Munters third quarter 2017

Strong continued development in Air Treatment and AgHort. Lumpy order taking and deliveries in Data Centers weighing on Group year-on-year comparison. Order backlog up 14%

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Q3 2017 – Highlights

	Q3		
SEKm	2017	2016	Δ
Order backlog	2 332	2 040	+14%
Order intake	1 489	1 577	-6%
Net sales	1 552	1 560	-0,5%
Operating profit	108	126	-14%
Adj. EBITA	164	193	-15%
Adj. EBITA margin	10,6%	12,3%	
Net income	51	-2	53
Cash flow from operating activities	176	90	86

- Order intake -6%, driven by low market-wide Data Centers order taking in the quarter. Q3 2016 included a SEKm 214 Data Center order
- Solid order intake growth in Air Treatment and AgHort
- Order backlog growth of 14%
- Net sales -0.5%, as major deliveries remain in production in Data Centers
- Adj. EBITA of SEKm 164 (193) impacted primarily by low factory utilization in Data Centers and remaining production inefficiencies in Mexico
- Strong operating cash flow
- Net income was SEK m 51 (-2)
- After period end, record order with total value of approx. SEKm 450
    - Data Center Cooling solutions for two Facebook Data Centers in Europe
    - Delivery during the period December 2017-June 2018

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Q3 2017 – Order intake and net sales bridge

- Weaker order intake and net sales in the quarter driven by Data Centers lumpiness but strong development year to date
- Negative FX impact in the quarter
- Structural effects of 2% year to date

Order intake, SEKm	Q3	Δ%	Jan-Sep	Δ%
2017	1 489		5 377	
2016	1 577		4 882	
Change	**-88**	**-6**	**494**	**+10**
Organic growth	-61	-4	320	+7
Currency effects	-45	-3	101	+2
Structural effects	17	+1	74	+2

Net sales, SEKm	Q3	Δ%	Jan-Sep	Δ%
2017	1 552		4 794	
2016	1 560		4 217	
Change	**-8**	**-0**	**577**	**+14**
Organic growth	-3	-0	383	+9
Currency effects	-45	-3	92	+2
Structural effects	40	+3	101	+2

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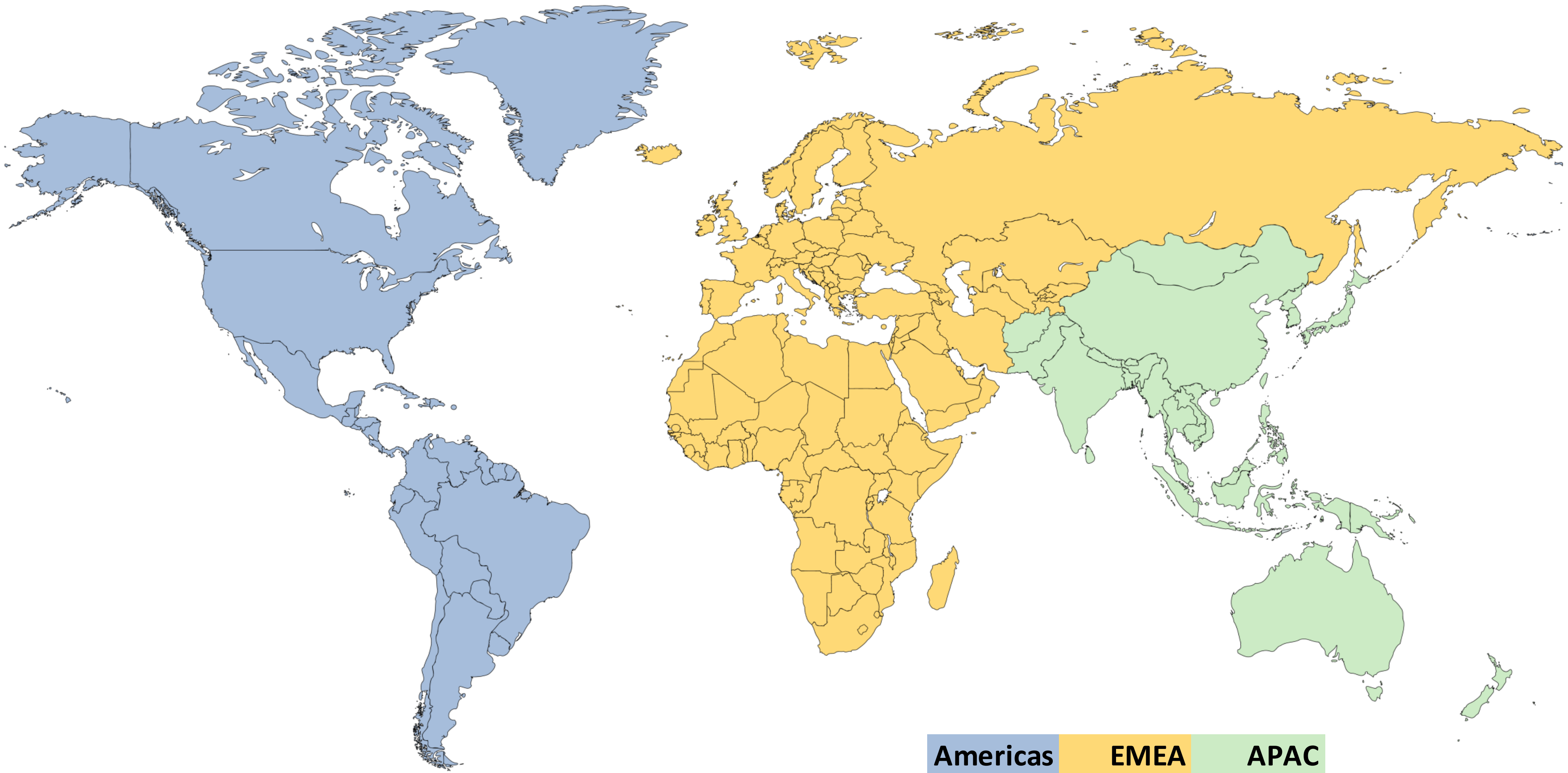
Orders received – local currency



	Americas	EMEA	APAC
Share of orders received R12, %	43%	38%	19%
YTD vs. last year, %	15%	-5%	30%
Last 3 months vs. last year, %	5%	-13%	17%

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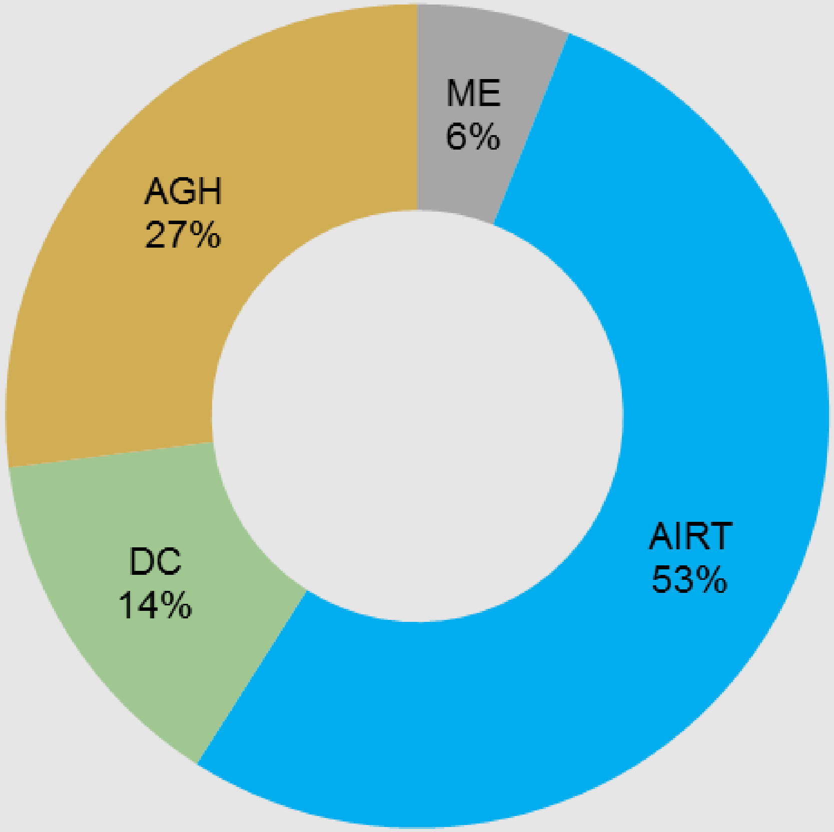
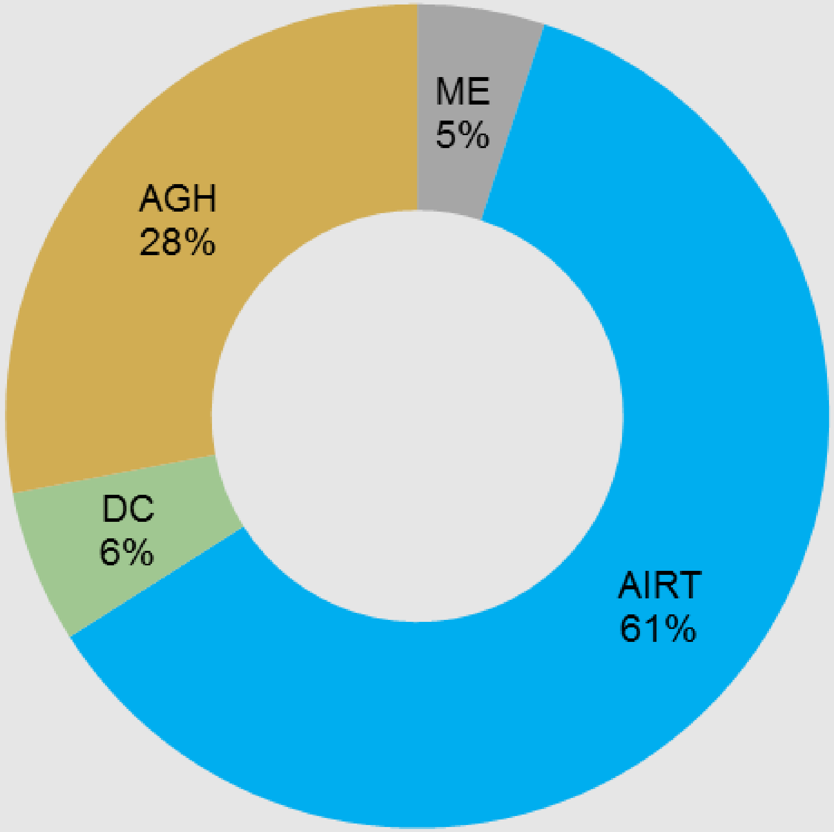
Business Areas

Net sales per business area and LTM

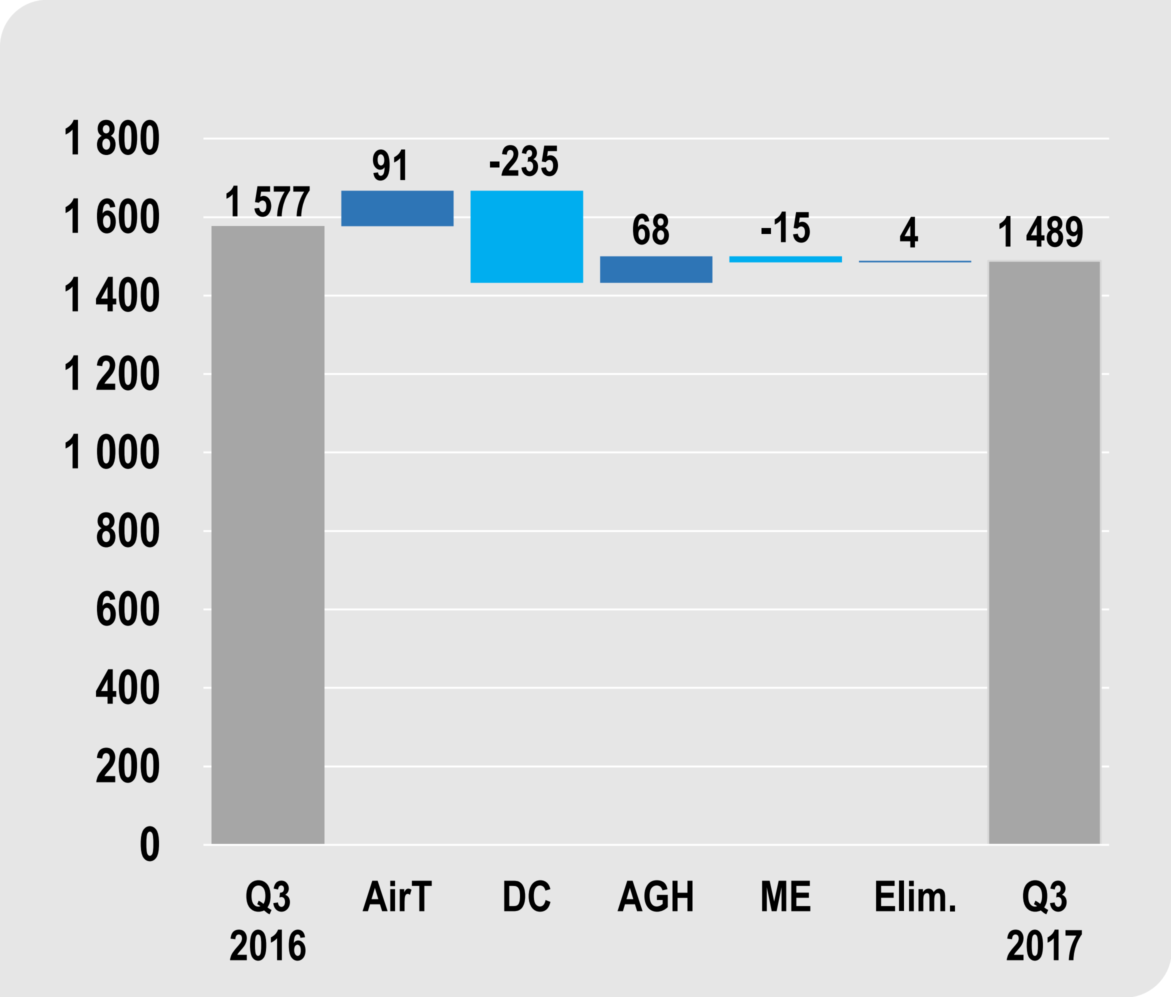


Adjusted EBITA per business area and LTM



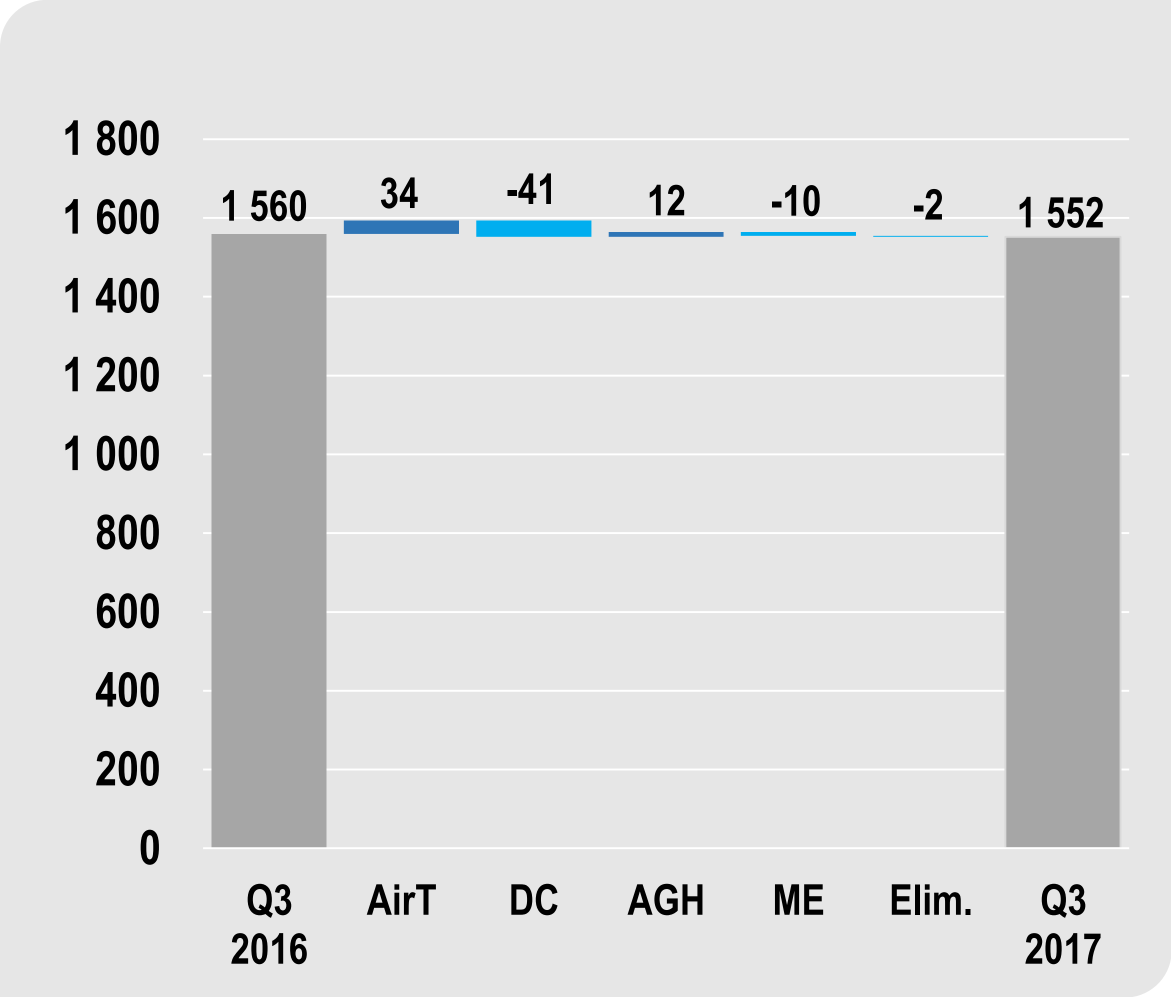
12 months ending September 2017

Q3 2017 – Order intake bridge, SEKm



- Order intake, -6% of which -4% organic
  - Lumpy patterns: Q3 2016 included a SEKm 214 Data Center order. Soft market-wide order taking in Q3 2017
  - Strong order intake in Air Treatment sub-segment Industrial and in AgHort sub-segment Swine (China)
  - Continued weak market in Mist Elimination

Q3 2017 – Net sales bridge, SEKm



- Net sales, -0.5%. Organic net sales at same level year on year
  - Net sales impacted by timing of deliveries in Data Centers, largely due to only a small part of record high Q2 Data Centers backlog delivered during Q3, affecting also profitability
  - Organic net sales in Air Treatment increased 7%
  - Service net sales increased 13% in the quarter

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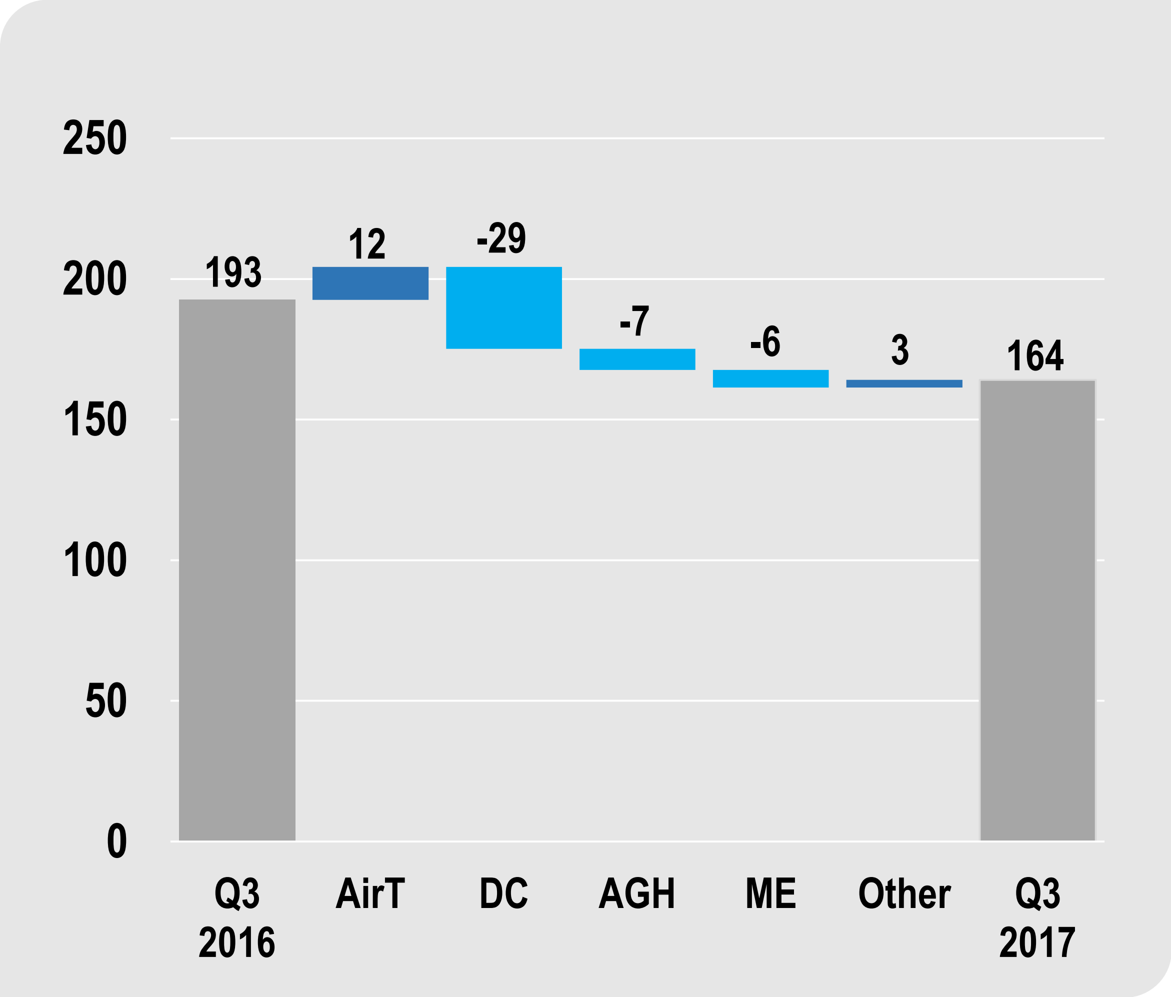
Q3 2017 – Adjusted EBITA bridge, SEKm



- Adjusted EBITA increased in Air Treatment due to higher volumes
- Earnings impacted primarily by delivery volumes and factory utilization in Data Centers
- Effect also from remaining production inefficiencies in Mexico, market weakness in Mist Elimination, and mix effects in AgHort
- FX head winds
- Increased investments in sales organisation and R&D
- Production inefficiencies in Mexico will affect net sales and earnings in the fourth quarter

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First nine months 2017 – summary

	Q3			Jan-Sep		
SEKm	2017	2016	∆%	2017	2016	∆%
Order backlog	2 332	2 040	14	2 332	2 040	14
Order intake	1 489	1 577	-6	5 377	4 882	10
Net sales	1 552	1 560	-0	4 794	4 217	14
Operating profit	108	126	-14	326	349	-7
Adj. EBITA	164	193	-15	501	506	-1
Adj. EBITA margin, %	10,6	12,3		10,4	12,0	
Net income	51	-2	53	20	-20	40
Cash flow from operating activities	176	90	86	242	163	80

- Order intake increased 10% of which 7% organically
- Net sales increased 14% of which 9% organically
- Adjusted EBITA decreased 1% to SEKm 501 (506), corresponding to an adjusted EBITA margin of 10.4% (12.0)
- Lower earnings, mainly due to delivery volumes and factory utilization in Data Centers in Q2 and Q3

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Q3 2017 – Air Treatment

- Order intake growth of 11% (organic growth 14%) mainly driven by strong growth in the Industrial sub-segment
- Net sales growth of 4% (Organic growth 7%) with high net sales in Services and in the Industrial sub-segment, particularly in Food and Pharma
- Adjusted EBITA margin increased 0.9 percentage points to 13.3% (12.4) in the quarter due to higher volumes. Negative margin impact from production inefficiencies in Mexico in Q3, expected to affect also Q4-margin
- Fourth quarter last year was extraordinarily strong thanks to strong deliveries in our profitable Supermarket sub-segment. The margin in the fourth quarter is expected to be at the same level as in the third quarter this year

	Q3			Jan-Sep		
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**
External order backlog	1 205	1 076	12	1 205	1 076	12
Order intake	938	848	11	2 926	2 545	15
Net sales	876	842	4	2 600	2 333	11
Operating profit (EBIT)	115	102	12	382	275	39
Adjusted EBITA	116	105	11	330	283	17
Adjusted EBITA margin, %	13,3	12,4		12,7	12,1	

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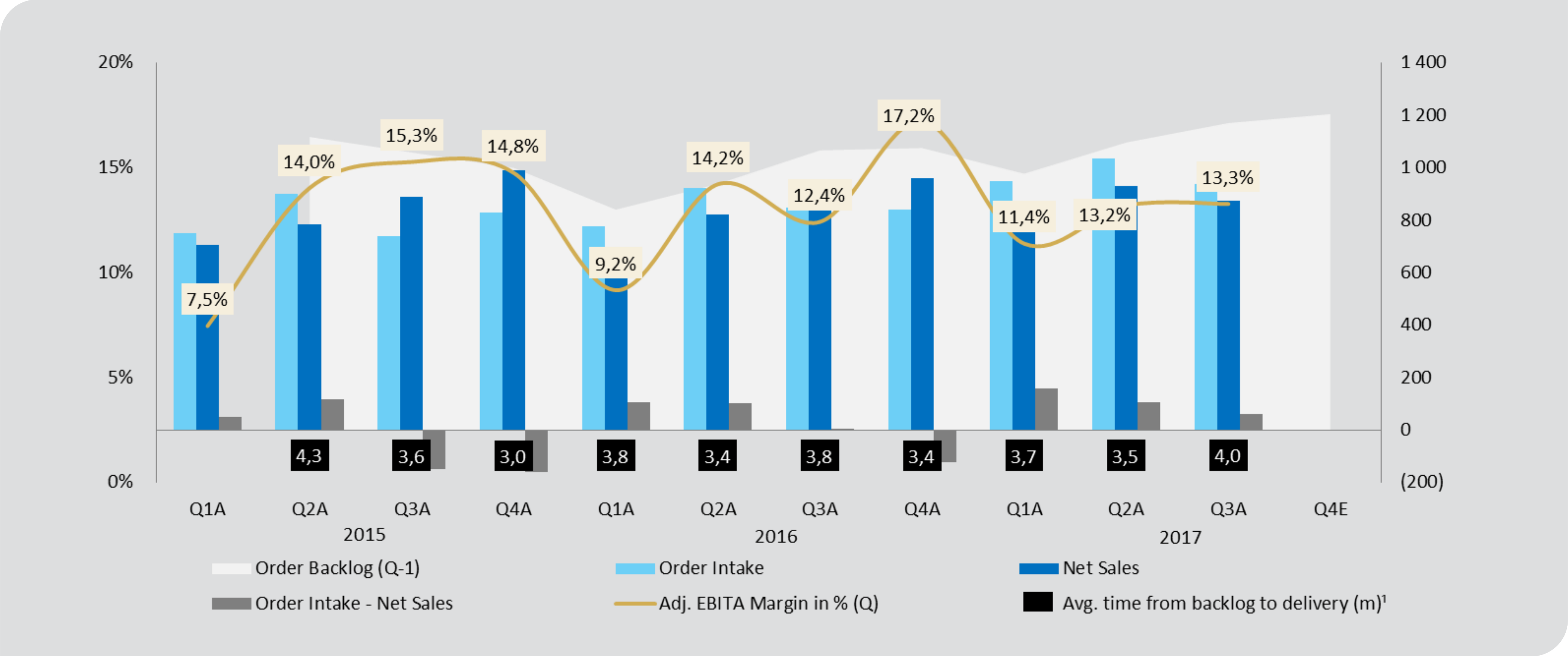
Quarterly trading patterns - Air Treatment



Source: Company Information
[1] Calculated as 3 / (Net Sales in the quarter / External Order Backlog in the previous quarter)

Q3 2017 - Data Centers

- Order intake came in 92% lower, primarily due to a SEKm 214 order won during Q3 2016 and low market-wide order activity in the quarter
- Net sales was 25% lower vs last year, due to phasing of deliveries. The order book of deliveries to come stands at SEK538m. Large orders are set for delivery in coming quarters
- Weaker adjusted EBITA due to volumes and factory utilization resulting from order delays earlier in the year, and continued investments in the business. The negative profit impact of the low factory utilization and project phasing during Q3 estimated at SEKm 20-25
- Due to the delayed project start-up of our European order received in Q2 this year part of the revenue previously scheduled in Q4 this year will be pushed into Q1 2018. In addition, initial project costs have been higher than planned

	Q3			Jan-Sep		
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**
External order backlog	538	558	-3	538	558	-3
Order intake	20	255	-92	743	732	1
Net sales	115	157	-26	568	333	71
Operating profit (EBIT)	-22	9	352	-4	3	
Adjusted EBITA	-20	9	320	-1	4	
Adjusted EBITA margin, %	-17,4	5,8		-0,2	1,2	

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Record Data Center cooling order (after period end)

- Double Data Center cooling order received after period end
  - Facebook Data Center Clonee, Ireland phase 3
  - Facebook Data Center Odense, Denmark phase 2
- Combined order value of SEKm 450
- Products to be delivered: Munters Oasis™ Indirect Evaporative Cooling Units
- Delivery in the period December 2017 to June 2018
- Supports improved factory utilisation at Munters dedicated Data Center factories in Europe during H1 2018

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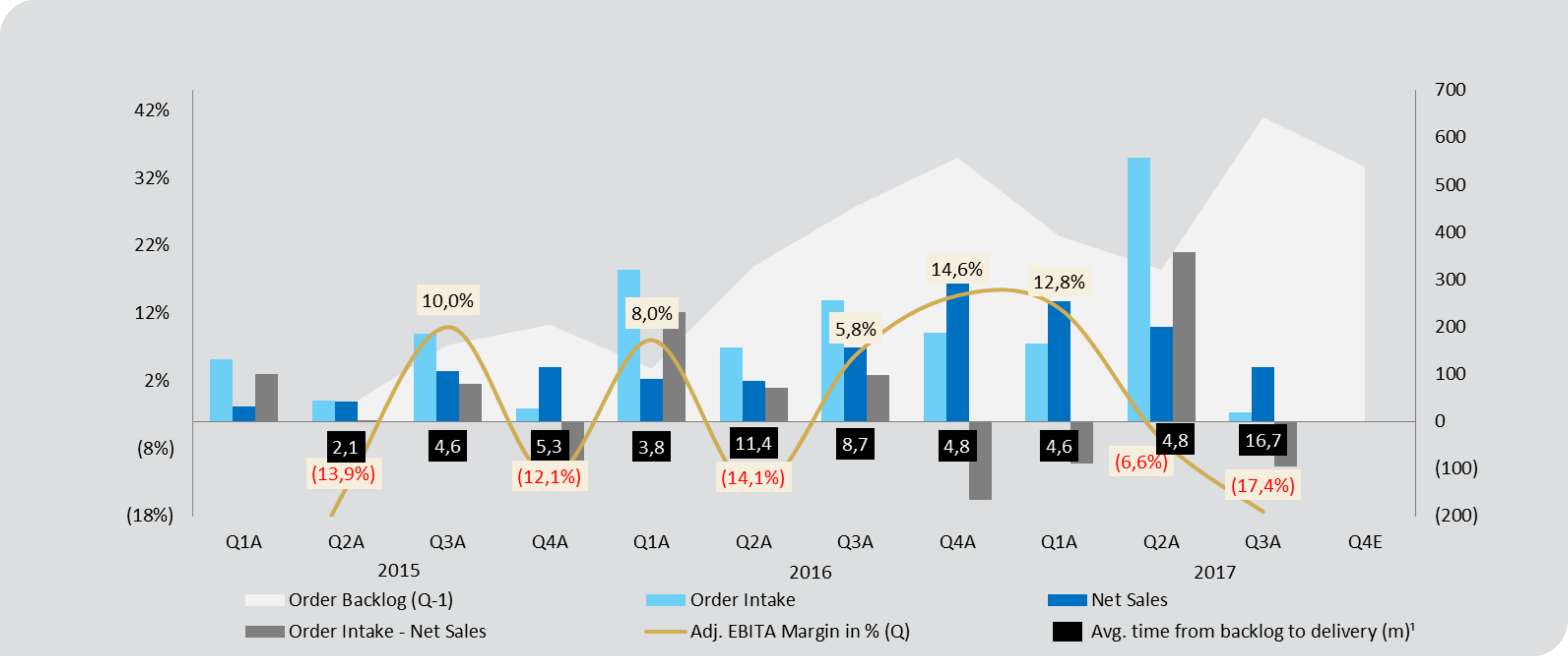
Quarterly trading patterns - Data Centers



Source: Company Information

[1] Calculated as 3 / (Net Sales in the quarter / External Order Backlog in the previous quarter)

Q3 2017 - AgHort

- Order intake growth of 18% in the quarter (organic growth 17%), partly driven by growth in the swine sub-segment
- The order book stands 66% higher compared to last year
- Net sales slightly up in the quarter supported by the acquisition of MTech Systems, but negatively impacted by low activity in the layer and dairy sub-segments in the US as an effect of the prevailing market downturn. Downturn expected to continue during the fourth quarter
- Adjusted EBITA margins in Q3 were lower versus prior year, mainly caused by mix effects and production inefficiencies in Mexico. Margins expected to be weaker also in Q4 due to seasonal pattern with lower project activity and due to remaining production inefficiencies in Mexico

	Q3			Jan-Sep		
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**
External order backlog	442	267	66	442	267	66
Order intake	442	374	18	1 473	1 321	11
Net sales	482	471	2	1 387	1 294	7
Operating profit (EBIT)	74	81	-9	174	209	-17
Adjusted EBITA	77	85	-9	184	219	-16
Adjusted EBITA margin, %	16,0	18,0		13,2	16,9	

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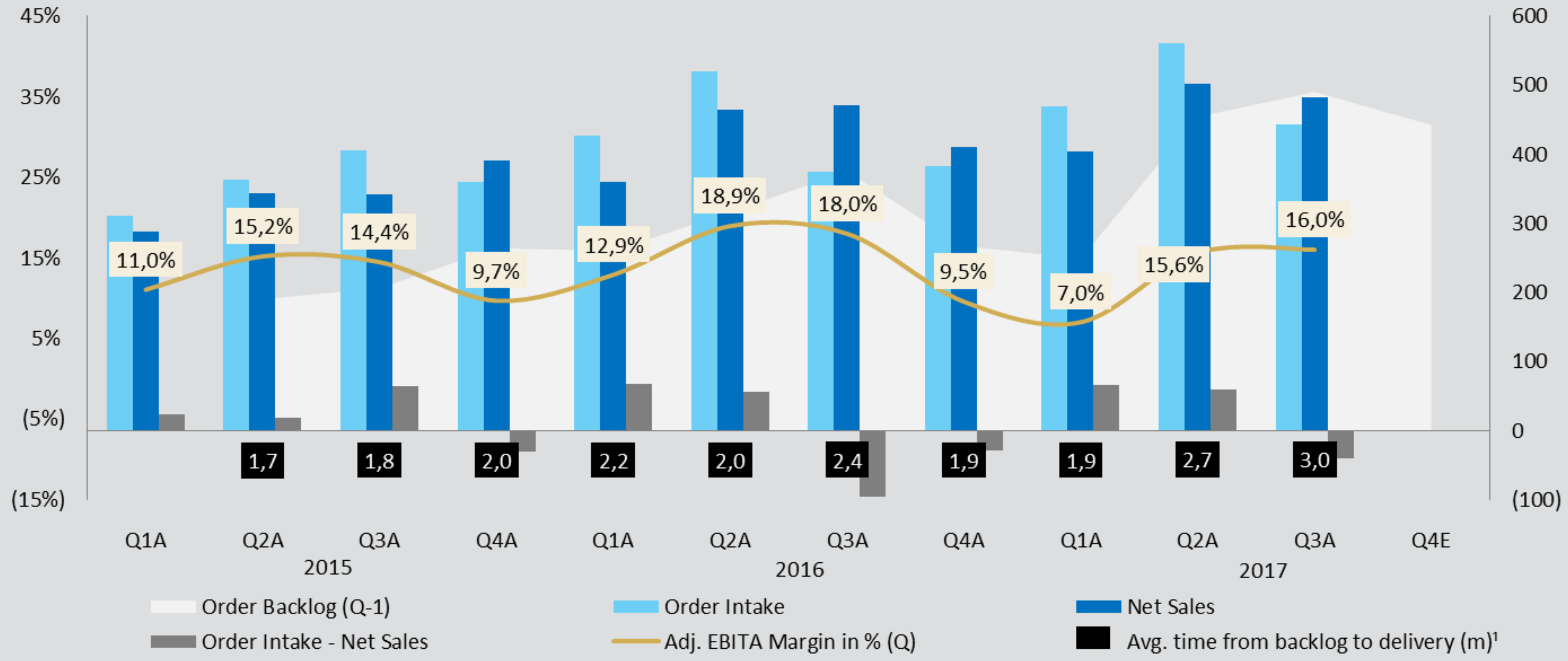
Quarterly trading patterns - AgHort



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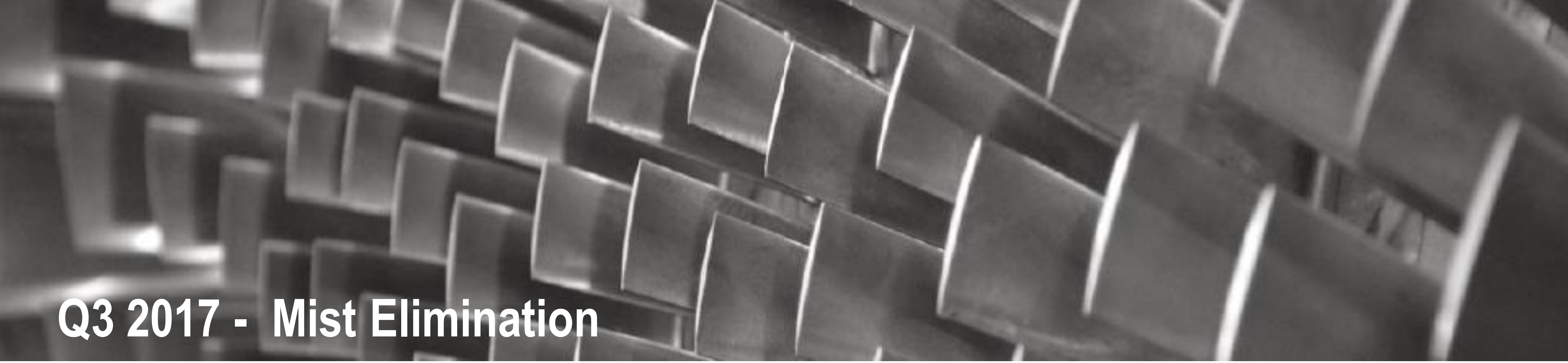

Q3 2017 - Mist Elimination

- Order intake came in 13% lower at SEKm 100 (115), mainly caused by the weaker market situation in China Coal FGD (Flue Gas Desulphurization) and low activity in EMEA
- The order book stands 4% higher compared to last year
- Net sales came in 9% lower to SEKm 96 (106), largely due to lower volumes in Americas and EMEA
- Lower adjusted EBITA and margin in the quarter due to declining volumes in Americas and EMEA
- Continued weak FGD market in China expected following consolidation in the Power sector and investments in alternative energy. ME aims to transition towards market segments with better opportunities including the process industry and marine scrubbers

	Q3			Jan-Sep		
SEKm	**2017**	**2016**	**Δ%**	**2017**	**2016**	**Δ%**
External order backlog	146	140	4	146	140	4
Order intake	100	115	-13	312	320	-3
Net sales	96	106	-9	296	321	-8
Operating profit (EBIT)	6	12	-51	20	47	-58
Adjusted EBITA	6	13	-50	21	48	-56
Adjusted EBITA margin, %	6,5	11,8		7,1	14,9	

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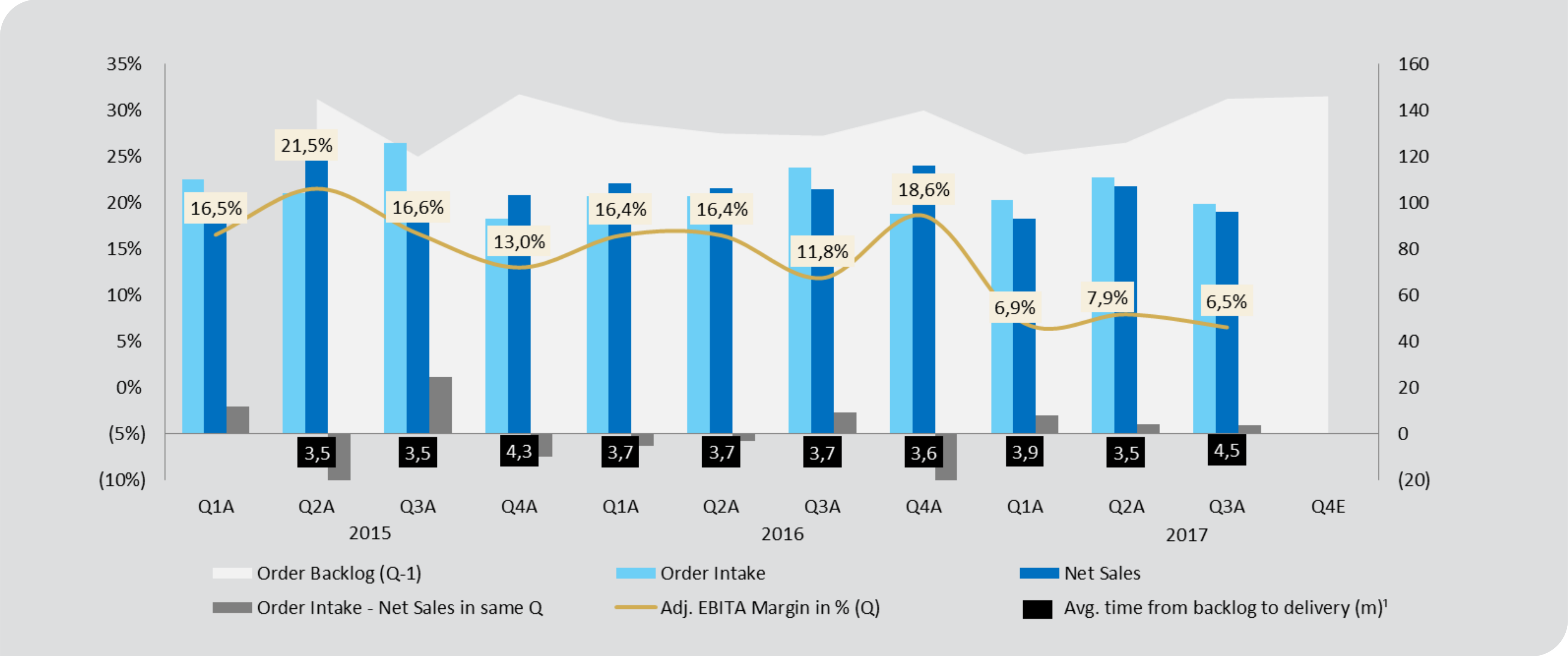
Quarterly trading patterns - Mist Elimination



Source: Company Information

[1] Calculated as 3 / (Net Sales in the quarter / External Order Backlog in the previous quarter)

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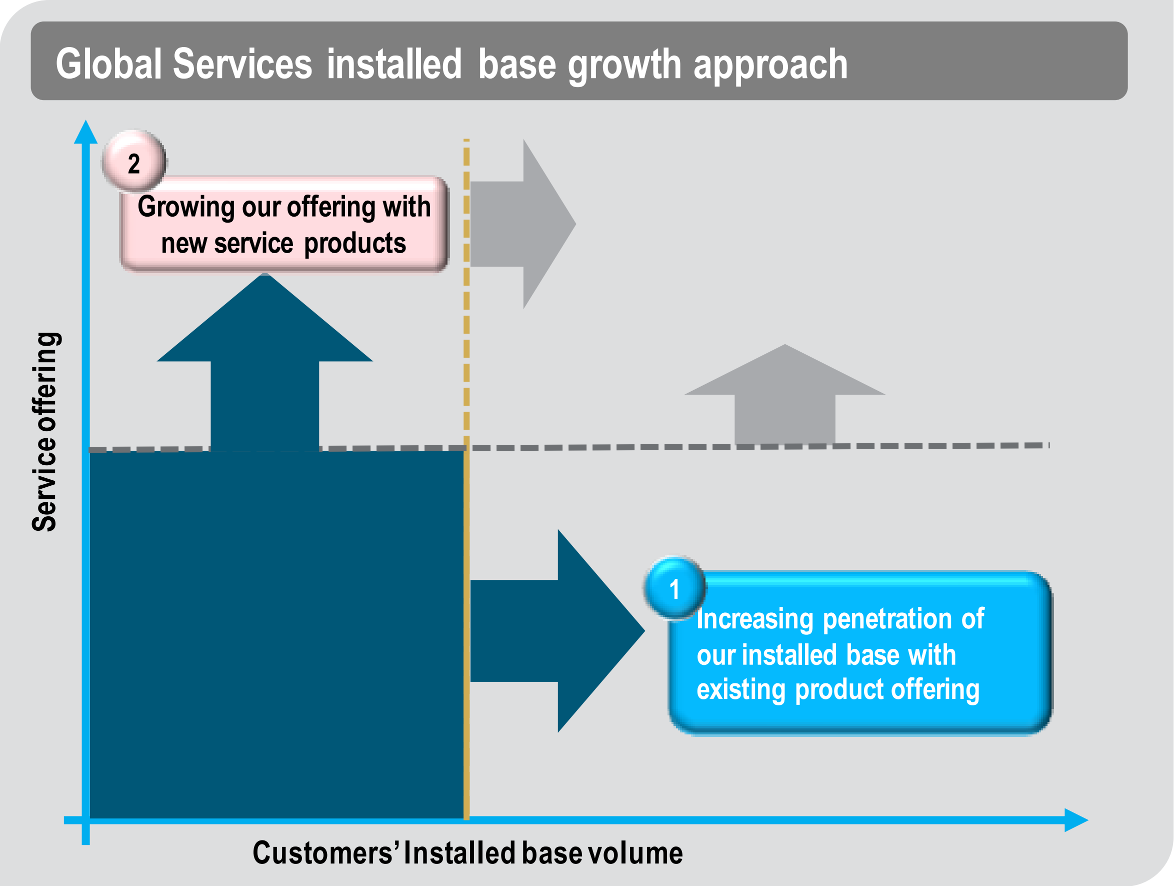
Growing the service business, up 13% YTD 2017

1. **Increasing penetration of our installed base with existing product offering**
   - Raise Services Sales team commercial mind set through ServeX and business training
   - Use marketing materials and campaign to generate more leads
   - Improve attachment rate to sale more service upfront
   - Improve business process, operations and setup a fast spare part delivery

2. **Growing our offering with new service products**
   - Develop our product management team to develop and deliver packaged peace-of-mind service solutions to our installed base customers (eg. connected agreement and standards product upgrades)

3. **Offering new service solutions beyond our installed base**
   - Develop upgrade solutions for non-Munters units (eg. Plug fan, EPCC)
   - Launch rental business globally
   - Engineer new AgHort Service solution (eg. AgHortCare for distributor)



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Update on operations – managing the high growth

- Investments in additional production capacity
  - New factory in China for joint production of DC, Air Treatment and AgHort products
  - European factory (Czech Republic – Air Treatment factory with focus on Food and Pharma)
  - Production of evaporative pads in Mexico used in AgHort and AirTreatment products. Strong demand and the need to increase production. Some remaining inefficiencies during Q3 and Q4
- Improved phasing in Data Centers
  - Increased volumes willl gradually reduce lumpiness
  - Broaden the client base to reduce dependence on larger clients
- Overall priorities and efficiency measures in operations
  - Continued good savings in lean, procurement and Cost Out Programs
- Recruitment of Head of Global Operations ongoing

Summary

- Strong continued order intake growth in Air Treatment and AgHort in Q3. Lumpy order taking in Data Centers weighing on Group performance
- Record high orderbook in Data Centers with large deliveries Q4 2017 and first six months 2018
- Net sales and adjusted EBITA in the quarter impacted primarily by low delivery volumes and factory utilization in Data Centers as well as production inefficiencies in Mexico which will continue during the fourth quarter
- Year to date, we continue to grow
  - order intake growth up 10%
  - net sales growth up 14%
- Continued growth in Services up 13% year to date

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