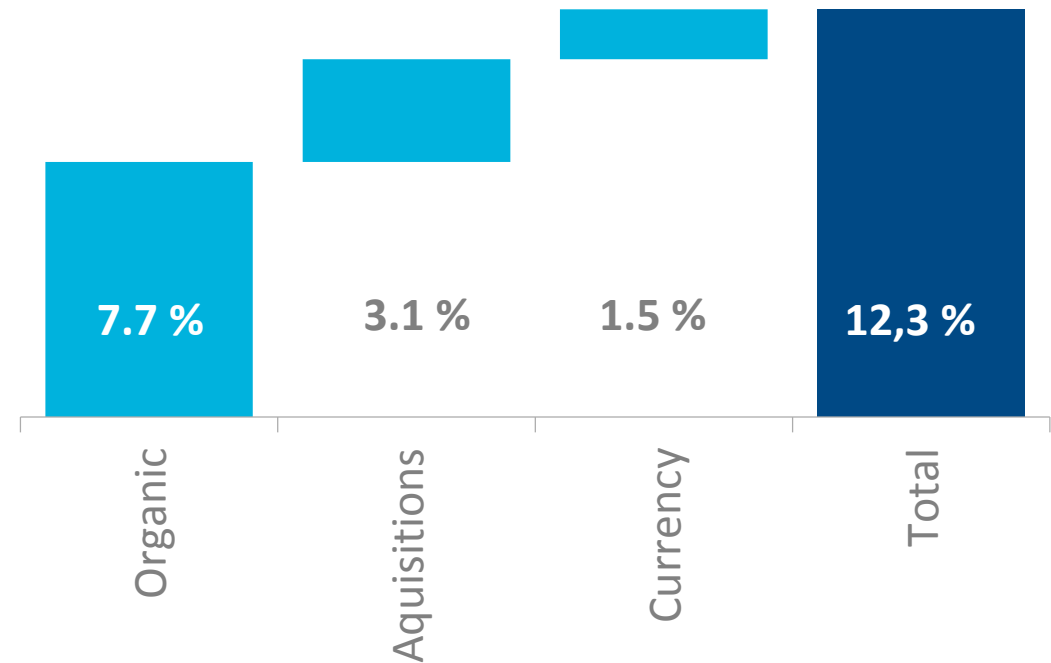
- Continued good development in many important markets. Russia back to growth at the last two quarters.

Aquisitions

- Acquisitions, mainly 2VV and TTL, contributed with 187 millions or 3.1 percent

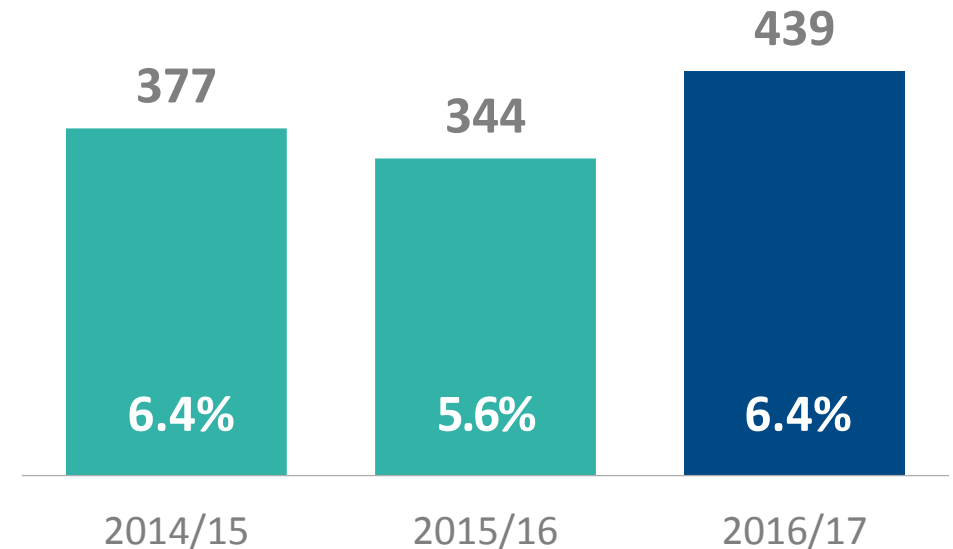
Currency

- Weakened SEK against most currencies



Operating profit – Full year

- Gross margin was 34.4 percent (34.4). Large share of project-related sales do not leverage on the gross margin.
- Adjusted for the restructuring program, operating profit for the full year amounted to 483.8 million (353,8) and the operating margin to 7.0 percent.
- Selling and administrative expenses increased by 7.4 percent excluding acquisitions. Affected by ISH, restructuring and increased provision for bad debts.



Acquisition of Frivent

- Manufacturer of Air handling units and roof mounted units for special applications within new segments
- Factory and headquarters in St. Johann in Tirol, Austria with 47 employees
- Expected turnover EUR 7 million



New Product launch on ISH-exhibition

On the ISH-exhibition we launched our new generation Air Handling Unit, built on a complete new platform that will be shared by almost all AHU factories in the group.

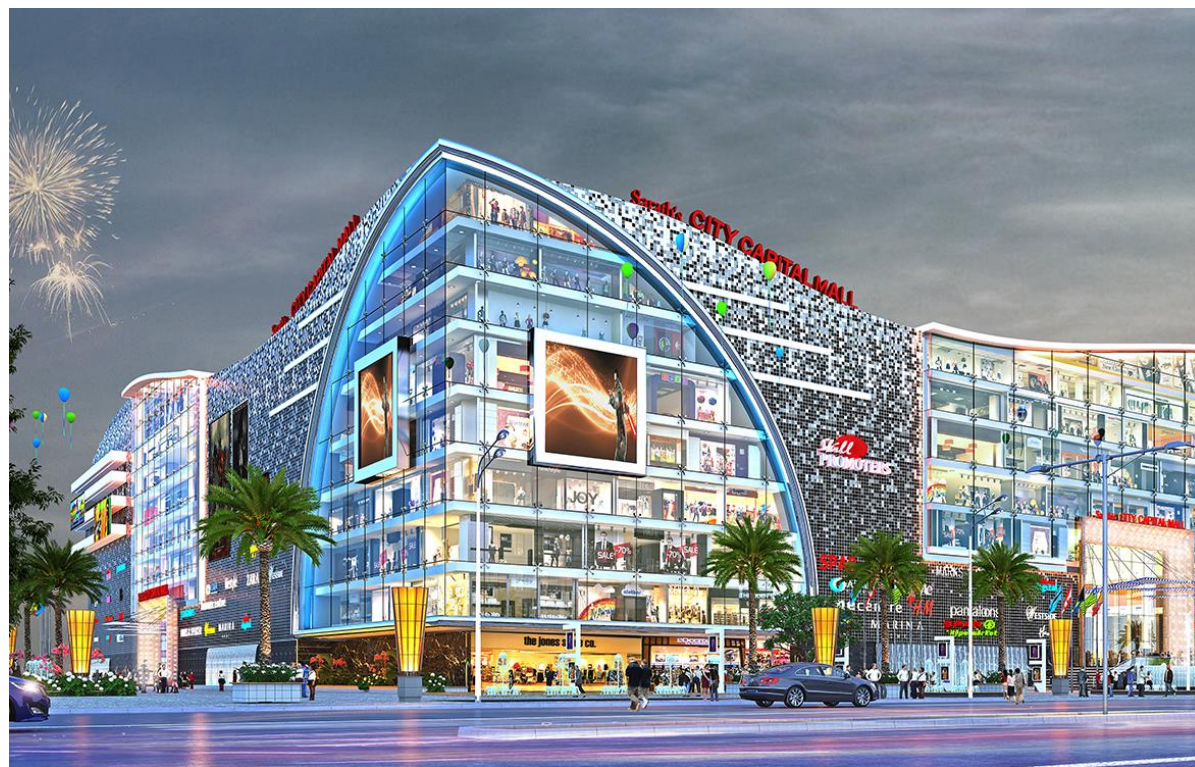
The product was received and appreciated very well by our clients and customers on the fair, we look forward to the sales start after the summer.



Systemair Centrifugal Jet Fan in south Indias biggest shopping Mall

With a total retail space of more than 358,000 sqm on 8 levels, the Sarath's City Capital Mall will be one of the biggest shopping destinations in India.

For an effective ventilation of the 4,000 parking lots in the garage, 120 Centrifugal Jet Fans from Systemair were installed.



Back to profitable growth

- Reduced headcount within AC segment
- Closing down production in China
- Continued actions will be evaluated
- Profit Improvement Program continues

10%

EBIT-margin

Summary

- Strong organic growth, 6.8 percent for the quarter and 7.7 percent for the full year
- Adjusted full year operating profits improved to 484 million (354), +37 percent
- Improving market situation in Russia
- Restructuring program more or less finalized according to plan



**Thank you,
welcome with questions!**