



Interim Report
January-September 2008

Group Highlights – Q3

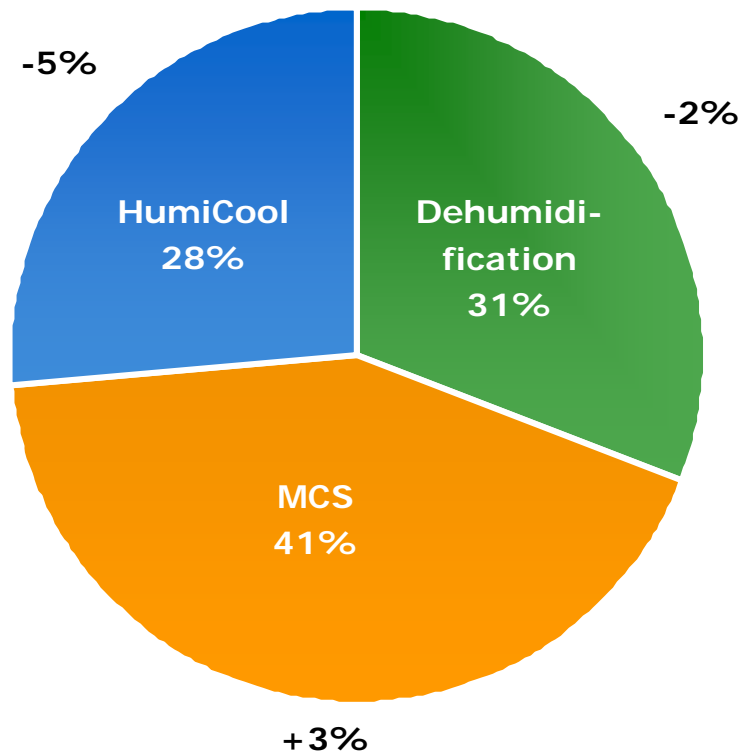
- Order intake declined vs Q3 '07 – down 3% adjusted
 - Continued relatively high activity in most markets
 - WalMart new construction continued to be subdued in Q3
 - Activity in U.S. coal plant flue gas desulphurization market still on low levels
 - Turbulent credit market affects distributor stock 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

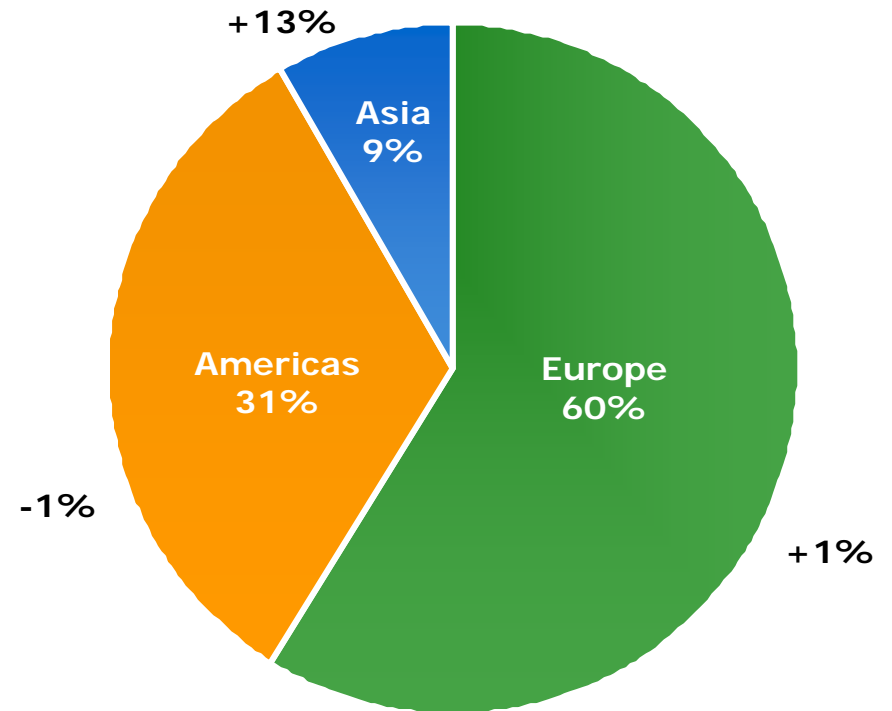
- Market activity strong, but signs of weakness in Q3
 - Sharp decline of WalMart new construction
 - Order intake from U.S coal plant FGD very low due to construction backlog in first six months, and in Q3 a mounting political uncertainty regarding exhaust rights
- In our product divisions, fuel and 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



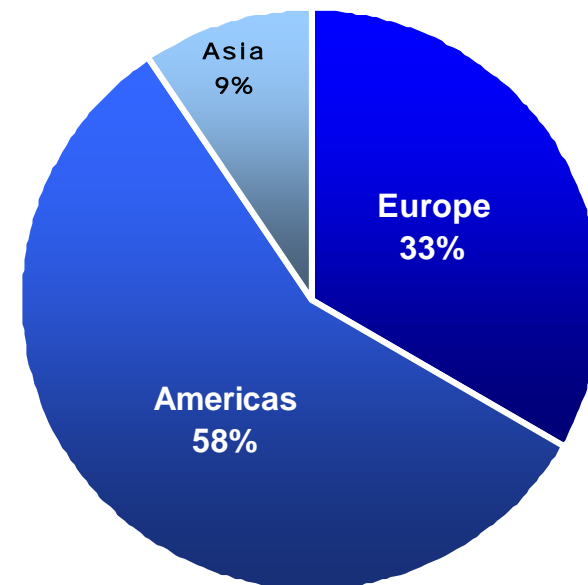
Regions



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

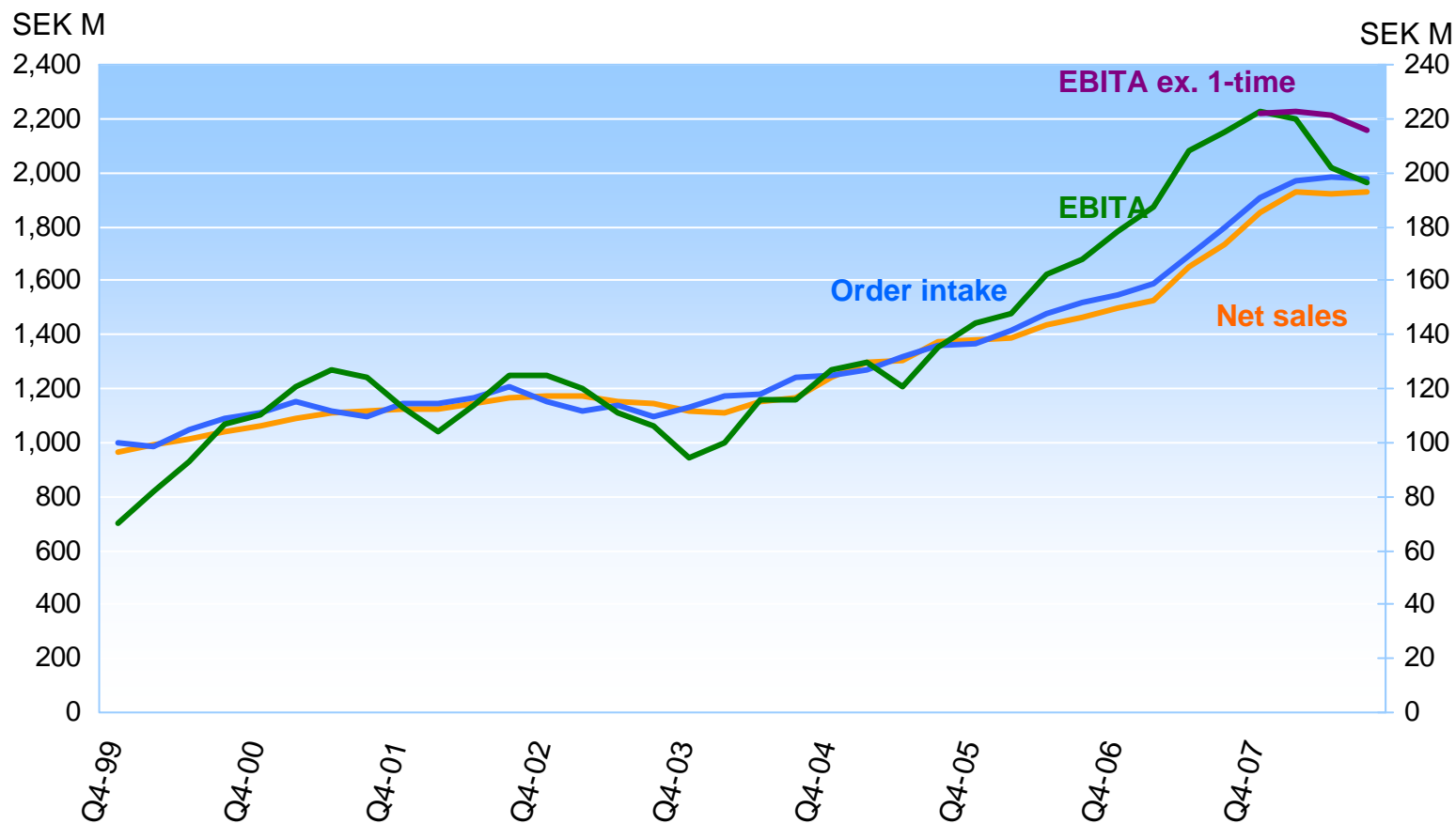
- ❑ Net sales in line with last year; hampered by low WalMart activity
- ❑ Higher raw material prices offset by price increases
- ❑ Indirect costs above trend due to redundancy costs etc.

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%		

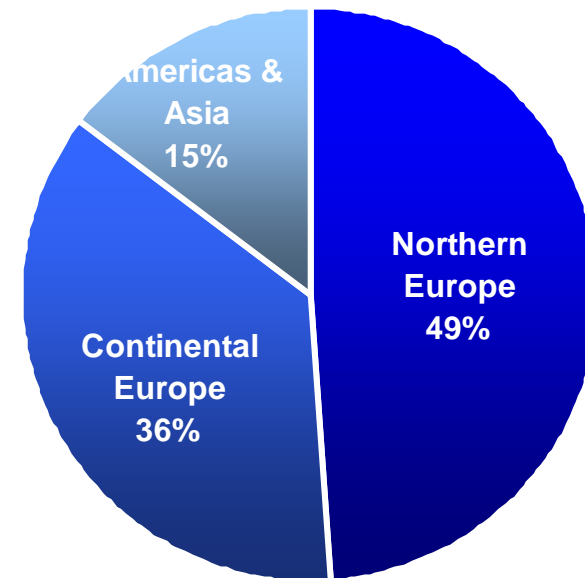
Dehumidification Rolling 4 Quarter



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

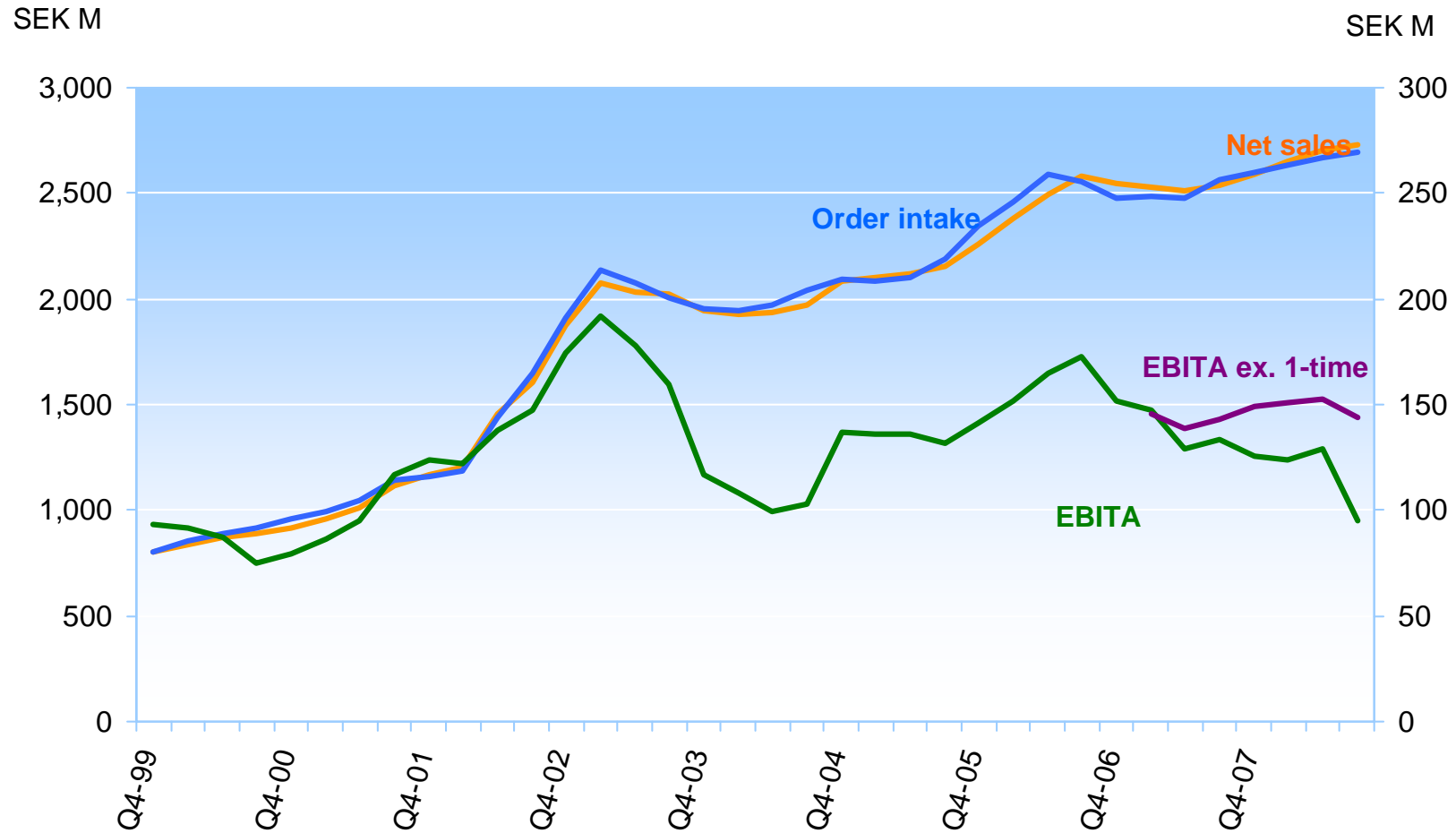
- Revenue increase, partly due to hurricane-related business
- So far limited effect from price increases to offset rising inflationary pressure
 - Continued price focus
- MEP² costs 25 MSEK
 - Higher than earlier advised due to changed view on A/R collectibility
 - Implementation phase accelerated

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

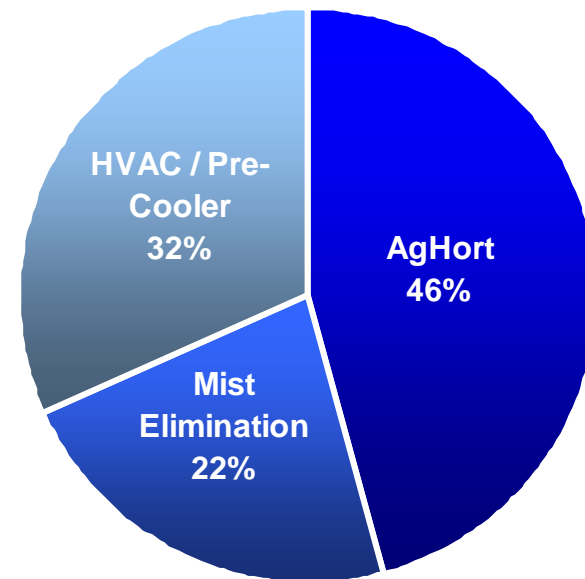


10 Note: Operating earnings excluding goodwill depreciation. Figures are currency adjusted.

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

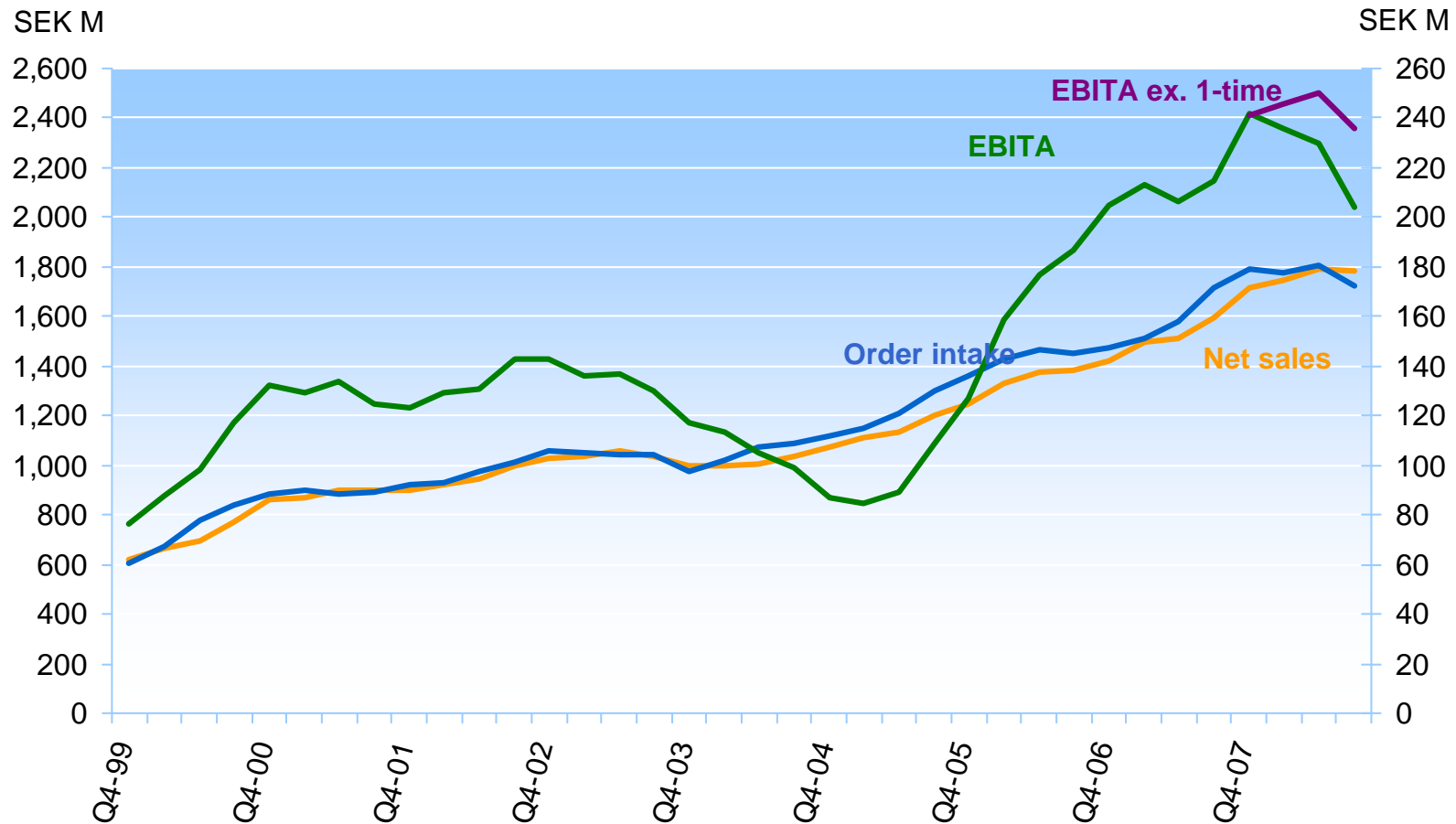
- Aghort revenue remains strong
- Low volumes in high margin Mist Elimination has significant impact on EBITA
- Low volumes and underabsortion of costs in heaters
- One-off cost of 10 MSEK
 - Related to a large US customer being put in receivership

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

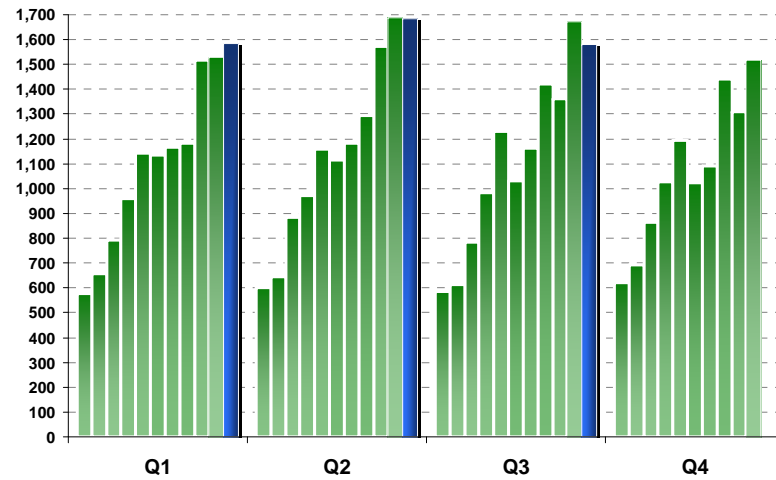
Q3 2008 Performance Analysis

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	

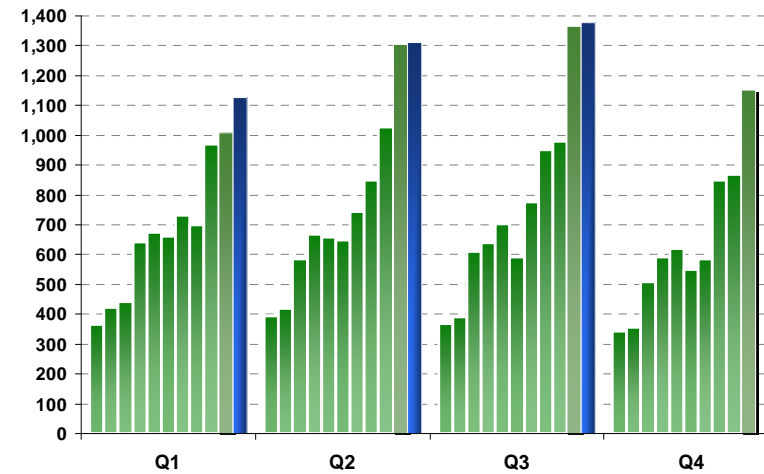
* Excluding one-time effects

Quarterly Trend

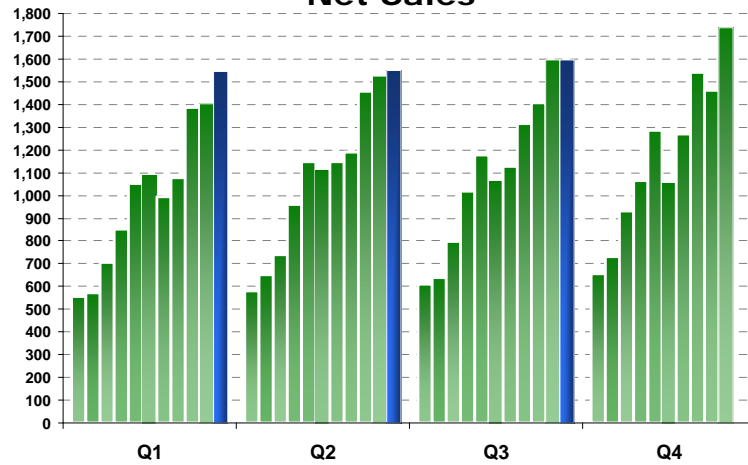
Order Intake



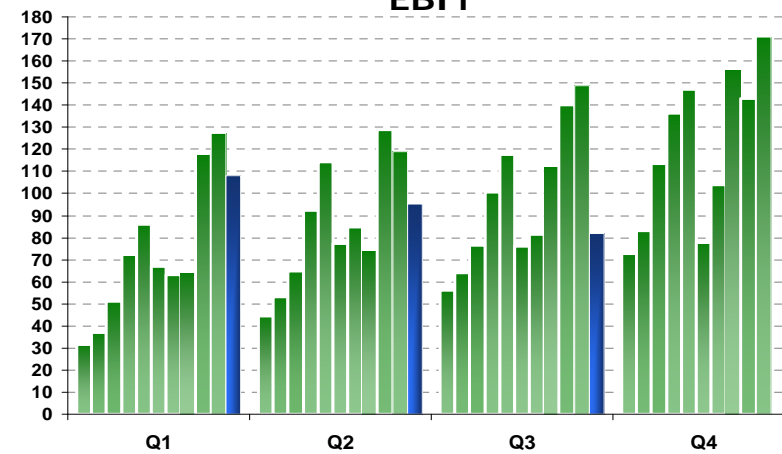
Order Backlog



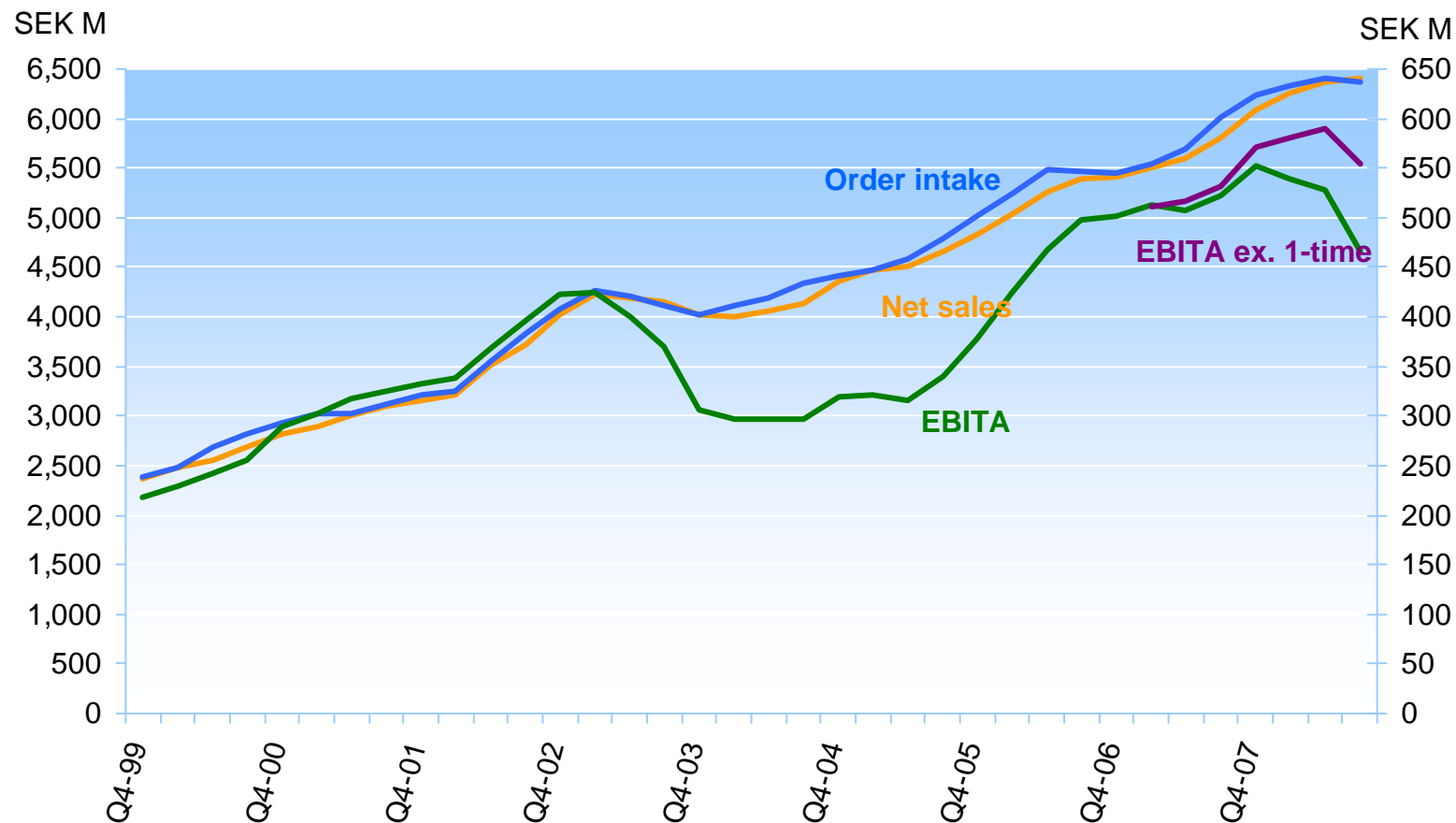
Net Sales



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



Munters