



# **MUNTERS**

## **Presentation at Carnegie**

**Klas Forsström, President and CEO and Annette Kumlien, Group Vice President and CFO**  
**10 September, 2020**

# Agenda

## Introduction

Highlights second quarter 2020

Strategy



**We are part of the solution to meet  
challenges caused by climate change**

***Our purpose:***

***For Customer Success and  
a Healthier Planet***

# Munters – unique application knowledge

## Market trends:

- Climate change
- Population growth
- Digitalization

## Customer needs:

- Increased energy efficiency with higher yields, less waste, improved animal and human health

## Munters offering:

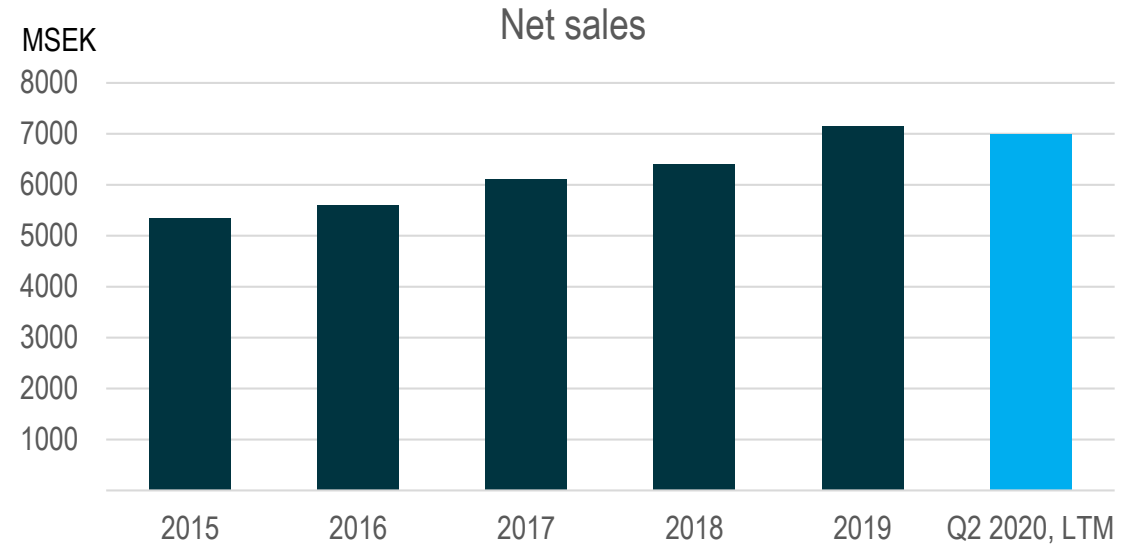
- Proven energy efficient products and solutions
- Unique application knowledge
- Strong global market position, with local presence
- Large installed base
- Global Services offering

# On a change journey

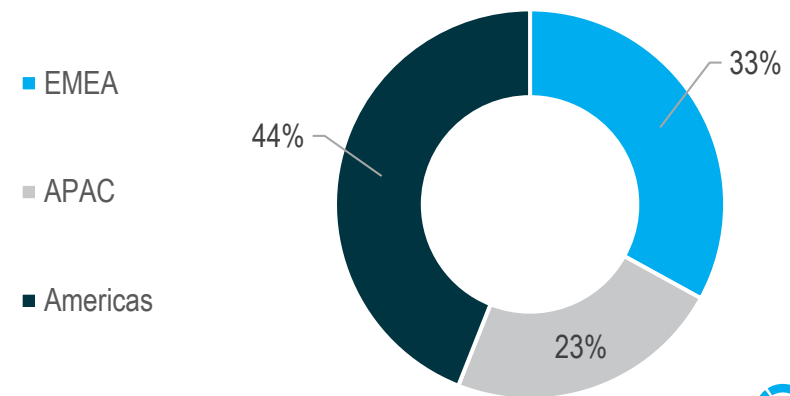
- Strong growth until 2019
- Restructuring in 2019 and 2020

Today:

- ~ 3,100 employees
- 2 business areas: AirTech & FoodTech
- 25% (20) women in senior positions
- Manufacturing and sales offices in appr. 30 countries
- 17 plants and 4 assembly hubs



Net sales per region, Q2 2020

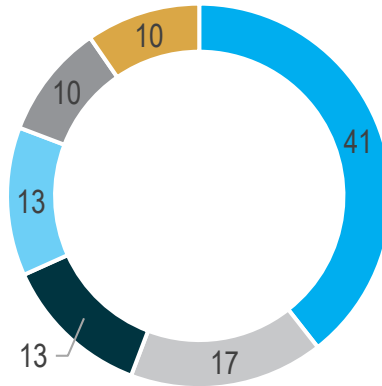


# Munters creates value in many industries



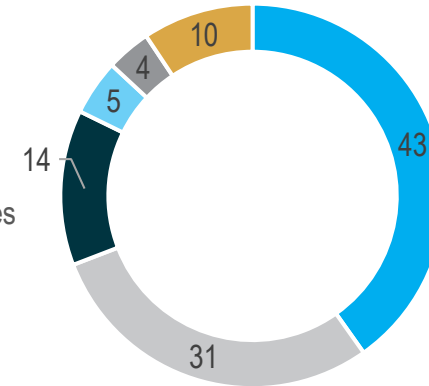
## AirTech

- Industry
- Services
- Data Centers
- Components
- Mist Elimination
- Commercial



## FoodTech

- Poultry
- Swine
- Layer
- Greenhouses
- Dairy
- Other



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# Q2 2020 vs. Mid-term targets and PY

	Mid-term targets	Q2 2019	Q2 2020
<b>1</b> <b>Net sales growth</b> Org. growth p.a. over a business cycle	5%	4%	-6%
<b>2</b> <b>Adjusted EBITA-margin</b>	14%	13.9%	14.7%
<b>3</b> <b>Capital structure (LTM*)</b> (Leverage: Net debt / adj. EBITDA)	1.5x-2.5x	3.8x	2.7x



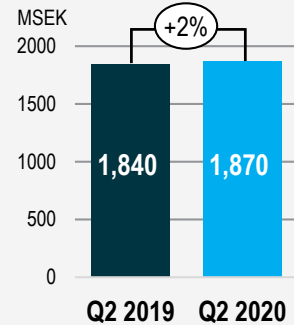
\*LTM = Last Twelve Months



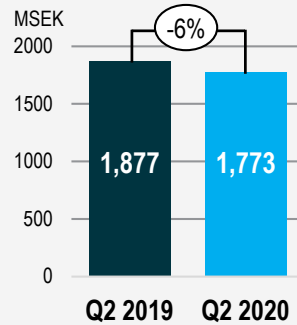
# Highlights Q2 2020

## Robust performance

### Order intake



### Net sales



- Order intake increased organically by +1%
- Net sales declined organically by -6%
- Adj. EBITA-margin increased to 14.7% (13.9)
  - FoodTech strong performance with increasing order intake, net sales and adj. EBITA-margin;
  - AirTech declining order intake and net sales, whereas stable adj. EBITA-margin
- Leverage lowered in the quarter to 2.7x

## Active mitigation of Covid-19 effects



- Some customer delayed investments and delays in deliveries. Also, pockets of increased demand in for example pharma and data centers.
- Stable delivery because of diligent management of supply chain and minor disturbances in operations
- Continuous mitigating actions and adjustment of cost base and planned investments

## Strategy implementation



- Sharpening of customer offering and footprint optimization measures to ensure execution of the strategy. Examples:
  - Exit part of the commercial business in the US and expand Data Centers US manufacturing in Texas
  - Consolidate operations in the Netherlands

# Lithium battery factory orders received – Q2

- Gigafactory for battery production in northern Sweden
  - MSEK 60 order for climate solutions to the first phase
  - Based on Munters DSS\* system, ensures correct climate and humidity in 11 dry-rooms
  - Munters chosen for technical knowledge and contribution to customer's value creation through increased efficiency and reduced energy consumption
- Tesla battery factory in China
  - Order for climate solution based on Munters GreenDry products, ensures efficient cooling and a stable climate
  - Munters delivers cost-efficiency for initial investment as well as operational life-cycle costs



\*DSS = The Desiccant System Solution (DSS) offers a wide variety of material and components to fit most demanding applications for indoor and outdoor installations

# High order intake driven by strong performance in China

## Strong performance in China

- Munters has during the last 5 years built up a strong local presence in the Chinese agricultural market
- Strong brand built on deep application knowledge, high quality and excellent reliability
- Chinese market is substantially growing driven by the recovery from the African Swine Fever (ASF). Increasing customer investments in modern swine production facilities with high bio-security but also investments in new poultry facilities

## Important SaaS-order in the US

- Software order won from US biggest meat producer, Tyson Foods. The MTech software will be used to manage and optimize the whole supply chain for one poultry complex, including feed mill, hatchery and processing facility
- Software as a Service (SaaS) agreement



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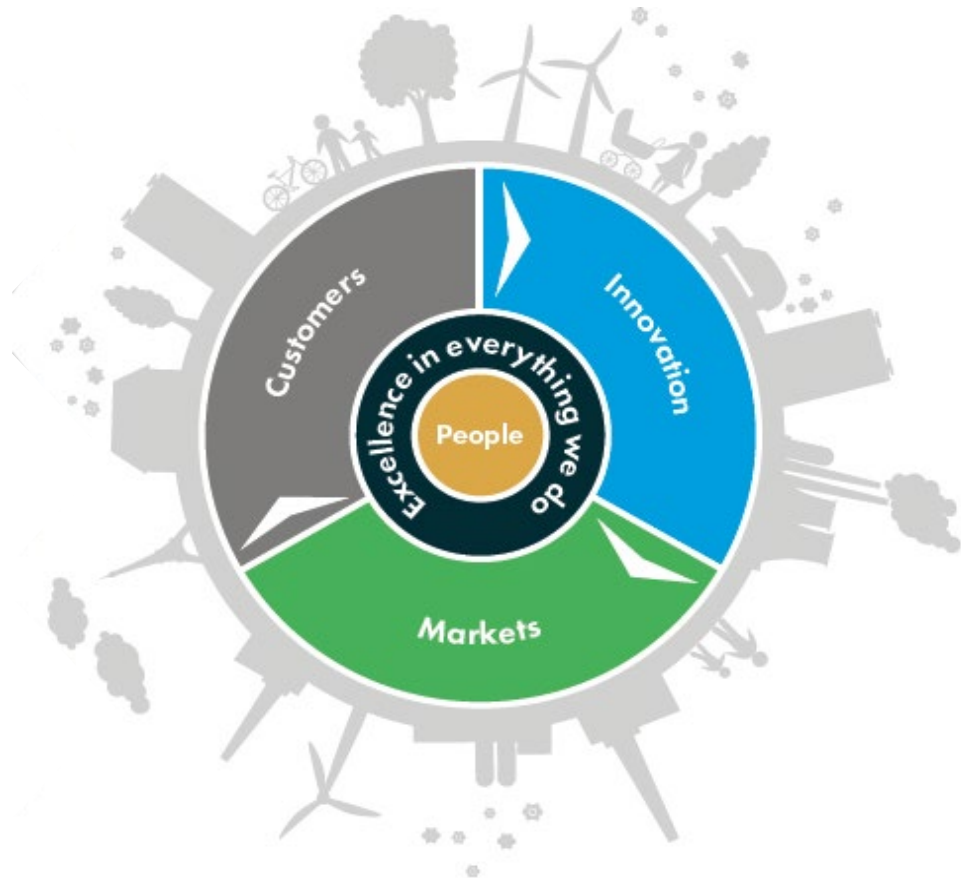
Highlights second quarter 2020

**Strategy**



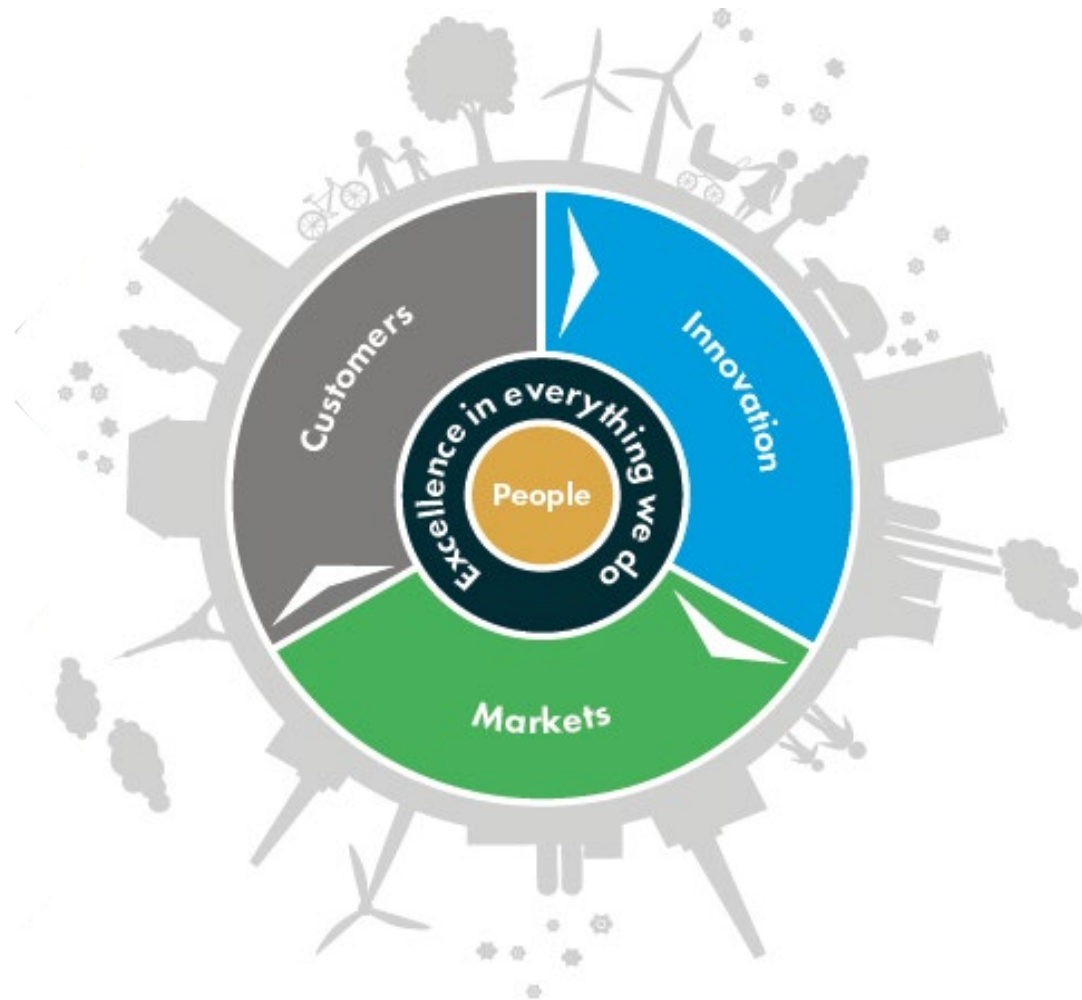
# Focus in 2020 and beyond

Purpose:  
For customer success and a healthier planet



<i>Strategic priorities:</i>	Focus areas
Customers	Improve go-to-market models and pricing strategies
Innovation	Focus investments in R&D and product portfolio alignment and adjustment
Markets	Growing in prioritized markets and strengthen Services
Excellence in everything we do	Continuous improvements, lean activities in complete value chain, manufacturing footprint and working capital
People	Organizational re-design, leadership and competence development in line with strategic priorities

# Next step 2020 in strategy implementation



## Sharpening the customer offering and footprint optimization

- Exit non-core part of the commercial business in the US
- Expand Data Centers US manufacturing in AirTech in Texas
- Consolidation of operations in the Netherlands
- Other measures to ensure execution of the strategy

Implemented over the coming 18 months (start July 2020)

# Journey ahead supported by strong market drivers

- Strong market drivers support long-term demand for Munters products and solutions
- Current business environment and outbreak of Covid-19 highlights the importance of long-term focus on sustainability
- High demand for clean air in many industries with mission critical processes
- Increased data traffic drives investments in data centers
- Strong potential in Services and data driven solutions
- Focus on sharpening of customer offering and strategy implementation

**We are well positioned in a long-term growing market driven by climate change, energy efficiency and digitalization**



# Questions & Answers