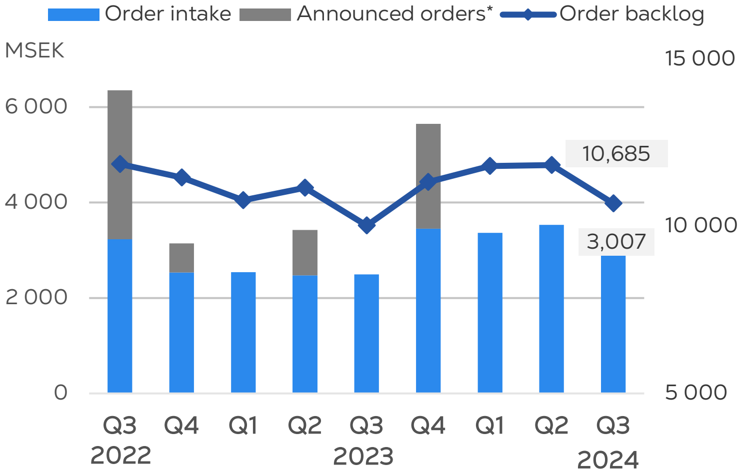
Munters

Q3 report 2024

Klas Forsström, President and CEO
Katharina Fischer, GVP and CFO
Ann-Sofi Jönsson & Line Dovärn, Investor Relations

Strong growth & profits, continued weak battery outlook

Mega-trends driving order intake



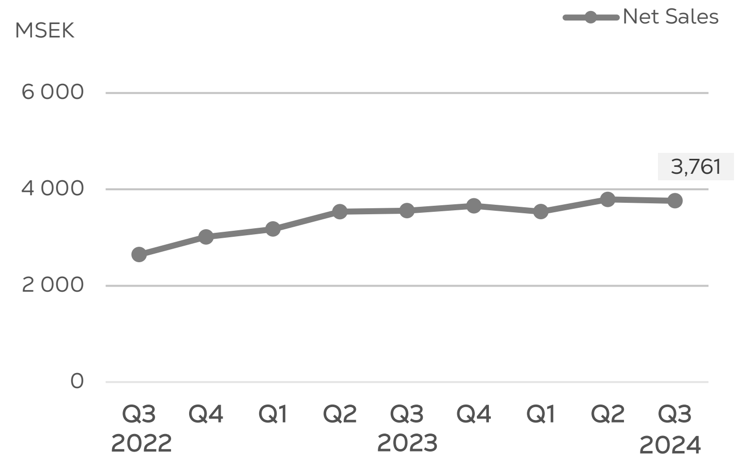
Q3: Order intake, +21% (18% org)

- AT – org. decline, weaker battery in all regions
- DCT – strong growth, good level of small & mid-sized orders in Americas
- FT – decrease, mainly weaker demand in Climate solutions

Q3: Order backlog, +7%

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

Increased net sales

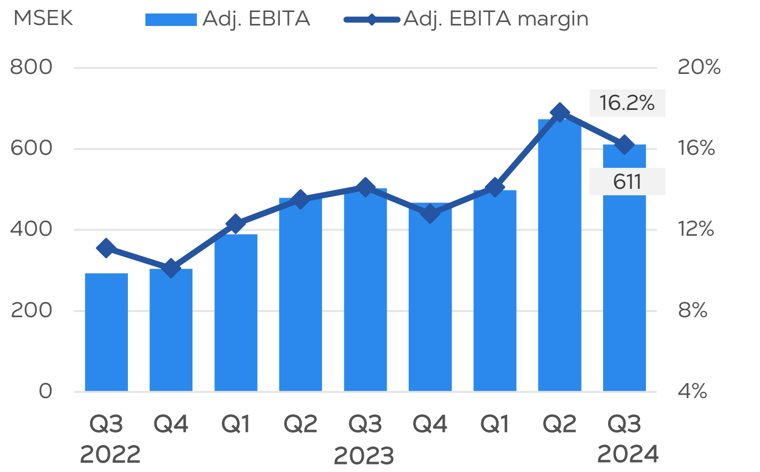


Q3: Net sales, +6% (+5% org)

- AT – org. decline, weaker battery APAC & Americas
- DCT – stable growth, successful deliveries on large orders
- FT – grew strongly, strong contributions from both Climate & Digital solutions

Book-to-bill Q3: 0.80

Continued strong profitability



Adj. EBITA-margin, Q3: 16.2%

\+ DCT & FT: strong volume growth

\+ AT: positive product mix & final deliveries

\+ all BA:s: effects from lean practices & other operational efficiency initiatives

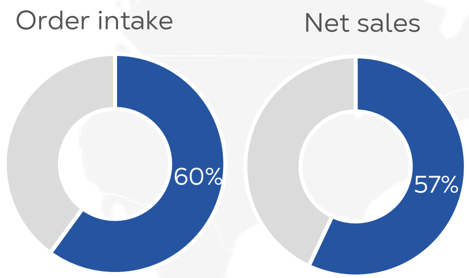
– AT: lower production utilization due to lower net sales

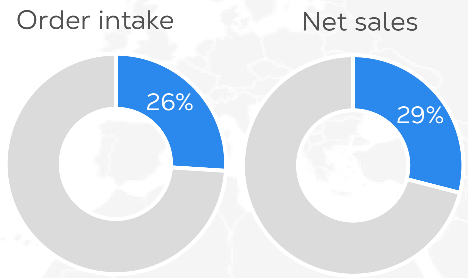
AT = AirTech, DCT = Data Center Technologies, FT = FoodTech, BA = business areas

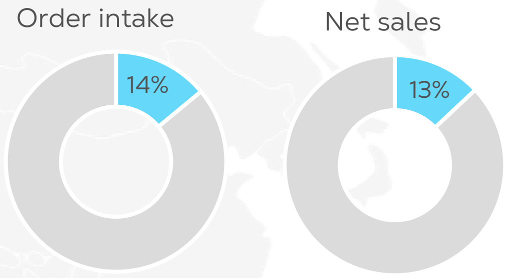
*Large orders announced through press releases

DCT in Americas main driver of growth

Regional share Q3







Americas - order intake

- AirTech – negative mainly due to battery & Components, positive development in Industrial segment (excl. battery) & Commercial
- DCT – strong underlying demand; hyperscalers rely on colocation providers to grow rapidly
- FoodTech – weaker demand in CS, primarily related to timing and seasonal effects. DS declined due to several large orders last year in the same quarter

EMEA - order intake

- AirTech – slight growth primarily the Industrial segment (excl. battery)
- DCT – slower development; changes in customer cooling designs to accommodate higher densities and adapt to new regulations
- FoodTech – weaker demand in CS, primarily related to timing and seasonal effects.

APAC- order intake

- AirTech – declined due to weaker battery in China, Components & Commercial
- FoodTech – weaker demand in CS

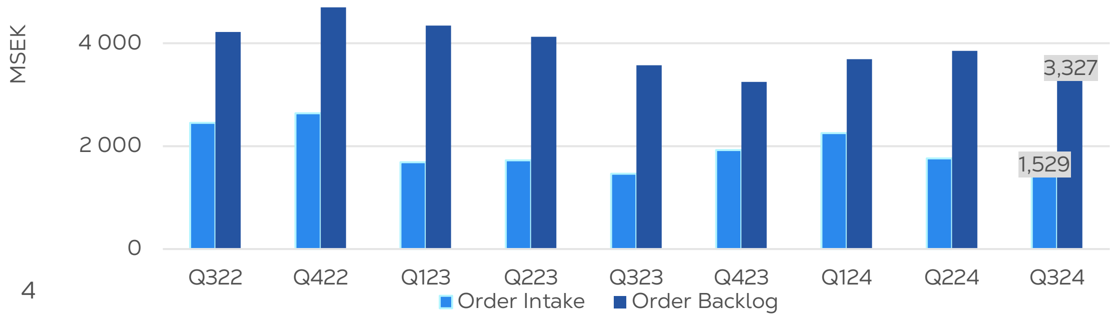
All figures as reported, not currency adjusted.
OI: Order intake, NS: Net sales
CS - Climate solutions (equipment incl. controllers), DS – Digital solutions

Order intake affected by weaker battery market

→ Org. Order Intake declined due to weaker battery sub-segment in all regions;

- Industrial (excl. battery) – grew mainly EMEA & Americas
- Battery - APAC weak, EMEA & Americas affected by delays in greenfield investments, customers placing orders closer to delivery together with more aggressive competitive environment and price pressure
- Commercial – good growth Americas, supermarket customers
- Components – declined all regions, lower replacements in the battery market

→ Order Backlog decreased



[1] Clean Technologies

> 5 % | ~ 1-5 % | ± 0 -1% | neg

Customer segment	% order intake Q3 2024	Market Outlook *
Industrial	49%	↗
...whereof battery	5%	↘
...whereof food processing	9%	↗
...whereof commercial	17%	↗
...whereof other	19%	↗
Clean Technologies	12%	→
Service & components	40%	↗
...whereof service	25%	↗
...whereof components**	15%	↗

* Market outlook and comments are indicative and refer to the coming six months
** Dehumidification rotors and humidification pads sold through OEM channels

Investments and lower volumes affecting margin

→ Org. Net Sales negative development, primarily weak battery sub-segment;

- Industrial (excl. battery) – good growth EMEA & APAC, slightly offset by Americas
- Battery – growth EMEA, offset by APAC & Americas
- CT– growth EMEA driven by acq. of Airprotech
- Components – declined, weak APAC. EMEA grew driven by the evaporative pads to data center market
- Service – grew, driven by EMEA & Americas

→ Adj. EBITA margin declined;

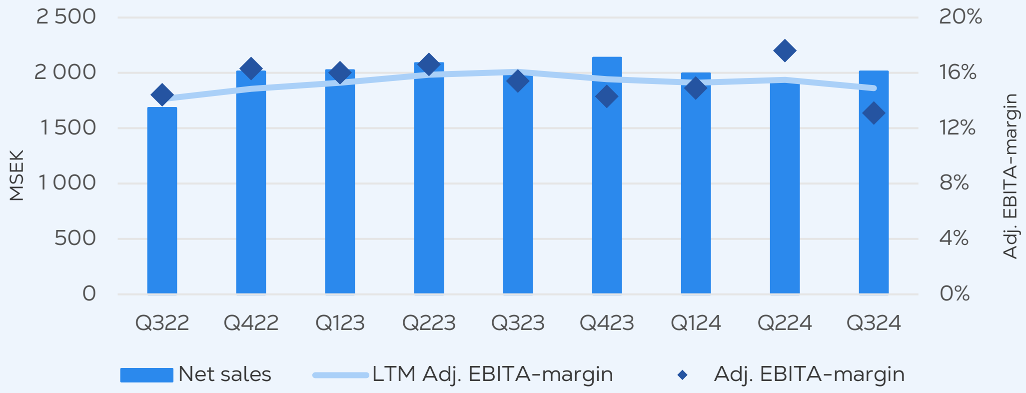
– lower net sales in Americas & APAC

– lower production utilization in all regions

+ partly offset by positive product mix in Americas as major order was finalized

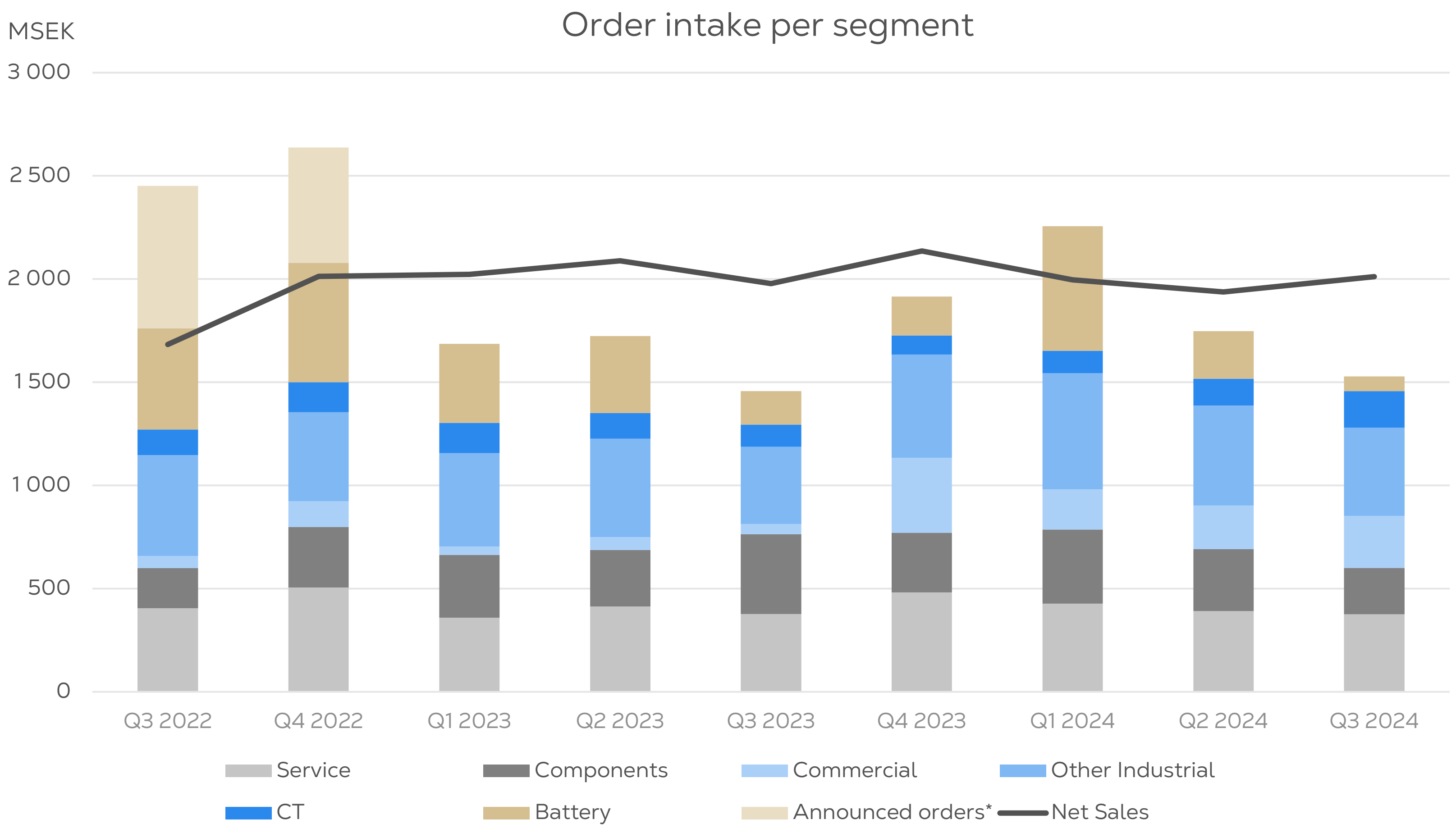
+ operational & commercial excellence initiatives as well as net price increases

MSEK	Q3 2024	Q3 2023	Change (%) Org.	Struct*	FX
Order intake	1,529	1,463	-4	13	-4
Order backlog	3,327	3,572			
Net sales	2,011	1,978	-3	8	-4
Adj. EBITA	264	305	-12	2	-3
Adj. EBITA (%)	13.1	15.4			



* Acquisitions & divestments

Solid development in several segments



Development Q3 2022 – Q3 2024

- Battery -customers placing orders closer to delivery, delays in greenfield investments combined with competitive environment & price pressure more aggressive
- CT- stable development, acq. of Airprotech
- Other industrial – good development, mainly Americas & EMEA
- Commercial – growth driven by supermarket customer Americas & acq. of Zeco
- Components - impacted by lower replacements in battery market, growth of evaporative pads to the data center market
- Service – solid development

*Large orders announced through press releases

Battery market continued weak outlook

Market development

- **Battery market & need for dry rooms –** significant growth and profitability driver in the past years, driven by China but increasingly EMEA & Americas
- **Overall fewer projects globally –** particularly in China and US
- **China market –** significantly under pressure
- **Europe & US –** several larger projects postponed or delayed
- **New entrants – a**ttracted by the strong growth prospects, established players but also new entrants emerging, especially in China
- **Significantly decreased demand for battery capacity in the last year–** driven by slower adoption rate of EVs in the Western World & market slowdown in China => significant short-term overcapacity

Global sales forecast

- Global sales of EVs forecasted to grow at a **10-25% CAGR towards 2030***
- **PHEVs** helping to bridge the transition to full EVs

EV (Electric Vehicles), PHEV (Plug-in Hybrid Electric Vehicle)

We anticipate challenging conditions to remain in 2025

Long-term outlook remains valid

* Market estimates from various sources & Munters analysis

Optimizing supermarket refrigeration

→ AB Vassilopoulos, one of Greece's largest supermarket chains wanted to improve refrigeration efficiency

→ Munters offering - EC Cool system:

- evaporative cooling pads cool the air before reaching the condenser, improving heat dissipation
- water evaporation used to lower incoming air temperature - more efficient refrigeration

EC Cool system increases the capacity of condensers. Reducing inlet temperature of air entering the condensers helping control the indoor climate and prevent breakdowns

→ Enabling: enhanced cooling capacity, energy savings, cost reductions, easy maintenance & lower greenhouse gas emissions

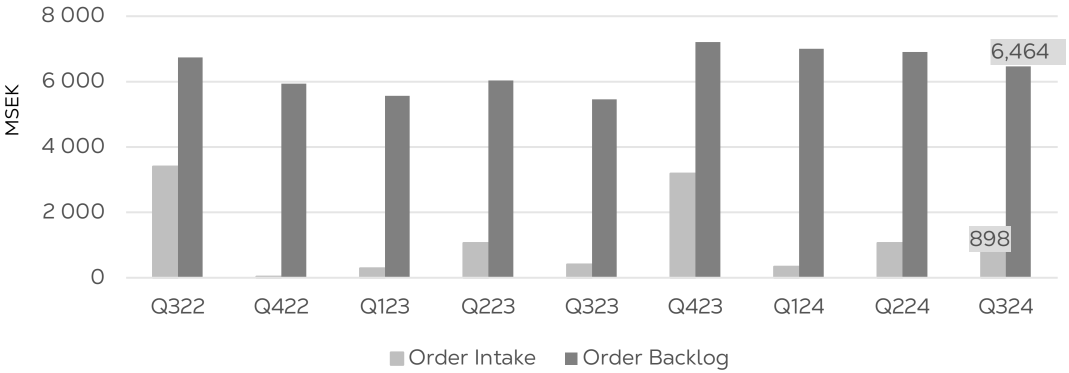
Underlying demand strong & increased order backlog

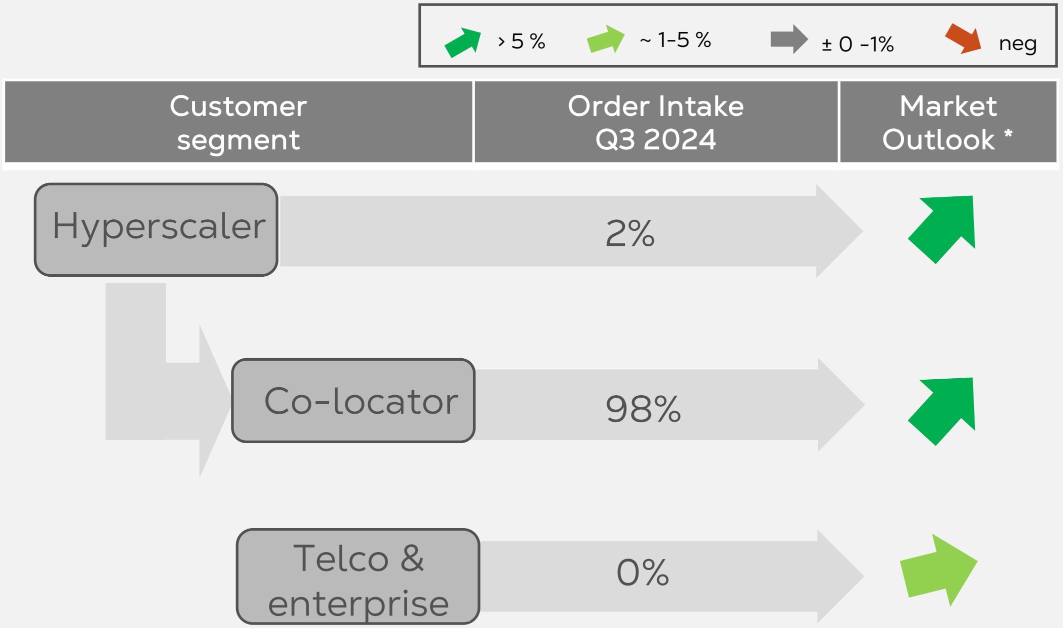
→ Order Intake strong increase;

- good level of small & mid-sized order, driven by colocation market Americas
- underlying demand remains strong short & long-term

→ Order Backlog increased;

- majority attributable to large orders to be delivered throughout 2025





- 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

Further significant profitability improvements

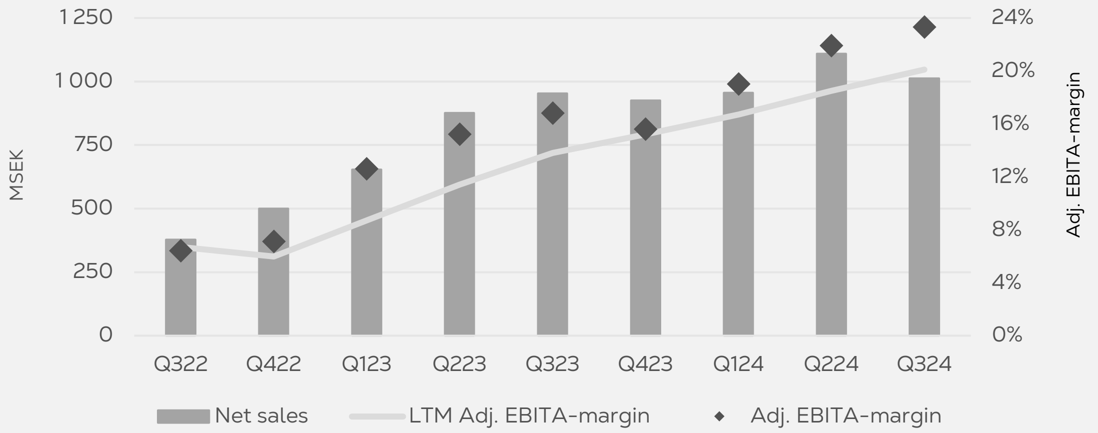
→ Net Sales increased;

- successful execution on deliveries of large orders

→ Adj. EBITA margin significant improvement;

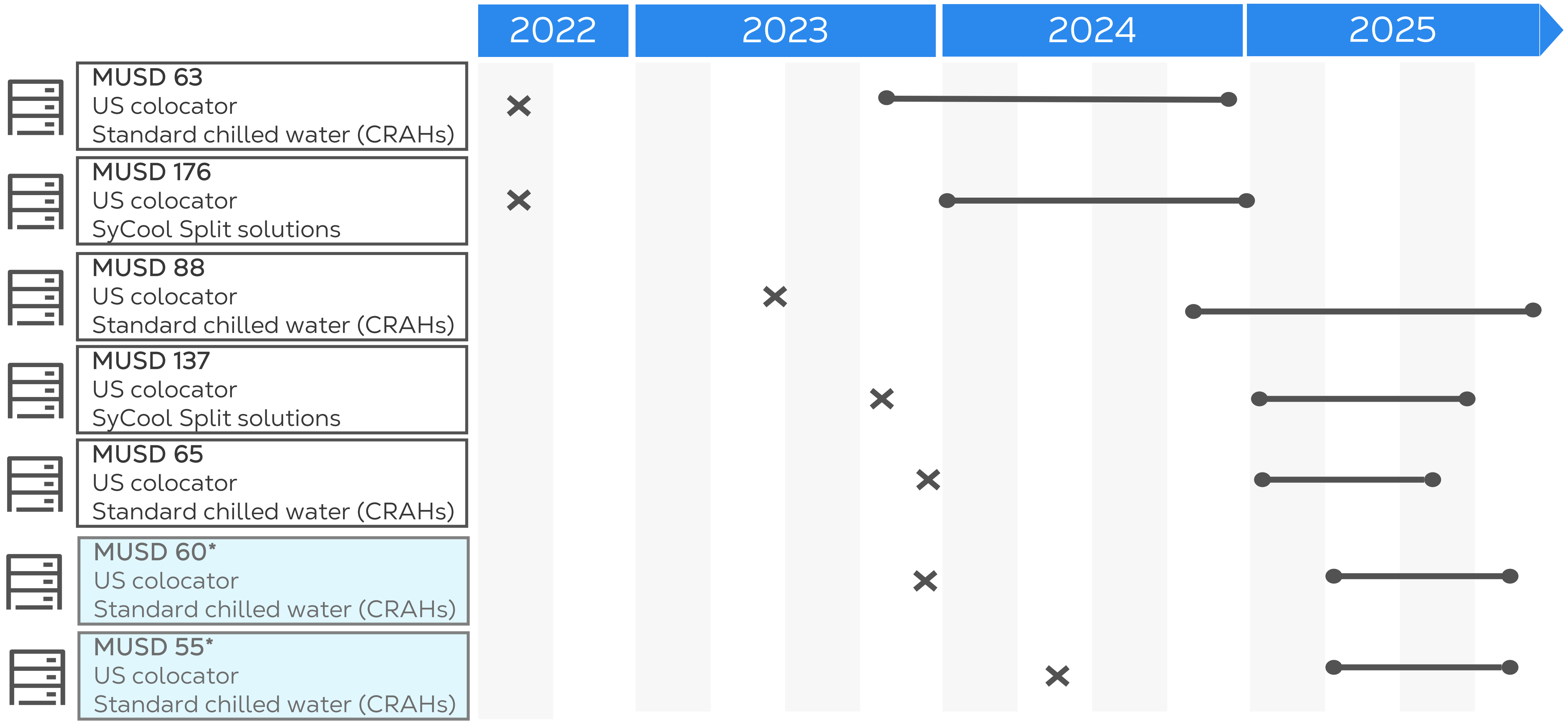
+ strong volume growth with good deliveries according to plan
+ benefits from lean practices and high production utilization
+ positive product mix
+ net price increases
− investments in new production site in Europe

MSEK	Q3 2024	Q3 2023	Change (%)		
			Org.	Struct*	FX
Order intake	898	404	134	0	-12
Order backlog	6,464	5,453			
Net sales	1,012	953	10	0	-4
Adj. EBITA	235	160	52	0	-5
Adj. EBITA (%)	23.3	16.8			



* Acquisitions & divestments

Large & medium-sized orders supportive throughout 2025



* Medium sized orders **not** communicated through press releases

✕ Order received
Expected delivery period

Supporting data center customers

→ Retrofit projects for colocation customers in North America

- evaporative pre-cooling for air cooled chillers

→ Benefits include:

- reduced water carryover and water usage – improving product lifecycle and reducing product maintenance
- pre-cooled air generating improved energy efficiency

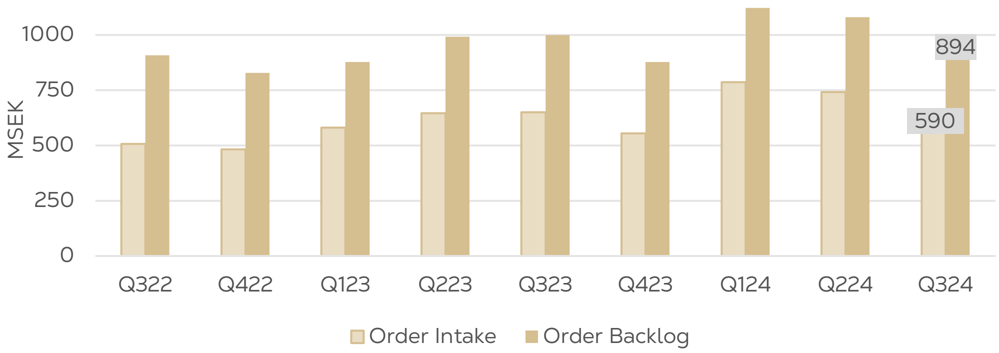
Service phases		
Installation & Commissioning	Maintenance & Optimization	Upgrades & Rebuilds
Service to ensure that the equipment is functioning properly	Keeps the equipment running smoothly through extended warranty packages and general maintenance	Increases energy efficiency and capacity with retrofit solutions for equipment that is already in operation

Order intake affected by seasonal & timing effects

→ Order Intake decreased;

- CS – weaker due to seasonal & timing effects
- DS – declined, due to several large orders in the same quarter last year

→ Order Backlog decreased



↗ > 5 %	↗ ~ 1-5 %	→ ± 0 -1%	↘ neg

Customer segment	% order intake Q3 2024	Market Outlook *
Climate Solutions (incl. Controllers)	86%	↗ (~ 1-5 %)
...whereof Broiler	50%	↗ (~ 1-5 %)
...whereof Swine	7%	→ (± 0 -1%)
...whereof Layer	21%	↗ (> 5 %)
...whereof Greenhouse	3%	↗ (~ 1-5 %)
...whereof Dairy	3%	→ (± 0 -1%)
...whereof Other	1%	n/a
Digital Solutions	14%	↗ (> 5 %)

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

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

Continued strong margin increase from all regions

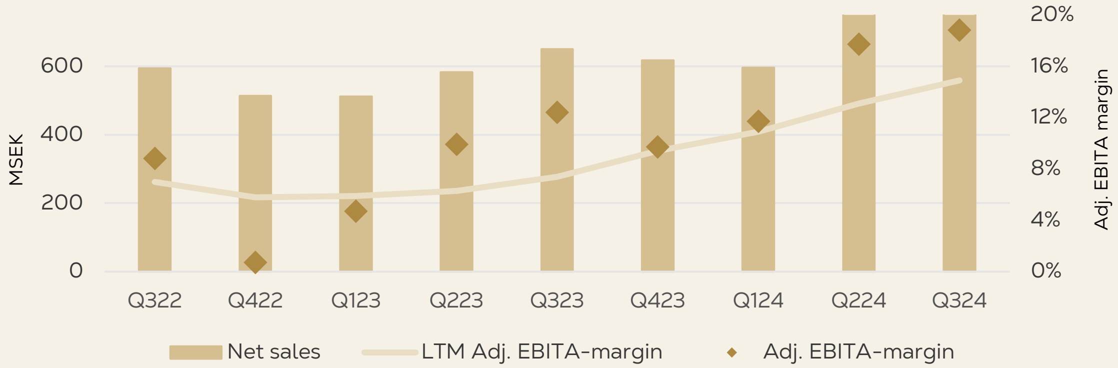
→ Net Sales increased driven by both CS & DS;

- CS – good growth Americas & EMEA, offset by weaker APAC
- DS – continued growth in software implementations and SaaS revenue

→ Adj. EBITA margin increased significantly;

+ strong net sales growth in CS & DS
+ good profitability from DS
+ net price increases
+ integration synergies & operational improvement initiatives

MSEK	Q3 2024	Q3 2023	Change (%)		
			Org.	Struct*	FX
Order intake	590	651	-8	2	-4
Order backlog	894	999			
Net sales	758	650	19	2	-5
- of which SaaS	74	48			
- SaaS ARR	296	194			
Adj. EBITA	142	80	80	2	-5
Adj. EBITA (%)	18.8	12.4			



* Acquisitions & divestments

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

Acquisition of Hotraco – fully in line with our strategy

→ Dutch Hotraco

- developer of control systems & sensors for the agricultural sector
- +45 000 controllers installed globally within livestock (primarily poultry), crop storage & greenhouse
- strong footprint in crop storage & strengthens our position in Europe
- acquisition in line with our M&A agenda and strategy to build a digital ecosystem around data capture and software
- expected completion Q4 2024

Mooji Agri: Controller used by farmers to control storage processes

Annual turnover: 41 MEUR
Headquarters: Hegelsom, NL
No. of employees: 140

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

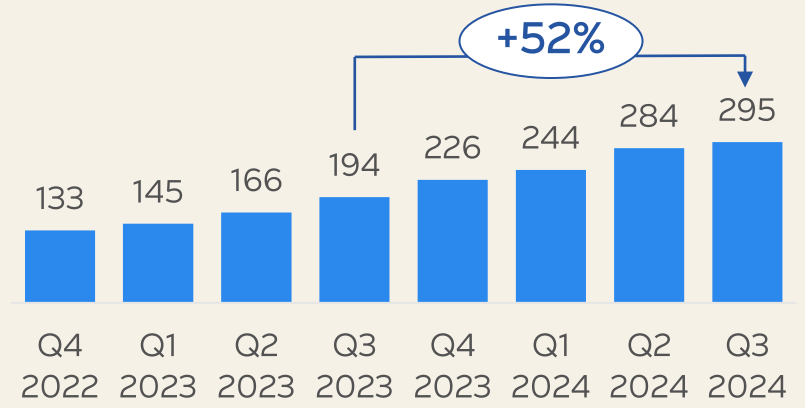
Equipment sales within FoodTech accounted for ~13% of Munters Group net sales in Q3 (LTM)

Conclusion of the review is our intention to divest

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

Financial highlights

Strong growth and profits, but continued weak battery outlook

- Net Sales increased;
  - AT - declined org. due to continued weak battery sub-segment in APAC & Americas
  - DCT – stable growth, successful deliveries on large orders announced last year
  - FT – grew strongly, contributions from CS & DS
- Adj. EBITA margin improved;
  - strong net sales growth in DCT & FT
  - AT negatively impacted by lower net sales & thereby lower production utilization in all regions
- Lower cash flow from operating activities;
  - negative impact on OWC driven by consumption of advances, mainly project completions in AT
- OWC/net sales;
  - within our target range of 13-10%
- Net debt increased;
  - acquisition of AEI
  - increased lease liabilities, Ireland (DCT)

MSEK	Q3 2024	Q3 2023	Change (%) Organic growth	Change (%) Structural growth*	Change (%) Currency effects
Order intake	3,007	2,494	18	8	-5
Order backlog	10,685	10,025			
Net sales	3,761	3,560	5	5	-4
Operating profit (EBIT)	509	454			
Adj. EBITA	611	503	24	1	-4
Adj. EBITA-margin	16.2	14.1			
Net income	275	264			
Cash flow from operating activities	329	554			
OWC/net sales (%)[1]	11.3	13.7			
Net debt	4,968	4,399			
Net debt/Adj. EBITDA[2]	1.9	2.2			

[1] Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period
[2] Last twelve months
* Acquisitions & divestments

Strong profitability driven by product mix and operational excellence

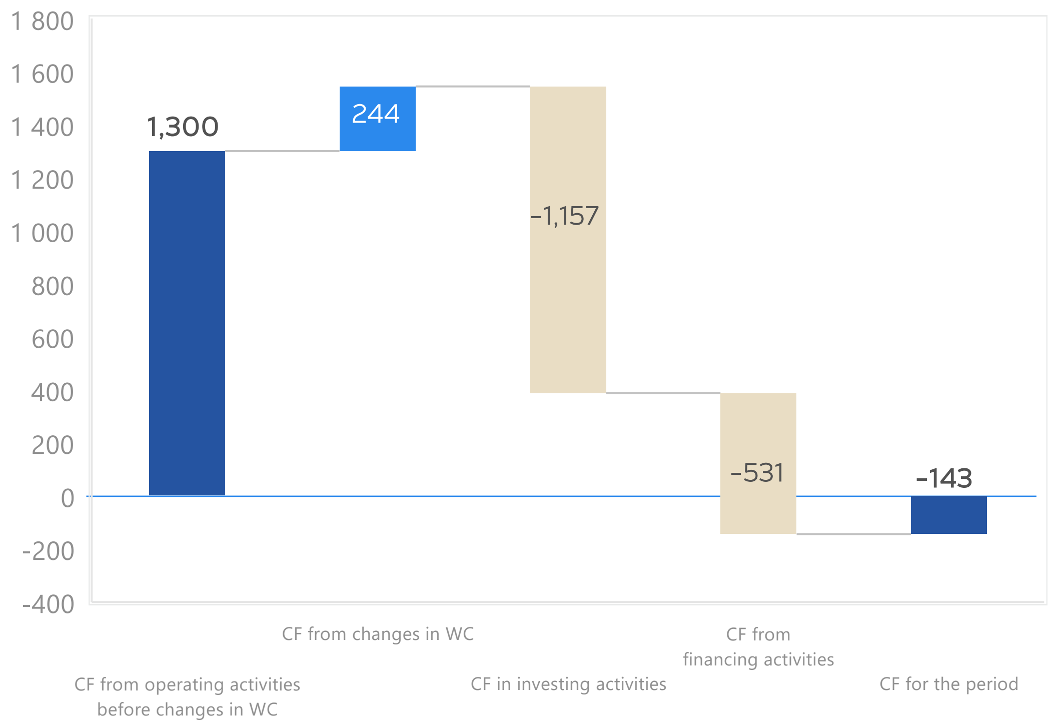
Group adj. EBITA margin impact	
Q3 2023 adj. EBITA %	14.1
Volume	=
Product mix and net pricing	++
Operational excellence	++
Strategic initiatives	–
Q3 2024 adj. EBITA %	16.2

Main factors affecting adj. EBITA margin in Q3:

- Volume had a neutral impact – decline in AirTech whereas DCT contributed with stable growth & FoodTech grew strongly
- Product mix positive impact in AirTech & DCT, net pricing increases contributed in all business areas
- Continued positive effects from operational excellence and other efficiency improvements initiatives
- Strategic initiatives for scalability in digitization and automation increased

Cash flow impacted by project completions

Group Cash Flow YTD, MSEK



Cash flow from changes in WC

	Q3 2024	Q3 2023
Change in accounts receivable	160	-119
Change in inventory	-132	161
Change in accrued income	20	60
Change in accounts payable	-34	-104
Change in advances from customers	-210	109
Change in other working capital	52	4
CF from changes in working capital	-144	110

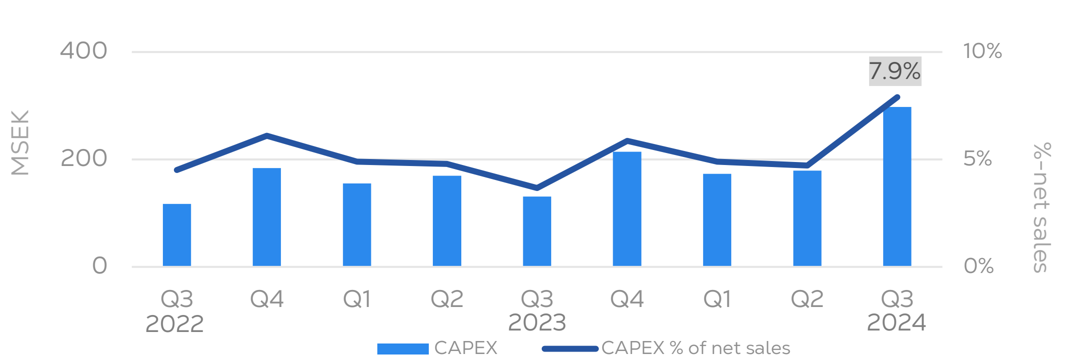
Cash flow for the period mainly affected by;

- acqusition of AEI
- second instalment of dividend payment

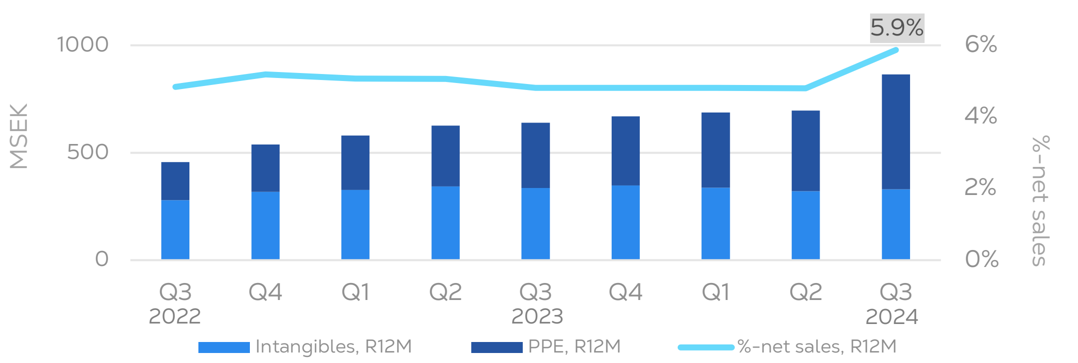
Investments supporting next growth wave

- Continued investments aiming at strengthening competences, upgrades, digitalize & automize
  - DCT (Q4 2024): new plant in Cork, Europe
  - AirTech (H1 2025): new major plant in Amesbury, Americas
- Capital allocation priorities to drive growth agenda – organic and M&A:
  - innovation and plan for CO_2 reduction
  - operational and commercial excellence
  - M&A and minority investments
  - dividends

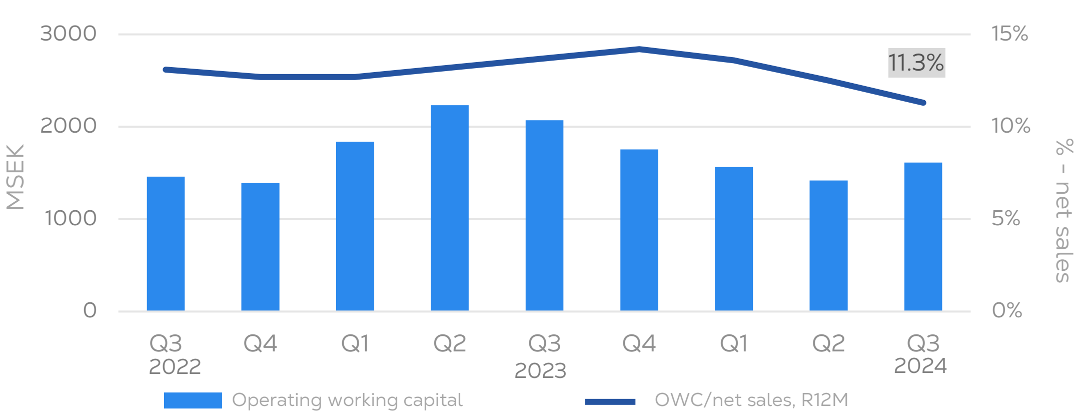
CAPEX (quarterly)



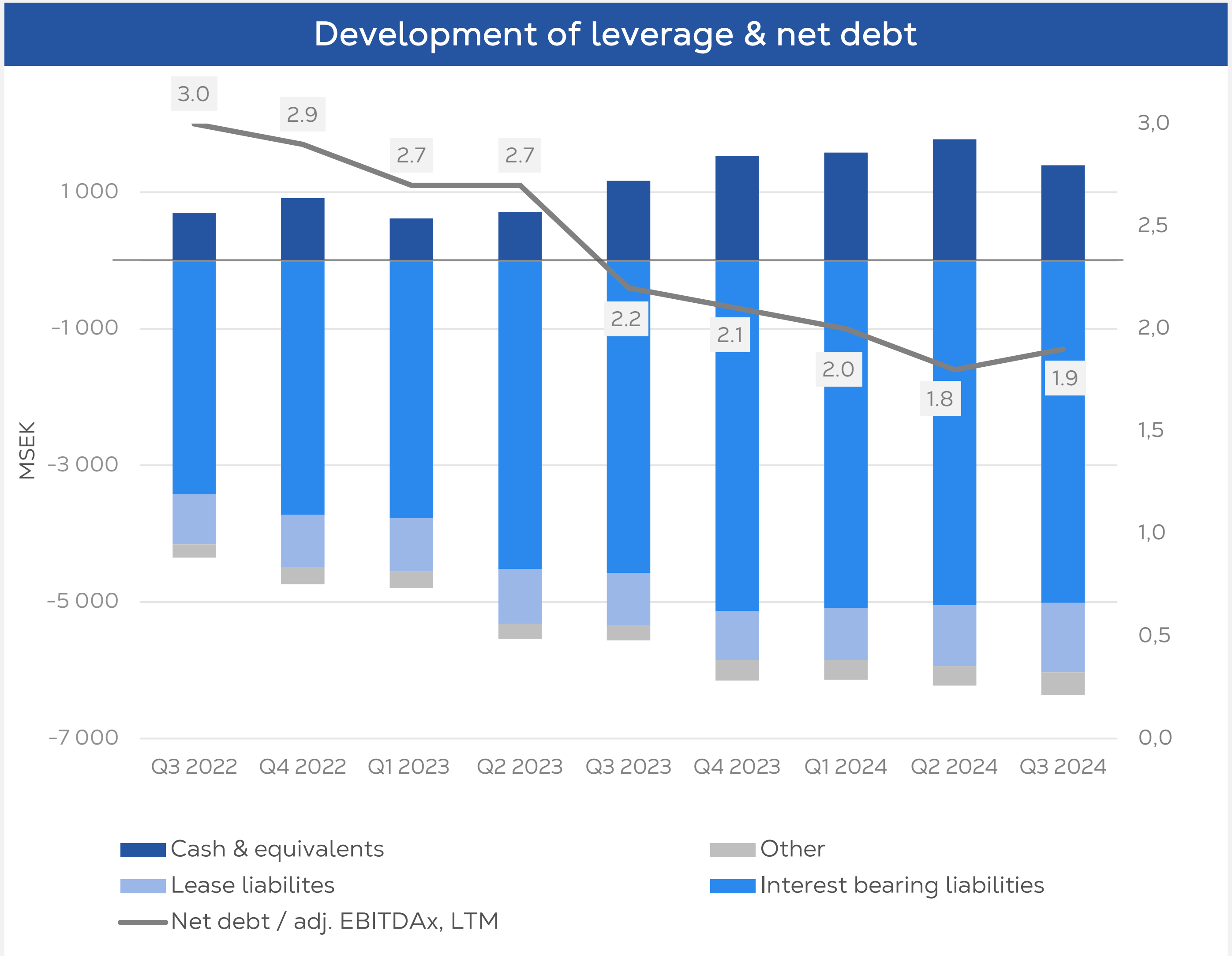
CAPEX (LTM)



Operating working capital



Maintaining a stable leverage ratio



→ Leverage ratio increased*

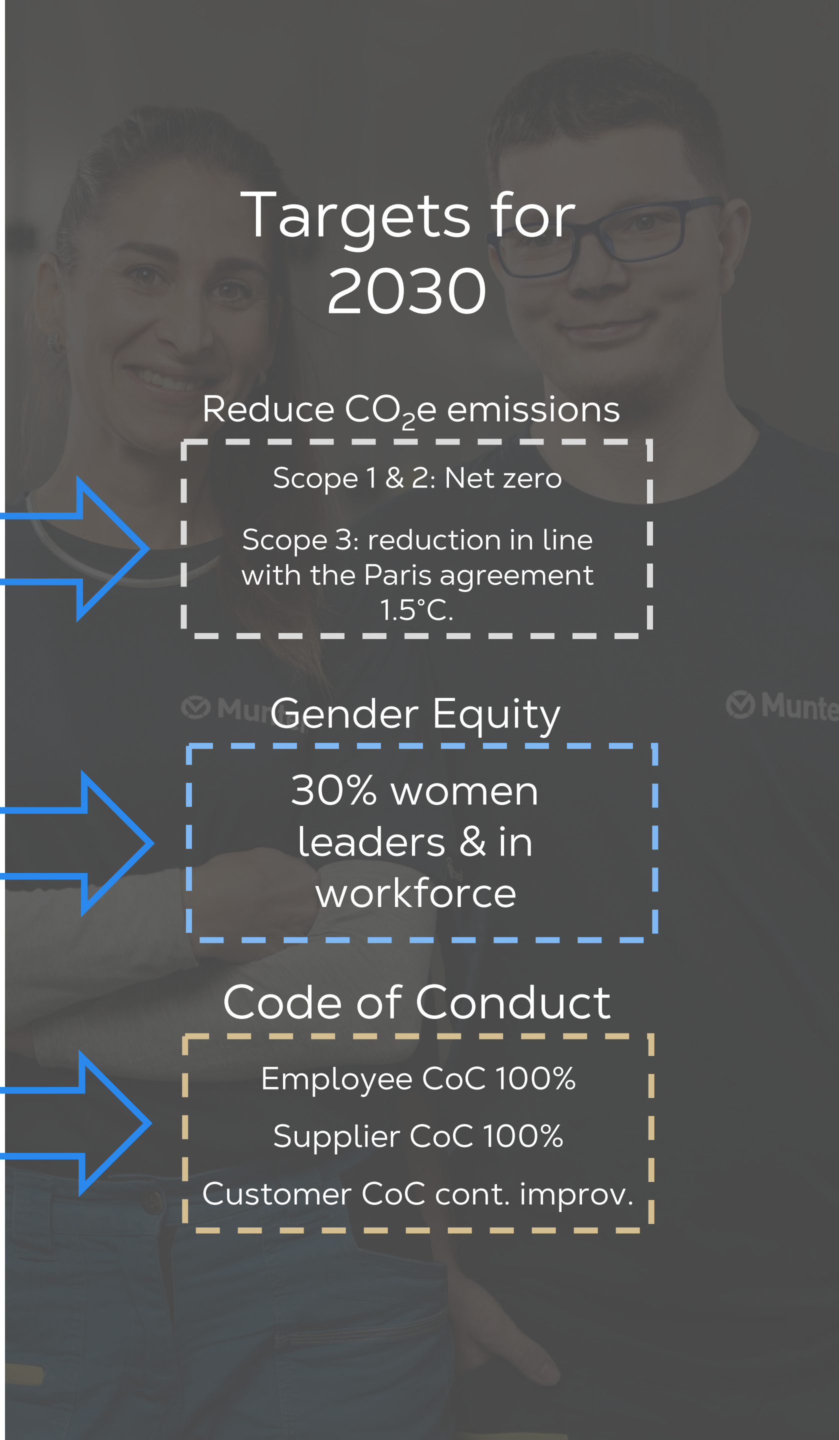
→ Net debt increased*:

- acq. of AEI
- included lease liabilities related to a new facility in Ireland

*Comments refer to the development from the previous quarter

Advancement towards our strategic sustainability targets

		End of September 2024	(2023)
E	Renewable electricity, factories	79%[1]	(80)
S	% of women in workforce	23%[2]	(23)
	% of women leaders	22%[2]	(21)
G	Code of Conduct (CoC)	98% Munters has an Employee CoC and Supplier CoC. The Customer CoC is under development.	



Targets for 2030

Reduce CO_2e 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.

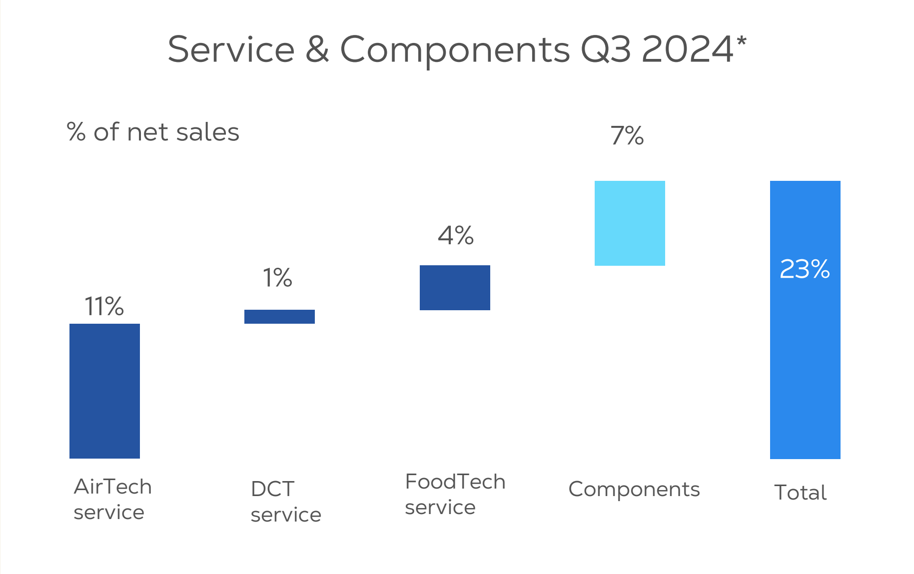
[1] Excluding acquisitions, renewable electricity in factories, amounted to 81%.
[2] Excluding acquisitions, % of women in workforce amounted to 25% and women leaders to 23%

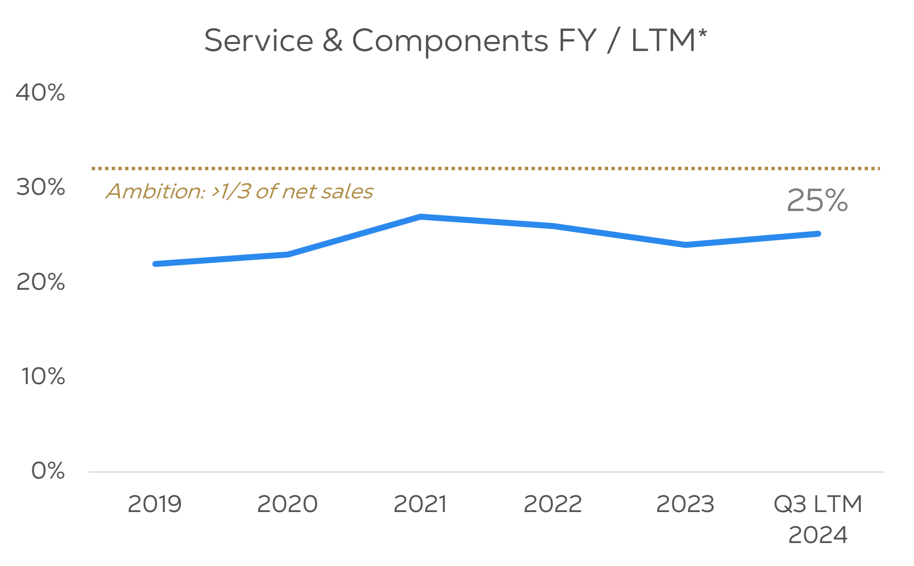
Service ambition in line with strategic direction

Munters ambition:

- AirTech
  - grow our large globally installed base
  - continous innovation
- DCT
  - develop remote service optimization
  - grow through commissioning, installation and retrofitting
- FoodTech
  - investing and developing more software to grow our portfolio

Service & Components*
>1/3 of Group net sales





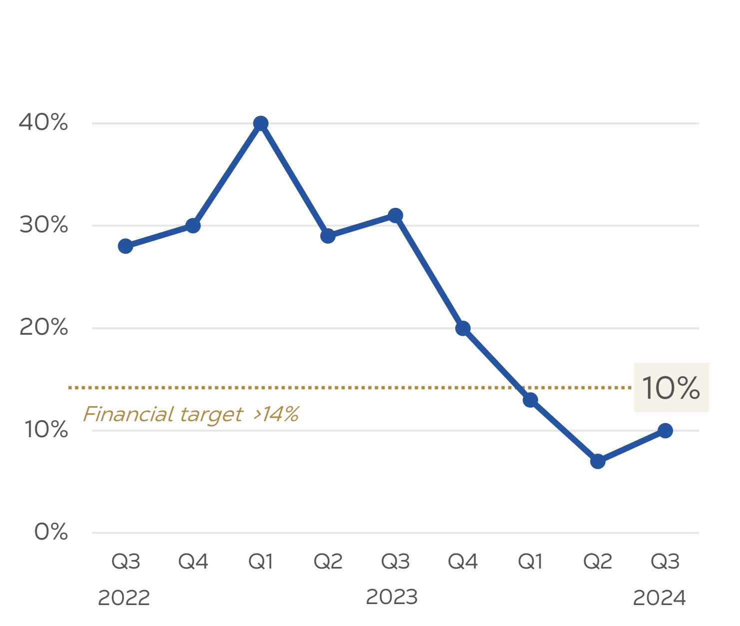
* of Group net sales,

* Service includes: After-market service in all business areas (sales of spare parts, commissioning & installation, inspections & audits, repairs & other billable service) and SaaS revenues in FT
Components: sales in AT

Summary

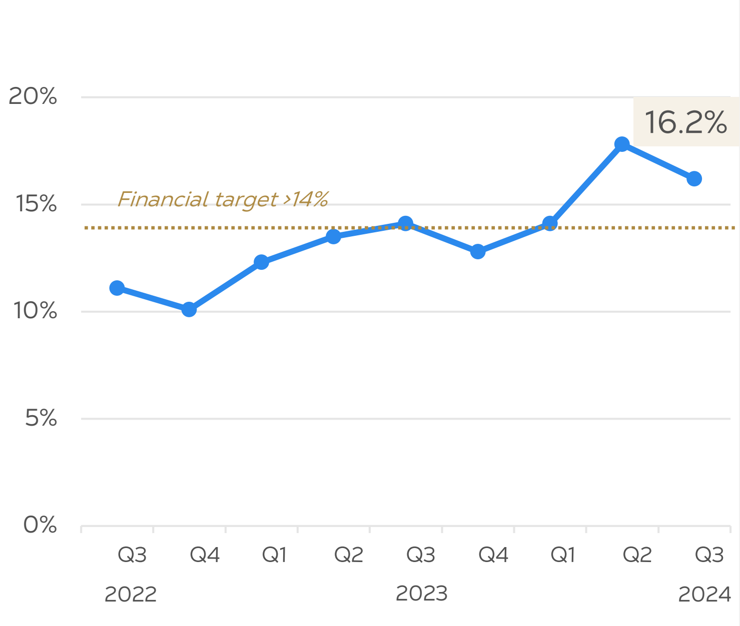
Progression towards our financial targets

Currency adj. growth*

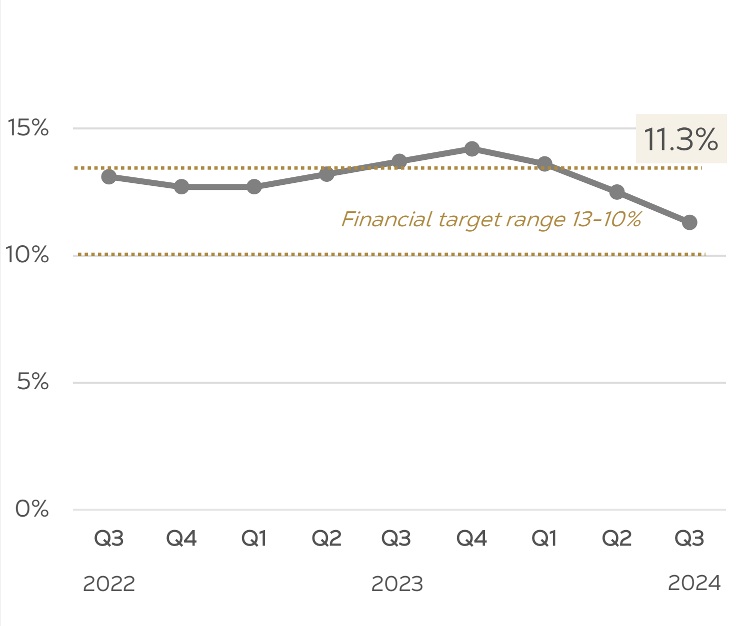


* Change in net sales compared to the previous period, adjusted for currency translation effects

Adj. EBITA margin



OWC/net sales**



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

Quarterly highlights

Strong demand in majority of end-user segments

Battery market continued weak outlook

Strengthened market position through M&A and partnerships

Solid growth & robust profits driven by strong net sales

Munters

Q&A

Q3 report 2024

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