

A close-up photograph of a hand holding four eggs. The hand is wearing a red and white plaid shirt. The eggs are of various colors: one white, one light brown, and two darker brown. The background is blurred, showing more of the plaid shirt and some dark, indistinct shapes.

# Munters – Investor Presentation

February 2024

Investor Relations

# Agenda

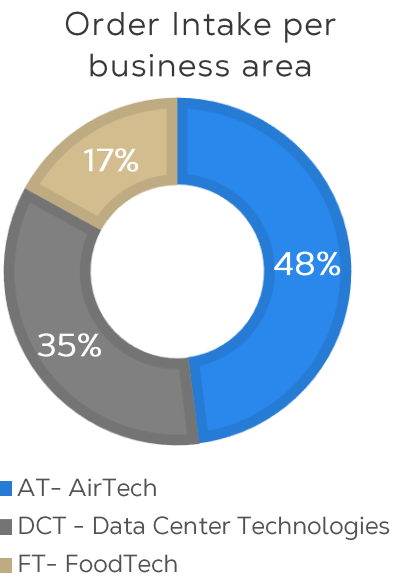
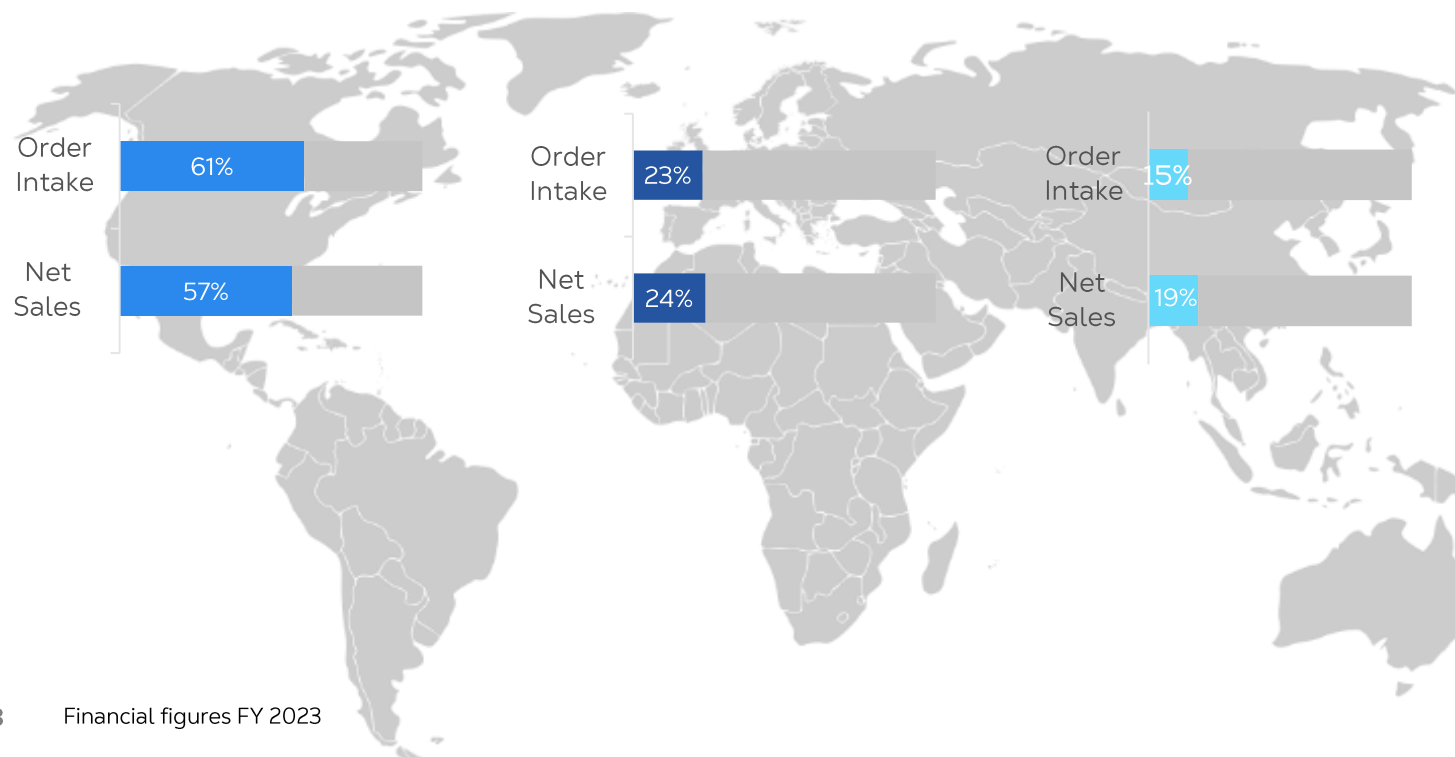
- Introduction
- Q4 highlights
- AirTech
- Data Center Technologies
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# World leader in energy-efficient climate solutions

Munters offers climate solutions where controlling indoor humidity, temperature and energy efficiency is mission-critical

Regional share FY



Sales in number of countries  
**>45**

Sales MSEK\*  
**13,930**

Number of production plants  
**22**

Adj. EBITA margin  
**13.2**

Number of employees  
**~5,000**



# Business critical solutions to a broad range of industries



Dry air for battery production



Clean Technology solutions for a healthier planet



Constant humidity solutions for the pharmaceutical industry



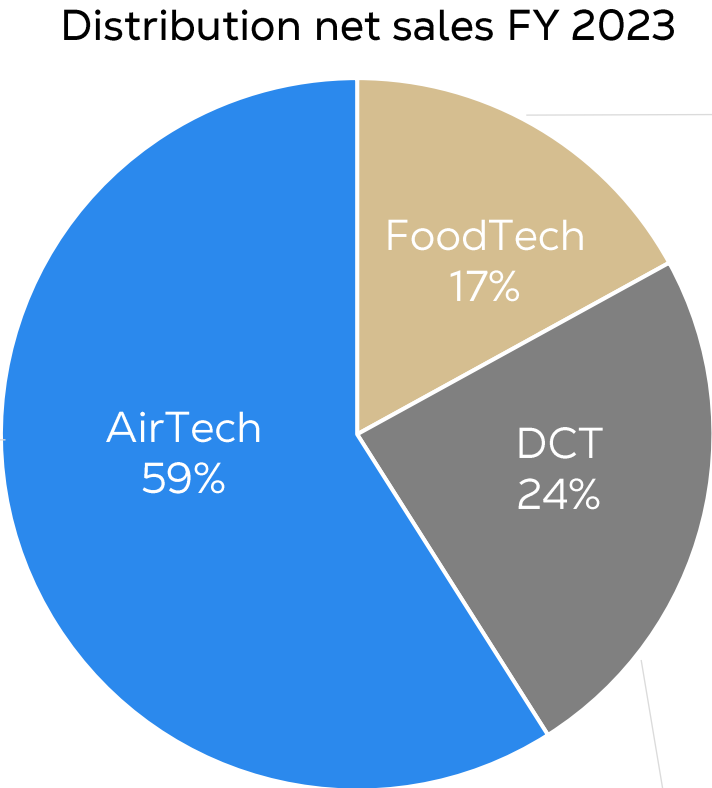
Climate & hygiene control for the food production industry




Leading supplier of Rotors & other components




Service offering to a broad range of customers




Data Center cooling solutions



Indoor climate solutions for agriculture and greenhouses



Sensors & Controllers for farmers



Software solutions for food producers





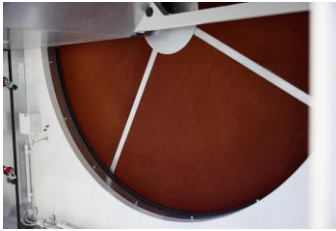
# Core technologies – dehumidification and evaporative cooling

## Core Technologies

Evaporative cooling pads



Rotors with desiccant drying wheel



## AirTech offering

Dehumidifiers



Climate systems



## FoodTech offering

High-efficiency fans



Air inlets



## DataCenter Technologies offering

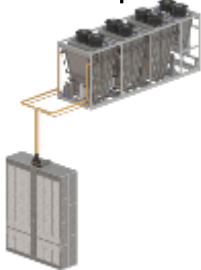
Packaged air economizers



Chilled Water CRAH<sup>1</sup>



SyCool Split



Service



Controllers & sensors



Software

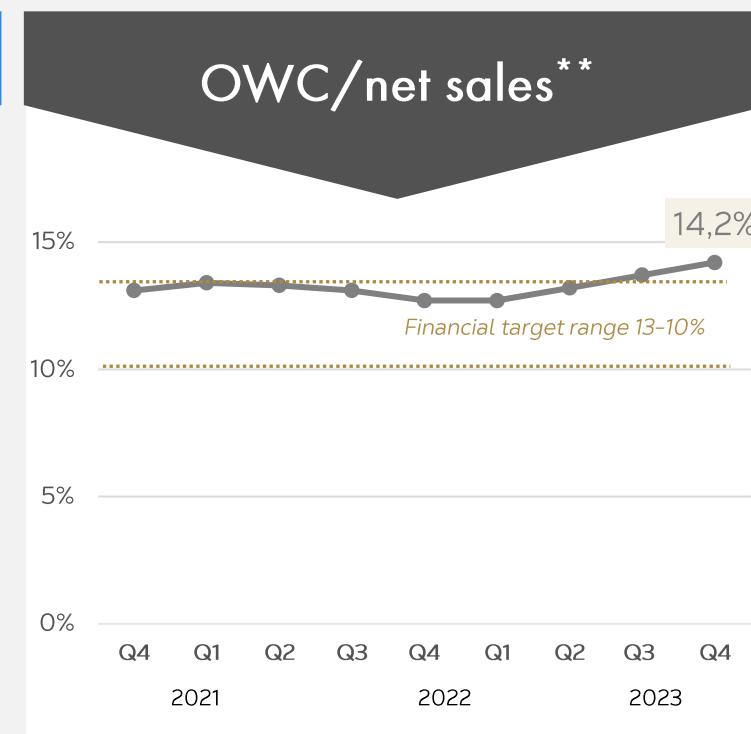
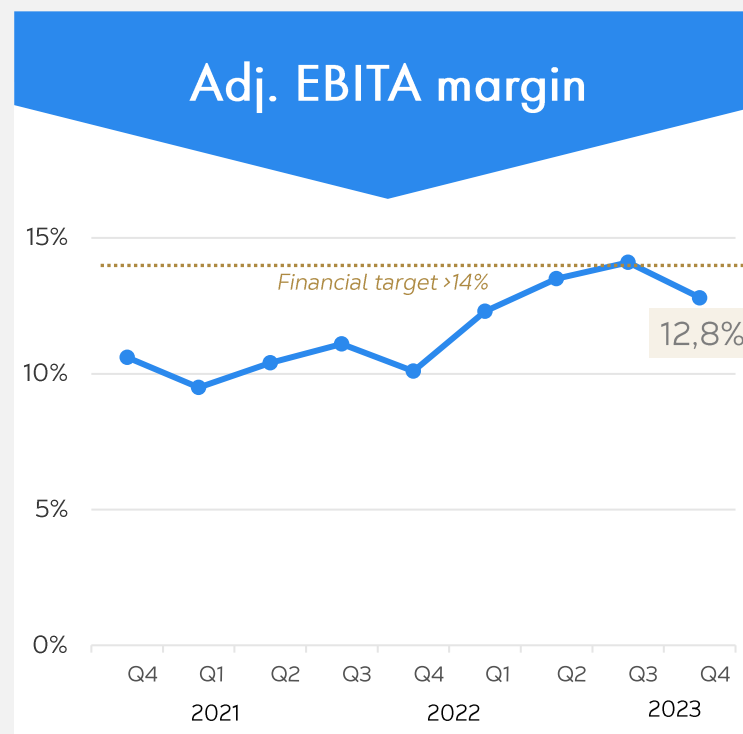


The above products are examples of products in the Munters offering  
<sup>1</sup>CRAH – Computer Room Air Handler

# Progression towards our financial targets

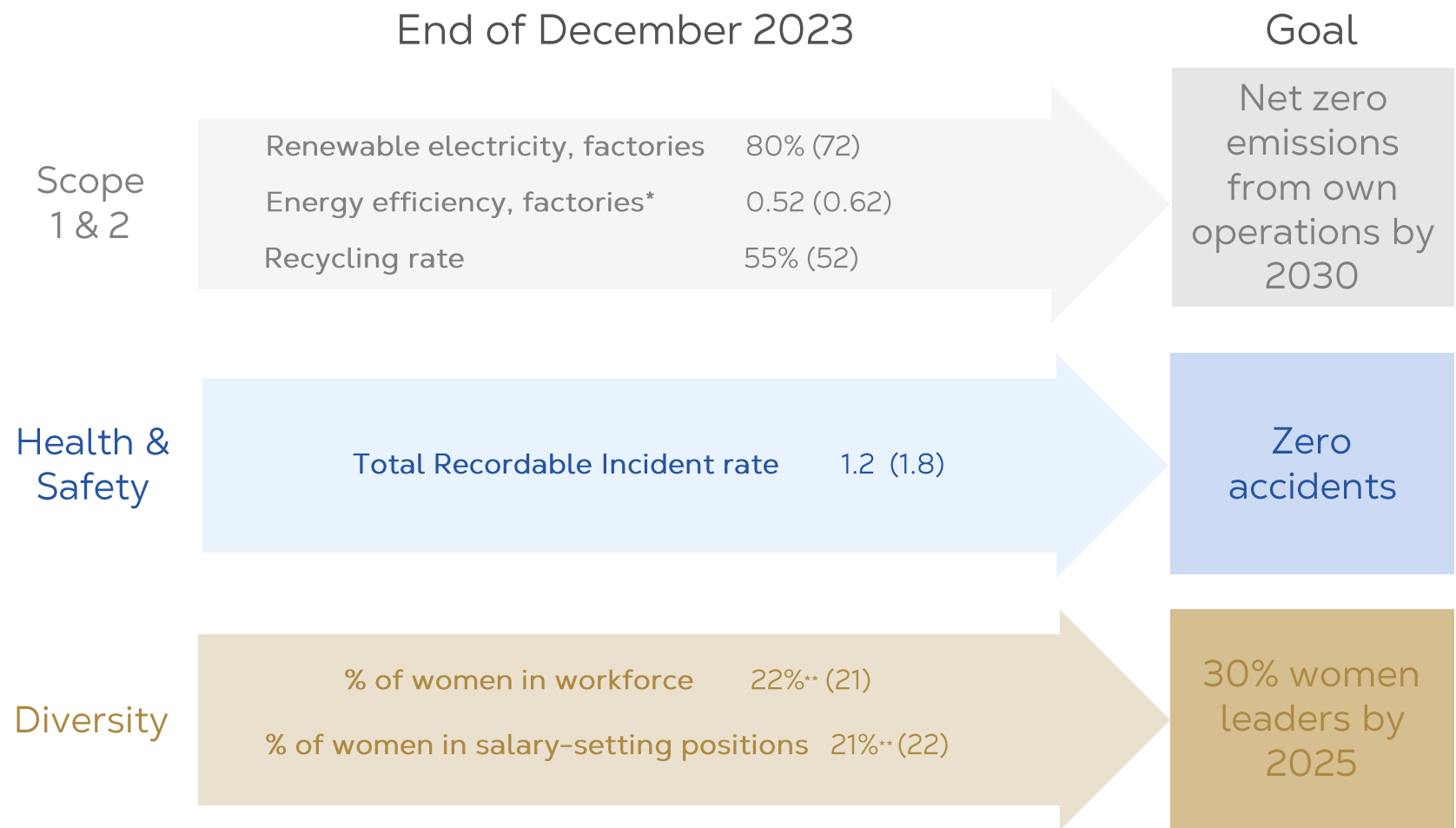


\* Organic growth p.a. over a business cycle



\*\*Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period

# Advancement towards our sustainability goals

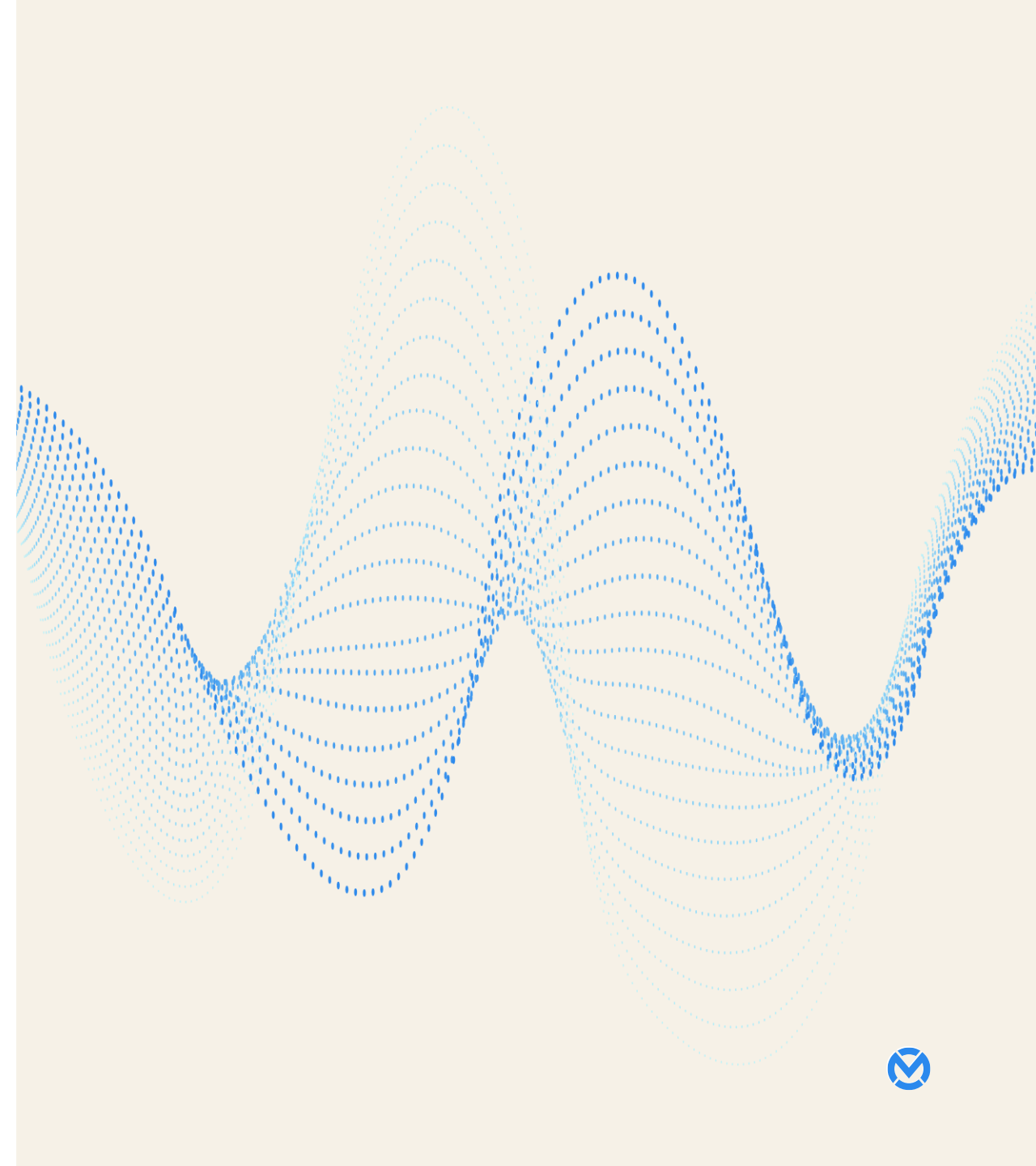


\* Electricity in relation to production output.  
\*\*The results for 2023 were negatively affected by acquisitions as well as adjustments due to the harmonization of the definition of salary-setting manager during the year, in connection with the introduction of a global HCM system.



# Agenda

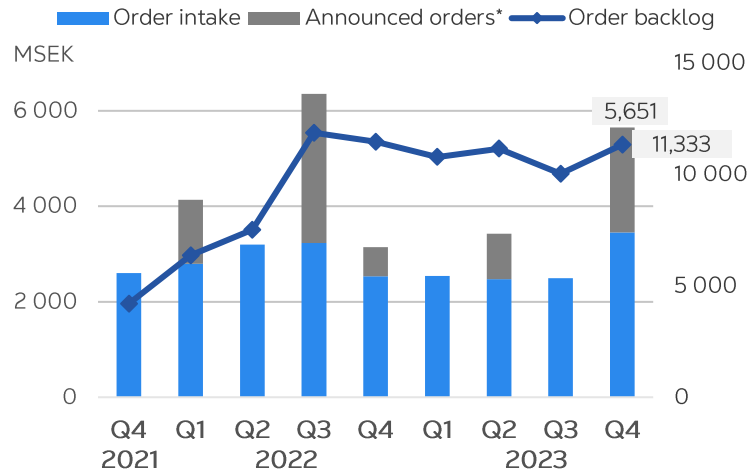
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# Strengthened market position and strong results

## Stable long-term growth trends



### Q4 Order intake, +82% (org)

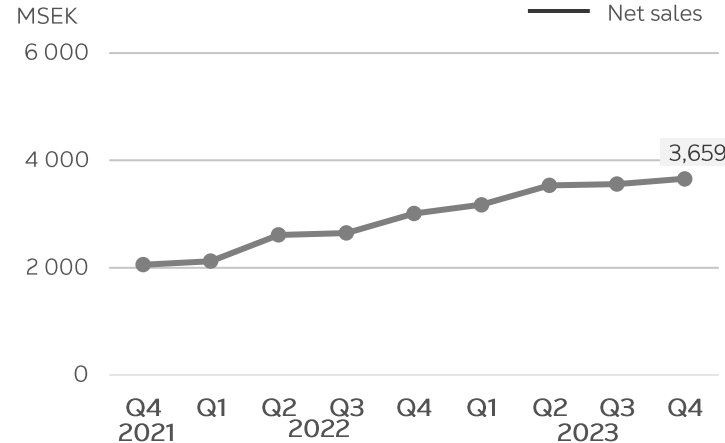
- driven by major orders in DCT
- cont. shift in customer demand towards smaller orders with shorter lead times

### Q4: Order backlog, -16%

- mainly large orders in DCT & AT, to be delivered throughout 2025

### FY: Order intake, -21% (org)

## Strong net sales growth



### Q4: Net sales, +16% (org)

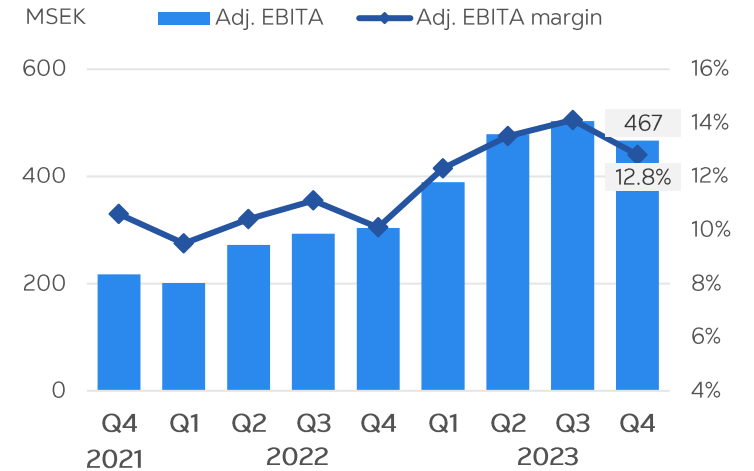
- mainly driven by DCT
- FT all regions contribute to increase
- AT flat

### Book-to-bill Q4: 1.5

### FY: Net sales, +27% (org)

### Book-to-bill FY: 1.4

## Robust improvement in profitability



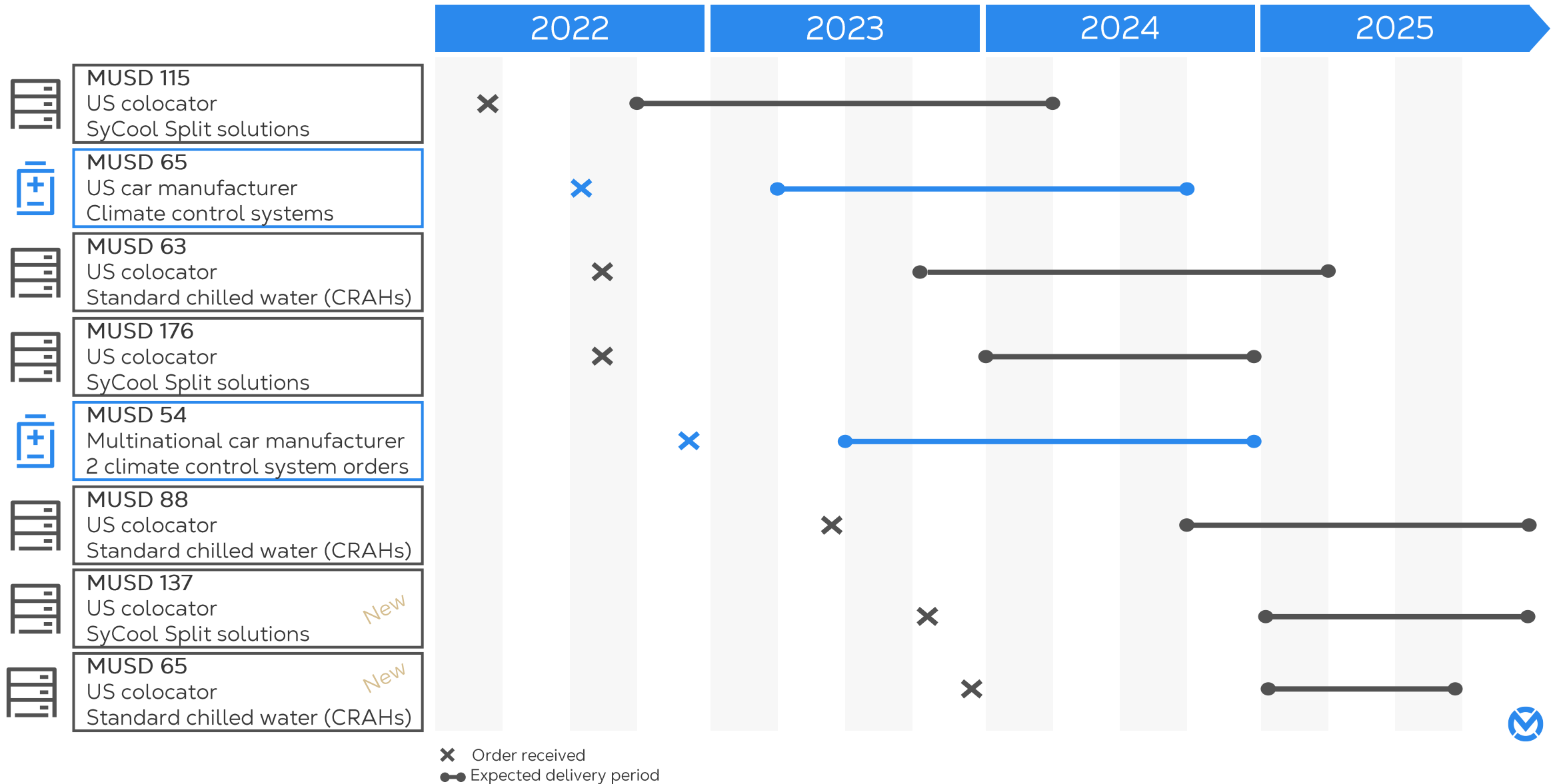
### Adj. EBITA-margin, Q4 12.8%

- increased net sales in DCT
- efficiency improvements in all business areas
- contributions from net price adjustments

### FY: Adj. EBITA-margin, 13.2%



# Solid order backlog – large orders supportive into 2025



# Closing the year with strong results

- **Net Sales** increased;
  - Very strong growth in DCT
- **Adj. EBITA margin** improved;
  - net sales increase in DCT, efficiency improvement efforts in all business areas
- Improved **cash flow**;
  - Stronger earnings & positive effects from changes in working capital
- **Net debt** increased;
  - Mainly due to acquisitions and increased working capital in the last 12 months, financed partly by debt
- **Closing 2023** with very strong net sales, stable order backlog, improved profitability & cash flow, as well as lower leverage

MSEK	Q4 2023	Q4 2022	Change (%)			FY 2023	FY 2022
			Organic growth	Structural growth*	Currency effects		
Order intake	5,651	3,143	82	4	-7	14,116	16,830
Order backlog	11,333	11,463				11,333	11,463
Net sales	3,659	3,011	16	4	1	13,930	10,386
Operating profit (EBIT)	375	255				1,586	881
Adj. EBITA	467	304	47	7	-	1,839	1,070
Adj. EBITA-margin	12.8	10.1				13.2	10.3
Net income	58	131				792	577
Cash flow from operating activities	670	427				1,066	772
OWC/net sales (%) <sup>1</sup>	14.2	12.7				14.2	12.7
Net debt	4,620	3,825				4,620	3,825
Net debt/Adj. EBITDA <sup>2</sup>	2.1	2.9				2.1	2.9

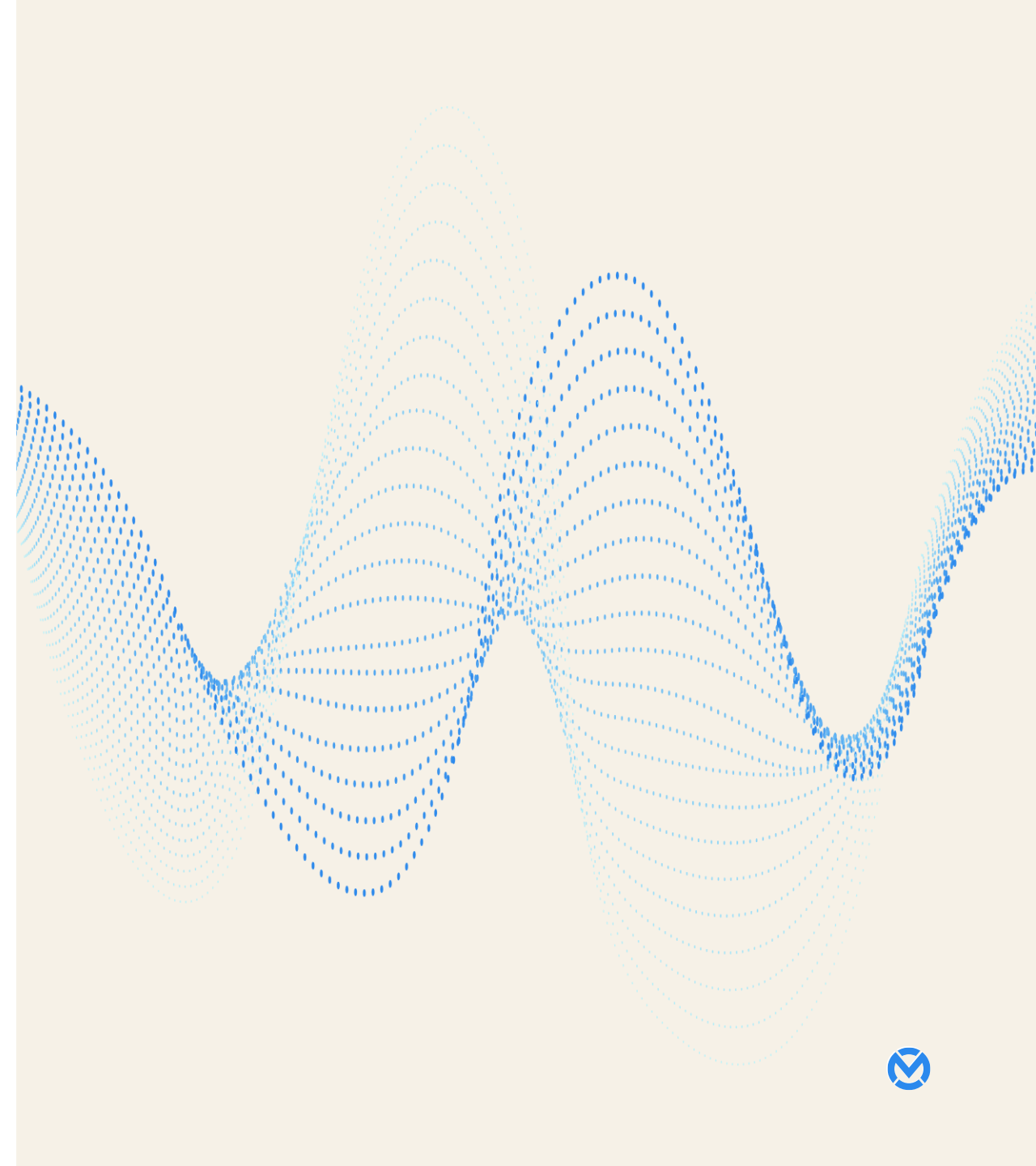
<sup>1</sup> Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period

<sup>2</sup> Last twelve months

\* Acquisitions & divestments

# Agenda

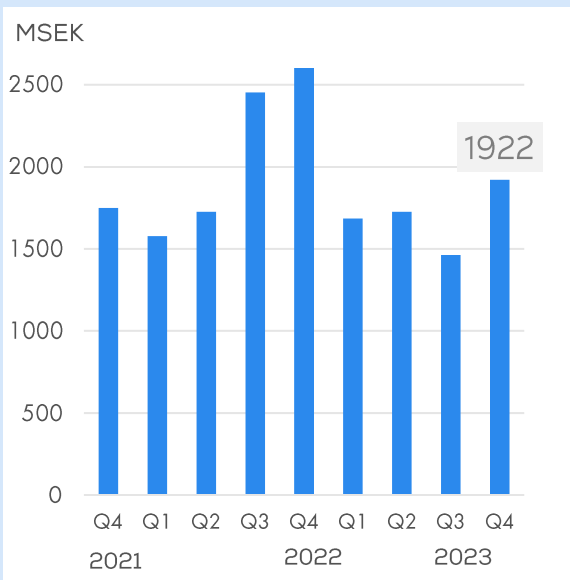
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# Global leader in air treatment for industry

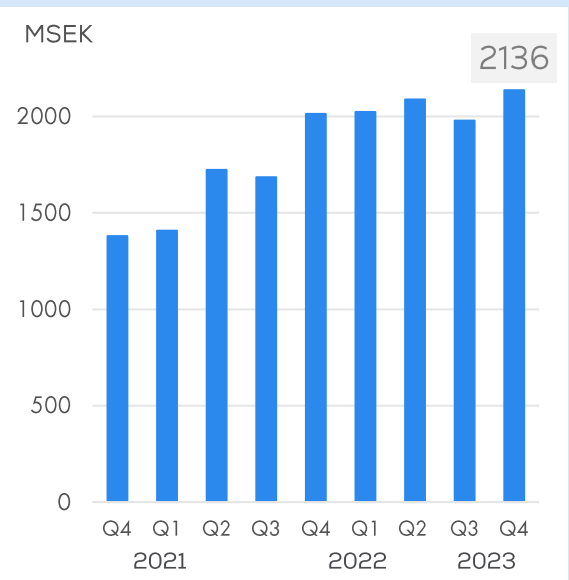
Order intake, MSEK\*

6,796



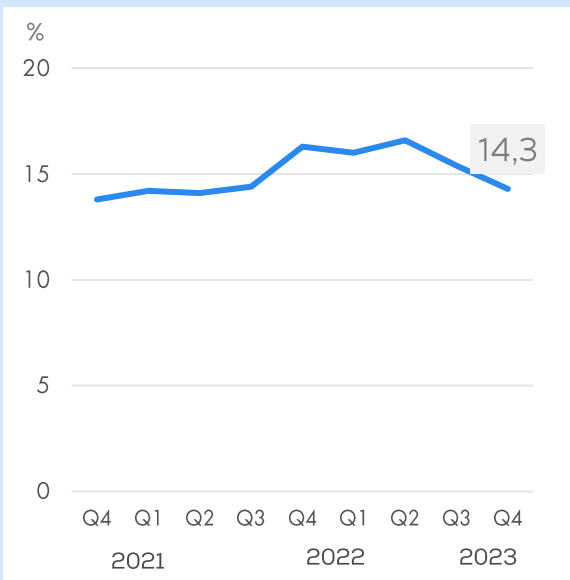
Net sales, MSEK\*

8,226



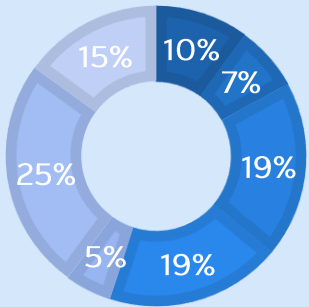
Adjusted EBITA margin\*

15.5%



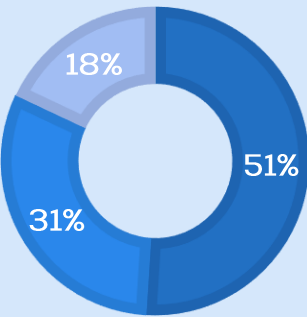
## AirTech

Customer segments of order intake



- Battery
- Food processing
- Other Industrial
- Commercial
- Clean Technologies
- Service
- Components

Order intake per region



- Americas
- EMEA
- APAC





Financial figures Q4 2023  
\* FY 2023












# Stable long-term growth trends

## → Order Intake decreased -31% org.;

- excl. large order of MSEK 560 received in Q4 2022, decrease -8% org.
- Battery – weaker in all regions. APAC – cont. consolidation of battery market in China. EMEA & Americas – customers ordering closer to delivery
- Commercial – increased as a consequence of the Zeco integration
- CT<sup>1</sup>– declined due to delays in customer investment decisions
- Components – flat, weak battery market in China also affected component replacements. Good growth in Americas
- Service – growth EMEA, offset by Americas & APAC

 > 5 %	 ~ 1-5 %	 ± 0 -1%	 neg
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Customer segment	% order intake Q4 2023	Market Outlook *
Industrial	55%	
...whereof battery	10%	
...whereof food processing	7%	
...whereof commercial***	19%	
...whereof other	19%	
Clean Technologies	5%	
Service & components	40%	
...whereof service	25%	
...whereof components**	15%	



# Q4 - Changed business mix affecting margin

MSEK	Q4 2023	Q4 2022	Change (%)			FY 2023	FY 2022
			Org.	Struct*	FX		
Order intake	1,922	2,642	-31	4	0	6,796	8,399
Order backlog	3,250	4,698				3,250	4,698
Net sales	2,136	2,013	0	5	1	8,226	6,830
Adj. EBITA	305	329				1,278	1,014
Adj. EBITA (%)	14.3	16.3				15.5	14.8

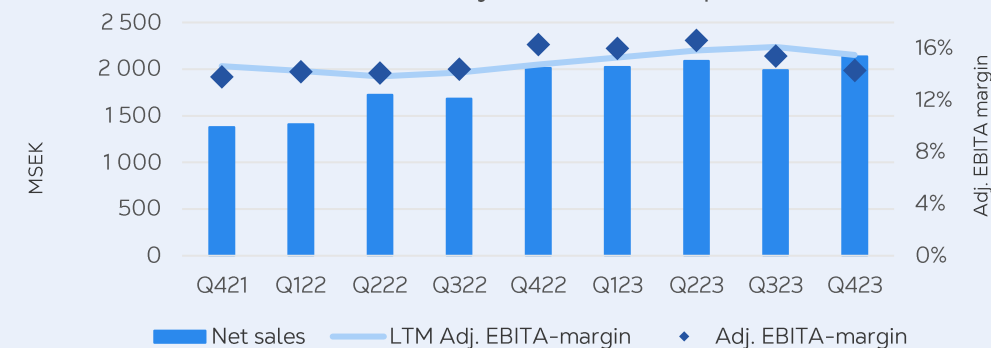
→ Adj. EBITA margin decreased;

- Changed business mix, smaller share components & service
- + cont. efficiency improvements, slightly offset by lower production utilization rate in EMEA & APAC




































Order intake & backlog development



Net sales & adj. EBITA development



# Selection of market players – mainly small local players

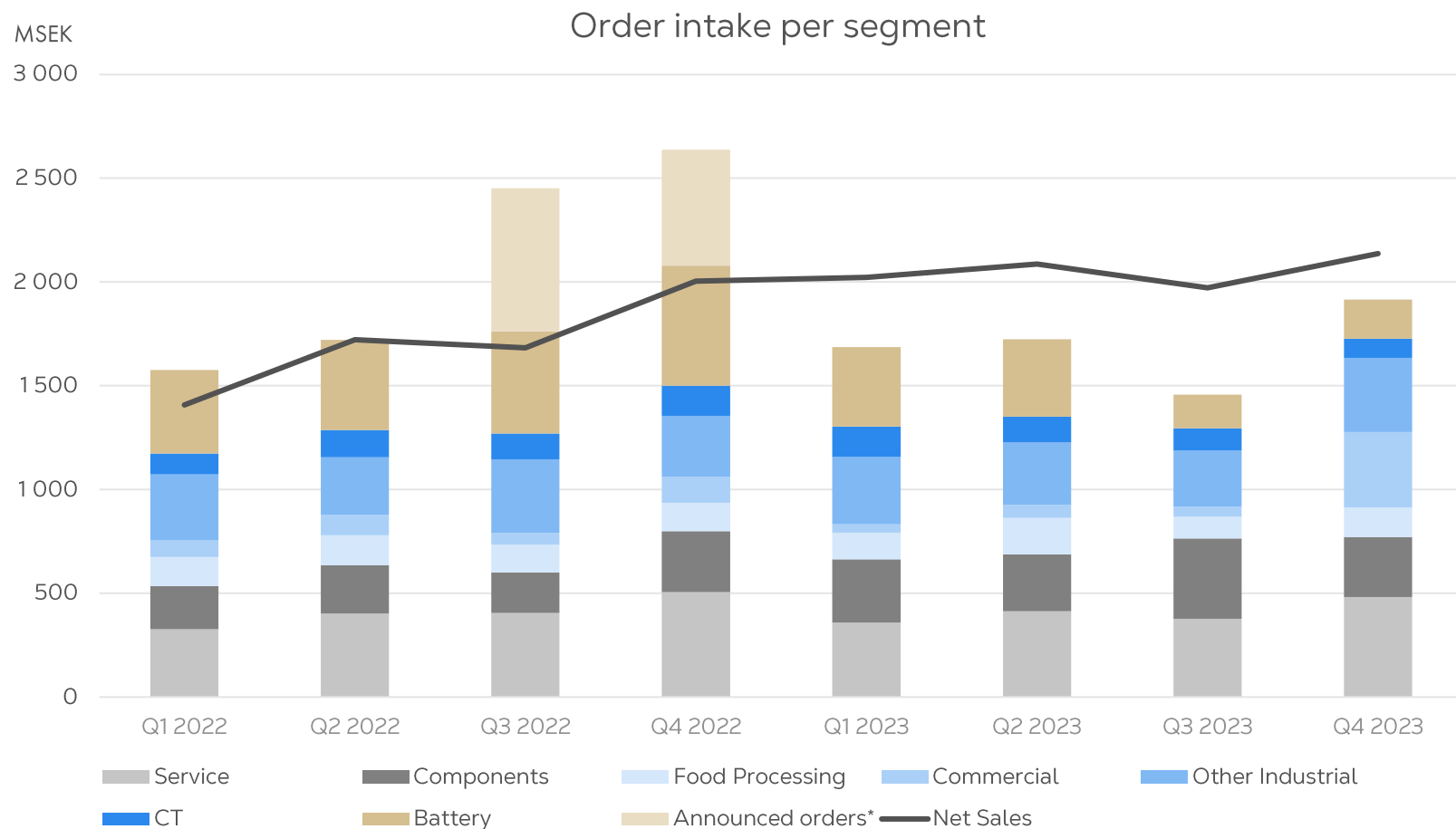
		Small (<1 BSEK)				Medium (1-2 BSEK)	Large (2-10 BSEK)	Extra Large (>10 BSEK)
Humidity Control Technologies	Dehumidification	 AM	 AS	 AS	 AM	  AM/AS/EU	 AS	
		 AM/AS	 AM	 EU	 AM		 AM	
Clean Technologies		 AM	 EU	 AS	 AS		 AS	
		 AS	 AS	 AS	 EU			
	Humidification	 AS	 AM	 AS		 EU/AS	 EU/AS/AM	
		 EU	 EU	 EU	 EU	 AM	 AM/AS/EU	 EU/AS/AM  EU/AS/AM
								



A small business within a large company/conglomerate



# Stable market activity in several segments

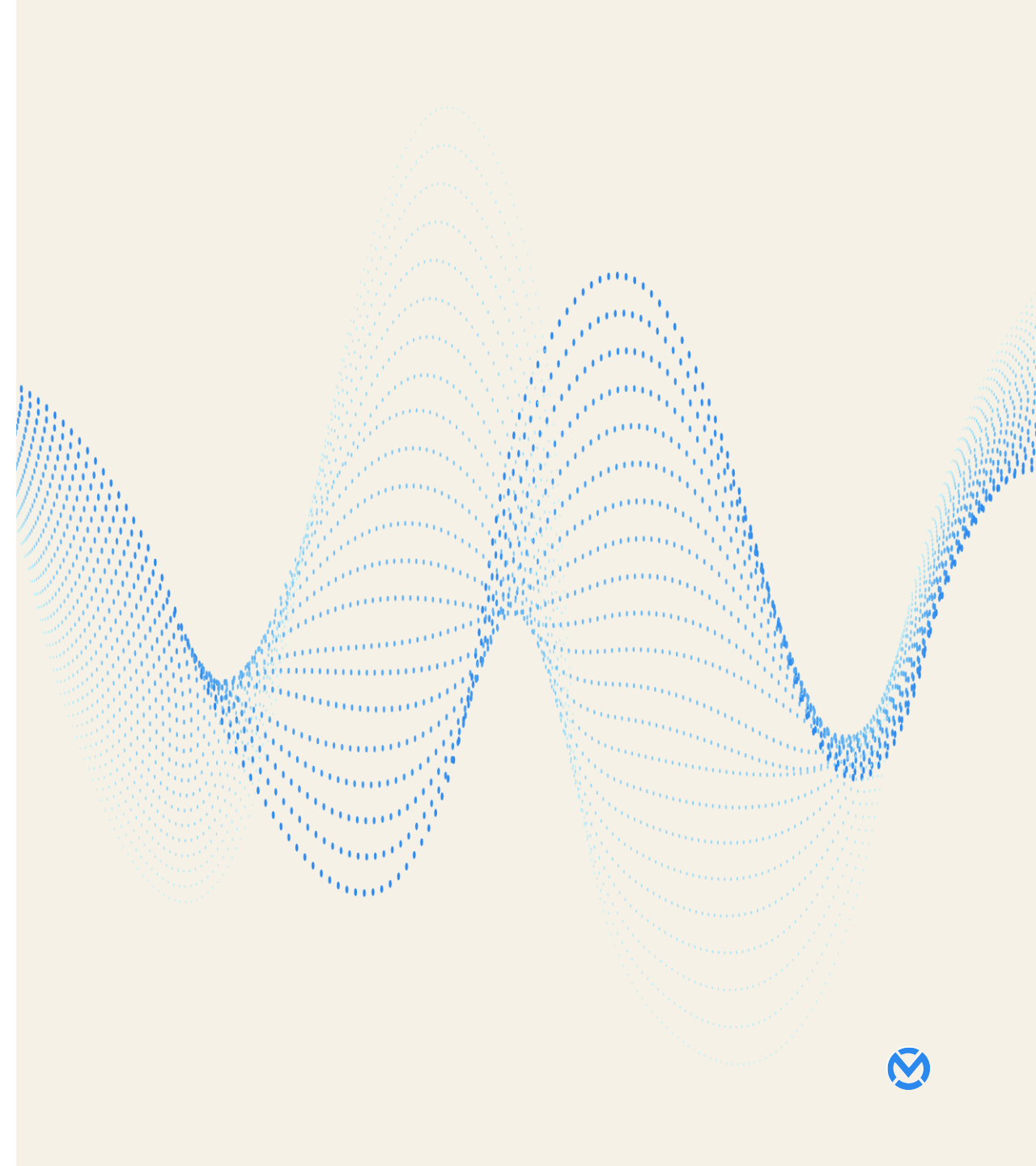


- Variations in large orders i.e., batteries
- Other industrial & CT steady development
- Service & components stable and growing
- Secure future orders & ramp up production capacity



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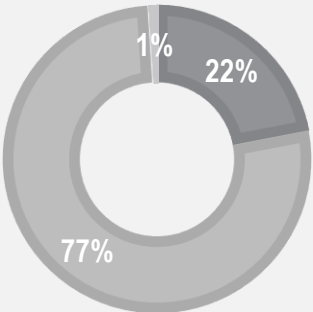




# Sustainable cooling solutions that facilitate digitization

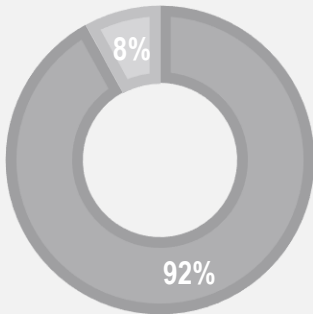
## Data Center Technologies

Customer distribution of order intake



■ Hyperscalers  
■ Colo  
■ Telco & enterprises

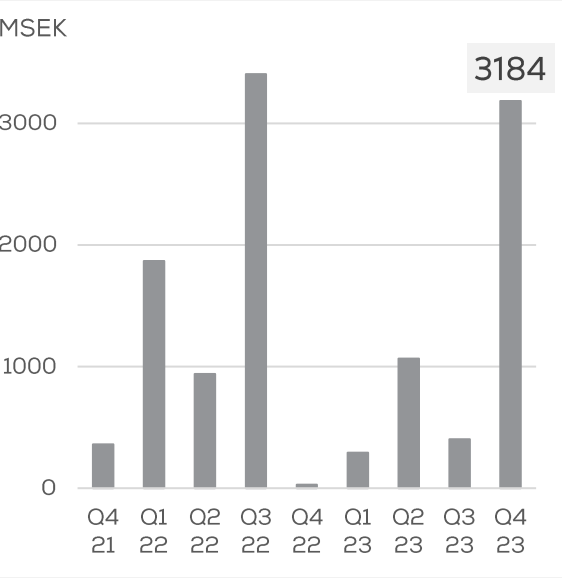
Order intake per region



■ Americas ■ EMEA

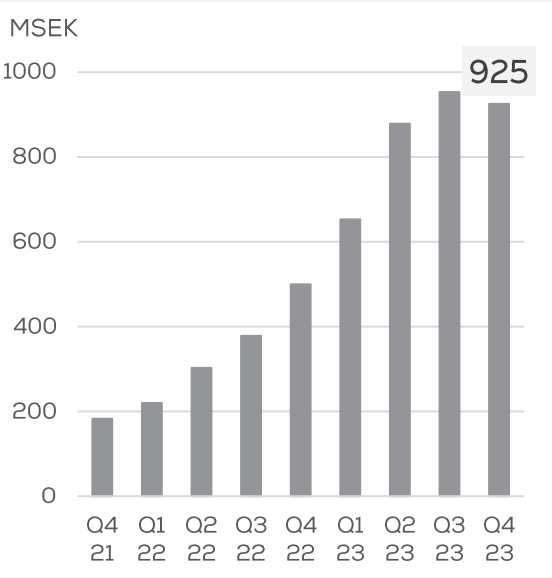
Order intake, MSEK\*

4,948



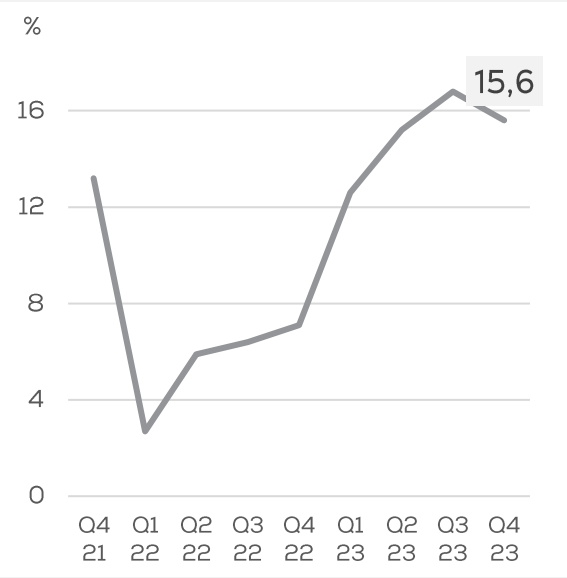
Net sales, MSEK\*

3,408



Adjusted EBITA margin\*

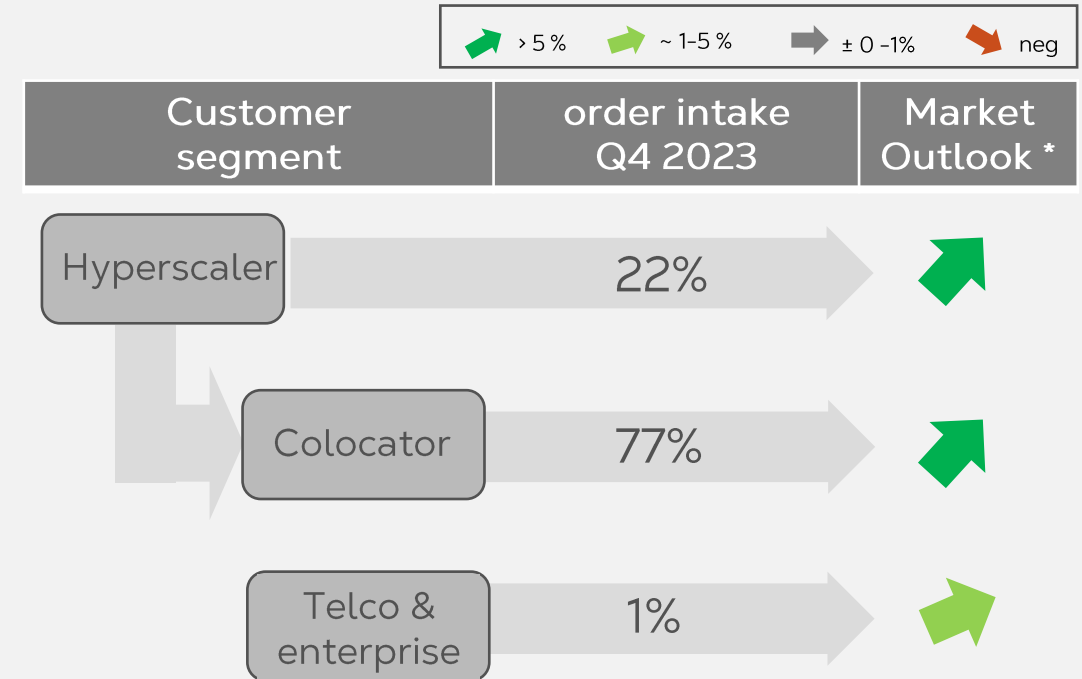
15.2%



# Q4 - Significantly increased demand

## → Order Intake increased significantly;

- two large orders of appr. BSEK 2.2 received in the quarter
- several orders received from colocator & hyperscaler customers
- good development in Europe, i.e. for Munters evaporative air handlers



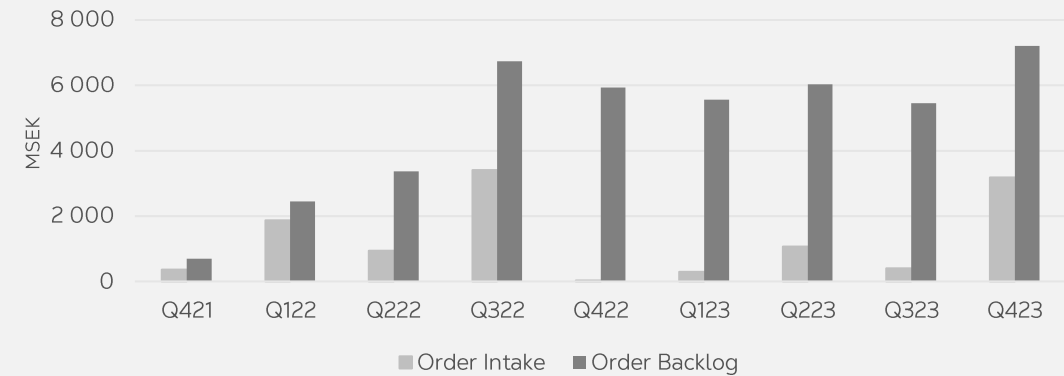
- **Hyperscalers** – increased activity both for own facilities & colocation leasing. AI driving significant growth, increased need for server space & higher density cooling requirements
- **Colocation** – continued strong demand due to increased build outs and investments, driven by increased leasing demand from hyperscalers
- **Telco & enterprises** – moving away from own facilities, market growing but at a lower pace

# Q4 – Good deliveries on large orders

MSEK	Q4 2023	Q4 2022	Change (%)			FY 2023	FY 2022
			Org.	Struct*	FX		
Order intake	3,184	30	n.m.	n.m.	n.m.	4,948	6,245
Order backlog	7,206	5,937				7,206	5,937
Net sales	925	500	81	-	4	3,408	1,401
Adj. EBITA	144	36				519	84
Adj. EBITA (%)	15.6	7.1				15.2	6.0

- **Adj. EBITA margin** significant increase;
- + strong volume growth
  - + high utilization rate in production
  - investments in competence and resources expected to increase to capture growth

## Order intake & backlog development

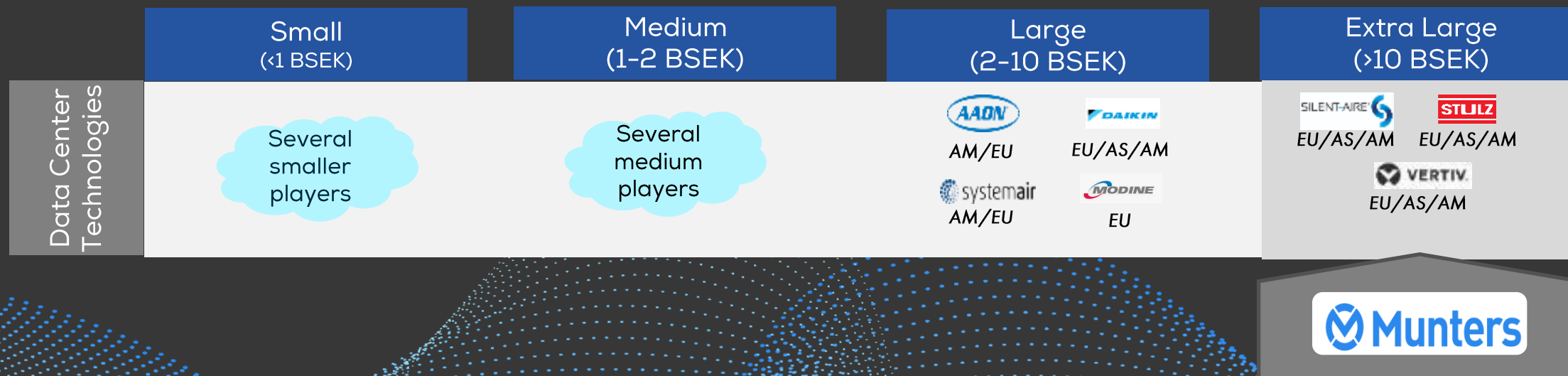


## Net sales & adj. EBITA development



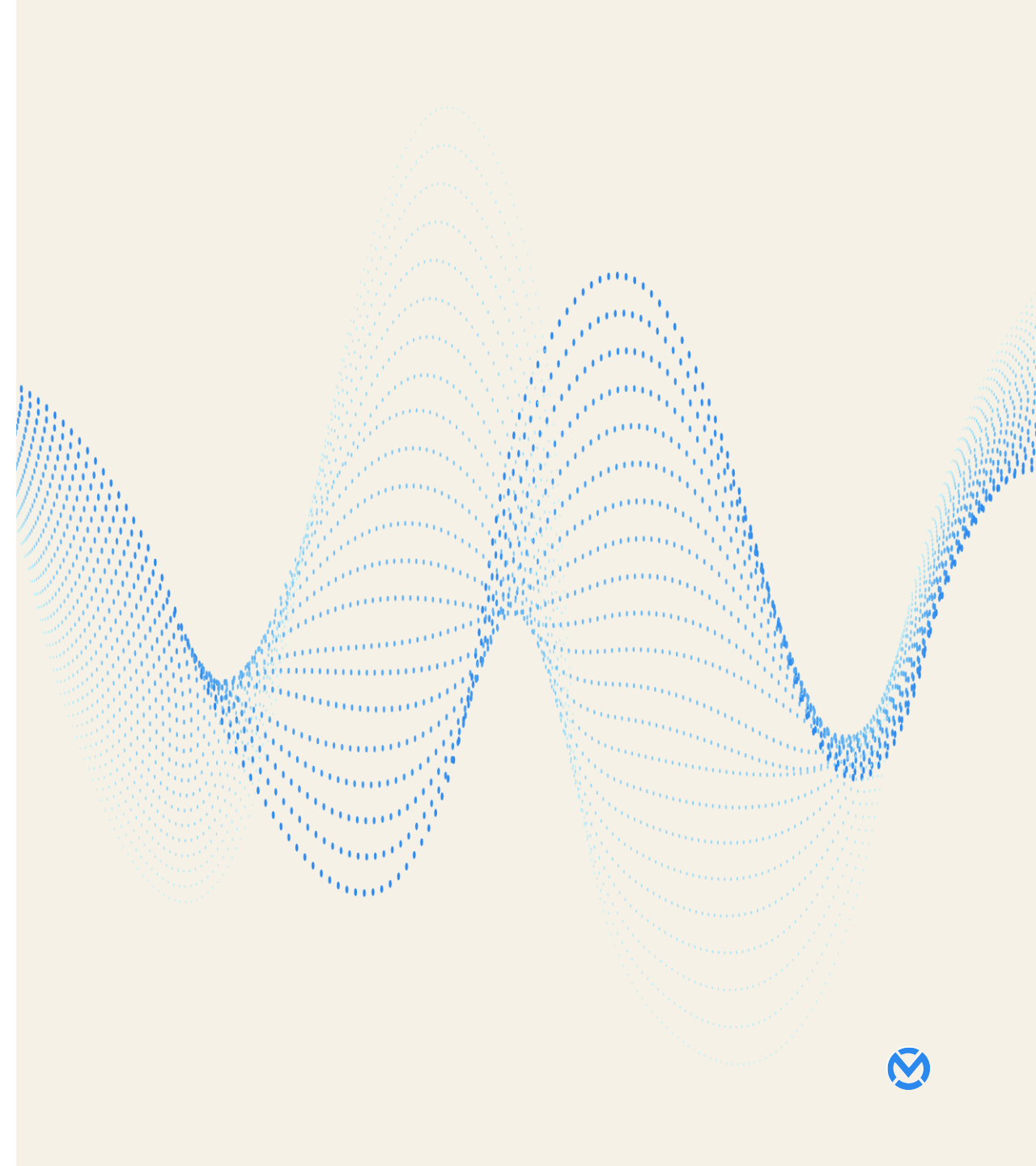
# Selection of market players – Munters well positioned for growth

→ An order in DCT generally consists of several equipment deliveries



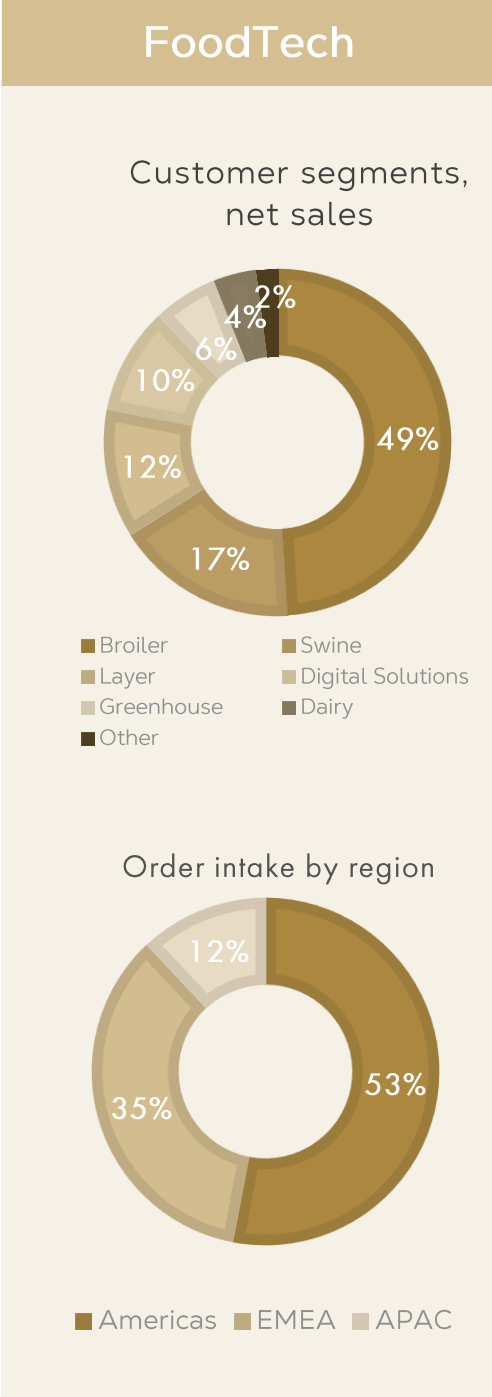
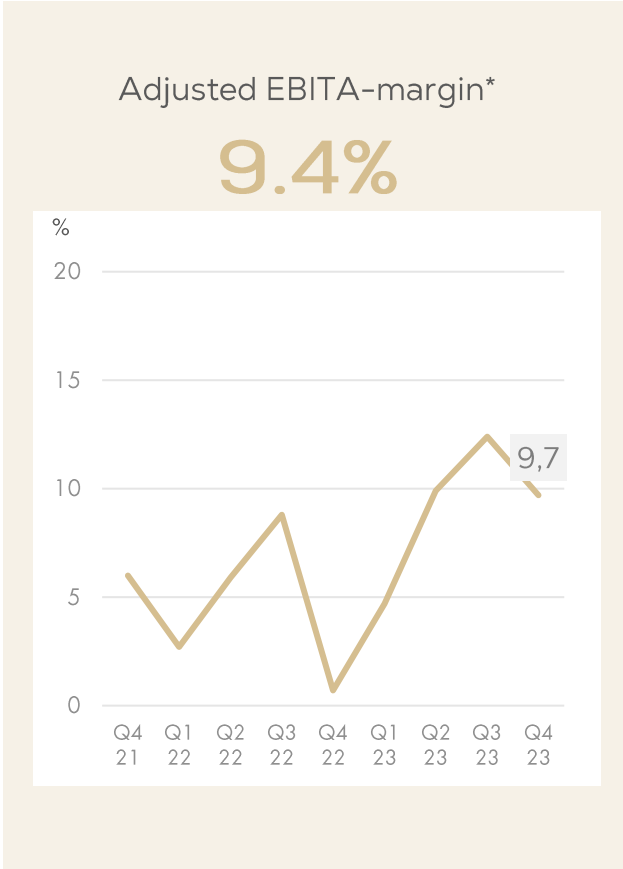
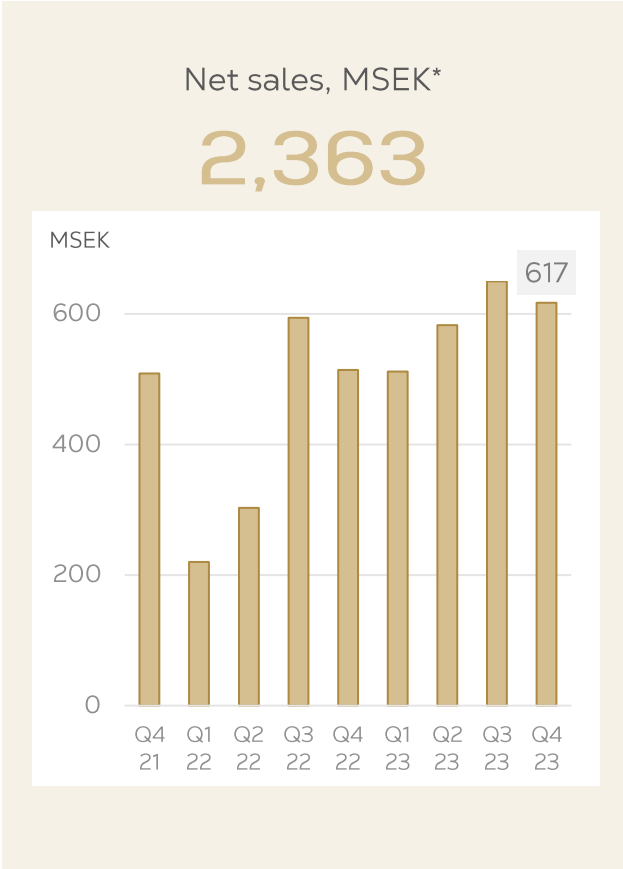
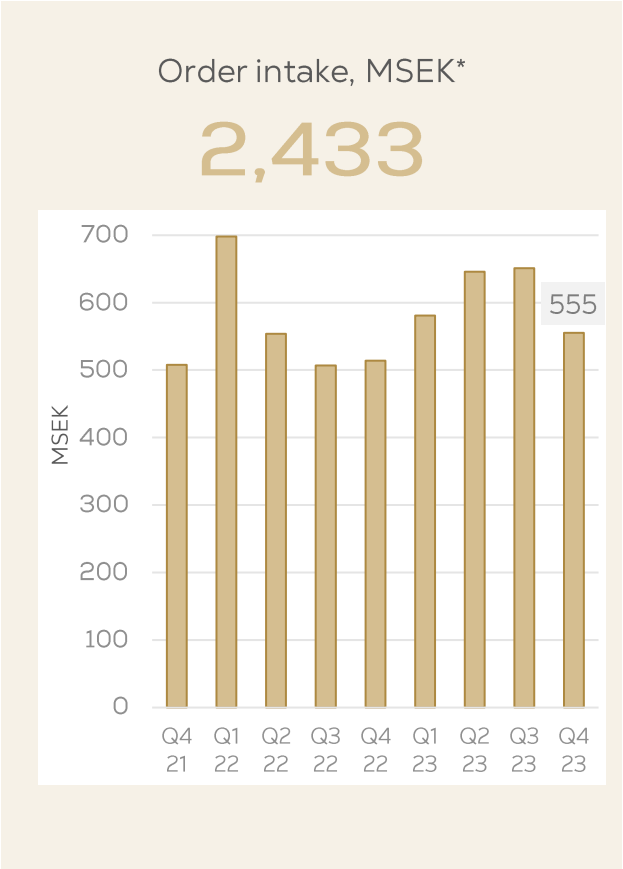
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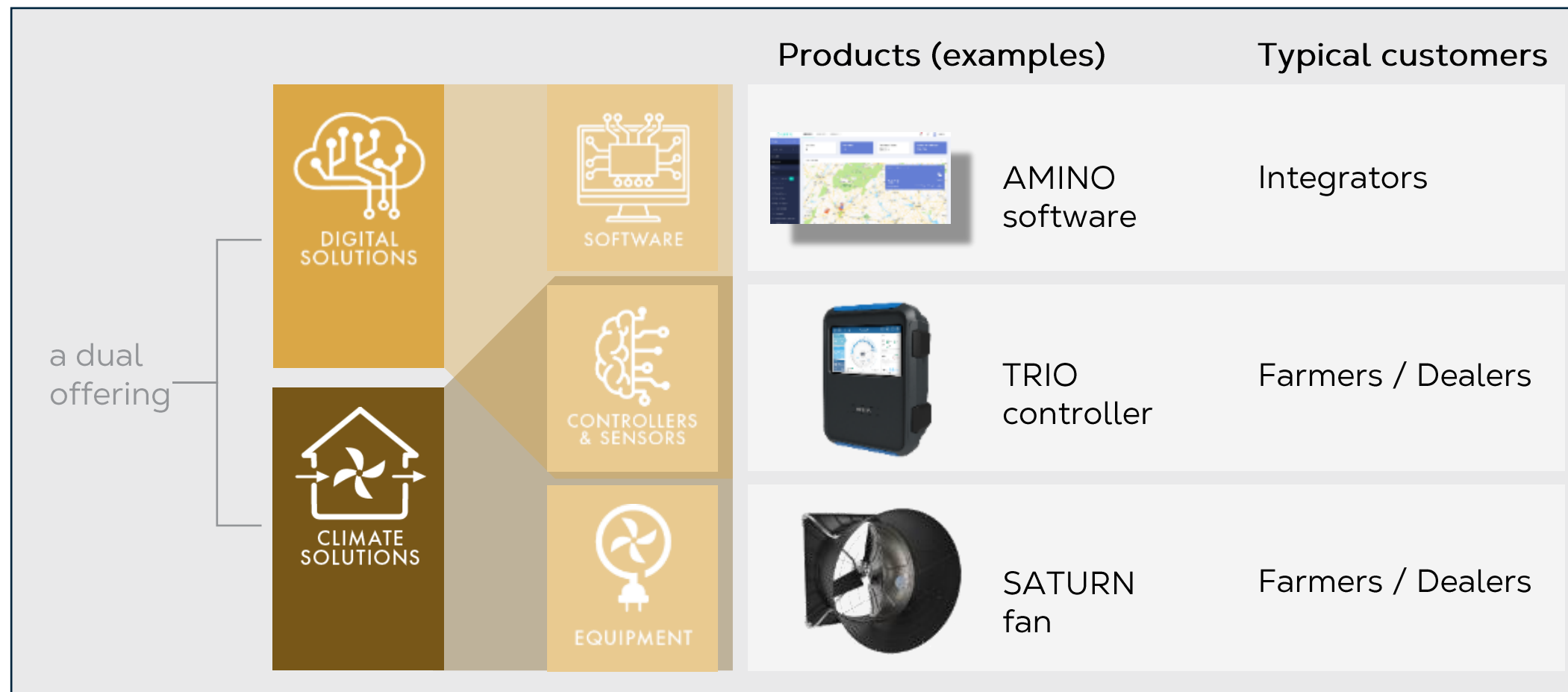




# A world leader in climate control systems for food production



# FoodTech - a leading dual offering







FoodTech stands on two pillars, climate solutions and digital solutions










# Q4 – Recovery in EMEA driving growth

→ Order Intake increased +12% org.;

- Climate Solutions – driven by recovery in EMEA. Americas slight increase, slight recovery in APAC
- Digital Solutions – stable excl. large order received last year
- FY – positive development in all regions, primarily Americas

 > 5 %	 ~ 1-5 %	 ± 0 -1%	 neg
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Customer segment	% order intake Q4 2023	Market Outlook *
Climate Solutions (incl. Controllers)	80%	
...whereof Broiler	41%	
...whereof Swine	11%	
...whereof Layer	17%	
...whereof Greenhouse	4%	
...whereof Dairy	5%	
...whereof Other	3%	n/a
Digital Solutions	20%	

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

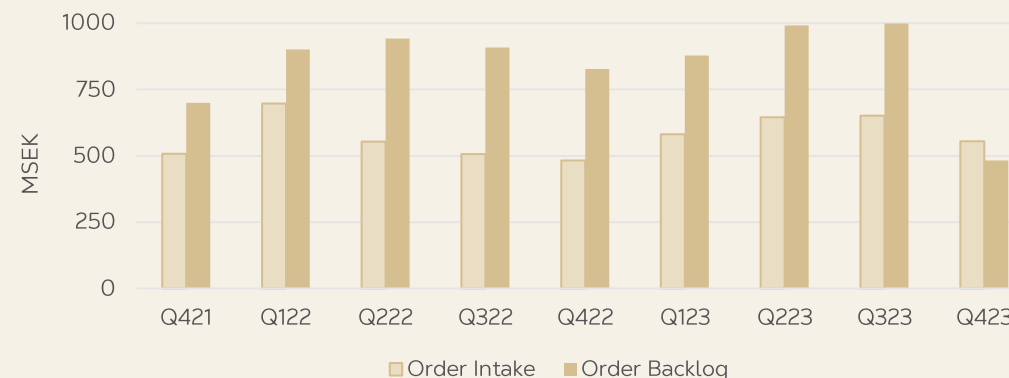
# Q4 – All regions contribute to significant margin improvement

MSEK	Q4 2023	Q4 2022	Change (%)			FY 2023	FY 2022
			Org.	Struct*	FX		
Order intake	555	483	12	4	-1	2,433	2,242
Order backlog	877	828				877	828
Net sales	617	514	16	6	-1	2,363	2,211
- of which SaaS	56	33				183	119
- SaaS ARR	226	133				226	133
Adj. EBITA	60	4				222	128
Adj. EBITA (%)	9.7	0.7				9.4	5.8

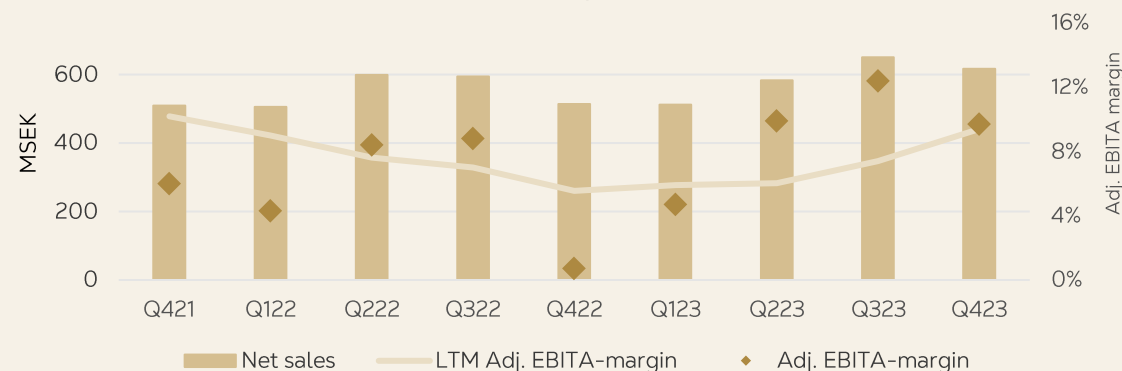
→ **Adj. EBITA margin** increased significantly;

- + increased net sales and net price increases
- + effects from operational excellence improvements
- + increased share of ARR in DS
- cont. high investments in DS





























Order intake & backlog development



Net sales & adj. EBITA development



# Selection of market players within Climate solutions

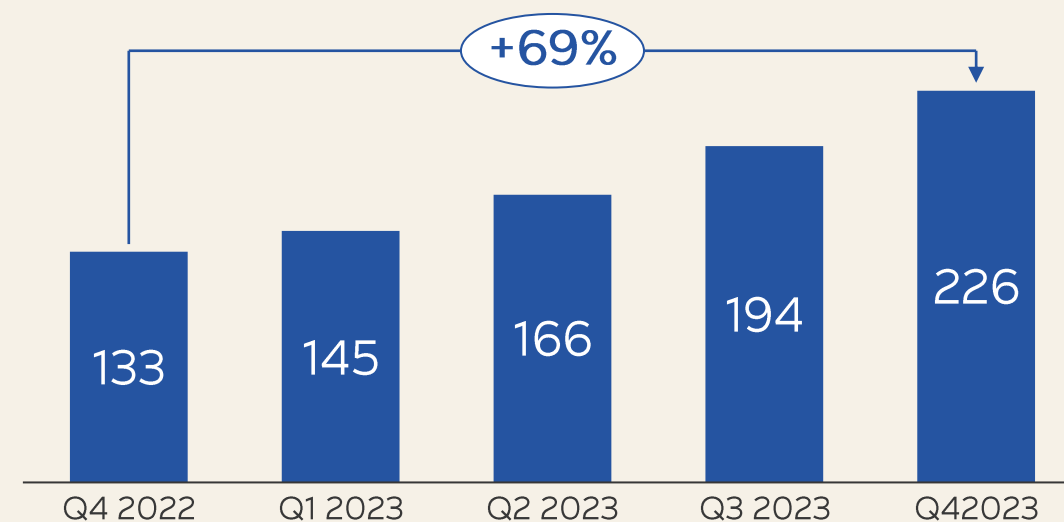
Fans	<div> EU/AS/AM</div> <div> EU/AS/AM</div>	<div> EU</div> <div> EU</div>	<div> EU</div> <div> EU/AS/AM</div> <div> China</div> <div> EU/AS</div>	Fans
Cooling	<div> EU/AS/AM</div> <div> AS</div>		<div> AM</div> <div> AS</div> <div> Middle East</div> <div> AM</div>	Cooling
Inlets	<div> EU/AS/AM</div> <div> EU</div>		<div> EU</div> <div> EU</div> <div> AM</div>	Inlets
Controllers	<div> EU</div> <div> EU/AS/AM</div>		<div> EU/AS/AM</div> <div> EU/AS/AM</div> <div> EU/AS/AM</div> <div> AM/AS</div> <div> EU/AS/AM</div>	Controllers
Other	<div> EU/AS/AM</div>		<div> EU</div>	Other



# Successful SaaS growth

- Our ARR continues to grow significantly with a mix of new customers and conversions to our new software solution Amino
- In Q1 2022 Munters (through MTech) announced an important SaaS contract with one of the world's largest food producers. Value of the contract MUSD 19
- Implementation proceeding as planned together with the customer and will be completed in 2024
- Part of the contract was installed in sites during 2023, remaining sites will be installed during the year

ARR\* (mSEK)



Software ARR = Recurring Revenue in the quarter multiplied by four



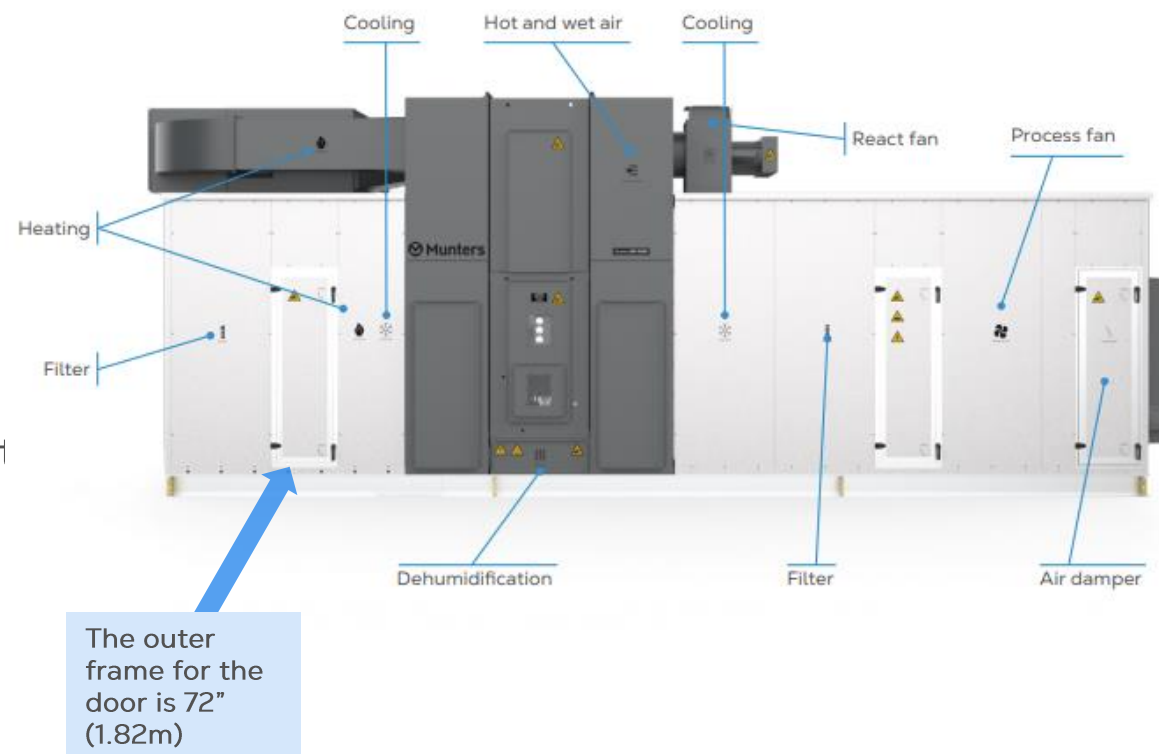
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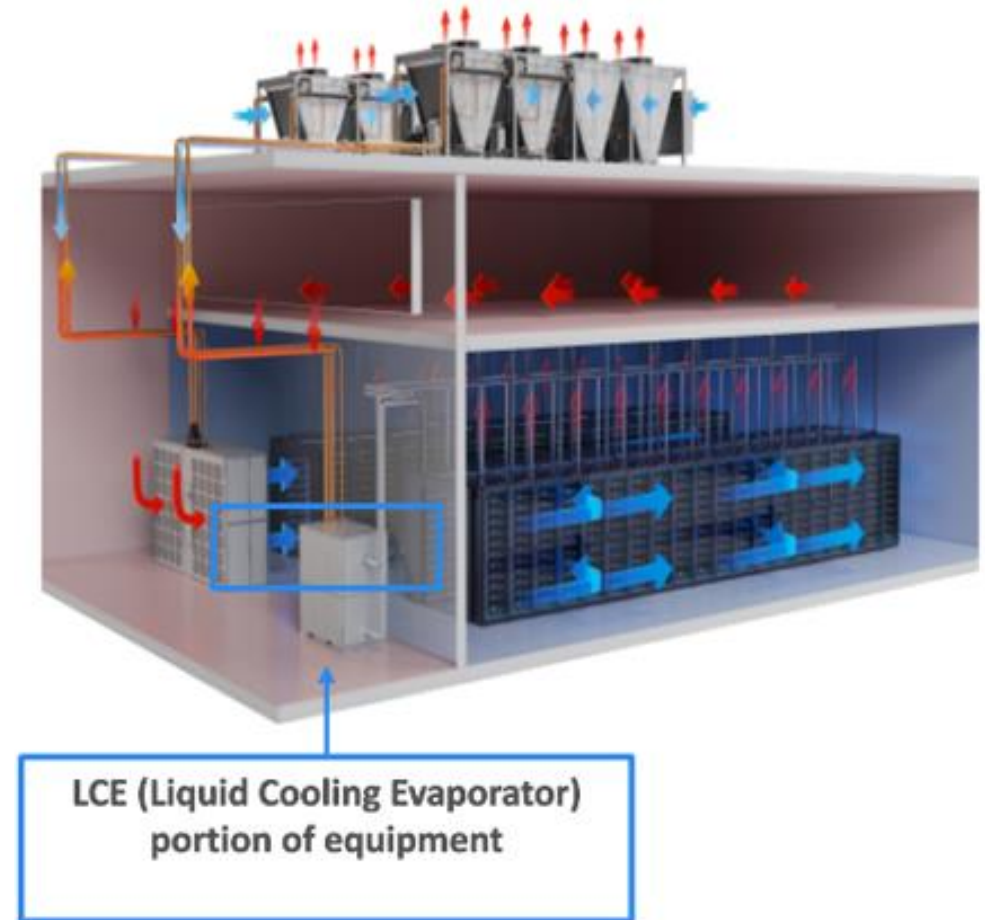
# New innovative dehumidification system in North America

- Specially developed for low dew point (LPD) applications such as battery producers
- Ability to maintain dry rooms at continuous low dew points
  - 40% smaller footprint vs. industry standard
  - Available for indoor and outdoor installation
  - Gas, steam or electric reactivation as standard
  - Combined pre- and post-heating and cooling coils for compact design and minimized footprint
  - Standardized cost-effective design
  - Optimized purge cycle provides 30-45% energy savings vs. industry standard purge



# First order won to pair our heat rejection technology with liquid cooled servers

- Joint R&D development with large colocation customer
- An air cooled computer room air handler (CRAH) can be exchanged with the LCE (liquid cooling evaporator) and paired with a SyCool condenser to match the customers need to be able to accommodate liquid cooled servers when required
- Instead of rejecting heat from the air in the data center hall the water being used to cool the servers will be run through the LCE and the evaporator will reject heat in the LCE



# Hyperscaler order for MCW received

## → Munters Modular Chilled Wall (MCW)

- DCT secured several orders for multiple American hyperscale deployments of a chilled water fan arrays
- This product consists of fans and chilled water coils arranged into modular sections and connected to chilled water infrastructure to reject heat from the customers data hall.
- The arrangement optimizes the use of building space and provides flexibility for all types of density deployments
- Units to be delivered during 2025





# Strengthening the FoodTech portfolio

## → HPAI (highly pathogen avian influenza)

- Airborne virus which severely impacts the poultry industry, which can be transported > 20 km
- A seasonal threat to individual poultry farms years ago, but today widespread in all regions of the world

## → Munters innovative AirProTec

- Air handling units, which filter the fresh air and prevents airborne pathogens from entering a farm through the ventilation system
- Developed to fit existing buildings without having to make changes to construction

## → Sales to major global poultry breeder

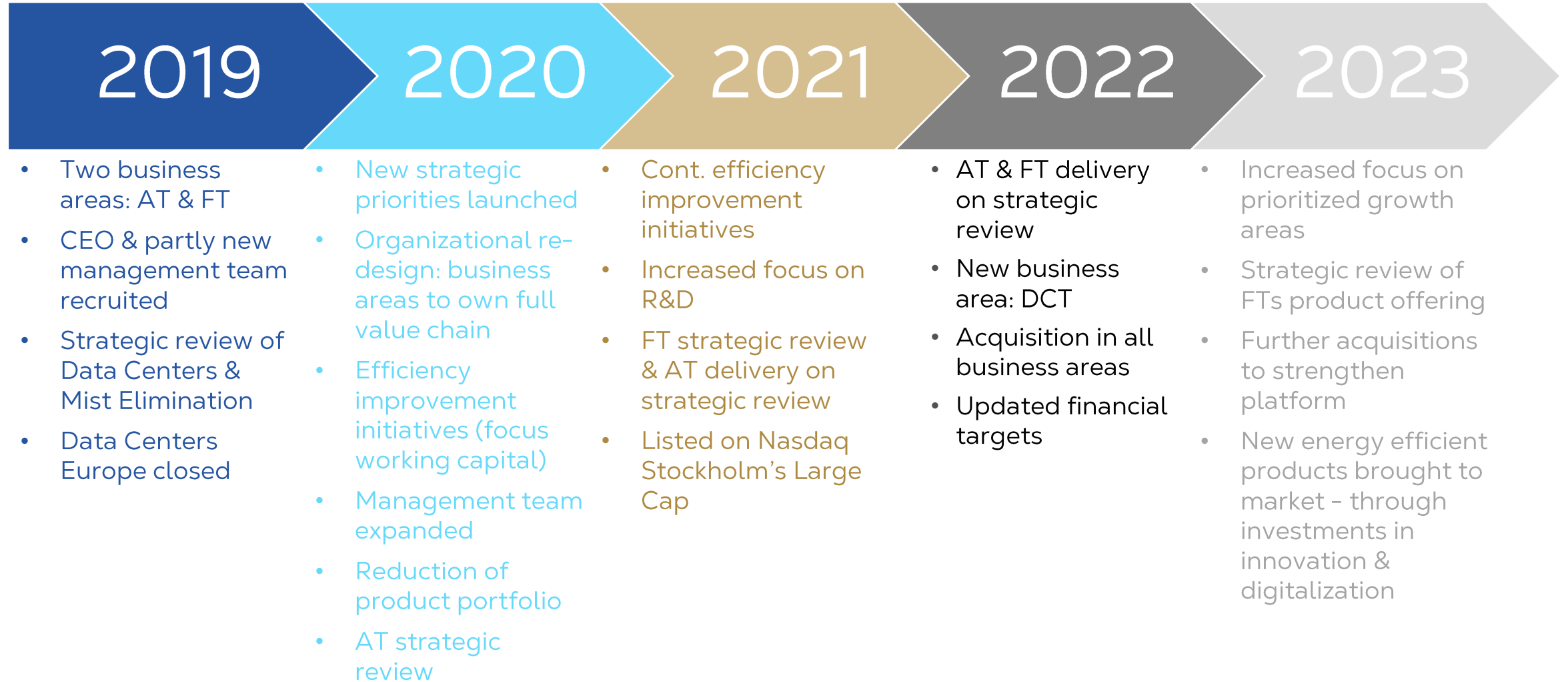
- We are working together with one of the world's largest broiler companies to find a solution for high level of ammonia concentration in their farms
- In 2023 we delivered a first solution to the customer, combining biosecurity and heat recovery
- More units to be delivered to the poultry breeding company in 2024





# Appendix

# Munters strategic journey continues





# Strong service growth

- **Group 2023** – amounted to MSEK 1,821, 13% of total net sales (org. growth 4%)
- **AirTech 2023** – 19%, majority of the groups service net sales (org. growth 3%)
- **DCT 2023** – ~5 %, minor service sales as main part of business greenfield installations
- **FT 2023** – minor service sales

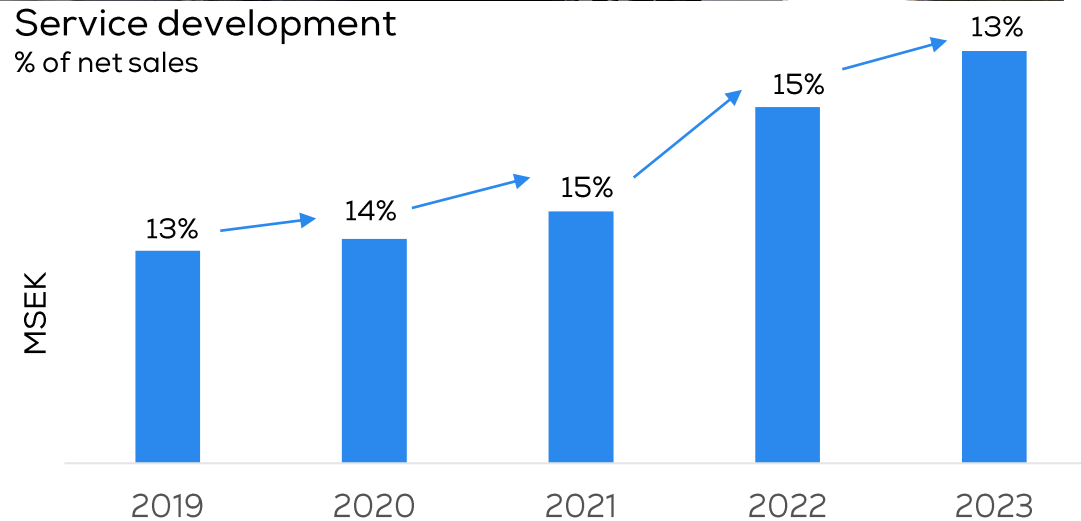
*Not reported as part of service today:*

- **FoodTech** – SaaS (Software-as-a-Service) business

Ambition: Share of service long-term to represent 30% of Group net sales



Service development  
% of net sales



# Strong margin improvement in FoodTech & DCT

## Group adj. EBITA margin impact

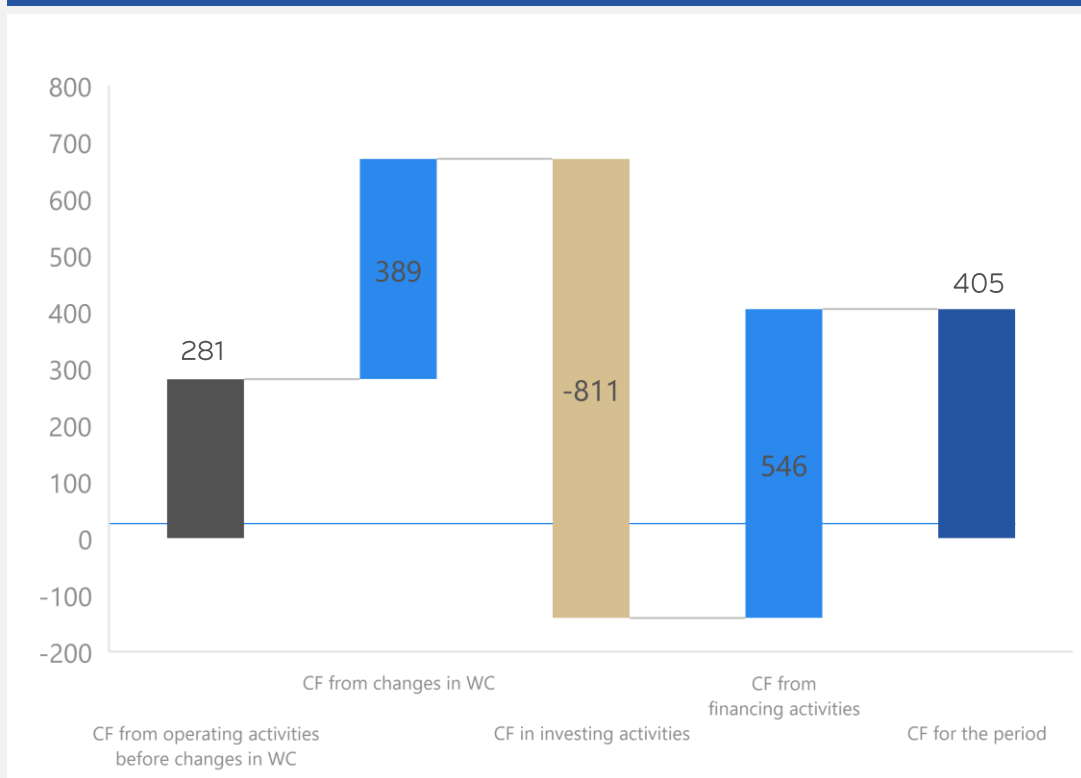
Q4 2022 adj. EBITA %	10.1
Volume	++
Net pricing	++
Operational excellence	+
Strategic initiatives	=
Q4 2023 adj. EBITA %	12.8

## Main factors affecting adj. EBITA margin in Q4:

- Strong **volume** increase driven mainly by DCT
- **Net pricing** increases contributed to margin improvement
- **Operational excellence** improvement in all business areas
- **Strategic initiatives** for scalability in digitization and automation continued

# Cash flow from operating activities improved in the quarter

Group Cash Flow YTD, MSEK billion



Cash flow from changes in WC

	Q4 2023	Q4 2022
Change in accounts receivable	149	-484
Change in inventory	188	-252
Change in accrued income	11	-3
Change in accounts payable	111	364
Change in advances from customers	-126	403
Change in other working capital	56	159
CF from changes in working capital	389	189

- Positive impact on cash flow from reduction of working capital in fourth quarter

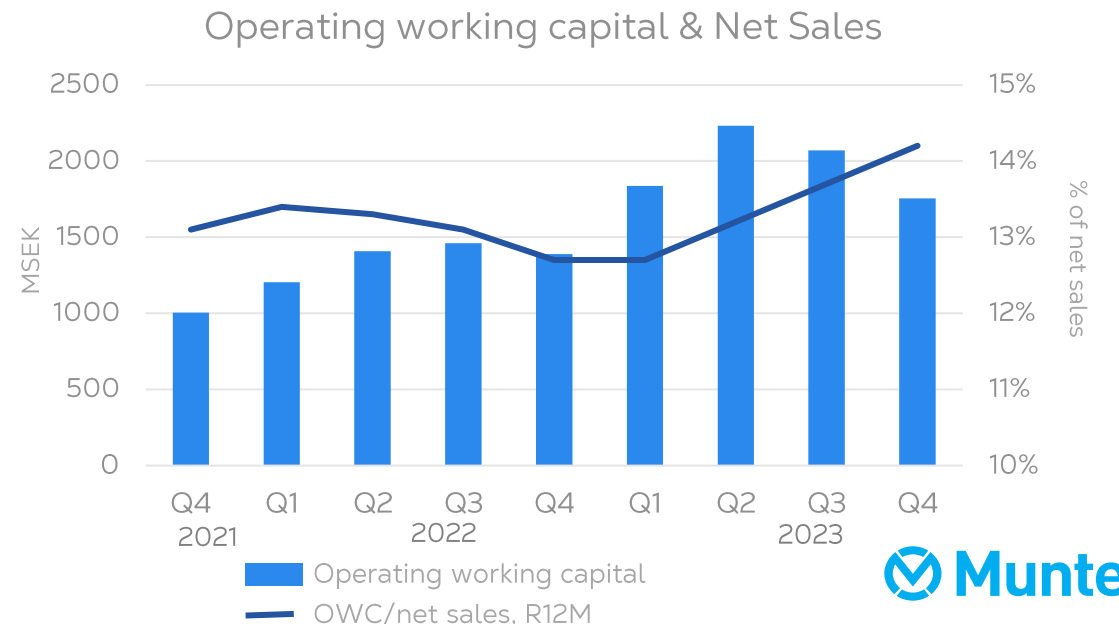
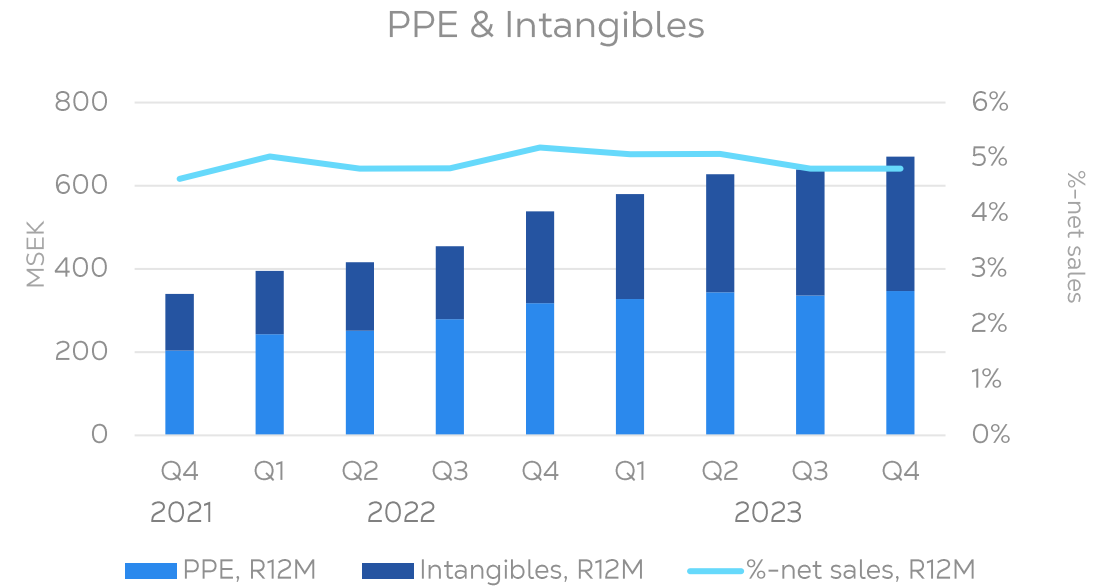
# Investments for growth

## → Investments in PPE and Intangibles to support growth

- 2023:
  - Smaller investments aiming at upgrade, digitalize and automize
- 2024, main investments:
  - AirTech: Amesbury, new major plant in Americas as well as upgrade of manufacturing facility in China
  - DCT: Expansion in Europe

## → Increased level of operating working capital

- Strong growth in Data Center Technologies
- Battery sub-segment in AirTech with large projects

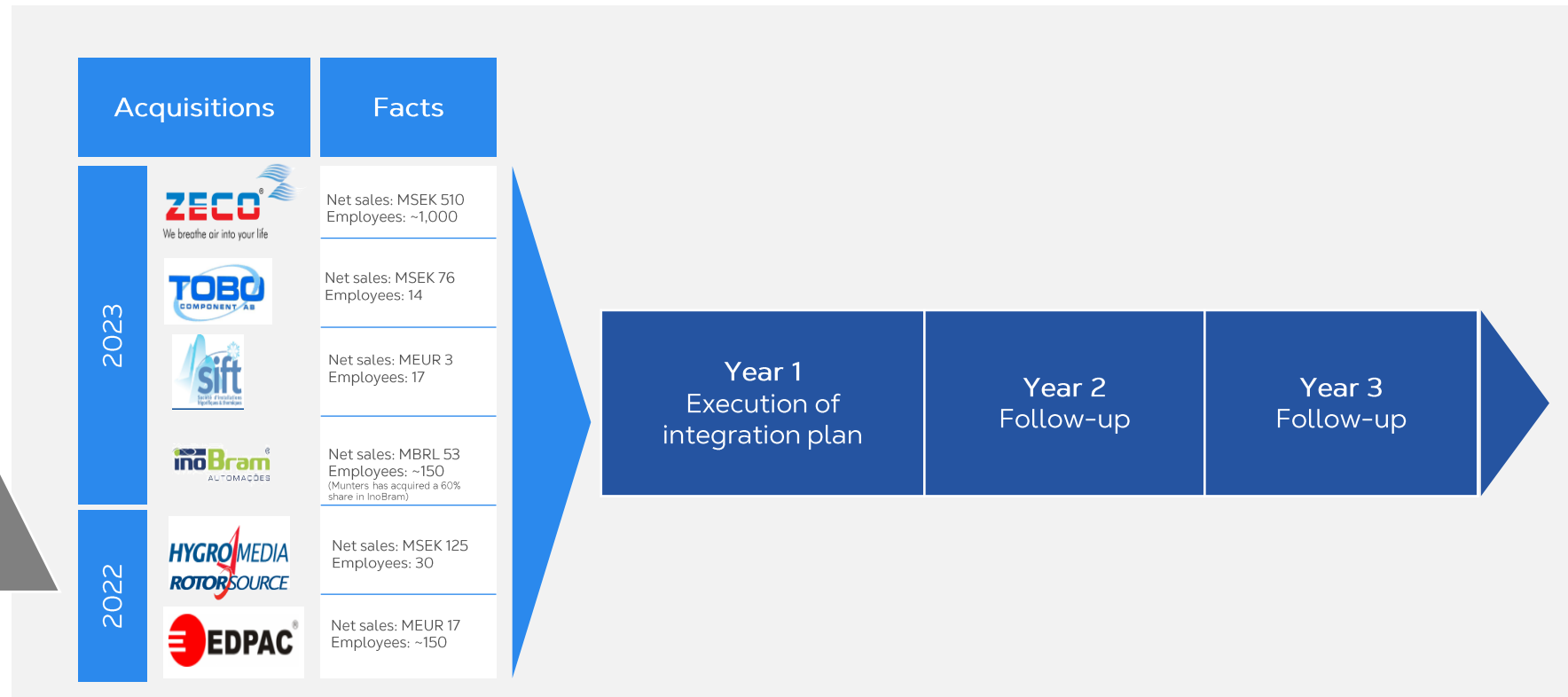
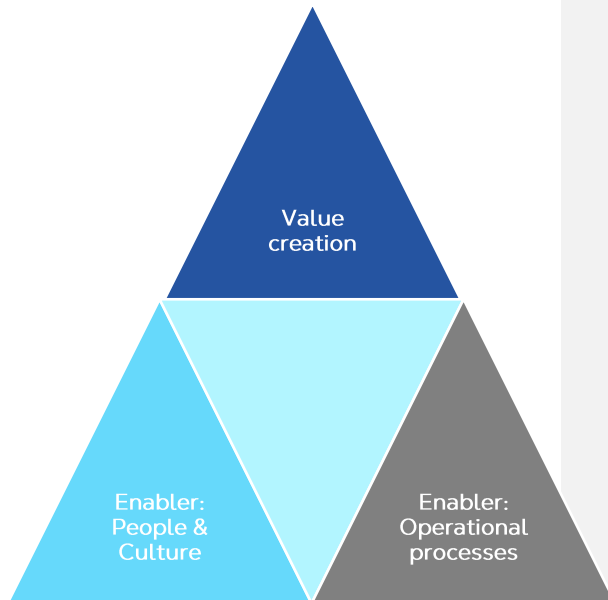


# Integration critical to create value

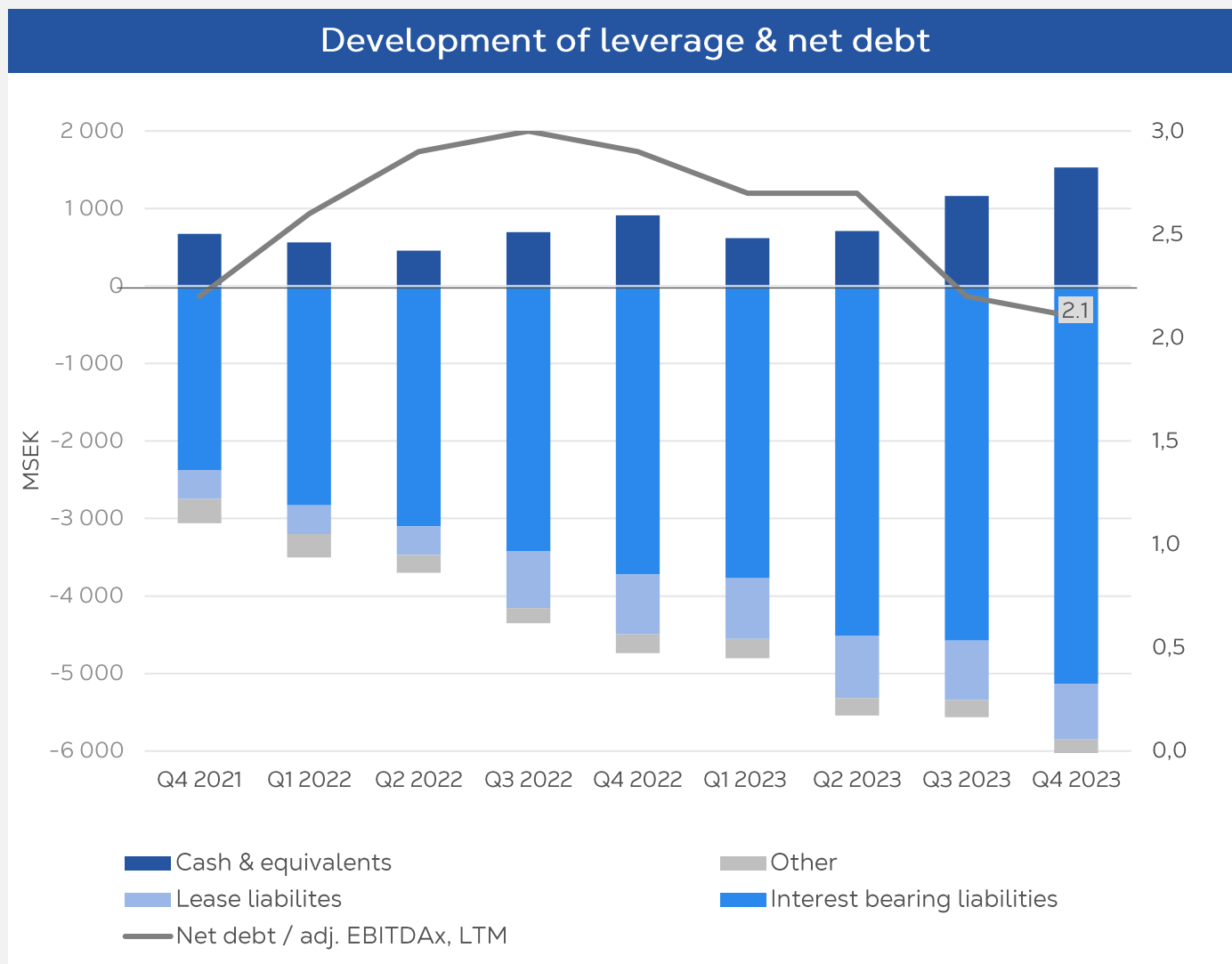


Integration - critical aspect of mergers, with three focus areas:

- **Value creation** - delivering on acquisition business case
- **People and culture** - creating a common culture and sense of belonging
- **Operational processes** - establishing common processes and tools (how we work together)



# Decreased leverage ratio



- **Leverage ratio** decreased mainly driven by increased adj. EBITA.
- **Net debt** increase due to:
  - acquisitions financed partly by debt during the last 4 quarters
  - increased lease liabilities related to new factories
  - offset by increased cash flow from operating earnings
- **Financial net** more negative in 2023 due to higher interest rates and increased debt

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