



PRESS RELEASE

10 August 2000

MUNTERS AB INTERIM REPORT January – June 2000

	2000 Jan - Jun	1999 Jan - Jun	Change
Order intake, SEK M	1,675	1,303	+ 29 %
Invoicing, SEK M	1,448	1,226	+ 18 %
Operating earnings, SEK M	116	90	+ 29 %
- as a percentage of invoicing	8.0	7.4	-
Earnings before taxes, SEK M	108	87	+ 24 %
- as a percentage of invoicing	7.4	7.1	-
Earnings per share, SEK	2.62	2.18	+20 %

- Order intake in the second quarter increased by 37 per cent
- Invoicing in the first half of the year rose by 18 per cent to SEK 1,448M
- Operating earnings improved by 29 per cent to SEK 116M
- Significant growth in HumiCool
- Strong development and uninterrupted growth in invoicing over 26 quarters

MUNTERS' OPERATIONS

Munters is the world leader in moisture control with products and services for dehumidification, humidification and cooling of air.

Operations are divided into three geographic regions – Europe, the Americas and Asia. In each region, operations are subdivided into the Product Areas: Dehumidification, Moisture Control Services (MCS) and HumiCool. Manufacturing and sales are carried out via the Group's own companies in more than 25 countries. The Group had 2,326 employees at the end of the reporting period.

MARKET DEVELOPMENT

The market in Europe continued to develop positively, except within Mist Elimination & Water Treatment. Demand within HumiCool and MCS showed a positive trend.

The market in America showed high growth in all Product Areas. Significant demand was noted for Product Areas HumiCool and Dehumidification. Market activity in Latin America improved, especially within HumiCool.

The market in Asia shows continued improvement. Demand is high, especially in China and Australia, and market activity also increased in Japan.

SECOND QUARTER 2000

In the second quarter, Munters' order intake

increased by 37 per cent to SEK 884M (644). Invoicing rose by 14 per cent to SEK 741M (652). Munters has now enjoyed uninterrupted sales growth over 26 quarters, compared with the same quarter the year before. Adjusted for exchange rate fluctuations the increase during the second quarter was 13 per cent. Earnings improved by 22 per cent to SEK 65M (53). Adjusted for exchange rate fluctuations the increase in earnings was 21 per cent. In the second quarter, order backlog increased by 32 per cent to SEK 585M (443).

GROUP ORDER INTAKE, INVOICING AND EARNINGS

In the first six months of the year, order intake increased by 29 per cent to SEK 1,675M (1,303). Excluding Euroemme, which was acquired in December 1999, the increase was 21 per cent. During the year, order backlog rose by SEK 228M to SEK 585M.

Invoicing of the Munters Group rose by 18 per cent to SEK 1,448M (1,226). Adjusted for exchange rate fluctuations the increase was 16 per cent. Of invoicing, Euroemme accounts for SEK 73M. Distributed by region, invoicing increased by 15 per cent in Europe, 21 per cent in the Americas and 23 per cent in Asia.

Consolidated operating earnings amounted to SEK 116M (90), an increase of 29 per cent. Operating earnings were positively affected by exchange rate fluctuations of just under SEK 2M.

Consolidated earnings before taxes rose by 24 per cent to SEK 108M (87). During the period, net earnings

increased by 20 per cent to SEK 66M (55) after an effective tax rate of 39 per cent (37). Adjusted for non-deductible goodwill amortisation, the tax rate was just under 38 per cent. Earnings per share increased by 20 per cent to SEK 2.62 (2.18).

The earnings improvement is due to increased invoicing especially within HumiCool, including Euroemme, higher margins within HumiCool and Dehumidification and implemented rationalisation within the Group. This rationalisation meant that the workforce in Region Europe was reduced within Mist Elimination & Water Treatment. At the same time, staff were increased in areas of high growth. During the first six months of the year, the number of employees was increased by 8 per cent to 2,326 employees.

Reporting of the funds that were allocated to the Munters Group from SPP, which are expected to lead to a refund of approximately SEK 16M, has not been entered in the quarter due to the uncertainty that exists regarding the conditions for the refund.

FINANCIAL POSITION

On 30 June, the equity ratio amounted to 37.3 per cent (38.8 per cent at the year-end). Liquid funds were SEK 107M (114) and interest-bearing liabilities (including PRI pensions) were SEK 458M (254). During the year, the net debt increased by SEK 121M to SEK 351M due to dividend paid SEK 45M, buy-back of own shares SEK 25M, supplementary purchase price paid in respect of the acquisition of Euroemme SEK 28M, and increased requirement for working capital due to the growth of the Group. The Group has unutilised loan facilities of approximately SEK 50M.

INVESTMENTS AND DEPRECIATION

The Group's capital expenditure amounted to SEK 66M (53). The majority refers to investments in equipment for MCS, production and IT.

Depreciation amounted to SEK 49M (39) during the period, of which goodwill accounted for SEK 5M (2).

PERSONNEL

At the end of the reporting period, the number of staff was 2,326, an increase of 180.

Senior executives were offered to subscribe for call options in Munters AB on market terms. In total, 42 employees subscribed for such options. In connection with the subscription of the options Munters bought back 200,000 shares in the Company at an average price of SEK 124 to cover the Company's commitments according to the call options programme.

REGIONS

EUROPE

During the reporting period, order intake in Europe increased by 18 per cent to SEK 858M. Invoicing rose by 15 per cent to SEK 775M (671). Adjusted for exchange rate fluctuations, the increase was 20 per cent. Earnings amounted to SEK 48M (37).

Product Area Dehumidification reports a

relatively weak first six months. Invoicing and earnings increased marginally compared with the same period in the previous year.

Product Area MCS continued the positive trend of the previous year as far as order intake and invoicing is concerned. The proportion of weather-dependent operations in the Product Area continued to reduce in favour of industrial applications and service to the construction industry. Both order intake and invoicing increased significantly compared with the same period in the previous year. However, earnings are lower than in the previous year as a consequence of higher costs in connection with the increased growth. Cost adjusting measures have been implemented which are expected to have an impact during the third quarter.

Product Area HumiCool reports strongly increased order intake, invoicing and earnings compared with the corresponding period in the previous year. Euroemme, Italy, which was acquired in December 1999, is included in Product Area HumiCool from 1 January 2000. Integration of Euroemme has gone according to plan. During the year, growth continued regarding orders for cooling of intake air to gas turbines and equipment for cooling of poultry farms and greenhouses. Mist Elimination & Water Treatment reports continued significant fall in order intake, invoicing and earnings. Action has been implemented which partly compensated the reduced invoicing, but this part of the Product Area reports a negative result. During the latter part of the reporting period, activity increased on the market. The concentration on system deliveries had a positive effect on growth within HumiCool.

THE AMERICAS

During the reporting period, order intake in the Americas rose by 44 per cent to SEK 676M. Invoicing increased by 21 per cent to SEK 561M (465) in the same period. Adjusted for exchange rate fluctuations, the increase was 13 per cent. Earnings during the period amounted to SEK 63M (44). Earnings were positively affected by previously implemented rationalisation, increased invoicing and a favourable product mix within Product Area Dehumidification.

Product Area Dehumidification reports strongly increased order intake and invoicing. Order intake of dehumidification units for department stores, industrial processes and Zeol applications all enjoyed high growth.

Through the investments in the industrial segment and high demand in the water damage control segment, Product Area MCS reported continued high growth. Earnings were marginally lower than in the previous year due to costs for establishing new offices.

Product Area HumiCool enjoyed very high growth in order intake, whereas invoicing did not increase at the same rate. Growth is mainly generated by products for cooling of intake air to gas turbines, equipment for cooling of poultry farms and by new applications. Earnings were lower than during the corresponding period in the previous year, which included an exceptionally profitable delivery. Mist Elimination reports strongly increased order intake, invoicing and significantly improved earnings. Orders were mainly received from the power generating industry.

ASIA

Munters' operations in Asia show a positive trend

regarding order intake, even if recovery in Japan has been slow. During the reporting period, order intake increased by 31 per cent to SEK 176M. Invoicing rose by 23 per cent to SEK 144M (117). Adjusted for exchange rate fluctuations, the increase was 11 per cent. Earnings improved to SEK 16M (15).

Product Areas Dehumidification and HumiCool report strongly increased order intake. Invoicing was high within Product Area HumiCool, which generated significant improvement in earnings. Earnings of Product Area Dehumidification are on a par with the previous year.

PARENT COMPANY

In the first six months of the year, the Parent Company's result after financial items amounted to SEK -8.5M (-4.9). There were no sales.

Capital expenditure amounted to SEK 0.1M (0.2) and number of employees was 16 (14).

FUTURE INFORMATION DATES

26 October 2000 – Interim Report January-September

22 February 2001 – Preliminary Accounts Report for 2000

Stockholm, 10 August 2000

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This Report has not been the subject of special examination by the Company's Auditors

Income statement, SEK M

	— 6 months —		— 12 months —	
	2000 Jan-Jun	1999 Jan-Jun	1999 Jan-Dec	1999/00 Jul-Jun
Order intake	1,675	1,303	2,608	2,980
Invoicing	1,448	1,226	2,594	2,816
Operating expenses *	-1,332	-1,136	-2,357	-2,553
Operating earnings	116	90	237	263
Earnings from participations in associated companies	3	3	8	8
Financial net	-11	-6	-14	-19
Earnings before taxes	108	87	231	252
Taxes	-42	-32	-87	-97
Net earnings for the period	66	55	144	155
* Depreciation	49	39	82	92
of which amortisation of goodwill	5	2	3	6

Balance sheet, SEK M

	2000 30 Jun	1999 30 Jun	1999 31 Dec	
Assets				
Fixed assets				
Intangible assets	162	14	171	
Plants	461	376	440	
Shares and participations	35	32	33	
Long-term receivables	11	9	11	
Total fixed assets	669	431	655	
Current assets				
Inventories	239	176	207	
Trade receivables	630	528	621	
Current receivables	102	87	85	
Liquid funds	107	114	121	
Total current assets	1,078	905	1,034	
Total assets	1,747	1,336	1,689	
Shareholders' equity and liabilities				
Shareholders' equity (number of shares 25 000 000)	651	557	655	
Long-term liabilities and provisions	68	63	75	
Long-term liabilities, interest-bearing	68	62	68	
Advances from customers	39	31	28	
Current liabilities and provisions	531	432	580	
Current liabilities, interest-bearing	390	191	283	
Total shareholders' equity and liabilities	1,747	1,336	1,689	

Key figures

	2000 Jan-Jun	1999 Jan-Jun	1999 Jan-Dec	1999/00 Jul-Jun
Operating margin, %	8.0	7.4	9.1	9.3
Return on capital employed, %	e.m.	e.m.	30.3	31.0
Return on shareholders' equity, %	e.m.	e.m.	24.1	25.7
Equity ratio, %	37.3	11.7	38.8	37.3
Net debt, SEK M	351	139	230	351
Net debt ratio	0.54	0.25	0.35	0.54
Interest coverage ratio	11.0	10.4	13.1	13.2
Investments in fixed assets, SEK M	66	53	114	127
Number of shares at period-end, million	25	25	25	25
Earnings per share, SEK	2.62	2.18	5.78	6.22
Equity per share, SEK	26.1	22.3	26.2	26.1
Number of employees at period-end	2,326	1,973	2,146	2,326

Regions**Invoicing, SEK M**

	2000 Jan-Jun	1999 Jan-Jun	1999 Jan-Dec	1999/00 Jul-Jun
Europe	775	671	1,404	1,508
The Americas	561	465	970	1,066
Asia	144	117	279	306
Eliminations/adjustments	-32	-27	-59	-64
Total	1,448	1,226	2,594	2,816

Operating earnings. SEK M

	2000	1999	1999	1999/00
Europe	48	37	103	114
The Americas	63	44	104	123
Asia	16	15	41	42
Group overheads	-7	-5	-10	-12
Eliminations/adjustments	-4	-1	-1	-4
Total	116	90	237	263

Income statement, SEK M

	1998				1999				2000	
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Order intake	577	602	583	622	659	644	614	691	791	884
Invoicing	554	581	610	656	574	652	637	731	707	741
Operating expenses ¹⁾	-522	-537	-554	-583	-537	-599	-573	-648	-656	-676
Operating earnings	32	44	56	73	37	53	64	83	51	65
Earnings from participations in associated companies	1	2	2	1	2	1	2	3	1	2
Financial net	-3	-5	-3	-2	-3	-3	-5	-3	-4	-7
Earnings before taxes	30	41	55	72	36	51	61	83	48	60
Taxes	-12	-16	-21	-25	-13	-19	-23	-32	-19	-23
Net earnings for the period	18	25	34	47	23	32	38	51	29	37
¹⁾ of which depreciation	18	17	18	19	19	20	19	24	24	25

Balance sheet, SEK M

	1998				1999				2000	
	31 Mar	30 Jun	30 Sep	31 Dec	31 Mar	30 Jun	30 Sep	31 Dec	31 Mar	30 Jun
Assets										
Fixed assets										
Intangible assets	19	19	18	16	15	14	14	171	162	162
Plants	313	317	327	361	369	376	370	440	447	461
Shares and participations	31	31	29	31	32	32	32	33	34	35
Long-term receivables	8	8	8	9	9	9	10	11	10	11
Total fixed assets	371	375	383	417	425	431	426	655	653	669
Current assets										
Inventories	152	167	164	157	171	176	179	207	214	239
Trade receivables	441	448	479	528	480	528	539	621	623	630
Current receivables	70	64	95	68	82	87	94	85	92	102
Liquid funds	140	134	84	82	102	114	105	121	127	107
Total current assets	803	813	822	835	835	905	917	1,034	1,056	1,078
Total assets	1,174	1,187	1,205	1,252	1,260	1,336	1,343	1,689	1,709	1,747
Shareholders' equity and liabilities										
Shareholders' equity (25 000 000 shares)	456	456	495	545	561	557	591	655	676	651
Long-term liabilities and provisions	28	41	38	63	63	63	62	75	81	68
Long-term liabilities, interest-bearing	75	80	120	67	67	62	63	68	70	68
Advances from customers	38	42	26	23	25	31	44	28	38	39
Current liabilities and provisions	381	378	398	403	396	432	448	580	529	531
Current liabilities, interest-bearing	196	190	128	151	148	191	135	283	315	390
Total shareholders' equity and liabilities	1,174	1,187	1,205	1,252	1,260	1,336	1,343	1,689	1,709	1,747

Key figures

	1998				1999				2000	
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Operating margin, %	5.7	7.5	9.2	11.1	6.5	8.2	10.0	11.4	7.3	8.7
Equity ratio, %	38.8	38.4	41.1	43.6	44.5	41.7	44.0	38.8	39.5	37.3
Net debt, SEK M	131	136	165	135	114	139	93	230	258	351
Net debt ratio	0.29	0.30	0.33	0.25	0.20	0.25	0.16	0.35	0.38	0.54
Interest coverage ratio	7.4	10.6	13.0	15.0	9.5	11.3	16.5	15.1	11.6	10.53
Investments in fixed assets, SEK M	13	24	26	46	29	24	22	37	33	33
Number of shares at period-end, million	25	25	25	25	25	25	25	25	25	25
Earning per share, SEK	0.72	1.00	1.36	1.86	0.90	1.28	1.54	2.05	1.17	1.45
Equity per share, SEK	18.23	18.25	19.79	21.82	22.42	22.26	23.64	26.18	27.03	26.06
Number of employees at period-end	1,896	1,878	1,936	1,979	1,962	1,973	2,026	2,146	2,249	2,326

Regions

Invoicing, SEK M

	1998				1999				2000	
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Europe	298	312	333	382	321	350	338	395	392	383
The Americas	201	232	229	223	208	257	240	265	261	300
Asia	67	53	56	63	62	55	77	85	67	77
Eliminations/adjustments	-12	-16	-8	-12	-17	-10	-18	-14	-13	-19
Total	554	581	610	656	574	652	637	731	707	741

Operating earnings, SEK M

	1998				1999				2000	
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Europe	10	10	27	43	17	20	25	41	28	20
The Americas	19	30	25	22	14	30	26	34	25	38
Asia	10	5	9	9	9	6	13	13	6	10
Group overheads	-6	0	-6	-1	-2	-2	-1	-5	-4	-3
Eliminations/adjustments	-1	-1	1	0	-1	-1	0	0	-4	0
Total	32	44	56	73	37	53	64	83	51	65

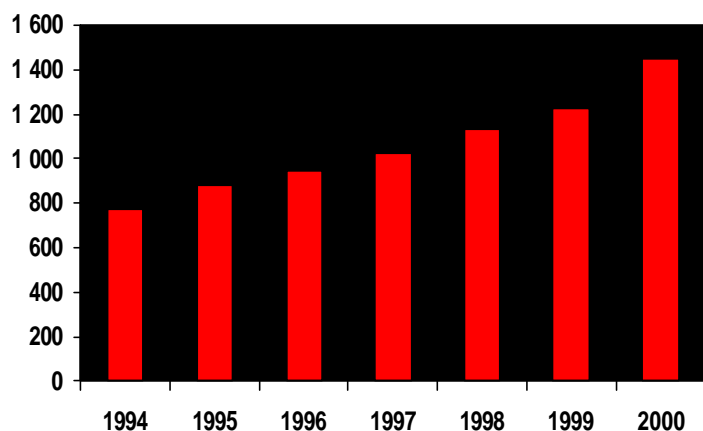
Statement of changes in Financial Position

	----- 6 months-----		----- 12 months-----	
	2000 <u>Jan-Jun</u>	1999 <u>Jan-Jun</u>	1999 <u>Jan-Dec</u>	1999/00 <u>Jul-Jun</u>
Earnings after financial items excluding associated companies	105	84	223	244
Depreciation according to plan	49	39	82	92
Change in working capital				
trade receivables	-9	-1	-94	-102
inventories	-32	-19	-50	-63
trade payables	16	-4	53	73
advances from customers	11	9	5	7
Investments in tangible assets	<u>-66</u>	<u>-53</u>	<u>-114</u>	<u>-127</u>
Operating cash flow	74	55	105	124
Changes in other working capital	-73	24	94	-3
Investments in intangible assets	0	0	-157	-157
Acquisition of own shares	-25	0	0	-25
Dividend paid	-45	-38	-37	-44
Taxes paid	-62	-44	-66	-84
Other, including translation differences	<u>10</u>	<u>-1</u>	<u>-34</u>	<u>-23</u>
Change in net debt	-121	-4	-95	-212

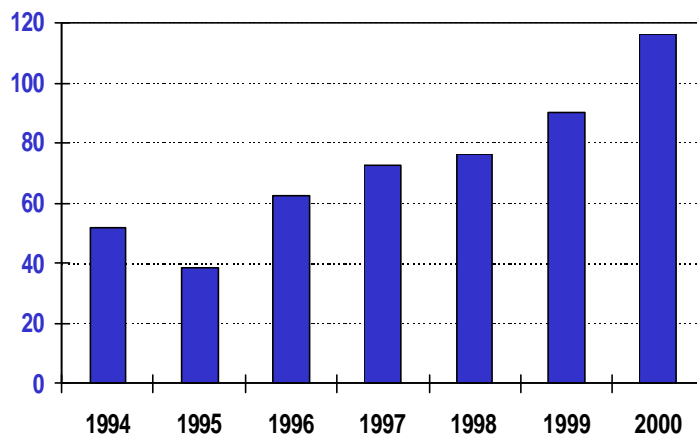
The Group's net debt is defined as follows:

	2 000 <u>30 Jun</u>	1999 <u>30 Jun</u>	1999 <u>31 Dec</u>
SEK M			
Current loans	390	191	283
Long-term loans	0	0	3
Pensions	68	62	65
Cash and bank	-107	-114	-121
Net debt	351	139	230

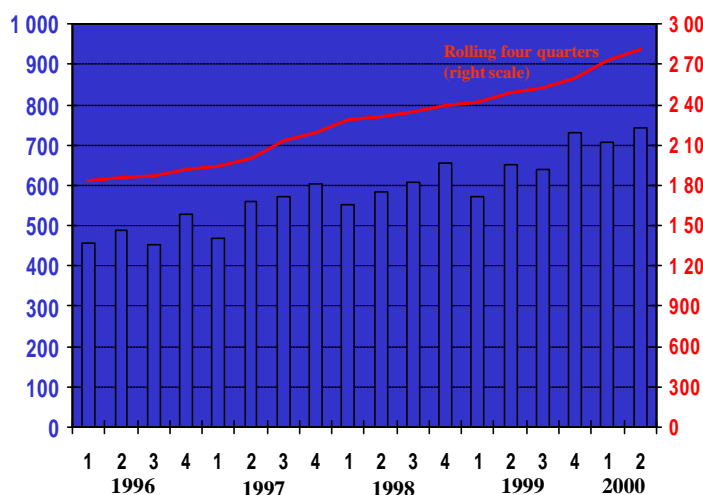
Invoicing, January - June (SEK M)



Operating earnings, January - June (SEK M)



Invoicing per quarter (SEK M)



Order intake per quarter (SEK M)

