

Munters

Better positioned than ever

- >5% LT org. growth (12% L5Y), >20% EBITA L5Y
- Strong performance both vs. sector and DCT peers
- Keep BUY, TP SEK 250, 20-15x EBIT '24e-'26e

A beneficiary of several growth drivers

We argue that Munters deserves a premium valuation vs. the sector (~15x F12m EBITA vs. sector at ~14x) and above its historical levels (20-15x EBIT '24e-'26e vs. ~16x) given its ability to deliver top-of-class performance (12% org. sales growth '19-'24e vs. sector at 5%, 22% adj. EBITA CAGR vs. 7%) with significantly higher quality than before (15-16% EBITA margins '24e-'26e, ~30% incr. ROCE '19-'24e, in line with Atlas and above the sector at 13%). Although recent concerns have arisen amidst a slower battery market (7% of R12m orders) and fewer large DCT orders, we see good potential for larger orders in the next 3-6 months. In addition, we argue that one should not underestimate the solid performance in Munters' legacy business (6% sales CAGR '14-'24e) while the strong backlog provides good visibility into 2025-2026.

A future-proof DCT portfolio

The data center outlook remains strong (>10% growth) and we argue that Munters has a strong, technology-agnostic offering that can capitalise on demand for both existing applications and within the emerging market for liquid and direct-to-chip cooling, and therefore deliver growth at least in line with the market. However, we note that growth has been above the market historically and solid vs. peer Vertiv (70% order CAGR 2020-Q3'24 vs. ~20%, ~50% sales CAGR vs. ~15%, similar margins), which also supports valuation upside (Vertiv is currently trading at ~27x F12m EV/EBIT).

Attractive both in absolute and relative terms

Thus, considering the top-of-class growth performance, solid outlook (we forecast a ~30% EPS CAGR '23-'26e) and higher quality (>20% ROCE), we reiterate BUY and our TP of SEK 250 considering both the absolute and relative valuation potential. Upcoming catalysts include larger orders and the FT equipment exit (~13% of sales).

Analyst(s): karl.bokvist@abgsc.se, +46 8 566 286 33
anders.idborg@abgsc.se, +46 8 566 294 90

SEKm	2022	2023	2024e	2025e	2026e
Sales	10,386	13,930	14,993	16,962	18,304
EBITDA	1,257	2,069	2,605	3,017	3,451
EBITDA margin (%)	12.1	14.9	17.4	17.8	18.9
EBIT adj.	956	1,682	2,134	2,217	2,455
EBIT adj. margin (%)	9.2	12.1	14.2	13.1	13.4
Pretax profit	739	1,256	1,638	1,955	2,279
EPS	3.16	4.30	6.07	7.86	9.20
EPS adj.	3.97	5.17	7.54	9.49	11.01
Sales growth (%)	41.3	34.1	7.6	13.1	7.9
EPS growth (%)	12.3	36.1	41.2	29.5	17.0

Source: ABG Sundal Collier, Company Data

Reason: In-depth research

BUY HOLD SELL

Capital Goods

Estimate changes (%)

	2024e	2025e	2026e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Source: ABG Sundal Collier

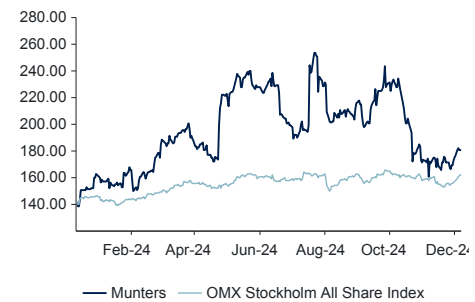
MTRS-SE/MTRS SS

Share price (SEK)	6/12/2024	181.20
Target price		250.0

MCap (SEKm)	33,073
MCap (EURm)	2,902
No. of shares (m)	184.5
Free float (%)	98.8
Av. daily volume (k)	151

Next event Q4 Report 5 February 2025

Performance



	2024e	2025e	2026e
P/E (x)	29.8	23.1	19.7
P/E adj. (x)	24.0	19.1	16.5
P/BVPS (x)	5.40	4.61	3.96
EV/EBITDA (x)	14.8	12.7	10.8
EV/EBIT adj. (x)	18.1	17.2	15.2
EV/sales (x)	2.58	2.25	2.04
ROE adj. (%)	25.4	27.4	27.3
Dividend yield (%)	1.2	1.5	1.7
FCF yield (%)	-1.6	3.4	4.7
Le. adj. FCF yld. (%)	-2.1	2.7	3.9
Net IB debt/EBITDA (x)	2.1	1.6	1.2
Le. adj. ND/EBITDA (x)	1.9	1.5	1.1

Company description

Munters is a global market leader in mission-critical humidity control equipment. Its core competence revolves around maintaining an exact level of humidity and temperature in end-markets such as food and pharmaceutical production, US data centres and lithium-ion battery manufacturing and livestock production.

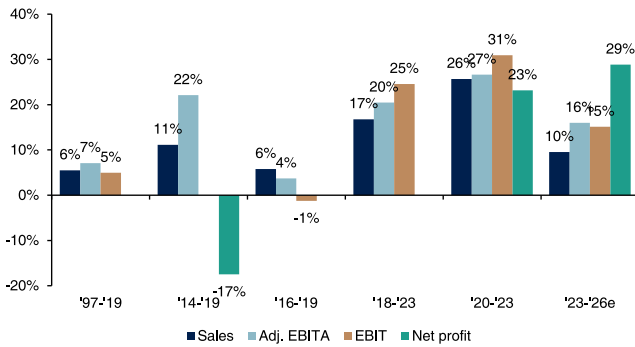
Sustainability information

R12m orders and sales



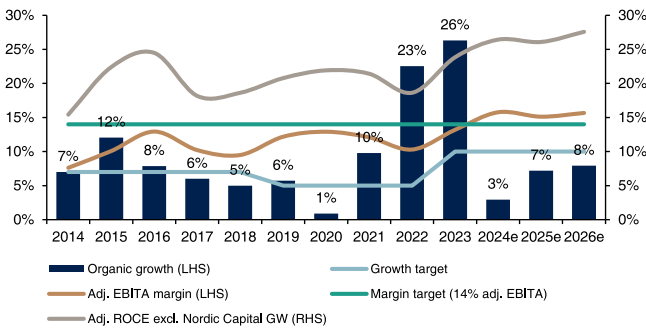
Source: ABG Sundal Collier, company data

Historical growth overview (CAGR)



Source: ABG Sundal Collier, company data

Organic growth, margins and ROCE

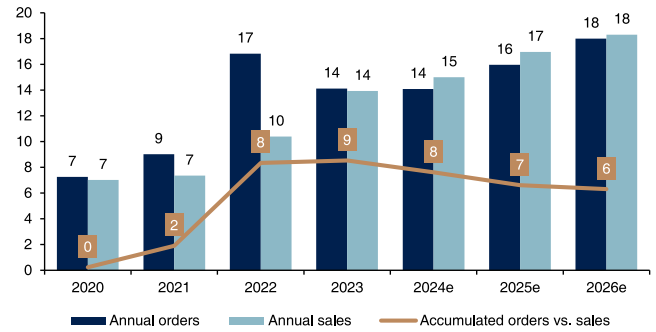


Source: ABG Sundal Collier, company data

Risks

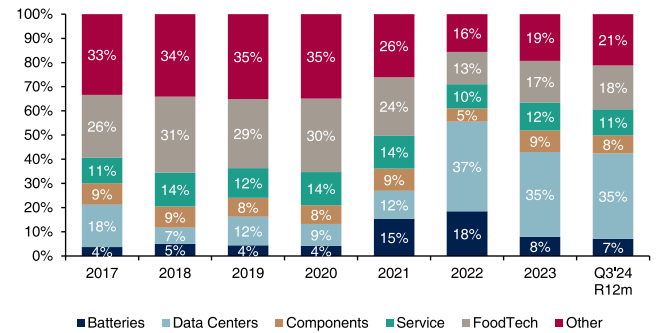
Turnaround efforts fail to make lasting improvements. Cost overruns from poor project execution. Increasing competition from smaller niche players.

Good backlog coverage into 2025-2026 (SEKbn)



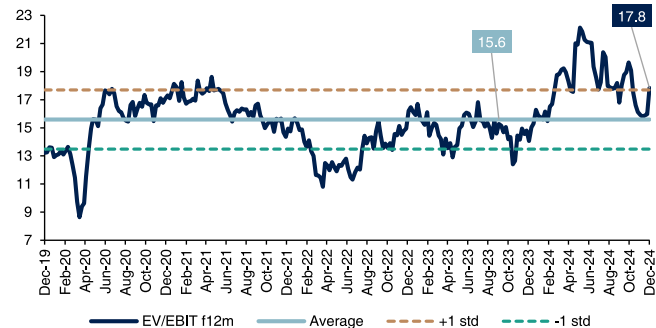
Source: ABG Sundal Collier, company data

Order intake split



Source: ABG Sundal Collier, company data

F12m EV/EBIT valuation



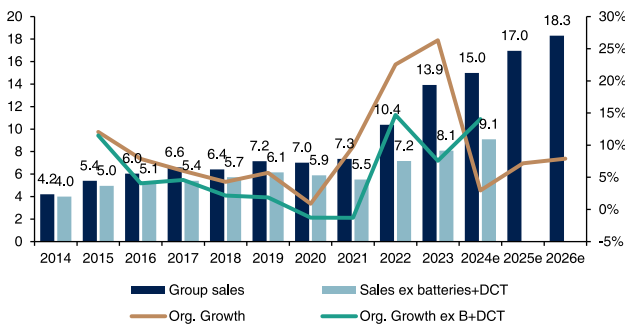
Source: ABG Sundal Collier, FactSet

Investment case

We take a deeper look at Munters' strong growth performance both in recent years (12% organic sales CAGR '19-'24e, 22% adj. EBITA CAGR vs. sector at 5%/7%) and over time (>5% organic sales CAGR since 2005, 9% adj. EBITA CAGR), which is driven not only by the fast-growing data center (~35% of EBITA) and battery (7% of R12m orders) segments, but also by solid demand in the 'legacy' business (6% sales CAGR '14-'24e). We argue that the attractive growth profile combined with the significantly increased quality (15-16% EBITA margins, >20% ROCE, ~30% incremental ROCE since 2019) and solid backlog support into 2025-2026 motivates a premium valuation vs. the sector (~15x F12m EBITA vs. ~14x), and above its historical levels (20-15x EBIT '24e-'26e vs. ~16x).

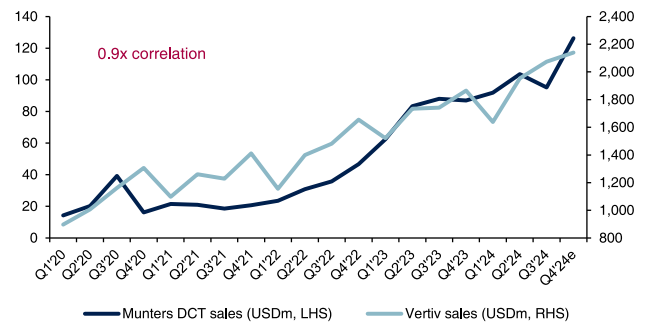
In addition, we argue that Munters' DCT business has a strong, technology-agnostic offering that can capitalise on demand for both existing applications and within the emerging market for liquid and direct-to-chip cooling, and has performed well vs. key peer Vertiv (70% order CAGR 2020-Q3'24 vs. ~20%, ~50% sales CAGR vs. ~15%, similar margins), which also supports valuation upside (Vertiv is currently trading at ~27x F12m EV/EBIT). Thus, considering the top-of-class growth performance, solid outlook (we forecast a ~30% EPS CAGR '23-'26e) and higher quality (>20% ROCE), we reiterate BUY and our TP of SEK 250 considering both the absolute and relative valuation potential. Upcoming catalysts include larger orders and the FT equipment exit (~13% of sales).

Sales (SEKbn) for group and 'legacy' Munters



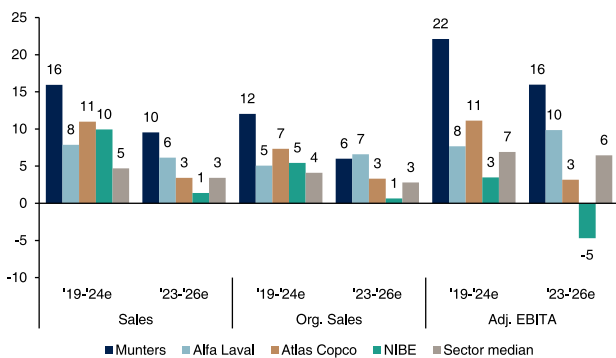
Source: ABG Sundal Collier, company data

Munters DCT vs. Vertiv sales (USDm)



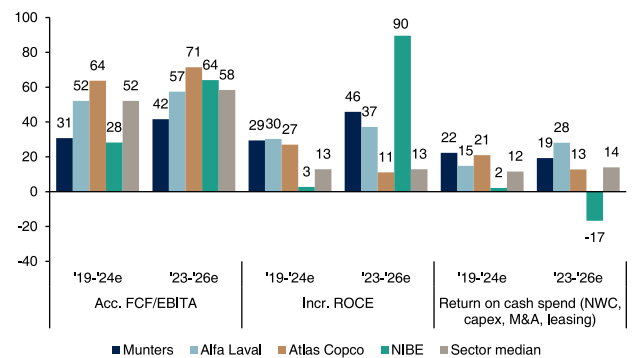
Source: ABG Sundal Collier, company data

Growth vs. peers (CAGR, %)



Source: ABG Sundal Collier, company data

Cash conv. and returns vs. peers (%)



Source: ABG Sundal Collier, company data

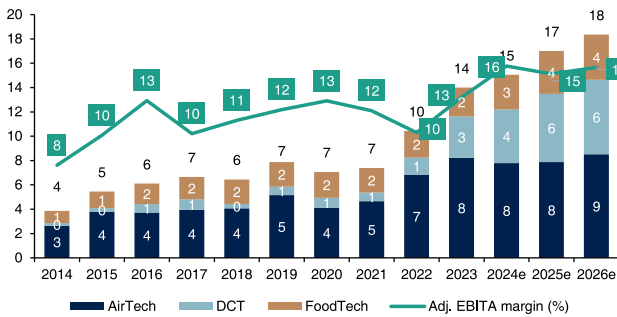
A beneficiary of several growth drivers...

One of the key attractions with Munters is its ability to consistently deliver above-GDP, and above-capital goods sector, organic growth. Granted, the margin trajectory has not been a straight line, but the company has been able to deliver solid organic growth over time, supported by its exposure to fast-growing end-markets such as industrial humidity control, pharmaceuticals, food & beverage, energy infrastructure, electronics and more recently data centers and batteries. Since 2014, including 2024e, Munters has delivered 10% organic sales growth p.a., and ~6% annual growth since 2005.

>5% long-term organic growth, >20% earnings growth L5Y

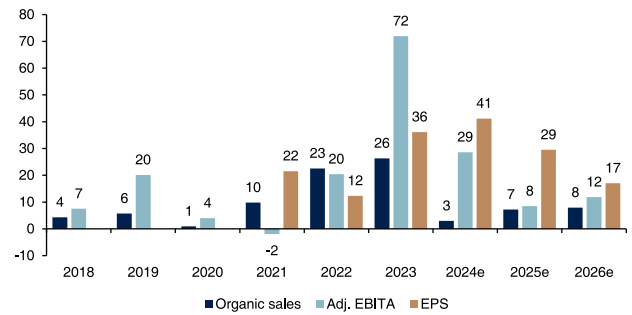
Thus, we argue that even without recent years' strong demand within data centers and batteries, Munters should be able to continue to deliver attractive organic growth, but that accelerating demand in 'new' end-markets such as data centers will clearly support Munters updated ambition of growing total sales 10-14% p.a. In addition, with the company now possessing considerably higher quality than it did prior to 2020, the solid top-line momentum should continue to support attractive, double-digit earnings growth. For reference, Munters delivered a ~20% adj. EBITA CAGR since 2019, a 10% CAGR since 2005, and we forecast a 16% CAGR '23-'26e, which translates into a ~30% EPS CAGR '23-'26e. Finally, we believe that the improved Munters will surpass its current 14% margin target in 2024e and be able to maintain profitability above that level going forward, which should also result in updated financial targets sometime during 2025e.

Sales (SEKbn) by division and margins



Source: ABG Sundal Collier, company data

Growth overview (%)



Source: ABG Sundal Collier, company data

...with improved quality

Growth has not been an issue for Munters, in our view. Not during its former time as a listed company (prior to 2010) or at the time of its IPO, when Nordic Capital re-listed Munters back in 2017. However, the company has historically seen internal challenges related to profitability, organisational complexity, low cash conversion and high leverage. This is no longer the case.

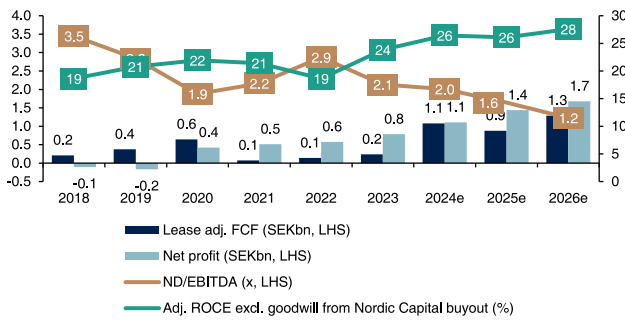
Following the revamp in 2019, and the entry of CEO Klas Forsström (previously at Sandvik), we argue that the company, and management team, has consistently delivered on its updated strategy. Profitability has clearly improved (adj. EBITA margins have gone from 12% in 2019 to ~16% 2024e), the company has drastically lowered the number of SKUs, modularisation has increased, decision-making has been decentralised and recent year's growth investments (capex and R&D) have been key in driving accelerated growth.

Higher ROCE, lower gearing, improving cash flow

Although cash conversion is still on the lower end (~65% of net profit), the investments have been clearly value-creative, as the >20% earnings growth has been achieved at the same time as return on capital improved from ~20% to >25% (if we exclude goodwill in Nordic Capital's holding company), and from 12% to 20% if we take the full goodwill amount into consideration. Gearing has also improved from ~3x to the current 2.0x YE'24e, which also supports Munters' accelerated M&A agenda.

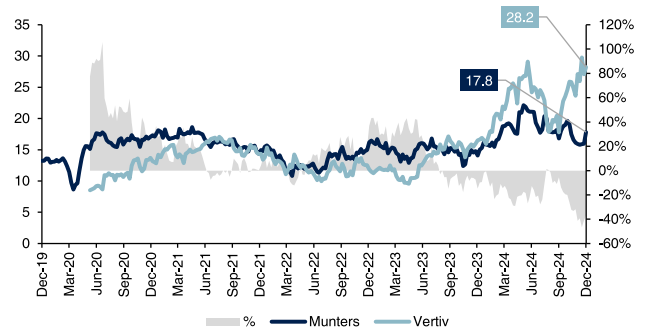
Thus, with Munters having maintained its solid growth track record while now showing clearly higher quality, we argue that the company should be seen in a different light valuation-wise, especially considering its solid position within the rapidly growing data center market. Munters' DCT division is ~35% of the group's EBITA, and as we will go into further below, we see few reasons why Munters DCT division should deviate greatly in terms of valuation compared to key peer Vertiv. As of now, Munters is trading at 17x F12m EV/EBIT, 40% below Vertiv at ~27x. Granted, only the DCT division is directly comparable, but we still see both absolute and relative valuation upside when comparing Munters' performance to peers.

Cash flow, gearing and ROCE



Source: ABG Sundal Collier, company data

Munters vs. Vertiv F12m EV/EBIT



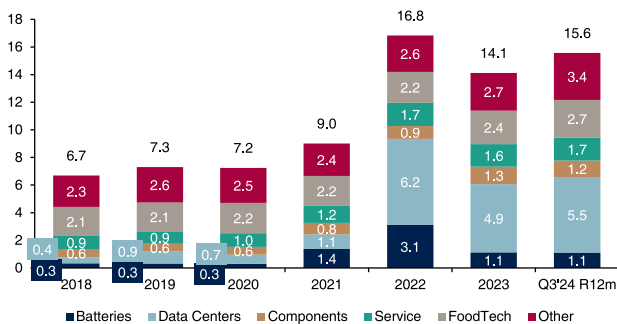
Source: ABG Sundal Collier, FactSet

Recent 'lack' of orders has held back sentiment

We are confident that Munters can deliver solid organic growth over time, but note that fluctuations can occur. These fluctuations, and the tendency of Munters' customers to place larger, packaged orders, have from time to time led to concerns among investors about the order book. This has especially been the case in recent years, when demand for Munters' battery factory equipment and DCT solutions has increased significantly in 2021 and beyond. For example, we estimate that battery orders increased from ~5% of group orders before 2021 to a peak of ~20% in 2022. At the same time, DCT orders increased from ~10% of orders to ~40% in 2022.

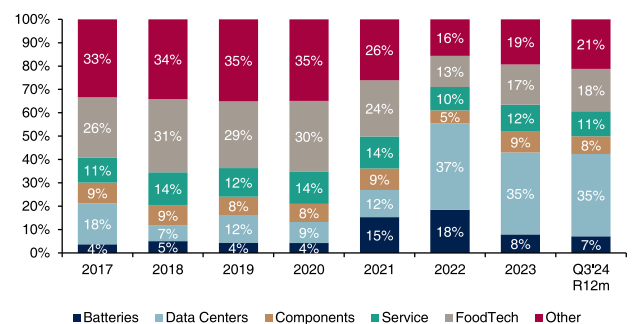
So, with battery sales now starting to be delivered while order intake has been low (7% of R12m orders Q3'24), we understand the concern but argue that: 1) the order book remains solid out to 2025-2026, 2) the data centre market will continue to drive growth and 3) demand for battery equipment will be a long-term high growth market. However, as seen below, battery orders may have grown by ~30% per annum in 2019-Q3'24 and DCT by ~50% per annum, but the rest of the business still saw solid 8% annualised order growth. We therefore argue that fluctuating orders may still affect short-term sentiment, but should not cast doubt on Munters' medium- to long-term growth potential.

Order intake by end-market (SEKbn)



Source: ABG Sundal Collier, company data

Order intake split



Source: ABG Sundal Collier, company data

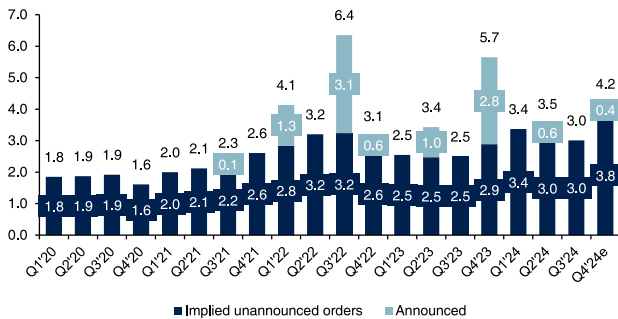
Stable underlying orders, potential for large orders in Q4/Q1

Munters' tendency to have volatile quarterly orders and a few larger announced orders should not be confused with a high risk associated with larger project deliveries. Since 2018, Munters has actively moved away from larger, more complex projects. Instead, these larger orders are usually the result of one or more customers 'grouping' a number of smaller orders for a larger number of modular, smaller systems/units. As a result, quarterly orders are likely to remain volatile, but in the form of a longer series of deliveries delivered over time with limited execution risk.

However, we continue to believe that an increased level of 'larger' orders will be key to sentiment. As shown below, underlying (smaller) order activity, excluding batteries, has been solid and has gradually improved each quarter since Q4'22. For Q4, we estimate a significant increase to SEK 4.2bn (consensus is at 4.1bn) and implicitly assume larger orders in the range of ~SEK 1bn. So far, we have seen one order related to liquid cooling for data centres (a cooling distribution unit, or CDU) worth SEK 400m, so more is needed for our estimates to hold. The timing of these orders remains uncertain, but we are encouraged by the CEO's optimism during the Q3'24 conference call (and also at a lunch we hosted the week after) regarding the potential for larger orders in Q4'24 and/or Q1'25. According to the CEO, there is an element of seasonality where larger orders tend to be placed in Q4 and Q1.

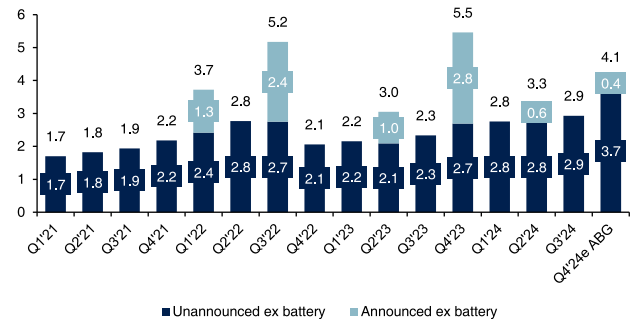
We believe that management has a fairly good visibility on customer proposals that will result in actual orders over the next 3-9 months. For example, we note that in the Q3'23 conference call, the CEO was similarly optimistic about the possibility of winning larger orders. This was followed by a Q4'23 in which Munters achieved its second-highest quarterly order intake ever, with announced orders of SEK 2.8 billion. In conclusion, more larger orders are needed to improve sentiment and support near-term estimates, and we see good potential for this to happen in the next two quarters.

Order momentum (SEKbn)



Source: ABG Sundal Collier, company data

Order momentum (SEKbn) excl. batteries



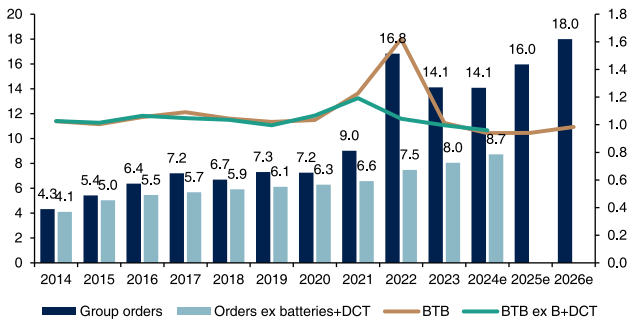
Source: ABG Sundal Collier, company data

Not just a DC/battery case

Again, we understand recent years' focus on Munters strong performance within batteries and data centers, and continue to believe that these will be attractive end-markets that should drive growth for the entire group in the medium-to-long term. However, one should not forget the solid demand in the remaining parts of the group (~60% of orders/sales).

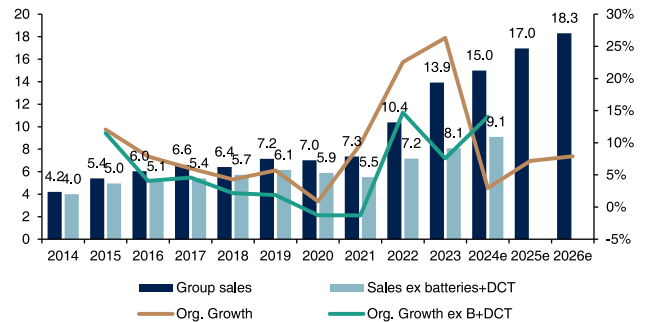
As we highlighted earlier, order intake in 'legacy' Munters grew by 8% p.a. in 2019-Q3'24. A similar trend can be seen if we look at growth over a longer time period. Since 2014 (up until 2024e), the group delivered 7% and 10% organic growth in orders and sales. If we exclude DCT and batteries, the corresponding numbers are 4% and 6%. Granted, more than 6% annual growth will likely be needed to support Munters' 10-14% annual growth target, but we simply want to highlight the attractive qualities of the legacy business as well, and why Munters' growth story is not only contingent on two 'newer' areas. We currently forecast a 6% organic sales CAGR for '23-'26e, and argue that this should be supportive by solid momentum in the legacy business despite the current weakness in batteries.

Orders (SEKbn) for group and 'legacy' Munters



Source: ABG Sundal Collier, company data

Sales (SEKbn) for group and 'legacy' Munters

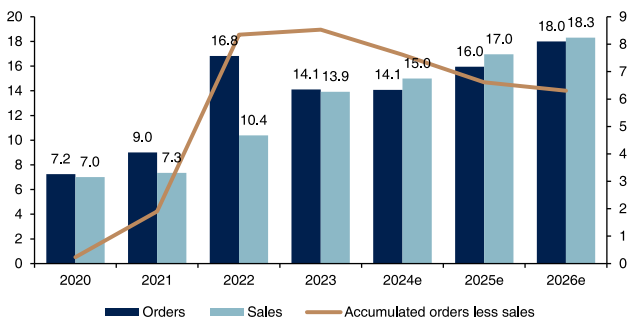


Source: ABG Sundal Collier, company data

Good sales coverage into 2025-2026

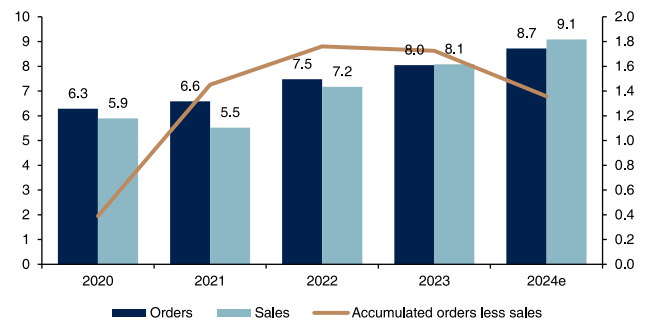
We argue that growth visibility is good heading into 2025-2026 considering Munters' solid backlog. Although R12m book-to-bill remains above 1x (1.06 as of Q3'24), quarterly book-to-bill has been below 1x since Q1'24, which has led to some concerns among investors. We believe this is too short-term focused considering the strong order momentum prior to 2024. For 2024e-2026e, we assume an order intake below sales (96% of sales '24e-'26e). However, one should be balanced against the 1.26x accumulated book-to-bill in 2020-2023. As shown below, we estimate that the accumulated 'excess' in orders vs. sales will be SEK 7.6bn by YE'24e, and 1.4bn for the legacy business. This corresponds to ~20% of our '25e-'26e sales forecast. Thus, we argue that our sales forecast of SEK 17.0-18.3bn (consensus is at a similar level) has good coverage, and that risk to estimates is therefore limited. However, as mentioned above, this might not be enough to lift sentiment for the share, so increased orders will still likely be needed to reduce investor concerns.

Group orders vs. sales (SEKbn)



Source: ABG Sundal Collier, company data

'Legacy' Munters orders vs. sales (SEKbn)



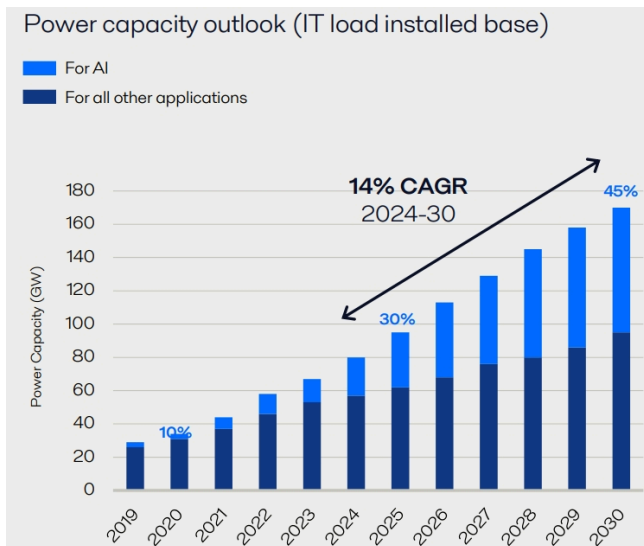
Source: ABG Sundal Collier, company data

Solid >10% annual growth outlook for DCT

We continue to hear encouraging outlook comments regarding data center demand across the value chain. These comments have come from e.g. Nvidia, Vertiv and Munters, but also from other Nordic capital goods names such as Alfa Laval and ABB. In addition, we find it encouraging to see that also the most recent long-term demand outlooks continue to indicate double-digit growth for many years to come, where Munters' key segment, cloud & colocation, is expected to grow the fastest. Alfa Laval at its recent CMD in November stated that power capacity (in GW) for data centers was expected to grow by 14% p.a. 2024-2030, with ~10% annual growth in non-AI applications supported by a 23% CAGR in AI-related applications.

In addition, key peer Vertiv provided a 2024-2029 outlook where total market spending on data centers (currently at ~USD 39.5bn) was expected to grow by 10-13% p.a., with Munters' key segment expected to grow by 15-17% p.a. Thus, we argue that there is merit in Munters' claim that management expects its DCT division to continue delivering growth at the higher end of, or above, its 10-14% growth target.

Alfa Laval DC power capacity outlook (GW)



Source: ABG Sundal Collier, company data

Vertiv DC spending outlook (USDbn)

	TOTAL	DATA CENTERS CLOUD & COLOCATION	ENTERPRISE & DISTRIBUTED IT	COMMUNICATION NETWORKS	COMMERCIAL & INDUSTRIAL
Market Size ¹	~\$52B	~\$21.5B	~\$18B	~\$7.5B	~\$5B
Growth ²	~9-12%	~15-17%	~4-6%	~2-3%	~3-4%
Market Drivers and Dynamics	<ul style="list-style-type: none"> Speed and scale of AI deployment acceleration Increasing complexity and optionality in requirements Digital sovereignty and associated workload allocation 		<ul style="list-style-type: none"> Mobile technology deployment Convergence of mobile networks, IoT and cloud 	<ul style="list-style-type: none"> Digitalization, automation Nearshoring and reliable / high-quality power demand 	<ul style="list-style-type: none"> Portfolio for IT operations continuity Experience to support high-stakes C&I applications
Aligned With Vertiv Strengths	<ul style="list-style-type: none"> Technology alignment with AI chip providers roadmaps Customize at scale Global operations and service 	<ul style="list-style-type: none"> Institutional knowledge Configure at speed Proven commercial and expanding channel distribution networks 	<ul style="list-style-type: none"> Unique portfolio of AC and DC power, thermal services, and solutions Relationships with major players at the telecom-cloud junction 		

Source: ABG Sundal Collier, company data

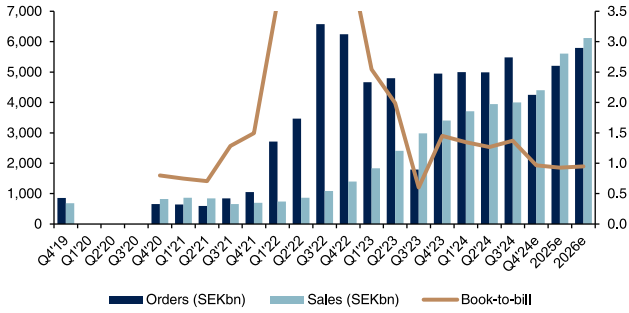
A future-proof portfolio for data centers

For Munters, the DCT division's ~50% annualised order growth since 2019 has been impressive, and also represents an order growth trend that we find highly competitive vs. peers. For example, Munters' DCT had a 70% order CAGR Q4'20-Q3'24 in USD terms, which can be compared to Vertiv at ~20%. We have seen a similar performance on sales, where DCT achieved a ~50% CAGR in USD terms vs. Vertiv at ~15%. In addition, as highlighted above, we argue that the still-solid end-market outlook and considerable backlog should support a continued ramp-up in sales for the DCT business into 2025-2026.

The combination of high volume growth, improved internal productivity and solid price/mix has also been evident in earnings, as the DCT business (completely revamped since 2019) is now trending above a 20% EBITA margin on an R12m basis, and we expect this division to maintain profitability in the high-teens in future years. As we will elaborate upon further below, this is also supported by its key peer Vertiv.

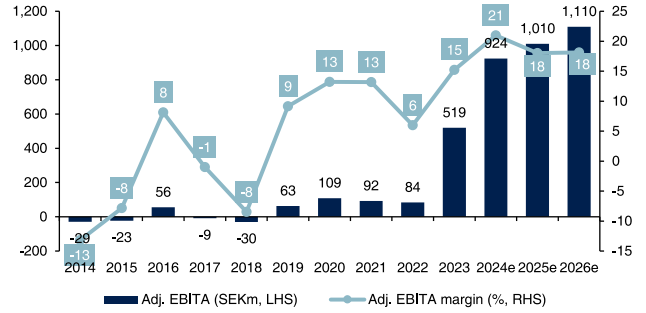
However, despite the solid performance until now, a frequent question during 2024 has been whether Munters DCT is well-positioned for future data center technologies, mainly within liquid and direct-to-chip cooling. We argue that Munters is ready for the upcoming changes in data center cooling, and that its approach of having both a high in-house R&D pace while also adding complementary solutions through M&A leaves Munters in a good position to win orders within liquid cooling as well.

R12m orders and sales, Munters DCT



Source: ABG Sundal Collier, company data

Earnings and margins, Munters DCT



Source: ABG Sundal Collier, company data

Technology-agnostic solutions with high energy efficiency

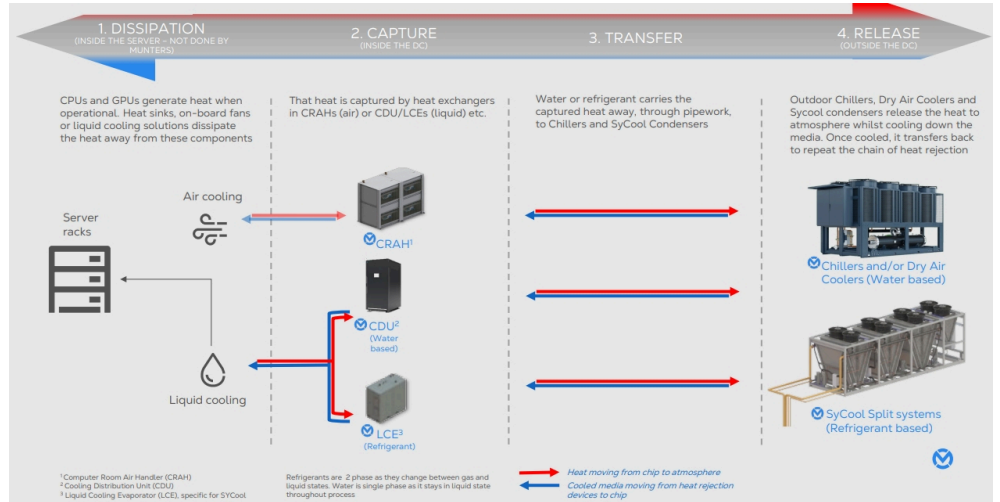
Apart from the complete revamp in Munters' approach to project risk, the company has continuously invested in both R&D and M&A to strengthen its offering throughout the group, with DCT being no exception. Prior to 2019, Munters' DCT mainly revolved around larger complex deliveries of computer room air handlers (CRAH). This has now been shifted where the clear majority of Munters' solutions were introduced to the market less than five years ago, with the SyCool system being the crown jewel of the portfolio.

It is our understanding that this water-free system can offer more than 30% better energy efficiency, and we argue that its attractive proposition has been clearly appreciated by customers, as evidenced by the rapid increase in SyCool orders over the past few years. In addition, the SyCool system is compatible with both air-cooled and liquid-cooled systems, offering customers the opportunity to upgrade their data centres to liquid cooling at a later stage, when the technology becomes more commercially available. With Munters now also having chillers after the recent acquisition of Geoclima (which has doubled Munters' order scope), we believe that DCT has a strong offering on the external side.

Internally, air handling units are still in demand in certain regions. However, Munters also offers cooling distribution units (CDU, water based) and liquid cooling evaporators (refrigerant based, water free), which in turn puts Munters in a good position to capture orders for systems in both air cooling and liquid cooling up to the actual servers. Again, we believe that Munters' technology agnostic approach, project and technology expertise and potential to offer significant energy savings should allow DCT to continue to grow at least in line with the market over time.

Finally, as we will show below, the company has also gradually expanded its offering into the actual server hall and GPUs. Now that Munters has in-house developed CDUs and LCEs, the recent partnership with direct-to-chip cooling company ZutaCore means that Munters can, similar to key peer Vertiv, offer cooling solutions across both mature technologies and upcoming alternatives that are barely commercial today.

Munters' DCT portfolio covers chip, liquid and air cooling



Source: ABG Sundal Collier, company data

Recent partnerships further prepare Munters for chip-cooling

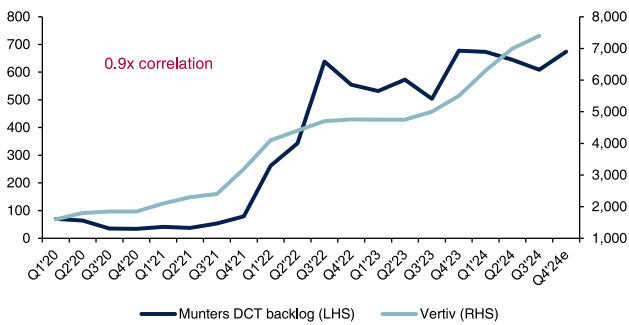
See below the video by Munters where the company explains how the recent partnership with ZutaCore complements Munters' existing strong offering, and how the well-performing SyCool system can work well with all options, whether air-cooled, liquid-cooled or direct-to-chip cooled systems.



Good performance vs. key DCT peer Vertiv

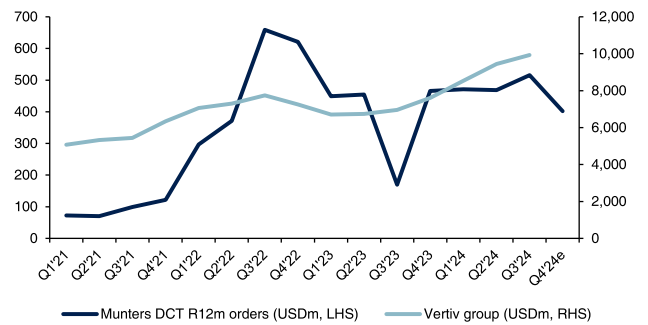
Again, we believe that Munters is well-positioned to capitalise on future trends in the data center market and should be able to at least grow in line with the market in the upcoming years. In addition, we find it supportive to see that DCT's financial performance has been strong, and even above that of key peer Vertiv. As shown below, Munters' DCT has shown a clear correlation with Vertiv on both backlog growth, sales and margins. In addition, DCT's backlog (in USD) had a ~120% CAGR Q4'20-Q3'24 vs. Vertiv at 45%. This also translated into a 70% CAGR in orders, vs. Vertiv's ~20%. Although DCT's backlog CAGR was only 5% Q4'22-Q3'24 (vs. Vertiv's ~30%) and R12m orders have actually declined (vs. Vertiv's ~20% CAGR), we argue that this is more timing-related rather than a non-competitive offering, and we expect this to become evident as more larger orders are received in the upcoming 12 months.

Munters DCT vs. Vertiv backlog (USDm)



Source: ABG Sundal Collier, company data

DCT R12m order intake vs. Vertiv (USDm)



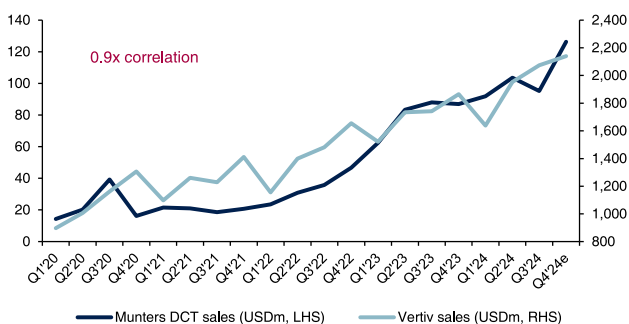
Source: ABG Sundal Collier, company data

"Accelerating growth 2025e, >20% margins"

We see a similar trend when looking at sales and margins. In Q4'20-Q4'24e, we expect Munters to achieve a sales CAGR of ~80% vs. 17% for Vertiv. Munters' order intake is more volatile than Vertiv's, partly due to Vertiv's larger size and scope (also covering electronics and other areas related to data centre investments, rather than DCT's core focus on cooling), but we expect a continued steady increase in sales growth in the coming years. In addition, Vertiv forecasts ~15% organic revenue growth in 2024e (vs. 27% for DCT), but this growth is expected to 'accelerate' in 2025 due to the high pace of data centre investment and rapidly growing demand for AI-related applications. Despite our assumption of a slowdown in DCT, we still expect solid organic revenue growth of 19-9% 2025e-2026e, which is also broadly in line with consensus expectations.

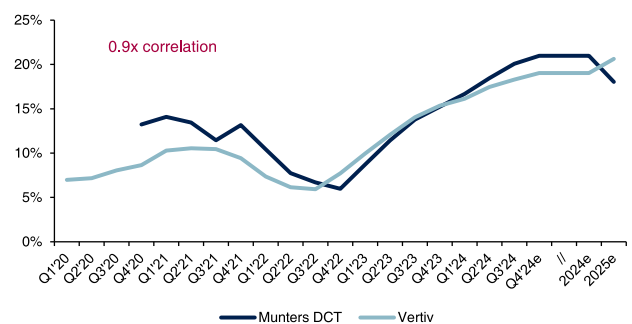
We believe that profitability can be maintained at current levels and that DCT will continue to deliver margins in the high teens, above Munters' own group target of 14%. This is also supported by Vertiv. At its recent CMD, Vertiv targeted adj. EBIT margins in excess of 20% and beyond, supported by volume as well as positive price/mix.

Munters DCT vs. Vertiv sales (USDm)



Source: ABG Sundal Collier, company data

Munters DCT vs. Vertiv Adj. EBIT/A margin, R12m

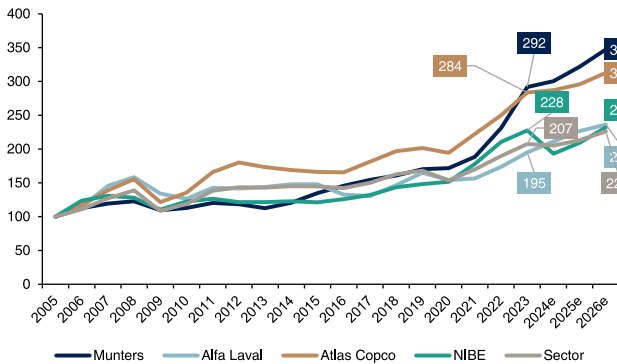


Source: ABG Sundal Collier, company data

A top growth performer in the industrial sector

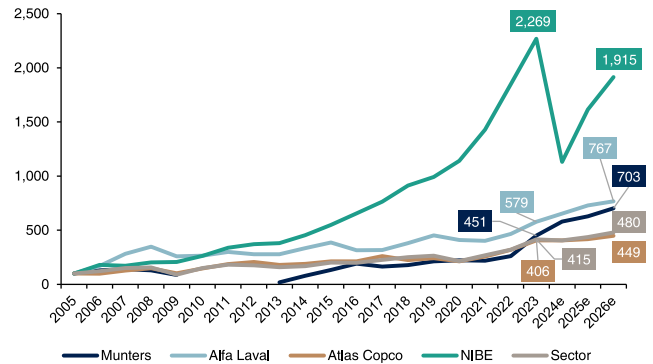
The combination of favourable end-market demand and internal improvements has resulted in a 12% organic sales CAGR '19-'24e and a 22% adj. EBITA CAGR. This puts Munters at the top end compared to the Nordic industrial sector (4%, 9%) and above the likes of Atlas (7%, 11%) and NIBE (5%, 3%). Again, this has not only been driven by the recent uptick in demand for data centers and batteries, as the legacy part of Munters has also generated solid underlying growth. In 2005-2023, we estimate that Munters delivered a 6% organic sales CAGR (Atlas at 6%, sector at 4%) and a 9% adj. EBITA CAGR (Atlas at 8%, sector at 8%), not taking into account the divestment of Munters' MCS division (now known as Polygon) in 2010. Thus, we argue that the company's long-term growth profile should merit a valuation at the higher end of the sector – especially now, when growth is also accompanied by high earnings growth and improved quality.

Indexed organic sales growth vs. peers



Source: ABG Sundal Collier, company data

Indexed adj. EBITA vs. peers

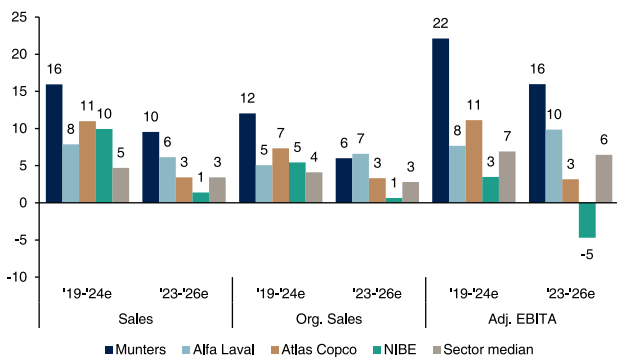


Source: ABG Sundal Collier, company data

>20% returns on >20% earnings growth

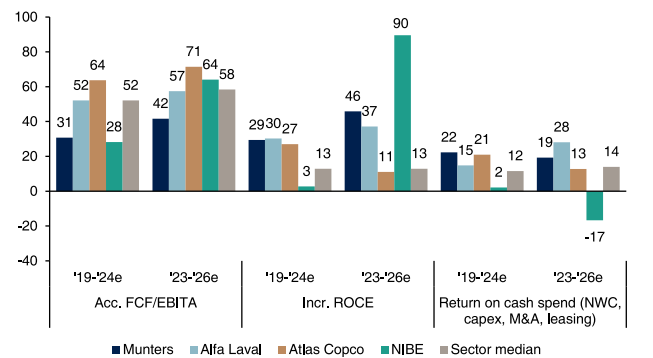
As shown below, we expect Munters to maintain its above-sector growth profile in future years and deliver a 6% organic sales CAGR '23-'26e (16% adj. EBITA CAGR) vs. the sector at 3% (6%). Again, we argue that growth has also been clearly value-creative, which further motivates a premium valuation. Cash conversion still has room for improvement, as ~30% of adj. EBITA was converted into free cash flow in 2019-2024e. However, the cash spent on working capital, acquisitions, capex and similar items have generated significant value. We estimate that Munters delivered ~30% incremental ROCE in 2019-2024e, well above the sector's 13% and in-line with Atlas and Alfa. Accumulated cash returns have also been solid, at ~20%, vs. the sector's 12%. Thus, we argue that Munters' future capital allocation into R&D, fixed assets and M&A will continue to drive high returns, which combined with the double-digit earnings growth merits a premium valuation, in our view.

Growth vs. peers (CAGR, %)



Source: ABG Sundal Collier, company data

Cash conv. and returns vs. peers (%)

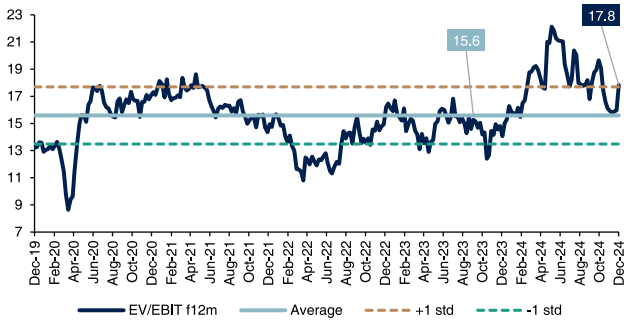


Source: ABG Sundal Collier, company data

Room for further positive revaluation potential

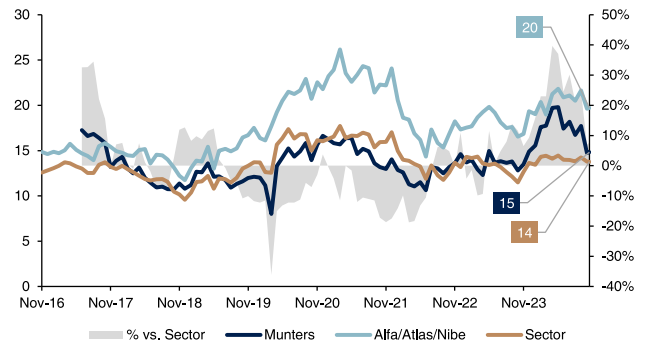
The strong tailwinds in data centers, and good performance also among peers such as Vertiv, supported strong share price performance until mid-2024, when the share peaked at ~22x F12m EV/EBIT. Since then, the slowdown in batteries and concerns regarding Munters' order intake have led to a normalisation in valuation levels, and that the share is 'only' up 12% YTD (OMXSGI +11%). Considering the still-attractive growth outlook outlined above, and clearly higher quality, we argue that this motivates a higher-than-historical valuation, which is currently the case (~18x F12m, 15% above its ~16x average). In addition, we argue that Munters deserves a larger re-rating vs. the sector. On an F12m EV/EBITA basis, Munters is trading at ~15x, ~10% above the sector (5% premium historically) but 25% below the likes of Alfa, Atlas and Nibe (~20% discount historically). Thus, with Munters expected to deliver a ~30% EPS CAGR '23-'26e and a 15% EPS CAGR, we continue to find the share attractive at current valuation levels (20-15x EBIT '24e-'26e).

F12m EV/EBIT valuation



Source: ABG Sundal Collier, FactSet

Munters F12m EV/EBITA vs. cap goods peers



Source: ABG Sundal Collier, FactSet

Solid performance vs. peers, yet trades at a discount

We also see potential for Munters to re-rate higher when comparing its divisions' performance against direct peers. In Munters' case, competition varies across both divisions and regions, while many competitors are smaller, privately owned businesses. However, based on the list below of relevant listed peers, we argue that all of Munters' divisions have performed well vs. peers on both sales, earnings growth and margins. For example, we estimate that Munters' AirTech division (7% sales CAGR '19-'24e, 10% adj. EBIT CAGR, ~14% margins) performs favourably vs. Italian climate control group Carel (currently trading at 31-20x EBIT '24e-'26e). Within DCT, we note that all peers trade on high multiples (37-23x on average) where Munters DCT has clearly outgrown peers and is expected to deliver good margins, but below some peers. Thus, we argue that the current valuation for the group as a whole (22-16x EV/EBIT '24e-'26e on a median-basis, 24-16x on average) also leaves room for further valuation upside in Munters' case (10-5% discount).

Valuation and performance vs. direct peers

Peer overview	EURm	EV/EBIT (rep.)			Adj. EBIT margin (%)			Sales CAGR (%)		EBIT(A) CAGR (%)		ND/EBITDA (x)		ROCE (%)	
		Mcap	2024e	2025e	2026e	2024e	2025e	2026e	'19-'24e	'23-'26e	'19-'24e	'23-'26e	2024e	2025e	2024e
Seibu Giken	217	5	5	4	13.1	13.6	14.1	n.a.	8	n.a.	n.a.	n.a.	n.a.	14	14
Carel	2,104	31	24	20	11.7	14.0	15.1	12	3	n.a.	1	0.3	-0.1		
Sulzer	5,028	13	12	11	10.7	11.3	11.7	2	7	5	10	0.4	0.0		
AT average		17	13	12	11.8	13.0	13.6	7	6	5	5	0.4	0.0	14	14
Munters AT					13.5	13.5	14.4	7	1	10	2				
Aaon	10,561	49	36	30	19.5	21.0	22.5	23	15	n.a.	n.a.	0.2	0.0	24	26
Modine	7,327	27	22	17	11.4	12.9	14.7	7	10	n.a.	n.a.	n.a.	n.a.	20	21
Vertiv	47,559	36	28	22	19.0	20.9	22.6	13	17	n.a.	31	1.2	0.5	27	30
DCT average		37	28	23	16.6	18.3	19.9	14	14	31	31	0.7	0.3	24	26
Munters DCT					20.3	17.0	16.9	43	22	68	29				
AgCo	6,815	11	12	11	8.8	8.5	9.1	7	-7	n.a.	-12	1.8	2.0	13	12
Tabreed	2,185	17	16	15	33.6	34.2	34.4	12	5	n.a.	n.a.	3.5	n.a.	6	7
FT average		14	14	13	21.2	21.3	21.7	9	-1	-12	-12	2.7	2.0	10	9
Munters FT					9.3	12.3	12.2	5	17	9	39				
Group average		24	19	16	16.0	17.0	18.0	11	7	5	7	1.2	0.5	17	18
Group median		22	19	16	12.4	13.8	14.9	12	7	5	5	0.8	0.0	17	18
Munters	2,896	20	18	15	13.2	12.7	13.2	14	10	20	16	2.0	1.6	20	20
Diff		-10%	-5%	-4%	0.8	-1.1	-1.7	2	3	16	11	1.2	1.6	3	2

Source: ABG Sundal Collier, company data, FactSet

Spin-off of FT equipment still on the cards

We believe that another positive trigger in the next 3-12 months will be the potential divestment of the FoodTech equipment division (13% of R12m sales Q3'24). The exit has taken some time, considering how management flagged a potential exit in mid-2023, but it remains still possible. If this takes place, we argue that it would further raise the visibility of Munters' fast-growing digital (controllers and software) business, which we estimate has sales of ~SEK 1.1bn and 20% margins, and FoodTech's SaaS business in particular (~SEK 300m, 50% growth y-o-y). As shown below, we apply EV/EBIT multiples slightly below both AirTech and DCT peers, despite the solid performance shown above, a low-teen multiple on the equipment business and 20x on the fast-growing, high-margin FoodTech digital business. This yields a fair value of ~SEK 250, ~40% above the current share price level and in line with our TP of SEK 250. Thus, we see multiple catalysts for Munters to generate solid returns ahead (larger orders, re-rating vs. peers, FoodTech exit) and reiterate BUY. We make no estimate changes in this report and note that we are roughly in-line with consensus on both Q4 EBITA and FY'24e-'26e EBITA.

Munters SOTP valuation (SEK)

Munters SOTP SEKm 2025e	Sales	% of group	Adj. EBIT	% of group	Margin	EV/EBIT '25e	EV	Per share	Peers EV/EBIT
AirTech	7,881	46%	1,089	44%	13.8%	22x	23,952	131	24x
Data Centers	5,604	33%	951	38%	17.0%	27x	25,684	141	28x
FoodTech	2,468	15%	240	10%	9.7%	12x	2,926	16	12x
FoodTech digital	1,062	6%	212	9%	20.0%	20x	4,247	23	
Corporate	-52		-275			23x	-6,268	-34	
Group	16,962		2,217		13.1%	23x	50,541	277	
Group ND							5,053	28	
NCl, associates							44	0	
Market cap							45,443	249	
Current SP								181	
% dev								37%	

Source: ABG Sundal Collier, company data, FactSet

ABGSC vs. consensus

Deviation table SEKm	ABGSCe			ABGSC vs Cons	ABGSC			Consensus			Deviation		
	Q4'23	Q4'24e	Q4'24e		2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Order intake	5,651	4,170	4,105	2%	14,081	15,956	17,996	13,790	15,849	17,388	2%	1%	3%
Net sales	3,659	3,904	3,877	1%	14,993	16,962	18,304	14,967	16,768	18,268	0%	1%	0%
EBIT	375	480	508	-5%	1,979	2,160	2,419	2,007	2,260	2,528	-1%	-4%	-4%
Non-recurring	-49	-33	-10		-155	-57	-36	-132	-15	-9			
Amortisation	-43	-70	-59		-230	-347	-412	-220	-237	-264			
Adj. EBITA	467	583	577	1%	2,364	2,564	2,867	2,359	2,512	2,801	0%	2%	2%
PTP	276	415	418	-1%	1,638	1,955	2,279	1,641	1,950	2,275	0%	0%	0%
Taxes	-218	-116			-495	-512	-593	-527	-521	-600			
NCl	-3	-2			-35	-8	-8						
Discontinued	0	0			0	0	0						
Net profit	55	297	303	-2%	1,108	1,435	1,679	1,114	1,429	1,676	-1%	0%	0%
Growth	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Orders y-o-y	80%	-26%	-27%		0%	13%	13%	-2%	15%	10%			
Organic	82%	-30%			-4%	9%	13%						
Sales y-o-y	22%	7%	6%		8%	13%	8%	7%	12%	9%			
Organic	16%	-2%	-3%		3%	7%	8%	3%	6%	9%			
FX	1%	-1%	-1%		-2%	0%	0%	-2%	0%	0%			
M&A	4%	9%	9%		6%	6%	0%	6%	6%	0%			
Adj. EBITA y-o-y	54%	25%	23%		29%	8%	12%	28%	6%	12%			
Margins	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
EBIT margin	10.3%	12.3%	13.1%	-0.8%	13.2%	12.7%	13.2%	13.4%	13.5%	13.8%	-0.2%	-0.7%	-0.6%
Adj. EBITA margin	12.8%	14.9%	14.9%	0.1%	15.8%	15.1%	15.7%	15.8%	15.0%	15.3%	0.0%	0.1%	0.3%
Tax rate	79%	28%	27.6%	0.4%	30%	26%	26%	32%	27%	26%			
Order intake	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
AirTech	1,922	1,576	1,872	-16%	7,119	7,335	8,515	7,270	7,322	8,235	-2%	0%	3%
Data Centers	3,184	1,952	1,607	21%	4,253	5,204	5,797	3,849	5,344	5,803	11%	-3%	0%
FoodTech	555	651	640	2%	2,768	3,456	3,725	2,745	3,251	3,430	1%	6%	9%
Group	5,651	4,170	4,105	2%	14,081	15,956	17,996	13,790	15,849	17,388	2%	1%	3%
Sales	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
AirTech	2,136	1,842	1,944	-5%	7,787	7,881	8,511	7,888	7,687	8,335	-1%	3%	2%
Data Centers	925	1,328	1,232	8%	4,405	5,604	6,122	4,309	5,687	6,274	2%	-1%	-2%
FoodTech	617	746	723	3%	2,863	3,530	3,724	2,840	3,434	3,687	1%	3%	1%
Group	3,659	3,904	3,877	1%	14,993	16,962	18,304	14,967	16,768	18,268	0%	1%	0%
Organic sales	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
AirTech	0%	-20%			-11%	0%	8%						
Data Centers	81%	32%			27%	19%	9%						
FoodTech	16%	8%			16%	7%	5%						
Group	16%	-2%	-3%		3%	7%	8%	3%	6%	9%			
Adj. EBITA	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
AirTech	305	249	258	-3%	1,151	1,179	1,352	1,159	1,072	1,209	-1%	10%	12%
Data Centers	144	265	252	5%	924	1,010	1,110	911	1,082	1,184	1%	-7%	-6%
FoodTech	60	114	111	3%	461	563	598	458	537	587	1%	5%	2%
Internal	-42	-45	-44		-172	-188	-192	-169	-179	-179			
Group	467	583	577	1%	2,364	2,564	2,867	2,359	2,512	2,801	0%	2%	2%
Adj. EBITA margins	Q4'23	Q4'24e	Q4'24e	vs Cons	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
AirTech	14.3%	13.5%	13.3%	0.3%	14.8%	15.0%	15.9%	14.7%	13.9%	14.5%	0.1%	1.0%	1.4%
Data Centers	15.6%	20.0%	20.5%	-0.5%	21.0%	18.0%	18.1%	21.1%	19.0%	18.9%	-0.2%	-1.0%	-0.7%
FoodTech	9.7%	15.3%	15.4%	-0.1%	16.1%	16.0%	16.1%	16.1%	15.6%	15.9%	0.0%	0.3%	0.1%
Group	12.8%	14.9%	14.9%	0.1%	15.8%	15.1%	15.7%	15.8%	15.0%	15.3%	0.0%	0.1%	0.3%

Source: ABG Sundal Collier, company data, Modular Finance, Infront

Quarterly overview

Quarterly overview	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
Order intake	4,133	3,200	6,354	3,143	2,544	3,427	2,494	5,651	3,368	3,536	3,007	4,170
Net sales	2,121	2,610	2,644	3,011	3,175	3,536	3,560	3,659	3,538	3,791	3,761	3,904
EBIT	134	220	271	255	349	408	454	375	412	578	509	480
Items affecting comparability	-44	-28	6	-9	-6	-34	-7	-49	-44	-41	-37	-33
Amortisation	-23	-24	-28	-39	-34	-37	-42	-43	-41	-54	-65	-70
Adj. EBITA	201	272	293	304	389	479	503	467	498	673	611	583
PTP	112	205	230	192	276	342	362	276	325	488	410	415
Taxes	-10	-39	-53	-61	-62	-85	-98	-218	-97	-146	-135	-116
NCI	3	3	-2	-3	1	-1	-4	-3	-10	-11	-12	-2
Discontinued	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	104	169	176	128	214	256	260	55	218	330	263	297
Growth	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
Orders y-o-y	107%	51%	177%	21%	-38%	7%	-61%	80%	32%	3%	21%	-26%
<i>Organic</i>	87%	33%	139%	1%	-44%	1%	-64%	82%	29%	-2%	18%	-30%
Sales y-o-y	32%	43%	42%	46%	50%	35%	35%	22%	11%	7%	6%	7%
<i>Organic</i>	16%	25%	22%	26%	38%	27%	28%	16%	7%	2%	5%	-2%
<i>FX</i>	11%	14%	18%	16%	9%	7%	4%	1%	-2%	0%	-4%	-1%
<i>M&A</i>	5%	4%	3%	4%	2%	1%	3%	4%	6%	4%	5%	9%
Adj. EBITA y-o-y	2%	5%	36%	40%	94%	76%	72%	54%	28%	41%	21%	25%
Margins	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
EBIT margin	6.3%	8.4%	10.2%	8.5%	11.0%	11.5%	12.8%	10.3%	11.6%	15.2%	13.5%	12.3%
Adj. EBITA margin	9.5%	10.4%	11.1%	10.1%	12.3%	13.5%	14.1%	12.8%	14.1%	17.8%	16.2%	14.9%
Tax rate	9%	19%	23%	32%	23%	25%	27%	79%	30%	30%	33%	28%
Order intake	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
AirTech	1,577	1,727	2,453	2,642	1,686	1,726	1,463	1,922	2,255	1,760	1,529	1,576
Data Centers	1,870	939	3,406	30	293	1,067	404	3,184	343	1,060	898	1,952
FoodTech	698	554	507	483	581	646	651	555	786	741	590	651
Group	4,133	3,200	6,354	3,143	2,544	3,427	2,494	5,651	3,368	3,536	3,007	4,170
Sales	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
AirTech	1,410	1,723	1,684	2,013	2,023	2,088	1,978	2,136	1,996	1,938	2,011	1,842
Data Centers	220	303	378	500	653	878	953	925	956	1,109	1,012	1,328
FoodTech	505	599	594	514	512	583	650	617	596	763	758	746
Group	2,121	2,610	2,644	3,011	3,175	3,536	3,560	3,659	3,538	3,791	3,761	3,904
Organic sales	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
AirTech	22%	43%	25%	29%	32%	13%	12%	0%	-7%	-13%	-3%	-20%
Data Centers	-30%	10%	66%	106%	173%	168%	140%	81%	47%	24%	10%	32%
FoodTech	10%	-5%	-1%	-11%	-5%	-8%	1%	16%	10%	26%	19%	8%
Group	16%	25%	22%	26%	38%	27%	28%	16%	7%	2%	5%	-2%
Adj. EBITA	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
AirTech	200	242	242	329	323	346	305	305	296	341	264	249
Data Centers	6	18	24	36	82	133	160	144	181	243	235	265
FoodTech	21	50	53	4	24	58	80	60	70	135	142	114
Internal	-26	-39	-26	-65	-40	-58	-42	-42	-50	-45	-31	-45
Group	201	272	293	304	389	479	503	467	498	673	611	583
Adj. EBITA margins	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24e
AirTech	14.2%	14.1%	14.4%	16.3%	16.0%	16.6%	15.4%	14.3%	14.9%	17.6%	13.1%	13.5%
Data Centers	2.7%	5.9%	6.4%	7.1%	12.6%	15.2%	16.8%	15.6%	19.0%	21.9%	23.3%	20.0%
FoodTech	4.3%	8.4%	8.8%	0.7%	4.7%	9.9%	12.4%	9.7%	11.7%	17.7%	18.8%	15.3%
Group	9.5%	10.4%	11.1%	10.1%	12.3%	13.5%	14.1%	12.8%	14.1%	17.8%	16.2%	14.9%

Source: ABG Sundal Collier, company data

Annual overview

Annual overview	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Order intake	4,323	5,420	6,373	7,198	6,699	7,303	7,249	9,013	16,830	14,116	14,081	15,956	17,996
Net sales	4,216	5,399	6,040	6,604	6,412	7,153	7,015	7,348	10,386	13,930	14,993	16,962	18,304
Gross profit	1,291	1,819	2,109	2,146	2,252	2,331	2,350	2,353	3,017	4,422	5,151	5,790	6,337
SG&A	-1,395	-1,435	-1,532	-1,694	-1,723	-1,775	-1,643	-1,601	-2,137	-2,836	-3,172	-3,630	-3,917
EBIT	-104	384	577	453	529	556	707	753	880	1,586	1,979	2,160	2,419
Items affecting comparability	-165	11	-17	-13	-39	-181	-112	-62	-75	-96	-155	-57	-36
Amortisation	-260	-171	-187	-209	-157	-134	-87	-74	-114	-156	-230	-347	-412
Adj. EBITA	321	544	781	675	725	871	906	888	1,069	1,838	2,364	2,564	2,867
PTP	-513	13	153	152	404	367	552	669	739	1,256	1,638	1,955	2,279
Taxes	78	-31	-68	21	-118	-83	-120	-153	-163	-463	-495	-512	-593
NCl	0	0	0	1	-11	-2	-6	-3	0	-8	-35	-8	-8
Discontinued	0	0	0	0	-380	-448	-5	0	0	0	0	0	0
Net profit	-435	-18	85	174	-105	-166	420	513	576	785	1,108	1,435	1,679
Growth	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Orders y-o-y	13%	25%	18%	13%	-7%	9%	-1%	24%	87%	-16%	0%	13%	13%
Organic	8%	2%	14%	10%	-7%	3%	2%	30%	63%	-19%	-4%	9%	13%
Sales y-o-y	11%	28%	12%	9%	-3%	12%	-2%	5%	41%	34%	8%	13%	8%
Organic	7%	12%	8%	6%	4%	6%	1%	10%	23%	26%	3%	7%	8%
FX	4%	13%	-1%	1%	3%	6%	-3%	-5%	15%	5%	-2%	0%	0%
M&A	0%	3%	5%	2%	-11%	0%	0%	0%	4%	3%	6%	6%	0%
Adj. EBITA y-o-y	317%	69%	44%	-14%	7%	20%	4%	-2%	20%	72%	29%	8%	12%
Margins	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Gross margin	30.6%	33.7%	34.9%	32.5%	35.1%	32.6%	33.5%	32.0%	29.1%	31.7%	34.4%	34.1%	34.6%
EBIT margin	-2.5%	7.1%	9.6%	6.9%	8.3%	7.8%	10.1%	10.2%	8.5%	11.4%	13.2%	12.7%	13.2%
Adj. EBITA margin	7.6%	10.1%	12.9%	10.2%	11.3%	12.2%	12.9%	12.1%	10.3%	13.2%	15.8%	15.1%	15.7%
Tax rate	15%	238%	45%	-14%	29%	23%	22%	23%	22%	37%	30%	26%	26%
Order intake	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
AirTech	3,030	3,655	3,802	4,114	4,178	5,253	4,444	5,842	8,400	6,797	7,119	7,335	8,515
Data Centers	224	387	919	1,262	443	859	657	1,051	6,245	4,948	4,253	5,204	5,797
FoodTech	1,019	1,438	1,703	1,866	2,106	2,086	2,196	2,166	2,242	2,433	2,768	3,456	3,725
Group	4,323	5,420	6,373	7,198	6,699	7,303	7,249	9,013	16,830	14,116	14,081	15,956	17,996
Sales	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
AirTech	2,632	3,792	3,731	3,955	4,069	5,160	4,116	4,664	6,830	8,225	7,787	7,881	8,511
Data Centers	220	294	684	856	357	688	823	702	1,401	3,409	4,405	5,604	6,122
FoodTech	1,002	1,363	1,704	1,838	2,017	2,033	2,127	2,028	2,212	2,362	2,863	3,530	3,724
Group	4,216	5,399	6,040	6,604	6,412	7,153	7,015	7,348	10,386	13,930	14,993	16,962	18,304
Organic sales	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
AirTech	-4%	14%	-4%	6%	1%	11%	-2%	17%	30%	13%	-11%	0%	8%
Data Centers	n.a.	19%	131%	24%	21%			-11%	38%	130%	27%	19%	9%
FoodTech	18%	18%	12%	-1%	6%	-5%	8%	-1%	-2%	1%	16%	7%	5%
Group	7%	12%	8%	6%	4%	6%	1%	10%	23%	26%	3%	7%	8%
Adj. EBITA	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
AirTech	357	517	518	503	551	661	580	682	1,013	1,279	1,151	1,179	1,352
Data Centers	-29	-23	56	-9	-30	63	109	92	84	519	924	1,010	1,110
FoodTech	104	171	258	236	249	277	310	210	128	222	461	563	598
Internal	-111	-121	-50	-55	-45	-131	-94	-96	-155	-183	-172	-188	-192
Group	321	544	781	675	725	871	906	888	1,069	1,838	2,364	2,564	2,867
Adj. EBITA margins	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
AirTech	13.6%	13.6%	13.9%	12.7%	13.5%	12.8%	14.1%	14.6%	14.8%	15.6%	14.8%	15.0%	15.9%
Data Centers	-13.2%	-7.8%	8.1%	-1.0%	-8.5%	9.2%	13.2%	13.2%	6.0%	15.2%	21.0%	18.0%	18.1%
FoodTech	10.4%	12.5%	15.1%	12.8%	12.3%	13.6%	14.6%	10.4%	5.8%	9.4%	16.1%	16.0%	16.1%
Group	7.6%	10.1%	12.9%	10.2%	11.3%	12.2%	12.9%	12.1%	10.3%	13.2%	15.8%	15.1%	15.7%
Other metrics	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
ND/EBITDA adj.	5.6	4.3	3.2	3.5	3.5	2.8	1.9	2.2	2.9	2.1	2.0	1.6	1.2
FCF / adj. EBITA	-21%	37%	12%	10%	29%	43%	71%	8%	13%	13%	46%	34%	45%
NWC / sales	-4%	1%	3%	7%	9%	2%	-1%	3%	5%	5%	3%	4%	5%
ROE	-83%	-4%	14%	8%	-3%	-5%	11%	13%	12%	15%	19%	22%	22%
ROCE adj.	6%	10%	13%	10%	11%	12%	13%	12%	12%	17%	20%	20%	21%

Source: ABG Sundal Collier, company data

Income Statement (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Sales	6,604	6,412	7,153	7,015	7,348	10,386	13,930	14,993	16,962	18,304
COGS	-4,458	-4,160	-4,822	-4,665	-4,994	-7,368	-9,507	-9,843	-11,172	-11,968
Gross profit	2,146	2,252	2,331	2,350	2,353	3,017	4,422	5,151	5,790	6,337
Other operating items	-1,406	-1,467	-1,433	-1,335	-1,311	-1,760	-2,353	-2,546	-2,773	-2,885
EBITDA	741	785	898	1,015	1,043	1,257	2,069	2,605	3,017	3,451
Depreciation and amortisation	-79	-99	-208	-221	-216	-263	-327	-396	-510	-620
of which leasing depreciation	0	0	-138	-113	-107	-137	-184	-201	-246	-264
EBITA	662	686	690	794	827	994	1,742	2,209	2,507	2,831
EO Items	-13	-39	-181	-112	-62	-75	-96	-155	-57	-36
Impairment and PPA amortisation	-209	-157	-134	-87	-74	-114	-156	-230	-347	-412
EBIT	453	529	556	707	753	880	1,586	1,979	2,160	2,419
Net financial items	-301	-125	-189	-156	-84	-141	-331	-341	-205	-140
Pretax profit	152	404	367	552	669	739	1,256	1,638	1,955	2,279
Tax	21	-118	-83	-120	-153	-163	-463	-495	-512	-593
Net profit	173	286	283	432	516	576	792	1,143	1,443	1,687
Minority interest	1	-11	-2	-6	-3	0	-8	-35	-8	-8
Net profit discontinued	0	-380	-448	-5	0	0	0	0	0	0
Net profit to shareholders	174	-105	-166	420	513	576	785	1,108	1,435	1,679
EPS	1.45	-0.57	-0.91	2.31	2.81	3.16	4.30	6.07	7.86	9.20
EPS adj.	3.56	0.18	0.42	3.17	3.39	3.97	5.17	7.54	9.49	11.01
Total extraordinary items after tax	-15	-28	-139	-87	-47	-59	-61	-108	-42	-27
Leasing payments	0	0	-138	-113	-107	-137	-184	-201	-246	-264
Tax rate (%)	-13.9	29.2	22.7	21.8	22.9	22.0	36.9	30.2	26.2	26.0
Gross margin (%)	32.5	35.1	32.6	33.5	32.0	29.1	31.7	34.4	34.1	34.6
EBITDA margin (%)	11.2	12.2	12.6	14.5	14.2	12.1	14.9	17.4	17.8	18.9
EBITA margin (%)	10.0	10.7	9.7	11.3	11.3	9.6	12.5	14.7	14.8	15.5
EBIT margin (%)	6.9	8.3	7.8	10.1	10.2	8.5	11.4	13.2	12.7	13.2
Pre-tax margin (%)	2.3	6.3	5.1	7.9	9.1	7.1	9.0	10.9	11.5	12.5
Net margin (%)	2.6	4.5	4.0	6.2	7.0	5.5	5.7	7.6	8.5	9.2
Growth Rates y-o-y	-	-	-	-	-	-	-	-	-	-
Sales growth (%)	9.3	-2.9	11.6	-1.9	4.7	41.3	34.1	7.6	13.1	7.9
EBITDA growth (%)	-11.8	6.0	14.4	13.0	2.7	20.5	64.6	25.9	15.8	14.4
EBITA growth (%)	-13.4	3.7	0.6	15.0	4.1	20.2	75.3	26.8	13.5	12.9
EBIT growth (%)	-21.6	16.9	5.1	27.2	6.5	16.9	80.2	24.8	9.2	12.0
Net profit growth (%)	102.9	65.8	-1.0	52.4	19.5	11.7	37.5	44.2	26.2	16.9
EPS growth (%)	-71.4	-139.6	59.4	-353.2	21.5	12.3	36.1	41.2	29.5	17.0
Profitability	-	-	-	-	-	-	-	-	-	-
ROE (%)	7.7	-2.8	-4.5	11.4	12.7	11.9	14.9	19.5	21.6	21.6
ROE adj. (%)	17.6	2.1	2.9	16.1	15.7	15.5	19.0	25.4	27.4	27.3
ROCE (%)	6.7	7.7	7.7	9.9	10.5	10.1	14.8	16.6	16.8	18.1
ROCE adj. (%)	10.0	10.5	12.1	12.7	12.4	12.2	17.2	19.8	20.0	21.4
ROIC (%)	12.0	7.5	8.1	9.9	10.1	9.8	11.7	14.4	15.5	16.9
ROIC adj. (%)	12.2	7.9	10.2	11.3	10.9	10.6	12.3	15.4	15.9	17.1
Adj. earnings numbers	-	-	-	-	-	-	-	-	-	-
EBITDA adj.	754	824	1,079	1,127	1,104	1,332	2,165	2,760	3,074	3,487
EBITDA adj. margin (%)	11.4	12.9	15.1	16.1	15.0	12.8	15.5	18.4	18.1	19.1
EBITDA lease adj.	754	824	941	1,014	997	1,195	1,981	2,559	2,828	3,223
EBITDA lease adj. margin (%)	11.4	12.9	13.2	14.4	13.6	11.5	14.2	17.1	16.7	17.6
EBITA adj.	675	725	871	906	888	1,069	1,838	2,364	2,564	2,867
EBITA adj. margin (%)	10.2	11.3	12.2	12.9	12.1	10.3	13.2	15.8	15.1	15.7
EBIT adj.	466	568	737	819	814	956	1,682	2,134	2,217	2,455
EBIT adj. margin (%)	7.0	8.9	10.3	11.7	11.1	9.2	12.1	14.2	13.1	13.4
Pretax profit Adj.	374	600	682	750	804	928	1,508	2,023	2,359	2,727
Net profit Adj.	396	471	557	606	637	749	1,009	1,482	1,832	2,125
Net profit to shareholders adj.	397	80	108	594	635	749	1,001	1,447	1,824	2,117
Net adj. margin (%)	6.0	7.3	7.8	8.6	8.7	7.2	7.2	9.9	10.8	11.6

Source: ABG Sundal Collier, Company Data

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
EBITDA	741	785	898	1,015	1,043	1,257	2,069	2,605	3,017	3,451
Net financial items	-301	-125	-189	-156	-84	-141	-331	-341	-205	-140
Paid tax	-109	-123	-111	-102	-181	-233	-390	-495	-512	-593
Non-cash items	115	-33	-150	37	-84	-27	52	0	0	0
Cash flow before change in WC	445	504	448	794	694	856	1,401	1,769	2,300	2,719
Change in working capital	-210	-63	221	183	-175	-84	-335	351	-291	-225

Cash Flow (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Operating cash flow	235	441	669	977	519	772	1,066	2,121	2,009	2,494
Capex tangible fixed assets	-124	-146	-100	-100	-136	-194	-327	-555	-526	-549
Capex intangible fixed assets	-44	-83	-74	-101	-204	-318	-347	-307	-356	-384
Acquisitions and Disposals	-295	-37	0	-9	0	-819	-746	-1,785	0	0
Free cash flow	-228	175	496	767	179	-559	-354	-526	1,127	1,560
Dividend paid	0	-55	0	0	-129	-156	-175	-237	-383	-511
Share issues and buybacks	117	-59	-16	18	-29	25	20	0	0	0
Leasing liability amortisation	0	0	-123	-130	-105	-121	-155	-180	-250	-270
Other non-cash items	2,858	-263	-564	319	-249	-671	-535	-5	0	0
Balance Sheet (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Goodwill	4,251	4,218	4,348	3,952	4,248	5,359	5,822	7,105	7,105	7,105
Other intangible assets	1,456	1,480	1,469	1,356	1,586	2,027	2,259	2,505	2,514	2,487
Tangible fixed assets	516	575	564	519	533	825	1,097	1,795	2,057	2,250
Right-of-use asset	0	0	400	318	360	751	672	651	655	661
Total other fixed assets	304	301	322	306	376	414	412	412	412	412
Fixed assets	6,527	6,575	7,103	6,451	7,103	9,376	10,262	12,467	12,743	12,914
Inventories	764	785	753	683	1,049	1,956	1,726	1,874	2,103	2,288
Receivables	1,330	1,204	1,146	1,031	1,472	2,394	2,173	2,249	2,595	2,807
Other current assets	177	300	368	439	443	779	1,038	984	1,204	1,255
Cash and liquid assets	402	404	722	970	674	914	1,532	788	882	962
Total assets	9,200	9,268	10,092	9,574	10,742	15,419	16,731	18,363	19,526	20,227
Shareholders equity	3,748	3,719	3,627	3,746	4,360	5,303	5,257	6,128	7,179	8,347
Minority	0	-4	0	5	3	3	1	36	44	52
Total equity	3,748	3,716	3,627	3,751	4,363	5,307	5,258	6,164	7,224	8,399
Long-term debt	2,848	3,002	3,057	2,376	2,322	3,721	4,151	4,356	3,956	3,256
Pension debt	207	230	282	299	324	227	280	280	280	280
Convertible debt	0	0	0	0	0	0	0	0	0	0
Leasing liability	0	0	416	406	406	775	720	720	720	720
Total other long-term liabilities	553	574	568	536	586	730	1,152	1,152	1,152	1,152
Short-term debt	15	19	33	14	31	0	980	980	980	980
Accounts payable	581	535	556	529	771	1,288	1,294	1,349	1,527	1,647
Other current liabilities	1,248	1,192	1,553	1,664	1,939	3,371	2,897	3,362	3,689	3,793
Total liabilities and equity	9,200	9,268	10,092	9,574	10,742	15,419	16,731	18,363	19,526	20,227
Net IB debt	2,654	2,836	3,048	2,106	2,389	3,727	4,504	5,452	4,958	4,179
Net IB debt excl. pension debt	2,447	2,606	2,766	1,807	2,065	3,500	4,224	5,172	4,678	3,899
Net IB debt excl. leasing	2,654	2,836	2,632	1,700	1,983	2,952	3,784	4,733	4,239	3,459
Capital employed	6,818	6,967	7,415	6,846	7,446	10,030	11,389	12,500	13,159	13,635
Capital invested	6,402	6,551	6,675	5,857	6,752	9,034	9,762	11,616	12,182	12,578
Working capital	442	562	158	-40	255	470	746	395	686	911
EV breakdown	-	-	-	-	-	-	-	-	-	-
Market cap. diluted (m)	21,693	33,190	32,975	32,898	33,072	33,058	33,073	33,073	33,073	33,073
Net IB debt adj.	2,668	2,847	3,066	2,125	2,409	3,809	4,599	5,547	5,053	4,274
Market value of minority	0	-4	0	5	3	3	1	36	44	52
EV	24,361	36,033	36,041	35,028	35,484	36,870	37,673	38,657	38,171	37,399
Total assets turnover (%)	72.6	69.4	73.9	71.3	72.3	79.4	86.7	85.4	89.5	92.1
Working capital/sales (%)	4.6	7.8	5.0	0.8	1.5	3.5	4.4	3.8	3.2	4.4
Financial risk and debt service	-	-	-	-	-	-	-	-	-	-
Net debt/equity (%)	70.8	76.3	84.0	56.1	54.8	70.2	85.6	88.4	68.6	49.8
Net debt / market cap (%)	12.2	8.5	9.2	6.4	7.2	11.3	13.6	16.5	15.0	12.6
Equity ratio (%)	40.7	40.1	35.9	39.2	40.6	34.4	31.4	33.6	37.0	41.5
Net IB debt adj. / equity (%)	71.2	76.6	84.5	56.6	55.2	71.8	87.5	90.0	70.0	50.9
Current ratio	1.45	1.54	1.40	1.42	1.33	1.30	1.25	1.04	1.09	1.14
EBITDA/net interest	2.5	6.3	4.7	6.5	12.4	8.9	6.3	7.6	14.7	24.7
Net IB debt/EBITDA (x)	3.6	3.6	3.4	2.1	2.3	3.0	2.2	2.1	1.6	1.2
Net IB debt/EBITDA lease adj. (x)	3.5	3.5	2.8	1.7	2.0	2.5	2.0	1.9	1.5	1.1
Interest coverage	2.2	5.5	3.6	5.1	9.8	7.0	5.3	6.5	12.2	20.2

Source: ABG Sundal Collier, Company Data

Share Data (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Actual shares outstanding	120	183	182	182	183	182	183	183	183	183
Actual shares outstanding (avg)	120	183	182	182	183	182	183	183	183	183
Actual dividend per share	0.30	0.00	0.00	0.70	0.85	0.95	1.30	2.10	2.80	3.10
Reported earnings per share	1.45	-0.57	-0.91	2.32	2.81	3.16	4.30	6.07	7.86	9.20

Source: ABG Sundal Collier, Company Data

Munters

Valuation and Ratios (SEKm)	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e
Shares outstanding adj.	120	183	182	182	183	182	183	183	183	183
Diluted shares adj.	120	183	182	182	183	182	183	183	183	183
EPS	1.45	-0.57	-0.91	2.31	2.81	3.16	4.30	6.07	7.86	9.20
Dividend per share	0.30	0.00	0.00	0.70	0.85	0.95	1.30	2.10	2.80	3.10
EPS adj.	3.56	0.18	0.42	3.17	3.39	3.97	5.17	7.54	9.49	11.01
BVPS	31.31	20.30	19.93	20.63	23.89	29.07	28.80	33.57	39.33	45.73
BVPS adj.	-16.36	-10.80	-12.03	-8.60	-8.08	-11.42	-15.47	-19.08	-13.37	-6.82
Net IB debt/share	22.29	15.54	16.85	11.70	13.20	20.88	25.19	30.39	27.69	23.42
Share price	181.20	181.20	181.20	181.20	181.20	181.20	181.20	181.20	181.20	181.20
Market cap. (m)	21,693	33,190	32,975	32,898	33,072	33,058	33,073	33,073	33,073	33,073
Valuation	-	-	-	-	-	-	-	-	-	-
P/E (x)	nm	nm	nm	78.3	64.4	57.4	42.1	29.8	23.1	19.7
EV/sales (x)	3.69	5.62	5.04	4.99	4.83	3.55	2.70	2.58	2.25	2.04
EV/EBITDA (x)	32.9	45.9	40.1	34.5	34.0	29.3	18.2	14.8	12.7	10.8
EV/EBITA (x)	36.8	52.5	52.2	44.1	42.9	37.1	21.6	17.5	15.2	13.2
EV/EBIT (x)	53.8	68.1	64.8	49.5	47.1	41.9	23.7	19.5	17.7	15.5
Dividend yield (%)	0.2	0.0	0.0	0.4	0.5	0.5	0.7	1.2	1.5	1.7
FCF yield (%)	-1.1	0.5	1.5	2.3	0.5	-1.7	-1.1	-1.6	3.4	4.7
Le. adj. FCF yld. (%)	-1.1	0.5	1.1	1.9	0.2	-2.1	-1.5	-2.1	2.7	3.9
P/BVPS (x)	5.79	8.92	9.09	8.78	7.59	6.23	6.29	5.40	4.61	3.96
P/BVPS adj. (x)	-11.07	-16.77	-15.06	-21.06	-22.44	-15.87	-11.71	-9.50	-13.56	-26.58
P/E adj. (x)	50.9	nm	nm	57.2	53.5	45.7	35.0	24.0	19.1	16.5
EV/EBITDA adj. (x)	32.3	43.7	33.4	31.1	32.1	27.7	17.4	14.0	12.4	10.7
EV/EBITA adj. (x)	36.1	49.7	41.4	38.7	39.9	34.5	20.5	16.4	14.9	13.0
EV/EBIT adj. (x)	52.3	63.4	48.9	42.8	43.6	38.6	22.4	18.1	17.2	15.2
EV/CE (x)	3.6	5.2	4.9	5.1	4.8	3.7	3.3	3.1	2.9	2.7
Investment ratios	-	-	-	-	-	-	-	-	-	-
Capex/sales (%)	2.5	3.6	2.4	2.9	4.6	4.9	4.8	5.8	5.2	5.1
Capex/depreciation	2.1	2.3	2.5	1.9	3.1	4.1	4.7	4.4	3.3	2.6

Source: ABG Sundal Collier, Company Data

Analyst Certification

We, ABGSC Capital Goods Research, Karl Bokvist and Anders Idborg, analyst(s) with ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited (hereinafter collectively referred to as “ABG Sundal Collier”), and the author(s) of this report, certify that notwithstanding the existence of any such potential conflicts of interests referred to below, the views expressed in this report accurately reflect my/our personal view about the companies and securities covered in this report. I/We further certify that I/We has/have not been, nor am/are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

This report is produced by ABG Sundal Collier, which may cover companies either in accordance with legal requirements designed to promote the independence of investment research (“independent research”) or as commissioned research. Commissioned research is paid for by the subject company. As such, commissioned research is deemed to constitute an acceptable minor non-monetary benefit (i.e., not investment research) as defined in MiFID II.

Stock ratings distribution

ABG Sundal Collier Ratings and Investment Banking by 12/9/2024

Total of Rating	Research Coverage	Investment Banking Clients (IBC)	
	% of Total Rating	% of Total IBC	% of Total Rating by Type
BUY	65.86%	18%	7.35%
HOLD	29.30%	3%	2.75%
SELL	4.30%	0%	0.00%

IBC: Companies in respect of which ABG SC or an affiliate has received compensation for investment banking services within the past 12 months.

Analyst stock ratings definitions

BUY = We expect this stock’s total return to exceed the market’s expected total return by 5% or more over the next six months.

HOLD = We expect this stock’s total return to be in line with the market’s expected total return within a range of 4% over the next six months.

SELL = We expect this stock’s total return to underperform the market’s expected total return by 5% or more over the next six months.

Analyst valuation methods

When setting the individual ratings for investment research (“independent research”), ABG Sundal Collier assumes that a normal total absolute return (including dividends) for the market is 8% per annum, or 4% on a 6-month basis. Therefore, when we rate a stock a BUY, we expect an absolute return of 9% or better over six months. Volatility and low trading volumes mean that we have a wider range for expected returns on small cap stocks than for large caps.

ABG Sundal Collier’s analysts publish price targets for independent research and may publish valuation ranges for commissioned research. These price targets or valuation ranges rely on various valuation methods. One of the most frequently used methods is the valuation of a company by calculation of that company’s discounted cash flow (DCF). Another valuation method is the analysis of a company’s return on capital employed relative to its cost of capital. Finally, the analysts may analyse various valuation multiples (e.g., the P/E multiples and the EV/EBITDA multiples) relative to global industry peers. In special cases, particularly for property companies and investment companies, the ratio of price to net asset value is considered. Price targets and valuation ranges are changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of a company’s assets changes (in the cases of investment companies, real estate companies or insurance companies) or when factors impacting the required rate of return change.

Expected updates

ABGSC has no fixed schedule for updating its research reports. Unless expressly stated otherwise, ABGSC expects (but does not undertake) to issue updates when considered necessary by the research department, for example following the publication of new figures or forecasts by a company or in the event of any material news on a company or its industry.

Stock price, company ratings and target price history

Company: Munters

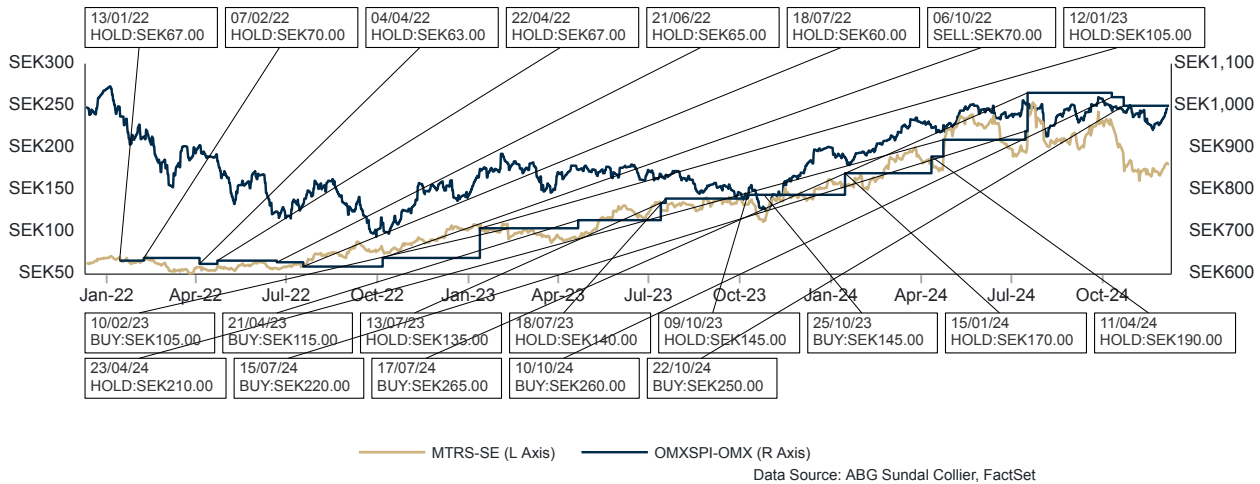
Currency: SEK

Current Recommendation: BUY

Date: 6/12/2024

Current Target price: 250.0

Current Share price: 181.20



Important Company Specific Disclosure

The following disclosures relate to the relationship between ABG Sundal Collier and its affiliates and the companies covered by ABG Sundal Collier referred to in this research report.

Unless disclosed in this section, neither ABG Sundal Collier nor any of their affiliated or associated companies and their directors, officers, representatives, and employees have any required regulatory disclosures to make in relation to an ownership position for the analyst(s) and members of the analyst's household, ownership by ABG Sundal Collier and/or its affiliates, ownership in ABG Sundal Collier Holding ASA by the company(ies) to whom the recommendation(s) refer(s) to, liquidity provision/market making agreement, managed or co-managed public offerings, compensation for provision of certain services, directorship of the analyst, or a member of the analyst's household, or in relation to any contractual obligations to the issuance of this research report.

ABG Sundal Collier is not aware of any other actual, material conflicts of interest of the analyst or ABG Sundal Collier of which the analyst knows or has reason to know at the time of the publication of this report.

Production of recommendation: 12/9/2024 05:34.

All prices are as of market close on 6 December, 2024 unless otherwise noted.

For full details of recommendation and target price history for the subject company, please see company page on Research Web.

For details of recommendations and target prices for ABG Sundal Collier coverage universe, please see coverage page on ABG Sundal Collier's Research Web.

Disclaimer

This report has been prepared by ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, ABG Sundal Collier AB and/or ABG Sundal Collier Limited and any of their directors, officers, representatives and employees (hereinafter collectively referred to as "ABG Sundal Collier"). This report is not a product of any other affiliated or associated companies of any of the above entities.

This report is provided solely for the information and use of professional investors, who are expected to make their own investment decisions without undue reliance on this report. The information contained herein does not apply to, and should not be relied upon by, retail clients. This report is for distribution only under such circumstances as may be permitted by applicable law. Research reports prepared by ABG Sundal Collier are for information purposes only. The recommendation(s) in this report is (are) has/ have no regard to specific investment objectives and the financial situation or needs of any specific recipient. ABG Sundal Collier and/or its affiliates accepts no liability whatsoever for any losses arising from any use of this report or its contents. This report is not to be used or considered as an offer to sell, or a solicitation of an offer to buy. The information herein has been obtained from, and any opinions herein are based upon, sources believed reliable, but ABG Sundal Collier and/or its affiliates make no representation as to its accuracy or completeness and it should not be relied upon as such. All opinions and estimates herein

reflect the judgment of ABG Sundal Collier on the date of this report and are subject to change without notice. Past performance is not indicative of future results.

The compensation of our research analysts is determined exclusively by research management and senior management, but not including investment banking management. Compensation is not based on specific investment banking revenues, however, it is determined from the profitability of the ABG Sundal Collier group, which includes earnings from investment banking operations and other business. Investors should assume that ABG Sundal Collier ASA, ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge and/or ABG Sundal Collier AB is seeking or will seek investment banking or other business relationships with the companies in this report.

The research analyst(s) responsible for the preparation of this report may interact with trading desk and sales personnel and other departments for the purpose of gathering, synthesizing and interpreting market information. From time to time, ABG Sundal Collier and/or its affiliates and any shareholders, directors, officers, or employees thereof may (I) have a position in, or otherwise be interested in, any securities directly or indirectly connected to the subject of this report, or (II) perform investment banking or other services for, or solicit investment banking or other services from, a company mentioned in this report. ABG Sundal Collier and/or its affiliates rely on information barriers to control the flow of information contained in one or more areas of ABG Sundal Collier, into other areas, units, groups or affiliates of ABG Sundal Collier.

Norway: ABG Sundal Collier ASA is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet)

Denmark: ABG Sundal Collier Denmark, filial af ABG Sundal Collier ASA, Norge, is regulated by the Financial Supervisory Authority of Norway (Finanstilsynet) and the Danish Financial Supervisory Authority (Finanstilsynet)

Sweden: ABG Sundal Collier AB is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen)

UK: This report is a communication made, or approved for communication in the UK, by ABG Sundal Collier Limited, authorised and regulated by the Financial Conduct Authority in the conduct of its business.

US: This report is being distributed in the United States (U.S.) in accordance with FINRA Rule 1220 by ABG Sundal Collier Inc., an SEC registered broker-dealer and a FINRA/SIPC member which accepts responsibility for its content and its compliance with FINRA Rule 2241. Research reports distributed in the U.S. are intended solely for "major U.S. institutional investors," and "U.S. institutional investors" as defined under Rule 15a-6 of the Securities Exchange Act of 1934 and any related interpretive guidance and no-action letters issued by the Staff of the U.S. Securities and Exchange Commission ("SEC") collectively ("SEC Rule 15a-6"). Each major U.S. institutional investor and U.S. institutional investor that receives a copy of this research report, by its acceptance of such report, represents that it agrees that it will not distribute this research report to any other person. This communication is only intended for major U.S. institutional investors and U.S. institutional investors. Any person which is not a major U.S. institutional investor, or a U.S. institutional investor as covered by SEC Rule 15a-6 must not rely on this communication. The delivery of this research report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. Any major U.S. institutional investor or U.S. institutional investor receiving this report which wishes to effect transactions in any securities referred to herein should contact ABG Sundal Collier Inc., not its affiliates. Further information on the securities referred to herein may be obtained from ABG Sundal Collier Inc., on request.

Singapore: This report is distributed in Singapore by ABG Sundal Collier Pte. Ltd, which is not licensed under the Financial Advisors Act (Chapter 110 of Singapore). In Singapore, this report may only be distributed to institutional investors as defined in Section 4A(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) ("SFA"), and should not be circulated to any other person in Singapore.

Canada: This report is being distributed by ABG Sundal Collier ASA in Canada pursuant to section 8.25 of National Instrument 31-103 or an equivalent provision and has not been tailored to the needs of any specific investor in Canada. The information contained in this report is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering or an offer to sell the securities described herein, in Canada or any province or territory thereof. No securities commission or similar regulatory authority in Canada has reviewed or considered this report, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. Under no circumstances is this report to be construed as an offer to sell such securities or as a solicitation of an offer to buy such securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada may only be made in accordance with applicable securities laws and only by a dealer properly registered under such securities laws, or alternatively, pursuant to an applicable dealer registration exemption, in the Canadian jurisdiction in which such offer or sale is made.

This report may not be reproduced, distributed, or published by any recipient for any purpose whatsoever without the prior written express permission of ABG Sundal Collier.

Additional information available upon request. If reference is made in this report to other companies and ABG Sundal Collier provides research coverage for those companies, details regarding disclosures may be found on our website www.abgsc.com.

© Copyright 2024 ABG Sundal Collier ASA

Norway	Sweden	Denmark	United Kingdom	USA	Germany	Singapore
Ruseløkkveien 26, 8th floor 0251 Oslo	Regeringsgatan 25, 8th floor	Forbindelsesvej 12, 2100 Copenhagen	10 Paternoster Row, 5th floor	140 Broadway, Suite 4604 New York, NY 10005	Schillerstrasse 2, 5. OG 60313 Frankfurt	10 Collyer Quay Ocean Financial Center
Norway	111 53 Stockholm	Denmark	London EC4M 7EJ	USA	Germany	#40-07, Singapore 049315
Tel: +47 22 01 60 00	Sweden	Tel: +45 35 46 61 00	UK	Tel. +1 212 605 3800	Tel +49 69 96 86 96 0	Tel +65 6808 6082
Fax: +47 22 01 60 60	Tel: +46 8 566 286 00 Fax: +46 8 566 286 01	Fax: +45 35 46 61 10	Tel: +44 20 7905 5600 Fax: +44 20 7905 5601	Fax. +1 212 605 3801	Fax +49 69 96 86 96 99	