



Munters

Q1 report 2024

Klas Forsström, President and CEO

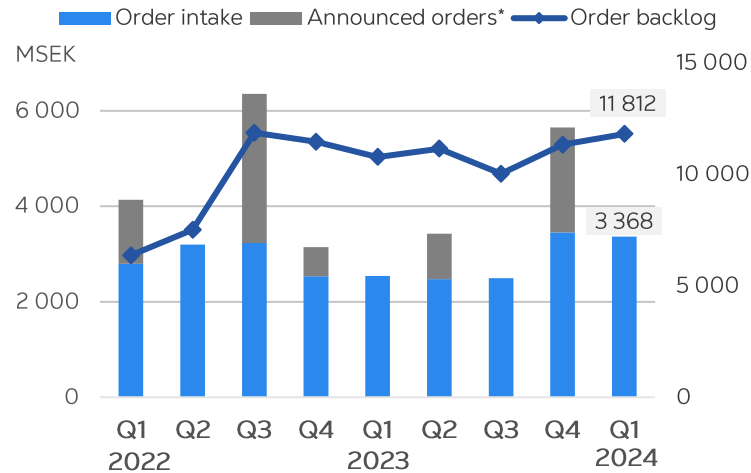
Katharina Fischer, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations



High demand and profitable growth

Continued high demand...



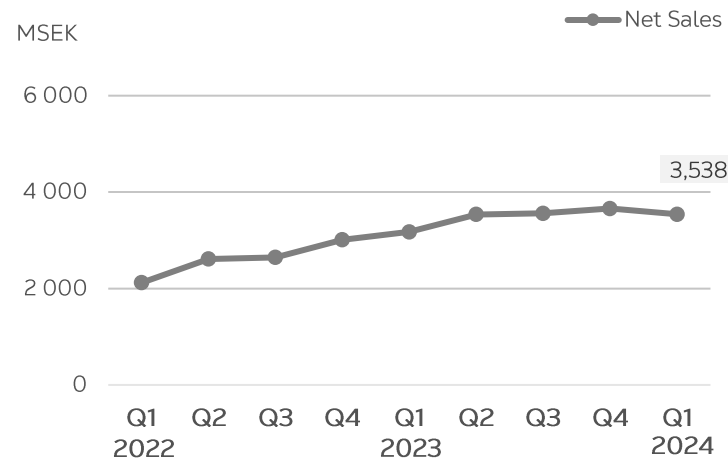
Q1 Order intake, +32% (+29% org)

- strong in all business areas
- AT good demand, esp. battery EMEA
- DCT solid development in Americas
- FT positive, mainly Americas & EMEA

Q1: Order backlog, +10%

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

... drives stable net sales and...

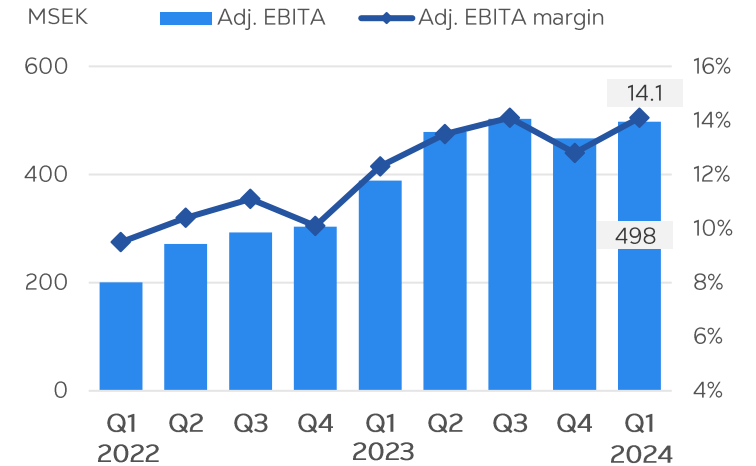


Q1: Net sales, +11% (+7% org)

- DCT - good deliveries
- FT - Climate solutions Americas strong, and very strong Digital solutions US
- AT - decreased. Growth mainly in Americas, offset by weaker APAC & EMEA

Book-to-bill Q1: 0.95

... enhanced profitability



Adj. EBITA-margin, Q1 14.1%

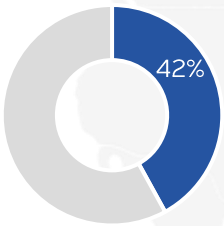
- + solid growth, net price increases and strong operational delivery
- accelerated investments to create a platform for long-term sustainable growth in all business areas
- = resulting in margin improvements and good cashflow



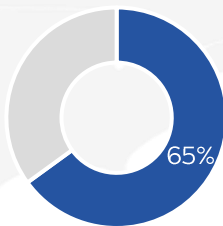
Americas and EMEA main growth drivers

Regional share Q1

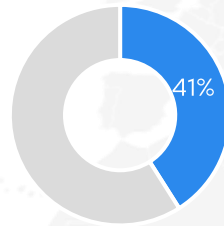
Order intake



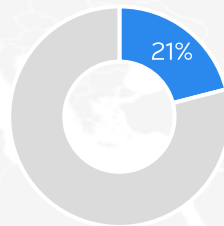
Net sales



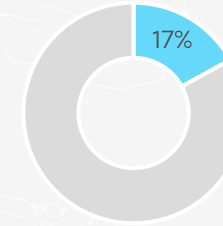
Order intake



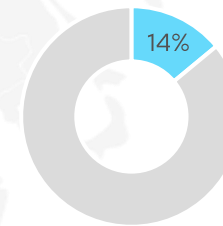
Net sales



Order intake



Net sales



Americas – order intake

- AirTech – Components & Service good growth. Battery weaker, shift in order pattern as orders placed closer to delivery
- DCT – very strong underlying demand both from co-locators & hyperscalers
- FoodTech – good growth in CS in Americas primarily broiler and layer. DS strong growth

EMEA – order intake

- AirTech – good development especially in the battery, also Service and Components showed good growth
- DCT – good activity with steady growth
- FoodTech – good recovery in all segments, especially broiler & greenhouse

APAC – order intake

- AirTech – weaker development, mainly due to the weaker battery market in China
- FoodTech – continued slight recovery

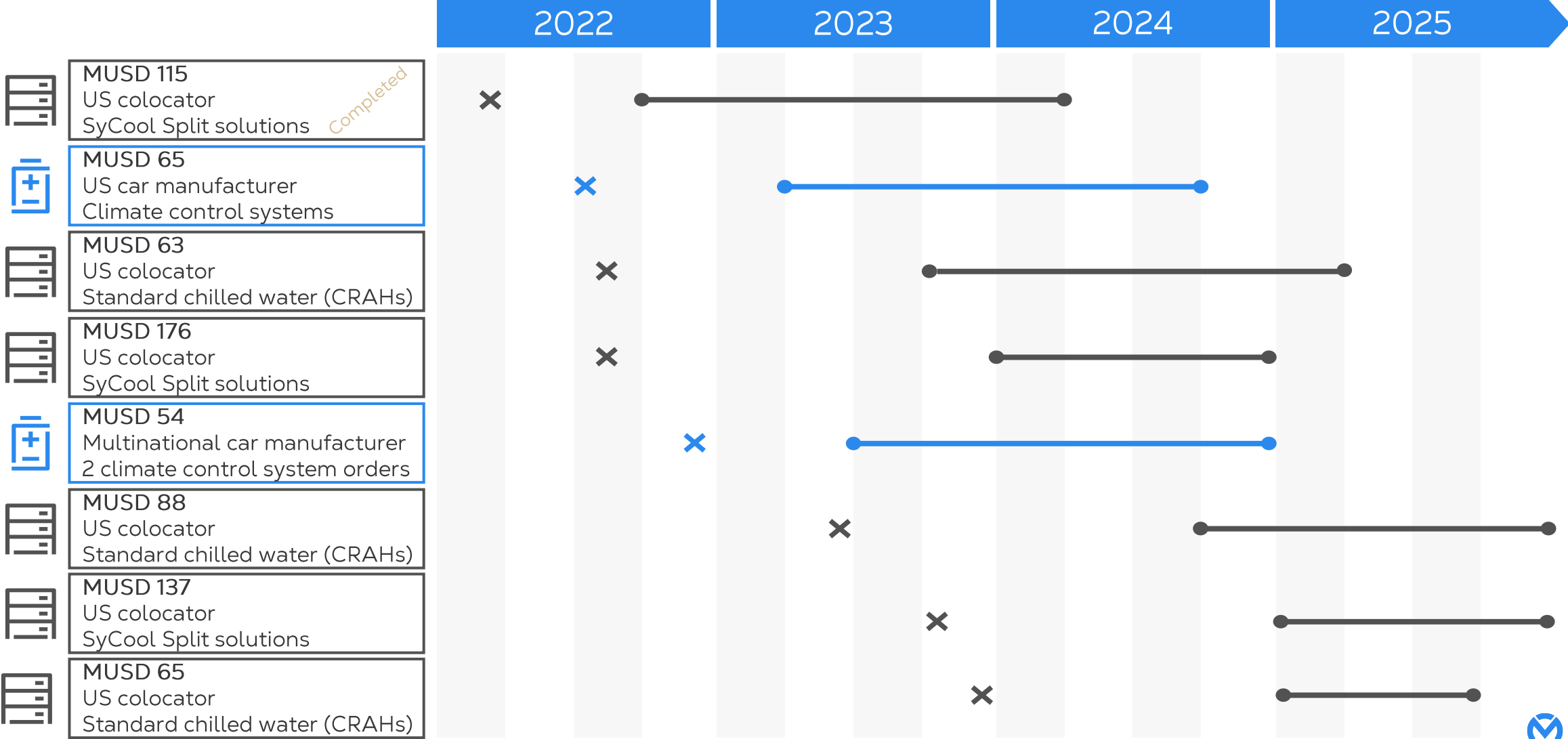
All figures as reported, not currency adjusted.

OI: Order intake, NS: Net sales

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



Solid order backlog – large orders supportive into 2025



x Order received
 ● Expected delivery period

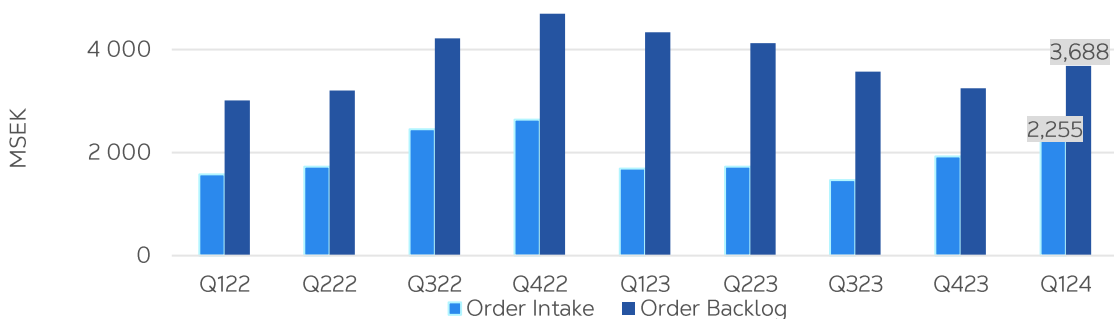


All segments - stable order intake trends

→ **Order Intake** increased primarily EMEA but also Americas, whereas APAC lower;

- Industrial- good growth especially in EMEA. Battery in EMEA very strong, whereas cont. weak in APAC & Americas
- Commercial – good growth in Americas & APAC (acq. Zeco)
- CT¹- declined, due to strong comparable Q1 2023
- Components – Americas & EMEA good growth, APAC weaker due to lower component replacements in the Chinese battery market
- Service – growth mainly Americas but also EMEA, offset by APAC

→ **Order Backlog** slight decrease



➔ > 5%
 ➔ ~ 1-5%
 ➔ ± 0 -1%
 ➔ neg

Customer segment	% order intake Q1 2024	Market Outlook *
Industrial	60%	➔
...whereof battery	27%	➔
...whereof food processing	7%	➔
...whereof commercial	9%	➔
...whereof other	18%	➔
Clean Technologies	5%	➔
Service & components	35%	➔
...whereof service	19%	➔
...whereof components**	16%	➔

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

** Dehumidification rotors and humidification pads sold through OEM channels



Lower volumes & investments affecting margin

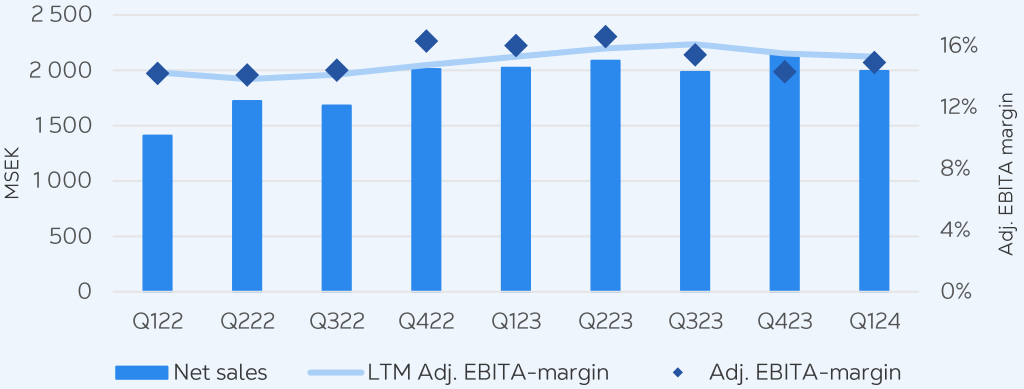
→ Net Sales decreased, growth in Americas offset by weak APAC & EMEA;

- Battery – strong growth Americas, weaker APAC & EMEA
- CT– stable APAC, weaker Americas & EMEA
- Components – stable Americas & EMEA, weaker APAC
- Service – good growth, primarily Americas

→ Adj. EBITA margin decreased;

- lower volumes
- increased investments in sustainability, operational efficiency & innovation
- + cont. efficiency improvements, slightly offset by lower production utilization rate in EMEA & APAC

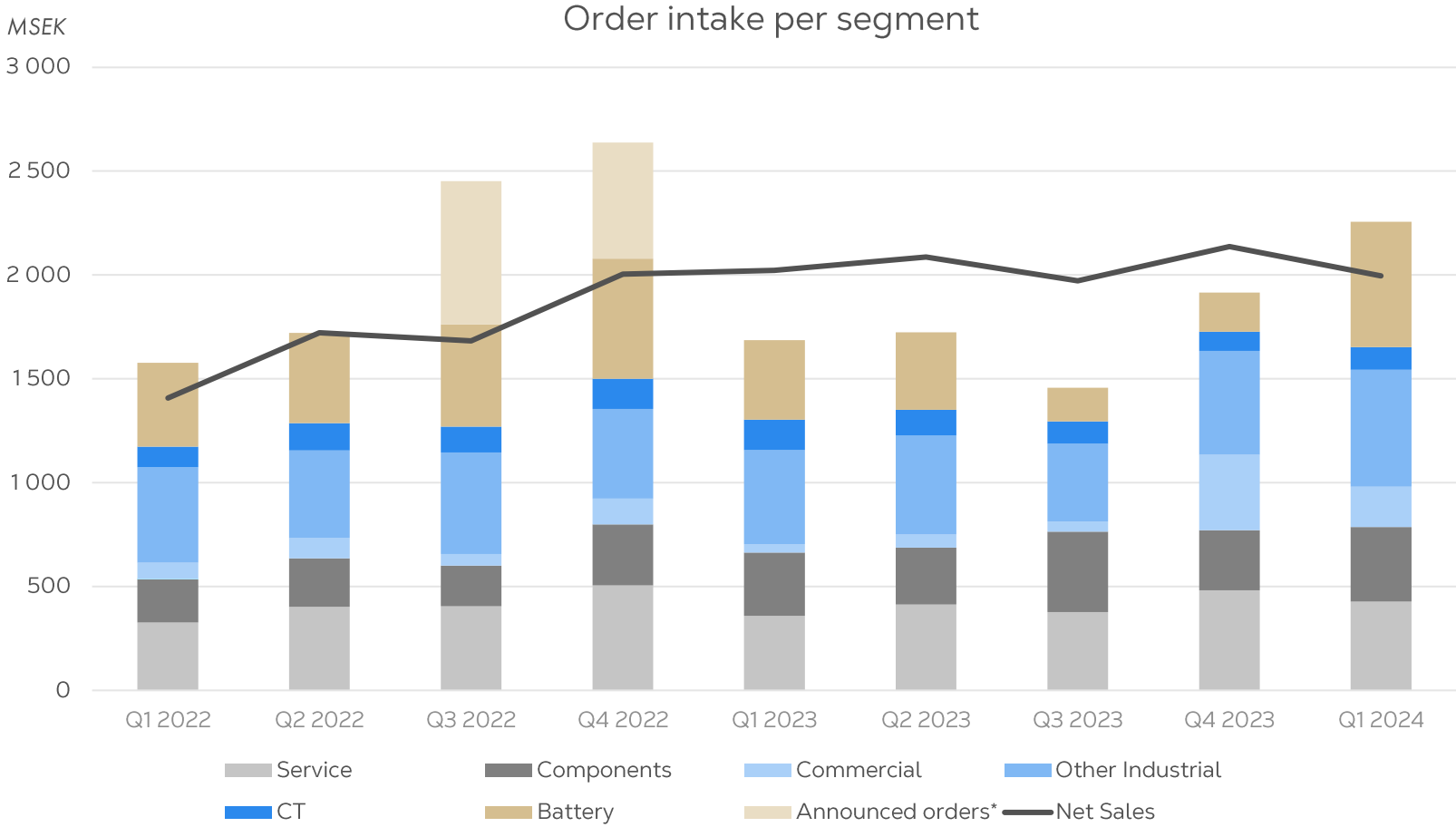
	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		2,255	1,686	29	7	-3
Order backlog		3,688	4,341			
Net sales		1,996	2,023	-7	7	-2
Adj. EBITA		296	323	-12	6	-2
Adj. EBITA (%)		14.9	16.0			



* Acquisitions & divestments



Solid development in several segments



- Variations in large orders i.e., batteries
- Other industrial good growth
- CT steady development
- Commercial increase through Zeco acquisition
- Service & Components stable and growing

*Large orders announced through press releases



Enhancing our Clean Technology portfolio

→ Acquisition of Airprotech

- Italian manufacturer of Volatile Organic Compounds (VOC) abatement systems
- Enhances air purification offering and addresses growing demand for abatement services in Europe
- Positions us to offer complete systems and service to our customers, contributing to cleaner air
- Reported net sales of MSEK 330 for FY 2023
- Founded 1995, based near Milan, Italy, 52 employees
- Finalization expected in Q2 2024



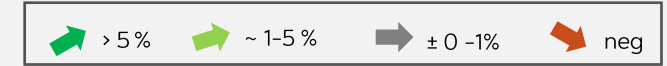
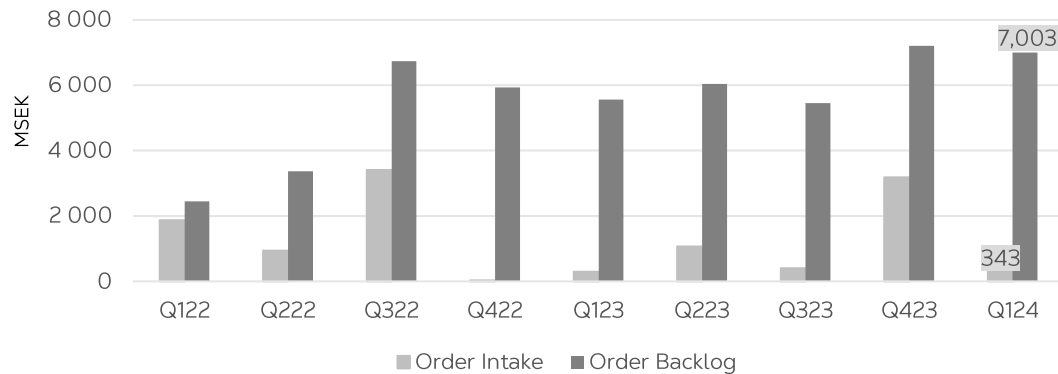
Increased demand & strengthened order backlog

→ Order Intake increased;

- mainly co-locator segment, Americas
- underlying demand remains very strong

→ Order Backlog increased;

- majority attributable to large orders to be delivered throughout 2025



Customer segment	Order Intake Q1 2024	Market Outlook *
Hyperscaler	0%	Green arrow (> 5%)
Co-locator	99%	Green arrow (> 5%)
Telco & enterprise	1%	Light green arrow (~ 1-5%)

- **Hyperscalers** – increased activity both for own facilities & colocation leasing. AI driving significant growth, increased need for server space & higher density cooling requirements
- **Colocation** – continued strong demand due to increased build outs and investments, driven by increased leasing demand from hyperscalers
- **Telco & enterprises** – moving away from own facilities, market growth but lower pace

Significant profitability increase

→ Net Sales strong increase;

- good deliveries on large projects, proceeding according to plan
- EMEA good development

→ Adj. EBITA margin significant increase;

- + strong volume growth
- + net price increases
- + high utilization rate in production
- + operational efficiency improvements
- investments in competence and resources expected to increase to capture growth

	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		343	293	17	0	0
Order backlog		7,003	5,564			
Net sales		956	653	47	0	-1
Adj. EBITA		181	82	122	0	-1
Adj. EBITA (%)		19.0	12.6			



* Acquisitions & divestments



Expanding DCT facilities in Ireland to meet the demand

→ DCT Europe – Expansion

- Expansion in Cork, Ireland with the establishment of new facilities with ~11,000m² production and office space
- Initially, around 100 employees will be able to produce the full DCT product range at the site
- Located in the stunning location of Little Island, close to Cork city centre and our current facilities
- Construction underway, scheduled for completion during 2024
- Built for LEED¹ Silver sustainability certification
 - More sustainable construction and operations
 - Enhanced energy and water efficiency
 - Eliminating fossil fuel dependency

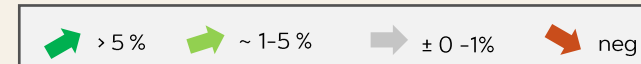
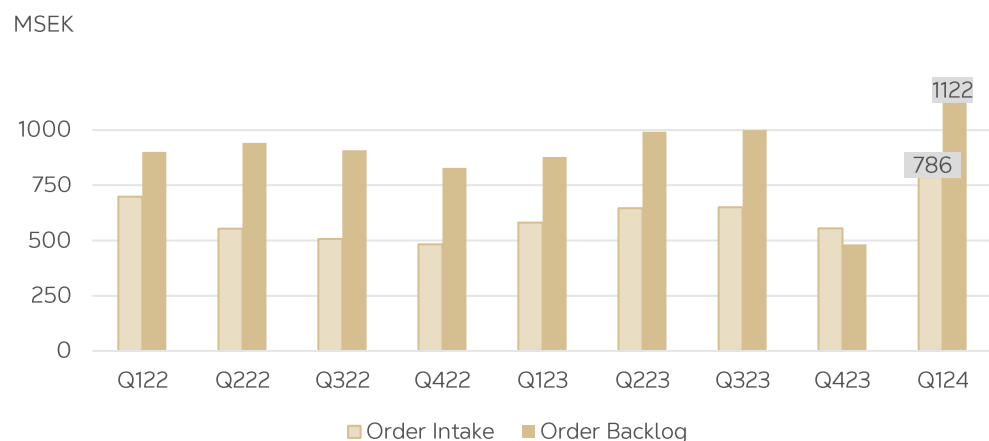


Strong demand and strengthened order backlog

→ Order Intake increased;

- CS – primarily driven by Americas & EMEA, slightly offset by APAC
- DS – strong growth in Americas

→ Order Backlog increased



Customer segment	% order intake Q1 2024	Market Outlook *
Climate Solutions (incl. Controllers)	87%	↗
...whereof Broiler	50%	→
...whereof Swine	8%	→
...whereof Layer	15%	↗
...whereof Greenhouse	7%	↗
...whereof Dairy	3%	→
...whereof Other	4%	n/a
Digital Solutions	13%	↗

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

Enhanced profitability and net sales

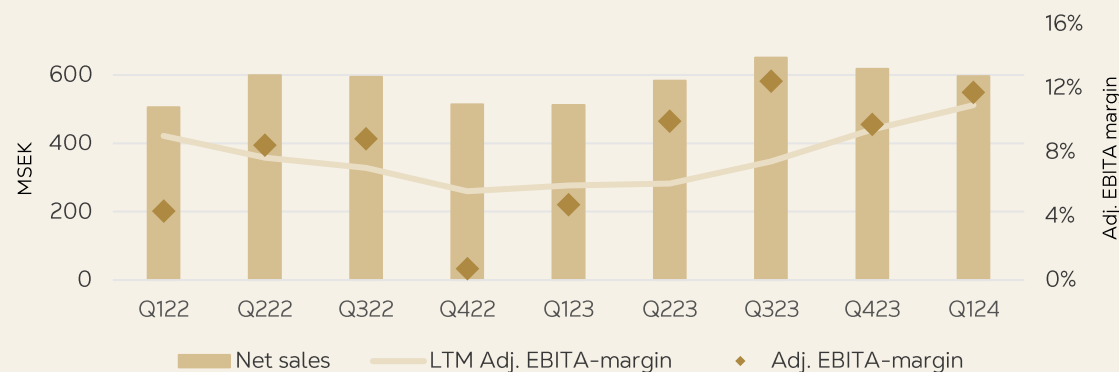
→ Net Sales increased;

- contributions from mainly Americas
- CS – Americas good growth, EMEA slightly negative & decline in APAC
- DS – SaaS ARR grew +68%

→ Adj. EBITA margin increased significantly;

- + increased net sales in both CS & DS
- + good profitability from DS through strong ARR
- + effects from operational excellence improvements
- + net price increases

	MSEK	Q1 2024	Q1 2023	Change (%)		
				Org.	Struct*	FX
Order intake		786	581	32	5	-2
Order backlog		1,122	878			
Net sales		596	512	10	8	-2
- of which SaaS		61	36			
- SaaS ARR		244	145			
Adj. EBITA		70	24	173	14	-1
Adj. EBITA (%)		11.7	4.7			



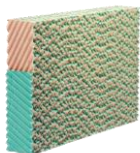
* Acquisitions & divestments



Climate solutions – EMEA good recovery in all segments

→ Greenhouse order in EMEA

- EMEA contractor, serving UAE end-users and farms
- Solution offered CELdek evaporative pads & Air circulation fans and air extraction fans
- Munters selected for the strong track record of customer satisfaction during lasting relationships with both contractor and end-user. High satisfaction with installed base of Munters equipment.



Munters CELdek®

Evaporative cooling pad



FORESTS
FOR ALL
FOREVER



Ideal for greenhouses that require high-efficiency cooling



Munters EDC

Air circulation fans

Improving air quality and combating stratification in any greenhouse and poultry application



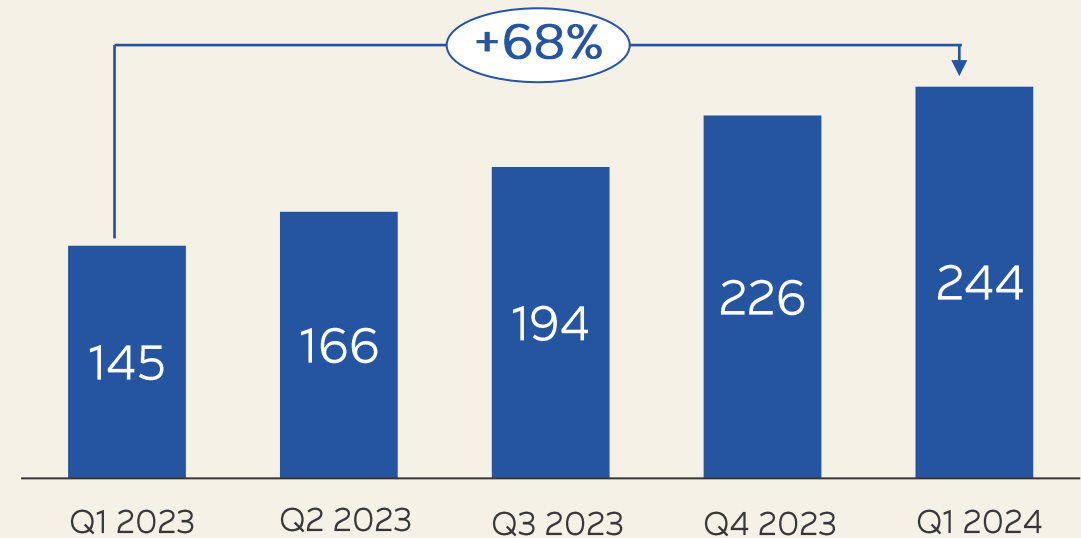
Digital solutions - Significant SaaS growth

→ Key order in Americas strengthens cloud footprint in poultry

- Large US turkey company, subsidiary of a major food corporation
- Customer experienced challenges with data security, local installation and user friendliness of previous system
- Upgraded to Amino software to move more towards IoT and connected farms



ARR* (mSEK)



*ARR = Recurring Revenue in the quarter multiplied by four

- ARR continued growth - new customers & conversions to our new software solution Amino
- Also, high level of software implementations



Advancement towards our sustainability goals

End of March 2024

Goal

Scope 1 & 2	Renewable electricity, factories	78% (79)
	Energy efficiency, factories ¹	0.57 (0.51)
	Recycling rate (LTM)	47% (49)

Net zero emissions by 2030

Health & Safety	TRIR ² (LTM)	1.4 (2.0)
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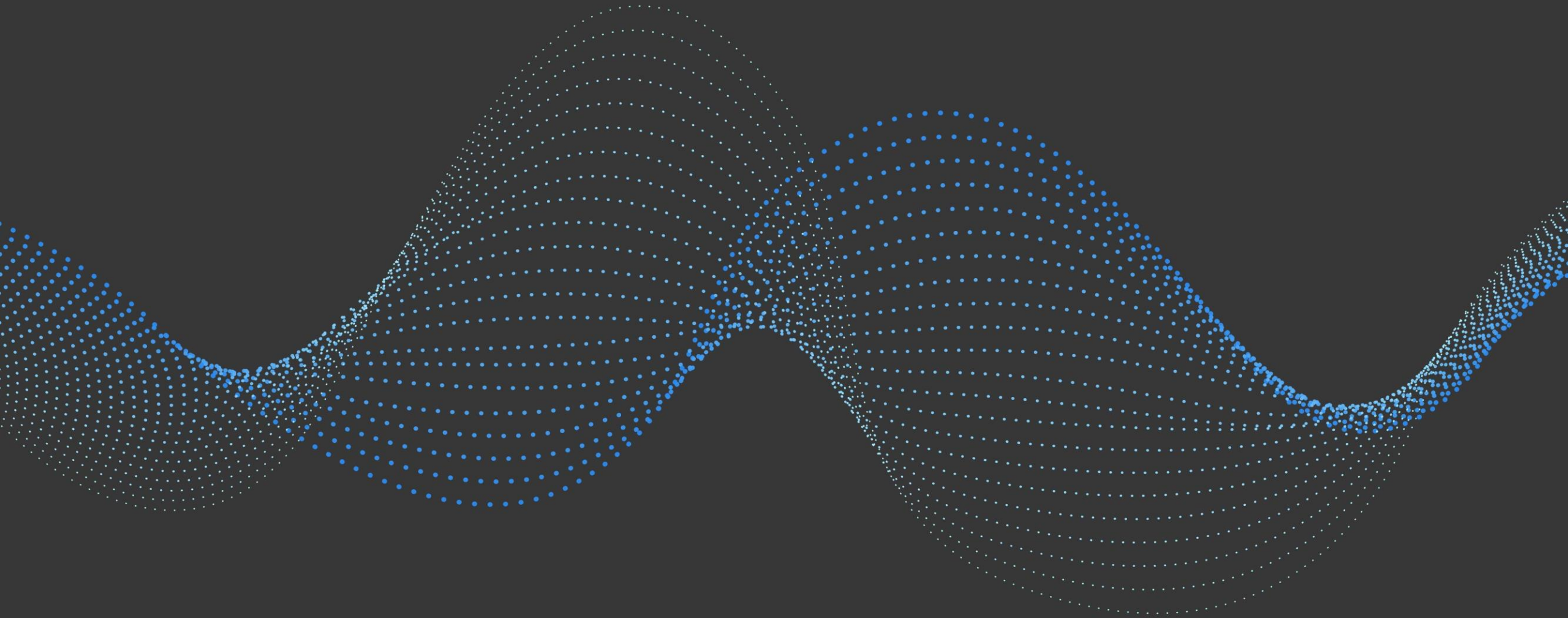
Zero accidents

Diversity	% of women in workforce	22% (23)
	% of women in salary-setting positions	22% (22)

30% women leaders by 2025

¹Electricity in relation to production output,
²Total Recordable Incident rate





Financial highlights



Enhanced profitability, good cash flow & improved leverage

- **Net Sales** increased;
 - very strong growth in DCT
 - strong growth in both segments in FT
- **Adj. EBITA margin** improved;
 - mainly increased sales and price increases in DCT & FT, efficiency improvement efforts in all business areas
- Improved **cash flow**;
 - improved earnings & reduction in working capital, mainly driven by customer advances in DCT Americas
- **Net debt** increased:
 - mainly as a result of acquisitions financed through debt during the recent year

MSEK	Q1 2024	Q1 2023	Change (%)		
			Organic growth	Structural growth*	Currency effects
Order intake	3,368	2,544	29	6	-2
Order backlog	11,812	10,783			
Net sales	3,538	3,175	7	6	-2
Operating profit (EBIT)	412	349			
Adj. EBITA	498	389	25	6	-2
Adj. EBITA-margin	14.1	12.3			
Net income	227	214			
Cash flow from operating activities	553	-168			
OWC/net sales (%) ¹	13.6	12.7			
Net debt	4,557	4,175			
Net debt/Adj. EBITDA ²	2.0	2.7			

¹ Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period

² Last twelve months

* Acquisitions & divestments

Strong margin improvement in FoodTech & DCT

Group adj. EBITA margin impact

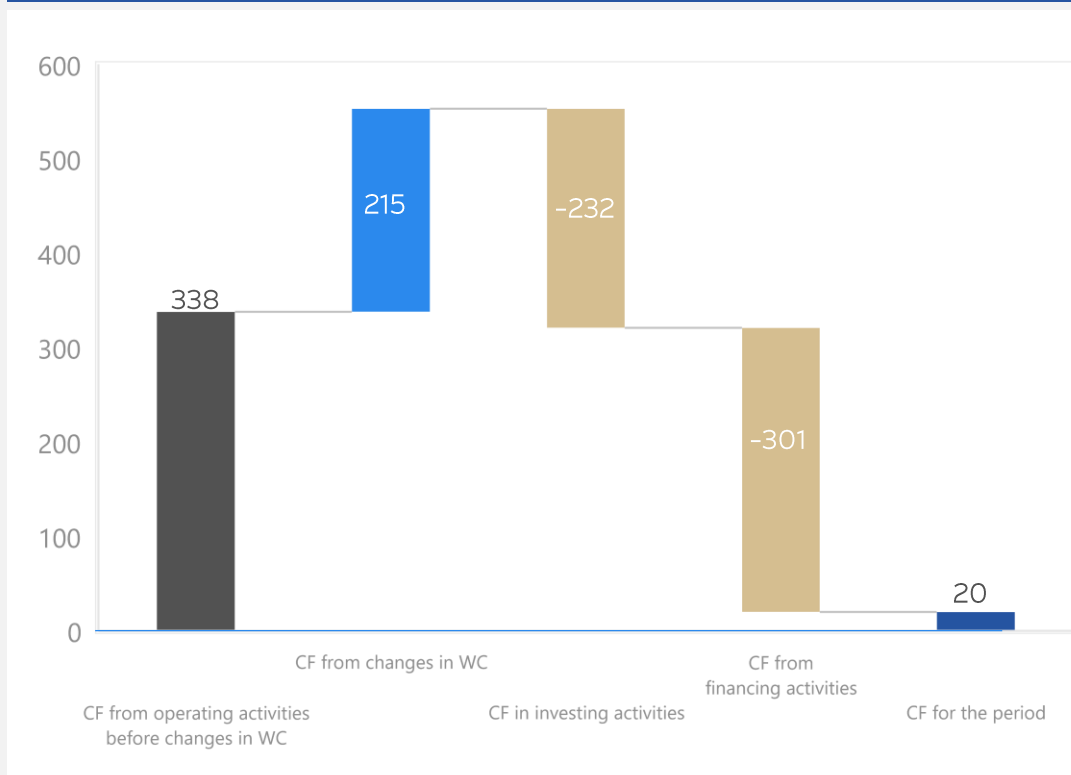
Q1 2023 adj. EBITA %	12.3
<hr/>	
Volume	++
Net pricing	+
Operational excellence	+
Strategic initiatives	=
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Q1 2024 adj. EBITA %	14.1

Main factors affecting adj. EBITA margin in Q1:

- Strong **volume** increase driven by DCT & FT
- **Net pricing** increases contributed to margin improvement mainly in DCT & FT
- **Operational excellence** improvement in all business areas
- **Strategic initiatives** for scalability in digitization and automation continued

Profitable growth and cash flow generation

Group Cash Flow YTD, MSEK



Cash flow from changes in WC

	Q1 2024	Q1 2023
Change in accounts receivable	-167	-19
Change in inventory	-88	-120
Change in accrued income	115	-43
Change in accounts payable	-1	-128
Change in advances from customers	406	-138
Change in other working capital	-49	-65
CF from changes in working capital	215	-513

Investing for the future

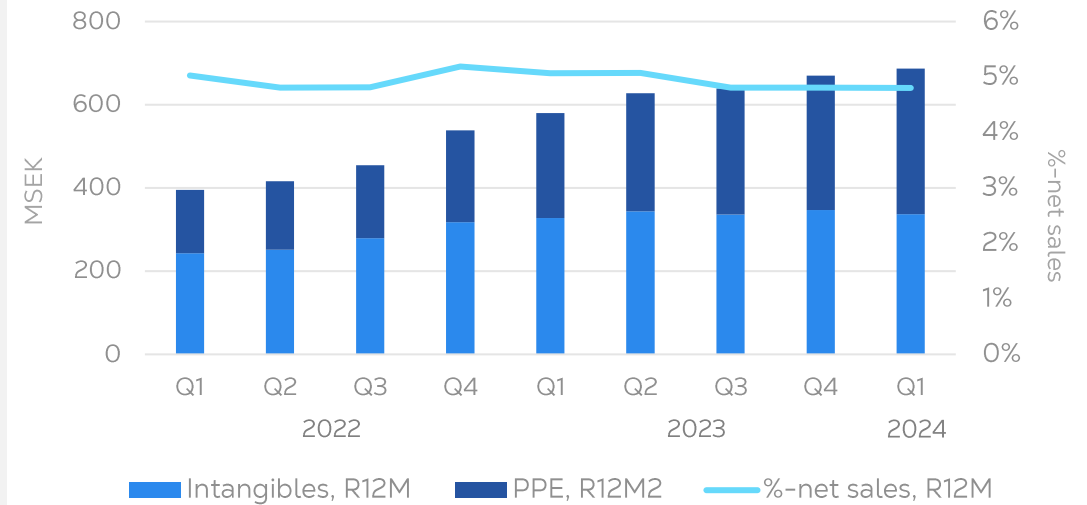
→ Investments in PPE and intangibles in 2024, to support growth:

- Investments aiming at strengthening competence, upgrade, digitalize & automatize
- AirTech: Amesbury, new major plant in Americas
- DCT: Cork, new plant in Europe

→ Decreased operating working capital

- High level of customer advances in DCT main driver

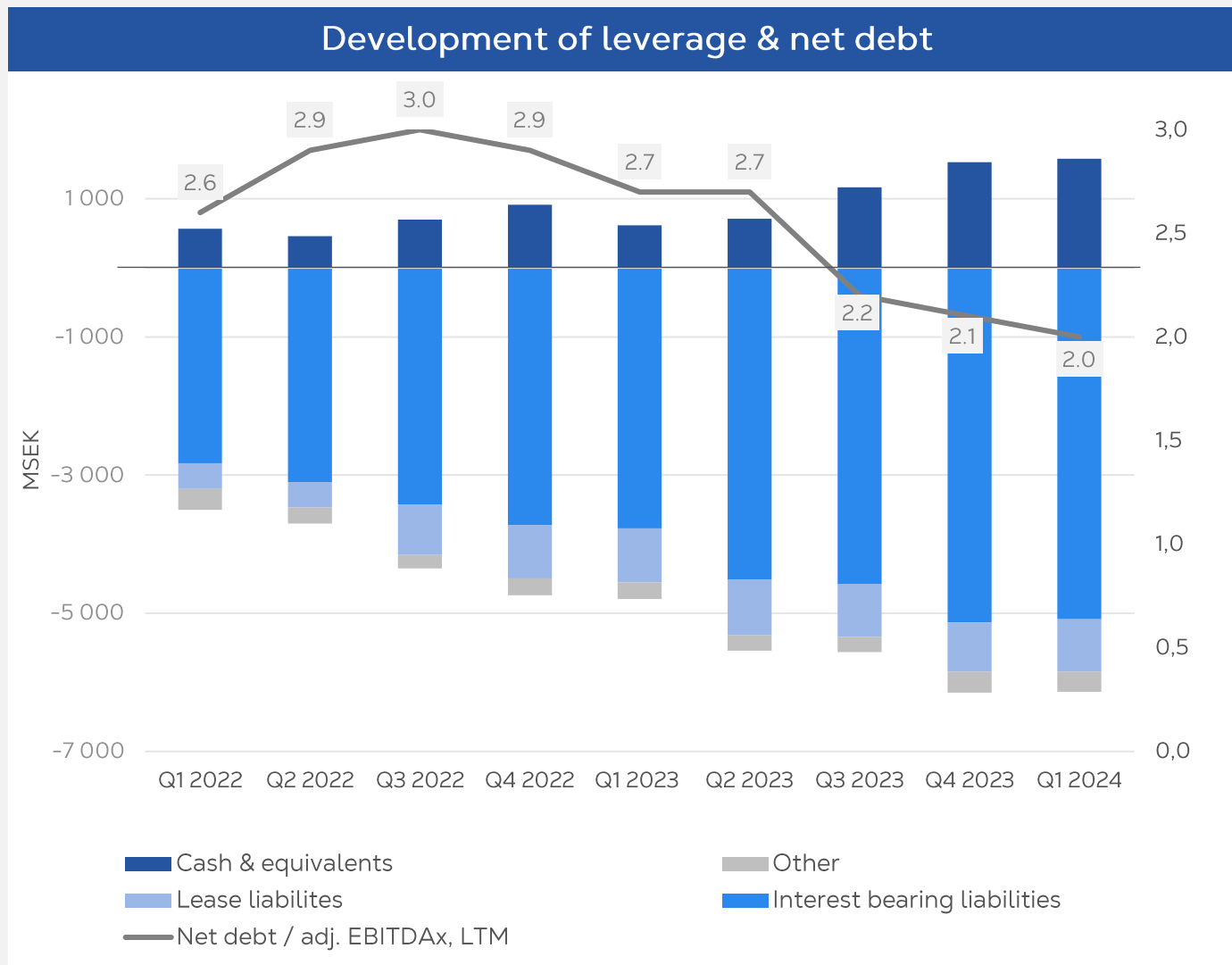
PPE & Intangibles



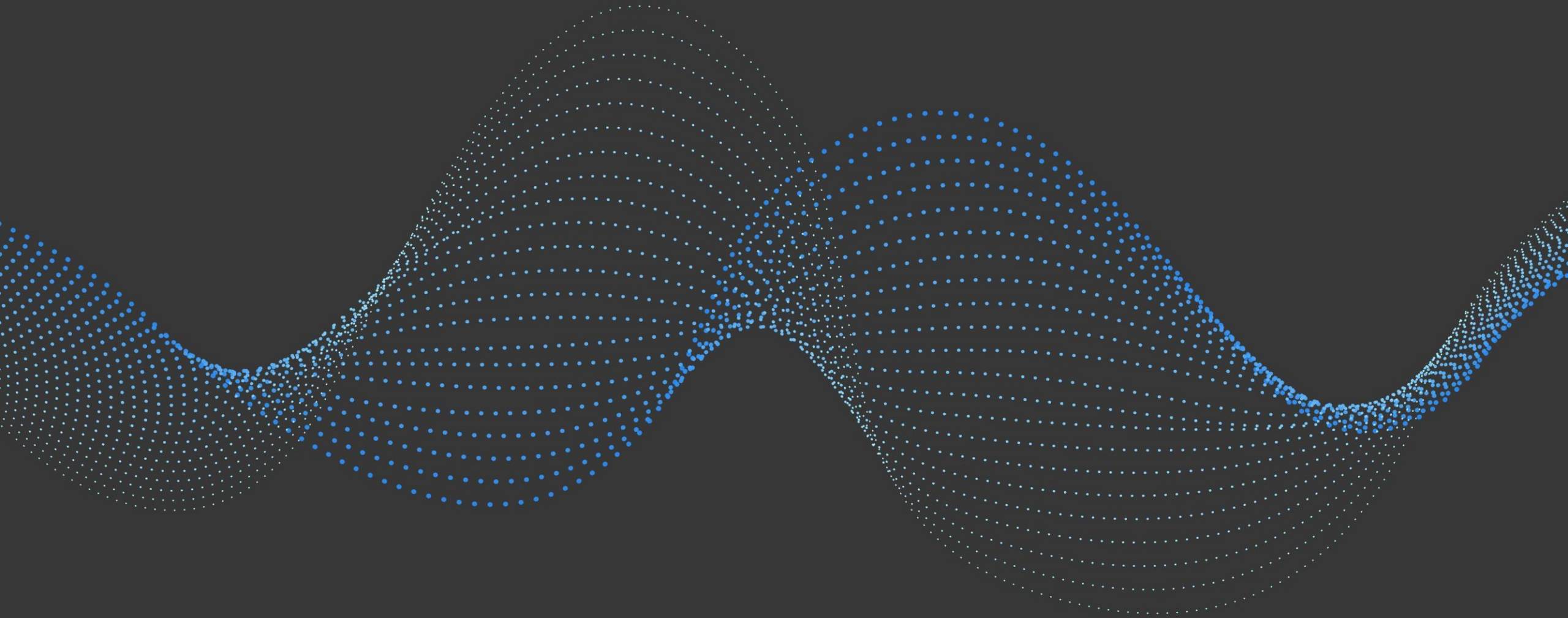
Operating working capital



Decreased leverage ratio 3 quarters in a row



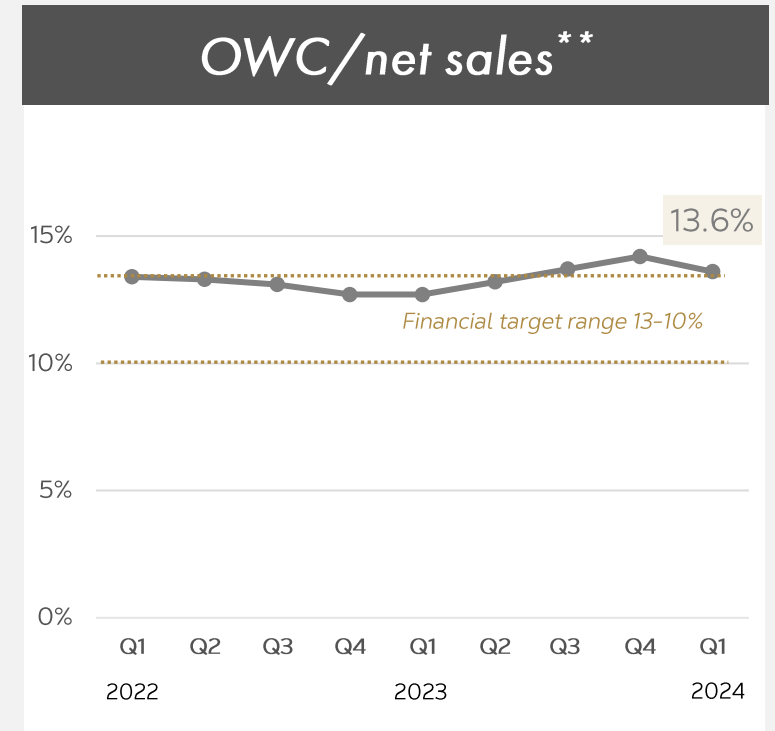
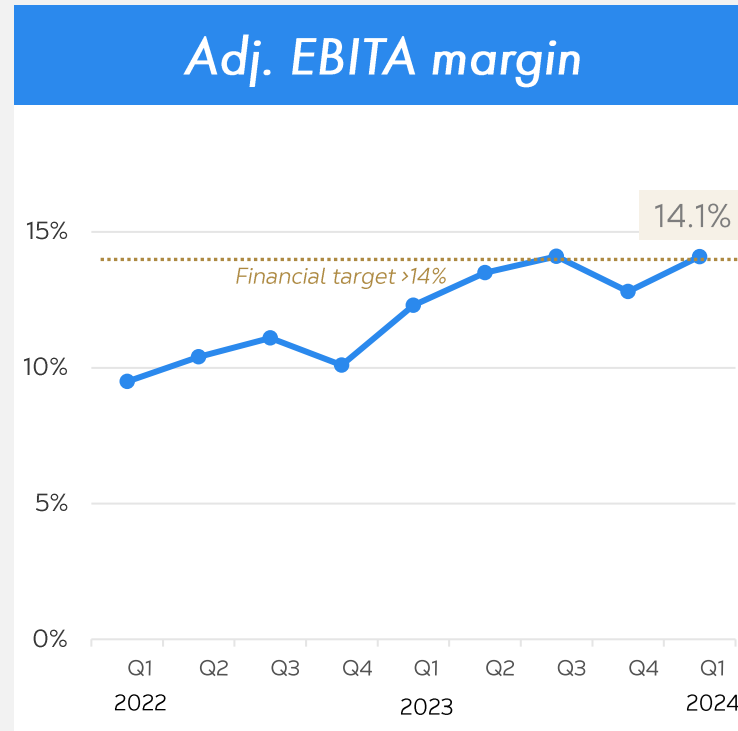
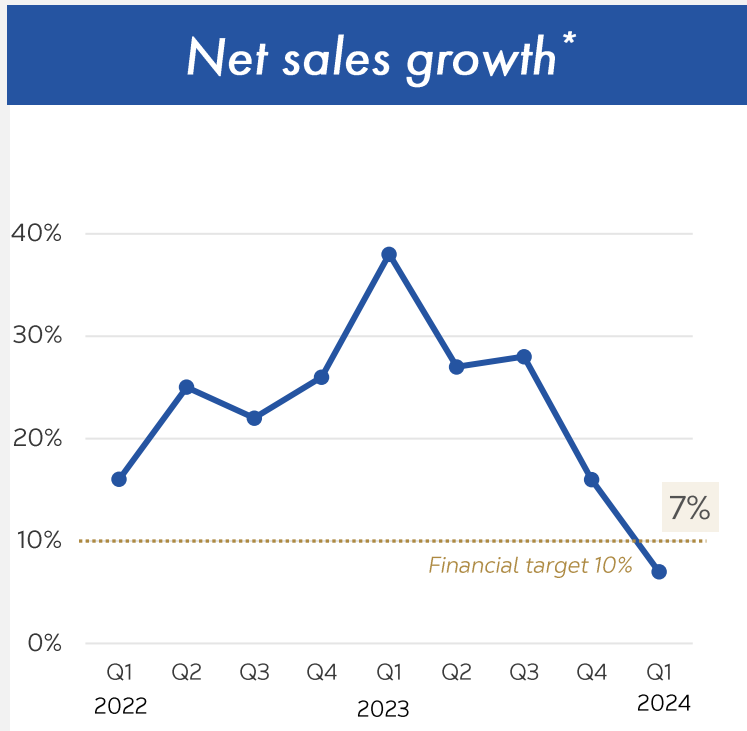
- **Leverage** ratio decreased mainly driven by increased adj. EBITA
- **Net debt** stable, affected by:
 - acquisitions financed partly by debt during the last 4 quarters
 - increased cash flow from operating earnings



Summary



Progression towards our financial targets



* Organic growth p.a. over a business cycle

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

Very strong start of the year



High demand drives continued strong momentum

Enhanced profitability and good cash flow resulting in improved leverage

Investing for a sustainable future



Questions & Answers

Q1 report 2024



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