Munters second quarter 2017

Continued strong growth in the quarter driven by Data Centers and Air Treatment but with some growing pains

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Creating the Perfect Climate in Customers' Mission Critical Applications

Munters facilitates approx. 45% of lithium-ion battery production in the world

Approx. 1/5 of all electricity cleaned with Munters equipment

Food in approx. 1/7 of all meals grown in installations where Munters provides climate control

DC cooling consumes almost 1% of global electricity

Munters Delivers

- Energy Efficiency
- Cost Efficiency
- Productivity
- Production Reliability
- Product Quality
- Regulatory Compliance

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Q2 2017 – Highlights

	Q2		
SEKm	2017	2016	Δ
Order backlog	2 449	2 025	+21%
Order intake	2 234	1 688	+32%
Net sales	1 723	1 438	+20%
Operating profit	143	150	-4%
Adj. EBITA	190	194	-3%
Adj. EBITA margin	11,0%	13,5%	
Net income	11	11	-1
Cash flow from operating activities	86	19	67

- Q2 order intake growth +32%
- Robust order intake growth in core end-markets:
  - Air Treatment sub-segments Industrial, Components and Commercial
  - Data Centers air economizer market
- Continued strong Group net sales growth of +20% driven by Data Centers and Air Treatment
- Adj. EBITA of SEKm 190 (194) impacted by low factory utilization in Data Centers and weak markets in AgHort and Mist Elimination

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Q2 2017 – Order intake and net sales bridge

- Organic order intake growth of 25%
- Organic net sales growth of 12%

Order intake, SEKm	Q2	Δ%
2017	2 234	
2016	1 688	
Change	**546**	**+32**
Organic growth*	420	+25
Currency effects	88	+5
Structural effects	38	+2

Net sales, SEKm	Q2	Δ%
2017	1 723	
2016	1 438	
Change	**285**	**+20**
Organic growth*	172	+12
Currency effects	73	+5
Structural effects	40	+3

* As of Q2 2017 new definition of organic growth where organic growth excludes currency effects.

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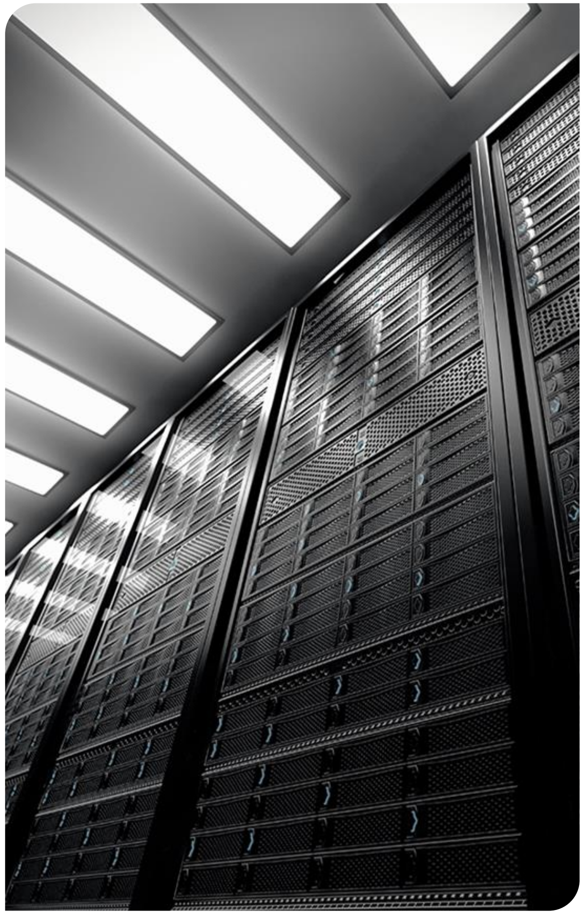
Munters Business Areas

Air Treatment



Data Centers

AgHort

Mist Elimination

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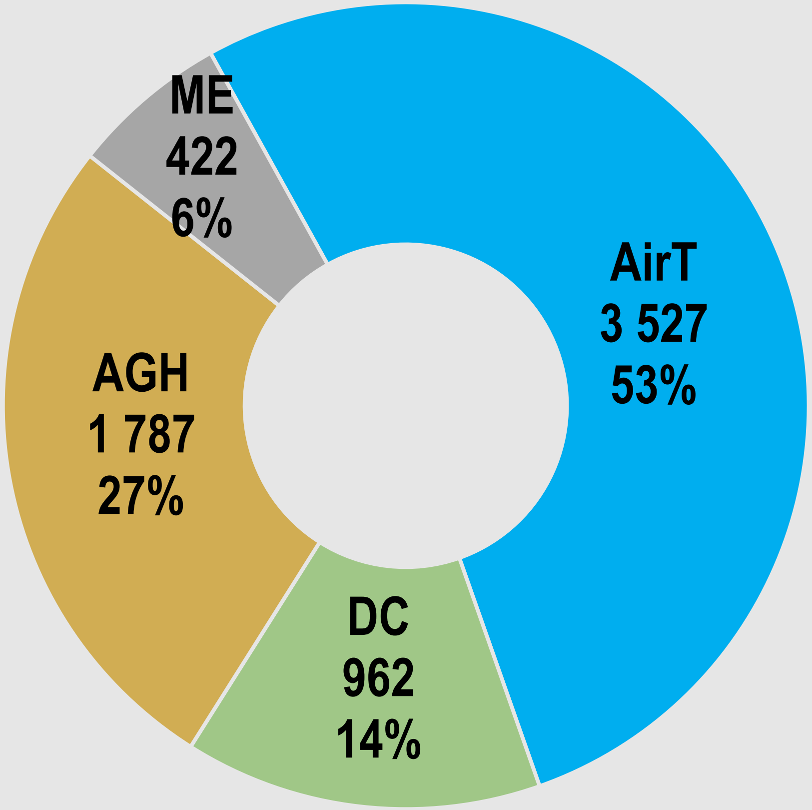
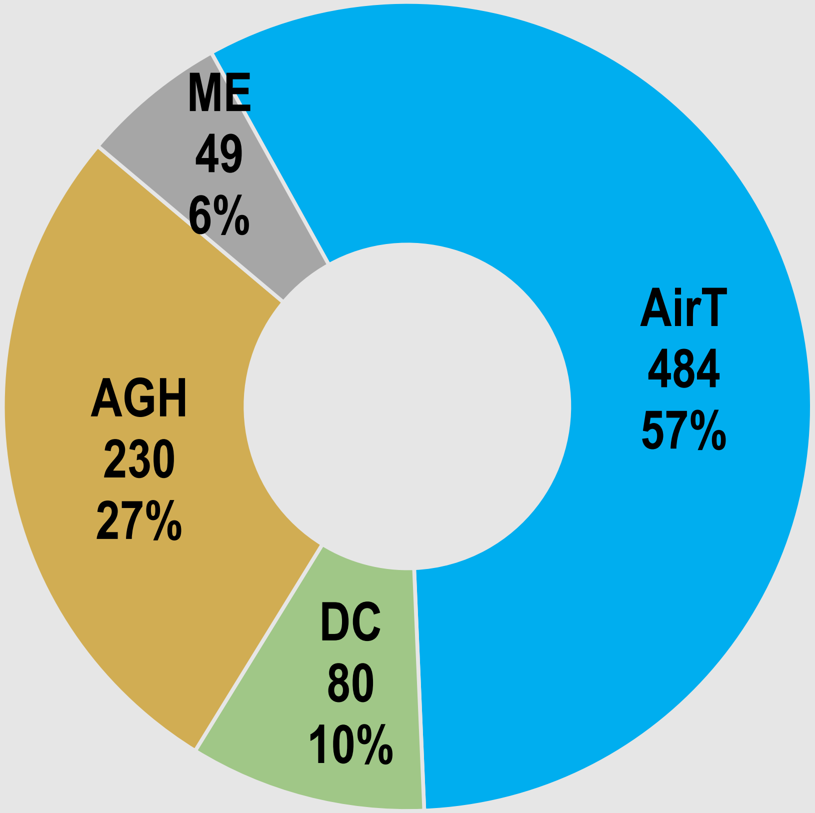
Business Areas

Net sales per business area and LTM (SEKm)



Adjusted EBITA per business area and LTM (SEKm)



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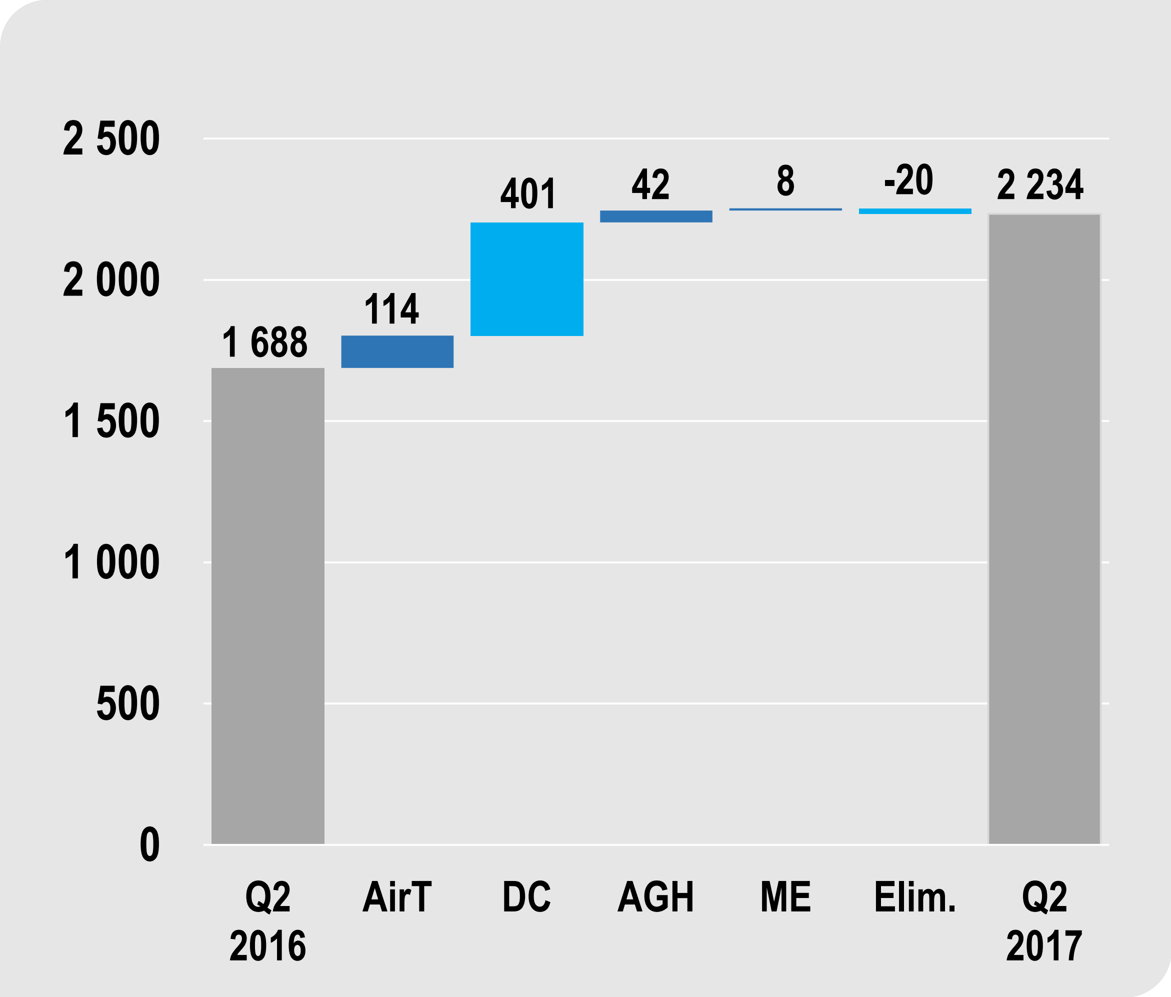
Q2 2017 – Bridge order intake, SEKm



- Order intake growth +32% of which 25% organic driven by Data Centers and Air Treatment
- Two large Data Center orders during the quarter, SEKm 275 in the US and SEKm 232 in Europe
- Strong order intake in Air Treatment sub-segments Industrial, Commercial and Components

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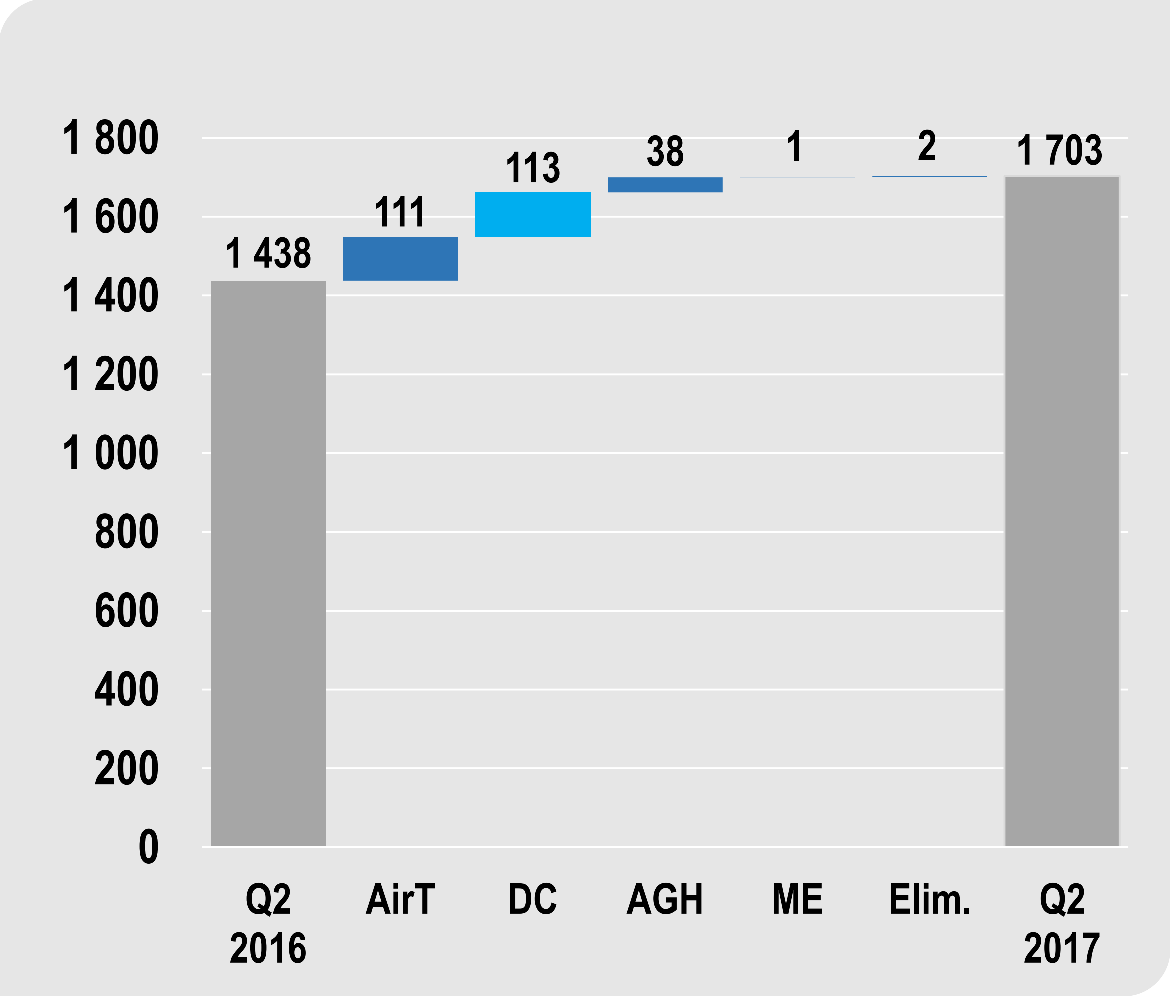
Q2 2017 – Bridge net sales, SEKm



- Net sales growth +20% of which 12% organic
- High growth in Data Center air economizer market and Air Treatment sub-segments Industrial, Commercial and Components
- Service net sales increased by 11% in the quarter

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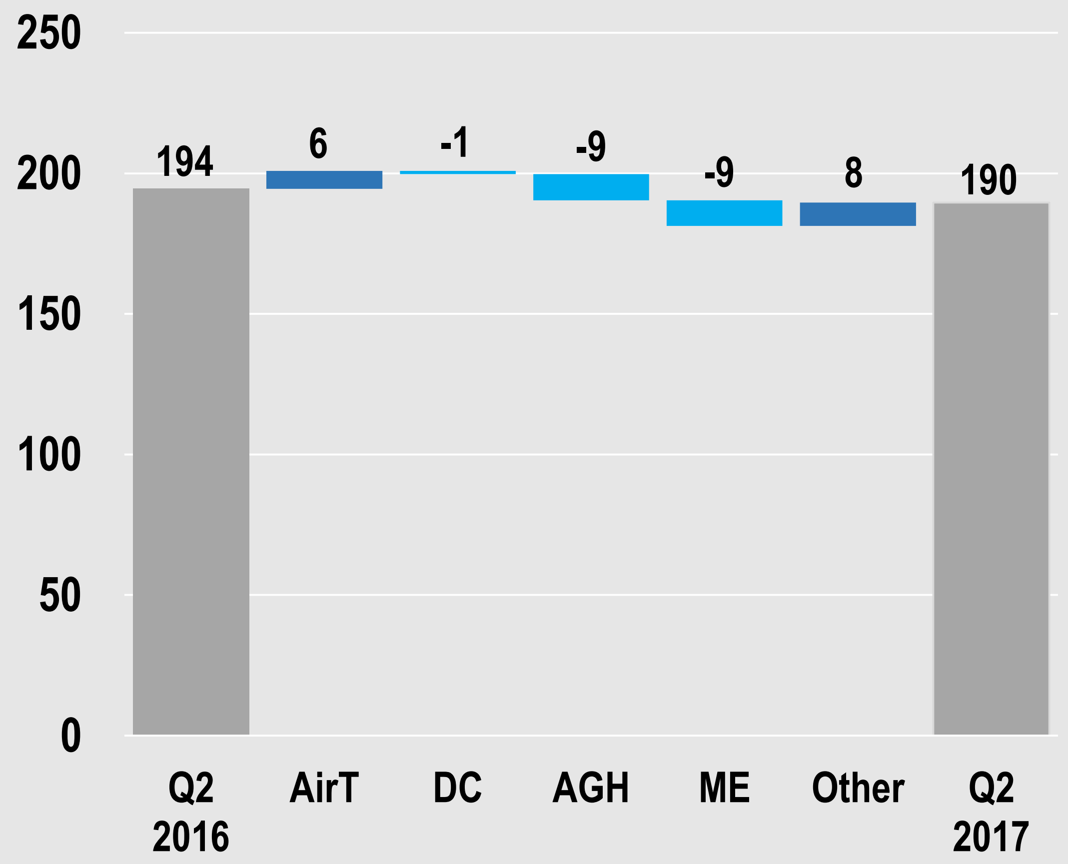
Q2 2017 – Bridge Adjusted EBITA, SEKm



- Adjusted EBITA growth in Air Treatment
- Adjusted EBITA impacted by low factory utilization in Data Centers as well as from low volumes in AgHort and Mist Elimination

First six months 2017 – summary

	Jan-Jun		LTM	Full year
SEKm	**2017**	**2016**	**Jul-Jun**	**2016**
Order backlog	2 449	2 025	2 449	1 741
Order intake	3 888	3 305	6 956	6 373
Net sales	3 242	2 657	6 625	6 040
Operating profit (EBIT)	218	223	572	577
EBITA	326	314		
Adjusted EBITA	337	314	803	781
Adjusted EBITA margin, %	10	12	12	13
Net income	-30	-17	72	85
Cash flow from operating activities	66	73	270	277

- Order intake increased by 18% of which 11% organically
- Net sales increased by 22% of which 15% organically
- Adjusted EBITA increased by 7% to SEKm 337 (314), corresponding to an adjusted EBITA margin of 10.4% (11.8)

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A perfect climate for immunity

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Q2 2017 – Air Treatment

- Strong order intake and net sales in Q2 with growth of 12% and 14% respectively with key sub-segments Industrial, Commercial and Components all showing robust growth
- High demand and orders in lithium-ion battery production, food, pharmaceutical and supermarkets
- Adjusted EBITA margin decreased by 1.0 percentage point, mainly due to production inefficiencies in Mexico and less favorable project mix

	Q2			Jan-Jun	
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**
External order backlog	1 171	1 067	10	1 171	1 067
Order intake	1 037	923	12	1 987	1 698
Net sales	931	820	14	1 724	1 491
Operating profit (EBIT)	173	114	52	267	173
Adjusted EBITA	123	117	5	213	178
Adjusted EBITA margin, %	13,2	14,2		12,4	11,9

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A perfect climate for social media

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Q2 2017 - Data Centers

- Order intake increased by 256% including a SEKm 275 order in the US and a SEKm 232 order in Europe
- Net sales increased by 131% with deliveries to digital customers in the US and co-location customer in Europe
- Weaker performance on margins and adjusted EBITA due to low factory utilization in the US and Europe and continued investments in the business. The negative profit impact of the low utilization during Q2 is estimated to SEKm 20-25
- Due to lumpy nature and phasing of Data Center business, low factory utilization in Q3 expected and earnings at the same level as in Q2. Q4 still expected to be a strong quarter

	Q2			Jan-Jun	
SEKm	2017	2016	Δ%	2017	2016
External order backlog	643	455	41	643	455
Order intake	558	157	256	723	477
Net sales	200	86	131	453	176
Operating profit (EBIT)	-14	-13	-12	18	-6
Adjusted EBITA	-13	-12	-9	19	-5
Adjusted EBITA margin, %	-6,6	-14,1		4,2	-2,8

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A perfect climate for breakfast

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Q2 2017 - AgHort

- Order intake and net sales increased by 8% supported by positive currency effects and acquisitions of MTech Systems and Edata
- Demand impacted by lower investment levels in the industry, mainly in the Poultry sub-segment. Strong demand in the Swine sub-segment in China while the Broiler sub-segment showed moderate growth in the US and Europe
- Adjusted EBITA margins lower due to investments in the IoT-offering and growth initiatives in China

	Q2			Jan-Jun	
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**
External order backlog	490	375	31	490	375
Order intake	561	520	8	1 031	947
Net sales	502	463	8	905	824
Operating profit (EBIT)	75	85	-11	100	128
Adjusted EBITA	78	88	-11	107	134
Adjusted EBITA margin, %	15,6	18,9		11,8	16,3

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A perfect climate for power

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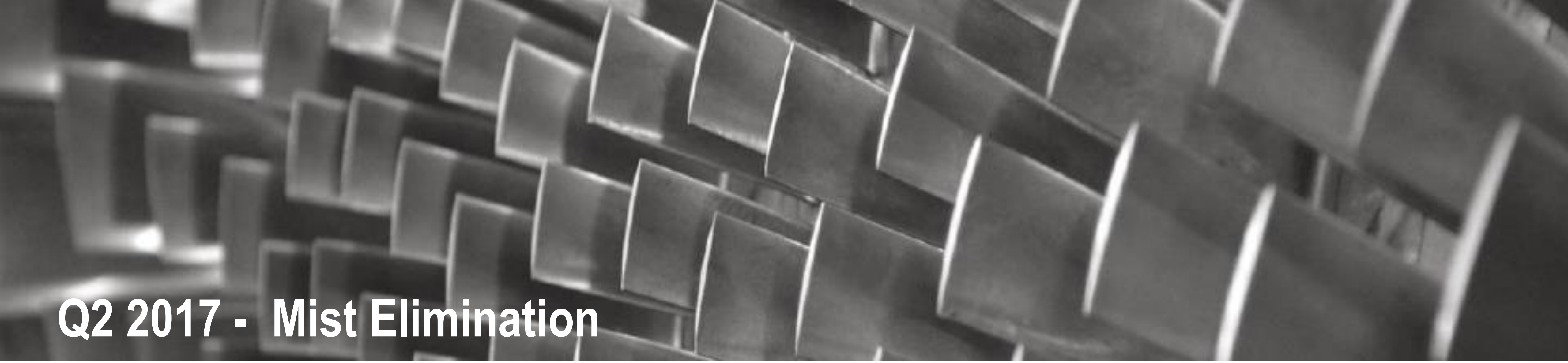

Q2 2017 - Mist Elimination

- Order intake increased by 8% driven by structural effects
- Net sales increased by 1% with structural effects of +6%. Growth impacted by continued weak demand for replacement projects in Coal FGD in the US
- Lower adjusted EBITA and adjusted EBITA margin due to fewer high margin FGD projects in mainly the US

	Q2			Jan-Jun	
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**
External order backlog	145	129	13	145	129
Order intake	111	103	8	212	206
Net sales	107	106	1	200	215
Operating profit (EBIT)	8	17	-55	14	35
Adjusted EBITA	8	18	-52	15	35
Adjusted EBITA margin, %	7,9	16,4		7,4	16,4

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Q2 2017 – Cash flow

- Cash flow from operating activities increased to SEKm 86 (19)
- Decreased working capital of SEKm 23 (-87)
- CapEx of SEKm -32 (-37) and in line with plan

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H1 2017 acquisitions

- **Mtech Systems:** February 1, 2017
  - AgHort software systems
  - Reinforces Munters´ capabilities in software and IoT
  - Purchase price of SEKm 222 (60% of shares with option to purchase remaining 40%)
  - Net sales of SEKm 140 (FY 2016)
- **Kevin Enterprises:** April 1, 2017
  - Mist Elimination
  - Establishes presence in India
  - Reinforces Munters´capabilities within the process industry
  - Purchase price of SEKm 76
  - Net sales of SEKm 65 (FY 2016)
- **Edata:** May 30, 2017
  - AgHort software systems
  - Software for food processing plants, primarily poultry
  - Net sales of SEKm 15 in 2016

Q2 2017 - Summary

- Strong underlying order intake and net sales driven by high demand in focus areas
- Adjusted EBITA impacted by low factory utilization caused by project phasing in Data Centers as well as lower volumes in AgHort and Mist Elimination
- Due to the lumpy nature and phasing of the Data Center business we foresee continued low factory utilization in Q3 and earnings at the same level as Q2. Q4 is still expected to be a strong quarter for Munters with large deliveries of won orders in US and Europe
- Munters addressed end-markets are expected to deliver resilient growth over the coming years and we are well positioned

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Munters in short

~3,500 employees

Sales in ~180 countries

19 plants
11 countries

Over 275 patents and patent applications

Net sales SEKm 6,625
Adj. EBITA margin 12,1%

60+ years

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