



# SYSTEMAIR AB

## INTERIM REPORT Q2

### 1 MAY – 31 OCTOBER 2014



#### Second quarter August - October 2014

- Net sales increased by 10 percent to SEK 1,554 million (1,414).
- Operating profit (EBIT) totalled SEK 156 million (142).
- Operating margin was 10.1 percent (10.0).
- Profit after tax increased to SEK 117 million (93).
- Earnings per share totalled SEK 2.24 (1.78).
- Cash flow from operating activities amounted to SEK 90 million (130).

#### First half-year, May - October 2014

- Net sales increased by 8 percent to SEK 2,948 million (2,739).
- Operating profit (EBIT) totalled SEK 268 million (244).
- Operating margin was 9.1 percent (8.9).
- Profit after tax increased to SEK 237 million (152).
- Earnings per share totalled SEK 4.55 (2.92).
- Cash flow from operating activities amounted to SEK 177 million (199).

Net sales Q2

## SEK 1,554 m.

EBIT Q2

## SEK 156 m.

#### Significant events during the period under review

- In July, an agreement was signed to take over the assets and personnel of Airwell, a French manufacturer of air conditioning products for the commercial market.
- In October, the acquisition of Camair, Belgium, was completed. The company distributes air conditioning and ventilation products in the commercial market in Belgium.
- In late October, Airwell's sales company in Germany was acquired. The company distributes products for cooling and ventilation in the commercial market.

	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths
Net sales, SEK m.	1,554.5	1,414.5	2,948.3	2,739.2
Growth, %	9.9	16.4	7.6	18.8
Operating profit, SEK m.	156.3	141.8	267.7	243.8
Operating margin, %	10.1	10.0	9.1	8.9
Profit after tax, SEK million	116.6	92.6	236.8	151.9
Earnings per share, SEK	2.24	1.78	4.55	2.92
Operating cash flow per share, SEK	1.73	2.50	3.40	3.83

## Continued growth for the 19th consecutive quarter

In our year's second quarter, we recorded an operating margin of 10.1 percent, up from 10.0 percent a year earlier. We noted sales growth of 10 percent and organic growth of 2 percent. It is satisfying to be able again to report organic growth in view of the fact that sales in our important Russian market declined by 27 percent.

### The market

Growth was firm in the Nordic region, with Denmark in the lead. As before, uncertainty still prevails in southern Europe, as well as in Russia and Ukraine. Sales in Russia fell sharply, but the decline in the region was offset partially by robust growth in Lithuania, Poland, Slovakia and the Czech Republic. Other markets performed very strongly, notably Turkey.

### Companies acquired

Systemair entered into an agreement to take over the assets of Airwell, France, on July 15. The company has been renamed Systemair Airwell and intensive efforts are focusing on integrating the company into the Group. Progress to date has been encouraging, and the company reports positive first-period operating earnings. In October, the acquisition of the sales company Camair, Belgium, was completed. The company distributes air conditioning and ventilation products for the commercial market in Belgium. In late October, Airwell's sales company in Germany was acquired. The company is mainly engaged in marketing air conditioning products for the German market. Our two latest acquisitions strengthen our sales channels for the recently acquired French subsidiary and the Italian cooling product company acquired earlier.

### Investments

IMOS-Systemair of Slovakia, which makes products for air distribution, is undergoing a programme of expansion. Recently, the company moved into new offices and new, extended production premises. We are also investing in new, high-efficiency machinery and a modern paint shop.



In Malaysia, work has been completed on construction of a new 16,000 m<sup>2</sup> factory and office building and occupancy has already been taken up. At the facility, we will manufacture an expanded range of fans, air distribution products and air handling units. The facility will also serve as a warehousing centre for South-East Asia. In Denmark, we have begun a 2,700 m<sup>2</sup> extension to our production premises. Together these investments will help form a solid base for further growth at several of our markets. In general, our production facilities are both modern and well equipped.

### Outlook

Systemair continues to benefit greatly from its global presence and extensive product range. We have our own companies in 45 countries and regularly supply our products to well over 100 countries. Despite economic and political uncertainty, we can report organic growth for the 19th consecutive quarter, with improved profitability. The acquisitions we have made on the air conditioning side are supplementing and adding to our strengths. We have continued to invest in product development and today employ more than 200 engineers and technicians working on developing new and improved products.

We will continue to make acquisitions and are maintaining our investments in modern production equipment, as well as in marketing. We are pursuing a long-term strategy, which has proved to be highly effective and will deliver continued growth and improved profitability.

Gerald Engström  
CEO

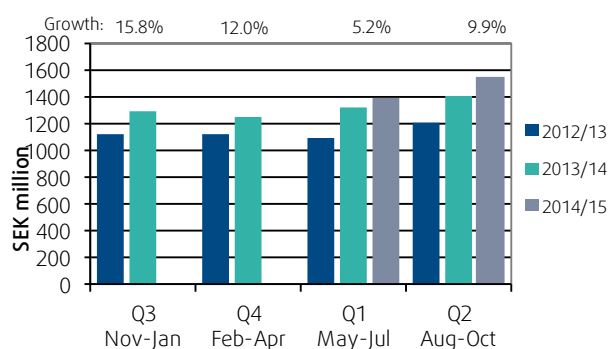
## Sales and markets

Group sales for the second quarter of 2014/15 totalled SEK 1,554.5 million (1,414.5), corresponding to an increase of 9.9 percent from the same period in the preceding year.

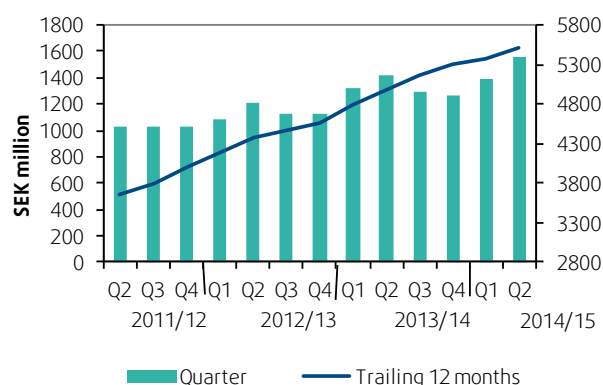
Adjusted for both foreign exchange effects and acquisitions, net sales grew 1.9 percent. This is the 19th consecutive quarter of organic growth, despite a weak market. Growth in acquired operations was 4.2 percent, while foreign exchange effects reduced sales by 3.8 percent during the period.

Net sales for the interim report period of May-October 2014/15 totalled SEK 2,948.3 million (2,739.2), which was up 7.6 percent on the same period in the preceding year. Adjusted for both foreign exchange effects and acquisitions, net sales grew 1.8 percent. Growth in acquired operations was 2.9 percent, while foreign exchange effects reduced sales by 2.9 percent during the period.

### Net sales per quarter compared with same period previous years



### Net sales



### Geographic breakdown of Q2 sales

#### Nordic region

During the second quarter, sales in the Nordic region were up 10 percent on the same period in the preceding year. Sales in Denmark in particular grew strongly, but sales in Norway and Sweden also increased. Adjusted for acquisitions and foreign exchange effects, growth was 8 percent for the quarter.

#### Western Europe

Sales in the West European market grew 22 percent during the quarter, compared with the corresponding period in the preceding year. The increase was attributable above all to the acquisition of Airwell, France. Adjusted for the effects of foreign exchange and acquisitions, sales rose by 5 percent. Several markets in the region performed well during the period, including Germany, the UK and Spain. Sales in the Netherlands, France and Italy declined during the period.

	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	Change	Of which, Organic	2014 May-Oct 6 mths	2013 May-Oct 6 mths	Change	Of which, organic
Nordic region	385.7	350.1	10%	8%	666.4	619.0	8%	6%
Western Europe	606.4	496.3	22%	5%	1,131.2	988.9	14%	1%
Eastern Europe & CIS	298.7	349.0	-14%	-14%	628.5	657.4	-4%	-4%
North America	98.6	92.0	7%	-1%	207.9	192.0	8%	4%
Other markets	165.1	127.1	30%	21%	314.3	281.9	11%	8%
<b>Total</b>	<b>1,554.5</b>	<b>1,414.5</b>	<b>10%</b>	<b>2%</b>	<b>2,948.3</b>	<b>2,739.2</b>	<b>8%</b>	<b>2%</b>

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS fell 14 percent during the quarter. Acquisitions and foreign exchange effects affected sales for the quarter to a minor extent. Sales rose in Poland, Slovakia and the Czech Republic. In Russia, sales declined 27 percent.

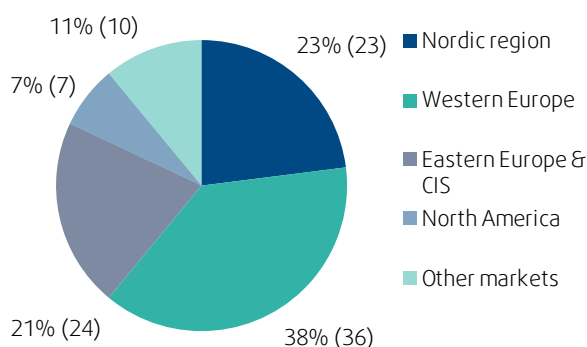
### North America

Sales in the North American market during the quarter were 7 percent higher than in the same period in the preceding year. The American market largely accounted for the rise. Adjusted for acquisitions and foreign exchange effects, sales fell 1 percent over North America as a whole.

### Other markets

Sales in Other markets grew 30 percent compared to the same period previous year. Adjusted for foreign exchange effects and acquisitions, sales rose by 21 percent. The Turkish market in particular showed good growth.

### Sales by market 6 months 2014 (6 months 2013)



### Profit in the second quarter

The gross profit for the second quarter amounted to SEK 568.7 million (507.9), an increase of 12.0 percent over the same period in the preceding year. The gross margin rose to 36.6 percent (35.9).

The operating profit for the second quarter totalled SEK 156.3 million (141.8), up 10.2 percent on the same period in the preceding year. Operating margin was 10.1 percent (10.0).

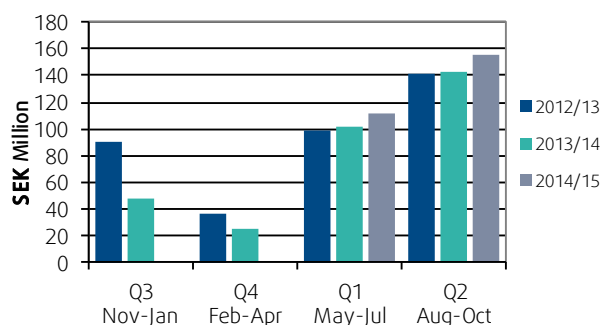
Selling and administration expenses for the quarter totalled SEK 402.6 million (364.0), a rise of SEK 38.6 million. Selling and administration expenses at acquired companies accounted for SEK 28.4 million of the increase for the quarter.

Selling expenses were charged with SEK 4.5 million (9.2) for anticipated bad debts and impairment losses on trade receivables. During the quarter, acquisition-related costs totalled SEK 0.1 million (0.1).

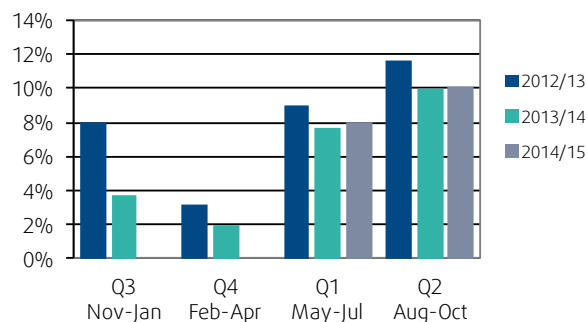
### Net financial items in surplus

Net financial items for the second quarter were in surplus, at SEK 0.3 million (-15.4). The effect of foreign exchange on long-term receivables, loans and bank balances was SEK 5.4 million net (-3.4). Interest expense for the quarter totalled SEK -5.1 million (-11.6).

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



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



### Tax expense

Estimated tax for the quarter totalled SEK -40.0 million (-33.8), corresponding to an effective tax rate of 25.6 percent (26.8) based on profit after net financial items.

### Acquisitions and new operations

In July, Systemair reached an agreement to take over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition includes brands, product rights, sales organisation and the leased production facilities in Tillières, about 100 kilometres west of Paris. The production facilities extend over 36,000 m<sup>2</sup> and employ approximately 150 people. Including the sales organisation, the total number of employees at acquisition was 207. Annual sales are estimated at EUR 30 million.

The acquisition is complementary to Systemair's range of air conditioning products for the commercial market.

Also in July, the Group acquired Menerga's sales company in the UK. The company, which sells and services Menerga's products, brings a total of 6 employees and annual sales of around GBP 1.1 million to the Group.

In October, the acquisition of Camair, Belgium, was completed. Camair distributes products for air conditioning and ventilation for the commercial market in Belgium. It is estimated that the company, based in Seneffe, 40 kilometres south of Brussels, will report sales of EUR 7 million for the calendar year 2014. It has 22 employees. The acquisition also includes a modern, 3,000 m<sup>2</sup> property comprising offices, product display area and warehouse. The acquisition provides synergies via the recently acquired Airwell, France and production of refrigeration equipment in Italy. Administration and logistics will be merged with Systemair's existing operations in Belgium.

In October, Systemair also agreed to acquire Airwell Deutschland, a distributor of air conditioning and ventilation products for the commercial market in Germany. It is estimated that the company, which has its headquarters and warehouse in Frankfurt, will report sales of EUR 7 million for the coming year. It has 15 employees. The acquisition provides synergies via the recently-acquired Airwell, France and production of refrigeration equipment in Italy. Operations will be merged immediately with Systemair's existing company in Germany in order to benefit from synergies in administration and logistics. Ownership will be taken over in November.

If the companies acquired during the period had been consolidated as of 1 May 2014, net sales for the period May through October 2014 would have totalled approximately SEK 3,049 million. Operating profit for that period would have been approximately SEK 258 million.

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

### **Investments, depreciation and amortisation**

Investments for the quarter, excluding divestments, totalled SEK 64.0 million (175.9), including SEK 45.8 million (170.1) in new construction and machinery. The principal investments consisted of machinery and production equipment at several of the Group's production facilities. Acquisitions and additional considerations paid

for operating subsidiaries totalled SEK 18.5 million (3.5) for the quarter. Depreciation of non-current assets amounted to SEK 41.8 million (38.6).

### **Personnel**

The average number of employees in the Group totalled 4,257 (3,981). At the end of the period, the number of employees was 4,538 (4,155), 383 more than one year previous. New employees were recruited chiefly in Spain (38), Germany (26), Denmark (22) and Slovakia (21). Through acquisitions, 264 employees joined the Group, including 205 at Airwell, France, 24 at Camair, 17 at Menerga's sales company in Germany and 18 at Menerga, Switzerland.

### **Option programme**

During the period under review, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options for Systemair shares, to 19 individuals in senior positions within Systemair. Färna Invest AB is owned by Systemair's CEO Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB since Färna Invest AB is issuing the options.

### **Cash flow and financial position**

Cash flow from operating activities before changes in working capital totalled SEK 200.1 million (164.4) for the quarter. Changes in working capital, mainly consisting of an increase in trade accounts receivable and higher inventory levels, had a negative impact on cash flow, SEK -110.0 million (-34.4). The sharp increase arose in connection with the acquisition of the assets and liabilities of Airwell, France. The cash flow from financing operations totalled SEK -14.6 million net (47.2). At the end of the period, the Group's net indebtedness was SEK 1,150.1 million (1,566.0). The consolidated equity/assets ratio was 44.1 percent (37.8) at 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 uncertainty affecting Systemair are described in more detail in the Company's 2013/14 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 35 to the accounts in the Annual Report for the 2013/14 financial year. During the period, no change worthy of mention occurred in the scale of these transactions.

## Parent Company

Parent Company sales for the quarter totalled SEK 272.7 million (295.0) and operating profit SEK 15.3 million (24.2).

The average number of employees in the Parent Company was 402 (435).

## Financial calendar

The interim report for the third quarter of 2014/15 will be published at 8.00 a.m. on 5 March 2015.

The report for the fourth quarter and full year 2014/15 will be published at 8.00 a.m. on 11 June 2015.

## 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 straight way", which has been developed from a product concept into a business philosophy. Our product range has grown strongly to span a broad range of fans, air handling units, products for air distribution, air curtains, heating products and air conditioning 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 is to be submitted for publication at 8.00 a.m. on 27 November 2014.

The undersigned affirm that this six-month report provides a true and fair survey of the Parent Company's and the Group's operations, financial position and profits, as well as describing the material risks and uncertainty facing the Parent Company and the companies included in the Group.

Skinnskatteberg, 27 November 2014  
Systemair AB (publ)

Gerald Engström  
*Chief Executive Officer and  
member of the Board of Directors*

Lars Hansson  
*Chairman*

Hannu Paitula  
*Board member*

Göran Robertsson  
*Board member*

Elisabeth Westberg  
*Board member*

Pär Johansson  
*President*

Ricky Sten  
*Employee Representative*

Kevin Rowland  
*Employee Representative*

*For further information, please contact:*

**Gerald Engström, CEO**, tel. +46-222-44001 or  
+46-70-519-0001, [gerald.engstrom@systemair.se](mailto:gerald.engstrom@systemair.se)

**Lars Hansson, Chairman**, tel. +46-70-895-9002,  
[lars.hansson@systemair.se](mailto:lars.hansson@systemair.se)

**Anders Ulff, CFO**, tel. +46-222-440 09, or  
+46-70-577 40 09, [anders.ulff@sy7stemair.se](mailto:anders.ulff@sy7stemair.se)

## Systemair AB (publ)

Co. Reg. No. 556160-4108  
SE-739 30 Skinnskatteberg, Sweden  
Tel. +46-222-44000  
Fax +46-222-44099  
[info@systemair.se](mailto:info@systemair.se)  
[www.systemair.com](http://www.systemair.com)

### Systemair in Brief

Systemair is a leading ventilation company with operations in 45 countries in Europe, North America, South America, the Middle East, Asia and South Africa. The Company had sales of approximately SEK 5.3 billion in the 2013/14 financial year and approximately 4,500 employees. Systemair has reported an operating profit every year since 1974, when the Company was founded. During the past 15 years, the Company's growth rate has averaged about 13 percent.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, VEAB, Fantech, Menerga, Holland Heating and Airwell brands. Systemair shares have been quoted on the Mid Cap List of the OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 60 companies.

## Auditor's Review Report

### Introduction

We have reviewed the condensed interim financial information (interim report) for Systemair as per 31 October 2014 and the six-month reporting period ending on that date. The preparation and fair presentation of the interim report in accordance with IAS 34 and the Annual Accounts Act are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express our opinion of this interim report based on our review.

### Emphasis and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements: ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The emphasis and scope of a review differ considerably from that of an audit in accordance with International Standards on Auditing Standards (ISA) and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance to become aware of all significant matters that could have been identified in an audit. As our opinion is based on a review, the level of assurance is not as high as that of an opinion expressed based on an audit.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 26 November 2014  
Ernst & Young AB

Åsa Lundvall  
Authorised Public Accountant



## Consolidated Income Statement

SEK m.	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths	2013/14 Nov-Oct trailing 12	2013/14 May-Apr 12 mths
Net sales	1,554.5	1,414.5	2,948.3	2,739.2	5,504.9	5,295.8
Cost of goods sold	-985.8	-906.6	-1,908.1	-1,792.2	-3,624.6	-3,508.7
<b>Gross profit</b>	<b>568.7</b>	<b>507.9</b>	<b>1,040.2</b>	<b>947.0</b>	<b>1,880.3</b>	<b>1,787.1</b>
Other operating income	5.8	16.7	30.5	36.4	70.2	76.0
Selling expenses	-325.3	-295.0	-628.9	-562.7	-1,249.1	-1,182.8
Administration expenses	-77.3	-69.0	-143.8	-134.1	-294.5	-284.8
Other operating expenses	-15.6	-18.8	-30.3	-42.8	-66.1	-78.6
<b>Operating profit</b>	<b>156.3</b>	<b>141.8</b>	<b>267.7</b>	<b>243.8</b>	<b>340.8</b>	<b>316.9</b>
Net financial items	0.3	-15.4	1.6	-33.1	226.0	191.3
<b>Profit after financial items</b>	<b>156.6</b>	<b>126.4</b>	<b>269.3</b>	<b>210.7</b>	<b>566.8</b>	<b>508.2</b>
Tax on profit for the period	-40.0	-33.8	-32.5	-58.8	-43.2	-69.5
<b>Profit for the period<sup>1</sup></b>	<b>116.6</b>	<b>92.6</b>	<b>236.8</b>	<b>151.9</b>	<b>523.6</b>	<b>438.7</b>
Earnings per share, SEK <sup>2</sup>	2.24	1.78	4.55	2.92	10.07	8.44
Average number of shares <sup>2</sup>	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

<sup>1</sup>Attributable to Parent Company shareholders.

<sup>2</sup>No dilution effect arises since the option programme in operation has been arranged by Färna Invest AB.

## Consolidated Statement of Comprehensive Income

	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths	2013/14 Nov-Oct trailing 12	2013/14 May-Apr 12 mths
<b>Profit for the period</b>	116.6	92.6	236.8	151.9	523.6	438.7
<b>Other comprehensive income, net of tax</b>						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences, foreign operations	2.4	2.6	48.7	-13.4	74.1	12.1
Financial assets available for sale:						
- change in fair value	-	38.9	-	113.5	74.4	187.9
- transferred to income statement at sale	-	-	-	-	-245.6	-245.6
<i>Items that cannot be transferred to profit for the year:</i>						
Change in defined-benefit pensions	-	-	-	-	-4.6	-4.6
<b>Other comprehensive income, net after tax</b>	2.4	41.5	48.7	100.1	-101.7	-50.2
<b>Total comprehensive income for the period<sup>1</sup></b>	119.0	134.1	285.5	252.0	421.9	388.5

<sup>1</sup>Attributable in entirety to Parent Company shareholders.

## Consolidated Balance Sheet

SEK m.	31/10/2014	31/10/2013	30/04/2014
<b>ASSETS</b>			
Goodwill	586.1	520.2	532.5
Other intangible assets	241.7	263.8	250.9
Property, plant and equipment	1,189.3	1,030.1	1,087.7
Financial and other assets	162.4	665.9	100.7
<b>Total non-current assets</b>	<b>2,179.5</b>	<b>2,480.0</b>	<b>1,971.8</b>
Inventory	965.1	871.4	920.7
Current receivables	1,224.6	1,114.7	967.6
Cash and cash equivalents	188.7	151.2	123.3
<b>Total current assets</b>	<b>2,378.4</b>	<b>2,137.3</b>	<b>2,011.6</b>
<b>TOTAL ASSETS</b>	<b>4,557.9</b>	<b>4,617.3</b>	<b>3,983.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2,010.4</b>	<b>1,744.5</b>	<b>1,880.9</b>
Non-current liabilities, provisions	211.2	181.6	213.9
Non-current liabilities, interest-bearing	262.2	669.9	285.6
<b>Total non-current liabilities</b>	<b>473.4</b>	<b>851.5</b>	<b>499.5</b>
Current liabilities, interest-bearing	1,027.8	1,010.5	755.3
Current liabilities, non-interest-bearing	1,046.3	1,010.8	847.7
<b>Total current liabilities</b>	<b>2,074.1</b>	<b>2,021.3</b>	<b>1,603.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,557.9</b>	<b>4,617.3</b>	<b>3,983.4</b>

## Consolidated Cash Flow Statement

SEK m.	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths	2013/14 May-Apr 12 mths
Operating profit	156.3	141.8	267.7	243.8	316.9
Adjustment for non-cash items	74.9	41.3	107.3	78.1	152.9
Financial items	-5.2	-11.8	-10.1	-19.3	-35.0
Income tax paid	-25.9	-6.9	-27.9	-27.1	-90.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>200.1</b>	<b>164.4</b>	<b>337.0</b>	<b>275.5</b>	<b>344.0</b>
Changes in working capital	-110.0	-34.4	-160.2	-76.4	-95.2
<b>Cash flow from operating activities</b>	<b>90.1</b>	<b>130.0</b>	<b>176.8</b>	<b>199.1</b>	<b>248.8</b>
Cash flow from investing activities	-62.3	-158.3	-147.0	-361.8	174.4
Cash flow from financing activities	-14.6	47.2	33.6	219.3	-398.2
<b>Cash flow for the period</b>	<b>13.2</b>	<b>18.9</b>	<b>63.4</b>	<b>56.6</b>	<b>25.0</b>
Cash and cash equivalents at start of period	179.0	133.4	123.3	98.4	98.4
Translation differences, cash and cash equivalents	-3.5	-1.1	2.0	-3.8	-0.1
<b>Cash and cash equivalents at close of period</b>	<b>188.7</b>	<b>151.2</b>	<b>188.7</b>	<b>151.2</b>	<b>123.3</b>

## Statement of Changes in Equity – Group

SEK m.	2014 May-Oct		2013 May-Oct	
	Equity attributable to Parent Company shareholders	Total equity	Equity attributable to Parent Company shareholders	Total equity
<b>Amount at beginning of year</b>	<b>1,880.9</b>	<b>1,880.9</b>	<b>1,576.0</b>	<b>1,576.0</b>
Impact of change in accounting policy IAS 19R (net)	-	-	-5.5	-5.5
<b>Adjusted amount at beginning of year</b>	<b>1,880.9</b>	<b>1,880.9</b>	<b>1,570.5</b>	<b>1,570.5</b>
Dividend	-156.0	-156.0	-78.0	-78.0
Comprehensive income	285.5	285.5	252.0	252.0
<b>Amount at end of period</b>	<b>2,010.4</b>	<b>2,010.4</b>	<b>1,744.5</b>	<b>1,744.5</b>

## Key Ratios for the Group

		2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths	2013/14 May-Apr 12 mths
Net sales	SEK m.	1,554.5	1,414.5	2,948.3	2,739.2	5,295.8
Growth	%	9.9	16.4	7.6	18.8	16.4
Operating profit	SEK m.	156.3	141.8	267.7	243.8	316.9
Operating margin	%	10.1	10.0	9.1	8.9	6.0
Profit after net fin. items	SEK m.	156.6	126.4	269.3	210.7	508.2
Profit margin	%	10.1	8.9	9.1	7.7	9.6
Return on capital employed	%	18.9	12.2	18.9	12.2	17.7
Return on equity	%	27.2	14.2	27.2	14.2	24.8
Equity/assets ratio	%	44.1	37.8	44.1	37.8	47.2
Investments	SEK m.	62.3	158.3	147.0	361.8	477.8
Depreciation/Amortisation	SEK m.	41.8	38.6	81.7	75.8	154.7
<b>Per share ratios</b>						
Earnings per share	SEK	2.24	1.78	4.55	2.92	8.44
Equity per share	SEK	38.66	33.55	38.66	33.55	36.17
Operating cash flow per share	SEK	1.73	2.50	3.40	3.83	4.78
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

		2014/15			2013/14			2012/13		
		Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	SEK m.	1,554.5	1,393.8	1,258.6	1,298.1	1,414.5	1,324.7	1,123.7	1,120.6	1,215.7
Growth	%	9.9	5.2	12.0	15.8	16.4	21.4	8.6	8.7	18.4
Gross margin	%	36.6	33.8	32.8	32.9	35.9	33.2	33.7	37.0	36.5
Operating profit	SEK m.	156.3	111.4	24.6	48.5	141.8	102.0	36.0	89.8	140.9
Operating margin	%	10.1	8.0	2.0	3.7	10.0	7.7	3.2	8.0	11.6
Return on capital employed	%	18.9	18.1	17.7	10.3	12.2	12.7	13.8	13.1	13.9
Return on equity	%	27.2	26.8	24.8	11.5	14.2	14.5	16.1	14.6	15.9
Equity/assets ratio	%	44.1	48.3	47.2	40.2	37.8	38.6	40.7	41.4	39.1
Basic equity per share	SEK	38.66	39.37	36.17	34.10	33.55	32.47	30.31	28.86	28.92
Basic earnings per share	SEK	2.24	2.31	5.14	0.38	1.78	1.14	0.46	1.06	1.71

## Parent Company Income Statement

SEK m.	2014 Aug-Oct 3 mths	2013 Aug-Oct 3 mths	2014 May-Oct 6 mths	2013 May-Oct 6 mths	2013/14 May-Apr 12 mths
Net sales	272.7	295.0	502.7	541.7	1,041.7
Cost of goods sold	-190.4	-209.4	-356.3	-393.9	-801.6
<b>Gross profit</b>	<b>82.3</b>	<b>85.6</b>	<b>146.4</b>	<b>147.8</b>	<b>240.1</b>
Other operating income	10.2	11.5	22.1	22.1	46.1
Selling expenses	-45.6	-44.6	-85.3	-83.3	-183.3
Administration expenses	-18.8	-15.7	-33.9	-29.9	-70.0
Other operating expenses	-12.8	-12.6	-24.9	-22.7	-20.9
<b>Operating profit</b>	<b>15.3</b>	<b>24.2</b>	<b>24.4</b>	<b>34.0</b>	<b>12.0</b>
Net financial items	3.5	-5.6	318.3	254.0	494.7
<b>Profit after financial items</b>	<b>18.8</b>	<b>18.6</b>	<b>342.7</b>	<b>288.0</b>	<b>506.7</b>
Appropriations <sup>1</sup>	0.2	6.9	1.6	14.3	3.4
<b>Pre-tax profit</b>	<b>19.0</b>	<b>25.5</b>	<b>344.3</b>	<b>302.3</b>	<b>510.1</b>
Tax on profit for the period	-4.4	-5.8	-7.9	-8.7	-0.4
<b>Profit for the period</b>	<b>14.6</b>	<b>19.7</b>	<b>336.4</b>	<b>293.6</b>	<b>509.7</b>

<sup>1</sup>Accelerated depreciation, tax allocation reserve and Group contributions.

## Parent Company Balance Sheet

SEK m.	31/10/2014	31/10/2013	30/04/2014
<b>ASSETS</b>			
Goodwill	0.6	-	-
Other intangible assets	5.1	5.0	5.4
Property, plant and equipment	120.2	125.5	120.9
Financial and other assets	1,928.0	2,340.0	1,832.6
<b>Total non-current assets</b>	<b>2,053.9</b>	<b>2,470.5</b>	<b>1,958.9</b>
Inventory	152.1	155.5	174.4
Current receivables	908.8	757.7	720.3
Cash and cash equivalents	-	-	-
<b>Total current assets</b>	<b>1,060.9</b>	<b>913.2</b>	<b>894.7</b>
<b>TOTAL ASSETS</b>	<b>3,114.8</b>	<b>3,383.7</b>	<b>2,853.6</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,451.3	1,220.6	1,267.8
Untaxed reserves	35.2	49.0	35.9
Non-current liabilities, provisions	3.2	2.4	3.2
Non-current liabilities, interest-bearing	96.0	477.9	493.3
<b>Total non-current liabilities</b>	<b>99.2</b>	<b>480.3</b>	<b>496.5</b>
Current liabilities, interest-bearing	879.4	910.5	601.9
Current liabilities, non-interest-bearing	649.7	723.3	451.5
<b>Total current liabilities</b>	<b>1,529.1</b>	<b>1,633.8</b>	<b>1,053.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,114.8</b>	<b>3,383.7</b>	<b>2,853.6</b>



## General accounting policies and principles

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. The accounting policies and methods of calculation applied for the Group and Parent Company accord with those used in preparing the most recent Annual Report.

### Note 1 – Acquisition analysis

The price paid to acquire 100 percent of the shares outstanding in Menerga in the UK, Camair in Belgium and the business of Airwell was made up as follows:

Total historical cost, less transaction costs                      SEK 60.2 million

Identifiable net assets	Total
Goodwill	36.2
Brands and customer relationships	4.0
Buildings and land	24.8
Machinery and equipment	24.2
Inventory	19.8
Other current assets	13.7
Cash and cash equivalents	8.0
Non-interest-bearing liabilities (incl. deferred tax liability)	-37.0
Interest-bearing liabilities	-2.7
Other operating liabilities	-30.8
	60.2

Transaction costs in the acquisition of subsidiaries totalled SEK 1.1 million.

The total effect on cash flow from the acquisitions, including payment of a formerly withheld additional purchase consideration for prior years' acquisitions, amounted to SEK -45.8 million.

Brands and customer relationships have been measured at the net present value of future payment flows. The useful life of these assets has been estimated at 5-10 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.

### Note 2 – Financial instruments

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

## Definitions of key ratios

### 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.

### 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.