

Systemair AB (publ)

Interim Report Q3

1 May 2019 – 31 January 2020

Net sales Q3

SEK 2,147 m.

EBIT Q3

SEK 113 m.

Third quarter, November 2019 – January 2020

- Net sales increased by 6.4 percent to SEK 2,147 million (2,018).
- Organic growth was 1.8 percent (6.2).
- Operating profit (EBIT) totalled SEK 113 million (80).
- The operating margin was 5.2 percent (4.0).
- Profit after tax amounted to SEK 64 million (45).
- Earnings per share totalled SEK 1.20 (0.85).
- Cash flow from operating activities amounted to SEK 288 million (189).

Nine months, May 2019 – January 2020

- Net sales increased by 11.3 percent to SEK 6,884 million (6,183).
- Organic growth was 4.0 percent (6.9).
- Operating profit (EBIT) totalled SEK 569 million (414).
- The operating margin was 8.3 percent (6.7).
- Profit after tax amounted to SEK 387 million (243).
- Earnings per share totalled SEK 7.36 (4.67).
- Cash flow from operating activities amounted to SEK 727 million (351).

Significant events during the period under review

- In August, Systemair acquired Pacific Ventilation in Australia. The company has sales of around SEK 130 million and 60 employees.
- Again in August, Systemair acquired 60 percent of the shares in Moroccan sales company Systemair Maroc. The company has sales of around SEK 70 million and 27 employees.
- Systemair announced new financial targets at its capital markets day in September.

	2019/20 Nov–Jan 3 mths	2018/19 Nov–Jan 3 mths	2019/20 May–Jan 9 mths	2018/19 May–Jan 9 mths	2018/19 May–Apr 12 mths
Net sales, SEK m.	2,146.7	2,018.5	6,883.9	6,182.6	8,326.5
Growth, %	6.4	13.8	11.3	12.9	14.0
Operating profit, SEK m.	112.6	80.1	569.4	414.0	528.1
Operating margin, %	5.2	4.0	8.3	6.7	6.3
Profit after tax, SEK m.	64.5	44.8	387.2	243.2	321.2
Earnings per share, SEK	1.20	0.85	7.36	4.67	6.20
Operating cash flow per share, SEK	5.53	3.64	13.99	6.75	7.43

During the third quarter, growth was recorded at 6.4 percent, of which 1.8 percent was organic. Despite subdued demand in parts of Europe and record-high winter temperatures, which detracted from sales of heating products, our gross margin continued to improve from that of the preceding year. In addition, operating profit improved to SEK 113 million, or by 5.2 percent, as against SEK 80 million or 4.0 percent in the same quarter last year. Over the past forty quarters, Systemair has reported organic growth in every quarter save one.

The market

Organic growth in the third quarter was somewhat lower than in previous quarters. Nevertheless, several of Systemair's regions performed well. In the Nordic market, sales declined slightly in Sweden and Norway, but rose in Denmark and Finland. In Western Europe, most of the major markets performed well, especially Germany, France, the Netherlands and the UK. In Eastern Europe, too, the market situation is on the whole good. In the quarter, both Region Eastern Europe and North and South America were against tough figures for comparison from the preceding year. In the Middle East and Asia, Turkey and India were among the markets that performed well.

Investments

During the period, investments in production machinery continued on schedule in a number of factories. A major investment is in progress at Skinnskatteberg in connection with the launch of an all-new series of models of compact units.

SUSTAINABILITY

Energy conservation has long been a central theme in product development at Systemair. We see that the issue is more and more coming into focus and that demands for energy efficiency are still rising. In Europe, this is being driven by EU directives that require both energy-smart products and energy-efficient buildings. The trend is a global one, and other regions in the world are being inspired by developments in Europe. It is in this area that Systemair makes the greatest difference from the viewpoint of sustainability. We are working continuously on reducing energy consumption in products and systems. The air handling units we sell in



Europe in a year are helping to cut carbon dioxide emissions by an amount equivalent to the emissions from around 120,000 cars.

Outlook

Demand remains strong in several of our major markets and so we are confident of further organic growth in the quarters ahead. We are keeping a watch on the development of the corona virus in order to be ready to take action if needed. The impact on Systemair thus far is minor. Systemair has no own establishment in China and the sales volume is marginal. However, there is a risk that the delivery capacity of sub-contract suppliers may be affected by shortages of components.

During the autumn, the first delivery of heat pumps were made from our factories to Panasonic, and the joint venture project is progressing according to plan.

Demand in the ventilation market is stimulated long-term by global drivers such as increased comfort, health, safety, productivity and - above all - improved energy efficiency. These drivers are an assurance of continued firm demand for Systemair's products.

Roland Kasper
President and CEO

Sales and markets

Group sales for the third quarter of the 2019/20 financial year totalled SEK 2,146.7 million (2,018.5), up 6.4 percent from the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales expanded 1.8 percent. Growth in acquired operations was 1.3 percent, while foreign exchange effects increased sales by 3.3 percent over the period.

Net sales for the period under review, May–January 2019/20, totalled SEK 6,883.9 million (6,182.6), 11.3 percent higher than in the same period last year. Adjusted for both foreign exchange effects and acquisitions, net sales grew 4.0 percent. Growth in acquired operations was 4.0 percent, while foreign exchange effects increased sales by 3.3 percent over the period under review.

Geographic breakdown of Q3 sales

Nordic region

During the third quarter, sales in the Nordic region were unchanged from the same period last year. The Norwegian and Swedish markets declined during the quarter, while sales in the Danish and Finnish market showed good growth. The impact of foreign exchange and acquisitions was to increase sales by 1 percent during the quarter.

Western Europe

During the quarter, sales in the West European market were

4 percent higher than in the corresponding period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 1 percent. Several major markets in the region performed well over the period, including the Netherlands, Germany and France, while Italy, Portugal and Spain performed less well.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 8 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 2 percent. In Russia, sales decreased during the quarter, stated in Swedish kronor. The Russian market accounts for 30 percent of sales in the region. Other major markets in the region showing growth during the period include Poland, Slovenia and Slovakia.

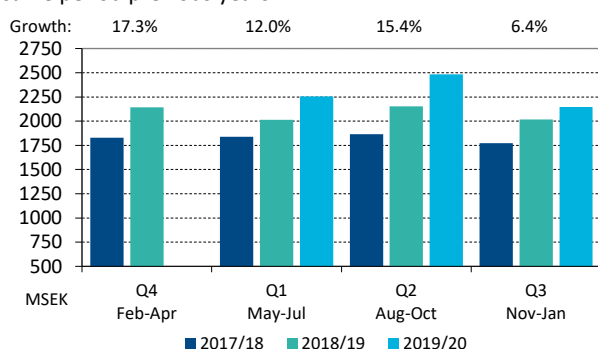
North and South America

Sales in the North and South America region over the quarter were 10 percent higher than in the same period last year. The US market, above all, performed well in the quarter. Adjusted for foreign exchange effects and acquisitions, sales increased by 5 percent in the region.

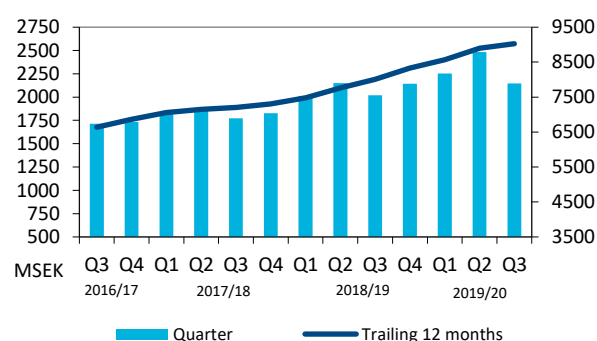
	2019/20 Nov–Jan 3 mths	2018/19 Nov–Jan 3 mths	Sales – change	Of which, organic	2019/20 May–Jan 9 mths	2018/19 May–Jan 9 mths	Sales – change	Of which, organic
Nordic region	453.0	453.3	0%	-1%	1,316.8	1,362.9	-3%	-4%
Western Europe	884.9	849.0	4%	1%	2,921.3	2,598.5	12%	3%
Eastern Europe & CIS	344.7	319.7	8%	2%	1,152.0	977.3	18%	12%
North and South America	190.8	173.6	10%	5%	663.5	545.3	22%	11%
Middle East, Asia, Australia and Africa	273.3	222.9	23%	9%	830.3	698.6	19%	7%
Total	2,146.7	2,018.5	6%	2%	6,883.9	6,182.6	11%	4%

(Sales figures are based on geographical domicile of customers.)

Net sales per quarter compared with same period previous years



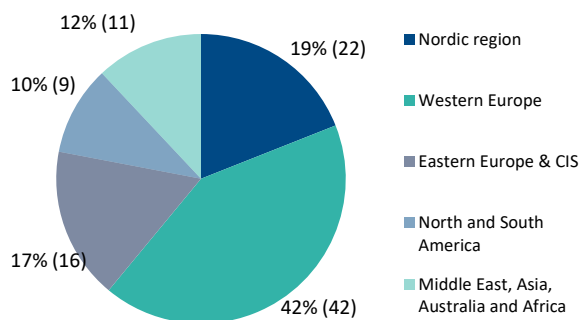
Net sales



Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa rose by 23 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 9 percent. Sales in above all India and Turkey increased during the quarter.

Sales by market, 9 months 2019/20 (2018/19)



Profit in the third quarter

The gross profit for the third quarter amounted to SEK 724.9 million (643.3), an increase of 12.7 percent over the same period last year. The gross margin increased to 33.8 percent (31.9), partly through measures to improve profits, and better capacity utilisation.

The operating profit for the third quarter amounted to SEK 112.6 million (80.1), an increase of 40.5 percent over the same period last year. The operating margin rose to 5.2 percent (4.0). The adoption of IFRS 16 led to an increase of SEK 1.3 million in operating profit.

Selling and administration expenses for the quarter totalled SEK 615.8 million (563.1), a rise of SEK 52.7 million, or 9.4 percent. Company acquisitions accounted for SEK 14.9 million of the quarter's costs. As a result, selling and administration expenses for comparable units rose by SEK 37.8 million, or 6.7 percent.

Selling expenses were positively impacted by SEK +0.2 million (-6.7) from anticipated bad debts as a result of

reversal of previously provisions accounts receivable recovered for which provision had been made. No material acquisition-related costs were charged during the quarter (-).

Net financial items for the third quarter ended at SEK -19.5 million (-5.8). The impact of foreign exchange on long-term receivables, loans and bank balances totalled SEK -10.0 million (+1.5) net. Interest expenses for the quarter totalled SEK -9.2 million (-8.5). Adjusted for the effect of adoption of IFRS 16, interest expenses for the quarter totalled SEK -7.1 million.

Profit for period under review

Operating profit for the period under review, May 2019–January 2020, totalled SEK 569.4 million (414.0). The operating margin was 8.3 percent (6.7).

Selling and administration expenses totalled SEK 1,806.8 million (1,620.1), an increase of SEK 186.7 million. Company acquisitions accounted for SEK 64.4 million of the year's costs. As a result, selling and administration expenses for comparable units rose by SEK 122.3 million, or 7.5 percent. Selling expenses were charged with SEK 14.9 million (28.4) for anticipated bad debts.

Net financial items totalled SEK -35.4 million (-52.4), including interest expenses of SEK -29.8 million (-23.5). Adjusted for the impact of adoption of IFRS 16, interest expenses totalled SEK -23.3 million.

Tax expense

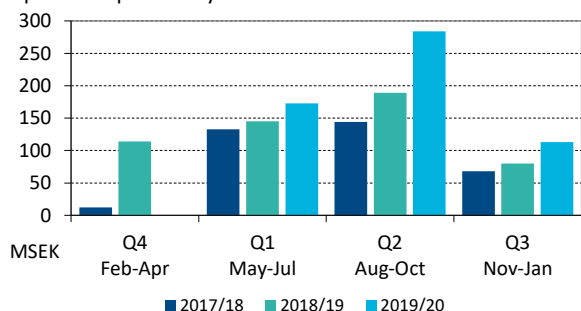
Estimated tax for the quarter totalled SEK -28.6 million (-29.5), corresponding to an effective tax rate of 30.7 percent based on profit after net financial items.

Estimated tax for the period under review totalled SEK -146.8 million (-118.4), corresponding to an effective tax rate of 27.5 percent based on profit after net financial items.

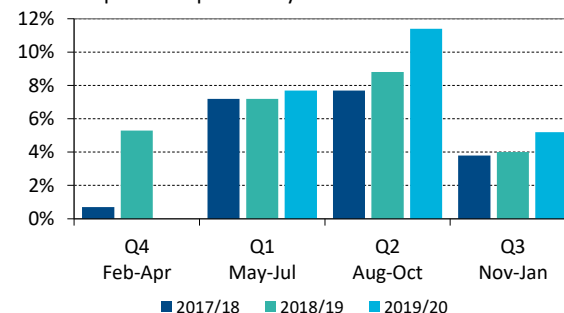
Acquisitions and new operations

In August, Systemair acquired the ventilation business of the Australian company Pacific HVAC Engineering. The company

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



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



has sales of around SEK 130 million and 60 employees. Pacific HVAC's headquarters are in Melbourne, but the company also has offices in Sydney, Adelaide, Brisbane and Perth, as well as in Auckland, New Zealand. The company is a distributor of ventilation products and produces a range of fans. The company has been renamed Pacific Ventilation.

In August, 60 percent of the shares in Systemair Maroc were acquired. The company sells Systemair's products in Morocco and West Africa. In 2018, the company had sales of around SEK 70 million. It has 27 employees. The sales company, which has its office and warehousing facilities in Casablanca, had prior to the acquisition held a licence to operate under the Systemair brand.

If the companies acquired during the period had been consolidated as of 1 May 2019, net sales for the period May 2019 through January 2020 would have totalled approximately SEK 6,905.5 million. The operating profit for that period would have totalled approximately SEK 572.0 million. For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 3 in this interim report.

Investments, depreciation and amortisation

Investments for the quarter, excluding disposals, totalled SEK 54.1 million (264.0), including SEK 49.0 million (52.1) in new construction and machinery. The investments consisted in the main of investments in machinery at the factories in Spain, Sweden and Slovenia. Acquisitions and formerly withheld purchase considerations totalled SEK 3.1 million (209.4) for the quarter. Depreciation and amortisation of non-current assets amounted to SEK 90.5 million (57.6). Adjusted for the impact of IFRS 16, depreciation/amortisation during the quarter totalled SEK 62.9 million.

Total investments for the period under review amounted to SEK 225.6 million (477.4), excluding divestments. Gross investments in new construction and machinery totalled SEK 163.0 million (174.8), excluding divestments. The total paid for acquisitions and formerly withheld purchase

considerations in the financial year was SEK 51.7 million (273.9). Depreciation and amortisation of non-current assets totalled SEK 264.8 million (170.4) for the year. Adjusted for the impact of IFRS 16, depreciation/amortisation totalled SEK 183.7 million.

Personnel

The average number of employees in the Group was 5,983 (5,483). At the end of the period, Systemair had 6,250 employees (5,943), 307 more than one year previous. New employees were recruited chiefly at Systemair in Turkey (49), India (30), Lithuania (20), Slovakia (24), Slovenia (25), Sweden (13) and the Netherlands (12). Personnel cutbacks were made at Koolair in Spain (-15). Through the acquisition of Pacific in Australia, Poly-Rek in Croatia and Systemair Maroc 94 employees joined the Group.

Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 123.9 million (77.5). Changes in working capital, mainly arising from a decrease in accounts receivable, had a positive impact of SEK 163.9 million (+111.7) on cash flow. Cash flow from financing activities totalled SEK -240.8 million net (-107.0). At the end of the period, the Group's net indebtedness was SEK 1,993.9 million (2,022.0). Adjusted for the impact of IFRS 16 on interest-bearing liabilities, the Group's net indebtedness was SEK 1,717.1 million. The consolidated equity/assets ratio was 44.0 percent (41.3) at the end of the period. Through the adoption of IFRS 16, the equity/assets ratio declined by 1.8 percentage points.

New financial targets

On the occasion of Systemair's capital markets day in September 2019, new financial targets were announced.

- Average annual growth in sales over a business cycle should be no less than 10 percent.
- The average operating margin over a business cycle

450 residential units to modular housing manufacturer

As part of supplying complete product solutions, Systemair have signed an agreement with a modular house manufacturer to deliver, in the first stage, 450 housing units with all components included.

Systemair, together with the customer, have designed the system not only to be efficient from the ventilation point of view in terms of sound, recycling and energy consumption, but also adapted to the modular house manufacturer's way of assembling the modules. Delivery is made from central distribution centers in well-marked boxes so on site, you can simply follow the assembly drawing depending on the apartment in question - "plug & play".



should be no less than 10 percent.

- The Group's equity/assets ratio should be no less than 30 percent.
- The dividend should be approximately 40 percent of profit after tax.

Events after the close of the period

No significant events have occurred since the end of the period.

Material risks and uncertainty

Systemair is exposed to operational and financial risks in its business. Operational risks include 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, borrowing and interest rate risk, as well as credit risk and liquidity risk. The material risks and uncertainties affecting Systemair are described in more detail in the Company's 2018/19 Annual Report. No significant change occurred in the risk situation during the period.

Related party transactions

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 39 to the accounts in the Annual Report for the 2018/19 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

Parent Company

The Parent Company's net sales for the period under review totalled SEK 108.2 million (98.1). Operating profit totalled SEK -70.7 million (-52.5). The company had 49 employees (50). The core business of the Parent Company is that of intra-Group services.

Systemair in brief

Systemair is a leading ventilation company with operations in 50 countries in Europe, North America, South America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 8.3 billion in the 2018/19 financial year and employs approximately 6,300 people. Systemair has reported an operating profit every year since 1974, when the company was founded. Over the past 10 years, the Company's growth rate has averaged about 10 percent. Systemair contributes to enhance the indoor environment with energy efficient and sustainable products that reduce carbon dioxide emissions.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, Fantech and Menerga brands. Systemair shares have been quoted on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 80 companies.

About Systemair

The Company established operations in 1974 with a product concept, the circular duct fan, a design that considerably simplified the process of installation. We adopted the motto "the direct route", which has been developed from a product concept into a business philosophy. Our product range has expanded strongly to extend over a broad range of fans, air handling units, products for air distribution, air conditioning, air curtains and heating products.

Mission statement

Operating from the core values of simplicity and reliability, our business concept is to develop, manufacture and market high-quality ventilation products. On the basis of our business concept and with our customers in focus, our aim is to be seen as a company to rely on, with the emphasis on delivery reliability, availability and quality.

Business model

Availability is an important parameter in terms of our competitiveness, and we ensure effective control of our flow of goods, with owned production units, centralised warehouse facilities and an efficient ERP system. With modern production plants and our own sales companies around the world, we reach out directly to our customers.

The business model supports stability and development, and today we are a leading producer and supplier of ventilation products with our own production and own sales companies.

Strategies

The following strategies create major strengths and competitive advantages that help us to achieve our goals.

- Innovative product development and a broad

product range focusing on energy-efficient air handling products.

- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market shares.

Miscellaneous

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 8.00 a.m. on 11 March 2020.

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

Skinnskatteberg, 11 March 2020

Systemair AB (publ)

Board of Directors

Calendar

Year-End Report Q4 2019/20

8.00 a.m., 9 June 2020

Interim report Q1 2020/21

1.00 p.m., 26 August 2020

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Summary income statement

	Group						Parent Company	
	2019/20 Nov-Jan 3 mths	2018/19 Nov-Jan 3 mths	2019/20 May-Jan 9 mths	2018/19 May-Jan 9 mths	2019/20 Feb-Jan trl 12	2018/19 May-Apr 12 mths	2019/20 May-Jan 9 mths	2018/19 May-Jan 9 mths
SEK m.								
Net sales	2,146.7	2,018.5	6,883.9	6,182.6	9,027.8	8,326.5	108.2	98.1
Cost of goods sold	-1,421.8	-1,375.2	-4,502.2	-4,156.7	-5,943.2	-5,597.7	-	-
Gross profit	724.9	643.3	2,381.7	2,025.9	3,084.6	2,728.8	108.2	98.1
Other operating income	31.2	34.1	103.9	131.4	142.1	169.6	2.2	8.7
Selling expenses	-503.9	-458.6	-1,489.2	-1,337.0	-1,979.1	-1,826.9	-51.4	-44.3
Administration expenses	-111.9	-104.5	-317.6	-283.1	-423.7	-389.2	-80.7	-69.3
Other operating expenses	-27.7	-34.2	-109.4	-123.2	-140.4	-154.2	-49.0	-45.7
Operating profit/loss	112.6	80.1	569.4	414.0	683.5	528.1	-70.7	-52.5
Net financial items	-19.5	-5.8	-35.4	-52.4	-53.1	-70.1	341.2	274.8
Profit/loss after financial items	93.1	74.3	534.0	361.6	630.4	458.0	270.5	222.3
Appropriations	-	-	-	-	-	-	4.2	0.1
Tax on profit for the period	-28.6	-29.5	-146.8	-118.4	-165.2	-136.8	5.3	7.4
Profit/loss for the period	64.5	44.8	387.2	243.2	465.2	321.2	280.0	229.8
Attributable to:								
Parent Company shareholders	62.6	44.3	382.6	242.9	462.0	322.3	-	-
Non-controlling interests	1.9	0.5	4.6	0.3	3.2	-1.1	-	-
Earnings per share, SEK ¹	1.20	0.85	7.36	4.67	8.88	6.20	-	-

Statement of comprehensive income

Profit/loss for the period	64.5	44.8	387.2	243.2	465.2	321.2	280.0	229.8
Other comprehensive income								
<i>Items that have been, or may later be, transferred to profit for the year:</i>								
Translation differences	-11.5	0.4	20.2	-47.3	96.2	28.7	-	-
Impact of tax	-	-0.4	-	0.1	0.3	0.4	-	-
<i>Items that cannot be transferred to profit for the year:</i>								
Revaluation of defined-benefit pensions, net after tax	1.8	-	-8.6	-	-19.3	-10.7	-	-
Other comprehensive income	-9.7	0.0	11.6	-47.2	77.2	18.4	-	-
Total comprehensive income for the period	54.8	44.8	398.8	196.0	542.4	339.6	280.0	229.8
Attributable to:								
Parent Company shareholders	52.9	44.3	394.2	195.7	539.2	340.7	-	-
Non-controlling interests	1.9	0.5	4.6	0.3	3.2	-1.1	-	-

1) No dilution effect.

Summary balance sheet

SEK m.	Group			Parent Company	
	31/01/2020	31/01/2019	30/04/2019	31/01/2020	31/01/2019
ASSETS					
Goodwill	873.0	847.3	846.8	-	0.0
Other intangible assets	238.6	238.6	265.1	23.8	20.7
Property, plant and equipment	2,065.0	1,745.3	1,769.4	45.1	43.2
Financial and other assets	244.5	253.1	267.6	2,876.5	2,853.0
Total non-current assets	3,421.1	3,084.3	3,148.9	2,945.4	2,916.9
Inventory	1,489.2	1,473.4	1,509.4	-	-
Short-term receivables	1,919.3	1,746.6	1,902.1	1,271.4	1,433.0
Cash and cash equivalents	328.0	256.2	250.4	-	-
Total current assets	3,736.5	3,476.2	3,661.9	1,271.4	1,433.0
TOTAL ASSETS	7,157.6	6,560.5	6,810.8	4,216.8	4,349.9
EQUITY AND LIABILITIES					
Equity	3,151.4	2,709.6	2,839.2	1,907.8	1,999.9
Untaxed reserves	-	-	-	1.8	5.1
Non-current liabilities, non-interest-bearing	300.4	260.8	288.6	-	-
Non-current liabilities, interest-bearing	1,179.7	1,090.3	1,070.0	1,403.9	1,360.1
Total non-current liabilities	1,480.1	1,351.1	1,358.6	1,403.9	1,360.1
Current liabilities, interest-bearing	1,048.1	1,117.3	1,175.9	846.8	935.4
Current liabilities, non-interest-bearing	1,478.0	1,382.5	1,437.1	56.5	49.4
Total current liabilities	2,526.1	2,499.8	2,613.0	903.3	984.8
TOTAL EQUITY AND LIABILITIES	7,157.6	6,560.5	6,810.8	4,216.8	4,349.9

Summary consolidated cash flow statement

SEK m.	2019/20	2018/19	2019/20	2018/19	2018/19
	Nov–Jan 3 mths	Nov–Jan 3 mths	May–Jan 9 mths	May–Jan 9 mths	May–Apr 12 mths
Operating profit/loss	112.6	80.1	569.4	414.0	528.1
Adjustment for non-cash items	50.0	49.1	183.5	117.5	193.1
Financial items	-7.3	-8.5	-23.6	-22.4	-32.3
Income tax paid	-31.4	-43.2	-112.7	-115.1	-152.9
Cash flow from operating activities before changes in working capital	123.9	77.5	616.6	394.0	536.0
Changes in working capital	163.9	111.7	110.8	-43.0	-149.5
Cash flow from operating activities	287.8	189.2	727.4	351.0	386.5
Cash flow from investing activities	-37.3	-257.0	-199.9	-463.0	-515.4
Cash flow from financing activities	-240.8	-107.0	-452.4	161.7	161.8
Cash flow for the period	9.7	-174.8	75.1	49.7	32.9
Cash and cash equivalents at start of period	321.0	431.9	250.4	213.3	213.3
Translation differences, cash and cash equivalents	-2.7	-0.9	2.5	-6.8	4.2
Cash and cash equivalents at close of period	328.0	256.2	328.0	256.2	250.4

Statement of Changes in Equity – Group

SEK m.	2019/20 May–Jan			2018/19 May–Jan			2018/19 May–Apr		
	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity
Amount at beginning of year	2,839.2	-	2,839.2	2,620.3	-	2,620.3	2,620.3	-	2,620.3
Dividend	-104.0	-	-104.0	-104.0	-	-104.0	-104.0	-	-104.0
Share of acquisitions attributable to non- controlling interests	-	19.0	19.0	-	-	-	-	-	-
Revaluation of acquisition option	1.1	-2.7	-1.6	-2.4	-0.3	-2.7	-17.8	1.1	-16.7
Comprehensive income	394.2	4.6	398.8	195.7	0.3	196.0	340.7	-1.1	339.6
Amount at end of period	3,130.5	20.9	3,151.4	2,709.6	-	2,709.6	2,839.2	-	2,839.2

Performance measures for the Group

		2019/20 Nov–Jan 3 mths	2018/19 Nov–Jan 3 mths	2019/20 May–Jan 9 mths	2018/19 May–Jan 9 mths	2018/19 May–Apr 12 mths
Net sales	SEK m.	2,146.7	2,018.5	6,883.9	6,182.6	8,326.5
Growth	%	6.4	13.8	11.3	12.9	14.0
Operating profit/loss	SEK m.	112.6	80.1	569.4	414.0	528.1
Operating margin	%	5.2	4.0	8.3	6.7	6.3
Profit after net fin. items	SEK m.	93.1	74.3	534.0	361.6	458.0
Profit margin	%	4.3	3.7	7.8	5.8	5.5
Return on capital employed	%	12.6	8.8	12.6	8.8	11.3
Return on equity	%	15.5	9.6	15.5	9.6	11.9
Equity/assets ratio	%	44.0	41.3	44.0	41.3	41.7
Investments	SEK m.	37.3	257.0	199.9	463.0	515.4
Depreciation/Amortisation	SEK m.	90.5	57.6	264.8	170.4	233.3
Per share ratios						
Earnings per share	SEK	1.20	0.85	7.36	4.67	6.20
Equity per share	SEK	60.60	52.11	60.60	52.11	54.60
Operating cash flow per share	SEK	5.53	3.64	13.99	6.75	7.43
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

Quarterly key ratios – Group

		2019/20				2018/19			2017/18	
		Nov–Jan	Aug–Oct	May–Jul	Feb–Apr	Nov–Jan	Aug–Oct	May–Jul	Feb–Apr	Nov–Jan
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	SEK m.	2,146.7	2,483.1	2,254.0	2,143.8	2,018.5	2,151.4	2,012.7	1,827.1	1,773.3
Growth	%	6.4	15.4	12.0	17.3	13.8	15.4	9.6	5.4	3.4
Gross margin	%	33.8	35.8	34.0	32.8	31.9	34.0	32.3	32.3	33.0
Operating profit/loss	SEK m.	112.6	283.9	173.0	114.1	80.1	188.9	144.9	5.2	67.7
Operating margin	%	5.2	11.4	7.7	5.3	4.0	8.8	7.2	0.3	3.8
Return on capital employed	%	12.6	12.6	11.1	11.3	8.8	8.8	8.2	9.1	9.3
Return on equity	%	15.5	15.4	13.5	11.9	9.6	9.7	8.9	9.3	10.2
Equity/assets ratio	%	44.0	41.1	41.1	41.7	41.3	39.7	42.2	42.5	43.9
Basic equity per share	SEK	60.60	59.47	57.44	54.60	52.11	51.25	50.56	50.39	47.34
Basic earnings per share	SEK	1.20	3.72	2.44	1.50	0.85	2.42	1.38	0.22	0.80
Cash flow from operating activities per share	SEK	5.53	5.21	3.25	0.68	3.64	1.67	1.44	-0.29	1.28

Note 1 Accounting policies

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.

New or amended standards that entered into force in 2019

IFRS 16 Leasing

IFRS 16 Leases entered into force on 1 January 2019, superseding IAS 17 Leases. Systemair applies the standard as of 1 May 2019. IFRS 16 requires the lessee, as a principle, to recognise all rental and lease contracts on the balance sheet. As a result, classification into operating and finance leases no longer applies. The underlying asset for the lease contract is recognised on the balance sheet. In subsequent periods, the right-of-use under the contract is recognised at cost less depreciation and any impairment, as well as adjustments for any revaluations of the lease liability. The lease liability is recognised in the statement of financial position and is recognised continuously at amortised cost less lease payments made. Re-measurement of balance sheet items is made continuously on the basis of changes in interest rate/index components, lease terms, residual value guarantees etc. Short-term lease contracts (right-of-use contracts for less than 12 months) and leases in which the underlying asset is of low value (less than USD 5,000) are not recognised on the balance sheet. Such items are recognised in operating income in the same way as for operating leases according to the standard that formerly applied, IAS 17.

During the 2018/19 financial year, Systemair analysed the contractual and financial implications to the Group of existing rental and leases. Under the new financial reporting standard, rental agreements and leases formerly classified as operating leases are, as of 1 May 2019, subject to balance sheet recognition, which has had an effect on the Group's financial position. The transitional rule issued by IFRS is applied, under which the balance sheet does not report short-term leases (less than 12 months) and leases in which the underlying asset is of low value (less than USD 5,000). As regards discounting of calculated balance sheet values, the Group applies a marginal borrowing rate for the currency and asset category concerned.

On adoption of IFRS 16 Leases, the consolidated balance sheet increased by SEK 307 million via recognition of rental and lease contracts as in the guidelines described above. Approximately 520 leases are included in the leasing portfolio recognised. The majority of these leases relate to vehicles, whereas the major share of the amount recognised is attributable to property-related leases. As regards the consolidated income statement, a change has been made, in that former operating expenses attributable to operating leases are replaced by amortisation and interest expenses. On the basis of contracts identified at the start of the 2019/20 financial year, operating income is expected to be charged with SEK 9 million in lease fees on annualised basis, which is reflected in a higher financial expense of approximately the same amount. The net effect on income after financial items is marginal. Adoption of the standard led to an increase of SEK 3.8 million in operating profit for the period under review, May 2019-January 2020. The effect on profit after net financial items in the same period was SEK -2.7 million. The effect of adoption of IFRS 16 on the consolidated financial statements is summarised below.

SEK m.	Closing balance 30 April 2019 before adoption of IFRS 16	Estimated reclassifications of finance leases on adoption of IFRS 16	Adjustments on adoption of IFRS 16	Adjusted opening balance, 1 May 2019
Non-current assets	1,769.4	-7.0	-	1,762.4
Rights-of-use	-	7.0	307.0	314.0
Other liabilities	300.6	-7.0	-	293.6
Lease liabilities, interest-bearing	-	7.0	307.0	314.0

Systemair has not restated figures for comparison. The lease assets affect the item Property, plant and equipment on the balance sheet. The lease liabilities affect Non-current liabilities, interest-bearing, and Current liabilities, interest-bearing. All leases affected by the new standard have been measured on the first day of adoption as if the standard had always applied.

Note 2 Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, together with servicing of ventilation products. Total revenue for the quarter amounted to SEK 2,146.7 million (2,018.5), of which servicing of ventilation products accounted for SEK 62.6 million (81.2).

	2019/20	2018/19	2019/20	2018/19	2018/19
SEK m.	Nov-Jan	Nov-Jan	May-Jan	May-Jan	May-Apr
	3 mths	3 mths	9 mths	9 mths	12 mths
Europe					
Sale of goods recognised at a specific point in time	1,574.7	1,477.7	5,072.4	4,663.6	6,357.9
Sale of goods recognised over time	37.3	87.1	114.9	146.6	124.6
Servicing recognised at a certain point in time	17.9	38.7	95.5	114.3	154.7
Servicing recognised over time	38.3	41.5	112.5	103.8	142.3
	1,668.2	1,645.0	5,395.3	5,028.3	6,779.5
America, Middle East, Asia, Australia and Africa					
Sale of goods recognised at a specific point in time	422.8	339.4	1,270.5	1,043.2	1,374.8
Sale of goods recognised over time	49.3	33.1	206.9	106.0	164.5
Servicing recognised at a certain point in time	-	-	0.1	-	-
Servicing recognised over time	6.4	1.0	11.1	5.1	7.7
	478.5	373.5	1,488.6	1,154.3	1,547.0
Total					
Sale of goods recognised at a specific point in time	1,997.5	1,817.1	6,342.9	5,706.8	7,732.7
Sale of goods recognised over time	86.6	120.2	321.8	252.6	289.1
Servicing recognised at a certain point in time	17.9	38.7	95.6	114.3	154.7
Servicing recognised over time	44.7	42.5	123.6	108.9	150.0
	2,146.7	2,018.5	6,883.9	6,182.6	8,326.5

Note 3 Companies acquired

The purchase consideration for the ventilation business of the Australian company Pacific HVAC Engineering, 60 percent of the shares in Systemair Maroc and 100 percent of the shares in Poly-Rek of Croatia is calculated as follows:

Total historical cost, less transaction costs SEK 52.6 m.

Identifiable net assets	Pacific Ventilation	Systemair Maroc	POLY-REK	Total
Goodwill	9.3	7.6	3.2	20.2
Brands and customer relationships	-	8.5	1.1	9.6
Other intangible assets	3.3	-	0.5	3.8
Buildings and land	-	8.8	-	8.8
Machinery and equipment	-	0.3	0.5	0.8
Inventory	12.9	18.7	0.2	31.8
Accounts receivable – trade	-	66.1	-	66.1
Other current assets	2.8	9.5	0.2	12.5
Cash and cash equivalents	-	0.8	-	0.8
Minority interest	-	-13.3	-	-13.3
Non-interest-bearing liabilities	-	-11.1	-0.4	-11.5
Deferred tax liability	-	-4.6	-0.2	-4.8
Interest-bearing liabilities	-	-33.5	-	-33.5
Other operating liabilities	-6.4	-30.5	-1.9	-38.8
	21.9	27.6	3.2	52.6

The total cash flow impact from acquisitions is SEK -51.7 million. Transaction costs arising from the acquisitions were marginal.

Customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 5 years.

The goodwill upon acquisition is attributable to the strong market position of the companies acquired, synergy effects expected to arise after the acquisition and the company's estimated future earning capacity.

Net sales for the acquired companies between the time of acquisition and the end of the period under review totalled SEK 78.5 million. During the period, an operating profit of SEK 5.4 million was recorded. If the companies acquired during the period had been consolidated as of 1 May 2019, net sales for the period May 2019 through January 2020 would have totalled approximately SEK 6,905.5 million. The operating profit for that period would have totalled approximately SEK 572.0 million.

Note 4 Financial instruments

Systemair's financial instruments comprise derivatives, trade accounts receivable, cash and cash equivalents, available-for-sale financial assets, trade accounts payable, accrued supplier costs, interest-bearing liabilities, share purchase options and additional purchase considerations. Liabilities to credit institutions carry variable interest rates or, in certain cases, fixed rates for a short period. Derivatives are measured at fair value via the income statement on the basis of input data corresponding to level 2 as defined in IFRS 13. Available-for-sale financial assets are measured at fair value on the basis of input data corresponding to level 1 as defined in IFRS 13.

Share purchase options and additional purchase considerations are measured on level 3 as defined in IFRS 13. The calculation for the option to acquire the remaining 25 percent of the shares in Traydus, Brazil, is based on the anticipated profit after tax for the 2019/20 and 2020/21 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability will be charged to the consolidated income statement. No change with regard to the option took place during the period under review, May 2019-January 2020. The calculation for the option to acquire the remaining 10 percent of the shares in Systemair HSK Turkey, is based on the anticipated profit before depreciation/amortisation and tax (EBITDA) for the financial years until 2019/20, plus the increase in value of the land on which the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. For the period under review, May 2019-January 2020, the liability has been revalued by the amount of SEK 1.6 million. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing on the balance sheet.

Other financial assets and liabilities are short-term. For that reason, the fair values of all financial instruments are considered to equate approximately to the carrying amounts. Systemair has not recognised any financial assets and liabilities net.

Note 5 Segment reporting

The Group's operations are classified geographically and Systemair aggregates into the geographical segments of Europe, America, the Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business. The Europe segment consists of a large number of markets. The legal entities within Europe work with each other in manufacturing and sales. The Company also judges that in every material respect similar economic conditions exist in the region, and so the legal entities within the region have been aggregated. Systemair further considers that accounting for the merged segments of Europe and America, the Middle East, Asia, Australia and Africa presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are aggregated on the basis of their legal domicile and consolidation takes place according to the same principles as for the Group as a whole.

	2019/20	2018/19	2019/20	2018/19	2018/19
	Nov-Jan	Nov-Jan	May-Jan	May-Jan	May-Apr
SEK m.	3 mths	3 mths	9 mths	9 mths	12 mths
Europe					
Net sales, external	1,668.2	1,645.0	5,395.3	5,028.3	6,779.5
Net sales, intra-Group	45.9	58.1	115.5	122.4	134.4
Operating profit/loss	119.5	100.0	561.7	416.2	559.0
Operating margin, %	7.2	6.1	10.4	8.3	8.2
Profit after net fin. items	103.3	93.2	550.2	433.8	548.8
Profit margin, %	6.2	5.7	10.2	8.6	8.1
Assets	4,112.8	3,537.6	4,112.8	3,537.6	3,988.3
Investments	25.6	18.1	118.3	119.9	164.0
Depreciation/Amortisation	73.0	41.6	214.2	136.6	186.0
America, the Middle East, Asia, Australia and Africa					
Net sales, external	478.5	373.5	1,488.6	1,154.3	1,547.0
Net sales, intra-Group	2.9	6.1	15.1	11.5	15.5
Operating profit/loss	14.8	-1.8	88.2	45.2	53.2
Operating margin, %	3.1	-0.5	5.9	3.9	3.4
Profit after net fin. items	5.8	-1.3	67.4	5.2	-5.4
Profit margin, %	1.2	-0.3	4.5	0.5	-0.3
Assets	1,243.0	1,033.3	1,243.0	1,033.3	1,070.0
Investments	4.4	24.9	10.4	110.4	113.0
Depreciation/Amortisation	13.5	13.0	39.4	25.7	36.1
Group-wide					
Net sales, intra-Group	36.5	31.5	108.2	98.1	131.3
Operating profit/loss	-21.7	-18.1	-80.5	-47.4	-84.1
Profit after net fin. items	-15.9	-17.6	-83.6	-77.4	-85.4
Assets	4,218.5	4,351.5	4,218.5	4,351.5	4,168.2
Investments	7.3	214.0	71.2	232.7	238.4
Depreciation/Amortisation	4.0	3.0	11.2	8.1	11.2
Eliminations					
Net sales, intra-Group	-85.3	-95.7	-238.8	-232.0	-281.2
Assets	-2,416.7	-2,361.9	-2,416.7	-2,361.9	-2,415.7
Total					
Net sales, external	2,146.7	2,018.5	6,883.9	6,182.6	8,326.5
Operating profit/loss	112.6	80.1	569.4	414.0	528.1
Operating margin, %	5.2	4.0	8.3	6.7	6.3
Profit after net fin. items	93.2	74.3	534.0	361.6	458.0
Profit margin, %	4.3	3.7	7.8	5.8	5.5
Assets	7,157.6	6,560.5	7,157.6	6,560.5	6,810.8
Investments	37.3	257.0	199.9	463.0	515.4
Depreciation/Amortisation	90.5	57.6	264.8	170.4	233.3

Alternative performance measures

In its interim report, Systemair presents performance measures that supplement the financial ratios defined in IFRS; these are known as alternative performance measures (APMs). The Company is of the view that these APMs provide valuable information to investors and the Company's management, in that they enable evaluation of the Company's performance, trends, capacity to pay down debt and invest in new business opportunities, and that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate financial performance measures in the same way, these are not always comparable. As a result, they should not be regarded as substitutes for performance measures as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

For more key performance measures and information on how they are calculated, see Systemair's website at:

group.systemair.com/investor/financial-data/

Definitions of key performance measures

Operating profit (EBIT)

Earnings before financial items and tax.

Growth

Growth is defined as the change in net sales, relative to net sales for the preceding period.

Organic growth

Change in sales by comparable units, adjusted for acquisitions and foreign currency effects.

Adjusted operating profit

Operating profit, excluding restructuring costs and other items affecting comparability.

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 equity excluding non-controlling interest.

Number of employees

The 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.