



# Munters

Q1 report 2024

Klas Forsström, President and CEO

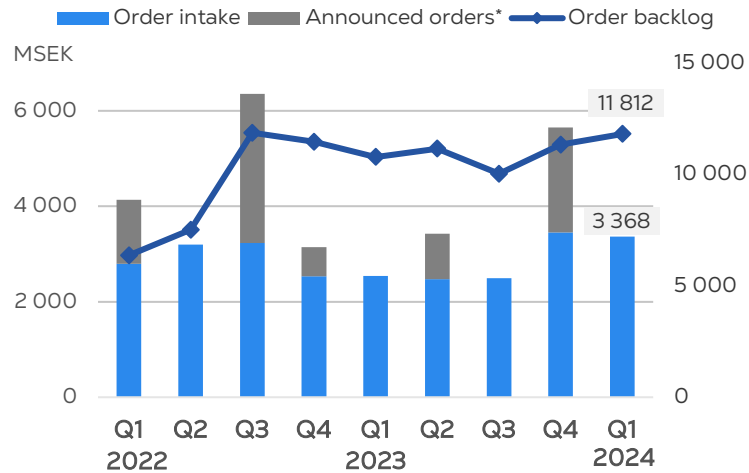
Katharina Fischer, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations



# High demand and profitable growth

## Continued high demand...



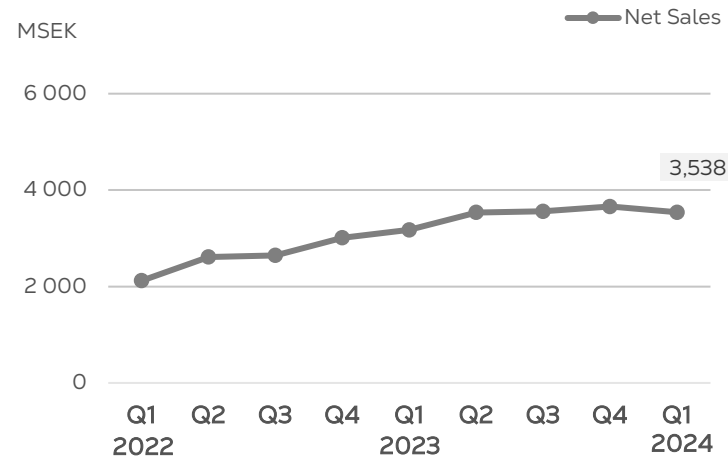
### Q1 Order intake, +32% (+29% org)

- strong in all business areas
- AT good demand, esp. battery EMEA
- DCT solid development in Americas
- FT positive, mainly Americas & EMEA

### Q1: Order backlog, +10%

- mainly large orders in DCT & AT, to be delivered throughout 2025

## ... drives stable net sales and...

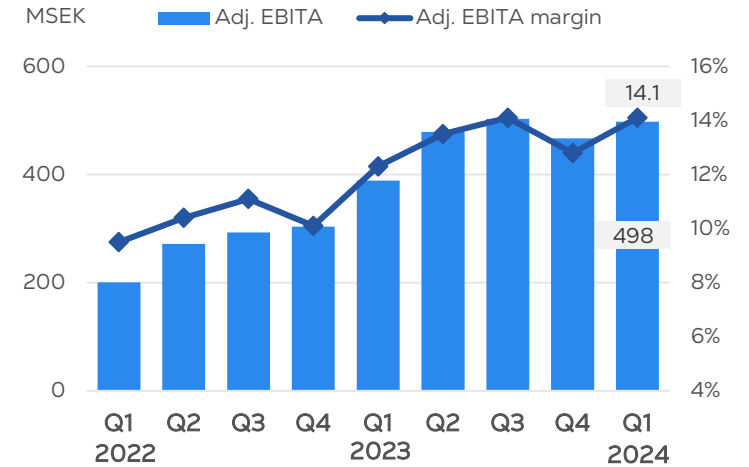


### Q1: Net sales, +11% (+7% org)

- DCT - good deliveries
- FT - Climate solutions Americas strong, and very strong Digital solutions US
- AT - decreased. Growth mainly in Americas, offset by weaker APAC & EMEA

Book-to-bill Q1: 0.95

## ... enhanced profitability



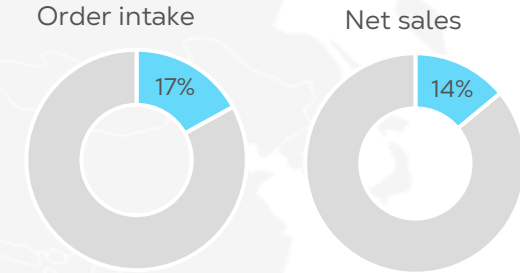
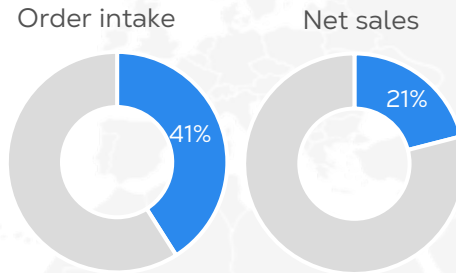
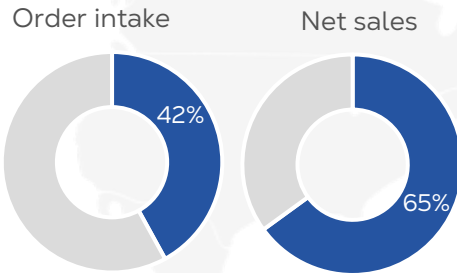
### Adj. EBITA-margin, Q1 14.1%

- + solid growth, net price increases and strong operational delivery
- accelerated investments to create a platform for long-term sustainable growth in all business areas
- = resulting in margin improvements and good cashflow



# Americas and EMEA main growth drivers

## Regional share Q1



## Americas - order intake

- AirTech – Components & Service good growth. Battery weaker, shift in order pattern as orders placed closer to delivery
- DCT – very strong underlying demand both from co-locators & hyperscalers
- FoodTech – good growth in CS in Americas primarily broiler and layer. DS strong growth

## EMEA - order intake

- AirTech – good development especially in the battery, also Service and Components showed good growth
- DCT – good activity with steady growth
- FoodTech – good recovery in all segments, especially broiler & greenhouse

## APAC- order intake

- AirTech – weaker development, mainly due to the weaker battery market in China
- FoodTech – continued slight recovery

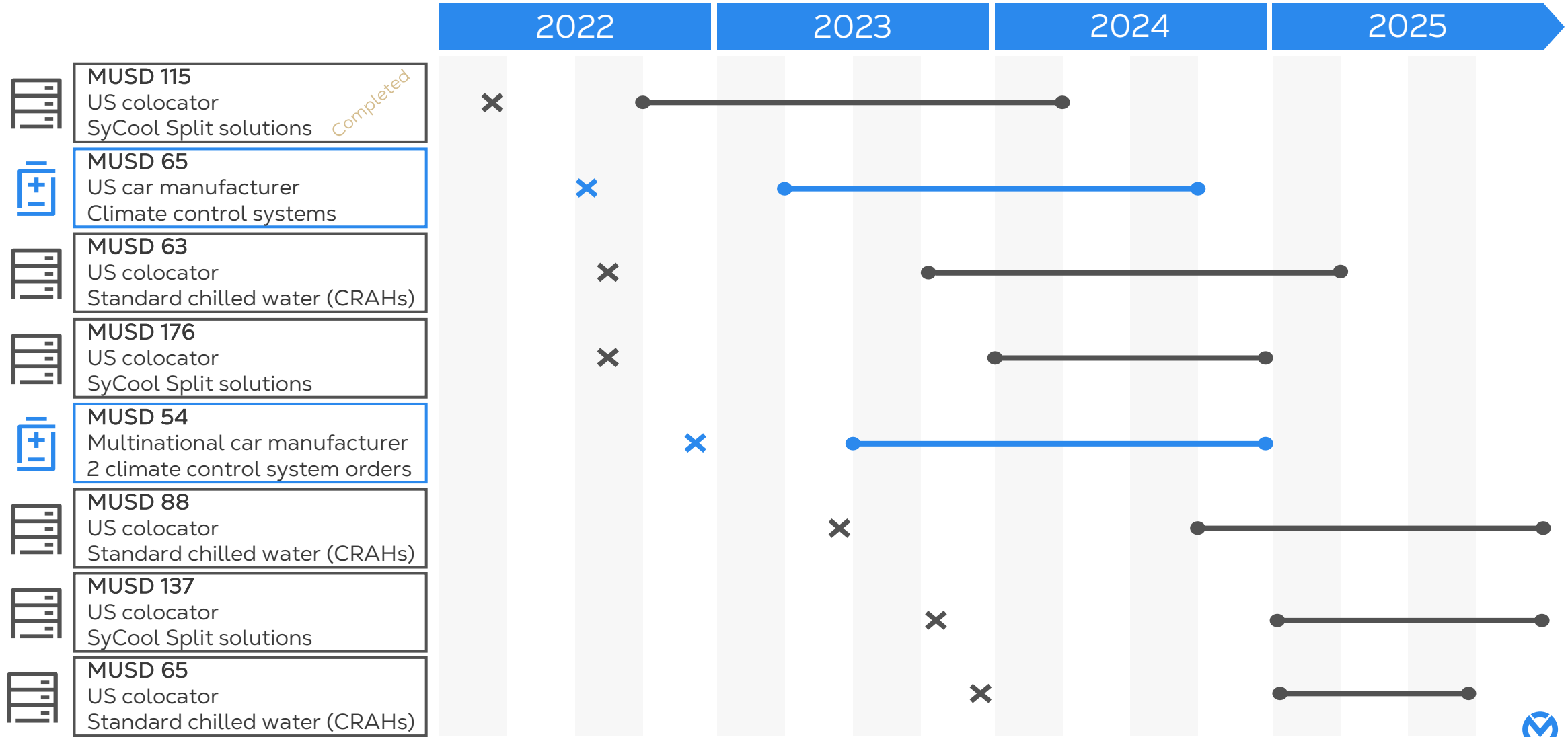
All figures as reported, not currency adjusted.

OI: Order intake, NS: Net sales

CS - Climate solutions (equipment incl. controllers), DS - Digital solutions



# Solid order backlog – large orders supportive into 2025



✕ Order received  
 ● Expected delivery period

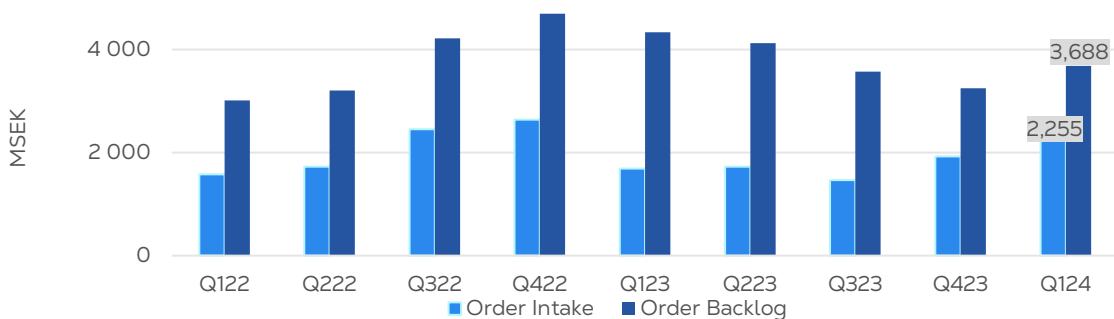


# All segments - stable order intake trends

→ **Order Intake** increased primarily EMEA but also Americas, whereas APAC lower;

- Industrial- good growth especially in EMEA. Battery in EMEA very strong, whereas cont. weak in APAC & Americas
- Commercial – good growth in Americas & APAC (acq. Zeco)
- CT<sup>1</sup>- declined, due to strong comparable Q1 2023
- Components – Americas & EMEA good growth, APAC weaker due to lower component replacements in the Chinese battery market
- Service – growth mainly Americas but also EMEA, offset by APAC

→ **Order Backlog** slight decrease



➔ > 5%   
 ➔ ~ 1-5%   
 ➔ ± 0 -1%   
 ➔ neg

Customer segment	% order intake Q1 2024	Market Outlook *
<b>Industrial</b>	60%	➔
...whereof battery	27%	➔
...whereof food processing	7%	➔
...whereof commercial	9%	➔
...whereof other	18%	➔
<b>Clean Technologies</b>	5%	➔
<b>Service &amp; components</b>	35%	➔
...whereof service	19%	➔
...whereof components**	16%	➔

\* Market outlook and comments are indicative and refer to the coming six months  
 \*\* Dehumidification rotors and humidification pads sold through OEM channels



# Lower volumes & investments affecting margin

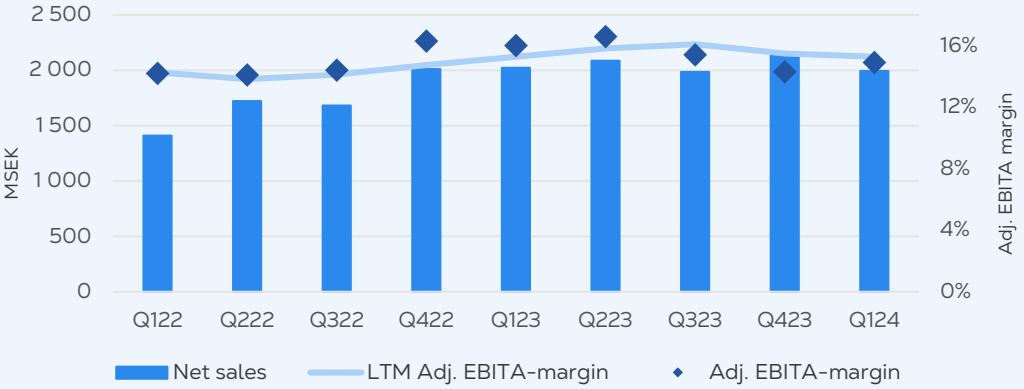
→ Net Sales decreased, growth in Americas offset by weak APAC & EMEA;

- Battery – strong growth Americas, weaker APAC & EMEA
- CT– stable APAC, weaker Americas & EMEA
- Components – stable Americas & EMEA, weaker APAC
- Service – good growth, primarily Americas

→ Adj. EBITA margin decreased;

- lower volumes
- increased investments in sustainability, operational efficiency & innovation
- + cont. efficiency improvements, slightly offset by lower production utilization rate in EMEA & APAC

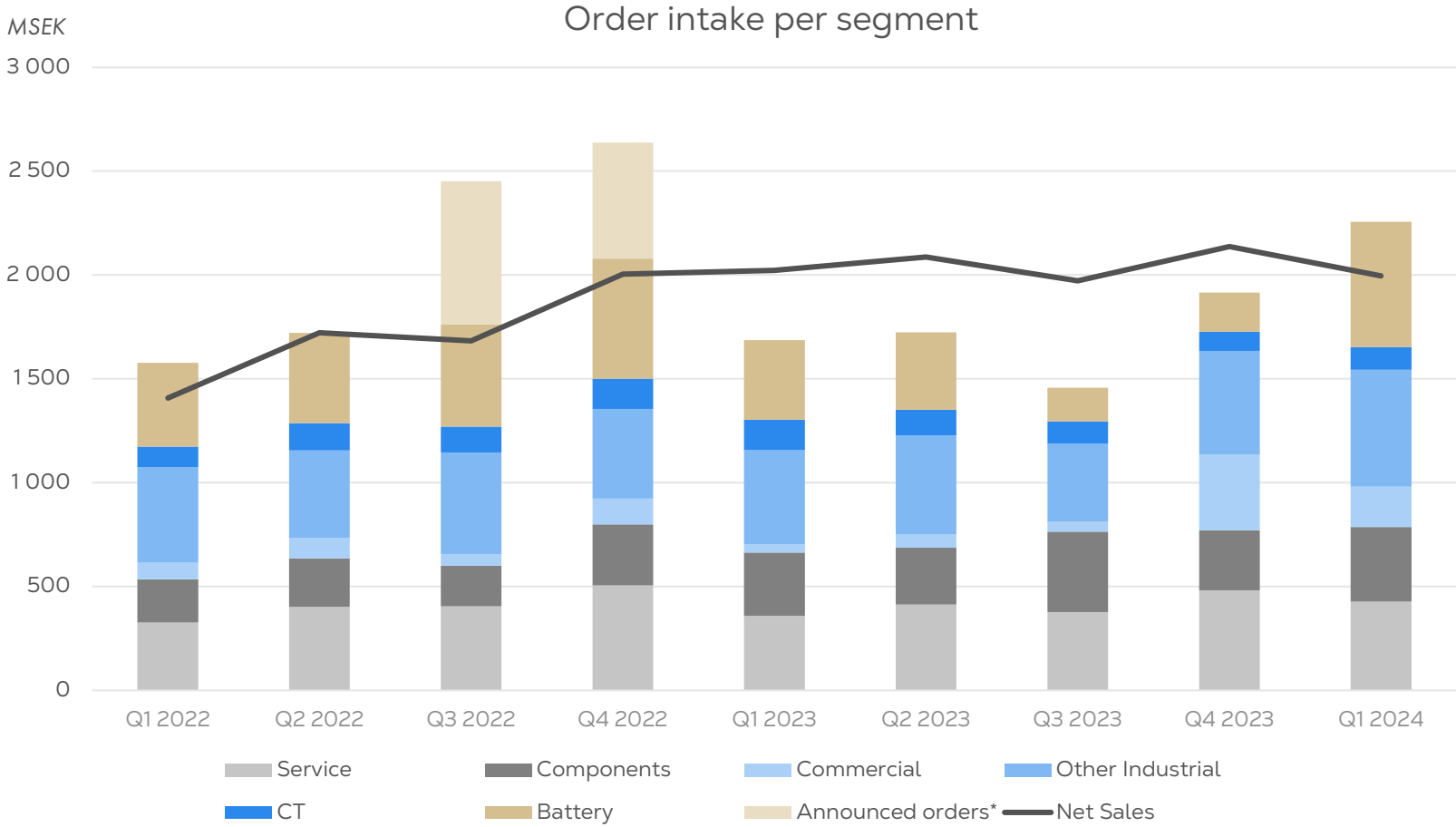
	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		2,255	1,686	29	7	-3
Order backlog		3,688	4,341			
Net sales		1,996	2,023	-7	7	-2
Adj. EBITA		296	323	-12	6	-2
Adj. EBITA (%)		14.9	16.0			



\* Acquisitions & divestments



# Solid development in several segments



- Variations in large orders i.e., batteries
- Other industrial good growth
- CT steady development
- Commercial increase through Zeco acquisition
- Service & Components stable and growing

\*Large orders announced through press releases



# Enhancing our Clean Technology portfolio

## → Acquisition of Airprotech

- Italian manufacturer of Volatile Organic Compounds (VOC) abatement systems
- Enhances air purification offering and addresses growing demand for abatement services in Europe
- Positions us to offer complete systems and service to our customers, contributing to cleaner air
- Reported net sales of MSEK 330 for FY 2023
- Founded 1995, based near Milan, Italy, 52 employees
- Finalization expected in Q2 2024





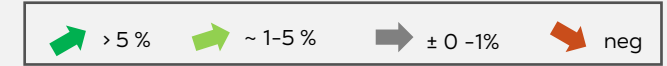
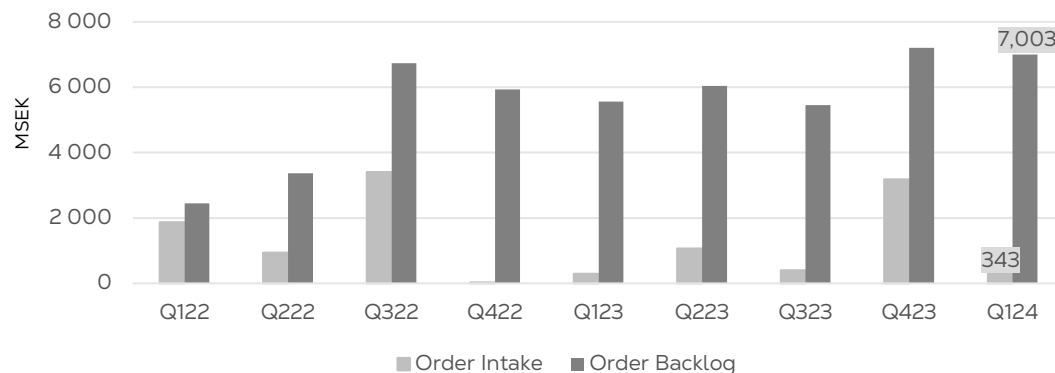
# Increased demand & strengthened order backlog

## → Order Intake increased;

- mainly co-locator segment, Americas
- underlying demand remains very strong

## → Order Backlog increased;

- majority attributable to large orders to be delivered throughout 2025



Customer segment	Order Intake Q1 2024	Market Outlook *
Hyperscaler	0%	Green arrow (> 5%)
Co-locator	99%	Green arrow (> 5%)
Telco & enterprise	1%	Light green arrow (~ 1-5%)

- **Hyperscalers** – increased activity both for own facilities & colocation leasing. AI driving significant growth, increased need for server space & higher density cooling requirements
- **Colocation** – continued strong demand due to increased build outs and investments, driven by increased leasing demand from hyperscalers
- **Telco & enterprises** – moving away from own facilities, market growth but lower pace

# Significant profitability increase

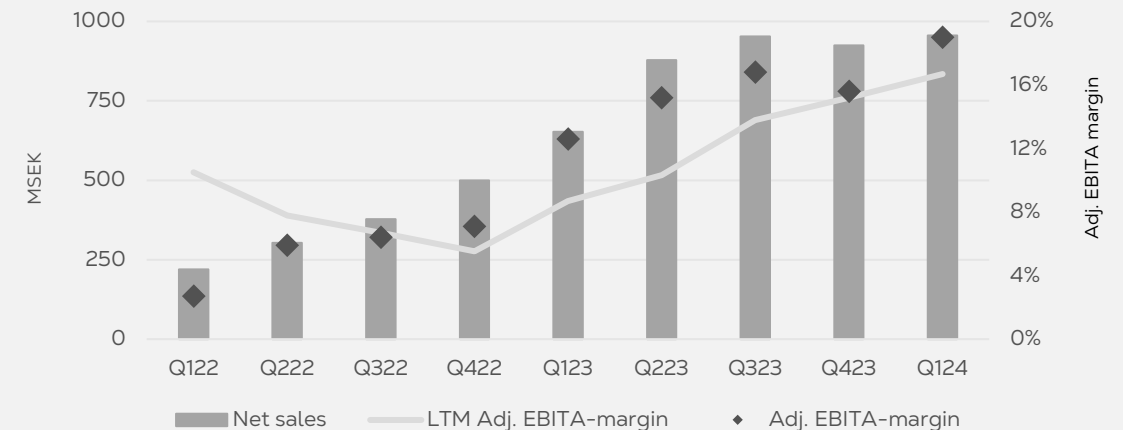
## → Net Sales strong increase;

- good deliveries on large projects, proceeding according to plan
- EMEA good development

## → Adj. EBITA margin significant increase;

- + strong volume growth
- + net price increases
- + high utilization rate in production
- + operational efficiency improvements
- investments in competence and resources expected to increase to capture growth

	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		343	293	17	0	0
Order backlog		7,003	5,564			
Net sales		956	653	47	0	-1
Adj. EBITA		181	82	122	0	-1
Adj. EBITA (%)		19.0	12.6			



\* Acquisitions & divestments



# Expanding DCT facilities in Ireland to meet the demand

## → DCT Europe – Expansion

- Expansion in Cork, Ireland with the establishment of new facilities with ~11,000m<sup>2</sup> production and office space
- Initially, around 100 employees will be able to produce the full DCT product range at the site
- Located in the stunning location of Little Island, close to Cork city centre and our current facilities
- Construction underway, scheduled for completion during 2024
- Built for LEED<sup>1</sup> Silver sustainability certification
  - More sustainable construction and operations
  - Enhanced energy and water efficiency
  - Eliminating fossil fuel dependency

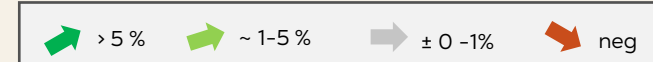
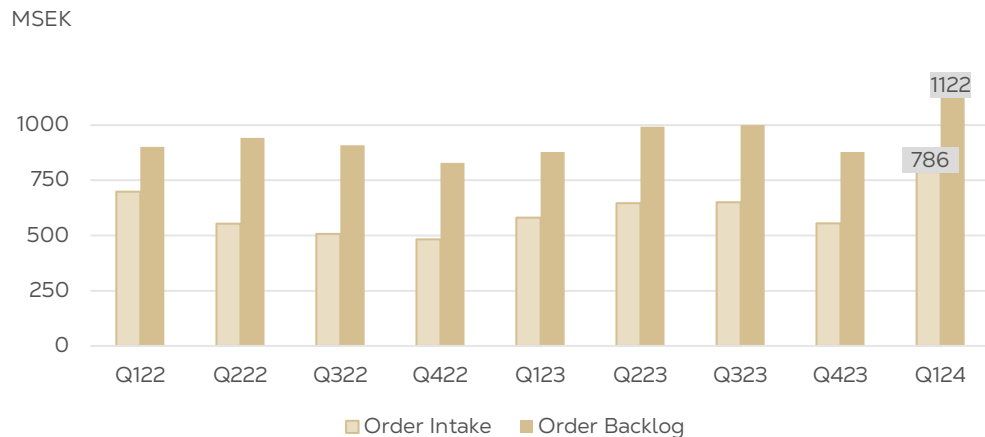


# Strong demand and strengthened order backlog

## → Order Intake increased;

- CS – primarily driven by Americas & EMEA, slightly offset by APAC
- DS – strong growth in Americas

## → Order Backlog increased



Customer segment	% order intake Q1 2024	Market Outlook *
Climate Solutions (incl. Controllers)	87%	↗
...whereof Broiler	50%	→
...whereof Swine	8%	→
...whereof Layer	15%	↗
...whereof Greenhouse	7%	↗
...whereof Dairy	3%	→
...whereof Other	4%	n/a
Digital Solutions	13%	↗

\* Market outlook and comments are indicative and refer to the coming six months

# Enhanced profitability and net sales

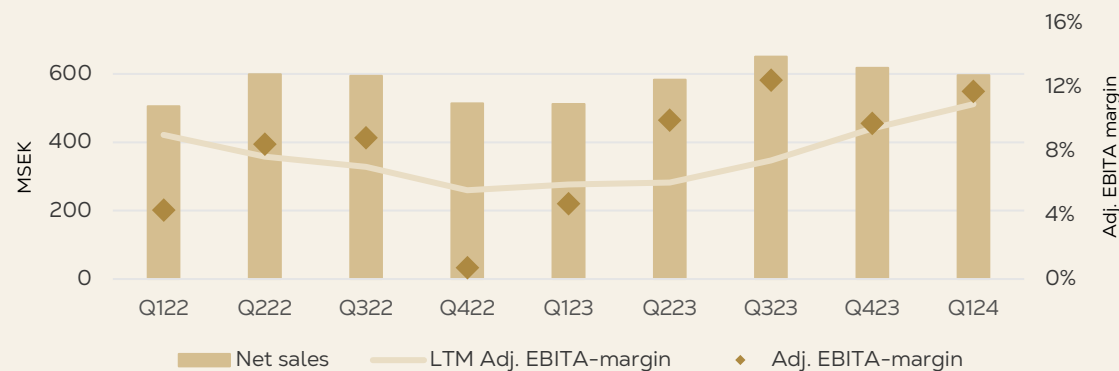
→ Net Sales increased;

- contributions from mainly Americas
- CS – Americas good growth, EMEA slightly negative & decline in APAC
- DS – SaaS ARR grew +68%

→ Adj. EBITA margin increased significantly;

- + increased net sales in both CS & DS
- + good profitability from DS through strong ARR
- + effects from operational excellence improvements
- + net price increases

	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		786	581	32	5	-2
Order backlog		1,122	878			
Net sales		596	512	10	8	-2
- of which SaaS		61	36			
- SaaS ARR		244	145			
Adj. EBITA		70	24	173	14	-1
Adj. EBITA (%)		11.7	4.7			



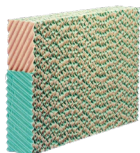
\* Acquisitions & divestments



# Climate solutions – EMEA good recovery in all segments

## → Greenhouse order in EMEA

- EMEA contractor, serving UAE end-users and farms
- Solution offered CELdek evaporative pads & Air circulation fans and air extraction fans
- Munters selected for the strong track record of customer satisfaction during lasting relationships with both contractor and end-user. High satisfaction with installed base of Munters equipment.



**Munters CELdek®**  
Evaporative cooling pad



FORESTS  
FOR ALL  
FOREVER



Ideal for greenhouses that require high-efficiency cooling



**Munters EDC**  
Air circulation fans

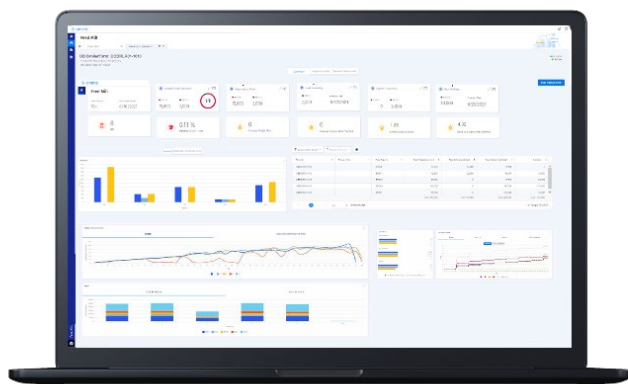
Improving air quality and combating stratification in any greenhouse and poultry application



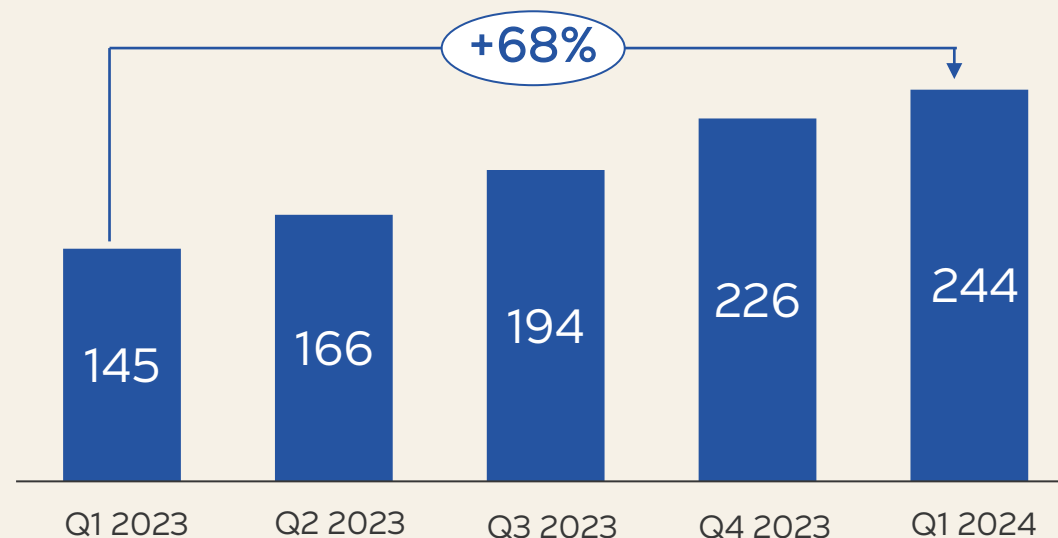
# Digital solutions - Significant SaaS growth

## → Key order in Americas strengthens cloud footprint in poultry

- Large US turkey company, subsidiary of a major food corporation
- Customer experienced challenges with data security, local installation and user friendliness of previous system
- Upgraded to Amino software to move more towards IoT and connected farms



## ARR\* (mSEK)



\*ARR = Recurring Revenue in the quarter multiplied by four

- ARR continued growth - new customers & conversions to our new software solution Amino
- Also, high level of software implementations

# Advancement towards our sustainability goals

End of March 2024

Goal

Scope 1 & 2	Renewable electricity, factories	78% (79)
	Energy efficiency, factories <sup>1</sup>	0.57 (0.51)
	Recycling rate (LTM)	47% (49)

Net zero emissions by 2030

Health & Safety	TRIR <sup>2</sup> (LTM)	1.4 (2.0)
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Zero accidents

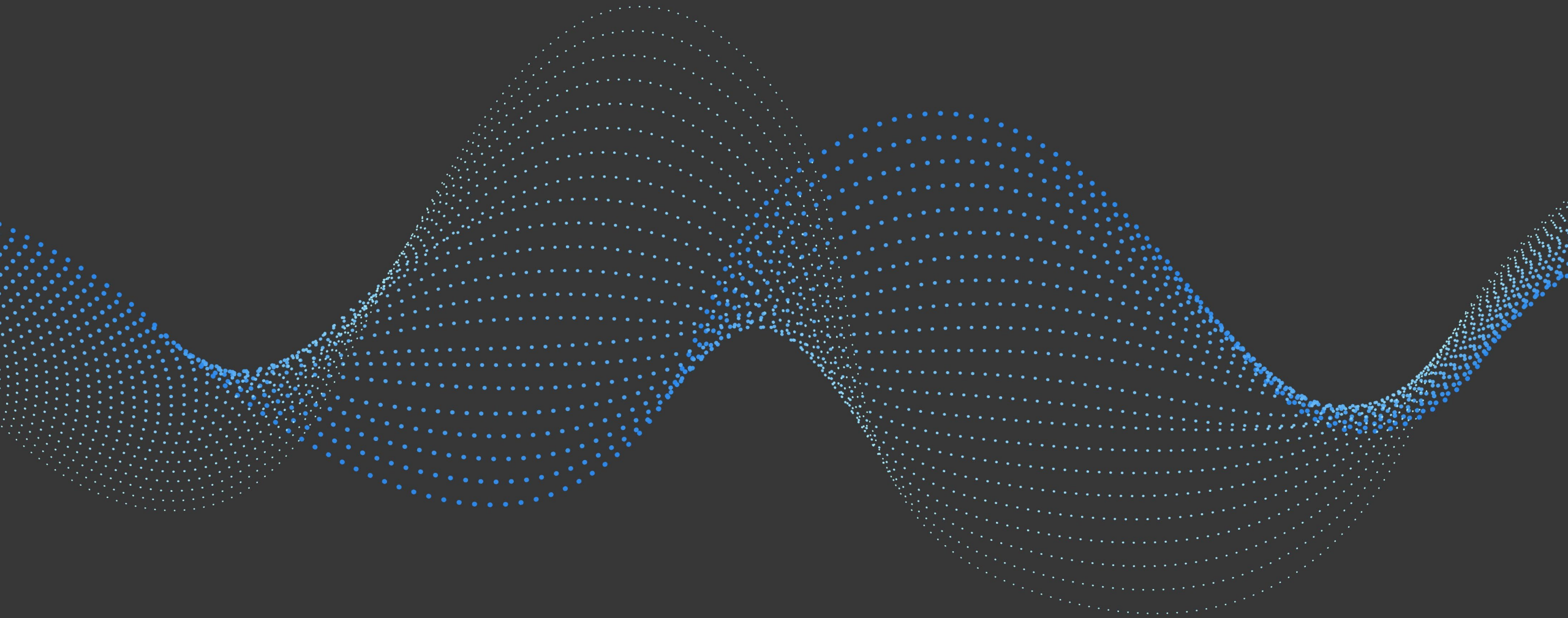
Diversity	% of women in workforce	22% (23)
	% of women in salary-setting positions	22% (22)

30% women leaders by 2025

<sup>1</sup> Electricity in relation to production output,  
<sup>2</sup> Total Recordable Incident rate







# Financial highlights



# Enhanced profitability, good cash flow & improved leverage

- **Net Sales** increased;
  - very strong growth in DCT
  - strong growth in both segments in FT
- **Adj. EBITA margin** improved;
  - mainly increased sales and price increases in DCT & FT, efficiency improvement efforts in all business areas
- Improved **cash flow**;
  - improved earnings & reduction in working capital, mainly driven by customer advances in DCT Americas
- **Net debt** increased:
  - mainly as a result of acquisitions financed through debt during the recent year

<i>MSEK</i>	Q1 2024	Q1 2023	Change (%)		
			Organic growth	Structural growth*	Currency effects
Order intake	3,368	2,544	29	6	-2
Order backlog	11,812	10,783			
Net sales	3,538	3,175	7	6	-2
Operating profit (EBIT)	412	349			
Adj. EBITA	498	389	25	6	-2
Adj. EBITA-margin	14.1	12.3			
Net income	227	214			
Cash flow from operating activities	553	-168			
OWC/net sales (%) <sup>1</sup>	13.6	12.7			
Net debt	4,557	4,175			
Net debt/Adj. EBITDA <sup>2</sup>	2.0	2.7			

<sup>1</sup> Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period

<sup>2</sup> Last twelve months

\* Acquisitions & divestments

# Strong margin improvement in FoodTech & DCT

## Group adj. EBITA margin impact

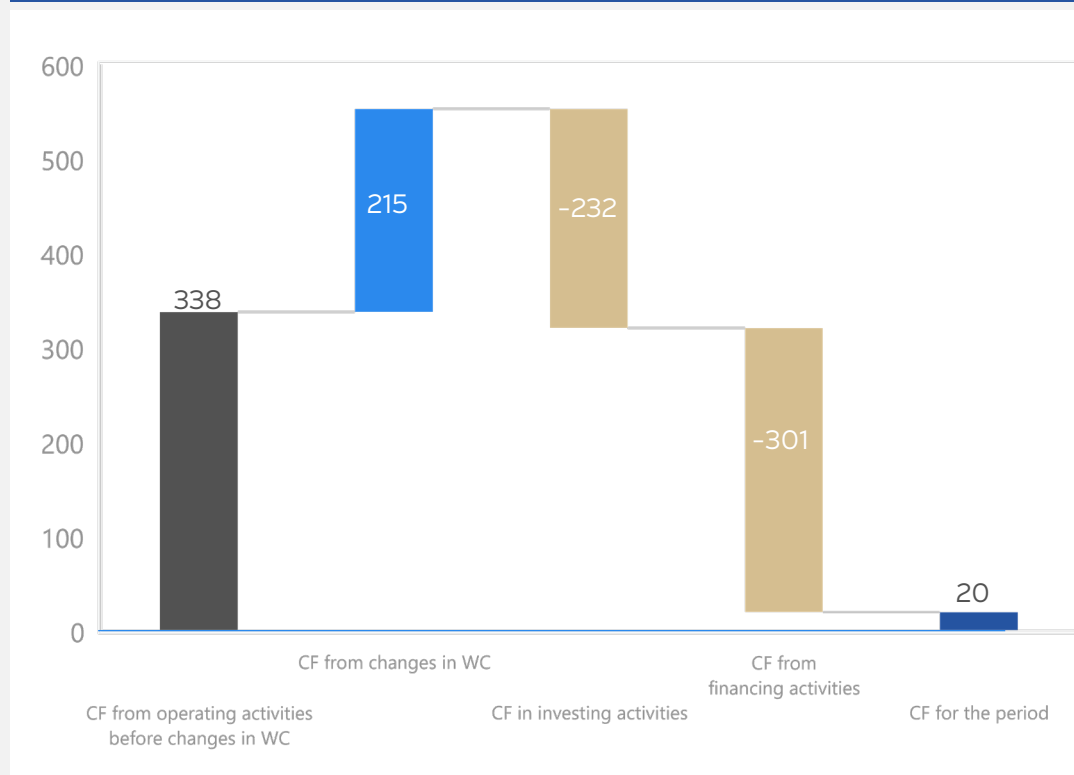
Q1 2023 adj. EBITA %	12.3
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Volume	++
Net pricing	+
Operational excellence	+
Strategic initiatives	=
<hr/>	
Q1 2024 adj. EBITA %	14.1

## Main factors affecting adj. EBITA margin in Q1:

- Strong **volume** increase driven by DCT & FT
- **Net pricing** increases contributed to margin improvement mainly in DCT & FT
- **Operational excellence** improvement in all business areas
- **Strategic initiatives** for scalability in digitization and automation continued

# Profitable growth and cash flow generation

## Group Cash Flow YTD, MSEK



## Cash flow from changes in WC

	Q1 2024	Q1 2023
Change in accounts receivable	-167	-19
Change in inventory	-88	-120
Change in accrued income	115	-43
Change in accounts payable	-1	-128
Change in advances from customers	406	-138
Change in other working capital	-49	-65
<b>CF from changes in working capital</b>	<b>215</b>	<b>-513</b>

# Investing for the future

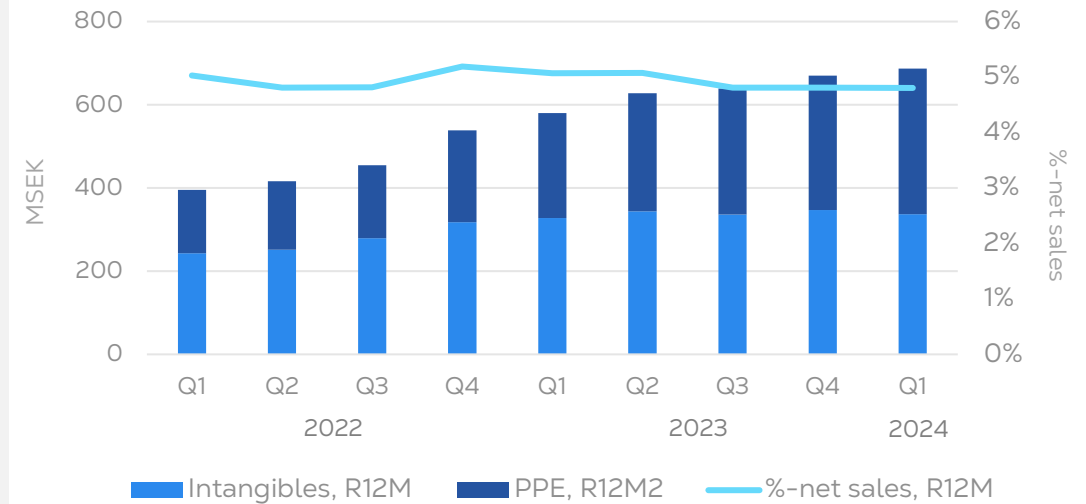
→ Investments in PPE and intangibles in 2024, to support growth:

- Investments aiming at strengthening competence, upgrade, digitalize & automatize
- AirTech: Amesbury, new major plant in Americas
- DCT: Cork, new plant in Europe

→ Decreased operating working capital

- High level of customer advances in DCT main driver

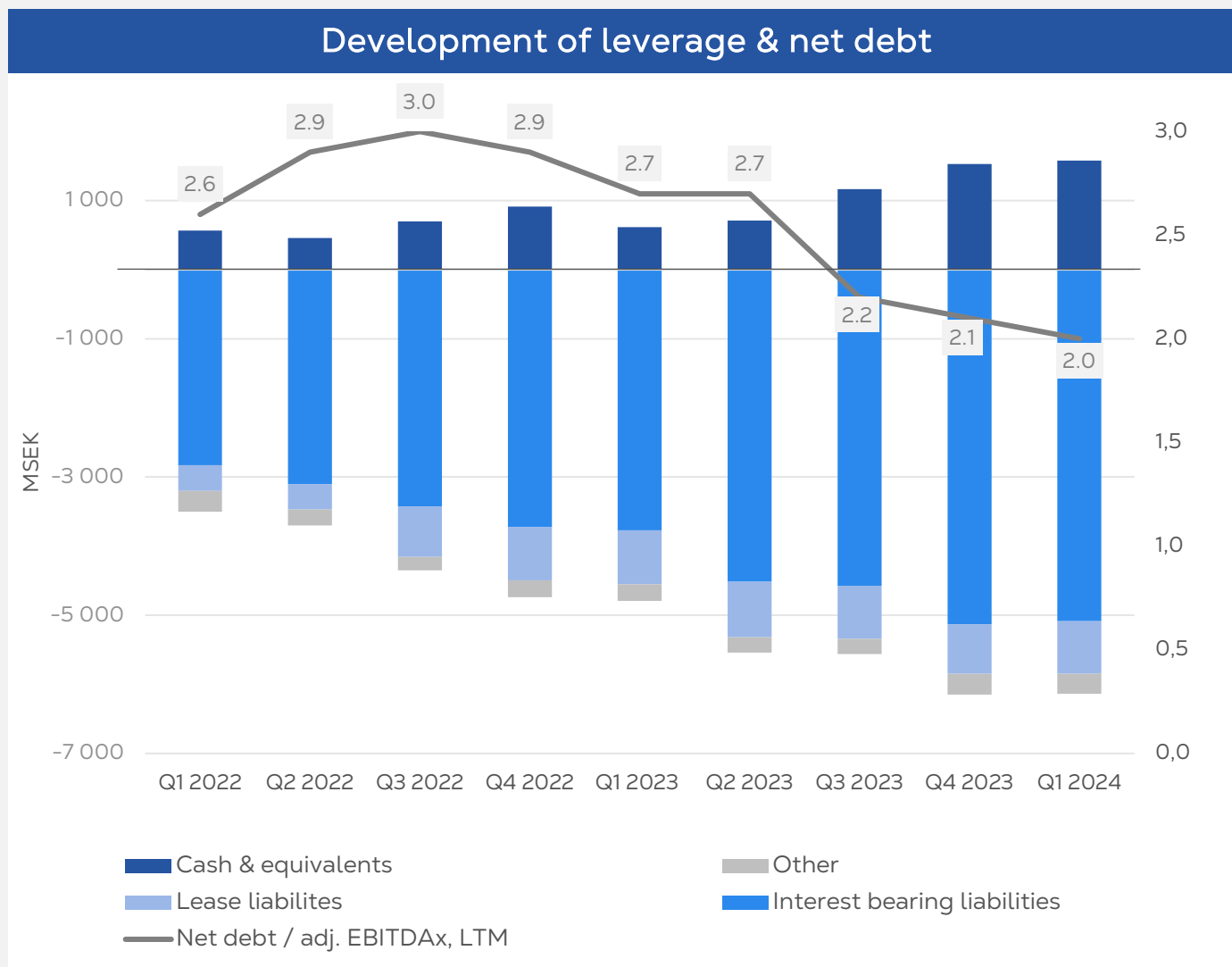
## PPE & Intangibles



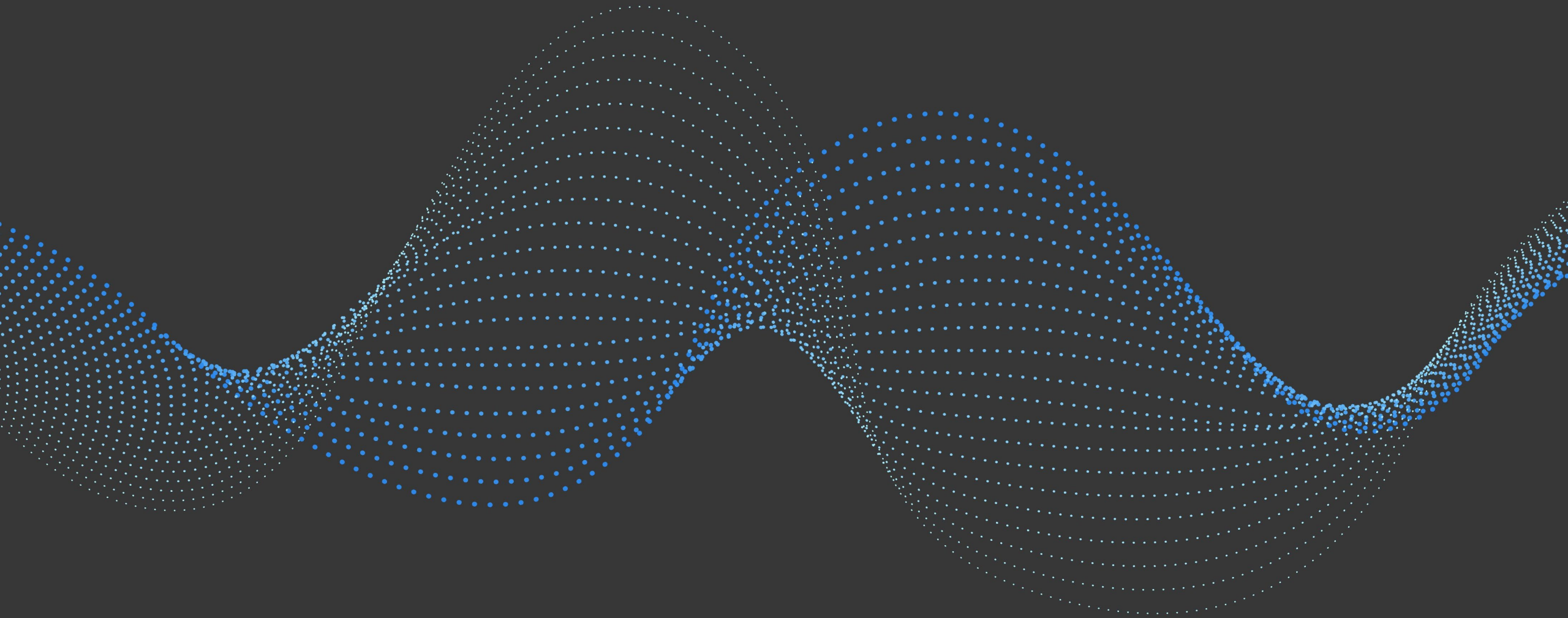
## Operating working capital



# Decreased leverage ratio 3 quarters in a row



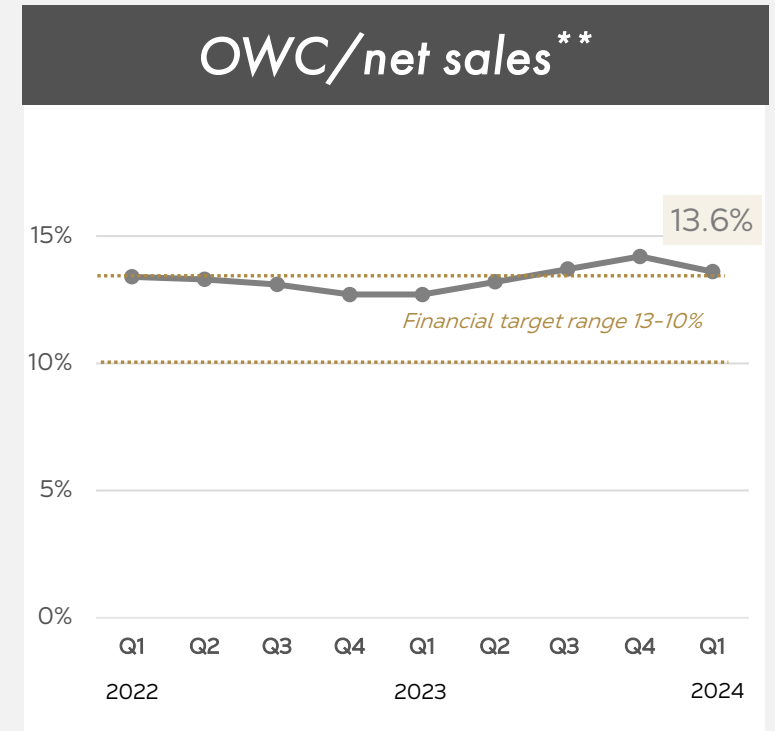
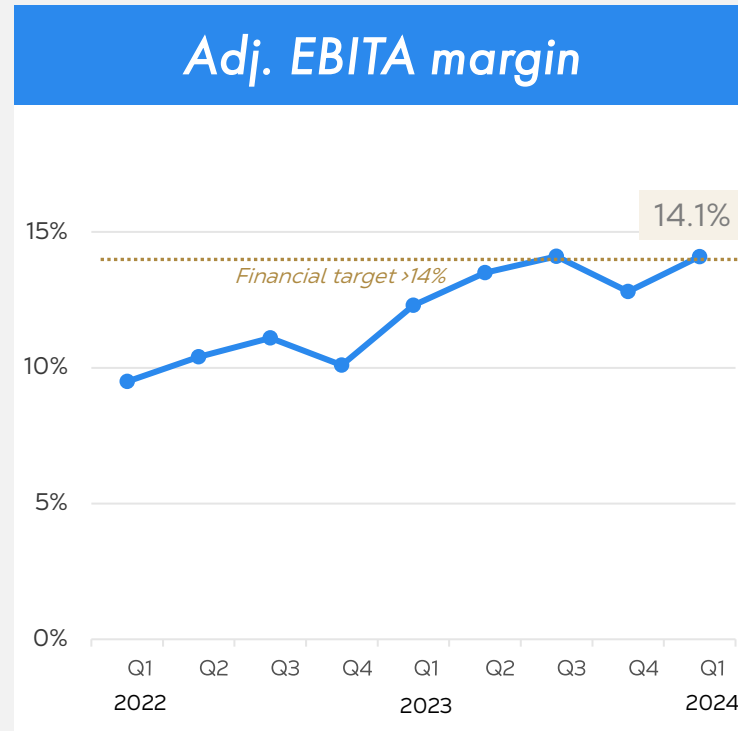
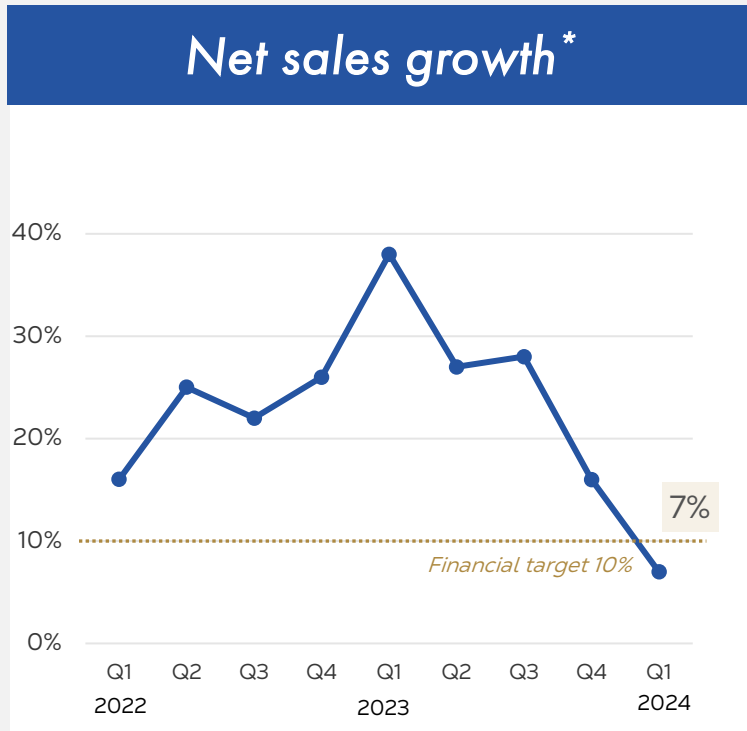
- **Leverage** ratio decreased mainly driven by increased adj. EBITA
- **Net debt** stable, affected by:
  - acquisitions financed partly by debt during the last 4 quarters
  - increased cash flow from operating earnings



# Summary



# Progression towards our financial targets



\* Organic growth p.a. over a business cycle

\*\* Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period



# Very strong start of the year



High demand drives continued strong momentum

Enhanced profitability and good cash flow resulting in improved leverage

Investing for a sustainable future



# Questions & Answers

Q1 report 2024

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