Q1
2017

Munters first quarter 2017

"Strong net sales and adjusted EBITA growth driven by Data Centers and Air Treatment"

First quarter 2017

- The order backlog increased by 17% to SEKm 1,998 (1,713).
- Order intake totaled SEKm 1,654 (1,617), an increase of 2%, of which 1% organically. Last year´s figure for the first quarter includes a record high Data Center order worth SEKm 240.
- Net sales increased by 25% to SEKm 1,519 (1,220), of which 23% organically.
- Operating profit (EBIT) increased by 1% to SEKm 75 (74).
- Adjusted EBITA increased by 23% to SEKm 147 (119), corresponding to an adjusted EBITA margin of 9.7% (9.8).
- Net income amounted to SEKm -41 (-29).
- Cash flow from operating activities was SEKm -20 (53).
- Acquisition of 60% of the shares in MTech Systems was completed on February 1. The purchase price amounted to SEKm 222.
- Helen Fasth Gillstedt was appointed as a member of the Board and as Chairman of the Audit Committee.
- Lena Olving was appointed as a member of the Board.

Events after period end

On April 1, Munters completed the acquisition of Kevin Enterprises Private Limited, a privately owned company headquartered in Mumbai, India.

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2017	2016	Δ%	Apr-Mar	2016
Order backlog	1,998	1,713	17	1,998	1,741
Order intake	1,654	1,617	2	6,410	6,373
Net sales	1,519	1,220	25	6,340	6,040
Operating profit (EBIT)	75	74	1	578	577
Adjusted EBITA	147	119	23	808	781
Adjusted EBITA margin, %	9.7	9.8		12.8	12.9
Net income	-41	-29		73	85
Cash flow from operating activities	-20	53		204	277
External Net debt	2,946	2,544	16	2,946	2,724

Munters
Your Perfect Climate

Some of the above presented numbers are so called alternative performance measures. Definitions are presented on page 23.

Comments from the CEO

NET SALES GROWTH OF 25% IN THE FIRST QUARTER DRIVEN BY DATA CENTERS AND AIR TREATMENT

The first quarter of 2017 showed strong growth for Munters with an increase in net sales of 25% and increased adjusted EBITA. The strong net sales growth in the quarter was mainly driven by the continued strength of our Data Center and Air Treatment businesses in the US and Europe and solid performance in Asia across the business areas. Order intake growth for the Group was 2% but the first quarter of 2016 benefitted from a record high Data Center order of SEKm 240. Data Center orders are lumpy in nature and we expect to see similar characteristics in the current year. Nonetheless, the order intake continued to show robust growth in Data Centers and in Air Treatment order intake grew.

Munters benefits from strong demand in our key market segments

The business area Air Treatment continued its strong growth trend during the quarter with a 23% increase in order intake with robust growth both in the industrial and commercial end-markets. In industrials, high demand within the lithium-ion battery, pharmaceuticals and other industrial end-markets were the main growth areas during the period. In commercials, the supermarkets end-market had another strong quarter following the lower demand witnessed during parts of 2016. Air Treatment net sales grew by 18% in the quarter, mainly driven by deliveries to customers in food, pharmaceutical and electronics.

Order intake in Data Centers decreased by 49% in the quarter, with growth in the quarter impacted by the record high order of SEKm 240 received in the first quarter in the previous year. Data Centers net sales in the first quarter of 2017 showed strong development with an increase of 183% driven by strong demand in the US and Europe. Munters continue to see high activity in the Data Center end-market. Given our highly competitive customer offering, based on our innovative technology for significantly improved energy efficiency, we continue to take market shares in our focused end-market.

The business area AgHort showed solid performance during the quarter with continued growth in order intake and net sales of 10% and 12% respectively, supported by positive currency effects and the acquisition of MTech Systems. The AgHort business area has experienced lower investment levels mainly in the poultry and swine industries but the impact has been less pronounced than in previous downturns since we are more diversified today with additional customers in new geographies and end-markets. Long term, we continue to believe that the underlying growth drivers of more efficient and safe food production as well as increasing importance of animal welfare will remain intact.

Our business area Mist Elimination had a soft start of the year with a 2% decline in order intake compared to the very strong first quarter in 2016, impacted by anticipated lower volumes in the power end-market in the US, partly offset by continued solid demand in Asia for super clean flue-gas desulfurization equipment. We believe that the underlying demand in the power end-market, supported by increasingly stricter environmental legislation, remains intact. As an effect of the lower order intake in the US during the last six months 2016, net sales declined by 14%.

All business areas showed growth in China in the quarter and Group order intake growth in this region exceeded 50%. It is also encouraging to see that our aftermarket Service business continued to perform well across all regions, up 17% to SEKm 151 (129) in Q1 2017, as a result of the significant investments we have made into this business during the last three years.

Adjusted EBITA growth from higher volumes

Adjusted EBITA increased to SEKm 147 (119) in the first quarter corresponding to an adjusted EBITA margin of 10% (10%). The improvement was mainly achieved through increased volumes. During the past years, we have made significant achievements in increasing operational excellence in our production, procurement and sales processes. In addition, our long-term investments in growth areas such as Services and Data Centers, have yielded good results. We have continued to invest in our organization and in our production facilities around the globe to further improve efficiency.

Strong platform for continued growth

Munters´ value proposition is based on our mission to deliver the perfect climate to customers globally where the climate is mission critical. Our solutions are based on our proprietary technologies and application expertise built over half a century. On the back of long-standing customer relationships, we will continue to expand our product offering to become a complete solutions provider leveraging our controls, software and service businesses.

During the past years, we have transformed our business towards high-growth application areas. All of Munters' current end-markets are expected to demonstrate resilient and positive growth, driven by population and GDP growth, the need for increased energy efficiency, increased food and protein consumption, industrialization, urbanization and rising living standards globally.

Munters has a strong track record of synergetic acquisitions and will continue to pursue M&A opportunities in a disciplined and systematic manner. Acquisitions will be made in selected segments to expand the portfolio of core technologies, customer relationships and/or grow our presence in emerging markets. The recently completed acquisitions of MTech Systems and Kevin Enterprises, the latter after the period end, is in line with this strategy and illustrates how we continuously work to further differentiate our offering to competition and thereby drive long-term growth.

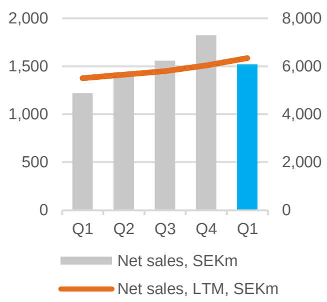
John Peter Leesi, CEO

Group financial performance

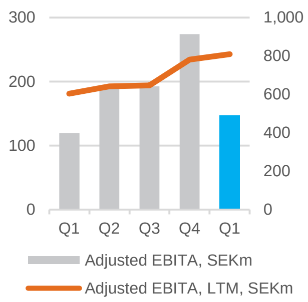
NET SALES AND ORDER INTAKE

	Order intake		Net sales	
SEKm	**Q1**	**Δ%**	**Q1**	**Δ%**
Current period	**1,654**		**1,519**	
Previous period	**1,617**		**1,220**	
Change	**37**	**2**	**299**	**25**
Organic growth	18	1	278	23
Whereof currency effects	*66*	*4*	*61*	*5*
Structural effects	19	1	21	2

Net sales per quarter and LTM (SEKm)



Adjusted EBITA per quarter and LTM (SEKm)



Order intake for the first quarter totaled SEKm 1,654 (1,617), an increase of 2% of which 1% organically. The currency effect in the first quarter was +4%. The increase was mainly due to strong order intake in Air Treatment. In the first quarter last year, Data Centers received a record order from a major customer worth SEKm 240, corresponding to 26% of Data Centers order intake in 2016. Structural effects were 1% including the acquisition of MTech Systems, consolidated from February 1, within AgHort. Strong performance was reported for all busines areas in China.

Net sales increased by 25% to SEKm 1,519 (1,220) and 23% organically, of which 5% was due to currency effects. The increase was mainly due to revenue growth in Air Treatment and Data Centers. Specifically, demand was strong in Data Centers in Europe as well as for climate solutions in China. Structural effects in net sales were 2% comprising of the acquisition of MTech Systems within AgHort.

Services net sales was SEKm 151, an increase of 17% compared to the same quarter the previous year, driven by continued investment in the sales force and an increasing share of the customer base with service contracts.

ADJUSTED EBITA

Adjusted EBITA increased by 23% to SEKm 147 (119), corresponding to an adjusted EBITA margin of 10% (10).

Strong adjusted EBITA growth was reported for Air Treatment and Data Centers in the quarter while adjusted EBITA declined for AgHort and Mist Elimination. Air Treatment benefitted from operational leverage on the high net sales volume while the business area Data Centers benefitted from high net sales in Europe. For AgHort the adjusted EBITA declined in Americas as a result of lower net sales mainly driven by lower investment levels in line with industry variations. AgHort margins were also negatively affected by a higher share of sales in Asia and costs of SEKm 6 related to the acquisition of MTech Systems.

Mist Elimination reported lower adjusted EBITA impacted by lower net sales in the US.

OPERATING PROFIT (EBIT)

Operating profit (EBIT) increased by 1% to SEKm 75 (74).

Operating profit (EBIT) in the first quarter was impacted by depreciations SEKm -20 (-17) and amortizations SEKm -53 (-46), whereof SEKm -48 (-42) was related to surplus values. The profit was also negatively affected by IAC-items amounting to SEKm -20 (0) as well as advisor costs of SEKm -8 (-2) related to acquisitions.

NET FINANCE ITEMS AND PROFIT/RESULT AFTER FINANCIAL ITEMS

Financial income and expenses for the first quarter amounted to SEKm -106 (-92). Higher interest expenses and a negative impact of currency fluctuations were the main reasons. Interest expenses related to the shareholder loans amounted to SEKm -54 (-50).

Profit before tax for the first quarter amounted to SEKm -32 (-19) based on existing capital structure.

TAXES

Income taxes for the first quarter amounted to SEKm -9 (-10).

The taxable income in the quarter was negatively impacted by the non-deductible interest costs, amounting to SEKm -48, relating to the shareholder loans. The effective tax rate in the first quarter, after adding back the shareholder loan interest to the profit before tax, was 58%. The main reasons for the high effective tax rate were that Munters Belgium recorded a tax cost of SEKm -2 relating to an adjustment of deferred tax on tax losses for previous years and that a large portion of the Group's profits are generated in countries with high corporate tax rates (e.g. USA, Italy, Japan).

CASH FLOW

Cash flow from operating activities amounted to SEKm -20 (53) in the first quarter and was negatively affected by an increase of working capital corresponding to SEKm -114 (-20). Increased inventories as a result of seasonal effects, strong order intake in China and larger orders to be delivered in the second quarter were the main items affecting change in working capital. Expected high level of capital expenditures had a negative effect on the cash flow for the period.

SEASONAL VARIATIONS

The seasonal profile of net sales differs by business area. In general Q1 is the slowest quarter as the number of projects typically is lower in the period.

Demand for Air Treatment products is seasonally stronger in the summer, due to higher construction activity in general and seasonal increase in humidity levels, which leads to strong invoicing in Q2 and Q3. Generally, Q3 and Q4 can be impacted by fiscal planning, with customers looking to utilize budgeted funds and take delivery before year end, which typically leads to a higher net sales level in Q4. The low point in order intake is typically November to February when project activity is lower and customers are in the process of planning for the next fiscal year.

Data Centers sales are driven by larger projects, where the seasonality is less transparent. Order intake and net sales are likely to fluctuate to a higher degree than in our other business areas from the quarter to the next due to lumpiness of larger projects.

Seasonality in Mist Elimination is mostly driven by seasonal fluctuations of activity in the coal-fired power industry. The pattern is typically similar to Air Treatment with relatively high net sales in Q4 and limited activity in early Q1.

AgHort's sales are relatively stable over the year. In general, customer project activity is lower during the winter in Europe and the US, which normally affects the business area's sales during Q1 negatively.

FINANCIAL POSITION AND LIQUIDITY

Interest-bearing liabilities in Munters consist of loans from the shareholders and non-current and current bank loans. In total, the interest bearing items amounted to SEKm 5,844 (5,170) at the end of the quarter, of which SEKm 2,689 (2,488) relates to shareholder loans.

Munters main long-term debt facility is a US Dollar denominated senior secured term loan with a closing balance of SEKm 2,564 (2,363) at the end of the first quarter. The long-term senior debt facility is amortized quarterly according to the stipulated repayment schedule with maturity in 2021.

Furthermore, Munters has committed revolving credit facilities of SEKm 445 (171) secured under the principal credit agreement. The revolving credit facility is without mandatory repayment and the final maturity is 2020. In addition, two bilateral short term credit facilities amounting to SEKm 353 have been made available during the quarter.

Available unutilized credit facilities as of March 31 amounted to SEKm 171 (269).

The company had cash and cash equivalents of SEKm 396 (309) as of March 31, 2017.

ITEMS AFFECTING COMPARABILITY

	2017	2016				
SEKm	Q1	Q4	Q3	Q2	Q1	Full year
Other						
Exit preparation costs	27	27	26			53
Divestment Cooler business			-7			-7
Business area Air Treatment						
Property sale	-7					
Business area AgHort						
Final Earn out Reventa		-30				-30
Total	**20**	**-3**	**20**			**17**

The items affecting comparability (IAC) in Q1 mainly comprised of external costs in relation to Munters and owners' review of strategic alternatives which amounted to SEKm 27. A gain of SEKm 7 from a property sale has been adjusted for in Q1.

In 2016, the largest IAC-item refers to external costs in relation to Munters and owners' review of strategic exit-alternatives, which amounted to SEKm 53. Munters also benefitted from two positive effects during the year that have been adjusted for. Firstly, the effect from the early settlement of the Reventa acquisition earn-out of SEKm 30 and, secondly, SEKm 7 related to a provision reversal for the Cooler divestment that took place in 2015.

PARENT COMPANY

Munters Topholding AB (under name change to Munters Group AB) is the parent company of the Munters Group. The parent company's result after financial items for the first quarter was SEKm -61 (-51). The parent company is a holding company and the main transactions carried out in this legal entity relate to compensation to the Board members and interest costs on shareholder loans.

Munters Topholding AB does not engage in any business activities. The Company only holds shares in subsidiaries, shareholder loans, cash and accounts payable. The Parent Company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to SEKm 69 (48). The Parent Company has no employees.

EVENTS AFTER PERIOD END

Acquisitions

On April 1, Munters completed the acquisition of Kevin Enterprises Private Limited, a privately owned company headquartered in Mumbai, India. The acquisition was structured as an asset deal, acquiring company being Munters India Humidity Control Private Limited (Munters India). See page 22 for additional information.

Strategic alternatives being evaluated

Munters and its owners are currently investigating different strategic alternatives to support further development and growth of the Company, including the possibility of an initial public offering. No decision has been made and the market will be informed if and when any such decisions are made.

FINANCIAL TARGETS AND DIVIDEND POLICY

Net sales growth

Munters objective is to achieve an annual organic revenue growth of between 7-10% per year, supplemented by selective acquisitions.

Profitability

Munters' mid-term target is to have an adjusted EBITA margin of 14%.

Capital structure

Munters aims to maintain a ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e.g., as a result of acquisitions).

Dividend policy

Munters aims to pay an annual dividend corresponding to 30-50% of the net profit for the period. The pay-out decision will be based on the Company's financial position, investment needs, acquisitions and liquidity position.

Munters business model

Munters is organized in four business areas, which are Air Treatment, Data Centers, AgHort and Mist Elimination. From 2017 the Data Center cooling business, previously a part of Air Treatment, is reported as a separate business area. Each of these business areas addresses a set of customer industries and applications, with an offering based on Munters' technologies and services. The application areas which Munters target typically show a large degree of specialization, with substantial commonalities across geographical regions.

AIR TREATMENT

Air Treatment is a global leader in energy efficient air treatment solutions for industrial and commercial applications. Munters' systems provide precise humidity and temperature control and are used by clients in mission critical processes, and can have a major impact on production safety, product quality, operating efficiency, and financial viability. Our offering includes evaporative cooling, heating, VOC abatement, and dehumidification through desiccant rotors, evaporative cooling pads, and polymer heat exchangers. The underlying market is estimated to deliver 8% annual growth in 2017-2020.

DATA CENTERS

Data Centers is a global leader in climate control systems for medium and large scale Data Centers Munters' solutions are recognized as being robust and durable in demanding conditions and have a best-in-class track record of reliability and energy efficiency. Munters is mainly active in the fastest growing part of the air economizer data center market (direct and indirect evaporative cooling) which is estimated to grow by approximately 27% annually in 2017-2020. Our dedicated teams have the ability to configure, manufacture, support and deliver data center cooling projects across the globe.

AGHORT

AgHort develops and manufactures energy efficient climate control systems for the growth and development of agriculture and greenhouse applications. By providing the perfect climate, our solutions enable farms to operate and produce under optimum conditions. Our innovative product range includes ventilation, cooling, heating and cutting-edge control systems. Munters always strives to be the premium partner for our customers and is a global supplier offering a full suite of climate control products for agricultural and greenhouse applications. The underlying market is estimated to deliver 6% annual growth in 2017-2020. Demand is underpinned by global factors such as population and GDP growth, and further accelerated by food and industry trends (e.g. increased protein consumption).

MIST ELIMINATION

Mist Elimination is a globally leading provider of mechanical gas and liquid separation. Our mist eliminators are key components in scrubbers to reduce emissions from power plants and ships across the world. Our highly efficient mist eliminators also create optimum operating conditions and protect equipment in process industries, windmills, gas turbines and ships. Our dedicated team of experts helps customers find the perfect solution to their mist elimination needs. The underlying market is estimated to deliver a 6% annual growth 2017-2020 and will benefit from the introduction of the 0.5% sulphur cap in shipping industry with effect from 2020.

FUNCTIONS ACROSS THE BUSINESS AREAS

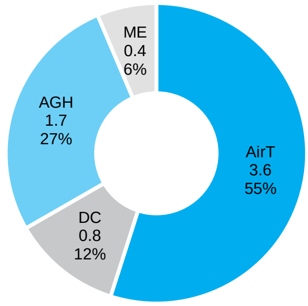
Munters´ equipment often plays a mission critical role in customers operations. Munters provides a range of services for its products, including installation supervision, commissioning, spare parts sales, repairs and performance optimization. The Service business recorded good growth in the first quarter, up 17% compared to the first quarter of the previous year. Large investments during 2016 in hiring new service sales staff to drive future growth are expected to reach full effect during 2017.

Operations continued to generate savings within procurement, via cost out programs and implementation of lean principles across the factories.

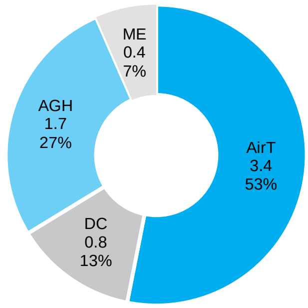
OTHER

Other refers to group related functions and costs that are not allocated to the different business areas.

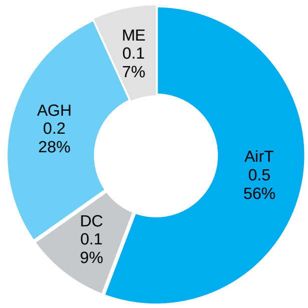
Order intake per business area and LTM (SEKbn)



Net sales per business area and LTM (SEKbn)



Adjusted EBITA per business area and LTM (SEKbn)



Air Treatment

- Strong order intake and net sales in Q1, growth of 23% and 18% respectively with the industrial end-markets showing robust growth
- Adjusted EBITA margin increased by 2.1 percentage points year-on-year
- High demand and orders in the lithium-ion battery production, pharmaceutical and other industrial end-markets as well as supermarkets were main growth drivers of orders in the quarter

FINANCIAL SUMMARY

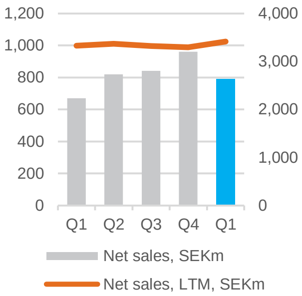
	Q1			LTM	Full year
SEKm	2017	2016	∆%	Apr-Mar	2016
External order backlog	1,097	939	17	1,097	978
Order intake	950	775	23	3,560	3,385
Net sales	793	671	18	3,416	3,294
Operating profit (EBIT)	94	59	60	472	437
Adjusted EBITA	90	62	47	477	448
Adjusted EBITA margin, %	11.4	9.2		14.0	13.6

Order intake and net sales

Order intake in the first quarter 2017 increased by 23%, actual and organic growth, to SEKm 950 (775). Currency effects had a positive impact of 4% on growth, mainly due to a weaker SEK vs. USD. Order growth was primarily seen in the industrial end-market in the US and Asia, while Europe saw demand in line with the first quarter 2016. The first quarter of 2017 brought healthy year on year growth in the supermarket end-market following the return to more normalized order levels in late 2016. High demand for lithium-ion battery production in China continued to drive orders in electronics, which also generated orders in Europe.

Net sales in the first quarter 2017 increased by 18%, actual and organic, to SEKm 793 (671). Currency effects had a positive impact of 4% on growth, mainly due to a weaker SEK vs. USD. Net sales were strong in Europe and Asia, primarily in food, pharmaceutical and electronics. Deliveries to industrial customers in Americas were down but offset by increased demand in the supermarket and other commercial end-markets as well as by high components demand from OEMs. Revenue from Services varied between the regions, with softness in industrial end-markets in Latin America but contributed favorably to the overall increase in net sales in Air Treatment.

Net sales per quarter and LTM (SEKm)

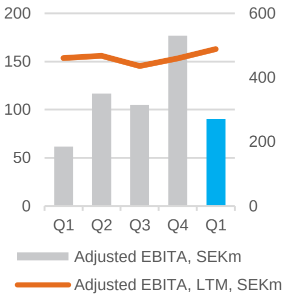


Adjusted EBITA

Adjusted EBITA in the first quarter 2017 was SEKm 90 (62), corresponding to an increase of 47% of which 5% derived from positive currency effects. The increased profit was mainly achieved through operational leverage on the high net sales volume and overall positive mix effects.

The improvement was strongest in Europe, where the combination of a high net sales volume, including solid growth in Services, and lower overhead costs resulted in substantially higher relative profitability compared to the previous year. Asia also showed improvement in the earnings margin while Americas saw a decline from very healthy levels in the first quarter 2016 due to mix effects and somewhat lower absorption of overhead costs.

Adjusted EBITA per quarter and LTM (SEKm)



Data Centers

- Order intake decreased by 49% compared to the first quarter 2016, which included a record high order worth SEKm 240, corresponding to 26% of full year 2016 order intake
- Net sales increased by 183% driven by strong demand in both the US and Europe
- Improved margins resulting from strong volume increase and improved efficiency

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2017	2016	Δ%	Apr-Mar	2016
External order backlog	321	328	-2	321	392
Order intake	165	320	-49	763	919
Net sales	253	90	183	848	685
Operating profit (EBIT)	32	7	362	79	54
Adjusted EBITA	32	7	349	81	56
Adjusted EBITA margin, %	12.8	8.0		9.5	8.1

Order intake and net sales

Order intake in the first quarter of 2017 decreased by 49%, actual and organic, to SEKm 165 (320). Currency effects had a positive impact of 3%, driven by a weaker SEK vs. USD. The decrease is related to the record order received in the first quarter of 2016 with an order value of SEKm 240 in Europe and partially offset by a medium sized order in the US during the first quarter of 2017.

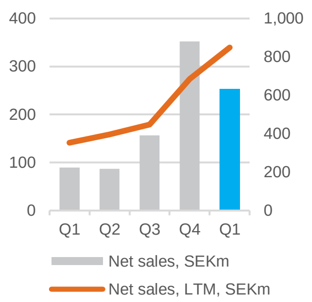
Net sales increased by 183%, actual and organic growth, in the quarter to SEKm 253 (90). Currency effects had a positive impact of 8% on growth, mainly due to a weaker SEK vs. USD. Net sales were strong in both the US and Europe, primarily due to sales to digital customers in both regions. Deliveries to co-location customers in Europe were also strong.

Adjusted EBITA

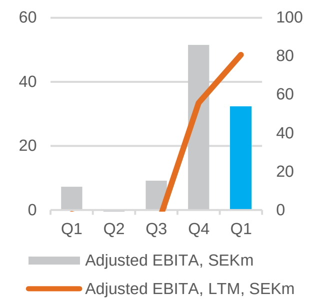
Adjusted EBITA in the first quarter was SEKm 32 (7) which represents an increase of 349%, compared to the corresponding period in 2016, of which 4% was derived from currency effects. Adjusted EBITA and adjusted EBITA margin increased by 4.8 percentage points due to higher sales volumes and improved operational efficiency.

The improvement in adjusted EBITA was most significant in the US and Europe due to large project deliveries in the quarter.

Net sales per quarter and LTM (SEKm)



Adjusted EBITA per quarter and LTM (SEKm)



AgHort

- Order Intake increased by 10% and net sales by 12%, both supported by positive currency effects and the acquisition of MTech Systems
- The poultry and swine industries are currently in a temporary market slow-down in the US and Europe normally seen every 3-4 years
- Reduced adjusted EBITA margin mainly due to M&A advisor related costs, mix effects and lagging of the already implemented price increases

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	2017	2016	Δ%	Apr-Mar	2016
External order backlog	454	316	44	454	249
Order intake	469	427	10	1,746	1,704
Net sales	404	360	12	1,748	1,705
Operating profit (EBIT)	25	43	-42	257	276
Adjusted EBITA	28	46	-39	240	258
Adjusted EBITA margin, %	7.0	12.9		13.7	15.1

Order intake and net sales

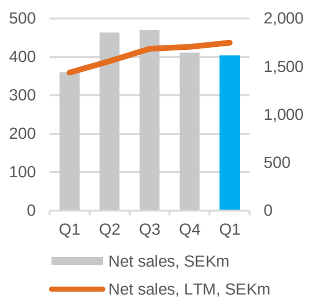
Order intake during the quarter increased by 10% to SEKm 469 (427) driven by the acquisition of MTech Systems in February 2017, +4%, and positive currency effects, +6%. Organic growth in order intake, excluding currency effects, was flat in the quarter impacted by a lower investment levels primarily seen in the US, while both regions EMEA and Asia showed growth in the quarter. The investment levels in AgHort related customer industries have historically varied over a 3-4 year cycle. The negative growth impact from lower investment levels in the fourth quarter of 2016 and first quarter of 2017 has been lower than in previous downturns in the industry since Munters currently has a more diversified business with customers in new end-markets and geographies.

Net sales increased by 12% in the quarter to SEKm 404 (360), of which 6% was attributable to the acquisition of MTech Systems in February 2017 and 6% was attributable to currency effects. Organic growth in net sales was flat in the quarter, hampered by negative growth in EMEA, while Americas and Asia showed net sales growth. The latter showed strong growth compared to last year, primarily due to strong performance in China.

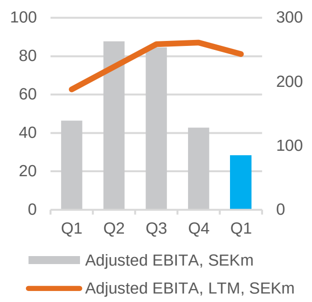
Adjusted EBITA

Adjusted EBITA in the first quarter 2017 was SEKm 28 (46). Margins in the Americas were impacted by lower investment levels. Margins were also affected by a higher share of sales in Asia, where margins are lower. Other effects included cost of SEKm 6 for the acquisition of MTech Systems and costs relating to the startup of a new production line in Brazil. Due to phasing, the full effect of already implemented price increases is not yet seen in profitability.

Net sales per quarter and LTM (SEKm)



Adjusted EBITA per quarter and LTM (SEKm)



Mist Elimination

- Order intake declined by 2% in the quarter impacted by lower anticipated volumes in the power industry in the US compared to the very strong first quarter in 2016, partly offset by solid demand growth in China related to super clean flue-gas desulfurization, FGD, equipment
- Net sales declined by 14% following the low order intake in the US during the second half of 2016
- Lower adjusted EBITA and adjusted EBITA margin in the quarter due to lower volumes and a comparison to a very strong quarter in 2016
- The acquisition of Kevin Enterprises in India was completed April 1 2017 further diversifying Munters market exposure and expanding the presence in the process industry

FINANCIAL SUMMARY

	Q1			LTM	Full year
SEKm	**2017**	**2016**	**Δ%**	**Apr-Mar**	**2016**
External order backlog	126	130	-3	126	121
Order intake	101	103	-2	414	416
Net sales	93	108	-14	421	437
Operating profit (EBIT)	6	18	-65	57	69
Adjusted EBITA	6	18	-64	58	69
Adjusted EBITA margin, %	6.9	16.4		13.8	15.9

Order intake and net sales

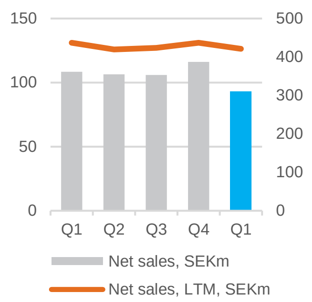
Order intake during the quarter decreased by 2%, actual and organic, to SEKm 101 (103). Currency effects had a positive impact on growth of 3%, mainly due to weaker SEK vs. USD. Strong order intake in the power end-market in China was offset by low order levels in the US. Order intake in EMEA decreased slightly in the quarter.

Net sales decreased by 14%, both actual and organic growth, in the quarter to SEKm 93 (108). Currency effects had a positive impact of 4%. The decrease was mainly attributable to lower demand from customers in the Power industry in the US where many power plants have conducted less FGD retrofit projects compared to a very strong first quarter last year. Net sales development in China was in line with last year. Net sales in EMEA increased slightly in the quarter.

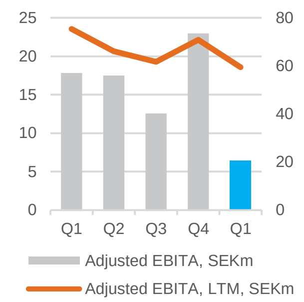
Adjusted EBITA

Adjusted EBITA during the quarter was SEKm 6 (18), corresponding to a decrease of 64%, despite positive currency effects of 8%. Adjusted EBITA margin in the quarter decreased to 7% (16%), mainly due to lower net sales in the Americas driven by fewer retrofit FGD projects compared to the same period last year. Acquisition costs incurred in the first quarter 2017, related to the acquisition of Kevin Enterprises in India, amounted to SEKm 1.

Net sales per quarter and LTM (SEKm)



Adjusted EBITA per quarter and LTM (SEKm)



Consolidated accounts

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q1		LTM	Full year
SEKm	**2017**	**2016**	**Apr-Mar**	**2016**
Net sales	1,519	1,220	6,340	6,040
Cost of goods sold	-1,001	-791	-4,143	-3,931
Gross profit/loss	**518**	**429**	**2,197**	**2,109**
Other operating income	0	0	31	31
Selling expenses	-246	-214	-945	-913
Administrative costs	-158	-106	-564	-512
Research and development costs	-38	-35	-141	-138
Other operating expenses	-1	-0	-1	0
Operating profit	**75**	**74**	**578**	**577**
Financial income and expenses	-106	-92	-438	-424
Profit/Loss after financial items	**-32**	**-19**	**140**	**153**
Tax	-9	-10	-68	-69
Net income	**-41**	**-29**	**73**	**85**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange-rate differences on translation of foreign operations	-12	-8	194	198
	-12	**-8**	**194**	**198**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Actuarial gains and losses on defined-benefit pension obligations, incl. payroll tax	-	-	-17	-17
Income tax effect on other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	4	4
Other comprehensive income, net after tax	**-12**	**-8**	**181**	**185**
Comprehensive income for the year	**-53**	**-37**	**254**	**270**
Income for the year				
Attributable to Parent Company shareholders	-41	-29	73	85
Attributable to non-controlling interests	0	0	0	0
	-41	**-29**	**73**	**85**
Comprehensive income for the year				
Attributable to Parent Company shareholders	-53	-37	254	270
Attributable to non-controlling interests	0	0	0	0
Earnings per share (before and after dilution), SEK	-181	-149		-223

Munters
Your Perfect Climate

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – ASSETS

SEKm	31/03/2017	31/03/2016	31/12/2016
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,359	3,900	4,227
Patents, licenses, brands, and similar rights	1,669	1,554	1,550
Buildings and land	148	151	156
Plant and machinery	165	140	172
Equipment, tools, fixtures and fittings	148	94	133
Construction in progress	94	45	69
Financial assets	26	55	24
Deferred tax assets	234	211	242
Total non-current assets	**6,843**	**6,149**	**6,574**
CURRENT ASSETS			
Raw materials and consumables	343	261	321
Products in process	159	112	123
Finished products and goods for resale	254	190	208
Work on contract	20	14	8
Advances to suppliers	17	6	17
Accounts receivable	1,070	697	1,094
Prepaid expenses and accrued income	90	69	76
Derivative instruments	6	4	2
Current tax assets	40	13	32
Other receivables	131	93	103
Cash and cash equivalents	396	309	432
Total current assets	**2,526**	**1,768**	**2,417**
TOTAL ASSETS	**9,370**	**7,918**	**8,991**

Consolidated accounts

CONDENSED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

SEKm	31/03/2017	31/03/2016	31/12/2016
EQUITY AND LIABILITIES			
EQUITY			
Shareholders equity	704	450	756
Non-controlling interests	10	8	11
Total equity	**714**	**458**	**767**
NON-CURRENT LIABILITIES			
Shareholder loan	2,689	2,488	2,688
Interest-bearing liabilities	2,495	2,289	2,544
Provisions for pensions and similar commitments	190	201	179
Other provisions	33	31	30
Other liabilities	176	92	15
Deferred tax liabilities	533	510	525
Total non-current liabilities	**6,116**	**5,611**	**5,981**
CURRENT LIABILITIES			
Interest-bearing liabilities	660	393	429
Advances from customers	247	231	315
Accounts payable	567	389	530
Accrued expenses and deferred income	630	466	565
Derivative instruments	3	5	4
Current tax liabilities	50	33	53
Other liabilities	265	232	232
Provisions for pensions and similar commitments	5	4	5
Other provisions	112	95	110
Total current liabilities	**2,540**	**1,848**	**2,243**
TOTAL EQUITY AND LIABILITIES	**9,370**	**7,918**	**8,991**

CONDENSED STATEMENT OF CHANGES IN EQUITY

SEKm	31/03/2017	31/03/2016	31/12/2016
Opening balance	**767**	**495**	**495**
Total comprehensive income for the period	**-53**	**-37**	**270**
Shareholders contribution	-	-	3
Change in non controlling interest	0	0	0
Dividend to non controlling interest	-	-	-
Closing balance	**714**	**458**	**767**
Total shareholders´equity attributable to:			
The parent company's shareholders	704	450	756
Holdings with non controlling interests	10	8	11

Consolidated accounts

CONDENSED CASHFLOW STATEMENT

	Q1		LTM	Full year
SEKm	**2017**	**2016**	**Apr-Mar**	**2016**
OPERATING ACTIVITIES				
Earnings before interest and tax (EBIT)	**75**	**74**	**578**	**577**
Reversal of non-cash items;				
Depreciation, amortization and impairments	73	63	271	262
Provisions	16	3	-14	-27
Other profit/loss items not affecting liquidity	-2	1	-21	-18
Cash flow before interest and tax	**162**	**140**	**815**	**794**
Paid financial items	-43	-41	-208	-206
Taxes paid	-25	-25	-130	-130
Cash flow from operating activities before changes in working capital	**94**	**73**	**477**	**458**
Cash flow from changes in working capital	**-114**	**-20**	**-273**	**-180**
Cash flow from operating activities	**-20**	**53**	**204**	**277**
INVESTING ACTIVITIES				
Business acquisitions	-187	-	-189	-2
Investment in tangible assets	-47	-35	-176	-163
Investment in intangible assets	-9	-2	-27	-20
Cash flow from investing activities	**-242**	**-37**	**-391**	**-186**
FINANCING ACTIVITIES				
New share issue	-	-	0	0
Changes in loans	222	-54	256	-19
Cash flow from financing activities	**222**	**-54**	**257**	**-19**
Cash flow for the period	**-40**	**-37**	**69**	**72**
Cash and cash equivalents at period start	432	346	309	346
Exchange-rate differences in cash and cash equivalents	5	2	17	14
Cash and cash equivalents at period end	**396**	**309**	**396**	**432**

Parent company

INCOME STATEMENT

	Q1		LTM	Full year
SEKm	**2017**	**2016**	**Apr-Mar**	**2016**
Net sales	-	-	-	-
Gross profit/loss				
Administrative costs	-7	-1	-11	-5
Profit/Loss before interest and tax (EBIT)	**-7**	**-1**	**-11**	**-5**
Financial income and expenses	-54	-50	-207	-202
Profit/Loss after financial items	**-61**	**-51**	**-217**	**-207**
Group contributions	-	-	27	27
Profit/Loss before tax	**-61**	**-51**	**-190**	**-180**
Tax	-	-	-	-
Net income	**-61**	**-51**	**-190**	**-180**

STATEMENT OF COMPREHENSIVE INCOME

	Q1		LTM	Full year
SEKm	**2017**	**2016**	**Apr-Mar**	**2016**
Profit/Loss for the year	-61	-51	-190	-180
Other comprehensive income, net after tax	-	-	-	-
Comprehensive income for the year	**-61**	**-51**	**-190**	**-180**

Parent company

BALANCE SHEET – ASSETS

SEKm	31/03/2017	31/03/2016	31/12/2016
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,086	4,086	4,086
Total non-current assets	**4,086**	**4,086**	**4,086**
CURRENT ASSETS			
Receivables from subsidiaries	-	-	27
Cash and cash equivalents	69	48	44
Total current assets	**69**	**48**	**71**
TOTAL ASSETS	**4,155**	**4,134**	**4,157**

BALANCE SHEET – EQUITY AND LIABILITIES

SEKm	31/03/2017	31/03/2016	31/12/2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	0	0	0
Share premium reserve	1,177	1,177	1,177
Profit brought forward	257	437	437
Income for the year	-61	-51	-180
Total equity	**1,373**	**1,563**	**1,434**
NON-CURRENT LIABILITIES			
Shareholder loan	2,689	2,488	2,688
Total non-current liabilities	**2,689**	**2,488**	**2,688**
CURRENT LIABILITIES			
Accrued expenses and deferred income	87	81	35
Other liabilities	6	1	-
Total current liabilities	**93**	**82**	**35**
TOTAL EQUITY AND LIABILITIES	**4,155**	**4,134**	**4,157**

Quarterly overview Group and Business areas

Group

	Q1		LTM	Full year
SEKm	2017	2016	Apr-Mar	2016
Order backlog	1,998	1,713	1,998	1,741
Order intake	1,654	1,617	6,410	6,373
Net sales	1,519	1,220	6,340	6,040
Operating profit (EBIT)	75	74	578	577
Financial income and expenses	-106	-92	-438	-424
Tax	-9	-10	-68	-69
Net income	-41	-29	73	85
Amortization (incl. surplus values)	53	46	193	187
IAC	20	-	37	17
Adjusted EBITA	147	119	808	781
Adjusted EBITA margin, %	10	10	13	13

Air Treatment

	Q1		LTM	Full year
SEKm	2017	2016	Apr-Mar	2016
External order backlog	1,097	939	1,097	978
Order intake	950	775	3,560	3,385
External net sales	787	670	3,405	3,288
Transactions between segments	6	1	11	6
Operating profit (EBIT)	94	59	472	437
Amortization (incl. surplus values)	3	3	12	11
Adjusted EBITA	90	62	477	448
Adjusted EBITA margin, %	11	9	14	14

Data Centers

	Q1		LTM	Full year
SEKm	2017	2016	Apr-Mar	2016
External order backlog	321	328	321	392
Order intake	165	320	763	919
External net sales	249	90	814	655
Transactions between segments	4	0	34	30
Operating profit (EBIT)	32	7	79	54
Amortization (incl. surplus values)	1	0	2	1
Adjusted EBITA	32	7	81	56
Adjusted EBITA margin, %	13	8	10	8

Quarterly overview Group and Business areas

AgHort

SEKm	Q1 2017	Q1 2016	LTM Apr-Mar	Full year 2016
External order backlog	454	316	454	249
Order intake	469	427	1,746	1,704
External net sales	391	355	1,706	1,669
Transactions between segments	13	5	43	36
Operating profit (EBIT)	25	43	257	276
Amortization (incl. surplus values)	3	3	13	12
Adjusted EBITA	28	46	240	258
Adjusted EBITA margin, %	7	13	14	15

Mist Elimination

SEKm	Q1 2017	Q1 2016	LTM Apr-Mar	Full year 2016
External order backlog	126	130	126	121
Order intake	101	103	414	416
External net sales	92	106	415	428
Transactions between segments	1	3	7	9
Operating profit (EBIT)	6	18	57	69
Amortization (incl. surplus values)	0	0	1	1
Adjusted EBITA	6	18	58	69
Adjusted EBITA margin, %	7	16	14	16

Other and eliminations

SEKm	Q1 2017	Q1 2016	LTM Apr-Mar	Full year 2016
External order backlog				
Order intake	-31	-8	-73	-50
Transactions between segments	-24	-9	-95	-80
Operating profit (EBIT)	-82	-53	-288	-258
Amortization (incl. surplus values)	46	40	167	161
Adjusted EBITA	-10	-13	-47	-51

Notes

ACCOUNTING POLICIES

This report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The accounting policies conform to International Financial Reporting Standards (IFRS), as well as with the EU approved interpretations of the relevant standards, the International Financial Reporting Interpretations Committee (IFRIC) and Chapter 9 of the Swedish Annual Accounts Act. The report has been drawn up using the same accounting policies and methods of calculation as those in the Annual Report (Note 1), except for a change in segments where, as of January 1, 2017, the Data Centers, previously part of the Air Treatment segment, is presented as s separate segment. The historical numbers have been recalculated to reflect this change. Segment information can be found on pages 7 through 10 and the segment disclosures are presented on page 17-18.. New or revised IFRS standards that came into force in 2017 did not have any material impact on the Group. IFRS also comprises International Accounting Standards (IAS) and interpretations of the standards, called IFRIC and SIC, respectively. Besides IFRS and the Annual Accounts Act, recommendation RFR1 of the Swedish Financial Reporting Board – Supplementary Accounting Rules for Groups – is also applied.

The parent company has implemented the Swedish Financial Reporting Board's Recommendation RFR 2, which means that the parent in the legal entity shall apply all EU approved IFRS and related statements as far as this is possible, while continuing to apply the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and paying due regard to the relationship between accounting and taxation. The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and according to the Annual Accounts Act.

The consolidated accounts encompass the Parent Company and its subsidiaries. The financial statements for the Parent Company and its subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance with the accounting policies that apply to the Group. All intra-Group transactions, revenues, costs, gains, or losses that arise in transactions between companies included in the consolidated accounts have been wholly eliminated.

IFRS 15, Revenue from contracts with customers (effective from 2018).
The Company is evaluating the impact of the standard and has not quantified the effects of IFRS 15. Based on a preliminary analysis of a number of contracts related to customers of the Air Treatment business area, the Company does not currently believe that the standard will have a significant effect on the Company's financial statements. This evaluation will continue throughout 2017.

IFRS 16 Lease (effective from 2019).
Munters has begun to analyze the effects IFRS 16 will have on the Company's financial statements. In brief, the initial analysis shows that Munters as an operational lessee will be affected by the implementation of IFRS 16. Monetary calculations of the effect of IFRS 16 and choice of transition approach have not yet been carried out. Based on the Company's preliminary review of its leases (primarily lease agreements in respect of premises), including notice periods and rental amounts, the Company currently believes that IFRS 16 will have an effect on its consolidated accounts and financial key performance indicators, primarily ratios based on gross assets and gross liabilities.

TRANSACTIONS WITH RELATED PARTIES

Munters Topholding AB has a loan from shareholders raised in 2010 which are subordinated to the other loans. At March 31, 2017, the loan amounted to SEKm 2,689 (2,488) plus accrued interest amounting to SEKm 86 and carries an 8.0 percent rate of interest. Interest accumulates and is scheduled to be repaid at the latest when the loan matures on May 5, 2022. For the first quarter 2017 the Group expensed interest on loans from shareholders amounting to SEKm -54 (-50). For further information of transactions between Munters and related parties, see the Annual Report 2016.

EMPLOYEES

The number of permanent employees at March 31th 2017 was 3,203 (2,742), an increase of 17%. The increase in the number of employees was mainly attributable to the acquisition of MTech Systems as well as to the expansion of service and production staff to address the increase in volumes that occurred and the focus on the service business.

ENVIRONMENTAL IMPACT AND ENVIRONMENTAL POLICY

Munters' operations affect the external environment through air and water emissions, the handling of chemicals and waste, transport of input goods and finished products to and from Munters' factories. Munters is committed to constant vigilance regarding the environmental impact of its operations. Munters is committed to complying with all laws and to continuously promoting improvements in all EHS aspects, wherever Munters conducts business. Munters is committed to environmentally friendly and compliant operations. Munters constantly seeks opportunities to reduce risk and to create a safer, healthier, more diverse and more environmentally friendly workplace for our employees, customers, communities, and the overall environment. We achieve this through strong leadership, teamwork and our constant quest for improvement in all that we do. Munters' manufacturing facilities all over the world are committed to working with a written Environmental, Health, & Safety Management Program. The Safety Management Program establishes procedures to ensure compliance and to actively prevent injuries, various incidents, and environmental pollution.

RISKS AND UNCERTAINTIES

Munters is a company with geographically widespread operations and many small organisational entities. The Group depends to some extent on key customers and key personnel. Some of Munters' sales consist of components, products and facilities used in complex customer processes. Quality and contract obligations could result in claims for damages. Future alternative technologies could constitute a risk. Companies currently active in air treatment could become established in Munters' niches, which would mean increased competition. Demand for the Company's products is affected by the general economic trends. Financial risks mainly consist of currency, interest and financing risks. The continued development of the global economy (including interest rate and currency risk) is an uncertainty factor for profitability. A more detailed description of the Group's financial risks and how they are monitored and managed is disclosed in Note 3 in the Annual Report of 2016. Central guidelines govern the use of insurance, including coverage for general liability and product liability, property, business interruption, transportation, crimes against property, the liability of Board members and the CEO and employment practices liabilities. Several of insurance policies are managed Group-wide.

EARNINGS PER SHARE

Net profit per ordinary share in the first quarter 2017 amounted to SEK -181 (-149). Income attributable to Parent Company's ordinary shareholders, after consideration to preferential shares' annual right to dividend, amounted to SEKm -97 (-80) for the first quarter. The average number of outstanding ordinary shares in the full year and the first quarter was 536,981.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 13 and level 2 in the fair value hierarchy. The derivatives amount to SEKm 6 (4) in financial assets and to SEKm 3 (5) in financial liabilities.
The Group's contingent earn-outs and put/call acquisition options, recognized at fair value in the statement of financial position, are measured according to IFRS 13 and level 3 in the fair value hierarchy. The contingent consideration related to the acquisition of HB group in 2015 is valued based on the EBITDA during the period July 1, 2015 to July 1, 2017. The range, depending on what EBITDA level is achieved, is between zero up to a maximum of EURm 10. In the table below the changes in the contingent consideration liability during 2017 are explained. The largest change are related to the acquisition of MTech Systems, see further description on page 21.

SEKm	31/03/2017	31/03/2016	31/12/2016
Contingent price considerations and put/call options			
Opening balance	51	78	78
Estimated liabilities at acquisition	162	-	-
Payments	-	-	-9
Changes recognized in other operating income	-	-	-30
Discounting	1	2	7
Exchange-rate differences for the year	-1	0	5
Closing balance	**213**	**80**	**51**

Munters deems that the interest rate on interest-bearing liabilities is in line with market terms at March 31, 2017, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

ACQUISITIONS

MTech Systems

On February 1, 2017, Munters completed the acquisition of 60% of the shares in the US based software company MTech Systems.
The company will operate within the business area AgHort. The purchase price amounted to SEKm 222, corresponding to a debt-free enterprise value for 100% of the company of SEKm 370. Munters also has an option to acquire the remaining 40% of the shares that are held by senior executives of MTech Systems, which also have an option to sell, starting in December 2020. The purchase consideration on exercising the option will be based on the financial result for the 12 months prior to the date of exercising the option. As a consequence of the option Munters recognize non-controlling participations initially and allocate such part of income. The Group also recognizes a liability corresponding to the discounted expected redemption price for the options whereupon non-controlling participations attributable to the options are eliminated.
The difference between liabilities for the options and the non-controlling participations to which the options refer is recognized directly in equity and disclosed separately from other changes in equity.

The acquisition of MTech Systems was financed by raising bank loans. In 2016 MTech Systems had revenues amounting to approximately SEKm 140. Acquisition costs during 2016 - 2017 incurred amounts to SEKm 10.

Information about acquired net assets and goodwill follows (SEKm)	**According to preliminary purchase price allocation**
Cash purchase consideration paid	222
Total purchase consideration	**222**
Fair value of non-controlling interests	162
Fair value of acquired net assets	-244
Goodwill	**140**

Acquired net assets at time of acquisition	**Fair values according to preliminary purchase price allocation**
Assets	
Property, plant and equipment	13
Customer relationships	29
Technology	122
Brands	19
Accounts receivable	51
Other current assets	39
Cash and cash equivalents	35
Total assets	**307**
Liabilities	
Non-current interest-bearing liabilities	0
Current interest-bearing liabilities	0
Accounts payable	1
Accrued expenses and deferred income	20
Deferred tax liabilities	29
Other current liabilities	12
Total liabilities	**63**
Net identifiable assets and liabilities	**244**
Cash purchase consideration paid	222
Cash and cash equivalents in acquired company	-35
Change in the Group's cash and cash equivalents on acquisition	**187**

The fair value of acquired net assets was increased by SEKm 160. Of this amount SEK 29 million relates to customer relationships, SEKm 122 to technology, SEKm 19 to brands, SEKm 19 to accrued income, and SEKm 29 to deferred tax liabilities. The fair value of the acquired accounts receivable at the date of acquisition, SEKm 51 corresponds to the amount expected to be paid. Receivables have a nominal value of SEKm 51.

The goodwill arising from the acquisition, SEKm 140, is primarily attributable to future synergies expected through combining MTech Systems expertise in advanced data analysis with data from Munters controllers, creating a complete overview of the supply chain for poultry and swine producers. Overall this will significantly expand Munters offering to our customers in business area AgHort.

Kevin Enterprises

On April 1, Munters completed the acquisition of Kevin Enterprises Private Limited, a privately owned company headquartered in Mumbai, India. The acquisition was structured as an asset deal, acquiring company being Munters India Humidity Control Private Limited, Munters India. The acquired business will as of April 2017 be reported as a separate reporting unit within Munters India, and will be consolidated into Business Area Mist Elimination. The preliminary purchased consideration, after preliminary net working capital and net debt adjustments, amounted to SEKm 76. Preliminary fair value of transferred net working capital and net fixed assets amounted to SEKm 18 and 35 respectively. Value of intangible assets, including goodwill, was estimated at approximately SEKm 23. Work will be carried out with respect to further specifying and allocating value to specific intangible assets. Net debt items were estimated at approximately SEKm 0.2. In 2016, Kevin Enterprises generated revenues of approximately SEKm 65.
Acquisition costs incurred amounts to SEKm 5.

Information about acquired net assets and goodwill follows (SEKm)	**According to preliminary purchase price allocation**
Cash purchase consideration paid	76
Working capital	18
Fixed assets	35
Net Debt	0
Intangible assets, including goodwill	**23**

Alternative performance measures

In this interim report, there are references to a number of performance measures. Some of the measures are defined in IFRS, others are alternative performance measures and are not disclosed in accordance with applicable financial reporting frameworks or other legislations. The performance measures are used by the Group to assist both investors and management in analyzing Munters' business. Below are the performance measures found in this interim report described, defined and the reason for use disclosed.

Organic growth
The change in net sales compared to the previous period, excluding contributions to net sales from businesses that were acquired and/or divested during the current period and/or any comparison period. The measure is used by Munters to monitor net sales growth driven by changes in volume, currencies, price and sales between different periods.

Order backlog
Received and confirmed sales orders not yet delivered and accounted for as net sales. Order Backlog is a useful measure to indicate the efficiency of the conversion of received and confirmed sales orders into net sales in future periods, and is used by Munters to monitor business performance and customer demand, and adjust operations.

Order intake
Received and confirmed sales orders during the reporting period. The order intake is an indicator of future revenues and, consequently, an important KPI for the management of Munters' business.

LTM
LTM (last twelve months) after any key indicator means that the KPI corresponds to an accumulation of previous twelve month reported numbers. The measure is used to highlight trends in different KPIs, which is valuable in order to gain a deeper understanding of the development of the business.

Operating profit (EBIT)
Earnings before interest and tax. Munters believes that EBIT shows the profit generated by the operating activities.

Adjusted EBITA
Operating profit, adjusted for amortizations and items affecting comparability. The measurement is a key component in order to evaluate the underlying business of Munters and is regularly monitored and analyzed by the Group.

Items affecting comparability ("IAC")
Items affecting comparability relates to income statement items that have an impact on operating profit and are important for understanding the underlying development of operations.

Adjusted EBITA margin
Adjusted EBITA as a percentage of net sales. Munters believes that Adjusted EBITA Margin is a useful measure for showing the Company's profit generated by the operating activities

External Net debt
Net debt calculated as external interest bearing debt (excluding shareholder loans) and pension liabilities, deducted by cash and cash equivalents. This is a measure of the ability to repay the debt if it was all due.

Cash and cash equivalents
Cash and bank balances plus investments in securities and the like with maturity periods not exceeding three months. This is a measure that highlights the short-term liquidity.

Stockholm, 21 April 2017

John Peter Leesi, President and CEO

This report has been subject to review by the company's auditors.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Munters Topholding AB

Corporate identity number

556819-2321

About Munters Group

Munters is a global leader in energy efficient air treatment and climate solutions. Using innovative technologies, Munters creates the perfect climate for customers in a wide range of industries, the largest being the food, pharmaceutical and data center sectors. Munters has been defining the future of air treatment since 1955. Today, around 3,500 employees (including temps.) carry out manufacturing and sales in more than 30 countries. Munters reports annual net sales above SEK 6 billion and is owned to a majority by Nordic Capital Fund VII. For more information, please visit www.munters.com.

Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation.

"Strong net sales and adjusted EBITA growth driven by Data Centers and Air Treatment"

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Report on review of interim financial information

Munters Topholding AB, corporate identity number 556819-2321

Introduction
We have reviewed the condensed interim consolidated financial information for Munters Topholding AB as at March 31, 2017 and for the three months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, April 21, 2017

Ernst & Young AB

Erik Sandström
Authorized Public Accountant