



YEAR-END REPORT 2004

February 17, 2005

FULL YEAR

- **Net sales amounted to 4,543 MSEK (4,308).**
- **Net earnings amounted to 167 MSEK (172).**
- **Earnings per share amounted to 6.84 SEK (7.04).**
- **Order intake increased by 7 percent and currency adjusted by 10 percent.**
- **All regions and product areas reported increased order intake and sales.**
- **The Board of Directors proposes a dividend increase of 0.50 SEK to 4.00 SEK.**

	2004	2003	Change	Adjusted change ¹
Order intake, MSEK	4,598	4,305	7%	10%
Net sales, MSEK	4,543	4,308	5%	9%
EBIT, MSEK	298	298	0%	4%
EBIT margin, percent	6.6	6.9		
Net earnings, MSEK	167	172	-3%	0%
Earnings per share, SEK	6.84	7.04	-3%	

FOURTH QUARTER

- **Net sales increased by 21 percent for the quarter.**
- **EBIT rose by 24 percent.**
- **Product area MCS's sales increased by 24 percent and the operating margin was 9.5 percent.**
- **Extensive production changes within HumiCool.**

	2004	2003	Change	Adjusted change ¹
Order intake, MSEK	1,089	1,025	6%	9%
Net sales, MSEK	1,270	1,052	21%	24%
EBIT, MSEK	96	77	24%	28%
EBIT margin, percent	7.6	7.4		
Net earnings, MSEK	58	56	4%	6%
Earnings per share, SEK	2.39	2.31	3%	

¹ Current Group structure adjusted for currency fluctuations.

Munters operations

Munters is the world leader in moisture control with services for water and fire damage restoration and products for dehumidification, humidification, and air cooling. Operations are organized into three regions – Europe, the Americas and Asia. In each region, operations are subdivided into the divisions: Dehumidification, Moisture Control Services (MCS) and HumiCool. Manufacturing and sales are carried out through the Group's own companies, which have 3,064 full-time employees in 28 countries. Munters' shares are quoted on the O list of the Stockholm Stock Exchange.

Market trend during the fourth quarter

Demand within Dehumidification during the quarter was good. Demand from the insurance industry in Europe for damage restoration increased. Florida was hit by extensive hurricanes which led to significant restoration work for Munters during the fourth quarter. Demand within HumiCool from the power and the poultry industries were strong.

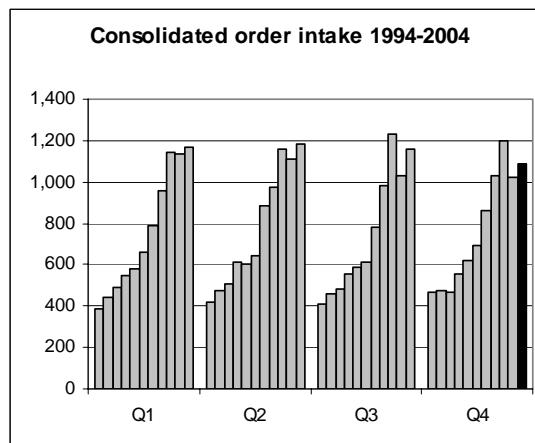
In Europe, the market for dehumidification systems improved during the quarter. Demand for MCS services from the insurance industry improved significantly from the previous year's low level. Within HumiCool, demand remained strong in most segments, but especially for components (so-called mist eliminators) for emission control in coal-fired power plants. However, prices were affected by the low dollar exchange-rate.

In America, demand within Dehumidification continued to increase for DesiCool systems while the market growth was weaker for industrial applications. Demand for MCS services remained very strong during the quarter as a result of the hurricanes which ravaged Florida. For HumiCool, demand was strong for cooling systems for the AgHort industry while demand for other cooling applications remained weak.

In Asia, demand increased within Dehumidification. Within MCS, demand stabilized at a high level. For HumiCool, activities were low during the quarter. The AgHort market remained weak as a result of outbreaks of chicken flu in South-East Asia.

Group development during the fourth quarter

Order intake

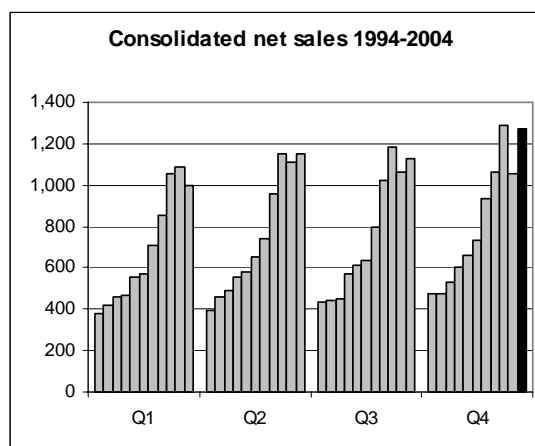


Order intake for the fourth quarter increased by 6 percent to 1,089 MSEK (1,025). Currency adjusted the increase was 9 percent.

The backlog increased by 6 percent and was 585 MSEK (550) at the year end. Currency adjusted the increase was 12 percent.

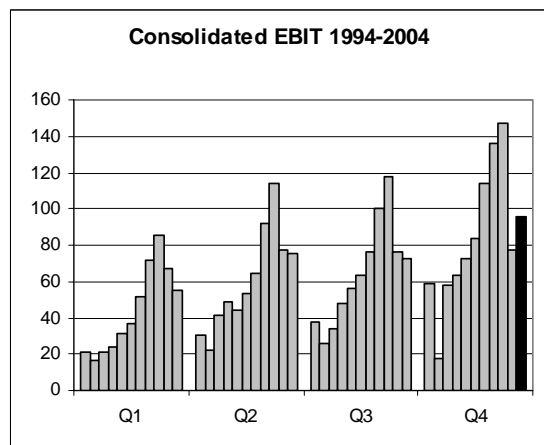
Demand for DesiCool systems continued to improve while dehumidification systems for industrial applications had a slightly lower order intake. Within MCS, order intake improved as a result of increased demand in Region Europe and continued strong demand in the Americas and Asia. Order intake for the quarter remained strong within HumiCool and increased activities within the AgHort industry and increased activities relating to components for emission control in coal-fired power plants.

Net sales



Consolidated net sales increased by 21 percent to 1,270 MSEK (1,052). Currency adjusted the increase was 24 percent.

Earnings



EBIT increased by 24 percent to 96 MSEK (77) after amortization of goodwill and surplus values of 8 MSEK (5). Currency adjusted the increase was 28 percent. EBIT was affected by 9 MSEK as a result of action programs within MCS and HumiCool in Region Europe and within HumiCool in Region Americas as a result of relocation of plants and related production interruptions.

Lower operating earnings within HumiCool were compensated for by significantly improved earnings within MCS and Dehumidification while exchange-rate fluctuations affected earnings by 2 MSEK. The EBIT margin amounted to 7.6 percent (7.4).

Consolidated earnings after financial items amounted to 92 MSEK (78). Net earnings for the quarter increased to 58 MSEK (56) after an effective tax rate of 36 percent (29). The tax last year was low due to reversal of a reserve without tax effect. When adjusted for non-deductible amortization of goodwill and surplus values, the tax rate was 33 percent (27). Earnings per share amounted to 2.39 SEK (2.31).

Action program and decided rationalization

As a result of continued weak demand within some parts of the MCS operation in Europe, a decision was made after the first quarter of 2004 to implement additional measures to cut costs in these units. These measures were planned to achieve cost reductions of approximately 20 MSEK on an annual basis and give rise to one-time costs of approximately 8 MSEK. The program is expected to make a full impact from the first quarter of 2005.

During the second quarter, a decision was taken to concentrate all European production of CELdek[®] (components for cooling systems) to Munters' plant in Imperia, Italy. The relocation took place during the fourth quarter of 2004 and production is planned to start during the first quarter of 2005.

During the second quarter, the production of CELdek[®] was moved from Phoenix, USA to Monterrey, Mexico. Productivity has not yet reached the planned level.

During the third and fourth quarters, the operation for mist eliminators and components for water treatment in Aachen, Germany moved into new premises in the same city. The relocation led to production disturbances in the fourth quarter.

Regional development during the fourth quarter

Region Europe

During the quarter, order intake in Region Europe increased by 7 percent to 662 MSEK (617). Sales increased by 11 percent to 748 MSEK (675). The effect of exchange-rate fluctuations was marginal with regard to both order intake and sales. Operating earnings (operating earnings excluding amortization of goodwill and surplus values) fell by 4 percent and amounted to 49 MSEK (51). Currency adjusted the fall was 5 percent. On a comparison between the years, it should be noted that the fourth quarter of the previous year includes a reversal of a provision of 12 MSEK.

The Dehumidification division ended the year strongly with improved order intake, sales and operating earnings. The improved earnings are largely an effect of the cost reduction programs implemented during the fourth quarter of 2003.

The MCS division reported improved order intake from the insurance industry during the quarter and increased its order intake, sales and operating earnings compared with the previous year. Improved capacity utilization and implemented cost reductions resulted in an increased operating margin compared with the previous year. However, the margin remains at a low level.

The HumiCool division enjoyed continued significantly increased order intake and increased sales but substantially lower operating earnings during the quarter. Earnings were affected as a result of the weaker trend for components for waste water cleaning. Components for emission control in coal-fired power plants enjoyed a continued positive trend. The poultry industry reported significantly higher activity during the quarter. Exchange-rate fluctuations and higher prices for materials led to reduced margins. The relocation of the CELdek[®] production from Sweden to Italy and the relocation of mist eliminator production in Germany caused disturbances during the quarter.

Region Americas

During the quarter, order intake in Region Americas increased by 11 percent to 346 MSEK (312). Currency adjusted for order intake increased by 21 percent. Sales rose by 51 percent to 432 MSEK (287). Currency adjusted sales increased by 64 percent. Operating earnings for the quarter increased by 67 percent to 49 MSEK (29). Currency adjusted the increase was 79 percent.

The Dehumidification division reported slightly higher order intake, considerably higher sales and improved operating earnings compared with the previous year. During the quarter, demand remained strong within the DesiCool operation while the industrial dehumidification operation reported slightly lower demand.

The MCS division reported significantly higher order intake, sales and earnings compared with the previous year. During the quarter, a large number of orders were received as a result of the four hurricanes in Florida. This, together with stable underlying demand, made a continued positive impact on order intake, sales and earnings. During the quarter, the order and sales volumes relating to the hurricanes in Florida amounted to 4 and 12 MUSD, respectively.

The HumiCool division reported increased order intake and sales, but a significant fall in operating earnings compared with the previous year. Order intake for cooling systems for the poultry industry was stronger than during the corresponding quarter in the previous year. However, order intake for components for evaporative cooling systems and demand for products for cooling inlet air to gas turbines remained low. Earnings were affected by production interruptions and costs following the relocation of the plant from the USA to Mexico.

Region Asia

Region Asia's order intake fell during the fourth quarter as a result of new outbreaks of chicken flu in South East Asia.

During the quarter, order intake fell by 17 percent to 94 MSEK (113). Currency adjusted the decrease was 14 percent. Sales rose by 3 percent to 111 MSEK (108). Currency adjusted the increase was 7 percent. Operating earnings fell by 1 percent to 13 MSEK (14). Currency adjusted operating earnings increased by 1 percent.

The Dehumidification division had increased order intake but reduced sales and deteriorated operating earnings compared with the previous year.

The development in **the MCS division** confirmed the positive trend during the year. The division reported an expanded customer base and favorable weather contributed to significantly increased sales and operating earnings compared with the previous year.

The HumiCool division reported lower order intake, sales and operating earnings due to new outbreaks of chicken flu in South East Asia. Sales of pre-coolers for gas turbines and components for evaporative cooling systems continued to develop strongly.

Full year developments

Order intake

The Group's order intake for the year increased by 7 percent to 4,598 MSEK (4,305). Currency adjusted order intake increased by 10 percent.

Order intake increased by 6 percent in Region Europe, by 8 percent in the Americas and by 9 percent in Asia. Currency adjusted order intake increased by 6 percent in Europe, by 19 percent in the Americas and by 11 percent in Asia.

Net sales

Consolidated net sales rose by 5 percent to 4,543 MSEK (4,308). Currency adjusted net sales increased by 9 percent.

Net sales increased by 2 percent in Region Europe, by 11 percent in the Americas and by 13 percent in Asia. Currency adjusted sales increased by 2 percent in Region Europe, by 22 percent in the Americas and by 15 percent in Asia.

Earnings

EBIT after goodwill amortization and surplus values of 38 MSEK (38) was unchanged at 298 MSEK (298). Currency adjusted EBIT increased by 4 percent.

The EBIT margin amounted to 6.6 percent (6.9). Earnings have been charged with 33 MSEK (20 MSEK) for costs relating to action programs. Of these costs, approximately 10 MSEK represent effects of production disturbances.

In Region Europe, operating earnings fell by 14 percent. Approximately 50 percent of the fall in earnings within MCS and HumiCool are balanced by the improvement in earnings in Dehumidification. In Region Americas, earnings rose by 9 percent in spite of costs within HumiCool for relocation of a factory which led to production

disturbances; and quality problems. Earnings increased by 13 percent in Region Asia thanks to a strong development within MCS. Currency adjusted the fall was 14 percent in Region Europe, while earnings increased by 19 percent in the Americas and by 13 percent in Asia.

Consolidated earnings before taxes amounted to 283 MSEK (280). Net earnings for the period fell by 5 MSEK to 167 MSEK (172) after an effective tax rate of 41 percent (39). When adjusted for non-deductible amortization of goodwill and surplus values, the tax rate was 37 percent (34). Earnings per share amounted to 6.84 SEK (7.04).

Capital expenditure

The Group's capital expenditure in tangible fixed assets amounted to 108 MSEK (130) during the year. The majority, 62 MSEK, relates to investment in MCS equipment. The majority of other investments consist of new investments related to the aforementioned relocation of 3 factories. Depreciation and write-downs amounted to 179 MSEK (170), of which amortization of goodwill and surplus values accounted for 38 MSEK (38).

Financial position

The equity ratio amounted to 46 percent at the year end (46 at the start of the year). Interest-bearing assets amounted to 123 MSEK (125 at the start of the year) and interest-bearing liabilities and provisions to 474 MSEK (463 at the start of the year). Since the start of the year, the net debt has increased by 13 MSEK to 351 MSEK. During the year the new reporting of benefit schemes in accordance with RR29 increased the net debt by 6 MSEK. During the year, 85 MSEK was paid in dividend to the shareholders and 40 MSEK was paid in additional purchase prices relating to previous acquisitions. The Group has unutilized loan facilities of 181 MSEK.

Personnel

At the year end, the number of full-time staff was 3,064, a reduction of 6 during the year. In Region Europe, the number fell by 34; in the Americas, it increased by 63; and in Region Asia, the number fell by 34. The increase in the Americas mainly relates to the duplication of staff in connection with relocating the production of CELdek[®] from the USA to Mexico.

Parent company

The parent company's earnings after financial income and expenses amounted to -4 MSEK (-22). Dividends of 22 MSEK (3) received from subsidiaries are included. There were no net sales outside

the Group during the year. At the year end, interest-bearing assets amounted to 10 MSEK (10 MSEK at the start of the year) and the net debt to 150 MSEK (114 MSEK at the start of the year). Capital expenditure in tangible fixed assets amounted to 0 MSEK (1) during the year and the number of employees was 19 (21).

Comments on the accounts

This report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 'Interim Reporting'. The same accounting principles and calculation methods have been applied as in the latest Annual Report with the addition of the following.

As from 2004, Munters applies the new Swedish accounting recommendation RR 29 (Employee benefits). It agrees in substance with the international standard IAS 19 (Employee benefits). By the application of RR 29, benefit-based schemes relating to pensions and other benefits have been reported in accordance with common principles. Before 2004, these were reported in accordance with local rules in each country. In accordance with the recommendation's transitional regulations, an opening pension liability has been set, calculated in accordance with the new principles as at January 1, 2004. As a result, the Group's pension liability has increased by 1 MSEK. Shareholders' equity at the beginning of the year has decreased by 1 MSEK after deduction for deferred tax. The transition has not had any tangible effect on the period's pension costs. In accordance with the recommendation's transitional regulations, previous financial years have not been recalculated.

Changeover to IFRS

Information about the changeover to International Financial Reporting Standards (IFRS) is given at the end of this Year-End Report.

Annual General Meeting

The Annual General Meeting will be held in the Skandia cinema in Stockholm at 5 pm on Thursday April 21, 2005.

Proposal for dividend

The Board of Directors has decided to propose that the Annual General Meeting approves a dividend of 4.00 SEK (3.50) per share for 2004. This is equivalent to a total dividend of 98 MSEK.

Future information dates

The Annual Report will be published in Swedish on Munters' website on March 17. The printed version will be available at the Company's premises at the end of March. At the same time, it will be distributed to the registered shareholders. The Annual Report will be published in English on Munters' website April 15.

April 21 Interim Report January- March

April 21 Annual General Meeting
July 22 Interim Report January- June
October 27 Interim Report January- September

Sollentuna, February 17, 2005

Munters AB (publ)

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Amounts in MSEK	2004 Oct-Dec 3 months	2003 Oct-Dec 3 months	2004 Jan-Dec 12 months	2003 Jan-Dec 12 months
Order intake	1,089	1,025	4,598	4,305
Income statement				
Net sales	1,270	1,052	4,543	4,308
Cost of goods sold	-908	-744	-3,256	-3,029
Gross earnings	362	308	1,287	1,279
Selling expenses	-136	-136	-525	-546
Administrative expenses	-110	-83	-387	-362
Research and development costs	-12	-9	-40	-41
Other operating income	0	1	0	4
Other operating expenses	-8	-6	-37	-38
Share in earnings in associated companies	0	2	0	2
Earnings before interest and tax ¹	96	77	298	298
EBIT margin	7.6%	7.4%	6.6%	6.9%
Financial income and expenses	-4	1	-15	-18
Earnings after financial items	92	78	283	280
Taxes	-33	-22	-115	-108
Minority share	-1	0	-1	0
Net earnings	58	56	167	172
Earnings per share, SEK	2.39	2.31	6.84	7.04
Earnings per share after dilution, SEK	2.39	2.30	6.83	7.03
¹ Depreciation, amortization and write-downs of which goodwill and surplus values	40 8	38 5	179 38	170 38
Net sales by Region				
Region Europe	748	675	2,705	2,658
Region Americas	432	287	1,501	1,347
Region Asia	111	108	419	372
Eliminations	-21	-18	-82	-69
Net sales	1,270	1,052	4,543	4,308
Operating earnings by Region				
Region Europe	49	51	151	175
operating margin	6.5%	7.6%	5.6%	6.6%
Region Americas	49	29	163	150
operating margin	11.3%	10.2%	10.9%	11.2%
Region Asia	13	14	46	41
operating margin	12.1%	12.6%	11.0%	11.0%
Group overhead etc.	-7	-10	-24	-28
Amortization goodwill, eliminations etc.	-8	-7	-38	-40
Earnings before interest and tax	96	77	298	298
Net sales by Product Area				
Dehumidification	395	322	1,344	1,262
Moisture Control Services	620	506	2,095	1,982
HumiCool	264	230	1,138	1,103
Eliminations	-9	-6	-34	-39
Net sales	1,270	1,052	4,543	4,308

Amounts in MSEK	2004 Oct-Dec 3 months	2003 Oct-Dec 3 months	2004 Jan-Dec 12 months	2003 Jan-Dec 12 months
Cash flow statement				
Current operations				
Earnings after financial items	92	78	283	280
Reversal of depreciation etc.	40	38	179	170
Other earnings items not affecting cash flow	4	-22	-7	-22
Taxes paid	-36	-34	-127	-152
Cash flow from current operations before changes in working capital	100	60	328	276
<i>Cash flow from changes in working capital</i>				
Changes in inventory	58	42	-70	24
Changes in accounts receivable	-125	-60	-155	97
Changes in other receivables	14	6	4	-6
Changes in accounts payable	46	6	51	-68
Changes in other liabilities	-27	29	51	-66
Cash flow from current operations	66	83	209	257
Investing activities				
Acquisitions of enterprises	-	-3	-40	-25
Investments in intangible assets	-2	-3	-3	-3
Investments in tangible assets	-38	-35	-108	-130
Sale of tangible assets	27	3	28	3
Change in other financial assets	-6	-2	-5	-3
Cash flow from investing activities	-19	-40	-128	-158
Financing activities				
Payment received for issued stock options	-	-	1	1
Changes in loans	-44	-52	-3	-3
Dividend paid	-	-	-85	-86
Buy-back of own shares	-	-	-	-10
Cash flow from financing activities	-44	-52	-87	-98
Cash flow for the period	3	-9	-6	1
Liquid funds at the beginning of the period	116	137	125	133
Exchange-rate differences in liquid funds	-2	-3	-2	-9
Liquid funds at the end of the period	117	125	117	125
Operating cash flow ¹	47	47	121	125
¹ Cash flow from current operations and investing activities excluding acquisitions of enterprises.				
Key figures				
<i>More key figures are disclosed in the quarterly overview</i>				
Capital turnover rate, times	-	-	2.9	2.7
Return on capital employed, %	-	-	19.0	19.4
Return on equity, %	-	-	15.0	15.6
Interest coverage ratio, times	19.1	14.6	15.8	11.3
Investments in tangible assets, MSEK	38	35	108	130
Net debt structure				
Short-term loans	321	370	321	370
Long-term loans	46	7	46	7
Defined benefit plans	107	87	107	86
Interest-bearing assets	-123	-125	-123	-125
Net debt	351	338	351	338

Amounts in MSEK	2004	2004	2003
	31 Dec	30 Sep	31 Dec

Balance sheet

	2004	2004	2003
	31 Dec	30 Sep	31 Dec
Assets			
Fixed assets			
<i>Intangible assets</i>			
Patents, licences and similar rights	19	19	21
Goodwill	308	333	351
	327	352	372
<i>Tangible assets</i>			
Buildings and land	167	171	197
Plant and machinery	152	139	154
Equipment, tools, fixtures and fittings	198	207	226
Constructions in progress	6	23	23
	523	540	600
<i>Financial assets</i>			
Participations in associated companies	6	7	6
Other long-term securities holdings	-	0	0
Deferred tax assets	50	57	49
Other long-term receivables	16	10	17
	72	74	72
	922	966	1,044
Current assets			
Inventories etc.	329	405	276
Accounts receivable	914	823	792
Other receivables	126	176	128
Liquid funds	117	116	125
	1,486	1,520	1,321
Total assets	2,408	2,486	2,365
Equity and liabilities			
Equity	1,112	1,103	1,086
Minority interest	4	3	4
Provisions	184	190	190
Long-term liabilities			
Interest-bearing liabilities	46	-	7
Other liabilities	0	51	51
	46	51	58
Current liabilities			
Interest-bearing liabilities	321	419	370
Advances from customers	28	59	21
Accounts payable	286	251	246
Other liabilities	427	410	390
	1,062	1,139	1,027
Total equity and liabilities	2,408	2,486	2,365

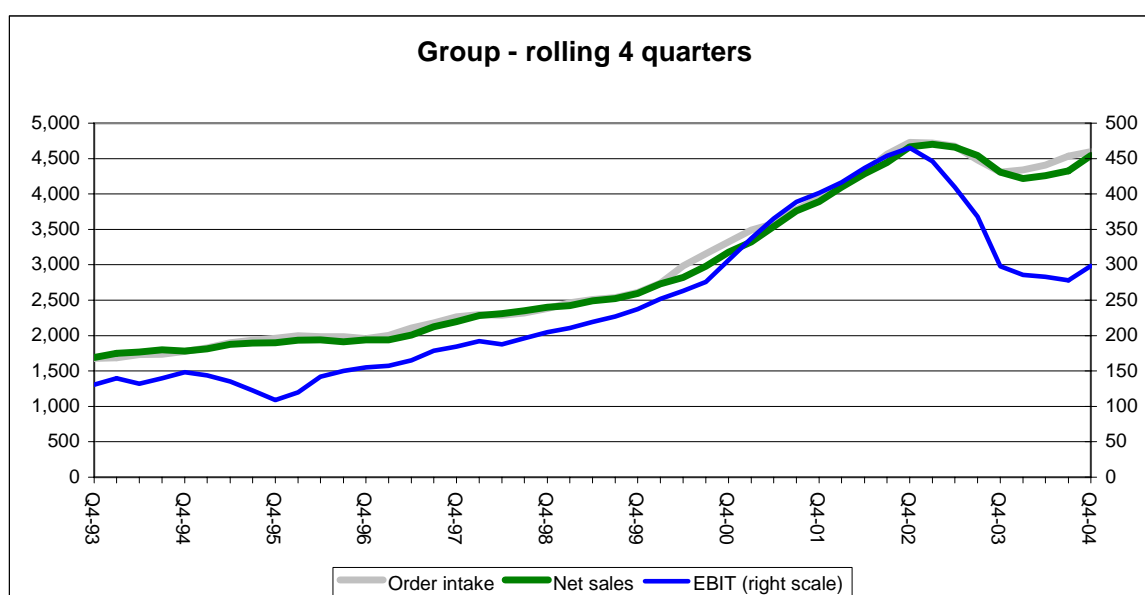
Changes in equity

	2004	2004	2003
	31 Dec	30 Sep	31 Dec
Opening balance	1,086	1,086	1,114
Correction of year 2001 effect on changed accounting principles	-	-	-17
Effect on change of accounting principles (RR 29)	-1	-2	-
Exchange-rate differences in translating subsidiaries	-56	-6	-88
Net earnings	167	109	172
Dividend	-85	-85	-86
Buy-back of shares	-	-	-10
Received payment for stock option program	1	1	1
Closing balance	1,112	1,103	1,086

Quarterly overview - Consolidated earnings, share data and cash flow

Amounts in MSEK	2004				2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	1,089	1,161	1,181	1,167	1,025	1,032	1,114	1,134	1,196	1,228	1,159	1,144
Income statement												
Net sales	1,270	1,127	1,150	996	1,052	1,059	1,109	1,089	1,286	1,179	1,149	1,052
Operating expenses ¹	-1,174	-1,054	-1,075	-941	-977	-983	-1,031	-1,022	-1,139	-1,061	-1,035	-966
Share in earnings of associates	-	-	0	0	2	-	-	-	-	-	-	-
EBIT	96	73	75	55	77	76	78	67	147	118	114	86
EBIT margin	7.6%	6.4%	6.5%	5.5%	7.4%	7.2%	7.0%	6.2%	11.5%	10.0%	9.9%	8.2%
Financial income and expenses	-4	-4	-3	-4	1	-7	-5	-7	-10	-5	-8	-5
Earnings after financial items	92	69	72	51	78	69	73	60	137	113	106	81
Taxes	-33	-28	-31	-23	-22	-26	-33	-27	-52	-45	-41	-32
Minority share	-1	-1	0	0	0	0	0	0	0	-1	0	0
Net earnings	58	40	41	28	56	43	40	33	85	67	65	49
¹ of which depreciation etc.	40	44	51	44	38	43	44	45	43	44	38	36
Share data												
Earnings per share, SEK	2.39	1.62	1.68	1.15	2.31	1.73	1.66	1.34	3.46	2.71	2.66	2.00
Earnings per share after dilution, SEK	2.39	1.62	1.67	1.15	2.30	1.73	1.66	1.34	3.45	2.70	2.65	2.00
Average no of shares, thousand	24,378	24,378	24,378	24,378	24,379	24,436	24,438	24,438	24,438	24,531	24,553	24,553
No of shares at period-end, thousand	24,378	24,378	24,378	24,378	24,378	24,429	24,438	24,438	24,438	24,438	24,553	24,553
Holding of own shares, thousand	622	622	622	622	622	571	562	562	562	562	447	447
Equity per share, SEK	45.61	45.23	44.71	47.22	44.53	42.99	43.29	46.08	45.59	42.44	40.38	41.91
Stock price at period-end, SEK	200	180	189	186	174	168	174	178	193	190	204	227
Market cap at period-end, MSEK	4,876	4,388	4,607	4,534	4,242	4,096	4,252	4,350	4,716	4,643	5,009	5,574
Cash flow statement												
From current operations	66	31	61	51	83	84	46	43	159	94	108	55
From investing activities	-19	-22	-64	-23	-40	-28	-54	-35	-51	-187	-69	-168
From financing activities	-44	-12	3	-34	-52	-36	10	-20	-87	140	-123	114
Cash flow for the period	3	-3	0	-6	-9	20	2	-12	21	47	-84	1
Operating cash flow ²	47	9	37	28	47	56	14	8	108	52	55	15

² Cash flow from current operations and investing activities excluding acquisitions of enterprises.

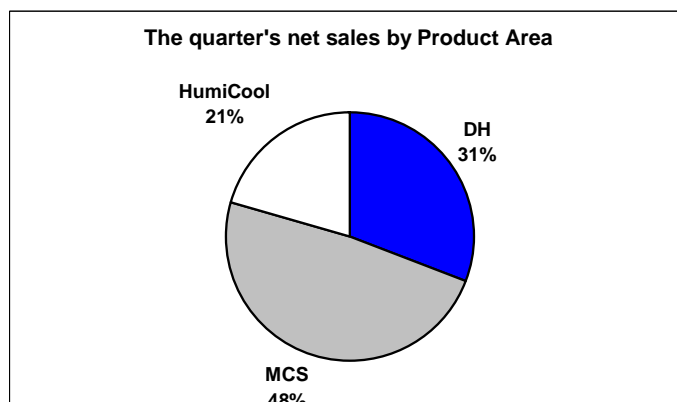
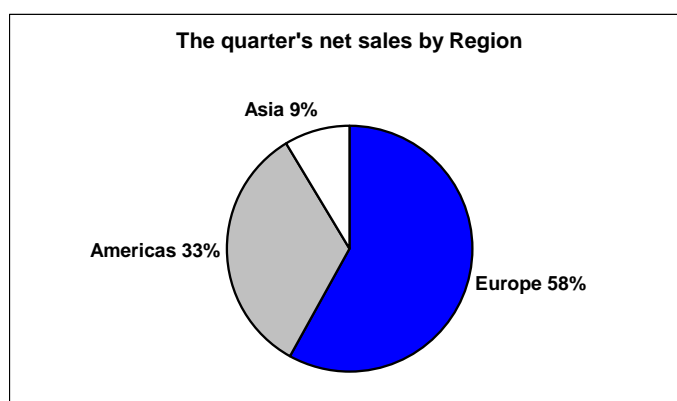


Quarterly overview - Consolidated balance sheet and key figures

Amounts in MSEK	2004				2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Balance sheet												
Assets												
Fixed assets												
Intangible assets	327	352	365	370	372	416	438	460	469	451	281	250
Tangible assets	523	540	581	603	600	600	629	653	667	677	635	670
Financial assets	72	74	72	65	72	92	92	93	92	77	77	77
	922	966	1,018	1,038	1,044	1,108	1,159	1,206	1,228	1,205	993	997
Current assets												
Inventories etc.	329	405	367	340	276	347	355	376	329	384	309	326
Accounts receivable	914	823	815	778	792	791	805	822	948	924	894	888
Other receivables	126	176	155	140	128	123	126	84	94	106	98	83
Liquid funds	117	116	121	122	125	137	120	119	133	112	65	151
	1,486	1,520	1,458	1,380	1,321	1,398	1,406	1,401	1,504	1,526	1,366	1,448
Total assets	2,408	2,486	2,476	2,418	2,365	2,506	2,565	2,607	2,732	2,731	2,359	2,445
Equity and liabilities												
Equity	1,112	1,103	1,090	1,151	1,086	1,050	1,058	1,126	1,114	1,037	991	1,029
Minority interest	4	3	3	4	4	4	4	5	5	5	4	4
Provisions	184	190	190	188	190	195	212	213	222	209	207	211
Long-term liabilities	0	51	51	52	51	99	101	106	129	74	46	46
Interest-bearing liabilities	367	419	427	350	377	455	492	419	416	558	368	420
Accounts payable	286	251	292	266	246	258	265	278	332	318	310	291
Other short-term liabilities	455	469	423	407	411	445	433	460	514	530	433	444
Total equity and liabilities	2,408	2,486	2,476	2,418	2,365	2,506	2,565	2,607	2,732	2,731	2,359	2,445
Key figures												
Equity ratio, %	46.3	44.5	44.1	47.8	46.1	42.1	41.4	43.4	41.0	38.0	42.0	42.1
Net debt, MSEK	351	389	389	311	338	403	456	383	365	525	381	345
Net debt ratio, times	0.32	0.35	0.36	0.27	0.31	0.38	0.43	0.34	0.33	0.51	0.38	0.33
Interest coverage ratio, times	19.1	17.0	17.7	10.3	14.6	11.3	11.4	8.9	12.0	19.6	13.0	15.1
Investments tangible assets, MSEK	38	23	25	22	35	28	32	35	48	42	53	40
Number of employees at period-end	3,064	3,003	3,038	3,036	3,070	3,126	3,147	3,164	3,192	3,216	3,043	2,916

Quarterly overview - Regions and Product Areas

Amounts in MSEK	2004				2003				2002			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales by Region												
Region Europe	748	658	683	616	675	643	673	667	814	682	630	605
Region Americas	432	387	384	298	287	335	364	361	387	407	419	364
Region Asia	111	104	107	98	108	96	89	79	103	104	125	96
Eliminations	-21	-22	-24	-16	-18	-15	-17	-18	-18	-14	-25	-13
Net sales	1,270	1,127	1,150	996	1,052	1,059	1,109	1,089	1,286	1,179	1,149	1,052
Operating earnings by Region												
Region Europe	49	35	36	31	51	42	40	42	111	66	51	47
operating margin	6.5%	5.3%	5.3%	5.0%	7.6%	6.6%	5.9%	6.3%	13.7%	9.7%	8.1%	7.7%
Region Americas	49	41	45	28	29	39	44	38	51	56	58	40
operating margin	11.3%	10.6%	11.8%	9.5%	10.2%	11.8%	12.0%	10.5%	13.0%	13.6%	14.0%	11.0%
Region Asia	13	11	11	10	14	10	10	7	9	14	14	9
operating margin	12.1%	10.7%	10.7%	10.4%	12.6%	10.5%	11.3%	8.9%	9.3%	13.1%	11.1%	9.7%
Group overhead etc.	-7	-5	-7	-5	-10	-5	-7	-6	-6	-7	-5	-7
Amortization goodwill, eliminations	-8	-9	-10	-9	-7	-10	-9	-14	-18	-11	-4	-3
Earnings before interest and tax	96	73	75	55	77	76	78	67	147	118	114	86
EBIT margin	7.6%	6.4%	6.5%	5.5%	7.4%	7.2%	7.0%	6.2%	11.5%	10.0%	9.9%	8.2%
Net sales by Product Area												
Dehumidification	395	323	350	276	322	315	312	313	393	357	397	356
Moisture Control Services	620	512	479	484	506	474	479	523	613	512	438	441
HumiCool	264	300	333	241	230	278	334	260	296	321	332	266
Eliminations	-9	-8	-12	-5	-6	-8	-16	-7	-16	-11	-18	-11
Net sales	1,270	1,127	1,150	996	1,052	1,059	1,109	1,089	1,286	1,179	1,149	1,052



Changeover to International Financial Reporting Standards (IFRS)

As from 2005, Munters, in common with all listed companies within the European Union (EU), will prepare its consolidated accounts in accordance with International Financial Reporting Standards (IFRS), which also comprise the current International Accounting Standards (IAS). The Swedish Financial Standards Council's recommendations, which are applied by the Munters Group to 2004 inclusive, are extensively based on IAS. As a result of this, large parts of the consolidated accounts have already been adapted to the new rules and regulations.

Effects of the changeover to IFRS

The Group's financial reporting for 2005 will be made in accordance with IFRS and the information for the 2004 comparative year will be recalculated. The rules for how the implementation of the recalculation shall be made is published in IFRS 1 (First application of International Financial Reporting Standards).

The most significant effects of the changeover to IFRS relate to the accounting of the acquisition of companies, financial instruments and minority interest. IAS 32 and 39 relating to financial instruments will be applied from 2005 and, in accordance with the transitional rules, the comparative figures for 2004 have not been recalculated. The most significant changes in the accounting principles for the Munters Group are described below in connection with the reported results for 2004 and shareholders' equity on December 31 2003 and 2004.

In accordance with the EU, the accounts shall be prepared in accordance with the IFRS standards which apply on December 31, 2005. In addition, these standards shall have been approved by the EU. The effects of the changeover to IFRS reported below are, therefore, preliminary and based on current IFRS and interpretations thereof, which could be changed until December 31, 2005 with attendant effect on the reported amounts. IFRS 1 has as its starting point that all standards shall be applied retroactively, but contains a number of exceptions from this rule. The extent to which the Munters Group has utilized any of these exceptions is shown by the comments below.

	2004 in accordance with previous principles	2004 In accordance with IFRS (prel.)	Effect of IFRS implementation
EBIT, MSEK	298	333	35
EBIT margin, percent	6,6	7.3	0.7
Earnings per share, SEK	6.84	8.29	1.45

Amounts in MSEK	2004
Net results, previous accounting principles	167
Acquisitions	35
Minority interest	1
Net earnings, IFRS (prel.)	203

Amounts in MSEK	2003	2004
Equity on 31 Dec, previous accounting principles	1 086	1 112
Effect of the implementation of RR 29	-1	
Equity on 1 Jan 2004, previous accounting principles	1 085	
Acquisitions	Note A	35
Minority interest	Note B	4
Equity on 31 Dec, IFRS (prel.)	1 089	1 151
Financial instruments, net, taking into account deferred tax	Note C	2
Equity on 1 Jan 2005, IFRS (prel.)		1 153

Note A. Acquisitions

IFRS 3 (Business Combinations) involve changes in the way of reporting acquisitions and states that amortization of goodwill must not be made. Among the changes it is noted that a more detailed distribution of the purchase price shall be made, whereby values are placed on identifiable intangible assets such as brand names, customer relations, technology, etc. These assets shall be depreciated over their period of use, unless it is not unlimited when depreciation shall not be made. Goodwill and other intangible assets, which are not depreciated continually shall be examined at least once a year to establish if there is a need for a write-down. Munters has performed such impairment tests of goodwill values as per December 31, 2004. In addition, no allocation can be made in the acquisition analysis for restructuring measures which are a consequence of the acquisition. Acquisitions made before January 1, 2004 have in accordance with transitional rules in IFRS1 not been recalculated. No acquisitions were made during 2004. For the Munters Group, the application of IFRS 3 means that the net result for 2005 increases by 35 MSEK because no goodwill amortization shall be made from January 1, 2004.

Note B. Minority interest

IAS 27 (Consolidated and Separate Financial Statements) means that the minority share of the net earnings shall not be deducted in the income statement and that the minority interest of shareholders' equity represents a part of the reported consolidated equity. In connection with the income statement, it shall be stated how much of the net earnings is attributable to the minority. When calculating earnings per share, a reduction shall also be made in the future for the portion of the net earnings which is attributable to the minority. For the Munters Group, the net earnings increases by 1 MSEK and shareholders' equity by 4 MSEK and 4 MSEK, respectively.

Note C. Financial instruments

IAS 32 (Financial Instruments: Disclosure and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement) will be applied from 2005. Based on IFRS 1, this will take place without recalculation of the comparative year 2004.

The version of IAS 39 adopted by the EU differs in some respects from the standard issued by IASB. For the Munters Group, these differences have no effect and the Group's application of IAS 39 is, therefore, in accordance with the version adopted by the EU and the text issued by IASB.

IAS 39 demands that financial assets and financial liabilities are classified in different categories and then reported and valued in accordance with the principles which apply for each category.

The majority of the Group's financial assets relate to receivables attributable to deliveries of products and services and where the receivables have a short duration. The Munters Group reports these receivables based on their acquisition value. Due to the short duration, the time value until payment need not be taken into account and, therefore, it does not involve any change compared with the principles applied so far.

Liquid funds have been classified as assets where valuation is made at the actual value and where the change in value is reported in the income statement.

Financial liabilities are valued at the accrued acquisition value. This is calculated to ensure that a constant effective rate of interest is received over the loan period unless the duration is short and there is no agreed interest. Thus, accounts payable and similar current liabilities are valued at their nominal amount.

The policy of the Munters Group is to secure forecasted future flows in foreign currencies against exchange-rate fluctuations with the aid of derivatives (forward contracts). These derivatives have not previously been reported at their actual value. In accordance with IAS 39, all derivatives shall be valued at their actual value. However, the hedging instruments currently applied cannot be disclosed in accordance with IAS 39. It means that the reported result will show a greater volatility as the changes in value of the hedging instruments will continually be reported in the results. In the instances where hedging reporting can, nevertheless, be applied when the formal documentation demands can be fulfilled, reporting is, in these instances, made against shareholders' equity until the underlying transaction occurs.

The difference between reported values in accordance with IAS 39 and in accordance with the previously applied principles will be reported directly against shareholders' equity in the balance sheet on January 1, 2005, in accordance with the transitional rules in IFRS 1. As a result of this, shareholders' equity, net after deduction for deferred tax, is expected to increase by 2 MSEK relating to forward exchange agreements

Accumulated translation differences

In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), translation differences relating to investments in operations abroad (effects of changed exchange-rates) shall be reported as a separate item in shareholders' equity. On sale of operations abroad, accumulated translation differences shall be reported as a part of the result on the divestments. Munters has elected to set accumulated translation differences at zero on January 1, 2004 in accordance with the transitional rules in IFRS 1. Previously reported translation differences are assigned to 'other equity' in the opening balance sheet on January 1, 2004.