

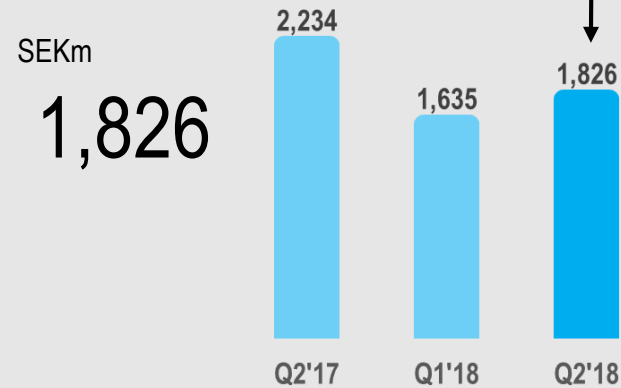
Munters second quarter 2018

Strong net sales growth and increased earnings

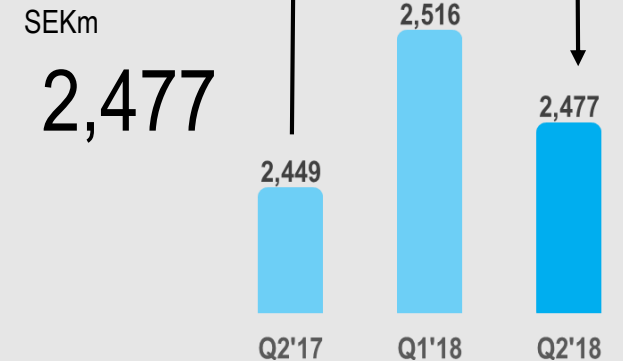
Strong net sales growth and increased earnings

- Order intake decreased by 18% with lower order intake in Data Centers and Air Treatment. Q2 2017 included large digital orders for Data Centers of SEKm 507
- Net sales increased by 13%
- Adjusted EBITA increased by 11% driven by improvements in all business areas
- Net income was SEKm 122 (11)
- Cash flow from operating activities was SEKm 39 (86)

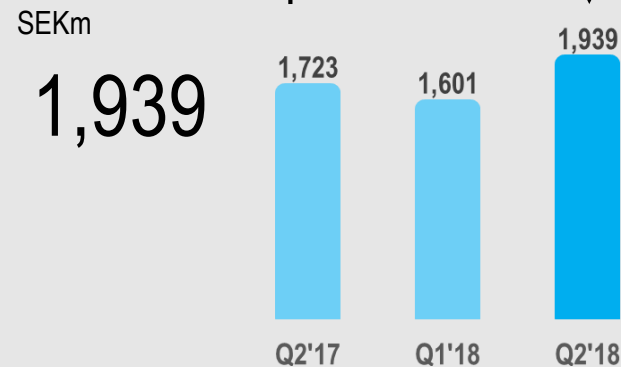
Order intake



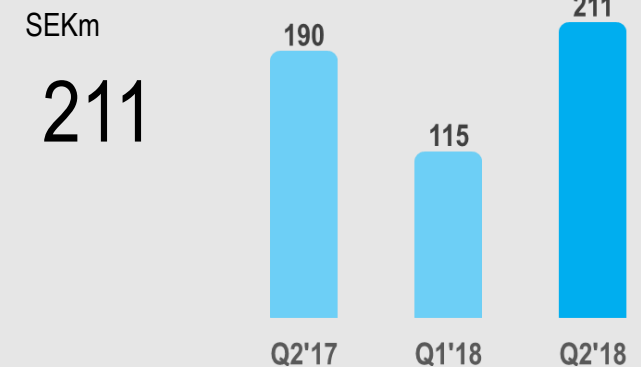
Backlog



Net sales



Adj. EBITA



Q2 2018 – Order intake and net sales bridge

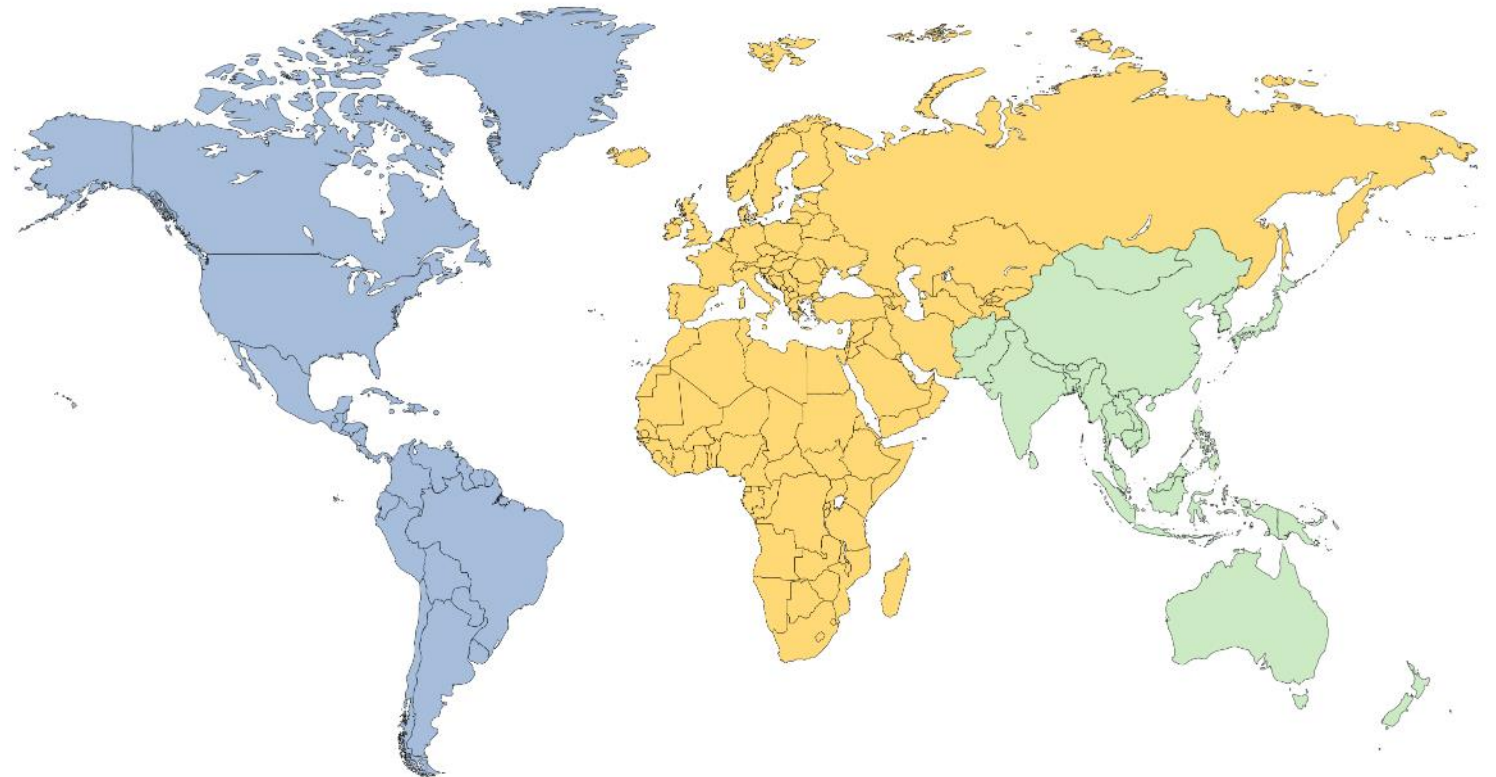
<u>Order intake, SEKm</u>	<u>Q2</u>	<u>Δ%</u>	<u>Net sales, SEKm</u>	<u>Q2</u>	<u>Δ%</u>
2018	1,826		2018	1,939	
2017	2,234		2017	1,723	
Change	-408	-18	Change	216	+13
Organic growth	-445	-20	Organic growth	189	+11
Currency effects	37	+2	Currency effects	26	+2
Structural effects	0	+0	Structural effects	0	+0

Orders received – local currency

- APAC growing 23%, mainly driven by China
- Order intake in Americas down 22%, mainly related to Data Centers and the Commercial sub-segment in Air Treatment
- Order intake in EMEA down 12%, mainly related to Data Centers. Air Treatment EMEA was strong

Share of orders received R12, %
YTD vs. last year, %

Americas	EMEA	APAC
35%	43%	22%
-22%	-12%	+23%



Business Area Overview Q2



Air Treatment

- **50%** of net sales
- **13.1%** adj. EBITA margin

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



AgHort

- **28%** of net sales
- **14.5%** adj. EBITA margin

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



Data Centers

- **18%** of net sales
- **2.4%** adj. EBITA margin

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



Mist Elimination

- **5%** of net sales
- **9.9%** adj. EBITA margin

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

Q2 2018 business highlights

Significant orders

- Several large orders in AgHort Swine segment in China
- Several orders in Mist Elimination's focus areas Process and Marine sub-segments

Strong growth in Services

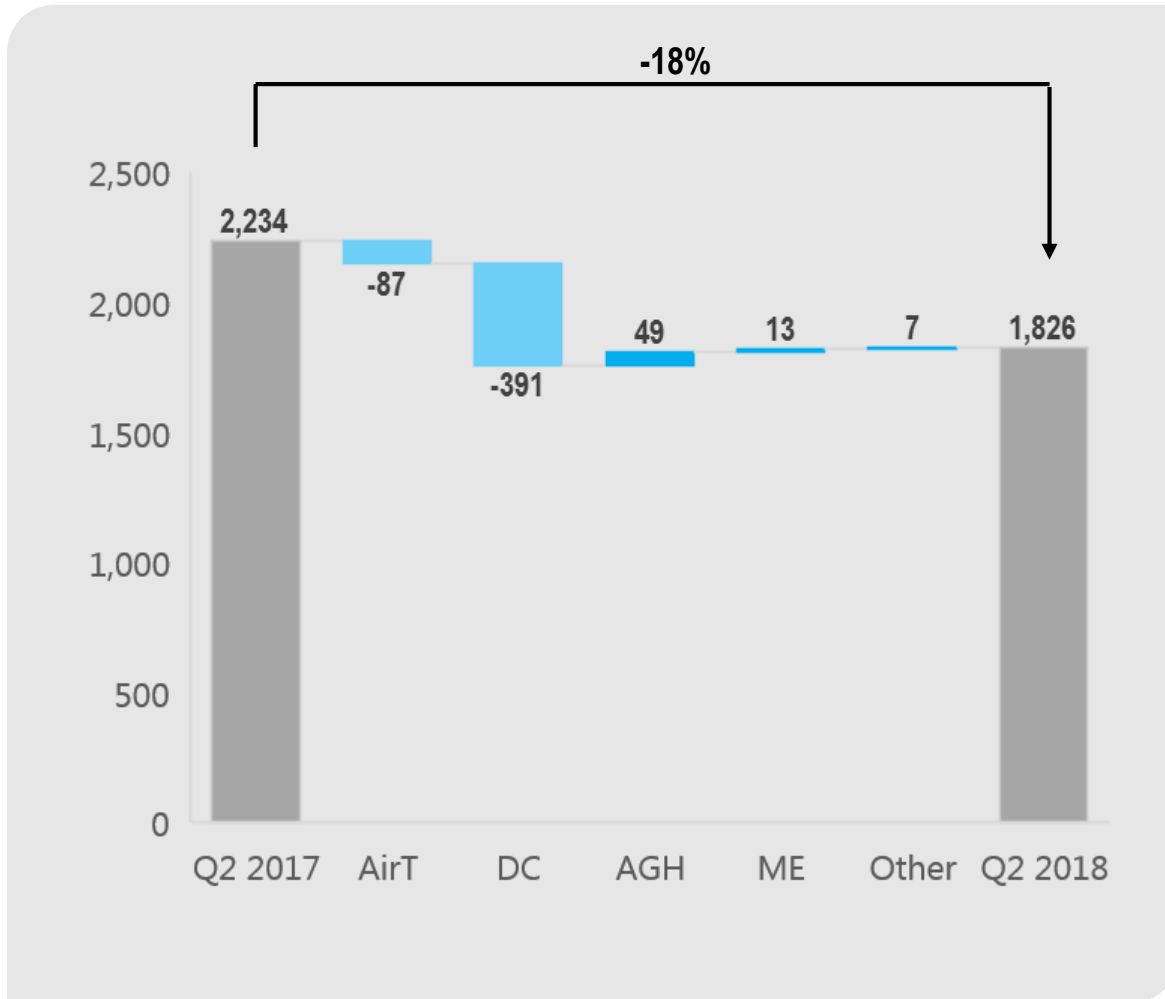
- Continued service contract penetration of the installed base, +16% net sales growth
- Acquisition of Humi-Tech, a UK services company (after period end)

Other

- Increased raw material prices. Will also impact the second half of the year
- Dedicated cost restructuring actions initiated to allow for investments in strategic areas

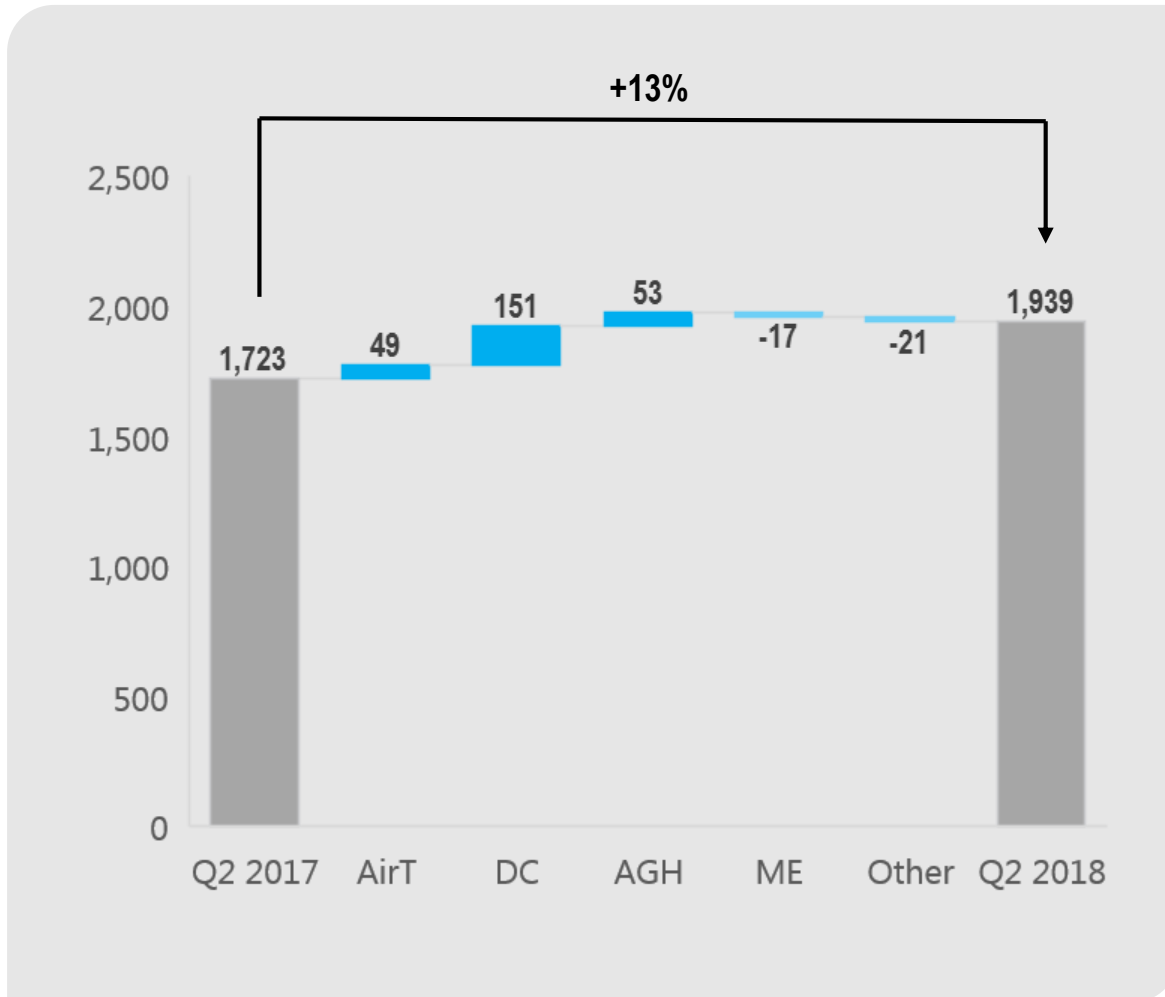


Q2 2018 – Bridge order intake, SEKm



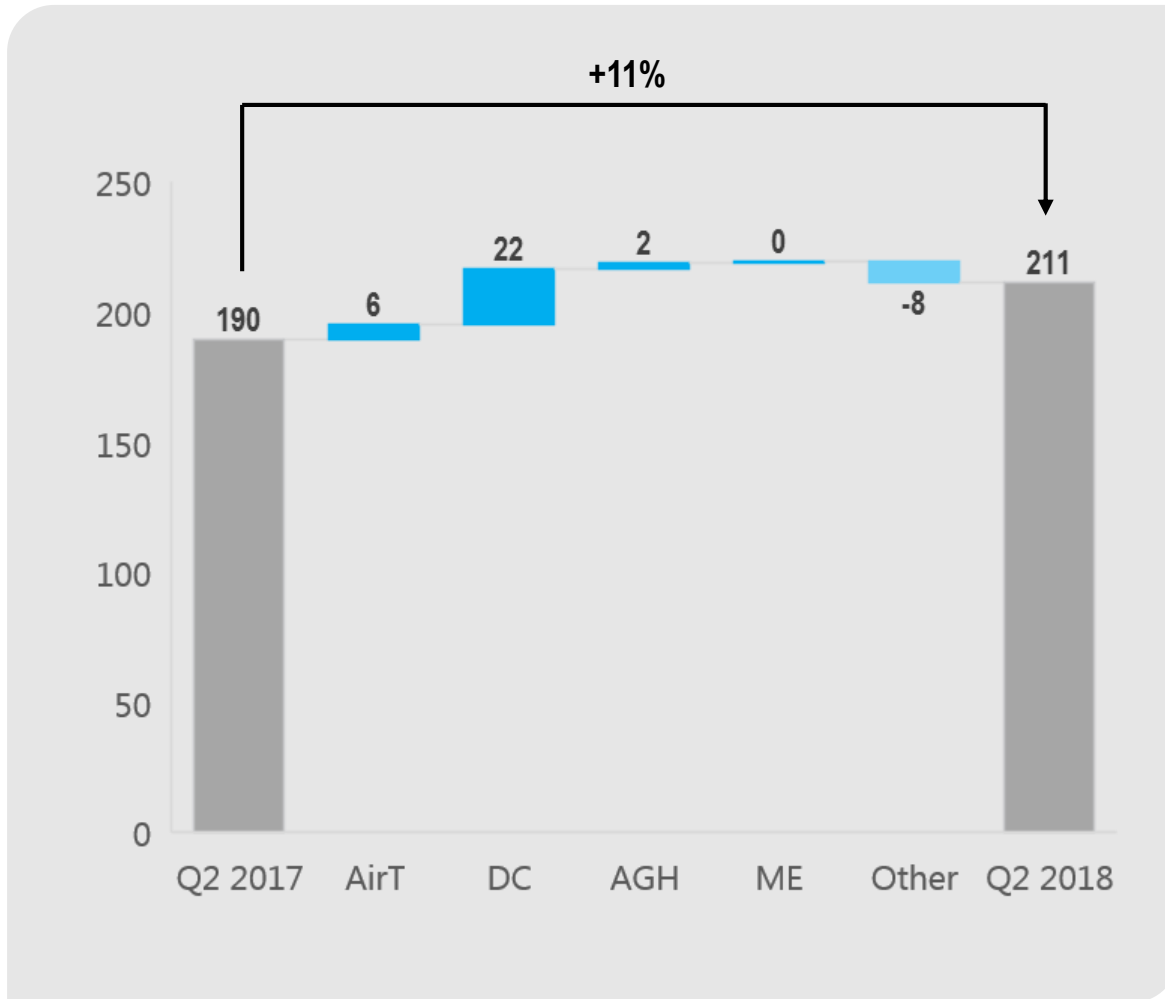
- Order intake was -18% (-20% organic)
 - Good growth in AgHort (+7% organic) and Mist Elimination (+9% organic)
 - Lower order intake in Data Centers and Air Treatment
- No large order signed in Data Centers in second quarter 2018 (two large orders in total SEKm 507 in Q2 2017)

Q2 2018 – Bridge net sales, SEKm



- Net sales increased by 13% (11% organic)
 - Organic growth was reported for all Business Areas except Mist Elimination
 - Project phasing and improved production efficiency in Data Centers Europe
 - Services net sales increased by 16%

Q2 2018 – Bridge Adj. EBITA, SEKm



- Adjusted EBITA increased by 11%
- Increased adj. EBITA in all business areas
- Data Centers earnings improvement mainly driven by higher volumes
- Earnings negatively impacted by organizational restructuring costs in AgHort of SEKm 5

First six months 2018 – summary

SEKm	Q2			Jan-Jun		
	2018	2017	Δ	2018	2017	Δ
Order intake	1,826	2,234	-18%	3,461	3,888	-11%
Net sales	1,939	1,723	+13%	3,539	3,242	+9%
Operating profit	170	143	+19%	247	218	+13%
Adj. EBITA	211	190	+11%	326	337	-3%
Adj. EBITA margin	10.9%	11.0%		9.2%	10.4%	
Net income	122	11	111	164	-30	194
Cash flow from operating activities	39	86	-48	38	66	-28

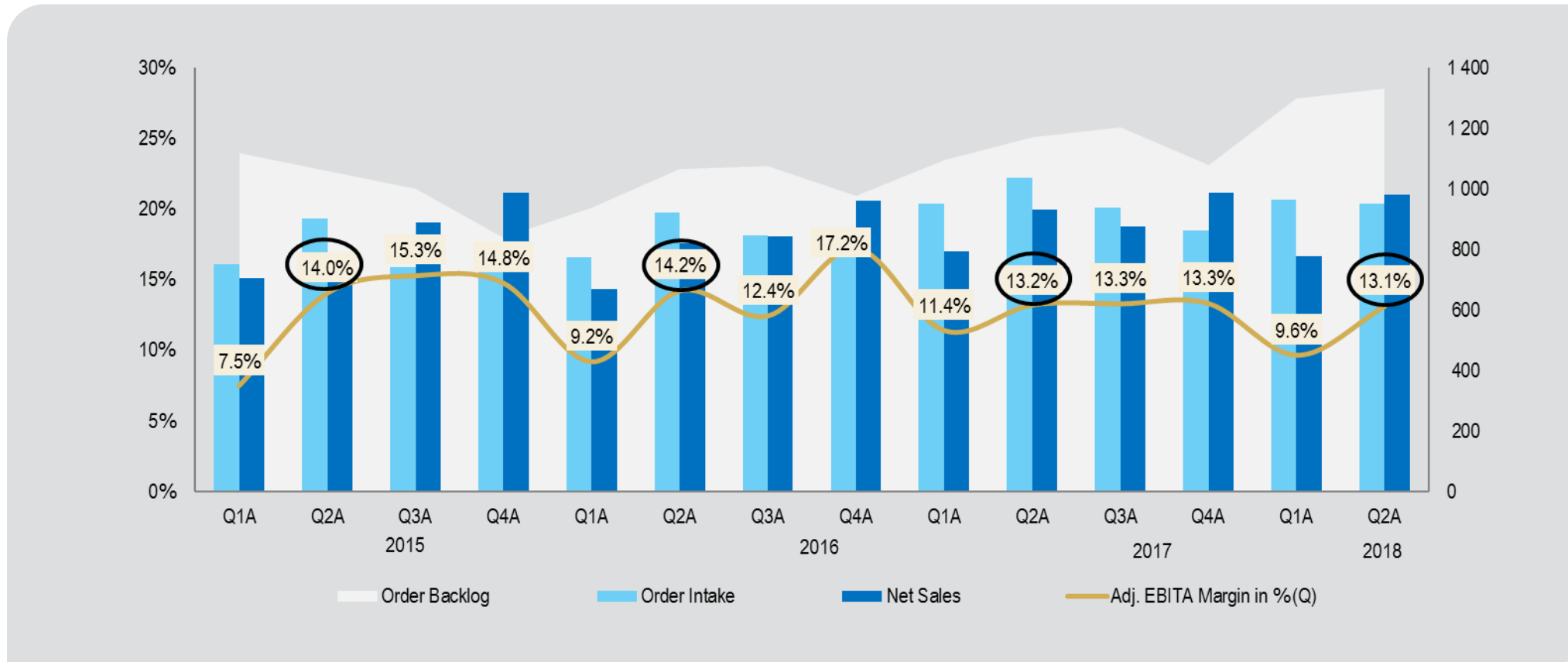
- Order intake decreased 11%
- Net sales increased 9%
- Adjusted EBITA decreased 3% to SEKm 326 (337), corresponding to an adjusted EBITA margin of 9.2% (10.4)

Q2 2018 – Air Treatment

- Order intake decreased 8% (10% organic decrease) due to weak development in the Industrial and Commercial sub-segments in Americas. Solid performance in EMEA and APAC
- Net sales increased by 5% (4% organic) with solid performance in both Industrial and Components. Overall growth hampered by weak development in Commercial
- Adjusted EBITA increased 5% due to improved production efficiency in the Mexican operations offsetting the negative impact of declining Supermarket net sales and raw material price increases

SEKm	Q2			Jan-Jun		
	2018	2017	Δ%	2018	2017	Δ%
Order intake	951	1,037	-8	1,914	1,987	-4
Net sales	981	931	5	1,759	1,724	2
Operating profit (EBIT)	126	173	-27	199	267	-26
Adjusted EBITA	129	123	5	204	213	-5
Adjusted EBITA margin, %	13.1	13.2		11.6	12.4	

Quarterly trading patterns – Air Treatment



Source: Company Information

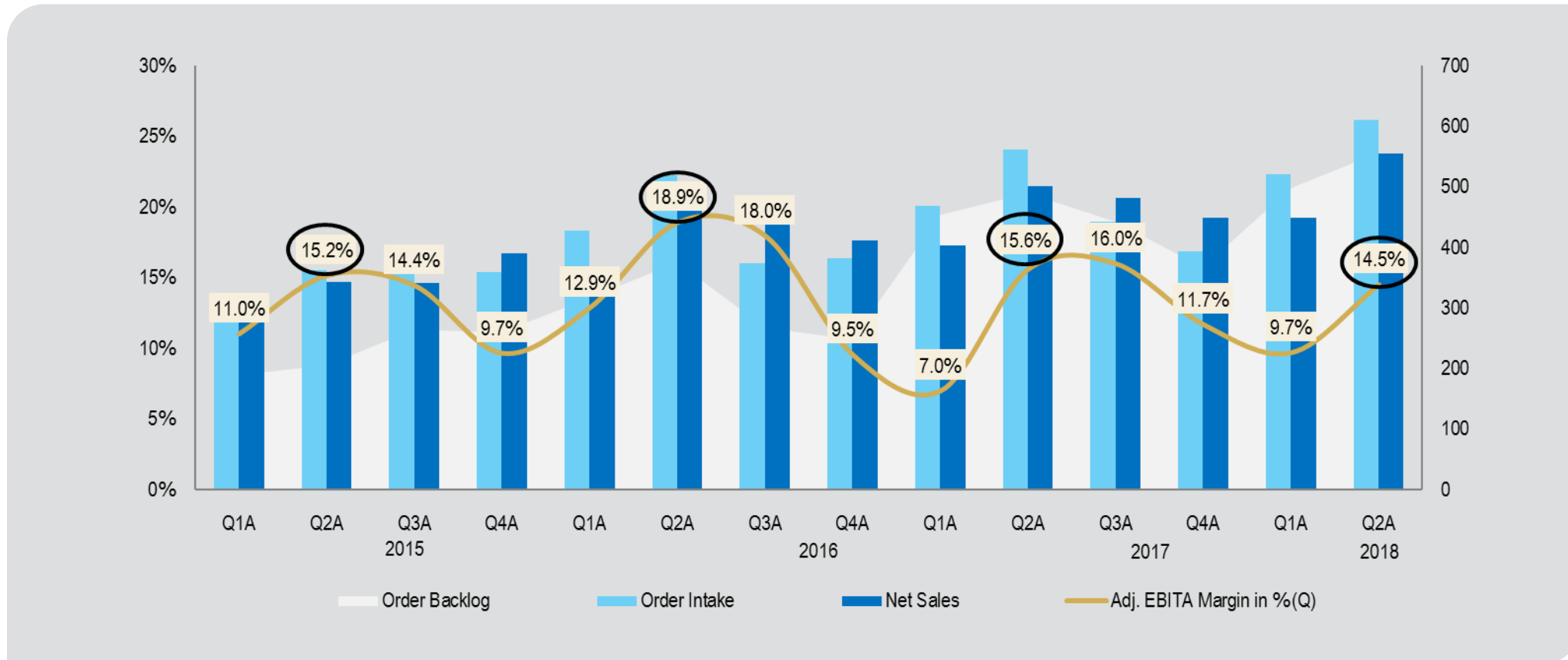
¹ Calculated as $3 / (\text{Net Sales in the quarter} / \text{External Order Backlog in the previous quarter})$

Q2 2018 – AgHort

- Order intake grew by 9% (7% organic) driven by large orders received in the Swine sub-segment in China. US continued to be weak
- Net sales grew by 11% (9% organic) with strong growth in APAC and EMEA
- Adjusted EBITA increased by 3% due to higher volumes but earnings were negatively impacted by low volumes in the US and investments in the MTech software offering
- Earnings were also negatively impacted by organizational restructuring costs of SEKm 5

SEKm	Q2			Jan-Jun		
	2018	2017	Δ%	2018	2017	Δ%
Order intake	610	561	9	1,130	1,031	10
Net sales	555	502	11	1,003	905	11
Operating profit (EBIT)	77	75	3	118	100	18
Adjusted EBITA	81	78	3	124	107	16
Adjusted EBITA margin, %	14.5	15.6		12.4	11.8	

Quarterly trading patterns – AgHort



Source: Company Information

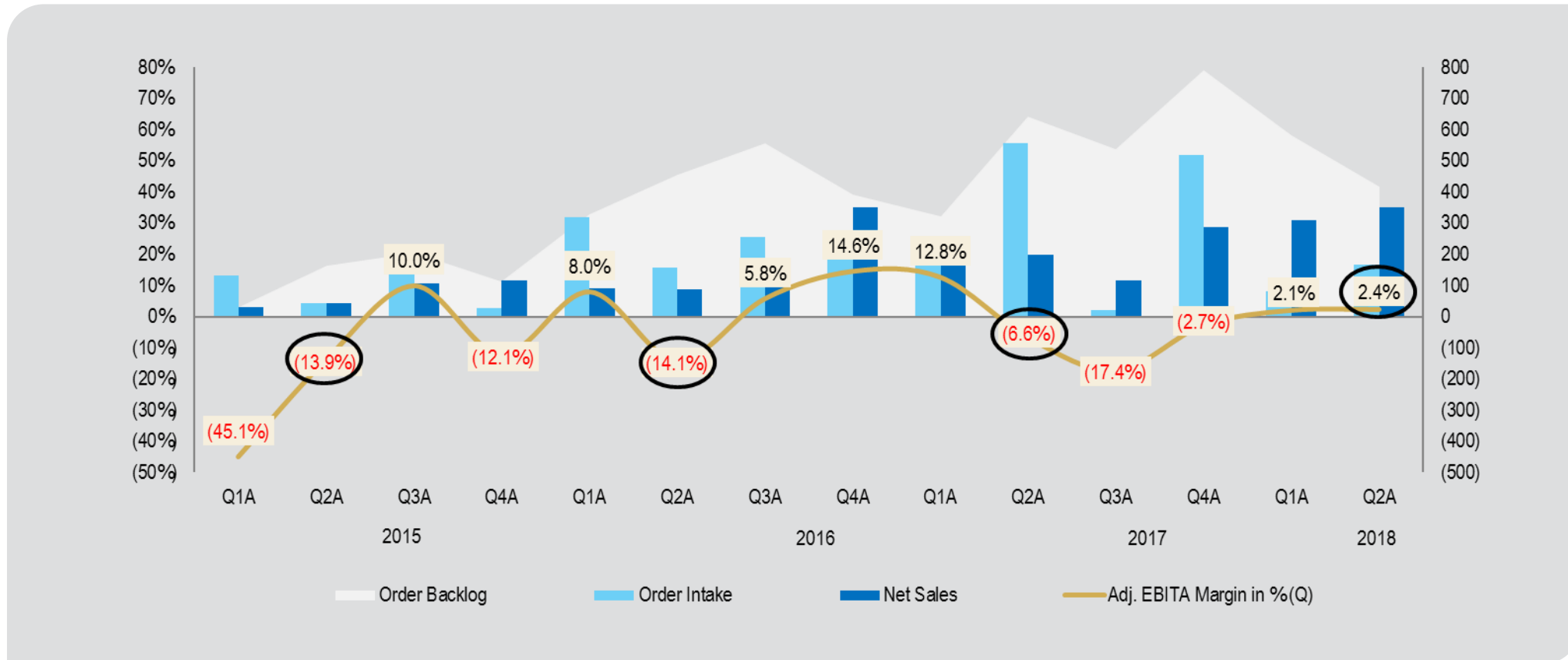
¹ Calculated as $3 \times (\text{Net Sales in the quarter} / \text{External Order Backlog in the previous quarter})$

Q2 2018 – Data Centers

- Order intake decreased by 70% with no large orders signed in the quarter. The corresponding period last year included two orders with a combined value of SEKm 507
- Net sales increased by 76% due to large deliveries and improved production efficiency in Europe
- Adjusted EBITA margin increased to 2.4% (-6.6) due to higher volumes. Earnings were negatively impacted by lower volumes in the US and increased raw material prices
- Limited visibility regarding timing of future orders creating uncertainty in net sales later part of 2018

SEKm	Q2			Jan-Jun		
	2018	2017	Δ%	2018	2017	Δ%
Order intake	167	558	-70	247	723	-66
Net sales	351	200	76	660	453	46
Operating profit (EBIT)	7	-14		12	18	-32
Adjusted EBITA	8	-13		15	19	-22
Adjusted EBITA margin, %	2.4	-6.6		2.2	4.2	

Quarterly trading patterns – Data Centers



Source: Company Information

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

Data Center Market development and Munters initiatives

Market development

- Continued high growth in the Data Center cooling market
- Many competing cooling technologies and fast swings in customer preferences (e.g. increased demand for “dry” solutions)
- New competitors are entering the market leading to price pressure
- Limited visibility in order intake of larger projects from digital clients

Munters strategic initiatives

- Broadening the product portfolio:
 - Launch of SyCool, Munters new energy efficient indirect Data Center cooling solution
- Expanding and diversifying our customer base
- Investments in production capacity in APAC (China) to expand sales

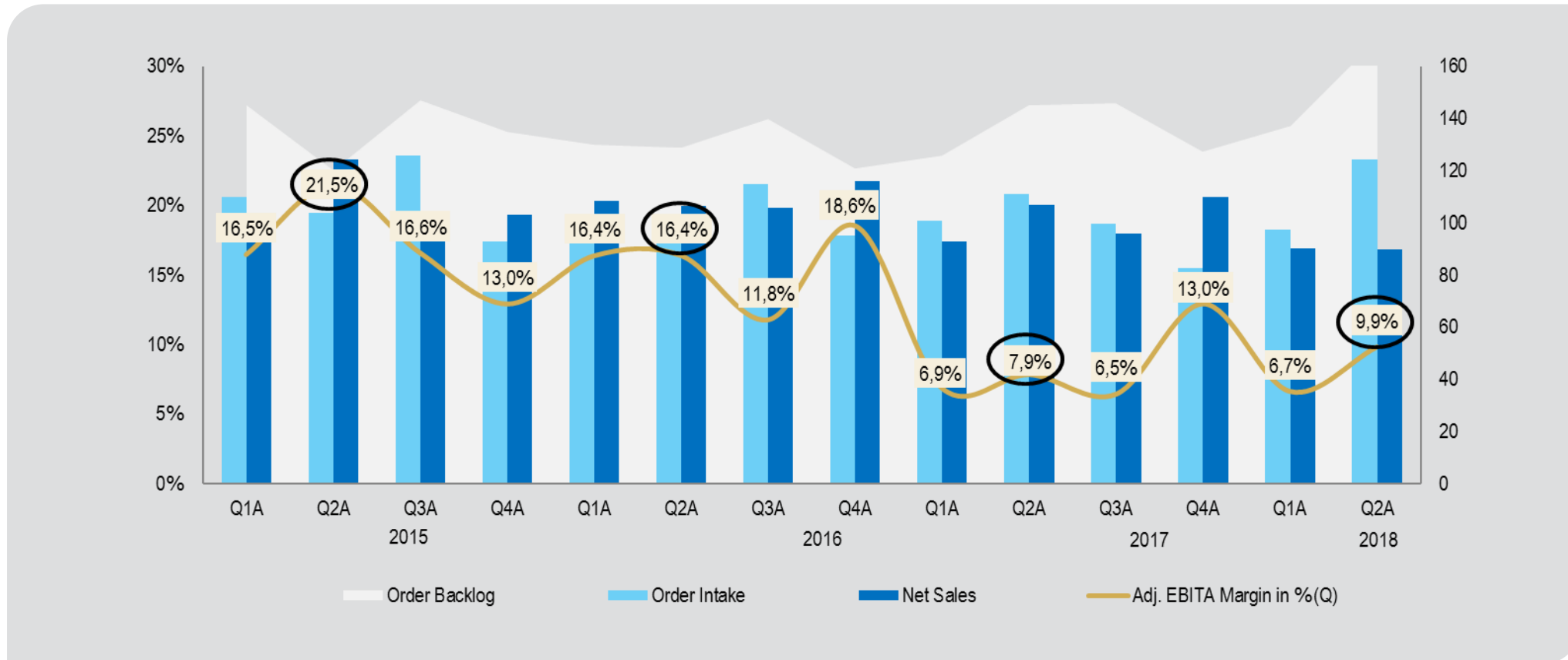


Q2 2018 – Mist Elimination

- Order intake increased by 12% (9% organic), mainly driven by the Process and Marine scrubber sub-segments in line with Munters strategic transition
- Net sales were -16% (-19% organic) due to few Coal FGD projects delivered in China
- Adjusted EBITA increased to SEKm 9 (8) and an Adjusted EBITA margin of 9.9% (7.9) due to reduced overhead costs

SEKm	Q2			Jan-Jun		
	2018	2017	Δ%	2018	2017	Δ%
Order intake	125	111	12	222	212	5
Net sales	90	107	-16	180	200	-10
Operating profit (EBIT)	9	8	9	14	14	1
Adjusted EBITA	9	8	5	15	15	0
Adjusted EBITA margin, %	9.9	7.9		8.3	7.4	

Quarterly trading patterns – Mist Elimination



Source: Company Information

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

Summary

- Low order intake in Data Centers and Air Treatment. Order intake expected to pick up during second half of 2018
- Strong net sales growth in the quarter
- Increased earnings (Adj. EBITA), with contributions from all business areas, including Services
- For the remainder of the year, we expect to continue to improve the Group's year-on-year performance and earnings



Questions & Answers