

# Q1

## “Stable profitability in a challenging business environment”

### January-March 2020

- The outbreak of Covid-19 impacted Munters in the first quarter. Demand was robust in January and February, except in China that was affected by the outbreak in February. In March demand was negatively impacted by the outbreak in Europe and Americas. In China, demand recovered somewhat mid-March.
- Order intake declined -5% (currency adjusted -8%) mainly driven by a decline in the industrial segment within business areas AirTech. Business area FoodTech increased 3%, with a flat organic development. In Asia, FoodTechs' order intake increased as investments in production capacity in the swine segment within China increased.
- Net sales declined by -3% (currency adjusted -7%) mainly driven by lower demand in the industrial segment in all regions in the business area AirTech. Business area FoodTech had a weak development in Americas and APAC and a flat development in EMEA.
- The adjusted EBITA-margin improved slightly to 8.3% (8.1) as a result of continued streamlining of indirect costs and an active mitigation of the effects from the Covid-19 outbreak.
- Leverage increased to 3.1x from 2.9x at year-end 2019. The increase was mainly due to exchange rate effects on borrowings related to USD/SEK.

Financial summary	Q1			LTM	Full year
	2020	2019	Δ%	Apr-Mar	2019
<b>MSEK</b>					
Order intake	1,849	1,938	-5	7,213	7,302
Net sales	1,566	1,620	-3	7,099	7,153
Operating profit (EBIT)	110	38	186	627	556
Adjusted EBITA	130	131	-1	869	871
Adjusted EBITA margin, %	8.3	8.1		12.2	12.2
Net income	57	3		337	283
Earnings per share before and after dilution, SEK	0.31	0.02		1.84	1.55
Average number of outstanding shares before and after dilution	181,745,802	182,130,802		181,886,969	181,983,219
<b><i>The KPI's below includes discontinued operations *</i></b>					
Net income	57	-22		-86	-164
Earnings per share before and after dilution, SEK	0.31	-0.12		-0.48	-0.91
Cash flow from operating activities	33	43	-23	659	669
Net debt	3,338	3,411	-2	3,338	3,062
Net debt/Adjusted EBITDA, LTM				3.1	2.9

\* The income statement has been restated for the years 2019 to reflect the discontinued operation in line with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Discontinued operations is defined as the business connected to the Data Centers operations in Dison, Belgium, where the production has ceased during fall 2019 but minor installation services remains at customer sites during 2020. All income statement items in this report refers to Munters continuing operations, if not otherwise stated. See more information on page 21.

# CEO comments

## Order intake and net sales impacted by the Covid-19 outbreak

In the first quarter, the outbreak of Covid-19 had an impact on Munters. All our production units, except two minor units, have managed operations throughout the quarter without any major disturbances. Order intake declined organically by -8%. Demand was robust in January and February, except in China that was affected by the outbreak in February. Order intake in March was negatively impacted by the outbreak in Europe and Americas. In China, demand recovered somewhat mid-March, which was visible in the order intake for the business area FoodTech.

Net sales declined organically by -7%, mainly driven by lower demand in the industrial segment in all regions in the business area AirTech. Business area FoodTech had a weak development in Americas and APAC.

## Slightly improved profitability and focus on continuous improvements

The adjusted EBITA-margin improved slightly over last year. This was mainly driven by a continuous focus by all parts of the organization to streamline indirect costs and an active mitigation of the effects from the Covid-19 outbreak.

In relation to the outbreak of Covid-19, our focus in the last months has first and foremost been on securing the health and safety of our employees and other stakeholders. To limit the effects from the outbreak on Munters, we initiated mitigating actions in the beginning of February. These involves reducing costs and planned investments as well as diligently managing our supply chain, where we so far have not had any major disturbances.

The cost reduction program executed and the work to improve management of working capital in 2019 strengthened Munters financial position. Our focus on cashflow and continuous improvements in operations is a central part of the ongoing refined strategy implementation.

## Continued challenging business environment

For the coming quarters we expect a challenging business environment with a larger impact from the Covid-19 outbreak than seen in the first quarter. At this time, the visibility of the effect from the outbreak is limited. We currently have a healthy order backlog but depending on the length and severity of the outbreak we see an increased risk for project delays.

## Implementation of refined strategy ongoing

Munters is well positioned in a long-term growing market driven by climate change, energy efficiency and digitalization. At the beginning of the year, we launched a refined strategy with clear focus areas and ambitions. Despite great attention on managing in the current business environment we are continuing to implement the strategy. During 2020, I expect us to accelerate the implementation and especially our analysis of how to align the product assortment and optimize our manufacturing footprint.

I am very proud of our dedicated employees world-wide and their contribution and hard work in these challenging times.

Klas Forsström, President and CEO

» We expect a continued challenging business environment



Klas Forsström, President and CEO

## Mid-term financial targets

**Net sales growth:** Annual growth in organic net sales of 5 per cent, as of 2019, supplemented with selected add-on acquisitions.

**Adjusted EBITA-margin:** An adjusted EBITA-margin of 14 per cent.

**Capital structure:** A ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e. g. as a result of acquisitions.)

**Dividend policy:** Munters aim to pay an annual dividend corresponding to 30-50 per cent of its consolidated income after tax for the period.

For full description of the dividend policy, see the Annual and Sustainability report 2019, page 18.

## Sustainability

Throughout 2020 Munters will prioritize sustainability issues aiming at setting more ambitious goals in 2021. The framework for Munters' sustainability agenda is divided into three parts: resource efficiency, responsible business practices and people & society.

Examples of key sustainability ratios FY 2019:

- Proportion women in management 25% (20)
- Total Recordable Incident Rate 2.7 (3.4)
- Code of Conduct for suppliers 92% (66)
- Green electricity 40% (31)

Please see the Munters Annual and Sustainability report 2019, page 46-55, for further information on goals and outcome.

# Financial performance

During the third and fourth quarter 2019, Munters reported the business within the Data Centers operations in Belgium as a discontinued operation. Therefore all income statement has been restated for 2019 to reflect the discontinued operation in line with IFRS 5, for information see page 21. All income statement items in this report refers to Munters continuing operations, if not otherwise stated.

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Order intake	1,849	1,938	7,213	7,302
AirTech	1,343	1,449	5,148	5,253
FoodTech	515	500	2,102	2,087
Other and eliminations	-10	-11	-37	-38
Net sales	1,566	1,620	7,099	7,153
AirTech	1,127	1,166	5,120	5,159
FoodTech	449	466	2,015	2,032
Other and eliminations	-9	-11	-37	-38
Adjusted EBITA	130	131	869	871
AirTech	100	110	651	662
FoodTech	52	46	283	278
Other and eliminations	-22	-25	-65	-69
Adjusted EBITA margin, %	8.3	8.1	12.2	12.2
AirTech	8.8	9.4	12.7	12.8
FoodTech	11.5	9.9	14.0	13.7

Net sales,  
organic change

**-8%**

Adj. EBITA-margin

**8.3%**

## ORDER INTAKE

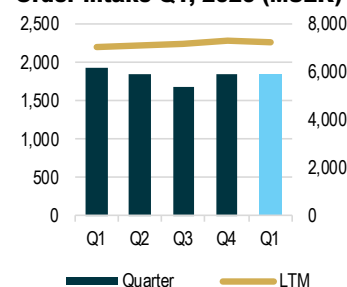
### January-March 2020

The order intake in the quarter decreased by -5% (currency adjusted decrease of -8%). This was driven by a decline in AirTech. During the quarter, both business area AirTech and FoodTech, experienced postponement of potential orders due to the effects of the Covid-19 outbreak.

Business area AirTech order intake decreased by -7% (currency adjusted decrease of -11%), compared to a strong first quarter 2019. 2019 included large orders related to the lithium battery industry. The industrial segment had a weak order intake in the quarter, mainly in region EMEA and APAC. In the US the commercial segment, Services and sales of components to OEMs had strong growth. Services had decreased order intake in Europe as a consequence of the Covid-19 outbreak. Data Centers in the US had a negative development on the back of strong first quarter 2019. Mist Elimination also had a weaker development, mainly as the marine subsegment had a very weak demand.

Business area FoodTech order intake increased by 3%, with a flat organic development. Order intake increased in Americas, primarily driven by a good development in Mexico and sales of software solutions in the US. In Asia, order intake increased. In China, investments in production capacity increased in the swine segment on the back of a weak 2019 when it was negatively impacted by the African Swine Fever. This led to good growth in order intake for FoodTech in this segment. Also, good growth was achieved in the layer and broiler segment in China. In Europe, demand was softer, mainly in Scandinavia and Italy, compared to the same period last year. Also Middle East was on a lower level than 2019.

Order intake Q1, 2020 (MSEK)



## NET SALES

### January-March 2020

Net sales in the quarter decreased by -3% (currency adjusted decrease by -7%), with decreased net sales in both AirTech and Foodtech. Services net sales amounted to 15% of total net sales.

Net sales in business area AirTech decreased by -3% (currency adjusted decrease by -7%). The decrease was mainly driven by weaker net sales in all regions for the industrials segment. The commercial segment had good growth in the US, with strong growth in the subsegment supermarkets. Services had good growth driven by the US, whereas sales in Europe and APAC was weaker. Overall Europe and APAC experienced declining net sales. Data Centers in the US had a positive development, whereas Mist Elimination declined as the marine subsegment in general and the power subsegment in India was weaker.

Net sales in business area FoodTech declined by -4% (currency adjusted decrease by -7%) with decreased net sales in all regions, except for EMEA that had a flat development. Net sales in APAC was weak due to a negative impact from the Covid-19 outbreak in February in China.

## RESULTS

Adjusted EBITA excludes Items Affecting Comparability, IAC.

### January-March 2020

The gross margin was in line with 2019 at 32.4% (32.6) with a slightly lower gross margin in AirTech and a slightly higher gross margin in FoodTech.

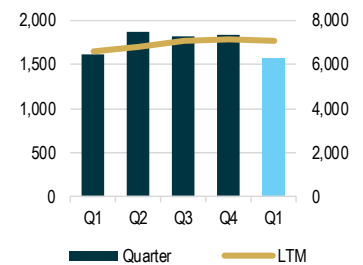
Adjusted EBITA was flat at MSEK 130 (131), corresponding to a slightly higher adjusted EBITA-margin of 8.3% (8.1). Depreciation amounted to MSEK -57 (-51), whereof depreciation of leased assets was MSEK -30 (-28).

Adjusted EBITA for business area AirTech amounted to MSEK 100 (110), corresponding to a slightly lower adjusted EBITA margin of 8.8% (9.4). The slightly lower EBITA-margin was a result of a lower gross margin due to a change in product mix compared to the first quarter 2019. This was somewhat offset by lower indirect costs.

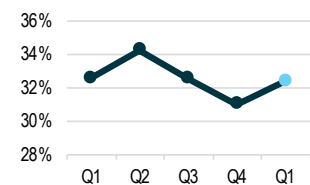
Adjusted EBITA in business area FoodTech increased to MSEK 52 (46), corresponding to an adjusted EBITA margin of 11.5% (9.9). The improvement was due to a slight improvement in gross margin and lower indirect costs.

Operating profit (EBIT), excluding discontinued operations, in the first quarter was MSEK 110 (38), corresponding to an operating margin of 7.0% (2.3). Amortization and write-downs on intangible assets in the first quarter was SEKm -20 (-32), where MSEK -11 (-24) was related to amortization of intangible assets from acquisitions.

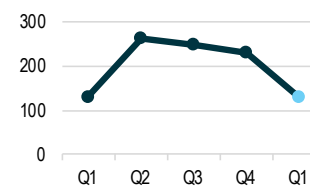
Net sales Q1, 2020 (MSEK)



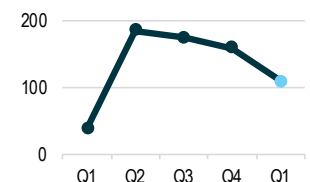
Gross margin development



EBITA (MSEK)



Operating profit (EBIT) (MSEK)



## ITEMS AFFECTING COMPARABILITY (IAC)

During the first quarter 2020 Munters did not incur any IACs. During the first quarter 2019 Munters Full Potential Program (FPP), launched in February 2019, resulted in IACs of MSEK 61 in the continuing operations. The IACs for the continuing operation are outlined below.

### Continuing operations

	2020	2019		2019
MSEK	Q1	Q1	LTM	Full year
<b>AirTech</b>	-	-23	-43	-67
Severance costs	-	-19	-32	-52
Consulting fees and other	-	-4	-11	-15
<b>FoodTech</b>	-	-19	-17	-36
Severance costs	-	-9	-1	-10
Consulting fees and other	-	-10	-16	-26
<b>Other</b>	-	-18	-60	-78
Severance costs	-	-4	-23	-27
Consulting fees and other	-	-14	-37	-51
<b>Total</b>	-	-61	-120	-181

### Discontinuing operations

The closure of the Data Centers factory in Dison, Belgium, was part of the FPP program. During the third quarter 2019, the closure of Dison was decided and as of then the European Data Centers business, and the related IAC's, was defined as a discontinued operation in accordance with IFRS 5.

## FINANCIAL ITEMS

Financial income and expenses for the first quarter amounted to MSEK -31 (-43). The financial expenses were positively impacted by lower a USD interest rate compared to same quarter last year. Interest expense on lease liabilities amounts to MSEK -4 (-5). The average weighted interest rate including fees per end of the quarter was 3.5% (4.8).

## TAXES

Income taxes for the first quarter was MSEK -22 (8) and the effective tax rate was 28% (200). In the first quarter 2019 Munters reported a net loss and due to changes in deferred taxes had a positive tax contribution.

Effective tax rate, %

**28%**

## EARNINGS PER SHARE

Net income, including the discontinued operation, attributable to Parent Company's ordinary shareholders amounted to MSEK 57 (-22) for the first quarter. Earnings per share, before and after dilution, in the first quarter 2020 was SEK 0.31 (-0.12).

The average number of outstanding ordinary shares in the first quarter, for the purpose of calculating earnings per share, was 181,745,802 before and after dilution.

EPS, SEK

**0.31**

## FINANCIAL POSITION

Interest-bearing liabilities amounted to MSEK 3,964 (3,635). Cash and cash equivalents amounted to MSEK 900 (460) as of March 31.

Munters primary financing facilities consists of a term loan of MUS\$ 250 and a revolving credit facility (RCF) of MEUR 185. The facilities have no mandatory amortization requirement. The final maturity date is May 2022. The loan agreement has one financial covenant, consolidated net debt in relation to adjusted EBITDA, with some adjustments. The new accounting standard for leases, IFRS 16, does not affect the covenant calculation according to the loan agreement definition and neither does the net pension liability.

Net debt as of March 31 amounted to MSEK 3,338 compared to MSEK 3,062 at year-end 2019. The increase in net debt was mainly due to an exchange rate effect on outstanding borrowings related to USD/SEK. The exchange rate effect impacted the term loan in SEK with an increase of MSEK 190. See more information about reconciliation of net debt and leverage on page 21.

Munters reported leverage ratio per end of the first quarter was 3.1 compared to 2.9 at the year end 2019.

At quarter end the term loan was fully drawn with MUS\$ 250 and MEUR 89 of the total revolving credit facility were utilized in EUR, USD and SEK. Available unutilized credit facilities as of March 31 amounted to MEUR 76 (85). Along with the main loan facility, an amount of MSEK 36 (52) in local debt is outstanding in i.a. Brazil and India.

Average capital employed for the last twelve months was MSEK 7,344 (7,147). Return on capital employed (ROCE) for last twelve months was 3% (1).

Return on capital employed, where EBIT is adjusted for items affecting comparability (IAC) and capital employed adjusted for goodwill, for the last twelve months was 24% (6). EBIT was affected by a write-down of goodwill amounting to MSEK 323 in the fourth quarter of 2018, impacting the last year period return.

## CASH FLOW

Cash flow from operating activities was MSEK 33 (43) in the first quarter.

Cash flow from changes in working capital had a negative impact on the cash flow with MSEK -57 (-47), where decreased accrued expenses was the main reason for the increase in working capital. MSEK -11 of the changes in working capital was attributable to inventory buildups within both business areas and a decrease in accounts payables in business area AirTech. This was partially offset by a strong cash flow from accounts receivables in both business areas and a relative stable cash flow from advances from customers.

Total cash flow for the first three months amounted to MSEK 169 (45), mainly due to increased cash flow from change in borrowings of MSEK 218 (72). In the quarter, Munters decided to draw more on our RCF in order to build up a stable liquidity situation to be able to manage the current market situation caused by the COVID-19 outbreak.

## PARENT COMPANY AND OWNERSHIP

The parent company for the Group is Munters Group AB. All Group supporting functions within Munters is accounted for within Munters Group AB. The company holds shares in subsidiaries, cash and accounts payables. The Parent Company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to MSEK 15 (76).

## EMPLOYEES

The number of FTEs (Full Time Equivalents) at March 31, 2020 was 3,154 (3,434). The lower level of FTEs is mainly due to the initiatives that were part of the FPP-program in 2019. The single most contributing factor to the lower number of FTEs was the decision to close the Data Centers factory in Dison, Belgium in September 2019. The amount of FTEs at 31 March 2020 in business area AirTech was 2,247 (2,486), in FoodTech 840 (857) and at Group functions 67 (91).

Ten largest shareholders	31 Mar
%	Total
FAM AB	26.1
Swedbank Robur Funds	9.5
First Swedish National Pension Fund	8.6
ODIN Funds	7.1
Fourth Swedish National Pension Fund	5.8
Handelsbanken Funds	4.2
Kuwait Investment Authority	3.3
Columbia Threadneedle	2.7
La Financière de l'Echiquier	1.9
Schroders	1.7

Source: Modular Finance



## SHARE REPURCHASES

Munters held 1,852,000 shares as of 31 March 2020 of the total 183,597,802 outstanding shares.

During the third quarter 2019, Munters repurchased Munters had repurchased a total of 385,000 shares to an average price of SEK 40.98. The purpose of the repurchases was to secure the delivery of shares to the participants of Munters' long-term incentive programme which was resolved by the Annual General Meeting 2019, and to cover costs related to the programme.

## DIVIDEND

During 2019 Munters made major changes to the overall overhead cost structure, reducing its employees by approximately 500 and reported a loss for the year. Major efforts went into stabilizing the business, ensuring value creation in all units. The work with stabilizing operations and make continuous improvement continues in 2020. In order to ensure long-term profitable growth, 2020 will entail investments in research and development and initiatives to drive synergies across the Group. Due to the current situation combined with the strategic intentions for the future, the Board of Directors proposes no dividend to be paid for 2019.

## OTHER EVENTS

**Nomination committee for the 2020 Annual General Meeting** – In September 2019, Munters announced the Nomination Committee of Munters Group AB. It comprised the following members: Robert Furuholm, Nordic Capital, Chairman of the Nomination Committee, Lars Wedenborn, FAM AB, Johan Grip, First AP-fund, Jan Dworsky, Swedbank Robur Funds and Magnus Lindquist, Chairman of the Board of Munters. Following the change in ownership during November, when Nordic Capital sold 20% of the share in Munters, the Chairman of the Nomination Committee was changed to reflect the new ownership structure. The Chairman of the Nomination committee changed to Lars Wedenborn, FAM AB and Robert Furuholm, Nordic Capital, is a member of the Nominations Committee. No further changes of the nomination committee has been made.

The Annual General Meeting of Munters Group AB will be held on 7 May in Kista, Stockholm.

**Strategic evaluation of the Data Centers and Mist Elimination operations** - During 2019 a strategic evaluation of the Data Centers and Mist Elimination operations was conducted. In February 2020, this resulted in a decision to keep these businesses in Munters. Both businesses made significant progress during 2019. Considering Munters refined strategic direction we see a good strategic fit. Both businesses operate in markets with good growth potential, driven by digitalization and high demands for sustainable solutions.

**Organizational change** – In February, Munters announced an organizational change. The change aims at creating a clearer business ownership and capture local synergies and value drivers across the Group, by aligning the value chain within the business areas. The change means that the business areas have full profit and loss responsibility for their respective area. The role Global operations in the Group management team will be changed into a Strategic operations role with focus on driving lean practices, manufacturing excellence, shared tools and processes and overall footprint optimization. Two roles have been added: Innovation, with focus on driving R&D processes, including shared technologies coordination and product introduction development and Commercial excellence, with focus on coordinating sales training, drive practice of value selling, pricing strategies and go-to-market methods.

**New President business area FoodTech announced** – In February, it was announced that Pia Brantgärde Linder, currently Senior Vice President and Business Unit Manager of High Voltage Products in Northern Europe at ABB, had been appointed President of Business Area FoodTech as of August 16, 2020.



Pia Brantgärde Linder, was announced as the new President of Business Area FoodTech in February.

## AirTech



Business area AirTech is a global leader in energy-efficient air treatment for industrial and commercial applications. We offer solutions for mission-critical processes that require exact control of moisture and temperature, with a focus on energy-efficiency and sustainable climate systems. Our climate systems also provide better indoor air quality and comfort, as well as increased production capacity.

- Order intake decreased by -7% (currency adjusted -11%) compared to a strong first quarter 2019. The industrial segment had a weak development, mainly in region EMEA and APAC. In the US the commercial segment, Services and sales of components to OEMs had strong growth.
- Net sales decreased by -3% (currency adjusted -7%), mainly driven by weaker development in all regions for the industrial segment. The commercial segment and Services had good growth in the US. In Europe and APAC sales was weaker.
- The adjusted EBITA-margin was slightly lower at 8.8% (9.4) as a result of a lower gross margin due to a change in product mix compared to the first quarter 2019. This was somewhat offset by lower indirect costs.

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Order intake	1,343	1,449	5,148	5,253
Growth	-7%	30%	11%	14%
Net sales	1,127	1,166	5,120	5,159
Growth	-3%	20%	16%	17%
of which organic growth	-7%			
of which currency effects	3%			
of which structural effects	-			
Operating profit (EBIT)	94	82	578	565
Adjusted EBITA	100	110	651	662
Growth	-9%	30%	19%	27%
Adjusted EBITA margin, %	8.8	9.4	12.7	12.8



## FoodTech



Business area FoodTech is one of the world's leading suppliers of innovative, energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain. Our solutions increase productivity while contributing to sustainable food production, where strict requirements are placed on quality, animal health and food safety.

- Order intake increased by 3% with a flat organic development. Americas had a good development, primarily driven by a good order intake in Mexico and orders for software solutions in the US. In Asia, order intake increased whereas demand in EMEA was softer.
- Net sales declined by -4% (currency adjusted -7%) with slightly weaker sales in all regions, except for EMEA that had a flat development. APAC had a weak development due to a negative impact from the Covid-19 outbreak in February in China.
- The EBITA-margin improvement was mainly driven by a lower level of indirect costs.

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Order intake	515	500	2,102	2,087
Growth	3%	-4%	1%	-1%
Net sales	449	466	2,015	2,032
Growth	-4%	4%	-1%	1%
of which organic growth	-7%			
of which currency effects	3%			
of which structural effects	-			
Operating profit (EBIT)	47	24	250	226
Adjusted EBITA	52	46	283	278
Growth	12%	6%	12%	11%
Adjusted EBITA margin, %	11.5	9.9	14.0	13.7





# About Munters

Munters is a global leader in energy-efficient and sustainable climate solutions. The solutions guarantee temperature and humidity control, which is mission-critical for customers. Munters offers solutions to many different industries where controlling temperature and humidity is mission-critical. Our solutions reduce customers' climate and environmental impact through lower resource consumption, and in the process contribute to cleaner air, higher efficiency and reduced carbon emissions. Sustainability is an important part of Munters' business strategy and value creation.

## Short facts

- 3,100 employees
- 30 countries with sales and manufacturing
- 18 production units
- 25% female leaders
- Two business areas: AirTech and FoodTech

In 2019 AirTech generated 72% of the total net sales of Munters and FoodTech 28%.

## Purpose

For customer success and a healthier planet

*Curiosity and a drive to create pioneering technologies are part of our DNA. Our climate solutions are mission-critical to our customers' success and contribute to a more sustainable planet.*

## Mission

Munters is a global leader in innovative, energy-efficient and sustainable climate solutions for mission-critical processes.

## Sustainability

Sustainability is one of the most important drivers for Munters' strategy today and in the future. Everything we do has to be sustainable for all our stakeholders and the environment. Our medium-term financial targets are important to create room for investments in the future. As we work toward these targets, we make various decisions and act in the best way to achieve our ambitions. These ambitions contain priorities on resource efficiency, responsible business practices and people & society. These three parts today constitute the framework for Munters' sustainability agenda.

## The strategy of Munters

Munters has a strong position in most of our markets. We see major opportunities to improve and strengthen our market position and to achieve our mid-term financial targets and deliver on our strategy. The key to success is how we respond in working toward our goals. Our overarching strategic priorities show which areas we regard as important to our success. For each strategic priority we have clear action plans and ambitions what we want to achieve. Sustainability is a priority issue reflected in every strategic priority.

**People** - The employees at Munters are the hub of our business. Through collaboration and a passion for creating sustainable solutions for our customers and partners, we contribute to our customers' success and a better world.

**Customers** - We closely cooperate our customers. We try not only to understand their needs today, but also in the future. Our expertise is built through unique insight into our customers' businesses and production processes. Munters works every day to deliver value over and above our customers' expectations.

**Innovation** - We at Munters work in a structured way to optimize innovation in the organization. We continually monitor technological developments in the market and work closely with our customers to understand their needs. We also work with other institutions that strengthen our competence and create value for customers. By continuously questioning and improving how we work, we create sustainable solutions, technologies and business models for the future.

**Market** - Munters is active around the world in a market driven by strong trends in sustainability and digitization. We focus resources on strengthening our position in areas where we can be a market leader. For Munters, a market leader not only has a leading position but also higher profitable growth than others in the industry.

**Excellence in everything we do** - We strive for quality and efficiency in everything we do. We work with continuous improvements in every area. We prioritize and focus on selected investments and areas of improvement. We follow up, learn, correct and improve.









# Quarterly overview

## Group and Segments

Group	2020					2019				2018				2019		2018	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year	Full year	Full year
<b>MSEK</b>																	
Order backlog	2,808	2,307	2,440	2,496	2,554	2,170	2,222	2,227	2,097	2,307	2,170	2,307	2,170	2,307	2,170	2,307	2,170
Order intake	1,849	1,845	1,680	1,840	1,938	1,735	1,590	1,748	1,626	7,302	6,698	7,302	6,698	7,302	6,698	7,302	6,698
Net sales	1,566	1,842	1,813	1,877	1,620	1,757	1,559	1,686	1,410	7,153	6,412	7,153	6,412	7,153	6,412	7,153	6,412
Operating profit (EBIT)	110	159	174	185	38	158	136	161	74	556	529	556	529	556	529	556	529
Net income	57	76	100	104	3	93	80	114	40	283	327	283	327	283	327	283	327
Amortization and write-down	-20	-29	-32	-41	-32	-36	-43	-40	-38	-134	-157	-134	-157	-134	-157	-134	-157
Items affecting comparability (IAC)		-42	-42	-36	-61	-31	-8			-181	-39	-181	-39	-181	-39	-181	-39
Adjusted EBITA	130	229	248	262	131	225	186	201	113	871	725	871	725	871	725	871	725
Adjusted EBITA margin, %	8.3	12.5	13.7	13.9	8.1	12.8	12.0	11.9	8.0	12.2	11.3	12.2	11.3	12.2	11.3	12.2	11.3
<b>AirTech</b>																	
<b>MSEK</b>																	
External order backlog	2,186	1,780	1,886	1,926	1,993	1,652	1,671	1,670	1,599	1,780	1,652	1,780	1,652	1,780	1,652	1,780	1,652
Order intake	1,343	1,361	1,179	1,264	1,449	1,289	1,073	1,145	1,114	5,253	4,621	5,253	4,621	5,253	4,621	5,253	4,621
External net sales	1,127	1,378	1,286	1,323	1,164	1,265	1,049	1,138	968	5,151	4,421	5,151	4,421	5,151	4,421	5,151	4,421
Transactions between segments	0	4	1	1	2	2	1	1	2	8	5	8	5	8	5	8	5
Operating profit (EBIT)	94	159	151	173	82	185	104	132	82	565	503	565	503	565	503	565	503
Amortization and write-down	-5	-9	-5	-13	-5	-5	-4	-3	-3	-31	-15	-31	-15	-31	-15	-31	-15
Items affecting comparability (IAC)		-19	-11	-14	-23	-8	-8			-67	-16	-67	-16	-67	-16	-67	-16
Re-allocation of internal services	-	-1	-	-	-	-13				-1	-13	-1	-13	-1	-13	-1	-13
Adjusted EBITA	100	186	167	199	110	185	116	135	85	662	522	662	522	662	522	662	522
Adjusted EBITA margin, %	8.8	13.4	12.9	15.1	9.4	14.6	11.0	11.9	8.8	12.8	11.8	12.8	11.8	12.8	11.8	12.8	11.8
<b>FoodTech</b>																	
<b>MSEK</b>																	
External order backlog	622	526	554	570	561	518	552	557	498	526	518	526	518	526	518	526	518
Order intake	515	491	513	582	500	452	524	610	520	2,087	2,107	2,087	2,107	2,087	2,107	2,087	2,107
External net sales	440	464	527	554	456	491	510	548	442	2,002	1,991	2,002	1,991	2,002	1,991	2,002	1,991
Transactions between segments	9	5	7	8	9	6	8	7	6	31	27	31	27	31	27	31	27
Operating profit (EBIT)	47	55	75	74	24	53	73	77	41	226	244	226	244	226	244	226	244
Amortization and write-down	-5	-4	-4	-4	-4	-3	-3	-3	-3	-15	-12	-15	-12	-15	-12	-15	-12
Items affecting comparability (IAC)		-3	-6	-8	-19					-36		-36		-36		-36	
Re-allocation of internal services	-	-	-	-	-	-7					-7		-7		-7		-7
Adjusted EBITA	52	61	85	85	46	49	76	81	43	278	249	278	249	278	249	278	249
Adjusted EBITA margin, %	11.5	13.0	15.9	15.2	9.9	9.9	14.7	14.5	9.7	13.7	12.4	13.7	12.4	13.7	12.4	13.7	12.4
<b>Other and eliminations</b>																	
<b>MSEK</b>																	
Order intake	-10	-8	-13	-7	-11	-6	-8	-7	-8	-38	-30	-38	-30	-38	-30	-38	-30
Transactions between segments	-9	-9	-9	-9	-11	-8	-8	-8	-8	-38	-32	-38	-32	-38	-32	-38	-32
Operating profit (EBIT)	-32	-55	-52	-62	-67	-80	-41	-48	-48	-236	-217	-236	-217	-236	-217	-236	-217
Amortization and write-down	-10	-16	-24	-24	-23	-28	-36	-33	-32	-88	-130	-88	-130	-88	-130	-88	-130
Items affecting comparability (IAC)		-21	-24	-14	-18	-22				-78	-22	-78	-22	-78	-22	-78	-22
Re-allocation of internal services	-	1	-	-	-	20				1	20	1	20	1	20	1	20
Adjusted EBITA	-22	-17	-3	-23	-25	-10	-5	-15	-16	-69	-46	-69	-46	-69	-46	-69	-46

# Discontinued operation

MSEK	2020	2019				2018				2019	2018
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
External order backlog	-	2	8	43	111	147	166	250	419	2	147
Order intake	-	4	-3	3	11	18	111	79	9	15	216
External net sales	-0	9	38	87	42	78	190	252	190	176	710
Operating profit (EBIT)	0	-65	-341	-20	-24	-414	8	9	2	-450	-396
Amortization and write-down	-	0	3	-0	0	-344	-1	-1	-1	3	-346
Items affecting comparability (IAC)	-	-45	-325	-3	-0	-	-	-	-	-373	-
Adjusted EBITA	0	-20	-19	-17	-24	-71	8	10	3	-80	-49

# Condensed income statement

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Net sales	1,566	1,620	7,099	7,153
Cost of goods sold	-1,058	-1,093	-4,787	-4,822
<b>Gross profit</b>	<b>508</b>	<b>528</b>	<b>2,311</b>	<b>2,331</b>
Selling expenses	-210	-287	-893	-970
Administrative costs	-140	-158	-592	-610
Research and development costs	-48	-51	-195	-197
Other operating income and expenses	0	7	-5	2
<b>Operating profit</b>	<b>110</b>	<b>38</b>	<b>627</b>	<b>556</b>
Financial income and expenses	-31	-43	-177	-189
<b>Profit/Loss after financial items</b>	<b>79</b>	<b>-4</b>	<b>450</b>	<b>367</b>
Tax	-22	8	-113	-83
<b>Net income for the period from continuing operations</b>	<b>57</b>	<b>3</b>	<b>337</b>	<b>283</b>
Net income from discontinued operations	-0	-25	-423	-448
<b>Net income for the period</b>	<b>57</b>	<b>-22</b>	<b>-86</b>	<b>-164</b>
<b>Attributable to Parent Company shareholders</b>	57	-21	-87	-166
Attributable to non-controlling interests	-0	-0	2	2
Average number of outstanding shares before dilution*	181,745,802	182,130,802	181,886,969	181,983,219
Average number of outstanding shares after dilution*	181,745,802	182,130,802	181,886,969	181,983,219
<b>Earnings per share for net income for the period from continuing operations attributable to the ordinary equity holders of the company:</b>				
Earnings per share before dilution, SEK	0.31	0.02	1.84	1.55
Earnings per share after dilution, SEK	0.31	0.02	1.84	1.55
<b>Earnings per share for net income for the period attributable to the ordinary equity holders of the company:</b>				
Earnings per share before dilution, SEK	0.31	-0.12	-0.48	-0.91
Earnings per share after dilution, SEK	0.31	-0.12	-0.48	-0.91
<b>Other comprehensive income</b>				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange-rate differences on translation of foreign operations	211	105	228	122
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains and losses on defined-benefit pension obligations, incl. payroll tax	15	-	-29	-44
Income tax effect not to be reclassified to profit or loss	-3	-1	7	9
<b>Other comprehensive income, net after tax</b>	<b>222</b>	<b>104</b>	<b>205</b>	<b>87</b>
<b>Total comprehensive income for the period</b>	<b>279</b>	<b>83</b>	<b>119</b>	<b>-77</b>
Attributable to Parent Company shareholders	279	83	117	-79
Attributable to non-controlling interests	-	-0	3	2

\*Excluding shares held in own custody.

# Condensed balance sheet

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	4,660	4,335	4,348
Patents, licenses, brands, and similar rights	1,562	1,504	1,469
Buildings and land	280	292	247
Plant and machinery	600	564	554
Equipment, tools, fixtures and fittings	163	191	162
Construction in progress	33	73	55
Financial assets	21	15	19
Deferred tax assets	233	250	249
<b>Total non-current assets</b>	<b>7,552</b>	<b>7,222</b>	<b>7,103</b>
<b>CURRENT ASSETS</b>			
Raw materials and consumables	432	453	350
Products in process	136	121	107
Finished products and goods for resale	299	320	296
Projects in progress	3	19	7
Advances to suppliers	17	21	12
Accounts receivable	1,157	1,113	1,050
Prepaid expenses and accrued income	254	275	288
Derivative instruments	1	-	5
Current tax assets	59	37	56
Other receivables	102	114	96
Cash and cash equivalents	900	460	722
<b>Total current assets</b>	<b>3,361</b>	<b>2,932</b>	<b>2,989</b>
<b>TOTAL ASSETS</b>	<b>10,913</b>	<b>10,155</b>	<b>10,093</b>



# Condensed balance sheet

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Shareholders' equity	3,906	3,801	3,628
Non-controlling interests	-0	-3	-0
<b>Total equity</b>	<b>3,906</b>	<b>3,798</b>	<b>3,627</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	3,827	3,478	3,371
Provisions for pensions and similar commitments	273	233	282
Other provisions	29	27	24
Other liabilities	145	143	134
Deferred tax liabilities	433	432	409
<b>Total non-current liabilities</b>	<b>4,708</b>	<b>4,313</b>	<b>4,221</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	136	157	126
Advances from customers	444	352	374
Accounts payable	653	570	556
Accrued expenses and deferred income	659	660	716
Derivative instruments	6	1	-
Current tax liabilities	31	31	32
Other liabilities	133	131	153
Provisions for pensions and similar commitments	9	9	9
Other provisions	226	133	278
<b>Total current liabilities</b>	<b>2,299</b>	<b>2,044</b>	<b>2,244</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,913</b>	<b>10,155</b>	<b>10,093</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>Opening balance</b>	<b>3,627</b>	<b>3,716</b>	<b>3,716</b>
Total comprehensive income for the period	279	83	-77
Change in non-controlling interest	-	-0	0
Put/call option related to non controlling interests	-1	-1	0
Repurchase of shares	-	-	-16
Share option plan	1	0	4
<b>Closing balance</b>	<b>3,906</b>	<b>3,798</b>	<b>3,627</b>
<b>Total shareholders' equity attributable to:</b>			
The parent company's shareholders	3,906	3,801	3,627
Non-controlling interests	-0	-3	-0

# Condensed cashflow statement

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
<b>OPERATING ACTIVITIES</b>				
Operating profit	110	14	201	105
<b>Reversal of non-cash items</b>				
Depreciation, amortization and impairments	77	88	398	408
Other profit/loss items not affecting liquidity	3	12	54	63
<b>Change in provisions</b>				
Provisions	-61	17	81	158
<b>Cash flow before interest and tax</b>	<b>129</b>	<b>131</b>	<b>734</b>	<b>735</b>
Paid financial items	-28	-43	-161	-177
Taxes paid	-11	2	-124	-111
<b>changes in working capital</b>	<b>90</b>	<b>90</b>	<b>448</b>	<b>448</b>
<b>Cash flow from changes in working capital</b>	<b>-57</b>	<b>-47</b>	<b>211</b>	<b>221</b>
<b>Cash flow from operating activities</b>	<b>33</b>	<b>43</b>	<b>659</b>	<b>669</b>
<b>INVESTING ACTIVITIES</b>				
Business acquisitions	-8	1	-9	-0
Sale of tangible fixed assets	1	2	17	18
Sale of intangible fixed assets	-	1	0	2
Investment in tangible assets	-28	-29	-117	-118
Investment in intangible assets	-15	-16	-74	-76
<b>Cash flow from investing activities</b>	<b>-50</b>	<b>-41</b>	<b>-183</b>	<b>-174</b>
<b>FINANCING ACTIVITIES</b>				
Loan raised	292	97	485	289
Amortization of loans	-74	-24	-386	-337
Repayment of lease liabilities	-33	-29	-126	-123
Repurchase of shares	-	-	-16	-16
<b>Cash flow from financing activities</b>	<b>186</b>	<b>43</b>	<b>-42</b>	<b>-185</b>
<b>Cash flow for the period</b>	<b>169</b>	<b>45</b>	<b>434</b>	<b>310</b>
Cash and cash equivalents at period start	722	404	460	404
Exchange-rate differences in cash and cash equivalents	10	12	6	7
<b>Cash and cash equivalents at period end</b>	<b>900</b>	<b>460</b>	<b>900</b>	<b>722</b>

Cash flow from the discontinued operations is disclosed in a separate note, see page 21.

# Parent company

## CONDENSED INCOME STATEMENT

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Net sales	-	-	-	-
<b>Gross profit/loss</b>	-	-	-	-
Administrative costs	-11	-14	-41	-44
<b>Profit/Loss before interest and tax (EBIT)</b>	<b>-11</b>	<b>-14</b>	<b>-41</b>	<b>-44</b>
Financial income and expenses	-	-	-0	-0
<b>Profit/Loss after financial items</b>	<b>-11</b>	<b>-14</b>	<b>-41</b>	<b>-44</b>
Group contributions	-	-	43	43
<b>Profit/Loss before tax</b>	<b>-11</b>	<b>-14</b>	<b>2</b>	<b>-1</b>
Tax	-	-0	0	0
<b>Net income for the period</b>	<b>-11</b>	<b>-14</b>	<b>2</b>	<b>-1</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Profit/Loss for the period	-11	-14	2	-1
Other comprehensive income, net after tax	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-11</b>	<b>-14</b>	<b>2</b>	<b>-1</b>

# Parent company

## CONDENSED BALANCE SHEET

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Participations in subsidiaries	4,091	4,086	4,086
Other financial assets	0	0	0
<b>Total non-current assets</b>	<b>4,091</b>	<b>4,086</b>	<b>4,086</b>
<b>CURRENT ASSETS</b>			
Other current receivables	2	0	-
Prepaid expenses and accrued income	0	1	0
Current tax assets	0	0	0
Receivables from subsidiaries	43	2	45
Cash and cash equivalents	15	76	28
<b>Total current assets</b>	<b>61</b>	<b>78</b>	<b>74</b>
<b>TOTAL ASSETS</b>	<b>4,152</b>	<b>4,164</b>	<b>4,160</b>

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6	6	6
Share premium reserve	4,074	4,074	4,074
Profit brought forward	65	76	60
Income for the period	-11	-14	-1
<b>Total equity</b>	<b>4,133</b>	<b>4,142</b>	<b>4,139</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	3	6	3
Accrued expenses and deferred income	12	7	11
Liabilities to subsidiaries	0	3	0
Other liabilities	3	2	2
Other provisions	-	3	5
<b>Total current liabilities</b>	<b>18</b>	<b>22</b>	<b>21</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,152</b>	<b>4,164</b>	<b>4,160</b>

# Other disclosures

## ACCOUNTING POLICIES

This report has been prepared, with regards to the Group, in accordance with IAS 34 *Interim Financial Reporting*, recommendation RFR 1 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act and, with regards to the Parent Company, in accordance with recommendation RFR 2 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles applied correspond to those presented in the Annual- and Sustainability report 2019 (Note 1).

Since September 30, 2019 Munters is reporting a discontinued operation, see further information in separate note below. The discontinued operation relates to the disposal group that has been abandoned constituting the European Data Center factory in Dison, Belgium. The production has ceased but minor installation services remains at customer sites running into 2020. According to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* a single amount shall be disclosed in the statement of comprehensive income comprising the total of the post-tax profit or loss of the discontinued operation. A disclosure of the single amount is required and is presented in the separate note together with a disclosure of cash flows from operating, investing and financing activities related to the discontinued operation.

The Group presents certain financial metrics in the Interim report that are not defined in accordance with IFRS. The Group is of the opinion that these metrics provide valuable complementary information, in that they enable an evaluation of the Group's performance. The financial metrics are calculated in accordance with the definitions presented on page 127 of the Annual- and Sustainability report 2019.

## TRANSACTIONS WITH RELATED PARTIES

There has not been any transactions with related parties.

## ENVIRONMENTAL IMPACT AND ENVIRONMENTAL POLICY

Munters' operations affect the external environment through air and water emissions, the handling of chemicals and waste, transport of input goods and finished products to and from Munters factories. Munters is committed to constant vigilance regarding the environmental impact of its operations. Munters is committed to complying with all laws and to continuously promoting improvements in all Environment, Health & Safety ("EHS") aspects, wherever Munters conducts business. Munters constantly seeks opportunities to reduce risk and to create a safer, healthier, more diverse and more environmentally friendly workplace for our employees, customers, communities, and the overall environment. Munters' manufacturing facilities all over the world are committed to working according to an EHS Management Program. The purpose of the

EHS Program is to ensure regulatory compliance, actively prevent injuries, and reduce the impact that our business has on the environment.

## RISKS AND UNCERTAINTIES

The Group's significant risks and uncertainties can be divided into four categories; strategic, operational, financial and regulatory risks. In these categories, there are both risks due to political and macroeconomic trends and specific risks directly linked to the business carried out by the Group. A risk assessment is carried out on an annual basis and the purpose is to identify and address the most important risks.

In late 2019, a corona virus was found in China that can spread to humans and cause the disease Covid-19. In early 2020, the global spread of the corona virus escalated. The outbreak has had an impact on Munters' operations in the first quarter 2020. For the coming quarters we expect a challenging business environment with a larger impact from the Covid-19 outbreak than seen in the first quarter. At this time, the visibility of the effect of the outbreak is limited.

Munters' products are used in complex customer processes. Quality and contract obligations are critical and could result in claims for damages. The Group depends to some extent on key customers and key personnel. Considering that Munters is a company with geographically wide-spread operations and many small organizational units, there is a risk of failure to comply with relevant regulations in the business ethics area, e.g. anti-bribery rules.

Financial risks mainly consist of currency, interest and financing risks. Munters works actively with insurance solutions, and group-wide insurances are governed by central guidelines. This includes for example coverage for general liability and product liability, property, business interruption, transportation, the liability of Board members and the CEO and employment practices liabilities.

A more detailed description of the Group's risks and how they are managed can be found in the Annual- and Sustainability report 2019.

## ALLOCATION OF NET SALES

The majority of customer contracts within Munters business segments AirTech and FoodTech fulfill the requirements to recognize net sales at a point in time, however there are a number of customer contracts within the segments that requires to recognize net sales over time, especially in AirTech sub-segment Data Centers, which is reflected in the below matrix. In addition to unit/equipment sales, Munters provides different kinds of services to customers such as installation, commissioning, startup and maintenance. Net sales from services are recognized over time as these services are performed. The services transferred over time in the matrix below is not equivalent to the net sales from Services mentioned on the business segment pages earlier in this interim report. This is due to the fact that part of the net sales within Services are recognized at a point in time, such as spare parts. Net sales from the discontinued operation is all recognized over time.

MSEK	Q1 2020			Q1 2019		
	AirTech	FoodTech	Total	AirTech	FoodTech	Total
<b>Allocation timing of revenue recognition</b>						
Goods transferred at a point in time	771	382	1,154	859	423	1,282
Goods transferred over time	285	20	305	270	1	271
Services transferred over time	70	37	107	78	32	110
<b>Total</b>	<b>1,127</b>	<b>439</b>	<b>1,566</b>	<b>1,206</b>	<b>456</b>	<b>1,663</b>
whereof related to the discontinued operation	-	-	-	42	-	42
<b>Total net sales from continuing operations</b>	<b>1,127</b>	<b>439</b>	<b>1,566</b>	<b>1,164</b>	<b>456</b>	<b>1,620</b>

## FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 9 and are categorized in level 2 in the fair value hierarchy. The derivatives amounted to SEKm 1 (0) in financial assets and to SEKm 6 (1) in financial liabilities.

The Group's contingent earn-outs and put/call acquisition options, recognized at fair value in the statement of financial position, are measured according to IFRS 9 and are categorized in level 3 in the fair value hierarchy. The opening balance for the period was related to the put/call option from the acquisition of MTech Systems in 2017 and a contingent consideration related to the acquisition of Humi-Tech Services Ltd in July 2018. The put/call option related to MTech Systems matures in January, 2023 and is based on EBITDA for the 12 months prior to execution. The earn-out in Humi-Tech Services Ltd was based on EBITDA for the fiscal years of 2018 och 2019 and has been payed out in the period. The remaining change relates to a discounting effect and currency translations on the put/call option in MTech.

MSEK	2020-03-31	2019-03-31	2019-12-31
<b>Contingent considerations and put/call options</b>			
Opening balance	142	136	137
Payments	-9	-	-
Discounting	1	2	1
Exchange-rate differences for the period	11	5	5
<b>Closing balance</b>	<b>145</b>	<b>143</b>	<b>142</b>

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at March 31, 2020, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount. Munters deems that the interest.



## DISCONTINUED OPERATIONS

On September 9, 2019 Munters decided to close its European Data Center factory in Dison, Belgium, following the finalization of negotiations with the unions. The production has ceased but minor installation services remains at customer sites. Therefore, this business

is classified as a discontinued operation. All income statement items in this report have been restated and relates to Munters continuing operations if not otherwise explicitly stated. The table below shows the income statement for the discontinued operation as well as the cash flow from operating activities, since the discontinued operations has mainly had cash flows from operating activities.

MSEK	Q1		LTM	Full year
	2020	2019	Apr-Mar	2019
Net sales	-	42	134	176
Cost of goods sold	0	-53	-373	-427
<b>Gross profit</b>	<b>0</b>	<b>-11</b>	<b>-240</b>	<b>-251</b>
Selling expenses	-0	-5	-34	-39
Administrative costs	-0	-6	-33	-39
Research and development costs	0	-3	-7	-9
Other operating income and expenses	0	0	-113	-113
<b>Operating profit</b>	<b>0</b>	<b>-24</b>	<b>-426</b>	<b>-450</b>
Financial income and expenses	-0	-1	-4	-5
<b>Profit/Loss after financial items</b>	<b>-0</b>	<b>-25</b>	<b>-430</b>	<b>-455</b>
Tax	-	0	8	8
<b>Net income for the period from discontinued operations</b>	<b>-0</b>	<b>-25</b>	<b>-423</b>	<b>-448</b>
Cash flow from operating activities	-58	-18	-471	-431

## RECONCILIATION OF NET DEBT AND LEVERAGE

MSEK	2020-03-31	2019-03-31	2019-12-31
Net debt			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	-900	-460	-722
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	3,827	3,478	3,371
Provisions for pensions	257	217	268
<b>CURRENT LIABILITIES</b>			
Interest-bearing liabilities	136	157	126
Accrued expenses	11	13	12
Provisions for pensions	7	6	6
<b>TOTAL NET DEBT</b>	<b>3,338</b>	<b>3,411</b>	<b>3,062</b>
Operating profit (EBIT)	201	71	105
Depreciations	-279	-132	-277
Amortization and write-down	-119	-496	-131
EBITDA	599	700	514
Items affecting comparability	-465	-99	-525
<b>Adjusted EBITDA</b>	<b>1,064</b>	<b>799</b>	<b>1,039</b>
<b>Net debt/Adjusted EBITDA, LTM</b>	<b>3.1</b>	<b>4.3</b>	<b>2.9</b>

This report has not been subject to review by the company's auditors.

## INFORMATION AND REPORTING DATES

### Contact person:

**Ann-Sofi Jönsson, Head of Investor Relations**

**Phone: + 46 (0)730 251 005**

**Email: [ann-sofi.jonsson@munters.se](mailto:ann-sofi.jonsson@munters.se)**

On 23 April, at 9:00 the President and CEO, Klas Forsström, together with the Group Vice President and CFO, Annette Kumlien will present the report in an audiocast with telephone conference.

### Audiocast:

More information: <http://www.financialhearings.com/event/12365>

Link to Audiocast: <https://tv.streamfabriken.com/munters-q1-2020>

Dial-in number for the telephone conference:

SE: +46850558350

UK: +443333009264

US: +18335268398

This interim report, presentation material and a link to the audiocast will be available on <https://www.munters.com/en/investor-relations/>

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### Financial calendar:

May 7, Annual General Meeting 2020

May 28, Capital Markets Update

July 17, January-June interim report 2020

October 22, January-September interim report 2020

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This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on April 23, 2020.

**Munters Group AB, Corp. Reg. No. 556819-2321**

### About Munters Group

Munters is a global leader in energy efficient air treatment and climate solutions. Using innovative technologies, Munters creates the perfect climate for customers in a wide range of industries. Munters has been defining the future of air treatment since 1955. Today, around 3,100 employees carry out manufacturing and sales in more than 30 countries. Munters Group AB reported annual net sales of more than SEK 7 billion in 2019 and is listed on Nasdaq Stockholm. For more information, please visit [www.munters.com](http://www.munters.com).

*Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the totals presented may result in minor rounding differences.*

