

A photograph of Earth from space, showing the blue and white clouds of the planet against the black background of space. The horizon of the Earth is visible, curving across the middle of the frame. The top of the image is partially obscured by a solid blue horizontal bar.

Interim Report
January-December 2007

Highlights

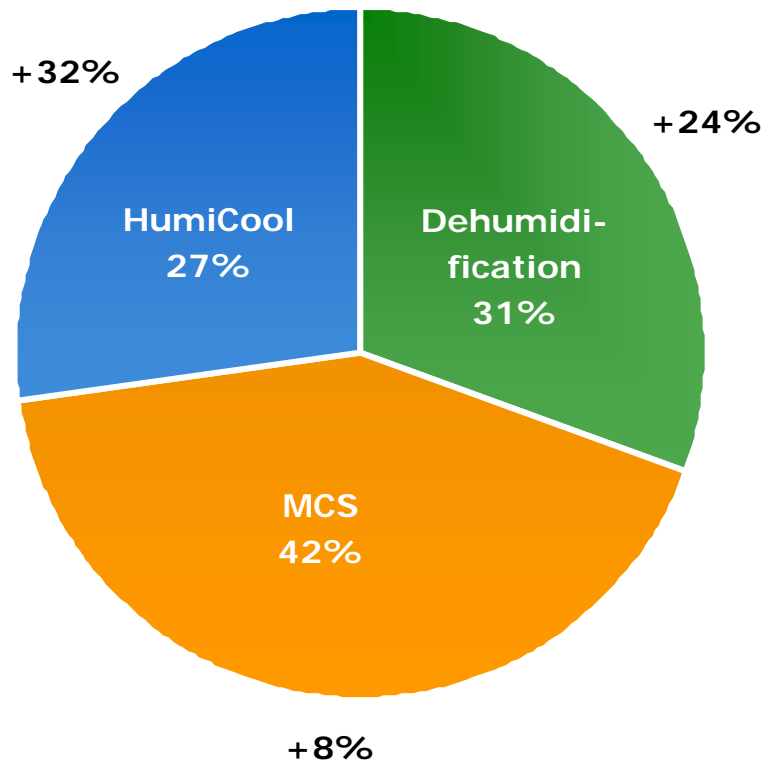
- ❑ Record revenue and earnings in Q4 and 2007
 - ❑ Strong development in Dehumidification and HumiCool, supported by complementary acquisitions
 - ❑ Addressing structural issues in MCS
 - ❑ 660 MSEK cash distributed to shareholders (8,93 SEK / Share)
 - ❑ Proposed dividend 2008 2,50 SEK/Share (2,25)
-
- ❑ Launching Efficiency Program in February 2008

Group Highlights – Q4

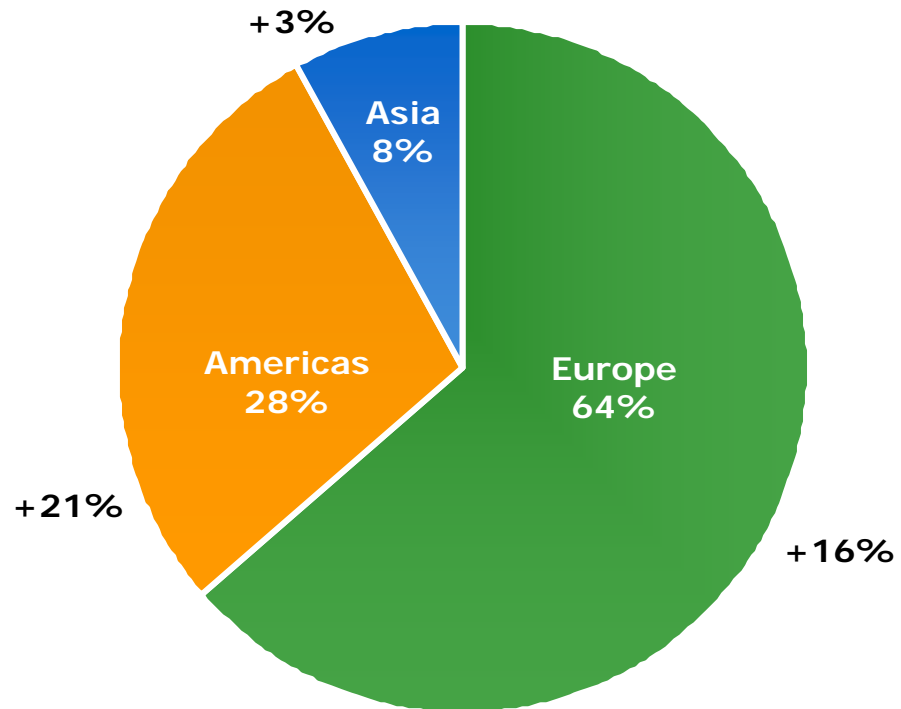
- ▣ Order intake up 16% reported – up 9% adjusted
 - Continued high demand in Dehumidification
 - MCS demand relatively strong in Europe
 - HumiCool overall strong, but impacted by temporary drop in Mist Elimination orders
- ▣ Sales up 19% reported – up 8% adjusted
 - High net sales in most areas
 - Slow early season impacted Sial deliveries
- ▣ EBITA 174 MSEK (143) - margin 10.0% (9.8%)
 - Dehumidification produce record earnings
 - Strong performance in Industrial and Des Champs
 - MCS performing well in most of Europe
 - Problems in Australia, France and Italy significantly impacting earnings
 - Strong earnings in all HumiCool Areas

Sales Q4 2007

Divisions



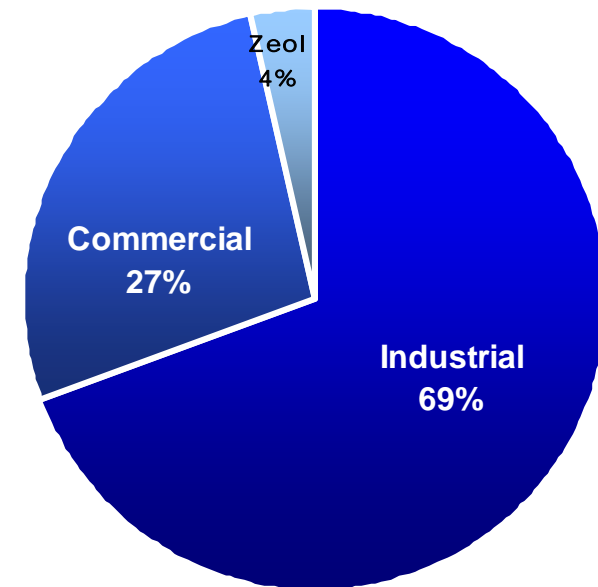
Regions



Dehumidification Market Highlights – Q4 2007

- Industrial market continuing to develop well in Europe and Americas
 - Asia recovering – Significant Industrial Air Conditioning project in Philippines awarded
- Commercial growing rapidly
 - First large orders for new energy efficient combined Munters-DesChamps products – DryCool ERV
 - Continued high demand in School segment and national accounts
 - Significant slow-down in WalMart construction expected to continue through Q1
- Zeol back on normal level driven by semiconductor industry demand

**Q4 Net Sales
Business Areas**



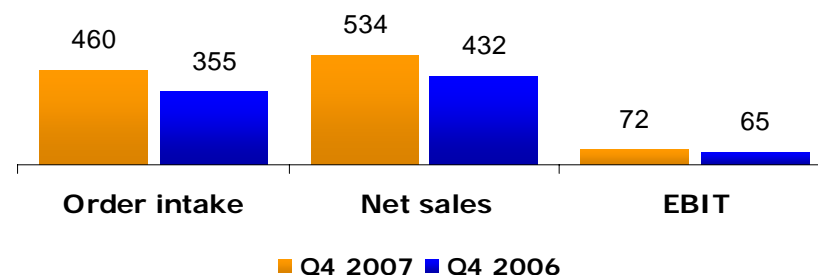
Dehumidification Financial Highlights – Q4 2007

- High growth in orders and sales in most areas
 - Weaker product mix compared to exceptional Q4 2006 impacting gross margin
- Strong Operating Earnings and Margin performance
 - Margin down slightly from record level Q4 '06 due mainly to product mix

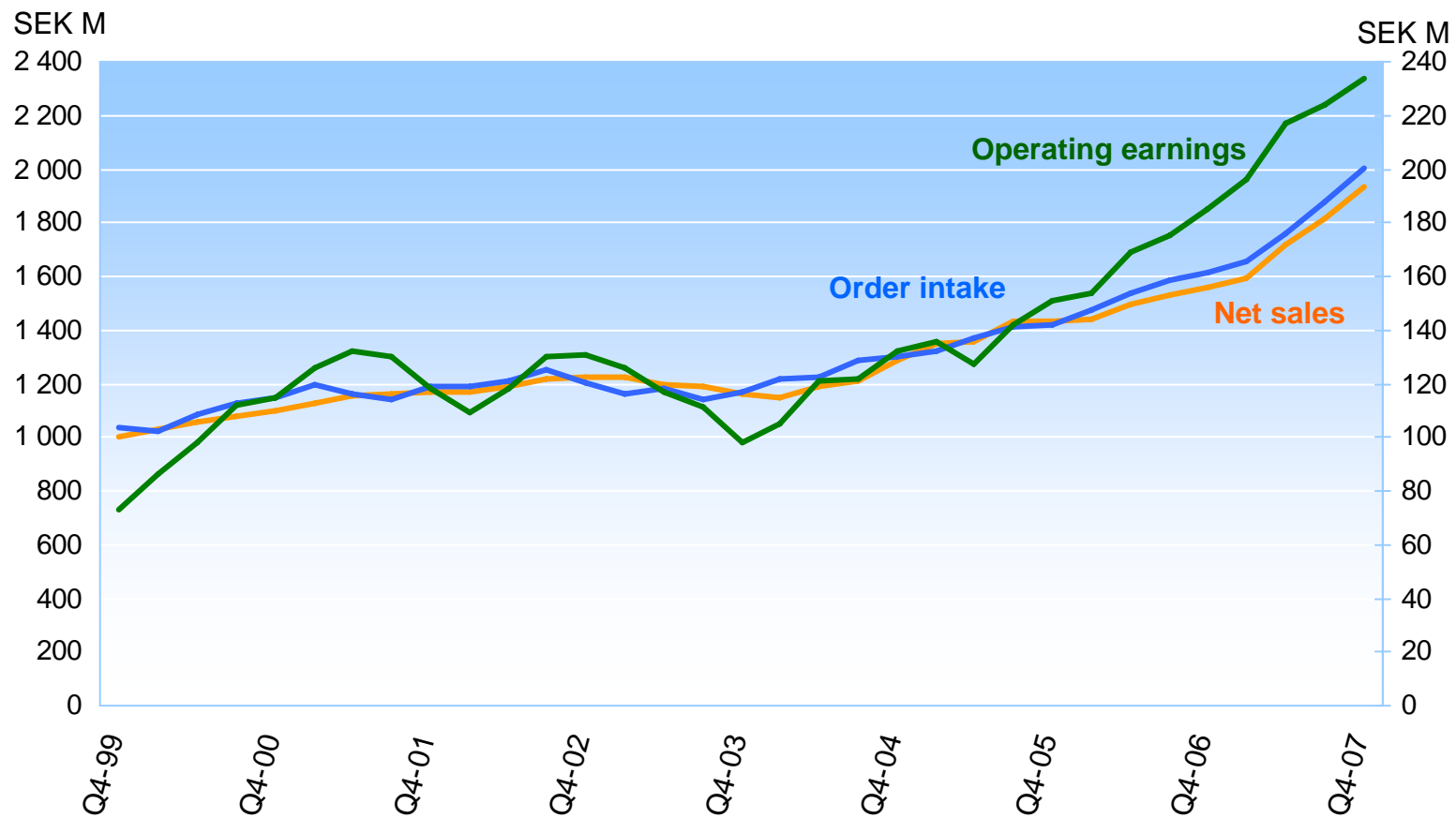
SEK M	4th Quarter		Jan-Dec	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Order Intake	460	355	2 001	1 693
Growth	30%		18%	
Adj growth	22%		12%	
Net Sales	534	432	1 936	1 635
Growth	24%		18%	
Adj growth	13%		13%	
Operating Earnings	72	65	234	194
Operating Margin	13,5%	15,0%	12,1%	11,9%
Operating Capital Turns			4,3	4,2
ROOC			52%	50%

Q1 outlook

- Slower Q1 growth anticipated
 - WalMart slow-down to impact Commercial
 - Zeol sales relatively low



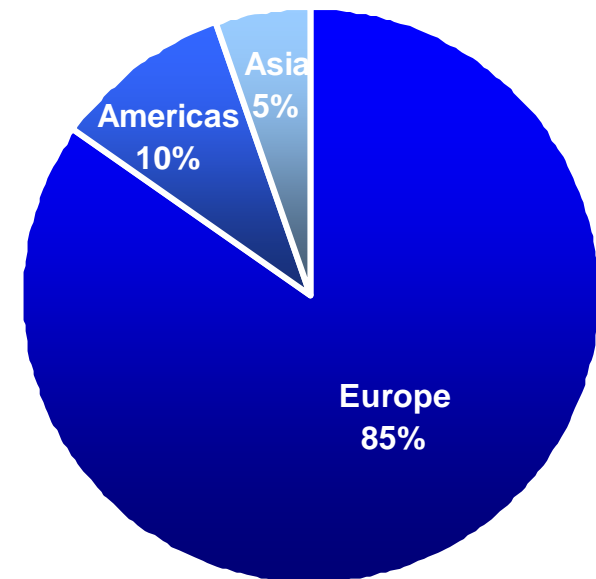
Dehumidification Rolling 4 Quarter



MCS Market Highlights – Q4 2007

- Continued market share growth in Nordic and South & West regions
 - Former problem area Sweden growing rapidly and performing well
- Germany now stable and profitable
 - Market activity somewhat muted
- Increased cash settlements in UK continued through Q4, but subsiding
- Low activity in Americas continuing
 - No major weather events in 2007

**Q4 Net Sales
Geographic Areas**



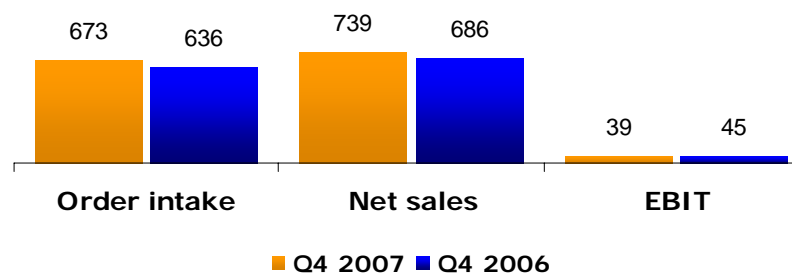
MCS Financial Highlights – Q4 2007

- Earnings and margins continuing to improve in most of Europe, incl. Germany
 - Strong net sales
 - Overhead cost reductions
- Continued significant problems in Australia, France and Italy hurting earnings
 - Weak business- and accounts receivable processes – leading to write-offs of 13 MSEK

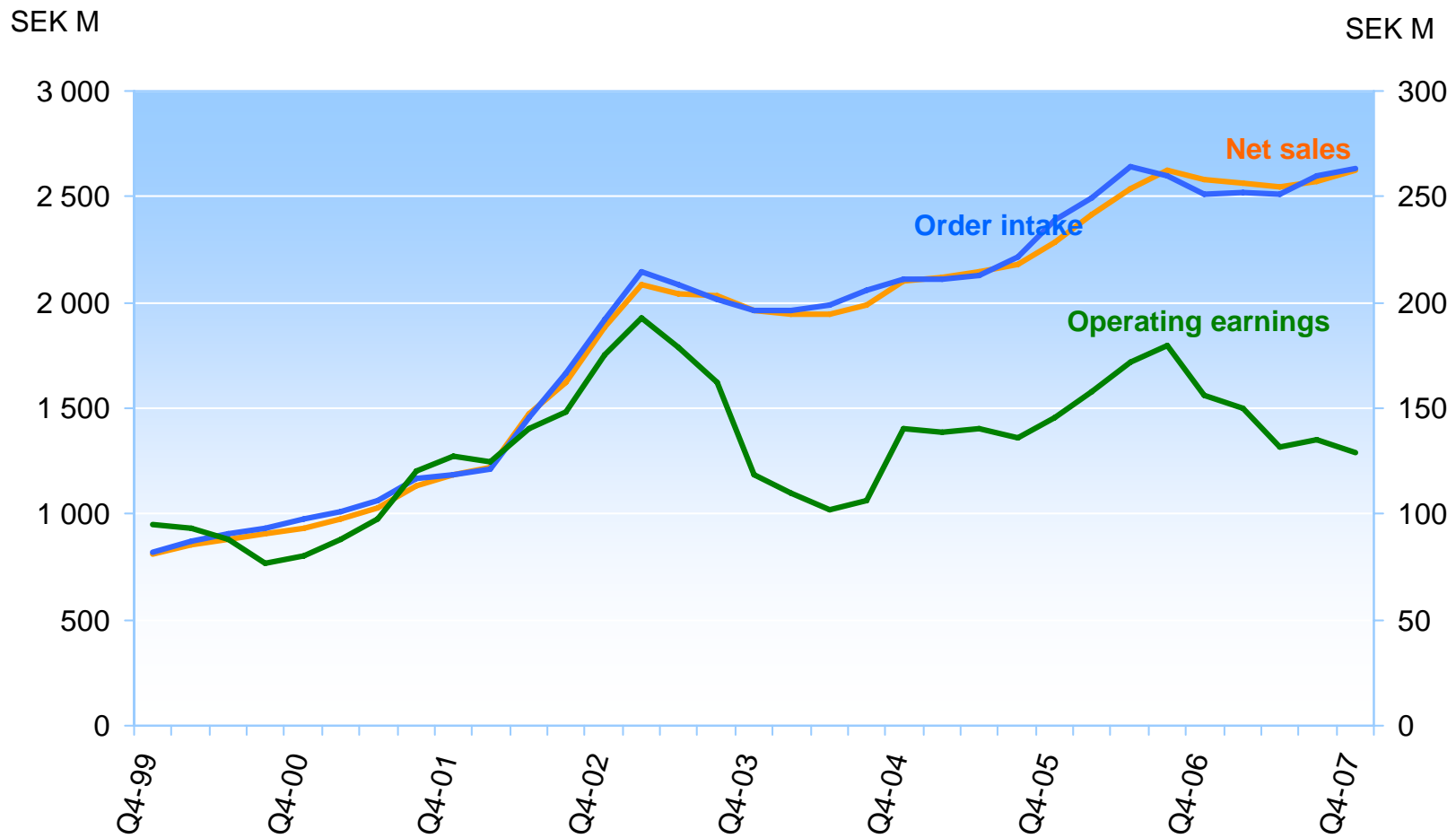
SEK M	4th Quarter		Jan-Dec	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Order Intake	673	636	2 630	2 541
Growth	6%		4%	
Adj growth	5%		5%	
Net Sales	739	686	2 624	2 618
Growth	8%		0%	
Adj growth	8%		2%	
Operating Earnings	39	45	129	159
Operating Margin	5,3%	6,5%	4,9%	6,1%
Operating Capital Turns			3,2	3,3
ROOC			16%	20%

Q1 outlook

- Relatively stable sales outlook



MCS Rolling 4 Quarter

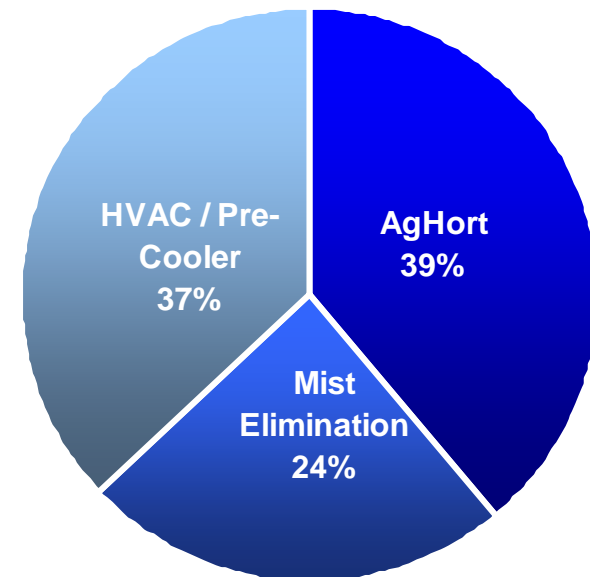


10 Note: Operating earnings excluding goodwill depreciation.
Figures are currency adjusted.

HumiCool Market Highlights – Q4 2007

- Strong AgHort market recovery in U.S and Europe continuing
 - High feed prices and rising meat prices globally
 - Strong impetus for efficiency improving investments supporting Munters strategic direction
- Expected sharp order slow-down in U.S. Flue Gas Desulphurization materialized
 - Customer capacity issues and long order back-log
- Heater demand recovering
 - High demand in Eastern Europe due to cold weather
 - Distributor inventories normalized
- Weak USD impact on European exports to Asia continuing

**Q4 Net Sales
Business Areas**



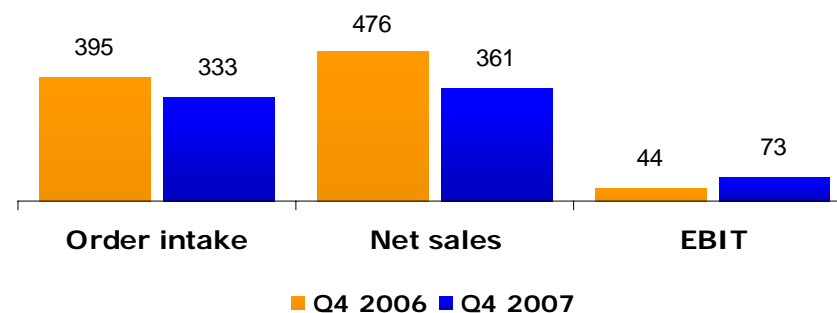
HumiCool Financial Highlights – Q4 2007

- Order intake strength in HVAC and AgHort
 - Sharp drop in ME USA
- Good organic sales growth everywhere except SIAL
- Strong earnings in all Business Areas
 - Also in Sial despite somewhat lower volumes
 - Positive effects from product transfers and efficiency initiatives

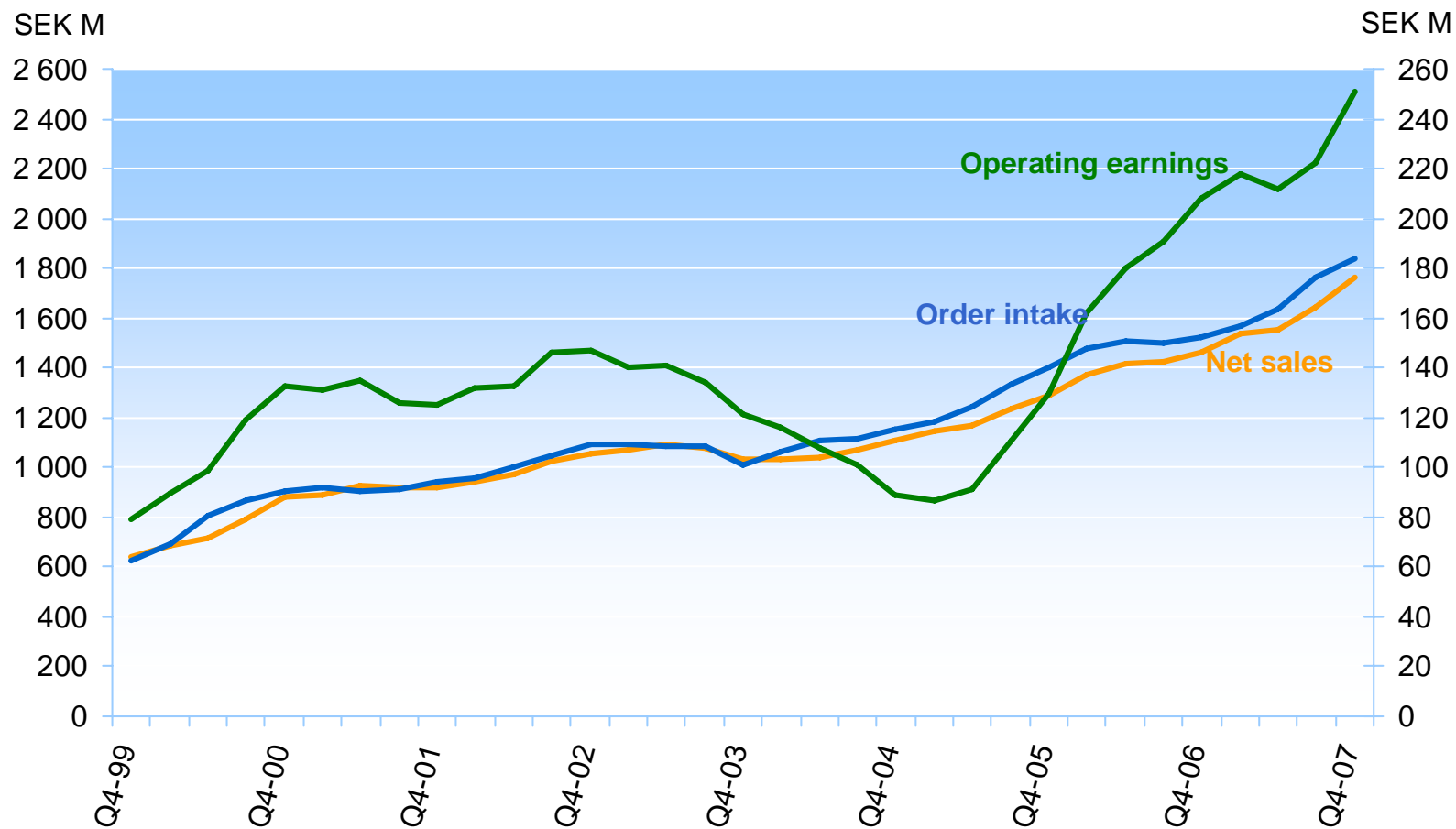
SEK M	4th Quarter		Jan-Dec	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Order Intake	395	333	1 837	1 585
Growth	19%		16%	
Adj growth	3%		2%	
Net Sales	476	361	1 765	1 514
Growth	32%		17%	
Adj growth	2%		5%	
Operating Earnings	73	44	251	213
Operating Margin	15,3%	12,2%	14,2%	14,1%
Operating Capital Turns			3,7	3,6
ROOC			52%	51%

Q1 outlook

- Demand projected to be stable except in ME USA where weakness expected to continue through H1



HumiCool Rolling 4 Quarter



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





Munters Group Financial Analysis

Munters Group Financials

SEK M	4th Quarter		Jan-Dec	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Order Intake	1 518	1 311	6 407	5 761
Growth	16%		11%	
Adj growth	9%		6%	
Net Sales	1 737	1 462	6 262	5 712
Growth	19%		10%	
Adj growth	8%		6%	
Gross Margin	27,7%	29,4%	28,1%	28,1%
EBITA	174	143	574	529
EBITA Margin	10,0%	9,8%	9,2%	9,3%
Net Earnings	101	92	336	328

Q4 2007 Performance Analysis

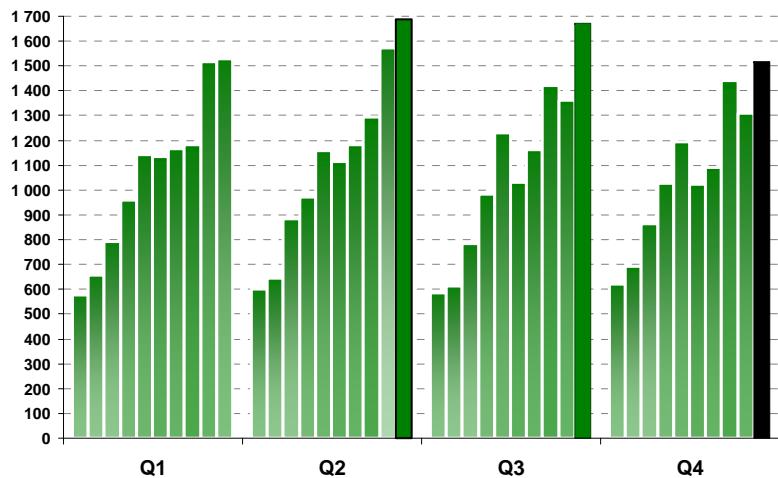
SEK M	Net Sales		EBITA	
Q4 2006	1 462		143	
Currency effects	-23		-2	
Acquisitions & Divestiture	170		36	
Adjusted Q4 2006	1 609		177	
Volume effect	128		38	
Margin effect (ex. one-time)			-19	
Indirect cost (ex. one-time)			-8	
MCS Items			-13	
Q4 2007	1 737	8%	174	-2%

Jan-Dec 2007 Performance Analysis

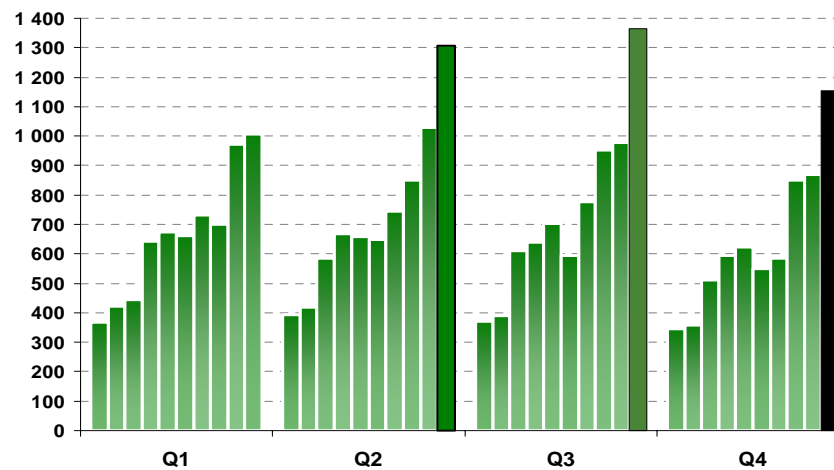
SEK M	Net Sales		EBITA	
Jan-Dec 2006	5 712		529	
Currency effects	-161		-16	
Acquisitions & Divestiture	359		39	
Adjusted Jan-Dec 2006	5 910		552	
Volume effect	352		101	
Margin effect (ex. one-time)			10	
Indirect cost (ex. one-time)			-62	
MCS Items & F/X Contracts			-27	
Jan-Dec 2007	6 262	6%	574	4%

Quarterly Trend

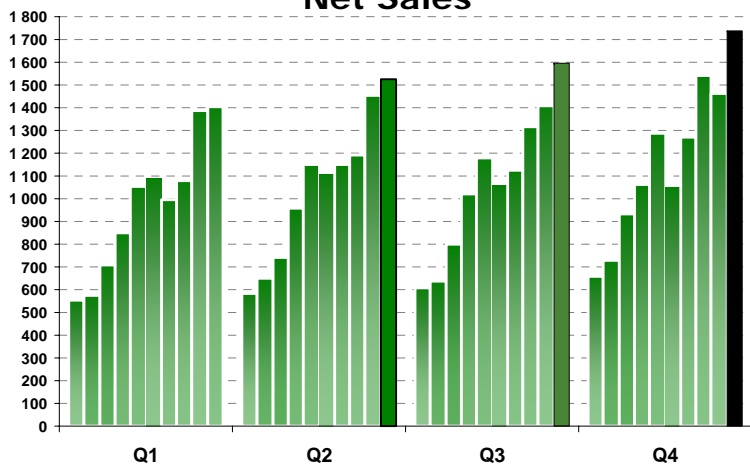
Order Intake



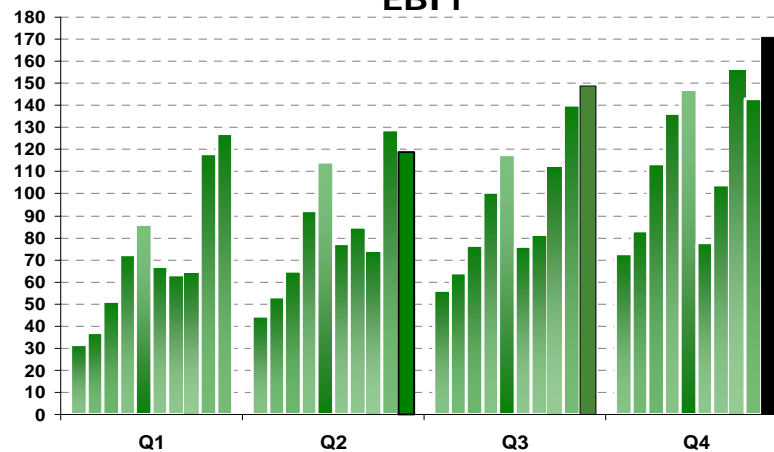
Order Backlog



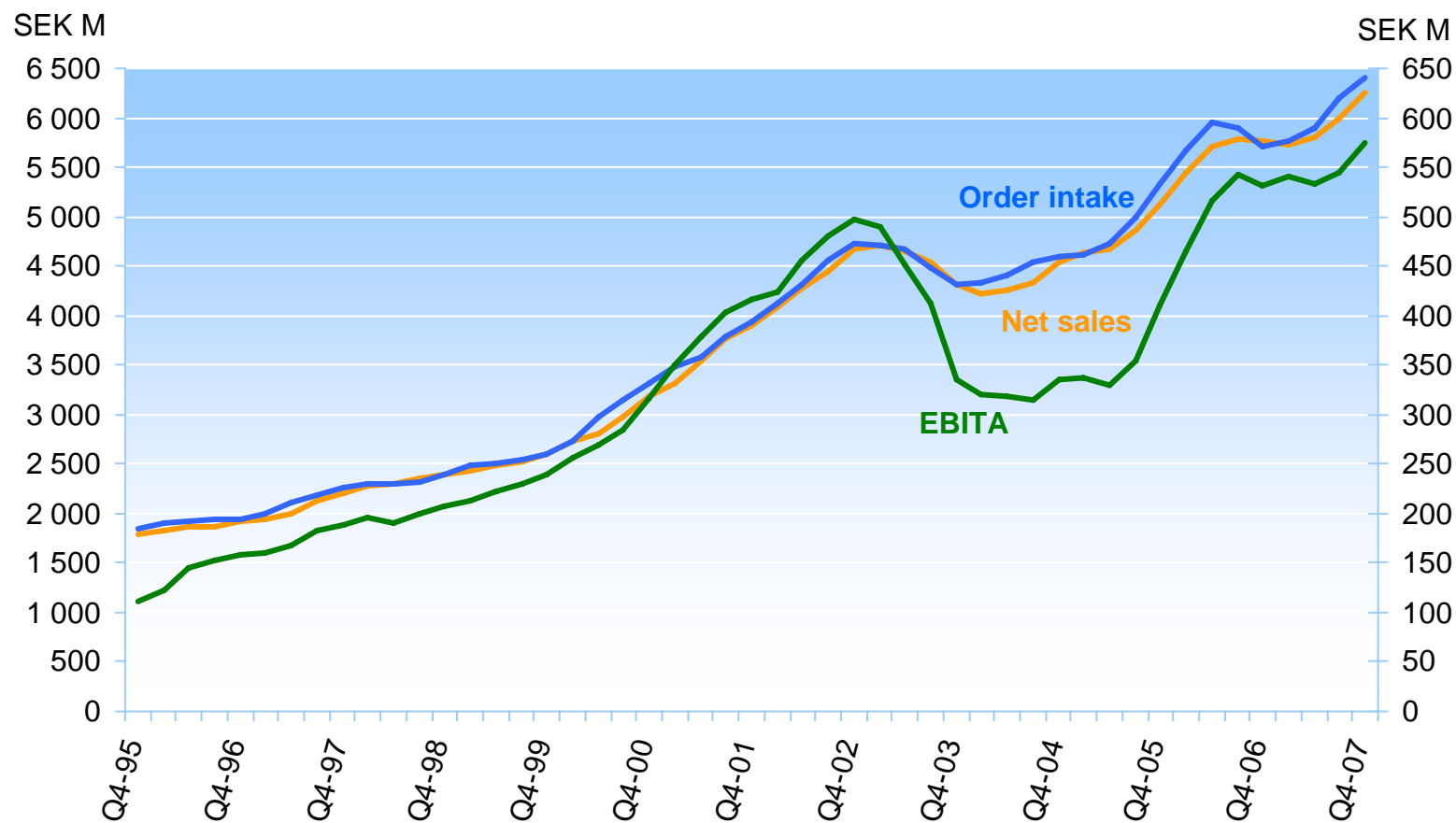
Net Sales



EBIT



Rolling 4 Quarter Development



Key Financial Ratios

	<u>Q4 2007</u>	<u>Q4 2006</u>
Capital Turns ¹	2.7	3.0
EBIT Margin ¹	9.0%	9.3%
Return on capital employed ¹	24.8%	28.0%
Return on Equity ¹	25.7%	22.5%
Operating Cash Flow	161	61
Net debt, SEK M	1,068	257
Net debt/equity ratio	0.89	0.17
Earnings per share, SEK	1.34	1.23

¹ Calculated on rolling 12 months.



MEP²
Munters Efficiency Program
Phase 2

Munters Efficiency Program Phase 2 – MEP²

- Background
 - Group wide program launched in February 2008, affecting all Divisions
 - Builds on Munters Efficiency Program, implemented 2004

- MEP² aims at further improving operations in several areas by
 - Accelerating continuous improvement programs
 - Plant efficiency investments including workflow/layout improvements
 - Optimization of manufacturing cost and customer responsiveness by moving selected production to growth markets
 - Implementation of MCS business support system and processes improving efficiency and reducing use of capital
 - Considerable investments in training/development and organization development

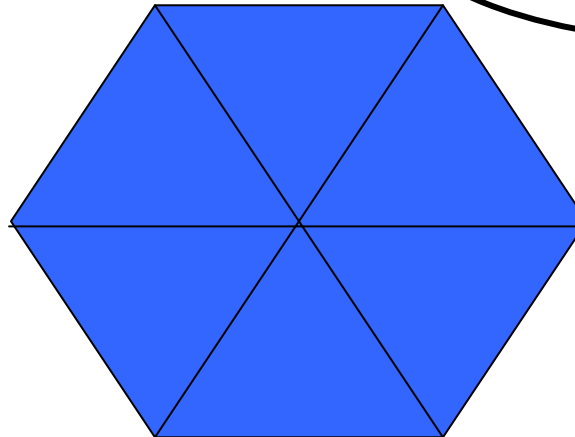
Munters Strategic Foundation – Why MEP²?

Gross margin improvement is the fuel driving our growth initiatives

**Capitalizing on
Global Market Trends**

**Profitable Growth –
Gross Margin Focus**

Asia



Product Development

**Scope Expansion
From Strong Niches**

**Synergistic
Acquisitions**



MEP² MCS

**Field.Link Mobile IT Platform Roll-Out
and
Capital Efficiency Project**

MEP² - MCS

- New organization structure with three regions
 - Northern Europe, Continental Europe, Americas & Asia
 - Dedicated regional management teams focused on operational excellence in local Business Units
 - Supported by central team of functional experts in Finance, HR, Operations and Sales & Marketing

- MCS Field.Link platform roll-out
 - Mobile IT platform ready for deployment
 - About 1,000 users planned by Y/E 2008
 - Significant field technician and back-office efficiency improvements starting late 2008

- Capital efficiency improvements with reduced Accounts Receivable and Work in Progress through improved processes
 - Improved documentation and collection processes linked to Field.Link
 - One-time initiative to collect old overdues and "clear the deck"

Field.Link Roll-out and Milestone Plan

Milestone	Ready	Users
□ Roll-out 2008		
– Netherlands	April	85
– Norway	May	200
– Germany	July	330
– Finland	July	280
– Sweden	Nov	120
Total 2008		1,015
□ Roll-out 2009/10		
– Austria		65
– Australia		55
– Remaining countries		265
Grand Total		1,400

MCS Capital Efficiency Project

- ❑ MCS Accounts Receivable too high at 660 MSEK, or 81 days at Y/E 2007
 - Ties up cash and reduces return on capital employed
- ❑ Improvement potential in both internal processes and collections
 - Improved documentation and collection processes
 - Faster invoicing
 - Further enabled by Field.Link
 - Combined with one-time effort to collect old overdues and "clear the deck"
- ❑ Project cost estimated at 10 MSEK
- ❑ Targeting Working Capital reduction by 100 MSEK 2008 and additional 70 MSEK 2009/10

MCS Field.Link and Capital Efficiency – Business Case

MSEK

Business Case Summary

	<u>2008</u>	<u>Annualized</u>
Users	1 000	1 400
Investment (11 MSEK spent 2007 and prior)	-13	
Working Capital reduction	-100	-170
Net EBIT Impact	-32	25



MEP² Dehumidification and HumiCool Manufacturing Efficiency Projects

Dehumidification and HumiCool Manufacturing Efficiency Projects

- ❑ Significant remaining potential for manufacturing efficiency improvements worldwide
- ❑ 7 plants with high potential selected
 - Improved plant lay-out
 - Improved factory management
 - Efficiency improving investments
 - Product transfers to China and Mexico
- ❑ Annualized cost reduction of 50 MSEK
- ❑ Total project costs 40 MSEK
- ❑ Investments of 58 MSEK
- ❑ One to two years pay-back time depending on project
- ❑ 2008 EBIT impact -15 MSEK
 - Negative impact in Q1-Q2 of -25 MSEK

Increased Production in Growth Markets

Product Examples

CelDek

GlasDek

Mist Eliminator DV 880 & DV 210

Small Heaters

Various Dehumidifiers

MEP² - Summary

- ▣ Increased operational capability and efficiency
- ▣ "Industrialization" of service processes
- ▣ Significant manufacturing efficiency improvement
- ▣ Cost level decrease targeted at 75 MSEK annually, realized gradually over 2008 and 2009

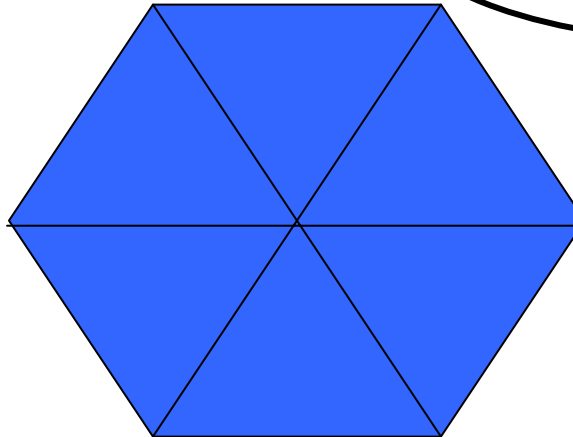
MEP² Financial Summary	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Sum</u>
Capital Expenditures	-6	-9	-22	-8	-45	-25	0	-70
Asset Impairments	-7	0	0	0	-7	0	0	-7
Project and Redundancy Costs	-13	-24	-11	-12	-59	-10	0	-69
EBIT Improvement Impact	0	4	5	8	16	60	75	151
Net EBIT Impact	-20	-20	-6	-4	-50	50	75	75
Working Capital Impact	0	0	30	70	100	50	20	170

Munters Strategic Foundation

**Capitalizing on
Global Market Trends**

**Profitable Growth –
Gross Margin Focus**

Asia




Product Development

**Scope Expansion
From Strong Niches**

**Synergistic
Acquisitions**

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.”



From everyday life to high
sustainable performance