ALFA
LAVAL

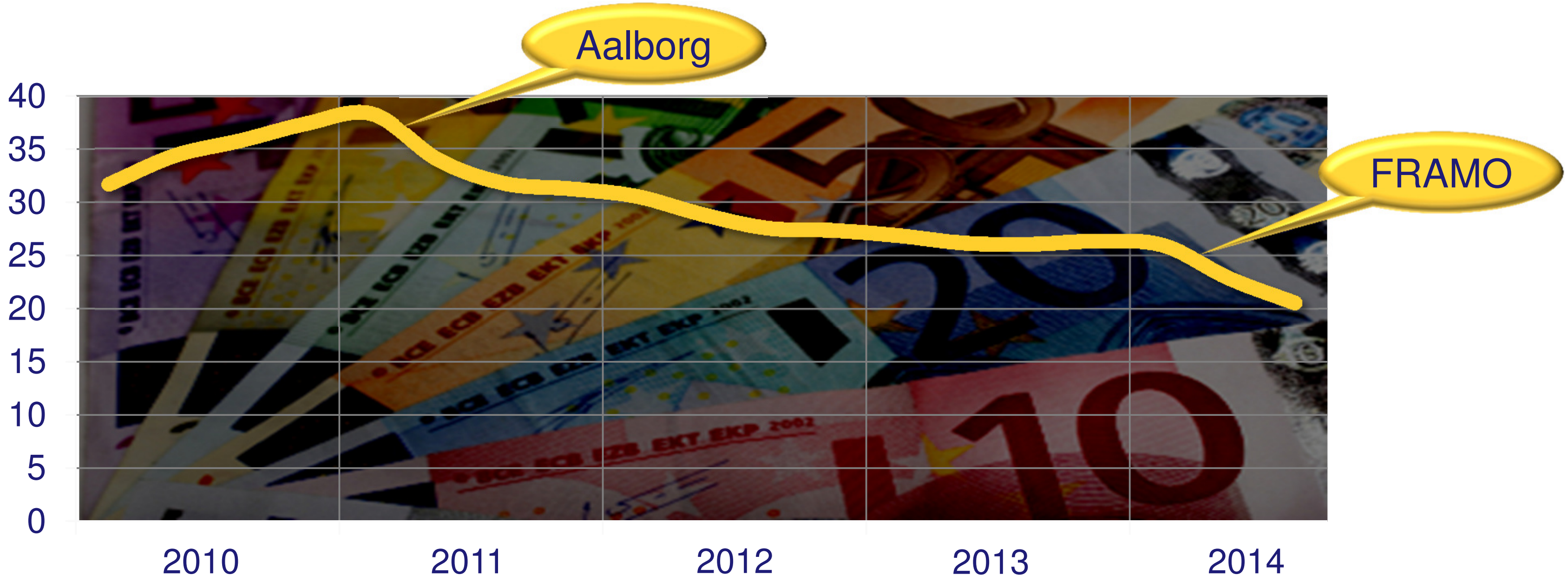
Financial update

Thomas Thuresson
CFO
Alfa Laval Group


November 25, 2014
Financial Update
Financial targets
Funding update
FX-effects
Amortisation of step-up
Order backlog
Sales bridge

Financial targets

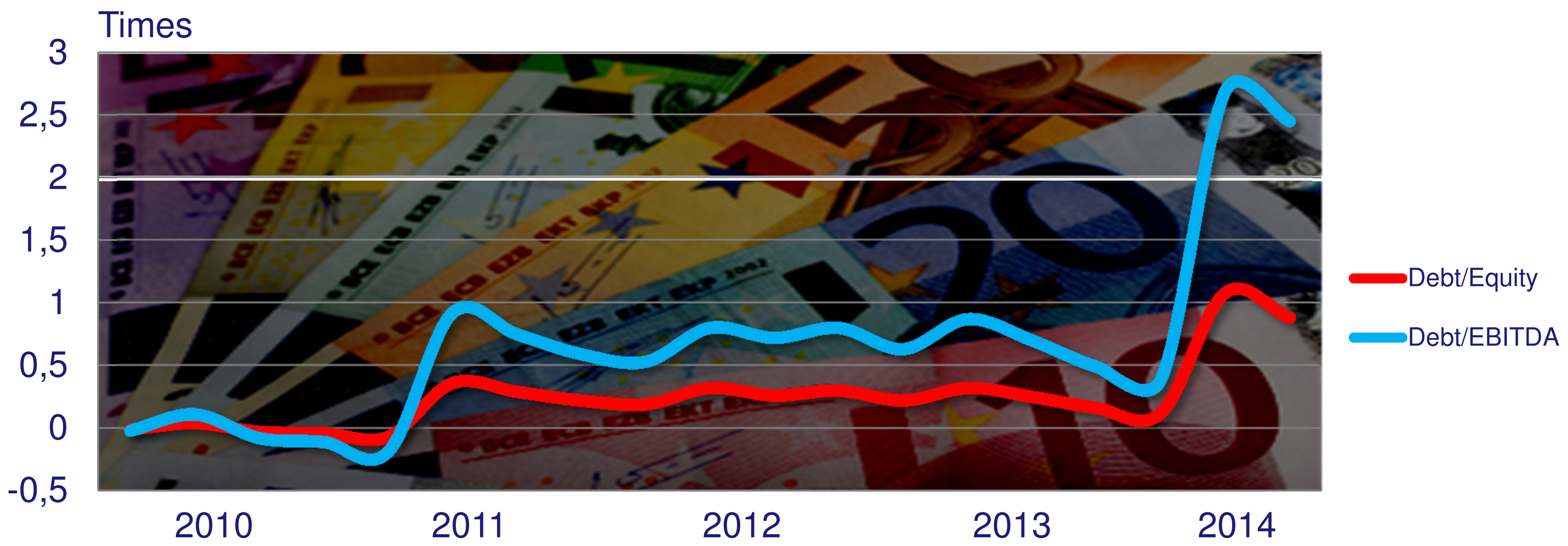
Return on capital employed - ROCE



Following the Frank Mohn acquisition the Group target for ROCE is 20%

Financial benchmark values

From Net Debt / Equity to Net Debt / EBITDA



The benchmark value from now on is

Net Debt / EBITDA ≤ 2

Savings programme

- Communicated in the Q3-report

Main elements of the programme:
- Cost of goods sold, consolidation of acquired supply-chains
- R & D, adjustment to launch capacity
- S & A, re-balance to revenue development

Timing of realization:

- 2014	SEK 50 M
- 2015	150
- 2016	100

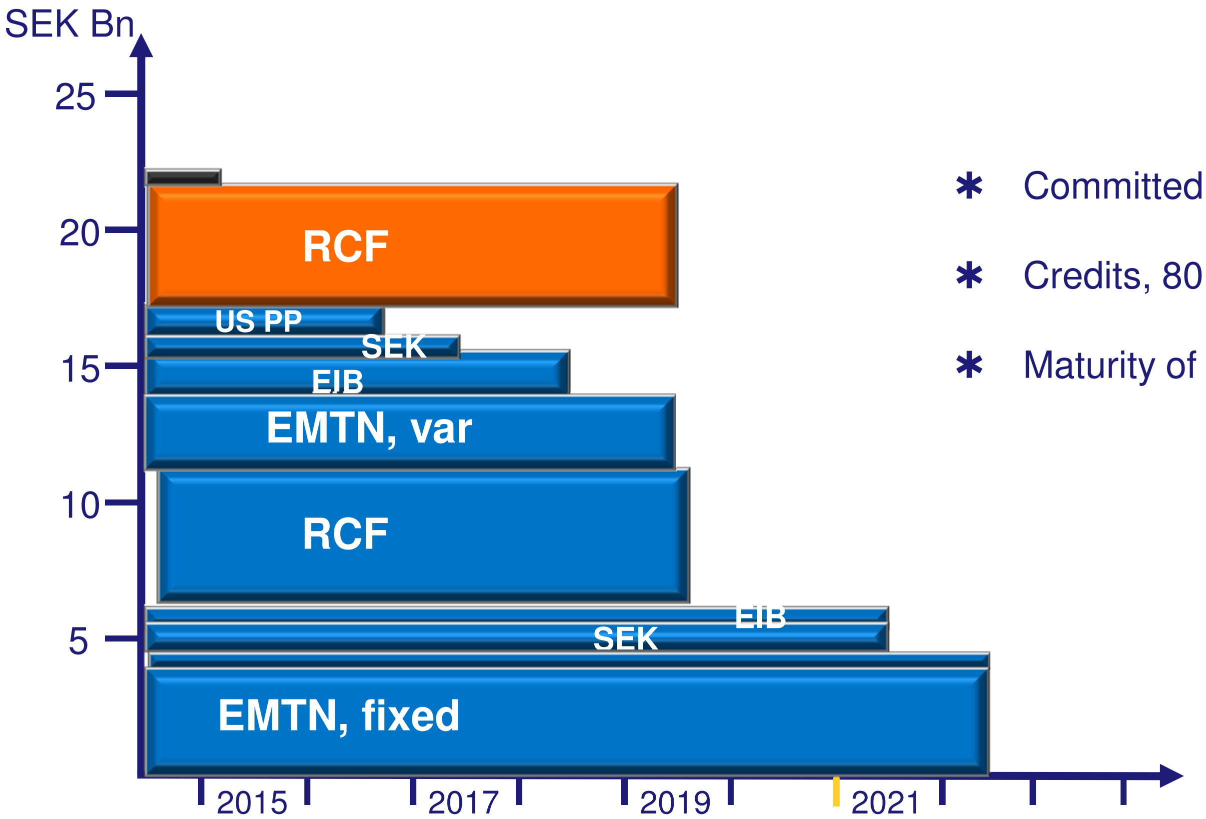
- Savings fully implemented during Q4-2015

Estimated impact on personnel (net):

- COGS	40 %
- R & D and S & A	60 %
- Totally in FTE´s	300

Group funding

- Utilisation and maturity structure, status as per September 30, 2014



- Committed, not utilised SEK 4.9 Bn
- Credits, 80 % outside RCF
- Maturity of SEK 19 Bn > 4.5 years

- Committed and utilized
- Committed, not utilized
- Not committed, utilized

Foreign exchange

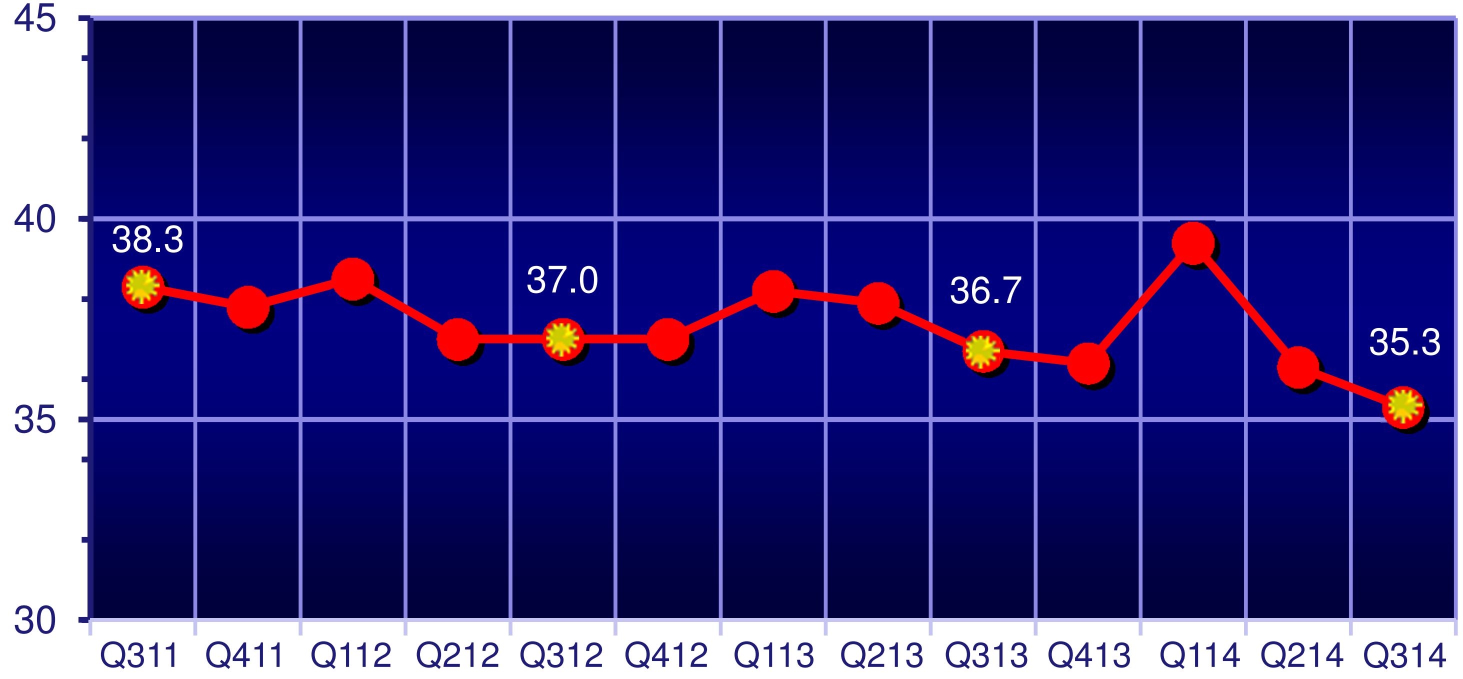
Estimated impact on adjusted EBITA from FX fluctuations

SEK million	WY 14 Av rates	WY 14 Cl rates	WY 15 Cl rates
Translation effect	+ 60	+ 100	90
Transaction effect	- 35	- 35	130
Total	+ 25	+ 65	220

Average and closing rates refers to the rates applied as per September 30, 2014

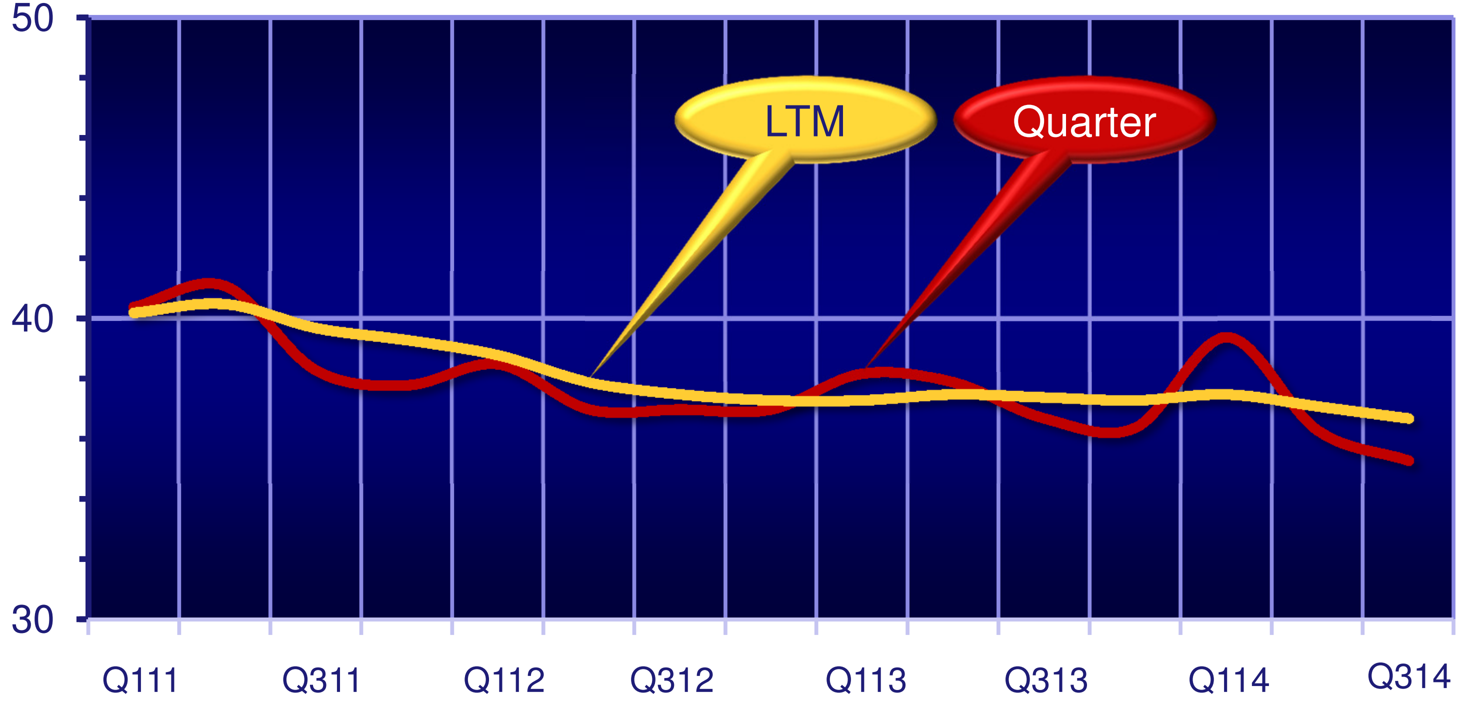
Gross profit margin

In percent of sales



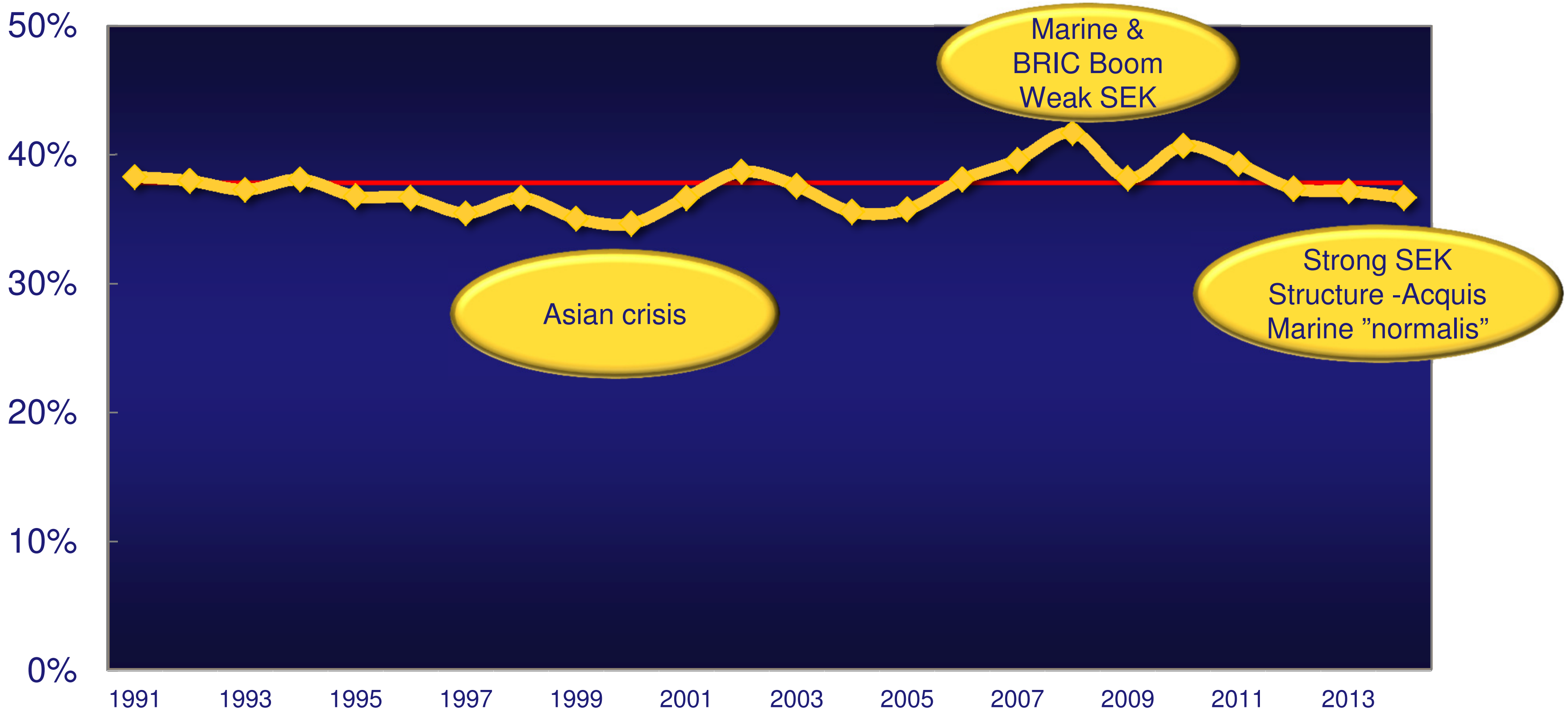
Gross profit margin

In percent of sales



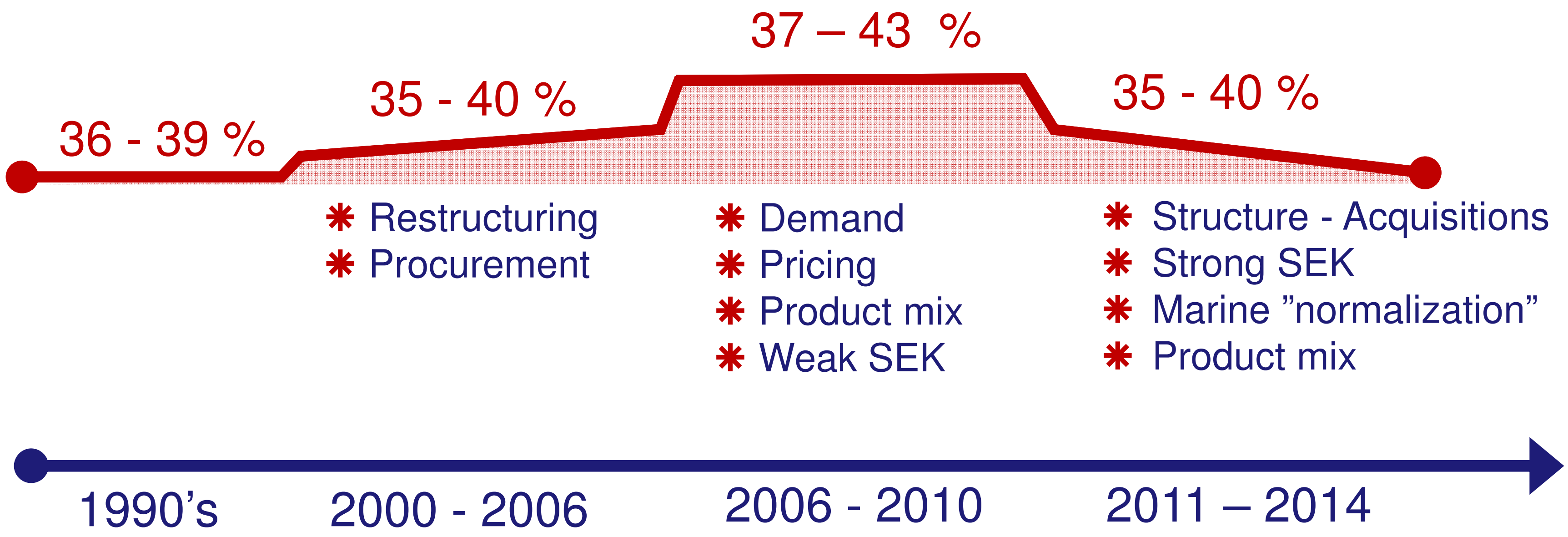
Gross profit margin

- Development 1991 – YTD 2014



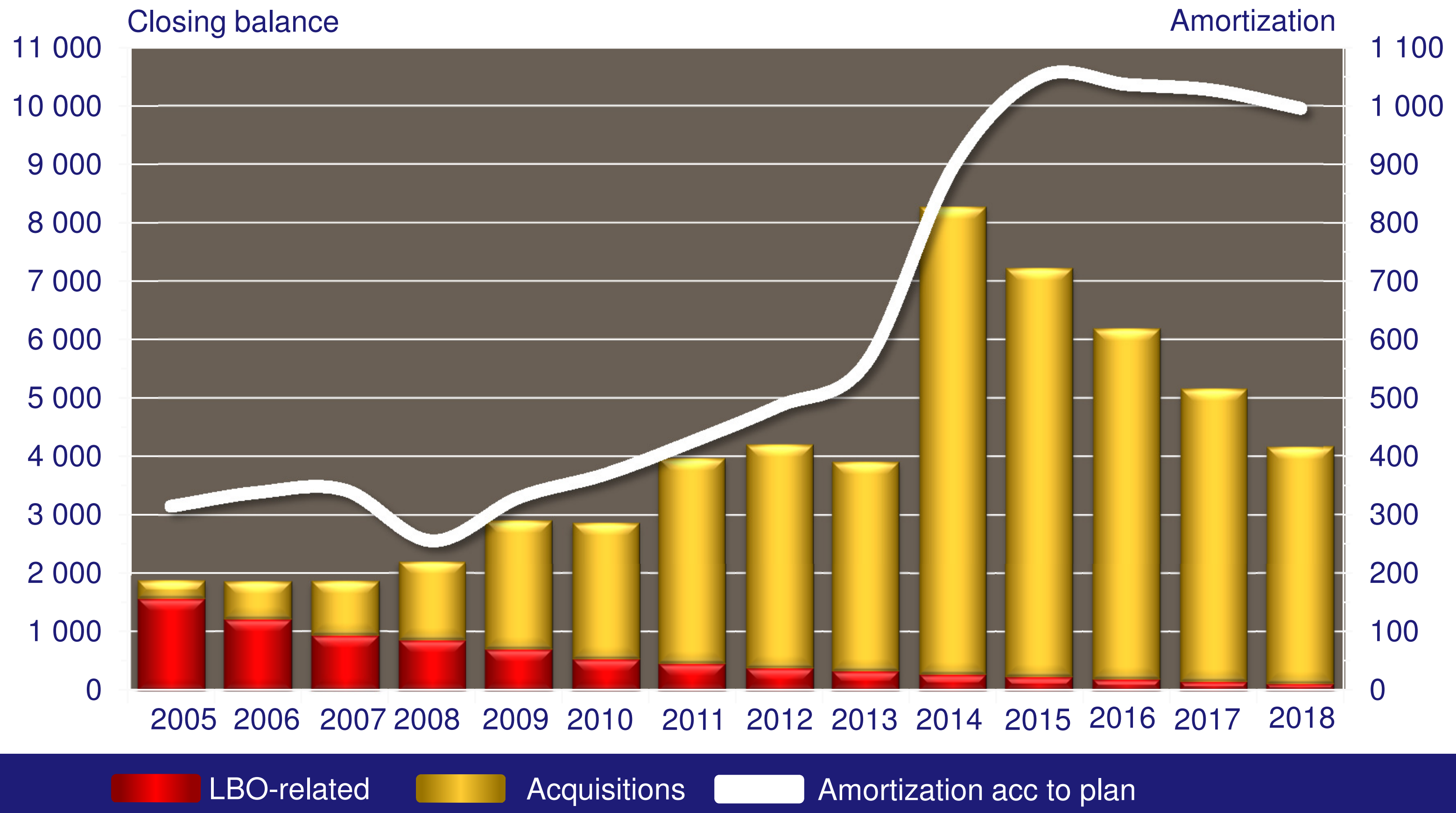
Gross profit margin

- Evolution over the last 25 years

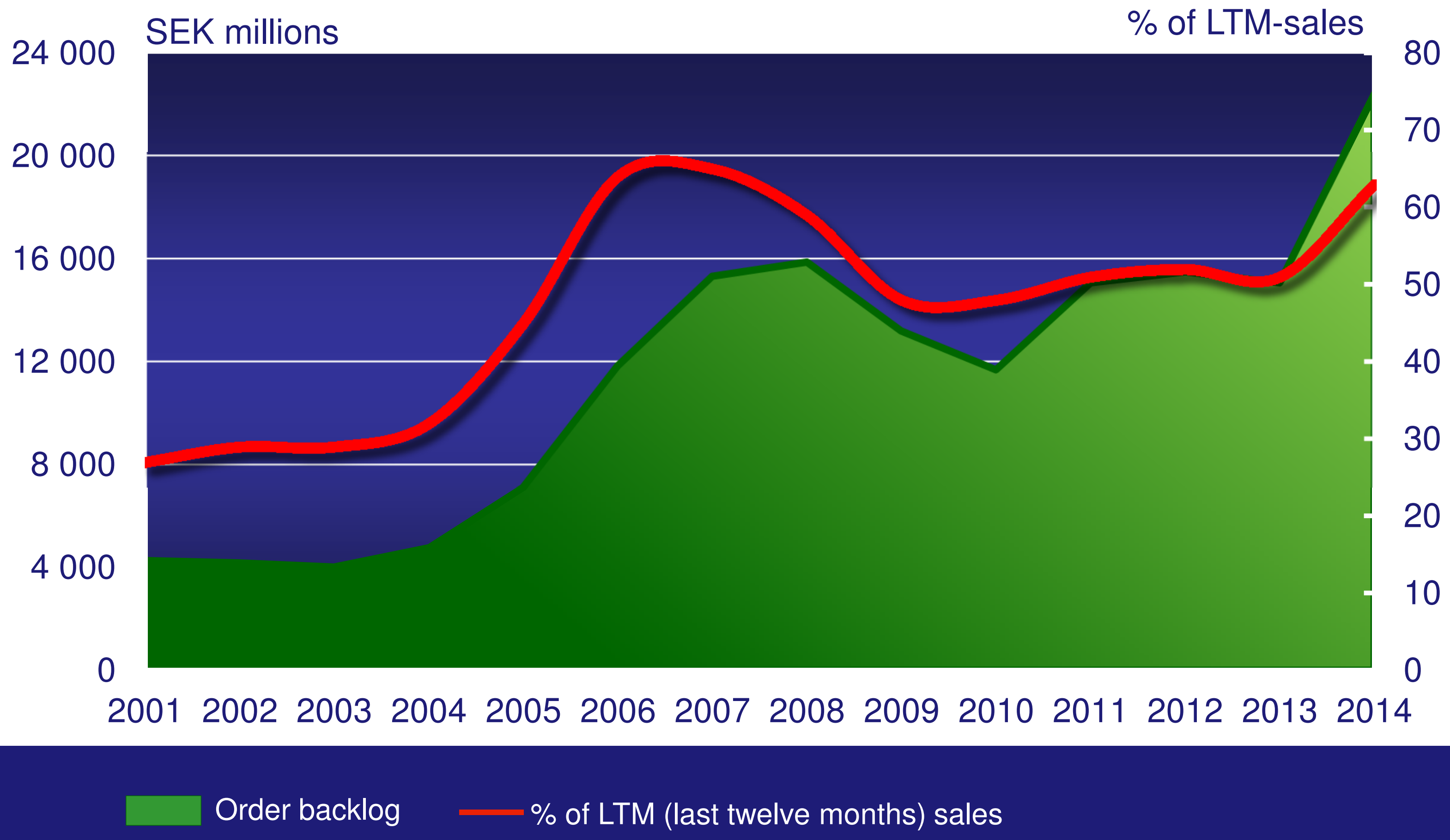


Step-up values up to 2018

- Closing balance and amortization according to plan, SEK million

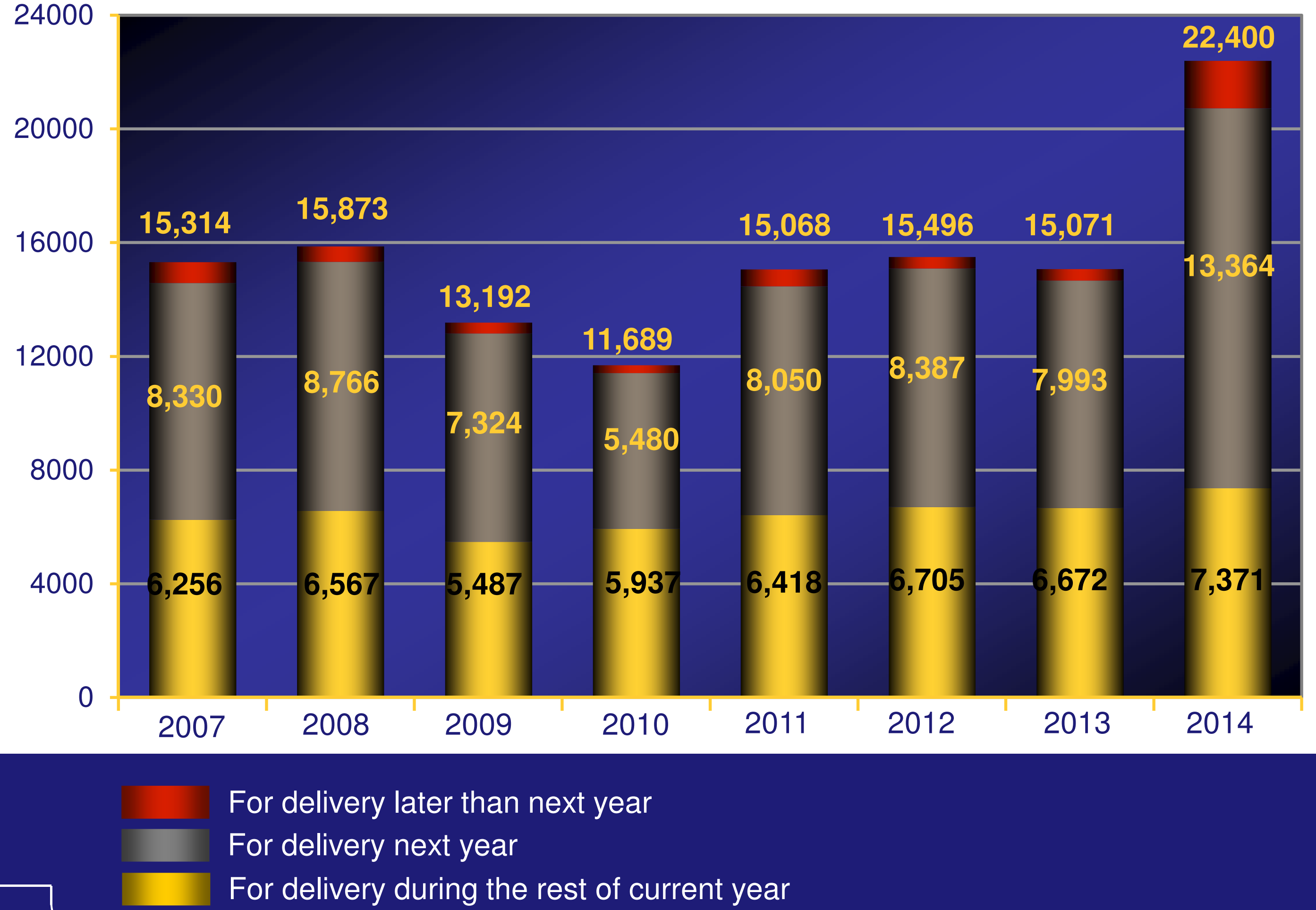


Order backlog development



Order backlog as per Sept 30

SEK million at prevailing rates

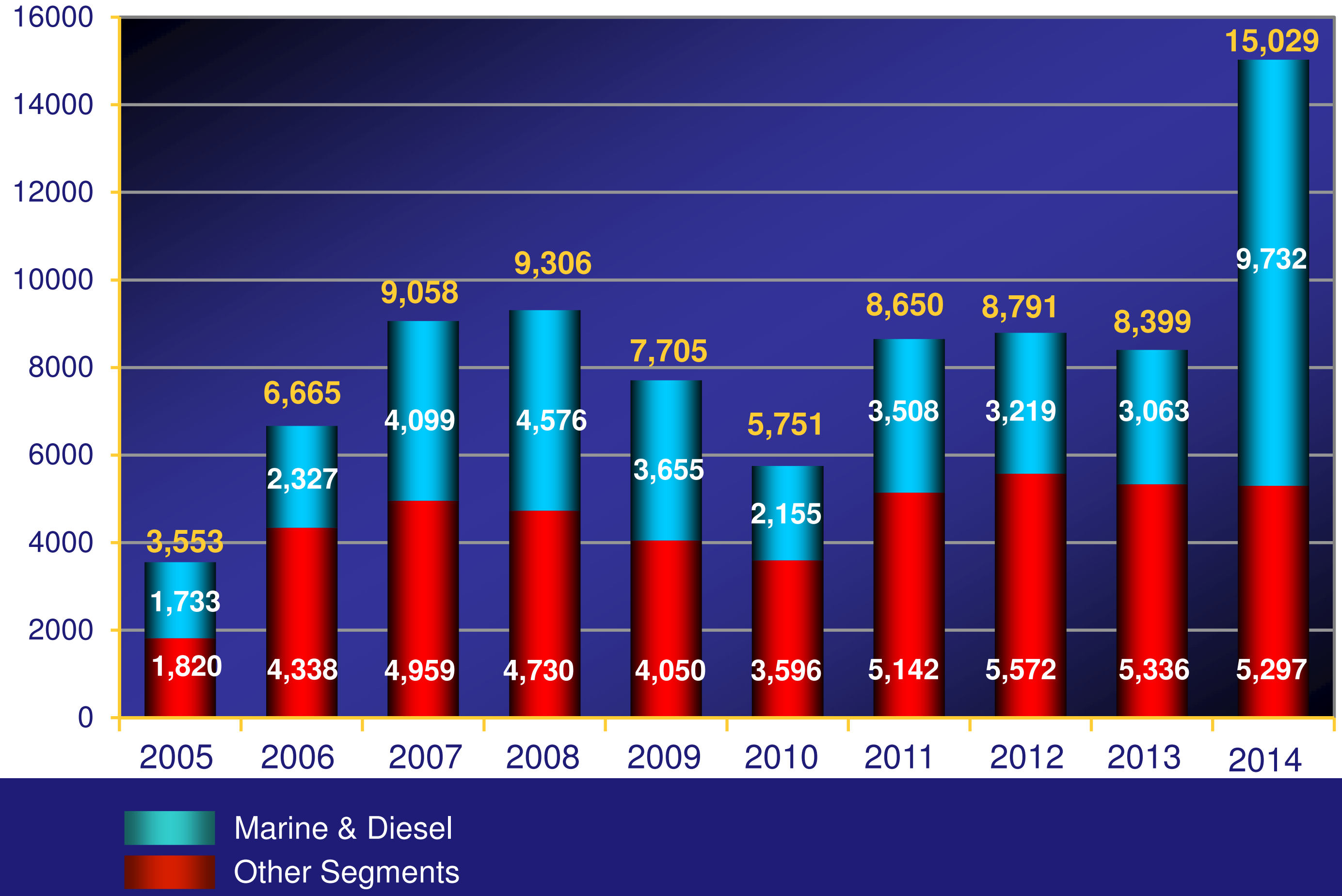


For next year,
SEK 13,4 (8.0) Bn!

Order backlog as per Sept 30

- For delivery after December 31

SEK millions at prevailing rates



Aalborg added SEK 2.0 Bn to Marine in 2011 and Frank Mohn added SEK 5.7 Bn in 2014!

Sales
- 2014 and 2015

		BnSEK
LTM Q314		32.9
Change order backlog Q4, y-o-y	-	0.1
Fx. Translation	+	0.3
Acquisitions (backlog + in-for-out)	+	1.2
Demand & Price Q414	+ / -	0.0
Full year 2014	appr	34.3

Sales

- 2014 and 2015

	BnSEK	
Full year 2014	appr	34.3
Change in order backlog y-o-y	+	0.1
Fx. Translation	+	0.5
Acquisitions during 2014	+	1.6
Subtotal:		36.5
Price	+ / -	?
Demand	+ / -	?
Further acquisitions	+	?
Full year 2015:		?

ALFA LAVAL