

A man and a woman are standing in a server room, looking at a laptop. The man is wearing a grey sweater and a blue lanyard, and the woman is wearing a white shirt and a blue lanyard. They are both looking at the laptop screen with interest. The server racks are visible in the background, and the lighting is dim, with some lights glowing from the racks.

Munters

Q1 report 2023

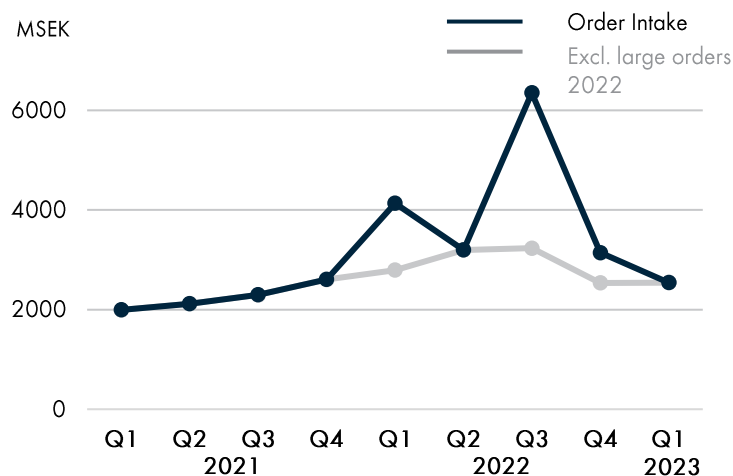
Klas Forsström, President and CEO

Annette Kumlien, GVP and CFO

Ann-Sofi Jönsson & Line Dovärn, Investor Relations

A quarter with strong, profitable growth

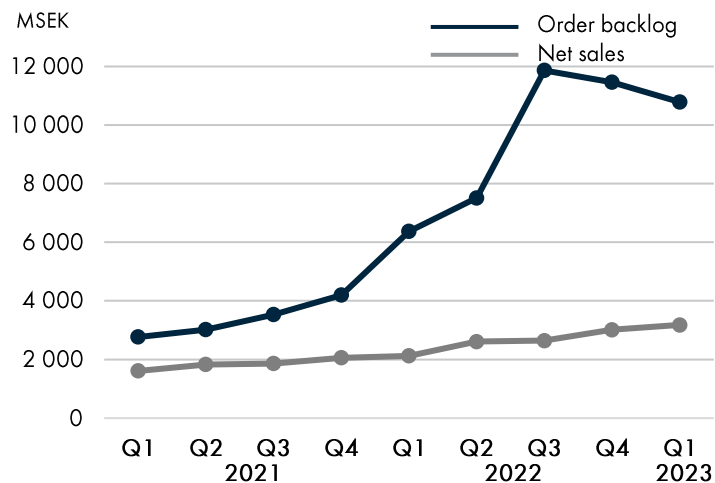
Stable order intake



Order intake, Q1 FX-adj. -43% (org. -44%):

- underlying solid market activity
- no larger orders received in the quarter
- excl. major orders received in Q1 2022¹, order intake decreased -18% (FX-adj.)

Strong net sales and order backlog



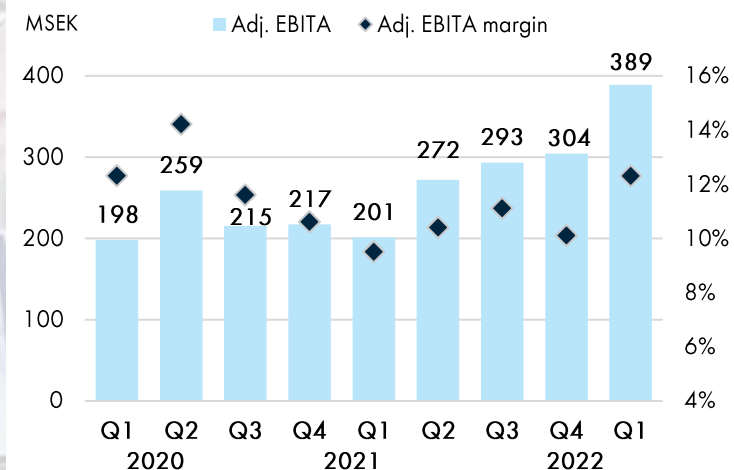
Net sales, Q1 FX-adj. +40% (org. +38%):

- strong growth in the battery sub-segment in AT & region Americas in DCT

Order backlog, Q1, FX-adj. +55%

Book-to-bill Q1: 0.8

Margin improvement in all business areas

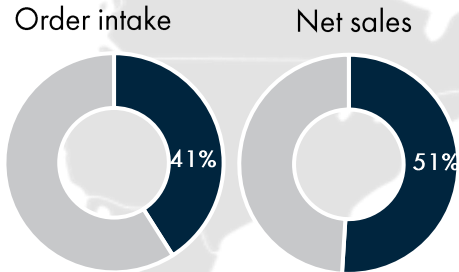


Adj. EBITA margin Q1 12.3% (+93%):

- increased net sales in AT & DCT
- efficiency improvements in all business areas
- eased supply chain constraints
- strategic investments for scalability in digitization & automation continues

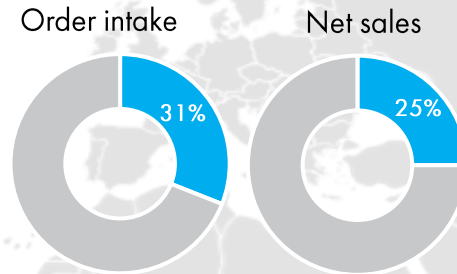
Q1 – stable underlying demand in all regions

Regional share



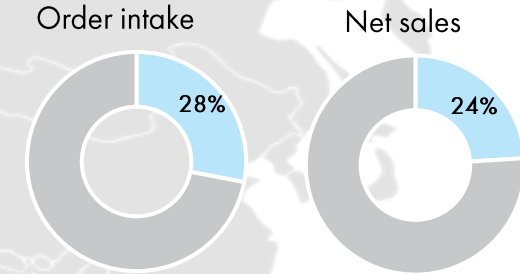
Americas - order intake

- AirTech – Components, CT* & Service showed good growth
- DCT – continued solid market activity from the colocation market
- FoodTech – good growth within DS and broiler & layer within CS



EMEA - order intake

- AirTech – Components & Service good growth
- DCT – stable demand from colocation market
- FoodTech – underlying weak market situation due to lower investments

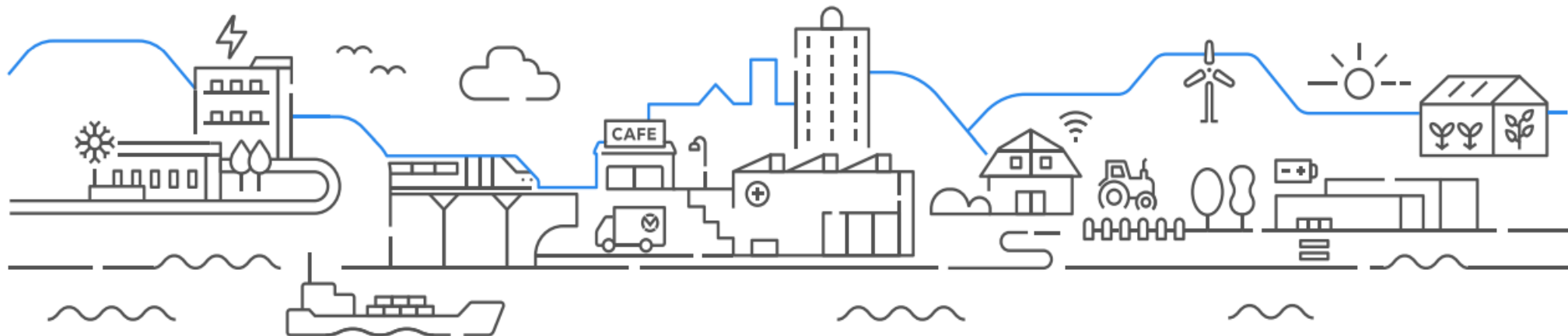
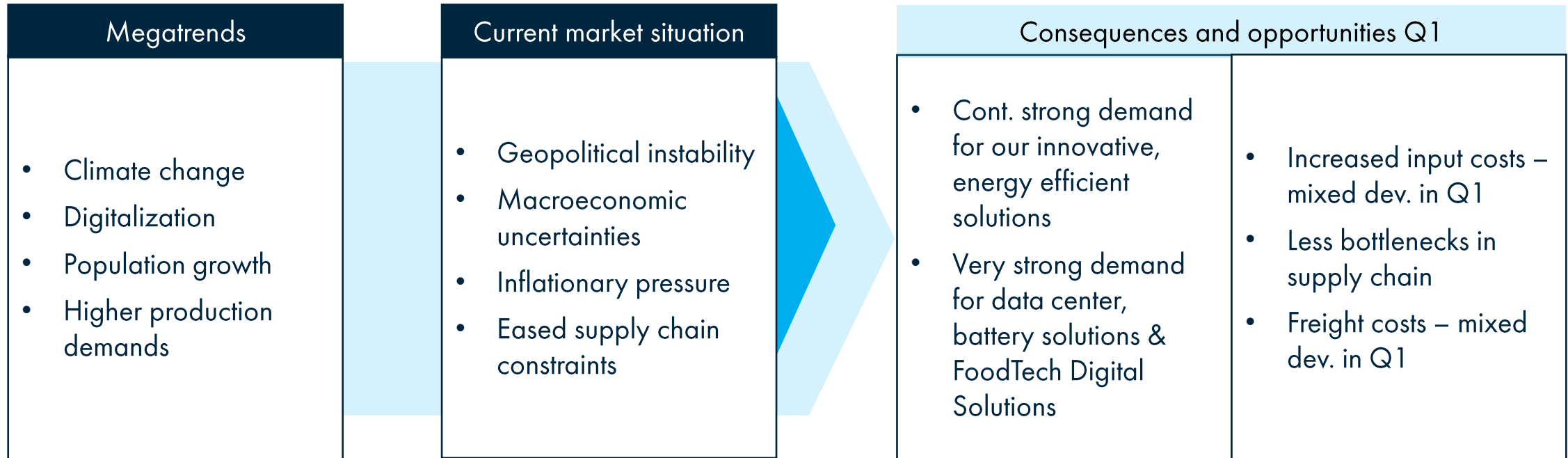


APAC- order intake

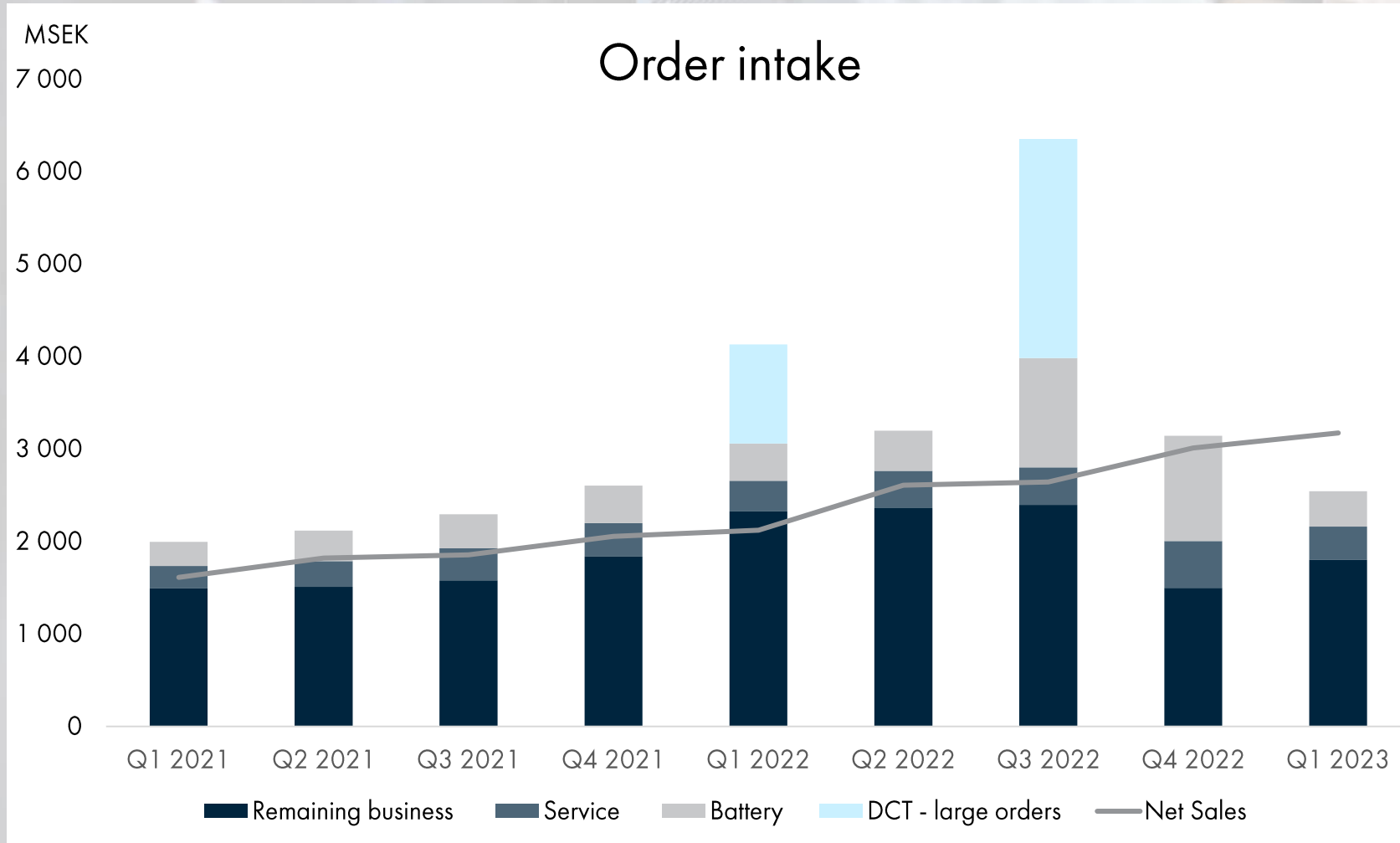
- AirTech – growth in mainly battery & Components
- FoodTech – continued weak swine market in China

All figures as reported, not currency adjusted
*Clean Technologies

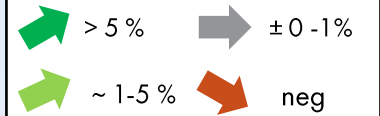
Climate change & digitalization are strong market drivers











Climate change & digitalization are strong market drivers



- Strong growth in prioritized areas
- Recurring orders incl. Services around 2.2 MSEK (excl. large orders in DCT & battery in AirTech)
- Net sales steady growth driven by strong order backlog



AirTech – Continued strong market outlook

Customer segment	% order intake Q1 2023	Market Outlook *	Comments
Industrial	50%		Overall strong outlook
...whereof battery	23%	 ***	Very strong demand driven by electrification trend and investments in new battery production facilities in all regions
...whereof food processing	8%		Continued stable market outlook
...whereof other	19%		Good demand, regional variations
Components **	18%		Demand expected to remain strong in key markets. Some sales to battery segment through other system providers
Clean Technologies	9%		Growth driven primarily by process industries
Commercial	2%		Steady replenishment market for supermarkets
Services	21%		Growth in all regions & continued high demand for our Services

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

** Dehumidification rotors and humidification pads sold through OEM channels

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

We support the worlds first e-methanol factory





- 1st industrial scale hydrogen plant for manufacturing synthetic fuels in Chile
- E-fuels are carbon-neutral & compatible with existing combustion engines
- Munters play a part in building the facility
- Our mist elimination technology captures the CO₂ needed to produce the e-fuels and separates it from contaminants, resulting in 98 %pure CO₂
- The CO₂, captured directly from the air, is mixed with green hydrogen to create e-methanol, which eventually will be converted to e-gasoline
- The process will be powered by green electricity and steam, generated by wind power i.e.no additional emissions in the air




Facts Carbon Capture

- Capturing & storing CO₂ emissions in the atmosphere
- Mass Transfer & Mist Elimination technologies are critical parts of the carbon capture process
- We have long experience, skilled design, support staff & satisfied customers throughout the world in the area



DCT – stable underlying market demand

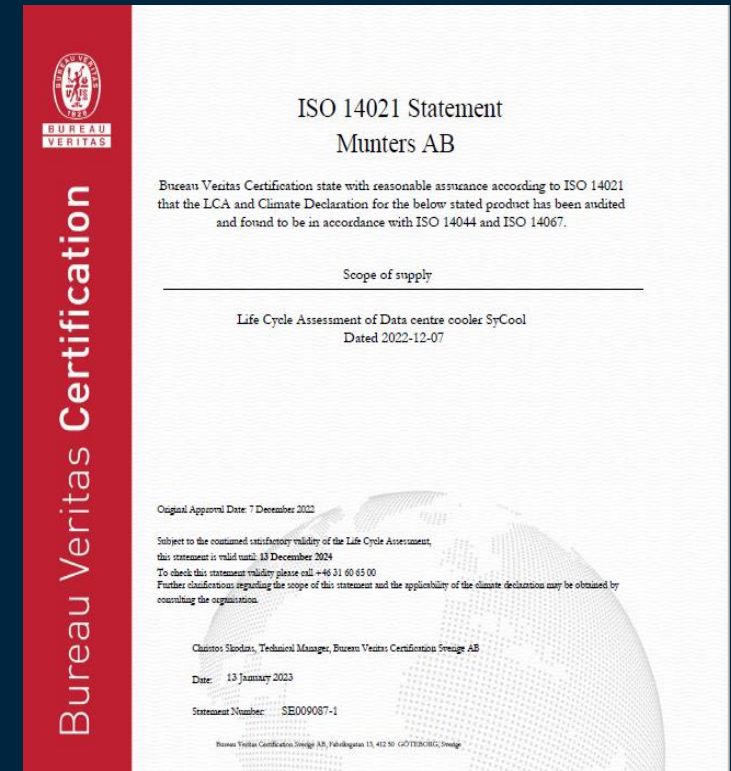
 > 5%	 ± 0 -1%
 ~ 1-5%	 neg

Customer Segments	% order intake Q1 2023	Market Outlook *	Comments
Hyperscalers	0%		Increase in cloud traffic & connectivity services continues to drive growth. Hyperscalers are streamlining their operations, recalibrating their data center design to higher density cooling as well as moving some capacity into the colocation market
Colocation	97%		Strong demand driven by greater use of colocation sites by enterprises & Hyperscales. The Colocation market is continuing to expand and purchase equipment as they are experiencing historically high leasing absorption and low availability of rentable space.
Telco & enterprises	3%		Expect growth related to 5G and edge computing

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





Value chain perspective on our climate impact








- Munters is mapping and reporting 100% of Scope 1, 2 and part of Scope 3
- Munters major emission impact is related to Scope 3 and use of our products
- We are increasingly conducting LCAs* of our products to get an assessment of the product's carbon footprint
- In 2022, ISO-certified LCAs on ten product families were carried out
- Independent third party verified
- Our ambition is to base product development, R&D and customer value creation on a scientific approach



By providing innovative, energy efficient solutions we contribute to our customer's lower energy spend as well as waste

FoodTech – US good demand

 > 5%	 ± 0 -1%
 ~ 1-5%	 neg

Customer segment	% order intake Q1 2023	Market Outlook *	Comments
Climate Solutions	88%		Mixed market development - growth in Americas, slow down in EMEA and weak demand in APAC, especially China
...whereof Broiler	48%		Continued strong demand in Americas. EMEA slower due to high food prices, energy costs and stop in investments due to Avian flue
...whereof Swine	11%		Weak development in APAC and EMEA, Swine market not recovering
...whereof Layer	17%		Cage-free regulation driving long-term demand; EMEA investments on hold due to high raw material costs
...whereof Greenhouse	5%		Growth driven by increased demand
...whereof Dairy	5%		Strong milk prices continue to support investments in Americas
Digital Solutions	12%		Strong trend in all regions with increased data usage through IoT and software aiming at increasing yield and improving animal welfare and sustainability

* Market outlook and comments are indicative and refer to the coming six months
 10 Controllers included in Climate Solutions Financials

Our fans handle even the toughest conditions

- High temperatures can cause major problems for poultry farmers
- Munters Saturn FIVE extraction fans, can mitigate extreme weather situation & stabilize production
- Paolo Furegon, chicken farmer, Italy:
 - Capacity of 2 million chickens a year
 - Replaced 20 old fans with 8 new Munters fans
- According to Paolo, the biggest benefits from installing the new Saturn ventilation system are:
 - Superior energy efficiency and use of fewer fans
=> **Lower energy costs**
 - Fewer fans mean lower installation, maintenance & energy costs. And less time spent cleaning equipment
=> **Lower total cost of ownership**
 - Access to Munters expertise and customer support



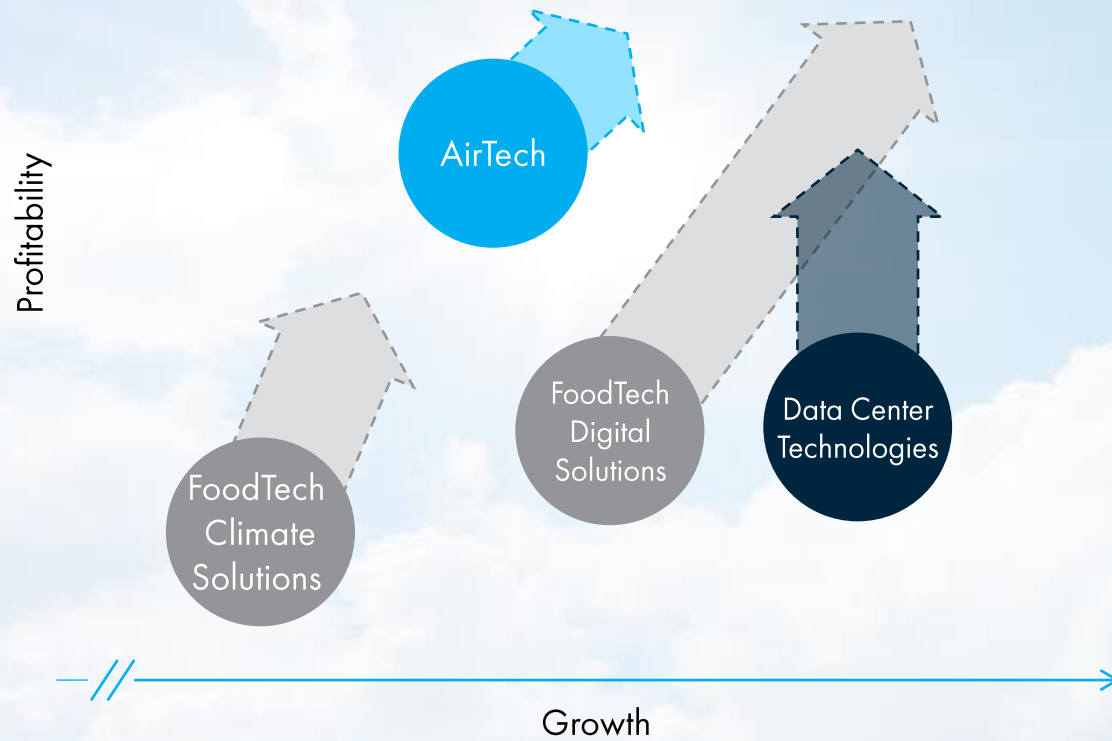
Facts Saturn FIVE

- Modular design enables farmers to configure a suitable system
- Simpler design and fewer moving parts extends lifetime & reduces cost of ownership
- Patent-pending butterfly damper that shuts tightly when fan is off to reduce energy waste and maximize animals' well-being

Munters focus areas

ILLUSTRATIVE

Direction of positioning – 2023 and beyond



Focus areas 2023 and beyond

AirTech

- Continued progression on profitable growth
- Service & energy efficient solutions key drivers

DCT

- Step by step improved profitability
- Expanding market leading offer

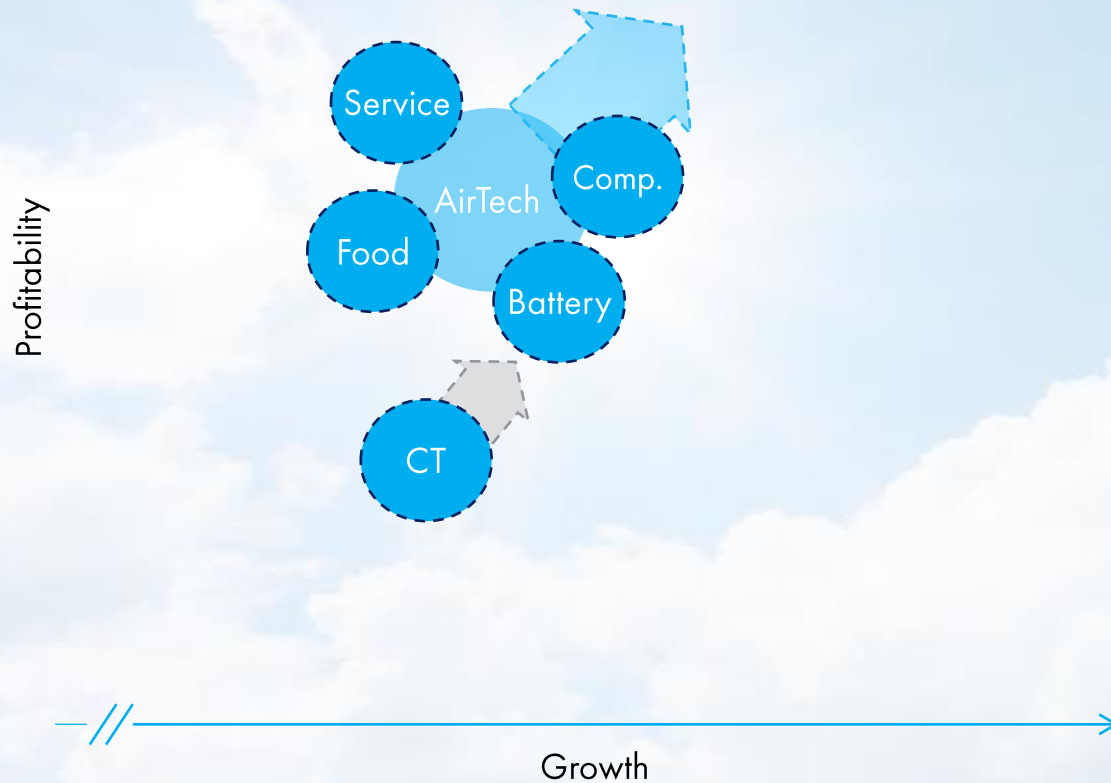
FoodTech

- Digital Solutions – growth & profitability, through SaaS ARR
- Climate Solutions – stability & profitability

AirTech segments

ILLUSTRATIVE

Direction of positioning for AirTech – 2023 and beyond



Focus areas 2023 and beyond

Service

- Developing service offer in a three-pronged way
 - 1) Digitalization, 2) increased service share of installed base & 3) M&A

Battery

- Growth opportunities along the value-chain for battery producers and battery storage

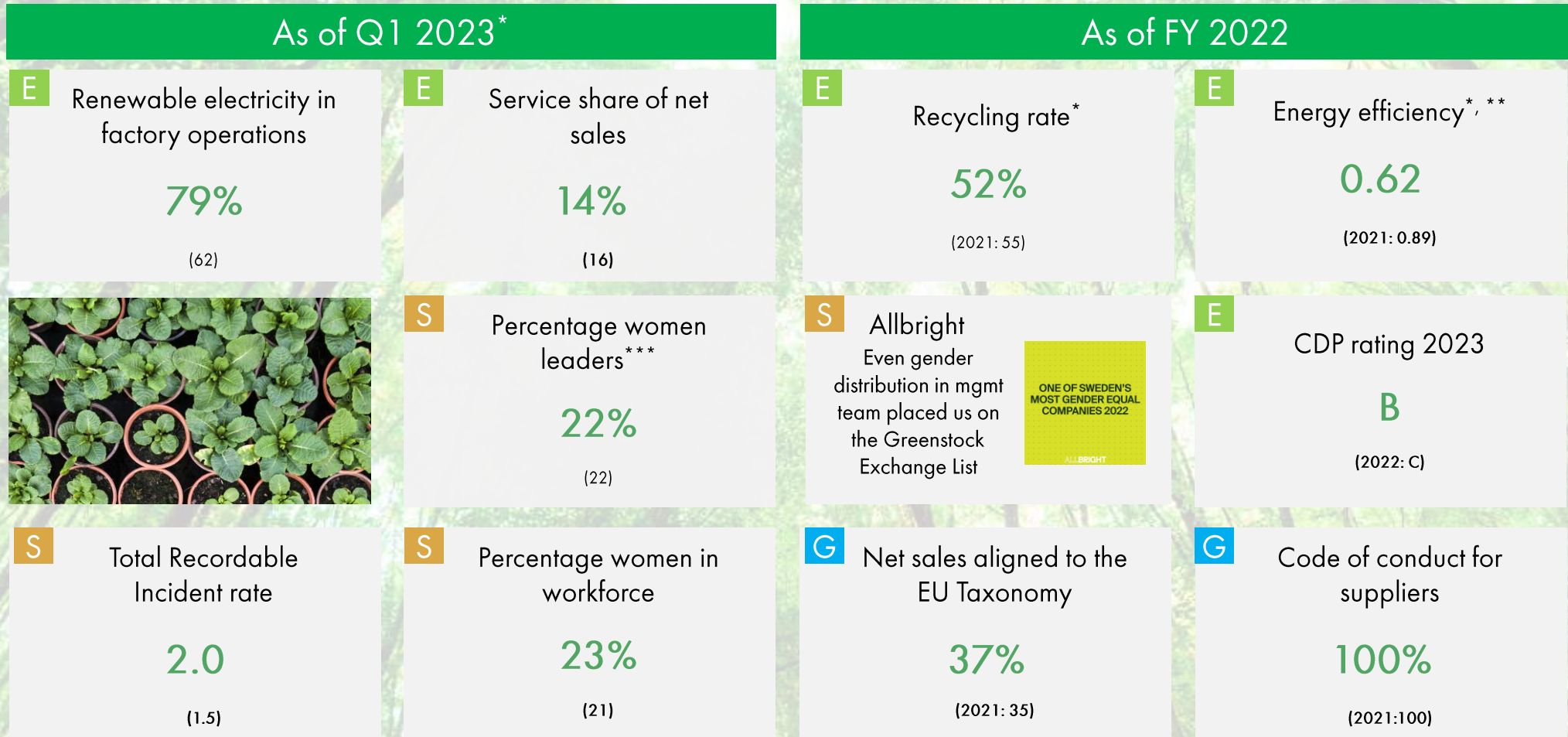
Components

- Increase channels to market

Clean Technologies

- Growth opportunities in carbon capture market and VOC

Our purpose - For customer success and a healthier planet



* Last twelve months

** Electricity consumption in production facilities relative to production value (MWh/production value SEK 000) as of LTM Q4, 2022.

*** Salary setting managers

See Annual & Sustainability Report 2022 for more information www.munters.com/investors

Financial highlights

Strong progress in the quarter

	Mid-term targets	Q1 2022	Q1 2023
Net sales growth Org. growth p.a. over a business cycle	10%	16%	38%
Adjusted EBITA-margin	>14%	9.5%	12.3%
OWC/net sales*	13-10%	13.4%	12.7%



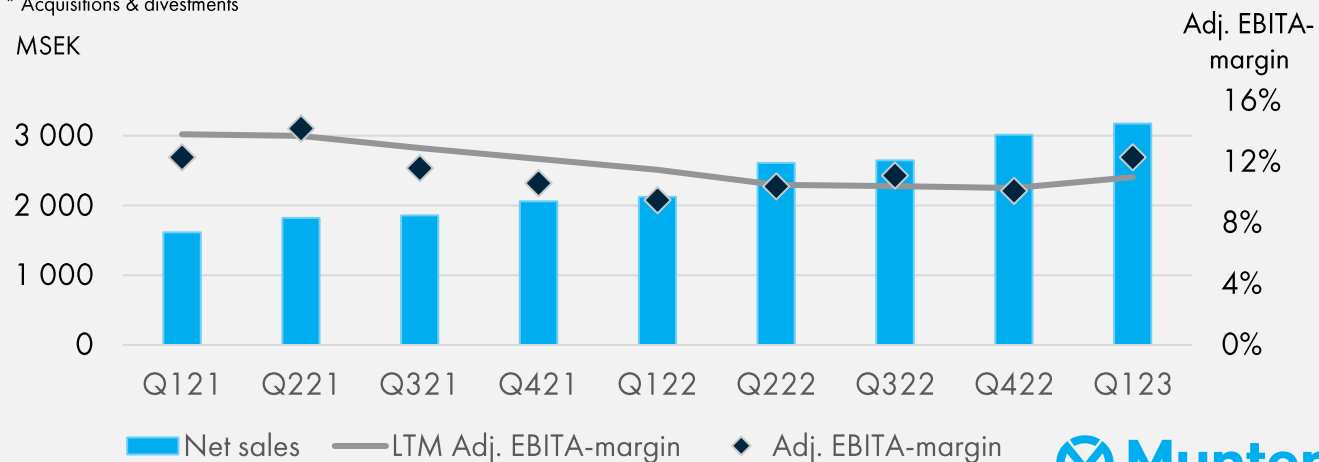
*Average OWC (Operating Working Capital) last twelve months as % of net sales for the same period

Strong net sales and strong margins

- **OI** decreased -43% (FX-adj) as no larger orders were received in the quarter;
 - OI decreased -18% (FX-adj) excl. major orders received in Q1 2022¹
- **NS** increased +40% (FX-adj);
 - Very strong growth in DCT & battery in AT
 - Services 13% of total net sales
- **Adj. EBITA margin** improved in all business areas;
 - + Increased volumes
 - + Combined business excellence efforts in all areas
 - + Net price increases in all business areas
 - Cont. focused strategic investments for scalability in digitization & automation
- **OWC (%)** decreased mainly because of strong net sales
 - OWC increased due to preparations for deliveries of large orders received in 2022

	MSEK	Q1 2023	Q1 2022	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		2,544	4,133	-44%	1%	5%
Order backlog		10,783	6,367			
Net sales		3,175	2,121	38%	2%	9%
Adj. EBITA		389	201	78%	7%	7%
Adj. EBITA-margin		12.3	9.5			
Operating profit (EBIT)		349	134			
OWC/ net sales (%) ²		12.7	13.4			

* Acquisitions & divestments



Margin improvement in all business areas

Group adj. EBITA margin impact

	Q1
2022 adj. EBITA %	9.5
Volume	++
Net pricing	++
Operational efficiency	+
Supply chain	=
Regional mix	-
Strategic investments	-
2023 adj. EBITA %	12.3

Main factors affecting adj. EBITA margin in Q1:

- Strong **volume** increase driven by DCT & battery in AT
- **Net price** increases in all business areas
- **Operational efficiency** improvement initiatives contributed to margin improvement
- **Supply chain** constraints eased during the quarter, continued high focus to secure critical components and ensure delivering on customer expectations
- **Regional mix** in FT with weak markets in China & EMEA
- Upfront **strategic investments** for scalability in digitization and automation continued and will continue throughout the year

Strong profit and net sales growth

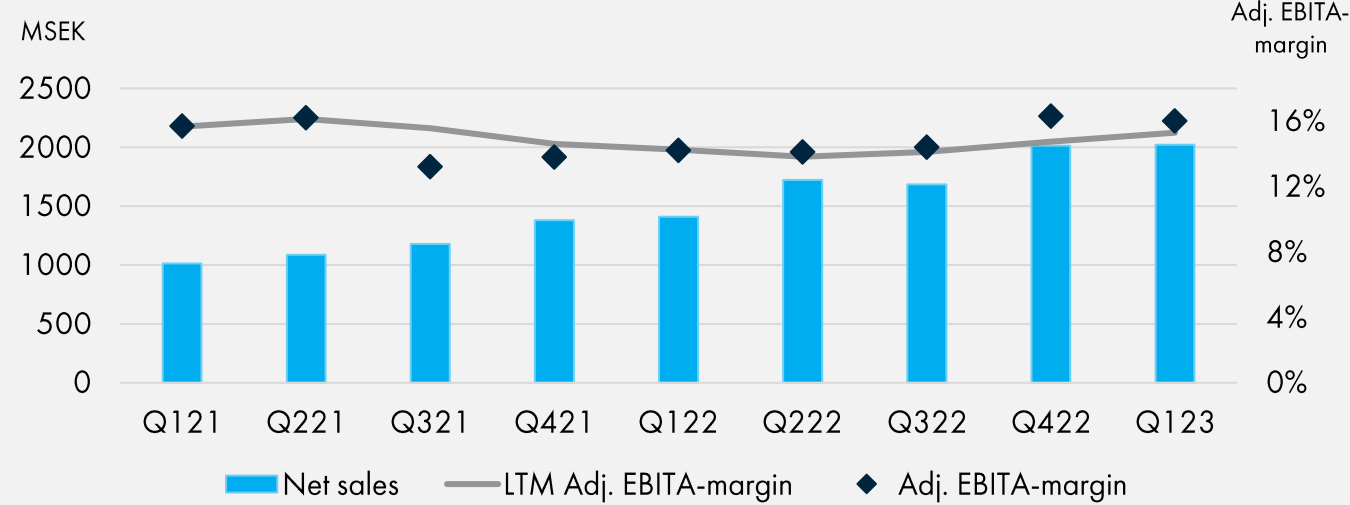
- **OI +1% (FX-adj)**, stable development in all regions;
 - Components good growth all regions
 - Services growth in Americas & EMEA, slightly offset by APAC

- **NS +35% (FX-adj)**, strong growth in all regions;
 - Battery good growth in APAC & EMEA
 - Components good growth all regions, mainly APAC
 - Services amounted to 24% (19), with growth especially in Americas & EMEA

- **Adj. EBITA margin improved**, impacted by;
 - + Significant volume increase
 - + Positive contributions from efforts to increase manufacturing efficiency
 - + Net price increases

	MSEK	Q1 2023	Q1 2022	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		1,686	1,577	-2	3	6
Order backlog		4,341	3,014			
Net sales		2,023	1,410	32	3	9
Adj. EBITA		323	200			
Adj. EBITA-margin		16.0	14.2			

* Acquisitions & divestments

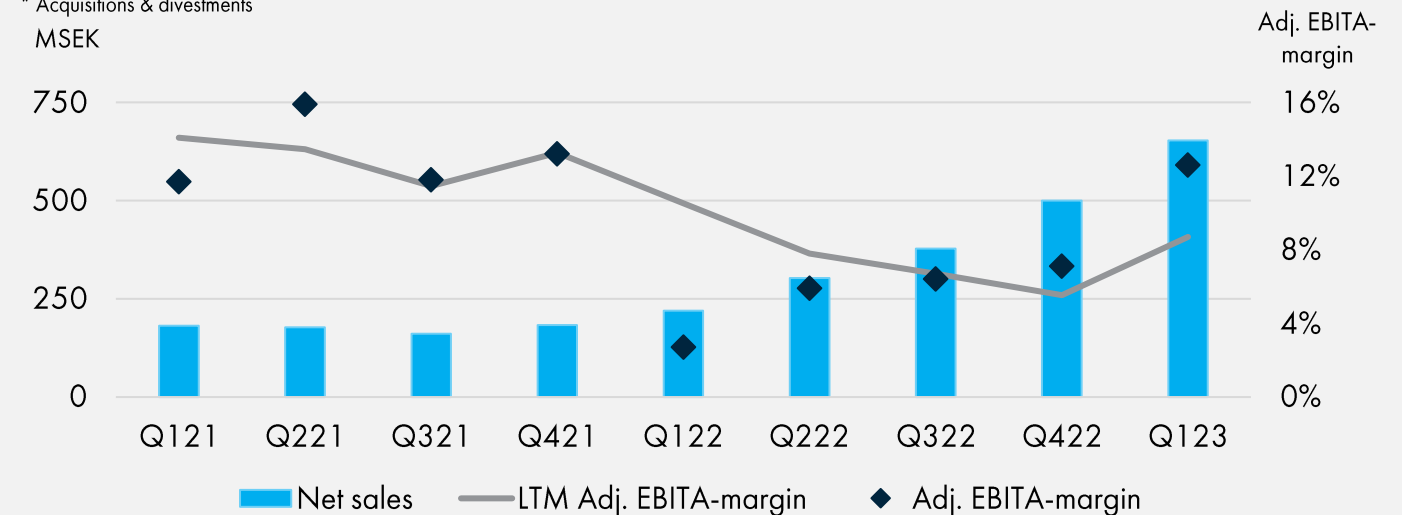


Significant net sales & margin increase

- **OI** declined -86% (FX-adj) but underlying long-term demand still strong;
 - Excl. large order of ~MUSD 115 received Q1 2022, decline of -67% (FX-adj)
 - Current market activity somewhat dampened due to orders placed in advance previous quarters
- **NS** increased +173% (FX-adj);
 - Driven by deliveries to US co-location customers
 - Increased deliveries enabled by higher capacity through US production ramp-up
- **Adj. EBITA margin** increased, impacted by;
 - + Strong volume increase
 - + Positive contributions from the ramp-up of production in the US
 - + Net price increases
 - High focus placed on securing components for future deliveries, however supply chain constraints eased compared to Q4 2022

	MSEK	Q1 2023	Q1 2022	Change (%)		
				Organic growth	Structural growth*	Currency effects
Order intake		293	1,870	-86%		2%
Order backlog		5,564	2,452			
Net sales		653	220	173%		24%
Adj. EBITA		82	6			
Adj. EBITA-margin		12.6	2.7			

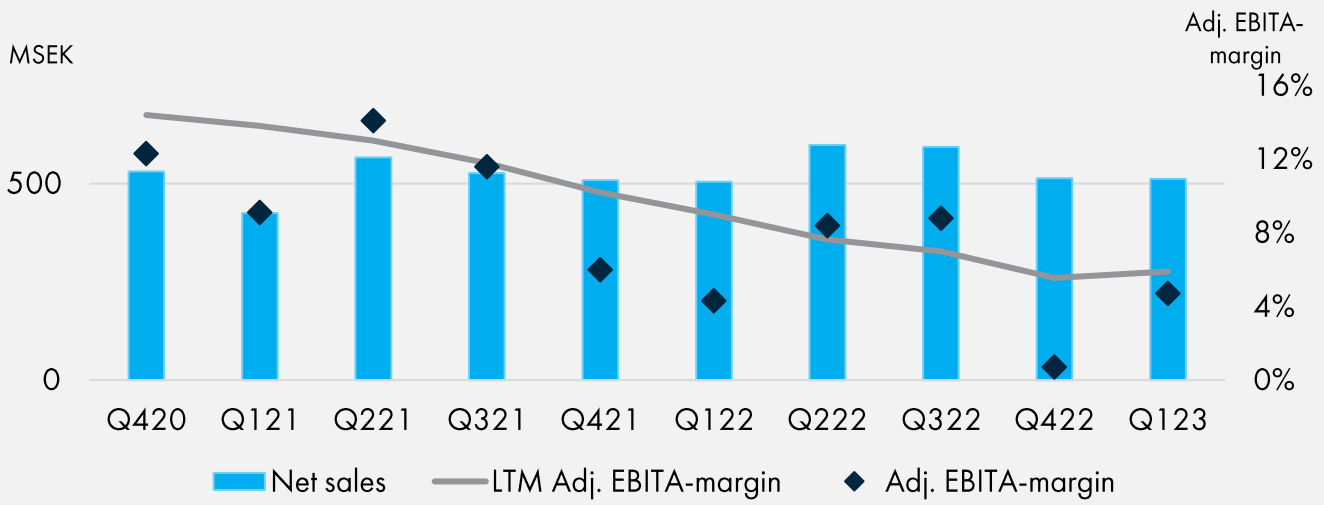
* Acquisitions & divestments
MSEK



Actions taken to improve margin coming through

- OI declined -23% (FX-adj);**
 - Excl. large SaaS order of MUSD 19 in Q1 2022, order intake increased +4% (FX-adj)
 - Americas, both DS* & CS** stable development. CS mainly in the US broiler & layer segments
 - China & EMEA continued weak markets
- NS decreased -5% (FX-adj);**
 - CS - cont. weak Chinese swine market & overall weak market demand in EMEA
 - CS - Americas flat development, growth in broiler, dairy & greenhouse segments in US, Brazilian swine market weak
 - DS - SaaS ARR grew +40%
- Adj. EBITA margin increased, impacted mainly by;**
 - + Net price increases
 - + Actions taken to mitigate negative effects from lower net sales in EMEA
 - + Stronger profitability in DS
 - Cont. lower volumes in China & EMEA
 - Cont. high investments in DS

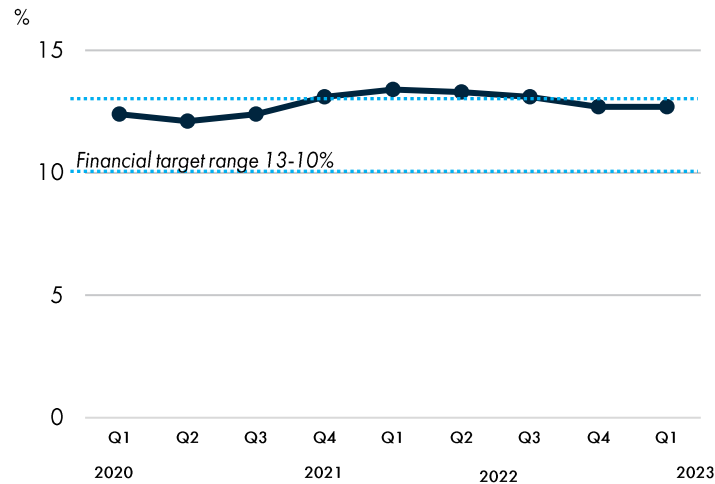
	MSEK	Q1 2023	Q1 2022	Change (%)		
				Organic growth	Structural growth	Currency effects
Order intake		581	698	-23%		6%
Order backlog		878	901			
Net sales		512	505	-5%		7%
of which SaaS		36	26			
of which SaaS ARR		145	104			
Adj. EBITA		24	21			
Adj. EBITA-margin		4.7	4.3			



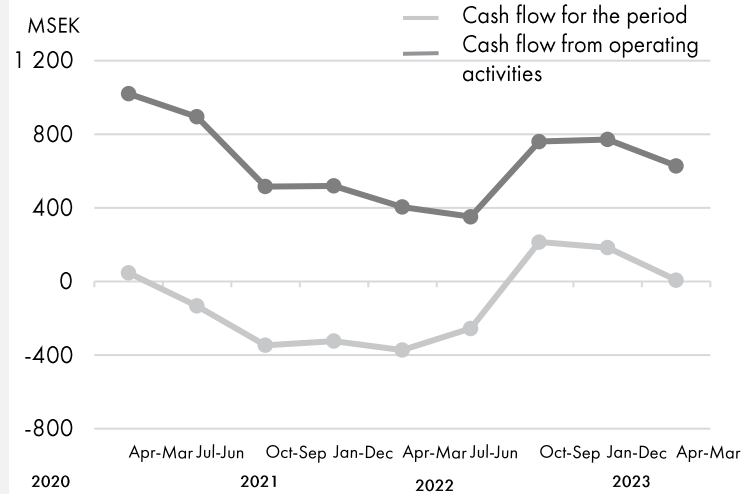
*Digital Solutions, ** Climate Solutions

Preparations for deliveries in large projects led to increased OWC

OWC/net sales*

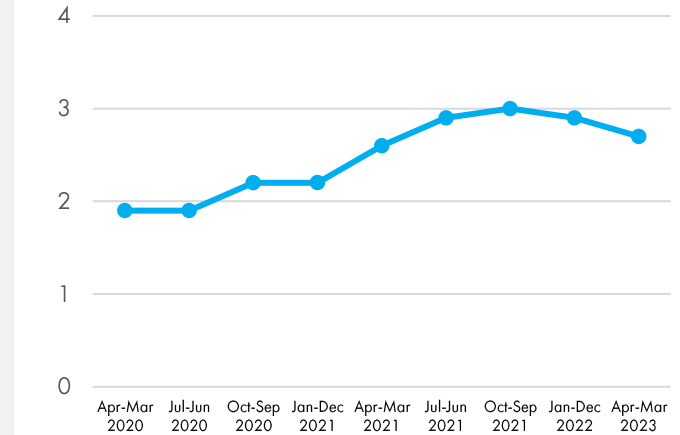


Cash flow development, LTM



Development of leverage

Net debt / adj. EBITDAx, LTM



Cash flow from operating activities:

- Stronger operating profit offset by:
- increased OWC due to preparations for deliveries of large orders received in 2022
 - Cont. ramp-up of production with expected deliveries in coming quarters

Q1, 2.7x:

- Leverage ratio improved mainly driven by good development of EBITDA in Q1
- Net debt increased mainly due to acquisitions financed by debt in 2022

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

CFO focus - Create a resilient company

Performance management

- Strategy & strategy deployment focus
- Best practices

Growth

- Organic & inorganic (M&A initiatives)

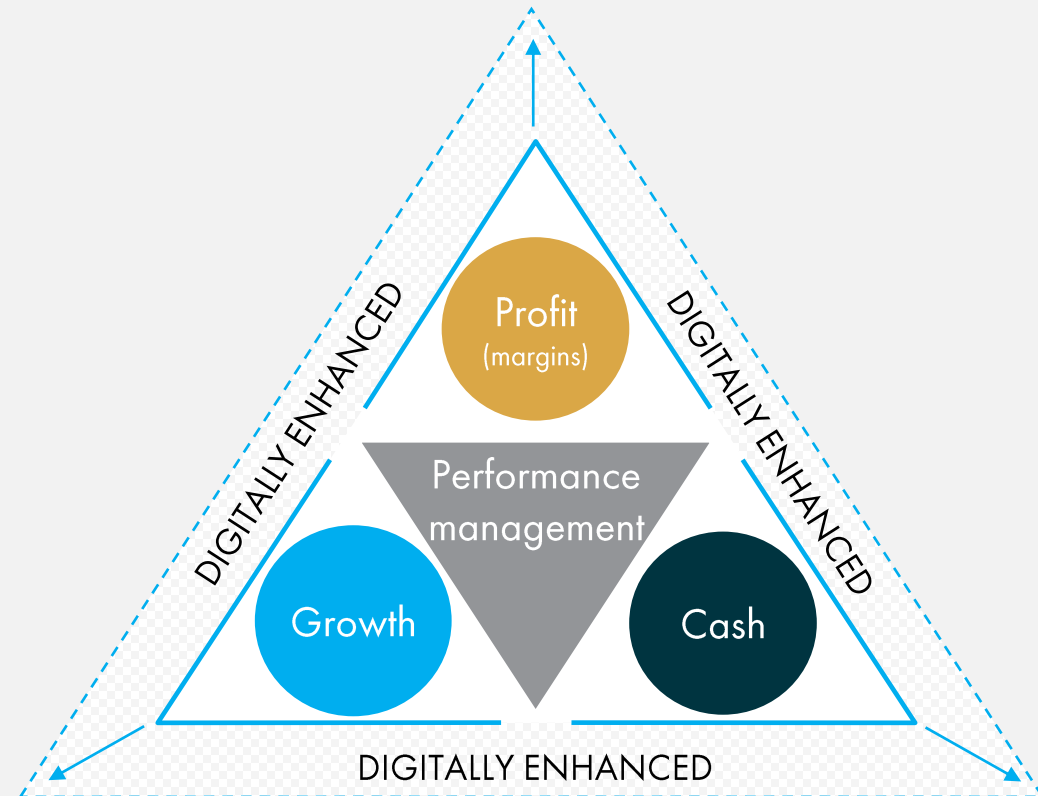
Profit

- Investments to secure scalability and increased efficiency

Cash generation

- Increased focus on OWC

Digital transformation



Summary

Major strategic progress in the first quarter



A quarter with significant growth and strengthened margin



Strong improvement of profitability



Continued high strategic investments for growth



Questions & Answers