

MUNTERS THIRD QUARTER

Stable demand, strong organic net sales growth
and improved profitability

Klas Forsström, President and CEO
Annette Kumlien, GVP and CFO

Agenda

Highlights January – September 2019

Q3 and January – September 2019 results

Update on Munters Full Potential Program

Summary and outlook

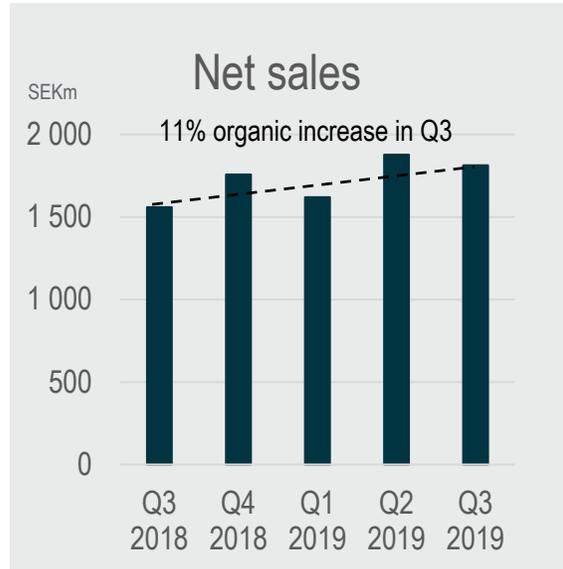
Highlights during Q3 2019

Stable demand at high level



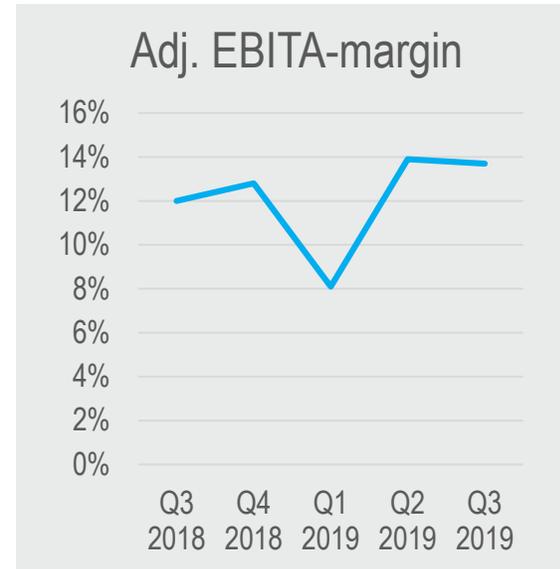
- Strong demand for some areas of the industrial market, Services as well as for Data Centers and Mist Elimination solutions
- Increased demand for digitalized solutions for the food industry

Strong net sales growth



- Growth in the Data Centers business in the US
- Growth in several sub-segments in the industrial area
- Services delivered strong growth

Adj. EBIT-margin improved



Adjusted EBITA-margin improved, driven by:

- Savings from FPP*
- Net sales growth and improved utilization rates
- Operational improvements

Management changes



- Peter Gisel-Ekdahl appointed President of Business Area AirTech
- Johan Ekeström appointed interim President of Business Area FoodTech

*Munters Full Potential Program launched in February 2019

European Data Centers operation incurs additional costs

- Data Centers operation in Dison, reported as discontinued operations in interim report Jan-Sep 2019
- A provision taken for estimated additional non-recurring costs of estimated SEKm 116 in Q3 2019 related to the closure of the Data Centers factory in Dison, Belgium
- Estimated costs incurred due to certain specified components, for a previously sold customized Munters solution, having to be replaced at a specific customer's sites
- Munters has insurance solutions in place for this type of events, but the financial and cash flow net effect on Munters can not yet be finally determined. This is expected to be concluded during the coming months

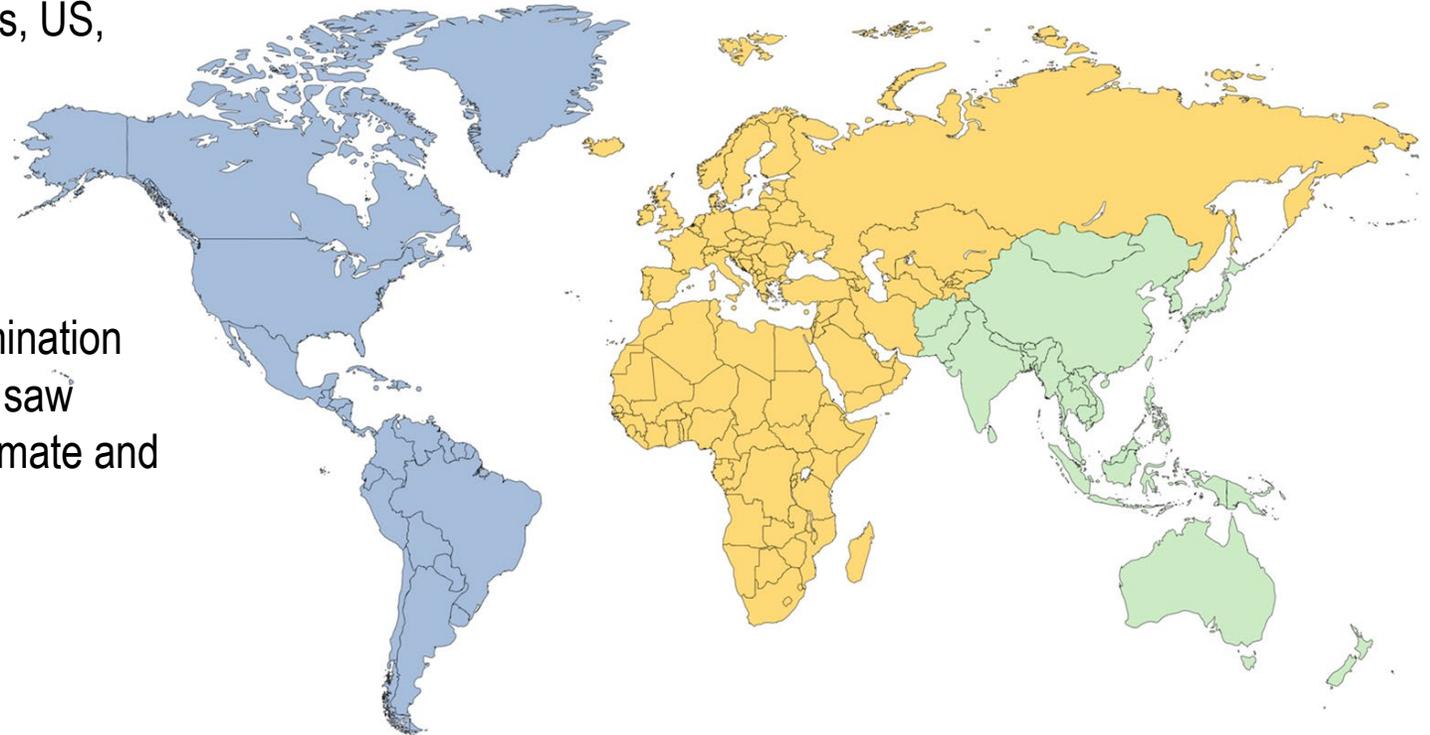


Overall stable demand

- Americas:
 - Strong order intake in Data Centers, US
 - Order intake in Supermarket sub-segment, US, remained weak
 - Continued low level of investments in swine farms, US, driven by overcapacity and uncertainty about the consequences from new trade tariffs and the African Swine Fever (ASF)
- EMEA:
 - Increased order intake for Services and Mist Elimination
 - Selected parts of the European industrial market saw lower demand, impacted by weaker economic climate and lower investment rate in the region
- Asia:
 - High demand from the poultry industry as well as increased order intake for Services
 - Investments in swine production, coming back from low levels due to ASF

Order intake development, currency adjusted

	Americas	EMEA	APAC
Share of orders received R12, %	41%	36%	23%
YTD vs. last year, %	+3%	+11%	-5%
Last 3 months vs. last year, %	-11%	+2%	+32%



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Munters Full Potential Program – Q3 2019

Munters Full Potential Program (FPP) launched in Feb. 2019:

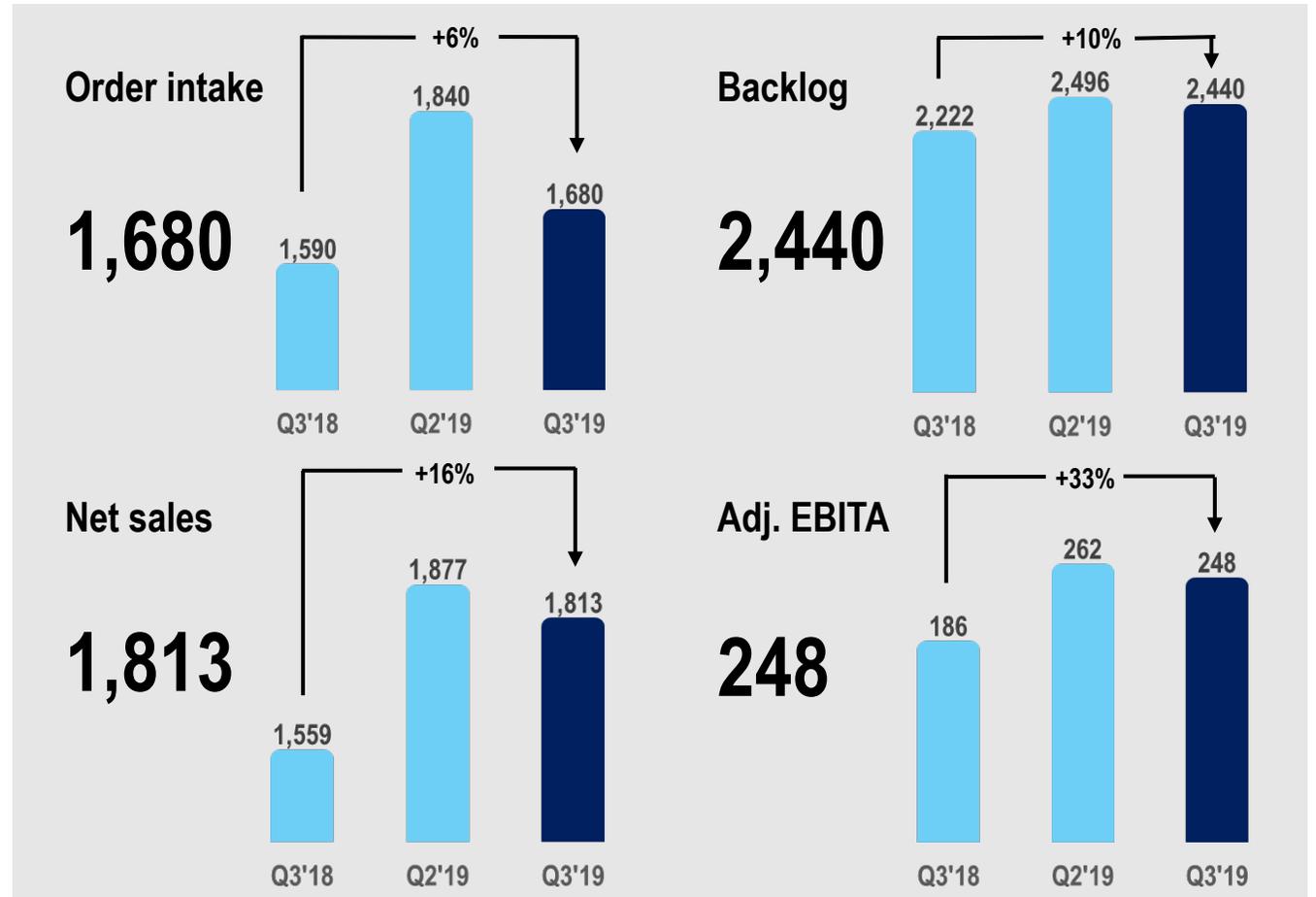


- FPP program in line with plan, with total run-rate overhead savings on an annual basis in line with the targeted level
- Moving into Phase 2 of FPP program during fall 2019



Third quarter 2019 financial highlights, SEKm *

- Order intake increased by 6%
- Net sales for continuing business increased by 16%
- Adjusted EBITA increased to SEKm 248 (186)
- Net income was SEKm 104 (59) incl. non-recurring items
- Cash flow from operating activities was SEKm 177 (-38)
- Leverage at 3.5x



* The income statement has been restated for the period Jan-Sep 2019 and 2018 to reflect discontinued operations in line with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Discontinued operations is defined as the business within the Data Center operations in Dison, Belgium. All income statement items in this report refers to Munters continuing operations, if not otherwise stated. See more information in the Quarterly report on page 19.

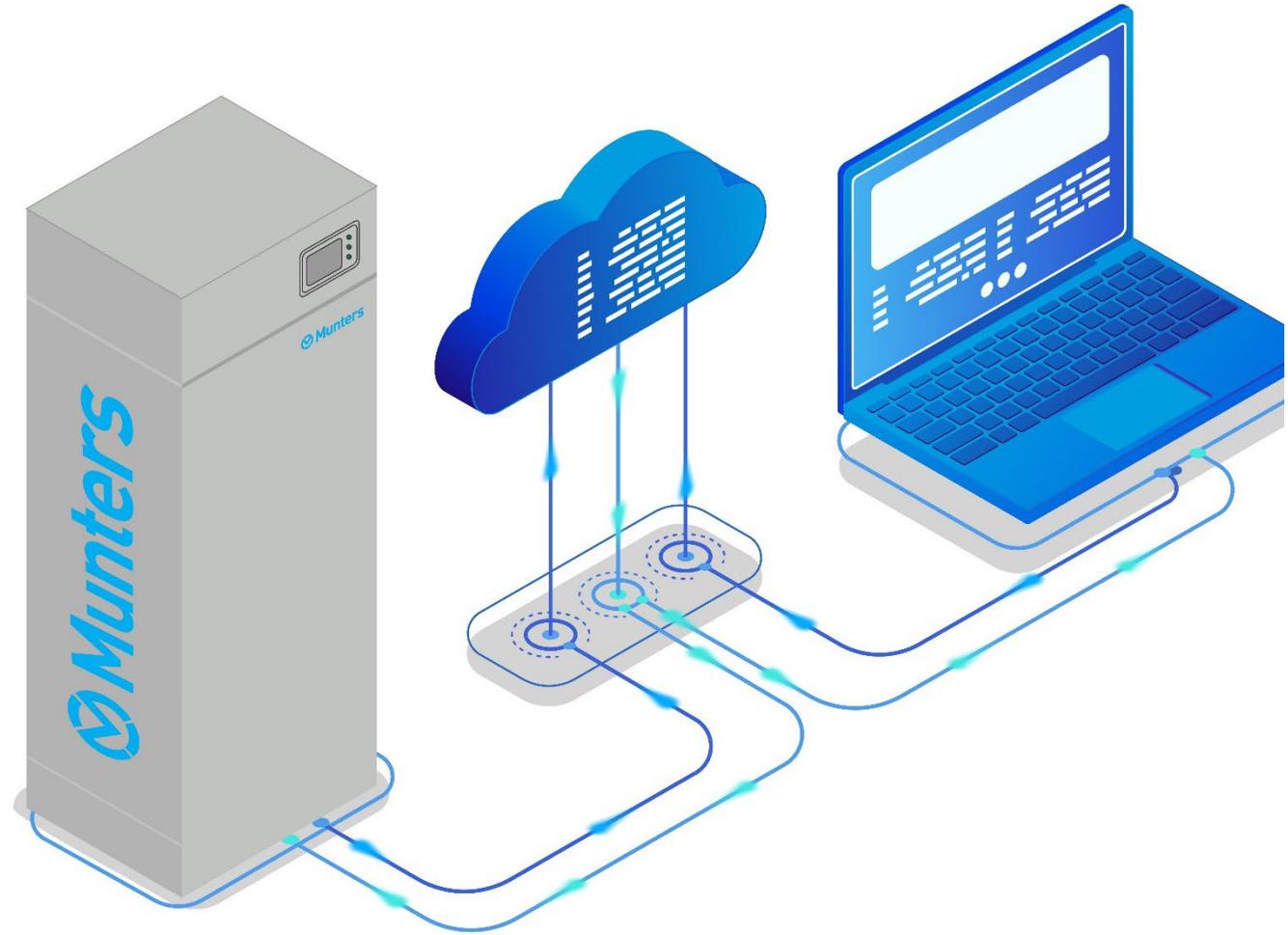


AirTech Q3 2019 – strong net sales growth

- Stable order intake, organic growth 5%
- Strong net sales with organic growth 18%, driven by:
 - Growth in parts of sub-segment Industrials,
 - Data Centers US,
 - Mist Elimination; and
 - Services
- Adjusted EBITA margin increased to 12.9% driven by savings from FPP and volume growth

Innovation: Launch of AirC

- Munters has launched a new AirC control platform
- AirC – help customers optimize energy consumption and allow service and system updates through remote access
- Digital display gives operators access to everything from system status to the humidity controls
- AirC – enables a fully automated system, ensuring it is run at optimal efficiency levels at all times





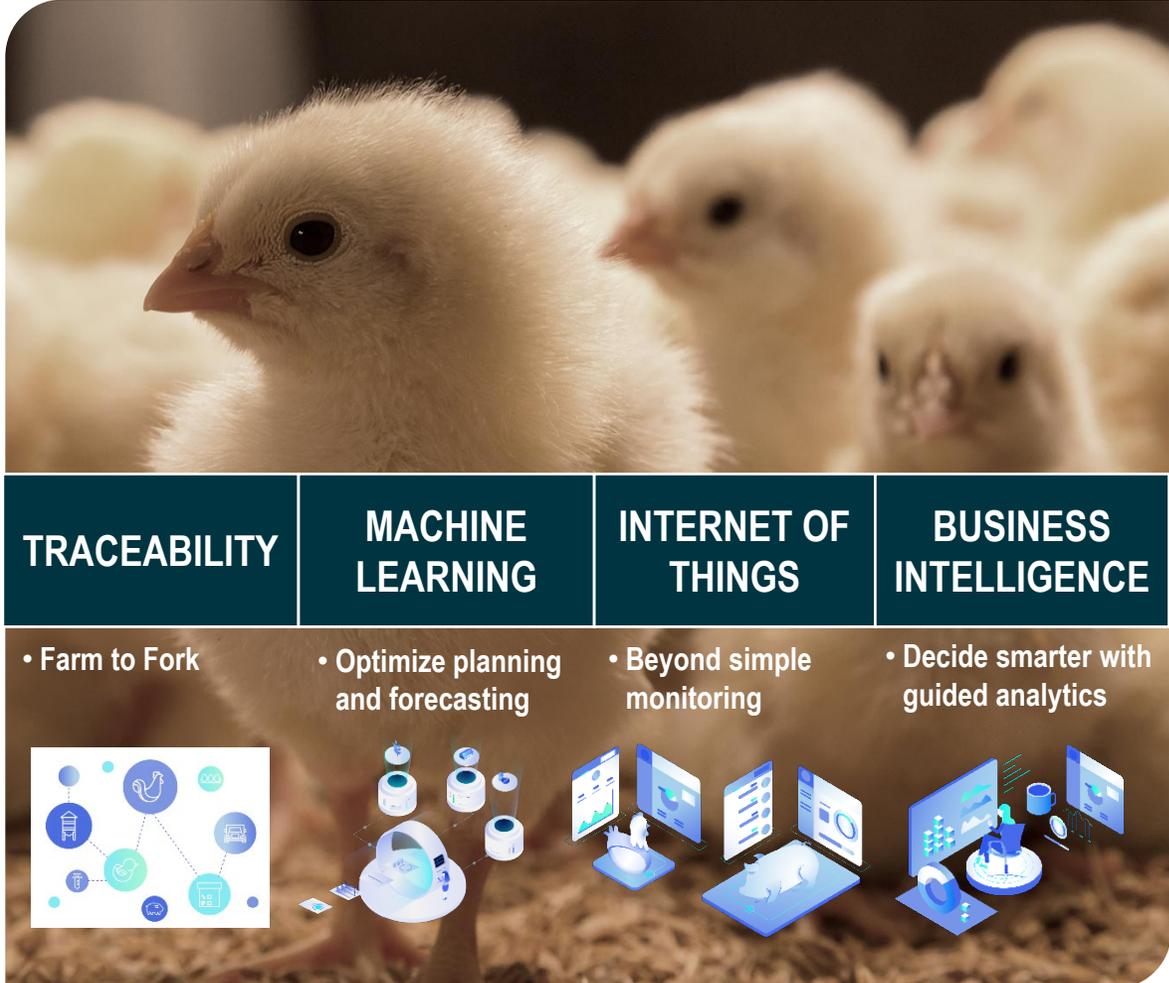
FoodTech Q3 2019 – impacted by low demand in Americas

- Order intake decreased, organically -7%
 - Order intake in the layer and broiler markets increased
 - Offset by weak demand from swine market in the US and China caused by ASF, effects from trade tariffs and overcapacity in the US market
- Net sales decreased, organically -2%
 - Positive development in the climate solution controller business
- Increased adjusted EBITA margin to 15.9% driven mix and savings from FPP

Improved efficiency with MTech integrated system

- Order received for an SaaS*, End-to-End solution from Claxton Poultry in the third quarter 2019
- Claxton sell around 300 million pounds of chicken annually to 750 customers from mom-and-pop restaurants to national US chains like Chick-fil-A
- The operation include a processing plant in Claxton, Georgia, a feed mill in Surrency and two state-of-the-art hatcheries in nearby Glennville, employing a total work force of about 1,800
- Munters MTech solution manages every phase of the production supply-chain from live operations to finished product though a SaaS/cloud solution

*Software As a Service: licensed software, monthly subscription



TRACEABILITY	MACHINE LEARNING	INTERNET OF THINGS	BUSINESS INTELLIGENCE
• Farm to Fork	• Optimize planning and forecasting	• Beyond simple monitoring	• Decide smarter with guided analytics

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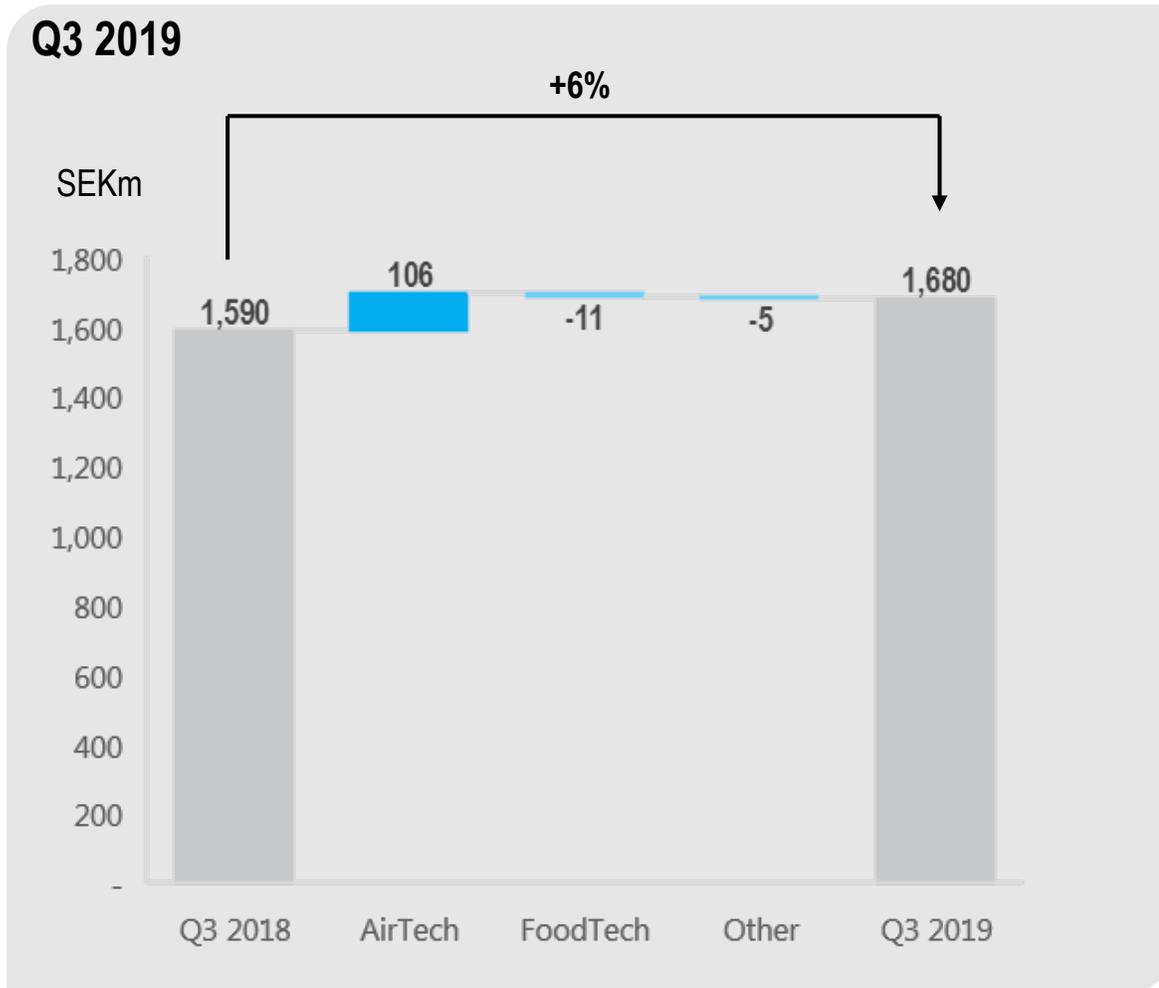
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Stable demand



- Order intake grew by 6% (1% organic)

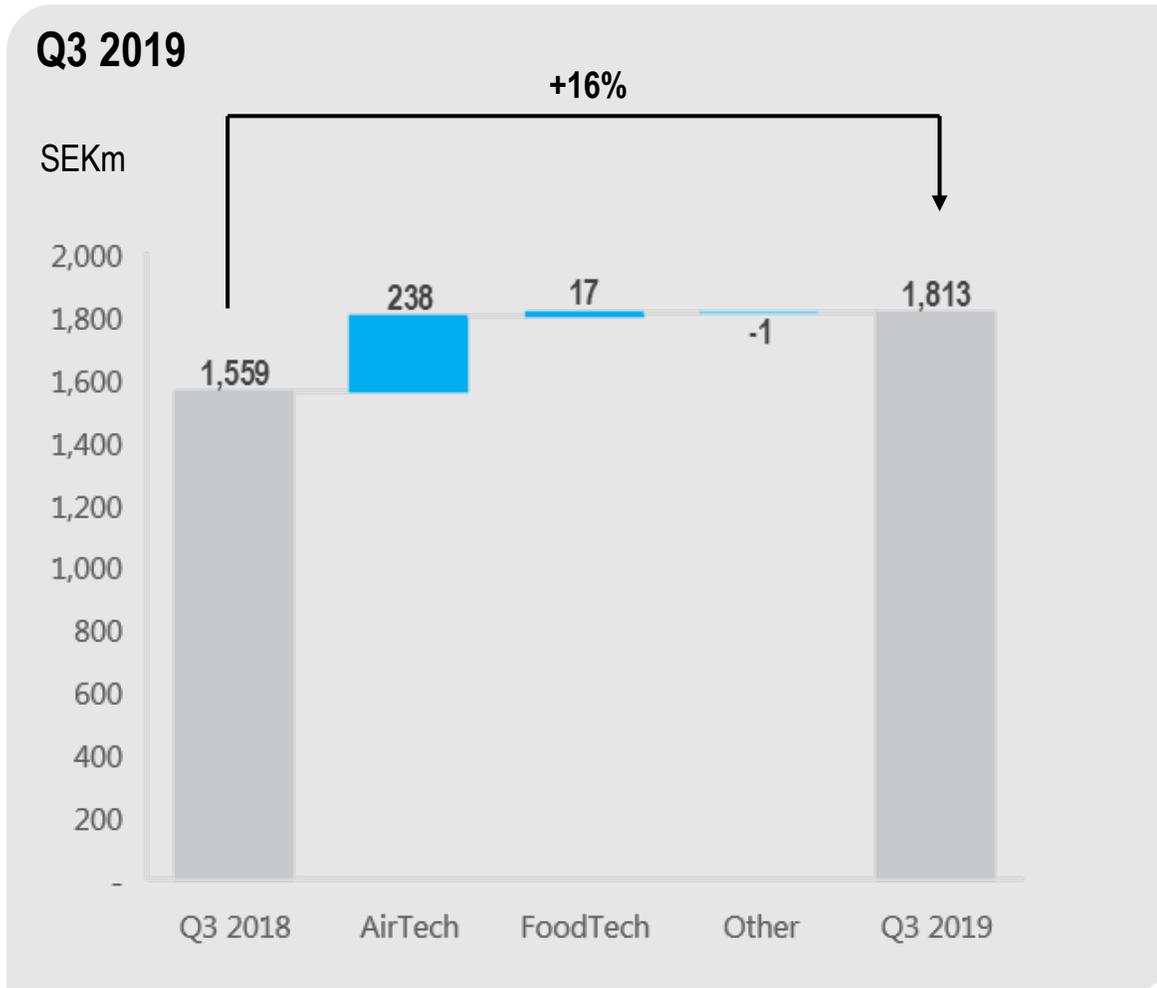
Airtech:

- Growth driven by a few large orders received from the lithium battery industry
- Very strong growth in Services (8% organic)
- Continued weak demand for Supermarkets

Foodtech:

- Order intake remained weak in the Americas, driven by overcapacity and uncertainty about the consequences from new trade tariffs and ASF

Strong organic net sales growth



- Net sales increased by 16% (11% organic)

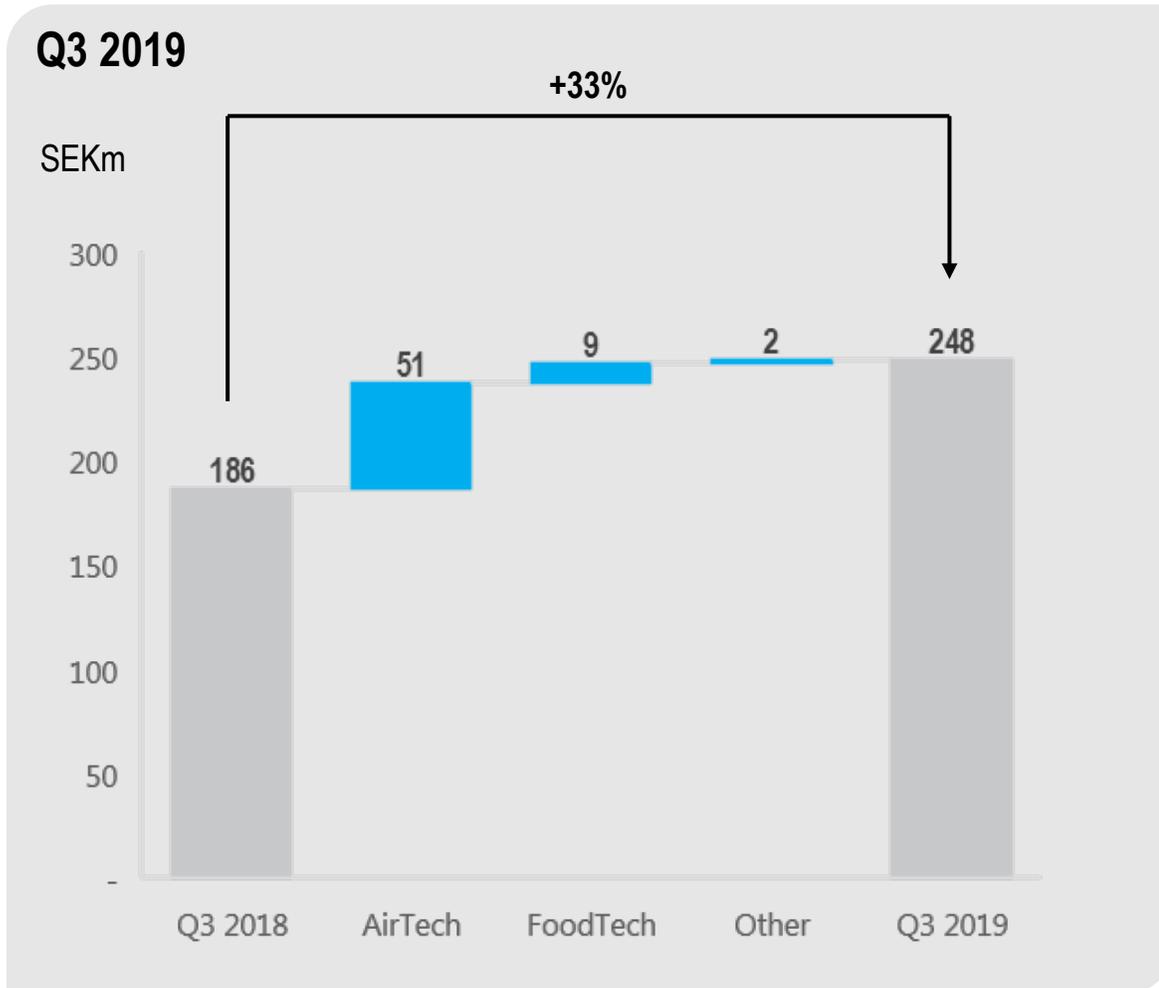
Airtech:

- Growth with 18% organically with an organic growth Services of 16%
- Growth in Data Centers solutions in the US and Mist Elimination. Offset by decreased deliveries to the commercial sector as well as component deliveries to OEMs

Foodtech:

- Net sales declined -2% organically, with decrease in Americas due to low level of investments in swine farms in the US, driven by overcapacity and uncertainty about the consequences from new trade tariffs and ASF
- Net sales for climate solution controllers increased

Improved profitability



- Adjusted EBITA increased by 33%
- Adjusted EBITA margin was 13.7% (12.0)

AirTech:

- Improvement driven by:
 - Savings from the initiatives run within the FPP program
 - Net sales growth; and
 - Improved utilization rates in the Data Centers operations in the US and the Mist Elimination operations

FoodTech:

- Improvement was mainly driven by:
 - Higher gross margins resulting from a higher share of sales of controllers; and
 - Operational improvements in the production facility in Mexico

First nine months 2019 – summary

SEKm	Q3			Jan-Sep		
	2019	2018	Δ	2019	2018	Δ
Order backlog	2,448	2,388	+3%	2,448	2,388	+3%
Order intake	1,680	1,590	+6%	5,457	4,964	+10%
Net sales	1,813	1,559	+16%	5,311	4,655	+14%
Operating profit	174	136	+28%	397	371	+7%
Adj. EBITA	248	186	+33%	641	500	+28%
Adj. EBITA margin	13.7%	12.0%		12.1%	10.7%	
Net income	104	59		200	218	
Cash flow from operating activities	177	-38		388	0	

- Order intake increased 10% of which 4% was organic
- Net sales increased 14% of which 8% was organic
- Adjusted EBITA improved by 28% to SEKm 641 (500), and adjusted EBITA margin improved to 12.1% (10.7)
- Cash flow from operating activities improved to SEKm 388 (0)
- Leverage at 3.5x

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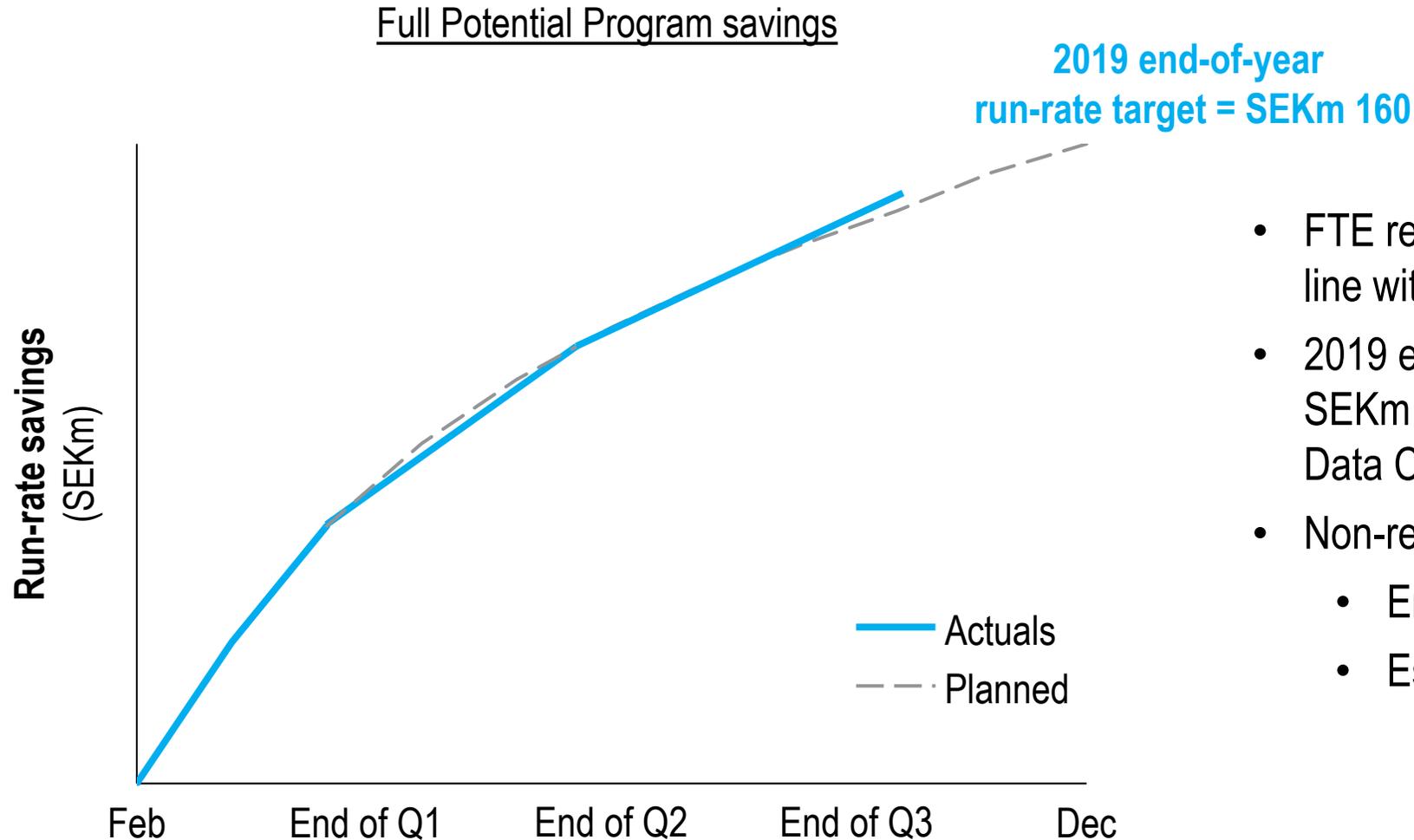
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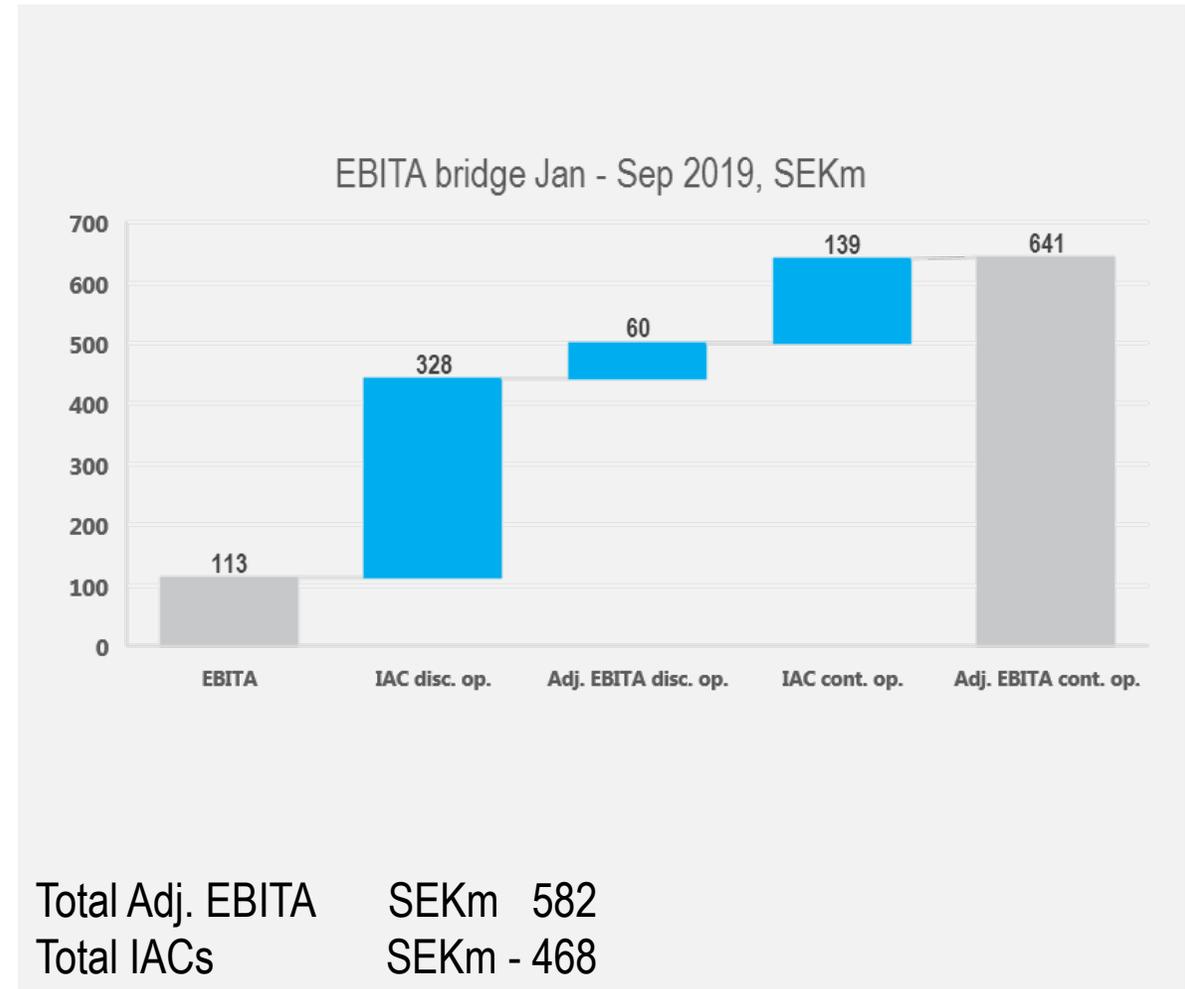
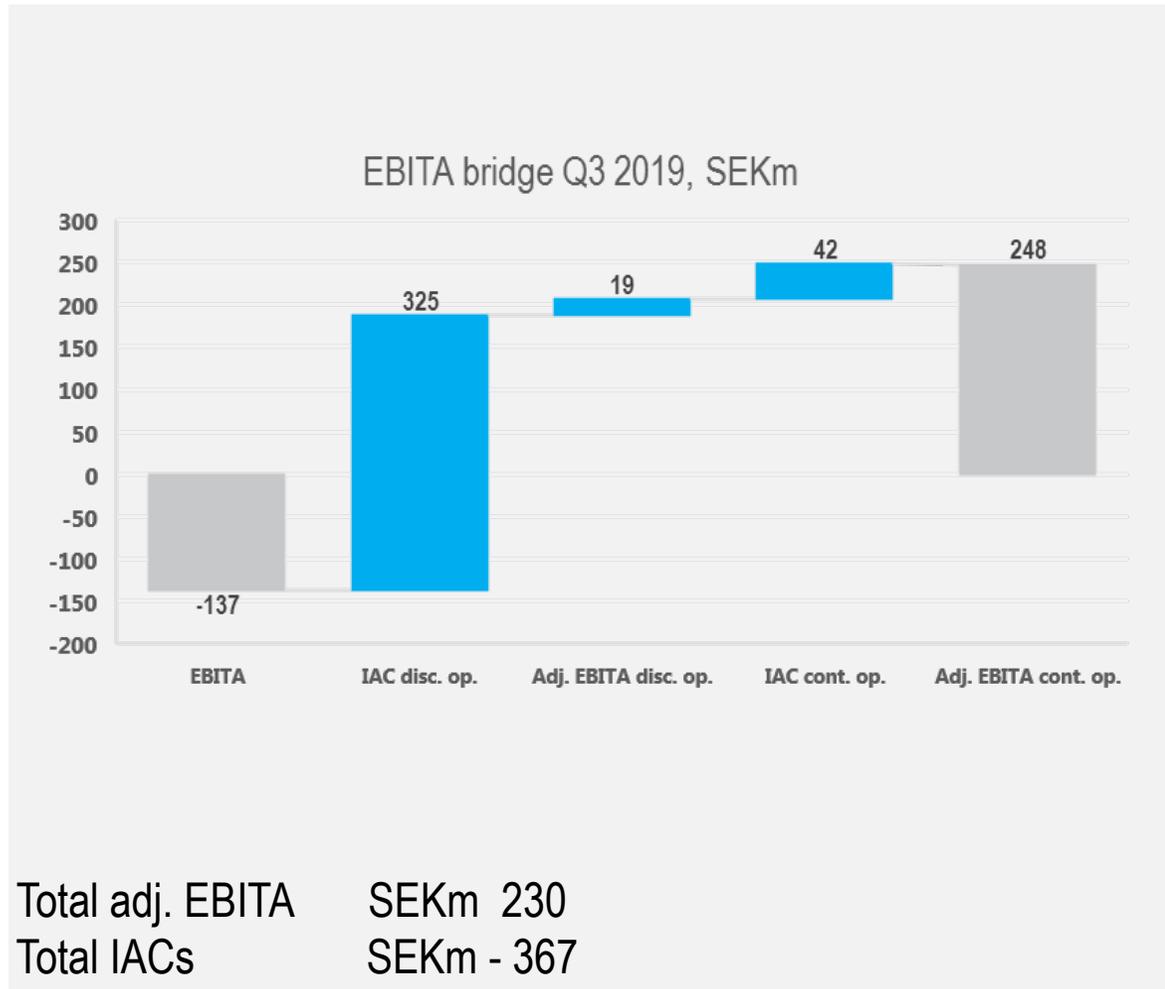


Savings progressing according to plan



- FTE reductions and other cost savings in line with plan, end of Sep. 155 MSEK
- 2019 end-of-year run-rate target of SEKm 160 not including the savings in Data Centers of SEKm 50
- Non-recurring charges:
 - End Sep. 2019: SEKm 326
 - Est. YE 2019: SEKm 375

EBITA-bridge for Q3 2019 and Jan-Sep 2019



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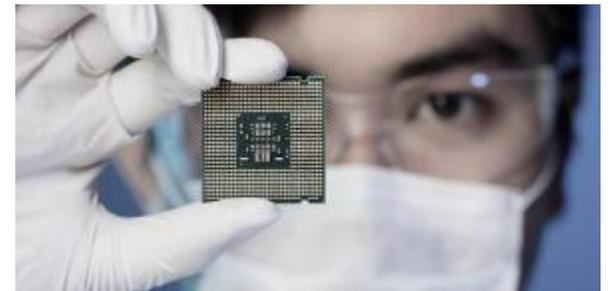
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Summary

- Good underlying order intake and net sales growth, with softer order intake expected second half vs first half of 2019, impacted by weaker economic climate in Europe and trade restrictions
- Munters Full Potential Program well on track
- Significantly improved Group adj. EBITA expected for full year 2019 with full impact from 2020 from Munters Full Potential Program
- Group leverage expected to be in line with our mid-term financial leverage target in 2020
- Firm path towards increased earnings over the following years towards achieving revised financial targets



Moving into Phase 2 of FPP program during fall 2019



- Focus in 2019 setting strategic priorities, including finalization of strategic evaluation of Data Center and Mist Elimination
- Focus on operational excellence to ensure needed acceleration of innovation pace
 - Specific Core Technology and Digitalization including Internet-of-Things, Connectivity, Data handling and analysis

Sustainable operations

- The core of Munters is to help customers become more efficient in a sustainable way
 - Growth areas driven by need for more sustainable and efficient operations
 - Example of market drivers: lithium batteries for electrification, animal welfare, human health, increasing data traffic, etc.



Questions & Answers