Q1
2018

Munters provides a perfect climate for pharmaceutical production

Munters Group AB (publ)

"Solid organic net sales growth"

First quarter 2018

Order intake decreased by 1% to SEKm 1,635 (1,654) and increased by 2% organically. No large order signed within Data Centers in the quarter.

Net sales increased by 5% to SEKm 1,601 (1,519) while the organic growth was 7%.

The order backlog increased by 26% to SEKm 2,516 (1,998).

Operating profit (EBIT) increased by 2% to SEKm 76 (75).

Adjusted EBITA decreased by 22% to SEKm 115 (147), corresponding to an adjusted EBITA margin of 7.2% (9.7).

Net income was SEKm 42 (-41).

Cash flow from operating activities was SEKm -0 (-20).

Earnings per share before and after dilution were SEK 0.22 (-2.33).

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	**2018**	**2017**	**Δ%**	**Apr-Mar**	**2017**
Order intake	1,635	1,654	-1	7,178	7,197
Net sales	1,601	1,519	5	6,686	6,604
Operating profit (EBIT)	76	75	2	455	453
Adjusted EBITA	115	147	-22	643	675
Adjusted EBITA margin, %	7.2	9.7		9.6	10.2
Net income	42	-41		256	173
Earnings per share before and after dilution, SEK	0.22	-2.33		1.57	1.45
Cash flow from operating activities	-0	-20		254	235
Net debt	2,755	2,946	-6	2,755	2,661
Net debt/adjusted EBITDA, LTM				3.8x	3.5x

Munters
Your Perfect Climate

Comments from the CEO

In the first quarter, we saw stable order intake development for the Group with good organic growth in Business Areas AgHort and Air Treatment whereas Data Centers saw a decline in orders. Our Data Centers business is lumpy in nature and the activity level in the data center market was slower in the quarter with no large orders signed.

We saw continued organic net sales growth for the Group, supported by Data Centers and AgHort while net sales in Air Treatment declined, mainly due to low activity level in the Supermarket end-market in the US.

First quarter earnings (Adj. EBITA) came in lower year on year, in line with our expectations, due to the low activity level in the important Supermarket end-market in Air Treatment combined with lower margins in Data Centers.

Looking closer at our different business areas, Air Treatment, net sales declined on lower shipments to Supermarkets and currency head-winds. On a positive note, we saw continued strong net sales growth in Services where the potential for the coming years is large. In Data Centers, we have executed on our activities to improve operational efficiency, including re-design of the production workflow in our European Data Centers factory and we have seen gradual improvements. During the quarter, a new data center cooling product, SyCool ITC, was launched. In AgHort, market conditions were fairly good, except for the important US Layer sub-segment where net sales continued to be weak in the quarter. In Mist Elimination we saw continued weak FGD markets in China and the US and net sales decreased year on year. Our efforts to transition to the Process and Marine scrubber segments continues.

For the remainder of the year, we expect favorable market conditions in most of our market segments and the programs we are running will improve the company's performance and earnings.

John Peter Leesi, CEO

Financial performance

	Order intake		Net sales	
SEKm	**Q1**	**∆%**	**Q1**	**∆%**
Current period	**1,635**		**1,601**	
Previous period	**1,654**		**1,519**	
Change	**-19**	**-1**	**82**	**5**
Organic growth	28	2	110	7
Currency effects	-60	-4	-47	-3
Structural effects	13	1	18	1

ORDER INTAKE

Order intake for the first quarter decreased by 1% to SEKm 1,635 (1,654) and increased 2% organically. Air Treatment and AgHort showed organic growth in the quarter at 5% and 13%, respectively, while Data Centers and Mist Elimination showed negative organic growth rates. For Air Treatment the Commercial sub-segment continued weak in the quarter driven by a weak Supermarket end-market and as a result of the phase-out of general air handling products. Good order intake growth was reported for all other Air Treatment sub-segments, including Services. No large orders were signed in Data Centers in the quarter. AgHort showed good order intake growth in Asia while EMEA and Americas were weak. For Mist Elimination the weak order intake for FGD Coal in the US and in China continued. Services showed an order intake growth of 8%.

NET SALES

Net sales for the first quarter increased by 5% to SEKm 1,601 (1,519) and 7% organically. Organic growth was reported for all Business Areas except in Mist Elimination. For Air Treatment the fairly low net sales level was primarily a function of timing on larger backlog projects and low demand from the Supermarket end-market. Services net sales for the first quarter increased by 9%, driven by strong growth in rotors and start-ups.

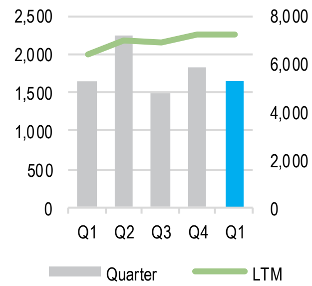
OPERATING PROFIT (EBIT)

Operating profit (EBIT) in the first quarter increased by 2% to SEKm 76 (75), including depreciations of SEKm -22 (-20) and amortizations SEKm -39 (-53), whereof SEKm -33 (-48) was related to surplus values derived through acquisitions.

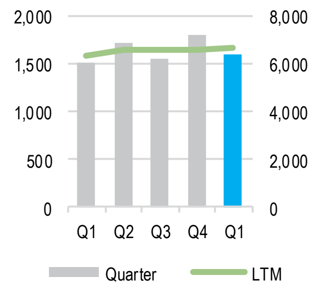
ADJUSTED EBITA

Adjusted EBITA in the first quarter decreased by 22% to SEKm 115 (147), corresponding to an adjusted EBITA margin of 7.2% (9.7). Business area Air Treatment reported lower adjusted EBITA in the quarter as an effect of low

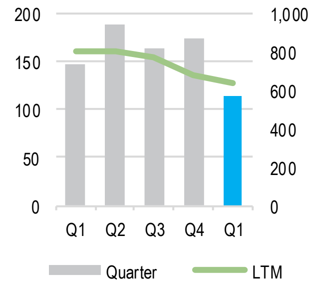
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



net sales, negative product mix effects and investments in sales and R&D resources. Improved production efficiency in Munters' Mexican facility contributed to an increase in gross margin. Data Centers was negatively affected by higher labor costs required to offset production delays from Q4 of 2017 on projects in Europe. For AgHort the adjusted EBITA increased as a result of higher net sales and increased margins in Asia and Americas. Adjusted EBITA for Mist Elimination was on the same level as previous year.

FINANCIAL ITEMS

Financial income and expenses for the first quarter amounted to SEKm -27 (-106). The improvement compared to the same quarter last year was due to better terms on the external financing and that interest cost related to the former shareholder loan has ceased after the conversion to equity in May 2017. The total average weighted interest rate including fees per end of the quarter was 3.85% (6.52).

TAXES

Income taxes for the first quarter amounted to SEKm -6 (-9). The effective tax rate in the first quarter was 13% (-30%). The tax cost was positively impacted by SEKm 5.2 relating to changed tax regulations in the US.

EARNINGS PER SHARE

Net profit per ordinary share, before and after dilution, in the first quarter 2018 amounted to SEK 0.22 (-2.33). Income attributable to Parent Company's ordinary shareholders amounted to SEKm 40 (-39) for the first quarter. The average number of outstanding ordinary shares in the first quarter was 183,597,802 before and after dilution.

CASH FLOW AND CAPITAL EMPLOYED

Cash flow from operating activities amounted to SEKm -0 (-20) in the first quarter and was negatively affected by an increase of working capital corresponding to SEKm -105 (-114) which mainly related to decreased advance payments from customers and increased inventories.

Cash flow from financing activities in the first quarter amounted to SEKm 20 (222). In Q1 2017, the acquisition of MTech was funded by increased loans.

Average capital employed for the year amounted to SEKm 6,531 (6,193). Return on capital employed (ROCE) for last twelve months was 7% (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 20% (30).

FINANCIAL POSITION AND LIQUIDITY

Munters primary financing is through bank loans with a group of Scandinavian banks as lenders. The 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 March 31 amounted to SEKm 837 (171). Interest-bearing liabilities amounted to SEKm 2,930 (5,844). Cash and cash equivalents amounted to SEKm 386 (396) as of March 31, 2018.

At quarter end the Term loan was fully drawn with USDm 250 and EURm 84 of the total Revolver facility were drawn in EUR, USD and SEK. Along with the main loan facility, an amount of SEKm 10 in local debt is outstanding in Brazil, Canada, China, Czech Republic and the Netherlands.

ITEMS AFFECTING COMPARABILITY

There were no items affecting comparability in the first quarter.

In Q1 2017, the items affecting comparability refer to costs in relation to Munters and owners' review of strategic exit-alternatives, which amounted to SEKm 27, and a gain amounting to SEKm 7 related to a property sale.

PARENT COMPANY AND OWNERSHIP

Munters Group AB engages only in group supporting functions. The Company only holds shares in subsidiaries, cash and accounts payable. 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 196 (69).

As of March 31, Nordic Capital was the biggest shareholder (50.1%) followed by FAM (11.4%), AMF (6.5%), Första AP-fonden (5.5%) and Alecta (5.0%).

Air Treatment

- Strong organic order intake growth in the Industrial sub-segment, Components and Services, offset by weak demand in the Supermarket end-market and continued exit from selected products in the Commercial sub-segment.
- Net sales declined on lower shipments to Supermarkets and negative impact from currency translation.
- Gross margins developed favorably in the quarter but lower net sales and increased overhead cost resulted in lower adjusted EBITA.

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	**2018**	**2017**	**∆%**	**Apr-Mar**	**2017**
Order intake	963	950	1	3,800	3,787
Net sales	779	793	-2	3,574	3,588
Operating profit (EBIT)	73	94	-23	489	511
Adjusted EBITA	75	90	-17	446	461
Adjusted EBITA margin, %	9.6	11.4		12.5	12.9

Order intake

Order intake grew by 1% during the quarter, of which 5% organically. By comparison, Q1 2017 was strong in orders with 23% growth. The Industrial sub-segment generated double-digit order growth in the quarter with food and electronics industries as main growth drivers: several large orders for lithium battery applications were won. Order intake declined in the Supermarket end-market while other Commercial sub-segments decreased mainly due to the strategic decision to successively exit general air handling solutions during 2017. All three regions experienced accelerated and robust growth in Services in the quarter. Continued strong demand from lithium battery manufactures fueled growth in the Components sub-segment in Asia.

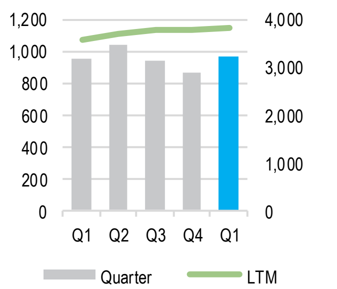
Net Sales

Net sales decreased by 2% however with an organic growth of 2%. The fairly low net sales was primarily a function of timing on backlog projects and low demand from the Supermarket end-market, which reduced volume in the quarter for region Americas. Shipments were very strong within the Industrial sub-segment in EMEA. In region Asia, the Components sub-segment demand was a key driver of net sales growth. Service revenue grew across all regions in the quarter.

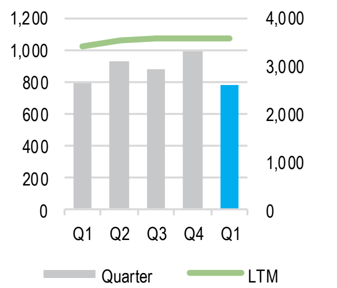
Adjusted EBITA

Adjusted EBITA in the first quarter decreased by 17%. Strong growth in Service revenues affected gross margin favorably, which to some extent compensated for the low demand in the Supermarket sub-segment. Continued investments in sales resources and R&D projects translated to higher indirect cost. Currency effects also impacted the EBITA margin negatively for the quarter.

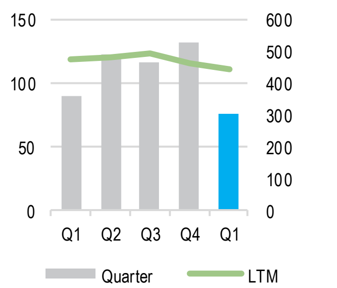
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



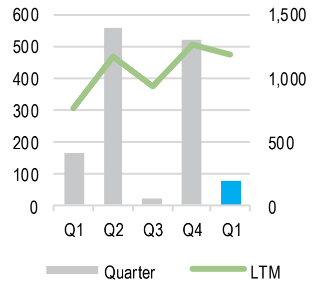
Data Centers

- Lower order intake in Q1 with no large orders signed. The corresponding period last year included a SEKm 82 order from a major customer in Americas.
- Net sales increased by 22%, due to good deliveries in Europe and US.
- Adjusted EBITA was negatively affected by remaining project cost overruns and production workflow redesigns.

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2018	2017	Δ%	Apr-Mar	2017
Order intake	80	165	-51	1,177	1,261
Net sales	309	253	22	912	856
Operating profit (EBIT)	5	32	-84	-40	-13
Adjusted EBITA	6	32	-80	-35	-9
Adjusted EBITA margin, %	2.1	12.8		-3.8	-1.0

Order intake (SEKm)



Order intake

Order intake in the first quarter decreased by 51% of which 48% was organic. The decrease was primarily due to a SEKm 82 order from a large customer in Americas during the same period 2017. The order backlog at the end of Q1 stands at SEKm 581, representing an 81% increase over the same quarter previous year. The order backlog is scheduled to be delivered during the second and the third quarter 2018.

Net sales

Net sales in the first quarter increased by 22% and 24% organic, due to good deliveries in Europe and US.

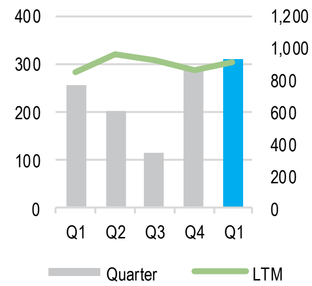
Adjusted EBITA

Adjusted EBITA in the first quarter decreased by 80% compared to the first quarter 2017. The increase in net sales was offset entirely by gross margin decreases. The primary cause were higher labor costs on projects in Europe.

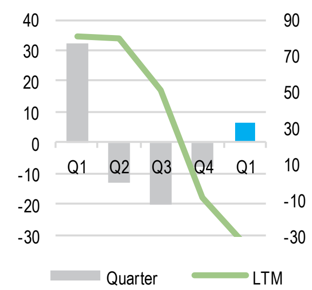
As part of the action plan to gradually improve profitability, the workflow lines in our European Data Centers factory has been re-designed. As a result, production in the beginning of the quarter was slowed; however, there has been a gradual improvement in margins in the European factory during the quarter.

During the quarter, a new data center cooling product, SyCool ITC, was launched for use where access to water supply is limited, expensive or unreliable.

Net sales (SEKm)



Adjusted EBITA (SEKm)



AgHort

- Order intake growth was 11% in the quarter, driven by large orders received in the Swine sub-segment in Asia. Continued low activity level in the US layer market during the quarter.
- Net sales grew by 11%, mainly driven by China. Most geographies were growing with US as an exception.
- Adjusted EBITA margin improved by 2.7 percentage points, primarily due to higher volumes in China.

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2018	2017	Δ%	Apr-Mar	2017
Order intake	520	469	11	1,918	1,866
Net sales	448	404	11	1,882	1,837
Operating profit (EBIT)	41	25	62	240	225
Adjusted EBITA	43	28	54	251	236
Adjusted EBITA margin, %	9.7	7.0		13.4	12.9

Order intake

Order intake increased by 11% of which 13% was organic. The increase was due to good market conditions in Asia, while both Americas and EMEA had slightly lower order intake year on year. The growth in Asia derived from the continued growth in the Swine sub-segment in China, with several large orders won in Q1, primarily from new customers expanding their Swine business in China. Market conditions in EMEA were similar to last year and order intake was more or less on the same level. In Americas the US market continued to be slow, and orders in the quarter was negatively affected by bad weather which caused some postponed investments.

Net sales

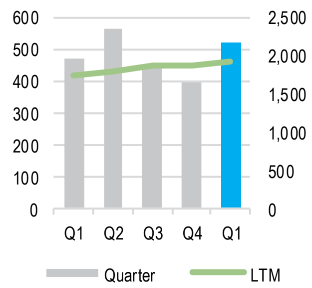
Net sales increased by 11% both reported and organically. Americas dropped in sales compared to last year, partly due to bad weather which led to low net sales of cooling pads. Net sales in EMEA increased compared to last year, but the markets in Middle East and Russia remained slow. The strong growth in Asia was primarily driven by China but also to some extent South-East Asia.

In January, the new offering for connected barns, EchoSonar, was presented to customers in the broiler and layer segments. The offering included sensors and equipment to measure, transfer and analyze data in animal houses and have gained a lot of interest from major food producers.

Adjusted EBITA

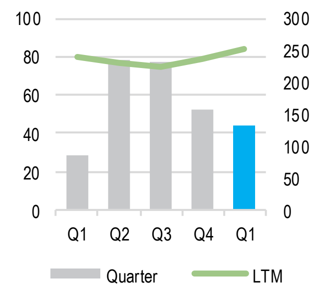
Adjusted EBITA in the first quarter increased by 54%. The increased profit was primarily due to higher volumes and increased margins in Asia and Americas. Adjusted EBITA in Q1 2017 was negatively affected by acquisition cost of SEKm 6 related to MTech Systems.

Order intake (SEKm)



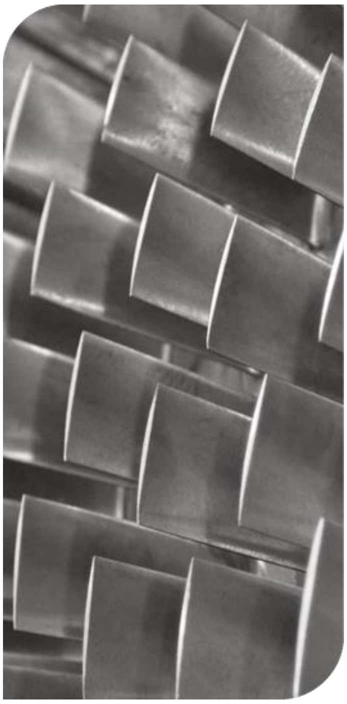
Net sales (SEKm)

Adjusted EBITA (SEKm)



Mist Elimination

- Order intake in the first quarter decreased by 3%, mainly due to lower order intake for FGD (Flue Gas Desulphurization) for coal power plants in China and US.
- Net sales in the first quarter declined by 3% due to few Coal FGD projects delivered in China.
- Adjusted EBITA amounted to SEKm 6 (6), which was a slight decrease in the quarter.



FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2018	2017	∆%	Apr-Mar	2017
Order intake	97	101	-3	391	394
Net sales	90	93	-3	404	406
Operating profit (EBIT)	6	6	-9	33	34
Adjusted EBITA	6	6	-6	35	35
Adjusted EBITA margin, %	6.7	6.9		8.7	8.7

Order intake

Order intake in the first quarter decreased by 3% and 9% organically. There was a significant decline of Coal FGD projects in China, partly offset by strong FGD project business in South East Asia. Order intake in Marine (emission gas cleaning for ships) increased significantly in the quarter. The sub-segment Process industry also showed good growth.

Net sales

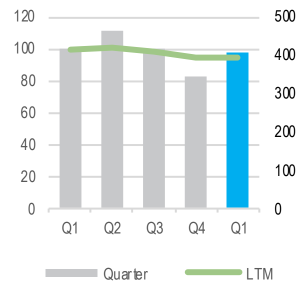
Net sales in the quarter decreased by 3% and 7% organically. The decline was mainly driven by lower volumes of Coal FGD project deliveries in China during the quarter.

Mist Elimination is in a transition period where new business opportunities other than Coal FGD are being actively pursued, for example within Marine (emission gas cleaning for ships) and Process industry. To support this, the acquisition of Kevin Enterprises was made in April 2017.

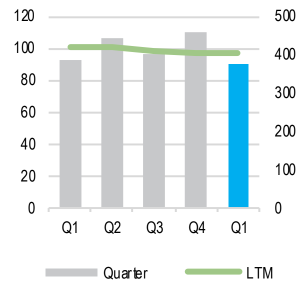
Adjusted EBITA

Adjusted EBITA in the quarter decreased by 6%. The organic growth of 14% was driven by a favorable product mix in EMEA and reduced indirect costs, which was offset by decreasing EBITA margins in certain regions.

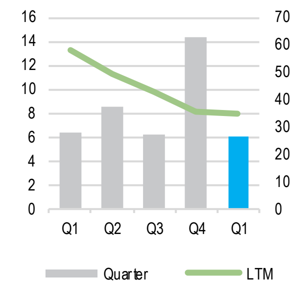
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Quarterly overview Group and Segments

Group

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Order backlog	2,516	2,365	2,332	2,449	1,998	2,365	1,741	2,040	2,025
Order intake	1,635	1,821	1,489	2,234	1,654	7,197	1,491	1,577	1,688
Net sales	1,601	1,811	1,552	1,723	1,519	6,604	1,823	1,560	1,438
Operating profit (EBIT)	76	127	108	143	75	453	228	126	150
Financial income and expenses	-27	-28	-32	-134	-106	-301	-116	-106	-110
Tax	-6	53	-26	2	-9	21	-8	-22	-28
Net income	42	152	51	11	-41	173	105	-2	11
Amortization (incl. surplus values)	39	47	54	56	53	209	49	47	45
Items affecting comparability (IAC)	-	0	2	-9	20	13	-3	20	-
Adjusted EBITA	115	174	164	190	147	675	274	193	194
Adjusted EBITA margin, %	7.2	9.6	10.6	11.0	9.7	10.2	15.0	12.3	13.5

Air Treatment

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	1,300	1,079	1,205	1,171	1,097	1,079	959	1,076	1,067
Order intake	963	862	938	1,037	950	3,787	840	848	923
External net sales	775	983	872	927	787	3,569	959	842	818
Transactions between segments	3	5	4	5	6	19	2	0	2
Operating profit (EBIT)	73	129	115	173	94	511	162	102	114
Amortization on intangible assets	2	3	2	3	3	10	3	3	3
Items affecting comparability (IAC)	-	0	0	-53	-7	-60	-	-	-
Adjusted EBITA	75	131	116	123	90	461	166	105	117
Adjusted EBITA margin, %	9.6	13.3	13.3	13.2	11.4	12.9	17.2	12.4	14.2

Data Centers

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	581	792	538	643	321	792	412	558	455
Order intake	80	519	20	558	165	1,261	187	255	157
External net sales	294	278	114	192	249	833	352	156	57
Transactions between segments	15	10	1	8	4	23	0	0	29
Operating profit (EBIT)	5	-9	-22	-14	32	-13	51	9	-13
Amortization on intangible assets	1	1	2	1	1	4	0	0	0
Items affecting comparability (IAC)	-	-	-	-	-	-	-	-	-
Adjusted EBITA	6	-8	-20	-13	32	-9	51	9	-12
Adjusted EBITA margin, %	2.1	-2.7	-17.4	-6.6	12.8	-1.0	14.6	5.8	-14.1

Quarterly overview Group and Segments

AgHort

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	498	368	442	490	454	368	249	267	375
Order intake	520	394	442	561	469	1,866	382	374	520
External net sales	442	443	473	500	391	1,808	399	459	457
Transactions between segments	6	7	9	1	13	30	11	12	7
Operating profit (EBIT)	41	51	74	75	25	225	66	81	85
Amortization on intangible assets	3	2	3	3	3	11	3	3	3
Items affecting comparability (IAC)	-	-	-	-	-	-	-30	-	-
Adjusted EBITA	43	53	77	78	28	236	39	85	88
Adjusted EBITA margin, %	9.7	11.7	16.0	15.6	7.0	12.9	9.5	18.0	18.9

Mist Elimination

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
External order backlog	137	127	146	145	126	127	121	140	129
Order intake	97	83	100	111	101	394	95	115	103
External net sales	89	106	92	104	92	395	113	103	106
Transactions between segments	2	4	4	3	1	11	3	3	0
Operating profit (EBIT)	6	14	6	8	6	34	21	12	17
Amortization on intangible assets	0	0	0	1	0	1	0	0	0
Items affecting comparability (IAC)	-	-	-	-	-	-	-	-	-
Adjusted EBITA	6	14	6	8	6	35	22	13	18
Adjusted EBITA margin, %	6.7	13.0	6.5	7.9	6.9	8.7	18.6	11.8	16.4

Other and eliminations

	2018	2017					2016		
SEKm	Q1	Q4	Q3	Q2	Q1	Full year	Q4	Q3	Q2
Order intake	-26	-36	-11	-34	-31	-112	-13	-15	-14
Elimination of transactions between segments	-26	-25	-18	-17	-24	-83	-17	-15	-39
Operating profit (EBIT)	-48	-58	-64	-99	-82	-303	-73	-78	-54
Amortization (incl. surplus values)	32	41	47	48	46	182	42	40	39
Items affecting comparability (IAC)	-	-	2	44	27	73	27	20	-
Adjusted EBITA	-16	-16	-16	-7	-10	-49	-4	-18	-15

Order intake and Net sales bridges

Group	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**1,635**		**1,601**	
Previous period	**1,654**		**1,519**	
Change	**-19**	**-1%**	**82**	**5%**
Organic growth	28	2%	110	7%
Currency effects	-60	-4%	-47	-3%
Structural effects	13	1%	18	1%

Air Treatment	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**963**		**779**	
Previous period	**950**		**793**	
Change	**13**	**1%**	**-14**	**-2%**
Organic growth	50	5%	13	2%
Currency effects	-37	-4%	-27	-3%
Structural effects	0	0%	0	0%

Data Centers	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**80**		**309**	
Previous period	**165**		**253**	
Change	**-85**	**-51%**	**56**	**22%**
Organic growth	-79	-48%	60	24%
Currency effects	-6	-4%	-4	-2%
Structural effects	0	0%	0	0%

AgHort	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**520**		**448**	
Previous period	**469**		**404**	
Change	**51**	**11%**	**45**	**11%**
Organic growth	60	13%	46	11%
Currency effects	-14	-3%	-12	-3%
Structural effects	4	1%	11	3%

Mist Elimination	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**97**		**90**	
Previous period	**101**		**93**	
Change	**-3**	**-3%**	**-3**	**-3%**
Organic growth	-9	-9%	-6	-7%
Currency effects	-3	-3%	-3	-4%
Structural effects	9	9%	7	8%

Consolidated accounts

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q1		LTM	Full year
SEKm	**2018**	**2017**	**Apr-Mar**	**2017**
Net sales	1,601	1,519	6,686	6,604
Cost of goods sold	-1,098	-1,001	-4,554	-4,458
Gross profit/loss	**503**	**518**	**2,132**	**2,146**
Selling expenses	-248	-246	-979	-978
Administrative costs	-138	-158	-568	-588
Research and development costs	-47	-38	-176	-167
Other operating income and expenses	5	-1	45	39
Operating profit	**76**	**75**	**455**	**453**
Financial income and expenses	-27	-106	-222	-301
Profit/Loss after financial items	**49**	**-32**	**233**	**152**
Tax	-6	-9	24	21
Net income for the period	**42**	**-41**	**256**	**173**
Attributable to Parent Company shareholders	**40**	**-39**	**253**	**174**
Attributable to non-controlling interests	2	-2	3	-1
Average number of outstanding shares before dilution	183,597,802	16,798,348	161,357,875	119,658,011
Average number of outstanding shares after dilution	183,597,802	16,798,348	161,357,875	119,720,995
Earnings per share before dilution, SEK	0.22	-2.33	1.57	1.45
Earnings per share after dilution, SEK	0.22	-2.33	1.57	1.45
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange-rate differences on translation of foreign operations	108	-12	31	-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	**108**	**-12**	**21**	**-99**
Comprehensive income for the period	**151**	**-53**	**277**	**74**
Attributable to Parent Company shareholders	149	-51	275	75
Attributable to non-controlling interests	2	-2	2	-2

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

SEKm	2018/03/31	2017/03/31	2017/12/31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,352	4,359	4,251
Patents, licenses, brands, and similar rights	1,464	1,669	1,456
Buildings and land	156	148	155
Plant and machinery	229	165	219
Equipment, tools, fixtures and fittings	145	148	142
Construction in progress	53	94	48
Financial assets	14	26	14
Deferred tax assets	247	234	242
Total non-current assets	**6,660**	**6,843**	**6,526**
CURRENT ASSETS			
Raw materials and consumables	398	343	386
Products in process	137	159	135
Finished products and goods for resale	312	254	243
Projects in progress	29	20	16
Advances to suppliers	19	17	18
Accounts receivable	1,195	1,070	1,204
Prepaid expenses and accrued income	113	90	106
Derivative instruments	2	6	2
Current tax assets	38	40	35
Other receivables	125	131	126
Cash and cash equivalents	386	396	402
Total current assets	**2,753**	**2,526**	**2,672**
TOTAL ASSETS	**9,414**	**9,370**	**9,198**

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

SEKm	2018/03/31	2017/03/31	2017/12/31
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	3,899	704	3,748
Non-controlling interests	-2	10	0
Total equity	**3,897**	**714**	**3,748**
NON-CURRENT LIABILITIES			
Shareholder loan	-	2,689	-
Interest-bearing liabilities	2,923	2,495	2,848
Provisions for pensions and similar commitments	209	190	207
Other provisions	19	33	22
Other liabilities	139	176	137
Deferred tax liabilities	410	533	394
Total non-current liabilities	**3,700**	**6,116**	**3,607**
CURRENT LIABILITIES			
Interest-bearing liabilities	7	660	7
Advances from customers	345	247	382
Accounts payable	578	567	581
Accrued expenses and deferred income	542	630	486
Derivative instruments	4	3	2
Current tax liabilities	44	50	52
Other liabilities	170	265	212
Provisions for pensions and similar commitments	8	5	8
Other provisions	119	112	114
Total current liabilities	**1,817**	**2,540**	**1,843**
TOTAL EQUITY AND LIABILITIES	**9,414**	**9,370**	**9,198**

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2018/03/31	2017/03/31	2017/12/31
Opening balance	**3,748**	**767**	**767**
Total comprehensive income for the period	**151**	**-53**	**74**
Set off issue	-	-	2,803
Warrants	-	-	18
New share issue	-	-	100
Change in non controlling interest	-	0	-10
Acquisition of non controlling interests	-	-	-23
Put/call option related to non controlling interests	-1	-	19
Closing balance	**3,897**	**714**	**3,748**
Total shareholders´equity attributable to:			
The parent company's shareholders	3,899	704	3,748
Holdings with non controlling interests	-2	10	-0

Consolidated accounts

CONDENSED CASHFLOW STATEMENT

	Q1		LTM	Full year
SEKm	**2018**	**2017**	**Apr-Mar**	**2017**
OPERATING ACTIVITIES				
Earnings before interest and tax (EBIT)	**76**	**75**	**455**	**453**
Reversal of non-cash items				
Depreciation, amortization and impairments	61	73	276	288
Provisions	-1	16	-4	13
Other profit/loss items not affecting liquidity	2	-2	-21	-24
Cash flow before interest and tax	**138**	**162**	**706**	**730**
Paid financial items	-22	-43	-155	-176
Taxes paid	-12	-25	-96	-109
Cash flow from operating activites before changes in working capital	**104**	**94**	**456**	**445**
Cash flow from changes in working capital	**-105**	**-114**	**-201**	**-210**
Cash flow from operating activities	**-0**	**-20**	**254**	**235**
INVESTING ACTIVITIES				
Business acquisitions	-	-187	-81	-268
Sale of tangible fixed assets	0	-0	1	1
Sale of intangible fixed assets	0	0	1	1
Business divestments	-0	-	-27	-27
Investment in tangible assets	-29	-47	-109	-127
Investment in intangible assets	-16	-9	-51	-44
Cash flow from investing activities	**-45**	**-242**	**-266**	**-464**
FINANCING ACTIVITIES				
New share issue	-	-	99	99
Warrants	-	-	18	18
Loan raised	114	322	3,541	3,749
Amortization of loans	-94	-100	-3,656	-3,662
Cash flow from financing activities	**20**	**222**	**3**	**205**
Cash flow for the period	**-25**	**-40**	**-10**	**-25**
Cash and cash equivalents at period start	402	432	396	432
Exchange-rate differences in cash and cash equivalents	10	5	-1	-6
Cash and cash equivalents at period end	**386**	**396**	**386**	**402**

Parent company

CONDENSED INCOME STATEMENT

	Q1		LTM	Full year
SEKm	**2018**	**2017**	**Apr-Mar**	**2017**
Net sales	-	-	-	-
Gross profit/loss	**-**	**-**	**-**	**-**
Administrative costs	-2	-7	-72	-77
Profit/Loss before interest and tax (EBIT)	**-2**	**-7**	**-72**	**-77**
Financial income and expenses	-0	-54	-30	-84
Profit/Loss after financial items	**-2**	**-61**	**-102**	**-161**
Group contributions	-	-	86	86
Profit/Loss before tax	**-2**	**-61**	**-16**	**-75**
Tax	-0	-	-0	-
Net income for the period	**-2**	**-61**	**-16**	**-75**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q1		LTM	Full year
SEKm	**2018**	**2017**	**Apr-Mar**	**2017**
Profit/Loss for the period	-2	-61	-16	-75
Other comprehensive income, net after tax	-	-	-	-
Comprehensive income for the period	**-2**	**-61**	**-16**	**-75**

Parent company

CONDENSED BALANCE SHEET – ASSETS

SEKm	2018/03/31	2017/03/31	2017/12/31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,086	4,086	4,086
Total non-current assets	**4,086**	**4,086**	**4,086**
CURRENT ASSETS			
Other current receivables	-	-	0
Prepaid expenses and accrued income	1	-	0
Receivables from subsidiaries	-	-	86
Cash and cash equivalents	196	69	134
Total current assets	**197**	**69**	**220**
TOTAL ASSETS	**4,283**	**4,155**	**4,306**

CONDENSED BALANCE SHEET – EQUITY AND LIABILITIES

SEKm	2018/03/31	2017/03/31	2017/12/31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	0	6
Share premium reserve	1,177	1,177	1,177
Profit brought forward	3,098	257	3,173
Income for the year	-2	-61	-75
Total equity	**4,278**	**1,373**	**4,281**
NON-CURRENT LIABILITIES			
Shareholder loan	-	2,689	-
Total non-current liabilities	**-**	**2,689**	**-**
CURRENT LIABILITIES			
Accounts payable	1	-	1
Accrued expenses and deferred income	2	87	2
Liabilities to subsidiaries	-	-	20
Other liabilities	1	6	2
Total current liabilities	**4**	**93**	**25**
TOTAL EQUITY AND LIABILITIES	**4,283**	**4,155**	**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 Q1 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 instrument.

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 and choice of transition approach have not yet been carried out. 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

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 March 31, 2018 was 3,440 (3,203), an increase of 7%. The increase in the number of employees was mainly attributable to the acquisition of Kevin Enterprises as well as recruitments in Munters Europe production and R&D functions.

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. We achieve this through strong leadership, teamwork and our constant quest for improvement in all that we do. Munters manufacturing facilities all over the world are committed to working with a written EHS Management Program. The EHS Program establishes procedures to ensure regulatory compliance, to actively prevent injuries, and to 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.

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.

Q1 2018

SEKm	AirT	DC	AgH	ME	Total
Allocation timing of revenue recognition					
Goods transferred at a point in time	683	-	411	89	1,185
Goods transferred over time	4	289	24	-	315
Services transferred over time	89	5	7	0	101
Total	**775**	**294**	**442**	**89**	**1,601**

Q1 2017

SEKm	AirT	DC	AgH	ME	Total
Allocation timing of revenue recognition					
Goods transferred at a point in time	715	-	372	92	1,439
Goods transferred over time	-	243	17	-	
Services transferred over time	72	6	2	0	80
Total	**787**	**249**	**391**	**92**	**1,519**

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 amount to SEKm 2 (6) in financial assets and to SEKm 4 (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 largest change is related to the acquisition of MTech Systems in 2017.

SEKm	2018/03/31	2017/03/31	2017/12/31
Contingent price considerations and put/call options			
Opening balance	136	51	51
Fair value of put/call acquisition option	-	162	162
Payments	-	-	-
Changes recognized in other operating income	-	-	-53
Discounting	1	1	-13
Exchange-rate differences for the period	2	-1	-11
Closing balance	**139**	**213**	**136**

Munters deems that the interest rate on interest-bearing liabilities is in line with market terms at March 31, 2018, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

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

INFORMATION AND REPORTING DATES 2018

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 26 April at 09:00 CET via http://www.financialhearings.com/event/10791

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 26 April 2018.

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

Financial calendar 2018:

26 April, publication of Annual Report 2017
17 May, Annual General Meeting held in Stockholm at 15.00 at Clarion Hotel Sign, Östra Järnvägsgatan 35 in Stockholm
18 July, Interim report, second quarter 2018
25 October, Interim report, third 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.

Munters provides a perfect climate for lithium-ion battery production