

A large background image showing a view of Earth from space, with the blue and white clouds of the planet curving across the bottom half of the frame against a black starry sky. A solid blue horizontal bar is at the top, and a thin black horizontal line is just below it. The text is centered in white.

Interim Report

January-September 2008

Group Highlights – Q3

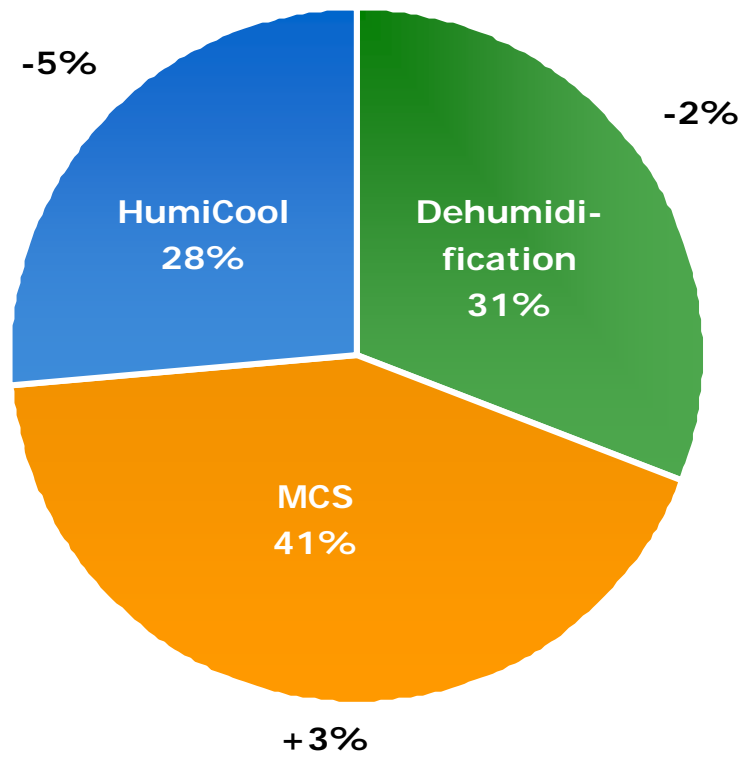
- Order intake declined vs Q3 '07 – down 3% adjusted
 - Continued relatively high activity in most markets
 - WalMart new construction continued to be subdued in Q3
 - Activity in U.S. coal plant flue gas desulphurization market still on low levels
 - Turbulent credit market affects distributor stock building in heaters
- Order backlog at 1,377 MSEK (1,365) at end of Q3
- Reported sales unchanged – up 2% adjusted
 - MCS and DH sales relatively strong
 - HumiCool sales hampered by low activity in ME and HVAC Heaters
- EBITA before one-time costs 119 MSEK (152) – margin 7.5% (9.5%)
 - Recurring earnings impacted by low volumes in HumiCool and weak gross margins in MCS
 - MEP² program incurred cost in Q3 of 25 MSEK
 - 10 MSEK one-time cost related to large US client in receivership

Group Highlights – First nine months 2008

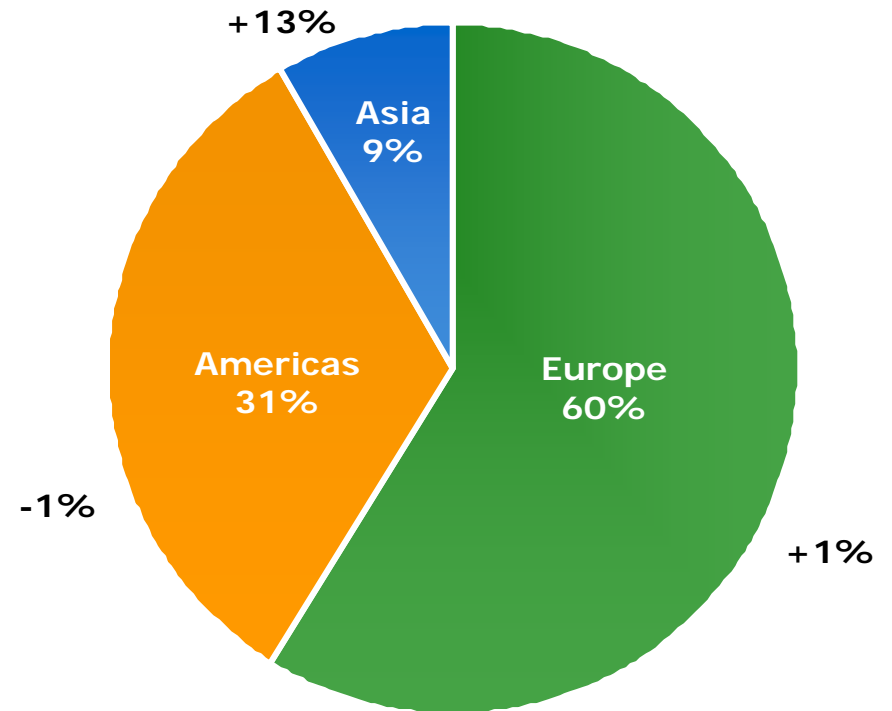
- Market activity strong, but signs of weakness in Q3
 - Sharp decline of WalMart new construction
 - Order intake from U.S coal plant FGD very low due to construction backlog in first six months, and in Q3 a mounting political uncertainty regarding exhaust rights
- In our product divisions, fuel and raw material cost inflation are offset by price increases
- In our MCS service division the inflationary wage and fuel pressure on margins is more difficult to offset
 - Working hard to reduce costs and raise prices
- MEP² program reaching final phases
 - Most expenses related to MEP² in product divisions taken – benefits in Q4 and beyond
 - MCS Field.Link and Capital Efficiency project implementation in full progress

Sales Q3 2008

Divisions



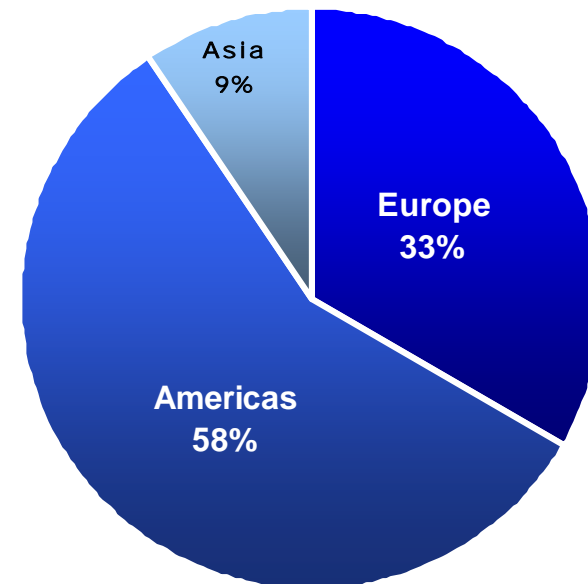
Regions



Dehumidification Highlights – Q3 2008

- Continued good demand globally for industrial dehumidification systems
- Region Americas - order growth in process air and comfort segment
 - Slow pace in WalMart new store construction continues
- Region Europe - weaker demand on standard products as a result of softening markets
- Region Asia – demand still brisk

**Q3 Net Sales
Regions**



Dehumidification Financial Summary – Q3 2008

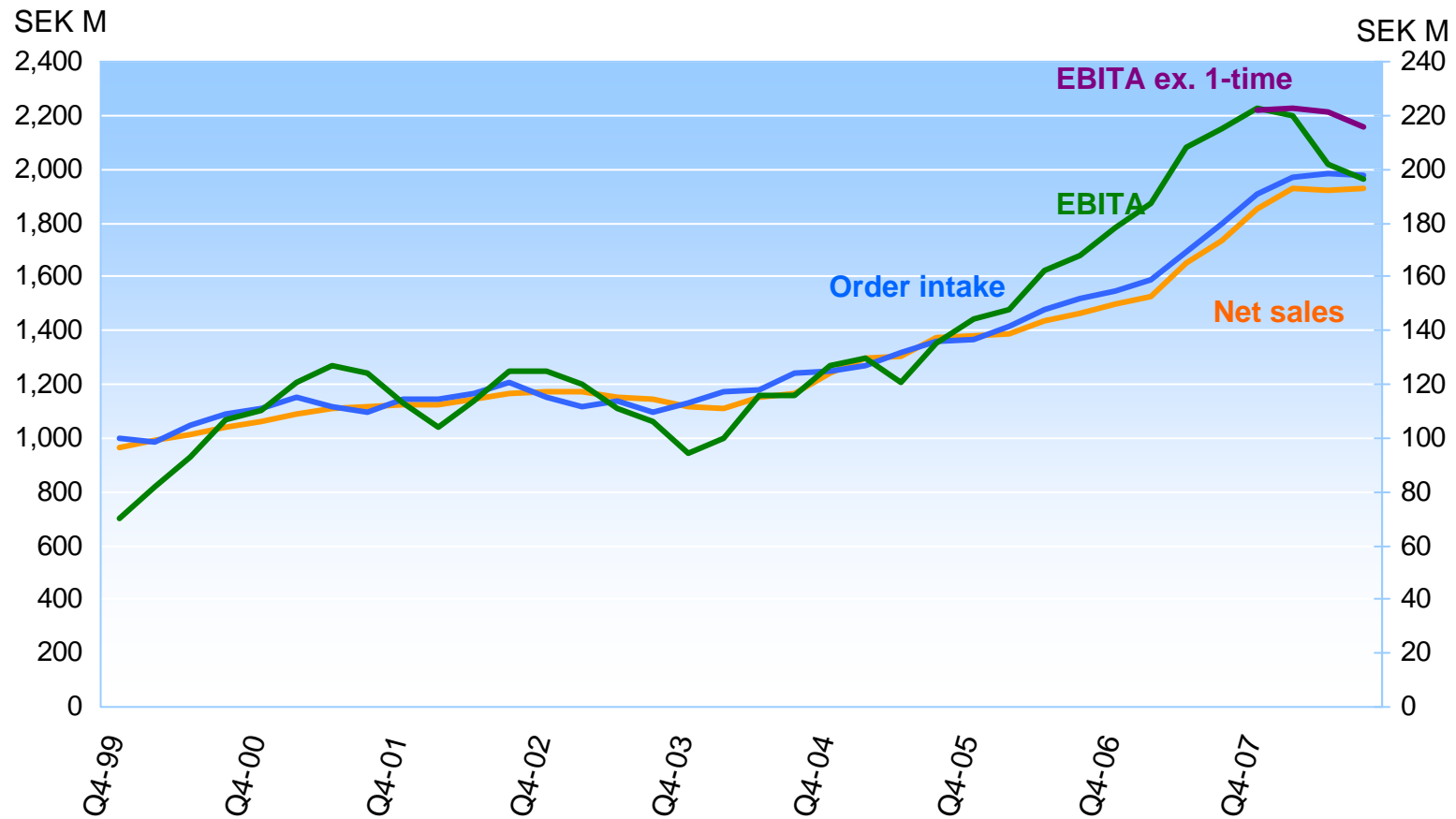
- Net sales in line with last year; hampered by low WalMart activity
- Higher raw material prices offset by price increases
- Indirect costs above trend due to redundancy costs etc.

Q4 outlook

- Stable development in most areas
- Good order backlog, but turbulent credit markets increases uncertainty

SEK M	Third Quarter		Jan-Sep	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	511	541	1,525	1,541
Growth	-6%		-1%	
Adj growth	-2%		2%	
Net Sales	495	504	1,406	1,402
Growth	-2%		0%	
Adj growth	2%		2%	
EBITA Ex. One-Time	48	55	146	162
EBITA Margin	9.6%	11.0%	10.4%	11.5%
EBITA	48	55	126	162
EBITA Margin	9.6%	11.0%		
Operating Capital Turn	3.9	4.3		
ROOC	40%	52%		

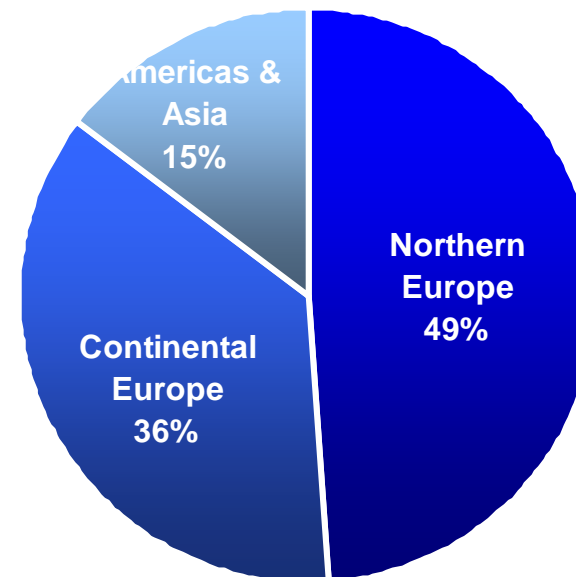
Dehumidification Rolling 4 Quarter



MCS Highlights – Q3 2008

- Relatively good demand, especially in the U.S.
 - Weather-related business in the U.S. of same magnitude as UK floods 2007
- Continued weak sales mix and inflationary pressure
 - Limited effect from price hikes
- Implementation of Field.Link in intensive phase
 - 368 full-time users
- New framework agreement signed with global insurance corp's US division

**Q3 Net Sales
Market Areas**



MCS Financial Summary – Q3 2008

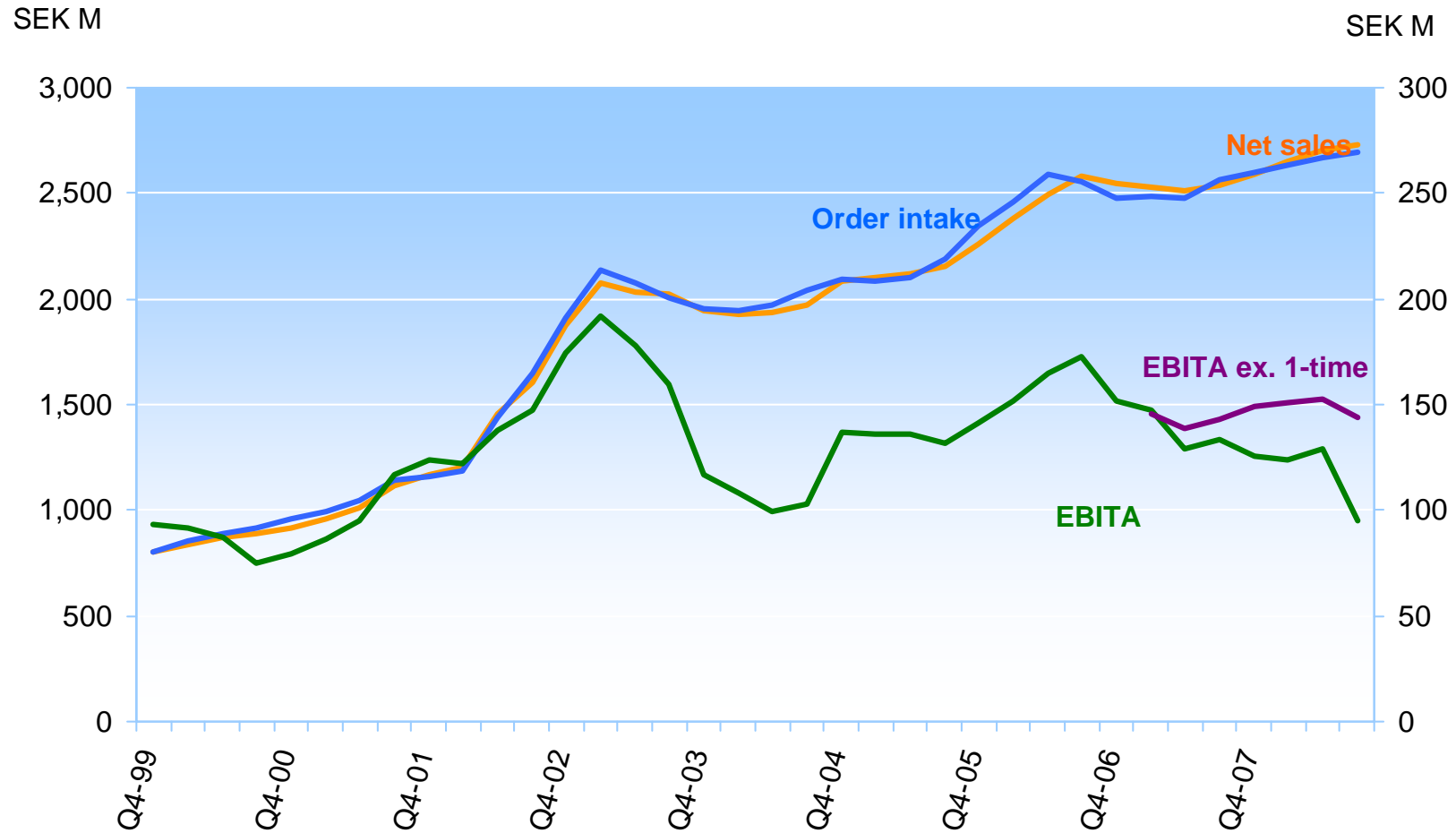
- Revenue increase, partly due to hurricane-related business
- So far limited effect from price increases to offset rising inflationary pressure
 - Continued price focus
- MEP² costs 25 MSEK
 - Higher than earlier advised due to changed view on A/R collectibility
 - Implementation phase accelerated

Q4 outlook

- Continued trend of good demand but still weaker mix
- Strong order backlog, but should be viewed in context of UK flooding last year
- 10 MSEK in MEP² cost

SEK M	Third Quarter		Jan-Sep	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	710	690	2,025	1,957
Growth	3%		4%	
Adj growth	4%		5%	
Net Sales	686	666	2,000	1,885
Growth	3%		6%	
Adj growth	5%		8%	
EBITA Ex. One-Time	32	42	93	100
EBITA Margin	4.6%	6.3%	4.7%	5.3%
EBITA	7	42	57	90
EBITA Margin	1.0%	6.3%	2.8%	4.8%
Operating Capital Turns	3.2	3.4		
ROOC	11%	18%		

MCS Rolling 4 Quarter

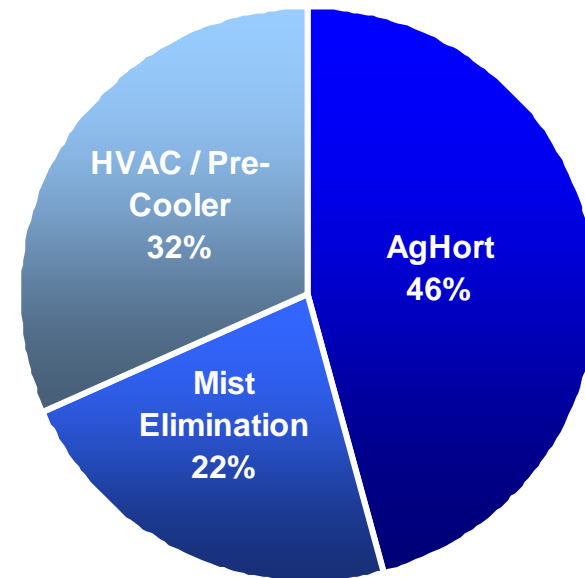


10 Note: Operating earnings excluding goodwill depreciation. Figures are currency adjusted.

HumiCool Highlights – Q3 2008

- Weak order intake, especially in Mist Elimination and HVAC Heaters
- Credit crunch leads to less stock-building among heater distributors
- AgHort market activity still brisk
 - Outlook remains strong in most markets
- Activity in U.S. flue gas desulphurization market expected to remain subdued in the medium term
 - Political uncertainty regarding exhaust rights

**Q3 Net Sales
Business Areas**



HumiCool Financial Summary – Q3 2008

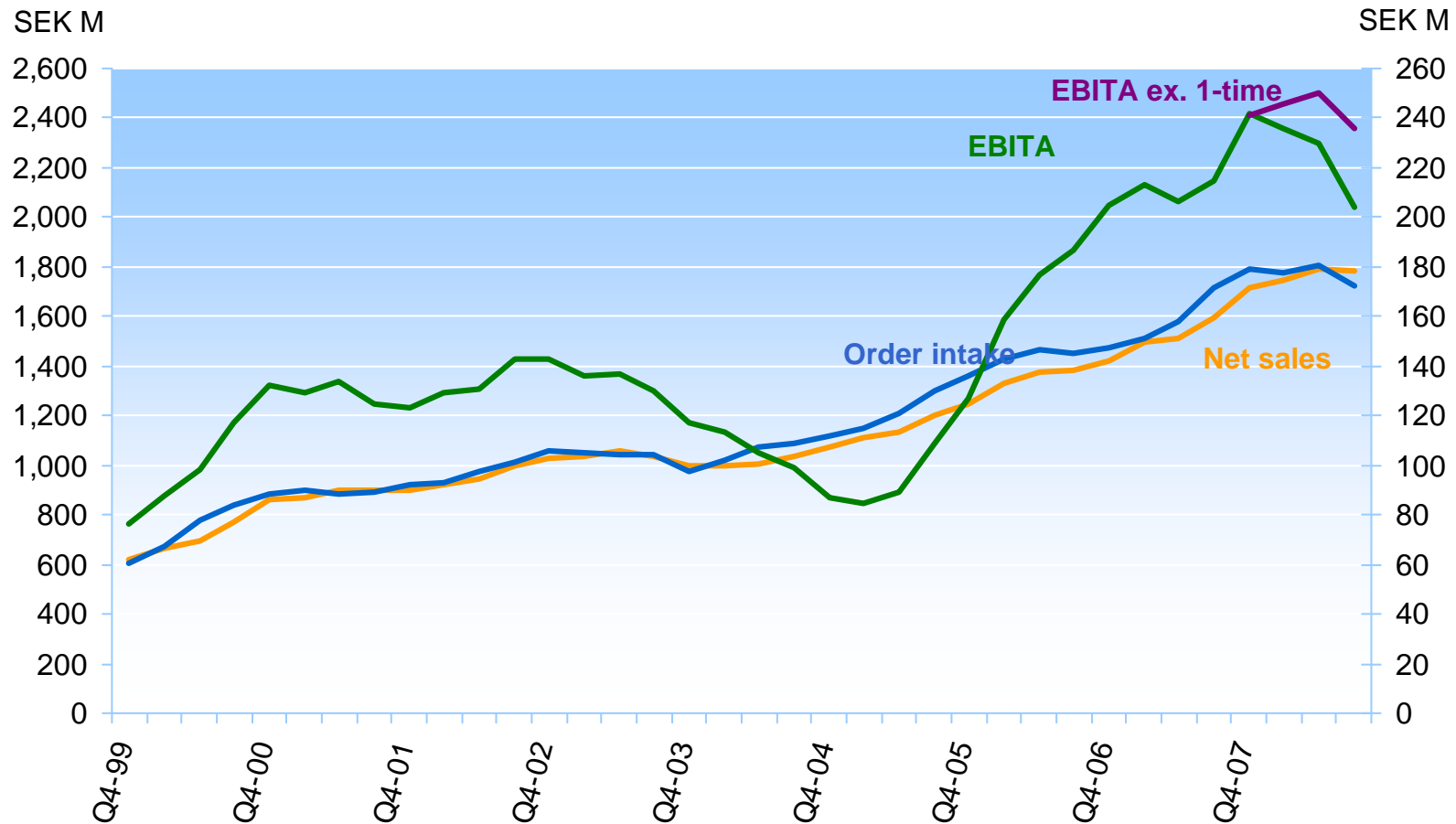
- Aghort revenue remains strong
- Low volumes in high margin Mist Elimination has significant impact on EBITA
- Low volumes and under-absorption of costs in heaters
- One-off cost of 10 MSEK
 - Related to a large US customer being put in receivership

Q4 outlook

- Continued good development in AgHort is expected
- Slow order activity in Mist Elimination and HVAC continues to impact revenues

SEK M	Third Quarter		Jan-Sep	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	369	460	1,330	1,443
Growth	-20%		-8%	
Adj growth	-19%		-8%	
Net Sales	425	446	1,309	1,289
Growth	-5%		2%	
Adj growth	-4%		1%	
EBITA Ex. One-Time	46	64	164	178
EBITA Margin	10.8%	14.3%	12.5%	13.8%
EBITA	36	64	132	178
EBITA Margin	8.5%	14.3%	10.1%	13.8%
Operating Capital Turns	3.3	3.2		
ROOC	37%	45%		

HumiCool Rolling 4 Quarter



13 Note: Operating earnings excluding goodwill depreciation. Figures are currency adjusted.



Munters Group Financial Analysis

Munters Group Financials

SEK M	Third Quarter		Jan-Sep	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Order Intake	1,582	1,674	4,854	4,889
Growth	-5%		-1%	
Adj growth	-3%		1%	
Net Sales	1,597	1,597	4,689	4,525
Growth	0%		4%	
Adj growth	2%		5%	
Gross Margin	26.0%	27.9%	26.2%	28.2%
EBITA Ex. 1-time	119	152	367	400
EBITA Margin Ex. 1-time	7.5%	9.5%	7.8%	8.8%
EBIT	82	149	286	395
Net Earnings	40	87	147	235

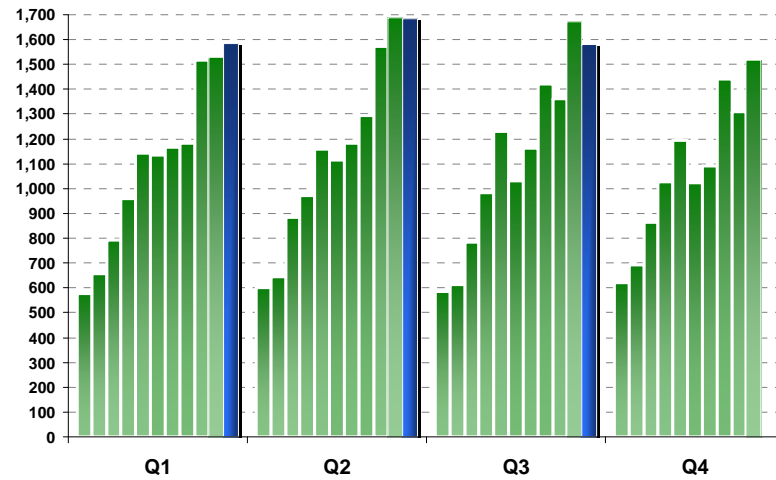
Q3 2008 Performance Analysis

SEK M	Net Sales		EBITA*	
Q3 2007	1,597		152	
Currency effects	-39		-5	
Acquisitions & Divestiture	8		1	
Adjusted Q3 2007	1,566		149	
Volume effect	31		9	
Margin effect			-28	
Indirect cost (ex. 1-time)			-10	
Q3 2008	1,597	2%	119	-20%
Net One-time Costs			-35	

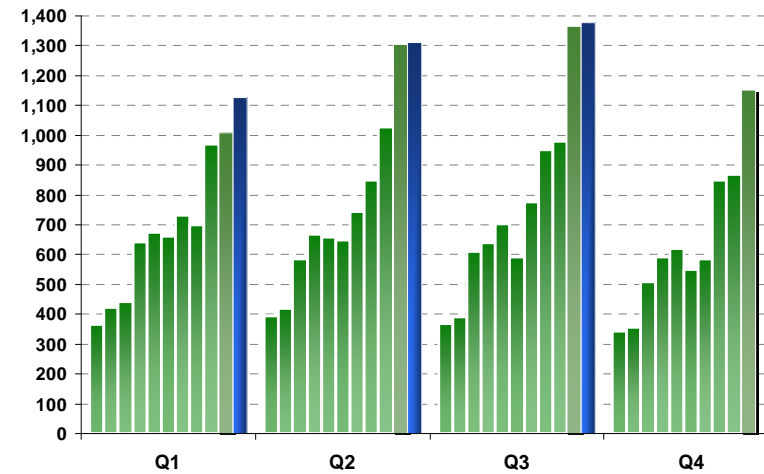
* Excluding one-time effects

Quarterly Trend

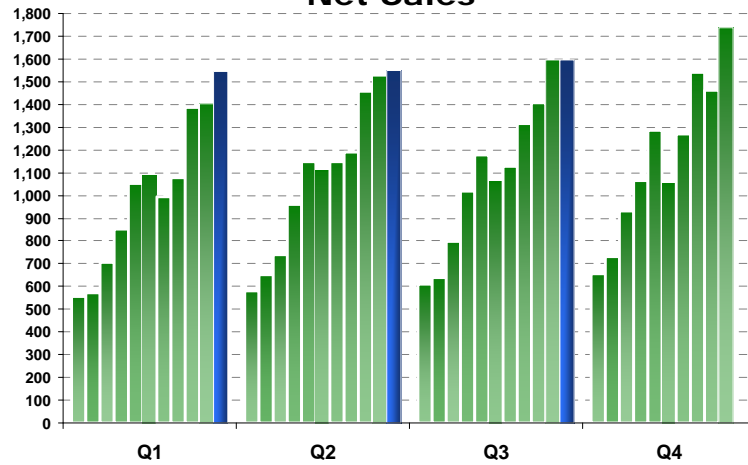
Order Intake



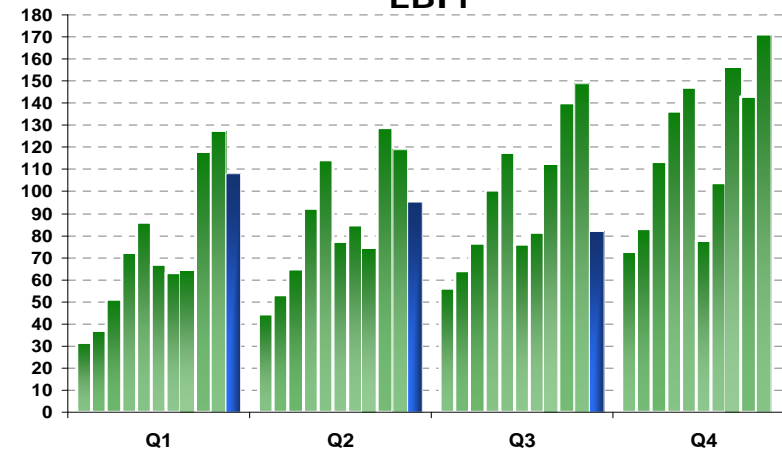
Order Backlog



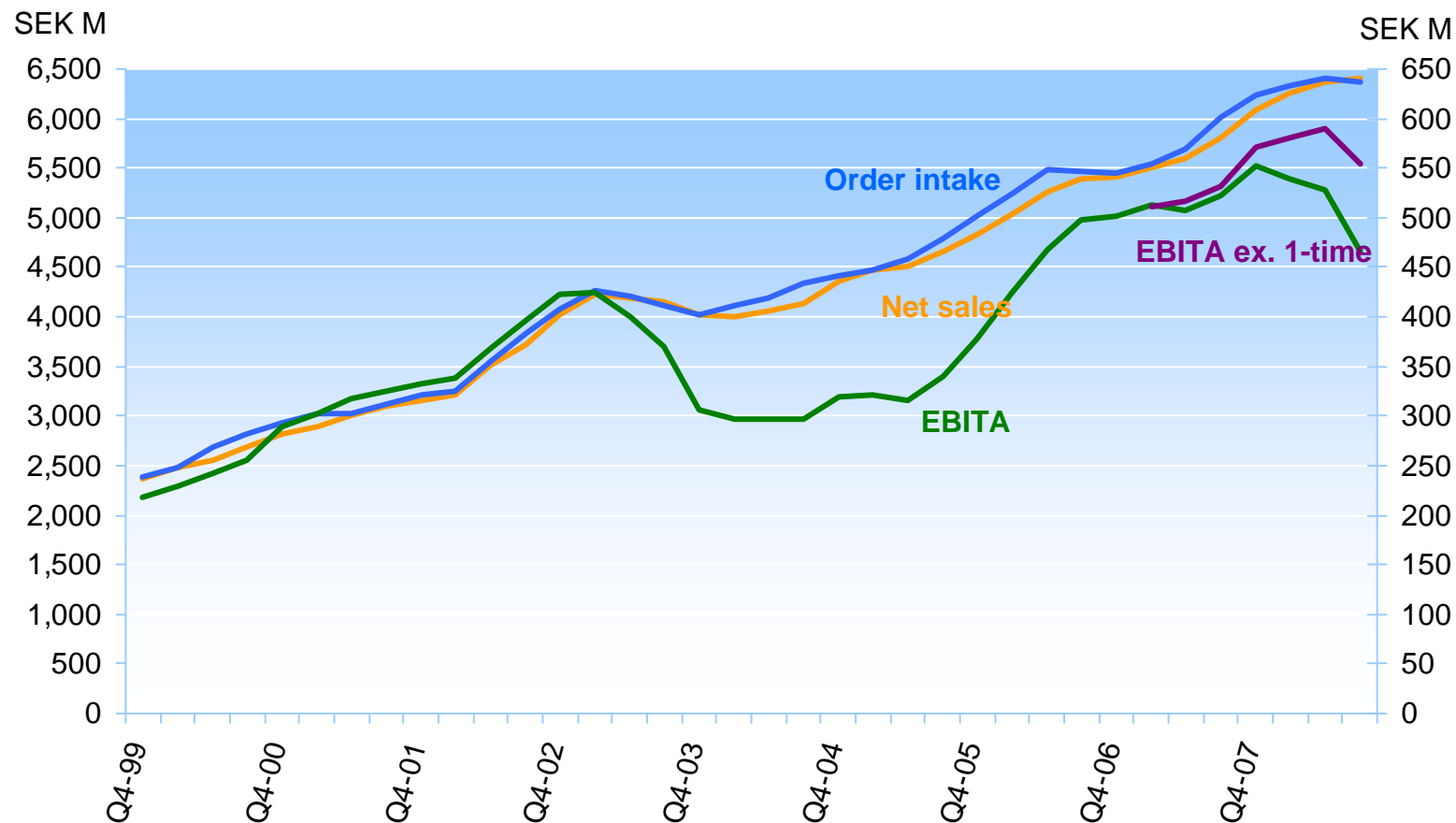
Net Sales



EBIT



Rolling 4 Quarter Development



18 Note: Operating earnings excluding goodwill depreciation.
Figures are currency adjusted.

Key Financial Ratios

	<u>Q3 2008</u>	<u>Q3 2007</u>
Capital Turns ¹	2.5	2.7
EBIT Margin ¹	7.1%	9.0%
Return on capital employed ¹	17.8%	24.8%
Return on Equity ¹	21.4%	24.1%
Operating Cash Flow	49	-25
Net debt, SEK M	1,311	1,245
Net debt/equity ratio	1.10	1.16
Earnings per share, SEK	0.53	1.16

¹ Calculated on rolling 12 months.

Actions to Address Earnings Issues

Issue	Action
<p>Negative margin trend in MCS and changing market dynamics</p>	<ul style="list-style-type: none"> ▣ New business model based on Field.Link ▣ Enables overhead cost reductions ▣ Market/Service footprint restructuring ▣ Pricing model development
<p>Business cycle downturn / credit crunch in product divisions</p>	<ul style="list-style-type: none"> ▣ Adjust headcount ▣ Pursue pricing, manufacturing footprint and sourcing cost
<p>Sensitivity to factory volume fluctuations</p>	<ul style="list-style-type: none"> ▣ Consolidation of manufacturing footprint
<p>Slowdown in Mist Elimination Flue Gas Desulphurization</p>	<ul style="list-style-type: none"> ▣ Business rightsizing

Forward Looking Statements

“Some statements in this report are forward looking, and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes. Such factors include, but are not limited to, general business conditions, fluctuations in exchange rates and interest rates, political developments, the impact of competing products and their pricing, product development, commercialization and technological difficulties, interruptions in supply, and major customer credit losses.”



Munters