



Munters

Q3 report 2022

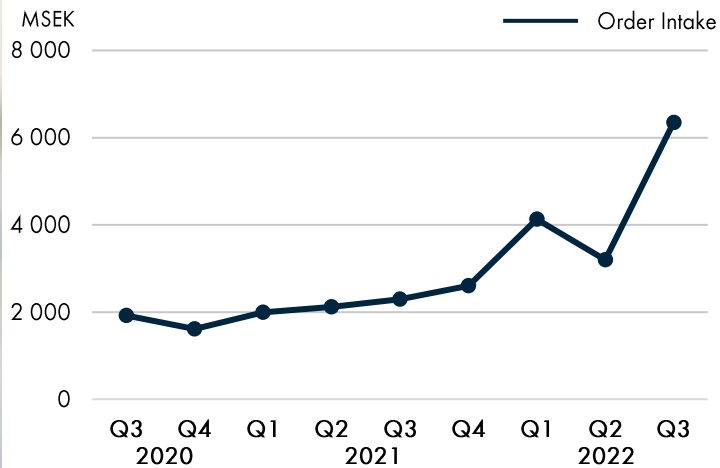
Klas Forsström, President and CEO

Annette Kumlien, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations

Record order intake confirms strong offer and position

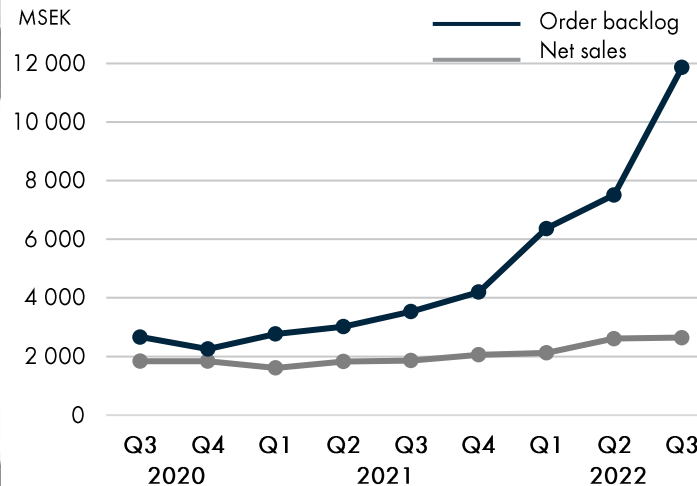
Record order intake in the quarter



Order intake, Q3 FX-adj. +145% (organic growth +139%):

- record high orders in DCT Americas and battery in AT
- excluding major orders won during the quarter, organic growth +25%*

Strong growth and book-to-bill over 2x



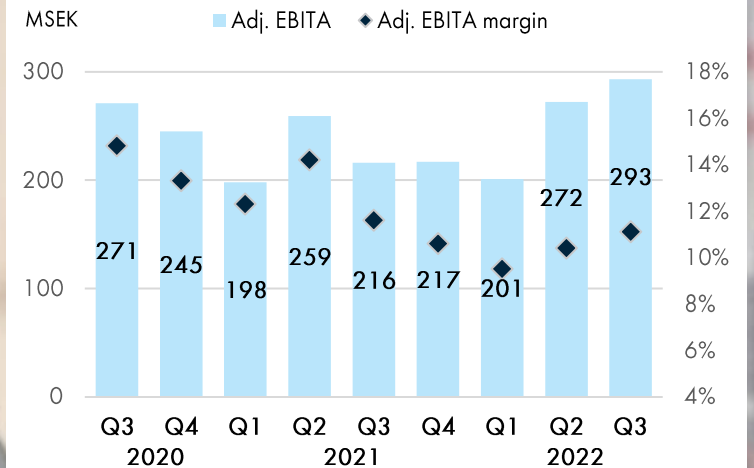
Net sales, Q3 FX-adj. +25% (organic growth +22%):

- AT and DCT showed strong growth
- offset by FT, weak Chinese swine market

Order backlog, FY, FX-adj. +185% (organic growth +180%)

Book-to-bill 2.4

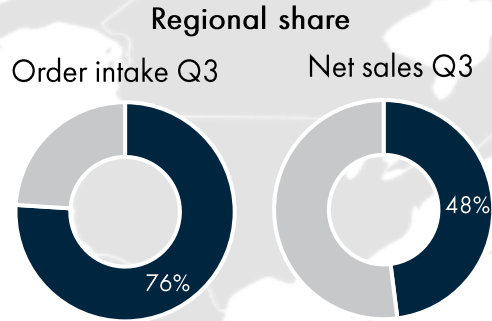
Stable margin development



Adj. EBITA margin 11.1%:

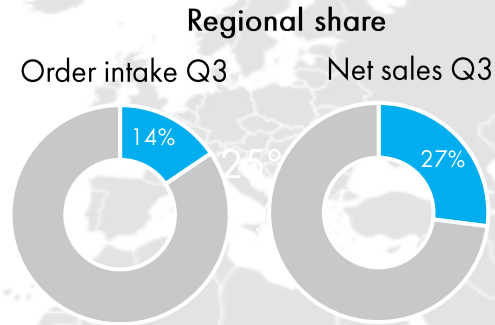
- price increases offset by business mix change in DCT
- lower FT volumes in APAC
- increased material & freight costs

Q3 – Americas strong for all business areas



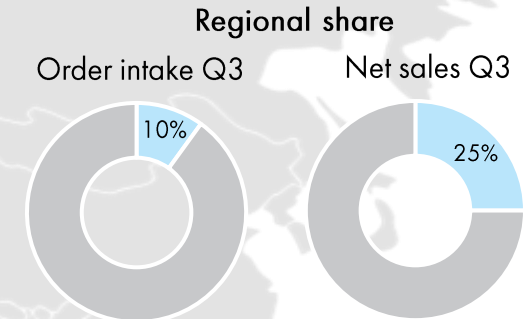
Americas, order intake +362%*

- AirTech – good growth in mainly battery and Service
- DCT – continued high demand from the co-location (co-lo) market
- FoodTech – growth within both Digital & Climate Solutions



EMEA, order intake +25%

- AirTech – growth in battery and Service
- DCT – stable demand from co-lo and hyperscalers
- FoodTech – underlying weak market situation due to the war in Ukraine



APAC, order intake +21%

- AirTech – stable growth in battery & Clean Technologies (CT)
- FoodTech – continued weak swine market in China

All figures as reported, not currency adjusted.

* includes major orders won in AirTech (MUSD 65) and DCT (MUSD 239). Excluding major orders Americas increased +60% order intake Q3

Continued market challenges in a high demand driven market

Global market situation



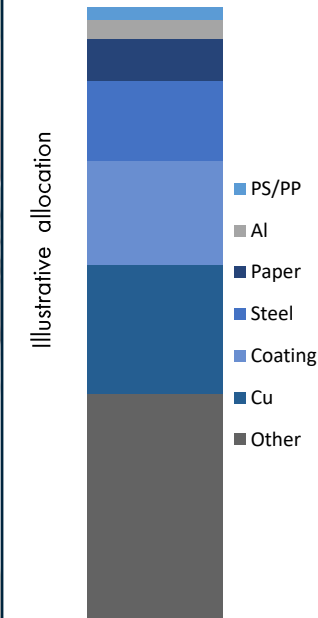
- War in Ukraine
- Economic uncertainties
- Lingering Covid-19

Consequences of market situation

- Inflationary pressure resulting in higher input costs
- Limited freight alternatives and rising costs for road freight
- Component shortages
- Weakened demand from the farming industry in EMEA
- Rising energy prices in EU & Americas

Supply chain impact

Munters main raw materials directly/indirectly impact*



Trend commodity price development

	QoQ	YoY
Steel	=	-
Copper	=	-
Aluminium	=	+
PS/PP	-	+
Freight costs	+	+
Energy prices (EU)	+	++

Source: Munters analysis

*PS - Polystyrene, PP - Polypropylen, Al - Aluminium, CU - Copper

Excellence in everything we do



Operational excellence



R&D

Bringing R&D and innovation closer to the market



Sustainability

Focus on Life Cycle Analysis, Scope 1, 2 & 3 emissions and Human Rights



Operating working capital

continuous work to improve OWC*, ie project cash mgt and inventory



Commercial excellence

Pricing strategy, value selling and business model refinement

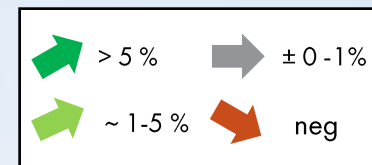


Optimal footprint and manufacturing processes

Right sizing, securing capacity to enable growth, Lean and process excellence for more efficient manufacturing (Modernise, Automate & Modularize)

- Expanded in Czech Republic and Virginia, US, in Q3
- Planning for expansion of Amesbury, US, in 2023

AirTech – Very strong demand within Battery



Customer segment	% order intake Q3 2022	Market Outlook *	Comments
Industrial	68%	➔	Demand expected to remain strong
...whereof Battery	48%	➔ ***	Continued strong growth expected, driven by Americas and EMEA
...whereof Food processing	5%	➔	Solid demand expected to remain, especially driven by Americas
...whereof Other	14%	➔	Good demand from other industrials, regional variations
Components **	8%	➔	Demand expected to remain strong for components in key markets
Clean Technologies	5%	➔	Growth driven by primarily Process industries
Commercial	2%	➔	Steady replenishment market for supermarkets
Services	17%	➔	Growth in all regions and continued high demand for our Services

* Market outlook and comments are indicative and refer to the coming six months

** Dehumidification rotors and humidification pads sold through OEM channels

*** Market outlook for Battery is strong with growth above 10 per cent

Growing in prioritized areas

Largest Battery order ever



- **Customer:** large car manufacturer in US
- **Order value:** ~ MUSD 65
- **Deliveries:** Q2 2023 - Q3 2024
- **Value creation:** Simplicity & scalability
- Combining modularized products and customer specific solutions

Morrow Batteries

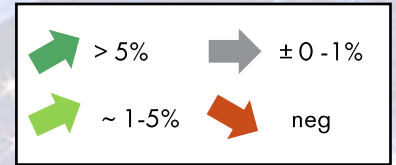
- **Customer:**
 - Morrows 1st battery factory in Arendal, Norway, and;
 - Equans, factory construction contractor
- **Deliveries:** est. completed 2023
- **Value creation:** energy-efficient dehumidification solutions, ensuring high uptime and production reliability at ultra-low dew points

Service lifecycle upgrade



- **Customer:** a leader in mass data storage solutions in Southeast Asia
- **Order:** 21 rotor replacements & 21 control conversions
- **Value creation:** Capacity gain, energy save & performance optimization
- ROI can be achieved in 2 years

Data Center Technologies – hyperscalers driving growth



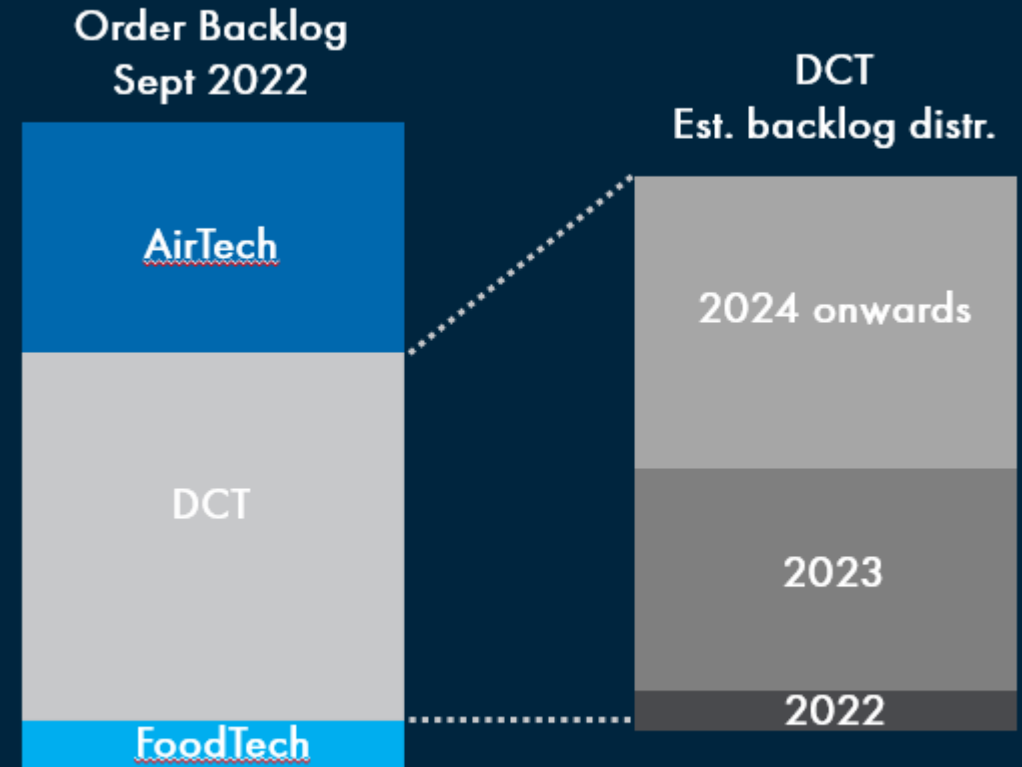
Customer Segments	% order intake Q3 2022	Market Outlook *	Comments
Hyperscalers	14%	➤	Increase in cloud traffic and connectivity services continues to drive hyperscale growth
Colocation	84%	➤	Co-lo growth largely driven by increased leasing from hyperscale customers, specifically orders for the newly launched SyCool product range and other split systems solutions
Telco & enterprises	2%	➤	Slower growing segment as more enterprise data centres are moving to cloud or colocation hosted solutions. Edpac solutions fit in well in this segment.

* Market outlook and comments are indicative and refer to the coming six months

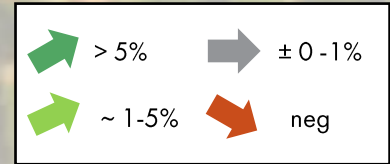
Record orders confirm our strong position and offer

DCT very strong backlog of BSEK 6.7*. In Q3 additional large orders received:

- **Multiple orders in the US**
 - to a US-based colocation data center company
 - including standard chilled water computer room air handlers (CRAHs), deployed at multiple data centers in the US
 - value of approx. MUSD 63
 - deliveries from Q4 2023 to Q1 2025
- **Largest SyCool Split order ever**
 - to a leading Data Center colocation provider, US
 - including SyCool Split systems and field service work
 - value of approx. MUSD 176
 - deliveries throughout all 2024



FoodTech – a market in transformation



Customer segment	% order intake Q3 2022	Market Outlook *	Comments
Climate solutions	90%	➡	Mixed market development - growth in Americas, slow down in EMEA and weak demand in APAC, especially China
...whereof Broiler	50%	➡	Continued strong demand in Americas. EMEA slower due to Avian Flu, higher raw material costs, supply chain constraints and higher energy prices
...whereof Swine	17%	➡	Weak development in APAC and EMEA, whereas Americas see some growth
...whereof Layer	12%	➡	Cage-free regulation driving long-term demand
...whereof Greenhouse	7%	➤	Growth driven by increased demand
...whereof Dairy	4%	➡	Strong milk prices continue to support investments in Americas
Digital Solutions	10%	➤	Strong trend in all regions with increased data usage through IoT and software aiming at increasing yield and improve animal welfare and sustainability

Strategic investments for growth in Digital Solutions



Munters invests in technology companies and start-ups with the aim to accelerate innovation within digitalization, technology and sustainability



- Investment and strategic partnership in Barntools based in Iowa, US
- Barntools offer wireless IoT* - solutions and sensors to farmers and food producers within poultry and pork industries
- Customers receive reliable monitoring, real-time visibility and data management



- Investment and strategic partnership in Farmsee based in Tel Aviv, Israel
- FarmSee offers AI** camera-based weighing sensors with continuous tracking of each individual pig in a farm
- The solution enables significant reductions in production costs and improvements in animal welfare



*IoT= Internet of Things
**AI=Artificial Intelligence

Climate change is our most important megatrend

Munters purpose - For customer success and a healthier planet

Factory emissions Scope 1&2 and Scope 3*:

- Factory Scope 1&2 emissions decreased 24% in H1 compared to same period prior year- mainly due to increased renewable electricity and reduced natural gas consumption
- Volume growth drives waste from factories, Scope 3, increased 11% in H1



Renewable electricity

66%

(Q4, 2021: 53%
Q2, 2021: 52%)

Recycling rate

52%

(Q4, 2021: 54%
Q2, 2021: 53%)

Energy efficiency**

0.81

(2021: 0.90)

Code of conduct for suppliers

100%

(2021: 100%)

Percentage women employees

21%

(2021: 22%)

Percentage women leaders***

22%

(2021: 23%)

Total Recordable Incident rate (TRIR)

1.5

(2021: 1.7)

Service share of Net sales

16%

(2021: 15%)

ISO certifications

2

new factories certified

Goal set to certify all production facilities

Financial figures Jun 2022

* Reported in accordance to GHG Protocol

** Electricity consumption in production facilities relative to production value (MWh/production value SEK 000) as of LTM Q2, 2022. The production value is at comparable fx rate to 2021 but not adjusted for inflation

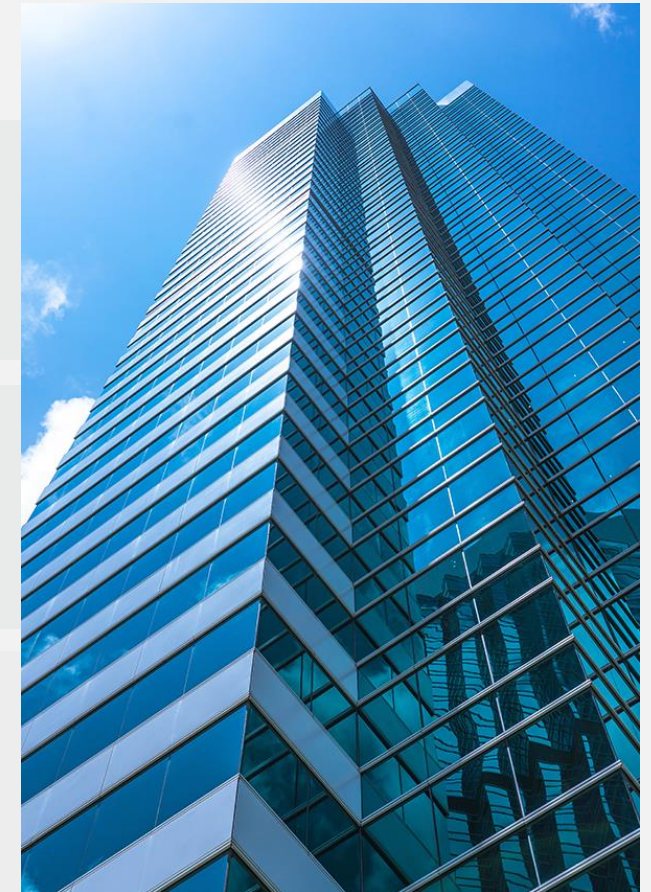
*** Salary setting managers

Financial highlights

Strong growth and stable margin

	Mid-term targets	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Net sales growth Org. growth p.a. over a business cycle	5%	3%	22%	10%	21%
Adjusted EBITA-margin	14%	11.6%	11.1%	12.7%	10.4%
Capital structure (LTM*) (Leverage: Net debt / adj. EBITDA)	1.5x-2.5x	n.a.	n.a.	2.2x	3.0x

*LTM = Last Twelve Months

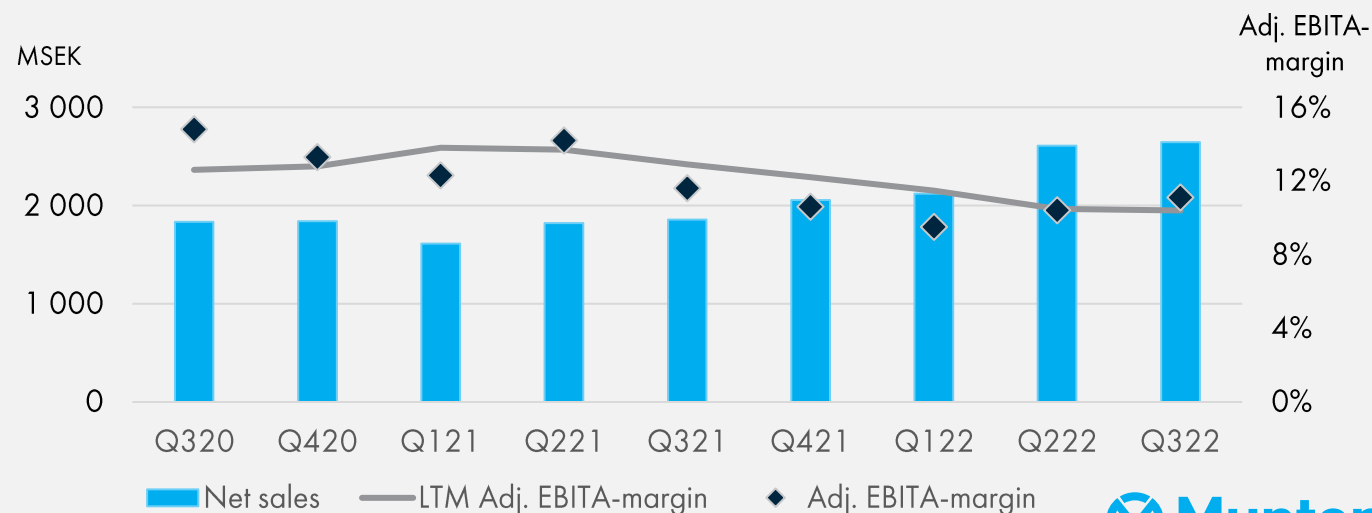


Record order intake in the quarter

- Order intake increased, strong growth in DCT Americas & battery AT. FT Americas grew, offset by weak EMEA & China
- Order backlog cont. strong increase
- Net sales increased, DCT Americas and battery & Components in AT. FT flat, weak market in China offset by EMEA & US
 - Services 14% of total net sales
 - Price increases ~6% of net sales Q3
- Adj. EBITA – price increases offset mainly by:
 - DCT business mix change
 - lower FT volumes in China
 - increased material and freight costs

MSEK	Q3 2022	Q3 2021	Change (%)		
			Organic growth	Structural growth*	Currency effects
Order intake	6,354	2,295	139	6	32
Order backlog	11,866	3,525	180	5	52
Net sales	2,644	1,857	22	3	18
Adj. EBITA	293	215			
Adj. EBITA-margin	11.1	11.6			

* Acquisitions & divestments



Stable margin despite increased investments for growth

Group adj. EBITA margin impact

	Q3
2021 adj. EBITA %	11.6
Volume	++
Net pricing	+
Supply chain	-
Investments	-
Operational challenges	-
Business & regional mix	--
2022 adj. EBITA %	11.1

Main factors affecting adj. EBITA margin in Q3:

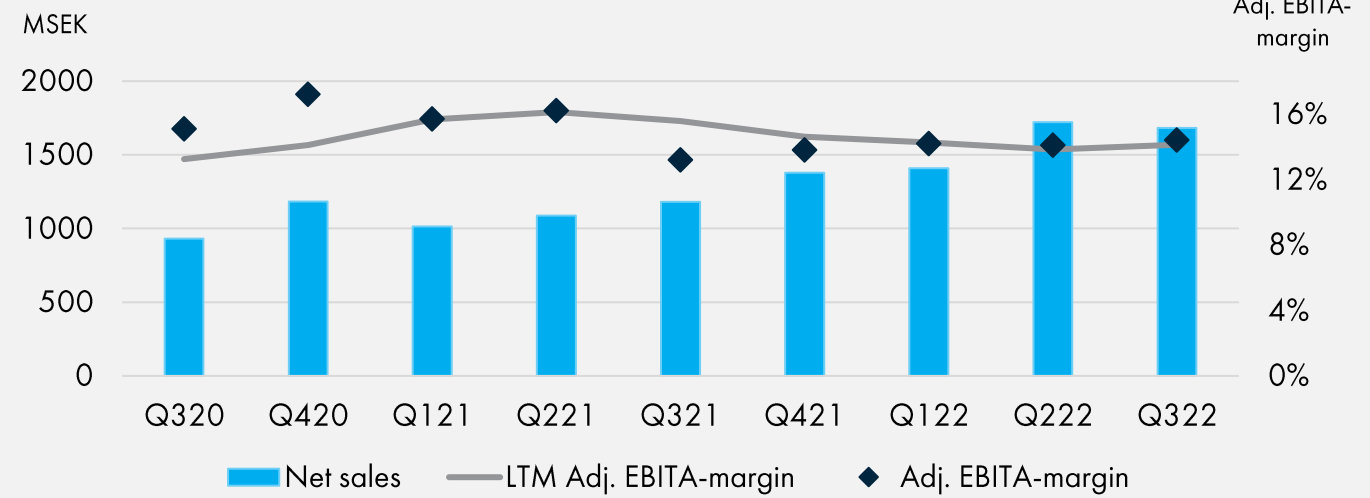
- Positive impact from volume increase – especially AT and DCT
- Price increases compensated for increased material and freight costs
- Supply chain challenges - increased demand, combined with war in Ukraine and shortages of components led to longer lead times
- Strategic investments for scalability
- Progress on activities addressing the earlier identified operational challenges
- Business & regional mix had a negative impact:
 - weak market for FT in APAC
 - a changed business mix in DCT

Strong growth in transformative segments

- Order intake increased in all regions, especially battery in Americas & Service
- Net sales increased - growth in all regions, especially battery, Service & Components
 - Services 23% of AT net sales
 - price increases ~ 5% of AT net sales in Q3
- Adj. EBITA margin impacted by;
 - + strong volume growth
 - price increases offset by component shortages & managing lead times, however lower level than Q2
 - actions to resolve operational challenges in a production unit are progressing

	MSEK	Q3 2022	Q3 2021	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		2,453	1,504	46	-	17
Order backlog		4,219	2,372			
Net sales		1,684	1,181	25	-	17
Adj. EBITA		242	155			
Adj. EBITA-margin		14.4	13.2			

* Acquisitions & divestments

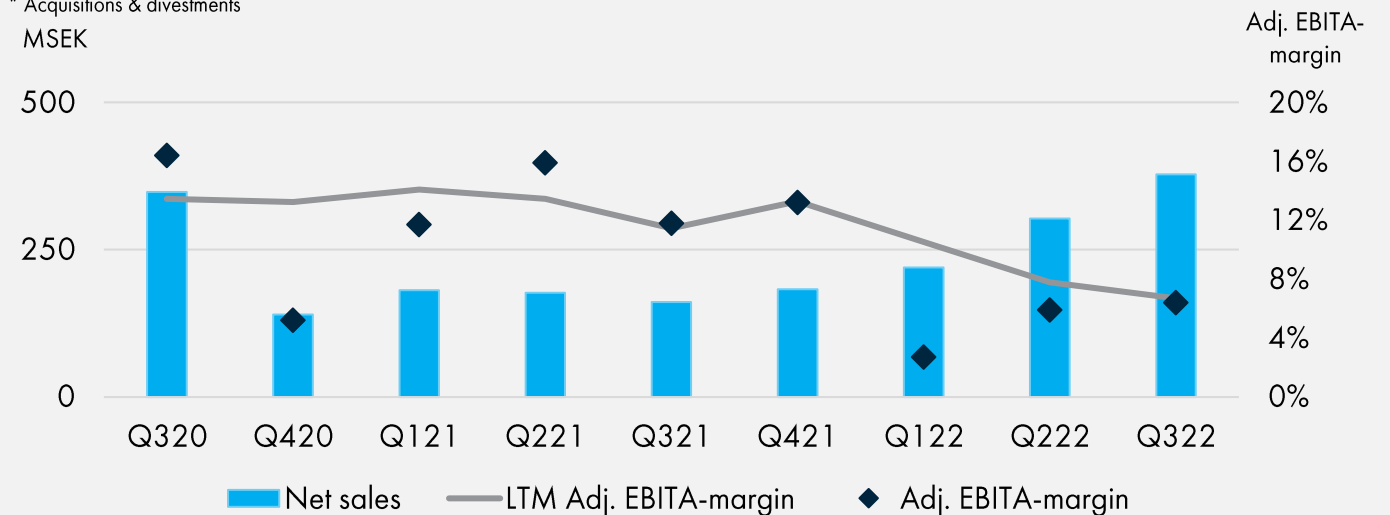


Record high order intake in Americas

- Record order intake driven by large orders in Americas of MUSD 239
- Net sales increased – strong growth by co-los in both Americas & EMEA
 - price increases ~3% of DCT net sales in Q3
- Adj. EBITA margin impacted by;
 - + volume growth in both regions
 - impacted by business mix change compared to last year
 - increased material and freight costs
 - component shortages resulted in increased lead times & production costs in both regions

	MSEK	Q3 2022	Q3 2021	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		3,406	300	812	46	176
Order backlog		6,739	466			
Net sales		378	161	66	32	36
Adj. EBITA		24	19			
Adj. EBITA-margin		6.4	11.8			

* Acquisitions & divestments
MSEK

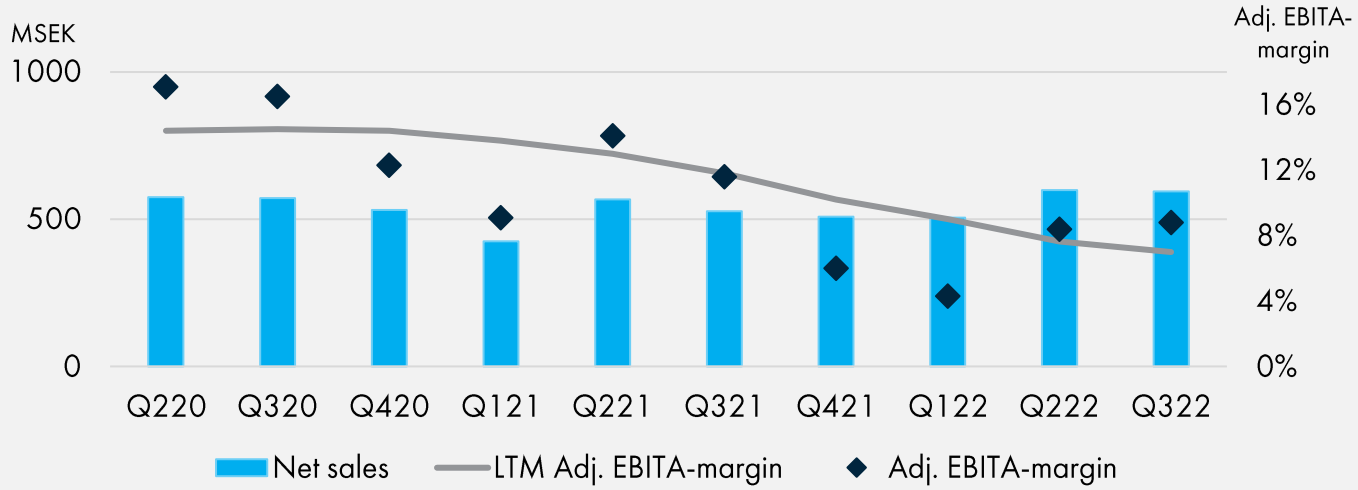


Challenging market environment, stable margin

- Order intake organic decline - Americas grew Digital & Climate solutions. Weak markets in EMEA & China
- Net sales flat development – price increases compensated increased material & freight costs in all regions. Americas & EMEA grew, APAC declined (cont. weak Chinese swine market).
 - price increases ~9% of FT net sales in Q3
- Adj. EBITA margin impacted mainly by;
 - + increased sales in Americas
 - + price increases has offset material & freight cost increases
 - continued lower volumes in China
 - activities to resolve operational challenges and lower volumes are under way

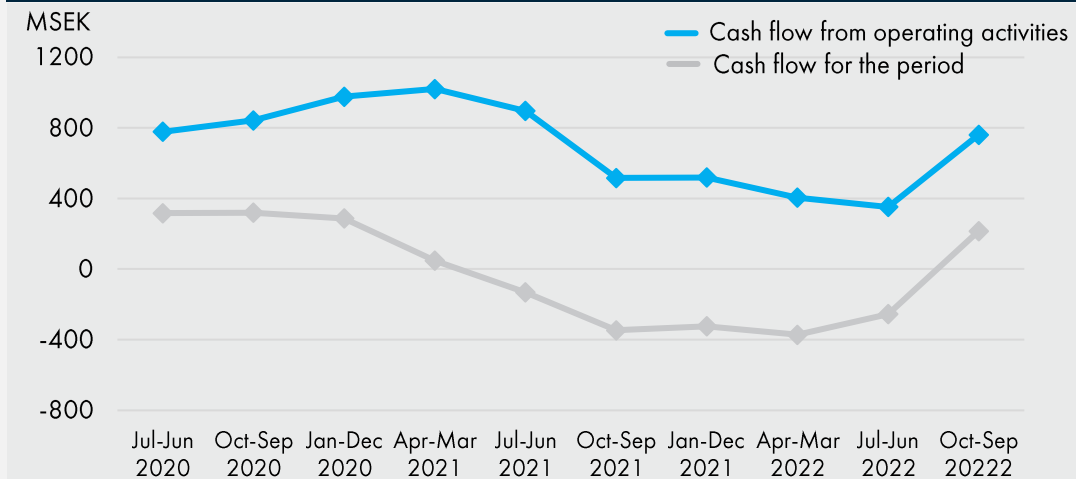
	MSEK	Q3 2022	Q3 2021	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		507	502	-12	-	13
Order backlog		908	687			
Net sales		594	527	-1	-	13
Adj. EBITA		53	61			
Adj. EBITA-margin		8.8	11.6			

* Acquisitions & divestments



Operating working capital positive impact in Q3

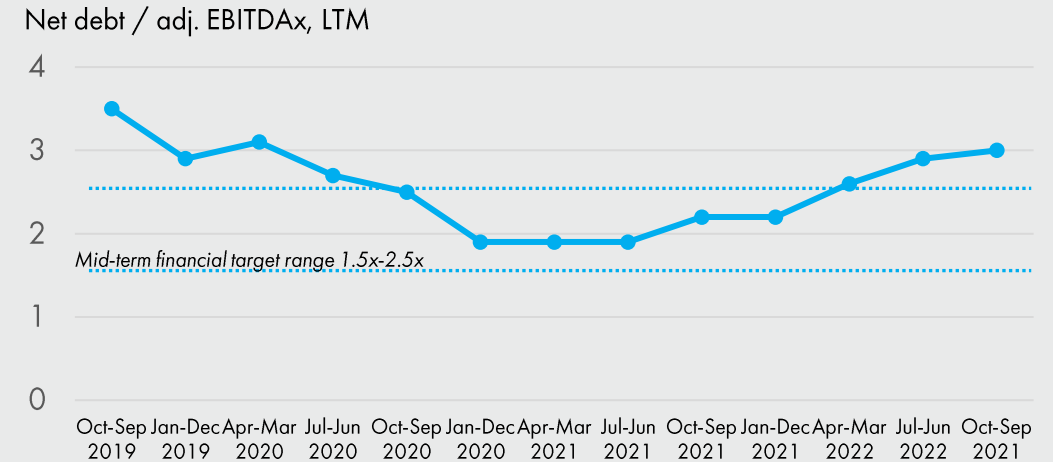
Cash flow development, LTM*



Operating cash flow higher:

- higher operating earnings level
- positive impact from working capital as customer advances increased in Q3

Development of leverage



Leverage ratio change mainly driven by:

- improved EBITDA LTM run-rate
- new factories (IFRS 16 lease impact)
- FX-effects (SEK/USD)

Increasing investments to capture market opportunities



Commercial excellence

Digitalization

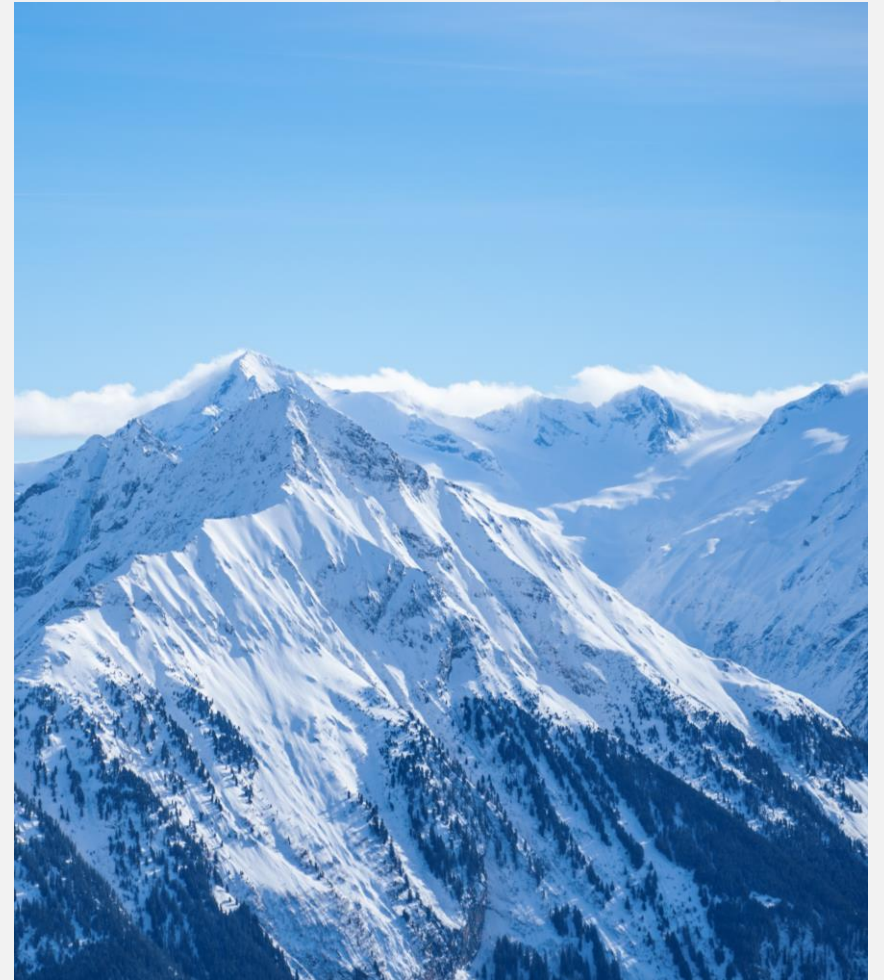
Innovation

Manufacturing excellence

Investing in people

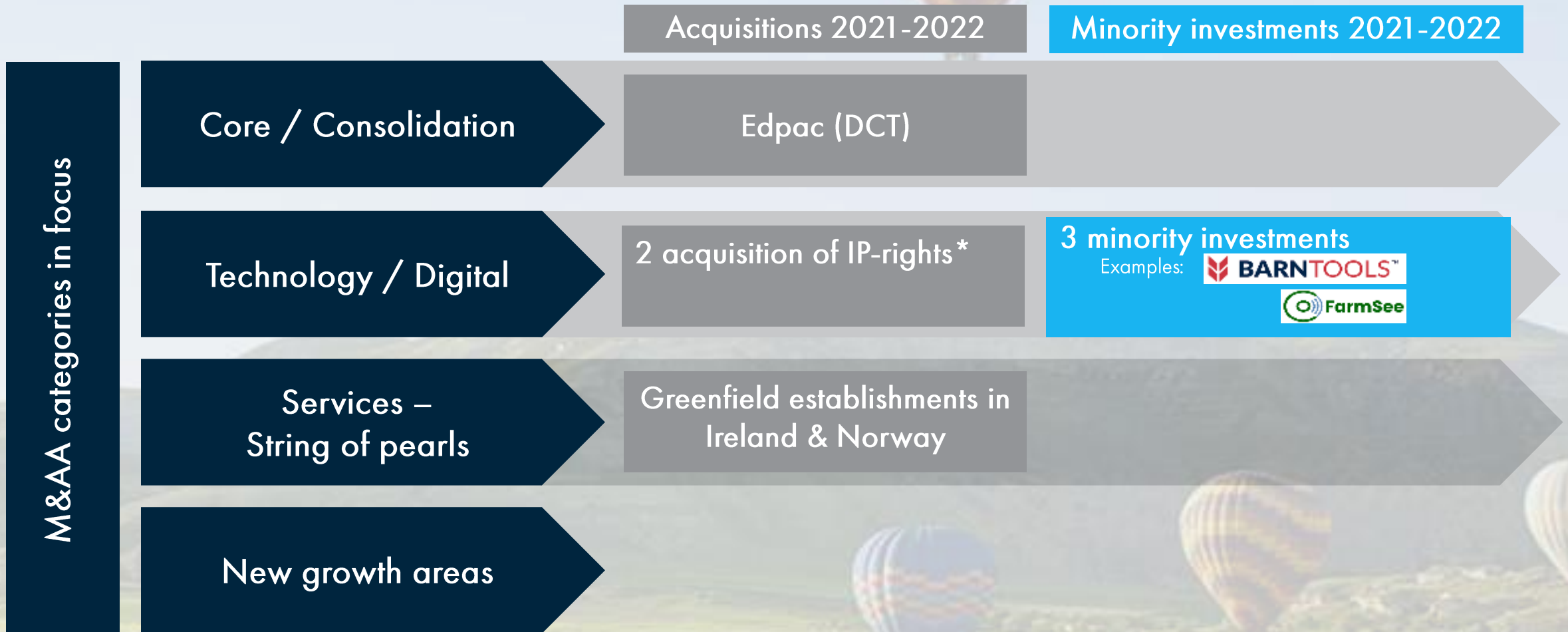


Create a scalable
business to capture
growth and become more
efficient and profitable





Inorganic strategies to boost overall growth



*IP-rights - Intellectual property rights

Summary

Record orders in quarter confirms our strong position and offer



Continued stable margin despite increased investments for growth



Increased capacity to meet growing demand



Clear strategy for value-creating growth

A person wearing a red, white, and blue plaid shirt is sitting outdoors, using a silver laptop. The background shows a greenhouse with rows of plants. A dark blue semi-transparent banner is overlaid on the left side of the image, containing the text "Questions & Answers".

Questions & Answers