



Munters

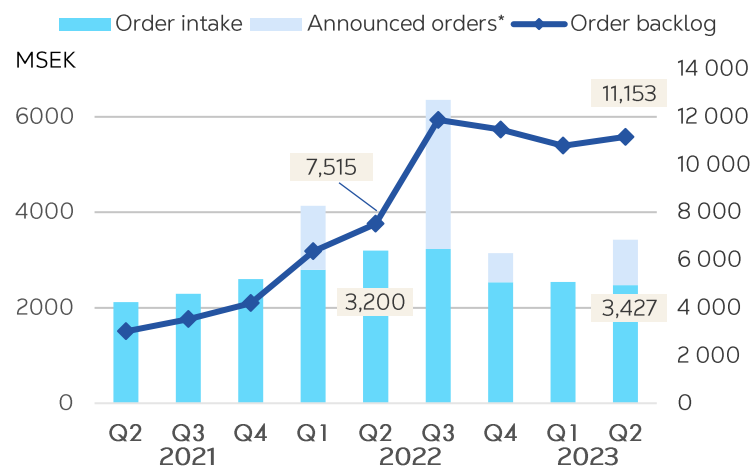
Q2 report 2023

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Strong results and progress on the strategic journey

Solid progress in order intake



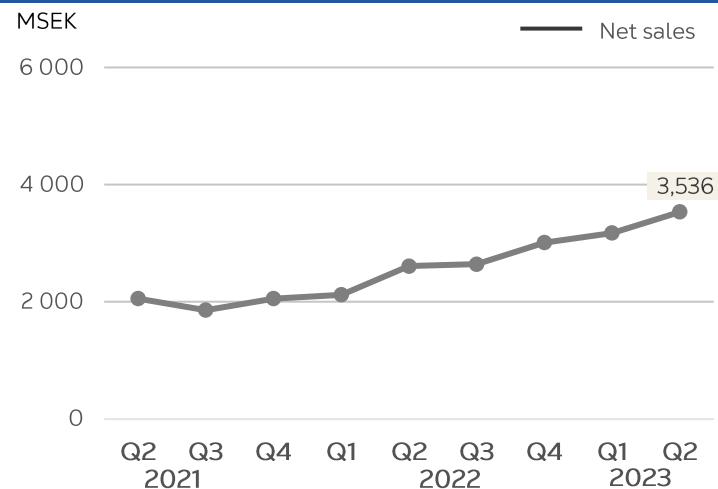
Q2: Order intake, +7%:

- underlying solid demand in DCT & AT
- DCT large order from US-based colocation company of MUSD 88
- FT positive, good growth in the US

Q2: Order backlog, +48%

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

Strong net sales growth

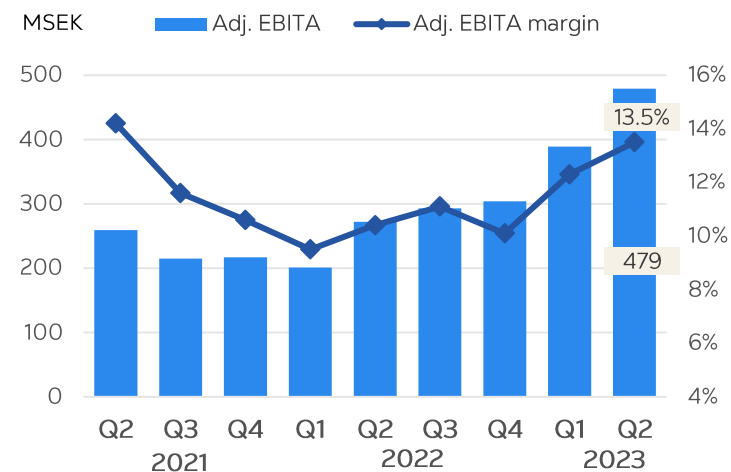


Q2: Net sales, +35%:

- organic growth of 27%
- growth mainly driven by DCT & the battery sub-segment in AT
- FT showed flat growth, driven by Americas

Book-to-bill Q2: 1.0

Continued margin improvement



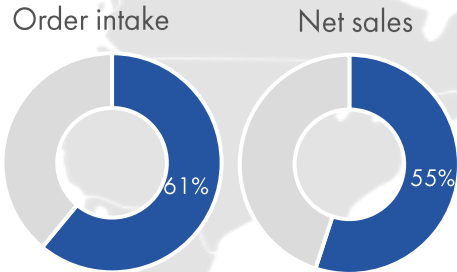
Adj. EBITA-margin, Q2 13.5%:

- margin improvements in all business areas
- Driven by:
- increased net sales in AT & DCT
 - efficiency improvement efforts in all BAs
 - strategic review initiated of equipment offering in FT



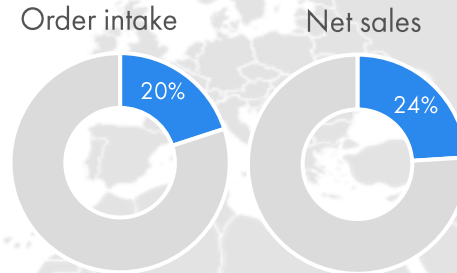
Americas strong growth in the quarter

Regional share



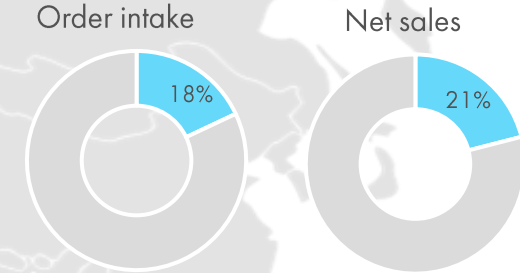
Americas - order intake

- AirTech – good growth in Components & the sub-segment battery
- DCT – good underlying market activity from the colocation market
- FoodTech – good growth within DS¹ and dairy, broiler & layer within CS²



EMEA - order intake

- AirTech – primarily growth in Service & the sub-segment pharma
- DCT – good activity in the colocation market, driven primarily by hyperscalers
- FoodTech – underlying weak market situation, growth in greenhouse & dairy



APAC- order intake

- AirTech – growth mainly in sub-segments food & pharma
- FoodTech – continued weak swine market in China whereas layer, greenhouse & dairy showed growth

All figures as reported, not currency adjusted.

¹Digital Solutions, ²Climate Solutions (equipment incl. controllers)

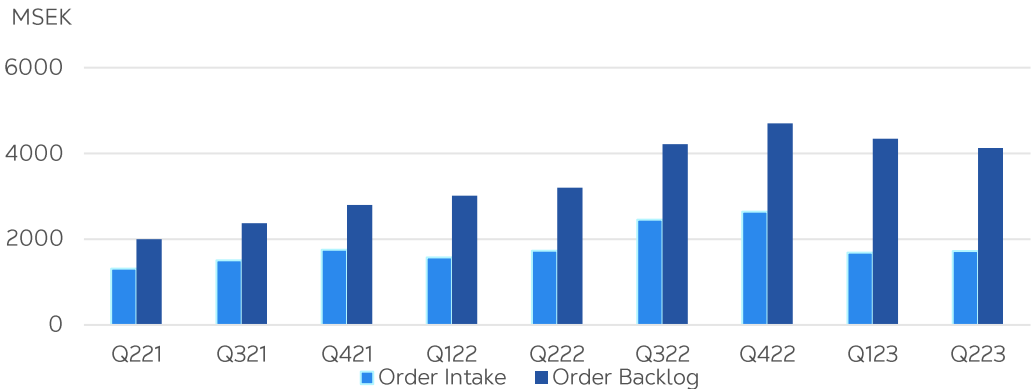


Stable demand and continued strong backlog

→ **Order Intake** stable development;

- Battery - good growth Americas, APAC & EMEA weaker
- Food - good APAC & EMEA development, offset by US
- Clean Technologies - declined slightly
- Components - good growth mainly EMEA & Americas
- Service - EMEA good growth, Americas weaker

→ **Order Backlog** increased +29% over Q2 22



➔ > 5%
 ➔ ~ 1-5%
 ➔ ± 0 -1%
 ➔ neg

Customer segment	% order intake Q2 2023	Market Outlook *
Industrial	53%	➔
...whereof battery	22%	➔ ***
...whereof food processing	10%	➔
...whereof commercial	4%	➔
...whereof other	17%	➔
Clean Technologies	7%	➔
Service & components	40%	➔
...whereof service	24%	➔
...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
 *** Market outlook for Battery is strong with growth above 10 per cent



Strong net sales and margins

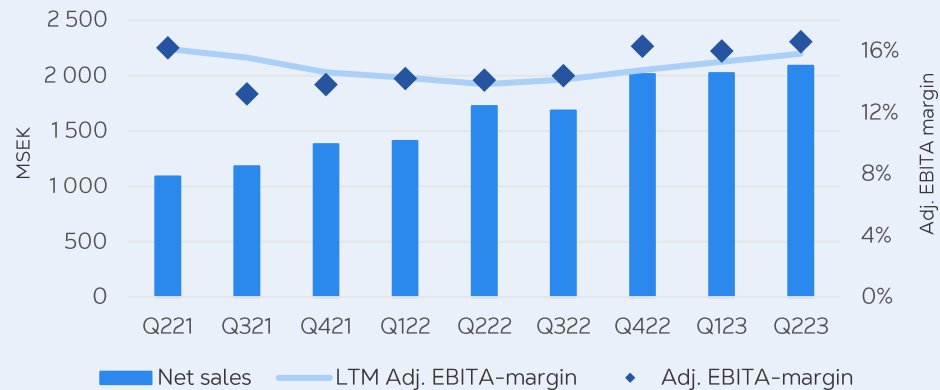
→ Net Sales strong growth all regions;

- Battery - main growth driver in all regions
- Food - flat development, Americas growth
- Clean Technologies - all regions weaker, decision to leave the marine market
- Components - good growth in all regions
- Service - org. growth +5%, EMEA good growth, flat other regions

→ Adj. EBITA margin strong growth impacted by;

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

MSEK	Q2 2023	Q2 2022	Change (%)		
			Org.	Structural*	FX-effects
Order intake	1,726	1,727	-7	2	4
Order backlog	4,124	3,204			
Net sales	2,088	1,723	13	2	6
Adj. EBITA	346	242			
Adj. EBITA (%)	16.6	14.1			



* Acquisitions & divestments



AirTech strengthened with two new acquisitions

→ Tobo Component

- Swedish manufacturer of components, working with Munters since 2005
- Deal closed in May 2023
- Net sales 2022 ~MSEK 76, ~ 14 FTE
- Expand the humidification business & gives us full process control giving additional growth opportunities



→ SIFT

- Service business within climate control & cold storage in northern France
- Deal closed June 2023
- Net sales 2022 ~MEUR 3, ~ 17 FTE
- Following the strategy to increase market share within the service business in Europe



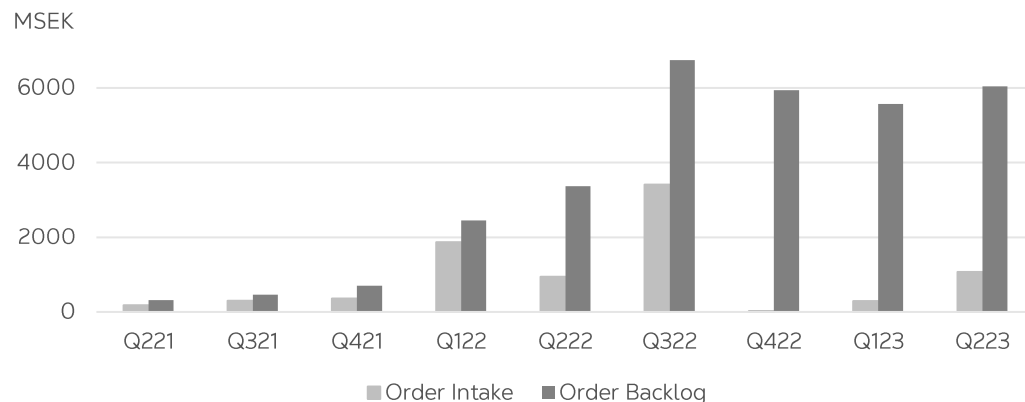
Good underlying demand & strong order backlog

→ Order Intake increased 14%;

- strong long-term outlook driven by digitization & energy-efficient cooling solutions
- MUSD 88 (MSEK 955) order from US colocation operator, deliveries Q4 2024 – Q4 2025

→ Order Backlog increased +79% over Q2 22

- majority attributable to large orders to be delivered throughout 2025



➔ > 5%
 ➔ ~ 1-5%
 ➔ ± 0 -1%
 ➔ neg

Customer segment	% order intake Q2 2023	Market Outlook *
Hyperscalers	0%	➔
Colocation	98%	➔
Telco & enterprises	2%	➔

- **Hyperscalers** – increased activity both for their own facilities and colocation leasing. General growth as well as increased data traffic from AI driving significant growth in cloud sales
- **Colocation** – continued strong demand in both regions due to increased build outs and investments, driven by increased leasing demand
- **Telco & enterprises** – limited growth in segment due to enterprise operators focus their servers in either colocation or cloud data centers

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



Strong sales & margin growth

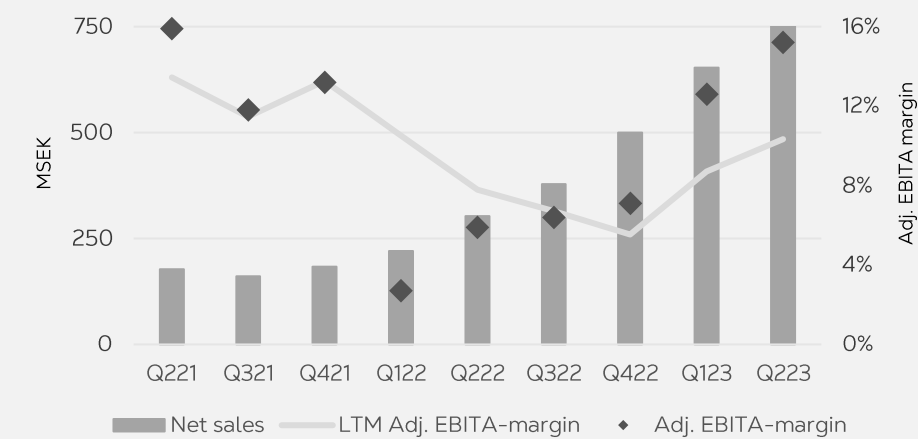
→ Net Sales +190%, strong increase;

- high activity in large projects & increased deliveries
- enabled by production ramp-up in the US
- large orders deliveries proceeding according to plan
- European ramp-up production progressing according to plan. (Oasis production Ireland, ongoing introduction of SyCool split solution)

→ Adj. EBITA margin significant increase, impacted by;

- + strong volume increase
- + ramp-up in production in the US
- + net price increases
- + capex spending in relation to net sales at low level, expected to ramp-up slightly during the remainder of the year

	MSEK	Q2 2023	Q2 2022	Change (%)		
				Organic	Structural*	FX-effects
Order intake		1,067	939	10	-	4
Order backlog		6,037	3,369			
Net sales		878	303	168	-	22
Adj. EBITA		133	18			
Adj. EBITA (%)		15.2	5.9			

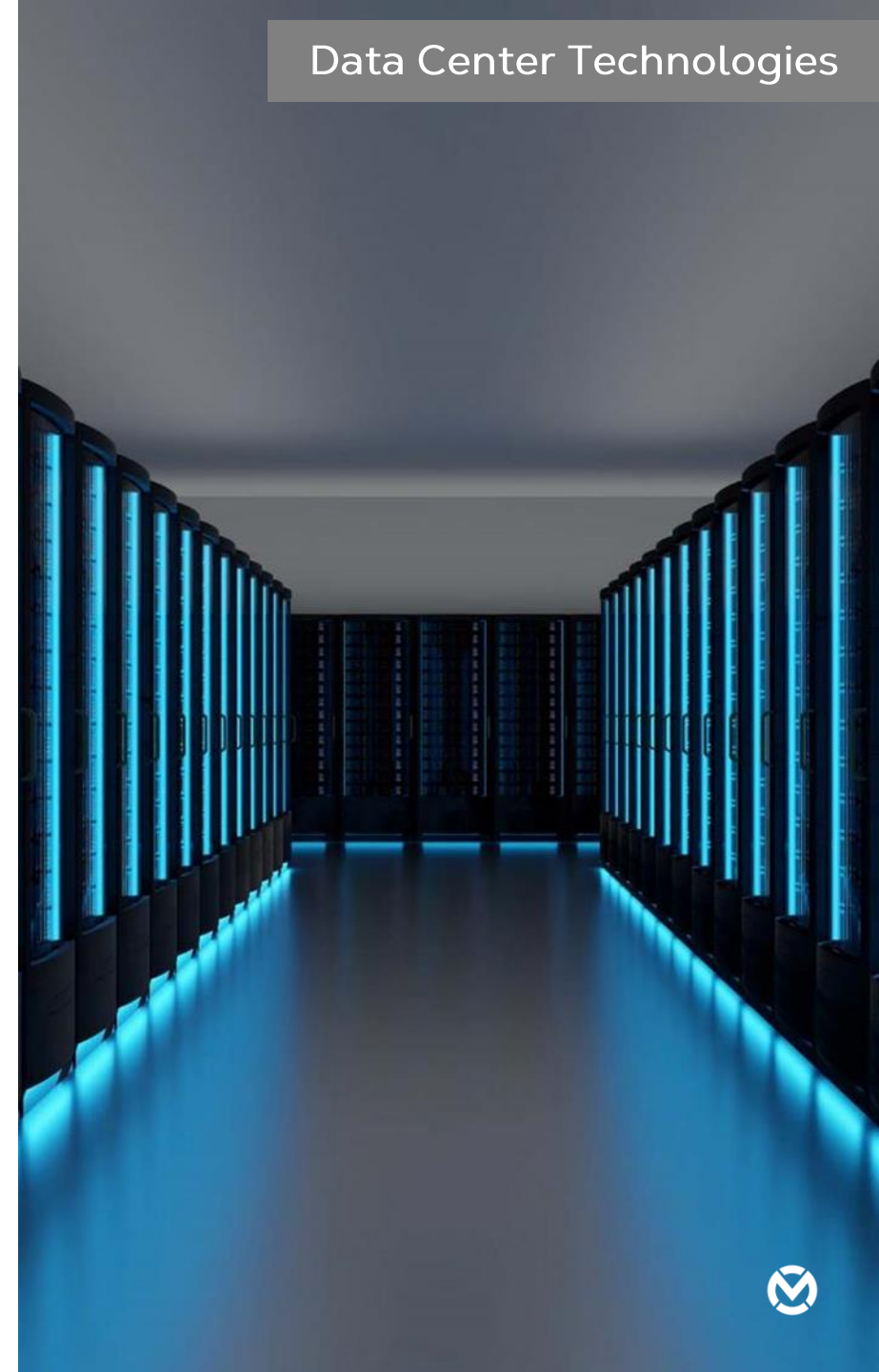


* Acquisitions & divestments



Major order from colocation data center received

- From an existing customer, US-based colocation data center company for chilled water air handlers (CRAH)
- Order of ~ MUSD 88 (~ MSEK 955)
- Deployed at >10 customers data center facilities, US
- Deliveries during Q4 2024 – Q4 2022
- Munters chosen for energy efficient, scalable, adaptive & future proofed cooling technology

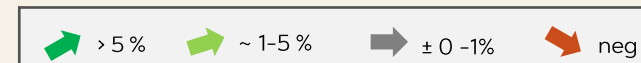
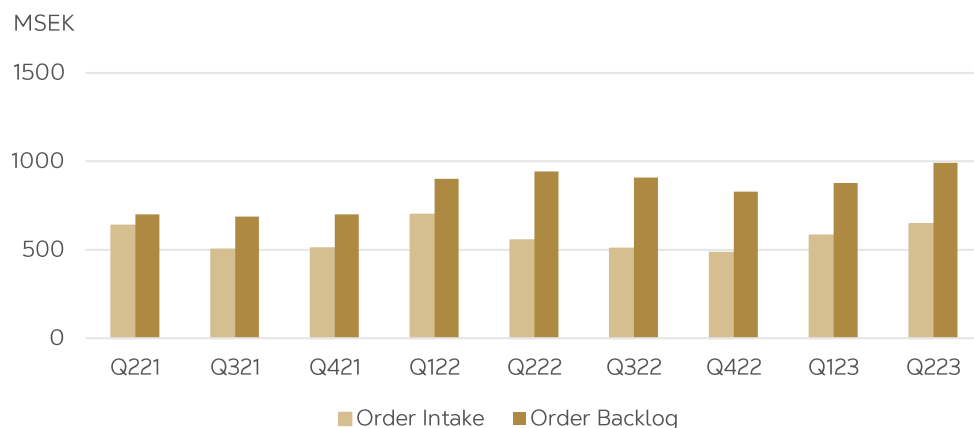


Increasing demand, mainly in Americas

→ Order Intake increased +17%

- mainly driven by CS & DS in the US
- CS - mixed development, most positive outlooks in Broiler & Greenhouse
- DS - strong trend all regions through increased data usage aiming at increasing yield, improving animal welfare and sustainability

→ Order Backlog increased +5%



Customer segment	% order intake Q2 2023	Market Outlook *
Climate Solutions (incl. Controllers)	93%	→
...whereof Broiler	48%	↗
...whereof Swine	14%	↘
...whereof Layer	18%	→
...whereof Greenhouse	5%	↗
...whereof Dairy	6%	→
...whereof Other	2%	n/a
Digital Solutions	7%	↗

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



Positive margin contribution

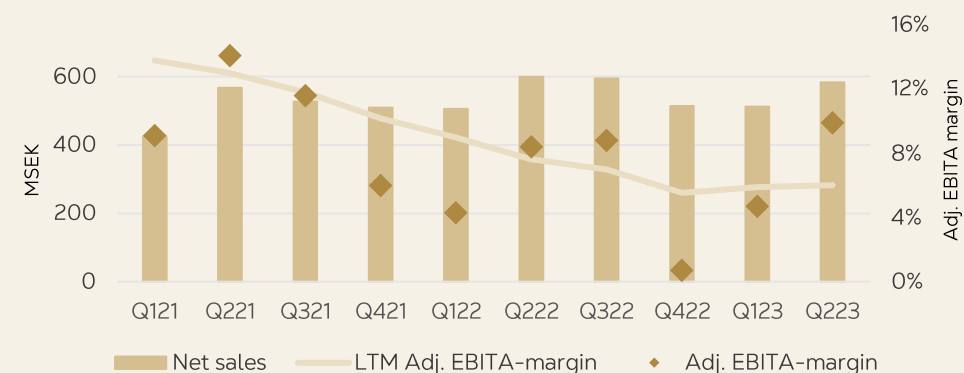
→ Net Sales -3% declined;

- CS - cont. weak Chinese swine market & overall weak market demand in EMEA
- CS - Americas growth primarily in broiler
- DS - SaaS ARR grew +48%

→ Adj. EBITA margin increased, impacted by;

- + commercial excellence initiatives, including net price increases
- + improved profitability in DS
- + actions to mitigate negative effects from lower net sales in EMEA and APAC
- cont. declining net sales in EMEA & APAC
- cont. high investments in DS

MSEK	Q2 2023	Q2 2022	Change (%)		
			Organic	Structural*	FX-effects
Order intake	646	554	11	-	5
Order backlog	992	942			
Net sales	583	599	-8	-	5
- of which SaaS	42	28			
- SaaS ARR	166	112			
Adj. EBITA	58	50			
Adj. EBITA (%)	9.9	8.4			



* Acquisitions & divestments



Strengthening FoodTech portfolio

→ Digital Solutions - Acquisition of InoBram receives approval*

- Brazilian manufacturer of controllers for broiler & swine
- June 2023, 60 % acquired, net sales 2022 ~MBRL 53, ~ 150 FTE
- Supports FT's strategy to grow digital solutions for the food & agricultural industry and strengthens presence in South America



→ Climate Solutions - Munters Lavamatic®

- Regulation for reducing emissions -> challenges to build new large smart farms
- Munters designed a climate control solution for a South Korean swine farmer consisting of Trio Controller & Lavamatic air cleaning product
- Optimized controlled indoor climate significantly reduced emissions up to 90%



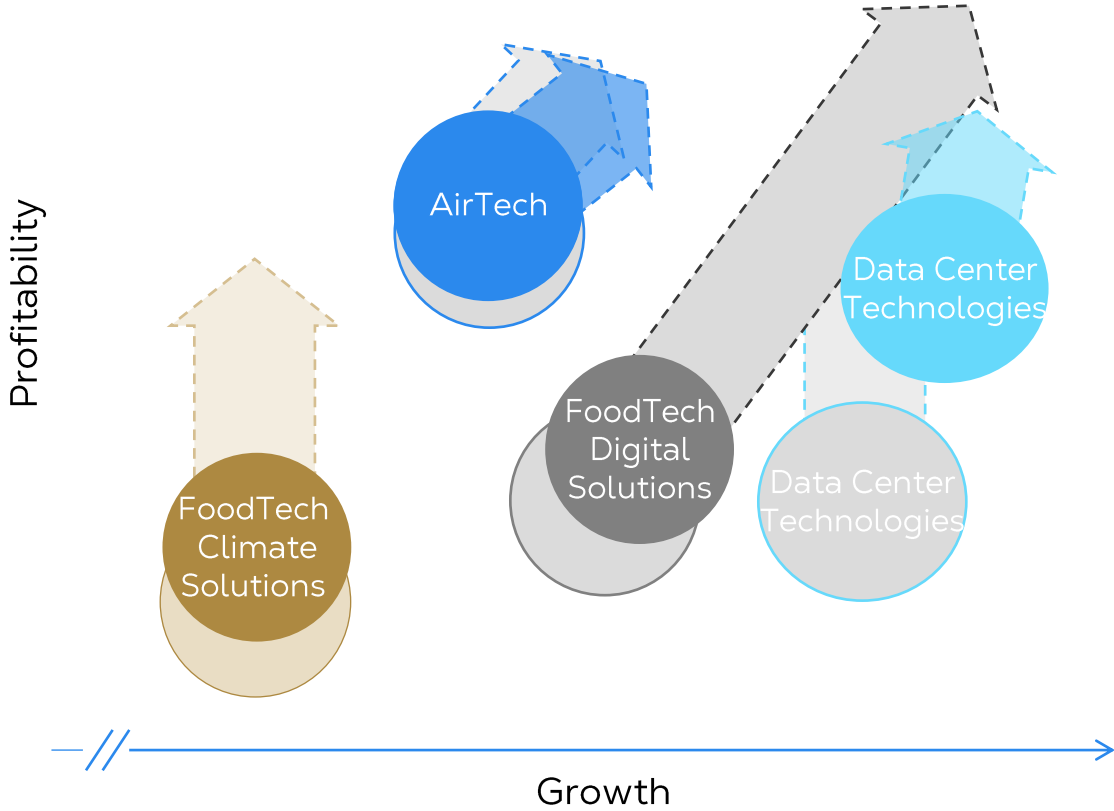
Munters Lavamatic®

- For swine & poultry
- Very low energy consumption - no pump technology needed
- Low maintenance
- High operational safety
- Effective odor reduction

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

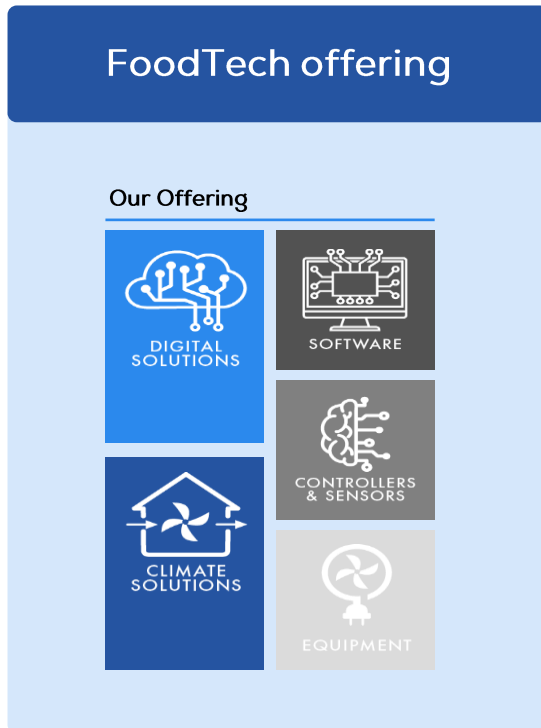
- Maintain profitability
- Continue expanding market leading offer, i.e. in Europe

FoodTech

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



Strategic review initiated of equipment in FoodTech

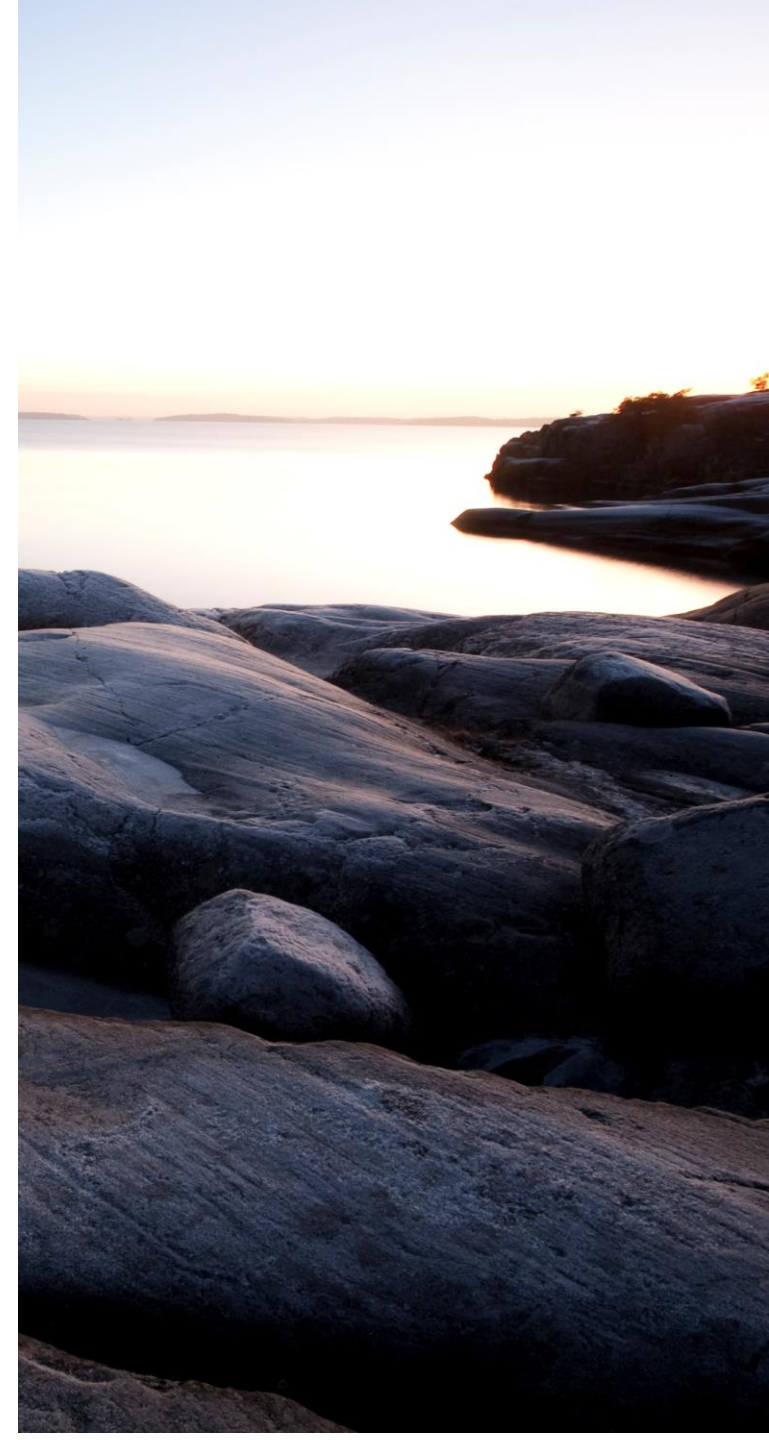
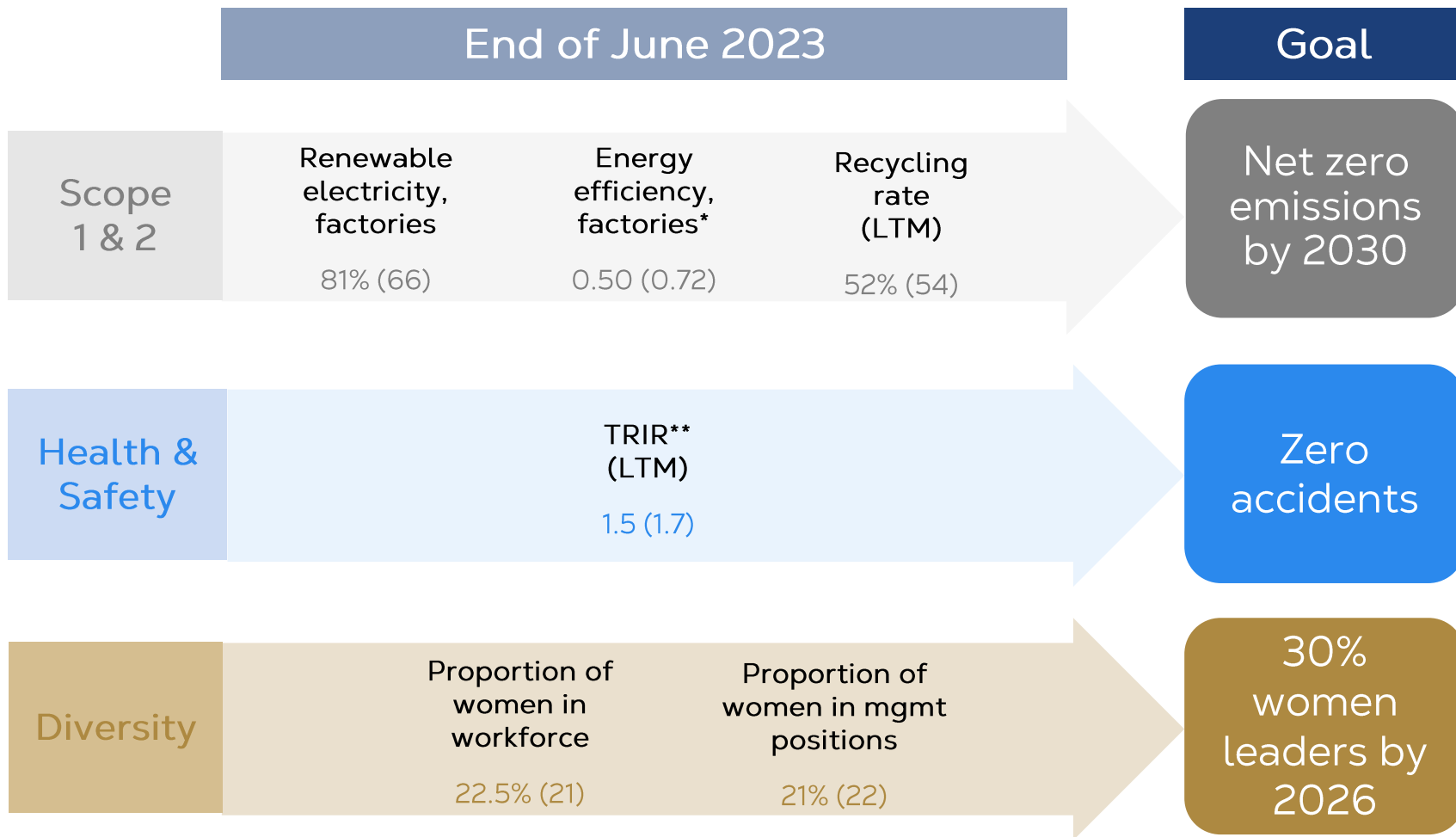


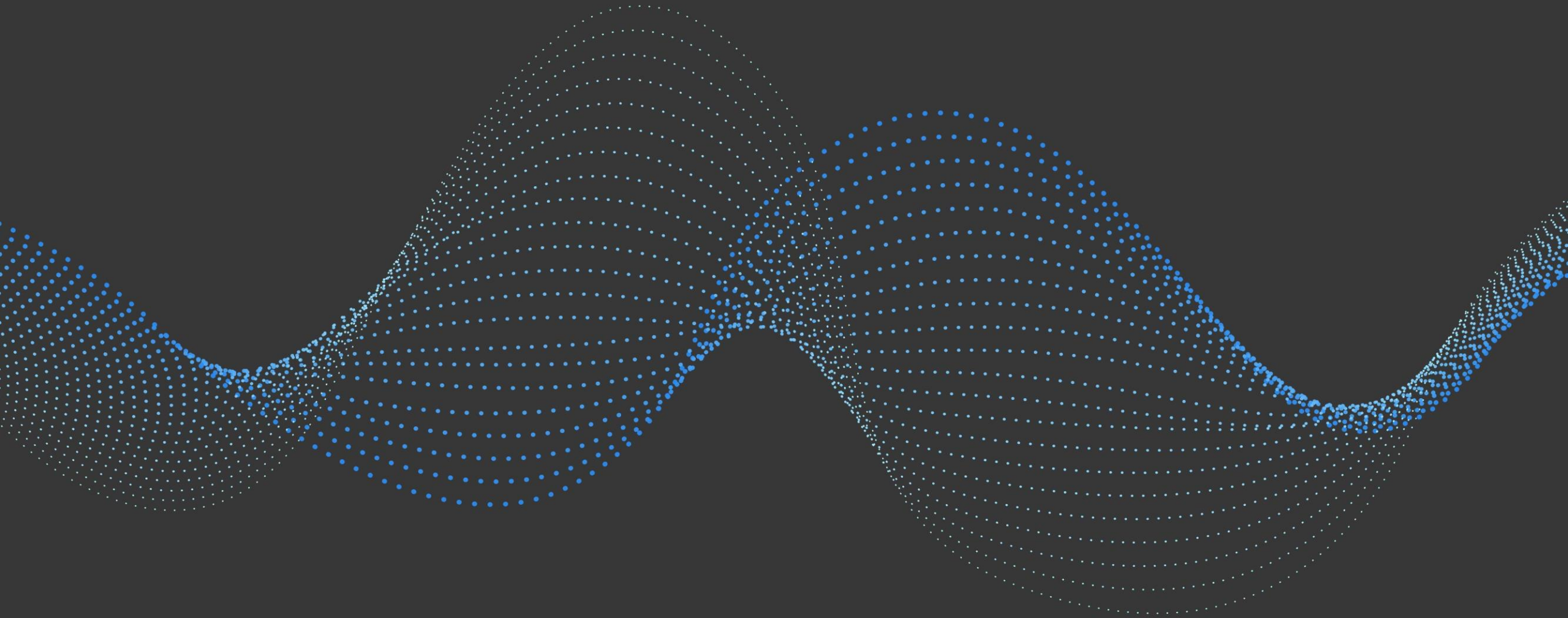
- Accelerate focus on digital growth
- Strategic review of equipment offering initiated
- Equipment sales within FoodTech accounted for approximately 16% of Munters net sales in 2022

HISTORY OF FOODTECH



Our purpose - For customer success and a healthier planet





Financial highlights



Strong net sales growth, margin improvement

- **Net Sales** strong increase;
 - Strong development DCT & battery in AT
 - Services 11.5% of total net sales
- **Adj. EBITA margin** improved in all business areas
- **Cash flow** at low level
 - OWC increased due to preparations for deliveries of large orders received 2022
- **Net debt** increased
 - Acquisitions and dividend pay-out in first half year
- **Leverage** decreased
 - Strong profitable growth resulted in lower leverage

	MSEK	Q2 2023	Q2 2022	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		3,427	3,200	1	1	5
Order backlog		11,153	7,515			
Net sales		3,536	2,610	27	1	7
Operating profit (EBIT)		408	220			
Adj. EBITA		479	272	64	4	8
Adj. EBITA-margin		13.5	10.4			
Net income		257	166			
Cash flow from operating activities		10	105			
OWC/ net sales (%) ¹		13.2	13.3			
Net debt		4,833	3,241			
Net debt/ Adj. EBITDA ²		2.7	2.9			

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

² Last twelve months

* Acquisitions & divestments

Significant margin improvement in all business areas

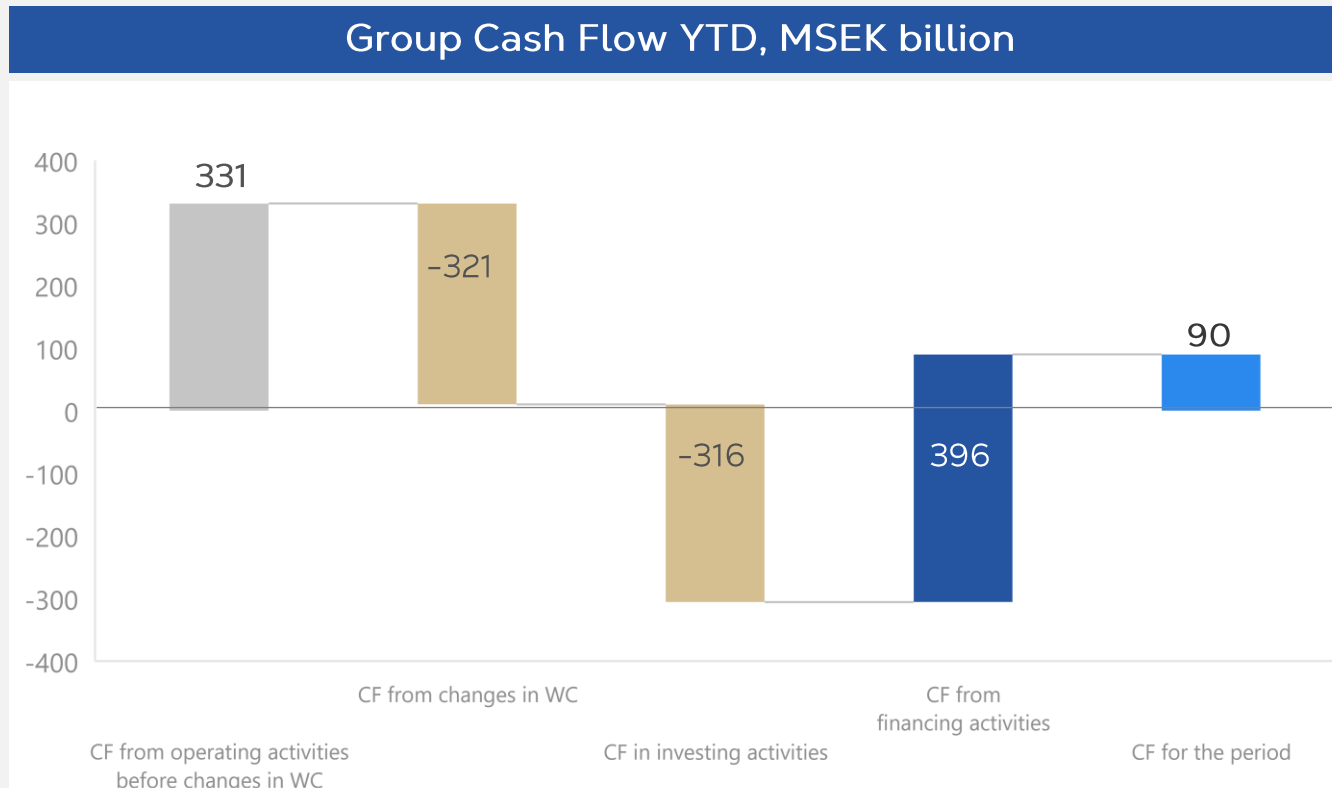
Group adj. EBITA margin impact

Adj. EBITA %	Q2 2022 10.4	Q1 2023 12.3
Volume	++	+
Net pricing	++	+
Operational excellence	+	+
Regional mix	-	=
Strategic investments	-	-
Q2 2023 adj. EBITA %	13.5	13.5

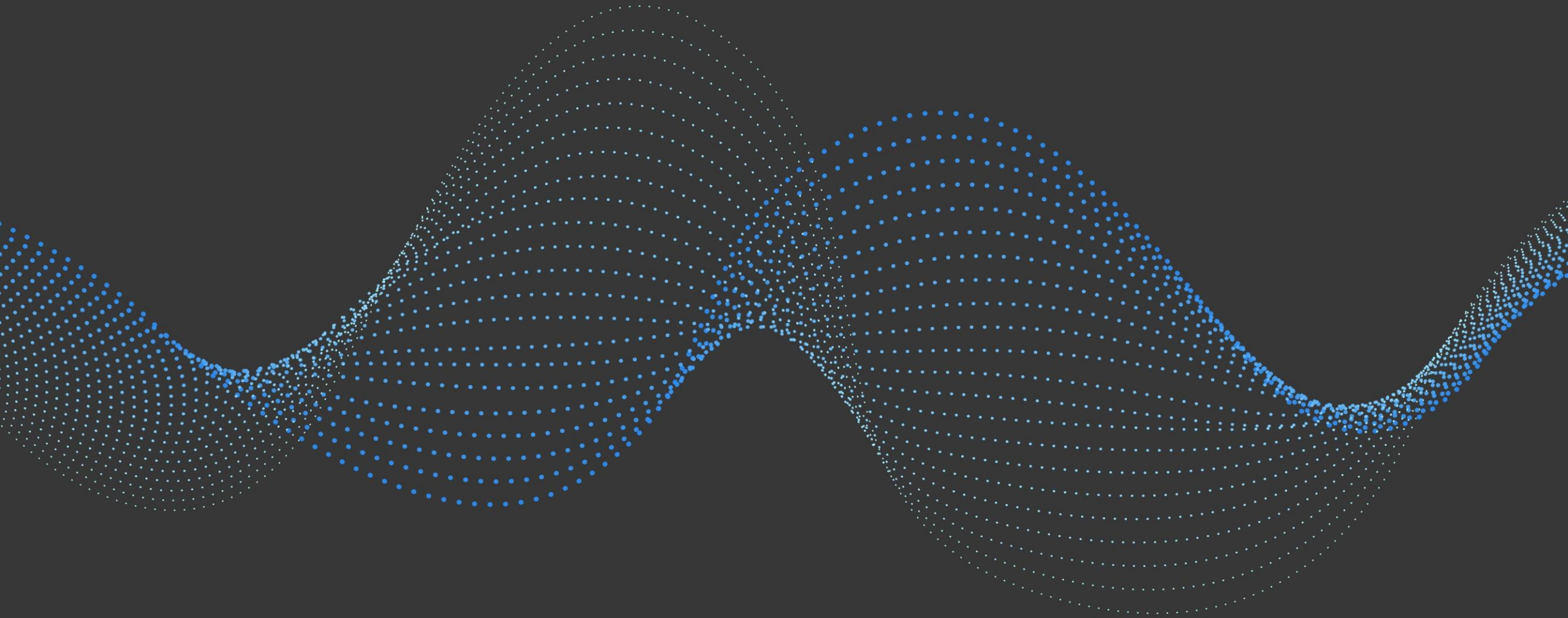
Main factors affecting adj. EBITA margin in Q2:

- Strong **volume** increase driven by DCT & battery in AT
- **Net price** increases in all business areas
- **Operational excellence** improvement initiatives contributed to margin improvement
- **Regional mix** in FT with weak markets in China & EMEA
- **Strategic investments** for scalability in digitization and automation continued

Large projects driving build-up in working capital



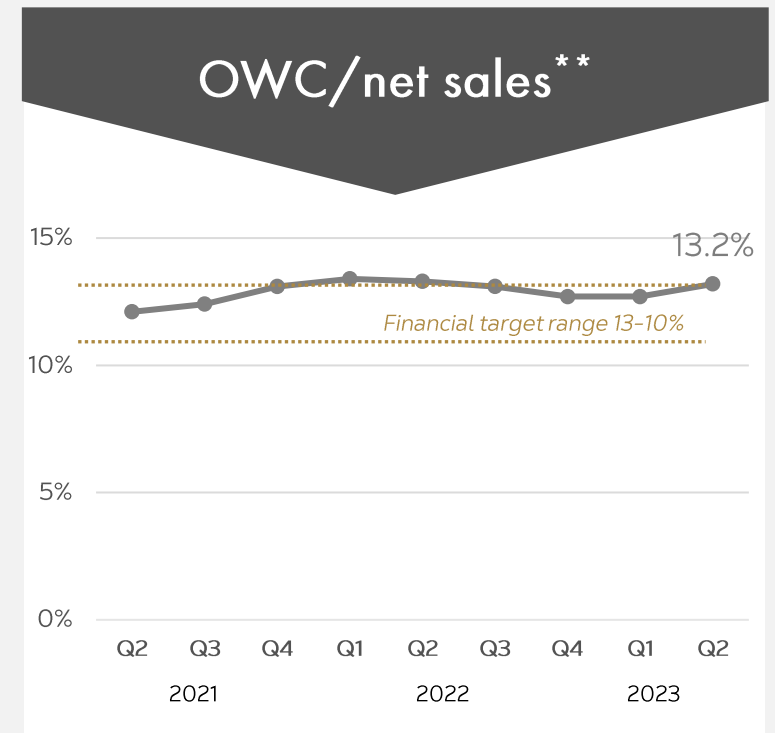
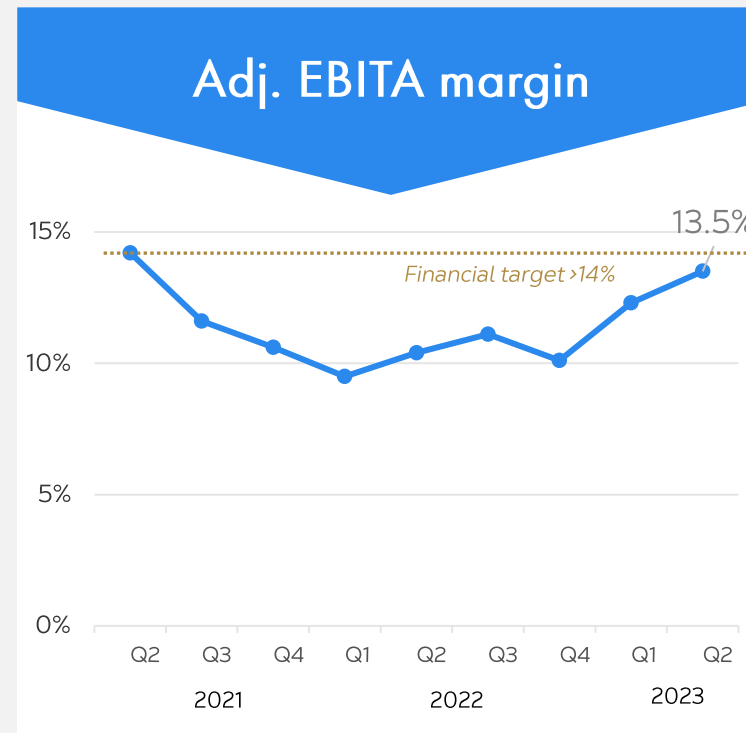
- Higher level of cash-flow from operating activities before changes in working capital
 - mainly driven by improved EBIT
- Build-up of working capital
 - mainly large projects in DCT, production continued to ramp-up, deliveries to customers ongoing
- Q2: 3 acquisitions & dividend paid



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

A quarter with strong results and progress on the strategic journey



Operational excellence initiatives delivering results



Strong improvement of profitability



Journey continues with acquisitions & strategic review



Questions & Answers

Q2 2023