

A woman with long brown hair tied back, wearing a dark blue Munters t-shirt, stands in front of industrial machinery. The t-shirt has the Munters logo and name on the left chest.

Munters

Q2 report 2024

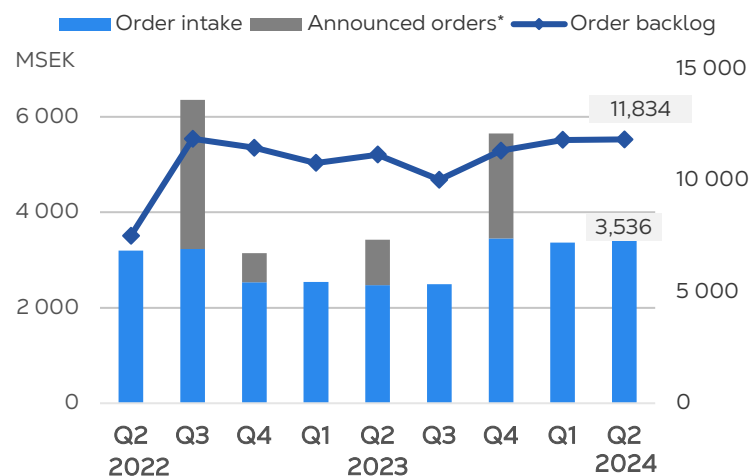
Klas Forsström, President and CEO

Katharina Fischer, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations

Strong second quarter – well positioned for future growth

Robust order intake



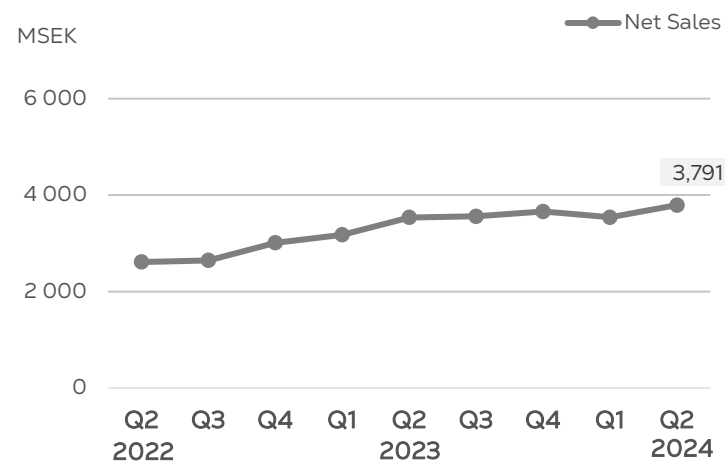
Q2 Order intake, +3% (-2% org)

- AT – flat, mainly weaker battery in APAC
- DCT – flat, good level of smaller & mid-sized orders
- FT – good growth, driven by Americas & EMEA

Q2: Order backlog, +6%

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

Increased net sales

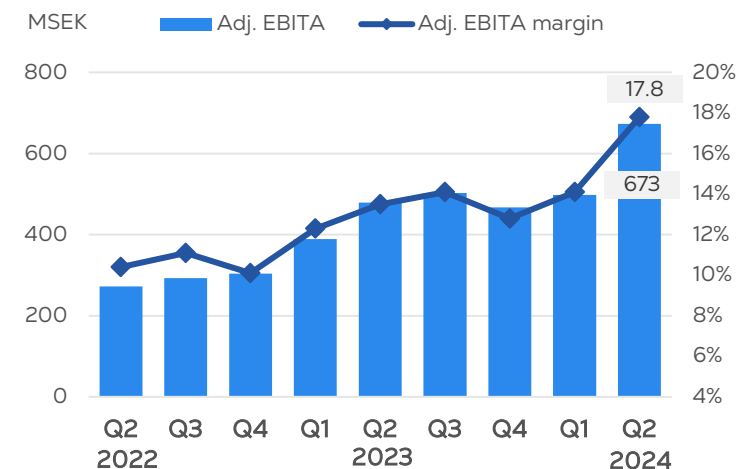


Q2: Net sales, +7% (+2% org)

- AT – declined, primarily weaker battery sub-segment in APAC
- DCT – strong growth, successful execution on deliveries
- FT – grew strongly, primarily EMEA & Americas

Book-to-bill Q2: 0.93

All-time high profitability



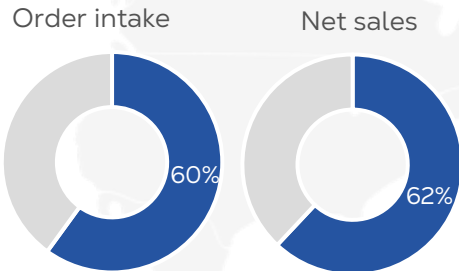
Adj. EBITA-margin, Q2 17.8%

- + strong volume growth in DCT & FT
- + positive product mix and deliveries in AT
- + strengthening effects from lean practices and other efficiency improvements
- accelerated investments in digitalizing, ways-of-working, our manufacturing footprint and innovation across all BA



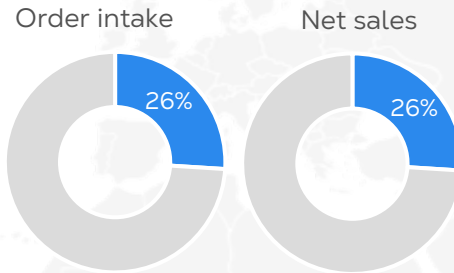
Americas & EMEA main drivers of growth

Regional share Q2



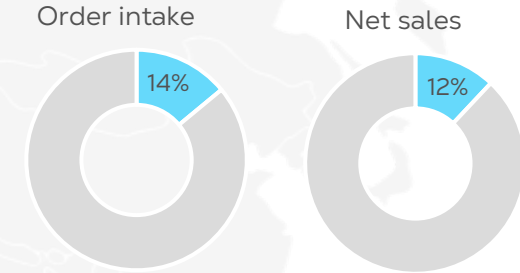
Americas - order intake

- AirTech – flat development, growth in Commercial & Components, offset by battery & Service
- DCT – strong underlying demand, hyperscalers rely on colocation providers to grow rapidly
- FoodTech – good growth in CS, primarily swine, dairy and layer segments. DS continued to show strong growth



EMEA - order intake

- AirTech – growth especially in the Industrial segment
- DCT – steady growth
- FoodTech – recovery in the market with strong growth in the broiler segment



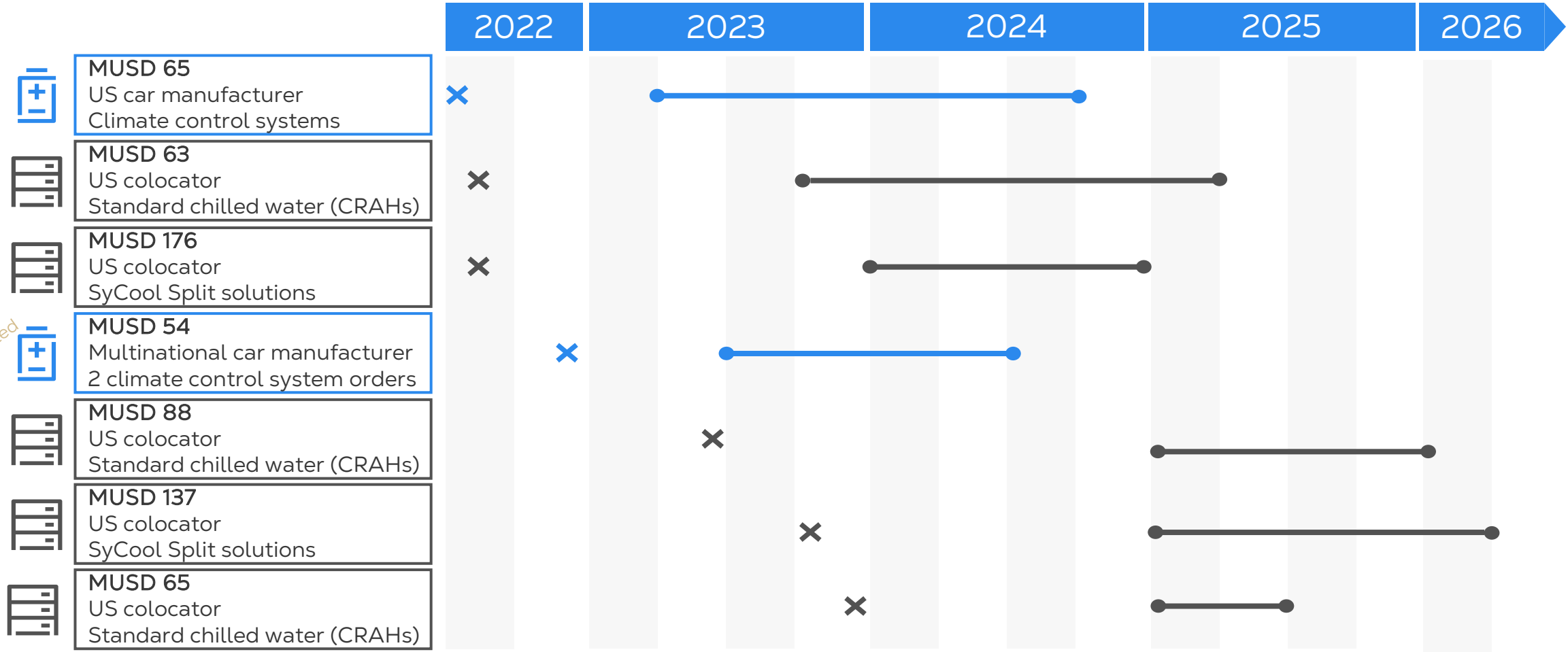
APAC- order intake

- AirTech – weaker development, mainly due to the battery market in China
- FoodTech – continued slight recovery with good growth in the layer segment



Solid order backlog – large orders supportive into 2025

Completed



x Order received
 ● Expected delivery period

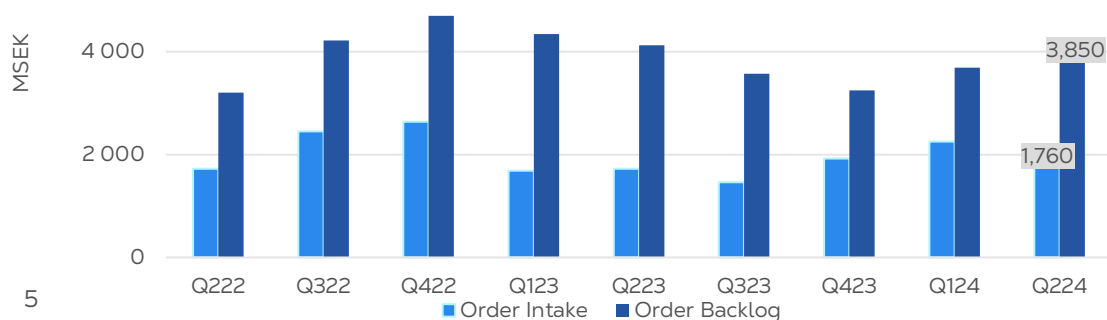


Strong underlying long-term demand

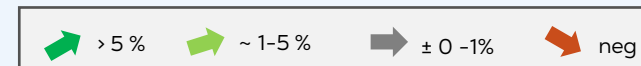
→ **Order Intake** flat mainly due to weak battery market in APAC;

- Industrial (excl. battery) good development in EMEA & Americas, slightly offset by APAC
- Battery in Americas & APAC weak
- Commercial – Americas strong, slightly offset by APAC
- CT¹- increased through acq. of Airprotech in EMEA
- Components – strong growth in Americas, EMEA good whereas APAC weaker, impacted by Chinese battery market
- Service – decreased primarily due to lower demand in Americas

→ **Order Backlog** decreased



¹ Clean Technologies



Customer segment	% order intake Q2 2024	Market Outlook *
Industrial	53%	↗
...whereof battery	13%	↘
...whereof food processing	8%	↗
...whereof commercial	12%	↗
...whereof other	19%	↗
Clean Technologies	7%	↗
Service & components	39%	↗
...whereof service	22%	↗
...whereof components**	17%	↗

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

** Dehumidification rotors and humidification pads sold through OEM channels



Strengthened margin development

→ Net Sales decreased, primarily weaker battery sub-segment in APAC;

- Industrial (excl. battery) – declined, weak Americas whereas growth in food in EMEA & APAC
- Battery – growth in Americas, offset by weak EMEA & APAC
- CT- growth driven by acq. of Airprotech in EMEA
- Components – growth in Americas & EMEA driven by increased sales of evaporative pads to the data center market
- Service – grew, driven by EMEA, other regions flat

→ Adj. EBITA margin increased;

- + cont. efficiency improvements, slightly offset by lower production utilization rate in EMEA & APAC
- + positive effect from product mix in Americas as deliveries on major orders were finalized
- increased investments in operational efficiency & innovation – foreseen to continue and increase

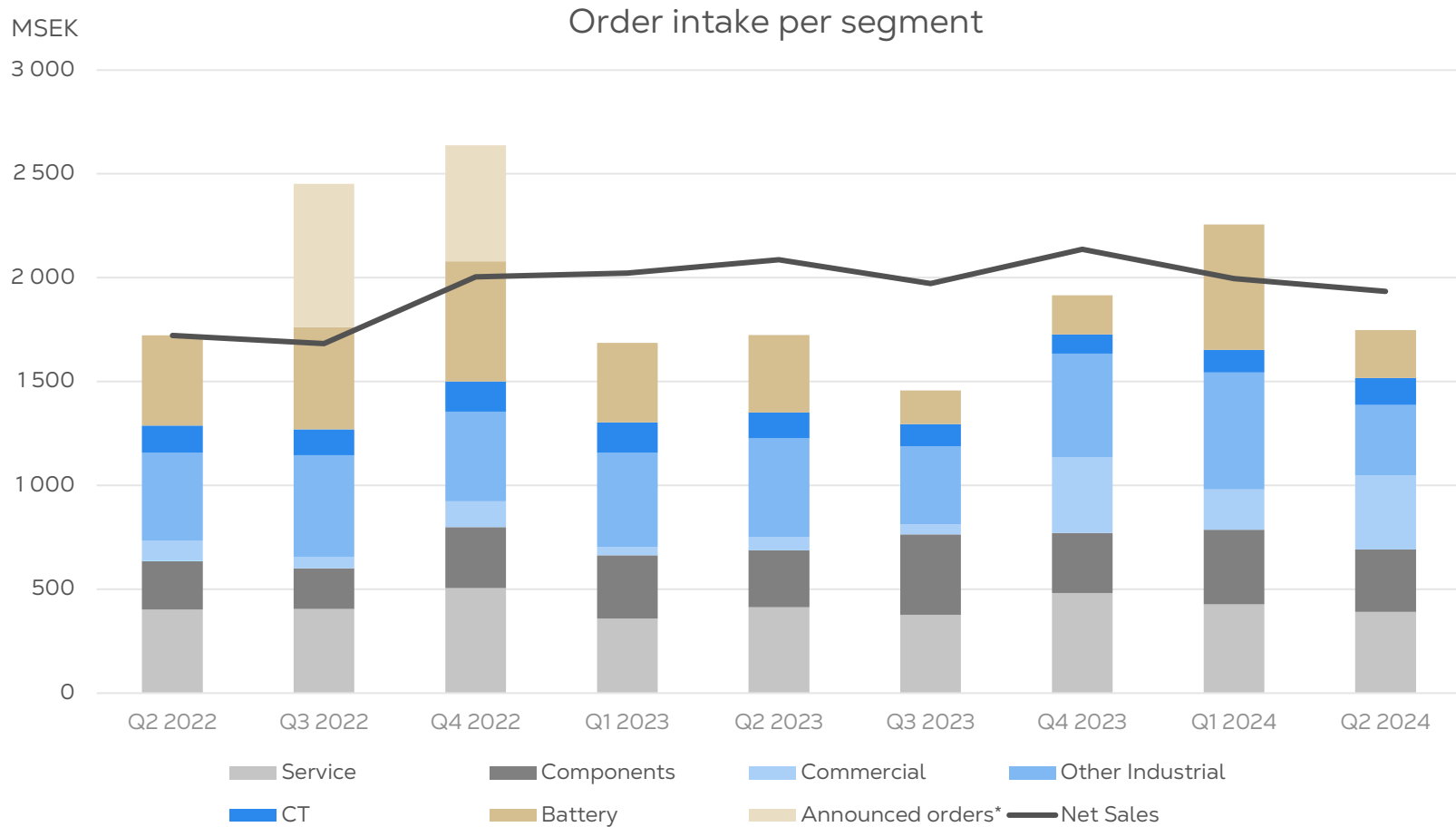
	MSEK	Q2 2024	Q2 2023	Change (%)		
				Org.	Struct*	FX
Order intake		1,760	1,726	-5	7	0
Order backlog		3,850	4,124			
Net sales		1,938	2,088	-13	6	0
Adj. EBITA		341	346	-5	3	1
Adj. EBITA (%)		17.6	16.6			



* Acquisitions & divestments



Solid development in several segments



Development Q2 2022 - Q2 2024

- Battery - increased competition and cont. delays in greenfield investments, slow down in all regions
- CT- stable development
- Other industrial - steady development
- Commercial - increase in Q4 2023 due to acquisition of Zeco
- Components - impacted by lower replacements in Chinese battery market, good growth of evaporative pads to the DC market
- Service - solid development



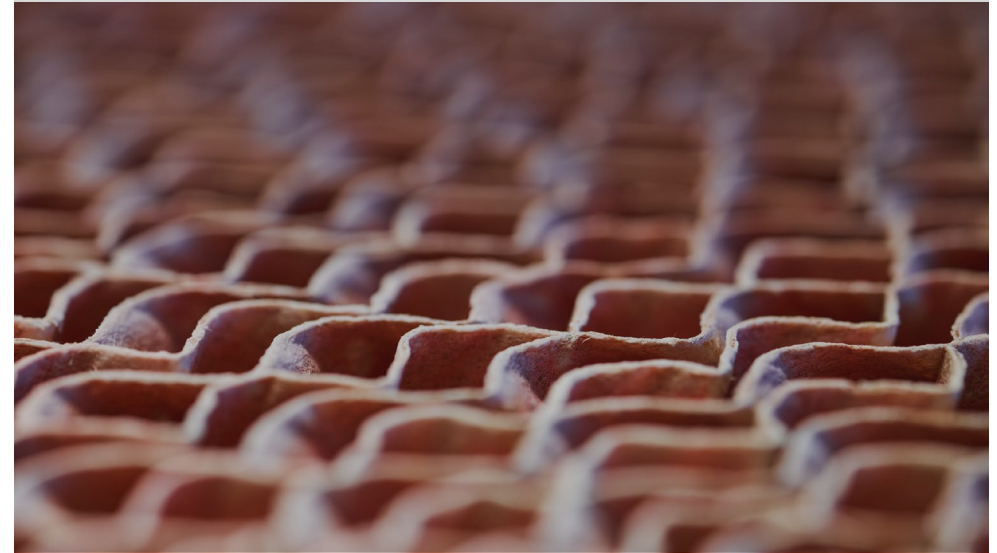
Components – the foundation we build our business on



- **Desiccant wheel** (rotor) removes moisture, as much as 99.9%
- ~40% of Component order intake

How we stay ahead:

- constantly working with energy efficiency & material investigation
- partnering to accelerate innovation
- examining waste streams to enhance circularity



- **Evaporative pads** add moisture
 - historically used in many industrial & agricultural processes
 - increasingly popular in server halls & data centers - requires extensive cooling and humidity control
- ~60% of Component order intake

Dehumidification crucial to maximize operational lifespan of a wind park

→ Dehumidification in **wind farms** important as high humidity can significantly impact efficiency:

- combats condensation and mold growth
- prevents corrosion
- reduces electrical malfunctions
- maximizes uptime

Nacelle & Hub – dehumidification placed inside, also used during storage & transportation

Tower – dehumidification placed inside at the bottom, mainly off-shore wind parks



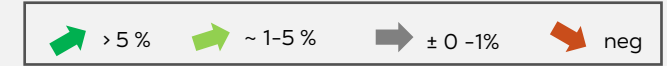
Underlying demand strong & increased order backlog

→ Order Intake flat;

- good level of smaller and mid-sized order, driven by the colocation market in Americas
- underlying demand remains strong

→ Order Backlog increased;

- majority attributable to large orders to be delivered throughout 2025



Customer segment	Order Intake Q2 2024	Market Outlook *
Hyperscaler	2%	Green arrow (> 5%)
Co-locator	98%	Green arrow (> 5%)
Telco & enterprise	1%	Green arrow (> 5%)

- **Hyperscalers** – need massive amounts of server space and rely on colocation providers to grow rapidly
- **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



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

Continued significant profitability improvement

→ Net Sales strong growth;

- successful execution on deliveries of large orders
- EMEA continues to show stable growth

→ Adj. EBITA margin significant improvement;

- + strong volume growth
- + good effect from lean practices
- + positive product mix
- + high capacity utilization
- investments in new production site in Europe

	MSEK	Q2 2024	Q2 2023	Change (%)		
				Org.	Struct*	FX
Order intake		1,060	1,067	-2	0	1
Order backlog		6,903	6,037			
Net sales		1,109	878	24	0	2
Adj. EBITA		243	133	80	0	3
Adj. EBITA (%)		21.9	15.2			



* Acquisitions & divestments

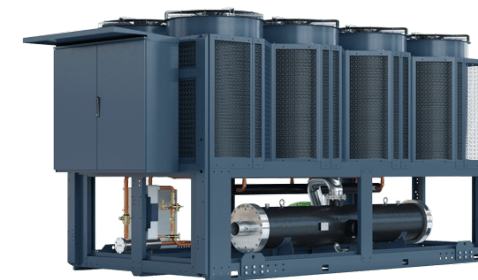


Broadening our offering for data center cooling solutions



→ Acquisition of Italian Geoclimate

- Manufacturer of air- and water-cooled chillers - which plays a critical role in the data center cooling market today
- Broadening cooling portfolio - enhancing our ability to offer full cooling solutions
- Expansion into new markets - several global sales offices and production site in Italy
- Net sales of ~MSEK 455 (MEUR 40.1) for FY 2023
- Expected completion - second half of 2024



Geoclimate's "Circlimiser" Chiller



Launch of Munters Coolant Distribution Unit (CDU)

- 1st order for “single phase direct to chip cooling”
 - developed through close collaboration with a customer and partners
 - equipment sold to facilitate heat rejection with either single or two phase direct to chip liquid cooling*
- CDU units transfer heat from the server to a chiller, where the heat is rejected
 - this is done through a separate facility water loop
- CDU units ensure efficient and reliable cooling:
 - distributes coolant, typically water, evenly throughout the entire liquid cooling system
 - regulates the flow and temperature of the coolant
 - required to manage higher IT densities from AI applications while providing increased energy efficiency



Conclusion reached in strategic review of FoodTech equipment – increased focus on digital

FoodTech equipment

In 2023, a strategic review of the Equipment business within FoodTech was initiated

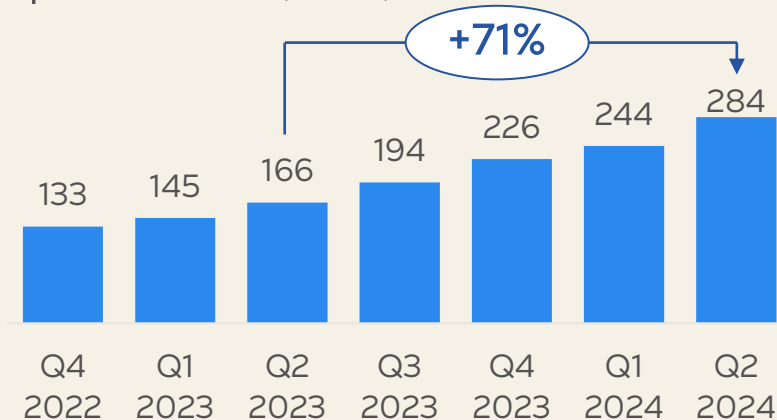
Equipment sales within FoodTech accounted for ~13% of Munters Group net sales in Q2 (LTM)

The conclusion of this review is our intention to divest this business

FoodTech Controllers, Software, IoT & Sensors

Ambition: become the global leader in connecting and optimizing the supply chain in the food and agriculture sector

Development of ARR* (MSEK)



*ARR = Recurring Revenue in the quarter multiplied by four

Continued expansion of our digital portfolio

→ Acquisition of majority share in Automated Environments

- US-based company specializing in automated control systems for the layer industry
- Expands FoodTech's digital solutions portfolio, enhancing offerings for food producers
- Positions us to provide advanced systems improving efficiency, animal welfare, and sustainability in poultry operations
- Reported net sales of MSEK 102 (MUSD 9.8) for FY 2023
- Founded in the mid-1980s, based in Renville, Minnesota, USA, with 13 employees

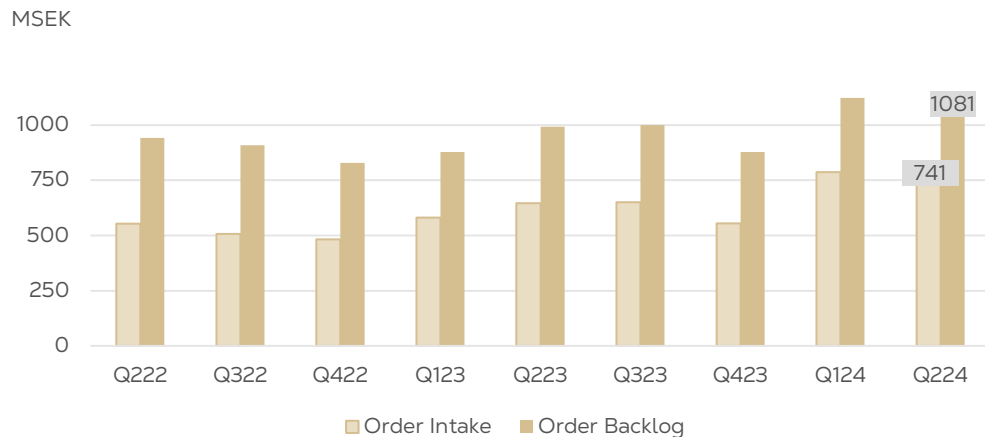


Increasing demand & order backlog

→ Order Intake increased;

- CS – primarily driven by Americas & EMEA, offset by weaker APAC
- DS – continued strong growth in Americas, mainly broiler

→ Order Backlog increased



➔ > 5%
 ➔ ~ 1-5%
 ➔ ± 0 -1%
 ➔ neg

Customer segment	% order intake Q2 2024	Market Outlook *
Climate Solutions (incl. Controllers)	90%	➔
...whereof Broiler	47%	➔
...whereof Swine	12%	➔
...whereof Layer	20%	➔
...whereof Greenhouse	3%	➔
...whereof Dairy	4%	➔
...whereof Other	3%	n/a
Digital Solutions	10%	➔

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



Strong margin increase & continued sales momentum

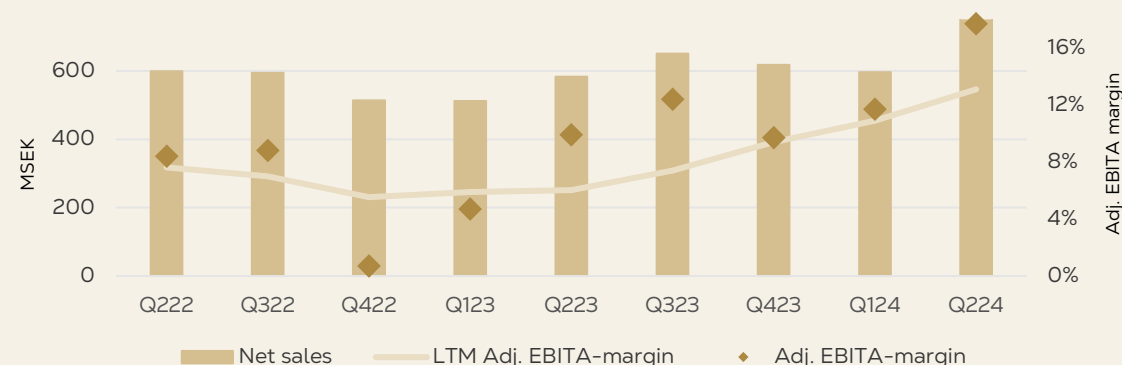
→ Net Sales grew strongly;

- CS – good growth in Americas & EMEA, offset by weaker APAC
- DS – continued strong growth, mainly broiler segment. SaaS ARR grew +71%

→ Adj. EBITA margin increased significantly;

- + strong net sales growth in both CS & DS
- + positive contributions from net price increases
- + good profitability from DS driven by increased software implementations and accelerating ARR
- + effects from operational excellence improvements

MSEK	Q2 2024	Q2 2023	Change (%)		
			Org.	Struct*	FX
Order intake	741	646	9	6	0
Order backlog	1,081	992			
Net sales	763	583	26	6	-1
- of which SaaS	71	42			
- SaaS ARR	284	166			
Adj. EBITA	135	58	127	6	1
Adj. EBITA (%)	17.7	9.9			



* Acquisitions & divestments



Launch of our most energy efficient E-line fans

→ E-line fans, engineered to deliver transformative cost reductions & environmental benefits

- The motor runs on EC* technology
- Energy saving - up to 50% compared to similar fan with an AC motor*
- Precision ventilation - optimal efficiency by precisely adjusting speed for optimal airflow for specific needs
- Connected maintenance - Bluetooth-enabled diagnostics for quick, proactive and easy troubleshooting
- Animal welfare - Lower speeds means less noise and dust, creating a calmer, healthier environment



Service ambition in line with strategic direction

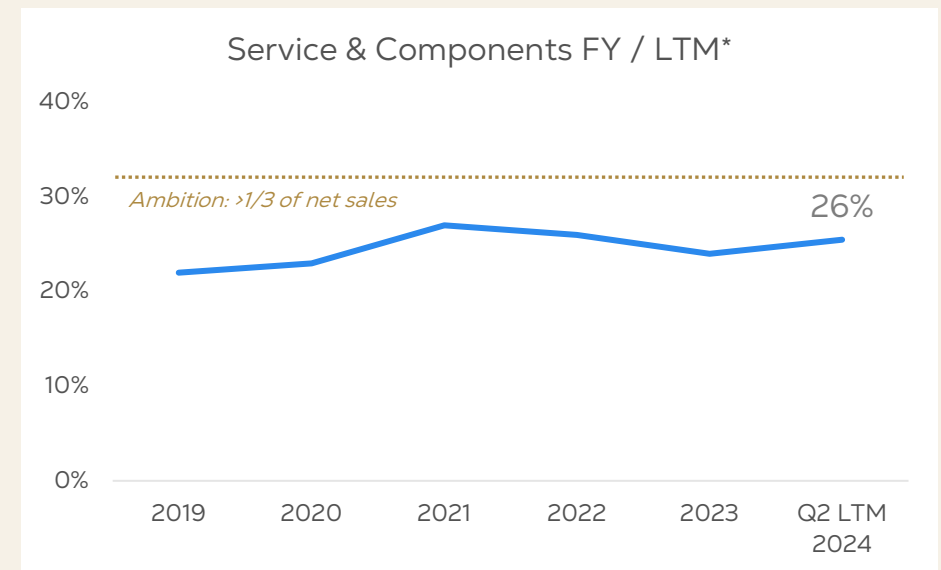
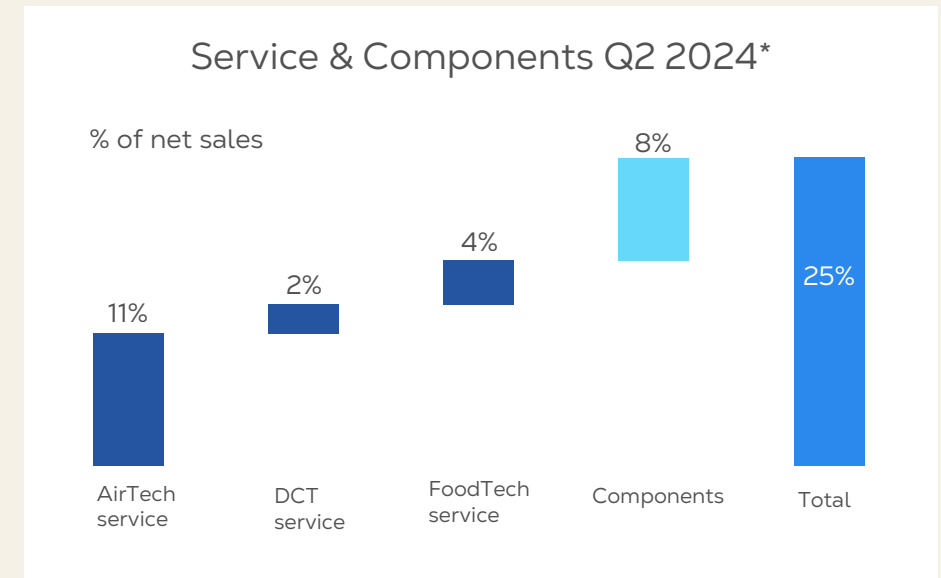
→ Service includes:

- After-market service* in all business areas
- SaaS revenues in FoodTech

→ Components sales in AirTech

Munters ambition:

Service & Components
>1/3 of Group net sales



* of Group net sales,



Advancement towards our strategic sustainability targets

		End June 2024 (2023)	
E	Renewable electricity, factories	78% ²	(81)
	Electricity efficiency, factories ¹	0.52	(0.50)
S	% of women in workforce	22% ³	(23)
	% of women leaders	22% ³	(21)
G	Code of Conduct (CoC)	Munters has an Employee CoC and Supplier CoC. The Customer CoC is under development.	

Targets for 2030

Reduce CO₂e emissions

- Scope 1 & 2: Net zero
- Scope 3: reduction in line with the Paris agreement 1.5°C.

Gender Equity

- 30% women leaders & in workforce

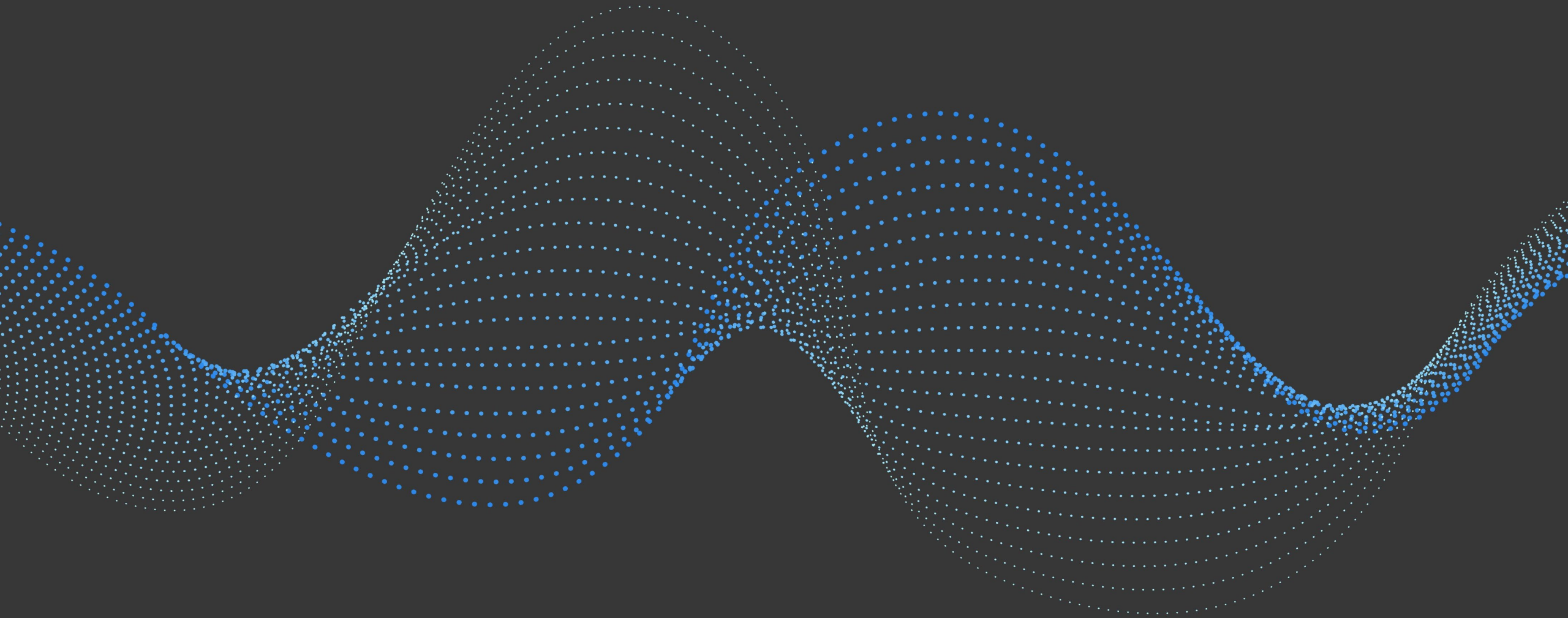
Code of Conduct

- Employee CoC 100%
- Supplier CoC 100%
- Customer CoC cont. improv.

¹ Electricity in relation to production output.

² Excluding acquisitions of renewable electricity, factories, amounted to 80%.

³ Excluding acquisitions % of women in workforce amounted to 25% and women leaders to 23%



Financial highlights



Increased profitability, strong cash flow & lower leverage

- **Net Sales** increased;
 - very strong growth in DCT & FT
- **Adj. EBITA margin** improved;
 - increased strong net sales growth in DCT & FT, positive effects from product mix and deliveries on major orders finalized in AT
 - operational excellence improvements
- Improved **cash flow**;
 - increase of operating earnings and positive development of working capital
- **OWC/net sales**:
 - within our target range of 13-10%
- **Net debt** decreased:
 - increased cash flow from operating earnings
 - even though acquisition of Airprotech finalized in the quarter

	MSEK	Q2 2024	Q2 2023	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		3,536	3,427	-2	5	0
Order backlog		11,834	11,153			
Net sales		3,791	3,536	2	4	0
Operating profit (EBIT)		578	408			
Adj. EBITA		673	479	37	3	1
Adj. EBITA-margin		17.8	13.5			
Net income		342	257			
Cash flow from operating activities		662	10			
OWC/net sales (%) ¹		12.5	13.2			
Net debt		4,447	4,833			
Net debt/Adj. EBITDA ²		1.8	2.7			

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

² Last twelve months

* Acquisitions & divestments



All-time high profitability – investments to capture growth continue

Group adj. EBITA margin impact

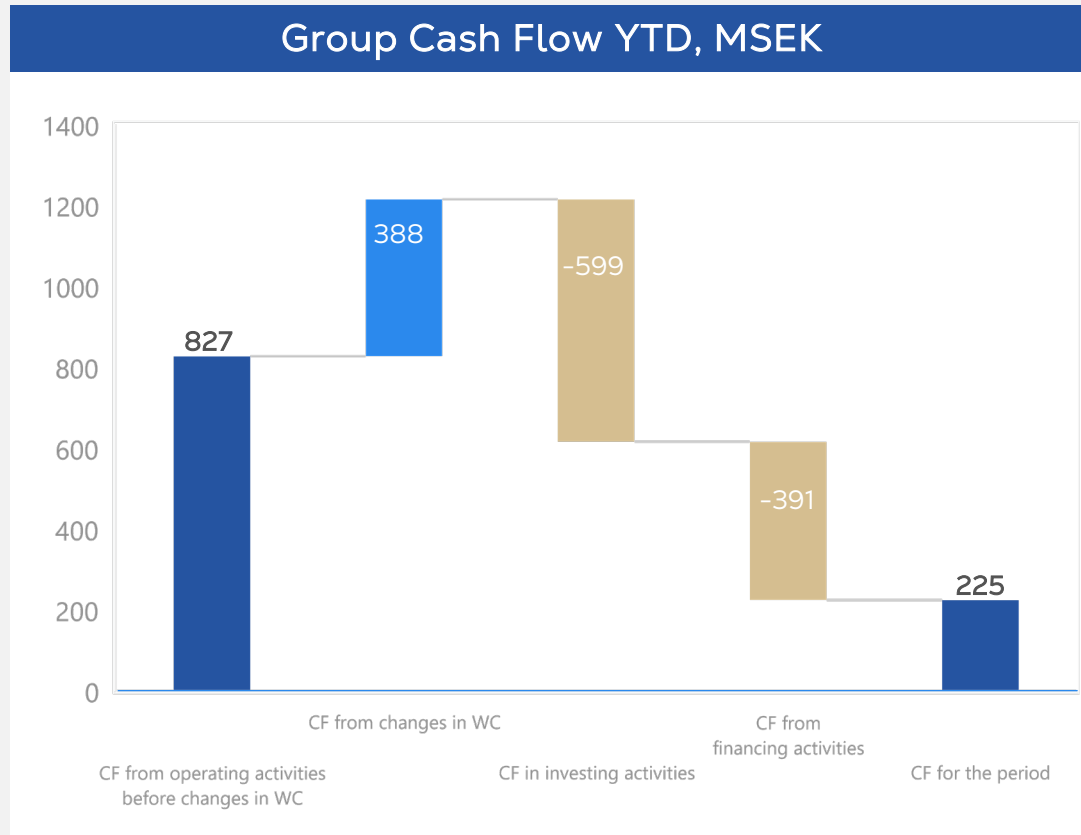
Q2 2023 adj. EBITA %	13.5
<hr/>	
Volume	+
Product mix and net pricing	+++
Operational excellence	++
Strategic initiatives	=
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Q2 2024 adj. EBITA %	17.8

Main factors affecting adj. EBITA margin in Q2:

- Strong **volume** increase driven by DCT & FT
- **Product mix** had a positive impact in AT & DCT and **net pricing** increases contributed to margin improvement mainly in FT
- Positive effects from **operational excellence** and other efficiency improvements initiatives
- **Strategic initiatives** for scalability in digitization and automation continued



Improved cash-flow and strengthened financial position



Cash flow from changes in WC

	Q2 2024	Q2 2023
Change in accounts receivable	52	-22
Change in inventory	-110	43
Change in accrued income	41	-295
Change in accounts payable	-5	60
Change in advances from customers	124	-143
Change in other working capital	70	37
CF from changes in working capital	172	-321



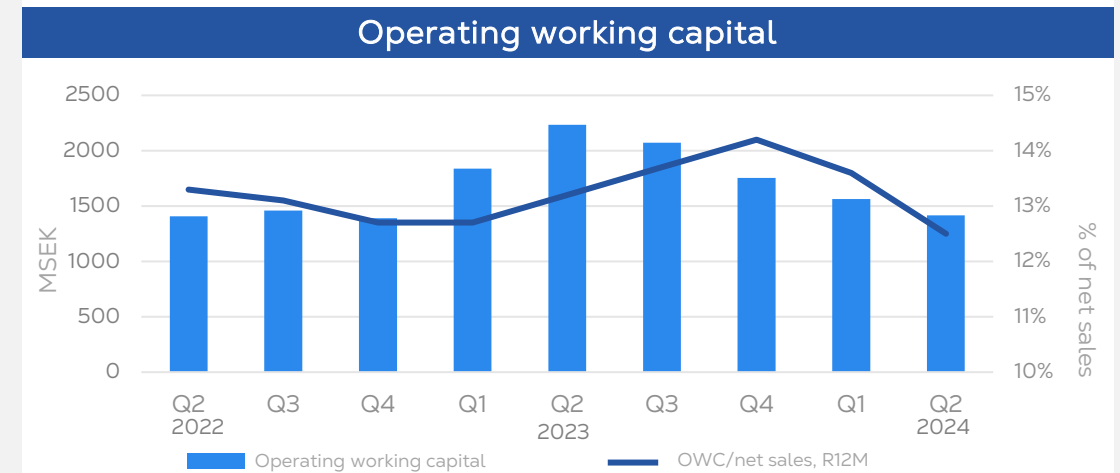
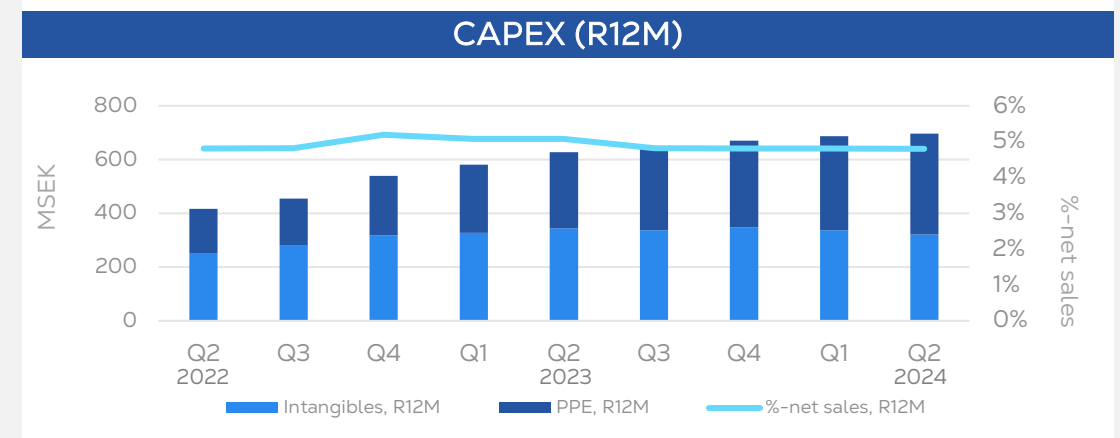
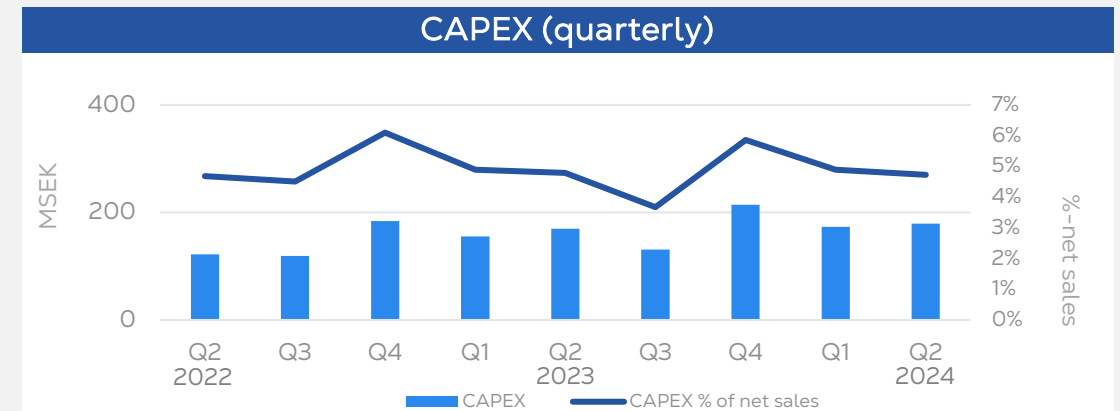
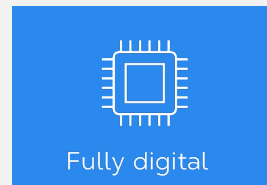
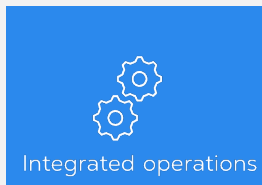
Investments supporting next growth wave

→ PPE and intangibles investments in 2024:

- investments aiming at strengthening competences, upgrades, digitalize & automatize
- AirTech: Amesbury, new major plant in Americas
- DCT: Cork, new plant in Europe

→ Capital allocation priorities to drive growth agenda – organic and M&A:

- innovation and plan for CO₂ reduction
- operational and commercial excellence
- M&A and minority investments
- dividends



Delivery on M&A agenda to fuel growth

Structured process for M&A and integration with aligned workflows



Focus on value creating from day 1 of integration:

- » Integration team
- » Integration process focused on:
 - » Synergy realization
 - » People and culture
 - » Operational processes

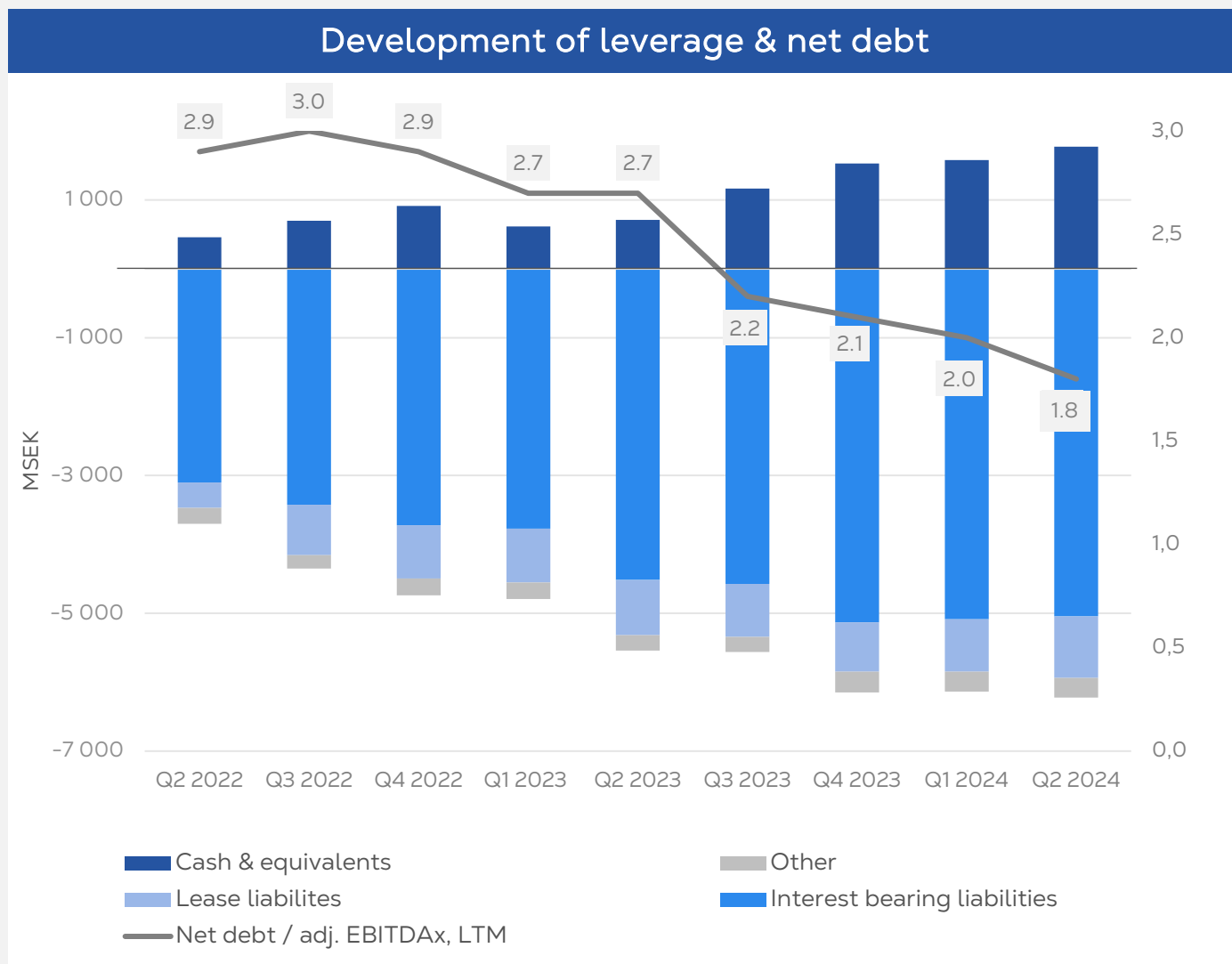
Example of synergy realization in Q2:

- » Inobram contributed strongly to the improved profitability in FoodTech through sourcing synergies by being part of Munters

In 2022, five minority investments were made. In 2023, Munters participated in three capital increases.



Decreased leverage ratio 4 quarters in a row



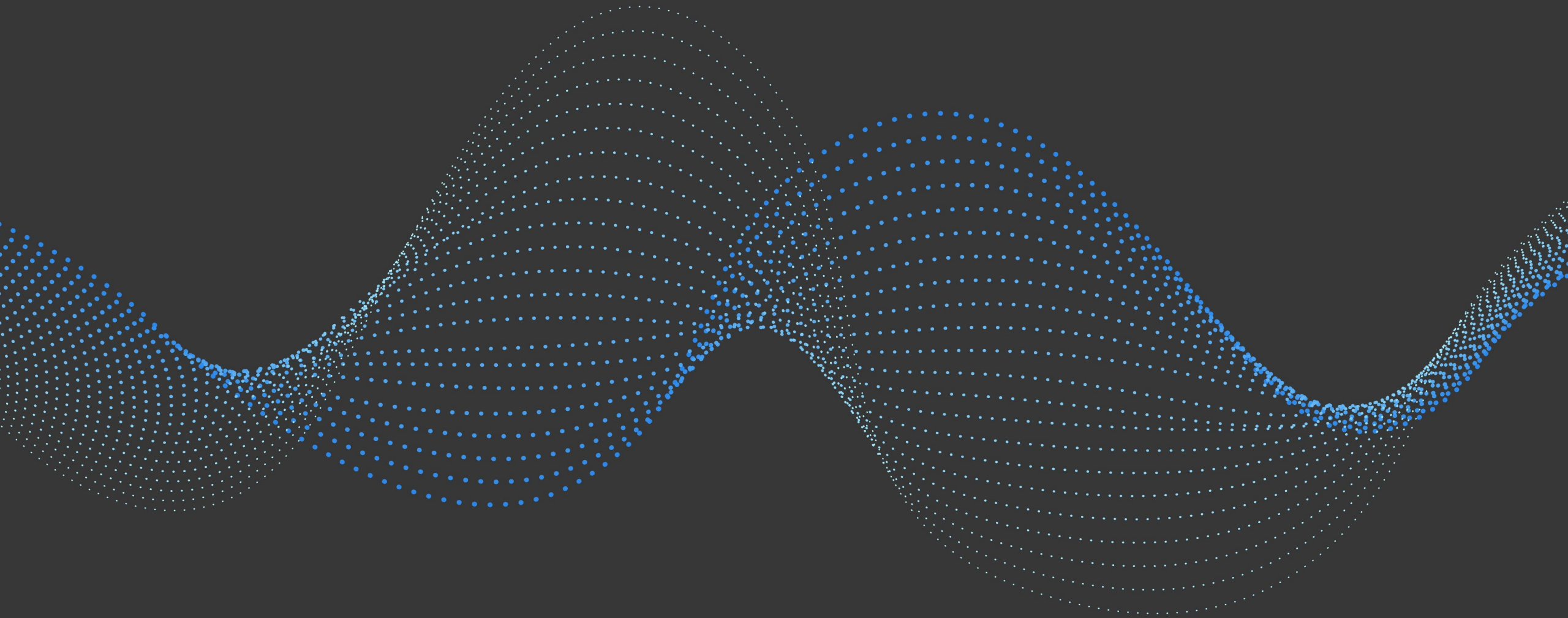
→ Leverage ratio decreased

- mainly driven by increased operating earnings & lower net debt

→ Net debt decreased:

- increased cash flow from operating earnings
- acquisitions financed partly by debt during the last 4 quarters - acquisition of Airprotech finalized in the quarter



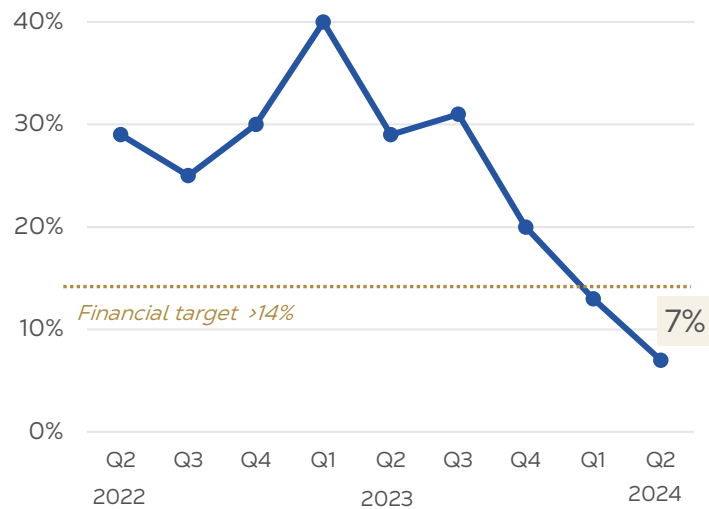


Summary



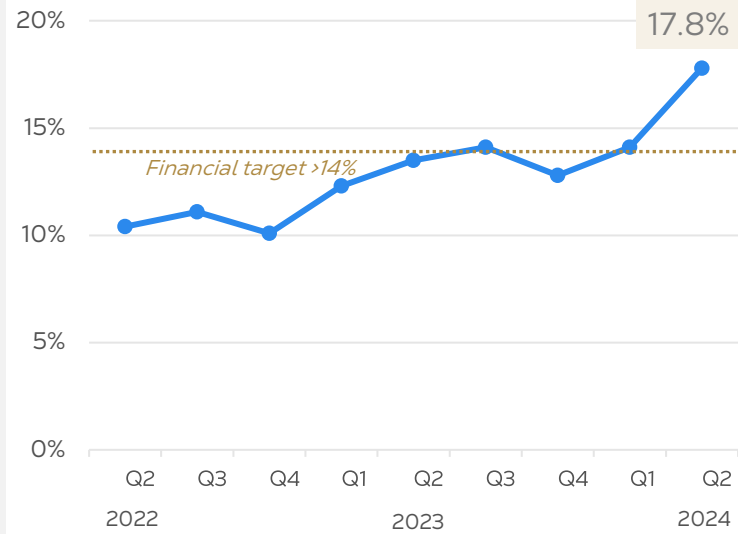
Progression towards our financial targets

Currency adj. growth*

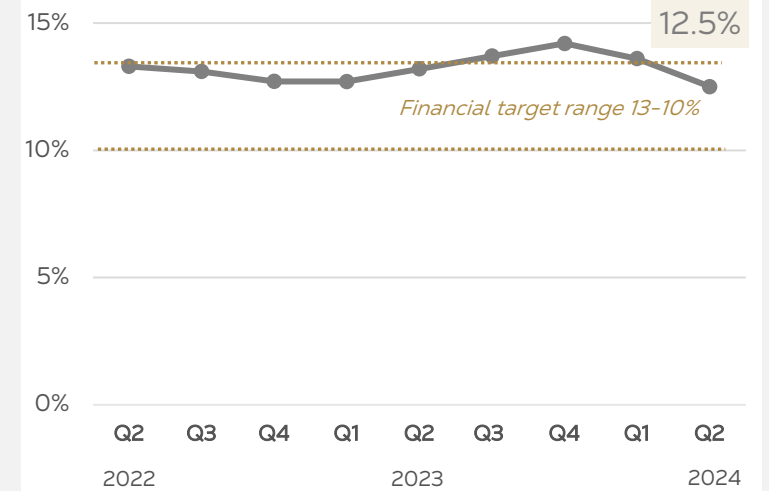


* Change in net sales compared to the previous period, adjusted for currency translation effects

Adj. EBITA margin



OWC/net sales**



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



Quarterly highlights



All-time high
profitability & strong
foundation for future
growth



Solid underlying
market demand



Portfolio advancements;
Conclusion FoodTech
equipment strategic
review
Growth through M&A



Updated strategic
sustainability targets
and SBTi commitment





Questions & Answers

Q2 report 2024

This presentation contains forward-looking statements that reflect Munters' current expectations on future events and Munters' financial and operational development. Although Munters believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such expectations prove to have been correct, as forward-looking statements are subject to both known and unknown risks and uncertainties and a variety of factors that could cause actual results or outcomes to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to, changes in economic, market, competitive and/or regulatory conditions. Forward-looking statements speak only as of the date they were made and, other than as required by applicable law, Munters undertakes no obligation to update any of them in light of new information arising or future events.