



PRESS RELEASE

25 April 2001

MUNTERS AB

INTERIM REPORT January – March 2001

	2001 Jan - Mar	2000 Jan - Mar	Change
Order intake, SEK M	960	791	+ 21 %
Net sales, SEK M	851	707	+ 20 %
Operating earnings, SEK M	72	51	+ 41 %
- as a percentage of net sales	8,5	7,3	-
Earnings before taxes, SEK M	67	48	+ 39 %
- as a percentage of net sales	7,9	6,8	-
Earnings per share, SEK	1.62	1.17	+38 %

- Strong start of the year in all regions
- Start-ups and acquisitions render increased growth in Asia
- Operating earnings increased by 41 per cent to SEK 72M
- Earnings per share increased by 38 per cent to SEK 1.62

MUNTERS' OPERATIONS

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

Munters' business objective is to be a global, applications and service-oriented niche company within the air treatment market, with its core business in dehumidification and humidification.

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 2,419 employees at the end of the quarter.

MARKET DEVELOPMENT

The market in Europe continued to develop positively, especially within the HumiCool and MCS operations.

Despite the overall negative economic environment in the US, the markets showed continued high growth within the product areas of Dehumidification, especially for industrial applications, and MCS.

The market in Asia has improved and demand increased in Japan, Australia and South-East Asia.

GROUP ORDER INTAKE, NET SALES, AND EARNINGS

In the first three months, order intake increased by 21 per cent to SEK 960M (791) and the backlog rose by SEK 134M to SEK 644M.

Net sales of the Munters Group rose by 20 per cent to SEK 851M (707). Adjusted for currency fluctuations the increase was 12 per cent.

Distributed by region net sales increased by 11 per cent in Europe, 27 per cent in the Americas and 50 per cent in Asia.

Consolidated operating earnings amounted to SEK 72M (51), an increase of 41 per cent. Operating earnings were affected positively by exchange rate fluctuations, by just under SEK 5M.

Consolidated earnings before taxes increased by 39 per cent to SEK 67M (48). Net earnings for the period improved by 38 per cent to SEK 41M (29) after an effective tax rate of slightly more than 39 per cent (39). Earnings per share increased to SEK 1.62 (1.17).

Sales increased due to the launch of new products and improved added value in completed deliveries. The earnings improvement is due to increased net sales, a favourable product mix and implemented rationalisation.

FINANCIAL POSITION

The equity ratio improved during the first quarter of the year and amounted to 42.6 per cent (39.5) on 31 March. Liquid funds were SEK 98M (127) and interest-bearing liabilities (including PRI pensions) were SEK 414M (385). During the year, the net debt reduced by SEK 17M and amounted to SEK 316M at the quarter end. The Group has unutilised loan facilities of approximately SEK 210M.

INVESTMENTS

The Group's capital expenditure amounted to SEK 31M (33). The majority refers to investment in MCS, production and IT equipment.

PERSONNEL

At the end of the reporting period, the number of staff was 2,419, an increase of 45 during the period.

REGIONS

EUROPE

During the quarter, order intake in Europe increased by 16 per cent to SEK 485M (419). Net sales rose by 11 per cent to SEK 435M (392). Adjusted for currency fluctuations, the increase was 7 per cent. Operating earnings amounted to SEK 33M (28).

Product area Dehumidification reported a weak start of the year relating to order intake and sales. Operating earnings increased compared with the same period in the previous year thanks to the effects of the action programme which was started during the third quarter of 2000.

Product area MCS enjoyed strong growth. Both order intake and sales increased compared with the corresponding period in the previous year. Operating earnings improved significantly compared with the previous year as a result of implemented activities.

Product area HumiCool reported a continued strong order intake whereas sales increased marginally. Growth in order intake relates mainly to orders for cooling of intake air to gas turbines, equipment for cooling poultry houses and greenhouses, and components for mist elimination.

AMERICAS

During the quarter, order intake in the Americas rose by 22 per cent to SEK 377M (309). Net sales increased by 27 per cent to SEK 331M (261) during the reporting period. Adjusted for currency fluctuations, the increase was 12 per cent. Operating earnings amounted to SEK 32M (25) during the period. Earnings for the quarter were positively affected by a favourable product mix and by the rationalisation which was implemented within the MCS operation during 2000.

Product area Dehumidification reported increased order intake, sales and earnings. Order intake for dehumidification units for industrial applications and treatment of discharges of solvents into air, so-called Zeol applications, enjoyed continued strong growth.

Product area MCS – through its investment within

the industrial segment and high demand within the water damage restoration segment – reported continued strong growth and earnings significantly in excess of the previous year's level.

Product area HumiCool reported a low growth rate, mainly due to a slow-down in the market relating to equipment for cooling poultry houses. Operating earnings are slightly lower than during the corresponding period in the previous year.

ASIA

Munters' operations in Asia showed a positive trend relating to order intake, net sales and earnings. During the quarter, order intake rose by 41 per cent to SEK 115M (82). Sales increased by 50 per cent to SEK 100M (67). Adjusted for currency fluctuations, this was an increase of 46 per cent. Operating earnings increased to SEK 13M (6).

Earnings increased in all of the product areas. Through the acquisition of Mullins Restoration in Australia at 4 January 2001, the MCS operation in the region has been strengthened. China and Australia continued the positive trend of the previous year. During the quarter, the dehumidification operation in Japan expanded, with several industrial orders. The establishment of HumiCool production in Thailand and the start-up of the sales office in Korea during 2000 contributed to the sales growth.

FUTURE INFORMATION DATES

10 August 2001	- Interim Report January-June
26 October 2001	- Interim Report January-September
February 2002	- Year-end Report 2001
April 2002	- Annual General Meeting and Interim Report January-March 2002

Stockholm, 25 April 2001

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This Report has not been the subject of special examination by the company's auditors.

Income statement, SEK M

Income statement, SEK M

		3 months				12 months				2001
		1999				2000				2001
		2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Order intake	Order intake	960	659	644	614	3 592	884	3 491	863	960
Net sales	Net sales	851	574	652	637	3 179	741	3 323	932	851
Operating expenses *	Operating expenses ¹⁾	-779	-537	-598	-573	-2 656	-676	-2 996	-818	-779
Items affecting comparability	Items affecting comparability	-	-	-	-	15	-	15	-	-
Operating earnings	Operating earnings	72	37	53	64	351	65	342	114	72
Earnings from participation in associated companies	Earnings from participation in associated companies	2	2	1	2	6	2	7	1	2
Financial net	Financial net	-7	-3	-4	-5	-24	-7	-27	-7	-7
Earnings before taxes	Earnings before taxes	67	36	51	61	303	60	322	108	67
Taxes	Taxes	-26	-13	-19	-23	-119	-23	-126	-42	-26
Net earnings for the period	Net earnings for the period	41	23	32	38	184	37	196	66	41
* Depreciation	¹⁾ of which depreciations	28	19	20	19	124	25	107	28	28
of which amortisation of goodwill		3	3	3		11	11			

Balance sheet, SEK M

		1999				2000				2001
		2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
		31 Mar	30 Jun	30 Sep	31 Dec	31 Dec	30 Jun	30 Sep	31 Dec	31 Mar
Assets	Assets	31 Mar	31 Mar			31 Dec				
Fixed assets	Fixed assets									
Intangible assets	Intangible assets	174	15	14	171	163	162	161	163	174
Plants	Plants	538	369	376	440	443	461	491	513	538
Shares and participations	Shares and participations	33	32	32	33	34	35	32	34	33
Long-term receivables	Long-term receivables	19	9	10	11	10	11	20	19	19
Total fixed assets	Total fixed assets	764	425	436	655	653	669	704	729	764
Current assets	Current assets									
Inventories	Inventories	291	171	176	207	214	239	263	254	291
Trade receivables	Trade receivables	773	480	528	621	623	630	696	789	773
Current receivables	Current receivables	101	82	87	85	92	102	122	89	101
Liquid funds	Liquid funds	98	102	114	121	127	107	90	88	98
Total current assets	Total current assets	1 263	835	905	1 034	1 056	1 078	1 171	1 220	1 263
Total assets	Total assets	2 027	1 260	1 341	1 689	1 709	1 747	1 875	1 949	2 027

Shareholders' equity and liabilities

		1999				2000				2001
		2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
		31 Mar	30 Jun	30 Sep	31 Dec	31 Dec	30 Jun	30 Sep	31 Dec	31 Mar
Shareholders' equity (number of shares 10 000 000 shares)	Shareholders' equity (number of shares 10 000 000 shares)	864	561	557	655	676	651	733	795	864
Long-term liabilities and provisions	Long-term liabilities and provisions	88	63	63	75	89	68	69	69	88
Long-term liabilities, interest-bearing	Long-term liabilities, interest-bearing	75	67	62	68	70	68	72	74	75
Advances from customers	Advances from customers	50	25	31	28	58	39	43	50	50
Current liabilities and provisions	Current liabilities and provisions	612	396	432	580	624	531	591	614	612
Current liabilities, interest-bearing	Current liabilities, interest-bearing	338	148	191	283	345	390	367	347	338
Total shareholders' equity and liabilities	Total shareholders' equity and liabilities	2 027	1 260	1 341	1 689	1 709	1 747	1 875	1 949	2 027

Key figures excl supply from SPP

		1999				2000				2001
		2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Operating margin, %	Operating margin, %	8,5	6,5	8,2	10,0	9,5	8,7	9,6	12,2	8,5
Return on capital employed	Equity ratio, %	e.m.	44,5	e.m.	44,0	39,5	37,3	29,3	40,8	42,6
Return on shareholders' equity, %	Net debt, SEK M	e.m.	114	e.m.	93	25,8	351	349	333	316
Equity ratio, %	Net debt ratio	42,6	0,20	0,25	0,16	0,35	0,54	0,48	0,42	0,37
Net debt, SEK M	Interest coverage ratio	316	9,5	11,3	16,5	15,1	10,5	12,9	13,8	11,3
Net debt ratio	Investments in fixed assets, SEK M	0,37	29	24	22	37	33	33	49	31
Interest coverage ratio	Number of shares at period-end, million	11,3	25	25	25	25	25	25	25	25
Investments in fixed assets	Earnings per share, SEK	31	0,90	1,28	1,54	2,05	1,45	1,73	2,63	1,62
Numbers of shares at period-end, million	Equity per share, SEK	22,42	22,26	23,64	26,18	27,93	26,06	28,97	31,80	34,56
Earnings per share, SEK	Number of employees at period-end	34,56	1 973	2 026	2 146	2 349	2 326	2 346	2 374	2 419
Equity per share, SEK		2 419	2 419			2 374	2 374			2 419

Regions

		1999				2000				2001
		2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Regions	Net sales, SEK M	2000	2000	2000	2000	2000	2000/01	2000/01	2000/01	2001
Europe	Europe	321	350	338	395	392	383	406	493	435
The Americas	The Americas	208	257	240	265	251	300	312	358	331
Asia	Asia	62	55	77	85	67	77	95	96	100
Eliminations/adjustments	Eliminations/adjustments	-17	-10	-18	-14	-13	-19	-14	-15	-15
Total	Total	574	652	637	731	707	741	799	932	851
Operating earnings, SEK M	Operating earnings, SEK M	851	707			3 179	3 323			
Europe	Europe	17	20	25	41	28	20	33	69	33
The Americas	The Americas	14	30	26	34	25	38	32	45	32
Asia	Asia	9	6	13	13	6	10	15	9	13
Group overheads	Group overheads	-2	-2	-1	-5	-4	-3	-4	-1	-2
Eliminations/adjustments/provisions	Eliminations/adjustments/provisions	-2	-1	0	0	-1	0	0	-8	-4
Oper. earnings before items affecting comparability	Oper. earnings before items affecting comparability	72	51	64	83	306	327	327	327	327
Items affecting comparability	Items affecting comparability	-	-	-	-	15	-	15	-	-
Oper. earnings after items affecting comparability	Oper. earnings after items affecting comparability	72	51	64	83	321	342	342	342	342

ERLY SUMMARY

Statement of changes in Financial Position

	— 3 months—		— 12 months—	
	2001	2000	2000	2000/01
	<u>Jan-Mar</u>	<u>Jan-Mar</u>	<u>Jan-Dec</u>	<u>Apr-Mar</u>
Earnings after financial items excl associated companies	65	47	297	315
Depreciation according to plan	28	24	103	107
Change in working capital				
trade receivables	16	-1	-168	-151
inventories	-37	-7	-47	-77
trade payables	-26	-10	70	54
advances from customers	0	10	22	12
Investments in tangible assets	<u>-31</u>	<u>-33</u>	<u>-148</u>	<u>-146</u>
Operating cash flow	16	30	129	115
Changes in other working capital	19	-46	-44	21
Investments intangible assets	-9	0	-	-9
Acquisitions of own shares	-	-	-25	-25
Dividend paid	-	0	-45	-45
Taxes paid	-19	-16	-131	-134
Other, incl translation differences	10	4	13	19
Changes in net debt	17	-28	-103	-58

The Group's net debt is defined as follows:

	2 001	2000	2000
	<u>31 Mar</u>	<u>31 Mar</u>	<u>31 Dec</u>
SEK M			
Current loans	338	315	347
Long-term loans	2	0	2
Pensions	74	70	72
Cash and bank	-98	-127	-88
Net debt	316	258	333