

January- September 2003



Market development 2003

- Weak demand in MCS in Q2 continued in Q3, dry weather
- Improved demand in Asia and in HumiCool Europe
- Low demand for large projects in Dehumidification, decisions are delayed
- Low demand for Zeol and Gas Turbine cooling systems

Dehumidification



WAL★MART

InfraCity

Budweiser

Albertsons
Helping make your life easier.

LESAFFRE GROUP

Canon

Tyson
It's what your family deserves.

WRIGLEY

VASAKRONAN

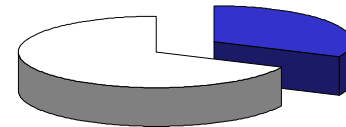
Pfizer

Nestlé

SANDVIK
Coromant

SONY

AstraZeneca



32% of Munters 2002

DAIMLERCHRYSLER

MERCK

ECKERD
Get More!

HITACHI
Inspire the Next

Claxton Chicken
Better Because it's Fresher.

FUJIFILM

THE Smithfield COMPANIES

SaraLee

Munters

Dehumidification

- Continued strong demand for HCU (DryCool)
- Order intake down -18%, -8% organic
- The low demand for large Dehumidifiers continues, 40% reduction in orders above 1 MSEK
- Further focus on growing areas; Food and HCU (DryCool)
- Negative mix change
 - Large Dehumidifiers incl Zeol decline
 - Small Dehumidifiers and DryCool grow
- Cost reductions

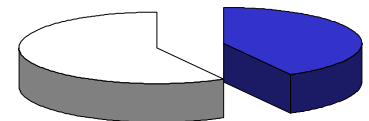
Moisture Control Services



Water damage restoration



Fire damage restoration



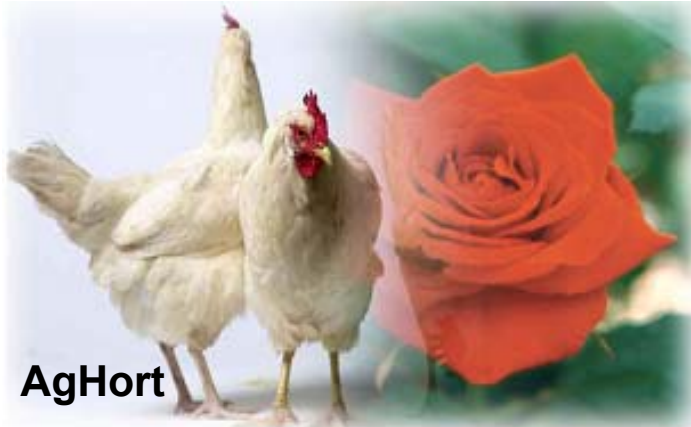
42% of Munters 2002



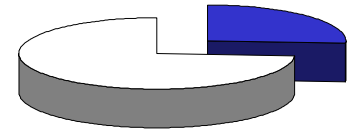
MCS

- Weak demand due to dry weather
- Last year very strong due to floods in Europe
- Improved demand in USA
- Net sales up 6%, +2% organic
- Organic growth -2% in Q3
- Negative service mix change
 - Water Damages down
 - Small Fire Damages up
 - Start-up of residential and commercial fire and water damage restoration (PDR) in US
- Negative results in France and Benelux
- Cost reductions

HumiCool



CENTRAX



26% of Munters 2002



ABB

SIEMENS



HumiCool

- The AgHort Industry in Europe improved slightly in Q3. The '03 season is "lost"
- Low demand for Precoolers to Gas turbines continues
- Improved demand for HVAC applications
- Negative currency effect on export from Europe to Asia
- Cost reductions

Global organization

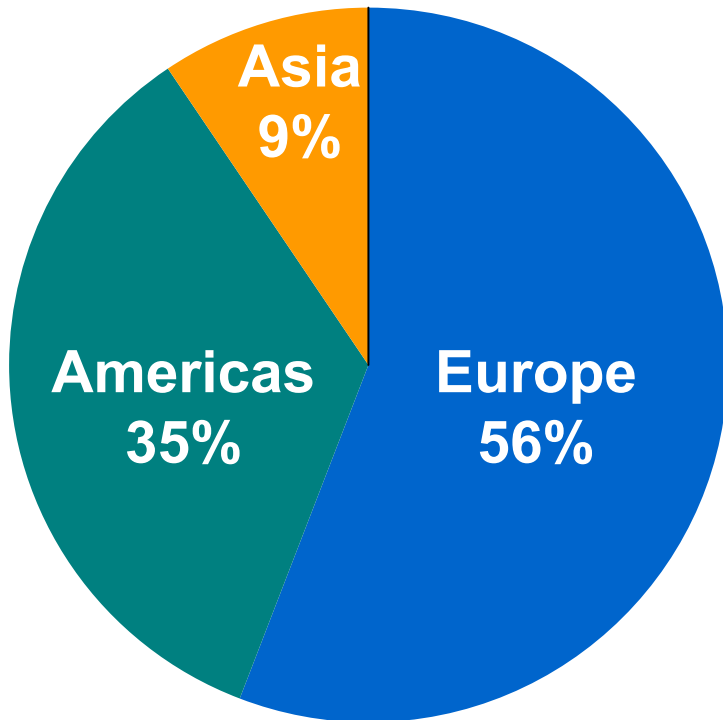


Net sales 4 500 MSEK
Employees 3 100

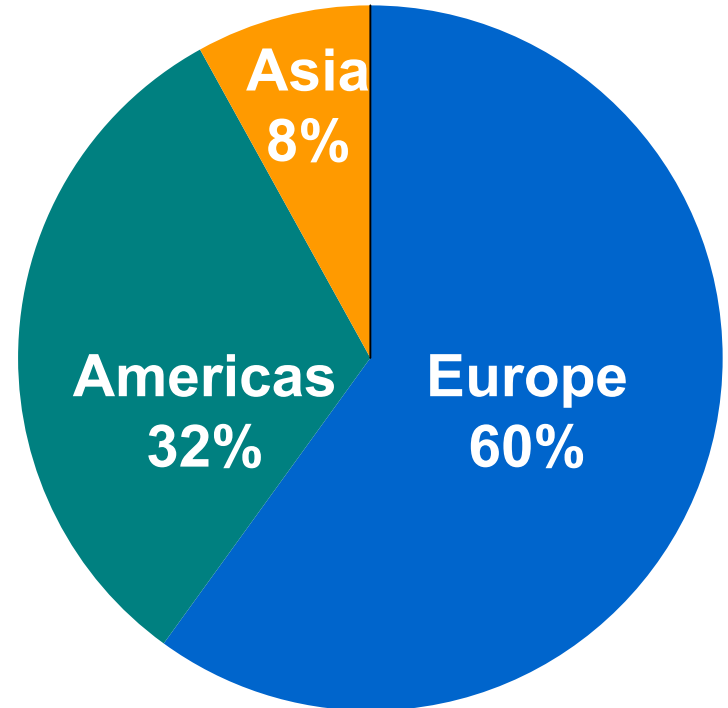
300 Service depots
not shown on map

Net sales by Region

2002, Q1-Q3
3 380 MSEK

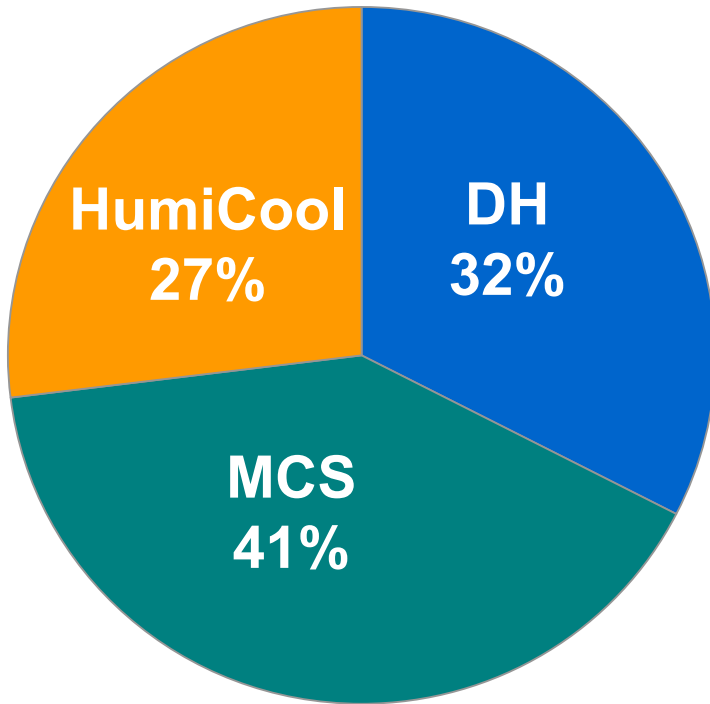


2003, Q1-Q3
3 257 MSEK

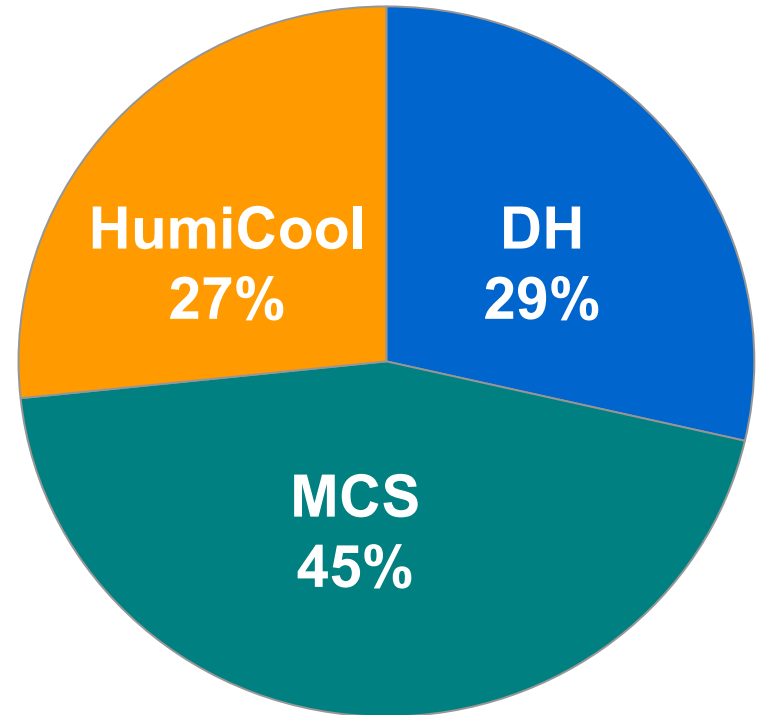


Net sales by Product Area

2002, Q1-Q3
3 380 MSEK



2003, Q1-Q3
3 257 MSEK



2003 Highlights

- Strong development in DryCool, Restaurants and Schools
- Improvements in MCS US and HumiCool Europe
- Improvements in Asia
- Weak demand in MCS in Europe, strong last year
- Weak demand in Dehumidification in Europe and Americas
- Negative currency effect, also indirect
- Reduced acquisition effect after 1 January 03 and no effect after 1 July 03
- Previous corrective cost actions on plan
- Additional cost reductions initiated

Financial overview by Quarter

MSEK	2002				2003			Adjusted growth
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Order intake	1 144	1 159	1 228	1 196	1 134	1 114	1032	-10%
Net sales	1 052	1 149	1 179	1 286	1 089	1 109	1059	-3%
EBIT	86	114	118	147	67	78	76	-30%
<i>EBIT margin</i> %	8.2	9.9	10.0	11.5	6.2	7.0	7.2	
Net earnings	49	65	67	85	33	40	43	
Op. cash flow (bef.capex & tax)	93	121	108	227	117	126	131	

1) Present structure, currency adjusted

Regional analysis Q3, 2003

	Net sales	Growth		Margin ¹⁾	
		Reported/Adjusted ²⁾		2003	2002
Europe	643	-6%	-3%	6.6%	9.7%
Americas	335	-18%	-5%	11.8%	13.6%
Asia	96	-7%	0%	10.5%	13.1%
Total Group	1 059	-10%	-3%	7.2%	10.0%

1) Operating margin for Regions, EBIT-margins for Group

2) Present structure, currency adjusted

The EBIT decline in Q3

	Q3
2002	118
Currency	-10
Sales decline 38 MSEK	-19
Margin decline, mix/price	-26
Cost reductions	+22
One-time cost	-7
Acquisitions	+0
Goodwill	-0
Other	-2
2003	76

Sales and margin decline

- MCS, Dehumidification and HumiCool decline at the same time
- Decline in high margin businesses
- MCS
 - Water Damage Restoration
 - Weather
- Dehumidification
 - Large Dehumidifiers incl Zeol
 - Low demand from industrial large capital expenditure projects
- HumiCool
 - AgHort
 - War, SARS, white/red meat, fast food decline

Financial overview Jan-Sept 2003

<i>MSEK</i>	<u>January-September</u>					<u>Growth¹⁾</u>	
	1999	2000	2001	2002	2003	Reported	Adjusted
Order intake	1 916	2 459	2 916	3 531	3 280	-7%	-5%
Net sales	1 863	2 247	2 830	3 380	3 257	-4%	-2%
EBIT	154	192	265	318	221	-31%	-22%
<i>Margin %</i>	8.3	8.6	9.4	9.4	6.8		
Net earnings	93	107	155	181	116	-36%	
Op. cash flow	181	160	225	322	375	16%	

¹⁾ Reported/present structure, currency adjusted

Regional analysis Jan–Sep

	Net sales	Growth		Margin ¹⁾	
		Reported/Adjusted ²⁾		2003	2002
Europe	1 983	3%	-1%	6.3%	8.6%
Americas	1 061	-11%	-1%	11.4%	13.0%
Asia	264	-19%	-10%	10.3%	11.3%
Total Group	3 257	-4%	-2%	6.8%	9.4%

1) Operating margin for Regions, EBIT-margins for Group

2) Present structure, currency adjusted

Currency and acquisitions effect

Net sales, Jan-Sep 2002	3 380	
Net sales, acquired units, pro forma	221	
Present structure	<u>3 600</u>	
Currency effect	-284	-8%
Organic growth	-60	-2%
Net sales, Jan-Sep 2003:	<u>3 257</u>	

Financial overview Rolling 12 months

MSEK	October - September				Growth
	99/00	00/01	01/02	02/03	
Order intake	3 151	3 779	4 560	4 476	-1.8%
Net sales	2 978	3 762	4 443	4 544	2.3%
EBIT ¹⁾	275	379	454	368	-18.9%
<i>Margin %</i>	9.3	10.1	10.2	8.1	
Net earnings ¹⁾	154	221	266	201	-24.4%

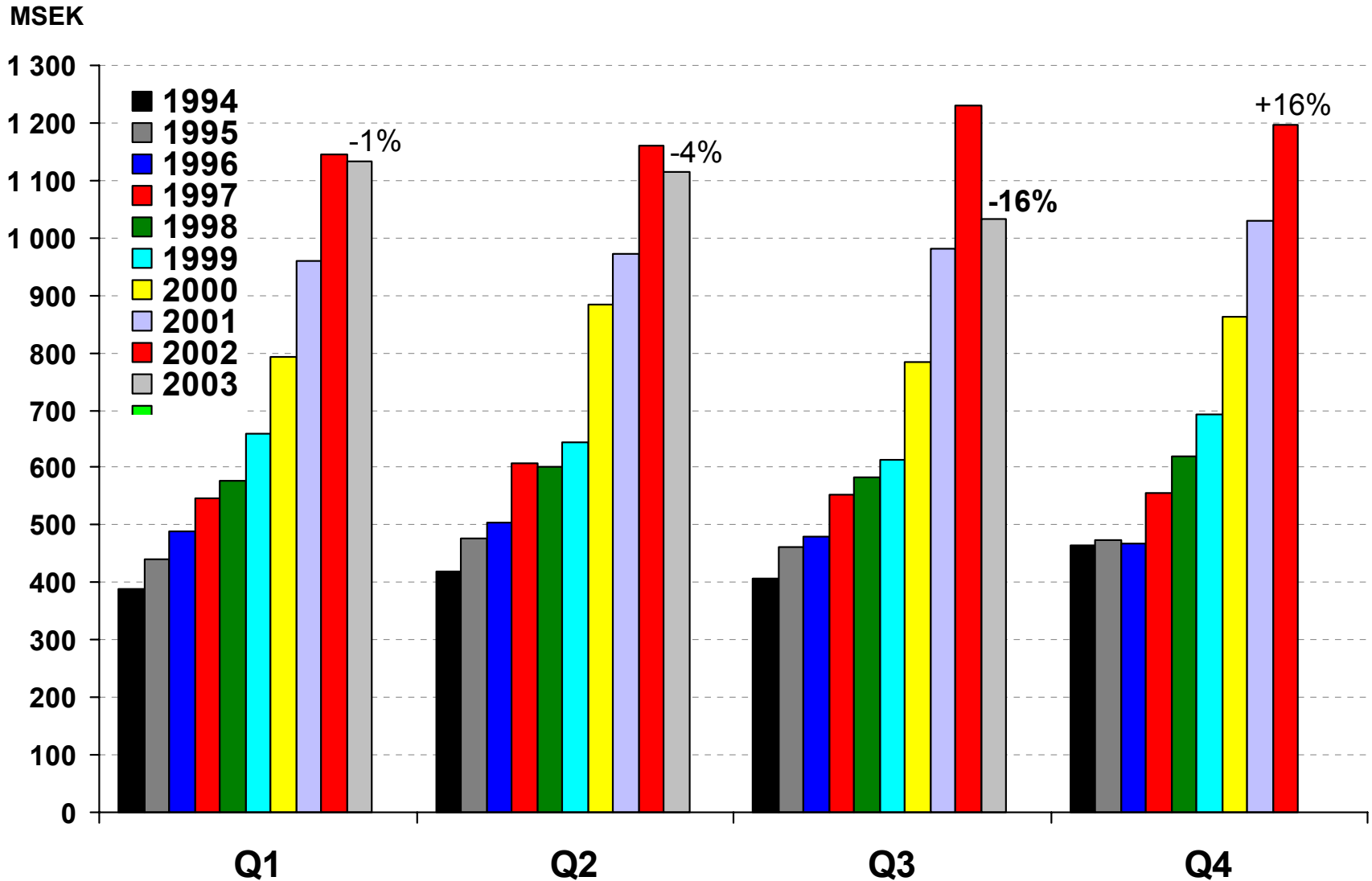
1) Excluding Alecta (SPP) surplus refund in Q3 2000 amounting to 10.5 MSEK after tax

Key ratios Jan–Sep

	2002	2003
Return on capital employed, % ¹⁾	31.5	23.0
Interest coverage ratio, times	17.9	10.5
Net debt, MSEK	525	403
Net debt/Equity ratio	0.51	0.38
Earnings per share, SEK	7.37	4.73

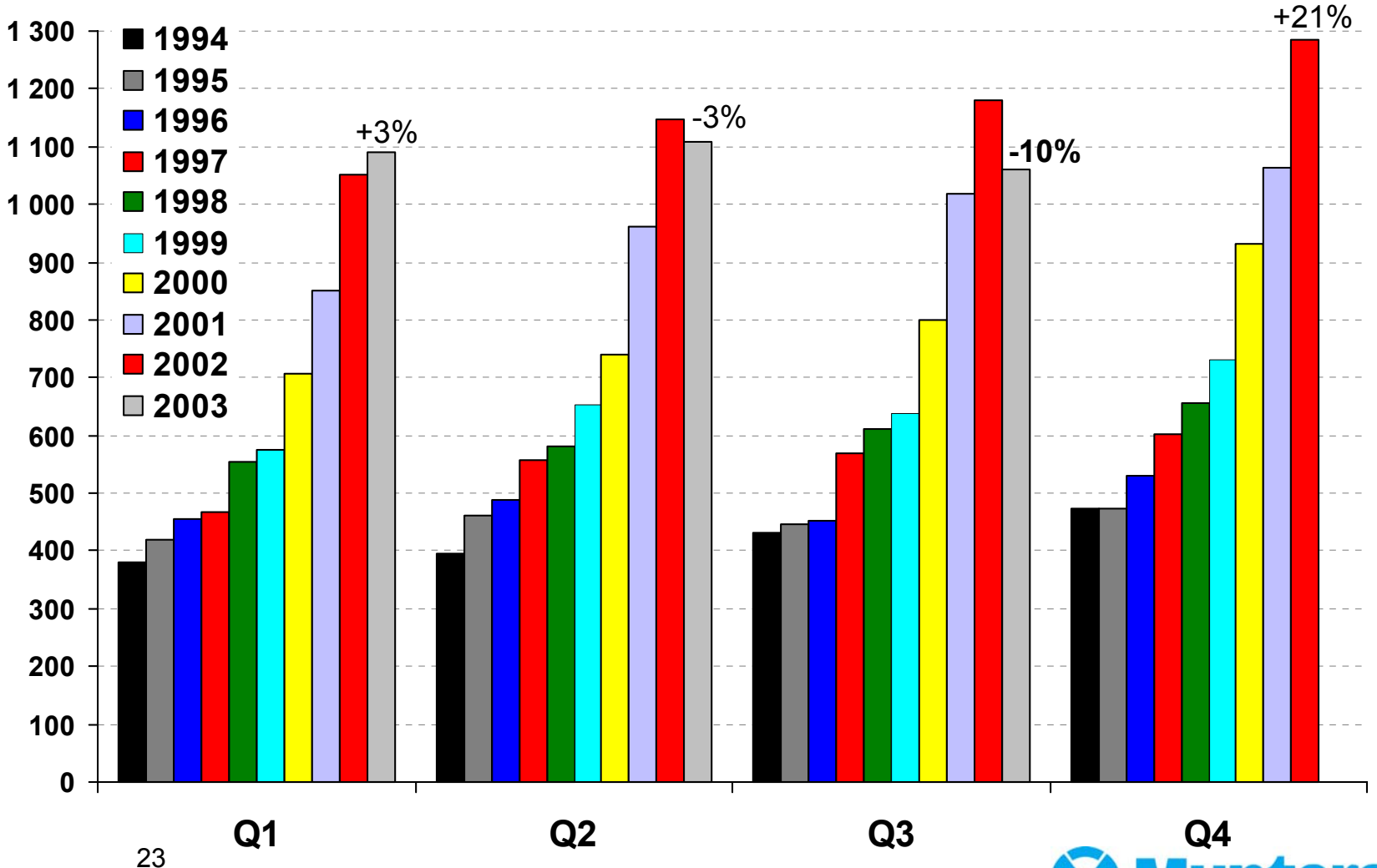
¹⁾ Rolling 12 months.

Order intake

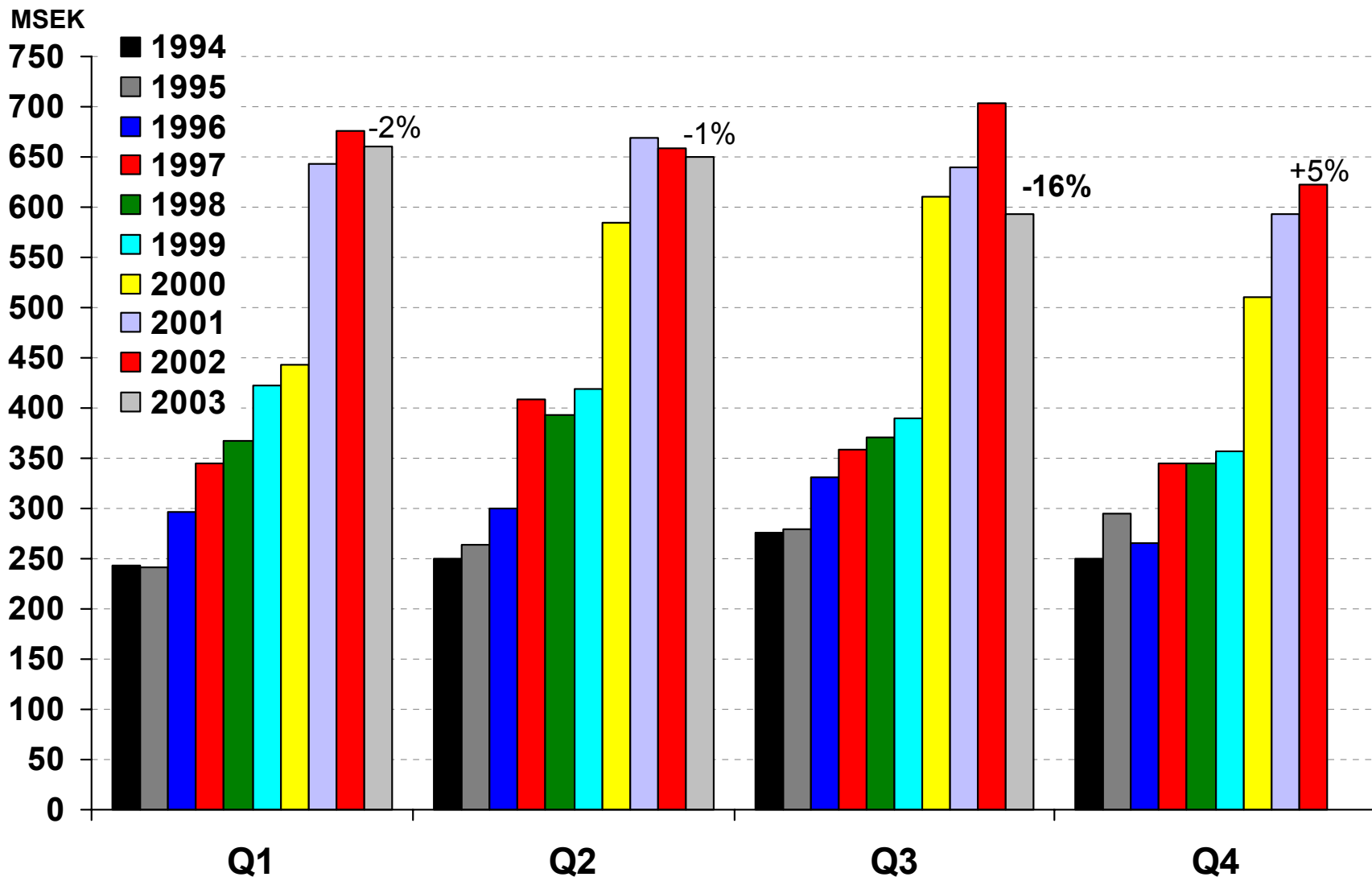


Net sales

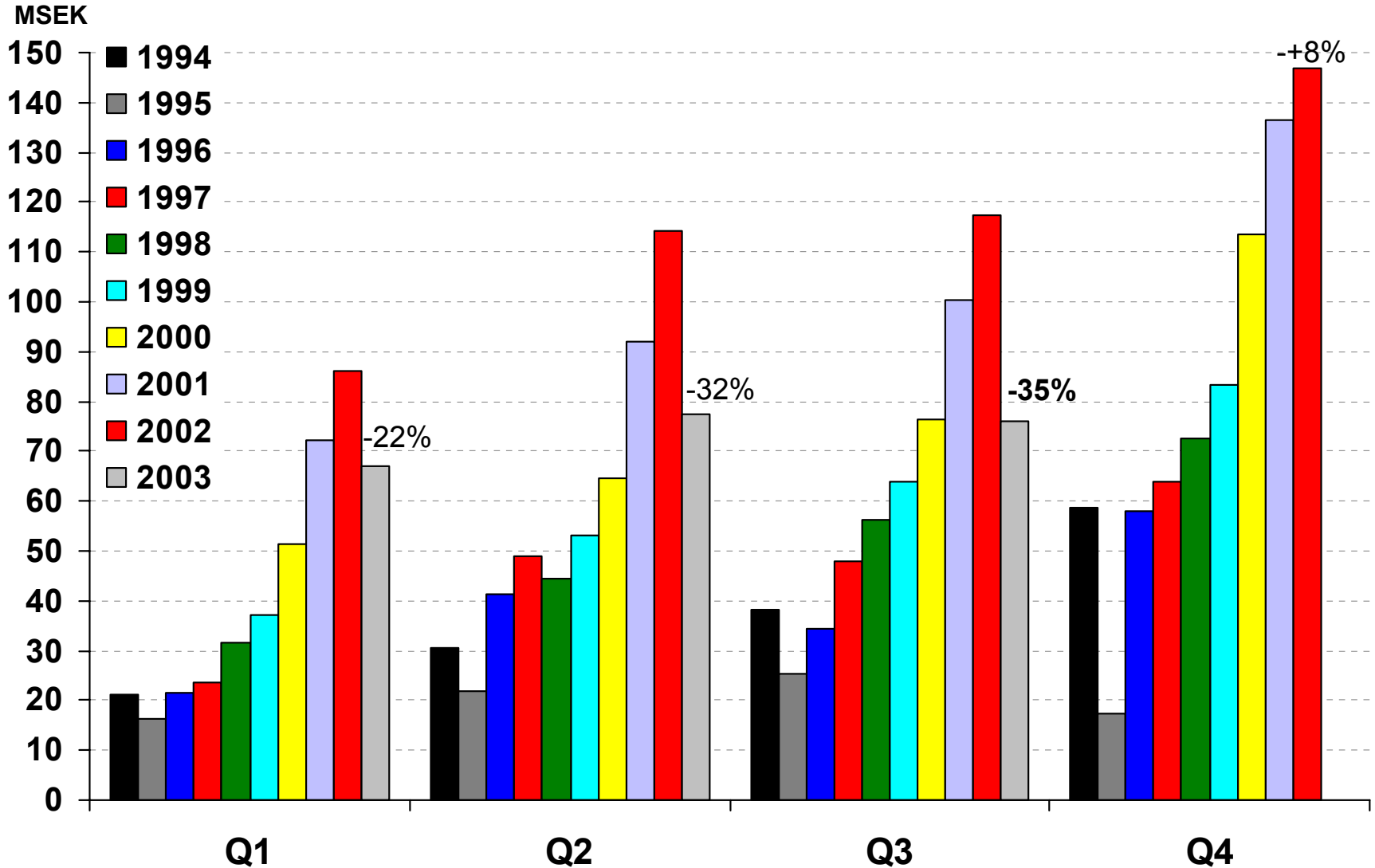
MSEK



Backlog



EBIT



Corrective actions



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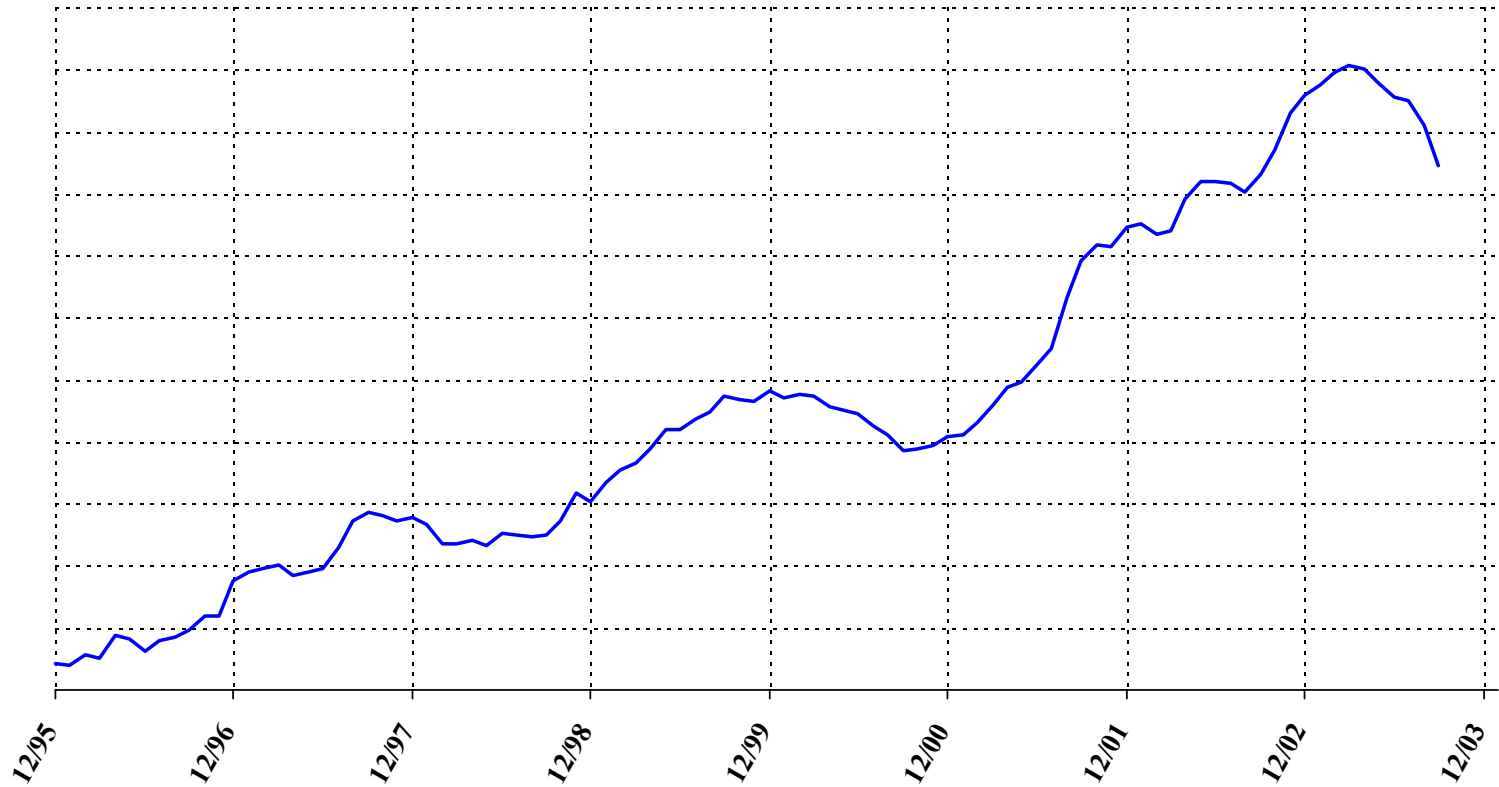
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MCS

Operating earnings development
ROLLING 12 MONTHS

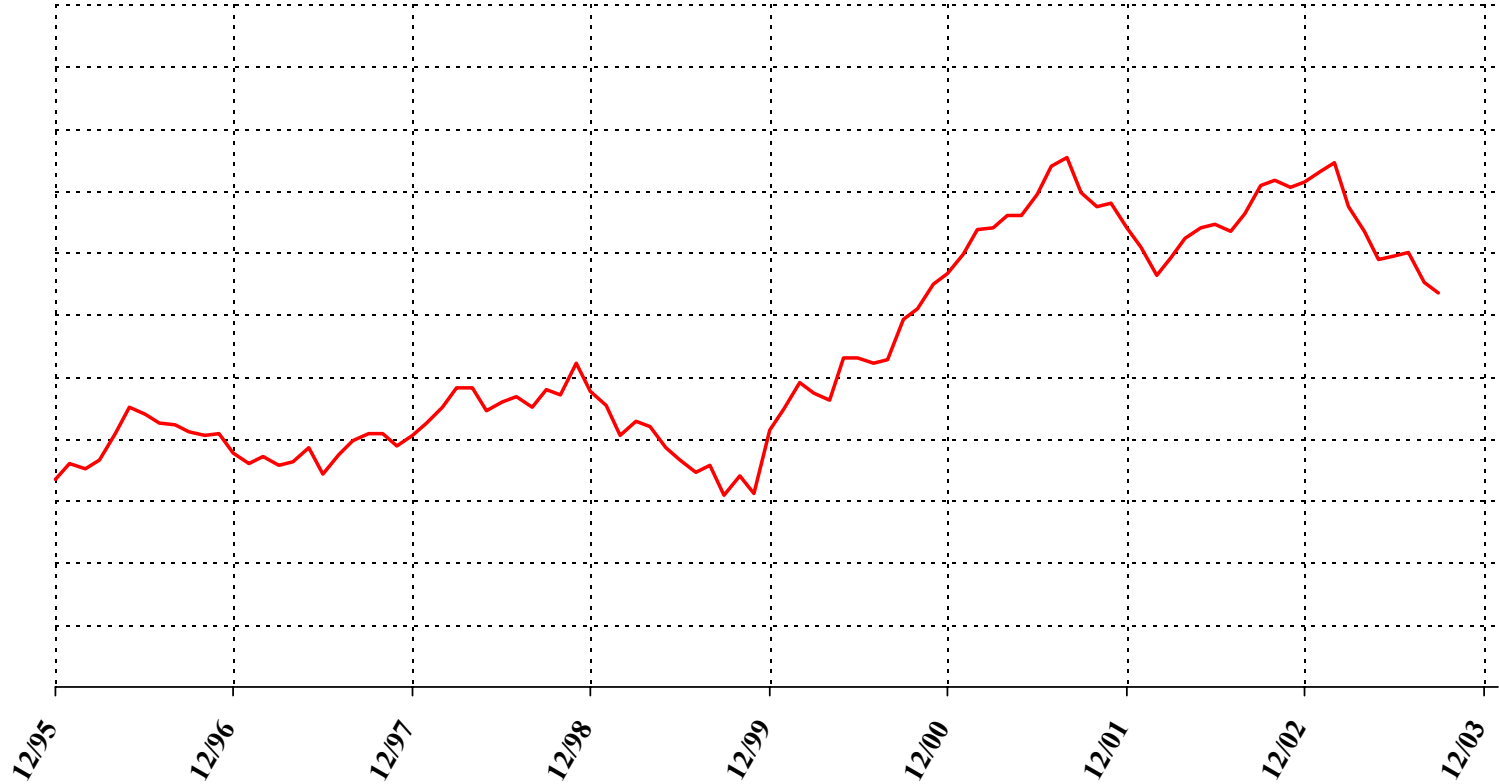
MSEK



Dehumidification

Operating earnings development
ROLLING 12 MONTHS

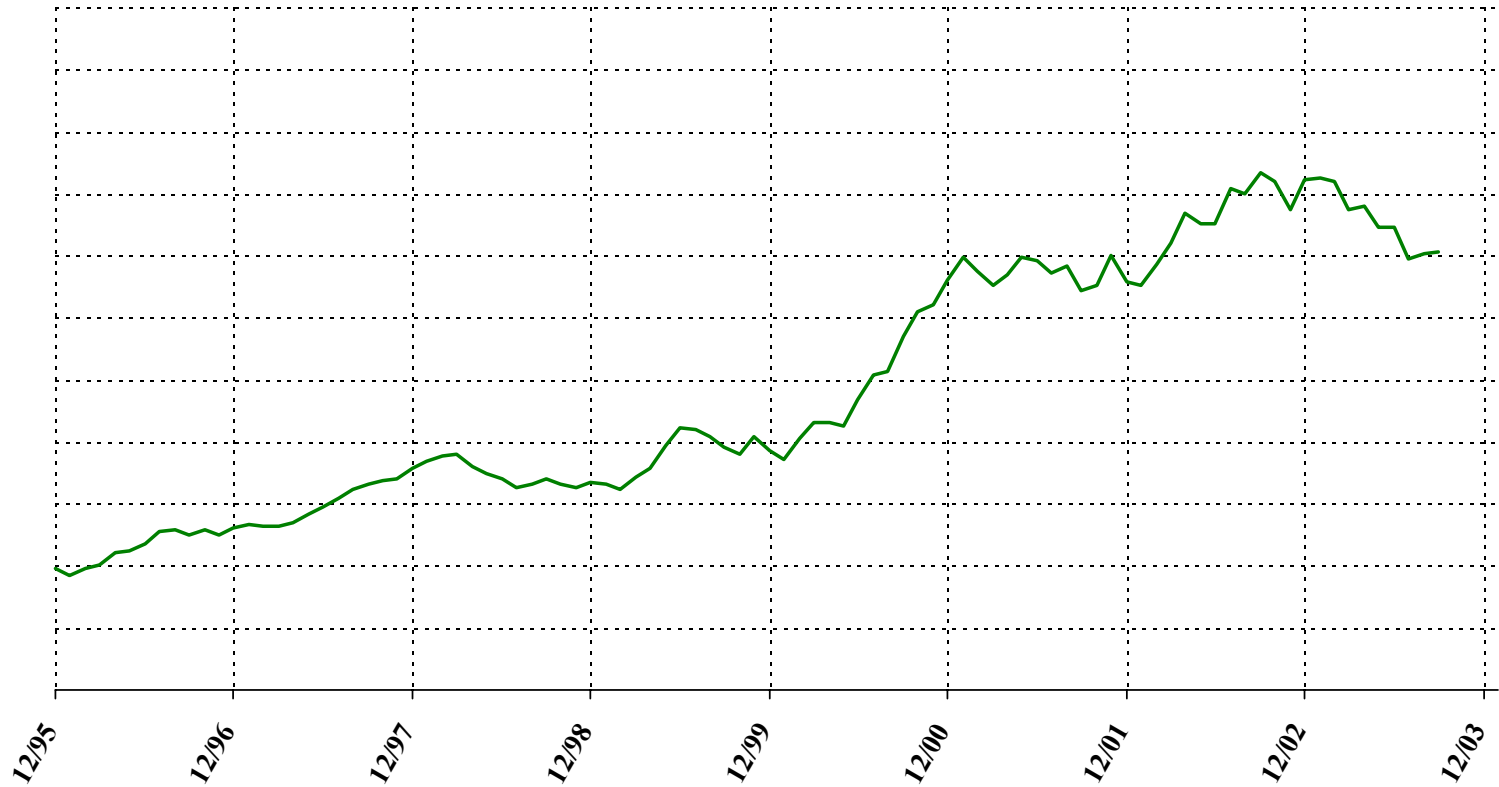
MSEK



HumiCool

Operating earnings development
ROLLING 12 MONTHS

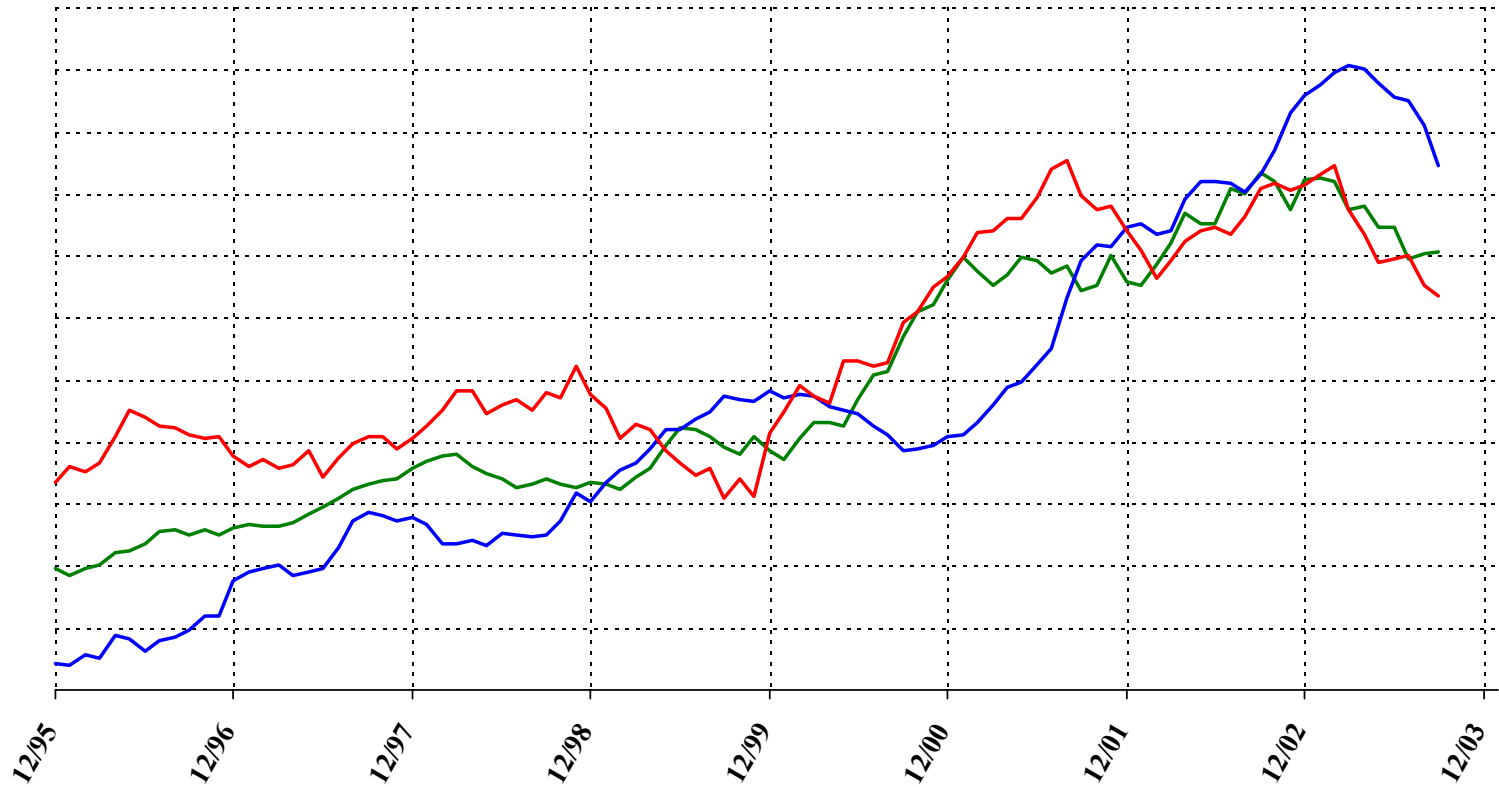
MSEK



Decline at the same time

MCS, Dehumidification, HumiCool

MSEK



Low demand in high margin areas - will the growth be back?

	Temporary?	Lead time
MCS, water damage	yes, weather	1 month
Zeol	yes, business cycle	3 years
AgHort	yes, war, SARS	1 year
GTs	yes, business cycle	5 years
Business cycle		4 years
Currency		?

”we see no reason why not...”

Corrective actions

Gross Margin, direct cost

- Cost reductions to reduce the capacity, part of cost actions
- Push lower prices from suppliers
- Productivity programs initiated in several factories

Corrective actions

Gross Margin, price

- Price pressure "as usual"
- Some price erosion
 - AgHort Europe
 - CELdek®

Corrective actions

Additional cost reductions

- Previous programs on plan
- Additional headcount reductions with 100
- Annual saving 40 MSEK, direct and indirect
- One-time cost
 - 12 MSEK
- Long term DH, HC
 - Productivity programs for factories
- Long term MCS
 - Productivity programs for MCS
 - Cost flexibility improvements in MCS
 - Mix efforts in MCS

Cost reductions, summary

- Total plan
 - 250 persons
 - Cost reductions 120 MSEK/year, 40 this year
 - One-time cost 25 MSEK (12 MSEK in Q1-Q3 2003)
 - Full effect Q2 2004
- Q3
 - 90 persons
 - Cost reductions 22 MSEK
 - One-time cost 7 MSEK

Conclusion

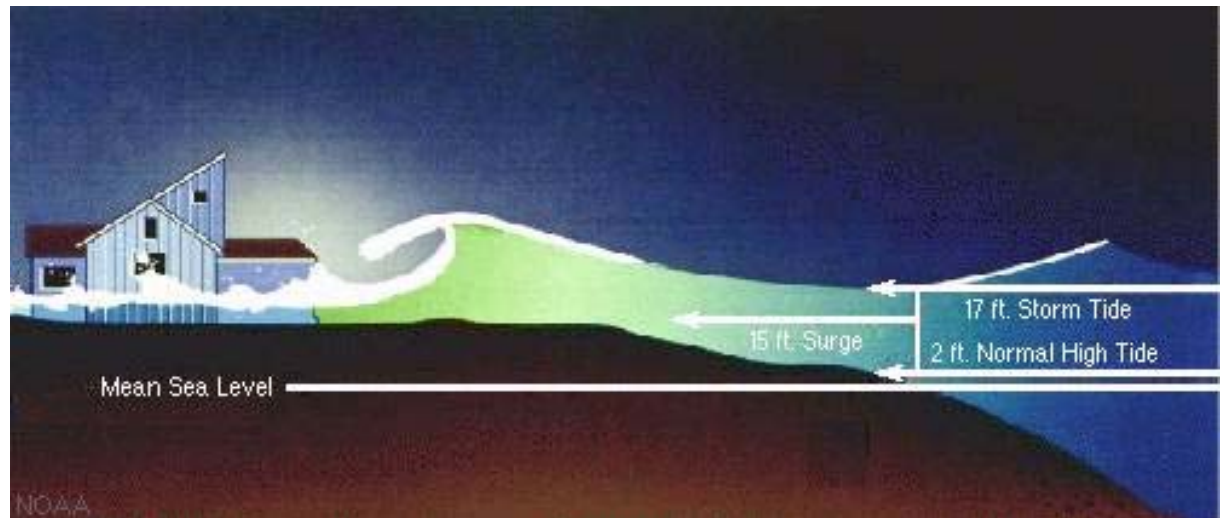
- The order trend continues to be weak in Dehumidification and HumiCool
 - The weather has been unfavorable 2003 (MCS)
 - The weather was very favorable 2002 (MCS)
 - The decline is in high margin businesses
-
- 2003 will suffer
 - We think the fundamentals have not changed
 - The long-term goals do not change

Other issues

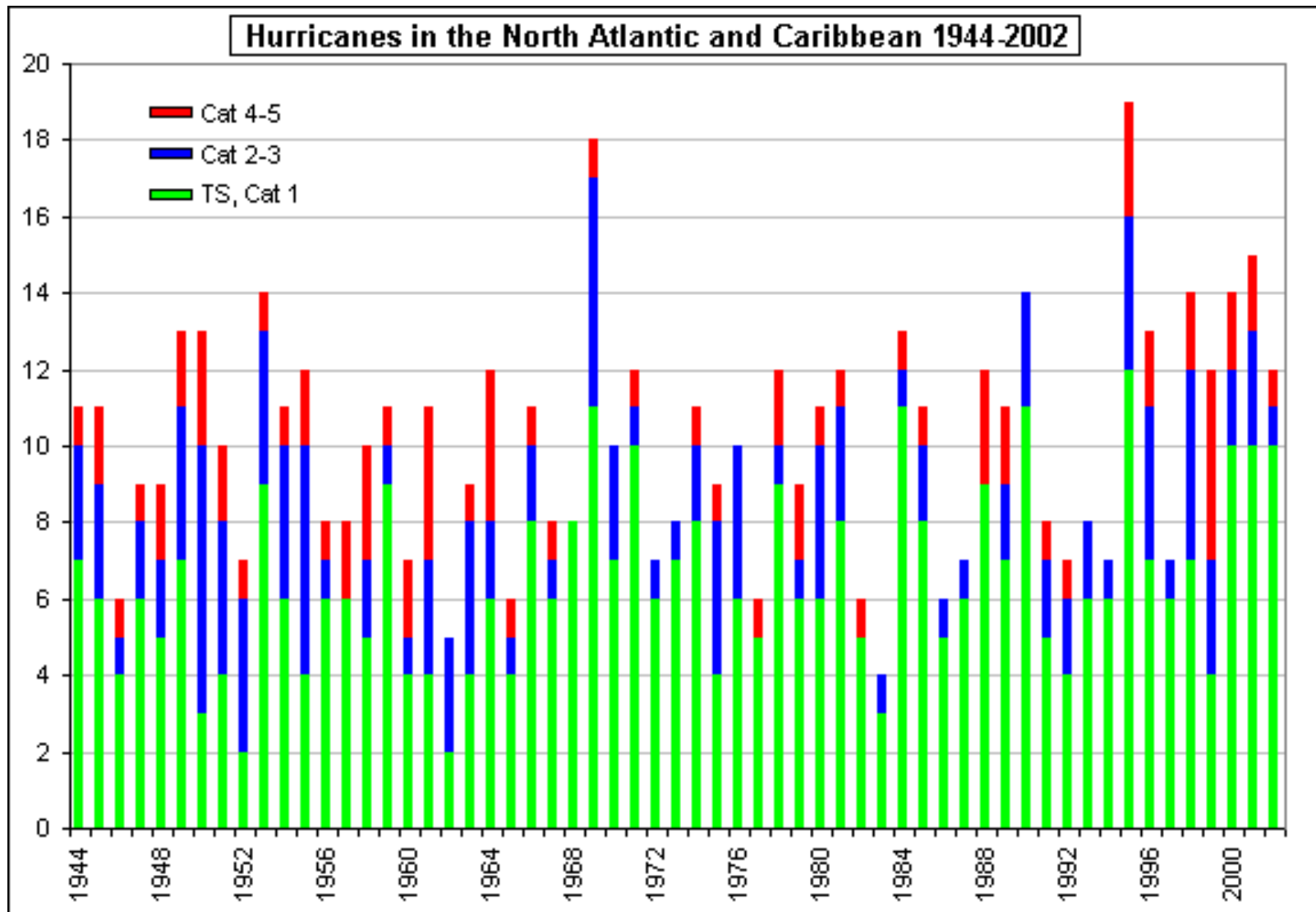


Hurricanes in USA

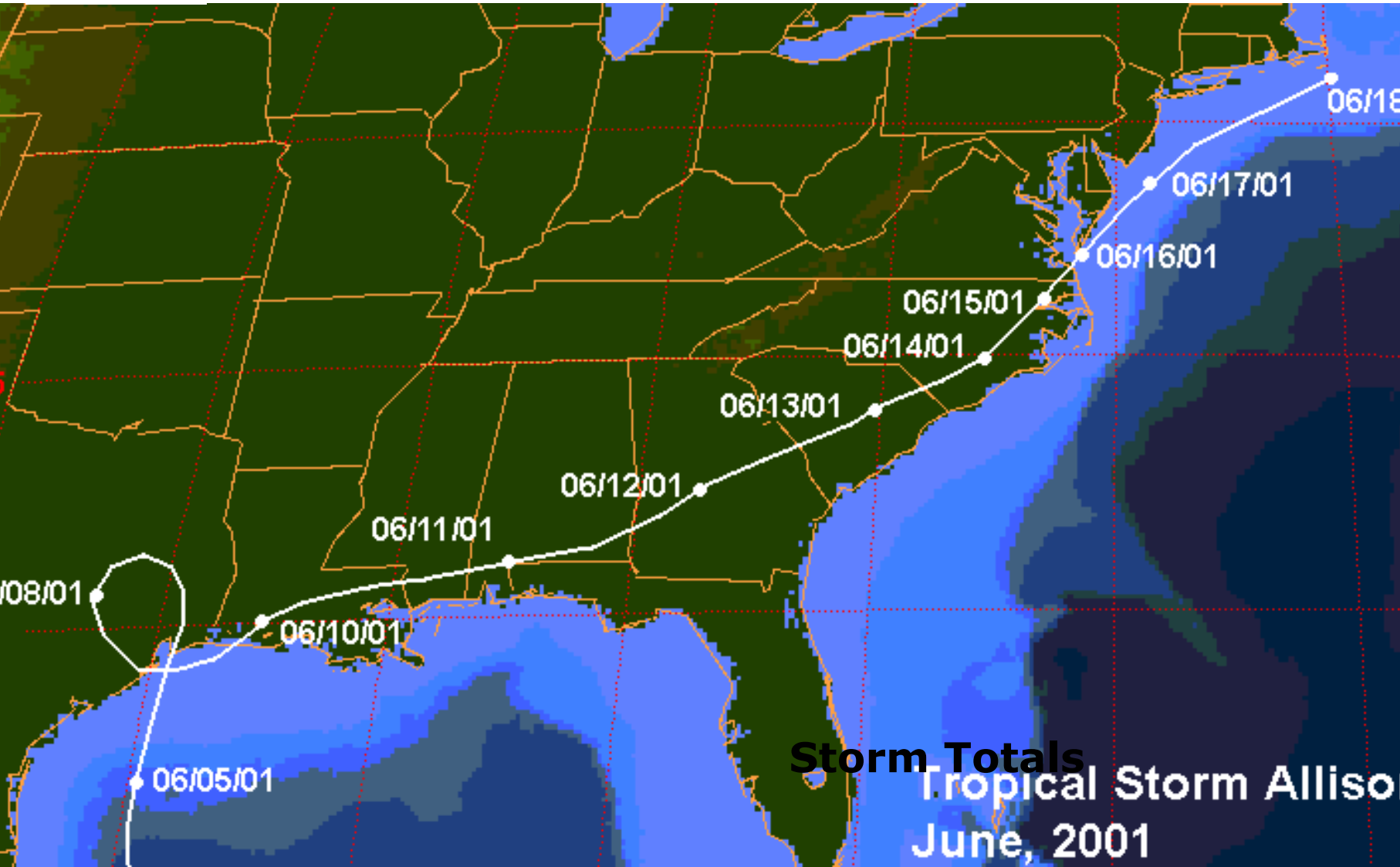
- Hurricane Classification Scale
 - Tropical Storm — Winds 39-73 mph
 - Category 1 Hurricane — winds 74-95 mph
 - Category 2 Hurricane — winds 96-110 mph
 - Category 3 Hurricane — winds 111-130 mph
 - Category 4 Hurricane — winds 131-155 mph
 - Category 5 Hurricane — winds 156 mph
- Effect of Hurricanes
 - Hurricane damage is the result of high winds, high seas and heavy rains in varying combinations



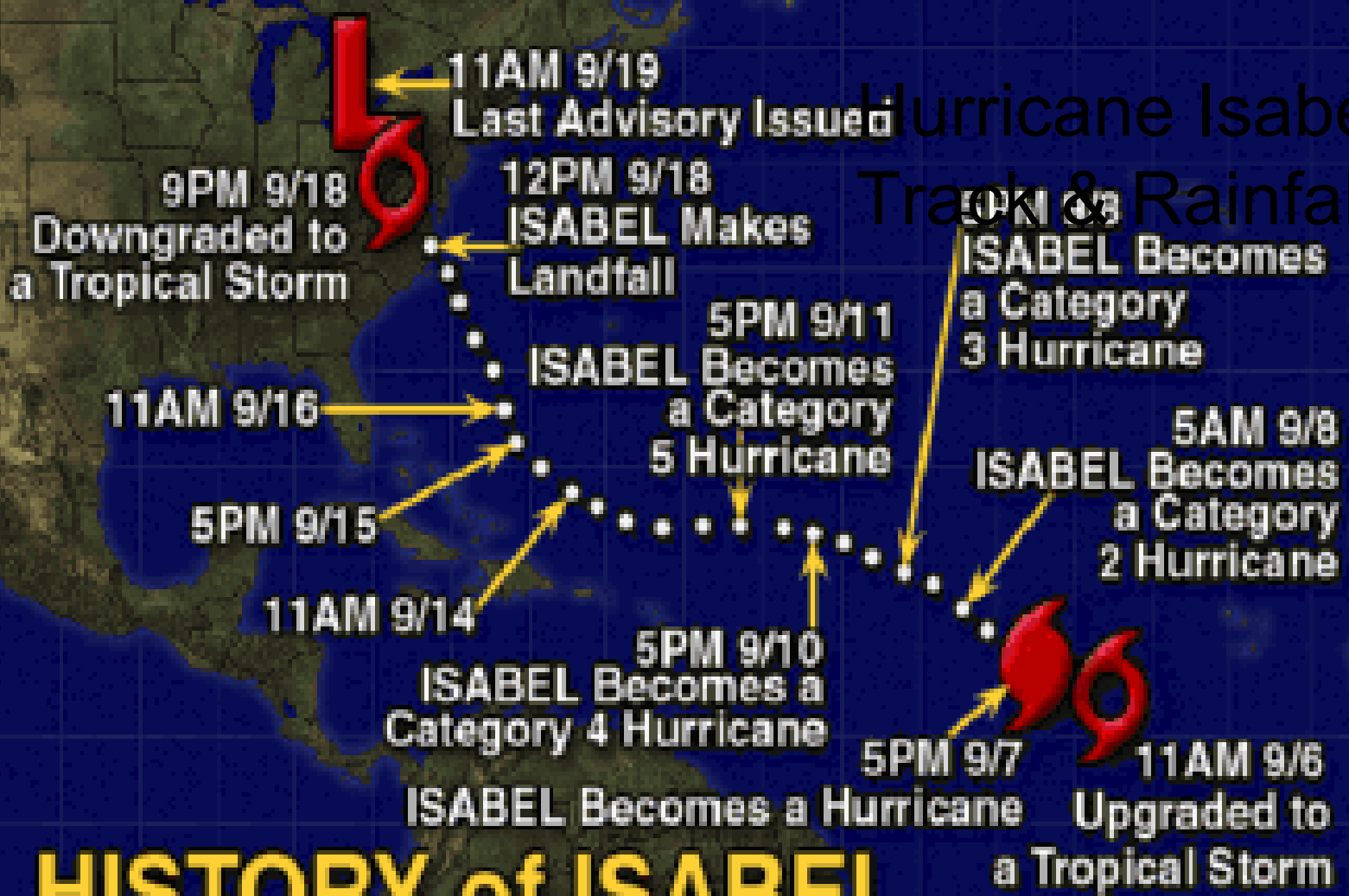
North Atlantic/Caribbean Storms



Tropical Storm Alison Track & Rainfall



Hurricane Isabel Track & Rainfall



HISTORY of ISABEL
ALL TIMES EDT

Comparison Alison and Isabel

	Tropical Storm Alison	Hurricane Isabel
Estimated damages	\$5 Billion (\$4.8 B Houston)	\$1 Billion
Cost estimates prepared	239	28
Projects sold	163	14
Closing ratio	68%	50%
Sales (\$000)	\$9,060	\$1,400
Sales per project (\$000)	\$56	\$100

