

# Systemair AB (publ)

## Year-end report

### 1 May 2019–30 April 2020

Net sales Q4

**SEK 2,031 m.**

EBIT Q4

**SEK 56 m.**

#### Fourth quarter February – April 2020

- Net sales decreased 5.3 percent, to SEK 2,031 million (2,144).
- Organic growth was -6.8 percent (9.3).
- Operating profit (EBIT) amounted to SEK 56 million (114), including a goodwill write-down of SEK -38 million.
- The operating margin was 2.8 percent (5.3).
- Profit after tax amounted to SEK -2 million (78).
- Earnings per share totalled SEK -0.02 (1.53).
- Cash flow from operating activities amounted to SEK 40 million (36).

#### 12 months, May 2019 – April 2020

- Net sales increased by 7.1 percent to SEK 8,915 million (8,326).
- Organic growth was 1.2 percent (7.6).
- Operating profit (EBIT) amounted to SEK 626 million (528), including a goodwill write-down of SEK -38 million.
- The operating margin was 7.0 percent (6.3).
- Profit after tax amounted to SEK 385 million (321).
- Earnings per share totalled SEK 7.34 (6.20).
- Cash flow from operating activities amounted to SEK 844 million (387).
- The Board of Directors proposes that no dividend (2.00) be paid, citing the current uncertainty surrounding the coronavirus pandemic.

#### Significant events during the year

- 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.
- In March, 60 percent of the shares in the Danish company Tempus Heat A/S were acquired. The company has been renamed Frico A/S.
- General market decline due to the coronavirus in the latter part of the fourth quarter.

	2019/20 Feb-Apr 3 mths	2018/19 Feb-Apr 3 mths	2019/20 May-Apr 12 mths	2018/19 May-Apr 12 mths
Net sales, SEK m.	2,031.0	2,143.8	8,914.9	8,326.5
Growth, %	-5.3	17.3	7.1	14.0
Operating profit, SEK m.	56.3	114.1	625.7	528.1
Operating margin, %	2.8	5.3	7.0	6.3
Profit after tax, SEK m.	-1.9	78.1	385.3	321.2
Earnings per share, SEK	-0.02	1.53	7.34	6.20
Operating cash flow per share, SEK	0.77	0.68	16.24	7.43

In the fourth quarter, sales decreased by 5.3 per cent. The quarter began relatively well, but in April in particular a marked decline emerged through the impact of the coronavirus in several countries. Nevertheless, it is pleasing to be able to report Systemair's strongest year in terms of sales and earnings. The gross margin continued to improve via consistent implementation of the action programme. During the quarter, a goodwill write-down of SEK 37.8 million was also applied. Adjusted for the write-downs, the operating margin was 4.6 percent for the quarter and 7.4 percent for the full year. Although this did not fully meet our expectations, it may still be seen as another step in the right direction towards achieving an operating margin of 10 percent.

### The market

Organic growth in the fourth quarter was negative, at -6.8 percent, breaking the nearly ten-year sequence of quarters showing organic growth. Sales in southern Europe and Asia in particular were strongly negatively affected by the coronavirus pandemic. At most, eight of the Group's 27 factories were closed due to government decisions. Today, all factories are once again open. In the Nordic region, sales were relatively good, although order bookings were lower. Eastern Europe was the least-affected region and organic growth was 5.4 percent. North America also showed organic growth.

### Investments

During the period, ongoing planned investments continued at a number of factories. However, there is a restraint regarding further investments within the group. Even so, there are plans for an expansion of the production facilities in the Czech Republic and the start of production in Moscow, Russia, in the latter part of the year.

### 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 trend 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 is making the greatest difference from the viewpoint of sustainability. We are working continuously on reducing energy consumption in products and systems. The air handling units that we sell in Europe in a year are helping to cut carbon dioxide emissions by an amount equivalent to the emissions from around 140,000 cars.

### Outlook

It is clear that the start of our first quarter in May and June will also be affected by the coronavirus. After that, the level of demand is very difficult to assess. All the Group's factories are operating today and we are seeing a cautious resumption of normal activity in most markets. At the same time, Systemair is a late-cyclical business and construction projects that have not started in the spring are likely to affect us during the latter part of the financial year. However, opportunities exist in government recovery programmes in areas such as energy upgrading of buildings that may boost sales of Systemair's energy-saving products.

We are continuing to monitor developments in the effects of the coronavirus pandemic and are prepared to take any further steps that may be necessary to reduce our cost base. The company's assessment is that there is good financial preparedness if the effects of the coronavirus pandemic persist in 2020/21.

Demand in the ventilation market is stimulated long-term by global drivers such as increased comfort, health, safety, productivity, and sustainability. 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 fourth quarter of the 2019/20 financial year totalled SEK 2,031.0 million (2,143.8), 5.3 percent lower than in the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales decreased 6.8 percent. Growth in acquired operations was 1.4 percent, while foreign exchange effects increased sales by 0.1 percent over the period. Sales fell below normal levels in the second half of the quarter because of the effects of the coronavirus pandemic.

Net sales for the full year May–April 2019/20 totalled SEK 8,914.9 million (8,326.5), an increase of 7.1 percent over last year. Adjusted for both foreign exchange effects and acquisitions, net sales grew 1.2 percent. Growth in acquired operations was 3.3 percent, while foreign exchange effects increased sales by 2.6 percent over the period under review.

## Geographic breakdown of Q4 sales

### Nordic region

During the fourth quarter, sales in the Nordic region were 5 percent lower than in the same period in the preceding year. The Danish markets reported good growth during the quarter, while the Finnish and Norwegian markets declined. In Sweden, sales were on par with the previous year. Adjusted for the effects of

foreign exchange and acquisitions, sales declined 2 percent.

### Western Europe

During the quarter, sales in the West European market were 9 percent lower than in the corresponding period last year. Adjusted for the effects of foreign exchange and acquisitions, sales declined 11 percent. The German market showed growth during the period, while other major markets in the region declined because of the coronavirus, including France, Italy, Portugal and the UK.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 5 percent during the quarter. Overall, exchange rate effects and acquisitions did not materially affect sales during the quarter. Sales in Russia remained largely unchanged compared to the previous period, in Swedish kronor. The Russian market accounts for 29 percent of sales in the region. Major markets in the region showing growth during the period are the Czech Republic, Estonia and Hungary.

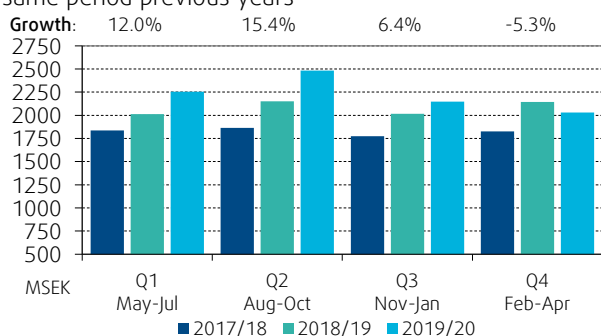
### North and South America

Sales in the North and South America region over the quarter were 8 percent higher than in the same period last year. The Canadian market, above all, performed well in the quarter. Adjusted for foreign exchange effects and acquisitions, sales increased by 5 percent in the region.

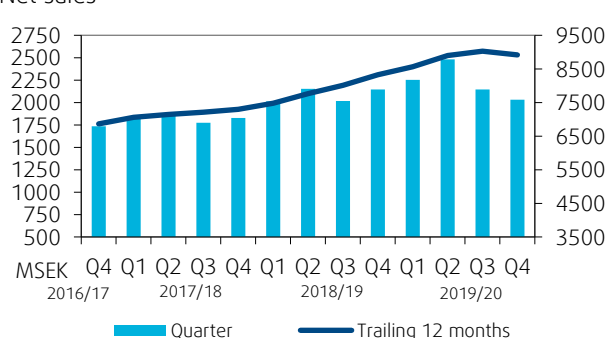
	2019/20 Feb–Apr 3 mths	2018/19 Feb–Apr 3 mths	Sales – change	Of which, organic	2019/20 May–Apr 12 mths	2018/19 May–Apr 12 mths	Sales – change	Of which, organic
Nordic region	446.8	468.2	-5%	-2%	1,763.5	1,829.7	-4%	-4%
Western Europe	867.7	951.5	-9%	-11%	3,789.0	3,551.4	7%	-1%
Eastern Europe & CIS	321.4	304.7	5%	5%	1,473.5	1,282.1	15%	11%
North and South America	207.4	191.3	8%	5%	870.9	736.6	18%	10%
Middle East, Asia, Australia and Africa	187.7	228.1	-18%	-24%	1,018.0	926.7	10%	-1%
<b>Total</b>	<b>2,031.0</b>	<b>2,143.8</b>	<b>-5%</b>	<b>-7%</b>	<b>8,914.9</b>	<b>8,326.5</b>	<b>7%</b>	<b>1%</b>

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

Net sales per quarter compared with same period previous years



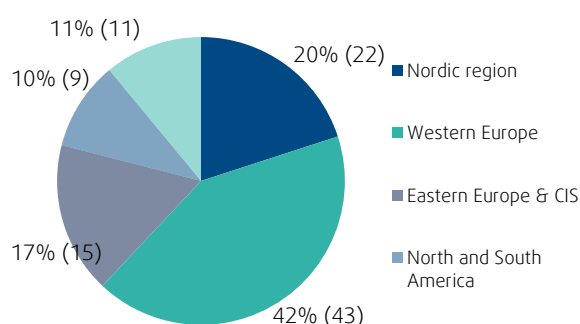
Net sales



### Middle East, Asia, Australia, and Africa

Sales in the Middle East, Asia, Australia, and Africa fell 18 percent compared with the same period last year. Adjusted for the effects of foreign exchange and acquisitions, sales declined by 24 percent. Countries such as India, Malaysia and South Africa have been heavily affected by the shutdowns imposed because of the coronavirus. However, Turkey performed well during the quarter.

### Sales by market, 12 months 2019/20 (2018/19)



### Profit in the fourth quarter

Gross profit in the fourth quarter totalled SEK 701.9 million (702.9), a decrease of 0.1 percent over the figure for the corresponding period last year. The gross margin increased to 34.6 percent (32.8) because of the performance improvement measures that had had an impact in most subsidiaries.

Operating profit for the fourth quarter totalled SEK 56.3 million (114.1), down 50.6 percent on the same period in the preceding year. The operating margin fell to 2.8 percent (5.3). The adoption of IFRS 16 led to an increase of SEK 1.5 million in operating profit.

During the quarter, a goodwill write-down of SEK 37.8 million were applied in relation to the acquisition of Airwell in Italy and Viking in South Africa. These activities have not been able for several years to fulfil business plans established. However, extensive action

programmes are continuing to turn these activities around, but coronavirus-related effects mean that the upturn will take longer than planned.

Selling and administration expenses for the quarter totalled SEK 605.1 million (596.1), a rise of SEK 9.0 million, or 1.5 percent. Company acquisitions accounted for SEK 13.5 million of the quarter's costs. As a result, selling and administration expenses for comparable units rose by SEK 4.5 million, or 0.8 percent. Several subsidiaries have taken measures to adapt the cost base to demand.

Selling expenses were charged with SEK 11.4 million (5.4) for anticipated bad debts. Higher-than-normal bad debt losses are expected in the coming quarters. No material acquisition-related costs were charged during the quarter (-).

Net financial items for the fourth quarter totalled SEK -46.6 million (-17.7). The impact of foreign exchange on long-term receivables, loans and bank balances totalled SEK -38.3 million (-8.6) net. Interest expenses for the quarter totalled SEK -9.5 million (-10.1). Adjusted for the effect of adoption of IFRS 16, interest expenses for the quarter totalled SEK -7.6 million.

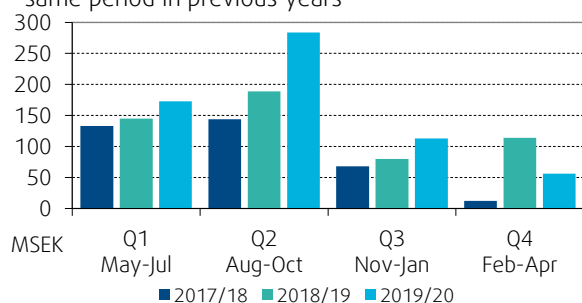
### Profit for the financial year

Operating profit for the financial year from May 2019 to April 2020 totalled SEK 625.7 million (528.1). The operating margin was 7.0 percent (6.3). Adjusted for goodwill write-downs in Italy and South Africa, the operating margin was 7.4 percent.

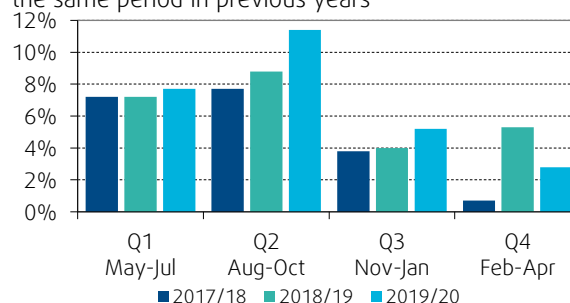
Selling and administration expenses totalled SEK 2,411.9 million (2,216.1), an increase of SEK 195.8 million. Company acquisitions accounted for SEK 77.9 million of the year's costs. As a result, selling and administration expenses for comparable units rose by SEK 117.9 million, or 5.3 percent. Selling expenses were charged with SEK 26.2 million (34.6) for anticipated bad debts.

Net financial items totalled SEK -82.0 million (-70.1),

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



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



including interest expenses of SEK -39.2 million (-33.6). Adjusted for the impact of adoption of IFRS 16, interest expenses totalled SEK -30.8 million.

### Tax expense

Estimated tax for the quarter totalled SEK -11.6 million (-18.3), corresponding to an effective tax rate of 119.6 percent based on profit after net financial items. The high tax burden is due to uncapitalized loss carry-forwards in subsidiaries with negative results for the quarter.

Estimated tax for the financial year totalled SEK -158.4 million (-136.8), representing an effective tax rate of 29.1 percent based on profit after net financial items.

### Acquisitions and new operations

In August 2019, Systemair acquired the ventilation business of Australian company Pacific HVAC Engineering. The company 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 2019, 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.

In March 2020, 60 percent of the Danish sales company Tempus Heat A/S was acquired. The company is headquartered in Horsens, Denmark. It has a turnover

of approximately SEK 15 million and also operates a small sales office just outside Copenhagen. The company is a distributor of Frico's heating products and offers servicing. It has 5 employees and has been renamed Frico A/S.

If the companies acquired had been consolidated as of 1 May 2019, net sales for the period May 2019 through April 2020 would have totalled approximately SEK 8,947.4 million. Operating profit for that period would have totalled approximately SEK 629.0 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 47.6 million (55.7), including SEK 41.7 million (51.6) in new construction and machinery. The investments consisted in the main of investments in machinery at the factories in Spain, Sweden and Germany. Acquisitions and formerly withheld purchase considerations totalled SEK 4.0 million (-) for the quarter. Depreciation and amortisation of non-current assets amounted to SEK 92.9 million (62.8). Adjusted for the impact of IFRS 16, depreciation/amortisation during the quarter totalled SEK 62.9 million.

Total investments for the financial year amounted to SEK 269.8 million (533.1), excluding divestments. Gross investments in new construction and machinery totalled SEK 204.7 million (226.3), excluding divestments. The total paid for acquisitions and formerly withheld purchase considerations in the financial year was SEK 55.7 million (273.9). Depreciation and amortisation of non-current assets totalled SEK 357.8 million (233.3) for the year. Adjusted for the impact of IFRS 16, depreciation/amortisation totalled SEK 246.6 million.

### 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.





## Personnel

The average number of employees in the Group was 5,965 (5,672). At the end of the financial year, Systemair had 6,197 employees (6,016), 181 more than one year previous. New recruitment has taken place mainly at Systemair in India (27), Lithuania (22), Slovakia (16), Spain (19) and Germany (18). Personnel cutbacks were made at Menerga in Germany (-22), South Africa (-17), Malaysia (-12), Canada (-12) and Italy (-10). The acquisition of Pacific in Australia, Poly-Rek in Croatia, Systemair Maroc and Frico A/S in Denmark added 98 employees. Partially during the quarter, up to eight production plants have been shut down due to Corona and governmental decisions. Working time has been reduced in some cases. Governmental support has been received but the amounts are not significant. At the release of this report, all factories are re-opened again.

## Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 94.2 million (142.1). Changes in working capital, mainly consisting of higher inventories, had a negative impact, SEK 54.0 million (-106.6) on cash flow. Cash flow from financing activities totalled SEK +68.0 million net (+0.1). At the end of the period, the Group's net indebtedness was SEK 1,980.7 million (2,080.6). Adjusted for the impact of IFRS 16 on interest-bearing liabilities, the Group's net indebtedness was SEK 1,701.2 million. The consolidated equity/assets ratio was 43.4 percent (41.7) at the end of the financial year. Through the adoption of IFRS 16, the equity/assets ratio declined by 1.7 percentage points. The company's assessment is that there is good financial preparedness if the effects of the coronavirus pandemic persist in 2020/21.

## New financial targets

On 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 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

At the beginning of the 2020/21 financial year, it remains clear that the coronavirus pandemic will

negatively affect both sales and earnings. It is currently very difficult to assess the magnitude of these effects in the coming quarters.

## 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. Systemair is affected by pandemics like other global companies and in 2020/21 the Group will be affected by the coronavirus. The company is taking the necessary steps to reduce its impact and is following WHO's recommendations.

## 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 financial year totalled SEK 148.3 million (131.3). Operating profit totalled SEK -94.8 million (-80.7). The company had 58 employees (51). The core business of the Parent Company is that of intra-Group services.

## Dividend

The Board of Directors proposes that the Annual General Meeting, to be held on 26 August 2020 resolves that no dividend (2.00) be paid, citing the current uncertainty surrounding the coronavirus pandemic. According to the Group's dividend policy, the dividend shall under normal conditions amount to approximately 40 percent of profit after tax.

## Systemair in brief

Systemair is a leading ventilation company with operations in 52 countries in Europe, North America, South America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 8.9 billion in the 2019/20 financial year and employs approximately 6,200 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 11 percent. Systemair helps to improve the indoor climate with the help of 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 common 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 was submitted for publication at 8.00 a.m. on 9 June 2011.

The interim report has not been audited.

Skinnskatteberg, 9 June 2020

Systemair AB (publ)

Roland Kasper  
*Chief Executive Officer*

Gerald Engström  
*Chairman of the Board*

Carina Andersson  
*Director*

Svein Nilsen  
*Director*

Patrik Nolåker  
*Director*

Gunilla Spongh  
*Director*

Åke Henningsson  
*Employee Representative*

Ricky Sten  
*Employee Representative*

## Calendar

Interim Report Q1 2020/21  
1.00 p.m., 26 August 2020  
Annual General Meeting 2020  
3.00 p.m., 26 August 2020  
Interim Report Q2 2020/21  
9.00 a.m., 10 December 2020  
Interim Report Q3 2020/21  
9.00 a.m., 11 March 2021  
Year-End Report Q4 2020/21  
9.00 a.m., 10 June 2021  
Interim report Q1 2021/22  
1.00 p.m., 26 August 2021

## Contact

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## Summary income statement

	Group				Parent Company	
	2019/20 Feb-Apr 3 mths	2018/19 Feb-Apr 3 mths	2019/20 May-Apr 12 mths	2018/19 May-Apr 12 mths	2019/20 May-Apr 12 mths	2018/19 May-Apr 12 mths
SEK m.						
Net sales	2,031.0	2,143.8	8,914.9	8,326.5	148.3	131.3
Cost of goods sold	-1,329.1	-1,440.9	-5,831.3	-5,597.7	-	-
<b>Gross profit</b>	<b>701.9</b>	<b>702.9</b>	<b>3,083.6</b>	<b>2,728.8</b>	<b>148.3</b>	<b>131.3</b>
Other operating income	64.4	38.2	168.3	169.6	5.8	4.6
Selling expenses	-498.3	-490.0	-1,987.5	-1,826.9	-68.6	-57.4
Administration expenses	-106.8	-106.1	-424.4	-389.2	-109.2	-91.2
Other operating expenses	-104.9	-30.9	-214.3	-154.2	-71.1	-68.0
<b>Operating profit/loss</b>	<b>56.3</b>	<b>114.1</b>	<b>625.7</b>	<b>528.1</b>	<b>-94.8</b>	<b>-80.7</b>
Net financial items	-46.6	-17.7	-82.0	-70.1	224.0	-32.8
<b>Profit/loss after financial items</b>	<b>9.7</b>	<b>96.4</b>	<b>543.7</b>	<b>458.0</b>	<b>129.2</b>	<b>-113.5</b>
Appropriations	-	-	-	-	4.6	86.6
Tax on profit for the period	-11.6	-18.3	-158.4	-136.8	10.5	-2.8
<b>Profit/loss for the period</b>	<b>-1.9</b>	<b>78.1</b>	<b>385.3</b>	<b>321.2</b>	<b>144.3</b>	<b>-29.7</b>
<b>Attributable to:</b>						
Parent Company shareholders	-1.1	79.5	381.5	322.3	-	-
Non-controlling interests	-0.8	-1.4	3.8	-1.1	-	-
Earnings per share, SEK <sup>1</sup>	-0.02	1.53	7.34	6.20	-	-

## Statement of comprehensive income

<b>Profit/loss for the period</b>	-1.9	78.1	385.3	321.2	144.3	-29.7
<b>Other comprehensive income</b>						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	-47.8	75.7	-27.6	28.7	-	-
Impact of tax	-	0.3	-	0.4	-	-
<i>Items that cannot be transferred to profit for the year:</i>						
Revaluation of defined-benefit pensions, net after tax	0.6	-10.7	-8.0	-10.7	-	-
<b>Other comprehensive income</b>	<b>-47.2</b>	<b>65.3</b>	<b>-35.6</b>	<b>18.4</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>-49.1</b>	<b>143.4</b>	<b>349.7</b>	<b>339.6</b>	<b>144.3</b>	<b>-29.7</b>
<b>Attributable to:</b>						
Parent Company shareholders	-48.3	144.8	345.9	340.7	-	-
Non-controlling interests	-0.8	-1.4	3.8	-1.1	-	-

1) No dilution effect.

## Summary balance sheet

SEK m.	Group		Parent Company	
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
<b>ASSETS</b>				
Goodwill	819.9	846.8	-	-
Other intangible assets	247.8	265.1	43.7	29.4
Property, plant and equipment	1,988.1	1,769.4	20.5	37.0
Financial and other assets	254.9	267.6	2,817.3	2,660.9
<b>Total non-current assets</b>	<b>3,310.6</b>	<b>3,148.9</b>	<b>2,881.5</b>	<b>2,727.3</b>
Inventory	1,571.5	1,509.4	-	-
Short-term receivables	1,839.6	1,902.1	1,257.7	1,454.0
Cash and cash equivalents	378.2	250.4	-	-
<b>Total current assets</b>	<b>3,789.3</b>	<b>3,661.9</b>	<b>1,257.7</b>	<b>1,454.0</b>
<b>TOTAL ASSETS</b>	<b>7,099.9</b>	<b>6,810.8</b>	<b>4,139.2</b>	<b>4,181.3</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	<b>3,084.7</b>	<b>2,839.2</b>	<b>1,772.2</b>	<b>1,731.8</b>
Untaxed reserves	-	-	1.4	6.0
Non-current liabilities, non-interest-bearing	271.9	288.6	-	-
Non-current liabilities, interest-bearing	1,119.8	1,070.0	1,381.8	1,406.0
<b>Total non-current liabilities</b>	<b>1,391.7</b>	<b>1,358.6</b>	<b>1,381.8</b>	<b>1,406.0</b>
Current liabilities, interest-bearing	1,154.0	1,175.9	939.6	975.1
Current liabilities, non-interest-bearing	1,469.5	1,437.1	44.2	62.4
<b>Total current liabilities</b>	<b>2,623.5</b>	<b>2,613.0</b>	<b>983.8</b>	<b>1,037.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,099.9</b>	<b>6,810.8</b>	<b>4,139.2</b>	<b>4,181.3</b>

## Summary consolidated cash flow statement

SEK m.	2019/20	2018/19	2019/20	2018/19
	Feb-Apr 3 mths	Feb-Apr 3 mths	May-Apr 12 mths	May-Apr 12 mths
Operating profit/loss	56.3	114.1	625.7	528.1
Adjustment for non-cash items	83.3	75.6	349.9	193.1
Financial items	-8.2	-9.9	-38.3	-32.3
Income tax paid	-37.2	-37.7	-149.8	-152.9
<b>Cash flow from operating activities before changes in working capital</b>	<b>94.2</b>	<b>142.1</b>	<b>787.5</b>	<b>536.0</b>
Changes in working capital	-54.0	-106.6	56.8	-149.5
<b>Cash flow from operating activities</b>	<b>40.2</b>	<b>35.5</b>	<b>844.3</b>	<b>386.5</b>
Cash flow from investing activities	-35.5	-52.4	-235.4	-515.4
Cash flow from financing activities	68.0	0.1	-461.1	161.8
<b>Cash flow for the period</b>	<b>72.7</b>	<b>-16.8</b>	<b>147.8</b>	<b>32.9</b>
Cash and cash equivalents at start of period	328.0	256.2	250.4	213.3
Translation differences, cash and cash equivalents	-22.5	11.0	-20.0	4.2
<b>Cash and cash equivalents at close of period</b>	<b>378.2</b>	<b>250.4</b>	<b>378.2</b>	<b>250.4</b>

## Statement of changes in equity – Group

SEK m.	2019/20 May-Apr			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
<b>Amount at beginning of year</b>	<b>2,839.2</b>	<b>-</b>	<b>2,839.2</b>	<b>2,620.3</b>	<b>-</b>	<b>2,620.3</b>
Dividend	-104.0	-	-104.0	-104.0	-	-104.0
Share of acquisitions attributable to non-controlling interests	-	19.0	19.0	-	-	-
Revaluation of acquisition option	-16.3	-2.9	-19.2	-17.8	1.1	-16.7
Comprehensive income	345.9	3.8	349.7	340.7	-1.1	339.6
<b>Amount at end of period</b>	<b>3,064.8</b>	<b>19.9</b>	<b>3,084.7</b>	<b>2,839.2</b>	<b>0.0</b>	<b>2,839.2</b>

## Performance measures for the Group

		2019/20 Feb-Apr 3 mths	2018/19 Feb-Apr 3 mths	2019/20 May-Apr 12 mths	2018/19 May-Apr 12 mths
Net sales	SEK m.	2,031.0	2,143.8	8,914.9	8,326.5
Growth	%	-5.3	17.3	7.1	14.0
Operating profit/loss	SEK m.	56.3	114.1	625.7	528.1
Operating margin	%	2.8	5.3	7.0	6.3
Profit after net fin. items	SEK m.	9.7	96.4	543.7	458.0
Profit margin	%	0.5	4.5	6.1	5.5
Return on capital employed	%	11.6	11.3	11.6	11.3
Return on equity	%	12.6	11.9	12.6	11.9
Equity/assets ratio	%	43.4	41.7	43.4	41.7
Investments	SEK m.	35.5	52.4	235.4	515.4
Depreciation/Amortisation	SEK m.	92.9	62.8	357.8	233.3
<b>Per share ratios</b>					
Earnings per share	SEK	-0.02	1.53	7.34	6.20
Equity per share	SEK	59.32	54.60	59.32	54.60
Operating cash flow per share	SEK	0.77	0.68	16.24	7.43
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000

## Quarterly key ratios – Group

		2019/20				2018/19			2017/18	
		Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4	Nov-Jan Q3	Aug-Oct Q2	May-Jul Q1	Feb-Apr Q4
Net sales	SEK m.	2,031.0	2,146.7	2,483.1	2,254.0	2,143.8	2,018.5	2,151.4	2,012.7	1,827.1
Growth	%	-5.3	6.4	15.4	12.0	17.3	13.8	15.4	9.6	5.4
Gross margin	%	34.6	33.8	35.8	34.0	32.8	31.9	34.0	32.3	32.3
Operating profit/loss	SEK m.	56.3	112.6	283.9	173.0	114.1	80.1	188.9	144.9	5.2
Operating margin	%	2.8	5.2	11.4	7.7	5.3	4.0	8.8	7.2	0.3
Return on capital employed	%	11.6	12.6	12.6	11.1	11.3	8.8	8.8	8.2	9.1
Return on equity	%	12.6	15.5	15.4	13.5	11.9	9.6	9.7	8.9	9.3
Equity/assets ratio	%	43.4	44.0	41.1	41.1	41.7	41.3	39.7	42.2	42.5
Basic equity per share	SEK	59.32	60.60	59.47	57.44	54.60	52.11	51.25	50.56	50.39
Basic earnings per share	SEK	-0.02	1.20	3.72	2.44	1.50	0.85	2.42	1.38	0.22
Cash flow from operating activities per share	SEK	0.77	5.53	5.21	3.25	0.68	3.64	1.67	1.44	-0.29

## 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 based on 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 influenced 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. Most 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 was expected to be charged with SEK 9 million in lease fees on annualised basis, with a higher financial expense of approximately the same amount. The net effect on income after financial items is marginal. The effect on operating profit for the financial year May 2019 – April 2020 was positive, an increase of SEK 5.3 million. The effect on profit after net financial items in the same period was SEK -3.3 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 2,031.0 million (2,143.8), of which servicing of ventilation products accounted for SEK 92.4 million (81.5).

SEK m.	2019/20 Feb-Apr 3 mths	2018/19 Feb-Apr 3 mths	2019/20 May-Apr 12 mths	2018/19 May-Apr 12 mths
Europe				
Sale of goods recognised at a specific point in time	1,508.8	1,630.3	6,581.2	6,357.9
Sale of goods recognised over time	46.6	41.9	161.5	124.6
Servicing recognised at a certain point in time	44.6	40.4	140.1	154.7
Servicing recognised over time	42.5	38.5	155.0	142.3
	1,642.5	1,751.1	7,037.8	6,779.5
Americas, Middle East, Asia, Australia and Africa				
Sale of goods recognised at a specific point in time	324.0	331.6	1,594.5	1,374.8
Sale of goods recognised over time	59.2	58.5	266.1	164.5
Servicing recognised at a certain point in time	0.3	-	0.4	0
Servicing recognised over time	5.0	2.6	16.1	7.7
	388.5	392.7	1,877.1	1,547.0
Total				
Sale of goods recognised at a specific point in time	1,832.8	1,961.9	8,175.7	7,732.7
Sale of goods recognised over time	105.8	100.4	427.6	289.1
Servicing recognised at a certain point in time	44.9	40.4	140.5	154.7
Servicing recognised over time	47.5	41.1	171.1	150.0
	2,031.0	2,143.8	8,914.9	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, 100 percent of the shares in Poly-Rek of Croatia and 60 percent of the shares in Tempus A/S of Denmark (now Frico A/S) is calculated as follows:

Total historical cost, less transaction costs SEK 56.9 m.

Identifiable net assets	Pacific Ventilation	Systemair Maroc	POLY-REK	Frico A/S	Total
Goodwill	9.0	7.6	3.2	4.6	24.5
Brands and customer relationships	-	8.3	1.1	1.7	11.1
Other intangible assets	4.4	0.1	0.5	-	5.0
Buildings and land	-	8.8	-	0.0	8.9
Machinery and equipment	-	0.3	0.5	0.3	1.2
Financial and other assets	-	0.0	-	0.1	0.1
Inventory	12.9	18.7	0.2	1.6	33.4
Accounts receivable – trade	-	66.1	-	2.8	68.9
Other current assets	2.8	9.5	0.2	0.3	12.8
Cash and cash equivalents	-	0.8	0.0	0.3	1.1
Minority interest	-	-13.3	-	-	-13.3
Non-interest-bearing liabilities	-	-11.1	-0.4	-	-11.4
Deferred tax liability	-	-4.6	-0.2	-2.4	-7.2
Interest-bearing liabilities	-	-33.5	-	-	-33.5
Other operating liabilities	-7.2	-30.5	-2.0	-5.0	-44.7
	21.9	27.6	3.2	4.3	56.9



The total cash flow impact from acquisitions is SEK -55.7 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 114.4 million. During the period, an operating profit of SEK 0.2 million was recorded. If the companies acquired had been consolidated as of 1 May 2019, net sales for the period May 2019 through April 2020 would have totalled approximately SEK 8,947.4 million. Operating profit for that period would have totalled approximately SEK 629.0 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 interim report period 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 – April 2020, the liability has been revalued by the amount of SEK 19.3 million. Liabilities relating to the acquisition options are recognised as Current or Non-current liabilities, not interest-bearing in the balance sheet depending on the maturity date. Liabilities maturing within 12 months are recognised as current.

Other financial assets and liabilities are recognised as current. 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, Americas, Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business. The segment Europe 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, Americas, 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.

SEK m.	2019/20 Feb-Apr 3 mths	2018/19 Feb-Apr 3 mths	2019/20 May-Apr 12 mths	2019/20 May-Apr 12 mths
<b>Europe</b>				
Net sales, external	1,642.5	1,751.1	7,037.8	6,779.5
Net sales, intra-Group	41.6	12.0	157.1	134.4
Operating profit/loss	90.6	142.8	652.3	559.0
Operating margin, %	5.5	8.2	9.3	8.2
Profit after net fin. items	169.2	115.0	719.4	548.8
Profit margin, %	10.3	6.6	10.2	8.1
Assets	4,183.0	3,988.3	4,183.0	3,988.3
Investments	29.2	44.1	147.5	164.0
Depreciation/Amortisation	75.2	49.3	289.5	186.0
<b>Americas, Middle East, Asia, Australia and Africa</b>				
Net sales, external	388.5	392.7	1,877.1	1,547.0
Net sales, intra-Group	5.2	4.0	20.3	15.5
Operating profit/loss	-10.5	8.0	77.7	53.2
Operating margin, %	-2.7	2.0	4.1	3.4
Profit after net fin. items	-12.8	-10.6	54.6	-5.4
Profit margin, %	-3.3	-2.7	2.9	-0.3
Assets	1,199.8	1,070.0	1,199.8	1,070.0
Investments	6.1	2.6	16.5	113.0
Depreciation/Amortisation	13.2	10.4	52.6	36.1
<b>Group-wide</b>				
Net sales, intra-Group	40.1	33.2	148.3	131.3
Operating profit/loss	23.8	-36.7	-104.3	-84.1
Profit after net fin. items	-146.5	-8.0	-230.1	-85.4
Assets	4,143.5	4,168.2	4,143.5	4,168.2
Investments	0.2	5.7	71.4	238.4
Depreciation/Amortisation	4.5	3.1	15.7	11.2
<b>Eliminations</b>				
Net sales, intra-Group	-86.9	-49.2	-325.7	-281.2
Assets	-2,426.4	-2,415.7	-2,426.4	-2,415.7
<b>Total</b>				
Net sales, external	2,031.0	2,143.8	8,914.9	8,326.5
Operating profit/loss	56.3	114.1	625.7	528.1
Operating margin, %	2.8	5.3	7.0	6.3
Profit after net fin. items	9.9	96.4	543.9	458.0
Profit margin, %	0.5	4.5	6.1	5.5
Assets	7,099.9	6,810.8	7,099.9	6,810.8
Investments	35.5	52.4	235.4	515.4
Depreciation/Amortisation	92.9	62.8	357.8	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/se/investerare/-finansiella-data/](http://group.systemair.com/se/investerare/-finansiella-data/)

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## 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.