



MUNTERS SECOND QUARTER 2019

“Significantly increased margins and earnings.
Full Potential Program running well in line with plan.”

Agenda

Second quarter 2019 results

First 6-months of 2019 results

Update on Munters Full Potential Program

Summary and outlook

Q2-summary

- Positive financial development in Q2; significant margin improvement and strong cash flow generation are key features
- Munters Full Potential Program well on track towards a leaner, more efficient and robust platform for increased profits and growth
- Challenging business environment in China – as previous indicated, with other regions more positive
- Outlook remains unchanged for 2019, and beyond



Second quarter 2019 financial highlights, SEKm

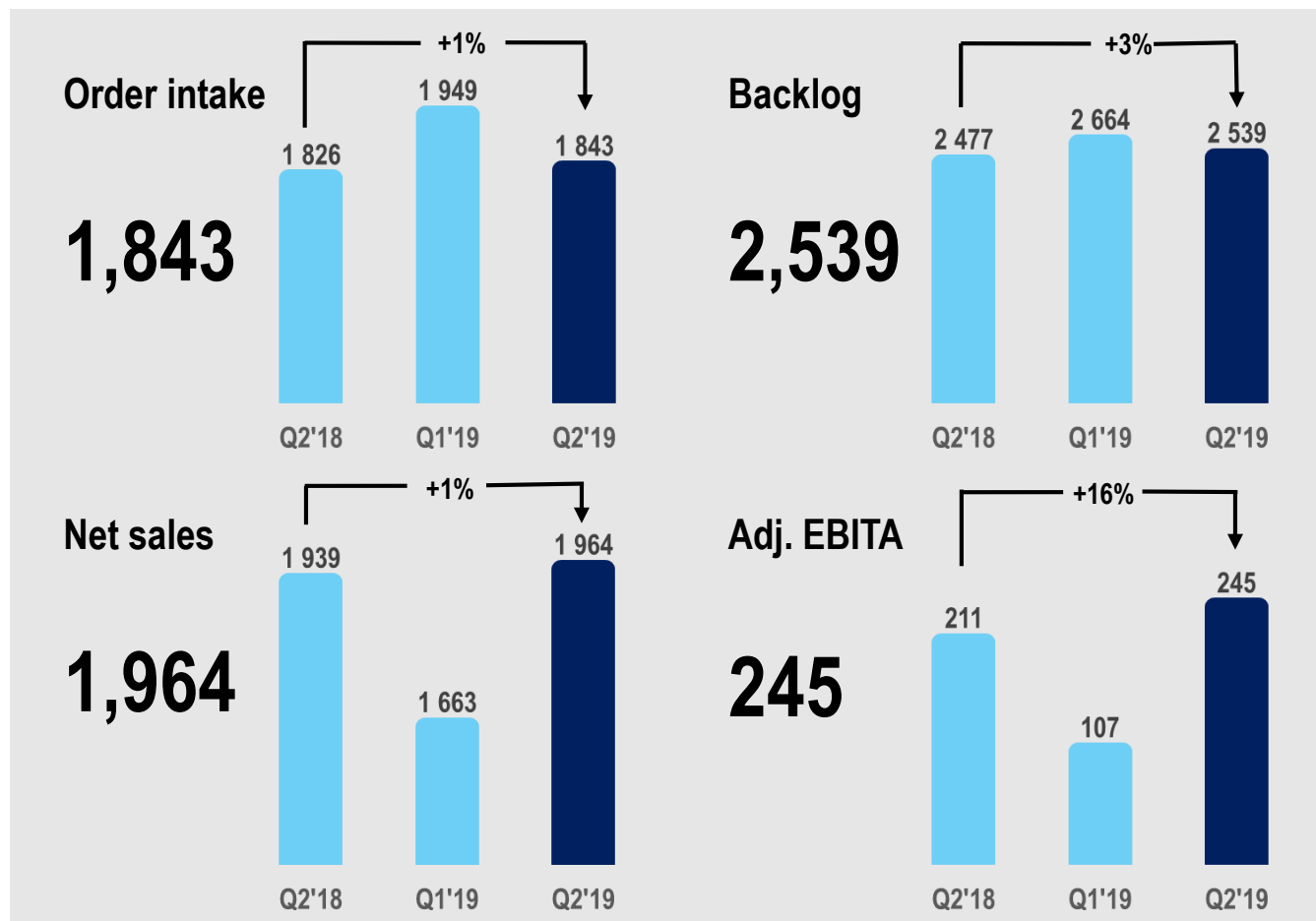
Order intake increased by 1%

Net sales increased by 1% impacted by intended exit from European Data Center market

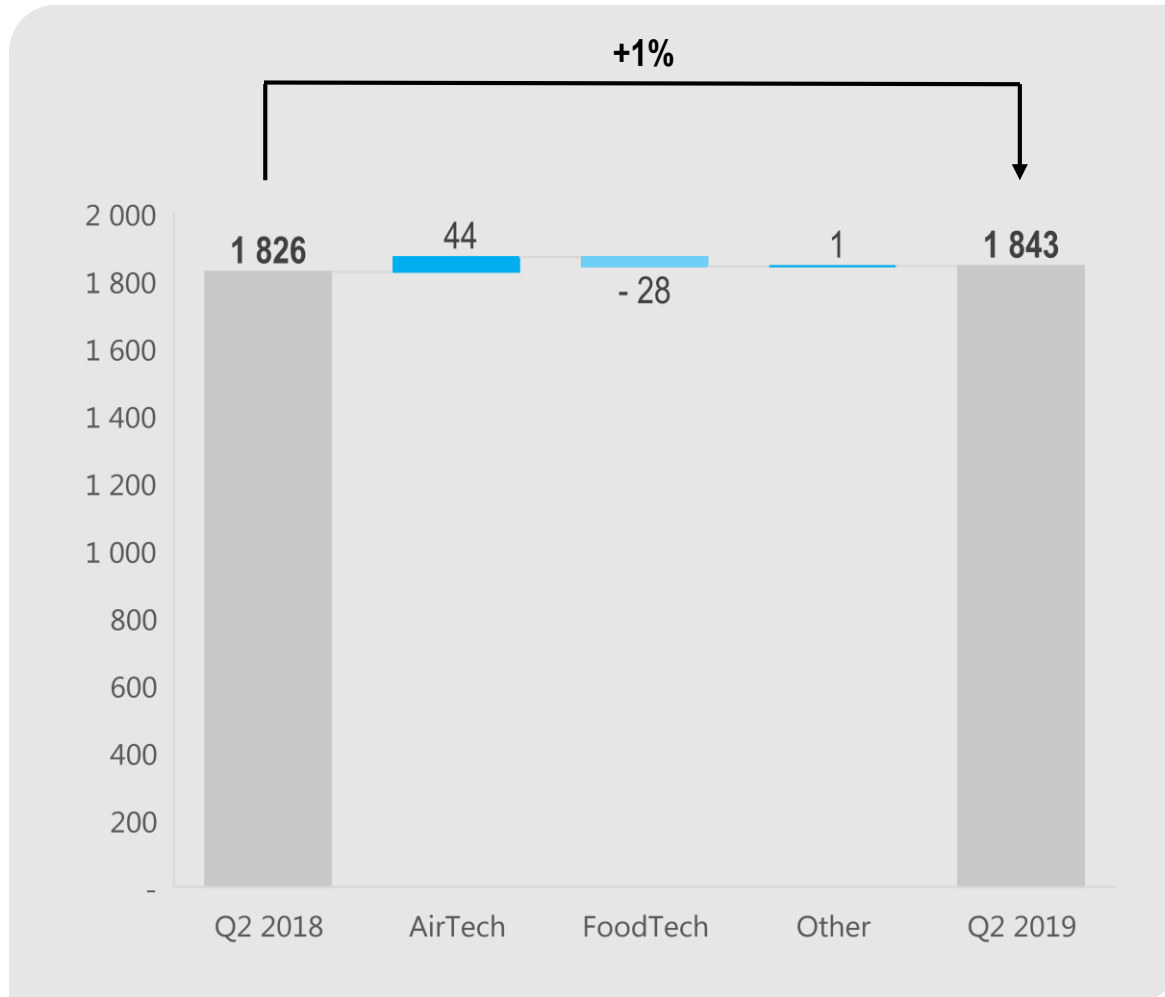
Adjusted EBITA was SEKm 245 (211)

Net income was SEKm 84 (122) incl. non-recurring items

Cash flow from operating activities was SEKm 168 (39). Leverage at 3.8x and covenant definition 3.3x

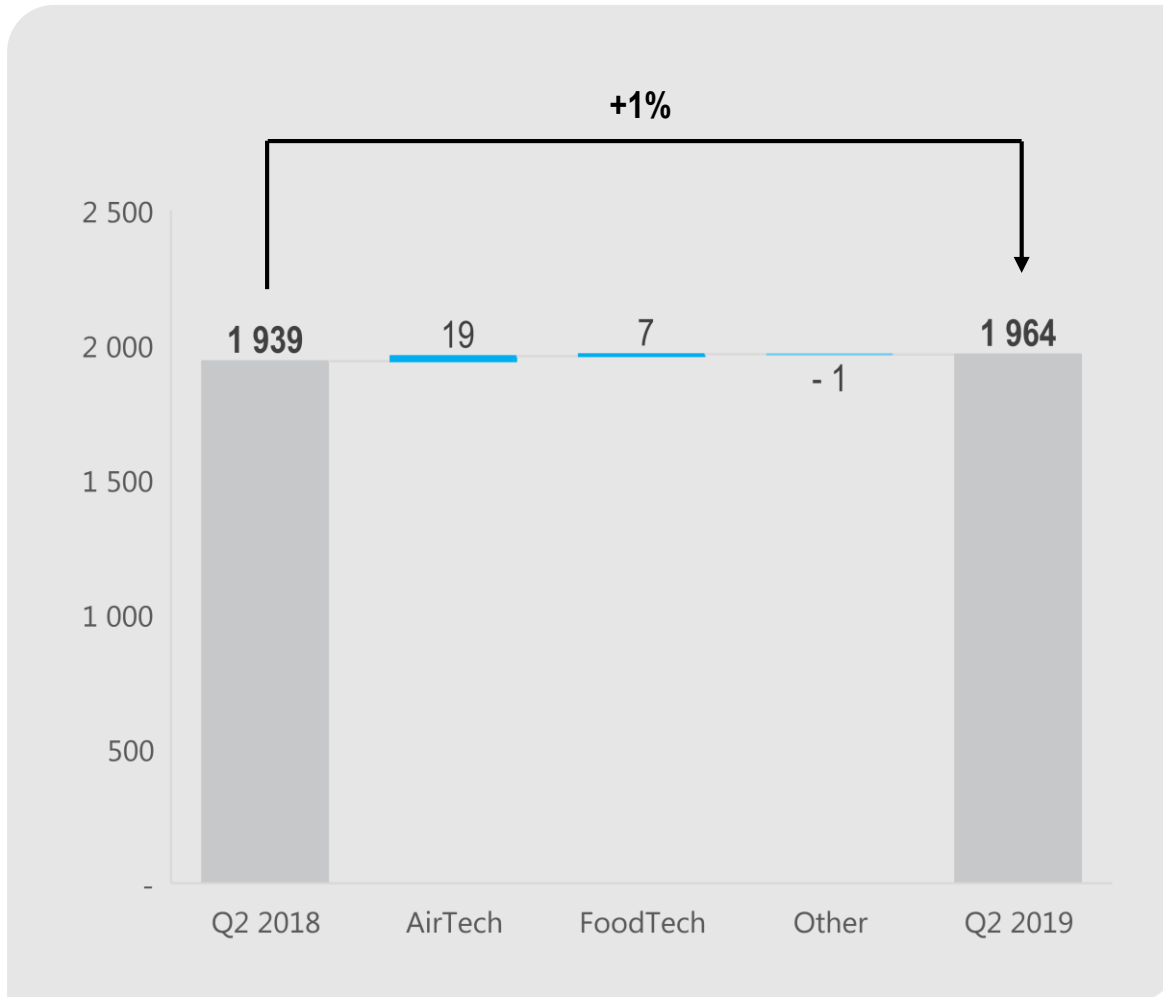


Q2 2019 – Bridge order intake, SEKm



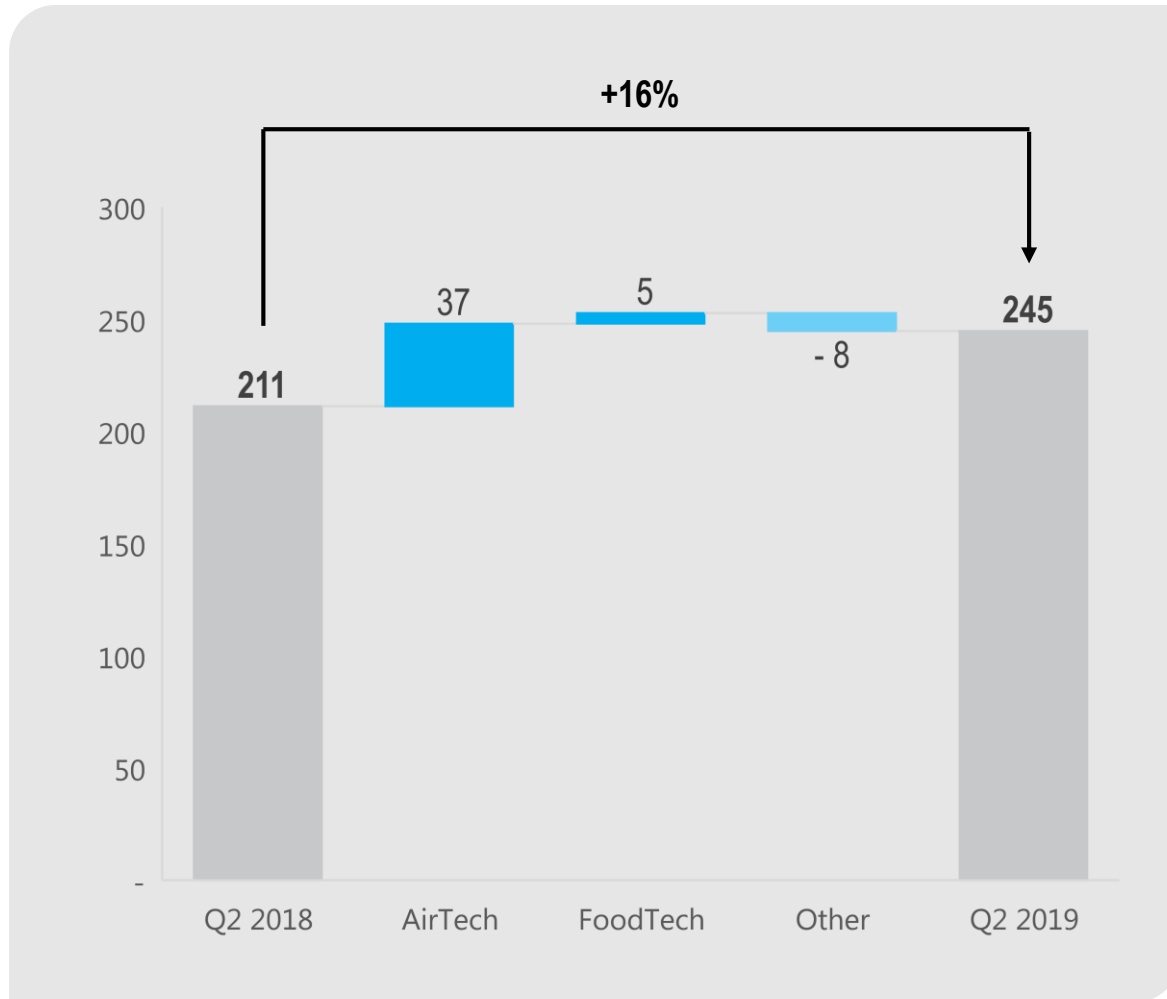
- Order intake grew by 1% (-4% organic). Excluding Data Center Europe, organic order intake was flat
- Industrial sub-segment in the US, Mist Elimination and Services showed solid growth
- Lower order intake in Lithium Battery sub-segment in China and continued weak demand in Supermarkets sub-segment
- Weak order intake in FoodTech in China due to African Swine Fever

Q2 2019 – Bridge net sales, SEKm



- Net sales increased by 1% (-4% organic). Excluding Data Centers Europe, net sales increased by 5% organically
- Strong growth reported in Industrial, Other Commercial, Mist Elimination and Data Centers US
- Services net sales increased by 12% and by 7% organically

Q2 2019 – Bridge Adj. EBITA, SEKm

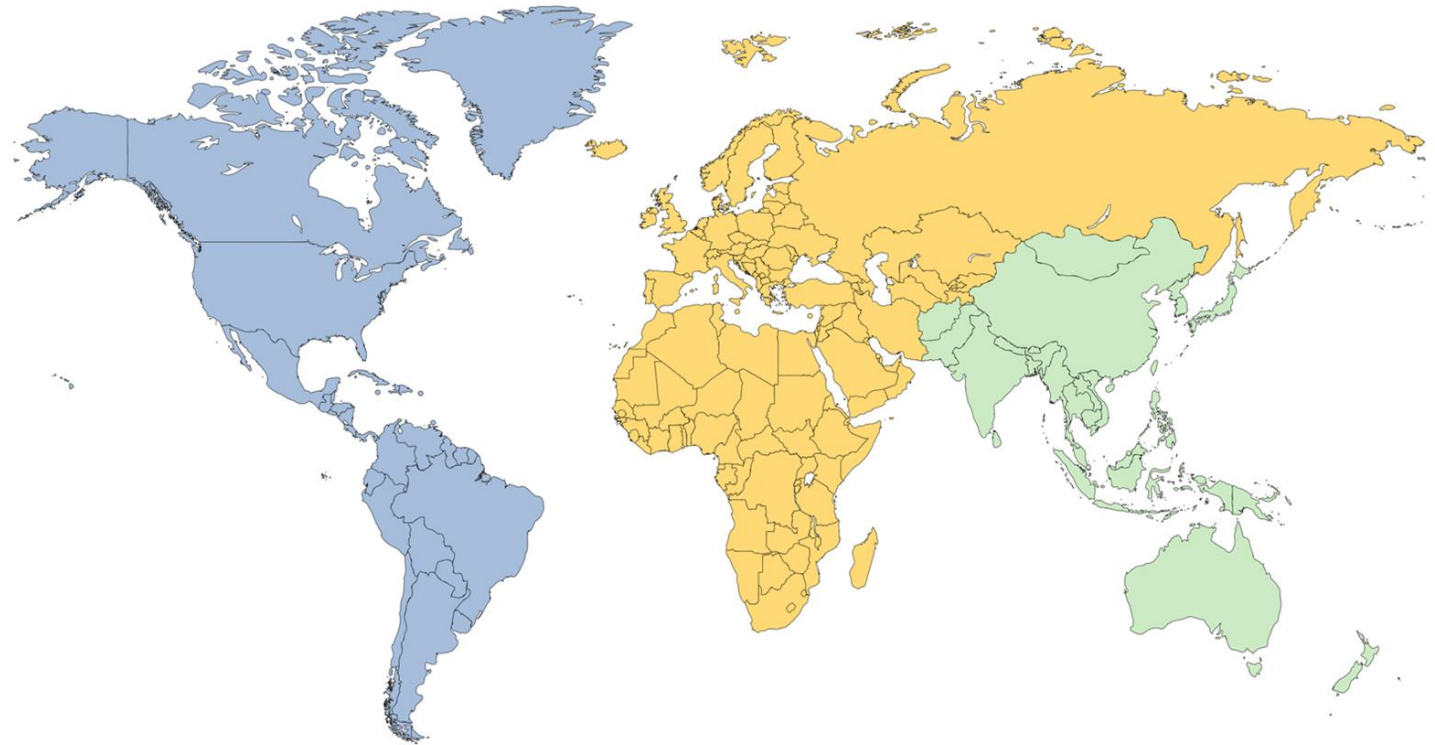


- Adjusted EBITA increased by 16%. Excluding Data Centers Europe the increase was 28%
- Adjusted EBITA margin was 12.5% (10.9). Excluding Data Centers Europe, the margin was 13.8% (11.9)
- Improved margins and earnings in both AirTech and FoodTech
 - Lower costs as a result of the Full Potential Program
 - Improved gross margins
 - Positive currency effects

Orders received – FX adjusted

- Order intake in Americas increased 5%, mainly driven by Industrial, Other Commercial, Software in FoodTech and Services
- Order intake in EMEA increased 3%, mainly driven by Mist Elimination and FoodTech. Negatively impacted by Munters intended exit from the European Data Center market
- APAC declined 26% driven by China

	Americas	EMEA	APAC
Share of orders received R12, %	41%	37%	22%
YTD vs. last year, %	+9%	+8%	-19%
Last 3 months vs. last year, %	+5%	+3%	-26%



AirTech Q2 2019 – improved margins

- Order intake increased by 4% of which -2% organic. Excluding Data Centers Europe, organic growth was 5%
- Net sales increased by 1%. Organic decrease of -4%. Excluding Data Centers Europe, organic growth was 9%
- Net sales growth in sub-segments Industrials and Mist Elimination
- 12% net sales growth in Services of which 7% organic
- Adjusted EBITA margin increased to 12.9%. Excluding Data Centers Europe, the margin was 14.9%

SEKm	Q2			Jan-Jun		
	2019	2018	Δ%	2019	2018	Δ%
Order intake	1 267	1 223	4	2 727	2 346	16
Net sales	1 410	1 391	1	2 618	2 551	3
Operating profit (EBIT)	153	142	8	211	225	-6
Adjusted EBITA	183	146	25	269	233	15
Adjusted EBITA margin, %	12,9	10,5		10,3	9,1	

FoodTech Q2 2019 – new SaaS order signed

- Order intake decreased by 5% and -9% organic, impacted by African Swine Fever in China
- Net sales grew by 1% in the quarter and -3% organic, impacted by African Swine Fever and trade tariffs
- Positive development in the controller business, sales to CIS countries and in some smaller business units
- New SaaS (Software as a Service) order signed
- Increased adjusted EBITA margin to 15.2%

SEKm	Q2			Jan-Jun		
	2019	2018	Δ%	2019	2018	Δ%
Order intake	582	610	-5	1 083	1 130	-4
Net sales	563	555	1	1 028	1 003	2
Operating profit (EBIT)	74	77	-5	97	118	-18
Adjusted EBITA	85	81	6	132	124	6
Adjusted EBITA margin, %	15,2	14,5		12,8	12,4	

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First six months 2019 – summary

SEKm	Q2			Jan-Jun		
	2019	2018	Δ	2019	2018	Δ
Order backlog	2,539	2,477	+3%	2,539	2,477	+3%
Order intake	1,843	1,826	+1%	3,792	3,461	+10%
Net sales	1,964	1,939	+1%	3,627	3,539	+2%
Operating profit	165	170	-5	179	247	-68
Adj. EBITA	245	211	+16%	352	326	+8%
Adj. EBITA margin	12.5%	10.9%		9.7%	9.2%	
Net income	84	122	-38	63	164	-102
Cash flow from operating activities	168	39	130	211	38	173

- Order intake increased 10% of which 3% organic. Excluding Data Centers Europe, order intake grew 6% organically
- Net sales increased 2% of which -4% organic. Excluding Data Centers Europe, net sales grew 7% organically
- Adjusted EBITA improved by 8% to SEKm 352 (326), corresponding to an adjusted EBITA margin of 9.7% (9.2). Excluding Data Centers Europe, the margin was 11.2% (10.2)
- Cash flow from operating activities improved to SEKm 211 (38)

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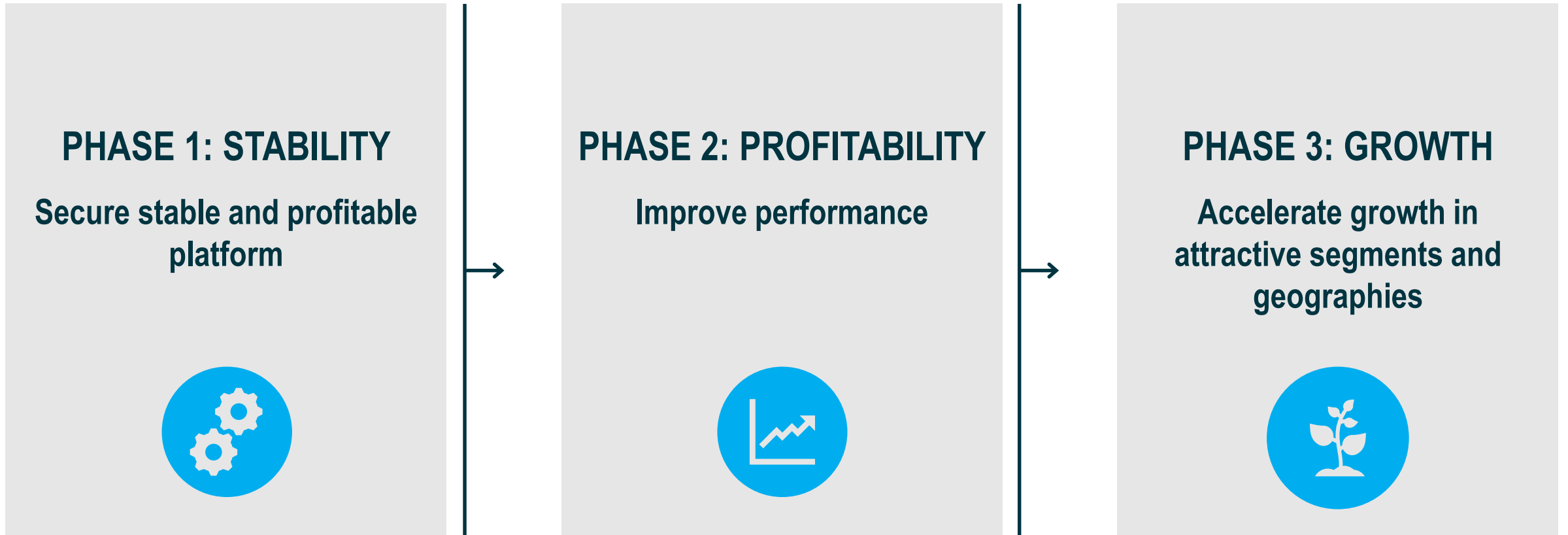
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Munters Full Potential Program – overview



Phase 1: Secure a stable and profitable platform

STABILITY

Secure stable
and profitable
platform



- ✓ Strengthen leadership team
- ✓ Simplify Munters structure into two decentralized Business Areas
- ✓ Drive leaner structures and cash efficiency
- ✓ Drive Data Center performance uplift through focus towards US market

Business Areas reorganised and renamed

Air Treatment
Data Centers
Mist Elimination



AirTech

Energy-efficient, safe and reliable climate solutions in which control of moisture content and temperature is mission-critical.



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FoodTech

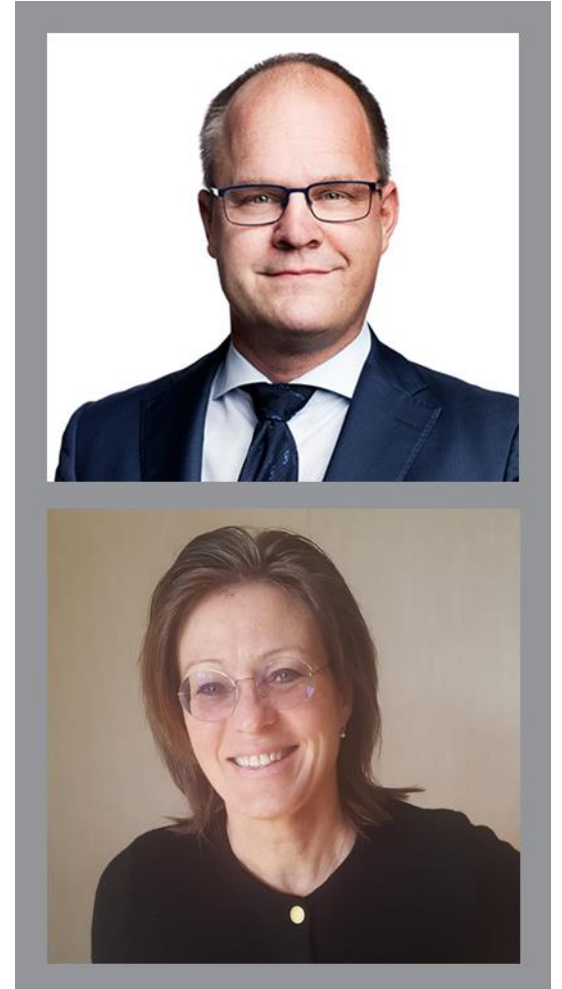
Increased productivity and sustainable food production with minimal waste in feed and water. Contributes to improved product quality, animal welfare and food safety.





New leadership team joining in August

- Klas Forsström, new President and CEO of Munters enters his position on August 12, 2019
- Annette Kumlien, new Group Vice President and CFO enters her position on August 12, 2019
- Handover well under way
 - Continuity with regards to strategy, business plan delivery and financial outlook
 - Johan Ek transitions back into his role as member of Board of Directors





Recap: Combined initiatives expected to deliver SEKm 210 annualized profit improvement

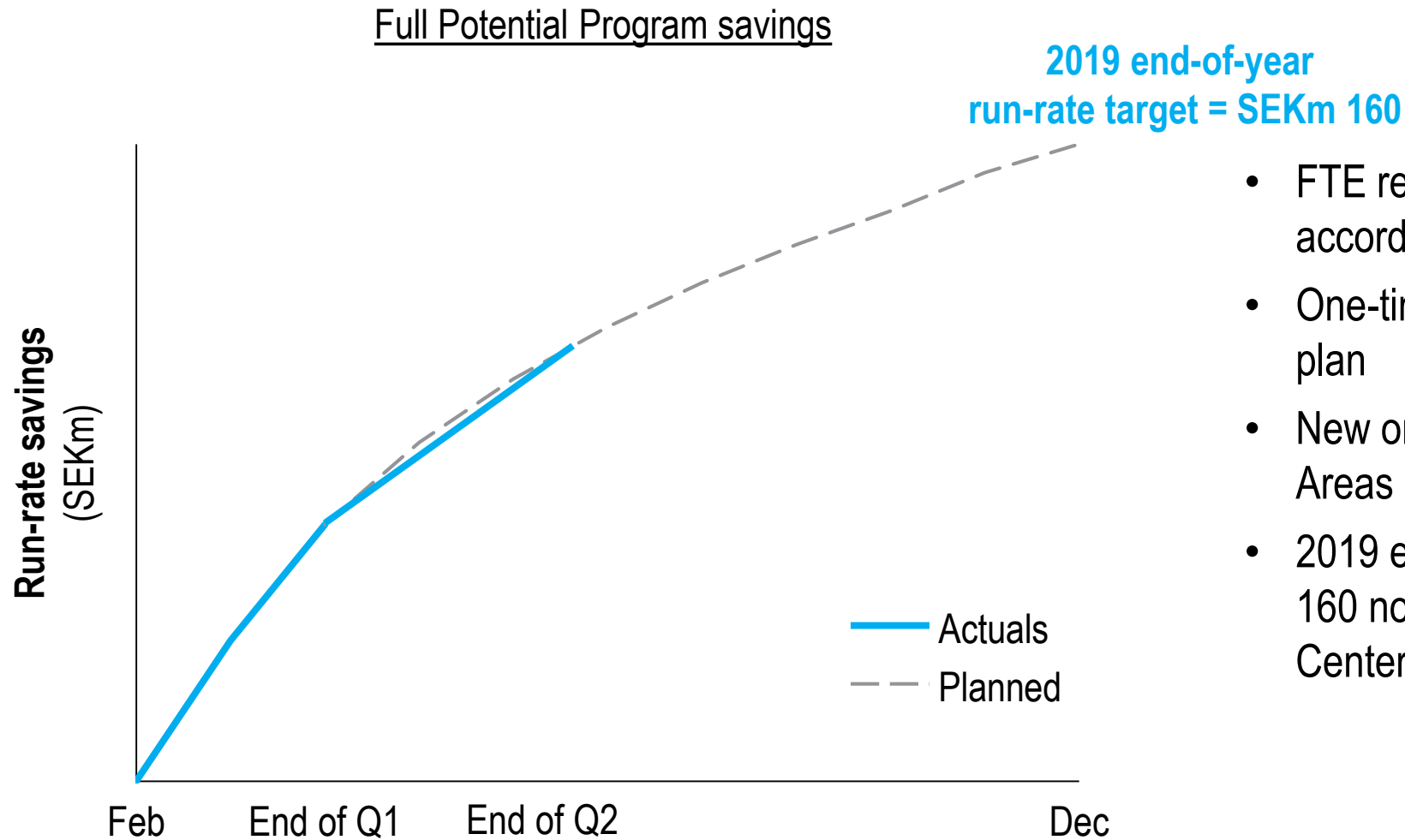
Program	2019 adj. EBITA impact	2020 adj. EBITA impact – equals ongoing annual run-rate	One-time costs	Cash pay-back time
Total program impact	SEKm +105	SEKm +210	SEKm -350 costs (30% during H1 and 70% during H2 2019)	Approx. 2 years

Timing and ultimate cost of program may vary from current estimates based on final timetable and subject to information and consultation with the relevant employee representative bodies.

- Our program anticipates Data Centers back into profits (adjusted EBITA) by 2020
- A SEKm 300 Data Centers revenue drop expected in 2019 as previously indicated



Savings progressing according to plan



- FTE reductions and other cost savings according to plan
- One-time costs of SEKm 100 according to plan
- New organizational structures in Business Areas implemented
- 2019 end-of-year run-rate target of SEKm 160 not including the savings in Data Centers

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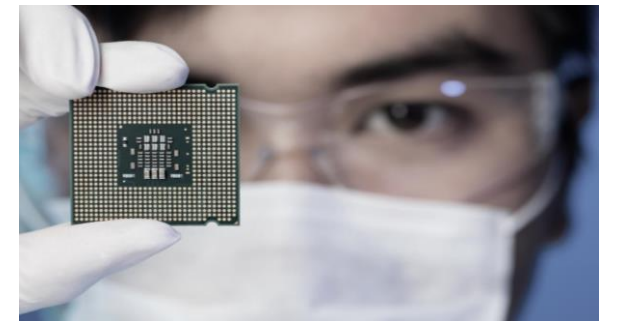
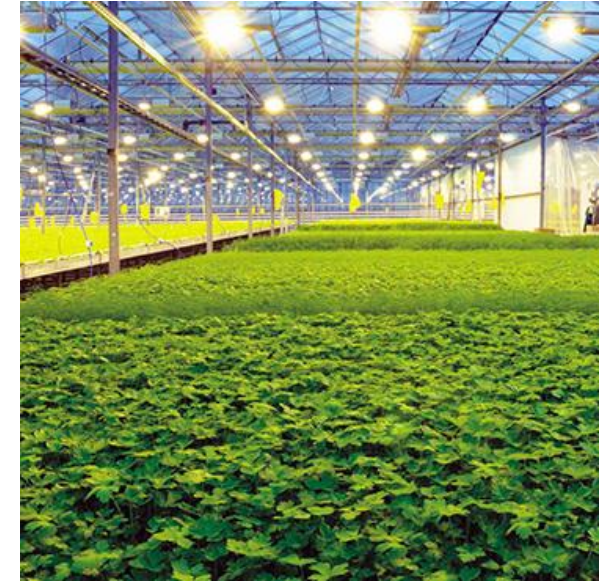
Summary and outlook

Summary

- Munters Full Potential Program well on track
- Significantly improved margins and earnings
- Good underlying order intake and net sales growth, excluding Data Centers Europe, despite weak development in China

Outlook

- Softer order intake expected during the second half of the year impacted by weak development in China and trade tariffs
- Significantly improved Group adj. EBITA expected for full year 2019 with full impact from 2020 from Munters Full Potential Program
- Group leverage expected to be in line with our mid-term financial leverage target in 2020
- Firm path towards increased earnings over the following years towards achieving revised financial targets



Questions & Answers