

# Interim Report January-September 2007

October 18, 2007



## Third quarter

- Favorable growth in orders and sales
- Recovery in MCS
- Order intake increased to SEK 1,674 M (1,362), up 23% — up 10%, adjusted<sup>1</sup>
- Net sales increased to SEK 1,597 M (1,408), up 13% — up 6%, adjusted<sup>1</sup>
- Mix and currency effects negatively impacted EBIT margin
- Net earnings totaled SEK 87 M (86)
- Earnings per share amounted to SEK 1.16 (1.15)

	2007	2006	Change	Adjusted change <sup>1</sup>
Order intake, SEK M	1,674	1,362	23%	10%
Net sales, SEK M	1,597	1,408	13%	6%
EBIT, SEK M	149	140	7%	
EBIT margin, percent	9.3	9.9		
Net earnings, SEK M	87	86	2%	
Earnings per share, SEK	1.16	1.15	1%	

<sup>1</sup> Pro forma adjusted for currency fluctuations, acquisitions and disposals of businesses.

## Interim report

- Order intake increased to SEK 4,889 M (4,450), up 5%, adjusted<sup>1</sup>
- Net sales increased to SEK 4,525 M (4,250), up 7%, adjusted<sup>1</sup>
- Net earnings totaled SEK 235 M (236)
- Earnings per share amounted to SEK 3.15 (3.17)

	2007	2006	Change	Adjusted change <sup>1</sup>
Order intake, SEK M	4,889	4,450	10%	5%
Net sales, SEK M	4,525	4,250	6%	7%
EBIT, SEK M	395	386	2%	
EBIT margin, percent	8.7	8.7		
Net earnings, SEK M	235	236	0%	
Earnings per share, SEK	3.15	3.17	-1%	

<sup>1</sup> Pro forma adjusted for currency fluctuations, acquisitions and disposals of businesses.

Munters a global leader in energy efficient air treatment solutions and restoration services based on expertise in humidity and climate control technologies. Customers are served in a wide range of segments, the most important being insurance-, utilities-, food-, pharma- and electronics industries. Operations are organized in three divisions: Dehumidification,

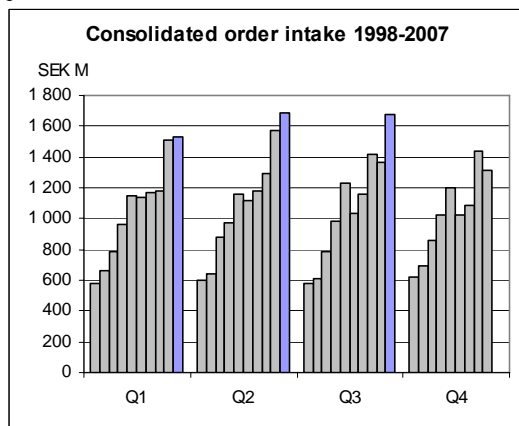
MCS (Moisture Control Services) and HumiCool. Manufacturing, sales and service operations are conducted through the Group's own companies, which have approx. 3,900 permanent employees in 30 countries. The Munters share is listed on the Nordic Mid Cap list.

# Third quarter

## Order intake

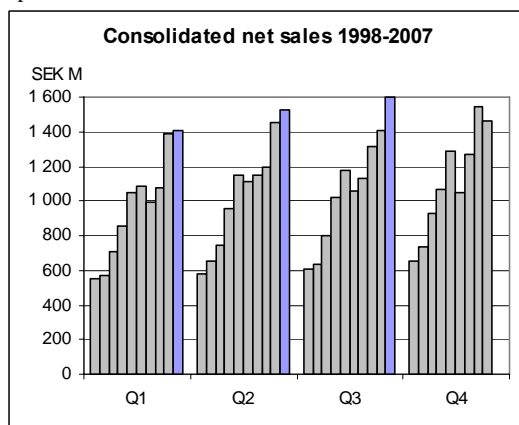
During the third quarter, order intake rose 23 percent to SEK 1,674 M (1,362). Adjusted pro forma for currency fluctuations, acquisitions and disposals of businesses, the increase was 10 percent. Dehumidification had a favorable order intake for most of the division as a result of continued high demand for industrial and commercial products. Order intakes also recovered within MCS following a weak second quarter, primarily due to, for MCS, more favorable weather in Northern Europe. Excluding the negative effect of large distributor inventories of Sial heaters, HumiCool also had a favorable order intake.

The order backlog rose by 39 percent compared with the preceding year and totaled SEK 1,365 M (979) at the end of the quarter.



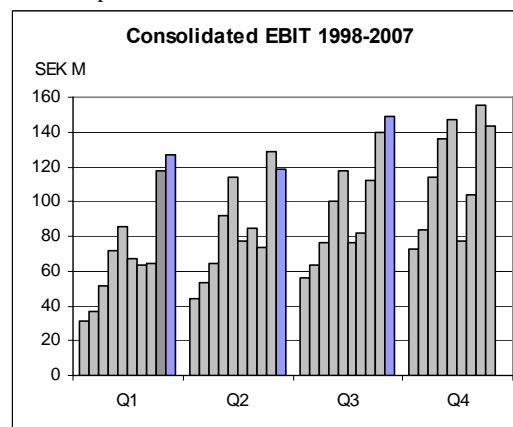
## Net sales

Consolidated net sales increased by 13 percent to SEK 1,597 M (1,408). Adjusted<sup>1</sup>, the increase was 6 percent. The strength of the krona compared with the preceding year had an adverse effect of 2 percent on net sales in Swedish kronor.



## Earnings

EBIT for the Group amounted to SEK 149 M (140). The EBIT margin amounted to 9.3 percent (9.9). MCS' margin improved somewhat as a result of favorable sales in Northern Europe and the UK as well as ongoing improvements in German operations. The cost-reduction program within MCS, launched during the second quarter, was implemented as planned. The margin for Dehumidification was negatively impacted by low deliveries from Zeol and by costs associated with growth initiatives in Asia. HumiCool maintained a favorable operating margin, but the weak USD/EUR exchange rate impacted the profitability of exports from Europe to Asia.



2004 and later years in accordance with IFRS

Consolidated earnings after financial items amounted to SEK 136 M (136). Net earnings for the quarter increased to SEK 87 M (86). Earnings per share amounted to SEK 1.16 (1.15).

## Cash flow

Operating cash flow amounted to SEK 7 M (138). The decline was attributable to an increase in working capital during the quarter. The increase in working capital is driven by higher accounts receivables within MCS as an outcome of the sales increase.

<sup>1</sup> Pro forma adjusted for currency effects, acquisitions and divestments.

# Interim report

## Order intake

During the period, the Group's order intake increased by 10 percent to SEK 4,889 M (4,450). Adjusted<sup>1</sup>, the increase was 5 percent.

## Net sales

The Group's net sales rose by 6 percent to SEK 4,525 M (4,250). Adjusted<sup>1</sup>, the increase was 7 percent.

## Earnings

EBIT for the Group rose 2 percent to SEK 395 M (386). The EBIT margin amounted to 8.7 percent (8.7).

Consolidated earnings after financial items amounted to SEK 367 M (374). Net earnings for the nine-month period amounted to SEK 235 M (236) after an effective tax rate of 36 percent (37). Earnings per share amounted to SEK 3.15 (3.17).

## Investments

The Group's investments in fixed assets during the period amounted to SEK 143 M (100), of which SEK 63 M (40) pertained to investments in MCS equipment. Other investments relates to new plants in San Antonio, USA and Beijing, China. Depreciation and impairment amounted to SEK 115 M (108).

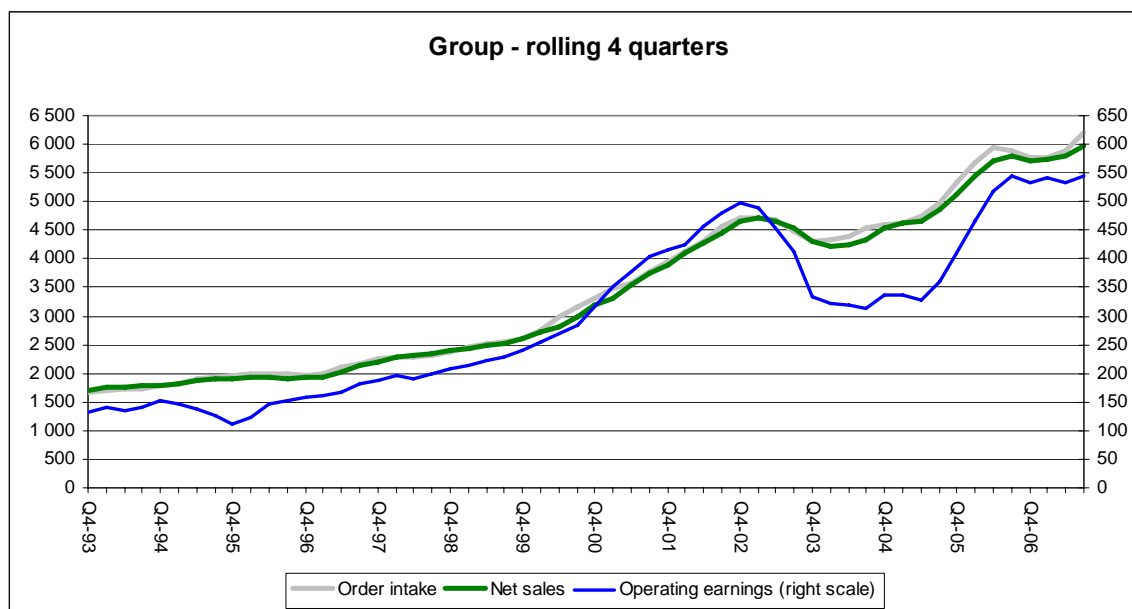
## Financial position

At the end of the period, the equity/assets ratio amounted to 28 percent (48 at the start of the year). Interest-bearing assets amounted to SEK 307 M (201 at the beginning of the year) and interest-bearing provisions and liabilities to SEK 1,552 M (458 at the beginning of the year). During the year, net debt increased by SEK 988 M to SEK 1,245 M, as the result of a redemption program of SEK 494 M, the acquisition of Des Champs and Turbovent for a total of SEK 335 M and the ordinary dividend payment. The Group has unutilized loan facilities of SEK 825 M.

## Personnel

At the end of the period, the number of permanent employees was 3,982, an increase of 430 during the year. In the Dehumidification Division, the number of employees rose by 251, of which Des Champs accounted for 196, by 58 in the MCS Division and by 122 in the HumiCool Division, of which Turbovent, acquired in July, accounted for 50.

<sup>1</sup> Pro forma adjusted for currency effects, acquisitions and divestment.



# Divisional performance

## Dehumidification Division

The Dehumidification Division is divided into three business areas: Industrial Dehumidification, Commercial Dehumidification and Zeol.

SEK M	Third quarter		Jan-Sep	
	2007	2006	2007	2006
Order intake	541	443	1,541	1,338
Change	22%		15%	
Adjusted change <sup>1</sup>	7%		9%	
Net sales	504	423	1,402	1,202
Change	19%		17%	
Adjusted change <sup>1</sup>	11%		12%	
Operating earnings	55	51	162	129
Operating margin	11.0%	12.0%	11.5%	10.7%

- **Continued solid growth in orders and sales in Europe and the Americas**
- **Operating margin negatively impacted by Zeol and Asia**

### Third quarter

The market for industrial dehumidifiers continues to develop well, with favorable demand especially for large systems in Europe and North America. Commercial Dehumidification was impacted by a lower rate of new construction by WalMart, which was, however, offset by the replacement program, involving replacement of older systems with modern, energy-efficient units. The other segments within Commercial continued their positive performance. The market for Zeol products to the semiconductor industry also started to recover following a period of low activity. Order intake and sales in Asia were negatively affected by a restructuring of the sales organization in China, with the purpose to develop new market segments.

Net sales developed well during the quarter, increasing by 11 percent, adjusted for currency and acquisitions. All business areas developed well, except Zeol which continued to post weak sales due to previously low market activity.

Operating earnings also increased, but the operating margin fell somewhat, partly due to mix effects and costs associated with growth initiatives in Asia.

### Fourth quarter prospects

The strong market for Dehumidification is expected to continue during the fourth quarter. Activity involving WalMart weakens seasonally during the quarter. Compared with the fourth quarter of 2006, the sales mix is expected to remain weak.

<sup>1</sup> Pro forma adjusted for currency effects, acquisitions and divestments.

## Moisture Control Services (MCS) Division

The MCS Division is divided into six market areas: the Nordic Region, Central Europe, the UK and Ireland, Southern and Western Europe, the Americas, and Asia.

SEK M	Third quarter		Jan-Sep	
	2007	2006	2007	2006
Order intake	690	602	1,957	1,906
Change	15%		3%	
Adjusted change <sup>1</sup>	15%		5%	
Net sales	666	638	1,885	1,932
Change	4%		-2%	
Adjusted change <sup>1</sup>	5%		2%	
Operating earnings	42	39	90	114
Operating margin	6.3%	6.1%	4.8%	5.9%

- **Weather in Northern Europe contributed to favorable order intake**
- **Earnings recovered from the second quarter**

### Third quarter

Heavy precipitation and flooding in the UK, along with weather conditions beneficial for MCS in the rest of Northern Europe, contributed to a highly favorable order intake. However, order intake in the UK was somewhat offset by a higher share of cash compensation paid to insurance customers. The Atlantic hurricane season, which normally runs from July to the end of October, has yet to involve any major events in the US. A new framework agreement with the insurance company Groupama was signed during the quarter in the UK and underlying growth continued, especially in the Nordic, Southern and Western Europe market areas.

Sales growth was somewhat lower than order intake, due in part to invoicing delays in connection with flooding-associated orders received and a high level of invoicing in the US in the year-earlier period.

The sharp improvement in earnings in the third quarter compared with the second was due to seasonally higher sales, lower overhead expenses and absence of major non-recurring costs. Operating earnings and margin increased compared with the preceding year in most of Europe, including Germany.

### Fourth quarter prospects

For MCS, fourth quarter earnings are normally the strongest, and they are also expected to be bolstered by the cost-reduction program. Remaining flood-related orders in the UK will be invoiced during the quarter, but no new, major, weather-related orders are expected at present.

## HumiCool Division

The HumiCool Division is divided into four business areas: AgHort, Mist Elimination, HVAC and PreCooler.

SEK M	Third quarter		Jan-Sep	
	2007	2006	2007	2006
Order intake	460	340	1,443	1,252
Change	35%		15%	
Adjusted change <sup>1</sup>	4%		3%	
Net sales	446	367	1,289	1,153
Change	22%		12%	
Adjusted change <sup>1</sup>	3%		7%	
Operating earnings	64	56	178	169
Operating margin	14.3%	15.2%	13.8%	14.7%

- Acquisition of Sial and Turbovent began to contribute to sales and earnings according to plan
- The operating margin remained good, but was affected by the weak USD/EUR exchange rate

### Third quarter

Order intake rose 35 percent in Swedish kronor during the quarter, driven by the high order intake for Sial, Turbovent and Mist Elimination. Adjusted for acquisitions, divestments and currency effects, order intake was up 4 percent. The lower adjusted growth figure resulted from lower order intake on the part of Sial than in the preceding year due to large distributor inventories. Market demand for AgHort products increased in the US and Europe after a weak beginning for the year, due to a warm summer in Europe and a more advantageous financial situation for farmers in the US.

### KEY RISKS AND UNCERTAINTY FACTORS

Munters' exposure to risk can be divided into two categories: operational risks such as those due to weather, dependence on key personnel and key customers and geographically dispersed operations involving small operational units, on the one hand, and financial risks, consisting mainly of currency, interest and financing risks, on the other.

After a period of relatively few acquisitions, the number of acquisitions has increased, which can result in integration-associated risks. During the interim period, financial risks, primarily interest-rate risks and currency risks, increased somewhat due to increased external borrowing as a result of acquisitions and redemption of treasury shares.

Net sales increased by 22 percent in Swedish krona during the quarter and 3 percent adjusted for currency effects and acquisitions despite the previously lower order intake for AgHort, and by extended lead times for Mist Elimination as a result of deficient customer-channel capacity.

Earnings remain strong, but were somewhat impacted during the quarter by the weak USD/EUR exchange rate, which affected the profitability of exports from Europe to Asia.

As previously mentioned, the acquisition of Turbovent was completed on July 12. More comprehensive information about the acquisition is available in the interim report for the second quarter and the June 28 press release.

### Fourth quarter prospects

The AgHort market continues to appear stronger than earlier in the year. The fourth quarter is normally a strong one for Sial, but weaker order intake in the third quarter will have a somewhat negative impact. Capacity deficiency on the part of customers involved with emission controls for coal-fired power plants is expected to have a continued negative effect, and to impact order intake for the quarter.

<sup>1</sup> Pro forma adjusted for currency effects, acquisitions and divestments.

A more detailed description of the Group's and Parent Company's risk exposure and risk management activity may be found in the "Risk management" section on pages 30-31 of the Munters Annual Report, which is available on [www.munters.com](http://www.munters.com).

### 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.

#### TRANSACTIONS WITH RELATED PARTIES

There are no significant contractual relationships or transactions between Munters and its related parties.

#### PARENT COMPANY

The Parent Company's earnings after financial items amounted to SEK 173 M (109) for the interim period. There were no external net sales (as was the case in the preceding year). Cash and cash equivalents at the close of the period amounted to SEK 104 M (43) and the net debt amounted to SEK 1,256 M (219). Investments amounted to SEK 13 M (10). The number of employees was 27 (27).

#### NOMINATION COMMITTEE

In accordance with the decision of the Annual General Meeting, a Nomination Committee has been appointed consisting of representatives of the company's major shareholders. The task of the Nomination Committee is to prepare proposals in advance of the April 22, 2008 Annual General Meeting with regard to, among other matters, the election of the Board and Board fees. The

Nominating Committee appointed prior to the 2008 Annual General Meeting consists of Gustaf Douglas (Investment AB La-tour), Carl-Olof By (AB Industrivärden), Anders Algotsson (Afa Försäkring) och Jan Andersson (Swedbank Robur Fonder). In addition, the Nomination Committee has decided that Chairman of the Board Berthold Lindqvist shall be a member of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee may do so by sending an e-mail to [valberedningen@munters.se](mailto:valberedningen@munters.se) or by writing to Nomination Committee, Munters AB, Box 430, SE-191 24, Sollentuna, Sweden.

#### FUTURE INFORMATION DATES

February 20	Year-end report 2007
April 22	January-March 2008 interim report
April 22	Annual General Meeting, 5:00 p.m., Kungsholmen Konferens & Matsal, Fleminggatan 18 (Trygg-Hansa building), Stockholm, Sweden

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Sollentuna, October 18, 2007

Lars Engström  
*President and CEO*

Munters discloses the information provided herein pursuant to the Swedish Securities Exchange and Clearing Operations Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 11.00 CET, on October 18, 2007.

#### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The interim report has not been reviewed by the company's auditors.

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This interim report, along with other information, is available on [www.munters.com](http://www.munters.com)

Amounts in SEK M	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/2007 Oct-Sep 12 months	2006 Jan-Dec 12 months
<b>Order intake</b>	1,674	1,362	4,889	4,450	6,200	5,761
<b>Income statement</b>						
Net sales	1,597	1,408	4,525	4,250	5,987	5,712
Cost of goods sold	-1,151	-1,009	-3,248	-3,076	-4,280	-4,108
<b>Gross earnings</b>	<b>446</b>	<b>399</b>	<b>1,277</b>	<b>1,174</b>	<b>1,707</b>	<b>1,604</b>
Gross margin	27.9%	28.4%	28.2%	27.6%	28.5%	28.1%
Other operating income	-	1	1	14	1	14
Selling expenses	-159	-151	-480	-454	-643	-617
Administrative expenses	-118	-95	-350	-307	-457	-414
Research and development costs	-18	-13	-51	-39	-64	-52
Other operating expenses	-2	-1	-2	-2	-6	-6
<b>EBIT - Earnings before interest and tax</b>	<b>149</b>	<b>140</b>	<b>395</b>	<b>386</b>	<b>538</b>	<b>529</b>
EBIT margin	9.3%	9.9%	8.7%	8.7%	9.0%	9.3%
Financial income and expenses	-13	-4	-28	-12	-31	-15
<b>Earnings after financial income</b>	<b>136</b>	<b>136</b>	<b>367</b>	<b>374</b>	<b>507</b>	<b>514</b>
Taxes	-49	-50	-132	-138	-180	-186
<b>Net earnings</b>	<b>87</b>	<b>86</b>	<b>235</b>	<b>236</b>	<b>327</b>	<b>328</b>
Attributable to equity holders of the parent	86	85	233	234	324	325
Attributable to minority interest	1	1	2	2	3	3
Earnings per share, SEK	1.16	1.15	3.15	3.17	4.38	4.40
Earnings per share - after dilution, SEK	1.16	1.15	3.15	3.17	4.38	4.40
<b>Order intake by division</b>						
Dehumidification Division	541	443	1,541	1,338	1,896	1,693
MCS Division	690	601	1,957	1,906	2,592	2,541
HumiCool Division	460	340	1,443	1,252	1,776	1,585
Eliminations	-17	-22	-52	-46	-64	-58
<b>Order intake</b>	<b>1,674</b>	<b>1,362</b>	<b>4,889</b>	<b>4,450</b>	<b>6,200</b>	<b>5,761</b>
<b>Net sales by division</b>						
Dehumidification Division	504	423	1,402	1,202	1,835	1,635
MCS Division	666	638	1,885	1,932	2,571	2,618
HumiCool Division	446	367	1,289	1,153	1,650	1,514
Eliminations	-19	-20	-51	-37	-69	-55
<b>Net sales by division</b>	<b>1,597</b>	<b>1,408</b>	<b>4,525</b>	<b>4,250</b>	<b>5,987</b>	<b>5,712</b>
<b>Operating earnings by division</b>						
Dehumidification Division	55	51	162	129	227	194
operating margin	11.0%	11.9%	11.6%	10.7%	12.4%	11.9%
MCS Division	42	39	90	114	135	159
operating margin	6.3%	6.1%	4.8%	5.9%	5.2%	6.1%
HumiCool Division	64	56	178	169	222	213
operating margin	14.3%	15.2%	13.8%	14.7%	13.5%	14.1%
Central, eliminations etc.	-12	-6	-35	-26	-46	-37
<b>EBIT</b>	<b>149</b>	<b>140</b>	<b>395</b>	<b>386</b>	<b>538</b>	<b>529</b>

Amounts in SEK M	2007 30 Sep	2007 30 Jun	2006 31 Dec	2006 30 Sep <sup>1</sup>
<b>Balance sheet</b>				
<b>Assets</b>				
<b>Fixed assets</b>				
<b>Tangible assets</b>				
Buildings and land	171	175	166	161
Plant and machinery	142	135	134	124
Equipment, tools, fixtures and fittings	253	254	228	214
Construction in progress	15	11	10	8
	<b>581</b>	<b>575</b>	<b>538</b>	<b>507</b>
<b>Intangible assets</b>				
Patent, licenses, trademarks and similar rights	103	75	43	17
Goodwill	776	768	543	353
	<b>879</b>	<b>843</b>	<b>586</b>	<b>370</b>
<b>Financial assets</b>				
Participation in associated companies	5	5	4	6
Other long-term receivables	17	16	14	16
Deferred tax assets	79	78	62	61
	<b>101</b>	<b>99</b>	<b>80</b>	<b>83</b>
	<b>1,561</b>	<b>1,517</b>	<b>1,204</b>	<b>960</b>
<b>Current assets</b>				
Inventory etc.	614	581	458	472
Accounts receivable	1,172	1,096	1,132	994
Other receivables	182	162	149	151
Liquid funds	307	291	201	297
	<b>2,275</b>	<b>2,130</b>	<b>1,940</b>	<b>1,914</b>
<b>Total assets</b>	<b>3,836</b>	<b>3,647</b>	<b>3,144</b>	<b>2,874</b>
<b>Equity and liabilities</b>				
<b>Equity</b>	<b>1,077</b>	<b>1,066</b>	<b>1,506</b>	<b>1,454</b>
<b>Long-term liabilities</b>				
Interest-bearing liabilities	31	18	16	3
Provisions	178	174	170	166
Deferred tax liabilities	53	45	32	24
Other liabilities	3	3	2	3
	<b>265</b>	<b>240</b>	<b>220</b>	<b>196</b>
<b>Short-term liabilities</b>				
Interest-bearing liabilities	1,370	1,264	299	270
Advances from customers	93	82	117	94
Accounts payable	445	426	435	320
Provisions	60	72	59	58
Other liabilities	526	497	508	482
	<b>2,494</b>	<b>2,341</b>	<b>1,418</b>	<b>1,224</b>
<b>Total equity and liabilities</b>	<b>3,836</b>	<b>3,647</b>	<b>3,144</b>	<b>2,874</b>
<b>Consolidated statement of recognized income and expense</b>				
<b>Income and expenses recognized in equity</b>				
Actuarial gains and losses related to pensions, including special employer's contribution	0	0	3	-5
Cash flow hedges	-2	-1	5	3
Exchange differences on translation of foreign operations	-11	64	-132	-81
Tax on items reported directly in equity	0	0	-3	-1
<b>Total transactions reported in equity</b>	<b>-13</b>	<b>63</b>	<b>-127</b>	<b>-84</b>
Net earnings for the period	235	148	328	236
<b>Total income and expenses recognized for the period</b>	<b>222</b>	<b>211</b>	<b>201</b>	<b>152</b>
Attributable to:				
Equity holders of the parent	220	211	198	150
Minority interest	2	1	3	2
	<b>222</b>	<b>212</b>	<b>201</b>	<b>152</b>

<sup>1</sup> The period has been restated in accordance with new option in IAS 19 applied 2006.

Amounts in SEK M	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/2007 Oct-Sep 12 months	2006 Jan-Dec 12 months
<b>Cash flow statement</b>						
<b>Current operations</b>						
Earnings after financial items	136	136	367	374	507	514
Reversal of depreciation etc.	40	32	115	108	143	136
Other earnings items not affecting cash flow	-3	9	-12	18	-11	19
Taxes paid	-56	-51	-161	-125	-217	-181
<b>Cash flow from current operations before changes in working capital</b>	<b>117</b>	<b>126</b>	<b>309</b>	<b>375</b>	<b>422</b>	<b>488</b>
<i>Cash flow from changes in working capital</i>						
Changes in inventory	-28	-6	-110	-30	-58	22
Changes in accounts receivable	-82	54	9	104	-90	5
Changes in other receivables	-17	12	-24	-20	-23	-19
Changes in accounts payable	31	-26	-17	-21	23	19
Changes in other liabilities	53	24	18	10	23	15
<b>Sum of changes in working capital</b>	<b>-43</b>	<b>58</b>	<b>-124</b>	<b>43</b>	<b>-125</b>	<b>42</b>
<b>Cash flow from current operations</b>	<b>74</b>	<b>184</b>	<b>185</b>	<b>418</b>	<b>297</b>	<b>530</b>
<b>Investing activities</b>						
Acquisitions and disposals of businesses	-93	1	-316	27	-475	-132
Investments in intangible assets	-10	-2	-15	-4	-17	-6
Investments in tangible assets	-56	-44	-143	-100	-196	-153
Sales of tangible assets	0	0	1	0	5	4
Changes in other financial assets	-1	0	0	0	0	0
<b>Cash flow from investing activities</b>	<b>-160</b>	<b>-45</b>	<b>-473</b>	<b>-77</b>	<b>-683</b>	<b>-287</b>
<b>Financing activities</b>						
Changes in loans	105	-50	1,041	-76	1,041	-76
Dividend paid	-	-	-166	-135	-166	-135
Redemption of shares	-	-	-494	-	-494	-
Payment received for issued stock options	-	-	-	2	0	2
Sale of treasury stock	-	0	11	0	14	3
<b>Cash flow from investing activities</b>	<b>105</b>	<b>-50</b>	<b>392</b>	<b>-209</b>	<b>395</b>	<b>-206</b>
<b>Cash flow for the period</b>	<b>19</b>	<b>89</b>	<b>104</b>	<b>132</b>	<b>9</b>	<b>37</b>
Liquid funds at the beginning of the period	291	213	201	176	297	176
Exchange-differences in liquid funds	-3	-5	2	-11	1	-12
<b>Liquid funds at end of the period</b>	<b>307</b>	<b>297</b>	<b>307</b>	<b>297</b>	<b>307</b>	<b>201</b>
<b>Operating cash flow</b>	<b>7</b>	<b>138</b>	<b>28</b>	<b>314</b>	<b>89</b>	<b>375</b>
<b>Key figures</b>						
<b>More key figures are disclosed in the quarterly review</b>						
Capital turnover rate, times	-	-	2.7	3.0	2.7	3.0
Return on capital employed, %	-	-	24.8	28.9	24.8	28.0
Return on equity, %	-	-	24.1	23.3	24.1	22.5
Interest coverage ratio, times	8.9	28.3	11.8	26.9	13.4	25.0
<b>Net debt structure</b>						
Short-term interest-bearing liabilities	-	-	1,370	270	1,370	298
Long-term interest-bearing liabilities	-	-	31	3	31	16
Defined benefit plans etc.	-	-	151	153	151	144
Interest-bearing assets	-	-	-307	-299	-307	-201
<b>Net debt</b>	<b>-</b>	<b>-</b>	<b>1,245</b>	<b>127</b>	<b>1,245</b>	<b>257</b>

## Quarterly overview - consolidated earnings, share data and cash flow

Amounts in SEK M	2007			2006				2005			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	1,674	1,688	1,527	1,311	1,362	1,573	1,515	1,440	1,422	1,294	1,184
<b>Income statement</b>											
Net sales	1,597	1,524	1,404	1,462	1,408	1,456	1,386	1,543	1,317	1,192	1,079
Operating expenses	-1,448	-1,405	-1,277	-1,319	-1,268	-1,327	-1,268	-1,388	-1,205	-1,118	-1,015
<b>EBIT</b>	<b>149</b>	<b>119</b>	<b>127</b>	<b>143</b>	<b>140</b>	<b>129</b>	<b>118</b>	<b>155</b>	<b>112</b>	<b>74</b>	<b>64</b>
EBIT margin	9.3%	7.8%	9.0%	9.8%	9.9%	8.8%	8.5%	10.1%	8.5%	6.2%	5.9%
Financial income and expense	-13	-9	-6	-3	-4	-4	-5	-2	-6	-2	-3
<b>Earnings after financial items</b>	<b>136</b>	<b>110</b>	<b>121</b>	<b>140</b>	<b>136</b>	<b>125</b>	<b>113</b>	<b>153</b>	<b>106</b>	<b>72</b>	<b>61</b>
Taxes	-49	-40	-43	-48	-50	-46	-42	-49	-38	-29	-24
<b>Net earnings</b>	<b>87</b>	<b>70</b>	<b>78</b>	<b>92</b>	<b>86</b>	<b>79</b>	<b>71</b>	<b>104</b>	<b>68</b>	<b>43</b>	<b>37</b>
Depreciations and impairments	40	38	37	28	32	30	46	35	35	38	33
<b>Share data<sup>1,3</sup></b>											
Earnings per share, SEK	1.16	0.95	1.04	1.23	1.15	1.06	0.96	1.40	0.92	0.57	0.50
Earnings per share after dilution, SEK	1.16	0.95	1.04	1.23	1.15	1.06	0.96	1.40	0.92	0.57	0.50
Average no of shares outstanding, thousand	73,887	73,863	73,791	73,749	73,743	73,743	73,743	73,743	73,572	73,485	73,221
No of shares outstanding at period-end, thousand	73,933	73,933	73,933	73,785	73,746	73,743	73,743	73,743	73,743	73,743	73,713
No of treasury shares, thousand	1,067	1,067	1,067	1,215	1,254	1,257	1,257	1,257	1,257	1,257	1,287
Equity per share, SEK	14.51	14.36	22.13	20.33	19.66	18.48	20.04	19.42	18.28	17.45	17.06
Stock price at period-end, SEK	93	107.5	101	106	95	80	88	73	61	58	63
Market cap at period-end, SEK M <sup>2</sup>	6,975	8,063	7,550	7,925	7,100	6,013	6,613	5,475	4,575	4,325	4,750
<b>Cash flow statement</b>											
From current operations	74	60	83	112	184	138	96	74	112	66	54
From investing operations	-160	-305	-40	-210	-45	-28	-4	-37	-37	-70	-22
From financing operations	105	320	-33	3	-50	-140	-19	-22	-100	2	25
<b>Cash flow for the period</b>	<b>19</b>	<b>75</b>	<b>10</b>	<b>-95</b>	<b>89</b>	<b>-30</b>	<b>73</b>	<b>15</b>	<b>-25</b>	<b>-2</b>	<b>57</b>
<b>Operating cash flow</b>	<b>7</b>	<b>8</b>	<b>45</b>	<b>61</b>	<b>138</b>	<b>110</b>	<b>66</b>	<b>37</b>	<b>75</b>	<b>37</b>	<b>32</b>

<sup>1</sup> The periods Q4 2005 to Q3 2006 have been restated in accordance with new option in IAS 19 applied in 2006.

<sup>2</sup> The market cap is calculated on total number of issued shares, including treasury shares.

<sup>3</sup> Historical data for the share are adjusted for the share split, redemption and bonus issue performed in Q2 2007.

## Quarterly overview - Consolidated balance sheet and key figures

Amounts in SEK M	2007			2006 <sup>1</sup>				2005 <sup>1</sup>			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Balance sheet</b>											
<b>Assets</b>											
<b>Fixed assets</b>											
Tangible assets	581	575	550	538	507	497	520	556	551	555	529
Intangible assets	879	843	609	586	370	370	379	382	380	383	369
Financial assets	101	99	79	80	83	84	85	98	81	78	72
	1,561	1,517	1,238	1,204	960	951	984	1,036	1,012	1,016	970
<b>Current assets</b>											
Inventory etc.	614	581	498	458	472	464	471	469	442	431	369
Accounts receivable	1,172	1,096	1,077	1,132	994	1,040	1,066	1,140	953	923	898
Other receivables	182	162	181	149	151	161	150	125	141	144	146
Liquid funds	307	291	216	201	297	213	248	176	158	184	178
	2,275	2,130	1,972	1,940	1,914	1,878	1,935	1,910	1,694	1,682	1,591
<b>Total assets</b>	<b>3,836</b>	<b>3,647</b>	<b>3,210</b>	<b>3,144</b>	<b>2,874</b>	<b>2,829</b>	<b>2,919</b>	<b>2,946</b>	<b>2,706</b>	<b>2,698</b>	<b>2,561</b>
<b>Equity and liabilities</b>											
Equity	1,077	1,066	1,640	1,506	1,454	1,367	1,483	1,437	1,350	1,291	1,261
Long-term liabilities	234	222	215	204	193	190	183	181	151	151	147
Interest-bearing liabilities	1,401	1,282	268	315	273	323	332	351	374	481	371
Accounts payable	445	426	416	435	320	344	328	355	263	282	280
Other short-term liabilities	679	651	671	684	634	605	593	622	568	493	502
<b>Total equity and liabilities</b>	<b>3,836</b>	<b>3,647</b>	<b>3,210</b>	<b>3,144</b>	<b>2,874</b>	<b>2,829</b>	<b>2,919</b>	<b>2,946</b>	<b>2,706</b>	<b>2,698</b>	<b>2,561</b>
<b>Key figures</b>											
Equity ratio, %	28.1	29.2	51.1	47.9	50.6	48.3	50.8	48.8	50.0	47.9	49.2
Net debt, SEK M	1,245	1,138	209	257	127	258	229	315	318	397	296
Net debt ratio, times	1.16	1.07	0.13	0.17	0.09	0.19	0.15	0.22	0.23	0.31	0.23
Interest coverage ratio, times	8.9	11.1	22.2	21.1	28.3	27.2	24.9	33.6	27.7	12.3	12.3
Investments in tangible assets, SEK M	56	53	34	53	44	26	30	37	37	31	21
Number of employees at period-end	3,982	3,915	3,669	3,552	3,449	3,400	3,365	3,245	3,180	3,122	3,128

<sup>1</sup> The periods Q4 2005 to Q3 2006 have been restated in accordance with new option in IAS 19 applied in 2006.

## Quarterly overview - Divisions

Amounts in SEK M	2007			2006				2005			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Order intake</b>											
Dehumidification Division	541	556	444	355	443	465	430	355	412	389	344
MCS Division	690	634	633	636	601	654	650	769	665	501	509
HumiCool Division	460	518	465	333	340	462	450	330	366	419	345
Eliminations	-17	-20	-15	-13	-22	-8	-15	-14	-21	-15	-14
<b>Order intake</b>	<b>1,674</b>	<b>1,688</b>	<b>1,527</b>	<b>1,311</b>	<b>1,362</b>	<b>1,573</b>	<b>1,515</b>	<b>1,440</b>	<b>1,422</b>	<b>1,294</b>	<b>1,184</b>
<b>Net sales</b>											
Dehumidification Division	504	527	371	432	423	419	360	431	404	354	325
MCS Division	666	605	614	686	638	635	660	775	562	504	494
HumiCool Division	446	414	429	361	367	411	376	347	374	352	269
Eliminations	-19	-22	-10	-17	-20	-9	-10	-10	-23	-18	-9
<b>Net sales</b>	<b>1,597</b>	<b>1,524</b>	<b>1,404</b>	<b>1,462</b>	<b>1,408</b>	<b>1,456</b>	<b>1,386</b>	<b>1,543</b>	<b>1,317</b>	<b>1,192</b>	<b>1,079</b>
<b>Operating earnings</b>											
Dehumidification Division	55	69	38	65	51	49	29	58	45	32	24
operating margin	11.0%	13.1%	10.2%	15.0%	11.9%	11.8%	8.1%	13.5%	11.2%	9.1%	7.3%
MCS Division	42	10	38	45	39	29	46	74	32	14	31
operating margin	6.3%	1.7%	6.2%	6.5%	6.1%	4.6%	7.0%	9.6%	5.8%	2.9%	6.4%
HumiCool Division	64	55	59	44	56	62	51	30	46	41	18
operating margin	14.3%	13.3%	13.8%	12.2%	15.2%	15.2%	13.6%	8.7%	12.4%	11.8%	6.5%
Group overheads, eliminations etc.	-12	-15	-8	-11	-6	-11	-8	-7	-11	-13	-9
<b>Earnings before interest and tax</b>	<b>149</b>	<b>119</b>	<b>127</b>	<b>143</b>	<b>140</b>	<b>129</b>	<b>118</b>	<b>155</b>	<b>112</b>	<b>74</b>	<b>64</b>
EBIT margin	9.3%	7.8%	9.0%	9.8%	9.9%	8.8%	8.5%	10.1%	8.5%	6.2%	5.9%
<b>Operating capital</b>											
Dehumidification Division	477	488	384	383	394	392	395	422	408	395	384
MCS Division	885	790	805	811	779	779	824	862	715	666	658
HumiCool Division	494	492	452	391	392	399	436	440	514	527	442
Central, eliminations	77	49	30	34	12	16	13	15	16	18	12
<b>Operating capital</b>	<b>1,933</b>	<b>1,819</b>	<b>1,671</b>	<b>1,619</b>	<b>1,577</b>	<b>1,586</b>	<b>1,668</b>	<b>1,739</b>	<b>1,653</b>	<b>1,606</b>	<b>1,496</b>
<b>Permanent employees</b>											
Dehumidification Division	1,151	1,126	913	900	890	877	867	853	848	831	826
MCS Division	1,903	1,916	1,906	1,845	1,842	1,830	1,784	1,706	1,650	1,625	1,641
HumiCool Division	911	855	832	789	698	672	695	668	663	647	642
Central	17	18	18	18	19	21	19	18	19	19	19
<b>Number of permanent employees</b>	<b>3,982</b>	<b>3,915</b>	<b>3,669</b>	<b>3,552</b>	<b>3,449</b>	<b>3,400</b>	<b>3,365</b>	<b>3,245</b>	<b>3,180</b>	<b>3,122</b>	<b>3,128</b>

Amounts in SEK M	2007 Jul-Sep 3 months	2006 Jul-Sep 3 months	2007 Jan-Sep 9 months	2006 Jan-Sep 9 months	2006/2007 Oct-Sep 12 months	2006 Jan-Dec 12 months
<b>MUNTERS AB</b>						
<b>Income statement</b>						
Net sales	13	8	38	24	51	37
Cost of goods sold	-	-	-	-	-	-
<b>Gross earnings</b>	<b>13</b>	<b>8</b>	<b>38</b>	<b>24</b>	<b>51</b>	<b>37</b>
Other operating income	1	1	2	2	3	3
Selling expenses	0	-	0	0	0	0
Administrative expenses	-19	-12	-59	-42	-81	-64
Research and development costs	-	-	-	-	-	-
Other operating expenses	0	0	0	0	-1	-1
<b>EBIT - Earnings before interest and tax</b>	<b>-5</b>	<b>-3</b>	<b>-19</b>	<b>-16</b>	<b>-28</b>	<b>-25</b>
Financial income and expenses	34	-3	192	125	1,021	954
<b>Earnings after financial income</b>	<b>29</b>	<b>-6</b>	<b>173</b>	<b>109</b>	<b>993</b>	<b>929</b>
Income taxes	7	1	4	5	7	8
<b>Net earnings</b>	<b>36</b>	<b>-5</b>	<b>177</b>	<b>114</b>	<b>1,000</b>	<b>937</b>
	<b>2007 30 Sep</b>	<b>2007 30 Jun</b>	<b>2006 31 Dec</b>	<b>2006 30 Sep</b>		

## Balance sheet

### Assets

#### Fixed assets

##### Tangible assets

Equipment, tools, fixtures and fittings	19	19	15	13
	19	19	15	13

##### Intangible assets

Patent, licenses and similar rights	10	6	3	2
	10	6	3	2

##### Financial assets

Participation in subsidiaries	672	659	659	609
Receivables from subsidiaries	1,360	1,284	891	358
Deferred tax assets	-	-	-	5
	2,032	1,943	1,550	972
	2,061	1,968	1,568	987

##### Current assets

Receivables from subsidiaries	57	78	92	37
Other receivables	43	23	14	37
Liquid funds	104	80	22	43
	204	181	128	117

<b>Total assets</b>	<b>2,265</b>	<b>2,149</b>	<b>1,696</b>	<b>1,104</b>
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### Equity and liabilities

<b>Equity</b>	<b>798</b>	<b>761</b>	<b>1,269</b>	<b>409</b>
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#### Long-term liabilities

Provisions	36	36	35	35
	36	36	35	35

#### Short-term liabilities

Interest-bearing liabilities	note 4	1,324	1,230	268	227
Liabilities to subsidiaries		2	44	109	325
Accounts payable		4	2	3	2
Other liabilities		101	76	12	106
		1,431	1,352	392	660

<b>Total equity and liabilities</b>	<b>2,265</b>	<b>2,149</b>	<b>1,696</b>	<b>1,104</b>
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# Notes

## Note 1. Accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, which complies with the requirements stipulated in the Swedish Financial Accounting Standards Council's recommendation RR 31, Interim reporting for groups. The accounting principles applied in this interim report are those described in Note 2 of the Annual Report for 2006. Changes based on the application of the EU Transparency Directive were made in this interim report. The changes mainly involved increased disclosures regarding risks and uncertainty factors, as well as information about the Parent Company.

## Note 2. Changes in equity

	2007 Sep 30	2007 June 30	2006 Dec 31	2006 Sep 30
<b>Equity at the beginning of the year</b>	<b>1,506</b>	<b>1,506</b>	<b>1,437</b>	<b>1,437</b>
Total recognized income and expenses for the period	222	211	201	152
Change in minority interest	-2	-2	-2	-2
Sales of treasury shares	11	11	3	0
Payment received for issued stock options	-	-	2	2
Dividend	-166	-166	-135	-135
Redemption of shares	-494	-494	-	-
<b>Equity at the end of the period</b>	<b>1,077</b>	<b>1,066</b>	<b>1,506</b>	<b>1,454</b>

## Note 3. Acquisition of operations

### Des Champs Technologies

On April 4, 2007 the American company Des Champs Technologies was acquired. Munters purchased 100 percent of the shares in Entrodyne Corporations, which is the holding company of Des Champs. The company is a technological leader in solutions for energy-efficient air treatment and manufactures mainly customer-adapted ventilation and air-conditioning systems for commercial buildings. The company has been consolidated as of April 2007.

Information on acquired net assets and goodwill is as follows:

Purchase consideration	
- purchase consideration paid	225
- expenses directly attributable to the acquisition	<u>2</u>
<b>Total acquisition value</b>	<b>227</b>
Fair value of the acquired net assets	<u>-56</u>
Goodwill	171

The acquisition price of the company was SEK 254 M, of which SEK 29 M involved payment to option holders settled by Des Champs Technologies prior to the acquisition.

Goodwill is attributable to anticipated future synergies in product integration, technology and distribution. Apart from the synergies, the company's expertise in heat-exchange technology and its future earnings potential are also components of the goodwill item.

<b>The acquired company's net assets at the time of acquisition:</b>	Reported value	Fair value adjustment	Fair value
Tangible fixed assets	13		13
Intangible assets	0	46	46
Non-interest-bearing receivables	85		85
Cash and cash equivalents	4		4
Interest-bearing liabilities	0		0
Interest-free liabilities (incl. deferred tax liability)	-74	-18	-92
<b>Net identifiable assets and liabilities</b>	<b>28</b>	<b>28</b>	<b>56</b>

Change in the Group's cash and cash equivalents at the time of the acquisition: 223

Intangible assets are attributable to brands and technology. The breakdown of acquisition value is not conclusively settled.

#### **Turbovent**

As of July 1, 2007, the Danish companies Turbovent Agro A/S and Turbovent Environment A/S were acquired. Munters purchased 100 percent of both companies. Turbovent primarily manufactures ventilation equipment for the breeding of birds, pigs and cattle in Scandinavia, Germany and Eastern Europe. Turbovent also represents the state of the art in terms of air cleaning and odor removal solutions for the farming industry. The companies were consolidated in July 2007. The acquired companies contributed income of SEK 25 M for the July 1, 2007 to September 30, 2007 period. Had the acquisition occurred on January 1, 2007, the companies would have contributed income of SEK 67 M to the Group for the interim period.

Information on acquired net assets and goodwill is as follows:

Purchase consideration	
- purchase consideration paid in cash	81
- expenses directly attributable to the acquisition	1
<b>Total acquisition value</b>	<b>82</b>
Fair value of acquired net assets	-20
Goodwill	62

Goodwill is attributable to expected future synergies within product integration.

<b>The acquired company's net assets at the time of acquisition:</b>	Reported value	Fair value adjustment	Fair value
Tangible fixed assets	4		4
Intangible assets	0	11	11
Non-interest-bearing receivables	31		31
Interest-bearing liabilities	-10		-10
Interest-free liabilities (incl. deferred tax liability)	-13	-3	-16
<b>Net identifiable assets and liabilities</b>	<b>12</b>	<b>8</b>	<b>20</b>

Purchase consideration paid in cash and expenses directly attributable to the acquisition	82
Cash and cash equivalents in the acquired companies	0
Change in the Group's cash and cash equivalents at the time of acquisition	82

Intangible assets are attributable to brands and technology. The breakdown of the acquisition value has not been conclusively settled.

#### **Note 4. Interest-bearing liabilities in Munters AB**

In the second quarter, Munters AB signed an agreement for a revolving credit facility agreement with a syndicate of five banks. The credit amounts to SEK 2,000 M. In the third quarter, the credit was utilized for acquisitions.

*This document is a translation of the Swedish version. In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.*