Q3
2017

Munters Group AB (publ)

"Strong development in Air Treatment and AgHort. Lumpy order intake and deliveries in Data Centers weighing on Group comparisons."

Third quarter 2017

Order intake decreased by 6% to SEKm 1,489 (1,577) of which -4% organically. The third quarter 2016 included a SEKm 214 Data Center order received in August 2016.

Net sales decreased by 0.5% to SEKm 1,552 (1,560) while organic growth was flat. Only a small portion of the record high Data Center backlog was delivered in the quarter, affecting also profitability.

The order backlog increased by 14% to SEKm 2,332 (2,040).

Operating profit (EBIT) decreased by 14% to SEKm 108 (126).

Adjusted EBITA decreased by 15% to SEKm 164 (193), corresponding to an adjusted EBITA margin of 10.6% (12.3).

Net income was SEKm 51 (-2).

Cash flow from operating activities increased to SEKm 176 (90).

Earnings per share before and after dilution were SEK 0.27 (-0.12).

January - September 2017

Order intake increased by 10% to SEKm 5,377 (4,882), of which 7% organically.

Net sales increased by 14% to SEKm 4,794 (4,217), of which 9% organically.

Operating profit (EBIT) decreased by 7% to SEKm 326 (349).

Adjusted EBITA decreased by 1% to SEKm 501 (506), corresponding to an adjusted EBITA margin of 10.4% (12.0).

Net income was SEKm 20 (-20).

Cash flow from operating activities increased to SEKm 242 (163).

Earnings per share before and after dilution were SEK 0.21 (-1.25).

Events after period end

Two large Data Center cooling orders from Facebook won with total order value of approximately SEKm 450, to be delivered in between December 2017 to June 2018.

FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	2017	2016	Δ%	2017	2016	Δ%	Oct-Sep	2016
Order backlog	2,332	2,040	14	2,332	2,040	14	2,332	1,741
Order intake	1,489	1,577	-6	5,377	4,882	10	6,867	6,373
Net sales	1,552	1,560	-0	4,794	4,217	14	6,617	6,040
Operating profit (EBIT)	108	126	-14	326	349	-7	554	577
Adjusted EBITA	164	193	-15	501	506	-1	775	781
Adjusted EBITA margin, %	10.6	12.3		10.4	12.0		11.7	12.9
Net income	51	-2		20	-20		125	85
Earnings per share before dilution, SEK	0.27	-0.12		0.21	-1.25		1.64	5.08
Earnings per share after dilution, SEK	0.27	-0.12		0.21	-1.25		1.63	5.08
Cash flow from operating activities	176	90		242	163		356	277
Net debt	2,558	2,635		2,558	2,635		2,558	2,724
Net debt/adjusted EBITDA	3.0x	3.7x		3.0x	3.7x		3.0x	3.2x

Some of the above presented numbers are so called alternative performance measures. Definitions are presented on page 25.

Munters
Your Perfect Climate

Comments from the CEO

STRONG DEVELOPMENT IN AIR TREATMENT AND AGHORT. LUMPY ORDER INTAKE AND DELIVERIES IN DATA CENTERS

The third quarter showed strong performance in our Air Treatment and AgHort businesses. Despite this, Group organic order intake was 4% lower year on year impacted by low market activity in the Data Center market compared to the third quarter last year when we signed a large Data Center order. Year to date, order intake for Munters Group was up 7% organically with continued growth in key market segments.

Net sales in the quarter were at the same level as last year, impacted by the phasing of large Data Center projects. Year to date, organic net sales growth was 9%, driven by high net sales to customers in our Air Treatment and Data Centers businesses.

The adjusted EBITA for the quarter decreased 15% to SEKm 164 (193), mainly impacted by low factory utilization in Data Centers, remaining production inefficiencies in Mexico as well as some FX-head winds. The margin impact from the production inefficiencies in Mexico, will also affect net sales and earnings in the fourth quarter. We have implemented a number of corrective actions and anticipate being able to solve this before year end. Managing our high growth areas including project phasing of large orders is essential to group profitability and a key priority. This requires a combination of improved project and production planning as well as continued investments in production capacity to meet the high demand.

Strong growth in Air Treatment and AgHort continues

During the quarter, order intake in business area Air Treatment grew by 14% organically, driven by strong performance in the Industrial sub-segment, particularly in the food, pharmaceutical and electronics industries. Strong demand in the electronics industry drove components and equipment orders including a major project in Europe for a lithium battery production application. Order intake for services increased in the quarter, driven by Europe and Asia. Net sales increased by 7% organically with solid performance in the Industrial sub-segment where deliveries to food and pharmaceutical customers increased substantially. Margins improved in the business area and overall we are pleased to see a continued strong performance in our Air Treatment business in the quarter. However, for Air Treatment the fourth quarter last year was extraordinarily strong thanks to strong deliveries in our profitable supermarket sub-segment. The margin in the fourth quarter is expected to be at the same level as in the third quarter this year.

Data Centers order intake activity at Munters and across the market was low in the quarter and the corresponding period last year included a SEKm 214 order from a major digital customer. Net sales were 25% lower compared to last year organically due to phasing of project deliveries. The order book of deliveries to come stands out at SEKm 538. Adjusted EBITA was impacted by the low factory utilization during the quarter. Year to date, net sales increased 68% organically and the fourth quarter will have higher factory utilization, with orders received earlier in the year set for delivery in the following quarters. Due to delayed project start-up of our large European Data Center order received in the second quarter this year, part of the revenue previously scheduled in the fourth quarter this year will be pushed into the first quarter 2018. In addition, initial project costs have been higher than planned. After period end, we received a double order with a total value of approximately SEKm 450 regarding Data Center cooling solutions for two Facebook Data Centers in Europe. The orders, the largest in Munters history, with planned delivery in December 2017 to June 2018, will contribute to improved factory utilization during the first six months of 2018.

Order intake growth in AgHort was up 17% organically in the quarter driven by strong growth in the swine segment in China and the broiler segment in the US. The order book stands 66% higher compared to last year. Net sales increased slightly supported by the acquisition of MTech Systems, but impacted by low activity in the layer and dairy segments in the US. Margins declined during the quarter, partly due to larger share of sales to China and to the broiler segment in the US where margins are lower. As expected, the AgHort business area has experienced lower investment levels during 2017, and we expect this to continue during the fourth quarter. The fourth quarter is also a seasonally weaker quarter for AgHort since customer project activity is lower during the winter in Europe and the US.

Mist Elimination order intake came in 13% lower organically in the third quarter due to weak market demand in China Coal Flue Gas Desulphurization and low activity in EMEA. Net sales were 9% lower at SEKm 96 (106), largely caused by lower volumes in Americas and EMEA. The lower volumes had a negative impact on margins. We foresee a continued weak FGD market development in China following industry consolidation in the Power sector and increasing investments in alternative energy. To counteract this development, we aim to further transition towards market segments with better opportunities in the process industry as well as the marine scrubber sub-segment.

Our services net sales, in Air Treatment and Data Centers, grew 13% in the quarter and 13% year to date. We continue to penetrate our installed base and to expand our service offering.

We have increased our investments during 2017 in innovation and technology and have established a new unit for this important development area represented in Group Management.

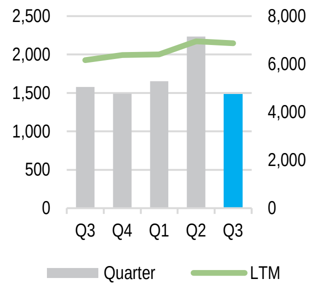
John Peter Leesi, CEO

Group financial performance

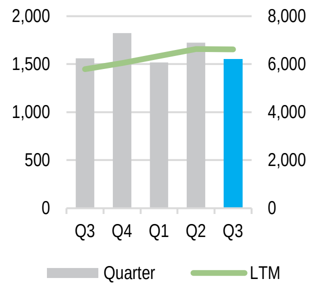
ORDER INTAKE AND NET SALES

	Order intake				Net sales			
SEKm	Q3	Δ%	Jan-Sep	Δ%	Q3	Δ%	Jan-Sep	Δ%
Current period	1,489		5,377		1,552		4,794	
Previous period	1,577		4,882		1,560		4,217	
Change	-88	-6	494	10	-8	-0	577	14
Organic growth	-61	-4	320	7	-3	-0	383	9
Currency effects	-45	-3	101	2	-45	-3	92	2
Structural effects	17	1	74	2	40	3	101	2

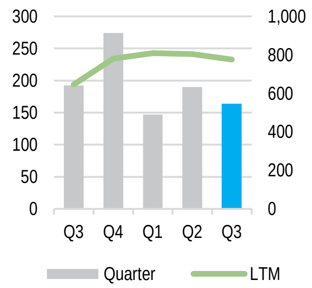
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Order intake for the third quarter decreased by 6% to SEKm 1,489 (1,577) of which -4% organically. Air Treatment and AgHort showed strong organic growth in the quarter at 14% and 17%, respectively. Data Centers showed negative organic growth with no major orders won in the quarter while the third quarter prior year contained a major order from a digital customer in Europe of SEKm 214. The weak markets in the US and in Europe continued for Mist Elimination in the third quarter resulting in negative organic growth. Structural effects were 1% and includes the acquisitions of MTech Systems, Kevin and Edata.

Order intake year to date increased by 10% to SEKm 5,377 (4,882) of which 7% organically. The increase was mainly due to strong order intake in Air Treatment where all sub-segments showed good organic growth. AgHort reported postive organic growth year to date despite the current market decline. For Data Centers, expected orders have yet to be booked and order intake in the period was therefore more or less on the same level as last year. Structural effects were 2% and include the acquisitions of MTech Systems, Kevin and Edata.

Net sales for the third quarter decreased by 0.5% to SEKm 1,552 (1,560) and organic growth was flat. Air Treatment showed a positive growth while the other business areas reported negative organic growth. AgHort showed a negative organic growth of -2% in the quarter mainly related to the weak layer market in the US. Structural effects were 3% comprising of the acquisitions.

Net sales year to date increased by 14% to SEKm 4,794 (4,217) and 9% organically. The increase was due to revenue growth in Air Treatment and Data Centers while AgHort and Mist Elimination showed neagtive organic growth. Structural effects in net sales were 2% comprising of the acquisitions.

Services net sales year to date increased by 13% to SEKm 518 (458), driven by increased penetration of the installed base and continued investment in the sales force.

OPERATING PROFIT (EBIT)

Operating profit (EBIT) in the third quarter decreased by 14% to SEKm 108 (126) impacted by depreciations SEKm -20 (-21) and amortizations SEKm -54 (-47), whereof SEKm -49 (-43) was related to surplus values.

Operating profit (EBIT) year to date decreased by 7% to SEKm 326 (349) impacted by depreciations SEKm -56 (-55) and amortizations SEKm -162 (-138), whereof SEKm -147 (-125) was related to surplus values related to acquisitions.

ADJUSTED EBITA

Adjusted EBITA in the third quarter decreased by 15% to SEKm 164 (193), corresponding to an adjusted EBITA margin of 10.6% (12.3).

Business area Air Treatment reported growth in adjusted EBITA during the quarter but was negatively affected by continued production inefficiencies in our Mexican production unit. The margin impact from the production inefficiencies in Mexico, will also affect net sales and earnings in the fourth quarter. Data Centers was negatively affected by low factory utilization and increased resources within sales and marketing capabilities. For AgHort the adjusted EBITA declined as a result of larger share of sales to China and a negative mix effect in the US with lower net sales in the profitable Layer sub-segment. The Ag-Hort result was also negatively impacted by the production inefficiencies in Mexico. Mist Elimination reported lower adjusted EBITA mainly impacted by lower net sales from Coal FGD (Flue Gas Desulphurization) replacement projects in the US.

Adjusted EBITA year to date decreased by 1% to SEKm 501 (506), corresponding to an adjusted EBITA margin of 10.4% (12.0).

NET FINANCE ITEMS AND PROFIT/RESULT AFTER FINANCIAL ITEMS

Financial income and expenses for the third quarter amounted to SEKm -32 (-106). The improvement since same quarter last year was due to better terms on the external financing and that interest cost related to the previous shareholder loan does not accrue after the conversion to equity in May 2017. The total average weighted interest rate per end of the quarter was 3.34% (6.67).

TAXES

Income taxes for the third quarter amounted to SEKm -26 (-22). The effective tax rate in the third quarter was 34% and was driven by higher tax rate in some of jurisdictions where the group operates, mainly the US. The tax cost was also negatively impacted by SEKm 6.5 related to change in deferred tax asset on tax losses.

The effective tax rate year to date was 62%. The reported tax cost for the first two quarters was negatively impacted by the non-deductible interest costs relating to the shareholder loans prior to the conversion in May, amounting to SEKm 16. It was also positively impacted by the settlement of the HB earn-out, amounting to SEKm 12.

CASH FLOW AND CAPITAL EMPLOYED

Cash flow from operating activities amounted to SEKm 176 (90) in the third quarter and was positively affected by a decrease of working capital corresponding to SEKm 57 (-20) mainly related to increased advance payments from customers and reduced accounts receivable. Capital expenditures continued on a fairly high level in line with plan. Year to date cash flow from operating activities amounted to SEKm 242 (163).

Cash flow from financing activities in the third quarter amounted to SEKm -155 (-71) which was equal to the net effect of the change in loans of SEKm -155.

Average capital employed during the last twelve months amounted SEKm 6,451 (5,922) compared to SEKm 6,066 (5,655) during full year 2016.

Return on capital employed (ROCE) for the last twelve months was 9% (8) compared to 10% (7) during full year 2016.

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 25% (24) and 30% (20) during 2016.

SIGNIFICANT EVENTS DURING THE NINE-MONTH PERIOD

Market listing

Munters Group AB was listed on Nasdaq Stockholm on May 19, 2017. The price per share in the Offering was SEK 55, corresponding to a total value of the number of outstanding shares in Munters of SEK 10,098 million.

The Offering consisted of 73,439,120 shares, of which 1,872,728 new shares were issued by the Company. The remaining 71,566,392 existing shares were offered mainly by the principal shareholders: Nordic Capital Fund VII and Five Arrows. The Offering of new shares provided Munters with gross proceeds of SEK 103 million.

After full exercise of the Over-Allotment Option, the value of the Offering amounted to approximately SEK 4,524 million corresponding to approximately 44.8% of the total number of outstanding shares in Munters upon completion of the Offering.

As a result of the set-off issue and the new cash share issue carried out by Munters Group AB in connection with the recent initial public offering, the number of shares and votes in the company has increased by 166,799,454 since the first day of trading on Nasdaq Stockholm.

As of 30 September 2017, the number of shares and votes in Munters Group AB was a total of 183,597,802.

Share Capital

In connection with the listing of Munters shares on Nasdaq Stockholm, all preference shares and all common shares of the company were converted into one class of common shares outstanding. Furthermore, a directed set off issue of new common shares was made to the selling shareholders against set-off of shareholder loans to the company. The extraordinary general meeting held on 7 May 2017 resolved on the following corporate actions to effect the share conversion and the set off issue.

1. A conversion of each outstanding preference share (preference shares of class A and class B) and each common share (common shares of class A and class B) into one new common share (common shares class B).
2. A directed set-off issue of new common shares is, with deviation from shareholders´ preferential rights, given to the selling shareholders against set-off of shareholder loans to the company. The aggregate value of the shareholder loans and accrued interest thereon amounted to SEK 2,553 million and SEK 251 million, respectively, as of 19 May 2017. The set-off issue comprised an issuance of up to 164,926,726 shares.

Incentive program

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 (the "participants"). 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 SEK 17.99 million. The maximum number of warrants that could be subscribed for by the participants corresponded to approximately 2.77 percent of the Company's share capital following completion of the offering and assuming full exercise of the warrants.

The warrants will be issued in two separate series. Each participant subscribes for an equal number of warrants of both series. This number of warrants per participant and series depends on the participant's position within the Group and the number of shares held by the participant at the time of the commencement of the program. Series 2017/2019 comprises up to 2,611,000 warrants that may be exercised during the following subscription period; 19 May–19 November 2019, with the exception of the thirty-day period preceding (a) the day of the announcement of the company's interim report for the second quarter of 2019, and (b) the day of the announcement of the company's interim report for the third quarter of 2019. The exercise price for series 2017/2019 corresponds to 121.22 percent of the offer price.

Series 2017/2020 comprises up to 2,611,000 warrants that may be exercised during the following subscription period; 19 May–19 November 2020, with the exception of the thirty-day period preceding (a) the day of the announcement of the company's interim report for the second quarter of 2020, and (b) the day of the announcement of the Company's interim report for the third quarter of 2020. The exercise price for series 2017/2020 corresponds to 130.91 percent of the offer price.

The Company has reserved the right to repurchase warrants for example if the participant's employment with the company is terminated.

More information on the programs is provided on https://www.munters.com/en/corporate-governance/management/share-related-incentive-program/

Changes in Munters Board of Directors

Helen Fasth Gillstedt was elected as a member of the Board and as Chairman of the Audit Committee at an extraordinary general meeting on February 3 2017. At the Annual General Meeting, held on 28 March 2017, Lena Olving was elected as member of the Board. Kristian Sildeby was elected as Board member at the extraordinary general meeting held on 7 May 2017. More information about Munters Board of Directors is provided on https://www.munters.com/en/corporate-governance/board-of-directors/

Changes in Munters Group Management

On March 17, Sara Punkki was appointed Group Vice President Corporate Social Responsibility (CSR) and member of Group Management. On 11 July 2017, Munters announced the following changes in Group Management. Wolf Frank was appointed President Business Area Mist Elimination from 1 August 2017, a position he holds in addition to his current responsibility as President Munters China. Wolf has successfully managed a number of different businesses in Munters during the past years, most recently growing Munters business in China. Per Hedebäck has decided to leave Munters to pursue other career opportunities. Ola Carlsson has decided to leave his position as President Global Operations during the fourth quarter 2017 to pursue other career opportunities. The recruitment process for his successor has started.

SIGNIFICANT EVENTS AFTER PERIOD END

Double Data Center cooling order

Munters announced on November 6, that it received two significant orders to provide cooling solutions for two Facebook data centers in Europe. The total value of the combined orders is approximately SEKm 450 depending on the final selection of options and on-site services. Having previously supplied the first two phases of Facebook's project in Clonee, Ireland and the first phase of their more recent development in Odense, Denmark, Munters' scope will be to deliver Oasis™ Indirect Evaporative Cooling units into phase 3 of Clonee, Ireland and phase 2 of Odense, Denmark. Revenue from the two orders is expected to be recognized over the period December 2017 to June 2018.

Munters Nomination Committee for the 2018 Annual General Meeting

The Nomination Committee of Munters Group has now been appointed. In 2017 Munters Group AB's Annual General Meeting adopted an instruction regarding the appointment of the Nomination Committee, applicable until the General Meeting resolves otherwise. Pursuant to this instruction the company shall have a Nomination Committee comprising one representative for each of the four principal shareholders in terms of votes, based on the information received from Euroclear Sweden AB on the last banking day in August, as well as the Chairman of the Board (convenor). The Nomination Committee comprises the following members: Robert Furuhjelm Nordic Capital, Chairman of the Nomination Committee, Lars Wedenborn, FAM AB, Tomas Risbecker, AMF Insurance and Funds, Magnus Billing, Alecta, Chris Curtis, Munters Chairman of the Board. The Nomination Committee shall prepare proposals for the 2018 Annual General Meeting regarding the Chairman of the Meeting, number of Board members, fees to be paid to each of the Board members, election of Board members and Board Chairman, remuneration to the auditor and election of auditor and, if necessary, proposal for changes in the instruction to the Nomination Committee. Shareholders who wish to present proposals to the Nomination Committee for the 2018 Annual General Meeting can submit them to the Nomination Committee by e-mail: nominations@munters.se or by letter Munters Group AB, Nomination Committee, Box 1188, 164 26 Kista, Sweden. In order for the Nomination Committee to be able to consider submitted proposals in a constructive manner, these should be submitted by 1 February 2018, at the latest. The AGM will be held 17 May 2018 in Stockholm.

Changes in Munters Group Management

Munters has appointed Paul Dinnage as President Innovation and Technology as of 1 October 2017. In this role, Paul will lead the global Core Technology Function for Munters and play a key role in shaping the innovation and technology agenda across the Group. He will do this in close collaboration with the Business Areas, Global Operations and Global Services. Paul has a wealth of experience and is recognized in the industry as a technology leader. Paul Dinnage reports to the CEO and is a member of Munters Group Management.

SEASONAL VARIATIONS

The seasonal profile of net sales differs by business area. In general Q1 is the slowest quarter as the number of projects typically is lower in the period.

Demand for Air Treatment products is seasonally stronger in the summer, due to higher construction activity in general and seasonal increase in humidity levels, which leads to strong invoicing in Q2 and Q3. Generally, Q3 and Q4 can be impacted by fiscal planning, with customers looking to utilize budgeted funds and take delivery before year end, which typically leads to a higher net sales level in Q4. The low point in order intake is typically November to February when project activity is lower and customers are in the process of planning for the next fiscal year.

Data Centers' sales are driven by larger projects where the seasonality is less transparent. Order intake and net sales are likely to fluctuate to a higher degree than in our other business areas quarter by quarter due to lumpiness of larger projects. Due to this we have temporarily provided more guidance for the third and fourth quarter 2017.

Seasonality in Mist Elimination is mostly driven by seasonal fluctuations of activity in the coal-fired power industry. The pattern is typically similar to Air Treatment with relatively high net sales in Q4 and limited activity in early Q1.

AgHort's sales are relatively stable over the year. In general, customer project activity is lower during the winter in Europe and the US, which normally affects the business area's sales during Q1 and Q4 negatively.

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 which stipulates a limit on the consolidated net debt in relation to Adjusted EBITDA. Interest-bearing liabilities amounted to SEKm 2,815 (5,205) at the end of the quarter. Available unutilized credit facilities as of September 30 amounted to SEKm 774 (362), net of utilized bank guarantees of SEKm 186. Cash and cash equivalents amounted to SEKm 451 (248) as of September 30, 2017.

ITEMS AFFECTING COMPARABILITY

	2017				2016				
SEKm	Q3	Q2	Q1	Jan-Sep	Q4	Q3	Q2	Q1	Full year
Other									
Exit preparation costs	-2	-44	-27	-73	-27	-26	-	-	-53
Divestment Cooler business	-	-	-	-	-	7	-	-	7
Business area Air Treatment									
Property sale	-	-	7	7	-	-	-	-	-
Final Earn out HB Group	-	53	-	53	-	-	-	-	-
Business area AgHort									
Final Earn out Reventa	-	-	-	-	30	-	-	-	30
Total	-2	9	-20	-13	3	-20	-	-	-17

The items affecting comparability (IAC) in Q3 comprised of exit preparation costs amounting to SEKm 2. Settlement of the HB Group acquisition earn-out resulted in a gain of SEKm 53 in Q2.

In 2016, the largest IAC item refers to external costs in relation to Munters and owners' review of strategic exit-alternatives, which amounted to SEKm 53. Munters also benefitted from two positive effects during the year that have been adjusted for. Firstly, the effect from the early settlement of the Reventa acquisition earn-out of SEKm 30 and, secondly, SEKm 7 related to a provision reversal for the Cooler divestment that took place in 2015.

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 136 (45). The Parent Company has no employees.

On May 19th the shares in Munters Group AB were listed on Nasdaq Stockholm. The Offering consisted of 73,439,120 shares, of which 1,872,728 new shares were issued by the Company. The remaining 71,566,392 existing shares were offered mainly by the principal shareholders: Nordic Capital Fund VII and Five Arrows (the "Principal Owners"). The Offering of new shares provides Munters with gross proceeds of SEK 103 million.

Nordic Capital remained as of September 30, the biggest shareholder (50.1%) followed by FAM (10.0%), AMF (6.0%), Alecta (5.0%), Carve (3.0%), Handelsbanken Fonder (3.0%) and Första AP-Fonden (2.0%).

ACQUISITIONS

Acquisition of 60% of the shares in MTech Systems was completed on February 1. The purchase price amounted to SEKm 222. See page 23 for additional information.

On April 1, Munters completed the acquisition of Kevin Enterprises Private Limited, a privately owned company headquartered in Mumbai, India. The acquisition was structured as an asset deal, acquiring company being Munters India Humidity Control Private Limited (Munters India). See page 24 for additional information.

On May 30, Munters announced the acquisition of Brazilian-based Edata specializing in key software for food processing plants, primarily for poultry production. Edata provides software to keep track of production within food processing plants and is a long-term partner to MTech Systems, the leading supplier of software solutions to the live production industry which was acquired by Munters on 1 February 2017. Edata delivers form-fit solutions for tracking finished products, measuring quality and yield, and for controlling waste in the food production process. Edata's software will be fully incorporated into MTech's suite enabling Munters to integrate data from farms, hatcheries, feed mills in the food producers' production system. Edata had a turnover of approximately SEKm 15 in 2016 and has 34 employees. See page 24 for additional information.

FINANCIAL TARGETS AND DIVIDEND POLICY

Net sales growth

Munters objective is to achieve an annual organic revenue growth of between 7-10% per year, supplemented by selective acquisitions.

Profitability

Munters' mid-term target is to have an adjusted EBITA margin of 14%.

Capital structure

Munters aims to maintain a ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e.g., as a result of acquisitions).

Dividend policy

Munters aims to pay an annual dividend corresponding to 30-50% of the net income for the period. The pay-out decision will be based on the Company's financial position, investment needs, acquisitions and liquidity position.

Munters business areas

Munters is organized in four business areas, which are Air Treatment, Data Centers, AgHort and Mist Elimination. From 2017 the Data Centers' cooling business, previously a part of Air Treatment, is reported as a separate business area. Each of these business areas addresses a set of customer industries and applications, with an offering based on Munters' technologies and services. The application areas which Munters targets typically show a large degree of specialization, with substantial commonalities across geographical regions.

AIR TREATMENT

Air Treatment is a global leader in energy efficient air treatment solutions for industrial and commercial applications. Munters' systems provide precise humidity and temperature control and are used by clients in mission critical processes, and can have a major impact on production safety, product quality, operating efficiency, and financial viability. Our offering includes evaporative cooling, heating, VOC abatement, and dehumidification through desiccant rotors, evaporative cooling pads, and polymer heat exchangers. The underlying market is estimated to deliver 8% annual growth in 2017-2020.

DATA CENTERS

Data Centers is a global leader in climate control systems for medium and large scale Data Centers. Munters' solutions are recognized as being robust and durable in demanding conditions and have a best-in-class track record of reliability and energy efficiency. Munters is mainly active in the fastest growing part of the air economizer data center market (direct and indirect evaporative cooling) which is estimated to grow by approximately 27% annually in 2017-2020. Our dedicated teams have the ability to configure, manufacture, support and deliver data center cooling projects across the globe.

AGHORT

AgHort develops and manufactures energy efficient climate control systems for the growth and development of agriculture and greenhouse applications. By providing the perfect climate, our solutions enable farms to operate and produce under optimum conditions. Our innovative product range includes ventilation, cooling, heating and cutting-edge control systems. Munters always strives to be the premium partner for our customers and is a global supplier offering a full suite of climate control products for agricultural and greenhouse applications. The underlying market is estimated to deliver 6% annual growth in 2017-2020. Demand is underpinned by global factors such as population and GDP growth, and further accelerated by food and industry trends (e.g. productivity and safety issues).

MIST ELIMINATION

Mist Elimination is a globally leading provider of mechanical gas and liquid separation. Our mist eliminators are key components in scrubbers to reduce emissions from power plants and ships across the world. Our highly efficient mist eliminators also create optimum operating conditions and protect equipment in process industries, windmills, gas turbines and ships. Our dedicated team of experts helps customers find the perfect solution to their mist elimination needs. The underlying market is estimated to deliver a 6% annual growth 2017-2020 and will benefit from the introduction of the 0.5% sulphur cap in shipping industry with effect from 2020.

FUNCTIONS ACROSS THE BUSINESS AREAS

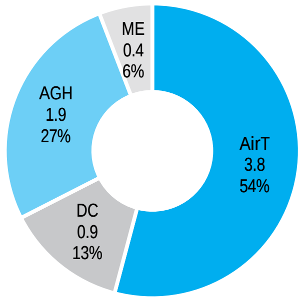
Munters equipment often plays a mission critical role in customers operations. Munters provides a range of services for its products, including installation supervision, commissioning, spare parts sales, repairs and performance optimization. The Service business recorded year to date growth, up 13% compared to previous year. Large investments during 2016 in hiring new service sales staff to drive future growth are expected to reach full effect during 2017.

Operations continued to generate savings within procurement, via cost out programs and implementation of lean principles across the factories.

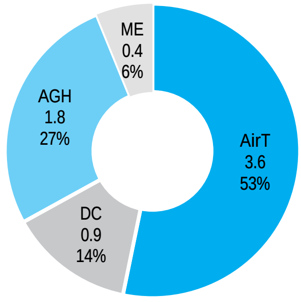
OTHER

Other refers to group related functions and costs that are not allocated to the different business areas. The former business area HumiCool is included in this segment in 2015 with immaterial amounts.

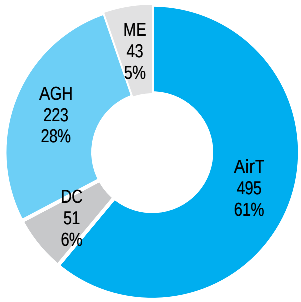
Order intake per business area and LTM (SEKbn)



Net sales per business area and LTM (SEKbn)



Adjusted EBITA per business area and LTM (SEKm)



Air Treatment

- Solid order intake in the third quarter with growth of 11% driven by strong performance in the Industrial sub-segment. Continued good net sales growth in Services and in the Industrial sub-segment.
- Adjusted EBITA margin increased by 0.9 percentage point to 13.3% (12.4) in the quarter.

FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	2017	2016	Δ%	2017	2016	Δ%	Oct-Sep	2016
External order backlog	1,205	1,076	12	1,205	1,076	12	1,205	959
Order intake	938	848	11	2,926	2,545	15	3,765	3,385
Net sales	876	842	4	2,600	2,333	11	3,561	3,294
Operating profit (EBIT)	115	102	12	382	275	39	544	437
Adjusted EBITA	116	105	11	330	283	17	495	448
Adjusted EBITA margin, %	13.3	12.4		12.7	12.1		13.9	13.6

Order intake and net sales

Order intake increased by 11 % during the quarter to SEKm 938 (848) of which 14% organically. Currency effects had a negative impact of 3%. Order growth was robust in the Industrial sub-segment, particularly in the food, pharmaceutical and electronics industries. Orders won in the third quarter included a SEKm 54 project in Europe for a lithium battery production application. Growth in the supermarket end-market was strong in the quarter while orders in other commercial sub-segments decreased, partially due to the strategic decision to exit general air handling equipment. Order growth for Services was solid in the quarter, driven by Europe and Asia.

Net sales increased by 4% during the quarter to SEKm 876 (842) of which 7% organically. Currency effects had a negative impact of 3%. The increase in net sales was primarily related to the industrial sub-segment, where deliveries to food and pharmaceutical customers were up substantially.

Order intake year to date increased by 15% to SEKm 2,926 (2,545) of which 13% organically. Currency effects had a favorable impact of 2%. Strong order intake growth was seen in the food, pharmaceutical and electronics industries across all regions. Good order intake growth was reported from the supermarket end-market in the Commercial sub-segment. Orders from certain non-Supermarket customer groups were lower as a result of exiting lower value-add product offerings. Services and Components showed good growth year to date.

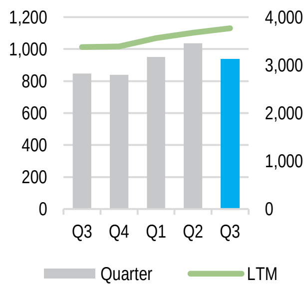
Net sales year to date increased by 11% to SEKm 2,600 (2,333) of which 10% organically. Currency effects had a positive impact of 2%. The growth in net sales reflected increased deliveries to industrial customers within food, pharmaceutical, electronics and transportation industries. Services revenues increased in all three regions. The Commercial and Components segments also showed healthy growth year to date.

Adjusted EBITA

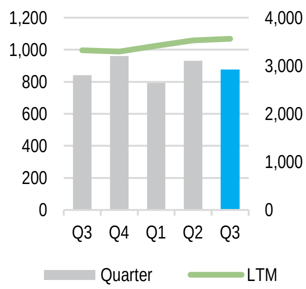
Adjusted EBITA in the third quarter increased by 11% to SEKm 116 (105), which included a 4% negative currency translation effect. The higher earnings were due to increased operational leverage. Production inefficiencies in Munters' Mexican facility continued in the third quarter and are expected to have a negative impact on earnings also in the fourth quarter. The fourth quarter last year was extraordinarily strong thanks to strong deliveries in our profitable supermarket segment. The margin in the fourth quarter 2017 is expected to be at the same level as in the third quarter this year.

Adjusted EBITA year to date remained solid totaling SEKm 330 (283), corresponding to an increase of 17% of which 1% derived from positive currency translation effects.

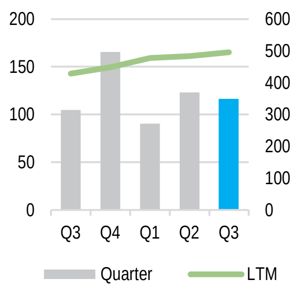
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



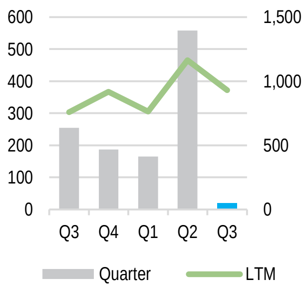
Data Centers

- Data Centers order intake activity at Munters and across the market was low in the quarter. The corresponding period last year included a SEKm 214 order from a major digital customer.
- Net sales were 25% lower compared to last year organically due to phasing of project deliveries. The order book of deliveries to come stands at SEKm 538 with large orders set for delivery in Q4.
- Weaker margins and adjusted EBITA due to lower volumes and factory utilization in both the US and Europe resulting from order delays earlier in the year and continued investments in the business.
- After period end, two large Data Center orders from Facebook with total value of approx. SEKm 450.

FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	2017	2016	Δ%	2017	2016	Δ%	Oct-Sep	2016
External order backlog	538	558	-3	538	558	-3	538	412
Order intake	20	255	-92	743	732	1	929	919
Net sales	115	157	-26	568	333	71	920	685
Operating profit (EBIT)	-22	9		-4	3		47	54
Adjusted EBITA	-20	9		-1	4		51	56
Adjusted EBITA margin, %	-17.4	5.8		-0.2	1.2		5.5	8.1

Order intake (SEKm)



Order intake and net sales

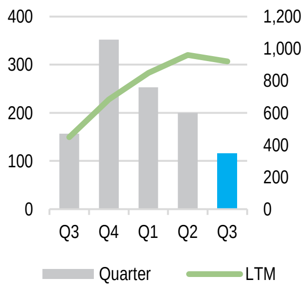
Order intake in the third quarter was 92% lower at SEKm 20 (255) of which the entire decrease was organic. The decrease was primarily due to a SEKm 214 order received during third quarter 2016 from a major digital customer in Europe and due to low market wide order activity during the third quarter 2017. The order book of deliveries to come stands at SEKm 538. After period end, Munters received a record Data Center order, with a combined value of approximately SEKm 450 for delivery of cooling units for two Facebook Data Centers in Europe during the period December 2017 to June 2018.

Net sales in the third quarter decreased by 26% to SEKm 115 (157) of which 25% was organic. Currency effects had a negative impact of 2%.Only a small portion of the record high Data Centers backlog in the second quarter was delivered during the third quarter. Due to delayed project start-up of our large European Data Center order received in the second quarter this year, part of the revenue previously scheduled in the fourth quarter this year will be pushed into the first quarter 2018. In addition, initial project costs have been higher than planned. The US was particularly slow in the third quarter due to a large postponed order which would have been delivered throughout the third quarter.

Order intake year to date increased by 1% to SEKm 743 (732) of which -1% organically. Currency effects had a positive impact of 2%.

Net sales year to date increased by 71% to SEKm 568 (333) of which 68% was organic growth. Currency effects had a positive impact of 3%. The increase is related primarily to increased sales to large digital customers in the US and Europe as well as a co-location customer in Europe. Production volumes were lower than expected in September due to late changes in customer specifications.

Net sales (SEKm)

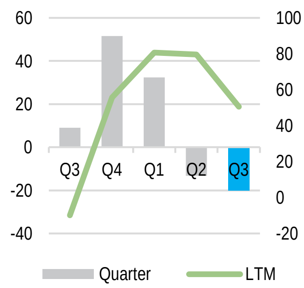


Adjusted EBITA

Adjusted EBITA in the third quarter was SEKm -20 (9). The lower net sales volumes were largely due to a significant order which was postponed in the US and a short term delay on a large order in Europe for delivery in the fourth quarter. Adjusted EBITA was impacted by the low factory utilization and project phasing during the quarter with SEKm 20-25 in line with previous guidance.

Adjusted EBITA year to date was SEKm -1 (4). The decrease in adjusted EBITA was due primarily to the low volume in all regions during the second and third quarters. Production in the data center factories in the US and Europe has increased during September and will continue during the fourth quarter.

Adjusted EBITA (SEKm)



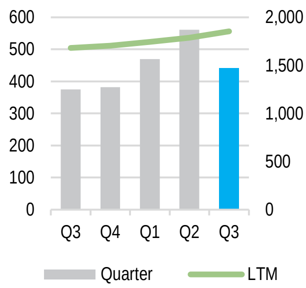
AgHort

- Order intake growth was 18% in the quarter, partly driven by growth in the swine sub-segment in China.
- Net sales were slightly up in the quarter supported by the acquisition of MTech Systems, but negatively impacted by low activity in the layer and dairy sub-segments in the US as an effect of the prevailing market downturn.
- Adjusted EBITA margins were lower than in the third quarter 2016, mainly driven by mix effects including a larger share of sales in China and in the broiler sub-segment in the US. The result was also negatively impacted by production inefficiencies in Mexico.

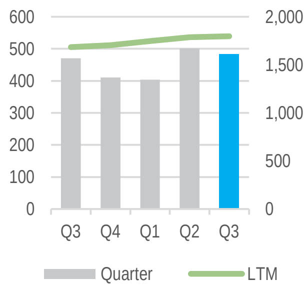
FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	2017	2016	Δ%	2017	2016	Δ%	Oct-Sep	2016
External order backlog	442	267	66	442	267	66	442	249
Order intake	442	374	18	1,473	1,321	11	1,855	1,704
Net sales	482	471	2	1,387	1,294	7	1,798	1,705
Operating profit (EBIT)	74	81	-9	174	209	-17	240	276
Adjusted EBITA	77	85	-9	184	219	-16	223	258
Adjusted EBITA margin, %	16.0	18.0		13.2	16.9		12.4	15.1

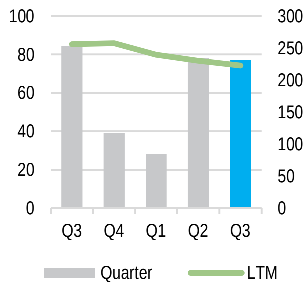
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Order intake and net sales

Order intake in the third quarter was SEKm 442 (374), an increase of 18% including a +4% in positive structural effect from the acquisitions of MTech Systems and Edata. The currency effect was -3%. Adjusted for structural effects and currency, order intake increased 17% compared to third quarter last year. Growth was seen in both EMEA and APAC, while Americas was in line with third quarter last year. As expected, the AgHort business area has experienced lower investment levels during 2017 and this is expected to continue during the fourth quarter of 2017.

Net sales were SEKm 482 (471) during the quarter, an increase of 2% due to positive structural effects from MTech Systems and Edata (+7%). The currency effect in the third quarter was -2%. Asia had a strong development compared to the third quarter 2016. EMEA was more or less flat while Americas, after adjustment for acquisitions, was down in net sales primarily due to low activity in the layer and dairy sub-segments in the US. The fourth quarter is expected to be a weaker quarter for AgHort since customer project activity is lower during the winter in Europe and the US.

Order intake year to date increased by 11% compared to the same period last year with an organic growth of 4%. Strong growth was seen in APAC, primarily driven by the Chinese swine market, while order intake in Americas, excluding structural effects, declined compared to the same period 2016. The order backlog stands 66% higher compared to last year.

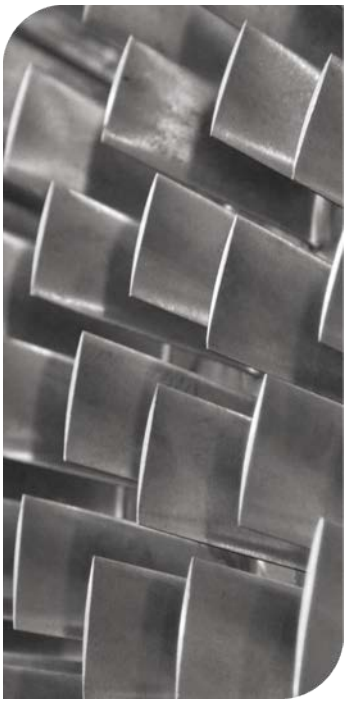
Net sales year to date increased by 7% compared to the first 9 months 2016 with a negative organic growth of -3%. The decline was mainly due to a drop in net sales in the US caused by a sharp decline in end-user investments in the layer sub-segment.

Adjusted EBITA

Adjusted EBITA in the third quarter was SEKm 77 (85), a decrease of -9%, of which -2% derived from currency effects. The decrease was partly due to a larger share of sales in China and to the broiler sub-segment in the US, where margins are lower. The adjusted EBITA was also negatively impacted by production inefficiencies in Mexico. During the third quarter, investments in the IoT offering and the build-up of the organization in China continued. Adjusted EBITA and margin in the fourth quarter is expected to be weaker due to seasonal variations with lower customer project activity, and by remaining production inefficiencies in Munters Mexican facility.

Adjusted EBITA year to date was SEKm 184 (219). In addition to the margin pressure and cost increases seen in the third quarter, Munters first quarter included cost of SEKm 6 related to the acquisition of MTech Systems and costs relating to the startup of a new production line in Brazil.

Mist Elimination



- Order intake in the third quarter was 13% lower, mainly due to the weaker market situation in China Coal FGD (Flue Gas Desulphurization) and low activity in EMEA.
- Net sales in the third quarter were 9% lower, largely caused by lower volumes in Americas and EMEA.
- Lower adjusted EBITA and margin in the quarter were attributable to declining volumes in Americas and EMEA.

FINANCIAL SUMMARY

	Q3			Jan-Sep			LTM	Full year
SEKm	2017	2016	Δ%	2017	2016	Δ%	Oct-Sep	2016
External order backlog	146	140	4	146	140	4	146	121
Order intake	100	115	-13	312	320	-3	407	416
Net sales	96	106	-9	296	321	-8	412	437
Operating profit (EBIT)	6	12	-51	20	47	-58	42	69
Adjusted EBITA	6	13	-50	21	48	-56	43	69
Adjusted EBITA margin, %	6.5	11.8		7.1	14.9		10.4	15.9

Order intake and net sales

Order intake in the third quarter declined by 13% to SEKm 100 (115), including a negative currency impact of 3% and structure impacting by +3% (Kevin acquisition). The lower order intake was mainly due to weaker market situation in China Coal FGD with fewer Super-Clean retrofit projects, as well as low market activity in EMEA. The decline in EMEA and China was partially offset by an order for a large Coal FGD project in the US.

Munters forsee continued weak FGD market opportunites in China short to mid-term following industry consolidation in the Power sector and increasing investments in alternative energy. Business Area Mist Elimination aims to further transition towards market segments with better opportunities in the process industry as well as the Marine Scrubber sub-segment.

Net sales in the third quarter declined by 9% to SEKm 96 (106), including a currency impact of -3% and structure impacting by +6% (Kevin acquisition). Net sales in EMEA and Americas were below last year mainly due to weak order intake in previous quarters. This was partly offset by high levels of the more repetitive base business (smaller orders) in the US throughout the quarter. Net sales in China decreased due to the slow-down in Super-Clean Coal FGD.

Order intake year to date was down by 3% to SEKm 312 (320), including a currency impact of +1% and structural impacts of +5%. The weak organic development year-to-date was due to low growth across all sub-segments in EMEA, coupled with a significant slow-down in Super-Clean Coal FGD in China during the end of the second quarter and the third quarter.

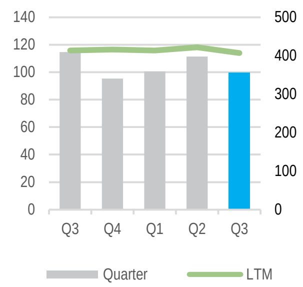
Net sales year to date decreased by 8% to SEKm 296 (321), where currency effects had an impact of +2% and structure impacting by +4%. The main reason for the negative organic development was low backlog entering 2017 within Power (mainly Coal FGD) in the US, coupled with the recent slow-down in terms of deliveries of Super-Clean Coal FGD retrofit projects in China.

Adjusted EBITA

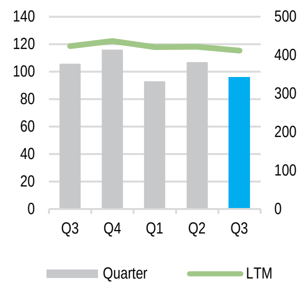
Adjusted EBITA in the third quarter was SEKm 6 (13), including structural effects of SEKm -1. The decrease in earnings were caused by lower volumes. Additionally, earnings was impacted by interuptions related to hurricane Irma, which passed directly over the Fort Myers facility in the US, causing the entity to close for 6 working days. The cost of the interruption was approximately SEKm 1 in the third quarter.

Adjusted EBITA year to date amounted to SEKm 21 (48), including a structural impact of SEKm -3 related to the acquisition of Kevin. The lower earnings are mainly caused by unfavorable mix impacts with significantly lower volumes of high-margin Coal FGD replacement projects in the US and lower volumes in EMEA.

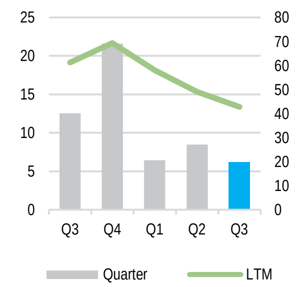
Order intake (SEKm)



Net sales (SEKm)



Adjusted EBITA (SEKm)



Consolidated accounts

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Jan-Sep		LTM	Full year
SEKm	2017	2016	2017	2016	Oct-Sep	2016
Net sales	1,552	1,560	4,794	4,217	6,617	6,040
Cost of goods sold	-1,031	-1,029	-3,189	-2,741	-4,380	-3,931
Gross profit/loss	521	531	1,604	1,476	2,237	2,109
Selling expenses	-235	-254	-730	-688	-954	-913
Administrative costs	-126	-117	-459	-336	-635	-512
Research and development costs	-44	-33	-125	-105	-157	-138
Other operating income and expenses	-8	-0	35	3	63	31
Operating profit	108	126	326	349	554	577
Financial income and expenses	-32	-106	-273	-308	-388	-424
Profit/Loss after financial items	76	20	53	41	166	153
Tax	-26	-22	-33	-61	-41	-69
Net income	51	-2	20	-20	125	85
Attributable to Parent Company shareholders	50	-2	21	-21	126	85
Attributable to non-controlling interests	1	-0	-0	1	-1	0
Average number of outstanding shares before dilution	183,597,802	16,798,348	97,726,972	16,798,348	77,494,816	16,798,348
Average number of outstanding shares after dilution	183,916,270	16,798,348	97,914,531	16,798,348	77,635,486	16,798,348
Earnings per share before dilution, SEK	0.27	-0.12	0.21	-1.25	1.64	5.08
Earnings per share after dilution, SEK	0.27	-0.12	0.21	-1.25	1.63	5.08
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Exchange-rate differences on translation of foreign operations	90	-60	-165	137	-104	198
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	-	-	-	-	-17	-17
Income tax effect on other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-	-	4	4
Other comprehensive income, net after tax	90	-60	-165	137	-117	185
Comprehensive income for the year	141	-62	-145	117	8	270
Attributable to Parent Company shareholders	140	-62	-144	116	9	270
Attributable to non-controlling interests	1	-0	-0	1	-1	0

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

SEKm	2017/09/30	2016/09/30	2016/12/31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,138	4,095	4,227
Patents, licenses, brands, and similar rights	1,476	1,540	1,550
Buildings and land	146	155	156
Plant and machinery	154	167	172
Equipment, tools, fixtures and fittings	140	111	133
Construction in progress	112	52	69
Financial assets	26	61	24
Deferred tax assets	263	213	242
Total non-current assets	6,455	6,394	6,574
CURRENT ASSETS			
Raw materials and consumables	387	321	321
Products in process	159	144	123
Finished products and goods for resale	255	250	208
Projects in progress	26	14	8
Advances to suppliers	12	10	17
Accounts receivable	1,020	930	1,094
Prepaid expenses and accrued income	81	83	76
Derivative instruments	1	4	2
Current tax assets	44	26	32
Other receivables	133	123	103
Cash and cash equivalents	451	248	432
Total current assets	2,569	2,152	2,417
TOTAL ASSETS	9,024	8,546	8,991

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

SEKm	2017/09/30	2016/09/30	2016/12/31
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	3,530	605	756
Non-controlling interests	1	10	11
Total equity	3,531	615	767
NON-CURRENT LIABILITIES			
Shareholder loan	-	2,488	2,688
Interest-bearing liabilities	2,815	2,412	2,544
Provisions for pensions and similar commitments	193	201	179
Other provisions	29	27	30
Other liabilities	148	31	15
Deferred tax liabilities	471	512	525
Total non-current liabilities	3,656	5,670	5,981
CURRENT LIABILITIES			
Interest-bearing liabilities	-	305	429
Advances from customers	418	263	315
Accounts payable	578	489	530
Accrued expenses and deferred income	478	739	565
Derivative instruments	3	5	4
Current tax liabilities	78	44	53
Other liabilities	176	315	232
Provisions for pensions and similar commitments	5	4	5
Other provisions	101	97	110
Total current liabilities	1,837	2,261	2,243
TOTAL EQUITY AND LIABILITIES	9,024	8,546	8,991

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	2017/09/30	2016/09/30	2016/12/31
Opening balance	767	495	495
Total comprehensive income for the period	-144	122	270
Set off issue	2,803	-	3
Warrants	18	-	-
New share issue	100	-	-
Change in non controlling interest	-9	-2	0
Acquisition of non controlling interests	-24		
Put/call option related to non controlling interests	20	-	-
Closing balance	3,531	615	767
Total shareholders´equity attributable to:			
The parent company's shareholders	3,530	605	756
Holdings with non controlling interests	1	10	11

Consolidated accounts

CONDENSED CASHFLOW STATEMENT

	Q3		Jan-Sep		LTM	Full year
SEKm	2017	2016	2017	2016	Oct-Sep	2016
OPERATING ACTIVITIES						
Earnings before interest and tax (EBIT)	108	126	326	349	554	577
Reversal of non-cash items;						
Depreciation, amortization and impairments	73	67	218	192	287	262
Provisions	-6	3	9	1	-19	-27
Other profit/loss items not affecting liquidity	13	-0	-39	-4	-54	-18
Cash flow before interest and tax	189	196	515	539	769	794
Paid financial items	-34	-49	-149	-151	-205	-206
Taxes paid	-33	-36	-87	-98	-120	-130
Cash flow from operating activites before changes in working capital	122	110	278	291	445	458
Cash flow from changes in working capital	54	-20	-36	-128	-88	-180
Cash flow from operating activities	176	90	242	163	356	277
INVESTING ACTIVITIES						
Business acquisitions	-	-	-268	-2	-268	-2
Sale of tangible fixed assets	-	-	1	-	1	-
Business divestments	-28	-	-28	-	-28	-
Investment in tangible assets	-18	-40	-98	-112	-149	-163
Investment in intangible assets	-9	-3	-25	-8	-37	-20
Cash flow from investing activities	-55	-44	-417	-123	-480	-186
FINANCING ACTIVITIES						
New share issue	-18	-	100	-	101	0
Warrants	18	-	18	-	18	-
Changes in loans	-155	-71	94	-152	226	-19
Cash flow from financing activities	-155	-71	212	-152	344	-19
Cash flow for the period	-34	-24	36	-112	220	72
Cash and cash equivalents at period start	494	265	432	346	248	346
Exchange-rate differences in cash and cash equivalents	-10	7	-18	14	-17	14
Cash and cash equivalents at period end	451	248	451	248	451	432

Parent company

CONDENSED INCOME STATEMENT

	Q3		Jan-Sep		LTM	Full year
SEKm	2017	2016	2017	2016	Oct-Sep	2016
Net sales	-	-	-	-	-	-
Gross profit/loss	-	-	-	-	-	-
Administrative costs	-21	-1	-74	-3	-75	-5
Profit/Loss before interest and tax (EBIT)	-21	-1	-74	-3	-75	-5
Financial income and expenses	0	-50	-83	-149	-136	-202
Profit/Loss after financial items	-21	-52	-157	-153	-211	-207
Group contributions	-	-	-	-	27	27
Profit/Loss before tax	-21	-52	-157	-153	-184	-180
Tax	8	-	15	-	15	-
Net income	-13	-52	-142	-153	-169	-180

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Jan-Sep		LTM	Full year
SEKm	2017	2016	2017	2016	Oct-Sep	2016
Profit/Loss for the year	-13	-52	-142	-153	-169	-180
Other comprehensive income, net after tax	-	-	-	-	-	-
Comprehensive income for the year	-13	-52	-142	-153	-169	-180

Parent company

CONDENSED BALANCE SHEET – ASSETS

SEKm	2017/09/30	2016/09/30	2016/12/31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,086	4,086	4,086
Other financial assets	15	-	-
Total non-current assets	4,101	4,086	4,086
CURRENT ASSETS			
Receivables from subsidiaries	1	-	27
Cash and cash equivalents	136	45	44
Total current assets	137	45	71
TOTAL ASSETS	4,238	4,131	4,157

CONDENSED BALANCE SHEET – EQUITY AND LIABILITIES

SEKm	2017/09/30	2016/09/30	2016/12/31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	0	0
Share premium reserve	1,177	1,177	1,177
Profit brought forward	3,173	437	437
Income for the year	-142	-153	-180
Total equity	4,214	1,461	1,434
NON-CURRENT LIABILITIES			
Shareholder loan	-	2,488	2,688
Total non-current liabilities	-	2,488	2,688
CURRENT LIABILITIES			
Accounts payable	20	-	-
Accrued expenses and deferred income	2	181	35
Liabilities to subsidiaries	1	-	-
Other liabilities	2	1	-
Total current liabilities	25	182	35
TOTAL EQUITY AND LIABILITIES	4,238	4,131	4,157

Quarterly overview Group and Segments

Group

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
Order backlog	2,332	2,449	1,998	2,332	1,741	2,040	2,025	1,713	1,741	1,348
Order intake	1,489	2,234	1,654	5,377	1,491	1,577	1,688	1,617	6,373	1,286
Net sales	1,552	1,723	1,519	4,794	1,823	1,560	1,438	1,220	6,040	1,575
Operating profit (EBIT)	108	143	75	326	228	126	150	74	577	107
Financial income and expenses	-32	-134	-106	-273	-116	-106	-110	-92	-424	-99
Tax	-26	2	-9	-33	-8	-22	-28	-10	-69	23
Net income	51	11	-41	20	105	-2	11	-29	85	31
Amortization (incl. surplus values)	54	56	53	162	49	47	45	46	187	49
Items affecting comparability (IAC)	2	-9	20	13	-3	20	-	-	17	-15
Adjusted EBITA	164	190	147	501	274	193	194	119	781	140
Adjusted EBITA margin, %	10.6	11.0	9.7	10.4	15.0	12.3	13.5	9.8	12.9	8.9

Air Treatment

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
External order backlog	1,205	1,171	1,097	1,205	959	1,076	1,067	939	959	841
Order intake	938	1,037	950	2,926	840	848	923	775	3,385	828
External net sales	872	927	787	2,586	959	842	818	670	3,288	971
Transactions between segments	4	5	6	15	2	0	2	1	6	17
Operating profit (EBIT)	115	173	94	382	162	102	114	59	437	141
Amortization (incl. surplus values)	2	3	3	8	3	3	3	3	11	5
Items affecting comparability (IAC)	0	-53	-7	-60	-	-	-	-	-	-
Adjusted EBITA	116	123	90	330	166	105	117	62	448	146
Adjusted EBITA margin, %	13.3	13.2	11.4	12.7	17.2	12.4	14.2	9.2	13.6	14.8

Data Centers

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
External order backlog	538	643	321	538	412	558	455	328	412	112
Order intake	20	558	165	743	187	255	157	320	919	27
External net sales	114	192	249	555	352	156	57	90	655	115
Transactions between segments	1	8	4	13	0	0	29	0	30	0
Operating profit (EBIT)	-22	-14	32	-4	51	9	-13	7	54	-14
Amortization (incl. surplus values)	2	1	1	3	0	0	0	0	1	-
Items affecting comparability (IAC)	-	-	-		-	-	-	-	-	-
Adjusted EBITA	-20	-13	32	-1	51	9	-12	7	56	-14
Adjusted EBITA margin, %	-17.4	-6.6	12.8	-0.2	14.6	5.8	-14.1	8.0	8.1	-12.1

Quarterly overview Group and Segments

AgHort

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
External order backlog	442	490	454	442	249	267	375	316	249	260
Order intake	442	561	469	1,473	382	374	520	427	1,704	360
External net sales	473	500	391	1,364	399	459	457	355	1,669	379
Transactions between segments	9	1	13	23	11	12	7	5	36	12
Operating profit (EBIT)	74	75	25	174	66	81	85	43	276	35
Amortization (incl. surplus values)	3	3	3	10	3	3	3	3	12	3
Items affecting comparability (IAC)	-	-	-	-	-30	-	-	-	-30	-
Adjusted EBITA	77	78	28	184	39	85	88	46	258	38
Adjusted EBITA margin, %	16.0	15.6	7.0	13.2	9.5	18.0	18.9	12.9	15.1	9.7

Mist Elimination

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
External order backlog	146	145	126	146	121	140	129	130	121	135
Order intake	100	111	101	312	95	115	103	103	416	93
External net sales	92	104	92	289	113	103	106	106	428	102
Transactions between segments	4	3	1	7	3	3	0	3	9	2
Operating profit (EBIT)	6	8	6	20	21	12	17	18	69	12
Amortization (incl. surplus values)	0	1	0	1	0	0	0	0	1	0
Items affecting comparability (IAC)	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA	6	8	6	21	22	13	18	18	69	13
Adjusted EBITA margin, %	6.5	7.9	6.9	7.1	18.6	11.8	16.4	16.4	15.9	13.0

Other and eliminations

	2017				2016					2015
SEKm	Q3	Q2	Q1	Jan-Sept	Q4	Q3	Q2	Q1	Full year	Q4
Order intake	-11	-34	-31	-76	-13	-15	-14	-8	-50	-21
External net sales	-	-	-	-	-	-	-	-	-	-
Transactions between segments	-18	-17	-24	-58	-17	-15	-39	-9	-80	-31
Operating profit (EBIT)	-64	-99	-82	-246	-73	-78	-54	-53	-258	-68
Amortization (incl. surplus values)	47	48	46	140	42	40	39	40	161	41
Items affecting comparability (IAC)	2	44	27	73	27	20	-	-	47	-17
Adjusted EBITA	-16	-7	-10	-33	-4	-18	-15	-13	-51	-43

Notes

ACCOUNTING POLICIES

This report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies conform to International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report (Note 1), except for a change in segments where, as of January 1, 2017, the Data Centers, previously part of the Air Treatment segment, is presented as s separate segment. The historical numbers have been recalculated to reflect this change. Segment information can be found on pages 9 through 12 and the segment disclosures are presented on page 19-20. New or revised IFRS standards that came into force in 2017 did not have any material impact on the Group. IFRS also comprises International Accounting Standards (IAS) and interpretations of the standards, called IFRIC and SIC, respectively. Besides IFRS and the Annual Accounts Act, recommendation RFR1 of the Swedish Financial Reporting Board – Supplementary Accounting Rules for Groups – is also applied.

The parent company applies the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation.The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and according to the Annual Accounts Act.

The consolidated accounts encompass the Parent Company and its subsidiaries. The financial statements for the Parent Company and its subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance with the accounting policies that apply to the Group. All intra-Group transactions, revenues, costs, gains, or losses that arise in transactions between companies included in the consolidated accounts have been wholly eliminated.

IFRS 9

Munters has concluded that the only part of IFRS 9 with a potential impact on Munters' financial statements is the impairment model for expected credit losses. The current assessment is that the new impairment model will not materially affect Munters' financial statements since the group's current model is similar to the requirements in IFRS 9. The assessment of the impact is ongoing and will be finalized during Q4.

IFRS 15, Revenue from contracts with customers

The assessment of the implementation of IFRS 15 is ongoing and will be finalized during Q4 2017. The main areas that currently have been identified as potentially impacted by IFRS 15 are bill and hold transactions and customer contracts with service type warranties. Under IFRS 15 Munters will identify the storage service part of a bill and hold contract as a separate performance obligation, meaning that a part of revenue amount will be recognized over time rather than at a point in time, and thereby potentially delaying the revenue recognition to a subsequent period compared to under current GAAP. Also, warranties that meet the criteria for service type warranties will be identified as separate performance obligation and the revenue allocated to the service type warranty will be recognized over time. The potential impact from these two areas is currently not assessed as being material to Munters' financial statements but the final assessment will be completed during Q4.

IFRS 16 Lease

Munters has begun to analyze the effects IFRS 16 will have on the Company's financial statements. In brief, the initial analysis shows that Munters as an operational lessee will be affected 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 Company's preliminary review of its leases (primarily lease agreements in respect of premises), including notice periods and rental amounts, the Company currently believes that IFRS 16 will have an effect on its 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 SEK 17.99 million. The maximum number of warrants that may be subscribed for by the Participants corresponds to approximately 2.77 percent of the Company's share capital following completion of the Offering and assuming full exercise of the warrants. For more information about the incentive programs, see page 4 in this report. For further information of transactions between Munters and related parties, see the Annual Report 2016.

EMPLOYEES

The number of permanent employees at September 30, 2017 was 3,451 (2,851), an increase of 21%. The increase in the number of employees was mainly attributable to the acquisition of MTech Systems and Kevin Enterprises as well as recruitments in Munters services business and within production.

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 Environement, 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

Munters is a company with geographically widespread operations and many small organisational entities. The Group depends to some extent on key customers and key personnel. Some of Munters' sales consist of components, products and facilities used in complex customer processes. Quality and contract obligations could result in claims for damages. Future alternative technologies could constitute a risk. Companies currently active in air treatment could become established in Munters' niches, which would mean increased competition. Demand for the Company's products is affected by the general economic trends. Financial risks mainly consist of currency, interest and financing risks. The continued development of the global economy (including interest rate and currency risk) is an uncertainty factor for profitability. A more detailed description of the Group's financial risks and how they are monitored and managed is disclosed in Note 3 in the Annual Report of 2016. Central guidelines govern the use of insurance, including coverage for general liability and product liability, property, business interruption, transportation, crimes against property, the liability of Board members and the CEO and employment practices liabilities. Several of insurance policies are managed Group-wide.

EARNINGS PER SHARE

Net profit per ordinary share, before and after dilution, in the third quarter 2017 amounted to SEK 0.27 (-0.12). Income attributable to Parent Company's ordinary shareholders amounted to SEKm 50 (-2) for the third quarter. The average number of outstanding ordinary shares in the third quarter was 183,597,802 before dilution and 183,916,270 after dilution.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 13 and level 2 in the fair value hierarchy. The derivatives amount to SEKm 1 (4) in financial assets and to SEKm 3 (5) in financial liabilities.

Per end of the quarter 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 14 in local debt is outstanding in Brazil, China and Czech Republic.

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 13 and level 3 in the fair value hierarchy. In the table below the changes in the contingent consideration liability during 2017 are explained. The largest changes are related to the acquisition of MTech Systems, see further description on page 22.

SEKm	2017/09/30	2016/09/30	2016/12/31
Contingent price considerations and put/call options			
Opening balance	51	78	78
Estimated liabilities at acquisition	162		-
Payments	-	-	-9
Changes recognized in other operating income	-53	-	-30
Discounting	-14	2	7
Exchange-rate differences for the year	-13	6	5
Closing balance	133	86	51

Munters deems that the interest rate on interest-bearing liabilities is in line with market terms at September 30, 2017, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

ACQUISITIONS

MTech Systems

On February 1, 2017, Munters completed the acquisition of 60% of the shares in the US based software company MTech Systems.
The company will operate within the business area AgHort. The purchase price amounted to SEKm 222, corresponding to a debt-free enterprise value for 100% of the company of SEKm 370. Munters also has an option to acquire the remaining 40% of the shares that are held by senior executives of MTech Systems, which also have an option to sell, starting in December 2020. The purchase consideration on exercising the option will be based on the financial result for the 12 months prior to the date of exercising the option. As a consequence of the option Munters recognize non-controlling participations initially and allocate such part of income. The Group also recognizes a liability corresponding to the discounted expected redemption price for the options whereupon non-controlling participations attributable to the options are eliminated. This is the final purchase price allocation. Compared with the preliminary purchase price allocation technology has decreased with SEKm 25 and goodwill has increased with the same amount.
The difference between liabilities for the options and the non-controlling participations to which the options refer is recognized directly in equity and disclosed separately from other changes in equity.

The acquisition of MTech Systems was financed by raising bank loans. In 2016 MTech Systems had revenues amounting to approximately SEKm 140. Acquisition costs during 2016 - 2017 incurred amounts to SEKm 10.

Information about acquired net assets and goodwill follows (SEKm)	According to final purchase price allocation
Cash purchase consideration paid	222
Total purchase consideration	222
Fair value of non-controlling interests	162
Fair value of acquired net assets	-219
Goodwill	165

Acquired net assets at time of acquisition	Fair values according to final purchase price allocation
Assets	
Property, plant and equipment	13
Customer relationships	29
Technology	97
Brands	19
Accounts receivable	51
Other current assets	39
Cash and cash equivalents	35
Total assets	282
Liabilities	
Non-current interest-bearing liabilities	0
Current interest-bearing liabilities	0
Accounts payable	1
Accrued expenses and deferred income	20
Deferred tax liabilities	29
Other current liabilities	12
Total liabilities	63
Net identifiable assets and liabilities	219
Cash purchase consideration paid	222
Cash and cash equivalents in acquired company	-35
Change in the Group's cash and cash equivalents on acquisition	187

The fair value of acquired net assets was increased by SEKm 141. Of this amount SEK 29 million relates to customer relationships, SEKm 97 to technology, SEKm 19 to brands, and SEKm 29 to deferred tax liabilities. The fair value of the acquired accounts receivable at the date of acquisition, SEKm 51 corresponds to the amount expected to be paid. Receivables have a nominal value of SEKm 51.

The goodwill arising from the acquisition, SEKm 165, is primarily attributable to future synergies expected through combining MTech Systems expertise in advanced data analysis with data from Munters controllers, creating a complete overview of the supply chain for poultry and swine producers. Overall this will significantly expand Munters offering to our customers in business area AgHort.

Kevin Enterprises

On April 1, Munters completed the acquisition of Kevin Enterprises Private Limited, a privately owned company headquartered in Mumbai, India. The acquisition was structured as an asset deal, acquiring company being Munters India Humidity Control Private Limited, Munters India. The acquired business will as of April 2017 be reported as a separate reporting unit within Munters India, and will be consolidated into Business Area Mist Elimination. The purchased consideration, after preliminary net working capital and net debt adjustments, amounted to SEKm 76. Preliminary fair value of transferred net working capital and net fixed assets amounted to SEKm 18 and 35 respectively. Value of intangible assets, including goodwill, was estimated at approximately SEKm 23. Work will be carried out with respect to further specifying and allocating value to specific intangible assets. Net debt items were estimated at approximately SEKm 0.2. In 2016, Kevin Enterprises generated revenues of approximately SEKm 65.
Acquisition costs incurred amounts to SEKm 6.

Information about acquired net assets and goodwill follows (SEK million)	According to preliminary purchase price allocation
Cash purchase consideration paid	76
Total purchase consideration	76
Fair value of acquired net assets	61
Goodwill	15

Acquired net assets at time of acquisition	Fair value according to preliminary purchase price allocation
Assets	
Property, plant & equipment	35
Technology	6
Order backlog	1
Favourable contract to use Brand name	1
Inventories	11
Accounts receivable	10
Other current assets	0
Total assets	64
Liabilities	
Accounts payable	(3)
Accrued expenses and deferred income	(0)
Other current liabilities	(0)
Total liabilities	(3)
Net identified assets and liabilities	61
Cash purchase consideration paid	76
Change in Group's cash and cash equivalent on acquisition	76

Edata

On May 30 2017, Munters Group acquired Brazilian-based Edata specializing in key software for food processing plants, primarily for poultry production. Edata provides software to keep track of production within food processing plants and is a long-term partner to MTech Systems, the leading supplier of software solutions to the live production industry which was acquired by Munters on 1 February 2017. Edata delivers form-fit solutions for tracking finished products, measuring quality and yield, and for controlling waste in the food production process. Edata's software will be fully incorporated into MTech's suite enabling Munters to integrate data from farms, hatcheries, feed mills in the food producers' production system. Edata had a turnover of approximately 15 MSEK in 2016 and have 34 employees.

Alternative performance measures

In this interim report, there are references to a number of performance measures. Some of the measures are defined in IFRS while others are alternative performance measures and are not disclosed in accordance with applicable financial reporting frameworks or other legislations. The performance measures are used by the Group to assist both investors and management in analyzing Munters' business. Below are the performance measures found in this interim report described, defined and the reason for use disclosed.

Adjusted EBITA
Operating profit, adjusted for amortizations and items affecting comparability. Munters believes that using adjusted EBITA is helpful in analyzing our performance because it removes the impact of items from our operating results that, in our opinion, do not reflect our core operating performance.

Adjusted EBITA margin
Adjusted EBITA as a percentage of net sales. Munters believes that Adjusted EBITA margin is a useful measure for showing the Company's profit generated by the operating activities.

Capital employed
Capital employed is calculated as the balance sheet's total assets, excluding interest-bearing assets and deferred tax assets, less total liabilities, excluding interest-bearing liabilities, pension liabilities and deferred tax liabilities.

Cash and cash equivalents
Cash and bank balances plus investments in securities and the like with maturity periods not exceeding three months. This is a measure that highlights the short-term liquidity.

Items affecting comparability ("IAC")
Items affecting comparability relates to income statement items that have an impact on operating profit and are important for understanding the underlying development of operations.

LTM
LTM (last twelve months) after any key indicator means that the KPI corresponds to an accumulation of previous twelve month reported numbers. The measure is used to highlight trends in different KPIs, which is valuable in order to gain a deeper understanding of the development of the business.

Net debt
Net debt calculated as interest bearing debt and pension liabilities, deducted by cash and cash equivalents. This is a measure of the ability to repay the debt if it was all due.

Operating profit (EBIT)
Earnings before interest and tax. Munters believes that EBIT shows the profit generated by the operating activities.

Order backlog
Received and confirmed sales orders not yet delivered and accounted for as net sales. Order Backlog is a useful measure to indicate the efficiency of the conversion of received and confirmed sales orders into net sales in future periods, and is used by Munters to monitor business performance and customer demand, and adjust operations.

Order intake
Received and confirmed sales orders during the reporting period. The order intake is an indicator of future revenues and, consequently, an important KPI for the management of Munters' business.

Organic growth
Change in order intake and net sales compared to the previous period, excluding currency translation effects and contributions to order intake and net sales from businesses that were acquired and/or divested during the current period and/or any comparison period. The measure is used by Munters to monitor order intake and net sales growth driven by changes in volume and price between different periods.

Return on capital employed (ROCE)
Operating profit (EBIT), divided by the average capital employed. The average capital employed for each year consists of an average of the closing capital employed in the last 13 months.

Return on capital employed (ROCE) is also presented applying EBIT adjusted for IAC and Capital employed adjusted for goodwill for the purpose of improving comparability against other industrials.

INFORMATION AND REPORTING DATES 2017/2018

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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 9 November 2017 at 10:00 CET via https://www.financialhearings.com/event/10341

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 9 November 2017.

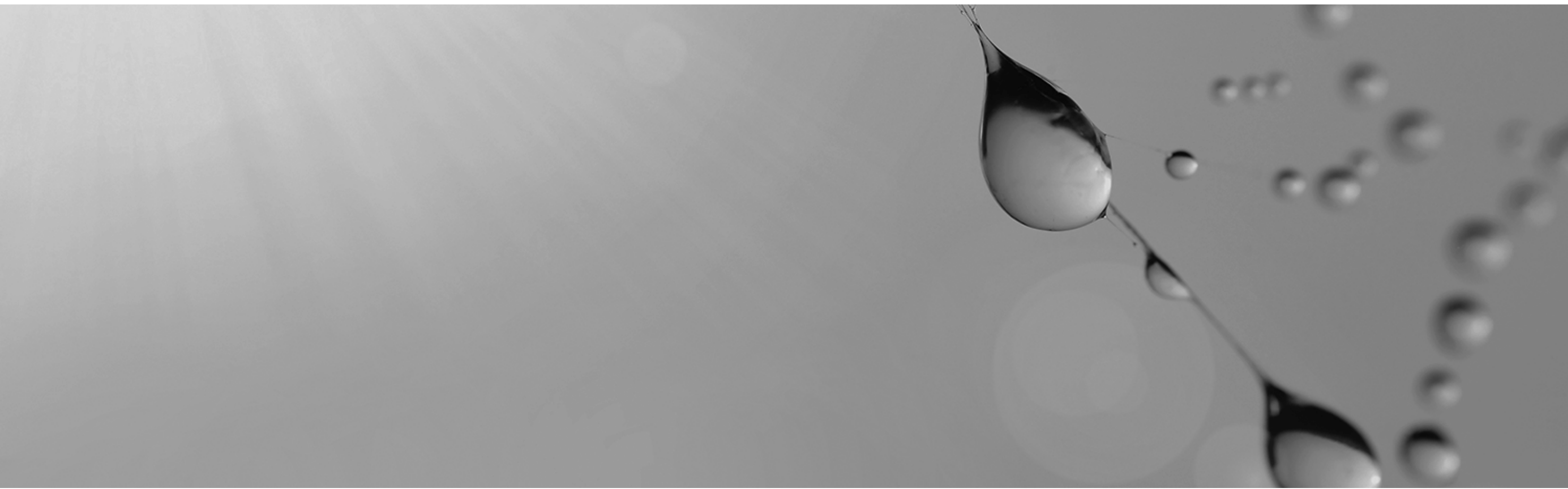
Munters Group AB, Corp. Reg. No. 556819-2321

Financial calendar 2017/2018:

16 February, Interim report, fourth quarter and year-end 2017
26 April, publication of Annual Report 2017
26 April, Interim report, first quarter 2018
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 3,500 employees (including temps.) carry out manufacturing and sales in more than 30 countries. Munters reports annual net sales above SEK 6 billion. 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.



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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, 2017 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, November 9, 2017

Ernst & Young AB

Erik Sandström
Authorized Public Accountant