

A blue background with numerous water droplets of various sizes. A thin, horizontal white line runs across the middle of the image, with several larger droplets resting on it. The droplets are more concentrated near the top and bottom edges of the frame.

**January-June 2004**

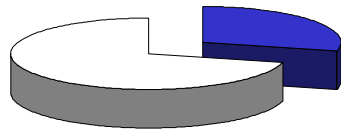
# The second quarter

# Highlights Q2-2004

- Strong order intake in HumiCool (+14% organic growth)
- Order growth in MCS (+7% organic growth)
- Weak demand in MCS Europe, however better than in Q1 (-2% organic order growth)
- Strong growth in MCS Americas and Asia (+60% organic order growth)
- Strong earnings in the Group except MCS Europe
- Strong cash flow
- Efficiency measures
  - Decision to relocate CELdek® production from Sweden to Italy, 9 MSEK accrual in Q2
  - Delay in start-up of Mexico CELdek® factory, started in second quarter, 6 MSEK in duplicated cost in Q2

# Dehumidification

- Industrial - Food, Pharma
- Commercial - DesiCool



29% of Munters 2003



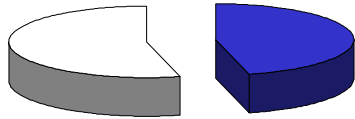
# Dehumidification Q2-2004

- The demand was somewhat weaker in Q2 than Q1, we believe temporary, orders up 3% organic
- Net sales +12%, +15% organic
- Major orders to Zeol and for industrial dehumidifiers
- Strong earnings development following strong order intake and cost reductions



# Moisture Control Services

- Water damage restoration
- Fire damage restoration



46% of Munters 2003



# MCS Q2-2004

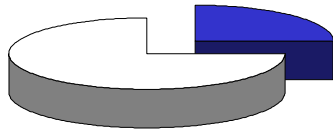
- Order growth in MCS, 7% organic
- Strong development in Americas and Asia
  - Successful PDR<sup>1</sup> expansion in USA
  - Successful turnaround in Australia confirmed
  - Organic order intake growth +60%
  - Organic net sales growth +34%
- Weak development in Europe continues
  - Net sales -5%
  - Additional cost reductions announced after Q1
  - Strong earnings in some markets and big losses in some
  - Cost for corrective actions 2 MSEK
  - Low margin
    - uneven demand
    - cost at start of new framework agreements
    - loss in several BUs

<sup>1</sup> Property Damage Restoration



# HumiCool

- AgHort
- Comfort Cooling
- Utilities



25% of Munters 2003



Veg Tech



# HumiCool Q2-2004

- AgHort
  - Improved trend
  - Avian flu in Asia, new outbreaks but no impact
- Strong demand in Power and Marine applications
- Strong order intake growth, +12%, +14% organic
- Long lead time orders
- Net sales 0%, +3% organic
- Relocation of CELdek® to new factory in Mexico
  - Start-up delayed to Q2, plan Q1
  - Duplicated resources in US and Mexico, cost 6 MSEK
- Decision to relocate CELdek® to Italy.
  - One-time charge in Q2, 9 MSEK accrued
  - Start-up Q1 2005

# Financial overview by quarter

MSEK	2003				2004		Adjusted growth <sup>1</sup>
	Q1	Q2	Q3	Q4	Q1	Q2	
Order intake	1 134	<b>1 114</b>	1 032	1 025	1 167	<b>1 181</b>	8%
Net sales	1 089	<b>1 109</b>	1 059	1 052	996	<b>1 150</b>	6%
EBIT	67	<b>78</b>	76	77	55	<b>75</b>	0%
EBIT margin, %	6,2	<b>7,0</b>	7,2	7,4	5,5	<b>6,5</b>	
Net earnings	33	<b>40</b>	43	56	28	<b>41</b>	4%
Op. cash flow <sup>2</sup>	8	<b>14</b>	56	47	28	<b>37</b>	

<sup>1</sup> Current Group structure adjusted for currency fluctuations.

<sup>2</sup> Cash flow from current operations and investing activities excluding acquisition of enterprises.

# Regional analysis Q2

MSEK	Net sales	Adjusted growth <sup>1</sup>	Margin <sup>2</sup> 2004	Margin <sup>2</sup> 2003
Europe	683	2%	5,3%	5,9%
Americas	384	12%	11,8%	12,0%
Asia	107	20%	10,7%	11,3%
Total Group	1 150	6%	6,5%	7,0%

<sup>1</sup> Current Group structure adjusted for currency fluctuations.

<sup>2</sup> Regions: operating margin, Group: EBIT margin.

# Net sales analysis Q2

<b>Net sales, Q2-2003</b>	<b>1 109</b>	
Net sales, acquired units, pro forma	-	
<hr/>		
Net sales, present structure	1 109	
Currency effect	-22	-2%
Organic growth	63	6%
<hr/>		
<b>Net sales, Q2-2004</b>	<b>1 150</b>	<b>4%</b>

# EBIT analysis Q2

<b>EBIT, Q2-2003</b>	<b>78</b>	
EBIT, acquired units, pro forma	-	
<hr/>		
EBIT, present structure	78	
Currency effect	-3	-4%
MCS Europe	-15	
Other	15	
<hr/>		
<b>EBIT, Q2-2004</b>	<b>75</b>	<b>-4%</b>

# The first six months

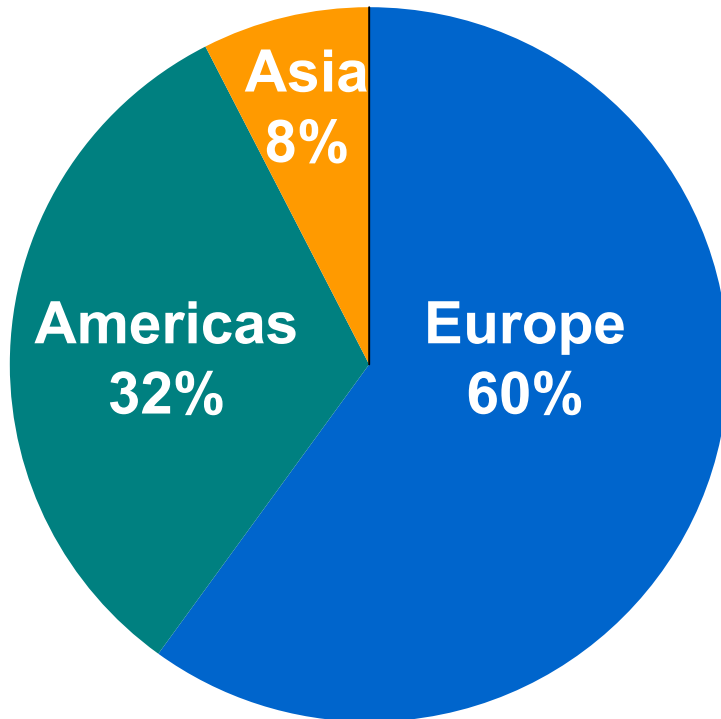
# Highlights Jan-Jun 2004

- Weak demand in MCS Europe
- Strong demand in MCS Americas and Asia
- Strong demand in HumiCool, 16% organic order intake growth
- Strong margins and earnings in Dehumidification

# Net sales by Region

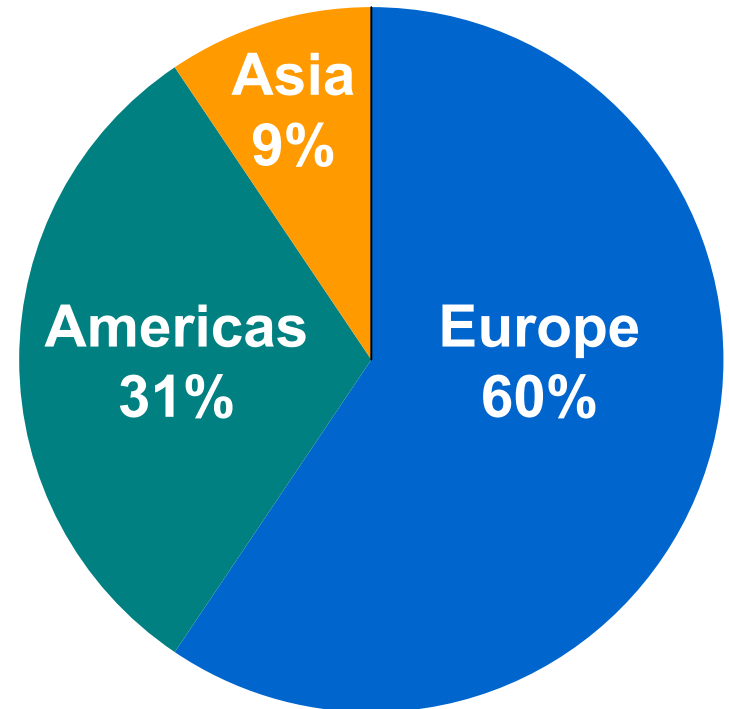
**Jan-Jun 2003**

**2 198 MSEK**



**Jan-Jun 2004**

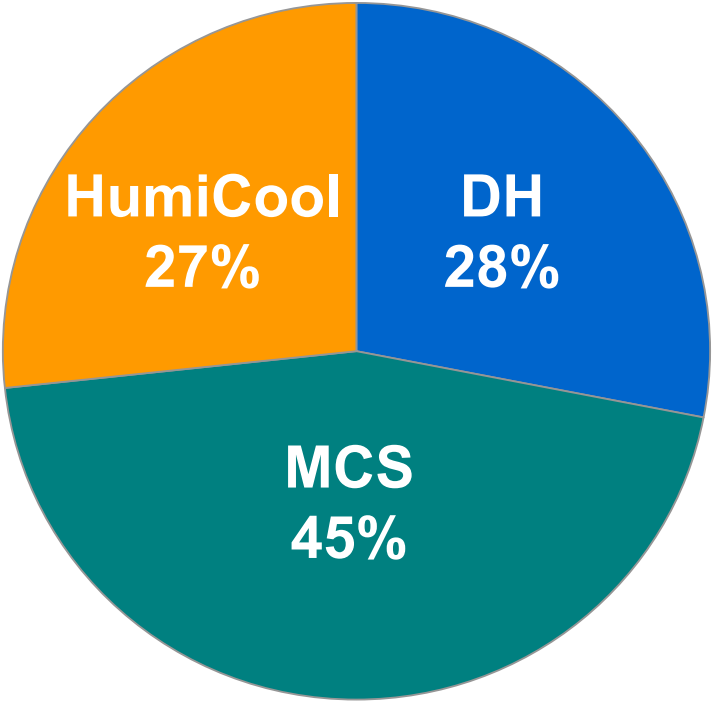
**2 146 MSEK**



# Net sales by Product Area

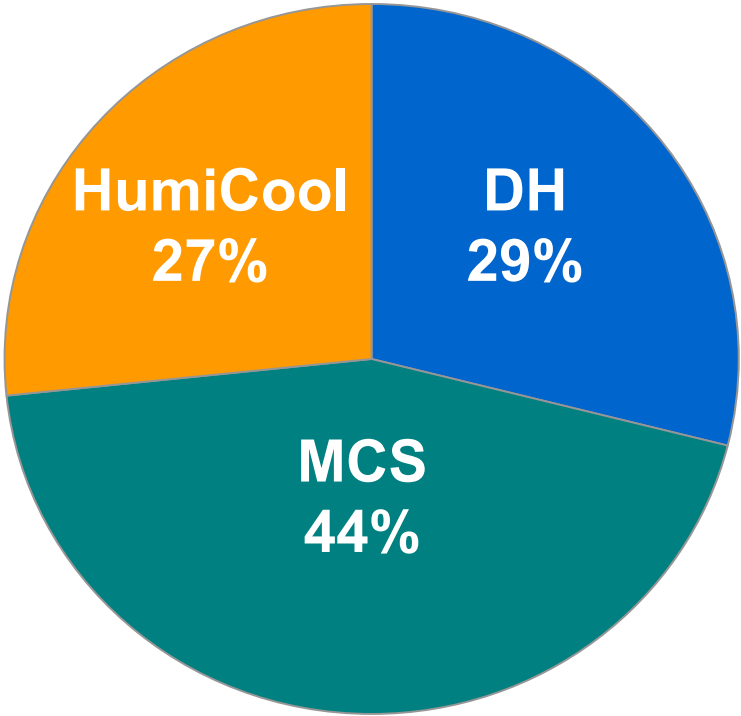
**Jan-Jun 2003**

**2 198 MSEK**



**Jan-Jun 2004**

**2 146 MSEK**



# Financial overview Jan-Jun

MSEK	January-June					Adjusted growth <sup>1</sup>
	2000	2001	2002	2003	2004	
Order intake	1 675	1 934	2 303	2 248	2 347	9%
Net sales	1 448	1 811	2 201	2 198	2 146	2%
EBIT	116	164	200	145	129	-5%
EBIT margin, %	8,0	9,1	9,1	6,6	6,0	
Net earnings	66	96	114	73	69	-1%
Op. cash flow <sup>2</sup>	-20	52	70	22	65	

<sup>1</sup> Current Group structure adjusted for currency fluctuations.

<sup>2</sup> Cash flow from current operations and investing activities excluding acquisition of enterprises.

# Regional analysis Jan-Jun

MSEK	Net sales	Adjusted growth <sup>1</sup>	Margin <sup>2</sup> 2004	Margin <sup>2</sup> 2003
Europe	1 299	-2%	5,2%	6,1%
Americas	682	4%	10,8%	11,2%
Asia	204	22%	10,5%	10,2%
Total Group	2 146	2%	6,0%	6,6%

<sup>1</sup> Current Group structure adjusted for currency fluctuations.

<sup>2</sup> Regions: operating margin, Group: EBIT margin.

# Net sales analysis January-June

<b>Net sales, Jan-Jun 2003</b>	<b>2 198</b>		
Net sales, acquired units, pro forma	-		
<hr/>			
Net sales, present structure	2 198		
Currency effect	-86	-4%	
Organic growth	34	2%	
<hr/>			
<b>Net sales, Jan-Jun 2004</b>	<b>2 146</b>	<b>-2%</b>	

# EBIT analysis January-June

<b>EBIT, Jan-Jun 2003</b>	<b>145</b>	
EBIT, acquired units, pro forma	-	
<hr/>		
EBIT, present structure	145	
Currency effect	-8	-5%
MCS Europe	-31	
Other	23	
<hr/>		
<b>EBIT, Jan-Jun 2004</b>	<b>129</b>	<b>-10%</b>

# Key ratios January-June

	2004	2003
Return on capital employed <sup>1</sup> , %	18.4	25.3
Interest coverage ratio, times	13.6	10.1
Net debt, MSEK	389	456
Net debt/equity ratio	0.36	0.43
Earnings per share, SEK	2.83	3.00

<sup>1</sup> Rolling 12 months.

# Financial overview year-on-year

MSEK	July-June					Adjusted growth <sup>1</sup>
	99/00	00/01	01/02	02/03	03/04	
Order intake	2 980	3 581	4 314	4 672	4 404	0%
Net sales	2 816	3 542	4 284	4 663	4 257	-3%
EBIT <sup>2</sup>	263	354	437	410	283	-26%
EBIT margin <sup>2</sup> , %	9,3	10,0	10,2	8,8	6,6	
Net earnings <sup>2</sup>	155	203	258	225	169	-29%
Op. cash flow <sup>3</sup>	72	74	254	182	168	

<sup>1</sup> Current Group structure adjusted for currency fluctuations, calculated with a fixed exchange-rates set.

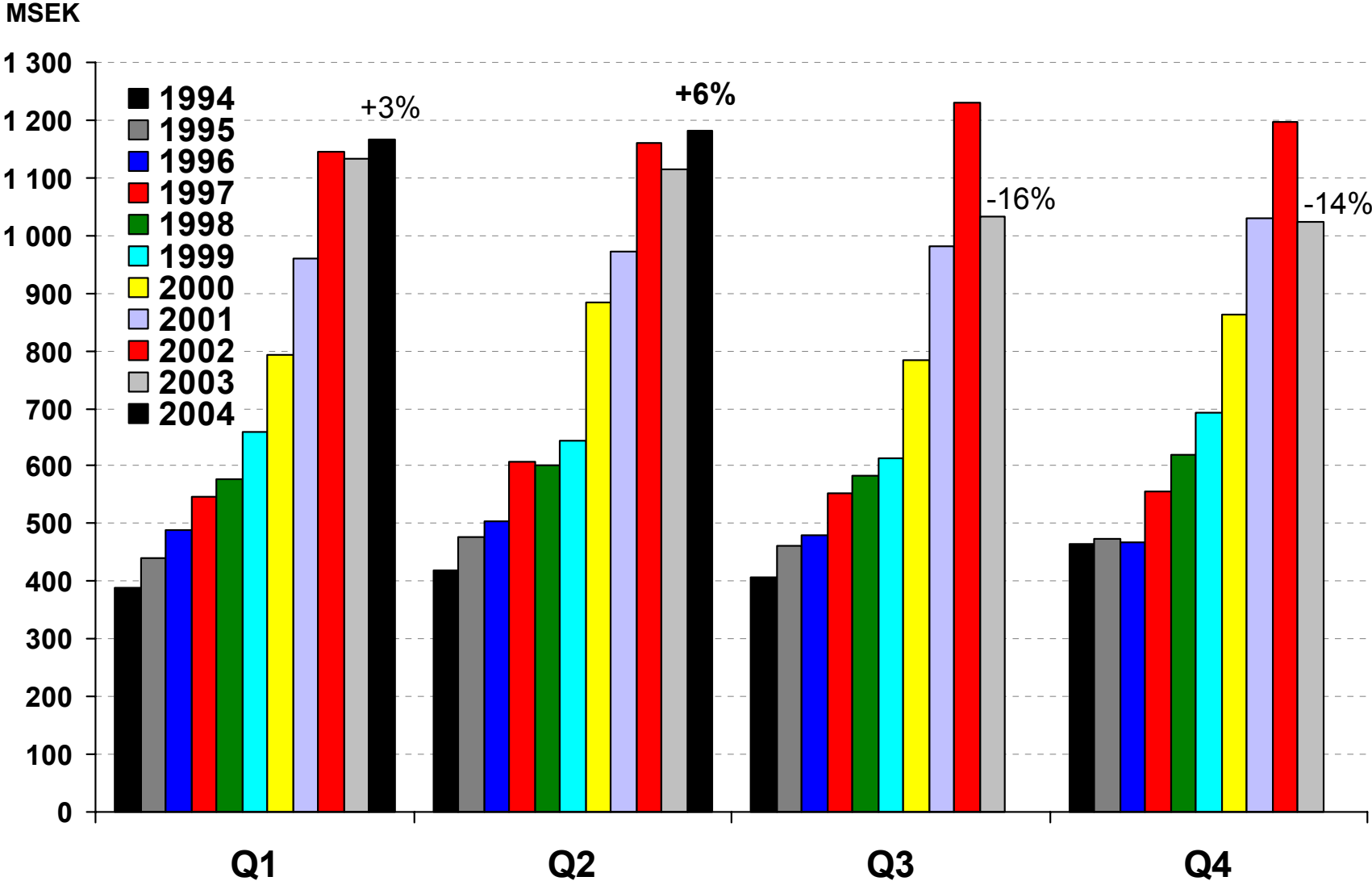
<sup>2</sup> Excluding surplus refunds from Alecta 15 MSEK in Q3-2000.

<sup>3</sup> Cash flow from current operations and investing activities excluding acquisition of enterprises.

# Cost reductions MCS Europe. Plan reported Q1

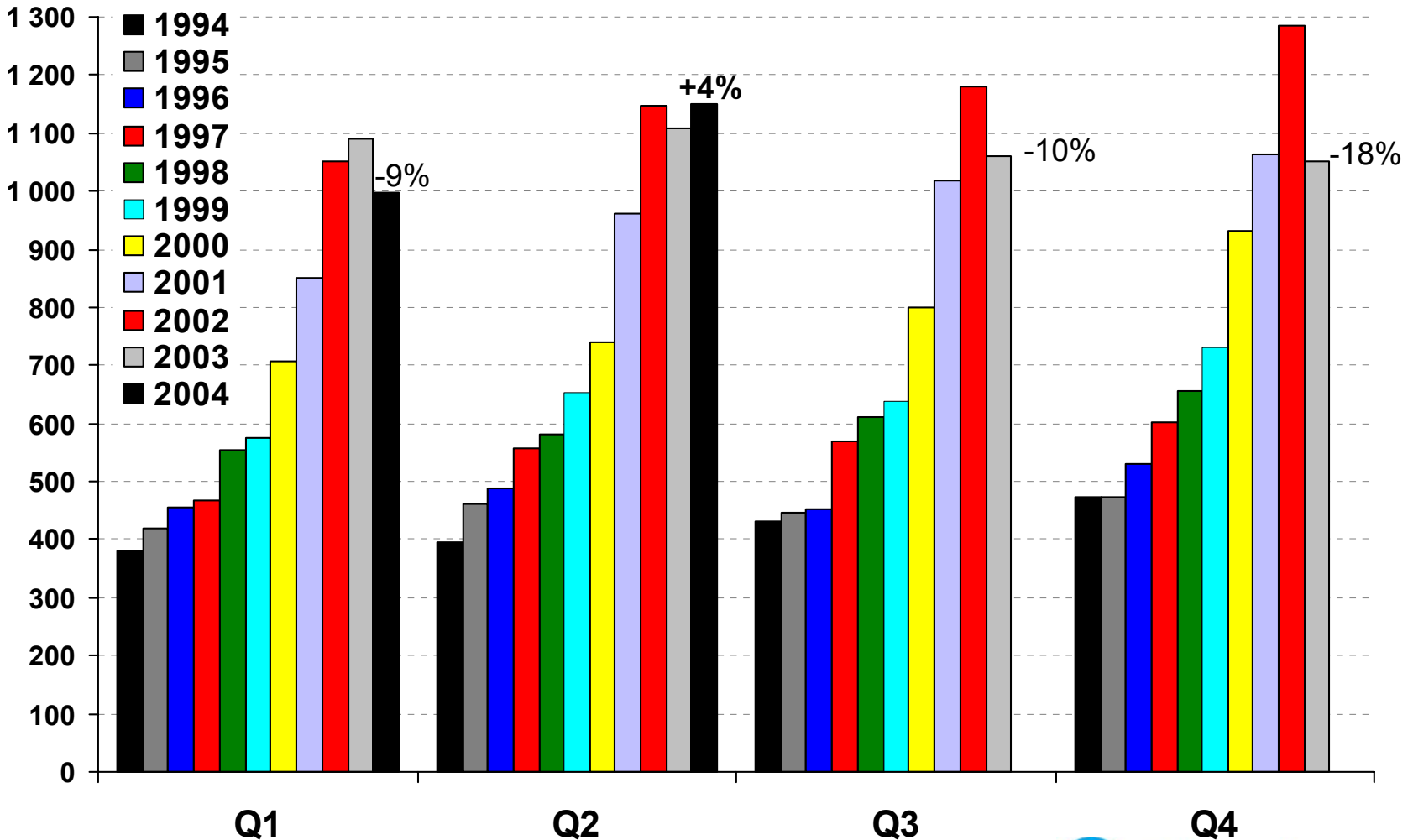
- Plan
  - Cost savings 20 MSEK/year
  - One-time costs 8 MSEK
- Update per June
  - One time cost 2 MSEK
  - Limited effects in Q2 2004
  - Ready Q1 2005

# Order intake



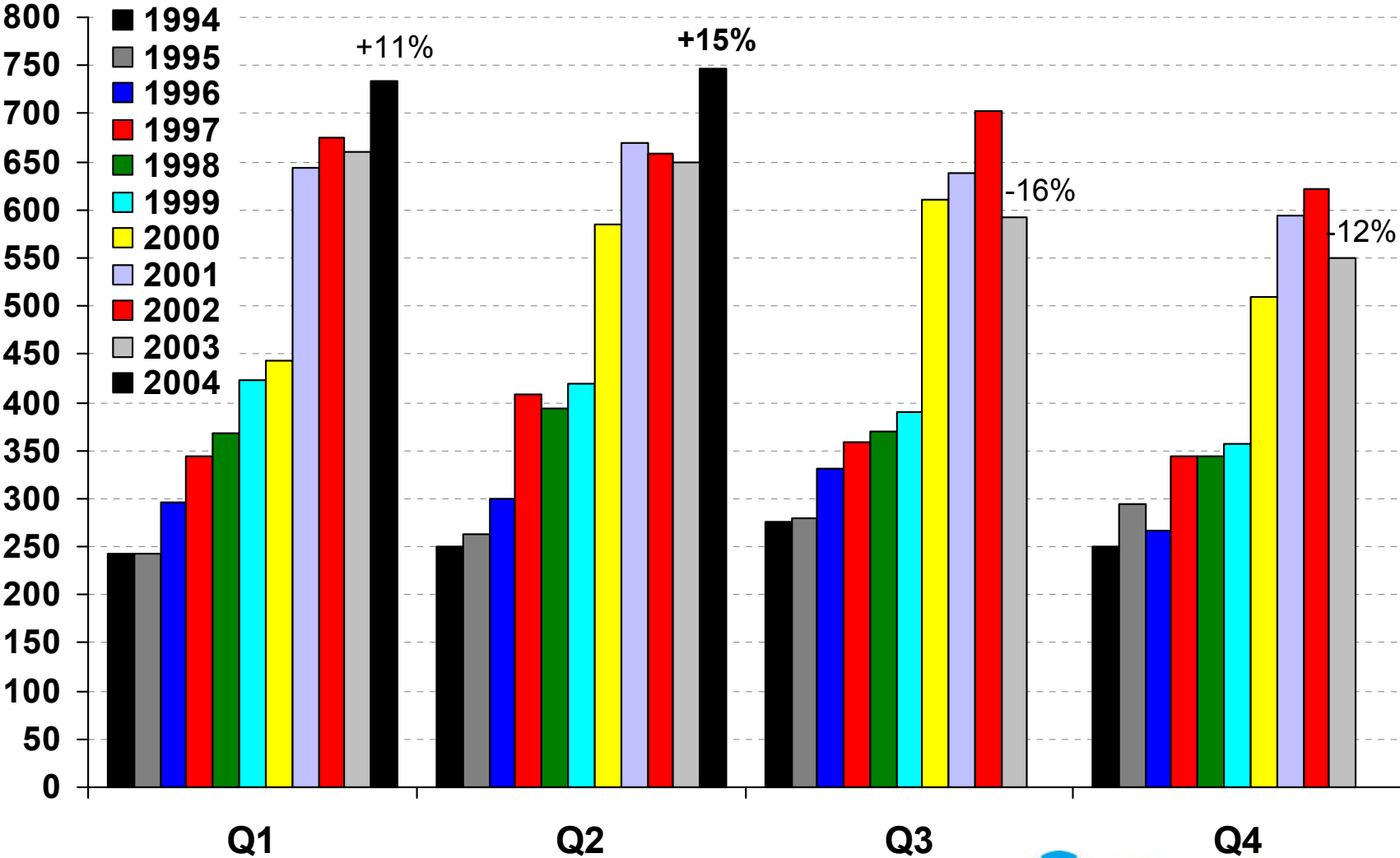
# Net sales

MSEK

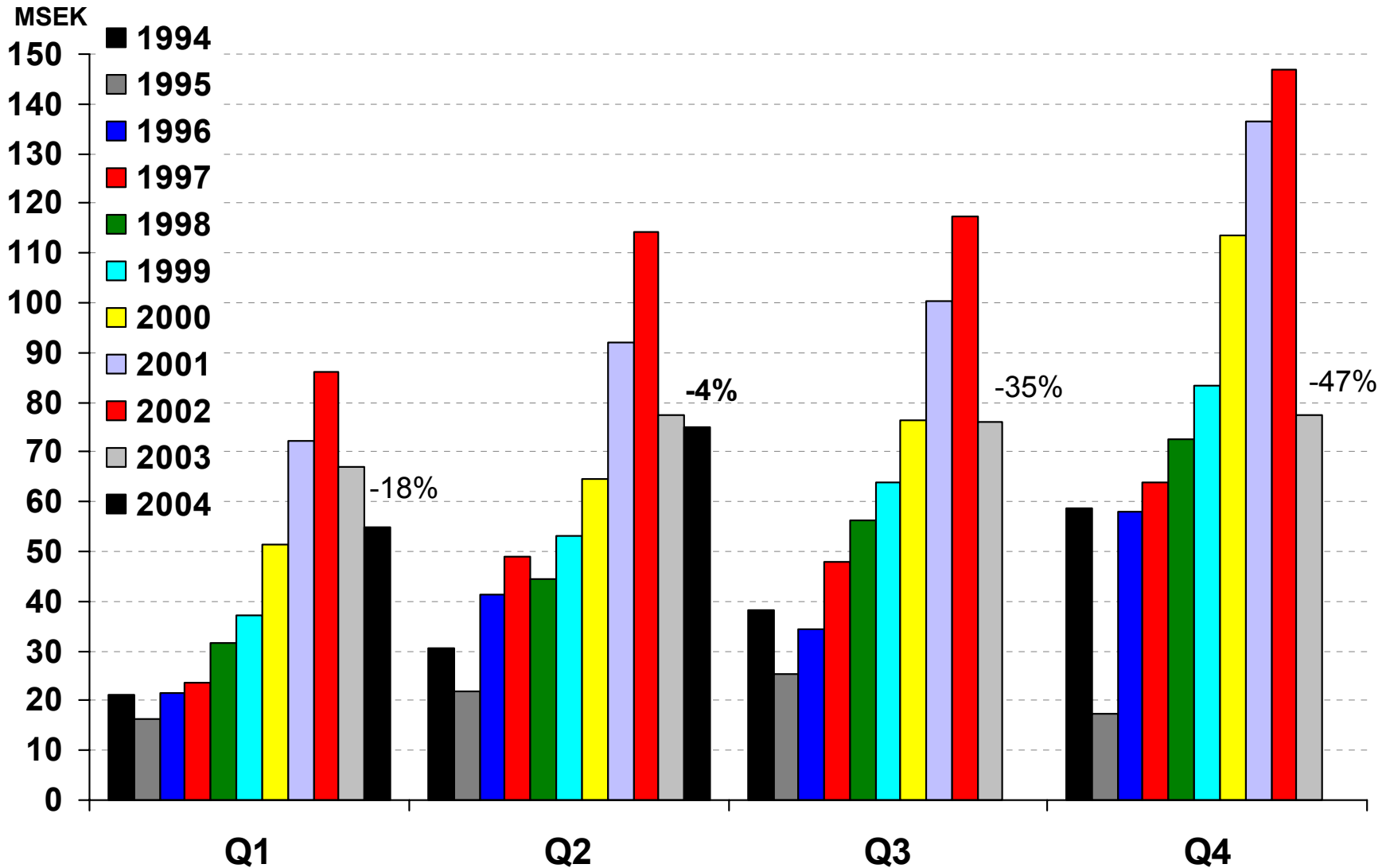


# Backlog

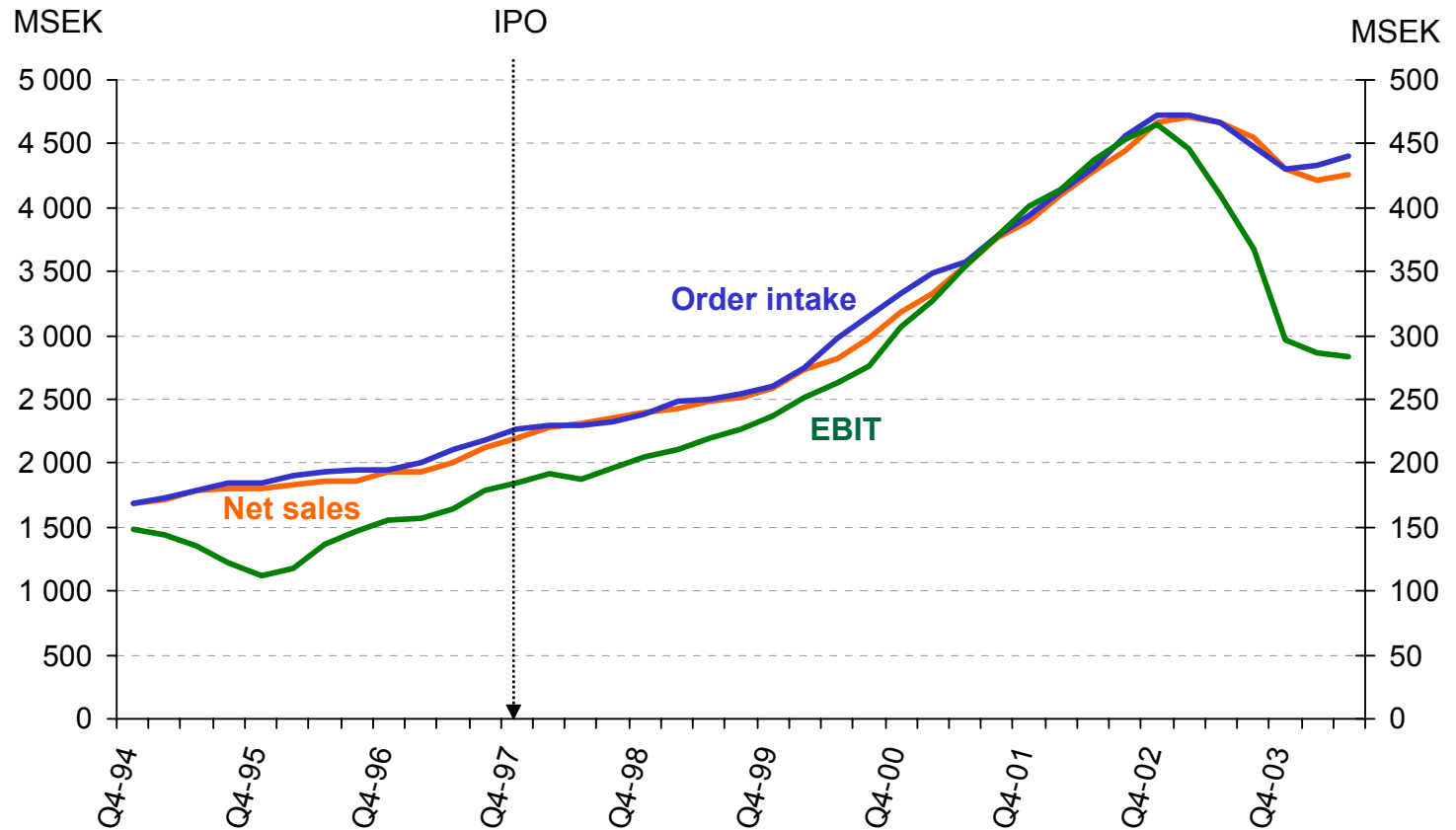
MSEK



# EBIT



# Year-on-year development



Excluding surplus refunds from Alecta 15 MSEK in Q3-2000.

# The first five weeks of Q3

- Good order intake
  - DH
  - MCS Americas and Asia
  - HC
- MCS Europe no major change in demand
- Low margin projects delivered

# Summary

- Positive
  - Dehumidification in general
  - HumiCool ex relocation cost
  - MCS Americas and Asia
  - Zeol, ME
  - Cash flow
- Negative
  - MCS Europe
  - HumiCool Americas

A close-up photograph of a pair of glasses with water droplets on the lenses and frame, set against a dark blue background. The water droplets are of various sizes and are scattered across the surface of the glasses, creating a textured, reflective effect. The background is a solid, dark blue color.

# The Humidity Expert