

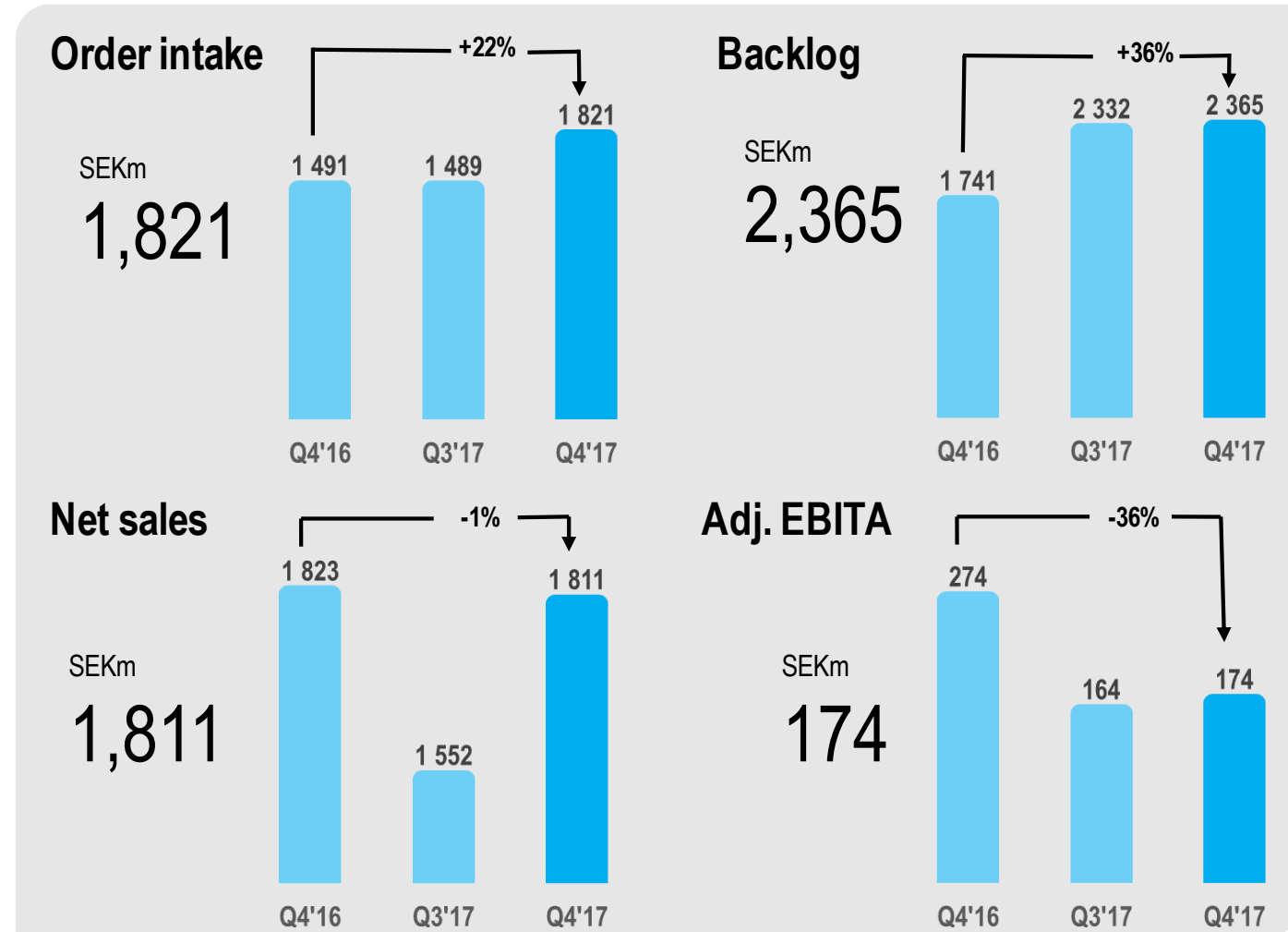
Munters fourth quarter and full year 2017

Strong order intake driven by Data Centers and AirTreatment.

Earnings impacted by operational challenges

Strong order intake in Q4. Lower earnings due to DC challenges

- Order intake +22% driven by Data Centers and Air Treatment. The quarter included a SEKm 450 Data Center order
- Net sales -1%, as major deliveries remain in production in Data Centers
 - Solid growth in AirTreatment (+7%) and AgHort (+4%) organically
- Adj. EBITA of SEKm 174 (274) mainly due to lower earnings in Data Centers
- Net income was SEKm 152 (105)

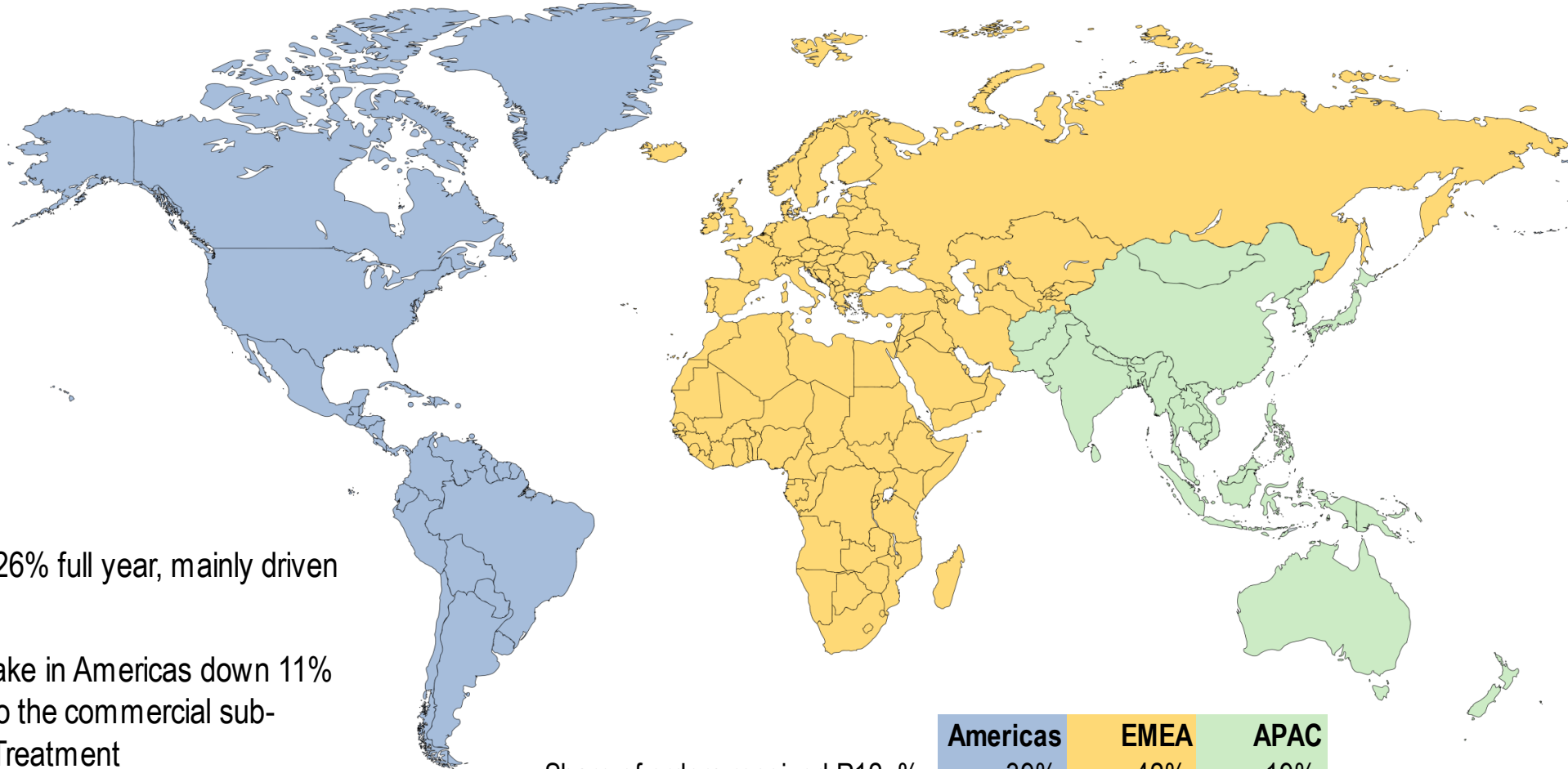


Q4 2017 – Order intake and net sales bridge

- Organic order intake growth of +23% in the quarter and +10% FY 2017
- Organic net sales growth was flat in the quarter and +6% FY 2017
- Negative FX impact on order intake and net sales in the quarter

<u>Order intake, SEKm</u>	<u>Q4</u>	<u>Δ%</u>	<u>Jan-Dec</u>	<u>Δ%</u>	<u>Net sales, SEKm</u>	<u>Q4</u>	<u>Δ%</u>	<u>Jan-Dec</u>	<u>Δ%</u>
2017	1,821		7,197		2017	1,811		6,604	
2016	1,491		6,373		2016	1,823		6,040	
Change	330	+22	825	+13	Change	-13	-1	564	+9
Organic growth	349	+23	667	+10	Organic growth	-6	-0	380	+6
Currency effects	-76	-5	26	+0	Currency effects	-66	-4	23	+0
Structural effects	57	+4	131	+2	Structural effects	59	+3	160	+3

Orders received – local currency



- APAC growing 26% full year, mainly driven by China
- In Q4, order intake in Americas down 11% mainly related to the commercial sub-segment in Air Treatment
- In Q4, EMEA growth driven by Data Center orders

	Americas	EMEA	APAC
Share of orders received R12, %	39%	42%	19%
Full year 2017 vs. last year, %	+9%	+12%	+26%
Last 3 months vs. last year, %	-11%	+82%	+12%

Business Area Overview



Air Treatment

- **54%** of net sales
- **12.9%** adj. EBITA margin

Global leader in energy efficient air treatment solutions for industrial and commercial applications used in mission critical processes

Estimated underlying market growth: **8%** annually in 2017-2020¹



Data Centers

- **13%** of net sales
- **-1.0%** adj. EBITA margin

Global leader in climate control systems for medium and large scale Data Centers, primarily in the fast growing air economizer market

Estimated underlying market growth: **27%** annually in 2017-2020¹



AgHort

- **27%** of net sales
- **12.9%** adj. EBITA margin

Energy efficient climate control systems for the growth and development of agriculture and greenhouse applications

Estimated underlying market growth: **6%** annually in 2017-2020¹



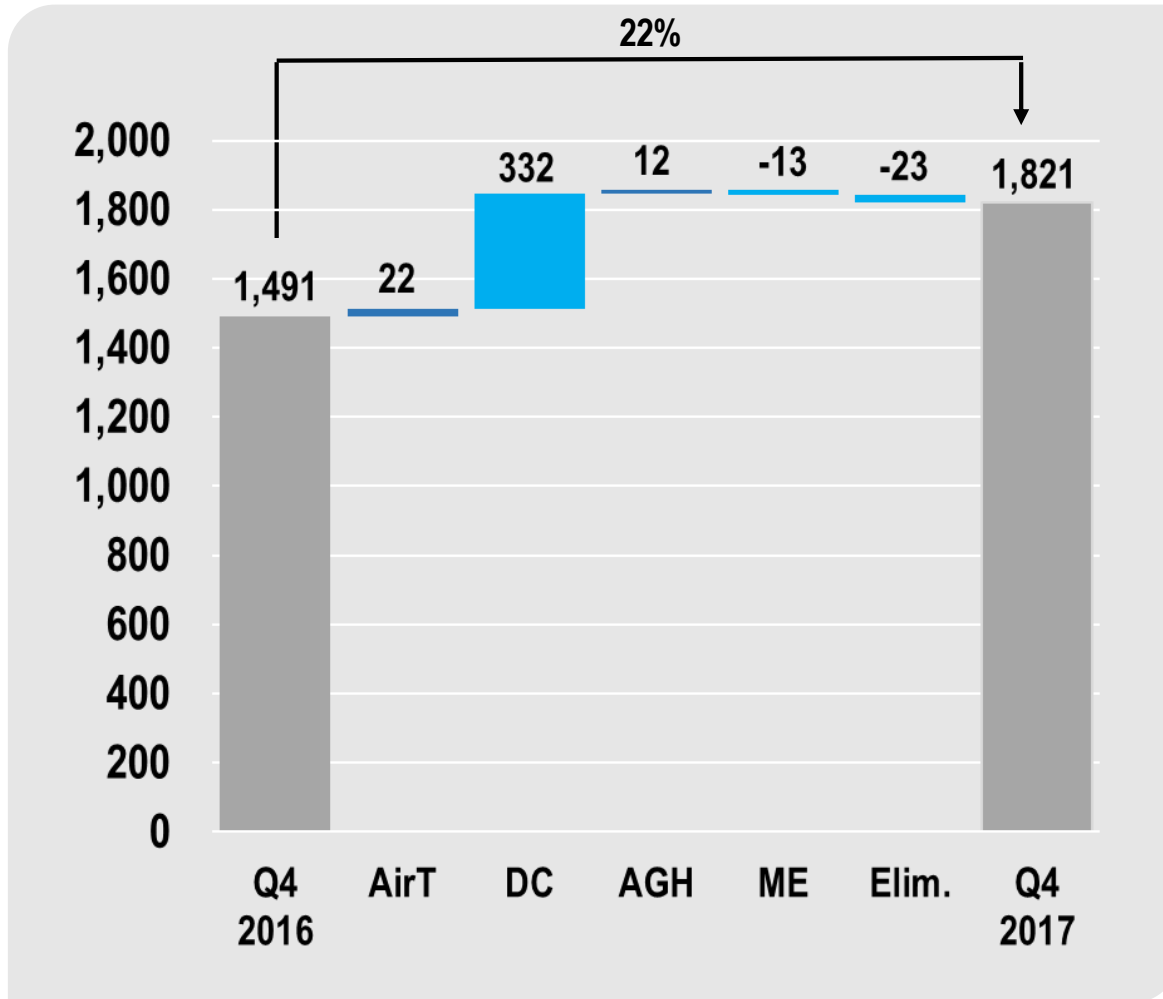
Mist Elimination

- **6%** of net sales
- **8.7%** adj. EBITA margin

Global leader in mechanical gas and liquid separation. Our mist eliminators are key components in scrubbers to reduce emissions

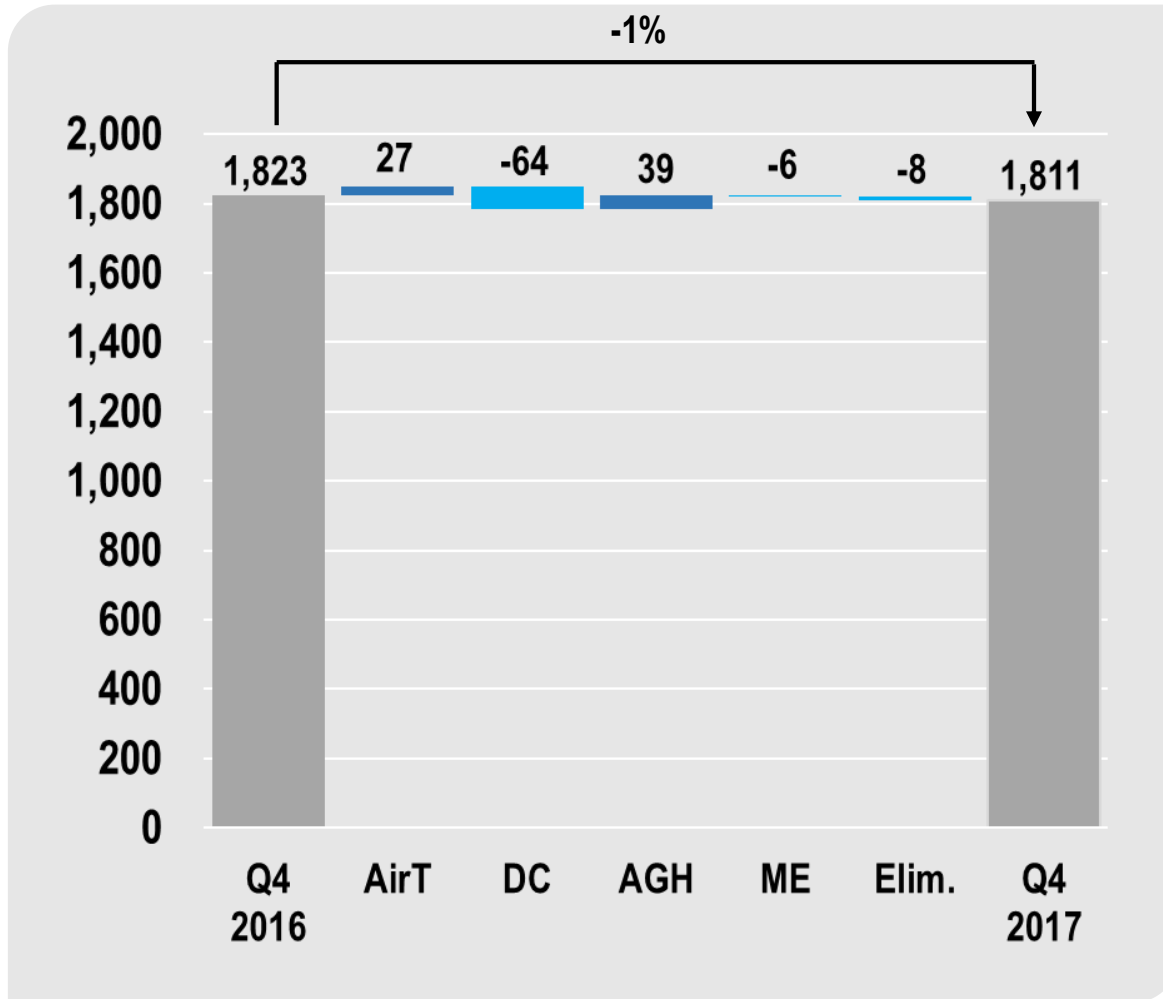
Estimated underlying market growth: **3-6%** annually in 2017-2020¹

Q4 2017 – Bridge order intake, SEKm



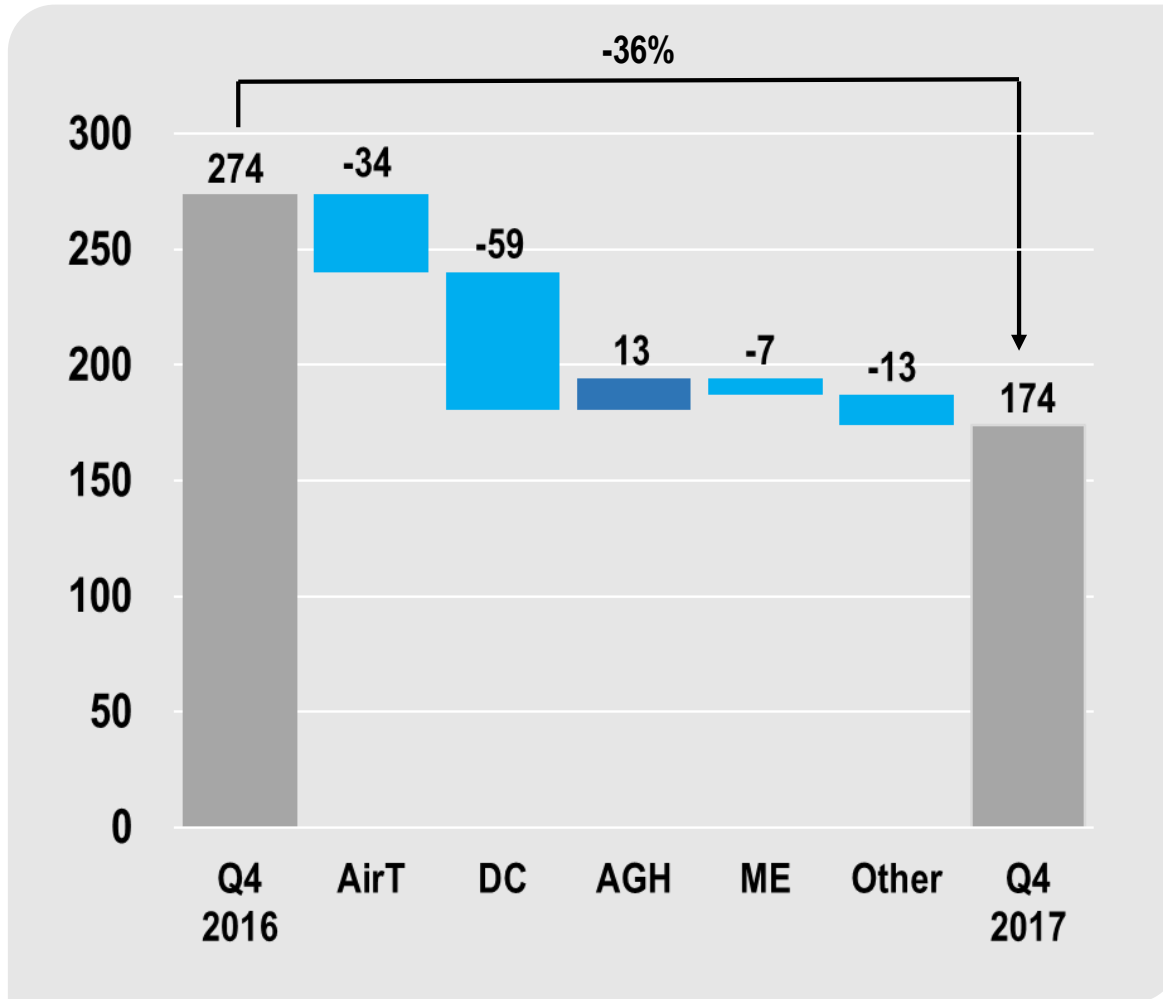
- Order intake growth of +22% (+23% organic)
 - Strong growth in Data Centers with SEKm 450 Data Center orders from Facebook received in November 2017
 - Strong order intake in Air Treatment sub-segment Industrial, especially in pharmaceutical and other industrial applications
 - Order intake growth in AgHort supported by structural effects (MTech Systems)
 - Continued weak market in Mist Elimination, mainly in Coal FGD China

Q4 2017 – Bridge net sales, SEKm



- Net sales growth of -1% but flat organically
 - Good momentum in Air Treatment (+7% organically), especially within Industrial and positive sales trend in AgHort (+4% organically) as a result of increasing activity in EMEA and Asia
 - Net sales negatively impacted by timing of deliveries in Data Centers and weak Coal FGD market in Mist Elimination
 - Service net sales increased 11% in the quarter driven by spare parts and service contracts

Q4 2017 – Bridge Adjusted EBITA, SEKm



- Earnings impacted primarily by lower delivery volumes and high project costs in Data Centers (Europe)
- Effect also from remaining production inefficiencies in Mexico during Q4, affecting mainly AirTreatment and market weakness in Mist Elimination (Coal FGD)
- Increased earnings in AgHort due to higher volumes supported by acquisitions
- FX headwinds (SEKm -7)
- Increased investments in sales organization and R&D to drive future growth

2017 business achievements and challenges

Continued growth in our key niche market segments

- Growth in Air Treatment
 - Food, Pharma and Electronics end-markets
 - Continued growth in Services
- Growth in AgHort despite the cyclical investment downturn during the year
- Growth in Data Centers

Challenges in 2017

- Data Center challenges in Europe
 - Project phasing issues
 - Project delays
 - High costs
- Production inefficiencies in Mexican pad manufacturing (Air Treatment and AgHort)
- Weaker Coal FGD market



Full year 2017 summary

SEKm	Q4			Jan-Dec		
	2017	2016	Δ	2017	2016	Δ
Order backlog	2,365	1,741	+36%	2,365	1,741	+36%
Order intake	1,821	1,491	+22%	7,197	6,373	+13%
Net sales	1,811	1,823	-0.7%	6,604	6,040	+9%
Operating profit	127	228	-44%	453	577	-22%
Adj. EBITA	174	274	-36%	675	781	-14%
Adj. EBITA margin	9.6%	15.0%		10.2%	12.9%	
Net income	152	105	48	173	85	88
Cash flow from operating activities	-8	114	-122	235	277	-42

- Order intake increased 13% of which 10% organically
 - AirTreatment +13%, Data Centers +37%, Services 9%, all organic
- Net sales increased 9% of which 6% organically
 - AirTreatment +9%, Data Centers +24%, Services 11%, all organic
- Adjusted EBITA decreased 14% to SEKm 675 (781), corresponding to a margin of 10.2% (12.9)
- The lower earnings, was mainly due to project phasing and production inefficiencies in Data Centers during Q2, Q3 and Q4
- The Board of Directors proposes a dividend of SEK 0.30 per share

Q4 2017 – Air Treatment

- Order intake growth of 3% (organic growth 7%) mainly driven by strong growth in the Industrial sub-segment, particularly in Pharmaceutical and other industrial applications
- Net sales growth of 3% (organic growth 7%) with high net sales in Services and in the Industrial sub-segment, particularly in Food, Pharma and Electronics
- Adjusted EBITA margin decreased to 13.3% (17,2)
 - Q4 2016 was extraordinarily strong with high deliveries to profitable Supermarket end-market
 - Q4 2017 margin impacted by production inefficiencies in Mexico and FX headwinds

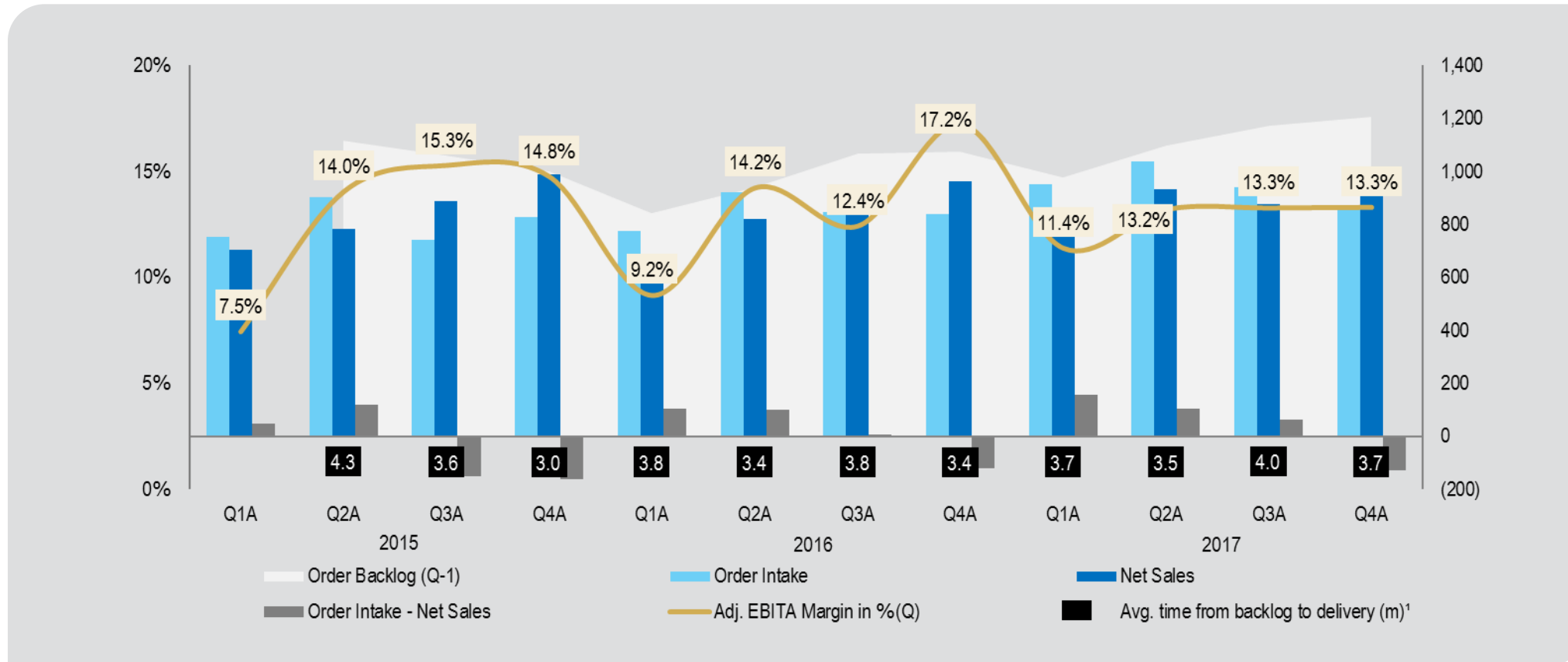
SEKm	Q4			Jan-Dec		
	2017	2016	Δ%	2017	2016	Δ%
External order backlog	1,079	959	12	1,079	959	12
Order intake	862	840	3	3,787	3,385	12
Net sales	988	961	3	3,588	3,294	9
Operating profit (EBIT)	129	162	-21	511	437	17
Adjusted EBITA	131	166	-21	461	448	3
Adjusted EBITA margin, %	13.3	17.2		12.9	13.6	

Update on Mexican pads' manufacturing

- The production of our glass fiber based evaporative pads in Monterrey Mexico have faced challenges in production yield and efficiency during 2017
- Both Air Treatment and AgHort businesses negatively affected (0.6 and 0.4 percentage points respectively, FY 2017)
- Implemented actions have generated strong improvements in yield and efficiency
- In order to meet the high market demand and improve efficiency further, we have decided to develop a new production process for our glass fiber based products and to invest in a new production development lab in the US



Quarterly trading patterns - Air Treatment



Source: Company Information

¹ Calculated as 3 / (Net Sales in the quarter / External Order Backlog in the previous quarter)

Q4 2017 - Data Centers

- Strong order intake in Q4 including the SEKm 450 orders received in November from Facebook. Corresponding period last year included a SEKm 132 order
- Net sales were lower vs last year, due to lower than planned deliveries in Europe
- Lower adjusted EBITA and margins due to production inefficiencies, lower than anticipated deliveries and higher than expected start up costs in the European factory
- Action plan launched to improve profitability during 2018 and onwards

SEKm	Q4			Jan-Dec		
	2017	2016	Δ%	2017	2016	Δ%
External order backlog	792	412	92	792	412	92
Order intake	519	187	178	1,261	919	37
Net sales	288	352	-18	856	685	25
Operating profit (EBIT)	-9	51		-13	54	
Adjusted EBITA	-8	51		-9	56	
Adjusted EBITA margin, %	-2.7	14.6		-1.0	8.1	

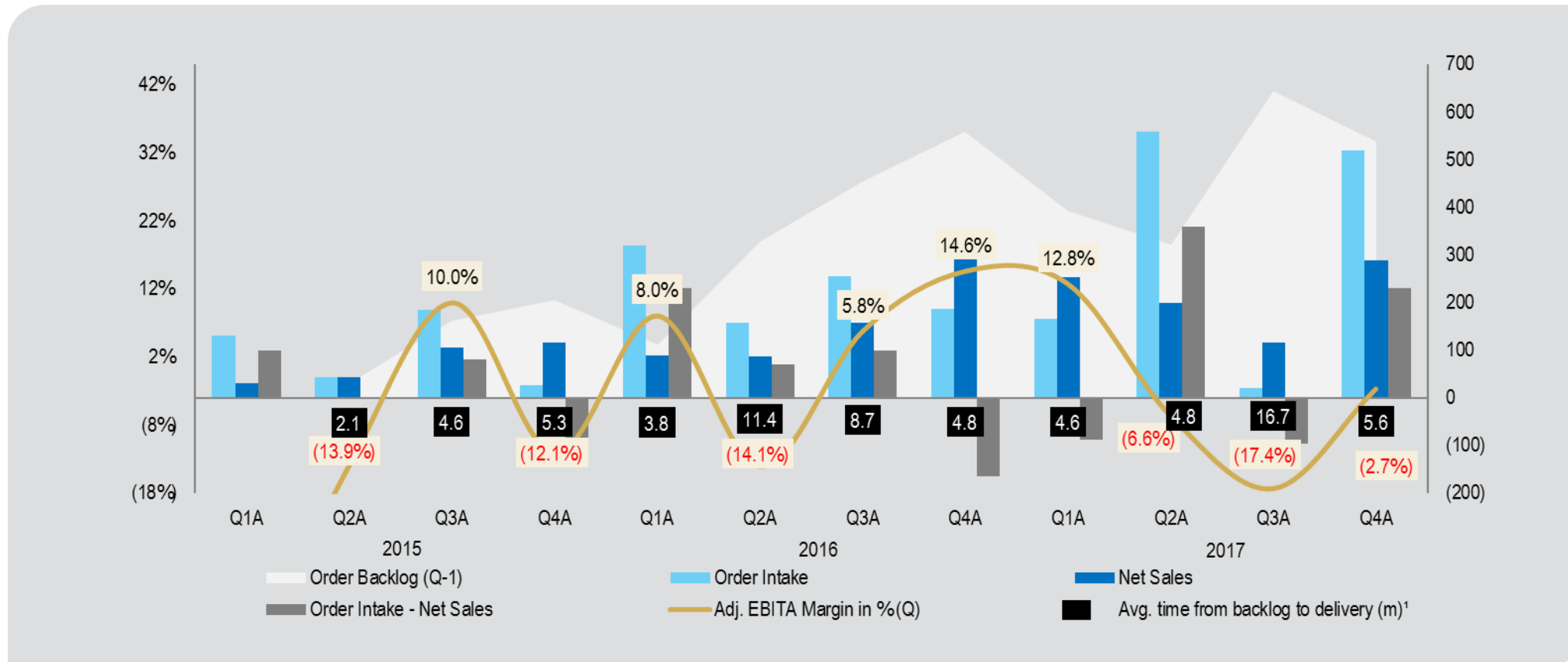
Action plan for improved profitability in Data Centers

Action plan to improve profitability in Europe

- ✓ Management changes in the European Data Center factory
- ✓ Implementation of new Data Center manufacturing process based on LEAN
- ✓ Factory re-design was initiated in January, temporarily slowing down the production pace but will result in improved productivity going forward
- ✓ More efficient labor planning
- Recruitment of additional project management resources to improve project phasing and lumpy nature of the Data Center business
- Implementation of global product road-map to benefit from standardization and scale
- As previously stated, the first quarter 2018 will be impacted by some remaining project cost overruns



Quarterly trading patterns - Data Centers



Source: Company Information

¹ Calculated as $3 / (\text{Net Sales in the quarter} / \text{External Order Backlog in the previous quarter})$

Q4 2017 - AgHort

- Order intake growth of 3% in the quarter supported by the acquisition of MTech Systems while negatively affected by low investments among end-customers in the layer market in the US
- Net sales grew 9% in the quarter, supported by the acquisition of MTech Systems as well as strong organic growth in EMEA and Asia
- Adjusted EBITA margins higher year on year, mainly due to higher volumes supported by acquisitions
- Investment levels in the important US layer market segment expected to begin to pick up during H1 2018
- Echo/Sonar, our new innovative connected farms solution, launched in January, after period end

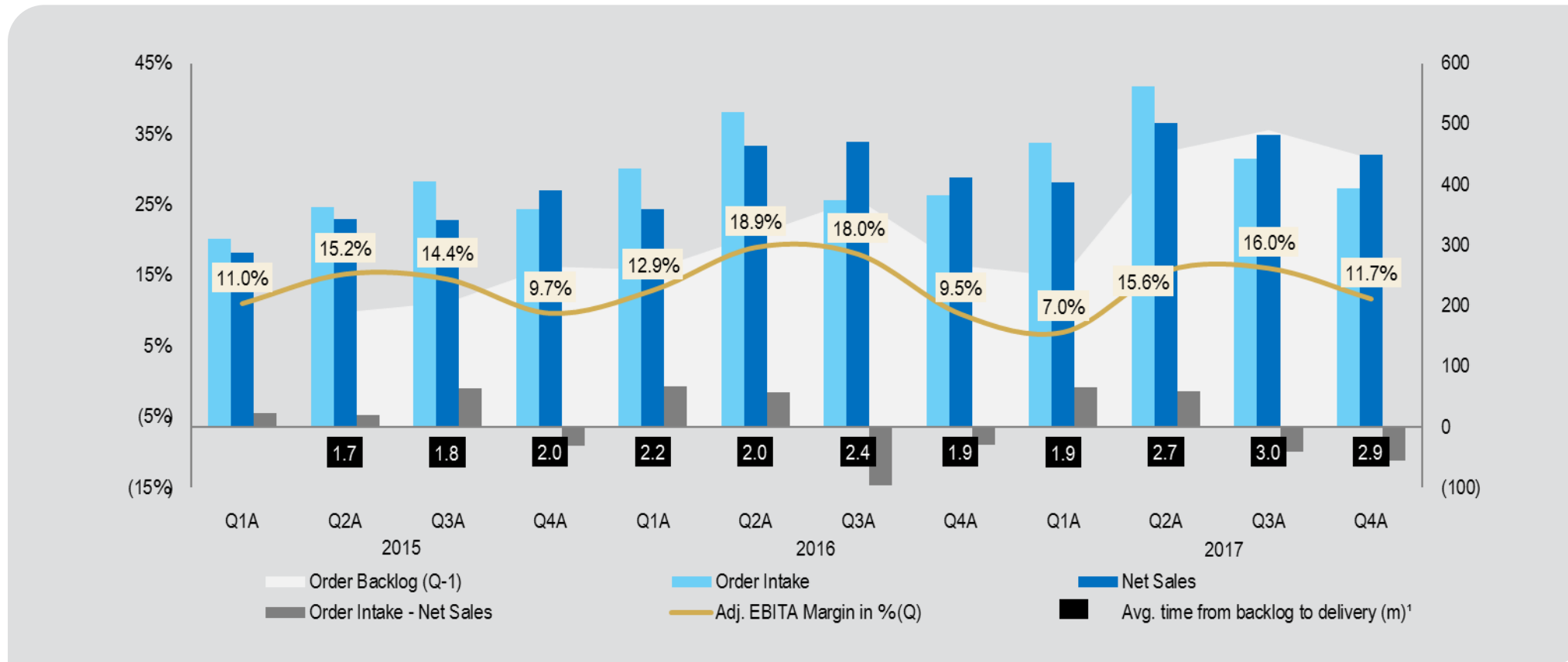
SEKm	Q4			Jan-Dec		
	2017	2016	Δ%	2017	2016	Δ%
External order backlog	368	249	47	368	249	47
Order intake	394	382	3	1,866	1,704	10
Net sales	450	411	9	1,837	1,705	8
Operating profit (EBIT)	51	66	-23	225	276	-18
Adjusted EBITA	53	39	34	236	258	-8
Adjusted EBITA margin, %	11.7	9.5		12.9	15.1	

Launch of new IoT-solution in AgHort

- A new product solution - Munters Echo / Sonar, that will transform the broiler industry was launched at the International Production and Processing Expo on January 30th 2018 in Atlanta
- New on-farm wireless sensor technology with innovative analysis software Sonar, developed together with MTech Systems
- Connects farms with real time data and data analytics including machine learning
- The new solution delivers increased efficiency and profitability to all stakeholders in the poultry value chain through higher yields, reduced waste and improved animal welfare
- In the future also other industries such as pig and greenhouse production will be covered by this IoT solution
- First order received which is of strategic importance



Quarterly trading patterns - AgHort



Source: Company Information

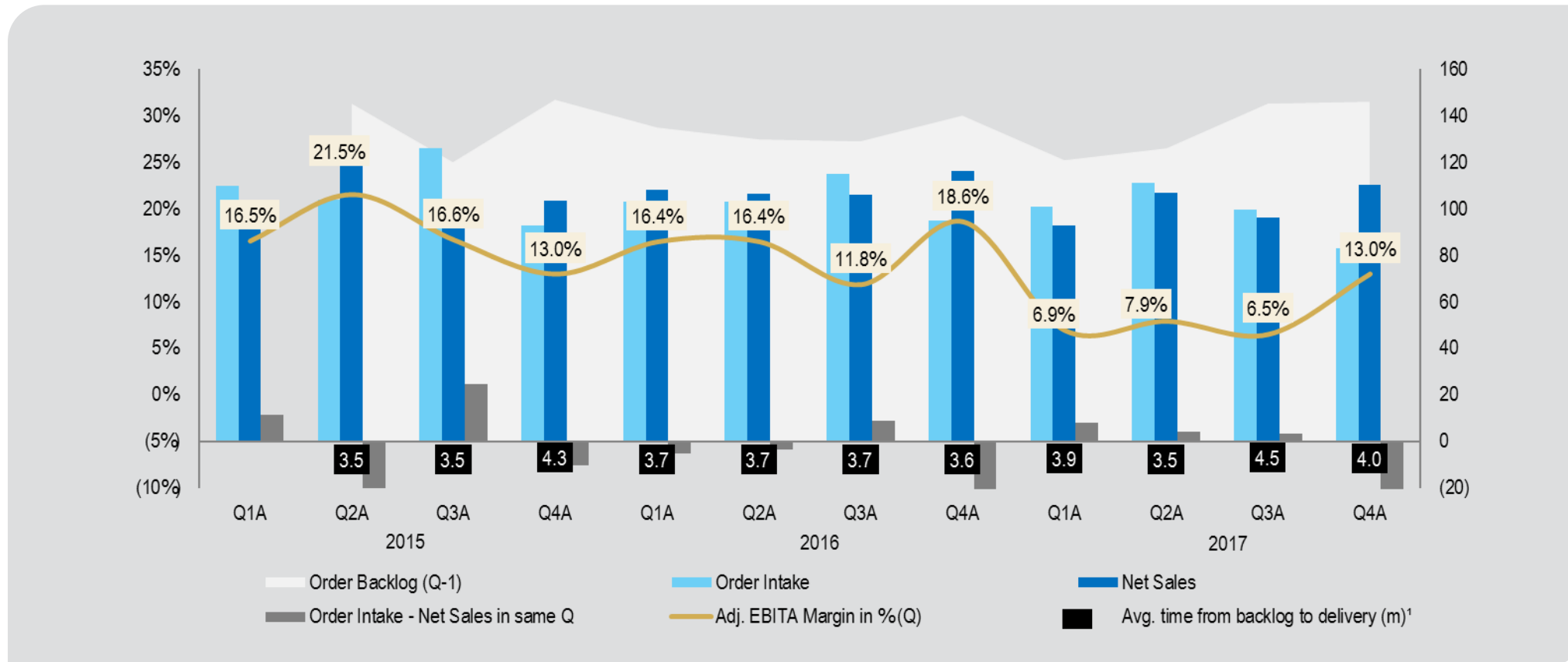
¹ Calculated as 3 / (Net Sales in the quarter / External Order Backlog in the previous quarter)

Q4 2017 - Mist Elimination

- Order intake decreased 13%, mainly due to continued weak market situation in China Coal FGD (Flue Gas Desulphurization)
- Net sales decreased 5%, due to few project deliveries in China Coal FGD, partially offset by increased Coal FGD sales in the US
- Adjusted EBITA and margin impacted by lower volumes and unfavorable sales mix
- Continued weak FGD market in China expected following consolidation in the Power sector and investments in alternative energy. Mist Elimination aims to transition towards market segments with better opportunities including the process industry and marine scrubbers

SEKm	Q4			Jan-Dec		
	2017	2016	Δ%	2017	2016	Δ%
External order backlog	127	121	5	127	121	5
Order intake	83	95	-13	394	416	-5
Net sales	110	116	-5	406	437	-7
Operating profit (EBIT)	14	21	-35	34	69	-51
Adjusted EBITA	14	22	-34	35	69	-49
Adjusted EBITA margin, %	13.0	18.6		8.7	15.9	

Quarterly trading patterns - Mist Elimination



Source: Company Information

¹ Calculated as $3 / (\text{Net Sales in the quarter} / \text{External Order Backlog in the previous quarter})$

Key focus areas for continued growth in 2018

- Product launches
 - Echo/Sonar in AgHort
 - New solutions in Data Centers and AirTreatment
- Enhanced IoT offering, entering next phase of development
- Further development and penetration of our Services offering
 - Service contracts penetration
 - Further capture untapped potential in installed base
- Operational improvements
 - Data Centers and Mexico pads manufacturing
 - New President Global Operations appointed, Katarina Lindström joining during second quarter 2018



Summary

- Munters continued to grow during the year with 13% increase in order intake and 9% increase in net sales
- We have faced challenges in some of our growth areas, which has negatively impacted earnings. We have made improvements in these areas and we will continue to improve
- Looking ahead, we expect continued favorable market conditions in Munters key market segments and we are committed to deliver our mid-term financial targets
- On a quarterly basis, lower Group adj. EBITA is expected during Q1 2018 vs. Q1 2017 due to less favorable sales mix in Air Treatment and lower margin in Data Centers. During the remainder of 2018, Group adj. EBITA improvements are expected



