



Munters Investor presentation

Sep 2022 - Kepler Cheuvreux Autumn Conference

Annette Kumlien, Group Vice President and CFO
Ann-Sofi Jönsson & Line Dovärn, Investor Relations

Agenda

Introduction

Q2 highlights

AirTech

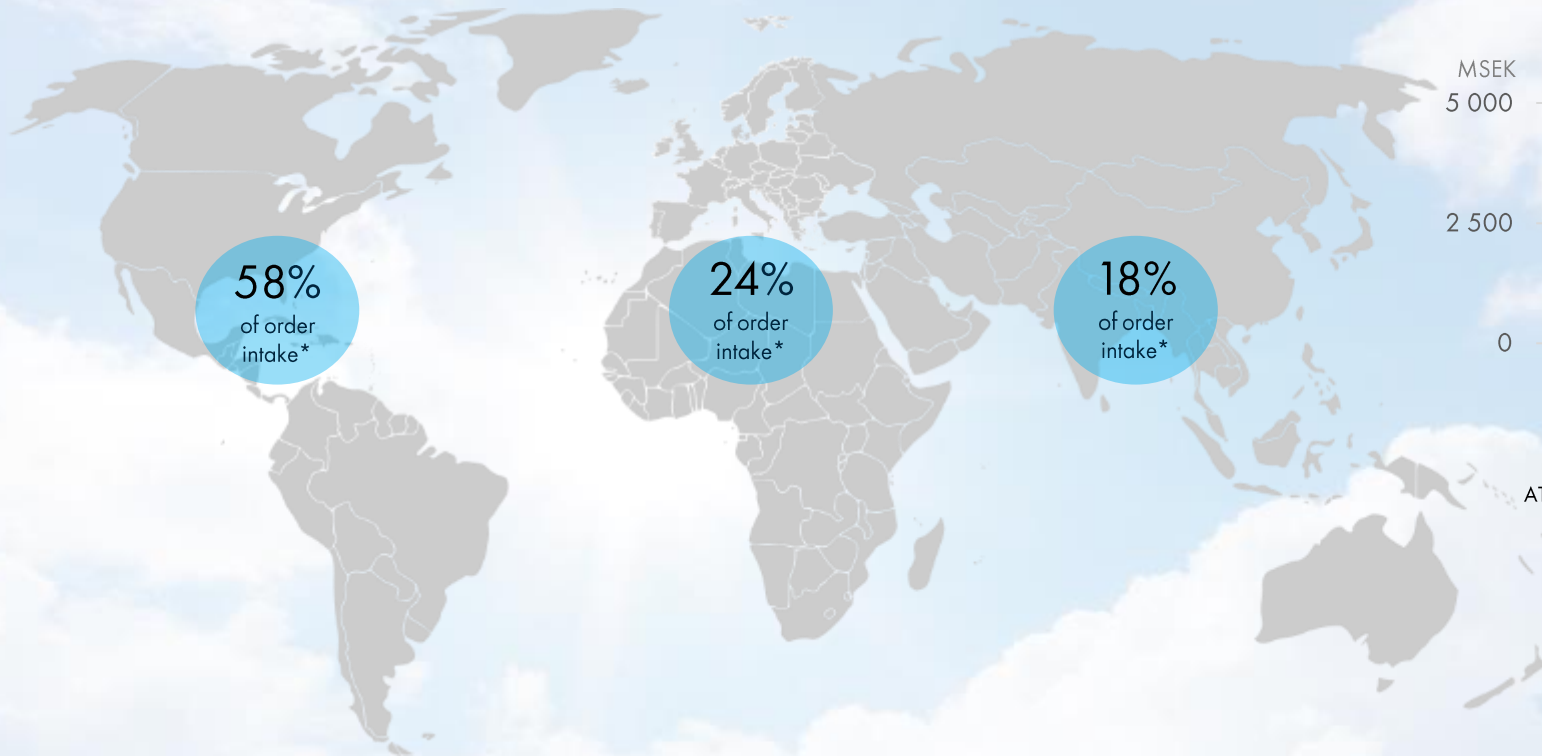
Data Center Technologies

FoodTech

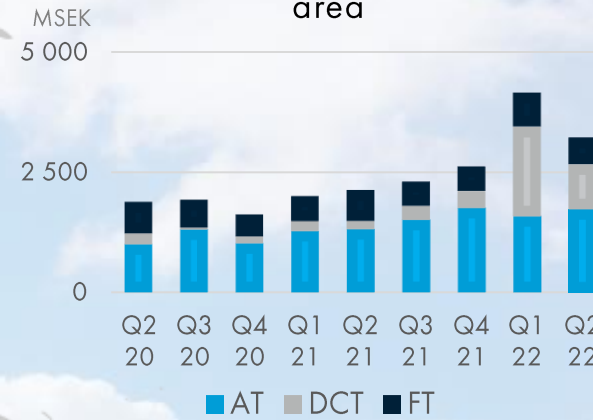
Customer Cases



World leader in energy-efficient climate solutions

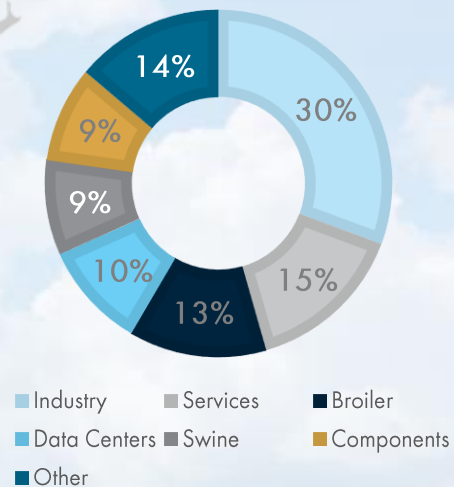


Order intake per business area



AT- AirTech, FT- FoodTech, DCT – Data Center Technologies

Largest customer segments, net sales 2021



Munters offers climate solutions where controlling indoor humidity, temperature and energy efficiency is mission-critical. Our solutions reduce customers' climate and environmental impact through efficient resource consumption

Sales in number of countries

>30

Sales MSEK**

8,645

Number of production plants

18

Adj. EBITA margin**

10.5

Number of employees

~3,700



Munters on a journey



2019

- Two business areas: AT and FT
- CEO and CFO recruited
- Strategic review of Data Centers and Mist Elimination
- Data Centers Europe closed

2020

- New strategic priorities launched
- Organizational re-design: business areas to own full value chain
- Efficiency improvement initiatives (Working capital focus)
- Management team expanded
- Reduction of product portfolio initiated
- AT strategic review

2021

- Efficiency improvement initiatives continue
 - Secure end-to-end information/value chain efficiency across all Munters
 - Working capital focus
- Increased focus on R&D
- FT strategy review & AT delivery on strategic review
- Listed on Nasdaq Stockholm's Large Cap

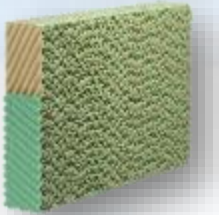
2022

- AT & FT delivery on strategic review
- New business area: DCT
- Acquisition of EDPAC – data centers Europe

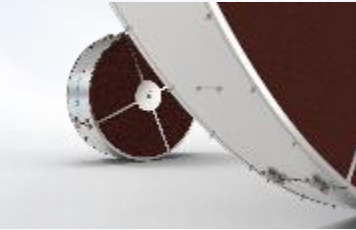
Core technologies – dehumidification and evaporative cooling

Core Technologies

Evaporative cooling pads



Rotors with desiccant drying wheel



AirTech offering

Dehumidifiers

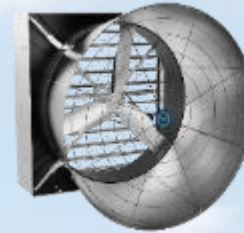


Climate systems

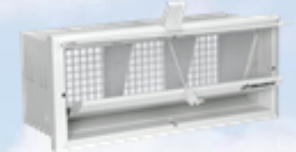


FoodTech offering

High-efficiency fans



Air inlets

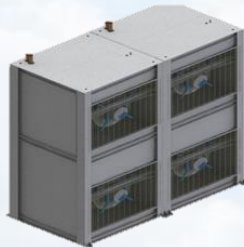


Data Center Technologies offering

Packaged air economizers



Chilled Water CRAH



SyCool



Service



Controller



Sensors and software



The above products are examples of products in the Munters offering
CRAH – Computer Room Air Handler

Sustainability seamlessly integrated in Munters business strategy



2021

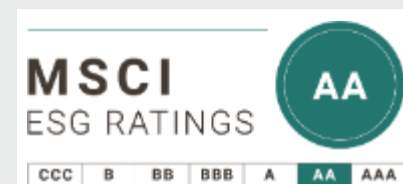
- Scope 3 emissions included in GHG reporting
- Net zero emissions target from operations by 2030
- EU taxonomy eligible business 35%
- CDP reporting
- Major investments - ESG impact analysis (incl. internal carbon pricing)

2019

- Sustainability Core Team
- Governance improved
- GHG protocol reporting internally
- CDP reporting

2020

- Integrated sustainability aspects fully into the Munters strategy
- Company purpose launched as well as new strategy
- GHG emission reporting continued CDP reporting
- Updated car policy & whistleblower policy
- CDP reporting



Climate change is our most important megatrend

Munters purpose - For customer success and a healthier planet

Climate change is driving and impacting our market, demand and strategic priorities.

Munters is part of the solution for a more sustainable world.

Renewable electricity

53%

(2020: 50%)

Recycling rate

54%

(2020: 47%)

Energy efficiency

0.90

(2020: 0.96)

Code of conduct for suppliers

100%

(2020: 100%)

Percentage women employees and leaders

22% & 23%

(2020: 21% & 22%)

EU Taxonomy

35%

of net sales subject to the taxonomy (first year reported, adopted in 2021)

Total Recordable Incident rate (TRIR)

1.7

(2020: 1.2)

Increase share of Service

15%

(2020: 14%)

Net zero emissions from our operations by 2030

Agenda

Introduction

Q2 highlights

AirTech

Data Center Technologies

FoodTech

Customer Cases



Climate change our most important value driver



Well positioned to take advantage of strong megatrends - digitalization, electrification and demand for sustainable solutions



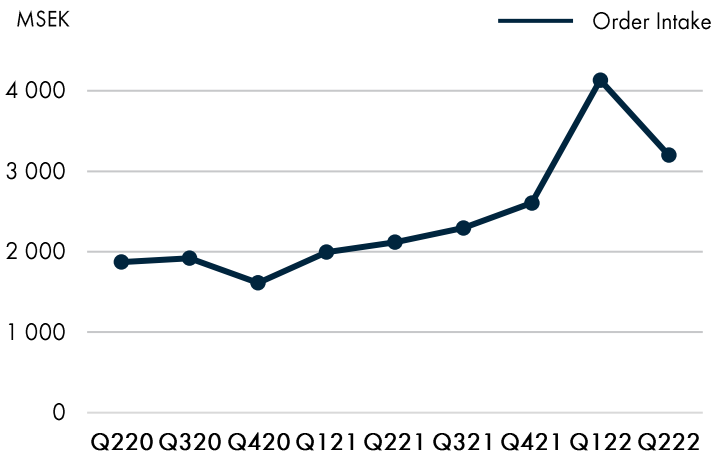
Price increases compensated for inflationary pressure – we continue to adjust prices



Increasing investments to capture market opportunities

Strong growth in a quarter marked by continued challenges

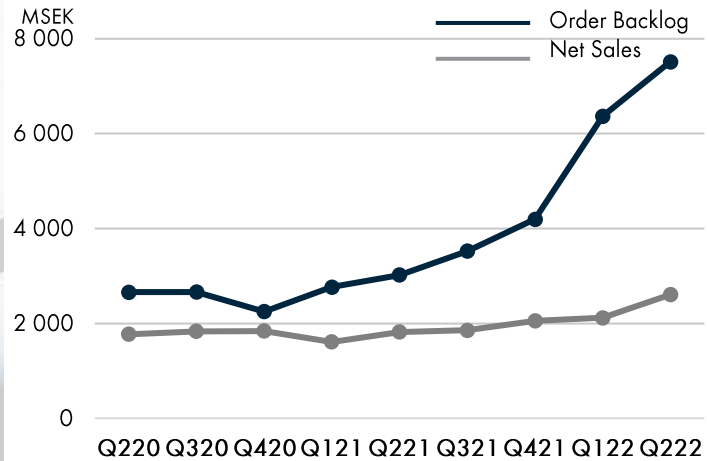
Strong order intake



Order intake, Q2 +51% :

- DCT in Americas
- Battery and Service in AT
- fx-adj. 35% and organic 33%

Increased focus to manage lead times



Net sales, Q2 organic growth 25% :

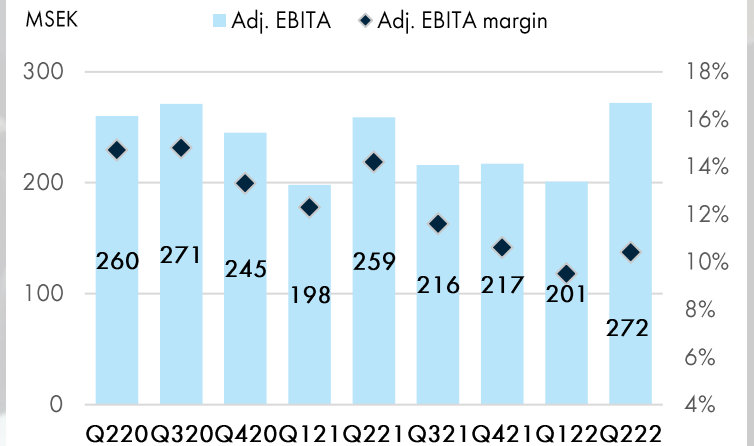
- DCT, Americas and Battery and Service, AT
- offset by weak Chinese market in FT
- fx-adj. 29% and organic 25%

Order backlog, FY +149%

- fx-adj. +117% and organic 114%

Book-to-bill 1.2

Price increases compensated for inflation



Adj. EBITA margin 10.4%:

- price increases compensated for inflationary pressure
- offset by increased work to secure components shortages
- changed business mix in DCT
- lower FT volumes in APAC & EMEA
- operational challenges
- increased strategic investments

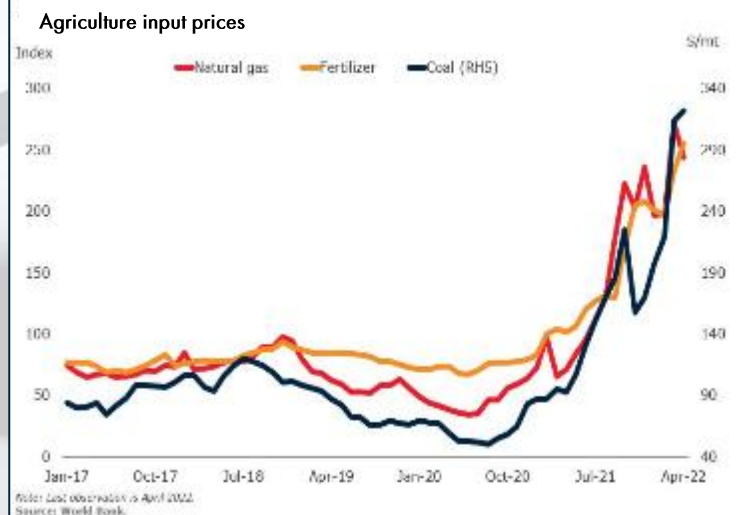
Intensified global challenges

Market situation



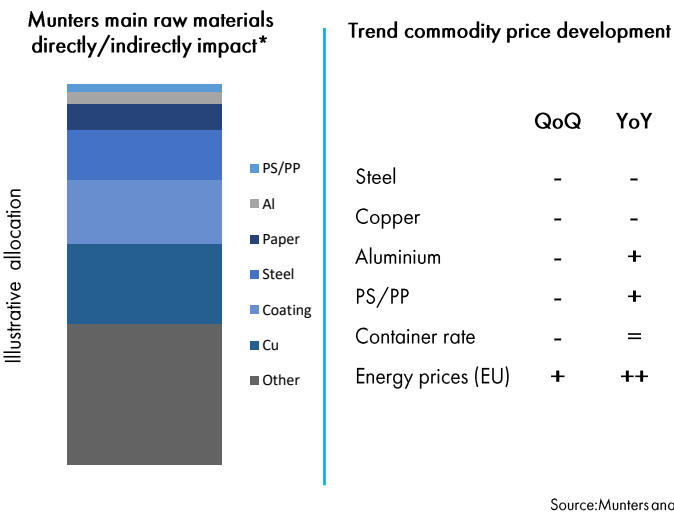
- War in Ukraine
- Lingering Covid-19 outbreak
- Weak Chinese swine market

Consequences of market situation



- Inflationary pressure
- Rising input costs for the farming industry
- Weakened market in EMEA
- Covid-19 lockdowns in China

Supply chain impact



- Supply chain constraints and component shortages
- Limited freight alternatives and rising costs

*PS - Polystyrene , PP – Polypropylen, Al – Aluminium, CU – Copper

Strong growth in a quarter marked by continued challenges

	Mid-term targets	Q2 2021	Q2 2022	YTD 2021	YTD 2022
Net sales growth Org. growth p.a. over a business cycle	5%	13%	25%	13%	21%
Adjusted EBITA-margin	14%	14.2%	10.4%	13.3%	10.0%
Capital structure* (Leverage: Net debt / adj. EBITDA)	1.5x-2.5x	n.a.	n.a.	1.9x	2.9x

*LTM = Last Twelve Months



Net price increases coming through

Group adj. EBITA margin impact

	Q2
2021 adj. EBITA %	14.2
Volume	++
Net pricing	=
Business & regional mix	--
Supply chain	--
Investments	-
Operational challenges	-
2022 adj. EBITA %	10.4

Adj. EBITA margin in Q2 affected by:

- Volume growth in AT and DCT
- Net price increases offset by inflationary pressure
- Business & regional mix negative impact:
 - weak FT market in EMEA & APAC
 - changed business mix DCT
- Supply chain challenges - War in Ukraine led to increased energy and freight costs and component shortages
- Strategic investments for scalability
- Operational challenges in two units



Increasing investments to capture market opportunities

Commercial excellence

Digitalization

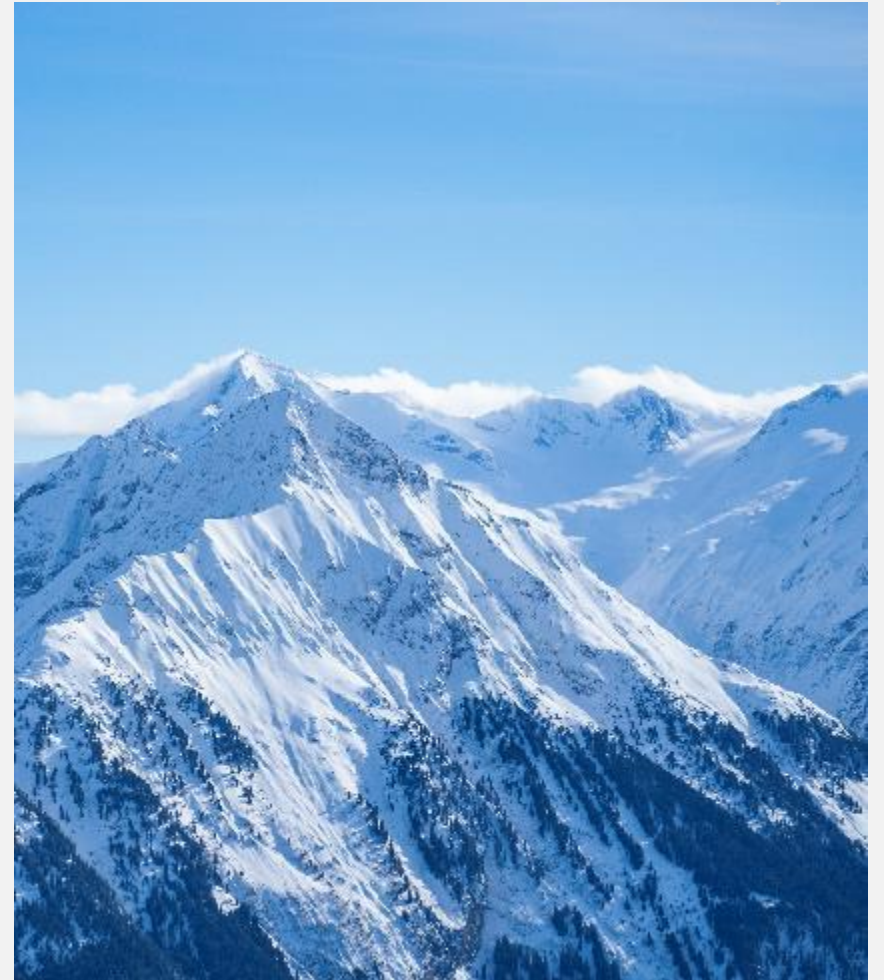
Innovation

Manufacturing excellence

Investing in people



Create a scalable
business to capture
growth and become more
efficient and profitable





Inorganic strategies to boost overall growth



Agenda

Introduction

Q2 highlights

AirTech

Data Center Technologies

FoodTech

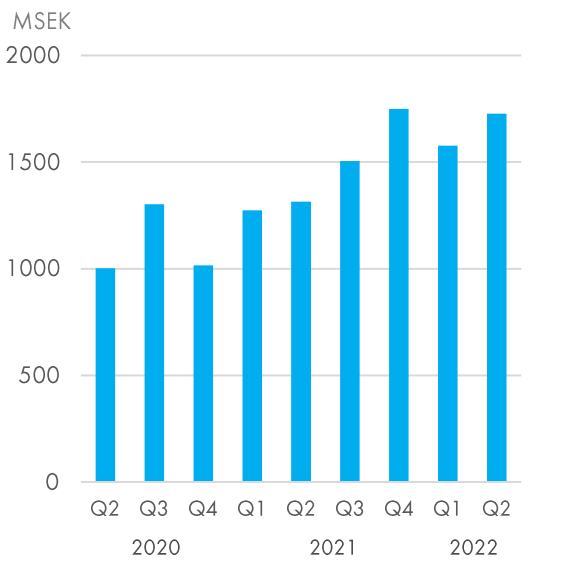
Customer Cases



Global leader in air treatment for industry

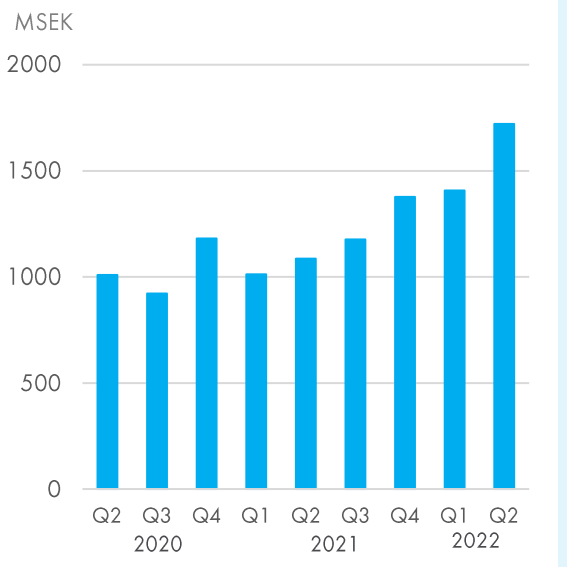
Order intake, MSEK*

1,727



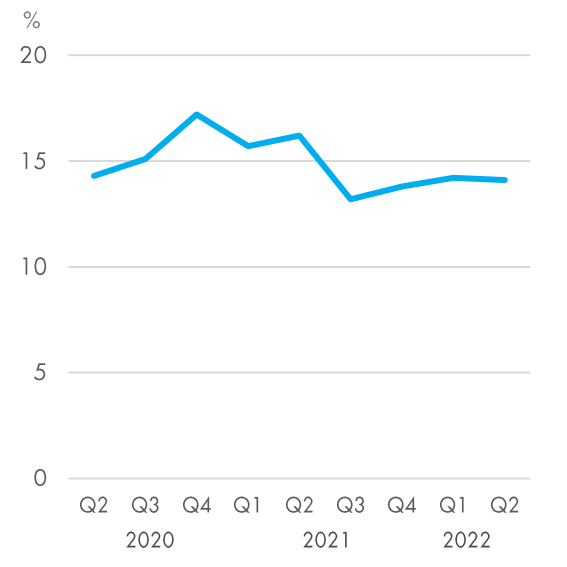
Net sales, MSEK*

1,723

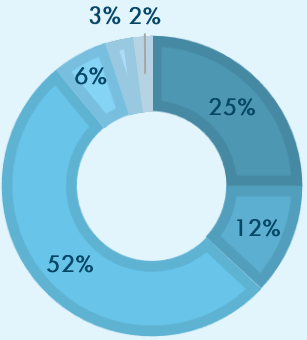


Adjusted EBITDA margin*

14.1%

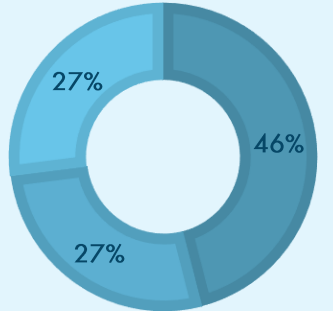


Customer segments, net sales 2021 **



- Industry
- Services
- Data Center
- Components
- Clean Technologies
- Commercial

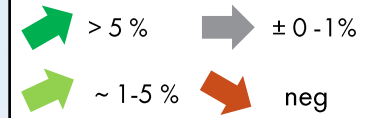
Regional distribution, net sales 2021 **



- Americas
- EMEA
- APAC

* Financial figures Q2 2022

** Pre reconciliation of AirTech and DCT



Very strong demand within Battery

Customer segment	% order intake Q2 2022	Market Outlook *	Comments
Industrial	50%		Demand expected to remain strong
...whereof Battery	25%	***	Continued strong growth expected, driven by Americas and EMEA
...whereof Food processing	8%		Demand expected to continue to pick-up
...whereof Other	16%		Solid underlying markets performance
Components **	14%		Demand expected to remain strong for components in key markets
Clean Technologies	8%		Growth driven by primarily Process industries
Commercial	6%		Steady replenishment market for supermarkets
Services	23%		Growth in all regions and continued high demand for our Services

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

** Dehumidification rotors and humidification pads sold through OEM channels

*** Market outlook for Battery is strong with growth above 10 per cent

Selection of market players

		Small (<1 BSEK)				Medium (1-2 BSEK)	Large (2-10 BSEK)	Extra Large (>10 BSEK)
Humidity Control Technologies	Dehumidification	 AM	 AS	 AS	 AM	 AM/AS/EU	★ AS	
	Humidification	 AM	 AM	 AM	 AM		★ AM	
		 AM/AS	 EU	 AS	 AS		★ AS	
		 AM	 AS	 AS				
		 AS	 EU	 EU				
		 AS	 AM	 AS		 EU/AS	 EU/AS/AM	
Mist Elimination / Clean Technologies		 EU	 EU	 EU	 EU	 AM	 AM/AS/EU	 EU/AS/AM
								 EU/AS/AM

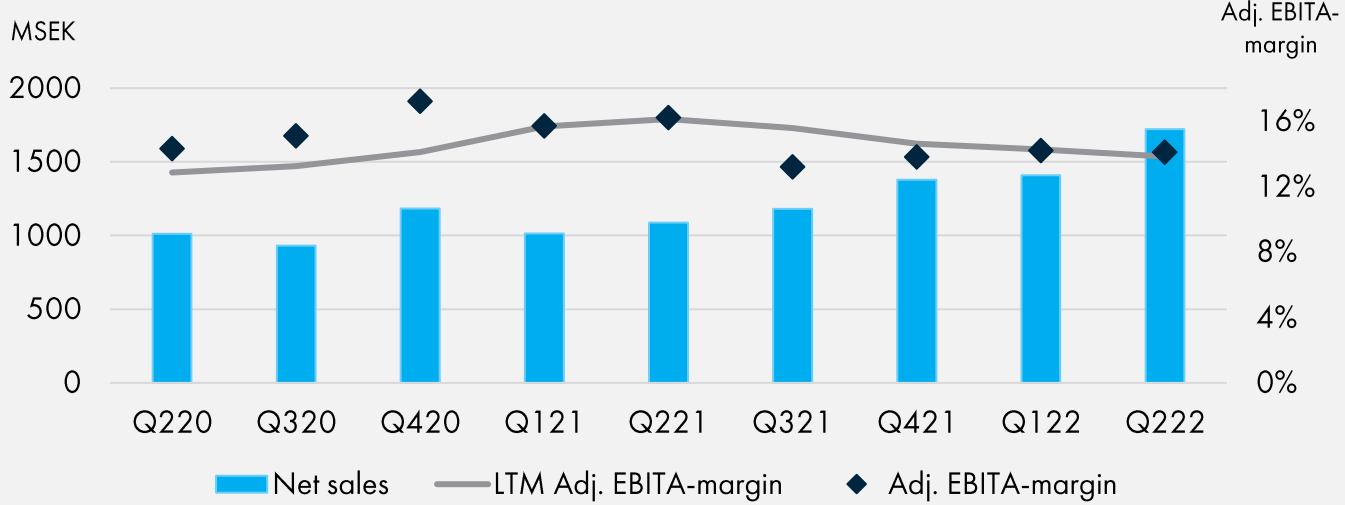
★ A small business within a large company/conglomerate



Q2 - Strong growth in transformative segments

- Order intake - up in all regions, Battery also Food, Components, CT and Services
- Net sales increased in all regions
 - Services ~ 20% of AT net sales
 - price increases ~ 6% of net sales in Q2
- Adj. EBITA margin impacted by;
 - + strong volume growth
 - + customer price compensated for inflationary pressure
 - increasing work to secure components and manage lead times
 - operational challenges at a production unit in the Industrial sub-segment in the US continues

	MSEK	Q2 2022	Q2 2021	Change (%)		
				Organic growth	Acquisitions & divestments	Currency effects
Order intake		1,727	1,315	19	-	12
Order backlog		3,204	1,998			
Net sales		1,723	1,088	43	-	15
Adj. EBITA		242	177			
Adj. EBITA-margin		14.1	16.2			



Agenda

Introduction

Q2 highlights

AirTech

Data Center Technologies

FoodTech

Customer Cases



Balanced market approach – setting ourselves up for growth

History

Today

Future

Step- by-step growth

Step 1

- Refocus on the North American market
- Strengthen market position through new product launches and broadening of customer base
- Build a stable manufacturing base
- Creating solid recurring revenues

Step 2

- Acquisition of European EDPAC
 - Several cooling solutions transferred
 - Smaller scale, shorter production runs
 - Broader product portfolio
 - Targeted customers
- Strengthen market position

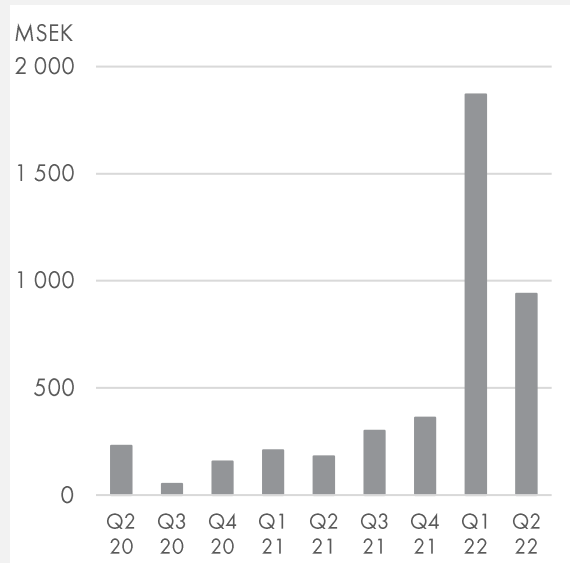
Step 3

- Grow through expansion of customer base and with existing customers
- Ensure production capacity

Leading supplier of advanced climate cooling solutions

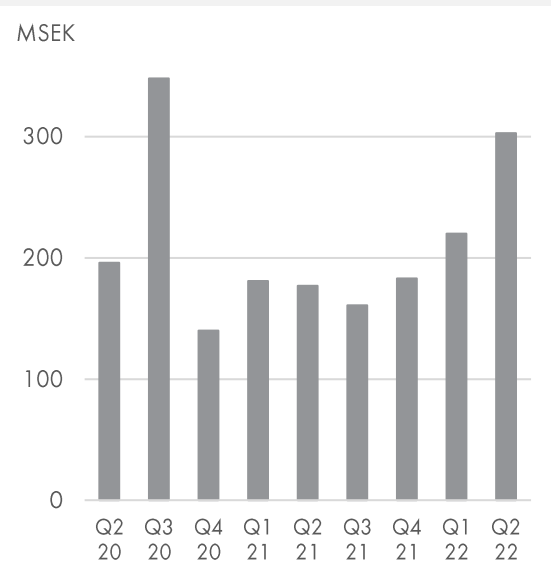
Order intake, MSEK*

939



Net sales, MSEK*

303

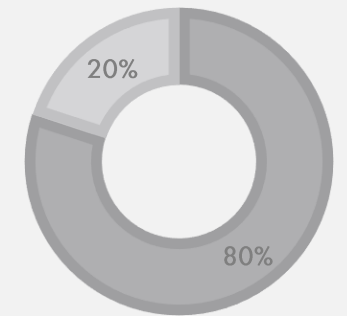


Adjusted EBITDA margin*

5.9%



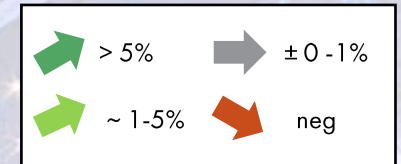
Regional distribution, order intake*



■ Americas ■ EMEA

*Financial figures Q2 2022

Data Center Technologies – hyperscalers driving growth

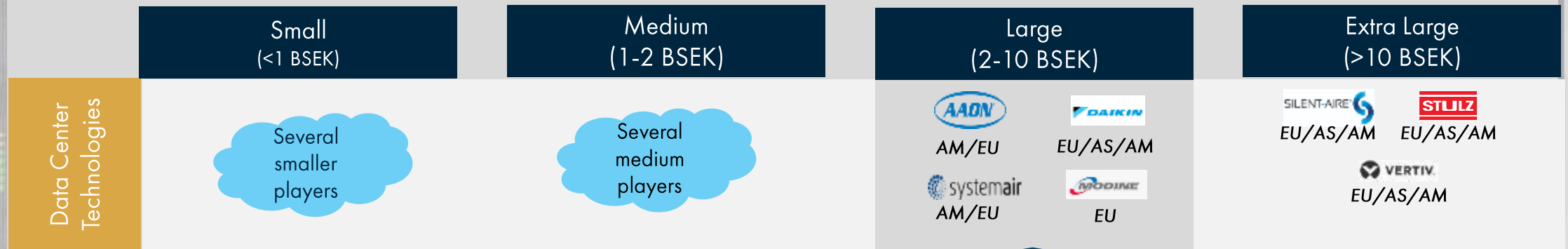


Customer Segments	% order intake Q2 2022	Market Outlook *	Comments
Hyperscalers	5%	➤	Increase in cloud traffic and connectivity services continues to drive hyperscale growth
Colocation	93%	➤	Co-lo growth largely driven by increased leasing from hyperscale customers, specifically orders for the newly launched SyCool product range
Telco & enterprises	2%	➡	Slower growing segment as more enterprise data centres are moving to cloud or co-lo hosted solutions Edpac solutions fit in well with Enterprise and Telco markets

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

Munters well positioned for growth in the data cooling market

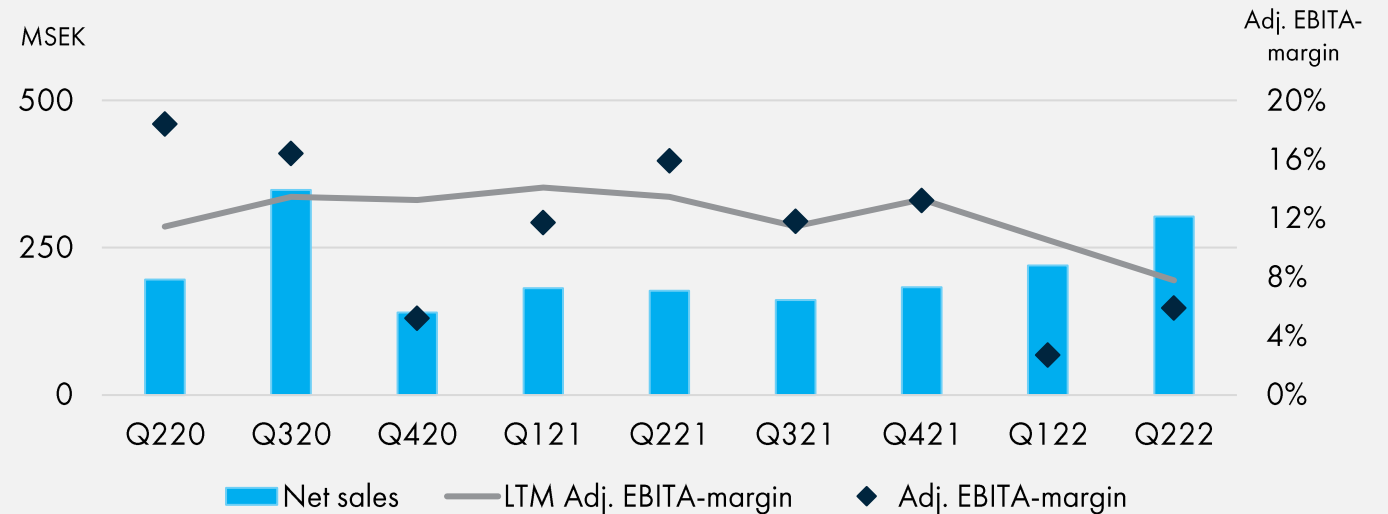
- Cooling solutions offered by many smaller, local players as well as few large global players
- In general, an order in Data Center is a project with a lead time of 9-15 months consisting of several equipment deliveries
- Munters well positioned in both North America and Europe



Q2 -Strong growth in both Americas and EMEA

- Order intake increased - co-location customers in Americas
- Net sales increased - EMEA and Americas
 - price increases ~2% of net sales in the quarter
- Adj. EBITA margin;
 - + volume growth in Americas and EMEA
 - increasing work related to component shortages led to increased lead times and increased costs
 - changed business mix in the quarter

MSEK	Q2 2022	Q2 2021	Change (%)		
			Organic growth	Acquisitions & divestments	Currency effects
Order intake	939	180	318	85	18
Order backlog	3,369	319			
Net sales	303	177	10	39	23
Adj. EBITA	18	28			
Adj. EBITA-margin, %	5.9	15.9			



Agenda

Introduction

Q2 highlights

AirTech

Data Center Technologies

FoodTech

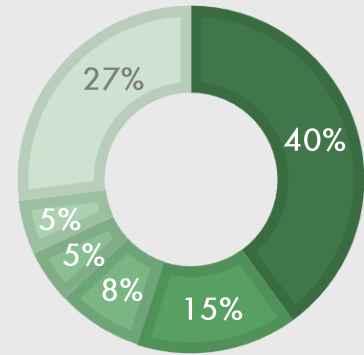
Customer Cases



FoodTech - Increased sales, challenging market environment

FoodTech is one of the world's leading suppliers of high-quality, energy-efficient climate control systems for livestock farming and greenhouses, as well as software to control and optimize the entire food production value chain.

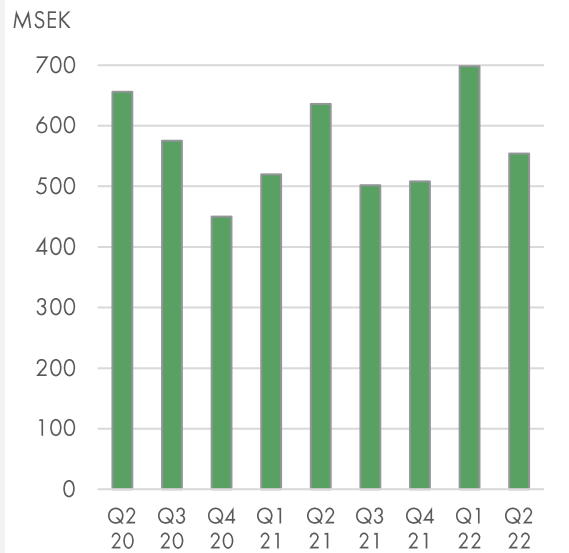
Customer segments, net sales 2021



- Broiler
- Swine
- Layer
- Greenhouse
- Dairy
- Digital Solutions

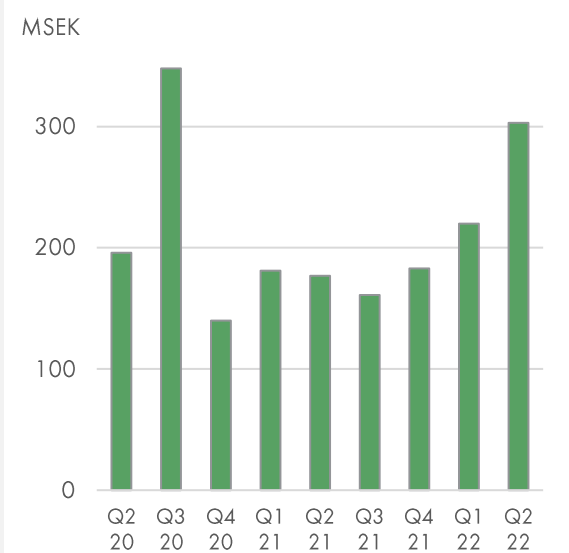
Order intake, MSEK*

554



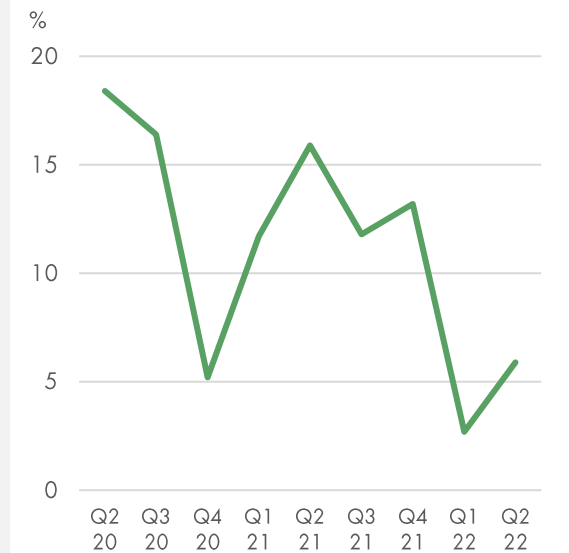
Net sales, MSEK*

599



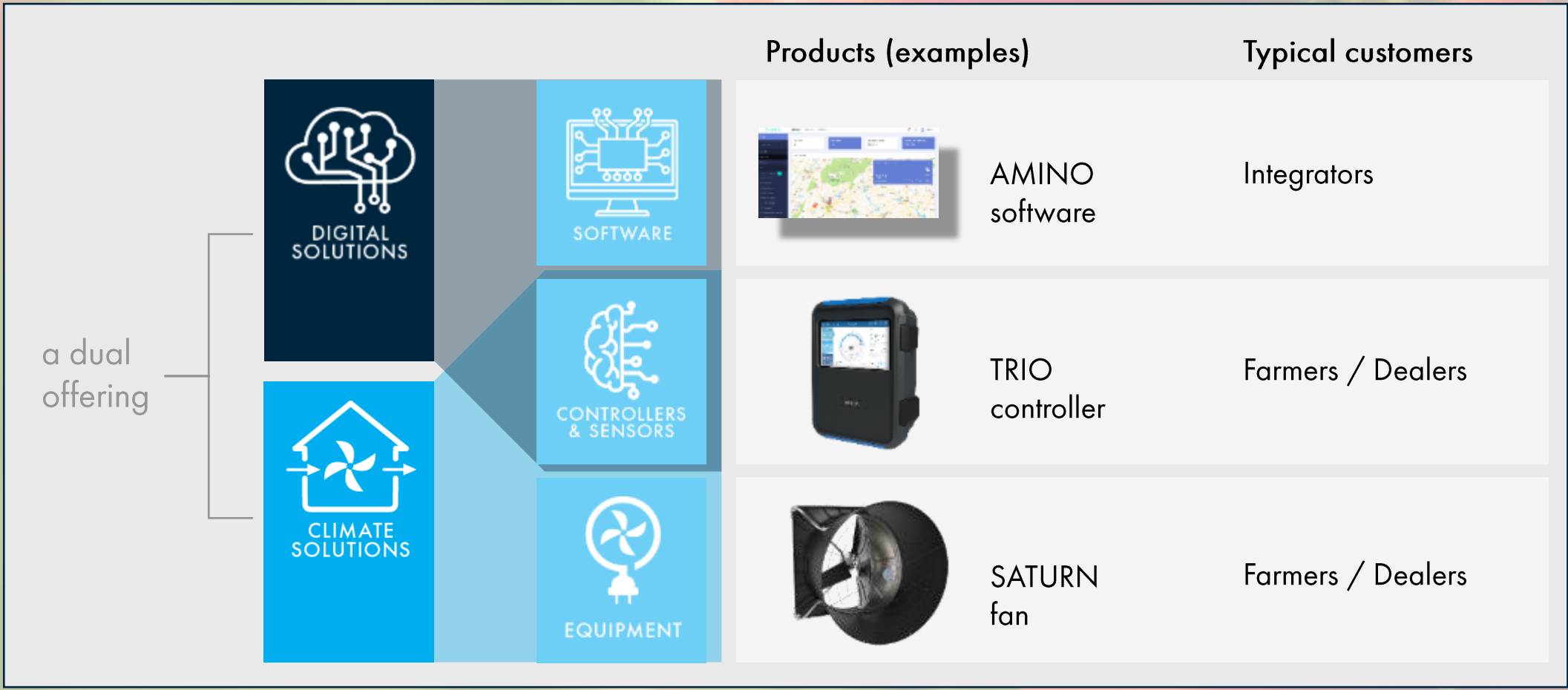
Adjusted EBITDA-margin*

8.4%



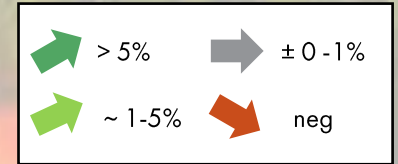
*Financial figures Q2 2022

FoodTech has a leading offering to our customers



FoodTech stands on two pillars, climate solutions and digital solutions

FoodTech – a market in transformation



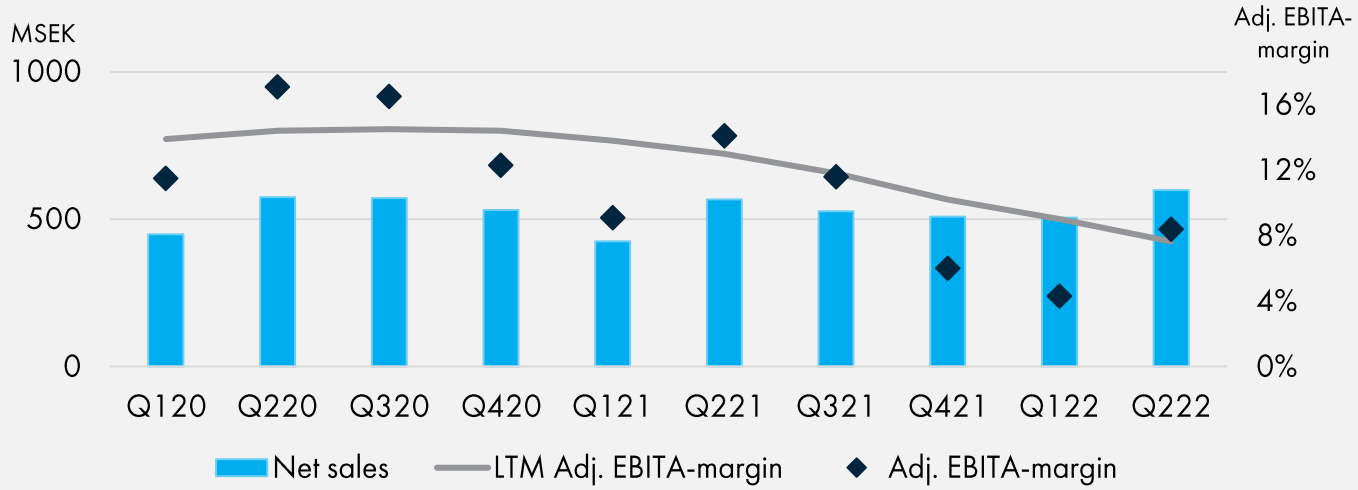
Customer segment	% order intake Q2 2022	Market Outlook *	Comments
Climate solutions	87%	➡	Mixed market development with growth in Americas, slow down in EMEA and weak demand in APAC
...whereof Broiler	53%	➡	Continued strong demand in Americas, EMEA slower due to Avian Flu and effect of supply chain constraints
...whereof Swine	15%	➤	Weak development in APAC and EMEA
...whereof Layer	11%	➡	Cage-free regulation driving long-term demand
...whereof Greenhouse	6%	➤	Growth driven by increased demand
...whereof Dairy	3%	➡	Good milk prices continue to support investments in Americas
Digital Solutions	13%	➤	Strong trend in all regions with increased data usage through IoT and software aiming at increasing yield and improve animal welfare and sustainability

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

Increased sales, challenging market environment

- Order intake decreased - weak APAC and EMEA markets. Digital Solutions in Americas grew
- Positive Broiler & Layer segments in Americas. Chinese market continued weak. EMEA flat development
 - price increases ~10% of organic growth
- Adj. EBITA margin;
 - + Digital Solutions in Americas
 - continued lower sales volumes in APAC
 - further investments in Digital Solutions
 - war in Ukraine - uncertainties lead to lower order intake in EMEA and operational challenges in a production unit

	MSEK	Q2 2022	Q2 2021	Change (%)		
				Organic growth	Acquisitions & divestments	Currency effects
Order intake		554	636	-22	-	9
Order backlog		942	700			
Net sales		599	567	-5	-	10
Adj. EBITA		50	80			
Adj. EBITA-margin, %		8.4	14.1			



Agenda

Introduction

Q2 highlights

AirTech

Data Center Technologies

FoodTech

Customer Cases



Our largest orders in the battery segment ever

- **July 2022** - Order from large US car manufacturer
 - Total value ~MUSD 65 (including Munters climate control systems and field service work)
 - Deliveries Q2 2023 through Q3 2024
- Battery segment a prioritized growth area, this order validates our strong market position
- The order proves we can combine modularized products and a market leading customer specific solution, creating simplicity and scalability



Munters solutions support carbon capture processes



Benefits

- Carbon capture - the process of removing CO₂ from large emission sources* by safely capturing and storing in underground geological formations
- Technology solution applicable for large facilities in many industries

Customer case

- Cement, steel and the chemical industry emit high levels of CO₂ when broken down and no green substitute exists
- Clean Technologies by Munters with Mass Transfer and gas-liquid separation solutions are critical parts of the carbon capture process
- Customer estimates a yearly reduction of CO₂ emissions by > 400,000 tons by the solution

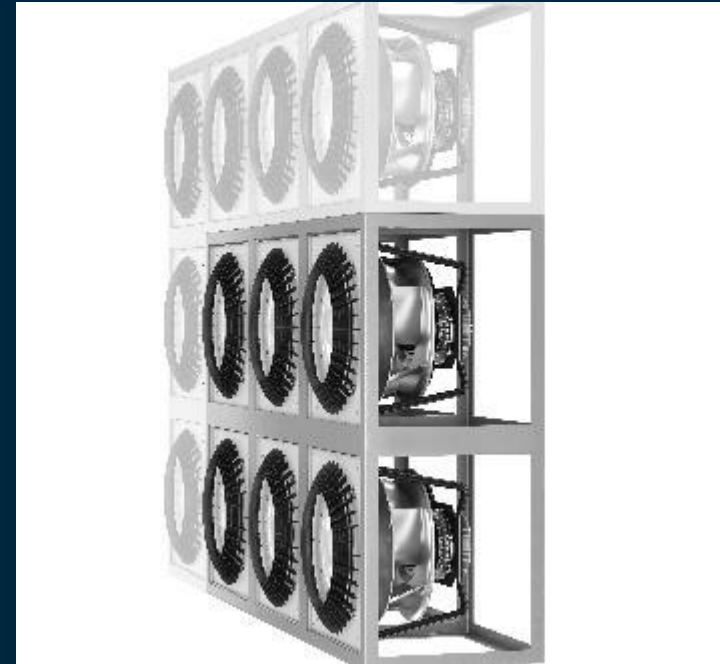
Munters role*

- Munters gas-liquid separator to be used where liquids and gases need to be separated
- Munters equipment features an advanced type of inlet distributor (IDM) that introduces liquid mixtures into a vessel or a column
- The IDM liquid removal capacity has an efficiency of ~90% and evenly distributes the onward gas flow

Belgian air hub chooses Munters for fan optimization

- Liège Airport in Belgium is the 7th biggest cargo airport in Europe and the 22nd biggest in the world
- Massive amount of energy is used for creating a comfortable indoor climate for passengers, shopkeepers and employees
- Two extraction units were upgraded, and one fan unit replaced, which significantly reduced electricity consumption and reduced CO2 emissions

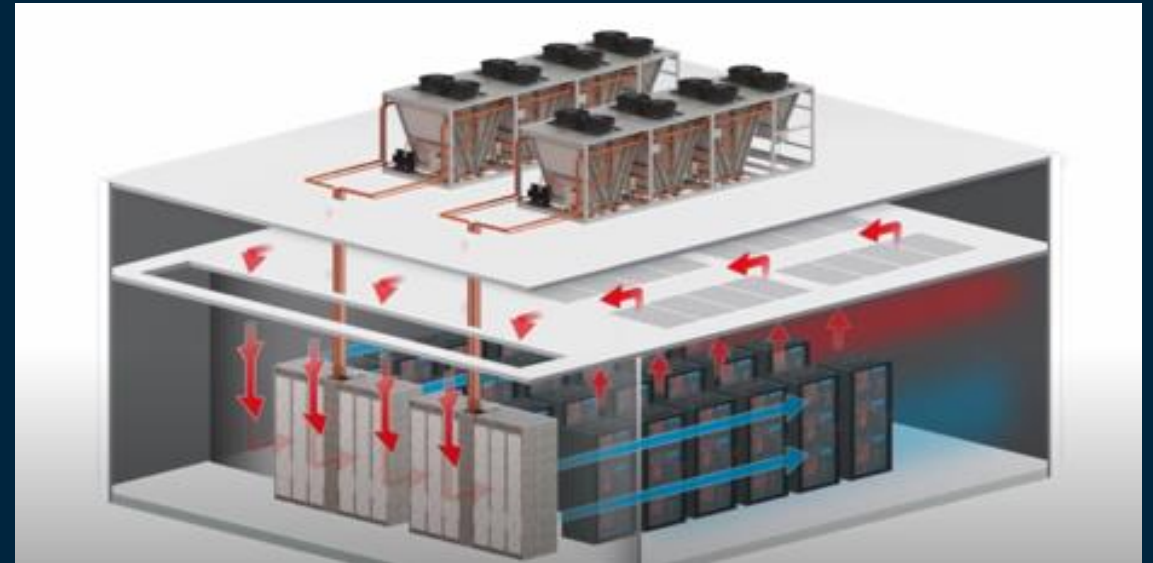
CO2 emissions reduced by ~20 tonnes per year



Liège Airport modernized its passenger terminal climate control units with the help of Munters. Fan upgrades save energy and reduce CO2 emissions

Our largest orders ever for the delivery of SyCool Split

- **March 2022** - order received from leading data center colocation operator in US.
 - Total value approx. MUSD 115 (including SyCool Split and field service work)
 - Deliveries starting in Q4 2022 through Q1 2024
- **August 2022** - order received from leading data center colocation operator in US.
 - Total value approx. MUSD 176 (including SyCool Split and field service work)
 - Deliveries throughout 2024, starting in January 2024
- Munters offers:
 - high energy efficiency
 - zero water consumption
 - reliability
 - scalability
 - ease of maintenance and service support
 - compatible with forms of liquid cooling



SyCool Split

- Energy efficient, thermosiphon-based dry cooling solutions for data centers.
- Minimizing environmental impact of data centers through free cooling without the use of water.
- Winner of Mission Critical magazine's 2021 Top Tier Product Award for Thermal Management Solutions.

US Footprint Expansion

- Brand new state of the art facility opening in Roanoke region, Virginia
 - 365,000 square feet (34,000 m²) of manufacturing, office and R&D testing facility
 - represents over a 50% manufacturing increase over current Virginia facility
 - access to larger labor pool
 - completed in Q3, completely moved in Q4 2022
- Further expansion of data center production in Texas facility
 - SyCool Split production to begin in Texas in addition to Virginia
 - Texas to continue to focus on key accounts for DCT and Air Tech



MTech Systems secures important SaaS contract

- MTech Systems, a company within FoodTech, secured an important contract to deliver its Software-as-a-Service (SaaS) solution with an order value of about MUSD 19
- FoodTech's strategy is to connect the entire food production value chain with innovative software and precision farming equipment
- The solution uses MTech's advanced information management tool that consolidates the numerous supply-chain operations, from farms to food production facilities



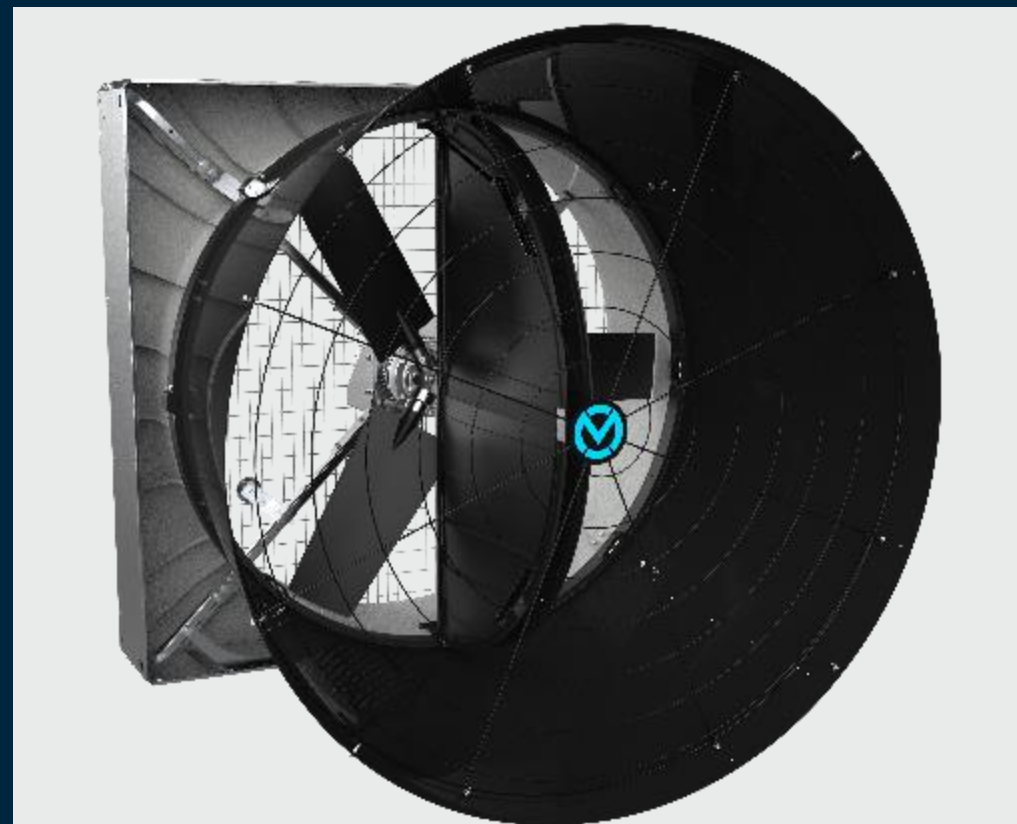
 **MTech Systems**
a Munters company

Munters FoodTech – contributing to feeding the world in a sustainable way

New product launch of Saturn FIVE ...

... following Saturn ONE introduced two years ago

- Saturn series - lasts longer, use less components and reduce running costs while ensuring a healthy environment for animals
- Modular - fully flexible configuration to meet the needs of any farm
- Sustainable - increases airflow while reducing operating costs, maintenance and energy consumption. Saves up to 60% on electricity costs
- Reliable - long service life and corrosion resistance features with Munters Protect, stainless steel and composite materials

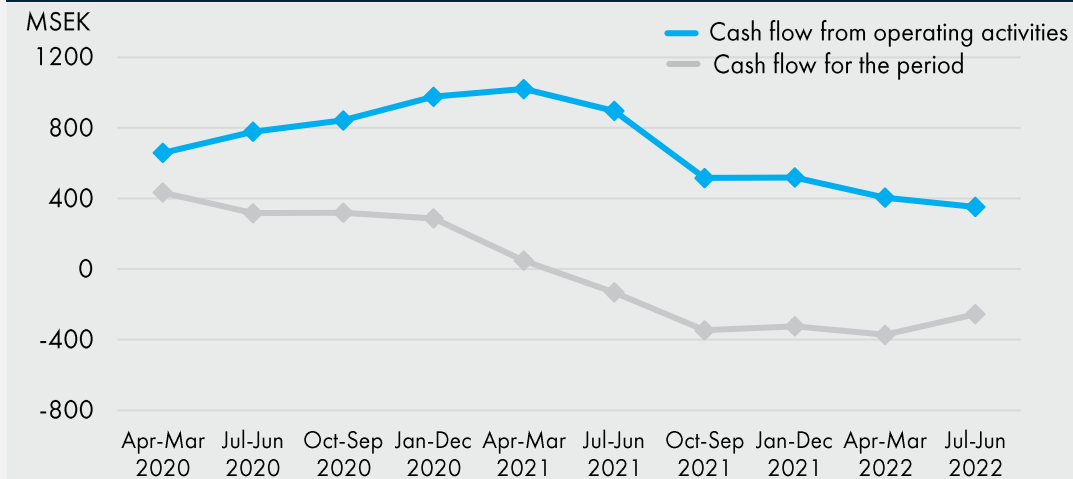


We continue to invest in our core technologies and contribute to sustainable development through our energy- and resource-efficient climate solutions

Appendix

Strong growth – increased operating working capital

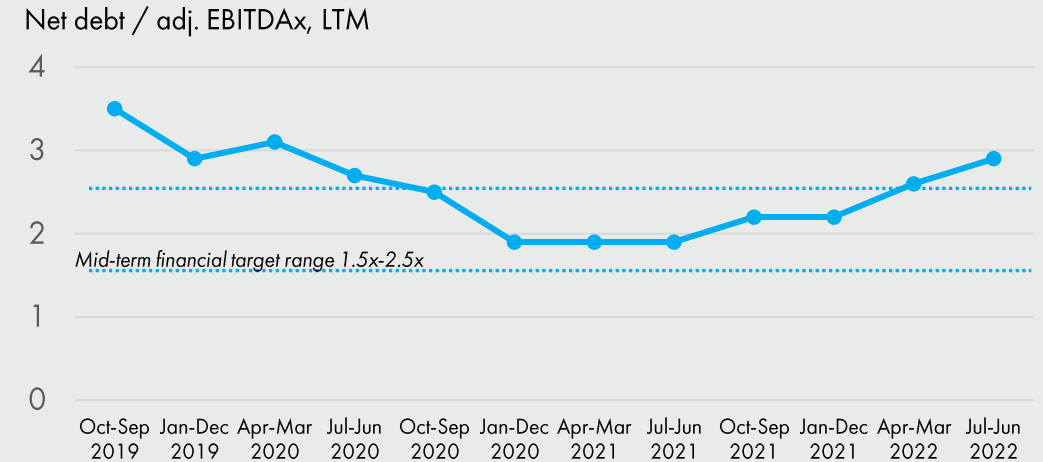
Cash flow development, LTM*



Operating cash flow lower as:

- level of operating earnings lower
- negative impact from change in working capital driven by strong order intake:
 - increased inventory levels and accrued income
 - partly offset by increased advances from customers and better terms with suppliers

Development of leverage



Leverage ratio increased mainly driven by:

- EDPAC acquisition funded by debt
- negative exchange rate impact
- build-up of working capital because of strong growth in order intake
- dividend pay-out



Measures for strategy implementation on track

	2020	2021	Status Q2 2022	Focus 2022
AirTech	<ul style="list-style-type: none"> • Strategy implementation measures • Total costs and expenses about MSEK 200 • Full year positive impact on EBITA, approx. MSEK 70 in 2023 		<ul style="list-style-type: none"> • Realized costs and expenses of about MSEK 180 • Approx. 75% of savings realized • Implementation according to plan, finalization in 2023 <div style="display: flex; align-items: center; justify-content: center;"> <div style="margin-right: 10px;">●</div> <div style="margin-right: 10px;">●</div> </div>	<ul style="list-style-type: none"> • Strategy implementation activities to continue, preparation for finalization in 2023
FoodTech	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • Strategy implementation measures • Total costs and expenses about MSEK 140 • Full year positive impact on EBITA of approx. MSEK 50 in 2023 	<ul style="list-style-type: none"> • Realized costs and expenses of about MSEK 110 • As planned, no savings have yet been realized <div style="display: flex; align-items: center; justify-content: center;"> <div style="margin-right: 10px;">●</div> <div style="margin-right: 10px;">●</div> </div>	<ul style="list-style-type: none"> • Strengthened footprint and offering • More connected farms • Accelerate the software development

Munters Service Offering – with our customers all the way

REVIEW & RENEW

- Smooth transition to new product
- Decommissioning



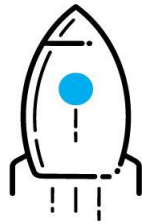
RETROFIT & UPGRADE

- Controls Upgrade
- Rotor Replacement
- Rotor Energy Recoverv
- Fan Upgrade
- Remote Assist
- EC Cool



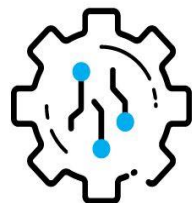
START-UP & WARRANTY

- Installation Support/Assembly Supervision
- Startup services & Guaranteed performance
- Primacaire™
- Training



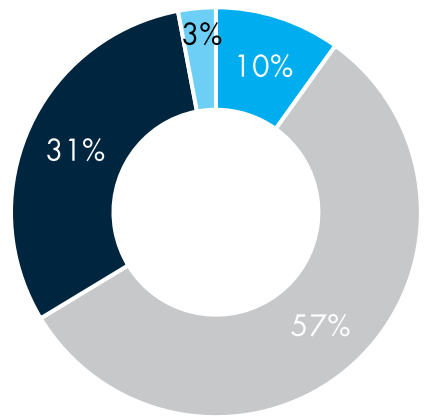
SUSTAIN & MAINTAIN

- ServiceCaire™
- Rotor Performance Check
- Energy Audit
- Reconditioning/Repairs
- Remote Assist
- Spare Parts



Service ensures quality & efficiency throughout product lifetime

Service split 2021

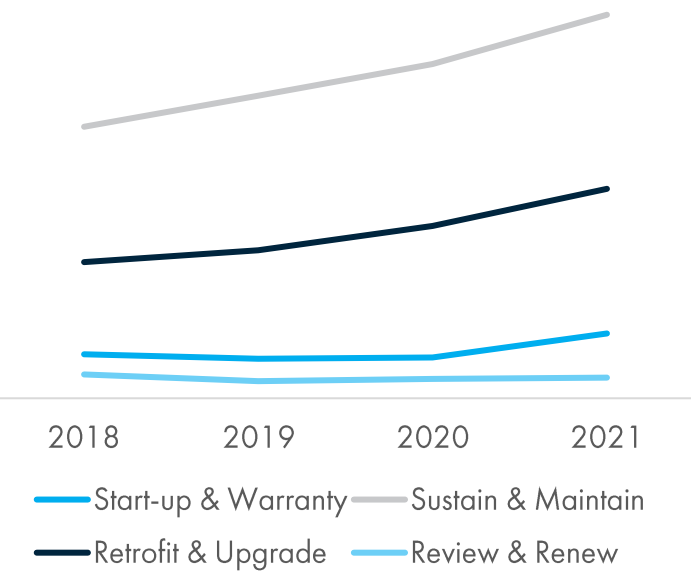


- Start-up & Warranty
- Sustain & Maintain
- Retrofit & Upgrade
- Review & Renew

Spare parts major part of Retrofit & Upgrade

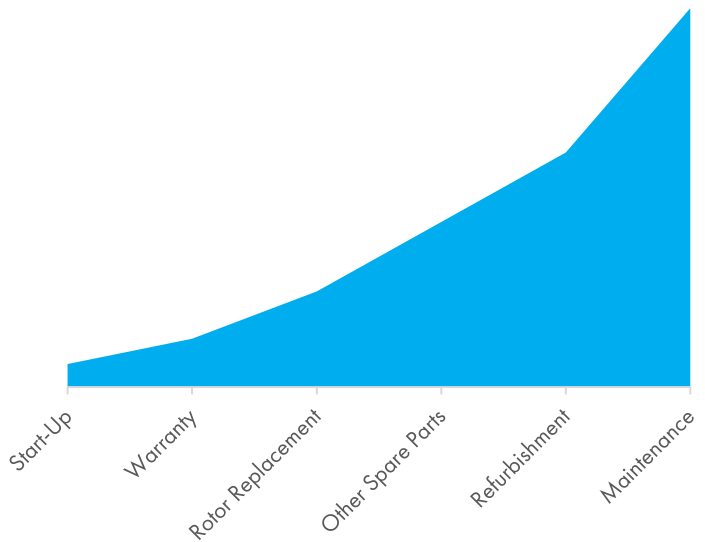
Service development

ILLUSTRATIVE



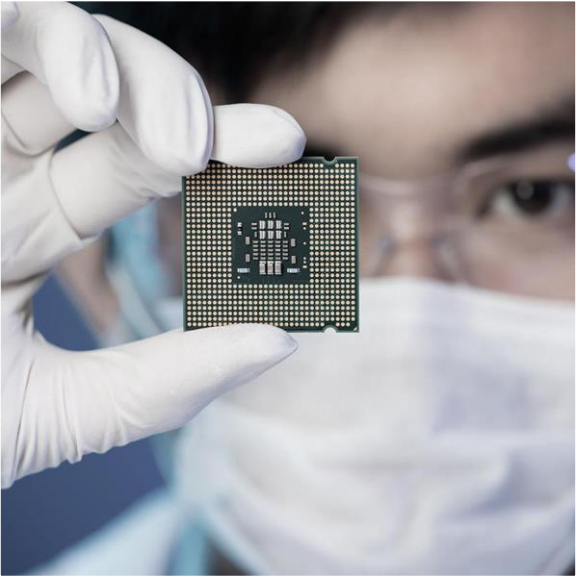
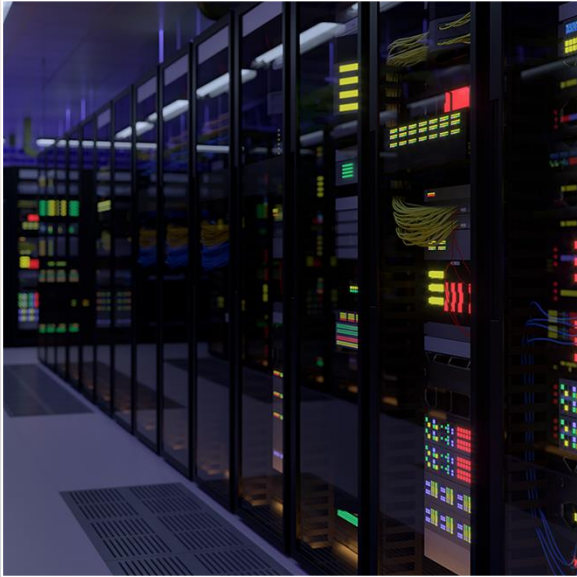
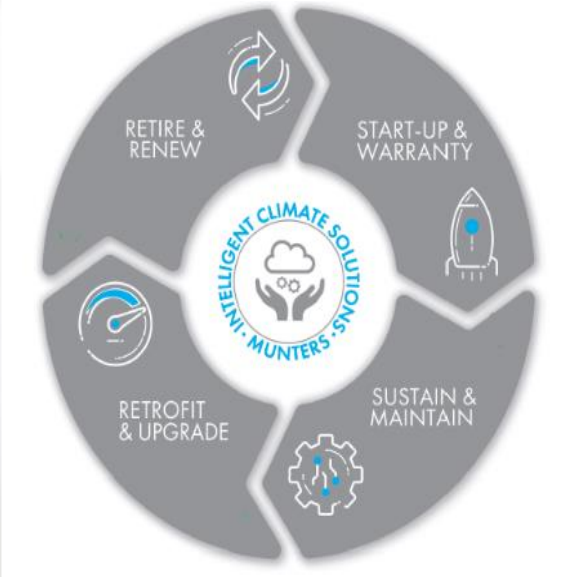
Service growth above Group net sales in recent years

Life Cycle Value on Equipment



Munters well positioned for growth

Service – a prioritized growth area for us tomorrow



Strengthen business offer throughout the Service value chain

Explore new business opportunities

Innovation

In-organic growth