



Munters

Q3 report 2023

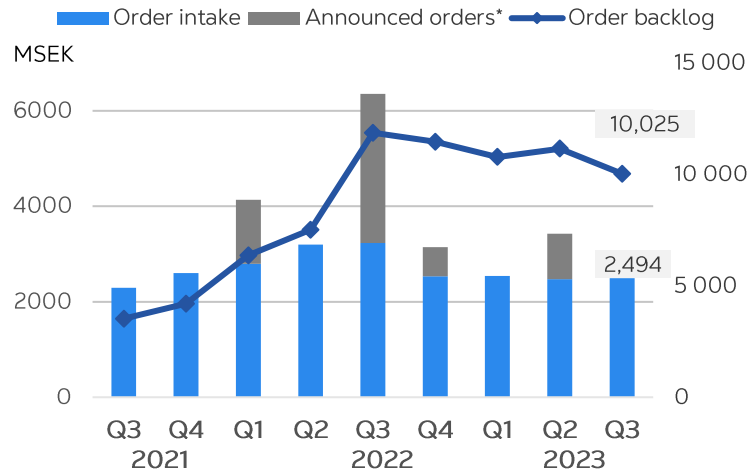
Klas Forsström, President and CEO

Katharina Fischer, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations

Strong net sales growth & profitability improvement

Stable long-term growth trends



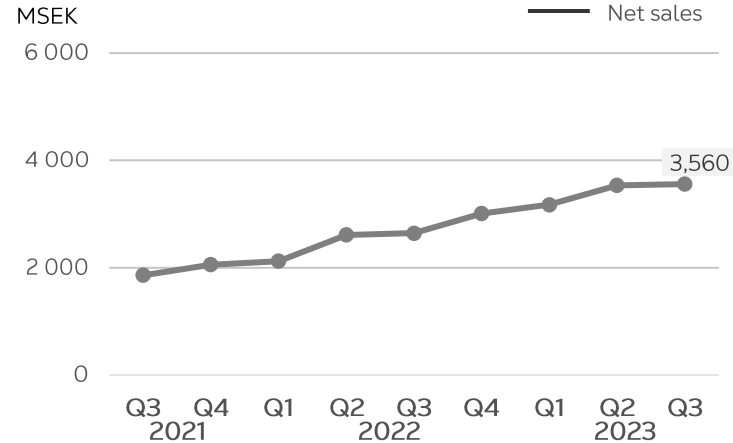
Q3 Order intake, -61%:

- no larger orders in the quarter compared to last year
- underlying strong growth drivers, short-term orders are placed closer to delivery, partly driven by the macro environment

Q3: Order backlog, -16%

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

Solid net sales growth

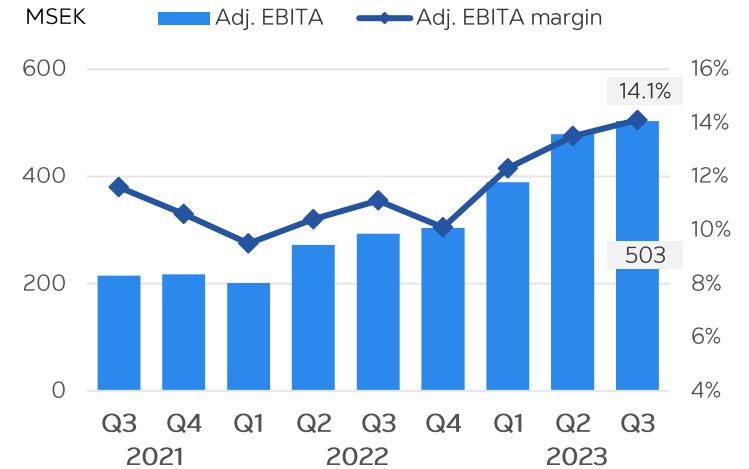


Q3: Net sales, +35%:

- org. growth of 28%
- mainly driven by DCT & battery in AT
- FT showed strong development in Americas

Book-to-bill Q3: 0.7

Continued improved profitability



Adj. EBITA-margin, Q3 14.1%:

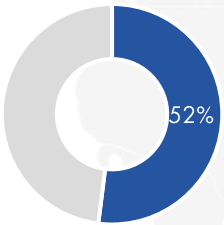
- contributions from all business areas
- Driven by:
- increased net sales in AT & DCT
 - efficiency improvements in all business areas
 - well-executed project deliveries



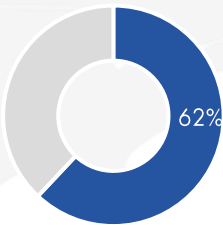
Good development in FoodTech

Regional share

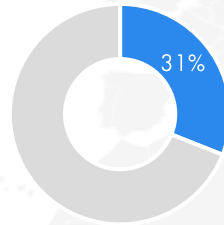
Order intake



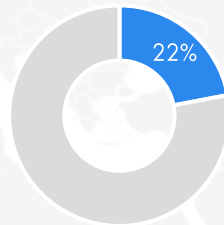
Net sales



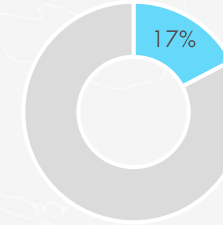
Order intake



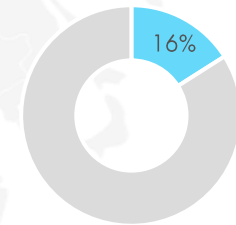
Net sales



Order intake



Net sales



Americas – order intake

- AirTech – active market with a shift of order pattern, orders placed closer to delivery time. Components good growth
- DCT – active market, changed ordering pattern among customers compared to last year
- FoodTech – strong growth in both CS & DS*

EMEA – order intake

- AirTech – stable market, longer contemplation time in large orders. Service showed growth
- DCT – good development
- FoodTech – slight recovery, underlying market cont. weak due to lower investment levels

APAC – order intake

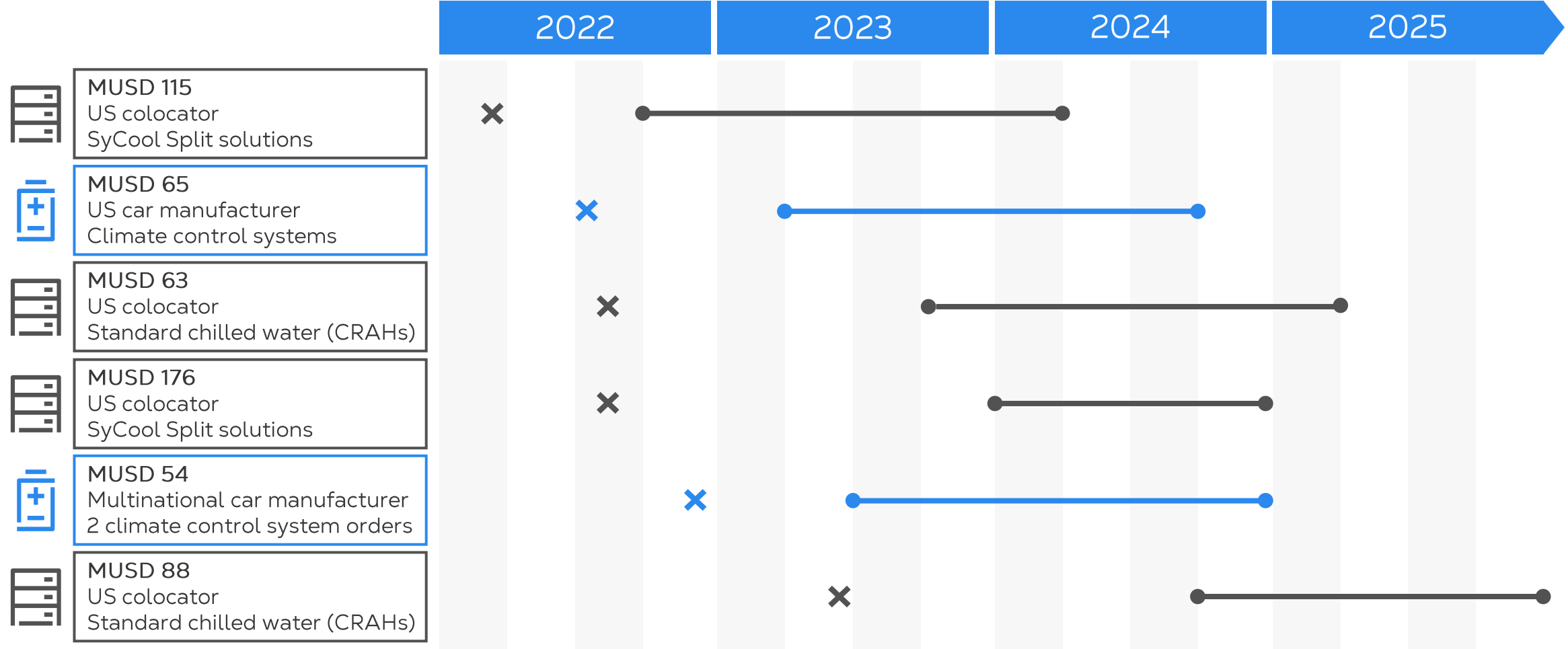
- AirTech – weaker development, cont. consolidation of the battery market in China
- FoodTech – stable development, growth in broiler & layer. Cont. weak swine market in China

All figures as reported, not currency adjusted.

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



Solid order backlog – large orders supportive into 2025



x Order received
●—● Expected delivery period

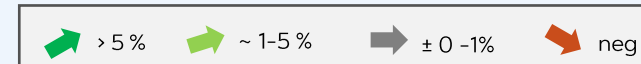
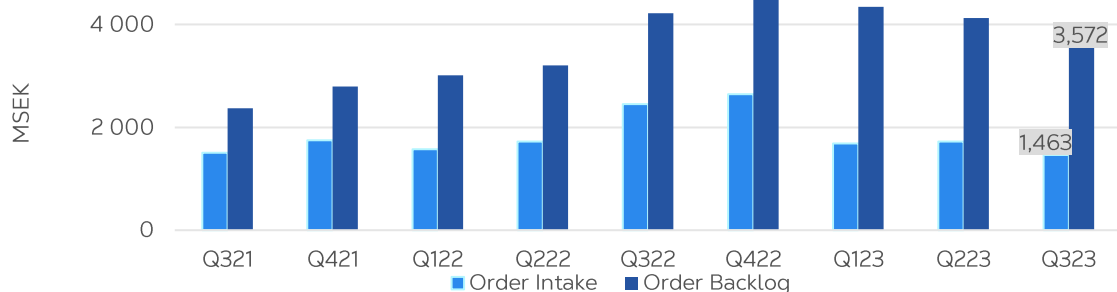


Stable long-term growth trends

→ Order Intake decreased -45% org.;

- excl. large order of MUSD 65 received in Q3 2022, decrease -17% org.
- Battery – customers ordering closer to delivery in all regions, cont. consolidation of battery market in China
- CT¹- declined due to delays in customer investment decisions
- Components – good growth in all regions
- Service – EMEA good growth, Americas & APAC weaker

→ Order Backlog decreased



Customer segment	% order intake Q3 2023	Market Outlook *
Industrial	40%	↗
...whereof battery	11%	↗ ***
...whereof food processing	7%	→
...whereof commercial	3%	→
...whereof other	19%	→
Clean Technologies	7%	↗
Service & components	53%	↗
...whereof service	26%	↗
...whereof components**	27%	↗

* Market outlook and comments are indicative and refer to the coming six months
 ** Dehumidification rotors and humidification pads sold through OEM channels
 *** Market outlook for Battery is strong with growth above 10 per cent



Positive sales growth in all segments

→ Net Sales growth in all segments;

- Battery – growth all regions, mainly Americas & EMEA
- Food & Pharma – showed stable growth
- CT– all regions stable development
- Components – good growth in Americas
- Service – EMEA good growth

→ Adj. EBITA margin improved;

- + increased net sales
- + cont. efficiency improvements
- + contributions from net price increases

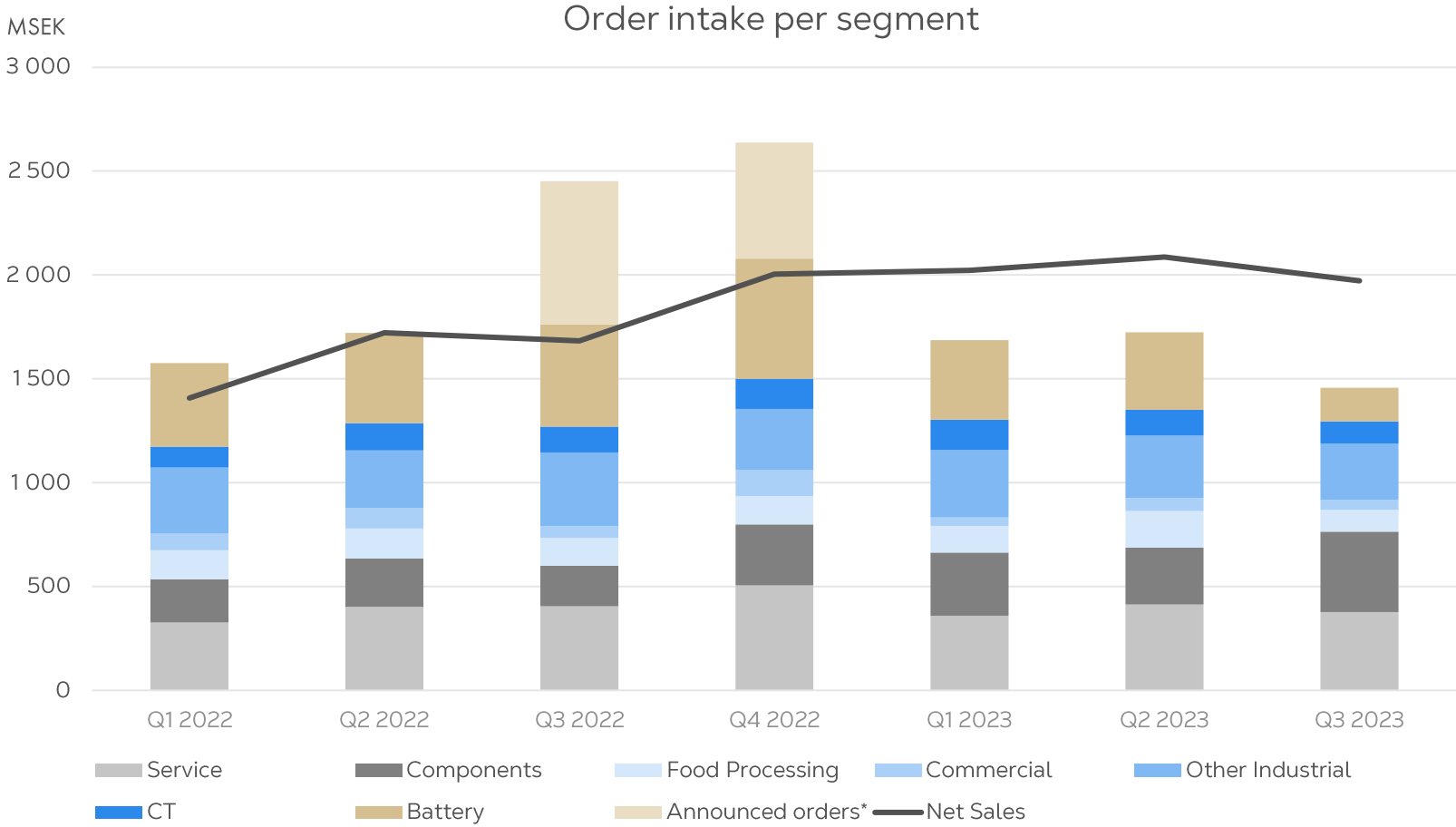
MSEK	Q3 2023	Q3 2022	Change (%)		
			Org.	Struc-tural*	FX-effects
Order intake	1,463	2,453	-45%	2%	2%
Order backlog	3,572	4,219			
Net sales	1,978	1,684	12%	3%	3%
Adj. EBITA	305	242			
Adj. EBITA (%)	15.4	14.4			



* Acquisitions & divestments



Stable market activity in several segments



- Variations in large orders i.e., batteries
- Other industrial & CT, steady development
- Service & Components stable and growing
- Secure future orders & ramp up production capacity

*Large orders announced through press releases



Acquisition of ZECO - strengthens our market position in India

→ ZECO

- Indian manufacturer of air treatment solutions - adds complementary products to our core offer
- Combined offering positions us for growth
- Provides a strong platform for growth - 3 manufacturing facilities across India & several sales offices
- Reported net sales of ~ MSEK 510* and an accretive EBITA-margin to the Group
- Estimated enterprise value of MSEK 790
- Closed on 16th of October



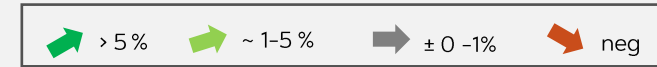
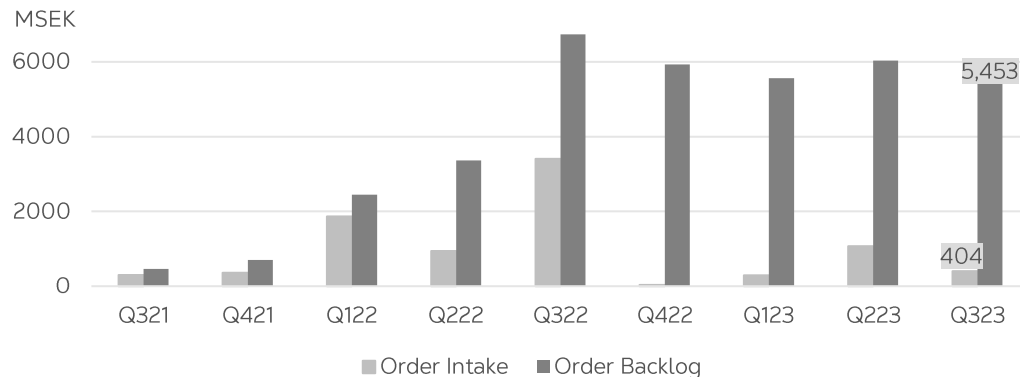
Positive development in Europe

→ Order Intake decreased -89% org.;

- excl. two large orders of MUSD 239 received Q3 2022, decrease -49% org.
- due to changed ordering pattern among customers
- underlying demand continued good
- good development in Europe, i.e. Oasis product

→ Order Backlog decreased;

- majority attributable to large orders to be delivered throughout 2025



Customer segment	% order intake Q3 2023	Market Outlook *
Hyperscalers	2%	↗
Colocation	97%	↗
Telco & enterprises	1%	↘

- **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 in both regions due to increased build outs and investments, driven by increased leasing demand
- **Telco & enterprises** - moving away from own facilities , lease either cloud or colocation space. Trend likely to continue with only selected data centers being built

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



Good execution on large orders

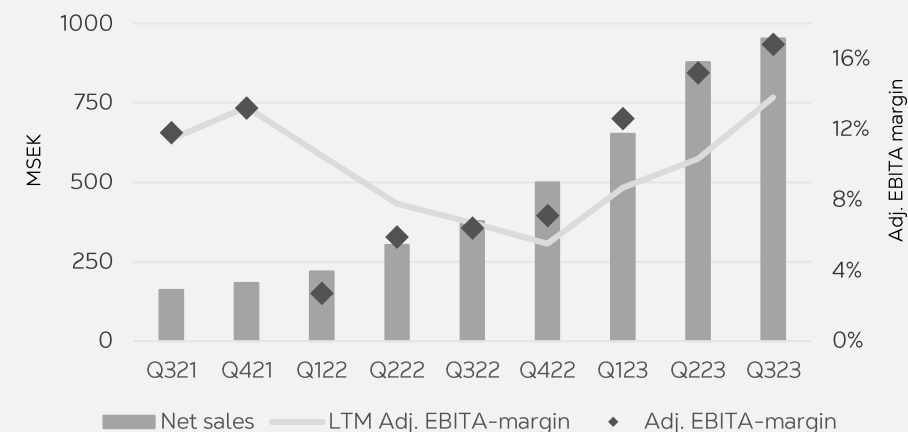
→ Net Sales strong increase;

- Good execution on large projects & increased deliveries, proceeding according to plan
- production ramp-up in Europe ongoing, preparations to introduce the SyCool split solution

→ Adj. EBITA margin significant increase;

- + strong volume growth
- + increased utilization rate in production
- + investments in competence and resources expected to increase to capture growth

MSEK	Q3 2023	Q3 2022	Change (%)		
			Organic	Structural*	FX-effects
Order intake	404	3,406	-89%	-	1%
Order backlog	5,453	6,739			
Net sales	953	378	140%	-	13%
Adj. EBITA	160	24			
Adj. EBITA (%)	16.8	6.4			



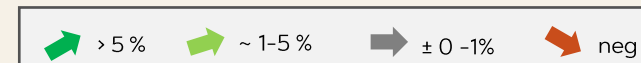
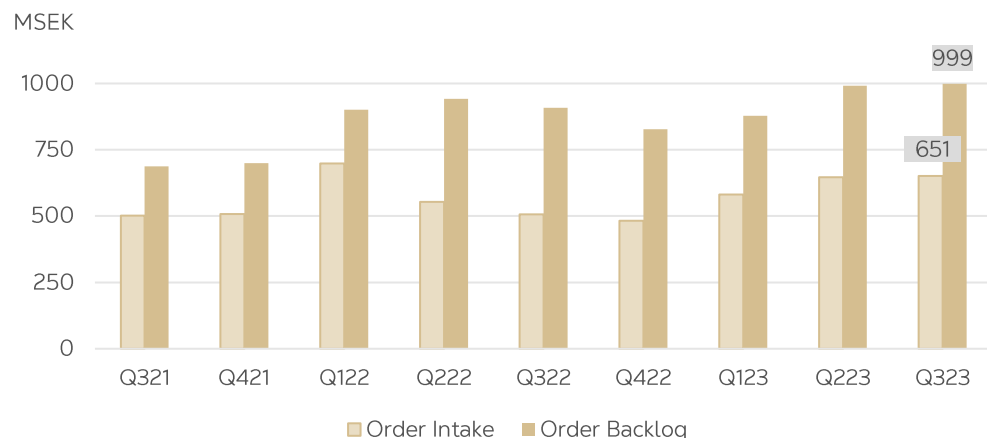
* Acquisitions & divestments

Strong growth journey in Digital solutions

→ Order Intake increased +22% org.;

- driven by the US & improvement in EMEA
- CS - good development in the broiler & layer segments in the US. Slight recovery in APAC & EMEA led to a stable development.
- DS - strong growth journey continues

→ Order Backlog increased



Customer segment	% order intake Q3 2023	Market Outlook *
Climate Solutions (incl. Controllers)	85%	→
...whereof Broiler	48%	↗
...whereof Swine	10%	↘
...whereof Layer	19%	↗
...whereof Greenhouse	5%	→
...whereof Dairy	0%	→
...whereof Other	3%	n/a
Digital Solutions	15%	↗

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



Commercial excellence initiatives drives margin improvement

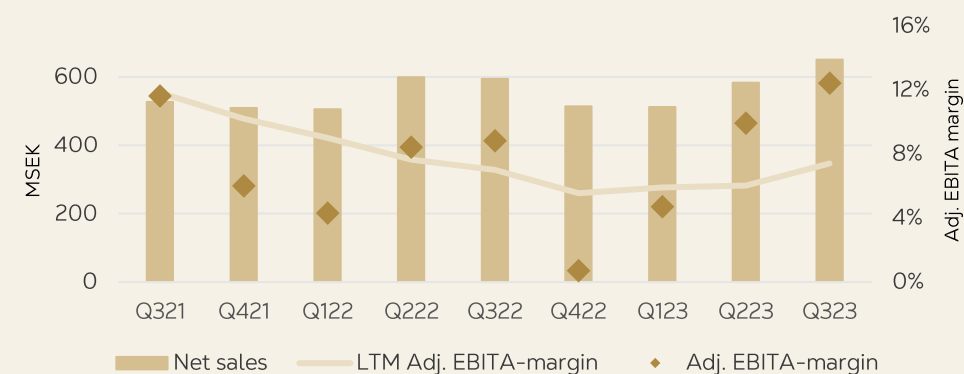
→ Net Sales flat;

- CS – cont. weak markets in APAC & EMEA. Layer segment good growth in all regions.
- DS - SaaS ARR grew +53%

→ Adj. EBITA margin increased;

- + increased net sales
- + effects from operational excellence improvements
- + net price increases
- + improved profitability in DS
- cont. weak in EMEA & APAC
- cont. high investments in DS

MSEK	Q3 2023	Q3 2022	Change (%)		
			Organic	Structural*	FX-effects
Order intake	651	507	22%	5%	1%
Order backlog	999	908			
Net sales	650	594	1%	5%	3%
- of which SaaS	48	32			
- SaaS ARR	194	127			
Adj. EBITA	80	53			
Adj. EBITA (%)	12.4	8.8			



* Acquisitions & divestments

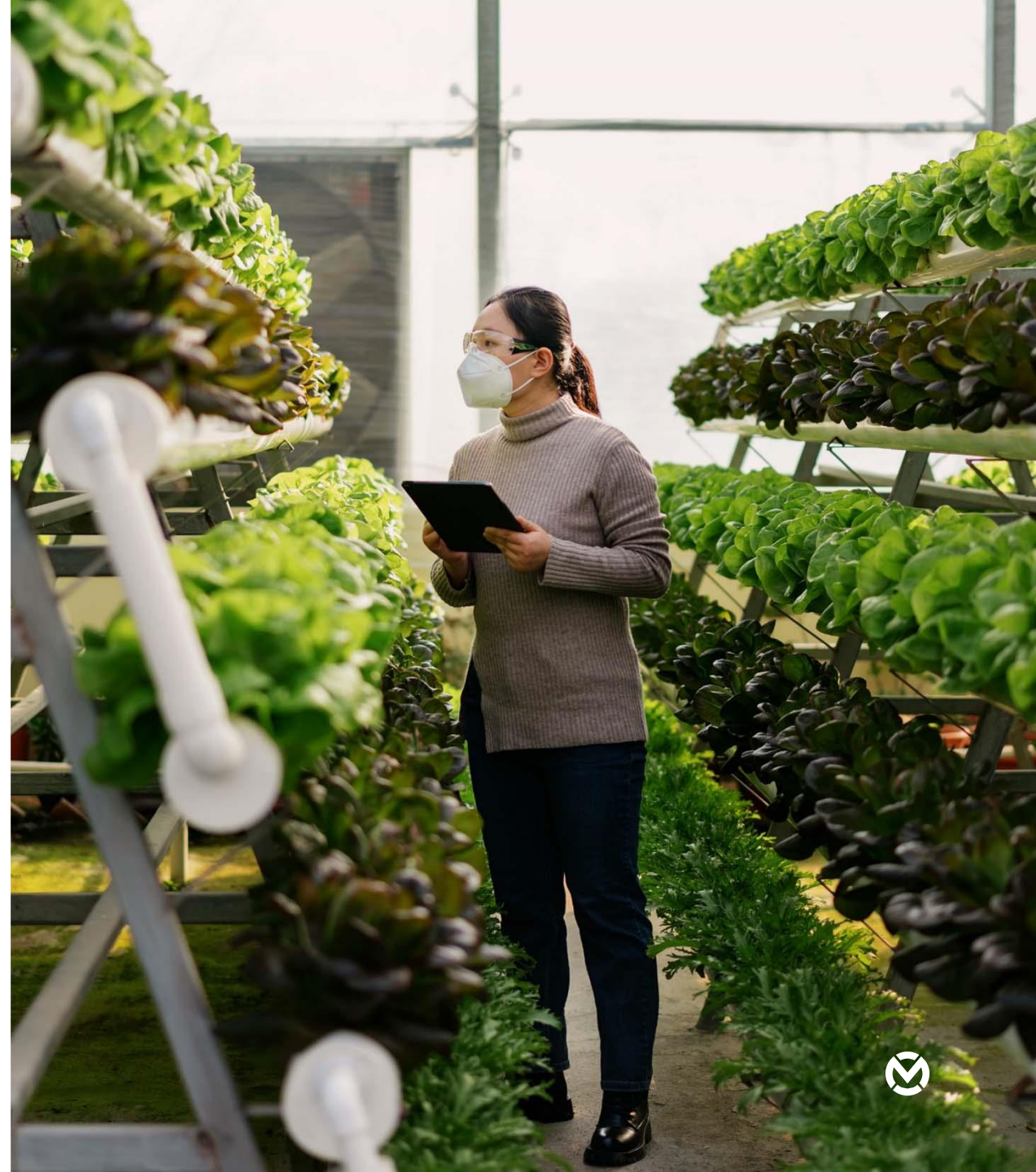
Strengthening the FoodTech portfolio

→ Gaya farm project, South Korea

- Swine farm of 2,725 m²
- Sold products - Trio controllers & Lavamatic
 - Lavamatic - cleans the air (inside & out)
 - Trio controllers - cloud control management for air quality & animal welfare
- Chosen for Munters innovative and sustainable technology and the precise solution for air cleaning

→ Amick farms, Americas

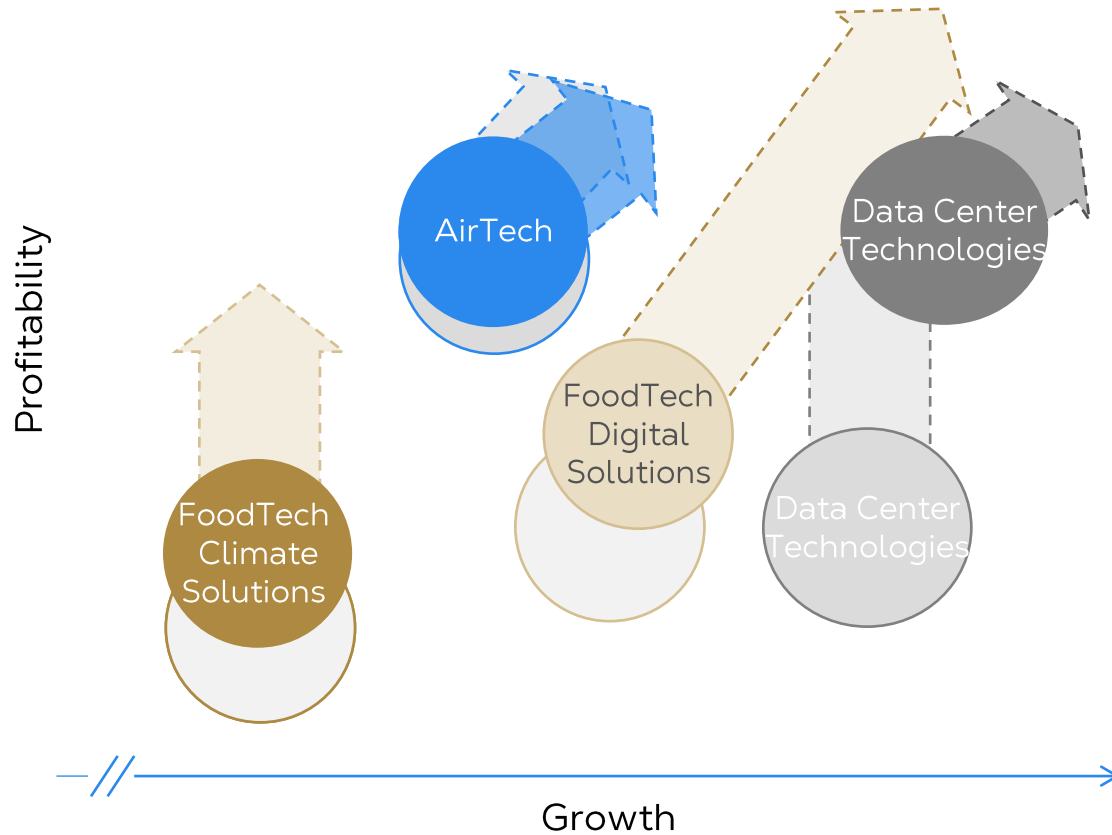
- Broiler producer, >400 partner farms & three poultry production complexes, managing the full production process from egg to customer
- Sold products - Amino SaaS
 - Amino - a poultry management software app helping farmers and integrators to collect, manage and analyze data more efficiently



Munters focus areas

ILLUSTRATIVE

Direction of positioning – 2023 and beyond



Focus areas 2023 and beyond

AirTech

- Continued progression on profitable growth & capturing orders
- Service & energy efficient solutions key drivers

DCT

- Maintain profitability
- Continue expanding market leading offer, i.e. in Europe

FoodTech

- Digital Solutions (SaaS* & controllers)– accelerate growth & profitability, through SaaS ARR and controllers
- Climate Solutions (Equipment) – strategic review



Advancement towards our sustainability goals

End of September 2023

Goal

Scope 1 & 2	Renewable electricity, factories	80% (71)
	Energy efficiency, factories*	0.51 (0.71)
	Recycling rate (LTM)	52% (54)

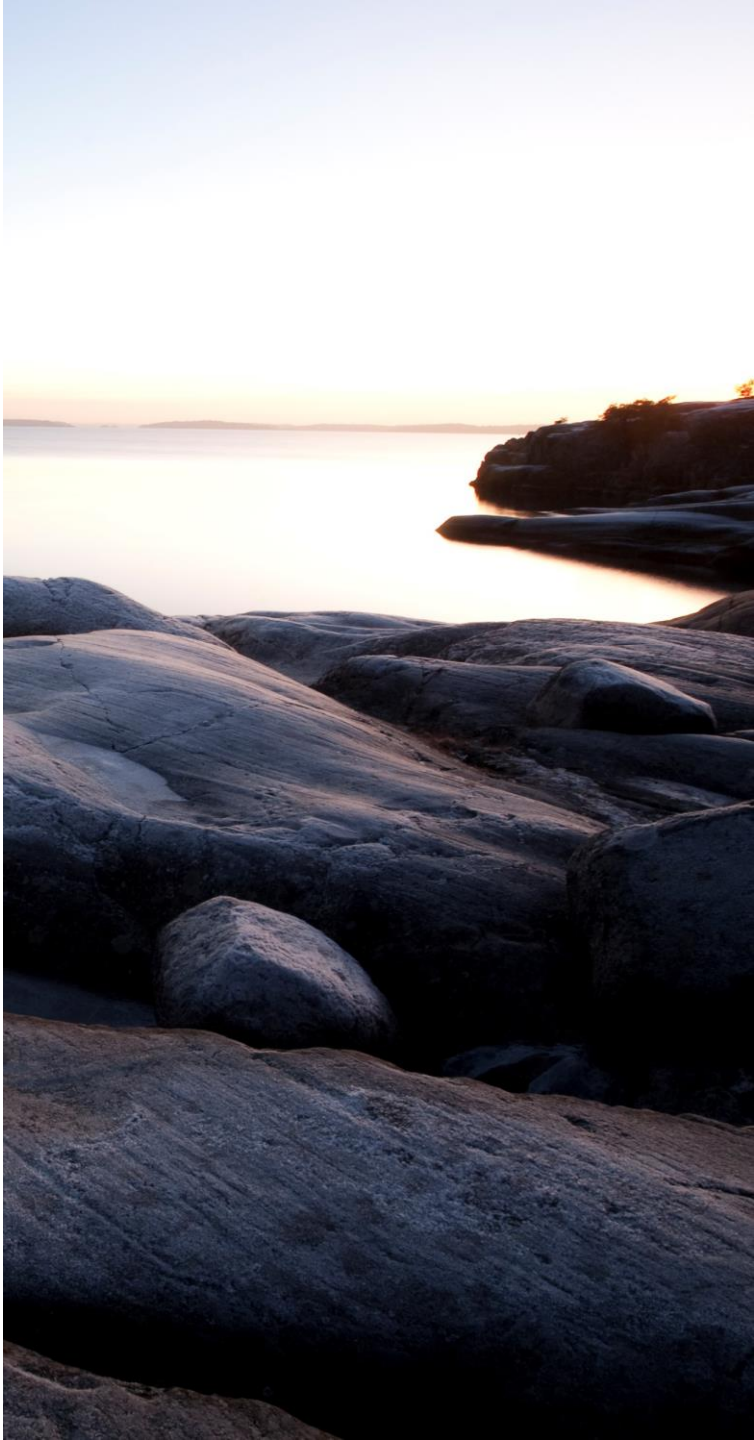
Net zero emissions by 2030

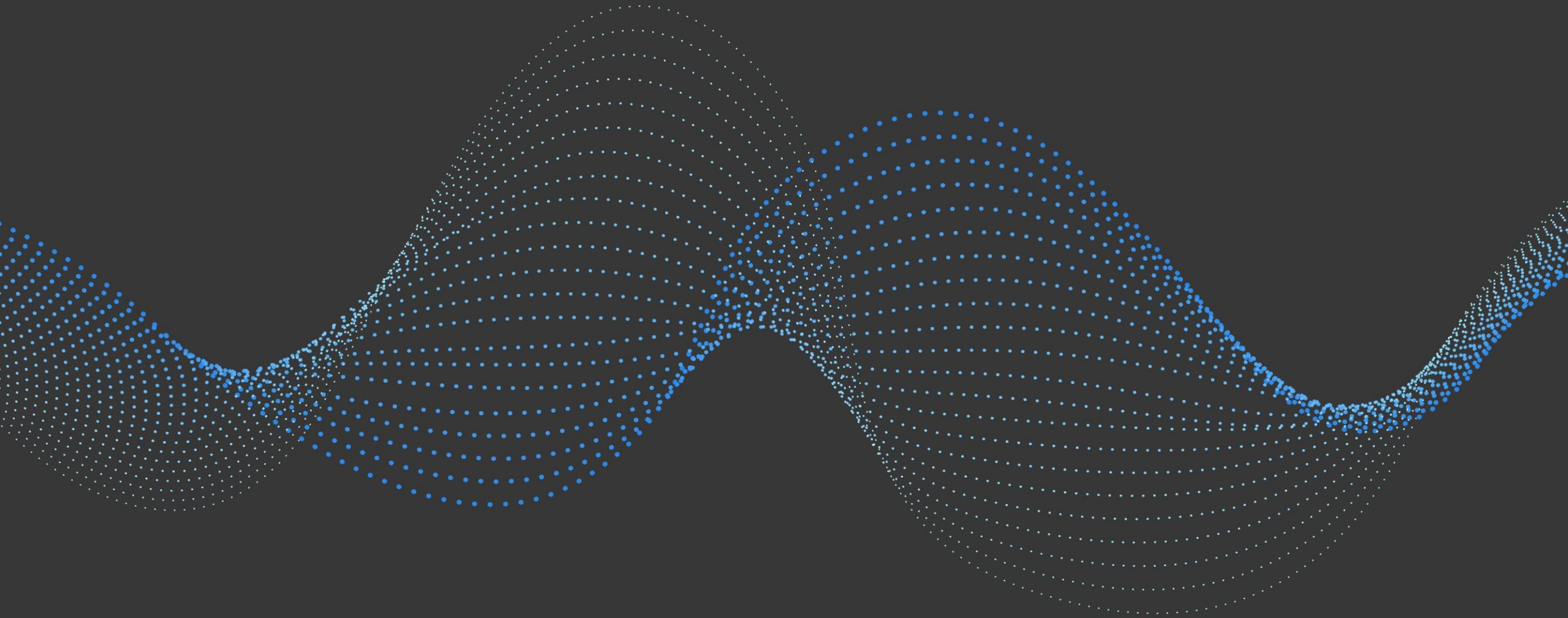
Health & Safety	TRIR** (LTM)	1.2 (1.6)
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Zero accidents

Diversity	% of women in workforce	24% (22)
	% of women in mgmt positions	21% (22)

30% women leaders by 2026





Financial highlights



Strong net sales growth

- **Net Sales** strong increase;
 - Strong development DCT & battery, AT
 - Services organic growth 7% to MSEK 479, representing 13% of total net sales
- **Adj. EBITA margin** improved in all business areas
- Improved **cash flow**;
 - Stronger earnings & positive effects from changes in working capital related to customer deliveries in DCT
- **Net debt** increased;
 - Mainly due to acquisitions and increased working capital in the last 12 months, financed partly by debt
- **Leverage** decreased

	MSEK	Q3 2023	Q3 2022	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		2,494	6,354	-64	1	2
Order backlog		10,025	11,866			
Net sales		3,560	2,644	28	3	4
Operating profit (EBIT)		454	271			
Adj. EBITA		503	293	65	4	3
Adj. EBITA-margin		14.1	11.1			
Net income		264	178			
Cash flow from operating activities		554	266			
OWC/net sales (%) ¹		13.7	13.1			
Net debt		4,399	3,654			
Net debt/Adj. EBITDA ²		2.2	3.0			

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

² Last twelve months

* Acquisitions & divestments

All business areas contributed to improved profitability

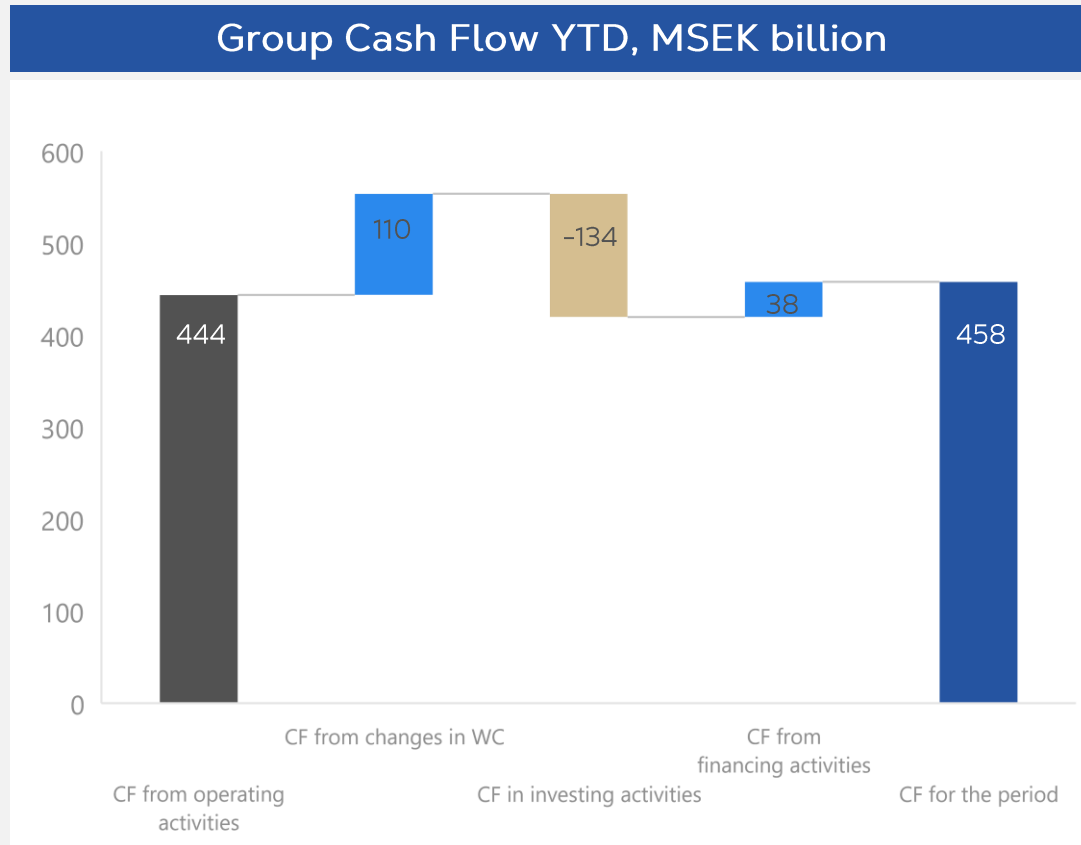
Group adj. EBITA margin impact

Q3 2022 adj. EBITA %	11.1
<hr/>	
Volume	++
Net pricing	++
Operational excellence	+
Strategic initiatives	-
<hr/>	
Q3 2023 adj. EBITA %	14.1

Main factors affecting adj. EBITA margin in Q3:

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

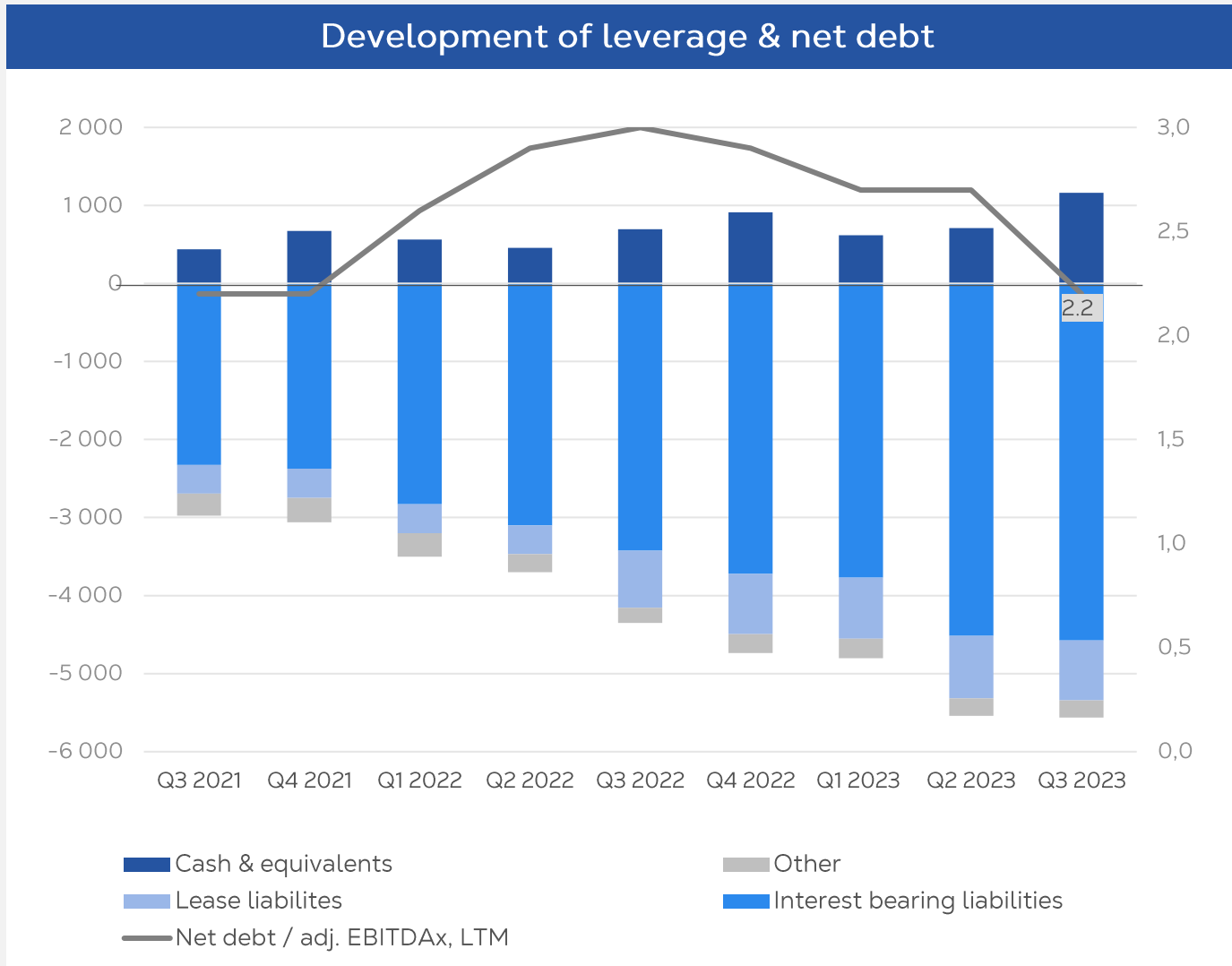
Cash flow from operating activities improved in the quarter



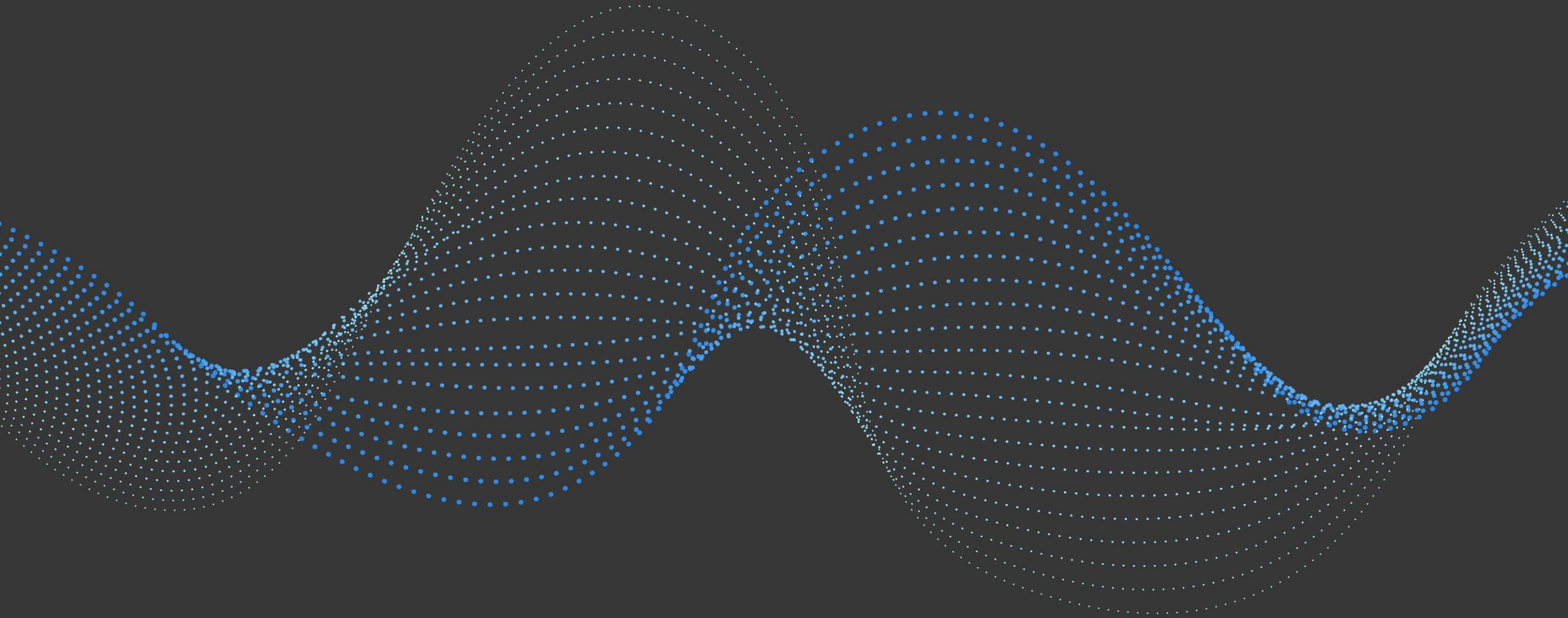
Cash flow from changes in WC		
	Q3 2023	Q3 2022
Change in accounts receivable	-119	-94
Change in inventory	161	-149
Change in accrued income	60	62
Change in accounts payable	-104	-22
Change in advances from customers	109	204
Change in other working capital	4	30
CF from changes in working capital	110	30

- Higher level of CF from operating activities before changes in working capital
 - mainly driven by improved EBIT
- Reduction of working capital
 - mainly increased deliveries to customers in DCT

Decreased leverage ratio



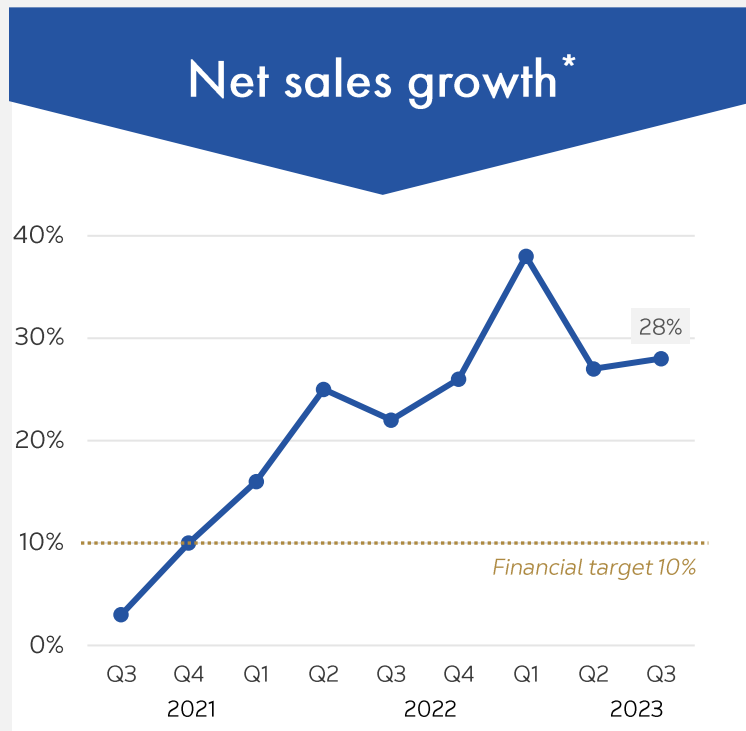
- **Leverage ratio** decreased from mainly driven by increased adj. EBITA.
- **Net debt** increase due to:
 - acquisitions financed partly by debt during the last 4 quarters
 - increased lease liabilities related to new factories
 - offset by increased cash flow from operating earnings



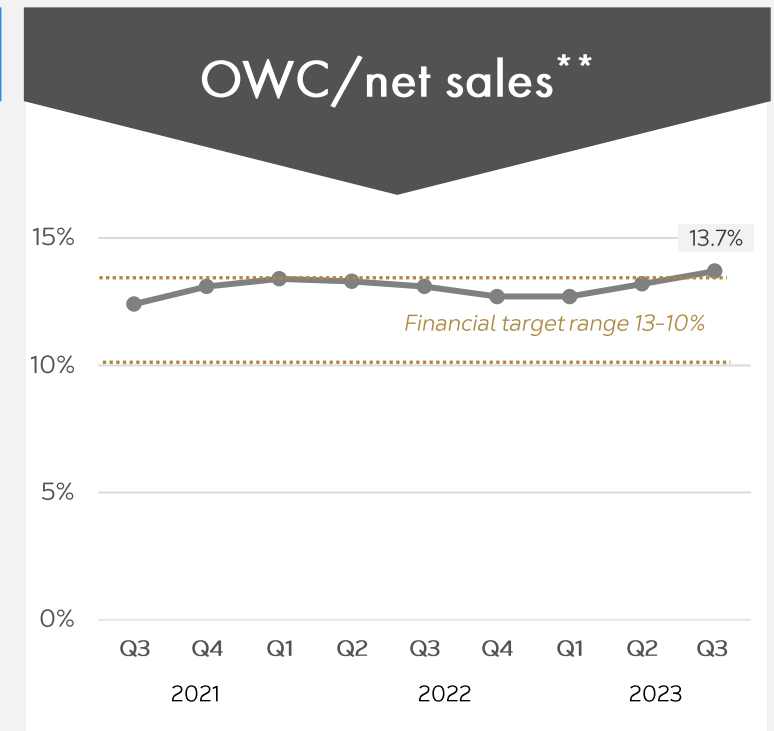
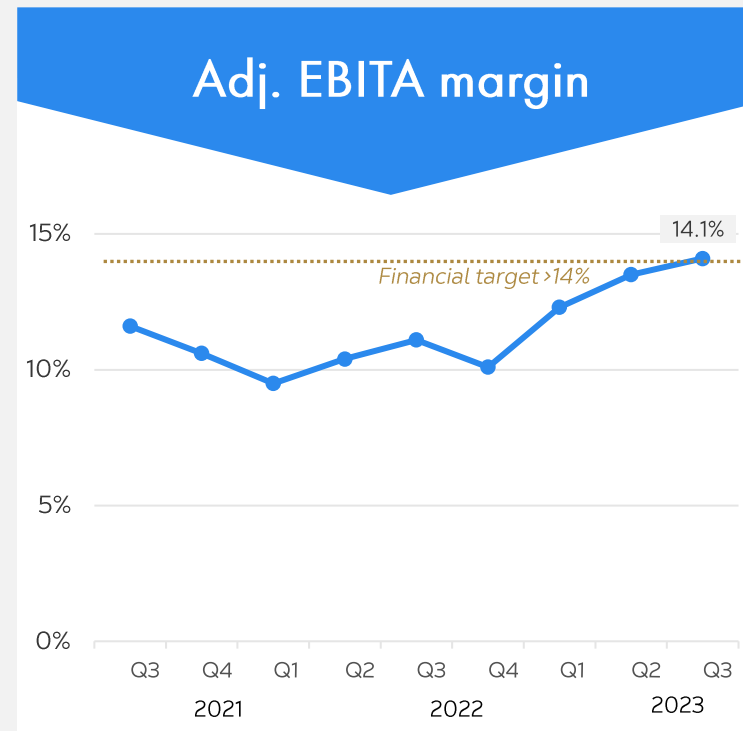
Summary



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

Strong net sales growth & profitability improvement



Strong net sales growth & margin contributions from all business areas



Stable long-term growth trends & good market activity



Focus on customer success through sustainable solutions



Questions & Answers

Q3 2023