

Q4 report 2019-20

Roland Kasper CEO, Anders Ulff CFO





Established at HQ in
Skinnskatteberg, Sweden

1974



Turnover
Annual net sales in mill. EUR

890



Number of countries with
own sales companies

51



NASDAQ
OMX Nordic Exchange

2007



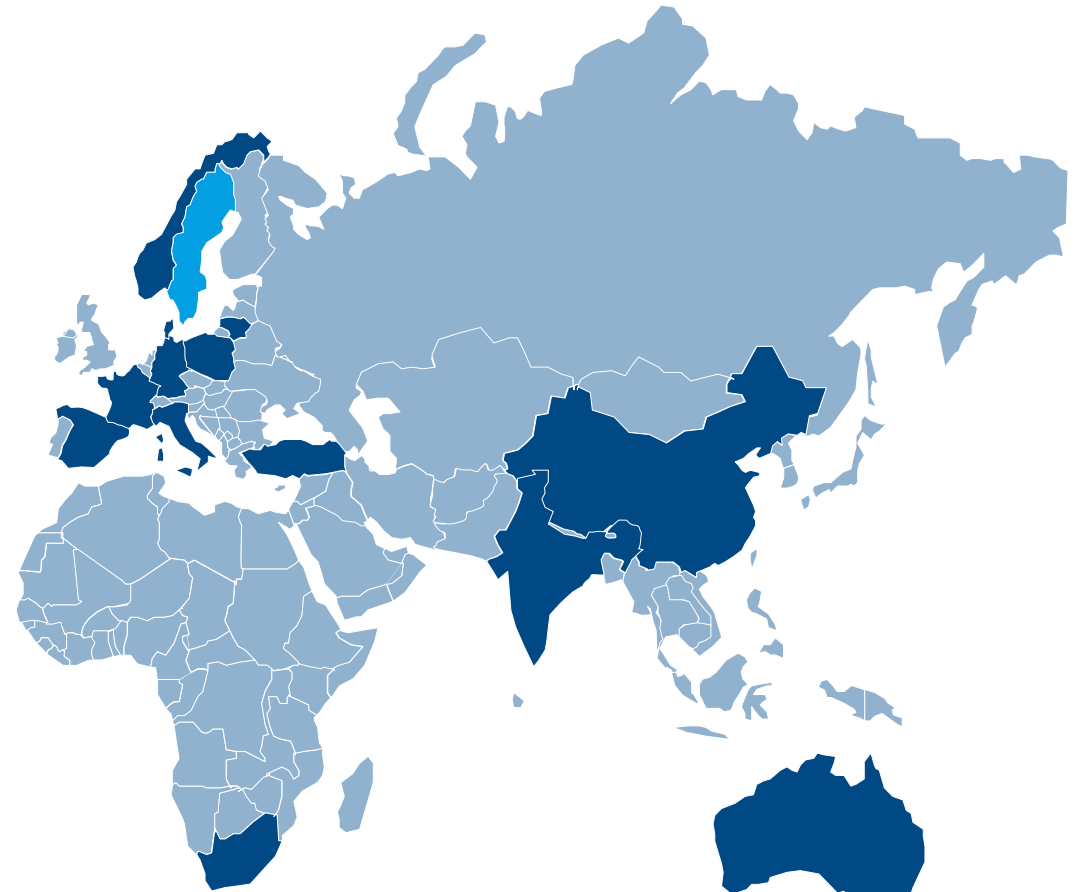
Average number of
products on stock at our
main distribution centres

>1,400



Number of
employees

6,200



Number of
customers events

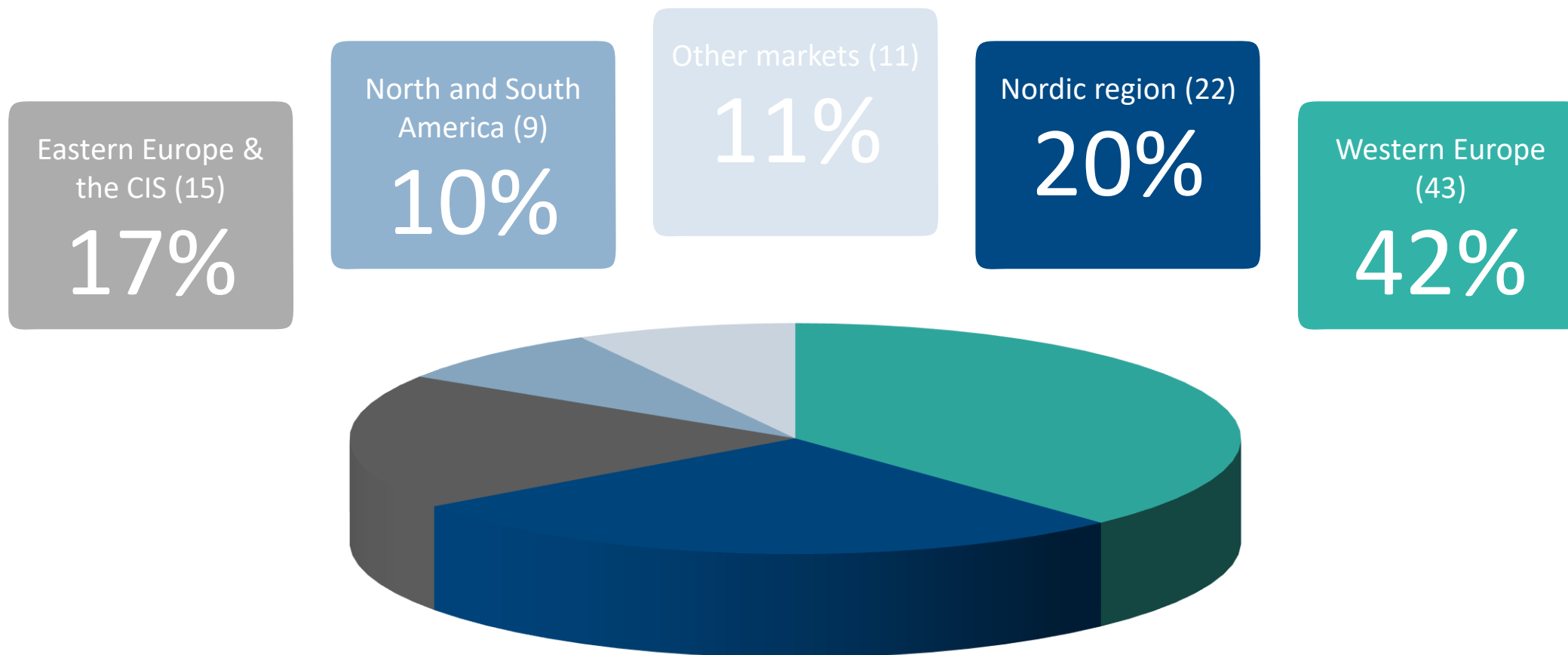
> 1,395



Countries
exported to

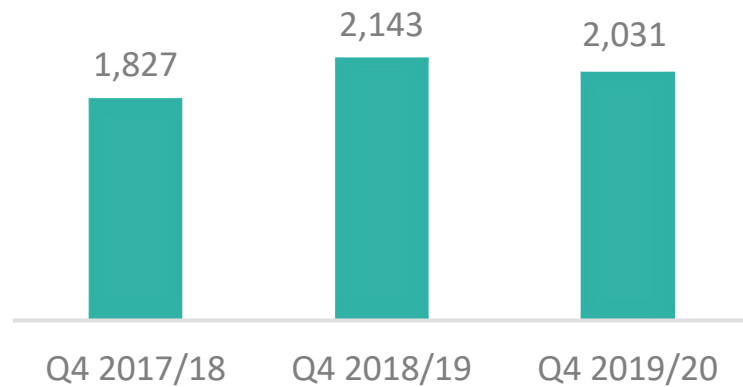
>100

Markets 2019/20



Net sales – Q4

SEK million



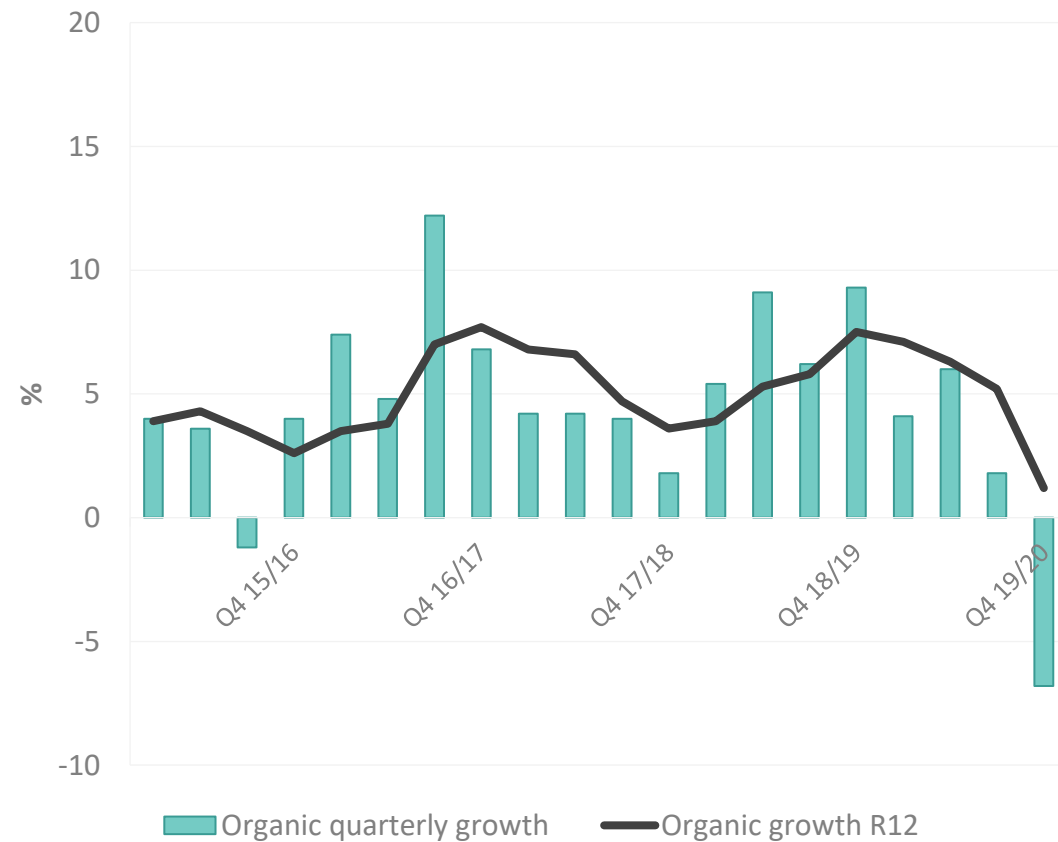
-5.3%

Growth

-6.8%

Organic growth

Organic growth development, R12 %



Growth analyze Q4

Organic

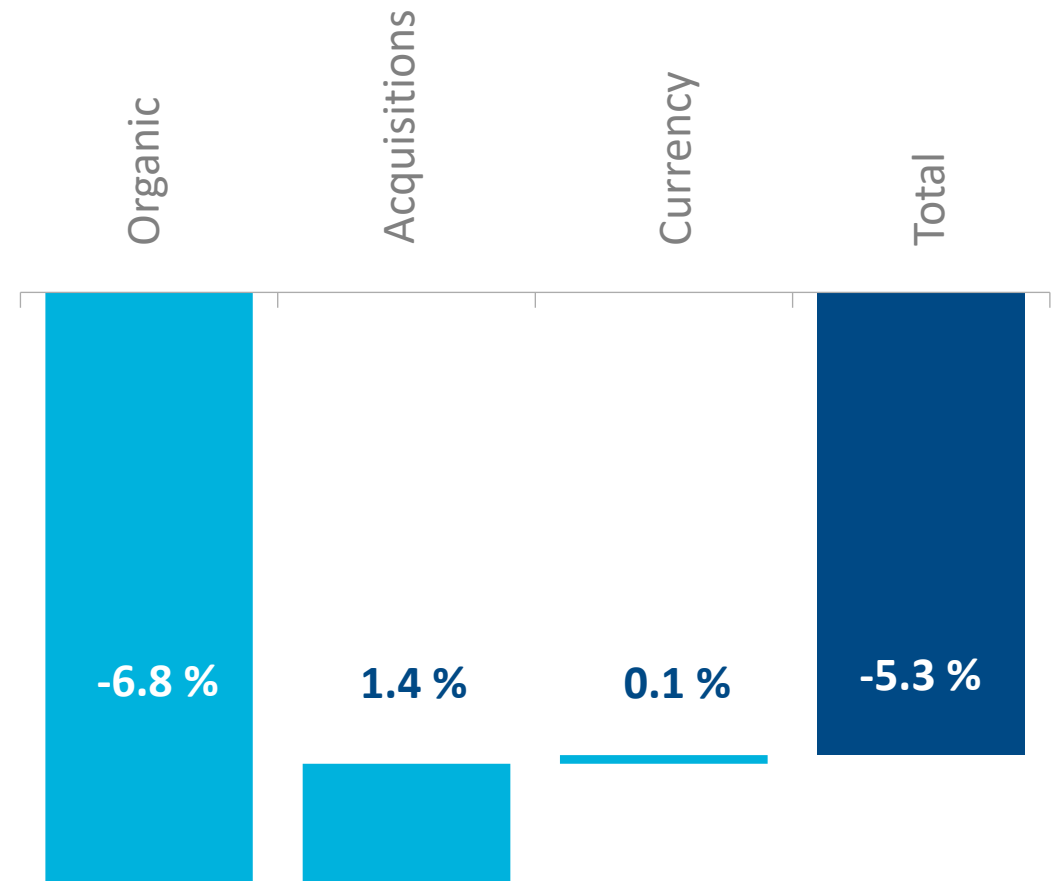
- Good organic growth in North America and Eastern Europe.

Acquisitions

- Effected by the acquisition of Pacific Ventilation, Systemair Maroc, Poly-Rek och Frico A/S

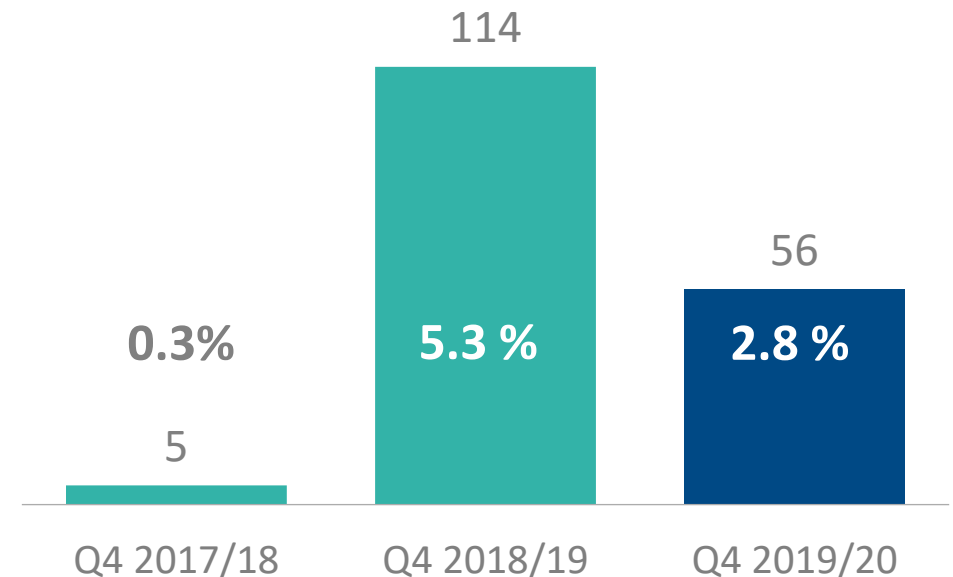
Currency

- Only minor impact on the growth for the quarter



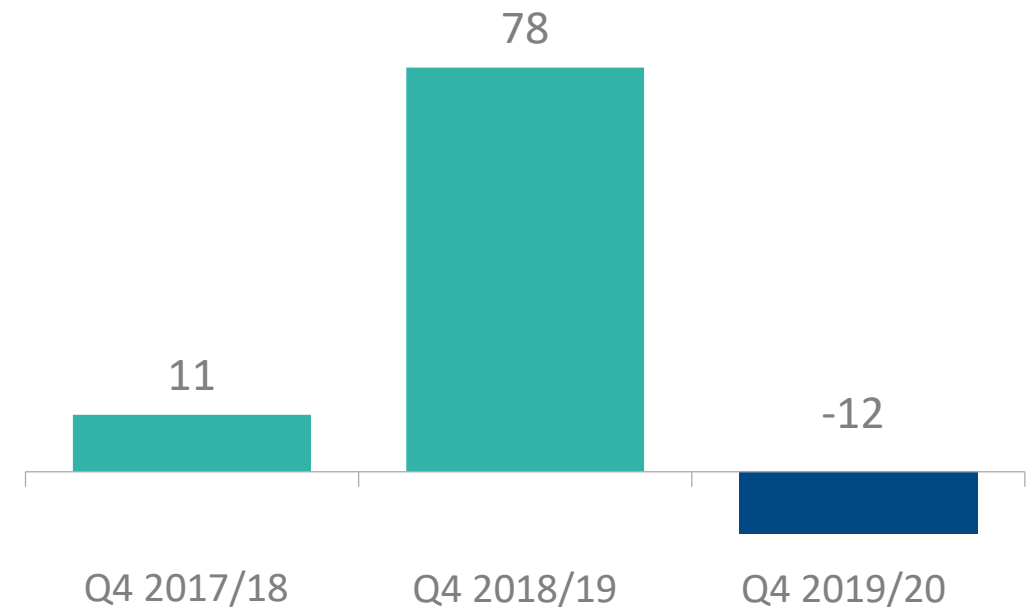
Operating profit Q4

- Gross margin increased to 34.6 percent (32.8) mainly due to profit improvement actions that have had an impact in most subsidiaries.
- Selling and administration expenses for the quarter decreased with 0.8 percent for comparable units.
- During the quarter, impairment of goodwill related to the acquisition of Airwell in Italy and Viking in South Africa was written down by SEK 37.8 million.
- Operating profit for the fourth quarter amounted to SEK 56.3 million (114.1). Adjusted for impairment EBIT amounts to SEK 94,1 million or 4,6 percent.



Profit after tax – Q4

- Net financial items ended the fourth quarter at SEK -46.6 million (-17.7).
- The effects of foreign exchange on long-term receivables, loans and bank balances were calculated at SEK -38.3 million (-8.6).
- Interest expense for the quarter totalled SEK -9.5 million (-10.1). Adjusted for the IFRS 16 effect the interest expenses totaled SEK -7.6 million.
- Estimated tax for the quarter amounted to SEK -11.6 million (-18.3).

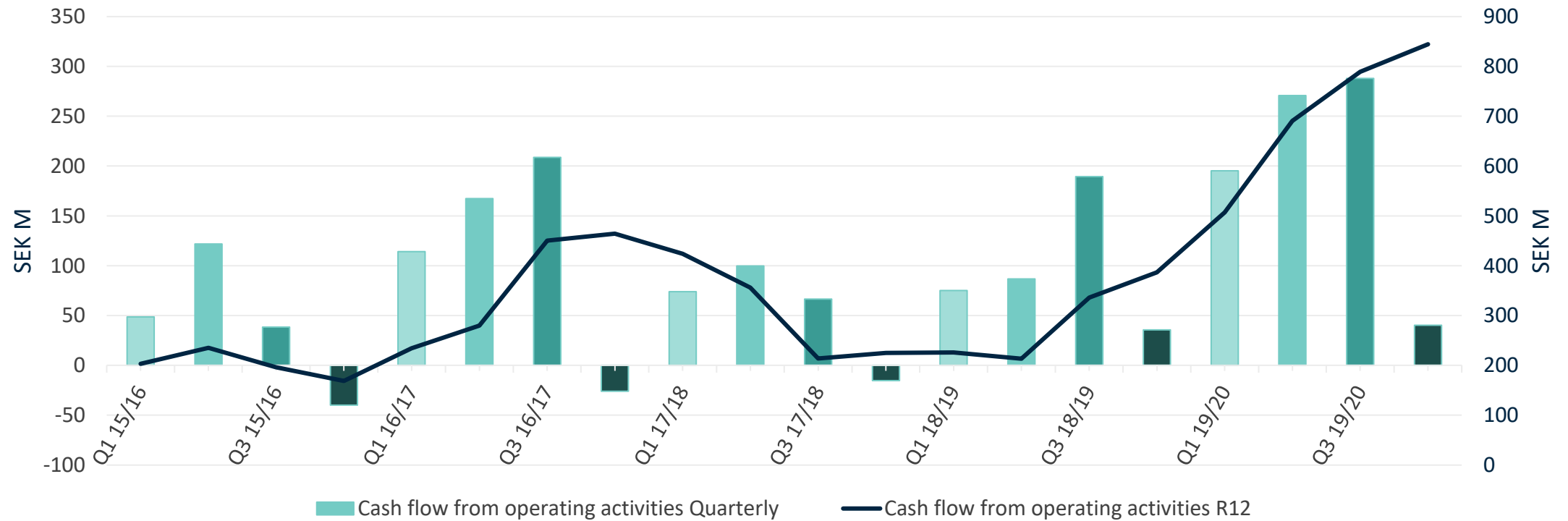


Cash flow analysis – Q4

	Q4 2019/20	Q4 2018/19
Cash flow from operating activities	94.2	142.1
Change in working capital	-54.0	-106.5
Net investments, excl. acquisitions	-34.9	-52.4
Free cash flow	5.3	-16.9
Net indebtedness	1,980,7	2,080.6

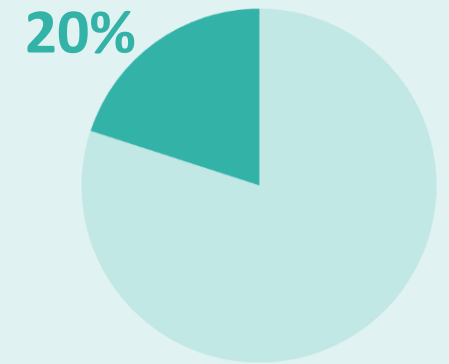
- Changes in working capital mainly due to increased inventories +114 (-1).
- Net investments in machinery in Spain, Sweden and Germany.

Cash flow from operating activities



Nordic

- Sales in the Nordic countries decreased by 5 percent in the fourth quarter compared to the previous year.
- The Danish markets showed good growth during the quarter, while sales in Finland and Norway decreased. In Sweden, sales were on a par with the previous year.
- Adjusted for foreign exchange effects and acquisitions, sales decreased by 2 percent.



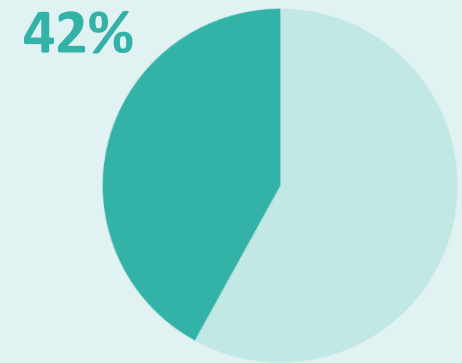
■ Percentage of turnover

447 MSEK Sales

Growth	-5%
Organic	-2%

Western Europe

- Sales in the West European market were 9 percent below the corresponding period last year.
- Adjusted for foreign exchange effects and acquisitions, sales fell by 11 percent.
- The German market showed growth during the period, while other major markets in the region declined as a result of Corona, including France, Italy, Portugal and England.



■ Percentage of turnover

868

MSEK Sales

Growth

-9%

Organic

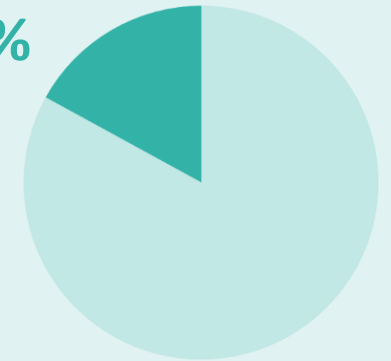
-11%

Eastern Europe and CIS

- Sales in Eastern Europe and the CIS rose by 5 percent during the quarter.
- Currency effects and acquisitions had no significant impact on sales during the quarter.
- Sales in Russia were largely unchanged compared to the previous period, calculated in Swedish kronor. The Russian market represents 29 percent of sales in the region.
- Major markets in the region that show growth during the period are the Czech Republic, Estonia and Hungary.



17%



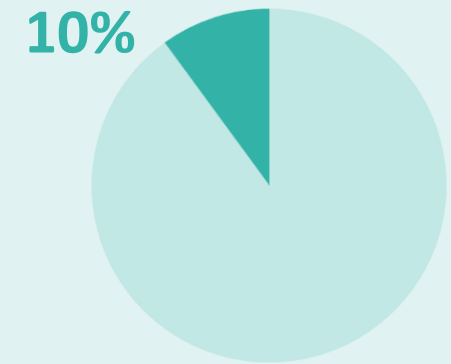
■ Percentage of turnover

321 MSEK Sales

Growth	5%
Organic	5%

North and South America

- Sales in the North and South America region increased by 8 percent during the quarter compared to the same period last year.
- The Canadian market developed well during the quarter.
- Adjusted for currency effects and acquisitions, sales increased by 5 percent in the region.



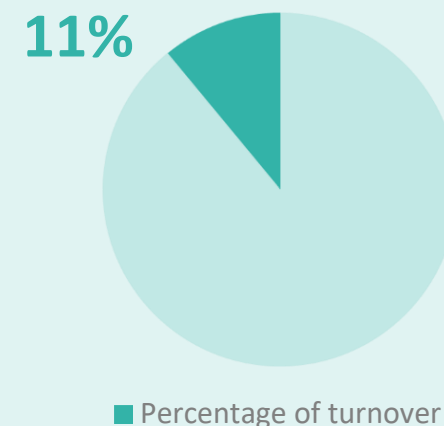
■ Percentage of turnover

207 MSEK Sales

Growth	8%
Organic	5%

Middle East, Asia, Australia and Africa

- Sales in the Middle East, Asia, Australia and Africa decreased by 18 percent compared to the same period last year.
- Adjusted for currency effects and acquisitions, sales decreased by 24 percent.
- Countries such as India, Malaysia, South Africa have been severely affected by the closures that have been carried out as a result of Corona. However, Turkey has performed well during the quarter.

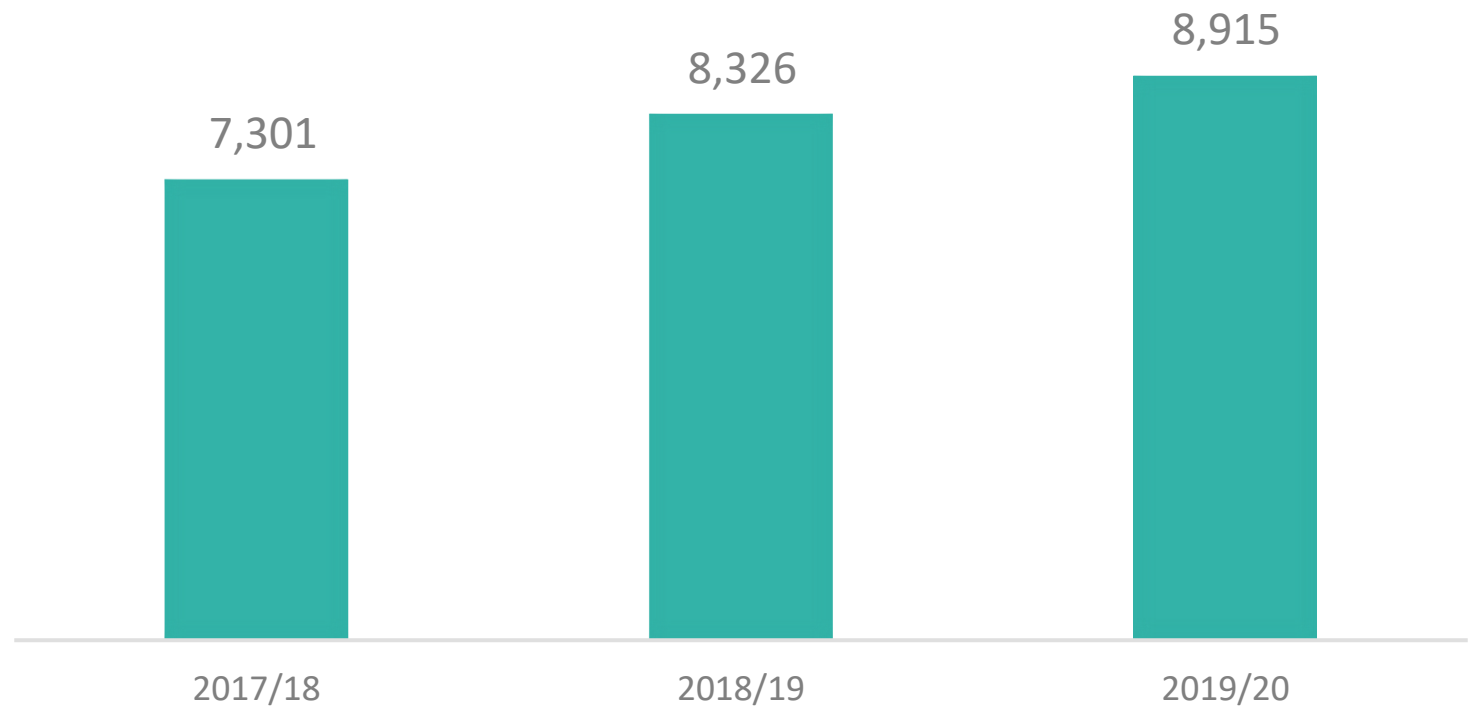


188 MSEK Sales

Growth	-18%
Organic	-24%

Sales – full year

MSEK



7.1%
Growth

1.2%
Organic growth

Growth – full year

Organic

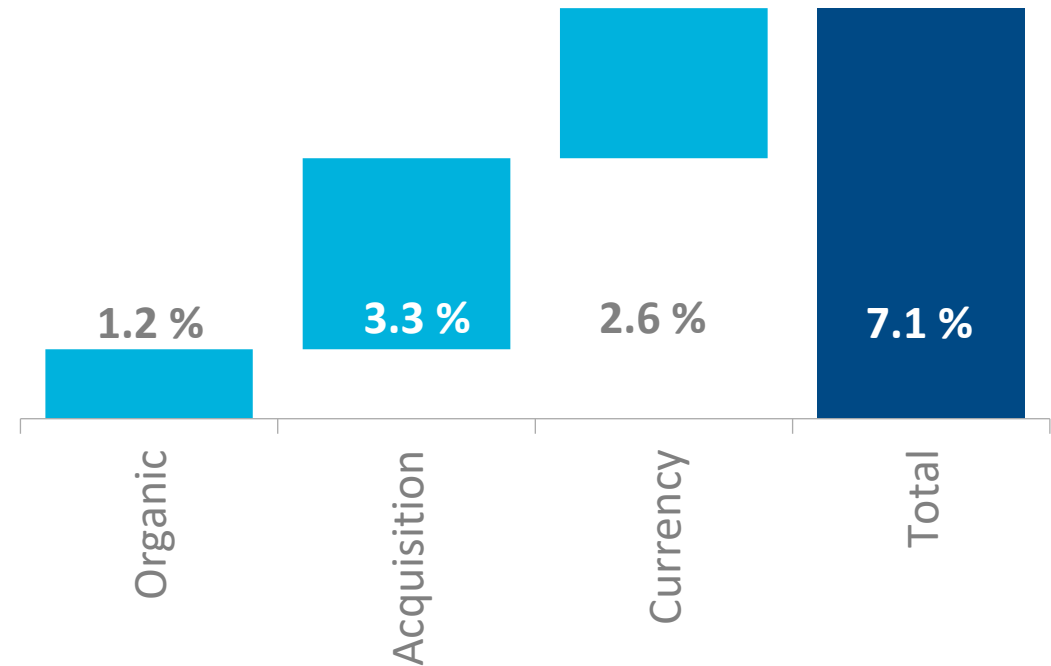
- Good development in Eastern Europe and North America.

Acquisition

- Koolair, Pacific Ventilation, Systemair Maroc, Greentek, Poly-Rek and Frico A/S.

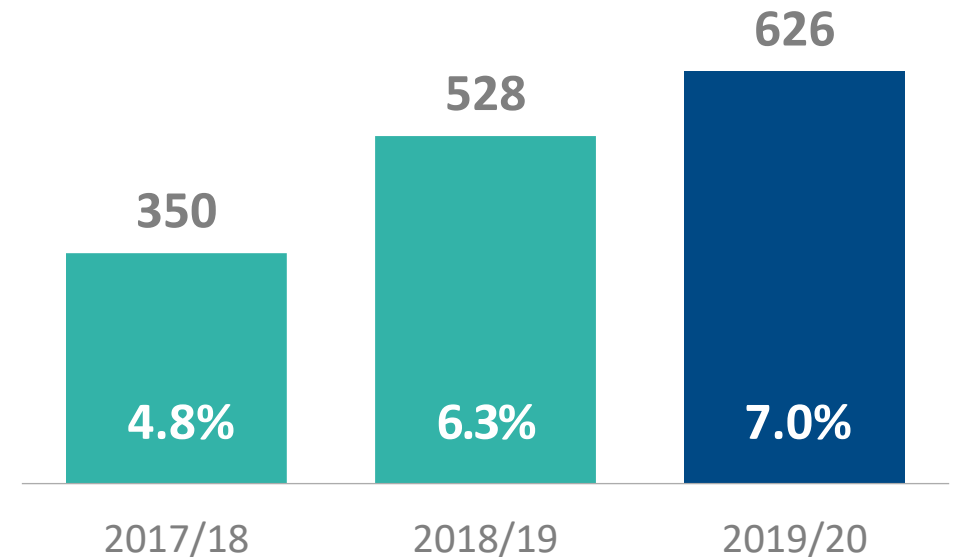
Currency

- Strengthened EUR



Operating profit – full year

- Operating profit for the financial year May 2019 to April 2020 amounted to SEK 625.7 million (528.1).
- The operating margin was 7.0 percent (6.3). Adjusted for impairment of goodwill in Italy and South Africa, the operating margin was 7.4 percent.
- Selling and administrative expenses for the year increased by SEK 117.9 million or 5.3 percent for comparable units.
- Selling expenses have been charged with SEK 26.2 million (34.6) for estimated customer losses.



Sustainability

- Energy saving is a central theme in our product development.
- In Europe, development is being driven by EU directives that impose requirements on energy-smart products as well as energy-efficient buildings.
- The trend is global and other regions of the world are inspired by European development. It is in this area that Systemair makes the biggest difference from a sustainability perspective.
- We work continuously to reduce energy usage in products and systems.
- The ventilation units we sell in Europe during one year contribute to reduced carbon dioxide emissions corresponding to the emissions from about 140,000 cars.

World's largest vaccine manufacturer chooses Systemair hygiene air handling units

Serum India is the world's largest vaccine manufacturer and leading in producing highly specialized lifesaving biological vaccines for tetanus, DTP (diphtheria, tetanus and pertussis), MMR (measles, mumps, rubella), IPV (polio), Hepatitis and more.

The biotechnology company shows trust in Systemair's expertise by once again choosing our air handling units for their modern laboratories. The order value is more than half a million Euro. Deliveries are planned by September 2020.



Systemair delivers air handling units to two emergency hospitals in Istanbul

The Turkish government has decided to build two emergency hospitals in Istanbul. Sancaktepe Emergency Hospital is a multi-purpose hospital and will offer their services in specialized areas during normal times and will offer great capacities for intensive care and palliative care.

Systemair Turkey received an order for 150 FL NG series air handling units with automation, 100 MUB fans, 180 indoor and 280 VRF outdoor units, of a value of approx. 3 million Euro.

The biggest challenge in this project was the delivery time and technical competence. The hospital was built in only 45 days and is made up of 2 sections and 8 blocks. Yet we were successful to deliver all these AHU and corresponding VRF outdoor units on time.



Summary

- Organic growth was negative by 6.8 percent for the quarter. Growth would have been positive without Corona
- Adjusted EBIT margin 4.6 (5.3) percent in Q4 and 7.4 (6.3) for full 19/20. Considered as a step in the right direction despite Covid 19
- Holding back on investments and adjusting cost base
- Record year, sales and profit wise
- The Outlook is still very unclear



**Thank you,
welcome with questions!**