Q3
2018

Munters Group AB (publ)

"Sales and earnings growth"

Munters offers a perfect climate for laboratories

Third quarter 2018

- Order intake increased by 14% to SEKm 1,701 (1,489).
- Net sales increased by 13% to SEKm 1,748 (1,552).
- Operating profit (EBIT) increased by 33% to SEKm 144 (108).
- Adjusted EBITA increased by 19% to SEKm 195 (164), corresponding to an adjusted EBITA margin of 11.1% (10.6).
- Net income was SEKm 62 (51).
- Cash flow from operating activities was SEKm -38 (176).
- Earnings per share before and after dilution amounted to SEK 0.33 (0.27).

January – September 2018

- Order intake decreased by 4% to SEKm 5,161 (5,377).
- Net sales increased by 10% to SEKm 5,288 (4,794).
- Operating profit (EBIT) increased by 20% to SEKm 390 (326).
- Adjusted EBITA increased by 4% to SEKm 521 (501), corresponding to an adjusted EBITA margin of 9.9% (10.4).
- Net income amounted to SEKm 227 (20).
- Cash flow from operating activities was SEKm 0 (242).
- Earnings per share before and after dilution amounted to SEK 1.19 (0.21).

Events after period end

- Launch of comprehensive profit improvement program in business area Data Centers.
- Michael Gantert has been appointed new head of business area Data Centers.

FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	**2018**	**2017**	**Δ%**	**2018**	**2017**	**Δ%**	**Oct-Sep**	**2017**
Order intake	1,701	1,489	14	5,161	5,377	-4	6,982	7,197
Net sales	1,748	1,552	13	5,288	4,794	10	7,098	6,604
Operating profit (EBIT)	144	108	33	390	326	20	517	453
Adjusted EBITA	195	164	19	521	501	4	695	675
Adjusted EBITA margin, %	11.1	10.6		9.9	10.4		9.8	10.2
Net income	62	51		227	20		379	173
Earnings per share before and after dilution, SEK	0.33	0.27		1.19	0.21		2.03	1.45
Cash flow from operating activities	-38	176		0	242		-7	235
Net debt	3,169	2,558		3,169	2,558		3,169	2,661
Net debt/adjusted EBITDA, LTM				4.0	3.0			3.5

Munters
Your Perfect Climate

Comments from the CEO

Looking at the third quarter 2018 we can reflect on a number of positive things as well as challenges we have been facing. We've seen solid growth in orders, sales and earnings compared to last year. We have made progress in strategically important areas such as service growth in Air Treatment and our digital and software offerings in AgHort. We have won a first large order in Data Centers in Japan for NTT Facilities. Our business area Mist Elimination is making headway in its transition from dependency on coal power to capturing opportunities in the Marine and Process segments. However, our earnings challenges in Data Centers remain and we posted a loss in the third quarter. This is highly unsatisfactory.

In terms of macro trends we face some looming adversity relating to trade wars which causes some uncertainty in our end markets. The emergence of the African swine fever is creating some short term hesitance in investments in AgHort even if a controlled climate in the longer term safeguards safer and more effective food production.

In the third quarter, we saw good order intake for the Group driven by AgHort and Data Centers and supported by positive currency effects. Organic net sales growth for the Group was solid, supported by strong deliveries of Data Center cooling systems in Europe.

Third quarter Group earnings (Adj. EBITA) increased, with improvements in all business areas except in AgHort where earnings were slightly lower year on year. Data Centers reported a loss in the quarter due to low volumes in the US and low margin in Europe. The low order intake year to date has resulted in low factory utilization and we expect to report a loss in Data Centers also for the fourth quarter this year.

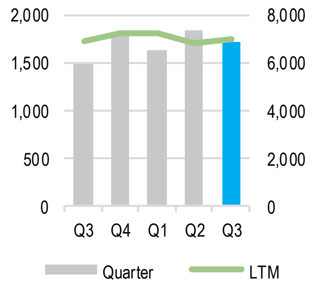
The data center market is growing, and our view remains positive although competition has increased and technologies continue to evolve. We have shown strong net sales growth over the last years but have struggled to grow profitability due to operational challenges. Therefore, we have launched a comprehensive profit improvement program and also decided to make changes in the leadership of Data Centers. The profit improvement program targets to create a more flexible and efficient Data Center business. We expect to see earnings improvements in 2019 with full impact at the end of 2020.

John Peter Leesi, CEO

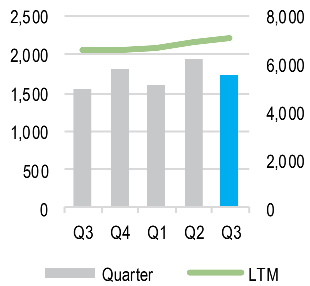
Financial performance

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Order intake	1,701	1,489	5,161	5,377	6,982	7,197
Growth	*14%*	*-6%*	*-4%*	*10%*		*13%*
Net sales	1,748	1,552	5,288	4,794	7,098	6,604
Growth	*13%*	*0%*	*10%*	*14%*		*9%*
of which organic growth	*5%*		*8%*			
of which currency effects	*8%*		*2%*			
of which structural effects	*0%*		*0%*			
Operating profit (EBIT)	144	108	390	326	517	453
Adjusted EBITA	195	164	521	501	695	675
Growth	*19%*	*-15%*	*4%*	*-1%*		*-14%*
Adjusted EBITA margin, %	11.1	10.6	9.9	10.4	9.8	10.2

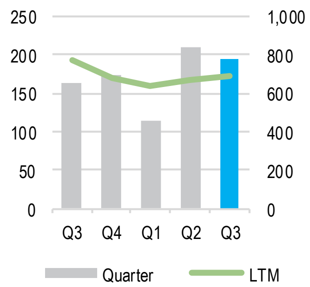
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



ORDER INTAKE

Order intake for the third quarter increased by 14% to SEKm 1,701 (1,489) and by 5% organically. The order intake was positively affected by currency translation effects.

AgHort and Data Centers reported organic growth in the quarter while Air Treatment showed negative organic growth. For Air Treatment, the order intake in the Industrial sub-segment declined in Europe and in Americas following a strong third quarter in 2017, where several large orders in the lithium battery end market and the car industries were won. Orders in the Supermarket end-market in the US were at the same level as in the third quarter prior year. AgHort showed good order intake growth in the quarter partly driven by an order won for SonarEcho. In Data Centers an order was received from NTT Facilities in Japan. In Mist Elimination the weak order intake for FGD projects continued, especially in China, while the order intake in the Marine and the Process sub-segments were strong. The order intake for Services was strong in the quarter.

Order intake for the first nine months declined by 4% to SEKm 5,161 (5,377) and declined by 6% organically due to lower order intake in Air Treatment and Data Centers.

NET SALES

Net sales for the third quarter increased by 13% to SEKm 1,748 (1,552) and 5% organically. Net sales were positively affected by currency translation effects. Organic growth was reported for Data Centers. Services net sales increased by 8% in the quarter.

Net sales for the first nine months increased by 10% to SEKm 5,288 (4,794) and 8% organically driven by all business areas except Mist Elimination.

OPERATING PROFIT (EBIT)

Operating profit (EBIT) in the third quarter increased by 33% to SEKm 144 (108), including depreciations of SEKm -26 (-20) and amortizations of SEKm -43 (-54), whereof SEKm -37 (-49) was related to surplus values derived through acquisitions.

Operating profit (EBIT) year to date 2018 increased by 20% to SEKm 390 (326), including depreciations of SEKm -73 (-56) and amortizations of SEKm -123 (-162), whereof SEKm -104 (-147) was related to surplus values derived through acquisitions.

ADJUSTED EBITA

Adjusted EBITA in the third quarter increased by 19% to SEKm 195 (164), corresponding to an adjusted EBITA margin of 11.1% (10.6). Business area Air Treatment reported higher adjusted EBITA in the quarter, mainly driven by improved gross margins and favorable currency effects. For AgHort the adjusted EBITA was down slightly versus prior year mainly caused by a slow US market as well as investments in the software and digital offering. Adjusted EBITA for Data Centers was negative but showed a small improvement versus the same quarter in 2017. In Mist Elimination, the decline in net sales was compensated by reduced overhead costs. The result for the quarter was adversely affected by organizational restructuring costs of MSEK 7, partly attributable to the Air Treatment business area.

Adjusted EBITA in the first nine months increased by 4% to SEKm 521 (501), corresponding to an adjusted EBITA margin of 9.9% (10.4).

FINANCIAL ITEMS

Financial income and expenses for the third quarter amounted to SEKm -49 (-32). The increase compared to the same quarter last year relates mainly to increased interest cost on external loans. The increase was driven by higher USD interest rates and higher debt leverage. The total average weighted interest rate including fees per end of the quarter was 4.17% (3.34).

Financial income and expenses for the first nine months amounted to SEKm -96 (-273). The improvement compared to last year relates to that interest cost on the former shareholder loan has ceased after the conversion to equity in May 2017.

TAXES

Income taxes for the third quarter amounted to SEKm -32 (-26). The effective tax rate in the third quarter was 34% (34%).

The effective tax rate year to date was 23% (62%).

The tax cost year to date was positively impacted by SEKm 4 related to 2017 tax reform adjustments in the US. Also, the confirmed tax rate change in Sweden has affected tax cost positively with SEKm 7 due to revaluation of deferred taxes.

EARNINGS PER SHARE

Net profit per ordinary share, before and after dilution, in the third quarter 2018 amounted to SEK 0.33 (0.27). Income attributable to Parent Company's ordinary shareholders amounted to SEKm 61 (49) for the third quarter. The average number of outstanding ordinary shares in the third quarter was 183,597,802 before and after dilution.

CASH FLOW AND CAPITAL EMPLOYED

Cash flow from operating activities amounted to SEKm -38 (176) in the third quarter and was negatively affected by an increase of working capital corresponding to SEKm -128 (54). The main increase in working capital is in Data Centers Europe, with a time lag between revenue recognition over time and invoicing to customers. Strong growth in China and late payments from a large customer in the US also impacted cash flow in the quarter. Cash flow from operating activities amounted to SEKm 0 (242) during the first nine months of the year, where cash flow from working capital amounted to -396 (-36) also partly due to increased sales volumes.

Cash flow from financing activities in the third quarter amounted to SEKm 102 (-155). Munters purchased own shares to hedge the share price exposure in the employee stock option program. Cash flow from financing activities during the first nine months amounted to SEKm 117 (212).

Average capital employed for the last twelve months amounted to SEKm 6,858 (6,451). Return on capital employed (ROCE) for last twelve months was 8% (9).

Return on capital employed (ROCE), where EBIT is adjusted for items affecting comparability and capital employed adjusted for goodwill, for the last twelve months was 21% (25).

FINANCIAL POSITION AND LIQUIDITY

Munters primary financing facilities consist of a term loan of USDm 250 and a revolving credit facility of EURm 185. The facilities have no mandatory amortization requirement. The final maturity date is in May 2022. The loan agreement has one financial covenant (consolidated net debt in relation to adjusted EBITDA). Of the Revolving Credit Facility, EURm 20 is allocated to ancillary facilities made available for overdraft and guarantee purposes. Available unutilized credit facilities as of September 30 amounted to SEKm 637 (774). Interest-bearing liabilities amounted to SEKm 3,277 (2,815). Cash and cash equivalents amounted to SEKm 322 (451) as of September 30, 2018.

At quarter end the term loan was fully drawn with USDm 250 and EURm 123 of the total revolving credit facility were utilized in EUR, USD and SEK. Along with the main loan facility, an amount of SEKm 9 in local debt is outstanding in Brazil, Canada, China, Czech Republic and the Netherlands.

ITEMS AFFECTING COMPARABILITY (IAC)

During the third quarter, Munters have had costs for the launch of a profit improvement program related to the Data Centers business area, which are reflected as IAC items of SEKm 8.

The IAC´s in Q3 2017 comprised of exit preparation costs amounting to SEKm 2. Items affecting comparability for the first nine months 2017 referred to costs related to exit preparation costs amounting to SEKm 73, a gain of SEKm 7 related to a property sale and settlement of the HB Group acquisition earn-out, which resulted in a gain of SEKm 53. In total, the first nine months of 2017 included IAC items of SEKm -13.

PARENT COMPANY AND OWNERSHIP

Munters Group AB offers group supporting functions. 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 SEKm 78 (136).

As of September 30, Nordic Capital was the biggest shareholder (50.1%) followed by FAM (11.4%), AMF (7.7%), Första AP-fonden (6.2%) and Alecta (5.0%).

EVENTS AFTER PERIOD END

Profit improvement program in Data Centers

Data Centers has had low profitability during the past year due to the lumpy nature of the Data Centers business with large variations in order intake, capacity utilization and operational inefficiencies. Munters has decided to initiate a comprehensive profit improvement program in business area Data Centers. Planned measures include commercial acceleration, operational improvements and cost reductions. The data center market is growing, and our view remains positive although competition has increased and technologies continue to evolve.

We expect to see earnings improvements in 2019 with full impact at the end of 2020.

Management changes

Michael Gantert has been appointed new President of the Data Centers business area as of October 25, 2018.

Air Treatment

- Order intake in the third quarter declined by 4%. The same quarter prior year included large orders won in the Industrial sub-segment.
- Net sales increased 6%. Organically, net sales were lower because of lower shipments to the Supermarket end-market in the US.
- Adjusted EBITA increased by 6%, mainly due to improved gross margins.

FINANCIAL SUMMARY

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Order intake	906	938	2,819	2,926	3,681	3,787
Growth	*-4%*	*11%*	*-4%*	*15%*		*12%*
Net sales	928	876	2,687	2,600	3,675	3,588
Growth	*6%*	*4%*	*3%*	*11%*		*9%*
of which organic growth	*-2%*		*1%*			
of which currency effects	*8%*		*2%*			
Operating profit (EBIT)	121	115	320	382	449	511
Adjusted EBITA	124	116	327	330	459	461
Growth	*6%*	*11%*	*-1%*	*17%*		*3%*
Adjusted EBITA margin, %	13.3	13.3	12.2	12.7	12.5	12.9

Order intake
Order intake declined by 4% and declined by 12% organically, during the quarter. Industrial orders declined in Europe and in Americas following a strong third quarter 2017 when several large orders in the lithium battery and car industries were won. Demand in Components sub-segment to OEMs was also lower in the quarter. Orders in the Supermarket end-market in the US were at the same level as in the third quarter 2017. Services orders increased in the quarter.

Year to date, orders declined by 4% and declined by 6% organically, mainly due to the low investment level within the Supermarket end-market in the US during the first half of the year, along with the strategic exit of general air handling solutions impacting order intake in other Commercial applications. The period also included fewer large size projects in the Industrial sub-segment year on year. Order intake in Services continued to grow year to date.

Net sales
Net sales grew by 6% in the quarter and declined by 2% organically. The Industrial sub-segment and Services revenues grew modestly. Shipments within the Components sub-segment to OEMs were strong but was offset by a decline in deliveries to the Commercial sub-segment with the exit of the low-margin general air handling solutions and lower deliveries to the Supermarket end-market in the US.

Year to date, net sales increased by 3% and by 1% organically. Revenue in the sub-segments Industrial, Components and Services grew but the lower volume within the Commercial sub-segment dampened the overall net sales growth for the business area.

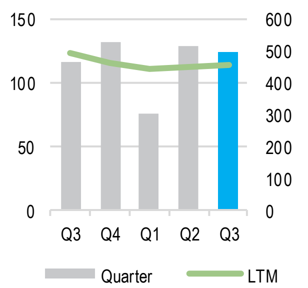
Adjusted EBITA
Adjusted EBITA increased by 6% in the third quarter, mainly driven by improved gross margins. Favorable currency effects also contributed to the EBITA increase.

Year to date, adjusted EBITA decreased slightly. Gross margins increased but continued investments in Services, R&D and in the Chinese market resulted in higher overhead cost relative to net sales.

Order intake (SEKm)

Net sales (SEKm)

Adjusted EBITA (SEKm)



AgHort

- Order intake increased by 19% in the quarter, including a large SonarEcho order, but with a slow-down in China after a long period of growth.
- Net sales grew by 7% in the quarter. Some projects have been postponed by end-customers due to increased uncertainty caused by the trade war between the US and China and as an effect of the African swine fever.
- Adjusted EBITA was slightly lower than last year, partly due to a slow US market and investments in the software and digital offering.

FINANCIAL SUMMARY

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Order intake	524	442	1,655	1,473	2,049	1,866
Growth	*19%*	*18%*	*12%*	*11%*		*10%*
Net sales	517	482	1,521	1,387	1,970	1,837
Growth	*7%*	*2%*	*10%*	*7%*		*8%*
of which organic growth	*0%*		*7%*			
of which currency effects	*7%*		*2%*			
of which structural effects	*0%*		*1%*			
Operating profit (EBIT)	73	74	191	174	241	225
Adjusted EBITA	76	77	200	184	252	236
Growth	*-2%*	*-9%*	*9%*	*-16%*		*-8%*
Adjusted EBITA margin, %	14.7	16.0	13.1	13.2	12.8	12.9

Order intake

Order intake in the quarter increased by 19% and by 11% organically. A major contributor to the strong growth in order intake was a large five-year software as a service (SaaS) contract in the US. Since the solution contains a subscription contract, with gradual ramp up of the number of connected farms, the impact on net sales in 2018 will be limited. Order intake in China was much lower than in the previous quarters, impacted by the trade war between the US and China and the outbreak of the African swine fever. Order intake in Americas was higher year on year. Investment levels in the US were still at a fairly low level, partly due to uncertainty related to the trade war. The order intake in EMEA was down year on year, primarily due to a drop in orders of controllers.

The order intake year to date increased by 12% and by 10% organically, primarily driven by strong performance in the Swine sub-segment in China. Orders in the US was down, partly caused by low sales of cooling pads and few projects in the Layer sub-segment. A decline was also noted in Israel due to a temporary decline in orders for controllers.

Net sales

Net sales in the quarter increased by 7%. Organically, net sales were flat year on year with lower levels in both Americas and EMEA offset by continued growth in APAC, although at a slower pace than during the first 6 months of the year. Overall, net sales in the quarter was impacted by increased uncertainty in the AgHort market due to the trade war between the US and China and the African swine fever, which have resulted in postponement of a number of projects.

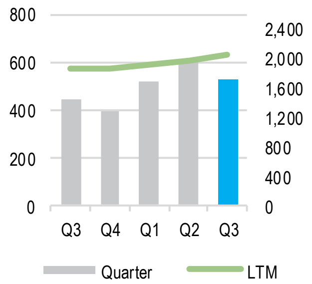
Net sales year to date increased with 10% and by 7% organically with the majority of the growth in the Swine segment in China.

Adjusted EBITA

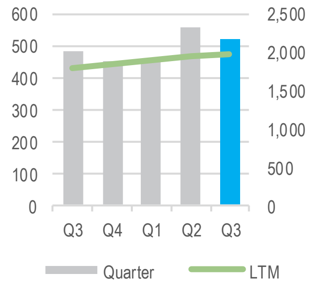
Adjusted EBITA in the third quarter was slightly lower year on year, and the EBITA margin decreased. The margin decrease was primarily attributable to low volumes in the US and Israel as well as investments in the software and digital offering.

The adjusted EBITA margin year to date was slightly lower year on year. The margin was positively impacted by higher volumes but negatively impact by less favorable product mix as well as investments in software and digital offering.

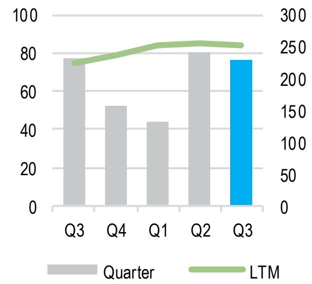
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Data Centers

- Order intake increased in the quarter supported by an order from NTT Facilities in Japan.
- Net sales showed strong growth due to higher volumes in Europe but with very low volumes in the US.
- Earnings were negatively impacted by low volumes in the US and by low margins in Europe.

FINANCIAL SUMMARY

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Order intake	188	20	435	743	954	1,261
Growth	*859%*	*-92%*	*-41%*	*1%*		*37%*
Net sales	234	115	895	568	1,182	856
Growth	*103%*	*-26%*	*57%*	*71%*		*25%*
of which organic growth	*91%*		*54%*			
of which currency effects	*12%*		*3%*			
Operating profit (EBIT)	-24	-22	-12	-4	-21	-13
Adjusted EBITA	-15	-20	-0	-1	-8	-9
Growth	*25%*	*N/A*	*79%*	*N/A*		*N/A*
Adjusted EBITA margin, %	-6.4	-17.4	-0.0	-0.2	-0.7	-1.0

Order intake

The increased order intake in the third quarter of 2018 were primarily related to a large and strategically important order from NTT Facilities in Japan as well as some smaller orders won in the US. The NTT project will be the first large-scale deployment by any manufacturer of Indirect Evaporative Cooling in Japan. During the third quarter 2017 order intake was at a low level with no large orders signed.

Order intake year to date decreased by 41% year on year due to a lack of large-scale projects earlier in the year.

Net sales

Net sales in the third quarter increased by 103% due to higher volumes in Europe, which were partially offset by lower sales volumes in the US.

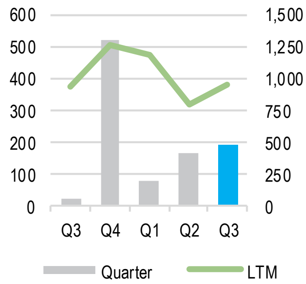
Net sales year to date increased by 57% due to higher volumes in Europe, which was partially offset by lower volumes in the US compared to the same period in 2017.

Adjusted EBITA

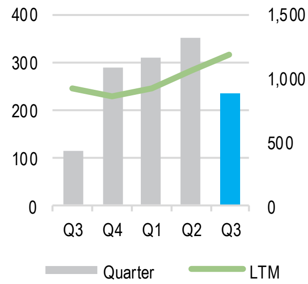
Adjusted EBITA in the third quarter increased by SEKm 5 year on year to SEKm -15 (-20). The increase was primarily due to higher volumes of net sale in Europe, but was partially offset by lower margins and further impacted by low volumes in Americas.

The marginal increase in adjusted EBITA year to date was a result of increases in volume being offset by lower margins in Europe. Earnings were impacted by having lower volumes in Americas during 2018 compared to the same nine-month period of 2017.

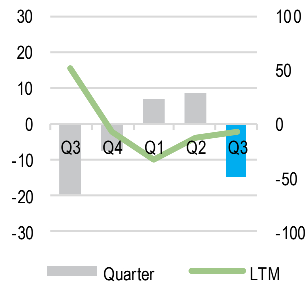
Order intake (SEKm)



Net sales (SEKm)

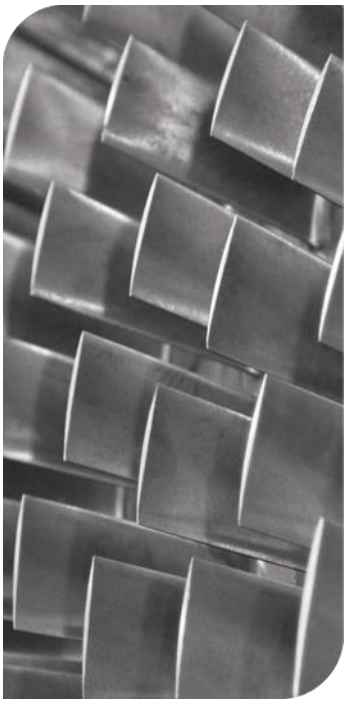


Adjusted EBITA (SEKm)



Mist Elimination

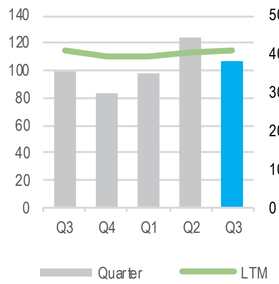
- Order intake increased by 7% in the quarter. Lower order intake in FGD (Flue Gas Desulphurization) for coal fired power plants was compensated by an increase in the Marine and Process sub-segments.
- Net sales declined by 2% due to low volume of Coal FGD projects, mainly in China, which was partially offset by increases in the Marine and Process sub-segments.
- Adjusted EBITA increased to SEKm 15 (6).



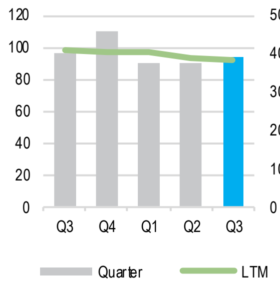
FINANCIAL SUMMARY

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Order intake	106	100	328	312	411	394
Growth	*7%*	*-13%*	*5%*	*-3%*		*-5%*
Net sales	94	96	274	296	384	406
Growth	*-2%*	*-9%*	*-7%*	*-8%*		*-7%*
of which organic growth	*-11%*		*-12%*			
of which currency effects	*8%*		*2%*			
of which structural effects	*0%*		*2%*			
Operating profit (EBIT)	15	6	29	20	43	34
Adjusted EBITA	15	6	30	21	45	35
Growth	*146%*	*-50%*	*43%*	*-56%*		*-49%*
Adjusted EBITA margin, %	16.3	6.5	11.0	7.1	11.6	8.7

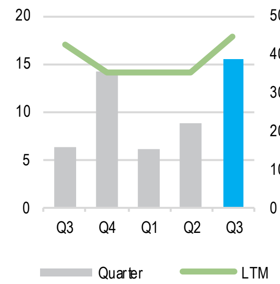
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Order intake

The order intake increased by 7% and declined by 2 % organically. FGD (Flue Gas Desulphurization) projects, especially in China, continued to decline but was offset by increased order intake in the Marine sub-segment (emission gas cleaning for ships) and in the Process sub-segment.

Order intake year to date increased by 5% and was unchanged organically. The lower order intake, primarily in China FGD Coal, was compensated by other sub-segments and geographical markets, particularly the Marine sub-segment in Europe and in the Process sub-segment globally.

Net sales

Net sales in the quarter declined by 2% and declined by 11% organically, mainly as an effect of low volumes for FGD project delivered in China. The low FGD volumes were partly compensated by strong performance in the Marine and Process sub-segments.

Net sales year to date declined by 7% and declined by 12% organically impacted by lower volumes for FGD projects in China. Europe has shown increased net sales across several sub-segments for the past three quarters, with the largest increase in Marine. Americas has also shown growth, driven by the Process sub-segment.

Adjusted EBITA

Adjusted EBITA increased to SEKm 15 (6) in the quarter. The decline in net sales was compensated by reduced overhead costs and the release of some accruals.

Adjusted EBITA year to date was 43% higher year on year, relating partly to lower overhead costs and reduced warranty accruals.

Quarterly overview Group and Segments

Group

	2018				2017					2016		
SEKm	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Order backlog	2,388	2,477	2,516	2,388	2,365	2,332	2,449	1,998	2,365	1,741	2,040	1,713
Order intake	1,701	1,826	1,635	5,161	1,821	1,489	2,234	1,654	7,197	1,491	1,577	1,617
Net sales	1,748	1,939	1,601	5,288	1,811	1,552	1,723	1,519	6,604	1,823	1,560	1,220
Operating profit (EBIT)	144	170	76	390	127	108	143	75	453	228	126	74
Financial income and expenses	-49	-19	-27	-96	-28	-32	-134	-106	-301	-116	-106	-92
Tax	-32	-29	-6	-68	53	-26	2	-9	21	-8	-22	-10
Net income	62	122	42	227	152	51	11	-41	173	105	-2	-29
Amortization (incl. surplus values)	43	41	39	123	47	54	56	53	209	49	47	46
Items affecting comparability (IAC)	8	–	–	8	0	2	-9	20	13	-3	20	–
Adjusted EBITA	195	211	115	521	174	164	190	147	675	274	193	119
Adjusted EBITA margin, %	11.1	10.9	7.2	9.9	9.6	10.6	11.0	9.7	10.2	15.0	12.3	9.8

Air Treatment

	2018				2017					2016		
SEKm	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	1,291	1,332	1,300	1,291	1,079	1,205	1,171	1,097	1,079	959	1,076	939
Order intake	906	951	963	2,819	862	938	1,037	950	3,787	840	848	775
External net sales	924	963	775	2,663	983	872	927	787	3,569	959	842	670
Transactions between segments	4	17	3	25	5	4	5	6	19	2	0	1
Operating profit (EBIT)	121	126	73	320	129	115	173	94	511	162	102	59
Amortization on intangible assets	3	2	2	7	3	2	3	3	10	3	3	3
Items affecting comparability (IAC)	–	–	–	–	0	0	-53	-7	-60	–	–	–
Adjusted EBITA	124	129	75	327	131	116	123	90	461	166	105	62
Adjusted EBITA margin, %	13.3	13.1	9.6	12.2	13.3	13.3	13.2	11.4	12.9	17.2	12.4	9.2

AgHort

	2018				2017					2016		
SEKm	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	552	557	498	552	368	442	490	454	368	249	267	316
Order intake	524	610	520	1,655	394	442	561	469	1,866	382	374	427
External net sales	510	548	442	1,500	443	473	500	391	1,808	399	459	355
Transactions between segments	8	7	6	21	7	9	1	13	30	11	12	5
Operating profit (EBIT)	73	77	41	191	51	74	75	25	225	66	81	43
Amortization on intangible assets	3	3	3	9	2	3	3	3	11	3	3	3
Items affecting comparability (IAC)	–	–	–	–	–	–	–	–	–	-30	–	–
Adjusted EBITA	76	81	43	200	53	77	78	28	236	39	85	46
Adjusted EBITA margin, %	14.7	14.5	9.7	13.1	11.7	16.0	15.6	7.0	12.9	9.5	18.0	12.9

Quarterly overview Group and Segments

Data Centers

	2018				2017					2016		
SEKm	**Q3**	**Q2**	**Q1**	**Jan-Sep**	**Q4**	**Q3**	**Q2**	**Q1**	**Full year**	**Q4**	**Q3**	**Q2**
External order backlog	368	418	581	368	792	538	643	321	792	412	558	328
Order intake	188	167	80	435	519	20	558	165	1,261	187	255	320
External net sales	224	341	294	859	278	114	192	249	833	352	156	90
Transactions between segments	11	10	15	35	10	1	8	4	23	0	0	–
Operating profit (EBIT)	-24	7	5	-12	-9	-22	-14	32	-13	51	9	7
Amortization on intangible assets	1	1	1	4	1	2	1	1	4	0	0	0
Items affecting comparability (IAC)	8	–	–	8	–	–	–	–	–	–	–	–
Adjusted EBITA	-15	8	6	-0	-8	-20	-13	32	-9	51	9	7
Adjusted EBITA margin, %	-6.4	2.4	2.1	-0.0	-2.7	-17.4	-6.6	12.8	-1.0	14.6	5.8	8.0

Mist Elimination

	2018				2017					2016		
SEKm	**Q3**	**Q2**	**Q1**	**Jan-Sep**	**Q4**	**Q3**	**Q2**	**Q1**	**Full year**	**Q4**	**Q3**	**Q2**
External order backlog	178	170	137	178	127	146	145	126	127	121	140	130
Order intake	106	125	97	328	83	100	111	101	394	95	115	103
External net sales	91	86	89	266	106	92	104	92	395	113	103	106
Transactions between segments	3	4	2	9	4	4	3	1	11	3	3	3
Operating profit (EBIT)	15	9	6	29	14	6	8	6	34	21	12	18
Amortization on intangible assets	0	0	0	1	0	0	1	0	1	0	0	0
Items affecting comparability (IAC)	–	–	–	–	–	–	–	–	–	–	–	–
Adjusted EBITA	15	9	6	30	14	6	8	6	35	22	13	18
Adjusted EBITA margin, %	16.3	9.9	6.7	11.0	13.0	6.5	7.9	6.9	8.7	18.6	11.8	16.4

Other and eliminations

	2018				2017					2016		
SEKm	**Q3**	**Q2**	**Q1**	**Jan-Sep**	**Q4**	**Q3**	**Q2**	**Q1**	**Full year**	**Q4**	**Q3**	**Q2**
Order intake	-24	-26	-26	-76	-36	-11	-34	-31	-112	-13	-15	-8
External net sales	–	–	–	–	–	–	–	–	–	–	–	–
Elimination of transactions between se	-25	-38	-26	-89	-25	-18	-17	-24	-83	-17	-15	-9
Operating profit (EBIT)	-41	-48	-48	-137	-58	-64	-99	-82	-303	-73	-78	-53
Amortization (incl. surplus values)	36	33	32	101	41	47	48	46	182	42	40	40
Items affecting comparability (IAC)	–	–	–	–	–	2	44	27	73	27	20	–
Adjusted EBITA	-5	-15	-16	-36	-16	-16	-7	-10	-49	-4	-18	-13

Consolidated accounts

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
Net sales	1,748	1,552	5,288	4,794	7,098	6,604
Cost of goods sold	-1,182	-1,031	-3,593	-3,189	-4,862	-4,458
Gross profit	**566**	**521**	**1,694**	**1,604**	**2,236**	**2,146**
Selling expenses	-252	-235	-771	-730	-1,019	-978
Administrative costs	-122	-126	-396	-459	-525	-588
Research and development costs	-47	-44	-143	-125	-185	-167
Other operating income and expenses	-2	-8	5	35	9	39
Operating profit	**144**	**108**	**390**	**326**	**517**	**453**
Financial income and expenses	-49	-32	-96	-273	-124	-301
Profit/Loss after financial items	**94**	**76**	**294**	**53**	**393**	**152**
Tax	-32	-26	-68	-33	-14	21
Net income for the period	**62**	**51**	**227**	**20**	**379**	**173**
Attributable to Parent Company shareholders	**61**	**49**	**219**	**21**	**372**	**174**
Attributable to non-controlling interests	1	1	8	-0	6	-1
Average number of outstanding shares before dilution	183,597,802	183,597,802	183,597,802	97,726,972	183,597,802	119,658,011
Average number of outstanding shares after dilution	183,597,802	183,916,270	183,597,802	97,914,531	183,597,802	119,720,995
Earnings per share before dilution, SEK	0.33	0.27	1.19	0.21	2.03	1.45
Earnings per share after dilution, SEK	0.33	0.27	1.19	0.21	2.03	1.45
Other comprehensive income						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange-rate differences on translation of foreign operations	-57	90	176	-165	252	-89
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Actuarial gains and losses on defined-benefit pension obligations, incl. payroll tax	–	–	–	–	-13	-13
Income tax effect not to be reclassified to profit or loss	–	–	–	–	3	3
Other comprehensive income, net after tax	**-57**	**90**	**176**	**-165**	**242**	**-99**
Comprehensive income for the period	**5**	**141**	**403**	**-145**	**621**	**74**
Attributable to Parent Company shareholders	**5**	**140**	**396**	**-144**	**614**	**75**
Attributable to non-controlling interests	0	1	6	-0	6	-2

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

SEKm	2018/09/30	2017/09/30	2017/12/31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,511	4,138	4,251
Patents, licenses, brands, and similar rights	1,504	1,476	1,456
Buildings and land	160	146	155
Plant and machinery	262	154	219
Equipment, tools, fixtures and fittings	150	140	142
Construction in progress	47	112	48
Financial assets	11	26	14
Deferred tax assets	221	263	242
Total non-current assets	**6,865**	**6,455**	**6,526**
CURRENT ASSETS			
Raw materials and consumables	409	387	386
Products in process	119	159	135
Finished products and goods for resale	335	255	243
Projects in progress	7	26	16
Advances to suppliers	26	12	18
Accounts receivable	1,473	1,020	1,204
Prepaid expenses and accrued income	162	81	106
Derivative instruments	2	1	2
Current tax assets	52	44	35
Other receivables	171	133	126
Cash and cash equivalents	322	451	402
Total current assets	**3,079**	**2,569**	**2,672**
TOTAL ASSETS	**9,944**	**9,024**	**9,198**

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

SEKm	2018/09/30	2017/09/30	2017/12/31
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	4,039	3,530	3,748
Non-controlling interests	-4	1	0
Total equity	**4,034**	**3,531**	**3,748**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	3,266	2,815	2,848
Provisions for pensions and similar commitments	211	193	207
Other provisions	17	29	22
Other liabilities	134	148	137
Deferred tax liabilities	410	471	394
Total non-current liabilities	**4,038**	**3,656**	**3,607**
CURRENT LIABILITIES			
Interest-bearing liabilities	11	0	7
Advances from customers	383	418	382
Accounts payable	498	578	581
Accrued expenses and deferred income	659	478	486
Derivative instruments	2	3	2
Current tax liabilities	46	78	52
Other liabilities	174	176	212
Provisions for pensions and similar commitments	8	5	8
Other provisions	90	101	114
Total current liabilities	**1,871**	**1,837**	**1,843**
TOTAL EQUITY AND LIABILITIES	**9,944**	**9,024**	**9,198**

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2018/09/30	2017/09/30	2017/12/31
Opening balance	**3,748**	**767**	**767**
Total comprehensive income for the period	403	-144	74
Set off issue	–	2,803	2,803
Warrants	–	18	18
New share issue	–	100	100
Change in non-controlling interest	0	-9	-10
Acquisition of non-controlling interests	–	-24	-23
Put/call option related to non controlling interests	-3	20	19
Dividends paid	-55	–	–
Repurchase of shares	-59	–	–
Share option plan	1	–	–
Closing balance	**4,034**	**3,531**	**3,748**
Total shareholders´equity attributable to:			
The parent company's shareholders	4,039	3,530	3,748
Non-controlling interests	-4	1	-0

Consolidated accounts

CONDENSED CASHFLOW STATEMENT

	Q3		Jan-Sep		LTM	Full year
SEKm	**2018**	**2017**	**2018**	**2017**	**Oct-Sep**	**2017**
OPERATING ACTIVITIES						
Operating profit	**144**	**108**	**390**	**326**	**517**	**453**
Reversal of non-cash items						
Depreciation, amortization and impairments	70	73	196	218	265	288
Provisions	-32	-6	-31	9	-27	13
Other profit/loss items not affecting liquidity	-5	13	-0	-39	15	-24
Cash flow before interest and tax	**176**	**189**	**555**	**515**	**770**	**730**
Paid financial items	-46	-34	-83	-149	-110	-176
Taxes paid	-40	-33	-76	-87	-98	-109
Cash flow from operating activites before changes in working capital	**90**	**122**	**396**	**278**	**563**	**445**
Cash flow from changes in working capital	**-128**	**54**	**-396**	**-36**	**-570**	**-210**
Cash flow from operating activities	**-38**	**176**	**0**	**242**	**-7**	**235**
INVESTING ACTIVITIES						
Business acquisitions	-36	–	-36	-268	-36	-268
Sale of tangible fixed assets	0	-0	1	1	1	1
Sale of intangible fixed assets	–	-0	0	0	1	1
Business divestments	–	-28	-0	-28	0	-27
Investment in tangible assets	-33	-18	-106	-98	-135	-127
Investment in intangible assets	-21	-9	-60	-25	-79	-44
Cash flow from investing activities	**-90**	**-55**	**-202**	**-417**	**-249**	**-464**
FINANCING ACTIVITIES						
New share issue	–	–	–	100	–	100
Warrants	–	–	–	18	–	18
Loan raised	214	11	408	3,738	417	3,746
Amortization of loans	-53	-166	-177	-3,644	-192	-3,659
Repurchase of shares	-59	–	-59	–	-59	–
Dividends paid	–	–	-55	–	-55	–
Cash flow from financing activities	**102**	**-155**	**117**	**212**	**111**	**205**
Cash flow for the period	**-25**	**-34**	**-85**	**36**	**-146**	**-25**
Cash and cash equivalents at period start	358	494	402	432	451	432
Exchange-rate differences in cash and cash equivalents	5	-10	5	-18	17	-6
Cash and cash equivalents at period end	**322**	**451**	**322**	**451**	**322**	**402**

Parent company

CONDENSED INCOME STATEMENT

	Q3		Jan-Sep		LTM	Full year
SEKm	2018	2017	2018	2017	Oct-Sep	2017
Net sales	–	–	–	–	–	–
Gross profit/loss	**–**	**–**	**–**	**–**	**–**	**–**
Administrative costs	-1	-21	-6	-74	-9	-77
Profit/Loss before interest and tax (EBIT)	**-1**	**-21**	**-6**	**-74**	**-9**	**-77**
Financial income and expenses	0	0	-0	-83	-1	-84
Profit/Loss after financial items	**-1**	**-21**	**-6**	**-157**	**-10**	**-161**
Group contributions	–	–	–	–	86	86
Profit/Loss before tax	**-1**	**-21**	**-6**	**-157**	**76**	**-75**
Tax	–	8	–	15	-15	–
Net income for the period	**-1**	**-13**	**-6**	**-142**	**61**	**-75**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Jan-Sep		LTM	Full year
SEKm	2018	2017	2018	2017	Oct-Sep	2017
Profit/Loss for the period	-1	-13	-6	-142	61	-75
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**-1**	**-13**	**-6**	**-142**	**61**	**-75**

Parent company

CONDENSED BALANCE SHEET – ASSETS

SEKm	2018/09/30	2017/09/30	2017/12/31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,086	4,086	4,086
Other financial assets	–	15	–
Total non-current assets	**4,086**	**4,101**	**4,086**
CURRENT ASSETS			
Other current receivables	–	–	0
Prepaid expenses and accrued income	0	–	0
Current tax assets	0	–	–
Receivables from subsidiaries	0	1	86
Cash and cash equivalents	78	136	134
Total current assets	**79**	**137**	**220**
TOTAL ASSETS	**4,165**	**4,238**	**4,306**

CONDENSED BALANCE SHEET – EQUITY AND LIABILITIES

SEKm	2018/09/30	2017/09/30	2017/12/31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	1,177	1,177	1,177
Profit brought forward	2,984	3,173	3,173
Income for the period	-6	-142	-75
Total equity	**4,161**	**4,214**	**4,281**
CURRENT LIABILITIES			
Accounts payable	1	20	1
Accrued expenses and deferred income	1	2	2
Liabilities to subsidiaries	–	1	20
Other liabilities	2	2	2
Total current liabilities	**4**	**25**	**25**
TOTAL EQUITY AND LIABILITIES	**4,165**	**4,238**	**4,306**

Notes

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 Report 2017 (Note 1). Since January 1, 2018, IFRS 15 *Revenue from contracts with customers* is applicable. The new revenue recognition principles under IFRS 15 are described in Note 1, section *Revenue recognition principles going forward*. Munters used the full retrospective approach for the transition to the new standard, however the transition to IFRS 15 did not have a material impact on Munters historical consolidated financial statement based on the fact that the Group did not have any open contracts of material values that would have been treated differently should IFRS 15 been applied on prior periods. For that same reason Munters has not restated the 2017 comparative numbers in this interim report. As of January 1, 2018 IFRS 9 *Financial Instruments* is also applicable. The new standard to recognize and measure financial instruments has not had any significant effect on the accounting principles of the Groups financial instruments.

The company presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The company is of the opinion that these metrics provide valuable complementary information for investors and the company's management, in that they enable an evaluation of the company's performance. The financial metrics are calculated in accordance with the definitions presented on page 129 of the Annual Report 2017.

IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

IFRS 16 Leases

Munters has begun to analyze the impact of IFRS 16 *Leases* on the Groups financial statements. In brief, the initial analysis shows that Munters, as an operational lessee, will be impacted by the implementation of IFRS 16. Monetary calculations of the effect of IFRS 16 is in progress and the choice of transition approach has been set to the retrospective approach with the cumulative effect of initially applying the Standard recognized as an adjustment to the opening balance of retained earnings. Based on the Group's preliminary review of its leases (primarily lease agreements in respect of premises), including notice periods and rental amounts, the Group currently consider that IFRS 16 will have an impact on the consolidated accounts and financial key performance indicators, primarily ratios based on gross assets and gross liabilities.

TRANSACTIONS WITH RELATED PARTIES

The annual general meeting resolved in accordance with the Board's proposal on the implementation of a long-term incentive program. The program shall comprise no more than 1,257,000 employee stock options to be granted to members of the group management and certain other key employees, approximately 75 employees in total. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options are granted under the plan for no consideration and carry no dividend or voting rights.

Each employee stock option that is not cash settled shall entitle the holder to acquire one share in the company at an exercise price equivalent to SEK 55. Each cash-settled employee stock option shall entitle the holder to a cash amount equivalent to the value of one share in the company, calculated as the volume-weighted average price paid for the company's shares at Nasdaq Stockholm during a period of ten business days immediately prior to the exercise of the option, with deduction of an exercise price of SEK 55.

The participants shall be able to exercise the employee stock options from the third anniversary of the allotment, up to and including the fourth anniversary of the allotment. Exercise of the employee stock options shall, as a principal rule be conditional upon the program participant still being employed with the group. The costs of the program are estimated to SEKm 7.4 that will be incurred over the three-year period.

Munters loan from shareholders was raised in 2010. At the date of the IPO the Shareholder loan was terminated and converted into shareholders equity. At the Extraordinary General Meeting on 7 May 2017, it was resolved to issue warrants as part of an incentive program for certain members of the Group management. In total, the incentive program comprises 8 individuals and not more than 5,222,000 warrants. The Participants may subscribe for warrants at a market value corresponding to in total not more than SEKm 17.99. The maximum number of warrants that may be subscribed for by the Participants corresponds to approximately 2.77% of the Company's share capital following completion of the Offering and assuming full exercise of the warrants. For further information of transactions between Munters and related parties, see the Annual Report 2017.

EMPLOYEES

The number of permanent employees at September 30, 2018 was 3,412 (3,451).

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.

Munters' products are used in complex customer processes. Quality and contract obligations are critical and could result in claims for damages. The volatility in order intake in the Data Centers business may result in unpredictable production costs. Alternative technologies could constitute a risk of increased competition that could have a negative impact on the Group's profitability. The Group depends to some extent on key customers and key personnel. Considering that Munters is a company with geographically widespread 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 Report of 2017.

AQUISITIONS

On July 2, 2018, Munters UK acquired 100% of the issued share capital of Humi-Tech Services Ltd, a company registered in the UK providing services and maintaining humidifiers predominantly within the UK market. Humi-Tech Services Ltd has a strong reputation in the market for being reliable and providing high quality work and the main reason for the acquisition was to increase Munters service footprint in the UK market. Humi-Tech Services Ltd has contributed with seven highly qualified service engineers with knowledge in the humidification industry together with a strong customer base.

The purchase consideration amounted to SEKm 22 of which SEKm 14 upfront and an earn out of maximum SEKm 8 contingent on the level of EBITDA in FY18 and FY19. We have estimated the full earn out to be paid out and provided for it fully. The surplus values arising from the acquisition relates to customer relationships. In 2017 Humi-Tech Services Ltd generated revenues of SEKm 14 with a reported EBITDA of SEKm 5. Acquisition costs incurred amounted to SEKm 0.5.

ALLOCATION OF NET SALES

The majority of customer contracts within Munters business areas Air Treatment, AgHort and Mist Elimination fulfill the requirements to recognize net sales at a point in time, however there are a number of customer contracts within these business areas that requires to recognize net sales over time, which is reflected in the below matrix. In contrast, the majority of customer contracts within the Data Centers business requires to recognize net sales over time. In addition to unit/equipment sales Munters also provides different kinds of services to customers such as installation, commissioniong, 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 equivilent to the net sales from Services mentioned on the business area pages earlier in this interim report. This is due to the fact that part of Services net sales are recognized at a point in time, such as spareparts, in the matrix below.

	Q3 2018					Jan-Sep 2018				
SEKm	**AirT**	**DC**	**AgH**	**ME**	**Total**	**AirT**	**DC**	**AgH**	**ME**	**Total**
Allocation timing of revenue recognition										
Goods transferred at a point in time	817	1	472	90	1,381	2,404	2	1,399	264	4,070
Goods transferred over time	26	218	0	–	244	39	842	1	–	882
Services transferred over time	82	4	37	1	123	219	15	100	2	336
Total	**924**	**224**	**510**	**91**	**1,748**	**2,663**	**859**	**1,500**	**266**	**5,288**

	Q3 2017					Jan-Sep 2017				
SEKm	**AirT**	**DC**	**AgH**	**ME**	**Total**	**AirT**	**DC**	**AgH**	**ME**	**Total**
Allocation timing of revenue recognition										
Goods transferred at a point in time	806	–	438	92	1,336	2,408	–	1,273	288	3,969
Goods transferred over time	–	103	–	–	103	–	533	–	–	533
Services transferred over time	67	11	35	0	113	178	22	92	1	292
Total	**872**	**114**	**473**	**92**	**1,552**	**2,586**	**555**	**1,364**	**289**	**4,794**

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 2 (1) in financial assets and to SEKm 2 (3) 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 acquisition of MTech Systems in 2017, the additional fair value of contingent consideration of SEKm 8 (0) was related to the acquisition of Humi-Tech Services Ltd in July 2018 and the fair value of the exercised part of the put/call option amounted to SEKm 24 (0) and related to the acquisition of an additional 6.4% of the shares in MTech Systems.

SEKm	2018/09/30	2017/09/30	2017/12/31
Contingent price considerations and put/call options			
Opening balance	136	51	51
Fair value of put/call acquisition option	–	162	162
Fair value of contingent consideration	8	–	–
Fair value excersied put/call option	-24	–	–
Changes recognized in other operating income	–	-53	-53
Discounting	1	-14	-13
Exchange-rate differences for the period	13	-13	-11
Closing balance	**134**	**133**	**136**

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at September 30, 2018, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

INFORMATION AND REPORTING DATES

Contact persons:

John Peter Leesi, President and CEO, Phone +46 (0)8 626 63 01
Jonas Ågrup, CFO, Phone +46 (0)8 626 63 01
John Womack, IR, Phone + 46 (0)70 678 24 99

Additional information may be obtained from Munters Investor Relations at phone +46 8 626 63 01 or by e-mailing info@munters.com.

The report will be presented at a webcast/teleconference on 25 October at 09:00 CEST via http://www.financialhearings.com/event/10793

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 CEST on 25 October 2018.

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

Financial calendar:

13 February 2019, Interim report, fourth quarter 2018

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, the largest being the food, pharmaceutical and data center sectors. Munters has been defining the future of air treatment since 1955. Today, around 3,900 employees (including temps.) carry out manufacturing and sales in more than 30 countries. Munters reports annual net sales above 6,6 billion SEK. For more information, please visit 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.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Report on review of interim financial information

Munters Group AB (Publ), corporate identity number 556819-2321

Introduction

We have reviewed the condensed interim report for Munters Group AB as at September 30, 2018 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 25, 2018

Ernst & Young AB

Erik Sandström
Authorized Public Accountant