

# Interim report January-September 2009

October 28, 2009



## Third quarter

- Order intake amounted to SEK 1,440 M (1,582), down 18% adjusted<sup>1</sup>
- Net sales amounted to SEK 1,533 M (1,597), down 14% adjusted<sup>1</sup>
- EBIT before nonrecurring costs amounted to SEK 104 M (117), down 24% adjusted<sup>1</sup>, corresponding to an EBIT margin of 6.8% (7.3)
- Operating cash flow amounted to SEK 65 M (49)
- Net earnings after tax amounted to SEK 36 M (40)
- Earnings per share amounted to SEK 0.47 (0.53)

### Third quarter

	2009	2008	Change	Adjusted change <sup>1</sup>
Order intake, SEK M	1 440	1 582	-9%	-18%
Net sales, SEK M	1 533	1 597	-4%	-14%
EBIT before nonrecurring costs, SEK M	104	117	-11%	-24%
EBIT, SEK M	104	82	27%	
EBIT margin, percent	6,8	5,1	33%	
Net earnings, SEK M	36	40	-11%	
Earnings per share, SEK	0,47	0,53	-11%	

<sup>1</sup> Pro forma, adjusted for currency fluctuations, acquisitions and divestments.

## Nine-month period

- Order intake amounted to SEK 4,880 M (4,854), down 14% adjusted<sup>1</sup>
- Net sales amounted to SEK 4,930 M (4,689), down 10% adjusted<sup>1</sup>
- EBIT before nonrecurring costs amounted to SEK 229 M (374), down 45% adjusted<sup>1</sup>, corresponding to an EBIT margin of 4.6% (7.8)
- Nonrecurring costs amounted to SEK 57 M
- Operating cash flow amounted to SEK 254 M (19) for the nine-month period
- Net earnings after tax amounted to SEK 41 M (147)
- Earnings per share amounted to SEK 0.54 (1.97)

	2009	2008	Change	Adjusted change <sup>1</sup>
Order intake, SEK M	4,880	4,854	1%	-14%
Net sales, SEK M	4,930	4,689	5%	-10%
EBIT before nonrecurring costs, SEK M	229	374	-39%	-45%
EBIT, SEK M	172	286	-40%	
EBIT margin, percent	3.5	6.1	-43%	
Net earnings, SEK M	41	147	-73%	
Earnings per share, SEK	0.54	1.97	-73%	

<sup>1</sup> Pro forma, adjusted for currency fluctuations, acquisitions and divestments.

Munters is a global leader in energy-efficient air-treatment solutions and restoration services based on expertise in humidity and climate control technologies. Customers are served in a wide range of segments, the most important being the insurance, food, pharma and electronics industries.

Manufacturing and sales are carried out through the Group's own companies in more than 30 countries. The Group has about 4 000 employees and net sales of about SEK 6.5 billion. The Munters share is listed on the Nasdaq OMX Stockholm, Mid Cap. For more information, see [www.munters.com](http://www.munters.com).

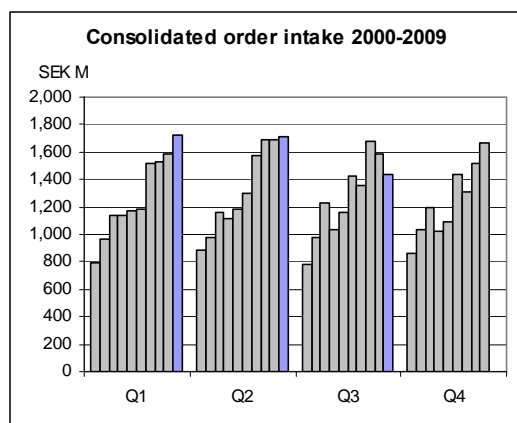
# Third quarter

## Order intake

During the third quarter, order intake declined to SEK 1,440 M (1,582). Pro forma intake, adjusted for currency effects, acquisitions and disposals, declined 18%.

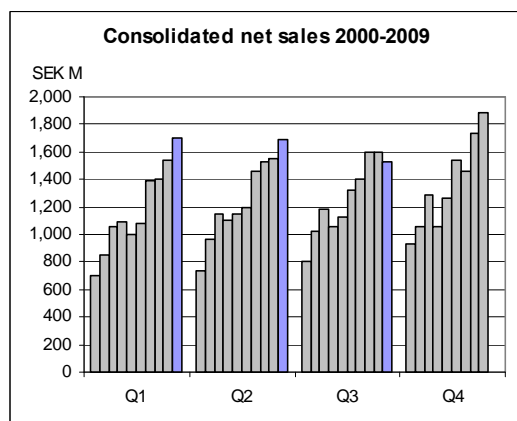
In the Dehumidification Division, a further weakening of order intake was noted, primarily in the US and with an emphasis on the industrial segment. In the HumiCool Division, order intake remained low compared with the year-earlier period, but in relative terms the weakening did not worsen during the period. For HumiCool, it is important to note that a strong decline had begun as early as the third quarter of 2008. MCS experienced a weakening of order intake compared with the hurricane-afflicted third quarter of 2008.

The order backlog declined 11% compared with the year-earlier period, ending the quarter at SEK 1,224 M (1,377), down 17% adjusted<sup>1</sup>.



## Net sales

Consolidated net sales declined to SEK 1,533 M (1,597), down 14% adjusted<sup>1</sup>. The weaker SEK, compared with the year-earlier period, had a positive impact of nearly 9%.



<sup>1</sup>Pro forma, adjusted for currency effects, acquisitions and divestments.

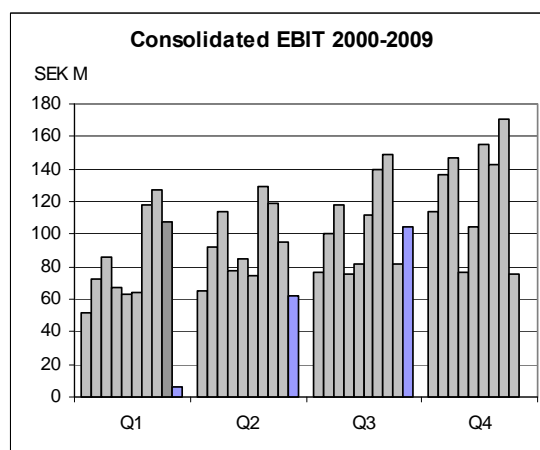
## Earnings

Consolidated EBIT amounted to SEK 104 M (82), corresponding to an EBIT margin of 6.8% (5.1).

The sharp downturn and consequential low capacity utilization at HumiCool had an adverse effect on earnings. As in the second quarter, reductions in materials costs and overhead costs partially offset this trend.

Despite a continued volume decline, Dehumidification successfully defended and improved its operating margin. Lower materials costs and overhead costs also contributed in this case.

At MCS, the gross margin and operating margin improved on the year-earlier period. The improvement in the gross margin was primarily attributable to an active steering of the sales mix away from low-margin transactions. An ongoing review of fixed costs contributed to an improvement in the operating margin.



Year 2004 and later in accordance with IFRS

Consolidated earnings after net financial items amounted to SEK 87 M (62). Net earnings for the quarter amounted to SEK 36 M (40). Earnings per share amounted to SEK 0.47 (0.53).

## Cash flow

Operating cash flow totaled SEK 65 M (49). A reduction in inventories and a low level of investment made a favorable contribution to cash flow. A decline in accounts payable partially offset this trend.

## Events after the end of the reporting period

As reported in the interim report in June 2008, the Dehumidification division has demanded compensation from a subcontractor for a delivery of defective components. On October 16, 2009, an agreement was reached, whereby the supplier agreed to compensate Munters for the defects. Through the agreement, Munters will be repaid a significant portion of the costs incurred

in remedying the effects of the defective components. The effect of settlement on operating profit before tax in the fourth quarter is expected to be positive SEK 30 M.

#### Fourth-quarter prospects

Order intake is expected to remain low with a risk of a further weakening in certain segments. The effect on earnings of low capacity utilization is expected to be partially offset by previously initiated cost reductions.

## Interim-report period

#### Order intake

During the period, the Group's order intake rose somewhat to SEK 4,880 M (4,854), down 14% adjusted<sup>1</sup>.

#### Net sales

Consolidated net sales increased 5% to SEK 4,930 M (4,689), down 10% adjusted<sup>1</sup>.

#### Earnings

Consolidated EBIT declined to SEK 172 M (286). The operating margin was 3.5% (6.1). The nine-month results were affected by nonrecurring costs of SEK 57 M (88) intended to reduce costs and adapt production capacity.

Consolidated EBIT after financial items amounted to SEK 113 M (230). Net earnings for the nine-month period amounted to SEK 41 M (147) after a tax charge of 63% (36). The reason for the high tax charge was that earnings for the period were generated in countries with high nominal tax rates, while losses were incurred in countries with low nominal tax rates. Italy contributes to a substantial part to the increased effective tax rate.

<sup>1</sup>Pro forma, adjusted for currency effects, acquisitions and divestments.

#### Investments

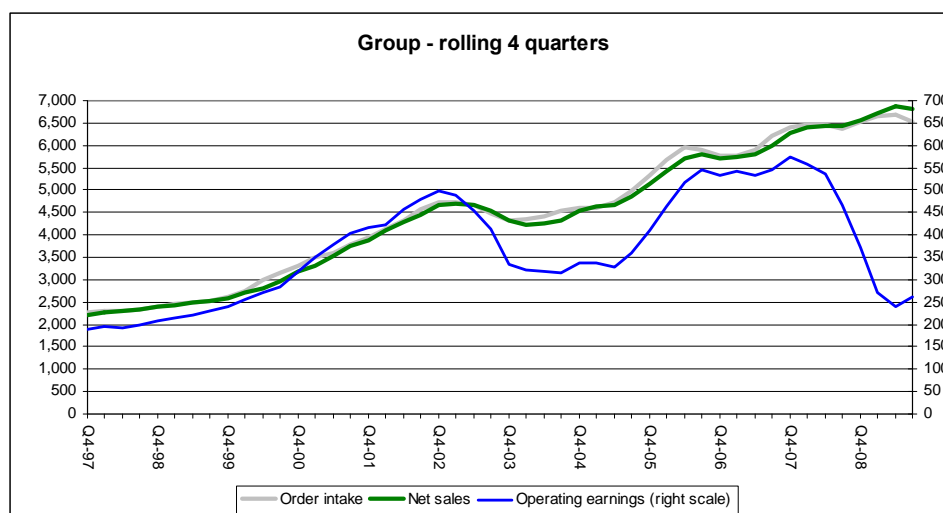
The Group's investments in tangible fixed assets during the period totaled SEK 85 M (113), of which SEK 36 M (35) related to investments in MCS equipment. Depreciation and impairment amounted to SEK 139 M (120).

#### Financial position

The equity/assets ratio increased to slightly more than 32% (28 at the beginning of the year). Interest-bearing assets totaled SEK 369 M (490 at the beginning of the year) while interest-bearing provisions and liabilities amounted to SEK 1,449 M (1,880 at the beginning of the year). Net debt has been reduced by SEK 310 M during the year to SEK 1,080 M. Credit facilities were amortized by SEK 330 M during the period. The Group has unutilized credit facilities totaling SEK 976 M. Munters' bank loans consist of a revolving credit facility and individual bank loans to subsidiaries. The revolving credit facility amounts to SEK 2,000 M and extends to 2012.

#### Personnel

At the end of the period, the number of permanent employees was 3,879 or 256 fewer (6.2%) than at year-end 2008 due to personnel reductions and divested operations. Many of Munters' operations employ temporary personnel who have been phased out in addition to downsizing of permanent employees.



# Divisional performance

## Dehumidification Division

SEK M	Third quarter		Jan-Sep	
	2009	2008	2009	2008
Order intake	503	511	1,735	1,525
Change	-2%		14%	
Adjusted change <sup>1</sup>	-19%		-13%	
Net Sales	556	495	1,742	1,406
Change	12%		24%	
Adjusted change <sup>1</sup>	-8%		-4%	
EBITA ex. one-time costs	65	48	162	146
Adjusted Margin	11.7%	9.7%	9.3%	10.4%
EBITA	65	48	145	126
EBITA Margin	11.7%	9.7%	8.3%	9.0%

- Weaker order intake and sales in the US, primarily in the industrial segment
- Decline in Europe not as strong as in second quarter
- Earnings bolstered by cost reductions and productivity increases
- MEP<sup>2</sup> program generating savings

### Third quarter

In the Dehumidification Division, the negative trend from the second quarter continued and was intensified. The weakening was primarily attributable to US operations, which were down 26%<sup>1</sup>. The profitable industrial segment accounted for the largest share of the weakening. European operations recovered somewhat compared with the second quarter.

Reductions in material costs, direct costs and fixed costs continued to generate effects. Despite the decline in volume, the division defended and improved the gross margin and operating margin. Investments made in 2008 within the framework of the MEP<sup>2</sup> program generated positive effects on profitability during the quarter.

### Fourth-quarter prospects

Order intake is expected to remain low, with the risk of a further weakening in certain segments. Ongoing cost reductions are expected to generate positive effects on earnings in the fourth quarter. The gross margin will be adversely affected by a decline in the relative share of the industrial segment.

<sup>1</sup>Pro forma, adjusted for currency effects, acquisitions and divestments.

## HumiCool Division

SEK M	Third quarter		Jan-Sep	
	2009	2008	2009	2008
Order intake	278	369	1,092	1,330
Change	-25%		-18%	
Adjusted change <sup>1</sup>	-31%		-30%	
Net Sales	324	425	1,134	1,309
Change	-24%		-13%	
Adjusted change <sup>1</sup>	-31%		-27%	
EBITA ex. one-time costs	20	46	60	164
Adjusted Margin	6.3%	10.8%	5.3%	12.5%
EBITA	20	36	40	132
EBITA Margin	6.3%	8.5%	3.6%	10.1%

- Order intake in all business areas remained low
- Continued highly limited preseason orders at HVAC
- Continued pressure on margins due to excess capacity in several plants
- Sharp reduction in overhead and material costs

### Third quarter

Order intake at HumiCool remained at the same low relative level as in the second quarter. However, during the third quarter of 2008 a decline of 19% had already taken place. At HVAC, the distribution chain remained reluctant to accumulate inventories prior to the winter season. Some AgHort customers extended their vacation period to handle the capacity utilization of their plants. PreCooler reported a low order intake and weak sales.

As with the Dehumidification division, HumiCool successfully managed to reduce material costs and overhead costs during the quarter. The division also managed to increase its gross margins compared with the year-earlier period, despite a sharp decline in volume. The MEP<sup>2</sup> program generated a somewhat positive effect on profitability. The sharp decline in volume affected the ability to achieve full realization of its effects.

### Fourth-quarter prospects

The situation is difficult to assess in all business areas of the division. In certain areas, order intake appears to have stabilized at a low level, while in other areas, the decline may continue. Low volumes at PreCooler will have an adverse impact on profitability. The cost reductions currently in progress are expected to continue to generate a positive effect on earnings in the fourth quarter.

## Division Moisture Control Services (MCS)

SEK M	Third quarter		Jan-Sep	
	2009	2008	2009	2008
Order intake	665	710	2,074	2,025
Change	-6%		2%	
Adjusted change <sup>1</sup>	-11%		-5%	
Net Sales	657	686	2,076	2,000
Change	-4%		4%	
Adjusted change <sup>1</sup>	-8%		-3%	
EBITA ex. one-time costs	32	32	48	93
Adjusted Margin	4.9%	4.7%	2.3%	4.7%
EBITA	32	7	26	57
EBITA Margin	4.9%	1.0%	1.3%	2.8%

- **Lower order intake compared with the hurricane-afflicted year-earlier period**
- **Rental market remains weak**
- **Gross margin increased during the quarter**
- **Cost reductions began to generate effects during the quarter**

### Third quarter

Order intake at the MCS Division was lower than in the hurricane-afflicted year-earlier period. Order intake in Europe was weak and there were not many weather-related events. As previously in the year, the level of activity in the construction sector was weak in many markets, which continued to have a negative effect on the profitable rental operations. The division's expressed strategy of not taking on transactions with low margins began to become noticeable through increased margins and a partial decline in volumes. Despite continued pressure on prices and low volume in rental operations, the gross margin increased during the quarter. Operating margin for the division, excluding restructuring and MCS Italy, in the quarter amounted to 4.5% and for the interim period to 3.6%.

The creation of MCS's new business model has entailed a temporary increase in overhead costs. The introduction of the new business model proceeded as planned during the quarter, resulting among other things in the discontinuation of an additional 4 service depots.

### Fourth-quarter prospects

Any lack of major weather-related events during the second half of the year may affect comparison figures for order intake, sales and profitability. The decrease in the scope of rental operations will have a negative impact on profitability. Implemented cost savings and the new business model are expected to have a positive impact on earnings.

<sup>1</sup>Pro forma, adjusted for currency effects, acquisitions and divestments.

## SIGNIFICANT RISKS AND UNCERTAINTIES

Munters' exposure to risk can be divided into two primary categories: operational risks and financial risks. Operational risks comprise weather-dependence, a dependence on key personnel and key customers, and geographically dispersed operations involving small operational units. Financial risks primarily comprise currency, interest and financing risks.

Demand for the company's products is affected by general economic trends. A weakening in trends can result in lower sales, which will also reduce capacity utilization in manufacturing in the short term. The continuing trend in the global economy is a factor of uncertainty for the 2009-2010 earnings trend. Munters' previous acquisition frequency may result in integration-related risks. In addition, it is estimated that the financial risks, primarily interest-rate, currency and refinancing risks, have increased somewhat in the current and preceding year.

A more detailed description of the Group's and Parent Company's other risk exposure and risk management activities is presented in the "Risk management" section on pages 32-33 and note 3 of the Munters Annual Report for 2008, which is available at [www.munters.com](http://www.munters.com).

## FORWARD-LOOKING STATEMENTS

Some statements in this report are forward-looking, and the actual outcomes may be materially different. In addition to the factors explicitly discussed, other factors could have a material impact on actual outcomes, such as general business conditions, fluctuations in exchange rates and interest rates, political risks, the impact of competing products and their pricing, product development, commercial and technological difficulties, interruptions in supply and major customer-related bad debts.

## TRANSACTIONS WITH RELATED PARTIES

There are no significant contractual relationships or transactions between Munters and its related parties, apart from the remuneration of senior executives.

## PARENT COMPANY

The Parent Company's earnings after financial items during the period amounted to a loss of SEK 32 M (profit: 67). There were no external net sales (0). Cash and cash equivalents at the close of the period amounted to SEK 78 M (37) and net indebtedness to SEK 1,169 M (1,383). Capital expenditure totaled SEK 4 M (8). The number of employees at the end of the period was 30 (33).

#### NOMINATION COMMITTEE

Information regarding Munters' Nomination Committee prior to the 2010 Annual General Meeting is available at the company's website, [www.munters.com](http://www.munters.com).

#### INFORMATION DATES

February 10	Year-end report 2009 (please note the change)
April 22	Interim report January-March 2010
April 22	Annual General Meeting Ingenjörshuset, Stockholm, Sweden

#### PRESS AND ANALYST CONFERENCE

Munters will hold a telephone conference for the media, analysts and investors on Wednesday, October 28 between 8:30 a.m. and 9:30 a.m. at Summit on Grev Turegatan 16 in Stockholm, Sweden.

The presentation will be accessible simultaneously by telephone at:

Telephone: Sweden +46 (0)8 5352 6439  
UK +44 20 7138 0826  
USA +1 212 444 0481

Code: 4220661

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Kista, October 28, 2009

Lars Engström  
*President and Chief Executive Officer*  
*Board member*

Munters AB (publ) discloses the information provided herein pursuant to the Swedish Securities Exchange Act and/or the Financial Instruments Trading Act. The information was submitted for publication on October 28, 2009 at 07:30 a.m. (CET).

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## AUDITOR'S REVIEW REPORT

To the Board of Directors of Munters AB (publ)

### *Introduction*

We have reviewed the summary of the interim financial statement (interim report) of Munters AB (publ) for the nine-month period ending on September 30, 2009. The Board of Directors and the President are responsible for the preparation and fair presentation of this interim report pursuant to IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on the interim financial information based on our review.

### *The focus and scope of the review*

We conducted our review pursuant to the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and a substantially more limited scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group has not, in all material aspects, been compiled pursuant to IAS 34 Interim reporting and the Swedish Annual Accounts Act, and for the Parent Company pursuant to the Swedish Annual Accounts Act.

Stockholm, October 28, 2009

Ernst & Young AB

Björn Grundvall

*Authorized Public Accountant*

Amounts in SEK M	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/2009 Oct-Sep 12 months	2008 Jan-Dec 12 months
<b>Order intake</b>	1,440	1,582	4,880	4,854	6,541	6,515
<b>Statement of comprehensive income</b>						
Net sales	1,533	1,597	4,930	4,689	6,811	6,570
Cost of goods sold	-1,115	-1,181	-3,689	-3,460	-5,083	-4,854
<b>Gross earnings</b>	<b>418</b>	<b>416</b>	<b>1,241</b>	<b>1,229</b>	<b>1,728</b>	<b>1,716</b>
Gross margin	27.3%	26.0%	25.2%	26.2%	25.4%	26.1%
Other operating income	-3	0	1	7	5	11
Selling expenses	-162	-197	-563	-524	-803	-764
Administrative expenses	-130	-120	-440	-363	-590	-513
Research and development costs	-19	-19	-65	-60	-90	-85
Other operating expenses	0	2	-2	-3	-2	-3
<b>EBIT - Earnings before interest and tax</b>	<b>104</b>	<b>82</b>	<b>172</b>	<b>286</b>	<b>248</b>	<b>362</b>
EBIT margin	6.8%	5.1%	3.5%	6.1%	3.6%	5.5%
Financial income and expenses	-17	-20	-59	-56	-80	-77
<b>Earnings after financial income</b>	<b>87</b>	<b>62</b>	<b>113</b>	<b>230</b>	<b>168</b>	<b>285</b>
Taxes	-51	-22	-72	-83	-109	-120
<b>Net earnings</b>	<b>36</b>	<b>40</b>	<b>41</b>	<b>147</b>	<b>59</b>	<b>165</b>
<b>Other comprehensive income</b>						
Actuarial gains and losses on defined benefit pension plans	0	0	0	-1	-43	-44
Cash flow hedges	3	2	-1	1	-3	-1
Exchange differences on translating foreign operations	-80	70	-51	26	60	137
Income tax relating to components of other comprehensive income	-1	0	0	0	13	13
<b>Other comprehensive income for the period, net of tax</b>	<b>-78</b>	<b>72</b>	<b>-52</b>	<b>26</b>	<b>27</b>	<b>105</b>
<b>Total comprehensive income for the period</b>	<b>-42</b>	<b>112</b>	<b>-11</b>	<b>173</b>	<b>86</b>	<b>270</b>
<b>Net earnings</b>						
Attributable to equity holders of the parent	35	40	40	146	57	163
Attributable to minority interest	1	0	1	1	2	2
	36	40	41	147	59	165
<b>Total comprehensive income</b>						
Attributable to equity holders of the parent	-41	112	-10	172	86	268
Attributable to minority interest	-1	0	-1	1	0	2
	-42	112	-11	173	86	270
<b>Earnings per share<sup>1</sup></b>						
Earnings per share, SEK	0.47	0.53	0.54	1.97	0.78	2.21
Earnings per share - after dilution, SEK	0.47	0.53	0.54	1.97	0.78	2.21

<sup>1</sup>Earnings per share, before and after dilution, is based on net earnings attributable to equity holders of the parent

Amounts in SEK M	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/2009 Oct-Sep 12 months	2008 Jan-Dec 12 months
<b>Segment information</b>						
<b>Order intake by division</b>						
Dehumidification Division	503	511	1,735	1,525	2,343	2,133
MCS Division	665	710	2,074	2,025	2,819	2,770
HumiCool Division	278	369	1,092	1,330	1,406	1,644
Eliminations	-6	-8	-21	-26	-27	-32
<b>Order intake</b>	<b>1,440</b>	<b>1,582</b>	<b>4,880</b>	<b>4,854</b>	<b>6,541</b>	<b>6,515</b>
<b>Net sales by division</b>						
Dehumidification Division	556	495	1,742	1,406	2,387	2,051
MCS Division	657	686	2,076	2,000	2,885	2,809
HumiCool Division	324	425	1,134	1,308	1,569	1,743
Eliminations	-4	-9	-22	-25	-30	-33
<b>Net sales</b>	<b>1,533</b>	<b>1,597</b>	<b>4,930</b>	<b>4,689</b>	<b>6,811</b>	<b>6,570</b>
<b>Operating earnings by division</b>						
Dehumidification Division	65	48	145	126	220	201
operating margin	11.7%	9.6%	8.3%	9.0%	9.2%	9.8%
MCS Division	32	7	26	57	17	48
operating margin	4.9%	1.0%	1.3%	2.8%	0.6%	1.7%
HumiCool Division	20	36	40	132	63	155
operating margin	6.3%	8.5%	3.6%	10.1%	4.0%	8.9%
Central, eliminations etc.	-10	-7	-29	-23	-39	-33
<b>EBIT before amortizations, interest and tax</b>	<b>107</b>	<b>84</b>	<b>182</b>	<b>292</b>	<b>261</b>	<b>371</b>
Amortizations on acquisition related intangible assets	-3	-2	-10	-6	-13	-9
<b>EBIT - Earnings before interest and tax</b>	<b>104</b>	<b>82</b>	<b>172</b>	<b>286</b>	<b>248</b>	<b>362</b>

<b>Earnings by segment</b>	Dehumidification	HumiCool	MCS	Central, elim	Total
	2009 Jul-Sep 3 months	2009 Jul-Sep 3 months	2009 Jul-Sep 3 months	2009 Jul-Sep 3 months	2009 Jul-Sep 3 months
External net sales	554	323	656		1,533
Internal net sales	2	1	1	-4	0
<b>Net sales</b>	<b>556</b>	<b>324</b>	<b>657</b>	<b>-4</b>	<b>1,533</b>
<b>Operating earnings</b>	<b>65</b>	<b>20</b>	<b>32</b>	<b>3</b>	<b>120</b>
Amortization of surplus values	-2	-1			-3
Undistributed costs					-13
<b>EBIT - Earnings before interest and tax</b>	<b>63</b>	<b>19</b>	<b>32</b>	<b>3</b>	<b>104</b>
Financial items, net					-17
Taxes					-51
<b>Net earnings</b>					<b>36</b>

	Dehumidification	HumiCool	MCS	Central, elim	Total
	2008 Jul-Sep 3 months	2008 Jul-Sep 3 months	2008 Jul-Sep 3 months	2008 Jul-Sep 3 months	2008 Jul-Sep 3 months
External net sales	487	424	686		1,597
Internal net sales	8	1	0	-9	0
<b>Net sales</b>	<b>495</b>	<b>425</b>	<b>686</b>	<b>-9</b>	<b>1,597</b>
<b>Operating earnings</b>	<b>48</b>	<b>7</b>	<b>36</b>	<b>2</b>	<b>93</b>
Amortization of surplus values	-1	-1			-2
Undistributed costs					-9
<b>EBIT- Earnings before interest and tax</b>	<b>47</b>	<b>6</b>	<b>36</b>	<b>2</b>	<b>82</b>
Financial items, net					-20
Taxes					-22
<b>Net earnings</b>					<b>40</b>

Amounts in SEK M	2009	2009	2008	2008
	30 Sep	30 Jun	31 Dec	30 Sep

## Statement of financial position

### Assets

#### Fixed assets

##### Tangible assets

Buildings and land	192	206	209	194
Plant and machinery	125	140	149	144
Equipment, tools, fixtures and fittings	258	295	294	269
Construction in progress	15	17	12	12
	590	658	664	619

##### Intangible assets

Patent, trademarks and similar rights	128	140	142	113
Goodwill	916	974	978	852
	1,044	1,114	1,120	965

##### Other fixed assets

Participation in associated companies	2	2	2	2
Other long-term receivables	32	29	21	21
Deferred tax assets	147	160	126	92
	181	191	149	115

	1,815	1,963	1,933	1,699
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#### Current assets

Inventory etc.	518	569	589	668
Accounts receivable	1,011	1,080	1,354	1,174
Other receivables	226	255	248	231
Cash and cash equivalents	369	367	490	251
	2,124	2,271	2,681	2,324

<b>Total assets</b>	<b>3,939</b>	<b>4,234</b>	<b>4,614</b>	<b>4,023</b>
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### Equity and liabilities

#### Equity

	1,273	1,316	1,285	1,188
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#### Long-term liabilities

Interest-bearing liabilities	1,219	1,395	1,653	1,385
Provisions	209	213	210	165
Deferred tax liabilities	81	84	87	72
Other liabilities	3	7	11	8
	1,512	1,699	1,961	1,630

#### Current liabilities

Interest-bearing liabilities	43	15	41	33
Advances from customers	79	87	107	91
Accounts payable	408	478	537	437
Provisions	76	86	68	77
Other liabilities	548	553	615	567
	1,154	1,219	1,368	1,205

<b>Total equity and liabilities</b>	<b>3,939</b>	<b>4,234</b>	<b>4,614</b>	<b>4,023</b>
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## Statement of changes in equity

	Share capital	Translation of foreign operations	Retained earnings	Total equity attributable to equity holders of the parent	Minority interest	Total equity
<b>Balance at 1 January 2008</b>	131	-38	1,102	1,195	7	1,202
<b>Changes in equity 2008</b>						
Dividend			-185	-185	-2	-187
Total comprehensive income for the year		137	131	268	2	270
<b>Balance at 31 December 2008</b>	131	99	1,048	1,278	7	1,285
<b>Changes in equity 2009</b>						
Total comprehensive income for the period		-51	40	-11	-1	-12
<b>Balance at 30 September 2009</b>	131	48	1,088	1,267	6	1,273

Amounts in SEK M	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/2009 Oct-Sep 12 months	2008 Jan-Dec 12 months
<b>Statement of cash flows</b>						
<b>Operating activities</b>						
Earnings after financial items	87	62	113	230	168	285
Reversal of depreciation etc.	46	39	139	120	186	167
Other earnings not affecting cash flow	-9	1	6	1	21	16
Taxes paid	-43	-37	-133	-136	-178	-181
<b>Cash flow from operating activities before changes in working capital</b>	<b>81</b>	<b>65</b>	<b>125</b>	<b>215</b>	<b>197</b>	<b>287</b>
<i>Cash flow from changes in working capital</i>						
Changes in inventory	18	-9	45	-109	197	43
Changes in accounts receivable	0	68	298	146	279	127
Changes in other receivables	11	-23	-5	-42	20	-17
Changes in accounts payable	-39	-46	-102	-74	-87	-59
Changes in other liabilities	6	25	-20	-1	-72	-53
<b>Sum of changes in working capital</b>	<b>-4</b>	<b>15</b>	<b>216</b>	<b>-80</b>	<b>337</b>	<b>41</b>
<b>Cash flow from operating activities</b>	<b>77</b>	<b>80</b>	<b>341</b>	<b>135</b>	<b>534</b>	<b>328</b>
<b>Investing activities</b>						
Acquisitions and divestments of businesses	0	-5	0	-26	-58	-84
Investments in intangible assets	-2	-2	-6	-5	-13	-12
Investments in tangible assets	-12	-29	-85	-113	-117	-145
Sales of tangible assets	3	0	4	2	7	5
Change in other financial assets	-1	0	0	0	1	1
<b>Cash flow from investing activities</b>	<b>-12</b>	<b>-36</b>	<b>-87</b>	<b>-142</b>	<b>-180</b>	<b>-235</b>
<b>Financing activities</b>						
Changes in loans	-64	-44	-331	164	-219	276
Dividend paid	-1	-4	-1	-189	-1	-189
<b>Cash flow from financing activities</b>	<b>-65</b>	<b>-48</b>	<b>-332</b>	<b>-25</b>	<b>-220</b>	<b>87</b>
<b>Cash flow for the period</b>	<b>0</b>	<b>-4</b>	<b>-78</b>	<b>-32</b>	<b>134</b>	<b>180</b>
Cash and cash equivalents at beginning of period	367	242	490	276	251	276
Exchange-differences in cash and cash equivalents	2	13	-43	7	-16	34
<b>Cash and cash equivalents at end of period</b>	<b>369</b>	<b>251</b>	<b>369</b>	<b>251</b>	<b>369</b>	<b>490</b>
<b>Operating cash flow</b>	<b>65</b>	<b>49</b>	<b>254</b>	<b>19</b>	<b>412</b>	<b>177</b>
<b>Key figures</b>						
<b>More key figures are disclosed in the quarterly review</b>						
Capital turnover rate, times (4 quarters)	-	-	2.3	2.5	2.3	2.4
Return on capital employed, %	3.6	3.1	8.2	17.8	8.2	13.6
Return on equity, %	2.7	3.5	4.6	21.4	4.6	13.8
Return on total capital, % (4 quarters)	-	-	5.6	12.1	5.6	9.2
Interest coverage ratio, times	9.9	3.6	3.5	5.0	3.3	4.4
<b>Net debt structure</b>						
Short-term interest-bearing liabilities	-	-	43	33	43	41
Long-term interest-bearing liabilities	-	-	1,219	1,385	1,219	1,653
Defined benefit pension plans	-	-	187	144	187	186
Interest-bearing liabilities	-	-	-369	-251	-369	-490
<b>Net debt</b>	<b>-</b>	<b>-</b>	<b>1,080</b>	<b>1,311</b>	<b>1,080</b>	<b>1,390</b>

## Quarterly overview - Consolidated earnings, share data and cash flow

Amounts in SEK M	2009			2008				2007			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Order intake	1,440	1,716	1,724	1,661	1,582	1,686	1,586	1,518	1,674	1,688	1,527
<b>Income statement</b>											
Net sales	1,533	1,694	1,703	1,881	1,597	1,548	1,545	1,737	1,597	1,524	1,404
Operating expenses	-1,429	-1,632	-1,697	-1,805	-1,515	-1,453	-1,437	-1,566	-1,448	-1,405	-1,277
<b>EBIT</b>	<b>104</b>	<b>62</b>	<b>6</b>	<b>76</b>	<b>82</b>	<b>95</b>	<b>108</b>	<b>171</b>	<b>149</b>	<b>119</b>	<b>127</b>
EBIT margin	6.8%	3.7%	0.4%	4.0%	5.1%	6.1%	7.0%	9.8%	9.3%	7.8%	9.0%
Financial income and expense	-17	-20	-22	-21	-20	-18	-17	-12	-13	-9	-6
<b>Earnings after financial items</b>	<b>87</b>	<b>42</b>	<b>-16</b>	<b>55</b>	<b>62</b>	<b>77</b>	<b>91</b>	<b>159</b>	<b>136</b>	<b>110</b>	<b>121</b>
Taxes	-51	-15	-6	-37	-22	-28	-33	-58	-49	-40	-43
<b>Net earnings</b>	<b>36</b>	<b>27</b>	<b>-22</b>	<b>18</b>	<b>40</b>	<b>49</b>	<b>58</b>	<b>101</b>	<b>87</b>	<b>70</b>	<b>78</b>
Depreciations and amortizations	46	47	46	47	39	38	43	41	40	38	37
<b>Share data<sup>1</sup></b>											
Earnings per share, SEK	0.47	0.36	-0.29	0.24	0.53	0.66	0.78	1.34	1.16	0.95	1.04
Earnings per share after dilution, SEK	0.47	0.36	-0.29	0.24	0.53	0.66	0.78	1.34	1.16	0.95	1.04
Average no of shares outstanding, thousand	73,933	73,933	73,933	73,933	73,933	73,933	73,933	73,898	73,887	73,863	73,791
No of shares outstanding at period-end, thousand	73,933	73,933	73,933	73,933	73,933	73,933	73,933	73,933	73,933	73,933	73,933
Number of treasury shares, thousand	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067
Equity per share, SEK	17.13	17.71	17.72	17.28	15.99	14.48	16.11	16.16	14.51	14.36	22.13
Equity per share after dilution, SEK	17.13	17.71	17.72	17.28	15.99	14.48	16.11	16.16	14.51	14.36	22.13
Stock price at period-end, SEK	50.00	37.20	23.50	38.40	48.50	57.25	68.50	76.75	93.00	107.50	100.67
Market cap at period-end, SEK M <sup>2</sup>	3,750	2,790	1,763	2,880	3,638	4,294	5,138	5,756	6,975	8,063	7,550
<b>Statement of cash flows</b>											
From operating activities	77	238	26	193	80	55	0	210	42	60	83
From investing activities	-12	-33	-42	-93	-36	-63	-43	-49	-128	-305	-40
From financing activities	-65	-137	-130	112	-48	7	16	-194	105	320	-33
<b>Cash flow for the period</b>	<b>0</b>	<b>68</b>	<b>-146</b>	<b>212</b>	<b>-4</b>	<b>-1</b>	<b>-27</b>	<b>-33</b>	<b>19</b>	<b>75</b>	<b>10</b>
<b>Operating cash flow</b>	<b>65</b>	<b>202</b>	<b>-13</b>	<b>158</b>	<b>49</b>	<b>13</b>	<b>-43</b>	<b>161</b>	<b>-25</b>	<b>8</b>	<b>45</b>

<sup>1</sup> Historical data for the share are adjusted for the share split, redemption and bonus issue performed in Q2 2007.

<sup>2</sup> The market cap is calculated on total number of shares, including treasury shares.

## Quarterly overview - Consolidated financial position and key figures

Amounts in SEK M	2009			2008				2007			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Statement of financial position</b>											
<b>Assets</b>											
<b>Fixed assets</b>											
Tangible assets	590	658	688	664	619	592	577	600	581	575	550
Intangible assets	1,044	1,114	1,149	1,120	965	911	876	904	879	843	609
Other fixed assets	181	191	182	149	115	107	107	83	101	99	79
	1,815	1,963	2,019	1,933	1,699	1,610	1,560	1,587	1,561	1,517	1,238
<b>Current assets</b>											
Inventory etc.	518	569	617	589	668	622	577	536	614	581	498
Accounts receivable	1,011	1,080	1,248	1,354	1,174	1,182	1,197	1,292	1,172	1,096	1,077
Other receivables	226	255	269	248	231	192	179	171	182	162	181
Cash and cash equivalent	369	367	352	490	251	242	242	276	307	291	216
	2,124	2,271	2,486	2,681	2,324	2,238	2,195	2,275	2,275	2,130	1,972
<b>Total assets</b>	<b>3,939</b>	<b>4,234</b>	<b>4,505</b>	<b>4,614</b>	<b>4,023</b>	<b>3,848</b>	<b>3,755</b>	<b>3,862</b>	<b>3,836</b>	<b>3,647</b>	<b>3,210</b>
<b>Equity and liabilities</b>											
Equity	1,273	1,316	1,317	1,285	1,188	1,076	1,198	1,202	1,077	1,066	1,640
Long-term liabilities	293	304	328	308	245	240	239	215	234	222	215
Interest-bearing liabilities	1,262	1,410	1,586	1,694	1,418	1,392	1,214	1,200	1,401	1,282	268
Accounts payable	408	478	507	537	437	460	414	496	445	426	416
Other current liabilities	703	726	767	790	735	680	690	749	679	651	671
<b>Total equity and liabilities</b>	<b>3,939</b>	<b>4,234</b>	<b>4,505</b>	<b>4,614</b>	<b>4,023</b>	<b>3,848</b>	<b>3,755</b>	<b>3,862</b>	<b>3,836</b>	<b>3,647</b>	<b>3,210</b>
<b>Key figures</b>											
Equity ratio, %	32.3	31.1	29.2	27.8	29.5	28.0	31.8	31.1	28.1	29.2	51.1
Net debt, SEK M	1,080	1,231	1,423	1,390	1,311	1,292	1,119	1,068	1,245	1,138	209
Net debt ratio, times	0.85	0.94	1.08	1.08	1.10	1.20	0.93	0.89	1.16	1.07	0.13
Interest coverage ratio, times	9.9	3.6	0.2	3.1	3.6	5.5	6.3	8.9	8.9	11.1	22.2
Investments in tangible assets, SEK M	12	35	38	32	29	41	43	42	56	53	34
No of permanent employees at period-end	3,879	3,955	4,072	4,135	4,047	4,086	4,102	4,043	3,982	3,915	3,669

Definitions of the financial key figures can be found on page 85 in the Annual Report 2008.

## Financial overview Group - 5 years

	2009	2008	2007	2006	2005
	Q3	Q3	Q3	Q3	Q3
<b>Sales and earnings</b>					
Net sales, SEK M	1,533	1,597	1,597	1,408	1,317
EBIT, SEK M	104	82	149	140	112
EBIT margin, %	6.8	5.1	9.3	9.9	8.5
Net earnings, SEK M	36	40	87	86	68
Earnings per share, SEK	0.47	0.53	1.16	1.15	0.92
<b>Business and financial ratios</b>					
Return on equity, %	2.7	3.5	8.1	6.0	5.1
Return on capital employed, %	3.6	3.1	5.8	7.5	6.0

## Quarterly overview - Divisions

Amounts in SEK M	2009			2008				2007			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Order intake</b>											
Dehumidification Division	503	636	596	608	511	528	487	460	541	556	444
MCS Division	665	687	722	745	710	643	672	673	690	634	633
HumiCool Division	278	401	413	314	369	525	436	395	460	518	465
Eliminations	-6	-8	-7	-6	-8	-10	-9	-10	-17	-20	-15
<b>Order intake</b>	<b>1,440</b>	<b>1,716</b>	<b>1,724</b>	<b>1,661</b>	<b>1,582</b>	<b>1,686</b>	<b>1,586</b>	<b>1,518</b>	<b>1,674</b>	<b>1,688</b>	<b>1,527</b>
<b>Net sales</b>											
Dehumidification Division	556	598	588	645	495	478	433	534	504	527	371
MCS Division	657	682	736	809	686	645	669	739	666	605	614
HumiCool Division	324	421	389	435	425	433	451	476	446	414	429
Eliminations	-4	-7	-10	-8	-9	-8	-8	-12	-19	-22	-10
<b>Net sales</b>	<b>1,533</b>	<b>1,694</b>	<b>1,703</b>	<b>1,881</b>	<b>1,597</b>	<b>1,548</b>	<b>1,545</b>	<b>1,737</b>	<b>1,597</b>	<b>1,524</b>	<b>1,404</b>
<b>Operating activities</b>											
Dehumidification Division	65	66	14	75	48	45	33	72	55	69	38
operating margin	11.7%	11.0%	2.4%	11.7%	9.6%	9.5%	7.6%	13.5%	11.0%	13.1%	10.2%
MCS Division	32	-18	12	-9	7	14	36	39	42	10	38
operating margin	4.9%	-2.6%	1.6%	-1.1%	1.0%	2.2%	5.3%	5.3%	6.3%	1.7%	6.2%
HumiCool Division	20	31	-11	23	36	44	51	73	64	55	59
operating margin	6.3%	7.3%	-2.8%	5.5%	8.5%	10.2%	11.4%	15.3%	14.3%	13.3%	13.8%
Group overheads, eliminations etc.	-13	-17	-9	-13	-9	-8	-12	-13	-12	-15	-8
<b>Earnings before interest and tax</b>	<b>104</b>	<b>62</b>	<b>6</b>	<b>76</b>	<b>82</b>	<b>95</b>	<b>108</b>	<b>171</b>	<b>149</b>	<b>119</b>	<b>127</b>
E BIT margin	6.8%	3.7%	0.4%	4.0%	5.1%	6.1%	7.0%	9.8%	9.3%	7.8%	9.0%
<b>Operating capital</b>											
Dehumidification Division - Assets	721	798	883	855	703	675	649	672	654	665	562
Dehumidification Division - Liabilities	-225	-260	-267	-265	-179	-195	-173	-191	-177	-177	-178
MCS Division - Assets	830	881	976	1,028	1,001	963	977	1,040	995	896	902
MCS Division - Liabilities	-110	-128	-151	-174	-121	-107	-106	-145	-110	-106	-97
HumiCool Division - Assets	627	691	759	787	821	818	767	764	760	729	688
HumiCool Division - Liabilities	-157	-179	-178	-206	-239	-251	-225	-267	-266	-237	-236
Central, eliminations	73	80	82	79	59	52	65	69	77	49	30
<b>Operating capital</b>	<b>1,759</b>	<b>1,883</b>	<b>2,104</b>	<b>2,104</b>	<b>2,045</b>	<b>1,955</b>	<b>1,954</b>	<b>1,942</b>	<b>1,933</b>	<b>1,819</b>	<b>1,671</b>
<b>Permanent employees</b>											
Dehumidification Division	1,214	1,238	1,293	1,301	1,173	1,196	1,184	1,180	1,151	1,126	913
MCS Division	1,854	1,889	1,959	1,944	1,942	1,952	1,938	1,918	1,903	1,916	1,906
HumiCool Division	788	805	795	866	908	914	959	924	911	855	832
Central	23	23	25	24	24	24	21	21	17	18	18
<b>No of permanent employees</b>	<b>3,879</b>	<b>3,955</b>	<b>4,072</b>	<b>4,135</b>	<b>4,047</b>	<b>4,086</b>	<b>4,102</b>	<b>4,043</b>	<b>3,982</b>	<b>3,915</b>	<b>3,669</b>

Operating capital consists of accounts receivable (external and internal), inventory, accounts payable, advances from customers and fixed assets excluding goodwill.

Amounts in SEK M	2009 Jul-Sep 3 months	2008 Jul-Sep 3 months	2009 Jan-Sep 9 months	2008 Jan-Sep 9 months	2008/2009 Oct-Sep 12 months	2008 Jan-Dec 12 months
<b>MUNTERS AB</b>						
<b>Income statement</b>						
Net sales	11	13	38	37	52	51
<b>Gross earnings</b>	<b>11</b>	<b>13</b>	<b>38</b>	<b>37</b>	<b>52</b>	<b>51</b>
Other operating income	0	0	1	2	1	2
Selling expenses	0	0	0	0	0	0
Administrative expenses	-32	-20	-87	-70	-116	-99
Other operating expenses	0	0	0	0	1	1
<b>EBIT - Earnings before interest and tax</b>	<b>-21</b>	<b>-7</b>	<b>-48</b>	<b>-31</b>	<b>-62</b>	<b>-45</b>
Financial income and expenses	-9	27	16	98	188	270
<b>Earnings after financial items</b>	<b>-30</b>	<b>20</b>	<b>-32</b>	<b>67</b>	<b>126</b>	<b>225</b>
Transfer to allocation reserve	-	-	-	-	-4	-4
Income taxes	8	0	12	11	15	14
<b>Net earnings</b>	<b>-22</b>	<b>20</b>	<b>-20</b>	<b>78</b>	<b>137</b>	<b>235</b>
	<b>2009 30 Sep</b>	<b>2009 30 Jun</b>	<b>2008 31 Dec</b>	<b>2008 30 Sep</b>		
<b>Balance sheet</b>						
<b>Assets</b>						
<b>Fixed assets</b>						
<b>Tangible assets</b>						
Equipment, tools, fixtures and fittings	6	6	24	23		
	6	6	24	23		
<b>Intangible assets</b>						
Patent, licenses and similar rights	18	18	18	18		
	18	18	18	18		
<b>Financial assets</b>						
Participations in subsidiaries	800	800	791	712		
Receivables from subsidiaries	1,411	1,576	1,785	1,495		
	2,211	2,376	2,576	2,207		
	<b>2,235</b>	<b>2,400</b>	<b>2,618</b>	<b>2,248</b>		
<b>Current assets</b>						
Receivables from subsidiaries	47	44	36	55		
Other receivables	43	41	56	31		
Cash and cash equivalents	78	61	227	37		
	<b>168</b>	<b>146</b>	<b>319</b>	<b>123</b>		
<b>Total assets</b>	<b>2,403</b>	<b>2,546</b>	<b>2,937</b>	<b>2,371</b>		
<b>Equity and liabilities</b>						
<b>Equity</b>						
	986	1,008	1,006	805		
<b>Untaxed reserves</b>						
	19	19	19	15		
<b>Long-term liabilities</b>						
Interest-bearing liabilities	1,208	1,359	1,637	1,368		
Provisions	39	39	39	38		
	1,247	1,398	1,676	1,406		
<b>Current liabilities</b>						
Interest-bearing liabilities	-	-	-	14		
Liabilities to subsidiaries	130	100	197	101		
Accounts payable	3	5	5	6		
Other liabilities	18	16	34	24		
	151	121	236	145		
<b>Total equity and liability</b>	<b>2,403</b>	<b>2,546</b>	<b>2,937</b>	<b>2,371</b>		

# Notes

## **Note 1: Accounting principles**

The consolidated financial statements for the third quarter of 2009 have been prepared, as were the annual accounts for 2008, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act. The parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2, Accounting for legal entities.

This quarterly report has been prepared in accordance with IAS 34. In this document, the term "IFRS" includes the application of both IAS and IFRS, and the interpretations of these standards published by the IASB's Standards Interpretation Committee (SIC) and its International Financial Reporting Interpretations Committee (IFRIC).

The Group uses the same accounting principles as described in its 2008 Annual Report, with the following exceptions motivated by new or revised standards, interpretations and improvements adopted by the EU and that are to be applied as of January 1, 2009. This report deals only with the changes that have had an effect on the Group.

### **New or revised standards**

#### *IFRS 8: Operating Segments*

This standard requires information concerning the Group's operating segments and replaces the requirement to define the Group's primary and secondary segments. Implementation of this standard has not had any effect on the Group's financial position. The implementation of IFRS 8 has not resulted in any segments other than those reported as primary under IAS 14 and that were reported in the 2008 Annual Report. Munters reports its three divisions Dehumidification, HumiCool and MCS as operating segments. Information about the segments is shown in the sections Segment information and Quarterly overview – Divisions, and in Note 2.

#### *Amended IAS 1, Presentation of Financial Statements*

The standard divides changes in shareholders' equity into changes due to transactions with owners and other changes. The presentation of changes in equity will only contain details relating to shareholder transactions. In addition, the standard introduces the concept of the "Statement of comprehensive income," which shows all revenue and costs, items previously reported under the statement of shareholders' equity and the statement of recognized income and expense, either as a separate presentation or as two integrated presentations. The Group has elected to present its statement of comprehensive income as a separate presentation.

## **Note 2: Operating segments**

As of January 1, 2009, the Group has implemented IFRS 8 Operating Segments. This standard requires that information be reported based on the perspective of company management, which means it is presented in the way in which it is used in the company's internal reporting. Reportable segments are identified based on the internal reporting to the highest-ranking Chief Operating Decision Maker (CODM). Munters has identified its Group Management as its CODM. The Group is organized in divisions. Munters has identified the three divisions as reportable operating segments, which is the same as previously. The divisions are consolidated based on the same principles as is the Group as a whole. Transactions between the divisions are based on market terms. Central controlling and reporting concepts include: order intake, net sales, operating earnings and operating capital.

**This document is a translation of the Swedish version.** In the event of any discrepancies between this translation and the Swedish version, the Swedish version shall prevail.